

Accept CAC Report on the Measure RR Financial Audit of FY23 Revenues and Expenses

Finance Committee

May 20, 2024



Citizens Advisory Committee (CAC) Responsibility

Caltrain's CAC serves as the **independent oversight committee** for the Measure RR sales tax. In this capacity, the CAC:

- receives the JPB's **annual audit report** on receipts and expenses of Measure RR tax proceeds;
- holds an **annual public hearing** on the audit report; and
- issues an **annual report** on the audit results to provide the public with information regarding how the tax proceeds are being spent.

Measure RR Tax Revenue Prioritization

JPB Resolution No. 2020-41 – Measure RR Prioritization

- To support operation of Caltrain service levels throughout the corridor from San Francisco to Gilroy as necessary to sustain and expand the service.
- To support the infrastructure, rolling stock, and capital projects necessary to advance the expansion of the Caltrain peak hour service.
- To develop and implement programs to expand access to the Caltrain service and facilitate the use of the system by passengers of all income levels.
- To help leverage other local, regional, state, and federal investments to advance capital projects necessary to implement the Caltrain Business Plan's 2040 Service Vision, adopted by the JPB on October 3, 2019.
- To provide the JPB with a steady stream of funding to support the annual operating, maintenance, and capital needs of an electrified Caltrain service with increased frequency and capacity.

FY 2023 Measure RR Audit

- The JPB contracts with an independent auditor, Brown Armstrong, to conduct the Measure RR Audit and JPB received a clean, unmodified audit result.
- The CAC held a public hearing on March 20, 2024, to receive public comments on the FY23 Measure RR Audit.
- After the conclusion of the hearing, the CAC voted to accept the FY23 audit, which confirmed that the Measure RR revenues and expenditures were handled appropriately as contemplated by the ballot language and the Board's direction.

FY23 Measure RR Revenues

A total of \$121.6 million in Measure RR transaction and use tax was realized and recorded in FY23.

- \$100.7 million was received prior to June 30, 2023
- \$20.9 million was received in July and August of 2023.

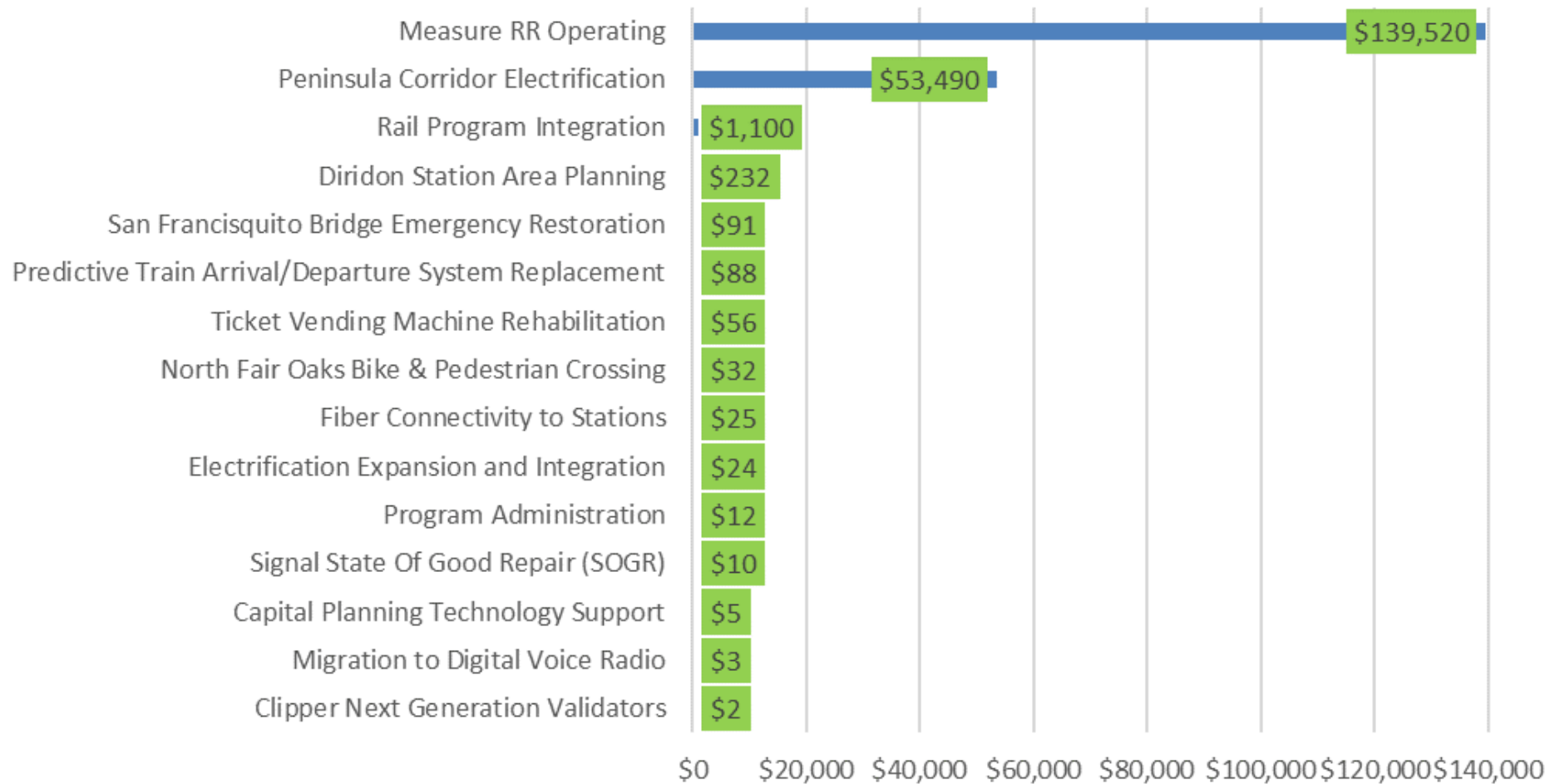
FY23 Measure RR Allocations and Expenses

A total of \$194.7 million was spent in FY23, primarily on operating expenses and critical agency initiatives. The excess (\$73.1 million) of the FY23 expenses (\$194.7 million) over the FY23 revenue (\$121.6 million) was funded by FY22 unused reserves. The Measure RR funds recorded in Fiscal Year 2023 were used as follows:

1. No new funds were allocated in FY23 for capital programs. All FY23 capital programs expenses were funded by FY22 unused reserves.
2. \$139.5 million was spent on operating expenses.
3. \$53.5 million was spent for the Peninsula Corridor Electrification Project (PCEP).
4. \$1.1 million was spent for Rail Program Integration and Transition activities.
5. \$0.6 million was spent for various capital programs.

FY23 Measure RR Expenditures

Figure 1: Measure RR Expenditures (in thousand)



Staff Recommendation

Given the CAC's oversight role and its approval of the Measure RR audit, staff recommends that the Peninsula Corridor Joint Powers Board accepts the Fiscal Year 2023 Measure RR Audit and corresponding report.

FOR MORE INFORMATION

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