

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



Popular Annual Financial Report

Fiscal Year Ended June 30, 2022





December 30, 2022

We are pleased to present the Popular Annual Financial Report (PAFR) of the Peninsula Corridor Powers Board (JPB) for the Fiscal Year ended June 30, 2022. The PAFR provides a summary of the JPB’s organizational structure, services, major initiatives, finance, achievements, and economic prospects for readers without a technical background in accounting or finance.

The financial information presented here is to summarize the financial information presented in the JPB’s FY 2022 Annual Comprehensive Financial Report (ACFR) and does not substitute for the JPB’s ACFR. Readers desiring a more detailed discussion of the JPB’s financial results may refer to the [Annual Comprehensive Financial Report](#).

While the COVID-19 Pandemic has disrupted many of the trends established in prior years, the JPB ended Fiscal Year 2022 on improved financial standing. Caltrain’s ridership has continued to trend upward. In June 2022, weekday ridership was approximately 30% of the pre-COVID level. A ballot measure, Measure RR, was approved by 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 annually. This will help to sustain Caltrain through the pandemic, as well as allow the agency to fully maximize the benefits of electrification. The JPB also received Federal assistance from the American Rescue Plan Act (ARPA). These increases in revenue outpaced the increases in expenses.

Revenues have made an expansive list of projects and programs possible. This report highlights what we have accomplished and what we hope to achieve in the coming years.

Sincerely,



Michelle Bouchard
Executive Director



Grace Martinez, CPA
Acting Chief Financial Officer

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What is JPB?

In 1987, representatives of the San Mateo County Transit District (District), the Santa Clara Valley Transportation Authority (VTA), and the City and County of San Francisco (CCSF) formed the Peninsula Corridor Joint Power Board (JPB) and transferred administrative and financial responsibility for Caltrain rail service from the State of California. The JPB is a Joint Powers Authority that is legally separate and financially independent from its three Member Agencies, and is not a component unit of any other organization. The joint powers agreement 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.

The JPB is responsible for 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. 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 provides vital links to multiple transit properties in 20 cities.

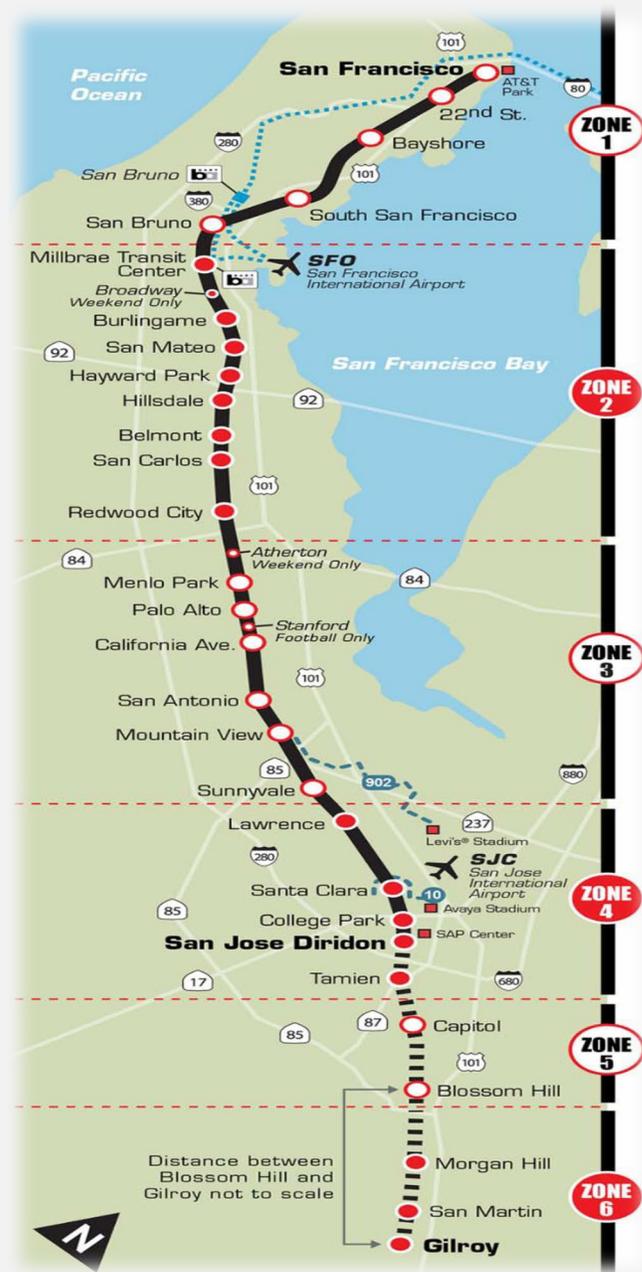
The JPB purchased and owned the right-of-way between San Francisco and San Jose (Mainline) and perpetual trackage rights between San Jose and Gilroy (Gilroy Extension). The JPB own 51 miles of the rail line and operates on Union Pacific track for the remaining 26 miles.

The JPB is responsible for the operation of Caltrain service. Currently, Transit America Services, Inc. (TASI) serves as the JPB's contracted rail operator.

The joint powers agreement 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. The District provides the following services:

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

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.



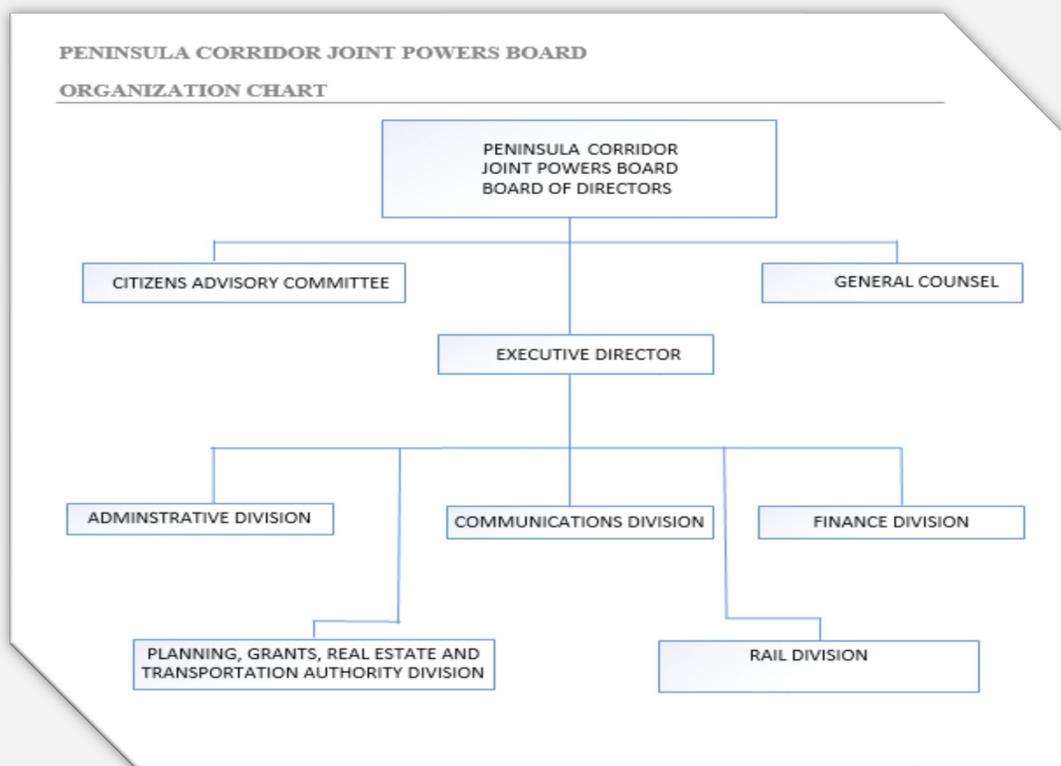
The Administrative Division provides management assistance to executive divisions and is responsible for human resources and safety and security.

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

The Bus Division is responsible for some functions related to the railroad including managing the shuttle program.

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 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; and 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.



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 PAFR to reflect the changes made as result of the 2022 MOU.

Governance

2022 Board of Directors

The joint powers agreement establishes a nine-person Board of Directors (Board) that governs the operations, maintenance, repair, improvements, and expansion for 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.



Chair, Steve Heminger
City and County of San Francisco



Vice Chair, Charles Stone
San Mateo County Transit District

Representing the City and County of San Francisco
Monique Zmuda
Shamann Walton

Representing San Mateo County Transit District
Jeff Gee
Dave Pine

Representing Santa Clara Valley Transportation Authority
Cindy Chavez
Devora “Dev” Davis
Glenn Hendricks

2022 Citizens Advisory Committee

<u>San Francisco Representatives</u>	<u>San Mateo County Representatives</u>	<u>Santa Clara County Representatives</u>
Rosalind Kutler	Adrian Brandt	Steven Seebart
Brian Shaw (Chair)	David Tuzman (Vice Chair)	Patricia Leung
Jean-Paul Torres	Emilia Shapiro	Larry Klein
Rob Jaques (Alternate)	Melody Pagee (Alternate)	Pranav Joshi (Alternate)

Services

Caltrain provides commuter rail service along the San Francisco Peninsula through the South Bay to San Jose and Gilroy. Caltrain provides a safe, reliable, sustainable modern rail system that meets the growing mobility needs of the San Francisco Bay Area region.

San Mateo County at a Glance				City and County of San Francisco at a Glance				County of Santa Clara at a Glance			
Year	Population	Per Capita Income	Avg. Unemployment Rates	Year	Population	Per Capita Income	Avg. Unemployment Rates	Year	Population	Per Capita Income	Avg. Unemployment Rates
2022	765,551	\$146,542	2.0%	2022	852,257	\$178,290	2.2%	2022	1,934,945	\$126,753	2.2%
2021	765,245	\$142,274	5.0%	2021	851,916	\$173,097	6.9%	2021	1,934,171	\$123,061	5.2%



Caltrain



Caltrain is a fixed guideway commuter rail system serving San Francisco, San Mateo and Santa Clara counties that spans **77 miles** and includes **31 stations**.

Ridership **trend upward**, In June 2022 weekday ridership exceeded 18,000 on average, approximately 30% of the pre-COVID level.

75% of the existing aging diesel fleet will be replaced with state-of-the-art **electric trains**.

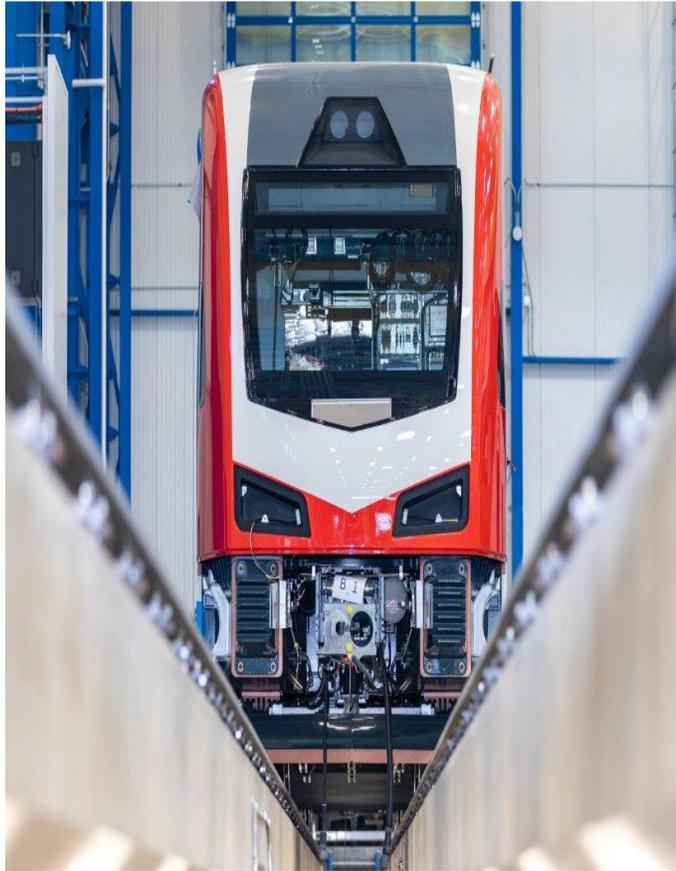
More information about Caltrain can be found at their [website](#).



Caltrain Passenger Miles in Thousands



Major Initiatives



Caltrain Electrification

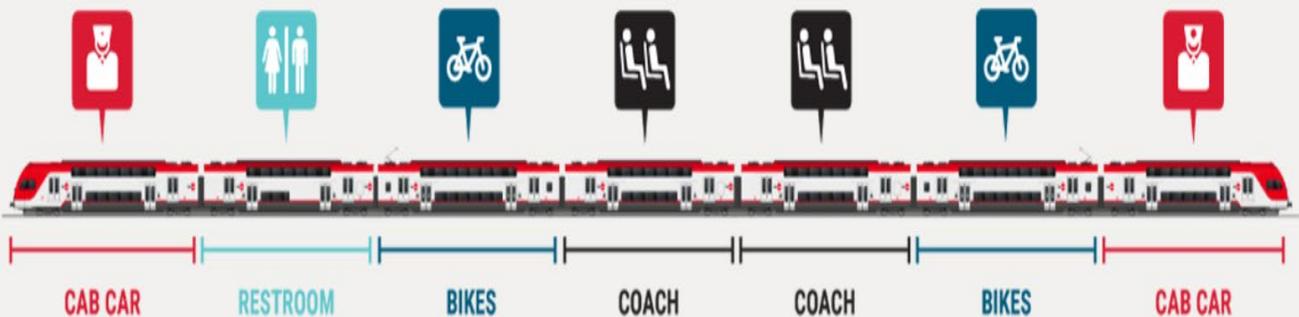
The Peninsula Corridor Electrification Project (PCEP) is the largest component of the Caltrain Capital Improvement Program. PCEP will electrify the Caltrain Corridor from San Francisco's 4th and King Caltrain Station to approximately the Tamien Caltrain Station, convert diesel-hauled to Electric Multiple 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.

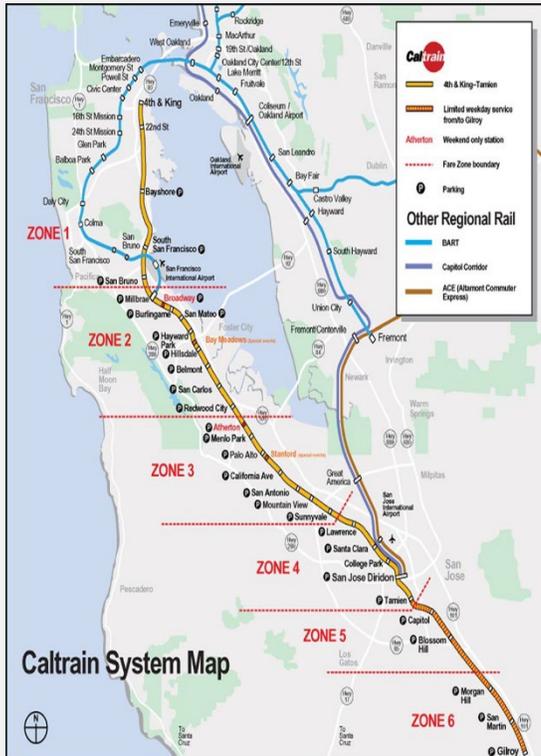
Benefits

<p>CONVENIENCE More efficient service with increased frequency and reduced travel time</p>	<p>COMFORT Smoother, quieter rides with enhanced amenities like on-board signage, electrical plugs and roomier seats</p>
<p>CAPACITY Short and long-term capacity growth potential, without degrading service, due to increased frequency</p>	<p>SUSTAINABILITY Replacing old diesel trains with new electric trains will reduce GHG emissions and improve air quality</p>

The Caltrain Modernization Program (CalMod) is building California's first electrified commuter rail and the West's first diesel to electric rail system. It will transform the way people travel between San Francisco and Silicon Valley on the 51-mile Caltrain-owned corridor.

More information on this project can be found on the CalMod [website](#).





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).

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

More information about this project can be found on the Caltrain [website](#).



State of Good Repair Program

The State of Good Repair 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.

More information about this project can be found on the Caltrain [website](#).



Caltrain Safety Improvement Program

The Caltrain safety improvement program includes station redesign, grade crossing improvements, and construction of grade separations, right-of-way fencing, and closed-circuit camera system (CCTV).

More information on this project can be found on the Caltrain [website](#).



Measure RR

Voters in San Francisco, San Mateo, and Santa Clara counties have approved Measure RR, which will provide Caltrain its first ever source of dedicated funding. Measure RR will dedicate 1/8th cent sales tax for 30 years to Caltrain 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.

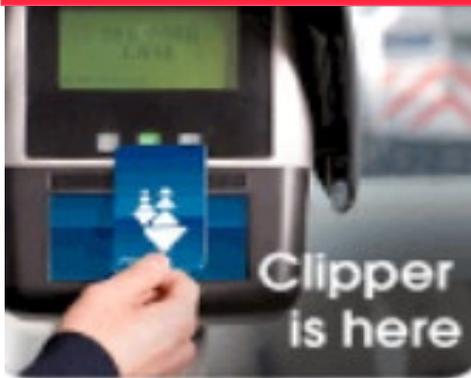
As the only Bay Area transit system without a dedicated revenue source prior to the passage of Measure RR, Caltrain was heavily reliant on passenger fares to maintain operations, making the service especially vulnerable to a pandemic. The approval of Measure RR provides a lifeline that will allow Caltrain to maintain operations for the thousands of essential workers and other riders that continue to depend on the service. The 30-year 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 sources 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.

More information about Measure RR can be found on the Caltrain [website](#).



Financial Performance



Revenues Expenses

65.2% 2.7%

Percent increase 2021 to 2022



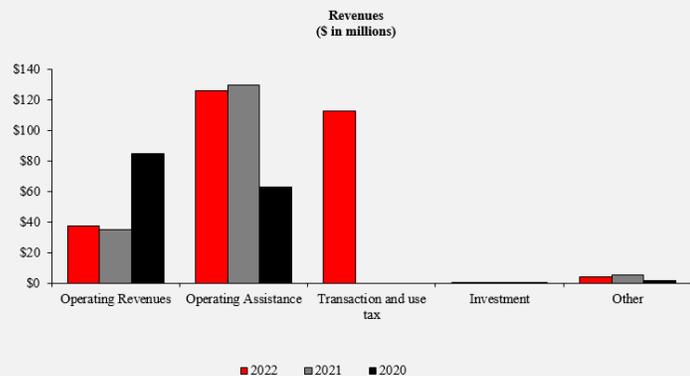
Revenues

The JPB recorded a major increase in revenues from the prior year, mainly by changes in nonoperating revenues described below.

OPERATING REVENUES



increased \$2.5 million, an increase of 7.1%, during Fiscal Year 2022 compared to Fiscal Year 2021.

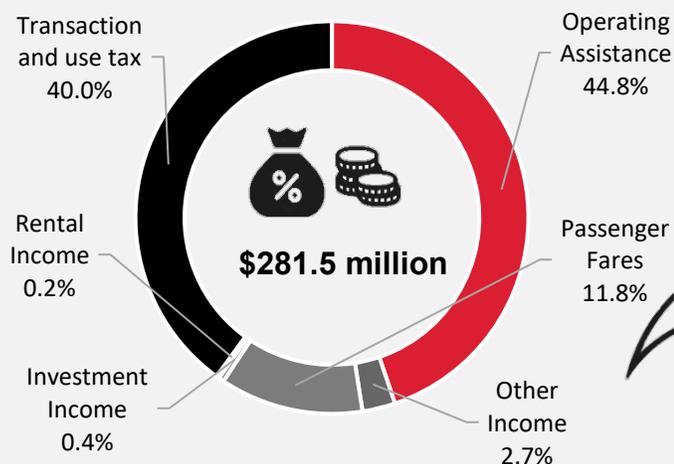


NONOPERATING REVENUES

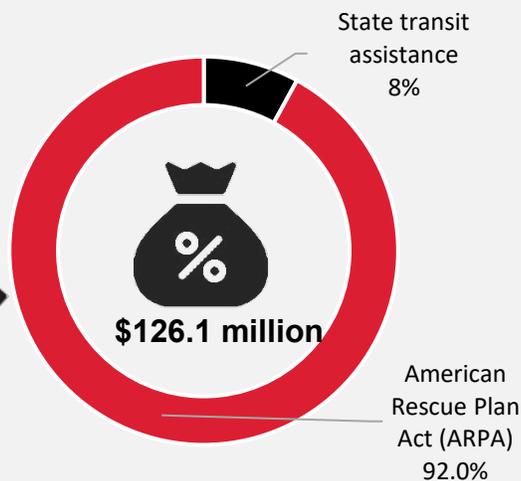


increased \$108.6 million, an increase of 80.4%, during Fiscal Year 2022 compared to Fiscal Year 2021. The increase was mainly due to increases in Transaction and use tax (Measure RR) funding of \$112.6 million and the American Rescue Plan Act (ARPA) funding of \$116.0 million.

2022 Revenue



Operating Assistance by Source



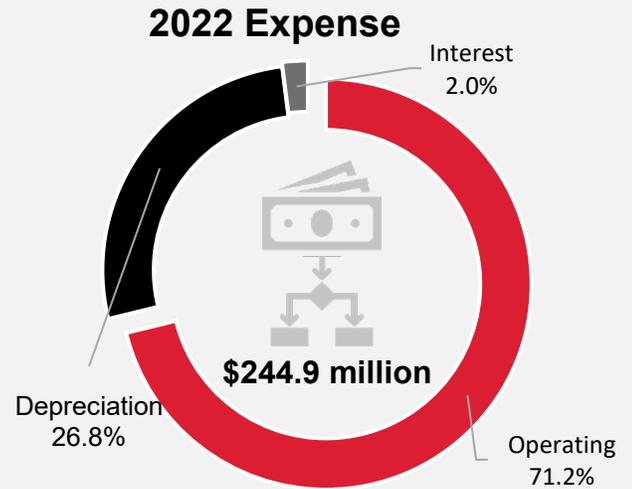
Expenses

Overall expenses for the JPB increased for Fiscal Year 2022.

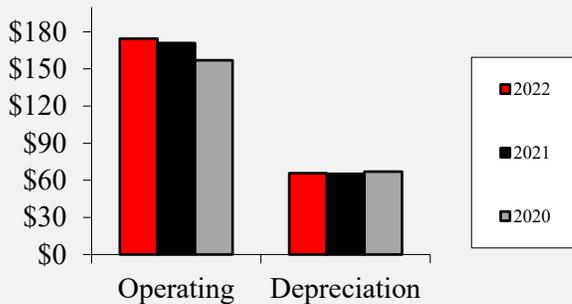


OPERATING EXPENSES were \$174.4 million, an increase of \$3.5 million or 2.1% compared to Fiscal Year 2021. The increase in fiscal year 2022 was mostly

due to increase in utilities and supplies and fuel services.



Expenses (\$ in millions)

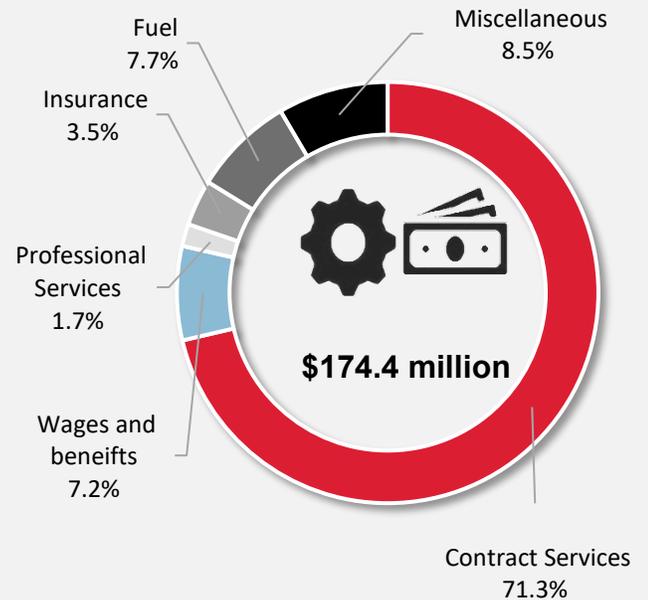


DEPRECIATION AND AMORTIZATION EXPENSES

were \$65.7 million, an increase of a \$0.5 million or 0.8% compared to Fiscal Year 2021. The increase in

depreciation and amortization expenses in fiscal year 2022 was due to additional assets capitalized and depreciated.

Operating Expense Detail

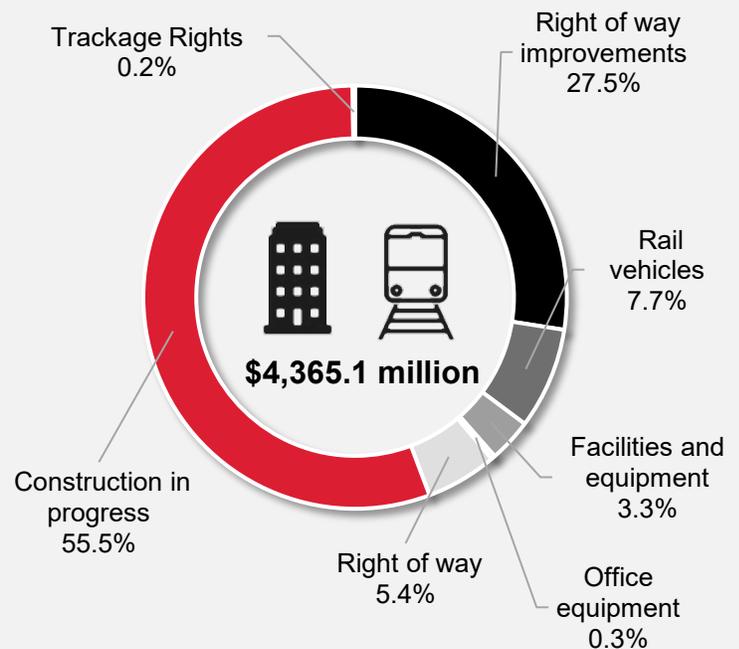


Capital Assets

The JPB received capital contributions of \$468.6 million in Fiscal Year 2022, which was an increase of \$34.0 million or 7.8% in Fiscal Year 2022 compared to Fiscal Year 2021. The 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 \$595.1 million. The following is a summary of the District's major capital expenditures for Fiscal Year 2022.

- **\$432.0 million:** Peninsula Corridor Electrification program
- **\$159.7 million:** Caltrain modernization program
- **\$18.7 million:** Station improvements and repairs



Net Position

The District's total net position increased by \$505.2 million in the Fiscal Year 2022. This increase was larger than any one-year increase over the past ten years. The increase in the Fiscal Year 2022 was mainly due to capital contributions received from American Rescue Plan Act (ARPA).

10-Year History of Net Position



Looking Ahead

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 \$91.0 million 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 Member Agencies. The adopted budget includes \$5.9 million contributions from the Member Agencies

Some of the highlights of the capital budget include:

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

For full detail please see the [Adopted Fiscal Year 2023 Budget](#).

For more information, scan the QR code or visit the [Annual Comprehensive Financial Report](#) page



Questions about the Peninsula Corridor Joint Powers Board can be directed to the Administrative Offices at 650-508-6200