Mid-Coast Corridor Transit Project San Diego, California New Starts Engineering (Rating Assigned April 2015)

Summary Description			
Proposed Project:	Light Rail Transit		
	10.9 Miles, 9 Stations		
Total Capital Cost (\$YOE):	\$2,112.11 Million (Includes \$424.39 million in finance charges)		
Section 5309 New Starts Share (\$YOE):	\$1,043.38 Million (49.4%)		
Annual Operating Cost (opening year 2019):	\$16.82 Million		
Current Year Ridership Forecast (2014):	22,500 Daily Linked Trips 7,533,000 Annual Linked Trips		
Horizon Year Ridership Forecast (2035):	34,700 Daily Linked Trips 11,630,400 Annual Linked Trips		
Overall Project Rating:	Medium-High		
Project Justification Rating:	Medium-High		
Local Financial Commitment Rating:	Medium-High		

Project Description: The San Diego Association of Governments (SANDAG) is planning the Mid-Coast Corridor, which would originate at the Old Town Transit Center, serving the areas north of downtown San Diego, including the University of California at San Diego, and terminate at the University Towne Centre Transit Center. The project will include four at-grade and five-elevated stations, along with three park-and-ride facilities, two shared parking lots with 1,180 spaces, two transfer centers, and 36 light rail vehicles. Service would operate every 15 minutes during peak and off-peak periods in the opening year and every 7.5 minutes during peak and off-peak periods in the horizon year.

Project Purpose: The project will extend the existing Blue Line of the San Diego light rail system to the University Center, which includes the University of San Diego, San Diego Mesa Community College, and the University of California at San Diego. The project will improve access to the Blue Line from University Center, Balboa, the Veteran's Administration Medical Center, north San Diego, and to all areas served by the existing light rail system. There is strong demand for transit in the corridor due to the highly developed, dense concentration of residential and institutional land uses. However, existing bus service is constrained by traffic on existing roads. There are geographic constraints that restrict the number of north-south roads, including several deep canyons and Mission Bay Park, resulting in few continuous north-south roadways and transit routes between University Center and downtown San Diego. By providing a dedicated guideway, the project will reduce the number of transfers required and improve transit travel times by 10 minutes from the University Towne Centre Transit Center to downtown San Diego.

Project Development History, Status and Next Steps: The Mid-Coast Corridor was first identified in 1987 in Proposition A, the referendum for the TransNet half-cent sales tax that was approved by county voters. In April 1990, FTA and SANDAG published a combined Notice of Intent and Scoping Notice for preparation of an Alternatives Analysis/Draft Environmental

Impact Statement (EIS). The project was originally proposed for construction in two phases: Phase I from the Old Town Transit Center to Balboa Avenue and Phase 2 from Balboa Avenue to University Towne Centre Transit Center. The second phase was postponed due to local funding issues. The Draft EIS was published in February 1995. The Final EIS was completed for the first phase in June 2001, and a Record of Decision (ROD) issued for the first phase in August 2001. In 2003, local decision makers chose to postpone further planning for the Mid-Coast Corridor so that other projects, including Mission Valley East, could be given priority for funding. After the Mission Valley East project was completed, SANDAG decided to rejoin the two Mid-Coast Corridor project phases in April 2005.

During 2009 and 2010, SANDAG updated the earlier studies in the Comparative Evaluation of Alternatives Report (SANDAG 2010). SANDAG conducted scoping under the California Environmental Quality Act (CEQA). A Notice of Intent to prepare a Supplemental EIS was published in April 2010. Following the conclusion of the CEQA scoping process, SANDAG's Board reconfirmed an extension of the light rail system between the Old Town Transit Center and the University Towne Centre Transit Center as the locally preferred alternative in July 2010. The project was adopted into the fiscally constrained long range transportation plan in October 2010.

Under SAFETEA-LU, FTA approved the project into preliminary engineering in August 2011. With the passage of the MAP-21, the phases of the New Starts process were changed. The Project was considered to be in the Project Development phase since it had not yet completed the environmental review process as of the date MAP-21 took effect. The Draft Supplemental EIS was issued in May 2013. A Final Supplemental EIS and Record of Decision (ROD) were issued in October 2014. SANDAG received approval to enter into engineering in April 2015, receipt of a Full Funding Grant Agreement in December 2015, and start of revenue service in May 2019.

Significant Changes Since Last Evaluation (November 2012): The project cost increased from \$1.984 billion to \$2.112 billion due to the addition of a station near the Veteran's Administration Medical Center and additional bridges, retaining walls, parking, and environmental mitigation measures. The project's revenue service date moved from November 2018 to May 2019. The anticipated Section 5309 New Starts funding amount increased from \$980.43 million to \$1,043.38 million, with the share remaining at 49.4 percent. SANDAG has decided to pursue a \$647.50 million TIFIA loan from the United States Department of Transportation (USDOT), which is currently under review.

Locally Proposed Financial Plan				
Source of Funds	Total Funds (\$million)	Percent of Total		
Federal: Section 5309 New Starts	\$1,043.38	49.4%		
Local: TransNet sales tax revenues and bond proceeds	\$1,068.73	50.6%		
Total:	\$2,112.11	100.0%		

NOTE: The financial plan reflected in this table has been developed by the project sponsor and does not reflect a commitment by DOT or FTA. The sum of the figures may differ from the total as listed due to rounding.

CA, San Diego, Mid-Coast Corridor Transit Project (Rating Assigned November 2014)

Factor	Rating	Comments
Local Financial Commitment	Medium-High	
Rating		
Non-Section 5309 New Starts	+1 level	The New Starts share of the project is 49.4 percent.
Share		
Project Capital Financial Plan	Medium	
(50% of summary financial rating)		
Capital and Operating Condition (25% of capital plan rating)	Medium-High	 The average age of the Metropolitan Transit System (MTS) bus fleet is 6.58, which is slightly younger than the industry average. SANDAG will construct the project. SANDAG's most recent bond ratings, issued in July 2014, are as follows: Fitch AAA and Standard & Poor's Corporation Rating AAA. MTS will operate the project. Its current ratio of assets to liabilities, as reported in its most recent audited financial statement, is 2.5 (FY2013). There have been service cutbacks and cash flow shortages in recent years. While MTS had positive cash flow in 2013, shortfalls occurred
Commitment of Capital and Operating Funds (25% of capital plan rating)	High	 in 2012 and 2011 that were covered from reserves. All of the non-Section 5309 funds are committed or budgeted. Sources of funds include TransNet sales tax revenues and bond proceeds. All of the funds needed to operate and maintain the transit system in the first full year of operation are committed or budgeted. Sources of funds include Federal grants (Section 5307 Urbanized Area Formula, Section 5337 State of Good Repair funds, and federal Compressed Natural Gas rebates); State operating assistance (State Transit Assistance, MediCal, Transportation Development Act funds); Non- Fare Operating Revenues (advertising revenues, rental and land management income, and High Occupancy Toll Lane Net Revenues); farebox revenues; interest income; and TransNet sales tax revenues.
Capital and Operating Cost Estimates, Assumptions and Financial Capacity (50% of capital plan rating)	Medium-Low	 Growth in capital revenue assumptions are in line with historical experience. The capital cost estimate is reasonable for this phase of development. Fare revenue projections are optimistic.

•	Sales tax revenues are optimistic based on historical experience. The financial plan shows that SANDAG has the financial capacity to cover cost increases or funding shortfalls equal to at least 50 percent of estimated project costs or 12.5 percent of annual system-wide
	operating expenses in the first full year of the project's operation.

Mid-Coast Corridor Transit Project San Diego, California New Starts Project Development (Rating Assigned November 2014)

LAND USE RATING: Medium

The land use rating reflects population and employment densities within ½-mile of proposed station areas, as well as the share of legally binding affordability restricted housing in the corridor compared to the share in the surrounding county(ies).

- An estimated 185,000 jobs would be served by the project, which corresponds to a medium-high rating. Average population density across all station areas is 7,400 persons per square mile, corresponding to a medium rating. Parking rates in the San Diego central business district average about \$26 per day, corresponding to a high rating.
- The proportion of legally binding affordability restricted housing in the project corridor compared to the proportion in the counties through which the project travels is 0.00, which corresponds to a low rating.
- The project will connect the University of California at San Diego (UCSD) and University City, a major employment and residential center, with downtown San Diego via the existing Trolley system. The northern part of the corridor, including UCSD and the broader University City area, is characterized by mid- and high-rise residential, office, and institutional development. The three stations in the southern end of the corridor are characterized by lower density industrial and commercial uses surrounded by lower density single family residential and multi-family residential uses. Sidewalks and pedestrian crossings are generally found throughout the station areas, although some areas are bisected by highways or wide arterial streets, and there are pockets of auto-oriented uses such as shopping centers.

ECONOMIC DEVELOPMENT RATING: Medium-High

Transit-Supportive Plans and Policies: Medium-High

- *Growth Management:* The San Diego Association of Governments (SANDAG) and the City of San Diego have worked together to promote smart growth planning and strategies in the region. The Regional Comprehensive Plan, a coordinated plan for regional housing, land use, transportation and sustainability, includes a smart growth concept map targeting areas (including corridor station areas) for high development intensities. The 2050 Regional Transportation Plan and Sustainable Communities Strategy integrate transportation and land use policy to achieve greenhouse gas emission reductions consistent with state requirements.
- *Transit-Supportive Corridor Policies:* The City of San Diego has been planning for transit-oriented development (TOD) and implementing TOD into policy for over two decades. A number of community plans apply to the corridor which conceptually support higher-intensity development with linkage to transit; more specific station area plans for the three southern stations are being completed to identify redevelopment opportunities, zoning changes, and infrastructure improvements to support LRT.
- Supportive Zoning Regulations Near Transit Stations: San Diego's zoning code includes numerous zones and provisions that allow for and promote mixed-used development within transit corridors, including an Urban Village Overlay Zone that applies to station areas and includes pedestrian friendly design specifications. Residential densities in multi-family zones generally rate high by FTA benchmarks, and commercial densities rate medium-low to high.
- Tools to Implement Land Use Policies: Outreach efforts in support of smart growth, including
 infill/redevelopment and TOD, have been undertaken by SANDAG, the City of San Diego, and local
 professional associations and advocacy groups. Regional sales tax transportation funds include a twopercent set-aside for transportation and related infrastructure improvements that support smart growth
 development.

Performance and Impacts of Policies: Medium-High

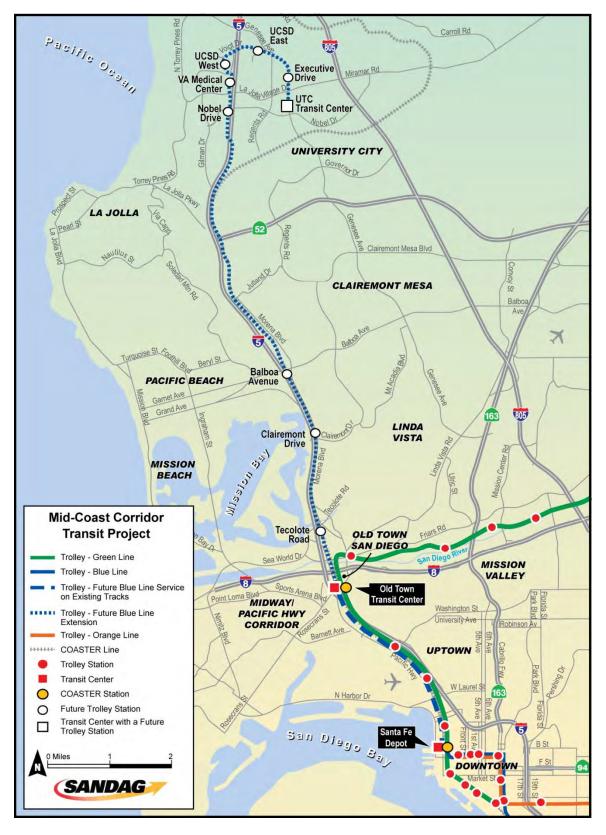
• Performance of Land Use Policies: High-intensity development has continued to occur in the UCSD/University City area consistent with long-standing plans for this area. Over time this area is being transformed into a more walkable and transit-accessible area, although wide streets and

remaining surface parking lots interfere with the pedestrian environment in some locations. There are 17 TOD projects at existing Trolley stations that collectively include over 4,800 multi-family residential units, more than 1.6 million square feet of office use, and more than 860,000 square feet of retail.

• Potential Impact of Transit Investment on Regional Land Use: Strong growth is expected to continue in the University City area and an additional 2 million square feet of mixed-use development could potentially occur on lower-density retail plazas, in addition to institutional growth. The economic climate in the three southernmost stations is less strong, although station area planning efforts have identified about 220 acres of vacant or underutilized land which could be redeveloped over time.

Tools to Maintain or Increase Share of Affordable Housing: Medium

- The City of San Diego has an array of affordable housing financing and development programs, augmented by regional programs (housing needs assessment) and state financing. Inclusionary zoning requirements and linkage fees are used to finance affordable housing and incentivize private development of affordable units. The City has also implemented a variety of code changes to incentivize affordable housing, such as density bonuses, parking reductions, and streamlined permitting. The City's policies and programs place a strong emphasis on long-term affordability.
- Despite the array of city-led programs and projects, there is little affordable housing currently in the corridor. The submission notes that transit access is considered a factor in siting affordable housing, and the study corridor to date has not had good transit access.



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