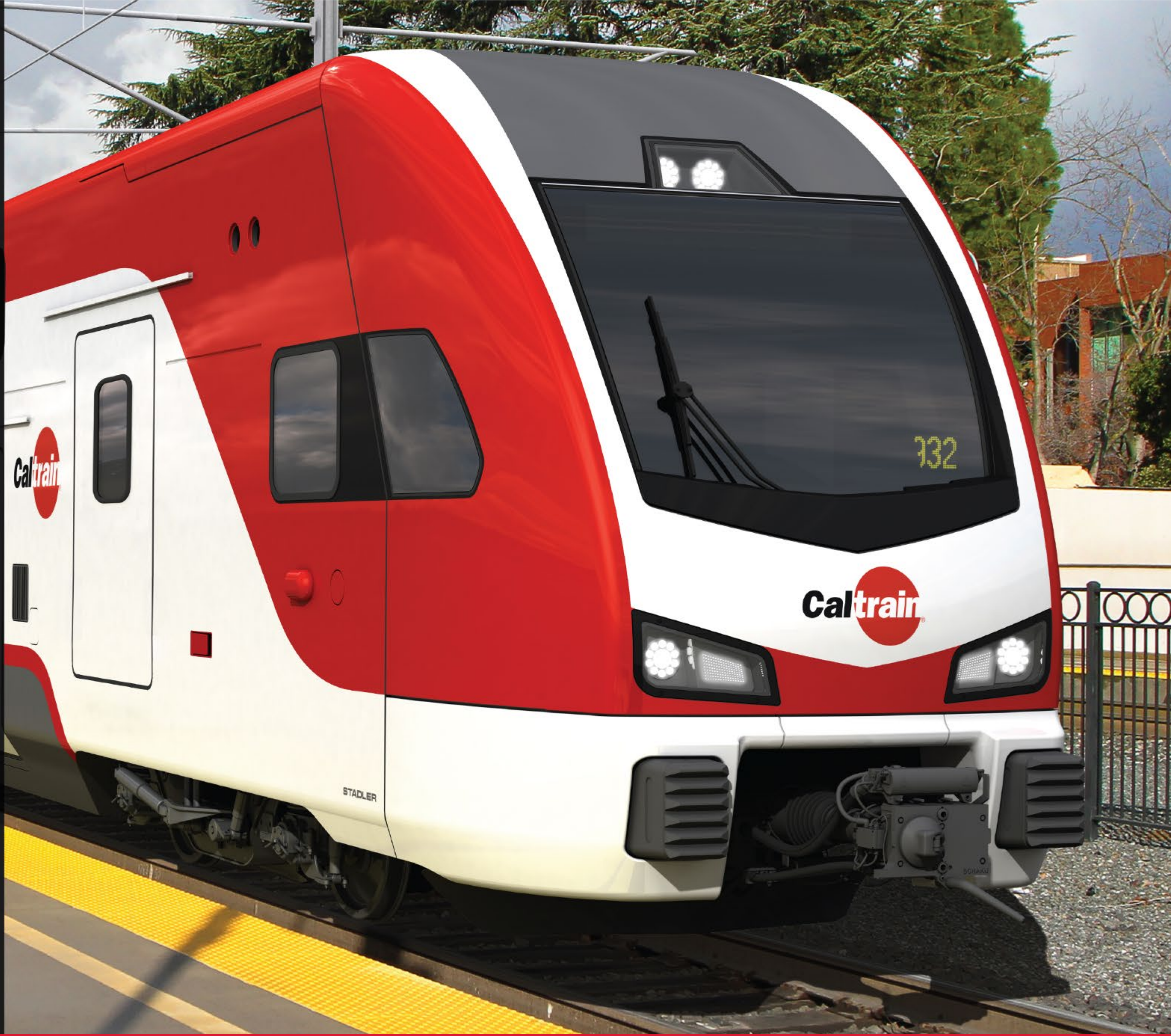
Authorize Executive Director to Execute an Agreement to Receive Sustainable Transportation Planning Grant Funds



JPB Finance Committee
August 24, 2026

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Staff Recommendation

Staff recommend that the Board of Directors (Board):

- Authorize the Executive Director to execute an agreement with the California Department of Transportation (Caltrans) to receive $500,000 in Sustainable Transportation Planning Grant Program funds from Caltrans; and
- Authorize the Executive Director to take such actions as may be necessary to give effect to this resolution for the JPB to apply for and receive Caltrans Sustainable Transportation Planning Grant Program funds.
- Approve an amendment to the FY 2027 Capital Budget in the amount of $500,000 to accept grant for the Fare Strategy Study.

Background

- Caltrain's current Fare Structure uses a six-zone pricing structure with a variety of pass products.
- Caltrain's last comprehensive fare strategy study was conducted over twenty years ago.
- In recent years, the railroad's service, ridership, and finances have changed substantially:
    - Electrification has transformed Caltrain's service.
    - Greater share of riders with lower incomes today compared to pre-pandemic.
    - Significant projected operating deficit beginning in FY28.
- In fall 2025, as part of the process to adopt a schedule of fare increases, the Caltrain Board directed staff to pursue funding to complete a comprehensive Fare Strategy Study.
    - The Study will assess pricing and product strategy and recommend improvements to the fare system in order to grow ridership, increase revenue, and enhance equity outcomes.

Caltrans Grant Received

- Caltrain staff applied for Caltrans's Sustainable Transportation Planning Grant Program (Strategic Partnerships – Transit category) in fall 2025 for the Fare Strategy Study.
- On May 29, 2026, Caltrain received notice of a grant in the amount of $500,000 from Caltrans, with a local match requirement of $64,780 to be met through eligible in-kind staff time.

Fare Strategy Study Scope

As directed by the Board in fall 2025 discussions, the Study will answer these questions and result in a set of recommendations.

- **Existing conditions:** What are current fare product, payment, revenue, and origin/destination trends across different rider groups?
- **Goals and priorities:** What should Caltrain aim to achieve with changes to its fare strategy? What should be prioritized and what tradeoffs should be considered?
- **Price sensitivity:** How price sensitive are different rider groups?
- **Pricing and product strategy:** What alternative pricing and product strategies could be considered and how will they impact ridership and goals?
- **Implementation actions and costs:** What would be required to implement the preferred fare strategy and how would it impact costs?
- **Public outreach:** What input can community members provide on Caltrain's current fare strategy (pricing and products) and potential changes?

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Additional Funding Needed

The Study is estimated to cost approximately **$865,000** in total.

- The Caltrans award of **$500,000** and the required local match of **$64,780,** fully funds the partner agency engagement, public outreach, fare strategy scenario analysis, and recommendation tasks.
- An **additional $300,000 is needed** to complete the full scope of the Study requested by the Board – including existing conditions analysis, price sensitivity analysis, and peer agency review.
- Caltrain staff are investigating other funding sources, such as Santa Clara Valley Transportation Authority (VTA); however, these sources have not been confirmed. Once received, the capital budget will be amended to include these sources.

Following completion of the Study, a set of recommendations will be shared with the Board. Title VI analysis must be funded and completed to adopt any recommended Fare Structure.

Implementation is anticipated in 2029 or later; funding for implementing the set of recommendations is not included in the Study's budget, and costs may be significant.

Tentative Schedule

Study Begins*
Early 2027

Study Completed
18-24 Month Period

Fare Structure Adoption and Title VI Analysis Completed
Late 2028

Implementation of Fare Recommendations**
2029+

*Timeline assumes that funding is secured and consultants have been procured prior to the start time.
** Additional funding will need to be secured for Title VI analysis, Fare Structure adoption, and implementation costs.

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Budget Impact

- This action includes amending the capital budget to include the grant revenue of $500,000 from Caltrans.
- The grant's required local match of $64,780 will be met through staff time.
- The Fare Strategy Study is only partially funded and has a total estimated cost of approximately $865,000.
  - The remaining need of approximately $300,000 beyond the Caltrans grant and local match will be needed from other funding sources to complete the full scope of the Study.
  - Future amendment to capital budget is anticipated once funding is received.

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FOR MORE INFORMATION

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