Caltrain 3-County 1/8 Cent Sales Tax



San Francisco County Transportation Authority

San Francisco Board of Supervisors

July 28, 2020

3-County 1/8-Cent Sales Tax

- 2/3 of total combined vote from the 3 counties
- Can exceed 2% local sales tax limit
- ~\$108 million/year for operating & capital needs

Annual Projection: \$108 million



(amounts in millions of dollars)



Operating Costs & Revenue Caltrain Today

- No dedicated funding sources
- Member Agencies help fund on annual basis:
 - Operations (ridership based formula)
 - Annual Capital SOGR (split evenly)
- Major Capital Projects have unique separate funding plans with a mix federal, state, local, member agency funds

Budgeted Operating Expenses and Revenue FY 2020



All costs shown in YOE \$

Annual Member Contributions Caltrain Today

- No dedicated funding sources
- Member Agencies help fund on annual basis:
 - Operations (ridership based formula)
 - Annual Capital SOGR (split evenly)
- Major Capital Projects have unique separate funding plans with a mix federal, state, local, member agency funds

Combined Share of Annual Capital SOGR & Ops vs. Ridership

County	FY20	% of FY20	% of riders
San Francisco	\$15.6M	30%	27%
San Mateo	\$16.6M	32%	31%
Santa Clara	\$20.2M	38%	42%
Total	\$52.4M	100%	100%



With SB797: Expenditure Plan

Revenues prioritized:



Operations and annual capital (state of good repair) needs



Capital – infrastructure such as level boarding and rolling stock to advance the expansion of the Caltrain peak hour service to 8 trains per hour, per direction as well as the expansion of service on the Gilroy extension to a minimum of five roundtrip per day

Additional revenue:

Revenues will also be eligible to help advance capital projects necessary to implement the Caltrain Business Plan's 2040 Service Vision.



Equity benefits



7-Agency Approval Process



Regional

Caltrain Board of Directors (2/3 majority)

San Francisco County

- SFMTA Board of Directors
- Board of Supervisors

San Mateo County

- SamTrans Board of Directors
- Board of Supervisors

Santa Clara County

- VTA Board of Directors
- Board of Supervisors



Governance Background

Joint Powers Agreement (as amended in 2008), Real Property Agreement summarized and presented by Olson-Remsho at the July 8 Caltrain Board meeting:

- Established San Mateo County Transit District (SMCTD) as managing agency for Caltrain in exchange for forgiving ~\$30 million in right of way debt owed to San Mateo by Santa Clara and San Francisco counties
- 2. CEO and CFO of Caltrain must be same individual as CEO and CFO of SamTrans
- 3. SamTrans has financial rights and interests stemming from its ownership and management of certain Caltrain operating and non-operating (parking lot, land parcels) assets.

SF/SC County Governance Provisions

- a. Revenues will be held in a Special Escrow Account to be disbursed by the Joint Powers (Caltrain) Board, for eligible expenditures at any time with a 2/3 majority
- b. Up to the first \$40 million collected shall off-set member operating contributions and replace COVID-related fare losses IF no/limited additional Federal emergency relief funds are made available
- c. If a governance solution is found, the Special Escrow Account is closed and funds transferred to JPB regular accounts/administration.
- d. If no governance solution is found by September 30, 2021, another \$40 million shall be made available for operations.

Governance Provisions, continued

- c. If no governance solution is found by December 31, 2022, all parties commit to working with state delegation on a legislative solution in 2023 legislative session.
- e. The JPB Board shall appoint an independent special counsel and auditor (separate from SamTrans) within 90 days of placement of this measure on the November 2020 ballot.

SFCTA CAC Support & Joint Statement by SF, SC Elected Officials

- SFCTA Citizens Advisory Committee at 7/22 meeting voted 9-1-0 (support-abstain-oppose) urging SF BoS and SFMTA to support the Caltrain resolution as sponsored by Supervisors Walton, Peskin, Haney July 21, 2020
- Joint Statement by 12 San Francisco and Santa Clara County elected officials calling for comprehensive approach to funding and reform

As elected representatives of Santa Clara and San Francisco counties, we call on San Mateo County to join us in supporting a comprehensive path forward for Caltrain. This includes forwarding for voter consideration a dedicated sales tax to support the railway immediately and into the future, as well as engaging in meaningful and timely discussions of Caltrain governance reform, which is key to ensuring accountability and transparency for our constituents. The proposed 1/8 cent sales tax would provide a reliable source of funds for Caltrain and relieve the local transit budgets in all three counties. This is much needed and desired. However, given the serious nature of any tax proposal, we are keen to advance governance reforms in parallel, to ensure that we have the ability to directly oversee the use of funds and truly shape and set policy in an equitable manner.

Caltrain's current governance and management structure requires significant change to facilitate these processes and outcomes. In particular, we must ensure equitable representation for Santa Clara and San Francisco counties, which together comprise nearly 80% of anticipated sales tax proceeds.

We believe Caltrain is an incredibly valuable asset to our counties and the greater Bay Area and want the system to thrive. To make needed changes, we should work toward CEO accountability and establishing an independent and dedicated agency at Caltrain, separate from SamTrans, even as we pursue a permanent source of revenue for Caltrain operations and development. Our proposed sales tax ballot measure provides for immediate needs to keep essential Caltrain services running, while setting out a reasonable process and timetable to address needed reforms.

It is never a 'good time' to deal with governance, but we can't keep kicking the can down the tracks. There are myriad needs in this Covid-era and we need meaningful reform to allow for the robust policy discussions, trade-off considerations and ultimately, tough decisions that will be needed in order for Caltrain to navigate these challenging times. If we work collaboratively, we can emerge stronger than ever to realize the railway's potential to provide dynamic, metro-like service for all users across our region.

Now is the time for all the partners to join together to fund Caltrain and create an equitable, accountable and transparent organization. Only in this way can Caltrain become the exceptional example of regional cooperation and investment that the region and its taxpayers deserve.

Senator Scott Wiener, State of California

Assembly Member Kansen Chu, State of California

South Wiener

Assembly Member Ash Kalra, State of California A. I. Kal

Assembly Member David Chiu, State of California David Chice



Mayor London Breed, City of San Francisco

Mayor Sam Liccardo, City of San Jose



Council Member Dev Davis, City of San Jose

County of San Francisco

Supervisor Aaron Peskin, County of San Francisco Caron Bli

Supervisor Shamann Walton,

Supervisor Matt Haney, County of San Francisco