

Caltrain State and Federal Legislative Update

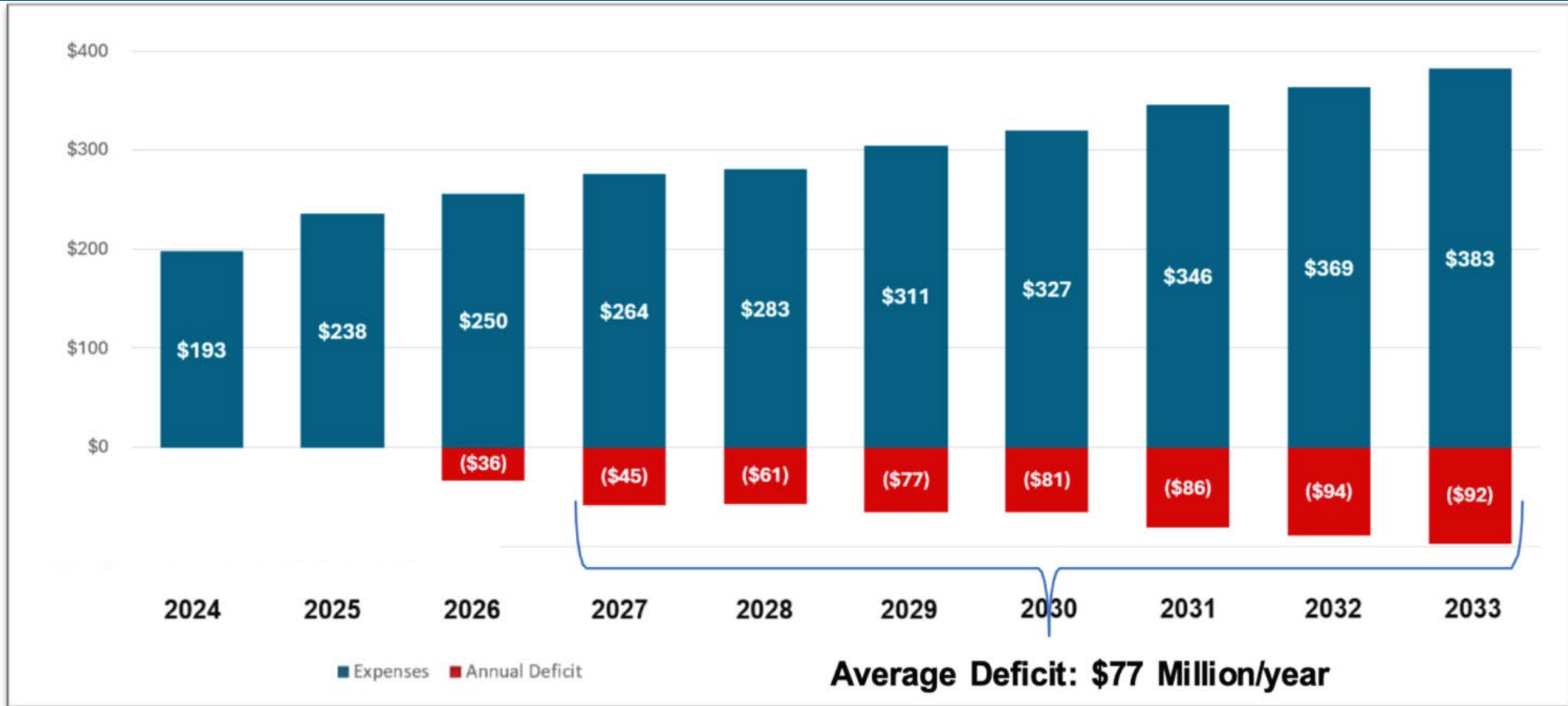
JPB AMP Meeting
September 25, 2024



Caltrain Fiscal Context

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; they are expected to continue to significantly increase.

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)
- LCFS (\$5M, may have challenges to get this amount)
- Maintenance (\$10M first per year, increasing 5% after)

Historic Operating Funding by Member Agency

Formula	Fiscal Year	Operating Dollars Provided by County to Caltrain				Percent of the contribution		
		San Mateo	Santa Clara	San Francisco	Total	San Mateo	Santa Clara	San Francisco
AM Boardings	FY2010	16,521,290	15,878,130	7,017,165	39,416,585	41.91%	40.28%	17.80%
AM Boardings	FY2011	14,707,875	14,135,309	6,246,946	35,090,130	41.91%	40.28%	17.80%
AM Boardings	FY2012	10,620,000	10,206,572	4,510,684	25,337,256	41.91%	40.28%	17.80%
AM Boardings	FY2013	14,000,000	13,700,000	5,800,000	33,500,000	41.79%	40.90%	17.31%
All Day Boardings	FY2014	5,440,000	7,290,678	4,500,881	17,231,559	31.57%	42.31%	26.12%
All Day Boardings	FY2015	6,260,000	8,389,629	5,179,324	19,828,953	31.57%	42.31%	26.12%
All Day Boardings	FY2016	6,080,000	8,413,758	5,233,692	19,727,450	30.82%	42.65%	26.53%
All Day Boardings	FY2017	6,480,000	8,390,000	5,578,014	20,448,014	31.69%	41.03%	27.28%
All Day Boardings	FY2018	6,169,761	8,967,294	5,310,959	20,448,014	30.17%	43.85%	25.97%
Midweek boardings	FY2019	7,634,404	10,789,958	7,023,652	25,448,014	30.00%	42.40%	27.60%
Midweek boardings	FY2020	8,578,727	11,886,863	7,569,465	28,035,055	30.60%	42.40%	27.00%
Midweek boardings	FY2021	8,549,711	11,846,658	7,543,862	27,940,231	30.60%	42.40%	27.00%
Contribution Stopped	FY2022	0	0	0	0	0	0	0
Contribution Stopped	FY2023	0	0	0	0	0	0	0
Contribution Stopped	FY2024	0	0	0	0	0	0	0

Measure RR

	Total Dollars Provided by RR to Caltrain by County					Percent of the contribution		
Fiscal Year	San Mateo	Santa Clara	San Francisco	Total		San Mateo	Santa Clara	San Francisco
FY2022	26,704,614	61,147,669	24,767,363	112,619,646		24%	54%	22%
FY2023	28,563,101	66,224,712	26,857,331	121,645,144		23%	54%	22%
FY2024	28,090,034	65,254,048	26,270,360	119,614,442		23%	55%	22%
FY2025 - adopted budget	28,265,298	65,590,736	26,243,966	120,100,000		24%	55%	22%

Deficit Average / AM Boardings

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

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



Regional Measure Information

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
Approve Framework for Transportation Measure	October 21

MTC Scenarios Updated

- Scenario 1 Revised:

- Caltrain - \$39M/year + assumed \$28M/year from SCC Years 1-8
 - \$36M/year + assumed ?/year from SCC Years 9-15

- Scenario 2 Hybrid

- Caltrain - \$72M/year Years 1-8
 - \$52M/year Years 9-15

Scenario 1 Revised

- Still four-county 30 year ½ cent sales tax measure (\$540M/year) with opt-in ability
- Still 30 year ½ cent sales tax generating \$540M/year
- Changes made:
 - Increased minimum transit operating funding for Years 9-15 from \$220m/year to \$380m/year.
 - Decreased Caltrain allocation in 4-County scenario from \$70M to \$39M in Years 1-8 and from \$60M to \$36M in Years 9-15.
 - With "expected" commitment from Santa Clara County to participate, Caltrain would receive approximately \$67 Million total in Years 1-8.
 - Requires opt-in counties to use at least 30% of County Flex for transit capital, operations or maintenance over the life of measure.

Scenario 1 Revised

Funding by Transit Operator

	Years 1-8 Annual	Years 9-15 Annual	15-Year Total
AC Transit	31	29	203
BART	307	283	1,981
Caltrain***	39	36	252
SFMTA	88	30	210
Others	4	-	-
Additional Funding to Distribute	17	-	-
Total	486	378	2,646

***Assumes Caltrain will receive partial funding of their deficit from the core counties, and the remainder from Santa Clara County. Exact amount from each still to be determined.

New Hybrid Scenario

- Still a nine-county measure for \$1.5 Billion annually
- Changes:
 - Removes consideration of a property-based Tax
 - Combines ½ cent sales tax (\$1 billion annually) and the expenditure plan from Scenario 1 with a payroll tax of 0.18% (\$500 million annually)*
 - Adds new payroll-tax funded
 - Employee Commuter Benefit Program (40%)
 - Adds County Flex funding for five counties that were previously "opt in"
 - 60% of the funding from the payroll tax would fund service levels

New Hybrid Scenario

Funding by Transit Operator

	Years 1-8 Annual	Years 9-15 Annual	15-Year Total
BART	347	250	4,524
Caltrain	72	52	940
Golden Gate Transit	45	21	502
SFMTA	252	142	3,009
AC Transit	54	39	705
ACE	4	3	47
LAVTA	2	1	24
NVTA	2	1	24
Soltrans	4	3	47
WestCat	5	4	71
ECCTA	2	1	24
Total	787	517	9,915

Updated MTC Scenarios and Caltrain Funding

MTC Scenario	# of Counties	Mechanism(s)	Amount Raised over 30 Years	Initial Amount to Caltrain Per Year	SCC Contribution	Minimum Amount to Caltrain over 10Yrs
Scenario 1 Revised	4 + opt ins (Alameda, CC, SF, SMC)	½ cent Sales tax	\$540 Million (up to \$1B with all 9 counties)	\$39M (Years 1-8) \$36M (Years 9-16)	~\$28M (Years 1-8) Unknown (Years 9-15)	\$608M
Scenario 2 Hybrid	9 Counties	½ cent Sales tax 0.18% Payroll Tax	\$1.5 Billion	\$72M (Years 1-8) \$52M (Years 9-15)		\$680M

Caltrain Funding Overview

MTC Scenarios	Projected Amount for Caltrain (Projected Caltrain Deficit) 7 Years	Caltrain Deficit Covered 7 Years
Scenario 1 Revised	\$469M* (\$539)	87%
Scenario 2 Hybrid	\$504M (\$539)	94%

- Assumes \$28M/year from SCC in Years 1-8
- 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-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

*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
- "Non-Regional Measure": Multiple Counties each put their own measures on the ballot but coordinate to try to get them all passed.

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	Scenario 1 Revised - \$608M over 10 years (4 Counties + Opt ins) Scenario 2 Hybrid - \$680M over 10 years (9 County)
Member Agency Contributions (based on AM boardings)	Annual - SF \$16M; SMC \$28M; SCC \$32M
Caltrain-only option	Would require legislative authority Examples 1/8 sales tax; parcel tax
Other Regional Options	TBD



Federal

- **Overview**

- Congressional leadership released a bipartisan stopgap funding bill to keep the government open through December 20.
- House is expected to vote on the measure on Wednesday, and Senate Majority Leader Chuck Schumer has already endorsed the legislation.
- Congress has until September 30 to pass government funding legislation.

- **Administration Update**

- The Biden-Harris administration announced an updated rule for the Federal Transit Administration's (FTA) Public Transportation Safety Certification Training Program, which outlines a uniform safety training curriculum and minimum requirements for rail transit and state safety personnel.
- The final rule takes effect November 1.

State

- **Legislative Update**

- The Legislature adjourned the session on August 31.
- The Legislature is now adjourned until December 2.
- We expect 34 new legislators in the Senate and Assembly when the Legislature reconvenes for the 2025-26 Legislative Session
- Governor Newsom normally has 12 days to act on a measure from the day it reaches his desk. However, this timeline is adjusted for measures that are presented to the Governor on or after September 1,
- Bills with Support Positions:
 - AB 2503 – Passed Legislature, with Governor for signature.

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FOR MORE INFORMATION

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