

The logo for samTrans, featuring the word "samTrans" in a bold, sans-serif font. The "a" and "m" are lowercase, while "T" and "r" are uppercase. Below the text are two horizontal bars: a red one on top and a blue one on the bottom.

District Financial Outlook and its Impact on Caltrain

March 24, 2011

Purpose of Presentation

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- Review District's current fiscal status and financial capacity
- Receive an overview of District's Preliminary Fiscal Year 2012 Budget
- Assess District's financial capability to contribute to Caltrain's operations
- Understand Caltrain's current fiscal status

District's Current Fiscal Status

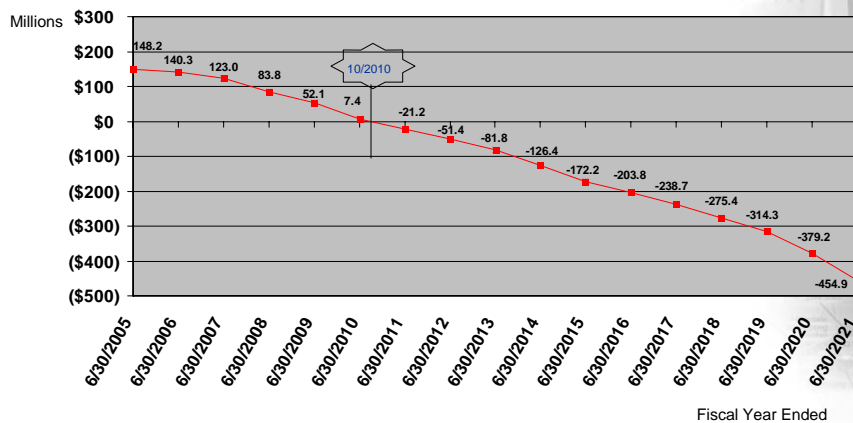
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- District has been facing a continuing structural deficit
- Federal, State and local sources have dwindled
- District staff have been working with the Strategic Plan/Financial Capacity Ad Hoc Committee since 2006 to develop measures to address the structural deficit

3

Financial Capacity (August 2006)

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Assumption:

- Annual sales tax growth rate @ 3.7%

4

District's Actions Since 2006

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- District has addressed the structural deficit with a number of measures
 - Refinanced debt
 - Negotiated BART settlement
 - Hiring and salary freezes
 - Service reductions and fare increases

5

Deficit Reduction Efforts: FY2009 - FY2011

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	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>
7.5% Service Reduction (includes represented layoffs)	-	\$3.3 million	-
Administrative Layoffs	-	\$500,000	-
Hiring and Salary Freezes	\$325,000	\$1.0 million	\$800,000
Furlough Days	\$200,000	\$350,000	\$350,000
Fare Increases	\$625,000	\$1.3 million	-
Caltrain Sales Tax Contribution Reduction	-	-	\$5.9 million
TOTALS	\$1.2 million	\$6.5 million	\$7.1 million

6

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District's Preliminary FY2012 Budget

FY2012 – Preliminary Operating Budget Assumptions

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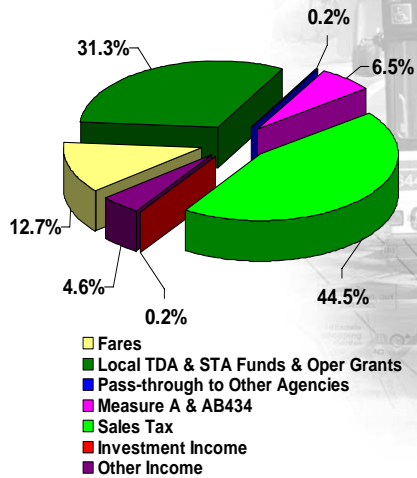
- Wages and salaries costs are presumed to remain at current year levels
- Benefit costs include slight reductions; assume some concessions from employees
- Diesel fuel is budgeted at \$3.00 per gallon; no change from FY2011
- General sales tax revenues increase by \$1.5 million, 2.5%, from FY2011 to FY2012
- TDA projections have increased by \$3.3 million from FY2011
- No fixed-route fare or service changes for FY2012; paratransit fare increase planned for July 1, 2011
- Assumes SamTrans contribution to the JPB is \$4.9 million

8

Revenues – FY2012 Preliminary Budget (in millions)

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Fares	\$17.4
Local TDA & STA Funds & Oper. Grants	43.2
Pass-through to Other Agencies	0.3
Measure A & AB434	9.0
Sales Tax	61.5
Investment Interest	0.3
Other Income	<u>6.4</u>
Total Revenues	\$138.1

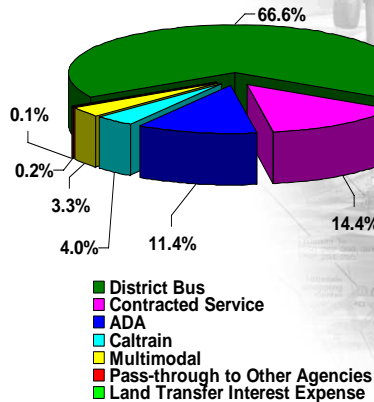


9

Operating Expenses – FY2012 Preliminary Budget (in millions)

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Motor Bus	
District-operated	\$81.1
Contracted Service	17.5
ADA	13.9
Caltrain	4.9
Multimodal	4.0
Pass-through to Other Agencies	0.3
Land Transfer Interest Expense	<u>0.1</u>
Total	\$121.8



10

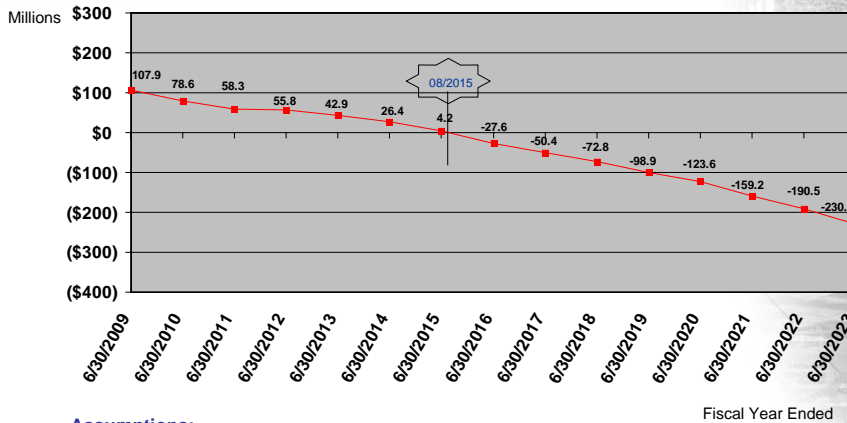
Summary of FY2012 Preliminary Operating Budget (in millions)



Total Revenues	\$138.1
Total Expenses	(121.8)
Sales Tax Allocation – Capital*	<u>(4.6)</u>
Operating Surplus	11.7
Bond Proceeds Interest	1.9
Debt Service Requirement**	<u>(24.5)</u>
Total Uses of Reserves	<u>(\$10.9)</u>

* Preliminary projection
 ** (Debt service for BART - \$12.7 million)

District's Financial Capacity (with the FY2012 Budget Assumptions)



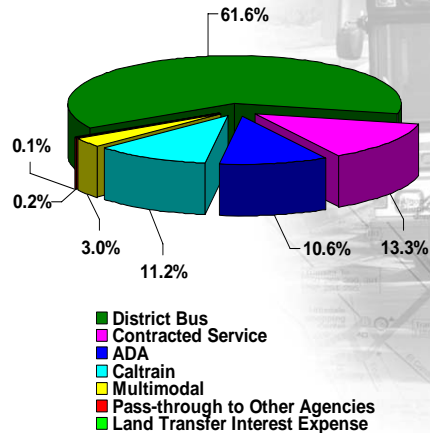
Assumptions:

- Reduced Caltrain contribution starting in FY2012 to \$4.9 million
- Annual sales tax growth rate @ 1.5% - 2.0%
- FY2012 figures include FY2012 preliminary budget assumptions
- Assumes repayment of right of way from the JPB Partners

Operating Expenses – FY2012 Prelim. Budget if status quo Caltrain funding



	(in millions)
Motor Bus	
District-operated	\$81.1
Contracted Service	17.5
ADA	13.9
Caltrain	14.7
Multimodal	4.0
Pass-through to Other Agencies	0.3
Land Transfer Interest Expense	<u>0.1</u>
Total	\$131.6



13

Summary of FY2012 Preliminary Operating Budget if status quo Caltrain funding



	(in millions)
Total Revenues	\$138.1
Total Expenses	(131.6)
Sales Tax Allocation – Capital*	<u>(4.6)</u>
Operating Surplus	1.9
Bond Proceeds Interest	1.9
Debt Service Requirement**	<u>(24.5)</u>
Total Uses of Reserves	<u>(\$20.7)</u>

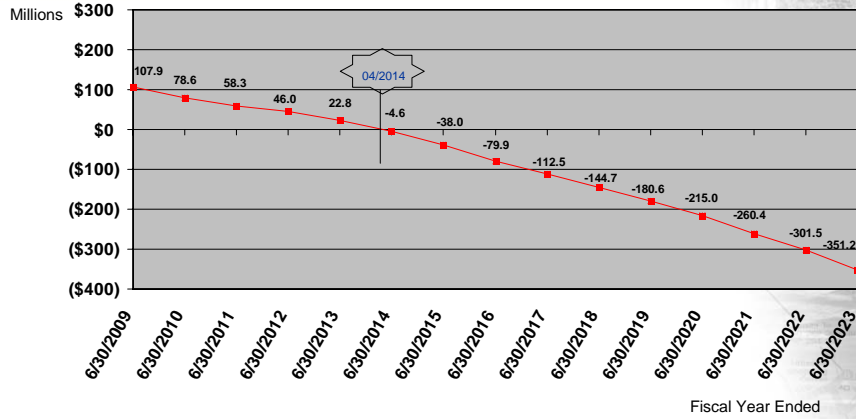
* Preliminary projection

** (Debt service for BART - \$12.7 million)

14

District's Financial Capacity

(Assumes funding Caltrain at FY2011 Levels)



Assumptions:

- Fund Caltrain in FY2012 at FY2011 levels, or \$14.7 million
- Annual sales tax growth rate @ 1.5% - 2.0%
- Assumes repayment of right of way from the JPB Partners



Caltrain's Current Fiscal Status



Caltrain's Current Fiscal Status

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- In the early 2000s, the economic downturn caused significant reduction in ridership and revenues
- Reinvention in 2004 and 2005 led to service increase, which led to increase in ridership and revenues
- Funding for transit operations continues to be uncertain today
- SamTrans' structural deficit initiated a reduction in its member contribution to the JPB in FY2011
- SamTrans proposes to continue its reduction to Caltrain to \$4.9 million in FY2012

17

Caltrain's Current Fiscal Status

(continued)

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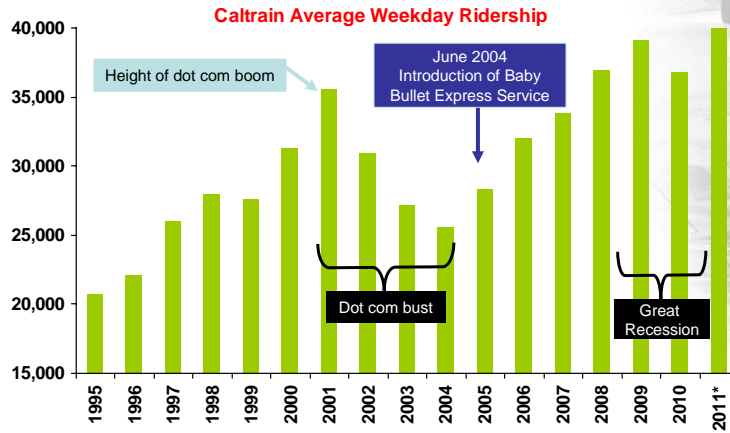
- Caltrain's structural deficit will continue due to the lack of a dedicated and stable funding source
- In order to balance the budget, Caltrain service was reduced in FY2010 and FY2011
- In the past, Caltrain has relied on one-time funds to balance its budget; this is not sustainable
- JPB is in the process of awarding a new contract for Caltrain operations and maintenance; contract award is scheduled to conclude at the end of calendar year 2011

18

Ridership Trends



Ridership has benefited from the reinvention of Caltrain service: average weekday ridership has increased by 44% since 2004

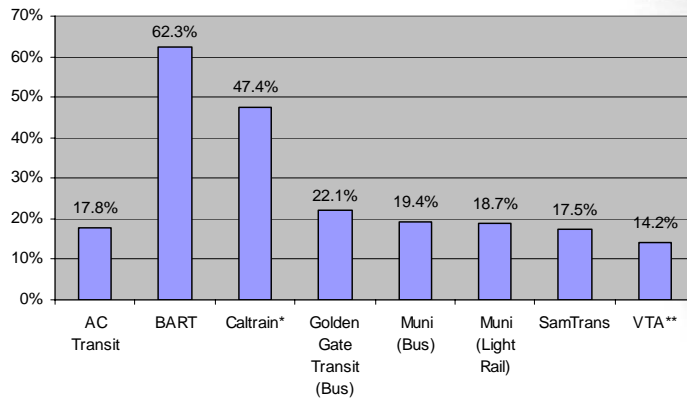


Source: Annual passenger counts done each February * Projected ridership in FY2011

Cost Recovery through Fares Bay Area Comparison



Caltrain has a high farebox recovery compared with other local agencies.

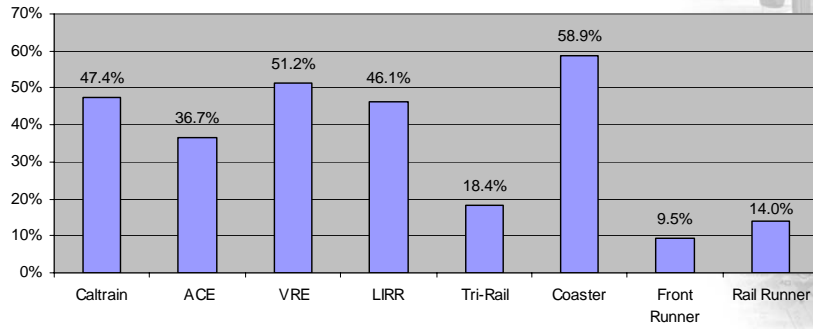


Sources: * FY2009 NTD Report ** A combined ratio of both bus and light rail
Other ratios are from the MTC Statistical Summary of Bay Area Transit Operators (May 2010) for FY2009

Cost Recovery through Fares Commuter Railroad Comparison



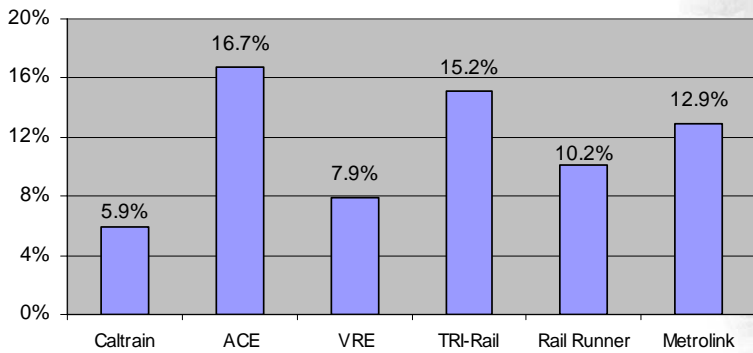
Caltrain's farebox recovery is similar to other commuter rail systems.



Sources: FY2009 NTD Reports

21

Administrative Staff Cost Comparison

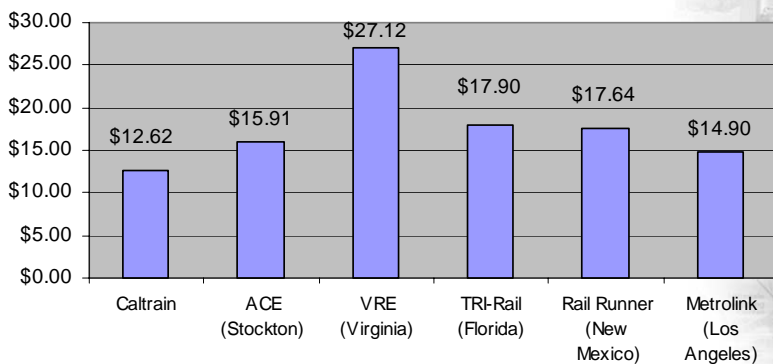


Source: FY2009 NTD Reports

22

Operating Expenses per Vehicle Revenue Mile

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Source: FY2009 NTD Reports

23

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History of JPB Members' Contribution for Caltrain Operations

24

Member Agency Operating Contributions

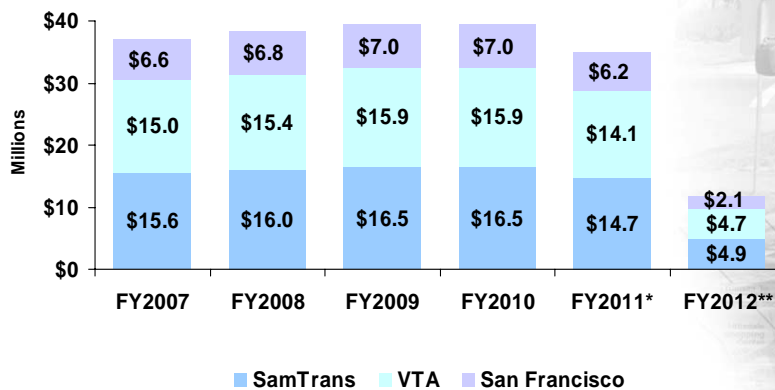
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- Member Agencies provide operating contributions to the JPB according to the Joint Powers Agreement (JPA)
- The JPA provides that each member subsidizes the operating budget based upon each county's morning peak hour boarding
- In FY2006, the Members agreed to an annual increase of 3%
 - If contributions exceed expenses, excess deposited in a reserve account
- Since FY2009, Member contributions have been frozen
- 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

25

Member Agency Operating Contributions

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Sources: FY2007-2010 Financial Statement, FY2011 Adopted Budget and FY2012 Proposed Budget
 Note *: SamTrans initiated a reduction in its share which reduced the JPB partners' shares proportionately.
 Note **: Proposed SamTrans FY2012 contribution to Caltrain at \$4.9 million; assumes proportionate reduction in contribution for SF and VTA.

26

Member Contributions Comparisons



	San Francisco	SamTrans	VTA	Total
FY2011 Adopted Operating Contribution	\$6,246,947	\$14,707,875	\$14,135,309	\$35,090,130
FY2012 Projected Operating Contribution	\$2,089,695	\$4,920,000	\$4,728,469	\$11,738,164

27



FY2012 Caltrain Budget Outlook

28

Proposed Service & Budget Levels for FY2012

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Possible scenarios, each with projected deficits:

- Current service level
 - 86 weekday trains
 - Projected deficit = (\$30.3 million)**
- Reduced service level
 - 48 weekday trains
 - Projected deficit = (\$4.7 million)**

29

Cost Control & Revenue Measures

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- Caltrain operates with a lean staffing level (staff shared with two other agencies)
- Administrative staff salaries frozen since 2008
- Administrative employees subject to furlough days since 2008
- 2009: fares increased; 8 trains eliminated
- 2009: Staff laid off; hiring freeze
- 2011: fares increased, including Go Pass; 4 trains eliminated

30

Criteria for operating scenarios with reduced weekday service

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- Preserve weekday commute-hour service, as well as service for the top ten stations which account for 80% of the peak ridership
- 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 (70 minutes)

31

Reduced Weekday Service Model: Fewer Stations

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- Suspend Gilroy service
- Suspend service for 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
 - Burlingame
 - San Antonio
 - College Park
 - South San Francisco
 - Hayward Park
 - Lawrence
 - San Bruno
 - Belmont
 - Santa Clara

32

Caltrain Actions and Next Steps

33

Caltrain's Actions for FY2012

- **Fare & fee increases considered**
 - Base fare increase of 25 cents
 - Daily and monthly parking rate increases
- **Other cost reductions**
 - Staffing
 - Expenses
 - Programs, initiatives
- **March 3: Held public hearing & received comments at Caltrain Board meeting; declared fiscal emergency.**
- **Funding suggestions received include:**
 - Use of \$7.1 million in SamTrans repayment funds from VTA
 - Use of Electrification funds
 - Re-direct Dumbarton Rail operating funds from MTC
 - Seek preventive maintenance funds

34

Caltrain's Next Steps

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- Continue discussions with member agencies, funding partners and MTC on funding options
- Continue work on a service, fare and one-time source of funding plan for FY2012 and FY2013
- Discuss preliminary FY2012 budget balancing plan at April 7 JPB meeting
 - May include a request to Board to approve a service plan change (more than 48 trains, but less than 86)

35

Caltrain's Next Steps

(continued)

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- May JPB meeting – preliminary balanced budget
- June JPB meeting - request approval of balanced budget
- Summer 2011 - implement fare and service changes
- Continue to work with stakeholders, including the Silicon Valley Leadership Group, MTC's Transit Sustainability Project, and Friends of Caltrain, to develop long-term strategies for new revenue sources

36

District Staff Recommendations and Next Steps

37

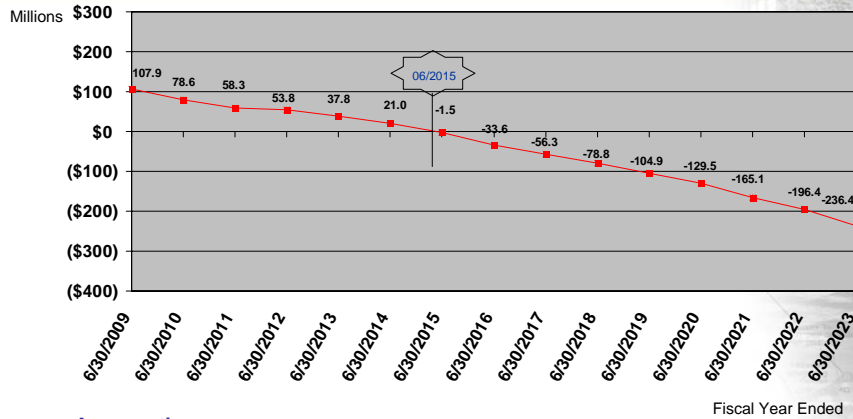
District Staff Recommendations for the near-term

- Recommend reducing District's FY2012 contribution to Caltrain at \$4.9 million
- Continue to work with the JPB members and MTC on near-term solutions to balance the Caltrain budget for FY2012 and FY2013
- Explore possible solutions to contribute additional funding to Caltrain:
 - Explore possible fund swap to provide additional capacity for the District to contribute funding to Caltrain
 - Utilize a portion of District's right of way repayment from VTA for Caltrain: \$2 million in FY2012 and \$3 million in FY2013

38

District's Financial Capacity

(Assumes using \$2M in FY12 & \$3M in FY13 of ROW repayments for Caltrain)



Assumptions:

- Reduced Caltrain contribution starting in FY2012 to \$4.9 million
- Annual sales tax growth rate @ 1.5% - 2.0%
- FY2012 figures include preliminary budget assumptions for FY2012
- Assumes repayment of right of way from JPB partners

39

District's Next Steps



- Continue to work with the Strategic Plan/Financial Capacity Ad Hoc Committee on monitoring the financial condition of the District
- May SamTrans meeting – presents preliminary balanced budget
- June SamTrans meeting – requests approval of balanced budget

40

District's Actions and Strategies

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- Pursue favorable labor agreements with the bargaining units
- Explore cost containment strategies for delivery of paratransit services
- Continue work on the Comprehensive Operating Analysis (COA)
- Continue to work with MTC and other stakeholders on the Transit Sustainability Project, and to secure a dedicated and sustainable funding source for Caltrain
- Schedule a retreat with the Board to examine various policy options and strategies

41

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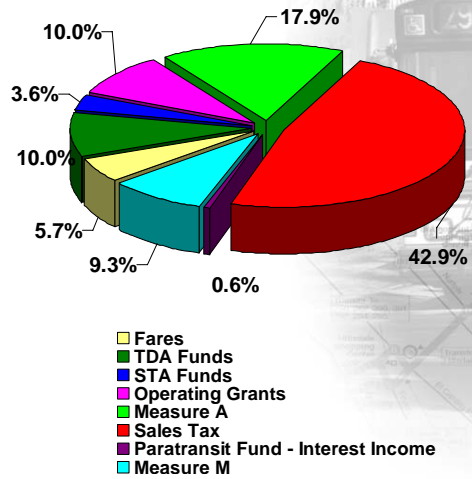
Questions?

42

Paratransit Operating Revenues – FY2012 Proposed Budget (in millions)



Fares	\$0.8
TDA Funds	1.4
STA Funds	0.5
Operating Grants	1.4
Measure A	2.5
Sales Tax	6.0
Measure M	1.3
Paratransit Fund - Interest Income	<u>0.1</u>
Total Revenues	\$14.0

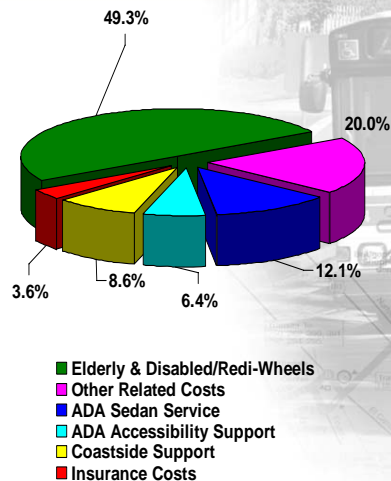


43

Paratransit Operating Expenses – FY2012 Proposed Budget (in millions)



Elderly & Disabled/Redi-Wheels	6.9
Other Related Costs	2.8
ADA Sedan Service	1.7
ADA Accessibility Support	0.9
Coastside Support	1.2
Insurance Costs	<u>0.5</u>
Total	\$14.0



44