

**Peninsula Corridor Joint Powers Board
Board of Directors Meeting
1250 San Carlos Avenue, San Carlos CA**

Special Meeting Minutes of March 21, 2022

Members Present: C. Chavez, D. Davis, J. Gee, S. Heminger (Chair), G. Hendricks, D. Pine, C. Stone (Vice Chair), S. Walton, M. Zmuda

Members Absent: None

Staff Present: M. Bouchard, D. Hansel, G. Martinez, S. Petty, J. Harrison, D. Santoro, C. Fromson, D. Seamans, S. Wong

1. Call to Order / Roll Call

Chair Steve Heminger called the meeting to order at 10:01 am. District Secretary Dora Seamans called the roll and a quorum was confirmed.

2. Receive Caltrain's Business Outlook, Near-Term Finances and Fiscal Year 2023 Priorities

Chair Heminger stated the purpose of the meeting was to get back on the same page with each other in light of the pandemic, current gas prices, and governance.

Michelle Bouchard, Acting Executive Director, provided an update on the March 11th collision in San Bruno.

Sebastian Petty, Deputy Chief Caltrain Planning, provided the presentation, which included the following:

- Business outlook including business impacts, public support, and long-term change
- Rail Service (San Francisco – Gilroy) and Corridor Management (San Francisco – San Jose) Intersections
- Scenario Planning
- Federal Infrastructure Bill and State Budget
- Travel Market Changes, changes on U.S. 101, and Caltrain Ridership Changes
- Planning for a Range of Recovery Scenarios

Derek Hansel, Chief Financial Officer, spoke about the huge financial challenges for the next several years and addressing capital investment needs and the presentation included the following:

- Persistent financial challenges, revenue imbalance, funding, and costs per passenger mile
- Expanding operation and service mandate for PCEP (Peninsula Corridor Electrification Project) and needing to address expanded equity and community mandates
- High fixed cost operation - maintaining track, providing dispatch services, and hoping to run 104 trains during the weekday, which would cost \$176.9 million
- Interplay between Operating and Capital Budgets - Measure RR and State Rail Assistance

- Key operating revenue assumptions and FY 2022-2026 revenue forecasts
- Farebox recovery scenarios, impact of deferred fare increases, and Go Pass vs Non-Go Pass revenues
- Projected Fiscal Year (FY) 2022 results, closing the gap in FY 2023, FY 22- 26 deficit forecasts
- Substantial gaps with electrification work and longer term challenges (operating costs covered by farebox, annual operating investment needed)
- Funding sources including own source capital, implications, and staff recommendations

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

- Slide 31 & 39 - the \$83 million difference with about \$80 million to capital reserve, including electrification project budget and for the balance of FY 2023
- Slide 20 – Costs for the public and public perception
- Slide 25 – travel market changes and how business partners plan their return to work
- The incremental cost per train run
- Include increased staffing and governance costs
- Member agencies commitment beyond this year
- Ridership sensitivity to the scenarios
- Paying incremental costs to get on express lane
- Increasing GoPass clients
- Preparing for Caltrain’s future with electrification

Public Comment

Adrian Brandt, San Mateo County, commented on addressing high fixed costs, having one-man operations, increasing frequency, member contributions, shorter trips and distance based fares.

Gerald Cauthen commented on frequency versus scheduled train service.

Aleta Dupree, Oakland, commented on expense controls, conductors ensuring safety, fare increases, and electrification.

Vaughn commented on synchronizing trains for BART and East Bay traffic.

Adina Levin, Friends of Caltrain, commented on adapting to different ridership, weekend service returning faster than weekday service, promoting entertainment and recreation to increase ridership, all agency pass pilot, and state funding.

Board Members took a break from 12:05 pm to 12:20 pm.

Sebastian Petty, Deputy Chief Caltrain Planning, continued the presentation, which included the following:

- FY 2023 priorities - for robust service with ongoing work, milestones, customer needs and market opportunities
- Public benefit and investment
- Governance, change management, and advancing community improvements within corridor management
- Capital Improvements ongoing work, milestones, and planning for future
- Service Delivery – focusing on safety and preparing for electrification

Michelle Bouchard, Acting Executive Director, presentation included the following:

- Balancing priorities and organizational bandwidth at staff and contractor and Board levels
- Overriding Staff Priorities - electrification, rebuilding ridership, organization stabilization

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

- Expectations from Board members
- Fare neutral strategy
- Prioritize grade separations funding
- Page 67 on Overriding Staff Priorities, under the stabilize organization third bullet, to change 'capacity' into 4th bullet to manage expenses to stay within our revenue
- How much High-Speed Rail will pay for usage
- Downtown extension in respect to Caltrain
- Having the three counties continue their pledge and addressing current commitment
- Start a capital reserve fund
- Train emergency public service providers
- Fill the current 55 vacancies
- Zone based versus distance-based fares
- Use of Caltrain affordable housing grant
- Vacancies assumptions and vacancy savings

Public Comment

Gerald Cauthen commented on riders adapting to a reliable train schedule and rearranging the San Francisco Downtown extension (DTX) to accommodate High-Speed Rail.

Vaughn commented on working for the betterment of the Bay Area.

Adrian Brandt, San Mateo County, commented on high paid riders, price sensitivity, and equitable zone based structure.

Adina Levin, Friends of Caltrain, commented on modeling trips with frequent service, well connected service, moderate pricing, and nimble service.

3. Adjourn

The meeting adjourned at 1:29 pm.

An audio/video recording of this meeting is available online at www.Caltrain.com. Questions may be referred to the Board Secretary's office by phone at 650.508.6242 or by email to Board@Caltrain.com.