

FY 2026-27 Operating Budget Approach

**JPB Finance Committee
December 15, 2025**

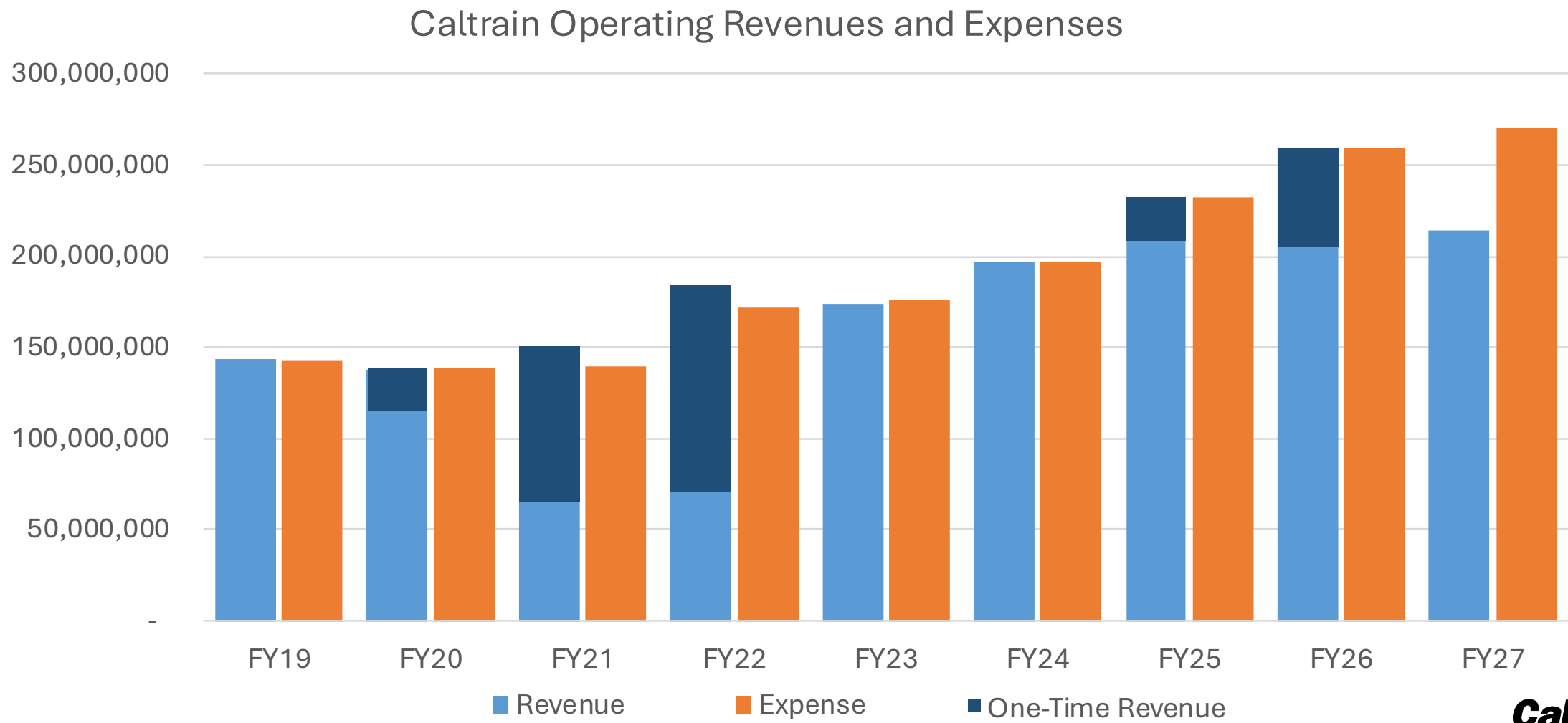


Purpose and Agenda for Today

Agenda:

- Update on Caltrain's current operating budget context
 - Updates since May Workshop
 - Ridership Trends
 - Senate Bill 63 (Transit Revenue Measure) and State Loan update
- Preparing for multiple scenarios
 - FY27 Budget Process & Timeline
 - Planning for Service Cuts Framework
 - Value of Caltrain for Riders and the Region

Projected Operating Deficit – May 2025



Updates Since May Workshop

Encouraging FY25 Year-End Results

- Operating Revenue (farebox, parking, advertising, etc.) exceeded budget by \$8.8M.
- Electrification, ridership growth efforts, and return-to-office trends resulted in 47% year-over-year ridership growth.
- Cost saving measures having meaningful impact on expense side. Professional Services were \$2M under budget.

Continued Focus on Cost Efficiency and Revenue Generation

- ~\$1M per year energy cost savings from regenerative braking credit.
- Control of professional services contracts and vacant positions.
- Line by line review of Operating Budget is underway. Staff identified \$400,000 annual tax reduction in electric bill
- Schedule of fare increases approved by Board through FY30.
- Staff focused on non-fare revenue opportunities through real property income, parking fees, fiber revenue, advertising and special event income, etc.

Caltrain FY18-26 Service Levels

Weekday Service Levels (trains per day)

FY18

FY20

FY22

FY24

FY26

Total Trains: 92tpd

- Including 6tpd to/from South County
- Peak Period Service: **5tphpd** SF – SJ

COVID Service Cuts

- As low as **42tpd**

Total Trains: 104tpd

- Including 6tpd to/from South County
- Peak Period Service: **4tphpd** SF – SJ

Total Trains: 104tpd

- Including **8tpd** to/from South County
- Peak Period Service: 4tphpd SF – SJ

September 2024: New Electrified Service Launch – 104tpd

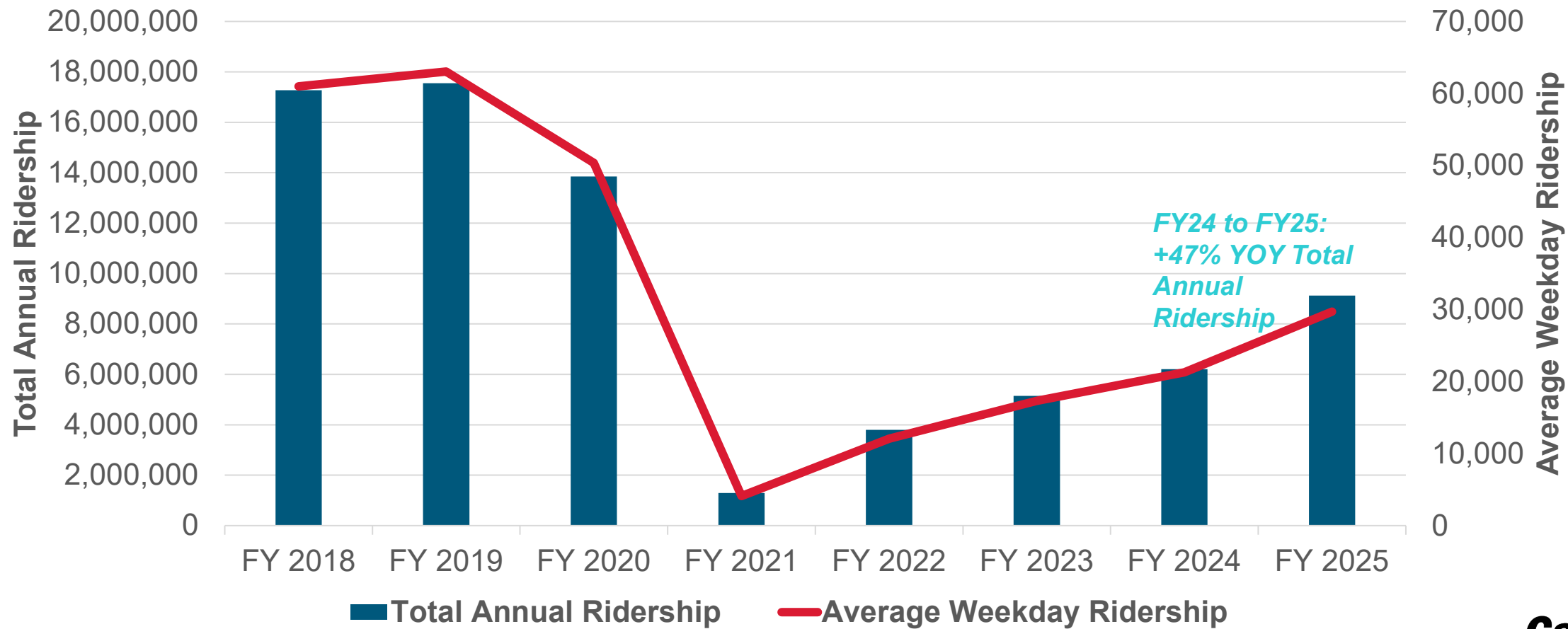
- **Electrified service:** SF – SJ
 - Peak Period Service: 4tphpd SF – SJ
- ✓ 20% more station stops.
 - ✓ Express from SF to SJ in under an hour.
 - ✓ Quicker local service, 75 minutes instead of 100 minutes.
 - ✓ Savings up to 28 minutes on trips from South County to SF via timed Diridon connection.
 - ✓ New half-hourly service during weekends.

Green = change | tpd=trains per day | tphpd=trains per hour per direction in peak periods
South County = Southern Santa Clara County Service to Gilroy



Caltrain FY18-25 Ridership Trends

Total Annual Ridership and Average Weekday Ridership by Fiscal Year
(FY18 - FY25)

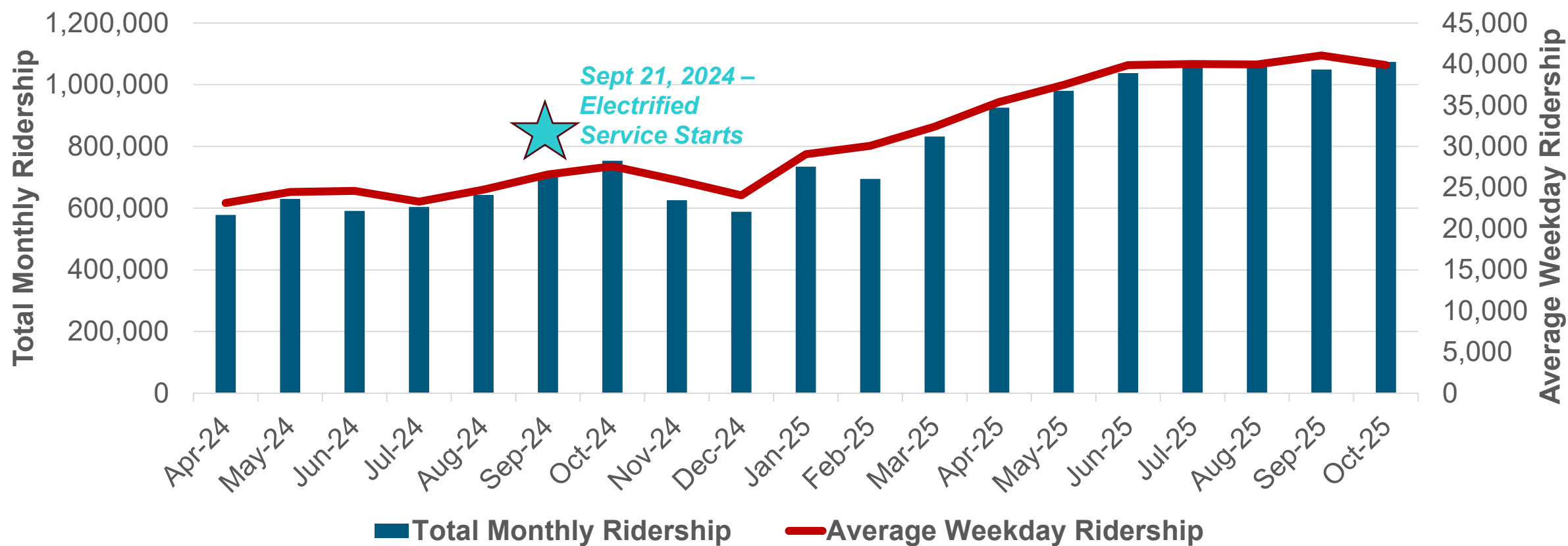


Sources: Caltrain Annual Ridership Reports; Caltrain Fare Media-Based Ridership Estimates.



Caltrain Recent Ridership Trend

Recent Total Monthly and Average Weekday Ridership
(April 2024 - October 2025)

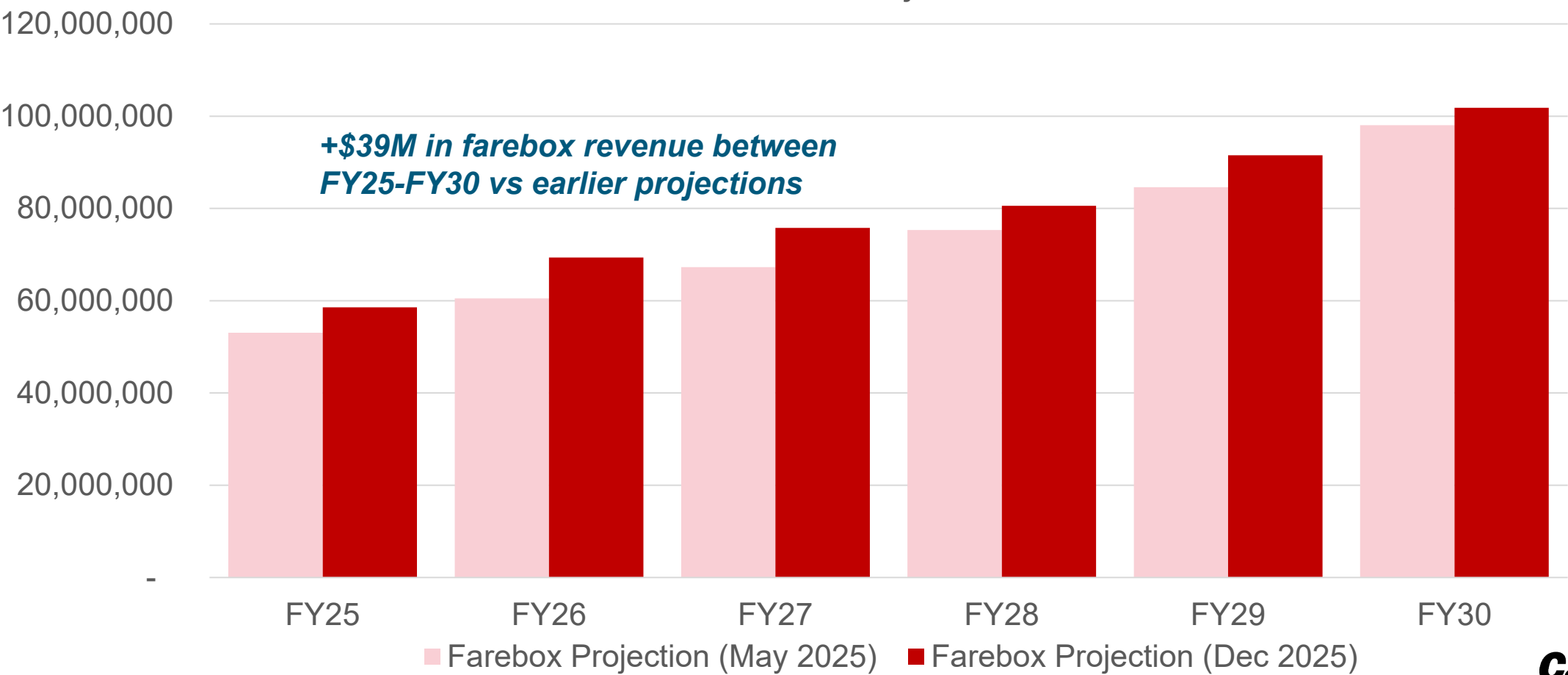


Source: Caltrain Fare Media-Based Ridership Estimates.



Ridership Growth Remains Critical

Farebox Revenue Projections



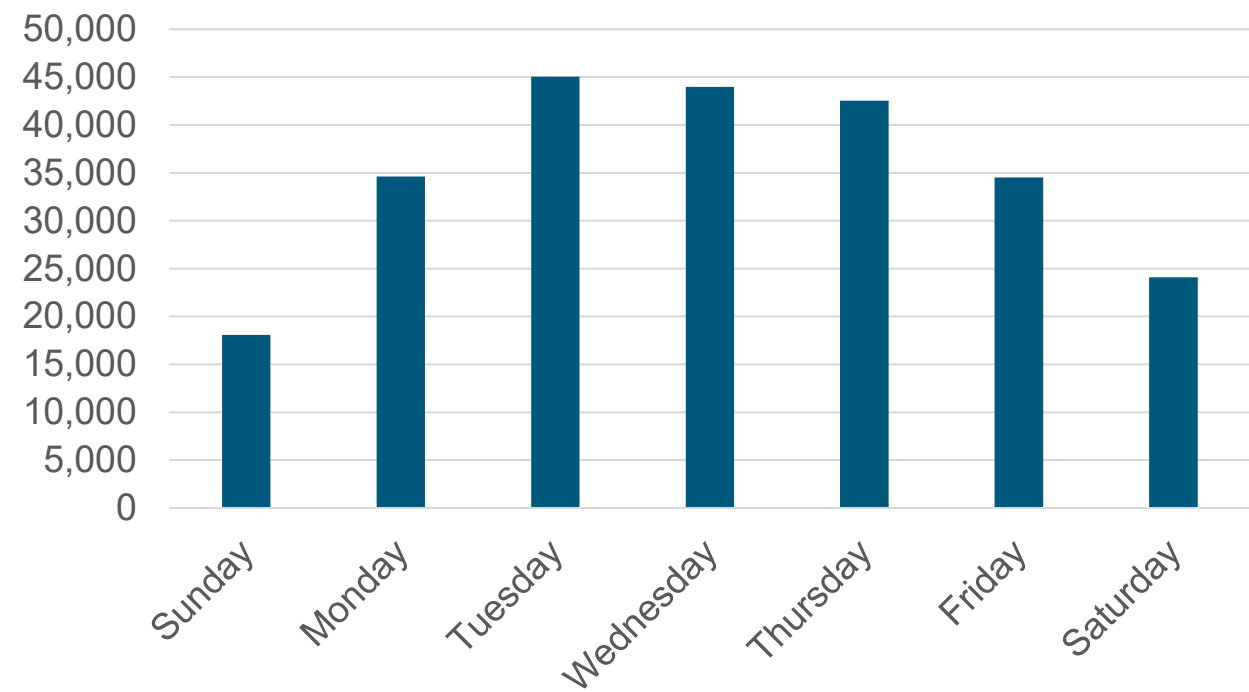
*FY25 are Actuals

Ridership is Highest During Weekdays, Peak Periods

Caltrain's ridership is highest when the most train service is offered – weekdays and peak periods.

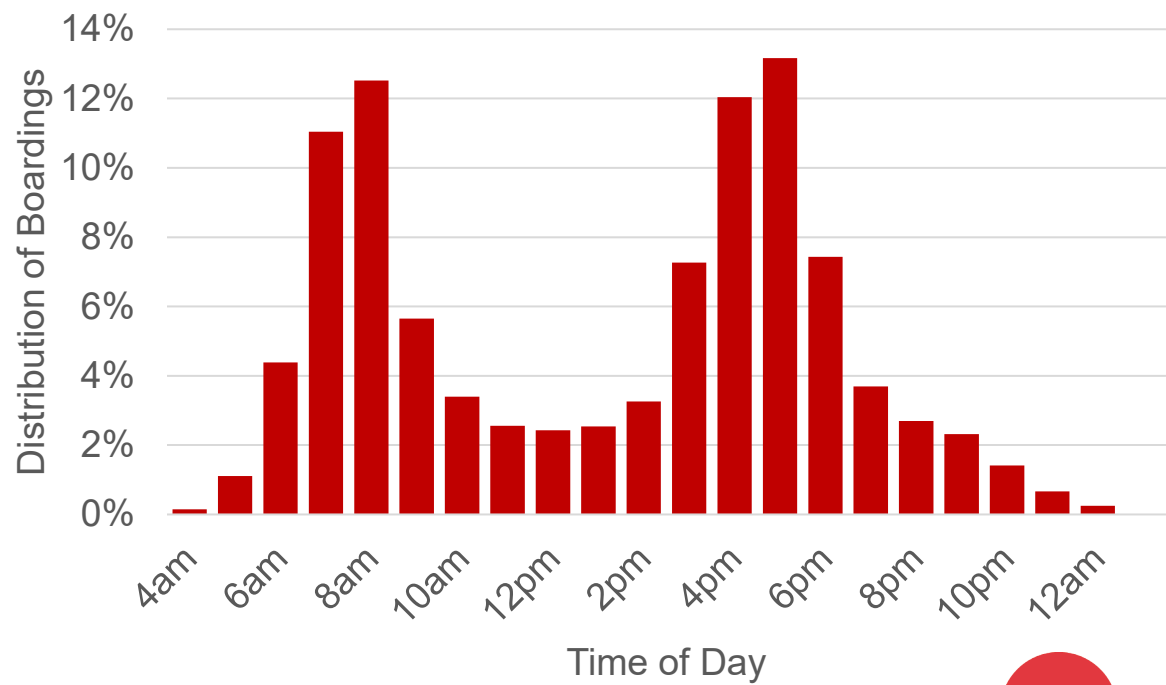
- Recent weekday ridership averages over 40,000 daily riders (35,000 – 45,000 weekday riders, depending on day of week).
- About 70% of the weekday boardings occur in the peak periods, with about 15% in the midday period and the remaining 15% in early morning or later evening hours.

**Average Daily Total Ridership by Day of Week
(August - October 2025)**



Source: Caltrain Fare Media-Based Ridership Estimates.

**Weekday Boardings by Time of Day
(August - October 2025)**



Source: Preliminary, Draft Median Weekday EMU Automated Passenger Counter Data. Subject to change.



Caltrain's Service Generally Provides Seated Capacity

The EMUs' draft maximum passenger load data shows that the current service generally provides sufficient seated capacity. Peak period ridership is concentrated on Limited and Express trains, with some Express trains nearing *seated* capacity.

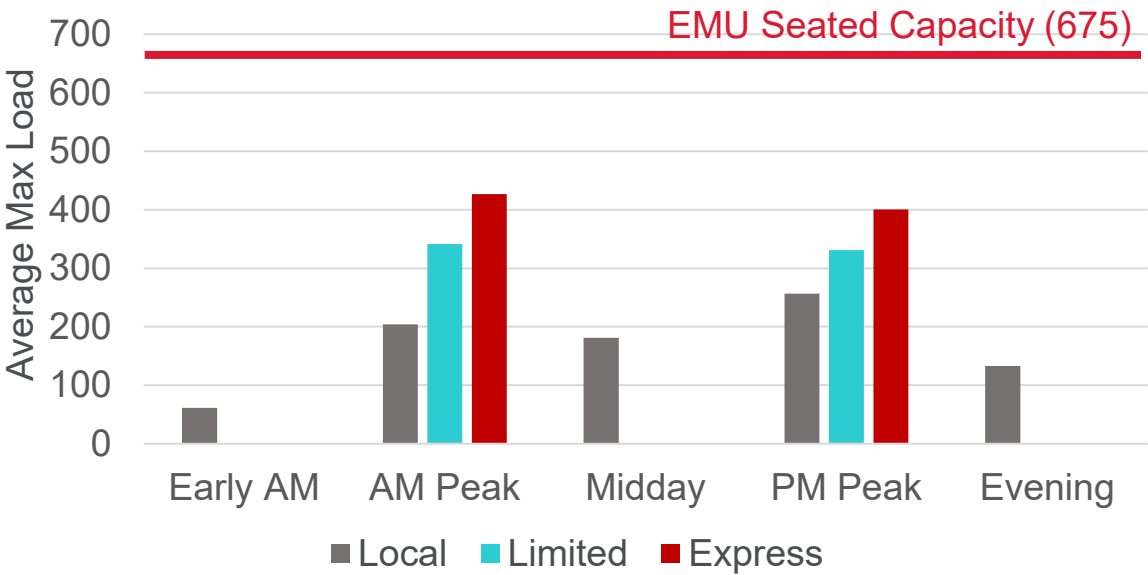
Daily Boardings by Service Type
(August – October 2025)

| Service Type | Average Boardings | Average Boardings per Train |
|--------------|-------------------|-----------------------------|
| Express | 7,900 | 570 |
| Limited | 7,500 | 500 |
| Local | 25,400 | 340 |

Trains Exceeding 80% of Seated Capacity
(Max Passenger Load,
August – October 2025)

| Train Number | Service Type | % of Seated Capacity | Direction | Departure Time (City) |
|--------------|--------------|----------------------|-----------|-----------------------|
| 522 | Express | 91% | SB | 5:20pm (SF) |
| 507 | Express | 88% | NB | 7:22am (SJ) |
| 510 | Express | 83% | SB | 8:20am (SF) |
| 511 | Express | 83% | NB | 8:22am (SJ) |

Maximum Passenger Load by
Service Type and Time Period
(August - October 2025)



Source: Preliminary, Draft Median Weekday EMU Automated Passenger Counter Data. Subject to change.



SB63 and State Loan Update

SB63:

- Enabling legislation signed into law
- MTC conducted polling shows majority support for measure across 5 counties
- Preparation for Phase 1 Efficiency Review underway

State Loan:

- \$18B State budget deficit estimated by Legislative Analyst's Office
- Ongoing discussions with DOF on making state funds available for loan
- Caltrain is requesting \$60M to avoid impacting service
- Terms must be finalized by January 10, 2026

FY27 Budget Approach



Continue FY26 Service Levels

Focus on ridership growth, non-fare revenue opportunities, and cost efficiencies

FY27 Budget Approach

- Continued focus on cost efficiencies and ridership growth
- Non-fare revenue strategies
- Maintain current service level using one-time funds

Successful Transit Revenue Measure

Continue FY26 Service Levels

One-time funds & State Loan as bridge funding until new external funds are available

Plan for financial sustainability

Transit Revenue Measure Fails

Preparing for Multiple Scenarios

Implement administrative cost cuts, fare and parking increases, plan for drastic service cuts

Unsustainable service level

Service cuts. Fare revenue loss could lead to further cuts

FY27 Budget Approach if Measure Fails

- Potentially increase fares and parking fees to **minimize service cuts**
- Implement administrative cost cuts to **minimize service cuts**
- Plan for service cuts, leading to reduced ridership and fare revenue likely to result in drastic service reductions
- Advocate for external funding options



FY27 Budget Approach

Use one-time funds to balance first half of FY27:

- Continue FY26 Service Level
 - 104 trains per day (tpd) weekdays (including 8tpd SJ-GIL)
 - 66tpd weekends (SF-SJ)
- Focus on cost efficiencies and ridership growth

Adopt Framework for Planning Service Cuts:

- Board direction to plan for FY28 service cuts and emergency financial measures

Second half of FY27 requires external funding:

- State loan negotiations still underway
- Member contributions
- Should no new external funding be secured, return to the Board in December to adopt a revised operating budget

| FY27 Budget Approach (in Mill) | Jul-Dec 2026 | Jan-Jun 2027 | Total FY 2026-27 | Jul-Dec 2027 |
|---------------------------------------|---------------------|---------------------|-------------------------|---------------------|
| Revenue | 121 | 113 | 234 | 119 |
| Expenses | 141 | 143 | 284 | 149 |
| Surplus/(Deficit) | (20) | (30) | (50) | (30) |
| *One-time funds | 20 | - | 20 | - |
| **State Loan | - | 30 | 30 | 30 |
| Net Result | - | - | - | - |

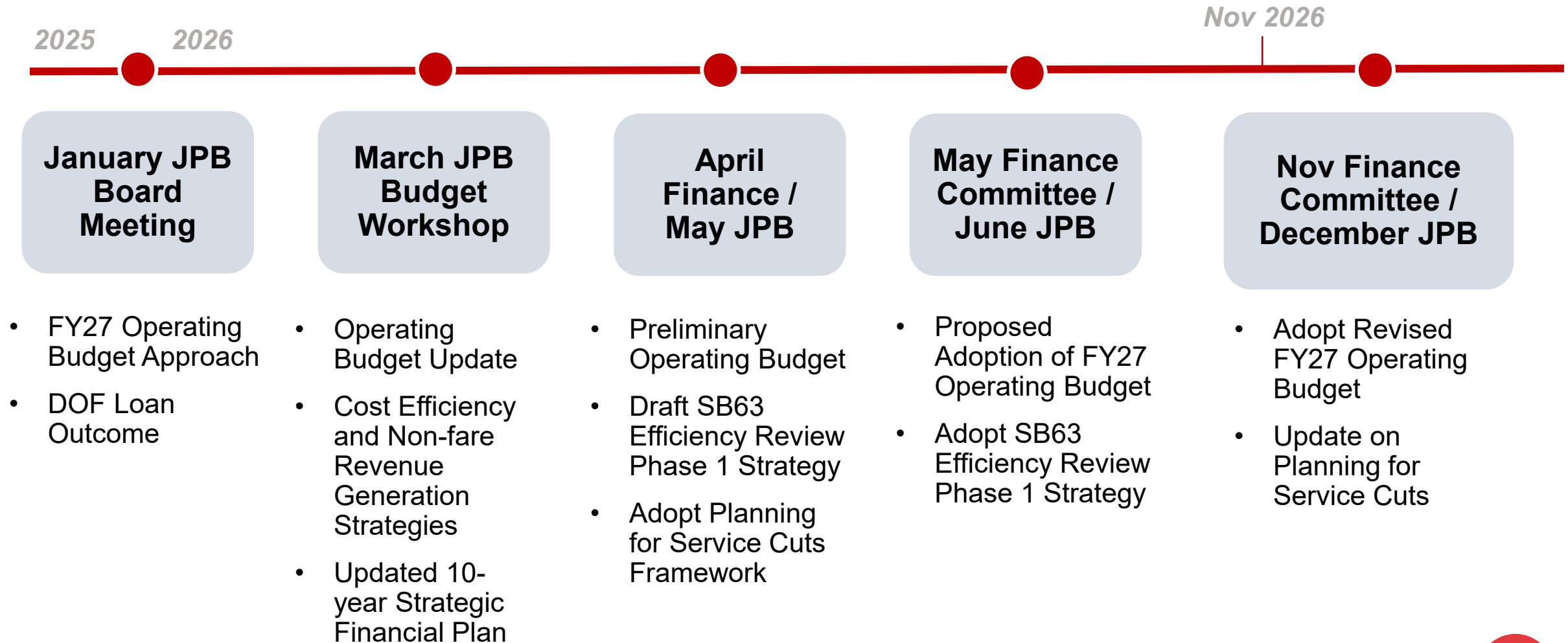
\$60M in external funding needed between Jan and Dec 2027

*Additional one-time funds available thanks to positive FY25 results and encouraging fare revenue trends in FY26

**Bridge funding to when new external funding is available



FY27 Budget Timeline



Service Cut Framework if No New Funds

Planning for Service Cuts Framework:

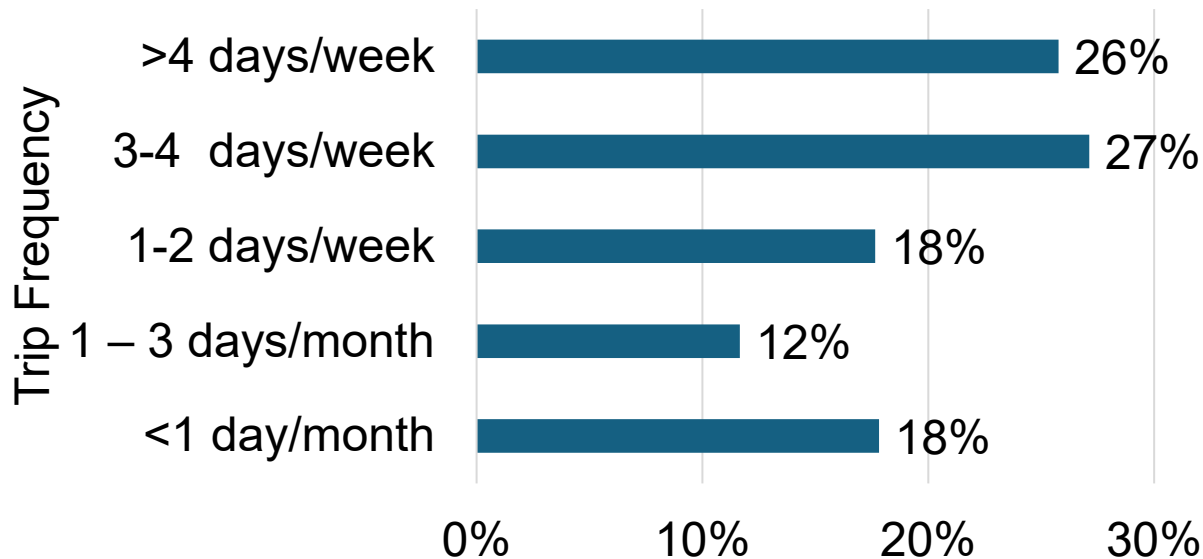
- Board direction to plan for service cuts and emergency financial measures if revenue measure is not successful.
- Framework will contain key principles and parameters to guide service and financial decision-making. To consider:
 - Potential cost savings largely offset by farebox revenue losses
 - One-time costs to implementing service reductions
 - Potential impacts to capital program – planning, engineering, and delivering major capital projects (the Portal, Diridon, grade separation projects, etc.)
 - Impacts to riders and equity
 - Regulatory and contractual obligations
 - Long-term impacts to service
 - Regional coordination
- Staff will return with draft framework for the Board's discussion at the March budget workshop, and for proposed adoption at the May JPB meeting.

Absent external funding, Caltrain would need to institute significant cuts to service:

- **Closing more than one-third of stations**
- **Reducing service to once an hour**
- **Ending operations by 9 p.m.**
- **No weekend service**
- **Cutting segments of service**
- **Significant admin cost reductions**

Many riders depend on and highly value Caltrain service

Riders report using Caltrain **frequently***
and primarily for **work** (69%)**



51% of riders have **no access** to a car for their trip**

“CALTRAIN HAS BEEN A BIG HELP IN GETTING ME TO WORK AND BACK HOME.”

“AS A TEENAGER WITHOUT A LICENSE, THE ELECTRIFIED CALTRAIN HAS ALLOWED ME TO TRAVEL AROUND AND GET TO WHERE I NEED TO GO.”

*2025 Caltrain Customer Satisfaction Survey

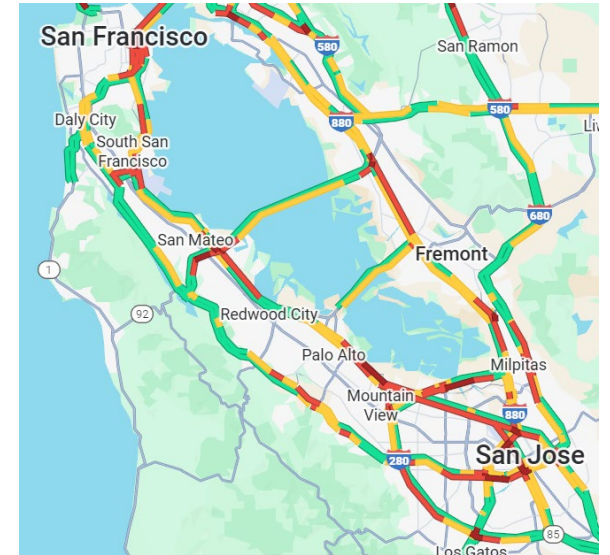
**MTC 2023-2024 Regional Transit Passenger Snapshot Survey

Every day, Caltrain delivers regional benefits to congestion, air quality, and the economy

Today, Caltrain carries about **three freeway lanes' worth of people** during peak periods.



US-101 traffic is **93%** of pre-covid levels at rush hour**



Caltrain's 45,000 weekday* ridership is equivalent to:



**36,000
fewer car
trips per
day**



**828,000 less
vehicle
miles traveled
per day**



**220 metric tons of CO2
mitigated per day,
equivalent to 24,755
gallons of gasoline
consumed per day**



*Based on Caltrain's average weekday ridership for Tuesdays. **Source: Caltrans most recent AADT available for 2023.

Next Steps & Board Actions

Key Takeaways:

- Encouraging results from cost efficiency and revenue generation efforts.
- Significant ridership increase following Caltrain's electrified service, driving farebox revenue gains that are projected to continue into FY26.
- Critical need for new external funds to balance operating budget in FY27 and FY28+.

Next Steps and Proposed Board Action:

- Continue State Loan and external funding discussions
- March 2026 Budget Workshop: Provide updates on cost efficiency and revenue generation strategies, FY27 Operating Budget Approach, and FY28+ Operating Scenarios
- May 2026 JPB: Review the Draft FY27 Operating Budget and Propose a Framework for Planning Service Cuts in the event no new external funding is secured
- June 2026 JPB: Adopt the Proposed FY27 Operating Budget and the SB63 Financial Efficiency Review Phase 1 Strategy