

**Peninsula Corridor Joint Powers Board
Finance Committee
1250 San Carlos Avenue, San Carlos, CA 94070
Minutes of October 28, 2024**

Members Present: Devora “Dev” Davis, Monique Zmuda (Chair)
Members Absent: Ray Mueller
Staff Present: M. Bouchard, J. Harrison, K. Jordan Steiner, L. Lumina-Hsu, M. Tseng

1. Call to Order / Pledge of Allegiance / Safety Briefing

Chair Zmuda called the meeting to order at 2:30 pm, led the Pledge of Allegiance, and delivered the safety briefing.

2. Roll Call

Acting District Secretary Margaret Tseng called the roll and confirmed a quorum was present.

3. Public Comment on Items not on the Agenda - There were none.

4. Consent Calendar

4.a. Meeting Minutes of September 23, 2024

4.b. Approval of the 2025 JPB Finance Committee Meeting Calendar

Motion/Second: Davis/Zmuda

Ayes: Davis, Zmuda

Noes: None

Absent: Mueller

5. Accept Statement of Revenues and Expenses for the Period Ending June 30, 2024, and Approve Amendment to the Fiscal Year 2024 Operating Budget

Kate Jordan Steiner, Chief Financial Officer, provided the presentation that included the following:

- Fiscal Year (FY) 2024 year end results, sources and revenue, expenses, and net result
- FY24 total sources and revenues \$197.8 million and total expenses \$196.7 million with difference going into operating reserve
- FY24 total sources and revenues about \$3 million favorable to budget
- FY24 Year End Expenses with Rail Operator Service and other administrative expenses favorable offsetting Facilities and Equipment Maintenance and Other Direct Expenses were unfavorable to budget
- Historically not able to put in recommended amount for insurance claims payments to reserve for expected claims and litigation

The Committee members had a robust discussion and staff provided further clarification in response to the Committee comments and questions, which included the following:

- Claims associated with electrification program
- Claims from Peninsula Corridor Electrification Project (PCEP) budget rather than general operation budget
- Reserve for claims and insurance for those that come to fruition
- Operating reserve and litigation reserve percentage funded
- Auditor review is complete, closed the books, and figures are final but does not include insurance as audit year end does not include year-end contributions to reserves
- Preliminary actuarial report or midyear based on claims
- Need to be precise on budget and projective budget deficits, right-size litigation reserve, and manage inflows and outflows carefully

Motion: Accept staff recommendation to retroactively amend FY 2024 operating budget with direction to staff to present to the Board in closed session in November or December regarding pending claims, actuarial recommendation regarding those claims, and when those claims may be resolved.

Motion/Second: Davis/Zmuda

Ayes: Davis, Zmuda

Noes: None

Absent: Mueller

Public comment

Aleta Dupree, Team Folds, commented on reserves for claims, budget amendment, and preparation for future budgeting.

Ms. Jordan Steiner presented items 6 and 7 together with Chair Zmuda's approval.

6. Acceptance Statement of Revenues and Expenses for the Period Ending September 30, 2024

7. Quarterly Financial Report Fiscal Year 2025 Quarter 1 Result & Annual Outlook

Items 6 and 7 were called together.

Kate Jordan Steiner, Chief Financial Officer, provided the presentation that included the following:

- FY25 Adopted Operating Budget
- FY25 expenses increased 27 percent due to expenses associated to electrification and rising costs of goods and services
- Sources of FY26-27 biennial budget anticipated to be in deficit

- FY25 Q1 (quarter 1) results show a \$1.3 million surplus with much of the variance due to timing and are expected to meet the budget as continued in FY25
- FY25 operating budget increase driven by electrification and labor, new traction power maintenance, increased trainset maintenance, increase insurance, and rising cost of electricity
- FY25 closely monitoring new electrified system for financial performance

The Committee members had a robust discussion and staff provided further clarification in response to the Committee comments and questions, which included the following:

- First biennial budget process, amendments, project planning, Board feedback, and annual budgets
- San Mateo County Transit District, San Mateo County Transportation Authority, and Peninsula Corridor Joint Powers Board are all on two-year budget cycle

Public comment

Aleta Dupree, Team Folds, commented on Measure RR, insurance increase, and electricity rates.

Item 6 - Motion/Second: Davis/Zmuda

Ayes: Davis, Zmuda

Noes: None

Absent: Mueller

8. Committee Member Requests - There were none.

9. Date/Time of Next Regular Finance Committee Meeting: Monday, November 18, 2024 at 2:30 pm.

10. Adjourn - The meeting adjourned at 3:25 pm