

Attachment 2: Draft Business Plan Scope of Work

Background: The following pages present a high level draft scope of work for the Caltrain Business Plan along with a description of outreach plans, project management structure, budget and potential funding sources. The scope and project management portions of this document are presented for review and comment and will ultimately be proposed for Board adoption. The scope has been written at a level of detail that describes the general organization, purpose and proposed outputs of individual project tasks while leaving flexibility to accommodate a range of detailed technical approaches and adaptation based on changing project needs and expert input. Subsequent to adoption, staff will return to the Board if a material deviation from the scope is anticipated or requested.

More detailed technical work scopes for individual tasks and plan components will be developed and provided to the JPB's Caltrain Business Plan Ad Hoc committee for their review and comment throughout the Business Plan process.

This scope assumes a year-long schedule for the development of the Business Plan running through the end of 2018. This schedule is aggressive and reflects Caltrain's commitment to comprehensively address important questions and issues related to the future of the railroad in a timely manner. Caltrain may elect to extend the duration of the Business Plan process based on the evolution of the plan's technical work, resourcing needs, or stakeholder requests. Any recommendation to modify the overall schedule of the Business Plan will be undertaken in consultation with the Business Plan Ad Hoc Committee.

Task 1- The "Strategic Case" for Caltrain

Rail infrastructure investments have decades-long lifespans and the Business Plan will have a long range outlook. The Plan will begin by defining the potential markets and strategic opportunities for rail service on the Peninsula Corridor through 2040 (a horizon year that is consistent with the California State Rail Plan and the Regional Transportation Plan).

The "Strategic Case" for Caltrain will present an analysis of current and projected demographic, economic development and travel pattern trends in the corridor, region and mega-region. In doing so it will frame the strategic importance of the Caltrain corridor and its role in supporting the long term growth and mobility of the region. The "Strategic Case" will also consider Caltrain's "competitors" including the ability of the Bay Area's freeway network to accommodate projected growth in travel demand as well as a discussion of how autonomous vehicles and other emerging technologies might shape Caltrain's long term market outlook and business approach.

Finally, in addition to defining the strategic importance of the corridor and reviewing local and regional market opportunities, the Strategic Case will also contextualize the long term development potential of the Caltrain corridor relative to other, comparable national and international rail corridors.

Task 2A - Service Business Case Analysis

Task 2A will involve the development of multiple "scenarios" or "evolutionary paths" showing how the Caltrain service and corridor could grow between 2022 and 2040. The work will start with operational analysis to understand how many trains per hour could run on the corridor in 2040, how local and express services could be balanced, where trains could stop and how they could connect to a larger

state and megaregional rail network. This operational analysis will pay particular attention to the blending of Caltrain service with High Speed Rail service as well as the operations and infrastructure outcomes at the North Terminal (4th & King and DTX/ TTC), a potential Dumbarton rail interface at Redwood City, at the South Terminal (including San Jose Diridon Station) and in the southern portion of the corridor stretching from San Jose to Gilroy.

From there, the project team will analyze the range of ridership and benefits associated with each service scenario, the infrastructure and fleet that would be required to deliver the service, and the kinds of costs and impacts the service would create. Finally, the team will analyze the incremental service steps and infrastructure investments that make up different “evolutionary paths” for how Caltrain could grow over time from its current service, through electrification and into each of the ultimate 2040 scenarios contemplated. This full set of analysis will be used to develop “Business Cases” around each scenario, laying out the cumulative set of costs and benefits associated with each “evolutionary path” that Caltrain could take. **In the summer of 2018 staff will present this analysis to the Board to aid in the selection of a single (or non-exclusive combination of) service scenarios as the basis for a “Service Vision.”**

Task 2B – Organizational Assessment

In parallel to Task 2A the technical team will also work on Task 2B; a structural assessment of the “Caltrain Organization.” Within the context of the Business Plan the term “Caltrain Organization” is used broadly to encompass the total set of present and future governance structures, organizations, staff and contracted entities responsible for the funding, direction and delivery of the Caltrain service as well as the construction and maintenance of the corridor’s facilities.

Within Task 2B, the technical team will map the existing Caltrain organization and identify key performance indicators and measures to help describe and quantify how the Caltrain organization functions and its effectiveness at delivering value for money spent. The plan will then include a comparative analysis of peer railways and organizations both locally, domestically and internationally, reviewing alternative approaches to how a railway can be organized. Finally, Task 2B will include a high level analysis of how organizational needs may change in tandem with the long range service scenarios under consideration in Task 2A. **This information will be presented to Caltrain’s partners and the Board in the summer of 2018 with a request that they provide feedback on the subsequent development of options for an “Organizational Strategy” that could support the delivery of the Service Vision.**

Task 2C – Community Interface Assessment

Along with Tasks 2A and 2B, the technical team will also conduct an analysis of the railroad’s community interface and an assessment of equity considerations related to the development and evolution of the railroad. Much as in the preceding tasks, the focus of Task 2C will be the development of an analytical and policy framework that assists staff and stakeholders in understanding and quantifying issues related to community interface and equity considerations. This work will include a description and quantified framework for thinking about the major ways in which the railroad and its services add value to

individual communities and the region as a whole including improved environmental outcomes and impacts to land values. The project team will also document and quantify the ways in which the railroad creates externalized costs and impacts in its surrounding communities including noise and vibration and safety and traffic impacts at at-grade crossings. In documenting these benefits and impacts the project team will specifically consider equity issues- focusing on the potential for different geographies or demographic groups to be affected unequally as the railroad changes and grows. Finally, the project team will consider and conduct more detailed analysis related to two major known community interface issues; the impacts of increased rail service on at-grade crossings and the potential for development and change at specific Caltrain land holdings and opportunity sites along the corridor. **This information will be presented to Caltrain’s partners, local jurisdictions and the Board in the summer of 2018 with a request that they provide feedback on the subsequent development of a “Community Interface Strategy” that could support the delivery of the Service Vision.**

Task 3- Developing the Business Plan

Based on the Board’s adoption of a long range Service Vision in the summer of 2018, the project team will work to translate the Vision into a focused, long range business plan that will be presented to the Board for review and proposed adoption at the end of the year. The technical scope for the second half of the business plan is necessarily looser at this early stage in the project but will include the core elements described below.

First, the project team will conduct additional technical work and modeling to optimize, validate and add detail to the adopted Service Vision. Additional operational and infrastructure analysis will be employed to help the Board further consider the incremental options for growing the railroad over time along with the service trade-offs and investments that may be required. Further financial and ridership modeling will also be conducted to validate the costs, revenues and benefits of specific investments in the Caltrain corridor and service. This analysis will place a particular focus on the investments and strategies that can be employed to optimize the first 10-years of the electrified system’s operation. In seeking to optimize the overall “business case” for Caltrain service, the project team will also expand the range of issues considered. The team will review ancillary business strategies and options to generate revenue and add customer value and will incorporate ongoing planning work related to first- and last-mile connections and joint development as well fares and retailing strategies into the analysis of service benefits and financial performance.

The technical team will also develop an “organizational strategy” based on the Board’s mid-year feedback and ongoing input from Caltrain partner agencies. This strategy may include analysis and recommendations related to potential options for how the Caltrain organization could change and grow in conjunction with the evolution of Caltrain’s service and may also include recommendations related to Caltrain’s contracting and commercial approach. The strategy will be supported by appropriate legal, regulatory and financial analysis and will be framed using the organizational evaluation criteria developed in Task 2 of the Business Plan. The organizational strategy will also be designed to demonstrate how Caltrain can organize to most effectively access and use financial resources. This may include options for optimizing the organization to take full advantage of both existing and contemplated revenue and funding streams including new funding sources, value capture strategies, and private investment. Finally, the organizational strategy will describe a series of next steps, options and issues

for discussion that Caltrain may pursue in coordination with its funding partners and other regional and state agencies.

The technical team will also develop a “community interface strategy” as part of the final Business Plan. It is anticipated that this Strategy may include a detailed, quantified assessment of the secondary community impacts and benefits that will be created through the implementation of the Service Vision. It may also include a discussion of options for how Caltrain could work with partner communities to best leverage and maximize the value its service creates including recommendations related to value capture, joint development and use of Caltrain-owned property. The strategy may also include recommendations for how Caltrain can mitigate the impacts of increased rail service on communities and how the timing of these mitigations could relate to the build out and realization of the Service Vision. In the case of impacts at at-grade crossings, recommended mitigations could include analysis of new and innovative policy approaches designed to maximize public benefit and utilize resources equitably and efficiently. Finally, the community interface strategy may include specific options and recommendations for how Caltrain can improve and address equity outcomes, both among its customers as well as within the communities it traverses, as it implements the Service Vision.

Task 4- Funding and Implementation

The Business Plan will conclude with a detailed funding plan that shows how the recommendations and investments identified can be paid for. This funding plan will show how the agency can use self-generated revenues and leverage its assets to deliver maximum customer benefit and public value. Where new sources of outside funding may be needed, the plan will present choices and analysis of specific measures, value capture approaches or public-private partnering strategies that could be used effectively. This funding plan will be paired with a consolidated implementation plan that makes detailed, specific recommendations about actions and next steps required to advance the Service Vision and Business Plan. This implementation plan will be specifically focused on the actions Caltrain may take in the next five years and will also describe issues where partnering with local communities and Caltrain partner agencies or other government agencies may be required.

Education and Outreach Plan

The Business Plan will be a complex effort that touches on issues that are of wide interest to Caltrain’s customers as well as a range of stakeholders and publics within and beyond the Caltrain corridor. A robust program of education and outreach will accompany the technical work of the Business Plan.

The complexity of the Business Plan requires the development of thoughtful educational materials that help explain the connections between abstract technical and policy choices and the real world outcomes that Caltrain’s customers and communities care about. The project team will develop an excellent dedicated website and set of written and visual communication tools that help explain the work of the Business Plan in a format that is engaging to a wide audience and helps facilitate meaningful, informed discussion of the policy issues under consideration.

These educational tools will provide the foundation for a deep program of public and stakeholder outreach. During the Business Plan process Caltrain will engage with its customers and the public along the entire corridor through community meetings, station-based outreach, customer and community surveying, and traditional/social media. The project team will also seek to coordinate with partner meetings and community events throughout the corridor to amplify the outreach campaign's penetration to customers and the public.

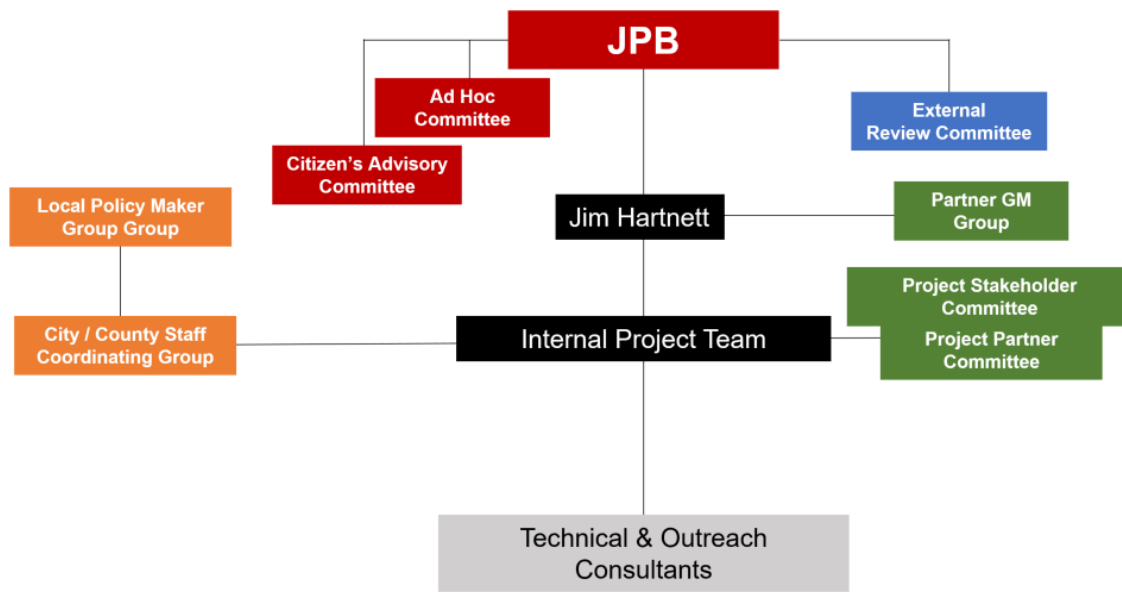
In addition to customer and broader public outreach, the project team will also engage with stakeholder staff and policy makers at the local, state and federal levels. Caltrain's City and County Staff Coordinating Group and Local Policy makers Group are named within the project structure as subsequently shown. These regular meetings will be supplemented by additional direct outreach to local jurisdiction policy makers and staff as requested or when specific technical considerations will benefit from locally focused discussion. The project team anticipates quarterly outreach to state and federal policy makers to make sure they are informed of the Business Plan's progress and have an opportunity to provide feedback and input.

Caltrain's partner agencies and staff are included within the formal project structure of the Business Plan (as subsequently described). Additionally, however, Caltrain will update its partners on a regular basis and plans to present Business Plan materials to partner agency Boards as well as County Board of Supervisors in Santa Clara, San Mateo and San Francisco at key moments in the project or as requested.

Finally, the project team will engage with corridor business groups and advocacy organizations whose mission and goals intersect with subjects and issues considered in the Business Plan. Some business and advocacy groups will be represented in the formal project structure (as shown) but the project team will also engage in sustained, direct outreach to these and other groups throughout the Business Plan process.

Project Structure

The work of the Business Plan will be developed within the project structure shown and described below.



Internal Structure: Within the Caltrain organization, the Caltrain Business Plan will be managed as an integrated project structure reporting directly to Caltrain's Executive Director Jim Hartnett.

The Internal Project Team will be led by Sebastian Petty, Senior Policy Advisor and full-time project manager. The project manager will be supported by a cross-disciplinary internal team of executives and staff representing key functions and competencies within the Caltrain organization.

Project Partner and Stakeholder Committees: The Project Partner Committee will meet monthly and will include staff representatives from JPA member agencies as well as all of the Business Plan's funding

entities or their designees. The Project Partner Committee will provide input on ongoing project technical work and outreach materials and will serve as liaisons to their respective organizations.

The Project Partner Committee will be a subset of a larger project stakeholder committee. This larger stakeholder group will meet approximately four times during the project and will participate in the review of technical and outreach materials. The stakeholder committee will include all Project Partner Committee members as well as representatives from the following:

- Staff from JPA member agencies (VTA, CCSF, SamTrans)
- Staff from funding partners (MTC, CHSRA, CalSTA)
- Local Jurisdiction Representatives
- Business Community Representatives
- Advocacy Group Representatives

Partner General Manager Group: On an approximately quarterly basis or in advance of major project milestones Jim Hartnett will convene a meeting of the General Managers of Caltrain's partner agencies (including JPB member agencies as well as MTC, CHSRA and an appropriate designee from CalSTA) to discuss project findings and review materials.

External Review: The "External Review Committee" will be comprised of an academic panel and/or designated industry group (such as APTA or the International Union of Railways). This committee will be charged with developing an independent, written review of Business Plan materials at least two times during the Plan process. These reviews will be provided directly to the JPB as well as to Caltrain's partner agencies and the project stakeholder group.

Local Policy Makers Group and City/County Staff Coordinating Group: The project team anticipates utilizing Caltrain's Local Policy Maker's Group and City / County Staff Coordinating Group as a venue for important feedback from local jurisdictions with updates to these groups occurring on a bi-monthly basis. It is proposed that each of these groups be expanded beyond their current composition of jurisdictions from San Francisco to San Jose to also include policy makers and staff from the cities of Morgan Hill and Gilroy.

Board Involvement: The JPB has established an Ad Hoc Committee to guide the development of the Business Plan. This Committee will meet on an approximately monthly basis for the duration of the Business Plan process and will review all major project materials and deliverables before their release to the public or introduction to the full Board.

The Board will also receive reports from Caltrain's Citizen Advisory Committee (the CAC). The CAC will receive regular project updates throughout the Business Plan process paralleling the project updates that go to the JPB.

It is proposed that the full JPB will take action on the Business Strategy, Service Vision and Business Plan as described previously. It is anticipated that the Board will receive major informational updates during the spring and fall 2018 and will also hold at least one informational half-day workshop (likely timed for early summer 2018, prior to the proposed adoption of the Service Vision)

Budget Estimate and Funding Proposal:

The Business Plan has been scoped as a large-scale, rigorous effort that must simultaneously address multiple lines of specialized technical inquiry while supporting detailed engagement with multiple stakeholder communities and the public. It will be resource intensive.

Staff estimates that the total cost for consultant services on the Business Plan (including technical work, outreach, independent review, project management and contingency) will be approximately \$5,000,000. The estimated cost to complete the first half of the Business Plan (including Tasks 1 and 2) is \$2,175,000.

Staff anticipates that funding for the business plan will come from a variety of potential sources including already budgeted Caltrain project development funds, JPB partner contributions, regional contributions, state funding and private contributions. It is anticipated that some contributions may come as in-kind consultant support rather than direct financial contributions. It is also anticipated that the project will be cash-flowed and that not all funding will be secured before work commences. Staff is engaged in various conversations related to funding opportunities and timing and anticipates returning to the Board with a defined funding plan in January.