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# Planning for Caltrain's Uncertain Future

SPUR

FEBRUARY 24 2021



# Focus for today



**Why Scenario Planning**

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**Developing Scenarios**

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**What We Learned?  
What are the Opportunities?**

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# Ongoing Recovery Planning Efforts

During most of 2020, Caltrain pivoted its Business Plan effort to focus on COVID-19 recovery planning. This work has been spread across multiple streams as shown on the right.

In 2021, with the passage of Measure RR and vaccination campaigns underway, staff is shifting the emphasis of recovery planning efforts toward preparing a Business Strategy for a post-pandemic reality. This work starts with scenario planning.



Equity, Connectivity, Recovery,  
& Growth Framework



Near Term Service Planning



Financial Analysis



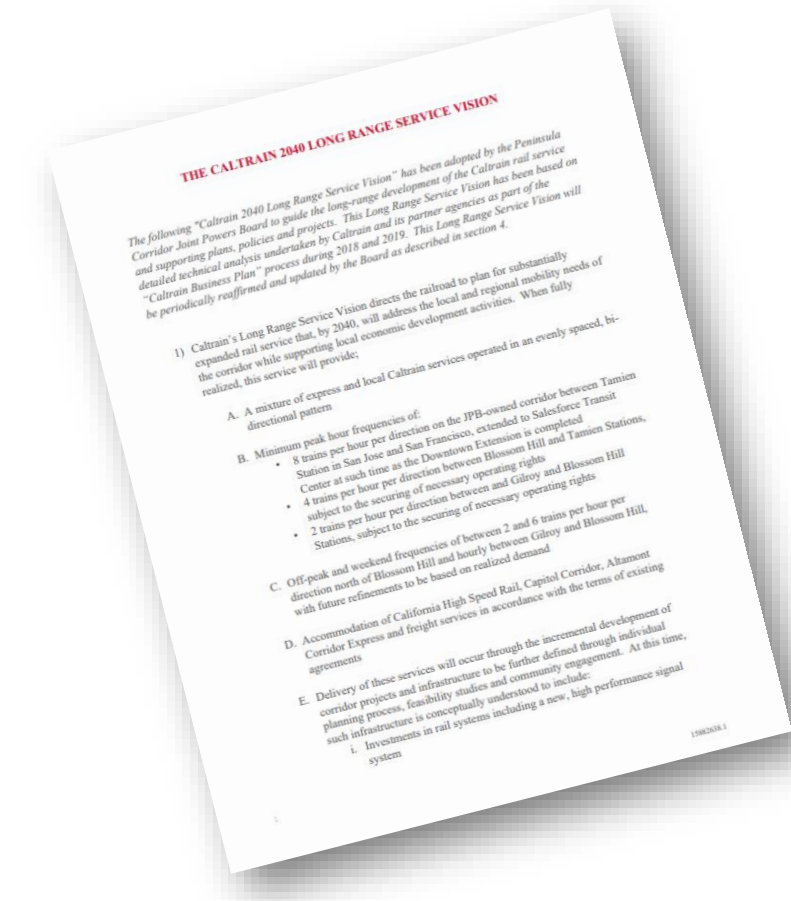
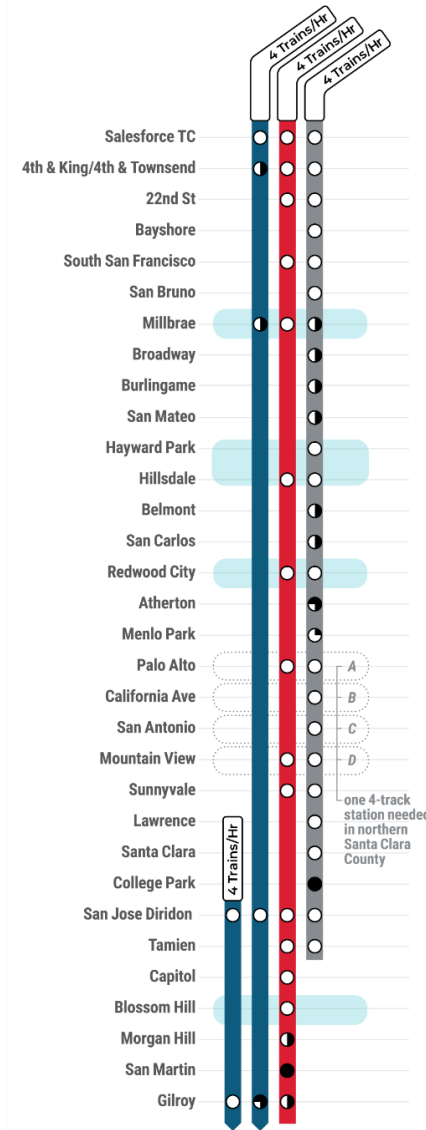
Scenario Planning

# Where were we?


## A Long Range Service Vision

The major focus of Caltrain's Business Plan process was the development of a Long Range Service Vision for the railroad. The Board adopted the Long Range Service Vision in the fall of 2019

With a Long Range Service Vision adopted, Caltrain was preparing to complete the Business Plan process and was focused on developing an "implementation plan" - a set of financial projections and actions that would guide railroad operations and expansion activities over the coming decade.





A large, intense fire is burning in the background, with bright orange and yellow flames reaching upwards. The fire is consuming dry vegetation, and a thick layer of smoke is rising from it. In the foreground, a black sign with white text is visible. The sign is mounted on a wooden post and has a horizontal bar across the top. The text on the sign is in all caps and is arranged in four lines. The overall scene is one of a wildfire or a large fire in a natural setting.

**SENIOR CENTER**

**WEAR A MASK  
WASH YOUR HANDS  
SOCIAL DISTANCE  
STAY SAFE**

**COME JOIN US**

# A Year of Change

In March of 2020 the pandemic hit the Bay Area and daily life changed dramatically.

Over the course of the last year, the impacts brought about by COVID-19 have intertwined with and, in some cases, amplified and accelerated other significant events and trends around the region, country and world

The future “Business Environment” Caltrain must plan for now seems very different, and less stable, than the one in which we existed pre-COVID

## Examples of Major shifts in the Business Environment

- Massive changes to daily life and mobility patterns resulting from the COVID-19 Pandemic and associated health orders
- Severe economic impacts, job losses and worsening economic inequality
- Widespread recognition and protest of racial injustice
- Accelerated adoption of remote working, delivery services and contactless payment
- Changes to residential and commercial real estate markets
- Intensifying impacts of climate change including severe wildfires and air quality deterioration in Northern California
- A significant federal election amidst intensifying political polarization and violence

# A Year of Change for Caltrain

When the pandemic hit, Caltrain's focus immediately turned away from long range planning and toward survival and recovery as the impacts of the pandemic precipitated an abrupt loss of ridership and an existential financial crisis for the railroad.

The events of the past year have resulted in significant direct changes to the railroad's business – at a time when a great deal of change was already underway.

The future Caltrain must plan for now is not necessarily the same one we were contemplating a year ago

## Direct Business Impacts

- Abrupt loss of 95% ridership and corresponding declines in revenue resulting from the pandemic and associated public health orders
- Ongoing disruption and changes to operations, project work and business practices

## Significant Responses and Events

- Adoption of health and safety practices
- Federal relief funding and formation of the Blue Ribbon Task Force
- Adoption of Equity, Connectivity, Recovery & Growth Framework
- Significant restructuring of Caltrain service
- **Passage of Measure RR**

## Other, Parallel Change

- Electrification of the railroad
- Advancement of governance process
- Changes in senior staff and leadership





# Multiple Phases of Crisis & Response

## Initial Triage

March 2020 – May 2020

## Surviving the Pandemic

May 2020 – 2021 (?)

## Preparing for the Next Reality

2021 and Beyond



Initial crisis and immediate triage response by Caltrain

Extended period where Pandemic is ongoing and Caltrain ridership and operations remain deeply impacted and in a state of dynamic flux. Railroad's financial position is precarious

Long-term resolution of pandemic through vaccine or other permanent public health approaches. Caltrain adjusts to new Business Environment

**WHAT WE DID**



# Stages of Caltrain's Scenario Planning Process



## Lay the Groundwork

**Interview** key leaders

**Assess** external trends

**Design** workshops

**Study** Bay Area infections model



## Develop Scenarios

**Choose** the most important external forces

**Identify** 4 diverging scenarios and develop stories for each

**Map** these scenarios over time



## Determine Strategic Implications

**Study** implications for Caltrain in each scenario

**Identify** actions to take over different time frames

**Define** early indicators for each scenario



# Scenario Planning Team



**Nicole-Anne Boyer** "Nicole"  
NOW Partners



**Ratna Amin**  
Deutsche Bahn  
Engineering &  
Consulting



**Katie Miller**  
Left Lane  
Advisors



**Huma Husain**  
Fehr & Peers



**Lee Reis**  
Fehr & Peers



**Karina Schneider**  
Fehr & Peers

## Expert Panel



**Katherine Carman**  
Behavioral  
Economist, Director  
of RAND Behavioral  
Finance Forum



**Egon Terplan**  
Senior Advisor to  
Governor  
Newsom,  
Economy and  
Transportation



**Kiran Jain**  
General Counsel,  
Replica;  
Policy and  
Civic Innovation  
Expert



**David Bragdon**  
Executive  
Director, Transit  
Center

## INSTRUCTIONS FOR PARTICIPATION

### How to PREPARE for Session 1:

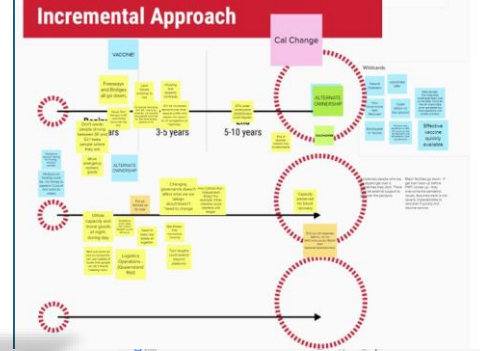
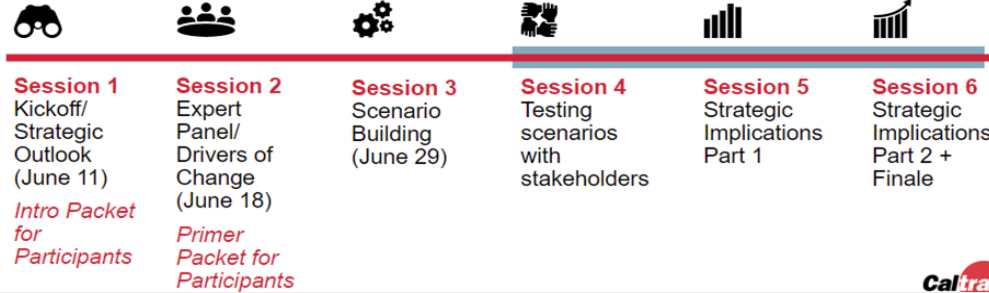
1. Read [How Resilience Works \(Harvard Business Review\)](#) and [Scenario Planning \(The Economist\)](#). What makes certain people and organizations resilient? What is scenario planning?
2. Have the following supplies nearby:
  - Blank piece of paper
  - Marker or pen
  - Drinks and snacks

### How to PARTICIPATE in Session 1:

1. Use this Zoom meeting link: <https://fehrandpeers.zoom.us/j/92720939343> (Meeting ID: 927 2093 9343) Please test your Zoom ahead of time.
2. Use this Google Doc link: <https://bit.ly/CaltrainScenarios1>. We will use Google Docs to record discussions.

# Scenario Planning Process

Sessions 4-6 with a smaller group



Caltrain

## AGREEMENTS for an EFFECTIVE MEETING SPACE



## Working Together Virtually

### TODAY WE WILL USE:

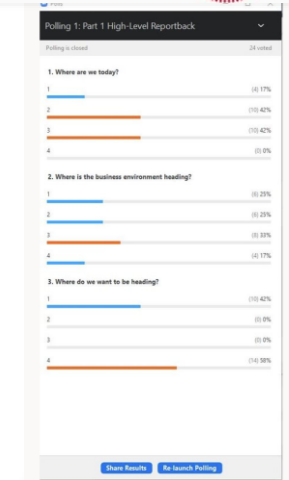
- Zoom Chat Box
- Zoom Breakout Rooms
- Mural – a collaboration tool operated by support team.

### SUPPLIES:

- Marker and paper

### NEED HELP?

- Contact Karina via text at (408) 836-5649 or Zoom chat



## Session #3 Agenda

Time	Topic
10:00 AM	Gather and Welcome
	Review of Process and Work to Date
	Sharing Candidate Frameworks
	Small Group: Exploring Scenarios
12:00 PM (approx)	LUNCH
	Sharing of Scenarios
	Reflections: Leadership for the Future
	Synthesis: Individual and Group Reflections
	Next Steps
1:30 PM	CLOSE

Please read at least one article about scenario planning and find some articles that might stretch your thinking. We are all reading a lot these days, desperate to find fresh insight into how the future might unfold, so try to pick articles that you might not normally read or think about. If there is something you think we should all be paying attention to, please send these sources to us, as well. This is a time where crowd-sourcing interesting data and perspectives is particularly useful.

### 1. PREPARING FOR SCENARIO PLANNING

- [ConnectSF Scenario Planning Process](#): This Scenario Planning Process for ConnectSF provides an excellent overview of the considerations and phases of scenario planning.
- Other ConnectSF resources on scenario planning can be found [here](#)
- [Scenario Planning: Identifying Trends](#): Before you can develop scenarios, you first need to identify trends and uncertainties. Read this guide to understand how.
- [Why We Fail to Prepare for Disasters](#): Psychological barriers can often inhibit leaders' ability to properly prepare for disasters, such as normalcy bias and optimism bias. Recognizing these hurdles is the first step in overcoming them. Nicole Boyer introduced some of these ideas around her view of why we miss "predictable surprises."

### 2. LONG-TERM THINKING AND RESILIENCE

- [During a Pandemic, We Urgently Need to Stretch our Imagination](#): Instead of predicting what people will do, the most important impact is to prepare our minds, stretch our collective imagination, so we are more flexible, adaptable, agile and resilient when the "unthinkable" happens.
- [Long-Term Perspectives During a Pandemic](#): Insights from 14 of the world's foremost long-term thinkers.
- [3. Pandemic Impacts on Life in America](#)
- [How Life in our Cities will Look after the Coronavirus Pandemic](#): The pandemic is transforming urban life – 12 leading global experts in urban planning, policy, history, and health make their predictions.
- [A Stark Look at COVID-19 and Racial Disparities](#): The health and economic impacts of COVID-19 are hitting communities of color the hardest.
- [Is Rick Cole's Resignation as Santa Monica Manager a Canary in the Coal Mine for All Cities?](#): Alongside his letter of resignation, Rick Cole elaborates on the navigational challenges 21st-century cities now face.
- [How a Post-Pandemic Stimulus Can Create Jobs and Help the Climate](#): While we are anticipating the worst, often leaders fail to anticipate the upsidest as well and are caught off guard by a sudden infusion of opportunities (or dollars.)

### 3. PANDEMIC IMPACTS ON TRANSIT

- [In a Pandemic, We're All Transit Dependent](#): Now more than ever, public transportation is not just about ridership. Buses, trains, and subways make urban civilization possible by transporting essential workers, almost all of whom have low-wage jobs.
- [Rapid Response: Emerging Practices for Transit Agencies](#): A list of transit practices happening nationally in response to the pandemic. Current actions include, but are not limited to, providing protections for operators and transit riders, deploying vehicles where they're most needed, and ensuring room for sufficient social distancing.
- [Latest work-at-home statistics](#): Readers will gain a better sense of how many people are working from home and what the implications are for commuting after the pandemic.
- [Report on this Topic](#): [https://www.fhwa.gov/infrastructure/transportation-planning/transportation-planning-research/transportation-planning-research-reports/transportation-planning-research-reports-on-scenario-planning](#)



ONE  
FUNCTION  
BREAK

8 minutes

[Choose Wisely]

# Caltrain's Focal Question:

*What's the impact of the pandemic on Caltrain's future business?*

## Surviving the Pandemic *(next 6 months to 3 years)*

What will the **regional market and funding environment** look like during the transition period?

## New Reality *(3-10 years)*

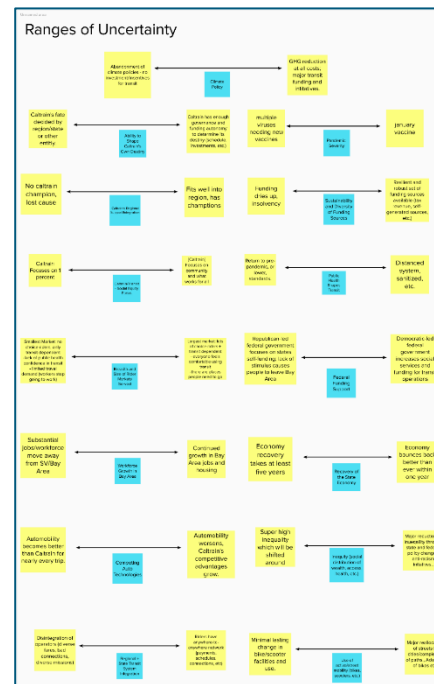
What are the **lasting impacts in the region as a place to work, live and visit?**

# Scenario Development Process

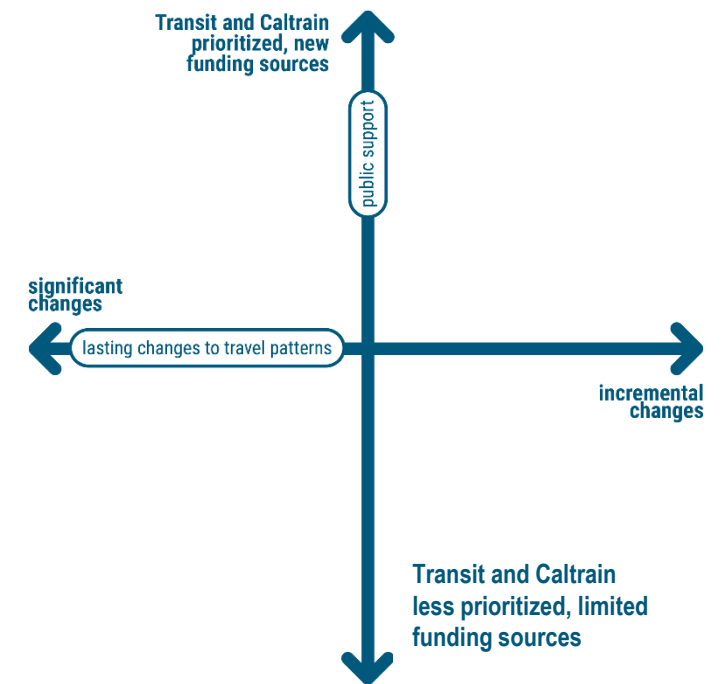
What driving forces will shape the answer to Caltrain's focal question?



How big are the uncertainties associated with each force?



What are the biggest uncertainties shaping our future?

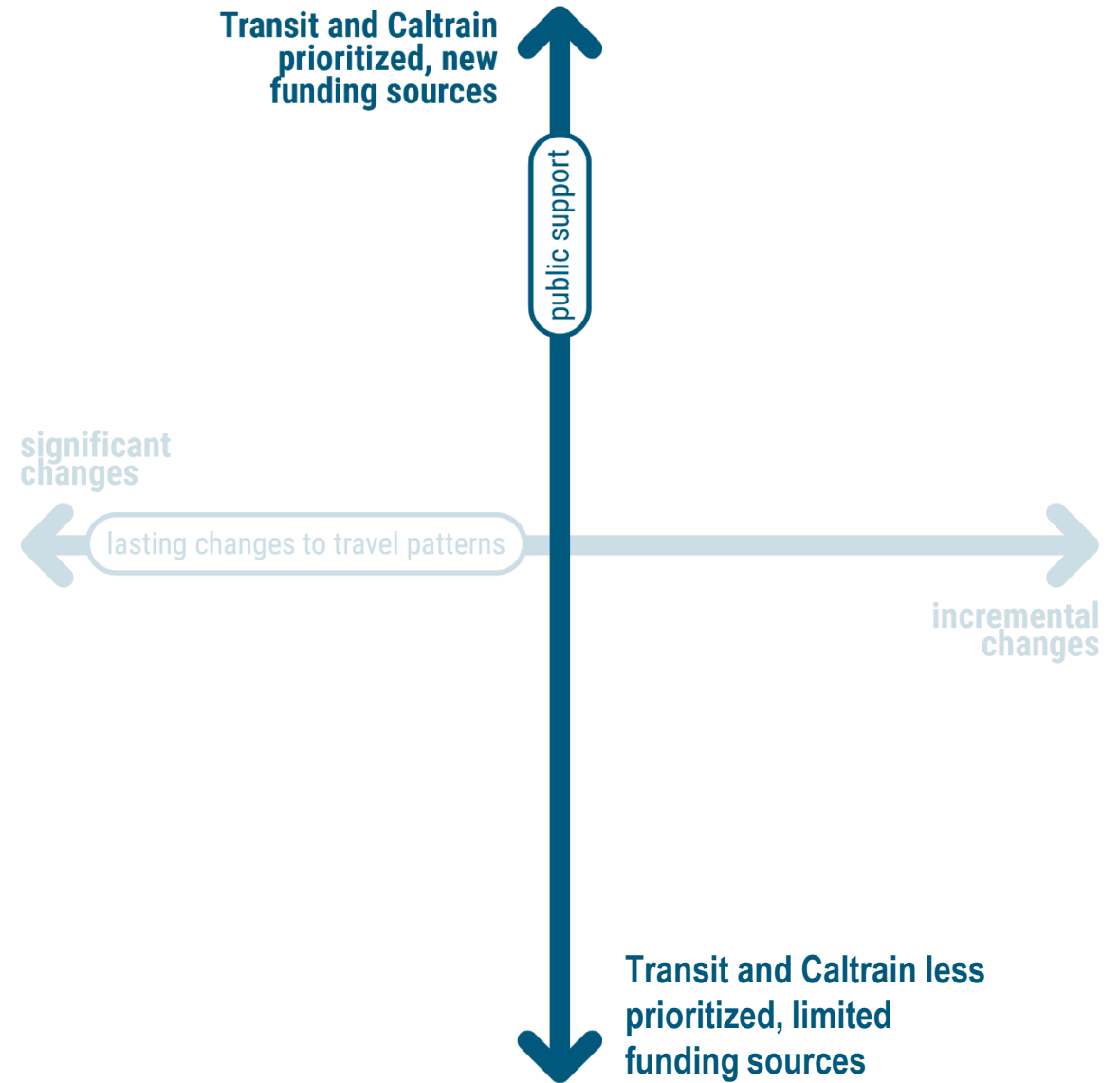




# Public Support for Transit

## Key Considerations on this Axis:

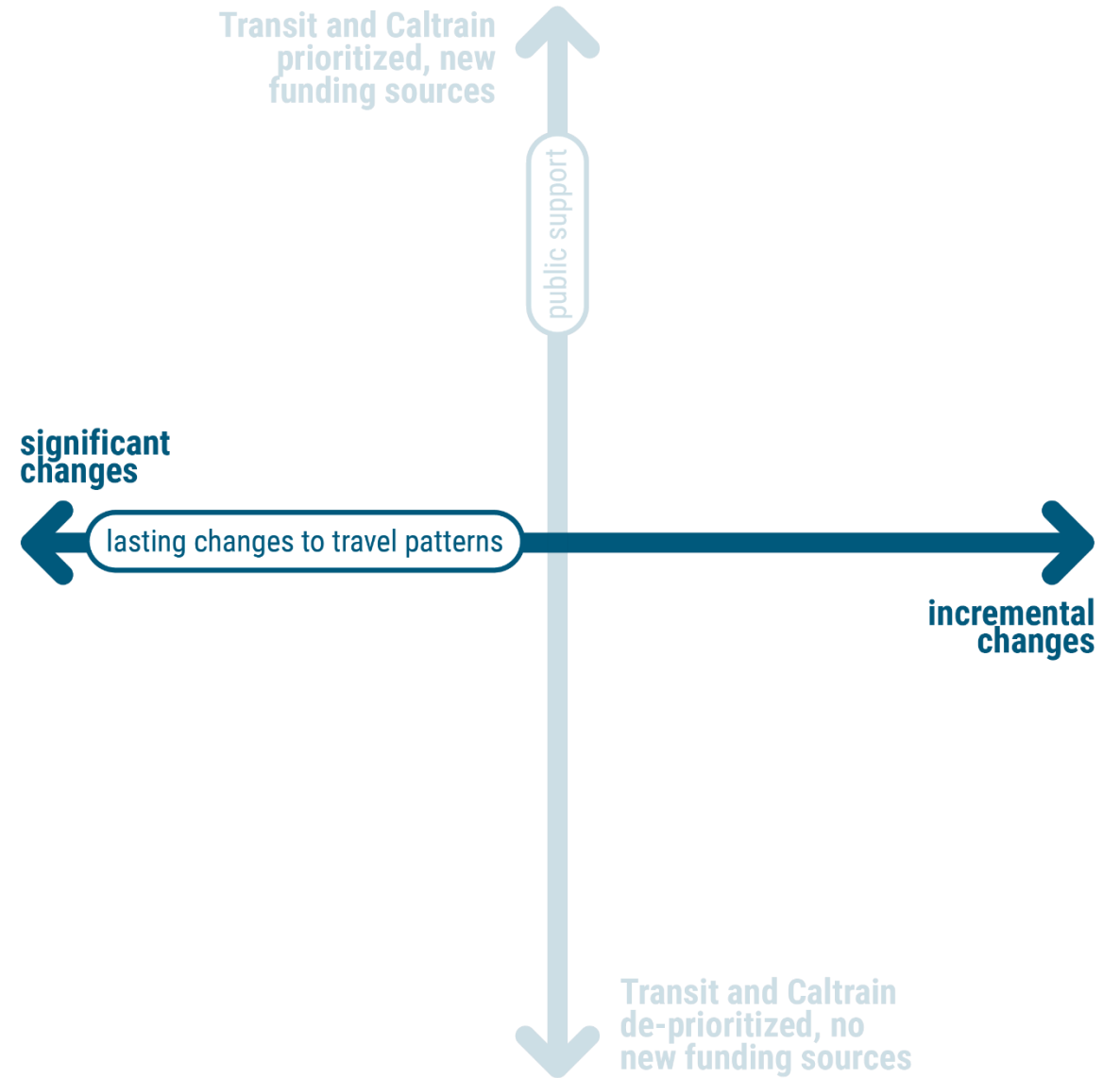
- What nature and level of direct public financial support is available to Caltrain? (eg member funds, Measure RR, other direct funding streams)
- What Federal and state funding opportunities are available to Caltrain specifically and transit generally? (eg relief funds, new stimulus, ongoing and new programs)
- What nature of political support is there for Caltrain in the region and state?
- Is transit politically prioritized and a focus generally at the regional, state, and national levels?



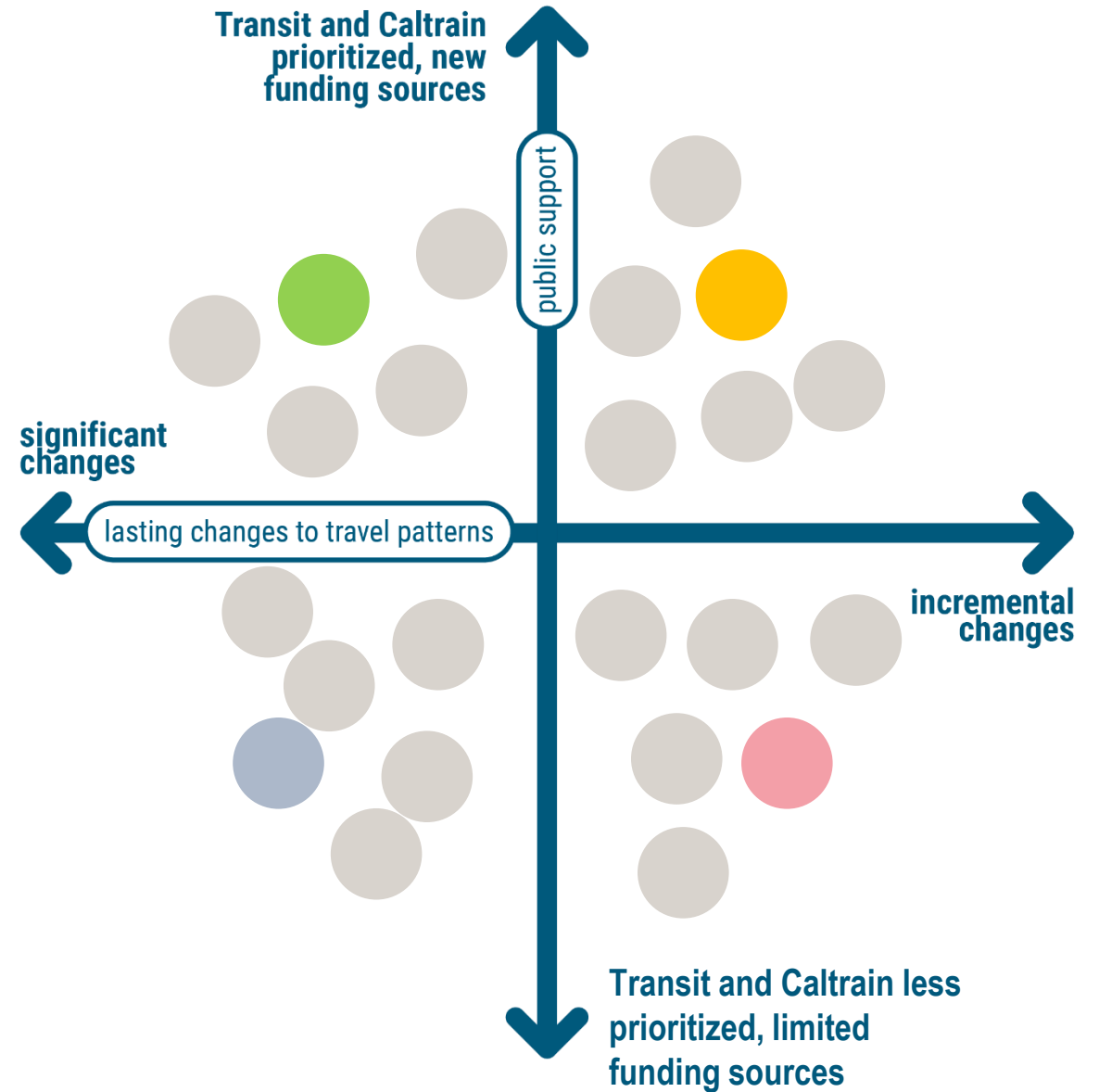
# Lasting Changes to Travel Patterns

## Key Considerations on this Axis:

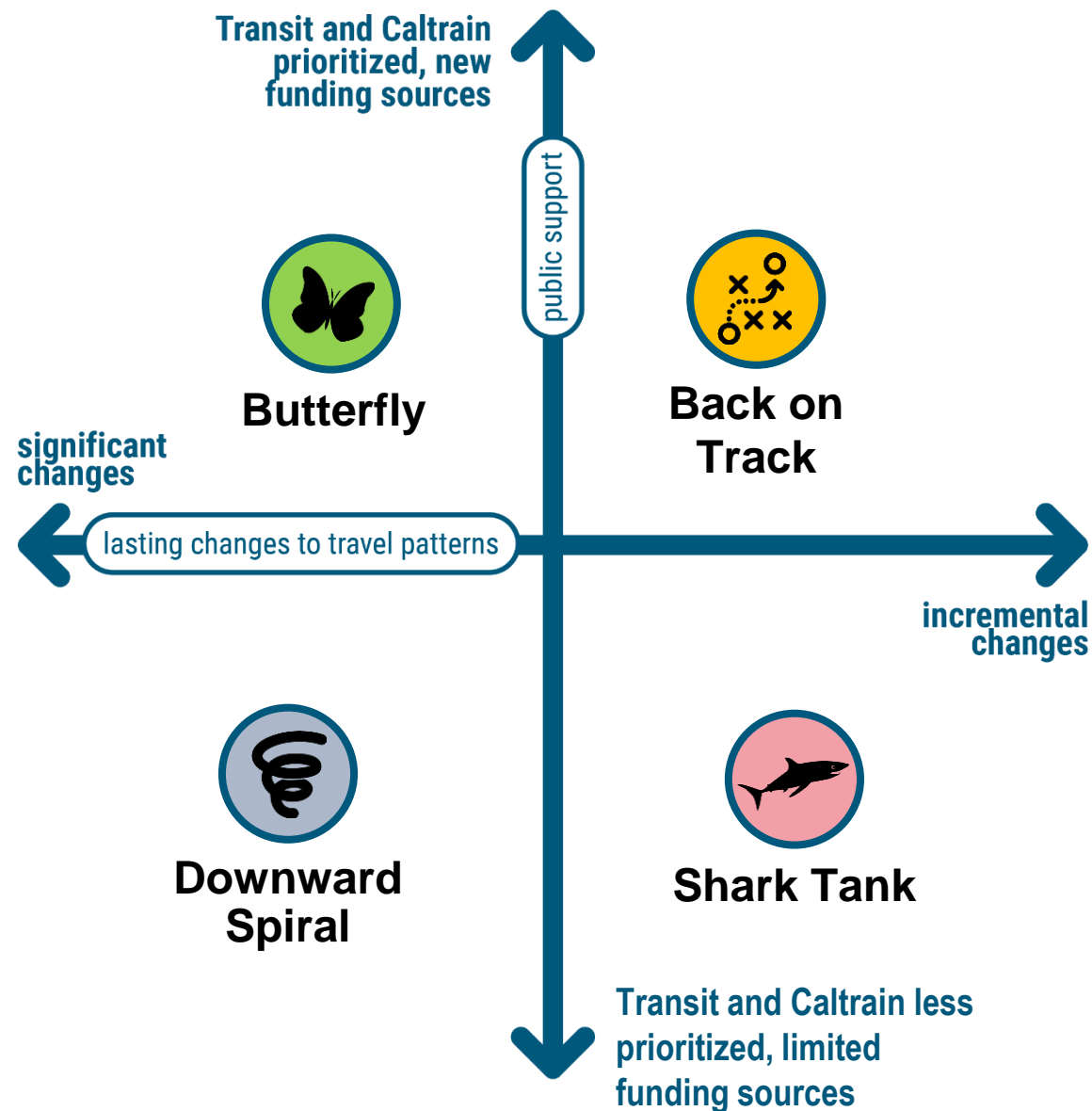
- Progress of the pandemic including timing/ and efficacy of a vaccination campaign
- Evolution of remote work (WFH) and education both during and post-pandemic
- Changes in regional economic outlook and growth patterns
- Near- and longer term impacts to housing and job distribution and growth within the region
- Speed of ongoing technological innovation in the remote work and transportation industries
- Ongoing evolution of traffic and congestion patterns
- Accelerating impacts of climate change to daily life



# Developing Stories About the Future



# Four Caltrain Scenarios







# Back on Track

CALTRAIN & TRANSIT FUNDING

**prioritized** de-prioritized

CHANGES TO TRAVEL PATTERNS

**incremental** significant



**This is a world in which** after a near-death experience, public transit becomes more integral to the Bay Area. The megaregional economy emerges strongly from the pandemic, and a new stream of Federal transit funding enables receiving agencies to prioritize advancement of capital programs, deliver robust service and prioritize equity. Leadership shown during the pandemic increases trust in the capabilities of existing government institutions.



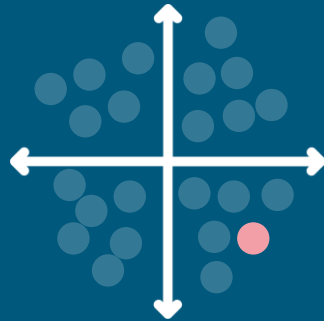
# Shark Tank

CALTRAIN & TRANSIT FUNDING

**prioritized** **de-prioritized**

CHANGES TO TRAVEL PATTERNS

**incremental** **significant**



**This is a world in which it's survival of the fittest.** Despite initial rounds of relief funding and the passage of Measure RR, further funding for transit largely stagnates for the remainder of the 2020's as public priorities shift and the country grapples with intense polarization at the federal level. Measure RR guarantees Caltrain's survival but with other funding sources in decline the railroad turns to a mixed bag of innovations and private partnerships to grow its business; Caltrain has an increasingly singular focus on its own survival rather than long term expansion.



# Downward Spiral

CALTRAIN & TRANSIT FUNDING  
**prioritized**   **de-prioritized**

CHANGES TO TRAVEL PATTERNS  
**incremental**   **significant**



**This is a world in which life and travel patterns change fundamentally**

– commuting doesn't rebound to anything like pre-COVID levels and a recession decimates the economy. Public transit - and rail in particular - go through a prolonged downward spiral of declining quality, resources, and demand. When the market begins to recover and congestion worsens at the end of the decade, transit doesn't have the organizational or financial capacity to pivot effectively



# Butterfly

CALTRAIN & TRANSIT FUNDING

**prioritized** de-prioritized

CHANGES TO TRAVEL PATTERNS

incremental **significant**



**This is a world in which** Caltrain and transit throughout the region have a few very painful years of hard decisions and dramatic organizational changes followed by transformation and renewal. The business case for transit is redefined and widened to include broad social and environmental benefits and new investment follows. Some major projects in the region advance while others are reimagined and modified. New leaders and public sector collaborations emerge centered on equity, sustainability, and resilience. Continued prosperity in Silicon Valley means Caltrain stays necessary and relevant to people throughout the corridor.

# What are "givens" in the business environment which Caltrain must prepare for?

## Transactional Space

- Transit must continue to address public health as well as equity and anti-racism in service, fares and participation.
- Some transit agencies and local governments will undergo significant, transformative crises – albeit insulated by relief funding
- Leadership and organizational changes will occur
- Sustained favoring of personal mobility
- There will be more focus on multi-purpose projects which address multiple public goals.
- There will be significant advances in automated transportation as well as other mobility-interfacing technologies
- The way government delivers services will change to address participation, equity, resiliency and operational efficiency, with more creativity.

### Next 18 months

### 2030 onward

## Business Environment

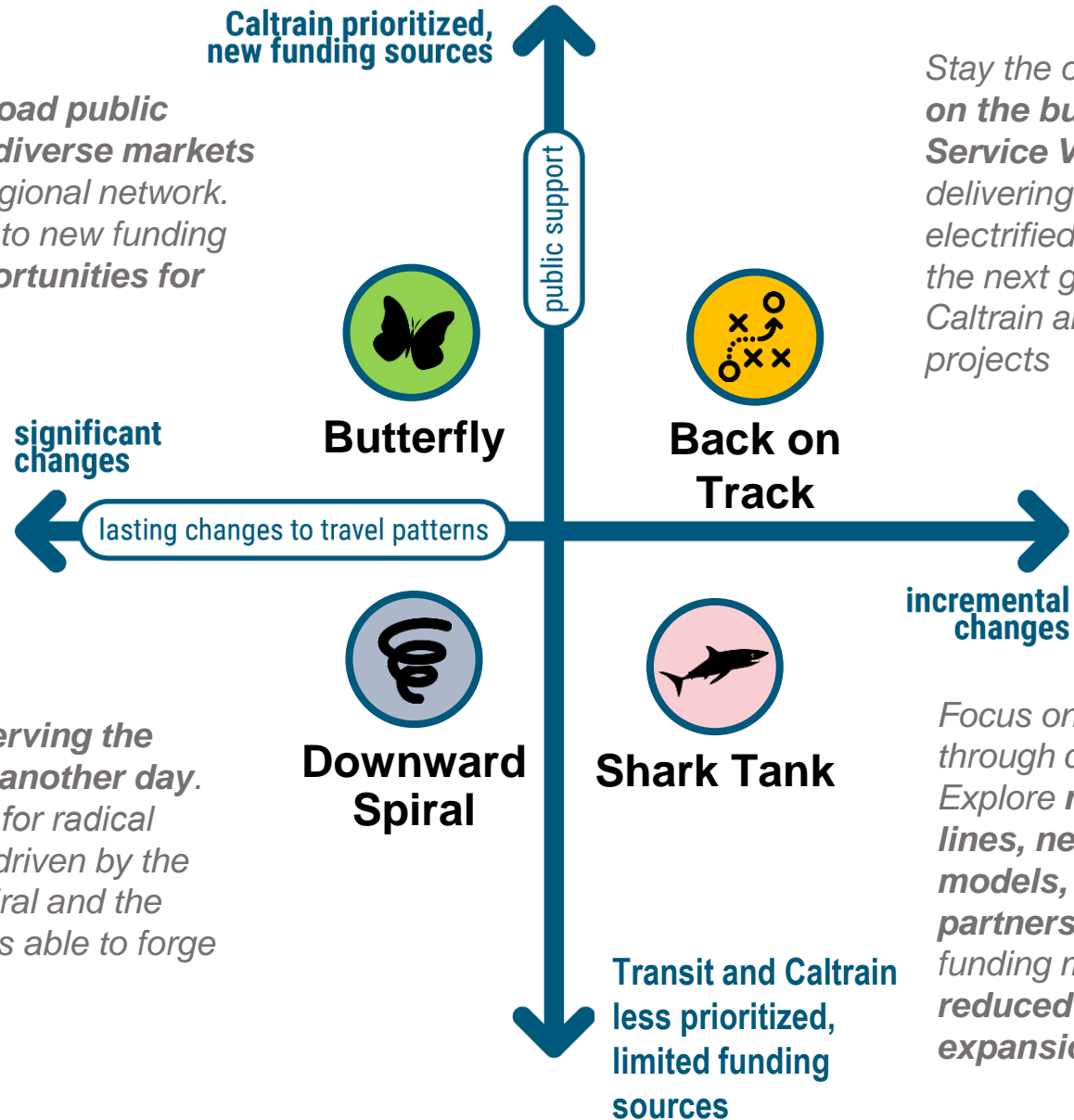
- Vaccines and treatments for COVID-19 will continue rolling out over months or years.
- Some degree of hybrid ways of working (office and home) are here to stay, home deliveries are here to stay, and some auto congestion is also here to stay.
- The economic fallout from COVID and SIP will continue to manifest for months with closures and lower incomes.
- Repurposing and adaptation of land uses will deepen as the nature of work, retail and school in the region change.
- The region's demographics will shift as companies adapt their business strategy and lower wage and hybrid workers move to lower-cost regions
- Sustainability and reducing carbon emissions will become more essential. Climate change events, sea level rise resiliency and recovery will become increasingly important.



# Each Scenario Suggests A Different Point of View for Caltrain

Embrace a **broad public mission** and **diverse markets** as part of a regional network. Look outward to new funding and **new opportunities for partnership**.

Focus on **preserving the ability to fight another day**. Caltrain's need for radical change will be driven by the depth of the spiral and the partnerships it is able to forge and maintain.



Stay the course and **focus on the build out of the Service Vision**: focus on delivering expanded electrified service and on the next generation of Caltrain and regional projects

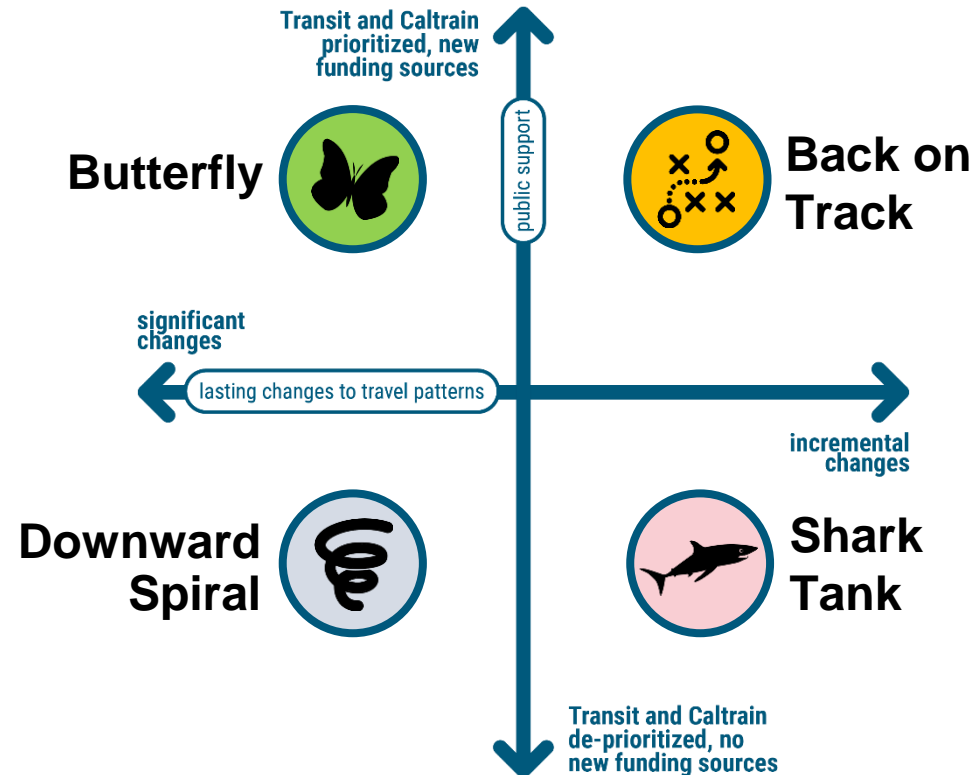
Focus on driving revenue through customer value. Explore **new business lines, new business models, and new partners**. Limited public funding may mean a **reduced focus on expansion**.

# How might we start to know which of these scenarios are unfolding?

## *Signposts and early warning indicators*

- Senate and Presidency flip party
- Composition of ridership changes
- Increased regional cohesion and cooperation
- Aggressive Federal and State climate policy
- Policies to reduce auto reliance are enacted or strengthened

- Pandemic is endemic
- Private sector actively encourages work from home and hybrid work
- Congestion levels are moderate
- Regional population declines
- Climate change becomes a discussion of adaptation



- Senate and Presidency flip party
- Significant and sustained federal and state investments in transit
- Ridership increases steadily
- Widespread return to the office
- Congestion returns and increases

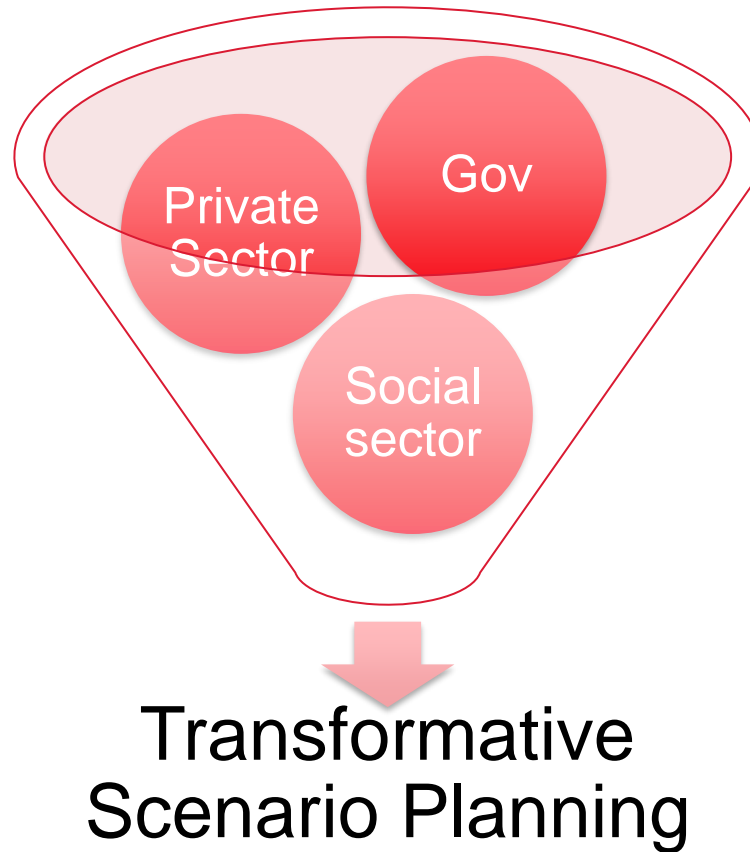
- Corridor economy regains strength
- Federal relief funding and stimulus are modest and quickly spent
- Regional coordination efforts falter
- Climate change is not aggressively addressed
- Expressions of interest from private sector
- Breakthroughs and private funding for first/last mile connections and automation

# **WHAT WE LEARNED**

**“One effect of sustained conflict is to narrow our vision of what is possible. Time and time again, conflicts are resolved through shifts that were unimaginable at the start” – Nelson Mandela**

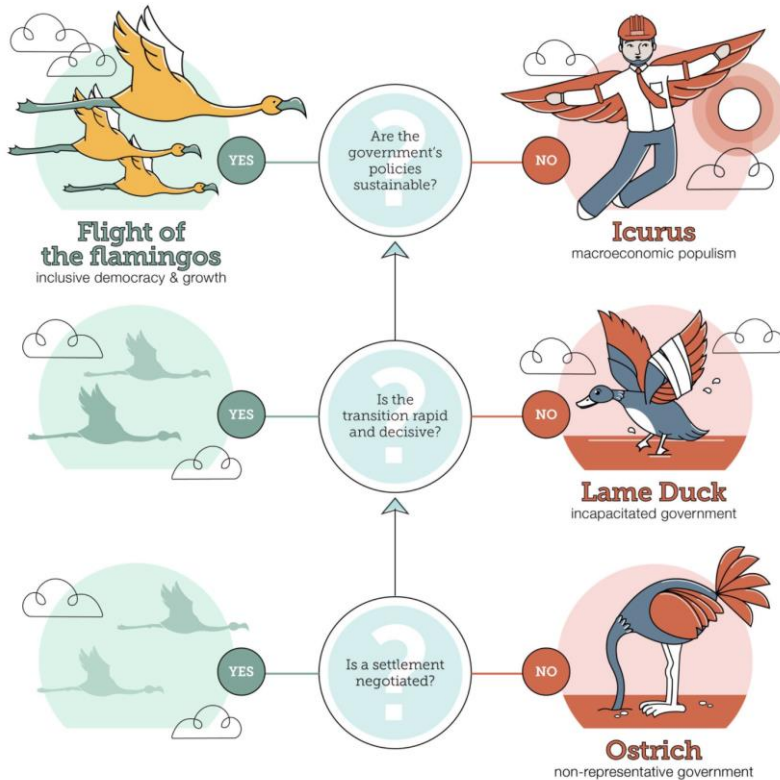


# Cross-Sector vs. Single Org





# The South Africa Experience



## Mont Fleur Scenarios

1990s -> Facilitated the peaceful transfer of power & end of Apartheid

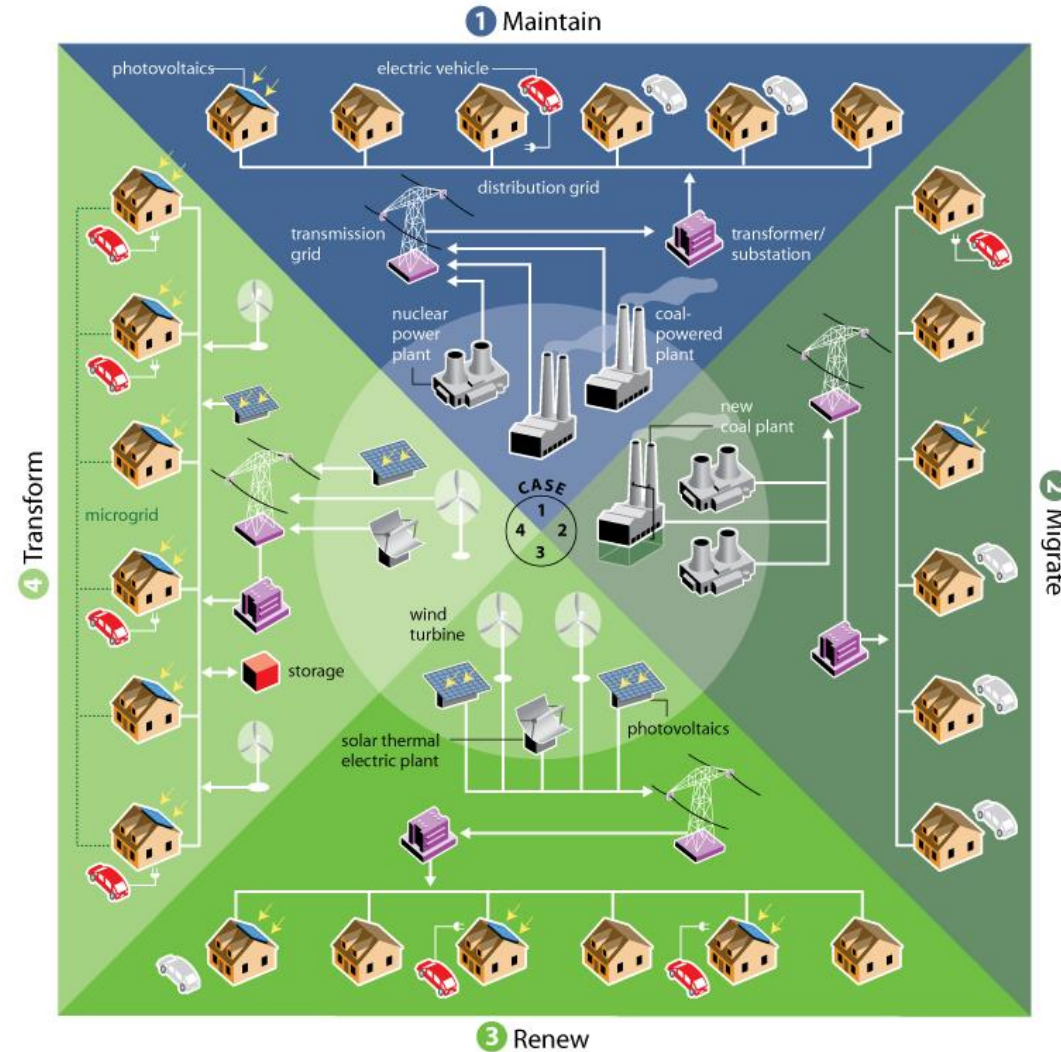


## Indlulamithi Scenarios

2010s -> Deeper social and economic divides

# Example: Rocky Mountain Institute

*Future of the US Energy System Scenarios (and Game!)*



# **Transformative Scenario Planning**

## ***When to use it?***

- Situation perceived by leaders as no longer acceptable or sustainable
- Cannot make changes on their own
- Cannot make changes directly, using existing or conventional means because
  - Of polarization
  - Can't agree on problem, solutions, or issues
  - Don't have trust & capacities to work together

# Thank you

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