

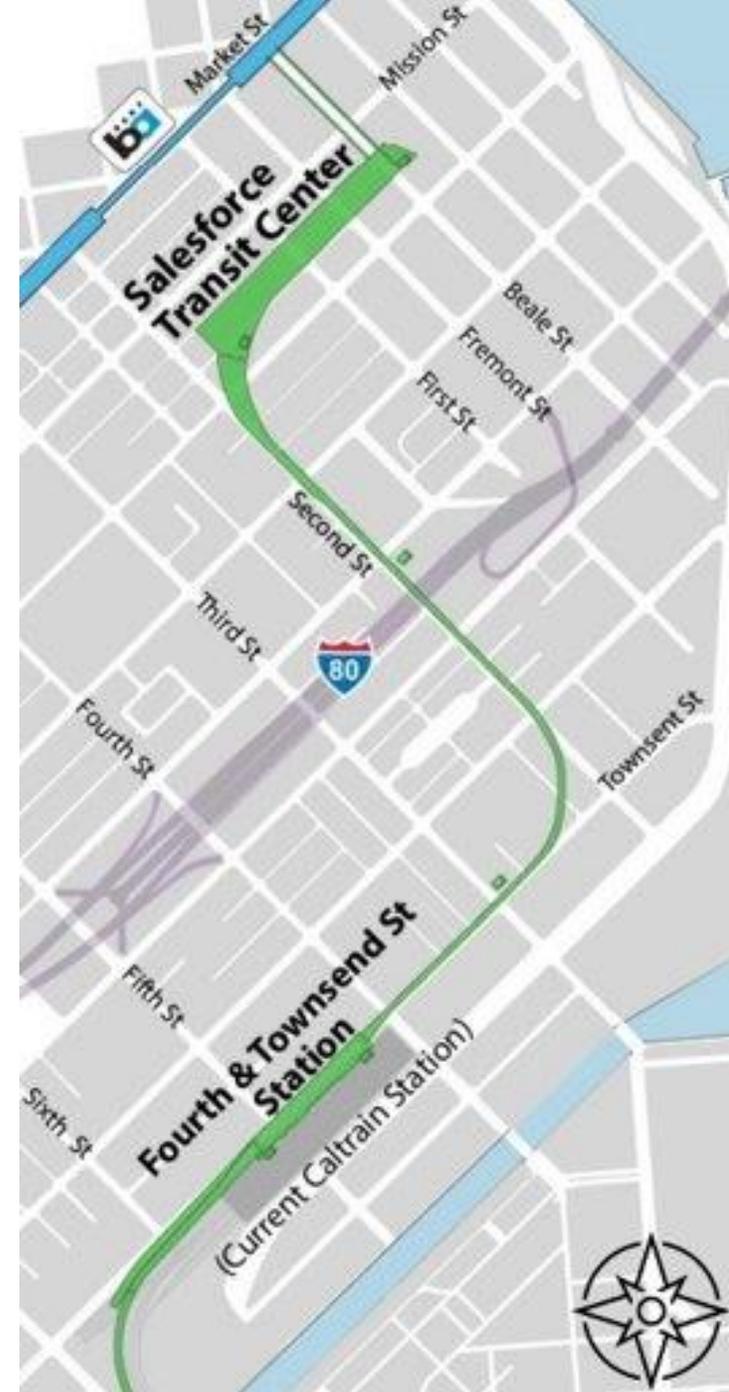
***Downtown
Extension
(DTX) DRAFT
Caltrain
Principles***

FEBRUARY 2, 2023

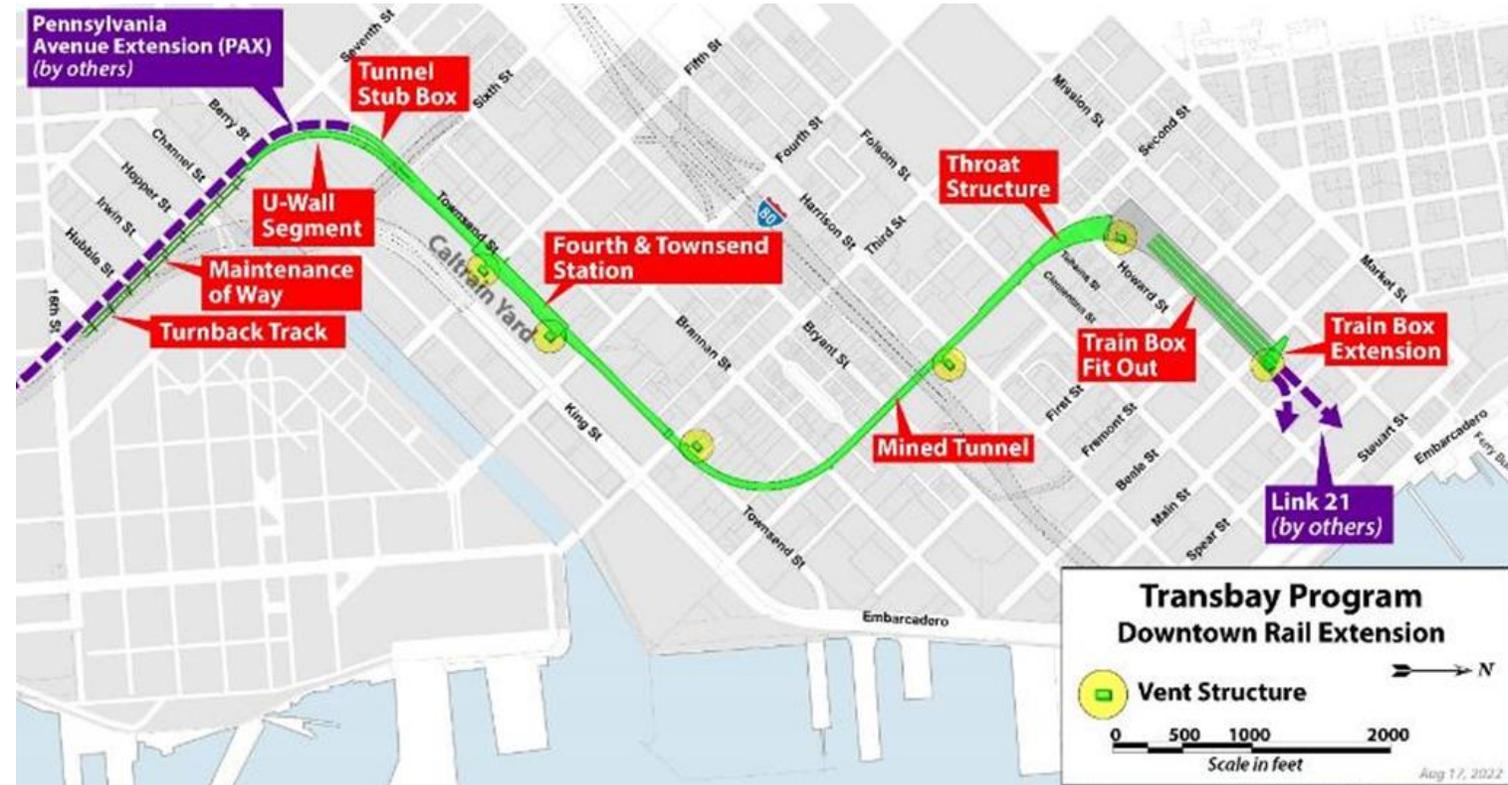


Agenda

- DTX partnership overview
- FTA New Starts process
- Upcoming DTX milestones
- Master Cooperative Agreement (MCA) between Caltrain and TJPA
- Receive board feedback on draft negotiating principles to inform Caltrain's approach to the MCA



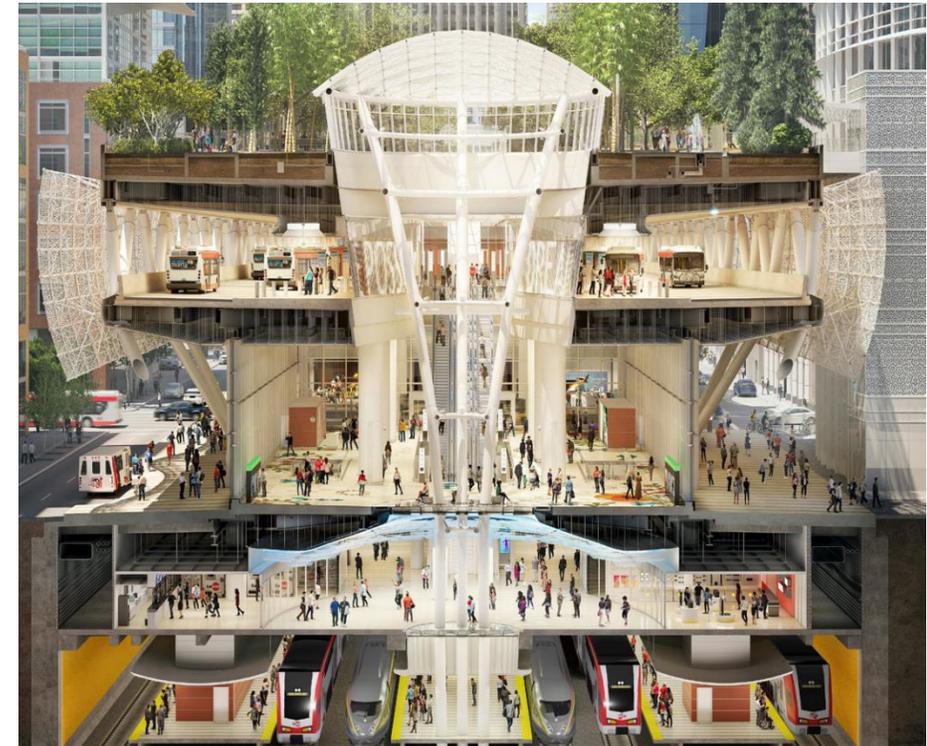
Project Elements



- 2.4 miles of construction, primarily underground along Townsend and Second streets
- 1.5 miles of tunnel
- Two new underground stations, including fit out of existing train box under Salesforce Transit Center
- Ventilation and emergency egress structures
- Systems, track, interlocking, and overhead catenary elements

Caltrain's Role as DTX Partner

- DTX will create a regional hub for Bay Area transportation
- DTX supports Caltrain's 2040 Service Vision and Equity, Connectivity, Recovery, and Growth Framework
- Caltrain is a key partner and first operator for DTX, and is providing significant contributions including:
 - Electrification and EMUs, which enables DTX
 - Potential use of the 4th and King Railyards
 - Caltrain staff time and resources, reimbursed by TJPA



Long-Range Service Vision and Framework for Equity, Connectivity, Recovery and Growth

- The Caltrain's *Long-Range Service Vision* (adopted 2019) directs the railroad to plan for "minimum **peak hour frequencies of 8 trains per hour per direction** between San Jose and San Francisco, extended to Salesforce Transit Center when DTX is completed."
- The *Framework for Equity, Connectivity, Recovery and Growth* (adopted 2020) states that Caltrain will:
 - Endeavor to proceed on a path of **recovery and growth** that anticipates, advances and, where possible, accelerates the incremental delivery of the Service Vision.
 - Undertake policies and actions that improve its **connectivity** to other transit systems to strengthen its role as part on a regionally integrated network.
 - Undertake service changes and system improvements in a manner that **enhances equity and access** for historically disadvantaged and underserved groups and communities.

Caltrain Potential System Expansions

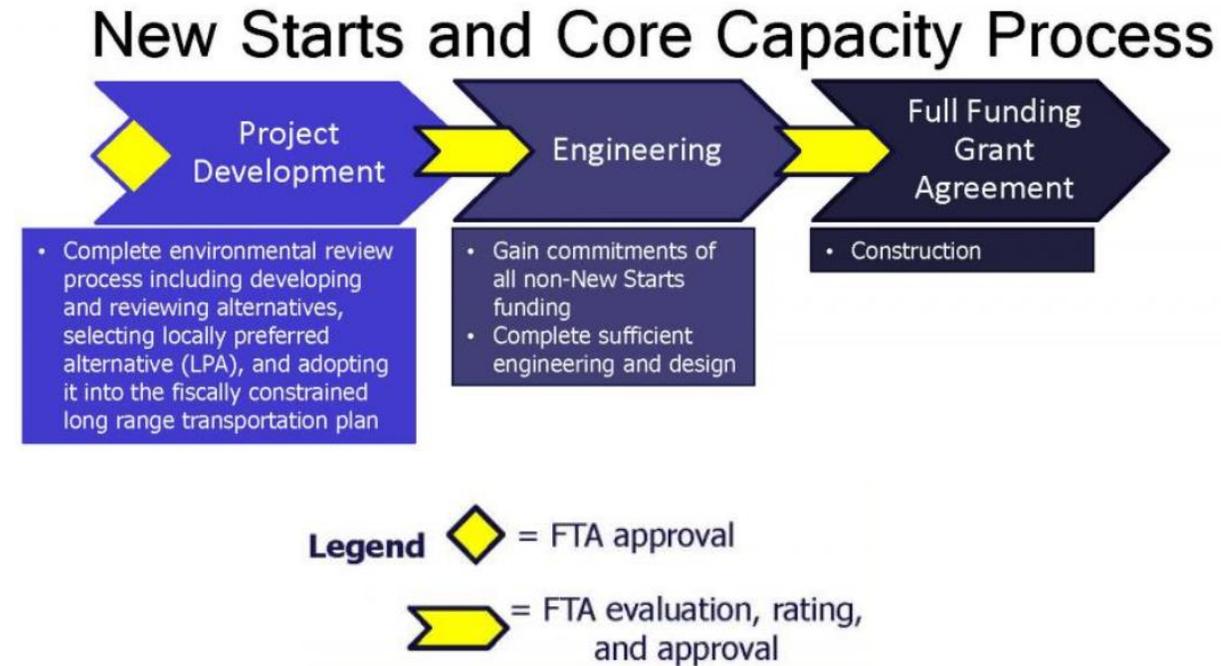
- DTX is not the only system expansion being considered or on the horizon for Caltrain and should be considered in that context. Other potential system expansions include:
 - Salinas service proposed by the Transportation Agency for Monterey County (Memorandum of Understanding discussed by January WPLP and being updated per requests for clarification)
 - Link21 (also known as the New Transbay Rail Crossing), which could include a regional rail connection into Salesforce Transit Center from the east – Update planned for February AMP Committee
- The Long-Range Service Vision also plans for enhanced service to Gilroy

Caltrain Potential Major Station Projects

- DTX is also considered a station project, and the Long-Range Service Vision includes other potential major station projects:
 - Diridon Station – the Diridon Integrated Station Concept (DISC) is currently initiating a Business Case review
 - Redwood City Station – studies underway to create a mid-Peninsula 4-track station with several associated improvements
 - San Francisco 4th & King Station – Preliminary Business Case underway for SF Railyards vertical development partnership with Prologis

FTA New Starts Process

- The Transbay Joint Powers Authority (TJPA) is seeking funding for the DTX project from the FTA New Starts program, which could fund up to 50% of total project capital cost
- DTX has an accelerated timeline for FTA New Starts:
 - October 2021 – Entry into Project Development
 - February 2023 – Request Entry into Engineering
 - August 2023 – Request Full Funding Grant Agreement (FFGA)
 - 2025 – Receive FFGA



Recent Project Updates – Financial Plan

- The DTX Executive Steering Committee received an update on the Draft 20-Year Financial Plan on January 20th that included updated draft capital and operating cost estimates:
 - Capital Cost Estimate = \$6.68 Billion (YOE\$)
 - Exclusive of financing costs, maintenance of way vehicles, level boarding vehicle retrofits, or additional rolling stock
 - Incremental O&M Cost Estimate = \$40 Million annually (2023\$)
 - Caltrain staff estimates this is equivalent to \$50 Million in 2032\$
- TJPA's Board of Directors will hear a similar update at their February 9, 2023, meeting. TJPA will not act on the Financial Plan because it is in draft form.

Upcoming DTX Milestones

- February 2023: TJPA's initial submittal to FTA, request to enter New Starts Engineering Phase
- Early 2023:
 - Commence design work for 4th and King Enabling Works
 - Enabling work includes track realignment at the railyard and is slated to occur prior to the main civil construction
 - Caltrain, in partnership with TJPA, will lead the design process
 - Negotiation of MCA terms
 - The August submittal includes a Master Cooperative Agreement (MCA) between TJPA and Caltrain to formalize their respective roles in project delivery, operation and maintenance
 - The MCA is one of FTA's required third party agreements for TJPA to receive its FFGA
- June or August 2023: JPB approval of proposed MCA
- August 2023: TJPA's submittal to FTA, request for FFGA

Master Cooperative Agreement (MCA) Components

1. Project Definition
2. Design and Construction Implementation
 - Framework for ongoing interactions and future agreements
 - Caltrain's role in design approvals and technical support
 - Agreement on construction approach, procurement, inspections, easements
3. Financial and Funding Plan
 - Projected O&M costs of rail service, infrastructure, and stations
4. Asset Disposition and Funding
 - Roles and responsibilities for operations, payment and financing
 - Any financial commitment to capital and future O&M costs
5. Project Commissioning, Acceptance, and Operations
6. 4th and King Enabling Work

Caltrain Financial Context

- Initiating 10-year Capital Improvement Plan (CIP)
 - Slated for completion by end of calendar year 2024
 - Will prioritize capital projects, including consideration of funding sources
 - Anticipate capital funding to be heavily constrained over its time horizon
- Caltrain will conduct a special Board workshop on the agency's finances in late March

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MCA Draft Principles

- Staff is proposing core principles to inform the negotiation of the MCA this spring into summer
- Purpose of principles is to guide discussions/negotiations between Caltrain and TJPA and to mitigate future financial and operational risks associated with DTX
- Seeking Board input and direction on these principles in support of staff work to negotiate with TJPA in the Spring and Summer

Proposed Motion: Draft MCA Principle #1

1. Project must be **cost-neutral** to Caltrain.
 - a) Capital Costs – Any capital contributions Caltrain makes beyond those committed to project development (PCEP, real property, \$1.5M, reimbursed staff time and resources) must be offset through committed third-party funding sources (e.g., grants).
 - b) Maintaining State of Good Repair – DTX cannot detract from Caltrain's ability to maintain its assets in a State of Good Repair.
 - c) Operating Costs – Caltrain's DTX operating contributions cannot detract from Caltrain's ability to operate the rest of the system. Any contribution of incremental operating revenue (e.g., fare revenue, special fare zone, facility revenues) must be directly attributable to DTX and any operating costs in excess of incremental operating revenue must be backstopped by non-Caltrain source(s) in case revenue projections are not met.

Proposed Motion: Draft MCA Principles #2-3

2. Project design and operations must be compatible with and connected to Caltrain's existing and planned rail system and **must not preclude Caltrain's 2040 service vision.**
3. **Safety and customer experience** must be the primary focus of all planning, design, construction, and operations and maintenance decisions.

Draft Proposed Escalation Path for Resolving Issues Concerning Contents of MCA

Caltrain AMP committee will provide ongoing feedback and guidance to staff throughout MCA negotiations.

If staff are unable to resolve an issue regarding the contents of the MCA, the issue should be presented, in succession, to:

1. Projects Leads
2. Executive Directors
3. Board Chairs

Questions for Discussion

1. Do the principles accurately reflect the Board's policy direction?
2. Are there any amendments or additions that should be considered?
3. Do you have feedback on the proposed escalation path?

Next Steps

1. Incorporate core principles into the MCA
 - Review preliminary 20-year Financial Plan to assess compatibility with principles
 - Continue to engage the Board throughout MCA development and negotiation process
2. Bring MCA to Board in June or August 2023 for review and approval
 - MCA is part of TJPA's August submission to FTA
3. Use principles as starting point for a future service expansion policy

FOR MORE INFORMATION

WWW.CALTRAIN.COM

