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December 6, 2024

Commissioner Alfredo Pedroza  
Chair, Metropolitan Transportation Commission  
375 Beale Street, Suite 800  
San Francisco, CA, 94105

**Subject: SamTrans Budget Update**

Dear Chair Pedroza,

We appreciate the effort MTC has put into developing a potential funding ballot measure to sustain the Bay Area's transit systems. Although we have reservations detailed in our letter dated November 6, 2024, to Commissioner Spering, we are committed to continuing the conversation with the goal of creating a fair and practical solution for the transit systems in the Bay Area.

Throughout this process, MTC designated SamTrans as an agency with a balanced budget with no operational fiscal cliffs. When MTC first assessed the fiscal health of various transit agencies, SamTrans adhered to MTC's request and only provided operational revenues and costs from our financial statements. We did not provide other financial information that would have increased the burden to our operating budgets, including items such as debt service or capital program contributions that draw from operating funds.

We now understand some agencies included these items that we specifically excluded. This lack of a common denominator puts SamTrans at a significant disadvantage when calculating SamTrans' financial position within a regional measure. It also makes our prior written request for an independent Third-Party Reviewer of each agency's budget deficits and proposed fair-share calculations even more imperative.

Although at this time SamTrans is in a stronger operating financial position than many agencies due to our bus ridership recovery rates and healthy sales tax revenues, we are similarly struggling with the ability to fund capital infrastructure needs. Additionally, we find ourselves at an inflection point where expenses are outpacing growth in revenues. Several Fiscal Year 2025 operations contracts and

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recently ratified collective bargaining agreements with union employees exceeded budgetary projections adopted in June 2023. Furthermore, the cost of necessary capital investments continues to rise. While our revised budget for FY 2025 is balanced, this was achieved by using reserves. Maintaining financial stability through responsible fiscal management is a top priority for SamTrans.

SamTrans recently launched the development process for the FY 2026 and FY 2027 two-year budgets. And we aim to present the updated 10-Year Financial Outlook to our Board this spring before the budget approval process. Based on preliminary figures, we believe the upcoming budgets will likely have structural deficits that rely on reserves to cover the gaps.

As we move forward with a regional measure proposal, we urge MTC to ensure agencies are calculating budget deficit projections consistently. A regional measure that fairly and sustainably addresses funding gaps experienced by Caltrain and SamTrans has a better chance to earn the support of San Mateo County voters.

Please contact Government and Community Affairs Director Jessica Epstein at [epsteinj@samtrans.com](mailto:epsteinj@samtrans.com) if you have any questions or need any additional information.

Sincerely,



April Chan  
General Manager/CEO

Cc: San Mateo County Transit District Board of Directors  
San Mateo County Transit District State Legislative Delegation  
David Canepa, Commissioner, Metropolitan Transportation Commission  
Gina Papan, Commissioner, Metropolitan Transportation Commission