



FY27 Budget Strategy

BART Board of Directors Meeting
November 13, 2025



Delivering in FY26 for Success in FY27

FY26: Focused on Success

Focus on the Customer:

- ✓ Continue clean and safe
- ✓ Customer satisfaction is high
- ✓ Clipper BayPass
- ✓ Next Generation Fare Gates
- ✓ Tap and Ride
- ✓ Upcoming: Next Generation Clipper
- Key area for improvement: minimize service disruptions

Financial Stability

- ✓ Ridership is up
- ✓ Ongoing efficiencies & cost saving efforts
- ✓ FY26 Quarter 1 financials on-track
- ✓ Planning for multiple futures

FY27: Planning for Multiple Futures

Nov 2026
General
Election

Measure Passes: Base Budget

Continue to Deliver High Quality Transit & Ensure Financial Stability

Measure Fails: Alternative Budget

\$300M+ in budget cuts and deferrals

Presentation Overview

- Updates

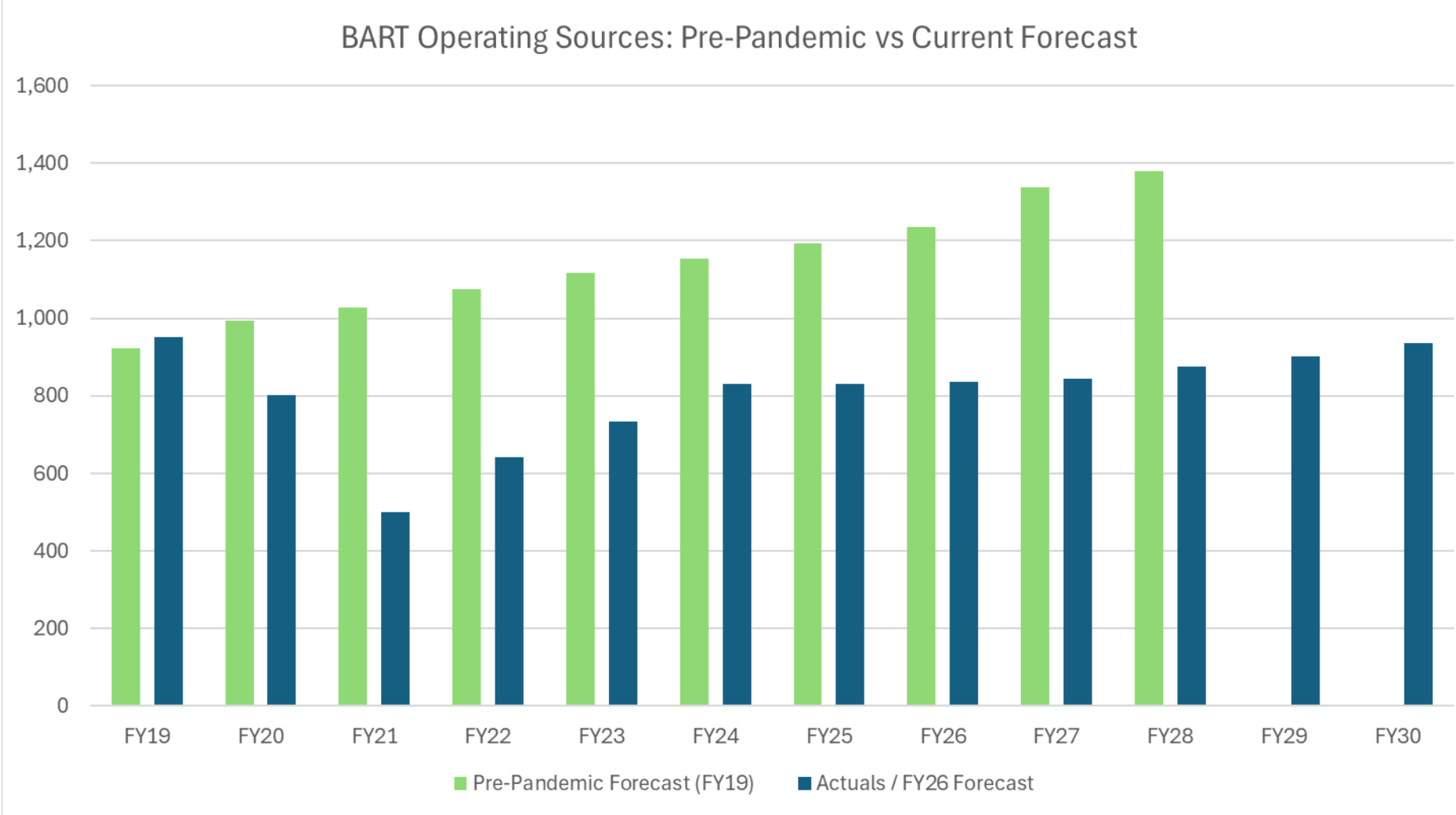
- Context: ridership, revenue, and BART's business model
- What BART has been doing
- Enabling legislation (Senate Bill 63) signed by the Governor – sets stage for 2026 ballot measure

- FY27 Budget Planning

- Principles
- Budget strategy
 - Actions to balance the first half of year (i.e. cuts, reserves, deferrals, etc)
 - Actions for the second half of the year
 - If Nov 2026 ballot measure passes
 - If Nov 2026 ballot measure fails
- Timeline

What is the Challenge for BART?

Fare revenue is down \$300-400M compared to pre-pandemic forecasts



BART Ridership: Slow but Steady Recovery From Unprecedented Pandemic Low



Ridership Growth Alone Won't Solve Budget Shortfalls

- Each additional **5% growth in ridership = +\$13M/year**
- To close our ~\$375M deficit with just fare revenue, ridership would need to **more than double**
- Ridership and fare revenue growth is **part of the solution**, but other revenue is needed

5-Year Operating Financial Outlook

Revised Financial Outlook (\$M) 10/23/25	FY27	FY28	FY29	FY30	FY31
Regular Sources	859	890	919	951	983
Regular Uses	1,235	1,271	1,300	1,341	1,367
Net Result	(376)	(381)	(381)	(390)	(384)
Regional Measure Proceeds*	74	308	318	328	339
Net Result with Regional Measure	(302)	(73)	(63)	(61)	(45)

* MTC is currently updating the Regional Measure revenue forecasts

What BART Has Focused On Since Budget Adoption

- **Continued Efforts to Grow Ridership**

- Key efforts include completion of Next Gen Fare Gate installation, launch of Tap and Ride, and acceleration of BayPass participation

- **Engaged in Regional Advocacy for Transit**

- Supported the authorization of SB 63
- Joined with Muni, AC Transit, and Caltrain to advocate for a state loan, and rallied regional stakeholder support to keep it in play

- **Managed Operating Costs & Implemented Efficiencies**

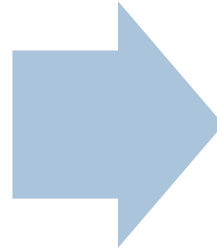
- Obtained Board approval of a balanced FY26 budget, with \$35M of ongoing reductions
- Continued the Strategic Hiring Freeze
- Improved capital labor cost recoveries
- Refinanced outstanding debt, saving: \$6.5M in FY26 sales tax debt service (benefits operating budget); \$23M in AA debt service and \$270M in future RR GO Bond debt service (benefits District taxpayers)
- Initiated draw down of \$395M as part of the 2nd tranche of federal TIFIA financing as a reserve

SB 63 Passage Sets the Stage for a Regional Ballot Measure

Senate Bill 63

(Signed into law October 2025)

- Allows for a regional transportation measure to be placed on the November 2026 ballot through action by a new Public Transit Revenue Measure District (TRMD) *OR* via a citizen's initiative
- Authorizes a 14-year sales tax in five Bay Area counties raising ~\$980M annually
- Funding directed to transit agency operations and rider focused improvements
- Includes several oversight and financial accountability provisions for specific agencies



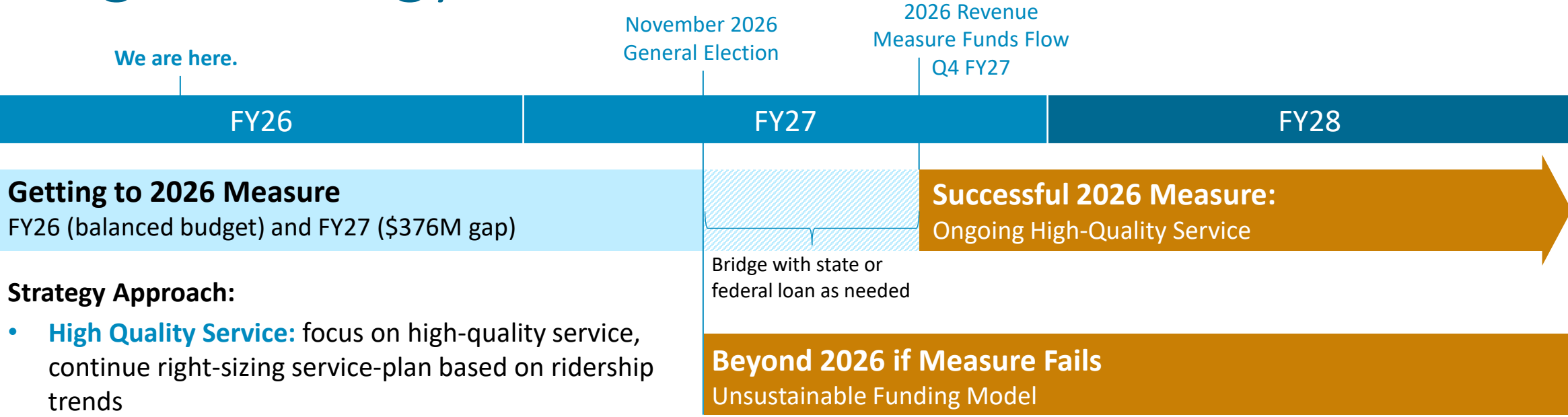
“Connect Bay Area Transit”

(November 2026 measure)

- Possible citizen's initiative requires simple majority (50% +1) voter approval
- TRMD initiative requires 2/3 voter approval
- Signature gathering conducted by a campaign and *NOT* public agencies
- BART can engage in ***fact-based*** regional education
- If passed by voters, BART would receive ~\$300M annually starting in FY28

\$300M per year solves most, but not all, of BART's revenue deficit

Budget Strategy Timeline



Getting to 2026 Measure

FY26 (balanced budget) and FY27 (\$376M gap)

Strategy Approach:

- **High Quality Service:** focus on high-quality service, continue right-sizing service-plan based on ridership trends
- **Bridge the Funding Gap:** efficiencies, one-time actions, limited use of cost deferrals, limited use of state or federal loan
- **Advocacy, Communication & Education:** advocate for additional funding, ongoing public communication and education on negative impacts of service cuts

Beyond 2026 if Measure Fails

Unsustainable Funding Model

Strategy Approach:

- **Deep Cuts:** implement major service cuts and workforce reductions (ex: reduce frequency, reduce hours, close stations), resulting in reduced ridership/fare revenue and worse customer experience
- **Implement Emergency Financial Measures:** additional fares and parking fee increases, defer more current obligations (resulting in increased future costs)
- **Advocacy, Communication & Education:** continue to engage, advocate, educate the public, and explore funding options

Scenario 1: Measure Succeeds

FY27 “Measure Succeeds” Principles

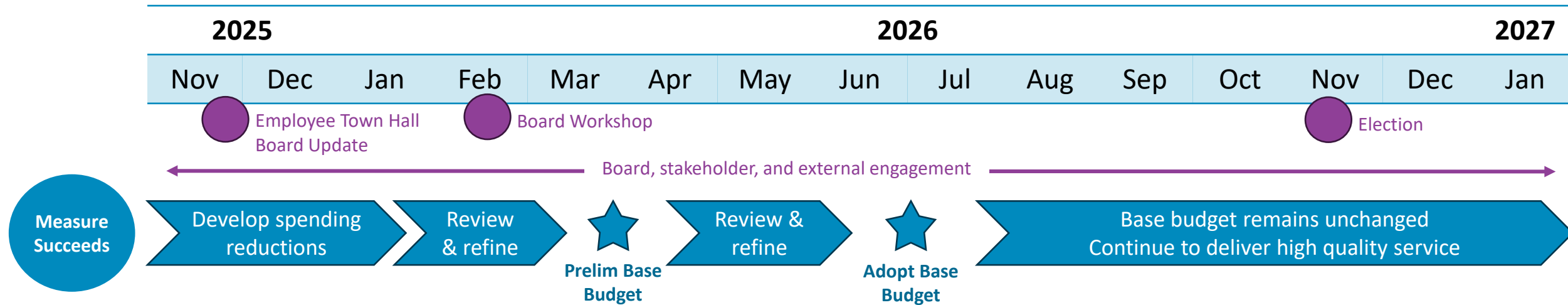
Principles	 Support ridership growth	Protect service, limit impacts to riders
	 Financial efficiency	Reduce expenses and operate efficiently
	 Regional partnership & advocacy	Increase support from other sources, collaborate with MTC
	 Preserve future flexibility	Retain employees Reduce future costs and preserve cash flexibility & bond ratings
Strategies	 Service quality	Maintain current service levels and system cleanliness / safety
	 Expense reductions	Continue existing measures Identify \$20M in additional ongoing reductions
	 Deferrals & 1x sources	Defer retiree medical contributions & capital allocations, change sales tax accounting basis to accrual

FY27 “Measure Succeeds” Scenario

- **Goal:** continue to operate normal BART service indefinitely with efficiencies implemented to ensure long term financial stability
- Bridge to revenue measure funding with limited use of federal or state loan proceeds, then post-election, pay down remainder

Planned actions to close \$376M gap	<i>All Scenarios</i>	<i>Scenario 1</i>	<i>Proposed</i>
(\$M); Favorable/(Unfavorable)	FY27 Half 1	FY27 Half 2	FY27
Spending Reductions	10	10	20
Capital Allocation Deferral	27	27	53
Defer FY27 Retiree Medical Contributions	19	19	38
Total Incremental Change to Uses	56	56	111
Federal/State Loan	39	58	97
Sales Tax Accrual	53		53
FY25/FY26 Retiree Medical Contribution Deferrals	40		40
Regional Revenue Measure		74	74
Total Incremental Change to Sources	132	132	265
Total Net Result - Measure Succeeds	188	188	376

FY27 Budget Process: “Measure Succeeds” Scenario



- Adopt baseline “Measure succeeds” budget in June
- Continue to operate normal BART service indefinitely with efficiencies implemented to ensure long term financial stability
- Targeting \$20M in operating expense reductions without impacting service
- Avoid cuts to existing staff

Scenario 2: Measure Fails

FY27 “Measure Fails” Principles



Minimize risk

Protect life safety as top priority
Ensure safety of property and infrastructure



Compliance with laws and policies

Local, state, and federal regulations
Labor laws, contracts, and loan agreements



Impacts to customers and operations

Impacts lowest number of stakeholders negatively
Minimizes negative impacts to protected populations



Maximize future rebuilding capacity

Preserve ability to restore staffing and infrastructure quickly and effectively

FY27 Potential Service Alternatives



	Scenario	Preliminary Assessment
A.	40% Service Reduction <i>(Actual 2021 service level)</i> 5-Line 30 min service, 9 PM close	Likely insufficient to close budget gap without added revenue
B.	70% Service Reduction <i>(May 8 Board Scenario)</i> 3-line 30 min service, -10 stations (+ 30% fare increase & deep cuts to all other BART functions)	Current working assumption for budget planning. Risk assessment in progress.
C.	90% Service Reduction <i>(2023 Short-Range Transit Plan lowest service)</i> 3-line 60 min service, -10 stations (+ 30% fare increase & deep cuts to all other BART functions)	Net cost savings may be worse than Alternative B due to fare revenue impact
D.	Scenario B + line/segment closures 3-line 30 min, shrink network	Risk assessment in progress, focused on security and maintenance of inactive infrastructure

Alternative B Assumptions and Impacts



Deep Service Cuts

- 3-line, 30 min service
- Peak Transbay capacity reduced from 15 to 4 trains per hour
- Fewer, more crowded trains
- Impacts to on-time performance
- Cascading negative effects on partner transit agency service



Closed Stations & Reduced Hours

- 9pm close
- Close 10 stations
- Impacts partner transit agencies – transfer points and shared facilities



Impacts to Customer Experience

- Impacts to police response times & progressive policing
- Impacts to cleanliness
- Impacts to infrastructure performance (e.g. elevator/escalator)
- Cuts to Quality of Life Initiatives



Emergency Financial Measures

- Defer capital allocations that leverage matching external funding for Core Capacity and state of good repair
- Defer retiree medical liabilities
- Deploy reserves



Fare & Parking Fee Increase

- 30% fare increase
- 30% parking fee increase
- BART is less affordable, with fewer riders



Impacts to Administrative Capacity

- Reduced administrative performance (slower invoicing, slower hiring, slower project delivery, reduced resources for advocacy, planning, development opportunities)
- Reduced capacity to restore service

Recovery from cuts of this scale would be very difficult and take many years to restore service, rehire, and train staff.

These cuts would reduce workforce by approximately 1,000 FTEs (26% of Operating-funded positions)

Impact to Ridership, Fare Revenue, Financial Assistance

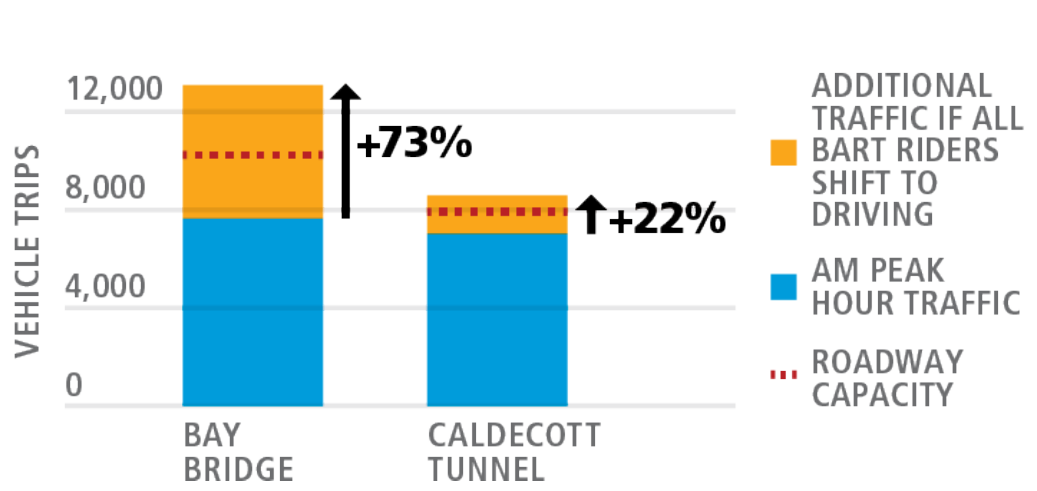
Combined, service cuts and fare increases would reduce ridership by an estimated 14M trips annually (26%), with risk of additional losses due to non-service cut impacts to customer experience.

	Revenue Impact, \$M <i>Annualized</i>	Revenue Impact, \$M <i>2nd half of FY27</i>
<u>User Fee Reduction due to Ridership Loss</u> - Fare Revenue - Parking Revenue	-\$60	-\$30
<u>Fare Increase (30%)</u> - Raises more revenue - Further decreases ridership	+\$54	+\$27
<u>Financial Assistance</u> - Service/cost cuts reduce VTA's proportional contribution - Low Carbon Fuel Standard revenues reduced	-\$32	-\$16
Total Reduction	-\$38	-\$19

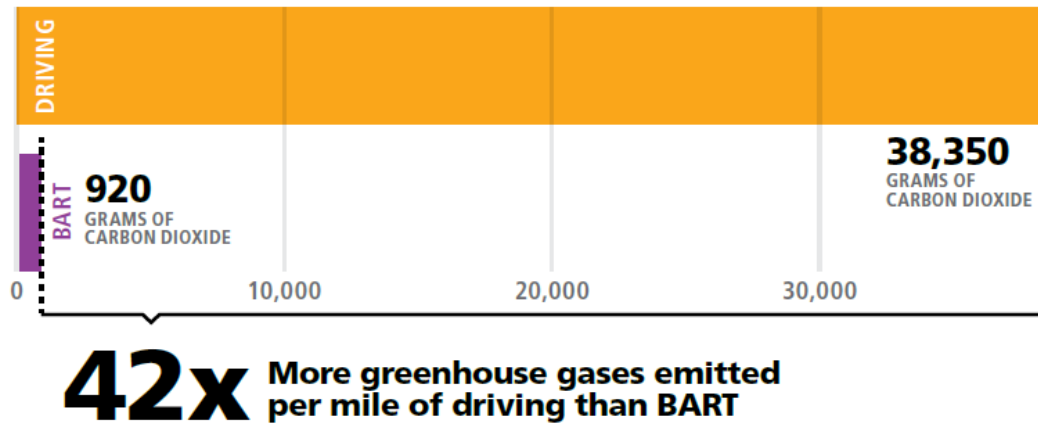
BART Supports Regional Mobility & Keeps Cars off the Road

While stopping BART service is not an option we are evaluating, BART’s 2024 [Role in the Region](#) Study considered a future without BART and found the region could experience worsened congestion, increased emissions, and impacts to the regional transit network.

TRAFFIC WITHOUT BART



VEHICLE EMISSIONS PER PERSON PER ROUNDTRIP: PITTSBURG/BAY POINT TO SFO



Scenario Refinement: Service Factors

Staff working to refine service scenarios in alignment with “FY27 Measure Fails Principles”

Service Factor	Considerations / Tradeoffs
Frequency (Trains / hour)	Impacts on ridership & revenue; deep cuts may be net negative to revenue
Weekend / Evening Service	Cutting low ridership periods reduces cost, impacts regional mobility / access
Number of Lines in Service	3-line network (i.e. Orange, Yellow, and Blue lines) serves all stations / segments; further cuts would deactivate line segments
Track / Station Segment closures	Closing track / station segments would reduce costs and staffing; but are high risk; risk / operational analysis underway
Station closures	Station closures reduce costs relative to station size; closed stations will need to be secured & maintained. Station closure criteria will be weighted and may include: • Current ridership • Current fare revenue • Protected populations per Title VI • Station substitution potential • Major destinations • Transit Oriented Development sensitivity • Operational Impact • Transfers and regional transportation network • Geographic distribution

FY27 “Measure Fails” Scenario B: 70% Service Reduction

- **Goal:** implement service and staff reductions while trying to maintain minimal level of service
- Rely on spending reductions rather than borrowing

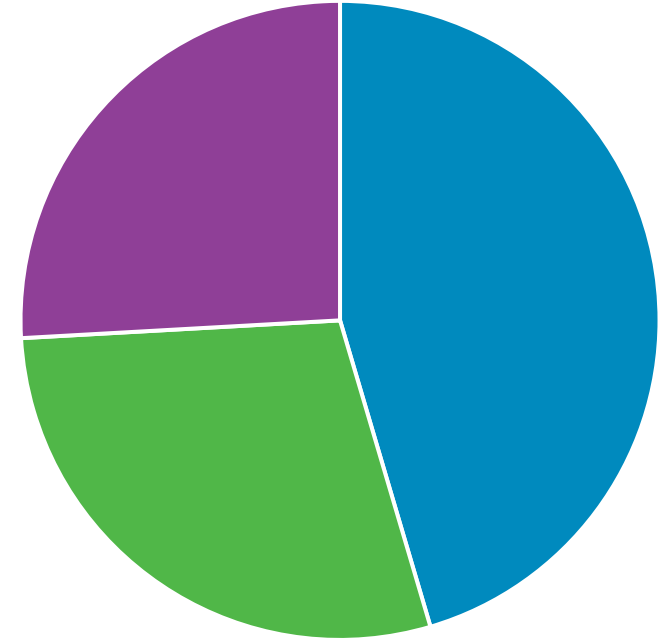
Planned actions to close \$376M gap	<i>All Scenarios</i>	<i>Scenario 2</i>	<i>Proposed</i>
(\$M); Favorable/(Unfavorable)	FY27 Half 1	FY27 Half 2	FY27
Spending Reductions	10	10	20
Capital Allocation Deferral	27	27	53
Defer FY27 Retiree Medical Contributions	19	19	38
Service Reductions		89	89
Other Non-Service Spending Reductions		56	56
Total Incremental Change to Uses	56	201	257
Federal/State Loan	39		39
Sales Tax Accrual	53		53
FY25/FY26 Retiree Medical Contribution Deferrals	40		40
Revenue Impacts due to Service Reductions		(46)	(46)
Fare Increase		27	27
One-Time Reserves/Deferrals		6	6
Total Incremental Change to Sources	132	(13)	119
Total Net Result - Measure Fails	188	188	376

Service Cuts Alone Won't Balance the Budget

FY27 balancing plan is **not sustainable** for the long term

- Scenario B includes approximately \$180M/year in **service cuts** and \$50M/year in **fee increases**
 - Ridership impacts may result in net **revenue losses** of approximately \$90M
- Balancing FY27 also requires:
 - \$110M/year in **cuts to other functions** – including support functions, police, maintenance. Risk Assessment in progress
 - \$100M in **cost deferrals and one-time sources** that will be unavailable in FY28

Without new funding, BART may not be able to sustain even reduced service



- Service Cuts
- Cuts to Other Functions
- One-Time Sources

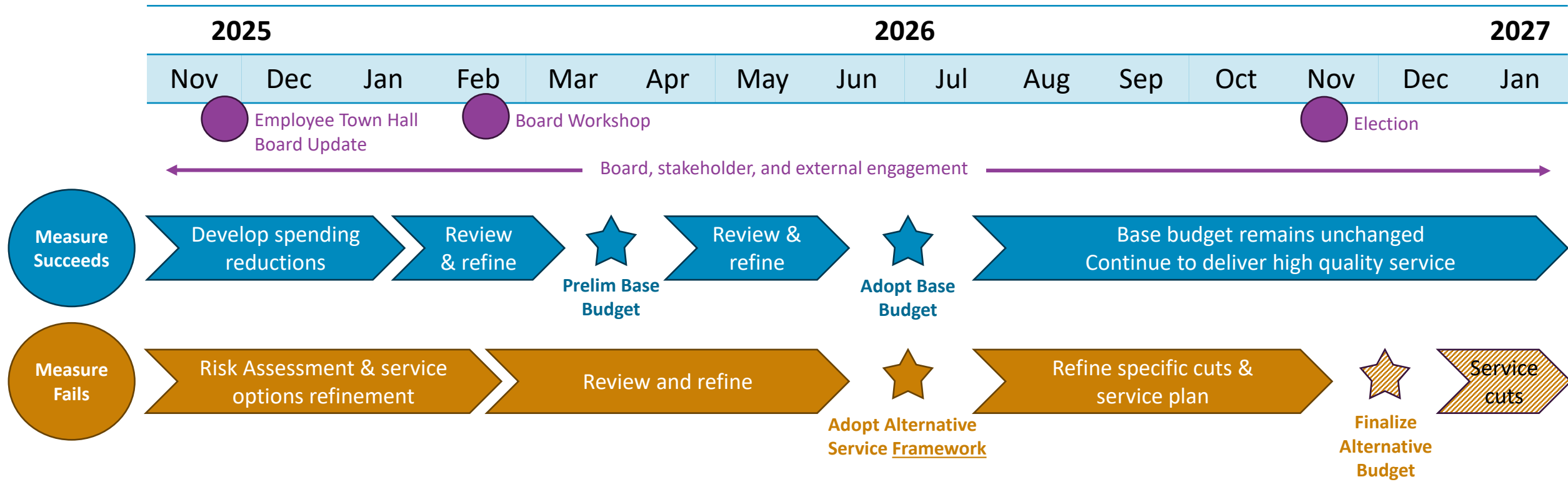
FY27 Budget Process: “Measure Fails” Scenario



- Conduct thorough risk assessment and service refinement
- Present “Measure Fails” framework alongside the baseline budget for adoption in June, illustrating projected impacts to budget and service if measure does not pass
- Finalize detailed alternative service plan and budget amendment for Board adoption in November/December if necessary
- If necessary, coordinate service plan changes with partner agencies
- If necessary, implement service cuts in January 2027

Wrap Up and Next Steps

FY27 Budget Process: Concurrent Planning



- This work to be integrated with District’s external engagement
- Adopt a “Measure Succeeds” budget in June 2026 while preparing for “Measure Fails” budget for potential adoption in November/December
- Adopt a “Measure Fails” alternative service framework in June 2026; refine through November 2026 to develop an alternative service framework and budget that could be finalized and adopted following a failed measure