CapMetro

Access Advisory Committee

August 2026

Proposed Fiscal Year 2027 Budget

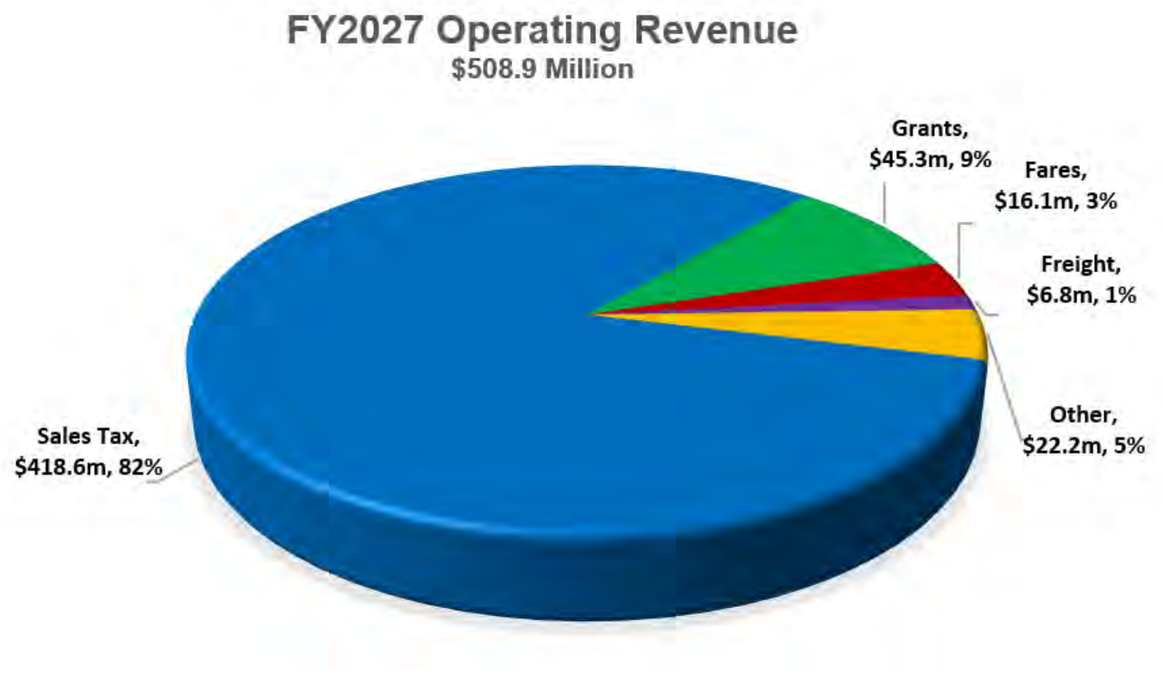
Emmanuel Toutin, Director of Budgeting and Financial Planning

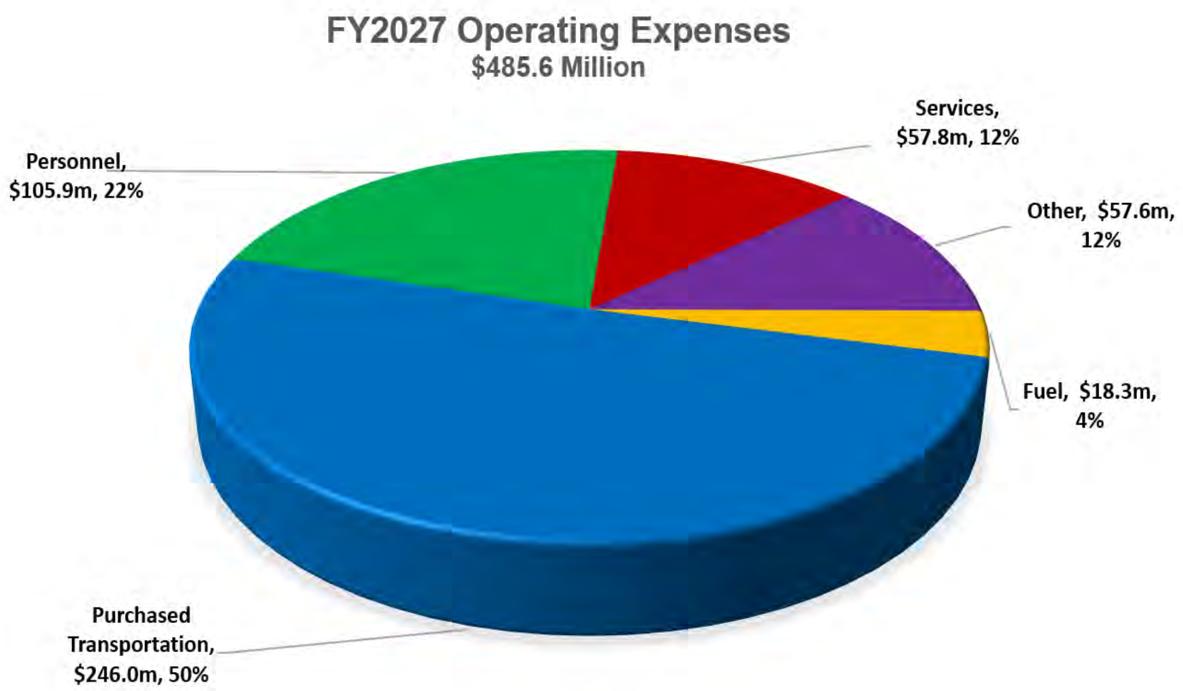
CapMetro

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 FY2027 over FY2026 Forecast
  - Declining growth in Fiscal Years 2024 and 2025 followed by an upward trend in 2026
- Service funding based on August Service Plan changes
- Investment in customer-focused transit infrastructure projects

FY2027 Operating Budget Summary





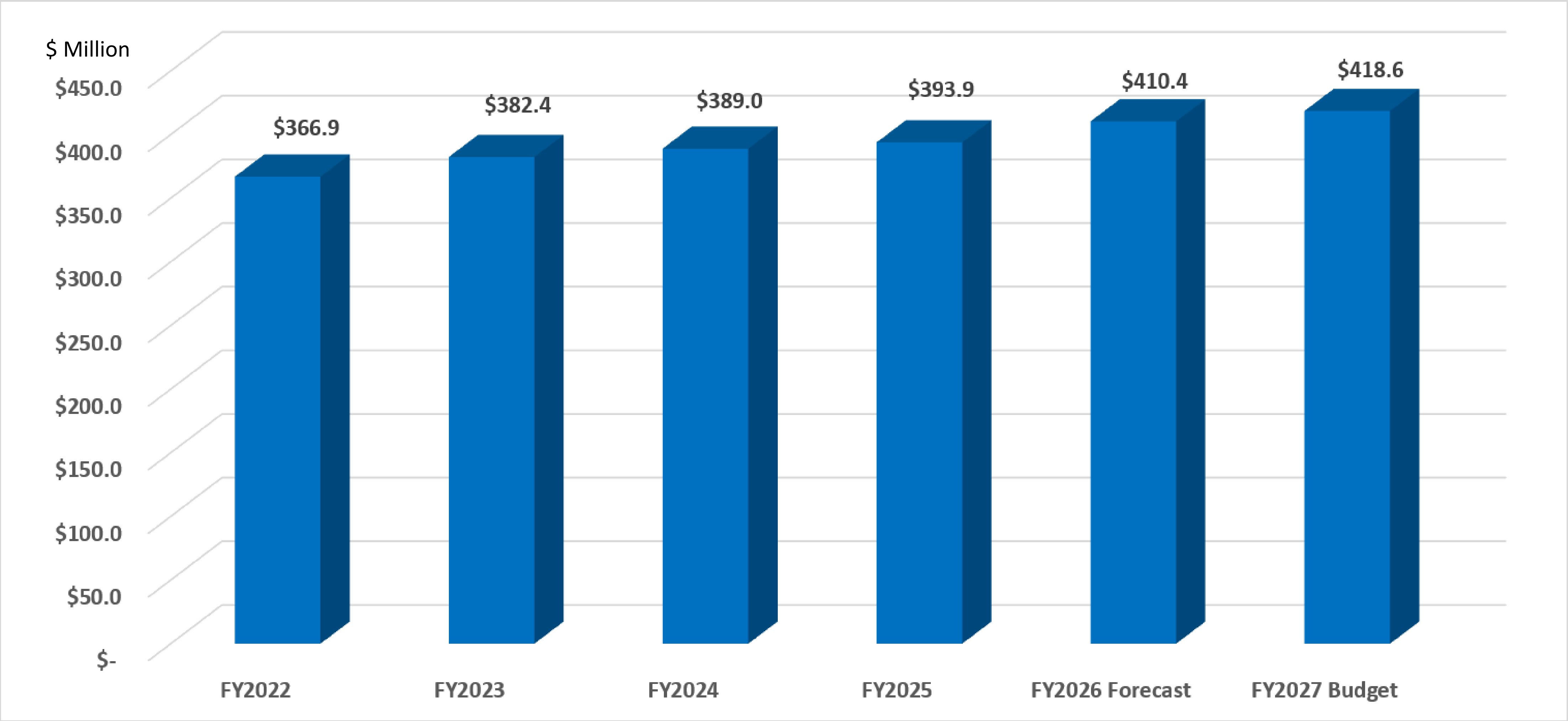
- Heavily dependent on sales tax revenue and grants for annual funding
- Grants include 5307 formula funds, Climate Pollution Reduction and TOD grant funding

- Half of the budget pays for contracted transit services
- Includes funding for increased CapMetro Rapid operations, maintenance and support services and Rail in-house dispatch, operations and vehicle maintenance beginning in January 2027

Operating Revenue

- Fare Revenue
  - Fare revenue based on ridership projections for FY2027 and proposed January 2027 fare increase
- Federal Grants
  - Approximately $40 million annually in Section 5307 funds
- Freight Railroad Revenue
  - Mainline revenue on target with FY2026 Budget of $5.4 million

Sales Tax Revenue



Operating Cost Drivers

- Service levels based on August Service Plan changes
- Full year of increased frequency on Pleasant Valley and Expo Center Rapid routes
- Change in Rail structure beginning in January 2027
  - Commuter Rail operations, maintenance and dispatch moving in-house
- Fuel prices remain higher over the next fiscal year
  - Diesel estimate of $2.90 per gallon, inclusive of tax
  - No fuel hedge currently in place for FY2027 due to high diesel pricing
- Performance-based average annualized pay increase for employees
- Strategic plan initiatives considered in budget preparation

Capital Budget Highlights

- Demand response operations and maintenance facility
- North Burnet/Uptown Rail Station
- Hybrid bus purchases
- Bus stop enhancements and improvements

Proposed 5-Year Capital Plan

$' Million Project Category	FY2027	FY2028	FY2029	FY2030	FY2031	Total
Vehicles	$51.4	$5.5	$53.0	$56.3	$61.9	$228.0
Commuter Rail	11.7	5.9	6.2	6.7	5.5	36.1
Facilities	29.5	35.0	19.0	4.6	2.1	90.2
Information Technology	13.3	13.6	2.1	2.8	-	31.8
Other	32.0	6.8	5.9	6.1	5.5	56.3
Project Connect	5.0	5.0	5.0	38.0	45.0	98.0
Property and Asset Mgmt	61.6	42.5	1.0	.9	.4	106.3
Total Capital Projects	**$204.5**	**$114.4**	**$92.2**	**$115.4**	**$120.3**	**$ 646.9**
Funding						
Local Funding	136.3	103.4	47.9	62.3	62.2	412.2
Grants/Contributions	68.2	11.0	44.3	53.1	58.1	234.7
Total Capital Projects	**$204.5**	**$114.4**	**$92.2**	**$115.4**	**$120.3**	**$ 646.9**
Project Type						
Enhancement	136.3	103.4	47.9	62.3	62.2	412.2
State of Good Repair	68.2	11.0	44.3	53.1	58.1	234.7
Total Capital Projects	**$204.5**	**$114.4**	**$92.2**	**$115.4**	**$120.3**	**$ 646.9**

Next Steps

- Budget updates to Board Committees if necessary
- Public hearing on the proposed budget
- Final Board approval scheduled for September 28
- Board update on Long-Range Financial Plan

Proposed 2027 & 2029 Fare Increase

Peter Breton, Sr. Community Engagement Coordinator
Kevin Conlan, Chief Financial Officer

CapMetro

Why is CapMetro Proposing to Increase Fares?

Since 2015, without raising fares, CapMetro has:

- Launched new Rapid services in east Austin
- Established a Transit Police Department
- Expanded Pickup zones across the region
- Increased frequency on key routes

Why is CapMetro Proposing to Increase Fares?

Since 2015, costs for labor, fuel, maintenance, and technology have increased significantly, and inflation has continued to climb. CapMetro's purchasing power has decreased roughly 32% when calculating an average inflation rate of 3% per year.

Yet, CapMetro hasn't increased fares during this period.

What would fares be if we kept up with inflation?

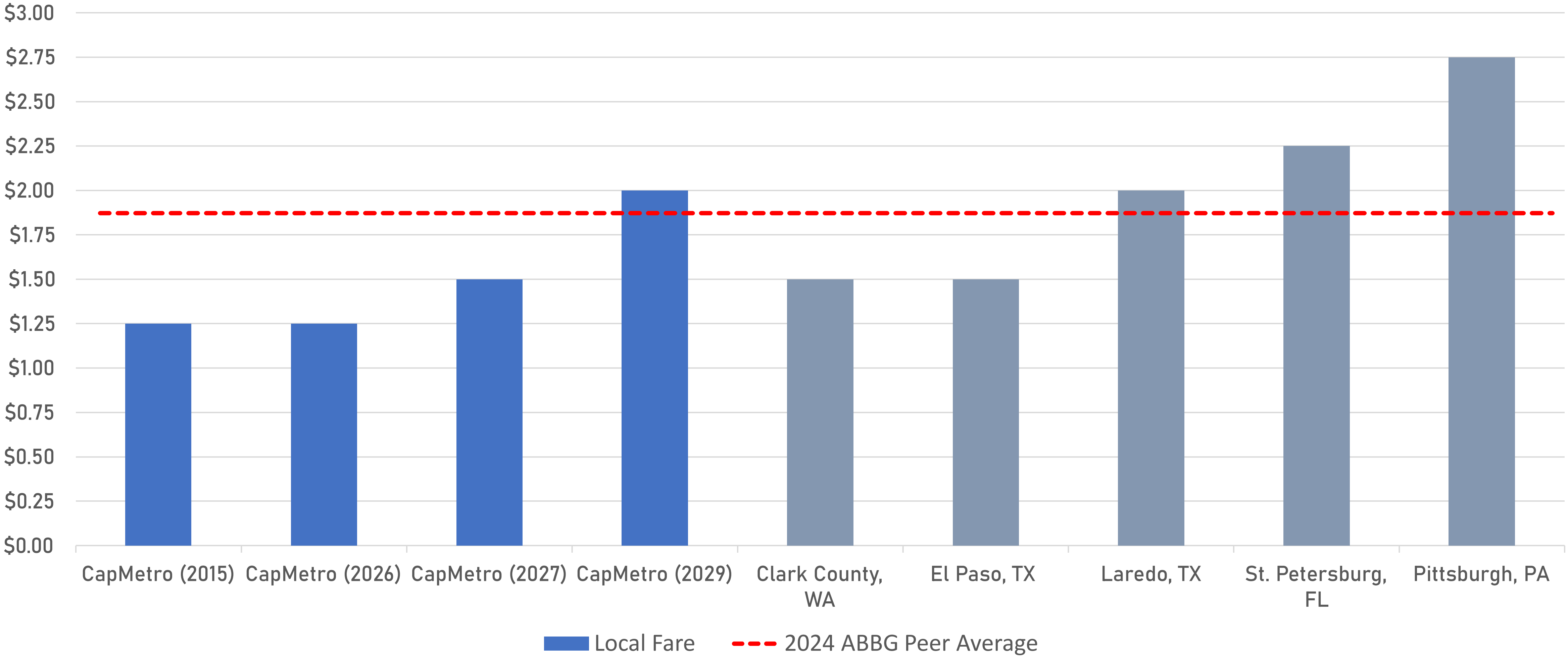
Proposed 2027 Local Fare = $1.50

Inflation Adjusted Local Fare = $1.65

Proposed 2027 Commuter Fare = $4.00

Inflation Adjusted Commuter Fare = $4.65

Current and Proposed Fares Compared to Peers



CapMetro Has a Fiduciary Responsibility

CapMetro must protect its financial health and ensure its ability to sustainably serve its customers and Central Texas. This includes adjusting fares to maintain fiscal stability.

Without a financial model that includes fare increases, there would be difficult trade-offs, like reductions in services or infrastructure investments that would impact riders negatively over the long term.

What is the Fare Increase Proposal?

CapMetro is proposing to implement the fare increase in two phases, allowing riders to gradually adjust to the proposed changes while helping CapMetro address rising operating costs over time.

CapMetro is also proposing updates to the reduced fare program designed to simplify eligibility requirements and minimize the impact of fare increases on lower-income customers.

Proposed 2027 and 2029 Fares

Fare Type *Tipo de tarifa*	Current Fares *Tarifas Actuales*	Proposed January 10, 2027 *Propuesto para el 10 de enero de 2027*	Proposed January 2029 *Propuesto para enero de 2029*
Local & Pickup (Bus, Rapid, UT Shuttle, Pickup) *Local y Pickup (Bus, Rapid, UT Shuttle, Pickup)*			
Single Ride *Viaje sencillo*	$1.25	$1.50	$2.00
Per Service Day *Por día de servicio*	$2.50	$3.00	$4.00
Per Calendar Month *Por mes calendario*	$41.25	$49.50	$66.00

Proposed 2027 and 2029 Fares

Fare Type *Tipo de tarifa*	Current Fares *Tarifas Actuales*	Proposed January 10, 2027 *Propuesto para el 10 de enero de 2027*	Proposed January 2029 *Propuesto para enero de 2029*
Commuter (Express & Rail) *Commuter (Express y Rail)*			
Single Ride *Viaje sencillo*	$3.50	$4.00	$5.00
Per Service Day *Por día de servicio*	$7.00	$8.00	$10.00
Per Calendar Month *Por mes calendario*	$96.25	$110.00	$137.50

Proposed 2027 and 2029 Fares

Fare Type *Tipo de tarifa*	Current Fares *Tarifas Actuales*	Proposed January 10, 2027 *Propuesto para el 10 de enero de 2027*	Proposed January 2029 *Propuesto para enero de 2029*
Access (paratransit) *Access (paratránsito)*			
Single Ride *Viaje sencillo*	$1.75	$2.25	$3.25
Monthly Pass *Pase mensual*	$46.50	$60.00	$87.00

Updates to the Reduced Fare Program

Current Reduced Fare members keep their 50% discount:

- Seniors
- Riders with disabilities
- Medicare recipients
- Active/reserve military

Expand Reduced Fare eligibility to include:

- Veterans
- Households at or below 150% of the Federal Poverty Level

The Equifare program would be combined with the expanded Reduced Fare program. Current Equifare participants would be automatically enrolled and receive a higher discount.

CapMetro's Approach with This Proposal

<u>Being thoughtful is at the forefront of this proposal:</u>

CapMetro's 2027 fares would remain among the lowest of comparable transit agencies nationwide.

The increase is implemented gradually to give customers time to adjust.

Updates to the Reduced Fare program would help minimize the impact of fare increases on lower-income customers.

CapMetro's Future Fare Increase Proposals

Future fare increase proposals shouldn't come as a surprise - we anticipate likely needing to do fare increases every 2 years.

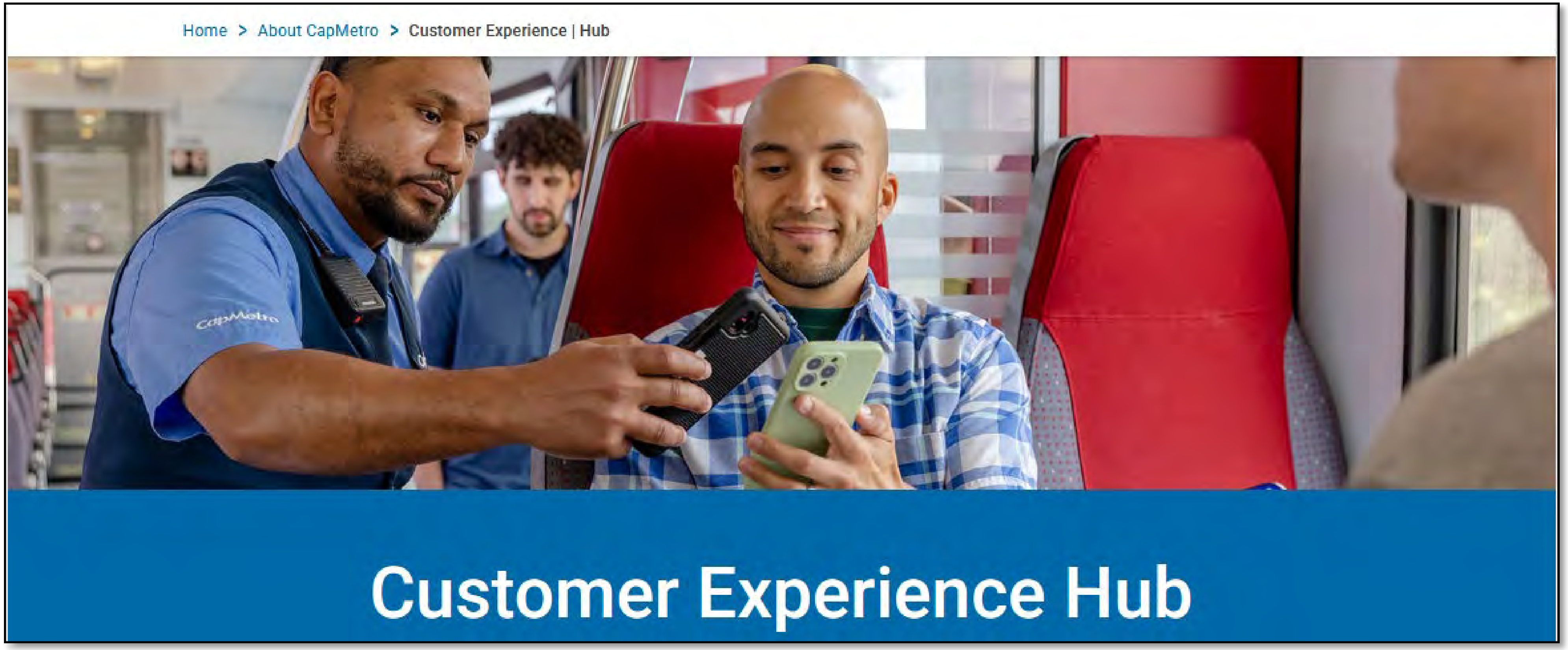
By planning for consistent fare increases, CapMetro can more thoughtfully address rising costs, and customers can better prepare for changes over time.

Why Increase Fares Every 2 Years?

Waiting longer creates instability and could cause negative impacts to services, or larger fare increases in the future.

Regular fare adjustments help maintain service levels while enabling continued investments to prepare for the future, including implementing Transit Plan 2035 and delivering on Project Connect.

What We've Heard from the Community



You can learn more about what steps we're taking to address these on the Customer Experience Hub at capmetro.org/cxhub.

What We've Heard from the Community

We know that there are customers who rely on CapMetro services, and any fare increase for them could be challenging.

This is why we're proposing updates to the Reduced Fare program, and we encourage frequent riders to save money through fare capping on the Umo App or a Reloadable Fare Card.

CapMetro

Thank you!