



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL:		DocuSigned by: <i>Michael Jones</i> 47000790F2D7463...		GENERAL MANAGER ACTION REQ'D:	
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Resolution to Adopt the FY27 Budget

PURPOSE:

Authorize adoption of the Fiscal Year 2027 (FY27) Annual Budget Resolution (Budget Resolution).

DISCUSSION:

Approval by the Board of Directors is required for the FY27 operating and capital budgets. The proposed combined operating and capital budget is \$2.0 billion (B) in FY27.

The proposed FY27 budget is summarized in Attachments 1 and 2, which include funding sources and uses of funds for the operating and capital budgets.

The proposed budget was presented to the Board of Directors at meetings in April and May 2026. Additional information can be found at bart.gov/financials.

In FY27, BART will adopt a one-year operating and capital budget; Staff plans to return to two-year budgeting when BART's financial outlook has stabilized.

FY27 Operating Budget

The FY27 operating budget is \$1.2B and continues to be highly constrained by reduced operating revenues associated with lower ridership. It assumes the passage of a regional revenue measure in November 2026 and should not be confused with BART's Alternative Service Plan (ASP), a contingency planning document initially approved by the Board of Directors in February 2026.

To address a \$375 million (M) structural operating deficit, staff employed a combination of ongoing revenue increases, ongoing expense reductions, a deferral of operating funds to



support capital work, and a sales tax basis accounting change. The budget also assumes regional sales tax measure revenues beginning around April 1, 2027, a carry forward of SB 125 funding from FY26, and borrowing.

Operating Revenue in FY27 is budgeted at \$386.7M, an increase of \$43.8M from the FY27 Preliminary Budget ("Prelim") and includes:

- \$308.7M of Rail Passenger Revenue, which increased by \$8.3M from Prelim. Sustained FY26 ridership increases justify the higher ridership income assumptions in FY27.
- An increase of \$35.5M in investment income from Prelim. The increase comes from higher projections of investment income on BART's cash balances, and includes State loan interest income.
- ADA Passenger Revenue, Parking Revenue, and other operating revenue total \$40.2M with no changes from Prelim.

Financial assistance is budgeted at \$663.5M in FY27, this includes:

- \$327.2M of Sales Tax proceeds and \$59.7M of one-time sales tax accrual changes. This is an overall increase of \$2.6M from Prelim.
- Regional sales tax measure revenues of \$74.4M, assumed to begin around April 2027.
- VTA Financial Assistance of \$45.7M, a slight decrease of \$0.5M from Prelim.
- No changes since Prelim in Property Tax Proceeds \$70.4M, State Transit Assistance \$38.5M, Low Carbon Funding Programs \$31.3M, and local and regional assistance \$16.2M.

The proposed operating budget authorizes FY27 expenditures of \$1.2B while funding 3,697.6 operating and 838.1 capital and reimbursable full-time equivalent positions (FTEs) in FY27.

The Labor Budget includes:

- Previously negotiated wage increases of 2% on July 1, 2026, and 2% on January 1, 2027, for AFSCME, ATU, SEIU, non-represented, and BPOA/BPMA employees.
- Elimination of funding for 63 vacant operating positions.
- Reduction of \$33.8M in retiree medical contributions, transferred to allocations.
- An operating position vacancy rate assumption of 5% and a capital position vacancy rate assumption of 15.5%.

The Non-Labor Budget of \$260.1M is an increase of \$16.8M in FY27 and includes:

- An increase of \$1.5M in Paratransit in FY27 from increased contracts and labor costs.

- Power cost increase of \$4.8M in FY27, due to increased energy supply costs and distribution/delivery rates.
- An increase of \$6M in Clipper 2 fees.
- An increase of \$2.1M in election costs estimates.
- An increase in Professional and Technical Services from a shift of \$4.4M of capital allocations to the non-labor budget.

Debt Service and Allocations total \$127.3M in FY27, and includes:

- Revenue Bond Debt Service Allocation of \$74.5M, includes \$14.3M of State loan debt service (partially offset by State loan interest income).
- The deferral of retiree medical contributions by transferring \$33.8M from the labor budget to an operating reserve account to provide increased flexibility for future year operating funding.
- Deferring allocations to the Priority Capital Program and the baseline capital.

FY27 Capital Budget

The FY27 Capital Budget includes \$828M in planned investment in BART's capital assets. The majority of planned investments are in System Reinvestment and Service and Capacity Enhancement. The largest investments are in the Core Capacity Program, including Communications-based Train Control (CBTC) and Rail Car Procurement Phase 2. There is also significant investment in the new BART Police Headquarters and the San Francisco Escalator replacement. The remaining capital budget invests predominantly in Traction Power, Track & Structures, and Stations projects.

Capital funding sources include regional, local, and BART sources (Capital Allocations, BART Measure RR, Regional Measure 3, county contributions) as well as Federal and State grants (SB 1 program funding, FTA Capital Investment Grant, Federal Formula Funds).

FY27 Budget Resolution

Staff recommends approval of the attached Resolution to adopt the FY27 Annual Budget. The Budget Resolution includes authorizations that allow the General Manager, the Chief Financial Officer, or the General Manager's designee to apply to different bodies for grant funds (including, but not limited to, Transportation Development Act, State Transit Assistance, Bridge Toll, Federal Emergency Management Agency, and Federal Transit Administration). It also includes authorizations that allow the General Manager or the General Manager's designee to execute agreements that may require payments to regional partner governments and agencies. The Budget Resolution incorporates provisions referring to the SFO Extension and Silicon Valley extension service plans.

For FY27, the budget suspends operating budget commitments for the Low Carbon Fuel Standard Policy, adopted on July 27, 2017, which allocates revenues directed toward sustainability-related projects, the Pension Funding Policy, adopted on March 28, 2019,

which sets aside funds to pay down pension liability in future years, and the BART District Art in Transit Policy (revised) adopted June, 28, 2018 which allocates operating funds toward public art into the transit system. The budget also defers priority capital allocations for FY27.

The Budget Resolution includes one new clause intended to ensure sound fiscal stewardship of BART's extremely constrained resources by directing the General Manager to apply all unused SB 125 funds from FY26 toward reducing BART's reliance on borrowing and deferrals in FY27.

FISCAL IMPACT:

The proposed FY27 Annual Budget is balanced. The fiscal outlook will be updated and the budget may be revised as conditions and actuals change over the course of the fiscal year.

ALTERNATIVES:

Do not adopt the budget or adopt a budget that differs from what has been presented to the Board of Directors. Rules of the Board of Directors require that the budget be adopted prior to June 30th; adoption of the Budget Resolution by June 30th is required to authorize expenditures in FY27.

RECOMMENDATION: Adoption of the following motion.

MOTION:

The Board adopts the attached Resolution in the matter of approving the Annual Budget for the San Francisco Bay Area Rapid Transit District and authorizes expenditures for Fiscal Year 2027, July 1, 2026 to June 30, 2027.