



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL:		DocuSigned by: <i>Michael Jones</i> 47000790F2D7463...		GENERAL MANAGER ACTION REQ'D:	
DATE: 5/30/2025		6/6/2025		BOARD INITIATED ITEM: Yes	
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Resolution to Approve the FY26 Budget

PURPOSE: Authorize adoption of the Fiscal Year 2026 Annual Budget Resolution (Budget Resolution).

DISCUSSION:

Approval by the Board of Directors is required for the Fiscal Year 2026 (FY26) operating and capital budgets. The proposed combined operating and capital budget is \$2.3 billion (B) in FY26.

The proposed FY26 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 2025. Additional information can be found at bart.gov/financials. Changes made to the proposed budget since those presentations are noted in the summary below.

In FY26, BART will adopt a one year operating and capital budget.

FY26 Operating Budget

The FY26 operating budget continues to be highly constrained by reduced operating revenues associated with lower ridership.

Operating revenues in the FY26 budget are \$27.6 million (M) higher than the FY25 Adopted



Budget. The revenue budget projects \$325.1M of operating revenue in FY26. This includes \$259.1M of rail passenger revenue. The remainder consists of other revenue sources such as parking revenue, ADA fares, and other operating income.

Financial assistance is budgeted at \$511.8M in FY26. This includes \$314.1M of sales tax, \$68.0M of property tax, \$35.9M of VTA Financial Assistance, \$45.8M of State Transit Assistance, \$32.2M of Low Carbon Funding Programs, and \$15.7M of local and other assistance.

The proposed operating budget authorizes FY26 expenditures of \$1.2B, while funding 3,760.1 operating and 44.5 reimbursable full-time equivalent positions (FTEs) in FY26.

One change has been made to the budget presented to the Board on May 22, 2025 Board presentation (“FY26 & FY27 Sources, Uses & Service Plan”):

- Transfer of \$38.2M in retiree medical contributions from the Labor budget to Debt Service and Allocations. This change will allow BART to save additional funds for deployment in FY27, while preserving flexibility to deposit them into the Retiree Health Benefits Trust at a later date. The overall budget does not change; rather the expense is being transferred from Labor to Debt Service and Allocations.

The Labor Budget includes:

- Previously negotiated wage increases of 2% on July 1 and 2% on Jan 1 in FY26 for AFSCME, ATU, SEIU, and non-represented employees as well as a 3.5% increase in FY26 for BPOA/BPMA employees.
- Elimination of funding for 45 vacant positions frozen by the General Manager in February 2025 and the net addition of 17 Full Time Equivalent (FTE) positions including 5 in Progressive Policing, 6 in Human Resources, 1 in Maintenance, 1 in the Office of the Inspector General, 1 in Capital Corridor, 1 in the Office of the CFO, and some conversions of part time station agents and train operators to full time.
- Reduction of \$38.2M in retiree medical contributions, transferred to allocations (noted above).
- An operating position vacancy rate assumption of 5% and a capital position vacancy rate assumption of 18%. The current rates are 6.3% and 18.6%, respectively. Separate budgeting of these rates is intended to bring expected capital reimbursements budget closer to actuals.

The Non-Labor Budget includes:

- A net Non-Labor budget reduction of \$9.9M compared to the FY25 Adopted Budget.
- A total of \$7M in targeted reductions to most BART departments.
- Power cost increases of \$3.4M in FY26, due to increased energy supply costs and

distribution/delivery rates.

- An increase of \$3.8M in Paratransit in FY26 from increased demand for service, new vendor contracts and higher labor costs.
- \$14M in other non labor reductions from the Clipper 1 phase out, no election costs in FY26, and completion of the legacy fleet inventory write offs in FY25.

Debt Service and Allocations include:

- The deferral of retiree medical contributions by transferring \$38.2M from the Labor Budget to an operating reserve account to provide increased flexibility for future year operating funding.
- The suspension of BART's Sustainability, Pension and Priority Capital allocations.

Emergency Funding of \$315.0M in FY26 balances the budget. What is left of the \$58M of State/Reginal Emergency Assistance disbursed in FY25 will be exhausted in FY26 and the remaining State/Regional Emergency Assistance of \$294M will be disbursed and exhausted in FY26.

FY26 Capital Budget

Changes since the May 8th Board presentation ("FY26 & FY27 Preliminary Capital Budget"):

- Minor adjustments based on project manager refinement of schedule and budget for select projects.

The FY26 Capital Budget anticipates a maximum investment of \$1.1B in FY26 in BART's capital assets and funds 795.1 FTEs.

The Annual Capital Budget provides an estimate of work planned to be completed in FY26. The majority (98%) of planned investments are in System Reinvestment and Service and Capacity Enhancement. The top 5 projects with the highest capital budgets represent 71% of the total FY26 Capital Budget. The largest investments are in the Core Capacity Program, including investment in Communications-based Train Control (CBTC) and Rail Car Procurement Phase 2. There is also significant investment in the new BART Police Headquarters, for which construction is scheduled to be substantially complete summer of 2026. The remaining 29% of the FY26 Capital Budget invests predominantly in Traction Power, Track & Structures, and Stations projects. 63% of the Capital Budget is funded with regional, local and BART sources including Capital Allocations, BART Measure RR, Regional Measure 3 and county contributions. The remaining 37% of the Capital Budget is funded from Federal and State grants, including State SB1 program funding, FTA Capital Investment Grant, and Federal Formula Funds.

FY26 Budget Resolution

Staff recommends approval of the attached Resolution to adopt the FY26 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, SB 125, 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 FY26, the budget suspends the Low Carbon Fuel Standard Policy, adopted on July 27, 2017, which allocates revenues directed toward sustainability-related projects, and the Pension Funding Policy, adopted on March 28, 2019, which sets aside funds to pay down pension liability in future years. The budget also defers priority capital allocations for FY26.

The Budget Resolution language includes the General Manager's permanent position authorization of up to 100 positions in each fiscal year. This provides the flexibility necessary to meet operational needs as they arise over the course of the fiscal year.

The Budget Resolution has been edited for clarity and consistency with applicable laws, Board rules, and regulatory requirements. This includes the removal of older, unclear language about notice from the General Manager to the Board when budgets are increased mid-year by more than 10% and having the Board approve the Budget to match actuals. Staff note variances in quarterly financial reports sent to the Board and are regularly presented at meetings and the budget and actuals are also presented to the Board.

Exhibit A (attached) to the Budget Resolution summarizes operating and capital budget totals. Exhibit B reflects current hourly pay rates or base pay ranges, as applicable, and management incentive pay, if any, for non-represented employees.

FISCAL IMPACT: The proposed FY26 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 FY26.

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 2026, July 1, 2025 to June 30, 2026.