

Peninsula Corridor Electrification Project

San Carlos, California

Core Capacity Project Development

(Rating Assigned November 2015)

Summary Description	
Proposed Project:	Commuter Rail 51.0 Miles, 27 Stations
Core Capacity Capital Cost (\$YOE):	\$1,758.52 Million (Includes \$5.1 million in finance charges)
Section 5309 Core Capacity Share (\$YOE):	\$447.00 Million (25.4%)
Annual Operating Cost (opening year 2021):	\$178.04 Million
Existing Ridership in the Corridor:	58,200 Daily Linked Trips 18,600,200 Annual Linked Trips
Existing Seated Load:	108%
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 20 percent, which exceeds the ten-percent 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 commute alternative to the heavily congested US 101 and Interstate 280 corridors that connect downtown San Francisco, which contains over 100 million square feet of office space and housing for 280,000 Bay Area employees, and Silicon Valley, which has the largest concentration of high-tech companies in the world. 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 had it adopted into the fiscally constrained Regional Long-Range Transportation Plan. The project entered Core Capacity Project Development in April 2015. FTA is currently re-evaluating the Finding of No Significant Impact that was approved in December 2009, and completion of this process is anticipated in February 2016. JPB expects to enter the Engineering phase in Spring 2016, receive a construction grant agreement in Fall 2016, and complete the project in April 2021.

Locally Proposed Financial Plan

<u>Source of Funds</u>	<u>Total Funds (\$million)</u>	<u>Percent of Total</u>
Federal:		
Section 5309 Core Capacity	\$447.00	25.4%
Section 5307 Urbanized Area Formula Funds	\$329.90	18.8%
State:		
Proposition 1A High Speed Rail Bonds	\$600.00	34.1%
Proposition 1B Public Transportation Modernization, Improvement and Service Enhancement Account	\$8.00	0.5%
Low Carbon Transportation Operations Cap and Trade Funds	\$7.58	0.4%
High Speed Rail Cap and Trade Funds	\$113.00	6.4%
Local:		
JPB Member Agency Funds	\$133.04	7.6%
Carl Moyer Program Funds	\$20.00	1.1%
Metropolitan Transportation Commission Bridge Toll Funds	\$11.00	0.6%
Additional Bridge Toll and JPB Member Agency Funds	\$89.00	5.1%
Total:	\$1,758.52	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 November 2015

Factor	Rating	Comments
Local Financial Commitment Rating	Medium-High	
Non-Section 5309 Core Capacity Share	+1 level	The Core Capacity share of the project is 25.4 percent.
Project Financial Plan	Medium	
Capital and Operating Condition (25% of plan rating)	Medium	<ul style="list-style-type: none"> • The most recent bond rating for Caltrain, issued in December 2014, was Standard & Poor's Corporation A-. • Caltrain's current ratio of assets to liabilities as reported in its most recent audited financial statement is 1.39 (FY2014). • There have been no service cutbacks or cash flow shortfalls in the past three years.
Commitment of Capital and Operating Funds (25% of plan rating)	High	<ul style="list-style-type: none"> • 84 percent of the non-Section 5309 funds are committed or budgeted. Sources of funds include FTA Section 5307 Urbanized Area formula funds; Proposition 1A High Speed Rail Bond Funds; Proposition 1B Public Transportation Modernization, Improvement and Service Enhancement Account funds; High Speed Rail Cap & Trade funds; Low Carbon Transportation Operations Cap and Trade Funds; Joint Powers Board (JPB) member agency contributions; Carl Moyer Program Funds; Metropolitan Transportation Commission Bridge Toll Funds; and additional Bridge Toll and JPB Member Agency Funds. • 84 percent of the funds needed to operate and maintain the transit system in the first full year of operation are committed or budgeted, while the remainder is planned. Sources of funds include farebox revenues, non-fare operating revenues, and JPB member contributions.
Capital and Operating Cost Estimates, Assumptions and Financial Capacity (50% of plan rating)	Low	<ul style="list-style-type: none"> • Revenue growth assumptions are reasonable compared to historical experience. • The Project capital cost estimate is optimistic. • The financial plan shows that the project sponsor lacks the financial capacity to cover any amount of cost increase or funding shortfall, since it relies entirely on grant funds for its capital projects. • Assumed farebox collections are consistent with historical experience, but it should be noted that recent trends have been extraordinary. • A persistent operating deficit is forecast for 2022 and later, that would be worse if not for optimistic assumptions regarding operating expense growth.

Caltrain Peninsula Corridor Electrification Core Capacity Project Map

