

**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 (JPB)  
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;

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");

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;

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 in the Early Investment Strategy; 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;

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;

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;
  - 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 provide 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 help supplement funding needed for the PCEP, as contemplated in the 2012 Nine-Party MOU, as well as funding 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 JPB 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 the contract awards 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 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.

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

Date

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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

Date

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Tilly Chang, Executive Director  
San Francisco County Transportation Authority

Date

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Steve Heminger, Executive Director  
Metropolitan Transportation Commission

Date

