Proposed FY2009 Operating Budget for Caltrain and the Peninsula Corridor Joint Powers Board

Eduardo E. Blount
PA730 Managing Budgets in the Public/Non-Profit Sector
Dr. Suho Bae
May 20, 2008
Department of Public Adminsitration
San Francisco State University

Caltrain

Board of Directors 2008

Peninsula Corridor Joint Powers Board

Letter of Transmittal

Date: May 20, 2008

To: Peninsula Corridor Joint Powers Board of Directors

Subject: FY2009 Proposed Operating Budget

I am please to transmit the proposed operating budget for Fiscal Year 2009. The proposed budget incorporates the vision and guiding principles of Caltrain and ensures budget priorities are fused into the operating revenues and expenses. This budget ensures Caltrain's fiscal stability and highlights the importance of marketing to ensure ridership growth that will generate additional revenues to offset increasing operating expenses. Although the 10-year financial plan notes a deficit for FY2009, this budget proposal deleted such deficit by incorporating alternative revenue source and sound decision making on operating expenditures. Additionally, to ensure continued growth into the next decade, communications and marketing have been provided a substantial increase to assist in short term ridership growth and assist in our future expansion outside of the peninsula corridor to new regions of the Bay Area.

This proposed budget ensures our member agencies contributions from the counties of Santa Clara, San Mateo and San Francisco their contributions are well spent ensuring Caltrain is an effective transit operation.

Sincerely,

Eduardo E. Blount,
Department of Public Administration MPA Candidate
San Francisco State University

Mission and Guiding Principals

As part of the 2004 Caltrain Strategic plan adopted by the Peninsula Corridor Joint Powers Board (JPB) CalTrain determined its vision to,

> *"..become the preferred mode of travel along the Peninsula Corridor by: providiing passengers with a world-class travel expernece; acating a a major catalyst for redevelopment and economic actiivity in communities along its route; and playing a ke role in mobility management along the Peninsula Corridor and in the Bay Area region as a whole."*

In Addition to its vision, five guiding prinicpals are developed to foucs the operations and developmental needs of the commuter rail system:

- Satisfy Passenger and Build Ridership
- Invest Wisely in System Improvements
- Promote Regional Connectivity and Cooperation with Other Transit Providers
- Partner with Communities and Broaden Communications with the Public
- Develop a Solid Financial Foundation that Ensures Long-Term Sustainability

The five prinicpals above will guide the decision making and direction Caltrain is heading in the short and long terms. These principals will be fully utilized to develop the proposed budget for FY2009. This budget proposal will proceed by describing Caltrain operations, its organizational strucutre, discuss current program priorities and then provide a proposal of the FY2009 utizing various budget analyis tools.

Operations

The JPB operates administers Caltrain commuter rail service that serves the counties of Santa Clara, San Mateo and San Francisco. Caltrain provides service to 33 stations along a 77.2 mile route between the southbound terminus in Gilroy and its northern terminus in Downtown San Francisco. Caltrain operates 98 weekday trains consosting of: local trains providing service to all staitions; limited trains providing skip-stop service; and express train scheduled designed for fast service through the peninsula corridor (Caltrain, 2008). During weekdays three morning commute northbound and three evening commute southbound trains serve the area southern portion of the corridor between San Jose and Gilroy. Weekend operations are limted service between Downtown San Francisco and San Jose consisting of 32 local trains on Saturadays and 28 local trains on Sundays (Caltrain, 2008).

Caltrain has seen a 60 percent increase in ridership since 1992. Significant improvements to infrastructure were recently such as modernization of the signaling system, rail replacement and station modernization. All of these improvements allow for increased capacity and better service to Caltrain riders. Express service along the peninsula has additionally help Caltrain increase its ridership. During the peak hours of service Caltrain is operating at capacity (Caltrain, 2008).Prior to 2004 Caltrain only operated local and limited trains; no express service was provided. Express trains were introduced that greatly increased the speed of travel for some Caltrain riders following the improvement of much of its infrastructure. Caltrain riders head to San Francisco from San Jose can know make the trip in just less than 60 minutes, whereas the prior trip time was 90 minutes (Caltrain, 2008).

Caltrain operates commuter shuttles from selected stations along the corridor in addition to operating rail service. The Caltrain Shuttle Program was started to meet the growing demand for increased transit feeder service from Caltrain stations to local employment sites (Caltrain, 2008). As of 2008, there are 30 Caltrain sponsored shuttles that carry an average of 5,000 riders per weekday (Caltrain, 2008). As with rail operations, the shuttles have also seen a significant rise in ridership (Caltrain, 2008).

Fares

Caltrain uses a distance-based structure to determine the fare. The system is divided into six fare zones where the base fare is $2.25 and a fee of $1.75 is charged for each additional zone traveled in (Caltrain, 2008). As in many other transit systems, Caltrain offers a variety of one-way tickets, day passes, multiride tickets and discounts for seniors and disabled persons.

Regional Connectivity

Caltrain works with other transit system providers to connect to local transit wherever feasible. Additionally, Caltrain also connects with long-distance travel modes also (see table 1).

Table 1 – Regional Transit Connectivity	
San Francisco County	• San Francisco Municipal Railway (Muni)
San Mateo County	• San Mateo Transit District (SamTrans) • Bay Area Rapid Transit District (BART) • Alameda County Transit (AC Transit)
Santa Clara County	• Valley Transportation Authority (VTA) • Altamont Corridor Express (ACE) • AmTrak California • AmTrak (intercity service)
Salinas County	• San Benito County Express • Monterey Salinas Transit

To further enhance regional connectivity Caltrain is planning a number of expansion projects that will witness Caltrain for the first time leave the peninsula corridor and operate service to the East Bay, Monterey County and even possible into the central valley (Caltrain, 2008). Additionally, Caltrain is also planning to extend its northern terminus in San Francisco into the new Transbay tower and transit center development (Caltrain, 2008). Each of these extensions will enhance coverage and provide better service for riders transiting through different regions of the Bay Area and beyond.

System Enhancements

Caltrain is slated to begin system enhancement that will provide faster and higher quality service. First, the system has been undergoing rehabilitation to expand train capacity and provide for more effective control of train movement. These enhancements were completed in 2004 and allowed for the much anticipated baby bullet express trains to begin operation. Second, to improve speed and frequency of the operations Caltrain will electrify the entire corridor. Caltrain currently operates diesel trains that accelerate and decelerate much slower than trains that run on electrical power (Caltrain, 2008).

Organization

The three counties of Santa Clara, San Mateo and San Francisco established the Peninsula Corridor Joint Powers Board to act as a special administrative district to oversee the operations of Caltrain in an effort to bring local control over the operations of commuter service along the peninsula. Prior to this arrangement Caltrain was operated by the state through various arrangements beginning with the former Southern Pacific Railroad and then with the California Department of Transportation (Caltrain, 2008).In 1991, a joint powers agreement was established that stipulated membership powers, specified financial commitments, and gave the San Mateo County Transit District the responsibility to manage the agency (Caltrain, 2008).

The board of directors oversees the development and administration of Caltrain. The JPB is comprised of nine members; three from each county Caltrain serves (see Table 2).

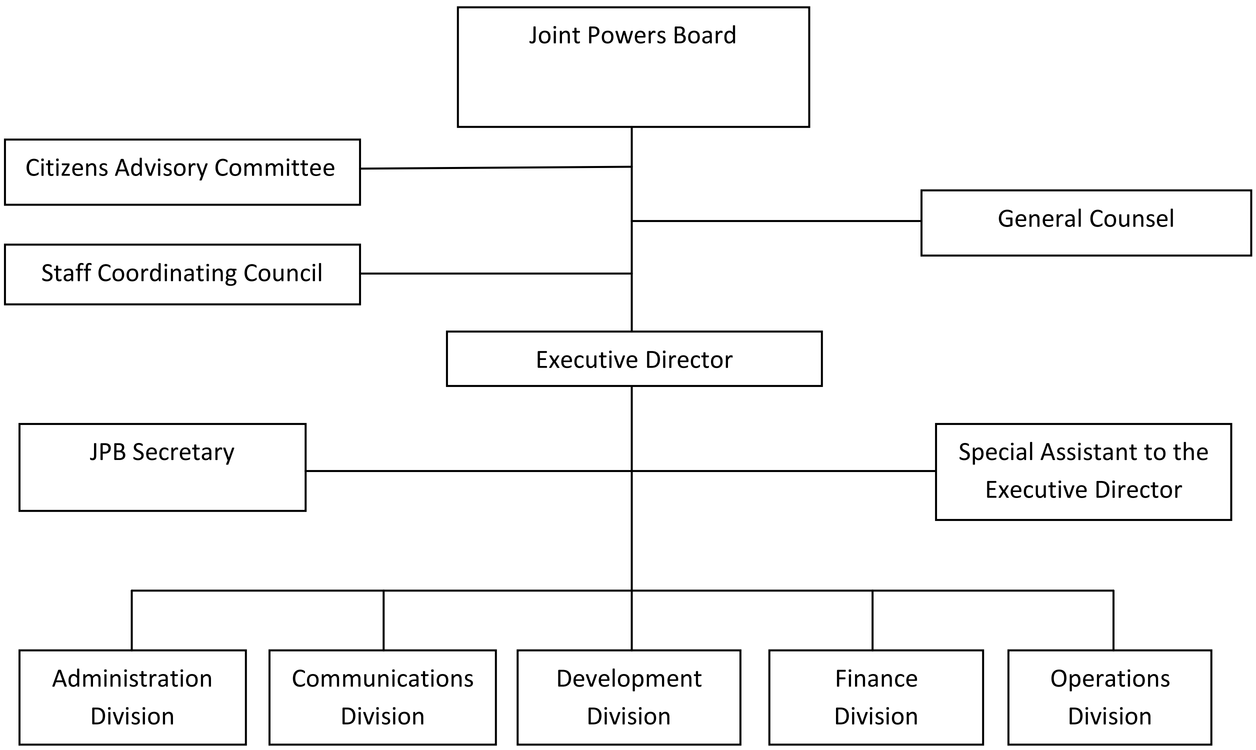
Table 2 – JPB Board Members	
County	**Board Members**
San Francisco	• Mayor's Office • San Francisco Municipal Transit Agency • San Francisco County Board of Supervisors
San Mateo	• All members of the San Mateo County Transit District Board of Director's
Santa Clara	• VTA Board member representing the City of San Jose • VTA Board member representing Santa Clara County • County representative to the Metropolitan Transportation Commission

Source: *Caltrain Short Range Transit Plan – Fiscal Year FY2008 through FY2014* (2008). Peninsula Corridor Joint Powers Board; San Carlos, CA.

The organization of the JPB is illustrated below in Figure 1. The JPB sits atop the organization overseeing all affairs. The Citizens Advisory Committee, Staff Coordinating Council and General Council all report directly to the board of directors. An executive director manages the day-to-day administrative operations of the JPB overseeing five divisions of administration, communications, development, finance and operations. The executive director has the assistance of two aides: the JPB secretary and the special assistant to the executive director. The JPB staff provides administrative management for Caltrain (Caltrain, 2008). The five divisions' responsibilities are divided as such:

Administrative	Responsibilities include human resources, information technology, contracts and procurement and security.
Communication	Manages all public outreach. Its responsibilities include marketing, media relations, customer service and sales.
Development	Manages the engineering, construction and capital program management. This includes track maintenance, planning and research and government relations.
Financial	Monitors the budget development and controls all finances.
Operations	Manages the operations of rail, stations and shuttle services. This includes vehicle maintenance, operations planning and quality assurance and management analysis.

Figure 1 – Peninsula Corridor Joint Powers Board Organization



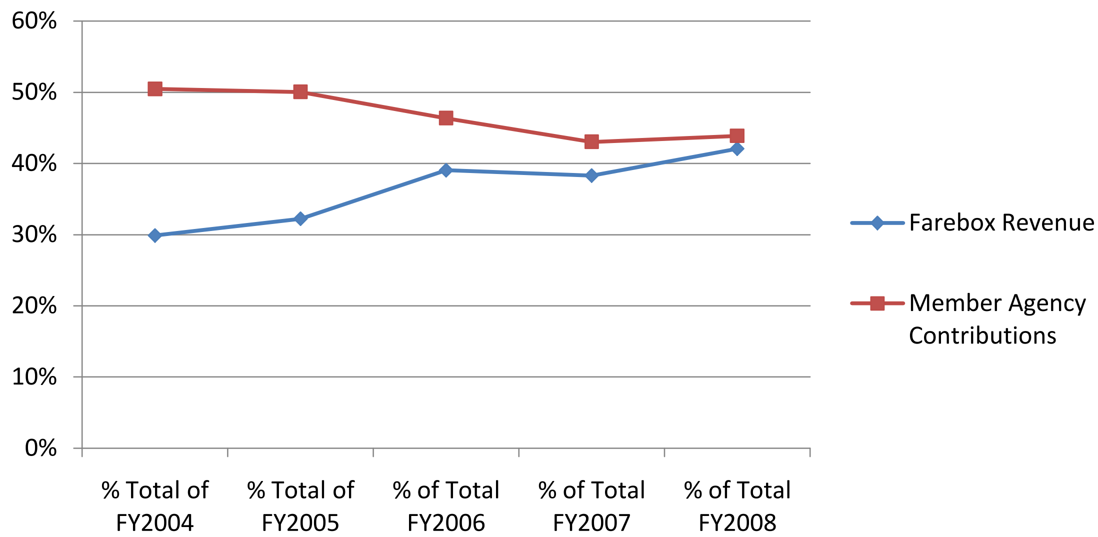
Source: *Caltrain Short Range Transit Plan – Fiscal Year FY2008 through FY2014* (2008). Peninsula Corridor Joint Powers Board; San Carlos, CA.

Caltrain contracts with Amtrak to manage and operate service along the peninsula corridor. Amtrak is responsible for the maintenance, repair and all other services directly related to train operations. The current contract with Amtrak is scheduled to run through June 30, 2011 (Caltrain, 2008).

Budget Priorities

The *Caltrain Short Range Transit Plan – Fiscal Years 2008 through 2014* (2008) illustrated Caltrain's priorities concisely. The JPB forecast shows a deficit in between fiscal years 2009 and 2014 (Caltrain, 2008). The deficit is the result of operations and maintenance costs exceeding revenues from fare, partner contributions and other sources (Caltrain, 2008). Caltrain is planning to increase service levels that will attract ridership and at the same time reduce operating expenses to remove this structural deficit (Caltrain, 2008). Caltrain shuttle service has been a major success and is assumed that its ridership will increase at a growth rate of 5 percent each year through FY2017 (Caltrain, 2008). Caltrain increased ridership is helpful to all parties involved in the operations of the JPB. Increase ridership means more farebox revenue, and fewer subsidies from the member agencies. Since FY2004 farebox revenues have been steadily increasing, whereas member agency contributions have been declining (see figure 2).

Figure 2 – Comparison of Farebox Revenue and Member Agency Contributions



Caltrain also wants to stabilize its financial situation since it is planning major system enhancements as described earlier. This long range capital improvement plan focuses on improvements that alleviate current system constraints so Caltrain can increase service as warranted by future ridership demand (Caltrain, 2008).

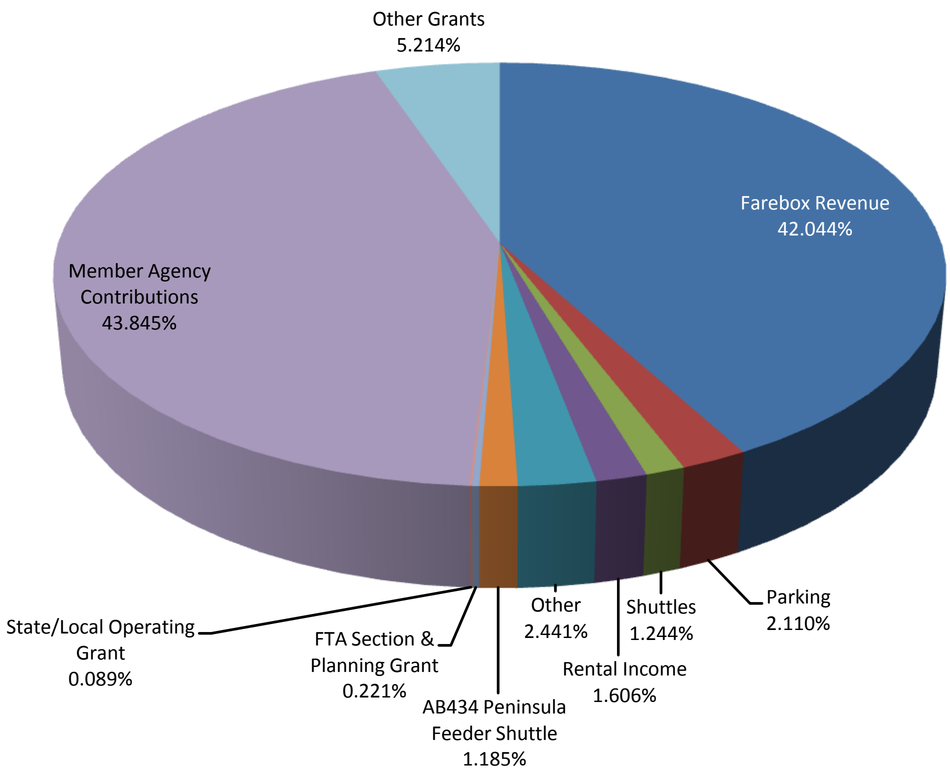
Operations Budget Proposal

The budget proposal will discuss the following elements: (1) discussion of the FY2008 budget; (2) procedures and results for FY2009 revenue projection for; (3) operational expenditure needs for FY2009. Lastly, the proposed FY2009 budget will be explained in its entirety. Trend, variance and share analyses will also be discussed in the budget proposal for explanatory purposes (see appendix for all analyses). Line item revenues and expenditure listing and descriptions are available in the appendix of the budget proposal (see Tables A and B). Budget data from fiscal years 2004 through 2008 was used for the revenue forecasting and prior fiscal years budget analyses.

FY2008 Operational Budget

The adopted budgets for FY2008 provide useful insight into the funding and expense amounts for FY2009. Figure 3 below illustrates the revenue amounts for FY2008.

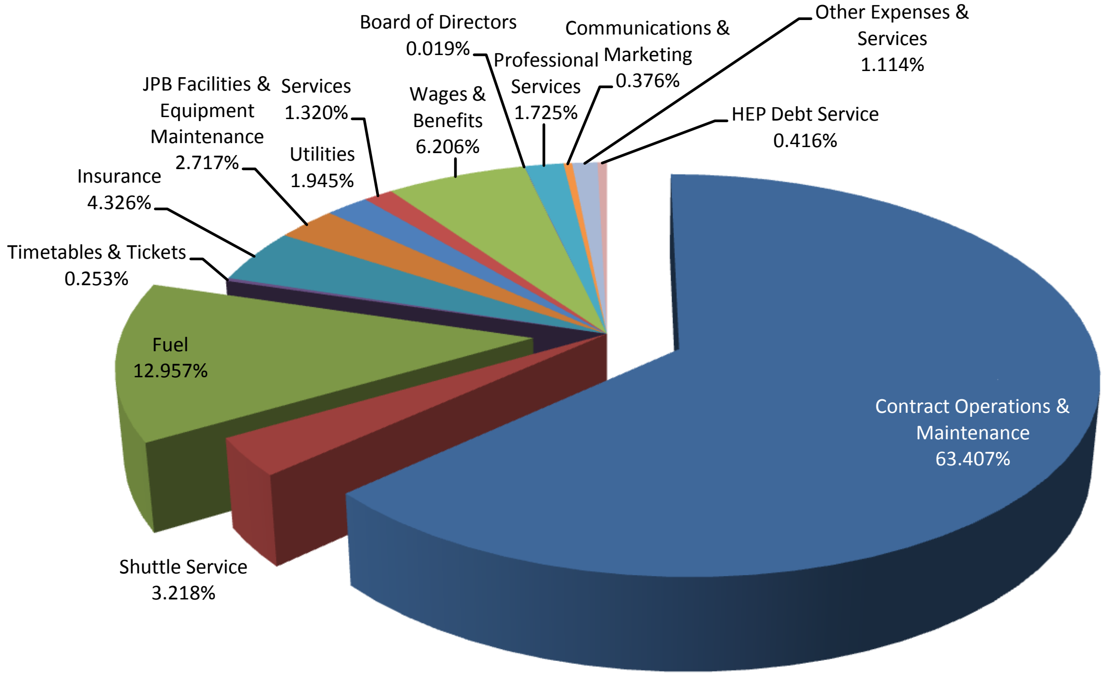
Figure 3 – FY2008 Adopted Revenue



The chart illustrates Caltrain currently receives most of its funding from two sources; farebox revenue and member agency contributions. This trend is also true of the prior five years budgets (see share analysis in the appendix). The remaining revenues account for around 15 percent of the total revenues.

Figure 4 exhibits the operations expenses for FY2008. The largest expenses for Caltrain are its fuel cost and its contract with Amtrak for operations and maintenance. The cost fuel has increased over the past five years and is expected to continue (Caltrain, 2008). Although significantly smaller then fuel and contract maintenance and operations, other notable expenses are wages and benefits and insurance.

Figure 4 – FY2008 Adopted Operational Expenses



Procedures and Results for Revenue Projection

Accurately determining revenue amounts for the FY2009 is critical to ensure a sound budget proposal is developed. Line-item revenues were forecasted for fiscal year 2009. In a few of the revenue line items the moving average of the line item revenue was accepted as a credible amount to be used in the FY2009 budget. Some projected revenues were rejected after evaluation of the Caltrain 10-year operations financial plan and also due to inaccurate results of the revenue projection. The results of the revenue projection are exhibited in Table 3.

The areas of the table highlighted yellow exhibit areas of the revenue projection that were rejected and replaced with a more accurate amount. An area highlighted in green is where the revenue projection was accepted as accurate. Farebox, parking and shuttle projections were all rejected since the results did not include the impact of increased ridership. Due to the expected increase in ridership, as described in the *Caltrain Short Range Transit Plan – Fiscal years 2009 through 2014,* I believed additional funding could be added to each of the three operational line item revenues. The Caltrain 10-year financial plan states farebox revenue, with a 5.5 percent fare increase scheduled for FY2009, will generate $39,440,360 in farebox revenue (Caltrain, 2008). Although this increase is justifiable is does not take into account the communications and marketing proposal that will be discussed in the expenditure proposal. The 10-year financial plan also provided accurate amounts for the state/local assistance and member contributions revenues. These two amounts were used instead of the projected revenue amounts. The revenue projected amount for other income was rejected since there was an extreme outlier amount in 2006. A best guess determination was utilized by reviewing prior fiscal year other income amounts. The final rejected amount is the rental income. Due to a projected budget shortfall in FY2009 in the 10-year financial plan, I needed to generate additional revenue in order to balance the budget. One alternative source of income Caltrain can use to fill the projected deficit is marketing wraps (commercials for movies, food, etc. wrapped around entire passenger car) of it revenue fleet. Caltrain has in the past utilized this revenue generation method as a source for additional income. The application of the wraps into rental income adds an additional $1,787,000 in revenue for operations.

Table 3 – Results of Revenue Forecasting

REVENUES	FY2009 Trend	FY2009 Trend of Moving Average	Revenue Proposal	% of FY2009 Revenue	Justification
Farebox Revenue	41,951,116	37,961,920	41,440,360	43.63%	Increased ridership
Parking	2,076,715	1,937,348	2,200,000	2.32%	Increased ridership
Shuttles	1,085,762	1,080,921	1,300,000	1.37%	Increased ridership
Rental Income	1,437,535	1,374,904	4,135,243	3.30%	Wraps
Other	2,168,550	2,296,259	2,296,259	2.42%	
AB434 Peninsula Feeder Shuttle	1,120,523	1,085,184	1,085,184	1.14%	
FTA Section & Planning Grant	293,066	265,964	16,000	0.02%	
State/Local Operating Grant	1,862,824	2,122,539		0.00%	10 yr Financial Plan
Preventative Maintenance	-	-		0.00%	
Member Agency Contributions	39,812,901	38,468,169	39,416,585	41.50%	10 yr Financial Plan
Other Income	3,212,058	2,822,795	4,100,000	4.32%	Extreme Value in 2006
		TOTAL REVENUE	***95,989,631***		

Operational Expenditure Needs

All expenditure line items were initially adjusted for inflation using the consumer price index of 3 percent in order to keep operational expenses low. This conservative adjustment of expenditures was done as to keep expenditures low. Most of the proposed expense figures for FY2009 were calculated using this simple method; however, the four line item expenditures were amended (see table 4).

Contract maintenance and operations is set by a contract with Amtrak. The 10-year financial plans show the exact amount of increase for FY2009 (Caltrain, 2008). This contract and maintenance expense figure was used to in the expenses proposal.

The 10-year financial plan exhibits a projected fuel amount for of $12,364,900 (Caltrain, 2008). At first glance the amount seems reasonable; however, the variance analysis determined the JPB had a

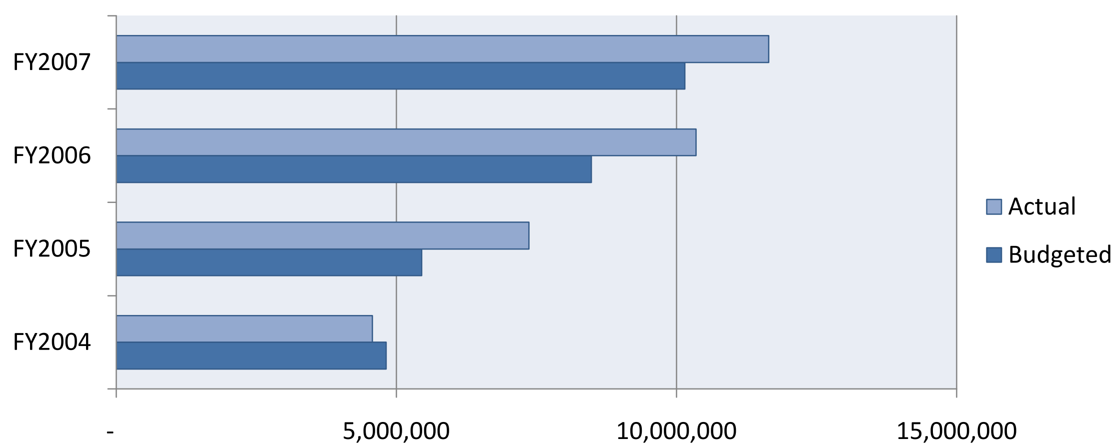
Table 4 – Results of FY2009 Expenditure Needs

EXPENDITURES	CPI 3% for FY2009	FY2009 Amended Expenditure Proposal	% of FY2009 Expenditure	Justification
Contract Operations & Maintenance	57,523,172	58,098,578	61.81%	10-year financial plan
Shuttle Service	2,919,576	2,919,576	3.11%	

Fuel	**11,754,352**	14,364,900	13.16%	Rising Fuel Costs
Timetables & Tickets	229,690	229,690	0.24%	
Insurance	3,924,300	3,924,300	4.18%	
JPB Facilities & Equipment Maintenance	2,465,243	2,465,243	2.62%	
Utilities	1,764,081	1,764,081	1.88%	
Services	1,197,540	1,197,540	1.27%	
Wages & Benefits	5,630,418	5,630,418	5.99%	
Board of Directors	16,789	16,789	0.02%	
Professional Services	1,564,931	1,564,931	1.67%	
Communications & Marketing	**341,445**	**1,700,000**	1.81%	Increase in ridership
Other Expenses & Services	1,010,710	1,010,710	1.08%	
HEP Debt Service	377,659	1,102,875	1.17%	10-year financial plan
Capital Contingency Fund			0.00%	
		TOTAL EXPENDITURE - *95,989,631*		

poor record of projecting actual fuel costs (see figure 5). An additional $2,000,000 was added to the fuel cost to offset the usual deficit in budgeting for fuel. This amount is reasonable; but forces Caltrain to seek out alternative revenue sources (i.e. fleet wraps, etc.) to ensure its budget is balanced.

Figure 5 – Budgeted vs. Actual Fuel Costs



The communications and marketing expense was increased significantly to reflect the guiding principals set forth in the 2004 Caltrain strategic plan. Caltrain must work build ties with bay area communities to ensure the public knows of the transit system and knows of its benefits. Increased ridership will significantly assist Caltrain in meeting operational expenses with increased farebox revenue. In order to ensure the increase farebox revenue this proposal recommends a significant increase in funding for communications and marketing. A drastic and positive campaign should be instituted to get people out of their cars and get them on Caltrain. The increased revenues will be used to promote the benefits of riding Caltrain.

A significant increase in debt service expense is due in FY2009. According the 10-year financial plan debt service payment will increase by 200 percent.

FY2009 Budget proposal Overview

The budget proposal calls for a 10 percent increase in revenues and an 8 percent increase in expenditures. Figure 7 and 8 illustrates the share analysis of budget years 2004 through the proposed budget of 2009. The proposed FY2008 budget falls into the trends of the five prior year budgets. Farebox revenue continues to increase as the major revenue generator, whereas member agency contributions decrease.

Figure 6 – Revenue Share Analysis of FY2004 through Proposed FY2009 budget

REVENUES	% Total of FY2004	% Total of FY2005	% Total ofFY2006	% Total of FY2007	% Total of FY2008	% Total of FY2009
Farebox Revenue	29.9%	32.2%	39.0%	38.3%	42.0%	43.6%
Parking	1.9%	1.8%	2.1%	2.1%	2.1%	2.3%
Shuttles	1.8%	1.5%	1.3%	1.3%	1.2%	1.4%
Rental Income	1.8%	1.7%	1.7%	1.5%	1.6%	3.3%
Other	4.0%	3.4%	3.1%	2.9%	2.4%	2.4%
AB434 Peninsula Feeder Shuttle	1.3%	1.2%	1.3%	1.2%	1.2%	1.1%
FTA Section & Planning Grant	0.1%	0.1%	0.2%	0.3%	0.2%	0.0%
State/Local Operating Grant	0.0%	0.0%	1.0%	3.8%	0.1%	0.0%
Preventative Maintenance	0.0%	0.0%	4.0%	0.0%	0.0%	0.0%
Member Agency Contributions	50.5%	50.0%	46.3%	43.0%	43.8%	41.5%
Other Sources	8.9%	8.1%	0.0%	5.7%	5.2%	4.3%
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Figure 7 – Revenue Share Analysis of FY2004 through Proposed FY2009 budget

	% Total of FY2004	% Total of FY2005	% Total of FY2006	% Total of FY2007	% Total of FY2008	% Total of FY2009

EXPENDITURES						
Contract Operations & Maintenance	65.3%	64.5%	64.8%	63.8%	63.4%	61.2%
Shuttle Service	5.0%	3.9%	3.7%	3.5%	3.2%	3.1%
Fuel	7.1%	10.5%	14.2%	13.9%	13.0%	15.1%
Timetables & Tickets	0.4%	0.2%	0.3%	0.3%	0.3%	0.2%
Insurance	5.0%	5.1%	4.2%	4.6%	4.3%	4.1%
JPB Facilities & Equipment Maintenance	2.1%	2.3%	2.1%	1.8%	2.7%	2.6%
Utilities	1.1%	1.1%	0.9%	1.1%	1.9%	1.9%
Services	0.0%	0.0%	1.0%	1.2%	1.3%	1.3%
Wages & Benefits	6.6%	6.0%	5.6%	6.0%	6.2%	5.9%
Board of Directors	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Professional Services	2.6%	3.2%	1.0%	1.9%	1.7%	1.6%
Communications & Marketing	0.6%	0.4%	0.4%	0.4%	0.4%	0.7%
Office Expenses & Services	2.0%	2.2%	1.3%	1.1%	1.1%	1.1%
HEP Debt Service	0.6%	0.5%	0.5%	0.4%	0.4%	1.2%
Capital Contingency Fund	1.6%	1.4%	0.0%	0.0%	0.0%	0.0%
TOTAL EXPENDITURE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Conclusion

The budget proposal for FY2009 incorporates the vision, guiding principals and current program priorities of Caltrain. The goal of this budget proposal was to ensure it reflected the priority of attracting riders to generate additional revenue to remove the structural deficit that is projected for FY2009. Unlike The previous budgets a focus was given to communications and marketing to ensure Caltrain attracts more riders to its trains. This will assist the projected structural deficit in the short term and help to increase ridership for the long term.

In addition to assuring increased ridership in the short term, the FY2009 focus on stabilizing the budget and increase ridership will significantly assist the future plans of expansion and serving the communities of the Bay Area.

Caltrain/Peninsula Corridor Joint Powers Board FY2009 Proposed Budget

REVENUES	Year 1 FY2004 Actual	Year 2 FY2005 Actual	Year 3 FY2006 Actual	Year 4 FY2007 Revised	Year 5 FY2008 Adopted	Year 6 FY2009 Proposed	Year 5-6 % Difference	Year 5-6 $ Difference
Farebox Revenue	19,257,579	23,036,916	30,376,327	33,067,003	36,686,340	41,440,360	-12.96%	(4,754,020)
Parking	1,209,897	1,262,639	1,613,189	1,783,000	1,841,000	2,200,000	-19.50%	(359,000)
Shuttles	1,121,689	1,062,867	1,019,497	1,147,768	1,085,509	1,300,000	-19.76%	(214,491)
Rental Income	1,146,973	1,183,801	1,309,681	1,263,600	1,401,210	3,135,243	-123.75%	(1,734,033)
Other	2,548,695	2,445,713	2,402,118	2,496,880	2,129,670	2,296,259	-7.82%	(166,589)
AB434 Peninsula Feeder Shuttle	838,426	882,785	1,021,199	1,024,576	1,034,355	1,085,184	-4.91%	(50,829)
FTA Section & Planning Grant	44,801	37,599	145,417	262,525	193,000	16,000	91.71%	177,000
State/Local Operating Grant		-	786,611	3,286,204	78,000	-	100.00%	78,000
Preventative Maintenance		-	3,100,000			-		-
Member Agency Contributions	32,523,434	35,758,570	36,071,759	37,153,912	38,258,530	39,416,585	-3.03%	(1,158,055)
Other Sources	5,742,288	5,810,278	-	4,900,002	4,550,000	4,100,000	9.89%	450,000
TOTAL REVENUE	**64,433,782**	**71,481,168**	**77,845,798**	**86,385,470**	**87,257,614**	**94,989,631**	-8.86%	(7,732,017)
EXPENDITURES								
Contract Operations & Maintenance	42,105,709	45,444,945	47,245,437	53,314,110	55,847,740	58,098,578	-4.03%	(2,250,838)
Shuttle Service	3,236,339	2,725,038	2,693,213	2,929,231	2,834,540	2,919,576	-3.00%	(85,036)
Fuel	4,570,479	7,364,964	10,350,456	11,647,799	11,411,992	14,364,900	-25.88%	(2,952,908)
Timetables & Tickets	257,708	171,921	245,972	275,000	223,000	229,690	-3.00%	(6,690)
Insurance	3,251,469	3,607,201	3,097,634	3,810,078	3,810,000	3,924,300	-3.00%	(114,300)
JPB Facilities & Equipment Maintenance	1,348,755	1,626,485	1,529,807	1,546,600	2,393,440	2,465,243	-3.00%	(71,803)
Utilities	693,053	793,690	682,599	937,260	1,712,700	1,764,081	-3.00%	(51,381)
Services			705,359	990,402	1,162,660	1,197,540	-3.00%	(34,880)
Wages & Benefits	4,269,643	4,223,298	4,079,945	5,009,905	5,466,425	5,630,418	-3.00%	(163,993)
Board of Directors	17,758	19,453	13,010	19,300	16,300	16,789	-3.00%	(489)
Professional Services	1,674,472	2,280,049	720,547	1,572,568	1,519,350	1,564,931	-3.00%	(45,581)
Communications & Marketing	358,627	304,244	281,926	298,400	331,500	**700,000**	-111.16%	(368,500)
Office Expenses & Services	1,302,535	1,545,263	934,044	893,876	981,272	1,010,710	-3.00%	(29,438)
HEP Debt Service	367,235	364,617	363,199	366,190	366,659	1,102,875	-200.79%	(736,216)
Capital Contingency Fund	1,010,000	1,010,000						
TOTAL EXPENDITURE	**64,463,782**	**71,481,168**	**72,943,148**	**83,610,719**	**88,077,578**	**94,989,631**	-7.85%	(6,912,053)
Net Revenues Over Expenditures	(30,000)	-	4,902,650	2,774,751	(819,964)	58,098,578	-4.03%	(2,250,838)

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