

# ***Receive Update Regarding Proposed Fare Structure Changes***

**JPB Finance Committee Meeting  
September 29, 2025**



# Overview of 2025 Fare Changes Work



May 2025

## Board Budget Workshop

- Received Board direction to analyze additional potential fare changes that could drive revenue for the railroad (beyond already-adopted fare changes)



Fall 2025

## Recommended Changes to Caltrain's Fare Structure

- Proposed changes to Caltrain's existing Fare Structure, anticipated to be proposed for adoption at the October Finance Committee / November JPB Meeting



Late 2026 – 2027

## Caltrain Fare Strategy Study

- Expected to consider significant fare strategy changes including:
  - New **pricing structure** (such as point-to-point pricing)
  - New **products** (accumulators, etc.)
  - Potentially supporting an updated Fare Structure for Caltrain
  - Ideally will use Clipper Next Generation (C2) trip data and EMU's Automated Passenger Counter (APC) data; also investigating other potential data sources (Streetlight data, etc.)

# Clipper Next Generation (C2)

- **Clipper Executive Board and MTC are working with Cubic on launch strategy with decisions expected in mid-October – options include:**
  - Full program launch in November – December 2025 if Cubic can provide requested functionalities and resolve critical issues.
  - If full launch cannot be achieved this fall, MTC is considering the option to launch Open Payment pilot program (pay with a credit card) for the whole region in November.
  - BART is doing a pilot program this fall for Open Payments.

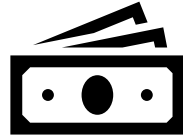
# Clipper Next Generation (C2)

- **C2 Improvements for Caltrain riders will include:**
  - Open payments will be available (tap credit card to pay Adult One-Way Clipper fare).
  - Standardized regional transfer discounts will be available.
  - Clipper START riders can purchase a discounted Monthly Pass (50%).
  - Monthly Pass will become a “Number of Zones” pass that can be used across the system.
  - Potential for additional fare products (i.e., accumulators)

# Considering Fare Changes in Uncertain Environment



Caltrain faces an **annualized deficit** of \$75M over the next 10 years (even with assumed future fare increases).



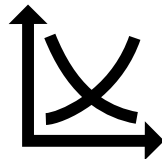
**Regional funding measure** proposed for November 2026 ballot and outcome is uncertain.



Strong **ridership momentum** from electrification and service improvements. July 2025 ridership was up 77% vs. July 2024.



**Fares remain critical** to Caltrain's business model, yet they can only provide a small portion of the outstanding annual revenue needed to close deficit.



Riders' **price elasticity of demand** for Caltrain service is unknown.



There is **significant economic uncertainty**, and impacts of a potential recession on ridership are uncertain.

# Goals

## Primary Goals for Proposed Fare Changes, Developed From Caltrain Board Discussion at May 2025 Budget Workshop

1. Given Caltrain's projected deficit and ongoing uncertainty surrounding future economic conditions, federal funding, and travel behavior, recommended fare changes should strive to **increase fare revenue**.
2. After increasing fare revenue, recommended fare changes should also strive to **increase ridership**.
3. While it is important for Caltrain to consider the potential impact of proposed fare changes to ridership and revenue, the agency should also strive to ensure the system is **accessible** to passengers at a broad range of income levels.
4. Lastly, Caltrain's fare changes should support the agency's efforts to **advance a potential regional funding measure**.



# Caltrain Prices: Recommended Fare Adjustments, FY26 – FY30

Caltrain’s fare pricing is based on the number of zones in a passenger’s trip:

- Fare charged = Base Fare for first zone traveled + Zone Upgrade for each additional zone traveled.
- Caltrain has 6 zones from San Francisco to Gilroy.

**Recommended adjustments to Fare Structure:** gradual, incremental fare increases to occur on January 1.  
With Board adoption, would replace April 2025 Fare Structure:

Timing	Proposed Change	Change in Adult Pricing
FY26 – January 1, 2026	Remove Clipper Discount from Base Fare (\$0.55 discount)	\$3.45 to \$4.00
FY27 – January 1, 2027	Zone Upgrade increases by \$0.25	\$2.25 to \$2.50
FY28 – January 1, 2028	Base Fare increases by \$0.25*	\$4.00 to \$4.25
FY29 – January 1, 2029	Zone Upgrade increases by \$0.25*	\$2.50 to \$2.75
FY30 – January 1, 2030	Base Fare increases by \$0.25	\$4.25 to \$4.50

*Increases adopted in 2023 Fare Structure:*

- *FY26 – July 1, 2025: Increase Base Fare by \$0.25 (already implemented)*
- *FY27 – July 1, 2026: Increase Zone Fare by \$0.25*
- *FY28 – July 1, 2027: Increase Base Fare by \$0.25*

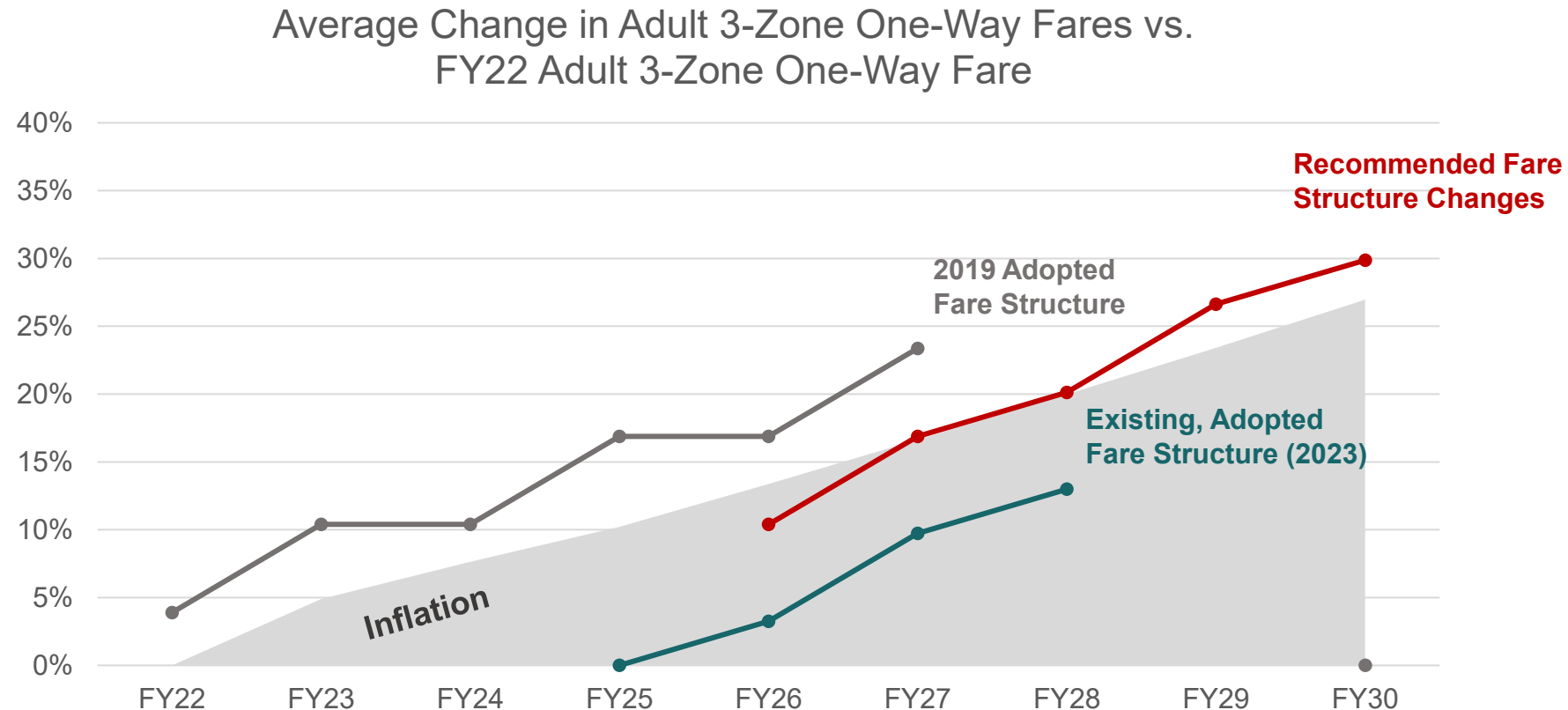
\*Note: Increase only applies to Full Fares due to rounding rules for discounted fares (Eligible Discount, Clipper START, and Youth fares).



# Recommended Fare Structure

**Recommendation closely matches inflation and aligns with Caltrain's pre-Covid fare trajectory.**

- 2019 adopted fare increases were **indefinitely delayed** because of the pandemic.
- Pandemic-era fare reductions are **baked into the Adopted Fare Structure (2023)**, which does not keep pace with observed and projected inflation (increases end in FY28).
- **The Recommended Fare Structure very closely matches projected inflation.**



Reflects actual Bay Area inflation between FY22-25 and projected Bay Area inflation of 15% over 5 years between FY26 and FY30; 2019 adopted fares through FY27 only



# Alignment with Caltrain's Fare Policy

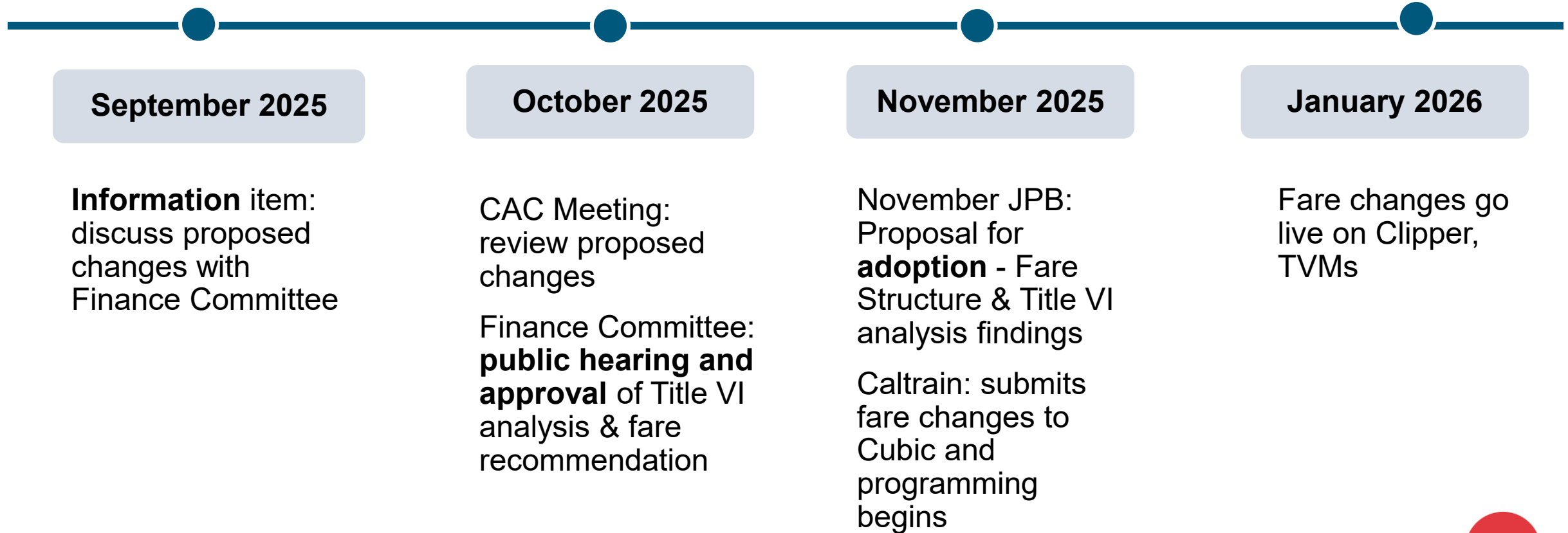
Caltrain's Fare Policy sets high level goals for Caltrain's fares.

Caltrain Fare Policy Goal	Recommended Fare Structure's Potential Impact	Potential Impacts	Mitigations
<b>Financial Sustainability</b>	Positive Potential Impacts	<ul style="list-style-type: none"><li>Increasing the price of fares and thus increasing fare revenue will help to keep up with inflation, supporting the agency's ongoing efforts to achieve financial sustainability.</li></ul>	<ul style="list-style-type: none"><li>None expected</li></ul>
<b>Customer Experience</b>	Mixed Potential Impacts	<ul style="list-style-type: none"><li>Provides consistent, predictable, and gradual fare increases.</li><li>Enhanced customer experience and greatly improved legibility of Fare Structure with alignment of all prices.</li><li>Some riders may be frustrated by higher fares.</li></ul>	<ul style="list-style-type: none"><li>None expected</li></ul>

# Alignment with Caltrain's Fare Policy

Caltrain Fare Policy Goal	Recommended Fare Structure's Potential Impact	Potential Impacts	Mitigations
<b>Ridership and Operations</b>	Mixed Potential Impacts	<ul style="list-style-type: none"> <li>Ridership may be slightly impacted by fare increases.</li> <li>Need to communicate fare changes to the public and to TASI staff.</li> </ul>	<ul style="list-style-type: none"> <li>Coordinate with TASI and Caltrain staff to train operators and conductors.</li> </ul>
<b>Equity</b>	Mixed Potential Impacts	<ul style="list-style-type: none"> <li>Aligning Clipper and TVM fare prices will create consistency and fairness in pricing – and will provide a greatly simplified fare chart.</li> <li>Recommended Fare Structure would have higher prices than the Existing Fare Structure; Clipper START fares would increase with elimination of Clipper discount.</li> </ul>	<ul style="list-style-type: none"> <li>Commitment to continue making Caltrain accessible and providing fare options for all customers.</li> <li>Continue to participate in and market <b>Clipper START</b>, the region's program to provide discounted fares for low-income riders (already adopted).</li> <li>Continue <b>Caltrain \$1 Youth Fares</b> (already adopted).</li> <li>Continue to administer Caltrain's <b>Pass Forward Program</b>, a community partnership program to provide Go Pass to qualified riders.</li> </ul>

# Proposed Schedule and Next Steps



# *Questions?*

FOR MORE INFORMATION

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