August 7, 2020

Jim Harnett
Chief Executive Officer
Caltrain
1250 San Carlos Avenue
P.O. Box 3006
San Carlos, CA  94070-1306

Re:  Board of Supervisors Resolution No. 352-20

Dear Mr. Harnett:

On August 7, 2020, the Board of Supervisors of the City and County of San Francisco adopted Resolution No. 352-20 (Approving Submission of Sales Tax to Support Caltrain Service - November 3, 2020, Election), which was enacted on August 7, 2020.

The Board of Supervisors directs the Clerk of the Board to forward the following document to your attention:

- One copy of Resolution No. 352-20 (File No. 200881)

If you have any questions or require additional information, please contact the Office of the Clerk of the Board at (415) 554-5184, or by e-mail: board.of.supervisors@sfgov.org.

Sincerely,

Angela Calvillo
Clerk of the Board of Supervisors
City and County of San Francisco

c: Members of the Board of Supervisors, Shamann Walton, Aaron Peskin, Matt Haney
Jon Givner, Deputy City Attorney
Anne Pearson, Deputy City Attorney
Andrew Shen, Deputy City Attorney
Tilly Chang, San Francisco County Transportation Authority
Dora Seamans, Caltrain
Shirley Wong, Caltrain
Sophia Kittler, Mayor's Liaison to the Board of Supervisors
Eddie McCaffrey, Mayor's Manager of State and Federal Legislative Affairs
Andres Power, Mayor's Policy Director
Rebecca Peacock, Mayor’s Office
Resolution approving the Peninsula Corridor Joint Powers Board’s placement of a three-county measure to impose a one-eighth of one percent (0.125%) retail transactions and use tax to be used for operating and capital purposes of the Caltrain rail service at an election to be held on November 3, 2020; rescinding and replacing Resolution No. 334-20, which conditionally approved submission of the same measure; and affirming the San Francisco Municipal Transportation Agency’s determination under the California Environmental Quality Act.

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

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

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

WHEREAS, For capital costs, each of the Member Agencies (a) contributes an equal amount of capital funding each year and (b) supplements operating funding based on the percentage of system ridership originating in each County; and
WHEREAS, The levels of both capital and operating funding are determined by the funding capacity of the Member Agency with the least ability to provide its share of funding in any given year, and the amount that Member Agency can make available then becomes the standard against which the contributions of the other Member Agencies are calculated; and

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

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

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

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

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

WHEREAS, To provide a means to address the JPB's financial challenges, in 2017 the Governor signed Senate Bill No. 797, introduced by Senator Jerry Hill, authorizing the JPB to
implement a new retail transactions and use tax of up to 0.125 percent in the three Counties
served by Caltrain if (i) the Board of Directors of the JPB adopts a resolution submitting the
measure to the voters, (ii) the measure is approved by the Boards of Supervisors in the
Counties of Santa Clara, San Mateo and San Francisco, (iii) the measure is approved by a
majority vote of the governing boards of the San Francisco Municipal Transportation Agency
(SFMTA), the SMCTD, and VTA, and (iv) the tax is adopted by a two-thirds vote of the three
Counties' voters; and

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

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

• To support the operation of Caltrain service levels throughout the corridor from San
  Francisco to Gilroy, including, but not limited to, expanded service and increased
  capacity realized through the operation of an electrified system; the required
  support includes the maintenance of equipment, infrastructure and systems
  necessary to sustain and expand the service;

• To support the infrastructure, rolling stock, and capital projects necessary to
  advance the expansion of the Caltrain peak hour service from six trains per hour
  per direction to eight trains per hour per direction, as well as the expansion of the
  Gilroy service to a minimum of five morning and five afternoon trains;

• To develop and implement programs to expand access to the Caltrain service and
  facilitate use of the system by passengers of all income levels, including
  establishing an affordability program with consideration of discounted passes and/or
  additional means-based fare discounts informed by Caltrain's Means Based Fare
  Pilot Program; and
WHEREAS, Revenues will also be available to help leverage other local, regional, state and federal investments to advance capital projects necessary to implement the Caltrain Business Plan’s 2040 Service Vision, adopted by the Peninsula Corridor Joint Powers Board on October 3, 2019; these projects include, but are not limited to: the San Francisco Downtown Extension project including the Pennsylvania Avenue alignment, the extension of electrified train service to Gilroy, and grade separations throughout the corridor; and

WHEREAS, On March 10, 2020, the SFMTA, under authority delegated by the Planning Department, determined that the approval of the JPB’s placement of a tax on the ballot is not a “project” under the California Environmental Quality Act (CEQA) pursuant Title 14 of the California Code of Regulations, Sections 15060(c) and 15378(b); and

WHEREAS, A copy of the CEQA determination is on file with the Clerk of the Board of Supervisors in File No. 200881, and is incorporated herein by reference; and

WHEREAS, This tax measure is a district measure governed by the California Elections Code, Division 9, Chapter 4, Section 9300, et seq.; and

WHEREAS, Under California Elections Code, Section 9313, the Santa Clara County Counsel’s Office shall prepare the impartial analysis of this tax measure for inclusion in San Francisco’s Voter Information Pamphlet, shall make the impartial analysis available for public review for ten days, and shall submit the impartial analysis and available translations of that impartial analysis to the San Francisco Department of Elections; and

WHEREAS, The San Mateo County Registrar of Voters shall serve as the district elections official for this tax measure, shall make the tax measure’s legal text and arguments available for public examination for ten days, and shall submit the final materials to the San Francisco Department of Elections; and

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

WHEREAS, On August 6, 2020, the JPB adopted two resolutions including a) a Rules/ByLaws Resolution setting out JPB commitments for processes and timelines related to resolving the governance issues at Caltrain, and 2) a ballot measure, providing for the imposition of a one eighth of one percent (0.125%) retail transactions and use tax for a period of thirty (30) years, throughout the three Counties, to fund operating and capital expenses of the Caltrain rail service, and to support the operating and capital needs required to implement the Service Vision adopted by the JPB on October 3, 2019 as part of the Caltrain Business Plan; and

WHEREAS, At its meeting on July 28, 2020, the Board of Supervisors approved Resolution No. 334-20 conditionally approving submission of the tax measure subject to specified conditions, and the Mayor approved that resolution on July 30, 2020; now, therefore, be it

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

Supervisors Walton; Peskin, Haney
BOARD OF SUPERVISORS
FURTHER RESOLVED, That this Resolution rescinds and replaces Resolution No. 334-20, which conditionally approved submission of the tax measure.
Resolution approving the Peninsula Corridor Joint Powers Board's placement of a three-county measure to impose a one-eighth of one percent (0.125%) retail transactions and use tax to be used for operating and capital purposes of the Caltrain rail service at an election to be held on November 3, 2020; rescinding and replacing Resolution No. 334-20, which conditionally approved submission of the same measure; and affirming the San Francisco Municipal Transportation Agency's determination under the California Environmental Quality Act.

August 07, 2020 Board of Supervisors - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE
Ayes: 11 - Fewer, Haney, Mandelman, Mar, Peskin, Preston, Ronen, Safai, Stefani, Walton and Yee

August 07, 2020 Board of Supervisors - ADOPTED AS AMENDED
Ayes: 11 - Fewer, Haney, Mandelman, Mar, Peskin, Preston, Ronen, Safai, Stefani, Walton and Yee

I hereby certify that the foregoing Resolution was ADOPTED AS AMENDED on 8/7/2020 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

London N. Breed
Mayor

Date Approved: 8/7/2020