



# Fiscal Year 2026 & Fiscal Year 2027 Preliminary Operating Budget Overview

BART Board of Directors

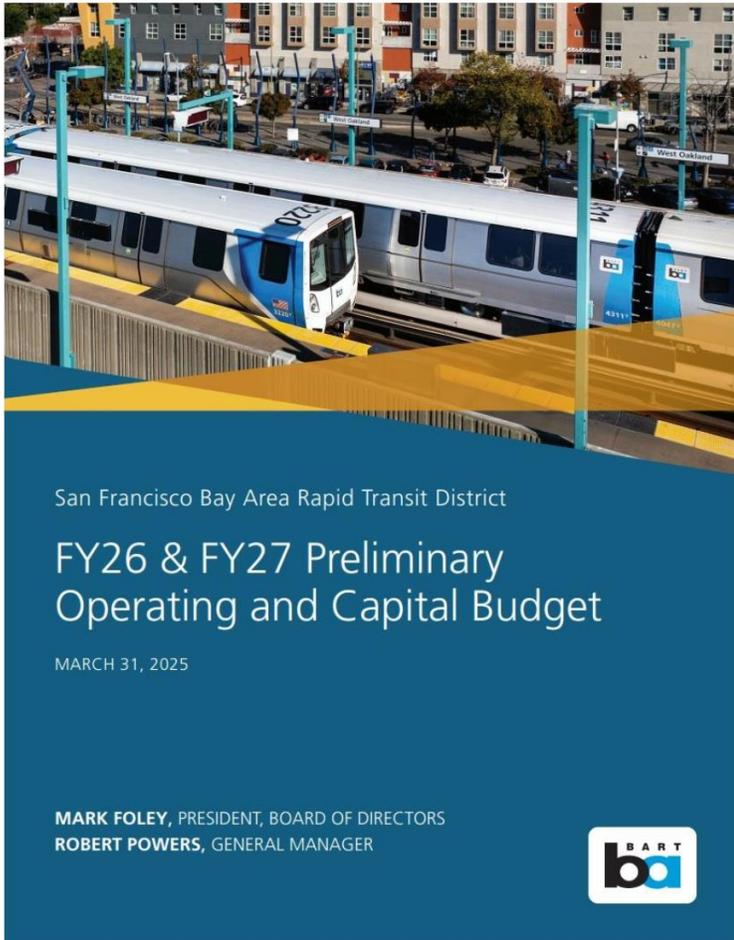
April 10, 2025



# AGENDA

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

# FY26 & FY27 Preliminary Operating Budget Overview



## Executive Summary

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

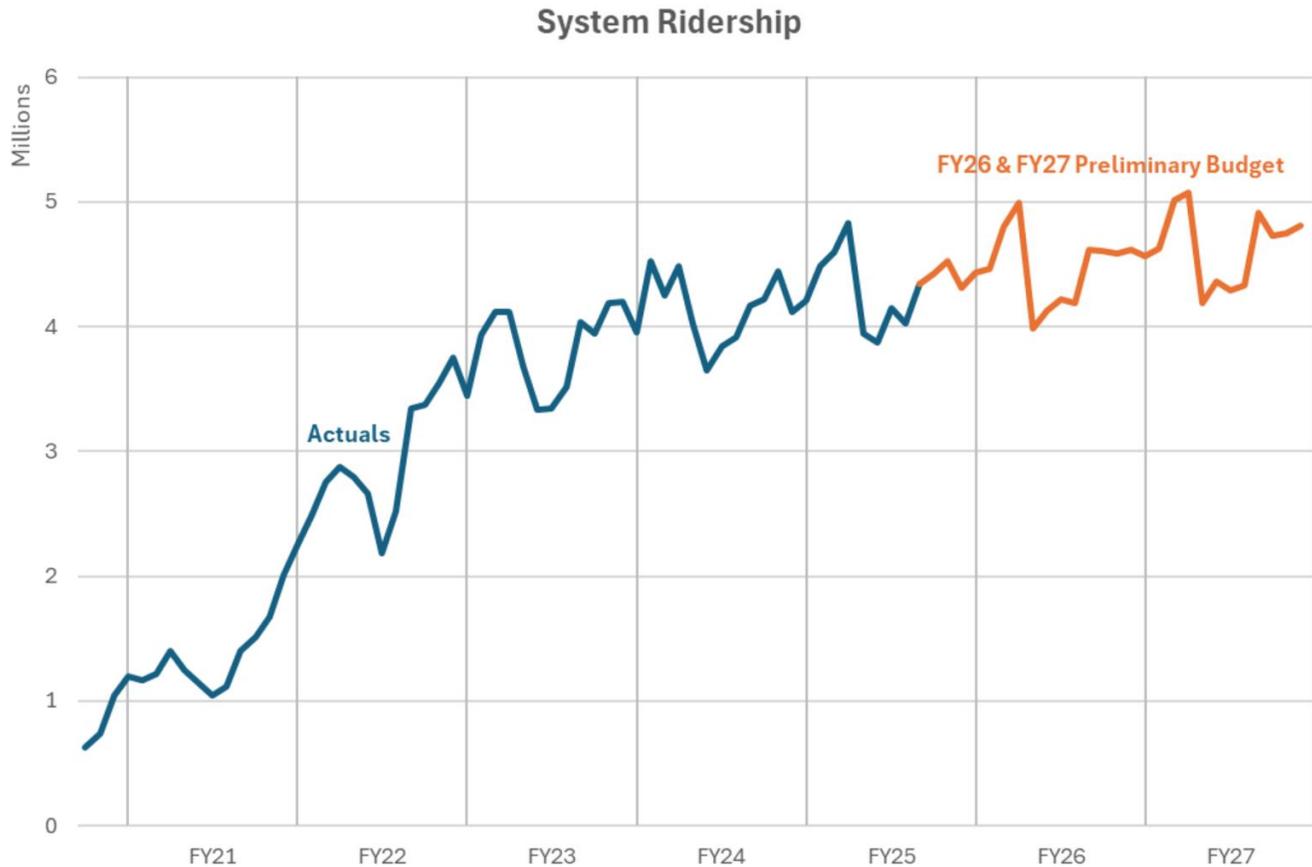
To access full Preliminary Budget Memo, please visit: [www.bart.gov/budget](http://www.bart.gov/budget)

# FY26 & FY27 Preliminary Sources and Uses Summary

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

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

# FY26 & FY27 Ridership Outlook



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

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

# FY26 & FY27 Preliminary Sources: Operating Revenue

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

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

# FY26 & FY27 Preliminary Sources: Financial Assistance

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

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

# FY26 & FY27 Preliminary Uses: Labor

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

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

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

# FY26 to FY27 Preliminary Budget FTE Changes

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

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

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

# FY26 & FY27 Preliminary Uses: Non-Labor

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

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

# FY26 & FY27 Preliminary Uses: Debt Service & Allocations

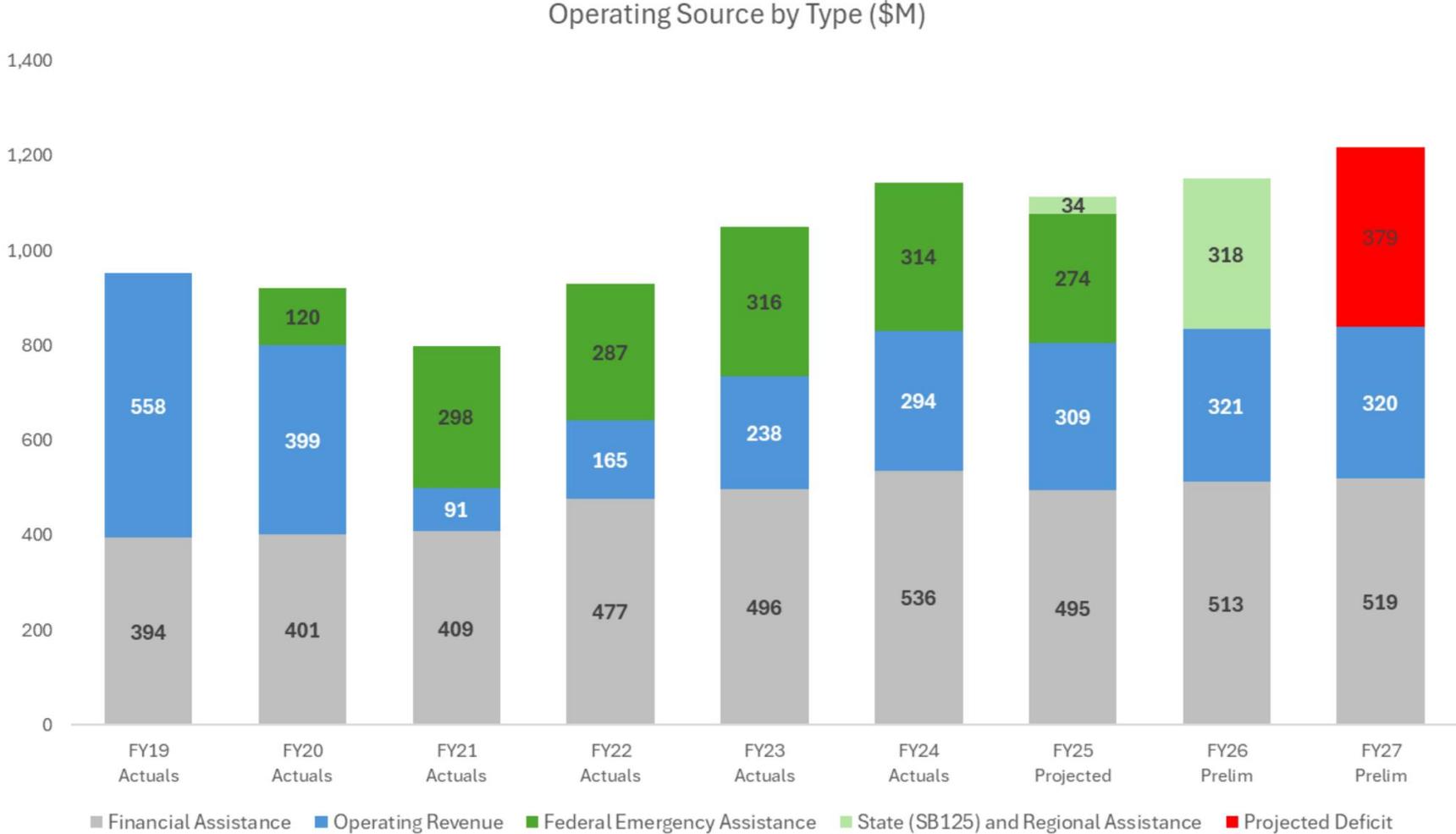
DEBT SERVICE & ALLOCATIONS (\$Millions)	FY25	FY25	FY26	Change Projected vs Prelim		FY27	Change	
	Adopted	Projected	Prelim	\$	%	Prelim	\$	%
Debt Service	60.2	60.2	60.2	0.0	0%	55.8	(4.4)	(7%)
Capital Reinvestment	29.1	29.1	43.8	14.8	51%	34.2	(9.6)	(22%)
Priority Capital Projects/Programs	-	-	-	-	-	38.4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

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

# Five-Year Outlook

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

# Change in Operating Sources Since FY19



# Timeline and Next Steps



**March 31**

**April 10**

**May 8**

**May 22**

**June 12**



FY26 & FY27  
Preliminary  
Budget Memo  
(PBM) released

FY26 & FY27  
Preliminary  
Operating Budget  
Overview

FY26 & FY27  
Preliminary Capital  
Budget Overview

FY26 & FY27 Budget  
Update

Rail Service Plan

FY25 Q3 Financial Report

Prop 4/Gann Amendment

Title VI Equity Analysis for  
2026 CPI-Based Fare  
Increase

FY26 & FY27  
Budget  
Adoption



# Discussion