

Proposed Biennial Budget

Fiscal Years 2026 - 2027

VTA Board of Directors
Budget Workshop

Jayden Sangha, Controller
Danny Nguyen, Budget Manager

Agenda

1 | FY2026 and 2027 Biennial Budget

Details on the VTA's proposed biennial budget for the upcoming fiscal years

2 | Economic Outlook and VTA Ridership Trends

An analysis of the current economic conditions and their impact on VTA's ridership

3 | Budgeted Service Levels

Information on the planned service levels for the VTA's transit network

4 | VTA Reserves and 10 Year Projections

An overview of the VTA's reserve levels and long-term financial projections

5 | VTA Transit Fund Revenues

Details on the various revenue sources that fund the VTA's transit operations

6 | VTA Transit Fund Expenditures

A breakdown of the VTA's planned expenditures for transit operations

7 | VTA Transit Capital Program

Information on the VTA's planned capital investments and projects

8 | Other Funds/Programs

An overview of other VTA funds and programs

9 | Board Feedback and Conclusion

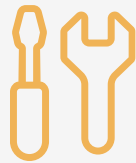
Soliciting feedback from the board and summarizing the presentation

FY 2026 & 2027 Budget Alignment with VTA's Business Plan Initiatives



Fast, Frequent and Reliable Transit

Provide high-quality, accessible public transportation services that prioritize speed, frequency, and reliability to meet the evolving mobility needs of the community.



Project and Program Delivery Excellence

Ensure effective management and successful execution of capital projects and programs to enhance the transportation infrastructure and deliver transformative solutions.



Mobility Solutions Through Partnerships

Collaborate with diverse partners to develop innovative, technology-driven mobility options that expand access and choice for all residents and visitors.



Workforce Development and Wellbeing

Invest in the organization's greatest asset - its employees - by fostering a culture of continuous learning, growth, and well-being.

By focusing on these four strategic business initiatives, the organization aims to deliver a comprehensive and transformative transportation ecosystem that serves the evolving needs of the community.

Development of FY2026 & FY2027 Biennial Budget: A Commitment to Fiscal Discipline and Long-Term Sustainability of VTA

- ✓ Emphasizing **fiscal discipline** in the face of economic uncertainty
- ✓ Strategically managing **limited resources** amid revenue volatility
- ✓ Implementing **targeted cost control measures** to manage expenditure growth
- ✓ **Preserving operating reserves** to maintain financial flexibility
- ✓ Upholding our **commitment to fiscal prudence** through careful planning and prioritization

Areas of Concern for VTA

Economic Pressures and Inflationary Trends

Rising costs and economic pressures are impacting VTA's overall financial health.

- Tariffs & state of the economy
- Current trends in different sales tax categories.

Sales Tax Revenue Volatility and Pending Sunsets

VTA's primary revenue source, sales tax, has been volatile, and there are concerns about upcoming sunsets of certain tax measures.

- Over 80% of Transit Fund Revenues are generated through Sales tax

Limited Operating Reserves and Potential Unknown Contingencies

VTA's operating reserves are limited, and there are concerns about potential unknown contingencies that could further impact the organization's financial stability.

CalPERS Discount Rate Assumptions and Growing Unfunded Liability

VTA's pension obligations through CalPERS are growing due to changes in discount rate assumptions and increases in unfunded liability.

- CalPers funding: 72.5%
- ATU Pension: 77%

Rising Labor and Pension Costs

Increases in labor and pension costs continue to put pressures on the Operating budget.

- Over 70% of Transit Fund Revenues are used to fund labor and benefits
- Growth in salaries and benefits higher than the overall revenue growth for VTA

Long-Term Impacts of Increasing Financial Commitments

VTA is facing the challenge of managing the long-term impacts of its growing financial commitments:

- Staffing levels and labor growth
- Service level planning

Broader Economic Concerns for VTA



Slowdown in Consumer & Business Spending

General Retail & Business Spending accounts for nearly 60% of Sales tax base for VTA.

The US has seen a gradual slowdown in consumer spending, leading to a limited growth trajectory in sales tax revenues.



Tariffs & Federal Policy Landscape

These trade barriers have led to increased costs for imported goods, which has in turn resulted in higher prices for consumers & businesses, including reduced purchasing power.



Recessionary Pressures

Over ½ leading economists are predicting a slowdown of the US economy in the first two quarters of FY2026. This will lead to weaker consumer demand, impacting sales tax revenues.

The limited growth in sales tax revenues reflects the complex and challenging economic landscape facing the US.

Economic Outlook – 1976 ½ cent Sales Tax

Sales-tax generated from 5 areas of Santa Clara's local economy



General Retail

Apparel / Department / Furniture



Business to Business

Office Equipment / Business Services



Transportation

Auto sales / Service Stations / Auto Parts



Food Products

Restaurants / Food Markets

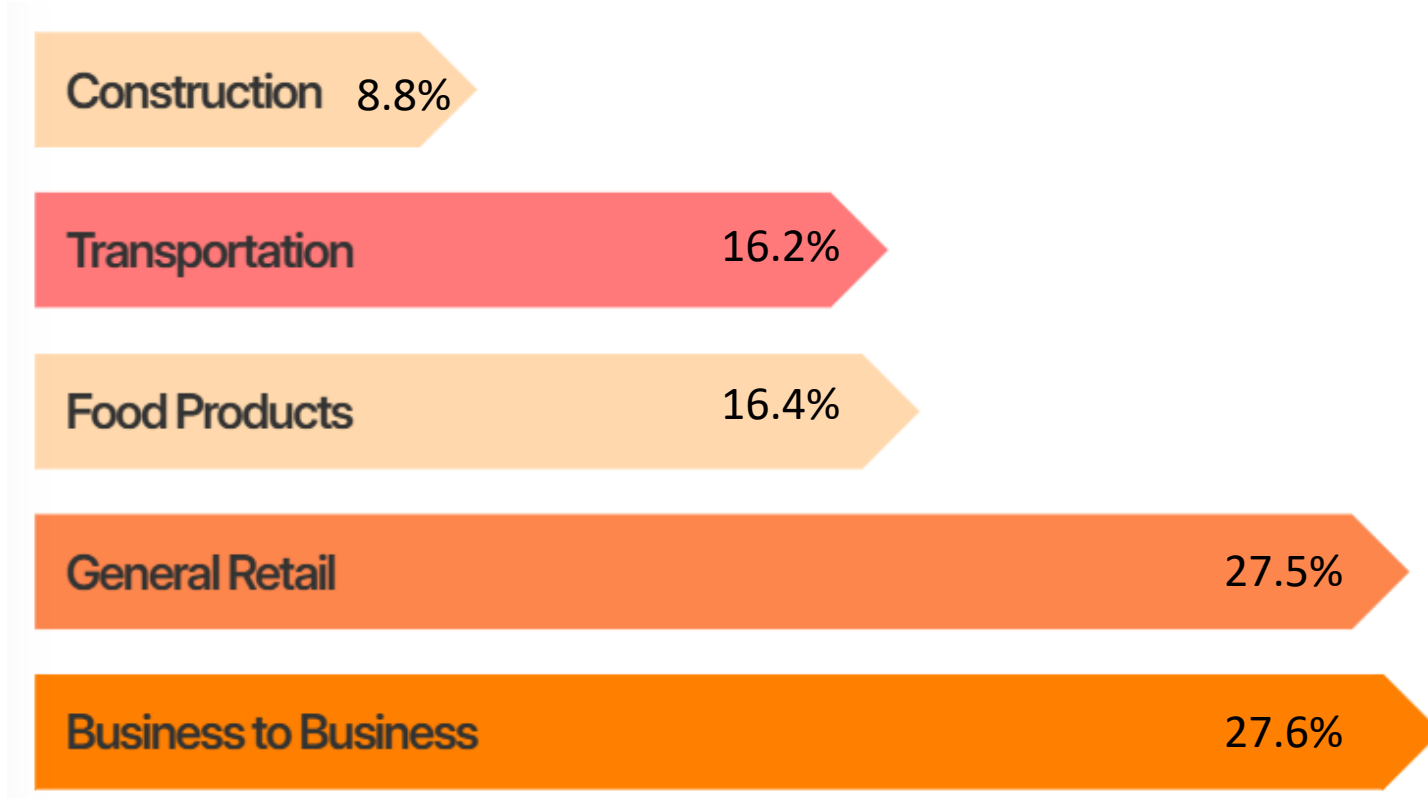


Construction

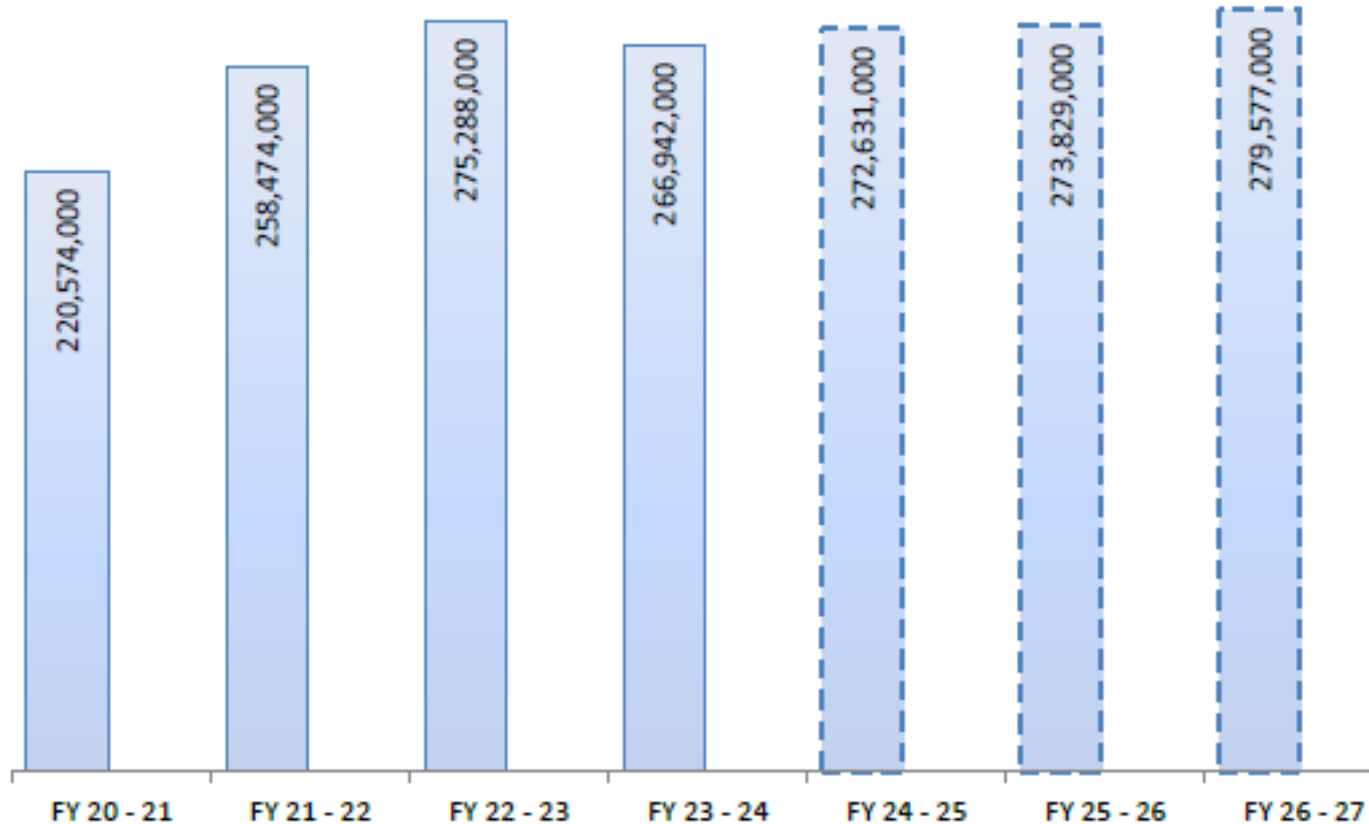
Building Materials

Economic Outlook – 1976 ½ cent Sales Tax

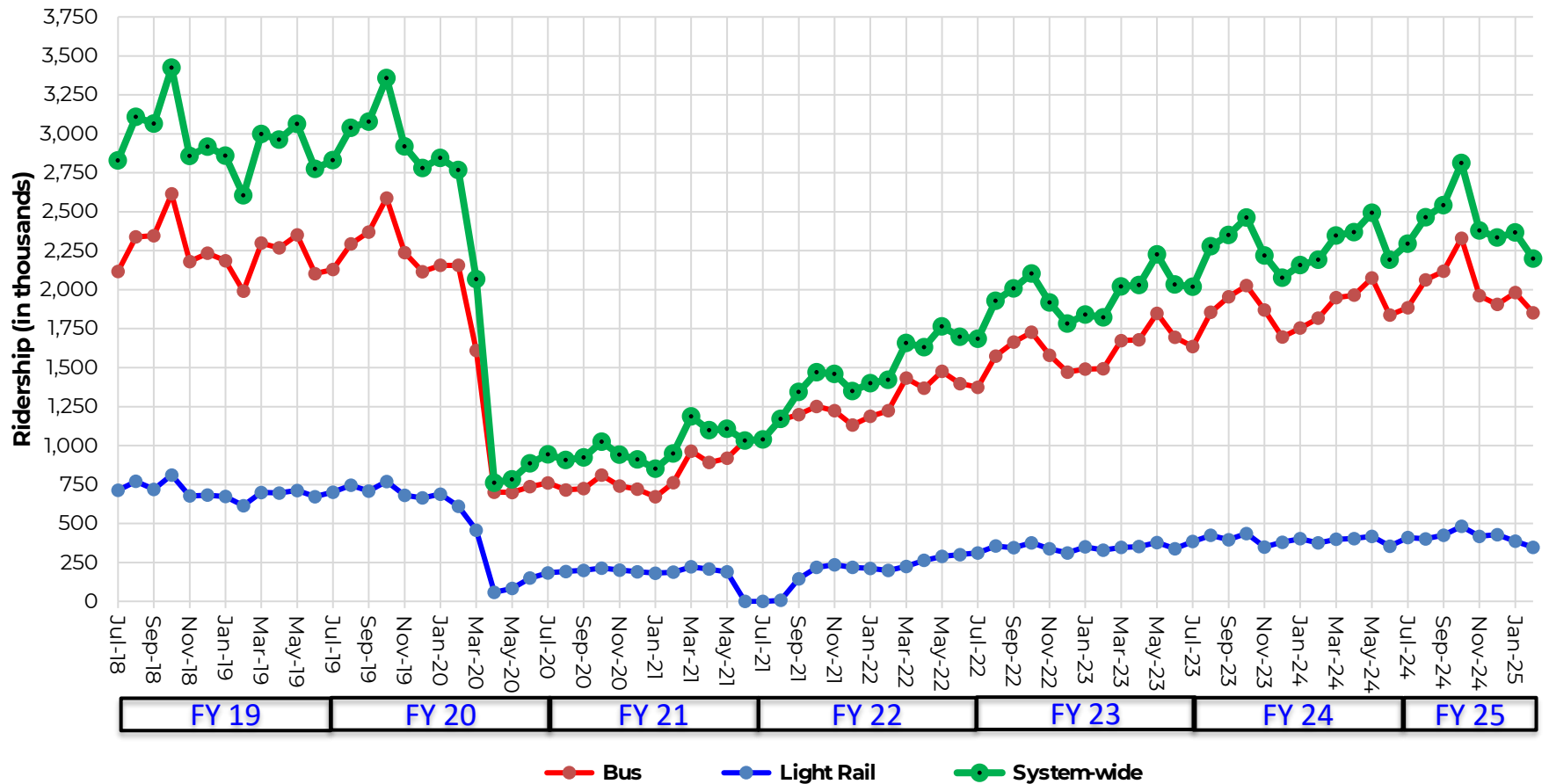
For FY 2025, Retail and B2B are largest contributors to Sales Tax



Economic Outlook – 1976 ½ cent Sales Tax



Ridership Trends – FY 2019 thru FY 2025



Operator Positions

FY 2026

Position	Salaries	Benefits	Total Labor Costs	No. of Budgeted Positions
Light Rail Operator	11,640	7,981	19,621	135 Operators
Bus Operator	96,371	60,113	156,484	924 Operators

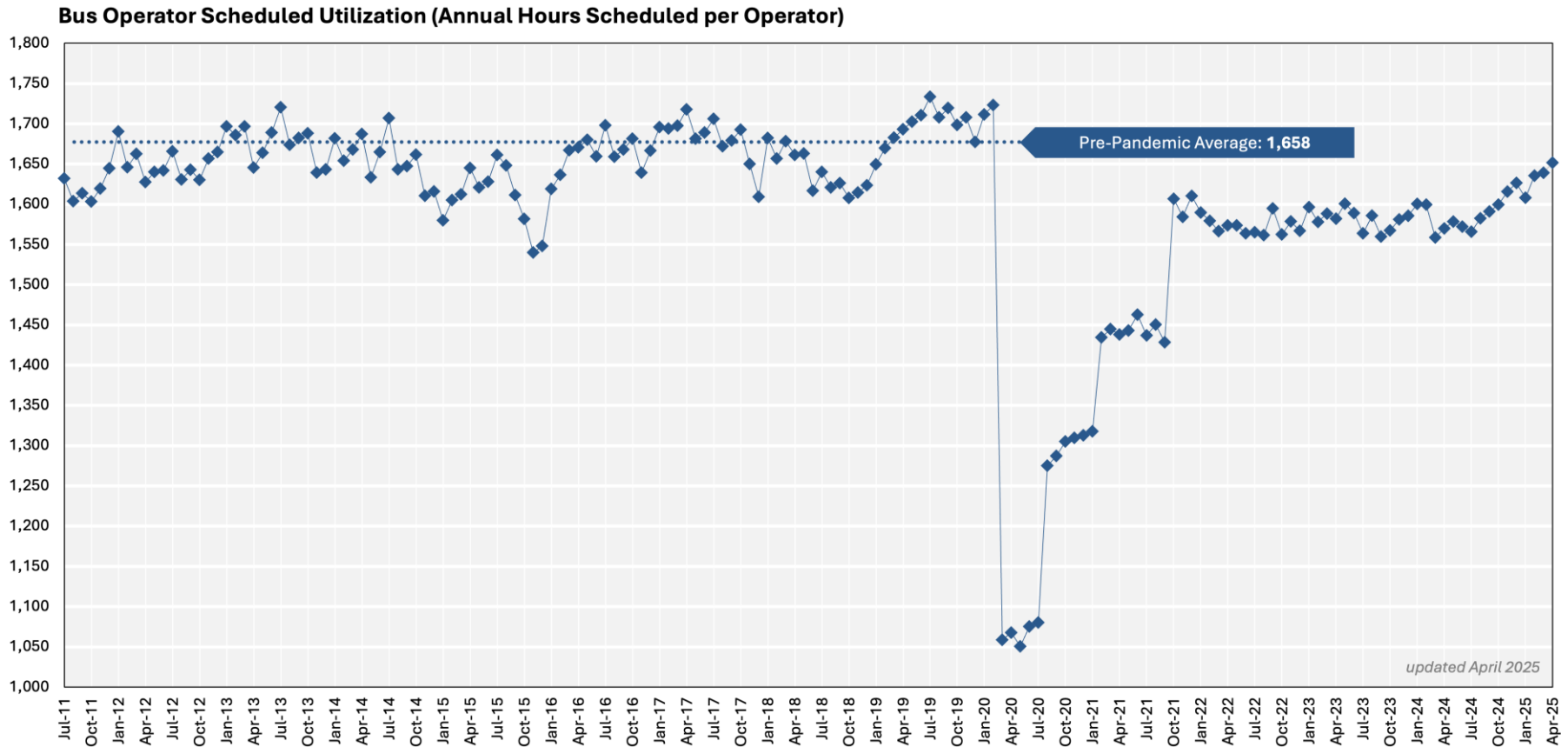
FY 2027

Position	Salaries	Benefits	Total Labor Costs	No. of Budgeted Positions
Light Rail Operator	12,104	8,211	20,315	135 Operators
Bus Operator	100,571	61,857	162,428	924 Operators

FY 2026 and FY 2027 Service Levels:

- Bus: 1.5M Service Hours
- Light Rail: 167,000 Hours

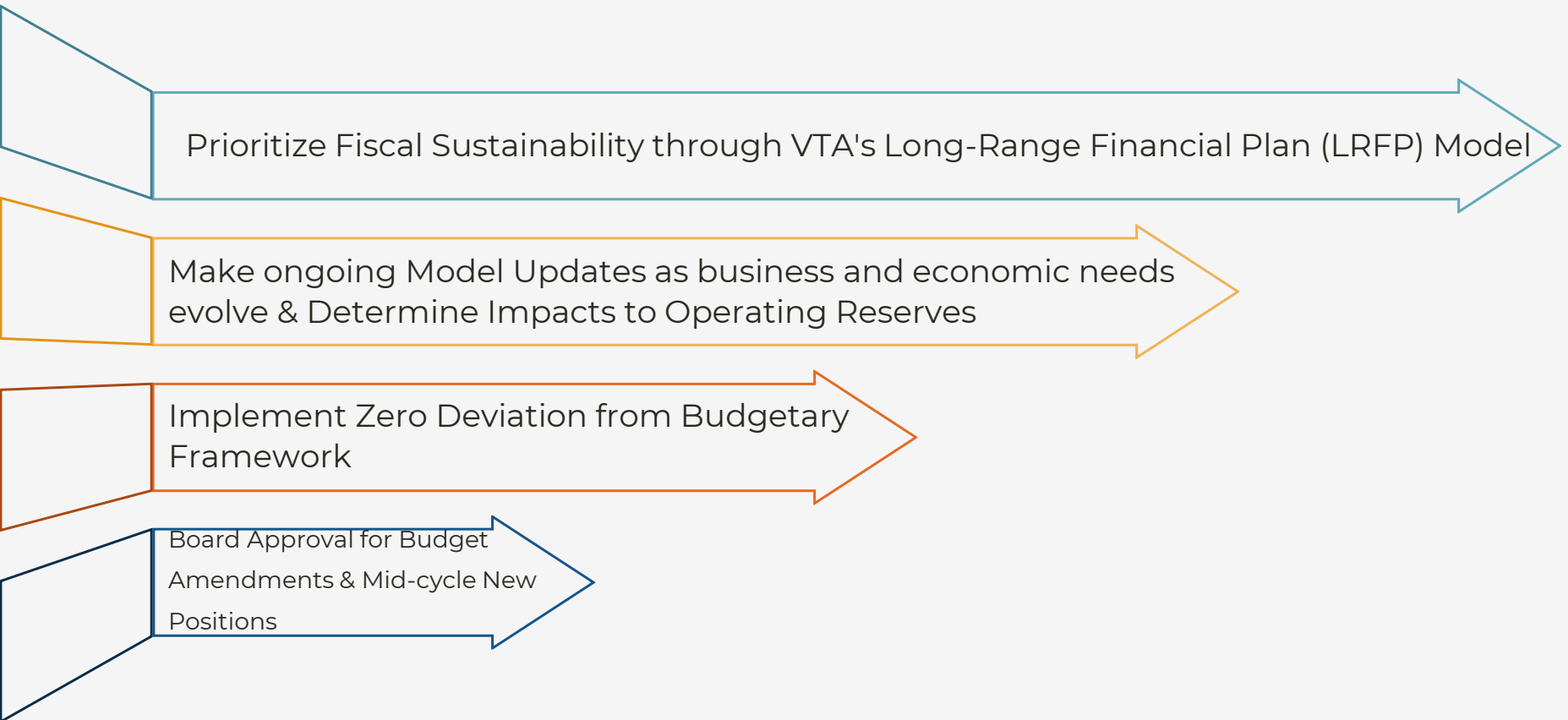
Bus Operator Utilization



Budgeted Bus Operator Utilization (annual hours scheduled per Operator)

- FY 2024 & FY 2025: 1,577
- FY 2026 & FY 2027: 1,683

FY2026, 2027: Managing resources with Fiscal Discipline



Long Range Financial Plan

10-Year Projection

	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>	<u>FY 2032</u>	<u>FY 2033</u>	<u>FY 2034</u>	<u>FY 2035</u>
Revenues	606.6	596.1	571.1	571.5	597.4	625.0	654.4	671.0	688.0	706.8
Expenses	607.5	611.1	659.8	676.7	698.1	718.3	740.7	761.9	785.1	808.6
Surplus/Deficit	(0.9)	(15.0)	(88.6)	(105.2)	(100.7)	(93.3)	(86.3)	(90.8)	(97.1)	(101.8)
Operating Reserve Beginning Balance	225.98	225.1	210.1	121.5	16.3	0.0	0.0	0.0	0.0	0.0
Operating Reserve Ending Balance	225.1	210.1	121.5	16.3						
Net Operating Balance					(84.4)	(93.3)	(86.3)	(90.8)	(97.1)	(101.8)

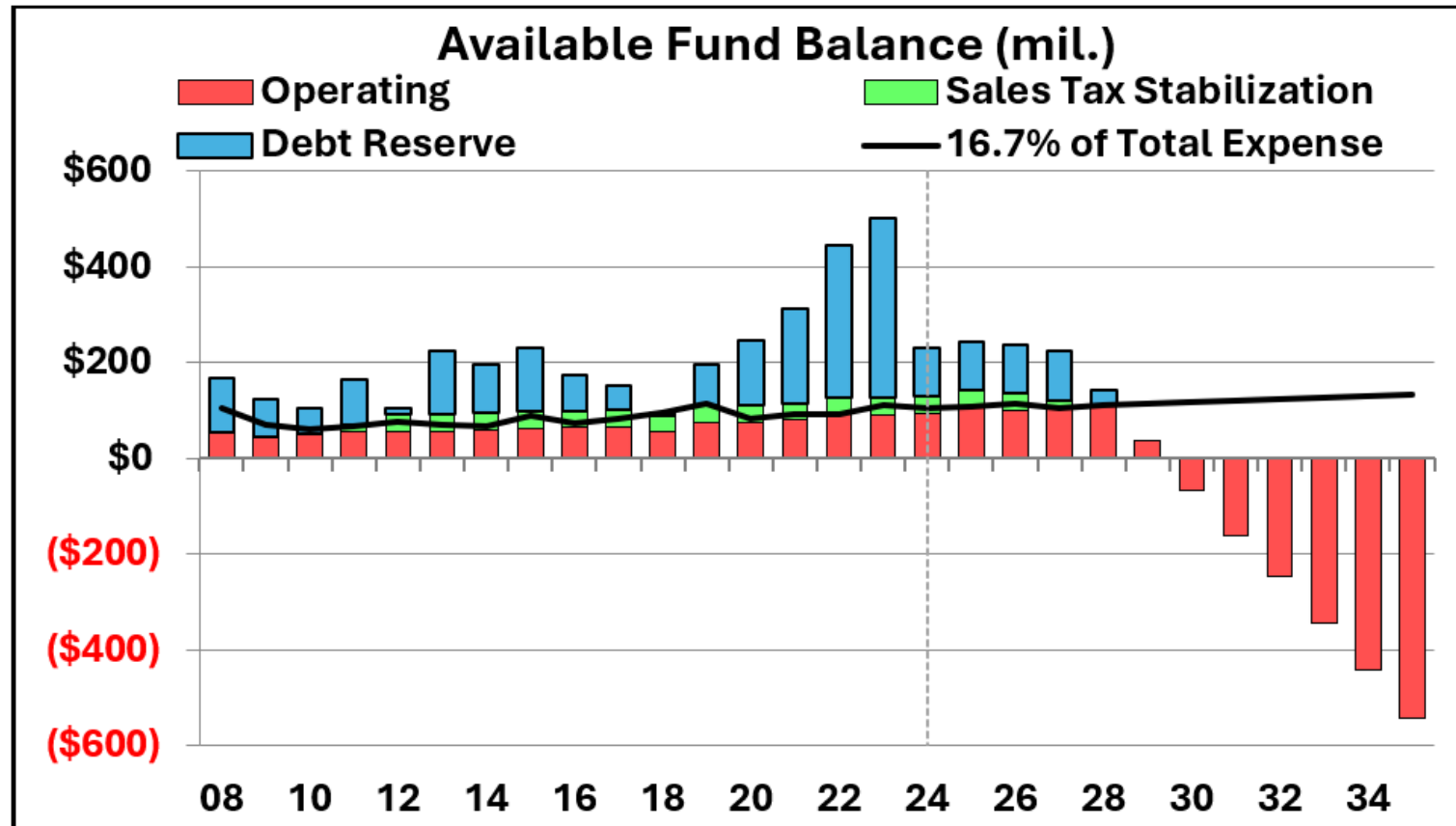
FY2026, 2027: 20% Salary savings

FY2028 onwards: 8% Salary savings

Operating Reserves: Accumulative Op + Sales tax Stabilization + Debt Reduction

Financial projection outlining revenues and expenditures over the next 10-years and anticipated deficits

Use of VTA Reserves Over Time



8% Vacancy Savings in VTA Labor

VTA's Cash, Reserves, Pension & OPEB

Cash & Investments as of 02/2025	
Transit	773,400
2000 Measure A	103,800
2008 Measure B	322,800
2016 Measure B	860,000
Other Funds	222,700
Total Cash and Investments	2,282,700

Reserves FY 2025 Ending Balances	
Operating Reserve	91,122
Sales Tax Stabilization	31,928
Transit Capital Reserve	192,761
Debt Reduction Fund	102,925
Local Share of Capital Projects	315,893
Total Cash and Investments	734,629

Category	FY 25 Budget	FY 26 Proposed	FY 27 Proposed
Pension Contribution	52,500	54,390	54,590
OPEB Contribution	4,220	4,710	4,930
Medical Insurance	63,950	65,090	67,720

Pension Obligations	FY24	Funding
CalPers VTA	434,700	72.5%
ATU Pension	710,700	77.0%
OPEB	401,600	123%



VTA Transit Fund

Optimizing Resource Allocation

Targeted Measures for FY2026 & FY2027



Limiting Budget Increases

FY2026 Non-labor increase limited to 5% from Adopted FY2025 budget and FY 2027, 5% from FY2026 proposed



Zero Capital Funding Allocation from Transit Fund FY2026, FY2027

For FY2026, 2027, VTA Transit Capital ecosystem is using Transit Capital Reserve in funding 32 capital projects with a local share of \$61.3 million.



Sustainable Growth Through Strategic Prioritization and Fiscal Discipline

With the suggested financial constraints, prioritizing project scopes will be the key in order the position the agency for success amid fiscal challenges

By carefully managing non-labor and labor constraints, the organization can optimize resource allocation and align spending with strategic priorities.

Labor Constraints



No New FTE Requests

No additional full-time employees will be added during the upcoming fiscal years, without careful consideration of balancing VTA priorities, and VTA Board approval..



Hiring Pause

A temporary pause on new hires has been implemented to manage labor costs.



Vacancy Savings Budgeted goal of 20%

Budget will include a goal of 20% savings assumption to account for expected vacancies and staff turnover.

By implementing a hiring pause and budgeting for vacancy savings, the organization can effectively manage labor costs and allocate resources towards its strategic priorities.

Salary Savings Overview

April 8, 2025, VTA implemented a strategic hiring pause

- Agency-wide hiring pause for non-operator positions, current recruitments and some strategic positions are still moving forward; exceptions to this will be considered based on VTA priorities and needs

Hiring Pause Objectives

- Generate salary & benefit savings to bridge deficit gap in FY 2026 & FY2027
- FY 2026 & FY 2027 assumes 20% vacancy for non-operator positions; current vacancy levels is 8.5%

Calibrate Saving Strategies

- Monitor Agency's financial conditions and recalibrate extent of hiring pause
- If savings are not realized in timely manner, implement additional cost saving measures such as furloughs, early retirements, or other feasible solutions. Some of which will need to be negotiated with our union partners.

Impacts on the Organization



Workload Impact

Potential impacts on responsibilities and tasks



Skills Gap

Inability to hire new talent can result in skills gap within the organization



Reduced Responsiveness

The organization may potentially struggle to keep up with business demands

Navigating the Hiring Pause



Prioritize Critical Roles

Identify and focus on hiring for the most essential positions to maintain core business operations.



Explore Alternative Staffing Solutions within budgeted parameters

Consider contractual temporary workers to supplement the workforce during the hiring pause.



Foster Employee Engagement

Implement strategies to keep employees motivated, productive, and invested in the organization's success.

FY 2026 & FY 2027 Biennial Budget Salary Savings Scenario

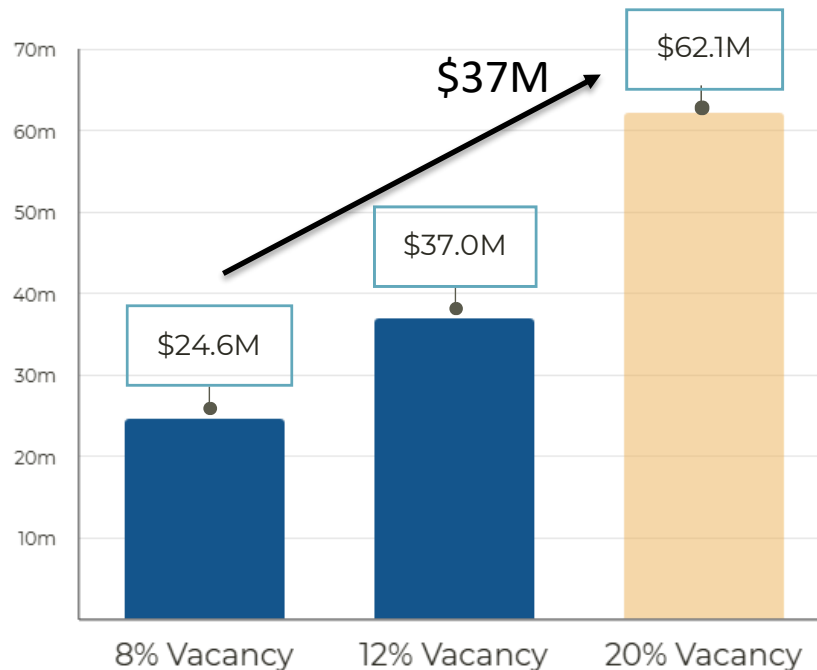
Category	FY24 Actuals	FY25 Budget	FY25 Projected	FY26 Proposed	FY27 Proposed
Revenues	600,591	624,485	611,775	606,611	596,075
Expenses – Labor w/ 8% Salary Savings	400,015	426,392	426,878	463,210	481,896
Expenses – Non- Labor w/ 5% limit	187,017	198,093	190,520	181,143	167,780
Operating Surplus / (Deficit)	13,559	--	(5,623)	(37,742)	(53,601)

Budgeted vacancy of 8% would provide \$24.6M in salary savings in FY 2026, with a deficit of \$37.7M

Salary Saving Scenarios

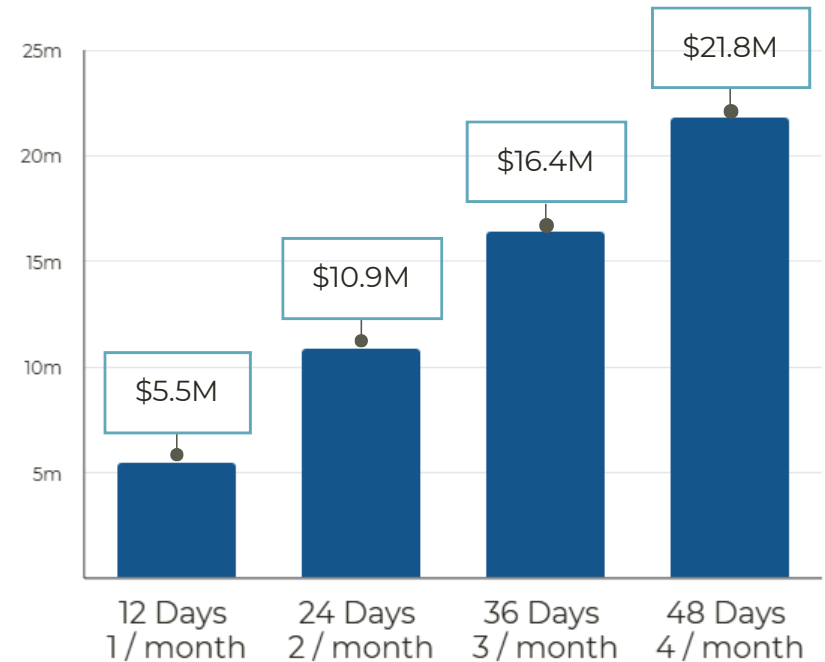
Vacancy Rate Savings

(Salaries & Benefits)



Furlough Day(s) Savings

(Salaries)



By implementing a hiring pause and budgeting for 20% vacancy savings in FY 2026 and FY 2027, the organization can manage labor costs and allocate resources towards its strategic priorities.

FY 2026 & FY 2027 Biennial Budget Overview

Category	FY24 Actuals	FY25 Budget	FY25 Projected	FY26 Proposed	FY27 Proposed
Revenues	600,591	624,485	611,775	606,611	596,075
Expenses	587,032	624,485	617,398	607,479	611,069
Operating Surplus / (Deficit)	13,558	--	(5,623)	(868)	(14,993)

Proposed budgets reflect declining revenues, constrained non-labor spending and on-going labor cost management efforts. Without the targeted measures, FY2026 deficit (\$79.6M) & FY2027 deficit (\$77.4M)

Proposed Budget Summary

Dollars in Thousands

Fund	FY 2026	FY 2027
VTA Transit – Operating	607,479	611,069
VTA Transit – Capital	240,833	___**
Congestion Management Program – Operating	7,446	7,507
Silicon Valley Express Lanes Program – Operating	38,781	37,327
Transit-Oriented Communities Program – Operating	4,914	5,200
Transit-Oriented Communities Program – Capital	11,640	___**
VTP Transportation Program – Capital	830,136	___**
2000 Measure A Transit Improvement Program – Operating	142,068	126,067
2000 Measure A Transit Improvement Program – Capital	1,208,818	___**
2008 Measure B – BART Operating Sales Tax Program – Operating	134,808	184,321
2016 Measure B Program	624,770	88,610

* Includes transfers between funds.

**Total appropriation for FY 2026 and FY 2027 reflected in FY 2026.

VTA Transit Fund – Operations & Capital

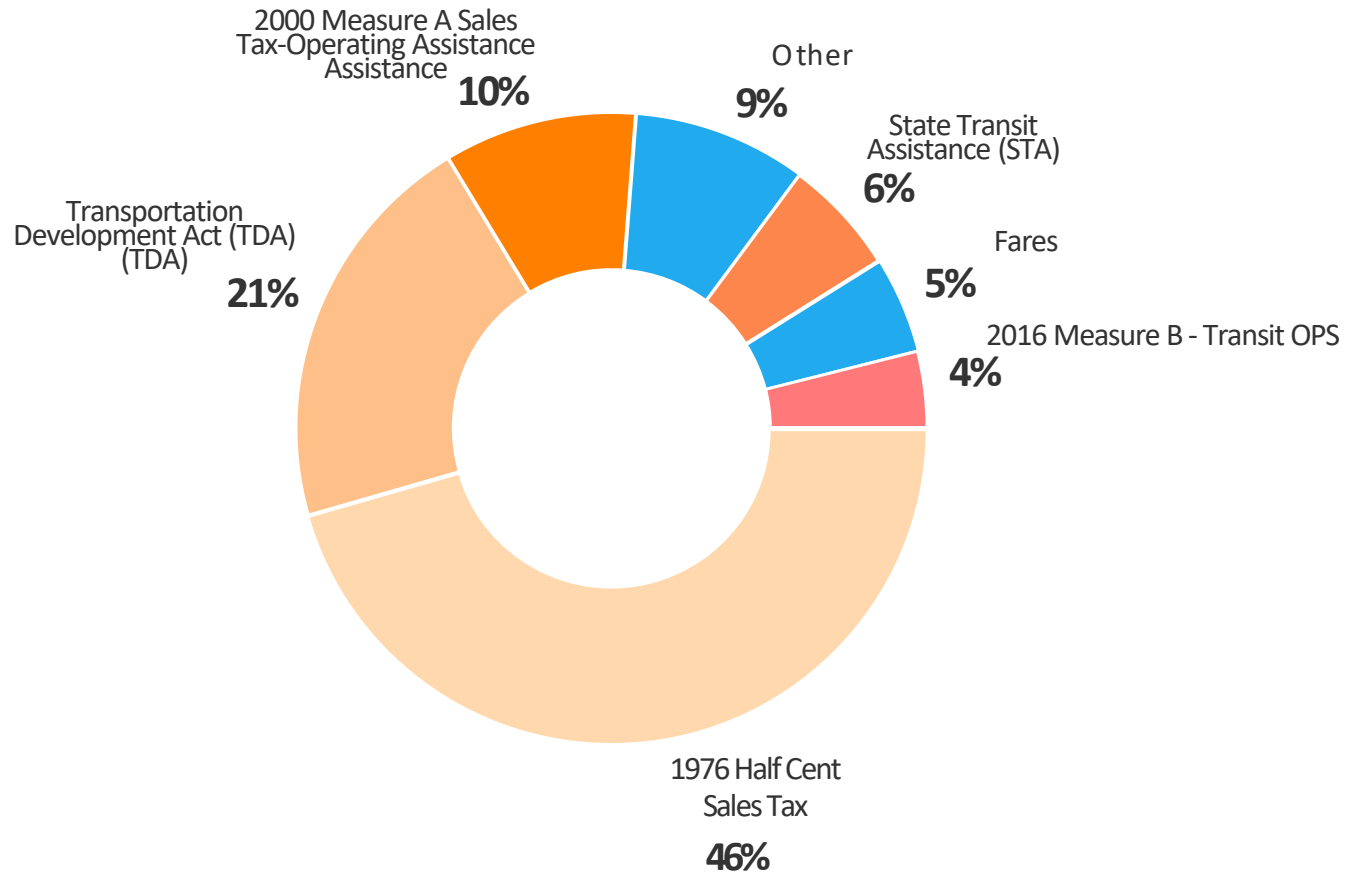


- Primary funding source for operating and maintaining Santa Clara County's public transit system: Bus and light rail operations, paratransit services, and transit infrastructure improvements
- Supported by a combination of sales tax revenues, farebox collections, federal and state grants, and local funding sources
- Finances capital projects such as fleet upgrades, facility maintenance, and service expansions

Dollars in Thousands

Category	FY26 Proposed	FY27 Proposed
Revenues	606,611	596,075
Expenses	607,479	611,069
Operating Surplus / (Deficit)	(868)	(14,994)

Revenue Sources



Over 86% of VTA's budgeted Operating Revenues are generated from Sales Tax measures

Transit Fund Revenues

Category	FY24 Actuals	FY25 Budget	FY25 Projected	FY26 Proposed	FY27 Proposed
Fares	29,802	27,458	28,428	30,310	30,947
1976 Half Cent Sales Tax	266,942	290,223	272,631	273,829	279,577
Transportation Development Act (TDA)	126,413	129,707	128,759	125,597	127,895
State Transit Assistance (STA)	45,273	46,982	44,625	36,104	36,573
2000 Measure A Sales Tax-Operating Assistance	55,382	60,221	56,571	56,820	58,012
2016 Measure B - Transit OPS	15,290	20,270	21,538	21,632	22,087
Other	61,489	49,624	59,223	62,319	40,984
Total	600,591	624,485	611,775	606,611	596,075

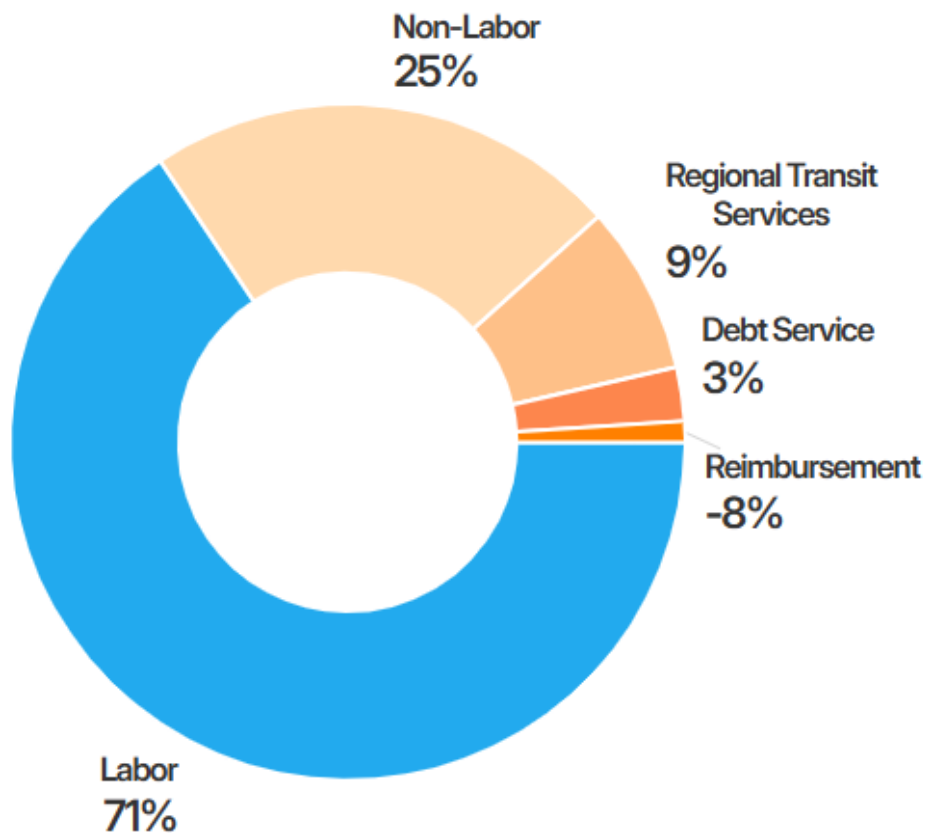


Break for Feedback & Questions



VTA Transit Fund - Expenses

Expense Areas



71% of VTA's budgeted Operating Expenses support Labor Costs

Transit Fund Expenses

Category	FY24 Actuals	FY25 Budget	FY25 Projected	FY26 Proposed	FY27 Proposed
Service Delivery	535,397	565,946	563,205	575,561	595,234
Regional Transit Services	33,873	39,373	38,663	51,984	55,208
Reimbursements	(43,027)	(44,566)	(45,201)	(45,239)	(48,054)
Debt Service	20,789	20,732	20,732	25,173	8,682
Trnsf. to Capital Reserve / Contingency	40,000	43,000	40,000	--	--
Total	587,032	624,485	617,398	607,479	611,069

Service Delivery = Labor + Non-Labor + Contribution to other Agencies

Regional Transit Services = Paratransit + Caltrain + Altamont Corridor Express + Highway 17 Express + Monterey SJ Express

Transit Fund Expenses – Labor

Category	FY24 Actuals	FY25 Budget	FY25 Projected	FY26 Proposed	FY27 Proposed
Labor Cost	400,015	426,392	426,878	426,336	443,289



Labor Rates

Rates based new and current Collective Bargaining Agreements.



Labor Savings

Assumed 20% labor savings through vacancy savings and potential furloughs.



Benefits

Increase in medical and other other benefit rates.

Total number of budgeted positions in FY 2026 - FY 2027 is 2,439, which incorporates positions that were added/reclassified in FY 2024 and FY 2025. No new positions are included in Fiscal Years 2026 or 2027. FY2026 labor cost: Mid-budget cycle unbudgeted position growth in prior two years, class & comp, wage increases, Union negotiated increases

Transit Fund Expenses – Non-Labor

Category	FY24 Actuals	FY25 Budget	FY25 Projected	FY26 Proposed	FY27 Proposed
Material & Supplies	27,166	27,591	29,112	28,403	28,311
Security	23,683	24,874	26,971	24,405	27,022
Other Services	17,325	16,848	15,446	20,649	20,454
Professional & Special Services	14,165	14,083	13,196	17,429	16,331
Fuel / Traction Power	20,860	20,019	18,425	19,905	20,255
Insurance	9,726	11,028	9,784	11,536	12,179
Misc / Other	13,746	16,573	14,924	17,615	18,279
Leases / Rents Utilities / Communications	8,710	8,538	8,468	9,285	9,115
Total	135,381	139,554	136,326	149,227	151,946

Agency-wide, VTA divisions were limited to 5% increases from the FY 2025 adopted budget for FY 2026 and 5% from the FY 2026 proposed budget for FY 2027, with exceptions for maintenance costs from completed Capital Projects and maintenance expenses at the new headquarters.

Transit Fund Expenses – Regional Transit Services

(in Thousands)

Category	FY24 Actuals	FY25 Budget	FY25 Projected Actuals	FY26 Proposed Budget	FY27 Proposed Budget
Paratransit	26,890	31,695	31,274	44,060	46,756
Altamont Commuter Express	6,522	7,147	6,884	7,421	7,924
Highway 17 Express	411	454	426	420	441
Monterey San Jose Express	50	77	79	83	87
Total	33,873	39,373	38,663	51,984	55,208

Regional Transit Services increased by \$12.8M (41%) due to a new Paratransit service agreement with new vendor (current is MV Transportation). The estimated Revenue Vehicle Hours (RVH) is assumed to be higher in addition with the increased in ridership to 290,000 hours. Revenue Hours peaked in calendar year 2019 at 460,000 hours.

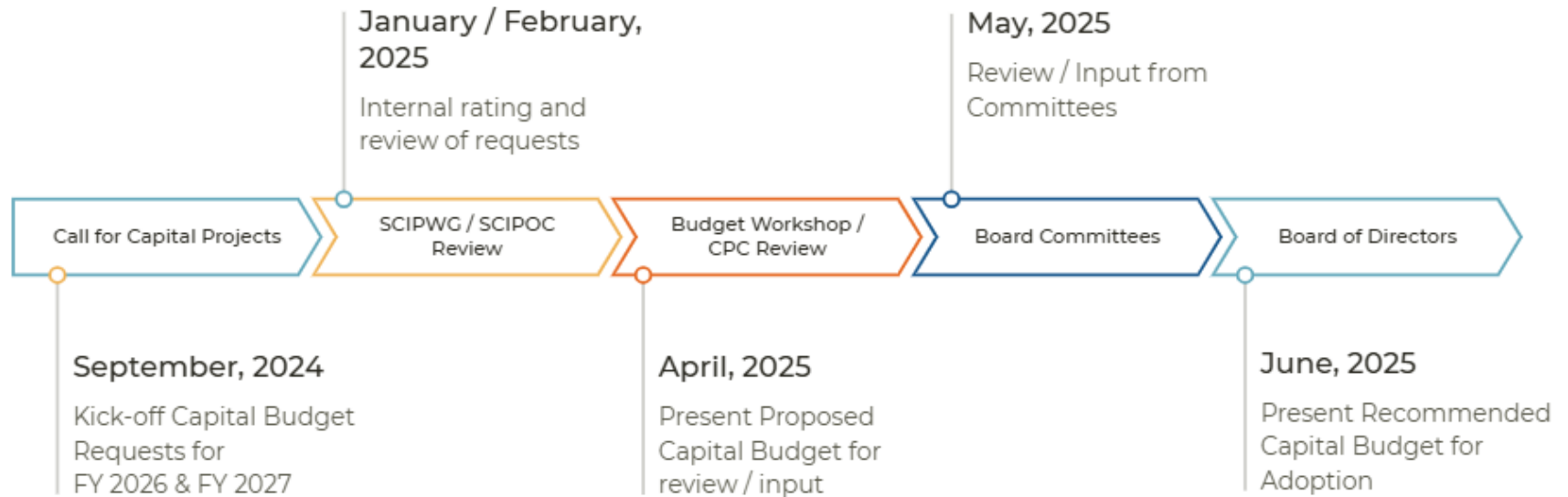


Break for Feedback & Questions



VTA Capital Program

Capital Budgets Timeline



Capital Budget Overview



Capital Program Areas

VTA Transit
VTP Transportation Program
Transit-Oriented Capital Program
VTA Megaprojects Program



2-Year Capital Budget

Biennial budget provides appropriation to capital projects over the next 2 fiscal years.

Proposed projects have identified funds from grant awards and VTA local match

Projects selected is open to Board input (through CPC and Advisory Committees) and further refinement from Project Managers



Strategic Capital Investment Plan (SCIP)

SCIP is used to inform and identify capital needs over the next 20-years but does not commit funding.

SCIP Criteria

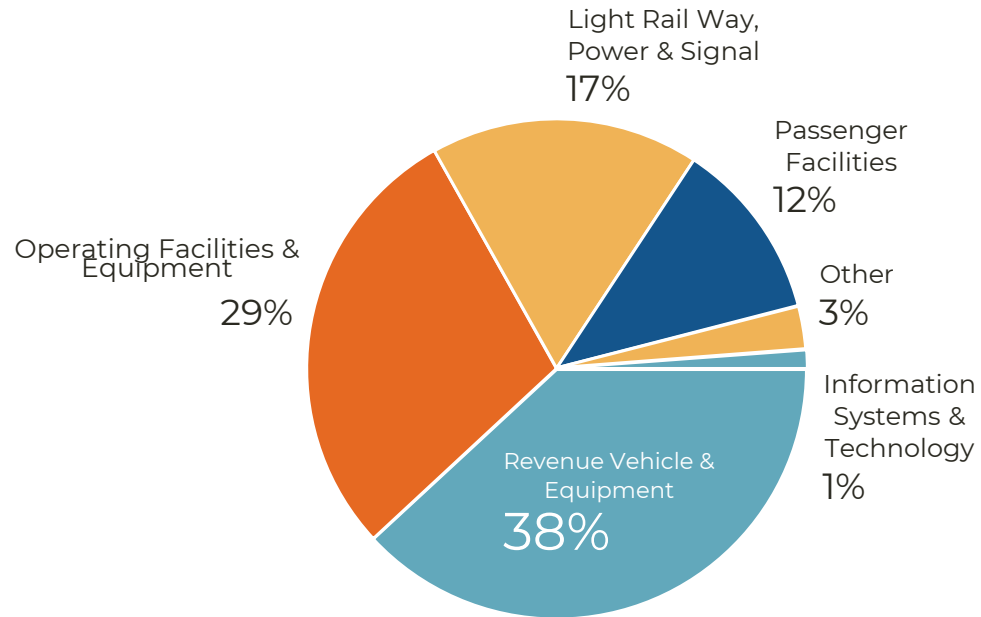
Criteria	Definition	Weight
Enhances Safety & Security	<ul style="list-style-type: none"> • Enhance user safety (transit, highway, bike/ped) • Enrich employee safety & security • Improve system security 	15%
Environmental Sustainability	<ul style="list-style-type: none"> • Support VTA Sustainability Plan • Address climate change adaptation and global warming • Create or enhance land use and transit connections • Support VTA TOD Policy • Support VTA Complete Streets Policy and initiatives • Address negative effects of proximity to major surface transportation facilities 	10%
Improves Cost Efficiency/Effectiveness	<ul style="list-style-type: none"> • Reduce lifecycle cost for asset • Exhibit positive benefit-cost ratio or Return on investment • Create positive impact to operating expense • Deploy resources effectively 	20%
Preserves/Maintains Transportation System	<ul style="list-style-type: none"> • Maintain assets in a State of Good Repair • Replace/rehabilitate assets at optimal intervals • Support Transit Asset Management Plan, Pavement Management System • Address system resilience and asset risk • Address historic underinvestment relative to need 	20%
Increases Mobility / Ridership	<ul style="list-style-type: none"> • Support increased mobility and accessibility • Drive increased ridership • Address VTA Congestion Management Plan strategies • Improve multi-modal access (e.g., active transportation) • Improve transportation network connectivity 	20%
Improves Transportation System	<ul style="list-style-type: none"> • Enhance network capacity (transit, highway, bike/ped) • Deliver innovative projects and new technologies • Improve customer experience • Increase access/utility for people with difficulty meeting transportation needs • Address historic underinvestment relative to need 	15%

VTA Transit Fund Capital Projects

	Requests	Recommended
No. of Projects	127	32
VTA Local	342,128	61,334
Other Sources	343,081	179,499
Total Appropriation	685,209	240,833

Funding for the Transit Enterprise Capital Projects are allocated from the Transit Operations Capital Fund, which has an estimated balance of 192,761 at the end of FY 2025. Including the proposed appropriations, the Capital Fund will have an estimated balance of 131,427 at the end of FY 2026.

FY 2026 and FY 2027 Proposed Appropriations



Other Programs / Funds



VTA Other Programs / Funds



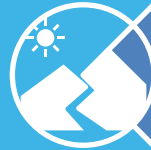
Congestion
Management Program



Silicon Valley Express
Lanes Program



Transit-Oriented
Communities Program



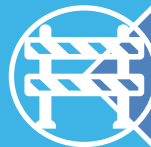
VTP Highway Improvement
Program



2008 Measure B – BART
Operating Sales Tax Program



2000 Measure A Transit
Improvement Program



2016 Measure B Program

Congestion Management Program

- **Creation of CMAs:** Established in 1990 by Proposition 111 to improve transit efficiency, capital planning, and land use coordination.
- **VTA's Role:** Designated as the CMA for Santa Clara County in 1994 through a Joint Powers Agreement
- **Funding Sources:** CMP is funded through assessments, federal/state grants, and fees for services.
- **Proposed FY 2026-2027 Budget:** Focus on coordination, funding advocacy, capital projects, state/regional advocacy, and land use coordination.
- **Member Agency Fees:** Annual 3.5% increase per the fee schedule adopted in 2005, reflected in the Proposed Budget.

Category	FY24 Actuals	FY25 Projected	FY26 Proposed	FY27 Proposed
Revenues	6,558	7,173	7,228	7,596
Expenses	6,463	6,158	7,446	7,507
Operating Surplus / (Deficit)	94	1,015	(218)	89
Beginning Fund Balance	3,155	3,249	4,264	4,046
Revenues Over (Under) Expenses	94	1,015	(218)	89
Ending Fund Balance	3,249	4,264	4,046	4,135

Silicon Valley Express Lanes Program

- **Eases Traffic Congestion:** Converts underused carpool lanes into dynamic toll lanes, optimizing road use and reducing bottlenecks
- **Generates Sustainable Funding:** Reinvests toll revenue into transportation infrastructure and public transit improvements.
- **Supports Equity & Mobility:** Offers commuters new travel options while backing future equity-focused transit initiatives.
- **Phased Expansion Strategy:** \$1.3B, 6-phase rollout ensures manageable delivery and scalable revenue generation over time.
- **Critical Transit Funding Source:** Enables up to 50% of net revenues (starting Phase 4) to directly support VTA transit operations

Category	FY24 Actuals	FY25 Projected	FY26 Proposed	FY27 Proposed
Revenues	26,189	27,434	28,402	31,412
Expenses	8,195	8,807	38,781	37,327
Operating Surplus / (Deficit)	17,994	18,627	(10,379)	(5,915)
Beginning Fund Balance	17,013	35,007	53,634	43,256
Revenues Over (Under) Expenses	17,994	18,627	(10,379)	(5,915)
Ending Fund Balance	35,007	53,634	43,256	37,341

*Dollars in Thousands

**Totals may not be precise due to independent rounding

1. Projection as of April 3, 2025

Transit-Oriented Communities Program

Operating

- **28-Site TOD Portfolio:** Over 200 acres targeted for mixed-use, mixed-income development on VTA-owned land.
- **1,100+ Affordable Units:** Majority of residential projects serve households earning ≤60% of Area Median Income.
- **Public-Private Partnerships:** Long-term ground leases generate revenue while leveraging private development expertise.
- **Strategic Revenue Growth:** Program designed to be a long-term funding source and economic catalyst.
- **Supports Multimodal Urban Growth:** Helps local jurisdictions create transit-connected, sustainable communities.

Category	FY24 Actuals	FY25 Projected	FY26 Proposed	FY27 Proposed
Revenues	2,363	2,641	2,207	38,975
Operating Expenses	184	301	4,914	5,200
TOD Funded Capital Expenses	3,211	3,716	3,676	3,534
Operating Surplus / (Deficit)	(1,031)	(1,377)	(6,383)	30,241
Beginning Fund Balance	32,803	31,772	30,395	24,013
Revenues Over (Under) Expenses	(1,031)	(1,377)	(6,383)	30,241
Ending Fund Balance	31,772	30,395	24,013	54,254
Transit-Oriented Program Share of Capital	22,423	18,484	15,550	11,453
Uncommitted Fund Balance	9,349	11,911	8,463	42,801

Transit-Oriented Communities Program

Capital

- **\$11.64M Placeholder Fund:** Supports predevelopment work across multiple Transit-Oriented Development (TOD) sites.
- **Covers Key Early-Stage Tasks:** Includes feasibility studies, CEQA analysis, entitlements, site planning, and financial/legal reviews.
- **Funds Reallocated as Needed:** Appropriation shifts to site-specific projects as costs are identified.

Transit-Oriented Program Capital Schedule of FY26 & FY27 Appropriation	FY26 & FY27 Funding Source		Total
	Transit-Oriented	Other	
1. Transit-Oriented Pre-development Activities	11,640	--	11,640

**Dollars in Thousands*

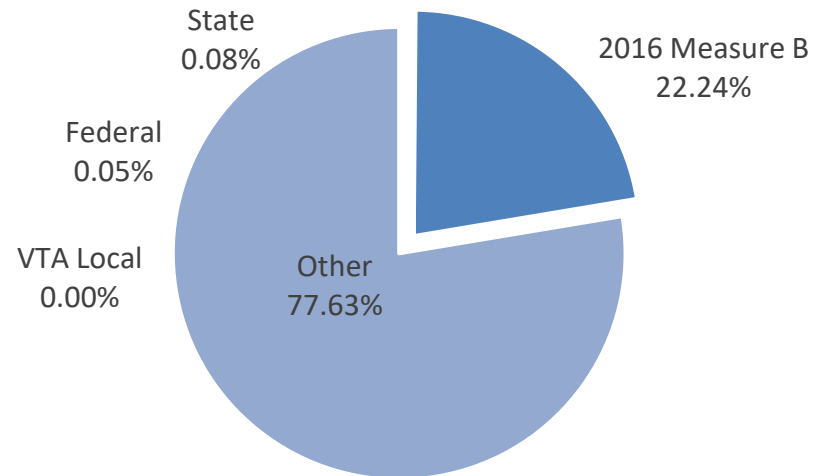
VTP Transportation Program

- **Foundation for Funding:** Inclusion in VTP 2040 is required for projects to access federal, state, and regional funds.
- **\$417.4M Capital Investment:** Planned two-year spending targets major transportation upgrades countywide.
- **Broad Project Scope:** Investments include highways, express lanes, complete streets, and bike/pedestrian enhancements.
- **Strategic Planning Tool:** VTP 2050 update underway to guide long-term mobility and funding priorities through 2050.
- **Ongoing Project Lifecycle:** Capital appropriations are retained and managed until full project completion.

Category	# of Projects	Schedule of FY26 & FY27 Appropriation
Highway	13	614,062
Bicycle &, Pedestrian	10	32,673
Express Lanes	9	183,400
Total	32	830,136

**Dollars in Thousands*

VTP Capital Program Funding Source



■ Federal ■ State ■ 2016 Measure B ■ Other ■ VTA Local

2000 Measure A Transit Improvement Program

- **30-Year Transit Investment Plan:** Funded by a half-cent sales tax through 2036, approved by voters in 2000.
- **BART Extension to San Jose:** Major funding supports BART Phase II from Fremont to Santa Clara via Downtown San Jose.
- **Broad Project Scope:** Covers light rail expansion, Caltrain upgrades, zero-emission buses, and airport connections.
- **Dual Budget Structure:** Split into operating (services, debt) and capital (project development) appropriations.
- **Focused on Transit Growth:** Enables system-wide improvements across bus, rail, and paratransit services.

Category	FY24 Actuals	FY25 Projected	FY26 Proposed	FY27 Proposed
2000MA Sales Tax Revenues	266,901	272,631	273,829	279,577
Other Revenues	7,271	9,265	13,219	24,537
Expenses	100,804	103,190	142,068	126,067
Operating Surplus / (Deficit)	173,367	178,706	144,980	178,047

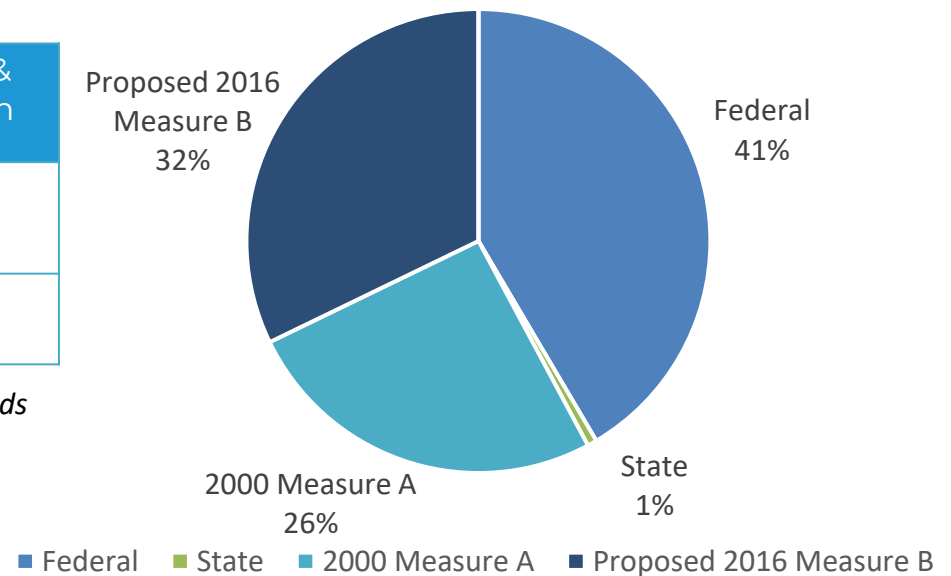
2000 Measure A Capital Program

- **\$1.2B in Capital Investment:** Planned spending supports major transit infrastructure over the next two fiscal years.
- **No New Debt Planned:** Program fully funded by cash-on-hand and projected revenues.
- **Upfront Funding in FY 2026:** Streamlines project administration across both FY 2026 and FY 2027.
- **Flexible Capital Management:** Unspent funds roll forward until project completion (capital carryover).
- **Detailed Project Allocation:** Funding categorized by project type with clear cost, impact, and timeline data.

Project	Schedule of FY26 & FY27 Appropriation
BART SV Extension Phase 2	1,208,818
Total	1,208,818

- Dollars in Thousands

2000 Measure A Capital Program Funding Source



2008 Measure B – BART Operating Sales Tax Program

- **Dedicated Sales Tax Funding:** 2008 Measure B provides a 30-year, ⅛-cent tax solely for BART extension operations and maintenance.
- **BART Extension Operational Since 2020:** Phase I (to Milpitas and Berryessa) began passenger service in June 2020.
- **Shared O&M Agreement:** VTA and BART operate under a formal agreement defining responsibilities, costs, and revenue sharing.
- **VTA Covers Station Campus Costs:** Includes safety, insurance, maintenance, and staff support at Milpitas and Berryessa.
- **No New Capital Projects:** FY 2026–2027 budget focuses solely on operations, with fare revenue forecasts tied to ridership recovery.

Category	FY24 Actuals	FY25 Projected	FY26 Proposed	FY27 Proposed
2008 MB Sales Tax Revenues	65,249	67,286	66,102	67,490
Other Revenues	29,560	38,802	28,050	20,117
Operating Expenses	117,792	87,822	134,808	184,321
Operating Surplus / (Deficit)	(22,983)	18,266	(40,656)	(96,714)
Beginning Fund Balance	436,309	413,326	431,591	390,935
Revenues Over (Under) Expenses	(22,983)	18,266	(40,656)	(96,714)
2008 Measure B Project	--	--	--	--
Uncommitted Fund Balance	413,326	431,591	390,935	294,221

2016 Measure B Program

- Approved:** 0.5% sales tax for 30 years to improve transportation (72% voter support)
- Purpose:** Fund transit, highways, expressways, and active transportation projects
- Tax Start:** Began April 1, 2017
- Categories:** Funds allocated to local streets, transit, highways, and major infrastructure projects (e.g., BART, Caltrain)
- Budget:** Anticipated revenue supports projects through FY 2027

Category	FY24 Actuals	FY25 Budget	FY25 Projected	FY26 Proposed	FY27 Proposed
Sales Tax Revenues	266,618	290,223	272,631	273,829	279,577
Investment Earning	49,460	7,475	41,036	21,831	21,816
Total Revenues	316,078	297,698	313,667	295,660	301,393

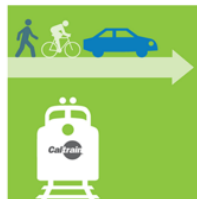
2016 Measure B Sales Tax Program

➤ Program Categories

Need/Capacity Program Categories



BART Phase II



Caltrain Grade Separation



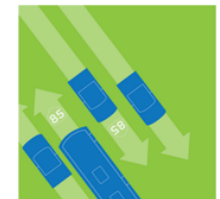
Caltrain Corridor Capacity



Highway Interchanges



County Expressways



SR 85 Corridor

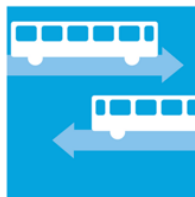
Formula Based Program Categories



Local Streets & Roads



Bicycle & Pedestrian



Transit Operations

2016 Measure B Program

Proposed Funding Allocation

Dollars in Thousands

Program Category	Programs	FY26 & FY27 Budget
Administration	N/A	4,500
Formula-Based Programs	Local Streets & Roads	115,300
	Bicycle & Pedestrian	23,420
	Transit Operations	51,910
Need / Capacity-Based Programs	BART Phase II	389,000
	Caltrain Grade Separations	84,000
	Caltrain Corridor Capacity Improvements	11,000
	Highway Interchanges	32,250
	County Expressways	2,000
	SR 85 Corridor*	---
Total		713,380

**Previous allocations available and sufficient for FY26/27*

Conclusion & Next Steps



Reiterate commitment to fiscal prudence

Emphasize VTA's unwavering dedication to maintaining financial discipline and responsible growth



Recalibrate the proposed measures based on market trends

Underscore the importance of evolving our financial policies and expenditure cuts based on market trends e.g., Sales tax, salary savings etc.



Call for continued collaboration

Encourage ongoing partnerships and coordination with stakeholders to achieve shared goals including all unions



Emphasize disciplined planning

Reiterate the commitment to strategic, long-term planning as the foundation for financial stability through our Long-Range Financial Plan

Next Steps:

- Joint Advisory Committee Workshop May 7, 2025
- A&F Committee May 15, 2025
- Board of Directors June 5, 2025

Feedback & Questions