



Preliminary FY2012 Operating Budget, Fares and Service

April 7, 2011



Overview

- How FY2011 was balanced
- Early look at FY2012
- Actions to-date
- Financial projections based on 48 trains and 76 trains
- Service based on 48 trains and 76 trains



Balancing FY2011

- In FY2011, SamTrans proposed to reduce its contribution by \$11.7 million over a two-year period, FY2011 and FY2012, but did a one-time "fund swap" to keep its contribution near FY2010 levels for FY2011.
- The FY2011 budget was balanced using a combination of service reductions, fare increases, staffed ticket office closures, administrative cost reductions and MTC funds.



Early look at FY2012

In FY2012, SamTrans staff proposes to recommend to its Board to further decrease its contribution to Caltrain's operating subsidy as part of its 2nd year reduction.

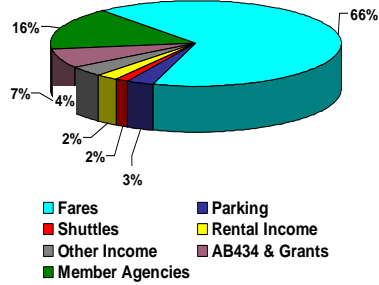
Assuming that the other member agencies follow suit, Caltrain is anticipating a \$30M deficit entering FY2012.



86 Train – Projected FY2012

Total Revenues (in millions)

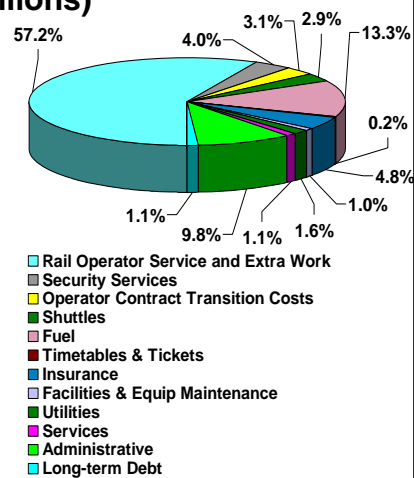
Fares	\$47.7
Parking	2.3
Shuttles	1.2
Rental Income	1.7
Other Income	2.9
AB434 & Grants	5.2
Member Agencies	<u>11.7</u>
Total Revenue	\$72.7



86 Trains – Projected FY2012

Total Expenses (in millions)

Rail Op Service and Extra Work	\$58.8
Security Services	4.1
Operator Contract Transition Costs	3.2
Shuttles	3.0
Fuel	13.7
Timetables & Tickets	0.2
Insurance	4.9
Facilities and Equip Maint	1.0
Utilities	1.6
Services	1.1
Administrative	10.1
Long-term Debt	<u>1.1</u>
Total Expenses	\$102.8





Preliminary FY2012 Budget Discussions 86 Weekday Trains (in millions)

FY2012

Revenue	\$ 72.7
Expenses	<u>(102.8)</u>
Deficit	<u>(\$30.1)</u>



February 2011 - Call for Public Hearing

In February 2011 the Board called for a public hearing in March 2011 to hear public comments on:

1. Declaration of a fiscal emergency - Restricted Net Assets was estimated to be negative \$35.7M at the end of FY2012.
2. Consideration of potential service suspension and stations closure for FY2012.



March 2011 – Public Hearing to receive public comments

In March 2011 the board took public comments on the declaration of a fiscal emergency and the consideration of a proposed 48-train service operating scenario that can be supported by available revenue sources, including member contributions, farebox revenues and other incomes.



48-train Service Proposal

- Preserve weekday commute-hour service only
- Minimize ridership loss & maximize revenue retention
- Minimize number of train crews & equipment required
- Maximize service to most heavily used stations & suspend service to least-used stations
- Balance station coverage & end-to-end run time (about 70 minutes)



48-train Service Proposal (continued)

- **Suspend weekend, holiday and special event service**
- **Suspend weekday Gilroy service**
- **Suspend service at up to 7 stations between San Jose and San Francisco**
 - Limited station stops necessary to realize required operating cost savings
- **Criteria for Station Closure**
 - Ridership & revenue
 - Transit connections
 - Proximity to neighboring stations
- **Stations under Consideration**

- Bayshore	- South San Francisco	- San Bruno
- Burlingame	- Hayward Park	- Belmont
- San Antonio	- Lawrence	- Santa Clara
- College Park		

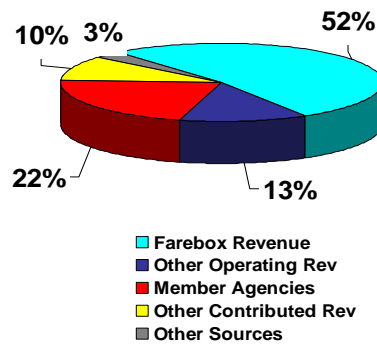


48 Trains FY2012 Projected Operating Revenues and Expenses



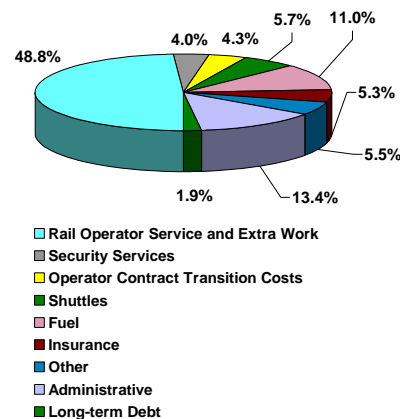
48 Weekday Trains Projected Revenues (in millions)

Farebox Revenue	\$28.0
Other Operating Rev	6.8
Member Agencies	11.5
Other Contributed Rev	5.5
Other Sources	<u>1.5</u>
Total Estimated Available Revenue	\$53.3



48 Weekday Trains Projected Expenses (in millions)

Rail Op Service and Extra Work	\$28.3
Security Services	2.3
Shuttles	3.3
Fuel	6.4
Insurance	3.1
Other	3.2
Administrative	7.8
Long-term Debt	<u>1.1</u>
Sub-Total	\$55.5
Rail Operator Contractor Transition Costs	<u>2.5</u>
Total Projected Expenses	\$58.0





48 Weekday Trains FY2012 Projection (in millions)

FY2012

Revenue	\$ 53.3
Expenses	<u>(58.0)</u>
Deficit	<u>(\$4.7)</u>



Public Hearing Comments

- March 3 Public Hearing on the 48-train Proposal
- 2,592 total comments received following outreach period
- Top 5 categories include:
 - Against station closures (868)
 - Support fare increase (253)
 - Against suspending off-peak service (215)
 - Against suspending Gilroy service (173)
 - Against suspending weekend service (151)



Getting from 48 Trains to 76 Trains

The 76 train preliminary operating budget is developed with a service plan that attempts to balance competing objectives and can be achieved within projected revenue sources; and it assumes the following:

- \$0.25 Fare increase resulting in \$2 million of additional farebox revenue
- Daily parking increase from \$3 to \$4 daily resulting in \$500,000 in additional parking revenue
- New preventative maintenance funding of \$1.5 million
- An increase in Member Agency Contribution, assuming SamTrans' share of \$10.6 million
- Other Sources of \$7.5 million from FY11 savings rolled forward
- \$3.2 million for one-time Rail Operator Contractor Transition costs in FY2012; this includes funds set aside in FY2011
- Shuttle program reduction of \$200,000



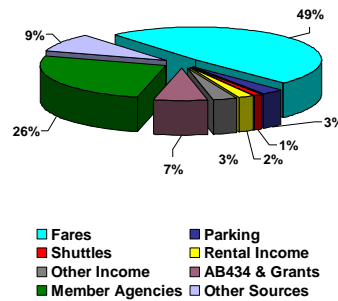
76 Trains FY2012 Preliminary Operating Revenues and Expenses



76 Train - Total Preliminary

Revenues (in millions)

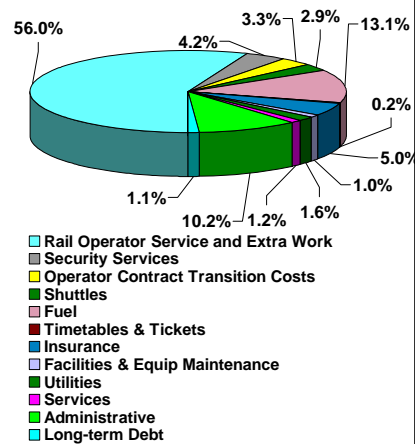
Fares	\$47.4
Parking	2.8
Shuttles	1.1
Rental Income	1.8
Other Income	2.9
AB434 & Grants	6.7
Member Agencies	25.3
Other Sources	<u>9.0</u>
Total Revenue	\$97.0



76 Trains - Total Preliminary

Expenses (in millions)

Rail Op Service and Extra Work	\$54.4
Security Services	4.1
Operator Contract Transition Costs	3.2
Shuttles	2.8
Fuel	12.6
Timetables & Tickets	0.1
Insurance	4.9
Facilities and Equip Maint	1.0
Utilities	1.6
Services	1.2
Administrative	10.0
Long-term Debt	<u>1.1</u>
Total Expenses	\$97.0





76 Weekday Trains FY2012 Preliminary Projection

(in millions)

FY2012

Revenue	\$97.0
Expenses	<u>(97.0)</u>
Surplus/(Deficit)	0.0



Member Contributions

SamTrans has engaged in discussions with member agencies, funding partners and MTC on funding options. SamTrans' contribution of \$10.6M is made up of:

- \$4.9 million from the SMCTA
- \$2.0 million in monies received from repayment of the SamTrans investment in the Caltrain right of way
- \$3.7 million through a fund swap



Member Contributions

	<u>San Francisco</u>	<u>San Mateo</u>	<u>Santa Clara</u>	<u>Total</u>
48 Trains				
FY2012 projected				
Operating				
Contribution	\$ 2,038,727	\$4,800,000*	\$4,613,140	\$11,451,867
76 Trains				
FY2012 preliminary				
Operating				
Contribution	\$ 4,510,684	\$10,620,000**	\$10,206,572	\$25,337,256

*SMCTA contribution at \$4.8M (based on sales tax projection of \$60M)

** SMCTA contribution projected at \$4.9M (based on sales tax projection of \$61.5M)



Historical Use of One-time Funds

- FY2012 - \$7.5 million in FY11 savings and \$1.5M in new Preventative Maintenance funding
- FY2011 - \$6.2M in FY10 savings
- FY2010 - \$3.7 million in fuel savings and \$2 million ARRA grant
- FY2009 - \$6 million in operating savings
- FY2008 - \$4.6 million; \$3.8 million in rail operator contract and fuel savings and \$800,000 in excess fare revenue



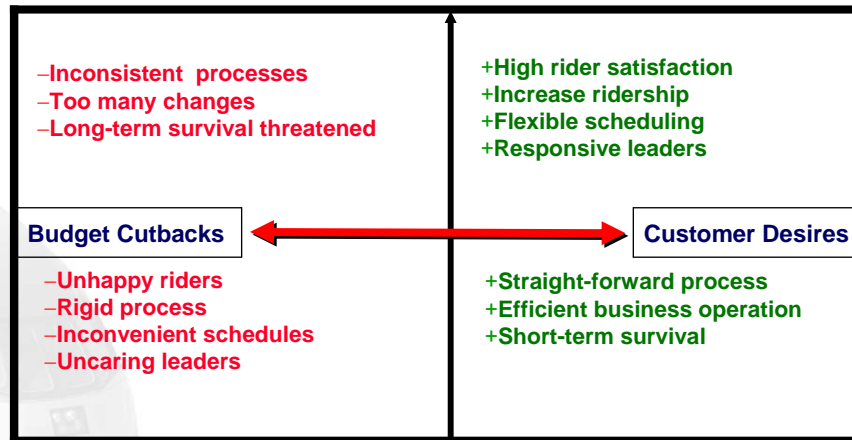
Service and Fares FY2012



Revised Service Proposal

- Balancing Competing Objectives
- Revised Service and Fares Proposal
- Next Steps

Balancing Competing Objectives



Balancing Competing Objectives

- Not all needs/wants can be met with available funding
- Running Caltrain efficiently vs. providing a public service
- Minimizing running time vs. maximizing station stops
- Serving peak commute customers vs. non-commute customers
- Providing high frequency service at fewer stations vs. lower frequency to a greater number of stations
- Balancing local community needs with overall system needs
- Retaining highly successful service model vs. reality of what is affordable



Revised Service Proposal

- Frequency of weekday service
 - Service restored from 48 to 76 trains per weekday
- Span of service
 - Proposal restores service hours to 4:40 am until midnight
- Off-peak period service
 - Proposal restores hourly all-stop service during the early morning/late night and midday
- Gilroy service
 - Proposal restores trains, with service suspended at Capitol station
- Weekend service
 - Hourly weekend service restored with revised stopping pattern
- Special event and holiday service
 - Giants and service to some special events restored



Revised Service Proposal: Weekday Peak Service

- Proposal seeks to balance reduced running time and station frequency
 - 4 trains per peak hour in both directions
 - All peak period trains retain express service design with approx 70-minute end to end travel time
 - Competitive travel times for popular OD pairs
 - Comparable to today's travel times
 - Essential to retain maximum ridership and revenue
 - Essential to achieve required cost reductions



Revised Service Proposal: Weekday Peak Service

- Travel time comparison between current and proposed service for peak period origin destination station pairs

Comparative Sample Trip Times Between OD pairs

OD Pair	Today			70 Min		
	Ave	Max	Min	Ave	Max	Min
SJ-SF	1:10	1:28	0:57	1:10	1:11	1:09
MV-SF	0:56	1:11	0:45	0:53	0:56	0:50
SV-SF	0:55	1:01	0:49	0:58	1:01	0:56
PA-SF	0:40	0:43	0:37	0:43	0:46	0:41
SJ-PA	0:26	0:39	0:20	0:27	0:29	0:25
HILLS-SF	0:32	0:46	0:26	0:29	0:30	0:29
RDW-SF	0:41	0:57	0:32	0:37	0:38	0:36
MB-SF	0:21	0:31	0:17	0:19	0:20	0:19



Revised Service Proposal: Weekday Peak Service

- Some service restored to all but 3 stations
 - Service suspended to Bayshore, Hayward Park & Capitol
- Some stations receive service based on ridership and the markets they serve
 - 22nd Street & San Bruno in reverse peak
 - South San Francisco, Tamien and San Antonio in traditional peak



Revised Service Proposal: Weekend Service

- Saturday and Sunday service restored to hourly frequency
- To achieve required cost reductions fewer stations will receive weekend service
- All trains reduce end-to-end run times to increase crew efficiency and attract ridership
 - All trains have 11 intermediate stops
 - 71-minute run time
- Station stops based on:
 - Ridership demand
 - Station location/proximity to adjacent stations
 - Geographic equity and Title VI compliance



Revised Service Proposal: Weekend Service

- Stations where weekend service will be suspended for FY2012 are:
 - 22nd street (San Francisco)
 - Bayshore (San Francisco, San Bruno)
 - South San Francisco (San Bruno)
 - Broadway (Burlingame, Millbrae)
 - Hayward Park (Hillsdale, San Mateo)
 - Belmont (Hillsdale)
 - San Carlos (Redwood City)
 - Atherton (Redwood City, Menlo Park)
 - California Avenue (Palo Alto)
 - San Antonio (Mountain View)
 - Lawrence (Sunnyvale, Santa Clara)
 - Tamien shuttle service suspended (San Jose Diridon)
- () = closest alternate station for boarding



Revised Service Proposal: Special Event Service

- Span of service and weekend service allows special events, including baseball, to be served
- Baseball service
 - Post-game specials will be operated
 - Limited additional capacity will be operated pre-game
- Limitations
 - Cannot operate additional service for Sharks games. Will continue practice of holding last train up to 15 minutes
 - Stanford Stadium stop cannot be served on weekends due to scheduled crews and equipment turns



Revised Service Proposal: Savings

- Reduction of operating crews
- Reduction of associated maintenance staff and materials
- Reduction of station maintenance costs
- Reduction in fuel costs
- Total savings of \$5.6 million
- Net savings of \$3.3 million
 - Estimated \$2.3 million in lost fare revenue due to ridership reduction

Other Aspects of the Fare and Service Proposal

- Increase base fare by 25 cents
 - Projected to increase revenue by \$2 million
- Increase parking fees to \$4/day and \$40/month and commence charging for parking at Tamien
 - Projected increase revenue by \$0.5 million
- Eliminate the Tamien weekend shuttle and reduce other shuttles commensurate with train service
 - Projected to reduce cost by \$0.2 million
- Draft Title VI analysis reveals no unmitigated impacts to minority or low-income communities

Service & Fares Recommendations

Proposed Change	Net budget impact
Service Proposal (76 trains)	\$3,300,000
Increase base fare by 25 cents	\$2,000,000
Increase parking and implement parking at Tamien	\$500,000
Shuttle reductions	\$200,000
Total	\$6,000,000

Next Steps – Near Term

- **April 7, 2011 JPB Board meeting: Consideration of service and fare increase**
 - Implementation in July 2011 requires approval at this meeting
 - Cost of delaying the decision is \$500,000/month to deficit
- **May JPB meeting: preliminary balanced budget**
- **June JPB meeting: request approval of balanced budget**
- **July 2011: implement fare and service changes**

Next Steps - Intermediate Term

- **Monitor new service pattern to confirm ridership and revenue projections**
- **Complete discussions for FY2013 balanced operating budget**
- **Monitor ridership by station and consider adjustments to schedule based on changing conditions**
 - Example: Transit oriented developments



Next Steps - Longer Term

- **Continue discussions with member agencies and funding partners on funding options**
- **Continue to work with stakeholders, including the Silicon Valley Leadership Group and MTC's Transit Sustainability Project, to develop strategies for new revenue sources including a dedicated, permanent funding source**