

**San Mateo County Transit District (District)  
1250 San Carlos Avenue, San Carlos, California**

**Minutes of Board of Directors Special Meeting / Finance Workshop**

**Mavericks Event Center  
107 Broadway Avenue  
Half Moon Bay, CA**

**March 17, 2023**

**Members Present:** J. Gee, R. Medina, R. Mueller, M. Fraser (Vice Chair), J. Powell (Chair), P. Ratto

**Members Absent:** D. Canepa, M. Chuang

**Staff Present:** A. Chan, D. Santoro, J. Cassman, D. Olmeda, K. Kelly, K. Steiner, N. Kramer, M. Kumar, P. Skinner, J. Nogales de Guzman, J. Epstein, M. Tolleson, S. van Hoften, L. Millard-Olmeda, C. Mobley-Ritter, K. Beltz, L. Larano, P. Ledezma, C. Fromson, A. Rivas, D Harbour, M. Tseng, D. Seamans

**1. Call to Order/Roll Call**

Chair Josh Powell called the meeting to order at 9:17 am. Dora Seamans, District Secretary, confirmed that a quorum of the Board was present.

**2. Public Comment**

There was no public comment.

**3. Innovative Clean Transit (ICT) – Emission Zero Program**

April Chan, General Manager/CEO, thanked the attendees who came to Half Moon Bay and provided a brief introduction of the items under discussion. She noted the ten-year financial outlook to be presented would provide a preview of the two-year budget for Fiscal Years 2024 and 2025. She said that the purpose of the Zero Emissions Bus (ZEB) Program is to meet the state mandate to have a zero emission fleet by 2040.

Ms. Chan officially welcomed Kate Steiner, whom she said will replace Kathleen Kelly, Interim Chief Financial Officer, as the new Chief Financial Officer starting April 17. She also welcomed David Santoro, the current Acting Chief Operating Officer for Caltrain, as the new Deputy General Manager/CEO for SamTrans starting March 27.

Liria Larano, Deputy Chief, Bus Fleet/Facilities, provided the presentation, which included the following topics:

- Program Scope
  - The California Air Resources Board (CARB) mandate through the Innovative Clean Transit (ICT) regulation requires transit agencies to transition their entire fleet to ZEB by the year 2040.
  - 319 fixed routes and total vehicle replacement of 40- and 60-foot buses to ZEB fleet in North and South Bases and those operated by MV Transportation. There are 70 paratransit vehicles and we need to wait until the year 2026 to replace them since they are not yet commercially available.
  - The need to modify existing facilities to upgrade electrical systems and connect to PG&E (Pacific Gas and Electric).
  - Training workforce, such as operators, mechanics, and utility workers. Some of the work would be outsourced until the workforce is fully trained.
- Life Cycle Costs for Battery Electric Buses (BEBs) versus Fuel Cell Electric Buses (FCEBs)
  - Assumptions on buses, infrastructure, maintenance, energy, and service levels.
  - A comparison was conducted on performance of vehicles (including the infrastructure, life cycle, limitations, costs, emissions, and ranges).
  - Resilience of energy sources, infrastructure, and hydrogen performed better than BEB.
  - BEB provided up to 200 miles whereas hydrogen can go up to 300 miles in range.
- Other Transit Agencies in California
  - David Olmeda, Chief Operating Officer, Bus, noted that the District and Santa Clara Valley Transportation Authority (VTA) started with hydrogen fuel in 2003.
  - AC Transit (Alameda-Contra Costa Transit District) had their first hybrid hydrogen fuel cell bus in 2005 and they have the comparison data. Golden Gate Transit is considering both BEBs and FCEBs.
- Recommendations, Progress and Time, Funding, and Next Steps
  - Staff recommended replacement of the North Base fleet with hydrogen buses to reduce costs and defer the decision for South Base until next year so staff can have more experience with both hydrogen and electric buses.
  - Federal Transit Administration (FTA) formula funds cover anywhere from 70 to 80 percent of the cost of the buses. In addition to FTA, there are hybrid and zero-emission voucher incentives and various grants.

The Board had a robust discussion, which included the following points:

- North and South Bases mitigation plans and concerns on energy resilience and concerns on water clean-up and rising sea levels.
- Staff noted that these concerns were built into the financial analysis and clarified that there was a sea level rise study that will be brought back before the Board. The study recommended building a wall and working collaboratively with the City and County of San

Francisco, SFO (San Francisco International Airport), and San Mateo County. One Director mentioned working with One Shoreline and other cities in looking at the entire Bayside and for seeking grant funding.

- The comparison of electricity costs versus hydrogen in the last few years and the need to look at additional past data and projections for the future.
- Outsourcing

Mr. Olmeda clarified that there are plans to negotiate the maintenance component and train staff as there are currently no certified staff with expertise in maintaining hydrogen or electric buses.

- The infeasibility of solar as an option as the volume of consumption is significantly larger for these big, heavy vehicles than what could be produced through solar, and the energy storage would occupy too much real estate and be cost-prohibitive.
- Understanding the level of fuel price volatility, sources of hydrogen, and concerns over reliability of electrical grid.
- Using a phasing approach for fleet replacement, seeking outside funding for ZEB, and designing and constructing needed fueling stations and facility modifications at North Base.

*The Board meeting recessed at 10:35 am and reconvened at 10:53 am.*

#### **4. Multi-year Financial Outlook**

Ms. Kelly provided the presentation, which included the following topics:

- Focus on ten-year base operating revenue projections, the fare revenue previously was approximately \$16 million per year, but was under \$6 million in 2021 due to the pandemic. Projected fare revenue is approximately \$12 million per year going forward. Projections are based on ridership increases and not fare increases.
- TDA/STA (Transportation Development Act/State Transit Assistance) are related to sales tax and more than 75 percent of the budget is related to sales tax revenues, which are subject to extreme volatility.
- Assumptions on expenditures - the largest component, motor bus, at approximately 4 percent annual growth beyond Fiscal Year 2027.
- Headquarters rehabilitation was not included in future capital projects.
- Assumed 100 percent of the ZEB infrastructure costs from operating budget and sales tax after Fiscal Year 2025.

The Board had a robust discussion, which included the following points:

- Sales tax projections going forward at 2 percent annually as a trend seen overall. Tax stabilization fund helps with stabilization in times of financial stress.
- District headquarters as an unknown expenditure amount.

- Ms. Kelly clarified that the District headquarters is a separate financial project and what is needed for it is yet to be determined.
- Reimagine SamTrans
  - Assume service level for ten-year period
  - Review of different ways to provide service such as increasing or making adjustments
  - Expansion to other areas will require additional resources
- Need for grants and other revenue resources. Director Jeff Gee said that the presentation should also include what the District can do to pursue other financial resources, and noted there may be revenues associated with real estate development. He also suggested that the Bus Stop Improvement Program (BSIP) could include using digital media advertising as a potential revenue source.

Ms. Chan said that the District needs to ensure the preservation of funding for the next five to ten years in light of the capital needs. She said that based on Board feedback from the meeting, staff will review and explore other revenue opportunities, including low-carbon fuel credits. She said that staff will also take this feedback into consideration in preparing the draft budget to be presented at the May Board meeting.

## **5. Adjourn**

The meeting adjourned at 11:46 am.

An audio/video recording of this meeting is available online at <https://www.samtrans.com/about-samtrans/video-board-directors-cac-and-measure-w-coc>. Questions may be referred to the District Secretary's office by phone at 650-508-6242 or by email to [board@samtrans.com](mailto:board@samtrans.com).