



Caltrain Business Plan

Draft Business Strategy and Scope

Board of Directors
December 7, 2017
Agenda Item 9

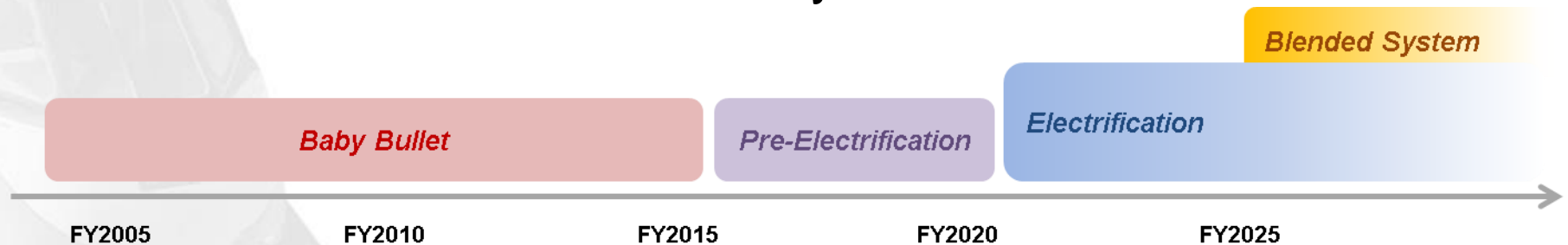
Overview

- Background and Process
- Draft “Business Strategy”
- Draft Phase 2 Scope
 - Technical Tasks
 - Outreach
 - Project Organization
 - Funding
- Next Steps

Background and Process

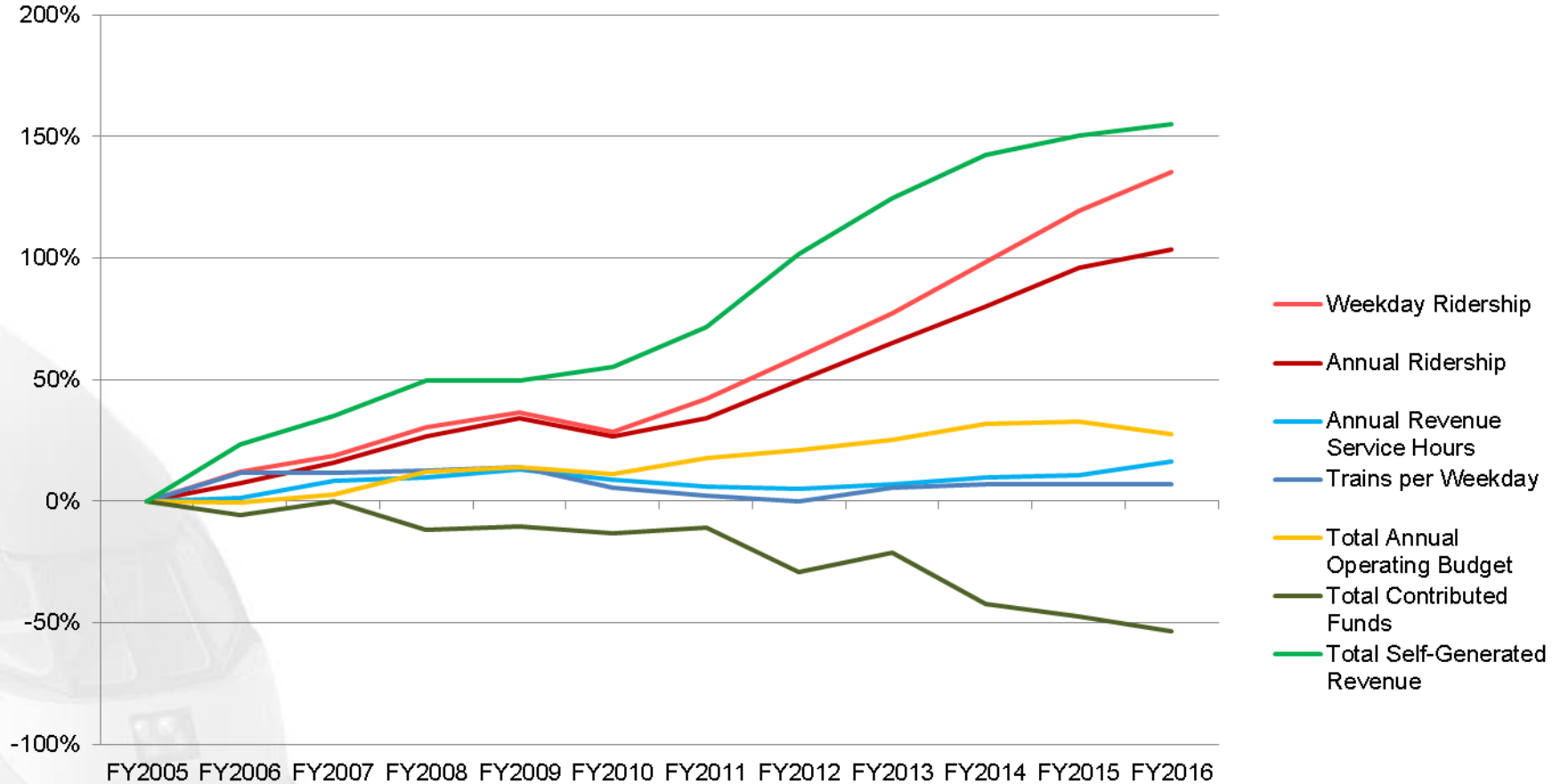
Background - Caltrain's Changing Business Context

- Since 2005:
 - Ridership increasing while service held constant
 - Declining operating subsidies and increased reliance on fare revenue
 - Constrained capital funding
 - Signature investment in modernization and commitment to blended system





Background- Business Metrics



Percentage Change in Key Operating Metrics - CPI Adjusted

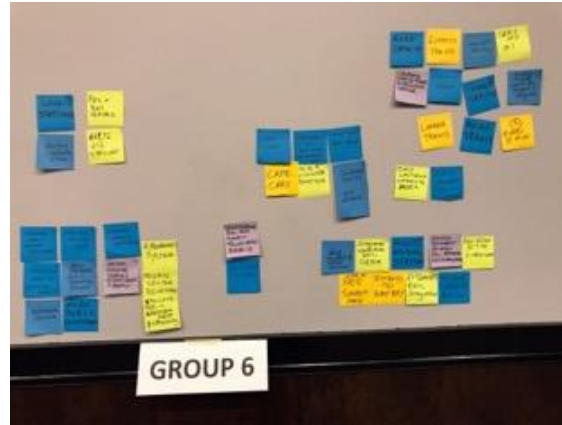
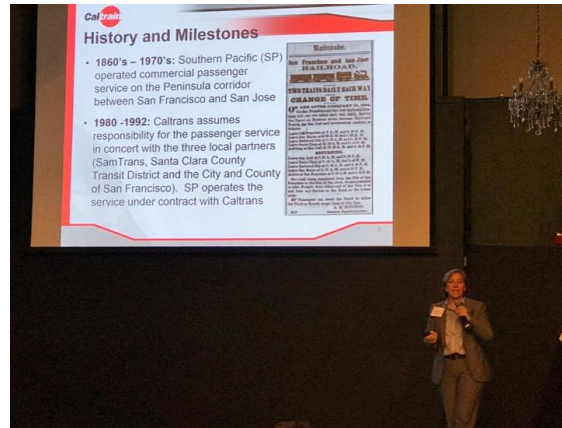
Process

- April 2017 - Business Plan concept introduced to JPB
 - Background context
 - Discussion of need an conceptual elements
- July 2017 – Update to JPB
 - Refinement of conceptual elements
 - Phasing of plan
- August 2017 – Formation of Ad Hoc Committee

Process Continued...

- August 2017
 - Citizen Advisory Committee and Local Policy Maker Group briefings
- September 2017
 - Meetings of JPB Ad Hoc Sub-Committee
 - Corridor Stakeholder Workshop (9/20)
- October – November 2017
 - Ongoing stakeholder outreach
 - Draft Business Strategy and Scope Development

Stakeholder Workshop



Stakeholder Workshop - Participants

- Board Ad Hoc Committee
- Partner agency General Managers and staff
- State and regional agencies
- Peer railroads (ACE, Capitol Corridor, BART)
- LPMG delegation
- Advocacy groups (SPUR, Friends of Caltrain)
- Private sector groups and companies

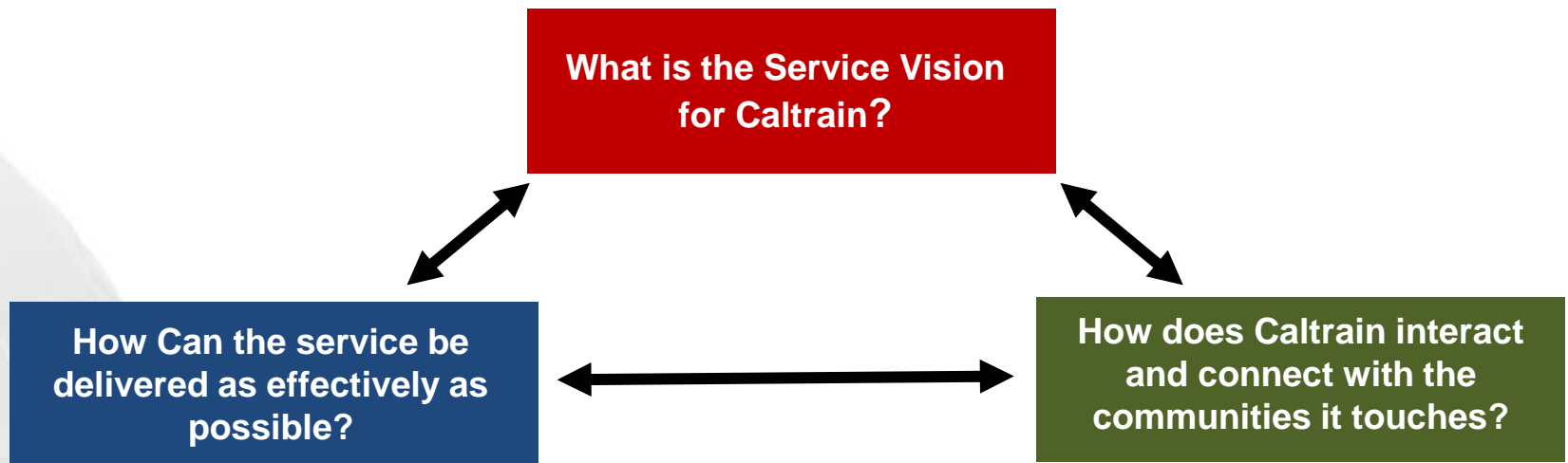
Stakeholder Workshop – Topics

- Caltrain history and background
- Local, regional and state context
- Brainstorming
 - “Vision” for Caltrain’s future
 - Challenges and obstacles
- Expert Presentations
 - Business context of European passenger rail
 - Business planning and business case analysis

Draft Business Strategy

Key Questions

- Stakeholder outreach helped identify three “big picture” interrelated questions



Draft Business Strategy

- **Caltrain's core business is rail service.**

The Caltrain organization exists to manage the delivery of rail service, as well as the assets, infrastructure and ancillary activities that are required to support that delivery.

What is the Service Vision for Caltrain?

- Today Caltrain provides a commuter rail service that primarily serves weekday commuters and special event attendees. After electrification, Caltrain will face choices about how best to expand and tailor its service to support a much broader range of mobility markets. **The primary task of the Business Plan is to aid in the selection of a detailed, achievable Service Vision for Caltrain that provides maximum value to its customers.** The development of this Service Vision will require an understanding of the near-, medium and long term market for rail service in the corridor and an analysis of the different service approaches that could satisfy these demands. A “business case” approach to the analysis of service options will allow ridership and other mobility benefits to be weighed against costs and infrastructure requirements.

Draft Business Strategy

- The selection of a Service Vision will influence how the Caltrain organization evolves over time. **Caltrain's organizational, governance, and commercial and contracting strategies will be evaluated as part of a comprehensive structural assessment of what is needed to deliver value and support the long term success of the Service Vision.**
- The Caltrain corridor has a complex interface with the communities it traverses. The implementation of new services and infrastructure on the corridor will create a range of community benefits, opportunities and impacts. **The Business Plan can address this reality by exploring economic, policy and technical approaches that will allow Caltrain to strategically and equitably manage its interface with communities in a way that minimizes impacts, generates value, and supports the Service Vision.**

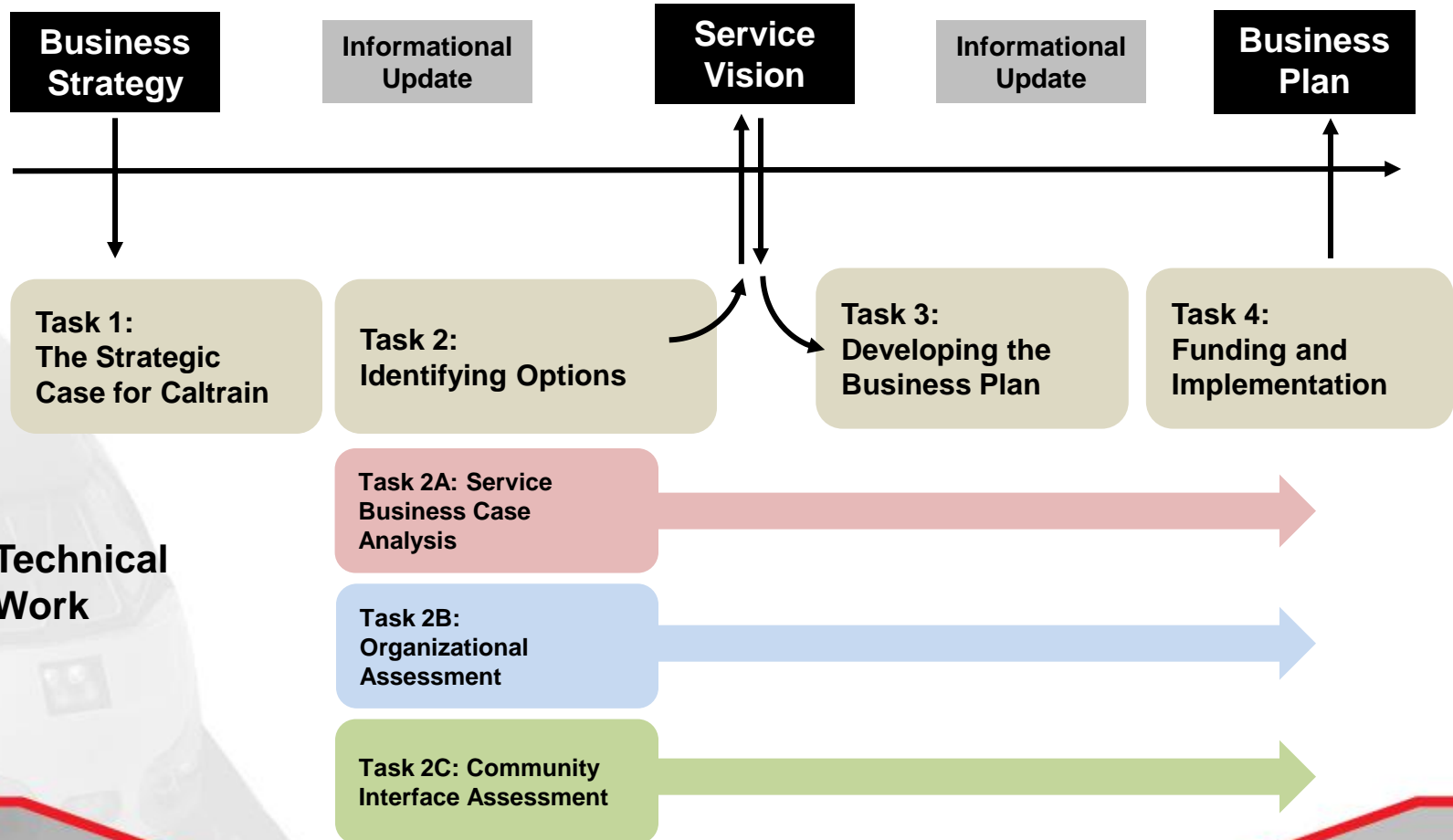
How Can the service be delivered as effectively as possible?

How does Caltrain interact and connect with the communities it touches?

Draft “Phase 2” Scope of Work

Overview

Board Process



Task 1- the “Strategic Case” for Caltrain

- Define the long range markets and opportunities for rail service on the Peninsula
- Consider opportunities for connection and integration with other systems
- Understand local, regional and mega-regional demographic trends, development patterns and environmental context as they relate to rail
- Consider the long range outlook of the overall future Bay Area Transportation Network

Task 2A- Service Business Case Analysis

- Consider options for the evolution of rail service on the Peninsula corridor (trains/hour, local vs. express, stopping patterns and connectivity)
- Understand infrastructure, fleet, ridership, cost and revenue implications of different service options
- **Present analysis to the Board to aid in the selection of a “Service Vision” to guide long range planning and business development**

Task 2B- Organizational Assessment

- Describe and outline the current “Caltrain Organization” including governance structures, partnerships, managing agency and contracted entities
- Identify metrics and measures to describe, quantify and assess organizational characteristics and functions
- Compare organizational approaches utilized by peer railways including local, domestic and international examples
- **Present analysis to the Board to for feedback so that staff can develop options for an organizational strategy to support the Service Vision**

Task 2C- Community Interface Assessment

- Identify and quantify the full range of community impacts, benefits and opportunities the railroad creates
- Focused analysis to better understand and describe the extent of Caltrain's impacts at at-grade crossings
- Focused analysis to better define and understand options for joint development and value capture along corridor
- **Present analysis to the Board to for feedback so that staff can develop options for a community interface strategy to support the Service Vision**

Proposed Board Action – Adopt a “Service Vision”

- Adopt a long range “Service Vision” for the Caltrain corridor including number of trains per hour, mix of express and local services, stopping patterns and desired connectivity to the regional, interregional and state rail network. Vision would include;
 - Incremental, interim steps and timeframes to evolve from current service levels to the 2040 Service Vision
 - Preliminary performance targets for Caltrain service including ridership, service characteristics, costs and revenues.
- Serves as the basis for developing a full Business Plan as well as an Organizational Strategy and Community Interface Strategy in Tasks 3 and 4

Task 3- Develop the Business Plan

- Validate, optimize and refine the service assumptions included in the “Service Vision”. Detailed focus on the first 10-years of electrified service
- Incorporate additional issues and strategies including customer experience, first- and last-mile connections, TOD, fares and retailing strategies
- Work with Caltrain’s partners to develop an organizational strategy that shows options for how all aspects of the organization could grow and change in support of the Service Vision
- Work with Caltrain’s partners and local jurisdictions to develop a community interface strategy that shows options for maximizing the community benefits the Service Vision creates while minimizing and mitigating impacts

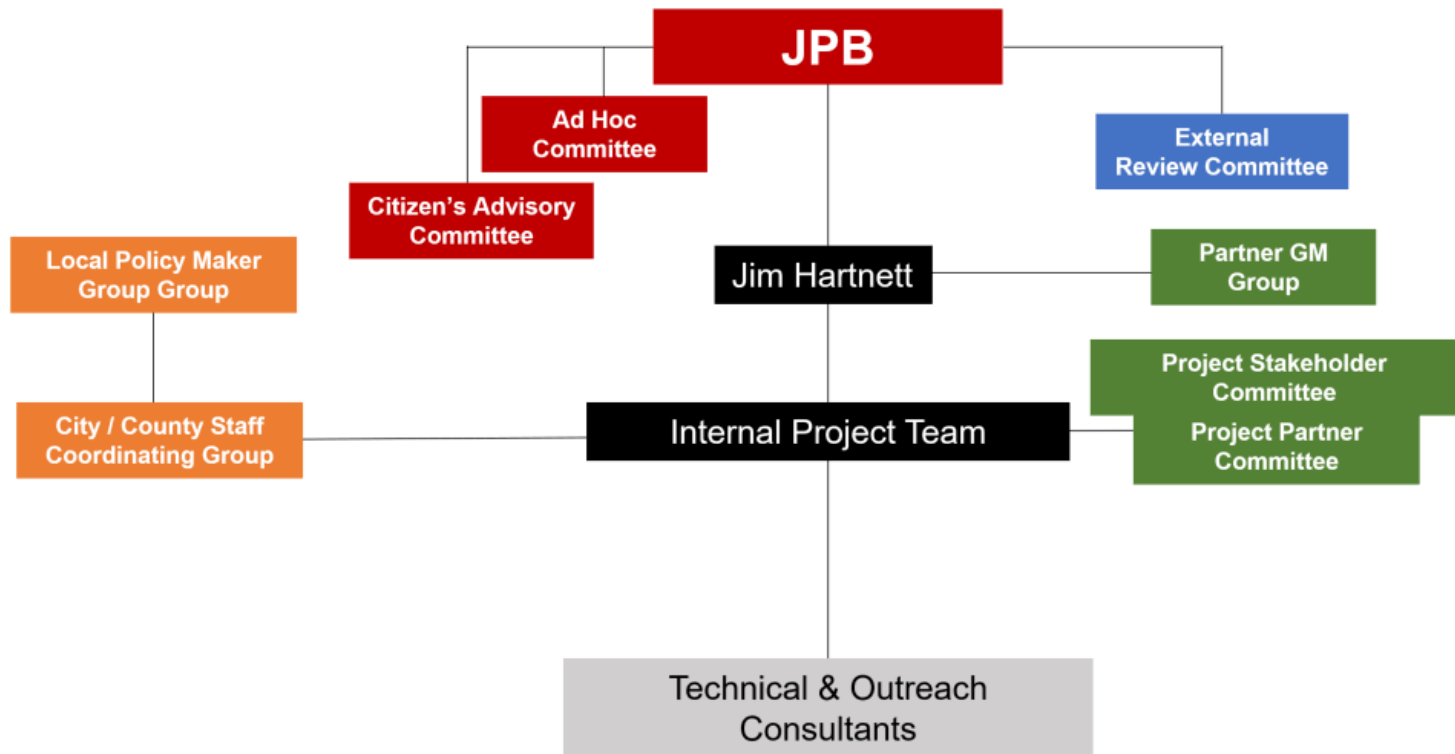
Task 4- Funding and Implementation

- Develop a funding plan or funding scenarios for implementation of recommend services and investments
- Understand what can be funded through self-generated revenues and monetization of assets
- Identify where new funding sources may be needed and analyze potential options including measures, value-capture strategies and public private partnerships
- Develop a focused implementation plan that identifies steps that the organization and its partners must take within the next 5-years

Outreach and Engagement

- Major outreach and engagement campaign planned
- Customer and public engagement through dedicated website and visual communications tools, meetings, station-based outreach, social media engagement and surveying
- Coordination with local jurisdiction staff and policy makers through the City and County Staff Coordinating Group / LPMG as well as direct meetings
- Outreach to state and federal policymakers
- Presentations to partner agency boards and committees
- Coordination and outreach to community groups, advocacy organizations and business groups

Project Structure



Budget and Funding

- Substantial technical effort requiring specialized expertise in multiple fields
- Initial consultant cost estimate of \$5,000,000 for all technical and outreach activities
- Cashflowing of work possible
- Seeking funding from various potential sources including already budgeted Caltrain project development funds, JPB partner contributions, regional contributions, state funding and private contributions
- Initial funding plan will be presented in January

Next Steps

- Continue outreach and take feedback on materials
- Revise Business Strategy and Scope
- Identify funding and begin consultant procurement activities
- Present refined Business Strategy and Scope to Board for proposed adoption in January 2018