

Caltrain State and Federal Legislative Update

JPB Meeting
May 2024



Federal Legislation: HR 7039 (Johnson)

H.R. 7039: Stronger Communities Through Better Transit Act

- Authored by Rep. Johnson, co-sponsored by 112 Congressional Reps
- Requires U.S. Department of Transportation to establish a grant program to support operating projects for public transportation and related service improvements, particularly in underserved communities and areas of persistent poverty.
- Authorizes \$20B annually for four years in federal funds for public transportation operating expenses

Recommend Support

State Legislation: AB 2503 (Lee)

AB 2503: CEQA Exemptions for Railroad Electrification

- Authored by Assemblymember Lee
- Aims to broaden CEQA exemptions to cover public projects aimed at expanding passenger rail services, specifically targeting catenary power systems and exclusively involving zero emission trains on existing public rights-of-way or existing highway rights-of-way.

Recommend Support

State Legislation: AB 1837 (Papan)

AB 1837: Bay Area Transit Coordination

- Authored by Assemblymember Papan
- Codifies the Regional Network Management Council as an 11-member council (which includes Caltrain) to provide guidance on regional transit policies and actionable implementation plans for the San Francisco Bay Area.
- Minor amends necessary to correct inclusion of SFMTA and Caltrain name

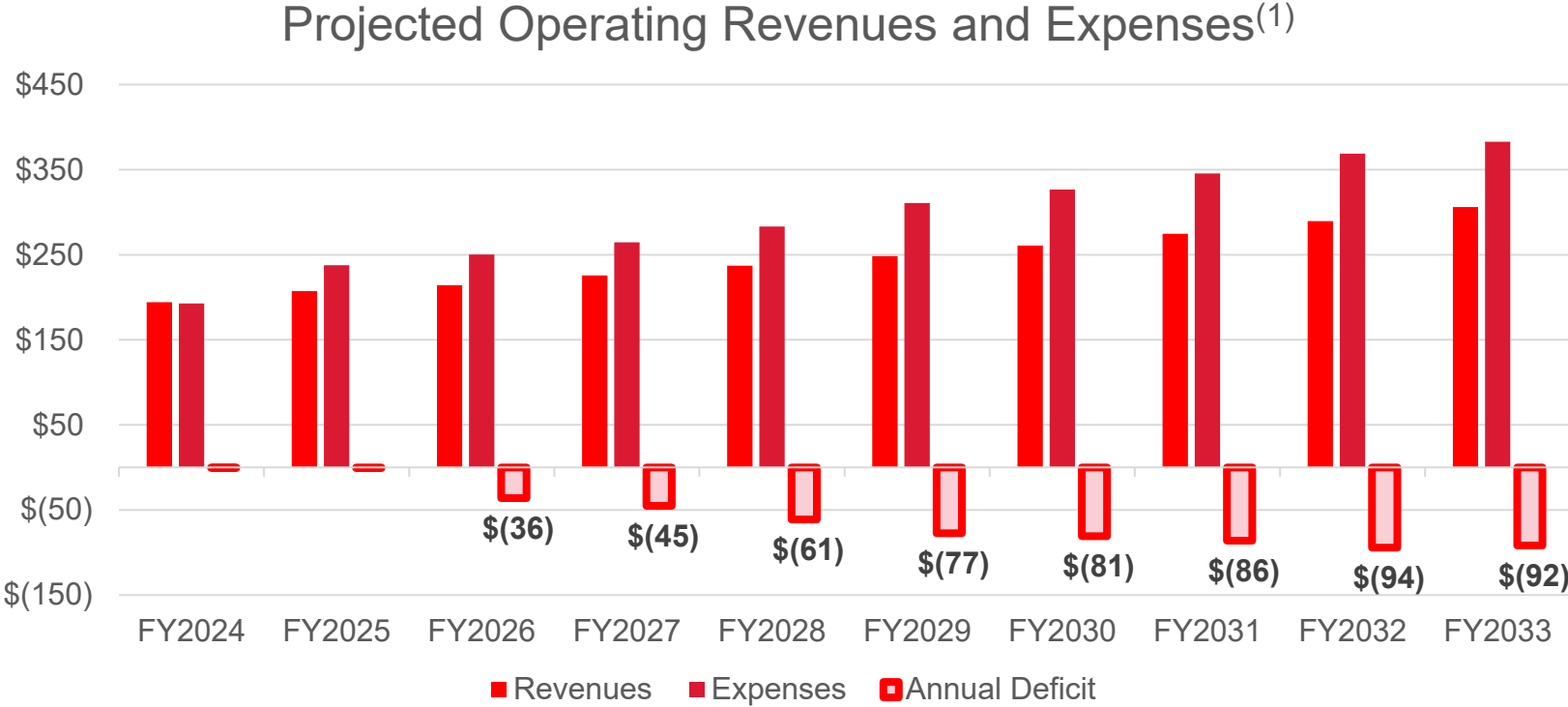
Recommend Support with Minor Amends

Regional Transit Revenue Measure

Caltrain Projected Operating Deficits

(Updated Feb 2024)

Projected Annual Operating Deficit ranges from \$36M (FY26) to \$92M (FY33)



- FY24/25 does not include \$25M in State funds planned from MTC in FY26
- Includes Measure RR allocation for SOGR of \$15M annually beginning in FY26
- (1) Subject to change. Actual Results will vary.



SB1031 Timeline Reminder

- April 12 MTC Leg Committee (*voted to support, with some reservations expressed*)
 - April 16 Senator Wiener / Wahab amendments publicly available (*see following slides*)
 - April 23 Senate Transportation Committee Hearing (*passed party lines, Chair Cortese negotiated a “term sheet” and asked for more changes*)
 - April 24 Senate Revenue and Tax Committee Hearing (*passed party lines*)
 - April 25 MTC Workshop (*discussed regional measure*)
- Upcoming
- May 10 MTC Leg Committee
 - May 13 Senate Appropriations Committee Hearing
 - May 16 Senate Appropriations Committee Suspense File Hearing
 - May 24 SB1031 must pass the Senate Floor (Majority Vote)
 - July 3 SB 1031 must pass Assembly Policy Committees (likely Asm. Transportation and Asm. Revenue Taxation Committees)
 - August 16 SB1031 must pass Assembly Appropriations Committee
 - Aug 31 SB1031 must pass Assembly Floor (Majority vote) and concurrence vote on Senate Floor if amended
 - Sept 30 Last day for Governor to sign or veto bills

Senate Transportation Committee Term Sheet

- MTC's Authority to put a measure to voters expires after 2040
- Taxes may have a duration up to 30 years
- Goal of the bill is to raise \$1.5B annually; Sales tax increase limited to not more than ½ cent (i.e.\$1B)
- Keep placeholder language for new transit pass proposal
- MTC can only bond against revenues raised by taxes in this bill and that are retained by MTC. Bonds for capital investment only.
- MTC, as regional network manager has authority to condition STA funds on its network management policies approved by the Commission, subject to prescribed guardrails in the bill. The bill shall not change MTC authority on conditioning any other existing funds.
- The author is completely committed to continuing discussions w/ stakeholders, including stakeholders in the South Bay, on return to source and the structure of the expenditure plan framework.

Expenditure Plan

Original: \$750M operating pot

Author Amendments (4/16):

- Guarantee of at least \$25M annually for large operators
- MTC & counties should prioritize in the first 5 years “assisting transit operators in preventing service cuts”
- Formula System – operations (45%), safe streets (25%), connectivity (15%), flexibility (15%)
- Return to source at least 70%

Senate Transportation Committee Term Sheet (4/24)

- “The author is completely committed to continuing discussions w/ stakeholders, including stakeholders in the South Bay, on return to source and the structure of the expenditure plan framework”

Staff recommendation: Direct an identified allocation to Caltrain that will cover operating deficits or more certainty that a formula system would cover the deficits; used in a manner consistent with the Blue-Ribbon Taskforce Action Plan and Regional Network Management

Expenditure Plan: Caltrain

With the Author's Amendments, Caltrain would receive:

- FY27:
 - \$25M + additional allocation determined by MTC's "standardization" of deficits
 - MTC has shown Caltrain's share would be \$40M; Caltrain's reported operating deficit \$45M
- FY28 and beyond: same as above (see earlier slide on deficits)

Note: MTC is assuming \$570M annual amount for operating deficits (operator stated need in FY27 \$776M). MTC allocation of funds in the future would also factor in the needs of all operators with deficits and return to source minimums. If the measure is \$1.5B, it may be easier to cover operating deficits.

Consolidation

Original: Assess advantages of consolidating all transit agencies & plan to consolidate all transit agencies. Provision takes place regardless of whether measure passes.

MTC Leg Committee Proposal - Passed (4/12)

- Assessment focuses on analysis of coordination or consolidation of all or a subset; requires consultation with agencies
- Focused on rider-focused goals (no pre-determined recommendation for consolidation)
- Takes place only if measure passes

Author's Amendments (4/16)

- Assessment of consolidation and coordination; recommendations to consolidate 2 or more agencies.
- "Consolidation" defined as both consolidation and coordination
- Predetermined recommendations of consolidation/coordination
- Provision takes place regardless of whether the measure passes

Caltrain Board Direction (4/4): 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. *Note: Caltrain staff has heard from MTC staff and Sen. Wahab's office that they are open to more changes*

Transit Demand Management (TDM)

Original: To require employers to purchase a universal pass system or equivalent

Author Amendments (4/16):

- *No Change*

Senate Transportation Committee Term Sheet (4/24)

- “Keep placeholder language for new transit pass proposal”

Staff recommendation: Include safeguard language that will offset any substantial changes to existing employer pass structures. *Note: Caltrain staff has been told that hold harmless language is expected but didn't make it into this version. This entire section may be revised.*

Enhanced MTC Authority

Original:

- MTC controls Local Transportation Fund (LTF) & State Transit Assistance (STA)
 - Today, Caltrain receives \$7M annually through LTF
- MTC responsible for “seamless rider experience including fare agreements, universal pass, common transfer policy, mapping/wayfinding etc. Can withhold funds for non-compliance.

Author Amendments (4/16): New Guardrail Language, MTC can not:

- Restrict an agency's access to funds not allocated by the commission
 - Require an agency to implement policies that would impede its ability to comply with legal obligations in labor contracts
 - Restrict use of agency logo outside of commission's mapping/wayfinding standards
 - Require an agency to modify a route that is not identify as primarily serving regional transit service
- MTC shall not require an agency to be subject to a policy/expenditure if transit agency finds that unacceptable...but to make a finding, agency must have detailed supporting assessment in consultation w/ MTC

Caltrain Board Direction (4/4): Do not support any enhanced MTC authority

Note: Senate Transportation Committee bill analysis and MTC staff state that they already have the authority to condition STA/LTF funds; however, they don't currently use it in this way.

Other Important Issues

Timing

- Provisions tied to bill passage, not whether or not a measure passes voters:
 - Consolidation study; Recommendation for consolidation
 - TDM / Employer commute benefit program
 - MTC authority & responsibilities.
- **Staff Recommendation:** Provisions should be linked to passage of a funding measure (no unfunded mandates and could be more helpful for voter support).

Regional Network Management Structure

- **Staff recommendation:** Transit operators shall be fairly represented in the Regional Network Management governance structure

Bond authority

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

Taxation Authority (no opt out provisions)

- **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.

Summary + Staff Recommendation

The bill has changed and staff expects more changes. Senators Wiener and Cortese have said this is a "work in progress"; they want to continue to work with stakeholders.

Staff Recommendation: Maintain position (oppose unless amended) and continue working with the authors on additional changes to the bill

- Priority focus areas: More expenditure certainty; coordination not predetermined consolidation; TDM hold harmless language

Continue monthly updates to AMP Committee and Full Board



Questions, Feedback and Options

- Questions about the bill
- Feedback / action on staff recommendation

Background Information

Additional Information

Full Bill Text:

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

Agency Positions (As Listed in Senate Transportation Committee File)

SUPPORT (many, support with amendments):

- Housing Action Coalition
- Metropolitan Transportation Commission
- San Francisco County Transportation Authority
- Seamless Bay Area
- Sustainable Silicon Valley
- Wellstone Democratic Renewal Club

OPPOSITION (most, oppose with amendments):

- Alameda County Taxpayers' Association
- Associated General Contractors of California
- Bay Area Council California
- Alliance for Jobs California
- Association of Realtors
- California Chamber of Commerce
- California State Council of Laborers

- California Taxpayers Association
- City/county Association of Governments of San Mateo County
- Coalition of Sensible Taxpayers (COST)
- Contra Costa Taxpayers Association
- Howard Jarvis Taxpayers
- Association International Union of Operating Engineers,
- Cal-nevada Conference
- Kern County Taxpayers Association
- Orange County Taxpayers Association
- Peninsula Corridor Joint Powers Board
- San Mateo County Transit District
- Santa Clara Valley Transportation Authority
- Sonoma County Transportation Authority/Regional Climate Protection Authority

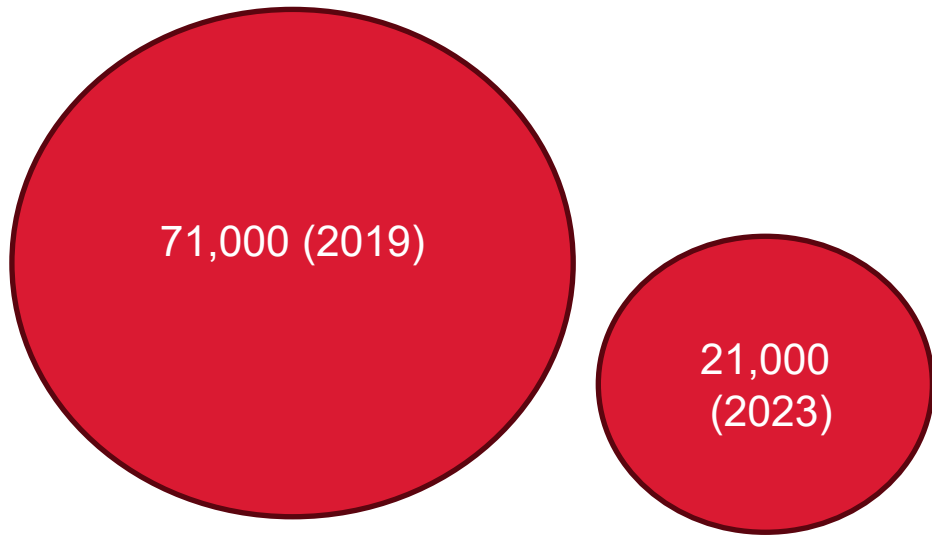
Reminder: Caltrain Regional Measure Framework Language

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.

Caltrain Ridership / Deficit Projections



Average Daily Riders

Notes:

- Farebox Recovery 71% (2019); 22% (2023)
- 20+ closures in 2023 for electrification construction
- Average weekday ridership increased by 15% compared to the same month in prior year

Operating Deficit, Subject to Change

Fiscal Year 2024: **\$0**



One-time \$ from State for the Electrification Project

Fiscal Year 2025: **\$0**



*Fiscal Year 2026: **\$36M** (14% of operating budget)

Fiscal Year 2027: **\$45M** (17% of operating budget)

Fiscal Year 2028: **\$61M** (22% of operating budget)

* Current MTC recommendation \$25M, reduce deficit to \$11M in FY26

Other Agencies (Nov 2023 Info)

Transit Agency Shortfall Estimates

Operator-provided estimates (with varied assumptions) total \$2.7 billion over the next five years, or \$1.1 billion through 2026.

	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	Shortfall Total
SFMTA	\$0	\$119	\$231	\$247	\$270	\$867
BART	\$0	\$93	\$322	\$298	\$342	\$1,054
AC Transit	\$1	\$4	\$50	\$54	\$24	\$133
Caltrain	\$0	\$0	\$33	\$58	\$57	\$149
Golden Gate Transit	\$0	\$83	\$94	\$98	\$106	\$381
Small/Medium Operators	\$22	\$22	\$20	\$21	\$25	\$110
Bay Area Total	\$23	\$320	\$750	\$776	\$825	\$2,693

MTC Planned Allocations through FY25/26

- SFMTA \$309M
- BART \$352M
- AC Transit \$33M
- Caltrain \$25M
- GG \$40M
- Others \$40M

Note: Shortfall amounts as reported to transit agency boards. Amounts are reported in millions.

FOR MORE INFORMATION

WWW.CALTRAIN.COM

