



Peninsula Corridor Electrification Project (PCEP) Project Update and 2021 Measure RR Financing Plan

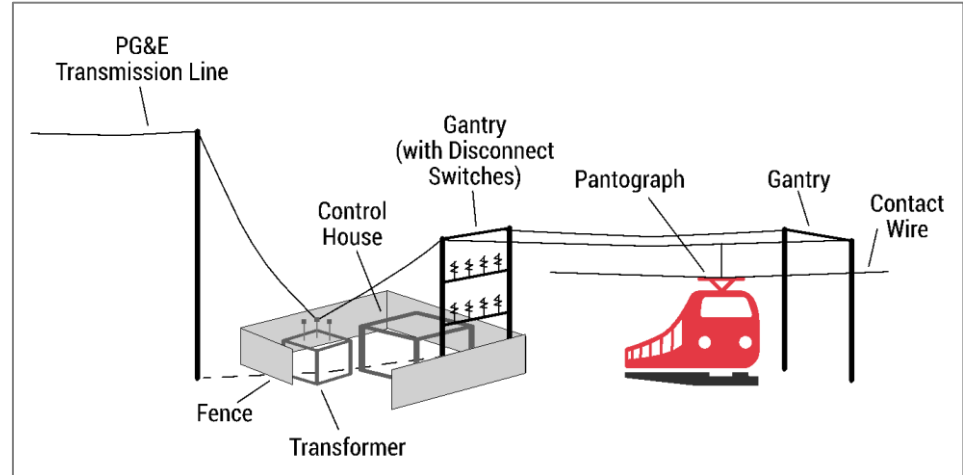
SFMTA Meeting
June 15, 2021

Project Area



- 51 miles
- San Francisco to San Jose (Tamien Station)

Project Elements



Electrification

- Overhead Contact System (OCS)
- Traction Power Facilities

Electric Trains*

- 19 7-car train sets
- 133 electric cars

*Includes 2018 State The Transit and Intercity Rail Capital Program (TIRCP) Funding

- Overhead Contact System Installation
 - Foundations complete south of Menlo Park Station (Segments 3 & 4)
 - Pole installation complete between Menlo Park to Santa Clara stations (Segment 3)
- Traction Power Facilities
 - Design work is complete for all 10 facilities
 - Transformers have been installed in 9 of 10 Traction Power facilities
- Electric Trains
 - 70 car shells have been shipped from Stadler Switzerland, 55 are in Stadler Salt Lake City, 15 are in transit
 - Train 1 tested at high-speeds in Pueblo, CO

| Description | Current | DRAFT FTA Risk Refresh |
|-----------------|----------------|------------------------|
| Revenue Service | Quarter 3 2022 | Quarter 4 2024 |
| Cost | \$1.98B* | \$2.313B* |

* Adjusted to match Caltrain accounting. Includes \$50M pre-Full Funding Grant Agreement spending and \$9M financing costs.

- Project cost has increased and schedule extended
- Federal Transit Administration (FTA) estimate additional cost to complete: \$333M
- FTA estimate schedule extension: Q4 2024 (Calendar Year)
 - Includes 6 month contingency

- Seek Federal/State Funding
- Complete Contractor Negotiations
- Update Project Completion Plan (FTA, CA High Speed Rail Authority)
- Update Funding Plan and Agreements



Measure RR – Financing Plan 2021

- Replace the 2019 revolving credit agreements with two new revolving credit agreements secured by a subordinate pledge of Measure RR sales tax revenues
- If market conditions allow, advance refund \$47,635,000 principal amount of Peninsula Corridor Joint Powers Board (PCJPB) Farebox Revenues Bonds, 2019 Series A
- Issue “new money” Measure RR secured bonds, payable from proceeds of sale from Low Carbon Fuel Standards credits

Revolving Credit Agreements

- In 2016, the PCJPB entered into a revolving credit agreement with JP Morgan, secured by a subordinate pledge of farebox revenue, in the amount of \$150 million to finance certain capital costs associated with the PCEP project;
- The amount of the 2016 credit agreement was increased to \$170 million and PCJPB entered into a separate agreement to fund certain working capital needs
- Proposing to replace with two new \$100 million revolving credit agreements with Wells Fargo, secured by a subordinate pledge of Measure RR revenue

“New Money” Measure RR Secured Bonds (PCEP)

- Bond proceeds to be used to fund portion of project funding shortfall
- Likely to be sold as fixed rate bonds
- Structured for flexible amortization/short call structures (to take advantage of flows of Low Carbon Fuel Standard (LCFS) related revenue)
- Structured to mitigate potential reliance on Measure RR funds as a source of payment (as opposed to serving as security)



Refinancing of 2019 PCJPB Farebox Revenue Bonds, Series A

- In 2019, PCJPB issued farebox revenue bonds in the amount of \$47,635,000; these bonds were issued to:
 - Refinance 2007 and 2015 farebox revenue bonds
 - And, acquire certain real property that PCJPB has previously been leasing
- The farebox pledge refers to the amounts generated and collected in connection with the operation of Caltrain, including passenger fares, parking, shuttle and pass revenues, and other revenues from operations.
- Currently, PCJPB cannot refinance the 2019 Farebox Bonds for savings but wishes to remain opportunistic in the event that savings can be realized