

**PENINSULA CORRIDOR JOINT POWERS BOARD
STAFF REPORT**

TO: Board of Directors

THROUGH: Michelle Bouchard, Executive Director

FROM: Kate Jordan Steiner, Chief Financial Officer

SUBJECT: **FISCAL YEAR 2024 AND FISCAL YEAR 2025 PRELIMINARY OPERATING AND CAPITAL BUDGETS**

X	Finance Committee Recommendation		Work Program-Legislative- Planning Committee Recommendation		Staff Coordinating Council Reviewed		Staff Coordinating Council Recommendation
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ACTION

This report is submitted for informational purposes only. This item was presented at the Finance Committee on April 24th. The Peninsula Corridor Joint Powers Board (JPB) staff will obtain Board feedback, finalize discussions with funding partners and member agencies, make further refinements, and present a final budget proposal to the Finance Committee and Board of Directors for consideration and adoption at the June 2023 Board meeting.

SIGNIFICANCE

On February 2, 2023, the Board adopted a Biennial Budget Policy for JPB (Resolution 2023-13) which will allow JPB to focus on multi-year financial planning and long-term financial efforts. This is the first year JPB presents to the Board a biennial Preliminary Operating and Capital Budgets for FY2024 and FY2025.

Since the 1990's, JPB has been planning for the upgrade and electrification of the Caltrain corridor. After more than three decades, Caltrain's electrified service is expected to be fully operational in the fall 2024. Caltrain's electrification will provide timely service, enhanced amenities, fight climate change, and positively impact employment directly and indirectly.

While the electrified service is expected to improve ridership, Caltrain is still slowly recovering from the aftermath of the COVID-19 pandemic and the new remote work pattern that impacted public transit ridership significantly. Caltrain Fare Revenue is projected to have a

recovery rate of approximately 45% of pre-pandemic levels in FY2024 and 50% in FY2025. Even with the advent of Measure RR funds, the decline in ridership combined with the projected increase in operating expenses results in both short-term and long-term fiscal challenges.

Caltrain's suggested approach to the FY2024 and FY2025 Operating Budgets is to address the shortfall while attempting to maintain comparable current service levels. At the recent JPB Board Strategic Financial Plan Workshop held in April, Caltrain staff presented the following operating recommendations:

- Maintain comparable levels of existing service at 104 trains per day (tpd), including current off-peak service;
- Slowly increase to 128 tpd in the long-term based on future ridership, assuming FTA approves the service level plan;
- Do not change current fare prices until the next two-year budget cycle beginning in FY2026, and continue to study the fare prices, fare structure, and new fare products later this year;
- Fully dedicate Measure RR to the Operating Budget in the current two-year cycle;
- Use \$15 million of State Rail Assistance (SRA) and Low Carbon Transit Operations Program (LCTOP) for the Operating Budget;
- Apply up to \$60 million reimbursement of Measure RR funds for operations for the next two (2) fiscal years (as needed);
- Advance 4th train service to South County, to which efforts of costing the service is currently being performed; and
- Continue to strengthen regional partnerships to develop and participate in new funding sources.

The Preliminary Capital Budget has been greatly constrained but advances a range of priorities. Staff continues to work on sources of funding and refining the capital budget request to bridge the gap between available funds and needs.

FY2024 AND FY2025 PRELIMINARY OPERATING AND CAPITAL BUDGETS SUMMARY

FY2024 and FY2025 Preliminary Operating Budgets Overview

The FY2024 Preliminary Operating Budget is a balanced budget. The FY2025 Preliminary Operating Budget shows a deficit of \$38.1 million, before applying a portion of the \$60 million reimbursement of Measure RR funds for operations. The FY2024 and FY2025 Preliminary Operating Budgets take into account the policy to maintain an operating reserve level of 15% of the annual budget.

Preliminary Operating Budgets Summary (in millions)	FY2024 Prelim Operating Budget	FY2025 Prelim Operating Budget
Total Revenue	\$194.6	\$207.8
Total Expense	(\$192.6)	(\$239.0)
Contribution to Reserve	(\$2.0)	(\$7.0)
Projected Surplus/(Deficit)	\$0.0	(\$38.1)
Reimbursement of Measure RR Funds	\$0.0	\$38.1
Adjusted Net Surplus/(Deficit)	\$0.0	\$0.0

- The FY2024 and FY2025 Preliminary Operating Budgets assume gradual ridership recovery and reflects Caltrain electrified service being fully operational in the fall of 2024.
- Measure RR revenues are fully dedicated to operations amounting to \$118.4M in FY2024 and \$120.1M in FY2025, accounting for 63% and 60% of Total Revenues, respectively.
- There is a total of \$5.0M Low-Carbon Fuel Standard (LCFS) revenue beginning in FY2025 and resulting from electrification.
- Service level of 104 tpd is maintained, with 104 diesel tpd in FY2024 and beginning in FY2025 upon electrification in service, 92 electric tpd / 12 diesel tpd in FY2025.
- Assumes \$25.0M Overhead Catenary System (OCS) and Traction Power Systems (TPS) maintenance cost beginning in FY2025.
- Assumes \$19.5M in electric costs beginning in FY2025 with any electric costs prior to in service date capitalized as part of the PCEP project. Electricity cost is going to be a significant expense, which presents significant price risk, hence the need for a procurement plan.
- LCTOP, SRA, and Measure RR reimbursement are used to help balance the Operating Budgets in 2024 and 2025.
- Operating Reserve of 15% of the annual budgets are maintained for FY2024 and FY2025.

Changes to the FY2024 and FY2025 Preliminary Operating Budgets from the Board Workshop

Preliminary Operating Budgets Summary (in millions)	FY2024 Board Workshop	FY2024 Prelim Operating Budget	Change	FY2025 Board Workshop	FY2025 Prelim Operating Budget	Change
Total Revenue	\$196.4	\$194.6	(\$1.7)	\$202.5	\$207.8	\$5.3
Total Expense	\$198.1	\$192.6	(\$5.4)	\$236.4	\$239.0	\$2.6
Contribution to Reserve	\$0.0	\$2.0	\$2.0	\$0.0	\$7.0	\$7.0
Projected Surplus/(Deficit)	(\$1.7)	\$0.0	\$1.7	(\$33.9)	(\$38.1)	(\$4.2)
Reimbursement of Measure RR Funds	\$1.7	\$0.0	(\$1.7)	\$33.9	\$38.1	\$4.2
Adjusted Net Surplus/(Deficit)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

Individual Revenue and Expense Changes from the Board Workshop include the following:

REVENUES	FY2024 (in \$000)	FY2025 (in \$000)
Parking	-	(\$161) refined projections
Other/Interest Income	\$3,711 Interest Income increased to include the anticipated TIRCP grant that will be received throughout FY2024	\$3,961 Interest Income increased to include the anticipated TIRCP grant that will be received throughout FY2024
Measure RR	(\$1,100) based on updated forecasts	(\$700) based on updated forecasts
State Contribution - Operations	(\$4,327) reduced LCTOP from \$5M to \$2.4M per updated grant estimate; reduced SRA from \$6.6M to \$4.8M, a level needed to balance the budget	\$2,201 added LCTOP of \$1.0M per updated grant estimate; added the unused SRA from FY24 of \$1.2M
TOTAL REVENUES	(\$1,716)	\$5,301

EXPENSES	FY2024 (in \$000)	FY2025 (in \$000)
Rail Operator	(\$1,515) additional savings per negotiations with TASI	(\$1,611) lower FY2025 estimate per additional savings in FY2024
Fuel and Lubricants	(\$518) lower fuel price/gallon, incorporating fuel hedge	(\$310) lower fuel price/gallon
Facilities and Equipment Maintenance	\$108 updated requests	\$905 updated requests; added contracted service for Wireless Service Maintenance
Electricity	(\$3,793) removed from operating and moved to PCEP project (testing)	-
Wages and Benefits	\$1,498 Final Retirement Medical and CalPERS cost	\$3,845 Final Retirement Medical and CalPERS cost and increase in FTEs
Professional Services	(\$291) refined estimates for Consultants	(\$464) refined estimates for Consultants
Other Office Expenses and Services	(\$697) reduction in Business Travel, Seminar/ Training, and Recruitment Costs	\$228 Recruitment Costs from FY2024 now spread over 2 years impacting FY2025
Governance	(\$225) reduced Legal and Consultant services	-
TOTAL EXPENSES	(\$5,433)	\$2,594

Transfers to Operating Reserve	\$2,016 contribution needed to meet operating reserve level of 15%	\$6,957 contribution needed to meet operating reserve level of 15%
NET ANNUAL SURPLUS/(DEFICIT)	\$1,701	(\$4,249)

FY2024 and FY2025 Preliminary Capital Budgets Overview

The initial budget was comprised of planning and projects totaling \$500.7 million for FY2024 and \$148.0 million for FY2025. Efforts to refine the initial requests were made, resulting in the current FY2024 and FY2025 Preliminary Capital Budgets of \$490.6 million and \$142.9 million, respectively. With the current funding sources identified, the FY2024 and FY2025 Preliminary Capital Budgets reflect a deficit of \$102.4 million in FY2024 and \$64.9 million in FY2025.

Preliminary Capital Budgets Summary (in millions)	FY2024 Prelim Capital Budget	FY2025 Prelim Capital Budget	Total Prelim Capital Budget
Total Capital Budget Requests	\$490.6	\$142.9	\$633.5
Less: Externally-Funded Projects	(\$125.5)	(\$47.3)	(\$172.8)
Net Capital Budget Requests	\$365.1	\$95.6	\$460.7
Net Funding Sources	\$262.8	\$30.7	\$293.4
Capital Budget Deficit	(\$102.4)	(\$64.9)	(\$167.2)

- The FY2024 and FY2025 Preliminary Capital Budgets have been greatly constrained which advances a range of priorities.
- The FY2024 and FY2025 Preliminary Capital Budgets of \$490.6 million and \$142.9 million include Externally-Funded Projects of \$125.5 million and \$47.3 million, respectively. Externally-Funded Projects are capital projects agreed to be fully-funded by third parties.
- Net Funding Sources amounting to \$262.8 million in FY2024 and \$30.7 million in FY2025 have been identified, leaving a Capital Budget deficit of \$102.4 million for FY2024 and \$64.9 million in FY2025.

The FY2024 and FY2025 Preliminary Capital Budgets remain unbalanced. The next steps for staff are:

- Continue to work with partners on their obligations; and
- Prioritize capital projects to match available funding.

FY2024 AND FY2025 PRELIMINARY OPERATING BUDGETS DETAILS

Please refer to Attachment A – FY2024 and FY2025 Preliminary JPB Financial Statement-Preliminary Budget for a comparative schedule of the FY2024 and FY2025 Preliminary Operating Budgets which shows the FY2022 Actual, FY2023 Forecast, the FY2024 Preliminary Operating Budget, and the FY2025 Preliminary Operating Budget. The line numbers for each revenue and expense item detailed below refer to the corresponding line numbers on Attachment A.

Revenue Projections

Total revenues for FY2024 are projected at \$187.4 million, an increase of \$5.7 million or 3.1% higher than the FY2023 Forecast:

- Revenue from Operations for FY2024 is projected at \$56.2 million, an increase of \$5.1 million or 10.0% over the FY2023 Forecast.
- Revenue from Contributions for FY2024 is projected at \$131.2 million, an increase of

\$0.6 million or 0.4% higher than the FY2023 Forecast.

Total revenues for FY2025 are projected at \$199.4 million, an increase of \$12.1 million or 6.4% more than the FY2024 Preliminary Budget:

- Revenue from Operations for FY2025 is projected at \$63.7 million, an increase of \$7.5 million or 13.3% higher than the FY2024 Preliminary Budget.
- Revenue from Contributions for FY2025 is projected at \$135.8 million, an increase of \$4.6 million or 3.5% higher than the FY2024 Preliminary Budget.

OPERATING REVENUE

Line 1 **Caltrain Fares:** \$29.9 million in FY2024, an increase of \$2.9 million or 10.9% higher than the FY2023 forecast; and \$35.9 million in FY2025, an increase of \$6.0 million or 20.0% higher than the FY2024 Preliminary Budget.

Caltrain Fares includes fare receipts collected directly from rail passengers.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast		FY25 Preliminary to FY24 Preliminary	FY25 Preliminary
Caltrain Fares	17,899,182	27,000,000	29,936,000	2,936,000	10.9%	35,923,200	5,987,201	20.0%

Caltrain Fares assumes a 45% recovery of pre-COVID levels in FY2024, with a provision for service interruptions to support the Peninsula Corridor Electrification Project (PCEP) work. In FY2025, a 20% growth over FY2024 was applied.

Line 2 **Go Pass:** \$16.8 million in FY2024, a decrease of \$0.2 million or 1.4% lower than the FY2023 forecast; and \$18.4 million in FY2025, an increase of \$1.7 million or 10% higher than the FY2024 Preliminary Budget.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast		FY25 Preliminary to FY24 Preliminary	FY25 Preliminary
Go Pass	15,337,175	17,000,000	16,764,000	(236,000)	-1.4%	18,440,400	1,676,400	10.0%

Go Pass includes revenue receipts collected through the Go Pass program. Caltrain Go Pass program allows companies, educational institutions, and residential complexes (Participants) to purchase annual unlimited ride passes for eligible employees, students, or residents (Users). It is not available for purchase by individuals and does not cover parking at Caltrain stations or travel through other transit systems. In addition, Go Pass is sold on a calendar year basis.

Go Pass for FY2024 reflects a 5% growth over customer sign-ups for calendar year 2023. With continued sign ups and renewals, FY2025 assumes a 10% growth over FY2024.

Line 3 **Parking Revenue:** \$1.9 million in FY2024, \$0.1 million or 6.0% higher than the FY2023 forecast; and \$2.2 million in FY2025, an increase of \$0.3 million or 16.4% higher than the FY2024 Preliminary Budget.

Parking revenue includes fees at parking lots located in various passenger stations, with the largest being at the SAP Center adjacent to the San Jose Diridon station.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast		FY25 Preliminary to FY24 Preliminary	FY25 Preliminary to FY24 Preliminary
Parking Revenue	1,352,869	1,797,505	1,905,015	107,510	6.0%	2,217,633	312,618	16.4%

Parking revenue estimates follow total fare revenue trend projections. It is assumed at 4% of total Caltrain Fares and Go Pass revenues.

Line 4 **Shuttle Revenue:** \$0 in FY2024 and FY2025, no change from the FY2023 forecast.

Shuttle Program funding comes from participating employers, the San Mateo County Transportation Authority (TA), and the Bay Area Air Quality Management District (BAAQMD). This line item refers only to the revenue generated from participating local employers who provide rail passengers the last-mile connections between Caltrain stations and work sites.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast		FY25 Preliminary to FY24 Preliminary	FY25 Preliminary to FY24 Preliminary
Employer Share- SAMTR/JPB Shutte Programs	1,152,152	-	-	-	0.0%	-	-	0.0%

In FY2023, shuttle service contracts were consolidated under the San Mateo County Transit District (SamTrans). Therefore, there is no employer revenue for JPB as it will no longer provide contracted shuttle services.

Line 5 **Rental Income:** \$1.0 million in FY2024, a decrease of \$0.2 million or 16.9% lower than the FY2023 forecast; and \$1.1 million in FY2025, an increase of \$0.03 million or 3.0% higher than the FY2024 Preliminary Budget.

Rental income is derived from contract arrangements and lease negotiations for third-party use of properties owned by the JPB along the Caltrain Right of Way (ROW).

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast		FY25 Preliminary to FY24 Preliminary	FY25 Preliminary to FY24 Preliminary
Rental Income	1,237,117	1,235,357	1,026,489	(208,868)	-16.9%	1,057,284	30,795	3.0%

Rental revenues are decreasing in FY2024 due to expired contracts and increasing in FY2025 due to inflation.

Line 6 **Other Income:** \$6.5 million in FY2024, an increase of \$2.5 million or 61.7% higher than the FY2023 forecast; and \$6.0 million in FY2025, a decrease of \$0.5 million or 8.0% lower than the FY2024 Preliminary Budget.

Other Income consists of shared track usage maintenance fees, permit fees, advertising income, interest on invested funds, and parking citation fees. Shared Track Maintenance Revenue is generated from the annual contract with Union Pacific Railroad (UPRR). Advertising Income includes income from train wraps, station ad cards, and digital displays. Construction permit fees from 3rd party contractors belong to the Other Non-Transit Revenue.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast		FY25 Preliminary to FY24 Preliminary	FY25 Preliminary to FY24 Preliminary
Advertising Income	412,430	842,000	541,845	(300,155)	-35.6%	-	(541,845)	-100.0%
Insurance Reimbursements	218,878	20,365	-	(20,365)	-100.0%	-	-	0.0%
Interest Income	53,217	2,157,415	4,825,816	2,668,401	123.7%	4,825,816	-	0.0%
Misc. Operating Revenue	604,431	211,356	218,217	6,861	3.2%	218,217	-	0.0%
Other Non-Transit Revenues	786,837	236,249	288,131	51,882	22.0%	288,131	-	0.0%
Parking Citation Program Revenue	273,447	240,424	287,484	47,060	19.6%	296,109	8,625	3.0%
Shared Track Maintenance Revenue	452,553	336,510	379,767	43,257	12.9%	391,160	11,393	3.0%
Other Income	2,801,792	4,044,319	6,541,260	2,496,941	61.7%	6,019,433	(521,827)	-8.0%

The increase in FY2024 is driven by the Interest Income which is 123.7% over the FY23 forecast. This is due to the \$367.0 million Transit and Intercity Rail Capital Program (TIRCP) grant funds anticipated to be received throughout FY2024. It must be noted, however, that the exact timing and duration of the receipt of said grant funds may differ which may therefore create variations in actuals. The decrease in FY2025 is brought about by reduced Advertising Income due to expired contract.

CONTRIBUTIONS

Line 10 **AB434 & TA Shuttle Funding:** \$0 in FY2024, a decrease of \$0.04 million or 100.0% lower than the FY2023 forecast; \$0 in FY2025, no change from FY2024 Preliminary Budget

Contributions for the service come from state and local sources. In 1991, through Assembly Bill (AB) 434, the State Legislature authorized a \$4.00 surcharge on cars and trucks to fund projects that reduce on-road motor vehicle emissions. AB434 revenues provide partial funding for the JPB shuttle program through a competitive grant process managed by BAAQMD. The TA also funds shuttle services with revenues from the Measure A San Mateo County-wide sales tax.

Description	FY2022	FY2023	FY2024	\$ Change	% Change	FY2025	\$ Change	% Change
	ACTUAL	FORECAST	PRELIMINARY BUDGET	FY24 Preliminary	FY24 Preliminary	PRELIMINARY BUDGET	FY25 Preliminary	FY25 Preliminary
AB434 Peninsula & TA Shuttle Funding	743,472	40,000	-	(40,000)	-100%	-	-	0%

In FY2023, shuttle service contracts were consolidated under SamTrans and grant administration is now done by commute.org.

Line 11 **Operating Grants (STA)**: \$12.8 million in FY2024, an increase of \$1.5 million or 13.4% higher than the FY2023 forecast; and \$10.7 million in FY2025, a decrease of \$2.1 million or \$16.5% lower than the FY2024 Preliminary Budget

State Transit Assistance (STA) revenue generated from the statewide sales tax on diesel fuel is allocated to the region’s transit operators by formula. The formula allocates funds based on population, the amount of passenger fares, and local support revenues collected by transit operators. The State sends out projections assuming a growth rate and adjusts these throughout the year.

Description	FY2022	FY2023	FY2024	\$ Change	% Change	FY2025	\$ Change	% Change
	ACTUAL	FORECAST	PRELIMINARY BUDGET	FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast	PRELIMINARY BUDGET	FY25 Preliminary to FY24 Preliminary	FY25 Preliminary to FY24 Preliminary
Operating Grants	10,041,955	11,288,161	12,800,936	1,512,775	13.4%	10,687,973	(2,112,963)	-16.5%

This FY2024 budget is based on MTC estimates as of February 2023 which includes a carryforward from prior years in the amount of \$2.1 million. The FY2025 budget estimate does not include any carryforward.

Line 12 **Measure RR**: \$118.4 million in FY2024, a decrease of \$0.9 million or 0.7% lower than the FY2023 forecast; and \$120.1 million in FY2025, an increase of \$1.7 million or 1.4% higher than the FY2024 Preliminary Budget.

Measure RR is a 1/8 cent sales tax approved in November 2020 that provides Caltrain’s first source of dedicated non-fare revenues.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast		FY25 Preliminary to FY24 Preliminary	FY25 Preliminary to FY24 Preliminary
Measure RR	97,296,566	119,292,000	118,400,000	(892,000)	-0.7%	120,100,000	1,700,000	1.4%

Measure RR is projected to have a minor decrease in FY2024 and a modest increase in FY2025. Projections are based on HDL estimates reflective of continued consumer spending that is more conservative due to inflation.

Measure RR is collected in the counties of San Mateo, Santa Clara, and San Francisco. Average percentage of Measure RR sales tax collected from the three (3) counties are as follows: San Mateo (24%), Santa Clara (54%), and San Francisco (22%).

Line 13 **ARPA**: \$0 in FY2024 and FY2025, no change from the FY2023 forecast.

American Rescue Plan Act (ARPA) funding was provided by the federal government to transit agencies to help mitigate the impact of the Covid-19 pandemic and aid in recovery.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast		FY25 Preliminary to FY24 Preliminary	FY25 Preliminary to FY24 Preliminary
ARPA	115,995,904	-	-	-	0%	-	-	0%

The total amount of ARPA funds reflected in FY2022 was \$116.0 million, received as two separate awards: \$77.2 million and \$38.8 million. No ARPA funds are anticipated for FY2024 and FY2025, hence projected at \$0.

Line 14 **LCFS, LCTOP, SRA**: \$7.3 million in FY2024, an increase of 100% over the FY2023 forecast; and \$13.4 million in FY2025, an increase of \$6.1 million or 84.3% higher than the FY2024 Preliminary Budget.

This line item is comprised of grant funding from the following programs: Low Carbon Fuel Standard (LCFS), Low Carbon Transit Operations Program (LCTOP), and State Rail Assistance (SRA).

LCFS is a program to encourage the use of cleaner low-carbon transportation fuels in California. LCFS is a market-based compliance measure that creates economic value from low-carbon and renewable fuel technologies. The LCFS program works as a market system where users and producers of clean energy, including electric vehicle fleets, earn credits through their emission reductions, while emitters purchase those credits to offset their

carbon footprint. With electrification in FY2025, the switch from diesel to electric trains will earn Caltrain LCFS credits estimated at a value of \$5.0 million.

LCTOP is administered by the California Department of Transportation (Caltrans), in coordination with the California Air Resources Board (CARB) and the State Controller’s Office (SCO). The LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility. Staff recommends allocation of LCTOP for operating needs in FY2024 for \$2.4 million, and in FY2025 for \$1.0 million.

The State Rail Assistance (SRA) was created to provide capital and operating support for intercity and commuter rail programs. The SRA program is administered by the California State Transportation Agency, with funding managed by the Department of Tax and Fee Administration and the Department of Finance. The funding is received through the revenue obtained from 0.5% sales and use tax on diesel fuel from the State. Caltrain is currently projecting a total of \$12.2 million of SRA funding available in FY2024 and FY2025. Staff recommends utilizing \$4.8 million of SRA allocation for operating needs in FY2024 and \$7.4 million of SRA allocation for operating needs in FY2025.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast		FY25 Preliminary to FY24 Preliminary	FY25 Preliminary to FY24 Preliminary
LCFS	-	-	-	-	0.0%	5,000,000	5,000,000	100.0%
LCTOP	-	-	2,442,976	2,442,976	100.0%	1,030,766	(1,412,210)	-57.8%
SRA	-	-	4,829,901	4,829,901	100.0%	7,370,099	2,540,198	52.6%
LCFS, LCTOP, SRA	-	-	7,272,877	7,272,877	100.0%	13,400,865	6,127,988	84.3%

Expense Projections

Grand Total Expense for FY2024 projected at \$192.6 million, an increase of \$12.5 million or 7.0% over the FY2023 Forecast:

- Operating Expense for FY2024 projected at \$152.8 million, an increase of \$6.6 million or 4.5% over the FY2023 Forecast.
- Administrative Expense for FY2024 projected at \$36.2 million, an increase of \$6.3 million or 21.2% over the FY2023 Forecast.
- Long-term Debt Expense for FY2024 projected at \$3.5 million.

Grand Total Expense for FY2025 projected at \$239.0 million, an increase of \$46.4 million or 24.1% over the FY2024 Preliminary Budget:

- Operating Expense for FY2025 projected at \$190.2 million, an increase of \$37.5 million or 24.5% over the FY2024 Preliminary Budget.

- Administrative Expense for FY2025 projected at \$41.0 million, an increase of \$4.8 million or 13.4% over the FY2024 Preliminary Budget.
- Long-term Debt Expense for FY2025 projected at \$7.8 million.

OPERATING EXPENSE

Line 21 **Rail Operator Service:** \$104.9 million in FY2024, an increase of \$6.6 million or 6.7% higher than the FY2023 forecast; and \$105.9 million in FY2025, an increase of \$1.0 million or 1.0% higher than the FY2024 Preliminary Budget.

The JPB contracts out for rail operation service with TransitAmerica Services, Inc. (TASI). TASI provides all the operations, maintenance, and support services in the following areas: Administration/Safety, Operations and Dispatch, Maintenance of Equipment, Maintenance of Track, Communications, Signals and Stations, Capital Construction Support and State of Good Repair (SOGR) maintenance. TASI is paid on a cost-plus-performance-fee contract structure.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast		FY25 Preliminary to FY24 Preliminary	FY25 Preliminary to FY24 Preliminary
Rail Operator Service	93,808,976	98,257,758	104,889,704	6,631,946	6.7%	105,901,543	1,011,839	1.0%

FY2024 budget assumes a service level of 104 trains per weekday. There have been increases in labor costs, fixed and variable overhead costs, and management costs.

FY2025 budget assumes a service level aligned with Caltrain’s electrification, with 104 trains per weekday (92 electric and 12 diesel). The increase in FY2025 is due to the higher variable performance and overhead costs resulting from the \$25.0 million OCS/TPS maintenance component.

Line 22 **OCS/TPS Maintenance:** \$0 in FY2024; and \$25.0M in FY2025, an increase of \$25.0 million or 100% higher than the FY2024 Preliminary Budget.

The Overhead Catenary System (OCS) and Traction Power System (TPS) Maintenance is a new line item related to the electrification of Caltrain’s service in FY2025. This item covers the maintenance of the overhead wires that supply electricity to the trains and the network that serves as an electricity grid for the supply of electrified rail networks. This also includes the personnel that control the power provision in the central control facility.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast		FY25 Preliminary to FY24 Preliminary	FY25 Preliminary to FY24 Preliminary
OCS/TPS Maintenance	-	-	-	-	0%	25,000,000	25,000,000	100%

Line 23 **Security Services:** \$8.3 million in FY2024, an increase of \$0.3 million or 3.2% higher than the FY2023 forecast; and \$8.6 million in FY2025, an increase of \$0.3 million or 3.4% higher than the FY2024 Preliminary Budget.

Security services are provided through a law enforcement contract, a communications services contract with the San Mateo County Sheriff’s Office (SMCSO), and a building security guard contract. The SMCSO contract supports Rail operations.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast		FY25 Preliminary to FY24 Preliminary	FY25 Preliminary to FY24 Preliminary
Security Service	7,391,809	8,028,807	8,286,045	257,238	3.2%	8,571,693	285,648	3.4%

FY2024 and FY2025 Security Services budgets reflect the projected annual contractual increases and overtime estimates.

Line 24 **Shuttle Services:** \$0.1 million in FY2024, a decrease of \$0.04 million or 34.2% lower than the FY2023 forecast; and \$0.1 million in FY2025, no change from the FY2024 Preliminary Budget.

The Shuttle program provides last-mile connections for Caltrain passengers.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast		FY25 Preliminary to FY24 Preliminary	FY25 Preliminary to FY24 Preliminary
Shuttle Service	1,938,640	121,600	80,000	(41,600)	-34.2%	80,000	-	0.0%

This budget reduction reflects the consolidation of shuttle contracts under SamTrans. It represents Caltrain’s 25% share of the operating and marketing expenses, administrative fee, and fuel surcharges associated with the remaining shuttle grant commitments for Bayshore/Brisbane and Millbrae/Broadway routes.

Line 25 **Fuel and Lubricants:** \$15.2 million in FY2024, a decrease of \$2.3 million or 13.3% lower than the FY2023 forecast; and \$5.1 million in FY2025, a decrease of \$10.1 million or 66.7% lower than the FY2024 Preliminary Budget.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				Preliminary to FY23 Forecast	Preliminary to FY23 Forecast		FY25 Preliminary to FY24	Preliminary to FY24
Fuel and Lubricant:	13,491,343	17,539,232	15,211,316	(2,327,916)	-13.3%	5,069,083	(10,142,233)	-66.7%

	FY23 Adopted Budget	FY24 Preliminary Budget	FY25 Preliminary Budget
Hedged %	65%	89%	0%
Price Per Gallon	\$2.96	\$2.70	N/A
Unhedged %	35%	11%	100%
Price Per Gallon	\$3.41	\$2.59	\$2.51
Fuel Consumption (No. of Gallons)	4,551,803	4,490,072	1,588,595
Fuel Cost	14,183,476	12,078,293	3,987,375
Fuel Hedge Realized Savings	(500,000)		
Taxes	3,855,756	3,133,023	1,081,707
Total	17,539,232	15,211,316	5,069,082

This line item covers the cost of diesel fuel for JPB locomotive operations, including the associated taxes and fees. The FY2024 fuel budget assumes 104-diesel train service per weekday with a fuel consumption of 4.5 million gallons at \$2.69 per gallon. It also assumes that 89% of the fuel portfolio is hedged at \$2.70 per gallon and 11% is unhedged at \$2.59 per gallon. In FY2025, with Caltrain’s electrified service, the budget assumes 12-diesel train service per weekday with a fuel consumption of 1.6 million gallons at \$2.51 per gallon. No hedges are assumed in FY2025.

Line 26 **Electricity**: \$0.0 in FY2024; and \$19.5 million in FY2025, an increase of \$19.5 million or 100.0% higher than the FY2024 Preliminary Budget.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				Preliminary to FY23 Forecast	Preliminary to FY23 Forecast		FY25 Preliminary to FY24	Preliminary to FY24
Electricity	-	-	-	-	0.0%	19,495,155	19,495,155	100.0%

In FY2025, with Caltrain’s electrified service, the budget assumes 92-electric train service per weekday with a projected electricity consumption of 90,268,417 kWh at \$0.2160 per kWh. This consumption includes revenue and non-revenue mileage, and static testing.

Line 27 **Timetables and Tickets**: \$0.1 million in FY2024, a decrease of \$0.04 million or 29.8% lower than the FY2023 forecast; and \$0.1 million in FY2025, no change from the FY2024 Preliminary Budget.

Timetables and Tickets includes the cost of designing, updating, and printing of timetables, schedules, maps, and Caltrain tickets.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				Preliminary to FY23 Forecast	Preliminary to FY23 Forecast		Preliminary to FY24	Preliminary to FY24
Timetables and Tickets	17,140	135,350	95,000	(40,350)	-29.8%	95,000	-	0.0%

The reduction in FY2024 reflects a repurpose of \$0.04 million in funding to Professional Services to analyze tickets and passes.

Line 28 **Insurance**: \$10.2 million in FY2024, an increase of \$0.9 million or 10.0% higher than the FY2023 forecast; and \$11.3 million in FY2025, an increase of \$1.0 million or 10.0% higher than the FY2024 Preliminary Budget.

The Insurance budget includes premiums, deductibles, adjuster fees, broker fees, and other insurance costs. Rates reflect costs for property, casualty, and liability insurance.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				Preliminary to FY23 Forecast	Preliminary to FY23 Forecast		Preliminary to FY24	Preliminary to FY24
Insurance	5,513,835	9,299,730	10,229,703	929,973	10.0%	11,252,673	1,022,970	10.0%

FY2024 and FY2025 budgets reflect a 10% historical increase in premiums.

Line 29 **Claims, Payments, and Reserves**: \$1.3 million in FY2024, a decrease of \$0.02 million or 1.3% lower than FY2023 forecast; and \$1.3 million in FY2025, no change from the FY2024 Preliminary Budget.

This budget item covers the cost of claims, reserves and payments, and the associated legal fees.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				Preliminary to FY23 Forecast	Preliminary to FY23 Forecast		Preliminary to FY24	Preliminary to FY24
Claims Reserves & Payment	634,024	1,336,926	1,320,000	(16,926)	-1.3%	1,320,000	-	0.0%

FY2023 forecast was adjusted to reflect potential claims based on incidents that transpired in

said fiscal year. FY2024 and FY2025 budget retained the usual level of reserves.

Line 30 **Facilities and Equipment Maintenance**: \$8.2 million in FY2024, an increase of \$1.1 million or 15.0% higher than the FY2023 forecast; and \$9.0 million in FY2025, an increase of \$0.8 million or 9.8% higher than the FY2024 Preliminary Budget.

This budget item covers expenses related to Clipper Operator charges, revenue collection services, ticket vending machines, data line services and other contract services.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast		FY25 Preliminary to FY24 Preliminary	FY25 Preliminary to FY24 Preliminary
Facilities and Equipment Maintenance	6,004,843	7,107,788	8,171,766	1,063,978	15.0%	8,969,666	797,900	9.8%

The increase in FY2024 is driven by higher Clipper Operator charges, new contract with Brinks, Bike Station costs, and increased cost for contracted services related to public relations, sales tax consultants, citation/fine enforcement and train management system. The increase in FY2025 is due to contracted services related to wireless internet maintenance.

Line 31 **Utilities**: \$2.7 million in FY2024, an increase of \$0.1 million or 3.5% higher than the FY2023 forecast; and \$2.7 million in FY2025, no change from the FY2024 Preliminary Budget.

This item covers the cost of gas & electric, telephone, water & sewer, and trash. It also includes utility costs of Positive Train Control (PTC) maintenance such as data circuits, radio license fees, and spectrum lease.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast		FY25 Preliminary to FY24 Preliminary	FY25 Preliminary to FY24 Preliminary
Utilities	2,541,458	2,617,600	2,708,900	91,300	3.5%	2,708,900	-	0.0%

The increase is due to higher gas, electricity, and water & sewer utility costs.

Line 32 **Maintenance & Services – Building & Other**: \$1.8 million in FY2024, an increase of \$0.03 million or 1.7% higher than the FY2023 forecast; and \$1.8 million in FY2025, a decrease of \$5.0 thousand or 0.3% lower than the FY2024 Preliminary Budget

This item covers the cost of building maintenance services, printing and information services, and repair and maintenance of computers and office equipment.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast		FY25 Preliminary to FY24 Preliminary	FY25 Preliminary to FY24 Preliminary
Maintenance & Services - Bldg & Oth	1,372,866	1,754,100	1,784,600	30,500	1.7%	1,779,600	(5,000)	-0.3%

The increase in FY2024 is driven by higher building maintenance service costs related to the BART agreement, and printing and information services due to the implementation of a new safety program.

ADMINISTRATIVE EXPENSE

Line 36 **Wages & Benefits:** \$18.4 million in FY2024, an increase of \$4.9 million or 36.0% higher than the FY2023 forecast; and \$21.3 million in FY2025, an increase of \$2.8 million or 15.5% from the FY2024 Preliminary Budget

The San Mateo County Transit District serves as the managing agency for the JPB. FY2024 Wages & Benefits reflects staffing costs for an anticipated 92.9 FTEs for the operating budget which includes 82.0 existing FTEs and 10.9 new FTEs. FY2025 Wages & Benefits reflects staffing costs for an anticipated 108.4 FTEs for the operating budget which includes 107.6 existing FTEs and 0.8 new FTEs. The projected new FTEs are related to Planning, Electrification, and Safety and System Engineering Support functions.

Divisions	FY2024		FY2025	
	Existing FTE	New FTE	Existing FTE	New FTE
Bus	1.2	-	1.2	-
CalMod	-	-	-	-
Communication	24.5	-	24.5	-
Executive	0.9	-	0.9	-
Finance	9.4	1.1	10.5	-
IT	-	-	-	-
People & Culture Group	0.5	1.4	2.5	-
Planning	2.3	-	2.3	-
Rail	39.3	7.4	59.8	0.8
Safety	4.0	1.0	6.0	-
Total Operating FTE	82.0	10.9	107.6	0.8

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast		FY25 Preliminary to FY24 Preliminary	FY25 Preliminary to FY24 Preliminary
Wages & Benefits	10,610,123	13,532,311	18,404,846	4,872,535	36.0%	21,251,697	2,846,851	15.5%

The FY2024 budget assumes a universal wage increase for represented and non-represented

employees and an increase in fringe benefits. However, no increase was applied for FY2025 as the current SamTrans collective bargaining agreements expire in June and September 2024, respectively. Vacancy savings have been assumed based on hiring dates and projected attrition. The budget also reflects JPB’s share of the total CalPERS ER Funded Cost and the Total Retiree Medical.

Line 37 **Managing Agency Admin OH Cost:** \$3.6 million in FY2024 and FY2025, no change from the FY2023 forecast.

Managing Agency Administrative Overhead (OH) Cost reflects the cost of District personnel dedicated to the Caltrain business (as opposed to Caltrain operations).

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	\$ Change	% Change	
				FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast	FY2025 PRELIMINARY BUDGET	FY25 Preliminary to FY24 Preliminary	
Managing Agency Admin OH Cos	3,923,397	3,565,453	3,565,453	-	0.0%	3,565,453	-	0.0%

The Indirect Cost Allocation Plan (ICAP) calculates the indirect cost rate used to recover overhead costs related to agency indirect administrative overhead and capital projects. The District procured the assistance of an outside consulting firm to develop a methodology that equitably allocates the costs incurred by the District for services and functions shared by the different agencies administered by District staff. The consultant team is selected for its experience and knowledge in developing allocation methodologies for governmental and public entities.

The ICAP is prepared in accordance with the principles and guidelines set forth in the Office of Management and Budget (OMB) Circular A-87 “Cost Principles for State, Local and Indian Tribal Governments” and ASMB C-10 “Cost Principles and Procedures for Developing Cost Allocation Plans and Indirect Cost Rates for Agreements with the Federal Government.”

The ICAP calculates two components:

- Agency Indirect Administration (AIA) – a pool of costs that cannot be directly attributed to a specific agency.

This consists of labor and non-labor support functions that benefit each of the four agencies managed or supported by the District. Examples include the time charged by the Payroll Department to process the biweekly payroll or the time charged by the Human Resource Department to post recruitments on industry websites. Based on specific statistics, these costs are distributed to each department. For example, the payroll department costs are distributed to each department based on the number of FTEs. The District incurs all of the AIA costs and then recovers appropriate shares of the costs from the District’s Operating and Capital budgets, the JPB Operating and Capital budgets, the TA budget and the SMCELJPA budget.

- Capital Overhead – a pool of project support costs that cannot be directly attributed to a

specific capital project.

A capital overhead rate is calculated for each agency. An example of a capital overhead cost would be the time charged by an administrative assistant who supports multiple capital project engineers. The capital overhead costs are tracked and included in the ICAP rate and is charged to each capital project.

In mid-FY2021, the ICAP methodology was changed to more appropriately allocate these costs across the range of projects served – staff anticipates that this approach will continue. In prior years, the ICAP rate was applied to pre-defined labor costs. The new methodology applies the ICAP rate to all labor and non-labor costs. The methodology does not change how much ICAP in total is paid, but rather how the total ICAP is allocated to different projects.

Line 38 **Board of Directors:** \$62.9 thousand, an increase of \$5.6 thousand or 9.8% higher than the FY2023 forecast; and \$62.9 thousand, no change from the FY2024 Preliminary Budget.

This covers director compensation, seminars and training, and meetings for the Board of Directors.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast		FY25 Preliminary to FY24 Preliminary	FY25 Preliminary to FY24 Preliminary
Board of Directors	22,285	57,275	62,875	5,600	9.8%	62,875	-	0.0%

Line 39 **Professional Services:** \$9.5 million in FY2024, an increase of \$0.2 million or 1.7% higher than the FY2023 forecast; and \$11.5 million in FY2025, an increase of \$2.0 million or 21.3% higher than the FY2024 Preliminary Budget.

This covers the cost of legal services, audit services, legislative advocacy, and consultant services.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY Y BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast		FY25 Preliminary to FY24 Preliminary	FY25 Preliminary to FY24 Preliminary
Legal Services	2,039,639	2,600,000	1,869,000	(731,000)	-28.1%	1,869,000	-	0.0%
Annual Audit Services	65,000	68,000	74,250	6,250	9.2%	74,250	-	0.0%
Legislative Advocates	161,238	175,200	189,600	14,400	8.2%	189,600	-	0.0%
Consultants	4,465,211	6,462,555	7,328,091	865,536	13.4%	9,339,227	2,011,136	27.4%
Total	6,731,087	9,305,755	9,460,941	155,186	1.7%	11,472,077	2,011,136	21.3%

Increases in FY2024 and FY2025 are driven by consultant services. In FY2024, the increase in consultant services is due the following efforts: Caltrain Sustainability Strategic Planning, Safety and Security, Financial Strategic Planning, and Ridership Recovery. In FY2025, the increase is primarily due to rail engineering consultant services to support electrification.

Line 40 **Communications and Marketing**: \$0.4 million, an increase of \$0.04 million or 9.7% higher than the FY2023 forecast; and \$0.4 million in FY2025, no change from the FY2024 Preliminary Budget.

This covers the cost of promotional advertising for fares, schedule changes, and the mobile app.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast		FY25 Preliminary to FY24 Preliminary	FY25 Preliminary to FY24 Preliminary
Communications and Marketing	437,328	403,730	442,730	39,000	9.7%	442,730	-	0.0%

FY2024 budget reflects an increase in marketing support for electrification, branding projects, and ongoing special events such as the rail safety month and the Martin Luther King Jr. celebration train.

Line 41 **Other Office Expense and Services**: \$4.2 million in FY2024, an increase of \$1.3 million or 42.7% higher than the FY2023 forecast; and \$4.2 million in FY2025, a decrease of \$13.8 thousand or 0.3% lower than the FY2024 Preliminary Budget.

This line item covers bank and transaction fees, software maintenance and licenses, recruitment costs, seminar and training, business travel, dues and subscriptions, and leases on properties along Caltrain’s Right of Way (ROW) in support of commuter services. The ROW leases include facilities for radio transmission antennas and real estate for storage of train equipment and spare parts.

The increase in FY2024 budget is driven by IT software maintenance and hardware requirements, bank fees on working capital, and professional recruitment costs.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast		FY25 Preliminary to FY24 Preliminary	FY25 Preliminary to FY24 Preliminary
Business Travel, Training & Devt	196,266	398,875	384,250	(14,625)	-3.7%	384,250	-	0.0%
Computer & Software Maintenance	371,637	554,900	1,356,700	801,800	144.5%	1,351,700	(5,000)	-0.4%
Other Office Expense	308,327	620,100	737,320	117,220	18.9%	728,475	(8,845)	-1.2%
Property Taxes and Bank Fees	940,087	1,112,621	1,354,132	241,511	21.7%	1,354,132	-	0.0%
Recruitment	173,007	270,400	388,400	118,000	43.6%	388,400	-	0.0%
Total	1,989,324	2,956,896	4,220,802	1,263,906	42.7%	4,206,957	(13,845)	-0.3%

Line 44 **Measure RR Ballot Costs**: \$0 in FY2024 and FY2025, no change from the FY2023 budget.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast		FY25 Preliminary to FY24 Preliminary	FY25
Measure RR Ballot Costs	5,396,910	-	-	-	-	-	-	-

The Measure RR Ballot Costs was a one-time activity in FY2022 to cover costs incurred by the counties of San Francisco, San Mateo, and Santa Clara to put the Measure RR ballot up for a vote in FY2021 election. Since this activity is completed, no budget is expected for FY2024 and FY2025.

Line 45 **Governance:** \$0.2 million in FY2024, a decrease of \$0.1 million or 35.7% lower than the FY2023 forecast; and \$0 in FY2025.

This budget covers Governance related items that include staff costs, consultant support, legal consultation, and specialized financial analysis. In FY2024, a \$0.2 million one-time budget was added for policy, strategy, and communications consultant support, as well as legal services.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast		FY25 Preliminary to FY24 Preliminary	FY25
Governance	1,144,981	350,000	225,000	(125,000)	-35.7%	-	(225,000)	-100.0%

Line 47 **Debt Service Expense:** \$3.5 million, a decrease of \$0.2 million or 6.5% lower than the FY2023 forecast; and \$7.8 million in FY2025, an increase of \$4.3 million or 123.7% higher than the FY2024 Preliminary Budget.

This covers the cost and principal retirement of debt incurred for the acquisition and rehabilitation of passenger rail cars, the acquisition of real property, and the maintenance of a revolving line of credit.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	\$ Change	% Change	FY2025 PRELIMINARY BUDGET	\$ Change	% Change
				FY24 Preliminary to FY23 Forecast	FY24 Preliminary to FY23 Forecast		FY25 Preliminary to FY24 Preliminary	FY25
Long-term Debt Expens	1,935,154	3,711,375	3,471,125	(240,250)	-6.5%	7,763,305	4,292,180	123.7%

FY2024 budget includes the principal and interest payment for the 2019 Farebox Revenue Bond. The increase in FY2025 is due to the principal payment for the 2022 Measure RR Revenue Bond.

Line 52 **Projected Contribution to Reserve:** \$2.0 million in FY2024; \$7.0 million in FY2025, an increase of 4.9 million or 245.1% higher than the FY2024 Preliminary Budget.

The financial reserve policy adopted by the board effective September 1, 2017, states “the JPB will maintain an operating reserve of at least 10 percent of the annual operating budget, and that the JPB shall strive to reserve up to 15 percent of the annual operating budget when possible”.

In FY2024, the projected opening balance of the Operating Reserve is \$26.9 million. A projected contribution of \$2.0 million will result in an ending balance of \$28.9 million which is 15% of the FY2024 annual operating budget. In FY2025, to maintain the 15% operating reserve level, a contribution of \$7.0 million is required.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	FY2024		FY2025 PRELIMINARY BUDGET	FY2025	
				to FY23 Forecast	to FY24 Preliminary		to FY24 Preliminary	to FY24 Preliminary
Projected Contribution to Reserve	16,115,624	10,763,226	2,015,771	(8,747,455)	-81.3%	6,956,640	4,940,869	245.1%

Line 58 Draw from Measure RR Reserve for PCEP: \$38.1 million in FY2025

Caltrain has recently been awarded the full \$410.0 million funding required to finish the Peninsula Corridor Electrification Project (PCEP). This grant releases Measure RR funds originally allocated for PCEP. With this, Caltrain anticipates a total of \$60.0 million Measure RR PCEP reimbursement that can be used for operating needs.

To address the remaining operating requirements in FY2025, staff recommend utilizing \$38.1 million of the Measure RR PCEP reimbursement. After this allocation, the Measure RR PCEP reimbursement balance will be \$21.9 million.

Description	FY2022 ACTUAL	FY2023 FORECAST	FY2024 PRELIMINARY BUDGET	FY2024		FY2025 PRELIMINARY BUDGET	FY2025	
				to FY23 Forecast	to FY23 Preliminary		to FY24 Preliminary	to FY24 Preliminary
Measure RR for PCEP	-	-	-	-	0.0%	38,118,259	38,118,259	100.0%

FY2024 AND FY2025 PRELIMINARY CAPITAL BUDGETS DETAILS

During the Board Strategic Financial Plan Workshop held in April, a capital funding need of \$78.3 million for FY2024 and \$79.3 million for FY2025 (which did not include 100 percent externally funded projects) was presented to the Board. The FY2024 and FY2025 Preliminary Capital Budgets present a capital funding need of \$490.6 million and \$142.9 million,

respectively. This is an increase of \$412.3 million in FY2024 and \$63.6 million in FY2025 due to the following:

- Externally-Funded Projects which are fully funded through external sources amounting to \$125.5 million in FY2024 and \$47.3 million in FY2025;
- Stadler Cars Project that requires a budget of \$280.0 million in FY2024 which includes a \$44.0 million match requirement;
- San Francisquito Creek Bridge Emergency North Channel Restoration Project that requires a budget of \$3.1 million in FY2024 and \$7.3 million in FY2025; and
- Refinements in existing SOGR and Operational Improvements projects

CAPITAL BUDGET SUMMARY

Capital Budget Requests (in millions)	FY2024		FY2025	
	Board Workshop	Prelim Cap Budget	Board Workshop	Prelim Cap Budget
SOGR	\$59.1	\$66.4	\$60.3	\$71.5
Stadler Cars	\$0.0	\$280.0	\$0.0	\$0.0
Legal Mandate	\$0.0	\$0.2	\$0.0	\$0.5
Planning	\$9.3	\$10.1	\$8.8	\$8.7
Operational Improvements	\$8.6	\$7.1	\$8.9	\$13.5
Capital Contingency	\$1.3	\$1.3	\$1.3	\$1.3
Net Capital Budget Requests	\$78.3	\$365.1	\$79.3	\$95.6
Externally-Funded Projects	\$0.0	\$125.5	\$0.0	\$47.3
Total Capital Budget Requests	\$78.3	\$490.6	\$79.3	\$142.9

FUNDING SOURCES SUMMARY

Funding Sources (in millions)	FY2024 Projections	FY2025 Projections
Federal SOGR	\$15.3	\$16.1
STA SOGR	\$1.3	\$1.3
Local Funds (i.e. LPP, AB664, LCTOP)	\$1.4	\$2.9
External Funding	\$370.3	\$57.7
Member Obligations	TBD	TBD
Total Funding	\$388.3	\$78.0

Total Capital Budget	\$490.6	\$142.9
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Capital Budget Deficit	(\$102.4)	(\$64.9)
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PRELIMINARY FY2024 & FY2025 CAPITAL BUDGETS
\$490,624,139 (FY2024) & \$142,862,745 (FY2025)

i. STATE OF GOOD REPAIR (SOGR) - \$66,430,860 (FY2024) & \$71,514,692 (FY2025)

BRIDGES - \$24,073,326 (FY2024) & \$34,626,753 (FY2025)

1. Guadalupe Bridge Replacement - \$17,364,622 (FY2024) & \$18,921,222 (FY2025)
The purpose of the project is to address the structural vulnerability of two existing bridges, MT1 and MT2, spanning the Guadalupe River in San Jose. Activities include widening and stabilizing the underlying river channel and upgrading and extending the bridge structures to ensure long-term public safety and service reliability.
2. San Francisquito Creek Bridge Replacement - \$0 (FY2024) & \$6,865,531 (FY2025)
The purpose of this project is to replace the San Francisquito Creek Bridge that carries double mainline tracks. The Bridge is approaching the end of its useful service life due to the age of the structure, a low rating capacity of its main members, and an unstable slope at the north abutment. It is located 330 feet from the Palo Alto Avenue at-grade crossing. In 2021, Caltrain initiated a due diligence effort for the Bridge. No cracks were found during the detailed inspections conducted in Fall 2021. However, the Bridge currently rates below American Railway Engineering and Maintenance-of-Way Association's (AREMA) Normal Freight Live Loading requirements. These findings have led to a new direction for the project in terms of scope, budget, and timeline.
3. San Francisquito Bridge Acoustic Monitoring System - \$2,028,704 (FY2024) & \$0 (FY2025)
San Francisquito Creek Bridge, that carries double mainline tracks, is approaching the end of its useful service life. The recent in-depth inspection and analysis revealed that the bridge is rated below AREMA's normal freight live loading requirements and restrictions. The analysis also revealed that some members have a "negative remaining fatigue life" with an increased risk for cracking. Funds will be used to prepare an Invitation for Bid package to procure and install an Acoustic Monitoring System to provide more timely notice of potential cracks or damage to key structural elements.
4. San Francisquito Creek Bridge Emergency North Channel Restoration - \$3,120,000 (FY2024) & \$7,280,000 (FY2025)
The purpose of this project is to restore and protect the northern embankment of the San Francisquito Creek to prevent erosion from undermining an abutment of Caltrain's San Francisquito Creek Bridge. The funds will be used for engineering design, coordination of cost sharing agreements with external stakeholders, acquisition of access agreements, permitting, procurement of construction services, construction, construction management, and other supporting services such as legal, project controls, and civil rights.
5. SOGR Structures - \$1,560,000 (FY2024) & \$1,560,000 (FY2025)
The State of Good Repair Structures project will perform maintenance repairs to restore

the integrity of our bridges and structures back to a fair condition, as well as to increase the safety, security, and useful life of these assets. This project will focus on bridges and structures that need immediate attention, as identified by Caltrain's Annual Bridge Inspection Program. These items include replacing: handrails, ballast retainers, bird netting, spalling concrete, bearing pad replacements, timber decking replacements, and tunnel drainage.

RIGHT OF WAY (ROW) - \$20,361,767 (FY2024) & \$17,124,980 (FY2025)

- 6. SOGR MOW Track - \$11,628,912 (FY2024) & \$13,104,000 (FY2025)**
The System Wide Track Rehabilitation Program covers the work required to keep the Caltrain railroad in a SOGR. The type and scope of work scheduled for each year is based upon the condition of the railroad, which is determined through inspections and tests performed throughout the previous year. The project includes many different work activities that remain consistent from year to year. These activities include replacement of rail and crossties, replacement of special track components, installation of thermite welds, maintenance welding and grinding at special track locations, track surfacing throughout the corridor, purchased services including inspections and weed abatement, and vegetation removal and the purchase of small tools.
- 7. SOGR MOW Track - Rubber Tire Vehicles - \$3,010,800 (FY2024) & \$0 (FY2025)**
The purpose of this project is to support the purchase of rubber tire vehicles for TASI. It includes the purchase of nine utility trucks, nine pick-up trucks, three inspector trucks, three Signal Maintainer trucks, and other vehicles to support the Stations Department.
- 8. SOGR MOW Track - Track Equipment - \$2,454,400 (FY2024) & \$0 (FY2025)**
The purpose of this project is to support the purchase of track Maintenance-of-Way equipment to keep the track in a SOGR. It includes the purchase of a section truck, a dump truck, a Cat Skid Steer with Mower, a 1200 Reach Lift forklift, a Pup Hydraulic Switch Tamper, a Freightliner Welders truck, a Tie Handler, a Tie Inserter, and a Hydrail Excavator.
- 9. ROW Fencing - \$800,000 (FY2024) & \$1,146,080 (FY2025)**
The ROW Fencing project will continue to install vandal-resistant fencing at key locations along the PCJPB main line rail corridor to deter trespassing. Installation of fencing will provide a barrier on at least one side of the property between San Francisco MP 0 to Lick MP 50.94, in order to reduce trespassing on the PCJPB ROW. This work plan is intended to span two years.
- 10. SOGR ROW - \$2,467,655 (FY2024) & \$2,874,900 (FY2025)**
The purpose of this project is to allow Caltrain operating contractors to have improved access, as well as restricting access as necessary, to maintain the ROW in a SOGR. This project will also allow Caltrain to react to ROW needs and concerns as they arise from stakeholders within Caltrain's 52-mile corridor. This project will address ROW issues along the main corridor that are of concern with repeated history of homeless encampments, graffiti, and vandalism. By improving access and restricting access where

needed, the operating contractor will be more efficient and productive with their time in maintaining the railroad.

SIGNALS & COMMUNICATIONS - \$5,911,395 (FY2024) & \$5,355,897 (FY2025)

11. Signal SOGR FY24 and FY2025 - \$1,573,395 (FY2024) & \$1,386,897 (FY2025)

This project will include planned maintenance, replacement, upgrade, and painting the dynamic envelope at 4 grade crossings. Phase 1 includes 37 signal location replacements for the Electro Code 4 (EC4) units, 23 control point replacements for the Vital Harmon Logic Controller (VHLC) units, the upgrade of all wayside signal locations inventory documentation, and the replacement of ElectroBlox (EBLOX) units at 20 locations. Phase 2 includes 37 signal location replacements for the EC4 units, 23 control point replacements for the VHLC units, and the replacement of outdated chargers and batteries at 60 locations.

12. FY21 Grade Crossing Improvements - \$3,138,000 (FY2024) & \$1,569,000 (FY2025)

This project will implement safety improvements for six grade crossings from the Caltrain Grade Crossing Hazard Analysis Report prioritization list. Safety improvements vary by location based on the analysis and include such items as pavement markers and marking, signage, channelization, and pedestrian and vehicular gate adjustments and signaling.

13. Next Generation Visual Messaging Sign (VMS) - \$1,200,000 (FY2024) & \$2,400,000 (FY2025)

This project will install 122 (VMS) and passenger information system for the Caltrain stations. The current VMS signs are no longer supported by the manufacturer and the Predictive Arrival and Departure System (PADS) is obsolete. Research will be done to determine whether it is best to replace the signs that will work with the current PADS or replace signs for the next generation passenger information system.

STATION AND INTERMODAL ACCESS - \$2,441,462 (FY2024) & \$1,175,200 (FY2025)

14. Station SOGR Project - \$1,349,462 (FY2024) & \$1,175,200 (FY2025)

This project will perform capital maintenance at various Caltrain stations which may include, but not limited to, corrosion mitigation, rain shelter replacements, schedule and sign casing replacement, concrete repairs, repair and replace station building roofs, bathroom repairs, and other capitalized maintenance items. These repairs are intended to keep these assets in a state of good repair and to provide consistent service to Caltrain patrons.

15. CEMOF SOGR - \$1,092,000 (FY2024) & \$0 (FY2025)

This project will procure, deliver, and apply materials to the Caltrain CEMOF facility for SOGR Maintenance in FY2024 which will minimize future cost and keep the facility in good running order. Maintenance scheduled for FY2024 includes boiler replacement, Variant Frequency Drive system replacement, HVAC/Thermostat upgrade/replacement, roof repairs/replacement, CEMOF/BCCF LED light upgrade, and restroom upgrades.

ROLLING STOCK - \$13,642,910 (FY2024) & \$13,231,862 (FY2025)

16. EMU Rail Vehicle SOGR - \$4,368,000 (FY2024) & \$4,521,816 (FY2025)

The purpose of this project is for the COTS-inspections (Cleaned, Oiled, Tested, and Stenciled) of the air brakes on the EMU. Caltrain must begin the purchase of this equipment within a few months before the new EMUs go into service so that Caltrain can stagger these inspections between its 19 EMU sets.

17. F-40 Cars - \$138,424 (FY2024) & \$140,816 (FY2025)

The purpose of this project is for the SOGR Rail Vehicle Maintenance for the F-40 Locomotives. This includes toilet refurbishment, battery replacement, controller/contacter replacement, and traction motors for the locomotives.

18. Gallery Cars - \$771,680 (FY2024) & \$800,800 (FY2025)

The purpose of this project is for the SOGR Rail Vehicle Maintenance for Gallery passenger cars. This includes batteries, suspensions, anti-skid, 480v cable replacement, and door overhaul.

19. MP-36 Locomotive - \$265,824 (FY2024) & \$275,080 (FY2025)

The purpose of this project is for the SOGR Rail Vehicle Maintenance for MP-36 Locomotives. This includes battery replacement and traction motors for the locomotives.

20. MP-36 Locomotive Mid-Life Overhaul - \$623,000 (FY2024) & \$0 (FY2025)

This project involves performing mid-life overhaul of six MP-36-3C Locomotives. The mid-life overhaul includes complete disassembly of the main diesel engine, overhaul by reconditioning re-usable main frame components, re-assembly with new engine components, and rebuild of Separate Head-End Power (SEP-HEP) units and all electrical components of the SEP-HEP compartment. All areas of the locomotive car body, trucks, wheels, and electrical components shall be reconditioned to like-new condition or replaced with new material.

21. Bombardier Cars - \$3,061,032 (FY2024) & \$3,078,400 (FY2025)

The purpose of this project is to maintain a SOGR for the Rail Vehicle Maintenance for Bombardier passenger cars. This includes batteries, anti-skid, 480v cable replacement, cabin refurbishment, doors and HVAC overhauls.

22. Bombardier Truck Replacement - \$1,670,541 (FY2024) & \$1,670,541 (FY2025)

The purpose of this project is to replace Caltrain Bombardier trucks. As part of the transition to a partially electrified fleet in 2024, the remaining diesel fleet will continue to provide service south of San Jose. This work is critical for Caltrain to maintain service reliability for communities south of San Jose and make any future service increases viable. The funding will be used to purchase bi-level truck assembly, new air springs, side bearing wedge, vertical dampers, drag rods, shear pads, yaw dampers, lateral damper bracket, lateral damper, center yoke, and traction pads for Caltrain Bombardier trucks.

23. Rail Vehicle SOGR Bombardier Cars - \$2,744,409 (FY2024) & \$2,744,409 (FY2025)

The purpose of this project is to provide Rail Vehicle maintenance for Bombardier passenger cars. As part of the transition to a partial electrified fleet in 2024, the remaining diesel fleet will continue to provide service south of San Jose. The Rail Vehicle SOGR Bombardier Cars project is necessary to maintain service reliability and provide an enhanced customer experience to support ridership growth for communities south of San Jose. The funding will be used to purchase batteries, anti-skid, 480v cable replacement, cab refurbishment, doors and HVAC overhauls.

ii. STADLER CARS - \$280,000,000 (FY2024) & \$0 (FY2025)

24. Stadler Cars - \$280,000,000 (FY2024) & \$0 (FY2025)

Caltrain's continued transition from a diesel to electric railroad requires additional vehicle replacements, beyond those included as part of the Caltrain Electrification project. The purchase of four Stadler KISS Electric Multiple Unit (EMU) trainsets, plus one Battery Electric Multiple Unit (BEMU) vehicle, will allow Caltrain to be a 90-percent zero emission fleet. The purchase is programmed for FY2024 to ensure that the order is placed before a Stadler contract option expires on August 15, 2023, saving \$120 million in avoided costs.

iii. LEGAL MANDATE - \$200,000 (FY2024) & \$494,000 (FY2025)

25. MS4 Trash Capture - \$200,000 (FY2024) & \$494,000 (FY2025)

The MS4 Project will design and implement a full trash capture system required to maintain the Municipal Separate Storm Sewer System (MS4) National Pollutant Discharge Elimination System (NPDES) permit. Implementation and certification must be completed by 2030. The funds will be used to design, procure, and install the storm drain filtering system.

iv. PLANNING/STUDIES - \$10,565,000 (FY2024) & \$8,720,000 (FY2025)

26. Caltrain Planning (CIP) - \$359,000 (FY2024) & \$790,000 (FY2025)

The Caltrain 10-year Capital Improvement Plan will provide the roadmap for Caltrain's involvement and leadership in the programming and development of capital projects across the corridor. The CIP Development Project will also include the development of a prioritization framework that will provide a structured, evidence-based, and equitable decision-making framework to prioritize investments in capital projects across the railroads. The CIP development process and products will allow Caltrain to build up adequate staff capacity, focus its resources on delivering its desired outcomes, and seek additional funding strategically.

27. Battery EMU R/D - \$1,352,000 (FY2024) & \$2,392,000 (FY2025)

This project will fund the next generation of post-PCEP investments in Caltrain. It will fund and procure an EMU from Stadler with batteries to allow the train to run outside of electrified territory, for Gilroy and extended service.

- 28. Level Boarding Roadmap - \$520,000 (FY2024) & \$520,000 (FY2025)**
This project provides a plan for vehicle and platform modifications to accommodate systemwide level boarding. This includes technical, regulatory, freight, and operational interface evaluation. It will also conduct research on best practices, document constraints and challenges, and develop a long-term plan and path to completion.
- 29. Rail Network and Operations Planning - \$1,248,000 (FY2024) & \$1,248,000 (FY2025)**
This project will provide modelling and analysis, presentations, timetable development and testing of new electric and battery electric trains that will be integrated into the Caltrain operations. The project will optimize service with performance, ridership, events, and other variables that require detailed modelling and analysis.
- 30. Caltrain Access Policy and Planning - \$312,000 (FY2024) & \$312,000 (FY2025)**
This project is anticipated to fund several closely related access policy and planning efforts in FY2024-2025, including: 1) an update to Caltrain's Access Policy, 2) an audit and creation of an inventory of station access facilities, 3) creation of access design guidelines (focused on bicycle and pedestrian access), and 4) any other urgent access-related requests from Caltrain leadership and the Caltrain Board. These assets will be used by Caltrain staff, the Caltrain Board, funding entities including PCJPB member agencies, and Caltrain's external partners, such as cities and partner transit agencies. This project will provide funds for all stages to complete these efforts, from Work Directive scoping to consultant procurement, to completion of all required tasks, any required adoption with the Board, and implementation.
- 31. Corridor Crossing Strategy - \$0 (FY2024) & \$520,000 (FY2025)**
The Corridor Crossings Strategy (CCS) will provide a cohesive approach to grade separations or closures that are needed to unlock regional mobility and safety benefits. The Caltrain Business Plan acknowledges that grade separation projects are costly, complex, and challenging. The CCS strives to identify areas for enhancement in the current process and develop a potential strategic approach to deliver corridor-wide consensus on delivery of grade separation projects. The strategy work that is currently ongoing and anticipated to be complete by the end of calendar year 2023 is a first phase and is identifying technical work required to streamline and expedite delivery of a variety of grade crossing solutions, such as fully separated crossings, partial closures with bike/ped crossings, and full closures. This work may include more in-depth review of 4-track segments identified in the Business Plan, design standards and construction techniques, coordinated funding and political strategies, standardized materials including RFPs that may be valuable to jurisdictions, and other items identified through the community-driven phase currently under way.
- 32. Diridon Integrated Station Concept (DISC)/Diridon Business Case - \$1,560,000 (FY2024) & \$780,000 (FY2025)**
This project will support initial planning and conceptual engineering related to Diridon Station and the south terminal area of the railroad. It is anticipated that other sources of funding will be required to advance the project into environmental and advanced

design. JPB and other partner agencies mutually accepted a Concept Layout in 2020 to establish the vision for the future Diridon Station. As part of the Concept Layout, the DISC program will affect several elements at and around Diridon Station including the historic train Depot, PG&E substation, VTA light rail station and alignment, and will require the relocation of the Caltrain maintenance facility, and elevation of the rail station platforms and tracks. Consequently, a set of projects (known as the Program of Projects) have been identified to realize the Concept Layout vision. To inform decision-making and therefore DISC implementation, JPB is leading the Partner Agencies in a Business Case. The Business Case will identify the status of the contingent and adjacent projects in the Program of Projects to define the scale of DISC relative to cost and schedule, priority actions, tradeoff considerations, and agreement on a DISC project for implementation. The Business Case will investigate implementing DISC compared to base case project investments with the objective of presenting an accurate assessment of the costs of infrastructure elements, quantifying measurable benefits, and establishing a value proposition for investment. The Business Case will also recommend a project description that can be advanced to environmental study while also suggesting an organizational and governance structure to support project planning, design/development, and eventual implementation.

33. DTX Funding - \$1,500,000 (FY2024) & \$0 (FY2025)

This is a funding contribution requested from Caltrain as part of the local match for federal FTA funding toward the DTX project. Caltrain's contribution will be matched with contributions from other DTX partners, including the San Francisco County Transportation Authority, Metropolitan Transportation Commission, and California High Speed Rail Authority.

34. Redwood City Station Area Planning - \$250,000 (FY2024) & \$0 (FY2025)

The Redwood City Station Area Planning project will include multiple efforts such as the Mid-Peninsula Hub Station Planning, the Redwood City Grade Separation Effort, and the Redwood City Transit Center Interim Condition Study. The Mid-Peninsula Hub Station Planning and Redwood City Grade Separation Effort will result in a comprehensive Project Study Report (PSR). The PSR will expand on the prior grade separation and study (Whipple Avenue Grade Separation Project) and Mid-Peninsula Hub Station Planning. The Redwood City Transit Center Interim Condition Study will be in collaboration with SamTrans and the City of Redwood City, to conduct a study to investigate potential interim conditions related to the redevelopment of the Redwood City Transit Center (prior to the relocation of the Caltrain station) and identify the needs and potential solutions related to SamTrans operations, multimodal connectivity and access, and infrastructure improvements (for both Caltrain and SamTrans).

35. San Francisco Railyards - \$1,040,000 (FY2024) & \$1,040,000 (FY2025)

The San Francisco Railyards is currently undergoing a Preliminary Business Case (PBC) through a partnership between Caltrain (as perpetual surface easement holder) and Prologis (as developer and property owner). The PBC is assessing the viability of redevelopment options for the railyards. Should option(s) prove viable, the PBC will recommend a preferred option for further planning and development to the PCJPB by

Winter 2023/2024. If the PCJPB and Prologis endorse the recommended option, then the project will commence further planning on the preferred option, including other city- and state-required processes.

36. San Francisco Railyards TOD - \$806,000 (FY2024) & \$0 (FY2025)

The PCJPB received a \$650,000 TOD Planning Grant that will assist in advancing public-private development at the San Francisco Railyards in conjunction with neighborhood planning efforts. This project will provide \$156,000 in matching funds from Caltrain required under the grant (note that the City and County of San Francisco will provide an additional \$250,000 in matching funds).

37. Station Access Planning - \$182,000 (FY2024) & \$182,000 (FY2025)

Cities within the Caltrain corridor are anticipating and planning for future growth around Caltrain stations that will likely result in considerable future ridership demand for Caltrain service. In anticipation of this growth, Caltrain will undertake various access studies to identify future station access needs and make recommendations for improvements. In addition, Caltrain will conduct a station audit of the newly opened Hillsdale station (and possibly others) to determine access deficiencies or needs and make recommendations for improvements to enhance the customer experience and safety.

38. Strategic Policy & Programming - \$416,000 (FY2024) & \$416,000 (FY2025)

This project is anticipated to fund several efforts related to strategic policy and programming for Caltrain in FY2024 and 2025, such as (but not limited to): 1) fare studies; 2) Go Pass Donation Program support; 3) service-related strategic policy work; 4) Rail Corridor Use Policy implementation and update; 5) Predictive Tool for operational cost analyses updates; 6) any required Business Strategy work; 7) other urgent policy and programming requests from Caltrain leadership and the Board. These assets will be used by and help guide decision-making for Caltrain staff, the Caltrain Board, funding entities including JPB member agencies, and Caltrain's external partners, such as cities and partner transit agencies. This project will provide funds for all stages to complete these efforts, from Work Directive scoping to consultant procurement, to completion of all required tasks, any required adoption with the Board, and implementation.

39. Transit-Oriented Development (TOD) Studies - \$520,000 (FY2024) & \$520,000 (FY2025)

This project will provide technical support to advance specific TOD projects, as well as to explore corridor-wide TOD strategies and develop a corridor-wide TOD framework. The project will also provide resources to facilitate TOD planning, land use approvals, and other real estate efforts at Redwood City station and other locations identified as having TOD potential. This may include a variety of technical studies including environmental assessment, hazmat testing, traffic studies, title research, market, and feasibility analysis, as well as paying necessary city fees and other costs. In addition, the project will support advancement of corridor-wide TOD strategies designed to maximize ridership and revenue potential from JPB real estate assets and station area TOD, leveraging outputs from the corridor-wide grade separation strategy. The budget

amount includes contingency funds that may be needed to complete the entitlement process for the Diridon TOD and partner with a developer to proceed with development, to account for uncertainty in the real estate process and the potential need for additional studies and/or consultant support.

v. OPERATIONAL IMPROVEMENTS / ENHANCEMENTS - \$7,100,279 (FY2024) & \$13,499,053 (FY2025)

40. 22nd Street ADA Access Improvements - \$660,000 (FY2024) & \$0 (FY2025)

Caltrain, with funding from SFCTA and consultant support from HNTB, conducted a feasibility study to determine if and how street to platform wheelchair access could be achieved within the existing footprint of 22nd Street Station. While the study's analysis did not exceed 15% design, it found potential ramp and elevator alternatives for both platforms to be feasible at the conceptual level. After evaluating each alternative based on user experience, agency impacts, and construction factors, the study recommended that a ramp alternative for each platform be advanced to 35% design.

41. Broadband Wireless Communications System Enhancements - \$224,000 (FY2024) & \$1,306,000 (FY2025)

This project will enhance the Caltrain Broadband Wireless Communications System to integrate the EMU Remote Train Diagnostics system with the broadband network. It will implement the necessary office and network equipment at the Control Centers to accept and display the train information from the Remote Train Diagnostics system and the Automatic Passenger Counter system. It will fully integrate the EMU Passenger Information System to send messages from the Control Center to the EMU digital signs using the broadband wireless network.

42. Broadband Wireless Communications System for Diesel Trains - \$257,355 (FY2024) & \$5,047,217 (FY2025)

This project will implement a cellular based broadband wireless system on the existing diesel trains. It will provide passenger Wi-Fi services for the diesel trains departing and arriving Gilroy. Cellular Wi-Fi equipment will be installed on the diesel train cars which will remain in service along with the new EMU trains.

43. Enterprise Asset Management (EAM) - \$0 (FY2024) & \$2,250,000 (FY2025)

This project will procure a base EAM system with the following core capabilities: asset registry, asset condition and assessment, work request, work planning and management, warranty management, materials management, planning and budgeting, and management reporting.

44. GIS Upgrade - \$0 (FY2024) & \$860,000 (FY2025)

This project will implement a Geographic Information Software (GIS) System which will centralize, modernize, map, integrate, and augment existing tools and resources. The goal is to deliver comprehensive, current, and accurate data about Caltrain's assets and right-of-way to staff and decision makers at their desks or on their mobile devices via

GIS. Project activities include asset location data collection and GIS requirements evaluation, procurement, and implementation.

45. Mini-High Platforms - \$460,000 (FY2024) & \$0 (FY2025)

This project will install mini-high platforms at thirteen stations. The work will include installation of precast platforms and modifications to existing infrastructure, as needed, to accommodate the installation. Grounding and bonding will be required at all the stations within the areas that will be electrified.

46. Passenger e-Paper Display - \$426,920 (FY2024) & \$0 (FY2025)

This solution was identified at the Customer Experience Task Force to address the stations where customers need to walk up or down the stairs, or a certain distance to be able to see and/or hear the VMS/PA announcements about single tracking at the station. The project goal is to install e-Paper displays with text-to-speech capabilities at key entrance areas which will provide boarding and other relevant information for the customers. Additionally, this effort supports continued ridership recovery during PCEP accelerated project schedule in 2023 where single tracking and bus bridge will affect the riders. Riders will be able to identify the correct platform at impacted stations which will improve customer experience and provide a safer environment by reducing the risks of bad behaviors, such as running on the platform when one is afraid of missing the train, crossing tracks in an unauthorized location, and forgetting to purchase a ticket or tag a Clipper card.

47. Railroad Worker Protection (RWP) Safety Program - \$778,504 (FY2024) & \$1,999,964 (FY2025)

This project will design, implement, and test a RWP Safety System to protect workers in the Caltrain right-of-way. This system will provide continuous communications between the workers and the Central Control Center. The system will also be integrated with the Caltrain Positive Train Control system.

48. San Mateo Replacement Parking Track - \$3,773,500 (FY2024) & \$0 (FY2025)

This project involves the preparation of an amendment to the previously obtained environmental clearance report and final design of a "set out track" to replace the track that was removed in the Bay Meadows area to facilitate the construction of the 25th Avenue Grade Separation Project. The track, which will be located between 10th and 14th Avenues, will be accessed from 9th Avenue. It will be approximately 1,000 feet in length and will have a single switch. Electrification is not part of the base funding plan. Supplemental funding will be needed to electrify the replacement parking track.

49. Support for Property Mapping - \$520,000 (FY2024) & \$520,000 (FY2025)

This project intends to provide the consultant land surveying services necessary to produce accurate mapping of PCJPB's properties. The scope will include field surveys, property boundary resolutions, obtaining title reports, performing research, setting property corners, providing exhibits, and filing Record of Surveys.

50. CCTV Replacement - \$0 (FY2024) & \$1,515,872 (FY2025)

This project will replace the old obsolete CCTV system that will satisfy all of Caltrain's requirements. Old camera will be replaced and new cameras will be installed at the grade crossings, passenger stations, and all other locations identified in the CCTV study. This project will also replace the old software and office server.

vi. CAPITAL CONTINGENCY FUNDS - \$1,325,000 (FY2024) & \$1,325,000 (FY2025)

51. Capital Contingency Funds - Engineering - \$330,000 (FY2024) & \$330,000 (FY2025)

This contingency supports unforeseen capital expenditure related to the delivery of capital projects/programs.

52. Capital Contingency Funds - Rail - \$660,000 (FY2024) & \$660,000 (FY2025)

This contingency supports unforeseen capital expenditure related to rail operations.

53. Capital Project Development - \$335,000 (FY2024) & \$335,000 (FY2025)

This contingency supports planning and engineering study activities.

vii. EXTERNALLY-FUNDED PROJECTS - \$125,503,000 (FY2024) & \$47,310,000 (FY2025)

54. Bernardo Pedestrian and Cyclist Undercrossing - \$0 (FY2024) & \$1,980,000 (FY2025)

The City of Sunnyvale, City of Mountain View, and VTA are project sponsors for a proposed new bicycle and pedestrian undercrossing at Bernardo Avenue which is on the border of the two cities. The proposed undercrossing would provide key access across/under the ROW as well as Central Expressway. JPB will provide review and coordination for preliminary engineering design and California Environmental Quality Act (CEQA) environmental clearance. This scope also includes general project coordination, preparation of an alternative contract delivery analysis, development of a five-party cooperative agreement (Caltrain, City of Sunnyvale, City of Mountain View, VTA, and County of Santa Clara), and development of Requests for Proposals (RFP) for advancing the project beyond the applicant's CEQA environmental clearance into final design and construction, in accordance with the consensus of alternative delivery method.

55. Burlingame Broadway Grade Separation - \$0 (FY2024) & \$25,635,000 (FY2025)

This project will separate the Broadway railroad crossing in the City of Burlingame by partially elevating the rail and partially depressing the roadway. The elevated rail alignment will require the reconstruction of the Broadway Caltrain Station. The reconstruction of the Broadway Caltrain Station will remove the operational requirement of the hold-out rule. Currently the project is funded up to Final Design phase.

56. Middle Avenue Undercrossing - \$436,000 (FY2024) & \$4,334,000 (FY2025)

The Middle Avenue Undercrossing Project is a proposed bicycle and pedestrian undercrossing that would improve connectivity around Middle Avenue in Menlo Park. The Project would serve the newly completed Stanford development, which is adjacent

to Middle Avenue, as well as middle school children in the area. The City of Menlo Park is the sponsor for this project.

57. Mountain View Transit Center Grade Separation - \$115,000,000 (FY2024) & \$0 (FY2025)

In May 2017, City of Mountain View City Council adopted the Transit Center Master Plan as the first step in a multi-year process to plan, design, and construct the new station area and improve Castro Street. The master planning process considered interrelated options for station access, expressway crossing, grade separation, platform extension, bus/shuttle circulation, and vehicle parking, supporting future downtown vitality. The conceptual plan adopted by the Council includes redirection of Castro Street at West Evelyn Avenue, construction of a new ramp from West Evelyn Avenue to Shoreline Boulevard, installation of pedestrian and bicycle undercrossing across the expressway and Caltrain tracks, changes to Moffett/Central intersection, and platform widening and extension to the west. The co-op agreement between VTA, JPB, and Mountain View has been signed, where JPB is the lead implementing agency to deliver final design and construction, VTA is the funding sponsor, and Mountain View is a vital partner in reviewing final design deliverables and coordinating activities within its right of way.

58. Palo Alto Grade Separations - \$5,767,000 (FY2024) & \$7,732,000 (FY2025)

A decade ago, the City of Palo Alto initiated a plan to consider grade separations at all four existing at-grade crossings in Palo Alto. Since 2017, the City's focus has been on the three grade crossings of Churchill Avenue, Meadow Drive, and Charleston Road as part of the Railroad Grade Separation and Safety Improvements Capital Improvement Project, also referred to as Connecting Palo Alto. The crossing at Palo Alto Avenue was separated and integrated with the Downtown Coordinated Area plan. On May 23rd, 2022, the City Council approved an amendment to the City's contract with AECOM for the Railroad Grade Separation and Safety Improvements Capital Improvement Project. The amendment directs AECOM to conduct additional studies, outreach, and support to city staff to identify and develop the city's locally preferred alternatives for the three crossings. As of today, the following alternatives are still being considered: Churchill Partial Underpass, Meadow Charleston Trench, Meadow Charleston Hybrid, and Meadow Charleston Underpass.

59. Ravenswood Grade Separation - \$4,142,000 (FY2024) & \$926,000 (FY2025)

In 2015, the City of Menlo Park Council provided direction on two potential alternatives that should be evaluated as part of the project study report: 1) Undercrossing alternative: maintain the existing Caltrain tracks, and lower Ravenswood Avenue to pass under the tracks; and 2) Hybrid or split alternative: partially raise the Caltrain tracks and partially lower the roadways under the tracks, considering all four Menlo Park crossings for potential impacts. In 2019, City Council approved the final project study report with the hybrid option grade separating Ravenswood, Oak Grove, and Glenwood Avenues as the preferred alternative. Encinal Avenue would remain open and at-grade under this alternative. In 2022, the City Council provided direction to further study Ravenswood/Oak. The City will issue a contract amendment with AECOM to update the project study report, which was last presented to the Council in January 2020. This next

phase of work will look at six new possible rail profiles and bring those back to the Council in early 2023. These six will be narrowed down to two for further study.

60. San Mateo Grade Separation - \$158,000 (FY2024) & \$174,000 (FY2025)

This project is anticipated to include grade separations at six Caltrain-owned crossings in downtown San Mateo: 1st, 2nd, E. 3rd, E. 4th, E. 5th, and 9th Avenues. The funds are requested to support the City of San Mateo with a planning level analysis consisting of a project study report, preliminary engineering plans, and environmental planning documents.

61. South Linden Ave. and Scott St. Grade Separation - \$0 (FY2024) & \$6,529,000 (FY2025)

The South Linden Avenue and Scott Street Grade Separation Project is proposed to improve safety and decrease expected future traffic delays due to growth in vehicle traffic, greater frequency of Caltrain service, and the eventual addition of high-speed rail. South Linden Avenue is in South San Francisco while Scott Street is in San Bruno. Although located in different cities, the two grade separations are proposed to be undertaken as a combined effort since locations are only 1,850 feet apart, such that the grade separation of one crossing could affect the other.

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