

Caltrain FY2025 Operating Budget & 10-Year Strategic Financial Plan

LPMG
January 23, 2025



Caltrain FY2025 Operating Budget Update

- **FY2025 Budget adopted June 2023 as part of FY2024-FY2025 2-Year Budget process**
- **Budgeted expense at \$238M and balanced with \$36M additional Measure RR contribution**
- **Major issues FY2025 Operating Budget was facing at the start of the fiscal year:**
 - Potential significant energy cost increase due to uncertainty of consumption
 - Operating expense increase due to both labor and material costs
 - Forced utilization of more costly consultant support due to ongoing hiring challenge

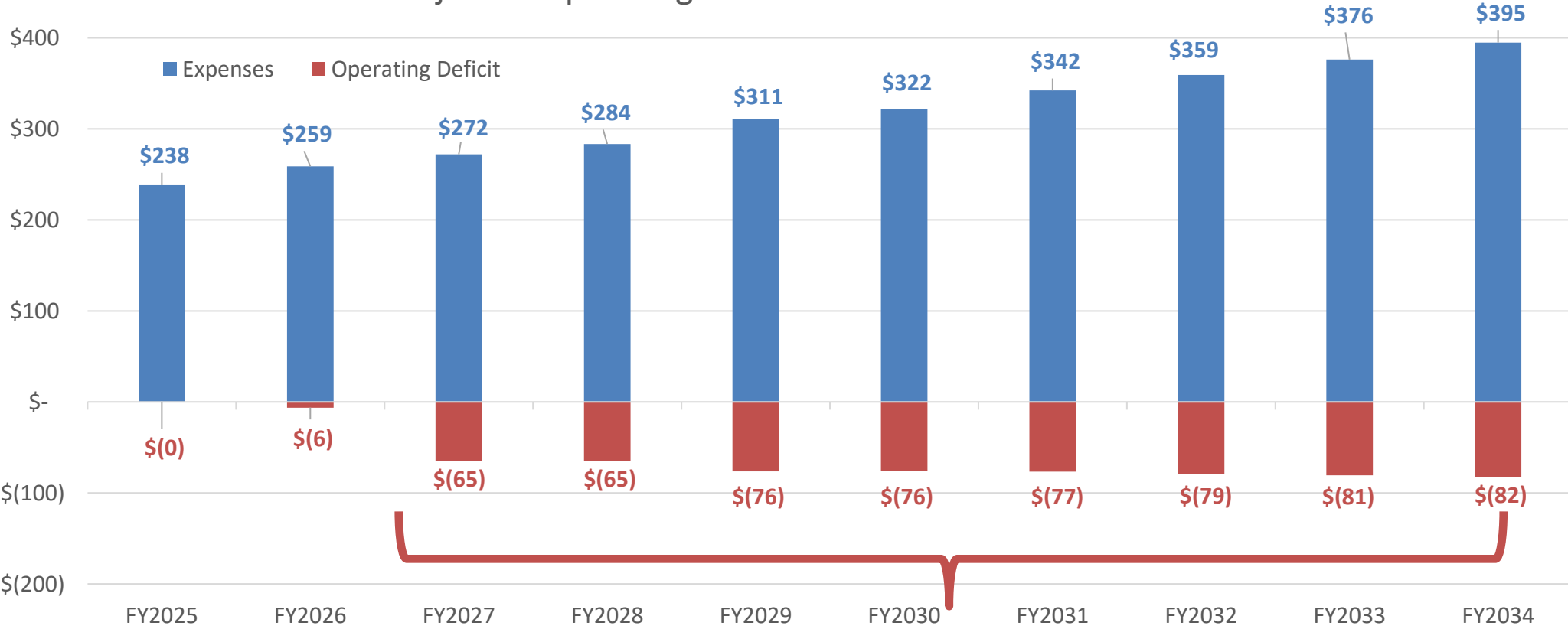
Caltrain FY2025 Operating Budget Update

Cost containment/reduction measures taken with the goal/commitment to keep the FY2025 expense under the original adopted level:

- Negotiations with TASI to reduce FY2025 expense level
- Several rounds of FTE review to reduce FY2025 FTE requests and delay vacant FTEs
- Reduction/delay of non-critical professional support and office operating needs:

10-Year Operating Budget With Deficit

Projected Operating Deficit as of December 2024⁽¹⁾



Average Annual Deficit = \$75M/yr



Key Assumptions

Major Revenue Related Assumptions:

- Measure RR sales tax revenue annual increase at 2.5% per year
- Estimated 8.5M ridership for FY2025 and reach pre-pandemic level by FY2034
- Average annual ridership increase at about 10%, with 20% expected for FY2025

Major Cost Related Assumptions:

- No new operating FTE's from FY2026 to FY2034
- Professional services cost held flat beginning FY2029

Potential Operating Cost Reductions

Possible difficult decisions Caltrain will be facing if no additional long-term operating funding

- Service Cuts
- FTE reductions
- Deferred maintenance

Presents significant uncertainty and challenges to Caltrain's long-term business and service model

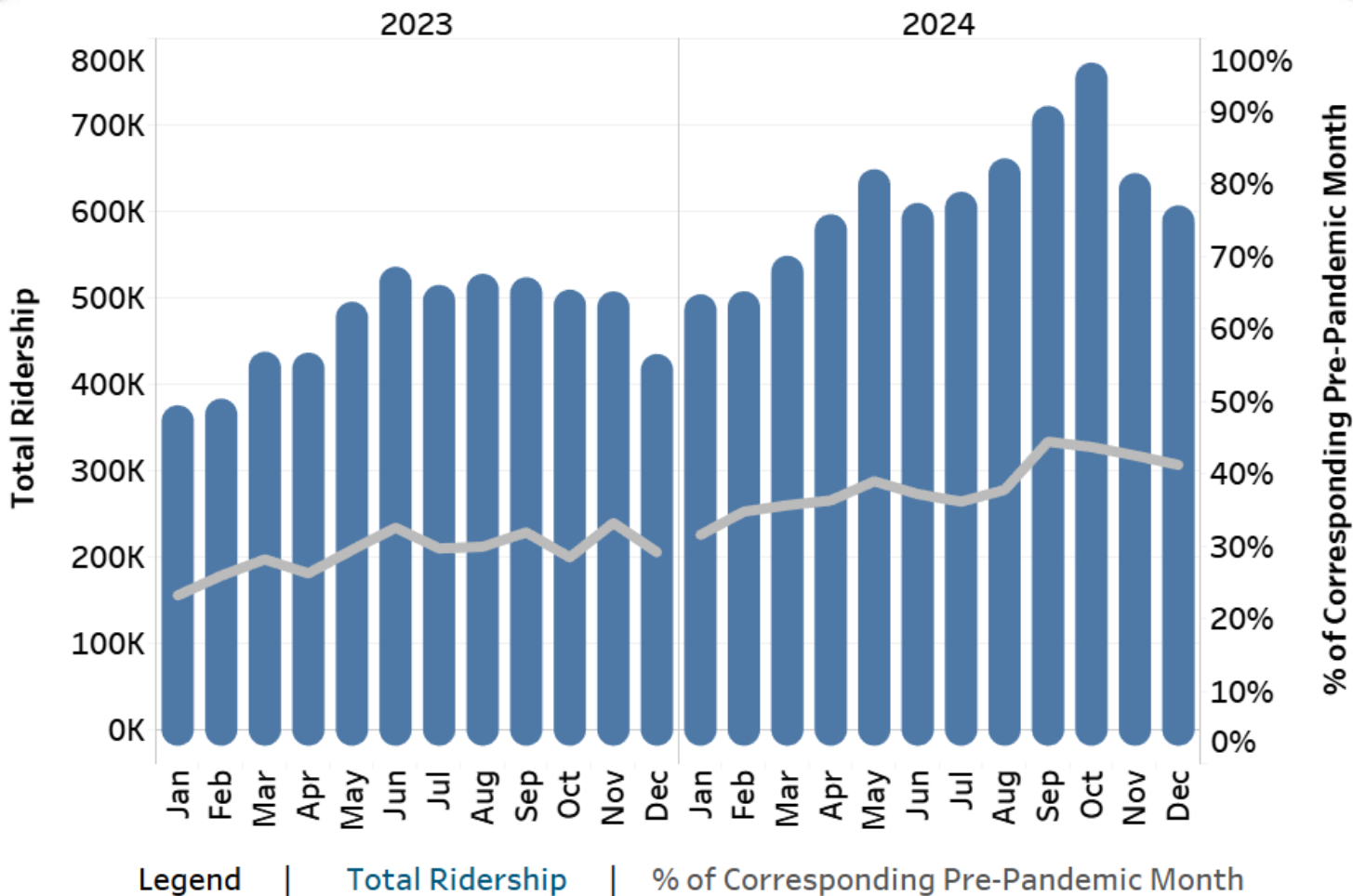
- Impact on ridership could be dramatic and long-term
- High fixed costs and low variable costs



Bright Spot: Electrified Service



Ridership Gains from Electrification

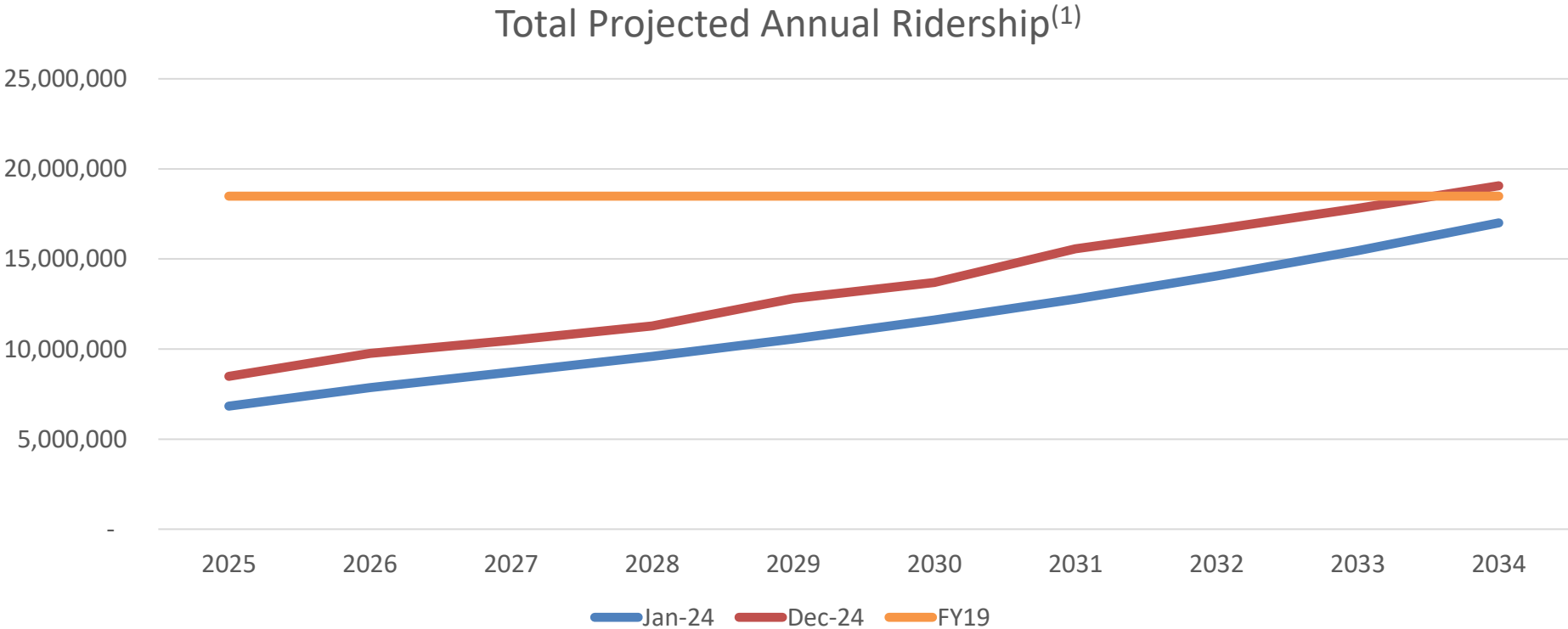


- For post-electrification months (October – December), ridership is up 41% from 2023 to 2024
- Post-electrification weekend ridership has nearly returned to pre-pandemic levels
- Average weekday ridership is at about 40% recovery from pre-pandemic

Average Caltrain Ridership			
Day Type	Oct 2023 - Dec 2023	Oct 2024 - Dec 2024	% Growth
Weekday	19,418	25,947	+33.6%
Saturday	7,464	14,114	+89.1%
Sunday	5,716	11,381	+99.1%

Ridership Projections

Assumes 8.5M passengers in FY25 growing to 19M by FY34, exceeding pre-pandemic levels.



(1) Subject to Change

(2) Aggressive growth assumptions (7% - 15% year over year growth)



Additional Ridership Growth & Revenue Activities

- **Fare Programs:** \$1 youth; Go Pass Updates; Pass Forward (provides passes for low income and historically disadvantaged riders)
- **Customer Experience:** Wi-fi, quieter, service frequency increase, personalized alerts, station repairs, 300 bicycle eLockers, new visual display signs, special event promotions, positive brand recognition
- **Regional Coordination:** Coordinated transfers, schedule alignment, better signage, GM group, Bay Pass participation, Clipper Start
- **Transit Oriented Development:** SF, San Jose, San Mateo
- **Non-fare revenue strategy:** generate new revenue sources (e.g. inventory asset, fiber cable leasing)



Non-Fare Revenue Strategy

Already underway, with the goal of **developing a comprehensive non-fare revenue strategy toolkit** to help Caltrain **monetize** existing assets and maximum non-fare revenue generation:



Joint development on JPB-owned real estate assets



Lease of JPB-owned real estate assets for commercial/retail tenants



Land leasing for solar, battery electric storage, EV charging infrastructure



Special Events



Access to ROW and lease of conduit



Lease of real estate assets for cell towers



Advertising

Upcoming Focus

- Riders, Riders, Riders
- Continue to focus on cost containment and capturing incremental revenues
- Implement long-term funding strategy because FY27 is right around the corner



Vital Role of Caltrain-City Partnerships

The ability of Caltrain to sustain and expand service will depend in large part on cities actively supporting expansion of ridership to groups beyond Caltrain's traditional core riders.



Caltrain-City Partnership Toolkit

Creating vibrant, diverse, people-centered communities where people gather, work and connect

In partnership we can increase transit ridership and:

- Reduce traffic and parking demand
- Support downtown recovery (vibrancy and tax revenues)
- Improve employee recruitment and retention
- Incentivize workers to return to the office
- Reduce Greenhouse Gas Emissions
- **More Info at: caltrain.com/citypartnership**

City Partnership Models



- City Worker Go Passes
- Transportation Demand Management
- Development Agreements
- Local Ordinances
- Transportation Management Associations (TMA)
- Station Access
- Parking Management
- Transit Oriented Development (TOD)

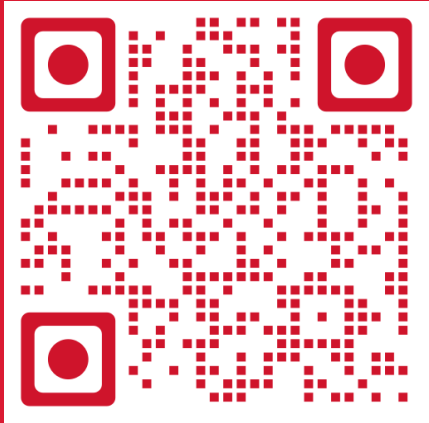
Comments, questions?

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FOR MORE INFORMATION

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