

**RESOLUTION NO. 2020-12**

**BOARD OF DIRECTORS, SAN MATEO COUNTY TRANSIT DISTRICT  
STATE OF CALIFORNIA**

\* \* \*

**APPROVING THE PENINSULA CORRIDOR JOINT POWERS BOARD'S PLACEMENT  
OF A THREE-COUNTY MEASURE TO IMPOSE A ONE-EIGHTH OF ONE PERCENT RETAIL  
TRANSACTIONS AND USE TAX TO BE USED FOR OPERATING AND CAPITAL PURPOSES OF  
THE CALTRAIN RAIL SERVICE ON THE NOVEMBER 3, 2020 ELECTION BALLOT**

**WHEREAS**, the Peninsula Corridor Joint Powers Board (JPB) is a joint exercise of powers authority duly formed pursuant to the October 3, 1996 joint powers agreement between the City and County of San Francisco (CCSF), the San Mateo County Transit District (SMCTD), and the Santa Clara Valley Transportation Authority (VTA) (together, the "Member Agencies"); and

**WHEREAS**, the JPB operates the Caltrain passenger rail service between San Francisco, California and Gilroy, California, currently serving 32 stations along the 77-mile corridor; and

**WHEREAS**, since its inception, the JPB has had no dedicated source of funding other than passenger fares and, instead, relies on contributions from its Member Agencies to fill minimum financial requirements in its operating and capital budgets under two different funding formulas; and

**WHEREAS**, for capital costs, each of the Member Agencies (a) contributes an equal amount of capital funding each year and (b) supplements operating funding based on the percentage of system ridership originating in each County; and

**WHEREAS**, the levels of both capital and operating funding are determined by the funding capacity of the Member Agency with the least ability to provide its share of funding in any given year, and the amount that Member Agency can make available

then becomes the standard against which the contributions of the other Member Agencies are calculated; and

**WHEREAS**, this approach fosters an uncertain financial and planning environment for the JPB, which is exacerbated by continually-escalating operating, maintenance and repair costs, thereby keeping the JPB from operating at service levels that meet the rising passenger demands for Caltrain service; and

**WHEREAS**, Caltrain, the seventh largest commuter rail service in the nation, operates the most efficient such service based on costs per passenger mile, and has the highest farebox recovery rate of all the commuter rail services nationwide at 70%, which reflects the proportion of operating costs funded by passenger fares; and

**WHEREAS**, the JPB is facing significant and ever-increasing structural funding shortfalls, which impact its ability to meet its operational needs, address its state of good repair requirements and undertake necessary capital improvements to sustain the Caltrain service; and

**WHEREAS**, the JPB has embarked upon a project to electrify its right of way between San Francisco and San Jose, which will transform the Caltrain service into a more environmentally sustainable, quiet and nimble operation commencing in 2022; and

**WHEREAS**, although the electrified Caltrain service will eliminate the costs of diesel fuel, Caltrain will confront new system and technological costs for operation and maintenance of the electrified system, the electrical multiple unit rail cars, and the positive train control system; and

**WHEREAS**, to provide a means to address the JPB's financial challenges, in 2017 the Governor signed Senate Bill No. 797, introduced by Senator Jerry Hill, authorizing the JPB to implement a new retail transactions and use tax of up to 0.125 percent in the

three Counties served by Caltrain if (i) the Board of Directors of the JPB adopts a resolution submitting the measure to the voters, (ii) the measure is approved by the Boards of Supervisors in the Counties of Santa Clara, San Mateo and San Francisco, (iii) the measure is approved by a majority vote of the governing boards of the San Francisco Municipal Transportation Agency, the SMCTD, and VTA, and (iv) the tax is adopted by a two-thirds vote of the three Counties' voters; and

**WHEREAS**, the revenues derived from the one-eighth cent sales tax will provide a dedicated fund source to support the operational and capital cost of the service; and

**WHEREAS**, more specifically, the tax revenues from this measure will be prioritized:

- To support the operation of Caltrain service levels throughout the corridor from San Francisco to Gilroy, including, but not limited to, expanded service and increased capacity realized through the operation of an electrified system. The required support includes the maintenance of equipment, infrastructure and systems necessary to sustain and expand the service;
- To support the infrastructure, rolling stock, and capital projects necessary to advance the expansion of the Caltrain peak hour service from 6 trains per hour per direction to 8 trains per hour per direction, as well as the expansion of the Gilroy service to a minimum of five morning and five afternoon trains;
- To develop and implement programs to expand access to the Caltrain service and facilitate use of the system by passengers of all income levels, including establishing an affordability program with consideration of discounted passes and/or additional means-based fare discounts informed by Caltrain's Means Based Fare Pilot Program; and

**WHEREAS**, revenues will also be available to help leverage other local, regional, state and federal investments to advance capital projects necessary to implement the

Caltrain Business Plan's 2040 Service Vision, adopted by the Peninsula Corridor Joint Powers Board on October 3, 2019. These projects include, but are not limited to: the San Francisco Downtown Extension project including the Pennsylvania Avenue alignment, the extension of electrified train service to Gilroy, and grade separations throughout the corridor; and

**WHEREAS**, as required by California Revenue and Taxation Code section 7286.65 (b), this Resolution evidences the District's approval for the JPB to place a sales tax measure before the voters of the three Counties to provide the JPB with a steady stream of funding to support the annual operating, maintenance and capital needs of an electrified Caltrain service with increased frequency and capacity, which in turn will reduce traffic congestion and air pollution in the three Counties.

**NOW, THEREFORE, BE IT RESOLVED** that the San Mateo County Transit District approves placement by the Peninsula Corridor Joint Powers Board of a resolution on the November 3, 2020 ballot in Santa Clara, San Mateo and San Francisco Counties to authorize the JPB to impose a one-eighth of one percent (0.125%) retail transactions and use tax for a period of thirty (30) years, throughout the three Counties, to fund operating and capital expenses of the Caltrain rail service, and support the operating and capital needs required to implement the Service Vision adopted by the Peninsula Corridor Joint Powers Board on October 3, 2019 as part of the Caltrain Business Plan.

Regularly passed and adopted this 1st of April, 2020 by the following vote:

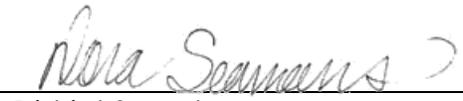
AYES: Collins, Fraser, Guilbault, Pine, Powell, Ratto, Stone, Matsumoto

NOES: None

ABSENT: Groom

  
\_\_\_\_\_  
Chair, San Mateo County Transit District

ATTEST:

  
\_\_\_\_\_  
District Secretary