

***Adopt SB63
Phase 1 Financial
Efficiency Review
Early Action
Strategies***

**JPB Board Meeting
June 4, 2026**



Staff Recommendation

Staff recommends that the Board adopt the Financial Efficiency Early Action Strategies resolution. The resolution directs staff to further analyze and pursue early action strategies identified in the Phase 1 Financial Efficiency Review as required by Senate Bill (SB) 63, the Connect Bay Area Act.

Background

SB 63, known as the Connect Bay Area Act, created the Public Transit Revenue Measure District and:

- Authorizes the placement of a 14-year sales tax ballot measure at the November 3, 2026, statewide general election.
- Mandates a two-phase independent financial efficiency review of Caltrain, AC Transit, BART, and SFMTA

Phase 1 Efficiency Review identifies early action strategies that can be implemented within existing resources, and that enhance revenues, contain costs, and/or increase ridership and improve customer experience.

Phase 1 Scope

Financial Efficiency Review Phase 1 covers three areas:

1. Documentation and quantification of cost-saving measures implemented by each transit operator since January 1, 2020.
2. Identification of early action strategies to improve service efficiency and customer experience using existing resources.
3. Real property asset analysis to identify redevelopment opportunities near transit.

Efficiency Review Results

The Phase 1 report found that Caltrain has achieved:



\$76M Cost Savings

Achieved through a combination of right-sizing service, operational efficiencies, workforce controls and cost deferrals



Cost Savings Offset Inflationary Pressure

Although nominal operating costs increased due to broader inflation and labor market pressures, expenses grew more slowly than they would have otherwise



More Frequent, Faster & Reliable Service

Caltrain achieved meaningful cost savings while successfully delivering Caltrain Electrification

Caltrain: Early Action Strategies

- a) Evaluate opportunities to **increase parking revenue** through measures like rate adjustments, expanded enforcement, and leasing or permitting parking at under-utilized facilities.
- b) Advance **monetization of Caltrain's fiber optic and communications assets**, including developing a leasing strategy and recommending procurement approach to the Board.
- c) Incorporate **cost efficiencies and improvements to the Operations and Maintenance contract**, contract administration, work practices, or other processes without compromising safety, reliability, or compliance.

Caltrain: Early Action Strategies

- d) Conduct a **study about the feasibility of energy storage** to further utilize the electricity being returned to the grid from regenerative braking and generate cost efficiencies. Provide the report findings to the Board upon completion.
- e) Implement strategies to further **expand GoPass and/or Clipper BayPass enrollment** to more institutions and employers that will support ridership and revenue for Caltrain.
- f) Conduct a study to assess benefits, challenges, and opportunities to **expanding retail and/or amenity partnerships**, including estimated cost and revenue impacts and recommended priority.

SB 63 Phase 2 Financial Efficiency

If the ballot measure is approved by the voters, the Connect Bay Area act mandates:

- (a) An independent third-party financial efficiency analysis that identifies a menu of cost-saving measures for administrative, operating, and capital costs
- (b) Operators must adopt an implementation plan by August 2028, and adhere to its implementation as condition for receiving continued funding

Caltrain is conducting an internal review to identify and implement cost-saving and revenue-generation measures to address its structural operating deficit, and that would inform Phase 2 of the SB63 Financial Efficiency Review

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FOR MORE INFORMATION

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