

**Peninsula Corridor Joint Powers Board
Finance Committee Meeting
1250 San Carlos Avenue, San Carlos CA 94070
Minutes of April 25, 2022**

Members Present: Glenn Hendricks, Jeff Gee (Acting Chair)

Members Absent: Monique Zmuda

Staff Present: M. Bouchard, G. Martinez, S. Petty, D. Santoro, J. Harrison, L. Millard-Olmeda, C. Mobley-Ritter, A. Simmons, A. Rodriguez, R. Barnard, B. Thompson, C. Valbuena, A. Van de Water, J. LeMuyon, D. Seamans, S. Wong, K. Scribner

1. Call to Order/Pledge Of Allegiance

Acting Chair Jeff Gee called the meeting to order at 2:30 pm and Director Glenn Hendricks led the Pledge of Allegiance.

2. Roll Call

District Secretary Dora Seamans confirmed the presence of a board quorum.

3. Public Comment For Items Not On The Agenda

Adrian Brandt, San Mateo County, commented on reduced fares increasing ridership of non-drivers, and changing service to align with speed and location needs.

Allan, San Jose, commented on an increase of homeless people living near the train tracks.

4. Consent Calendar

4a. Approve Meeting Minutes of March 28, 2022

Motion/second: Hendricks/Gee

Ayes: Gee, Hendricks

Noes: None

Absent: Zmuda

5. Preliminary Operating and Capital Budgets

Michelle Bouchard, Acting Executive Director, noted this item was to get feedback from this Committee to present to the full board next week. She noted that Caltrain would exhaust its federal relief funds this year, with farebox recovery in 2023 expected to be below Pre-COVID levels, they would need \$23 million in local funds to match federal and state funding.

Ms. Bouchard stated they met with member agency finance staff and will return with a draft balanced budget for approval in June.

Grace Martinez, Acting Chief Financial Officer, provided the presentation, which included the following:

- Fiscal Year (FY) 2023 Preliminary Operating and Capital Budgets with staff recommendations, risks and needs and request for Board guidance on next steps
- Assumed ridership recovery levels and \$4.8 million State Transit Assistance (STA) funds
- Surplus of \$4.7 million in FY22 used to address issues in FY23
- Primary reason for the FY23 deficit is the lack of federal funding and increased rail operation and fuel costs
- Preliminary revenues and expenditures assumptions
- Administration costs and fuel costs taking up the most expenditures
- Risk Areas included ridership recovery, Go pass, Measure RR receipts, and fuel costs
- Capital funding and member contributions with proposed \$5.3 million from each member agency
- FY23 Budgets & reserves - increase operating reserve to \$180 million
- Alternative approaches, including deferring projects, the risks of deferring, and next steps

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

- Having detailed options for how to ask staff to do less
- Increasing California Public Employees' Retirement System (CalPERS) contributions
- Preserving or possibly decreasing operating reserves and deferring office remodels
- Presenting fare increases to the Board as an option
- Deferred maintenance and Member State of Good Repair (SOGR) contributions
- Coming back to the Board with service reduction scenario with specific numbers

Public comment

Adrian Brandt, San Mateo County, commented on cutting costs, incremental cost savings for train cutting, running service and thinking twice before cutting service.

Items 6 and 7 were taken together.

6. Accept Report of the Chief Financial Officer (CFO)

Grace Martinez, Acting Chief Financial Officer, said the report included the first forecast for the fiscal year, which is done twice each year. She provided a presentation, which included the following:

- Budget forecast and deficits showing in this report is different from those shown in Item 5
- Preparing for the interim financial audit starting mid-May
- Revenues by tickets reports

Items 6 and 7 were taken together.

7. Statement of revenues and expenses for the period ended March 31, 2022

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

- Formally making a request to Member Agencies for contributions to the capital budget
- Whether \$80 million would replenish reserves
- The amount of reserves on the operating side for the end of the fiscal year

Motion/second: Hendricks/Gee

Ayes: Gee, Hendricks

Noes: None

Absent: Zmuda

8. Postponement of Approved Fare Increases / 2023 Go Pass Pricing

Bruce Thompson, Acting Manager Fare Operations, provided a presentation which included the following:

- Proposed fare change postponement and Title VI equity analysis
- Timeline, Go Pass Pricing, and incentive background

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

- Fare postponement costing \$2 million a year
- Monthly ridership count and ridership projection chart
- Deferring fare increases for essential workers
- Providing separate presentations for fares and Go Pass

Public comment

Jeff Carter, Millbrae, commented on ridership assumptions and zone changes to increase ridership.

Adrian Brandt, San Mateo County, commented on consequences of cutting service, saving in other areas, and driving ridership.

Motion/Second: Hendricks/Gee moved to accept the staff report but have the item heard by the full Board.

Ayes: Gee

Noes: Hendricks

Absent: Zmuda

Motion failed 1 to 1 and 1 absent with the intention of allowing the Board to consider and discuss these items at the upcoming full Board meeting.

9. Downtown Extension Project Update

Michelle Bouchard, Acting Executive Director, commented on the project needing funding. She spoke about the momentum behind the project, peer review, acceleration of the program, and the benefit to the corridor.

Adam Van de Water, Transbay Joint Powers Authority Executive Director, provided a presentation that included the following:

- This will provide a direct connection to downtown San Francisco and beyond
- Project elements - 2.4 miles of construction and 1.5 miles of tunnel from Fourth & Townsend to Salesforce Transit center
- Current funding plan and activities including ridership analysis and benefits
- Phasing study was completed in 2021, construction in 2025, and ready for service in 2031
- Downtown Extension (DTX) project costs between \$4.4 and \$5 billion
- Funding milestones and timeline

Ms. Bouchard's presentation included the following:

- Caltrain's DTX engagement
- Master Cooperative Agreement (MCA) that formalized Caltrain and Transbay Joint Powers Authority's (TJPA) roles
- Points of negotiation and next steps included returning to the Board with an authorized MCA for execution in the fourth quarter of 2022

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

- Federal Transit Administration (FTA) process
- Detailed documents regarding this multi-agency effort
- The number of trains per hour the extension can handle

Motion/Second: Hendricks/Gee

Ayes: Gee, Hendricks

Noes: None

Absent: Zmuda

Public comment

Jeff Carter, Millbrae, commented on how many trains per hour the DTX can handle, time between the Transbay terminal and Fourth and Townsend, and sharp curves affecting speed through the extension tunnel.

Adrian Brandt, San Mateo County, commented the history of the project, 16th Avenue grade separation engineering, saving money, and not affecting the tunnel at 22nd Avenue station.

Motion/second: Gee/Hendricks

Ayes: Gee, Hendricks
Noes: None
Absent: Zmuda

10. Fuel Hedge Update

Connie Mobley Ritter, Treasury Director, stated the purpose of the hedge was to provide a stable future set of fuel costs.

Jeff LeMunyon, Chartered Financial Analyst (CFA) Linwood Capital, provided a presentation which included the following:

- Program performance
- Projected JPB Cost variability and Cash Flow at Risk (CFaR)

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

- Continue the hedge going forward
- Realized versus unrealized gain and how much saved in the budget
- Upcoming fuel hedge from Fiscal Year 2022 to 2023
- Have consistency and reduce risk

11. Committee Member Requests

There were none.

Director Hendricks commended staff for an excellent job

12. Date/time of next regular finance committee meeting

Monday, May 23, 2022, at 2:30 pm via Zoom (additional location, if any, to be determined)

13. Adjourn

The meeting adjourned at 4:46 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.