



Fiscal Year 2026 & Fiscal Year 2027 Preliminary Operating Budget Overview

BART Board of Directors

April 10, 2025



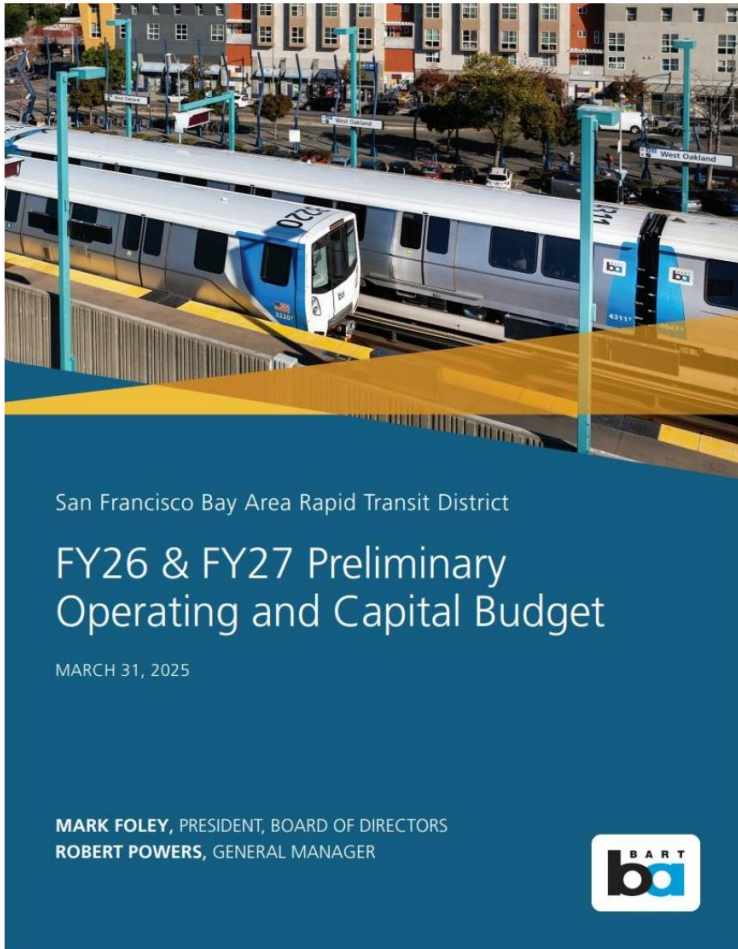
AGENDA

- FY26 & FY27 Preliminary Budget Memo (PBM) Overview – Operating Budget
 - Executive Summary
 - Ridership Outlook
 - Revenues
 - Expenditures
- Five-Year Outlook
- Timeline and Next Steps

FY26 & FY27 Preliminary Operating Budget Overview

Executive Summary

- Funds current BART service levels – clean, safe, frequent, reliable
- FY26 deficit eliminated
- SB 125 emergency assistance expected to last through FY26 due to:
 - Lower expenses in FY25
 - Reduced retiree medical expense
 - Targeted hiring freeze
 - Non-labor target reductions
- Mid-year deficits in FY26 due to low revenues or high expenses will have to be addressed with spending cuts or deployment of one-time sources
- FY27 structural deficit remains; sustainable operating revenue source is needed



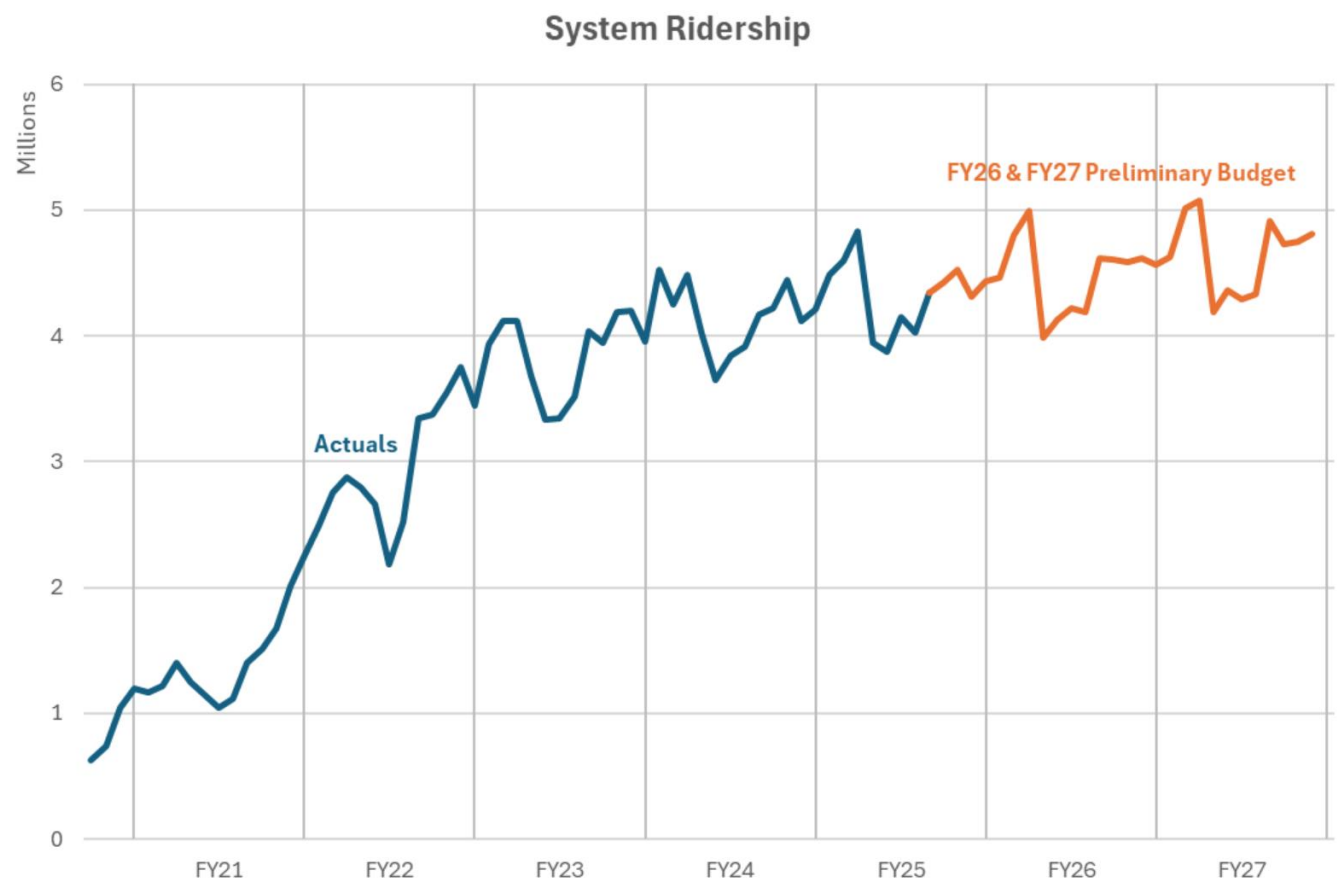
To access full Preliminary Budget Memo, please visit: www.bart.gov/budget

FY26 & FY27 Preliminary Sources and Uses Summary

SOURCES & USES	FY25	FY25	FY26	Change Projected vs Prelim		FY27	Change	
(\$Millions)	Adopted	Projected	Prelim	\$	%	Prelim	\$	%
Operating Revenue	297.5	309.3	320.9	11.6	4%	319.8	(1.1)	(0%)
Financial Assistance	500.3	495.2	513.0	17.8	4%	519.4	6.4	1%
<i>Total Sources</i>	<i>797.8</i>	<i>804.5</i>	<i>833.9</i>	<i>29.4</i>	<i>4%</i>	<i>839.2</i>	<i>5.3</i>	<i>1%</i>
Operating Expense	1,033.9	1,020.5	1,044.5	24.0	2%	1,086.5	42.0	4%
Debt Service & Allocations	92.2	92.2	107.0	14.8	16%	131.4	24.4	23%
<i>Total Uses</i>	<i>1,126.1</i>	<i>1,112.7</i>	<i>1,151.5</i>	<i>38.7</i>	<i>3%</i>	<i>1,217.9</i>	<i>66.4</i>	<i>6%</i>
Net Result Before Emergency Assistance	(328.2)	(308.3)	(317.6)	(9.3)	(3%)	(378.7)	(61.1)	(19%)
Emergency Assistance	328.2	308.3	317.6	9.3	3%	0.0	(317.6)	(100%)
Net Result After Emergency Assistance	0.0	0.0	0.0	0.0	0%	(378.7)	(378.7)	-

- Following slides show detail on each category in chart above
- Information is consistent with Preliminary Budget Memo (PBM) released on March 31
- FY26 deficit eliminated; \$379M FY27 deficit remains extremely concerning

FY26 & FY27 Ridership Outlook



- FY25 ridership 1% above budget as of the end of February
- Continued modest growth is assumed due to mode shift to transit and generalized growth in all trip types
- Return-to-Office trends may increase weekday ridership; staff are monitoring

	FY25 Projected	FY26 Prelim	FY27 Prelim
Total Trips (M)	51.7	53.7	55.6
Average Weekday	169,400	176,200	182,900
Average Saturday	95,200	97,700	102,900
Average Sunday	72,900	75,000	78,000

FY26 & FY27 Preliminary Sources: Operating Revenue

OPERATING REVENUE	FY25	FY25	FY26	Change Projected vs Prelim		FY27	Change	
(\$Millions)	Adopted	Projected	Prelim	\$	%	Prelim	\$	%
Rail Passenger Revenue	235.1	237.1	258.8	21.7	9%	276.2	17.4	7%
ADA Passenger Revenue	0.6	0.6	0.6	0.1	8%	0.7	0.0	3%
Parking Revenue	16.5	16.5	16.0	(0.5)	(3%)	16.6	0.6	4%
Other Operating Revenue	45.3	55.1	45.4	(9.6)	(17%)	26.3	(19.1)	(42%)
Total - Operating Revenue	297.5	309.3	320.9	11.6	4%	319.8	(1.1)	(0%)

- FY25 Rail Passenger Revenue projected to be \$2.0M (1%) above budget
- Rail Passenger Revenue estimates based on ridership forecast and planned CPI-based fare increase
- Substantial decreases in Other Operating Revenue in both budget years driven by reduced investment revenue forecast
- Overall Operating Revenue growth is 4% in FY26 and flat in FY27

FY26 & FY27 Preliminary Sources: Financial Assistance

FINANCIAL ASSISTANCE	FY25	FY25	FY26	Change Projected vs Prelim		FY27	Change	
(\$Millions)	Adopted	Projected	Prelim	\$	%	Prelim	\$	%
Sales Tax Proceeds	320.3	310.1	318.5	8.4	3%	327.7	9.2	3%
Property Tax Proceeds	64.3	66.9	68.0	1.1	2%	69.2	1.1	2%
VTA Financial Assistance	35.2	35.3	36.0	0.7	2%	37.2	1.2	3%
State Transit Assistance	48.8	49.2	43.1	(6.1)	(12%)	32.4	(10.7)	(25%)
Low Carbon Funding Programs	17.0	17.0	32.2	15.2	89%	37.5	5.3	16%
Local & Other Assistance	14.8	16.7	15.2	(1.5)	(9%)	15.4	0.2	2%
Total – Financial Assistance	500.3	495.2	513.0	17.8	4%	519.4	6.4	1%

- Sales Tax FY25 year-end estimate \$10.2M (3%) below budget due in part to lower-than-projected consumer spending; Property Tax Proceeds year-end estimate \$2.6M (4%) above budget
- State Transit Assistance estimated to decline in FY26 due to diesel sales forecast; larger decline in FY27 due to Jan. 2027 expiration of pandemic-era hold harmless agreement
- Low Carbon Fuel Standard revenues (part of Low Carbon Funding Programs) forecasted to increase following regulatory updates approved by the CA Air Resources Board in Nov. 2024

FY26 & FY27 Preliminary Uses: Labor

LABOR & BENEFITS	FY25	FY25	FY26	Change Projected vs Prelim		FY27	Change	
(\$Millions)	Adopted	Projected	Prelim	\$	%	Prelim	\$	%
Wages	528.4	520.4	541.9	21.5	4%	569.5	27.6	5%
Overtime	77.0	86.0	79.7	(6.3)	(7%)	81.3	1.6	2%
CalPERS Pension	160.5	158.5	159.1	0.6	0%	168.0	8.9	6%
Active Employee Medical Insurance	89.2	89.6	92.5	2.9	3%	94.3	1.8	2%
Retiree Medical	45.6	45.6	38.2	(7.4)	(16%)	38.4	0.2	1%
Workers' Compensation	21.5	21.5	24.6	3.1	15%	24.6	-	0%
Other Benefits and Temp Help*	29.8	28.3	31.0	2.7	9%	31.0	0.1	0%
Subtotal – Gross Labor	951.9	949.8	966.9	17.1	2%	1,007.0	40.1	4%
Capital Reimbursement Wages	(96.1)	(86.1)	(93.4)	(7.2)	(8%)	(98.5)	(5.1)	(5%)
Capital Fringe	(55.1)	(52.1)	(52.0)	0.2	0%	(53.7)	(1.7)	(3%)
Capital Overtime	(20.0)	(22.4)	(20.4)	2.0	9%	(20.4)	-	0%
Subtotal – Reimbursements	(171.3)	(160.7)	(165.8)	(5.1)	(3%)	(172.6)	(6.9)	(4%)
Net - Labor & Benefits	780.6	789.1	801.1	12.0	2%	834.4	33.2	4%

*Other benefits includes Vision, Dental, Medicare, Life Insurance, Disability, Unemployment, Meal and Uniform Allowances

- Wages increase per BART's collective bargaining agreements
- Negotiated changes to funding of retiree health benefits reduces Retiree Medical in both years without affecting benefits
- Most benefits costs determined by outside entities or projected by independent third-party experts

FY26 to FY27 Preliminary Budget FTE Changes

FY25 to FY26 Full-Time Equivalents (FTE) Summary			
	Operating	Capital / Reimbursable	Total FTEs
FY25 Adopted Budget	3,770	857	4,627
Mid-Year Additions	11	1	11
Technical Adjustments	17	(8)	9
FY26 Addition	19	4	22
Reductions	(14)	(11)	(25)
Hiring Freeze	(42)	(2)	(45)
Total Adjustments	(10)	(17)	(27)
FY26 Preliminary Budget	3,760	840	4,600

**FTE figures rounded to nearest full number for clarity*

- Mid-Year Additions includes 5 BPD Crisis Intervention positions
- Technical Adjustments primarily in Transportation to transition part time station agents and train operators to full time status
- FY26 Additions mostly in Maintenance Dept. to make Maintenance & Engineering Control Center (MECC) pilot permanent, partially offset by elimination of vacancies (Reductions)
- Hiring Freeze applies to 45 positions across BART

FY26 & FY27 Preliminary Uses: Non-Labor

NON-LABOR	FY25	FY25	FY26	Change Projected vs Prelim		FY27	Change	
(\$Millions)	Adopted	Projected	Prelim	\$	%	Prelim	\$	%
Clipper, Ticket Sales & Bank Fees	15.1	8.1	7.3	(0.7)	(9%)	7.3	0	0%
Insurance	10.9	10.9	9.8	(1.1)	(10%)	9.8	0	0%
Materials & Supplies	50.8	46.4	47.2	0.8	2%	47.4	0.2	0%
Professional & Technical Fees	50.7	46.8	48.4	1.5	3%	50.6	2.2	5%
Repairs & Maintenance	12.3	10.8	13.4	2.6	24%	13.5	0.1	1%
Rent	4.0	4.0	3.9	(0.1)	(1%)	4.0	0.1	2%
Power	61.6	58.7	65.0	6.3	11%	68.8	3.8	6%
ADA Paratransit	22.5	23.2	26.3	3.1	13%	27.8	1.5	6%
Purchased Transportation	8.6	8.3	8.6	0.3	3%	8.5	(0.1)	(1%)
Utilities	9.1	8.1	8.6	0.5	7%	8.6	(0.0)	0%
Other Miscellaneous	7.6	6.1	4.9	(1.3)	(20%)	5.9	1.0	21%
Total - Non-Labor	<u>253.2</u>	<u>231.4</u>	<u>243.4</u>	<u>12.0</u>	<u>5%</u>	<u>252.1</u>	<u>8.8</u>	<u>4%</u>

- FY26 Non-Labor lower than FY25 Adopted due to target cuts to most BART departments
- FY27 Non-Labor increases in traction power based on planned service levels and associated power procurement, transmission, and delivery charges
- Other increases in FY27 for biennial BART Board elections, estimated operating costs for new BART Police Headquarters, and paratransit

FY26 & FY27 Preliminary Uses: Debt Service & Allocations

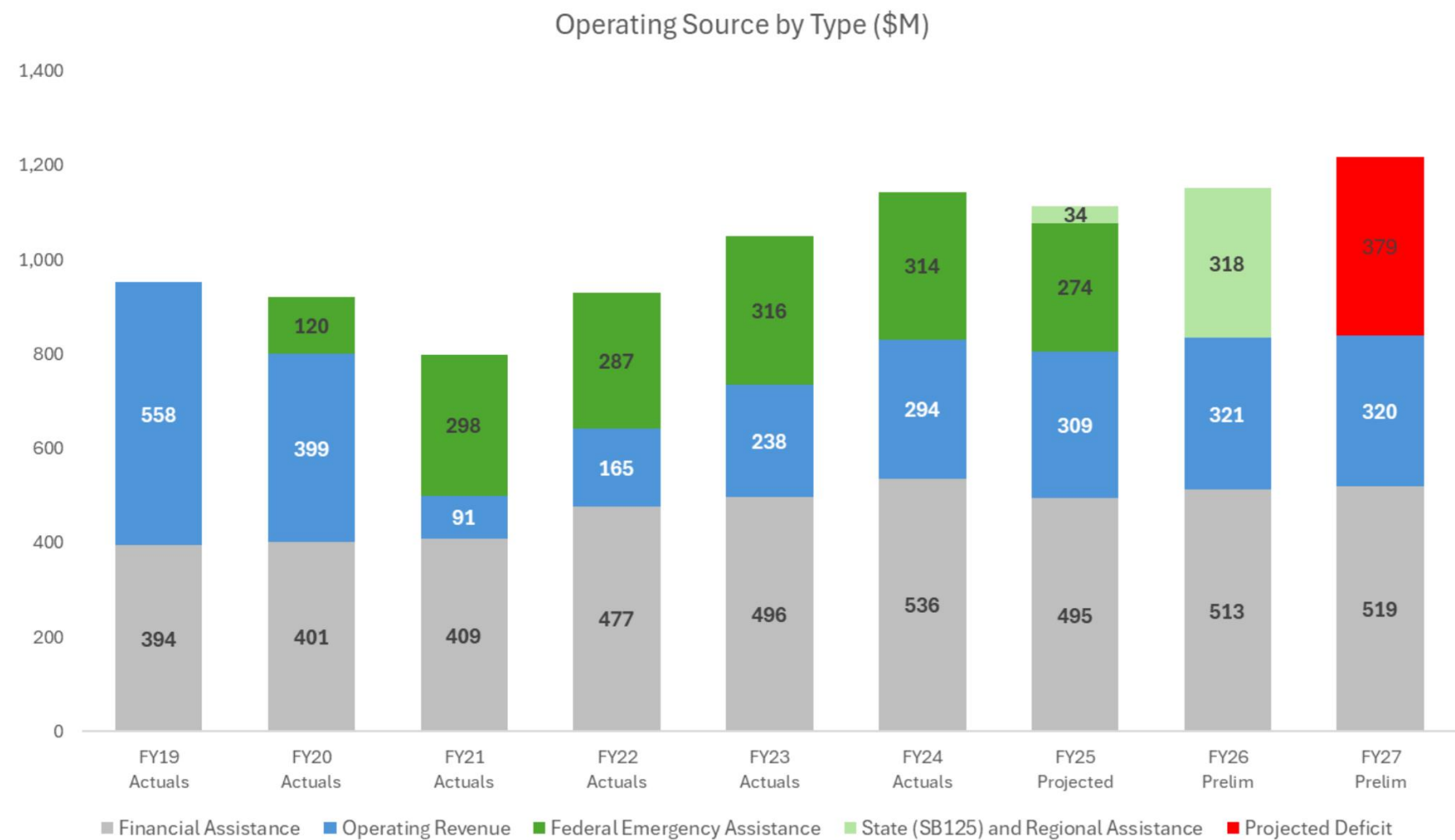
DEBT SERVICE & ALLOCATIONS (\$Millions)	FY25	FY25	FY26	Change Projected vs Prelim		FY27	Change	
	Adopted	Projected	Prelim	\$	%	Prelim	\$	%
Debt Service	60.2	60.2	60.2	0.0	0%	55.8	(4.4)	(7%)
Capital Reinvestment	29.1	29.1	43.8	14.8	51%	34.2	(9.6)	(22%)
Priority Capital Projects/Programs	-	-	-	-	-	38.4	38.4	-
Other	3.0	3.0	3.0	-	-	3.0	-	-
Total - Debt Service & Allocations	92.2	92.2	107.0	14.8	16%	131.4	24.4	23%

- Debt Service repays prior year sales tax backed debt issuances for capital investment
 - Planned refunding expected to reduce debt service costs beginning in FY27
 - TIFIA debt service begins in FY29 (not included in two-year budget)
- BART Allocations are primarily for required capital investment commitments
 - Capital Reinvestment is used to leverage matching federal (FTA) capital funds for state of good repair work
 - Priority Capital represents BART's funds committed to the Core Capacity Program, memorialized in a Full Funding Agreement with FTA; allocation was deferred in FY25 and FY26 based on anticipated project cashflow needs, returns in FY27
- Other allocations includes contractual and mandatory contributions (OAC reserve, inventory, LED lighting financing)

Five-Year Outlook

(\$Millions)	FY26 Prelim	FY27 Prelim	FY28 Forecast	FY29 Forecast	FY30 Forecast
Operating Revenues	321	320	336	347	362
Financial Assistance	513	519	535	55	568
Total Regular Revenues	834	839	870	898	930
Operating Expense	1,045	1,087	1,114	1,146	1,164
Debt Service & Allocations	107	131	136	119	128
Total Uses	1,152	1,218	1,250	1,266	1,291
<i>Operating Result</i>	<i>(318)</i>	<i>(379)</i>	<i>(380)</i>	<i>(368)</i>	<i>(362)</i>
Total Emergency Assistance	318	0	0	0	0
<i>Total Net Result</i>	0	(379)	(380)	(368)	(362)
Board Workshop Deficit	(5)	(376)	(367)	(354)	(348)
<i>Change since Board Workshop</i>	5	(3)	(13)	(14)	(14)

Change in Operating Sources Since FY19



Timeline and Next Steps



March 31

April 10

May 8

May 22

June 12

FY26 & FY27
Preliminary
Budget Memo
(PBM) released

FY26 & FY27
Preliminary
Operating Budget
Overview

FY26 & FY27
Preliminary Capital
Budget Overview

FY26 & FY27 Budget
Update

Rail Service Plan

FY25 Q3 Financial Report

Prop 4/Gann Amendment

Title VI Equity Analysis for
2026 CPI-Based Fare
Increase

FY26 & FY27
Budget
Adoption

Discussion