Pittsburgh Regional Transit

FY 2025-2026 Preliminary Budget Information

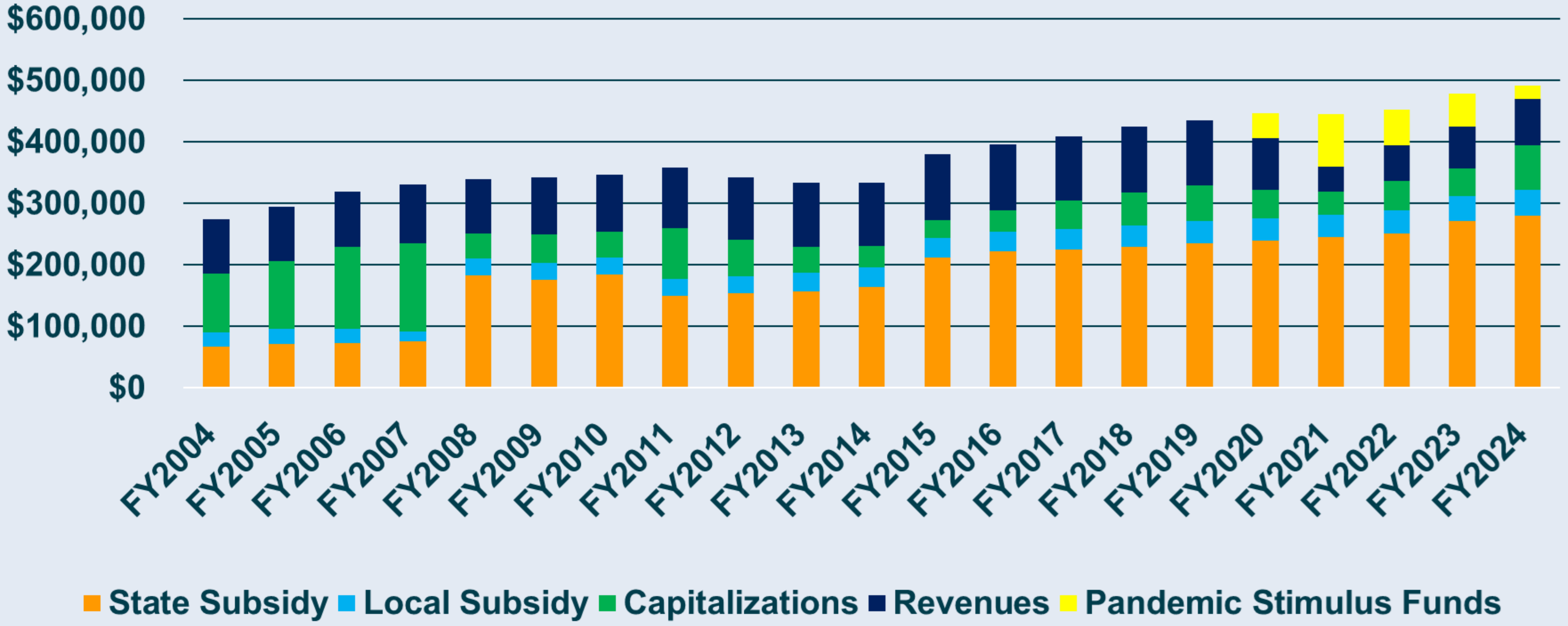
Agenda

Pittsburgh Regional Transit

- **Operating Budget Trends**
- **10- Year Budget Projections**
  - **Status Quo**
  - **35% Service Reduction**
- **FY 2026 Preliminary**
  - **Operating Budget**
  - **Capital Budget**
- **Next Steps**

Operating Budget Trends

PRT Funding Background



10-Year Budget Projection: Status Quo

Revenue and Subsidy Budget Assumptions

- ✓ Fare revenue: 4% increase in 2026 and 2027 and 2% increase in subsequent years
- ✓ Projections are status quo, not including any fare increases
- ✓ Interest: 3% rate of return compounding with reductions based on deferred revenue usage
- ✓ Advertising: will remain flat year over year
- ✓ Other Income: remains flat year over year
- ✓ Subsidies: State would increase 2% year over year with associated local match
- ✓ Capitalizations: Established a minimum of $25M in Preventative Maintenance each year to supplement the operating budget
- ✓ No change in federal funding

Status Quo Expense Assumptions

- ✓ **Represented Employee Wage Increases**
  - 3% agreed upon increases
  - Bus Line Redesign
- ✓ **Non-Union Salary**
  - 4% Merit & Performance Pool
- ✓ **Diesel Fuel Cost:**
  - 5% compounding going forward
- ✓ **Access Program**
  - 3% compounding going forward

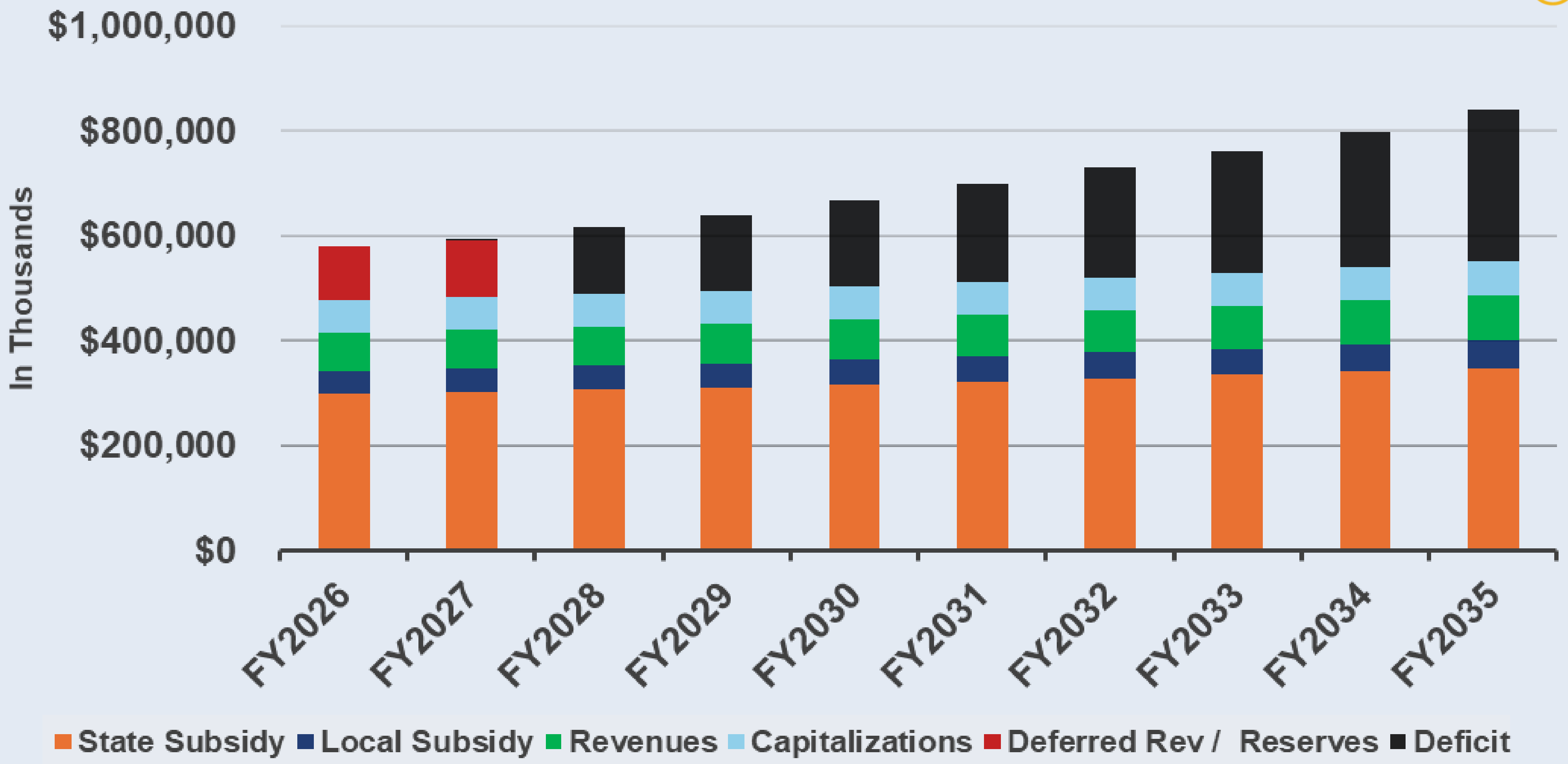
Employee Benefit Budget Assumptions

- ✓ **Active Healthcare: Contracted cap + filled vacancies by November 2025**
- ✓ **Assumed Medical Premium Rate cap beginning January 2026**
  - UPMC 10%, Highmark 11%
- ✓ **ATU Pension assumed rate of return = 7.5%**
- ✓ **Non-Rep, IBEW, Police Pension assumed rate of return = 7.25%**
- ✓ **Pension increases in FY26 after one-year pension smoothing in FY25**

10-Year Budget Uncertainty

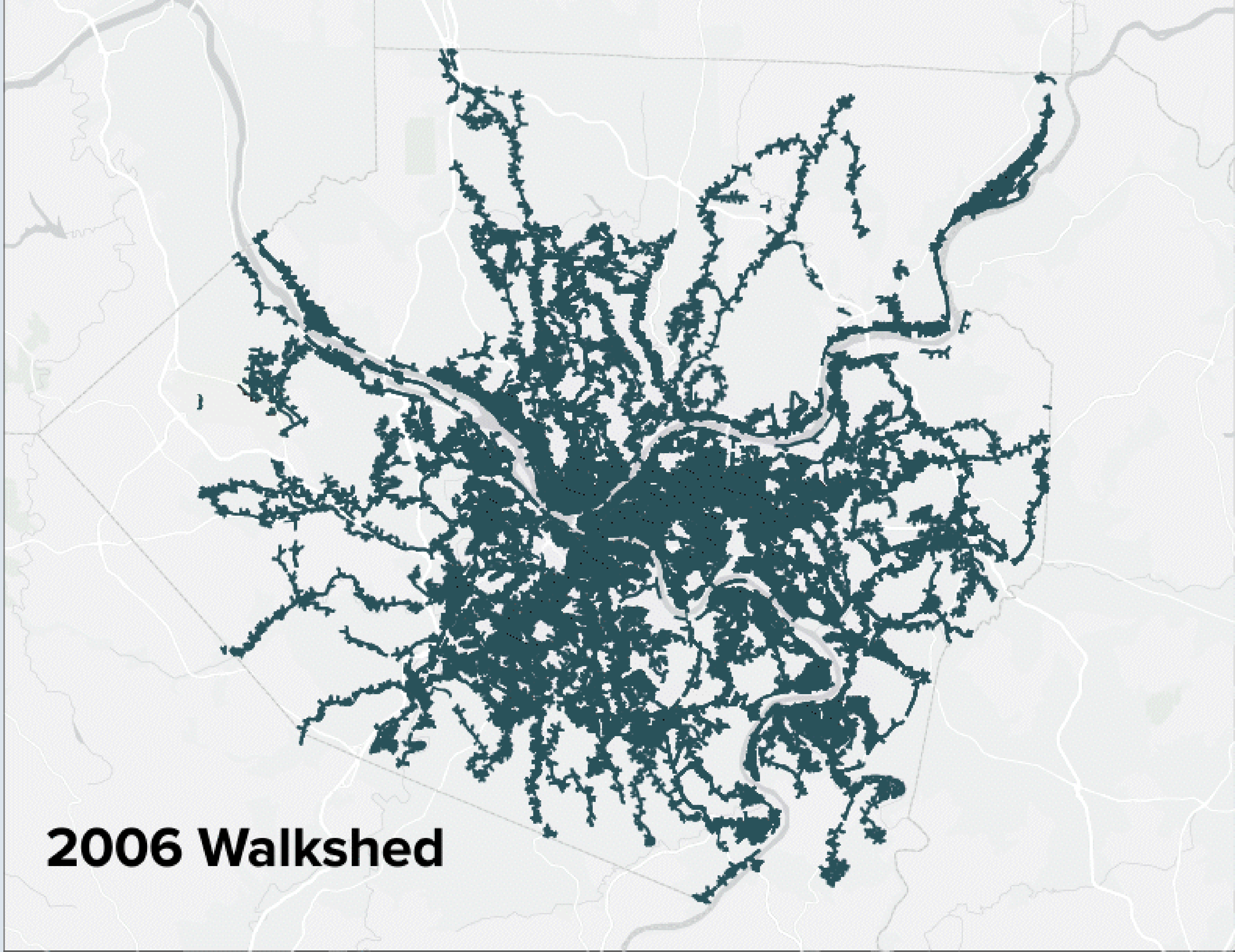
- ✓State/Local Funding (Deferred Revenue/Reserves Usage)
- ✓Ridership & Passenger Revenues
- ✓Fuel/Utility Costs
- ✓Labor Union Contracts
- ✓Health Care Costs
- ✓Pension – Stock Market Performance
- ✓Material/Supply Cost Inflation

10-Year Projection: Status Quo



10-Year Budget Projection: 35% Service Cut

Access to PRT Transit Routes, 2006 – 2026 (Proposed)



Proposed Fare Increases for Fixed Route Transit

Fare Type	Current Full Fare	Proposed Fare	Proposed Change	Proposed Percentage Change
Cash	$2.75	**$3.00**	+$0.25	9%
Stored Value Full Fare	$2.75	**$3.00**	+$0.25	9%
3 Hour Full Fare Pass	$2.75	$3.00	+$0.25	9%
Day Pass	$7.00	$7.50	+$0.50	7%
7 Day Pass Full Fare	$25.00	$27.00	+$2.00	8%
31 Day Pass Full Fare	$97.50	$106.50	+$9.00	9%
Annual Pass	$1,072.50	$1,171.50	+$99.00	9%

- Fixed route transit includes bus, light rail, and incline services

Fare Increase and Service Reduction Revenue Impact

- ✓ Fare revenue in 2024 was $57.1 million
- ✓ **PRT assumes a 35% reduction in service will result in a 20% reduction in ridership**
- ✓ With a proposed fare increase of $0.25 to $3.00 and proposed service reductions:
  - 2026 Revenue $53.9 million
  - 2027 Revenue $49.3 million
- ✓ Revenue loss compared to FY 2024
  - 2026 Revenue -$3.2 million
  - 2027 Revenue -$7.8 million
- ✓ A $3 base bus* fare would be **5th highest in the country**

*Bus includes all motorbus modes in FY2024 APTA fare data survey

Assumptions for 10-Year Projection: 35% Service Cut

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- ✓ **Revenue**
  - Assumes a 20% reduction in ridership
- ✓ **Subsidy**
  - Assumes unchanged at State and Local level for FY2026
  - Compounding going forward at 2%
- ✓ **Expense Reductions**
  - Wages/Fringe Benefits – Assumes 38% agency-wide reduction
    - After One-Year Increase in Unemployment Compensation costs
  - Fuel/Materials/Supplies – Assumes 21% reduction
  - Utilities – Assumes 20% reduction
  - Access Program Costs: Initial 8% reduction

Additional Expense Reductions

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✓**Directly related to bus garage closures:**

- Purchased Services
- Diesel/Lubricants
- Materials/Supplies/Tools
- Tires and Tubes
- Utilities
- Freight and Postage

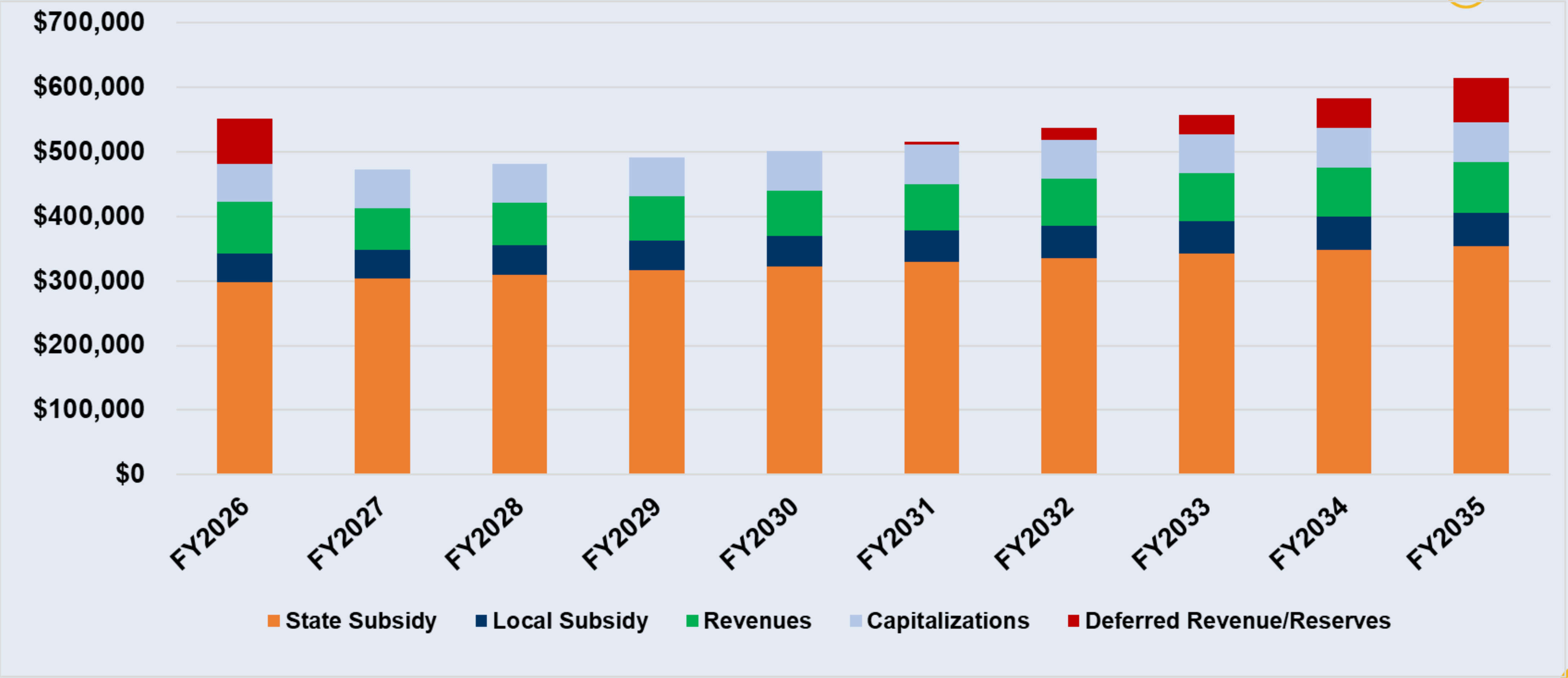
✓**Other Expense Reductions:**

- Non-Essential Travel
- Sponsorships
- Light Rail Propulsion Power Expenses
- New Software Requests
- Claims-Related Expenses

Budget Projections

Service Cut Projections

10-Year Projection: 35% Service Cut



FY2026 Preliminary Budget

- **Operating Budget:**
  - $538,872,695
  - 0.64% decrease v. FY2025 (-$3,487,926)

- **Capital Budget:**
  - $189,282,037
  - 16.87% increase v. FY2025 ($27,323,034)

FY2026 Preliminary Operating Budget

FY2026 Budget Assumptions

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✓**Planned 35% service eliminated**
- 2 bus garage closures
- Light Rail Silver line closed
- Special event service
- Removes Bus Line Redesign
- Wabash tunnel closed

✓**Employee separations = 38%**
- Initial $25.4M cost for unemployment compensation

✓**Federal funding remains at current levels**

✓**Decrease in passenger revenues**
- FY2026 = 6%
- FY2027 = 14%

✓**FY2026 expenses down $35M from status quo scenario**

✓**FY2027 expenses down $147M from status quo scenario**

✓**Deferred revenue/reserve funds projected to last through FY2035**

FY2026 Proposed Operating Budget: Revenues and Subsidies $538.9M

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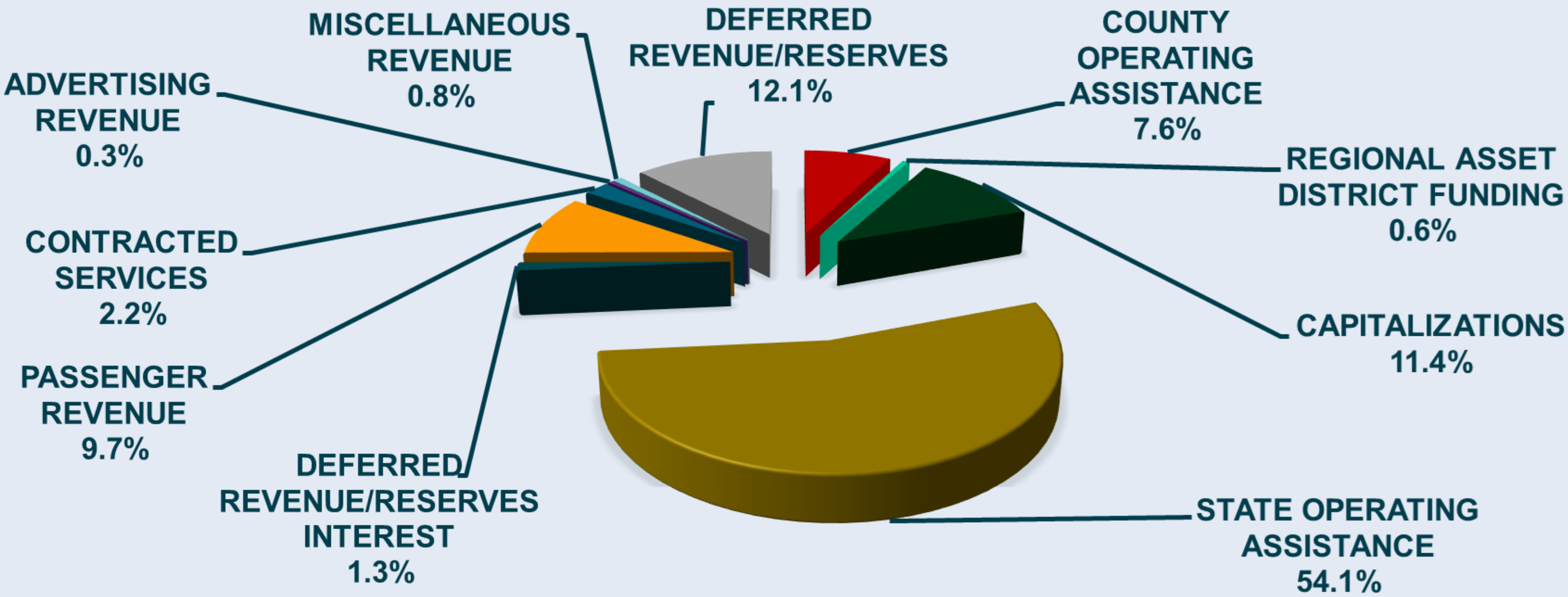

Sources of Revenue: $70.1M (13.0% of Operating Budget)

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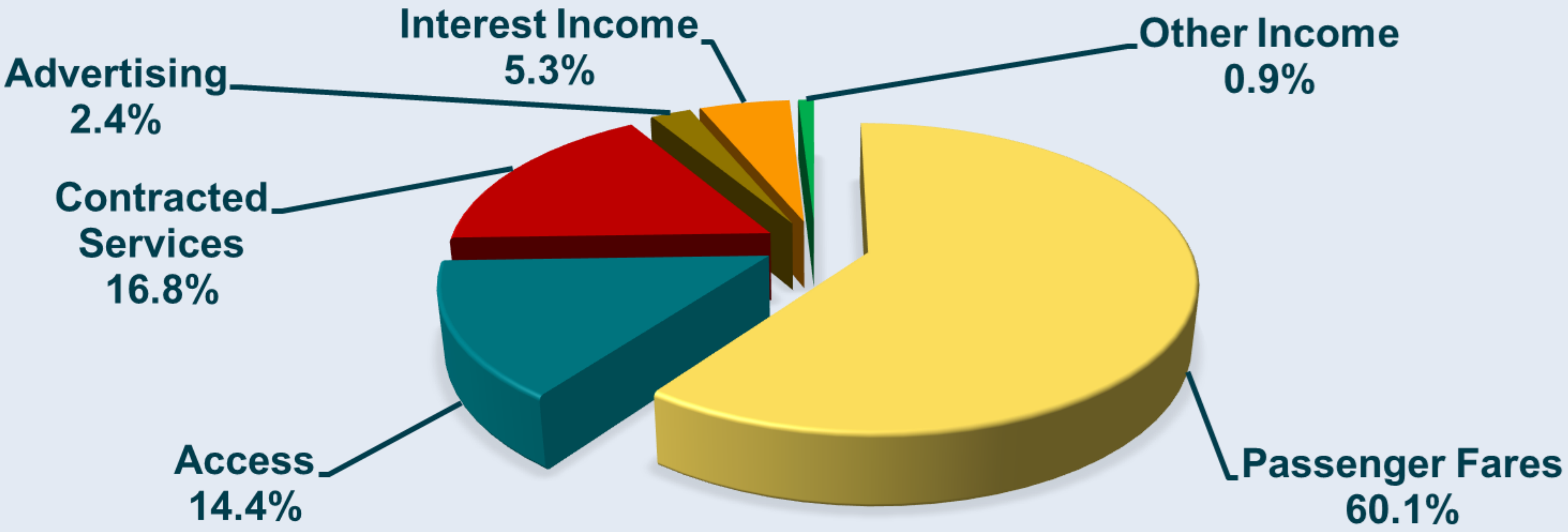

Sources of Revenue: $70.1M (13.0% of Operating Budget)

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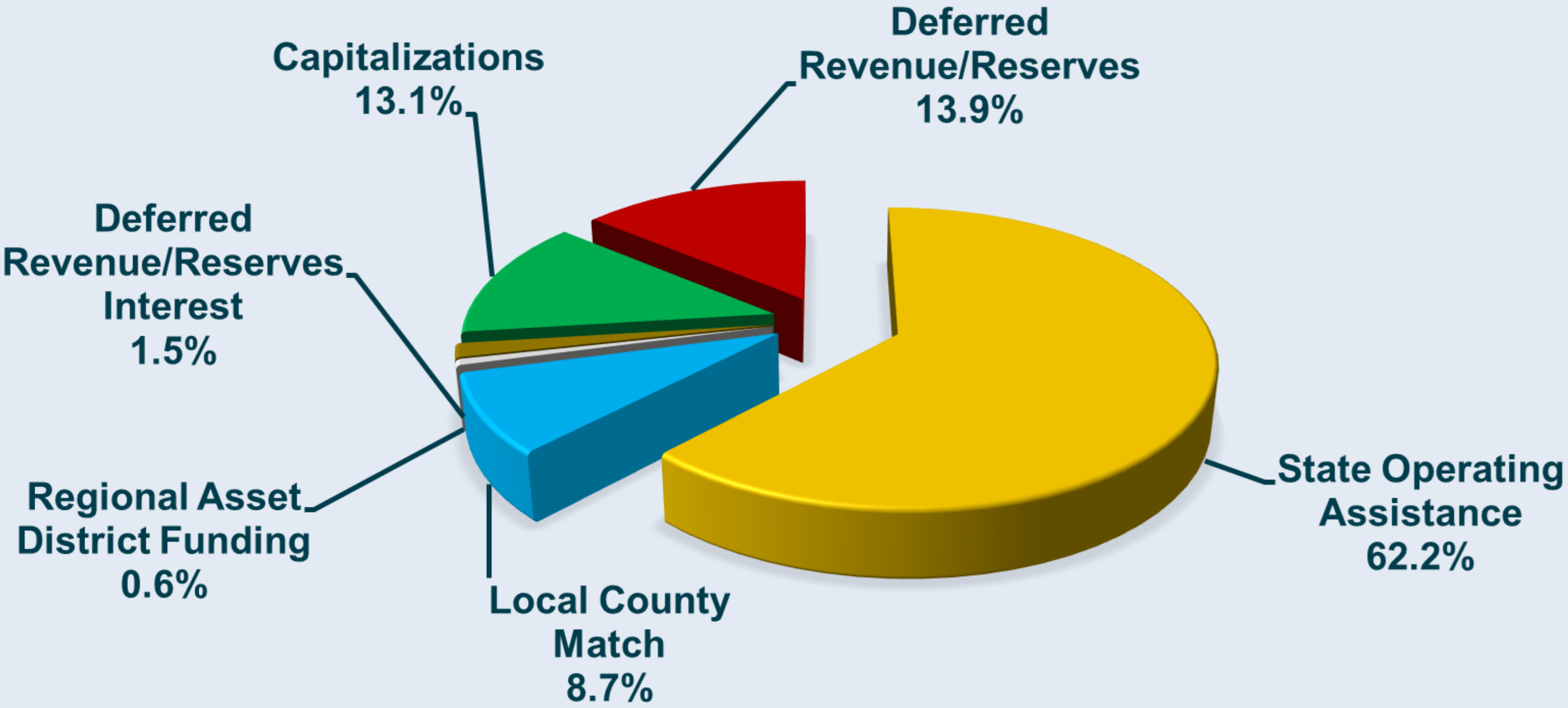
Revenue Categories	FY2025 Budget	FY2026 Proposed	Pct Change
Passenger Revenue	$ 50,003.288	$ 42,113.440	-15.8%
Access Program Service	$ 10,329.700	$ 10,089.300	-2.3%
Contracted Services	$ 11,991.195	$ 11,786,560	-1.7%
Advertising	$ 1,800.000	$ 1,666.667	-7.4%
Interest Income	$ 3,747.023	$ 3,747.023	0.0%
Other Income	$ 628.545	$ 657.273	4.6%
TOTAL	**$ 78,499.751**	**$ 70,060.263**	**-10.8%**

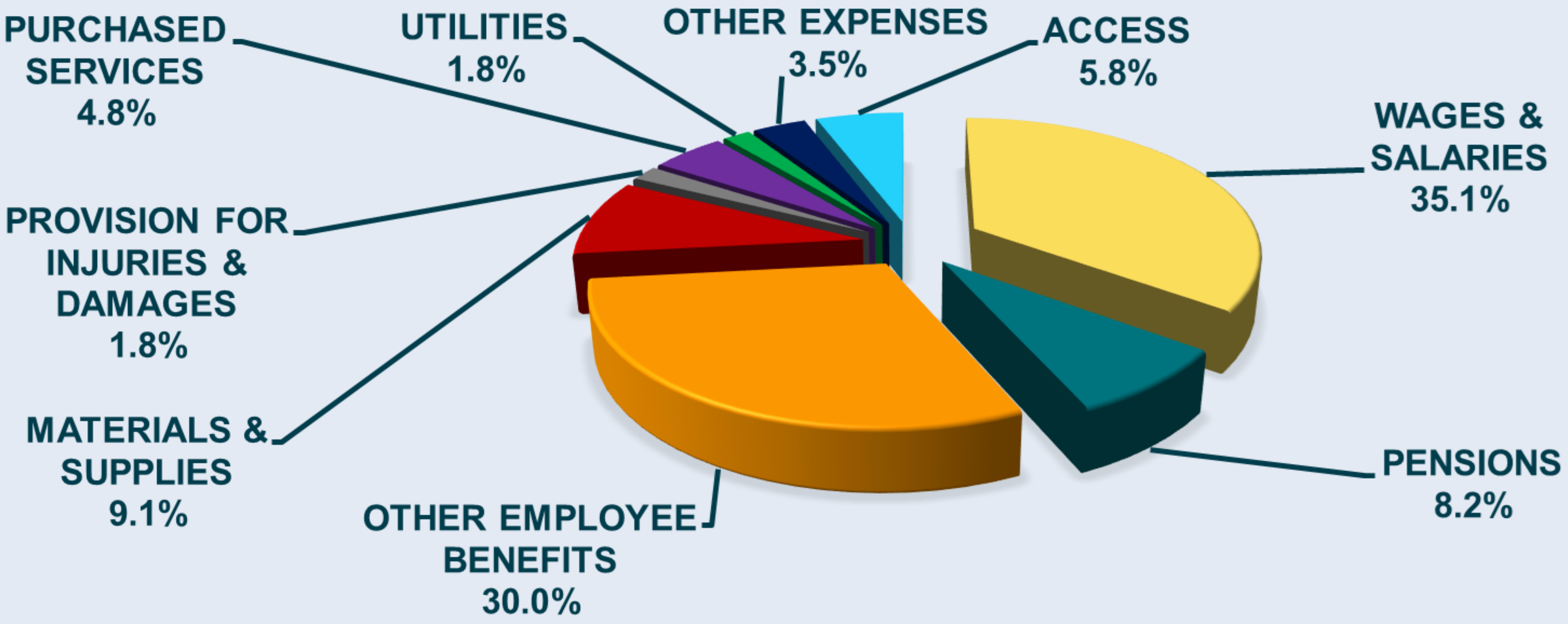
Subsidies & Deferred Revenue/Reserves: $468.8M (87.0% of Operating Budget)



Subsidies & Deferred Revenue/Reserves: $468.8M (87.0% of Operating Budget)

Subsidy & Deferred Revenue/Reserves	FY2025 Budget	FY2026 Proposed	Pct Change
State Operating Assistance	$ 291,432.765	$ 291,432.765	0.0%
Local County Match	$ 40,714.915	$ 40,714.915	0.0%
Regional Asset District Funding	$ 3,000.000	$ 3,000.000	0.0%
Capitalizations	$ 70,333.002	$ 61,325.993	-12.8%
Deferred Revenue/Reserves Interest	$ 8,594.490	$ 7,100.919	-17.4%
Deferred Revenue/Reserves	$ 49,785.698	$ 65,237.840	31.0%
TOTAL	**$ 463,860.870**	**$ 468,812.432**	**1.07%**

FY2026 Proposed Operating Budget: Expenses $538.9M

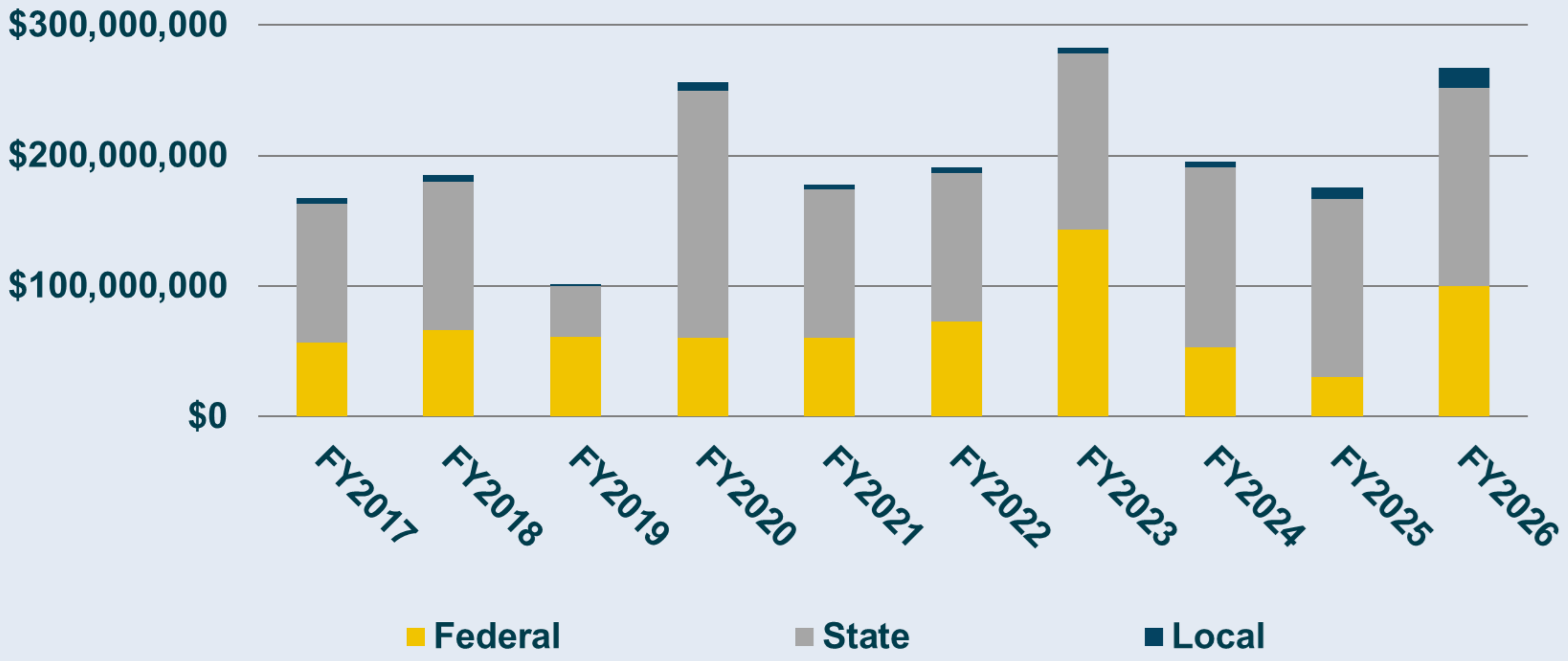


FY2026 Proposed Operating Budget: Expenses $538.9M

Operating Expenses	FY2025 Budget	FY2026 Proposed	Pct Change
Salaries & Wages	$ 210,755.941	$ 188,937.316	-10.4%
Pension	$ 25,629.520	$ 44,325.950	73.0%
Other Employee Benefits	$ 146,251.985	$ 161,745.161	10.6%
Materials & Supplies	$ 61,107.510	$ 48,994.674	-19.8%
Provisions for Injuries & Damages	$ 8,985.000	$ 9,528.438	6.1%
Purchased Services	$ 26,920.710	$ 25,928.343	-3.7%
Utilities	$ 10,267.200	$ 9,528.600	-7.2%
Other Expenses	$ 18,483.655	$ 18,710.513	1.2%
Access	$ 33,960.100	$ 31,173,700	-8.2%
TOTAL OPERATING EXPENSES	**$ 542,360.621**	**$ 538,872.695**	**-0.6%**

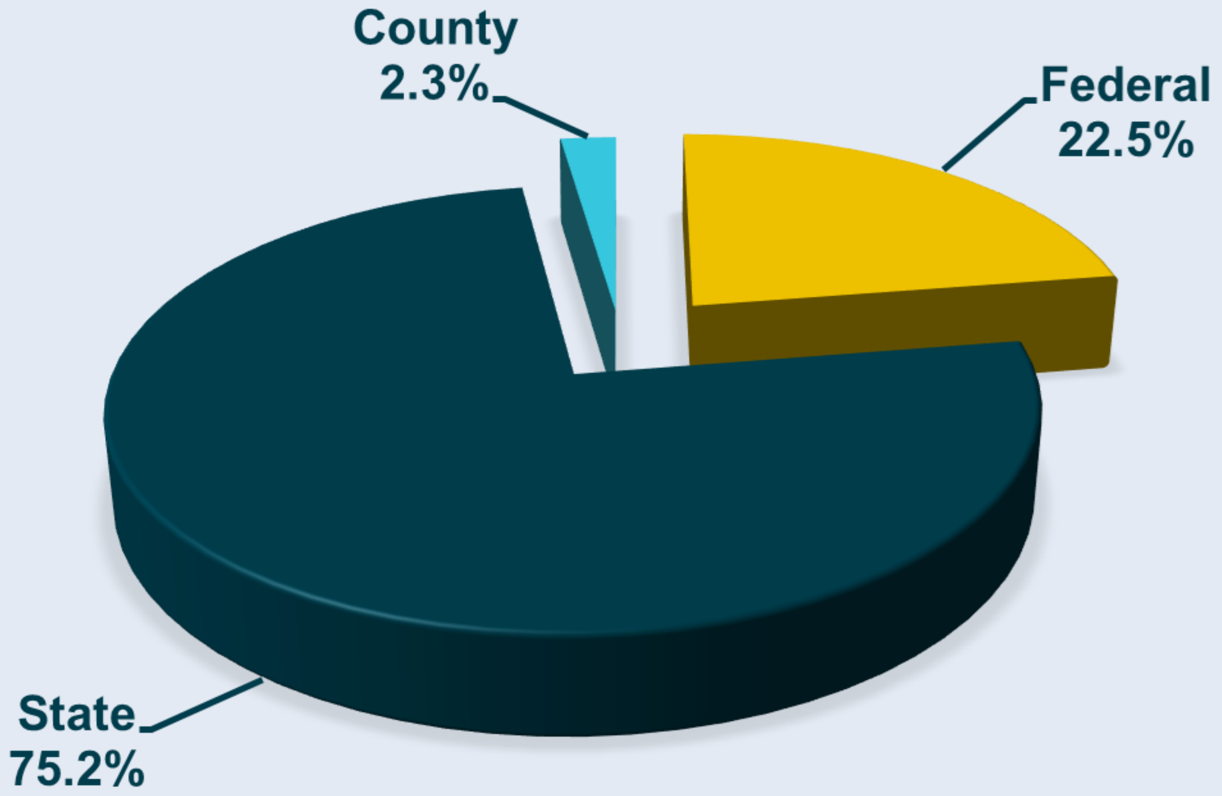
FY2026 Preliminary Capital Budget

FY2026 Capital Funding Levels



Capital Funding: $189,282,037

Pittsburgh Regional Transit



Capital Funding: $189,282,037

Capital Revenue	FY2025 Amount	FY2026 Amount	Pct Change
Federal			
Section 5307,5337 SOGR, EPA	$ 23,269.989	$ 42,525.239	
Subtotal	**$ 23,269.989**	**$ 42,525.239**	**82.7%**
State			
Net State Section 1514 Discretionary	$128,644.021	$130,609.539	
Previously Appropriated Section 1514 Discretionary	$ 1,867.757	$ 11,394.829	
Subtotal	**$130,511.778**	**$142,004.368**	**8.8%**
County/Other Capital Funds			
County Capital Net – State of Good Repair	$ 4,307.200	$ 4,372.699	
LRV Fire Insurance Proceeds	$ 3,807.793	$ 0.000	
Previously Appropriated County State of Good Repair	$ 62.243	$ 379.731	
Subtotal	**$ 8,177.236**	**$ 4,752.430**	**-41.9%**
Total Capital Funding	**$161,959.003**	**$189,282.037**	**16.9%**

Capital Net Expenses: $189,282,037

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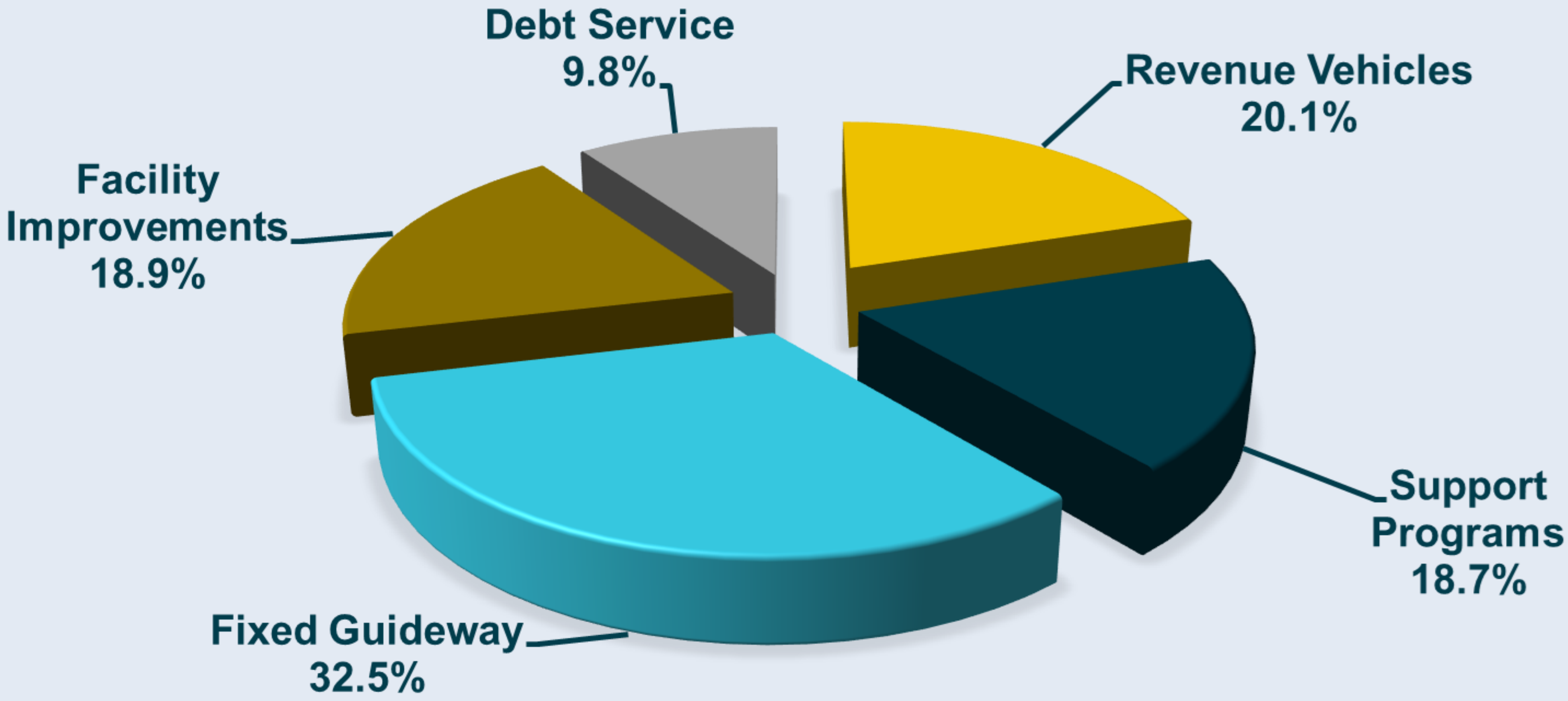

Capital Net Expenses: $189,282,037

Capital Expense Categories	FY2025 Amount	FY2026 Amount	Pct Change
Debt Service	$ 18,600.750	$ 18,597.000	0.0%
Revenue Vehicle Replacement	$ 6,807.793	$ 37,999.814	458.2%
Fixed Guideway Improvements	$ 52,455.484	$ 61,547.488	17.3%
Facility Improvements	$ 49,445.976	$ 35,710.000	-2.8%
Support Programs	$ 34,649.000	$ 35,427.737	2.2%
Total Capital Expenses	**$161,959.003**	**$189,282.039**	**16.9%**

Capital Improvement Projects

- ✓ Dormont Junction, Station Square, and Mon Incline Lower Station Improvements Project
- ✓ Carnegie Station Improvement Project
- ✓ All Stations Accessibility Project station design
- ✓ New Maintenance Facility Design
- ✓ Safety & Security Alerts
- ✓ Automatic Fare Refresh Completion

Next Steps

✓**Continued Communication Efforts with ALL Stakeholders**

- Information
- Education
- Empowerment

✓**Budget Schedule**

- ACTC Budget Review – May ACTC Meeting
- Final Budget - June Finance Committee Meeting
- Amendment Pending Additional Funding