

***Draft
Framework for
Caltrain's No
External
Funding
Scenario***

**JPB Board Meeting
May 7, 2026**



Important Crossroads



Critical Inflection Point



External Funding Needed to Fill Ongoing Structural Deficit

One-time State loan funds balance FY27 operating budget. For FY28+, Caltrain faces average operating deficit of \$75M over the next 15 years.



No External Funding Scenario

- ✘ Reduce to hourly service
- ✘ Eliminate weekend service
- ✘ End service at 9:00 PM
- ✘ Close ~1/3 of stations
- ✘ Cut segments of service



Ridership & Revenue Are Growing

Caltrain will continue to grow ridership, generate revenue, and find cost savings — but growth and cuts cannot close the gap.



Even Significant Cuts Won't Solve the Deficit

Cutting service drives away riders, which reduces operating revenue in a downward spiral, offsetting much of the savings from cuts. Significant deficit remains.

FY2027 & FY2028 Budget and Service Plans

March 2026:
State Loan

June 2026: Adopt FY27
Budget and Framework

November 2026: General
Election

Summer 2027: Measure Funds
Flow for FY28*

FY2026



FY2027

FY2028

Today: Draft Framework for No External Funding Scenario

Continue FY26 Service Levels

Successful Transit Revenue Measure

Continue FY26 Service Levels
One-time fund bridge funding

Financial sustainability
and cash flow

Failed Transit Revenue Measure

Preparing for Service Cuts
Using Framework for No External
Funding Scenario

Service Cuts and other
impacts

*Assumes no litigation delays.



Current Service

Today, Caltrain's mainline service provides reliable, frequent, and high quality rail transit along the Peninsula corridor.



Peak Service

Every 15 minutes on weekdays



Off-Peak Service

Every 30 minutes on weekdays



Hours of Service

~5 AM to ~1 AM weekdays



Weekend Service

Every 30 minutes

Updated No External Funding Scenario: Significant Service Cuts

Potential Cuts Starting FY28

Absent external funding, Caltrain would need to institute significant cuts beginning summer 2027.

Updated No External Funding Scenario could also include elimination of special event service and eventual suspension of Caltrain service.



Hourly Weekday Service

Reduce from every 15 minutes in the peak (30 minute off-peak) to every 60 minutes all day



No Weekend Service

Eliminate all Saturday and Sunday trains



Station Closures

Close more than one-third of all stations



Early Shutdowns

End operations by 9 PM



Segment Cuts

Eliminate segments of existing service



System Support Cuts

Significant cuts to administrative costs



No Special Event Service

Eliminate all special event trains



Caltrain Service Shutdown

Suspend all Caltrain service

Draft Framework for Caltrain's No External Funding Scenario

- **Purpose:** Staff will utilize a Board-adopted Framework for Caltrain's No External Funding Scenario to guide the next phase of service planning and operations budgeting for Caltrain's potential future without external funding.
- **Timeline:**
 - April: Board provided input for drafting Framework.
 - **Today**, May 2026: Board discussion Draft Framework.
 - June 2026: proposed Board adoption Framework.
 - Summer/fall 2026: Staff planning and budgeting following Framework adoption.
 - 2027, absent external funding:
 - January 2027: Return with Preliminary FY28 Budget, sharing information about proposed service cuts and initiating 6-month process to ramp down service.
 - Summer 2027: After adoption FY28 Budget, significant service cuts would start (FY28). Caltrain would identify and implement other cost-saving measures.

Overview of Draft Framework, Continued

Staff will utilize this short document to guide the service planning and operating budget process for Caltrain's potential future without Connect Bay Area.

Draft Framework Contents:

1. Guiding Principles
2. Scenarios
3. Cost-Saving Measures
4. Revenue-Generating Measures

1. Draft Guiding Principles

- A. Maintain safety first and always.
- B. Minimize risk and comply with regulations.
- C. Minimize ongoing operating and maintenance costs.
- D. Maximize ridership and revenue opportunities.
- E. Provide dependable system access for low income and minority populations.
- F. Maximize geographic equity in access to the system.

2. Draft Scenarios

Given the many uncertainties and risks facing the railroad, multiple potential future scenarios will be considered and evaluated to plan for Caltrain's potential future without Connect Bay Area.

Example factors to include in potential future scenarios:

- Varied durations of potential service reductions
- Caltrain service shutdown (temporary vs. permanent)
- FTA Waiver Extension
- Additional “bridge funding” before receipt of potential external funds
- Cashflow limitations
- Ridership fluctuations

3. Draft Cost-Saving Measures

Current and additional cost-saving measures and their risks, costs, and benefits will be evaluated to plan for Caltrain's potential future without Connect Bay Area or other external funding.

Example cost-saving measures could include:

- Service cuts impacting frequency and span, such as hourly service; earlier evening shutdowns; no weekend service; station closures; segment closures; no special event service; and eventual suspension of Caltrain service
- Staffing reductions, such as administrative staff cuts
- Deferred State of Good Repair
- Reduced cleaning and maintenance
- Mothballing or retiring portions of the fleet

4. Draft Revenue-Generating Measures

Potential bridge funding and new revenue-generating measures and their risks, costs, and benefits will be evaluated to plan for Caltrain's potential future without Connect Bay Area.

Example potential revenue-generating measures could include:

- Additional bridge funding sources
- Member agency contributions
- Additional potential ballot measures
- Monetization of various assets
- Fare increases

Next Steps

- **Today**, May 2026: Board discussion of Draft Framework.
- June 2026: proposed Board adoption of the Framework.
- Summer/fall 2026: Staff planning and budgeting following Framework adoption.
- 2027, absent external funding:
 - January 2027: Staff return with Preliminary FY28 Budget, sharing information about proposed service cuts and initiating 6-month process to ramp down service.
 - Summer 2027: After adoption of the FY28 Budget, significant service cuts would start (FY28). Caltrain would identify and implement other cost-saving measures.

Questions

Staff will begin the next phase of service and financial planning work for Caltrain's No External Funding Scenario in summer 2026.

- **Is this the right scope for the Draft Framework for No External Funding Scenario?**
- **Is the Draft Framework missing any cost-saving or revenue-generating measures to evaluate as part of this planning and budgeting process?**

FOR MORE INFORMATION

WWW.CALTRAIN.COM

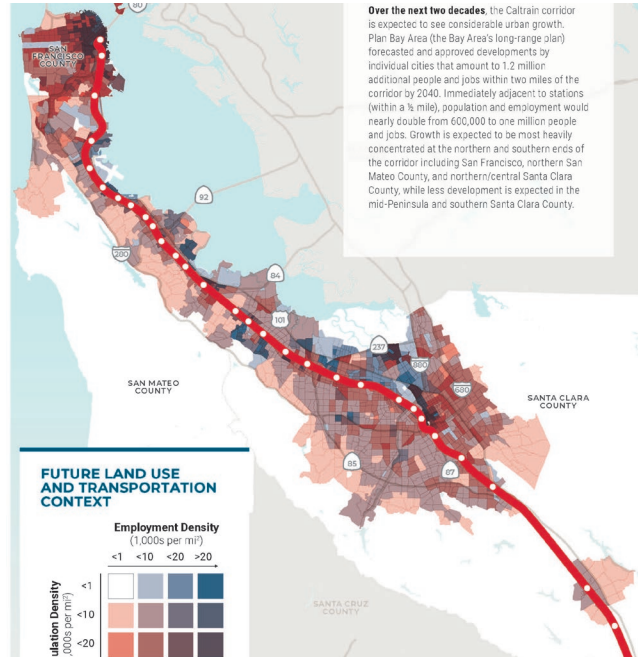


Appendix

Every Day, Caltrain Serves the Region



Today, Caltrain carries about a total of three freeway lanes' worth of people during peak periods.* US-101 traffic is 93% of pre-pandemic levels at rush hour.**



Today, 2.9 million people, or 37% of the 9-County Bay Area's population, live in the 20 cities served by Caltrain.



Today, Caltrain enables people using other forms of transit and active transportation to extend the range of their trips: only an estimated 1 in 6 Caltrain passengers drives and parks at a station.***

*Based on Caltrain's average weekday ridership for Tuesdays. **Caltrans most recent AADT available for 2023. ***2025 Triennial Survey.



Improved Electrified Service

- **Faster:** Express and local trains
- **More Frequent:**
 - Every 15-20 mins weekday rush hour
 - Every 30 mins, every station, 7 days a week (compared to once an hour)
 - 20% more service
 - **Better Experience:** Free wi-fi, outlets at every seat, bathrooms, digital displays, quieter inside and outside the trains
- **On-Time Performance:** over 95%

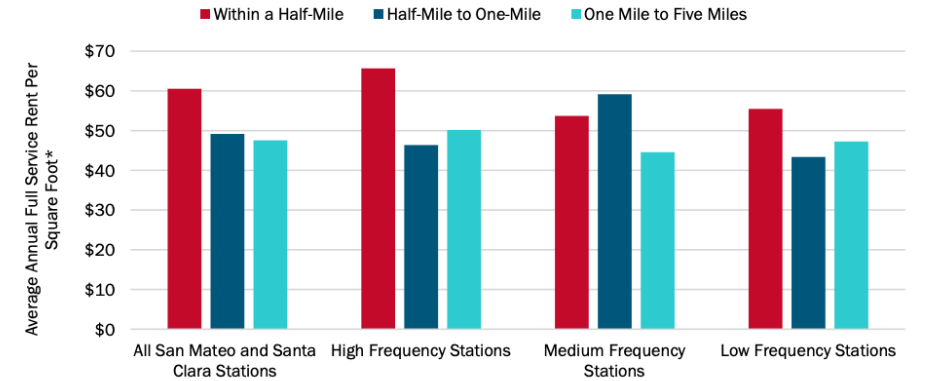


Many riders depend on – and highly value – Caltrain service

- **93% of riders satisfied** with overall Caltrain experience*
- **40%** of riders use Caltrain > 4 days/week, and **29%** of riders use Caltrain 2-3 days a week**
- **67%** of riders use Caltrain for work** and **51%** of riders have **no access** to a car for their trip***
- **37%** of riders have low incomes** and **10%** of riders are youth, seniors, or people with disabilities**



FIGURE 2-4. AVERAGE OFFICE RENTS, SAN MATEO AND SANTA CLARA COUNTIES



Caltrain is Supporting Local Economies

- Higher property values near stations
- Increased business activity and office demand
- Supports downtowns and local development
- Contributes to local tax bases across the corridor

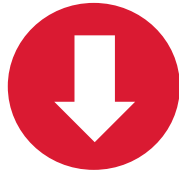
Average rent per square foot refers to annual full service gross rents per square foot weighted by the building's rentable building area.
Source: Costar, 2018; Strategic Economics, 2019.

Why Does Caltrain Have a \$75M Annual Operating Deficit?



Commute Patterns Shifted

Sustained, significant changes in work patterns across San Francisco and Silicon Valley since the pandemic.



Ridership & Revenue Less Than Before

Fewer riders meant lower fare, parking, rental, and advertising income.



Costs Rose With Inflation

Operating costs grew faster than revenue across the transit industry.



Electrification Raised Fixed Costs

51 miles of new 25KV electrical infrastructure to maintain.

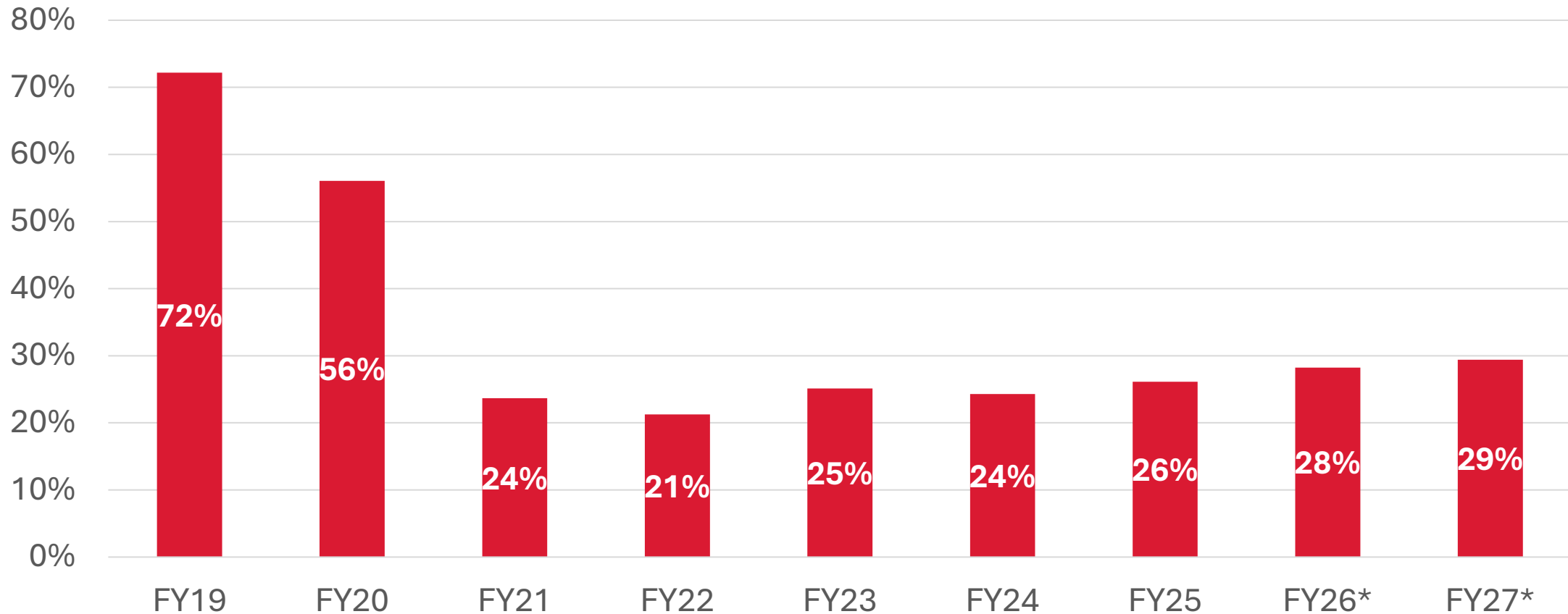


Combined result: These factors and the exhaustion of one-time COVID related funding sources have compounded to create a structural operating deficit that cannot be resolved through cuts or self-generated revenue alone.

Fares No Longer Cover the Same Share of Costs

- 2019, fare revenue comprised over 70% (\$100M) of operating revenue
- Today, while still nation leading, fare revenue accounts for ~30% (\$43M) of operating revenue.

Caltrain Farebox Recovery Ratios (FY19-27)



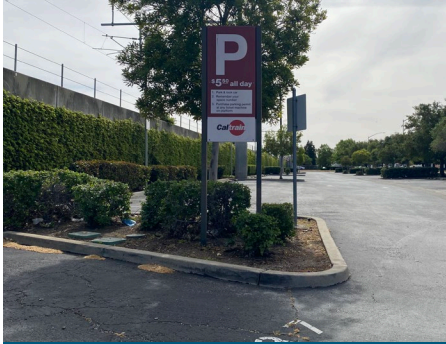
Notes: FY19-25 Actuals; FY26-27 projected.

Cost Containment Strategies

- Strategic hiring freeze
- Comprehensive cost reduction efficiency program
- FY27: Line by line review, held operator contract to previous level
- Implemented crew scheduling efficiencies
- Recouping costs for electricity returned to the grid through regenerative braking
- Develop and evaluate Battery Storage Plan



Non-Fare Revenue Strategies



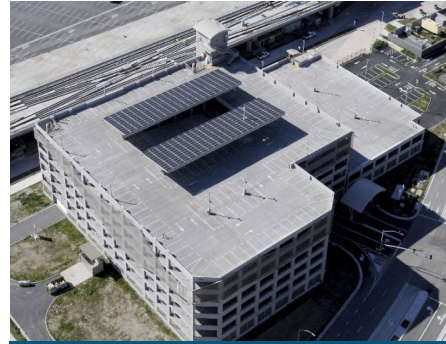
Parking Revenue

Optimize parking pricing across the corridor



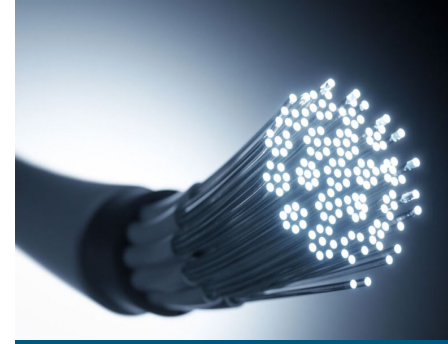
Advertising Revenue

Expand on-train and station advertising program with new electrified fleet



Energy Storage Solutions

Explore battery storage to capture regenerative braking energy and reduce costs



Fiber Optic Cable and Telecommunications Leasing

Leverage right-of-way for telecommunications infrastructure revenue



Property Holdings Revenue

Increase revenue from Caltrain's property portfolio through leasing and development

15-Year Operating Budget Baseline Forecast Without External Funding

Projected Operating Deficit as of April 2026

