

Quarterly Financial Report

Fiscal Year 2025 Preliminary Quarter 4 Results

**JPB Finance Committee
October 27, 2025**



Agenda

1. Executive Summary / Q4 Financial Results (Prelim)

- Sources
- Uses

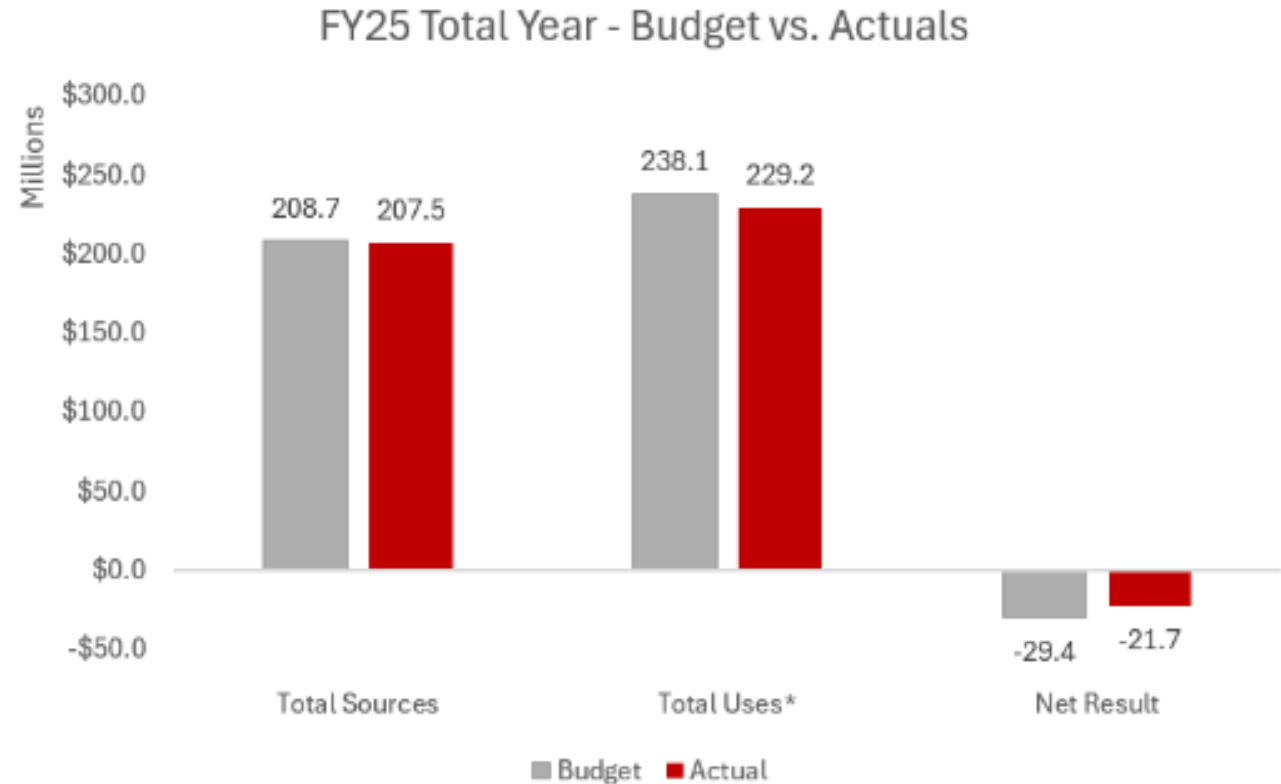
2. Financial Outlook

3. Next Steps

Executive Summary / Year-end Result

FY25 Total Year Summary

- **Sources:** Revenue finished within 1% of target
- **Uses:** Expenses came in below budget, results of the implementation of various cost saving measures
- **Result:** Year-end performance stronger than anticipated – deficit reduced by \$7.7M, from \$29.4M to \$21.7M



**Net Result does not include budgeted \$6.8M contribution to reserves*

Sources – FY25 Total Year Budget vs. Actual

Sources (\$1.3M) unfavorable - Main Drivers:

LCFS and SRA (\$11.6M) unfavorable:
Revenues delayed to FY26

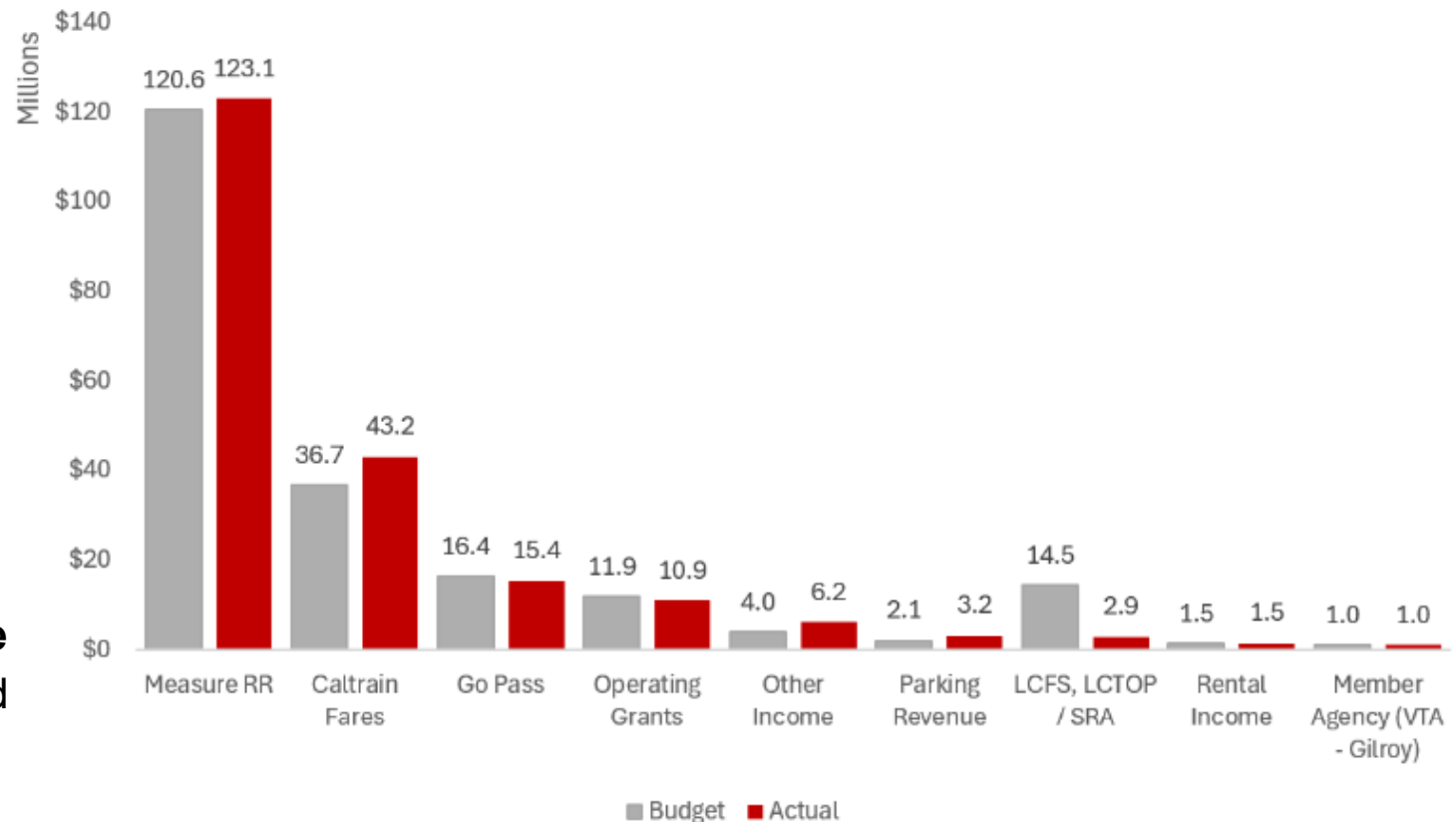
Offsetting otherwise strong performance in:

Caltrain Fares \$6.5M favorable: Exceeded budget by ~18% due to sustained trends in ridership recovery

Parking and Other Income \$3.3M favorable
Outperformed, reflecting higher utilization and interest earnings.

Measure RR \$2.4M favorable: Slightly favorable from higher-than-expected sales tax receipts.

FY25 Total Year Sources - Budget vs. Actuals



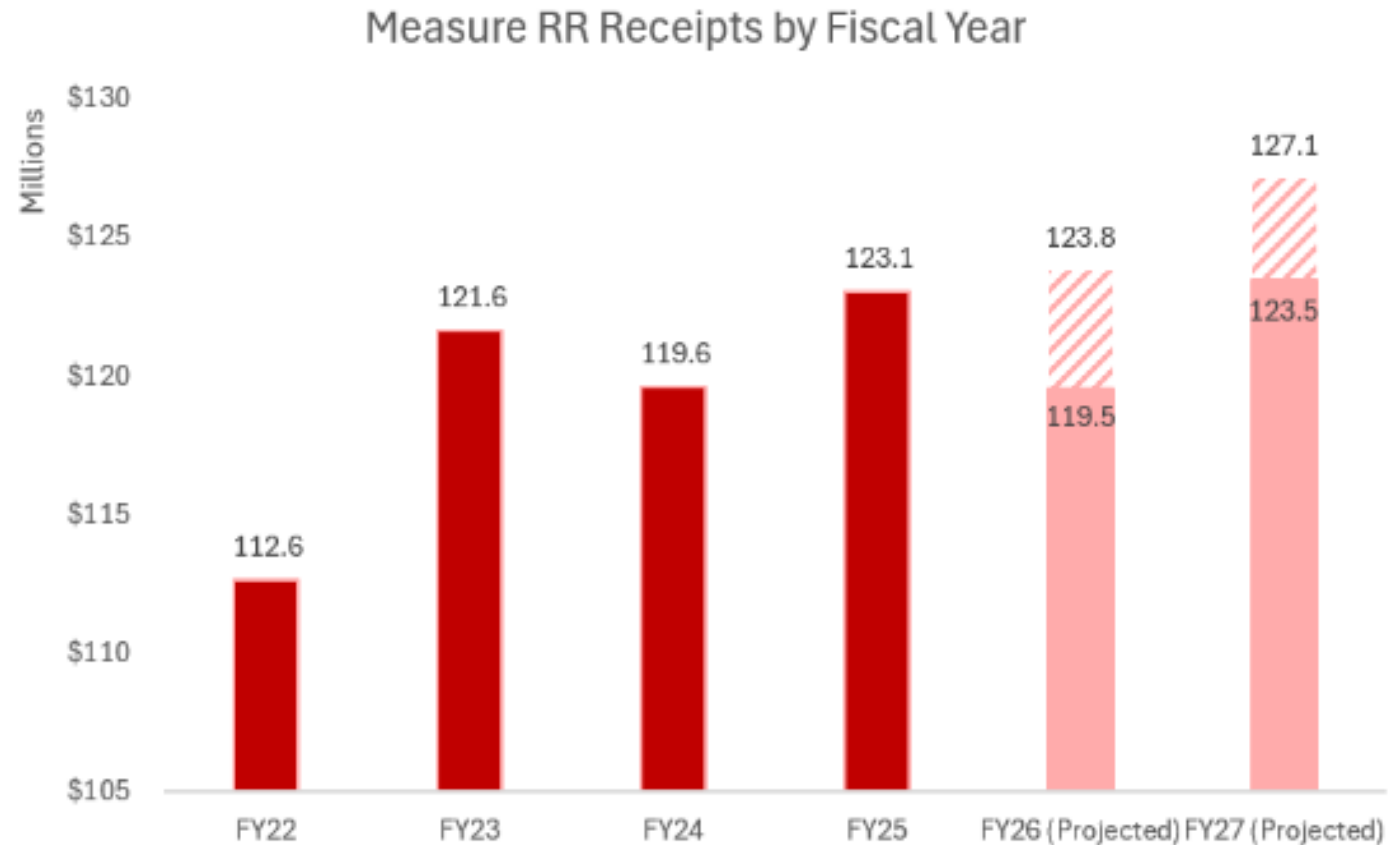
Sources – Measure RR

FY24: \$2.0M (-1.7%) decline from FY23

FY25: \$3.5M (2.9%) growth over prior year, many one-time factors from Santa Clara County such as AI related growth, influenced favorable result

FY26 Projection: Budgeted value of \$119.5M with potential upside to 0.6% growth over FY25 actuals based on most recent HdL forecast

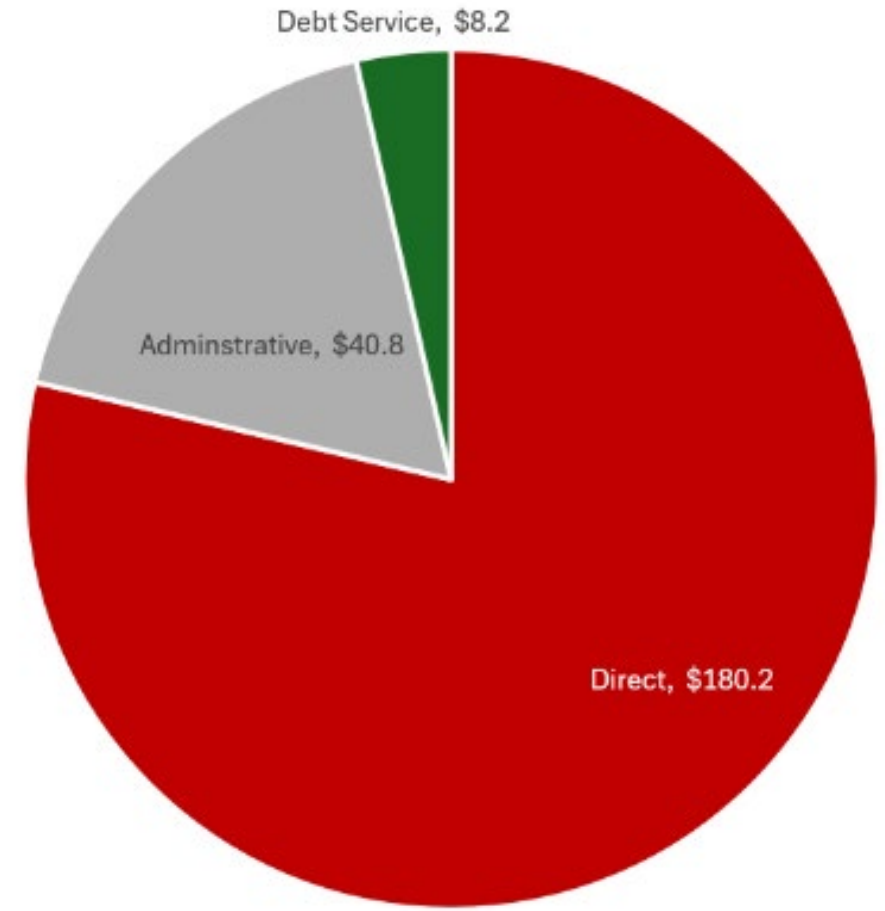
FY27 Projection: Growth of 2.7% from prior year anticipated



Uses – % Allocation of YTD Actuals

Use Category	FY25 Year Total Actual	% of Total Expense
Direct Expense	180.2	79%
Rail Operator Service	120.2	52%
Electric Charges for Power Traction	11.5	5%
Insurance	12.7	6%
Security Services	8.5	4%
Facilities and Equipment Maintenance	7.4	3%
OCS/TPS Maintenance	7.7	3%
Fuel and Lubricants*	3.9	2%
Misc - Direct	5.7	3%
Claims, Payments, and Reserves	2.8	1%
Administrative Expense	40.8	18%
Wages & Benefits*	20.5	9%
Professional Services	10.9	5%
Misc - Administrative	5.4	2%
Managing Agency OH Cost	3.9	2%
Debt Service	8.2	4%
Total Uses	229.2	100%

*Wages & Benefits includes all non-TASI staff



Uses – FY25 Total Year Budget vs. Actual

Uses \$8.7M Favorable Main Drivers:

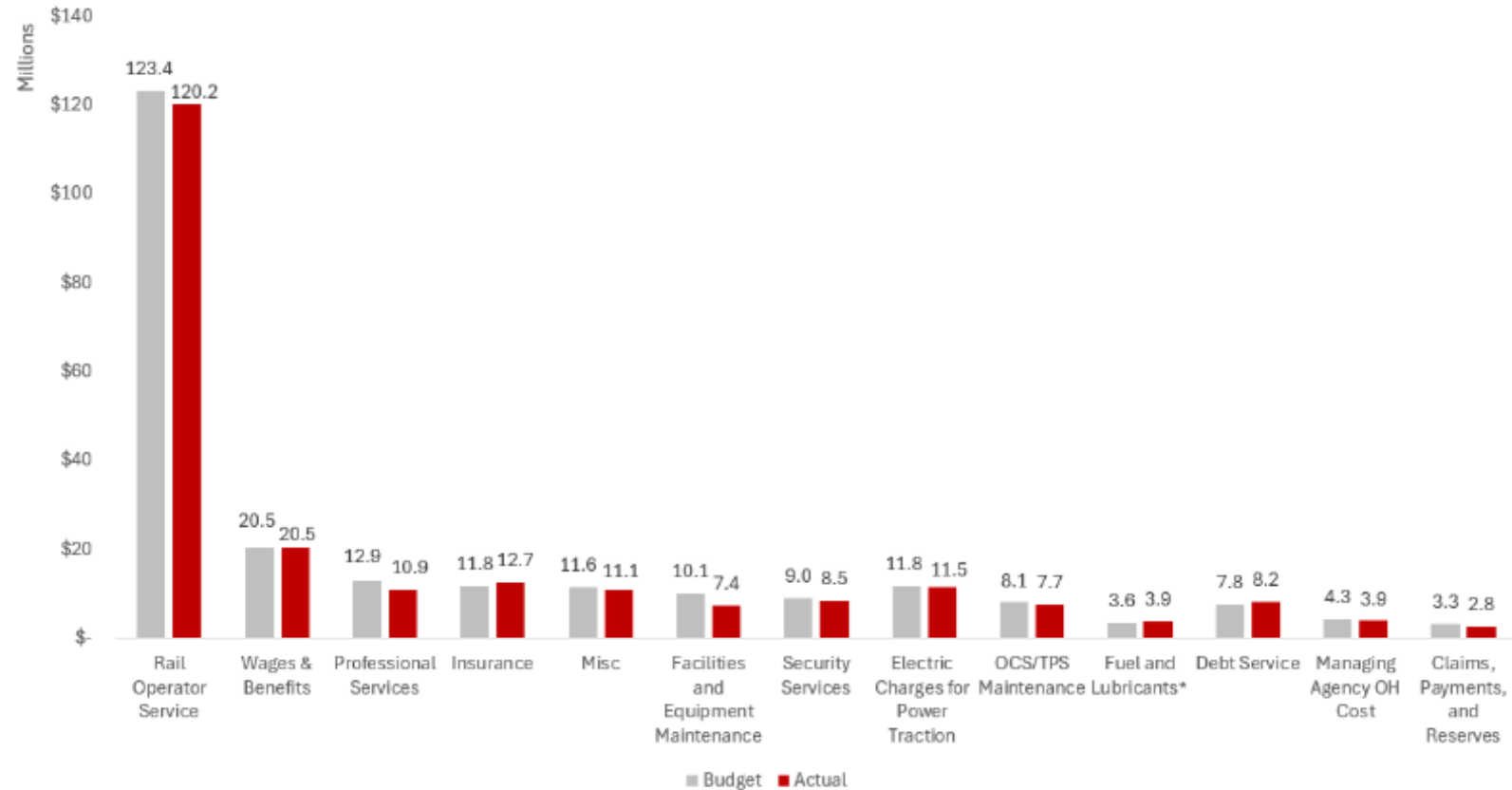
Direct Expense

- **Rail Operator Service:** \$3.2M favorable mostly due to year-end materials/inventory adjustments;
- **Facilities Equip. & Maint.:** \$2.7M favorable due to reduced contracted services, mainly in systems engineering, and reimbursed costs for work done related to the Lima diesel fleet deal

Administrative Expense

- **Professional Services:** \$2.0M favorable with staff utilizing less contracted services in systems engineering

FY25 Total Year Uses - Budget vs. Actual



Outlook

Current Conditions

- Ridership is rebounding but still below pre-pandemic peaks
- Inflation is easing while prices remain elevated
- Expense pressure remains high amid economic uncertainty

Fiscal Cliff

- Transit as an industry is nearing the “fiscal cliff”
- State loan amount and timing are unknown and would be a cash flow bridge only
- SB 63 is the ongoing funding solution needed for next 10-year period

Managing Through FY26

- Staff will manage liquidity using reserves and the line of credit (LOC) if needed to bridge reimbursable capital outlays

Next Steps: Board Meetings

Capital Budget Amendment

- Nov2026 Board

FY25 Audited Financials

- Dec 2026 Board

FY27 Operating Budget

- Budget Scenarios: Jan 2026 Board
- Proforma Budget (10-Yr Plan): Mar 2026 Board Workshop
- Preliminary Budget: May 2026 Board
- Proposed Budget: Jun 2026 Board

FY26 YE Forecast

- March 2026 Board
- May 2026 Board

FOR MORE INFORMATION

WWW.CALTRAIN.COM



Cash Flow Update

Reserves as of 09/30/25

\$54.4M Total Reserves:

- **\$20.1M Capital Reserve**
 - No formal capital reserve policy
 - \$5M earmarked for Guadalupe
- **\$26.9M Operating Reserve**
 - Policy: at minimum of 10% of expenses
- **\$7.4M Insurance Reserve**

Reserve Balances	
<i>Capital Reserve (Target \$20M)</i>	20,138,985
<i>Operating Reserve (Target \$26.9M)</i>	26,878,850
<i>Insurance Reserve (Target \$7.4M)</i>	7,395,976
Total Reserve	54,413,811

Cash Balances as of 09/30/25

Account	Unrestricted	Reserves Operating	Reserves Capital	Reserves Insurance	Restricted TIRCP	Restricted Debt Service	Restricted Security & Insurance	Total by Bank
Wells Fargo Bank	35,039,419	26,878,850	-	7,395,976	-	-	2,337,185	71,651,430
US Bank	-	-	-	-	96,154,607	19,306,462	-	115,461,069
Bank of America	9,581,129	-	5,000,000	-	-	-	-	14,581,129
LAIF – Local Agency Investment Fund	-	-	401,852	-	-	-	-	401,852
CAMP – California Asset Management Program	-	-	14,117,173	-	-	-	-	14,117,173
County Pool	-	-	619,960	-	-	-	-	619,960
Totals	44,620,548	26,878,850	20,138,985	7,395,976	96,154,607	19,306,462	2,337,185	216,832,613

Scenario 1: As Is

\$14.9 from HSR \$10M from TA \$32M from FTA									
	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
*Begin Balance	44,620,548	-9,196,123	-18,881,439	860,482	-18,403,157	1,635,084	15,930,254	31,885,268	35,533,945
Source	24,607,136	26,583,689	75,031,509	35,841,319	63,390,374	37,753,352	33,408,054	20,886,717	23,687,803
Use	78,423,807	36,269,004	55,289,588	55,104,958	43,352,132	23,458,182	17,453,040	17,238,040	25,554,280
End Balance (excludes reserves)	-9,196,123	-18,881,439	860,482	-18,403,157	1,635,084	15,930,254	31,885,268	35,533,945	33,667,468
Capital Reserve (Target \$20M)	20,138,985	20,138,985	20,138,985	20,138,985	20,138,985	20,138,985	20,138,985	20,138,985	20,138,985
Operating Reserve (Target \$26.9M)	26,878,850	26,878,850	26,878,850	26,878,850	26,878,850	26,878,850	26,878,850	26,878,850	26,878,850
Insurance Reserve (Target \$7.4M)	7,395,976	7,395,976	7,395,976	7,395,976	7,395,976	7,395,976	7,395,976	7,395,976	7,395,976
Total Reserve	54,413,811	54,413,811	54,413,811	54,413,811	54,413,811	54,413,811	54,413,811	54,413,811	54,413,811
Net Position (includes reserves)	45,217,688	35,532,372	55,274,293	36,010,654	56,048,895	70,344,065	86,299,079	89,947,756	88,081,279

- Without any action, we will be below our reserve target through January – effectively we will be temporarily using reserves for cashflow

Scenario 2: Capital Reserve Use

Scenario 2: Cashflow with Reserves and Payback in Mar 26

\$14.9 from HSR \$10M from TA \$32M from FTA

	Cap Use		Possible SB125						
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Begin Balance	44,620,548	10,942,862	1,257,546	20,999,467	1,735,828	21,774,069	15,930,254	31,885,268	35,533,945
Source	24,607,136	26,583,689	75,031,509	35,841,319	63,390,374	37,753,352	33,408,054	20,886,717	23,687,803
LOC Source	-	-	-	-	-	-	-	-	-
Reserve Use	20,138,985	-	-	-	-	-	-	-	-
Use	78,423,807	36,269,004	55,289,588	55,104,958	43,352,132	23,458,182	17,453,040	17,238,040	25,554,280
LOC payback									
Reserve payback						20,138,985			
End Balance	10,942,862	1,257,546	20,999,467	1,735,828	21,774,069	15,930,254	31,885,268	35,533,945	33,667,468

Capital Reserve (Target \$20M)	0	0	0	0	0	20,138,985	20,138,985	20,138,985	20,138,985
Operating Reserve (Target \$26.9M)	26,878,850	26,878,850	26,878,850	26,878,850	26,878,850	26,878,850	26,878,850	26,878,850	26,878,850
Insurance Reserve (Target \$7.4M)	7,395,976	7,395,976	7,395,976	7,395,976	7,395,976	7,395,976	7,395,976	7,395,976	7,395,976
Total Reserve	34,274,826	34,274,826	34,274,826	34,274,826	34,274,826	54,413,811	54,413,811	54,413,811	54,413,811

Position	45,217,688	35,532,372	55,274,293	36,010,654	56,048,895	70,344,065	86,299,079	89,947,756	88,081,279
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- Using \$20.1 Capital Reserve to cash flow Stadler payments, we remain within stated reserve targets
- Reserve is paid back upon reimbursement in Mar
- No LOC Draw planned – pending timing of Guadalupe \$5M



Scenario 3: Capital Reserve & LOC

\$14.9 from HSR \$10M from TA \$32M from FTA

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Begin Balance	44,620,548	10,942,862	6,257,546	25,999,467	6,735,828	21,774,069	15,930,254	31,885,268	35,533,945
Source	24,607,136	26,583,689	75,031,509	35,841,319	63,390,374	37,753,352	33,408,054	20,886,717	23,687,803
LOC Source	-	5,000,000	-	-	-	-	-	-	-
Reserve Use	20,138,985	-	-	-	-	-	-	-	-
Use	78,423,807	36,269,004	55,289,588	55,104,958	43,352,132	23,458,182	17,453,040	17,238,040	25,554,280
LOC payback					5,000,000			-	
Reserve payback					-	20,138,985		-	-
End Balance	10,942,862	6,257,546	25,999,467	6,735,828	21,774,069	15,930,254	31,885,268	35,533,945	33,667,468

Capital Reserve (Target \$20M)	-	-	-	-	-	20,138,985	20,138,985	20,138,985	20,138,985
Operating Reserve (Target \$26.9M)	26,878,850	26,878,850	26,878,850	26,878,850	26,878,850	26,878,850	26,878,850	26,878,850	26,878,850
Insurance Reserve (Target \$7.4M)	7,395,976	7,395,976	7,395,976	7,395,976	7,395,976	7,395,976	7,395,976	7,395,976	7,395,976
Total Reserve	34,274,826	34,274,826	34,274,826	34,274,826	34,274,826	54,413,811	54,413,811	54,413,811	54,413,811

Position	45,217,688	40,532,372	60,274,293	41,010,654	56,048,895	70,344,065	86,299,079	89,947,756	88,081,279
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Below Reserve

Below Reserve

Below Reserve

3.66%

5,000,000.00

Total Interest Cost:

30,500

LOC Interest Cost:								
25-Nov	25-Dec	26-Jan	26-Feb	26-Mar	26-Apr	26-May	26-Jun	
-	15,250	15,250	-	-	-	-	-	-

- Use \$20.1 Capital Reserve to cash flow Stadler payments
- Reserve is paid back upon reimbursement in Mar
- Draw on LOC – can be used to fund Stadler if Guadalupe paid earlier, nominal cost to accessing LOC



Summary of Options & Next Steps

1. Options

- a. Option 1: No action results in inadvertent reserve use
- b. Option 2: Intentional capital reserve use (cash flow Stadler)
- c. Option 3: Intentional capital reserve use and LOC to supplement as needed
 - i. LOC only used to maintain operating and insurance reserve level beyond 60 – 90 days
- d. Additional Options to Pursue:
 - i. Engage with vendors to delay payments
 - ii. Engage with SamTrans / TA(s) for any other opportunities

2. Next Steps

- a. Implement guidance from ED into cash flow tracker
- b. Reporting to board
 - i. QFR – present slide as is, stating focus on liquidity / levers
 - ii. MFR – brief updates on staff report
- c. Question on SOGR \$14.2M - based on the above we recommend using this amount for cashflow rather than carving out as a reserve. This is still planned to be available on a budgetary basis.
 - i. Are we ok to proceed under this approach?
- d. Continue work to push out cash flow forecast to end of fiscal year (continue with rolling 9 months)

Opportunity Cost on \$5M

- \$5M LOC cost:
 - \$46K for 3 months
 - \$89K for 6 months
 - \$169K for 12 months
- \$5M Investment income:
 - \$49K for 3 months
 - \$95K for 6 months
 - \$178K for 12 months
- If we reduce our reserves by using \$5M in reserves instead of LOC we miss out on investment income of:
 - \$3K for 3 months
 - \$5K for 6 months
 - \$9K for 12 months

Note this table considers Fed Reserve action/projected interest rate cuts

Month	Borrowing Tax-Exempt Rate	Borrowing Cost (Tax-Exempt)	Investment Rate	Investment Income	Cost of Using Reserves Vs. LOC
3 months total	3.85-3.60%	\$ 45,500	4.00-3.75%	\$ 48,958	\$ (3,458)
6 months total	3.85-3.35%	\$ 89,458	4.00-3.50%	\$ 94,792	\$ (5,333)
12 months total	3.85-3.1%	\$ 169,042	4.00-3.25%	\$ 178,125	\$ (9,083)

Opportunity Cost on \$20M

- \$20M LOC cost:
 - \$182K for 3 months
 - \$358K for 6 months
 - \$676K for 12 months
- \$20M Investment income:
 - \$196K for 3 months
 - \$379K for 6 months
 - \$713K for 12 months
- If we reduce our reserves by using \$20M in reserves instead of LOC we miss out on investment income of:
 - \$14K for 3 months
 - \$21K for 6 months
 - \$36K for 12 months

Amount of Draw/Borrow	20,000,000
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Note this table considers Fed Reserve action/projected interest rate cuts

Month	Borrowing Tax-Exempt Rate	Borrowing Cost (Tax-Exempt)	Investment Rate	Investment Income	Cost of Using Reserves Vs. LOC
3 months total	3.85-3.60%	\$ 182,000	4.00-3.75%	\$ 195,833	\$ (13,833)
6 months total	3.85-3.35%	\$ 357,833	4.00-3.50%	\$ 379,167	\$ (21,333)
12 months total	3.85-3.1%	\$ 676,167	4.00-3.25%	\$ 712,500	\$ (36,333)