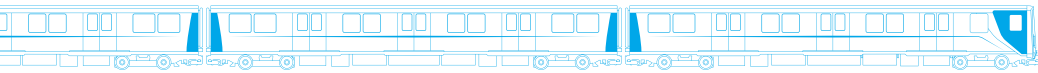


BART Funding Overview



PAST, PRESENT, AND FUTURE



While millions of riders have returned to BART, they are riding less frequently. The Bay Area has the highest work-from-home rates in the nation and slowest downtown recoveries. It has significantly impacted our budget.

In addition to receiving emergency funding during the pandemic, 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.

BART is cutting costs*

Labor Savings

- Eliminated 672 vacant positions in FY20 saving \$32M
- A strategic hiring freeze on 56 positions (FY25 and FY26), saving \$7.8M annually and impacting all levels, including management
- Renegotiated with unions to reduce near-term retiree healthcare costs
- Executive management salary freeze in FY21
- Negotiated a 0% wage increase in FY22 instead of 2% saving \$7–8M annually

Efficiencies

- Run shorter trains saving \$27M in energy costs through FY26
- 5% reduction in non-labor budgets across all departments in FY26 saving \$5M annually
- FY20 and FY21 service reductions saving \$124M and currently reduced peak-period service
- Locked in low electricity costs through long-term contracts
- Saved \$400M in new rail car acquisition with tight project controls, using in-house engineers, and speeding up delivery

Reduced office space footprint

- BART purchased its smaller headquarters building to eliminate the expensive long-term lease costs of the larger space, reducing headquarter footprint by 33% saving \$13-15M annually or \$71M through FY26

Increase Revenue

- Installed new fare gates to reduce fare evasion, generating \$10M in new revenue per year
- Inflation-based fare increases accounting for \$35M per year and demand-based parking price increases
- Offer new fare products, such as Clipper BayPass, generating \$7M per year and growing
- Leasing of BART parking lots generating \$6M through FY26

* List not inclusive of all savings

BART's funding model before the pandemic

BART depended on fares to run service more than most transit agencies in the U.S.

BART's operating ratio*

FY27 forecast.....	36%
FY26.....	32%
Pre-COVID	71%

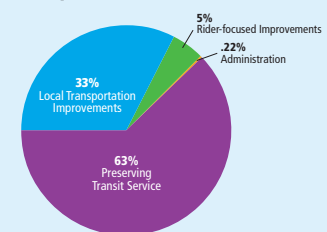
* Percentage of costs paid by passenger fares, parking revenue, advertising, and other sources

Regional transit measure

In 2025, the California Legislature enacted Senate Bill (SB) 63, authorizing a new transportation funding measure for placement on the November 2026 ballot. If approved by voters, the measure would generate approximately \$980M annually to sustain and improve transit and be funded by a 14-year regional sales tax.

Funds would be administered by the newly established Public Transit Revenue Measure District in accordance with SB 63's expenditure plan, and the measure requires a two-phase financial efficiency review of BART, Muni, Caltrain and AC Transit.

SB 63 Expenditure Plan



An approved measure would provide BART operations an estimated \$310M annually beginning in FY28.

Use of loans

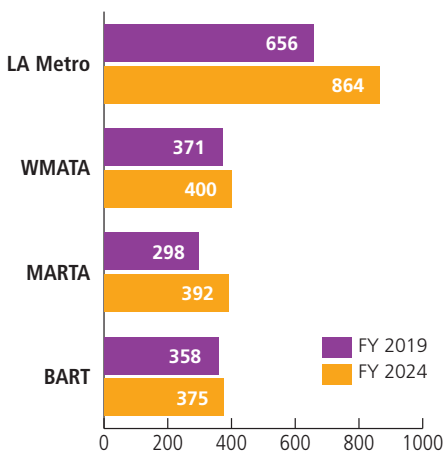
The California State Transportation Agency has authorized an emergency transit loan that makes available \$285M to BART. BART also has access to \$395M from a federal Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan with the U.S. Department of Transportation as a reimbursement for costs incurred in acquiring our Fleet of the Future rail cars.

BART's adopted FY27 budget assumes the use of \$88.5M in loan funds to help balance the FY27 budget. However, if the measure fails, BART may not utilize loan funds if no revenue source is identified for repayment.

Cost-efficient heavy rail system

BART is one of the most cost-efficient heavy rail systems in the United States. With an operating cost of \$375 per vehicle revenue hour (FY24), BART ranks 7th out of 16 U.S. heavy rail operators. 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). Despite operating in a high-cost region, BART's operating expenses have grown at a rate lower than inflation since 2019, even while opening the extension to Berryessa/North San José.

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



BART is facing a deficit

BART is now running service using emergency funds that will run out in FY27. BART faces ongoing structural deficits ranging from \$375 to over \$400M per year. In balancing the FY27 budget, the BART Board of Directors planned for two financial scenarios. If the measure succeeds, once funds become available, BART will run normal service with efficiencies implemented. If no new funds become available, BART will move forward with the Alternative Service Plan approved by the board for FY27 and FY28 with service cuts, station closures, fare increases, a 40% reduction in system support services, laying off 1,200 employees, and a series of deferrals and one-time resources.

Alternative Service Plan

To take place in January 2027:

- A service plan representing a 63% reduction in train hours.
 - 3-line service (Yellow, Blue, and Orange line service only, with limited peak service in only the peak commute direction on the Red and Green lines).
 - 30-minute frequencies on every line.
 - Closing at 9pm seven days a week. 30% fare and parking fee increases (the estimated average fare would increase from \$4.98 to \$6.38).
- Target approximately \$30M in savings over 6 months from non-service budget reductions to fleet and non-fleet maintenance, police, cleaning, and administrative support functions.
- 600 employee layoffs.
- Continue deferrals of priority capital allocations and retiree medical contributions.
- Balance remainder of FY27 with one-time resources and financial deferrals.
- Following the January 2027 cuts, staff will continuously assess ridership and revenue impacts and the performance of all District functions to determine if further reductions can be safely and legally implemented.

To take place in July 2027 if feasibly safe:

- Target over \$175M in annual cost reductions through a cumulative 70% reduction in service hours:
- Maintain 3-line service, 30-minute frequencies on each line, closing at 9pm.
- 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 line segment closures.
- Increase fares and parking fees up to a cumulative 50%. The estimated average fare would increase to \$7.26.
- Target annual operating expense savings of more than a cumulative \$130M from non-service budget reductions to fleet and non-fleet maintenance, police, cleaning, and administrative support functions.

- Continue to defer retiree health contributions; defer most remaining capital allocations.
- Another 600 employee layoffs (total 1,200).

Contingency:

- If at any point it is determined BART can't safely or legally operate with available resources, stop passenger service.
- Use existing District tax revenues to secure system assets.
- Work to determine system's future.

Embracing independent oversight

- BART is the only transit system in the Bay Area with an Office of the Inspector General to provide independent oversight of BART's use of revenue.
- A 2025 audit by the Federal Transit Administration found BART is meeting standards in nearly two dozen categories, including financial management.
- A 2026 independent financial efficiency review outlined cost-saving actions implemented by BART, Muni, AC Transit, and Caltrain from FY20 through FY25. For BART, the review found more than \$516M in operating cost savings, \$549M in capital cost savings, and \$99M in increased revenues.



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