

***Update Regarding
Proposed Fare
Structure Changes***

**Citizens Advisory Committee
October 15, 2025
Agenda Item 10**



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.)
 - The soonest any potential recommended changes could be adopted and implemented would likely be in 2028+

Clipper Next Generation (C2)

- **Clipper Executive Board and MTC are working with the contractor for Clipper, 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.

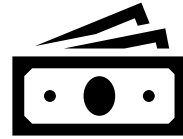
Clipper Next Generation (C2)

- **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/fare capping)

Considering Fare Changes in Uncertain Environment



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



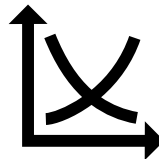
Regional funding measure proposed for November 2026 ballot and outcome is uncertain.



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: Currently Adopted Fare Increases (from 2023)

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.

Current Fare Structure – Schedule of Fare Increases Adopted in 2023:

Timing	Fare Change	Change in Adult Clipper Pricing	Minimum Fare (1 Zone) – Maximum Fare (6 Zones)
FY26 – July 1, 2025 – already implemented	Increase Base Fare by \$0.25	\$3.20 to \$3.45	\$3.45 - \$14.70
FY27 – July 1, 2026	Zone Upgrade increases by \$0.25	\$2.25 to \$2.50	\$3.45 - \$15.95
FY28 – July 1, 2027	Base Fare increases by \$0.25*	\$3.45 to \$3.70	\$3.70 - \$16.20

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



Caltrain Prices: Recommended Fare Structure Adjustments

1. Gradual, incremental fare increases to occur on January 1.
2. Extend schedule of increases through FY30.
 - Supports the agency’s longer-term financial planning and budgeting
 - Consistent with Caltrain’s Fare Policy
 - Provides a baseline of increases to support future Caltrain’s Fare Strategy Study (to commence late 2026; soonest any potential recommended changes could be adopted and implemented would likely be in 2028+)
3. Recommended pricing changes for Fare Structure:

Timing	Proposed Change	Change in Adult Clipper Pricing	Minimum Fare (1 Zone) – Maximum Fare (6 Zones)
FY26 – January 1, 2026	Remove Clipper Discount from Base Fare (\$0.55 discount)	\$3.45 to \$4.00	\$4.00 - \$15.25
FY27 – January 1, 2027	Zone Upgrade increases by \$0.25	\$2.25 to \$2.50	\$4.00 - \$16.50
FY28 – January 1, 2028	Base Fare increases by \$0.25*	\$4.00 to \$4.25	\$4.25 - \$16.75
FY29 – January 1, 2029	Zone Upgrade increases by \$0.25*	\$2.50 to \$2.75	\$4.25 - \$18.00
FY30 – January 1, 2030	Base Fare increases by \$0.25	\$4.25 to \$4.50	\$4.50 - \$18.25

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

Bay Area Rail Agency Prices

Rail Agency	Pricing Structure	Recent Fare Changes	Current Price per Mile for Longest Distance Trip
BART	Distance-based by mile	January 1, 2025 - \$0.25 increase to average fare January 1, 2026 - \$0.15 to \$0.55 increase to average fare	\$0.18/mile
SMART	Distance-based with Zones (5 total zones)	April 2024 – June 2026: Fare-free pilot for youth and seniors	\$0.15/mile
Caltrain	Distance-based with Zones (6 total zones)	July 1, 2025 – \$0.25 increase to Base Fare	\$0.19/mile
ACE	Distance-based with Zones (5 total zones)	None	\$0.18/mile
Capitol Corridor	Distance-based with Station-to-Station	April 2025 – Reduced fares for short-distance trips; 3% increase for longer distance trips	\$0.30/mile

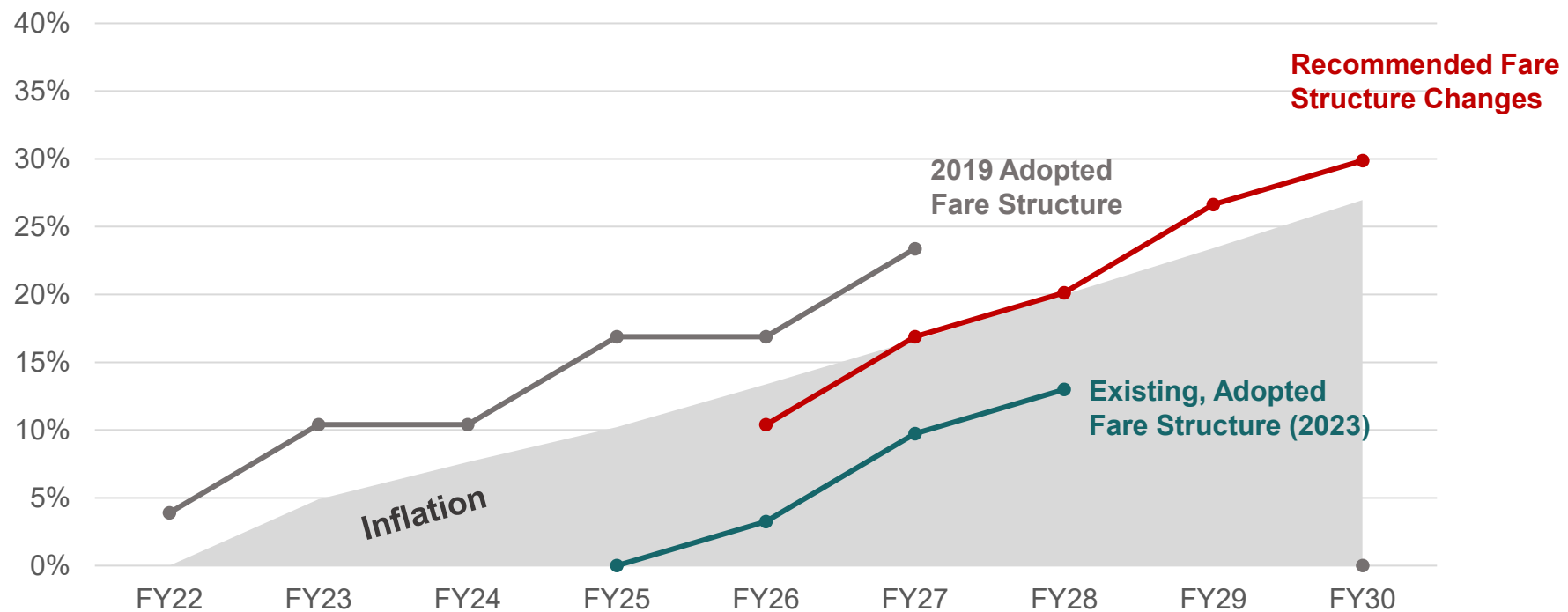


Recommended Fare Structure

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.**

Average Change in Adult Clipper 3-Zone One-Way Fares vs. FY22 Adult Clipper 3-Zone One-Way Fares



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

Draft Projected Non-Go Pass Annual Revenue

The budget impact of the fare increases is expected to be positive; however, full impact is unknown due to uncertainty with riders' price elasticity of demand, future ridership trends, and economic conditions. Revenue growth is primarily driven by ridership growth, not fare increases.

FY	Draft Projected Revenue Range (Non-Go Pass)			
	Baseline Revenue	Revenue from Ridership Growth	Revenue from Fare Increases	Total Revenue
FY26	\$43M - \$48M	\$3M - \$4M	\$1M - \$2M	\$48M - \$53M
FY27	\$47M - \$52M	\$2M - \$3M	\$1M - \$2M	\$50M - \$57M
FY28	\$52M - \$58M	\$4M - \$5M	\$1M - \$2M	\$57M - \$65M
FY29	\$59M - \$65M	\$3M - \$4M	\$1M - \$2M	\$63M - \$71M
FY30	\$64M - \$71M	\$4M - \$5M	\$1M - \$2M	\$69M - \$78M

*Note: Figures may not add up precisely due to rounding. Projections are draft and may be subject to change.



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
Financial Sustainability	Positive Potential Impacts	<ul style="list-style-type: none">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.A 5-year schedule of planned fare increases supports the agency's longer-term financial planning and budgeting.	<ul style="list-style-type: none">None expected
Customer Experience	Mixed Potential Impacts	<ul style="list-style-type: none">Provides consistent, predictable, and gradual fare increases.Enhanced customer experience and greatly improved legibility of Fare Structure with alignment of all prices.Some riders may be frustrated by higher fares.	<ul style="list-style-type: none">None expected

Alignment with Caltrain's Fare Policy

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

Proposed Schedule and Next Steps

September 2025

Information item:
discuss proposed
changes with
Finance Committee

October 2025

Information item:
JPB Meeting

CAC Meeting:
review proposed
changes

Finance Committee:
**public hearing and
approval** of Title VI
analysis & fare
recommendation

November 2025

November JPB:
Proposal for
adoption - Fare
Structure & Title VI
analysis findings

Caltrain: submits
fare changes to
Cubic and
programming
begins

January 2026

Fare changes go
live on Clipper,
TVMs



Questions?

FOR MORE INFORMATION

WWW.CALTRAIN.COM

