



FY2021 Preliminary Operating and Capital Budgets

Citizens Advisory Committee
August 19, 2020
Agenda Item # 9

Goals and Challenges

- To obtain budget appropriations for the remainder of FY21
- To implement an aggressive plan of action to build a higher level of trust with the riding public that Caltrain is ensuring health safety on the trains
- To continue to recognize that affordable public transportation is vital to equitably support economic recovery for the region

Goals and Challenges

- To define and implement a Caltrain schedule that will meet the changing behavior of the riding public during the gradual lift of the Shelter In Place (SIP)

Revenue Measures

- Explore revenue from naming sponsorship rights
- Continued work to place a sales tax for Caltrain on the ballot, as allowed by Senate Bill 797
- Undertake steps to increase public trust and encourage the riding public to take the train

Ridership Recovery

- Caltrain is part of a regional campaign to inform the public of measures undertaken by transit agencies to ensure the safety of their health while riding the trains
- Training continues to ensure the conduct of all personnel and the maintenance of the trains are compliant with all COVID-19 prevention requirements
- Develop public timetables that will better facilitate transfers between modes, particularly BART on the peninsula

Cost Mitigation Measures

Fuel hedging program - strategy to manage fluctuations in fuel prices

- The fuel hedge program has 28 diesel contracts in place (to the futures month of July 2021) representing a hedge of 63.5% of expected fuel consumption.
- Currently the program has realized and unrealized gains of \$144,041 or a savings of approximately 7 cents per gallon of diesel.

Labor costs - Includes only existing FTEs, no new FTEs, no universal wage increase, a selected hiring freeze

Ridership Recovery

- Caltrain joined the regional means-based pilot program administered by the Metropolitan Transportation Commission (MTC)
- Caltrain staff has developed equity policies proposed for Board adoption and advance funding obtained through a successful SB797 ballot measure



FY21 Preliminary Budget Outlook

(in \$ millions)

	FY20 Forecast	FY21Prelim Budget
Revenue	\$122.8	\$95.5
Expense	<u>143.2</u>	<u>149.5</u>
Surplus (Deficit)	(\$20.4)	(\$54.0)

FY21 REVENUE ASSUMPTIONS

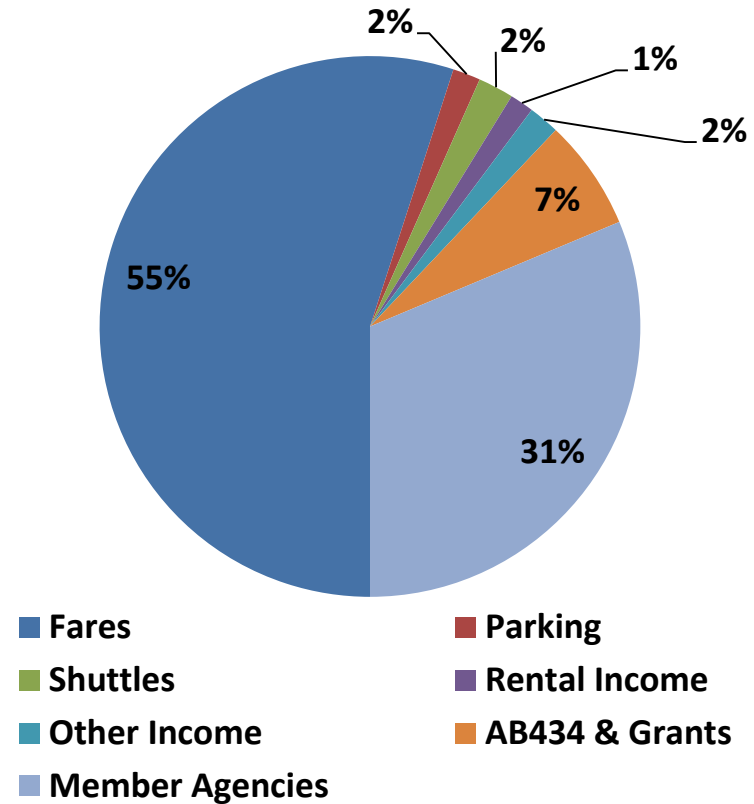
FAREBOX

- Extension of Go Pass up to March 2021.
- No further reduction in CY2020 Go Pass revenue
- Increasing monthly ridership recovery rate of 7.5% in July-Aug, 20% Sept to Oct, 30% Nov-Dec and 40% in Jan to June.

MEMBER AGENCY – same as FY2020 levels

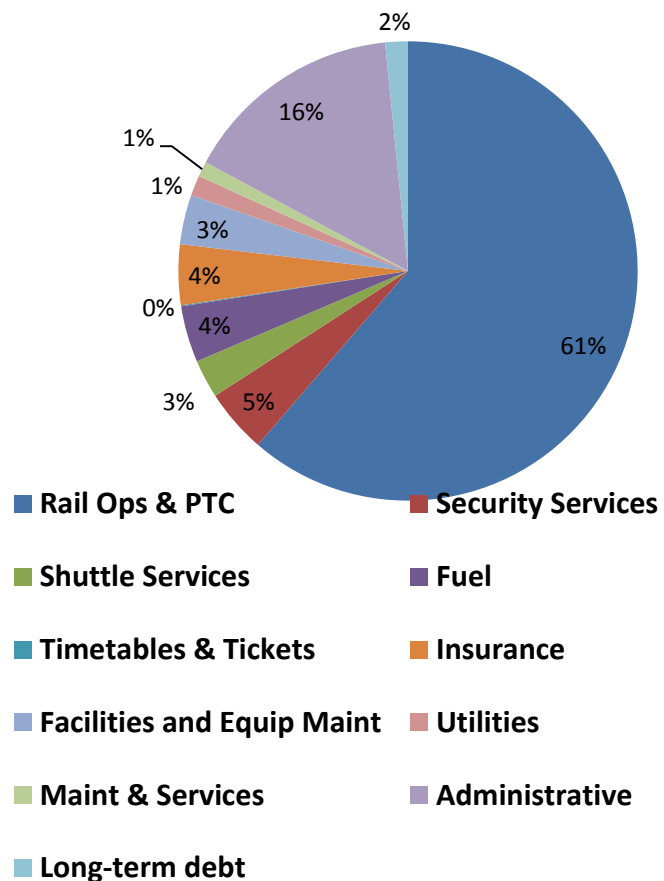
FY21 Preliminary Revenues (in \$ millions)

Fares	\$52.5
Parking	1.6
Shuttles	2.0
Rental Income	1.4
Other Income	1.8
AB434 & Grants	6.3
Member Agencies	<u>29.9</u>
Total Revenue	<u><u>\$95.5</u></u>



FY21 Preliminary Expenses (in \$ millions)

Rail Ops & PTC	\$91.7
Security Services	6.7
Shuttle Services	4.1
Fuel	5.9
Timetables & Tickets	0.1
Insurance	6.4
Facilities and Equip Maint	5.2
Utilities	2.1
Maint & Services	1.6
Administrative	23.3
Long-term debt	<u>2.4</u>
Total Expenses	<u>\$149.5</u>



FY21 Expense Assumptions

TASI FY20

- Hiring freeze, reduction in overtime, adjustments in health and welfare costs
- At JPB direction, shifted staff from traditional maintenance to deferred maintenance and support of capital improvements, and eliminated special services in 4th quarter

TASI FY21

- Continued hiring freeze and reduced overtime
- Contractual increases in union wages, non-labor expenses, general & admin costs
- Added PTC operational maintenance in new contract

Positive Train Control (PTC)

Started as a capital project

FY21 PTC will be operating maintenance

PTC - TASI Contract (\$3.1 million)

Field Validation & Test Support

Maintenance of Wayside and DCS Systems

PTC Help Desk (5 technicians)

BCCF Facility Maintenance

PTC – Caltrain Operations (\$3.4 million)

Rail friction, electronic recording and measuring

Communications data security

Communications systems maintenance

FY21 Expense Assumptions

Fuel and Lubricants

- FY21 fuel hedge rate of \$1.30 per gallon, fuel usage 3.1 million gallons, taxes

Wages and Benefits

- No new FTEs, an administrative hiring freeze, no universal wage increase, a lower fringe benefit rate

FY21 Key Expense Assumptions

Facilities & Equipment

- Additional PTC maintenance
- Reduced Clipper charges

Insurance

- Increased cost in new contract due a hardened insurance market due to heavy losses, global events and litigious environment

Professional Services - Additional PTC maintenance

Security Services - No coverage for special events



Staff Allocation for Caltrain

FUNCTION	FTE allocated to JPB		JPB Personnel
	OPERATING	CAPITAL	
Rail, Calmod, & Bus Divisions	44.2	60.0	91
Grants Billing and Administration*	13.7	15.0	12
Grants and Communications	21.2	5.3	-
Total	79.1	80.3	103

*includes Finance, Contracts & Procurement, and Safety & Security



FY2021 CAPITAL BUDGET

FY21 Capital Budget

- In June, the initial FY21 capital budget included only those capital projects that had available funding, but required board authority to incur the expenditure.
Initial budget = \$19.1 million
- This amendment to the FY21 capital budget includes urgent projects eligible for the anticipated annual federal, state, local and member agency funds.
Amendment 1 = \$49.8 million

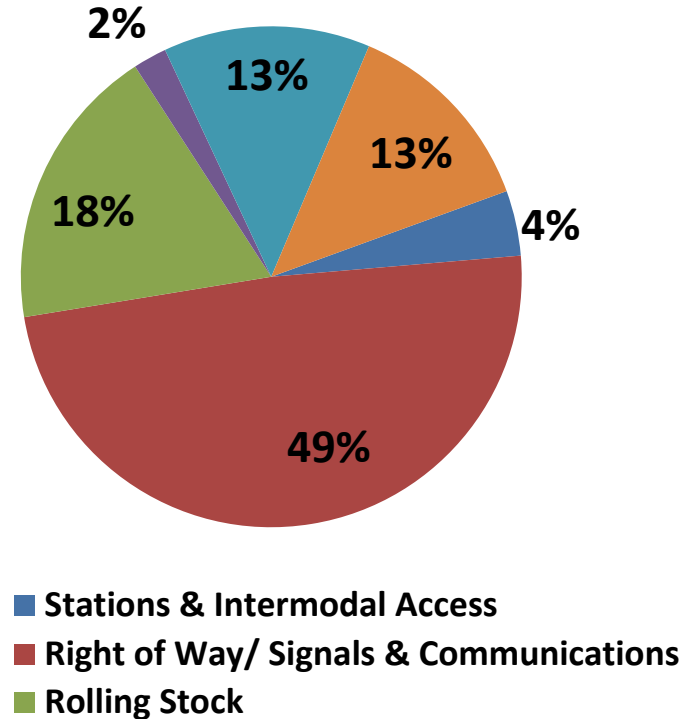


FY21 Capital Costs

(in \$ millions)

SOGR

Stations & Intermodal Access	\$2.9
Right of Way/ Signals & Communications	33.6
Rolling Stock	12.7
Legal Mandates	1.5
Operational Improvements/Enhancements	9.2
Planning/Studies	<u>9.0</u>
Total	<u>\$68.9</u>

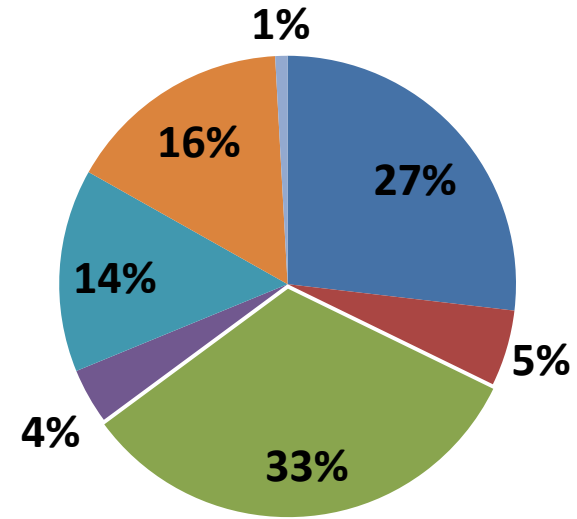




FY21 Preliminary Funding Sources

(in \$ millions)

Federal Grants	\$18.5
State & Regional Grants	3.7
Members Contribution	22.5
Project Savings	2.7
Operating & Insurance Proceeds	9.9
Unfunded Board Authority	11.0
Other	<u>0.6</u>
Total	<u>\$68.9</u>



- Federal Grants
- State & Regional Grants
- Members Contribution
- Project Savings
- Operating & Insurance Proceeds
- Unfunded Board Authority
- Other

*Assumes \$7.5M contribution from each member

Next Steps

- **Work with Members to finalize operating obligations and capital investments for FY2021**
- **Staff to request approval of the FY2021 Preliminary Operating and Capital budgets at the September Board**
- **Continue to work with the Board to meet the challenges of this pandemic and to address the funding gaps for FY2021 and beyond**