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

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.
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

Ridership Trends

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

Source: Annual passenger counts done each February  * Projected ridership in FY2011
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.

Weekday Passenger Boardings

<table>
<thead>
<tr>
<th>Station</th>
<th>% of Ridership</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Francisco</td>
<td>23.6%</td>
</tr>
<tr>
<td>Palo Alto</td>
<td>10.6%</td>
</tr>
<tr>
<td>Mountain View</td>
<td>8.9%</td>
</tr>
<tr>
<td>San Jose</td>
<td>7.3%</td>
</tr>
<tr>
<td>Redwood City</td>
<td>5.9%</td>
</tr>
<tr>
<td>Millbrae</td>
<td>6.8%</td>
</tr>
<tr>
<td>Hillsdale</td>
<td>5.0%</td>
</tr>
<tr>
<td>Sunnyvale</td>
<td>4.7%</td>
</tr>
<tr>
<td>San Mateo</td>
<td>3.5%</td>
</tr>
<tr>
<td>Menlo Park</td>
<td>3.7%</td>
</tr>
<tr>
<td>Other</td>
<td>20.4%</td>
</tr>
</tbody>
</table>

Source: 2010 Annual Passenger Counts

Farebox Recovery Ratio Comparison

Bay Area

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

- AC Transit: 17.8%
- BART: 47.4%
- Caltrain*: 62.3%
- Golden Gate Transit (Bus): 22.1%
- Muni (Bus): 19.4%
- Muni (Light Rail): 18.7%
- SamTrans: 17.5%
- VTA**: 14.2%

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
Farebox Recovery Ratio Comparison

Commuter Railroads

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

Administrative Staff Cost Percentage Comparison

Source: FY2009 NTD Reports
Operating Expenses per Vehicle
Revenue Mile

<table>
<thead>
<tr>
<th>Line</th>
<th>Revenue Mile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caltrain (Stockton)</td>
<td>$12.62</td>
</tr>
<tr>
<td>ACE (Virginia)</td>
<td>$15.91</td>
</tr>
<tr>
<td>VRE (Virginia)</td>
<td>$27.12</td>
</tr>
<tr>
<td>Tri-Rail (Florida)</td>
<td>$17.90</td>
</tr>
<tr>
<td>Rail Runner (New Mexico)</td>
<td>$17.64</td>
</tr>
<tr>
<td>Metrolink (Los Angeles)</td>
<td>$14.90</td>
</tr>
</tbody>
</table>

Source: FY2009 NTD Reports

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
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

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
### Member Agency Operating Contributions

**Historical Member Agency Operating Contributions**

<table>
<thead>
<tr>
<th></th>
<th>FY2007</th>
<th>FY2008</th>
<th>FY2009</th>
<th>FY2010</th>
<th>FY2011*</th>
</tr>
</thead>
<tbody>
<tr>
<td>SamTrans</td>
<td>$15.6</td>
<td>$15.4</td>
<td>$15.9</td>
<td>$15.9</td>
<td>$14.1</td>
</tr>
<tr>
<td>VTA</td>
<td>$6.6</td>
<td>$6.8</td>
<td>$7.0</td>
<td>$7.0</td>
<td>$6.2</td>
</tr>
<tr>
<td>CCSF</td>
<td>$10.0</td>
<td>$10.0</td>
<td>$10.0</td>
<td>$10.0</td>
<td>$10.0</td>
</tr>
</tbody>
</table>

**Sources:** FY2007-2010 Financial Statement & FY2011 Adopted Budget

*Note: SamTrans initiated a reduction in its share which reduced the other JPB partners’ shares proportionately.*

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### Member Contributions Comparisons

<table>
<thead>
<tr>
<th></th>
<th>San Francisco (SFMTA)</th>
<th>SamTrans</th>
<th>VTA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2011 Adopted</td>
<td>FY2011 Adopted</td>
<td>Operating Contribution</td>
<td>$6,246,947</td>
<td>$14,707,875</td>
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<tr>
<td>Operating Contribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FY2012 projected</td>
<td>Operating Contribution (Scenarios A&amp;B)</td>
<td>$2,038,727</td>
<td>$4,800,000</td>
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<tr>
<td>Operating Contribution</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
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)
Current Service – 86 Weekday Trains
FY2012 Projection (in millions)

FY2012
Revenue $ 72.6
Expenses (102.9)
Deficit ($30.3)

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

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

<table>
<thead>
<tr>
<th></th>
<th>FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$ 53.3</td>
</tr>
<tr>
<td>Expenses</td>
<td>(58.0)</td>
</tr>
<tr>
<td>Deficit</td>
<td>($4.7)</td>
</tr>
</tbody>
</table>
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

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