



FY2021 Proposed Interim Operating and Capital Budgets

**JPB Finance
May 26, 2020
Agenda Item #7**

Approach to the FY21 Budgets

CHALLENGES

- Unprecedented decline in ridership from 65,000 passengers per day to 1,300 per day
- Lack of a dedicated non-fare revenue stream
- Full implementation of mandated Positive Train Control
- Unstable global oil industry

Approach to the FY21 Budgets

MITIGATING MEASURES

- Board approved a new diesel fuel hedging program
- Caltrain schedule was reduced from 92 trains per day to 70 trains per day and subsequently to 42 trains per day.
- Focus shifted from traditional operations and maintenance to deferred maintenance and support of capital improvements
- Constraints on hiring / wage increases / other discretionary expenditures

Approach to the FY21 Budgets

PROPOSED ACTIONS

Operating Budget Interim – June

- **Obtain budget authority for the period of July 1 through September 30, 2020 (1st quarter of FY2021)**
- **Estimated expenditures plus identified costs that must be paid lump-sum in the first quarter of the year**
- **Identify cost savings in labor such as a hiring freeze, no new FTEs, maintain baseline levels in non-labor costs**

Approach to the FY21 Budgets

Operating Budget – August/September

- **Obtain board authority for the remainder of FY21**
- **Develop a budget based on the impact of the assessment of ridership changes**
- **Finalize use of the CARES Act Fund**
- **Finalize Member agency obligations for the balance of FY21**

Approach to the FY21 Budgets

Capital Budget – June

- Seek board authority only for capital projects that currently have funding to spend down

Capital Budget Amendment – August/September

- Develop a more robust capital budget to include identified additional funding from the federal and state agencies
- Finalize Member agency investments



FY2021 PROPOSED INTERIM OPERATING BUDGET



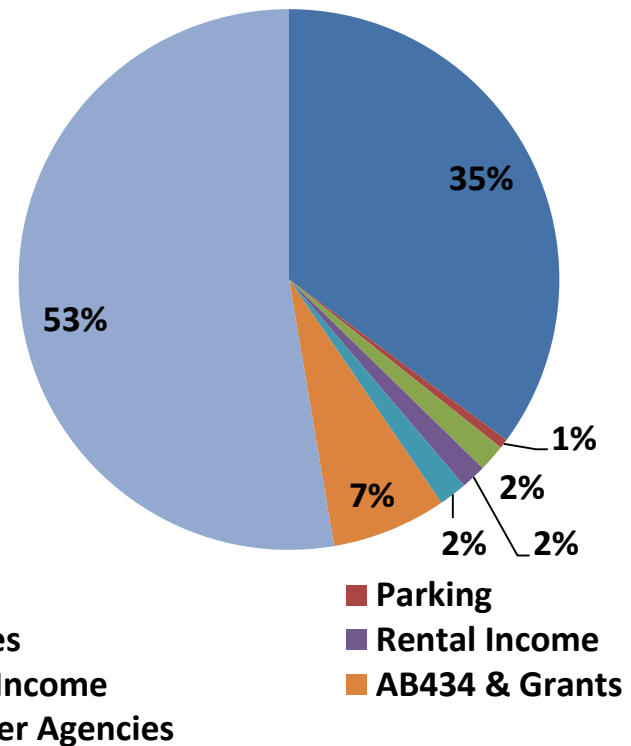
Key Assumptions

- Farebox revenue is mostly Go Pass revenue
- Ridership decrease of 97%
- Full JPB Operating Member agency obligations
- STA funds reduced substantially

- Rail operator contract budget authority reflects 92 train schedule
- Includes operating costs of PTC implementation
- Fuel budget assumes 70 train schedule
- Only existing FTEs, no new FTEs and no universal wage increase, continuation of hiring freeze

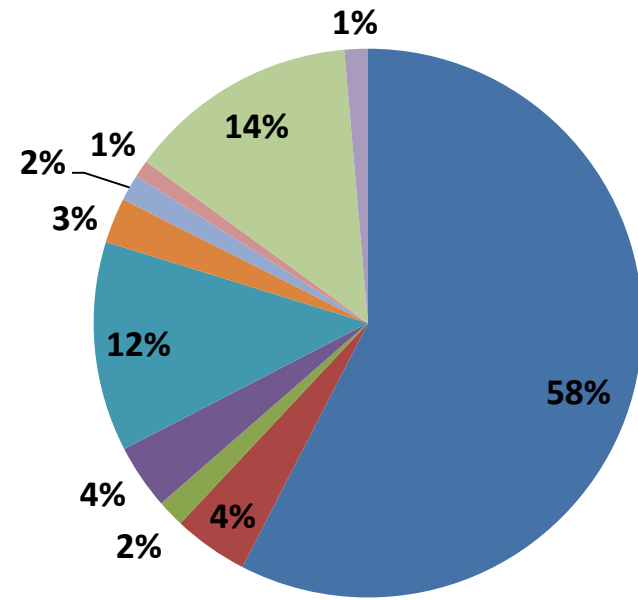
FY2021 Interim Revenues (in \$ millions)

Fares	\$8.0
Parking	0.1
Shuttles	0.4
Rental Income	0.3
Other Income	0.4
AB434 & Grants	1.6
Member Agencies	<u>12.0</u>
Total Revenue	<u>\$22.8</u>



FY2021 Interim Expenses (in \$ millions)

Rail Ops & PTC	\$24.9
Security Services	1.9
Shuttle Services	0.7
Fuel	1.6
Insurance	5.3
Facilities and Equip Maint	1.2
Utilities	0.7
Maintenance & Services	0.4
Administrative	5.9
Long-term debt	<u>0.6</u>
Total Expenses	<u>\$43.2</u>



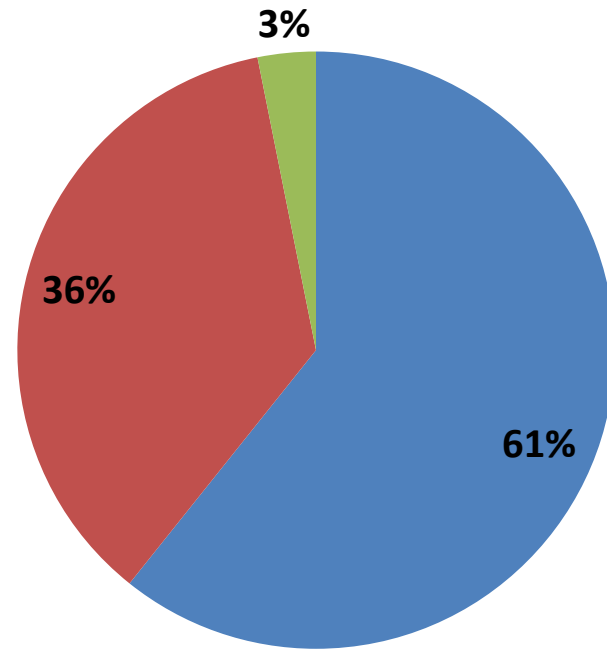
- Rail Ops & PTC
- Fuel
- Utilities
- Long-term debt
- Security Services
- Insurance
- Maint & Services
- Shuttle Services
- Facilities and Equip Maint
- Administrative



FY2021 PROPOSED INTERIM CAPITAL BUDGET

Overview of FY2021 Interim Capital Budget (in \$ millions)

SOGR	
Right of Way/ Signals & Communications	\$11.6
Operational Improvements/Enhancements	6.9
Planning/Studies	<u>0.6</u>
Total	<u>\$19.1</u>

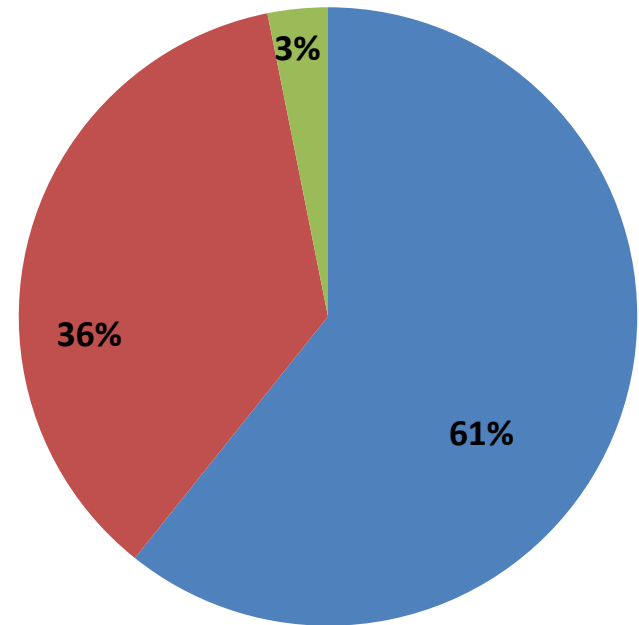


- Right of Way/ Signals & Communications
- Operational Improvements/Enhancements
- Planning/Studies

FY2021 Interim Capital Funding Sources

(in \$ millions)

Federal Grants	\$5.0
State & Regional Grants	1.4
Other	<u>12.8</u>
Total	<u>\$19.2</u>



■ SOGR ■ Operational Improvements ■ Planning/Other

Next Steps

- **Staff to present the FY2021 Preliminary Operating Budget and Capital Budget at the August Board**
- **Staff to request approval of the FY2021 Proposed Operating and Capital budgets at the September Board**
- **Work with Members to finalize the operating member agency obligations and the capital investments for FY2021**
- **Continue to work with the Board to study and address the funding gaps for FY2021 and beyond**