

***Fiscal Year 2026
Proposed Operating &
Capital Budgets
&
Fiscal Year 2027
Proposed Capital
Budgets***

**JPB Board Meeting
June 5, 2025**



Agenda

- I. FY26/27 Operating Budgets
- II. FY26/27 Capital Budgets
- III. Next Steps

I. Operating Budget: FY26 Proposed & FY27 for Information

FY26 Proposed & FY27 for Information

(in Millions)	FY25 Mar Forecast	FY26 Proposed Operating Budget	FY27 Projection
Total Sources	\$209.0	\$243.2	\$228.9
Total Uses	\$238.9	\$259.0	\$270.9
Net Surplus (Deficit)	(\$30.0)	(\$15.8)	(\$42.0)
Contribution to Reserve	\$0.0	\$0.0	\$0.0
Draw from Measure RR	\$30.0	\$30.0	\$0.0
Measure RR for Capital (SOGR)	\$0.0	(\$14.2)	(\$15.0)
TOTAL	\$0.0	\$0.0	(\$57.0)

FY27 for Information only

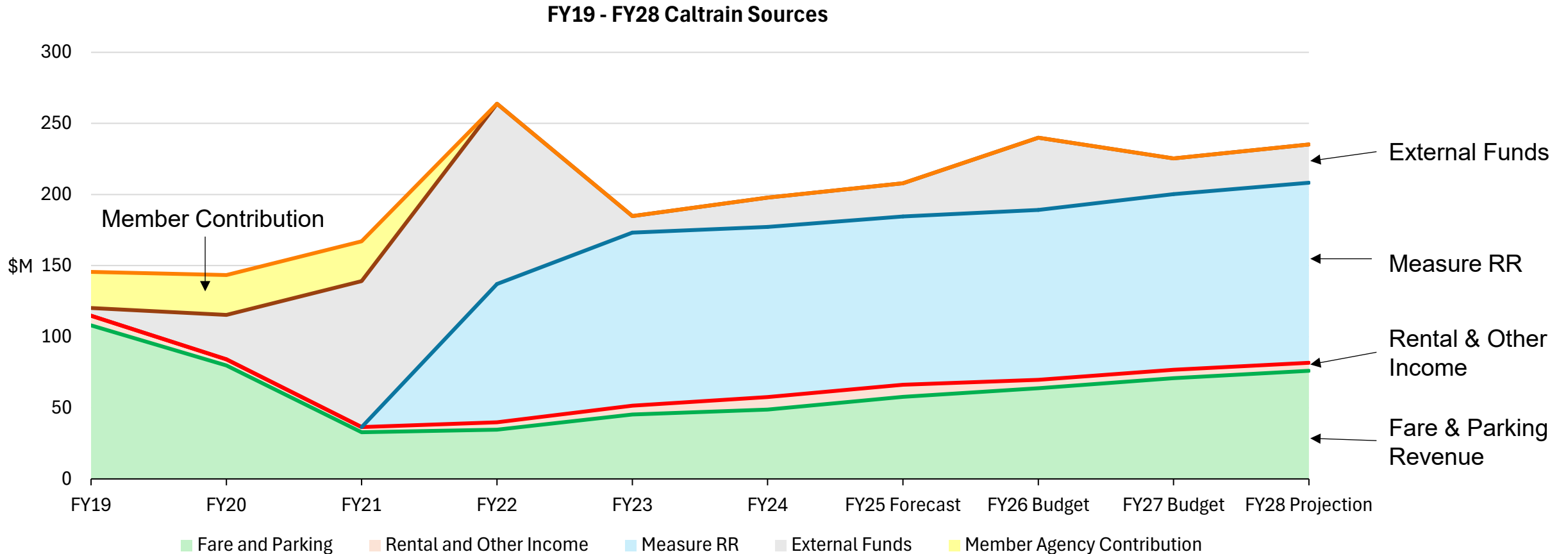
- Ongoing funding challenges
- Current policy only allows the adoption of a balanced budget
- Will present to the Board proposed budget in Spring of 2026

FY26 Proposed Budget - Sources

Source Category (in Millions)	FY25 Mar Forecast	FY26 Proposed Operating Budget	FY27 Projection
Fare and Parking	\$57.8	\$63.7	\$70.9
Rent and Other Income	\$8.4	\$5.9	\$5.9
Measure RR	\$118.4	\$119.5	\$123.5
External Funds	\$23.4	\$50.7	\$25.1
4th Train to Gilroy	\$1.0	\$3.3	\$3.5
TOTAL	\$209.0	\$243.2	\$228.9

Will have exhausted one-time "external funds" operating grant funds by FY27

Sources, by FY (FY19 - FY28)



Will have exhausted one-time "external funds" (i.e. CRSSA, ARPA, CARES, ROW, etc.) operating grant funds by FY27



FY26 Proposed Budget - Uses

Use Category (in Millions)	FY25 Mar Forecast	FY26 Proposed Operating Budget	FY27 Projection
Operations Expense	\$186.6	\$199.8	\$208.9
Rail Operator Service	\$130.7	\$138.2	\$143.4
Security & Facilities Maintenance	\$24.5	\$24.7	\$26.3
Insurance & Claims Expenses	\$15.7	\$18.7	\$20.0
Operations Support	\$15.8	\$18.2	\$19.2
Administrative Expense	\$44.3	\$45.9	\$48.7
Wages and Benefits, Managing Agency Cost	\$25.3	\$28.6	\$31.2
Professional Services	\$12.8	\$11.7	\$10.6
Technology, Rent and Other	\$6.2	\$5.7	\$6.9
Governance	\$0.2	\$0.2	\$0.2
Debt Service	\$7.8	\$13.0	\$13.0
TOTAL	\$238.9	\$259.0	\$270.9

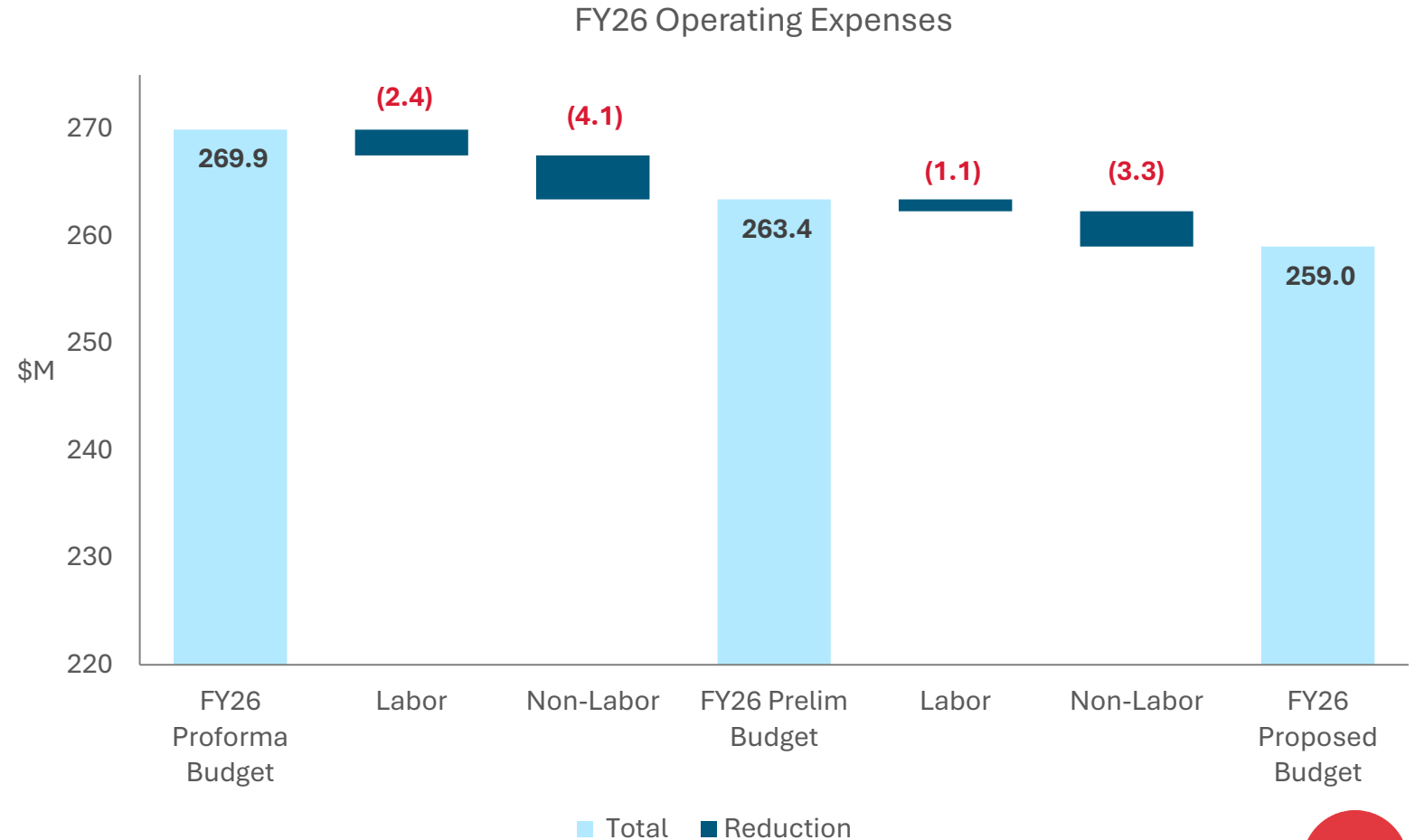
FY26 Uses & Reductions (in Millions)

Labor: \$9.8M

- Operating: \$3.5M, 18.6 FTE
- Capital: \$6.3M, 32.4 FTE

Non-Labor: \$7.4M

- \$1.9M Consultant and Other Contracted Services
- \$1.4M Rail Operator Service
- \$1.9M Interest and Bank Fees/ Clipper Charges
- \$1.3M Software/ Maintenance/ License
- \$0.9M Other



FY27 Scenarios

Scenario 1: Measure Succeeds

- Maintain and enhance customer experience
- Continue cost containment and reductions
- Maintain operating transfers for State of Good Repair
- Seek bridge funding until external revenue is available (subject to availability)

Scenario 2: Measure Fails & External Support

- Pursue new funding, including member contributions for operations
- Aggressive cost reduction such as hiring freeze, reduce reliance on consultant support, reduce rail operator costs
- Service cuts

Scenario 3: Measure Fails & No External Funding

- Drastic service cuts including hourly service, reduced operating hours, eliminating sections of service, weekend service, and some station closures
- Reduction in Force

II. FY26 & FY27 Proposed Capital Budgets

Capital Projects Added Since the Preliminary Budget Presentation

Staff recommend the adoption of the Capital Budget for FY26/27:

- The Capital Budgets are balanced.
- They address most critical infrastructure projects.
- They include strategic alignment of priority projects with available sources.

Projects Added since Prelim:

- **Headquarters Relocation – Furniture, Fixtures, Equipment, IT and Moving Cost - \$3.6M**
 - Funded by: reallocation of other project savings; plus use of Agency contingency funds
- **Externally Funded Projects with Executed Funding Agreements - \$9.8M**
 - Rengstorff Avenue Grade Separation Project: \$4.0M
 - Redwood City Four-Track Station and Grade Separation: \$0.25M
 - DTX/The Portal: \$5.53M.

FY26/27 Proposed Capital Budget - Uses

Strategic Initiatives of the 10-Year CIP (\$M)	FY26	FY27
Mandates and Compliance	0.401	0.570
Maintain Core Services	21.250	19.136
Enhance Service and Customer Experience	0.080	-
Deliver the Long-Range Service Vision	0.250	-
Contribute to the Region's Economic Vitality ^[1]	7.531	2.000
Partner with Local Communities ^[1]	4.000	-
Capital Contingency Funds ^[2]	1.320	1.320
<u>Total</u>	34.832	23.026

Notes:

[1] Includes capital projects that have executed funding agreements.

[2] Staff finalizing funding plan for contingency funds.

FY26/27 Projected Sources

Funding Sources (\$M)	FY26 ^[1]	FY27
Federal SGR 5337	10.972	15.506
STA SGR	1.743	1.400
Local Funds (LPP, AB664)	0.300	0.300
Member Agencies Contribution	2.500	2.500
External Funding	11.781	2.000
Other ^[2]	6.216	-
Unfunded ^[3]	1.320	1.320
Total	34.832	23.026

Notes:

[1] FY2026 also includes prior-year funds.

[2] "Other" includes project savings, from closed out and deferred projects.

[3] Staff is still finalizing funding plan for capital contingency funds.



III. Risks & Next Steps

Budget – Risks

Operating

- Insurance premiums & claims
- Sales tax
- Electricity/ Fuel
- State: Transportation Bill, LCTOP (formula), SB125 (allocation)

Capital

- Federal: 5337 SOGR
- State: AHSC for EMUs, SB125, TIRCP
- Increasing project costs

Next Steps

- Operating Budget Scenarios: November 2025
- Member Agency Operating Contribution Commitments: January 2026
- Budget Workshop: February / March 2026
- FY27 Preliminary Operating Budget: May 2026
- FY27 Proposed Operating Budget: June 2026

FOR MORE INFORMATION

WWW.CALTRAIN.COM

