



Caltrain Service Preparing for FY2012



Caltrain Benefits – Environment, Economy, Quality of Life

- If traveling via automobile, Caltrain riders would increase regional CO2 emissions by 89,850 metric tons or 198,085,342 pounds
- Existing and future Peninsula transit-oriented development is dependent on Caltrain service
- 74% of Caltrain's nearly 40,000 daily riders use the train to commute to work
- Caltrain reduces regional congestion by accommodating 300 million annual passenger miles

Current Environment

- Reinvention in 2004 and 2005 led to service increases, which led to increases in ridership, revenues
- Due to economic conditions, financial support from JPB partners is unstable
- State funding for transit operations remains uncertain
- SamTrans' structural deficit initiated a reduction in its member contribution to the JPB in FY2011 and will continue in FY2012

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Current Environment continued

- Caltrain is the only Bay Area transit system without a permanent, dedicated source of funding, resulting in a continuing structural deficit
- To balance the budget in FY2010 and FY2011, service was reduced
- Caltrain has relied on one-time funds to balance prior budgets; this is unsustainable
- JPB is selecting a new contract operator for Caltrain; the selection process is expected to conclude by the end of calendar year 2011.

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Service Overview

- 77-mile route from SF to Gilroy
- 32 stations in 19 cities
- Weekday Service
 - 86 Weekday trains
 - 22 Baby Bullets
 - Five trains per peak commute hour
- Weekend Service
 - 36 trains on Saturday (4-train Baby Bullet pilot project)
 - 32 trains on Sunday (4-train Baby Bullet pilot project)
- Peak Service was 98 trains in 2009

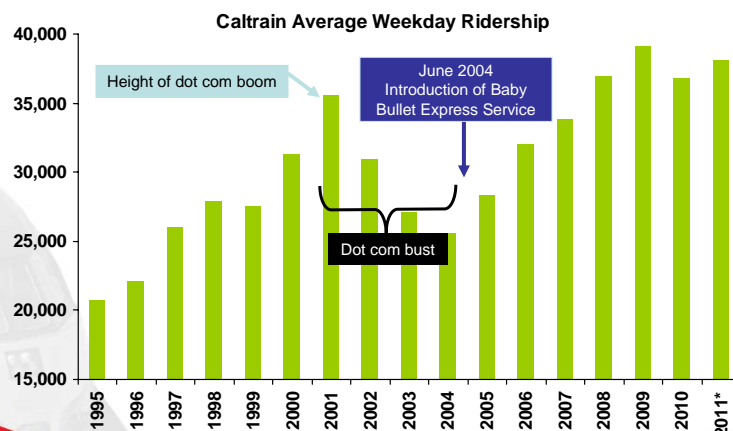


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Ridership Trends

Ridership has benefited from the reinvention of Caltrain service: average weekday ridership has increased by 44% since 2004



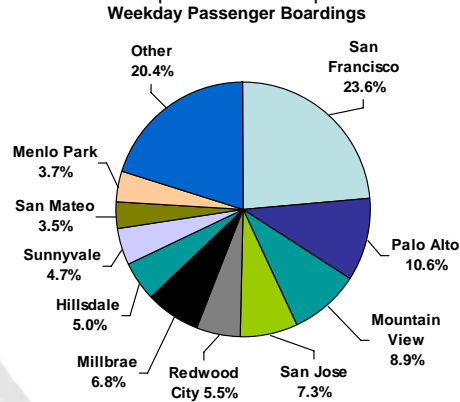
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Ridership Demographics

Caltrain primarily serves commuters in a bidirectional commute.

- Nearly 25% of Caltrain riders board in San Francisco, with additional riders spread relatively evenly throughout the Peninsula corridor
- The top 10 stations are served by Baby Bullets
- Nearly 80% of all ridership board at the top 10 stations



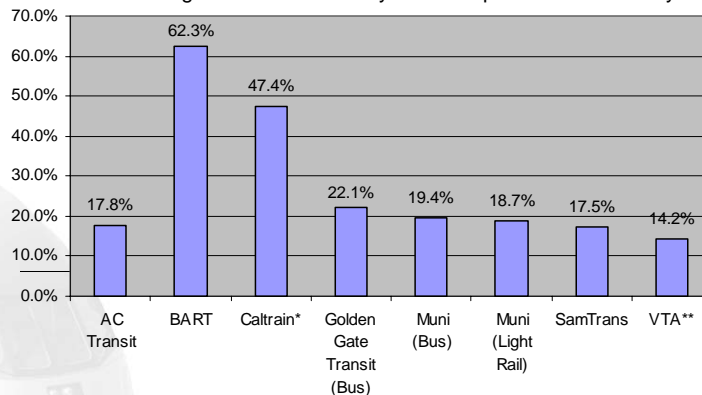
Source: 2010 Annual Passenger Counts

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Farebox Recovery Ratio Comparison Bay Area

Caltrain has a higher farebox recovery ratio compared with other bay area transit agencies.



Sources: * FY2009 NTD Report ** A combined ratio of both bus and light rail
Other ratios are from the MTC Statistical Summary of Bay Area Transit Operators (May 2010) for FY2009

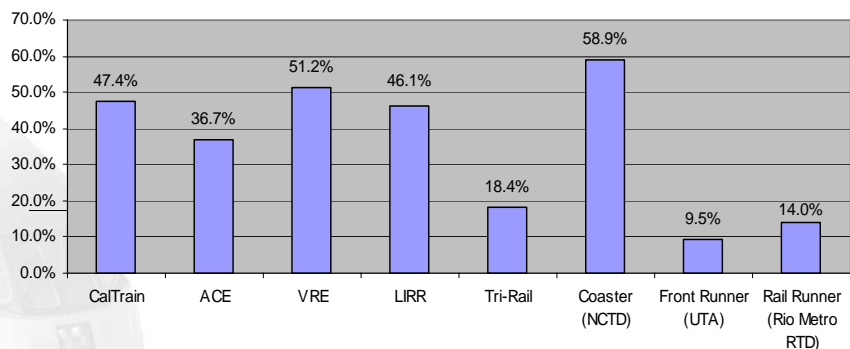
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Farebox Recovery Ratio Comparison

Commuter Railroads

Caltrain's farebox recovery ratio is comparable with other commuter rail systems in the country.

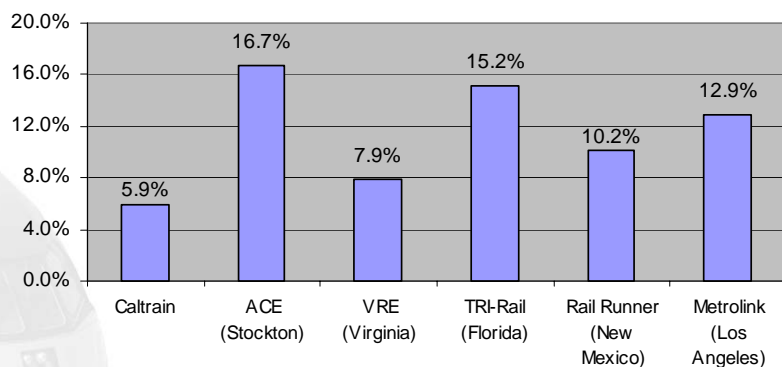


Sources: FY2009 NTD Reports

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Administrative Staff Cost Percentage Comparison

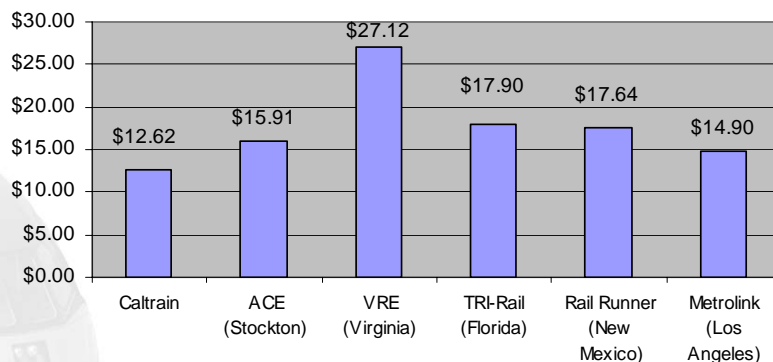


Source: FY2009 NTD Reports

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Operating Expenses per Vehicle Revenue Mile



Source: FY2009 NTD Reports

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Cost Control & Revenue Measures

- Caltrain already operates with a lean staffing level, with the cost of the administrative staff currently at approximately 6.4% of total budget*
- Since FY 2009, administrative staff salaries have been frozen
- Since FY 2009, each administrative employee is subject to 17 furlough days
- In 2011, fares were increased 25-cents per zone and GoPass rates were increased to \$155 from \$140
- In 2011, four midday trains were eliminated

* Source: FY2011 Revised Budget

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Costs

- **Certain fixed-level costs are necessary for the operation of the railroad, including maintenance activities, security services and insurance**
- **Rail operator service costs are contractual**

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Member Agency Operating Contributions

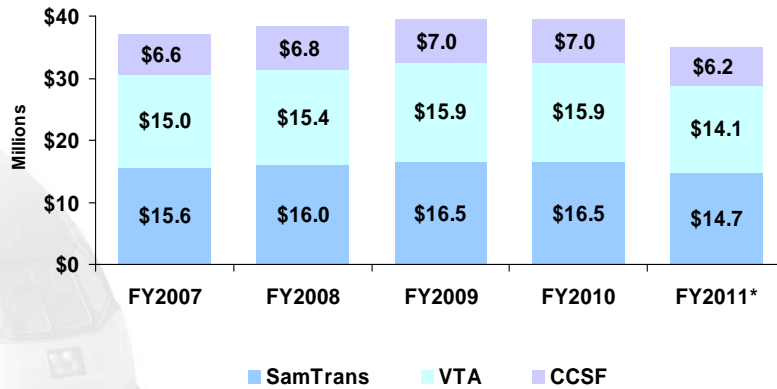
- Member Agencies provide operating contributions to the JPB according to the Joint Powers Agreement (JPA)
- The JPA provides that each member subsidizes the operating budget based upon each county's morning peak hour boarding
- In FY2006, the Members agreed to an annual increase of 3%
 - If contributions exceed expenses, excess deposited in a reserve account
- Since FY2009, Member contributions have been frozen
- In FY2011, SamTrans did one-time "fund swap" to keep its contribution near current levels
- Due to funding constraints the FY2011 contributions from each partner from each member reduced slightly from FY2010

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Member Agency Operating Contributions

Historical Member Agency Operating Contributions



Sources: FY2007-2010 Financial Statement & FY2011 Adopted Budget
 *Note: SamTrans initiated a reduction in its share which reduced the other JPB partners' shares proportionately



Member Contributions Comparisons

	<u>San Francisco</u> (SFMTA)	<u>SamTrans</u>	<u>VTA</u>	<u>Total</u>
FY2011 Adopted				
Operating Contribution	\$6,246,947	\$14,707,875	\$14,135,309	\$35,090,130
FY2012 projected				
Operating Contribution (Scenarios A&B)	\$2,038,727	\$4,800,000	\$4,613,140	\$11,451,867



Service and Budget Levels – FY2012

2 Potential Scenarios; each with projected deficits:

- **Current Service**
 - 86 weekday trains
 - Projected deficit = (\$30.3 million)
- **What We Can Afford**
 - 48 weekday trains
 - Projected Deficit = (\$4.7 million)

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Service and Budget Levels – FY2012

Current Service
86 weekday trains
Projected deficit = (\$30.3 million)

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Current Service – 86 Weekday Trains FY2012 Projection (in millions)

FY2012

Revenue	\$ 72.6
Expenses	<u>(102.9)</u>
Deficit	<u>(\$30.3)</u>

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What We Can Afford?
48 weekday trains
Projected deficit = (\$4.7 million)

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FY2012 Projected Operating Budget What We Can Afford, One Scenario -- 48 weekday trains:

- Weekday train schedule of 48 trains to maximize the efficiency of crews and equipment and fare revenue.
 - No weekend or special service
 - Service eliminated south of Diridon San Jose
 - Closure of additional up to 7 Peninsula stations out of 23 on the mainline
- Commensurate decreases in farebox revenue, operating contract and administrative costs

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What We Can Afford – 48 Weekday Trains FY2012 Projection (in millions)

	<u>FY2012</u>
Revenue	\$ 53.3
Expenses	<u>(58.0)</u>
Deficit	(\$4.7)

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Next Steps

- Continue development of operating scenarios
 - Current service requires significant additional resources to fund the projected shortfall
 - Service cuts contained within What We Can Afford scenario require public hearings in February/March to realize a full year's worth of revenue and operational savings; require expedited negotiations with the next Caltrain contract operator on the reduced-service model
- Continue efforts to advocate for capital projects that will increase operational efficiencies
- Continue advocacy efforts to secure external funding

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Achieving Financial Sustainability

- **Requires multiple steps, multiple strategies**
 - Short Term**
 - Address current deficit projection for FY2012
 - Maximize revenues
 - Maximize cost-cutting measures and cost containment
 - Long Term**
 - Modernize and electrify Caltrain
 - Permanent, dedicated revenue source

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