Caltrain®

AGENDA

PENINSULA CORRIDOR JOINT POWERS BOARD

Finance Committee Meeting

Committee Members: Monique Zmuda (Chair), Jeff Gee, Glenn Hendricks

Due to COVID-19, this meeting will be conducted via teleconference only (no physical location) pursuant to the Governor's Executive Orders N-25-20 and N-29-20.
Directors, staff and the public may participate remotely via Zoom at **https://zoom.us/j/93388927360?pwd=SFJranR4KzVURGlZVW5VUXJMZGIxQT09** or by entering Webinar ID: **# 933 8892 7360,** Passcode: **790810,** in the Zoom app for audio/visual capability or by calling 1-669-900-6833 (enter webinar ID and press **#** when prompted for participant ID) for audio only. The video live stream will be available after the meeting at http://www.caltrain.com/about/bod/video.html

Public Comments: Members of the public are encouraged to participate remotely. Public comments may be submitted to publiccomment@caltrain.com prior to the meeting's call to order so that they can be sent to the Board as soon as possible, while those received after an agenda item is heard will be included into the Board's weekly correspondence and posted online at http://www.caltrain.com/about/bod/Board_of_Directors_Meeting_Calendar.html.
Oral public comments will also be accepted during the meeting through *Zoom or via the teleconference number listed above. Public comments on individual agenda items are limited to one per person PER AGENDA ITEM. Use the Raise Hand feature to request to speak. For public participants calling in, dial *67 if you do not want your telephone number to appear on the live broadcast. Callers may dial *9 to use the Raise the Hand feature for public comment and press *6 to accept being unmuted when recognized to speak for two minutes or less. Each commenter will be automatically notified when they are unmuted to speak for two minutes or less. The Board Chair shall have the discretion to manage the Public Comment process in a manner that achieves the purpose of public communication and assures the orderly conduct of the meeting.

May 24, 2021 - Monday **2:30 pm**

1. Call to Order/Pledge of Allegiance
2. Roll Call

3. Public Hearing for Proposed Fare Changes

   a. Open Public Hearing
   b. Present Staff Report
   c. Hear Public Comment
   d. Close Public Hearing
   e. Board Discussion

4. Public Comment on Items not on the Agenda

   Comments by each individual speaker shall be limited to two (2) minutes. Items raised that require a response will be deferred for staff reply.

5. Consent Calendar

   Members of the Board may request that an item under the Consent Calendar be considered separately

a.	Approve Meeting Minutes of April 26, 2021	MOTION
b.	Authorize Execution of Contracts for Information Technology Licenses, Maintenance Services, and Professional Services	MOTION
c.	Authorize Execution of Contracts for Technology-Related Products and Services through Piggybacking Contracts and Cooperative Purchasing Programs	MOTION
d.	Authorization to Execute Master Agreement and Program Supplements for State-Funded Transit Projects	MOTION
e.	Authorize Execution of a Change Order to the Peninsula Corridor Electrification Project Contract with ARINC for Supervisory Control and Data Acquisition (SCADA) Database Changes	MOTION
f.	Authorize an Amendment to the Agreement with HDR Engineering, Inc. for Engineering Consultant Design	MOTION
g.	Capital Projects/FY21 Q3 Quarterly Progress Report **(added 5/21 4pm)**	INFORMATIONAL

6.	Report of the Chief Financial Officer (CFO)	INFORMATIONAL
	a. Accept Statement of Revenues and Expenses for the Period Ending April 30, 2021	MOTION
7.	Adoption of Proposed Fiscal Year 2022 Operating and Capital Budgets	MOTION
8.	2021 Measure RR Financing Plan	MOTION
9.	GoPass Donation Program Update	INFORMATIONAL

10. Committee Member Requests

11. Date/Time of Next Regular Finance Committee Meeting: Monday, June 28, 2021 at 2:30 pm via Zoom

12. Adjourn

INFORMATION FOR THE PUBLIC

All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board. If you have questions on the agenda, please contact the JPB Secretary at 650.508.6242. Agendas are available on the Caltrain website at www.caltrain.com. Communications to the Board of Directors can be e-mailed to board@caltrain.com. *Free translation is available; Para traducción llama al 1.800.660.4287;* 如需翻译 请电*1.800.660.4287*

Date and Time of Board and Committee Meetings

JPB Board: First Thursday of the month, 9:00 am; JPB Finance Committee: Fourth Monday of the month, 2:30 pm. Date, time and location of meetings may be changed as necessary. Meeting schedules for the Board and committees are available on the website.

Location of Meeting

Due to COVID-19, the meeting will only be via teleconference as per the information provided at the top of the agenda. The Public may not attend this meeting in person. *Should Zoom not be operational, please check online at **http://www.caltrain.com/about/bod/Board_of_Directors_Meeting_Calendar.html** for any updates or further instruction.

Public Comment*

Members of the public are encouraged to participate remotely. Public comments may be submitted to publiccomment@caltrain.com prior to the meeting's call to order so that they can be sent to the Board as soon as possible, while those received during or after an agenda item is heard will be included into the Board's weekly correspondence and posted online at http://www.caltrain.com/about/bod/Board_of_Directors_Meeting_Calendar.html . Oral public comments will also be accepted during the meeting through Zoom or the teleconference number listed above. Public comments on individual agenda items are limited to one per person PER AGENDA ITEM and each commenter will be automatically notified when they are unmuted to speak for two minutes or less. The Board Chair shall have the discretion to manage the Public Comment process in a manner that achieves the purpose of public communication and assures the orderly conduct of the meeting.

Accessible Public Meetings/Translation

Upon request, the JPB will provide for written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested at least at least 72 hours in advance of the meeting or hearing. Please direct requests for disability-related modification and/or interpreter services to the Title VI Administrator at San Mateo County Transit District, 1250 San Carlos Avenue, San Carlos, CA 94070-1306; or email titlevi@samtrans.com; or request by phone at 650-622-7864 or
TTY 650-508-6448.

Availability of Public Records

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at 1250 San Carlos Avenue, San Carlos, CA 94070-1306, at the same time that the public records are distributed or made available to the legislative body.

AGENDA ITEM #3
MAY 24, 2021

PENINSULA CORRIDOR JOINT POWERS BOARD
STAFF REPORT

TO: JPB Finance Committee

THROUGH: Michelle Bouchard
Acting Executive Director

FROM: Derek Hansel
Chief Financial Officer

SUBJECT: **PUBLIC HEARING FOR PROPOSED FARE CHANGES**

☐	Finance Committee Recommendation	☐	Work Program-Legislative-Planning Committee Recommendation	☐	Staff Coordinating Council Reviewed	☐	Staff Coordinating Council Recommendation

ACTION
On April 26, 2021 the Finance Committee called a public hearing to be held on May 24, 2021 for the consideration of changes to the Caltrain Fare Structure. In addition, following the May 24 Finance Committee meeting, staff was informed that the Metropolitan Transportation Commission (MTC) may extend the means-based fare pilot program (Clipper START) through June 2023. Accordingly, the Committee also should invite public comment on a potential extension of the Clipper START discount. Following feedback from the public and the Committee, staff will make a recommendation for the Board's consideration at its June 3, 2021 meeting.

SIGNIFICANCE
The public hearing will allow the Board to receive input on proposed fare changes.

Caltrain has experienced a significant decline in ridership as a result of COVID-19 and the related Shelter-in-Place orders. Extending the Monthly Pass product discount of 20% and Clipper START, and postponing previously-approved fare increases, until the after Fiscal Year (FY) 2021-22 will help incentivize ridership to return and potentially increase overall fare revenue as a result.

The proposal to be considered in the public hearing is to extend the temporary Monthly Pass Products discount of 20% through June 2023.

Although a public hearing was already held for implementation of the following fare changes, and they were approved at the September 2019 Board meeting, the changes were postponed by the Executive Director under his delegated authority. However, Board approval will be required to continue to postpone the changes into the future. Accordingly, the Board may also receive comments on postponing the implementation of the following fare changes:

A. Go Pass – Postpone 5% increases in the price of the Go Pass as follows:
- Postpone from January 1, 2022 to January 1, 2023: Increase of Go Pass price from $342 to $359, raising the annual minimum cost to employers from $28,728 to a new

minimum of $30,156

- Postpone from January 1, 2024 to January 1, 2025: Additional increase of 5%

B. Clipper® Discount – Postpone from July 1, 2021 to April 1, 2022 a reduction of the Clipper discount from $0.55 to $0.25 per One-way adult fare with corresponding changes to all Clipper Products except the Eligible Discount One-way fare

C. Periodic Fare Increases – Delay scheduled increases to the full price One-way base fare and zone charge (with corresponding increases to related products), as follows:

- Base Fare increase of $0.50: Postpone from July 1, 2021 to July 1, 2022
- Zone Charge increase of $0.25: Postpone from July 1, 2022 to July 1, 2024
- Base Fare increase of $0.50: Postpone from July 1, 2024 to July 1, 2026

D. Clipper START Means-Based Fare Discount: Extend the pilot program if, and for so long as, approved by the MTC (e.g., through June 2023).

BUDGET IMPACT

There is no budget impact associated with holding the public hearing. The proposed fare changes, if approved, have already been accounted for in the proposed budget for Fiscal Year 2022.

BACKGROUND

In 2019, the Board of Directors approved a series of fare changes to address the Peninsula Corridor Joint Powers Board's (JPB) anticipated budget shortfalls. At that time, the JPB didn't have a dedicated source of funding to support operating, maintenance and capital costs. Since that time, Covid-19 has severely impacted Caltrain ridership levels and reduced fare revenues, but the agency has been able to obtain federal economic relief funds to maintain its service at a reduced level. In addition, in November 2020, the voters approved Measure RR, creating the JPB's first non-fare dedicated source of revenue, reducing the agency's reliance on fares to fund operations.

The proposed delay in implementing previously-approved fare changes will continue to support the Fare Policy adopted by the Board in December 2018, support those in need of transportation in this challenging times, and incentivize the use of the public transit.

Public Outreach and Feedback

The process for considering the proposed changes to the Caltrain Fare Structure included public meetings and an outreach plan that provided multiple opportunities for riders and the general public to submit feedback. The plan included a virtual town hall on May 20 and presentation to the Caltrain Citizens Advisory Committee on May 19. Staff provided information about the proposed fare changes and invited the public to share feedback through a number of available channels. Comments were also accepted via an online comment form, mail, a dedicated e-mail address, and by telephone. Information about the proposed changes and how to provide feedback was published in newspaper notices, a news release, notification to community-based organizations, social media and on a dedicated page on the Caltrain website.

Next Steps

A fare discount that lasts beyond six months is considered permanent and requires a Fare Equity Analysis in compliance FTA Circular 4702.1B. A Title VI Fare Equity Analysis for the 20% Monthly pass Discount will be presented to the Board at the June Board meeting. The Fare Equity Analysis will include the comments from the public hearing, public meeting, and additional public outreach for Board consideration. Postponement of the other fare changes were studied when the increases were approved, so a new study equity is not required.

Prepared By:
Ryan Hinchman, Manager Financial Planning & Analysis 650.508.7733

Caltrain

Proposed Fare Changes

Presentation Overview

1. Public Comment Process

2. Proposed Fare Changes

Public Comment Process

- Call for public hearing in April 2021
- How to provide public comment:
  - online comment form – www.Caltrain.com/changes (English, Spanish, Chinese)
  - Participating at the virtual meeting on May 20 or public hearing on May 24
  - Email changes@caltrain.com
  - Mail Board Secretary
    Peninsula Corridor Joint Powers Board
    P.O. Box 3006, San Carlos, CA 94070-1306
  - Call 1.800.660.4287 (TTY 650.508.6448)

Title VI

- Staff is performing equity analysis on extending the 20% discount on Month Passes and will provide the final findings at the June 3 JPB Board meeting.

- In FY 2019, a Title VI equity analysis was submitted for the other fare changes. No disparate impact was found for minority communities and no disproportionate burden was found for low-income communities.

Proposed Fare Changes

Summary

1. Extend the temporary Monthly Pass product discount
2. Postpone the implementation of previously Board approved fare changes in September 2019
3. Consider an extension for the Clipper START pilot program

- Policy Goal: Support achievement of the agency’s goals on ridership.

Monthly Pass

- Extend the temporary Monthly Pass Products discount of 20% through June 30, 2023
- The discounted price is equal 12 round-trips
- Subject to fare changes applicable to the Clipper One-way fare

Postpone Fare Changes

1. Postpone two previously adopted 5% increases by one year for the Go Pass:
   - 5% January 1, 2022, moved to January 1, 2023
   - 5% January 1, 2024, moved to January 1, 2025

2. Reduction of the Clipper discount from $0.55 to $0.25 per One-way adult fare, impacts all Adult Clipper products except eligible discount
   - July 1, 2021, moved to April 1, 2022

Postpone Fare Changes – cont'd

3. Periodic fare increases - 50-cent on the base fare
    - July 1, 2021 moved to July 1, 2022
    - July 1, 2025 moved to July 1, 2026

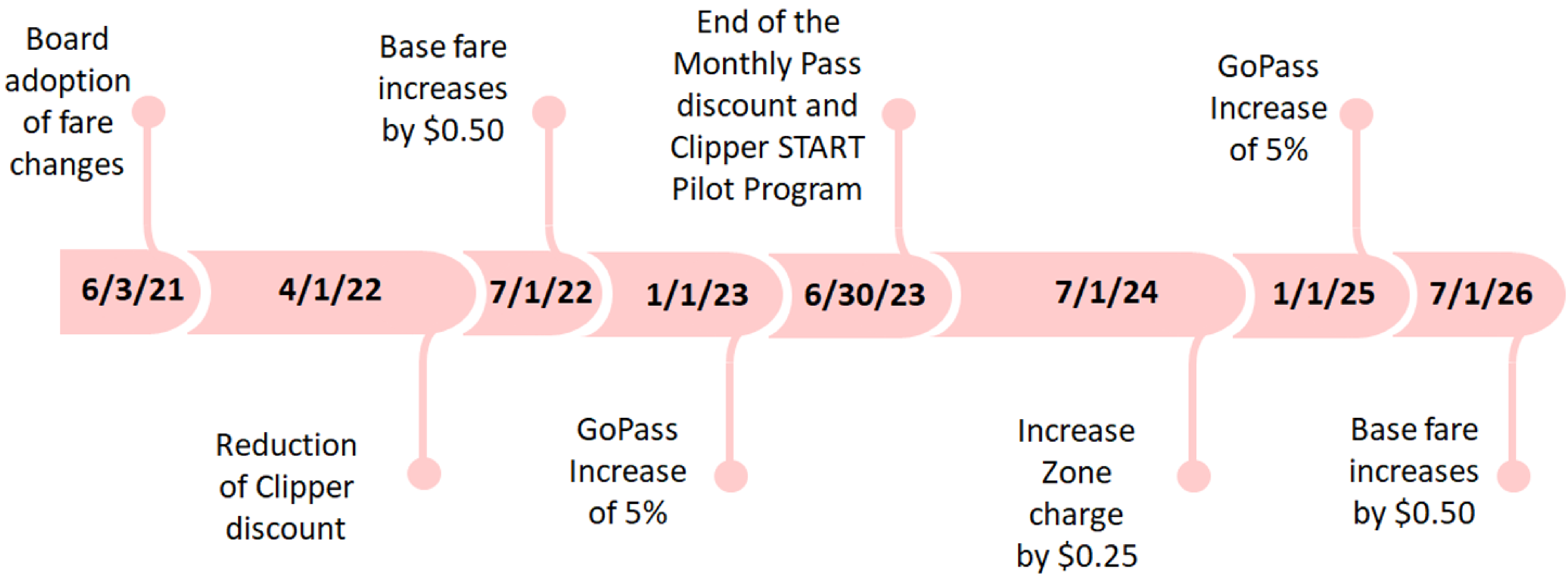
4. Periodic fare increases – 25-cent on the zone fare
    - July 1, 2023 moved to July 1, 2024

Regional Means-Based Fare Pilot Program

- The Clipper START fare is offered to eligible Adults and provides 50% discount on single-ride Adult Clipper Card fares.

- MTC is in the process of considering an extension to the means-based fare pilot program (Clipper START) through June 2023, which is likely to be approved by the MTC Commission in summer 2021.
  - Caltrain Board is asked to approve extension to offer Clipper START discount on Caltrain up through June 2023, pending MTC approval of extension in summer 2021.

Proposed Timeline



AGENDA ITEM #5a
MAY 24, 2021

Peninsula Corridor Joint Powers Board
Finance Committee Meeting
1250 San Carlos Avenue, San Carlos CA 94070

MINUTES OF APRIL 26, 2021

MEMBERS PRESENT: Monique Zmuda (Chair), Jeff Gee, Glenn Hendricks

MEMBERS ABSENT: None

STAFF PRESENT: D. Hansel, M. Bouchard, J. Cassman, S. van Hoften, R. Marler, J. Harrison, J. Funghi, S. Petty, A. Chan, K. Yin, P. Skinner, J. Sangha, M. Larocque, C. Kwok, S. Bullock, L. Fong, D. Pape, N. Atchison, M. Jones, D. Seamans, S. Wong

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE

Chair Monique Zmuda called the meeting to order at 2:30 pm and led the Pledge of Allegiance.

2. ROLL CALL

District Secretary Dora Seamans confirmed the presence of all Board Committee members.

3. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

Roland Lebrun, San Jose, commented on the committee meeting time overlapping with the Metropolitan Transportation Commission (MTC) Blue Ribbon Task Force meeting, the Hillsdale Station not having level boarding platforms, wireless gate activation not working with high-speed trains, and the lack of JPB member contribution.

Aleta Dupree, Oakland, commented on the Clipper mobile application, Clipper START, the American Rescue Plan, and vaccinations.

Adrian Brandt, San Mateo County, commented on reevaluating cleaning procedures to focus on shared air.

4. CONSENT CALENDAR

a. **APPROVED MEETING MINUTES OF MARCH 22, 2021**
b. **CALLED FOR A PUBLIC HEARING ON PROPOSED FARE STRUCTURE CHANGES**
c. **AWARD OF ON-CALL CONTRACTS TO PROVIDE PRINTING SERVICES**
d. **AUTHORIZED THE APPLICATION FOR AND RECEIPT OF ANNUAL CAP AND TRADE FUNDING FOR THE PROCUREMENT OF ELECTRIC MULTIPLE UNIT VEHICLES**
e. **AUTHORIZED A SCOPE OF WORK TO BE PERFORMED BY METEORCOMM, LLC FOR TECHNICAL SUPPORT SERVICES**
f. **FUEL HEDGING UPDATE**

Public comment
Jeff Carter, Millbrae, expressed support for the public hearing, the comprehensive care package, and abandoning zone fares.

Aleta Dupree, Oakland, commented on the public hearing, Clipper discount, fuel hedging, and equity in the future.

Adrian Brandt, San Mateo County, commented on zone based fares and paying for the distance you ride instead.

Roland Lebrun, San Jose, commented on zone based fares at the Blue Ribbon Task Force.

Motion/Second: Gee/Hendricks
Ayes: Gee, Hendricks, Zmuda
Noes: None
Absent: None

5. ACCEPT REPORT OF THE CHIEF FINANCIAL OFFICER (CFO)
A. STATEMENT OF REVENUES AND EXPENSES FOR THE PERIOD ENDING MARCH 31, 2021

Derek Hansel, Chief Financial Officer, referred to the written report and noted that the second tranche of funding would be used to close out the fiscal year without net borrowing. He stated that the American Recovery Act funds would be expected in the future (after May/June) and the cost for borrowing would drop due to backing by Measure RR rather than farebox recovery. Mr. Hansel pointed out the new staff report format with check boxes to show if an item has been reviewed or approved by the committee.

Chair Zmuda commended Caltrain on holding down costs during COVID with over $4 million in savings estimated to keep reserves intact and reduce borrowing.

Public comment
Roland Lebrun, San Jose, commented on displaying monthly ridership figures as a percentage relative to where they were prior to COVID and increasing ridership.

Aleta Dupree, Oakland, commented on continuing to assertively obtain funding and detailed reporting on Measure RR.

Jeff Carter, Millbrae, commented on partner agencies contributing to Caltrain despite Measure RR, and the comprehensive fare package.

Chair Zmuda explained that the comprehensive fare package would be a future separate agenda item.

Motion/Second: Hendricks/Gee
Ayes: Gee, Hendricks, Zmuda

Noes: None
Absent: None

6. AWARD OF CONTRACT TO PROVIDE GENERAL COUNSEL LEGAL SERVICES

Joan Cassman, Hanson Bridgett General Counsel, recused herself from this item and left meeting for its duration.

Renee Marler, Legal Consultant, provided a presentation on the General Counsel Ad Hoc Committee selection, scope of services, procurement process, selection of Olson Remcho and onboarding plan.

Public comment
Roland Lebrun, San Jose, commented on the MTC procurement examples.

Aleta Dupree, Oakland, commented on future legal teams engaging with diverse populations and considering soft skills.

Jeff Carter, Millbrae, commented on the new format of the report, inquired about the staff coordinating council, and Hanson Bridgett LLC retention for specialized services.

The Board members had a discussion and staff provided further clarification in response to the Board comments and questions, which included the following:

- This contract providing a completely independent legal team without external influences
- What other transit agencies Olson Remcho represents in the bay area
- Where human resources (HR) related matters would go
- Transferring claims against Caltrain
- Defining specialized legal services
- Annual cost for current Legal Counsel services
- Rate for industry practice

Motion/Second: Hendricks/Gee
Ayes: Hendricks, Zmuda
Noes: None
Absent: None

7. AUTHORIZE AN EIGHTEEN-MONTH LEASE EXTENSION AT 2121 SOUTH EL CAMINO REAL IN SAN MATEO TO SUPPORT THE CALTRAIN MODERNIZATION PROGRAM

John Funghi, CalMod Chief Officer, stated that this was a request to extend the Peninsula Corridor Electrification Project (PCEP) team office space lease to April 30, 2023. The extension would allow them to fulfill their contractual requirement to provide Balfour Beatty LLC with office space until substantial project completion.

Public comment
Roland Lebrun, San Jose, commented on office space available in Menlo Park and Redwood City.

Motion/Second: Gee/Hendricks
Ayes: Hendricks, Zmuda
Noes: None
Absent: None

Chair Zmuda announced Item #8 Post COVID Business Strategy would be heard out of order after Item 10.

8. POST COVID BUSINESS STRATEGY – SCENARIO PLANNING

Sebastian Petty, Deputy Chief of Planning, provided the presentation and spoke about recovery planning, four main future scenarios (butterfly, back on track, downward spiral & shark tank), and next steps. He noted that it was an illustrative exercise to look at the range of options and are not planned Caltrain actions.

Public comment
Roland Lebrun, San Jose, commented on consultant fees, setting a 50 percent farebox recovery target, management, and costs of electrification.

Cliff Bargar, San Francisco, commented on providing more train service per hour for working commuters.

Aleta Dupree, Oakland, commented on scenario planning and the cost of driving.

Jeff Carter, Millbrae, commented on increasing train frequency in the evenings and on weekends.

Adrian Brandt, San Mateo County, commented on increasing frequency, the increase of commuters, fares in comparison to service level, and member agencies indirectly shifting Measure RR funds.

The Board members had a discussion and staff provided further clarification in response to the Board comments and questions on the following:

- Measure RR oversubscription
- Fencing off Measure RR funds
- Separating long term plans from plans for the next 18, 24, 36 months
- Including a variable that includes state and county health officials

Ms. Bouchard stated that the 18-36 month range would be appropriate for near term decision making.

Item 9 was heard out of order after Item 7.

9. UPDATE ON FISCAL YEAR 2022 SHUTTLE PROGRAM FUNDING AND SERVICES

Sebastian Petty, Deputy Chief of Planning, provided the presentation and outlined the Caltrain Shuttle Program, COVID impacts, and budget and route recommendations.

Public comment
Roland Lebrun, San Jose, commented on San Mateo County funding the shuttles rather than Caltrain due to the number of riders going to Brisbane.

10. FISCAL YEAR 2022 PRELIMINARY OPERATING AND CAPITAL BUDGETS

Derek Hansel, Chief Financial Officer, provided the presentation. He outlined areas of uncertainty, options, and member contributions. Mr. Hansel spoke on the outlook, assumptions, revenue, expenditure assumptions, key expense drivers, staff allocation for Caltrain, and the capital budget. He also elaborated on next steps for operating and capital budgets.

Director Gee expressed disappointment with Member agencies for contributing zero amount as Measure RR was not intended to supplement member contribution.

Director Gee left the meeting at 4:35 pm.

The Board members had a discussion and staff provided further clarification in response to the Board comments and questions, which included the following:

- Defining Unfunded Board Authority
- The risk level for Farebox recovery numbers
- What happens to reserves over time
- Unfunded liabilities (project goals that are not currently funded)
- Whether a balanced budget would be presented in a month
- Metropolitan Transportation Commission (MTC) allocations
- Choosing financing/borrowing over using reserves
- Lack of member contribution for both operating and capital budgets
- Setting a precedent for lack of member contribution
- Considering a two year budget
- Developing a budget to indicate costs along with ridership

Michelle Bouchard, Acting Executive Director, stated it would be beneficial to have future Board discussion to understand various perspectives on the member contribution as Caltrain would eventually be reliant on member funds.

Public comment
Jeff Carter, Millbrae, commented on lack of member agency contributions and their contributions to BART.

Roland Lebrun, San Jose, commented on driving ridership, membership contributions, issuing a request for proposal (RFP) for an operator with a ridership recovery record, and methods for bridging the funding gap.

11. COMMITTEE MEMBER REQUESTS

Director Hendricks requested a breakout of assumptions for the farebox recovery risk level, a chart on income flow over the year, and an 18-36 month business plan and adding a variable that included State & County health officials.

Chair Zmuda requested information on the legal costs incurred when transitioning to the new legal counsel for the new fiscal year, identifying the value of the financing requirement in future documents, and having a monthly ridership statistics report.

12. DATE/TIME OF NEXT REGULAR FINANCE COMMITTEE MEETING

Monday, May 24, 2021 at 2:30 pm via Zoom

13. ADJOURN

The meeting adjourned at 5:06 pm.

An audio/video recording of this meeting is available online at https://www.caltrain.com/about/bod/video.html?. Questions may be referred to the Board Secretary's office by phone at 650.508.6279 or by email to board@caltrain.com.

AGENDA ITEM #5b
MAY 24, 2021

PENINSULA CORRIDOR JOINT POWERS BOARD
STAFF REPORT

TO: JPB Finance Committee

THROUGH: Michelle Bouchard
Acting Executive Director

FROM: Derek Hansel
Chief Financial Officer

SUBJECT: **AUTHORIZE EXECUTION OF CONTRACTS FOR INFORMATION TECHNOLOGY LICENSES, MAINTENANCE SERVICES, AND PROFESSIONAL SERVICES**

☐	Finance Committee Recommendation	☐	Work Program-Legislative-Planning Committee Recommendation	☐	Staff Coordinating Council Reviewed	☐	Staff Coordinating Council Recommendation

ACTION

Staff Coordinating Council recommends the Board authorize the Acting Executive Director, or her designee, to enter into contracts greater than $150,000 with original equipment manufacturers, product licensors and their distributors or consultants, directly and without the utilization of cooperative purchasing agreements, if not available, or competitive solicitations, if not applicable, to procure new software licenses, maintenance, and support services, recurring maintenance services and license renewals necessary to permit continued effective use and upkeep of Peninsula Corridor Joint Powers Board (JPB) information technology hardware and software used for the management and oversight of Caltrain. The proposed action also will apply to contracts for the provision of single/sole source professional services necessary to expand or modify previously competitively procured proprietary software when an original provider is the only source of such services. Expenditures with manufacturers, vendors, and consultants under this authority will not exceed the budgeted amount of $1 million throughout Fiscal Year (FY) 2022.

SIGNIFICANCE

Delegation of contract approval authority will allow the JPB to pay for new software licenses, maintenance and support services, recurring maintenance services, additional licenses, license renewal fees, and professional services for proprietary software greater than $150,000 without bringing individual actions before the Board for approval. This delegation would not eliminate the requirement that other procurement policies and procedures be followed. A quarterly report indicating contracts awarded during the prior quarter will be submitted to the Board.

Recurring support and license agreements are, by their nature, repetitive and routine, and are required to ensure the continued and effective operation of information technology assets owned by the JPB. The sole source purchase of additional modules to existing software or professional services to modify existing proprietary software will allow the JPB's changing business needs to be met in a timely manner.

Delegating this authority expedites the JPB's ability to continue needed operations and services in the management of Caltrain and reduces the time and resources otherwise required to obtain individual approval of such support and license agreements.

BUDGET IMPACT
Funds for these purchases are programmed in the proposed FY 2022 Operating and Capital Budgets.

BACKGROUND
Software and hardware are typically sold with licenses and maintenance agreements that require periodic renewal. Failing to renew maintenance support means loss of software updates, and problems obtaining resolution assistance and repair services typically needed to keep a product in good operating order. In some cases, the product may not be legally used if maintenance and license renewals have not been obtained.

It is not always possible to find cooperative purchasing agreements with contracts for the necessary maintenance support and license renewals. This is particularly true for transit industry-specific information technology products. The types of licensing and maintenance agreements contemplated are generally unobtainable under any other method because they are proprietary to the manufacturers of the software. Similarly, many manufacturers do not allow third-parties to access source code or provide services. As a result, professional services to upgrade, modify, or add to existing software must be performed by the original manufacturer.

JPB assets requiring payment of recurring annual or multi-year maintenance services, support and license fees over $150,000 that may need to be accommodated in FY 2022 outside of cooperative purchase agreements or other pre-existing contracts include, but are not necessarily limited to, documentation management and collaboration software for construction and engineering management, such as:

- ARINC
- Penta
- Ventek (Caltrain TVM upgrade)
- Carahsoft-Oracle Aconex

Contract Administrator: Shruti Ladani 650.622.7857
Project Manager: Mehul Kumar, Executive Officer, IT 650.508.6206

RESOLUTION NO. 2021 –

BOARD OF DIRECTORS, PENINSULA CORRIDOR JOINT POWERS BOARD
STATE OF CALIFORNIA

***

AUTHORIZING EXECUTION OF CONTRACTS FOR INFORMATION TECHNOLOGY LICENSES, MAINTENANCE SERVICES AND PROFESSIONAL SERVICES FOR AN AGGREGATE NOT-TO-EXCEED AMOUNT OF $1 MILLION FOR FISCAL YEAR 2022

WHEREAS, the Peninsula Corridor Joint Powers Board (JPB) will require continuing product support and licenses for information technology hardware and software throughout Fiscal Year (FY) 2022 to permit the continued effective use and upkeep of information technology assets owned by the JPB; and

WHEREAS, maintenance support and software license agreements for the information technology assets in use are, by their nature, repetitive and routine; and

WHEREAS, the JPB will also require professional services necessary to expand or modify previously competitively procured proprietary software when an original provider is the only source of such services; and

WHEREAS, Staff recommends that the Acting Executive Director, or her designee, be authorized to execute contracts greater than $150,000 with original equipment manufacturers, product licensors, and their authorized distributors and consultants to meet the JPB's technology requirements for FY 2022, pursuant to the JPB's procurement authority and policy, up to an aggregate not-to-exceed amount of $1 million.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Peninsula Corridor Joint Powers Board hereby takes the following actions:

1. Authorizes the procurement of new software licenses, maintenance, and support services agreements for information technology, pursuant to the JPB's

procurement authority and policy, in an aggregate not-to-exceed amount of $1 million for Fiscal Year 2022; and

2. Authorizes the Acting Executive Director, or her designee, to enter into contracts exceeding $150,000 with original equipment manufacturers, product licensors, or their authorized distributors for recurring product support and additional licenses, and license renewals necessary to permit continued effective use and upkeep of JPB-owned information technology hardware and software; and

3. Authorizes the Acting Executive Director, or her designee, to enter into contracts greater than $150,000 with original equipment manufacturers, product licensors, or their authorized consultants for the provision of single/sole source professional services necessary to expand or modify previously competitively procured proprietary software when an original provider is the only source of such services; and

4. Authorizes the Acting Executive Director or her designee to execute all necessary purchase orders, contracts, and other documents and to take such other actions as may be necessary to give effect to this Resolution; and

5. Requests the Acting Executive Director, or her designee, to provide a report to the Board of Directors on a quarterly basis advising of actions taken pursuant to the authority conferred by this Resolution.

Regularly passed and adopted this 3rd day of June, 2021 by the following vote:

AYES:

NOES:

ABSENT:

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Chair, Peninsula Corridor Joint Powers Board

ATTEST:

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JPB Secretary

AGENDA ITEM #5c
MAY 24, 2021

PENINSULA CORRIDOR JOINT POWERS BOARD
STAFF REPORT

TO: JPB Finance Committee

THROUGH: Michelle Bouchard
Acting Executive Director

FROM: Derek Hansel
Chief Financial Officer

SUBJECT: **EXECUTION OF CONTRACTS FOR TECHNOLOGY-RELATED PRODUCTS AND SERVICES THROUGH PIGGYBACKING CONTRACTS AND COOPERATIVE PURCHASING PROGRAMS**

☐ Finance Committee Recommendation ☐ Work Program-Legislative-Planning Committee Recommendation ☐ Staff Coordinating Council Reviewed ☐ Staff Coordinating Council Recommendation

ACTION

Staff recommends the Board authorize the Acting Executive Director, or her designee, to enter into contracts greater than $150,000 with vendors through piggybacking contracts and cooperative purchasing agreements, as required, for the purchase, lease and/or rental of computer and telecommunications equipment and related services, digital reprographic equipment, hardware, software, licensing, installation and configuration of telecommunications equipment, maintenance agreements, computer peripherals, and temporary technology consultants. Expenditures with vendors under these programs will not exceed the budgeted amount of $1 million throughout Fiscal Year (FY) 2022. Cooperative agreements used may include, but are not limited to:

- California Integrated Information Network (CALNET)
- Sourcewell
- State of California Department of General Services (DGS)/California Multiple Award Schedule (CMAS)
- National Association of State Procurement Officials (NASPO) Valuepoint
- National Cooperative Procurement Partners (NCPP)
- Federal General Services Administration (GSA)
- OMNIA Partners
- The Interlocal Purchasing System (TIPS Purchasing Cooperative)

SIGNIFICANCE

Approval of this contracting authority will provide the Peninsula Corridor Joint Powers Board (JPB) with a cost-effective means to support its standardization policy and provide the latest technology and related services through cooperative intergovernmental purchasing programs. Contracts issued under this authority will address the JPB's requirements for equipment, hardware, software, services, licensing, maintenance agreements, and programmed replacement of equipment that has reached the end of its useful life or has become unsuited to address the JPB's future needs. A quarterly report indicating contracts awarded during the prior quarter will be submitted to the Board.

BUDGET IMPACT

Funds for these purchases are programmed in the proposed FY 2022 Operating and Capital Budgets.

BACKGROUND

Given the rapidly changing technology of information system hardware, software, and related services, various cooperative purchasing programs and piggyback purchasing are available to provide these products and services. The JPB's procurement policy allows for the use of cooperative purchasing programs and piggyback purchasing. Special districts are given statutory permission to procure competitively-priced goods and services arising out of these vendor agreements. The Federal Government's own General Services Administration Schedules (also referred to as Multiple Award Schedules and Federal Supply Schedules) also can be utilized. By utilizing such cooperative purchasing programs and piggyback purchasing, the JPB saves considerable time and expense associated with independent procurements, which would be unlikely to yield more favorable pricing or service.

All vendors selected will hold valid agreements under the corresponding cooperative purchasing programs. Contracts will be executed only with vendors whose contracts were awarded under a cooperative buying agreement on a basis that complies with the JPB's procurement authority and policy, and will include the JPB's terms and conditions, as appropriate. Other cooperative purchasing consortia may be added to this program and utilized for the acquisition of technology items during FY 2022, but only to the extent each fully complies with the JPB's procurement authority and policy.

Contracts issued by individual governmental entities that allow other jurisdictions to use the contract they establish are called piggybacking contracts because they allow the agency to "piggyback" on the other governmental entities' solicitation process, contract terms and pricing Contracts will be executed only with vendors whose contracts include piggybacking language on a basis that complies with the JPB's procurement authority and policy.

Contract Administrator: Shruti Ladani 650.622.7857
Project Manager: Mehul Kumar, Executive Officer, IT 650.508.6206

RESOLUTION NO. 2021 –

BOARD OF DIRECTORS, PENINSULA CORRIDOR JOINT POWERS BOARD
STATE OF CALIFORNIA

***

AUTHORIZING EXECUTION OF CONTRACTS FOR TECHNOLOGY-RELATED PRODUCTS AND SERVICES THROUGH PIGGYBACK CONTRACTS AND COOPERATIVE PURCHASING PROGRAMS FOR AN AGGREGATE NOT-TO-EXCEED AMOUNT OF <u>$1 MILLION FOR FISCAL YEAR 2022</u>

WHEREAS, the Peninsula Corridor Joint Powers Board (JPB) will require new personal computers, computer, and telecommunications equipment and related services, digital reprographic equipment, software, hardware, licensing and maintenance agreements, computer peripherals, and temporary technology consultants throughout Fiscal Year (FY) 2022, to fulfill new technology requirements, to support the JPB's standardization policy, and to replace technology equipment that has reached the end of its useful life; and

WHEREAS, in light of the need to standardize, update and purchase the latest technology in personal computers, telecommunications equipment, and other related equipment and services in the most cost-effective manner, the JPB has determined that an independent JPB-initiated solicitation process for the procurements described above is unlikely to be in the JPB's best interest; and

WHEREAS, piggybacking on other agencies' procurements as well as participating in cooperative purchasing consortia including, but not limited to, the California Integrated Information Network (CALNET), the State of California Department of General Services (DGS)/California Multiple Award Schedule (CMAS), Sourcewell, the National Association of State Procurement Officials (NASPO) Valuepoint, the National Cooperative Procurement Partners (NCPP), the Federal General Services Administration

(GSA), OMNIA Partners, and the Interlocal Purchasing System (TIPS Purchasing Cooperative), allows the JPB to procure favorably-priced technology systems equipment and related services; and

WHEREAS, Staff recommends, and the Acting Executive Director concurs, that the JPB participate in the above-mentioned programs, as well as additional cooperative purchasing programs and piggyback purchasing, to the extent such programs fully comply with the JPB's procurement authority and policy; and

WHEREAS, staff recommends that the Acting Executive Director, or her designee, be authorized to enter into contracts greater than $150,000 with vendors under JPB-approved cooperative purchasing programs and piggyback purchasing to meet its personal computer, telecommunications equipment, and other related technology equipment and services requirements for FY 2022, pursuant to the terms and conditions of each program's vendor agreements, up to an aggregate not-to-exceed amount of $1 million.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Peninsula Corridor Joint Powers Board hereby takes the following actions:

1. Determines that an independent JPB-initiated solicitation process for each purchase, lease and/or rental of new personal computers, computer and telecommunications equipment and services, digital reprographic equipment, hardware, software, licensing and maintenance agreements, computer peripherals and temporary technology consultants is unlikely to be in the JPB's best interest; and

2. Authorizes the procurement of technology systems equipment and related services through JPB-approved cooperative purchasing programs and piggyback contracts to meet its technology equipment and services requirements for

FY 2022 pursuant to the terms and conditions of each vendor agreement and to the extent that each cooperative purchasing program and each vendor agreement fully complies with the JPB's procurement authority and policy; and

3. Authorizes the Acting Executive Director or her designee to enter into contracts greater than $150,000 with vendors under the JPB-approved cooperative purchasing programs and piggyback purchasing up to an aggregate, not-to-exceed, amount of $1 million for FY 2022; and

4. Authorizes the Acting Executive Director, or her designee, to execute all necessary purchase orders, contracts and other documents to effectuate this resolution, including any agreements with other agencies' cooperative purchasing programs and piggyback purchasing for administrative fees for processing these purchases; and

5. Requests the Acting Executive Director, or her designee, to provide a report to the Board of Directors on a quarterly basis advising of actions taken pursuant to the authority conferred by this resolution.

Regularly passed and adopted this 3rd day of June 2021 by the following vote:

AYES:

NOES:

ABSENT:

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Chair, Peninsula Corridor Joint Powers Board

ATTEST:

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JPB Secretary

PENINSULA CORRIDOR JOINT POWERS BOARD
STAFF REPORT

TO: JPB Finance Committee

THROUGH: Michelle Bouchard
Acting Executive Director

FROM: April Chan
Chief Officer, Planning, Grants, Real Estate and Transportation Authority

SUBJECT: **AUTHORIZATION TO EXECUTE MASTER AGREEMENT AND PROGRAM SUPPLEMENTS FOR STATE-FUNDED TRANSIT PROJECTS**

☐ Finance Committee Recommendation ☐ Work Program-Legislative-Planning Committee Recommendation ☐ Staff Coordinating Council Reviewed ☐ Staff Coordinating Council Recommendation

ACTION

Staff recommends that the Board of Directors (Board) of the Peninsula Corridor Joint Powers Board (JPB):

1. Enter into a new 10-year Master Agreement (MA) with the California Department of Transportation (Caltrans) Division of Rail and Mass Transportation to remain eligible to receive State funding for transit projects; and to
2. Execute subsequent Program Supplements to receive funding for specific project(s), and to allow for the release and payment of State funds for these projects.

SIGNIFICANCE

Caltrans Division of Rail and Mass Transportation has prepared a new MA that establishes the general terms and conditions that are applicable to all local agencies that receive State funds for transit projects. Execution of the new MA is required prior to the execution of project-specific Program Supplements, and is needed to ensure that the JPB continues to remain eligible to receive funding from the Caltrans Division of Rail and Mass Transportation.

BUDGET IMPACT

There is no impact to the budget. Projects funded through Caltrans Division of Rail and Mass Transportation Program Supplements are approved by the Board as part of the adoption of and/or amendments to the capital budgets. Program Supplements provide the mechanism for the JPB to receive funding from Caltrans to carry out approved capital projects.

BACKGROUND

All project sponsors who receive transit funding from Caltrans are required to execute a new MA once every 10 years. The JPB's current MA with Caltrans Division of Rail and Mass Transportation expires in June 2021. The terms of the new MA are substantially the same as the existing MA and have been reviewed by the JPB's attorney.

Prepared by:
Leslie Fong, Senior Grants Analyst 650.508.6332

RESOLUTION NO. 2021 –

BOARD OF DIRECTORS, PENINSULA CORRIDOR JOINT POWERS BOARD
STATE OF CALIFORNIA

* * *

AUTHORIZING EXECUTION OF A MASTER AGREEMENT WITH THE CALIFORNIA DEPARTMENT OF TRANSPORTATION AND PROGRAM SUPPLEMENTS FOR STATE-FUNDED TRANSIT PROJECTS

WHEREAS, the Peninsula Corridor Joint Powers Board (JPB) may receive funding from the California Department of Transportation (Caltrans) Division of Rail and Mass Transportation now or sometime in the future for transit related projects; and

WHEREAS, the statutes related to state-funded transit projects require a local or regional implementing agency to execute an agreement with the Department before it can be reimbursed for project expenditures; and

WHEREAS, Caltrans utilizes Master Agreements (MA), along with associated Program Supplements, for the purpose of administering and reimbursing State funds to local agencies for transit projects; and

WHEREAS, the JPB's existing MA with Caltrans expires June 6, 2021; and

WHEREAS, Caltrans has presented the JPB with a new 10-year MA for approval and execution to satisfy the requirements described above; and

WHEREAS, the terms and conditions of the new MA are substantially the same as the existing MA and have been reviewed by the JPB's attorney; and

WHEREAS, the JPB must enter into the new MA to remain eligible to receive State funding for transit projects; and

WHEREAS, staff recommends that the JPB authorize the Acting Executive Director or designee to execute the MA and any subsequent project-specific Program Supplements, and any amendments thereto.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Peninsula Corridor Joint Powers Board, hereby:

1. Authorizes the Acting Executive Director, or designee, to execute a Master Agreement with the California Department of Transportation, all subsequent Program Supplements for State-funded transit projects, and any amendments thereto; and
2. Agrees to comply with all conditions and requirements set forth in the Master Agreement, project-specific Program Supplements, and applicable statues, regulations and guidelines for all State-funded transit projects.

Regularly passed and adopted this 3rd day of June, 2021 by the following vote:

AYES:

NOES:

ABSENT:

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Chair, Peninsula Corridor Joint Powers Board

ATTEST:

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JPB Secretary

17521703.1

AGENDA ITEM #5e
MAY 24, 2021

PENINSULA CORRIDOR JOINT POWERS BOARD
STAFF REPORT

TO: JPB Finance Committee

THROUGH: Michelle Bouchard
Acting Executive Director

FROM: Stacy Cocke
Deputy Director, Program Management & Environmental Compliance, Caltrain Modernization Program

SUBJECT: **AUTHORIZE A CHANGE ORDER TO THE PENINSULA CORRIDOR ELECTRIFICATION PROJECT CONTRACT WITH ARINC FOR SUPERVISORY CONTROL AND DATA ACQUISITION DATABASE CHANGES**

☐	Finance Committee Recommendation	☐	Work Program-Legislative-Planning Committee Recommendation	☐	Staff Coordinating Council Reviewed	☐	Staff Coordinating Council Recommendation

ACTION
Staff recommends the Board authorize the Acting Executive Director, or designee, to execute a change order to the Peninsula Corridor Electrification Project (PCEP) Traction Power Facility Supervisory Control and Data Acquisition (SCADA) System contract with ARINC, Inc. (ARINC) for database changes for a total of not-to-exceed amount of $230,000, in a form approved by legal counsel.

SIGNIFICANCE
The SCADA system will monitor the traction power facilities for the new electrified Caltrain system and infrastructure, and provide health monitoring data and indicators to the Caltrain Central and Back-up Control Facilities using a database of SCADA points. The PCEP design-build infrastructure contract with Balfour Beatty Infrastructure, Inc. (BBII) requires BBII to develop a SCADA points list for inclusion in the database, including points that reflect the PCEP traction power facilities design..

In October 2020, BBII provided the JPB with what was determined at that time to be the final SCADA points list. In October 2020, JPB provided that SCADA points list to ARINC to begin the database development. Since that time, BBI has submitted three additional points lists to the JPB to incorporate all required indications (i.e. fire alarms, traction power facility (TPF) intrusion detection and gas pressure alarms).

Because BBII's SCADA points list received in October 2020 did not include all of BBII's contractually-required indications, the JPB has secured agreement from BBII for BBII to compensate the JPB for the cost of ARINC's additional database work under the proposed change order.

Staff and ARINC have agreed upon a change order price that staff determined is fair and reasonable. This change order has been approved by the PCEP Change Management Board.

BUDGET IMPACT
This contract change order will be funded by BBII without requiring a PCEP budget amendment.

BACKGROUND
The PCEP is a key component of the Caltrain Modernization (CalMod) Program. The PCEP will electrify the Caltrain Corridor from San Francisco’s 4th and King Caltrain Station to approximately the Tamien Caltrain Station, convert diesel-hauled to electric trainsets ("Electric Multiple Unit" or "EMU"), and increase service to up to six Caltrain trains per peak hour per direction.

The ARINC contract scope is to provide the Traction Power Facility SCADA system. This system provides real-time heath and monitoring information from the 10 TPFs to the Caltrain Central Control and Back-up Control Facilities.

Pursuant to Resolution 2017-40, the Board of Directors authorized the Executive Director to enter into change orders of up to 15% of the ARINC Contract. As the proposed change order would be specifically approved by the Board, the proposed action will not decrease the Executive Director's remaining change order authority.

Prepared By :

Stacy Cocke , Program Management &
Environmental Compliance, Caltrain Modernization Program 650.730.7262

RESOLUTION NO. 2021 –

BOARD OF DIRECTORS, PENINSULA CORRIDOR JOINT POWERS BOARD
STATE OF CALIFORNIA

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AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A CHANGE ORDER TO THE PENINSULA CORRIDOR ELECTRIFICATION PROJECT CONTRACT WITH ARINC, INC. FOR SUPERVISORY CONTROL AND DATA ACQUISITION DATABASE CHANGES

WHEREAS, the Peninsula Corridor Electrification Project (PCEP), a key component of the Caltrain Modernization Program, will electrify the Caltrain Corridor from San Francisco's 4th and King Caltrain Station to approximately the Tamien Caltrain Station, replace diesel-hauled trainsets with Electric Multiple Unit (EMU) trainsets, and increase service to up to six Caltrain trains per peak hour per direction; and

WHEREAS, the primary purposes of the PCEP are to improve Caltrain system performance and to reduce long-term environmental impacts associated with Caltrain service by reducing noise, improving regional air quality and reducing greenhouse gas emissions; and

WHEREAS, on August 3, 2017, the Board of Directors (Board) of the Peninsula Corridor Joint Powers Board (JPB), by means of Resolution No. 2017-40, awarded a contract to ARINC, Inc. (ARINC) for the development of a traction power facility Supervisory Control and Data Acquisition (SCADA) system for PCEP (Contract); and

WHEREAS, the SCADA system will monitor health indications and alarms at the ten traction power facilities that will provide electrical power to the EMUs, and transmit this information to the Caltrain Central and Back-up Control Facilities; and

WHEREAS, Balfour Beatty, Inc. (BBII), the PCEP infrastructure design-build contractor, is contractually required to provide input (known as the SCADA points list) from the traction power facility design to form the basis of the ARINC SCADA database; and

WHEREAS, after BBII provided what was understood to be the final SCADA point list to the JPB for ARINC to use in developing the SCADA database, BBII provided subsequent SCADA points lists which will require additional efforts outside the scope of the ARINC contract; and

WHEREAS, staff has negotiated a contract change order with ARINC to conduct the additional work required at a cost not to exceed $230,000, which staff has determined is a fair and reasonable price.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Peninsula Corridor Joint Powers Board authorizes the Acting Executive Director to execute the ARINC contract change order described above for ARINC to perform additional traction power facility SCADA database changes in an amount not to exceed $230,000.

Regularly passed and adopted this 3rd day of June, 2021 by the following vote:

AYES:

NOES:

ABSENT:

Chair, Peninsula Corridor Joint Powers Board

ATTEST:

JPB Secretary

PENINSULA CORRIDOR JOINT POWERS BOARD
STAFF REPORT

TO: JPB Finance Committee

THROUGH: Michelle Bouchard
Acting Executive Director

FROM: Derek Hansel
Chief Financial Officer

SUBJECT: **AUTHORIZE AN AMENDMENT TO THE AGREEMENT WITH HDR ENGINEERING, INC. FOR ENGINEERING CONSULTANT DESIGN SERVICES**

☐ Finance Committee Recommendation ☐ Work Program-Legislative-Planning Committee Recommendation ☐ Staff Coordinating Council Reviewed ☐ Staff Coordinating Council Recommendation

ACTION

Staff Coordinating Council recommends the Board authorize an amendment to the Engineering Consultant Design Services agreement with HDR Engineering Inc. (HDR) to increase the maximum aggregate not-to-exceed amount by $1,200,000, from $6,204,353 to $7,404,353, for the 25th Avenue Grade Separation Project (Project).

SIGNIFICANCE

The Peninsula Corridor Joint Powers Board (JPB) has engaged HDR to provide Engineering Consultant Design Services. Since the contract was executed in 2019, significant project delays and additional scope of work have resulted in a need to increase capacity for the Project. In order to maintain continuity of engineering services on the Project, to avoid the duplication of efforts and unnecessary expense required to integrate a new engineering consultant on the Project, and to avoid further Project delays, staff has determined that it is in the JPB's best interests to engage HDR to continue to provide the required engineering consultant design services to support the Project through June 30, 2022.

BUDGET IMPACT

The Project is funded from approved capital budgets using a variety of funding mechanisms and sources.

BACKGROUND

On June 6, 2019, the Board of Directors, through Resolution No. 2019-23, authorized the award of an engineering consultant design services contract to HDR for a three-year term for a maximum aggregate not-to-exceed amount of $5,640,321. On May 4th, 2021, staff amended the contract with HDR under the Executive Director's authority to extend the schedule through June 30, 2022 and exercised the Executive Director's 10%

contingency to increase the contract amount by $564,032 for a total not-to-exceed amount of $6,204,353.

The Project has experienced significant delays and increases in scope that require continued design services during construction (DSDC). Additional funds and DSDC support are needed for completion of modifications to the Condon Lumber Yard access on 25th Avenue, bicycle storage at the Hillsdale Station, and the City of San Mateo Sanitary Sewer Bypass. Furthermore, added scope for the Parking Track Design and related DSDC services were not included in the original scope of work for HDR, and thus additional funds, support and time are needed for this effort. Finally, the relocation of a PG&E gas line from the JPB Right-of-Way to Delaware Street south of 31st Avenue, in support of the City of San Mateo Storm Drain Relocation project, requires added DSDC services. HDR completed the Project design and has supported the Project through construction. Based on the expected cost and duration for Project completion, staff has concluded it is in the JPB's best interest to approve the request to increase the maximum aggregate amount of the HDR contract by a not-to-exceed amount by $1,200,000, from $6,204,353 to $7,404,353, for the Project.

Prepared By:	Tomisha Young Contract Administrator	650.508.7968
Project Managers:	Andrew Kleiber Robert Cheung	650.622.8019

RESOLUTION NO. 2021-

BOARD OF DIRECTORS, PENINSULA CORRIDOR JOINT POWERS BOARD
STATE OF CALIFORNIA

* * *

AUTHORIZING AN AMENDMENT TO THE CONTRACT WITH HDR ENGINEERING, INC., FOR ENGINEERING CONSULTANT DESIGN SERVICES AGREEMENT TO INCREASE THE TOTAL CONTRACT AMOUNT BY $1,200,000

WHEREAS, pursuant to Resolution 2019-23, the Board of Directors (Board) of the Peninsula Corridor Joint Powers Board (JPB) awarded an engineering consultant design services contract to HDR Engineering, Inc. (HDR) of Walnut Creek, California, for a three year term for a maximum aggregate not to-exceed amount of $5,640,321 (Contract); and

WHEREAS, the JPB executed the 10% contingency to increase the Contract capacity by $564,032, for a total not-to-exceed amount of $6,204,353, and extended HDR's services through June 2022; and

WHEREAS, HDR has been providing engineering design services for the 25th Avenue Grade Separation Project (Project), and the JPB requires ongoing and continuous engineering design services for the Project; and

WHEREAS, due to several unanticipated factors, design changes, and project delays that developed following the award of this contract, including conflicts with existing utilities the Project experienced delays and increased in scope; and

WHEREAS, there is insufficient capacity in the current contract for HDR to perform this added scope; and

WHEREAS, should the JPB change design consultants on the Project, the JPB would incur substantial cost, loss of quality and further Project delays, and the JPB would have difficulty attracting other firms because the Project has been substantially designed by HDR; and

WHEREAS, in order to maintain continuity of services on the Project, avoid the duplication of efforts and unnecessary expense required to integrate a new Engineering and Design Services Consultant, and avoid additional Project delays, the JPB has determined that it is in the JPB's best interest for HDR to continue to provide the required services to support the Project through the end of the contract term, June 30, 2022; and

WHEREAS, the Interim Executive Director recommends that the Board authorize an amendment to the Engineering Consultant Design Services Contract with HDR, to increase the maximum aggregate not-to-exceed contract amount by $1,200,000, from $6,204,353 to $7,404,353.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Peninsula Corridor Joint Powers Board hereby authorize the Executive Director, or designee, to execute an amendment to the contract for Engineering Consultant Design Services with HDR Engineering, Inc. of Walnut Creek, California to increase the maximum not-to-exceed amount by $1,200,000, from $6,204,353 to $7,404,353.

Regularly passed and adopted this 3rd day of June 2021 by the following vote:

AYES:

NOES:

ABSENT:

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Chair, Peninsula Corridor Joint Powers Board

ATTEST:

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JPB Secretary

AGENDA ITEM #5g
MAY 24 2021

PENINSULA CORRIDOR JOINT POWERS BOARD
STAFF REPORT

TO: JPB Finance Committee

THROUGH: Michelle Bouchard
Acting Executive Director

FROM: Robert Barnard
Deputy Chief, Rail Development

SUBJECT: **CAPITAL PROJECTS QUARTERLY STATUS REPORT – 3rd QUARTER FISCAL YEAR 2021**

☐ Finance Committee Recommendation
☐ Work Program-Legislative-Planning
☑ Staff Coordinating Council Reviewed
☑ Staff Coordinating Council Recommendation

ACTION

Staff Coordinating Council recommends the Board receive the Capital Projects Quarterly Status Report link to report:

https://www.caltrain.com/about/statsandreports/Quarterly_Capital_Program_Status_Report.html (to be available near June 3rd)

SIGNIFICANCE

The Capital Projects Quarterly Status Report is submitted to keep the Board advised as to the scope, budget and progress of current ongoing capital projects.

BUDGET IMPACT

There is no impact on the budget.

BACKGROUND

Staff prepares the Capital Projects Quarterly Status Report for the Board on a quarterly basis. The report is a summary of the scope, budget and progress of capital projects. It is being presented to the Board for informational purposes and is intended to better inform the Board of the capital project status.

Prepared By: Robert Cheung
Project Controls Manager
650.730.0296

AGENDA ITEM #6
MAY 24, 2021

PENINSULA CORRIDOR JOINT POWERS BOARD
STAFF REPORT

DATE: May 20, 2021

TO: Finance Committee

THROUGH: Michelle Bouchard
Acting Executive Director

FROM: Derek Hansel
Chief Financial Officer

SUBJECT: **REPORT OF THE CHIEF FINANCIAL OFFICER**

HIGHLIGHTS

- $20.6 million from the CRRSAA phase 2 allocation has been received. Additional draws will be made as necessary.

- The adopted FY2021 budget contemplated a draw of $15.3 million on the operating line of credit, and a draw down of approximately $7 million in reserves. While we have drawn down the line of credit, and we may yet make a modest draw down on reserves to address cash flow issues, we anticipate the combination of expense control and receipt of Federal funding through the Phase 2 CRRSAA allocation will allow us to fully replenish the reserves to the extent drawn upon and reduce the outstanding balance of the line of credit.

- Based upon feedback from the Finance Committee and the Board, the Budgets Department, in conjunction with the Rail Division, has made adjustments to the Proposed Operating and Capital Budgets for Fiscal Year 2022, which will be discussed at this Finance Committee meeting. These adjustments include slight reductions in overall expenditures and will also address the issue of ensuring that the budget reflects some level of funding from future ARPA allocations from MTC. The operating budget also reflects the most recent feedback associated with Caltrain's insurance renewal process, which may end up being more favorable than previously anticipated.

- The first steps of a comprehensive financing plan which would address replacement of our existing lines of credit and other issues will be discussed at this Finance Committee meeting.

- The Staff Report on the Statement of Revenues and Expenses for the Period Ending February 28, 2021 follows.

AGENDA ITEM #6a
MAY 24, 2021

PENINSULA CORRIDOR JOINT POWERS BOARD
STAFF REPORT

TO: JPB Finance Committee

THROUGH: Michelle Bouchard
Acting Executive Director

FROM: Derek Hansel
Chief Financial Officer

SUBJECT: STATEMENT OF REVENUES AND EXPENSES FOR THE PERIOD ENDING APRIL 30, 2021

☐ Finance Committee Recommendation ☐ Work Program-Legislative-Planning Committee Recommendation ☐ Staff Coordinating Council Reviewed ☐ Staff Coordinating Council Recommendation

ACTION

Staff proposes that the Board of Directors (Board) of the Peninsula Corridor Joint Powers Board (JPB) accept and enter into the record the Statement of Revenues and Expenses for the month of April 2021.

This staff report provides a brief discussion of significant items and trends on the attached Statement of Revenues and Expenses through April 30, 2021. The statement has been designed to follow the Agency-wide line item rollup as included in the approved budget. The columns have been designed to provide easy comparison of year-to-date current actuals to the budget including dollar and percentage variances.

SIGNIFICANCE

Annual Forecast: The annual forecast was updated based on actual revenue and expense trends through April 2021. The forecast was derived by analyzing trends and reviewing details with cost center managers.

Forecast Revenues: Total revenue (page 1, line 18) is forecast $36.9 million higher than budget. This is driven primarily by $6.9M phase one allocation and $31.6M drawdown of the phase 2 allocation from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA page 1, line 14). The revenue increase is partially offset by lower Farebox Revenue (page 1, line 1) which is $1.4M lower than budget due to a 50% discount on the Go Pass program and lower than anticipated Go Pass renewals as companies continue to assess their return to work plans and by Shuttles Revenue (page 1, line 3) which is $0.3 million lower than budget due to lower shuttle service as routes have been reduced or suspended due to low ridership.

Forecast Expenses: Total Expense (page 1, line 49) is $4.2 million lower than budget. The variance is primarily due to lower expense trends. Rail Operator Service (page 1, line 24) is $1.0 million lower than budget due to under-runs in services. Shuttles Services (page 1, line 26) is $0.5 million lower than budget due to reduction or suspended service as result of low ridership. Facilities & Equipment Maintenance (page 1, line 31) is lower than budget by $1.0 million due to lower Clipper Operator Charges as a result of lower ridership and under-runs in other contract services. Managing Agency OH (page 1, line 39) is lower than budget by $1.6 million due to the change in the cost allocation methodology effective January 1, 2021. This included an update to the basis for the cost allocations. As a result, the managing agency overhead costs allocated to the JPB Operating Budget is expected to decrease. Professional Services (page 1, line 41) is lower than budget by $0.4 million as a result of under-runs in various planning studies and less consultant services. This is partially offset by Fuel & Lubricants (page 1, line 27) which is $0.4 million higher than budget due to rising diesel prices.

Year to Date Revenues: As of April year-to-date actual, the Grand Total Revenue (page 1, line 18) is $4.6 million higher than the approved budget. This is primarily driven by CRRSAA fund draw (page1, line 14) which is partially offset by decrease of contributions from JPB Member Agencies (page 1, line12).

Year to Date Expenses: As of April year-to-date actual, the Grand Total Expense (page 1, line 49) is $11.5 million lower than the approved budget. This is primarily driven by Rail Operator Service (page1, line 24), Facilities and Equipment Maintenance (page 1, line 31), Wages and Benefits (page 1, line 38), Managing Agency Admin OH Cost (page 1, line 39), Professional Services (page 1, line 41), and Other Office Expenses and Services (page 1, line 43).

Other Information: The Agency accounts for revenue and expenditures on a modified cash basis (only material revenues and expenses are accrued) in the monthly financial statements. Due to the impact of Covid-19 pandemic, the variance between the current year actual and the budget shows noticeable variances due to the timing of expenditures.

BUDGET IMPACT

There are no budget amendments for the month of April 2021.

STRATEGIC INITIATIVE

This item does not achieve a strategic initiative.

Prepared By : Thwe Han, Accountant II 650-508-7912

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PENINSULA CORRIDOR JOINT POWERS BOARD

STATEMENT OF REVENUE AND EXPENSE

Fiscal Year 2021

April 2021

% OF YEAR ELAPSED 83.3%

		JULY - APRIL				ANNUAL			
		CURRENT ACTUAL	APPROVED BUDGET	$ VARIANCE	% VARIANCE	APPROVED BUDGET	FORECAST	$ VARIANCE	
	REVENUE								
	OPERATIONS:								
1	Farebox Revenue	28,142,218	28,476,349	(334,131)	(1.2%)	32,029,149	30,630,341	(1,398,808)	1
2	Parking Revenue	277,123	321,118	(43,995)	(13.7%)	372,718	372,718	-	2
3	Shuttles	1,223,350	1,661,635	(438,285)	(26.4%)	2,031,246	1,773,647	(257,599)	3
4	Rental Income	898,265	929,020	(30,755)	(3.3%)	1,111,804	1,111,804	-	4
5	Other Income	1,193,586	1,446,925	(253,339)	(17.5%)	1,764,000	1,764,000	-	5
6								-	6
7	TOTAL OPERATING REVENUE	31,734,542	32,835,047	(1,100,505)	(3.4%)	37,308,917	35,652,510	(1,656,407)	7
8									8
9	CONTRIBUTIONS:								9
10	AB434 Peninsula & TA Shuttle Funding	1,375,036	1,447,585	(72,549)	(5.0%)	1,737,950	1,737,950	-	10
11	Operating Grants	3,928,115	3,938,985	(10,870)	(.3%)	12,808,500	12,808,500	-	11
12	JPB Member Agencies	23,933,337	25,078,477	(1,145,140)	(4.6%)	28,809,434	28,809,434	-	12
13	CARES ACT Fund	41,509,536	41,507,983	1,553	.0%	41,507,983	41,507,983	-	13
14	CRRSAA Fund	6,936,627	-	6,936,627	.0%	-	38,536,627	38,536,627	14
15									15
16	TOTAL CONTRIBUTED REVENUE	77,682,650	71,973,030	5,709,620	7.9%	84,863,867	123,400,494	38,536,627	16
17									17
18	**GRAND TOTAL REVENUE**	**109,417,192**	**104,808,077**	**4,609,115**	4.4%	**122,172,784**	**159,053,004**	**36,880,220**	18
19									19
20									20
21	**EXPENSE**								21
22									22
23	OPERATING EXPENSE:								23
24	Rail Operator Service	69,289,161	71,951,969	(2,662,808)	(3.7%)	85,109,942	84,109,942	(1,000,000)	24
25	Security Services	5,428,390	5,626,594	(198,204)	(3.5%)	6,746,908	6,746,908	-	25
26	Shuttle Services	2,594,384	3,309,858	(715,474)	(21.6%)	4,057,249	3,542,715	(514,534)	26
27	Fuel and Lubricants	5,236,686	4,979,355	257,331	5.2%	5,930,523	6,330,523	400,000	27
28	Timetables and Tickets	1,355	90,554	(89,199)	(98.5%)	110,000	110,000	-	28
29	Insurance	5,331,623	5,341,109	(9,486)	(.2%)	5,410,000	5,410,000	-	29
30	Claims, Payments, and Reserves	352,511	799,543	(447,032)	(55.9%)	960,000	960,000		30
31	Facilities and Equipment Maintenance	2,082,921	4,679,027	(2,596,106)	(55.5%)	6,174,428	5,124,428	(1,050,000)	31
32	Utilities	1,522,620	1,947,661	(425,041)	(21.8%)	2,100,400	2,100,400	-	32
33	Maint & Services-Bldg & Other	968,957	1,310,408	(341,451)	(26.1%)	1,548,433	1,548,433	-	33
34									34
35	TOTAL OPERATING EXPENSE	**92,808,608**	**100,036,078**	**(7,227,470)**	(7.2%)	**118,147,883**	**115,983,349**	**(2,164,534)**	35
36									36
37	ADMINISTRATIVE EXPENSE								37
38	Wages and Benefits	8,065,509	8,669,269	(603,760)	(7.0%)	9,836,681	9,836,681	-	38
39	Managing Agency Admin OH Cost	2,839,717	4,282,792	(1,443,075)	(33.7%)	5,139,352	3,515,247	(1,624,105)	39
40	Board of Directors	12,104	14,513	(2,409)	(16.6%)	18,000	18,000	-	40
41	Professional Services	3,115,630	4,464,453	(1,348,823)	(30.2%)	5,592,524	5,147,524	(445,000)	41
42	Communications and Marketing	122,507	122,531	(24)	(.0%)	136,000	136,000	-	42
43	Other Office Expenses and Services	807,146	2,239,817	(1,432,671)	(64.0%)	2,716,079	2,716,079	-	43
44									44
45	TOTAL ADMINISTRATIVE EXPENSE	**14,962,613**	**19,793,375**	**(4,830,762)**	(24.4%)	**23,438,636**	**21,369,531**	**(2,069,105)**	45
46									46
47	Debt Service Expense	3,012,937	2,418,127	594,811	24.6%	2,901,752	2,901,752	-	47
48									48
49	**GRAND TOTAL EXPENSE**	**110,784,159**	**122,247,580**	**(11,463,421)**	(9.4%)	**144,488,271**	**140,254,633**	**(4,233,638)**	49
50									50
51	**NET SURPLUS / (DEFICIT)**	**(1,366,966)**	**(17,439,503)**	**16,072,536**	(92.2%)	**(22,315,487)**	**18,798,372**	**41,113,859**	51
52									52
53	**FUNDING OF SURPLUS / (DEFICIT):**								53
54	**Draw from Reserves**					**7,015,487**	**-**		54
55	**Short-term Borrowings**					**15,300,000**	**-**		55
56	**FUNDED SURPLUS / (DEFICIT):**					**-**	**18,798,372**		56

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PENINSULA CORRIDOR JOINT POWERS BOARD

INVESTMENT PORTFOLIO

AS OF APRIL 30, 2021

TYPE OF SECURITY		MATURITY DATE	INTEREST RATE	PURCHASE PRICE	MARKET RATE
Local Agency Investment Fund (Unrestricted)	*	Liquid Cash	0.339%	35,064,770	35,064,770
County Pool (Unrestricted)		Liquid Cash	0.879%	556,444	556,444
Other (Unrestricted)		Liquid Cash	0.050%	37,324,535	37,324,535
Other (Restricted)	**	Liquid Cash	0.050%	13,352,852	13,352,852
				$ 86,298,602	$ 86,298,602

Interest Earnings for April 2021	$ 28,990.53
Cumulative Earnings FY2021	$ 54,752.81

* The market value of Local Agency Investment Fund (LAIF) is calculated annually and is derived from the fair value factor as reported by LAIF for quarter ending June 30th each year.

** Prepaid Grant funds for Homeland Security, PTMISEA and LCTOP projects, and funds reserved for debt repayment.
The Portfolio and this Investment Report comply with the Investment Policy and the provisions of SB 564 (1995).
The Joint Powers Board has the ability to meet its expenditure requirements for the next six months.

AGENDA ITEM #7
MAY 24, 2021

PENINSULA CORRIDOR JOINT POWERS BOARD
STAFF REPORT

TO: JPB Finance Committee

THROUGH: Michelle Bouchard
Executive Director

Derek Hansel
Chief Financial Officer

SUBJECT: **ADOPTION OF THE PROPOSED FISCAL YEAR 2022 OPERATING AND CAPITAL BUDGETS**

☐ Finance Committee Recommendation ☐ Work Program-Legislative-Planning Committee Recommendation ☐ Staff Coordinating Council Reviewed ☐ Staff Coordinating Council Recommendation

ACTION

Staff proposes the Finance Committee recommend the Board of Directors (Board):

1. Adopt the Peninsula Corridor Joint Powers Board's (JPB) Fiscal Year 2021-22 (FY2022) Operating Budget in the amount of $176,743,469, a copy of which is attached as Attachment A;

2. Adopt the JPB's FY2022 Capital Budget in the amount of $39,209,919, a copy of which is attached as Attachment B;

3. Direct the Acting Executive Director, or designee, to forward the budgets to the JPB member agencies and the Metropolitan Transportation Commission (MTC); and

4. Direct the Acting Executive Director, or designee, to take all actions necessary to apply for and receive Senate Bill 1 State of Good Repair funds and other grants included in the proposed FY 2022 Capital Budget, and take any other actions necessary to give effect to the above actions.

SIGNIFICANCE

Over the past two decades, Caltrain has experienced rapid ridership growth and many of its peak-hour trains operated near, at, or above their seated capacity. The launch of the Baby Bullet in 2004 helped spur this growth. Meeting growing customer demand while maintaining a high standard of safe, reliable, and comfortable service was the preeminent operational challenge faced by Caltrain.

The arrival of the COVID-19 pandemic has had profound consequences for Caltrain.

Average weekday ridership of 65,000 dipped by as much as 95%. For an agency historically dependent on farebox revenue to fund operations, this has been financially devastating. Caltrain is not alone - the financial, social, and economic impacts brought about by the pandemic have led to what may be one of the most challenging times for public transit in the history of our country.

The JPB has responded to the challenges and focused on fulfilling its core mission in the first year of the pandemic through Board-approved measures to support Caltrain's riding public, including essential workers and low-income riders, by:

- Suspending increases to Clipper® fare products for Single Adult rides and adult monthly passes.
- Increasing discounts from 20% to 50% off of single-ride Clipper fares for riders who qualified for the regional means-based fare pilot program;
- Postponing previously approved fare increases until after June 2021.
- Extending the validity of the 2020 GoPass by three months, through March 2021.
- Selling the 2021 GoPass at a 25% discount and at a pro-rated cost to account for the shorter duration of the 2021 GoPass (April-December 2021).
- Adopting a Framework for Equity, Connectivity Recovery and Growth to ensure that Caltrain services are available to all.
- Providing free train rides to transport the riding public to their vaccination destinations.

On the financial side, Caltrain benefitted significantly from the support of its GoPass customers, who overwhelmingly maintained their participation in the program despite the plummet in ridership. Most importantly, and like transit properties across the country, we depended heavily on unprecedented federal support of our operations, including large allocations of funding from the CARES act and the CRRSAA act ($64.6 million and $46.7 million respectively), and judiciously utilized funds to support the above measures, ensuring transport for the riding public, such as by:

- Implementing staff cost reduction measures including no increase to full-time equivalent (FTE) positions, a hiring freeze and no universal wage increases.
- Working diligently with the contract rail operator, TransitAmerica Services, Inc. (TASI), to maintain a viable schedule to serve ridership during the pandemic, while minimizing overtime, and appropriately reallocating operating staff to support capital projects

In an effort that materially addresses Caltrain's long-term financial sustainability, the JPB successfully sought voter approval of the Measure RR 1/8-cent sales tax in November 2020. Measure RR will provide Caltrain's first-ever source of dedicated non-fare revenues. Though significant Measure RR revenues will not flow to the JPB until the second quarter of FY2022, staff is currently taking steps to ensure cash flow availability to meet Caltrain needs. Additionally, the MTC will soon begin its process for allocating funds from the latest federal pandemic stimulus package, the American Rescue Plan Act (ARPA). Whilst the ARPA funds are not yet allocated, this proposed budget includes the use of ARPA funds to support operation in FY2022.

Changes from the FY2022 Preliminary Budget to the FY2022 Proposed Budget:

The FY2021 Preliminary Budget was achieved by tapping an existing line of credit. In FY2022 Staff will use the upcoming ARPA funds to balance the budget.

(in $million)	FY2022 Preliminary	FY2022 Proposed	Incr (Decr)
Revenue	157.70	161.90	4.20
Expense	178.90	176.70	(2.20)
Line of Credit	21.20		(21.20)
ARPA		14.80	14.80
Surplus (Deficit)	0.00	0.00	0.00

The increase in revenue reflects a reduction in the allocation of Measure RR funds for the Capital budget. The Project Team conducted a rigorous review of the proposed projects for FY2022. This exercise resulted in increased availability of Measure RR for operations and a lower level of deficit financing. In addition, Operating Grants adjusted upwards by $100k to reflect funds for the Holiday Train from the Silicon Valley Community Foundation.

On the expense side, negotiations on the Rail Operator Service contract includes a further reduction of $946.3K. The adjustments include the removal of the annual passenger count and lower cost estimated for fiber maintenance. In addition, the budget for Timetables and Tickets was reduced by half. Insurance was adjusted to the latest cost estimates for property insurance and railroad liability.

FY2022 Proposed Operating Budget Overview:

- The FY2022 Proposed Operating Budget includes Measure RR revenues for the first time, presenting new opportunities to consider various levels of operation.

- The budget assumes a tentative restoration of service to 92 trains per weekday.

- The farebox forecast takes into consideration that a lasting shift to working-from-home for many workers may dampen growth going forward.

- Revenues from federal relief operating support for FY2022 is projected to be available but at a significantly lower level than in FY2021 (this does not yet include funding from the ARPA funds, discussed above).

- For the first time in the JPB's history, the FY2022 Proposed Operating Budget assumes no operating contributions from the JPB's three member agencies (the San Mateo County Transit District, Santa Clara Valley Transportation Authority and City and County of San Francisco). The Joint Exercise of Powers Agreement provides for sharing of operating support among the agencies to the extent that there is an expected operating deficit. Given the availability of Measure RR revenue, the anticipation of additional federal funding through ARPA, the ability to address cash flow through borrowing, and the recognition of the challenges facing the member agencies given the pandemic, Staff proposes that the JPB forego pursuing operating contributions for FY2022. Staff is also recognizing that a resumption in operating contributions in future years will likely be necessary in order to achieve the goals of the Board for Caltrain operations.

FY2022 Proposed Capital Budget Overview:

- Projects in the FY2022 Proposed Capital Budget will support the forthcoming shift to rail electrification.
- The FY2022 Proposed Capital Budget is a constrained budget and full funding sources is identified for all projects included in the Proposed Capital Budget presented to the Board in June. The FY2022 Proposed Capital Budget assumes zero member contributions to the capital budget. This represents a cut of $18.0 million in aggregate from the three member agencies ($6.0 million each). As above, the Joint Exercise of Powers Agreement specifies a process for allocating funding of capital requirements among the agencies. In FY2022, the funding requirements (and available sources) of the operating and capital budgets are such that Staff is not proposing a capital request from the member agencies. As the future funding needs of Caltrain develop (in response to policy direction from the Board), Staff anticipates that a restoration of member agency capital funding will be required.

FY2022 PROPOSED OPERATING BUDGET

Please refer to Attachment A – FY2022 Proposed JPB Financial Statement-Comparative Budgets for a comparative schedule of the FY2022 Proposed Operating Budget which shows the FY2020 Actual, FY2021 Adopted Budget, FY2021 Forecast and the FY2022 Proposed Operating Budget. The line numbers for each revenue and expense item detailed below refer to the corresponding line numbers on Attachment A.

Revenue Projections

Total revenues for FY2022 are projected at $161.9 million, an increase of $34.4 million or 27.0% over the FY2021 Forecast:

- Revenue from Operations for FY2022 is projected at $40.6 million, an increase of $4.9 million or 13.8% over the FY2021 Forecast.
- Revenue from Contributions for FY2022 projected at $121.3 million, an increase of $29.5 million or 32.2% higher than the FY2021 Forecast.

Operating Revenue

Line 1 **Farebox Revenue:** $34.6 million, an increase of $4.0 million or 13.1% higher than the FY2021 forecast.

Farebox revenue includes fare receipts collected directly from rail passengers or through pass sales. Generally, the GoPass has been sold on a calendar year basis. For calendar year 2021, sales were for passes effective April 1, 2021 (coinciding with the extended expiration of the 2020 passes).

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
Caltrain Fares	56,389,061	5,575,500	5,465,481	25,039,000	19,573,519	358.1%
GoPass	19,705,372	26,453,649	25,164,860	9,600,000	(15,564,860)	-61.9%
Farebox Revenue	76,094,433	32,029,149	30,630,341	34,639,000	4,008,659	13.1%

The farebox revenue forecast attempts to take into consideration the variety of factors that are likely to impact ridership. These include the general economic activity, the return of more typical "work from office" situations, the degree to which employees have the freedom to and choose to work from home more frequently, and the degree to which potential riders are comfortable choosing public transit alternatives.

Line 2 **Parking Revenue:** $1.5 million, an increase of $1.2 million or 312.1% higher than the FY2021 forecast.

Parking revenue includes fees at parking lots at various passenger stations to and from a parking lot located at the SAP Center adjacent to the San Jose Diridon station.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
Parking Revenue	3,659,013	372,718	372,718	1,536,000	1,163,282	312.1%

Parking revenue estimates follow Farebox revenue trend projections.

Line 3 **Shuttle Revenue:** $1.6 million, a decrease of $0.2 million or 9.6% lower than the FY2021 forecast.

Shuttle Program funding comes from participating employers, the San Mateo County Transportation Authority (TA), Bay Area Air Quality Management District (BAAQMD). This line item refers only to the revenue generated from participating local employers who provide rail passengers the last-mile connections between Caltrain stations and work sites. In recent years, the traditional funding sources for the shuttle program have continued to decline.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
Employer Share - SamTrans / JPB Shuttle Programs	1,783,942	2,031,246	1,773,647	1,603,900	(169,747)	-9.6%

Line 4 **Rental Income:** $1.2 million, an increase of $80.7 thousand or 7.3% higher than the FY2021 forecast.

Rental income is generated from third-party use of properties owned by the JPB along the Caltrain right of way (ROW).

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
Rental Revenue	533,563	1,111,804	1,111,804	1,192,466	80,662	7.3%

Line 5. **Other Income:** $1.6 million, a decrease of $179.4 thousand or 10.2% lower than the FY2021 forecast

Other Income consists of interest on invested funds, shared track usage maintenance fees, advertising income, parking citation fees, and permit fees. Advertising income includes income from train wraps, stations, ad cards, and digital displays.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
Parking Citation Program Revenue	601,657	-	-	-	-	0.0%
Misc. Operating Revenue	(939,688)	-	-	156,000	156,000	100.0%
Shared Track Maintenance Revenue	473,513	409,000	409,000	409,000	-	0.0%
Other Non-Transit Revenues	351,006	-	-	300,000	300,000	100.0%
Insurance Reimbursements	12,226	-	-	-	-	0.0%
Advertising Income	1,468,979	970,000	970,000	509,608	(460,392)	-47.5%
Other Interest Income	108,818	250,000	250,000	100,000	(150,000)	-60.0%
Interest Income - LAIF	(84,351)	126,000	126,000	110,000	(16,000)	-12.7%
Interest Income - County Pool	(5,860)	9,000	9,000	-	(9,000)	-100.0%
Other Income	1,986,300	1,764,000	1,764,000	1,584,608	(179,392)	-10.2%

Shared track maintenance revenue is generated from the annual contract with United Pacific RailRoad (UPRR). Other non-transit revenue is generated from construction permits from 3rd party contractors. Advertising income assumes that at least 40-50% ridership will return by January 2022. Interest income is lower due to declining interest rates on fixed income products.

CONTRIBUTIONS

Line 9 **AB434 & TA Shuttle Funding:** $1.1 million, a decrease of $0.6 million or 35.6% lower than the FY2021 forecast.

Contributions for the service come from State and local sources. In 1991, through Assembly Bill (AB) 434, the State Legislature authorized a $4.00 surcharge on cars and trucks to fund projects that reduce on-road motor vehicle emissions. AB434 revenues provide partial funding for the JPB shuttle program through a competitive grant process managed by BAAQMD. The TA also funds shuttle services with revenues of the Measure A San Mateo County-wide sales tax.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
AB434 - California Clean Air A	607,933	565,050	565,050	80,000	(485,050)	-85.8%
TA Contr-SM Cnty Caltrain Shut	725,238	1,172,900	1,172,900	1,039,300	(133,600)	-11.4%
AB434 & TA Shuttle Funding	1,333,171	1,737,950	1,737,950	1,119,300	(618,650)	-35.6%

After calendar year 2020, AB434 funds are no longer be available. Shuttles are not yet expected to generate the necessary net emission savings until ridership approaches pre-COVID levels. A new Transportation Fund for Clean Air (TFCA) Regional Fund managed by BAAQMD is pending application approval.

Line 10 **Operating Grants:** $6.5 million, a decrease of $6.3 million or 49.1% lower than the FY2021 forecast

State Transit Assistance (STA) revenue generated from the statewide sales tax on diesel fuel is allocated to the region's transit operators by formula. The formula allocates funds based on population, the amount of passenger fares, and local support revenues collected by transit operators. The State sends out projections assuming a growth rate and adjusts these throughout the year.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
Operating Grants	2,786,819	12,608,500	12,808,500	6,525,471	(6,283,029)	-49.1%

This estimate includes preliminary allocations for STA. The balancing measures used in FY2021 budget will not carry over to FY2022. The FY2021 balancing measures included use of State Rail Assistance funds and de-allocated capital federal funds.

Line 11 **JPB Member Agencies:** Zero, a decrease of $28.8 million or 100% lower than the FY2021 forecast.

JPB has three member agencies: the City and County of San Francisco, the San Mateo County Transit District and the Santa Clara Valley Transportation Authority. Contributions from the member agencies were previously calculated in accordance with an allocation methodology based on the average mid-weekday boarding data including Gilroy.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
JPB Member Agencies	28,035,055	29,009,434	28,809,434	-	(28,809,434)	-100.0%

This budget assumes there will be no member agency contributions for operations in FY2022. Staff proposes this measure due to the effects of the pandemic upon the operations of the member agencies and the expected ability of Caltrain to meet its FY22 operating obligations through Measure RR, farebox revenue, extraordinary Federal funding, and a limited amount or borrowing.

Line 12 **Measure RR:** $86.6 million, an increase of $86.6 million.

At the November 3, 2020 election, the voters approved Measure RR, a 1/8-cent sales tax that will provide a dedicated funding source for Caltrain.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
Measure RR	-	-	-	86,576,919	86,576,919	100.0%

FY2022 estimated Measure RR funding is $101.9M with $86.6 million allocated to the Operating Budget, and $15.3 million allocated to the FY2022 Capital Budget.

Line 13 **CARES Act Funding:** Zero, a decrease of $41.5 million or 100% lower than the FY2021 Forecast.

Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Funding was provided by the federal government to transit agencies to supplement operating funds that were lost due to decreased ridership, tax revenue and other factors, as well as to address increased costs associated with pandemic related operations.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
CARES Act	23,127,798	41,509,536	41,509,536	-	(41,509,536)	-100.0%

The CARES Act federal relief fund will not continue into FY2022.

Line 14 **CRRSAA Funding:** $27.1M, an increase of $20.2 million or 290.9% higher than FY2021 Forecast

Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) funding is being provided by the federal government to transit agencies to address the issues identified above.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
CRRSSA	-	-	6,936,627	27,115,922	20,179,295	290.9%

The CRRSAA funds totals $46.7 million, of which $19.6 million is projected to be used in FY2021 to support operations and the remaining $27.1 million will support FY2022 operations.

Expense Projections

Grand Total Expense for FY2022 projected at $176.7 million, an increase of $36.6 million or 26.2% over the FY2021 Forecast:

- Operating Expense for FY2022 projected at $136.5 million, an increase of $21.4 million or 18.6% over the FY2021 Forecast.

- Administrative Expense for FY2022 projected at $28.9 million, an increase of $6.2 million or 27.6% over the FY2021 Forecast.

- Long-term Debt Expense for FY2022 projected at $2.4 million.

- One-time Expenses for FY2022 are projected at $9.0 million. This includes cost for Measure RR ballot and Governance project.

OPERATING EXPENSE

Line 22 **Rail Operator Service:** $97.4 million, an increase of $13.2 million or 15.7% higher than the FY2021 forecast.

The JPB contracts out for rail operator service with TransitAmerica Services, Inc. (TASI). TASI provides rail operations, maintenance and support services in the following areas: Administration/Safety, Operations and Dispatch, Maintenance of Equipment, Maintenance of Track, Communications, Signals and Stations, Capital Construction Support and State of Good Repair (SOGR) maintenance. TASI is paid on a cost-plus-performance-fee contract structure.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
Rail Operator Service	83,915,012	85,109,942	84,109,942	97,353,730	13,243,788	15.7%

In FY2021, the budget assumed a train schedule determined and implemented on a per quarter basis. For FY2022, the budget of $97.4 million assumes a tentative restoration of service to 92 trains per weekday.

The $97.4 million estimate for FY2022 includes provisions for the negotiated contractual union increases, a 0.5% increase in General & Administration fee and maintenance support for Positive Train Control (PTC). The FY2022 estimate also includes $0.6M for work on Fiber Optics and $1.0 million for the Ticket Vending Machine maintenance program that will be shifted in FY2022 from Caltrain staff costs to the TASI contract.

Line 24 **Security Services:** $7.5 million, an increase of $0.7 million or 11.0% higher than the FY2021 forecast.

Security services are provided through a law enforcement contract, a communications services contract with the San Mateo County Sheriff's Office (SMCSO) and a building security guard contract. The SMCSO contract supports Rail operations. Total cost of the contract is shared with SamTrans.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PRELIMINARY BUDGET	$ Change FY22 Preliminary to FY21 Forecast	% Change FY22 Preliminary to FY21 Forecast
Security Services	5,913,164	6,746,908	6,746,908	7,486,512	739,604	11.0%

FY2022 security and services budget includes the annual contractual increases and overtime estimates at pre-COVID level, (which is consistent with security services being provided for special service). For FY2022, the JPB % share of overtime cost was increased based on special events for each agency.

Line 25 **Shuttles:** $2.7 million, a decrease of $0.8 million or 23.1% lower than the FY2021 forecast.

The Shuttle program provides last-mile connections for Caltrain passengers.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
Shuttle Service	4,138,715	4,057,249	3,542,715	2,723,200	(819,515)	-23.1%

Line 26 **Fuel:** $10.4 million, an increase of $4.5 million or 76.0% higher than the FY2021 forecast.

The proposed budget covers the cost of diesel fuel for JPB locomotive operations, including the associated taxes. Starting in FY2021, Caltrain entered into a diesel fuel-hedging program that helps manage the exposure to changes in diesel fuel prices.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
Fuel and Lubricants	9,289,638	5,930,523	5,930,523	10,434,846	4,504,323	76.0%

	FY21 Adopted Budget	FY22 Proposed Budget	Hedged	Unhedged
Hedge %			64%	36%
Price / Gallon	$1.30		$1.71	$2.40
Projected Fuel Consumption - No. of Gallons	3,121,180	3,962,405	2,535,939	1,426,466
Projected Fuel Cost	$4,057,534	$7,759,974	$4,336,456	$3,423,518
Taxes	$1,872,989	$2,674,872	$1,645,839	$1,029,033
Total Projected Fuel Cost including taxes	$5,930,523	$10,434,846	$5,982,295	$4,452,551

The FY2022 budget assumes 64.0% of the fuel portfolio is hedged at $1.71/gallon and 36.0% is unhedged at $2.40/gallon.

Line 27 **Timetables and Tickets:** $55,000, a decrease of $55.0 thousand or 50.0% lower than the FY2021 forecast.

Timetables and Tickets includes the cost of designing, updating and printing of time tables, schedules, maps and the Caltrain tickets.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
Time Tables, Schedules, & Maps	47,061	110,000	110,000	55,000	(55,000)	-50.0%
Tickets	98,757				-	0.0%
Timetables and Tickets	145,818	110,000	110,000	55,000	(55,000)	-50.0%

Line 28 **Insurance:** $5.9 million, an increase of $0.4 million or 8.3% higher than the FY2021 forecast

The Insurance budget includes premiums, deductibles, adjuster fees, broker fees and other insurance costs. Rates reflect costs for property, casualty, and liability insurance.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
Insurance	4,331,946	5,410,000	5,410,000	5,857,210	447,210	8.3%

It should be noted that difficult market conditions in the liability insurance industry predate the COVID pandemic. This was a market hardened by huge losses, global events and a litigious environment in the United States. Liability insurance cost went up as fewer insurers opted to continue to operate in the industry and existing carriers reduced their exposures. FY2022 insurance proposed budget is adjusted to the latest cost estimates for property insurance and railroad liability.

Line 29 **Claims, Reserves and Payments:** $820,000, a decrease of $0.1 million or 14.6% lower than the FY2021 forecast.

This budget item covers the cost of claims, reserves and payments, and the associated legal fees.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
Claims Reserves & Payments	(166,416)	960,000	960,000	820,000	(140,000)	-14.6%

Line 30 **Facilities and Equipment Maintenance:** $7.5 million, an increase of $3.6 million or 90.6% higher than the FY2021 forecast.

This budget item covers expenses related to Clipper Operator charges, revenue collection services, ticket vending machines, data line services and other contract services.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
Facilities and Equipment Maintenance	2,739,785	4,813,563	3,953,563	7,534,353	3,580,790	90.6%

The FY2022 budget includes additional PTC maintenance costs, as part of the final shift of PTC implementation from a capital project to fully operational.

Line 31 **Utilities:** $2.6 million, a decrease of $0.2 million or 6.5% lower than the FY2021 forecast.

This item covers the cost of gas & electric, telephone, water, and trash & sewer. The budget also includes utility costs of PTC maintenance such as circuits, radio license fees and spectrum lease.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
Utilities	2,026,492	2,731,385	2,731,385	2,552,600	(178,785)	-6.5%

The budget reflects a lower estimate on PTC-related maintenance costs for CalNet data circuits and phones and an increase in utilities for the Backup Central Control Facility (BCCF).

Line 32 **Maintenance & Services – Building and Other:** $1.7 million, an increase of $84.3 thousand or 5.3% higher than the FY2021 forecast.

This item covers the cost of building maintenance services, printing and information services, and repair and maintenance of computers and office equipment.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
Maintenance Services	1,542,911	1,590,000	1,590,000	1,674,250	84,250	5.3%

ADMINISTRATIVE EXPENSE

Line 36 **Wages & Benefits:** $13.0 million, an increase of $2.2 million or 20.2% higher than the FY2021 forecast.

The San Mateo County Transit District (District) serves as the managing agency for the JPB. Wages & Benefits reflects staffing costs for an anticipated 72.67 FTEs for the operating budget.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
Wages & Benefits	11,673,413	10,930,000	10,826,318	13,012,686	2,186,368	20.2%

Built into this budget is hiring for positions that were frozen in FY21 as part of cost savings efforts. The FY2022 proposed operating budget also includes a request for an additional 4.9 FTEs.

Operating

FY2022 FTE	Admin	Bus	CalMod	Comm	Exec	Finance	Planning	Rail	Total
Represented	-	-	-	-	-	-	-	-	-
Non-Represented	6.40	2.90	-	16.12	0.45	6.90	2.92	32.08	67.77
New FTEs	0.50	-	-	0.40	-	-	0.35	3.65	4.90
Total Operating	6.90	2.90	-	16.52	0.45	6.90	3.27	35.73	72.67

Fringe benefit costs are applied to actual staff wages as a calculated rate. The District aggregates all estimated annual fringe benefit costs of employees associated with a particular agency (payroll taxes, pension, medical, dental and vision premiums, life insurance, long-term disability, unemployment, and paid time-off). This total is then divided by the total projected wages for that agency for the upcoming year to arrive at a fringe benefit rate that is charged on a periodic basis against payroll costs. Variances are trued up annually.

Line 37 **Managing Agency Admin OH Cost:** $3.5 million, a decrease of $82.2 thousand or 2.3% lower than the FY2021 forecast.

Managing Agency Administrative Overhead (OH) Cost reflects the cost of District personnel dedicated to the Caltrain business (as opposed to Caltrain operations).

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
Managing Agency Admin OH Cost	4,406,537	5,139,352	3,553,099	3,470,871	(82,228)	-2.3%

The Indirect Cost Allocation Plan (ICAP) calculates the indirect cost rate used to recover overhead costs related to agency indirect administrative overhead and capital projects. The District procured the assistance of an outside consulting firm to develop a methodology that equitably allocates the costs incurred by the District for services and functions shared by the different agencies administered by District staff. The consultant team is selected for its experience and knowledge in developing allocation methodologies for governmental and public entities.

The ICAP is prepared in accordance with the principles and guidelines set forth in the Office of Management and Budget (OMB) Circular A-87 "Cost Principles for State, Local and Indian Tribal Governments" and ASMB C-10 "Cost Principles and Procedures for Developing Cost Allocation Plans and Indirect Cost Rates for Agreements with the Federal Government."

The ICAP calculates two components:

- Agency Indirect Administration (AIA) – a pool of costs that cannot be directly attributed to a specific agency.

  This consists of labor and non-labor support functions that benefit each of the four agencies managed or supported by the District. Examples include the time charged by the Payroll Department to process the biweekly payroll or the time charged by the Human Resource Department to post recruitments on industry websites. Based on specific statistics, these costs are distributed to each department. For example, the payroll department costs are distributed to each department based on the number of FTEs. The District incurs all of the AIA costs and then recovers appropriate shares of the costs from the District's Operating and Capital budgets, the JPB Operating and Capital budgets, the TA budget and the SMCELJPA budget.

- Capital Overhead – a pool of project support costs that cannot be directly attributed to a specific capital project.

  A capital overhead rate is calculated for each agency. An example of a capital overhead cost would be the time charged by an administrative assistant who supports multiple capital project engineers. The capital overhead costs are tracked and included in the ICAP rate and is charged to each capital project.

In mid-FY2021, the ICAP methodology was changed to more appropriately allocate these costs across the range of projects served – staff anticipates that this approach will continue for FY2022. In prior years, the ICAP rate was applied to pre-defined labor costs. The new methodology applies the ICAP rate to all labor and non-labor costs. The methodology does not change how much ICAP in total is paid, but rather how the total ICAP is allocated to different projects.

Line 38 **Board of Directors:** $48,275, an increase of $37.2 thousand or 337.9% higher than the FY2021 forecast.

This covers director compensation, seminars and training, and meetings for the Board of Directors.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
Board of Directors	24,589	11,025	11,025	48,275	37,250	337.9%

In FY2022, the budgets for the Board retreats were moved from the Other Office Expense and Services account to the Board of Directors line item.

Line 39 **Professional Services:** $8.2 million, an increase of $3.1 million or 60.5% higher than the FY2021 forecast

This covers the cost of consultants for legal services, audit services, and legislative advocacy and technical services. The professional services also include additional operating maintenance of PTC related to rail friction, electronic recording, measuring, and communications systems and communications data security.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
Legal Services	(183,342)	2,062,904	1,912,904	2,814,850	901,946	47.2%
Annual Audit Services	69,012	78,000	78,000	78,000	-	0.0%
Legislative Advocate	163,541	169,200	169,200	169,200	-	0.0%
Consultants	1,940,055	3,089,896	2,956,896	5,150,770	2,193,874	74.2%
Professional Services	1,989,266	5,400,000	5,117,000	8,212,820	3,095,820	60.5%

The FY2022 budget for consultants reflects the additional cost for the new legal counsel and the continuing shift of PTC from a capital project to maintenance.

Line 40 **Communications and Marketing:** $0.3 million, an increase of $0.2 million or 137.3% higher than the FY2021 forecast.

This covers the cost of promotional advertising for fares, schedule changes and the cost of providing the riding public with a mobile app.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
Communications and Marketing	293,830	136,000	136,000	322,750	186,750	137.3%

FY2022 budget reflects a one-time marketing campaign led by the Metropolitan Transportation Commission to promote Return to Transit, in addition to outreach and public hearings.

Line 41 **Other Office Expense and Services:** $3.8 million, an increase of $0.8 million or 27.5% higher than the FY2021 forecast.

This covers license renewal, bank fees, office vehicle maintenance, property taxes, software maintenance, and leases for properties along the Caltrain right of way in support of commuter services. The ROW leases include critical facilities for radio transmission antennas and real estate for storage of train equipment and spare parts.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
Communications and Marketing	293,830	136,000	136,000	322,750	186,750	137.3%

Built into this estimate are recruitment services and relocation costs, an increase in banking costs due to lower earnings credit rate, the projected use of a line of credit and the restoration of staff training costs that were frozen in FY2021.

Line 44 **Ballot Measure RR Fee**: $7.0 million estimate.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
Measure RR Ballot Costs	-	-	-	7,000,000	7,000,000	100.0%

This one-time $7.0 million estimate is to cover costs incurred by the counties of San Francisco, San Mateo and Santa Clara to put the Measure RR ballot up for a vote in FY2021 elections.

Line 45 **Governance:** $2.0 million estimate

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
Governance	-	-	-	2,000,000	2,000,000	100.0%

This item is a place holder to cover the related costs for the Governance review that includes staff costs, consultant support, legal consultation and specialized financial analysis.

Line 47 **Long Term Debt Expense:** $2.4 million, no change over the FY2021 forecast.

This covers the cost and principal retirement of debt incurred for the acquisition and rehabilitation of passenger rail cars, for the acquisition of real property, and for maintenance of a revolving line of credit.

Description	FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	$ Change FY22 Proposed to FY21 Forecast	% Change FY22 Proposed to FY21 Forecast
Long-term Debt Expense	2,635,046	2,381,752	2,381,752	2,381,752	-	0.0%

PROPOSED FY2022 CAPITAL BUDGET - $39,209,919

<u>i. STATE OF GOOD REPAIR (SOGR)</u> - $12,210,771

BRIDGES - $1,989,000

1. Guadalupe River Bridge Replacement - $1,989,000
   Replace the Guadalupe River Bridge in San Jose, damaged by weather and arson. The project will remove the MT1 Guadalupe River Bridge, including piers and abutments, and replace it with a new railroad bridge. The track structure will be reconstructed at the existing alignment and profile. Construction of the new railroad bridge may require protection or relocation of the underground utilities in the right-of-way and/or attached to the existing bridge.

RIGHT OF WAY - $5,593,771

2. Track SOGR - $5,437,771
   The System Wide Track Rehabilitation Program covers the work required to keep

the Caltrain railroad in a state of good repair. The type and scope of work scheduled for each fiscal year is based on the condition of the railroad and on the inspections and the tests performed throughout the year.

3. Right of Way Fencing - $156,000
The project will continue to install vandal-resistant fencing at key locations along the JPB main line rail corridor to deter trespassing. This work plan is intended to span four years, picking up where the last three-year contract was successfully completed.

SIGNALS & COMMUNICATIONS - $3,068,000

4. Communications SOGR - $416,000
This project is part of an annual request to maintain the Caltrain communication systems in a state of good repair. Projects typically repair and replace communication systems that are beyond their useful life and/or vandalized. Typical scopes of work include, but are not limited to, new Base Stations, new Visual Message Signs, station network cables, repair of microwave dishes, etc.

5. Fiber Optics SOGR - $572,000
The System Wide Fiber Optics State of Good Repair Project covers the work required to maintain the reliability and consistency of the fiber optics infrastructure. The type and scope of work scheduled for each fiscal year are based on the condition of the system, the inspections and the tests performed throughout the year.

6. Signal SOGR - $1,248,000
The System Wide Signal State of Good Repair Project covers the work required to maintain the reliability and safety of the signal and crossing systems. The type and scope of work scheduled for each fiscal year are based on the condition of the Signal systems, the inspections and the tests performed throughout the year.

7. Migration to Digital Voice Radio System - $832,000
This project is part of the continual effort of Caltrain to migrate toward a digital voice radio system. Migrate from the analog voice radio system to a digital voice radio system that will be connected to JPB fiber and off the AT&T leased lines.

FACILITIES AND INTERMODAL ACCESS - $1,560,000

8. Stations SOGR - $208,000
This project is part of an annual request to maintain the Caltrain stations in a state of good repair. Projects typically restore station amenities that are beyond their useful life and/or vandalized. Typical scopes of work include, but are not limited to, new shelters, display cases, benches, garbage cans and new roofs for station buildings.

9. Historic Stations SOGR - $1,352,000
This project will be part of an annual request for work towards the preservation of the six Caltrain historic stations to keep them in a state of good repair. This project will typically restore station amenities that are beyond their useful life and/or vandalized. Typical scopes of work include, but are not limited to, new restrooms, roofs, windows, lighting, doors, interior and exterior walls made of brick, stone, stucco, wood and other surfaces. HVAC, plumbing and electrical upgrades are included as well.

ii. LEGAL MANDATES AND REQUIRED ENHANCEMENTS - $4,709,148

10. Rail Program Integration and Transition - $4,658,148
The objective of this program is to focus on identifying, defining, and implementing the integration of work necessary to support Caltrain's transition to electrified service. As part of the Program Integration, the Rail Activation effort will ensure that each element of the activation work is accomplished in accordance with the following phases: commissioning, acceptance, pre-revenue service, safety certification, and overall Electrified Revenue Service plan and objectives. This program will involve all of the Caltrain Rail Divisions, as well as the District's functional departments from Communications to Information Technology.

11. Hayward Park Remediation - $51,000
This project is to perform removal of contaminated soils from a historical asphalt plant located within the Hayward Park Station parking lot

iii. OPERATIONAL IMPROVEMENTS / ENHANCEMENTS - $17,024,000

12. PADS Replacement - $1,040,000
Develop a Request for Proposals with the system requirements and award a contract to implement a new real-time passenger information system at the Central Control Facility (CCF), the Backup Central Control Facility (BCCF) and at the stations.

13. Grade Crossing Improvement Construction - $1,040,000
This project will be the construction phase of the FY2021 Grade Crossing Improvements Project. The construction will install safety improvements at the selected grade crossings from the design developed in the previous year.

14. Caltrain VoIP - $520,000
Caltrain requires the design and installation of a Voice over Internet Protocol (VoIP) system that is compatible with the District's existing VoIP system, and provide necessary support for the Peninsula Corridor Electrification Program (PCEP) and PTC projects. PCEP requires VoIP support for traction power houses/substations installed on the ROW to communicate with the dispatcher. PTC requirements are to provide "dual ring" capability, which routes current plain old telephone service (POTS) phone numbers to both CCF and BCCF simultaneously. The design of this system should include the necessary hardware

to provide a redundant solution located at Caltrain's two data centers, namely the CCF and the BCCF.

15. TVM Upgrade Phase 5 - $1,040,000
The objective is to make all the Ticket Vending Machines (TVMs) consistent with the same software and hardware for easier maintenance. The locations of the TVMs will be determined during Phase 4, which will be at the end of CY2021.

16. Caltrain Fiber Connectivity to Caltrain Stations & Digital Voice Base Station - $624,000
This project will connect the VHF voice backhaul system, which is currently under AT&T service to the Caltrain Fiber Backbone system. There are 12 VHF radio base station sites.

17. Next Gen Clipper Validators Site Prep - $1,560,000
This project will be the construction phase of the station site prep for the next generation Clipper validators that will replace the Clipper CID at all the stations.

18. Mountain View Transit Center Grade Separation & Access Project - $11,200,000
The Mountain View Transit Center Grade Separation and Access Project will improve safety and multimodal access to the Transit Center and Downtown Mountain View. The project includes closing Castro Street at W. Evelyn Avenue and redirecting motorized traffic to the existing Shoreline Blvd overpass via a new access ramp. A dedicated pedestrian and bicycle undercrossing will be constructed under the Caltrain tracks and Central Expressway to connect Castro Street with Moffett Boulevard on the other side. This project will be fully funded by the Santa Clara Valley Transportation Authority (VTA) and the City of Mountain View.

iv. <u>PLANNING/STUDIES</u> - $3,606,000

19. Operations, Access and Customer Interface Planning - $260,000
Support for various operational planning activities that achieve key near, medium and long-term agency goals including improving service, fleet management, station access, and the customer experience across near-, medium and long-term timeframes.

20. Business Strategy and Policy Development - $780,000
Policy and business strategy development in areas that help the railroad recover ridership and improve equity in the short-term while preparing the agency to deliver the 2040 Service Vision in the long-term.

21. Electrification Expansion and Integration Preliminary Planning - $520,000
Planning support will assist with further integration of the PCEP program as well as conceptual development of the next generation of "electrification expansion" investments identified through Caltrain Business Plan work and supported in part by Measure RR.

22. Capital Planning Technical Support - $286,000
Rail program development support to assist with a variety of capital planning projects (as needed and determined by the Capital Improvement Program development process).

23. Transit-Oriented Development Studies - $1,040,000
Planning will be conducted for areas around transit-oriented developments (TODs) where the JPB owns property or has property rights in the vicinity of stations. Stations expected to require such services in the short-term include 4th and King, Redwood City as well as Diridon.

24. Diridon Integrated Station Concept Plan (DISC) - $720,000
Planning will continue to advance study on the Diridon Integrated Station Concept Plan (DISC). This is a collaborative effort amongst Caltrain, the California High Speed Rail Authority, Santa Clara Valley Transportation Authority, Metropolitan Transportation Commission and the City of San Jose, to establish an implementation plan that charts out a strategy for the program of projects that will comprise and enable DISC to develop the Diridon Station as a world-class transit center. This additional funding will come from the City of San Jose.

v. Capital Contingency Funds - $1,660,000

25. Capital Contingency Funds - Engineering - $330,000
This contingency supports unforeseen capital expenditure related to the delivery of capital projects/programs.

26. Capital Contingency Funds - Rail - $660,000
This contingency supports unforeseen capital expenditure related to rail operations.

27. Capital Project Development - $335,000
This contingency supports planning and engineering study activities.

28. Capital Program Management - $335,000
This contingency supports programs and project controls support, including monitoring project performance and delivery.

Prepared by: JPB Budgets Team: Cynthia Scarella | Cleo Liao

Attachment A

PENINSULA CORRIDOR JOINT POWERS BOARD
STATEMENT OF REVENUE AND EXPENSE
PROPOSED BUDGET
FY2022

		FY2020 ACTUAL	FY2021 BUDGET	FY2021 FORECAST	FY2022 PROPOSED BUDGET	FY2022 Proposed to FY2021 Forecast $ variance	FY2022 Proposed to FY2021 Forecast % variance	
		A	*B*	*C*	*D*	*E = D - C*	*F = E / C*	
	REVENUE							
	OPERATIONS:							
1	Farebox Revenue	76,094,433	32,029,149	30,630,341	34,639,000	4,008,659	13.1%	1
2	Parking Revenue	3,659,013	372,718	372,718	1,536,000	1,163,282	312.1%	2
3	Shuttles	1,783,942	2,031,246	1,773,647	1,603,900	(169,747)	-9.6%	3
4	Rental Income	533,563	1,111,804	1,111,804	1,192,466	80,662	7.3%	4
5	Other Income	1,986,300	1,764,000	1,764,000	1,584,608	(179,392)	-10.2%	5
6	TOTAL OPERATING REVENUE	**84,057,251**	**37,308,917**	**35,652,510**	**40,555,974**	**4,903,464**	**13.8%**	6
7								7
8	CONTRIBUTIONS:							8
9	AB434 & TA Shuttle Funding	1,333,171	1,737,950	1,737,950	1,119,300	(618,650)	-35.6%	9
10	Operating Grants	6,816,688	12,608,500	12,808,500	6,525,471	(6,283,029)	-49.1%	10
11	JPB Member Agencies	28,035,055	29,009,434	28,809,434	-	(28,809,434)	-100.0%	11
12	Measure RR	-	-	-	86,576,919	86,576,919	100.0%	12
13	CARES Act	23,127,798	41,507,983	41,507,983	-	(41,507,983)	-100.0%	13
14	CRRSAA	-	-	6,936,627	27,115,922	20,179,295	290.9%	14
15	TOTAL CONTRIBUTED REVENUE	**59,312,712**	**84,863,867**	**91,800,494**	**121,337,612**	**29,537,118**	**32.2%**	15
16								16
17	**GRAND TOTAL REVENUE**	**143,369,963**	**122,172,784**	**127,453,004**	**161,893,586**	**34,440,582**	**27.0%**	17
18								18
19	**EXPENSE**							19
20								20
21	OPERATING EXPENSE:							21
22	Rail Operator Service	83,915,012	85,109,942	84,109,942	97,353,730	13,243,788	15.7%	22
23	Positive Train Control	1,669,554	-	-	-	-	0.0%	23
24	Security Services	5,913,164	6,746,908	6,746,908	7,486,512	739,604	11.0%	24
25	Shuttle Service	4,138,714	4,057,249	3,542,715	2,723,200	(819,515)	-23.1%	25
26	Fuel and Lubricants	9,289,638	5,930,523	5,930,523	10,434,846	4,504,323	76.0%	26
27	Timetables and Tickets	145,818	110,000	110,000	55,000	(55,000)	-50.0%	27
28	Insurance	4,331,946	5,410,000	5,410,000	5,857,210	447,210	8.3%	28
29	Claims, Reserves, and Payments	(166,416)	960,000	960,000	820,000	(140,000)	-14.6%	29
30	Facilities and Equipment Maint	2,739,785	4,813,563	3,953,563	7,534,353	3,580,790	90.6%	30
31	Utilities	2,026,493	2,731,385	2,731,385	2,552,600	(178,785)	-6.5%	31
32	Maint & Services-Bldg & Other	1,542,912	1,590,000	1,590,000	1,674,250	84,250	5.3%	32
33	TOTAL OPERATING EXPENSE	**115,546,620**	**117,459,570**	**115,085,036**	**136,491,701**	**21,406,665**	**18.6%**	33
34								34
35	ADMINISTRATIVE EXPENSE							35
36	Wages and Benefits	11,673,415	10,930,000	10,826,318	13,012,686	2,186,368	20.2%	36
37	Managing Agency Admin OH Cost	4,406,537	5,139,352	3,553,099	3,470,871	(82,228)	-2.3%	37
38	Board of Directors	24,588	11,025	11,025	48,275	37,250	337.9%	38
39	Professional Services	1,989,266	5,400,000	5,117,000	8,212,820	3,095,820	60.5%	39
40	Communications and Marketing	293,830	136,000	136,000	322,750	186,750	137.3%	40
41	Other Office Expense and Services	1,789,476	3,030,572	2,982,254	3,802,614	820,360	27.5%	41
42	TOTAL ADMINISTRATIVE EXPENSE	**20,177,112**	**24,646,949**	**22,625,696**	**28,870,016**	**6,244,320**	**27.6%**	42
43								43
44	Measure RR Ballot Costs	-	-	-	**7,000,000**	**7,000,000**	**100.0%**	44
45	Governance	-	-	-	**2,000,000**	**2,000,000**	**100.0%**	45
46								46
47	Long-term Debt Expense	**2,635,046**	**2,381,752**	**2,381,752**	**2,381,752**	**-**	**0.0%**	47
48								48
49	**GRAND TOTAL EXPENSE**	**138,358,778**	**144,488,271**	**140,092,484**	**176,743,469**	**36,650,985**	**26.2%**	49
50								50
51								51
52								52
53								53
54	**PROJECTED SURPLUS/(DEFICIT)**	5,011,185	(22,315,487)	(12,639,480)	(14,849,883)			54
55	**CRRSSA**			12,639,480				55
56	**ARPA**				14,849,883			56
57	**Adjustment of PTC Litigation Fees**	(5,362,421)						57
58	**Use of Reserves**		7,000,000					58
59	**Line of Credit**		15,315,487					59
60	**NET SURPLUS / (DEFICIT) - ADJUSTED**	**(351,236)**	**-**	**-**	**-**			60

FY2022 PROPOSED CAPITAL BUDGET

Attachment B
June 2021

Item #	PROJECT NAME	PRIOR YEARS APPROVED	PROPOSED FY2022 CAPITAL BUDGET	Federal Funds	STA SOGR Funds	Measure RR	Others	PROPOSED FY2022 CAPITAL BUDGET
i. STATE OF GOOD REPAIR								
	Bridges							
1	Guadalupe River Bridge Replacement	12,400,000	1,989,000	1,591,200	397,800	-	-	1,989,000
			1,989,000	1,591,200	397,800	-	-	1,989,000
	Right of Way							
2	Track SOGR	11,220,000	5,437,771	4,350,217	1,087,554	-	-	5,437,771
3	Right of Way Fencing	585,000	156,000	-	-	156,000	-	156,000
			5,593,771	4,350,217	1,087,554	156,000	-	5,593,771
	Signal & Communications							
4	Communications SOGR	2,000,000	416,000	332,800	5,667	77,533	-	416,000
5	Fiber Optics SOGR	1,000,000	572,000	457,600	-	114,400	-	572,000
6	Signal SOGR	-	1,248,000	998,400	-	249,600	-	1,248,000
7	Migration To Digital Voice Radio System	700,000	832,000	665,600	-	166,400	-	832,000
			3,068,000	2,454,400	5,667	607,933	-	3,068,000
	Rolling Stock							
			-	-	-	-	-	-
			-	-	-	-	-	-
	Facilities & Intermodal Access							
8	Stations SOGR	1,500,000	208,000	-	-	208,000	-	208,000
9	Historic Stations SOGR	-	1,352,000	-	-	1,352,000	-	1,352,000
			1,560,000	-	-	1,560,000	-	1,560,000
	Total SOGR		12,210,771	8,395,817	1,491,021	2,323,933		12,210,771
ii. LEGAL MANDATES AND ELECTRIFIED SERVICE RAIL PROGRAM INTEGRATION								
10	Rail Program Integration and Transition	-	4,658,148	-	-	4,658,148	-	4,658,148
11	Hayward Park Remediation	-	51,000	-	-	51,000	-	51,000
			4,709,148	-	-	4,709,148	-	4,709,148
iii. OPERATIONAL IMPROVEMENTS/ENHANCEMENTS								
12	PADS Replacement	-	1,040,000	-	-	1,040,000	-	1,040,000
13	Grade Crossing Improvements Construction	500,000	1,040,000	-	-	1,040,000	-	1,040,000
14	Caltrain VoIP	-	520,000	-	-	520,000	-	520,000
15	TVM Upgrade Phase 5	2,795,000	1,040,000	832,000	-	208,000	-	1,040,000
16	Caltrain Fiber Connectivity to Caltrain Stations and Digital Voice Base Station	-	624,000	-	-	624,000	-	624,000
17	Next Gen Clipper Validators Site Prep	2,500,000	1,560,000	1,248,000	-	312,000	-	1,560,000
18	Mountain View Transit Center Grade Separation and Access Project [1]	-	11,200,000	-	-	-	11,200,000	11,200,000
			17,024,000	2,080,000	-	3,744,000	11,200,000	17,024,000
iv. PLANNING/STUDIES								
19	Operations, Access and Customer Interface Planning	-	260,000	-	-	260,000	-	260,000
20	Business Strategy and Policy Development	-	780,000	-	-	780,000	-	780,000
21	Electrification Expansion and Integration - Preliminary Planning	-	520,000	-	-	520,000	-	520,000
22	Capital Planning Technical Support	-	286,000	-	-	286,000	-	286,000
23	Transit-oriented Development Studies	-	1,040,000	-	-	1,040,000	-	1,040,000
24	Diridon Integrated Station Concept Plan (DISC) [2]	-	720,000	-	-		720,000	720,000
			3,606,000	-	-	2,886,000	720,000	3,606,000
iv. CAPITAL CONTINGENCY FUNDS								
25	Capital Contingency Funds - Engineering	-	330,000	-	-	330,000	-	330,000
26	Capital Contingency Funds - Rail	-	660,000	-	-	660,000	-	660,000
27	Capital Project Development	-	335,000	-	-	335,000	-	335,000
28	Capital Program Management	-	335,000	-	-	335,000	-	335,000
		35,200,000	1,660,000	-	-	1,660,000	-	1,660,000
			39,209,919	**10,475,817**	**1,491,021**	**15,323,081**	**11,920,000**	**39,209,919**

[1] *$10.0 million from Santa Clara Valley Transportation Authority (VTA) per Reso 2020-39 and $1.2 million from the City of Mountain View*

[2] *City of San Jose*

RESOLUTION NO. 2021-

BOARD OF DIRECTORS, PENINSULA CORRIDOR JOINT POWERS BOARD
STATE OF CALIFORNIA

* * *

ADOPTION OF THE FISCAL YEAR 2022 OPERATING BUDGET IN THE AMOUNT OF $176,743,469 AND THE FISCAL YEAR 2022 CAPITAL BUDGET IN THE AMOUNT OF $39,209,919

WHEREAS, the Joint Powers Agreement of the Peninsula Corridor Joint Powers Board (JPB) requires the Board of Directors (Board) to approve annual Operating and Capital Budgets; and

WHEREAS, the adoption of an Operating Budget is necessary for obtaining both Federal and State funds to support the Peninsula Commute Service operation known as Caltrain; and

WHEREAS, the adoption of a Capital Budget complements the JPB's strategic planning process; and

WHEREAS, the Staff recommends that the Board adopt the Fiscal Year 2021-22 (FY2022) Operating Budget shown as Attachment A, and the FY2022 Capital Budget shown as Attachment B; and

WHEREAS, the local match funding component of the FY2022 Capital Budget will not include funds from the JPB's three member agencies (the City and County of San Francisco, the San Mateo County Transit District and Santa Clara Valley Transportation Authority); and

WHEREAS, the amount of anticipated funding from the Senate Bill 1 State of Good Repair Program for the FY2022 Capital Budget is estimated to be $1,491,021.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Peninsula Corridor Joint Powers Board hereby adopts the Fiscal Year 2022 Operating Budget, a copy of which is attached hereto and incorporated herein as Attachment A, in the amount of $176,743,469; and

BE IT FURTHER RESOLVED that the Board adopts the FY2022 Capital Budget in the amount of $39,209,919, attached hereto and incorporated herein as Attachment B, with the understanding that the three JPB member agencies will not allocate funds for the FY2022 Capital Budget; and

BE IT FURTHER RESOLVED that the Acting Executive Director, or designee, is requested to forward a copy of the FY2022 Operating Budget and Capital Budgets to the JPB member agencies at the earliest practicable date; and

BE IT FURTHER RESOLVED that the Acting Executive Director, or designee, is directed to submit these budgets to the Metropolitan Transportation Commission, together with a copy of this resolution, at the earliest practical date; and

BE IT FURTHER RESOLVED that the Board of Directors approves the Senate Bill 1 (S.B. 1) State of Good Repair Program projects included in the FY2022 Capital Budget as shown in Attachment B; and

BE IT FURTHER RESOLVED that the Board of Directors (1) authorizes the General Acting Executive Director, or designee, to submit a request for S.B. 1 State of Good Repair funds and to execute any related grant applications, forms and agreements and (2) agrees to comply with all conditions and requirements set forth in the Certification and Assurances and applicable statutes, regulations and guidelines for all State of Good Repair Program-funded transit capital projects; and

BE IT FURTHER RESOLVED that the Board authorizes the Acting Executive Director, or designee, to take such additional actions as may be necessary to give effect to this resolution, including executing funding agreements and amendments, and submitting required documents to granting agencies to receive the funding identified in the Capital Budget.

Regularly passed and adopted this 3rd day of June, 2021 by the following vote:

AYES:

NOES:

ABSENT:

____

Chair, Peninsula Corridor Joint Powers Board

ATTEST:

____

JPB Secretary

FY2022 Proposed Operating and Capital Budgets

Finance Committee Meeting
May 24, 2021
Agenda Item #7

Introduction

Budget Overview

- Meeting FY2021 pandemic related challenges
  - Provide service to essential workers
  - Maintain fiscal health
  - Position Caltrain for recovery

- Measures taken in FY2021
  - Schedule changes to meet ridership changes
  - Fare increase suspension & additional discounts
  - Cost containment
  - Re-prioritization of existing resources
  - Framework for Equity, Connectivity Recovery & Growth

Introduction

Areas of Uncertainty in FY2022

- Path of the pandemic
- Ridership recovery
- Federal funding (CRRSAA allocated, ARPA to be allocated)

Options

- Expense management
- Leveraging Measure RR

Member Contributions

- None for the Operating Budget
- None for the Capital Budget

FY2022 Proposed Budget Outlook

(in $ millions)

	FY2020 Actuals	FY2021 Adopted	FY2021 Forecast	FY2022 Proposed
Revenue	$143.4	$122.2	$127.5	$161.9
Expenditure	138.4	144.5	140.1	176.7
Surplus (Deficit)	$5.0	($22.3)	($12.6)	($14.8)
PTC Litigation Adj	(5.4)	0	0	0
Use of Reserve	0	7.0	0	0
Line of Credit	0	15.3	0	0
CRRSSA	0	0	12.6	0
ARPA	0	0	0	14.8
NET Surplus (Deficit)	$(0.4)	$0	$0	$0

Changes from May Board (in $ millions)

	FY2022 Prelim	FY2022 Proposed	Changes
Revenue	$157.7	$161.9	$4.2
Expenditure	178.9	176.7	(2.2)
Surplus (Deficit)	$(21.2)	$(14.8)	$6.4
ARPA	0	14.8	14.8
Line of Credit	21.2	0	(21.2)
NET Surplus (Deficit)	$0	$0	$0

	Change from May Board	
	Revenues	Expense
Other Income	(0.1)	
Operating Grants	0.1	
Measure RR	4.0	
CRRSAA	0.2	
Rail Operator Service		(0.9)
Timetables & Tickets		(0.1)
Insurance		(1.2)
	$ 4.2	$ (2.2)

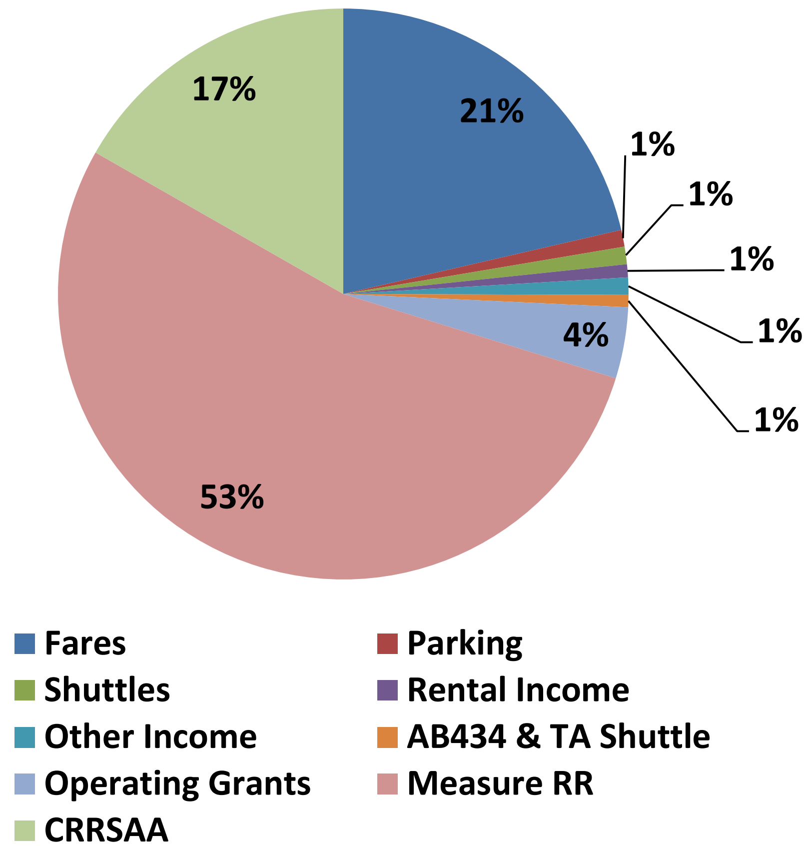
FY2022 Revenue Assumptions

• Farebox	WFH may affect decision to purchase/renew GoPass
• Shuttle	AB434 is no longer available after CY2020; reduced TA Shuttle Funding
• JPB Members	No member contributions for FY2022
• Measure RR	Forecast is $101.9M. Assumed $15.3M placeholder for FY2022 Capital budget
• CARES Act	No longer available in FY2022
• CRRSAA	$27.1M forecast for FY2022
• Operating Deficit	Deficit financing as an option

FY2022 Proposed Revenue

(in $ millions)

Fares	$34.6
Parking	1.6
Shuttles	1.6
Rental Income	1.2
Other Income	1.6
AB434 & TA Shuttle	1.1
Operating Grants	6.5
Measure RR	86.6
CRRSAA	27.1
Total Revenue	**$161.9**



FY2022 Expenditure Assumptions

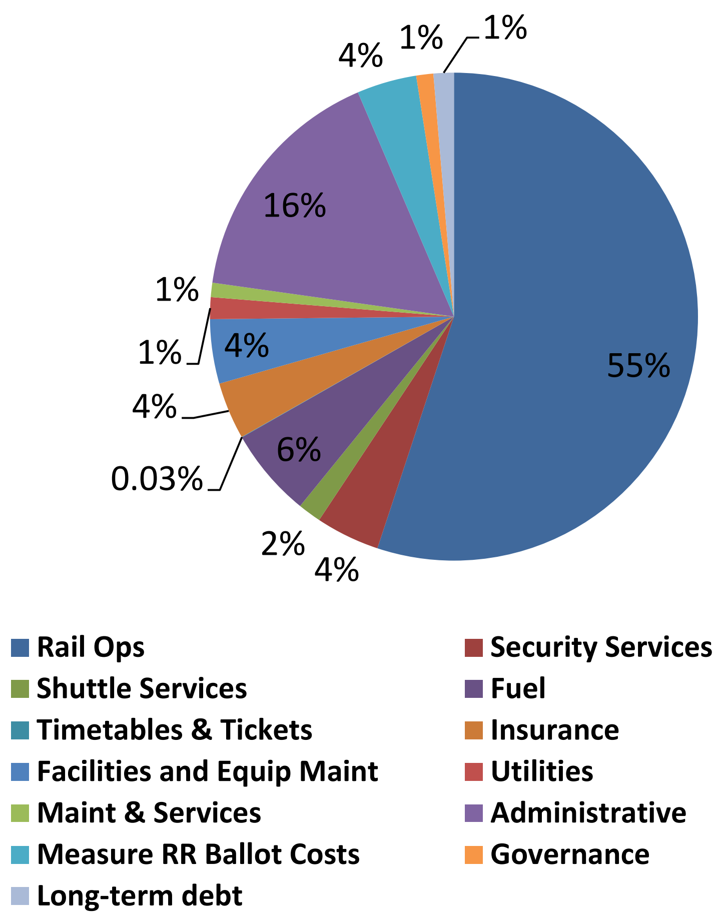
- Placeholder: $97.4M TASI contract, final budget pending
- Fuel: assumes 64% of the fuel contract is hedged at $1.71/gallon and 36% unhedged at $2.40/gallon.
- Final shift of PTC expenses from capital to regular Rail operations, now in full revenue service
- TVM maintenance currently performed by Bus Division will be handled by Rail Division through the TASI contract.

- Communications campaign focus is Ridership Recovery
- Funding of Measure RR ballot costs
- Support of Governance discussions continues in FY2022
- New Legal Counsel and new Independent Auditor in FY2022

FY2022 Proposed Expenditure

(in $ millions)

Rail Ops	$97.4
Security Services	7.4
Shuttle Services	2.7
Fuel	10.4
Timetables & Tickets	0.1
Insurance	6.7
Facilities and Equip Maint	7.5
Utilities	2.5
Maint & Services	1.7
Administrative	28.9
Measure RR Ballot Costs	7.0
Governance	2.0
Long-term debt	2.4
Total Expenses	**$176.7**



Key Expense Drivers

STAFF

- Restoration of the FY2021 hiring freeze, reduced fringe benefits and increased contribution in CalPERS and Retiree Medical programs
- 4.9 FTE requests in FY2022

OPERATIONS AND MAINTENANCE

- TASI
- PTC

ONE TIME COSTS

- Measure RR Ballot Costs
- Governance

Staff Allocation for Caltrain

FUNCTION	FTE allocated to JPB		JPB Full-Time Personnel
	OPERATING	CAPITAL	
Rail, Calmod, & Bus Divisions	38.63	64.51	82
Grants and Administration*	17.52	18.38	8
Marketing, Communications and Customer Service	16.52	1.68	-
Total**	72.67	84.57	90

*** includes Finance, Contracts & Procurement, and Safety & Security**
**** includes new 4.9 FTE**

FY2022 PROPOSED CAPITAL BUDGET

FY2022 Unconstrained Capital Budget

Project Assumptions:

- Projects that will support CalMod delivery and transition as a necessary part of the Rail Program Integration

Total Unconstrained Capital Budget	$ 81.3M
Estimated Federal and Non-Federal Funds	$ 39.2M
Funding Gap	$ 42.1M

Funding Assumptions:

Partner Investments = zero

No SRA for capital use

Measure RR option

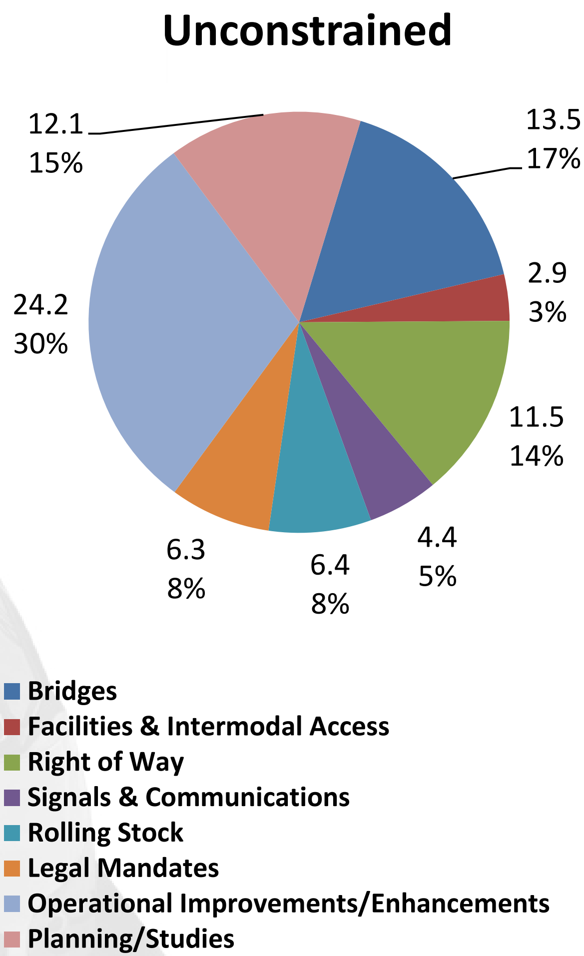
Funding Plan : FY2022 Proposed Capital Budget - Unconstrained vs Constrained (in $ millions)

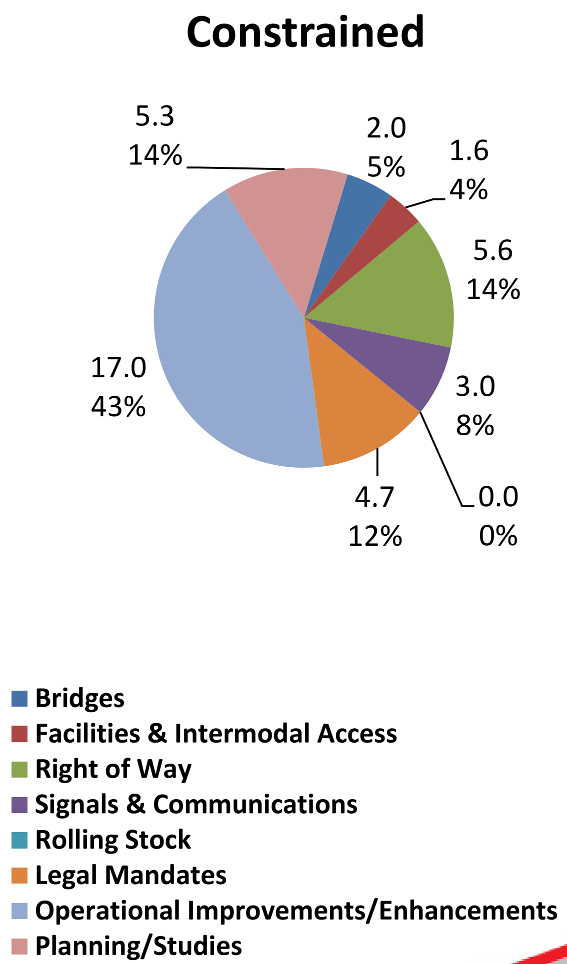
	Un-constrained	Constrained
Federal Grants	$10.5	$10.5
State & Regional Grants	1.5	1.5
Measure RR	15.3	15.3
Others	11.9	11.9
Funding Gap	42.1	0
Total	$81.3	$39.2

FY2022 Proposed Capital Budget Unconstrained vs Constrained (in $ millions)

	Un-constrained	Constrained
SOGR		
Bridges	$13.5	$2.0
Stations & Intermodal Access	2.9	1.6
Right of Way	11.5	5.6
Signals & Communications	4.4	3.0
Rolling Stock	6.4	0
Legal Mandates	6.3	4.7
Operational Improvements / Enhancements	24.2	17.0
Planning/Studies	12.1	5.3
Total	$81.3	$39.2

FY2022 Proposed Capital Budget Unconstrained vs Constrained (in $ millions)





Next Steps

- Continue to work with the Board to address funding gaps for FY2022 and beyond

AGENDA ITEM #8
MAY 24 2021

PENINSULA CORRIDOR JOINT POWERS BOARD
STAFF REPORT

TO: JPB Finance Committee

THROUGH: Michelle Bouchard
Acting Executive Director

FROM: Derek Hansel
Chief Financial Officer

SUBJECT: 2021 MEASURE RR FINANCING PLAN

☐	Finance Committee Recommendation	☐	Work Program-Legislative-Planning Committee Recommendation	☐	Staff Coordinating Council Reviewed	☐	Staff Coordinating Council Recommendation

ACTION

Staff recommends the Board:

1. Authorize the Chief Financial Officer to take the necessary steps to proceed with the development of a financing plan, including replacement of the current revolving lines of credit and refinancing of outstanding farebox revenue bonds;

2. Authorize staff to proceed to work with the City and County of San Francisco, the Santa Clara Valley Transportation Authority, and the San Mateo County Transit District, each a member agency (Member Agency) of the Peninsula Corridor Joint Powers Board, with respect to the public hearings required to be conducted and the approving resolutions required to be adopted in connection with the proposed replacement of the revolving lines of credit;

3. Re-approve the Debt Policy (Exhibit A)

SIGNIFICANCE

The proposed debt would be incurred to: replace two existing revolving lines of credit, secured by certain State and Federal grants and a subordinate pledge of farebox revenues generated from the Peninsula Corridor Joint Powers Board's Caltrain service, with two new revolving lines of credit, secured by the same State and Federal grants and a subordinate pledge of Measure RR sales tax revenues; and (b) if economic, advance refund $47,635,000 principal amount of Peninsula Corridor Joint Powers Board Farebox Revenue Bonds, 2019 Series A with sales tax revenue refunding bonds secured by Measure RR sales tax revenues.

Board authorization is required to (i) approve proceeding with the proposed funding plan and (ii) authorize staff to take such actions as are necessary to implement the proposed funding plan, including, but not limited to, such actions as are necessary to assist each Member Agency to take the actions related to the proposed debt required by Section 6586.5 of the California Government Code.

To comply with California Government Code Section 8855, the Peninsula Corridor Joint Powers Board (JPB) is required to re-affirm its Debt Policy at least once every three years. The JPB's Debt Policy was adopted in August 2018.

BUDGET IMPACT

There is no budget impact associated with the authorizations requested in these recommendations. Ultimate incurrence of the proposed debt is expected to result in financial obligations borne entirely by Measure RR revenues and is not expected to have any adverse financial impact on the JPB or its member agencies. More information will be provided when the actions approving the issuance of the debt are brought back to the JPB Board for approval.

BACKGROUND

In 2016, the JPB entered into a revolving credit agreement with JP Morgan in the amount of $150,000,000 to finance certain capital costs associated with the PCEP project on an interim basis (the "2016 Credit Agreement"). The 2016 Credit Agreement was secured by certain State and Federal grants and a subordinate pledge of farebox revenues.

In 2019, the JPB increased the amount of the 2016 Credit Agreement to $170,000,000 (the "2019 PCEP Credit Agreement") and entered into a separate credit agreement to fund certain working capital needs in the amount of $30,000,000 (the "2019 Working Capital Credit Agreement" and, collectively, the 2019 PCEP Credit Agreement, the "2019 Credit Agreements"). The 2019 PCEP Credit Agreement was secured by the same grants securing the 2016 Credit Agreement and a subordinate pledge of farebox revenues; the 2019 Working Capital Credit Agreement was secured by a subordinate pledge of farebox revenues.

In 2019, the JPB also issued farebox revenue bonds in the amount of $47,635,000 to refinance farebox revenue bonds issued in 2007 and 2015 and to finance the acquisition of certain real property that the JPB had previously been leasing (the "2019 Bonds").

Staff are currently working with our Financial Advisors and Bond Counsel to develop a comprehensive financing plan,that includes, among other objectives:

- Replacing the 2019 Credit Agreements with two new revolving credit agreements in the same aggregate amount as initially entered but in re-allocated amounts ($100,000,000 for PCEP and $100,000,000 for Working Capital) and secured by a subordinate pledge of Measure RR sales tax revenues instead of farebox revenues

- Refinance, if economic, the 2019 Bonds with Measure RR sales tax revenue bonds

Pursuant to Section 6586.5 of the California Government Code, each Member Agency is required to conduct a public hearing and, subsequent to conducting the public hearing, adopt a resolution approving the proposed debt and making a finding of significant public benefit in accordance with the criteria specified in Section 6586.5 of the California Government Code. Staff is working with each of the Member Agencies with respect to these actions. Subsequent to these approvals, staff will return to the JPB Board for final approval of the transaction including all documents – this is currently anticipated to be scheduled for the August 2021 meeting.

On August 2, 2018, the JPB adopted a debt policy (the "Debt Policy") as required under SB 1029. Under its terms, the Debt Policy must be presented to the JPB for consideration of any changes or re-approval at least once every three years. The Chief Financial Officer recommends re-approval by the JPB Board.

Prepared By:	Derek Hansel, Chief Financial Officer	650.508.6466
	Jayden Sangha, Acting Director, Treasury	650.508.6405

TABLE OF CONTENTS

PENINSULA CORRIDOR JOINT POWERS BOARD

DEBT POLICY

Dated as of _August 02, 2018

I. Purpose

The purpose of this Debt Policy (the "Debt Policy") is to establish comprehensive guidelines for the issuance and management of debt issuances (herein referred as "Debt") by Peninsula Corridor Joint Powers Board (the "Issuer"). This Debt Policy is intended to help ensure that: (i) the Issuer, the governing body of the Issuer (the "Board of Directors" or the "Board"), and Issuer management and staff adhere to sound debt issuance and management practices; (ii) the Issuer achieves the most advantageous cost of borrowing commensurate with prudent levels of risk; and (iii) the Issuer preserves and enhances the credit ratings assigned to its debt.

II. Scope of Debt Policy

This Debt Policy shall provide guidance for the issuance and management of debt issuances of the Issuer, together with credit, liquidity and other ancillary instruments and agreements secured or executed in connection with such transactions. While adherence to this Debt Policy is recommended in applicable circumstances, the Issuer recognizes that changes in the capital markets, Issuer programs and other unforeseen circumstances may produce situations that are not covered by the Debt Policy or require modifications or exceptions to achieve Debt Policy goals. In these cases, management flexibility is appropriate, provided specific authorization from the Board of Directors is obtained. The Issuer may approve Debt and other related agreements the terms or provisions of which deviate from this Debt Policy, upon the recommendation and approval of the Chief Financial Officer of the Issuer (the "Chief Financial Officer") as circumstances warrant. The failure by the Issuer to comply with any provision of this Debt Policy shall not affect the validity of any Debt that is otherwise duly authorized and executed.

The Chief Financial Officer is the designated administrator of the Debt Policy. The Chief Financial Officer shall have the day-to-day responsibility and authority for structuring, implementing and managing the Issuer's debt and financing program. The Debt Policy requires that each debt issuance be specifically authorized by the Board of Directors.

III. Legal Authority; Compliance with Laws, Resolutions, Debt Documents and Other Contracts

A) Legal Authority

The Issuer has exclusive authority to plan and issue Debt for Issuer related purposes, subject to approval by the Board of Directors.

B) Compliance with Law

All Debt of the Issuer shall be issued in accordance with applicable Federal and State laws, rules and regulations, including without limitation the Internal Revenue Code of 1986 (the "Code") with respect to the issuance of tax-exempt Debt, the Securities Act of 1934 and the Securities Exchange Act of 1933, in each case as supplemented and amended, and regulations promulgated pursuant to such laws.

C) Compliance with Issuer Resolutions and Debt Documents

Debt of the Issuer shall be issued in accordance with applicable resolutions and debt documents of the Issuer, in each case as supplemented and amended.

D) Compliance with Other Agreements

Debt of the Issuer shall be issued in compliance with any other agreements of the Issuer with credit or liquidity providers, bond insurers or other third parties.

E) Compliance with SB 1029

This Debt Policy complies with California Senate Bill 1029 (2016). The following paragraph cross-references the debt policy requirements of SB 1029 with the relevant sections of this policy.

1) Cal. Gov. Code Section 8855(i)(1)(A): The purposes for which the debt may be used. See Section V: Purposes for Debt.

2) Cal. Gov. Code Section 8855(i)(1)(B): The types of debt that may be issued. See Section VI: Types of and Limitations on Debt.

3) Cal. Gov. Code Section 8855(i)(1)(C): The relationship of the debt to, and integration with, the issuer's capital improvement program or budget. See Section XV: Budgeting and Capital Planning.

4) Cal. Gov. Code Section 8855(i)(1)(D): Policy goals related to the issuer's planning goals and objectives. See Section I: Purpose.

5) Cal. Gov. Code Section 8855(i)(1)(E): The internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use. See Section IV: Administration of Debt Policy.

IV. Administration of Debt Policy

A) Issuer

The Issuer shall be responsible for:

1) Approval of the issuance of all Debt and the terms and provisions thereof;

2) Appointment of financial advisors, bond counsel, disclosure counsel, Issuer consultants, underwriters, feasibility consultants, trustee and other professionals retained in connection with the issuance of Debt;

3) Approval of this Debt Policy and any supplements or amendments;

4) Periodic approval of the Issuer's capital improvement plans;

5) Periodic approval of proposed Issuer annual and supplemental budgets for submission to the Board of Directors, including without limitation provisions for the timely payment of principal of and interest on all Debt; and

6) Maintaining internal control procedures with respect to Debt proceeds.

B) Chief Financial Officer

The Chief Financial Officer shall have responsibility and authority for the structure, issuance and management of the Issuer's Debt and financing programs. These responsibilities shall include, but not be limited to, the following:

1) Determining the appropriate structure and terms for all proposed debt transactions;

2) Undertaking to issue Debt at the most advantageous interest and other costs consistent with prudent levels of risk;

3) Ensuring compliance of any proposed Debt with any applicable additional debt limitations under State law, or the Issuer's Debt Policy, resolutions and debt documents;

4) Seeking approval from the Board of Directors for the issuance of Debt or other debt obligations;

5) Coordinating with member agencies of the Issuer in connection with securing any approvals required from the member agencies in connection with Debt issuance;

6) Recommending to the Board of Directors the manner of sale of any Debt or other debt transactions;

7) Monitoring opportunities to refund outstanding Debt to achieve debt service savings, and recommending such refunding to the Board, as appropriate;

8) Providing for and participating in the preparation and review of all legal and disclosure documents in connection with the issuance of any Debt by the Issuer;

9) Recommending the appointment of financial advisors, bond counsel, disclosure counsel, Issuer consultants, underwriters, feasibility consultants and other professionals retained in connection with the Issuer's debt issuance as necessary or appropriate;

10) Distributing information regarding the business operations and financial condition of the Issuer to appropriate bodies on a timely basis in compliance with any applicable continuing disclosure requirements;

11) Communicating regularly with the rating agencies, bond insurers, investment providers, institutional investors and other market participants related to the Issuer's Debt; and

12) Maintaining a database with summary information regarding all of the Issuer's outstanding Debt and other debt obligations.

C) Procedures for Approval of Debt

The proposed issuance of Debt by the Issuer shall be submitted to and subject to approval by the Issuer Board of Directors for authorization and approval.

D) Considerations in Approving Issuance of Debt

The Issuer may take into consideration any or all of the following factors, as appropriate, prior to approving the proposed issuance of Debt:

1) Whether the proposed issuance complies with this Debt Policy;

2) Source(s) of payment and security for the Debt;

3) Projected revenues and other benefits from the projects proposed to be funded;

4) Projecting operating, other costs and potential revenues with respect to the proposed projects;

5) Impacts, if any, on debt service coverage and funds required for operations of the Issuer;

6) Impacts, if any, on Issuer and Debt credit ratings;

7) Period, if any, over which interest on the Debt should be capitalized;

8) Extent to which debt service on the Debt should be level or non-level;

9) Appropriate lien priority of the Debt; and

10) Adequacy of the proposed disclosure document.

V. Purposes for Debt

The Issuer may issue Debt for the purposes of financing and refinancing the costs of capital projects undertaken by the Issuer. The Issuer may also issue Debt to pay extraordinary unfunded costs, including, but not limited to, termination or other similar payments due in connection with interest rate swaps (if any) and investment agreements entered into in connection with Debt. Proceeds of Debt may be applied to pay costs of issuances, to fund capitalized interest and debt service reserves and to pay costs incurred in connection with securing credit enhancement, including but not limited to, premiums payable for bond insurance and reserve fund sureties.

The Issuer shall not issue Debt for the purpose of funding operating costs except under extraordinary circumstances or at minimal cost for cash flow management purposes where statutorily permitted.

VI. Types of and Limitations on Debt

A) Farebox Revenue Bonds

The Issuer may issue Debt secured by and payable in whole or in part from a pledge of farebox revenues.

B) Grant Debt

The Issuer may issue Debt payable in whole or in part from Federal and State grants to pay capital or other costs as permitted by the applicable provisions, conditions and requirements specified in the applicable grant, including, but not limited to, Debt in the form of notes payable from, and in anticipation of, the future receipt of grant proceeds.

C) Sales Tax Revenue Debt

If and to the extent authorized in accordance with applicable provisions of State law, the Issuer may issue Debt payable in whole or in part from sales tax revenues.

D) Refunding Debt

The Issuer may issue Debt to refund the principal of and interest on outstanding Debt of the Issuer in order to (i) achieve debt service savings; (ii) restructure scheduled debt service; (iii) convert from or to a variable or fixed interest rate structure; (iv) change or modify the source or sources of payment and security for the refunded Debt; or (v) modify covenants otherwise binding upon the Issuer. Refunding Debt may be issued either on a current or advance basis, as permitted by applicable Federal tax laws. The Issuer may also utilize a tender offer process to refund Debt that is not otherwise subject to optional call by the Issuer.

Refunding Debt should be issued to achieve debt service savings in most cases. Refundings which do not produce savings are permitted if justified based on the need for restructuring to remove covenants/pledges that are restrictive and/or no longer required by the market and/or to make other changes in debt documents that would benefit the current, short-term, or long term capital cost of the Issuer.

E) Long-Term Debt

The Issuer may issue Debt with longer-term maturities to amortize Issuer capital or other costs over a period commensurate with the expected life, use or benefit provided by the project, program or facilities financed from such Debt. Long-term Debt generally will have a final maturity of five (5) years or more.

F) Short-Term Debt

The Issuer may issue Debt with shorter-term maturities to provide interim financing for capital projects in anticipation of the issuance of longer-term Debt, receipt of Federal or State grants, receipt of other revenues, and/or for cash flow management. Short-term Debt shall consist of Debt of an issue with a final maturity of less than five (5) years and may include, but is not limited to, Debt in the form of Tax and Revenue Anticipation Notes, Bond Anticipation Notes, Grant Anticipation Notes, and/or Commercial Paper.

G) Fixed-Rate Debt

The Issuer may and generally will issue Debt that bears a fixed interest rate established on either an actual basis or a synthetic basis using an interest rate swap or other derivative product.

H) Variable Rate Debt

The Issuer may also issue Debt that bears a variable rate of interest, including, but not limited to, variable rate demand obligations and floating rate notes.

VII. Terms and Provisions of Debt

A) Debt Service Structure

The Issuer shall design the financing schedule and repayment of debt so as to take best advantage of market conditions, provide flexibility and, as practical, to recapture or maximize its debt capacity for future use. Annual debt service payments will generally be structured on a level basis; however, principal amortization may occur more quickly or slowly where permissible, to mirror debt repayment streams and/or provide future financing flexibility.

B) Amortization of Principal

Long-term Debt of the Issuer shall be issued with maturities that amortize the principal of such Debt over a period commensurate with the expected life, use or benefit (measured in years) provided by the projects, programs and/or facilities financed from the proceeds of such Debt. The weighted average maturity of such Debt (if issued as tax-exempt Debt) should not exceed one hundred and twenty percent (120%) of the reasonably estimated weighted average life, use or benefit (measured in years) of the projects, programs and/or facilities financed from the proceeds of such Debt.

Amortization of principal may be achieved either through serial maturities and/or through term Debt subject to mandatory sinking fund payments and/or redemptions.

C) Capitalization of Interest

The Issuer may fund interest on Debt from proceeds of Debt for legal, budgeting or structuring purposes.

D) Call Provisions for Debt

1) Optional Call Provisions. The Issuer shall seek to include the shortest practicable optional call rights, with and/or without a call premium, consistent with optimal pricing of such Debt. Call premiums, if any, should not be in excess of then prevailing market standards and to the extent consistent with the most advantageous borrowing cost for the Issuer. Non-callable maturities may be considered and used to accommodate market requirements or other advantageous benefits to the Issuer.

2) Extraordinary Call Provisions. The Issuer, at its option, may include extraordinary call provisions, including for example with respect to unspent proceeds, damage to or destruction of the project or facilities financed, credit-related events of the Issuer or the user of the project or facilities financed, or other matters, as the Issuer may determine is necessary or desirable.

E) Payment of Interest

1) Current Interest Debt may be issued. It is an anticipated that the interest on most, if not all, Debt issued will be paid on a current interest basis.

2) Deferred Interest Debt may also be issued. Debt of the Issuer may be issued with the payment of actual or effective interest deferred in whole or in part to the maturity or redemption date of each debt instrument, or the conversion of such debt instrument to a current interest-paying debt instrument (known, respectively, as capital appreciation bonds,

zero coupon bonds and convertible capital appreciation bonds). Deferred Interest Debt may be issued to achieve optimal sizing, debt service structuring, pricing or for other purposes.

F) Determination of Variable Interest Rates on Debt

The interest rate from time to time on Debt the interest of which is not fixed to maturity may be determined in such manner that the Issuer determines, including without limitation on a daily, weekly, monthly or other periodic basis, by reference to an index, prevailing market rates or other measures, and by or through an auction or other method.

G) Tender Options on Debt

The Issuer may issue Debt subject to the right or obligation of the holder to tender the Debt back to the Issuer for purchase, including, for example, to enable the holder to liquidate their position, or upon the occurrence of specified credit events, interest rate mode changes or other circumstances. The obligation of the Issuer to make payments to the holder upon any such tender may be secured by (i) a credit or liquidity facility from a financial institution in an amount at least equal to the principal amount of the Debt subject to tender, (ii) a liquidity or similar account into which the Issuer shall deposit and maintain an amount at least equal to the principal amount of the Debt subject to tender, or (iii) other means of self-liquidity that the Issuer deems prudent.

H) Multi-Modal Debt

The Issuer may issue Debt that may be converted between two or more interest rate modes without the necessity of a refunding. Such interest rate modes may include, without limitation: daily interest rates, weekly interest rates, other periodically variable interest rates, commercial paper rates, auction rates, fixed rates for a term and fixed rates to maturity (in each case with or without tender options).

I) Debt Service Reserve Funds

The Issuer may issue Debt that is secured by amounts on deposit in or credited to a debt service reserve fund or account in order to minimize the net cost of borrowing and/or to provide additional reserves for debt service or other purposes. Debt service reserve funds may secure one or more issues of Debt, and may be funded by proceeds of Debt, other available moneys of the Issuer, and/or by surety policies, letters or lines of credit or other similar instruments. Surety policies, letters or lines of credit or other similar instruments may be substituted for amounts on deposit in a debt service reserve fund if such amounts are needed for capital projects or other purposes.

Amounts in the debt service reserve funds shall be invested in accordance with the requirements of the applicable Debt documents in order to: (i) maximize the rate of return on such amounts; (ii) minimize the risk of loss; (iii) minimize volatility in the value of such investments; and (iv) maximize liquidity so that such amounts will be available if it is necessary to draw upon them.

J) Lien Levels

The Issuer may create senior and junior lien pledges for each fund source which secures Debt repayment in order to optimize financing capacity.

VIII. Maintenance of Liquidity; Reserves

The Issuer may maintain unencumbered reserves in amounts sufficient in the determination of the Issuer to cover unexpected revenue losses, operating and maintenance costs, extraordinary payments and other contingencies, and to provide liquidity in connection with the Issuer's outstanding Debt.

IX. Investment of Debt Proceeds and Related Moneys

Proceeds of Debt and amounts in the Issuer's debt service, project fund and debt service reserve funds with respect to outstanding Debt shall be invested in accordance with the terms of the applicable Debt documents and other applicable agreements of the Issuer.

X. Third Party Credit Enhancement

The Issuer may secure credit enhancement for its Debt from third-party credit providers to the extent such credit enhancement is available upon reasonable, competitive and cost-effective terms. Such credit enhancement may include municipal bond insurance ("Bond Insurance"), letters of credit and lines of credit (collectively and individually, "Credit Facilities"), as well as other similar instruments.

A) Bond Insurance

All or any portion of an issue of Debt may be secured by Bond Insurance provided by municipal bond insurers ("Bond Insurers") if it is economically advantageous to do so, or if it is otherwise deemed necessary or desirable in connection with a particular issue of Debt. The relative cost or benefit of Bond Insurance may be determined by comparing the amount of the Bond Insurance premium to the present value of the estimated interest savings to be derived as a result of the insurance.

B) Credit Facilities

The issuance of certain types of Debt requires a letter of credit or line of credit (a "Credit Facility") from a commercial bank or other qualified financial institution to provide liquidity and/or credit support. The types of Debt where a Credit Facility may be necessary include commercial paper, variable rate Debt with a tender option and Debt that could not receive an investment grade credit rating in the absence of such a facility.

The criteria for selection of a Credit Facility provider shall include the following:

1) Long-term ratings from at least two nationally recognized credit rating agencies ("Rating Agencies") preferably to be equal to or better than those of the Issuer;

2) Short-term ratings from at least two Rating Agencies of at least P-l/A-l+ or equivalent;

3) Experience providing such facilities to state and local government issuers;

4) Fees, including without limitation initial and ongoing costs of the Credit Facility; draw, transfer and related fees; counsel fees; termination fees and any trading differential; and

5) Willingness to agree to the terms and conditions proposed or required by the Issuer.

XI. Use of Derivatives

Derivative products, include, but are not limited to, interest rate swaps, interest rate caps and collars and forward or other hedging agreements. Derivative products will be considered in the issuance or management of debt only in instances where it has been demonstrated that the derivative product will either provide a hedge that reduces risk of fluctuations in expense or revenue, or alternatively, where it will reduce total debt service cost in a manner that exceed the risks. Derivative products will only be utilized following the adoption of derivative product policy and with prior Board approval. In addition, an analysis of early termination costs and other conditional terms must be completed by the Issuer's financial advisor prior to the approval of any derivative product by the Board. Such analysis will document the risks and benefits associated with the use of the particular derivative product.

XII. Methods of Sale and Pricing of Debt

There are three principal methods for the initial sale of Debt: (i) competitive; (ii) negotiated and (iii) private placement, including, but not limited to, direct purchase transactions. The Issuer shall utilize that method of sale that (a) is reasonably expected to produce the most advantageous interest cost with respect to the Debt and (b) provides the Issuer with the flexibility most desirable in connection with the structuring, timing or terms of such Debt. The Issuer shall utilize such method that is likely to provide the most advantageous borrowing costs and execution on behalf of the Issuer.

Debt may be sold at such prices, including at par, a premium or a discount, as the Issuer, in consultation with its financial advisor, may determine is likely to produce the most advantageous interest cost under then prevailing market conditions, subject to compliance with applicable State law and Federal laws.

XIII. Debt Redemption Programs

The Issuer may establish from time-to-time a plan or program for the payment and/or redemption of outstanding Debt and/or interest thereon from revenues and/or other available funds pursuant to a recommendation from the Chief Financial Officer. Such plan or program may be for the purposes of reducing outstanding Debt, managing the amount of debt service payable in any year, or other suitable purposes, as determined by the Issuer.

XIV. Professional Services

The Issuer may retain professional services providers as necessary or desirable in connection with: (i) the structuring, issuance and sale of its Debt; (ii) monitoring of and advice regarding its outstanding Debt; and (iii) the negotiation, execution and monitoring of related agreements, including without limitation Bond Insurance, Credit Facilities, Derivatives and investment agreements; and (iv) other similar or related matters. Professional service providers may include financial advisors, bond counsel, disclosure counsel, Issuer consultants, bond trustees and Federal arbitrage rebate services providers, and may include, as appropriate, underwriters, feasibility consultants, remarketing agents, auction agents, broker-dealers, escrow agents, verification agents and other similar parties.

The Issuer shall require that its financial advisors, bond and disclosure counsel and other Issuer consultants be free of any conflicts of interest, or that any necessary or appropriate waivers or consents are obtained.

A) Financial Advisors

The Issuer may utilize one or more financial advisors to provide ongoing advisory services with respect to the Issuer's outstanding and proposed Debt and related agreements, including without limitation Bond Insurance, Credit Facilities, Derivatives, investment agreements and other similar matters. Financial advisors must be registered with the Municipal Securities Rulemaking Board and as a municipal advisor as such term is defined in the Securities Exchange Act of 1934 and shall be required to disclose any conflicts of interest.

B) Bond Counsel, Disclosure Counsel and Other Legal Counsel

1) Bond Counsel. The Issuer may utilize one or more bond counsel firms to provide ongoing legal advisory services with respect to the Issuer's outstanding and proposed Debt and related agreements, including without limitation Credit Facilities, Derivatives, investment agreements and other similar matters. All Debt issued by the Issuer shall require a written opinion from the Issuer's bond counsel, as appropriate, regarding (i) the validity and binding effect of the Debt, and (ii) the exemption of interest from Federal and State income taxes.

2) Disclosure Counsel. The Issuer may utilize a disclosure counsel firm to provide ongoing legal advisory services with respect to initial and continuing disclosure in connection with the Issuer's outstanding and proposed Debt. Such firm may be one of the Issuer's bond counsel firms.

3) Other Legal Counsel. The Issuer may encourage or require, as appropriate, the retention and use of legal counsel by other parties involved in the issuance of Debt and the execution of related agreements which are approved by the Issuer.

C) Issuer Consultant

The Issuer may utilize one or more outside Issuer consultants to provide ongoing advisory services with respect to the Issuer's outstanding and proposed Debt, Issuer fares, strategic business and financial decisions and such other matters as the Issuer requires.

D) Trustees and Fiscal Agents

The Issuer may engage bond trustees and/or fiscal agents, paying agents and tender agents, as necessary or appropriate, in connection with the issuance of its Debt.

E) Underwriters

The Issuer may engage an underwriter or a team of underwriters, including a senior managing underwriter, in connection with the negotiated sale of its Debt. The Issuer also may engage one or more underwriters, as necessary or appropriate, to serve as remarketing agents, broker-dealers or in other similar capacities with respect to variable rate, auction, tender option, commercial paper and other similar types of Debt issued by the Issuer.

F) Feasibility Consultants

The Issuer may retain feasibility consultants in connection with proposed project, programs, facilities or activities to be financed in whole or in part from proceeds of Debt. The criteria for the selection of such feasibility consultants, in addition to those set forth above, shall include their expertise and experience with projects, programs, facilities or activities similar to those proposed to be undertaken by the Issuer.

G) Arbitrage Rebate Services Providers

Because of the complexity of the Federal arbitrage rebate statutes and regulations, and the severity of potential penalties for non-compliance, the Issuer may retain an arbitrage rebate services provider in connection with its outstanding and proposed Debt, and may also solicit related legal and tax advice from its bond counsel or separate tax counsel. The responsibilities of the arbitrage rebate services provider shall include: (i) the periodic calculation of any accrued arbitrage rebate liability and of any rebate payments due under and in accordance with the Code and the related rebate regulations; (ii) advice regarding strategies for minimizing arbitrage rebate liability; (iii) the preparation and filing of periodic forms and information required to be submitted to the Internal Revenue Service; (iv) the preparation and filing of requests for reimbursement of any prior overpayments; and (v) other related matters as requested by the Issuer.

The Issuer shall maintain necessary and appropriate records regarding (i) the expenditure of proceeds of Debt, including the individual projects and facilities financed and the amounts expended thereon, and (ii) investment earnings on such Debt proceeds. The Issuer shall maintain such records for such period of time as shall be required by the Code.

H) Other Professional Services

The Issuer may retain such other professional services providers, including without limitation verification agents, escrow agents, auction agents, as may be necessary or appropriate in connection with its Debt.

XV. Budgeting and Capital Planning

The Issuer's budgeting process, including its budgeting process for capital expenditures, shall provide a framework for evaluating proposed debt issuances.

XVI. Credit Rating Objectives

The Issuer shall seek to preserve and enhance the credit ratings with respect to its outstanding Debt to the extent consistent, with the Issuer's current and anticipated business operations and financial condition, strategic plans and goals and other objectives, and in accordance with any developed credit strategies.

XVII. Debt Affordability

Consistent with its credit rating objectives, the Issuer shall periodically review its debt affordability levels and capacity for the undertaking of new financing obligations to fund its capital improvement plans. Debt affordability measures shall be based upon the credit objectives of the Issuer, criteria identified by rating agencies, comparison of industry peers and other internal factors of the Issuer.

XVIII. Relationships with Market Participants

The Issuer shall seek to preserve and enhance its relationships with the various participants in the municipal bond market, including without limitation, the Rating Agencies, Bond Insurers, credit/liquidity providers and current and prospective investors, including through periodic communication with such participants.

The Issuer shall prepare or cause to be prepared appropriate disclosures as required by Securities and Exchange Commission Rule 15c2-12, the federal government, the State of California, rating agencies and other persons or entities entitled to disclosure to ensure compliance with applicable laws and regulations and agreements to provide ongoing disclosure.

XIX. Periodic Review

The Chief Financial Officer shall review this Debt Policy on a periodic basis, and recommend any changes to the Board for consideration. This Debt Policy, including any proposed changes or additions hereto, shall be presented to the Board at least once every three (3) years for re-approval.

AGENDA ITEM #9
MAY 24, 2021

PENINSULA CORRIDOR JOINT POWERS BOARD
STAFF REPORT

TO: JPB Finance Committee

THROUGH: Michelle Bouchard
Acting Executive Director

FROM: Sebastian Petty
Deputy Chief, Caltrain Planning

SUBJECT: **2021 GO PASS DONATION PROGRAM UPDATE**

☐ Finance Committee Recommendation ☐ Work Program-Legislative-Planning Committee Recommendation ☐ Staff Coordinating Council Reviewed ☐ Staff Coordinating Council Recommendation

ACTION
This item is for information only.

SIGNIFICANCE
Staff will provide an update on the 2021 Go Pass Donation Program at the June meeting of the Peninsula Corridor Joint Powers Board (JPB). The Go Pass Donation Program is part of a larger package of significant, limited-time incentives to encourage continued Go Pass subscriber participation in 2021 and 2022.

Approved by the JPB on January 7, 2021, the incentives include:
1. A 25% reduction to the price of the 2021 Go Pass;
2. Loyalty benefit to 2021 subscribers of locking in an additional significant discount off 2022 rates;
3. A benefit for 2021 that allows companies an opportunity to offer unused passes purchased for full-time employees (20+ hours) to on-site part-time and contract workers; and
4. A benefit for 2021 that allows companies to donate unused passes to a network of qualified community-serving organizations (the Go Pass Donation Program).

The attached presentation provides an update on the implementation of the Go Pass Donation Program. In addition to incentivizing ongoing subscriber participation in the Go Pass program, the donation program is also specifically intended to rebuild Caltrain ridership in a manner that advances the railroad's equity goals. The Donation program is being split into phases for ease of implementation, with the first phase currently under development and anticipated to be launched by summer

2021. The second phase will begin in fall 2021 for full program launch in calendar year 2022.

The first phase of the Go Pass Donation Program will utilize 700 passes donated by Intuit to Caltrain. MTC is making a generous donation of Clipper Cards for use in the program. Caltrain wishes to express its appreciation to both Intuit and MTC for their critical donations that have enabled the first phase of the Go Pass Donation Program to be launched in summer of 2021.

BUDGET IMPACT

There is no budget impact associated with the Go Pass Donation Program.

Prepared by: Melissa Jones, Principal Planner, Caltrain Planning 650-295-6852

2021 Go Pass Donation Program Update

JPB Finance Committee
May 24, 2021

2021 Go Pass Program Overview

- The Donation Program is part of a larger package of limited time offerings for Go Pass subscribers in 2021 & 2022, including:
  - A 25% reduction to the price of the 2021 Go Pass.
  - Benefit to 2021 subscribers of locking in an additional significant discount off 2022 rates.
  - Allowing participants an opportunity to offer unused passes purchased for full-time employees to on-site part-time and contract workers.
  - **Allowing companies to donate unused passes to a network of qualified community-serving organizations (the Go Pass Donation Program).**

Go Pass Donation Program Goals

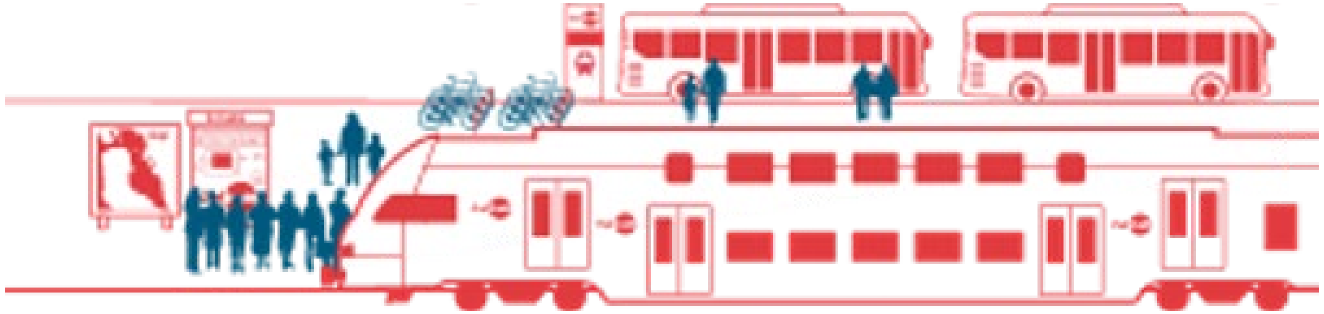
- Expand and maximize overall access to the Caltrain system.
- Advance equity goals and begin building a more diverse market
- Retain current relationships and develop new relationships with corridor communities and community-serving organizations, including qualified non-profits and public agencies.
- Preserve as much Caltrain Go Pass participation as possible for 2021 and 2022.

Proposed Donation Program Structure

Go Pass Subscribers

Qualified Community-serving Organizations

Donated Go Pass Users



Key Roles

- **Caltrain**
  - Manage the collection, organization, and distribution of donated passes. Clipper cards will be used as proof-of-payment.
  - Distribute donated passes to community-serving organizations in bulk. Recipient organizations will distribute passes to individual users.
- **Go Pass Subscribers**
  - Donate unused passes at their discretion.
  - Choose one or more donation recipients or let Caltrain choose on their behalf.
- **Community-serving Organizations**
  - Fill out an application and identify users to receive donated Go Passes.
  - Administer the program, including card activation, distribution, and tracking.
- **Users**
  - Take the survey, activate card, and ride the train!

Community-Serving Organizations Selection

- **Selection criteria**
  - 501 (c3) non-profit or public entity that serves communities in the three counties served by Caltrain.
  - Must demonstrate benefit/need of Go Pass to their constituents, including users who are low-income or have been underrepresented in Caltrain ridership.
  - Must take on administrative responsibility to fulfill requirements of the program.
- **Application**
  - Help eliminate bias in selection of organizations.
  - Will ask for a description of service type, description of potential users and how they will benefit, demonstration of administrative capacity.
- **Input from Participants**
  - Participating companies may nominate qualified organizations of their choosing to be a recipient of their donated passes or can defer to Caltrain to distribute.

Go Pass Participants

Benefits for Go Pass Participants:

- Potential tax write-off for donated passes.
- Name recognition in press releases and Board meetings.
- Ability to nominate qualified organizations to receive passes.
- Supporting the productive re-use of unused passes to those who may not have access to Caltrain otherwise.

Details for Joining the Program:

- Caltrain invites all 2021 Go Pass participants to join the Go Pass Donation Program.
- Participants that are interested in joining the Go Pass Donation Program or would like more information may to reach out to Caltrain staff at b2b@caltrain.com.
- Any size donation of unused 2021 Go Passes is welcome and will be accepted through late fall 2021 (exact date TBD).

2021 Go Pass Program Overview

- **Phase 1 (Pilot Launch, Summer 2021)**
  - Pilot launch of the program will utilize 700 Go Pass passes donated by **Intuit**, using Clipper Cards donated by **MTC**.
  - An initial group of qualified community-serving organizations across all three counties will be invited to participate in the pilot phase. Participating organizations will be asked to fill out a short application to confirm interest, need, and demonstration of ability to administer program on their end.
  - Donated passes will be valid for use on Caltrain the 2021 calendar year.
  - Goal of distributing donated passes to recipient organizations by summer 2021.
- **Phase 2 (Full Launch, January 2022)**
  - Phase 2 will be a full launch of the program, using any remaining donated passes received by the end of 2021. Staff anticipates additional donations toward end of calendar year.
  - Phase 2 will aim to distribute passes in January 2022 and passes will be valid for the 2022 calendar year.
  - Phase 2 will aim to expand and broaden list of community-serving organizations participating in program, using application system (expansion process and details are TBD in fall 2021).

Evaluation of Pilot Program

- In late summer 2021, Caltrain staff will evaluate the pilot program to inform Phase 2’s launch in fall 2021.
- Evaluation to consider factors such as:
  - **Ridership**: how has the Pilot Program affected Caltrain ridership? What can we learn about how the new Go Pass users are using the Caltrain system?
  - **Community-serving Organizations**: how has the Pilot Program affected Caltrain’s relationships with community-serving organizations on the corridor?
  - **Administration**: how could the administration of the Go Pass Donation Program be improved for Caltrain, community-serving organizations, and Go Pass participants?

Statement of Appreciation

- Caltrain wishes to acknowledge and express appreciation to the two entities that have made Phase 1's Pilot Launch possible.
  - **Intuit**: generously donated 700 passes to be used in pilot program's launch this summer. Thank you!
  - **MTC**: made a generous donation of Clipper Cards to be used in pilot program's launch. Thank you!

Thank You!