

**Peninsula Corridor Joint Powers Board  
Finance Workshop  
1250 San Carlos Avenue, San Carlos CA**

**Minutes of April 6, 2023**

**Members Present:** P. Burt, C. Chavez, R. Medina, S. Heminger, R. Mueller (arrived at 9:07 am), S. Walton, M. Zmuda, D. Davis (Vice Chair), J. Gee (Chair)

**Members Absent:** None

**Staff Present:** M. Bouchard, J. Harrison, A. Burnett, M. Bell, D. Seamans, M. Tseng

**1. Call to Order / Pledge of Allegiance**

Chair Jeff Gee called the meeting to order at 9:00 am and Director Steve Heminger led the pledge of allegiance.

**2. Roll Call**

District Secretary Dora Seamans called the roll and confirmed there was a Board quorum present.

**3. Consideration of requests, if any, of Directors to participate remotely due to Emergency Circumstances**

There were none.

**4. Receive Update on Caltrain's Fiscal Cliff Analysis and Strategic Financial Plan**

Michelle Bouchard, Executive Director, welcomed everyone to the workshop and noted:

- Pivotal moment as they prepare for the first two-year budget
- Focus on the fiscal cliff and the strategic financial plan
- Facing significant structural financial difficulties that impact both operations and capital as work is done to complete the electrification project while ridership growth and financial recovery has been slower than anticipated
- Earmarked \$60 million in Measure RR revenues for electrification program. And further investments from State and Federal partners, provided ability to redirect funds to operating costs and push the fiscal cliff off for at least 2 years until 2026
- Opportunity to leverage a near-term option on the Stadler Contract for additional train sets that could save the railroad more than \$100 million in future funds and accelerate the retirement of our diesel fleet
- Secured the services of Bell Burnett & Associates, with considerable experience in laying out short-term and long-term strategies

Alex Burnett, financial strategy consultant with Bell Burnett & Associates, presented the update, which included the following:

- Looking at a longer-term view of 10 years and not only 2 years

- Ridership declined by 98 percent with the advent of the pandemic - returned gradually to around 26 percent
- Reviewed recent ridership trends and peak versus non-peak ridership
- Ridership remains an absolute priority
- GoPass - important component and accounts for nearly 35 percent of fare box

### Public comment

Vaughn Wolffe commented on historical ridership from 40 years ago to now and current service levels increased, but ridership is still the same as in 1992

Jeff Carter commented on his previously sent notes on point-to-point fare matrix and opined that distanced-based fares (zones) discourages ridership and it is costly to implement Clipper.

Adrian Brandt commented on the fare structure being long overdue (as unanimously requested by the Citizens Advisory Committee and distance-based fare versus single fare zone boundaries.

Adina Levin commented on long-term strategy approach to ridership regrowth and elevating transportation demand management function across cities.

Aleta Dupree commented on Clipper functionalities and possibilities of working with hotels, technology companies, and other institutions to move them from shuttles to trains.

Don Cecil commented on looking at strategies is now and TDM (Transportation Demand Management) for a large residential project in South San Francisco.

Andrea Horbinski commented on train schedules and transfers and fares with partnering agencies.

Ian Griffiths, Seamless Bay Area, commented on ridership growth and the need for a more permanent funding source.

Richard Gallo commented on the need for more well-coordinated service.

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

- Linking fare increase to electrification for substantially improved service
- Implementing all Clipper as fare payment method
- Reasoning for sales tax calculation at 2 percent

- Educating cities along corridor, new elected officials, and policy makers on TDM (Transportation Demand Management) and TDA (Transportation Development Act)

Mr. Burnett continued with presentation on service levels, which included the following:

- Proposal to maintain off-peak service and existing commitment to FTA (Federal Transit Administration)
- Review alternatives annually to determine where service should be
- Advance service sooner for a fourth train to South County and serving both Morgan Hill and Gilroy
- Postpone increase in service consistent with the existing FFGA (Full Funding Grant Agreement) until ridership returns to pre-pandemic levels

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

- Reiterated the importance of conversations with the FTA
- Justification for current levels of service with current ridership as well as robust service in the peak period for GoPass riders
- Redefining service based on what people are asking for in regard to work schedules, special events, and non-peak hours

Mr. Burnett continued with presentation on capital investment, which included the following:

- State of Good Repair - absolute priority for the railroad
- Key capital drivers - large megaprojects, such as DTX (Downtown Extension), Diridon, Redwood City, and Railyards
- Create Capital Endowment Fund (CEF) for long-term stable revenue
- Create dedicated funding stream that includes the State and Federal Government and using local money to raise additional funding for critical capital investment

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

- Support for Capital Endowment Fund and capital contributions provides leverage for these contributions

*Director Shamann Walton left at 10:58 am*

#### Public comment

Vaughn Wolffe commented on Pacific Gas and Electric's (PG&E) debt and ridership growth.

Anthony Lazarus, Member of Redwood City Planning Commission, commented on ridership and looking forward to electric trains.

Adrian Brandt commented on SFPUC (San Francisco Public Utilities Commission) providing power to San Francisco Muni buses and light rail Metro trains, a correspondence letter from Clem Teller, and the schedule for electrification.

Jeff Carter commented on PG&E rate tariffs and SFPUC and Caltrain frequency.

Adina Levin commented supporting a longer-term schedule that has more weekend off-peak service, commuter needs, and moving away from diesel fleet to save the maintenance expense and potentially increase efficiency.

Dennis Murphy supported off-peak service and train frequency.

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

- Reliance on electricity will create strains on its availability, reliability, and cost
- Develop mega projects, set expectations on Caltrain capacity, and look at incremental operational implications
- Endowment fund creates opportunities

Mr. Burnett summarized the presentation, which included the following:

- Robust discussion on fare products and how to drive ridership
- Using \$15 million SRA (State Rail Assistance)/LCTOP (Low Carbon Transit Operations Program) funds
- Maintain level of off-peak service
- Advance South County service with fourth train to Gilroy
- Match service levels with ridership and ridership growth
- Explore the Capital Endowment Fund and exercise option in rolling stock
- Retiring diesel fleet sooner for environmental cost and operational reasons is critical

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

- Supported staff recommendations
- Regional coordinated efforts, such as transfer connections, fares, and endowment fund or some other mechanism
- Concerns with remote work in relation to service levels

### Public comments

Adrian Brandt commented on endorsing staff points about right sizing train sets and staffing on trains.

Adina Levin commented on working together with regional partners and making sure there are stable operating funds.

### **5. Adjourn**

The workshop meeting adjourned at 12:01 pm.