Revised 10/24/22 11:00am

AGENDA

PENINSULA CORRIDOR JOINT POWERS BOARD

Finance Committee Meeting

Committee Members: Monique Zmuda (Chair), Jeff Gee, Glenn Hendricks

Due to COVID-19, this meeting will be conducted via teleconference only (no physical location) pursuant to Assembly Bill 361 (Gov. Code section 54953).
Directors, staff, and the public may participate remotely via Zoom at **https://zoom.us/j/93388927360?pwd=SFJranR4KzVURGlZVW5VUXJMZGIxQT09** or by entering Webinar ID: **# 933 8892 7360,** Passcode: **790810,** in the Zoom app for audio/visual capability or by calling 1-669-900-6833 (enter webinar ID and press **#** when prompted for participant ID) for audio only. The video live stream will be available after the meeting at https://www.caltrain.com/video-board-directors .

Public Comments: Members of the public are encouraged to participate remotely. Public comments may be submitted to publiccomment@caltrain.com prior to the meeting's call to order so that they can be sent to the Board as soon as possible, while those received after an agenda item is heard will be included in the Board's weekly correspondence and posted online at https://www.caltrain.com/about-caltrain/meetings
Oral public comments will also be accepted during the meeting through *Zoom or via the teleconference number listed above. Public comments on individual agenda items are limited to one per person PER AGENDA ITEM. Use the Raise Hand feature to request to speak. For public participants calling in, dial *67 if you do not want your telephone number to appear on the live broadcast. Callers may dial *9 to use the Raise the Hand feature for public comment and press *6 to accept being unmuted when recognized to speak for two minutes or less. Each commenter will be automatically notified when they are unmuted to speak for two minutes or less. The Board Chair shall have the discretion to manage the Public Comment process in a manner that achieves the purpose of public communication and assures the orderly conduct of the meeting.

October 24, 2022 - Monday **2:30 pm**

All items to which Government Code section 84308 applies have been marked with an asterisk

1. Call to Order/Pledge of Allegiance

2. Roll Call

Note: All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board.

Revised 10/24/22 11:00am

3. Public Comment on Items not on the Agenda
   Comments by each individual speaker shall be limited to two (2) minutes. Items raised that require a response will be deferred for staff to reply.

4. Consent Calendar
   Members of the Board may request that an item under the Consent Calendar be considered separately.

   4.a. Approve Meeting Minutes of September 26, 2022 — Motion

   4.b. Call for Public Hearing at the November Finance Committee - Monthly Pass Product Proposed Changes — Motion

5. Report of the Acting Chief Financial Officer — Informational

6. Accept Statement of Revenues and Expenses for the Period Ending September 30, 2022 — Motion

7. Accept Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022 — Motion

8. Award of a Contract to Bell Burnett & Associates to Provide Financial Strategy Plan Consulting Services* — Motion

~~9. Award of Contract to Provide Energy Regulatory and Other Legal Services* — Motion~~

~~10.~~9. Adopt Revised Rules of Procedure for the Peninsula Corridor Joint Powers Board Including Updated Committee Structure — Informational

~~11~~10. Committee Member Requests

~~12~~11. Date/Time of Next Regular Finance Committee Meeting: November 21, 2022 at 2:30 pm via Zoom (additional location, if any, to be determined).

~~13~~12. Adjourn

Note: All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board.

Revised 10/24/22 11:00am

Information for the Public

All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board. If you have questions on the agenda, please contact the JPB Secretary at 650.508.6242. Agendas are available on the Caltrain website at www.caltrain.com. Communications to the Board of Directors can be e-mailed to board@caltrain.com. *Free translation is available; Para traducción llama al 1.800.660.4287;* 如需翻译 请电*1.800.660.4287*

Date and Time of Board and Committee Meetings
JPB Board: First Thursday of the month, 9:00 am; JPB Finance Committee: Two Mondays before the Board Meeting, 2:30 pm. The date, time, and location of meetings may be changed as necessary. Meeting schedules for the Board and committees are available on the website.

Location of Meeting
Due to COVID-19, the meeting will only be via teleconference as per the information provided at the top of the agenda. The Public may not attend this meeting in person. *Should Zoom not be operational, please check online at https://www.caltrain.com/about-caltrain/meetings any updates or further instruction.

Public Comment*
Members of the public are encouraged to participate remotely. Public comments may be submitted to publiccomment@caltrain.com prior to the meeting's call to order so that they can be sent to the Board as soon as possible, while those received during or after an agenda item is heard will be included into the Board's weekly correspondence and posted online at https://www.caltrain.com/about-caltrain/meetings
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Oral public comments will also be accepted during the meeting through Zoom or the teleconference number listed above. Public comments on individual agenda items are limited to one per person PER AGENDA ITEM. Each commenter will be automatically notified when they are unmuted to speak for two minutes or less. The Board Chair shall have the discretion to manage the Public Comment process in a manner that achieves the purpose of public communication and assures the orderly conduct of the meeting.

Accessible Public Meetings/Translation
Upon request, the JPB will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested at least 72 hours in advance of the meeting or hearing. Please direct requests for disability-related modification and/or interpreter services to the Title VI Administrator at San Mateo County Transit District, 1250 San Carlos Avenue, San Carlos, CA 94070-1306; or email titlevi@samtrans.com; or request by phone at 650-622-7864 or TTY 650-508-6448.

Availability of Public Records
All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that is distributed to a majority of the legislative body, will be available for public inspection at 1250 San Carlos Avenue, San Carlos, CA 94070-1306, at the same time that the public records are distributed or made available to the legislative body.

Peninsula Corridor Joint Powers Board
Finance Committee Meeting
1250 San Carlos Avenue, San Carlos CA 94070

Draft Minutes of September 26, 2022

Members Present:	Jeff Gee, Glenn Hendricks, Monique Zmuda (Chair)
Members Absent:	None
Staff Present:	M. Bouchard, J. Harrison, A. Myles-Primakoff, G. Martinez, R. Barnard, L. Millard-Olmeda, R. Hinchman, M. Reggiardo, D. Seamans, S. Wong, K. Scribner

1. Call to Order/Pledge Of Allegiance
Chair Monique Zmuda called the meeting to order at 2:30 pm and led the Pledge of Allegiance

2. Roll Call
District Secretary Dora Seamans confirmed the presence of a Board quorum.

3. Public Comment For Items Not On The Agenda
There was no public comment.

4. Consent Calendar

4a. Approve Meeting Minutes of July 25, 2022
Motion/second: Gee/Hendricks
Ayes: Gee, Hendricks, Zmuda
Noes: None
Absent: None

5. Report of the Acting Chief Financial Officer
Grace Martinez, Acting Chief Financial Officer, provided an update of fiscal year 2022 year-end activities.

6. Accept Statement of Revenues and Expenses for the Period Ending June 30, 2022
Grace Martinez, Acting Chief Financial Officer, provided an update, which included the following:
- A surplus of over $11 million after accounting for the $80 million transferred to capital funds that was approved by the Board November 2021
- Financial audit underway and staff reviewing the first draft of the Annual Comprehensive Financial Report (ACFR) and is on track to submit it at next Finance meeting

The Board had a discussion and staff provided further clarification in response to the Board members comments and questions, which included the following:
- $4 million on line 52 is related to grants

- American and AT&T expenses – some requirements that certain expenses need to qualify as made in America (for 3 roadway bridges in San Francisco) and Caltrain was working with Caltrans to get money from the Federal Highway Administration (FHWA) for the components that had to do with the water system/fire hydrant
- $11 million surplus anticipated for the Fiscal Year 2022 budget is due to operating grants and Measure RR
- Preliminary numbers indicate $3 million surplus for Fiscal Year 2023 (FY23), will go into the fund balance, and no plans to spend reserves
- Addressing capital needs in addition to addressing reserves

Motion/second: Gee/Hendricks
Ayes: Gee, Hendricks, Zmuda
Noes: None
Absent: None

7. Accept Statement of Revenues and Expenses for the Period Ending August 31, 2022
Grace Martinez, Acting Chief Financial Officer, provided an update, which included the following:
- Lower fare revenues due to lower Clipper revenues and Clipper receipts for July and August are not far off for pre-COVID numbers
- Ticket reports for farebox revenues for the last four years are included in the packet

The Board had a discussion and staff provided further clarification in response to the Board members comments and questions, which included the following:
- Concerns projections may be off by ten percent and request to see an aggregate projection forward instead of month-to-month
- Have more expansive, detailed report in the future on the efforts of the ridership and revenue task force, including tracking ticket types and marketing
- Macro view of efforts and ability to target what riders are using for focusing marketing efforts
- June 22 compared to June 19 (p25 and p20) in the ballpark of total revenues without GoPass

Public Comment
Adrian Brandt, San Mateo County, commented on moving from inequitable fare zones to distance-based fare scheme drafted by the JPB CAC. He opined that it would attract more diverse and broad-based ridership, with one stop versus two fare zones, and needs to be revisited.

Motion/second: Hendricks/Gee
Ayes: Gee, Hendricks, Zmuda
Noes: None
Absent: None

8. Approve Adding Federal Employees Liability Act (FELA) Insurance to the Rail Liability Program

Ryan Hinchman, Director of Finance Administration, provided a presentation that included the following:

- July Board approved insurance and staff are currently working on the FELA program
- FELA policy examined as an opportunity for reduction of expenses
- Completely separate from liability insurance, this is a program dedicated to railroad workers

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

- Savings coming from changing policy terms and due to being the policyholder
- Confirmed with staff that as an employer of railroad workers, there was no additional liability with the changes

Director Hendricks left at 3:08 pm

Motion/second: Gee/Zmuda
Ayes: Gee, Zmuda
Noes: None
Absent: Hendricks

9. Authorize the Execution of the Necessary Agreements and Amendments to Receive Funds and Act as the Project Lead to Deliver the Final Design Phase of the Rengstorff Avenue Grade Separation Project

Rob Barnard, Deputy Chief, Rail Development, provided the presentation, which included the following:

- Project Partners and Roles - Valley Transportation Authority (VTA), Caltrain, City of Mountain View
- Existing at-grade crossing
- Project goals, elements, progress (environmental document & preliminary engineering complete), and timeline
- Costs, funding commitments totaling $50 million, and next Steps

Director Hendricks returned at 3:13 pm

Public Comment

Adrian Brandt, San Mateo County, commented on the $48 million spent on utility relocation being one-fifth of the project budget and recommended elevating the tracks so utilities do not have to be relocated.

The Board expressed support for the project, grade separations, and safety benefits.

Motion/second: Hendricks/Gee
Ayes: Gee, Hendricks, Zmuda
Noes: None
Absent: None

As proposed by staff, Chair Zmuda approved hearing agenda items 10 and 11 presented together.

10. Authorize Execution of Comprehensive Agreement with the County of Santa Clara in Support of the Mountain View Transit Center Grade Separation and Access Project (presented in conjunction with Item 11)

11. Authorize Execution of Amended Cooperative Agreement to Receive Funding for Additional Final Design Cost and the Construction Manager General Contractor (CMGC) Pre-Construction Phase for the Mountain View Transit Center Grade Separation and Access Project

Rob Barnard, Deputy Chief, Rail Development, provided the presentation, which combined agenda Items 10 and 11, and included the following:

- Project partners, roles, and goals to improve safety, improve traffic, and reduce traffic delays
- Project details included three new pedestrian underpass tunnels
- Agenda Item #10 provides for cost reimbursement
- Overall project schedule with construction to be completed in 2027
- Existing budget and proposed revised budget
- Final design, CMGC pre-construction budget breakdown, and staff recommendation

Public Comment

Adrian Brandt, San Mateo County, expressed support for this progressive project and encouraged proceeding.

Board members expressed enthusiasm for this project and other cities are looking at grade separation work.

Motion/second: Hendricks/Gee moved to approve Item 10 and 11
Ayes: Gee, Hendricks, Zmuda
Noes: None
Absent: None

12. Authorize Award of Contract for the Guadalupe River Bridge Replacement Project

Michelle Bouchard, Acting Executive Director, provided an introduction and noted that this is the first project awarded during this inflation fueled bidding climate and described current processes that would help long-term planning and budgeting.

Rob Barnard, Deputy Chief, Rail Development, provided the presentation, which included the following:

- Project location and prior February 2022 Board presentation on environmental clearance
- Bridge inspection found elements in critical condition including seismic vulnerability
- Scope to replace MT-1, remove 42 feet of MT-2, and perform interim channel widening
- Existing bridge conditions and urgent of MT-2 reconstruction for Peninsula Corridor Electrification Project (PCEP) system testing
- Bid results of the project and the lowest responsive and responsible bidder was Walsh Construction Company II, LLC.
- Updated project cost projection increase of $11.4 million, cost increases by category, and total cost of $63 million
- Actively managing construction, oversight cost, additional resources including a new senior project manager, and budgets now reported on a line-by-line basis
- Sufficient funds to support the first year of construction
- Plan to increase the level of funds needed for state of good repair (SOGR)

Public Comment
Adrian Brandt, San Mateo County, commented on rebidding not cutting costs, future high speed rail plans to San Jose, potentially jeopardizing the PCEP budget, and on time completion of PCEP.

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

- Use the additional $11 million on the funding table in the years needed, funding requests in Fiscal Year 2024 aligning with contractor plans
- State, federal and local partnership efforts to close the funding gap
- Minimizing damage to overhead wires and replacing in half segments if needed
- Strategies for Fiscal Year 2024-2025 funding with a $7 million a year funding gap
- Completing Los Gatos creek bridge funding in a similar fashion
- Have a major projects committee to support staff and discuss member contributions to SOGR; have a five-year contribution so there would no longer be a need to ask annually
- Immediate problems needing immediate funding, avoiding cost escalations at the end of the project, and concerns about when FY 2024-2025 funding will occur

Motion/second: Gee/Zmuda
Ayes: Gee, Zmuda
Noes: Hendricks
Absent: None

13. Amend and Increase the Fiscal Year 2023 Caltrain Capital Budget by $11,636,922 from $90,956,662 to $102,593,584

Grace Martinez, Acting Chief Financial Officer confirmed that this item combines the dollars needed for the following projects: (1) Guadalupe River Bridge Replacement and Extension Project, (2) Mountain View Transit Grade Separation Project, and (3) Downtown Extension Support Project.

The Board had a discussion and staff provided further clarification in response to the Board members comments and questions on the source of the $1.3 million for the Guadalupe River Project coming from Local Partnership Program (LPP) local funds.

Motion/second: Hendricks/Gee
Ayes: Gee, Hendricks, Zmuda
Noes: None
Absent: None

14. Accept On-Call Transportation Planning and Consultant Support Services Update
Melissa Reggiardo, Caltrain Planning Manager, provided summarized quarterly information , which included the following:

- Contract capacity status
- Percentage of capacity against the percentage of time elapsed
- Board approved dates and amounts
- Aggregates the Work Directives (WD) amounts issued to each of the vendors
- Work Directives issued or amended since the last reporting periods.

15. Committee Member Requests
Director Gee requested follow up on the American made expense and reimbursement.

Director Zmuda requested a summary report for the Fiscal Year 2023 fund balance plans (to look at the reserve policy and any funding that may be available for future budgets including capital budgets).

Director Zmuda requested Guadalupe River Bridge Replacement Project be pulled off consent at the Board meeting.

16. Date/time of next regular Finance Committee meeting
Monday, October 24, 2022, at 2:30 pm via Zoom (additional location, if any, to be determined)

17. Adjourn
The meeting adjourned at 4:28 pm.

An audio/video recording of this meeting is available online at https://www.caltrain.com/video-board-directors . Questions may be referred to the Board Secretary's office by phone at 650.508.6279 or by email to board@caltrain.com.

Peninsula Corridor Joint Powers Board
Staff Report

To: Finance Committee

Through: Michelle Bouchard, Acting Executive Director

From: Grace Martinez, , Acting Chief Financial Officer

Subject: **Call for Public Hearing at the November Finance Committee - Monthly Pass Product Proposed Changes**

☐ Finance Committee Recommendation ☐ Work Program-Legislative-Planning Committee Recommendation ☑ Staff Coordinating Council Reviewed ☑ Staff Coordinating Council Recommendation

Action

Call for Public Hearing at the November Finance Committee

Significance

Clipper Next Generation Monthly Pass Proposed Changes

Current Monthly Pass

Currently Caltrain's monthly pass is administered on Clipper and only requires customers to tap on and off once per month to activate the pass. The monthly pass is valid only for the defined zones for which it is purchased. Travel outside of those zones requires additional action for the customer. A customer may either purchase paper zone upgrade ticket(s) via a ticket vending machine (TVM), purchase a ticket via the Caltrain Mobile app, or use their Clipper card and pay a full e-cash fare for the zones travelled (there is no credit given for the monthly pass purchased if traveling outside of monthly pass defined zones).

Since customers only tap on and off once per month, Caltrain does not have data on monthly pass customers' ridership, which impacts both reporting and planning. Under the current system, fare enforcement officials must check to ensure that month passes are valid withing zones and customers have the correct zone upgrade(s) if applicable.

Monthly Pass Clipper Next Generation Recommendation

To simplify the monthly pass product and provide Caltrain's customers with a better value proposition, staff recommends that the monthly pass be changed to a dynamic zone structure. The dynamic zone structure would allow customer to purchase a monthly pass that is valid for a defined number of zones (1-6). Customers would then be able to travel the purchased number of zones anywhere within the Caltrain service area at no additional cost. If a monthly pass customer needs to travel more zones than they had purchased, they would automatically be charged the appropriate zone upgrade fee via their Clipper card upon tap off. For example, a customer who purchases a two (2) zone pass could travel between zones 1-2 or 2-3 at no cost, if they traveled between zones 1 and 3 they would be charged a one zone upgrade fee upon tap off of their trip.

These enhanced features of the monthly pass would require all monthly pass users to tap on and off for each trip. This is now possible due to the increased number of SAVs at the Caltrain stations, and the addition of the zone upgrade to the Clipper system. This change will also streamline fare enforcement operations as it would only require a pass be present on the Clipper card. In addition, this change will provide Caltrain with monthly pass ridership data.

While this change cannot be executed until the deployment of the Clipper Next Generation system, staff will need to provide guidance to MTC to program the change systematically in December 2022. As moving to a dynamic zone structure will require a change in the Board approved fare structure, staff will present an action item at the December 1, 2022, Board meeting. Prior to the December 1, 2022, Board meeting, staff will engage in customer outreach to collect customer feedback via a survey, and hold a public hearing. Following the public hearing, the staff will present the Title VI analysis and update on customer communication and marketing efforts to the Board, and if warranted, seek authorization from the Board prior to launch.

The month pass recommendation supports Caltrain's fare policy objectives adopted in 2018 which include:

- Customer Experience
  Easy for customer to use and understand-The proposed monthly pass provides seamless travel for Caltrain's customers without having to purchase zone upgrades and simplifies the monthly pass product from 21 base product combinations to 6.
  Promotes integration with regional and State Programs-Having accurate ridership data would allow Caltrain to better understand impacts of program changes and help to better design future programs.

- Financial Sustainability
  Ensure the agencies ongoing financial health-While Caltrain currently does not have data to support revenue impact, staff believes the monthly pass recommendation provides a better value proposition to Caltrain's customer which may increase monthly pass sales. The recommendation will also streamline fare enforcement and ensures zone upgrades are purchased correctly which may increase revenue.

- Ridership
  Support achievement of agency's ridership goals- Staff projects the recommendation may incentivize new Monthly Pass participants / increased utilization of the Monthly Pass. Monthly pass customers frequently use the Caltrain system and providing a better value for these customers will help increase ridership frequency.

Maximize use of agency's infrastructure assets- SAVs have been increased from 170-300 to support tap on and off by Monthly Pass users.

- Equity
  Strive for consistency across fare products in revenue generated per passenger / mile- Equity impact will be assessed via Title VI. With dynamic zones, the cost per revenue mile is expected to decrease for month pass customers.

Budget Impact

Potential budget impact for implementing this change include:

1. Operation and maintenance Clipper costs range from $100-$250k annually*, however this increase represents Caltrain paying its fair share of these costs. Currently Clipper ridership is used to allocate these costs and Caltrain's ridership is artificially low due to month pass users not tapping for each trip.
2. Outreach and marketing expenses are estimated at $20-$30k, however MTC has offered to potentially provide financial support for this effort.
3. Reprogramming of TVM's is estimated at $10k-$20k.
4. While revenue impact is unknown, staff estimates the increased value proposition and automatic zone upgrade charges has strong potential to increase overall revenue and ridership.

**Cost estimates fluctuate based on regional proportion of ridership. Analysis assumes 22% of overall ridership utilizes Go Pass, and then excluding institutional ridership on Go Pass*

Background

The Clipper automated fare payment system is currently used by twenty-three transit agencies in the San Francisco Bay Area. MTC extended its contract with Cubic Transportation Systems Inc. for the current Clipper card-based fare payment system through November 2, 2024, and entered into a separate contract in September 2018 with Cubic to design, develop, test, install, transition, operate and maintain the Clipper Next Generation account-based fare payment system.

Prepared By: Bruce Thompson Fare Operations Manager 650-551-6106

Peninsula Corridor Joint Powers Board
Staff Report

Date: October 19, 2022

To: Finance Committee

Through: Michelle Bouchard, Acting Executive Director

From: Grace Martinez, Acting Chief Financial Officer

Subject: **Report of the Acting Chief Financial Officer**

Highlights

- The Annual Comprehensive Financial Report (ACFR) for Fiscal Year 2022 has been issued.
  - Post ACFR activities are underway including the audit of Measure RR funds.

- Highlights on the Statement of Revenues and Expenses for the first quarter ended September 30, 2022:
  - Measure RR is on track with budget for the first quarter.
  - Other income is higher than budget due to higher interest earnings.
  - Fuel costs are lower compared to budget primarily due to fuel hedge.
  - Total farebox revenues is 25% of total fiscal year budget for farebox revenues.

- Reserve Funds Update:
  - As of 09/30/2022, the reserve funds have the following balances:
    - Operating: Beginning balance $ 16.1M
      Add: FY23 set aside <u>10.8M</u>
      Total $ 26.9M
    - Capital $ 20.0M

  - A draft policy of capital reserve will be submitted in the December 2022 Finance Committee meeting.

Peninsula Corridor Joint Powers Board
Staff Report

To:	Finance Committee
Through:	Michelle Bouchard, Acting Executive Director
From:	Grace Martinez, Acting Chief Financial Officer
Subject:	**Accept Statement of Revenues and Expenses for the Period Ending September 30, 2022**

☐ Finance Committee Recommendation ☐ Work Program-Legislative-Planning Committee Recommendation ☐ Staff Coordinating Council Reviewed ☐ Staff Coordinating Council Recommendation

<u>Action</u>
Staff proposes that the Finance Committee of the Peninsula Corridor Joint Powers Board (JPB) accept and enter into the record the Statement of Revenues and Expenses for September 2022.

This staff report provides a brief discussion of significant items and trends on the attached Statement of Revenues and Expenses through September 30, 2022. The statement has been designed to follow the Agency-wide line-item rollup as included in the approved budget. The columns have been designed to provide an easy comparison of year-to-date current actuals to the budget including dollar and percentage variances.

<u>Significance</u>
Year to Date Revenues: As of September's year-to-date actual, the Grand Total Revenue (page 1, line 16) is $0.5 million higher than the adopted budget. This is primarily driven by the increase in Other Income (page 1, line 5) which is partially offset by Caltrain Fares (page 1, line 1).

Year to Date Expenses: As of September's year-to-date actual, the Grand Total Expense (page 2, line 50) is $4.9 million lower than the adopted budget. This is primarily driven by decreases in Professional Services (page 2, line 38), Fuel and Lubricants (page 2, line 24) which is partially offset by the fuel hedge revenue, and Facilities and Equipment Maintenance (page 2, line 28) due to the timing of expenses.

Other Information: The Agency accounts for revenue and expenditures on a modified cash basis (only material revenues and expenses are accrued) on the monthly financial statement. As such, the variance between the current year's actual and the budget may show noticeable variances due to the timing of expenditures.

<u>Budget Impact</u>
There are no budget amendments for the month of September 2022.

Prepared By: Danny Susantin, Accountant III 650.622.8073
Jennifer Ye, Director, Accounting 650.622.7890

PENINSULA CORRIDOR JOINT POWERS BOARD

STATEMENT OF REVENUE AND EXPENSE

Fiscal Year 2023

September 2022

		JULY TO SEPTEMBER				ANNUAL			
					% OF YEAR ELAPSED		25.0%		
		CURRENT ACTUAL	ADOPTED BUDGET	$ VARIANCE	% VARIANCE	APPROVED BUDGET	FORECAST	$ VARIANCE	
	REVENUE								
	OPERATIONS:								
1	Caltrain Fares	7,495,237	7,959,000	(463,763)	(5.8%)	30,151,000	30,151,000	-	1
2	Go Pass	4,265,085	4,065,000	200,085	4.9%	16,260,000	16,260,000	-	2
3	Parking Revenue	434,434	474,000	(39,566)	(8.3%)	1,896,000	1,896,000	-	3
4	Rental Income	310,402	233,841	76,561	32.7%	935,357	935,357	-	4
5	Other Income	1,006,809	436,080	570,729	130.9%	1,744,319	1,744,319	-	5
6								-	6
7	TOTAL OPERATING REVENUE	13,511,968	13,167,921	344,047	154.4%	50,986,676	50,986,676	-	7
8									8
9	CONTRIBUTIONS:								9
10	AB434 Peninsula & TA Shuttle Funding	20,000	20,000	-	0.0%	40,000	40,000	-	10
11	Operating Grants	2,822,040	2,822,040	-	0.0%	11,288,161	11,288,161	-	11
12	Measure RR	29,046,072	28,871,251	174,821	0.6%	114,300,000	114,300,000	-	12
13									13
14	TOTAL CONTRIBUTED REVENUE	31,888,112	31,713,291	174,821	0.6%	125,628,161	125,628,161	-	14
15									15
16	**GRAND TOTAL REVENUE**	**45,400,079**	**44,881,212**	**518,867**	**1.2%**	**176,614,837**	**176,614,837**	**-**	16
17									17

PENINSULA CORRIDOR JOINT POWERS BOARD

STATEMENT OF REVENUE AND EXPENSE

Fiscal Year 2023

September 2022

% OF YEAR ELAPSED 25.0%

	JULY TO SEPTEMBER				ANNUAL		
	CURRENT ACTUAL	ADOPTED BUDGET	$ VARIANCE	% VARIANCE	APPROVED BUDGET	FORECAST	$ VARIANCE
EXPENSE							
DIRECT EXPENSE:							
Rail Operator Service	25,099,823	24,564,443	535,380	2.2%	98,257,758	98,257,758	-
Security Services	1,645,547	1,983,844	(338,297)	(17.1%)	7,935,381	7,935,381	-
Shuttle Services	-	20,460	(20,460)	(100.0%)	121,600	121,600	-
Fuel and Lubricants*	3,124,459	4,384,806	(1,260,347)	(28.7%)	17,539,232	17,539,232	-
Timetables and Tickets	753	33,837	(33,084)	(97.8%)	135,350	135,350	-
Insurance	6,245,904	6,299,730	(53,826)	(.9%)	9,299,730	9,299,730	-
Claims, Payments, and Reserves	562,852	330,000	232,852	70.6%	1,320,000	1,320,000	-
Facilities and Equipment Maintenance	1,015,593	1,809,606	(794,013)	(43.9%)	7,258,788	7,258,788	-
Utilities	596,835	654,399	(57,564)	(8.8%)	2,617,600	2,617,600	-
Maint & Services-Bldg & Other	281,885	438,529	(156,644)	(35.7%)	1,754,100	1,754,100	-
TOTAL DIRECT EXPENSE	**38,573,651**	**40,519,654**	**(1,946,003)**	**(4.8%)**	**146,239,539**	**146,239,539**	**-**
ADMINISTRATIVE EXPENSE							
Wages and Benefits	4,120,178	4,650,697	(530,519)	(11.4%)	13,963,830	13,963,830	-
Managing Agency Admin OH Cost	519,270	891,363	(372,093)	(41.7%)	3,565,453	3,565,453	-
Board of Directors	1,684	11,778	(10,094)	(85.7%)	57,275	57,275	-
Professional Services	582,150	2,311,941	(1,729,791)	(74.8%)	9,305,755	9,305,755	-
Communications and Marketing	28,710	100,932	(72,222)	(71.6%)	403,730	403,730	-
Other Office Expenses and Services	396,282	679,351	(283,069)	(41.7%)	2,724,996	2,724,996	-
TOTAL ADMINISTRATIVE EXPENSE	**5,648,274**	**8,646,062**	**(2,997,788)**	**(34.7%)**	**30,021,039**	**30,021,039**	**-**
TOTAL OPERATING EXPENSE	**44,221,925**	**49,165,716**	**(3,412,894)**	**(6.9%)**	**176,260,578**	**176,260,578**	**-**
Governance	1,928	87,501	(85,573)	(97.8%)	350,000	350,000	-
Debt Service Expense	581,438	430,292	151,146	35.1%	2,581,752	2,581,752	-
GRAND TOTAL EXPENSE	**44,805,291**	**49,683,509**	**(4,878,218)**	**(9.8%)**	**179,192,330**	**179,192,330**	**-**
NET SURPLUS / (DEFICIT)	**594,788**	**(4,802,297)**	**5,397,085**	**(112.4%)**	**(2,577,493)**	**(2,577,493)**	**-**
Draw from FY2022 surplus	**-**				**2,577,493**	**2,577,493**	
ADJUSTED NET SURPLUS / (DEFICIT)	**594,788**				**-**	**-**	
Reserve, Beginning Balance	**16,115,624**				**16,115,624**		
FY23 Set aside	**-**				**10,763,226**		
Reserve, Ending Balance	**16,115,624**				**26,878,850**		

*** Fuel and Lubricants costs were reduced by a realized gain of $933,051 from the fuel hedge program.**

PENINSULA CORRIDOR JOINT POWERS BOARD

INVESTMENT PORTFOLIO

AS OF SEPTEMBER 30, 2022

TYPE OF SECURITY		MATURITY DATE	INTEREST RATE	PURCHASE PRICE	MARKET RATE
Local Agency Investment Fund (Unrestricted)	*	Liquid Cash	1.513%	10,088,426	10,088,426
County Pool (Unrestricted)		Liquid Cash	1.342%	563,159	563,159
Other (Unrestricted)		Liquid Cash	2.173%	160,642,400	160,642,400
Other (Restricted)	**	Liquid Cash	0.075%	60,927,268	60,927,268
				$ 232,221,253	$ 232,221,253

Interest Earnings for September 2022	$ 405,622.43
Cumulative Earnings FY2023	$ 787,072.92

* The market value of Local Agency Investment Fund (LAIF) is calculated annually and is derived from the fair value factor as reported by LAIF for quarter ending June 30th each year.

** Prepaid Grant funds for Homeland Security, PTMISEA and LCTOP projects, and funds reserved for debt repayment.
The Portfolio and this Investment Report comply with the Investment Policy and the provisions of SB 564 (1995).
The Joint Powers Board has the ability to meet its expenditure requirements for the next six months.

Farebox Revenues by Ticket Type	PENINSULA CORRIDOR JOINT POWERS BOARD							
	Previous Years				FY2023			
REVENUE	FY2019	FY2020	FY2021	FY2022	Jul-22	Aug-22	Sep-22	FY2023 Total YTD
OPERATIONS:								
401400 (TVM)	18,431,265	11,165,620	2,458,837	6,836,440	626,228	770,942	736,862	2,134,031
401410 (Clipper)	54,621,910	37,970,696	2,924,987	7,764,755	1,129,007	1,611,378	1,377,219	4,117,604
401420 (Central)	64,908	20,799	309,748	39,911	5,139	945	9,901	15,985
401430 (Mobile App)	4,716,955	5,689,776	830,051	2,808,795	346,758	354,177	342,457	1,043,391
401500 (Gilroy)	1,903,941	1,542,171	178,759	449,281	37,440	66,110	80,675	184,226
401700 (Go-Pass)	22,929,136	19,705,372	25,737,533	15,337,175	1,417,118	1,415,836	1,432,132	4,265,085
total Farebox Revenue	102,668,114	76,094,433	32,439,915	33,236,357	3,561,691	4,219,387	3,979,245	11,760,322
Less: Go-Pass								
401700 (Go-Pass)	22,929,136	19,705,372	25,737,533	15,337,175	1,417,118	1,415,836	1,432,132	4,265,085
Revenues without Go-Pass	79,738,978	56,389,061	6,702,382	17,899,182	2,144,573	2,803,551	2,547,114	7,495,237
Tickets Sold					Jul-22	Aug-22	Sep-22	Total
TVM	2,354,393	1,465,876	315,378	755,674	86,060	86,171	83,501	255,732
Clipper	3,521,066	2,620,816	339,753	1,227,757	156,994	179,840	179,105	515,939
Central	9,167	5,044	-	4,032	319	145	770	1,234
Mobile	543,920	661,515	111,394	381,441	42,175	43,696	41,411	127,282
# of tickets sold (without go-pass)	6,428,546	4,753,251	766,525	2,368,904	285,548	309,852	304,787	900,187
AVG Revenue Per Ticket					Jul-22	Aug-22	Sep-22	Total
TVM	$ 7.83	$ 9.05	$ 7.80	$ 9.05	$ 7.28	$ 8.95	$ 8.82	$ 8.34
Clipper	$ 15.51	$ 6.32	$ 8.61	$ 6.32	$ 7.19	$ 8.96	$ 7.69	$ 7.98
Central	$ 7.08	$ 9.90	$ -	$ 9.90	$ 16.11	$ 6.52	$ 12.86	$ 12.95
Mobile	$ 8.67	$ 7.36	$ 7.45	$ 7.36	$ 8.22	$ 8.11	$ 8.27	$ 8.20
Total	$ 12.40	$ 11.86	$ 8.74	$ 7.56	$ 7.51	$ 9.05	$ 8.36	$ 8.33

Farebox Revenues by Ticket Type	PENINSULA CORRIDOR JOINT POWERS BOARD						
	July to September					Annual Budget	
REVENUE	FY2019	FY2020	FY2021	FY2022	FY2023	FY2023	% of Budget
401400 (TVM)	6,030,836	4,733,736	421,809	1,601,671	2,134,031		
401410 (Clipper)	14,263,944	14,412,431	624,332	1,294,248	4,117,604		
401420 (Central)	23,920	19,843	-	5,653	15,985		
401430 (Mobile App)	992,198	2,046,106	147,808	559,164	1,043,391		
401500 (Gilroy)	504,923	502,311	44,151	78,407	184,226		
401700 (Go-Pass)	4,867,361	5,555,239	7,670,549	3,533,589	4,265,085		
total Farebox Revenue	26,683,182	27,269,667	8,908,649	7,072,732	11,760,322	46,411,000	25%
Less: Go-Pass							
401700 (Go-Pass)	4,867,361	5,555,239	7,670,549	3,533,589	4,265,085	16,260,000	26%
Revenues without Go-Pass	21,815,821	21,714,427	1,238,100	3,539,142	7,495,237	30,151,000	25%
Tickets Sold							
TVM	753,661	612,215	69,533	189,093	255,732		
Clipper	919,760	973,770	64,699	247,063	515,939		
Central	2,231	1,129	-	731	1,234		
Mobile	108,998	240,569	20,810	83,845	127,282		
# of tickets sold (without go-pass)	1,784,650	1,827,683	155,042	520,732	900,187		
AVG Revenue Per Ticket							
TVM	$ 8.00	$ 7.73	$ 6.07	$ 8.47	$ 8.34		
Clipper	$ 15.51	$ 14.80	$ 9.65	$ 5.24	$ 7.98		
Central	$ 10.72	$ 17.58	$ -	$ 7.73	$ 12.95		
Mobile	$ 9.10	$ 8.51	$ 7.10	$ 6.67	$ 8.20		
Total	$ 12.22	$ 11.88	$ 7.99	$ 6.80	$ 8.33		

Peninsula Corridor Joint Powers Board
Staff Report

To: Finance Committee

Through: Michelle Bouchard, Acting Executive Director

From: Grace Martinez, Acting Chief Financial Officer

Subject: **Accept Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022**

☐ Finance Committee Recommendation ☐ Work Program-Legislative-Planning Committee Recommendation ☐ Staff Coordinating Council Reviewed ☐ Staff Coordinating Council Recommendation

Action

Staff proposes the committee recommend the Board accept the Peninsula Corridor Joint Powers Board's (JPB) Fiscal Year (FY) 2022 Annual Comprehensive Financial Report (ACFR).

The FY2022 Annual Comprehensive Financial Report is available online at https://www.caltrain.com/about-caltrain/statistics-reports/annual-comprehensive-financial-reports

Significance

Annually, staff is responsible for preparation of an annual report on the financial position and financial results of the JPB. The JPB contracts with an independent auditor, Brown Armstrong Accountancy Corporation, to conduct yearly audits of the Financial Statements (prepared by JPB staff) in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. The independent auditor has provided an unmodified, or "clean", opinion on the Financial Statements.

The JPB presents these audited financial statements, along with the auditor's opinion thereupon, in a comprehensive document called the Annual Comprehensive Financial Report (ACFR). The ACFR serves as the JPB's primary source of disclosure to the public and to the financial community regarding the status of the JPB's finances.

Budget Impact

There is no impact on the Budget.

Background

The ACFR is prepared in accordance with the guidelines set forth by the Government Accounting Standards Board and is organized into three sections – Introductory, Financial, and Statistical Sections.

- The **Introductory** Section includes a Transmittal Letter and provides general information on the JPB's structure, personnel, and economic outlook.
- The **Financial** Section includes audited financial statements which provide detailed financial information as well as comparative financial data. The Management Discussion & Analysis (MD&A) is also found in the Financial Section. Along with the Transmittal Letter, the MD&A is of most interest to those looking for a narrative annual review of the JPB's finances.
- The **Statistical** Section provides a broad range of data covering key financial trends including revenue and debt capacity, economic and demographic data and operating information.

The introductory section and the statistical section presented in the ACFR are not required by California Government Code to be reported as part of the audited financial statements of the JPB. These sections are required when producing an ACFR which the JPB chooses to do in order to provide detailed information about the financial condition of the JPB in a form that is understandable to our customers and constituents.

Together, all sections of the ACFR provide the detail as well as the perspective with which to assess the JPB's financial condition.

The ACFR is prepared and presented to the Government Finance Officers Association for their review, evaluation and to apply for the certificate of Achievement for Excellence in Financial Reporting. The JPB has received an award for every year that the report was submitted.

Prepared by: Jennifer Ye Director, Accounting 650-622-7890

BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

www.ba.cpa
661-324-4971

The Board of Directors of the
Peninsula Corridor Joint Powers Board
San Carlos, California

We have audited the financial statements of the Peninsula Corridor Joint Powers Board (the JPB) for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards,* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you April 8, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the JPB are described in Note 2 to the financial statements. During 2022, the JPB implemented Governmental Accounting Standards Board (GASB) Statement No. 87 - *Leases*. We noted no transactions entered into by the JPB during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the JPB's financial statements were:

Management's estimate of the useful lives of capital assets is for the purpose of calculating annual depreciation expense. We evaluated the key factors and assumptions used to develop the estimate of the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the self-insurance claims liabilities to be paid for which the JPB is self-insured. We evaluated the key factors and assumptions used to develop the estimate of the self-insurance claims liabilities to be paid for which the JPB is self-insured in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the fair value of the derivative contract is based on a third party estimate. The JPB relies on this estimate due to the expertise in valuation that the third party provides. Management believes the estimate is the most reliable estimate that they could provide.

Management's estimate of the discount rate for the purpose of calculating the right-to-use leased asset and lease liability. We evaluated the key factors and assumptions used to develop the estimate of the discount rate for the purpose of calculating the right-to-use leased asset and lease liability in determining that it is reasonable in relation to the financial statements taken as a whole.

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Bakersfield, CA 93309
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Fresno, CA 93720
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STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95219
209-451-4833

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were related to the estimated useful lives of capital assets, self-insurance liability, and the discount rate.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements.

Disagreements with Management
For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations
We have requested certain representations from management that are included in the management representation letter dated October 12, 2022.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the JPB's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the JPB's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Revenues and Expenses – Comparison of Budget to Actual (Budgetary Basis), which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of Board of Directors and management of the JPB and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 12, 2022

Caltrain

Peninsula Corridor Joint Powers Board
San Carlos, California

A Joint Powers Authority
Established by Agreement among:

City and County of San Francisco
San Mateo County Transit District
Santa Clara Valley Transportation Authority

Annual Comprehensive Financial Report

Fiscal Years Ended June 30, 2022 and 2021

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PENINSULA CORRIDOR JOINT POWERS BOARD

San Carlos, California

Annual Comprehensive Financial Report
Fiscal Years Ended June 30, 2022 and 2021

Prepared by the Finance Division

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Section I

INTRODUCTORY

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October 12, 2022

To the Board of Directors of the Peninsula Corridor Joint Powers Board and the Citizens of San Francisco, San Mateo and Santa Clara Counties
San Carlos, California

Annual Comprehensive Financial Report Year Ended June 30, 2022

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Peninsula Corridor Joint Powers Board (JPB) for the fiscal year July 1, 2021 through June 30, 2022. This transmittal letter provides a summary of the JPB's finances, services, achievements and economic prospects for readers without a technical background in accounting or finance. This fiscal year reflects continued challenges as the agency moves forward in our recovery from the COVID pandemic. This letter will address those impacts where appropriate. Readers desiring a more detailed discussion of the JPB's financial results may refer to the Management's Discussion and Analysis in the Financial Section.

Management assumes sole responsibility for all the information contained in this report, including its presentation and the adequacy of its disclosures. To the best of our knowledge, we believe this report to be complete and reliable in all material respects. To provide a reasonable basis for making this representation, we have established a comprehensive system of internal controls designed to protect the JPB's assets from loss, to identify and record transactions accurately and to compile the information necessary to produce financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not exceed the likely benefits, the JPB's internal control system intends to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement.

To test the performance of the internal control system, the JPB contracted for independent auditing services from Brown Armstrong Accountancy Corporation, a certified public accounting firm licensed to practice in the State of California. The auditor expressed an opinion that the JPB's financial statements are fairly stated in all material respects and in compliance with accounting principles generally accepted in the United States of America. This conclusion is the most favorable kind, commonly known as an “unmodified” or “clean” opinion.

PROFILE OF THE ORGANIZATION

Purpose

The JPB is responsible for the Caltrain passenger rail service on the San Francisco Peninsula and south into Santa Clara County. Caltrain owns and operates the rail system that has been a central part of Peninsula communities since 1865. The rail line on which service is operated currently extends from San Francisco 77 miles south to Gilroy, serving 31 stations. Spanning San Francisco, San Mateo and Santa Clara counties, Caltrain directly serves 20 cities and provides critical connections to other transit services. The JPB owns 51 miles of the rail line and operates on Union Pacific owned track for the remaining 26 miles.

Entity

The JPB is a Joint Powers Authority that is legally and financially independent from its three member agencies, namely the San Mateo County Transit District (District), the Santa Clara Valley Transportation Authority (VTA) and the City and County of San Francisco (CCSF), and is not a component unit of any other organization. Furthermore, the JPB has no component unit organizations under its control. Therefore, this ACFR and the financial statements contained within represent solely the activities, transactions, and status of the JPB.

History

In 1980, after two years of negotiations, the California Department of Transportation (Caltrans) and the Southern Pacific Transportation Company (Southern Pacific) executed a purchase-of-service agreement for maintaining passenger rail service between San Francisco and San Jose. Service under this agreement began in 1980 with Southern Pacific operating the trains while receiving subsidies to cover its operating costs from Caltrans and the three member agencies and with Caltrans providing contract administration, service planning, marketing, engineering, scheduling, fare management, customer support and performance monitoring.

In 1988, CCSF, District and VTA commissioned a study that recommended transferring responsibility for the rail service from the state to the local level. The three member agencies accomplished this objective in October 1991, executing a new joint powers agreement that formed the current JPB. Two months later, the JPB purchased the rail right of way between San Francisco and San Jose (Mainline) and perpetual trackage rights between San Jose and Gilroy (Gilroy Extension) from Southern Pacific.

The JPB Member Agencies and the California Transportation Commission funded this acquisition. The JPB holds title to all right of way property located in the County of San Francisco and the County of Santa Clara. The JPB holds title to all right of way property in the County of San Mateo as tenants in common with the District, each to an undivided 50% share. In addition, the JPB holds trackage rights that extend south from the end of its property ownership in San Jose to Gilroy over a rail line owned by the Union Pacific Railroad. Those rights include the rights to operate five daily two-way train pairs.

The JPB assumed responsibility for the operation of Caltrain service from Caltrans in 1992. Amtrak served as the JPB's contracted rail operator until May 2012. The Caltrain Board of Directors, at its September 2011 meeting, authorized the award of a new operating contract to Transit America Services, Inc. (TASI). The contract carried a 5-year base term with the ability to execute 5 additional one-year options. In 2017, the JPB exercised all 5 of the option years, extending the contract with TASI to June 2022. In January 2021, the JPB extended the contract through June 2027, in order to enable the completion of construction of the Federal Transit Administration (FTA)-funded corridor electrification project and subsequent start-up of service in the electrified environment.

Governance

The joint powers agreement establishes a nine-person Board of Directors (Board) that governs the operations, maintenance, repair, improvements and expansion of Caltrain. Each of the three Member Agencies appoints three persons to serve on the Board. The JPB also created a nine-person Citizens Advisory Committee (CAC) composed of three citizens from each JPB county. The principal objective of the CAC is to articulate the interests and needs of current and future customers.

Administration

The joint powers agreement as first executed in 1988, and as amended and restated in 1996, designates the District as the Managing Agency to provide management, administrative and staff services for Caltrain under the direction and oversight of the JPB Board. In August 2022, the JPB and the Member Agencies executed a Memorandum of Understanding ("2022 MOU") modifying the District's role as Managing Agency. The JPB reimburses the District for the direct and administrative costs incurred in providing the Managing Agency services. Some administrative costs are determined by overhead rates approved by the Federal Transit Administration (FTA). Currently, the District provides the following services:

The *Executive Office* is responsible for directing and overseeing all activities and for providing support to the Board of Directors.

The *Finance Division* is responsible for financial accounting and reporting, capital budgeting, operational budgeting, payroll and vendor disbursements, investments and cash management, debt management, revenue control, purchasing, contract administration, risk management, and information technology.

The *Bus Division* is responsible for some functions related to the railroad including managing employer and other shuttles.

The *Rail Division* is responsible for Caltrain operations and maintenance oversight (including administration of the rail service-operating contract), state of good repair, operations planning, engineering, capital project planning and delivery including design, construction and integration of electrified service. The *Caltrain Modernization Program (CalMod*) is responsible for the implementation of the electrification project that will upgrade the performance, operating efficiency, capacity, safety and reliability of Caltrain's commuter rail service.

The *Communications Division* is responsible for customer service, marketing, sales, advertising, distribution services, public information, fare media, media relations, legislative activities and community outreach.

The *Planning, Grants, and Transportation Authority Division* is responsible for oversight of voter-approved Transportation Expenditure Plans, and performance, grant administration, and property management.

The *Administrative Division* provides management assistance to executive divisions and is responsible for human resources and safety and security.

Budgetary Control

State law requires the JPB to adopt an annual budget by resolution of the Board. In the spring preceding the start of each fiscal year, staff presents an annual budget based on established agency goals, objectives and performance measures to the Board. The Board monitors budget-to-actual performance through monthly staff reports. The Financial Section of this report includes a supplemental schedule that compares actual results on a budgetary basis of accounting to the final adopted budgets.

Once adopted, the Board has the authority to amend the budget. While the legal level of budgetary control is at the entity level, the JPB maintains stricter control at division, departmental and line item levels to serve various needs. Cost center managers monitor budget-to-actual performance on a monthly basis. The Board has delegated the authority to transfer budget amounts between divisions and departments to the Executive Director or his designee. However, any increase to the expenditure budget as a whole requires the approval of the Board. In addition, the JPB uses an encumbrance system to reduce budget balances by issuing purchase orders to avoid over-commitment of resources.

The JPB employs the same basis and principles of accounting for both budgeted and actual revenues and expenses, except that actual proceeds from the sale of capital assets, unrealized investment gains and losses, depreciation and amortization and inter-fund transfers are not included in the budget. As a special purpose organization established pursuant to joint powers legislation, the JPB is not subject to the State of California's Gann Act requiring adherence to an annual appropriation limit.

FINANCIAL AND ECONOMIC OUTLOOK

Local Economy

The second half of 2021 reflected a year of slow but steady job growth due to continuing concerns around the new coronavirus disease (COVID) variants, Delta and Omicron. Moving into 2022, California and the Bay Area have recovered from the record unemployment we saw in 2020 and now boast lower unemployment rates than pre-pandemic levels (Feb 2020). Despite these improvements, there is still a tight labor market particularly in the leisure and hospitality sectors, which incurred massive job losses due to COVID. For the remainder of 2022 and into 2023, high inflation, fuel price instability, and rising consumer prices present challenges in staving off a recession and continuing the rebound from the pandemic.

According to the state of California Employment Development Department (EDD), the unemployment rate in the San Francisco-Redwood City-South San Francisco Metropolitan Area was 2.1 percent in June 2022, up from a revised 1.8 percent in May 2022, and below the year-ago estimate of 5.6 percent. The unemployment rate in the San Jose-Sunnyvale-Santa Clara Area was 2.3 percent in June 2022, up from a revised 1.9 percent in May 2022, and below the year ago estimate of 5.5 percent. This compares with an unadjusted unemployment rate of 4.0 percent for California and 3.8 percent for the nation during the same period.

The unemployment rate was 2.2 percent in San Francisco County, 2.0 percent in San Mateo County, and 2.2 percent in Santa Clara County. Per the EDD, between June 2021 and June 2022, the total number of jobs in the counties of San Francisco and San Mateo increased by 84,300 or 7.7 percent. In the same time frame, the combined employment in the South Bay Counties of San Benito and Santa Clara increased by 60,400 or 5.5 percent.

COVID, and the changes it brought to the workplace as we knew it, has had a more dramatic impact on Caltrain's ridership than any occurrence in its history. With ridership dropping by 97 percent in the early days of the shelter-in-place order, the pandemic posed a unique and serious challenge to Caltrain as the service adapted to the new normal. Caltrain's historical reliance on farebox revenues made the agency especially vulnerable to that drop, resulting in substantial budget deficits. However, despite these challenges, Caltrain was quick to react in order to protect the health and safety of its riders and employees. In addition, Caltrain received federal funds to reduce the budget deficits.

Fortunately, Caltrain's ridership continues to trend upward. In June 2022, weekday ridership exceeded 18,000 on average, approximately 30% of the pre-COVID level. Weekend ridership recovery has been exceptionally strong, growing to nearly 75% of pre-COVID levels on Saturdays and actually exceeding pre-COVID levels on Sundays. Caltrain has also seen strong demand for special event services, with trains to Giants games in particular attracting significant numbers of riders throughout the spring.

Additionally, Caltrain began operating a new schedule in August 2021, which surpassed pre-pandemic service levels. The offering of 104 trains each weekday, including hourly all-stop Local trains throughout the day and the return of Baby Bullet express trains, was designed to increase ridership by improving service for essential workers and transit-dependent riders, consistent with key service components of the Agency's Framework for Equity, Connectivity Recovery and Growth. The new schedule provides riders with increased service and frequency throughout the day and into the evening.

In May 2022, the Caltrain Board voted to delay the implementation of certain previously approved fare increases over the next year to continue supporting the Caltrain Fare Policy framework adopted in 2018, which includes as a consideration the structuring of fares to incentivize rider behavior in support of the agency's policy goals. Maintaining the current pricing structure will provide stability for riders at a time when the agency is focused on encouraging customers to return to public transit and continuing to support essential workers who have relied on Caltrain service throughout the pandemic. Caltrain has taken additional steps during the pandemic to enhance affordability – for example, providing a 50% discounted fare promotion in both September 2021 and April 2022 in addition to implementing a Go Pass donation program. Caltrain has also formed a Ridership Recovery Task Force to develop specific strategies intended to increase use of the system by new and existing customers alike, while also potentially identifying additional sources of funding through partnerships, special events, and promotions.

Housing production has increased in recent years but is projected to be primarily made up of apartments and condominiums. Housing affordability remains a major issue for the entire Bay Area, with median home prices at $1.4 million in San Francisco and San Mateo Counties, and $1.2 million in Santa Clara County. Rents did decline during the pandemic but as tech workers return to the area due to offices re-opening, and with interest rates having risen steadily as the Fed combats inflation, prospective home buyers are likely to be priced out, driving up rent prices even further. With the overall lack of affordability and flexibility of remote work, population growth is likely to be very low.

Due to the Bay Area's and Silicon Valley's depth and diversity of innovation, there is still a plethora of high wage and high prestige jobs. That is reflected as Real Income per capita in 2020 was $118,820, $136,495, and $137,135 in Santa Clara County, San Francisco County, and San Mateo County, respectively, placing the three counties among the wealthiest regions in California.

Measure RR

Measure RR was a ballot measure approved in 2020 by the voters of San Francisco, San Mateo and Santa Clara Counties, establishing a 1/8th cent sales tax for 30 years that will generate approximately $100 million for the system annually. This will help to sustain Caltrain through the pandemic, as well as allow the agency to fully maximize the benefits of electrification.

As the only Bay Area transit system without a dedicated revenue source prior to the passage of Measure RR, Caltrain was heavily reliant on passenger fares to maintain operations, making the service especially vulnerable to a pandemic. The measure will allow Caltrain to invest in the operation and expansion of faster, more frequent electrified service with added capacity necessary to accommodate expected increases in ridership demand in the decades to come. It will also allow the system to advance equity policies to help ensure Caltrain is accessible and affordable to all members of the communities it serves.

Despite operating without a dedicated funding source for so many years, Caltrain had grown to become the seventh largest commuter railroad in the country, the largest carrier of bikes of any American transit system, and the nation's most efficient railroad pre-COVID.

Long-Term Financial and Strategic Planning

In 2017, Caltrain launched a Business Plan process that was intended to run through the majority of 2020 and provide a major update to Caltrain's plans, policies and financial projections.

As part of the Business Plan process, in October 2019, the Caltrain Board of Directors unanimously adopted a Long-Range Service Vision for the railroad, which provides high-level policy guidance to evolve the Caltrain corridor and service from a traditional commuter railroad to a regional rail system operating at transit-level frequencies throughout the day. The adopted Service Vision directs staff to plan for a level of service of eight peak period trains per hour per direction while simultaneously working with the region and State towards development of a larger regional rail system. Business Plan implementation was put on hold to allow the Caltrain team to focus on COVID response and recovery, while also participating in the Metropolitan Transportation Commission (MTC) led Blue Ribbon Transit Recovery Task Force initiative (Task Force).

In July 2021, the Task Force approved 27 specific near-term actions to accelerate regional recovery and create a better connected, more efficient and more customer-focused Bay Area transit system. Caltrain has been a leader in many Task Force-initiated projects, including the Network Management Business Case evaluation and Rail Partnership and Governance Assessment. Both initiatives are focused on creating frameworks for better regional decision-making on capital projects, operations, and funding. Caltrain will continue to collaborate with our regional partners, in particular the rail operators, to provide a better customer experience and greater value to corridor communities.

Caltrain is currently developing strategies to address near-term and long-term budget issues and will comprehensively evaluate a variety of factors that influence the system's operating results including: fare policy and pass programs; incremental impacts of added service on operating revenues and costs; cost containment strategies and other solutions.

Caltrain's capital program focuses on maintaining the JPB's assets in a state-of-good-repair, enhancing the reliability of the system, and delivering electrified service from San Francisco to San Jose by 2024. The capital program also reflects Caltrain's ongoing planning for the next generation of system improvements that are needed through the fiscal year 2024 timeframe to expand system capacity and continue preparations for Caltrain/High Speed Rail (HSR) blended system.

Over the coming year, Caltrain will continue to work with its funding partners to develop Caltrain’s 10-year Capital Improvement Plan (CIP) and funding plan and identify additional funding to implement the CIP in total. The projects included in the CIP will continued to be reviewed in light of the pandemic as well as reflect the needs of the Business Plan. Among other options, Caltrain will explore both traditional (e.g., grants) and innovative funding strategies, including the possibility of new public and private partnerships, as well as utilization of the recently approved Measure RR funds.

MAJOR INITIATIVES

Caltrain Electrification

The Peninsula Corridor Electrification Project (PCEP) is the largest component of the Caltrain Capital Improvement Program. PCEP will electrify the Caltrain Corridor from San Francisco's 4th and King Caltrain Station to approximately the Tamien Caltrain Station, convert diesel-hauled to Electric Multiple Unit (EMU) trains, and increase service up to six Caltrain trains per peak hour per direction. PCEP includes electrification and other projects that will upgrade the performance, efficiency, capacity, safety and reliability of Caltrain's service. Electrification provides the foundation for future improvements, including full conversion to an electric fleet, platform and station improvements, the extension of service to Downtown San Francisco, and other projects that allow Caltrain to grow and evolve with the Bay Area.

Regional Service Coordination

Caltrain is at the heart of the Peninsula transportation network and collaborates with other Bay Area transit agencies to provide connections between systems. These connections are with the District, the San Francisco Municipal Transportation Agency (SFMTA/Muni), the Bay Area Rapid Transit District (BART), VTA, Capitol Corridor, Altamont Commuter Express (ACE), Dumbarton Express and the Alameda-Contra Costa Transit District (AC Transit) as follows:

- SamTrans Bus Service: Passengers may connect to SamTrans at most stations in San Mateo County.
- Muni Light Rail and Muni Bus: Passengers may connect to the Muni Light Rail N-Judah and T-Third lines and the Muni Bus lines 30 and 45 across from the San Francisco Caltrain Station.
- BART: Passengers may connect to BART at the Millbrae Transit Center.
- VTA Light Rail: Caltrain passengers may connect to the VTA system at the Mountain View station and the Diridon and Tamien stations in San Jose.
- VTA Bus Service: Passengers may connect to VTA buses at most stations in Santa Clara County.
- Amtrak's Capitol Corridor: Passengers may connect to Caltrain at the San Jose Diridon station.
- ACE: Passengers may connect to Caltrain at the Santa Clara and San Jose Diridon stations.
- Dumbarton Express (DB Express): Passengers may connect to the DB Express at the Palo Alto station.

In addition to service connectivity, Caltrain is one of the Bay Area transit agencies that is a partner in Clipper, an electronic fare payment card. The program is coordinated by the Metropolitan Transportation Commission, which is the region's planning organization.

State-of-Good-Repair Program

This program includes system-wide, scheduled improvements on infrastructure, tracks, bridges, signal and communication equipment, stations, right of way fencing, ticket vending equipment, and preventative maintenance and strategic replacement of the Caltrain rolling stock. In order to ensure these assets are kept in a state of good repair, replacement and rehabilitation of these assets must be done at intervals recommended by industry or manufacturer standards. Failure to maintain this program could lead to higher costs of operating these assets due to higher maintenance costs and operational delays that occur when these assets are out of service or in a state of disrepair.

Projects reaching substantial completion in FY22 include South San Francisco Station Improvements, Mary Ave Traffic Signal Preemption, Ticket Vending Machines (TVM) Upgrade Ph3, and 25th Avenue Grade Separation.

Projects currently underway include Guadalupe River Bridge Replacement in San Jose which reached final design; the Bayshore Station Overpass Pedestrian Bridge Rehab in San Francisco which entered construction; the San Francisquito Creek Bridge Replacement which advanced to 35% design; the Migration to Digital Voice Radio System which advanced to 65% design; and the Broadband Wireless Communication System project which advanced to soliciting proposals for design services.

Rolling stock activities completed in FY22 include various component replacements on locomotives and cars to improve reliability, safety and customer experience. Of note, a complete mid-life overhaul project is currently in progress on six MP-36-3C locomotives that will remain in service following electrification. The first vehicle was shipped to the vendor's facility in July 2020 for overhaul and was returned to Caltrain in December 2021. Two vehicles are currently undergoing rehabilitation. The remaining three vehicles are scheduled to begin rehabilitation within the next year.

Caltrain Safety Improvement Program

The Caltrain Safety Improvement Program includes station redesign, grade crossing improvements, construction of grade separations, right of way fencing, and closed circuit camera systems (CCTV).

Improvements to stations will include demolition of existing narrow center platforms and construction of new platforms, installation of center fencing between the existing mainline tracks through the platform area, and installation of new pedestrian underpasses and/or signalized pedestrian at-grade crossings with pedestrian gates. The South San Francisco Station is an example of such a station project.

The grade crossing improvement program was developed to make grade crossings in San Francisco, San Mateo and Santa Clara Counties safer for both vehicular and pedestrian traffic. Projects are developed using a hazard analysis tool.

Grade crossing improvement projects undertaken in FY22 included San Mateo Grade Crossing Improvements on 4th and 5th Avenues, which advanced to 100% design; in the City of Atherton, the Watkins Avenue Grade Crossing Safety Improvements advanced to 100% design; and in the City of Palo Alto, the Churchill Avenue Grade Crossing advanced to 100% design.

Grade separation projects aim to improve safety by separating vehicle traffic from rail crossings. Caltrain is working with numerous other cities to help plan, design and eventually construct grade separations at some of the busiest intersections along the rail line. In FY22, those efforts included the Broadway Burlingame Grade Separation project that advanced to 65% design; the Mountain View Transit Center and Grade Separation project that advanced to 35% design; and the Rengstorff Grade Separation project that advanced to 35% design.

The safety-fencing project is an ongoing annual project to install high security fencing along the right-of-way to deter trespassing as well as illegal dumping.

FUTURE OF CALTRAIN – SYSTEM EXPANSION AND CONNECTIONS

Prior to California High Speed Rail's anticipated arrival, additional system upgrades must also be planned, funded and constructed. These include high-speed rail station modifications and the rail extension from the Caltrain 4th and King station to the new Transbay Transit Center in downtown San Francisco. The blended system may also include passing tracks that allow high-speed rail trains to bypass the Caltrain trains; grade crossing upgrades, including potential grade separations; a storage and maintenance facility and other system upgrades such as expanded platforms that allow for longer trains and level boarding.

Prior to the onset of the pandemic, Caltrain operated 92 diesel locomotive-hauled trains per day on weekdays between San Francisco and San Jose with limited service further south to Gilroy. In the peak period, it operated 5 trains per peak hour per direction. The railroad expanded service to 104 trains per day at the end of August 2021 with an emphasis on more frequent service during off-peak and evening hours. After the completion of electrification, Caltrain currently plans to expand its service to 114 trains per weekday using a mixed fleet of diesel locomotive-hauled rolling stock and new Electric Multiple Unit (EMU) trains but is actively considering a range of potential service scenarios that may result in more trains being operated.

As discussed above, the 2040 Long Range Service Vision (Service Vision) was adopted by the JPB to guide the long-range development of the Caltrain rail service and supporting plans, policies and projects. The Service Vision was based on detailed technical analysis undertaken by Caltrain and its partner agencies as part of the Caltrain Business Plan process during 2018 and 2019. The Service Vision directs the railroad to plan for substantially expanded rail service that, by 2040, will address the local and regional mobility needs of the corridor while supporting local economic development activities. When fully realized, this service will provide:

- A mixture of express and local services operated in an evenly spaced, bidirectional pattern.
- Provide minimum peak and off-peak hour frequencies of trains per hour.
- Accommodation of California High Speed Rail, Capitol Corridor, Altamont Corridor Express and freight services in accordance with the terms of existing agreements.
- Incremental development of corridor projects and infrastructure.
- Continued planning for a potential "higher" growth level of service as well as potential new regional and mega-regional connections.

The Service Vision will be periodically reaffirmed to ensure that it continues to provide relevant and useful guidance to the railroad. Such reaffirmations will occur in regular intervals of no less than five years and in response to significant changes to JPB or partner projects that materially influence the substance of the Service Vision.

FINANCIAL POLICIES

The JPB uses a comprehensive set of internal and board adopted financial policies. These policies address items such as cash management, reserves, and debt management. The policies are reviewed regularly by staff and are brought to the JPB Board for amendment and/or re-adoption as necessary.

AWARDS AND ACKNOWLEDGMENTS

The JPB staff and its contracted service providers bring an effective combination of skill, experience and dedication to carrying out the agency's mission. Together, they plan, develop and finance the creation of a modern, coordinated multimodal transportation system offering convenient access to the many attributes of the Bay Area and beyond.

The Government Finance Officers Association (GFOA) recognized the JPB's 2021 Annual Comprehensive Financial Report for excellence in financial reporting and the Certificate of Achievement appears immediately following this transmittal letter. To be awarded a certificate, a report must be easy to read and efficiently organized, while satisfying both generally accepted accounting principles and applicable legal requirements. We believe our 2022 Annual Comprehensive Financial Report also meets the requirements for a Certificate of Achievement and have submitted it to the GFOA for evaluation. We would like to thank our independent audit firm, Brown Armstrong Accountancy Corporation, for its timely and expert guidance in this matter.

The Annual Comprehensive Financial Report requires the dedicated effort of many individuals working together as a team. We would like to extend our grateful recognition to all the individuals who assisted in both the preparation of this report and the processing of financial transactions throughout the fiscal year. Finally, we wish to thank the Board of Directors for their interest and support in the development of a reliable financial management and reporting system.

Respectfully submitted,

Michelle Bouchard
Acting Executive Director

Grace Martinez, CPA
Acting Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Peninsula Corridor Joint Powers Board
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

ACTING EXECUTIVE DIRECTOR

Michelle Bouchard

EXECUTIVE OFFICERS

Grace Martinez – Acting Chief Financial Officer

David Olmeda – Chief Operating Officer, Bus

David Santoro – Acting Chief Operating Officer, Rail

Casey Fromson – Chief Communications Officer

Pranaya Shrestha – Chief Officer, Caltrain Planning, CalMod

April Chan – Chief Officer, Planning, Grants, Real Estate/Transportation Authority

Dora Seamans – Executive Officer, District Secretary/Executive Administration

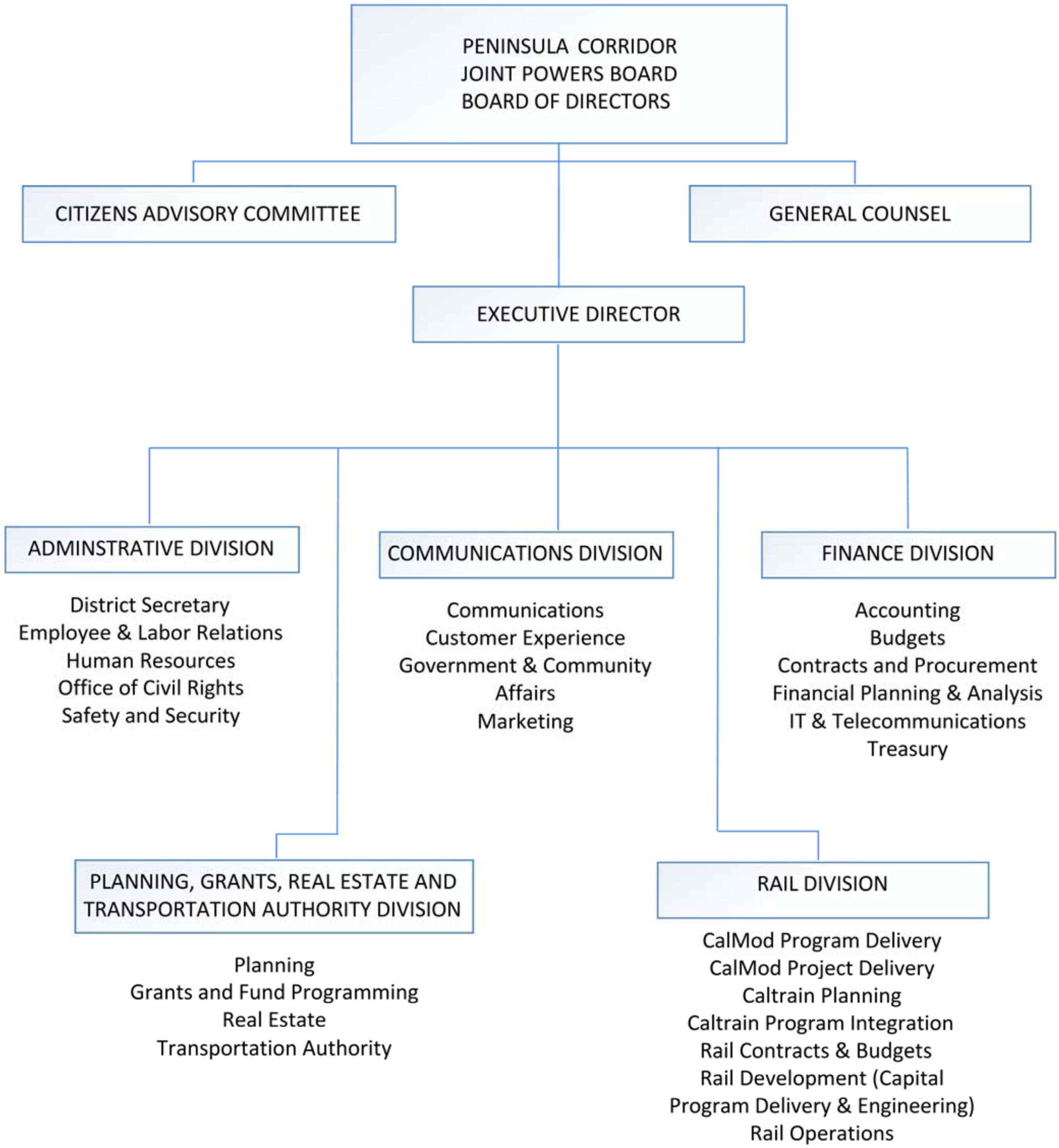
GENERAL COUNSEL

Olson Remcho, LLP

James Harrison, Esq.

PENINSULA CORRIDOR JOINT POWERS BOARD

ORGANIZATION CHART



Note: This organizational chart reflects Caltrain's organization structure under the 1996 JPA, pursuant to which the SamTrans General Manager serves as the Caltrain Executive Director. In 2021, the SamTrans General Manager delegated those duties to an Acting Executive Director who oversees the Rail Division. This chart will be updated in next year's ACFR to reflect the changes made as result of the 2022 MOU.

MAP


Pacific Ocean
San Francisco
Oracle Park
Chase Center
22nd St.
Bayshore
San Bruno
South San Francisco
San Bruno
Millbrae Transit Center
SFO
San Francisco International Airport
Broadway Weekend Only
Burlingame
San Mateo
San Francisco Bay
Hayward Park
Hillsdale
Belmont
San Carlos
Redwood City
Menlo Park
Palo Alto
Stanford Special Event Only
California Ave.
San Antonio
Mountain View
Orange
Sunnyvale
Lawrence
Levi's® Stadium
SJC San Jose International Airport
Santa Clara
PayPal Park
College Park
SAP Center
San Jose Diridon
Tamien
Capitol
Blossom Hill
Distance between Blossom Hill and Gilroy not to scale
Morgan Hill
San Martin
Gilroy
ZONE 1
ZONE 2
ZONE 3
ZONE 4
ZONE 5
ZONE 6

TABLE OF CREDITS

The following individuals contributed to the production of the fiscal year 2022 Annual Comprehensive Financial Report:

Finance:

Acting Chief Financial Officer	Grace Martinez, CPA
Director, Accounting	Jennifer Ye, CPA
Director, Treasury	Connie Mobley-Ritter, MBA, CTP
Director, Financial Planning and Analysis	Ryan Hinchman
Manager, Grants and Capital Accounting	Brian Lee

Audit Firm:

Partner	Ryan L. Nielsen, CPA
Manager	Melissa L. Cabezzas, CPA

Section II

FINANCIAL

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements:

- Statements of Net Position
- Statements of Revenues, Expenses, and Changes in Net Position
- Statements of Cash Flows
- Notes to the Financial Statements

Supplementary Information

- Supplementary Schedule of Revenues and Expenses – Comparison of Budget to Actual (Budgetary Basis)
- Notes to Supplementary Schedule

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BROWN ARMSTRONG
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Peninsula Corridor Joint Powers Board
San Carlos, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the Peninsula Corridor Joint Powers Board (JPB) as of and for the fiscal years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the JPB's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the JPB, as of June 30, 2022 and 2021, and the respective changes in financial position, and cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the JPB and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 16 to the financial statements, in 2022, the JPB adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases.* Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the JPB's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the JPB's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the JPB's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as presented in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the JPB's basic financial statements. The accompanying supplementary schedule of revenues and expenses – comparison of budget to actual is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of revenues and expenses – comparison of budget to actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2022, on our consideration of the JPB's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the JPB's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the JPB's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 12, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Peninsula Corridor Joint Powers Board's (JPB) financial performance provides an overview of the JPB's activities for the fiscal year ended June 30, 2022, with comparisons to prior fiscal years ended June 30, 2020, and June 30, 2021. We encourage readers to consider the information presented here in conjunction with the transmittal letter contained in the Introductory Section and with the statements and related notes contained in the Financial Section.

FINANCIAL HIGHLIGHTS

- At June 30, 2022, the JPB's assets exceeded its liabilities and deferred inflows of resources by $3,228.4 million (net position). Of this amount, $280.6 million represents unrestricted net position, which may be used to meet the JPB's ongoing obligations. At June 30, 2021, the JPB's assets exceeded its liabilities and deferred inflows of resources by $2,723.2 million. Of this amount, $71.1 million represents unrestricted net position.
- The JPB's total net position increased by $505.1 million and $366.1 million in fiscal years 2022 and 2021, respectively, mainly because of capital contributions.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Section of this report presents the JPB's financial statements as two components: basic financial statements and notes to the financial statements. It also includes supplementary information.

Basic Financial Statements

The *Statement of Net Position* presents information on assets, liabilities, and deferred inflows of resources, with the difference between them reported as *net position*. Changes in net position over time may provide an indicator as to whether the financial position of the JPB is improving or deteriorating.

The S*tatement of Revenues, Expenses, and Changes in Net Position* reports how net position has changed during the year. It compares related operating revenues and operating expenses connected with the JPB's principal business of providing rail service. Operating expenses include the cost of direct services to passengers, administrative expenses, contracted services, and depreciation on capital assets. All other revenues and expenses are reported as nonoperating.

The *Statement of Cash Flows* reports inflows and outflows of cash, classified into four major categories:

- *Cash flows from operating activities* include transactions and events reported as components of operating income in the statement of revenues, expenses, and changes in net position.
- *Cash flows from noncapital financing activitie*s include operating grant proceeds and operating subsidy payments from third parties as well as other nonoperating items.
- *Cash flows from capital and related financing activities* include the borrowing and repayment (principal and interest) of capital-related debt, the acquisition and construction of capital assets, and the proceeds of capital grants and contributions.
- *Cash flows from investing activities* include proceeds from the sale of investments, receipt of interest, and changes in the fair value of investments subject to reporting as cash equivalents. Outflows in this category include the purchase of investments.

Notes to the Financial Statements

Various notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and are found immediately following the financial statements to which they refer.

Other Information

This report also presents certain *supplementary* information concerning compliance with the JPB's annual budget. This *supplementary* information, as well as associated notes can be found immediately following the *basic financial statements* and the accompanying notes.

Analysis of Basic Financial Statements

Total assets increased by $710.7 million or 23.5% to $3,741.1 million at June 30, 2022, compared to June 30, 2021, and increased by $435.6 million or 16.8% at June 30, 2021, compared to June 30, 2020. The increase for fiscal year 2022 was mainly due to activities in construction in progress and restricted investment with fiscal agents. The increase for fiscal year 2021 was mainly due to activities in construction in progress and due from other governmental agencies. Current assets increased by $180.2 million or 55.8% to $503.1 million in fiscal year 2022. In fiscal year 2021, current assets increased by $95.9 million or 42.3% compared to fiscal year 2020. The increase for fiscal year 2022 was due to increases in cash and cash equivalents, restricted investment with fiscal agents, and receivables – transaction and use tax. The increase for fiscal year 2021 was due to increases in due from other governmental agencies and other current assets.

Total capital assets, net of accumulated depreciation and amortization increased by $530.4 million or 19.6% at June 30, 2022, to $3,237.5 million from $2,707.1 million on June 30, 2021, and increased by $339.2 million or 14.3% from $2,367.9 million at June 30, 2021, compared to June 30, 2020. Investments in capital assets, before depreciation and amortization, consist of acquisitions and improvements to the right-of-way ($1,436.1 million or 32.9%), rail vehicles ($338.1 million or 7.7%), facilities and equipment ($145.2 million or 3.3%), office equipment ($13.8 million or 0.3%), intangible asset – trackage rights ($8.0 million or 0.2%), and construction in progress ($2,424.0 million or 55.5%) in fiscal year 2022. In fiscal year 2021, investments in capital assets, before depreciation and amortization, consist of acquisitions and improvements to the right-of-way ($1,425.7 million or 37.8%), rail vehicles ($337.0 million or 8.9%), facilities and equipment ($145.1 million or 3.8%), office equipment ($13.8 million or 0.4%), intangible asset – trackage rights ($8.0 million or 0.2%), and construction in progress ($1,840.8 million or 48.8%).

Total right-to-use leased assets, net increased by $0.1 million or 15.1% to $0.6 million at June 30, 2022, compared to June 30, 2021. The fiscal year 2022 increase was due to an increase in right-to-use leased assets for office space.

Total liabilities increased by $204.7 million or 67.0% to $510.4 million at June 30, 2022, compared to June 30, 2021, and increased by $66.6 million or 27.9% to $305.7 million at June 30, 2021, compared to June 30, 2020. The fiscal year 2022 increase was mainly due to increases in revolving credit facility and revenue bonds payable – long-term, partially offset by a decrease in unearned member contributions. The fiscal year 2021 increase was mainly due to increases in accounts payable and accrued liabilities and revolving credit facility, partially offset by a decrease in unearned revenue.

Total deferred inflows of resources increased by $0.9 million or 57.1% to $2.4 million at June 30, 2022, compared to June 30, 2021. The fiscal year 2022 increase was due to increases in unrealized gain related to fuel-hedge derivatives and leases.

Total net position was $3,228.4 million at June 30, 2022, which represents an increase of $505.1 million or 18.5% from June 30, 2021, and $2,723.2 million at June 30, 2021, which represents an increase of $367.5 million or 15.6% from June 30, 2020. The increase was largely due to capital contributions received associated with the Caltrain electrification project. Net investment in capital assets was $2,947.8 million at June 30, 2022, representing 91.3% of the total net position, $2,652.2 million at June 30, 2021, representing 97.4% of total net position, and $2,312.7 million at June 30, 2020, representing 98.2% of total net position. The JPB's net investment in capital assets represents right-of-way improvements, rail vehicles, and facilities and equipment, less any related outstanding debt that was used to acquire those assets. The JPB uses these capital assets to provide a variety of services to its customers. Accordingly, these assets are not available for future spending. Although the JPB's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balances of $280.6 million, $71.1 million, and $43.0 million were unrestricted at June 30, 2022, 2021, and 2020, respectively, and may be used to meet the JPB's ongoing obligations to its citizens and creditors.

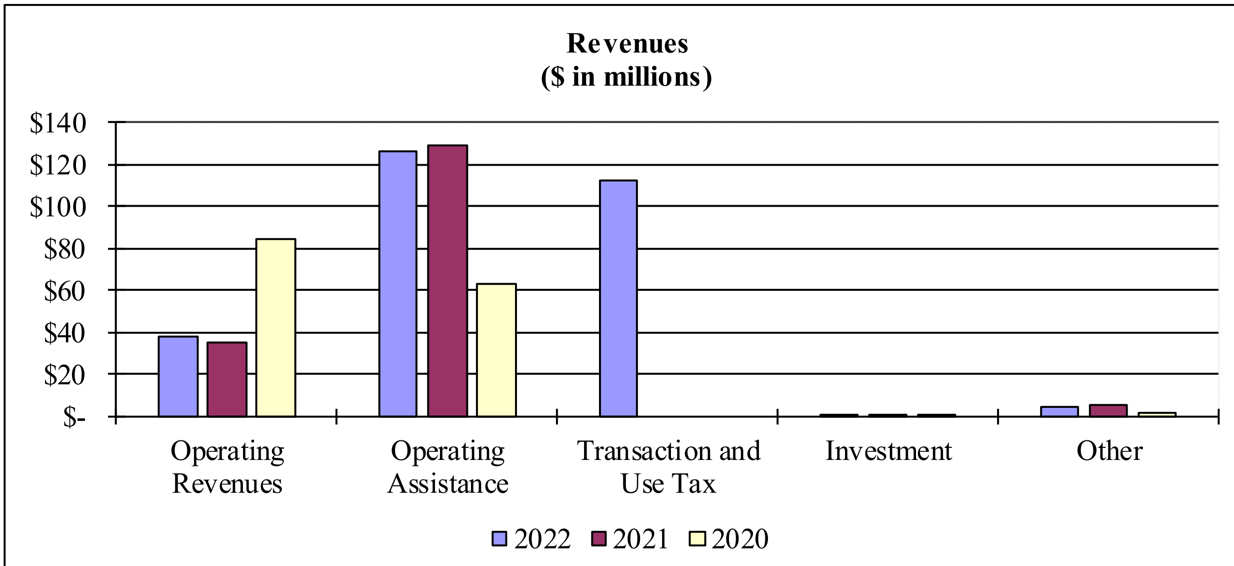
NET POSITION
(in thousands)

	2022	2021	2020
Assets:			
Current assets	$ 503,067	$ 322,821	$ 226,903
Capital assets, net of depreciation/amortization	3,237,478	2,707,058	2,367,857
Right-to-use leased assets, net	593	515	-
Total assets	3,741,138	3,030,394	2,594,760
Liabilities:			
Current liabilities	285,008	249,824	183,403
Long-term liabilities	225,412	55,854	55,672
Total liabilities	510,420	305,678	239,075
Deferred inflows of resources			
Derivatives	1,826	1,346	-
Leases	525	151	-
Total deferred inflows of resources	2,351	1,497	-
Net position:			
Net investment in capital assets	2,947,760	2,652,168	2,312,715
Unrestricted	280,607	71,051	42,970
Total net position	$ 3,228,367	$ 2,723,219	$ 2,355,685

Revenue Highlights

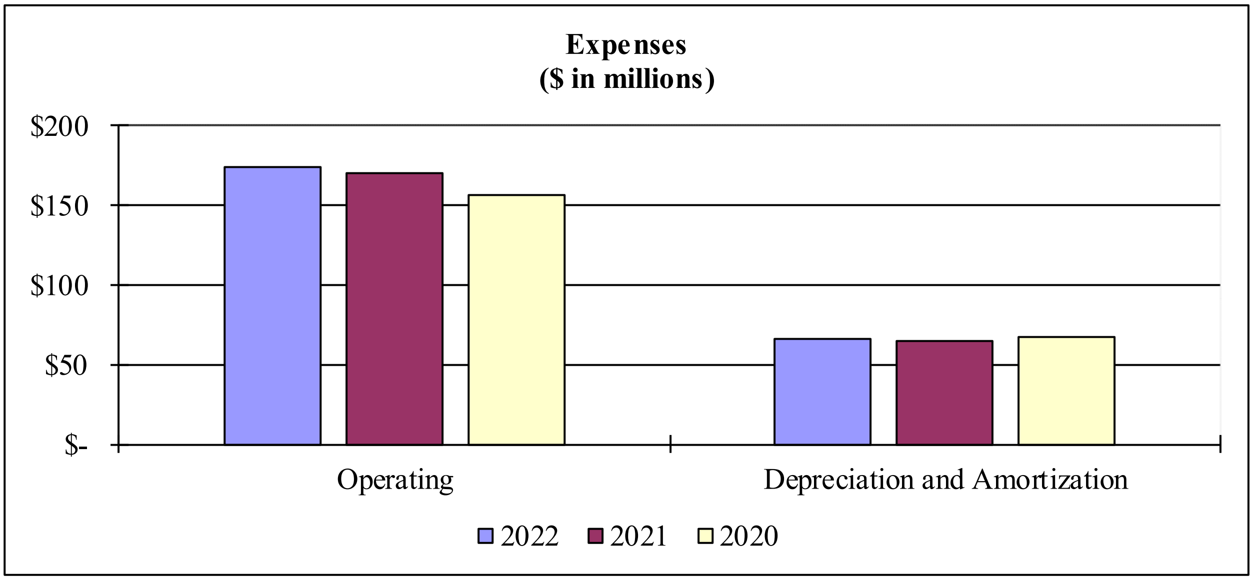
Operating revenues increased to $37.7 million in fiscal year 2022, a $2.5 million or 7.1% increase from fiscal year 2021 and decreased to $35.2 million in fiscal year 2021, a $49.3 million or 58.3% decrease from fiscal year 2020. The increase in fiscal year 2022 was mostly due to an increase in parking, shuttle, and pass revenues. The decrease in fiscal year 2021 was mostly due to a decrease in passenger fares and/or ridership as a result of the COVID-19 pandemic.

Nonoperating revenues increased by $108.6 million or 80.4% to $243.8 million at June 30, 2022, compared to June 30, 2021, and increased by $69.9 million or 107.1% in fiscal year 2021 compared to fiscal year 2020. The increase in fiscal year 2022 was mainly due to the transaction and use tax (Measure RR) funding of $112.6 million and the American Rescue Plan Act (ARPA) funding of $116.0 million. The increase in fiscal year 2021 was mainly due to federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funding of $41.5 million and Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) funding of $46.7 million.



Expense Highlights

Total operating expenses of $174.4 million in fiscal year 2022 were $3.5 million or 2.1% higher than fiscal year 2021, and in fiscal year 2021, $13.8 million or 8.8% higher than fiscal year 2020. Total expense increase in fiscal year 2022 was mostly due to increases in utilities and supplies and fuel. Total expense increase in fiscal year 2021 was mostly due to an increase in contract services. Depreciation and amortization for fiscal year 2022 was $65.7 million, a $0.5 million or 0.8% increase over fiscal year 2021. In fiscal year 2021, depreciation and amortization was $65.1 million, a $1.9 million or 2.8% decrease over fiscal year 2020. The increase in depreciation and amortization expenses in fiscal year 2022 was due to additional assets capitalized and depreciated.



CHANGES IN NET POSITION
(in thousands)

	2022	2021	2020
Operating revenues:			
Passenger fares	$ 33,236	$ 32,440	$ 76,094
Parking, shuttle, and pass revenues	2,778	1,547	6,045
Advertising	412	114	1,469
Other	1,268	1,108	849
Total operating revenues	37,694	35,209	84,457
Operating expenses:			
Contract services	124,425	122,030	107,037
Insurance	6,147	8,473	4,166
Fuel	13,491	7,088	9,311
Parking, shuttle, and pass revenues	3,254	3,211	5,591
Professional services	2,969	11,061	5,535
Wages and benefits	12,582	13,068	17,355
Utilities and supplies	5,118	2,083	2,059
Maintenance services	609	503	1,391
Temporary services, rent, and other	5,793	3,330	4,579
Total operating expenses	174,388	170,847	157,024
Operating loss before depreciation and amortization	(136,694)	(135,638)	(72,567)
Depreciation and amortization	(65,656)	(65,112)	(66,966)
Operating loss	(202,350)	(200,750)	(139,533)
Nonoperating revenues			
Federal, state, and local operating assistance	126,118	129,634	63,044
Transaction and use tax	112,620	-	-
Rental income	1,237	1,125	534
Investment income	679	334	495
Other income	3,172	4,085	1,201
Total nonoperating revenues	243,826	135,178	65,274
Nonoperating expenses	(4,940)	(2,890)	(2,641)
Net loss before capital contributions	36,536	(68,462)	(76,900)
Capital contributions	468,612	434,567	361,303
Change in net position	505,148	366,105	284,403
Net position - beginning of year, as restated	2,723,219	2,357,114	2,071,282
Net position - end of year	$ 3,228,367	$ 2,723,219	$ 2,355,685

Capital Program

The JPB incurred capital expenses of $595.1 million and recognized related revenue in the form of capital contributions of $468.6 million in fiscal year 2022, which was a $34.0 million or 7.8% increase in capital contributions in fiscal year 2022 over fiscal year 2021. The fiscal year 2022 capital sources mainly consisted of federal grants ($277.2 million or 59.2%), state grants ($140.5 million or 30.0%), and local assistance including the three member agencies ($50.9 million or 10.9%).

The JPB incurred capital expenses of $403.4 million and recognized related revenue in the form of capital contributions of $434.6 million in fiscal year 2021, which was a $73.2 million or 20.3% increase in capital contributions in fiscal year 2021 over fiscal year 2020. The JPB's capital contributions are comprised of federal grants, state grants, and local assistance including member agencies which are on a reimbursement basis and therefore tied to the related capital expenses. The reason for the increase in both fiscal years 2022 and 2021 was due to more activities on right-of-way improvement projects.

Following is a summary of the JPB's major capital expenses for fiscal year 2022:

- Peninsula Corridor Electrification program ($432.0 million).
- Caltrain modernization program ($159.7 million).
- Station improvements and repairs ($18.7 million).

Additional information about the JPB's capital activities appears in Note 6 – Capital Assets in the notes to the financial statements.

Debt

At the end of fiscal year 2022, the JPB had $225.3 million in outstanding revenue bonds, including the unamortized premium, $170.4 million more than the bonds outstanding at the end of fiscal year 2021. In February 2019, the JPB issued $56,218,000 in 2019 Series A Farebox Revenue Bonds; this issuance used $24,087,000 of the proceeds to fully pay and legally defease the 2007 Series A Farebox Revenue Bonds and $11,363,000 used to fully payoff the 2015 Series A Farebox Revenue Bonds. In addition, $20,768,000 of the proceeds were used for building acquisitions. Principal on the 2019 Series A Farebox Revenue Bonds is payable on October 1, 2021, and annually thereafter on October 1 of each year through 2049. In February 2022, JPB issued $140,000,000 in 2022 Measure RR Sales Tax Revenue Bonds (Green Bonds – Climate Bond Certified) Series A along with a premium of $32,179,642. $150,463,899 of the proceeds are allocated to certain improvements to the Caltrain system, including electrification; $21,000,000 of the proceeds were set aside to fund capitalized interest costs of the bonds. More information regarding the JPB's long-term debt activity can be found in Note 9 – Revenue Bonds Payable in the notes to the financial statements.

Economic Factors and Next Year's Budget

The JPB Board of Directors (Board) approved the Fiscal Year 2023 Operating Budgets on June 2, 2022. The Fiscal Year 2023 Operating Budgets continue to support a high level of service and reliability that the community has come to expect from Caltrain, as it makes every effort to control costs.

The Fiscal Year 2023 Operating Budgets consist of $176.6 million and $179.2 million in revenues and expenses, respectively. The major components of revenue include operating revenue of $51.0 million, primarily from Caltrain fares and Go Pass, and $125.6 million in contributed revenue, which mainly includes State Transit Assistance formula funds and Measure RR funds. Operating expenses are projected to be $146.2 million with the Rail Operator Contract, security service costs, fuel costs, insurance costs, facilities and equipment maintenance costs, and utility costs making up a significant part of the budget. Administrative expenses are projected to be $30.0 million.

The Fiscal Year 2023 Capital Budget was also approved on June 2, 2022. The $91.0 million Capital Budget consists primarily of critical infrastructure and equipment state of good repair (SOGR), operational improvements, and planning. The fiscal year 2023 Capital Budget will be funded by federal, State, regional, and local grants as well as funds provided by Measure RR and the Member Agencies. The adopted budget includes $5.9 million contributions from the Member Agencies.

Some of the highlights of the capital budget include:

- Guadalupe River Bridge Replacement.
- SOGR Track.
- Broadband Communication.
- South Linden and Scott Grade Separation.
- Mary Ave/Sunnyvale Ave Grade Separation.
- Rengstorff Grade Separation.
- Bernardo Ave Undercrossing.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the JPB's finances and to demonstrate accountability for the funds it manages. Please direct any questions about this report or requests for additional information about the JPB's finances to: Peninsula Corridor Joint Powers Board, Attn: Chief Financial Officer, 1250 San Carlos Avenue, San Carlos, California 94070-1306.

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BASIC FINANCIAL STATEMENTS

PENINSULA CORRIDOR JOINT POWERS BOARD

STATEMENTS OF NET POSITION (in thousands)
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS:		
Current assets:		
Cash and cash equivalents (Note 3)	$ 200,370	$ 85,015
Restricted cash (Note 3)	5,545	11,057
Total cash and cash equivalents	205,915	96,072
Due from other governmental agencies	162,014	186,358
Receivables - transaction and use tax	21,619	-
Receivables from member agencies (Note 16)	12,246	20,736
Accounts receivable - other, net of allowance	3,544	6,115
Lease receivable	529	152
Inventory	8,084	8,110
Prepaid items	-	840
Commodity derivative contracts	4,672	2,155
Restricted investments with fiscal agents (Note 3)	84,444	2,283
Total current assets	503,067	322,821
Noncurrent assets:		
Capital assets (Note 6):		
Right-of-way improvements	1,199,128	1,188,736
Rail vehicles	338,072	337,025
Facilities and equipment	145,177	145,065
Office equipment	13,750	13,767
Capital assets, gross	1,696,127	1,684,593
Less accumulated depreciation and amortization	(1,127,638)	(1,063,334)
Construction in progress (Note 2L)	2,424,021	1,840,831
Right-of-way	236,968	236,968
Intangible assets - trackage rights (Note 6)	8,000	8,000
Total capital assets, net	3,237,478	2,707,058
Right-to-use leased assets, net (Note 15)	593	515
Total noncurrent assets	3,238,071	2,707,573
Total assets	3,741,138	3,030,394

The accompanying notes are an integral part of the financial statements.

PENINSULA CORRIDOR JOINT POWERS BOARD

STATEMENTS OF NET POSITION (in thousands) (Continued)
JUNE 30, 2022 AND 2021

	2022	2021
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued liabilities	133,477	130,143
Interest payable	1,165	1,000
Self-insurance claims liabilities (Note 10)	2,292	1,683
Unearned member contributions (Note 16)	31,405	36,277
Unearned revenue	18,460	18,389
Revolving credit facility (Note 17)	95,716	60,300
Current portion of long-term debt (Note 9)	1,805	1,384
Current portion of lease liabilities (Note 15)	632	592
Other	56	56
Total current liabilities	285,008	249,824
Noncurrent liabilities:		
Self-insurance claims liabilities - long-term (Note 10)	1,897	2,347
Revenue bonds payable - long-term (Note 9)	223,515	53,506
Lease liabilities - long-term (Note 15)	-	1
Total noncurrent liabilities	225,412	55,854
Total liabilities	510,420	305,678
DEFERRED INFLOWS OF RESOURCES:		
Derivatives (Note 12)	1,826	1,346
Leases	525	151
Total deferred inflows of resources	2,351	1,497
NET POSITION:		
Net investment in capital assets	2,947,760	2,652,168
Unrestricted	280,607	71,051
Total net position	$ 3,228,367	$ 2,723,219

The accompanying notes are an integral part of the financial statements.

PENINSULA CORRIDOR JOINT POWERS BOARD

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(in thousands)
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
OPERATING REVENUES:		
Passenger fares	$ 33,236	$ 32,440
Parking, shuttle, and pass revenues	2,778	1,547
Advertising	412	114
Other	1,268	1,108
Total operating revenues	37,694	35,209
OPERATING EXPENSES:		
Contract services (Note 13A)	124,425	122,030
Insurance	6,147	8,473
Fuel	13,491	7,088
Parking, shuttle, and pass expenses	3,254	3,211
Professional services	2,969	11,061
Wages and benefits	12,582	13,068
Utilities and supplies	5,118	2,083
Maintenance services	609	503
Temporary services, rent, and other	5,793	3,330
Total operating expenses before depreciation and amortization	174,388	170,847
Depreciation and amortization	65,656	65,112
Total operating expenses	240,044	235,959
Operating loss	(202,350)	(200,750)
NONOPERATING REVENUES (EXPENSES):		
Federal, state, and local operating assistance (Note 7)	126,118	129,634
Transaction and use tax	112,620	-
Rental income	1,237	1,125
Investment income	679	334
Interest expense	(4,940)	(2,890)
Other income	3,172	4,085
Total nonoperating revenues, net	238,886	132,288
Loss before capital contributions	36,536	(68,462)
Capital contributions (Note 11)	468,612	434,567
Change in net position	505,148	366,105
NET POSITION:		
Beginning of year, as previously stated	2,723,219	2,355,685
GASB 87 restatement	-	1,429
Beginning of year, as restated	2,723,219	2,357,114
End of year	$ 3,228,367	$ 2,723,219

The accompanying notes are an integral part of the financial statements.

PENINSULA CORRIDOR JOINT POWERS BOARD

STATEMENTS OF CASH FLOWS (in thousands)
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 40,639	$ 35,692
Rent and other cash receipts	4,033	5,210
Payments to vendors for services	(162,820)	(155,727)
Payments to employees	(12,582)	(13,068)
Net cash used for operating activities	(130,730)	(127,893)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating grants received	126,118	129,634
Transaction and use tax	91,001	-
Net cash provided by noncapital financing activities	217,119	129,634
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(592,781)	(341,556)
Capital contributions from grants	496,644	297,209
Proceeds from (payments on) the revolving credit facility	35,416	35,300
Payment of capital debt	(1,749)	(264)
Proceeds from revenue bond	172,180	-
Interest paid on capital debt	(4,775)	(2,889)
Net cash provided by (used for) capital and related financing activities	104,935	(12,200)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investment	(82,160)	(840)
Investment income received	679	334
Net cash used for investing activities	(81,481)	(506)
Net increase (decrease) in cash and cash equivalents	109,843	(10,965)
Cash and cash equivalents, beginning of year	96,072	107,037
Cash and cash equivalents, end of year	$ 205,915	$ 96,072

The accompanying notes are an integral part of the financial statements.

PENINSULA CORRIDOR JOINT POWERS BOARD

**STATEMENTS OF CASH FLOWS (in thousands) (Continued)
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:		
Operating loss	$ (202,350)	$ (200,750)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation and amortization	65,656	65,112
Rent and other cash receipts	4,409	5,210
Effect of changes in:		
Receivables	2,571	485
Lease receivables	(3)	-
Inventory	26	(148)
Commodity derivative contracts	(1,198)	(561)
Other liabilities	-	(97)
Claims liabilities	159	2,856
Net cash used for operating activities	$ (130,730)	$ (127,893)
NONCASH INVESTING AND CAPITAL ACTIVITIES:		
Change in fair value of investments	$ 1,826	$ 1,346
Noncash capital contributions	-	-
Net noncash investing and capital activities	$ 1,826	$ 1,346

The accompanying notes are an integral part of the financial statements.

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

INDEX TO THE NOTES ***Pages***

Notes are essential to present fairly the information contained in the overview level of the basic financial statements. Narrative explanations are intended to communicate information that is not readily apparent or cannot be included in the statements and schedules themselves, and to provide additional disclosures as required by the Governmental Accounting Standards Board.

NOTE 1 – ORGANIZATION

In 1987, representatives of the City and County of San Francisco (CCSF), the San Mateo County Transit District (District), and the Santa Clara Valley Transportation Authority (VTA) formed the Peninsula Corridor Joint Powers Board (JPB) to plan for the full transfer of administrative and financial responsibility for the Caltrain rail service from the State of California to the local level. In October 1991, a Joint Powers Agreement (Agreement) signed by the three parties (Member Agencies) stipulated the JPB membership and powers, specified financial commitments for each member, and detailed other administrative procedures, including designating the District as the Managing Agency.

The JPB acquired the rail corridor right-of-way between San Francisco and San Jose (Mainline) and perpetual trackage rights between San Jose and Gilroy (Gilroy Extension) from Southern Pacific Transportation Company in December 1991, with contributions provided by the District, the San Mateo County Transportation Authority, VTA for Gilroy trackage rights only, and the California Transportation Commission. The JPB holds title to the Mainline located in all three counties. Because the District advanced an initial contribution in the amount of $82 million on behalf of all the Member Agencies to complete the funding package to acquire the right-of-way, the JPB and the District are currently tenants in common as to all right-of-way property located in San Mateo County. However, pursuant to a memorandum of understanding (MOU) between the JPB and the Member Agencies, the District will convey its interest in the right-of-way to the JPB upon payment by the Metropolitan Transportation Commission to the District of $19.6 million, which is expected to occur by of the end of fiscal year 2023.

Under a 2008 agreement between the JPB and the three Member Agencies, the District is authorized to serve as Managing Agency of the JPB until it no longer chooses to do so. The District continues to serve as Managing Agency, as modified by the 2022 MOU, which transfers some authority to the JPB.

The JPB assumed an expanded role in July 1992 as the State of California Department of Transportation (Caltrans) and the District coordinated the transfer of Caltrain operations and administration to the JPB. The JPB selected the National Railroad Passenger Corporation (Amtrak) as the contract operator, and Amtrak operated the rail service from July 1, 1992, through May 25, 2012. TransitAmerica Services, Inc., (TASI) assumed operations and maintenance of the service on May 26, 2012.

The JPB is governed by a nine-member Board of Directors (Board) representing the three Member Agencies. The base term of the Agreement establishing the JPB expired in 2001, but the Agreement provides that it continues on a year-to-year basis, with a Member Agency’s withdrawal requiring a minimum one-year advance written notice to the JPB and the other Member Agencies.

To enhance public involvement, the JPB established a Citizen Advisory Committee (CAC) comprised of three representatives from each of the JPB counties. The CAC’s principal function is to assist the JPB by articulating the interests and needs of transit users and potential customers.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The accompanying financial statements include the financial activities of the JPB only.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Implementation of Governmental Accounting Standards Board (GASB) Statements

Effective this Fiscal Year

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use leased asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The JPB implemented the provisions of GASB Statement No. 87 in the current year. See Note 15 for detailed discussion of the effects of the JPB's financial statements as a result of implementing this standard.

GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for certain interest costs. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in the financial statements. The requirements of this statement are effective for reporting periods beginning after December 15, 2020, or fiscal year 2021/2022. There is no net effect to the financial statements.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to establish accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this statement are effective for reporting periods beginning after June 15, 2021 or fiscal year 2021/2022, except for GASB Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments, which are effective upon issuance. There is no net effect to the financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Implementation of Governmental Accounting Standards Board Statements (Continued)

Effective this Fiscal Year (Continued)

GASB Statement No. 97 – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.* The objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for reporting periods beginning after June 15, 2021, or fiscal year 2021/2022. There is no net effect to the financial statements.

Effective in Future Fiscal Years

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021, or fiscal year 2022/2023. The JPB is evaluating the impact of this statement on the financial statements.

GASB Statement No. 93 – In May 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this statement are to address those and other accounting and reporting implications resulting from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced and providing clarification to the hedge accounting termination provisions, removing LIBOR as a benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap, and providing an exception to the lease modifications guidance in GASB Statement No. 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The requirements of this statement are effective for reporting periods beginning after June 15, 2021, or fiscal year 2021/2022, except the removal of LIBOR as a benchmark interest rate which is effective for periods beginning after December 31, 2022, or fiscal year 2022/2023. The JPB is evaluating the impact of this statement on the financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Implementation of Governmental Accounting Standards Board Statements (Continued)

Effective in Future Fiscal Years (Continued)

GASB Statement No. 94 – In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objectives of this statement improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for reporting periods beginning after June 15, 2022, or fiscal year 2022/2023. The JPB is evaluating the impact of this statement on the financial statements.

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for reporting periods beginning after June 15, 2022, or fiscal year 2022/2023. The JPB is evaluating the impact of this statement on the financial statements.

GASB Statement No. 99 – *Omnibus 2022*. The requirements of this statement are effective as follows:

- The requirements related to the extension of the use of LIBOR, accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in GASB Statement No. 34, as amended, and terminology updates related to GASB Statement No. 53 and GASB Statement No. 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The JPB will implement GASB Statement No. 99 if and where applicable.

GASB Statement No. 100 – *Accounting Changes and Error Corrections*. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The JPB will implement GASB Statement No. 100 if and where applicable.

GASB Statement No. 101 – *Compensated Absences*. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The JPB will implement GASB Statement No. 101 if and where applicable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

The JPB accounts for its transactions in a single enterprise fund and maintains its records using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

D. Cash and Cash Equivalents

For purpose of the statement of cash flows, the JPB considers all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents also include amounts invested in the Local Agency Investment Fund (LAIF) and the San Mateo County Pool (see Note 3).

E. Accounts Receivable – Other

During the course of normal operations, the JPB carries various receivable balances for services and rent. At June 30, 2022 and 2021, the allowances for doubtful accounts included in accounts receivable – other, were $178,353 and $187,189, respectively.

F. Inventories

Inventories consist principally of spare parts that are recorded when purchased and expensed when used. Inventories are stated at average cost which approximates market and are maintained by TASI as part of its contractual agreement.

G. Investments

Investment transactions are recorded on the trade date at fair value. Fair value is defined as the amount that the JPB could reasonably expect to receive for an investment in a current sale from a willing buyer and is based on current market prices.

H. Restricted Investments with Fiscal Agents

Provisions of the JPB's trust agreements related to its farebox and Measure RR transaction and use tax revenue bonds require that certain restricted investments accounts be established. These accounts are held by the fiscal agent and include funds for payment of principal and interest on the farebox and Measure RR transaction and use tax revenue bonds.

I. Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for the same purpose (e.g., construction projects), the JPB's policy is to use all available restricted resources first before unrestricted resources are utilized.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets

Capital assets are recorded at historical cost or appraised value. However, donated capital assets are recorded at estimated acquisition value at the date of donation plus ancillary charges, if any. The JPB defines capital assets as assets with a cost greater than $5,000 and an estimated useful life in excess of one year. Donated assets are recorded at acquisition value on the date donated. Major additions and replacements are capitalized. Maintenance repairs and additions of a minor nature are expensed as incurred.

K. Depreciation and Amortization

Depreciation and amortization are calculated using the straight-line method over the following estimated useful lives:

- Right-of-way improvements – 3 to 40 years
- Rail vehicles – 10 to 36 years
- Facilities and equipment – 4 to 35 years
- Office equipment – 3 to 5 years
- Right-to-use leased assets – 2 years

L. Construction in Progress

(In thousands)	2022	2021
Caltrain Modernization program	$ 2,088,620	$ 1,533,748
Bridge improvements	11,985	5,712
Rolling stock - purchase/improvements	32,758	35,707
Grade crossing and separations	203,520	190,087
System-wide track improvements	562	3,295
Station improvements	84,681	68,323
Safety	1,418	3,703
Communications	477	256
Total Construction in Progress	$ 2,424,021	$ 1,840,831

Caltrain Modernization program includes purchases of new Electric Multiple Unit (EMU) trains.

M. Bond Issuance Costs

Bond issuance costs are expensed upon the issuance of related debt.

N. Unearned Member Contributions

Unearned member contributions are the result of advances from the Member Agencies. To the extent that these amounts exceed committed funds (see Note 16), they may be refunded to the Member Agencies or used to offset future required contributions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Unearned Revenue

Unearned revenue represents fares, rents, and state assistance amounts received which have not yet been earned. Advance ticket sales are included as unearned revenue until earned.

P. Member Agency Assistance

Amounts received from Member Agencies for operations are recognized as revenues when operating and administrative expenses are incurred. Amounts received from Member Agencies for acquisition of assets or matching grants are recognized as capital contributions when capital expenses are incurred.

Q. Federal, State, and Local Operating Assistance

Federal, state, and local operating assistance are recorded as revenue when operating expenses are incurred.

R. Wages and Benefits

Personnel costs of the JPB represent the allocated costs of District employees addressing JPB functions in the District's capacity as Managing Agency. Participation in pension plans, compensated absences, and postretirement health care benefits for these employees are administered by the District.

S. Operating/Nonoperating Revenues and Expenses

The JPB distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from directly providing services in connection with the JPB's principal operations of commuter rail service. These revenues are primarily passenger fares, parking, shuttle, and pass revenues. Operating expenses include the cost of sales and services, administrative expenses, contracted services, and depreciation on capital assets. All other revenues and expenses (including member contributions) not meeting this definition are reported as nonoperating revenues and expenses.

T. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements.

U. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Deferred Outflows and Deferred Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

V. Fair Value Measurements

Accounting principles generally accepted in the United States of America provide guidance for determining a fair value measurement for reporting purposes, applying fair value to investments, and disclosures related to a hierarchy established by accounting principles generally accepted in the United States of America. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs include inputs that are directly observable for the investment including quoted price for similar investments and inputs that are not directly observable but are derived from observable market data through correlation; and Level 3 inputs are significant unobservable inputs.

W. Reclassifications

For the year ended June 30, 2022, certain classifications have been changed to improve financial statement presentation. For comparative purposes, prior year balances have been reclassified to conform with the fiscal year 2022 presentation.

X. Subsequent Events

Subsequent events have been evaluated through October 12, 2022, the date these financial statements were available to be issued.

NOTE 3 – CASH AND INVESTMENTS

The JPB's investments are carried at fair value, as required by accounting principles generally accepted in the United States of America. The JPB adjusts the carrying value of its investments to reflect their fair value at each fiscal year-end and includes the effects of these adjustments in income for that fiscal year.

The JPB is in compliance with the Board approved Investment Policy and California Government Code requirements.

The JPB's cash and investments as of June 30 are classified in the statement of net position as follows (in thousands):

NOTE 3 – CASH AND INVESTMENTS (Continued)

	2022	2021
Cash and cash equivalents	$ 200,370	$ 85,015
Restricted cash	5,545	11,057
Restricted investments with fiscal agents	84,444	2,283
Total Cash and Investments	$ 290,359	$ 98,355

	2022	2021
Cash on hand	$ 1	$ 4
Deposits with financial institutions	205,283	70,421
Investments	85,075	27,930
Total Cash and Investments	$ 290,359	$ 98,355

Investments Authorized by the California Government Code and the JPB's Investment Policy

The table below identifies the investment types that are authorized for the JPB by the California Government Code or the JPB's investment policy, when more restrictive, that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the JPB, rather than the general provisions of the JPB's investment policy.

Authorized Investment Type	Minimum Credit Rating	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	15 years	100%	N/A
U.S. Agency Securities	None	15 years	100%	N/A
Banker's Acceptances	None	180 days	40%	30%
Commercial Paper ($500 Mil. Min. Assets). Local agencies with less than $100M of investment assets under management may invest no more than 25% of the agency's money in eligible commercial paper	A1/P1/F1	270 days	40%	10%
Negotiable Certificates of Deposit	None	5 years	30%	N/A
Repurchase Agreements	None	1 year	100%	N/A
Reverse Repurchase Agreements	None	92 days	20%	N/A
Medium-Term Notes	A	5 years	30%	10%
Shares of Beneficial Interest Issued by Diversified Management Companies	None	N/A	20%	10%
Local Government Investment Pools	None	N/A	100%	N/A
Asset-Backed and Mortgage-Backed Securities	AA	5 years	20%	N/A
Municipal Obligations	None	10 years	100%	N/A
Supranational Obligations	AA	5 years	30%	N/A
Local Agency Investment Fund (LAIF)	None	N/A	None	$75 million
San Mateo County Investment Pool	None	N/A	Up to the current state limit	N/A

NOTE 3 – CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California government code or the JPB's investment policy. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years and money market funds.

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk incurred when changes in market interest rates adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the JPB manages its exposure to interest rate risk is by purchasing a combination of short and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

The JPB's weighted average maturity of its investment portfolio at June 30, 2022, was as follows (in thousands):

Investment Type	Amount	Weighted Average Maturity (in years)
Local Agency Investment Fund (LAIF)	$ 87	0.80
San Mateo County Investment Pool	544	1.81
Held by Bond Trustee:		
Money Market Mutual Fund	84,444	-
Total Investment Portfolio	$ 85,075	
Portfolio Weighted Average Maturity		0.75

The JPB's weighted average maturity of its investment portfolio at June 30, 2021, was as follows (in thousands):

Investment Type	Amount	Weighted Average Maturity (in years)
Local Agency Investment Fund (LAIF)	$ 25,087	0.80
San Mateo County Investment Pool	560	1.81
Held by Bond Trustee:		
Money Market Mutual Fund	2,283	-
Total Investment Portfolio	$ 27,930	
Portfolio Weighted Average Maturity		0.75

NOTE 3 – CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the JPB's investment policy, or debt agreements, and the actual rating as of June 30, 2022 and 2021, for each investment type (in thousands):

		Rating as of June 30, 2022	
Investment Type	Amount	S&P Rating AAA	Not Rated
Local Agency Investment Fund (LAIF)	$ 87	$ -	$ 87
San Mateo County Pool	544	-	544
Held by Bond Trustee:			
Money Market Mutual Funds	84,444	84,444	-
Total	$ 85,075	$ 84,444	$ 631

		Rating as of June 30, 2021	
Investment Type	Amount	S&P Rating AAA	Not Rated
Local Agency Investment Fund (LAIF)	$ 25,087	$ -	$ 25,087
San Mateo County Pool	560	-	560
Held by Bond Trustee:			
Money Market Mutual Funds	2,283	2,283	-
Total	$ 27,930	$ 2,283	$ 25,647

Concentration of Credit Risk

The investment policy of the JPB contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The JPB does not have any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the JPB's total investments at June 30, 2022, or June 30, 2021.

Fair Value Measurements

Fair value measurements are categorized based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical asset assets; Level 2 inputs include inputs that are directly observable for the investment including quoted price for similar investments and inputs that are not directly observable but are derived from observable market data through correlation; and Level 3 inputs are significant unobservable inputs. Investments in LAIF and the San Mateo County Investment Pool are uncategorized as deposits and withdrawals are made on the basis of $1 and not fair value.

NOTE 3 – CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued)

The following is the JPB's fair value hierarchy table as of June 30, 2022 (in thousands):

Investment Type	Total	Level 2 Inputs	Uncategorized
Local Agency Investment Fund (LAIF)	$ 87	$ -	$ 87
San Mateo County Pool	544	-	544
Money Market Mutual Funds	84,444	84,444	-
Total Investments by Fair Value Type	$ 85,075	$ 84,444	$ 631

The following is the JPB's fair value hierarchy table as of June 30, 2021 (in thousands):

Investment Type	Total	Level 2 Inputs	Uncategorized
Local Agency Investment Fund (LAIF)	$ 25,087	$ -	$ 25,087
San Mateo County Pool	560	-	560
Money Market Mutual Funds	2,283	2,283	-
Total Investments by Fair Value Type	$ 27,930	$ 2,283	$ 25,647

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the JPB will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter party (e.g., broker-dealer) to a transaction, the JPB will not be able to recover the value of its investment or collateral securities that are in possession of another party. The California Government Code and the JPB's Investment Policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure the JPB's deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

As of June 30, 2022 and 2021, the JPB had $290,358,685 and $98,355,483, respectively, of deposits with financial institutions. Additionally, the JPB is required to hold certain capital fund amounts in interest bearing accounts. These balances are in excess of the $250,000 FDIC limit; however due to California State Law, the excess balances are collateralized with pledged securities by the financial institutions holding the JPB's deposits.

NOTE 3 – CASH AND INVESTMENTS (Continued)

Investment in San Mateo County Investment Pool

The JPB is a voluntary participant that invested in the San Mateo County Treasurer's Investment Pool (County Pool) at June 30, 2022 and 2021, in the amount of $544,072 and $559,894, respectively.

The County Pool is a governmental investment pool managed and directed by the elected San Mateo County Treasurer. It is not registered with the Securities and Exchange Commission. The fair value of the JPB's investment in this pool is reported in the accompanying financial statements at amounts based upon the JPB's pro-rata share of the fair value provided by the County Pool for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Pool, which are recorded on an amortized cost basis.

Investment in State Investment Pool

The JPB is a voluntary participant in LAIF which is regulated by the California Government Code under the oversight of the Treasurer of the State of California. LAIF is not registered with the Securities and Exchange Commission. The fair value of the JPB's investment in this pool is reported in the accompanying financial statements at amounts based upon the JPB's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

As of June 30, 2022, the JPB had a contractual withdrawal value of $87,125 in the pool. As of June 30, 2021, the JPB had a $25,087,225 contractual withdrawal value in the pool.

NOTE 4 – GILROY EXTENSION

The JPB holds trackage rights that extend south from the end of its property ownership in San Jose to Gilroy over a rail line owned by the Union Pacific Railroad. Those rights include the rights to operate five two-way train pairs. In addition, the Santa Clara Valley Transportation holds the rights to operate five additional train pairs to Gilroy.

NOTE 5 – CONTRIBUTED ASSETS FROM CALTRANS

In order to facilitate the purchase of the Mainline and the Gilroy Extension on a timely basis, and to provide for an orderly transition to local administration in a manner that would assure no service interruption, Caltrans and the JPB executed an agreement memorializing various commitments. Caltrans granted the JPB the right to use and control various real and personal property. These properties included: stations, locomotives, passenger cars ("rolling stock"), inventories, and other property associated with Caltrain service. The agreement required that Caltrans transfer all of its rights, titles, and interests in these properties to the JPB, in accordance with Public Utilities Code Section 99234.7.

NOTE 5 – CONTRIBUTED ASSETS FROM CALTRANS (Continued)

On April 4, 1996, the JPB's Board approved a resolution accepting transfer of rolling stock and station sites subject to certain terms and conditions outlined in the resolution. The transfer of rolling stock to the JPB was completed in December 1996, and the transfer of station sites was completed in May 1997. The rolling stock and station sites transferred were recorded at their appraised value as contributed capital in the amount of $106,710,000 and $60,432,365, respectively. Station sites consist principally of land and were capitalized as right-of-way.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows (in thousands):

	Balance June 30, 2021	Additions and Transfers	Deletions and Transfers	Balance June 30, 2022
Depreciable and amortized capital assets:				
Right-of-way improvements	$ 1,188,736	$ 10,392	$ -	$ 1,199,128
Rail vehicles	337,025	1,047	-	338,072
Facilities and equipment	145,065	461	(349)	145,177
Office equipment	13,767	(2)	(15)	13,750
Total depreciable and amortized capital assets	1,684,593	11,898	(364)	1,696,127
Accumulated depreciation for:				
Right-of-way improvements	710,610	51,071	(1)	761,680
Rail vehicles	265,139	8,627	-	273,766
Facilities and equipment	74,279	4,794	(348)	78,725
Office equipment	13,306	176	(15)	13,467
Total accumulated depreciation	1,063,334	64,668	(364)	1,127,638
Capital assets nondepreciable:				
Right-of-way	236,968	-	-	236,968
Construction in progress	1,840,831	595,088	(11,898)	2,424,021
Intangible asset - trackage rights	8,000	-	-	8,000
Total nondepreciable capital assets	2,085,799	595,088	(11,898)	2,668,989
Capital assets, net	$ 2,707,058	$ 542,318	$ (11,898)	$ 3,237,478

NOTE 6 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2021, was as follows (in thousands):

	Balance June 30, 2020	Additions and Transfers	Deletions and Transfers	Balance June 30, 2021
Depreciable and amortized capital assets:				
Right-of-way improvements	$ 1,192,985	$ 731	$ (4,980)	$ 1,188,736
Rail vehicles	333,025	6,499	(2,499)	337,025
Facilities and equipment	145,121	1,020	(1,076)	145,065
Office equipment	13,354	606	(193)	13,767
Total depreciable and amortized capital assets	1,684,485	8,856	(8,748)	1,684,593
Accumulated depreciation for:				
Right-of-way improvements	666,115	49,478	(4,983)	710,610
Rail vehicles	258,607	9,031	(2,499)	265,139
Facilities and equipment	70,530	4,826	(1,077)	74,279
Office equipment	13,228	271	(193)	13,306
Total accumulated depreciation	1,008,480	63,606	(8,752)	1,063,334
Capital assets nondepreciable:				
Right-of-way	236,340	628	-	236,968
Construction in progress	1,447,512	402,803	(9,484)	1,840,831
Intangible asset - trackage rights	8,000	-	-	8,000
Total nondepreciable capital assets	1,691,852	403,431	(9,484)	2,085,799
Capital assets, net	$ 2,367,857	$ 348,681	$ (9,480)	$ 2,707,058

Depreciation expense for the years ended June 30, 2022 and 2021 was $64,667,724 and $63,605,703, respectively.

NOTE 7 – OPERATING ASSISTANCE

Member Agencies provided operating funding to the JPB prior to fiscal year 2022. Net operating and administrative costs were apportioned on the basis of mutually agreed contribution rates, updated on an annual basis prior to fiscal year 2022. In fiscal year 2022, due to the funding from Measure RR transaction and use tax, the JPB did not request member agencies contributions. Funding allocations for the years ended June 30 were:

	2022	2021
District - Operating	0.00%	31.10%
VTA - Operating	0.00%	41.45%
CCSF - Operating	0.00%	27.45%

NOTE 7 – OPERATING ASSISTANCE (Continued)

Federal, state, and local operating assistance revenue amounts included in the statements of revenues, expenses, and changes in net position for the years ended June 30 were (in thousands):

	2022	2021
Member Agency local funds	$ -	$ 28,538
Assembly Bill 434 operating assistance	80	167
American Rescue Plan Act (ARPA)	115,996	-
Federal CARES Act	-	41,510
Federal CRRSAA Act	-	46,692
State transit assistance	10,042	10,425
Other	-	2,302
Total	$ 126,118	$ 129,634

NOTE 8 – CAPITAL ASSISTANCE

Capital expenses are primarily funded by federal and state grants, equal annual contributions from all three Member Agencies, and proceeds from Revenue Bonds (See Note 9 – Revenue Bonds Payable). Costs of capital replacement and enhancement projects that are not covered by outside funding sources are allocated to the Member Agencies based upon the terms of the Joint Powers Agreement.

A. Member Agencies

On an annual basis, the Board determines the amount to be contributed to a Capital Contingency Fund (CCF) to cover unanticipated necessary capital improvements. The total amount contributed to the CCF was $990,000 for each of the years ended June 30, 2022 and 2021.

In fiscal years 2022 and 2021, the JPB received capital reimbursements and capital advances from the Member Agencies totaling $43,744,085 and $107,891,352, respectively. The unexpended amounts at June 30, 2022 and 2021, are shown as Unearned Member Contributions. (See Note 16 – Related Parties.)

B. Federal and State Grants

At June 30, 2022 and 2021, the JPB had federal, state, and local grants/allocations that provide funding for Caltrain capital projects. Capital additions for the years ended June 30, 2022 and 2021, applicable to these projects were $468,612,379 and $434,567,214, respectively. The related federal participation was $277,219,356 and $179,027,224 for fiscal years ended June 30, 2022 and 2021, respectively.

The JPB had receivables of $43,960,063 and $40,422,077 at June 30, 2022 and 2021, respectively, for qualifying capital project expenditures under Federal Transit Administration (FTA) grant contracts in excess of reimbursements, which is reported as due from other governmental agencies. In addition, the JPB has receivables of $99,333,706 and $117,954,855 at June 30, 2022 and 2021, respectively, for qualifying capital project expenditures under various state grants, which also is reported as due from other governmental agencies.

NOTE 8 – CAPITAL ASSISTANCE (Continued)

B. <u>Federal and State Grants</u> (Continued)

Under the terms of the grants, proceeds from equipment sold during its useful life are refundable to the federal government in proportion to the related capital grant funds received, unless the net book value or proceeds from sale are under grant-prescribed limits.

NOTE 9 – REVENUE BONDS PAYABLE

Composition and Changes

The JPB generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt. The JPB's debt issues and transactions are summarized below and discussed in detail thereafter.

Long-term debt activity for the year ended June 30, 2022, was as follows (in thousands):

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Current Portion
2019 Series A Revenue Bonds	$ 47,635	$ -	$ 1,120	$ 46,515	$ 1,175
Add: Unamortized premium, net	7,255	-	264	6,991	264
2022 Series A Revenue Bonds	-	140,000	-	140,000	-
Add: Unamortized premium, net	-	32,180	366	31,814	366
Total long-term debt	$ 54,890	$ 172,180	$ 1,750	$ 225,320	$ 1,805

Long-term debt activity for the year ended June 30, 2021, was as follows (in thousands):

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Current Portion
2019 Series A Revenue Bonds	$ 47,635	$ -	$ -	$ 47,635	$ 1,120
Add: Unamortized premium, net	7,518	-	263	7,255	264
Total long-term debt	$ 55,153	$ -	$ 263	$ 54,890	$ 1,384

Description of the JPB's Long-Term Debt Issues

A. <u>2019 Series A Farebox Revenue Bonds</u>

In February 2019, the JPB issued $47,635,000 in 2019 Series A Farebox Revenue Bonds along with a premium of $8,111,446 and other sources related to the defeasance of prior bond issuances netted proceeds of $56,217,759; $24,087,000 of the proceeds were used to fully pay and legally defease the 2007 Series A Farebox Revenue Bonds and $11,363,000 were used to fully payoff 2015 Series A Farebox Revenue Bonds. $20,768,000 of the proceeds are allocated for building acquisitions or to finance other improvements to Caltrain. The 2019 Series A Farebox Revenue Bonds carry a fixed coupon of 5.0 percent with interest due on April 1 and October 1 of each year through October 1, 2037. Principal on the 2019 Series A Farebox Revenue Bonds is payable on October 1, 2021, and annually thereafter on October 1 of each year through 2049.

NOTE 9 – REVENUE BONDS PAYABLE (Continued)

Description of the JPB's Long-Term Debt Issues (Continued)

A. <u>2019 Series A Farebox Revenue Bonds</u> (Continued)

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $84,342. The JPB completed the refunding to reduce its total debt service payments over the next 11.9 years (average life of the refunded 2007 Series A Farebox Revenue Bonds) by $3.4 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $3.6 million (present value of prior debt and net present value savings).

The 2019 Series A Farebox Revenue Bonds are special obligations of the JPB payable from and secured by a pledge of farebox revenues. For pledge purposes, the term "farebox revenues" means the amounts generated and collected in connection with the operation of Caltrain, including passenger fares, parking, shuttle, and pass revenues, and other revenues from operations. Farebox revenues does not include grants from the state or the federal government. The amount and terms of pledged revenue are the outstanding secured debt service as noted on the debt service requirement schedule in the following paragraph.

B. <u>2022 Series A Measure RR Sales Tax Revenue Bonds (Green Bonds – Climate Bond Certified)</u>

In February 2022, the JPB issued $140,000,000 in 2022 Measure RR Sales Tax Revenue Bonds (Green Bonds – Climate Bond Certified) Series A along with a premium of $32,179,642. $150,463,899 of the proceeds are allocated to certain improvements to the Caltrain system, including electrification; $21,000,000 of the proceeds were set aside to fund capitalized interest costs of the bonds; and, $715,743 of the proceeds were allocated to cost of issuance of the bonds. The 2022 Series A Measure RR Sales Tax Revenue Bonds carry a coupon of 5.0% with interest payable semiannually on June 1 and December 1, commencing June 1, 2022. Principal payments on the 2022 Series A Measure RR Sales Tax Revenue Bonds (Green Bonds – Climate Bond Certified) begins June 1, 2025, and are payable annually thereafter on June 1 of each year through 2051.

The 2022 Series A Measure RR Sales Tax Revenue Bonds (Green Bonds – Climate Bond Certified) are limited obligations of the JPB payable from and secured by certain revenues from sales and use tax on taxable transactions within the City and County of San Francisco, San Mateo County, and Santa Clara County, at a rate of one-eighth of one percent (1/8%) after deducting amounts payable to the California Department of Tax and Fee Administration (CDTFA) in connection with the collection and disbursement of the sales tax pursuant to the agreement between the CDTFA and the JPB.

C. <u>Pledged Revenues and Annual Debt Service Payments</u>

The amount of farebox pledged revenues recognized during the fiscal years ended June 30, 2022 and 2021, were $37,695,156 and $35,205,724, respectively. The amount of Measure RR Sales Tax pledged revenues recognized during the year ended June 30, 2022, were $112,619,647. The total debt service requirement for the 2019 Series A Farebox Revenue Bonds and for the 2022 Series A Measure RR Sales Tax Revenue Bonds (Green Bonds – Climate Bond Certified) for the fiscal years ended June 30, 2022 and 2021, were $5,204,306 and $2,381,750, respectively; the first payment on

NOTE 9 – REVENUE BONDS PAYABLE (Continued)

Description of the JPB's Long-Term Debt Issues (Continued)

C. Pledged Revenues and Annual Debt Service Payments (Continued)

2019 Series A Farebox Revenue Bonds debt was October 1, 2019, with additional repayments of principal paid on October 1, 2020, and October 1, 2021, and a scheduled payment for October 1, 2022. Annual principal and interest payments for the 2019 Series A Farebox Revenue Bonds were as follows (in thousands):

Year Ending June 30:	Principal	Interest	Total
2023	$ 1,175	$ 2,296	$ 3,471
2024	1,235	2,236	3,471
2025	1,300	2,173	3,473
2026	1,365	2,106	3,471
2027	1,435	2,036	3,471
2028-2032	8,365	8,998	17,363
2033-2037	10,725	6,623	17,348
2038-2042	7,450	4,189	11,639
2043-2047	7,775	2,433	10,208
2048-2050	5,690	436	6,126
Total	$ 46,515	$ 33,526	$ 80,041

The 2022 Series A Measure RR Sales Tax Revenue Bonds (Green Bonds – Climate Bond Certified) were the first bonds issued by the JPB as Green Bonds as certified by Climate Bonds Initiative (CBI) and verified by Kestrel Verifiers under the standards of the 2015 Paris Agreement. The bonds were issued with ratings of AA+ by Standard & Poor's Rating Services (S&P) and AAA by Kroll Bond Rating Agency, LLC (KBRA). The first principal payment for the 2022 Series A Measure RR Sales Tax Revenue Bonds (Green Bonds – Climate Bond Certified) debt is scheduled for June 1, 2025. Annual debt service payments are as follows:

Year Ending June 30:	Principal	Interest	Total
2023	$ -	$ 7,000	$ 7,000
2024	-	7,000	7,000
2025	2,560	7,000	9,560
2026	2,690	6,872	9,562
2027	2,825	6,738	9,563
2028-2032	16,380	31,423	47,803
2033-2037	20,905	26,898	47,803
2038-2042	26,685	21,122	47,807
2043-2047	34,055	13,749	47,804
2048-2051	33,900	4,341	38,241
Total	$ 140,000	$ 132,143	$ 272,143

NOTE 10 – INSURANCE PROGRAMS

The JPB is exposed to various risks of loss including, but not limited to, those related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The JPB is self-insured for a portion of its public liability and damage to property. As of June 30, 2022 and 2021, coverage provided by self-insurance and excess coverage (purchased by or for the JPB) is generally summarized as follows:

Type of Coverage	Self-Insured Retention	Excess Insurance
Railroad Liability	$2,000,000 Self-Insured Retention	$323,000,000 Per Occurrence/ Annual Aggregate ($200,000,000 carried by the JBP and $100,000,000 carried by the Caltrain operator, TASI) plus an additional $23,000,000 xs $300,000,000 carried by JPB for a total of $323,000,000
Real and Personal Property	$250,000 Maximum Self-Insured Retention	$400,000,000
Public Official Liability	$75,000 Self-Insured Retention	$15,000,000 Aggregate
Special Events	$25,000 Self-Insured Retention Per Occurrence	$2,000,000 Per Occurrence / $4,000,000 Aggregate
Environmental Liability	$50,000 Self-Insured Retention	$10,000,000 2-Year Policy Aggregate (FY21-FY22)

All rolling stock is insured at full replacement value. Total insurable values (TIV) covering all rolling stock, real and personal property, tunnels, bridges, and stations exceeds $1 billion. The JPB carries a $400,000,000 loss limit per occurrence. Terrorism coverage is included. The JPB owns four parcels of vacant property that do not require flood insurance. Earthquake coverage remains cost prohibitive; as such, it is not procured. To date, there have been no significant reductions in any of the JPB's insurance coverage. Settlements have not exceeded coverages for each of the past three fiscal years.

The unpaid claims liabilities are based on the results of actuarial studies and include amounts for claims incurred but not reported. Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. Annual expense is charged using various allocation methods that include actual costs, trends in claims experience, and number of participants. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expense regardless of whether allocated to specific claims. It is the JPB's practice to obtain full actuarial studies annually. Changes in the balances of self-insured claims liabilities for public liability and property damage for the years ended June 30, 2022 and 2021, were as follows (in thousands):

NOTE 10 – INSURANCE PROGRAMS (Continued)

	2022	2021
Self-insured claims liabilities, beginning of year	$ 4,030	$ 1,174
Incurred claims and changes in estimates	383	2,935
Claim payments and related costs	(224)	(79)
Total self-insured claims liabilities	4,189	4,030
Less current portion	2,292	1,683
Noncurrent portion	$ 1,897	$ 2,347

NOTE 11 – CAPITAL CONTRIBUTIONS

The JPB receives capital grants and contributions from the federal, state, and local governments for the acquisition and improvement of capital assets. Capital grants and contributions used for capital purposes are recorded as capital contributions and the cost of the related assets is included in capital assets.

Depreciation and amortization on assets acquired with capital contributions is included in the statement of revenues, expenses, and changes in net position. Capital contributions earned for the years ended June 30 were as follows (in thousands):

	2022	2021
Contributions from the federal government	$ 277,219	$ 179,027
Contributions from the state	140,466	192,977
Contributions from local governments	50,927	62,563
Total	$ 468,612	$ 434,567

NOTE 12 – HEDGE PROGRAM

In order to create more certain future diesel fuel costs and to manage the budget risk caused by uncertain future diesel fuel prices, the JPB established a diesel fuel hedging program. The hedging instruments used are New York Harbor Ultra Low Sulfur Diesel ("NYHRBRULSD") futures contracts with a notional amount of 42,000 gallons each as listed on the NYMEX. As of June 30, 2022, the JPB had 87 futures contracts. As of June 30, 2022, the aggregate fuel hedge contracts covered a period from July 2022 through June 2023. As of June 30, 2021, the JPB had 82 futures contracts. As of June 30, 2021, the aggregate fuel hedge contracts covered a period from July 2021 through December 2022.

The JPB enters into futures contracts to hedge its price exposures to diesel fuel which is used in its vehicles to provide transportation. These contracts are derivative instruments. The effectiveness of the hedge is determined according to GASB Statement No. 53 (*Accounting and Financial Reporting for Derivative Instruments*) rules, which require a statistically strong relationship between the price of the futures contracts and the JPB's cost of diesel fuel from its supplier in order to insure that the futures

NOTE 12 – HEDGE PROGRAM (Continued)

contracts effectively hedge the expected cash flows associated with diesel fuel purchases/exposures. The JPB applies hedge accounting for derivatives that are deemed effective hedges. Under hedge accounting, the increase (decrease) in the fair value of a hedge is reported as a deferred cash flow on the statement of net position. For the reporting period, all of the JPB's derivatives meet the effectiveness tests. Net gains/losses from completed hedges become an element of diesel fuel cost.

For diesel fuel futures contracts, the fair values are determined according to exchange settlement prices and the prices at which the futures contracts were purchased where each contract has a volume of 42,000 gallons. The following is a summary of the fair values and notional amounts of derivative instruments (diesel futures contracts) outstanding as of June 30, 2022 and 2021 (in thousands).

	2022 Change in Fair Value		Fair Value June 30, 2022		
	Classification	Amount	Classification	Amount	Notional
Effective Cash Flow Hedges					
Futures contracts	Deferred Inflow	$ 480	Derivative Instruments	$ 1,826	3,938 Gallons

	2021 Change in Fair Value		Fair Value June 30, 2021		
	Classification	Amount	Classification	Amount	Notional
Effective Cash Flow Hedges					
Futures contracts	Deferred Inflow	$ 1,346	Derivative Instruments	$ 1,346	3,444 Gallons

Credit Risk

The JPB is exposed to credit risk in the amount of the derivative's fair value. When the fair value of any derivative has a positive market value, the risk is that the Counterparty will not fulfill its obligations. The counterparty for diesel futures contracts is the New York Mercantile Exchange Clearinghouse. Futures do not have credit risk because the clearing house guarantees against default risk by taking both sides of all transactions where positions are marked-to-market on a daily basis. Futures contracts are highly regulated by the Commodity Futures Trading Commission.

Basis Risk

The JPB is exposed to basis risk on its expected fuel hedge contracts because the future fuel purchases are based on a pricing point different from the pricing point at which the future contracts are expected to settle NYHRBRULSD.

Market Risk

The JPB is exposed to market risk arising from adverse changes in the market prices of the commodity.

NOTE 13 – COMMITMENT AND CONTINGENCIES

A. Operating Contract

The JPB Board awarded a contract to TASI of St. Joseph, MO, at the September 1, 2011 Board meeting. TASI provides rail operations, maintenance, and support services for a base term of five years plus five months of mobilization, with five, one-year option terms. Mobilization efforts began on October 1, 2011, and TASI began its service on May 26, 2012. The contract with TASI has been extended to 2027. Amtrak continued to provide services through the mobilization period.

This is a Cost Plus Performance Fee based contract. All direct costs are reimbursable and TASI has the opportunity to earn up to $4.5 million per year as a performance fee. The first year budget plus mobilization costs were negotiated prior to contract award. A performance fee program and quantifiable metrics are discussed and agreed upon annually by the parties in key areas such as safety and on-time performance. These metrics are measured quarterly with the exception of adherence to the budget which will be measured annually. TASI's reported results are also independently verified and validated by a third party consultant. The expenses billed to the JPB by TASI for providing rail operation services for the years ended June 30, 2022 and 2021, are recorded as Contract Services in the statements of revenues, expenses, and changes in net position.

B. Litigation

As of June 30, 2022 and 2021, the JPB had accrued amounts that management believes are adequate to resolve claims and lawsuits which arose during the normal course of business. A few claims and lawsuits remain outstanding for which the JPB cannot determine the ultimate and resulting liability, if any. However, the JPB's management and its counsel believe the ultimate outcome of these claims and lawsuits will not materially impact the JPB's financial position.

Caltrain Collision with Hi-Rail Maintenance Vehicles on March 10, 2022

On March 10, 2022, a southbound Caltrain train struck three stationary on-track (or hi-rail) maintenance vehicles near San Bruno, California. The maintenance vehicles were on-track as part of the ongoing electrification construction project. The locomotive derailed, and all three maintenance vehicles were destroyed. Leaking fuel from the hi-rail maintenance vehicles resulted in a fire that spread to one of the passenger rail cars. Fourteen people reported injuries: 12 passengers, one train crew member, and one employee of a contractor. As a result of the incident, Caltrain suspended the electrification construction project for approximately two weeks. TransitAmerica Services, Inc. (TASI) provides signaling services on the right-of-way for Caltrain. The National Transportation Safety Board (NTSB) is investigating the incident but in a preliminary statement, NTSB stated that the roadway worker-in-charge released exclusive track occupancy while the hi-rail vehicles were still on the track. To date, no lawsuits have been filed against the JPB, but the JPB has received numerous claims related to the incident, including from the injured employee of a contractor, the train crew member, seven passengers, and the electrification project contractor, which seeks compensation for, among other things, property damage and labor costs associated with the temporary suspension of work. TASI has agreed to indemnify and defend the JPB against these claims subject to a reservation of rights.

NOTE 13 – COMMITMENT AND CONTINGENCIES (Continued)

C. PTMISEA Grants

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B on November 7, 2006, includes a program of funding in the amount of $4 billion to be deposited in the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). Of this amount, $3.6 billion in the PTMISEA is available to project sponsors in California for allocation to eligible public transportation projects. The following table shows the changes in activity related to the PTMISEA grant funds during the fiscal years as well as the remaining commitment as of June 30, 2022 and 2021 (in thousands):

	PTMISEA South Terminal Project (Fund 3605)	PTMISEA Community Based Overlay Signal System (Fund 3607)	PTMISEA Rolling Stock State of Good Repair (Fund 3623)	PTMISEA Rolling Stock State of Good Repair (Fund 3634)
Total Allocations as of June 30, 2021	$ 959	$ 345	$ 770	$ 464
Adjustments	-	-	-	-
Net Expenditures	(84)	(135)	(78)	(334)
Unspent balance at June 30, 2022	$ 875	$ 210	$ 692	$ 130

	PTMISEA Electrification Improvements (Fund 3638)	PTMISEA Community Based Overlay Signal System (Fund 3647)	PTMISEA Interest Earned (Fund 3636)
Total Allocations as of June 30, 2021	$ 36	$ 1,314	$ 313
Adjustments	-	-	-
Interest Earned, Net of Bank Charges	-	-	2
Net Expenditures	-	(997)	(94)
Unspent balance at June 30, 2022	$ 36	$ 317	$ 221

NOTE 13 – COMMITMENT AND CONTINGENCIES (Continued)

C. PTMISEA Grants (Continued)

	PTMISEA South Terminal Project (Fund 3605)	PTMISEA Community Based Overlay Signal System (Fund 3607)	PTMISEA Rolling Stock State of Good Repair (Fund 3623)	PTMISEA Rolling Stock State of Good Repair (Fund 3634)
Total Allocations as of June 30, 2020	$ 959	$ 359	$ 807	$ 527
Adjustments	-	-	-	-
Net Expenditures	-	(14)	(37)	(63)
Unspent balance at June 30, 2021	$ 959	$ 345	$ 770	$ 464

	PTMISEA Electrification Improvements	PTMISEA Community Based Overlay Signal System	PTMISEA Interest Earned
Total Allocations as of June 30, 2020	$ 36	$ 2,216	$ 310
Adjustments	-	-	-
Interest Earned, Net of Bank Charges	-	-	3
Net Expenditures	-	(902)	-
Unspent balance at June 30, 2021	$ 36	$ 1,314	$ 313

NOTE 14 – LEASING TRANSACTIONS

In February 2002, the JPB entered into a leasing transaction (the 2002 Lease Transaction) with respect to 38 Nippon Sharyo trailer cars, 14 Nippon Sharyo cab cars, and 13 GM F40PH-2 locomotives (collectively, the “Equipment”). The JPB leased the Equipment to a trust under a Head Lease and simultaneously leased back the Equipment under a Sublease. The leasing transaction terminated and restructured a portion of “a 1996 leasing transaction” (the “1996 Transaction”) that had not been previously terminated. The JPB received net proceeds in the amount of $2,392,510, which represents the difference between the appraised value of the Equipment and the termination cost associated with the remaining portion of the 1996 Transaction and certain required deposits and expenses. The Equipment remains on the books of the JPB at its original cost and is being depreciated over the original useful life determined at the date of acquisition. The net proceeds have been recorded as Lease-Leaseback income for the year ended June 30, 2002. The JPB has an option to purchase the Equipment for an agreed upon purchase price in January 2026.

At the outset of the lease, a portion of the Head Lease payment was deposited under agreements with two debt payment undertakers whose repayment obligations are guaranteed, as the case may be, by Assured Guaranty Municipal Corporation (“AGM”) as successor to Financial Security Assurance (“FSA”), or Swiss Reinsurance Corporation (“Swiss Re”). Another portion of the Head Lease payment was deposited under an agreement with an equity payment undertaker whose repayment obligations are guaranteed by AGM as successor to FSA. The repayment obligations of AGM and Swiss Re under their respective debt undertaking agreements are due in amounts and at times that correspond to the JPB’s scheduled payments under the Sublease. The repayment obligations of AGM under the equity payment agreement are due in amounts and at times that correspond to the JPB’s purchase option dates under the 2002 Lease Transaction.

NOTE 14 – LEASING TRANSACTIONS (Continued)

At the time of the 2002 Lease Transaction, FSA was rated “Aaa/AAA” by Moody’s Investors Service (“Moody’s”) and Standard & Poor’s Ratings Services (“S&P”). Although the debt and equity payment undertaking arrangements do not represent a legal defeasance of the JPB’s obligations under the Sublease, management believes that these transactions are structured in such a way that it is not probable that the JPB will need to access other monies to make Sublease payments or pay the purchase option prices in 2026. Therefore, the assets and the Sublease obligations are not recorded on the financial statements of the JPB as of June 30, 2022.

The terms of the 2002 Lease Transaction require the JPB to replace AGM and Swiss Re within certain timeframes if their ratings are downgraded below certain rating minimums. On January 17, 2013, Moody’s downgraded AGM to “A2”, which is below the threshold of “Aa3” under the 2002 Lease Transaction with respect to AGM’s role as surety provider and guarantor of the equity payment agreement. The current Moody’s AGM rating of “A1” remains below the required threshold.

Failure of the JPB to replace AGM following a downgrade by either Moody’s or S&P to below the applicable rating threshold within specified timeframes could allow the equity investor to issue a default notice to the JPB. Because replacement of AGM is not practicable, the JPB could become liable to pay termination costs as provided in certain schedules of the 2002 Lease Transaction. The scheduled termination costs as of June 30, 2022, less the accreted value under the equity payment agreement, would approximate $14.3 million. The equity investor under the 2002 Lease Transaction has provided forbearance letters to the JPB with respect to replacing AGM since the Moody’s downgrade to below “Aa3” and has not demanded that the JPB replace AGM.

NOTE 15 – GASB STATEMENT NO. 87, *LEASES*

The JPB, as a lessee, has entered into various leases for office space, tower space, land, and parking with lease terms expiring between fiscal year 2022 and 2023 with some leases containing options to renew.

The JPB, as a lessor, has entered into lease agreements for mainly commercial and ground lease transactions. The lease terms are expiring between fiscal year 2025 and 2027 with some leases containing options to renew.

The JPB adopted GASB Statement No. 87, *Leases*, in fiscal year 2022 with a conversion date of July 1, 2020. In accordance with the adopted standard, the JPB, as a lessee, is required to recognize intangible right-to-use leased assets and corresponding lease liabilities, and as a lessor, lease receivables and deferred inflows of resources, for all leases that are not considered short-term. The JPB has adopted the following policies to assist in determining lease treatment according to the standard (unless otherwise specified, the following policies pertain to agreements in which the JPB acts as lessee, and agreements in which the JPB acts as lessor):

Basis of lease classification – The maximum possible lease term(s) is non-cancelable by both lessee and lessor, and is more than 12 months will not be considered short-term.

Term – At the time of lease commencement or conversion, the term of the lease will include possible extension periods that are deemed to be reasonably certain given all available information, regarding the likelihood of renewal.

NOTE 15 – GASB STATEMENT NO. 87, *LEASES* (Continued)

Discount rate – Unless explicitly stated in the lease agreement, known by the JPB, or the JPB is able to determine the rate implicit within the lease, the discount rate used to calculate right-to-use leased assets and liabilities in the case of agreements in which the JPB acts as lessee, or deferred inflows of resources and related lease receivable, in the case of agreements in which the JPB acts as lessor, is the annual 110% Applicable Federal Rates (AFR). The Short-term annual 110% AFR applies to a lease term that is less than three years, the Mid-term annual 110% AFR applies to a lease term that is between three to nine years, and the Long-term annual 110% AFR applies to a lease term that is longer than nine years. The Short-term annual 110% AFR was 0.20% for July 2020 and 0.13% for July 2021, the Mid-term annual 110% AFR was 0.50% for July 2020 and 1.10% for July 2021, and the Long-term annual 110% AFR was 1.29% for July 2020 and 2.28% for July 2021. The July 2020 and July 2021 AFR were used for applicable leases beginning in fiscal years 2021 and 2022, respectively.

Variable payments – Variable payments based on the future performance of the lessee or lessor or usage of the underlying asset are not included in the measurement of lease assets or liabilities. For fiscal years 2021 and 2022, as a lessee, all leases are based on fixed payments and do not have variable payment components. For fiscal years 2021 and 2022, as a lessor, all leases are based on fixed payments and variable payments based on the Consumer Price Index (CPI).

Residual value guarantees – There were no residual guarantees included in the measurement of lease assets and liabilities, or deferred inflow of resources and lease receivables, for fiscal years 2021 and 2022.

Remeasurement – There were no remeasurements for fiscal years 2021 and 2022 due to (1) early termination which included a termination fee, (2) reduction in monthly lease payment, and (3) a change in the discount rate.

Lease related assets by major class of underlying assets at June 30 were as follows (in thousands):

	Balance at June 30, 2021	Additions	Reductions	Balance at June 30, 2022
Right-to-use leased assets:				
Office space	$ 1,913	$ 1,066	$ (1,913)	$ 1,066
Land	91	-	(91)	-
Parking	13	-	(13)	-
Tower space	4	-	-	4
Total right-to-use leased assets	2,021	1,066	(2,017)	1,070
Accumulated amortization for:				
Office space	1,435	952	(1,915)	472
Land	62	28	(90)	-
Parking	6	6	(12)	-
Tower space	3	2	-	5
Total accumulated amortization	1,506	988	(2,017)	477
Total right-to-use leased assets, net	$ 515	$ 78	$ -	$ 593

NOTE 15 – GASB STATEMENT NO. 87, *LEASES* (Continued)

	Balance at June 30, 2020	Additions	Reductions	Balance at June 30, 2021
Right-to-use leased assets:				
Office space	$ 1,913	$ -	$ -	$ 1,913
Land	91	-	-	91
Parking	13	-	-	13
Tower space	4	-	-	4
Total right-to-use leased assets	2,021	-	-	2,021
Accumulated amortization for:				
Office space	-	1,435	-	1,435
Land	-	62	-	62
Parking	-	6	-	6
Tower space	-	3	-	3
Total accumulated amortization	-	1,506	-	1,506
Total right-to-use leased assets, net	$ 2,021	$ (1,506)	$ -	$ 515

As a lessee, the JPB recognized $988,109 and $1,504,551 of lease related amortization expense in fiscal years 2022 and 2021, respectively. The JPB also recognized $2,043 and $2,513 of lease related interest expense in fiscal years 2022 and 2021, respectively.

As a lessor, the JPB recognized $1,997 and $865 in lease related interest revenue in fiscal years 2022 and 2021, respectively. The JPB also recognized revenues from lease related deferred inflows of resources of $78,237 and $46,337 in fiscal years 2022 and 2021, respectively.

Lease related obligations consist of the following:

	Balance at July 1, 2021	Additions	Retirements	Balance June 30, 2022	Current Portion
Lease Liabilities	$ 593	$ 631	$ 592	$ 632	$ 632
Total long-term debt	$ 593	$ 631	$ 592	$ 632	$ 632

	Balance at July 1, 2020	Additions	Retirements	Balance June 30, 2021	Current Portion
Lease Liabilities	$ 2,020	$ -	$ 1,427	$ 593	$ 592
Total long-term debt	$ 2,020	$ -	$ 1,427	$ 593	$ 592

NOTE 16 – RELATED PARTIES

A. Operating Expenses Paid to the District

The District serves as the Managing Agency of the JPB, providing management and administrative personnel and facilities (see Note 1). The District is compensated based on actual costs incurred and administrative overhead. Total expenses billed to the JPB by the District, which were included as operating expenses in the accompanying statements of revenues, expenses, and changes in net position, were as follows (in thousands):

	2022	2021
Wages and fringe benefits	$ 12,306	$ 10,993
Overhead	276	2,075
Total	$ 12,582	$ 13,068

B. Receivables from Member Agencies

The JPB is owed amounts from Member Agencies for grants and prior obligations. The balances at June 30 are as follows (in thousands):

	2022	2021
District	$ 1,202	$ 7,145
VTA	1,076	6,783
CCSF	9,968	6,808
Total	$ 12,246	$ 20,736

C. Payables to the District

Amounts due to the District as Managing Agency at June 30, 2022 and 2021, total $3,012,217 and $3,588,288, respectively, and are included in accrued liabilities.

NOTE 16 – RELATED PARTIES (Continued)

D. Unearned Member Contributions

The JPB recognizes Member Agencies' advances as contributed capital when expenses are incurred or assets are purchased. Accordingly, some Member Agencies' payments are classified as Unearned Member Contributions. The balances at June 30 were as follows (in thousands):

	2022	2021
District	$ 18,279	$ 21,295
VTA	11,734	13,590
CCSF	1,392	1,392
Total	$ 31,405	$ 36,277
Committed for:		
Centralized traffic control system	$ 1	$ 1
Farebox capital	1	1
Capital Contingency Fund	2,650	2,602
Capital contribution, Member's local match	28,753	33,673
Total Committed	31,405	36,277
Uncommitted funds:		
District	-	-
VTA	-	-
CCSF	-	-
Total Uncommitted	-	-
Total	$ 31,405	$ 36,277

NOTE 17 – REVOLVING CREDIT FACILITY

Cash flow projections for the Peninsula Corridor Electrification Project (PCEP) forecast funding gaps between the time payments are due for work performed and the timing of receipts from the funding sources associated with such work, most of which are available on a reimbursement basis. At its highest point, the funding gap is currently projected to be approximately $120 million.

In December 2016, the JPB secured the 2016 Credit Facility to assist the JPB in meeting its cash flow needs in connection with the PCEP Project. The amount outstanding under the 2016 Credit Facility may not exceed $170 million at any one time. This Credit Facility commitment was reduced March 31, 2019, to a level not to exceed $120 million. Funds drawn will be applied to fund cash flow mismatch with respect to the PCEP Project and the 2018 TIRCP Grant Projects and/or to enable the JPB to access the 2018 TIRCP Grant awarded to the JPB to fund a portion of the 2018 TIRCP Grant Projects. Funds drawn by the JPB pursuant to the 2016 Credit Facility constitute loans made to the JPB by the provider of the

NOTE 17 – REVOLVING CREDIT FACILITY (Continued)

2016 Credit Facility. Such loans are secured by funds received by the JPB from funding sources identified in the 2017 Funding Plan and from the 2018 TIRCP Grant to reimburse the JPB for its prior payment of PCEP Project expenditures and 2018 TIRCP Grant Projects expenditures and by a pledge of farebox revenues subordinate to the pledge which will secure the 2019 Series A Bonds, any other Bonds issued pursuant to the Trust Agreement and any Parity Obligations.

In January 2019, the JPB secured the Additional Credit Facility to provide interim funding for a portion of the PTC Project, including cash flow mismatch, and to provide for working capital needs for the Caltrain system. The amount outstanding under the Additional Credit Facility may not exceed $30 million at any one time. Funds drawn by the JPB pursuant to the Additional Credit Facility constitute loans made to the JPB by the provider of the Additional Credit Facility. Such loans are secured by a pledge of farebox revenues on a parity with the pledge of farebox revenues which secures the 2016 Credit Facility and subordinate to the pledge which will secure the 2019 Series A Bonds, any other Bonds issued pursuant to the Trust Agreement and any Parity Obligations.

Any funds drawn by the JPB pursuant to the 2016 Credit Facility and/or the Additional Credit Facility are due and payable on December 31, 2022. In the event any funds drawn under the 2016 Credit Facility and/or the Additional Credit Facility have not been repaid prior to December 31, 2022, the JPB may issue additional Bonds or incur other debt in order to refinance any obligations incurred and outstanding under the 2016 Credit Facility and/or the Additional Credit Facility. At the present time, the JPB anticipates that the amount of debt, if any, to be issued to refinance any obligations incurred and outstanding under the 2016 Credit Facility and/or the Additional Credit Facility will not exceed $30 million.

Fees are set forth in the Fee and Pricing Agreement. The one month London Interbank Offered Rate (LIBOR) resets on a daily basis. The Fee and Pricing Agreement also specifies closing costs payable to the Lender and Lender's Counsel. As of June 30, 2022 and 2021, $95,715,731 and $60,300,000 of the revolving credit facilities balance were outstanding, respectively.

On August 16, 2021, the JPB replaced the existing Credit Facilities with two new Credit Facilities. The new Credit Facilities were issued in the amounts of $100 million each for PCEP project funding (PCEP Credit Facility) and Working Capital funding (Working Capital Facility). The terms on the new Credit Facilities is set forth in the Fee and Pricing Agreements for each credit line. There are two ongoing fees associated with the revolving credit facilities: an undrawn and a draw fee. For those amounts available to the JPB but undrawn and not used at a particular time, the Lender will charge a commitment fee equal to 0.23 percent times the undrawn amount. For those amounts drawn and used under the revolving credit facility, the Lender will charge a draw fee (i.e., and interest rate). The draw fee for Tax Exempt draws is equal to the following formula: 0.80 percent times one month LIBOR, plus an Applicable Tax Exempt Margin times the Margin Rate Factor. At close of the Credit Facilities, the Applicable Tax Exempt Margin was 0.29% and the Margin Rate Factor was 1.0. The draw fee for Taxable draws is equal to the Applicable Taxable Margin plus one month LIBOR. As of August 16, 2021, the outstanding (drawn) revolving credit line balances were $60.164 million for the PCEP Credit Facility and $35.552 million for the Working Capital Facility.

SUPPLEMENTARY INFORMATION

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PENINSULA CORRIDOR JOINT POWERS BOARD

**SUPPLEMENTARY SCHEDULE OF REVENUES AND EXPENSES –
COMPARISON OF BUDGET TO ACTUAL (BUDGETARY BASIS)
(in thousands)
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget (Unaudited)	Actual	Variance with Final Budget
OPERATING REVENUES:			
Passenger fares	$ 34,639	$ 33,236	$ (1,403)
Parking, shuttle, and pass revenues	3,140	2,778	(361)
Advertising	510	412	(97)
Other	1,195	1,268	73
Total operating revenues	39,484	37,694	(1,788)
OPERATING EXPENSES:			
Contract services	116,291	124,425	(8,135)
Insurance	6,677	6,147	529
Fuel	12,435	13,491	(1,056)
Parking, shuttle, and pass expenses	4,073	3,254	819
Professional services	10,143	2,969	7,174
Wages and benefits	12,672	12,582	91
Utilities and supplies	2,740	5,118	(2,378)
Maintenance services	1,451	609	842
Temporary services, rent, and other	7,880	5,793	2,087
Total operating expenses	174,362	174,388	(27)
Operating loss	(134,878)	(136,694)	(1,815)
NONOPERATING REVENUES (EXPENSES):			
Federal, state, and local operating assistance	33,721	126,118	92,397
Transaction and use tax	86,577	112,620	26,043
Rental income	1,192	1,237	45
Investment income	210	73	(137)
Interest expense	(2,382)	(4,940)	(2,558)
Other income	709	3,172	2,463
Total nonoperating revenues, net	120,027	238,280	(118,253)
Net income (loss)	(14,851)	101,586	116,438
CAPITAL OUTLAY:			
Capital assistance	39,210	468,612	429,402
Capital debt financing	-	65,580	65,580
Capital expenditures	(39,210)	(534,193)	(494,983)
Net capital outlay	-	(1)	(1)
Excess (Deficiency) of Revenues and Nonoperating Income over (under) Expenses, Capital Outlay, and Debt Principal Payment	$ (14,851)	$ 101,585	$ 116,437

NOTES TO SUPPLEMENTARY SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The Peninsula Corridor Joint Powers Board (JPB) prepares its budget on a basis of accounting that differs from accounting principles generally accepted in the United States of America (GAAP). The actual results of operations are presented in the supplementary schedule on the budgetary basis to provide a meaningful comparison of actual results with budget. In addition, certain budget amounts have been reclassified to conform to the presentation of actual amounts in the supplementary schedule. Budgeted amounts presented are the final adopted budget. The primary difference between the budgetary basis of accounting and GAAP concerns capital assets. Depreciation and amortization expense per GAAP and amortization of lease are not budgeted and budgeted capital expenses are not recorded as an expense per GAAP. In addition, unrealized gains and losses under Governmental Accounting Standards Board (GASB) Statement No. 31 are not recognized on a budgetary basis as well as some long-term expenses such as bond related payments. The capital expense budget does not include the carry-over budget from 2021.

NOTE 2 – RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

Excess of operating revenues and nonoperating revenues over expenses and capital outlay		$ 101,585
Reconciling Items		
Capital expenditures	$ 534,193	
Depreciation and amortization	(65,656)	
Capital debt financing	(65,580)	
GASB 31 unrealized gain/loss	(24)	
Bond premium amortization	630	
Subtotal reconciling items		403,563
Change in net position, GAAP basis		$ 505,148

Section III

STATISTICAL

Financial Trends

- Net Position and Changes in Net Position

Revenue Capacity

- Revenue Base and Revenue Rate
- Principal Revenue Payers

Debt Capacity

- Ratio of Outstanding Debt
- Bonded Debt
- Direct and Overlapping Debt
- Debt Limitations
- Pledged Revenue Coverage
- Sales Tax Receipts

Demographics and Economic Information

- Population, Income, and Unemployment Rates
- Principal Employers

Operating Information

- Farebox Recovery and Passenger Miles
- Employees (Full-Time Equivalents)
- Capital Assets

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STATISTICAL SECTION

The Statistical Section of the Peninsula Corridor Joint Powers Board (JPB) Annual Comprehensive Financial Report represents detailed information as a context for understanding the information in the financial statements, note disclosures, and supplementary information for assessing the JPB's economic condition.

Financial Trends

These schedules contain trend information to assist readers in understanding and assessing how the JPB's financial position has changed over time.

Revenue Capacity

These schedules contain information to assist readers in understanding and assessing the factors affecting the JPB's ability to generate passenger fares.

Debt Capacity

These schedules assist readers in understanding and assessing the JPB's debt burden and its capacity to issue future debt.

Demographic and Economic Information

These schedules present socioeconomic indicators to assist readers in understanding the environment within which the JPB's financial activities take place.

Operating Information

These schedules contain contextual information about the JPB's operations and resources to assist readers in using financial statement information as a tool to understand and assess the JPB's economic condition.

PENINSULA CORRIDOR JOINT POWERS BOARD

FINANCIAL TRENDS – NET POSITION AND CHANGES IN NET POSITION FISCAL YEARS 2013 THROUGH 2022 (in thousands)

	2022	2021	2020	2019
OPERATING REVENUES:				
Passenger fares	$ 33,236	$ 32,440	$ 76,094	$ 102,668
Parking, shuttle, and pass revenues	2,778	1,547	6,045	7,894
Advertising	412	114	1,469	1,050
Other	1,268	1,108	849	1,165
Total operating revenues	37,694	35,209	84,457	112,777
OPERATING EXPENSES:				
Contract services	124,425	122,030	107,037	99,541
Insurance	6,147	8,473	4,166	4,129
Fuel	13,491	7,088	9,311	11,184
Parking, shuttle, and pass expenses	3,254	3,211	5,591	5,280
Professional services	2,969	11,061	5,535	2,068
Wages and benefits	12,582	13,068	17,355	16,765
Utilities and supplies	5,118	2,083	2,059	2,189
Maintenance services	609	503	1,391	1,643
Temporary services, rent, and other	5,793	3,330	4,579	4,528
Total operating expenses	174,388	170,847	157,024	147,327
Operating loss before depreciation and amortization	(136,694)	(135,639)	(72,567)	(34,550)
Depreciation and amortization	(65,656)	(65,112)	(66,966)	(78,890)
Operating loss	(202,350)	(200,750)	(139,533)	(113,440)
NONOPERATING REVENUES:				
Federal, state, and local operating assistance	126,118	129,634	63,044	35,070
Transaction and use tax	112,620	-	-	-
Rental income	1,237	1,125	534	1,901
Investment income	679	334	495	714
Other income	3,172	4,085	1,201	3,210
Total nonoperating revenues	243,826	135,178	65,274	40,895
NONOPERATING EXPENSES:				
Interest expense	(4,940)	(2,890)	(2,642)	(3,222)
Total nonoperating expenses	(4,940)	(2,890)	(2,642)	(3,222)
Net loss before capital contributions	36,536	(68,462)	(76,901)	(75,767)
Capital contributions	468,612	434,567	361,303	405,162
Change in net position	505,148	366,105	284,402	329,393
NET POSITION:				
Beginning of year	2,723,219	2,355,685	2,071,282	1,741,889
Prior period adjustment per GASB 87[1]	-	1,429	-	-
Beginning of year, as restated	2,723,219	2,357,114	2,071,282	1,741,889
End of year	$ 3,228,367	$ 2,723,219	$ 2,355,685	$ 2,071,282
COMPONENTS OF NET POSITION:				
Net investment in capital assets	$ 2,947,760	$ 2,652,168	$ 2,312,715	$ 2,030,255
Restricted	-	-	-	-
Unrestricted	280,607	71,051	42,970	41,027
Net position, end of year	$ 3,228,367	$ 2,723,219	$ 2,355,685	$ 2,071,282

[1] Per Governmental Accounting Standards Board (GASB) Statement No. 87 effective as of fiscal year 2021, a lessee is required to recognize a lease liability and an intangible right-to-use leased asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.
Source: Current and prior years' Annual Comprehensive Financial Reports.
This table presents revenues and expenses, contributions, depreciation and amortization, and net position components.

2018	2017	2016	2015	2014	2013
$ 97,050	$ 92,429	$ 86,959	$ 83,351	$ 74,846	$ 68,767
7,790	7,911	7,226	5,990	5,859	5,275
1,016	370	190	227	86	308
1,180	1,321	1,057	1,194	1,354	1,196
107,036	102,031	95,432	90,762	82,145	75,546
92,899	89,639	82,942	78,240	75,238	65,485
1,188	7,105	35	6,593	3,874	5,186
10,322	8,613	8,312	12,118	14,797	15,350
5,916	5,629	6,104	5,316	5,476	5,756
2,178	1,514	1,618	1,255	1,322	1,098
13,911	13,561	12,943	11,501	10,668	9,322
2,063	2,179	2,172	2,068	1,524	1,726
1,668	1,508	1,054	1,039	1,007	1,011
2,782	2,886	2,664	1,981	1,854	2,117
132,927	132,634	117,844	120,110	115,760	107,051
(25,891)	(30,603)	(22,412)	(29,348)	(33,616)	(31,506)
(100,097)	(83,922)	(93,540)	(75,300)	(73,452)	(59,968)
(125,988)	(114,525)	(115,952)	(104,648)	(107,068)	(91,474)
25,346	25,489	25,078	27,578	29,522	39,165
-	-	-	-	-	-
2,070	1,861	1,781	1,764	1,728	1,783
93	28	111	242	206	128
1,198	2,413	613	1,007	4,044	2,137
28,707	29,791	27,583	30,590	35,500	43,213
(1,501)	(1,302)	(1,301)	(1,192)	(1,120)	(1,120)
(1,501)	(1,302)	(1,301)	(1,192)	(1,120)	(1,120)
(98,782)	(86,036)	(89,670)	(75,250)	(72,688)	(49,383)
321,303	246,767	131,329	115,225	111,349	87,385
222,521	160,731	41,659	39,975	38,661	38,002
1,519,366	1,358,635	1,316,975	1,277,001	1,238,339	1,200,336
-	-	-	-	-	-
1,519,366	1,358,635	1,316,975	1,277,001	1,238,339	1,200,336
$ 1,741,889	$ 1,519,366	$ 1,358,635	$ 1,316,975	$ 1,277,001	$ 1,238,339
$ 1,707,243	$ 1,484,730	$ 1,323,485	$ 1,282,932	$ 1,246,218	$ 1,208,591
-	-	-	-	-	-
34,646	34,636	35,150	34,043	30,783	29,748
$ 1,741,889	$ 1,519,366	$ 1,358,635	$ 1,316,975	$ 1,277,001	$ 1,238,339

PENINSULA CORRIDOR JOINT POWERS BOARD

REVENUE CAPACITY – REVENUE BASE AND REVENUE RATE FISCAL YEARS 2013 THROUGH 2022

	2022	2021	2020	2019
Passenger fares (in thousands)	$ 33,236	$ 32,440	$ 76,094	$ 102,668
Revenue Base				
Number of passengers (in thousands)	3,507	1,296	13,684	17,797
Source: National Transit Database (NTD)				
Four-zone fare structure				
Full adult fare:				
One-way (Ticket Machine)	$ 10.50	$ 10.50	$ 10.50	$ 10.50
One-way (Clipper Card)	10	-	-	-
Day Pass	21.00	21.00	21.00	21.00
8-ride[1]	-	-	-	-
Monthly Pass	238.80	298.50	298.50	298.50
Eligible discount fare:				
One-way (Ticket Machine)	$ 4.75	$ 4.75	$ 4.75	$ 4.75
One-way (Clipper Card)	5	-	-	-
Day Pass	10.50	10.50	10.50	10.50
8-ride [1]	-	-	-	-
Monthly pass	110.40	138.00	138.00	138.00

[1] 8-ride tickets replaced 10-ride tickets effective on March 2, 2009. 8-ride tickets were discontinued on October 1, 2017.

Source: Annual Comprehensive Financial Reports, Caltrain codified tariff, and Caltrain board reports on passenger counts; National Transit Database.

This table presents passenger fares, number of passengers, and four-zone revenue fare structure.

2018	2017	2016	2015	2014	2013
$ 97,050	$ 92,429	$ 86,959	$ 83,351	$ 74,846	$ 68,767
18,944	18,743	19,233	18,567	17,029	15,596
$ 10.50	$ 9.75	$ 9.75	$ 9.25	$ 9.25	$ 8.75
-	-	-	-	-	-
21.00	19.50	19.50	18.50	18.50	17.50
-	68.10	68.10	64.75	64.75	59.50
278.60	243.80	243.80	232.00	232.00	232.00
$ 4.75	$ 4.75	$ 4.75	$ 4.50	$ 4.50	$ 4.25
-	-	-	-	-	-
10.50	9.75	9.75	9.25	9.25	8.75
-	34.05	34.05	32.25	32.25	29.75
128.80	121.90	121.90	116.00	116.00	116.00

PENINSULA CORRIDOR JOINT POWERS BOARD

REVENUE CAPACITY – PRINCIPAL REVENUE PAYERS
FISCAL YEAR ENDED JUNE 30, 2022

The JPB does not have major revenue payers as most of the operating revenues are derived from passenger fares.

DEBT CAPACITY – RATIO OF OUTSTANDING DEBT
FISCAL YEARS 2013 THROUGH 2022 (in thousands)

Fiscal Year	Revenue Bonds (in thousands)[1]	Personal Income for San Mateo County[2]	As a Percent of Personal Income
2022	$ 225,320	$ 112,335,753	0.201%
2021	54,890	109,063,837	0.057%
2020	55,153	105,887,221	0.059%
2019	55,417	102,803,127	0.054%
2018	34,496	98,568,258	0.035%
2017	34,514	90,766,229	0.038%
2016	34,532	82,680,553	0.042%
2015	34,551	78,524,600	0.044%
2014	23,564	71,027,331	0.033%
2013	23,569	65,680,513	0.036%

[1] Source: Current and prior years' Annual Comprehensive Financial Reports.

[2] Data include retroactive revisions by the U.S. Department of Commerce, Bureau of Economic Analysis. Personal Income and Per Capital Personal Income data for 2020, 2021, and 2022 are based on an estimated three percent annual increase over 2019.
Source data for table is FY21 San Mateo County ACFR.

This table presents the capacity of the JPB to issue Revenue Bonds based on the total personal income for San Mateo County.

DEBT CAPACITY – BONDED DEBT
FISCAL YEARS 2013 THROUGH 2022 (in thousands)

Fiscal Year	Revenue Bonds	Operating Contributions / Transaction and Use Tax	As a Percent of Operating Contributions / Transaction and Use Tax
2022	$ 225,320	$ 112,620	200.1%
2021	54,890	28,538	192.3%
2020	55,153	28,035	196.7%
2019	55,417	25,448	217.8%
2018	34,496	20,448	168.7%
2017	34,514	20,448	168.8%
2016	34,532	19,727	175.0%
2015	34,551	19,829	174.2%
2014	23,564	17,236	136.7%
2013	23,569	33,500	70.4%

Source: Current and prior years' Annual Comprehensive Financial Reports.

This table presents the capacity of the JPB to issue Revenue Bonds based on the total member contributions from the District, VTA, and CCSF prior to fiscal year 2022 and the Measure RR transaction and use tax since fiscal year 2022.

PENINSULA CORRIDOR JOINT POWERS BOARD

DEBT CAPACITY – DIRECT AND OVERLAPPING DEBT
FISCAL YEAR ENDED JUNE 30, 2022

The JPB does not have overlapping debt with other governmental agencies.

PENINSULA CORRIDOR JOINT POWERS BOARD

DEBT CAPACITY – DEBT LIMITATIONS
FISCAL YEAR ENDED JUNE 30, 2022

The JPB does not have a legal debt limit.

DEBT CAPACITY – PLEDGED REVENUE COVERAGE
FISCAL YEARS 2013 THROUGH 2022 (in thousands)

		Debt Service (Farebox Revenue Bonds)			
Fiscal Year	Pledged Revenue	Principal	Interest	Total	Debt Coverage
2022	$ 37,694	$ 1,120	$ 2,354	$ 3,474	11
2021	35,206	-	2,382	2,382	15
2020	84,458	-	2,283	2,283	37
2019	112,777	-	1,451	1,451	78
2018	107,036	-	1,282	1,282	83
2017	102,031	-	1,292	1,292	79
2016	95,433	-	1,282	1,282	74
2015	90,763	-	1,148	1,148	79
2014	82,145	-	1,103	1,103	74
2013	75,546	-	1,103	1,103	68

		Debt Service (Measure RR Sales Tax Revenue Bonds)			
Year	Pledged Revenue	Principal	Interest	Total	Debt Coverage
2022	$ 112,620	$ -	$ 1,731	$ 1,731	65

Source: Current and prior years' Annual Comprehensive Financial Reports.

These tables present the relationship between total farebox and Measure RR transaction and use tax revenues and total principal and interest payments, as well as the JPB's ability to meet its debt obligations.

PENINSULA CORRIDOR JOINT POWERS BOARD

SALES TAX RECEIPTS – COUNTY OF SAN MATEO
FISCAL YEARS 2021 AND 2012 (in thousands)

	2021			2012		
Major Industry Group	**Rank**	**Percent of Sales Receipts**	**Amount**	**Rank**	**Percent of Sales Receipts**	**Amount**
County and State Pool	1	25.1%	$ 44,953	6	10.8%	$ 14,677
General Consumer Goods	2	16.8%	30,063	1	22.4%	30,478
Autos and Transportation	3	15.4%	27,466	2	15.5%	21,087
Business and Industry	4	14.0%	25,014	3	13.9%	18,977
Building and Construction	5	9.4%	16,889	7	7.6%	10,396
Restaurants and Hotels	6	9.2%	16,520	4	12.3%	16,764
Food and Drugs	7	5.1%	9,201	8	5.4%	7,353
Fuel and Service Stations	8	4.8%	8,547	5	12.1%	16,429
Transfers and Unidentified	9	0.1%	256	9	0.0%	2
Total			**$ 178,909**			**$ 136,163**

Source: County-wide sales tax receipts provided for the County of San Mateo by Major Industry Group by Hinderliter, de Llamas and Associates (HDL)

SALES TAX RECEIPTS – CITY AND COUNTY OF SAN FRANCISCO
FISCAL YEARS 2021 AND 2012 (in thousands)

	2021			2012		
Major Industry Group	**Rank**	**Percent of Sales Receipts**	**Amount**	**Rank**	**Percent of Sales Receipts**	**Amount**
County and State Pool	1	30.2%	$ 44,750	3	13.4%	$ 21,071
General Consumer Goods	2	19.9%	29,502	1	28.2%	44,273
Restaurants and Hotels	3	14.9%	22,069	2	24.4%	38,328
Business and Industry	4	10.4%	15,392	4	11.5%	17,969
Building and Construction	5	7.4%	10,959	8	4.6%	7,245
Food and Drugs	6	7.2%	10,652	6	6.2%	9,681
Autos and Transportation	7	6.6%	9,804	7	4.7%	7,332
Fuel and Service Stations	8	3.1%	4,579	5	7.0%	11,000
Transfers and Unidentified	9	0.3%	389	9	0.0%	1
Total			**$ 148,096**			**$ 156,900**

Source: County-wide sales tax receipts provided for the City and County of San Francisco by Major Industry Group by Hinderliter, de Llamas and Associates (HDL)

PENINSULA CORRIDOR JOINT POWERS BOARD

SALES TAX RECEIPTS – COUNTY OF SANTA CLARA
FISCAL YEARS 2021 AND 2012 (in thousands)

	2021			2012		
Major Industry Group	**Rank**	**Percent of Sales Receipts**	**Amount**	**Rank**	**Percent of Sales Receipts**	**Amount**
Business and Industry	1	31.9%	$ 159,940	1	25.6%	$ 89,855
County and State Pool	2	20.9%	104,875	3	13.0%	45,747
General Consumer Goods	3	12.5%	62,604	2	21.2%	74,578
Autos and Transportation	4	12.4%	62,309	4	11.0%	38,629
Restaurants and Hotels	5	7.5%	37,770	5	10.2%	35,733
Building and Construction	6	7.4%	37,123	7	6.3%	22,286
Fuel and Service Stations	7	3.7%	18,386	6	8.5%	29,742
Food and Drugs	8	3.6%	17,922	8	4.1%	14,378
Transfers and Unidentified	9	0.1%	657	9	0.0%	21
Total			**$ 501,586**			**$ 350,969**

Source: County-wide sales tax receipts provided for the County of Santa Clara by Major Industry Group by Hinderliter, de Llamas and Associates (HDL)

DEMOGRAPHICS AND ECONOMIC INFORMATION – POPULATION, INCOME, AND UNEMPLOYMENT RATES – COUNTY OF SAN MATEO
FISCAL YEARS 2013 THROUGH 2022

Fiscal Year	Population [1]	Total Personal Income (in millions) [2]	Per Capita Personal Income [2]	Average Unemployment Rates [3]
2022	765,551 *	$ 112,336 *	$ 146,542 *	2.0%
2021	765,245	109,064 *	142,274 *	5.0%
2020	771,061	105,887 *	138,130 *	10.8%
2019	774,231	102,803	134,107	2.2%
2018	772,372	98,568	128,230	2.5%
2017	770,256	90,766	118,047	2.9%
2016	765,895	82,681	107,670	3.3%
2015	759,155	78,525	102,639	3.3%
2014	758,581	71,027	93,802	4.2%
2013	750,489	65,656	87,501	5.7%

[1] Data include retroactive revisions by the State of California Department of Finance, Demographic Research Unit.

[2] Data include retroactive revisions by the U.S. Department of Commerce Bureau of Economic Analysis.

[3] Data include retroactive revisions by the State of California Employment Development Department. Unemployment rates are non-seasonally adjusted for June.

*2022 Population growth is based on 0.4% growth from 2021.

*Personal Income and Per Capita Personal Income data for 2020, 2021, and 2022 is based on an estimated three percent annual increase over 2019. Source data for table is fiscal year 2021 San Mateo County Annual Comprehensive Financial Report.

Source: County of San Mateo fiscal year 2021 Annual Comprehensive Financial Report.

This table highlights San Mateo County's total population, total personal and per capita income, and percentage of unemployed residents.

DEMOGRAPHICS AND ECONOMIC INFORMATION – POPULATION, INCOME, AND UNEMPLOYMENT RATES – CITY AND COUNTY OF SAN FRANCISCO
FISCAL YEARS 2013 THROUGH 2022

Fiscal Year	Population [1]	Total Personal Income (in millions) [2]	Per Capita Personal Income [2]	Average Unemployment Rates [3]
2022	852,257 *	$ 151,888 *	$ 178,290 *	2.2%
2021	851,916	147,464	173,097	6.9%
2020	866,606	133,474	154,019	4.8%
2019	881,549	122,892	139,405	2.3%
2018	880,696	115,445	131,083	2.6%
2017	879,166	106,007	120,576	3.1%
2016	876,103	96,161	109,760	3.4%
2015	862,004	89,533	103,867	4.0%
2014	852,469	77,233	90,600	5.2%
2013	841,138	72,858	86,619	6.5%

[1] Data include retroactive revisions by the State of California Department of Finance, Demographic Research Unit.

[2] Data include retroactive revisions by the U.S. Department of Commerce Bureau of Economic Analysis.

[3] Data include retroactive revisions by the State of California Employment Development Department. Unemployment rates are non-seasonally adjusted for June.

*2022 Population growth is based on 0.4% growth from 2021.

*Personal Income and Per Capita Personal Income data for 2022 is based on an estimated three percent annual increase over 2021.

Source: Fiscal year 2021 San Francisco County Annual Comprehensive Financial Report.

This table highlights the City and County of San Francisco’s total population, total personal and per capita income, and percentage of unemployed residents.

DEMOGRAPHICS AND ECONOMIC INFORMATION – POPULATION, INCOME, AND UNEMPLOYMENT RATES – COUNTY OF SANTA CLARA
FISCAL YEARS 2013 THROUGH 2022

Year	Population [1]	Total Personal Income (in millions) [2]	Per Capita Personal Income [2]	Average Unemployment Rates [3]
2022	1,934,945 *	$ 244,361	$ 126,753	2.2%
2021	1,934,171	237,243	123,061	5.2%
2020	1,961,969	230,333	119,477	10.7%
2019	1,954,286	223,625	115,997	2.6%
2018	1,956,598	209,020	107,877	2.9%
2017	1,938,180	190,002	98,032	3.5%
2016	1,927,888	170,673	88,920	4.0%
2015	1,889,638	158,729	82,756	4.6%
2014	1,868,558	141,874	74,883	6.1%
2013	1,842,254	130,624	70,151	7.6%

[1] Data include retroactive revisions by the State of California Department of Finance, Demographic Research Unit.

[2] U.S. Department of Commerce - Bureau of Economic Analysis. Actual data is available through 2019. Years 2020, 2021, and 2022 data are preliminary and assume a 3% increase over prior year.

[3] California Employment Development Department.

Source: County of Santa Clara fiscal year 2021 Annual Comprehensive Financial Reports.

This table highlights Santa Clara County's total personal and per capita income, and percentage of employed residents.

PENINSULA CORRIDOR JOINT POWERS BOARD

DEMOGRAPHICS AND ECONOMIC INFORMATION – PRINCIPAL EMPLOYERS – COUNTY OF SAN MATEO
FISCAL YEARS 2020 AND 2012

		2020*			2012		
Employers in San Mateo County	Business Type	Number of Employees	Rank	Percent of Total County Employment	Number of Employees	Rank	Percent of Total County Employment
Facebook Inc.	Social Network	17,000	1	4.14%			
Genentech Inc.	Biotechnology	12,000	2	2.93%	8,800	2	2.37%
United Airlines	Airline	7,894	3	1.92%	9,000	1	2.43%
Oracle Corp.	Hardware and Software	7,656	4	1.87%	7,000	3	1.89%
County of San Mateo	Government	5,683	5	1.39%	5,836	4	1.57%
Gilead Sciences Inc	Biotechnology	4,190	6	1.02%	2,147	10	0.58%
YouTube	Online Video-Streaming Platform	2,384	7	0.58%			
Sony Interactive Entertainment	Interactive Entertainment	1,855	8	0.45%			
Robert Half International Inc.	Personnel Services	1,642	9	0.40%			
Alaska Airlines	Airline	1,591	10	0.39%			
Kaiser Permanente	Health Care				3,927	5	1.06%
Visa USA/Visa International	Global Payments Technology				3,707	6	1.00%
Dignity Health	Health Care				2,832	7	0.76%
Mills-Peninsula Health Services	Health Care				2,500	8	0.67%
Safeway Inc	Retail Grocer				2,250	9	0.61%
Total		61,895		15.09%	47,999		12.94%

* The latest information available for principal employers in San Mateo County.

Source: San Francisco Business Times - 2021 Book of Lists; California Employment Development Department (provided by San Mateo County Controller's office) from the fiscal year 2021 County of San Mateo Annual Comprehensive Financial Report.

This table presents the top 10 principal employers in San Mateo County for 2020 and 2012.

DEMOGRAPHICS AND ECONOMIC INFORMATION – PRINCIPAL EMPLOYERS – CITY AND COUNTY OF SAN FRANCISCO
FISCAL YEARS 2020 AND 2011

	2020*			2011		
Employers in San Francisco City and County	**Number of Employees**	**Rank**	**Percent of Total City Employment**	**Number of Employees**	**Rank**	**Percent of Total City Employment**
City and County of San Francisco	36,822	1	6.77%	24,805	1	5.30%
University of California, San Francisco	29,475	2	5.42%	22,493	2	4.81%
Salesforce	9,450	3	1.74%	9,157	3	1.96%
San Francisco Unified School District	9,047	4	1.66%			
Wells Fargo & Co	7,021	5	1.29%	8,329	4	1.78%
Sutter Health	6,134	6	1.13%			
Uber Technologies Inc.	5,500	7	1.01%			
Kaiser Permanente	4,635	8	0.85%	3,537	10	0.76%
PG&E Corporation	3,500	9	0.64%	4,340	8	0.93%
Allied Universal	3,475	10	0.63%			
California Pacific Medical Center				6,200	5	1.33%
Gap, Inc.				6,000	6	1.28%
State of California				4,429	7	0.95%
San Francisco State University				3,544	9	0.76%
Total	115,059		21.14%	92,834		19.86%
Total City and County Employment	544,275			468,019		

* The latest information available for principal employers in San Francisco County.

Source: Fiscal year 2021 County of San Francisco Annual Comprehensive Financial Report. City and County of San Francisco data is provided by Office of the Controller's Payroll and Personnel Services Division. The University of California, SF data is from the Data Source Corporate Personnel Data Warehouse. All other data is obtained from the San Francisco Business Times Book of Lists.

This table presents the top 10 principal employers in San Francisco County for 2020 and 2011.

PENINSULA CORRIDOR JOINT POWERS BOARD

DEMOGRAPHICS AND ECONOMIC INFORMATION – PRINCIPAL EMPLOYERS – COUNTY OF SANTA CLARA
FISCAL YEARS 2021 AND 2012

	2021*			2012		
Company or Organization	**Estimated Number of Employees**	**Rank**	**Percent of Total County Employment**	**Estimated Number of Employees**	**Rank**	**Percent of Total County Employment**
Apple Inc.	25,000	1	2.60%	12,000	3	1.43%
Google LLC	25,000	2	2.60%	7,000	8	n/a
County of Santa Clara	20,368	3	2.15%	15,219	2	1.82%
Stanford University	15,314	4	1.59%	10,223	4	1.22%
Stanford Health Care (formerly Hospital & Clinics)	14,574	5	1.52%	5,813	9	1.01%
Tesla Motors Inc.	13,000	6	1.35%	n/a		n/a
Cisco Systems Inc.	12,740	7	1.32%	17,419	1	2.08%
Kaiser Permanente Northern California	12,442	8	1.29%	8,435	5	1.01%
City of San Jose	7,641	9	0.79%	5,400	10	0.65%
Intel Corporation	7,143	10	0.74%	7,001	7	0.84%
Lockheed Martin Space Systems Co.	n/a		n/a	7,383	6	0.88%
Total - Top 10 Employers	153,222			95,893		
Total County Employment	961,700			837,200		

* The latest information available for principal employers in Santa Clara County.

Source: County Employment Data is from California Employee Development Department. Fiscal year 2021 estimated number of employees is from Silicon Valley/San Jose Business Journal July 9-15-2021 from the fiscal year 2021 County of Santa Clara Annual Comprehensive Financial Report.

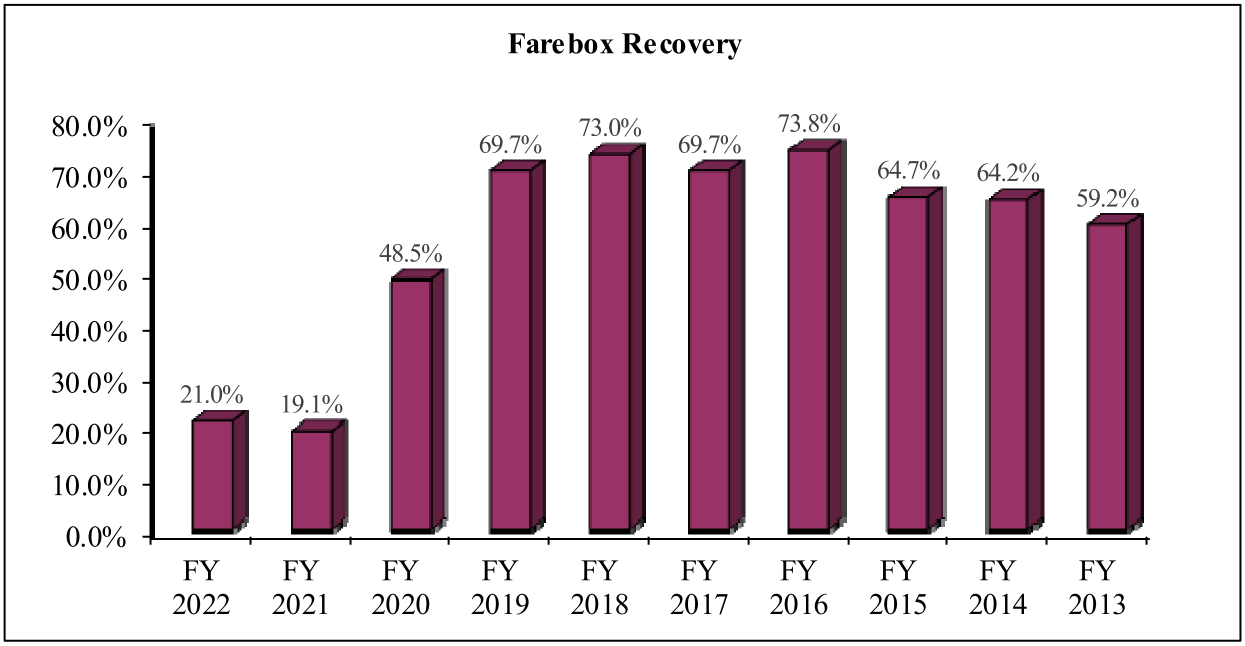
This table lists the top 10 principal employers in Santa Clara County for 2021 and 2012.

PENINSULA CORRIDOR JOINT POWERS BOARD

OPERATING INFORMATION – FAREBOX RECOVERY AND PASSENGER MILES
FISCAL YEARS 2013 THROUGH 2022

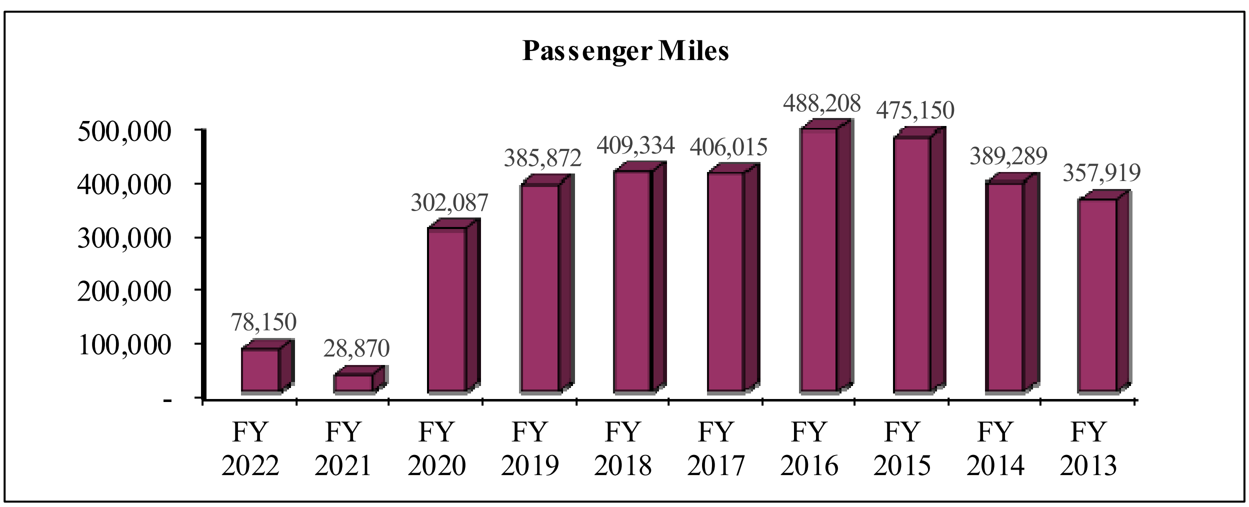
FAREBOX RECOVERY

Farebox recovery table shows the relationship between total passenger fares and operating expenses. The Board of Directors (Board) adopted a farebox recovery rate goal minimum of 65 percent effective December 2018.



PASSENGER MILES

(in thousands)
Total passenger miles
Caltrain moved to a 104 weekday train schedule at the end of August 2021.



Source: The JPB's National Transportation Database.

PENINSULA CORRIDOR JOINT POWERS BOARD

OPERATING INFORMATION – EMPLOYEES (FULL-TIME EQUIVALENTS)
FISCAL YEARS 2013 THROUGH 2022

	FULL-TIME EQUIVALENTS (FTEs)									
DIVISION	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
EXECUTIVE	0.90	0.90	0.90	0.52	0.52	0.56	0.70	0.76	0.85	0.87
PUBLIC AFFAIRS	-	-	-	-	-	-	5.35	4.80	4.80	4.00
OPERATIONS, ENGINEERING, AND CONSTRUCTION	94.12	95.19	79.13	84.38	62.60	42.88	51.64	49.64	47.81	43.35
PLANNING AND DEVELOPMENT	7.79	8.08	8.09	7.00	6.70	8.45	6.43	5.95	6.40	3.04
FINANCE AND ADMINISTRATION	26.21	27.74	28.96	28.10	29.86	33.71	29.44	29.40	31.00	33.71
CALTRAIN MODERNIZATION PROGRAM	9.00	9.00	9.00	9.00	17.45	8.25	9.95	5.95	4.95	3.50
CUSTOMER SERVICE AND MARKETING	18.20	18.41	17.34	15.09	16.79	24.01	11.27	11.14	14.61	12.56
TOTAL FTEs	156.22	159.32	143.42	144.09	133.92	117.85	114.78	107.64	110.42	101.03

Note: The JPB went through a reorganization in fiscal year 2010; Caltrain Modernization Program division was added in fiscal year 2013 as a replacement for the Peninsula Rail department.

Source: The JPB's annual capital and operating budget.

This table presents the total full-time equivalents (FTEs) by division.

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PENINSULA CORRIDOR JOINT POWERS BOARD

OPERATING INFORMATION – CAPITAL ASSETS (in thousands)
FISCAL YEARS 2013 THROUGH 2022

	2022	2021	2020	2019
Depreciable and amortized capital assets				
Right-of-way improvements	$ 1,199,128	$ 1,188,736	$ 1,192,985	$ 1,183,600
Rail vehicles	338,072	337,025	333,025	333,787
Facilities and equipment	145,177	145,065	145,121	136,599
Office equipment	13,750	13,767	13,354	14,529
Total depreciable and amortized capital assets	1,696,127	1,684,593	1,684,485	1,668,515
Accumulated depreciation and amortization				
Right-of-way improvements	(761,680)	(710,610)	(666,113)	(632,433)
Rail vehicles	(273,766)	(265,139)	(258,608)	(246,236)
Facilities and equipment	(78,725)	(74,279)	(70,530)	(66,271)
Office equipment	(13,467)	(13,306)	(13,229)	(13,927)
Total accumulated depreciation and amortization	(1,127,638)	(1,063,334)	(1,008,480)	(958,867)
Nondepreciable capital assets				
Right-of-way	236,968	236,968	236,340	233,711
Construction in progress	2,424,021	1,840,831	1,447,512	1,124,618
Intangible asset - Trackage Rights*	8,000	8,000	8,000	8,000
Total nondepreciable capital assets	2,668,989	2,085,799	1,691,852	1,366,329
Capital assets, net	$ 3,237,478	$ 2,707,058	$ 2,367,857	$ 2,075,977

*Per GASB Statement No. 51 effective as of fiscal year 2009, Trackage Rights are a nondepreciable capital asset. The activity for fiscal year 2009 has been restated to reflect the change.

Source: Annual Comprehensive Financial Reports.

This table presents the total nondepreciable capital assets, total depreciable capital assets, and total accumulated depreciation and amortization.

2018	2017	2016	2015	2014	2013
$ 1,170,025	$ 1,131,890	$ 1,033,142	$ 972,866	$ 804,003	$ 739,383
333,572	312,738	300,680	284,023	284,128	285,040
130,231	130,942	128,365	128,584	127,653	127,568
18,129	2,669	1,085	1,084	869	860
1,651,957	1,578,239	1,463,272	1,386,557	1,216,653	1,152,851
(579,398)	(515,275)	(452,151)	(399,280)	(341,424)	(293,985)
(230,537)	(206,161)	(190,840)	(161,494)	(149,882)	(137,309)
(61,357)	(57,522)	(52,459)	(48,396)	(43,790)	(39,743)
(9,105)	(1,342)	(928)	(854)	(648)	(672)
(880,397)	(780,300)	(696,378)	(610,024)	(535,744)	(471,709)
226,973	226,972	226,972	226,972	226,893	226,893
735,025	486,333	356,152	305,977	354,256	316,125
8,000	8,000	8,000	8,000	8,000	8,000
969,998	721,305	591,124	540,949	589,149	551,018
$ 1,741,558	$ 1,519,244	$ 1,358,017	$ 1,317,482	$ 1,270,058	$ 1,232,160

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Peninsula Corridor Joint Powers Board
Staff Report

To: Finance Committee

Through: Michelle Bouchard, Acting Executive Director

From: Grace Martinez, Acting Chief Financial Officer

Subject: **Award Contract to Bell Burnett & Associates to Provide Financial Strategy Plan Consulting Services**

☐ Finance Committee Recommendation ☐ Work Program-Legislative-Planning Committee Recommendation ☐ Staff Coordinating Council Reviewed ☐ Staff Coordinating Council Recommendation

Action

Staff recommends that the Board of Directors (Board) of the Peninsula Corridor Joint Powers Board (JPB):

1. Award a contract to Bell Burnett & Associates of San Francisco, California to provide financial strategy plan consulting services (Services) for a total contract amount of $750,000 for a two-year base term.
2. Authorize the Acting Executive Director or designee to execute a contract with Bell Burnett & Associates, in full conformity with the terms and conditions set forth in the solicitation documents and negotiated agreement, and in a form approved by legal counsel.
3. Authorize the Acting Executive Director or designee to exercise one optional task for utility needs planning and execution for an additional amount of $75,000 and extend the contract term for up to twelve (12) months, if needed and if deemed in the best interest of the JPB.

Significance

Due to lasting impacts of the COVID-19 pandemic on ridership, revenue, and traditional funding sources, Caltrain continues to face significant financial challenges, including an ongoing structural deficit in its operating budget. At the same time, Caltrain remains focused on enacting its ambitious post-COVID business strategy which includes sustaining a competitive and attractive level of service; maintaining a commitment to equity and building ridership by holding fares steady; and completing electrification while strengthening the overall capital program and advancing other significant regional initiatives along the corridor.

Caltrain requires strategic financial advisory services to help develop and advise on strategies that will address the agency's structural deficit and future funding plans. Award of this contract will provide JPB with the expertise of a financial services firm that possesses in-depth knowledge of the specialized discipline of public transportation finance and budgeting, with demonstrated success in advising similarly situated organizations throughout the region. The JPB's strategic financial goals will benefit from the support of a firm with decades of executive management experience in the public sector including a demonstrated track record supporting multijurisdictional transportation agencies, multibillion capital plans and the successful delivery of complex, innovative funding structures.

The firm providing strategic financial planning services will work closely with Caltrain staff and the Board of Directors to comprehensively evaluate a variety of factors that influence the agency's operating deficit and future funding plans, including fare policy and pass programs; capital program; operational costs for the electrified system; service levels; potential for securing additional dedicated operating and capital funds; cost containment strategies and other solutions. The firm will also help identify and prioritize anticipated funding needs over the next several years to adequately support key priorities including electrified service, critical capital projects, and the advancement of organizational changes including reducing vacancies and completing the next steps of the governance process.

Budget Impact

Funds to support this contract are included in the JPB's Fiscal Year 2023 adopted operating budget and will be included in future operating budget.

Background

On August 26, 2022, the JPB issued Request for Proposals (RFP) 23-J-P-002 to provide the Services and advertised it on the JPB's e-procurement website. The JPB received six proposals:

- Bell Burnett & Associates, San Francisco, CA
- CohnReznick LLP, Los Angeles, CA
- KPMG LLP, San Francisco, CA
- PFM Financial Advisors LLC, San Francisco, CA
- Financial Strategy Plan Consulting Services Limited, Mill Valley, CA
- The Boston Consulting Group Inc, Los Angeles, CA

A Selection Committee (Committee), comprised of qualified JPB staff, reviewed, evaluated, and scored these proposals in accordance with the following weighted criteria:

• Company Qualifications, Experience of Project Leader & References	30 points
• Team Track Record and Experience of Key Personnel	20 points
• Technical and Management Approach	25 points
• Demonstrated Understanding of Issues	20 points
• Reasonableness of Cost	5 points

Upon completion of reviews, evaluations, and scoring of the proposals, the Committee determined that Bell Burnett & Associates is best positioned to meet the needs of the JPB, as detailed in the RFP scope of work, and identified Bell Burnett & Associates as the consensus highest ranked proposer. Staff conducted a price analysis and determined Bell Burnett & Associates will perform the Services at fair and reasonable prices.

Prepared By:	Linda Tamtum	Procurement Administrator II	650.508.7933
	Graham Rogers	Business Operations Project Manager	650.551.6169

Resolution No. 2022 –

Board of Directors, Peninsula Corridor Joint Powers Board
State of California

*** * ***

Awarding a Contract to Bell Burnett & Associates
to Provide Financial Strategy Plan Consulting Services
for a Total Contract Amount of $750,000 for a Two-Year Term

Whereas, on August 26, 2022, the Peninsula Corridor Joint Powers Board (JPB) issued Request for Proposals (RFP) 23-J-P-002 to provide financial strategy plan consulting services (Services); and

Whereas, in response to the RFP, the JPB received six proposals; and

Whereas, a Selection Committee (Committee) comprised of qualified JPB staff reviewed, evaluated and scored these proposals in accordance with the evaluation criteria set forth in the RFP; and

Whereas, the Committee determined that Bell Burnett & Associates of San Francisco, California is the highest ranked proposer; and

Whereas, staff determined that Bell Burnett & Associates possesses the necessary qualifications and requisite experience to successfully provide the Services; and

Whereas, staff conducted successful negotiations with Bell Burnett & Associates, performed a price analysis, and determined their prices are fair and reasonable; and

Whereas, staff and legal counsel reviewed Bell Burnett & Associate's proposal and determined that it complies with the requirements of the solicitation documents; and

Whereas, staff recommends that the Board of Directors award a contract to Bell Burnett

& Associates for provision of the Services for a two-year term for a total contract amount of $750,000; and authorize one optional task for utility needs planning and execution for an additional amount of $75,000, and extend the contract term for up to 12 months, if needed and if deemed in the best interest of the JPB.

Now, Therefore, Be It Resolved that the Board of Directors (Board) of the Peninsula Corridor Joint Powers Board hereby awards a contract to Bell Burnett & Associates to provide financial strategy plan consulting services for a two-year term for a total contract amount of $750,000; and authorizes one optional task for utility needs planning and execution for an additional amount of $75,000, and extend the contract term for up to 12 months, if needed and if it is in the best interest of the JPB; and

Be It Further Resolved that the Board authorizes the Acting Executive Director or designee to execute a contract on behalf of the JPB with Bell Burnett and Associates in full conformity with the terms and conditions of the solicitation documents and negotiated agreement, and in a form approved by legal counsel; and

Be It Further Resolved that the Board authorizes the Acting Executive Director or designee to exercise an optional task for utility needs planning and execution for an additional amount of $75,000, and exercise up to 12 months option term, if needed and if deemed in the best interest of the JPB.

Regularly passed and adopted this 3rd day of November, 2022 by the following vote:

Ayes:

Noes:

Absent:

____
Chair, Peninsula Corridor Joint Powers Board

Attest:

____
JPB Secretary

Peninsula Corridor Joint Powers Board
Staff Report

To:	Finance Committee
Through:	Michelle Bouchard, Acting Executive Director
From:	James Harrison, Legal Counsel Sam Sargent, Director, Strategy and Policy
Subject:	**Revised Rules of Procedure for the Peninsula Corridor Joint Powers Board Including Updated Committee Structure**

☐ Finance Committee Recommendation ☐ Work Program-Legislative-Planning Committee Recommendation ☑ Staff Coordinating Council Reviewed ☑ Staff Coordinating Council Recommendation

Action

No action – for informational purposes only. Staff will recommend at the Board Meeting that the Board of Directors (Board) of the Peninsula Corridor Joint Powers Board (JPB) adopt the attached Rules of Procedure to provide additional clarity on the order of business for meetings and to formalize recommended changes to the structure and scope of standing committees. The changes to the Rules of Procedure and committee structure would go into effect on February 1, 2023.

Significance

Meetings of the JPB and its Committees are governed by the Rules of Procedure for the Peninsula Corridor Joint Powers Board. The functions and responsibilities of the standing committees shall be prescribed from time to time by the JPB.

The current Rules of Procedure include the following standing committees:

(1) Finance Committee
(2) Community Relations/Marketing Committee
(3) Operations/Fare Issues Committee
(4) Work Program/Legislative/Planning (WPLP) Committee

Only two of these four standing committees are active: Finance and WPLP.

As Caltrain continues to expand and mature as an agency under a new governance agreement, staff have identified an opportunity to repurpose the existing committee structure in a manner that better reflects the railroad's post-COVID business strategy and service vision. Specifically, staff recommends revising the Rules of Procedure to recognize three standing committees:

(1) Finance Committee
(2) Operations, Planning and Safety (OPS) Committee
(3) Advocacy and Major Projects (AMP) Committee

Establishing more distinct, specialized committees will provide greater opportunity for staff to receive critical feedback on key projects and engage in meaningful discussions about the agency's core priorities. The revised committee structure will also contribute to highly efficient Board meetings as recommendations will be more fully vetted before reaching the full Board and will reduce the number of items that are presented to multiple committees by more clearly defining the committees' jurisdiction.

The authority and key responsibilities of each new standing committee is described more fully in Attachment B to the revised Rules of Procedure document. To summarize:

(1) The **Finance Committee** shall assist the Board by reviewing, providing guidance, and making recommendations where applicable with respect to the JPB's financial policies, financial transactions, and budget.
(2) The **Advocacy and Major Projects Committee** shall assist the Board by overseeing and making recommendations where applicable regarding the planning, development, procurement, and/or delivery of current JPB or JPB-involved major projects that include regional, interregional, or statewide connections and involve complex input and decision making by multiple jurisdictions and public entities and by proving input and direction with respect to the JPB's legislative strategy.
(3) The **Operations, Planning, and Safety** Committee shall assist the Board by reviewing and making recommendations where applicable regarding all planning, construction, and engineering activities, with the exception of major projects as defined in the AMP Committee Charter, including the development of new and modified transportation services provided by the JPB to its customers.

These three standing committees better reflect primary Caltrain focus areas such as addressing the agency's structural operating deficit; strengthening the overall capital program; completing electrification by 2024 and planning for other significant projects, such as DTX and Diridon; growing ridership through frequent, reliable, and equitable service with enhanced connections to other operators; building a strong organizational safety culture; and advancing other major corridor projects and regional initiatives.

Budget Impact

There is no budget impact associated with adopting the Revised Rules of Procedure.

Background

The JPB Rules of Procedure were initially adopted on November 4, 1992 and revised most recently on June 4, 2009. The revised Rules of Procedure comply with the requirements of the Brown Act and promote efficient, productive, and orderly meetings.

Prepared By:	James C. Harrison	Olson Remcho LLP
	Anna Myles-Primakoff	Olson Remcho LLP

Resolution No. 2022-

Board Of Directors, Peninsula Corridor Joint Powers Board
State Of California
* * *

Adopting Revised Rules of Procedure for the Peninsula Corridor Joint Powers Board Including Updated Committee Structure

Whereas, meetings of the JPB and its Committees are governed by the Rules of Procedure for the Peninsula Corridor Joint Powers Board, and the JPB from time to time prescribes the functions and responsibilities of its standing committees. The JPB Rules of Procedure were initially adopted on November 4, 1992, and revised most recently on June 4, 2009; and

Whereas, the current Rules of Procedure include the following standing committees: (1) Finance Committee; (2) Community Relations/Marketing Committee; (3) Operations/Fare Issues Committee; (4) Work Program/Legislative/Planning (WPLP) Committee. However, only two of these four standing committees, Finance and WPLP, are currently active; and

Whereas, the JPB continues to evolve as an agency under a new governance agreement, presenting an opportunity to repurpose the existing committee structure in a manner that better reflects the railroad's business strategy and service vision; and

Whereas, staff recommends revising the Rules of Procedure to reform the committee structure and recognize three standing committees: (1) Finance Committee; (2) Operations, Planning and Safety (OPS) Committee; (3) Advocacy and Major Projects (AMP) Committee; and

Whereas, establishing more distinct, specialized committees will provide greater opportunity for staff to receive critical feedback on key projects and engage in meaningful discussions about the agency's core priorities. The revised committee structure will also contribute to efficient Board meetings as recommendations will be more fully vetted before reaching the full Board and will reduce the number of items that are presented to multiple committees by more clearly defining the committees' roles; and

Whereas, the authority and key responsibilities of each new standing committee is described more fully in Attachment B to the revised Rules of Procedure. The Finance Committee will review, provide guidance, and make recommendations where applicable with respect to the JPB's financial policies, financial transactions, and budget. The Advocacy and Major Projects Committee will oversee and make recommendations where applicable regarding the planning, development, procurement, and/or delivery of current JPB or JPB-involved major projects, and provide input and direction with respect to the JPB's legislative strategy. The Operations, Planning, and Safety Committee will review and make recommendations where applicable regarding all planning, construction, and engineering activities, with the exception of major projects as defined in the AMP Committee Charter; and

Whereas, these three standing committees better reflect primary Caltrain focus areas such as addressing the agency's structural operating deficit; strengthening the overall capital program; completing electrification by 2024 and planning for other significant projects, such as DTX and Diridon; growing ridership through frequent, reliable, and equitable service with enhanced connections to other operators; building a strong organizational safety culture; and advancing other major corridor projects and regional initiatives; and

Whereas, staff recommends that the Board of Directors adopt the attached Rules of Procedure to provide additional clarity on the order of business for meetings and to formalize recommended changes to the structure and scope of standing committees. The changes to the Rules of Procedure and committee structure would go into effect on February 1, 2023. The revised Rules of Procedure comply with the requirements of the Brown Act and promote efficient, productive, and orderly meetings.

Now, Therefore, Be It Resolved that the Board of Directors of the Peninsula Corridor Joint Powers Board hereby adopts the attached revised Rules of Procedure.

Regularly passed and adopted this 3rd day of November, 2022, by the following vote:

Ayes:

Noes:

Absent:

____
Chair, Peninsula Corridor Joint Powers Board

Attest:

____
JPB Secretary

RULES OF PROCEDURE FOR THE PENINSULA CORRIDOR JOINT POWERS BOARD

The Peninsula Corridor Joint Powers Board ("PCJPB" or "Board") hereby promulgates the following rules to govern its proceedings:

Section 1. Officers. The officers of the PCJPB shall be a Chair and a Vice-Chair.

Section 2. Chair. The Chair shall be elected by the nine-member Board of the PCJPB, and shall serve a term of one (1) year. It shall be the duty of the Chair to preside at all meetings of the Board. Unless otherwise provided by a resolution of the Board, the Chair shall, as necessary, execute legal instruments approved by the Board.

Section 3. Vice-Chair. The Vice-Chair shall perform the duties of the Chair in the Chair's absence or incapacity and, in case of a vacancy of the office of Chair, the Vice-Chair shall perform the duties of said office until such time as the Board shall regularly elect a new Chair. In the absence of the Chair and the Vice-Chair, the Board shall appoint a presiding officer pro tempore from among the members present. If the office of the Vice-Chair becomes vacant, the Board shall elect a successor to such office from its membership at the next regular meeting.

Section 4. Regular Meetings. Except as otherwise determined by the PCJPB, regular Board meetings shall be held on the first Thursday of every month at 9:00 a.m., unless the Chair specifies a different time. Committee meetings shall be held on a monthly basis or as needed at the call of the Committee Chairs. These meetings will take place at the Administrative Headquarters of the San Mateo County Transit District, located at 1250 San Carlos Drive, San Carlos, California, unless the Chair specifies a different location.

Section 5. Special Meetings. Upon the discretion of the Chair of the Board or upon the request of any two members with the concurrence of the Chair, a special meeting may be called for the purpose of transacting any business so specified in the notice therefor. Such notice may be given to each member of the Board by personal delivery, or by mail at least twenty-four (24) hours before the time of such special meeting. Said notice shall specify the time and place of such special meeting together with a brief general description of each item of business to be transacted. No other business shall be conducted by the Board except that so specified in the notice calling the special meeting.

Section 6. Meetings Open to the Public. All regular and special meetings shall be open and public; all such meetings shall be noticed with posted agendas, as required by law (Government Code Sections 54950 et seq.) (hereinafter "Brown Act"). Any such regular or special meeting may be adjourned to a date and place certain as specified by the Board, and any such adjourned meeting shall be deemed to be a part of the regular or special meeting so adjourned.

Section 7. Meeting Falling on Legal Holiday. In the event any regular or special meeting shall fall upon a legal holiday, the meeting shall be held on the next succeeding day thereafter that does not fall on a holiday unless otherwise determined by the Board.

Section 8. Public Comment. At both regular and special meetings, persons wishing to address the Board or committee of the Board on an agenda item will be recognized when that item is being considered and prior to any action concerning same. Persons wishing to address the Board or a committee of the Board concerning items of interest to the public that are not on the agenda and are within the subject matter jurisdiction of the Board or a committee will be recognized during the public comment period at regular meetings. The Board may adopt reasonable regulations during each meeting pertaining to the permitted scope and duration of public testimony to be received on a particular matter on the agenda. During the public comment period on non-agendized items the total amount of time allocated for public testimony by each individual speaker shall be limited to two (2) minutes unless the Chair establishes a different standard based on the Board or committee's business needs, and all items raised that require a response will be referred to staff for reply.

Section 9. Quorum. A majority of the membership of the Board constitutes a quorum for the purpose of conducting the business of the PCJPB; however, if there is not a quorum, the lesser number of Board members present or the Secretary of the PCJPB may adjourn the meeting from time to time until there is a quorum.

Section 10. Call to Order and Roll Call. The Chair shall preside at all meetings, and shall call each regular, adjourned, recessed or special meeting to order at the appointed hour. Immediately after the call to order, the Secretary shall call the roll of the members of the Board and shall record those present and those absent. If present, members of the Board will be recorded present regardless of their answer or failure to answer to the roll call. Immediately after the roll call, or the appointment of a Chair pro tempore in the event that the Chair and Vice-Chair are absent, the presiding officer shall proceed with the order of business.

Section 11. Conduct of Business.

Section 11.1. Regular Meetings. The Order of Business for each regular meeting of the PCJPB, which shall not be changed except by consent of a majority of the Board members present, shall be as follows:

I. Call to Order/Roll Call

II. Public Comments

III. Closed Session (if needed)

IV. Report Out from Closed Session (if applicable)

V. Report of the Executive Director

VI. Public Hearing (if scheduled)

VII. Consent Calendar

VIII. Regular Calendar

IX. Reports of Chair, Citizens Advisory Committee, and Local Policy Makers Group

X. Correspondence

XI. Board Member Requests

XII. Date and Place of Next Meeting

XIII. Adjournment

Section 11.2. Consent Calendar. The Consent Calendar shall be prepared prior to every meeting of the Board and shall be incorporated in the agenda circulated to Board members. The matters to be included in the Consent Calendar are those that are regularly presented to the Board and are routine in nature, such as minutes, financial statements, and matters that have been presented to and recommended by a Committee. Upon presentation of the Consent Calendar for approval, any member of the Board may request of the Chair that an item or items listed on the Consent Calendar be considered and acted upon separately. Each such request shall be granted and the item(s) shall be separately heard and acted upon by the PCJPB after approval of the remainder of the Consent Calendar. Adoption of the Consent Calendar shall require the affirmative vote of a majority of the members of the Board.

Section 11.3. Regular Calendar. Each agenda will additionally include a Regular Calendar for items not considered under the Consent Calendar or during a Public Hearing. The Regular Calendar will include all items that may require significant discussion by the Board prior to taking action.

Section 11.4. Closed Session. Closed Session items identified on the agenda shall contain the information specified in Government Code Section 54954.5. Prior to holding any closed session, the Chair, General Counsel, or Board Secretary shall state, in open session, any items to be discussed in the closed session. Any decision taken by the Board of Directors in closed session that is required to be reported shall be reported in open session at the same meeting at which the closed session occurred.

Section 11.5. Public Hearings. Public hearings shall be conducted by the Board of Directors (or by staff at the Board's direction) when required by law or PCJPB policy.

Section 12. Agenda. Prior to every meeting of the Board, the Executive Director, in consultation with the Chair, shall prepare an agenda which shall set forth a general description of each item of business to be transacted or discussed by the Board.

Section 12.1. Notice. A complete copy of each agenda shall be delivered or mailed to each Board member so as to reach the recipient on the fifth day preceding the scheduled Board meeting. No action shall be taken on any item not appearing on the posted agenda unless (1) a majority of the Board determines that an emergency situation exists as defined in the Brown Act; (2) two-thirds of the Board or, if less than two- thirds of the Board members are present, all of the members present determine that there is a need to take immediate action and such need came to the attention of the PCJPB subsequent to the agenda being posted; or (3) the item was posted in an agenda for a meeting of the Board held not more than five calendar days earlier, where the item was continued to the meeting where action is being taken. In addition, as authorized under the Brown Act, the PCJPB or members of the Board may, as to matters not appearing on the agenda, respond to public comments or seek clarification from or give direction to support staff.

Section 12.2. Placement of Items on the Agenda. Board members may request that an item be added to the agenda of any Board or committee meeting. If one additional member of the Board concurs, the item will be placed on the agenda of the next meeting. Members of the public may request items to be added to the agenda by submitting a request in writing to the Board of Directors. Such requests will be shared with all members of the Board of Directors who may request that an item be considered by the Board at a future meeting pursuant to this paragraph.

Section 13. Manner of Voting. Voting on ordinances and formal resolutions, or any other matters which may be requested by the majority of the Board members, shall be by roll call. Voting by motion shall be by voice vote with any abstentions recorded if a meeting is conducted in-person.

Section 14. Voting Requirements. Every Board member present when a question is ready for action shall vote for or against it, unless a member has abstained for cause. No action may be taken by the Board except upon the affirmative vote of five or more members.

Section 15. Minutes of Meeting. The minutes of the meetings of the Board shall be kept by the Secretary of the PCJPB and they shall be recorded electronically with a record of each particular type of business transacted set off in paragraphs with proper descriptive headings. A copy of the minutes of the Board shall be provided to each member of the Board either electronically or in hard copy, per the request of the member. The secretary shall be required to make a record of such business as was actually passed upon by vote of the Board, together with a summary of matters discussed. The Secretary shall not be required to make a verbatim transcript of the proceedings, providing that such proceedings are recorded (such recording to be retained for a period of 60 days) but the Secretary shall, as to all proposed ordinances and resolutions voted upon by the Board, record in the minutes the names of those members who voted for and those who voted against the matter. A record shall be made of the names of the persons addressing the Board, the title of the subject matter to which their remarks are directed and an indication as to whether they spoke in support of or in opposition to such item.

Section 16. Remarks of Board Members When Entered in Minutes. A Board member may request, through the presiding officer, the privilege of having an abstract of his statement on any subject matter under consideration by the Board entered into the minutes.

Section 17. Committees. The Chair shall appoint all committees and the membership thereof, and the Chair shall serve as an ex-officio member of all committees. Unless otherwise prescribed, a committee shall consist of not less than three (3) members, excluding the ex-officio member, and each committee shall have representation from the three county jurisdictions. If members of a committee are absent from a committee meeting, the Chair of the committee or the committee member presiding over the meeting may appoint one (1) non-committee Board member who is present to serve on the committee in place of such absent members in order to attain a quorum; provided that if two (2) committee members are absent, the Chair of the committee or the committee member presiding over the meeting may appoint two (2) noncommittee Board members who are present to serve on the committee in place of such absent members if such appointments achieve equal jurisdictional representation from each member agency. A majority of the committee membership shall constitute a quorum and a vote of such majority shall be required for action.

The Chair shall appoint the following Standing Committees:

(1) Finance Committee

(2) Operations, Planning and Safety Committee

(3) Advocacy and Major Projects Committee

The functions and responsibilities of the standing committees shall be prescribed from time to time by the PCJPB. Meetings of the Standing Committees shall be held as needed at the call of the Chair. For more information on the three Standing Committees, *see* Attachment B.

Special ad hoc committees and advisory committees may be appointed by the Chair. Notice of committee meetings and the posting of committee meeting agendas shall be in full accordance with the requirements of the Brown Act.

Section 18. Reports of Committees. Committees shall report on any subject referred to them by the Board or the Chair and shall give their recommendations thereon. All matters, except those that are approved by the Chair for placement on the Board agenda, must first be reviewed by a committee before being presented to the Board for action.

Section 19. Robert's Rules of Order. All rules of order not covered herein shall be determined in accordance with the latest revised edition of Robert's Rules of Order.

Section 20. Amendments to Rules. The rules of this Board may be amended by majority vote of the Board at a regular or special meeting, but only after the proposed changes have been introduced for adoption at a previous regular or special meeting.

ADOPTED: 11/4/92 (Resolution No. 1992-50)

REVISED: 11/4/93 (Resolution No. 1993-118); 4/7/94 (Resolution No. 1994-9);
6/4/09 (Resolution No. 2009-25)

ATTACHMENT A
DESCRIPTION OF CLOSED SESSIONS

- **CONFERENCE WITH REAL PROPERTY NEGOTIATOR**
(closed session held pursuant to Govt. Code § 54956.8)

  Description of property: (Specify street address, or if no street address, the parcel number or other unique reference, of the real property under negotiation)

  Negotiating parties: (Specify name of party (not agent) with whom the negotiator may negotiate)

  Matter Under negotiation: (Specify whether instruction to negotiator will concern price, term of payment, or both)

- **CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION**
(closed session held pursuant to Govt. Code § 54956.9 (a))

  Name of case: (Specify by reference to case names or claim numbers); or

  Case name unspecified: (Specify that disclosure would jeopardize service of process upon one or more unserved parties or the agency's ability to conclude existing settlement negotiations to its advantage)

- **CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION**
(closed session held pursuant to Govt. Code § 54956.9)

  Significant exposure to litigation pursuant to subdivision (b) of section 54956.9:
(Specify total number of potential cases)

  Initiation of litigation pursuant to subdivision (c) of Section 54956.9:
(Specify total number of potential cases)

- **THREAT TO PUBLIC SERVICES OR FACILITIES**
(closed session held pursuant to Govt. Code § 54957)

  Consultation with: (Specify name of law enforcement agency and title of officer)

- **PUBLIC EMPLOYEE EMPLOYMENT OR APPOINTMENT**
(closed session held pursuant to Govt. Code § 54957)

  Title: (Specify description of position to be filled)

- **PUBLIC EMPLOYEE PERFORMANCE EVALUATION**
(closed session held pursuant to Govt. Code § 54957)

  Title: (Specify position title of employee being reviewed)

- **PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE**
  (closed session held pursuant to Govt. Code § 54957)

  (No additional information is required in connection with a closed session to consider discipline, dismissal, or release)

- **CONFERENCE WITH LABOR NEGOTIATOR**
  (closed session held pursuant to Govt. Code § 549S7.6)

  Agency negotiator: (Specify name)

  Employee organization: (Specify name of organization representing employee); or

  Unrepresented employee: (Specify position title of unrepresented employee who is the. subject of the negotiations)

ATTACHMENT B
STANDING COMMITTEE CHARTERS

OVERVIEW

The key responsibilities of the Standing Committees are described below. Each Committee is authorized to carry out these and such other responsibilities assigned by the Board Chair or the Board, and take any actions reasonably related to the key responsibilities below.

Each Standing Committee will additionally have the authority to request that any member of the Board, any officer, or staff of the PCJPB, or any other person whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests.

I. Finance Committee

A. Committee Authority

The Finance Committee shall assist the Board by reviewing, providing guidance, and making recommendations where applicable with respect to the JPB's financial policies, financial transactions, and budget. The Finance Committee is empowered to investigate any matter brought to its attention. To facilitate any such investigation, the chairperson of the Finance Committee shall have access to all books, records, facilities, and staff of JPB. The foregoing is not intended to alter or curtail existing rights of individual Board members to access books, records, or staff in connection with the performance of their fiduciary duties as Board members.

B. Key Responsibilities

To fulfill its purpose, the Finance Committee shall:

1. Review the PCJPB's proposed annual budget and recommend approval of the budget to the Board.

2. Review all matters substantially affecting the fiscal operation of the PCJPB, including revenues, expenditures, investments, and related fiscal matters.

3. Review annually the proposed plan to meet the financial requirements of the PCJPB's capital plans, as well as any financing proposals during the fiscal year that deviate from the proposed financial plan for that year, and review and make recommendations to the Board regarding any capital budget amendments.

4. Review any proposal relating to the incurrence (or repayment) of material indebtedness or any other financing arrangement, unless the financing is one component of a larger project, such as a TOD, within the jurisdiction of another committee.

5. Review any proposed procurements submitted to the Finance Committee by the Chief Contract and Procurement Officer/Director of Contracts and Procurement or Agency Procurement Officers.

6. Recommend the selection of an external independent auditor and receive the annual audit of the PCJPB.

7. Review proposed real property acquisition and development, real estate policies, property exchanges.

8. Review of proposed Surplus Land Act determinations.

9. Review annually the scope and terms of the PCJPB's insurance policies and coverage.

II. Advocacy and Major Projects Committee

A. Committee Authority

The Advocacy and Major Projects Committee ("AMP") shall assist the Board by overseeing and making recommendations where applicable regarding the planning, development, procurement, and/or delivery of current PCJPB or PCJPB-involved major projects that include regional, interregional, or statewide connections and involve complex input and decision making by multiple jurisdictions and public entities. Such projects may include an anticipated investment of capital funds or other resources by the JPB and may have implications for the use of JPB-owned assets and the future delivery of Caltrain services. The Committee shall review and make recommendations to the Board on decisions pertaining to the planning and implementation of such projects. Additionally, the AMP Committee shall monitor the progress of and promote the efficient development and delivery of major projects safely, on time, within scope and budget, while seeking to enhance the value of these projects to the Caltrain system and maximizing equitable outcomes.

B. Key Responsibilities

To fulfill its purpose, the AMP Committee shall:

1. Review plans and proposals for development, procurement, and/or delivery of current PCJPB or PCJPB-involved major projects that include regional, interregional, or statewide connections and involve complex input and decision making by multiple jurisdictions and public entities.

2. Monitor the expenditures incurred, current and future funding needs of regional, interregional, or statewide connections availability of funds to meet such needs.

3. Review the planning and construction of major projects, including project delivery methods, and construction, consultant, and related contracts already within the capital budget.

4. Monitor the progress of major projects and key project performance metrics (scope, schedule, budget, funding, risk, etc.) and recommend appropriate actions to address items of concern.

5. Monitor federal, state, and local legislation affecting operations and capital projects, including recommendations and positions on legislation.

6. Review proposed collaborations, partnerships, and relationships with public officials, public agencies, and private sector partners.

7. Review public and community relations, including website updates, social media strategy, and Government and Community Affairs department activities.

III. Operations, Planning, Safety (OPS) Committee

A. Committee Authority

The Operations, Planning, Safety (OPS) Committee shall assist the Board by reviewing and making recommendations where applicable regarding all planning, construction, and engineering activities, with the exception of major projects as defined in the AMP Committee Charter, including the development of new and modifications to existing transportation services provided by the PCJPB to its customers. The Committee shall be responsible for oversight of the Board's service development, planning, environmental and Title VI policies. In addition, the Committee shall monitor legislation affecting operations, review and adopt annual legislative programs, and establish and continue relations with public officials.

B. Key Responsibilities

To fulfill its purpose, the OPS Committee shall:

1. Review and oversee the Capital Improvement Program which includes the State of Good Repair, Legal Mandates and Operational Improvements and Enhancements.

2. Review plans and proposals for grade separation, bridge, and transit facility and related maintenance, repair, and planning projects funded partially or wholly by third parties.

3. Review approve Caltrain's biennial Sustainability Report.

4. Review and monitor Caltrain's Business Plan and Long-Range Service Vision, and periodically review and update the Long-Range Service Vision.

5. Review and monitor and major service changes, including review of Title VI service Equity Analysis.

6. Provide support and guidance to the PCJPB in its formulation of its real estate policies and procedures and consider proposals for "non-railroad" uses of real property.

7. Review State of Good Repair, operations and maintenance, safety, and security, and other Caltrain performance metrics and workplans.