

Peninsula Corridor Joint Powers Board
1250 San Carlos Ave.
San Carlos, CA 94070

June 4, 2019

Re: Caltrain Business Plan- Monthly Update Covering May 2019

Dear Peninsula Corridor Joint Powers Board:

Through research, education and advocacy, SPUR promotes good planning and good government in the San Francisco Bay Area. We bring people together from across the political spectrum to develop solutions to the big problems that cities face. With offices in San Francisco, San Jose and Oakland, we are recognized as a leading civic planning organization and respected for our independent and holistic approach on infrastructure and urban issues.

We believe that the Peninsula Corridor can and should be a corridor shaped by an outstanding rail system with all-day, frequent service. Achieving this vision will be no small feat. It will require major investments in bringing the corridor into a state of good repair and capital investments that add reliability, frequency, capacity and anticipate a more interoperable regional and megaregional rail network. In this letter, we will:

1. Recommend a set of governance and service delivery goals for Caltrain and the Peninsula Corridor Joint Powers Board.
2. Provide a framework for institutional roles that inform our recommendations and is based on international best practices (Attachments A and B)

We commend Caltrain for taking on questions about how it should be organized to deliver services effectively. This is courageous and needed. The 2018 State Rail Plan envisions stitching together the Bay Area's regional rail systems into a pulsed-hub network with all-day, frequent transit anchored by a coordinated schedule like those found in many European countries. To move from independent systems to a connected network, the Bay Area will need new service delivery and management models.

Governance and Service Delivery Goals

While leadership is important, Caltrain's organizational structure also must change. In the Bay Area, we have a history of creating agencies that are too small in geography or too small in scope to serve the public effectively. A new service delivery and governance structure for Caltrain should:

1. **Make it possible to become financially secure and raise money more easily.**

Currently, seven different Boards of Directors must vote to approve adding a sales tax to the ballot to support rail service on this corridor. One alternative would be to create a special district with only one Board, and other options should be explored.

2. Restructure and resource the organization to fully perform the functions of a corridor manager.

In other countries, there are three main entities involved with delivering and planning a rail network: a transit coordinator, a corridor manager and an operator (See Table 1 for definitions). The Bay Area's institutional framework is not as well-defined. In practice, this requires public agencies to establish a new framework for almost every project, adding time and cost to agree on vision, objectives, requirements and roles and responsibilities.

Caltrain already is a corridor manager. It owns most of its right of way and hires TASI to provide passenger service. Yet, like many transit agencies in the Bay Area, it also performs some of the policy-setting and network planning functions of a transit coordinator (fare policy, ticket products, maps, timetable). At the same time, it lacks some of the capacities that typical corridor managers have in other countries, especially in real estate development and portfolio management, and construction and project delivery.

To achieve Caltrain's vision, it needs effective and fully-staffed divisions that focus on: service planning and capacity allocation (in conjunction with a transit coordinator), real estate development and portfolio management, and construction and project delivery. This requires significantly increasing the capabilities and staffing levels of these departments. This model is based on international best practice and described in Attachment 1.

- 3. Make the organization an attractive place to work for professionals with expertise in rail planning, operations, contracting and procurement, real estate development and change management.** We encourage Caltrain to use dedicated, in-house staff who are responsible for seeing a project through and who are close enough to the people who need to make key decisions in every step of the portfolio planning, operations planning, pre-construction, construction, and project-delivery work. We also encourage the organization to offer salaries, benefits and retirement packages that are attractive to mid-career professionals and are responsive to the Bay Area's high cost of living.
- 4. Plan for a more interoperable megaregional rail network when making corridor-specific investments.** There are many planning efforts underway that seek to move towards a more interoperable rail network, in which physical systems (tracks, fleets, signal systems) are compatible with each other. The Dumbarton Rail Corridor and the Second Transbay Crossing are two such examples. The JPB is making decisions today that will either foreclose or enhance the chance of having an interoperable rail network that more fully utilizes our public investments and infrastructure. For instance, a Dumbarton Rail Service will be far more valuable if major investments are made in the Peninsula Corridor to allow this level of interoperability with other services. The governance and management framework must support coordination and integration with other corridors in the network.

Institutional Roles

SPUR has researched international best practices for the delivery and management of an integrated rail network. We specifically researched other countries with exceptional pulsed-hub networks: Switzerland, Germany, Canada (Toronto), France and the Netherlands.

We asked:

- What are the typical functions and activities that are needed to deliver and manage an integrated system for: 1) each physical element in the system (station, station area, tracks and rights of way) within 2) individual corridors and 3) as part of a network as a whole?
- What institutions perform those functions and activities?
- How are these institutions structured?

Attached are:

- Definitions of institutions and the functions they perform, both in international cases and in the Bay Area. (Attachment 1)
- A diagram of the typical organizational model found in countries with that use a regional, horizontally-integrated institutional framework to deliver the transit network (Switzerland, Germany, Canada). This is meant for illustrative purposes only. (Attachment 2)

Thank you for the opportunity to provide input on this critically-important effort. We hope that these learnings can help support decisions about the future of Caltrain and the JPB. Please do not hesitate to reach out with any questions.

Sincerely,



Laura Tolkoff
Regional Planning Policy Director

Attachment A. Institutions and their functions for the delivery and management of a regional rail network

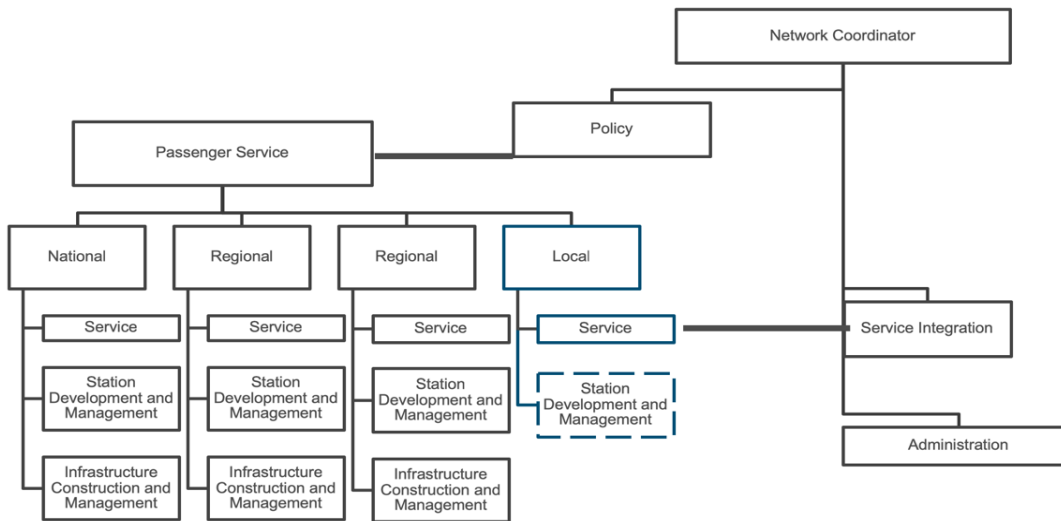
Type of Institution	International Best Practice	Bay Area Role	Example
Transit Coordinator	<p>A transit coordinator is an entity that performs network planning and integration, marketing and administrative functions. Their key role is to facilitate the integration of modes and services into a pulsed-hub network. The network planning and integration responsibilities include 1) fare policy setting and 2) fare integration, 3) setting standards for customer experience in stations, and 4) working with corridor managers to set a coordinated timetable with timed transfers between services, for both rail and local services. The transit coordinator works with corridor managers to guide capital investments needed to achieve the timetable. The transit coordinator may invest directly in the system, especially rail expansions, in conjunction with the corridor manager. The marketing activities include creating unified ticket products, maps and signage. The administrative activities include: 1) fare collection and distribution and may incorporate 2) some procurement of fleets or station elements and bus shelters. The transit coordinator does not operate passenger service or directly own railway infrastructure.</p>	<p>Operators and corridor managers perform the activities that a transit coordinator does for their own individual systems, but not the network as a whole. MTC has the authority to coordinate fares and schedules for all public transit systems. MTC has taken steps towards this by coordinating ticket products through Clipper.</p>	<p>The Verkersverbund model in operation in Switzerland and Germany are commonly cited as the best examples of the transit coordinator function. It is a federated or horizontally integrated model that allows for the preservation of multiple corridor managers and operators. The Zurich Verkersverbund (ZVV) is a transit coordinator responsible for fare integration, revenue collection and distribution, timetable integration, creating maps and signage and setting standards for information display. The ZVV also performs some procurement, including hold title to all buses to get lower rates and contracting to janitor services in stations. The ZVV sets the financial performance requirements for all providers of passenger service and works with the operators to ensure those requirements are met. There is also a more centralized or vertically integrated model found in the Netherlands and France, in which the statewide rail corridor manager is divided into multiple, financially separate divisions-- one of which is a transit coordination division.</p>
Corridor Manager	<p>A corridor manager typically owns the railway infrastructure (tracks and rights of way) and stations along the corridor. It is responsible for operational planning and capacity allocation, as well as some level of long-term planning. In some cases, a corridor manager also has a division that operates passenger service and contracts to other operators that run service. A corridor manager will work closely with a transit coordinator to align its schedule with service on other corridors. A corridor manager typically has a strong real estate division to monetize stations and land, as well as a robust capital project delivery division, to deliver capital projects needed to achieve the timetable.</p>	<p>The corridor manager sets fares for its service, sets the schedule for its service, is responsible for operational planning and capacity allocation as well as long-term planning, as well as collecting revenue. Unlike international models, corridor managers typically have only nascent real estate divisions, own very little land, and few stations generate revenue.</p>	<p>There are several models in the Bay Area. For example, BART is both a corridor manager and an operator. It owns its own right of way, manages daily service and maintenance, and runs service. Caltrain is a corridor manager that contracts to a private entity to provide daily service and maintenance.</p>
Operator	<p>An operator provides passenger service. In some cases, an operator and a corridor manager may be the same entity. An operator may be a public entity or a private entity that is contracted by a corridor manager or transit coordinator to provide passenger service.</p>	<p>In the Northern California megaregion, most operators are also corridor managers. We do not have public entities whose sole purpose is to provide passenger service (there are some private operators, such as TASI). Therefore the operator tends to perform many of the functions of a corridor manager such as capital project delivery, funding and financing new projects or service, and creating its own ticket products.</p>	<p>The California High-Speed Rail system envisions having an operator- corridor manager relationship much like the ones in international best practice. Here, the CAHSRA is the corridor manager and a third-party would be contracted to operate the service along the statewide system/</p>

Two other roles are not shown here (regulator role and special purpose entities).

Attachment 2: Typical organizational model for horizontally integrated transit systems found in other countries

Note: This diagram is illustrative and a composite based on SPUR’s research. It is not meant to replicate the exact organizational structure.

This shows a horizontally-integrated system with a transit coordinator (network coordinator) which shapes policy on fares (e.g., fare integration and customer experience standards), performs some administrative functions (e.g., procures janitorial services for all stations), and service integration (e.g. integrate services into a timetable that supports timed connections between modes).



‘National’ service refers to a statewide rail system, regional service refers to transit services that are at the metropolitan scale or county scale, and local services include short-distance transit serving individual cities. Local transit is shown in blue because it is not the focus of this research.