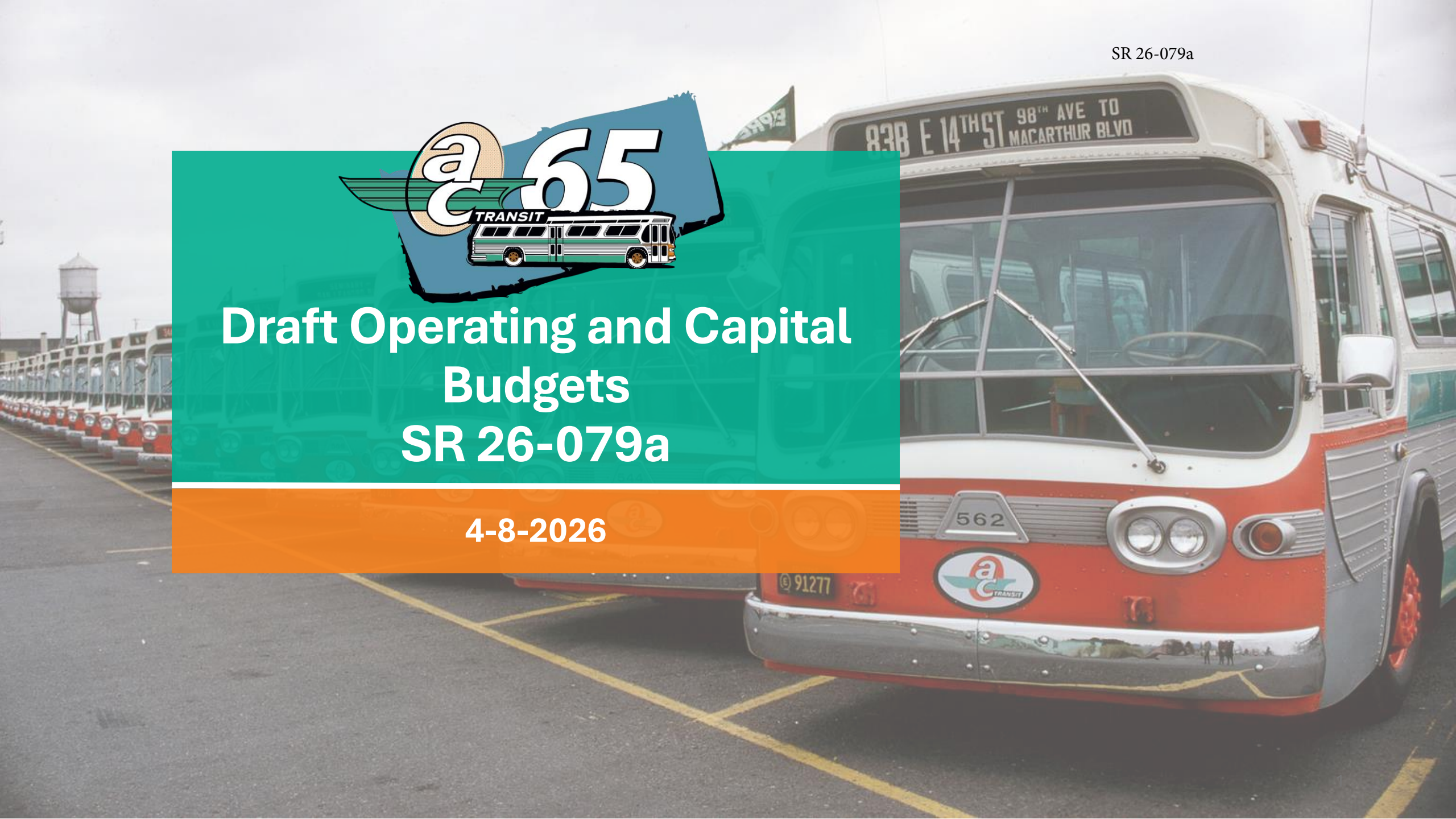




Draft Operating and Capital Budgets SR 26-079a

4-8-2026



Agenda

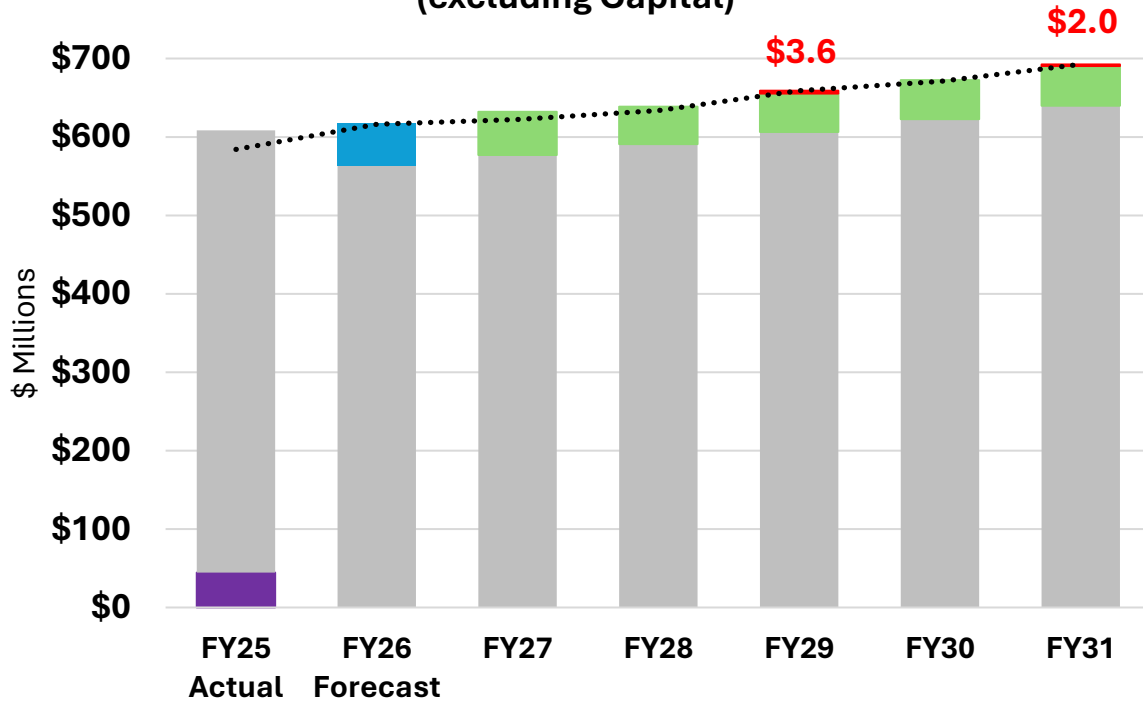


- Projections
- Two Budgets
- Revenues
- Expenses
- Unfunded Budget
- Spending “Transition”
- Draft Capital Budget

Projections

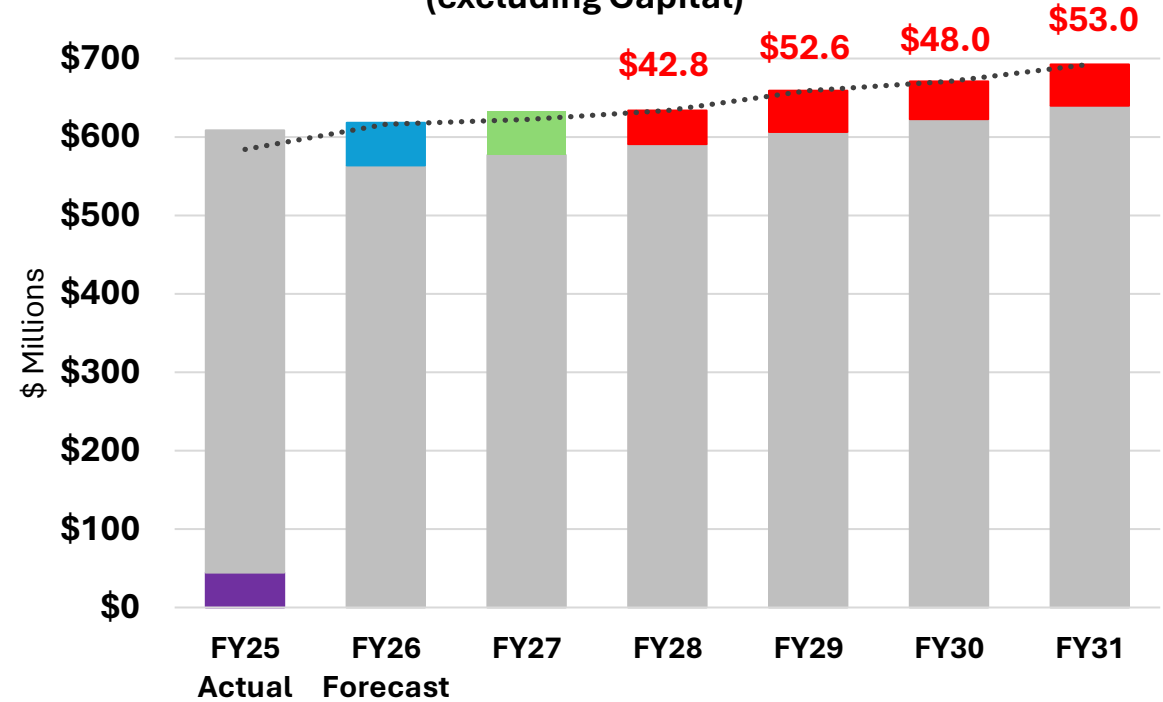


Funded Draft Operating Projection (excluding Capital)



- ARP Act
- Regular Revenues
- Reserves/Carryover
- Loan/Measure
- Op Deficit
- Expenses

Unfunded Draft Operating Projection (excluding Capital)



- ARP Act
- Regular Revenues
- Reserves/Carryover
- Loan/Measure
- Op Deficit
- Expenses

A Tale of Two Budgets



- First half of the year is the same
- Draft Funded (Baseline)
 - Assumes passage and availability of regional measure at end of FY 26-27
 - Continues current 85% service level
- Draft Unfunded (Alternate)
 - If regional measure does not pass, unfunded budget starts cost reduction pathway/ramp-down
 - Cost reduction efforts (non-service) can start soon after results are known
 - Service reductions possibly implemented mid-June 2027



Revenues

Farebox



- Monthly ridership has been flat for a year
 - Some growth in February but too early to call a trend
- FY 25-26 revenue forecast at \$35.2M vs budget of \$40.0M (-12%)
 - Clipper 2 revenue reconciliation has been a challenge – revenues for Dec-Mar may not be correct and affecting full-year forecast
- FY 26-27 farebox revenue budget \$39.0M
 - Budget is 2.5% down from FY 25-26, but 11% above FY 25-26 forecast
 - Assuming no increase from continuing flat ridership
 - \$3.8M increase due to local fare increase on July 1

Property Taxes



- Property Tax

- Inner East Bay housing values have been stable
- Assuming conservative 2.3% growth
- \$173.6M

- Parcel Tax

- Stable, based on # of parcels – 1/8% growth average per year
- \$30.1M

Sales Taxes



- TDA, AB1107, STA
 - No change from MTC Fund Estimate projections
 - Large increase in TDA, small growth for others
- Measure BB & J
 - Assuming 0.5% growth
- All total \$244.7M
 - \$19.3M (8.6%) increase from FY 25-26 budget
 - Majority of increase is due to TDA
 - Smaller positive growth for all other sales taxes

State Loan



- \$55.0M available
- Use as little as possible to save on repayment
- Baseline Budget – use \$54.5M
 - Reduces payments ~5%
- Alternate Budget – use \$43.3M
 - Reduces payments ~26%



Expenses

Baseline

Labor



- Salaries & Wages
 - \$203.0M – 6.1% (\$11.7M) increase
 - Contractual & planned increases
 - Increased (7%) operator overtime budget due to reduced operator count
- Fringe (Benefits)
 - \$166.5M – 4.4% (\$7.0M) increase
- Pension
 - \$62.6M – 4.1% (\$2.6M) decrease
 - “Smoothing” begins reduction in pension expense over next 3 years

Non-Labor



- Services

- \$53.3M – 2.9% (\$1.5M) increase
- Inflation and some unavoidable increases (Clipper)
- Continued focus on essentials

- Fuel & Lubricants

- \$20.2M – 23.5% (\$3.8M) increase
- Middle East conflict looking less transitory, will keep monitoring

Non-Labor



- Materials, Supplies, Bus Parts
 - \$20.6M – 5.1% (\$1.1M) decrease
 - Inflationary increases offset by less need due to reduced fleet age
- Insurance & Liability
 - \$35.1M – 14.2% (\$4.4M) increase
 - Less than staff had been expecting
- Purchased Transportation
 - East Bay Paratransit: \$49.9M – 0.6% (\$0.3M) decrease
 - Dumbarton Express: \$3.5M – 3.8% (\$0.1M) decrease

Unfunded Budget – Changes from Funded



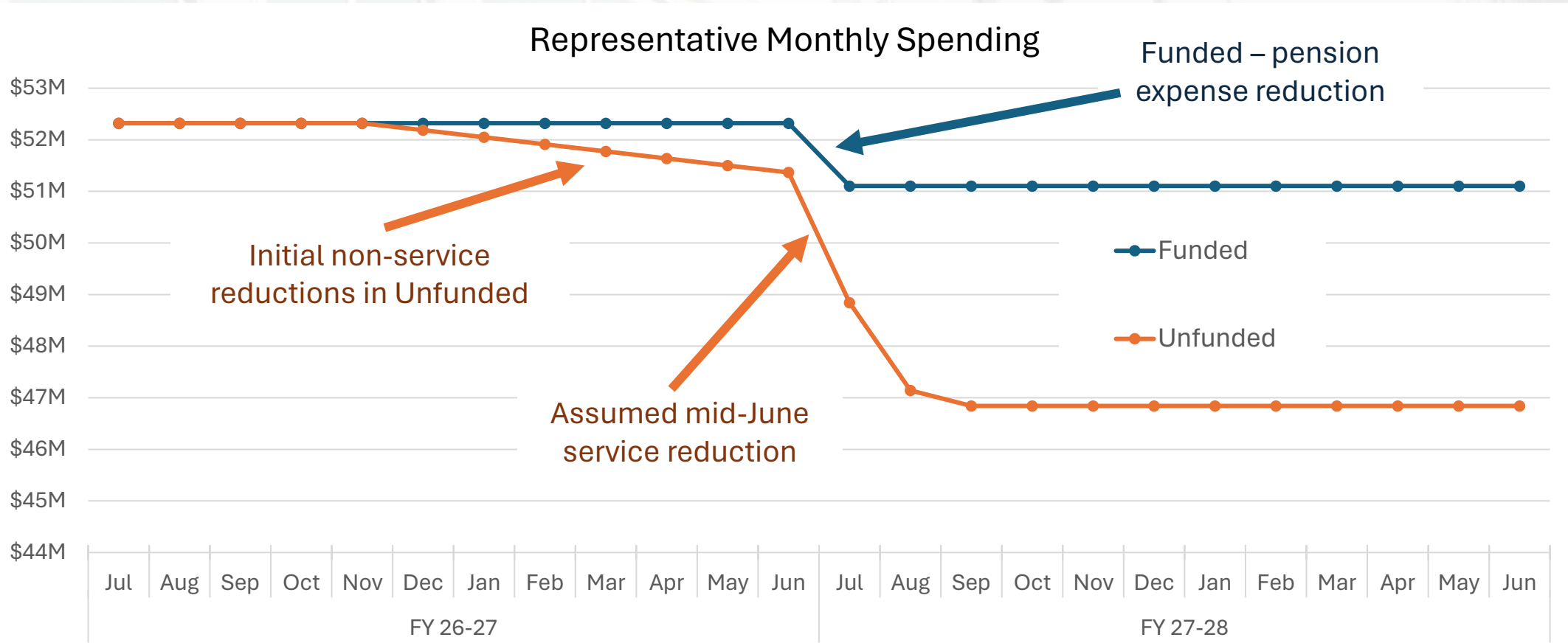
- Revenues

- No measure funds
- Reduced amount of State loan used (\$43.3M vs \$54.5M)
- Farebox Revenue – decrease \$200k due to service reduction

- Expenses

- \$11.5M reduction (1.8%)
- Majority is non-service – service reduction not expected until very end of FY
- Reductions in Labor from attrition
- Reductions in Non-Labor from Services and Other expenses
- Small fuel expense reduction due to service reductions

Spending “Transition”



Draft Capital Budget



- Draft Capital Budget includes:
 - 36 Continuing projects
 - 7 Annual Projects
 - 4 New Projects, almost entirely grant funded
 - CMF Sewer Lateral Repair and/or Upgrade
 - Removal of Biodiesel Tanks at D4
 - Upgrade of onboard bus computers and routers
 - Replacement of the Auto Paper Cutter at CMF
- 7 pending CIP Projects were deferred due to lack of readiness, priority or funding

Grants	\$16.8M	5%
District	\$328.7M	95%
Total	\$345.6M	