



Caltrain Governance

JPB Special Meeting #6
on Governance

October 22, 2021



Welcome to Special Meeting #6

2

Special Meeting #6 Agenda

- **Self-Directed Governance: Update from Acting Executive Director**

- **Today's Objectives**
- **Overview of "Regional" Governance**
- **Public Comment & Board Discussion**

~ Break ~

- **Current Regional Efforts**
- **Public Comment & Board Discussion**
- **Next Steps**



3

Update on Self-Directed Governance

4

Update on Self-Directed Governance

At the September 30 Special JPB meeting on Governance, the Board directed the Acting Caltrain Executive Director to work toward developing a straw recommendation on governance based on discussion and input received to date.

These materials are under development and will be ready for initial discussion at the November 4 regular JPB meeting.

Status Update

- **Work on a straw proposal is active and ongoing.**
- **Acting ED has engaged JPA Partner General Managers, staff and MTC in productive discussions.**
- **Focus on three areas:**
 1. Core recommendation on governance and management
 2. Addressing repayment of SMCTD right of way (ROW) investment
 3. Process, timeframes and implementation



5

Today's Objectives

6

Objectives for Governance Special Meeting #6

1. **Understand** key concepts related to “regional” governance and **discuss** reasons why this is an important conversation and set of issues for the railroad.
2. **Review** current processes and efforts related to Bay Area “regional” transit governance and their relationship to Caltrain.
3. **Discuss** how Caltrain staff and the JPB should engage in ongoing regional governance efforts and how/whether to incorporate any statement regarding regional governance into the JPB’s 2021 governance recommendation.



Overview of Regional Governance

Key Concept: “Regional Governance”

“Regional governance” and even the term “regional” itself are not consistently defined.

Different organizations and individuals may ascribe different meaning and focus to these words. Similarly, there are a range of motivations as to why different people may view a discussion of regional governance as important.

What does “Regional” Mean?

- In this context we are generally using the word “regional” to refer to a scale that goes beyond the existing three-county geography and governance of the Caltrain system. Often, “regional” may specifically imply the formal, 9-county geography of the Bay Area – but the term can also refer to a broader range of scales, e.g., “subregional” and “megaregional.”

What does “Regional Governance” Mean?

- “Regional governance” can include a wide range of potential projects, programs, or organizational structures that involve participation and decisions by parties beyond the JPB and the three JPA member agencies.



9

A Big, Complicated Conversation

How to best organize and integrate the Bay Area’s transit systems has been an ongoing discussion for more than 50 years.

There is no single “owner” of these regional conversations nor is there a single, defined, top-down process that relates all of the different issues and efforts underway to one another.

Today, initiatives such as the Blue Ribbon Transit Recovery Task Force, advocacy efforts like the work of Seamless Bay Area, and new projects like Link21 are not fully coordinated – but they are loosely in dialogue with each other.

Many Different Actors

- Federal entities
- State – Legislature, CalSTA, Caltrans
- MTC
- Transit operators – local, regional, intercity
- Counties and cities
- Sales tax authorities and congestion management agencies
- Businesses and private institutions
- Advocacy groups

Many Different Areas of Focus

- Coordination/standardization of transit customer services, programs, facilities.
- Planning and delivery of capital projects.
- Consolidation of organizations and decision-making authority.
- Higher-level transit system management.
- Generation and management of funds.



10

There Are Many Approaches and Potential End States for Regional Coordination & Governance

Separate Railroad A

- Service Planning
- Fares & Information Systems
- Stations
- Major Capital Projects
- Infrastructure Maintenance
- Train Operations
- Access & Egress
- Commercial Activities
- General Admin Services



Separate Railroad B

- Service Planning
- Fares & Information Systems
- Stations
- Major Capital Projects
- Infrastructure Maintenance
- Train Operations
- Access & Egress
- Commercial Activities
- General Admin Services

Example A: Coordinated Activities – direct coordination through bilateral or multilateral agreements among operators

Example B: Regional Entity taking on a select set of functions such as service coordination or megaproject delivery



Separate Railroad A

- Infrastructure Maintenance
- Train Operations
- Access & Egress
- Commercial Activities
- General Admin Services

Separate Railroad B

- Infrastructure Maintenance
- Train Operations
- Access & Egress
- Commercial Activities
- General Admin Services

Excerpted from Caltrain Business Plan Organizational Assessment, 2019



There are Many Approaches and Potential End States for Regional Coordination & Governance

Regional "Umbrella" Authority

Subsidiary Railroad A

- Stations
- Infrastructure Maintenance
- Train Operations
- Access & Egress
- Commercial Activities

Subsidiary Railroad B

- Stations
- Infrastructure Maintenance
- Train Operations
- Access & Egress
- Commercial Activities

Shared Functions

- Service Planning
- Fares & Information Systems
- Major Capital Projects
- General Admin Services

Example C: Regional "Umbrella" Authority – the organization of railroads as independent subsidiaries under an umbrella authority

Example D: Consolidated Regional Rail – the integration of rail operations and functions into one organization

Consolidated Regional Railroad

- Service Planning
- Fares & Information Systems
- Stations
- Major Capital Projects
- Infrastructure Maintenance
- Train Operations
- Access & Egress
- Commercial Activities
- General Admin Services

Excerpted from Caltrain Business Plan Organizational Assessment, 2019



A History of Bay Area Regional Transit Change

Changes to the governance and even the fundamental nature of transit in the Bay Area are not new.

Regional discussions of transit governance in the Bay Area have been ongoing for years.

The region's longer-term history shows dramatic shifts and changes can and have occurred in the business and governance models of the region's transit systems. Examples:

- Collapse of the private East Bay streetcar Key System after operating from 1903-1960.
- Formation of 5-County BART District in 1957, move to 3-County District in 1962.
- Creation of county transit agencies following 1971 State Transportation Development Act.
- Formation of Peninsula Corridor JPB after 12 years of Caltrans and 107 years of private operations.

In the recent past, changes have been more modest. Examples:

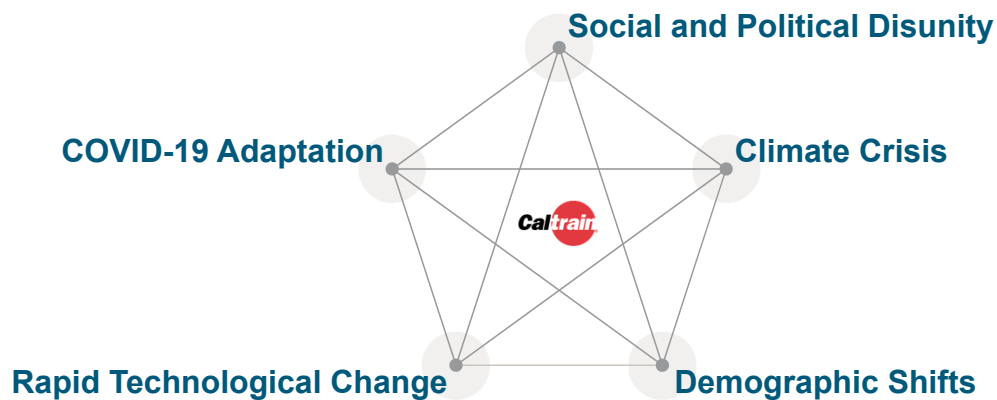
- Clipper Card – project started 1998; Clipper launched 2010 on 5 operators after 8 year pilot.
- Creation of some new agencies, e.g., SMART District; Valley Link Rail Transit District.
- MTC-ABAG agency merger – approved 2016, started 2017.



13

The Future Looks Different

The business environment is changing as a result of accelerating, interconnected forces.

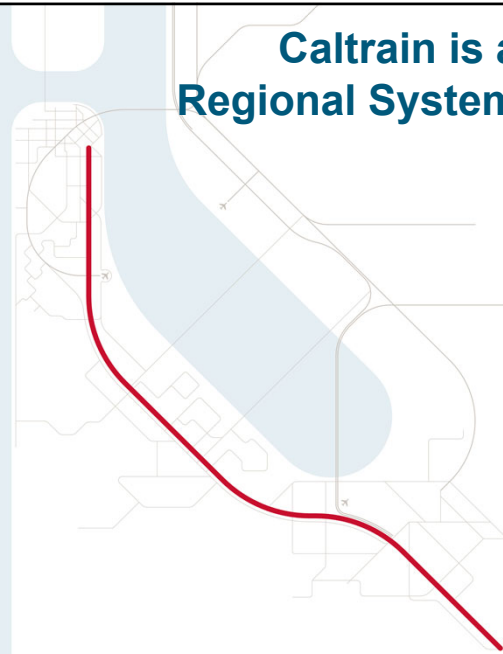


14

Why is the Regional Discussion Important to Caltrain?

- Passengers' average trip length: 20+ miles
- Three county, 19 city, 77 mile geography
- Corridor interfaces with many operators
 - MUNI Bus and Rail, SamTrans, VTA
 - BART
 - CCJPA, ACE, Amtrak
- Direct involvement with multiple regional and state megaprojects:
 - SF Downtown Extension (DTX)
 - Diridon Station
 - Dumbarton Corridor
 - California High Speed Rail

Caltrain is a Regional System



15

Why is the Regional Discussion Important to Caltrain?

Caltrain – along with many other transit systems in the region – face a number of serious structural challenges.

- Structural challenges refer to underlying dynamics in both within our industry and the surrounding business environment that fundamentally impact the performance and future of our systems.
- Structural issues are systemic dynamics – they cannot be easily resolved through individual agency leadership or one-off decisions or actions.
- These structural challenges are evolving and heightening as the world changes around us.
- Governance change is a type of structural change. Changing governance may be part of an approach that helps transit address and overcome structural challenges.
- However, changing governance at a regional scale is a difficult intervention – in part as a result of these same structural challenges and dynamics.



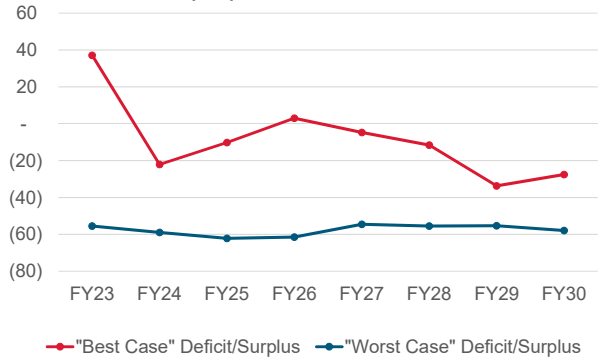
16

Example Structural Issue: Business Models

Caltrain and many transit systems face a number of compounding challenges to their underlying business models. Over the longer term, these challenges pose a significant risk to the ability of our systems to deliver projects and services.

- Significant and possibly long-term degradation of core ridership markets – especially commuters.
- Desire to provide robust service while maintaining low fares.
- Operating costs growing faster than growth in funding sources.
- Volatility and uncertainty related to new public funding.
- Exposure to daunting escalation and inflationary pressure for capital projects.
- Exposure to new costs and responsibilities as climate change impacts increase.
- Unique funding models require each agency to solve fiscal challenges in distinct ways.

Caltrain's Highest/Lowest Annual Deficits (\$M) – All Scenarios



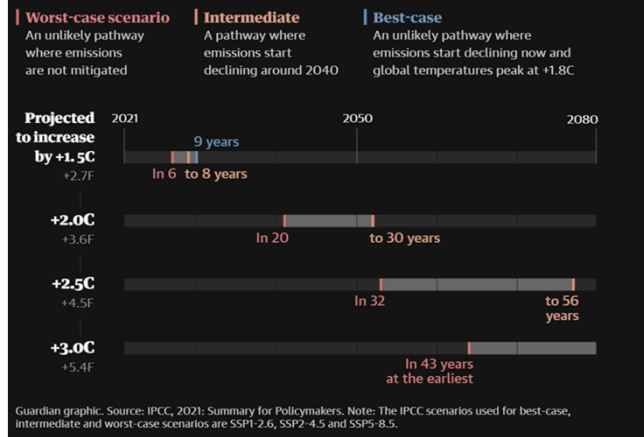
Financial projections from Caltrain's scenario planning analysis, from the JPB's May 2021 Business Strategy Presentation

Example Structural Issue: Timescales

Caltrain's 2040 Service Vision outlines a major program of capital development for the railroad over the next 20 years. The timing of this program is aggressive and requires that partner agencies and funders deliver on similarly aggressive commitments in a timely manner.

Recent experience with major infrastructure projects in the region suggests these assumptions are optimistic. Major projects have been plagued with delays and many are running years, if not decades, behind their originally forecast schedules.

At the same time, other forces in our world – like technological innovation and climate change – have timelines that are accelerating.



Example: Global Warming Timeline

Source: The Guardian



Example Structural Issue: Timescales

Caltrain's 2040 Service Vision outlines a major program of capital development for the railroad over the next 20 years. The timing of this program is aggressive and requires that partner agencies and funders deliver on similarly aggressive commitments in timely manner.

Recent experience with major infrastructure projects in the region suggests these assumptions are optimistic. Major projects have been plagued with delays and many are running years, if not decades, behind their originally forecast schedules.

At the same time, other forces in our world – like technological innovation and climate change – have timelines that are accelerating.

Major Capital Project	Formal Adoption of Plan	Initial Estimated Year of Service	Current Status	Current Estimated Year of Service
Caltrain Electrification	1999	2009	Under construction	2024
Silicon Valley BART Extension (BART to San Jose)	1984	Phase 1: 2017	Phase 1: completed	Phase 1: opened 2020
		Phase 2: 2026	Phase 2: Design	Phase 2: 2030
Downtown Rail Extension (DTX)	1994	2010	Design	2030

Example: Major Bay Area Capital Projects' Timelines

Sources: SPUR, VTA, JPB, TJPA

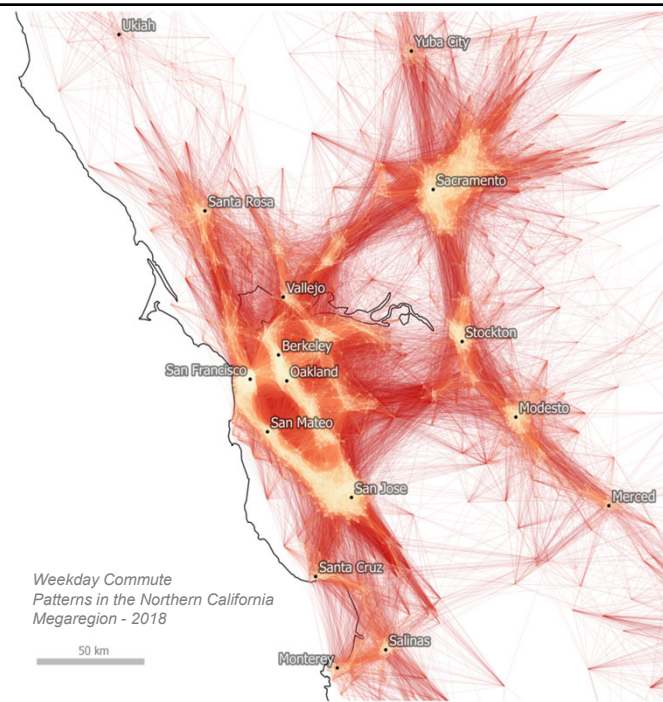


Example Structural Issue: Geographic Misalignment Between Users and Governing Authorities

The organization, funding, and governance of public transit in the Bay Area is closely tied to specific administrative geographies – and particularly to counties. These types of administrative boundaries are important for government but generally don't align with how people travel or organize their daily lives.

The mis-match between the geographic scale of funding, governance, and ways people move can lead to disparate outcomes around the region; challenging coordination between systems; and underserved customer markets – particularly at the regional scale.

Source KQED, 2018



Weekday Commute Patterns in the Northern California Megaregion - 2018

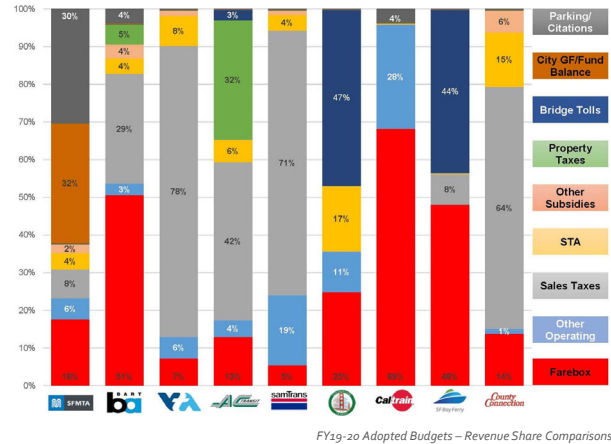
Example Structural Issue: Institutional Complexity & Scales

The diversity of agency missions, funding structures, and operating models makes working at a regional scale technically and politically challenging.

System complexity is compounded by administrative/governance structures that surround transit agencies. (Example: County Congestion Management Agencies are organized/governed differently in each of the three counties Caltrain operates in.)

Working at a regional scale within this complex environment is difficult and time consuming. Resulting programs sometimes further increase complexity or slow change. (Example: regional programs or actions that require unanimous consent from multiple different local entities.)

Funding streams/sources vary substantially by agency, are locally relevant, and can come with restrictions on their use



Source: Blue Ribbon Transit Recovery Task Force, 2021

Public Comment

Discussion

23

Board Discussion

- Why do you think it is important for Caltrain to engage with the regional conversation about transit governance?
- Are there structural issues or concerns you have about either Caltrain or the regional transit system that you think could be potentially addressed through a regional governance mechanism?
- What concerns or worries you about the idea of more regionalized governance? What are your concerns for the railroad? For the communities that use and fund it?



24

Break

25

Current Regional Efforts

26

Active and Emerging Regional Initiatives and Discussions

1. Current Regional Initiatives

- Clipper 2.0
- Regional Fare Coordination and Integration Study
- Blue Ribbon Transit Recovery Task Force & Transformation Action Plan
- Transit Network Manager Business Case
- MTC's Regional Rail Partnership Grant
- MTC Resolution 3434 Update

2. Link21 Program

3. Other Discussions

- Potential Caltrain-BART or other multi-operator "merger"



27

Clipper 2.0

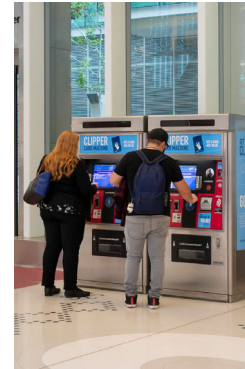
- **What:** Development and implementation of the next generation of the region's fare payment system, Clipper (known as Clipper 2.0, or C2).
- **Who:** The Clipper Executive Board oversees and makes policy decisions about Clipper (including C2). This Board is composed of the General Managers of multiple transit operators – excluding Caltrain – and MTC. Staff from MTC is leading the effort to develop and implement C2 with Cubic, the technology provider, with input from transit operator staff.
- **Timing:** Project underway; release anticipated summer 2023.
- **Caltrain Involvement:** Caltrain does not have direct representation on the Clipper Executive Board at this time, which excludes Caltrain from participating independently in ongoing policy decisions about Clipper including C2. Caltrain's Acting Executive Director is working to determine how a seat on the Board can be added for Caltrain. Additionally, Caltrain staff is working with MTC staff on the design and implementation of C2 for Caltrain's system.



28

Regional Fare Coordination & Integration Study

- **What:** This study is investigating strategies to better coordinate and integrate transit fares in the region in order to grow transit use, improve equity, and achieve other goals.
- **Who:** Directed by Fare Integration Task Force (a committee appointed by the Clipper Executive Board); Co-Project Managers: MTC & BART staff, with support from transit operator staff working group.
- **Timing:** Project underway; draft recommendations have been developed and schedule to be finalized in fall 2021.
- **Caltrain Involvement:** Caltrain's Acting Executive Director is a member of the Fare Integration Task Force, and Caltrain staff has actively participated in the transit operator staff working group for the project.



29

Blue Ribbon Transit Recovery Task Force - Regional Transit Transformation Action Plan

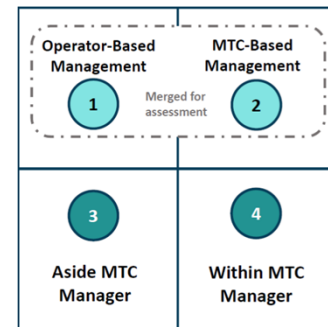
- **What:** The MTC Blue Ribbon Transit Recovery Task Force (BRTF) was appointed by the MTC in May 2020 to guide the expedited distribution of CARES Act Phase 2 funds and submit a Bay Area Public Transit Transformation Action Plan to the Commission. The BRTF discussed major regional transit coordination questions during development of the Transformation Action Plan (TAP).
- **Timing:** The BRTF completed its work with the development of the TAP, which was supported by the MTC Commission on Sept. 22, 2021. Several work streams have started for various elements of the TAP to begin implementation. The Commission will hold a workshop to discuss refinement and details of the Action Plan as well as distribution of remaining ARPA funds on October 27, 2021.
- **Caltrain Involvement:** Caltrain staff has participated in the BRTF and the development of the TAP, and will be actively involved in implementation efforts of the TAP as needed going forward.



30

Transit Network Management Business Case

- **What:** The Transit Network Management Business Case will provide a more detailed analysis of regional transit network management and governance options and develop recommendations, building on the preliminary evaluation of transit network management completed through the BRTF.
- **Who:** Work will be led by MTC staff. An advisory group has been appointed to review the business case and recommendations and to provide updates to the MTC Commission.
- **Timing:** Consultant procurement is underway and will be completed in fall 2021; the effort is anticipated to be complete by summer 2022.
- **Caltrain Involvement:** Caltrain's Acting Executive Director is a member of the advisory group for this project, and Caltrain staff will monitor and support.



Regional Network Management Concepts Moving Forward for Study. Source: Blue Ribbon Transit Recovery Task Force



31

Bay Area Regional Rail Partnerships: Project Delivery & Governance

- **What:** This study, not yet launched, has been scoped to examine various regional rail governance and rail megaproject delivery alternatives across the region.
- **Who:** MTC staff is leading the project, which is funded through a Caltrans Planning Grant.
- **Timing:** Solicitation for consultant services was completed in summer 2021; MTC staff is in the process of determining the project's advisory structure, including the role of transit operators in the study, and finalizing the scope. Anticipated to launch in winter 2022.
- **Caltrain Involvement:** Caltrain staff participated in the solicitation for consultant services. Future involvement is not yet defined; in concert with other rail operators, Caltrain staff is currently in discussions with MTC staff about roles and responsibilities to support the project when it commences.



32

Resolution 3434 Update: “Megaproject Advancement Policy”

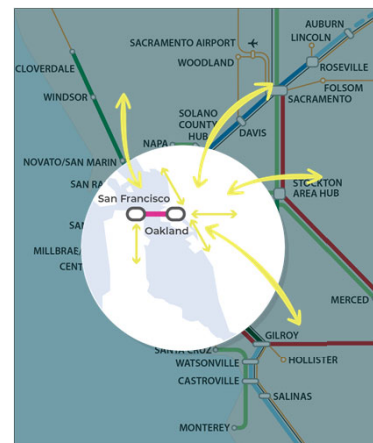
- **What:** This effort intends to modernize and replace MTC’s Resolution 3434 (Regional Transit Expansion Program) with a “Megaproject Advancement Policy” to align with Plan Bay Area 2050 and establish a strategy to sequence and deliver key megaprojects. Focus will be on providing guidance to distribute funds to advance projects included in the 2035-2050 time period of Plan Bay Area 2050.
- **Who:** MTC staff will be leading the effort, with opportunities for partner and stakeholder input. The Megaproject Advancement Policy will be adopted by the MTC Commission once complete.
- **Timing:** MTC staff anticipates commencing the effort in winter 2022, with adoption anticipated in summer 2022.
- **Caltrain Involvement:** Staff will monitor and engage as work commences.



33

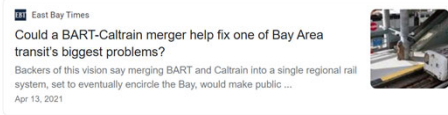
Link21 Program

- **What:** Link21 is a complex program that is working on developing megaregional rail projects. It centers on a second transbay rail crossing between Oakland and San Francisco, as well as network improvements across Northern California that would support service through the new rail crossing.
- **Who:** Led by BART, Capitol Corridor; sponsored by the State.
- **Timing:** Program definition: 2019-21; program identification: 2022-23; project selection: 2024-28; project delivery: 2029-40.
- **Caltrain Involvement:** Staff is engaged in technical coordination with Link21 project team.



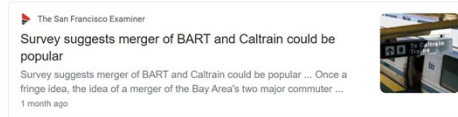
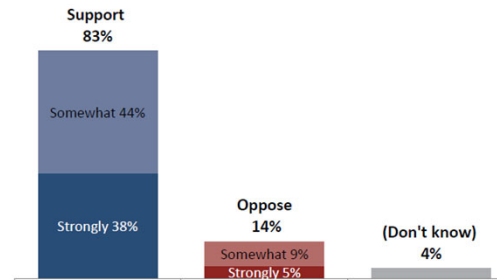
34

Other Regional Governance Discussions



Would you support or oppose combining BART and Caltrain into one integrated system?

- While not yet embedded within a formalized process or structure, there have been a number of news articles and polls about a potential BART-Caltrain “merger.”
- Similarly, there are other combinations of agency and/or system mergers that are possible and that have been discussed at various points in the past.



35

Board Clarifying Questions

1. What questions do you have about the Current Regional Efforts shown today?
2. What other active processes, initiatives, or discussions pertaining to regional transit or regional rail governance did we miss?



36

Public Comment

37

Discussion

38

Board Discussion

Staff is seeking guidance regarding how best to advance the railroad's interests on a regional scale and how to effectively involve the Board in these discussions.

1. Are any of the specific ongoing processes or studies of particular interest to you?
2. As regional options for coordination and consolidation are studied and designed, what are the outcomes you want to see for Caltrain (e.g., increased ridership, financial sustainability, advancement of Service Vision)?



39

Board Discussion

The JPB is working toward the development of a recommendation on governance before the end of 2021. Staff is seeking guidance as to whether, and how, to incorporate statements about regional options into this recommendation.

1. Should the 2021 JPB recommendation address the potential for regional governance change?
2. What are your initial thoughts on how to frame a recommendation?



40

Next Steps

41

Next Steps

Upcoming Meetings on Governance

- November Regular JPB Meeting:
Thursday, November 4, 2021
9:00am – 12:00pm
- December Regular JPB Meeting:
Thursday, December 2, 2021
9:00am – 12:00pm



42

