

**San Mateo County Transit District
Board of Directors
Special Meeting – Board Workshop**

1250 San Carlos Avenue, San Carlos, California

Minutes of February 12, 2026

Members Present: Marina Fraser, Jeff Gee, Rico E. Medina, Josh Powell, Peter Ratto, Jackie Speier, Brooks Esser (Vice Chair), Marie Chuang (Chair)

Members Absent: David J. Canepa

Staff Present: E. Beach, J. Cassman, A. Chan, J. Epstein, K. Jordan Steiner, L. Lumina-Hsu, J. Mello, D. Olmeda, D. Santoro, R. Sreekakula, M. Tseng

1. Call to Order / Pledge of Allegiance

Chair Marie Chuang called the meeting to order at 9:00 am and led the Pledge of Allegiance.

2. Roll Call

Margaret Tseng, District Secretary, called the roll and confirmed that a Board quorum was present.

Chair Chuang provided opening remarks describing the purpose of the workshop.

April Chan, General Manager/CEO, stated public transit agencies are reviewing their service levels and outlook, and explained the assumptions in the items presented at the workshop is based on current levels of service and connections with partner agencies. Ms. Chan further explained should other public transit agencies decide to reduce service levels, San Mateo County Transit District (SamTrans) will reevaluate service and connections to those agencies.

3. San Mateo County Transit District 10-Year Operating and Capital Financial Outlook

Kate Jordan Steiner, Chief Financial Officer, and Joshua Mello, Chief Planning Officer, provided the presentation that included the following:

- Financial outlook of operating costs, operating revenues and expenditures, non-labor operating expenditures, energy costs, and 10-year capital need
- Leveraging funding sources of passenger fares, real estate revenues, advertising, other revenue opportunities, grants. and potential regional funding
- Leveraging expenses including service and operational changes, labor and non-labor, and capital investment reconsiderations
- Largest leverage is operating monies directed for capital investments projects and priorities; Fiscal Years 2026 – 2029 (FY26-29) Capital Improvement Projects (CIP) with \$180 million unfunded and FY26-35 Capital Program with \$600 million funding not identified

- At current levels, operating deficit can no longer be covered beginning FY28 as expenditures continues to outpace revenue
- \$2 billion in capital needs through FY35
- Financial strategy includes new and expanded revenue and reduce spending

Staff provided further clarification in response to the Board comments and questions, which included the following:

- Current outlook does not assume new additional funding such as the regional funding measure
- Fare rate increases; current fare rates on par with partnering public transit agencies
- Increased insurance costs and claims; self-insurance and captive risk pool assessments; review current insurance options
- Planning versus carrying forward the capital investment needs
- State of Good Repair (SOGR) ongoing costs: vehicle replacement, maintenance; property and buildings; confirmed items were not neglected
- Bulk of unfunded needs for projects undergoing needs assessment which will be programmed
- Advertising and digital revenue sources

Emily Beach, Chief Communications Officer, provided additional information on advertising efforts. Ravi Sreekakula, Manager of Sales and Advertising, stated staff exploring advertising and digital revenue opportunities; currently in rear-bus advertising trial; advertising space and outlook increased; \$775,000 minimum guarantee revenue for 2026; sponsorship for bus wraps; and digital advertising at bus stops with Bus Stop Improvement Plan (BSIP) implementation.

Board discussion continued and staff provided further clarification which included the following:

- Board policies that limit or hamper ways to increase revenue sources; need to review Board policies
- Dynamic advertising pricing
- Labor performance management; coaching, mentorship, and discipline
- Ridership levels and demographics; service levels
- Fare structure; targeted fare increases; effect of fare increase on riders by demographic; Clipper 2.0 roll-out and alternatives
- New opportunities with Bus Stop Improvement Plan (BSIP)
- Enhancing services: Dumbarton; customer experience
- Implications if District does not proceed with projects
- Fare study: analysis of sales tax in San Mateo County, demographic data of who pays the sales tax
- Autonomous vehicles and rideshare services competition; collaboration opportunity for first and last mile connectivity to public transit

- Positive rider experience; improve East-West connectivity
- Proactive real estate efforts; reach out to developers

The Board meeting recessed at 10:14 am.

The Board meeting resumed at 10:27 am.

4. Innovative Clean Transit (ICT) Current Status and Next Steps

David Olmeda, Chief Operating Officer, Bus, provided the presentation that included the following:

- Fuel Cell Electric Buses (FCEB) procurement process
- ICT state mandate; plans already submitted to the State; implication of changing plans and canceling contracts
- Federal and State funding sources for procuring buses
- Infrastructure improvements at North Base and South Base to support electric and hydrogen fleet; fully funded battery-electric buses plug-in and pantograph chargers
- Hydrogen fueling station funding at risk; Alliance for Renewable Clean Hydrogen Energy Systems (ARCHES) funding terminated
- Battery-electric buses (BEB) performance; issues and limitations flagged and being resolved by manufacturers; issues have no operational impact
- Next 62 bus procurement options include continuing with zero-emission buses (ZEB) plans; extending lifetime of current diesel buses; procure new diesel buses; or delay procurement

Staff provided further clarification in response to the Board comments and questions, which included the following:

- Board commitment to zero emissions by 2040 and efficient way to achieve goal
- Outside influences: ARCHES funding lost; fueling prices instability; Federal funding challenges
- Feasibility to keep older buses in fleet; replacement parts availability and costs
- California Air Resource Board (CARB) requirements; obtaining exemptions if keeping diesel in service
- Lack of certainty with hydrogen fuel sources, changes in private sector use of hydrogen and clean energy
- CARB regulation timeline by 2040; no discussions about changes; regulation allows for off-ramps; District can appeal to CARB if facing difficulties meeting timeline
- Limited manufacturers for bus types: one for FCEB, two for BEB
- Directed to have conversations with hydrogen-fuel production companies
- Ability to secure long-term hydrogen fuel contract; opportunities to stabilize the hydrogen fuel costs or bulk purchasing
- After 2029, law mandates bus procurement to be zero-emission; cost, depreciation, and residual funding when District purchases clean diesel and sell in 2040 CARB mandate requirements and process for exemptions

- Possibility in delaying delivery; repair existing buses, challenges in obtaining replacement parts; hybrid vehicle unique as no longer manufactured; needed parts will have to be built or sourced as a used component; longer lead times; vehicle taken out of revenue service; uncertainty on reliability of bus components
- Certainty of funding sources
- Ability to piggy-back on an existing contract to jump on an existing production schedule
- Diesel engine requires executive order and certification; there is no certified engine in California that can be purchased and operated

Cliff Thorne, Director of Maintenance, Orange County Transportation Authority (OCTA), provided information on OCTA's experience with BEBs and FCEBs; procuring vehicles in advance of replacement; grant funding used to cover cost difference of clean natural gas (CNG) and ZEBs. FCEBs operating well with availability of replacement parts and service. Alameda-Contra Costa County Transit District (AC Transit) and OCTA partnered on procurement however the buses' battery manufacturing moving overseas and experienced supply chain issues. Hydrogen station commissioned was reliable; cost of fuel continues to be biggest cost driver. There were no stations to use and had to build redundancy; if a station goes down, have to travel far to nearest fueling station.

Board discussion continued and staff provided further clarification which included the following:

- CNG buses and compliance with zero-emission regulation
- Previous Board decision to go for hydrogen was based on perceived State funding support
- Fuel facility constraints when deciding on bus procurement
- Improve electrical infrastructure at bases if desire for more BEBs

Public Comment

Aleta Dupree, Team Folds, commented on BEBs, hydrogen buses and pollution levels.

The Board meeting recessed at 11:58 am.

The Board meeting resumed at 12:07 pm.

5. Regional Transit Measure (Senate Bill 63) Outreach and Local Investment Plan Discussion

Shayna van Hoften, General Counsel, provided legal guidelines for discussion during campaign ballot measure season.

Jessica Epstein, Director, Government and Community Affairs, provided background on the regional transit measure, local investment plan, and outreach efforts.

Eileen Goodwin, Apex Strategies, facilitated the discussion for the Board to provide additional guidance on balancing priorities in addition to the ad hoc committee feedback:

“1. Specific projects versus general bucks. Do we want to assign project names?”

- Coastside cities feedback, other transportation needs
- Funding to bridge deficit, not new projects

“2. Preservation of existing service only or opportunity to fund new projects/service? Proposed way to split?”

- Importance to cover expected deficit
- Belt tightening messaging

“3. Fund operations, capital, or keep flexible? Guidance on splits?”

- No additional Board guidance

“4. New initiatives and service aligned with SMCTD Strategic Plan—or accept/fund new ideas?”

- No additional Board guidance

“5. Include projects/operations that last beyond the measure’s lifetime—or only what fits in the 14-year plan (such as pilot projects)?”

- Transit is dynamic and adjust on performance
- Projects needs to pay for themselves; projects held to timeline and monies go back into the pot

“6. Fund allowable pavement improvements, and to what level given the other priorities and other funding sources (Measure A)?”

- El Camino Real improvements
- Working with California Department of Transportation (Caltrans) takes more staff time than entering into an agreement or Memorandum of Understanding (MOU)

“7. How to consider geographic diversity in fund distribution (population, voting population, riders, other? What if agencies provide local match to prioritize what they want?)”

- No additional Board guidance

“8. Public/stakeholder input along with Agency priorities—is there a weighting of some sort?”

- Appropriately reserving Measure A money

“9. How to best synch with 2025 polling data: likely voter priorities?”

- Using tax funds for information gathering
- No polling by the District; Ability to get polling information from other agencies
- Local cities’ impact fee on developments opportunity for funding public transportation
- Measure W local contributions

Public Comment

Aleta Dupree, Team Folds, spoke in support of Senate Bil 63 and SamTrans, and commented on high capacity public transit.

Chair Chuang provided closing comments and looking forward to updates in the future.

Ms. Chan stated items will come back to the Board either at a regular meeting or another retreat.

6. Adjourn – The meeting adjourned at 12:54 pm.