



**BOARD OF DIRECTORS 2019**

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JIM HARTNETT  
EXECUTIVE DIRECTOR

# AGENDA

## PENINSULA CORRIDOR JOINT POWERS BOARD

### Finance Committee Meeting

San Mateo County Transit District Administrative Building  
Bacciocco Auditorium, 2<sup>nd</sup> Floor  
1250 San Carlos Avenue, San Carlos CA 94070

July 26, 2019 – Friday

1:00 p.m.

Call to Order

Roll Call

1. Adoption of Disadvantaged Business Enterprise Goal for Federal Transit Administration-Assisted Projects for Federal Fiscal Years 2020-22      MOTION
2. Award of Contract to TranSystems Corporation to Provide On-Call Design Review Services      MOTION
3. Proposed Codified Tariff Changes      INFORMATIONAL
4. Committee Member Requests
5. 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.

Date/Time of Next Regular Finance Committee Meeting: Monday, August 26, 2019 at 2:30 p.m. San Mateo County Transit District Administrative Building, 2<sup>nd</sup> Floor, 1250 San Carlos Avenue, San Carlos, CA 94070

Adjourn

Committee Members: Dev Davis (Chair), Ron Collins, Shamann Walton

### **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](http://www.caltrain.com). Communications to the Board of Directors can be e-mailed to [board@caltrain.com](mailto:board@caltrain.com).

#### **Location, Date and Time of Regular Meetings**

Regular meetings are held at the San Mateo County Transit District Administrative Building located at 1250 San Carlos Avenue, San Carlos, one block west of the San Carlos Caltrain Station on El Camino Real, accessible by SamTrans bus Routes ECR, FLX, 260, 295 and 398. Additional transit information can be obtained by calling 1.800.660.4287 or 511.

The JPB meets regularly on the first Thursday of the month at 10 a.m. The JPB Citizens Advisory Committee meets regularly on the third Wednesday of the month at 5:40 p.m. at the same location. Date, time and place may change as necessary.

#### **Public Comment**

If you wish to address the Committee, please fill out a speaker's card located on the agenda table and hand it to the JPB Secretary. If you have anything that you wish distributed to the Board and included for the official record, please hand it to the JPB Secretary, who will distribute the information to the Committee members and staff.

Members of the public may address the Committee on non-agendized items under the Public Comment item on the agenda. Public testimony by each individual speaker shall be limited to two minutes and items raised that require a response will be deferred for staff reply.

#### **Accessibility for Individuals with Disabilities**

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 public meetings. Please send a written request, including your name, mailing address, phone number and brief description of the requested materials and a preferred alternative format or auxiliary aid or service at least two days before the meeting. Requests should be mailed to the JPB Secretary at Peninsula Corridor Joint Powers Board, 1250 San Carlos Avenue, San Carlos, CA 94070-1306; or emailed to [board@caltrain.com](mailto:board@caltrain.com); or by phone at 650.508.6242, or TDD 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.

**PENINSULA CORRIDOR JOINT POWERS BOARD  
STAFF REPORT**

TO: Finance Committee

THROUGH: Jim Hartnett  
Executive Director

FROM: Carter Mau  
Deputy Executive Director

SUBJECT: **ADOPT A 13.5 PERCENT OVERALL DISADVANTAGED BUSINESS ENTERPRISE  
GOAL FOR FEDERAL FISCAL YEARS 2020 - 2022 FOR FEDERAL TRANSIT  
ADMINISTRATION-ASSISTED PROJECTS**

**ACTION**

Staff proposes the Committee recommend the Board:

1. Adopt a new three-year disadvantaged business enterprise (DBE) goal of 13.5% for Federal Transit Administration (FTA)-assisted contracts for Federal Fiscal Years (FFY) 2020-22, in accordance with the regulations issued by the U.S. Department of Transportation (DOT).
2. Direct the Executive Director to submit the overall goal and related materials to the FTA by September 30, 2019.

**SIGNIFICANCE**

DOT regulations, 49 Code of Federal Regulations Part 26, require FTA grantees to establish a DBE Program and three-year DBE goals for projects receiving FTA assistance.

**BUDGET IMPACT**

The proposed DBE Program revisions should have no impact on the budget.

**BACKGROUND**

DOT regulations require that recipients of Federal financial assistance evaluate and adopt an overall goal covering three federal fiscal years for DBE participation in Federally assisted contracts awarded by the Peninsula Corridor Joint Powers Board (JPB). DOT regulations prescribe a methodology for setting these overall goals based on the availability of ready, willing and able DBEs in particular trades in the recipient's market area for contracts that will be awarded or underway during the three-year period. The last DBE overall goal adopted by the JPB in June 2016 was 14%, covering FFY 2017-2019.

The Finance Committee's recommendation will be considered by the Board on

September 5, 2019. With the Board's approval, the new proposed overall goal for FFY 2020-2022 will be submitted for approval by the FTA. The deadline for submittal of the new proposed overall goal to the FTA is September 30, 2019.

Prepared By: Hayden Lee, Acting Manager, Civil Rights  
Programs

650.508.7940

RESOLUTION NO. 2019 –

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

\* \* \*

**ADOPTING A 13.5 PERCENT OVERALL DISADVANTAGED BUSINESS ENTERPRISE GOAL  
FOR FEDERAL FISCAL YEARS 2020 - 2022 FOR  
FEDERAL TRANSIT ADMINISTRATION-ASSISTED PROJECTS**

**WHEREAS**, the United States Department of Transportation (DOT) regulations pertaining to the Disadvantaged Business Enterprise (DBE) Program, 49 CFR Part 26, (Regulations) require that recipients of DOT financial assistance establish an overall goal for DBE participation in Federally-assisted contracts every three fiscal years for each operating administration from which the recipient receives financial assistance; and

**WHEREAS**, the Regulations prescribe a methodology for setting overall goals based on the availability of ready, willing and able DBEs in particular trades in the relevant market area; and

**WHEREAS**, the Peninsula Corridor Joint Powers Board (JPB) receives financial assistance from the Federal Transit Administration (FTA); and

**WHEREAS**, pursuant to the methodology set forth in the Regulations, staff has proposed a DBE utilization goal of 13.5 percent of contract dollars for FTA assisted contracts for Federal Fiscal Years (FFY) 2020 - 2022; and

**WHEREAS**, the JPB may use race-conscious means to meet its DBE overall goals where race-neutral means are inadequate; and

**WHEREAS**, the JPB did not meet its DBE overall goals for FFY 2017-2019; and

**WHEREAS**, staff proposes to increase the utilization of race-conscious means to 7 percent; and

**WHEREAS**, on April 2, 2019, and June 25, 2019, staff participated in direct consultation with DBE contractors, trade associations, and interested members of the public regarding the goal setting process; and

**WHEREAS**, the proposed overall goal was published on the JPB's website on June 10, 2019 for public comment; and

**WHEREAS**, no comments or requests were received from the public for information regarding the development of the proposed goal at the conclusion of the thirty-day public review and comment period on July 10, 2019; and

**WHEREAS**, the Finance Committee recommends, and the Staff Coordinating Council concurs, that the Board of Directors adopt the proposed 13.5 percent DBE overall goal for FTA funds for FFY 2020-2022, in accordance with the methodology set forth in the Regulations, with 7 percent to be achieved using race-conscious means, and direct the Executive Director to submit the proposed DBE overall goal and related material to the FTA by September 30, 2019.

**NOW, THEREFORE, BE IT RESOLVED** the Board of Directors of the Peninsula Corridor Joint Powers Board finds the recommended Fiscal Years 2020 - 2022 DBE overall goal of 13.5 percent, with 7 percent to be achieved using race-conscious means, is appropriate; and

**BE IT FURTHER RESOLVED** the Board of Directors adopts the DBE overall goal set forth above for FFY 2020 – 2022 applicable to FTA assisted contracts; and

**BE IT FURTHER RESOLVED** the Board of Directors directs the Executive Director to submit the DBE overall goal for FFY 2020 - 2022 to the FTA by September 30, 2019.

Regularly passed and adopted this 5th day of September, 2019 by the following vote:

AYES:

NOES:

ABSENT:

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Chair, Peninsula Corridor Joint Powers Board

ATTEST:

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JPB Secretary



# Disadvantaged Business Enterprise Program: Goal Setting Methodology

July 26, 2019



# DBE Goal Setting

- **DBE goals are set for three federal fiscal years.**
  - **Current goal for FFY 2017-2019 is 14%.**
  - **DBE goals are set for federally funded contracting opportunities only.**
  - **DBE goals do not include contracts for transit vehicle manufacturing.**
- **Goals should represent the availability of ready, willing, and able DBEs on projected federally funded contracting opportunities.**

# DBE Goal Setting Methodology

- **Methodology is prescribed by federal regulations.**
- **Collect data on anticipated contracts for the next three federal fiscal years.**
- **Identify work available to be subcontracted out.**
- **Identify the available DBEs to perform the work.**



# Anticipated FTA-assisted Contracts – FFY 2020-22, Federal Share

Crossing imp.-Churchill	Construction	\$	800,000
Crossing imp.-7 Crossings	Construction	\$	800,000
Ticket Vending Machine-Maintenance	Maintenance	\$	432,000
Broadway/Burl. Grade Sep. Final Design	Professional Services	\$	12,000,000
Marin & Napoleon Bridges	Construction	\$	3,234,799
Guadalupe River Bridge Replacement	Construction	\$	9,801,600
Production Surfacing-TASI Work	Maintenance	\$	1,920,000
Grade Crossing Maint.-TASI Work	Construction	\$	273,600
ENSCO Geometry Car Srvcs-TASI Work	Maintenance	\$	212,640
Holland Gage Restraint Meas.-TASI Work	Maintenance	\$	141,360
On-Call WDs-Transpo. Planning	Professional Services	\$	2,700,000
On-Call WDs-Env. Planning	Professional Services	\$	4,320,000
On-Call WDs-GECs	Professional Services	\$	11,040,000
On-Call WDs-CM	Professional Services	\$	12,000,000
Trackwork-Rail Grinding	Maintenance	\$	2,400,000
Equip. Purchase - Stabilizer, Tamper, Etc.	Procurement	\$	2,400,000

# Step 1 - Base Figure

- Identify all businesses, including non-DBEs, available to perform the work.
- Identify the available DBEs to perform the work.

**EXAMPLE WORK TYPE AVAILABILITY:  
Highway, Street, and Bridge Construction**

$$\frac{\text{Market Area Certified DBE Firms}}{\text{All Market Area Firms}} = 10.95\% \text{ DBE Availability}$$

# Available DBEs in Three Counties

Architecture	22
Engineering Consultants	50
Surveying & Mapping	6
Environmental Consulting	22
Public Relations Agencies	21
Other Scientific and Technical Consulting	30
Highway, street & bridge construction	25
Testing Laboratories	8
Building Inspection Svcs	6
Electrical Contractors and Other Wiring Installation Contractors	16
Site Preparation Contractors	12
All Other Specialty Trade Contractors	21
Poured Concrete Foundation and Structure Contractors	12
Structural Steel and Precast Concrete Contractors	6
Industrial Supplies Merchant Wholesalers	0
Custom Computer Programming Svcs	26

# Base Figure

- **Figures are weighted by % of FTA funding.**

**JPB's Base Figure is 4.35%**

## Step 2-Adjustments to Base Figure

- **Public comments**
  - Events held April 2<sup>nd</sup> in conjunction with other Bay Area transportation agencies.
  - Public meeting held at JPB offices on June 25, 2019.
- **Past DBE participation**
  - What has past participation been?
  - Consider specific work with no DBE participation.

# Adjustments to Base Figure (cont'd)

- **Disparity Studies – 2008, 2017, Others:**
  - **Anecdotal evidence of disparity,**
  - **Problems in obtaining loans, bonding, government contracts.**
- **More actual W/MBE Small businesses than certified DBEs.**
- **DBE overall goals of neighboring transit agencies (SFMTA 22%, BART 17%, VTA 20%).**



## Adjustments to Base Figure (cont'd)

- **Consider all available DBEs –**
  - **Over 5,000 certified DBEs in CUCP database.**
  - **Over 1,000 certified DBEs in Bay Area.**
- **Many small minority and women businesses are not certified.**
- **Amount or percentage of FTA assisted contract dollars that can reasonably go to DBEs.**

# Adjustments to Base Figure

**JPB Past Participation: Overall Goal 14%**

**FFY16 (YE 9/30/16) 9.7%**

**FFY17 (YE 9/30/17) 15.6%**

**FFY18 (YE 9/30/18) 7.0%**

**FFY 16 TO FFY 18 10.9%**

## **Race-Conscious and Race-Neutral**

- **Have not met overall DBE goal from FFY 2016-19.**
- **Can use additional race-conscious measures to meet overall goal.**
- **Includes contract goals, targeted outreach, certification.**

## Next Steps

- **13.5% Proposed DBE Goal for Federal Fiscal Years 2020-2022.**
- **7% race-conscious means; 6.5% race- neutral.**
- **The DBE Goal has been posted to the public for comments.**
- **DBE Goal will presented at the September, 2019 Board meeting for approval.**
- **A final DBE Goal will be submitted to the FTA in September.**

# Questions?

- **Hayden Lee – Acting Manager, Office of Civil Rights**
- **Kamal Hubbard – DBE Administrator**

**PENINSULA CORRIDOR JOINT POWERS BOARD  
STAFF REPORT**

TO: Finance Committee

THROUGH: Jim Hartnett  
Executive Director

FROM: Derek Hansel  
Chief Financial Officer

Michelle Bouchard  
Chief Operating Officer, Rail

SUBJECT: **AWARD OF CONTRACT FOR ON-CALL DESIGN REVIEW SERVICES**

**ACTION**

The Finance Committee recommends, and the Staff Coordinating Council and Executive Director concurs, that the Board:

1. Award a contract to TranSystems Corporation of Berkeley, California (TranSystems) for a not-to-exceed amount of \$2,900,000 to provide on-call design review services (Services) for a five-year term at the negotiated rates specified in the proposal.
2. Authorize the Executive Director, or his designee, to execute a contract with the above firm in full conformity with the terms and conditions of the solicitation documents and in a form approved by legal counsel.

**SIGNIFICANCE**

The Peninsula Corridor Joint Powers Board (JPB) has a continued need for Services for completion of current and future capital program construction projects. Approval of the above actions will provide the JPB with a qualified firm to provide the needed Services. All work performed under this contract will be performed under Work Directives (WDs) issued on an as-needed, project-by-project basis. The contract will not obligate the JPB to purchase any specific level of service from TranSystems.

**BUDGET IMPACT**

Each WD will contain a defined scope of services, with a discrete schedule and budget. WDs will be funded from approved capital and/or operating budgets using a variety of funding sources that may include Federal, State, and local revenues and grants.

**BACKGROUND**

From time-to-time, the JPB has a need to supplement existing staff with Services when in-house expertise is unavailable or time constraints prevent staff from performing analysis and reviews. The consultant ensures adherence to the JPB's engineering standards for capital projects by reviewing plans and designs, calculations and specifications for rail infrastructures.

A Request for Proposals (RFP) was issued and advertised on the agency's procurement website. A pre-proposal conference was held and 12 potential proposers attended. Six firms submitted proposals:

1. TranSystems Corporation, Berkeley, California
2. Gannett Fleming, Inc., San Francisco, California
3. Auriga Corporation, Milpitas, California
4. Mott MacDonald, LLC, San Ramon, California
5. EXP U.S. Services, Inc., San Francisco, California
6. Rail Surveyors and Engineers, Inc., Belmont, California

In accordance with federal and state law governing the procurement of architectural and engineering services, proposals were evaluated, scored and ranked solely based on qualifications. A Selection Committee (Committee) composed of qualified staff from the Engineering and Maintenance department, and a subject matter expert from the Capital Program Delivery department, reviewed, scored and ranked the proposals in accordance with the following criteria:

- Qualifications and Experience of Key Personnel 25 points
- Qualifications and Experience of Firm 30 points
- Project Understanding and Management Plan 25 points
- Quality Control Plan 20 points
- Small Business Enterprise Preference 5 points

After initial review and screening of technical proposals, five of the six firms were found to be in the competitive range and were invited to interviews after which the Committee rescored all proposals and reached a final consensus ranking. The Committee determined TranSystems to be the highest ranked firm. The firm possesses the requisite experience and qualifications required for successful performance of the Services, as further defined in the solicitation documents. Staff successfully negotiated contract terms and conditions, including price, with TranSystems and determined the prices to be fair, reasonable, and consistent with those currently paid by the JPB, and other public agencies in the Bay Area, for similar services.

Staff assessed Small Business Enterprise (SBE) preference points to the proposers for their proposed utilization of SBEs. TranSystems committed to utilizing a certified SBE and Disadvantaged Business Enterprise subcontractor for 14% of the total contract value and received 1.1 points out of the five points available to be awarded.

On-call design review services are currently provided by TranSystems under a contract for \$2,200,000, which was awarded in 2014. The contract expires in August 2019.

Procurement Administrator II: Kevin Kelley 650.622.7892  
Project Manager: Bin Zhang, Manager, Engineering Support 650.508.7999

RESOLUTION NO. 2019-

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

\* \* \*

**AWARDING A CONTRACT TO TRANSYSTEMS CORPORATION  
FOR PROVISION OF ON-CALL DESIGN REVIEW SERVICES FOR A  
NOT-TO-EXCEED AMOUNT OF \$2,900,000 FOR A FIVE-YEAR TERM**

**WHEREAS**, the Peninsula Corridor Joint Powers Board (JPB) issued a Request for Proposals (RFP) for on-call design review services; and

**WHEREAS**, in response to the RFP, the JPB received six proposals; and

**WHEREAS**, a Selection Committee (Committee) scored and ranked all the proposals according to the qualifications-based evaluation criteria set forth in the RFP, and determined that five firms were in the competitive range; and

**WHEREAS**, staff reviewed the proposals found to be in the competitive range and have determined that the proposals comply with the requirements of the solicitation documents; and

**WHEREAS**, the Committee completed its evaluation process, including interviews and negotiation of cost with the highest-ranked proposer, and determined that TranSystems Corporation of Berkeley, California possesses the necessary qualifications and requisite experience to successfully perform the scope of services defined in the solicitation documents, and has agreed to perform the specified services at a fair and reasonable price; and

**WHEREAS**, the Finance Committee recommends, and the Staff Coordinating Council and Executive Director concurs, that the Board of Directors award a contract to TranSystems Corporation for on-call design review services for a not-to-exceed amount of \$2,900,000 for a five-year term.



**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the Peninsula Corridor Joint Powers Board hereby awards a contract for on-call design review services to TranSystems Corporation for a not-to-exceed amount of \$2,900,000 for a five-year term; and

**BE IT FURTHER RESOLVED** the Executive Director, or his designee, is authorized to execute a contract with TranSystems Corporation in full conformity with all of the terms and conditions of the RFP and negotiated agreement, and in a form approved by legal counsel.

Regularly passed and adopted this 1st day of August, 2019 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: Finance Committee

THROUGH: Jim Hartnett  
Executive Director

FROM: Derek Hansel  
Chief Financial Officer

Michelle Bouchard  
Chief Operating Officer, Rail

SUBJECT: **PUBLIC HEARING FOR PROPOSED CODIFIED TARIFF CHANGES**

**ACTION**

On May 2, 2019 the Board of Directors (Board) called a public hearing to be held August 1, 2019 for the consideration of changes to the Caltrain Codified Tariff. The initial Call for Public Hearing was amended at the Board's June 6, 2019 meeting, to include consideration of additional changes to the Codified Tariff. Following feedback from the public and the Board, staff will make a recommendation for the Board's consideration at its September 5, 2019 meeting.

**SIGNIFICANCE**

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

The Peninsula Corridor Joint Powers Board (JPB) approved the Fiscal Year (FY) 2020 Operating and Capital Budgets on June 6, 2019. The Operating Budget totals \$155.7 million, and included a deficit of \$1.1 million, to be funded from the JPB's Revenue Stabilization Fund. Additionally, the Board has received information from staff about expected budgetary challenges for Fiscal Years 2021 and 2022, which include anticipated increases in baseline expenditures, costs anticipated with operation and maintenance of Positive Train Control, constraints on operating budget funding provided by the JPB's member agencies (particularly in light of significant recent increases in such funding), and the continued lack of a dedicated source of revenue. Absent any changes, the agency would be required to draw down a significant portion of its limited reserves in order to balance the budget.

The JPB's revenues are derived primarily from fares and funding from the three member agencies: the Santa Clara Valley Transportation Authority (VTA), the San Mateo County Transit District (SamTrans), and the City and County of San Francisco. Fares and parking fees are projected to cover about 72 percent of the FY2020 operating budget. Fare revenue has increased as Caltrain ridership has grown; in the past two years, member funding of operations increased by \$5.0 million (24%) in FY 2019, and \$4.5 million (18%) in FY 2020.

The JPB has had a recent practice of raising Caltrain fares every other year, alternating between increasing the base fare and the zone fare, and Board-approved planning documents anticipate continued fare increases on this schedule. The last system-wide fare increase was adopted in August 2017, with a package of changes to the zone fare, the price of monthly passes (which was done in two steps), and the price of the Go Pass (which was also done in two steps). Additionally, daily and monthly parking fees were increased, and the discounted 8-ride ticket was eliminated.

Subsequent to the adoption of the fare increases, the JPB completed its Comprehensive Fare Study in 2018, and the Board adopted a Fare Policy to guide future decision-making regarding fares at its December 2018 meeting. The proposed changes to the Codified Tariff, shown below, are consistent with the goals in the Caltrain Fare Policy, which is included as Attachment A to this staff report.

Proposals to be considered in the public hearing include:

- Go Pass – An increase in the price of the Go Pass by up to 20%, effective January 1, 2020, from a current price of \$285 to a maximum price of \$342, raising the minimum cost to employers from \$23,940 to a new minimum of \$28,728. Additional increases in the price of the Go Pass of 5% on each of January 1, 2022 and January 1, 2024.
- Clipper Discount – Removal of the Clipper discount of \$0.55 per one-way fare and \$0.15 per Eligible Discount one-way fare, effective January 1, 2020, or alternatively reduction of the Clipper discount to \$0.25 per one-way fare (with no change in the discount for Eligible Discount one-way fare), effective January 1, 2020.
- Periodic Fare Increases – Adoption of a program of scheduled increases to the full price one-way base fare and zone charge (with corresponding increases to related products), on the following schedule:
  - Base Fare increase of \$0.50, effective July 1, 2020
  - Zone Charge increase of \$0.25, effective July 1, 2022
  - Base Fare increase of \$0.50, effective July 1, 2024
- Participation in MTC's Regional Means-Based Fare Pilot Program – this will provide eligible participants with a 20% discount off of single-ride adult Clipper Card fares on Caltrain for the duration of the Pilot Program (an update on the status of the MTC program is included as Attachment B to this report).
- Removal of charter train, parking, and bicycle locker charges from the Codified Tariff. These fees will be placed in a separate document, and any changes to the fees or the rules will be brought to the Board in a later process.

## **BUDGET IMPACT**

There is no budget impact associated with holding the public hearing. Fare increases, if approved, will increase fare revenues which will reduce or eliminate currently anticipated future budget deficits.

## **BACKGROUND**

Caltrain currently does not have a dedicated source of funding to support operating, maintenance and capital costs. With constraints on member agency contributions, Caltrain has become increasingly dependent on fare revenue, which has accounted for as much as 70 percent of total revenue in recent years. Operations and maintenance costs have also grown and are expected to grow even more in the next two years due to scheduled increases in contract operating costs, implementation of Positive Train Control, staffing requirements associated with transition to electrified operations and other factors.

Without a dedicated source of funding, and with constraints on member agency contributions expected to continue through FY2022, additional financial resources will be needed to sustain Caltrain operations.

Caltrain's Board-adopted Fare Policy, included as Attachment A to this staff report, has guided the development of the scenarios that staff has developed, and the scenarios are consistent with its goals. Staff have evaluated two scenarios of integrated fare increases for their impact on revenue over the current and next two fiscal years. The first scenario includes the increases to the base fare and zone charge, incremental increases to the Go Pass, and participation in MTC's Regional Means-Based Fare Pilot Program, along with a 20% increase in the Go Pass, effective January 1, 2020, and a reduction in the Clipper one-way fare discount from \$0.55 to \$0.25. The second scenario is the same as the first, except that the January 1, 2020 increase in the Go Pass price would be 15%, and the Clipper discount would be eliminated completely. Financial results are comparable, as shown below:

### **FARE INCREASE REVENUE SCENARIOS**

<b>SCENARIO</b>		<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>1: GO PASS +20%, CLIPPER DISCOUNT \$0.25</b>	PROJECTED OPERATING DEFICITS	(\$1.1)	(\$8.3)	(\$14.7)
	FARE REVENUE INCREASE	\$3.5	\$10.6	\$11.2
	*ADJUSTED OPERATING DEFICITS	\$2.5	\$2.3	(\$3.5)
	<b>*FAREBOX RECOVERY</b>	<b>70%</b>	<b>72%</b>	<b>70%</b>
<b>2: GO PASS +15%, CLIPPER DISCOUNT \$0</b>	PROJECTED OPERATING DEFICITS	(\$1.1)	(\$8.3)	(\$14.7)
	FARE REVENUE INCREASE	\$3.6	\$10.6	\$11.2
	*ADJUSTED OPERATING DEFICITS	\$2.5	\$2.3	(\$3.5)
	<b>*FAREBOX RECOVERY</b>	<b>70%</b>	<b>72%</b>	<b>70%</b>

\*Adjusted operating deficits and farebox recovery are shown with the increase fare revenue from the proposed fare changes. Farebox recovery does not include debt expense used to purchase capital assets.

Staff have also looked at the impacts of the most recent and considered fare changes on the revenue/passenger mile associated with Caltrain's various fare products:

**COST PER PASSENEGER MILE**

<b>Fare</b>	<b>FY17 October</b>	<b>Current</b>	<b>Clipper Discount \$0</b>	<b>Clipper Discount \$0.25</b>
ONE-WAY TICKET	\$0.26	\$0.27	\$0.32	\$0.32
DAY PASS	\$0.21	\$0.22	\$0.26	\$0.26
GO PASS	\$0.13	\$0.20	\$0.25	\$0.26
CLIPPER CASH VALUE	\$0.18	\$0.19	\$0.25	\$0.24
MONTHLY PASS	\$0.19	\$0.23	\$0.29	\$0.28
<b>TOTAL</b>	<b>\$0.19</b>	<b>\$0.22</b>	<b>\$0.28</b>	<b>\$0.27</b>

**Notes:** FY17 October uses October 2016 Triennial Survey for average trip distance and revenue and ridership from October 2016. All other scenarios use FY17 October revenue per passenger and assume revenue increases based on fare increase percentages.

Public Outreach and Feedback

The process for considering changes to the Caltrain Codified Tariff included public meetings and outreach plan that provided multiple opportunities for riders and the general public to submit feedback. The plan included three community meetings, a virtual town hall, Caltrain Advisory Committee, and Caltrain Accessibility Advisory Committee meetings between July 17, 2019 and July 30, 2019. Caltrain 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, onboard flyers, visual messages at stations, notification to community-based organizations, social media and on a dedicated page on the Caltrain website.

Title VI Equity Analysis

A Title VI Equity Analysis for the Caltrain FY2018 Fare Proposals is being conducted. The Title VI Report will be finalized and included in the recommendation for the September Board meeting. This analysis is consistent with policies adopted by the Board to comply with Title VI of the Civil Rights Act of 1964.

The Title VI Equity Analysis:

- Analyzes the fare proposal on a system-wide level to determine whether the impacts would result in disparate treatment among protected classes;
- Uses Caltrain Title VI Policies and analysis thresholds that were adopted in 2013
- Is based on 2016 Caltrain Triennial Survey, 2019 Caltrain Ridership Statistics, and Caltrain Customer Service data;
- Disaggregates data by fare type, zone, income and ethnicity to create a Fare Equity Matrix to meet the requirements of federal Title VI guidance; and
- Identifies Fare Proposal Purpose and Fare Proposal Adverse Effects, Summarizes

Public Engagement, and Determines Mitigation Measure.

Prepared By: Derek Hansel

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## **Attachment A: Caltrain Fare Policy**

The Caltrain Fare Policy (Fare Policy) is a framework of high-level goals that underlie and guide fare-related decisions for the Caltrain system. Caltrain's Codified Tariff is a separate legal document that should align with and implement the Fare Policy by setting the fare strategy (zone- vs. distance-based fares), products, and pricing. When making fare-related decisions, all of the goals in this Fare Policy should be considered as a whole. This Fare Policy may be reviewed and updated as needed, including for alignment with the implementation of the Caltrain Business Plan or the start of electrified train service.

### **Financial Sustainability**

- Ensure the agency's ongoing financial health, including the need for a balanced Operating Budget and support for State of Good Repair and capital programs.
- Achieve a farebox recovery ratio for the Operating Budget of at least 65 percent. This minimum farebox recovery ratio may be reassessed at such time as there is an independent, stable source of funding to cover a significant portion of the agency's operating costs.
- Support achievement of other financial policy goals of the agency, such as the Caltrain Reserve Policy.
- Maintain fare products and collection methods that are cost-effective and easy for the agency to administer.

### **Equity**

- Advocate for and participate in State and regional programs that make it more affordable for low-income customers to use transit.
- Strive for consistency across fare products in the revenue generated per passenger and per passenger mile.
- Comply, at a minimum, with federal requirements for providing fare discounts, and for minimizing disparate impacts on minority riders and disproportionate burdens on low-income riders.

### **Customer Experience**

- Strive for a fare system, including strategy, products, and pricing, that is easy for customers to understand and use.
- Provide predictable and incremental fare changes.
- Encourage intermodal connections and consistency with the agency's Comprehensive Access Policy.
- Seek integration with and participate in State and regional fare programs.

### **Ridership**

- Support achievement of the agency's goals on ridership.
- Maximize the use of the agency's infrastructure assets.
- Consider structuring fares to incentivize rider behavior in support of the agency's policy goals.

## ATTACHMENT B – UPDATE ON REGIONAL MEANS-BASED FARE PILOT PROGRAM

### **SIGNIFICANCE**

In February 2019, the JPB adopted a resolution of support for Caltrain's continued participation in the regional means-based fare pilot program (Pilot Program). The resolution of support also indicated that the JPB intends to formally approve Caltrain's participation in the Pilot Program in the months to come. An effort led by staff from the Metropolitan Transportation Commission (MTC) and regional transit operators, the Pilot Program will provide a discount for low income transit riders and is anticipated to commence in early 2020.

At its August 2019 meeting, the JPB will hold a public hearing on potential changes to Caltrain's Codified Tariff, which will be considered for adoption by the JPB in September 2019. One of the potential fare changes under consideration is the addition of the discount for eligible participants in the regional means-based fare pilot program. This report provides an information update on this pilot program and its development.

### **BUDGET IMPACT**

As reported previously, Caltrain staff and MTC estimate that there would be a *gross* revenue loss associated with the fare discounts if Caltrain participates in the Pilot Program. However, *net* revenue loss would depend on the balance of (a) the lower fares generated by current passengers' existing trips, (b) offsetting regional program subsidies provided to the JPB to replace lost fares, and (c) new fares generated by increased trips of existing passengers and by trips of new passengers incentivized to ride by the Pilot Program.

At this time, it is estimated that the *gross* fare revenue loss from existing riders due to Caltrain's participation in the Pilot Program would be in the range of approximately -\$400,000 to -\$1,800,000 annually. MTC estimates that up to 50 percent of fare revenue impacts would be offset by regional program subsidies to Caltrain; thus, the *adjusted program revenue impact* is estimated to be approximately -\$200,000 to -\$900,000 annually for Caltrain. On balance, staff estimates that the program revenue loss related to current system trips will be on the lower end of the estimated range.

The positive financial impact of increased trips and ridership is difficult to estimate; however, on balance, the net revenue impact of participating in the Pilot Program is estimated to range from approximately -\$300,000 to +\$600,000. Staff's current, conservative estimates suggest implementation of the Pilot Program is likely to be revenue-neutral or even net-positive for Caltrain.

### **1. Pilot Program Elements**

#### **Regional Pilot Program Overview**

MTC has been leading an effort to create a regional means-based fare pilot program with large transit operators in the region to help address the issue of transportation affordability in the Bay Area. MTC approved a Means-Based Fare Pilot Program Framework (Pilot Program Framework) on May 23, 2018. Under this new Pilot Program,



participating agencies will provide a fare discount for low-income transit riders. Per the approved Pilot Program Framework, the Pilot Program will run for 12 to 18 months and be implemented through a Clipper card discount coupon on the existing Clipper system.

### **Regional Pilot Program Goals**

The following goals have been developed for the Pilot Program:

- Make transit more affordable for the Bay Area's low income residents;
- Move toward a more consistent regional standard for fare discount policies; and,
- Define a transit affordability solution that is financially viable and administratively feasible, and does not adversely affect the transit system's service levels and performance.

### **Participating Transit Agencies**

In addition to Caltrain, the other Pilot Program participants include the Bay Area Rapid Transit District (BART); Golden Gate Bridge, Highway and Transportation District (GGBHTD) for both its bus and ferry services; and San Francisco Municipal Transportation Agency (SFMTA), with program participation subject to approval from each transit operator's governing board.

### **Pilot Program Discount**

The discount amount offered to eligible adults will be a minimum of 20 percent on single-ride adult Clipper card fares. As part of this Pilot Program, Caltrain is intending to offer the minimum discount in order to collect data and make decisions regarding future participation based on the Pilot results. One other participating agency, BART, has chosen to offer the minimum discount as well. Two other participating agencies, SFMTA and GGBHTD, have chosen to participate at a higher level discount level, 50 percent.

### **Pilot Program Delivery Team and Stakeholders**

Staff from MTC are leading efforts to implement the Pilot Program by providing regional coordination and funding, program delivery, and oversight of all components of the Pilot Program.

MTC staff is working in close coordination with staff from transit agencies, social service agencies, and community-based organizations to design, develop, implement, launch, and evaluate the Pilot Program. Transit agency staff are providing support throughout the development and implementation phases of the Pilot Program through a staff working group. Once the Pilot Program launches, the transit agencies will provide transportation services used by the Pilot Program enrollees. Social service agencies will promote the Pilot Program to their clients, some of whom may "pre-qualify" for the Pilot Program due to their enrollment in other programs oriented to under-resourced clients, such as CalFresh and MediCal. Community-based organizations will promote the Pilot Program to their clients and may assist individual applicants with their application.

As the Clipper program contractor, Cubic will provide Clipper card fulfillment and shipping services for the Pilot Program, as well as reporting that is related to use of the Pilot Program's Clipper cards. A third-party eligibility verifier will be retained under

contract to determine eligibility of potential enrollees, provide customer service, and transmit information to Cubic for Clipper card fulfillment and shipping. MTC will also enter into a contract with another third-party entity to complete the formal evaluation of the Pilot Program at its conclusion.

Potential Pilot Program participants are also involved in many aspects of the process, to provide input and consultation on the design, implementation, and reporting of the Pilot Program.

### **Eligibility for Pilot Program Participation**

In order to be eligible to participate in the Pilot Program, an individual must be an adult aged 19 through 64, a current resident in one of the nine Bay Area counties, and have an annual household income level at or below 200 percent of the Federal Poverty Level. Per the Pilot Program Framework, there will not be a limit or “cap” on the number of participants that may participate in the Pilot Program if they meet the eligibility requirements.

### **Application Process**

At this point in time, it is understood that individuals will be able to apply to participate in the Pilot Program using one of two options: 1) completing an online application using a Salesforce Application web-portal, or 2) mailing in a completed paper application.

MTC will contract with a third-party eligibility verifier that will determine the eligibility of potential enrollees using a process based on proof of income and proof of identity. Eligibility will be determined based on required documentation that provides proof of income, or verification from an authorized non-profit or government agency accompanied with the Pilot Program application. Proof of income includes an Electronic Benefits Transfer (EBT) or MediCal insurance card issued by the State of California, or federal income tax information from the prior year.

The third-party eligibility verifier will also provide customer service for applicants and enrollees, social service agencies, and community-based organizations, by phone and email (no in-person services will be available). Program materials, including the application and website, will be available in English, Spanish, Mandarin, and Tagalog.

Once an applicant’s eligibility for the Pilot Program has been verified, the third-party eligibility verifier will approve transmission of the enrollees’ information to Cubic for Clipper card fulfillment and shipping. Enrollees will receive a registered Clipper card associated with the Pilot Program (called the Clipper START card) that will have their name printed on it. Enrollees will have access to their account information via the online application web-portal.

### **Pilot Program Funding**

MTC is setting aside about \$11 million in funding each year for the program. MTC’s funding sources for this Pilot Program include a combination of the State Transit Assistance (STA) funds through SB-1, the Road Repair and Accountability Act of 2017, and funds from the Low Carbon Transit Operators Program (LCTOP).

Per the Pilot Program Framework, these funds will first cover the Pilot Program's annual operating and administrative costs (which are currently unknown but estimated to be approximately \$3 million), including costs for the activities described above, while the remaining funds will be available to defray operators' gross fare revenue impacts from the Pilot Program.

Reimbursements will be applicable to operators' gross fare revenues impact at the minimum Pilot Program discount level of 20 percent, even if an agency opts to offer a higher discount. It is important to note that per the Pilot Program Framework, MTC will subsidize at most 50 percent of each agency's gross revenue impact at the 20 percent discount level, no matter the level of Pilot Program participation and total revenue impact for each agency. In summer 2019, through the staff working group, a mathematical formula will be established to calculate the share of the total revenue reimbursement funds that will be available to each agency; this will then serve as the maximum amount of funding that could be available to each agency to offset up to half of their revenue impacts from the Pilot Program. These details will be specified in each participating agency's program agreement with MTC.

At this time, MTC is setting aside \$3 million for initial start-up and operations costs for the Pilot Program implementation, leaving about \$8 million available to defray operators' revenue impacts in the first year (or more, if implementation and administrative costs total less than \$3 million initially). The precise portion of the estimated \$8 million that could be available for revenue impact reimbursement for each transit operator will be determined in summer 2019. The program is focused on keeping on-going operations costs to a minimum and maximizing the amount of Pilot Program funding that could be available for revenue loss reimbursement for transit operators.

At the end of the Pilot Program, it will be formally evaluated by a third-party entity, and pending the results of that evaluation, it may be determined to extend or make permanent the Pilot Program. If the program does continue after the initial pilot phase, MTC would continue to set aside approximately \$11 million per year (subject to fluctuations in State funding) to fund ongoing operations and to offset a portion of the revenue loss for participating transit agencies. If the funding needs grow beyond the MTC-committed funding (approximately \$11 million), transit operators would need to explore additional funding sources to further sustain the regional means-based fare program.

## **2. Pilot Program Implementation Status**

As discussed above, staff from MTC is leading efforts to implement the Pilot Program, in partnership with staff from transit agencies, social service agencies, and community-based organizations. This significant effort involves a number of start-up tasks to get the program launched, as well as establishing on-going operations tasks to administer the program.

The following tasks are underway to create and implement the means-based fare program on the existing Clipper system:

- a. Salesforce Application Web-Portal:  
Contractors have been selected for this work and are currently developing the web-portal and database system that will be used to accept, track, and verify applications on a Salesforce platform.
- b. Third-Party Eligibility Verifier:  
The RFP to solicit bids for a contractor to serve as the third-party eligibility verifier for the Pilot Program will be released in July. The contractor that is selected from the RFP process will be responsible for using the Salesforce Application web-portal to process applications, verify identity and income, and transfer enrollees' information to Cubic for Clipper card fulfillment and shipping. They will also provide customer service for applicants, enrollees, and all the agencies involved in the effort.
- c. New Clipper Discount Coupon and Clipper Cards:  
Cubic is in the process of creating the new discount coupon on the existing Clipper system. The Clipper cards for the Pilot Program will be regular Clipper cards that have full inter- and intra-agency functionality, including transfers between agencies, but loaded with a discount coupon for Pilot Program participants. Cubic will also be responsible for producing the unique Clipper cards for each eligible participant.
- d. Coordination with Social Service Agencies and Community-Based Organizations:  
MTC is working with social service agencies and community-based organizations to maximize their existing client network with residents in the Bay Area who may be eligible for this Pilot Program. Discussions are underway, and the precise roles and responsibilities for the social service agencies and community-based organizations will be determined in the coming months.
- e. Marketing and Outreach Campaign:  
Contractors were selected and have created the brand and logo for this new Pilot Program, which is shown below. Contractors will be selected in the coming months to launch a marketing and outreach campaign to successfully attract users to this new program.



- f. Pilot Program Evaluation:  
MTC is in the process of developing an RFP to solicit bids from third-party entities and then will select one to complete the evaluation of the Pilot Program. Tasks will include designing and implementing a process to evaluate the Pilot Program, and then completing an evaluation and report on the Pilot Program's performance near the end of its duration.

### **3. Completion of Pilot Program and Evaluation**

#### **MTC Evaluation of Pilot Program**

As part of the Pilot Program, a formal evaluation of the Pilot Program will be completed beginning after 12 months and concluding at the end of 18 months (the end of the Pilot Program's duration). Staff have identified initial desired outcomes and indicators but will work with a third-party entity that will refine the evaluation framework, collect all reports, and analyze the results. The evaluation is anticipated to include both qualitative and quantitative metrics, and it is likely that the metrics will relate to the financial and administrative feasibility of the Pilot Program, as well as customer experience and awareness of the Pilot Program and increased use of transit and access to goods and services. Data is anticipated to be sourced from Clipper card trip data, as well as a potential survey that participants may be asked to complete about the Pilot Program.

#### **Caltrain Evaluation of Pilot Program**

In addition to the regional evaluation of the Pilot Program, Caltrain staff plan to complete an independent evaluation of the Pilot Program for Caltrain, to understand the Pilot Program's outcomes and effects for this agency. Staff will use Clipper card data, revenue data, and, if available, survey data from Pilot Program enrollees to complete the evaluation. After completing the evaluation, if the program is extended or made permanent, staff will work with the Caltrain Board of Directors to assess the possibility of continuing to participate in the program in the long term.

The draft goal below presents what Caltrain aims to achieve by participating in the Pilot Program.

- Provide a transit affordability solution that:
  - Improves mobility and access for low income riders on Caltrain;
  - Is financially viable and administratively feasible for Caltrain;
  - Does not adversely affect Caltrain's service and performance; and
  - Integrates with regional fare programs in the Bay Area.

As part of the evaluation towards achievement of that goal, the following performance measures are anticipated to be used to track progress (pending data availability):

- Enrollees:
  - Total number of enrollees that use Caltrain
  - Percentage of total Pilot Program enrollees that use Caltrain at least once
- Enrollees' Caltrain Ridership:
  - Total weekday ridership from enrollees
  - Total weekend ridership from enrollees
  - Enrollees' estimated share of total Caltrain ridership
  - Enrollees' average frequency of Caltrain use
- Enrollees' Caltrain Trips:
  - Enrollees' frequency of transfers to other transit agencies
  - Enrollees' top Caltrain stations for boardings and alightings
- Annual Revenue Impact for Caltrain:
  - Gross revenue loss from enrollees' trips

- o Estimated financial gains from enrollees' trips
- o Total subsidy provided by MTC
- o Net revenue impact from enrollees' trips

Caltrain staff intend to monitor the Pilot Program once it launches and periodically report back to the Board with information related to the program and Caltrain's evaluation metrics. The great benefit of administering the Pilot Program through the Clipper program is that Caltrain will have free access to the trip data, allowing staff to incrementally assess the number of rides, trip characteristics, and overall revenue impact of the Pilot Program for the agency. The participants' survey data from MTC's evaluation could be used to determine to what degree existing riders were riding more and the degree to which new riders were brought into the system as a result of the program.

#### **Completion of Pilot Program – Creating a Permanent Program?**

At the end of the Pilot Program, following its evaluation and assessment of its successes and challenges, MTC and the region may decide to create a long-term regional means-based fare program. MTC has set aside LCTOP and SB-1 funds not only for the Pilot Program but an ongoing, long-term program if the program continues. These annual fund sources total about \$11 million per year. Additional operators may choose to join the program after completion of the Pilot, which will affect the amount of funding available to individual operators.

If a long-term/permanent program is developed and implemented for the region, it is important to note the JPB would need to take additional action in the future to formally approve Caltrain's participation in the permanent program. This decision would likely take into account the results of the evaluations by MTC and by Caltrain.

#### **4. Next Steps for the Pilot Program**

In order to finish implementation of the Pilot Program and successfully launch it, several key tasks must be completed. First, the tasks listed in Section 2 of this report must be successfully completed, in a series of processes that are being led by MTC; JPB staff will continue to work with staff from the other transit operators and MTC to support completion of these implementation tasks.

A second task, as discussed above, requires that the governing boards of Caltrain, BART, SFMTA, and GGBHTD each approve their agencies' participation in the Pilot Program. As of July 2019, BART and SFMTA boards have approved participation in the Pilot Program. GGBHTD and Caltrain boards have yet to finalize their approval, though the JPB may take this step by adopting the proposed changes to Caltrain's Codified Tariff in September, as discussed in more detail below. It is anticipated that the board for GGBHTD will approve participation by the end of this year.

Third, each agency must authorize a program agreement with MTC regarding the terms for participation in the Pilot Program. It is anticipated that process to develop the program agreements will be commencing early fall 2019, including for Caltrain, as described in more detail below.

## **5. Next Steps for Caltrain to Formalize Participation**

### **Adopt Tariff Change to Include Pilot Program Discount**

In February 2019, the JPB adopted a resolution supporting Caltrain's participation in the regional means-based fare pilot program. In order for Caltrain to formalize its participation in the Pilot Program, it is necessary for the JPB to change to the Codified Tariff to add the new means-based fare discount for eligible persons. This adoption needs to be complete by late summer 2019, before the Pilot Program begins testing and then launches in early 2020.

The action to add the Pilot Program discount to the Codified Tariff is being considered as part of a single public hearing process and Title VI fare equity analysis this summer, which incorporates fare changes required to balance the JPB's budget and other recommended changes emanating from the adoption of the Caltrain Fare Policy. The public hearing on these potential changes to the Codified Tariff is being held on August 1, 2019 at the JPB meeting. The Board could approve the changes to the Codified Tariff at its September 5 meeting, including the addition of the new regional means-based fare discount for eligible persons.

### **Authorize Program Agreement with MTC**

Additionally, in order to formalize Caltrain's participation in the Pilot Program, the Board will need to authorize a formal agreement with MTC for Pilot Program participation, which would specify the revenue loss reimbursement distribution from MTC to Caltrain. Caltrain would also work with MTC to incorporate other elements into the agreement that would provide for appropriate off-ramps for Caltrain should their use be warranted by on-going evaluation of the program from the Caltrain perspective.

### **Next Steps**

Caltrain staff will continue to report back to the Board on progress towards the Pilot Program's implementation before its launch in early 2020. Pending all of the agencies' necessary approvals and successful completion of the implementation tasks, the Pilot Program is currently scheduled to begin in the region in early 2020.

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