

**CapMetro**

# FY2026 Budget Proposal

Board Committees 7/16/2025

# Discussion Outline

- Budget Development Calendar
- Budget Overview
- Operating Budget Highlights
- Capital Improvement Plan Update

# FY2026 Budget Development Calendar

- Feb 6 Operating and Capital Budget kick-off meeting with departments
- Apr 23 Capital and Operating Budget requests received from departments
- May 7 Board Committees review proposed budget calendar
- Jun 4 Initial review with Access Advisory Committee
- Jun 11 Initial review with Customer Satisfaction Advisory Committee
- Jun 23 Board of Directors initial review and discussion
- Jun 27 Initial review with Public Safety Advisory Committee
-  Jul 16 Budget proposal presented to Board Committees

# FY2026 Budget Community Engagement

- Aug 6 Presentation to Access Advisory Committee
- Aug 13 Update Board Committees
- Aug 13 Presentation to Customer Satisfaction Advisory Committee
- Aug 22 Presentation to Public Safety Advisory Committee
- Aug 22 Proposed budget document is published online
- Aug 25-29 Budget public outreach and webinar
- Sep 10 Update Board Committees
- Sep 10 Public hearing on proposed budget and capital improvement plan
- Sep 22 Board of Directors considers budget proposal for adoption

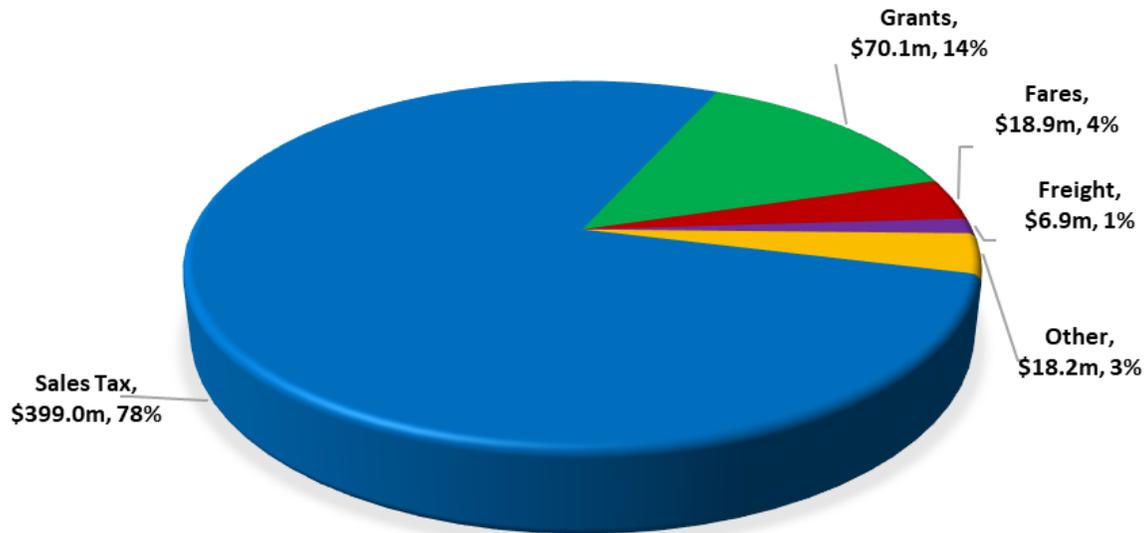
# Proposed Budget Overview



- **Proposed budget is structurally sound and balanced**
  - Ongoing revenue is sufficient to fund operations and provide funds for capital needs
- **Meets operating reserve requirements**
  - Statutory operating and budget stabilization reserves are fully funded
- **Projected sales tax growth of 2% for FY2026 over FY2025 Forecast**
  - Declining growth in Fiscal Years 2024 and 2025
- **Service funding based on August Service Plan changes**
- **Investment in customer-focused transit infrastructure projects**

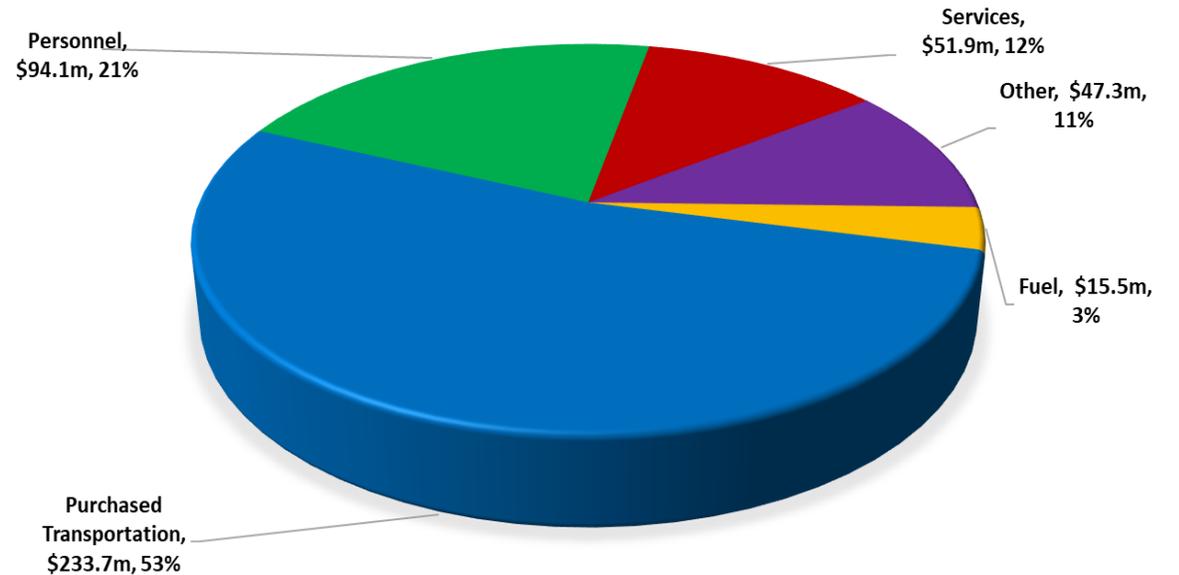
# FY2025 Operating Budget Summary

**FY2026 Operating Revenue**  
\$513.1 Million



- Heavily dependent on sales tax revenue and grants for annual funding
- Grants include 5307 formula funds and Project Connect dedicated operating contributions

**FY2026 Operating Expenses**  
\$442.4 Million



- Majority of the budget pays for contracted transit services
- Includes funding for new CapMetro Rapid operations, maintenance and support services

A man with a goatee, wearing a dark polo shirt with a 'METRO' logo, is sitting and smiling. In the background, a white bus is visible with 'A METROBUS 2608' and 'CAPITAL METRO' written on it. The entire image has a blue overlay.

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**FY2026 BUDGET - OPERATING COSTS**

# Operating Cost Drivers



- **Service levels based on August Service Plan changes**
  - Purchased transportation costs are developed using budgeted hours and contractual rates
- **Fuel prices remain stable over the next fiscal year with hedging in place**
  - Diesel estimate of \$2.30 per gallon, inclusive of tax and net of hedging activities
  - Fuel hedge is 67% of projected fuel usage
- **Continuation of Pickup neighborhood rideshare zones**
- **Performance-based average annualized pay increase for employees**
- **Strategic plan initiatives considered in budget preparation**

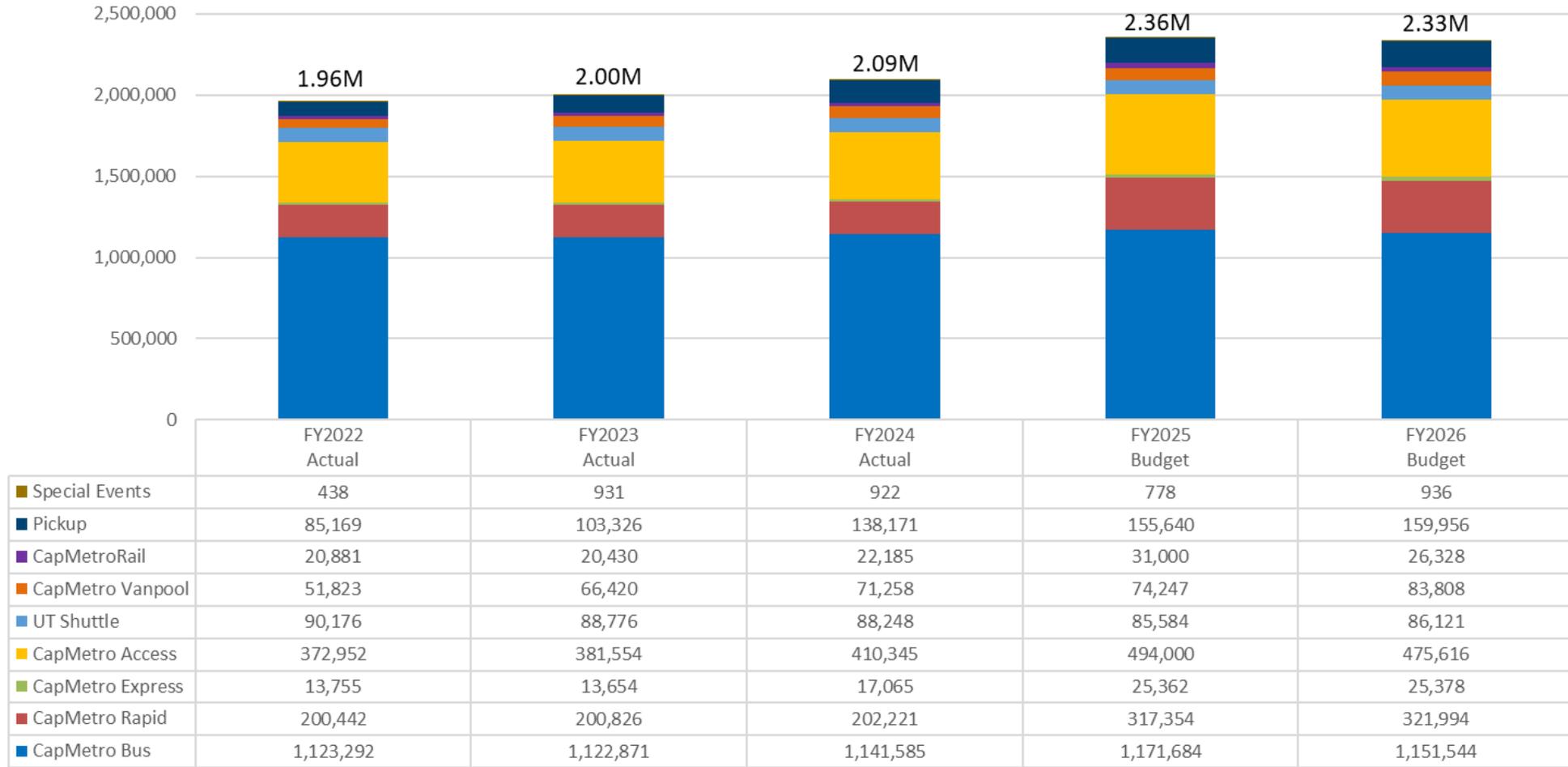
# Operating Expense Comparison

\$' Million Expense Category	FY2024 Actual	FY2025 Budget	FY2026 Budget	\$ Increase / (Decrease)
Salaries and Benefits	\$83.4	\$97.2	\$94.1	\$(3.1)
Professional Services	45.0	60.6	51.9	(8.7)
Materials and Supplies	20.3	19.2	24.0	4.8
Fuel and Fluids	15.2	15.1	15.5	.3
Utilities	4.5	8.3	7.0	(1.3)
Purchased Transportation	225.2	228.8	233.7	4.9
Lease/Rentals	3.7	6.2	4.6	(1.7)
Other Expenses	5.9	13.1	11.7	(1.4)
<b>Total Operating Expense</b>	<b>\$403.1</b>	<b>\$448.5</b>	<b>\$442.4</b>	<b>\$(6.1)</b>

- Salaries and Benefits – Includes merit, pension and benefits increases; majority of vacancies not budgeted in FY2026
- Professional Services – Reduction in consultation fees, other professional fees and other services
- Purchased Transportation – Bus and Demand Response pass-through expense

# Service Levels

Vehicle Hours





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**FY2026 BUDGET - REVENUES**

# Operating Revenue

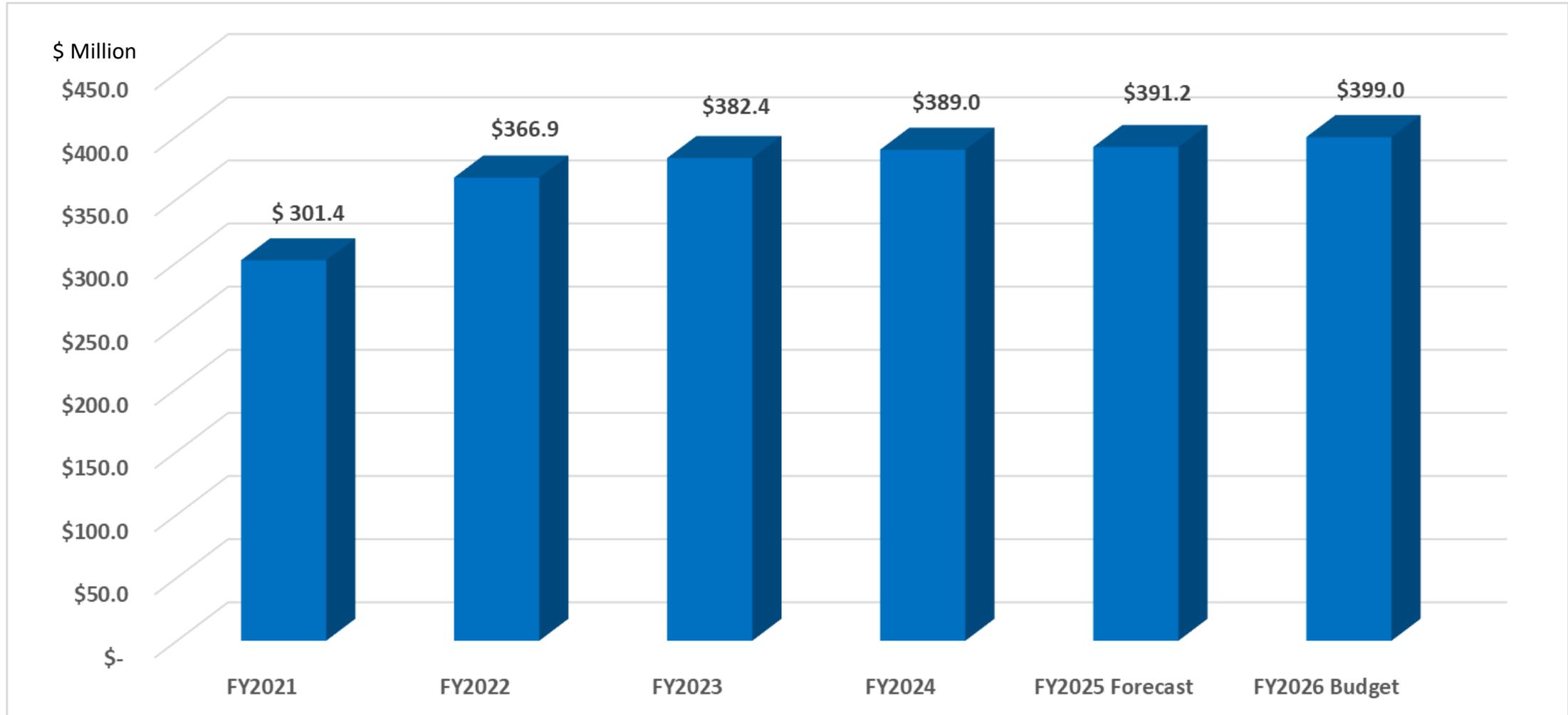
- **Fare Revenue**
  - Fare revenue based on continuing return of ridership in FY2026
- **Federal Grants**
  - Approximately \$44 million annually in Section 5307 funds
- **Freight Railroad Revenue**
  - Mainline revenue on target with FY2025 Budget of \$5.4 million

# Revenue Comparison

\$' Million Revenue Category	FY2024 Actual	FY2025 Forecast	FY2025 Budget	FY2026 Budget	\$ Increase / (Decrease)
Sales Tax	\$389.0	\$391.2	\$402.8	\$399.0	\$(3.8)
Passenger Revenue	15.7	16.1	20.1	18.9	(1.2)
Freight Railroad Revenue	6.9	6.7	6.7	6.9	.3
Other Revenue	34.2	24.0	19.2	18.2	(1.1)
Operating Contributions and Grants	25.4	67.3	64.8	70.1	5.4
Capital Grants and Contributions	40.5	34.0	28.6	31.6	3.0
Project Connect Capital Contributions	15.8	14.8	59.2	17.1	(42.1)
<b>Total Revenue</b>	<b>\$527.6</b>	<b>\$554.0</b>	<b>\$601.3</b>	<b>\$561.8</b>	<b>\$(39.5)</b>

- Sales Tax – Projected 2% increase for Fiscal Year 2026 Budget over Fiscal Year 2025 Forecast
- Operating Grants – Includes Section 5307 funding and operating contributions from dedicated Project Connect funds
- Capital Grants and Contributions – FY2026 includes CapMetro Rapid Expo Center and Pleasant Valley Small Start grants, Red Line double tracking RAISE grant, Demand Response facility grant and 5339a and 5337 formula grants

# Sales Tax Revenue



# Ridership Summary

Ridership Summary	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Budget	FY2026 Budget
CapMetro Bus	14,970,502	17,940,198	19,451,629	18,940,355	20,642,494
CapMetro Rapid	3,052,354	3,654,771	3,817,210	5,207,361	5,731,438
UT Shuttle	849,786	1,086,843	1,109,793	1,279,805	1,343,534
CapMetro Express	99,059	133,166	131,203	230,240	151,075
Special Events	4,580	9,094	7,162	2,926	7,279
CapMetro Rail	473,312	475,465	542,095	610,327	781,001
CapMetro Access	527,142	553,688	579,081	588,429	666,667
Pickup	224,850	363,656	511,720	599,670	702,544
CapMetro Vanpool	281,009	327,952	376,712	399,283	450,701
<b>Total Ridership</b>	<b>20,482,594</b>	<b>24,544,833</b>	<b>26,526,605</b>	<b>27,858,396</b>	<b>30,476,733</b>



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# FY2026 CAPITAL BUDGET

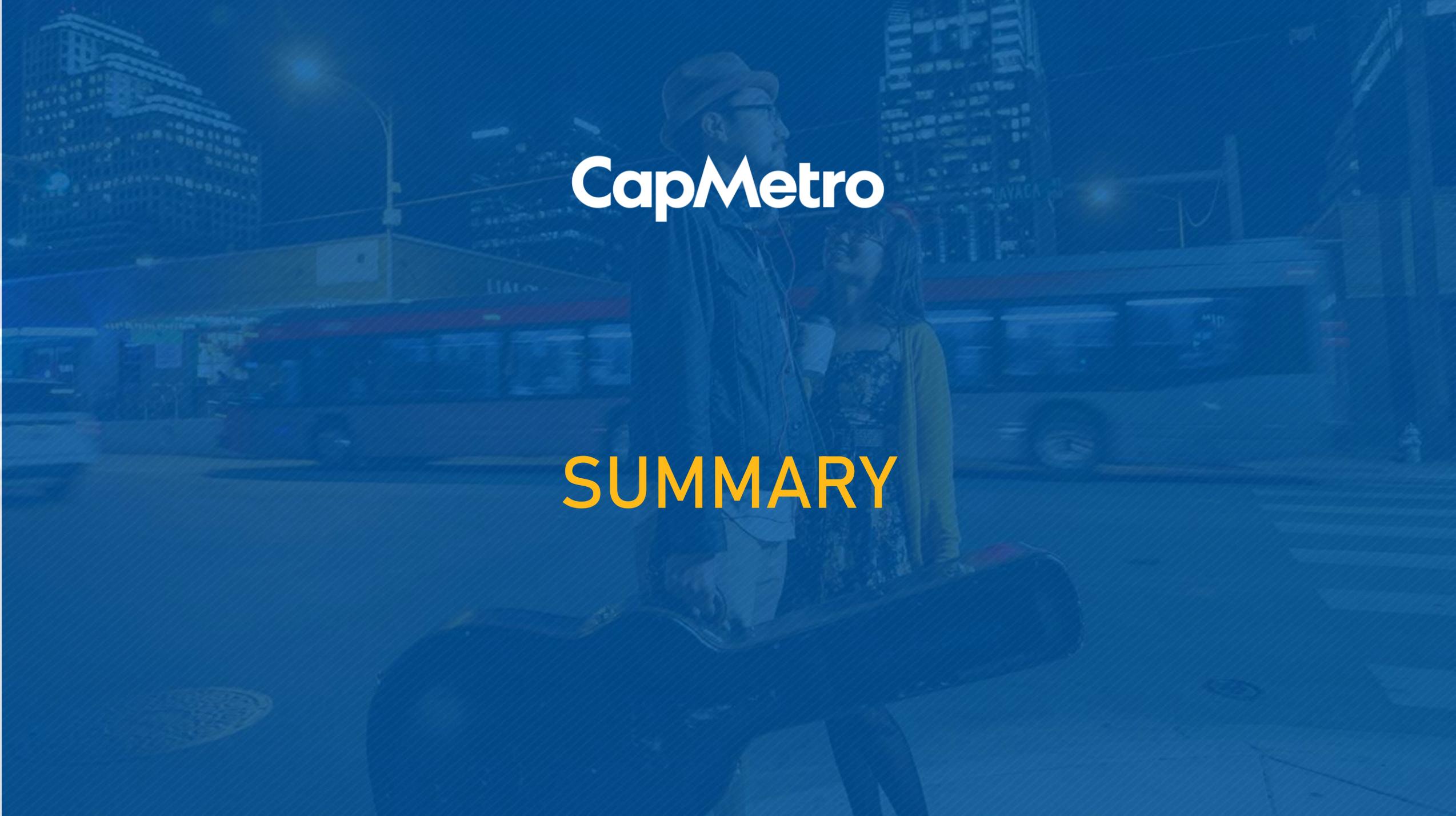


## Capital Budget Highlights

- Demand response operations and maintenance facility
- Broadmoor Rail Station
- CapMetro Rapid Park & Rides
- Bus stop enhancements and improvements
- New CapMetro Administration Building build-out

# Proposed 5-Year Capital Plan

\$' Million Project Category	FY2026	FY2027	FY2028	FY2029	FY2030	Total
Vehicles	\$11.1	\$5.7	\$17.8	\$37.1	\$39.2	\$110.9
Commuter Rail	4.8	3.9	2.1	1.4	1.5	13.7
Facilities	23.6	28.0	24.8	15.5	6.6	98.5
Information Technology	15.7	5.4	8.7	2.0	5.0	36.7
Other	25.8	26.1	4.8	5.5	6.0	68.2
Project Connect	33.3	5.6	-	-	-	38.9
Property and Asset Mgmt	40.8	52.8	43.5	.1	.1	137.3
<b>Total Capital Projects</b>	<b>\$155.0</b>	<b>\$127.6</b>	<b>\$101.8</b>	<b>\$61.6</b>	<b>\$58.3</b>	<b>\$ 504.3</b>
<b>Funding</b>						
Local Funding	106.3	99.3	83.0	49.0	50.4	388.0
Grants/Contributions	48.7	28.3	18.7	12.6	7.9	116.3
<b>Total Capital Projects</b>	<b>\$155.0</b>	<b>\$127.6</b>	<b>\$101.8</b>	<b>\$61.6</b>	<b>\$58.3</b>	<b>\$ 504.3</b>
<b>Project Type</b>						
Enhancement	116.8	108.1	72.8	16.6	7.6	321.9
State of Good Repair	38.2	19.5	28.9	45.0	50.7	182.3
<b>Total Capital Projects</b>	<b>\$155.0</b>	<b>\$127.6</b>	<b>\$101.8</b>	<b>\$61.6</b>	<b>\$58.3</b>	<b>\$ 504.3</b>

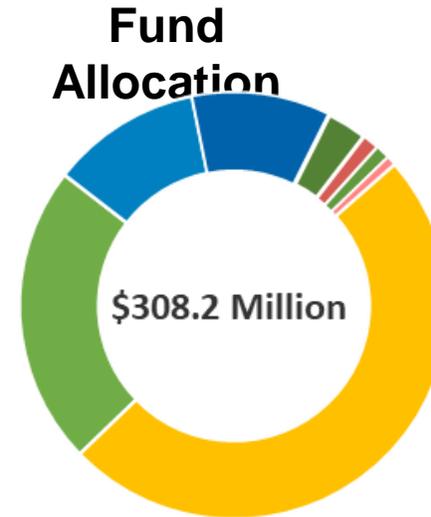


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SUMMARY

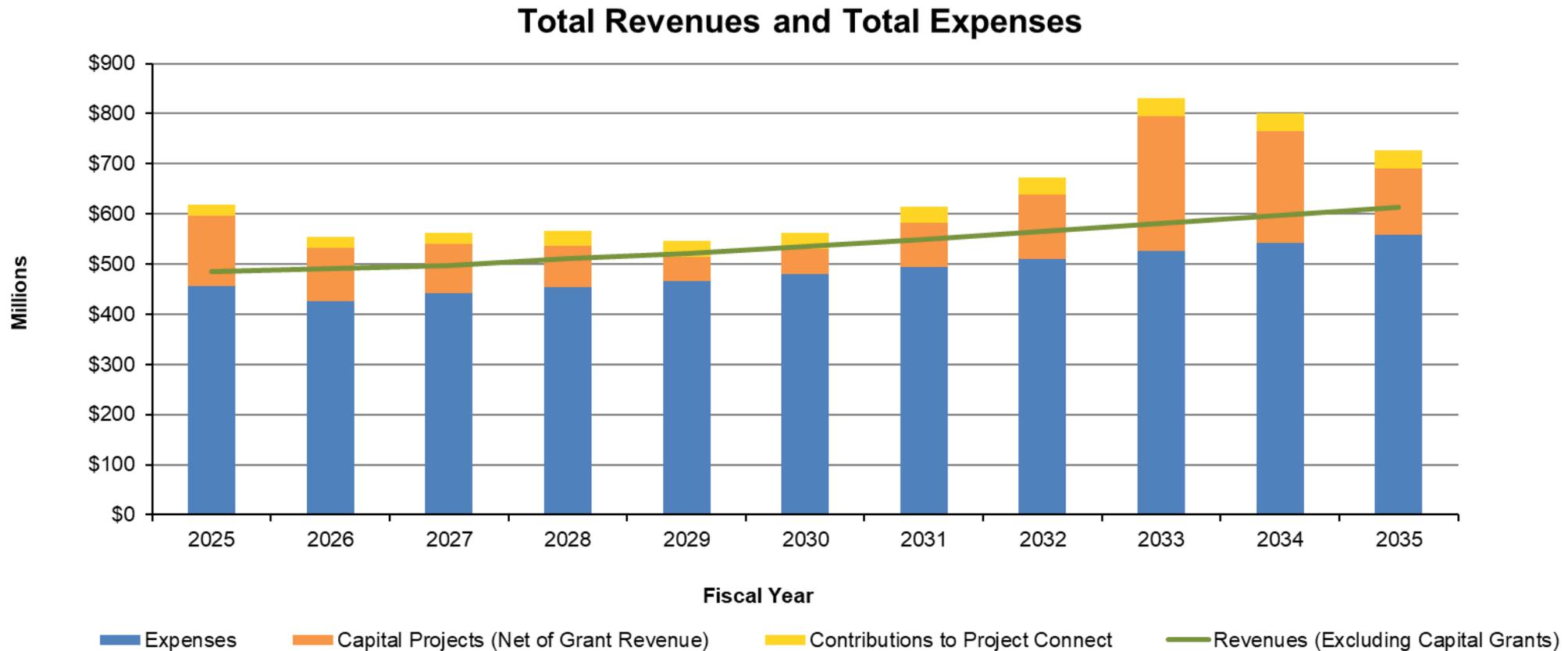
# Fund Balance and Reserves

FY2026 Projected Activity	\$' Million
<b>Projected Beginning Balance</b>	<b>\$371.5</b>
+ Revenue	561.8
- Operating Expenses	(442.4)
- Capital Projects	(155.0)
- Contribution to Project Connect	(21.9)
- Interlocal Agreements	(5.9)
<b>Projected Ending Balance</b>	<b>\$308.2</b>



■ Statutory Operating Reserve	\$70.0m
■ Budget Stabilization Reserve	\$35.0m
■ Project Connect Dedicated Funds	\$32.4m
■ Sustainability Capital Fund	\$9.4m
■ City of Austin Mobility Programs	\$3.9m
■ BCT Infrastructure Fund	\$3.3m
■ Self-Insurance Reserve	\$2.3m
■ Funding of 5-Year CIP	\$151.9m

# Long-Range Financial Model



- One-time, accumulated funding available for capital investments
- Ongoing revenue assumption is sufficient to fund operations and capital needs through Fiscal Year 2030
- Budget risk if sales tax growth does not develop as projected

# Next Steps

- Review budget proposal with Board Advisory Committees
- Publish draft budget document online
- Budget outreach and webinar
- Budget updates to Board Committees if necessary
- Public hearing on the proposed budget
- Final Board approval scheduled for September 22
- Board update on Long-Range Financial Plan

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Thank you!