



Approval of Fare and Parking Fee Increase and Conceptual Operating Balancing Plan for FY2012

JPB Special Meeting
April 21, 2011



Overview

- **How FY2011 was balanced**
- **FY2012 Discussions**
 - March 3 Public Hearing – 48-train Schedule
 - April 7 Board Meeting – 76-train Schedule
- **Special Board Meeting April 21**
 - Consider How to Fund Current 86-train Schedule
- **Next Steps – FY2012 Budget and FY2013 Budget**



Balancing FY2011

- In FY2011, SamTrans proposed to reduce its contribution by \$11.7 million over a two-year period, FY2011 and FY2012, but did a one-time “fund swap” to keep its contribution near FY2010 levels for FY2011.
- The FY2011 budget was balanced using a combination of service reductions, fare increases, staffed ticket office closures, administrative cost reductions and MTC funds.

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Fiscal Year 2012

- In FY2012, SamTrans staff proposes to recommend to its Board to further decrease its contribution to Caltrain’s operating subsidy as part of its 2nd year reduction.
- Assuming that the other member agencies follow suit, Caltrain is anticipating a \$30 million deficit entering FY2012.
- In February 2011, Caltrain called for a Public Hearing to be held on March 3.
 1. Declaration of a fiscal emergency - Restricted Net Assets was estimated to be negative \$35.7 million at the end of FY2012.
 2. Proposed 48-train weekday service scenario that can be supported by:
 - Proposed member contributions
 - Estimated farebox revenues
 - Other income

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Public Hearing - March 3

- Public Hearing on the 48-train Proposal
- More than 2,500 comments received following outreach period
- Top 5 categories include:
 - Against station closures (868)
 - Support fare increase (253)
 - Against suspending off-peak service (215)
 - Against suspending Gilroy service (173)
 - Against suspending weekend service (151)
- Public input considered in developing a 76-train scenario presented to the board on April 7, 2011

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76-train Operating Scenario

The 76-train preliminary operating budget is developed with a service plan that attempts to balance competing objectives and can be achieved within projected revenue sources; and it assumes the following:

- \$0.25 base fare increase = \$2 million;
- Daily and monthly parking from \$3 to \$4 and \$30 to \$40 = \$500,000;
- Preventative maintenance funds = \$1.5 million;
- Member Agency Contributions increase = \$25.3 million;
 - Assuming SamTrans' share of \$10.6 million
- FY2011 savings rolled forward = \$7.5 million; and
- One-time Rail Operator Contractor Transition costs = \$3.2 million
 - Includes funds set aside in FY2011

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Member Contributions

SamTrans has engaged in discussions with member agencies, funding partners and MTC on funding options. SamTrans' contribution of \$10.6 million is made up of:

- \$4.9 million from the SMCTA
- \$2.0 million in funds received from repayment of the SamTrans investment in the Caltrain right of way
- \$3.7 million through a swap of capital funds for operating funds

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Member Contributions

	<u>San Francisco</u>	<u>San Mateo</u>	<u>Santa Clara</u>	<u>Total</u>
48 Trains				
FY2012 projected				
Operating				
Contribution	\$2,038,727	\$4,800,000*	\$4,613,140	\$11,451,867
76 Trains				
FY2012 preliminary				
Operating				
Contribution	\$4,510,684	\$10,620,000**	\$10,206,572	\$25,337,256

*SMCTA contribution at \$4.8M (based on earlier sales tax projection of \$60M)

** SMCTA contribution projected at \$4.9M (based on latest sales tax projection of \$61.5M)

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76-train Service Proposal

- Frequency of weekday service
 - Service restored from 48 to 76 trains per weekday
- Span of service
 - Proposal restores service hours to 4:40 am until midnight
- Off-peak period service
 - Proposal restores hourly all-stop service during the early morning/late night and midday
- Gilroy service
 - Proposal restores trains, with service suspended at Capitol station
- Weekend service
 - Hourly weekend service restored with revised stopping pattern
- Special event and holiday service
 - Giants and service to some special events restored

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76-train Schedule

- Requires \$3.5 million in service reductions
- Requires \$2.5 million in revenue enhancements

Proposed Change	Net budget impact
Service Proposal (76 trains)	\$3,300,000
Shuttle reductions	\$200,000
Increase base fare by 25 cents	\$2,000,000
Increase parking	\$500,000
Total	\$6,000,000

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76 Weekday Trains FY2012 Preliminary Projection

(in millions)

FY2012

Revenue	\$97.0
Expenses	<u>(97.0)</u>
Surplus/(Deficit)	0.0

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April 7, 2011 JPB Board Meeting

- Staff presented the 76 train schedule at the April 7, 2011 Board meeting
- The Board directed staff to schedule a special Board meeting for April 21, 2011 and use the intervening two weeks to work with partner agencies and MTC to fill the \$3.5 million shortfall to operate the current 86 train weekday schedule
- Funds to fill the \$3.5 million shortfall have been tentatively identified and requested from MTC
- Balancing plan requires \$2.5 million in fare and parking fee increase

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86-train Service Proposal

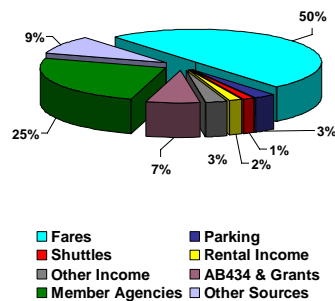
- Retains full weekday service including:
 - Gilroy service
 - No station service suspended
- Retains full weekend service, including weekend Baby Bullets
 - Bullet pilot is close to achieving cost recovery goal established at the outset
- Retains Special Event service
- Minor adjustments maybe required in weekend and evening times to enable construction

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86 Trains - Total Preliminary Revenues (in millions)

Fares	\$49.7
Parking	2.8
Shuttles	1.2
Rental Income	1.7
Other Income	2.9
AB434 & Grants	6.7
Member Agencies	25.3
Other Sources	<u>9.0</u>
Total Revenue	\$99.3

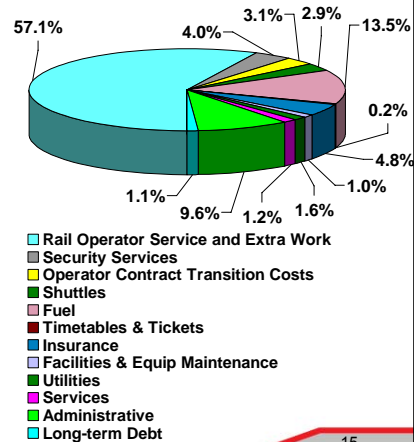


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86 Trains - Total Preliminary Expenses (in millions)

Rail Op Service and Extra Work	\$58.8
Security Services	4.1
Operator Contract Transition Costs	3.2
Shuttles	3.0
Fuel	13.9
Timetables & Tickets	0.1
Insurance	4.9
Facilities and Equip Maint.	1.0
Utilities	1.6
Services	1.2
Administrative	9.9
Long-term Debt	1.1
Total Expenses	\$102.8



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86 Weekday Trains FY2012 Preliminary Projection (in millions)

Beginning Deficit – 86 Trains	(\$30.2)
Fare Increase eff. July 1	2.0
Parking Increase eff. July 1 (\$3 to \$4/day)	0.5
Preventative Maintenance Funding	1.5
FY11 Savings and Operator Transition Costs Roll Forward	9.0
Other efficiencies	0.06
 SamTrans Capital Funds	 3.7
VTA	3.6
Muni	1.6
 SamTrans Repayment of the ROW from VTA	 2.0
VTA	1.9
Muni	0.9
Total	26.7
 Surplus/(Deficit)	 (3.5)
Requested funding from MTC	3.5
Net	0.0

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86 Weekday Trains FY2012 Preliminary Projection

(in millions)

FY2012

Revenue	\$99.3
Expenses	<u>(102.8)</u>
Surplus/(Deficit)	(3.5)
Requested funding from MTC	<u>3.5</u>
Surplus/(Deficit)	0

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Next Steps – Near Term

- **April 21, 2011 JPB Board meeting: Consideration of conceptual operating balancing plan and approval of fare and parking fee increase**
 - Implementation in July 2011 requires approval of fares and parking increase at this meeting
- **May JPB Board meeting: preliminary balanced budget**
- **June JPB Board meeting: request approval of balanced budget and principles for balancing FY2013 Budget**
- **July 2011: implement fare and parking fees and operating plan**
- **Fall 2011: Complete discussions for FY2013 balanced operating budget**

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Next Steps - Longer Term

- Continue discussions with member agencies and funding partners on funding options
- Continue to work with stakeholders, including the Silicon Valley Leadership Group and MTC's Transit Sustainability Project, to develop strategies for new revenue sources including a dedicated, permanent funding source

Questions?



48-train Service Proposal

- Preserve weekday commute-hour service only
- Minimize ridership loss & maximize revenue retention
- Minimize number of train crews & equipment required
- Maximize service to most heavily used stations & suspend service to least-used stations
- Balance station coverage & end-to-end run time (about 70 minutes)

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48-train Service Proposal (continued)

- Suspend weekend, holiday and special event service
- Suspend weekday Gilroy service
- Suspend service at up to 7 stations between San Jose and San Francisco
 - Limited station stops necessary to realize required operating cost savings
- **Criteria for Station Closure**
 - Ridership & revenue
 - Transit connections
 - Proximity to neighboring stations
- **Stations under Consideration**
 - Bayshore
 - Burlingame
 - San Antonio
 - College Park
 - South San Francisco
 - Hayward Park
 - Lawrence
 - San Bruno
 - Belmont
 - Santa Clara

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48 Weekday Trains FY2012 Projection (in millions)

FY2012

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

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Historical Use of One-time Funds

- FY2011 - \$6.2 million in FY2010 savings
- FY2010 - \$3.7 million in fuel savings and \$2 million ARRA grant
- FY2009 - \$6 million in operating savings
- FY2008 - \$4.6 million; \$3.8 million in rail operator contract and fuel savings and \$800,000 in excess fare revenue

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