

Peninsula Corridor Electrification Project
San Carlos, California
Core Capacity Engineering
(Rating Assigned August 2016)

Summary Description	
Proposed Project:	Commuter Rail 51.0 Miles, 27 Stations
Core Capacity Capital Cost (\$YOE):	\$1,980.57 Million (Includes \$5.1 million in finance charges)
Section 5309 Core Capacity Share (\$YOE):	\$647.00 Million (32.7%)
Annual Operating Cost (opening year 2021):	\$178.04 Million
Existing Ridership in the Corridor:	47,600 Daily Linked Trips 17,310,000 Annual Linked Trips
Existing Seated Load:	96%
Overall Project Rating:	Medium-High
Project Justification Rating:	Medium-High
Local Financial Commitment Rating:	Medium-High

Project Description: The Peninsula Corridor Electrification Project (PCEP), sponsored by the Peninsula Corridor Joint Powers Board (JPB), is a key component of the Caltrain Modernization Program that will electrify the existing commuter rail system to upgrade its performance, operating efficiency, capacity, and reliability. The corridor traverses 17 cities and three counties, with the northern end located in San Francisco and the southern end located in San Jose. The PCEP includes two components, installation of infrastructure needed to electrify the line including overhead catenary and power substations and the purchase 96 Electric Multiple Units to replace approximately 75 percent of the existing diesel fleet. The JPB estimates that when the project is complete, it will increase capacity in the corridor by at least ten percent, which meets the minimum required by law for Core Capacity projects.

Project Purpose: Commuter traffic is growing at a rapid pace between major employment centers in San Francisco, San Jose, and along the San Francisco Peninsula. Caltrain is a commuter rail alternative to the heavily congested US 101 and Interstate 280 corridors that connect downtown San Francisco to San Jose and the Silicon Valley. While much work has been done to improve the railroad, the system is currently running at operating capacity, burdened by the limitations of the diesel train technology. The operating performance of diesel push/pull locomotives is far below that of more modern electric trains.

Project Development History, Status and Next Steps: In July 2013, Caltrain's board selected the locally preferred alternative and adopted it into the fiscally constrained Regional Long-Range Transportation Plan. The project entered Core Capacity Project Development in April 2015. In late 2015, FTA re-evaluated the Finding of No Significant Impact (FONSI) that was approved in 2009. On February 11, 2016 FTA issued a re-evaluation finding that the results of the 2009 FONSI were still valid. FTA approved the project into Core Capacity Engineering in August 2016. JPB expects to receive a construction grant agreement in early 2017, and complete the project in December 2020.

Locally Proposed Financial Plan

<u>Source of Funds</u>	<u>Total Funds (\$million)</u>	<u>Percent of Total</u>
Federal:		
Section 5309 Core Capacity	\$647.00	32.7%
Section 5307 Urbanized Area Formula Funds	\$329.58	16.6%
State:		
Proposition 1A High Speed Rail Bonds	\$600.00	30.3%
Proposition 1B Public Transportation Modernization, Improvement and Service Enhancement Account	\$8.00	0.4%
Low Carbon Transportation Operations Cap and Trade Funds	\$9.00	0.5%
High Speed Rail Cap and Trade Funds	\$134.53	6.7%
Local:		
JPB Member Agency Funds	\$133.05	6.7%
Carl Moyer Program Funds	\$20.00	1.0%
Metropolitan Transportation Commission Bridge Toll Funds	\$11.00	0.6%
Additional Bridge Toll and JPB Member Agency Funds	\$88.40	4.5%
Total:	\$1,980.57	100.0%

NOTE: The financial plan reflected in this table has been developed by the project sponsor and does not reflect a commitment by DOT or FTA. The sum of the figures may differ from the total as listed due to rounding.

**CA, San Carlos, Peninsula Corridor Electrification Project
Rating Assigned July 2016**

Factor	Rating	Comments
Local Financial Commitment Rating	Medium-High	
Non-Section 5309 Core Capacity Share	+1 level	The Section 5309 Core Capacity share of the project is 32.7 percent.
Project Financial Plan	Medium	
Capital and Operating Condition (25% of financial rating)	Medium	<p>The most recent bond rating for Caltrain, issued in December 2014, was A- (Standard & Poor's Corporation).</p> <p>Caltrain's current ratio of assets to liabilities as reported in its most recent audited financial statement is 1.41 (FY2015).</p> <p>There have been no service cutbacks in the past three years. A small cash flow shortfall occurred in 2015; the prior three years had positive cash flow.</p>
Commitment of Capital and Operating Funds (25% of financial rating)	High	<p>Approximately 83 percent of the non-Section 5309 Core Capacity funds are committed or budgeted. Sources of funds include FTA Urbanized Area formula funds, Proposition 1A High Speed Rail Bond Funds, High Speed Rail Low Carbon Cap & Trade funds, Joint Powers Board (JPB) member agency contributions, and other smaller state and local funding sources.</p> <p>Approximately 80 percent of the funds needed to operate and maintain the transit system in the first full year of operation is committed or budgeted, while the remainder is planned. Sources of funds include farebox revenues, non-fare operating revenues, and JPB member contributions.</p>
Capital and Operating Cost Estimates, Assumptions and Financial Capacity (50% of financial rating)	Low	<p>Revenue growth assumptions are reasonable compared to historical experience.</p> <p>A funding shortfall exists for the current capital program, largely for State of Good Repair projects.</p> <p>The financial plan shows the project sponsor has no dedicated funding source or means to address unexpected cost increases or funding shortfalls.</p> <p>Projected farebox collections are consistent with historical experience.</p> <p>The operating cost forecast is reasonable. However the projected operating surplus shown in the financial plan appears inconsistent with the JPB member obligations as expressed in the 1996 JPB and historical funds management practices.</p>