



Memorandum

Date: April 5, 2017

To: Interested Stakeholders

Re: Caltrain Peninsula Corridor Electrification Project FAQs

Q: Who owns, leads and manages the Peninsula Corridor Electrification Project?

A: Caltrain is solely responsible for the implementation of the Peninsula Corridor Electrification Project (PCEP). Caltrain completed environmental clearance for the PCEP in January 2015. In September 2016, Caltrain executed two major contracts 1) to a contractor to install the electrification infrastructure and 2) to a contractor to deliver high-performance electric commuter rail trains that would replace the current aging diesel fleet. The PCEP has received broad support from the business community, labor and environmental groups, regional transportation advocacy groups, and local, state and federal elected officials.

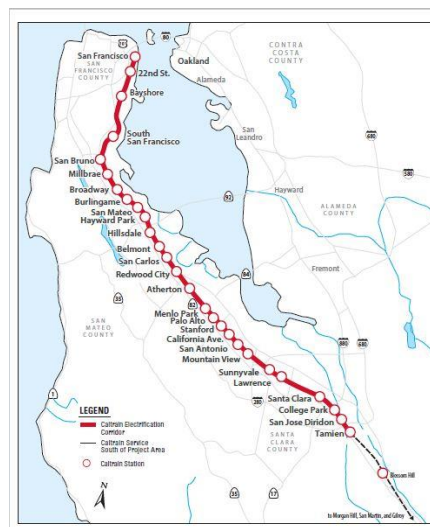
Q. How long has Caltrain operated on the corridor and when did Caltrain start working on the project?

A. For over 150 years, there has been passenger rail service on the Caltrain corridor. The corridor was first owned by Southern Pacific and officially became “Caltrain” in 1992 when the Peninsula Corridor Joint Powers Board (JPB) was created and bought the corridor.

The JPB began planning for the upgrade and electrification of the Caltrain corridor in the 1990’s. Both the 1999 and 2004 Caltrain Strategic Plans referenced a desire for electrification of the corridor.

Q. Where is the Peninsula Corridor Electrification Project located?

A. The PCEP will be built on the Caltrain owned corridor from the 4th and King Station in San Francisco to the Tamien Station in San Jose.



Q. Why is the Peninsula Corridor Electrification Project needed?

A. Since 2005, Caltrain ridership has doubled and quickly outpaced the system’s capacity as commuters have increasingly relied on the service to connect to some of the world’s most innovative and fastest-growing companies. Today, Caltrain serves 65,000 daily riders and provides a much needed alternative to the heavily congested U.S. 101 and 280 freeways. The dramatic ridership increase has strained the system and the peak hour service is over maximum capacity, with many trains operating with standing room only.

In addition to the needs of the riders, the vast majority of Caltrain’s current fleet is over 30 years old and needs replacing. Many of the diesel locomotives are past their expected retirement dates which can result in significant mechanical delays to the system.

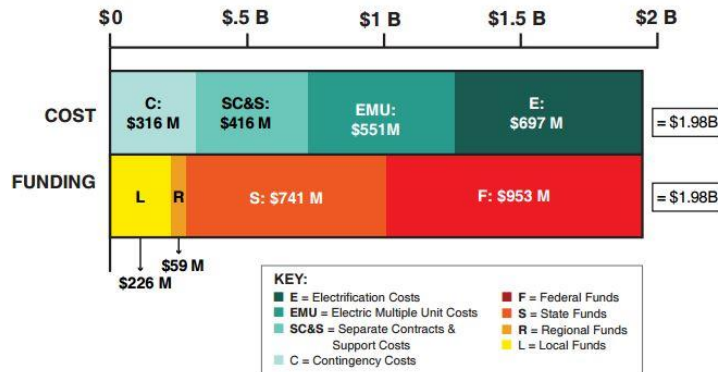
Q: What are the benefits of the Peninsula Corridor Electrification Project?

A: PCEP will modernize the Caltrain Corridor and make it possible to increase service while offering several advantages in comparison with existing aging diesel service, including:

- *Improved Train Performance, Increased Ridership Capacity and Increased Service:* Electric trains can accelerate and decelerate more quickly than diesel-powered trains, allowing Caltrain to run more efficiently. In addition, because of their performance advantages, electric trains will enable more frequent and/or faster train service to more riders.
- *Increased Revenue and Reduced Fuel Cost:* An electrified Caltrain will increase ridership and fare revenues while decreasing fuel costs.
- *Reduced Engine Noise Emanating from Trains:* Noise from electric train engines is measurably less than diesel train engines.
- *Improved Regional Air Quality:* Electric trains will produce substantially less corridor air pollution compared with diesel trains, even when the indirect emissions from electrical power generation are included.
- *Job Creation Throughout the Country:* The PCEP is expected to create jobs not just in California but across the country. Manufacturers from Florida to Texas will be used to supply parts for the new infrastructure and electric trains. In Utah, the PCEP is the driving force behind plans to build a new railcar assembly plant that will create new employment opportunities to over 550 workers.

Q: What is the project cost and how is it funded?

A: After two contract awards following competitive solicitation processes, the total PCEP cost is \$1.98b. The project is funded through local, regional, state and federal sources. Caltrain has secured all local, regional, state, and federal non-Core Capacity funds for the project. The only funding that is needed is \$647m from the Federal Transit Administration (FTA) Core Capacity program.



NOTE: 2016 Bids with 20% contingency

Q: Why is the Peninsula Corridor Electrification Project a good fit for the FTA Core Capacity Program?

A: The FTA Core Capacity Program is designed to make investments in existing transit systems that have a project to expand capacity and accommodate growing ridership. Caltrain is clearly at capacity today with many commuters standing during the peak hour. The PCEP not only allows Caltrain to increase capacity, it will bring the overall system into the 21st century to better match the mobility needs of the region.

Q: How will the \$647m in FTA Core Capacity funds be leveraged?

A: Over \$1.3b in local, regional, state, and non-FTA funds will be matched with \$647m FTA Core Capacity investment to complete the funding for the project.

Q: What is the status of the contracts on the project?

A: In September 2016, a Limited Notice to Proceed (LNTP) was issued to the contractors to advance design of the project. The terms of the contract were guaranteed if a Full Notice to Proceed (NTP) was issued on March 1, 2017. On March 1, 2017 contractors were scheduled to move into the construction phase of the project. On February 17, 2017, FTA announced that execution of the Core Capacity grant would be delayed until the President makes decisions about the availability of funds in the Administration’s upcoming budget proposal to Congress. Caltrain negotiated with the contractors for an extension to preserve the electrification project’s contracts during this time.

Q: How long is the extension with the contractors and what implications are there on the cost and schedule of the project?

A: On February 27, 2017, Caltrain announced that it has negotiated an extension of the deadline for contractors to begin construction of the Peninsula Corridor Electrification Project while the agency awaits a decision from the FTA about the execution of a \$647 million funding agreement. The contractors agreed to extend the deadline for four months, from March 1 to June 30. Buying additional

time from the contractors will likely require the utilization of up to \$20 million in project contingency that otherwise would have been available for construction related expenses in the future. The sooner the grant agreement is executed, the smaller the impact will be to the project's contingency.

Q. What is the status of the Core Capacity FTA Full Funding Grant Agreement?

A. Caltrain has been working with the FTA since 2001 to ensure that the project meets all of the rigorous statutory and regulatory requirements of the Core Capacity competitive discretionary program. The project was rated highly after thorough evaluation including ridership studies, design assessments, financial analyses and cost benefit evaluations by the FTA and the U.S. Department of Transportation (USDOT). On Friday February 17, 2017, the Caltrain FFGA completed the mandatory 30-day review period and is eligible for a signature to be executed. FTA announced that execution of the Core Capacity grant would be delayed until the President makes decisions about the availability of funds in the Administration's upcoming budget proposal to Congress.

The PCEP has already received \$73m in previously appropriated Core Capacity funds and the FFGA would allow Caltrain to access those funds in addition to future Core Capacity funds. The FY17 House and Senate Appropriations bill included \$333m for the core capacity program and the House bill specifically recommended \$100m for the PCEP.

Q: Is the California High Speed Rail Authority contributing to funding the PCEP?

A: In 2012, the California State Legislature directed that some HSR funding should be used to support improvements to existing rail systems. Specifically, SB 1029 required the High Speed Rail Authority to provide Caltrain with \$600m in funding to the PCEP. Subsequent agreements increased this amount to \$713m (36% of the total project cost) and require alternative funds to be provided if HSR funds are not available. The full list of PCEP funding partners includes: Metropolitan Transportation Commission, San Francisco Municipal Transportation Agency, San Francisco County Transportation Authority, San Mateo County Transportation Authority, Santa Clara County Valley Transportation Authority, the City/County of San Francisco and the California State Transportation Agency.

Q: Is Caltrain only considering electrification because of High-Speed Rail (HSR)?

A: No. Caltrain has been considering electrification for decades, long before the 2008 voter approval of the HSR Prop 1A Bonds. Both the 1999 and 2004 Caltrain Strategic Plans referenced a desire for electrification. The 25 kVA/60 Hz overhead contact system design is a logical choice for the Caltrain PCEP because it is a standard proven design that has been used on the U.S. east coast (Northeast Corridor) and in many locations in Europe.

Q: Does the Caltrain EIR for PCEP allow high-speed rail trains to use the Caltrain Corridor?

A: No. Caltrain was the lead agency for environmentally clearing the PCEP. The PCEP EIR did not environmentally clear HSR service in the Peninsula corridor. The California High-Speed Rail Authority (CHSRA) is the lead agency for a subsequent and separate environmental process to clear HSR service on the Peninsula Corridor.

Q: Has there been a legal ruling on Caltrain's PCEP being independent from HSR?

A: Yes. A California Superior Court Judge, when asked about the independence of the Caltrain Peninsula Corridor Electrification Project, ruled that the Caltrain project stands on its own merits. Judge Goode said, “Petitioners are simply wrong when they say ‘[n]either project can be implemented without the other.’...The Electrification Project can be implemented successfully even if the HSR project never takes another step forward. It is a project of independent utility that Caltrain has been seeking to implement for nearly twenty-five years.”

Q. Is Caltrain involved in the recent HSR Proposition 1A lawsuit?

A. No. A legal challenge was filed against the California High-Speed Rail Authority (CHSRA). Caltrain does not expect this lawsuit to have an impact on the PCEP.