

Caltrain Business Plan

JULY 2020

SB797 Update



COVID 19

- Pandemic has further highlighted Caltrain's financial vulnerability
- Dedicated funding would provide financial stabilization and path to expanded service for all riders



Survey of Likely November 2020
Voters
Regarding a Potential Sales Tax
for Caltrain
June 2020



Methodology

- ▶ **Survey of likely November 2020 voters in the Peninsula Corridor Counties (San Francisco, San Mateo, Santa Clara)**
 - Survey conducted June 11 – 18, 2020: Month three of coronavirus shelter-in-place, many workplaces remained closed, transit use and traffic remained low but beginning to rise with gradual reopening
 - 1,255 interviews; overall margin of error ± 2.76 percentage points
 - Approximately 400 interviews in each county; margin of error ± 4.9 percentage points per county
 - Survey offered in multiple languages, with contacts made by cell phone, landline phone, and email.
 - Final data weighted to reflect actual voter population distribution
- ▶ **Where applicable, results compared with March 2019 survey of similar methodology**
 - 1,416 interviews with likely November 2020 voters; margin of error ± 2.6

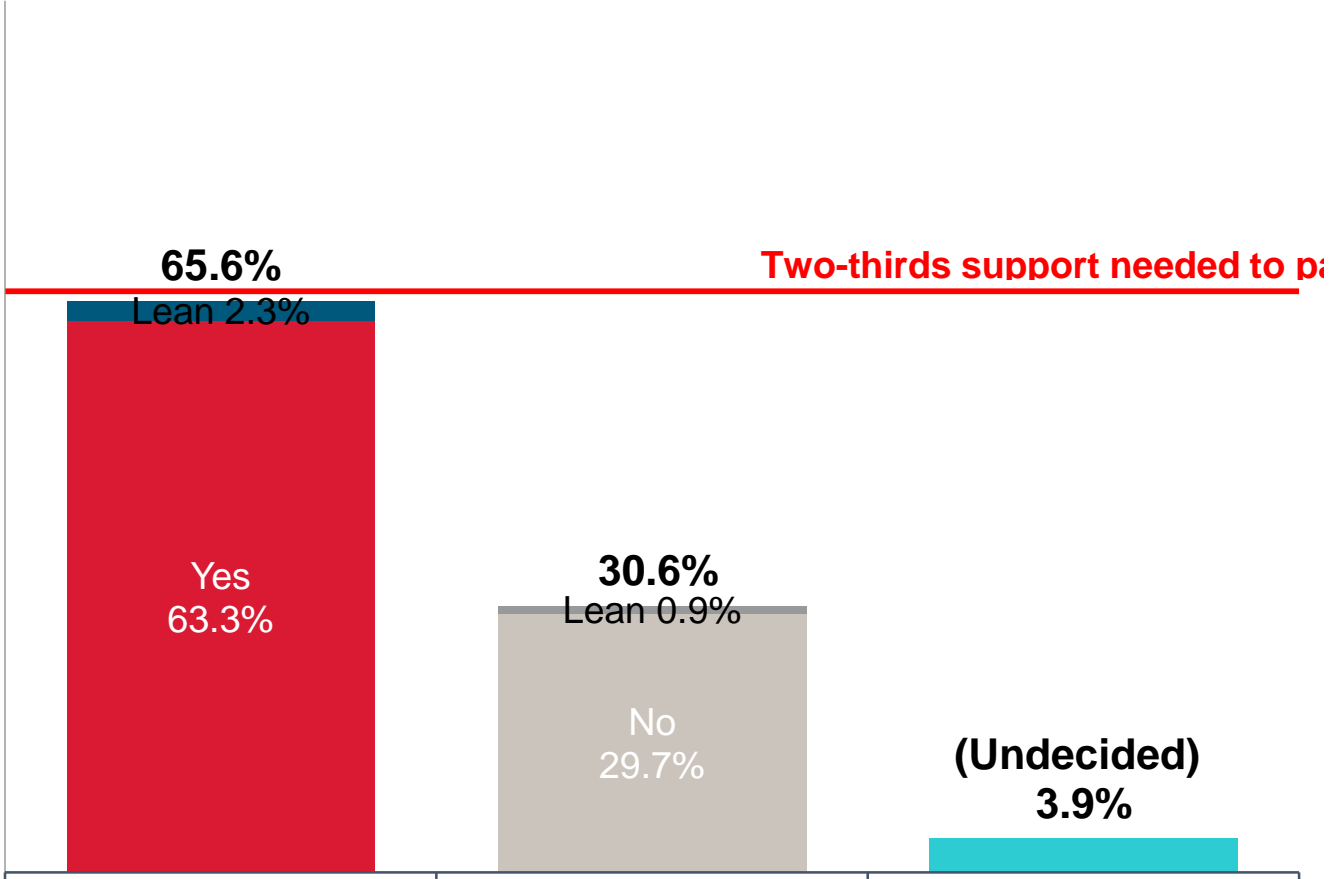
Please note that due to rounding, some percentages may not add up to exactly 100%.

Potential Measure Support

Current support for a measure is short of two thirds, even with those that are undecided but lean towards voting yes.

Potential Ballot Question

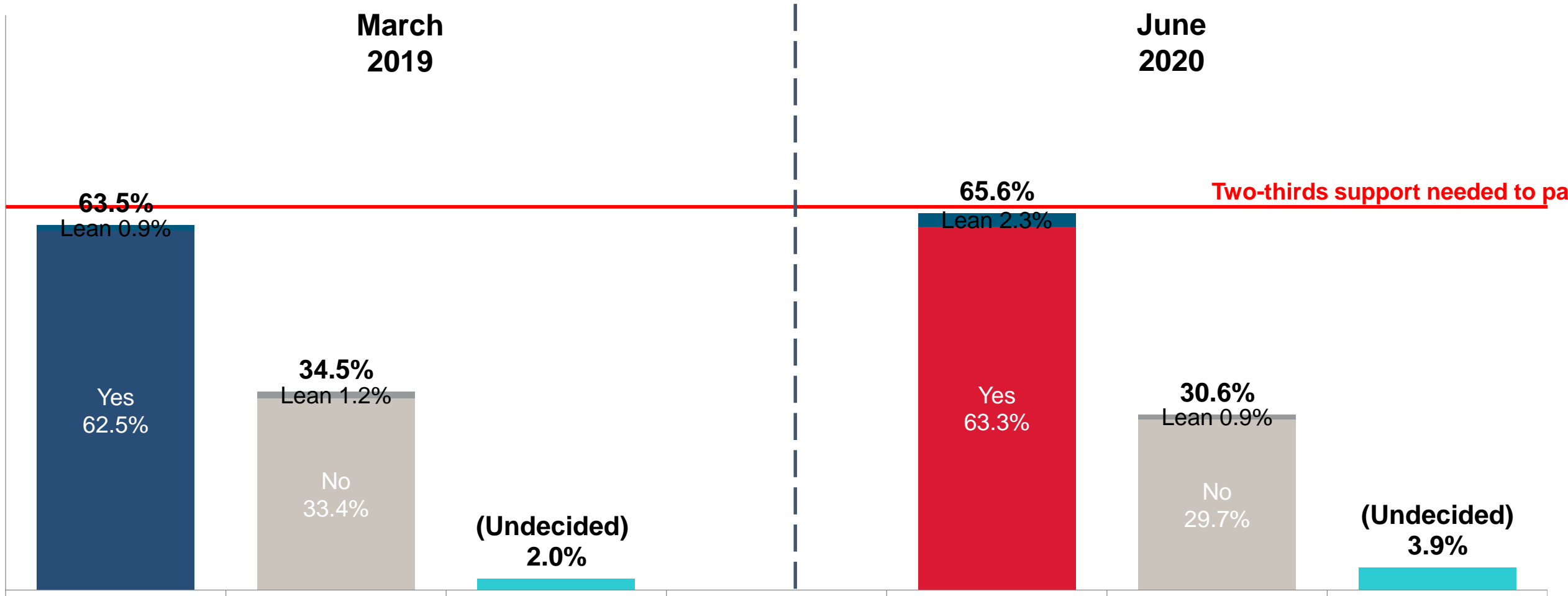
To preserve Caltrain service and support regional economic recovery, prevent traffic congestion, make Caltrain more affordable and accessible, reduce air pollution with cleaner and quieter electric trains, make travel times faster, and increase Caltrain frequency and capacity between Santa Clara, San Mateo and San Francisco counties, shall the Peninsula Corridor Joint Powers Board's ordinance levying a 30-year one-eighth cent sales tax with oversight and audits, providing approximately \$100 million annually for Caltrain that the State cannot



If the election were held today, would you vote yes to approve or no to reject this measure?

Potential Measure Support Over Time

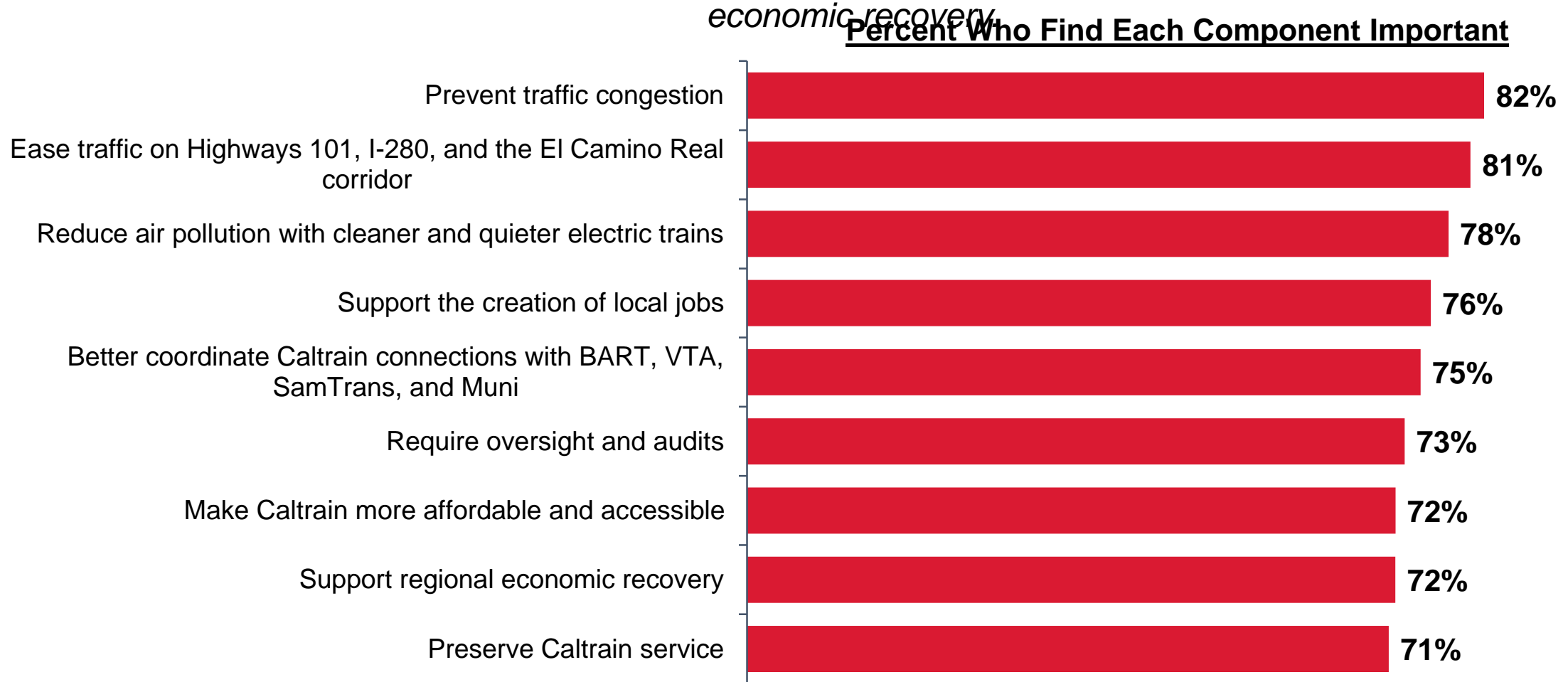
Support for a one-eighth cent sales tax for Caltrain is consistent with what was measured last year.



If the election were held today, would you vote yes to approve or no to reject this measure?
(2019 measure language tested was slightly different from 2020)

Top Components

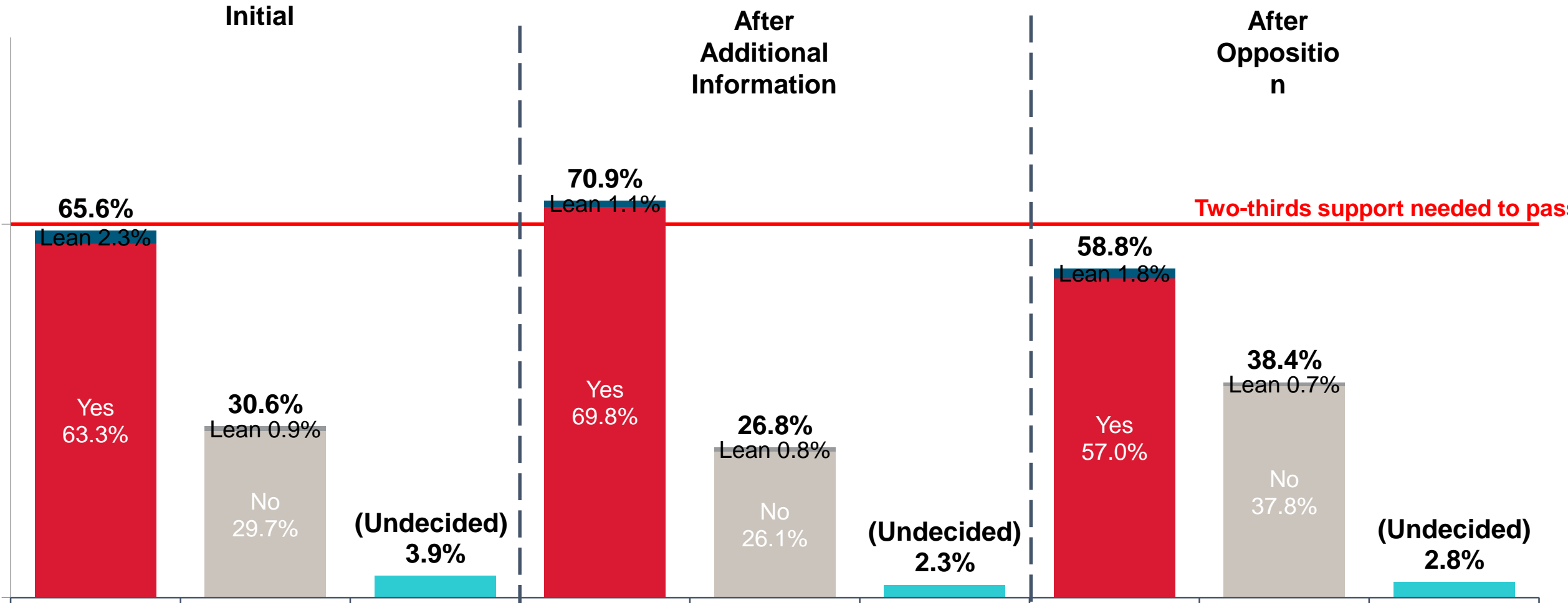
Preventing and easing traffic continues to be a top concern for local voters, even in the current environment; more than two-thirds also value the preservation of Caltrain service and the system's role in supporting regional economic recovery.



I'm going to read you a list of components that could be included in the proposed Caltrain measure. On a scale from 1 to 7, where 1 is not at all important and 7 is extremely important, please tell me how important it is that the measure do each of the following.

Potential Measure Support Progression

Support for a potential measure can be driven in both directions by additional information.



If the election were held today, would you vote yes to approve or no to reject this measure?

Conclusions

- ▶ **A one-eighth cent sales tax measure to preserve Caltrain service is not currently supported by the two-thirds of likely voters that are needed to succeed.**
- ▶ **Support can be impacted by additional information about the measure.**
- ▶ **Success may be possible in the right environment, and with a privately funded campaign effort in support of the measure.**

Financial Consequences of COVID-19

Status Today

- Caltrain Received \$49 Million in Tranche 1 of CARES Act funding- this is enough to sustain current operations into September
- Service restoration and re-opening have helped ridership increase to over 5% of pre-COVID levels
- Non-GoPass revenue is still down significantly from pre-COVID levels

Blue Ribbon Task Force Update

- Different distribution criteria has resulted in a projected \$15 million in “Tranche 2” CARES Act funding to Caltrain
- Lower distribution poses substantial challenges to Caltrain
- To persist through the end of calendar year 2020 with this level of CARES funding and no new sources, Caltrain would need to average 30% of Pre-COVID ridership levels and would also need to retain existing GoPass revenue
- This level of ridership restoration and revenue retention is extremely optimistic given slowed reopening and increasing COVID caseloads



Analysis and Choices

Financial Analysis

- Once CARES Act funds are exhausted, deeper cuts and lay-offs are a possibility
- Caltrain is analyzing a wide variety of service levels and options to understand impacts to cost structure
- Options analyzed include;
 - Higher levels of service (various types and combinations of service levels ranging from 70 to 92 trains per weekday)
 - Absolute minimum service levels (40 trains per weekday, elimination of weekend service)
 - Full shutdown of Caltrain revenue service
- High fixed cost of operation means that it may not be possible to “cut” to a solution

Choices

- Averting severe service impacts and layoffs will require hard choices and creative solutions.
- Potential approaches include:
 - Continued advocacy for federal funds
 - Expansion of member agency contributions
 - Monetization of assets
 - Seeking out new public and private sector partners
- Substantial dedicated funds like those provided by SB797 are critical to longer term financial viability



FY 22 Member Contributions*

If ridership remains low, member agency contributions would increase dramatically.

FY20 Contributions

- SF \$15.6m
- SM \$16.6m
- SC \$20.2m

TOTAL \$52.4m

FY22 (~50% ridership)

- SF \$21.2m
- SM \$24.1m
- SC \$33.3m

TOTAL \$78.6m

FY22 (~30% ridership)

- SF \$27.5m
- SM \$31.1m
- SC \$43.1m

TOTAL \$101.7m

*assumes continued 70-train service level



Consideration of Next Steps

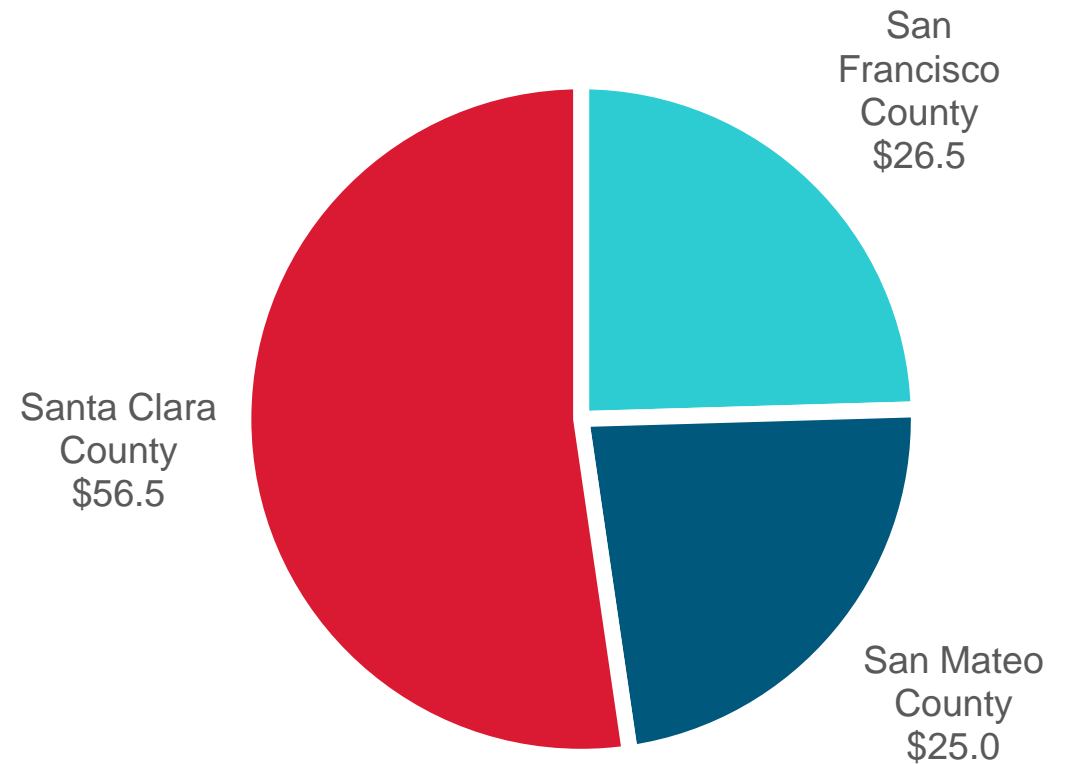
- **Passing a measure is possible under the right circumstances**
- **New external funding is critical to maintaining Caltrain operations**
- **Stakeholder coalition support is strong**
- **Staff Recommendation: Approve measure for the ballot at August 6 meeting**
- **Authorization needed**
 - SFMTA – July 21
 - Santa Clara County BOS – July 21
 - San Francisco BOS – Committee July 22, Full Board July 28
 - VTA – August 6

Background Slides

3-County 1/8-Cent Sales Tax

- 2/3 of total combined vote from the 3 counties
- Can exceed 2% local sales tax limit
- ~\$108 million/year for operating & capital needs

Annual Projection: \$108 million



(amounts in millions of dollars)

7-Agency Approval Process



Regional

Caltrain Board of Directors ($\frac{2}{3}$ majority)

San Francisco County

- SFMTA Board of Directors
- Board of Supervisors

San Mateo County

- SamTrans Board of Directors
- Board of Supervisors

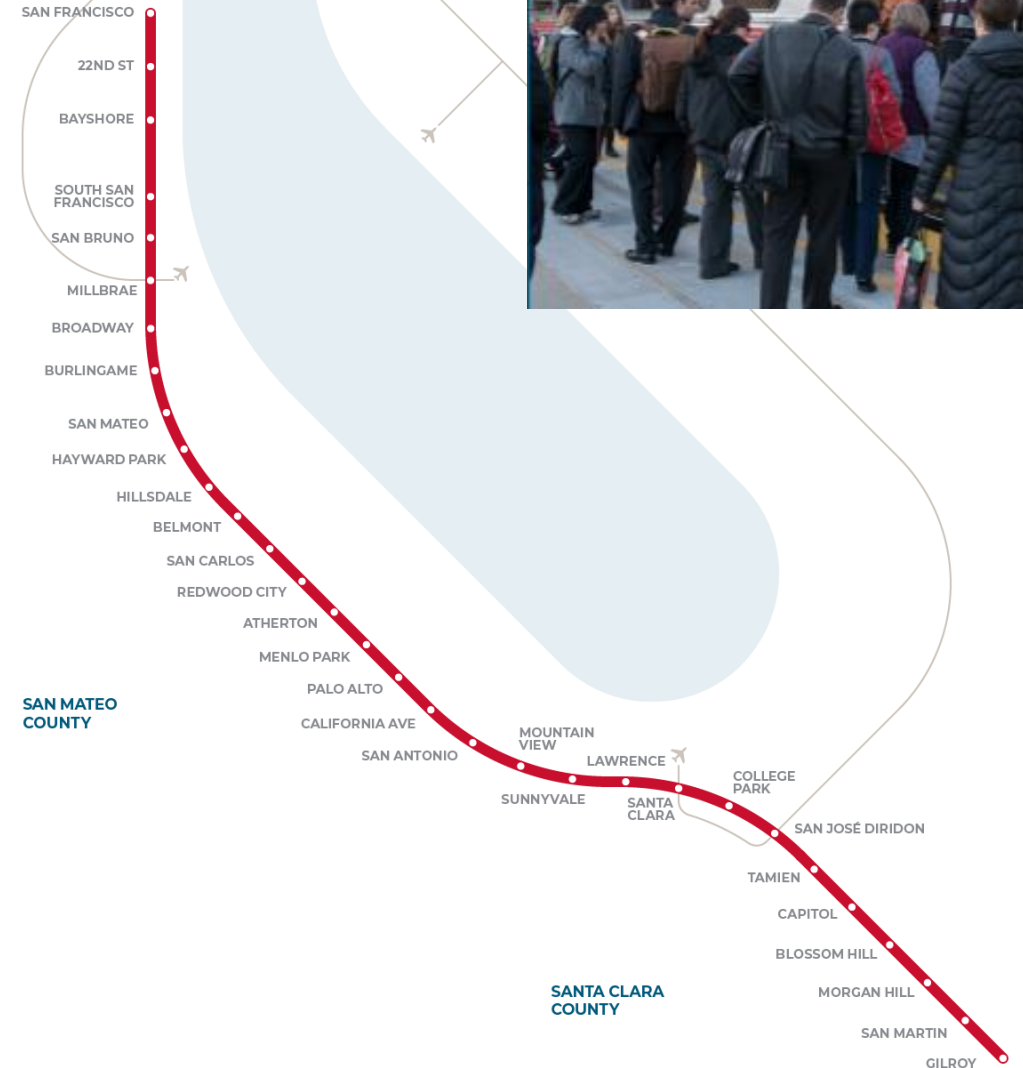
Santa Clara County

- VTA Board of Directors
- Board of Supervisors



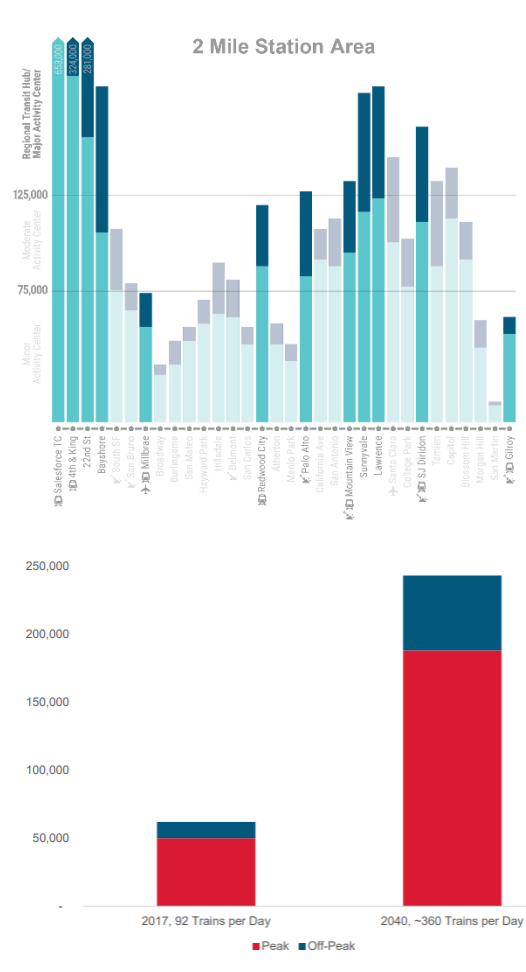
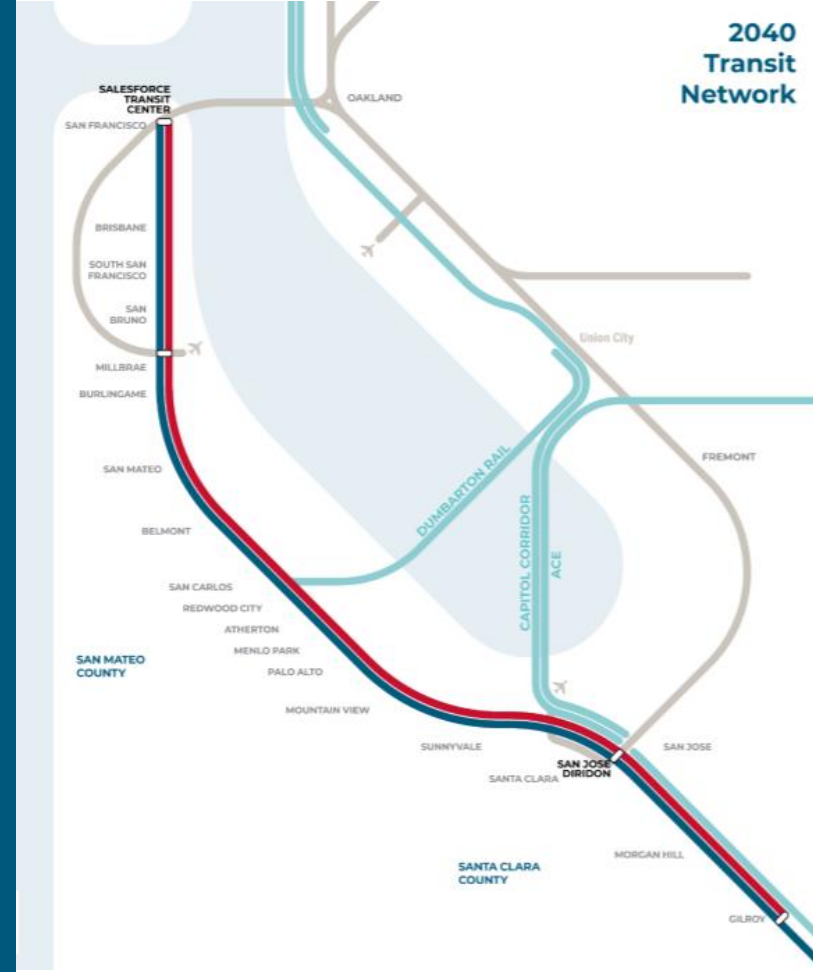
Caltrain Corridor Today

- Bi-directional commute, multiple destination centers
- Seventh largest commuter rail in country
- ~65,000 daily riders; 22 miles average travel length; 32 stations
- \$0.50 Subsidy for each mile traveled (compared to \$5-7 per mile other Bay Area systems)
- Most efficient railroad in the country
- Overcrowding trains
- Diesel system past it's retirement date
- Electrification Project in Construction



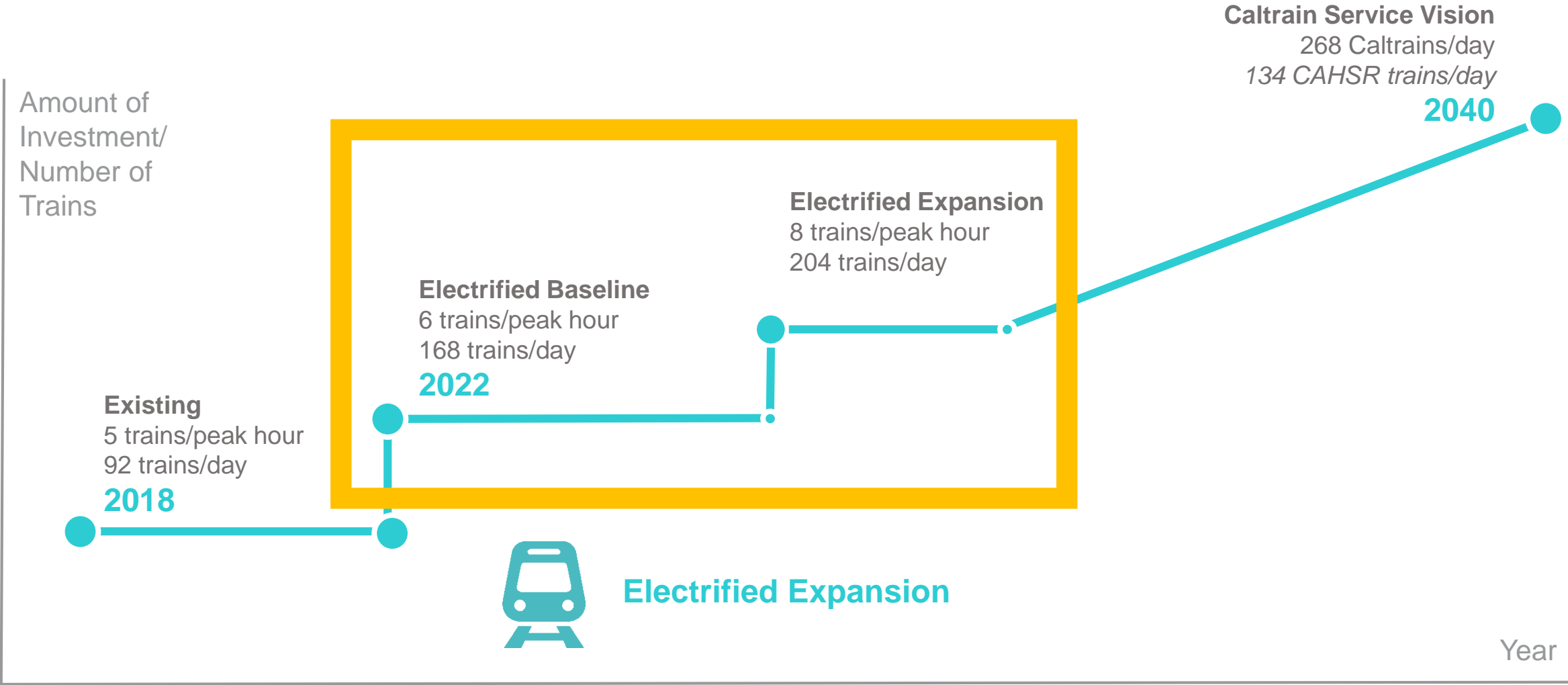
Future Caltrain Corridor

- By 2040, Caltrain ridership demand of over 200,000 daily riders
- Corridor expected to add 1.2 million people and jobs within 2 miles of Caltrain (+40%)
- Significant freeway congestion
- Major transit infrastructure projects further increase Caltrain demand
 - BART to Santa Clara County
 - San Francisco Downtown Extension/Pennsylvania Avenue Tunnel
 - Dumbarton Rail
- Electrification Project foundation for future growth



Near Term Electrified Expansion Path

Possible, with additional resources



Electrified Expansion

Details



Electrified Expansion

8 Trains per peak hour at major stations (5 today)

7.5 hours of peak service per day (5 today)

4 Off-peak trains per hour (2 today)

5 Gilroy roundtrips daily (3 today)

More standardized schedules and enhanced connections

Costs and Funding Needs

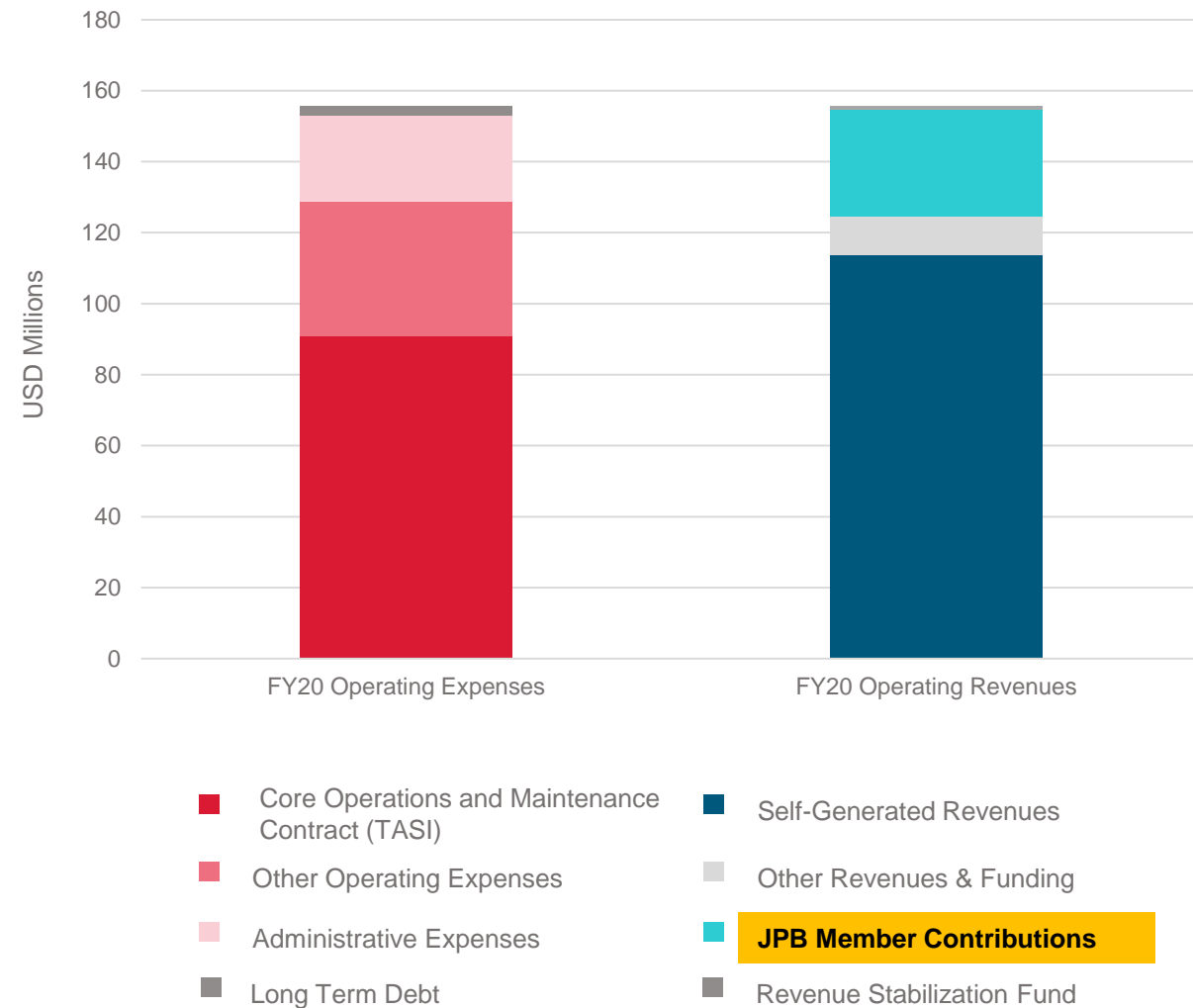
(pre-COVID 19)

Operating Costs & Revenue

Caltrain Today

- No dedicated funding sources
- Member Agencies help fund on annual basis:
 - Operations (ridership based formula)
 - Annual Capital SOGR (split evenly)
- Major Capital Projects have unique separate funding plans with a mix federal, state, local, member agency funds

Budgeted Operating Expenses and Revenue FY 2020



All costs shown in YOE \$



Annual Member Contributions

Caltrain Today

- No dedicated funding sources
- Member Agencies help fund on annual basis:
 - Operations (ridership based formula)
 - Annual Capital SOGR (split evenly)
- Major Capital Projects have unique separate funding plans with a mix federal, state, local, member agency funds

Combined Share of Annual Capital SOGR & Ops vs. Ridership

County	FY20	% of FY20	% of riders
San Francisco	\$15.6M	30%	27%
San Mateo	\$16.6M	32%	31%
Santa Clara	\$20.2M	38%	42%
Total	\$52.4M	100%	100%

All costs shown in YOY \$



Ridership Projected Growth by County

While the overall ridership increases dramatically, ridership percentage by county varies only slightly over time

Combined Share of Annual Capital SOGR & Ops vs. Future Ridership

County	Combined Share of FY20 Funding	Existing	2025	2030
San Francisco		17,200	22,900	28,100
	30%	27%	27%	25%
San Mateo		19,500	27,400	38,800
	32%	31%	31%	34%
Santa Clara		26,900	36,100	46,300
	38%	42%	42%	41%

All costs shown in YOE \$



Baseline Electrified Growth

Total Member Agency
Obligation without SB797

To cover existing electrified baseline
plans, Member agencies would have
higher funding obligations



Electrified Baseline (6 trains per hour)

Projected Expense – Electrified Baseline	Total Member Agency Obligation	Increased Member Agency Obligation from Today FY20
Ongoing Op	\$37 million annually (average)	\$7 million annually (average)
Ongoing Annual Capital (SOG) Needs	\$40 million annually (average)	\$20 million annually (average)
New Capital Investment	N/A	N/A

All costs shown in YOY \$



Baseline Electrified Growth

By County, Member Agency Obligation without SB797

To cover existing electrified baseline plans, Member agencies would have higher funding obligations



Electrified Baseline (6 trains per hour)

Member Agency Obligation (Op & Annual Capital SOGR)	Today	Electrified Baseline (Other revenues assumed)
San Francisco County	\$16M	\$23M
San Mateo County	\$17M	\$23M
Santa Clara County	\$20M	\$29M
Total Annual	\$53M	\$77M

All costs shown in YOE \$



Electrified Expanded Growth Costs

Total Member Agency
Obligation without SB797

Electrified Expanded Growth would
increase member agency contributions
even higher



Electrified Expanded (8 trains per hour)

Projected Expense – Enhanced Growth	Total Member Agency Obligation	Increased Member Agency Obligation from FY20
Ongoing Op	\$58 million annually (average)	\$28 million annually (average)
Ongoing Annual Capital (SOG) Needs	\$40 million annually (average)	\$20 million annually (average)
New Capital Investment	\$1 billion	\$1 billion

All costs shown in YOY \$



Electrified Expanded Growth

Total Member Agency Obligation with SB797

After Operating and Capital SOGR, SB797 would provide \$300 million over 30 years (\$10 million annually). Member agency contributions or other external sources of funding would be needed to cover the remaining \$~700 million. If Member contributions were maintained at FY20 level, \$1.8B available for new capital investments



Electrified Expanded (8 trains per hour)

Projected Expense – Enhanced Growth	Total Member Agency Obligation
Ongoing Op	\$0
Ongoing Annual Capital (SOGR) Needs	\$0
New Capital Investment	~\$700 million total ~\$233 million each member

All costs shown in YOE \$



With SB797: Expenditure Plan

Revenues prioritized:



Operations and annual capital (state of good repair) needs



Capital – infrastructure such as level boarding and rolling stock to advance the expansion of the Caltrain peak hour service to 8 trains per hour, per direction as well as the expansion of service on the Gilroy extension to a minimum of five roundtrip per day



Equity benefits

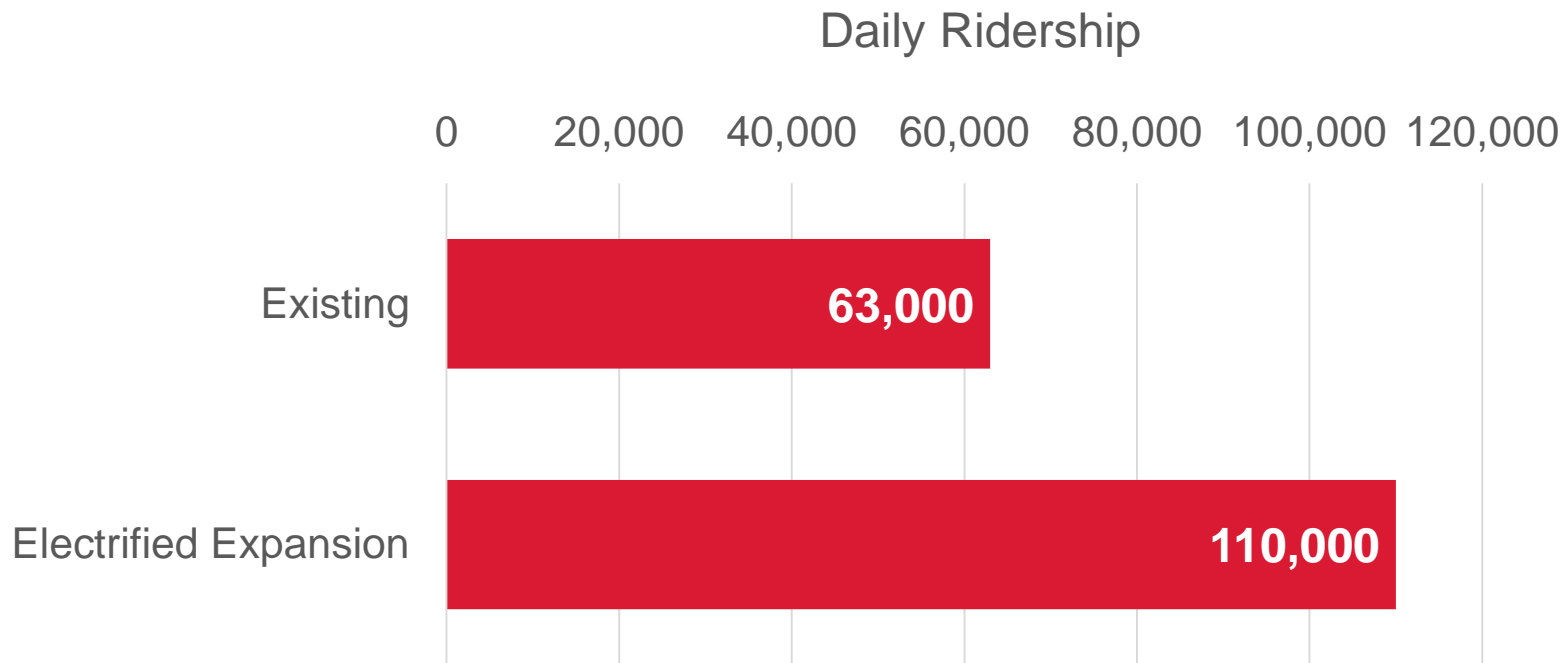
Additional revenue:

Revenues will also be eligible to help advance capital projects necessary to implement the Caltrain Business Plan's 2040 Service Vision.

SB797 Opportunity: Electrified Expanded Service Benefits

Electrified Expansion Benefits

Ridership, equivalent capacity of 3 additional Chase Centers



3 Additional Chase Centers

Electrified Expansion Benefits

Adds the equivalent capacity of 2 new freeway lanes



Trains vs. Lanes

Electrified expansion		6
		5
		4
		3
		2
		1

Caltrain currently carries 4 freeway lanes' worth of traffic



Equivalent 2 additional freeways lanes



Electrified Expansion Benefits

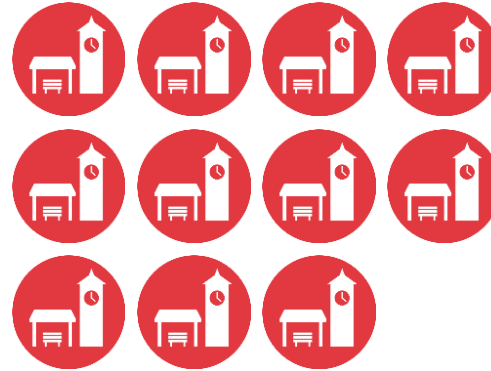
Increase service at more stations

Increasing service from six to eight trains per hour, per direction enables more frequent service to more stations.

With an expanded electrified service, 20 of 24 mainline stations would receive at least four trains per hour, per direction, and nearly half of stations would receive eight trains per hour, per direction.

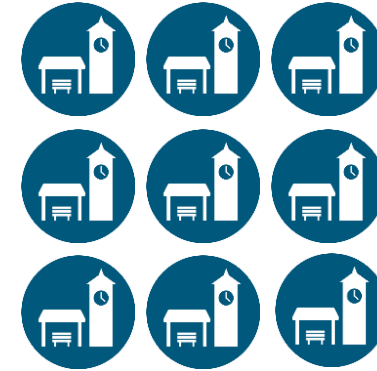
Electrified Expansion

11 stations



8 trains phpd

9 stations



4 trains phpd

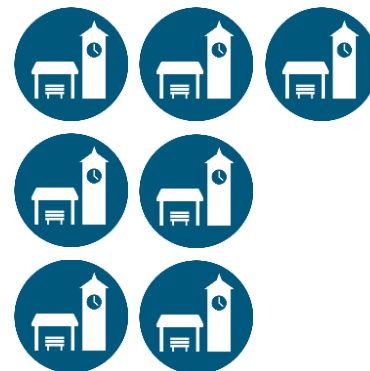
4 stations



less than 4 trains phpd

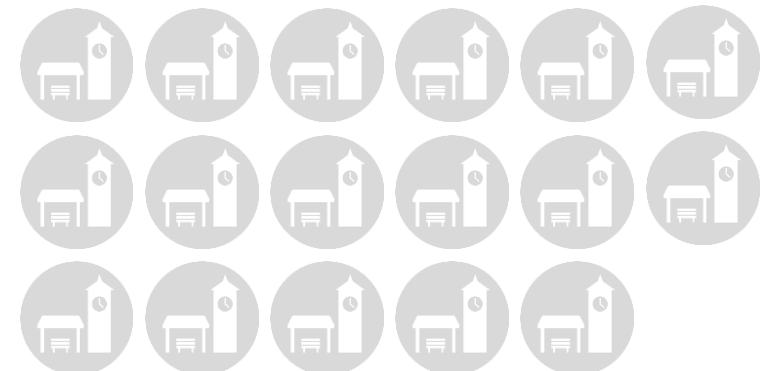
Today

7 stations



4-5 trains phpd

17 stations



less than 4 trains phpd

Electrified Expansion Benefits

16,000 Jobs (Direct & Indirect)



Type of Jobs: Electrified Expansion would create thousands of jobs in California and nationwide - from engineering teams designing solutions to a variety of construction jobs including electricians, carpenters, safety inspectors, laborers, and equipment operators. Opportunities for a variety of businesses large and small – including Disadvantaged Business Enterprises (DBEs).

Number of Jobs based on APTA Economic Impact Report



Electrified Expansion Benefits

Equity – Off Peak Service

Significant Increased Off-Peak Service

- Caltrain's existing service is peak-oriented and focused on serving commuters with traditional 9-5 schedules
- Electrification expansion would provide excellent service all-day, making the system more useful for all kinds of riders- including those who are transit dependent or have non-traditional work schedules



Electrified Expansion Benefits

Equity- Better Connections with
Transit

Better Connections with Transit

- Electrification expansion will include a 'clock-face' schedule allowing consistent, well-timed connections with other transit operators
- Lower income riders disproportionately rely on transit to access Caltrain- this change will benefit them significantly



Electrified Expansion Benefits

Equity - Focus on Fares

Focus on Fares

- Caltrain is already working with MTC to pilot a low-income fare
- SB797 revenues will be used to support this or similar programs to ensure that people of all incomes are able to use the system

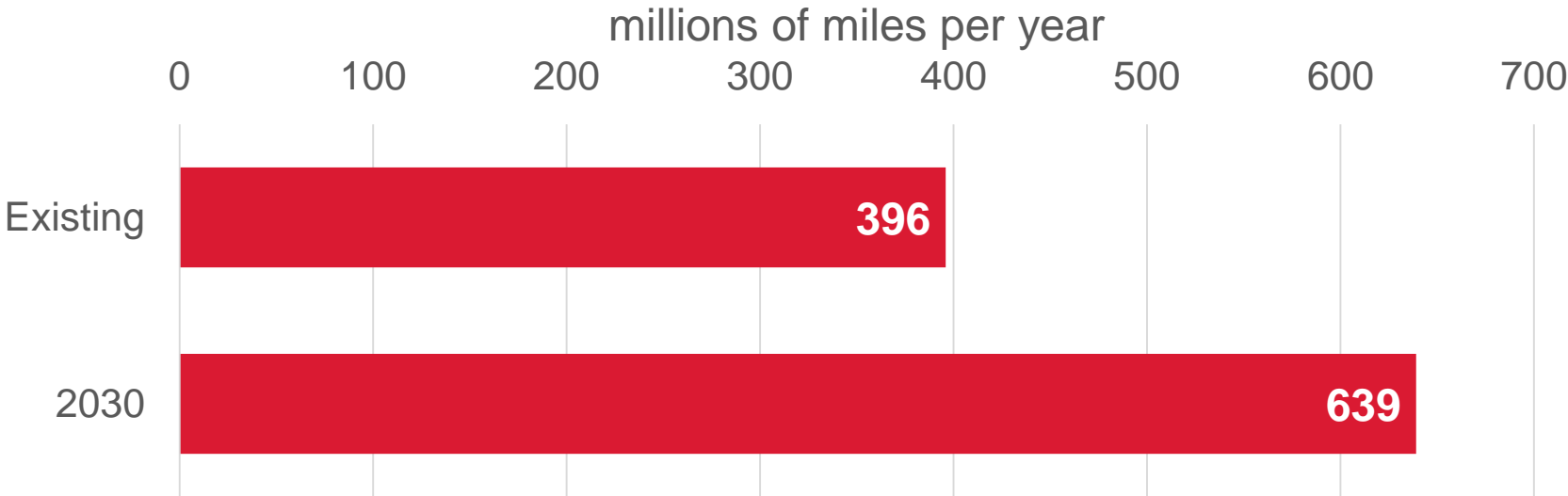


Electrified Expansion Benefits

Over 240 million fewer vehicle miles traveled per year by riders



Vehicle Miles **Not** Traveled by Riders



Next Steps

7-Agency Approval Process

Regional

Caltrain Board of Directors ($\frac{2}{3}$ majority) – ACTION AUGUST

San Francisco County

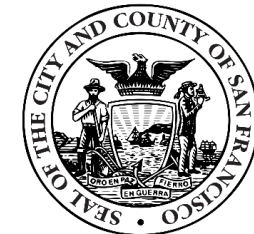
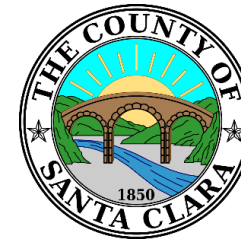
- SFMTA Board of Directors --- ACTION JULY
- Board of Supervisors -- ACTION JULY

San Mateo County

- SamTrans Board of Directors --- ACTION APRIL
- Board of Supervisors --- ACTION MAY

Santa Clara County

- VTA Board of Directors – ACTION AUGUST
- Board of Supervisors --- ACTION JULY



August 7, 2020 deadline to place a measure on the ballot

FOR MORE INFORMATION

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