

**Peninsula Corridor Joint Powers Board (JPB) Liaison Report
Meeting of April 2, 2026**

Report of the Executive Director - Michelle Bouchard, Executive Director, deferred item due to time constraints and noted materials were available in the agenda packet.

JPB Board of Directors Received and Approved the Following Items:

- Approval of Meeting Minutes for March 5, 2026
- Amend and Increase the Fiscal Year 2026 Capital Budget from \$107,560,168 to \$132,109,168
- Authorize Reimbursement Agreement with the San Mateo County Transit District for Provision of Closed Circuit Television (CCTV) Project Management Services**
- Adopt a Second Addendum to Mitigated Negative Declaration for Guadalupe River Bridge Replacement Project

Receive Updates Regarding Caltrain's Fiscal Year 2027 Budget Development and 15-Year Operating Budget Look-Ahead

a. Caltrain Context

Michelle Bouchard, Executive Director, provided opening remarks regarding the financial considerations before the Board of Directors (Board), projected scenarios can reduce the deficit, however, unable to close the deficit, and desired Board feedback on a no external funding scenario.

Melissa Jones, Deputy Director, Caltrain Policy Development, provided a presentation that included Caltrain's financial structure, including fixed costs, self-generated revenue, and reliance on one-time external funds.

b. Updates on Fiscal Year 2027 Operating Budget Development

Oscar Quintanilla Lopez, Director, Budgets and Financial Analysis, continued the presentation that included the following:

- One-time State loan sustains current service levels
- Fiscal Year (FY) 2018-2027 service levels; pandemic and electrification effects on service and ridership
- Preliminary FY27 budget operating revenue: increased farebox, parking, other revenue, Measure RR forecast, decreased Go Pass revenue, and Low Carbon Fuel Standard (LCFS) credits
- Preliminary FY27 budget operating expenses: decreased rail operator service and traction power; increased facilities/equipment maintenance, Clipper 2.0 costs and bank fees, managing agency overhead

- FY27 operating budget: \$6.2 million revenue increase, \$1.3 million expense reduction; one-time State loan needed to close deficit
- Budget risks: insurance, sales tax, electricity/fuel costs, State funding uncertainty
- Non-fare revenue strategies
- Senate Bill (SB) 63 oversight committee Phase 1 independent review released
- Phase 2 to include third-party cost efficiency review and implementation plan

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

- Factors driving increased ridership, including local economy and artificial intelligence (AI) tools
- Adjusting service by day of week; weekday ridership remains higher than weekend
- Polling drivers and public transit riders; communicating effects on commute times
- Increase Go Pass program and strengthening city partnerships to grow ridership
- Considerations for scaling service and staffing; impact of service reduction on ridership
- Member agency contributions and those agencies' deficits
- FY27 Quarter 4 receipt of tax funds if regional measure passes; contingency plan for delays
- Current reliability of on-time performance

c. Beyond Fiscal Year 2027: Service and Financial Planning, With and Without External Funding

Mr. Quintanilla Lopez and Ms. Jones continued the presentation that included the following:

- FY27 deficit can be covered; deficit beginning FY28 cannot be covered without additional funding
- Post-pandemic, self-generated revenue insufficient; increased reliance on one-time funds, Measure RR, and external funding
- Service cuts do not fully resolve structural deficit due to high fixed costs; ridership and fare revenue depend on service quality
- No-external-funding scenario: severe service reductions including hourly weekday service, no weekend service, early shutdowns by 9:00pm, close over one-third of stations, eliminate segments, administrative cuts
- Current service: four trains per hour per direction (tphpd), planned FY31: six tphpd; without funding FY28: one tphpd
- Service cuts impact ridership levels, expected decrease to farebox, parking and advertising revenue, leasing opportunities, and additional cuts still needed
- Regional transit at risk without external funding; impacts riders that take multiple public transit systems
- Costs related to maintenance and safety of corridor and assets during shutdown; full railroad shutdown would take minimum two to four years to reinstate passenger service

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

- Regional transit connectivity and impacts to the region
- Transit-oriented development (TOD); value capture loss for cities and communities
- Service cuts impact on riders attending special events
- Consider selling Caltrain assets
- Safety and State of Good Repair (SOGR)
- Inability to meet grantors stipulations or extend waiver; risk of having to return grantors' funds
- Potential partnership and funding opportunity with agency overseeing United States (US) 101 toll collection
- Legislature response if funding measure fails
- Inform cities and employers benefiting Caltrain service: commuter passes, increased property taxes
- Public communication on addressing deficit, highlight areas on progresses made, and totality and reality of no external funding
- Service reductions while continuing to provide full corridor service
- Establish criteria for station closures: underperforming, stations proximity, rider equity, ridership levels
- Consider corridor-wide tax to capture transit-related land value
- Funding model prior to Measure RR
- Significance and importance of regional measure funding for public transit agencies and communities

d. Discussion and Next Steps

Ms. Bouchard provided closing remarks that included continuing to meet with cities about electrification and ridership, and the FY27 budget timeline and scenario strategies returning to the Board for consideration.

Monthly Reports were provided on the following items:

- Report of the Chair – Chair Medina stated attending electrification train unveiling for Former United States House of Representative Nancy Pelosi.
- Report of the Citizens Advisory Committee – Draft minutes in agenda packet online
- Report of the Local Policy Maker Group (LPMG) – Chair Burt stated there was no report.
- Report of the Transbay Joint Powers Authority (TJPA) - Chair Gee reported on the Downtown Extension Portal project (DTX) Environmental Impact Report (EIR) amendment, updated leases and contracts, and the Salesforce Park Committee Report.