

Receive Update on Fiscal Year 2027 Operating Budget

Citizens Advisory Committee
May 20, 2026
Agenda Item 8



Agenda

- I. Overview
- II. FY27 Preliminary Operating Budget
- III. FY27 Proposed Budget
- IV. Operating Budget Risks
- V. Financial Stability Strategies
- VI. Next Steps

I. Overview

Current State

Ridership

- ✓ Up 45% from March 2025 to March 2026
- ✓ 70% of pre-pandemic levels

SB125 one-time funds support FY26 operations

Challenges Ahead

Funding uncertainty

Rising expenses

Structural operating deficit

One-Time State Loan will allow Caltrain to continue current service levels in FY27



II. FY27 Operating Budget Assumptions

Service Level	Maintain existing service level at 104 trains per day (tpd)
Ridership and Fares	Assumes 5% annual ridership growth and 5.4% increase in average fare per passenger
Energy Costs	Remains a significant operating expense with continued price risk
Measure RR	Dedicate Measure RR revenue to operating needs and set aside \$15.0M for Capital SOGR
LCFS, LCTOP, SRA	Allocate \$10.3M in LCFS, LCTOP, SRA to support operations
State Loan Funds	Use of one-time state loan to balance the budget
Member Contribution	No member agency contribution assumed for FY27



II. FY27 Preliminary Budget compared to Draft Budget

▲ **Total Sources** +\$1.3M from interest revenue, advertising income, parking revenue, and 4th train to Gilroy

▲ **Total Uses** +\$0.1M in uses from additional software requirements

▲ **Projected Sources over Uses** +\$1.2M

State Loan critical to balance the budget

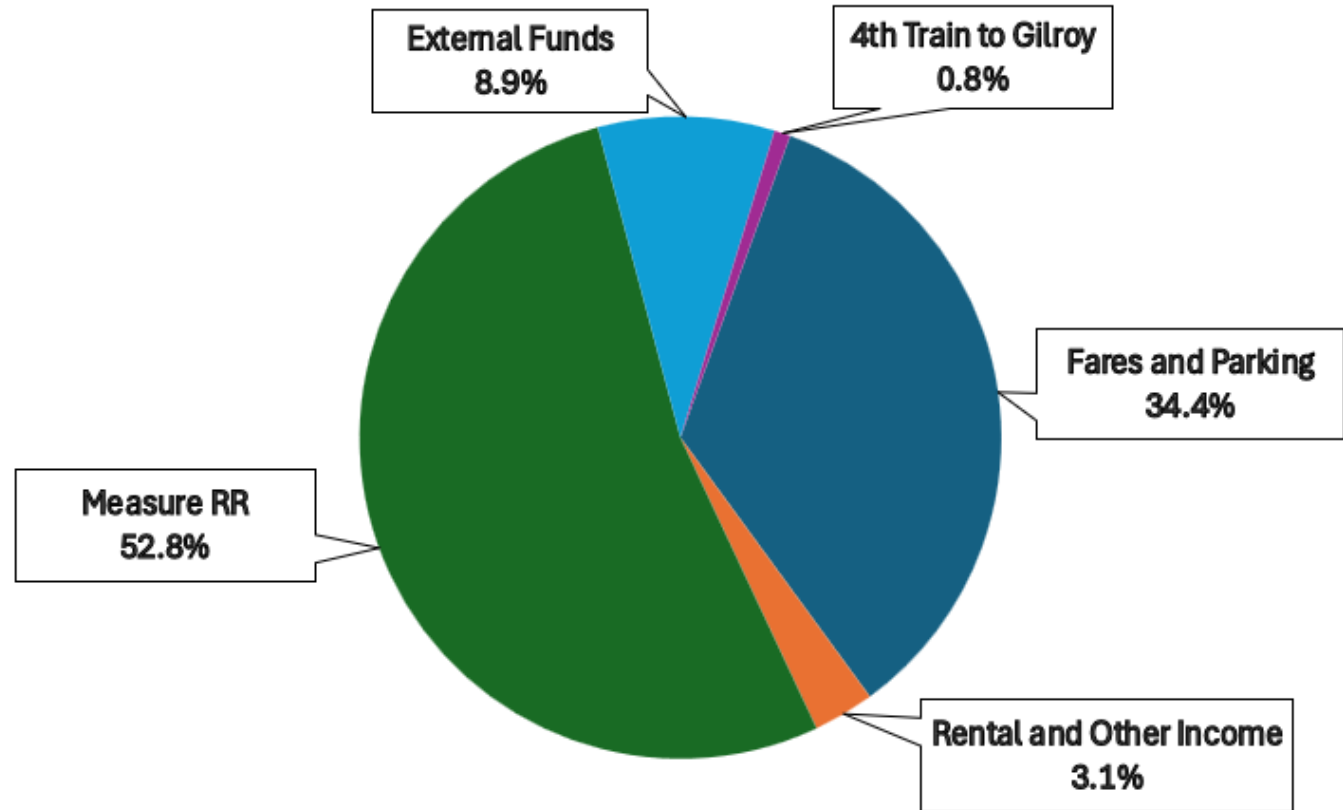
In Millions	FY27 Draft Budget	FY27 Preliminary Budget	Change (\$)	Change (%)
Total Sources	\$235.1	\$236.4	\$1.3	0.6%
Total Uses	(\$269.7)	(\$269.8)	(\$0.1)	0.0%
Contribution to Reserve	\$0.0	\$0.0	\$0.0	
Measure RR for Capital (SOGR)	(\$15.0)	(\$15.0)	\$0.0	0.0%
Projected Sources Over Uses	(\$49.6)	(\$48.4)	\$1.2	-2.4%
Draw from Measure RR Reserve	\$0.0	\$0.0	\$0.0	
State Loan	\$49.6	\$48.4	(\$1.2)	-2.4%
Projected Net Sources Over Uses	\$0.0	\$0.0	\$0.0	

II. Sources by FY (FY25/26/27)

Sources (in Millions)	FY2025 ACTUALS	FY2026 ADOPTED BUDGET	FY2026 FORECAST	FY2027 PRELIMINARY BUDGET	\$ Change FY2027 Preliminary Budget to FY2026 Forecast	% Change FY2027 Preliminary Budget to FY2026 Forecast
Fares and Parking	61.8	63.7	78.6	81.3	2.7	3.4%
Rental and Other Income	7.8	6.0	8.6	7.3	(1.3)	-15.0%
Measure RR	123.1	119.5	124.9	124.9	0.0	0.0%
External Funds	13.9	25.3	30.5	21.0	(9.5)	-31.0%
4th Train to Gilroy	1.0	3.3	3.3	1.9	(1.4)	-42.2%
Total Sources	207.5	217.8	245.9	236.4	(9.5)	-3.9%

II. FY27 Preliminary Budget – Sources

Sources (in Millions)	FY2027 Preliminary Budget	% to Total Sources
Fares and Parking	81.3	34.4%
Rental and Other Income	7.3	3.1%
Measure RR	124.9	52.8%
External Funds	21.0	8.9%
4th Train to Gilroy	1.9	0.8%
Total Sources	236.4	100.0%



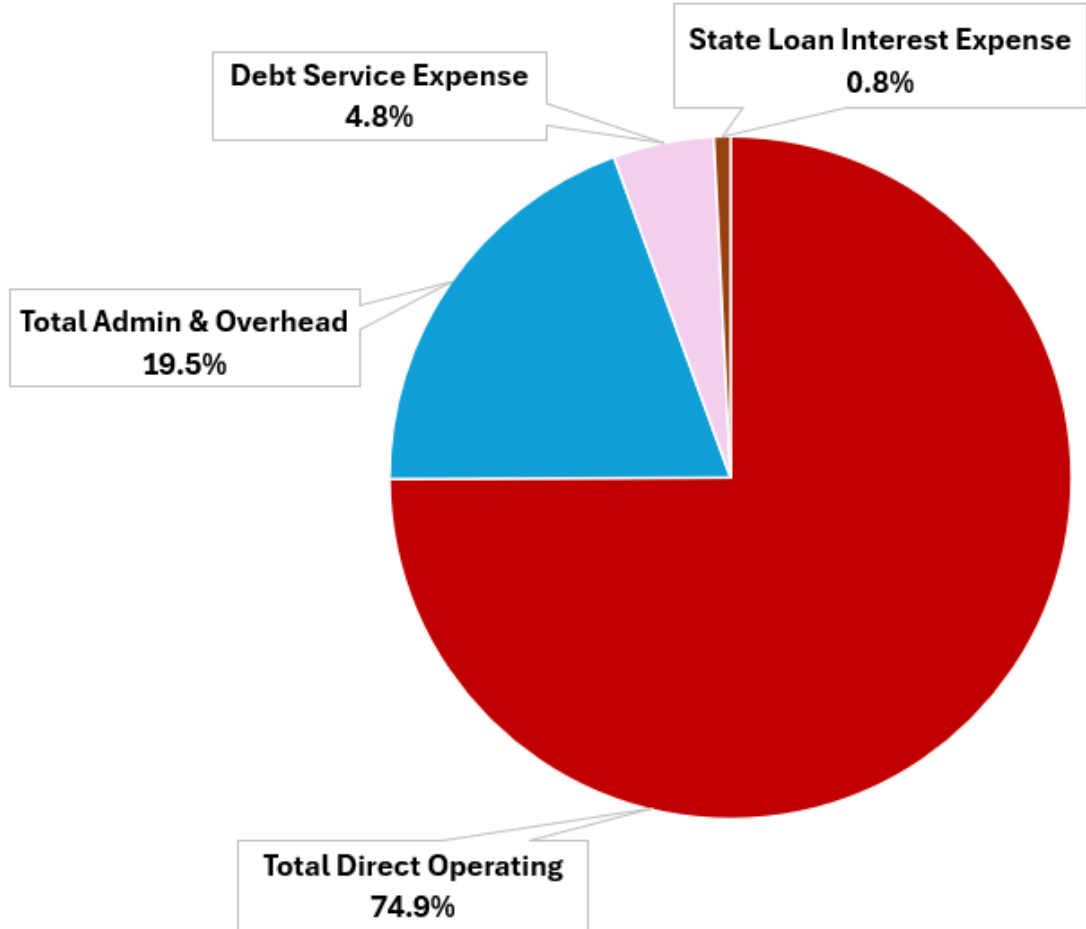
II. Uses by FY (FY25/26/27)

Uses (in Millions)	FY2025 ACTUALS	FY2026 ADOPTED BUDGET	FY2026 FORECAST	FY2027 PRELIMINARY BUDGET	\$ Change FY2027 Preliminary Budget to FY2026 Forecast	% Change FY2027 Preliminary Budget to FY2026 Forecast
Rail Operations	120.2	128.5	128.5	129.3	0.8	0.6%
Maintenance, Facilities and Security	20.5	26.7	26.9	29.6	2.7	10.1%
Insurance and Risk Management	15.4	18.7	15.6	19.7	4.2	26.8%
Operations Support	20.7	23.6	22.1	23.6	1.5	6.9%
Total Direct Operating Uses	176.8	197.5	193.1	202.2	9.1	4.7%
Wages and Benefits	20.5	22.9	23.6	25.7	2.2	9.1%
Professional Services	13.1	12.6	11.6	10.7	(0.9)	-7.6%
Technology, Rent and Other	6.6	7.5	7.1	9.4	2.3	31.8%
Managing Agency Overhead	3.9	5.5	6.4	6.8	0.4	6.1%
Total Admin & Overhead Uses	44.2	48.5	48.7	52.6	3.9	8.1%
Total Operating Uses	221.0	246.0	241.8	254.8	13.0	5.4%
Debt Service Expense	8.2	13.0	13.0	12.9	(0.1)	-0.8%
State Loan Interest Expense	0.0	0.0	0.0	2.1	2.1	100%
Total Uses	229.2	259.0	254.8	269.8	15.0	5.9%



II. FY27 Preliminary Budget – Uses

Uses (in Millions)	FY2027 Preliminary Budget	% to Total Uses
Rail Operations	129.3	47.9%
Maintenance, Facilities and Security	29.6	11.0%
Insurance and Risk Management	19.7	7.3%
Operations Support	23.6	8.8%
Total Direct Operating Uses	202.2	74.9%
Wages and Benefits	25.7	9.5%
Professional Services	10.7	4.0%
Technology, Rent and Other	9.4	3.5%
Managing Agency Overhead	6.8	2.5%
Total Admin & Overhead Uses	52.6	19.5%
Total Operating Uses	254.8	94.4%
Debt Service Expense	12.9	4.8%
State Loan Interest Expense	2.1	0.8%
Total Uses	269.8	100.0%



III. FY27 Proposed Operating Budget

= Total Sources

▼ **Total Uses** -\$0.8M due to reduction in Wages & Benefits

▲ **Projected Sources over Uses** +\$0.8M

State Loan remains critical to balance the budget

In Millions	FY27 Preliminary Budget	FY27 Proposed Budget	Change (\$)	Change (%)
Total Sources	\$236.4	\$236.4	\$0.0	0.0%
Total Uses	(\$269.8)	(\$269.0)	\$0.8	-0.3%
Contribution to Reserve	\$0.0	\$0.0	\$0.0	
Measure RR for Capital (SOGR)	(\$15.0)	(\$15.0)	\$0.0	0.0%
Projected Sources over Uses	(\$48.4)	(\$47.6)	\$0.8	-1.6%
Draw from Measure RR Reserve	\$0.0	\$0.0	\$0.0	
State Loan	\$48.4	\$47.6	(\$0.8)	-1.6%
Projected Net Sources Over Uses	\$0.0	\$0.0	\$0.0	

IV. Operating Budget Risks



Insurance premiums & claims exposure



Electricity and fuel cost fluctuations



Sales tax / Measure RR volatility



State funding uncertainty (LCTOP, Transportation Bill)

V. Strategies Toward Financial Stability

- **Ridership Growth**
- **Operational Efficiency**
- **Non-Fare Revenue Expansion**
 - Parking and Advertising Revenue
 - Energy Storage Solutions
 - Fiber Optic Cable and Telecommunications Leasing
 - Property Holdings Revenue
- **Long-term External Funding Source**

VI. Next Steps

June Board Meeting

- FY26 Proposed Operating Budget to the Board for adoption

FOR MORE INFORMATION

WWW.CALTRAIN.COM

