

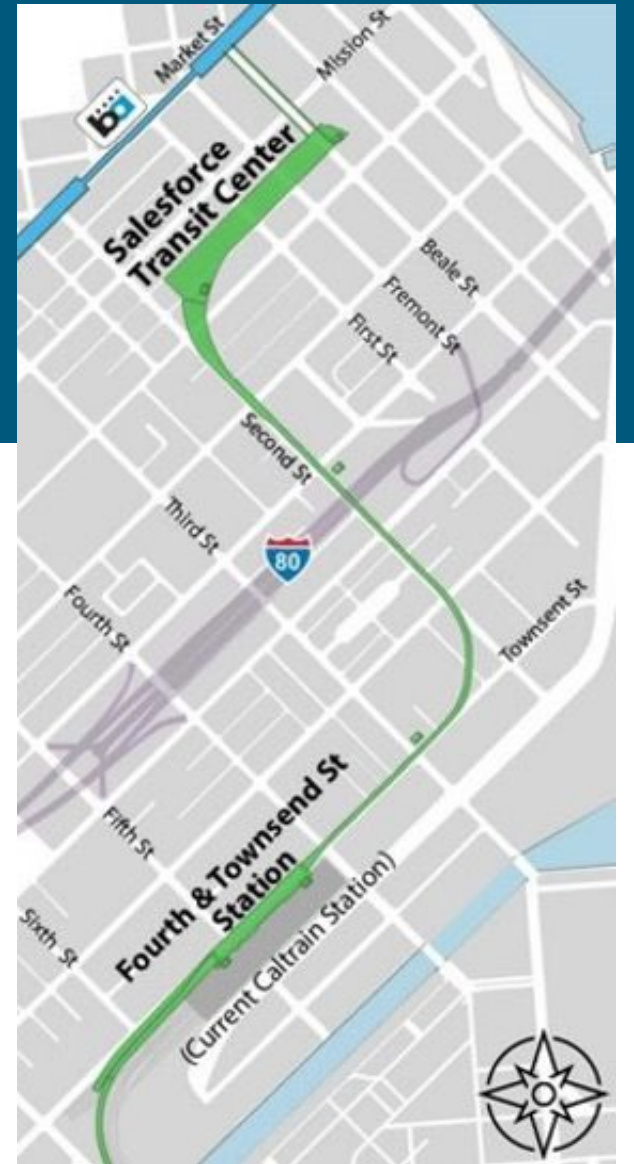
# ***Downtown Extension (DTX) Update***

**FEBRUARY 22, 2023**



# Project Overview

- 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
- Caltrain and TJPA are developing a Master Cooperative Agreement (MCA) to formalize their respective roles in project delivery, operation and maintenance.
  - The MCA is part of TJPA's August submittal to FTA to request the full-funding grant agreement



# 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 Plan
  - Projected O&M costs of rail service, infrastructure, and stations
4. Asset Disposition and Funding
  - Roles and responsibilities for operations, payment and financing
  - Rights and responsibilities over project assets
5. Project Commissioning, Acceptance, and Operations
6. 4<sup>th</sup> and King Enabling Work

# Today's Discussion

- Over the next six months, Caltrain staff will engage the AMP Committee and the Board to provide project updates and receive guidance on the terms of the MCA
  - Will bring MCA to Board in August 2023 for review and approval
- Purpose of today's presentation is for the Committee to provide further clarity on the principles for MCA negotiations adopted at the last Caltrain Board meeting

# MCA Principles

Adopted at Caltrain Board meeting on February 2nd, 2023

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, \$3M, 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.
2. Project design, operations, and funding must be compatible with and connected to Caltrain's existing and planned rail system and must not preclude be consistent with 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.



# MCA Principle #1a

## Principle: Project must be cost-neutral to Caltrain

Capital Costs – Any capital contributions Caltrain makes beyond those committed to project development (PCEP, real property, \$3M, reimbursed staff time and resources) must be offset through committed third-party funding sources (e.g., grants).

## Staff interpretation and comments

- Capital cost estimate must be comprehensive
- Caltrain staff time needs to be reimbursed
- Caltrain will continue to pursue grants to fund replacement vehicles and other project costs (including soft costs)
- Caltrain will continue to support TJPA's pursuit of grant funding

# MCA Principle #1b

## Principle: Project must be cost-neutral to Caltrain

Maintaining State of Good Repair (SOGR) – DTX cannot detract from Caltrain’s ability to maintain its assets in a State of Good Repair.

## Staff interpretation and comments

- The extension cannot have a detrimental impact on SOGR for the rest of the system.
- Caltrain will receive additional SOGR money annually to support this extension, but those funds may not be sufficient to account for the costs of maintaining underground rail service.
- Any additional costs for SOGR must come from a non-Caltrain backstop.

# MCA Principle #1c

## Principle: Project must be cost-neutral to Caltrain

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.

## Staff interpretation and comments

- Caltrain expects to contribute to the incremental operating cost via revenue attributable to DTX.
- Build in milestones for negotiations (e.g., three years prior to revenue service).
- Any fare changes, including a special fare zone, must be supported by a comprehensive analysis and comply with Caltrain's Title VI program.



# MCA Principles #2 & 3

## Principles

2) Project design, operations and funding must be compatible with and connected to Caltrain's existing and planned rail system and must be consistent with 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.

## Staff interpretation and Comments

- The construction and interim state(s) of DTX cannot interfere with Caltrain's ability to provide reliable service to 4th and King.

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