

TIRCP Funding Plan & FY2025 Budget Amendment

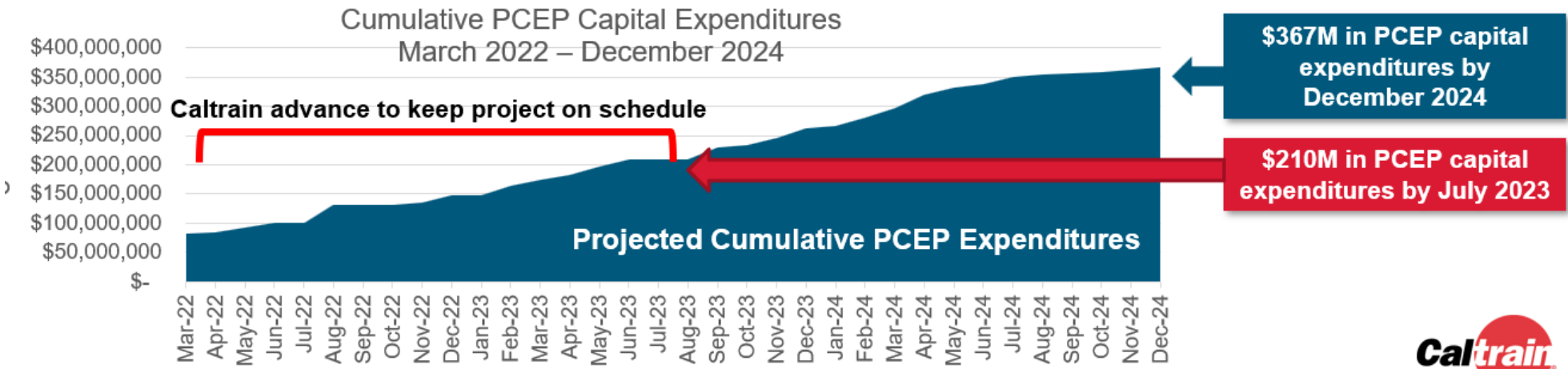
Finance Committee Meeting

May 20, 2024



History of PCEP Funding Shortfall

- In December 2021, JPB adopted a PCEP budget of \$2.44B with a \$410M funding shortfall
 - The initial funding plan for the \$410M shortfall included \$150M of sales tax bonds, \$60M of Measure RR sales tax funds and \$200M of unidentified funding.
 - The bond proceeds, along with the \$60M in Measure RR funds, and \$100M in tax-exempt Line of Credit, were essential for the cash flow needs of PCEP to keep the project on schedule while Caltrain sought additional funding.
 - The bond proceeds were spent from March 2022 through May 2023.



History of PCEP Funding Shortfall

\$410M grant awards from the following funding sources fully closed the PCEP funding gap:

- **In 2022, \$43M was secured from FTA, including \$33M of Capital Investment Grants (CIG) and \$10M in Community Project Requests from Senators Feinstein and Padilla**
- **On January 31, 2023, Caltrain received \$367M of Transit and Intercity Rail Capital Program (TIRCP) funds from the State**
 - 100% of the \$367M in TIRCP funds will be spent on the PCEP.
 - Allows Caltrain to reimburse itself for the \$210M of funds advanced from the Measure RR funds (\$60M) and the 2022 Measure RR Bonds (\$150M).

Taking a Balanced Approach

Staff recommends a balanced approach to help address both Caltrain's operational and capital needs with the TIRCP reimbursement for the Measure RR (\$60M) and the 2022 Measure RR Bond proceeds (\$150M):

- **\$60M Measure RR funds are available for operating:**
 - \$36.2M of the \$60M is included in the FY25 Budget
- **The \$150M reimbursement of the 2022 Measure RR Bond proceeds have legal restrictions consistent with the original bond:**
 - Can only be spent on capital projects
 - Funds need to be spent by approximately March 2027 target date
 - Capital assets with an aggregate useful life of 16.5 years



Recommended Plan for the \$150M

Given the expected reimbursement of 2022 Measure RR Bond proceeds from TIRCP, staff has been working over the last few months to develop a capital project list that meets the following criteria:

- Identifying high priority projects related to safety, mandatory requirements or as critical for the launch of the electrified services
- Freeing up existing committed funding for either operating or other general capital needs, if possible
- Meet all legal restriction consistent with the original Measure RR Bond proceeds

Recommended Plan for the \$150M

Staff recommends the following two-step plan to meet the urgent funding needs of critical capital projects, while continuing to work with the bond counsel and project owners to firm up the plan for the whole \$150M:

- The Finance Committee will review the recommended \$30.5M budget amendment for capital projects with urgent funding need in May and recommend for June Board adoption.
- Staff will bring the recommended plan for the remainder of the \$150M 2022 Measure RR Bond proceeds for the review of the Finance Committee no later than the July meeting and recommended for Board approval in August.

Projects with Urgent Funding Needs

Project Name	Amended Request
EMU Front Masks	\$624,000
CCTV Phase 1	7,543,181
Mini High Platform (South County)	2,432,318
Rail Activation Start Up:	
Maintenance of Equipment	4,143,903
Maintenance of Way	6,000,000
Traction Electrification System Vehicles	2,500,000
Overhead Catenary System Improvements	2,288,000
Enterprise Asset Management System	5,000,000
Total Amendment Requests	\$30,531,402

Action Needed Today

Staff recommends approval of the addition of \$30.5M to the FY25 capital budget and requests this be considered for Board approval.

FOR MORE INFORMATION

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