

A faded background image of a transit vehicle, showing a side mirror and a window with the word 'look' visible inside.

AC Transit FY 2025-26 Proposed Budget SR 24-480c

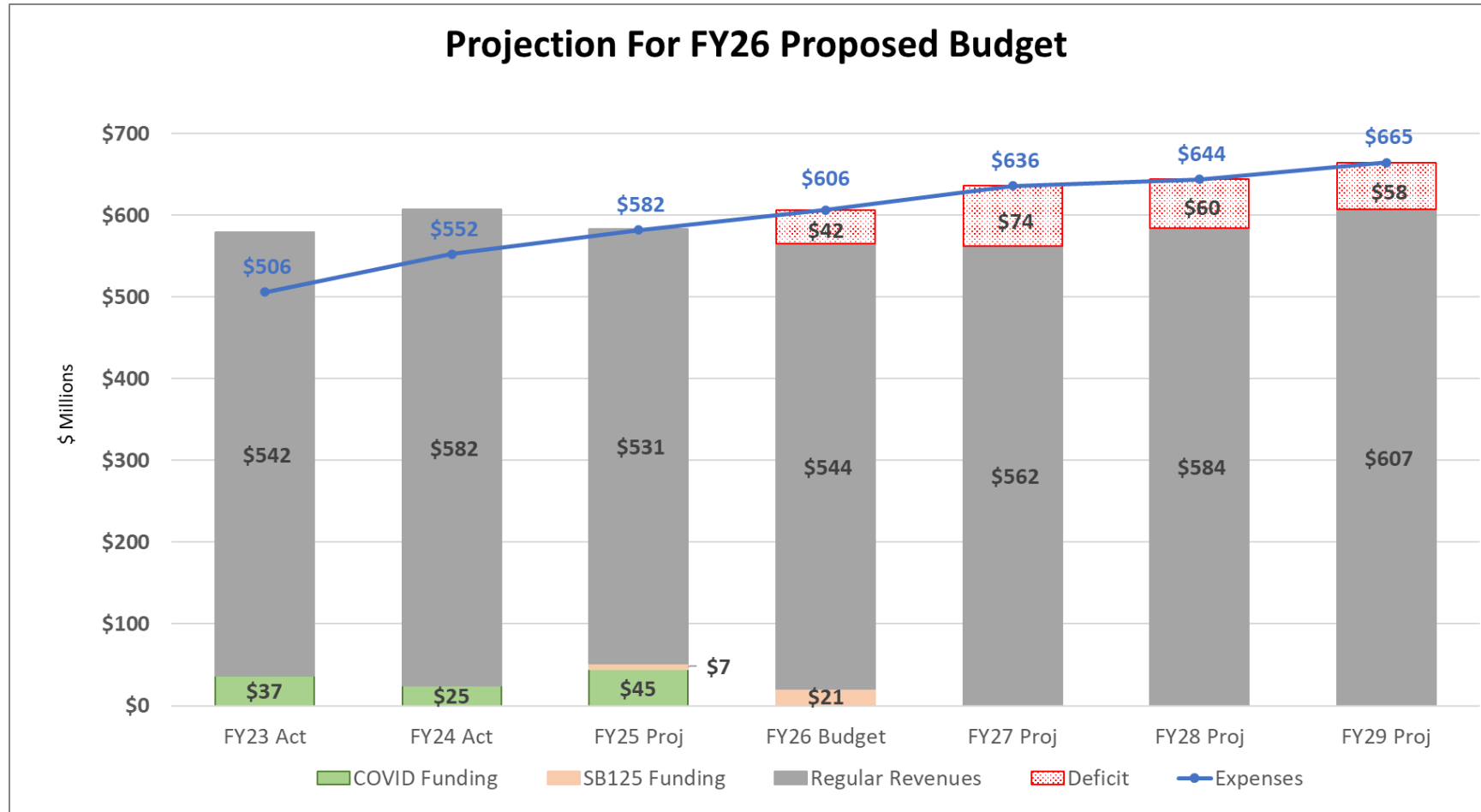
May 28, 2025

- 
- A blurred background image of a city street intersection. A blue-painted curb is visible in the foreground, and a crosswalk with white stripes is in the middle ground. In the background, there are trees, buildings, and parked cars. A sign for 'PERICO'S' is visible on the left.
- **Projection**
 - **Budget Changes Since Draft**
 - **Positions**
 - **Capital Changes**
 - **Outlook**



Projection

UPDATED OPERATING PROJECTION



Update

- Incorporates FY 25-26 Proposed Budget

Assumptions

- 85% Service Levels
- Fed and State emergency support finished in FY 26-27
- No local or regional measure revenue included
- Reductions to Pension contributions in FY 27-28
- Average inflation 3%

\$234M 4-year deficit total



Budget Changes since Draft

PROPOSED BUDGET OVERVIEW



(\$ millions)	FY 2024-25 Budget	FY 2025-26 Proposed Budget
Revenues		
Operating Revenue	\$54.8	\$58.0
Subsidies	\$498.8	\$485.7
Federal/State Emergency Support	\$52.2	\$21.0
<i>Total Revenues</i>	<i>\$605.8</i>	<i>\$564.7</i>
Expenses		
Labor	\$405.5	\$416.0
Non-Labor	\$200.3	\$190.3
<i>Total Expenses</i>	<i>\$605.8</i>	<i>\$606.3</i>
Operating Surplus / (Deficit)	\$0	(\$41.5)
District Capital*	\$12.0	\$11.4
Net of District Capital	(\$12.0)	(\$52.9)

- Revenues decrease \$2.3M from Draft Budget
 - *Revenues -6.8% from current FY*
- Expenses decrease \$3.8M from Draft Budget
 - *Expenses +0.1% from current FY*
- Deficit slightly reduced overall
 - *\$41.5M down from \$43.0M in Draft Budget*

Net Revenue decrease from Draft to Proposed: \$2.3M

- \$1.0M reduction in Sales Tax (AB1107)
- \$1.3M reduction in Other Subsidies
 - State Transit Assistance (STA – diesel sales tax) -\$1.8M
 - Regional Measure 2 (RM2 – bridge tolls) +\$540K

PROPOSED EXPENSE TOTALS



(\$ millions)	FY 2024-25 Budget	FY 2025-26 Proposed Budget	
Labor Expenses			
Wages	\$183.6	\$191.3	
Fringe	\$151.4	\$159.5	
Pension	\$70.5	\$65.2	
<i>Subtotal Labor</i>	<i>\$405.5</i>	<i>\$416.0</i>	<i>2.6% increase</i>
Non-Labor			
Services	\$56.3	\$51.7	
Fuel & Lubricants	\$18.1	\$16.4	
Other Materials & Supplies	\$22.2	\$21.7	
Utilities & Taxes	\$10.0	\$10.3	
Casualty & Liability	\$28.3	\$30.7	
Purchased Transportation	\$58.6	\$54.4	
Other	\$6.6	\$5.1	
<i>Subtotal Non-Labor</i>	<i>\$200.3</i>	<i>\$190.3</i>	<i>5.0% decrease</i>
Total Expenses	\$605.8	\$606.3	0.1% increase

Net Expense decrease from Draft to Proposed: \$3.9M

- Labor increased by +\$1.3M
- Non-Labor decreased by -\$5.2M
- Increases: +\$1.6M
 - \$1.3M (labor) – Workers Compensation Administrative fee
 - \$160k – Family Day, Division Holiday & Diversity Events (omitted from Draft budget)
 - \$120k – Temporary Help in the Drug & Alcohol department
- Decreases: -\$5.5M
 - -\$3.6M – Liability insurance premium came in significantly under estimate
 - -\$402k – Transbay Joint Powers Association (TJPA) budget update
 - -\$350k – Loss Recoveries from Casualty and Liability claims (omitted from Draft budget)
 - -\$300k – 3 projects moved from operating to capital budget
 - -\$293k – Paratransit (reduced need for support in dispatch software upgrade)
 - -\$254k – Election of Directors reduced based on updated election expenses
 - -\$140k – Deferred initiative to install digital signage at select stops
 - -\$120k – Reduced Finance consultant support



Positions

SUMMARY OF FY 25-26 POSITION CHANGES



- No new positions
- No layoffs
- Position counts for operators, mechanics, and service workers reduced to reflect current service levels (85% of pre-pandemic levels)
 - No change in budget due to position count reductions
- Assume 10% of non-operation positions remain vacant; only fill critical vacancies

Classification	FY 24-25 Approved Positions	FY 25-26 Proposed Positions	Currently Filled Positions
Bus Operator	1379	1250 (-129)	1222
Mechanic	208	182 (-26)	177
Service Employee	95	92 (-3)	92

	FY 24-25 Approved Count	Filled	Vacant		FY 25-26 Proposed - Need for August 2025	Remaining Vacant
Operators	1379	1222	157		1250	28

* Does not include operators on long term leave

* Filled/Vacant data as of May 2nd

- Existing 1379 operator positions used to represent pre-pandemic service need
 - Before changes in extraboard % and run parameters
- 1250 operator positions is based on August 2025 service with a small buffer
- Vacancies can change by hiring, attrition, movement to/from long-term leave

All Departments	FY 24-25 Approved	Vacant	Vacancy Rate
AFSCME	330	34	10.3%
Unrepresented	119	10	8.4%
Total	449	44	9.8%

* Filled/Vacant data as of May 2nd

- Vacancy control (restricted hiring) to control expenses for non-Operations departments
- Hiring only for positions deemed necessary for operations or regulatory purposes

Department	FY 24-25 Approved Count	FY 25-26 Proposed Count
District Secretary	4	4
Ext. Affairs, Mktg, Comm	40	40
Finance	97	97
General Manager	26	26
Human Resource	39	39
Innovation & Technology	43	43
Legal	24	24
Operations	2014	1856
Planning & Engineering	55	55
ACTERP (Retirement)	6	6
Total	2348	2190

- Controlling expenses through restricted hiring for non-operations positions
- Aligning overall position counts with service level



Capital Budget

Changes for the Proposed Budget

- Additional grant funding from recent awards for ZEBs and ZEB Infrastructure
- Small District Capital additions for high priority projects – Tempo BRT Bollard replacement and Permanent Operator Restrooms Feasibility study

FY 25-26 Capital Budget Categories	Grant Funds	District Funds	Total Funds	Total Project Cost
Corridors	\$28.4M	\$2.5M	\$30.9M	\$31.8M
Safety and Environmental	\$0.3M	\$5.2M	\$5.5M	\$9.3M
Facilities	\$66.1M	\$7.4M	\$73.4M	\$85.9M
IT	\$1.2M	\$6.8M	\$8.0M	\$41.4M
Vehicles	\$270.1M	\$2.5M	\$272.6M	\$282.7M
Other	\$2.0M	\$1.0M	\$3.0M	\$3.0M
Total	\$368.2M	\$25.3M	\$393.5M	\$454.2M



Outlook

- Operating deficit of \$41.5M next year
- We have been prudent - we knew this was coming and saved up for it – so we can handle the deficit next year
- November 2026 regional measure is key to keeping current service level after that
 - Need nearly \$60M/yr long-term to keep current service level
 - We are fighting for enough funding to keep current level – expansion is highly unlikely
- Need a “plan B” for FY 2026-27 that will have service reductions and layoffs across the agency to balance budget if state does not come through and/or the regional measure fails

<i>October 30, 2024</i>	<i>Board Retreat, Financial Update</i>
<i>November 13, 2024</i>	<i>Budget Development Calendar</i>
<i>February 26, 2025</i>	<i>Budget Guidelines</i>
<i>April 23, 2025</i>	<i>Draft Budget</i>
May 28, 2025	Proposed Budget
June 11, 2025	Recommended Operating & Capital Budgets
June 25, 2025	Capital Improvement Program