

File No. 160796

Committee Item No. 5

Board Item No. \_\_\_\_\_

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Sub-Committee      Date July 27, 2016

Board of Supervisors Meeting      Date \_\_\_\_\_

#### Cmte Board

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
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Completed by: Linda Wong      Date July 22, 2016  
Completed by: Linda Wong      Date \_\_\_\_\_

1 [Seven-Party Supplement to the 2012 Memorandum of Understanding - Peninsula Corridor  
2 Electrification Project]

3 **Resolution approving the Seven-Party Supplement to 2012 Memorandum of**  
4 **Understanding, regarding Financial Commitments to Address the Funding Gap for the**  
5 **Peninsula Corridor Electrification Project.**

6  
7 WHEREAS, On January 15, 2013, the Mayor, on behalf of the City and County of San  
8 Francisco (the City), approved execution, with conditions, of a Memorandum of Understanding  
9 (the "MOU") with the California High-Speed Rail Authority (CHSRA), the Metropolitan  
10 Transportation Commission (MTC), the Peninsula Corridor Joint Powers Board (PCJPB), the  
11 San Francisco County Transportation Authority (SFCTA), and four other local and regional  
12 entities to establish a funding framework for a High-Speed Rail Early Investment Strategy for  
13 a blended system in the Peninsula Corridor; and

14 WHEREAS, The Early Investment Strategy, also known as the Early Investment  
15 Program, consists of three components: the Communications Based Overlay Signal System  
16 (also known as Positive Train Control), the electrification of the Caltrain line between San  
17 Jose and San Francisco, and the purchase of electric multiple unit vehicles to operate on the  
18 electrified railroad (PCEP) (collectively, "the Projects"); and

19 WHEREAS, The program will modernize the corridor, reduce train-related emissions by  
20 up to 97 percent, provide faster and increased service to more stations, and prepare the  
21 Caltrain system for shared use with high-speed rail; and

22 WHEREAS, On January 8, 2015, the PCJPB Board of Directors adopted Resolution  
23 No. 2015-03, certifying the PCEP Final Environmental Impact Report (PCEP FEIR) for the  
24 Peninsula Corridor Electrification Project in conformance with CEQA law and Guidelines; and  
25

1 WHEREAS, On January 8, 2015, the PCJPB Board of Directors, as part of Resolution  
2 No. 2015-04 approving the PCEP, approved and adopted CEQA Findings of Fact, including a  
3 Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Plan  
4 (MMRP); and

5 WHEREAS, Under Resolution No. 7-16, adopted on January 26, 2016, the Board of  
6 Supervisors approved an Agreement with the PCJPB regarding administration of up to  
7 \$39,000,000 of capital funding for the Projects (a copy of the agreement is in Board of  
8 Supervisors File No. 151148); and

9 WHEREAS, Also under Resolution No. 7-16, The Board of Supervisors, representing  
10 the City as a responsible agency under CEQA, reviewed and considered the PCEP FEIR and  
11 record as a whole, and found that the PCEP FEIR is adequate for the actions taken under the  
12 Resolution, incorporated the CEQA findings contained in JPB Resolution No. 2015-04,  
13 including the Statement of Overriding Considerations and MMRP, including the commitment  
14 to participate with the PCJPB to implement Mitigation Measure TRA-3b (surface pedestrian  
15 facility improvements to address the PCEP's additional pedestrian movements at and  
16 immediately adjacent to the San Francisco 4th and King Station, with implementation costs  
17 shared on a fair-share basis as determined mutually by the JPB and the City), and agreed to  
18 Mitigation Measure TRA-3b; and

19 WHEREAS, At the time the MOU was executed, the total cost for the Early Investment  
20 Program was \$1,456,000,000 with a proposed \$60,000,000 local contribution from each of the  
21 three PCJPB member counties (San Francisco, San Mateo and Santa Clara); and

22 WHEREAS, The SFCTA has committed funds to cover \$20,860,000 of San Francisco's  
23 proposed original \$60,000,000 contribution (mostly from Prop K sales tax, with \$4,000,000 in  
24 Regional Improvement Program funds), with the City's Prop A General Obligation bond (2014)  
25 covering the rest; and

1           WHEREAS, The initial PCEP budget was subsequently updated by Caltrain staff to  
2 reflect a cost estimate study conducted in 2014, add contingency, and account for received  
3 bids, resulting in a new total Early Investment Program projected cost of \$2,210,000,000 an  
4 increase of \$755,000,000; and

5           WHEREAS, The MOU identified \$125,000,000 in Federal Transit Administration (FTA)  
6 transit formula funds, which are now needed by the PCJPB to advance critical state-of-good-  
7 repair improvements necessary to maintain existing Caltrain operations; the PCJPB has  
8 requested removal of these funds from the Early Investment Strategy, which creates a  
9 \$125,000,000 funding gap: and

10           WHEREAS, The parties have negotiated a Seven-Party Supplement to the MOU  
11 (Agreement), a copy of which is in Board of Supervisors File No. 160796, under which most  
12 of the PCEP cost increase and funding gap is proposed to be covered by an FTA Core  
13 Capacity grant (\$647,000,000) and State Cap and Trade Program funds (including some from  
14 CHSRA's share), with MTC and PCJPB members also making increased contributions; and

15           WHEREAS, This Agreement would commit the three PCJPB members to a total local  
16 contribution of \$80,000,000 each for the Early Investment Program for the Peninsula Corridor,  
17 a \$20,000,000 increase to the amount proposed in the MOU; and

18           WHEREAS, Under this Agreement, the \$20,000,000 increase would be covered by the  
19 City and/or the SFCTA; and

20           WHEREAS, There is \$3,900,000 remaining in the Electrification line item in the SFCTA  
21 Prop K Strategic Plan that has been included in the proposed FY2016-2017 capital budget,  
22 which was approved at the June 28, 2016, SFCTA Board meeting; and

23           WHEREAS, The City and the SFCTA are jointly seeking to identify the remaining  
24 \$16,100,000 which could include General Fund revenues associated with a proposed 2016  
25

1 charter amendment establishing, among other things, a transportation set-aside or a  
2 transportation sales tax measure; and

3 WHEREAS, As a precondition of this Agreement, the parties have agreed on a Funding  
4 Partners Oversight Protocol for Caltrain's Cal Mod Program, a copy of which is in Board of  
5 Supervisors File No. 160794, under which the funding partners will be able to closely  
6 monitor the Projects, have access to all project information, and participate in the decision-  
7 making process, especially when related to changes in scope, schedule or cost; and

8 WHEREAS, At its June 28, 2016, meeting, the SFCTA reviewed the subject request  
9 and unanimously approved authorization for the Executive Director to execute, with  
10 conditions, this Agreement; now, therefore, be it

11 RESOLVED, That the Board of Supervisors incorporates the CEQA findings and  
12 determinations it made under Resolution No. 7-16 for the purposes of this action; and further  
13 finds that since the PCEP FEIR was certified, there have been no substantial project changes  
14 and no substantial changes in project circumstances that would require major revisions to the  
15 FEIR due to the involvement of new significant environmental effects or an increase in the  
16 severity of previously identified significant impacts, and there is no new information of  
17 substantial importance that would change the conclusions set forth in the FEIR; and, be it

18 FURTHER RESOLVED, That the Board of Supervisors approves the Seven-Party  
19 Supplement to the 2012 Memorandum of Understanding, including the City's Special  
20 Conditions attached as Exhibit C, and also approves the Funding Partners Oversight Protocol  
21 for Caltrain's Cal Mod Program as a condition to approval of the Seven-Party Supplement.

<p><b>Item 5</b> <b>File 16-0796</b></p>	<p><b>Department:</b> Mayor's Office</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p>	
<ul style="list-style-type: none"> <li>• The proposed resolution would authorize a Seven-Party Supplement to the 2013 MOU between the Joint Powers Board (which consists of the City and County of San Francisco, the San Mateo County Transit District, and the Santa Clara Valley Transportation Authority), the San Mateo County Transportation Authority, the Santa Clara Valley Transportation Authority, the San Francisco County Transportation Authority, the Metropolitan Transportation Commission, the City and County of San Francisco, and the California High-Speed Rail Authority to increase the total contribution of the seven parties by \$210,400,000 for the Peninsula Corridor transit system, consisting of Caltrain and future high speed rail. The City would need to increase its contribution by \$20,000,000 from \$60,000,000 to \$80,000,000 to fund the Early Investment Strategy.</li> </ul>	
<p style="text-align: center;"><b>Key Points</b></p>	
<ul style="list-style-type: none"> <li>• In 1988, the City, the San Mateo County Transit District, and the Santa Clara Valley Transportation Authority entered into a Joint Powers Agreement creating the Joint Powers Board to operate Caltrain and conduct planning studies related to Peninsula commute service. The members of the Joint Powers Board agreed to share the costs of capital projects that are not covered by outside sources.</li> <li>• The Early Investment Strategy consists of two projects: the Communications-Based Overlay Signal System (CBOSS), and the Peninsula Corridor Electrification Project (PCEP).</li> <li>• Based on the revised 2016 cost projections, the total estimated costs for the Early Investment Strategy increased by \$755 million from \$1.456 billion estimated in 2008 to \$2.21 billion, due to PCEP project cost increases.</li> <li>• The total CBOSS budget of \$231 million has been fully expended. Parson Transportation Group, the CBOSS project contractor, anticipates that the CBOSS project will be delayed and incur additional project costs.</li> </ul>	
<p style="text-align: center;"><b>Fiscal Impact</b></p>	
<ul style="list-style-type: none"> <li>• Of the total \$20,000,000 in new funding requested from the City, \$3,900,000 comes from the San Francisco Transportation Authority's Proposition K Strategic Plan. The City has not yet identified funding sources for \$16,100,000 of the total contribution of \$20,000,000.</li> </ul>	
<p style="text-align: center;"><b>Recommendation</b></p>	
<ul style="list-style-type: none"> <li>• Approval of the proposed resolution is a policy matter for the Board of Supervisors because the funding source for \$16,100,000 of the City's total contribution of \$20,000,000 has not yet been identified.</li> </ul>	

**MANDATE STATEMENT**

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

**BACKGROUND****Peninsula Corridor Joint Powers Board**

In 1988, the City and County of San Francisco, the San Mateo County Transit District, and the Santa Clara Valley Transportation Authority entered into a Joint Powers Agreement creating the Peninsula Corridor Joint Powers Board (Joint Powers Board) to operate Caltrain and conduct planning studies related to Peninsula commute service. Through this agreement, the members of the Joint Powers Board have agreed to share the costs of capital projects that are not covered by outside sources.

**Early Investment Strategy**

In 2013, the City entered into a conditional nine-party Memorandum of Understanding (MOU) with the Joint Powers Board, the California High-Speed Rail Authority, the Metropolitan Transportation Commission, the San Francisco County Transportation Authority, and four other local and regional entities to establish a funding framework for an Early Investment Strategy for the Peninsula Corridor transit system, consisting of Caltrain and future high speed rail.<sup>1</sup>

The Early Investment Strategy for the future California statewide high-speed rail system consists of two projects including:

- (1) the Communications-Based Overlay Signal System (CBOSS), also referred to as positive train control project, and
- (2) the Peninsula Corridor Electrification Project (PCEP).

CBOSS tracks train locations and prevents unsafe train movements through the use of equipment on-board moving trains. CBOSS began in February 2012 and is anticipated to be completed in November 2016.

PCEP electrifies the Caltrain Corridor from San Francisco's 4th and King Streets Caltrain Station to approximately the Tamien Caltrain Station in San Jose, and replaces diesel-hauled trains with electric multiple unit trains, thereby placing one additional Caltrain train into service in each direction during peak hours (6 total additional trains). PCEP environmental clearance was completed in January 2015 and the first electric trains are expected to be completed and in service in December 2020. The rollout of the remaining 75 percent of the trains will be completed in 2021.

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<sup>1</sup> The four other local and regional entities include the San Mateo County Transportation Authority, the Santa Clara Valley Transportation Authority, the City of San Jose, and Transbay Joint Powers Authority.

### **Increases in the Estimated Cost of the Early Investment Strategy**

The Early Investment Strategy was initially estimated to cost \$1.456 billion based on 2008 cost projections completed by Caltrain staff. The estimated costs of PCEP were \$1.225 billion and the estimated costs of CBOSS were \$231 million. The nine parties of the 2013 MOU agreed to share the costs for these projects.

#### *Increase in Estimated Electrification Project Costs*

Caltrain staff updated PCEP cost estimates in 2014 to account for inflation and new industry information and analysis. Based on the 2014 cost projections, the revised total estimated costs for the Early Investment Strategy increased from \$1.456 billion to \$1.762 billion. The estimated costs of PCEP increased from \$1.225 billion to \$1.531 billion. The estimated costs of CBOSS were unchanged at \$231 million.

In 2016, Caltrain staff updated the cost estimates for PCEP once again to include contingency funds and to account for the project prices included in the bids submitted. Based on the revised 2016 cost projections, the total estimated costs for the Early Investment Strategy increased from \$1.762 billion to \$2.21 billion. The estimated costs of PCEP increased from \$1.531 billion to \$1.979 billion. The estimated costs of CBOSS were unchanged at \$231 million.

The 2016 cost estimate of \$1.979 billion for PCEP is an increase of \$755 million or 38.1 percent compared to the original 2008 cost estimate for PCEP of \$1.225 billion.

### **The City and County of San Francisco's Share of Cost**

The three members of the Joint Powers Board, including the City and County of San Francisco, the San Mateo County Transit District, and the Santa Clara Valley Transportation Authority, are required to each contribute \$60,000,000 to the costs of CBOSS and PCEP. Of the City's \$60,000,000 cost share:

- \$39,000,000 comes from Proposition A Transportation and Road Improvement General Obligation Bond funds, previously approved by the San Francisco voters in November 2014, of which \$7,760,000 was appropriated by the Board of Supervisors in May 2015 (File 15-0459); and \$31,240,000 has not yet been appropriated; and
- \$21,000,000 was previously authorized by the San Francisco County Transportation Authority.<sup>2</sup>

The Board of Supervisors approved an agreement between the San Francisco Municipal Transportation Agency (SFMTA) and the Joint Powers Board in January 2016 in which the SFMTA acts as a fiscal agent and disburses up to \$39,000,000 to the Joint Powers Board as costs are incurred for CBOSS and PCEP (File 15-1148).<sup>3</sup> The initial disbursement was \$7,760,000 in previously appropriated Proposition A bonds.

<sup>2</sup> The additional \$21,000,000 from SFCTA was authorized through SFCTA resolutions 15-28, 14-29, 13-17 and 07-52.

<sup>3</sup> The agreement terminates on December 31, 2020 but may be extended until three and a half years after the sale of the last issuance of a Transportation and Road Improvement General Obligation Bond, if that date is later than December 31, 2020.



Both CBOSS and PCEP are included in San Francisco's 10-Year Capital Plan. The City has no obligation to make funding allocations under the agreement between the SFMTA and the Joint Powers Board should the City fail to appropriate funds for CBOSS or PCEP.<sup>4</sup>

### **Re-allocation of Early Investment Strategy Funds to Caltrain Operations**

The 2013 MOU identified \$125 million in Federal Transit Administration (FTA) funds that could be allocated to the Early Investment Strategy. However, the Joint Powers Board has determined that \$125 million in FTA funds are now needed make state-of-good repair improvements to existing Caltrain rail systems. The Joint Powers Board has requested the removal of these funds from the Early Investment Strategy, which creates a \$125 million funding gap.

## **DETAILS OF PROPOSED LEGISLATION**

The proposed resolution would authorize a Seven-Party Supplement to the 2013 MOU between the (1) Joint Powers Board (which consists of the City and County of San Francisco, the San Mateo County Transit District, and the Santa Clara Valley Transportation Authority), (2) the San Mateo County Transportation Authority, (3) the Santa Clara Valley Transportation Authority, (4) the San Francisco County Transportation Authority, (5) the Metropolitan Transportation Commission, (6) the City and County of San Francisco, and (7) the California High-Speed Rail Authority to increase the total contribution of the seven parties by \$210,400,000.<sup>5</sup>

The proposed Seven-Party Supplement to the 2013 MOU would commit each of the three members of the Joint Powers Board to increase their contribution by \$20,000,000, from \$60,000,000 to \$80,000,000. Therefore, the City would need to increase its contribution to the Early Investment Strategy by \$20,000,000 for the Peninsula Corridor transit system, consisting of Caltrain and future high speed rail. Each Joint Powers Board member's contribution of the additional \$20,000,000 is contingent on the commitment of \$20,000,000 from each of the other two Joint Powers Board members, with the exact manner and timing of the contributions to be decided by the Joint Powers Board.

### **Funding Partners Oversight Protocol**

As a precondition to the Seven-Party Supplement to the 2013 MOU, the parties have agreed on a Funding Partners Oversight Protocol for Caltrain's CalMod Program, under which the funding partners will be able to closely monitor the Early Investment Strategy projects, have access to

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<sup>4</sup> The City and County of San Francisco's obligations to the agreement automatically terminates without expense of any kind to the City, if at the end of any fiscal year the funds are not appropriated for the succeeding fiscal year. In the event of default by the Joint Powers Board, the City may withhold any portion of Bond funds not yet disbursed, and may also demand immediate return of any previously disbursed Bond funds that have been claimed or expended by the Joint Powers Board in breach of the agreement.

<sup>5</sup> According to Caltrain representatives, the following five parties to the Seven-Party Supplement to the 2013 MOU have voted to approve the Seven-Party Supplement: (1) Joint Powers Board, (2) the San Mateo County Transportation Authority, (3) the Santa Clara Valley Transportation Authority, (4) the San Francisco County Transportation Authority, and (5) the Metropolitan Transportation Commission. The California High-Speed Rail Authority is scheduled to vote on the Seven-Party Supplement to the 2013 MOU at their August 9, 2016 meeting.

all project information, and participate in the decision-making process, especially when related to changes in scope, schedule, or cost.

## FISCAL IMPACT

The revised total estimated cost for the Early Investment Strategy projects for the Peninsula Corridor transit system, consisting of Caltrain and future high speed rail, is now \$2.21 billion, of which \$1.979 billion is for Peninsula Corridor Electrification Project (PCEP) and \$231 million is for Communication-Based Overlay Signal System (CBOSS). Table 1 below shows the proposed project budgets for the PCEP and CBOSS projects.

**Table 1. Proposed CBOSS and PCEP Project Budgets**

Project Costs	Original MOU Funding Strategy	Proposed Changes in Seven-Party Supplemental MOU	Revised Total Project Costs
Peninsula Corridor Electrification Project (PCEP)	\$1,225,000,000	\$755,000,000	\$1,980,000,000
Communication-Based Overlay Signal System (CBOSS)	\$231,000,000	0	\$231,000,000
<b>Total</b>	<b>\$1,456,000,000</b>	<b>\$755,000,000</b>	<b>\$2,211,000,000</b>

Source: Seven-Party Supplement to 2013 MOU, Exhibit B.

### **CBOSS and PCEP Actual Expenditures**

The total CBOSS budget is \$231,000,000, which has been fully expended. Parson Transportation Group, the CBOSS project contractor, anticipates that the CBOSS project may extend beyond the anticipated completion date of November 2016 and will incur additional project costs. Caltrain staff is currently in negotiations with Parson Transportation Group to ensure that the MOU funding partners will not be liable for any new costs due to CBOSS project delays. In response to requests from funding partners, Caltrain convened an American Public Transportation Association (APTA) Peer Review Panel to evaluate the CBOSS project scope, schedule, budget, and management, according to Ms. Gillian Gillet, Mayor's Director of Transportation Policy. The panel's report is not yet published.

The total PCEP budget is \$1.98 billion, of which \$76,765,678 has been expended.

Total funding for the Early Investment Strategy projects is shown in Table 2 below.

**Table 2. Proposed Changes to Funding Sources for Early Investment Strategy Projects**

Funding Source	Original MOU Funding Strategy <sup>6</sup>	Proposed Changes in Seven-Party Supplemental MOU	Revised Costs & Funding Sources
<b>Local Funds</b>			
Joint Powers Board Member Contributions <sup>a</sup>	\$180,000,000	\$60,000,000	\$240,000,000
Joint Powers Board Local Contributions	11,000,000	9,000,000	20,000,000
Caltrain	4,000,000	0	4,000,000
<i>Subtotal Local</i>	<i>\$195,000,000</i>	<i>\$69,000,000</i>	<i>\$264,000,000</i>
<b>State Funds</b>			
Proposition 1A Connectivity	\$106,000,000	\$0	\$106,000,000
Proposition 1A HSRA	600,000,000	0	600,000,000
California High-Speed Rail Authority Cap & Trade/Other	0	113,000,000	113,000,000
Cap & Trade Transit and Inter City Rail Program	0	20,000,000	20,000,000
Proposition 1B Caltrain	24,000,000	0	24,000,000
<i>Subtotal State</i>	<i>\$730,000,000</i>	<i>\$133,000,000</i>	<i>\$863,000,000</i>
<b>Federal Funds</b>			
Federal Railroad Administration	\$17,000,000	\$0	\$17,000,000
Federal Highway Administration Prior/Current Obligations	45,800,000	0	45,800,000
Federal Transit Administration Future Obligations <sup>b</sup>	440,000,000	(125,000,000)	315,000,000
Federal Transit Administration Core Capacity	0	647,000,000	647,000,000
<i>Subtotal Federal</i>	<i>\$502,800,000</i>	<i>\$522,000,000</i>	<i>\$1,024,800,000</i>
<b>Regional Funds</b>			
Metropolitan Transportation Commission Bridge Tolls	11,000,000	28,400,000	39,400,000
Bay Area Air Quality and Management District	20,000,000		20,000,000
<i>Subtotal Regional</i>	<i>\$31,000,000</i>	<i>\$28,400,000</i>	<i>\$59,400,000</i>
<b>Grand Total</b>	<b>\$1,458,800,000</b>	<b>\$752,400,000</b>	<b>\$2,211,200,000</b>

Source: Seven-Party Supplement to 2013 MOU, Exhibit B.

<sup>a</sup> \$240,000,000 in contributions from Joint Power Board members consists of \$80,000,000 from each of the three Joint Power Board members. The City's \$80,000,000 contribution includes \$60,000,000 previously authorized by the Board of Supervisors and \$20,000,000 that is the subject of the proposed resolution.

<sup>b</sup> \$125,000,000 in FTA funds are re-allocated to current Caltrain state-of-good repair projects.

Table 3 below summarizes the total funding sources of \$80 million for the City's share of costs for the Early Investment Strategy Projects.

<sup>6</sup> Original MOU funding of \$1,458,800,000 was \$2.8 million more than the original MOU budget of \$1,456,000,000.

**Table 3. Funding Sources for City’s Revised Share of Costs**

<b>Funding Source</b>	<b>Amount</b>
<b>Previously Authorized Contribution (File 15-1148)</b>	
Proposition A Transportation and Road Improvement General Obligation Bond funds	\$39,000,000
San Francisco County Transportation Authority	21,000,000
Subtotal	\$60,000,000
<b>New Contribution (File 16-0796)</b>	
San Francisco Transportation Authority Proposition K Strategic Plan	\$3,900,000
To be determined	16,100,000
Subtotal	\$20,000,000
<b>Total</b>	<b>\$80,000,000</b>

Source: Caltrain staff

The City has not yet identified funding sources for \$16,100,000 of the new contribution of \$20,000,000. The City’s obligations to the Seven-Party Supplement to the 2013 MOU will terminate without penalty, liability, or expense of any kind to the City at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year.

The Budget and Legislative Analyst considers approval of the proposed resolution to be a policy matter for the Board of Supervisors because the funding source for \$16,100,000 of the total new contribution of \$20,000,000 has not yet been identified.

**RECOMMENDATION**

Approval of the proposed resolution is a policy matter for the Board of Supervisors because the funding source for \$16,100,000 of the City’s total new contribution of \$20,000,000 has not yet been identified.

# **MEMORANDUM OF UNDERSTANDING (MOU)**

## **HIGH SPEED RAIL EARLY INVESTMENT STRATEGY FOR A BLENDED SYSTEM IN THE SAN FRANCISCO TO SAN JOSE SEGMENT KNOWN AS THE PENINSULA CORRIDOR OF THE STATEWIDE HIGH-SPEED RAIL SYSTEM**

**BY AND AMONG THE FOLLOWING PARTIES (PARTIES)**

**CALIFORNIA HIGH SPEED RAIL AUTHORITY (AUTHORITY)  
METROPOLITAN TRANSPORTATION COMMISSION (MTC)  
PENINSULA CORRIDOR JOINT POWERS BOARD (JPB)  
SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY (SFCTA)  
SAN MATEO COUNTY TRANSPORTATION AUTHORITY (SMCTA)  
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY (VTA)  
CITY OF SAN JOSE  
CITY AND COUNTY OF SAN FRANCISCO  
TRANSBAY JOINT POWERS AUTHORITY (TJPA)**

## Recitals

**Whereas**, the California High-Speed Rail AUTHORITY (AUTHORITY) is responsible for planning, building and maintaining an 800-mile statewide high-speed rail system and improved mobility through the development of safe, clean, reliable rail technology; and

**Whereas**, the AUTHORITY, in partnership with the Federal Railroad Administration is advancing a California High-Speed Train (HST) network that links the major metropolitan areas of the State of California utilizing corridors into and through Southern, Central and Northern California; and

**Whereas**, the AUTHORITY has responsibility for planning, construction and operation of high-speed passenger train service in California and is exclusively charged with accepting grants, fees and allocations from the state, from political subdivisions of the state and from the federal government, foreign governments, and private sources; and

**Whereas**, the AUTHORITY's 2012 Business Plan proposes to incrementally develop the HST system utilizing a blended system approach that will coordinate the development and operations of HST with existing passenger rail systems that improves, enhances and expands the integration of high-speed and regional/local passenger rail systems; and

**Whereas**, this blended approach requires a series of incremental investments in the Peninsula corridor to prepare for integrated service and operations and the AUTHORITY recognizes the need for a collaborative effort with regional and local agencies to identify early investment projects along existing rail corridors that improves service, improves safety and efficiency, and creates linkages between HST and local passenger rail service; and

**Whereas**, a blended system will remain substantially within the existing Caltrain right-of-way and will accommodate future high-speed rail and modernized Caltrain service along the Peninsula corridor by primarily utilizing the existing track configuration on the Peninsula; and

**Whereas**, this MOU is specific to project investments that upgrade existing rail service and prepare for a future high-speed train project that is limited to infrastructure necessary to support a blended system, which will primarily be a two-track system shared by both Caltrain and high-speed rail and will be designed to continue to support existing passenger and freight rail tenants; and

**Whereas**, local transportation improvement projects are required to be included in a Regional Transportation Plan (Plan), and the Metropolitan Transportation Commission, working closely with local agencies is charged with developing the Plan every four years to provide guidance for transportation investments within the Bay Area and with development of regional transportation strategies to address the needs of the San Francisco Bay Area; and

**Whereas**, on December 19, 2001, MTC adopted the Regional Transit Expansion Program of Projects (Resolution 3434) which includes the Transbay Transit Center Phase 2 Downtown Extension and Caltrain Electrification projects as regional priorities for transit expansion; and

**Whereas**, the Sustainable Communities and Climate Protection Act of 2008 (SB 375, Steinberg, Statutes of 2008) requires the Plan to include a Sustainable Communities Strategy (SCS), showing evidence of integrated planning, goals that establish and strengthen the crucial linkages between the economy, land use development and the regional transportation system to improve access to jobs, education, healthcare, and other amenities in ways that improve the overall quality of life in the Bay Area and the blended system on the Peninsula corridor in the California High-Speed Rail program are consistent with achieving SB 375 goals to reduce greenhouse gas emissions; and

**Whereas**, all Parties are involved in the planning, funding, construction and/or operation of heavy and light rail transit, buses, and/or commuter train services in the Peninsula corridor and are considering intermodal service integration, including linkages to the proposed HST service; and

**Whereas**, it is the intent and purpose of this MOU to strengthen the working relationship between the PARTIES to facilitate the development and implementation of passenger rail improvements that will improve local passenger rail service and operations while preparing designated HST corridors for eventual HST operation to achieve region wide systems integration of rail service in Northern California; and

**Whereas**, local transportation improvement projects are required to be environmentally evaluated according to CEQA and NEPA regulations and where necessary, existing environmental approval covering incremental improvements to the Peninsula corridor will be updated to reflect evolving local and regional conditions and concerns; and

**Whereas**, incremental improvements and the blended system project will be planned, designed and constructed in a way that supports local land use and Transit Oriented Development policies along the Peninsula corridor; and

Now, **THEREFORE**, it is mutually understood and agreed to by the **PARTIES** as follows:

To jointly support and pursue the implementation of a statewide high speed rail system that utilizes a blended system and operational model on the Peninsula corridor and that has its northern terminus at the Transbay Transit Center in San Francisco as specified in law, and its southern limit at Mile Post 51.4 at the Tamien Station in San Jose. The blended system will support and benefit operation of both Caltrain and future high speed train service.

To jointly recognize a defined set of Inter-related Program of Projects that are consistent with the AUTHORITY's phased implementation plan, are consistent with a blended system operation of the corridor and achieve objectives that include but are not limited to system capacity and connectivity for Caltrain, HST and freight, public safety, operational efficiency, effectiveness and connectivity.

To generally describe, identify and work to fully fund an Inter-related Program of Projects known as the Corridor Electrification Infrastructure Project, Advanced Signal System (also known as Positive Train Control), the Downtown Extension to the Transbay Transit Center, which is the Proposition 1A designated northern terminus of high-speed rail, new high-speed stations at San Jose Diridon Station and a Millbrae BART/Caltrain Station with a connection to San Francisco International Airport, and a Core Capacity project of needed upgrades to stations, tunnels, bridges, potential passing tracks and other track modifications and rail crossing improvements including improvements and selected grade separations required to accommodate the mixed traffic capacity requirements of high-speed rail service and commuter services.

To recognize that of the set of Inter-related Program of Projects, the most substantial and tangible early-investment benefits will be realized when two essential projects are identified for an Initial Investment Strategy to secure, at the earliest possible date, the benefits of the blended system for the traveling public and an Initial Investment Strategy is needed to provide the groundwork upon which future construction can more readily progress.

To recognize that the two Inter-related projects for Initial Investment Strategy are the Corridor Electrification Infrastructure Project that includes the needed rolling stock to operate revenue service; and the Advanced Signal System project and to adopt as part of this MOU, the funding plans needed to move as expeditiously as possible toward construction of these two essential projects.

To work toward the implementation of the Initial Investment Strategy to the maximum extent feasible and that the PARTIES shall endeavor to incorporate the Electrification Infrastructure and Advanced Signal System projects into their respective plans and that the AUTHORITY shall reflect this MOU in its Business Plan by December 31, 2012.

That the aforementioned projects will need to be environmentally analyzed and cleared according to CEQA and NEPA guidelines as appropriate, including updating and recirculation of the Caltrain Electrification EA/FEIR completed in 2009.

That the AUTHORITY will endeavor in good faith to secure approval and release of \$600 million of Proposition 1A funds and \$106 million of Proposition 1A "connectivity" funds consistent with the funding plans contained in this MOU as required to complete at the earliest possible date, the Corridor Electrification Infrastructure and Advanced Signal System projects.

That the AUTHORITY will endeavor in good faith to secure approval of Proposition 1A "connectivity" funds for Bay Area project sponsors consistent with and in accordance with the schedule and project expenditure plan approved and as amended by the California Transportation Commission.

That the AUTHORITY will work with funding partners to assist in seeking and releasing the funds necessary to implement the Electrification Infrastructure Project and Advanced Signal System project. Local agencies may provide local funds, real property, or in-kind resources as matching funds where matching funds are required to qualify for grant funds. PARTIES agree to work together to identify the appropriate amounts and types of local resources that may be used to support the completion of the Electrification Infrastructure Project and the Advanced Signal System Project.

That the AUTHORITY and appropriate PARTIES will coordinate to obtain funding using a mutually agreed-upon strategy. In the event that funding for the program is constrained by statute, rescission of existing law, change in funding requirements or eligibility, reduction in funding level or availability, the AUTHORITY and the PARTIES shall take steps to notify each other as needed in a timely manner.



## FUNDING PLAN

### Program Costs and Proposed Funding for Peninsula Corridor Projects: Electrification and Advance Signal System

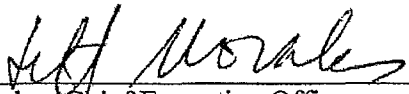
<b>Program Costs</b> <i>(in \$ millions, year of expenditure)</i>	
Advance Signal System / Positive Train Control (PTC)	\$231
Electrification and Electric Multiple Units (EMUs)	\$1,225
<b>Total</b>	<b>\$1,456</b>

<b>Program Funding</b> <i>(in \$ millions)</i>	
<b>Source</b>	<b>Amount</b>
JPB Contributions	\$180
JPB Local - Currently Available	\$11
Caltrain PTC	\$4
<b>Subtotal Local</b>	<b>\$195</b>
Prop 1A Connectivity	\$106
Prop 1A High Speed Rail Authority	\$600
Prop 1B Caltrain	\$24
<b>Subtotal State</b>	<b>\$730</b>
Federal RR Admin. for PTC	\$17
Federal Transit Admin prior/current obligations	\$43
Federal Transit Admin future obligations	\$440
<b>Subtotal Federal</b>	<b>\$500</b>
MTC Bridge Tolls	\$11
BAAQMD Carl Moyer	\$20
<b>Subtotal Regional</b>	<b>\$31</b>
<b>Total</b>	<b>\$1,456</b>


**Funding Plan Notes:**

1. Caltrain Joint Powers Board (JPB) Local Contribution is \$60 million from San Mateo sales tax, \$60 million from VTA sales tax, and \$60 million from San Francisco (\$23 million from sales tax, \$37 million from Regional Transportation Improvement Program (RTIP)/local/other). Each agency's contribution, including Proposition 1A Connectivity funds as outlined in Note 2, is contingent upon the \$60 million each from the other two JPB partners.
2. Prop 1A Connectivity is \$42 million from Caltrain, \$26 million from VTA, and \$38 million from BART (2<sup>nd</sup> priority for BART after receipt of \$150 million for railcars).
3. Prop 1B Caltrain is \$20 million Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA), \$4 million State-Local Partnership Program (SLPP).
4. FTA Prior/Current Obligations is \$16 million for electrification in prior years, \$27 million for EMUs in FY12.
5. FTA Future Obligations is \$315 million for electric multiple units (EMUs), \$125 million from fixed guideway caps. Funds will be programmed in accordance with MTC Transit Capital Priorities process between approximately FY2012-2013 and FY2022-2023.
6. Bridge Tolls is from Regional Measure 1 (RM1) West Bay Rail Reserve.
7. Bay Area Air Quality Management District (BAAQMD) funds to be confirmed.
8. Assumes that all local sources, Prop 1B PTMISEA, all federal sources, and bridge tolls can be used as match to Prop 1A funds, totaling \$726 million in matching funds for \$706 million in Prop 1A funds.
9. Other potential future funding sources could be substituted if secured, including federal Transportation Investment Generating Economic Recovery (TIGER) funds (such as current Caltrain application for \$44 million), State Interregional Transportation Improvement Program (ITIP) funds, and private financing.

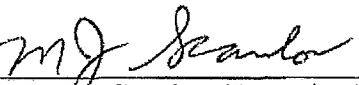
IN WITNESS WHEREOF, this MOU has been executed by the PARTIES hereto as of the day and year indicated next to each signature, with the final signature date constituting the effective date.

  
\_\_\_\_\_  
Jeff Morales, Chief Executive Officer  
California High Speed Rail Authority

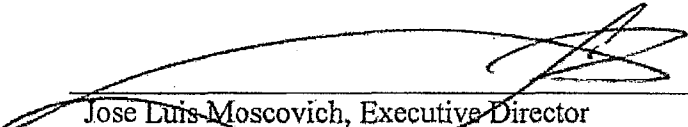
9/18/2012  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Steve Heminger, Executive Director  
Metropolitan Transportation Commission


9/18/2012  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Michael J. Scanlon, Executive Director  
Peninsula Corridor Joint Powers Board and  
San Mateo County Transportation Authority


9/21/2012  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Jose Luis Moscovich, Executive Director  
San Francisco County Transportation Authority


10/15/12  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Michael Burns, General Manager  
Santa Clara Valley Transportation Authority

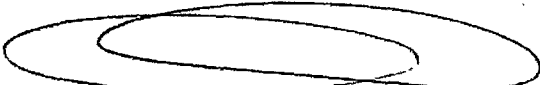
11/27/12  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Debra Figone, City Manager  
City of San Jose

12/12/12  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Edwin M. Lee, Mayor  
City and County of San Francisco

1/15/13  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Maria Ayerdi-Kaplan, Executive Director  
Transbay Joint Powers Authority

1/25/13  
\_\_\_\_\_  
Date

**SEVEN-PARTY SUPPLEMENT TO  
2012 MEMORANDUM OF UNDERSTANDING (MOU)**

**FINANCIAL COMMITMENTS TO ADDRESS FUNDING GAP FOR  
THE PENINSULA CORRIDOR ELECTRIFICATION PROJECT**

BY AND AMONG THE FOLLOWING PARTIES (PARTIES)

SAN MATEO COUNTY TRANSPORTATION AUTHORITY (SMCTA)  
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY (VTA)  
CITY AND COUNTY OF SAN FRANCISCO (CCSF)  
SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY (SFCTA)  
METROPOLITAN TRANSPORTATION COMMISSION (MTC)  
PENINSULA CORRIDOR JOINT POWERS BOARD (PCJPB)  
CALIFORNIA HIGH SPEED RAIL AUTHORITY (CHSRA)

## RECITALS

WHEREAS, during the spring of 2012, the California High Speed Rail Authority (CHSRA) and the Peninsula Corridor Joint Powers Board (PCJPB), together with the Metropolitan Transportation Commission (MTC), the San Francisco County Transportation Authority (SFCTA), the Santa Clara Valley Transportation Authority (VTA), the City of San Jose, the City and County of San Francisco (CCSF), the San Mateo County Transportation Authority (SMCTA), and the Transbay Joint Powers Authority entered into a Memorandum of Understanding that adopted an early investment strategy pertaining to the Blended System in the San Francisco to San Jose Segment of the Peninsula Rail Corridor (the "2012 Nine-Party MOU"), a copy of which is attached hereto as Exhibit A and incorporated herein by this reference; and

WHEREAS, the 2012 Nine-Party MOU identifies two principal inter-related projects as essential to the early investment strategy: (1) the Peninsula Corridor Electrification Project, including associated rolling stock acquisition (the PCEP), and (2) construction of an advanced signal system, commonly known as the PCJPB's "CBOSS" project, which will incorporate federally mandated Positive Train Control (collectively, the "Early Investment Projects"); and

WHEREAS, the Parties to the 2012 Nine-Party MOU agreed to work together to identify the appropriate amounts and types of local resources that may be used to support the completion of the Early Investment Projects and to coordinate efforts to obtain funding using a mutually agreed-upon strategy, and in the event that funding for the program is constrained by statute, rescission of existing law, change in funding requirements or eligibility, reduction in funding level or availability, the Parties agreed to take steps to notify each other as needed in a timely manner; and

WHEREAS, \$125 million in FTA funds identified in the 2012 Early Investment Strategy funding plan included in the 2012 Nine-Party MOU is needed by the PCJPB to advance critical state of good repair improvements necessary to maintain existing Caltrain operations, and the PCJPB has requested to remove these funds from the early investment funding strategy, which would create a \$125 million funding gap; and

WHEREAS, a note to the 2012 early investment strategy funding plan included in the 2012 Nine-Party MOU indicated that other potential future funding sources could be substituted if secured; and

WHEREAS, the PCJPB conducted a cost estimate study for the PCEP in 2014 to update the 2008 cost estimate on which the 2012 Nine-Party MOU funding strategy for the PCEP was based, and the PCJPB has since included additional program contingency to the PCEP, such that the total anticipated budget for the PCEP is up to \$1.980 billion, which includes costs covering the contracts, program management, and contingency costs; and

WHEREAS, the Parties to this Seven-Party Supplement (Supplement) have met and discussed with all parties to the 2012 Nine-Party MOU additional funding needed for the PCEP to support contract award and have agreed to the funding commitments specified herein;

NOW, THEREFORE, it is mutually understood and agreed to by the PARTIES as follows:

1. To fully fund the PCEP, the parties to this Supplement commit to make the funding available to support the PCEP as set forth below. This funding is in addition to funding commitments

previously made by these parties in the 2012 Nine-Party MOU.

- a. The SMCTA will contribute an additional \$20 million;
- b. The VTA will contribute an additional \$20 million;
- c. The SFCTA and/or the CCSF will contribute an additional \$20 million;

(For SMCTA, VTA, and SFCTA and/or CCSF, each agency's contribution is contingent on the commitment of \$20 million each from the other two PCJPB partners, with the exact manner and timing of the contributions to be worked out with the PCJPB. The commitment of CCSF is subject to the Special Provisions in Exhibit C, attached to and incorporated in this MOU. These Special Provisions only apply to the funds to be provided by CCSF, and not any other parties to this Supplement.)

- d. The MTC will program \$28.4 million from Regional Measures 1 and 2;
  - e. The PCJPB will contribute \$9 million from funding provided by formula to Caltrain through the State of California's Low Carbon Transit Operations Program; and
  - f. The CHSRA will contribute an additional \$113 million.
2. The Parties to this Supplement also support the PCJPB's efforts to obtain \$647 million from FTA's Core Capacity Grant Program for the PCEP as a regional priority. The \$647 million would help provide funding needed for the PCEP, as well as funding to support a larger contingency set-aside for the PCEP program.
  3. The Parties to this Supplement understand PCJPB has requested \$225 million from the California State Transportation Agency's Transit & Intercity Rail Capital Program (Cap & Trade TIRCP) to support the PCEP, as contemplated in the 2012 Nine-Party MOU. These funds will be prioritized for PCEP and will be used to backfill any shortfall in requested FTA Core Capacity funds. If available, funding not needed for PCEP will be used to replace the remaining Caltrain diesel vehicles with Electric Multiple Units (EMUs). The exact remaining number of vehicles to be replaced will be contingent on the final Cap & Trade TIRCP grant award.
  4. The Parties to this Supplement also agree that, with the additional funding sources, \$125 million in FTA funds identified in the 2012 Early Investment Strategy funding plan will no longer be needed for the PCEP, and will instead be programmed by the MTC to the PCJPB to advance critical Caltrain state of good repair improvements through MTC's established regional Transit Capital Priorities process.
  5. The total anticipated amount of funding to be secured for the PCEP will be \$1.980 billion, which includes the funding sources outlined above in paragraphs 1, 2, and 3, along with the original funding sources in the 2012 Nine-Party MOU except the \$125 million noted in paragraph 4 above. The revised funding plan for the PCEP reflecting the changes described herein is attached as Exhibit B.
  6. The parties to this supplement agree to continue, through regular meetings, to provide opportunity for all nine parties to the 2012 Nine-Party MOU to discuss, review, and/or comment on relevant project matters and collectively provide advisory oversight to help advance the PCEP.

7. If overall program costs reflect a financial commitment that is below the funding plan of \$1.980 billion, funding commitments from the parties to this Supplement will be reduced proportionally according to their respective additional shares as stated in this Supplement.
8. In the event overall program costs reflect a financial commitment that is above the funding plan of \$1.980 billion, or if the FTA Core Capacity funds are awarded at less than \$647 million, the parties to this Supplement will discuss with all parties to the 2012 Nine-Party MOU how to secure additional funding beyond what is presently identified, and/or discuss project scope adjustments to match to funding availability.
9. The parties to the 2012 Nine-Party MOU will also discuss and agree in writing on program oversight roles for the funding partners prior to the award of the PCEP contracts.

IN WITNESS WHEREOF, this MOU has been executed by the PARTIES hereto as of the day and year indicated next to each signature, with the final signature date constituting the effective date.

Jim Hartnett, Executive Director Peninsula Corridor Joint Powers Board and San Mateo County Transportation Authority	Date
--	------

Nuria Fernandez, General Manager/CEO Santa Clara Valley Transportation Authority	Date
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Edwin M. Lee, Mayor City and County of San Francisco  Board of Supervisors Resolution No. _____ Dated: _____  Attest:  _____ Clerk of the Board	Date
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Tilly Chang, Executive Director San Francisco County Transportation Authority	Date
--	------

Steve Heminger, Executive Director Metropolitan Transportation Commission	Date
--	------

Jeff Morales, Chief Executive Officer California High Speed Rail Authority	Date
---	------

APPROVED AS TO FORM BY:

Attorney for Peninsula Corridor Joint Powers Board and San Mateo County Transportation Authority	Date
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Attorney for Santa Clara Valley Transportation Authority	Date
--	------

Dennis J. Herrera, City Attorney

By:

Robin M. Reitzes, Deputy City Attorney Attorney for City and County of San Francisco	Date
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Attorney for San Francisco County Transportation Authority	Date
--	------

Attorney for Metropolitan Transportation Commission	Date
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Attorney for California High Speed Rail Authority	Date
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**EXHIBIT B**  
**FUNDING PLAN FOR PENINSULA CORRIDOR**  
**ELECTRIFICATION AND ADVANCED SIGNAL SYSTEM PROJECTS**  
(\$ millions)

	9-Party MOU Funding Strategy	Changes in the 7-Party Supplemental MOU	Revised Costs & Funding Sources	CBOSS	PCEP
<b>Projected Costs</b>					
PCEP	1,225.0	755.0	1,980.0	-	1,980.0
CBOSS	231.0		231.0	231.0	-
<b>Total</b>	<b>1,456.0</b>	<b>755.0</b>	<b>2,211.0</b>	<b>231.0</b>	<b>1,980.0</b>
<b>Funding Sources</b>					
JPB Member Contributions	180.0	60.0	240.0	47.0	193.0
JPB Local	11.0	9.0	20.0	11.0	9.0
Caltrain PTC	4.0		4.0	4.0	
<b>Subtotal Local</b>	<b>195.0</b>	<b>69.0</b>	<b>264.0</b>	<b>62.0</b>	<b>202.0</b>
Prop 1A Connectivity	106.0		106.0	106.0	
Prop 1A HSRA	600.0		600.0		600.0
CHSRA Cap & Trade/Other		113.0	113.0		113.0
Cap & Trade TIRCP <sup>1</sup>		20.0	20.0		20.0
Prop 1B Caltrain	24.0		24.0	16.0	8.0
<b>Subtotal State</b>	<b>730.0</b>	<b>133.0</b>	<b>863.0</b>	<b>122.0</b>	<b>741.0</b>
FRA	17.0		17.0	17.0	
FTA/FHWA Prior/Current Obligations <sup>2</sup>	45.8		45.8	29.8	16.0
FTA Future Obligations	440.0	(125.0)	315.0		315.0
FTA Core Capacity <sup>3</sup>	-	647.0	647.0	-	647.0
<b>Subtotal Federal</b>	<b>502.8</b>	<b>522.0</b>	<b>1,024.8</b>	<b>46.8</b>	<b>978.0</b>
MTC Bridge Tolls	11.0	28.4	39.4		39.4
BAAQMD Carl Moyer	20.0		20.0		20.0
<b>Subtotal Regional</b>	<b>31.0</b>	<b>28.4</b>	<b>59.4</b>	<b>-</b>	<b>59.4</b>
<b>Total</b>	<b>1,458.8</b>	<b>752.4</b>	<b>2,211.2</b>	<b>230.8</b>	<b>1,980.4</b>

**Notes**

1. The parties to the Seven-Party Supplement to 2012 Memorandum of Understanding recognize that the JPB has requested State Cap & Trade TIRCP funds to help fund the PCEP. Of the \$225m requested, \$20m is identified to help close the funding gap in the \$1.98 billion project cost estimate for PCEP.

2. The \$2.8m represents a FHWA grant (Railway/Hwy Hazard Elimination) for the CBOSS project that was secured after the 2012 MOU execution. This amount is not included in the 7-party MOU since the funding is for the CBOSS project.

3. \$647 million in FTA Core Capacity funds would help close the funding gap for PCEP, as well as providing funding to support a larger contingency set-aside for PCEP.

## EXHIBIT C

### Special Provisions for the City and County of San Francisco

(References to "City" in Paragraphs 1 and 2 refer to the City and County of San Francisco)

**1. Certification of Funds; Budget and Fiscal Provisions; Termination in the Event of Non-Appropriation.** This Agreement is subject to the budget and fiscal provisions of the City's Charter. Charges will accrue only after prior written authorization certified by the Controller, and the amount of City's obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization. This Agreement will terminate without penalty, liability or expense of any kind to City at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year. If funds are appropriated for a portion of the fiscal year, this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated. City has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. City budget decisions are subject to the discretion of the Mayor and the Board of Supervisors. Contractor's assumption of risk of possible non-appropriation is part of the consideration for this Agreement.

THIS SECTION CONTROLS AGAINST ANY AND ALL OTHER PROVISIONS OF THIS AGREEMENT.

**2. Guaranteed Maximum Costs.** The City's obligation hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification. Except as may be provided by laws governing emergency procedures, officers and employees of the City are not authorized to request, and the City is not required to reimburse the Contractor for, Commodities or Services beyond the agreed upon contract scope unless the changed scope is authorized by amendment and approved as required by law. Officers and employees of the City are not authorized to offer or promise, nor is the City required to honor, any offered or promised additional funding in excess of the maximum amount of funding for which the contract is certified without certification of the additional amount by the Controller. The Controller is not authorized to make payments on any contract for which funds have not been certified as available in the budget or by supplemental appropriation.

**3. Sunshine Ordinance.** In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

## Attachment 2

### FUNDING PARTNERS OVERSIGHT PROTOCOL FOR CALTRAIN'S CAL MOD PROGRAM (Electrification, Vehicles, CBOSS)

1. The Caltrain Project Management staff (CPMT) will have an open door policy with the Funding Partners' oversight representatives (Partners), who will have access to project Section Managers and available information: The Funding Partners and their oversight representatives understand that some information will be confidential and commit to honor that confidentiality by not sharing or divulging any information so defined.
2. The Partners will attend all progress meetings with the CPMT, to stay abreast of all project activities and when warranted, may also attend, as observers, partnering sessions and progress meetings with the contractor. The CPMT will provide a list of current and anticipated regularly scheduled meetings, and the Partners and CPMT will jointly determine the meetings that would be most useful.
3. Subject to FTA concurrence, the Partners will also attend meetings with the FTA and its PMO. It will be the responsibility of the Partners to secure FTA's agreement to such participation. The CPMT will make the first approach to the FTA.
4. The CPMT will make available to the Partners all project deliverables, reports, plans, procedures, and progress and cost reports for review and comment, which will be performed within the stipulated review period. Should the Partners not provide comments by the due date, the CPMT may assume that they are not forthcoming.
5. The Partners will review progress and cost reports and provide comments.
6. The Partners will participate in consultant selection panels and proposal/bid reviews.
7. The Partners will monitor quality through regular discussions with the Quality Assurance Manager.
8. The Partners will be members of the Risk Management team and participate in all Risk Management meetings and receive copies of the original risk register, its monthly updates, and reports.
9. The CPMT will institute a Configuration Management Board (CMB), with one representative each from San Francisco, CHSRA, and VTA as voting members, to review all proposed changes, regardless of whether they are owner, designer, or contractor originated, to determine merit, agree on quantum, and ultimately authorize all changes for the project. The Partners agree that their representative to the CMB will have the appropriate technical and Project Management background. No member of the CMB will have Veto power.
10. The Partners will provide support to the CPMT on funding and financing issues.
11. The Partners will review and approve project invoices submitted to their respective Agencies and assure that they are processed on a timely manner.
12. The Partners will assist the CPMT with development of grant amendments and funding requests which are submitted to their respective Agencies for approval.

Print Form

# Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp  
or meeting date \_\_\_\_\_

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment)
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [ ] inquires"
- 5. City Attorney request.
- 6. Call File No. [ ] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. [ ]
- 9. Reactivate File No. [ ]
- 10. Question(s) submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission       Youth Commission       Ethics Commission
- Planning Commission       Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.**

**Sponsor(s):**

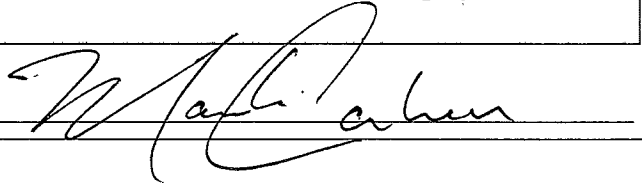
Cohen

**Subject:**

[ ]

**The text is listed below or attached:**

Seven party supplement MOU regarding financial commitment to Peninsula corridor electrification project.

Signature of Sponsoring Supervisor: 

**For Clerk's Use Only:**