<table>
<thead>
<tr>
<th>Agenda</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Welcome</td>
<td>20 mins</td>
</tr>
<tr>
<td>Business Outlook</td>
<td>20 mins</td>
</tr>
<tr>
<td>Near-Term Finances</td>
<td>50 mins</td>
</tr>
<tr>
<td>Break</td>
<td>15 mins</td>
</tr>
<tr>
<td>FY 2023 Priorities</td>
<td>90 mins</td>
</tr>
<tr>
<td>Wrap-Up</td>
<td>15 mins</td>
</tr>
</tbody>
</table>
Welcome
Goals for Today’s Workshop

Explore & Understand
- Recent changes, challenges, and opportunities impacting Caltrain's overall business model
- Caltrain’s financial outlook over the coming five years

Provide Board Direction
- On preferred approaches to resolving near-term financial challenges
- Priorities and areas of focus for FY23
Business Outlook
Key Themes

Significant Business Impacts
The Covid-19 Pandemic and associated changes to the economy and daily life have had a significant impact on all aspects of Caltrain’s business.

Public Support
Transit, and Caltrain specifically, has survived the last two years due to significant public financial investment—particularly at the local and federal levels.

A Long-Term Change
While travel trends are still evolving, there is a growing body of evidence that some changes to work and commute patterns are likely permanent — a change with serious implications for Caltrain’s business.
Rail Service
San Francisco – Gilroy

Example activities:
• Passenger rail operations
• Maintenance of rolling stock and systems
• Customer information and communications
• Fare collection
• First- and last-mile services

Corridor Management
San Francisco – San Jose

Example activities:
• Freight and passenger rail hosting (ACE, CCJPA, CHSRA)
• Infrastructure and corridor maintenance
• Community projects
• TOD and land asset management
Value to Customers and the Public

Delivery of Services

$ Revenues & Funding
Customers → Public Benefit → Public Investment → Management → Service Delivery → Caltrain Service
Caltrain Service → Customers → Public Benefit → Public Investment → Management → Governance → Service Delivery
WELCOME

BUSINESS OUTLOOK

NEAR-TERM FINANCES

BREAK

FY 2023 PRIORITIES

WRAP-UP

Service Delivery

Caltrain Service

Customers

Public Benefit

Public Investment

Management

Governance

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WELCOME BUSINESS OUTLOOK NEAR-TERM FINANCES BREAK FY 2023 PRIORITIES WRAP-UP

Caltrain Service

Customers

Public Benefit

Public Investment

Management

Governance

Service Delivery
WELCOME BUSINESS OUTLOOK NEAR-TERM FINANCES BREAK FY 2023 PRIORITIES WRAP-UP
70k weekday customers—mainly commuters—paying $100 million plus into system (70% farebox)

Case for public value centered on peak hour congestion relief. Equivalent of 4 lanes of traffic removed from US 101

Repliant on member funds for balance of operating; substantial investment from others for electrification

Ambitious long-range Service Vision adopted integrating regional and state projects like DTX, Diridon, and HSR

Electrification to improve service, increase capacity, and expand public benefits

Expanded discussion of Caltrain's role as a corridor within mega-regional and state network. Renewed focus on grade separations. New land management tools (RCUP).

Exploring permanent sources of dedicated funding (SB 797, FASTER). Initial stages of self-directed governance process
Caltrain Service
New health & safety regulations

Service Delivery
Work disruptions, supply chain interruptions, inflationary pressures

Management

Governance

Customers
Massive, abrupt impact to rider market and corresponding loss of fare revenue

Public Benefit
Refocusing of benefits around essential worker needs

Public Investment
Initially high level of political uncertainty

Capital Improvements

Corridor Management

Community & Public Benefits

WELCOME BUSINESS OUTLOOK NEAR-TERM FINANCES BREAK FY 2023 PRIORITIES WRAP-UP
Scenario Planning

- **Butterfly**: Significant changes leading to lasting changes in travel patterns.
- **Back on Track**: Incremental changes.
- **Downward Spiral**: Transit and Caltrain prioritized, new funding sources.
- **Shark Tank**: Transit and Caltrain deprioritized, no new funding sources.
Public Support

Measure RR: Caltrain wins bid for crucial tax increase

American Rescue Plan Act of 2021

Federal Relief Funding

Federal Infrastructure
Public Support

Federal Infrastructure Bill

State Budget
Travel Market Changes

Occupancy Over Time: March 4, 2020 – March 2, 2022

Employees by Number of Days Going into Workplace

Post-Pandemic Days per Week Employees Come into Workplace

Source: Kastle (Mar. 7, 2022)

Source: Bay Area Council, February 2022
Changes on US 101

Weekday

Southbound

Northbound

Source: Caltrans PEMS
Caltrain Ridership Changes
By Day of Week Category

Average Daily Ridership

Percent Change in Daily Ridership from 2018

Source: Annual Count 2018, 2019; Daily Counts 2020-22
Caltrain Ridership Changes

Compared to pre-pandemic conditions

More decentralized travel

Fewer long-distance trips

Peak periods spread into midday

Locals and limiteds outperform bullets

Weekend ridership recovering faster than weekday

Gilroy ridership recovery following systemwide trends
Living in a “Butterfly” World

Previous analysis from May 2021

Butterfly O&M: Revenues vs. Expenses, with Measure RR Funds and No Fare Increases

Revenue assumptions:
- Farebox: No fare increases assumed
- Measure RR: 2-year recessionary impact with return to growth in FY25- full amount shown applied to operating needs
- Other Revenue: Modest increased operating funding for Public Transit at Federal or State level
- Level UPB Member Operating Contributions: none

Service assumptions:
- FY23: 92tpd (4tph peak/2tph off-peak)
- FY24-25: 116tpd (6tph peak/2tph off-peak)
- FY26-30: 168tpd (6tph peak/3 tph off-peak)
Living in a “Butterfly” World

Planning for a Range of Recovery Scenarios

- Assumptions for long-term ridership recovery
  - Upside: stabilize at 80% of pre-COVID forecast
  - Base Case: stabilize at 70%
  - Downside: stabilize at 60%

BART Board Workshop, February 10, 2022

March 6, 2022

Commuter Railroads Face Murky Future After Pandemic

Transit officials are adjusting schedules, unveiling discounts, to account for possible longer-term ridership falloff

March 6, 2022

As workers make fewer office trips, commuter rail systems struggle to fill empty seats

New hybrid schedules allow many workers to skip the daily commute, requiring commuter rail systems to search for new riders

March 4, 2022
Living in a “Butterfly” World

Updated 5-Year Financial Outlook
• To what extent are we showing operating deficits in future years?
• What options do we have to close the gap?

Broader Business Priorities
• What has Caltrain been doing?
• How does that shape priorities and areas of focus for FY23?
Near-Term Finances
### Key Themes

#### Persistent Financial Challenges
Caltrain faces significant financial challenges over the next few years to meet operating and capital requirements.

#### Revenue Imbalance
Long term losses in fare revenue and member contributions will not be offset by Measure RR and federal funding.

#### Federal Funding Horizon
Federal funding will run out before ridership returns to pre-pandemic levels.
Cost per Passenger Mile

After fares

- Caltrain (rail)
- BART (rail)
- Golden Gate (bus)
- MUNI (rail)
- MUNI (bus)
- VTA (bus)
- VTA (rail)
- SamTrans (bus)

Caltrain is a highly cost-efficient system

Source: NTD
An Expanding Operation and Service Mandate
Caltrain is amidst a $2.4 billion dollar system expansion

Caltrain issued contracts for PCEP in 2017 with revenue service now set for 2024

- Commitment to public and grantors to increase service levels
- Additional infrastructure with ongoing fixed maintenance costs:
  - Overhead catenary
  - Traction power systems
  - Expanded fleet

Demands on Caltrain as an organization have also grown

- Need to address expanded equity and community mandates
- Expanded involvement in a range of regional and state initiatives and projects
KEY CONCEPT

A High Fixed-Cost Operation

Railroads are a high fixed-cost business

Many operating costs are driven by the need to maintain and operate the basic infrastructure and fleet and do not go up or down in a linear manner as service levels increase or decrease.

Caltrain’s fixed costs are going up

Caltrain’s fixed costs will increase further once the overhead catenary system comes online.

Many other costs are “lumpy”

Other costs, such as crew costs, are more marginal but can still be very “lumpy” and move in ways that depend on detail of schedule deployment.

Most costs do not vary based on service level

Fuel (or electricity) costs are the only costs that track directly with service level, but are also subject to price volatility.
**A High Fixed-Cost Operation**

**Estimated FY23 Operating Costs**

- **$176.9M**: 104 weekday trains
- **$164.8M**: 70 weekday trains with crewing maintained
- **$150.4M**: 70 weekday trains with minimum crew fuel, & professional services

**Illustrative Effects on Service Frequency**

<table>
<thead>
<tr>
<th>Peak Hour Stops per Direction at Mainline Stations</th>
<th>Number of Stations under Current 104 TPD Service</th>
<th>Number of Stations under 70 TPD Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 stop per hour</td>
<td>4</td>
<td>20</td>
</tr>
<tr>
<td>2 stops per hour</td>
<td>16</td>
<td>8</td>
</tr>
<tr>
<td>3 stops per hour</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>4 stops per hour</td>
<td>6</td>
<td>0</td>
</tr>
</tbody>
</table>
Interplay between Operating and Capital Budgets

In prior years, Caltrain’s operating and capital budgets were highly siloed based on funding source. With Measure RR, the two budgets have become more interlinked:

**Measure RR**
Projections currently assume $18 million annually out of approximately $100 million total from Measure RR dedicated to capital budget

**State Rail Assistance and certain State Transit Assistance funds**
Approximately $10 million per year combined, currently assumed to go to capital budget

Currently, these funds are needed in the capital budget to support basic state of good repair and routine capital expenditures as well as to match federal funds.
### FY 22 – 26 Expense Forecasts

<table>
<thead>
<tr>
<th>Expense Item</th>
<th>FY22 Projection</th>
<th>FY23 Projection</th>
<th>FY24 Projection</th>
<th>FY25 Projection</th>
<th>FY26 Projection</th>
<th>Electrification</th>
</tr>
</thead>
<tbody>
<tr>
<td>TASI</td>
<td>$93.3</td>
<td>$101.7</td>
<td>$105.0</td>
<td>$136.0</td>
<td>$140.5</td>
<td></td>
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<tr>
<td>Fuel</td>
<td>$13.0</td>
<td>$14.3</td>
<td>$15.7</td>
<td>$3.6</td>
<td>$3.8</td>
<td></td>
</tr>
<tr>
<td>Electricity for traction</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$12.4</td>
<td>$13.0</td>
<td></td>
</tr>
<tr>
<td>Other direct expenses</td>
<td>$27.0</td>
<td>$28.5</td>
<td>$30.2</td>
<td>$31.9</td>
<td>$33.8</td>
<td></td>
</tr>
<tr>
<td>Wages and benefits + overhead</td>
<td>$15.8</td>
<td>$17.3</td>
<td>$19.0</td>
<td>$21.0</td>
<td>$22.0</td>
<td></td>
</tr>
<tr>
<td>Other expenses</td>
<td>$20.8</td>
<td>$15.0</td>
<td>$15.6</td>
<td>$16.2</td>
<td>$16.8</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$169.8</strong></td>
<td><strong>$176.9</strong></td>
<td><strong>$185.5</strong></td>
<td><strong>$221.1</strong></td>
<td><strong>$229.9</strong></td>
<td></td>
</tr>
</tbody>
</table>

FY22 – FY24: 104 TPD. Consistent with current operations
FY25: 116 TPD. Electrification commences and service increases with 25% diesel / 75% EMU service miles
TASI contract terms and other cost drivers held constant
Operating revenue forecasts focus on:
• Fares
• Measure RR
• Federal assistance funding
• Other minor sources

Operating revenues assume:
• No low Carbon Fuel Standards Credits
• No member agency funding
• No future adopted fare increases
• $16M of Measure RR used for capital in FY24
• $18M of Measure RR used for capital in FY25 and FY26
## FY 22 – 26 Revenue Forecasts

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>FY22 Projection</th>
<th>FY23 Projection</th>
<th>FY24 Projection</th>
<th>FY25 Projection</th>
<th>FY26 Projection</th>
<th>Electrification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farebox (no fare increases)</td>
<td>$32.6</td>
<td>$46.4</td>
<td>$59.3</td>
<td>$77.7</td>
<td>$88.0</td>
<td></td>
</tr>
<tr>
<td>Measure RR* **</td>
<td>$90.4</td>
<td>$112.8</td>
<td>$101.7</td>
<td>$103.8</td>
<td>$106.9</td>
<td></td>
</tr>
<tr>
<td>Federal assistance</td>
<td>$116.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>$5.4</td>
<td>$6.0</td>
<td>$6.7</td>
<td>$7.5</td>
<td>$8.0</td>
<td></td>
</tr>
<tr>
<td>Other contributed revenue</td>
<td>$5.7</td>
<td>$14.3</td>
<td>$5.7</td>
<td>$5.7</td>
<td>$5.7</td>
<td></td>
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<tr>
<td><strong>Total Revenues</strong></td>
<td>$250.1</td>
<td>$179.5</td>
<td>$173.4</td>
<td>$194.7</td>
<td>$208.6</td>
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</table>

* Before removal of $80M of Measure RR revenue in FY22 for capital reserve

** Assumes use of $16M for capital budget in FY24 and $18M in FY25/FY26 from Measure RR
KEY CONCEPT

Farebox Recovery Scenarios

Millions

- Historical Actuals
- Pre-COVID Forecast (no fare increases)
- Pre-COVID Forecast (with fare increases)
- Downside 40% of Pre-COVID by 2026
- Base case 55% by 2026
- Upside 75% by 2026
Impact of Deferred Fare Increases

Millions

FY22 Projection  FY23 Projection  FY24 Projection  FY25 Projection  FY26 Projection

$43M gap over 4 years

KEY CONCEPT

WELCOME  BUSINESS OUTLOOK  NEAR-TERM FINANCES  BREAK  FY 2023 PRIORITIES  WRAP-UP
Go Pass vs. Non Go-Pass Revenue

Go Pass revenue remained relatively strong
Projected FY22 Results and Closing the Gap in FY23

Caltrain has secured two new funding sources:

- American Rescue Plan
  - $38.8 million in operations assistance

- Support from VTA, SFCTA, and SMCTA for FY22 capital funding
  - $5.8 million for capital projects
  - Potential redirection of some Measure RR revenue, originally allocated to the FY22 Capital Budget, to operations

These new operating revenue sources allow:

- Closing of FY22 with no deficit
- Carrying over of a portion of the ARP funding into FY23

Work still needs to be done to close the FY23 funding gap:

- Staff will propose utilization of $18 million of the $20 million balance in the Capital Reserve (established at the November 4, 2021 Board meeting) for the FY23 Capital Budget
- $18 million of FY23 Measure RR revenue that would otherwise be used for FY23 Capital Budget will instead be used in Operating Budget
## FY 22 – 26 Deficit Forecasts

### Millions

<table>
<thead>
<tr>
<th>Item</th>
<th>FY22 Projection</th>
<th>FY23 Projection</th>
<th>FY24 Projection</th>
<th>FY25 Projection</th>
<th>FY26 Projection</th>
<th>Electrification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carve out RR for capital reserves</td>
<td>$80.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus/deficit with no fare increase</td>
<td>$0.3</td>
<td>$2.6</td>
<td>-$12.1</td>
<td>-$26.4</td>
<td>-$21.3</td>
<td></td>
</tr>
</tbody>
</table>

**Caltrain is facing mid- and long-term financial sustainability challenges**
Longer Term Challenges

10-year deficit projections from prior scenario planning work (2021)

2040 Service Vision operating needs projections (2019)

Highest/Lowest Annual Deficit (Millions) with No Fare Increases

$266M OPERATING COSTS COVERED BY FAREBOX (72%)

$104M ANNUAL OPERATING INVESTMENT NEEDED (28%)
Change in Funding Sources Including Own Source Capital

KEY CONCEPT

WELCOME BUSINESS OUTLOOK NEAR-TERM FINANCES BREAK FY 2023 PRIORITIES WRAP-UP

Millions

<table>
<thead>
<tr>
<th></th>
<th>FY19 Actuals</th>
<th>FY20 Budget</th>
<th>FY20 Actuals</th>
<th>FY21 Actuals</th>
<th>FY22 Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farebox</td>
<td>103</td>
<td>106</td>
<td>76</td>
<td>32</td>
<td>33</td>
</tr>
<tr>
<td>Member Op Contributions</td>
<td>25</td>
<td>30</td>
<td>28</td>
<td>18</td>
<td>116</td>
</tr>
<tr>
<td>Member Capital Contributions</td>
<td>23</td>
<td>23</td>
<td>23</td>
<td>88</td>
<td>11</td>
</tr>
<tr>
<td>Federal Assistance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Other Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measure RR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>106</td>
</tr>
</tbody>
</table>

Before removal of $80M of Measure RR revenue in FY22 for capital reserve
Implications

Caltrain faces long-term financial sustainability challenges

Possible options to address include:

• Cutting service
• Raising fares
• Building ridership
• Generating new revenues
• Bringing in new funding

These approaches differ significantly:

• Caltrain’s level of direct control
• Strategic implications for the railroad’s business model
Downward Spiral

Service reduced

Caltrain Service

Customers

Fares increased and customer value/convenience of service reduced

Public Benefit

Reduced service and increased costs to customers undermines ridership, equity, connectivity and environmental benefits

Public Investment

Value for money reduced as public cost per unit of service/rider increases

Governance

Management

Service Delivery

Loss of talent and skilled labor

Capital Improvements

Downward pressure on costs and staffing reduces organizational capacity

ROI for ongoing projects eroded. Rationale for further expansion projects undermined

WELCOME BUSINESS OUTLOOK NEAR-TERM FINANCES BREAK FY 2023 PRIORITIES WRAP-UP
Governance

Management

Caltrain Service

Customers

Public Benefit

Public Investment

Capital Improvements

Service Delivery

Organizational capacity to adapt and evolve in support of expanded mandate

Expansion of rider markets paired with new approaches to sales and pricing

Ridership benefits grow and combine with expanded public value proposition centered on:
• Equity
• Sustainability
• Regional connectivity

New opportunities for partnership and investment based on broadened spectrum of public benefits

Expanded benefits case and stable ridership improves ROI on projects and justifies further investments

Butterfly Service sustained and improved

WELCOME BUSINESS OUTLOOK NEAR-TERM FINANCES BREAK FY 2023 PRIORITIES WRAP-UP

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# Staff Recommendation

## Balance FY23 operating budget
- Proceed with steps outlined to receive ARP and member agency funds and to free up additional Measure RR funds for use in FY23 operating budget
- Maintain current service levels and defer fare increases

## Resume annual JPA member investment
- Restore regular, annual JPA member agency capital contributions at 2019 levels ($7.5 million per member) to maximize availability of Measure RR funds for operations
- Discuss potential for restoration of ongoing operating contributions

## Work on mid- and long-term ridership and funding solutions
- Renew focus on building ridership – especially through expanded outreach to institutional customers and users
- Partner with MTC and previously fare/commute dependent peer operators (e.g. BART, others) to explore common business challenges and regional approaches to driving demand
- Work with peers and region to understand long term funding needs and opportunities

---

**WELCOME**  **BUSINESS OUTLOOK**  **NEAR-TERM FINANCES**  **BREAK**  **FY 2023 PRIORITIES**  **WRAP-UP**
Discussion
Break
Meeting resumes at 11:45AM
FY 2023
Priorities
Caltrain Service
Sustaining and adjusting a robust service

Ongoing Work and Milestones

• Significant restoration and expansion of service to 104 weekday trains in August 2021 with a focus on:
  • Restoration of Baby Bullet service
  • Improved mid-day, evening, and weekend service levels
  • Connectivity to BART and standardization of schedules to help with other transit connections
  • Built in crewing efficiencies and support for special events
• Supporting PCEP construction activities with temporary schedule
• Provision of additional special trains for key events including Giant’s playoff games

Areas of Focus for FY23

• Service adjustment in September 2022 to refine offering and further coordinate with BART’s planned schedule adjustment
• Ongoing support for special events and construction activities
Customers
Understanding changing needs and market opportunities

Ongoing Work and Milestones

• Focused surveying of current and former riders
• Expanded monitoring of corridor travel trends, office occupancies and other metrics to understand evolving market dynamics
• Deferral of approved fare increases and adjustments to GoPass program to retain subscribers
• Multiple rounds of rider promotions and “welcome back” campaigns
• Expanded messaging targeted toward non-commute users and events
• Participation with other operators in “All Aboard” regional campaigns

Areas of Focus for FY23

• Ongoing promotional and marketing efforts
• Focus on expansion and retention of institutional subscribers
• Continue market research to understand emerging travel patterns and trends including conducting 2022 triennial survey
• Launch of full GoPass donation program and expanded work with CBOs
• Work individually and regionally to assess pricing and fare strategy going forward
Public Benefit
Expanding the public value proposition

Ongoing Work and Milestones

Equity emphasis:
• Renewed service planning focus on essential worker needs and communities of concern
• Improved off-peak, weekend and evening services
• Deferment of fare increases and Clipper START participation
• Launch of pilot phase of GoPass donation program
• Affordable housing partnership

Network coverage and connectivity:
• Improvement of Millbrae connection with BART
• Coordination with MTC, State and other transit and rail operators

Sustainability:
• State partnership to explore battery-hybrid EMUs and accelerate path to zero emissions

Areas of Focus for FY23

• Full launch of GoPass donation program (700 → 8,000 annual passes) and larger consideration of equity and connectivity aspects of fare and pricing strategy at both individual and regional levels
• Work with other operators, MTC, and State to further enhance coordination and role as key link within regional and megaregional network
• Advance sustainability through completion of PCEP and further exploration of potential for battery EMUs
Ongoing Work and Milestones

Federal
- Received four significant infusions of federal emergency relief funds, totaling $227M since 2020, including $124M in 2021

State
- $27 million received through an Affordable Housing and Sustainable Communities grant
- Exploring funding opportunities and partnerships related to battery-equipping EMUs

Local
- Leveraging of Measure RR and anticipated future receipt of LCFS credits to support $150 million in financing for PCEP program
- Working with JPA partners to bring in $6 million in additional member funds to FY22 capital budget

Areas of Focus for FY23

- Aggressively work to fill the $410M PCEP funding gap, including opportunities within the State Budget and the Federal Bipartisan Infrastructure Law
- Continue to work with State around potential funding sources and programs to fully electrify the Caltrain fleet
- Address need for regular annual contributions with JPA member agencies
- Engage in peer, regional, and state discussions related to long term funding needs of rail
Governance
Completing one process and looking outward to another

Ongoing Work and Milestones

- Mobilized new general counsel
- Establishment of Acting ED position and development of JPB goals
- Self-directed governance process has been major Board and executive focus of FY22
  - Multiple special meetings and extensive board discussion
  - March JPB Vote on governance recommendation
- Regional coordination and governance discussions led by MTC are intensifying
  - Network Manager Business Case and Regional Rail Partnerships grant emerging as key efforts for Caltrain

Areas of Focus for FY23

- Bring self-directed Governance process to a conclusion and work with JPA member agencies to advance update of RPOA and JPA
- Continue engagement in ongoing regional coordination and governance processes and work with Board to develop relevant policy positions and guidance
- Continue to improve agenda management and support the effective transition of meetings from remote to in-person and hybrid options
Management

Stabilizing and adapting during a period of change

Ongoing Work and Milestones

• Appointment of Acting Caltrain Executive Director and establishment of new internal processes to match adjusted management structure
• Hiring senior staff in the Rail Division:
  • Chief of Staff
  • Chief of Caltrain Modernization
  • Deputy Chief of Rail Development
  • Directors of Capital Program Delivery, Engineering and Capital Program Management
  • Deputy Directors of TOD and Capital Program Planning
• Back to office transition and development of new work routines and strategies
• Implementation of new training and onboarding approaches

Areas of Focus for FY23

• Establishment of permanent Executive Director and work toward implementation of additional management changes recommended by JPB and approved by member agencies
• Reaffirm and build on collaborative working relationships and processes with SMCTD as both organizations grow and change
• Assess organizational needs of new electrified railroad and focus on staff retention, hiring and training
• Continue to build a culture of excellence while adapting work rhythms and processes to hybrid environment
• Complete and implement organizational safety assessment
Corridor Management
Advancing community improvements and defining the role

Ongoing Work and Milestones

• Hired a Deputy Director of TOD and advanced work on Transit Oriented Developments in San Mateo, Redwood City, South San Francisco and San Jose
• Initiated active planning with Prologis and the City of San Francisco to assess development potential on 4th & King yards
• Partnered with multiple cities and county TAs to advance grade separation and community connectivity projects across Caltrain ROW
• Began work related to a corridor-wide grade separation strategy

Areas of Focus for FY23

• Advance ongoing TOD projects and explore additional opportunity sites
• Advance corridor wide grade separation strategy and continue work with municipalities on individual separation and crossing projects
• Work with the California High Speed Rail Authority to begin defining and updating post-EIR planning, processes, and agreements related to the Authority’s future operations on the corridor
Capital Improvements
Delivering with excellence and planning the next generation of projects

Ongoing Work and Milestones

- Reset of PCEP program with new management, re-baselined budget, and schedule
- Completion of South San Francisco Station improvement, 25th Avenue Grade Separation, Marin & Napoleon Bridge Rehabilitation as well as additional smaller projects
- Advanced design on multiple grade separation and bridge replacement projects
- Technical and planning engagement with regional projects including DTX (entered FTA process), Diridon and Redwood City stations, and Link21
- Significant staff augmentation in Rail Development
- Refinement of Capital Program oversight via Management and Contract Change Control Committees, enhanced Phase/Gate and Work Plan processes, and improved board reporting

Areas of Focus for FY23

- Safe, timely and on-budget delivery of PCEP
- Delivery of safety-critical Guadalupe bridge replacement and advancement of other projects in capital program
- Development of multi-year Capital Improvement Plan reflecting changes based on adoption of Service Vision, voter approval of Measure RR
- Ongoing support for DTX as project advances through Federal process
Service Delivery
Refocusing on safety and preparing for electrification

Ongoing Work and Milestones

- COVID mitigation through increased cleaning, fogging etc. as well as institution of the COVID vaccination and testing policy
- Maximized crewing schedule for 104 trains, minimizing “downtime” leveraging schedule efficiencies
- Minimized repairs/overhauls on fleet not to be retained post electrification
- Supported TASI efforts to increase and train needed staffing
- Renewed operational coordination with BART and other operators

Areas of Focus for FY23

- Implementation of Rail Activation Plan including hiring and training to receive PCEP systems and equipment
- Implementation of operational safety recommendations
- Development of refined operating plan for the eventual deployment of electrified service
Balancing Priorities and Organizational Bandwidth

At Staff and Contractor Level

- Appointment of Acting ED has initiated significant organizational change with further evolution identified in governance recommendation
- Pre-pandemic work program was already ambitious relative to staff size and has continued to grow
- Rail division added 9 net new employees over past year, but 55 vacancies remain.
- Specialized labor market and challenging hiring environment with some retention and recruitment issues compounded by ongoing governance uncertainty
- Two years of staff disruption with further change coming as transition back to in-office and hybrid work accelerates

At Board Level

- Full Board has met 19 times since March of 2021—with 9 meetings either fully or primarily devoted to governance discussions
- Return to in-person and hybrid meetings after two years may create new logistical considerations related to scheduling and agenda management
Overriding Staff Priorities

**Deliver PCEP**
- Secure funding to fill project budget gap
- Advance project safely, on-schedule and on-budget
- Prepare organization to receive and operate the electrified system

**Rebuild Ridership**
- Address foundational funding needs by working with JPA members to resume annual contributions
- Enhance and promote a competitive, attractive service
- Target new rider markets and build relationships with new institutional customers
- Partner with regional peers and institutions to pursue joint ridership development strategies and pursue long term funding needs

**Stabilize Organization**
- Complete governance process, establish permanent ED and undertake agreed to organizational changes
- Focus on hiring for key vacancies and retaining staff
- Seek realistic alignment between Board and stakeholder priorities and available funding and organizational capacity
Discussion
Wrap-Up
What We Heard Today
Next Steps

Preliminary FY23 Budgets

- Preliminary operating and capital budgets to be presented to Board at May meeting
- Will be shaped and refined based on today’s discussion

Priorities for FY23

- Staff to develop work plan for FY23 including key priorities and constraints
- Will present to Board at May meeting