



San Francisco Bay Area Rapid Transit District

# FY27 Preliminary Operating and Capital Budget

MARCH 31, 2026

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# 1. Message From Leadership

Dear Bay Area Rapid Transit (BART) Riders, Members of the Community, Labor Partners, and Staff:

We are pleased to present BART’s Fiscal Year 2027 (FY27) Preliminary Operating and Capital Budget.

FY27 will be a pivotal year for BART. Six years after a pandemic upended BART’s fare revenue dependent funding model, a proposed regional revenue measure in November 2026 will decide whether BART receives the operating funding necessary to maintain service. Such support would allow BART to continue its essential role in the Bay Area—moving hundreds of thousands of daily riders, supporting the regional economy, and helping meet our shared climate goals. Maintaining that role requires stable, long-term operating resources.

The FY27 Preliminary Budget assumes the successful passage of the November revenue measure. With that assumption, we have structured this budget to preserve our current robust but right-sized service levels while maintaining the reliability and frequency our riders depend on. This requires maintaining ongoing expense reductions but also tapping a number of one-time sources, and temporary deferrals of costs and capital commitments. Budgeting one-time funds and temporary cost deferrals are not best practices; this approach reflects our commitment to maintaining the robust transit service the Bay Area relies on.

At the same time, responsible financial planning requires us to acknowledge uncertainty. For that reason, this document also includes our Alternative Service Plan (ASP), which was initially approved by the BART Board of Directors on February 26. The ASP outlines the service reductions, fare increases, operational changes, and deep cuts to our labor force that will be necessary to operate deeply scaled back service if the revenue measure does not pass. There is no precedent for a major transit operator making cuts of this magnitude, and without knowing the impacts to ridership and system reliability, we do not know how long drastically reduced service levels could be maintained. The ASP is presented here for transparency and preparedness, but it is not the path we want to pursue.

In the months ahead, our focus remains where it has always been: delivering safe, clean, reliable, and high-quality transit service every day. Investments in the rider experience and system reliability are paying off, with improving rider satisfaction, increased on time performance, and reduced crime rates as part of what I refer to as the New BART. We are excited to showcase our improved service to the world this summer for FIFA World Cup 2026. As we approach November 2026—now just seven months away—our goal is to continue to demonstrate through our performance why BART remains such a vital asset to the Bay Area.

The FY27 Preliminary Budget reflects both the challenges and the opportunities before us. With thoughtful planning and continued partnerships across the region, we are confident BART can and will remain a strong and dependable part of the Bay Area’s future. I want to thank our riders, labor partners, Board of Directors, staff, and all other stakeholders for their continued engagement with and support for BART’s mission.

Sincerely,



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Robert M. Powers

General Manager

## 2. Executive Summary

### **Executive Summary**

The budget outlook for FY27 is perhaps the most uncertain in BART's history. A potential November 2026 regional transit revenue measure will determine whether BART receives the long-term operating revenues necessary to sustain current service. This measure is intended to replace the passenger revenues that have remained depressed since the COVID-19 pandemic and the subsequent shift of large numbers of Bay Area workers to hybrid remote work.

The FY27 Preliminary Budget assumes passage of this revenue measure. Since those revenues will not begin flowing to BART until the last quarter of FY27 (April 2027), the budget includes a number of temporary actions—cuts, deferrals, loan funds, and other one-time sources—to enable continued service delivery for the first three quarters of the fiscal year. These actions are intended to bridge the gap between the exhaustion of pandemic-era emergency funding and the start of a long-term regional operating funding source.

In the event revenue is not secured, the BART Board of Directors has adopted an Alternative Service Plan (ASP), described below. The ASP outlines the steps BART would take to align service and operations to match available resources if the November revenue measure fails. While the FY27 Preliminary Budget assumes passage of the measure and continuation of current service levels, prudent financial management requires planning for all potential outcomes.

In advance of the November revenue measure, BART's focus remains on delivering the high-quality rail service its riders expect and depend upon. Over the course of FY27, BART will continue to improve the rider experience and undertake planned capital reinvestment work.

### **Bridging the FY27 Funding Gap**

Under normal circumstances, staff would not propose a budget balanced by the measures outlined in this document, but FY27 presents a unique financial situation. BART's final allocation of the emergency funding that has sustained transit agencies during and after the COVID-19 pandemic is expected to be exhausted by June 2026, while the proposed regional revenue measure—if approved by voters—would not begin generating revenue until April 2027. The result is that BART must operate under a structural deficit for the first nine months of FY27.

BART's structural deficit stands at \$375 million (M) in FY27, well beyond what can be cut from the budget without deleterious service cuts. To close the deficit in FY27, before an assumed \$74M in additional regional measure revenues arrive, staff have identified a set of actions designed to minimize impacts to riders while maintaining service levels. These actions include:

- Continuation of targeted ongoing deficit reductions totaling \$23M, including the elimination of 64 currently vacant positions across the organization;
- Moving to best practice accrual-based sales tax accounting to align revenue recognition (\$59M);
- Deferral of contributions to the retiree health benefits trust in FY26 and FY27 (\$68M);
- Deferral of capital investments (\$52M); and
- \$98M in borrowing; BART has two loan options available in addition to its internal reserves; staff is preparing a recommendation regarding the appropriate source—or combination of sources—that best mitigate long-term risk.

As staff continue to revise projections, identify new sources of revenue, and implement spending reductions, the proposed actions listed above will change between now and budget adoption.

Staff recognize that some of these measures, particularly borrowing and retiree health benefit trust deferrals, will significantly increase BART's operating expenses over the coming decades, requiring funds that could otherwise be spent on service. Deferrals of capital investments will also have financial impacts and could affect long-term system reliability. If circumstances improve during the fiscal year—such as higher ridership or additional funding opportunities—staff will seek to reduce reliance on borrowing and deferrals to minimize impacts on future operating budgets. In all outcomes, BART will continue to focus on increasing revenues and reducing expense wherever possible.

### **Alternative Service Plan (ASP)**

If the regional revenue measure does not pass in November 2026, BART plans to amend the FY27 budget to reflect a substantially reduced level of available operating revenue. In that outcome, maintaining current service levels will not be possible. Significant reductions will be required across multiple areas of the organization, including to service levels, maintenance activities, public safety programs, and administrative functions, which will entail the elimination of approximately 1,170 budgeted positions.

Recognizing this possibility, the BART Board of Directors initially adopted an Alternative Service Plan (ASP) on February 26, 2026. The ASP outlines a phased approach to aligning service with available funding. Under this framework, reductions would occur in two phases, allowing BART to gradually adjust operations while preserving as much service as possible during the transition. Details of these phases are described more fully in Section 10 of this document.

The ASP is not BART's FY27 operating budget. Rather, it is a contingency plan intended to provide transparency about which actions BART will take if the revenue measure fails. Because the plan is based on assumptions about future financial conditions, ridership levels, and available resources, many of its details remain uncertain and will continue to evolve. BART's focus remains on avoiding this outcome and maintaining the service levels the Bay Area has come to expect.

### **Delivering Safe, Clean, and Reliable Service Amid Financial Constraints**

BART's priority continues to be delivering the safe, clean, and reliable service that the Bay Area relies on. The actions described throughout this document are focused on closing the FY27 budget deficit without affecting the customer experience or operational performance.

BART operates one of the most cost-effective heavy rail systems in the United States. This is despite operating in a high-cost region in an era of escalating cost pressures. Since FY20, emergency assistance funding from regional, state, and federal sources has allowed BART to maintain service levels. BART has extended this assistance with a combination of cost savings, efficiencies, and revenue development. Examples of these measures include temporary service reductions in 2020 and 2021, optimized train lengths, and the elimination of planned service expansions that were no longer supported by ridership demand post-COVID. BART has also kept employee wage growth below CPI, consolidated offices, and reduced non-labor expenditures across the board while mitigating long-term energy and traction power risks. On the revenue side, BART has continued its inflation-based fare increases, collected more fares with new fare gates, and added fare products such as Clipper BayPass. New revenue streams such as parking lot leasing have been added, while existing streams (notably Low Carbon Fuel Standard credits) have been expanded. A detailed summary of these measures is included as Attachment B.

BART has been delivering this level of service while making measurable improvements across the system. This has led to increased customer satisfaction, which stands at 88% as of December 2025, a 5% increase over the prior year. Crime across the system declined by 41% between 2024 and 2025, reflecting continued collaboration between BART Police, Station Agents, and community partners. Riders

are also seeing improvements in and around stations. All 50 stations now have the Next Generation Fare Gates, which has deterred fare evasion and reduced staff time spent cleaning up vandalism and graffiti. Wi-Fi service has been installed in five stations, with more underway, 18 canopies along Market Street in San Francisco have been completed, and the long-standing “rain profile” speed restriction has been retired, allowing trains to safely operate at higher speeds during inclement weather. Together, these improvements reinforce BART’s commitment to delivering reliable service, growing ridership, and significantly improving the customer experience.

### **Rider Experience Improvements**

Even during a challenging fiscal period, BART continues to invest in improvements that make the system easier and more enjoyable to use. In FY27, riders will see continued enhancements to digital tools, station environments, and fare payment systems.

A new version of the BART mobile application is under development and will include artificial intelligence (AI) features designed to provide riders with real time and responsive information about trips and service conditions. Additional stations will receive Wi-Fi service, expanding connectivity throughout the system and improving access to real-time travel information.

The District will also continue to improve its new fare gates. Station “glow up” initiatives will further improve lighting, signage, cleanliness, and wayfinding across the system. In parallel, BART will continue the implementation of the Next Generation of Clipper (C2), the region’s integrated fare payment platform. C2 enables tap-and-ride access for tourists and infrequent riders, seamless and discounted transfers between transit operators, real-time account updates, and easier online management of fare accounts, helping create a more unified transit experience across the Bay Area.

BART will continue to connect with riders and attract more leisure trips through art, culture, and activations. BART has hosted speed dating, comedy shows, bird watching, an outdoor movie night, and an anime festival. Regional transit coordination among Bay Area operators will continue to be prioritized to work together as one network to increase ridership and better serve the region.

### **Ridership Outlook**

Ridership recovery remains a key factor in BART’s financial outlook. While travel patterns across the Bay Area have changed since the pandemic, the long-term fundamentals supporting regional transit remain strong. Population growth, congestion on regional roadways, and climate goals all point toward the continued importance of high-capacity transit.

BART projects ridership to grow over the coming years as office vacancy rates decline and more workers return to in-person work schedules. Increasingly, riders are also using BART for purposes beyond the traditional weekday commute, including entertainment, tourism, and off-peak travel. These evolving patterns present opportunities for BART to expand its role as a regional mobility provider serving a wider range of trips and travel times.

**Continued Capital Investment**

BART's FY27 capital budget continues to support the long-term reliability, safety, and modernization of the system. Investments will focus on core infrastructure—including traction power and train control systems—to ensure the system remains safe and dependable for decades to come. Major state-of-good-repair projects will continue in FY27, addressing aging infrastructure that is essential to daily operations.

Capital funding will advance key initiatives, including completion of the Fleet of the Future rail car procurement, traction power system upgrades and expansion, and modernization of the train control system. Investments will also support station improvements, including station lighting and safety upgrades, improvements in support of transit-oriented development and accessibility enhancements, such as elevator modernization.

Capital investments will also support system resilience and advance the sustainability goals of the District, the region and the state. Projects to improve energy efficiency, avoid greenhouse gas emissions and strengthen infrastructure against climate impacts will help ensure BART remains a reliable transportation backbone for the region in the decades ahead.

**Looking Ahead**

FY27 is a year of both uncertainty and opportunity for BART and other Bay Area operators. The outcome of the November 2026 revenue measure will play a critical role in determining the scale and stability of transit service in the region for years to come. Until then, BART remains focused on delivering high-quality service to the communities it serves.

## 3. About BART

BART's mission is to provide safe, reliable, clean, quality transit service for riders. Since service began in 1972, BART has played a critical role in providing mass transit to the Bay Area. Connecting the San Francisco Peninsula with communities in the East Bay and South Bay, BART is the largest heavy-rail public transit system in the Western United States.

BART tracks cover more than 130 miles and service extends to Millbrae, Richmond, Antioch, Pleasanton, and North San José. BART also provides service to two major airports, San Francisco International Airport and San Francisco Bay Oakland International Airport, which connects both residents and visitors from all over the globe to the surrounding area. In 2025, BART delivered over 52 million passenger trips - helping riders travel to their jobs, schools, entertainment, and opportunities.

BART is committed to supporting a sustainable and prosperous Bay Area by connecting communities with seamless mobility. A key element of this vision is being responsive to changes in mobility needs. BART does this by adjusting service plans based on current ridership data and predictions about future ridership trends. More recently, BART introduced a service plan that relies less on work commutes and offers increased service on nights and weekends, where ridership is growing at a faster rate.

### **BART Trains and Service**

BART is primarily a traction power rail system. This type of system uses electricity to power trains through third rail electrification. BART's electric supply portfolio is comprised of wholesale wind, solar, and hydroelectric sources, as well as five onsite solar projects located across the system. BART's traction power in calendar year 2024 (the last year data is available) was 86% greenhouse gas free, with over 70% defined as eligible renewable energy under California state law.

The BART system consists of five lines of service that run through urban and suburban landscapes, supporting 50 stations across five counties: San Francisco, San Mateo, Alameda, Contra Costa, and Santa Clara.

As a protected right-of-way commuter rail system, BART trains have exclusive use of its tracks and are not affected by traffic conditions that often impact travel times on roads and highways. The right-of-way system bypasses congestion and helps people spend less time traveling. When taking BART, passengers can expect more predictable transit speeds and travel times.

BART has been running new train cars after retiring its legacy train fleet in early 2024. The new cars are quieter, cooler, and have several new attributes, including meaningful accessibility features, that help passengers enjoy a more comfortable ride. Each car is equipped with updated surveillance cameras and emergency call buttons for safety. Key transfer prompts were added to the onboard passenger monitors to enhance coordination with partner transit agencies.



## **Governance**

BART is designated as a special purpose district, established in 1957 pursuant to California Public Utilities Code Section 28500 et seq., known as the San Francisco Bay Area Rapid Transit District Act or BART Act<sup>1</sup>. BART's Board of Directors is the legislative body responsible for establishing BART policy. Senior staff work closely with the Board of Directors to help ensure delivery of safe and reliable service.

There are nine members of the Board of Directors, each representing a district within BART's geographical service area. The geographical boundaries of the districts are depicted in the map shown in Figure 2. Each Director is elected by voters within their election district and serves a four-year term. Elections are on a two-year cycle, alternating between odd numbered districts elections (Districts 1, District 3, District 5, District 7, and District 9) and even numbered district elections (District 2, District 4, District 6, and District 8).

Regular meetings of the Board of Directors are held in person. Members of the public may attend these meetings in person or via teleconference with the exception of closed sessions. More information about BART's Board of Directors, board meetings, and public comment opportunities can be found at [www.bart.gov](http://www.bart.gov).

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<sup>1</sup>[https://leginfo.legislature.ca.gov/faces/codes\\_displayexpandedbranch.xhtml?tocCode=PUC&division=10.&title=&part=2.&chapter=&article=](https://leginfo.legislature.ca.gov/faces/codes_displayexpandedbranch.xhtml?tocCode=PUC&division=10.&title=&part=2.&chapter=&article=)



## 4. Overview of the Budget Development Process

Each year, BART makes decisions on how to allocate funds based on financial resources available, the priorities of the organization, and those it serves. BART's financial decisions are guided by several key factors. Input is solicited from staff, the Board of Directors, members of the public, labor partners, and other stakeholders. Decisions are also informed by Board Rules and Policies, BART's Strategic Plan Framework, and Two-Year Action Plans, while being constrained by a set of financial policies.

BART adopts a one-year budget, which includes the upcoming fiscal year. BART is not required, but strives to, balance its budget.

BART's budget consists of an operating and a capital budget. The operating budget funds the annual operations and maintenance of the BART system. The capital budget funds the construction, expansion, renovation, replacement, and improvement of physical assets (new train cars, equipment, station access improvements, etc.). Each budget is divided into revenues (sources) and expenses (uses). Generally, operating revenue is intended to be ongoing and is funded annually. Capital funding, on the other hand, is split between formulaic sources, which are generally allocated each year, and competitive grant sources that are awarded periodically based on assessment criteria. Capital funding is typically spent over multiple fiscal years, depending on the duration of the capital project.

### **Fund Structure**

BART's operating budget functions as a single general fund. There are no internal service or enterprise funds; revenue is not assigned to specific cost centers or organizational units.

BART maintains several other dedicated and grant funds for the purpose of funding capital projects, which are budgeted as separate projects with balanced revenues and expenditures.

### **Basis of Budgeting**

BART's fiscal year runs from July 1 through June 30. The accrual basis of accounting is used for purposes of budgeting operating revenues and expenses. In accrual basis budgeting, financial transactions are recorded at the time they occur, even if the related cash is received or disbursed during another period. This budgeting practice is in accordance with Generally Accepted Accounting Principles (GAAP). In addition to operating revenues and expenses, certain financial commitments, which include monies allocated for debt service payments, fund transfer of operating sources to fund capital projects, and funds set aside for operating reserves and other contingencies, are also accounted for in the operating budget.

### **Financial Policies and Reporting**

BART has developed and regularly updates key financial policies, which create a financial framework and sets set of rules guiding its financial practices and decision making that BART conforms to. They include a Financial Stability Policy, Debt Policy, and Investment Policy. Each year, BART completes an Annual Comprehensive Financial Report, which is audited by an independent auditor using Generally Accepted Government Auditing Standards. Over the course of the fiscal year, staff publish monthly financial reports and present quarterly results to the BART Board of Directors .

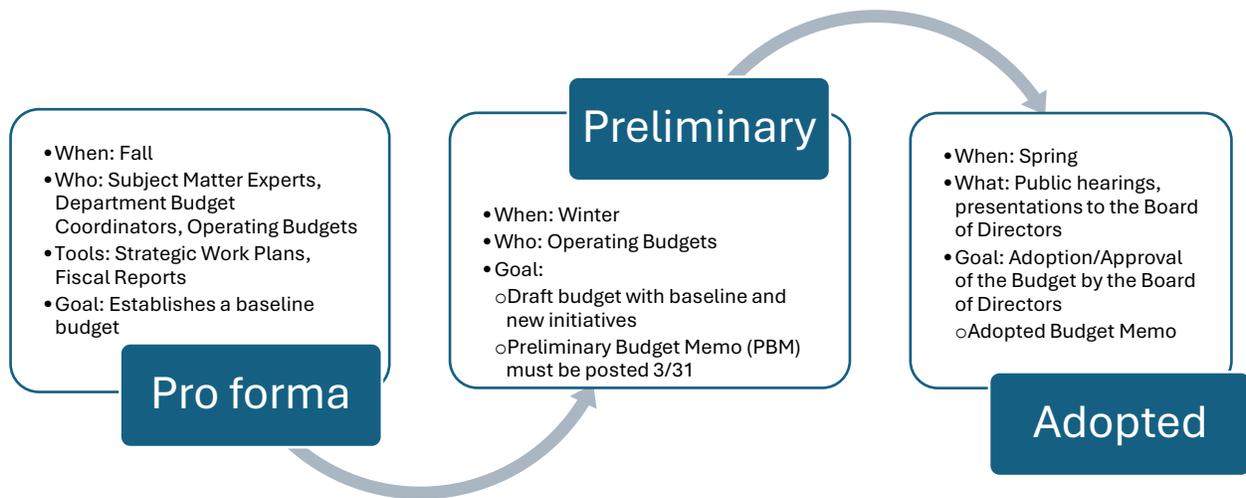
BART utilizes three forms of debt to finance capital investments. BART’s debt is governed by its Debt Policy, which sets its overall debt limit.

- Sales tax revenue bonds issued by BART are secured by BART’s dedicated share of sales tax revenue in the three BART District counties. BART currently has five outstanding sales tax revenue bond issues. This debt is serviced by the operating budget. BART’s sales tax is rated AA by Fitch Ratings, AA+ by S&P Global Ratings, and AA+ from Kroll Bond Rating Agency.
- In October 2024, the U.S. Department of Transportation and BART executed a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan agreement for up to \$544.6M (2025 TIFIA Loan). As of November 2025, BART has received the full loan proceeds. The 2025 TIFIA Loan is backed by BARTs share of dedicated sales tax revenue in the three BART District counties and is junior to any sales tax revenue bonds held by the District. Debt service payments for the loan, which begin on July 1, 2029, will be included in future operating budgets.
- BART also issues general obligation bonds. The debt service for this borrowing is covered by property tax levied in the three BART District counties. Voters have authorized two general obligation bond measures – Measure AA for BART’s Earthquake Safety Program (\$1B) and Measure RR for BART System Renewal (\$3.5B). BART’s general obligation bonds are rated AAA by Fitch Ratings, Aa1 by Moody’s Investors Service, and AA+ from Kroll Bond Rating Agency.

**Budget Development Process**

BART begins budget development in September, with Board and budget adoption each June. The annual budget cycle is further divided into three major phases: pro forma, preliminary, and adoption.

**Figure 3: Budget Development Process**



## 5. Five Year Outlook

Table 2 shows BART’s operating financial outlook for the years FY27 through FY31, corresponding with the ridership projections discussed in the next section and used in the budget. Projected operating deficits (excluding any potential new revenues the November 2026 regional sales tax measure) for the years FY27 through FY31 total \$1.6B and average \$312M per year. A successful regional sales tax measure would address most of the operating deficit in FY28 and beyond, but a large gap would remain in FY27 due to timing of when the new revenues would begin flowing.

Prior to the COVID-19 pandemic, rail passenger revenue contributed the majority of funding for BART operations. In FY19, the last fiscal year before the pandemic, fare revenue and parking fees (a subset of operating revenues) provided \$520M in revenue, or about two thirds of operating expense. These two sources are estimated at \$323M in FY27, covering less than one-third of operating expense. Nearly \$2B of one-time emergency assistance has enabled BART to sustain operations since 2020, but the last of this funding is assumed to be exhausted by FY27.

While ridership and fare revenues have grown in recent years, they remain depressed compared to pre-pandemic levels and are the primary drivers to BART’s operating deficit. While BART will continue to contain expenses and seek additional revenues, annual deficits of this magnitude cannot be eliminated without assistance. To sustain service at the projected level, a combination of new revenues, further expenditure reductions, and continued operational efficiencies efforts are being pursued.

**Table 2: Five Year Forecast (\$M)**

Five Year Forecast	FY26	FY27	FY28	FY29	FY30	FY31
	Adopted	Preliminary	Preliminary	Forecast	Forecast	Forecast
Operating Revenues	325.1	342.9	361.6	376.6	395.8	415.0
Financial Assistance	511.8	684.8	549.8	567.2	584.5	600.3
<b>Total Regular Revenues</b>	<b>836.9</b>	<b>1,027.7</b>	<b>911.4</b>	<b>943.9</b>	<b>980.3</b>	<b>1,015.3</b>
Operating Expense	1,006.7	1,048.3	1,155.3	1,197.3	1,222.3	1,249.8
Debt Service & Allocations	145.2	53.9	122.6	120.1	134.4	134.3
<b>Total Uses</b>	<b>1,151.8</b>	<b>1,102.1</b>	<b>1,277.8</b>	<b>1,317.4</b>	<b>1,356.7</b>	<b>1,384.1</b>
<b>Operating Result</b>	<b>(315.0)</b>	<b>(74.4)</b>	<b>(366.4)</b>	<b>(373.6)</b>	<b>(376.3)</b>	<b>(368.8)</b>
Total Emergency Assistance	315.0	0.0	0.0	0.0	0.0	0.0
Regional Sales Tax	0.0	74.4	307.5	317.8	328.4	339.4
<b>Total Net Result</b>	<b>(0.0)</b>	<b>0.0</b>	<b>(58.9)</b>	<b>(55.7)</b>	<b>(47.9)</b>	<b>(29.5)</b>

## 6. Ridership Outlook

BART closely tracks ridership in order to optimize the rail service plan, operate efficiently, and meet riders' transportation needs. The ridership outlook also informs budget projections as BART passenger fares are a critical source of revenue.

**Figure 4: Actual and Budgeted Ridership**

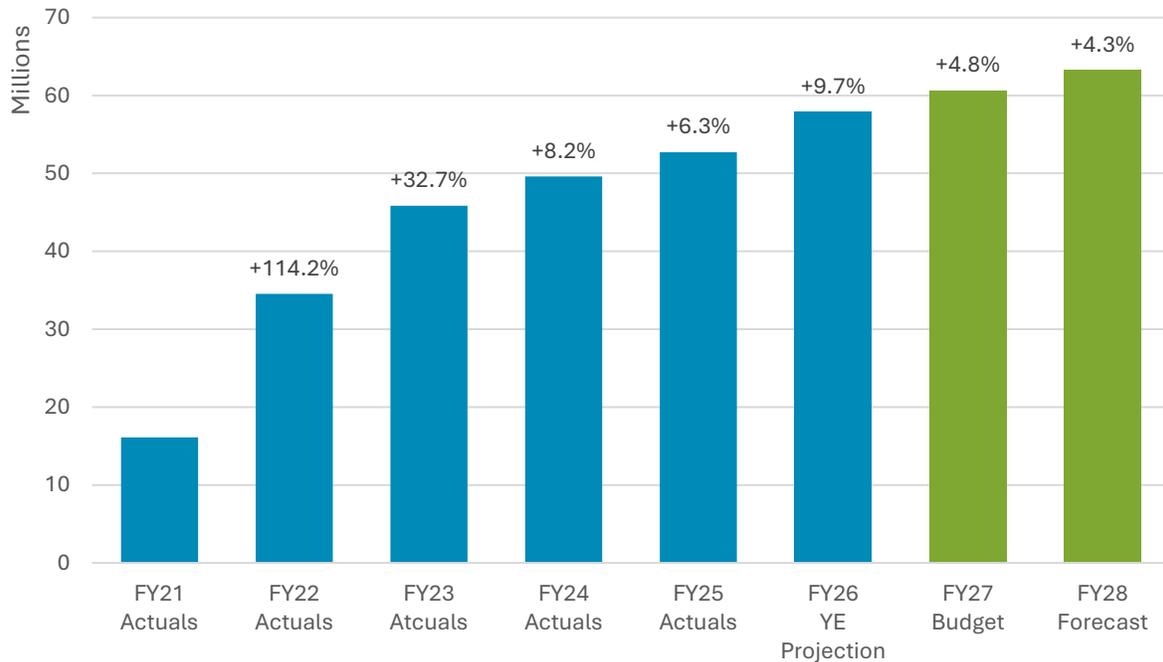


Figure 4 shows BART ridership since FY21, shortly after the COVID-19 pandemic began. As has been the case with transit agencies across the country, BART ridership sharply declined at the start of the pandemic. While ridership levels did recover significantly in subsequent years, they have not returned to pre-pandemic levels. While FY26 is projected to finish the year with significant growth of slightly under 10% over FY25, this level of growth is not expected to be sustained. The FY27 Preliminary Budget assumes that modest growth continues but at a diminished annual rate of 4.8% for FY27.

### **Rail Service Plan that Optimizes for Ridership Experience and Cost Efficiencies**

In response to the flattening of traditional peak commute ridership and relatively strong off-peak ridership, BART implemented its current service schedule in September 2023, with all lines operating on a base schedule of 20-minute headways (three trains per hour). This service plan, which has remained largely unchanged since its introduction, is responsive to new commute patterns. In January 2025, BART made minor adjustments to its schedule to improve transfers with other operators, notably better timing of transfers between BART, Caltrain, and VTA service. These changes help facilitate smoother connections and a more efficient rider experience.

**Table 3: Service Plan**

Day of Week	Hours of Service	Service
Monday-Friday	5:00 AM – 9:00 PM	10-minute headways (6 trains per hour) on Yellow 20-minute headways (3 trains per hour) on other 4 lines
	9:00 PM – 12:00 AM	20-minute headways (3 trains per hour) on 3 lines (Orange, Yellow, Blue Lines)
Saturday-Sunday	Saturday: 6:00 AM – 9:00 PM Sunday: 8:00 AM – 9:00 PM	20-minute headways (3 trains per hour) on 5 lines
	9:00 PM – 12:00 AM	20-minute headways (3 trains per hour) on 3 lines (Orange, Yellow, Blue Lines)

BART has changed the number of trains per hour and the size of its trains to improve safety and efficiency while reducing traction power costs. Instead of running 10-car trains to maximize social distancing, as it did during the pandemic, BART now runs trains with enough cars to meet peak-hour demand and no more, to maximize police and staff presence and cleanliness, and minimize empty space. Train crowding is regularly monitored, and trains can lengthen should demand warrant it. In March 2025, BART lengthened peak trains on several routes to accommodate increased train crowding.

## 7. Operating Budget

The following table summarizes BART's FY27 Preliminary Budget.

**Table 4: FY27 Preliminary Budget Sources and Uses (\$M)**

FY27 Sources and Uses (\$M)	FY26 Adopted	FY27 Preliminary	FY26 to FY27 Change	
			(\$)	(%)
Rail Passenger Revenue	259.1	299.7	40.6	16%
ADA Passenger Revenue	0.6	0.7	0.0	3%
Parking Revenue	19.9	22.4	2.5	12%
Other Operating Revenue	45.4	20.1	(25.3)	-56%
<i>Subtotal - Operating Revenue</i>	<i>325.1</i>	<i>342.9</i>	<i>17.8</i>	<i>5%</i>
Sales Tax Proceeds	314.1	325.1	11.0	4%
Sales Tax Accrual Change	0.0	59.3	59.3	
Regional Sales Tax Proceeds	0.0	74.4	74.4	
Property Tax Revenue	68.0	70.4	2.4	4%
VTA Financial Assistance	35.9	46.2	10.3	29%
State Transit Assistance	45.8	38.5	(7.3)	-16%
Low Carbon Funding Programs	32.2	31.3	(0.9)	-3%
Local & Other Assistance	15.7	16.2	0.5	3%
Borrowing (Source TBD)	0.0	97.9	97.9	
<i>Subtotal - Financial Assistance</i>	<i>511.8</i>	<i>759.2</i>	<i>247.5</i>	<i>48%</i>
<b>TOTAL - OPERATING SOURCES</b>	<b>836.9</b>	<b>1,102.1</b>	<b>265.3</b>	<b>32%</b>
Labor & Benefits	763.3	794.3	31.0	4%
Purchased Transportation	34.8	36.7	1.9	5%
Traction Power	65.0	65.8	0.8	1%
Other Non-Labor	143.5	151.5	8.0	6%
<i>Subtotal - Operating Expense</i>	<i>1,006.7</i>	<i>1,048.3</i>	<i>41.6</i>	<i>4%</i>
Bond Debt Service	60.2	60.2	0.0	0%
Capital Reinvestment Allocation	43.8	16.0	(27.8)	-63%
Priority Capital Programs Allocation	0.0	0.0	0.0	
Other Allocations	3.0	3.0	0.0	0%
RHBT FY26 Deferral	38.2	(34.6)	(72.7)	-190%
RHBT FY27 Capital Contribution	0.0	9.3	9.3	
<i>Subtotal - Debt Service &amp; Allocations</i>	<i>145.2</i>	<i>53.9</i>	<i>(91.3)</i>	<i>-63%</i>
<b>TOTAL USES</b>	<b>1,151.8</b>	<b>1,102.1</b>	<b>(49.7)</b>	<b>-4%</b>
<b>Net Result Before Emergency Assistance</b>	<b>(315.0)</b>	<b>0.0</b>	<b>315.0</b>	<b>-100%</b>
Emergency Assistance	315.0	0.0	(315.0)	-100%
<b>NET RESULT</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

BART has a structural operating deficit. Under known and projected revenue and expense trends, the FY27 expense budget would be \$375.4M higher than operating revenues. The FY27 Preliminary Budget assumes passage of a potential November 2026 regional transit revenue measure, which would add over \$300M in operating revenue annually; however, in FY27, if passed, this source would not begin flowing to BART until the fourth quarter of the fiscal year (April 2027). In order to balance the FY27 Preliminary Budget, a number of actions were taken. Given the nine month gap between the beginning of the fiscal year and when new revenues are assumed, these actions are primarily of a one-time nature.

### **Ongoing Revenue Increases**

Potential November 2026 regional transit revenue measure revenues, if authorized by Bay Area voters, are projected to generate \$74.4M in revenue to BART in the fourth quarter of FY27. This ongoing revenue source would increase to \$307.5M in FY28. In addition, \$1.8M in ongoing operating revenue from investment income is projected from more efficient investment operations.

### **One-time Revenue Actions**

Two actions allow BART to budget an additional \$157.1M in operating revenue in FY27 only. First, moving BART's sales tax accounting method from a cash basis to an accrual basis will enable the one-time recognition of an estimated additional \$59.3M in sales tax revenue. Second, BART assumes \$97.9M in borrowing; staff are working to determine which of several available sources best mitigate long-term risk and expect to provide an update to the BART Board in April or May so that the selected source can be incorporated into the FY27 Adopted Budget.

### **Ongoing Operating Expense Reductions**

As part of budget development, all BART departments were asked to make ongoing expense cuts in advance of FY27. A total of \$18.2M in expense was cut, including \$10.9M in labor costs (primarily from the elimination of 64 vacant positions) and \$7.3M in non-labor (primarily in professional and technical services). A close review of actuals and revised projections led to an additional \$3.4M reduction in the non-labor traction power and telecommunications budgets.

### **One-time Expense Reductions**

BART's total uses are reduced in FY27 by planned deferrals of contributions to the Retiree Health Benefits Trust (RHBT), which was created to prefund retiree health costs and liabilities. BART is not changing these benefits, but by deferring contributions to the RHBT to future years, BART is able to achieve short-term expense reductions. This deferral is reflected in two ways in the FY27 Preliminary Budget. First, in May 2025 (FY25) and continuing through FY26, BART began setting aside planned contributions to the RHBT. In FY27, these will be reflected as a negative expense in Other Allocations. The deferral of FY27 contributions will be reflected as a reduction in the Benefits line item. A portion of RHBT contributions (approximately 20-22% depending on the year) are funded by capital sources; only the operating share (\$68.3M over FY25, FY26, and FY27) is being deferred.

BART is also deferring \$52.1M in planned capital contributions in FY27. The Capital Reinvestment Allocation will be reduced to only the local match needed to leverage FTA State of Good Repair grant funding. The Priority Capital Allocation will be deferred to FY28 through FY31, in alignment with project cash flow and delivery schedules.

All RHBT and planned capital contributions are assumed to resume in FY28.

## 8. Operating Sources

Table 5 summarizes the operating sources for the FY27 Preliminary Budget. The operating sources for the FY26 Adopted Budget are included as a point of reference.

**Table 5: Operating Sources (\$M)**

Operating Revenue	FY26 Adopted	FY27 Preliminary	Change (\$)	Change (%)
Rail Passenger Revenue	259.1	299.7	40.6	16%
ADA Passenger Revenue	0.6	0.7	0.0	3%
Parking Revenue	19.9	22.4	2.5	12%
Other Operating Revenue	45.4	20.1	(25.3)	-56%
<b>Total</b>	<b>325.1</b>	<b>342.9</b>	<b>17.8</b>	<b>5%</b>

### Operating Sources Summary

Operating Sources includes Operating Revenue and Financial Assistance. Within each source of funding, revenue is further broken down into several line items. In FY27, Operating Sources is projected to total \$1.1B. This summary highlights the overall financial outlook by source and describes any pronounced fluctuations in revenue. A more general picture of revenue in the context of BART's financial future can be found in the Executive Summary.

### Operating Revenue Remains Steady

Operating Revenue includes the following sources: Rail Passenger Revenue, ADA Passenger Revenue, Parking Revenue and Other Operating Revenue. The largest source of Operating Revenue comes from Rail Passenger Revenue, which is estimated at \$299.7M in FY27, or 16% above the FY26 Adopted Budget. This forecast assumed a modest 4.8% growth and a full year of the January 2026 fare increase. FY26 Rail Passenger Revenue is more than 9% above budget year-to-date.

### Financial Assistance Revenue

Financial Assistance includes BART District tax revenue, financial support from the State of California, VTA, and revenue received from the potential transportation measure.

The largest single source of Financial Assistance comes from Sales Tax Revenue, which is split into three separate line items in Table 6. The first is a half-cent sales tax in Alameda, Contra Costa, and Alameda counties, of which BART receives three quarters. Initially authorized in 1977, this is forecast to be \$325.1M in FY27, reflecting baseline growth of 2.8% consistent with long-term trends. In FY27 only, the budget reflects a one-time change from cash-based accounting to accrual-based sales tax accounting, which will result in the District recognizing an estimated additional \$59.3M of sales tax revenue. Finally, the Regional Sales Tax proceeds line reflects the baseline assumption that voters approve a potential November 2026 regional transit revenue measure. In that scenario, the District can expect to accrue one full quarter of additional revenue beginning in April 2027.

Other Financial Assistance sources are expected to grow or decrease modestly compared to the FY26 budget, with the exception of VTA Financial Assistance. VTA Financial Assistance in FY27 is expected to be consistent with FY26 actuals, but 29% higher than FY26 budget due to a change in forecasting method. In FY27, an estimated \$97.9M of borrowing will be needed to close the deficit. Staff are working to determine which of several available sources best mitigate long-term risk and expect to provide an

update to the BART Board in April or May so that the selected source can be incorporated into the FY27 Adopted Budget.

**Table 6: Financial Assistance**

Financial Assistance	FY26 Adopted	FY27 Preliminary	Change (\$)	Change (%)
Sales Tax Proceeds	314.1	325.1	11.0	4%
Sales Tax Accrual Change	0.0	59.3	59.3	
Regional Sales Tax Proceeds	0.0	74.4	74.4	
Property Tax Proceeds	68.0	70.4	2.4	4%
VTA Financial Assistance	35.9	46.2	10.3	29%
State Transit Assistance	45.8	38.5	(7.3)	-16%
Low Carbon Funding Programs	32.2	31.3	(0.9)	-3%
Local & Other Assistance	15.7	16.2	0.5	3%
Borrowing	0.0	97.9	97.9	
<b>Total</b>	<b>511.8</b>	<b>759.2</b>	<b>247.5</b>	<b>48%</b>

## 9. Operating Uses

BART's Operating Uses are separated into two categories: Operating Expense and Debt Service & Allocations. Operating Expense includes costs associated with the day-to-day operations and maintenance of BART ("running the railroad"). Debt Service & Allocations consists of debt payments and transfers out of the operating budget to fund capital and other projects. Within each category, expenses are further broken down into line items.

### Uses Summary

BART's total Operating Uses are \$1.1B in FY27. This is a decrease of \$49.7M from the FY26 budget. Operating Expense increases by 4% in FY27 while Total Uses decrease by 4%.

BART faces considerable pressure across its expense budget; staff have worked to limit this growth without affecting service. There are certain costs that BART can directly influence, while other costs are fixed because they are contractually negotiated or determined externally. For instance, BART can change the number of employees it deploys to run services based on factors such as hours of service. However, the price per unit of traction power or employee wages, for example, are determined through contractual agreements that can only be renegotiated during specific predetermined time periods. This limits BART's flexibility to adjust overall operational expenditures.

### Increases in Operating Expense

The majority of BART's spending is on employees, reflected in the Labor & Benefits budget, which funds salaries, fringe benefits, and retirement. Most of the FY27 Operating Expense increase is in the labor budget, though it is partially offset by the effects of a strategic hiring freeze implemented in February 2025, FY27 target reductions, and a change, enabled by recent CBA changes, in how BART funds a portion of its retiree medical obligations.

**Table 7: Labor and Benefits**

Labor and Benefits	FY26 Adopted	FY27 Preliminary	Change (\$)	Change (%)
Wages	547.8	568.7	20.9	4%
Overtime	79.7	84.3	4.7	6%
CalPERS Pension	145.3	155.1	9.9	7%
Active Employee Medical	92.5	108.1	15.6	17%
Retiree Medical	0.0	0.0	0.0	
Workers' Compensation	24.6	26.0	1.3	5%
Other Benefits	39.0	40.4	1.4	4%
Subtotal - Gross Labor	928.8	982.6	53.8	6%
Capital Reimbursement	(145.1)	(167.0)	(21.8)	15%
Capital Overtime	(20.4)	(21.4)	(1.0)	5%
Subtotal - Reimbursements	(165.5)	(188.3)	(22.8)	14%
<b>Total</b>	<b>763.3</b>	<b>794.3</b>	<b>31.0</b>	<b>4%</b>

The largest increase is due to negotiated employee wage increases. Most of BART’s staff are represented by a labor union, and collective bargaining agreements (CBAs) between BART and its labor partners set wage increases that occur year over year. The FY27 Preliminary Budget reflects wage increases that were agreed upon in the summer of 2024 and are in effect until the end of FY27.

The second driver of cost increases in FY27 is cost escalation for employee benefit costs. The single largest benefit cost increase is for employee medical insurance, followed by increases in BART’s contribution to meet CalPERS retirement fund obligations. As BART began deferring Retiree Health Benefit Trust contributions in late FY25, no expense is budgeted on the Retiree Medical line; if the contributions were made, they would be \$38.2M in FY26 and \$43.0M in FY27, a 13% increase before the costs of repaying FY25 through FY27 deferrals are included.

**Position Changes**

BART’s workforce consists of operating and capital positions. BART's total budgeted full-time equivalent positions (FTE) decreases by 63, to 4,537 FTE in FY27. Of this, 3,698 FTE are funded by the operating budget, which is a 1.7% decrease from FY26. The majority of this reduction is due to the FY27 \$20M target reduction request from BART’s General Manager to all BART executive offices. The total number of FTE positions authorized in the FY27 Preliminary Budget are itemized in Table 8 with a breakdown of the headcount changes that decreased the number of budgeted positions by 63.1 FTEs. Attachment provides a breakdown of FTEs by Department, and the fully itemized distribution of all BART FTEs is available at [bart.gov/financials](http://bart.gov/financials).

A breakdown of position changes in the FY27 preliminary budget is as follows:

- Mid-year position addition in Transportation and for miscellaneous non-service needs (4.0 FTEs);
- Technical adjustments to align part-time operating positions converted to full-time positions and capital to operating conversions (net 0 FTEs); and
- Position reductions (67.1 FTEs); the majority (64.0 FTEs) were abolished as part of the FY27 \$20M target reduction, while the remainder were eliminated to offset other new position costs.

**Table 8: FY26 to FY27 FTE Summary**

<b>FY26 to FY27 FTE</b>	<b>Operating</b>	<b>Capital/Reimbursable</b>	<b>Total FTEs</b>
FY26 Adopted Budget	3,760.1	839.6	4,599.7
Mid-Year Addition	4.0	0.0	4.0
Technical Adjustments	(1.5)	1.5	0.0
Reduction	(65.1)	(2.0)	(67.1)
<i>Total Adjustments</i>	<i>(62.6)</i>	<i>(0.5)</i>	<i>(63.1)</i>
<b>FY27 Preliminary Budget</b>	<b>3,697.5</b>	<b>839.1</b>	<b>4,536.6</b>

## Non-Labor

Non-labor expenses increase in FY27 by a net \$10.6M. The increase is mostly attributed to Clipper 2.0, paratransit service, funding for the maintenance of the new BPD Headquarters, a shift of OCIO's capital allocation from the Debt Service & Allocations budget to Operating Expense, and scheduled elections for the BART Board of Directors in Districts 2, 4, 6, and 8. These increases were offset by \$7.3M of ongoing department reductions as part of the FY27 targeted department cuts.

The increase in the Traction Power budget in FY27 is driven by the cost of transmitting electricity over the power grid. These costs are passed on to BART by local electric utilities, whose rates are governed by the California Public Utilities Commission (CPUC). BART has no control over these prices. BART has worked in recent years to secure price stability for renewable electricity through solar power and wind power purchase agreements.

Finally, under the federal Americans with Disabilities Act, BART provides funding for paratransit services in partnership with Alameda-Contra Costa Transit District (AC Transit) and the San Francisco Municipal Transportation Agency (SFMTA) from third party providers. The total cost for paratransit services is expected to go up due to increased demand for service and higher labor costs. BART's paratransit budget increases by \$1.5M in FY27, consistent with a trend of substantial cost increases over the last several years.

**Table 9: Non-Labor**

Non-Labor (\$M)	FY26 Adopted	FY27 Preliminary	Change (\$)	Change (%)
Clipper and Bank Fees	7.3	114.1	6.7	92%
Insurance	9.8	11.2	1.4	14%
Material & Supplies	47.3	44.7	(2.6)	-5%
Professional & Technical Fees	48.3	50.9	2.5	5%
Repairs & Maintenance	13.4	13.5	0.1	1%
Rent	3.9	4.0	0.1	2%
Power	65.0	65.8	0.8	1%
ADA Paratransit	26.3	27.8	1.5	6%
Purchased Transportation	8.5	8.9	0.4	4%
Utilities	8.6	7.9	(0.7)	-8%
Other Miscellaneous	4.9	5.3	0.4	8%
<b>Total</b>	<b>243.4</b>	<b>254.0</b>	<b>10.6</b>	<b>4%</b>

### Debt Service & Allocations Changes

The Debt Service & Allocations category includes repayments of sales tax-backed debt and transfers out of the Operating Budget, which primarily funds a portion of BART's Capital Budget.

Debt service payments are made on a set schedule and are budgeted accordingly. In September 2025, BART issued 2025 Series A Sales Tax Revenue Refunding Bonds. By refunding the 2015 Sales Tax Revenue Bonds (STRB), BART achieved a one-time savings of Debt Service expenses in FY26. Debt service payments for BART's 2025 TIFIA Loan do not commence until July 1, 2029 and so are not reflected in the FY27 Preliminary Budget. If operating funds freed up by the TIFIA loan, beyond the potential borrowing for the FY27 Operating Budget, are utilized for operating or other expenses, the annual debt service associated with the TIFIA loan would increase operating shortfalls by \$16M to \$25M in future years starting in FY29.

Beginning in FY25, BART began deferring allocations to the Priority Capital Program to preserve cash while aligning with project cash flow and delivery schedules. In FY27, most of the baseline capital allocation has also been deferred. The total Allocations budget is further suppressed by the deployment of deferred FY25 and FY26 Retiree Health Benefit Trust (RHBT) contributions, which are applied in BART's financial system as a negative expense.

**Table 10: Debt Service and Allocations**

Debt Service and Allocations	FY26 Adopted	FY27 Preliminary	Change (\$)	Change (%)
Debt Service	60.2	60.2	0.0	0%
Capital Reinvestment	43.8	16.0	(27.8)	-63%
Other Allocations	3.0	3.0	-	0%
Priority Capital Projects/Programs	-	-	-	
RHBT FY26 Deferral	38.2	(34.6)	(72.7)	-190%
RHBT FY27 Capital Contributions	-	9.3	9.3	
<b>Total</b>	<b>145.2</b>	<b>53.9</b>	<b>(91.3)</b>	<b>-63%</b>

## 10. Alternative Service Plan

### Introduction

In addition to the balanced operating budget presented in this Preliminary Operating Budget, the BART Board directed staff to develop a balanced operating budget that could be implemented should a planned November 2026 revenue measure not be passed. Staff prepared the plan below and on February 26, 2026, the Board initially approved this FY27 Alternative Service Plan (ASP). The ASP identifies service reductions that BART could implement, starting in January 2027 and continuing into FY28, if the Measure fails at the November 2026 ballot and if no other operating revenue source is identified.

Initial approval of the ASP allows staff to continue to refine and analyze options and allows the Board and staff to discuss publicly any potential implications of the ASP and receive feedback from the public. The Board retains full discretion to modify the ASP after this initial approval. The specific actions and dollar amounts included below are subject to change as it is further refined and optimized. However if the ASP is implemented, staff project that in order to achieve the savings required in the second phase described below, approximately 1,170 positions (vacant and filled) would be cut from the budget. If the revenue measure fails, staff will present a Title VI Equity Analysis and revised FY27 budget to the Board for consideration at Board meetings in November and December 2026, prior to the Board's final decision on implementation of the ASP.

### FY27 Alternative Service Plan

*Adopted by the BART Board on February 26, 2026*

#### 1. Immediate Cost Reduction - January 2027

*Intent: A strong but measured shift in District operations intended to immediately reduce monthly financial losses, and to provide an opportunity to evaluate the impact of service cuts, fare increases, and non-service budget reductions in order to assess the feasibility of additional reductions necessary to balance the budget in FY28. Initial Board approval of the Plan is needed now to enable staff to plan January 2027 implementation. Additional Board action in November and December 2026 provides final approval.*

Service and Budget actions over 6 months:

- Target approximately \$54M in cost reductions by reducing train hours by an estimated 63% (3-line service, two trains per hour on each line, limited peak service, 9 PM close).
- Target approximately \$20M of additional revenue by increasing fares and parking fees 30%.
- Target approximately \$25M of savings from non-service budget reductions to fleet and non-fleet maintenance, police, cleaning, and administrative support functions.
- Revenue losses from such service reductions are estimated at \$39M.
- Continue baseline budget reductions of \$10M, deferrals of capital allocations (\$27M) and retiree medical contributions (\$19M).
- Target the use of one-time resources and additional financial deferrals, estimated at \$72M, to balance the FY27 budget.

After implementation, the District will assess ridership and revenue impacts and the performance of all District functions to determine if further reductions can be safely and legally implemented.

## **2. Budget Balancing (if feasible) - FY28 (July 1, 2027 - June 30, 2028)**

*Intent: Demonstrate the level of service and non-service cuts needed to balance the FY28 budget. Further evaluation, refinement, and Board action is required before implementation.*

Service and Budget actions in FY28:

- Target approximately \$176M in annual cost reductions through a cumulative 70% reduction in service hours:
  - Maintain 3-line service, two trains per hour on each line, limited peak service, 9 PM close.
  - Close up to 15 stations and/or up to 25% of system track miles.
  - The BART Board will be responsible for all decisions on station or segment closures.
- Target \$58M in annual revenue by increasing fares and parking fees up to a cumulative 50%.
- Target annual operating expense savings of a cumulative \$133M from non-service budget reductions to fleet and non-fleet maintenance, police, cleaning, and administrative support functions.
- Revenue losses from such service reductions and asset closures are estimated at \$112M.
- Continue baseline spending reductions (\$20M) and target deferrals of capital allocations (approximately \$68M) and retiree medical contributions (approximately \$38M) as necessary to balance the FY28 budget.

After implementation, the District will assess ridership and revenue impacts and the performance of all District functions to determine if service can safely and legally continue.

## **3. Safety Contingency (when required)**

*Intent: Acknowledge that given the risk and uncertainty in BART's ability to develop a balanced budget, it may be necessary to stop revenue service.*

Service and Budget actions:

- If it is determined BART cannot safely or legally operate with available resources, stop passenger service.
  - The BART Board will be responsible for all decisions on stopping passenger service.
- Use District tax revenues to secure system assets and other ongoing obligations.
- Work to determine system's future.

### **Alternative Service Plan Supporting Actions**

- After initial approval of the Plan by the Board, staff will continue to assess and identify the risks of service reductions, asset closures, non-service budget reductions, fare increases, financial deferrals, and the costs of loans vs. deferral of spending commitments and refine the Plan.
- To minimize impacts on riders and the public, the District will:
  - Assess opportunities for staffing and non-labor spending efficiency across all functions.
  - Consider opportunities to deploy existing operating staff to capital-funded work that benefits the BART system and the public, subject to compliance with all applicable laws and grant funding agreements.
  - Continue to advocate for additional public investment needed to maintain service levels and District operations.
- Retiree medical contribution deferrals will be made in accordance with Labor agreements and do not affect retiree benefit commitments.
- A Title VI Equity Analysis will be completed before implementation of the Alternative Service Plan in January 2027.
- The Board will review and adopt the Title VI Equity Analysis and the Revised FY27 Budget before service or budget reductions are made.
- The Board in its discretion may adopt changes to the Alternative Service Plan, including station, line, or segment closures. Any future station, line, or segment closures will:
  - Consider input from communities, including local officials
  - Consider net impact on District revenue
  - Balance District fiscal needs with impacts to communities
  - Comply with all requirements of applicable law
  - Will be at the sole discretion of the Board only
- Staff will provide expanded community outreach.

## 11. Capital Budget

### **Preliminary Capital Budget**

The FY27 Preliminary Capital Budget anticipates a maximum investment in BART's capital assets of \$818M in FY27. The Preliminary Capital Budget provides an estimate of the cost of capital work project managers intend to accomplish in the coming fiscal year. All cost estimates in the annual capital budget are fully funded by awards received in prior fiscal years and secured, programmed funds. The FY27 Preliminary Capital Budget is linked to the long-term capital investment strategy of the District as documented in BART's Capital Investment Plan (CIP)<sup>3</sup>.

### **Point in Time**

The capital budget is a plan, which changes in real time as the year progresses based on District priorities, unplanned BART needs, and changes in funding availability (such as a new grant award). While presented as a fixed figure, the annual capital budget is a best estimate of capital investment over the coming fiscal year based on individual project schedules and cost estimates. Individual project schedules may shift due to resource constraints (such as track access), contracting outcomes, or unforeseen site issues. Departments review project progress regularly throughout the year to refine individual budgets and schedules, as needed. More developed projects that have completed procurement and/or commenced construction have firmer budget estimates, while early-stage projects in the planning or design phase are more subject to change.

### **Definition of Capital Assets**

A capital asset is a facility, unit of rolling stock, land, unit of equipment (valued over \$5,000), element of infrastructure, or intellectual property (including software), with a useful life of more than one year that is capitalized in accordance with Generally Accepted Accounting Principles (GAAP). Capital assets may also include an addition, improvement, modification, replacement, rearrangement, reinstallation, renovation, or alteration to capital assets that materially increases the value of the asset (excluding ordinary repairs and maintenance).

### **Preliminary Capital Sources and Uses**

The FY27 Preliminary Capital Budget directs \$818 M across five CIP Purposes: System Reinvestment, Service and Capacity Enhancement, Resiliency, System Development, and Safety and Security. The following charts also summarize planned work by CIP Category, which generally reflects an asset type or program area.

As can be seen in Table 7, 98% of BART's planned capital investment in FY27 continues to be in two CIP Purposes:

- System Reinvestment – investments to keep BART's existing system reliable and safe; and
- Service & Capacity Enhancement – investments to enhance the rider experience, support more frequent service and provide system redundancy to improve reliability when legacy assets experience issues.

In FY26, the Rail Car Procurement Program experienced a multi-month pause in rail car deliveries due to enhanced federal oversight of Alstom's manufacturing facility in Mexico, a key hub for rail car production. As a result, forecast completion of Phase 2 of the Fleet of the Future Rail Car Procurement

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<sup>3</sup> <https://www.bart.gov/sites/default/files/2024-10/Final%20FY25%20Capital%20Investment%20Plan%20-%20October%202024.pdf>

has shifted to FY27, with associated costs also moving into that fiscal year. Phase 2 will deliver 306 expansion rail cars for the Core Capacity Program, along with an additional 48 rail cars to support VTA's BART-to-Silicon Valley Extension Phase 2.

BART will also complete the construction of the BART Police Department Headquarters in FY27, providing a centralized facility for operations, training, and emergency response.

In FY27, BART will continue investment in traction power infrastructure, including cable replacement, substation rehabilitation, including transformer and rectifier replacements, and new permanent and temporary substations to improve system reliability and provide redundant power. Construction will begin on three new additional traction power substations in the East Bay, the second phase of the Core Capacity Program Traction Power Substations.

BART's project to replace its legacy fixed-block train control system with a modern communications-based train control (CBTC) system will complete Phase 2 installation and proceed to static testing in FY27. Once fully implemented, the Train Control Modernization Program – in combination with the expanded rail car fleet and new traction power substations – will enable BART to run more frequent, longer trains through the core of the BART system. In FY27, BART will also be initiating a project to modernize its operational technology network infrastructure to make the system more resilient and provide a network backbone capable of supporting CBTC, public safety communications and future operational growth.

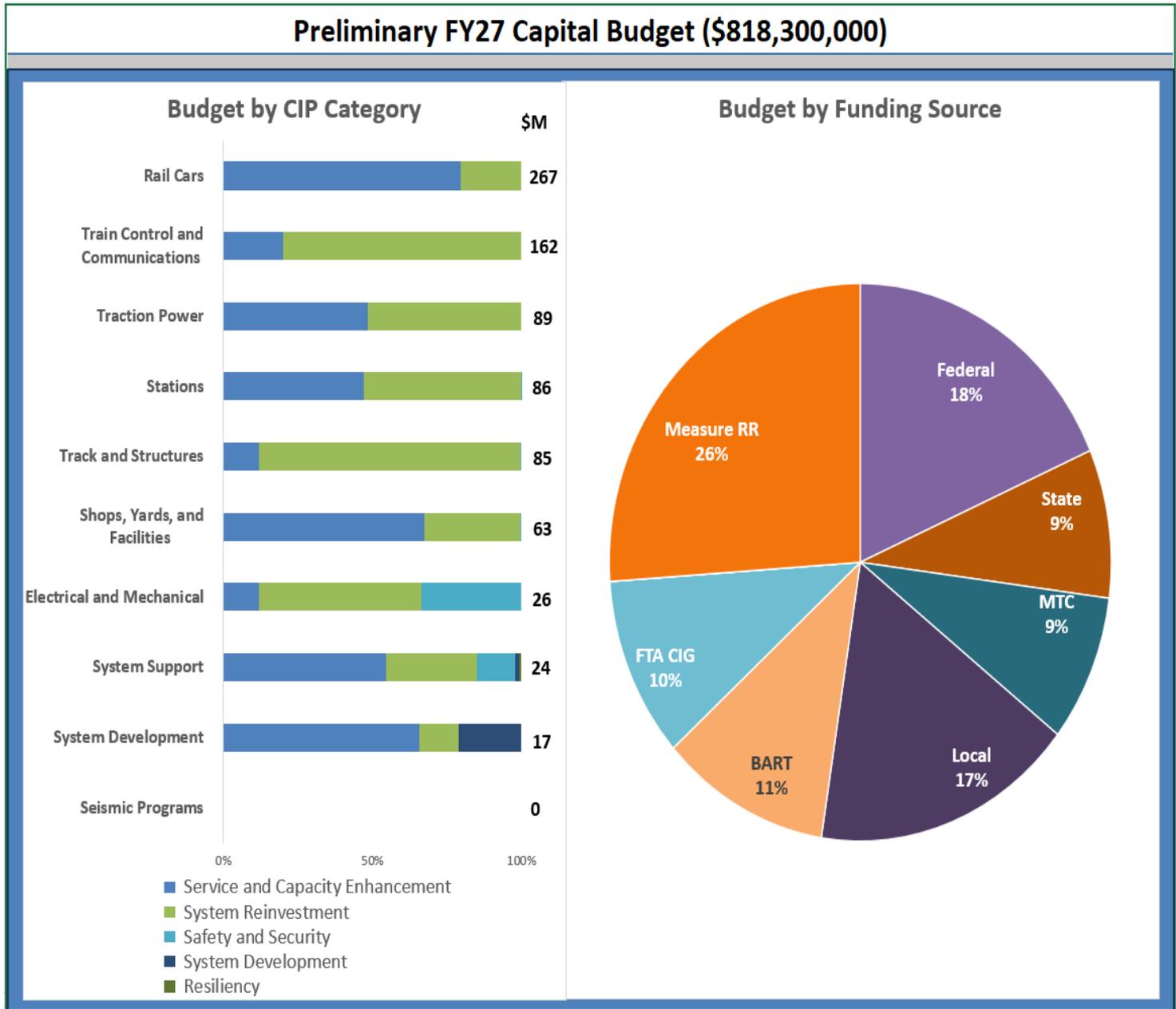
The District is continually refining and evolving how capital project information is reported and shared with the Board and the public with the goal of increasing transparency. Since FY23, the District has regularly shared with the Board a capital project report – the Capital Project and Program Status Report (CPPSR)<sup>4</sup> – which meets this goal. The CPPSR provides program and project status updates, as well as project-level cost estimate, budget, and timeline detail. BART is currently updating its CIP, BART's fiscally constrained long-term forecast of capital investments, with an updated CIP anticipated in Fall 2026. The most recent CIP was published in October 2024 and is posted to BART.gov . The CIP includes more information about BART's capital investment planning approach, capital program, and funding strategy.

BART's capital budget is funded with federal, state, and regional grants, along with BART funds and Measure RR system renewal General Obligation bond proceeds. Projected FY27 funding sources are summarized in Table 7 below. Regional, local, and BART sources, including BART Measure RR general obligation bonds, comprise more than 60% of the funding for the Preliminary Capital Budget. The FY27 BART share includes a portion of the BART funds released from the Rail Car Procurement Phase 1 project following execution of the 2025 TIFIA Loan. These released funds are funding the construction of the BART Police HQ project. State and federal sources, including the State's Transit and Intercity Rail Capital Program as well as the Federal Transit Administration's Capital Investment Grant, total nearly 40% of Preliminary Capital Budget funding. See Attachment C for the FY27 Preliminary Capital Budget by project.

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<sup>4</sup> <https://www.bart.gov/about/reports>

Figure 5: Capital Budget



## 12. Attachments

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# Summary of BART Financial Efficiency Data

12/12/2025

## Executive Summary

BART is one of the most cost-efficient heavy rail systems in the United States. Despite operating in a high-cost region and facing extraordinary cost pressures during and after the COVID-19 pandemic, BART has held real operating costs per service hour nearly flat since 2019.

Since 2020, BART has acted to right-size service and its workforce, control labor costs, trim non-labor spending, and deliver major projects under budget. These measures have saved hundreds of millions of dollars while preserving essential service for the region.

At the same time, BART has pursued revenue growth through fare and fee policy discipline, new fare gates, regional fare programs, parking initiatives, while securing significant federal and state funding.

## BART's Cost Efficiency in Context

Despite operating in one of the nation's most expensive markets, BART remains cost efficient. With an operating cost of \$375 per vehicle revenue hour (FY24), BART ranks 7th out of 16 U.S. heavy rail operators, even with its BEA regional price parity about 10% higher than these peers.

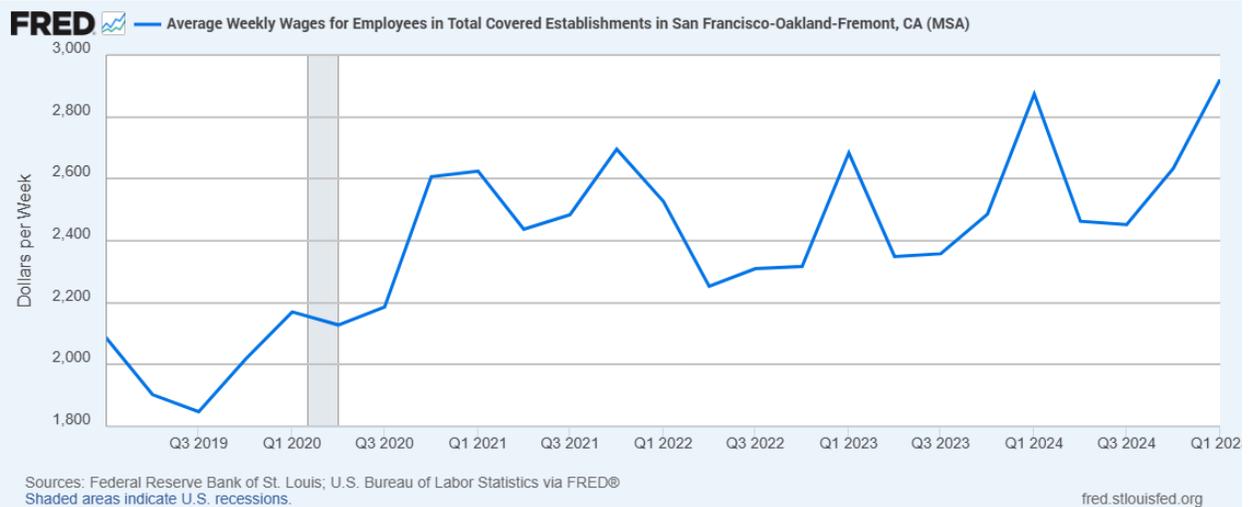
BART's costs are lower than its two closest structural peers: Washington D.C.'s Metrorail (\$400 per hour) and Atlanta's MARTA (\$392 per hour). Both systems were built in the 1970s and share BART's hybrid urban/commuter operating model. The few U.S. operators with significantly lower costs are primarily legacy systems built in the early 20th century (such as NYC and Chicago), which operate dense city subways rather than longer-haul regional rail.

## Cost Pressures

BART has faced extraordinary cost pressures since the beginning of the COVID-19 pandemic in 2020.

- **System and Fleet Expansion:** System expansion investments planned before the pandemic came online during this period. BART opened a two-station, ten-mile extension to Berryessa in 2021, increasing the total size of the system by roughly 10%. Concurrently, BART accepted delivery of hundreds of new rail cars as part of the Fleet of the Future project, increasing the total fleet size by nearly 40%. All this new infrastructure requires ongoing maintenance and operational funding.
- **Social and Safety Challenges:** The Bay Area's growing housing and affordability crisis has led to a larger number of unhoused individuals seeking shelter in public spaces. Furthermore, some of the cities BART serves have experienced surges in crime. The resulting social and public safety challenges have required investment in public safety initiatives.

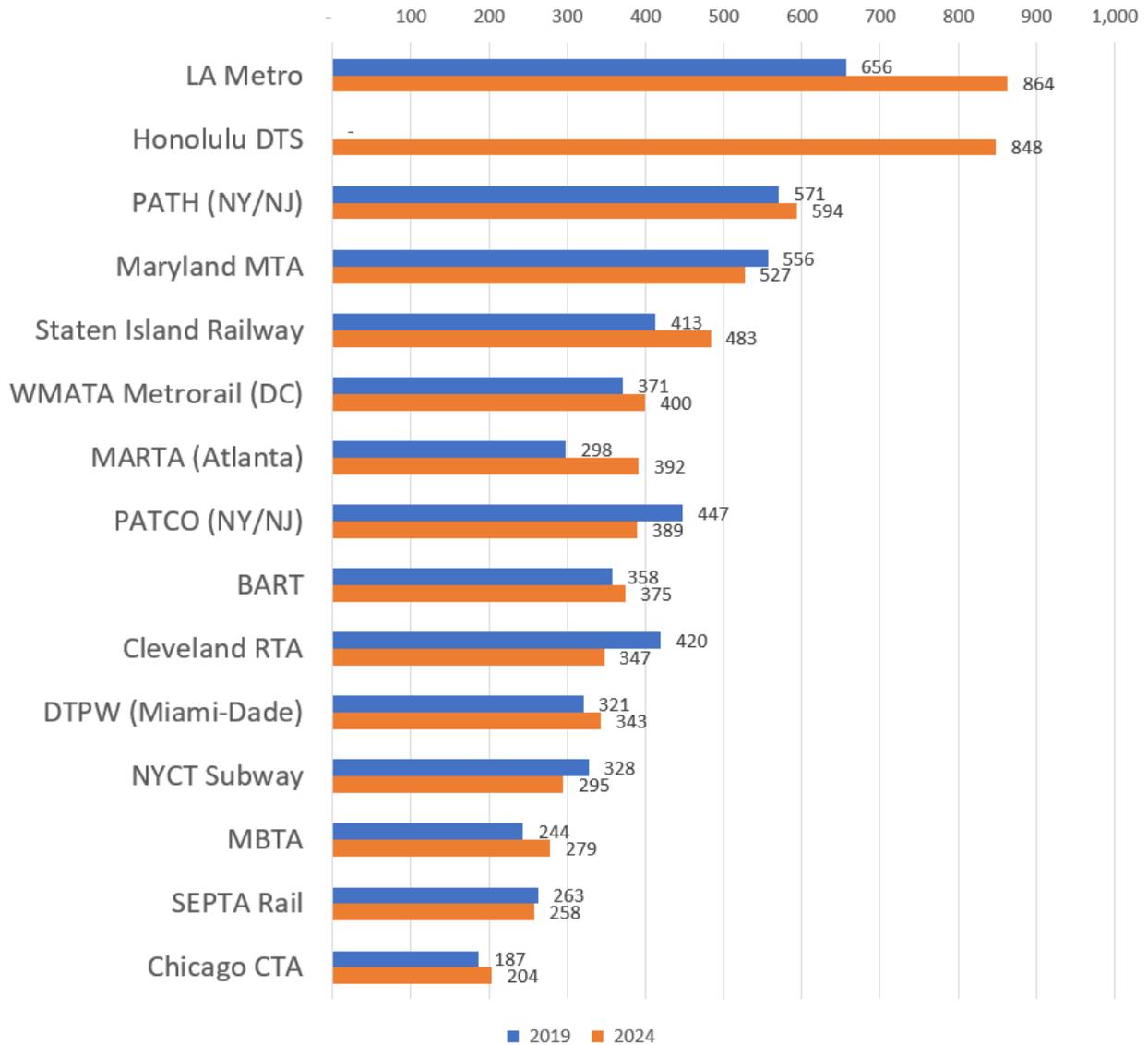
- Labor and Compensation: Strong wage growth in the broader regional labor market, coupled with a statewide shortage of qualified police officers, has put significant upward pressure on employee wages. Average weekly wage growth in the San Francisco Metropolitan Statistical Area (MSA) has increased 40% since the beginning of 2019. Meanwhile, the cost of health care benefits continues to accelerate faster than the general rate of inflation, putting sustained pressure on employee benefit costs.



*U.S. Bureau of Labor Statistics and Federal Reserve Bank of St. Louis, Average Weekly Wages for Employees in Total Covered Establishments in San Francisco-Oakland-Fremont, CA (MSA) [ENUC418640010], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/ENUC418640010>, December 12, 2025.*

Despite these cost pressures, BART has successfully held the line on expenses. On an inflation-adjusted basis, BART’s cost per vehicle revenue hour has increased just 4.7% since 2019. Over the same period, its closest structural peers—DC Metrorail and Atlanta’s MARTA—saw their inflation-adjusted cost per service hour increase by 7.8% and 31.4%, respectively.

## Operating Expense per Vehicle Revenue Hour, CPI Adjusted (Constant \$FY24)



*National Transit Database, Operating Expense per Vehicle Revenue Hour, retrieved December 10, 2025. Adjusted to constant-year FY24 dollars using monthly CPI-U data retrieved from U.S. Bureau of Labor Statistics and Federal Reserve Bank of St. Louis, CPIAUCSL, retrieved December 12, 2025.*

## Cost Efficiency Measures

The materials in this submittal document the steps BART has taken to hold the line on costs and manage liabilities despite extraordinary financial pressures.

### 1. Service Right-Sizing

Actions taken to adjust service levels, matching expenses to reduced ridership while preserving essential operations and workforce stability.

- *Pandemic Service Reduction (FY20/FY21):* When ridership dropped sharply in early 2020, BART quickly implemented a 40% service reduction. This yielded one-time savings of approximately \$25M in FY20 and nearly \$100M in FY21 while preserving the District's core workforce. A large share of the savings was achieved by shifting workers to capital-funded state-of-good repair projects, which could be accelerated due to reduced service hours.
- *Elimination of Planned Service Expansion:* A significant service expansion, which would have increased BART's off-peak frequency, had been planned for FY23. This planned increase was eliminated, saving approximately \$30M per year.
- *Optimized Train Lengths:* Following the acute pandemic period (where longer trains provided social distancing), BART, beginning in 2024, implemented shorter trains to reduce power and maintenance wear-and-tear without cutting frequency, achieving an annualized savings of approximately \$8M.

### 2. Workforce and Structural Right-Sizing

Permanent reductions and structural changes made to the organization's long-term cost base.

- *Workforce Reduction:* BART right-sized its workforce by eliminating 672 vacant capital and operating positions in May 2020. This was followed by a strategic hiring freeze on 45 positions in FY25.
- *Labor Cost Control:* BART negotiated a 0% wage increase for most employees in FY22 (avoiding a forecast 2% growth) and eliminated a planned 76 FTE expansion of the Police Department over five years.
- *Office Building Consolidation:* BART purchased its headquarters building (BHQ) to eliminate the expensive long-term leasing costs of the larger Lakeside office building. BART reduced its headquarters footprint by 33%.
- *Non-Labor Budget Cuts:* BART cut its budget for sustainability projects, saving an average of \$5M/year through FY24, with an estimated \$12M/year beginning in FY26. A 5% reduction in non-labor budgets throughout the District was implemented in FY26.

### 3. Operational Efficiencies and Contract Management

Efforts to reduce the unit cost of operation through effective management and oversight.

- *Rail Car Project Savings:* BART delivered Phase 1 of its Rail Car Fleet Replacement project for \$395M below budget by negotiating favorable contract terms and exercising effective oversight. These capital savings reduced the need to transfer funds from the BART operating budget.
- *Energy Savings:* BART secured long-term fixed-rate power contracts, successfully advocated against PG&E transmission increases, and installed LED lighting in parking garages.
- *Contract Rationalization:* BART eliminated some legacy transfer payments in FY22 (SFMTA/AC Transit) and is planning a reduction of subsidies for certain feeder bus operations in FY27.
- *Increased Recoveries of Capital Funding for BART Overhead Costs:* Improved accounting practices are offsetting operating expense by approximately \$3M in FY26 and beyond.

#### 4. Cash Flow and Liability Management

Financial actions taken to preserve liquidity for core transit service. While these measures are necessary to protect service in the present fiscal emergency, they will create significant pressure on District resources in future years.

- *Debt Management:* BART executed a debt service refunding in August 2025 to lower interest costs by \$6.5M in FY26.
- *Retiree Medical Liability and Pension Prepayments:* To prioritize immediate cash flow, BART adjusted the amortization of retiree medical liabilities and deferred pre-payments, preserving over \$50M per year of operating cash flow in FY26 and FY27. This action is expected to increase costs in FY28 and beyond by approximately \$8M annually. BART has or plans to defer \$60M in planned pension liability prepayments through FY27.
- *Capital Commitment Deferrals:* Through FY27, BART has or plans to defer \$197M in planned contributions to capital commitments. These funds have been deferred to better match project delivery schedules.

#### **Operating Revenue Development**

For most of its history, BART relied on fares and other operating revenue to cover the majority of its operating costs. When ridership dropped sharply in FY20, BART's operating revenue fell from \$550M in FY19 to under \$100M in FY20. Though ridership is recovering, revenue remains approximately \$340M below pre-pandemic levels in FY26. This gap is the primary driver of BART's current fiscal deficit. While key drivers of ridership recovery remain outside agency control, BART has taken several critical steps to maximize operating revenue recovery.

##### Direct Revenue Increases

Actions taken to increase collected fares, access revenue streams, and monetize assets.

- *Maintaining Inflation-Based Fare Increases:* Since 2004, BART has maintained a policy of increasing fares every two years by slightly less than the rate of inflation. Despite pressure to

pause increases during the pandemic, the elected BART Board maintained this fiscal discipline. Two separate fare increase actions account for \$35M in annual fare revenue, with additional revenue expected from planned increases and a new policy of indexing parking prices to inflation (beginning in FY26).

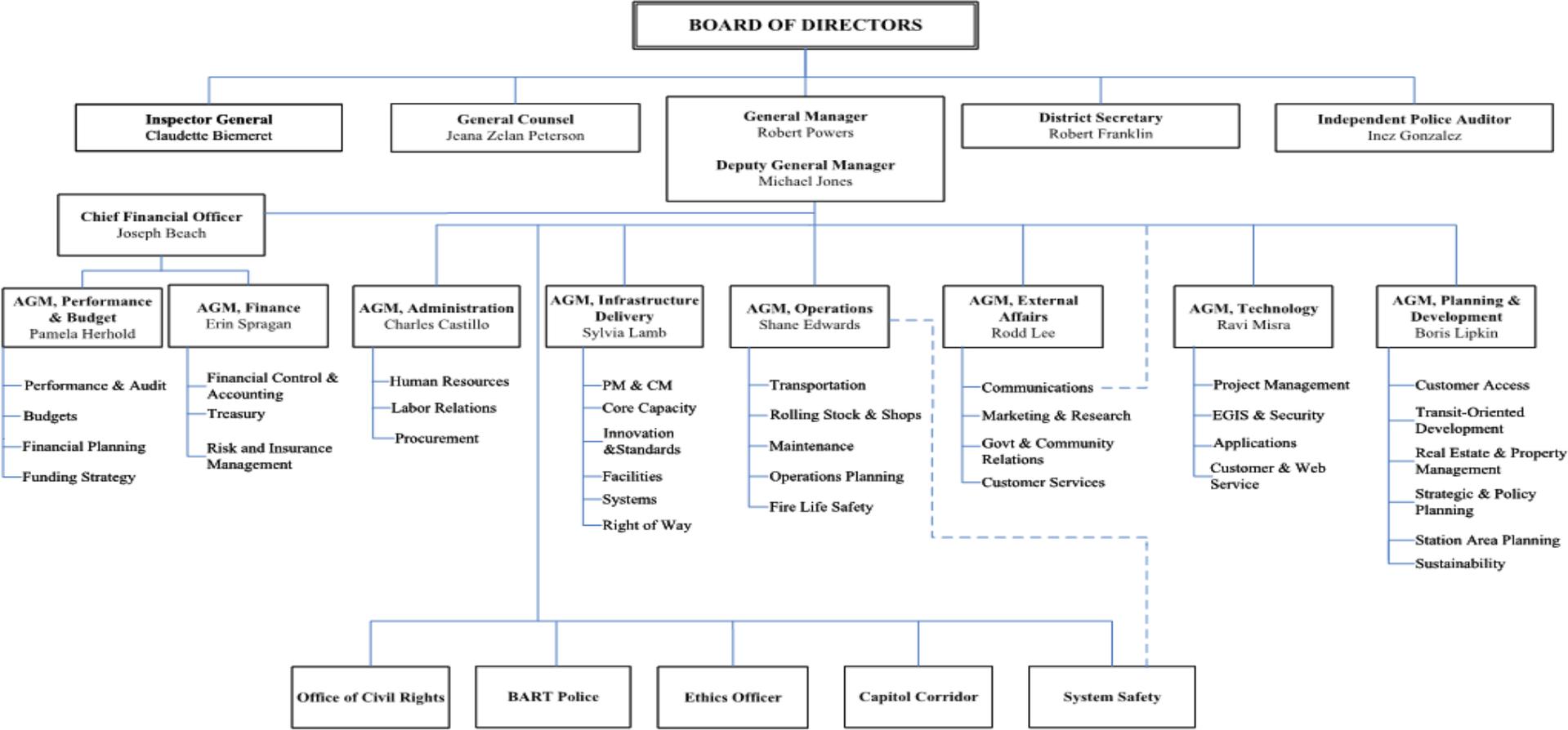
- *Installing Next-Generation Faregates:* To combat fare evasion, BART installed a new custom faregate system system-wide, completing the project in 2025. We conservatively estimate the new faregates are driving an increase of 3% in paid ridership, generating \$8M per year in new revenue.
- *Implementing Clipper BayPass:* In partnership with MTC and other operators, BART developed and is now implementing Clipper BayPass, the region's first all-agency institutional fare program. By driving higher ridership, Clipper BayPass is generating approximately \$7M per year in added revenue for BART in FY26.
- *Leasing Underutilized Parking Lots:* Since FY21, BART has generated approximately \$1M per year by leasing underutilized parking lots to other transportation operators and partners.

#### **Additional Financial Assistance Secured Through Advocacy**

Successes in securing non-fare public funding to bridge the budget gap.

- *ARPA Funding Beyond Initial Allocation:* In FY22, BART successfully competed for the final round of American Rescue Plan (ARP) funding. BART secured \$271M in additional ARP funding, the largest grant awarded to any single operator in this final round, which provided the District with almost a full year of extended fiscal runway.
- *Increased Low Carbon Fuel Standard (LCFS) Revenues:* BART played a leading role in advocating for revisions to the LCFS credit market rules. Due to resulting rule changes, we forecast an additional \$16M per year in LCFS credit revenue beginning in FY26.

**SAN FRANCISCO BAY AREA RAPID TRANSIT  
ORGANIZATION CHART  
FY27 PRELIMINARY BUDGET**



<b>TOTAL HEADCOUNT</b>	
Operating	3,697.5
Capital	794.6
Reimbursable	44.5

Attachment C: [FY27 Department Organizational Charts](#)

Attachment D: [FY27 Preliminary Budget Data](#)

Attachment E: [FY27 Preliminary Position Data](#)

Attachment F: [FY27 Preliminary Capital Budget Data](#)