

Caltrain State and Federal Legislative Update

JPB AMP Meeting
March 27, 2024



Federal

- Community Project Funding
 - Caltrain received \$1M FY 2024 community project funding awards, one \$500K from Congresswoman Eshoo and one \$500K from Congressman Mullin to support the Caltrain Grade Crossing Improvements Project
 - The funding will implement safety improvements at Whipple Avenue in Redwood City, Ravenswood Avenue in Menlo Park and East Meadow Drive in Palo Alto.
 - Staff is in the process of submitting community project requests for FY 2025.
- Appropriations Process
 - President Biden signed the FY24 spending package, averting a government shutdown
 - On March 11, the President released his FY 2025 budget request to Congress recommending \$25.4 billion for DOT.

State

- State Budget
 - The Governor's budget seeks to maintain the \$5.1 billion funding package for transit agencies with the support of fund shifts from the General Fund to the Greenhouse Gas Reduction Fund
 - This was heard in Senate Budget and Fiscal Review Subcommittee No. 2 on Resources, Environmental Protection and Energy on March 21
- AB 1837 (Papan)
 - Bill codifies the Regional Network Management Council to support Bay Area transit coordination
- Surplus Land Act Draft Guidelines
 - Caltrain submitted comments to California Department of Housing and Community Development
- Transit and Intercity Rail Capital Program Cycle 7 Draft Guidelines
 - Caltrain is reviewing the draft guidelines in advance of the comment deadline

Regional Transit Revenue Measure

Reminder: Caltrain Regional Measure Framework Language

In the Board adopted 2024 Leg Program:

Participate in state and regional efforts to establish authorizing legislation for a regional funding measure under the following guiding framework:

- Support efforts that will improve the customer experience including service frequency, schedule coordination, fare integration, seamless payment options, consistent signage, and communication efforts.
- Ensure Caltrain receives operating funding, which would be used in a manner consistent with the Board adopted Caltrain Framework for Equity, Connectivity, Recovery and Growth.
- When available, Caltrain should directly receive or be eligible for capital funding.
- Support performance and accountability metrics for any transit agency that receives capital or operation funding.
- Three key requirements for consolidation consideration include:
 - Consideration of Caltrain consolidation with another Bay Area transit agency requires the expressed support of the Caltrain Board, which represents the three counties that Caltrain serves. Caltrain member agencies should also be part of the discussion.
 - Any analysis of the consolidation of Caltrain with another agency will include Caltrain representation.
 - Analysis should focus on whether consolidation results in benefits for Caltrain riders and enhances the financial sustainability of the agency.

SB 1031 (Wiener and Wahab) Summary

- Sponsored by MTC. Replaces SB 925 (Wiener) as the regional transportation measure enabling legislation
- Authorizes a ballot measure nine Bay Area counties or a subset for the November 2026 ballot or later
- Would generate minimum \$750M per year in revenue to stabilize transit systems' operations, with additional funding (undefined amount) to improve roadways and other capital projects
- Provides MTC with more authority to control existing resources that flow to operators, in addition to controlling the new revenue that would be generated by this measure
- Transit Demand Management to require employers to purchase a universal pass system or equivalent
- Includes language for an assessment and then plan to consolidate all Bay Area transit agencies. References funding (undefined amount) to pay for activities related to consolidation
- Many provisions would go in effect, when the bill passes, regardless of passage of the measure
- Funding sources listed: Sales tax, parcel tax, payroll tax, vehicle registration fee (indications lean sales tax)
- Near term Timeline: April 12 MTC Leg Committee; April 23 Senate Transportation Committee; April 24 Senate Revenue and Tax Committee

Important Issues

Expenditure Plan – currently undefined besides \$750M operating pot

- **Staff recommendation:** Direct and identified allocation to Caltrain for operations to be used in a manner consistent with the Blue-Ribbon Taskforce Action Plan and Regional Network Management

Provisions, regardless of measure passing, in effect when bill becomes law - consolidation; enhanced MTC authority; limited ability for operators to dispute MTC action; new MTC regional network management board; bond authority

- **Staff Recommendation:** Provisions should be linked to passage of a funding measure (no unfunded mandates and could be more helpful for voter support). Specific policy recommendations below.

Consolidation

- **Staff recommendation:** Focus on coordination not consolidation. Be consistent with the recommendations that will come out of the State Transit Transformation Task Force. Include requirements in Caltrain Board adopted framework

Transit Demand Management to require employers to purchase a universal pass system or equivalent

- **Staff recommendation:** Include safeguard language that will offset any substantial changes to existing employer pass structures.

Important Issues

New MTC regional network management board – intent to create another layer (TBD) to the MTC Board

- **Staff recommendation:** Ensure Operator Regional Network Management structure is codified and vet any updated MTC Board changes

Enhanced MTC Powers over existing funding sources (Local Transportation Fund, State Transit Assistance – Caltrain receives \$7M annually):

- **Staff recommendation:** MTC manages new funding sources

Bond authority – current language allows for any debt service (transit or other) against the \$750M which could reduce funds available for operation shortfalls

- **Staff recommendation:** Ensure funding for existing transit operation shortfalls is prioritize and protected

Taxation Authority - the bill allows MTC to directly place the measure on the ballot (no approval needed from transit agency boards or county boards of supervisor)

- **Staff recommendation:** Require engagement or approval with the major transit agency boards and Board of Supervisors to enable a measure that is inclusive of all counties represented

Citizen Initiative – the bill references a possible citizen initiative process and gives MTC the District designation so it could apply to nine counties

Questions, Feedback and Options

- Questions about the bill
- Feedback on staff recommendations
- Full Board – recommend additional discussion and potential action

Reminder Timeline: April 12 MTC Leg Committee; April 23 Senate Transportation Committee; April 24 Senate Revenue and Tax Committee



Additional Information

Full Bill Text:

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB1031

Consolidation Language in SB1031

- Consolidation Language in SB1031

- The Transportation Agency would select a transportation institute (either UC or SJSU) to conduct an assessment of the associated advantages and disadvantages of consolidating all of the transit agencies in the SF Bay area
- The transportation institute would complete the assessment on or before January 1, 2026
- Based on assessment findings, the Transportation Agency would recommend a comprehensive plan to consolidate all of the transit agencies in the SF Bay area which must include:
 - Benefits to riders, including paratransit riders
 - Recommendations for consolidation or elimination of transit agencies and their governing bodies without elimination of programs and transportation services
 - Recommendations for a new governing structure and governing board member qualifications for a new consolidated agency or agencies
- The assessment happens regardless of passage of a revenue measure passes
- Establishes Bay Area Transit Consolidation Technical Assistance Fund for some expenses but only if it receives funds from a measure, private donations, or other appropriation

Consolidation Language Notes from Staff

- **Consolidation Notes**

- The bill as written would, regardless of information in the assessment, require a plan to consolidate all SF Bay Area transit agencies.
 - All or nothing as drafted and does not consider differences in agencies operations, modes, delivery, funding or financial position
 - Has no clear metrics to demonstrate value or evaluate risk
- There are a number of things listed but critical elements to assessing consolidation benefits and risks are missing, such as financial benefit, enhanced long-term financial sustainability, reduced operating shortfalls, operating benefits, capital impacts and funding, legal barriers, liability, insurance, financial and operating risk, among other factors, are not included
- This plan, regardless of the information in the assessment, is required to recommend a new governing structure for a new consolidated agency or agencies
- There is no identified way to pay for the assessment unless a measure passes and it can happen retroactively but even then, there is no information on funding available for transit agency participation
- Does not require Caltrain approval or participation in assessment or criteria for evaluation of benefits and risks

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