

Caltrain State and Federal Legislative Update

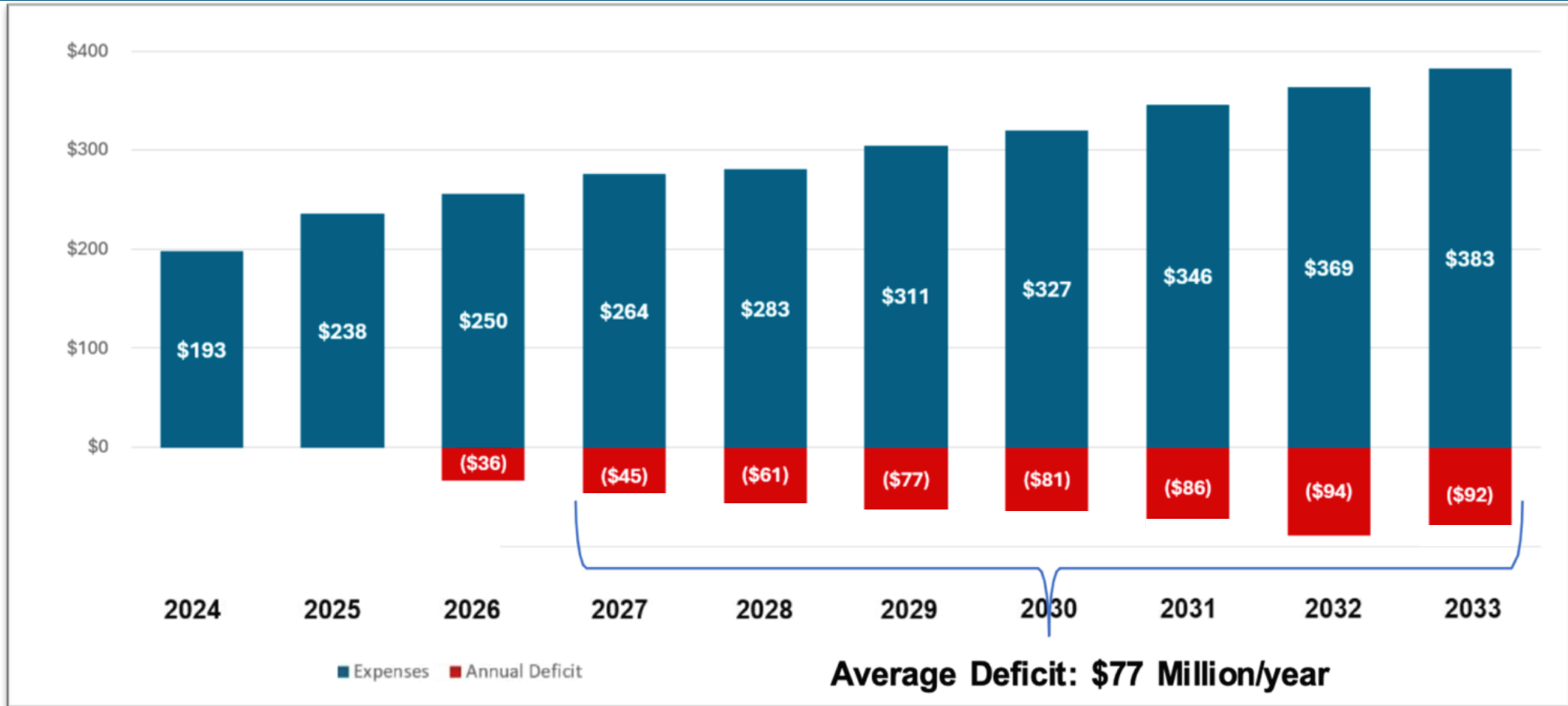
JPB AMP Meeting
October 30, 2024



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

Regional Measure Information

Regional Measure Committee & MTC Meetings

Meetings	Date
Select Committee: Confronting the Challenge	June 24
Select Committee: Understanding the Math & Polls	July 29
Select Committee: Constructing the Path(s) Forward	August 26
Select Committee: Confronting the Tradeoffs	September 23
Approve Framework for Transportation Measure	October 21
MTC Legislative Committee Meeting	November 8
MTC Commission Special Meeting	December 9

Select Committee Framework Approved

- Implement transit transformation by investing 10% of the revenue in key improvements that make the system more connected, affordable and reliable and ensure that at least half of these funds are invested in proportion to each county's contributions to the measure.
- All frameworks should be further considered (Scenario 1, 1A and Hybrid and the SFMTA proposal) but the measure should include at least the four core counties from Scenario 1 (Alameda, Contra Costa, San Francisco and San Mateo Counties.)
- All revenue mechanisms discussed at the Select Committee (sales tax, payroll tax and parcel tax including a hybrid measure) should be explored and polled.
- The Select Committee is supportive of supplemental funding for all transit agencies to meet their operating deficits.
- The Commission should review the gradients of agreement scores of all Select Committee members to gain full understanding of the sentiment of the Committee members.

Select Committee Policy Provisions Approved

- Enabling legislation should include new accountability provisions to provide greater oversight of transit agency financial information.
- It should also provide that to be eligible for funding from measure, operators should be required to report on and comply with policies and programs related to Transit Transformation that would be developed through the Regional Network Management framework.
- The Commission should also consider that transit consolidation is worthy of further study but should be pursued separate from enabling legislation for a transportation revenue measure.
- A citizen initiative should be authorized as part of the enabling legislation.

Overview of Caltrain in Each RM Scenario

Regional Measure Proposals Summary									
Proposal	Duration	Counties	Mechanism	Focus	Caltrain \$ Yrs 1-8	Caltrain \$ Yrs 9-10	Caltrain \$ Yrs 11-15	10-Year Total	Caltrain 10 year Deficit
Scenario 1	30 years	4+1 (A, CC, SMC, SF + SCC)	.5 cent sales tax	Fare Loss	\$67M/y	\$58M/y	\$58M/y	\$652M	\$770M (85%)
Scenario 1A	10 years	4 +1 (A, CC, SMC, SF + SCC)	.5 cent sales tax	Fare Loss	\$67M/y	\$67M/y	NA	\$670M	\$770M (87%)
Hybrid Scenario	30 years	9 (A, CC, SMC, SF, SCC, N, Son, Sol, M)	.5 cent sales tax + payroll 0.18% OR parcel 9 cents per built sq ft	Deficits	\$72M/y	\$52M/y	\$52M/y	\$680M	\$770M (88%)
Operator Scenario (SFMTA)	10 to 11.5 years	5 (A, CC, SMC, SF, SCC)	Varied parcel tax	Deficits	\$78M+/y	\$88M+/y	NA	\$836M	\$770M (109%)

MTC - Scenario 1

- 30-year, ½-cent sales tax, focus on fare losses
- 4 counties: A, CC, SF and SM automatically included
- SCC would need to formally commit to cover Caltrain portion either through opt-in or other means
- \$540 million/year in those 4 counties, other 5 counties w/ option to opt-in
- Caltrain would receive:
 - \$67/year in years 1-8
 - \$58/year in years 9-15
 - \$0/year in years 16-30

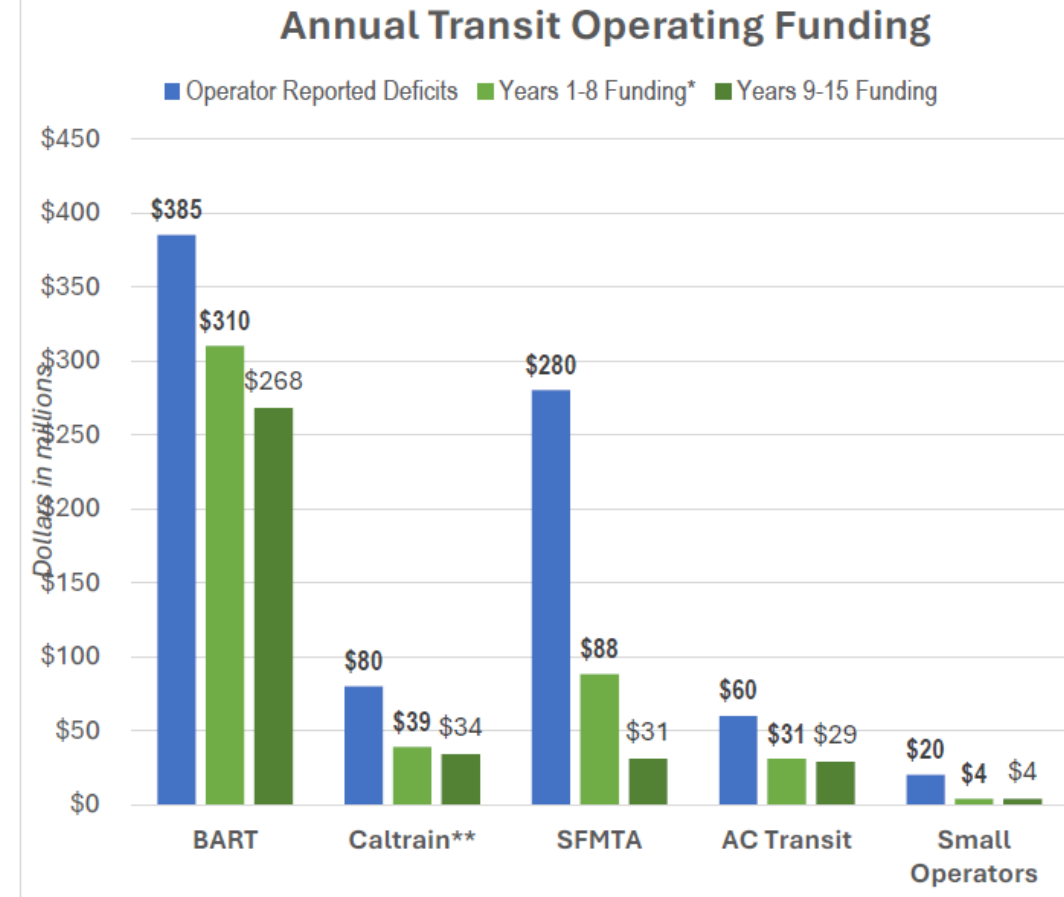


Figure 3: Annual Operating Funds in Scenario 1.

*Years 1-8 funding is sufficient to meet the targeted Adjusted Fare Loss shortfall except for SFMTA

**Caltrain would receive \$67 million in years 1-8 but Santa Clara's contribution is not reflected in these totals.

MTC - Scenario 1A

- 10-year, ½-cent sales tax, focus on fare losses
- 4 counties: A, CC, SF and SM automatically included
- SCC would need to formally commit to cover Caltrain portion either through opt-in or other means
- Same expenditure plan as Scenario 1 for years 1-8 but just extended to more years.
- Caltrain would receive \$67/year in years 1-10

Funding by Transit Operator

Table 3A



METROPOLITAN
TRANSPORTATION
COMMISSION

	Years 10 Annual	10-Year Total
AC Transit	31	310
BART	307	3,070
Caltrain*	39	390
SFMTA	88	880
Others	4	40
Additional Funding to Distribute	17	166
90% Subtotal Total	486	4,856

*Assumes \$28M SC outside of measure, thereby reducing Caltrain need to \$39M.

MTC – Hybrid Scenario

- 30 years, all 9 counties, provides at least \$1.5B/year, focus on deficits
- ½-cent sales tax = \$1B/year and \$500M from EITHER: payroll tax of 0.18% OR parcel tax of ~\$0.09 per building sq ft
- Caltrain would get:
 - \$72M in years 1-8
 - \$52M in years 9-15

Funding by Transit Operator

Table 5A

	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

*Note: Totals by operators are only calculated for the first 15 years.



SFMTA/Operator Proposal

- 10 years, 5 counties (A, CC, SF, SM, and SCC) with option for other 4 to opt-in
- Parcel tax with a variable rate by county, raising \$833 million annually
- Would still want sales tax as an option and would ask for that in authorizing legislation
- The recommended term is 11.5 years assuming Nov 2026 election, and it provides funding for a 10-year program of expenditures.
- Caltrain would get \$836M over 10 years:

Total to Caltrain	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	FY 33	FY 34	FY 35	FY36
\$836M	\$78M	\$79M	\$81M	\$82M	\$83M	\$84M	\$85M	\$87M	\$88M	\$89M

SFMTA/Operator Proposal

Presented by  SFMTA

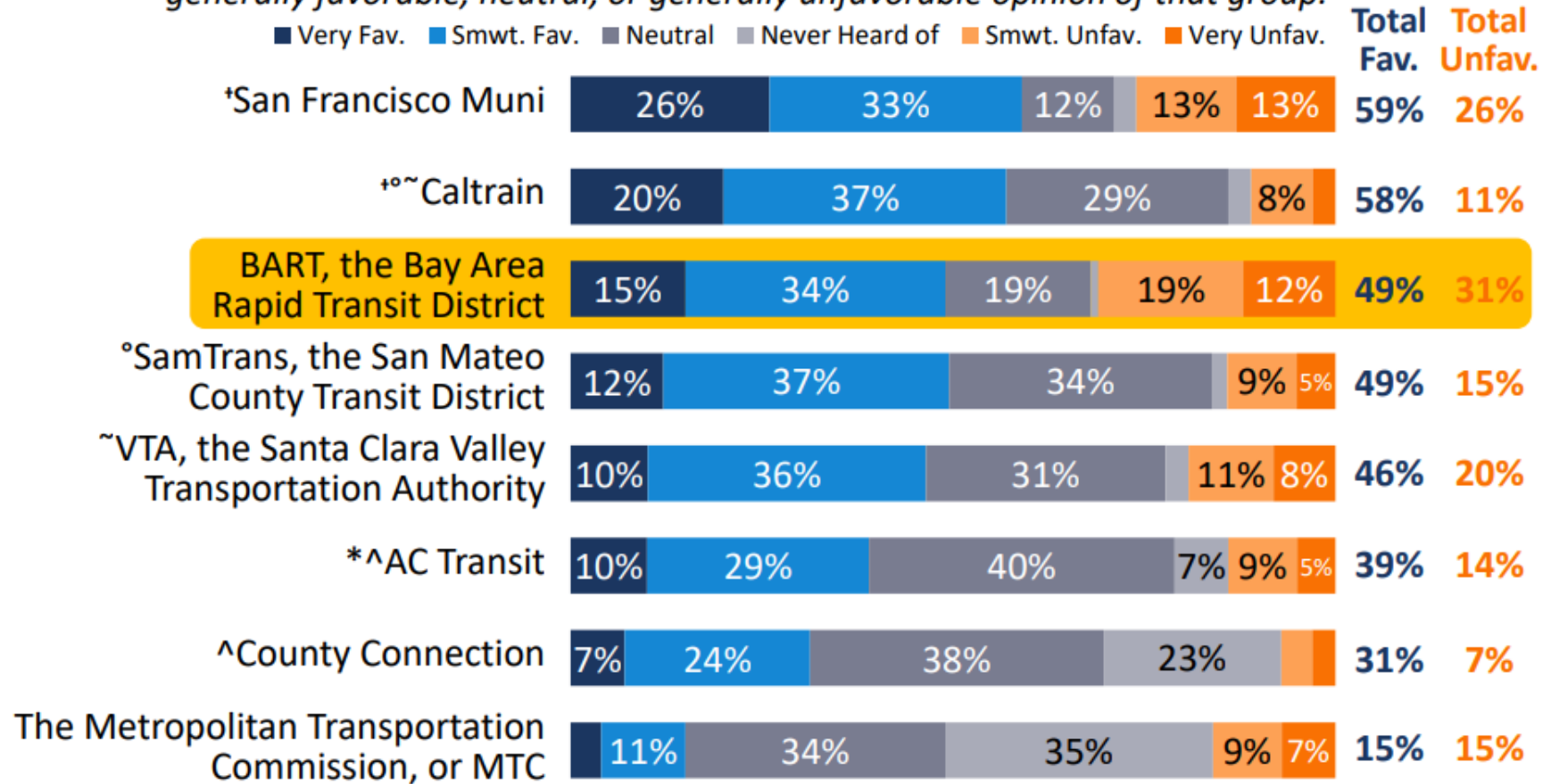
Presented by  SFMTA

County	Varied rates (\$/sq ft):	Annual revenue generation	Revenue over 11.5 years
San Mateo	0.1989	108,051,801	1,242,595,717
Contra Costa	0.1989	170,448,965	1,960,163,096
San Francisco	0.28	172,633,370	1,985,283,755
Santa Clara	0.11	145,378,683	1,671,854,851
Alameda	0.1989	236,940,584	2,724,816,715
	Total	\$ 833,453,403	\$ 9,584,714,134

Funding Program	Needs	Total amount (10 yr)
Regional Bus	VTA Local Service or Capital Projects	700,000,000
Regional Rail	BART Service	3,499,793,243
Regional Rail	Caltrain Service	836,471,212
Local Service	Muni Service	1,012,533,850
Local Service	AC Transit Service	385,297,980
Local Service	AC Transit Service	42,810,887
Regional Bus	AC Transit Service Feeder	51,340,956
Regional Bus	Small Operator Service Feeder	92,150,434
Regional Bus	Muni Service Feeder	48,708,086
Regional Bus	AC Transit TJPA	68,176,337
Regional Bus	Muni TJPA	23,974,097
San Mateo County Flex	San Mateo County Flex	526,294,899
Alameda County Flex	Alameda County Flex	528,141,843
Contra Costa County Flex	Contra Costa County Flex	963,692,037
Santa Clara County Flex	Santa Clara County Flex	64,924,506
Regional Bus	Small Operator 4% Feeder	74,163,361
Transit Transformation	Regional Transit Transformation	94,000,000
Local Service	VTA Regional Bus Service+	493,326,450
	Total	\$9,505,800,178

BART Polling

Here are some names of public organizations and, please indicate if you have a generally favorable, neutral, or generally unfavorable opinion of that group.



BART Polling

Survey Year	Initial Yes Vote	Yes Vote After Positives	Yes Vote After Negatives
2013 <i>(Initial Bond Survey)</i>	70%	76%	69%
2016 <i>(Final Bond Survey before Placement of RR)</i>	73%	77%	67%
2022 <i>(Initial ½ Cent Sales Tax Survey – BART Counties)</i>	57%	59%	45%
2024 <i>(Tracking ½ Cent Sales Tax Survey – BART Counties)</i>	54%	57%	51%

View the [full polling results presentation](#) discussed at the October 24 BART Board Meeting.

Measure RR passed with a “yes” vote of 70.53%

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
Dec 2024	MTC polling expected
Jan 2025	Authorization bill introduced (MTC or other agency authorization legislation)
June 2025	Must pass first house
Sep 2025	Must pass second house
2026	June or November Ballot

Comments or Questions?

Federal

- **Budget**

- The current stopgap funding bill to keep the government open expires December 20.

- **Election Update**

- In addition to the presidential election, 6 U.S. House Districts and 1 U.S. Senate seat are up for election on Nov 5

- **Administration Update**

- 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 takes effect November 1

- **PEPRA**

- On Oct 24, the US Court of Appeals for the Ninth Circuit issued a mandate putting into effect its July 29 judgment, which will vacate the District Court's injunction that was protecting the flow of federal transit grants to California transit agencies subject to California's Public Employees' Pension Reform Act.

State

- **Legislative Update**

- 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
- AB 2503 (Lee) was signed by the Governor

- **CARB Update**

- Caltrain received confirmation on the pathway to access the LCFS program and applied to register
- This program is anticipated to be an important financial source for addressing energy costs

- **Election Update: Nov 5**

- 3 Senate Districts and 9 Assembly Districts in the Caltrain delegation are up for election
- Proposition 5: would lower the required vote threshold to approve bonds and tax measures that fund affordable housing and some public infrastructure from a two-thirds supermajority to 55%

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FOR MORE INFORMATION

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