



Preliminary FY2018 Operating Budget

Board of Directors
May 4, 2017
Agenda Item #13



Discussion

- **Overview**
- **Revenues**
 - Farebox Revenue
 - Member Contributions
- **Expenses**
 - TASI Costs
 - Administrative Costs
- **Reserves**
- **Revenue & Ridership Trends**
- **Next Steps**



Overview: Key Assumptions

- Caltrain service frequency remains unchanged during the weekend but reduced on weekdays
- Member Agency contributions remain unchanged
- Includes 2.35 FTEs to meet current business operation needs
- Diesel fuel costs per gallon includes increase from SB1 effective Nov. 1, 2017.

3



FY2018 Operating Budget Overview

Total Revenues	\$130.3M
Total Expenses	<u>\$151.0M</u>
Deficit	\$ (20.7)M

4



FY2018 Overview

- Call for public hearing on Fare and Parking increase
- Potential revenue of \$10M that could reduce deficit by half, if approved
- The Farebox Recovery Ratio would improve in FY18 from a budgeted 61% to 68% if the Proposed Fare increase is approved.

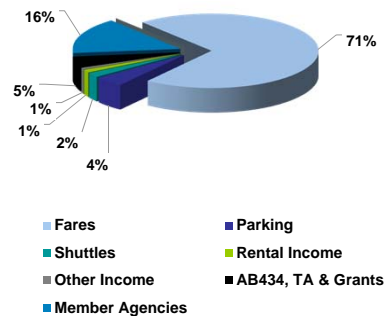
5



Total FY18 Preliminary Revenues

(in millions)

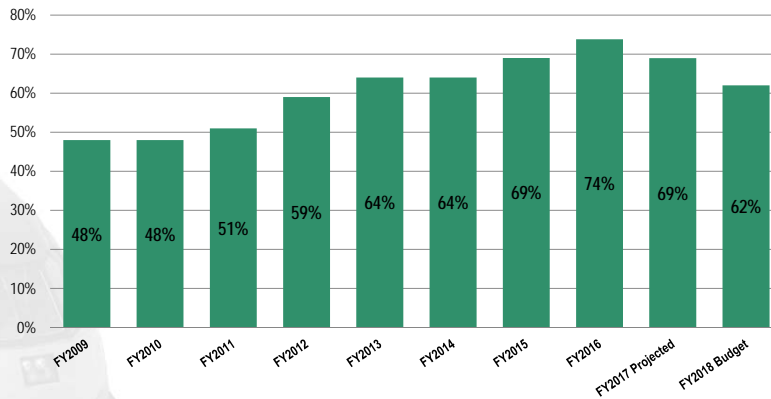
Revenue Type	FY2018	Inc/(Dec) over FY17 Budget
Fares	\$92.7	\$1.0
Parking	\$5.8	\$1.1
Shuttles	\$2.6	\$0.2
Rental Income	\$1.7	\$0.0
Other Income	\$1.0	\$0.4
AB434, TA & Grants	\$6.1	\$0.5
Member Agencies	<u>\$20.4</u>	<u>\$0.0</u>
Total Revenue	\$130.3	\$3.2



6



Farebox Recovery Ratios



7



Member Contributions

(in millions)

92 Trains

	San Mateo	Santa Clara	San Francisco	Total
FY2018 Preliminary				
Operating Contribution ⁽¹⁾	\$6.2	\$9.0	\$5.3	\$20.5 ⁽³⁾
Allocation Formula ⁽²⁾	30.8%	42.7%	26.5%	100.00%

Notes:

(1) Contributions for FY 18 based on Allocation formula (see (2) below), adjusted for under-payment by VTA in FY 17.

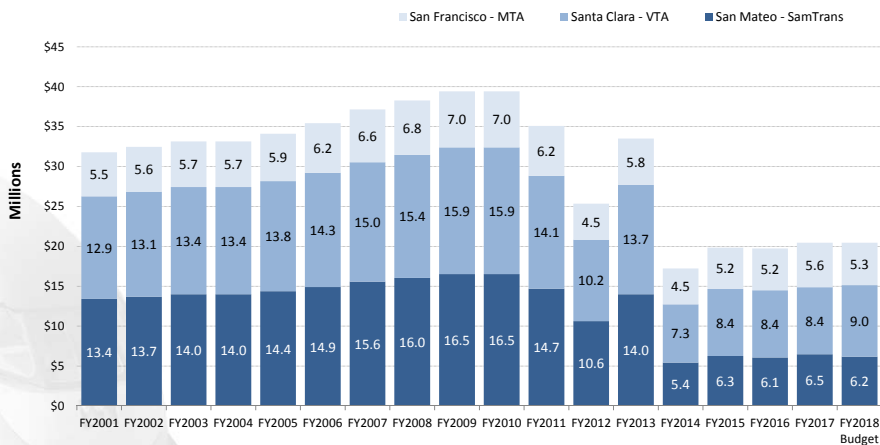
(2) Allocation Formula: Percent of Average AM Weekday Boardings in February 2016.

(3) Numbers may not add up due to rounding.

8



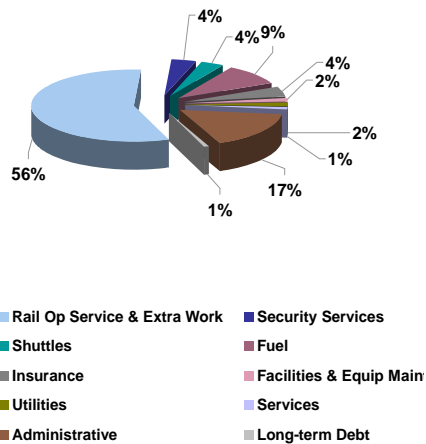
Member Contributions



Total FY18 Preliminary Expenses

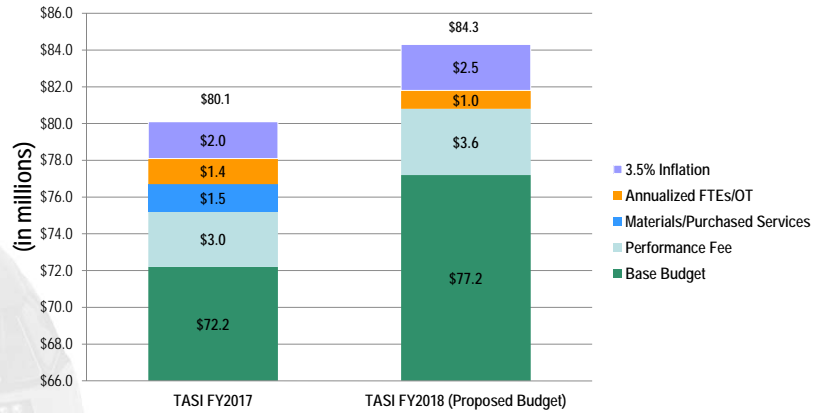
(in millions)

Expense	FY2018	Inc(Dec) over FY2017 Budget
TASI -Rail Op Service, PTC & Other Extra Work	\$85.4	\$3.1
Security Services	\$5.9	\$0.3
Shuttles	\$5.6	\$0.2
Fuel	\$14.1	\$(1.5)
Timetables & Tickets	\$0.2	\$(0.1)
Insurance	\$6.6	\$0.3
Facilities & Equip Maint.	\$2.7	\$0.4
Utilities	\$2.6	\$0.1
Services	\$1.5	\$0.0
Administrative	\$25.1	\$1.8
Long Term Debt	\$1.3	\$0.0
Total Expenses	\$151.0	\$4.6





TASI – FY2018 Operating Budget



11



FY18 Administrative Expenses

(in millions)

Wages*	\$ 5.9
Benefits	\$ 4.4
Managing Agency Admin OH Cost	\$ 6.3
Professional Services	\$ 5.3
Communications & Marketing	\$ 0.2
Other Office Expense & Services	<u>\$ 3.0</u>
Total Administrative Expenses	<u>\$25.1</u>

*Includes new FTE's

12



New FTEs for FY18

New Position Requests	Annualized Salary and Benefits	FY18 Caltrain Budget
Senior Engineer, Network Management	\$214,421	53,605
Deputy Chief, Rail Operations	\$57,000	28,500
Senior Planner	\$170,510	68,204
Market Development Contract Administrator	\$170,510	49,732
Associate Contract Officer	\$136,158	27,232
ADA Coordinator	\$159,305	79,652
Total	\$907,902	\$306,925

13



Use of Reserves

(in millions)

	<u>FY2016</u>	<u>FY2017 Projected</u>	<u>FY2018 Budget</u>
Total Revenue	122.6	130.5	130.3
Total Expenses	119.1	135.7	151.0
Revenue Over/Under	<u>3.5</u>	<u>(5.2)</u>	<u>(20.7)</u>
Unrestricted funds Beginning Balance	31.7	35.2	30.0
Projected surplus/(use) of reserves	<u>3.5</u>	<u>(5.2)</u>	<u>(20.7)</u>
Unrestricted funds Ending Balance	<u>35.2</u>	<u>30.0</u>	<u>9.3</u>

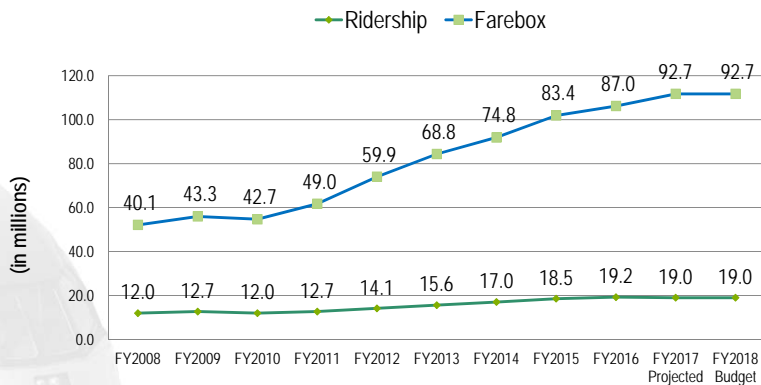
14

Caltrain's Structural Deficit

- Need dedicated permanent funding source
- Using limited reserves to balance the budget and will most likely will run out of funds by 2019
- Need to approve a reserve policy
- Caltrain Business Plan will consider options for dedicated revenues

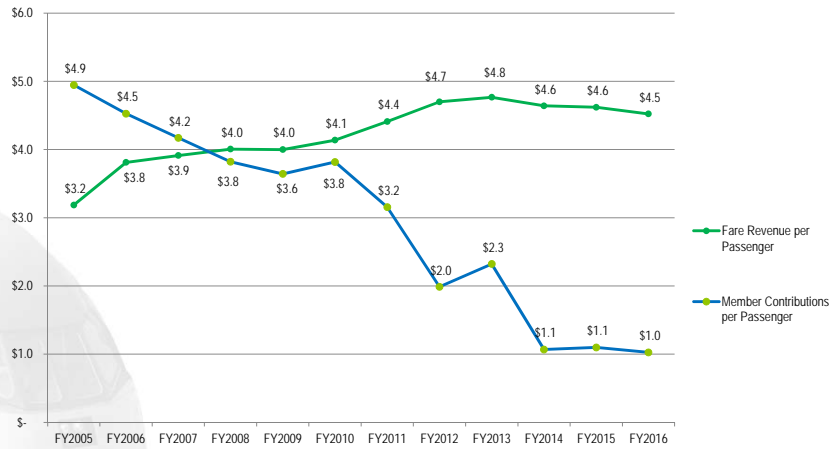
Annual Farebox Revenue and Ridership

(in millions)





Operating Funding

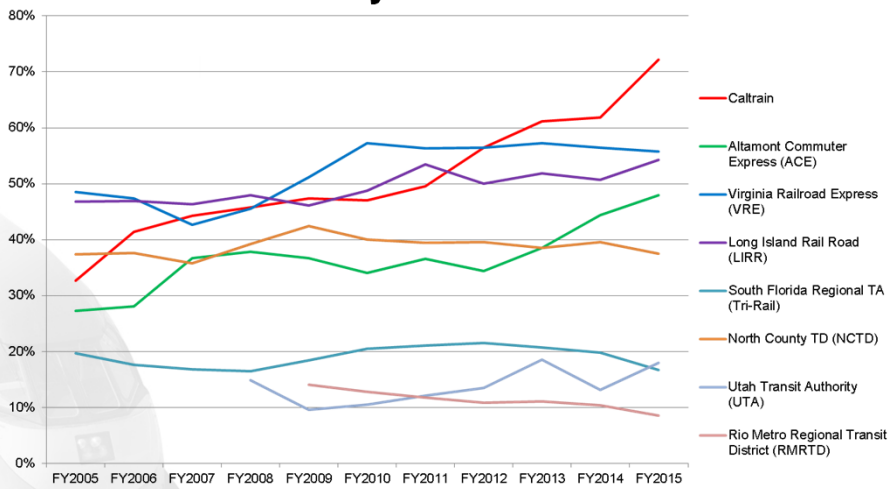


CPI Adjusted to FY2016 dollars

17



Farebox Recovery



Peer Commuter Rail Systems- All Data from the National Transit Database

18



Next Steps

Near Term

- Refining new FTE request and revenue and expense projections
- June: Request approval for FY18 Budget
- June: Request approval on the Reserve Policy
- July Public Hearing regarding proposed Fare and Parking increases
- August Board meeting to consider approval of Fare and Parking increases

Long Term

- Caltrain Business Plan