

**PENINSULA CORRIDOR JOINT POWERS BOARD
STAFF REPORT**

TO: Joint Powers Board

THROUGH: Jim Hartnett
Executive Director

FROM: Michelle Bouchard,
Chief Operating Officer, Caltrain

SUBJECT: **CALTRAIN BUSINESS PLAN - DRAFT BUSINESS STRATEGY AND SCOPE**

ACTION

Staff Coordinating Council recommends the Board receive and review the attached draft Business Strategy Principles and Draft Caltrain Business Plan Scope of Work

SIGNIFICANCE

Caltrain staff has prepared two draft documents (attached) for the Board's initial review along with a presentation describing their contents. The two documents include:

- A set of draft policy principles comprising a "Business Strategy" that will help guide the further development of the Caltrain Business Plan
- A draft Scope of Work that describes the tasks and technical analysis required to complete the Caltrain Business Plan

Pending the Board's review and comments, staff will revise these documents and return to the Board in January to request their formal adoption. This action would launch "phase 2" of the Caltrain Business Plan. Following the Board's adoption of the "Business Strategy" and Business Plan Scope, the Business Plan would take approximately one year to complete. The schedule for proposed Board updates and action is shown below:

- **January 2018:** Proposed Board Action- adopt the "Business Strategy" policy principles and the Scope of Work for the Business Plan (Attachments 1 and 2) along with any corresponding funding agreements or budget amendments.
- **Spring 2018:** Proposed Board informational update on Tasks 1 and 2 from the Scope of Work. The Board will be presented with analysis of potential markets and strategic opportunities for rail service on the Peninsula Corridor out to 2040 (Task 1) Staff will also present the specific Service Vision scenarios that are being

evaluated for how the Caltrain service and corridor could grow between 2022 and 2040 (Task 2A). Finally, staff will report on preliminary findings regarding a structural assessment of the Caltrain organization as well as a preliminary analysis of the community benefits, impacts and interface related to the development and evolution of the railroad (Tasks 2B and 2C).

- **Summer 2018:**
 - Proposed Board Action: 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. The Service Vision will define:
 - A pathway of incremental, interim steps and timeframes to evolve from current service levels to the 2040 Service Vision, and
 - Preliminary performance targets for Caltrain service including ridership, service characteristics, costs and revenues.
 - Proposed Board Action: The Board will be presented with analyses that show how the Service Vision will drive infrastructure needs in the corridor and how these needs will influence other plans and projects throughout the region. The Board may then choose to direct Caltrain staff to use the Service Vision as the planning basis for engaging with other local, regional and state projects going forward.
 - Proposed Board Action: The Board will be presented with analyses from Task 2B showing how the Caltrain organization currently functions and review comparative examples of organizational structures used by railways elsewhere. The Board may then choose to direct staff to develop an “organizational strategy” that shows options for how the Caltrain organization could evolve (in coordination with input and direction from the JPB partners) to support the 2040 Service Vision.
 - Proposed Board Action: Finally, the Board will be presented with analysis from Task 2C describing how Caltrain’s service creates both benefits and impacts in its surrounding communities. The Board may then choose to direct staff to develop a “community interface strategy” that shows how Caltrain can work with partner jurisdictions and agencies to maximize community benefits and minimize impacts as the Service Vision is implemented over time.
- **Fall 2018:** Proposed Board informational update on Tasks 3 and 4 from the Scope of Work. The Board will be presented with additional technical analysis and refinements made to the “Service Vision” and will have the opportunity to provide input on any changed assumptions or new issues that have been identified through subsequent technical analysis. The Board will also be

presented with analysis showing how first- and last-mile considerations, fare policy and joint development opportunities are being integrated into the Business Plan (Task 3). Additionally the Board will receive updates on the development of an Organizational Strategy and a Community Interface Strategy and will have the opportunity to provide further direction (Task 3). Finally, the Board will receive preliminary information about the funding strategy underlying Business Plan (Task 4).

- **End of 2018:** The Board will be presented with the completed analyses from Tasks 3 and 4 as well as a draft Business Plan document and may then choose to take the following actions:
 - Proposed Board Action: Adopt a detailed, refined and optimized Business Plan that includes a year-to-year description of how service in the corridor will grow and change to achieve the 2040 Vision.
 - The plan will run through 2040 but will include a greater level of detail for the 2022-2032 period.
 - The Business Plan will identify the timing and nature of required infrastructure projects and fleet purchases along with capital and operating cost projections and targets.
 - The Business Plan will include refined revenue and ridership projections and targets.
 - The Business Plan will incorporate planning, policy and business recommendations related to improved customer amenities, fares and ticketing, first- and last-mile connections, and the development of Caltrain owned property. These recommendations will be coordinated with and based on ongoing planning work.
 - The Business Plan will include a full funding strategy and a defined implementation program
 - Proposed Board Action: Review the Organizational Strategy prepared by staff and recommend next steps in conjunction with input from Caltrain's partners
 - Proposed Board Action: Review the Community Interface Strategy prepared by staff and recommend next steps in conjunction with input from Caltrain's partners and local jurisdictions

BUDGET IMPACT

There is no impact on the budget at this time. When staff presents a final scope of work to the Board for adoption it will be accompanied by any associated funding agreements or required budget amendments.

BACKGROUND

In 2017 Caltrain secured full funding for the Peninsula Corridor Electrification Project and issued notices to proceed to its contractors. Now that construction on this long-awaited

project has begun, the agency has the opportunity to articulate a long term business strategy for the future of the system. The initial concept for a Caltrain "Business Plan" was brought to the Board in April of 2017 and the Board was provided with a subsequent written update in July of 2017. The Board formed an Ad-Hoc Subcommittee to focus on the Business Plan in August of 2017.

Since that time staff has engaged with corridor stakeholders to discuss the future of the railroad. These interactions culminated in September 2017 with an all-day stakeholder workshop focused on the "future of Caltrain."

The workshop was attended by: general managers and staff from Caltrain's funding partners and peer agencies, state officials, city councilmembers, and members of the business and advocacy communities. The workshop was also attended by the four Caltrain Board members who comprise the Caltrain Business Plan Ad-Hoc Committee. Participants were asked to envision the future they wanted for the railroad and to consider the challenges and obstacles that might stall or prevent the realization of that vision.

Following the workshop staff has worked to develop a technical scope of work for the Business Plan that responds to the issues and ideas raised. Staff has also continued conversations with corridor stakeholders to raise awareness of the Business Plan effort. Notable outreach has included discussion with local, state and federal elected officials.