

Non-Fare Revenue Strategies



Board Meeting
May 1, 2025

Agenda

1. **Background and Context**
2. **Process for Evaluating Non-Fare Revenue Strategies**
3. **Non-Fare Revenue Strategies Roadmap: Overview**
4. **Finance Committee Takeaways**
5. **Questions/Discussion**



Background and Context

Why are we investigating revenue strategies outside the farebox?

- Current ridership is **50% below pre-pandemic level** mostly due to continued hybrid work patterns in the region.
- There is a **projected annual average deficit of \$75M** starting FY2027 through FY2034.
- **FY2024 farebox recovery ratio was only 24.5%**, and the new electrified service requires more resources to operate and maintain.
- Along with **ridership recovery, GoPass program reform, and cost cutting/containment efforts**, the non-fare revenue strategy study are all essential efforts to help Caltrain regain financial stability.

Background and Context

What is the problem we are trying to solve?

While the non-fare revenue initiative **will not fully solve Caltrain's financial challenges**, it would:



Diversify revenue sources to allow greater fiscal **resiliency**.



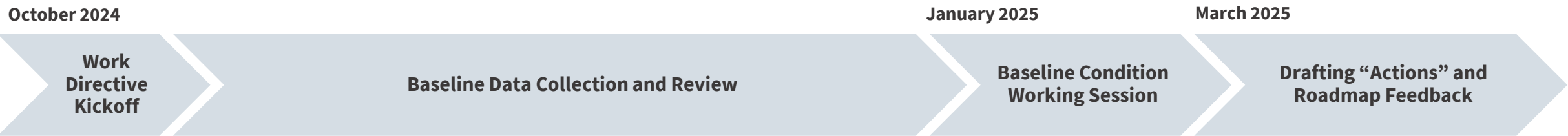
Wholistically manage different strategies and track against similar **Key Performance Indicators** (KPIs).



Maintain record of excellence in **safety** while bringing **innovations** (e.g., energy storage systems).

Process for Evaluating Non-Fare Revenue Strategies

The initiative is informed by:



Team Member/Subject Matter Experts Involved in This Effort:

Real Estate/Planning – Brian Fitzpatrick, Nadine Fogarty, Jenny Lin, Melissa Jones

Special Events/Communications – Christiane Kwok, Ravi Sreekakula, Taylor Huckaby

Fiber Optic/Engineering – Uhila Makoni, Zheng Liu

Policy and Revenue Management – Sam Sargent, Bruce Thompson

Energy – John Passmann

Concurrent Programs and Policies:

Cost Containment and Reduction Strategy

Ridership Recovery

Service Vision Update

Regional Measure

Non-Fare Revenue Strategies Roadmap: Overview



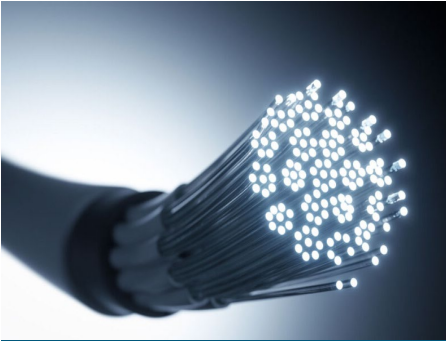
Special Events



Advertising and Naming Rights



Solar, Energy Storage Systems, EV Charging Leasing



Fiber Optic Cable and Telecommunications Leasing



TOD and Commercial Leasing

Private Car, Charter Train, Sports Events with Tailored Service/Pricing

Expand Advertising & Media Package, Train Wrapping, Naming Rights of Rolling Stock and Stations

Solar Farm, Energy Storage Facility for Traction Power, and Station Energy Needs

Cell Tower Land Leasing and Fiber Optic Conduit Leasing

Property Conveyance Lease, Commercial Leasing, Transit-Oriented Development

1 – 2 Year Short Term

2 – 5 Year Medium Term

5 – 20 Year Long Term

Potential Revenue: \$0.2 to \$1M

Potential Revenue: Up to \$30M

Potential Rev: \$4.1 to \$8.2M

Finance Committee Takeaways

- This initiative must leverage ongoing staff efforts (e.g., TOD, commercial leasing, advertising, etc.).
- Staff should continue receipt of unsolicited proposals related to non-fare revenue strategies and ensure that internal processes do not hinder opportunities.
- The initiative allows Caltrain to prioritize resources and work plans on strategies with “highest” potential.
- While revenue potential exists, strategies will take time to implement due to necessary capital improvements, negotiations, and market conditions.
- Revenues outside the farebox, incremental and minimum in the short term, will help towards closing operational gaps.
- Staff will provide detailed on the specific strategies to the full Board during the planned May 29 Board Workshop.

Questions/Discussion

1. Did we miss anything? Comments?
2. What other **ideas** could help enable the priority actions?
3. What are the **challenges** you foresee from pursuing the priority actions?