



FISCAL YEAR 2027 BUDGET DEVELOPMENT PROCESS

February 2026 | Finance, Budget, and Audit Committee



FY27 Preliminary Resources Summary



FY27 Sales tax revenue increased 1.8% (\$1.070 billion to \$1.089 billion per ordinance in FY27).



STA and SB1 will be updated in mid-February 2026.



Passenger fares revenue projection of \$150.5 million represents the midpoint range from \$141 million to \$158 million.



Advertising revenue projected at \$32.0 million, 22.8% decrease from FY26.



Toll and Other revenue estimates increasing due to increased LCFS sales, utility rebate, and EV chargers & usages. Investment income and Union Station revenues assume a slight increase from the FY26 Budget.



Grant Resources FY27 estimates are TBD.

	Resources (\$ in Millions)	FY26 Adopted	FY27 Preliminary	% Change
1	Sales Tax and TDA Revenues ⁽¹⁾	\$ 4,815.0	\$ 4,900.5	1.8%
2	STA and SB1 Revenues	260.2	271.3	4.3%
3	Passenger Fares ⁽²⁾	174.7	150.5	-13.9%
4	Advertising ⁽³⁾	41.5	32.0	-22.8%
5	Toll and Other ⁽⁴⁾	164.1	176.0	7.3%
6	Subtotal Resources	\$ 5,455.4	\$ 5,530.4	1.4%
7	Grant Resources ⁽⁵⁾	\$ 1,586.3	TBD	
8	Bond Proceeds and Prior Year Carryover ⁽⁵⁾	2,412.9	TBD	
9	Total Resources	\$ 9,454.6	TBD	

Note: Totals may not add due to roundings.



- Bond Proceeds and Prior Year Carryover:
 - Debt will be used as a last resort and will be determined as budget is developed
 - Prior year carryover will adhere to funding eligibility

FY27 Preliminary Sales Tax Revenues



	FY24 Actual	FY25 Actual	FY26 Budget	FY27 Preliminary
1 Sales Tax Revenue per Ordinance ⁽¹⁾	\$ 1,093.0	1,080.0	\$ 1,070.0	\$ 1,089.0
2 % Change	-1.7%	-1.2%	-0.9%	1.8%

⁽¹⁾ Proposition A, Proposition C, Measure R and Measure M. Transportation Development Act (TDA) sales tax revenue is approximately 50% of the other ordinances.

Sales Tax Revenue per Ordinance Forecast Comparison

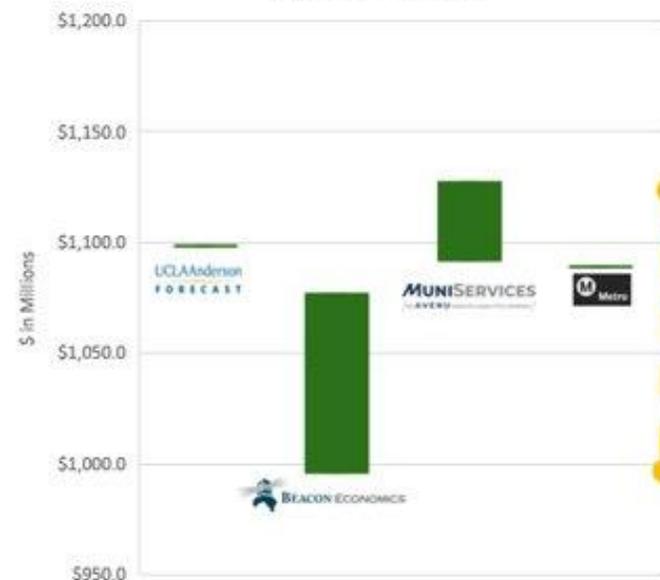
Forecast Source (\$ in Millions)	FY24	FY25	FY26	FY27 Preliminary
1 Actual	\$ 1,093.0	\$ 1,080.0	\$ 1,042.3 - 1,109.5 ⁽¹⁾	N/A
2 Metro- Adopted	1,200.0	1,156.0	1,070.0	1,089.0 ⁽²⁾
3 UCLA	1,103.8	1,144.4	1,103.3	1,098.6
4 Beacon Economics	1,091.7 - 1,232.4	1,011.0 - 1,082.2	1,032.3 - 1,109.7	995.9-1,076.6
5 Muni Services	1,145.1	1,099.7 - 1,203.3	1,020.9 - 1,056.2	1,091.7-1,127.2

⁽¹⁾ FY26 Estimated Actual range.

⁽²⁾ FY27 preliminary assumption.

FY27 assumption of **\$1,089 million** per ordinance is **within range** of leading forecasts

FY27 Preliminary Sales Tax Assumption (per Ordinance)



Cost Inflation – Consumer Price Index (CPI)



Annual Change in Consumer Price Index (CPI)

Forecast Source	FY23	FY24	FY25	FY26	FY27 Preliminary
1 Actual	5.4%	3.2%	3.1%	2.2% ⁽¹⁾	N/A
2 Metro	3.3%	3.7%	3.0%	3.0%	3.0%
3 UCLA	3.8%	3.7%	3.8%	3.3%	3.8%
4 Beacon Economics	3.9%	2.4%	2.3%	2.5%	2.5%

⁽¹⁾ FY26 YTD Actual. FY26 Adopted Budget is 3.0%.



Expected to remain above Fed's 2% target



CPI impacts sales tax revenues and project delivery costs for Metro

FY27 CPI assumption of **3.0%** is **within range** of leading forecasts.



CPI of **3.0%** is outpacing the projected sales tax revenue growth of **1.8%**.



Uncontrollable



- Primary funding source is experiencing slow growth



- Tighter and more competitive Federal/State grant funding impacted by growing deficits



- Persistent inflationary pressures lead to operational and capital cost growth



- Geopolitical risks and policy uncertainties around tariffs, taxes, and immigration

Controllable

- System-generated revenues (Fares, Advertising, Corporate Sponsorship, Tolls & Other)

Ongoing Issues

- Structural deficit stems from the imbalance between dedicated operating and capital funding available
- Not enough dedicated operating eligible funding
 - With 130+ different colors of funds, less than 13 fund sources, comprising less than 11% of total resources, are dedicated solely for operations
- Competing priorities for flexible funding
- As we build the system out, operating-eligible funding does not increase at the same rate
- Cost of operations is rising faster than revenues
- Securing sufficient funding for the 2028 Olympic and Paralympic Games

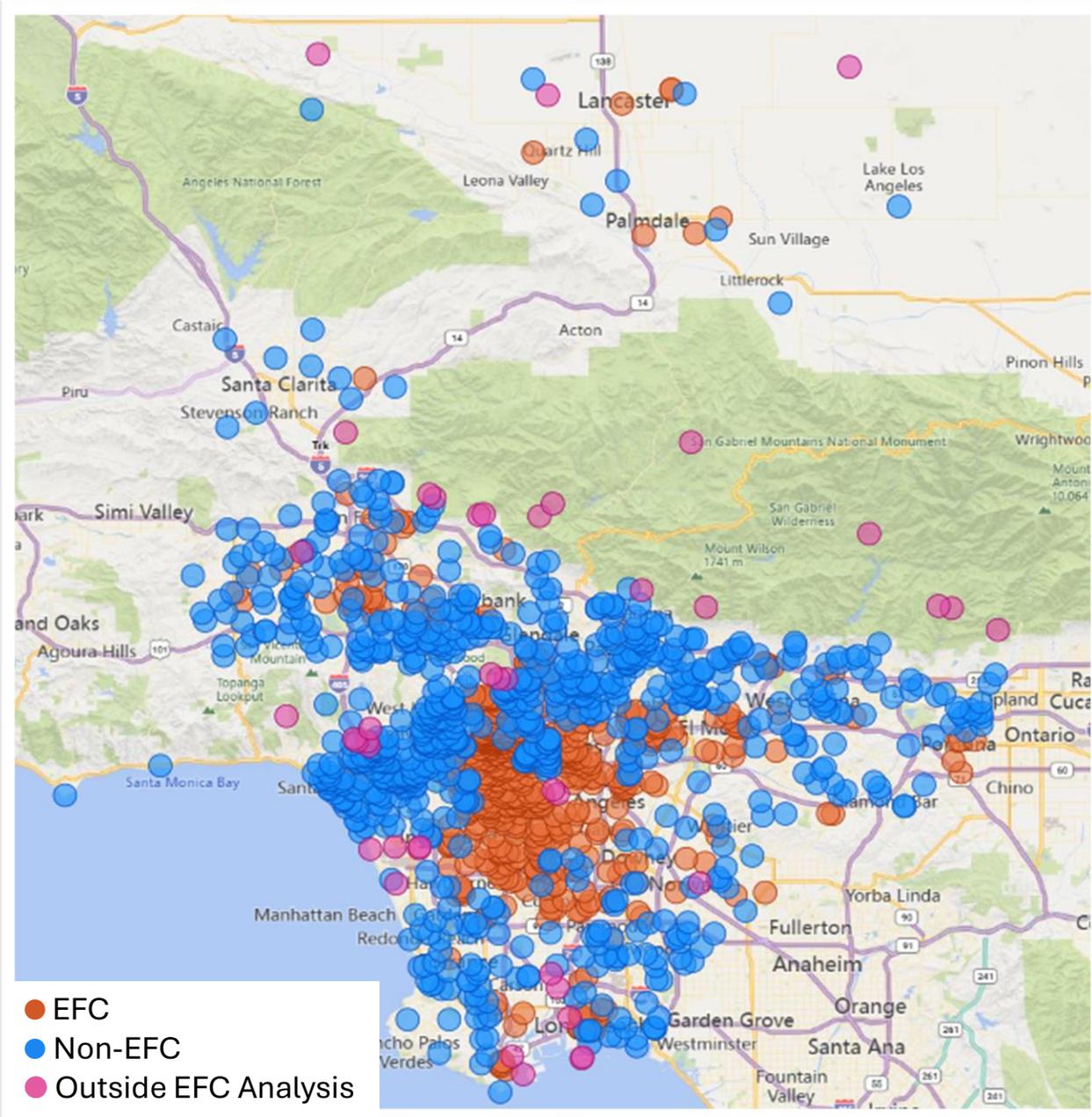
CONCLUSION

- New initiatives compete for operating eligible funding
- Necessary to enforce cost controls through EZBB
- Explore revenue generating opportunities

My Metro Budget & Priorities – Geographic Distribution

FY 27

M Metro



- Responses received align with Metro system coverage
- Number of responses (3,150+) exceeds statistically valid sample size.
 - **(348 under 18, +278% from FY26)**
- Equity Focused Communities (EFC) response rates:
 - 44% for My Metro Budget Activity
 - 54% for My Metro Priorities (youth-focused activity)





September



- Launched My Metro Priorities @ September 13th Youth Council Summit
 - **NEW** youth-focused outreach tool

October



- Distribution of Info Cards
 - GoPass
 - Other Metro outreach events
- My Metro Priorities eblast to Transportation Career Academy Program (TCAP), ELT/MIP (Metro entry level and intern staff program)

November



- Launched My Metro Budget Activity
 - Multiple eblasts
- Present to Youth Council & SEED School

December



- Begin Social Media Campaign for My Metro Budget Activity
 - Facebook, Instagram, LinkedIn, Nextdoor
- Distribution of Info Cards
- Regional Service Councils - Meet & Confer
 - All five regions

January



- Distribution of Info Cards
 - LIFE
 - Blue Shirts (Station Staff)
 - Other Metro groups (ongoing)
- Content Creator video
- Multiple eblasts

- Continued My Metro Budget activity promotion via eblast
- Promotion to new Youth Council cohort
- Departments receive internal dashboard

- Community Advisory Committee
- Distribution of Info Cards to Girls Empowerment Summit (WGCC)

- Regional Service Council Meetings
 - In all five regions
- Council of Government (COG) Meetings

- Technical Advisory Committee
- Valley Industry & Commerce Association
- Local Transit Systems Subcommittee
- Accessibility Advisory Committee
- **Budget Public Hearing**

- Launch public facing dashboard results



February



March



April



May



June



Infrastructure Planning and Construction:

- Transit Infrastructure Expansion
- Multimodal Highway Investments, Regional Rail
- Regional Allocations and Pass-Throughs



- Metro Transit – Operations & Maintenance (O&M) and Capital Improvement Program (CIP)
- Congestion Management
- Planning and Administration



FY27 Budget: Public Hearing and Board Adoption

