FY2021 Proposed Interim Operating and Capital Budgets

JPB Finance
May 26, 2020
Agenda Item #7
Approach to the FY21 Budgets

CHALLENGES

- Unprecedented decline in ridership from 65,000 passengers per day to 1,300 per day
- Lack of a dedicated non-fare revenue stream
- Full implementation of mandated Positive Train Control
- Unstable global oil industry
Approach to the FY21 Budgets

MITIGATING MEASURES

- Board approved a new diesel fuel hedging program

- Caltrain schedule was reduced from 92 trains per day to 70 trains per day and subsequently to 42 trains per day.

- Focus shifted from traditional operations and maintenance to deferred maintenance and support of capital improvements

- Constraints on hiring / wage increases / other discretionary expenditures
Approach to the FY21 Budgets

PROPOSED ACTIONS

Operating Budget Interim – June

- Obtain budget authority for the period of July 1 through September 30, 2020 (1st quarter of FY2021)

- Estimated expenditures plus identified costs that must be paid lump-sum in the first quarter of the year

- Identify cost savings in labor such as a hiring freeze, no new FTEs, maintain baseline levels in non-labor costs
Approach to the FY21 Budgets

Operating Budget – August/September

- Obtain board authority for the remainder of FY21
- Develop a budget based on the impact of the assessment of ridership changes
- Finalize use of the CARES Act Fund
- Finalize Member agency obligations for the balance of FY21
Approach to the FY21 Budgets

**Capital Budget – June**
- Seek board authority only for capital projects that currently have funding to spend down

**Capital Budget Amendment – August/September**
- Develop a more robust capital budget to include identified additional funding from the federal and state agencies
- Finalize Member agency investments
FY2021 PROPOSED INTERIM OPERATING BUDGET
Key Assumptions

- Farebox revenue is mostly Go Pass revenue
- Ridership decrease of 97%
- Full JPB Operating Member agency obligations
- STA funds reduced substantially
- Rail operator contract budget authority reflects 92 train schedule
- Includes operating costs of PTC implementation
- Fuel budget assumes 70 train schedule
- Only existing FTEs, no new FTEs and no universal wage increase, continuation of hiring freeze
## FY2021 Interim Revenues

(in $ millions)

<table>
<thead>
<tr>
<th>Category</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fares</td>
<td>$8.0</td>
</tr>
<tr>
<td>Parking</td>
<td>0.1</td>
</tr>
<tr>
<td>Shuttles</td>
<td>0.4</td>
</tr>
<tr>
<td>Rental Income</td>
<td>0.3</td>
</tr>
<tr>
<td>Other Income</td>
<td>0.4</td>
</tr>
<tr>
<td>AB434 &amp; Grants</td>
<td>1.6</td>
</tr>
<tr>
<td>Member Agencies</td>
<td>12.0</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$22.8</strong></td>
</tr>
</tbody>
</table>

### Pie Chart

- Fares: 35%
- Parking: 1%
- Shuttles: 2%
- Rental Income: 2%
- Other Income: 2%
- AB434 & Grants: 7%
- Member Agencies: 53%
FY2021 Interim Expenses (in $ millions)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rail Ops &amp; PTC</td>
<td>24.9</td>
</tr>
<tr>
<td>Security Services</td>
<td>1.9</td>
</tr>
<tr>
<td>Shuttle Services</td>
<td>0.7</td>
</tr>
<tr>
<td>Fuel</td>
<td>1.6</td>
</tr>
<tr>
<td>Insurance</td>
<td>5.3</td>
</tr>
<tr>
<td>Facilities and Equip Maint</td>
<td>1.2</td>
</tr>
<tr>
<td>Utilities</td>
<td>0.7</td>
</tr>
<tr>
<td>Maintenance &amp; Services</td>
<td>0.4</td>
</tr>
<tr>
<td>Administrative</td>
<td>5.9</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>43.2</strong></td>
</tr>
</tbody>
</table>
FY2021 PROPOSED INTERIM CAPITAL BUDGET
Overview of FY2021 Interim Capital Budget (in $ millions)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOGR Right of Way/ Signals &amp; Communications</td>
<td>$11.6</td>
</tr>
<tr>
<td>Operational Improvements/Enhancements</td>
<td>6.9</td>
</tr>
<tr>
<td>Planning/Studies</td>
<td>0.6</td>
</tr>
<tr>
<td>Total</td>
<td>$19.1</td>
</tr>
</tbody>
</table>

- **Right of Way/ Signals & Communications**: 36% of the total budget
- **Operational Improvements/Enhancements**: 61% of the total budget
- **Planning/Studies**: 3% of the total budget

The pie chart visually represents the distribution of the budget components.
FY2021 Interim Capital Funding Sources (in $ millions)

Federal Grants $5.0
State & Regional Grants 1.4
Other 12.8
Total $19.2

- SOGR: 61%
- Operational Improvements: 36%
- Planning/Other: 3%
Next Steps

- Staff to present the FY2021 Preliminary Operating Budget and Capital Budget at the August Board

- Staff to request approval of the FY2021 Proposed Operating and Capital budgets at the September Board

- Work with Members to finalize the operating member agency obligations and the capital investments for FY2021

- Continue to work with the Board to study and address the funding gaps for FY2021 and beyond