

FY2023

***Proposed
Operating
and
Capital Budgets***



Introduction

Purpose of Presentation

- Present JPB's FY23 Proposed Operating and Capital Budgets
- Obtain Board Approval

Overview

Proposed FY23 Budgets

- Build on financial analysis presented at March Board Workshop
- Presented during the May Board and incorporated feedback from the May Board Meeting

A Challenging Year

- Proposed FY23 Operating Budget is balanced
- Proposed FY23 Capital budget – funding gap substantially reduced; ongoing discussions regarding remaining funding with JPB member agencies

Feedback From April / May Discussions

- Reviewed and revised FY2022 operating budget line by line forecasts to determine FY2022 surplus amount to be carried forward
- Scrubbed FY2023 preliminary operating budget for additional savings
- Reviewed available capital funds from all sources for application to the capital budget
- Conducted meetings for a second time with member agencies to discuss and refine capital financial commitments

FY2023 Proposed Operating Budget

Overview

Provides

- Funds for Operating Reserve - \$27 million
- Continuation of 104 train weekday service level and hourly weekend service
- No increases in fares
- Provides \$350K for continuation of governance process

Relies on

- Gradual ridership recovery (reaching 36% of pre-COVID, non-go pass fare revenues)
- Usage of all anticipated FY23 Measure RR receipts toward operating budget
- Utilization of State Transit Assistance (STA) carryforward funds
- No further Federal assistance assumed
- No Member Agency funding to operating budget assumed

Overview

- FY2022 Surplus increased from \$4.7 million to \$8.3 million due to changes in forecast
 - Increase in Other Income
 - Reduction in the following:
 - Shuttle Services Expense
 - Facilities and Equipment Maintenance
 - Wages and Benefits
 - Professional Services
 - Governance

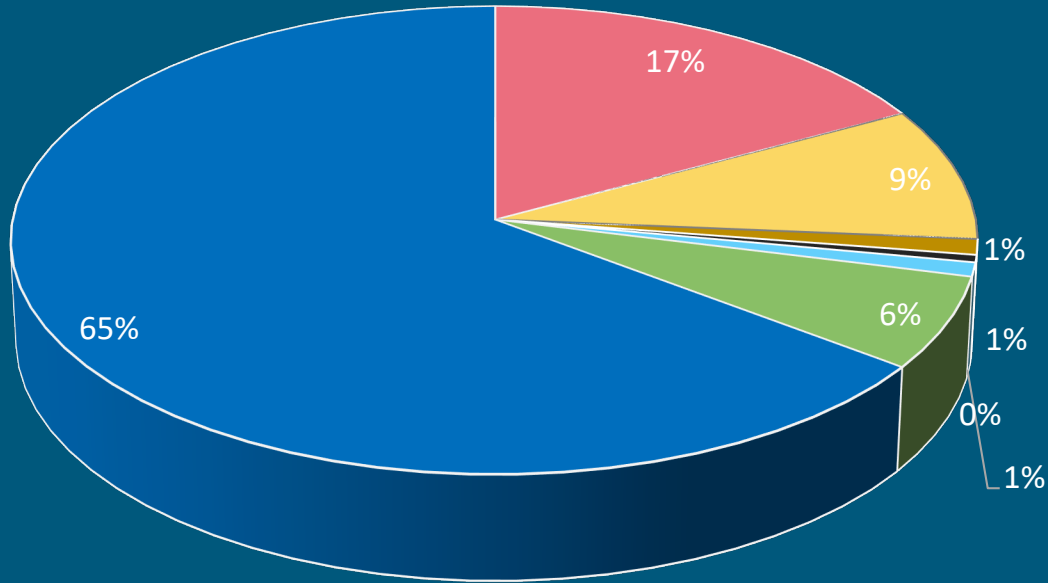
Overview

- FY2023 Proposed Revenue increased by \$450K due to Other Income
- TASI's Federal Employers Liability Act (FELA) Insurance will be combined with JPB's existing liability insurance which yields a savings of \$826K
- Decrease in Wages and Benefits by \$112K
 - Added new FTEs equivalent to 0.6
 - Additional vacancy savings applied
 - Later hiring dates projected for new Governance positions
- Added Environmental Management System Gap Analysis for \$100K
- Reduced Governance by \$350K

Proposed Budget Outlook

(in millions)

	FY2021 ACTUALS	FY2022 BUDGET	FY2022 FORECAST	FY2023 PROPOSED
Revenue	\$167.1	\$176.7	\$257.7	\$176.6
Expenditure	<u>\$140.0</u>	<u>\$176.7</u>	<u>\$169.4</u>	<u>\$179.2</u>
Surplus (Deficit)	\$ 27.1	\$ 0.0	\$ 88.3	(\$ 2.6)
Measure RR for Cap Reserve	\$ 0.0	\$ 0.0	\$ 80.0	\$ 0.0
Draw from FY2022 Surplus	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 2.6</u>
Adjusted Surplus (Deficit)	\$ 27.1	\$ 0.0	\$ 8.3	\$ 0.0

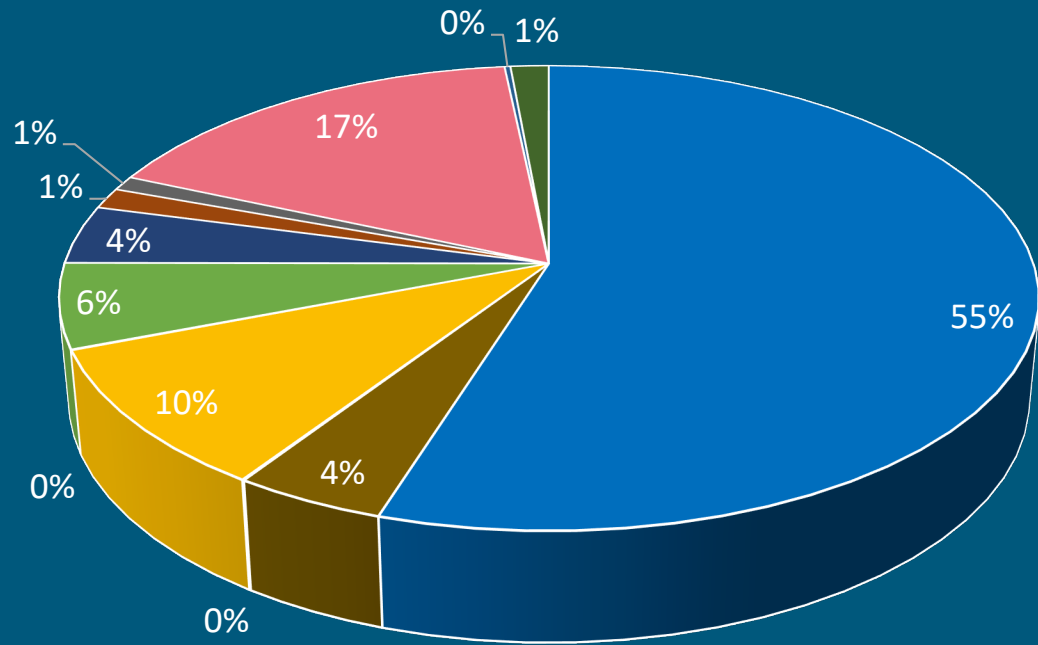


- Caltrain Fares
- Go Pass
- Parking Revenue
- Rental Income
- Other Income
- AB434 & TA Shuttle
- Operating Grants
- Measure RR

Proposed Revenues

(in millions)

Caltrain Fares	\$30.2
Go Pass	\$16.3
Parking	\$1.9
Rental Income	\$0.9
Other Income	\$1.7
AB434 & TA Shuttle	\$0.0
Operating Grants	\$11.3
Measure RR	<u>\$114.3</u>
Total	\$176.6



- Rail Operator Service
- Shuttle Services
- Timetables and Tickets
- Facilities and Equipment Maintenance
- Maintenance & Services
- Governance
- Security Services
- Fuel
- Insurance
- Utilities
- Administrative
- Debt Service Expense

Proposed Expenditure (in millions)

Rail Operator Service	\$98.3
Security Services	\$7.9
Shuttle Services	\$0.1
Fuel	\$17.5
Timetables and Tickets	\$0.1
Insurance	\$10.6
Facilities & Equipment Maintenance	\$7.3
Utilities	\$2.6
Maintenance & Services	\$1.8
Administrative	\$30.0
Governance	\$0.4
Debt Service Expense	<u>\$2.6</u>
Total	\$179.2

FY2023 Proposed Capital Budget

Overview

Provides

- \$50.4 million in capital investment (relative to \$69.0 million unconstrained request)
- \$40.6 million in Externally funded projects that rely on separate project-specific funding (Total Capital Budget - \$91.0 million)
- Includes basic SOGR for track, systems and stations along with significant investment in safety sensitive repair of Guadalupe Bridge
- Significant investments in system enhancements including projects related to customer and operational communications, mapping and surveying tools, and back up control facility
- Advancement of planning and early-stage design work for various regional, corridor and station-specific efforts
- General capital program and contingency support

Overview

- Advancement of \$3.3 million Local Partnership Program (LPP) funding for the Guadalupe Bridges Replacement Project
- Addition of \$3.2 million in available FY2022 Federal Funds that could not be leveraged in FY2022 Capital Budget due to lack of member agency capital funding
- Increase of \$540,000 for externally funded South Linden & Scott Grade Separation project
- Addition of SOGR Locomotive Project in the amount of \$1.5 million

Overview

Relies on

- \$16.9 million in anticipated Federal SOGR funds
- \$1.5 million in anticipated STA SOGR funds
- \$3.3 million in anticipated Local Partnership Program funds
- \$21.7 million in unrestricted funds (remaining balance after operating and capital reserve set aside)

Preserves

- \$20 million in capital reserve account

Remaining funding needs under discussion

- **\$2.3 million obligation per member agency**

Proposed Capital Budget Projects

(in millions)

	Unconstrained	Constrained
SOGR		
Bridges	\$15.4	\$ 9.7
Right of Way	\$13.8	\$ 9.8
Signal & Communications	\$ 7.3	\$ 5.6
Rolling Stock	\$ 0.0	\$ 1.5
Station & Intermodal Access	\$ 4.0	\$ 2.0
Legal Mandates	\$ 0.1	\$ 0.1
Operational Improvements	\$21.1	\$15.2
Planning/Studies	\$ 4.5	\$ 3.7
DTX Funding	\$ 1.5	\$ 1.5
Capital Contingency Funds	\$ 1.3	\$ 1.3
Total*	\$69.0	\$50.4

Key Projects Not Funded in Constrained Budget:

- San Francisquito Creek Bridge Replacement (\$4.3M)
- Broadband Comm (\$3.1M)
- SOGR Track (\$3.0M)
- SOGR Comm System (\$1.7M)

* Excludes Externally Funded Projects with its own funding plan (\$40.6 million) for a total capital budget of \$91.0 million



FY23 Unrestricted Funds & Reserves

(in millions)

Available Unrestricted Funds

Unrestricted Fund Balance	\$48.7M
FY23 proposed Operating Reserve	<u>27.0*</u>
Remaining Unrestricted Fund Balance,	\$21.7M

*JPB Reserve Policy requires \$18 million (10% of operating budget) plus \$9 million (required to reach 15% of operating budget)

Additional Reserves

Capital reserve account (established FY22)	\$20.0M
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FY23 Capital Budget Funding

Member Contributions

- **Proposed FY23 Capital Budget needs an additional \$7.0 million in JPB Member Agency funding to balance**
- Overall financial picture of the railroad remains volatile and challenging. Staff has consistently projected that ongoing member agency capital contributions will be needed to advance the JPB's capital program (including both basic SOGR and improvement as well as Caltrain participation in regional projects)
- Proposed budgets preserve \$27 million and \$20 million in operating and capital reserves respectively to build the railroad's financial resiliency. Remaining unrestricted funds have been applied to capital budget
- Prior to FY22, member contributions to the capital budget have been between \$5 to \$7.5 million per partner (\$15-23M total)

FY23 Capital Budget Funding

Member Contributions

Status of Member Agency Discussions

- In April, Caltrain staff formally approached each of the member agencies for \$5.3 million per member in funding.
- Based on subsequent budget updates, the request has been revised to \$2.3 million per member agency
- SMCTD and San Francisco member agencies have confirmed their ability to contribute. Discussions with VTA are ongoing.

Summary and Next Steps

Capital Budget - \$91.0 million

(Caltrain Investment \$50.4M + Externally funded (\$40.6M))

- Significantly constrained relative to overall need
- Resources pressing SOGR needs, advances some enhancements and regional investments
- Relies heavily on one time use of unrestricted fund balance, maintains \$20 million in capital reserve

Operating Budget - \$179.2 million

- Maintain service and fare level, preserves \$27 million operating reserve, heavily reliant on Measure RR

Next Steps

- Seek Board adoption of proposed FY23 Operating and Capital budgets
- Finalize \$7.0 million in member contributions for the FY23 capital budget (\$2.3 million per member) and utilize \$21.7 million in unrestricted funds

