

Caltrain State and Federal Legislative Update

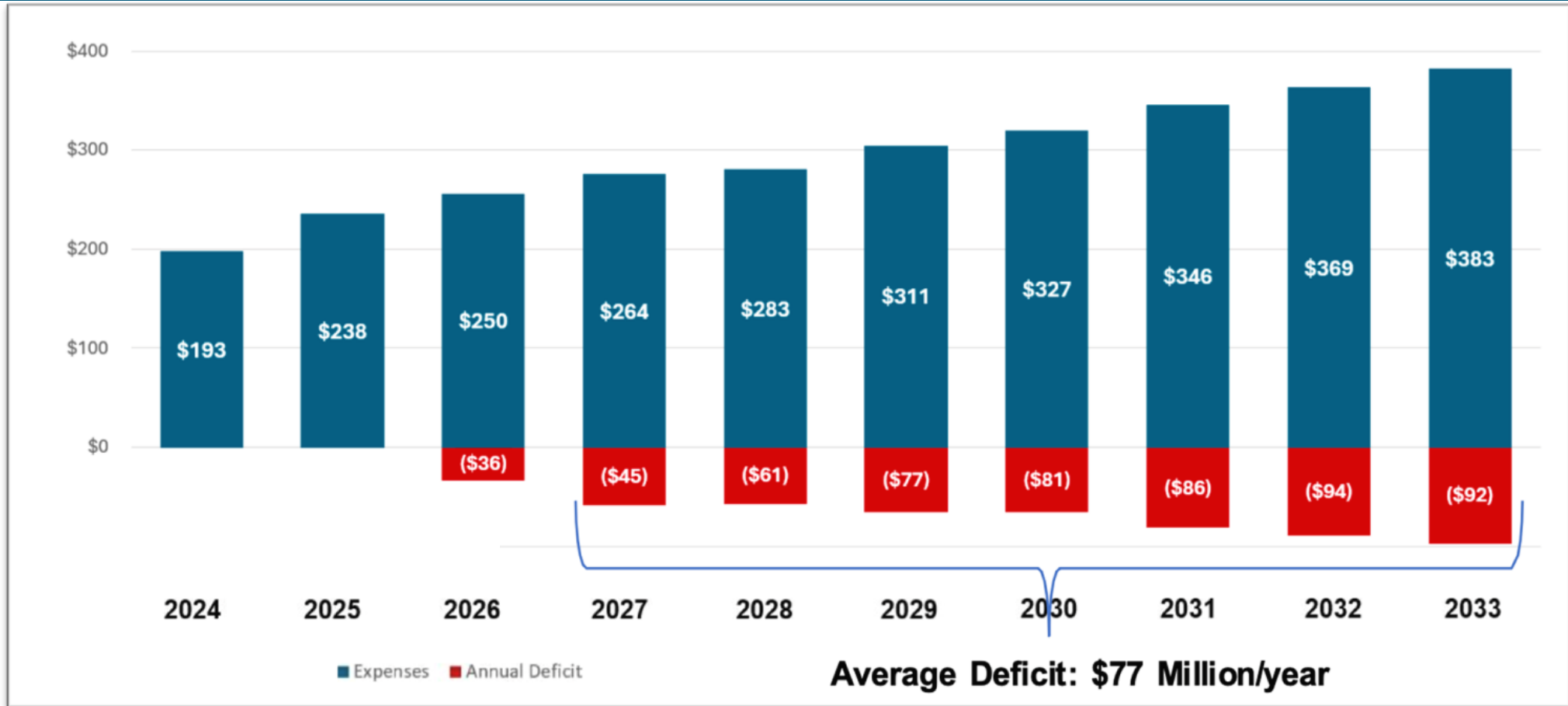
JPB Board Meeting
September 5, 2024



Caltrain Fiscal Review

Caltrain Operating Deficit

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



- Does not include \$25M in State funds planned from MTC in FY26
- Update to Operating Deficit numbers expected in Nov. 2024 after at least one full month of electrified service

Major Issues Impacting Deficit

Major Influencing Factors

- COVID Ridership Impacts (Fare revenue decreased from \$103M in 2019 to \$43M in 2023)
- No longer receive contributions from member agencies (\$20 - \$40M year)
- Energy costs have increased 65% since 2017 when Caltrain Electrification broke ground; expected to increase in the long term

Assumptions on Current Deficit Projections (will be updated in Nov 2024)

- Service Levels (FFGA tied increase, currently have a waiver)
- Ridership Increase (20% increase first year with electrification; then 10% year over year growth)
- Energy (retail rates)
- Low Carbon Fuel Source (\$5M annual, may have challenges to get this amount)
- Traction Power System Maintenance (\$10M first per year, increasing 5% after)
- Insurance costs increasing
- Fares (haven't raised in the last four years; scheduled to increase FY 2026)

Deficit Average / AM Boardings

Caltrain Deficit Average: \$77 million per year, first seven years beginning FY2027

County	AM Boarding	Caltrain Deficit Portion Annually
San Francisco	21%	\$16.1M
San Mateo	37%	\$28.5M
Santa Clara	42%	\$32.2M
Total	100%	\$77M



Regional Measure Information

MTC Transportation Revenue Measure

Select Committee Membership

MTC Commissioners	
David Canepa	San Mateo County
Cindy Chavez	Santa Clara County
Nick Josefowitz	City and County of San Francisco
Matt Mahan	Mayor, City of San Jose
Nate Miley	Alameda County
Sue Noak	Cities of Contra Costa County
Stephanie Moulton-Peters	Marin County and Cities
Alfredo Pedroza	Napa County and Cities
Jim Spering (Chair)	Solano County and Cities

Interested Orgs	
Alicia John-Baptiste	SPUR
Manny Leon	CA Alliance for Jobs
Adina Levin	Seamless Bay Area
James Lindsay	ATU
Tia Orr	SEIU
Ellen Wu	Voices for Public Transportation
Jim Wunderman,	Bay Area Council

Legislative Representatives	
Raayan Mohtashemi	Office of Sen. Wiener
Alicia Lawrence	Office of Sen. Wahab

MTC Transportation Revenue Measure Executive Group Membership

Executive Group Members	
Michelle Bouchard	Caltrain
Andrew Fremier	MTC
Anne Richman	Transportation Authority of Marin
April Chan	SamTrans
Bill Churchill	County Connection
Bob Powers	BART
Carolyn Gonot	Santa Clara Valley Transportation Authority
Christy Wegener	Livermore Amador Valley Transportation Authority
Daryl Halls	Solano Transportation Authority
Denis Mulligan	Golden Gate Bridge, Highway and Transportation District
Eddy Cumins	Sonoma – Marin Area Rail Transit

Executive Group Members Continued	
Michael Hursh	Alameda – Contra Costa County Transit District
Nancy Whelan	Marin Transit
Seamus Murphy	San Francisco Bay Ferry
Sean Charpentier	C/CAG of San Mateo County
Tess Lengyel	Alameda County Transportation Commission
Tilly Chang	San Francisco County Transportation Authority
Tim Haile	Contra Costa County Transportation Authority
Kate Miller	Napa Valley Transportation Authority
Jeffrey Tumlin	San Francisco Municipal Transportation Agency
James Cameron	Sonoma County Transportation Authority

MTC Regional Measure Executive Committee Schedule and Topics

Meeting Topics	Date
Confronting the Challenge	June 24
Understanding the Math & Polls	July 29
Constructing the Path(s) Forward	August 26
Confronting the Tradeoffs	September 23 (tentative)
Approve Framework for Transportation Measure	October 21 (tentative)

MTC Scenarios and Caltrain Funding Overview

MTC Scenario	# of Counties	Mechanism(s)	Amount Raised over 30 Years	Initial Amount to Caltrain Per Year	Minimum Amount to Caltrain over 10yrs	Minimum Amount to Caltrain over 20Yrs
Scenario One (Core Transit Framework)	4(Alameda, C, SF, SMC) + opt ins for 5 counties	½ cent Sales tax	\$540 Million (up to \$1B with all 9 counties)	\$70M (Years 1-8) \$40M (Years 9-16)	\$640M	\$880M
Scenario Two (Go Big Framework)	9 Counties	Parcel Tax (.28/sq ft) or Payroll Tax (.54%)	\$1.5 Billion	\$33M (Years 1-10)* \$15M (Years 11-30)	\$330M	\$480M

*The MTC Select Committee presentation indicates Caltrain's operator-provided deficit estimate, provided October 2023, was \$33M for FY26-27 rather than FY25-26. Caltrain's estimate for its FY2026-27 deficit is \$45M."

Caltrain Funding Overview

MTC Scenarios	Projected Amount for Caltrain (Projected Caltrain Deficit) 7 Years	Caltrain Deficit Covered 7 Years
Scenario One (Core Transit Framework)	\$490M (\$539)	91%
Scenario Two (Go Big Framework)	\$231M (\$539)	43%

- Assumed \$77M average annual operating deficit over 7 years
- In both scenarios member agencies (or other sources) would need to contribute additional resources in addition to the regional measure to bridge Caltrain's deficit.
- Caltrain deficits will be updated in November 2024

Caltrain-Only Measure Examples

Sales Tax (3 Counties) Example*

- 1/8 cent sales tax (similar to RR): ~\$120M/year

Parcel Tax (3 Counties) Examples*

- 5 cents per sq ft of built area: ~\$124M/year
- \$85 per parcel: ~\$77M*/year

Would need authorization legislation for any mechanism and Caltrain related polling

*Broad estimates only for example to provide scale based on available data. Should be refined with more research and changing assumptions or geographic scope.



Other Options TBD

Other regional measure iterations, examples:

- 3 county sales tax, 2 county parcel tax
- 3 county sales tax, 2 county member contributions

Timeline

Date	Description
Sep 23, 2024	MTC Select Committee meeting (Topic: confronting tradeoffs)
Oct 2024	MTC Select Committee approve framework
Nov 2024	Caltrain updated deficit numbers expected
Nov 2024	Caltrain-only authorization decision needed
Nov/Dec 2024	MTC polling expected
Jan 2025	Authorization bill introduced (MTC or other agency authorization legislation)
May/June 2025	Must pass first house
Sep 2025	Must pass second house
2026	June or November Ballot

Feedback Requested

Mechanism	Description
Scenarios presented by MTC Select Committee	Option 1 - \$640M over 10 years (4 Counties + Opt ins) Option 2 - \$330M* over 10 years (9 County)
Member Agency Contributions	Annual - SF \$16M; SMC \$28M; SCC \$32M
Caltrain-only option	Would require legislative authority (examples 1/8 sales tax; parcel tax)
Other Regional Options	Range of options including different combinations of geographic scope and mechanisms.

Additional Background

MTC Select Committee Slides

Link to the [Transportation Revenue Measure Select Committee Materials](https://mtc.legistar.com/gateway.aspx?M=F&ID=ce2f903d-f326-4e89-adcc-5b687f37b304.pdf)

Full URL is as follows:

<https://mtc.legistar.com/gateway.aspx?M=F&ID=ce2f903d-f326-4e89-adcc-5b687f37b304.pdf>

Caltrain Fact Sheet

Link to Caltrain's [Funding Model Overview Fact Sheet](https://www.caltrain.com/media/33996/download)

Full URL as follows:

<https://www.caltrain.com/media/33996/download>



Reminder: Caltrain Regional Measure Framework Language

In the Board adopted 2024 Legislative 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.

Fed / State Leg Update

Federal

- **Appropriations Update**

- Congress must pass all appropriation bills or a temporary stopgap measure by **September 30** to keep the government open.
- The Senate Appropriations Committee marked up the FY 2025 THUD Appropriations bill which provides \$110 billion in total funding for US DOT and about \$3.7 billion more in funding for transportation than the House bill. The Senate bill includes:
 - o RAISE - additional \$550 million
 - o Capital Investment Grants - provides \$2.262 billion in General Funds over and above the \$1.6 billion Advance Appropriations.
 - o The General Fund levels in the Senate are approximately \$1.5 billion above the House levels.
- Senator Padilla has advanced our South County Wifi request.

- **Rail Safety Act**

- House Transportation and Infrastructure Committee Chair Graves indicated that the House will not advance rail safety legislation this Congress.

State

- **Legislative Update**

- The Legislature returned from Summer Recess on August 5 for the final few weeks of the 2023-24 Legislative Session.
- The Legislature adjourned the session on August 31.
- Bills with Support Positions:
 - AB 2503 – Passed Legislature, with Governor for signature.
 - SB 925 – Held in Assembly Appropriation Committee.
 - AB 1837 (Papan) – No longer advancing.
 - AB 817 (Pacheco) – Failed passage. Reconsideration granted.

- **CalSTA's Transit Transformation Task Force**

- Convene on August 29 in Los Angeles. Agenda available.
- Included: Staff presentation on process for findings and policy recommendations, and discussions on research plan and analysis, workforce opportunities in public transportation, and TDA reform.

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FOR MORE INFORMATION

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