

**Metropolitan Transportation Commission
Programming and Allocations Committee**

September 13, 2023

Agenda Item 2i - 23-1109

MTC Resolution No. 4267

Subject:

Update on Contingent Commitment of Regional Transportation Improvement Program for the Peninsula Corridor Electrification Project.

Background:

On January 11, 2017, MTC held a special Commission meeting to approve MTC Resolution No. 4267, which set aside up to \$50 million in Regional Transportation Improvement Program (RTIP) funds for potential cost overruns or revenue shortfalls on the Peninsula Corridor Electrification Project (PCEP). MTC, along with other Peninsula Corridor Joint Powers Board (JPB) members San Francisco MTA, San Mateo County Transit District/Transportation Authority, and Santa Clara Valley Transportation Authority, took emergency action to secure the Federal Transit Administration's execution of a Full Funding Grant Agreement for the PCEP project.

The PCEP project is now under construction. While the project has experienced cost overruns, the California State Transportation Agency (CalSTA) recently awarded the PCEP project supplemental funds through the Transit and Intercity Rail Capital Program (TIRCP). The California Transportation Commission (CTC) allocated the TIRCP funds on August 17, 2023.

Therefore, MTC finds that the RTIP funds are no longer needed for the PCEP project. No changes are required to the resolution, as the resolution language would commit RTIP funds if needed for cost overruns, and only if the other three JPB agencies took similar action. If additional contingency funds are ultimately needed for PCEP, MTC will work with Caltrain and JPB members to find alternate funding to fill funding shortfalls.

The 2024 RTIP Policies and Procedures (MTC Resolution No. 4603) is on this Committee's agenda under item 4a. In it, the \$46 million in RTIP funds originally set aside for the PCEP contingency would now be committed to the Housing Incentive Pool (HIP) Program.

Issues:

If the PCEP project experiences further cost overruns and the JPB members decide to trigger this contingency source, MTC will work with Caltrain and JPB members to find alternate funding to meet MTC's commitment.

Recommendations:

Information. No action required.

Attachments:

MTC Resolution No. 4267



Andrew B. Fremier

Date: January 11, 2017
W.I.: 1512
Referred by: N/A

ABSTRACT

MTC Resolution No. 4267

This resolution is a contingent commitment of up to \$50 million in additional funds through the Regional Transportation Improvement Program (RTIP) to the Peninsula Corridor Electrification Project (PCEP), if needed, associated with potential cost over runs above the estimated project delivery cost and previously-budgeted contingency, or a shortfall of revenues, to support execution of a Full Funding Grant Agreement (FFGA) with the Federal Transit Administration (FTA).

Further discussion of these actions is contained in the memorandum from the Executive Director dated January 6, 2017.

Date: January 11, 2017
W.I.: 1512
Referred by: N/A

RE: Contingent Commitment of \$50 million in Regional Transportation Improvement Program Funds for Potential Cost Over Runs or Revenue Shortfalls on the Peninsula Corridor Electrification Project to Support Execution of a Full Funding Grant Agreement with the Federal Transit Administration

METROPOLITAN TRANSPORTATION COMMISSION
RESOLUTION NO. 4267

WHEREAS, the Metropolitan Transportation Commission (MTC) is the regional transportation planning agency for the San Francisco Bay Area pursuant to Government Code Section 66500 *et seq.*; and

WHEREAS, MTC has adopted and periodically revises, pursuant to Government Code Sections 66508 and 65080, a Regional Transportation Plan (RTP); and

WHEREAS, MTC adopts, pursuant to Government Code Section 65080, a Regional Transportation Improvement Program (RTIP) every two years that is submitted, pursuant to Government Code Section 14527, to the California Transportation Commission (CTC) and the California Department of Transportation (Caltrans); and

WHEREAS, after MTC submits the RTIP to the CTC, the CTC considers approval of the RTIP for inclusion in the State Transportation Improvement Program; and

WHEREAS, MTC sets capital priorities for the Regional Transportation Improvement Program (RTIP), a five-year program for the funding of improvements to highways, roadways and state-funded mass transit guideways and other transit capital improvement projects; and

WHEREAS, MTC is a funding partner with the Peninsula Corridor Joint Powers Board (JPB) to electrify the Caltrain railroad corridor and enter revenue service on the electrified rail line by 2021 with an estimated total budget for the Peninsula Corridor Electrification Project (“PCEP” or “Project”) of \$1.98 billion, including \$316 million (approximately 16.5%) in overall Project contingency; and

WHEREAS, the JPB has applied for inclusion in the Federal Transit Administration's (FTA) Core Capacity Grant program to receive funding for the PCEP, and has worked with FTA staff to prepare for approval of the Full Funding Grant Agreement (FFGA), the last phase of the Core Capacity Grant program; and

WHEREAS, the FTA informed the JPB that the FTA required evidence that the JPB will have access to an additional 10% beyond the budgeted Project contingency to ensure that any cost over-runs or shortfall in revenues will be covered without additional federal assistance; and

WHEREAS, MTC, along with the JPB member agencies – Santa Clara Valley Transportation Authority (VTA), the San Francisco Municipal Transportation Agency (SFMTA) and San Mateo County Transit District (SMCTD)/San Mateo County Transportation Authority (SMCTA) – each indicated they had available up to an additional \$50 million that could be used to support the PCEP, beyond the previously stated commitments to the Project; and

WHEREAS, the FTA now has informed the JPB that, in order for the FTA to approve the FFGA, the JPB must provide Board of Directors resolutions evidencing the agencies' commitments to be held to this additional contribution, if needed; and

WHEREAS, the JPB has put into place extensive controls to guard against cost over runs, which include extensive and frequent opportunities for all PCEP funding partners to oversee PCEP implementation, such as through review and comment on progress and cost reports, participation in consultant selection panels and proposal/bid reviews, and membership on the Project's Risk Management Team; and

WHEREAS, JPB staff has requested the Metropolitan Transportation Commission provide this resolution committing to fund up to \$50 million of a 10% shortfall in the PCEP financial plan, associated with potential cost over runs above the estimated project delivery cost and previously-budgeted contingency or a shortfall in revenues, to support and ensure execution of the PCEP FFGA; and

WHEREAS, future RTIP funds available for programming to regional priority projects under MTC's discretion are sufficient to meet the JPB staff's request; and

WHEREAS, Caltrain improvements are an eligible expenditure of RTIP funds.

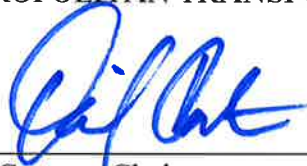
NOW, THEREFORE, BE IT RESOLVED that the Metropolitan Transportation Commission hereby approves this contingent commitment to fund up to \$50 million in RTIP funds for potential cost over runs, if they arise, above the estimated project delivery cost and previously-budgeted contingency, or shortfall in revenues, for the Peninsula Corridor Electrification Project; and be it further

RESOLVED, that this Resolution will take effect upon the adoption of similar resolutions or actions by SMCTA/SMCTD, VTA, and either SFMTA or the San Francisco County Transportation Authority; and be it further

RESOLVED, that the Executive Director or his designee is authorized to execute any necessary documents, and to take any additional actions necessary, to give effect to this resolution so long as local projects not be defunded as a result of this joint action with SMCTA/SMCTD, SFMTA/San Francisco County Transportation Authority, and VTA without first returning to the Commission; and be it further

RESOLVED, that the Executive Director shall forward a copy of this resolution, and such other information as may be required to the FTA, JPB, and to such other agencies as may be appropriate.

METROPOLITAN TRANSPORTATION COMMISSION



Dave Cortese, Chair

The above resolution was entered into by the Metropolitan Transportation Commission at a special meeting of the Commission held in San Francisco, California, on January 11, 2017.