LONG BEACH TRANSIT
BOARD OF DIRECTORS MEETING
AGENDA

THURSDAY, MAY 15, 2025
4801 AIRPORT PLAZA DRIVE
ROSA PARKS BOARD CHAMBER
3:30 P.M.

Abigail Mejia, Chair
David Sutton, Vice Chair
Raul Añorve, Secretary/Treasurer
Eduardo Angeles, Director
Carl Kemp, Director
Randy Rawlings, Director

Joshua Hickman, City Representative
Christopher Koontz, City Representative

Kenneth A. McDonald
President and Chief Executive Officer

LONG BEACH TRANSIT BOARD OF DIRECTORS IN-PERSON MEETING

MEMBERS OF THE PUBLIC CAN ATTEND MONTHLY BOARD MEETINGS AT LONG BEACH TRANSIT CORPORATE OFFICE ROSA PARK BOARD CHAMBER, BY RIDING ROUTES 102, 104, 111 AND 112.

THE CLOSEST BUS STOPS TO LBTCO ARE LOCATED:
LAKEWOOD BLVD. AND SPRING ST.
CLARK AVE. AND 29TH ST.
SPRING ST. AND AIRPORT PLAZA DR.

TO CONNECT TO ROUTES 102 AND 104, TAKE ROUTES 21, 22, 23, 61, 71, 91, 92, 93, 101, 111, 112, 172, 173, 181 AND 182.

TO CONNECT TO ROUTES 111 AND 112, TAKE ROUTES 21, 22, 23, 91, 121, 131, 151, 171, 173, 175 AND 192.

MEMBERS OF THE PUBLIC MAY LISTEN TO THE MEETING BY DIALING (669) 444-9171 AND ENTERING THE FOLLOWING MEETING ID: 874 0416 6717

MEMBERS OF THE PUBLIC MAY ALSO JOIN THE VIDEO CONFERENCE VIA THE FOLLOWING ZOOM MEETING LINK:
https://us02web.zoom.us/j/87404166717

PLEASE NOTE THE ZOOM MEETING MAY ENCOUNTER TECHNICAL DISRUPTIONS, BUT IN-PERSON ACCESS AND PUBLIC COMMENT WILL CONTINUE TO BE AVAILABLE IN ACCORDANCE WITH THE BROWN ACT

PERSONS WISHING TO ADDRESS THE BOARD MAY SUBMIT PUBLIC COMMENT VIA EMAIL OR TELEPHONE. MEMBERS OF THE PUBLIC ALSO HAVE THE OPTION TO PROVIDE PUBLIC COMMENT IN THE ZOOM MEETING BY USING THE RAISE HAND FUNCTION OR PRESSING *9 ON YOUR PHONE

Public comments on agenda items may be submitted by email to board@lbtransit.com or by telephone at 562.599.8599.

If calling, please leave a voicemail with your name (please state it clearly), your telephone number for a return call, and the item number on which you would like to comment (or specify “public comment”).

If emailing, please include your name, your telephone number for a return call, and the item number on which you would like to comment (or specify “public comment”).

More information on this process may be found at ridelbt.com/about-us

REGULAR MEETING – 3:30 P.M.

1. Call to Order. (Abigail Mejia)

2. Roll Call. (Jen Flores)

3. Employee Recognition. (Elizabeth Brown)

   Employees of the Month for May 2025:

   Ronald Abril, Transit Service Delivery and Planning
   Marvyn Bernache, Maintenance and Infrastructure
   Fredie Vasquez, Administrative Staff

INFORMATION ITEM

4. Public Comment.

Any member of the public may approach the lectern and, upon recognition by the Chair, state his or her name and proceed to address the Board on any item within the subject matter jurisdiction of the Long Beach Transit Board of Directors, provided that no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to three minutes, unless different time limits are set by the Chair, subject to the approval of the Board.

NOTICE TO THE PUBLIC

All matters included on the Consent Calendar are considered routine by the Long Beach Transit (LBT) Board of Directors and will all be enacted by one motion. There will be no separate discussion of these items unless a member of the Board of Directors or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

CONSENT CALENDAR (5)

5. Recommendation to approve the minutes of the regular session meeting held on April 24, 2025.

Suggested Action: Approve recommendation.

REGULAR CALENDAR

6. Recommendation to approve the updated Statement of Investment Policy for the financial assets of Long Beach Transit. (Ashley Liang)

Suggested Action: Approve recommendation.

7. Recommendation to authorize the President and CEO to extend Long Beach Transit's participation in Year 5 of Los Angeles Metropolitan Transportation Authority's regional GoPass program until June 30, 2026. (Terry Coon)

Suggested Action: Approve recommendation.

8. Recommendation to adopt the Fiscal Year 2026 Operating Budget of $139,833,229 and the Fiscal Year 2026 Capital Budget of $45,185,577. (Kenneth McDonald)

Suggested Action: Approve recommendation.

9. Public Comment.

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10. Board Requests.

11. Adjourn. The next regular meeting will be held on June 26, 2025. (Abigail Mejia)

Suggested Action: Approve recommendation.

Note:

Long Beach Transit intends to provide reasonable accommodations in accordance with the Americans with Disabilities Act of 1990. If special accommodation is desired please call the Office of the Board Secretary 48 hours prior to the meeting at 562.599.8599.

Long Beach Transit is an entity which is separate and distinct from the City of Long Beach.

LONG BEACH TRANSIT
BOARD OF DIRECTORS MEETING
MINUTES

THURSDAY, APRIL 24, 2025
4801 AIRPORT PLAZA DRIVE
ROSA PARKS BOARD CHAMBER
3:30 P.M.

Abigail Mejia, Chair
David Sutton, Vice Chair
Raul Añorve, Secretary/Treasurer
Eduardo Angeles, Director
Carl Kemp, Director
Randy Rawlings, Director

Joshua Hickman, City Representative
Christopher Koontz, City Representative

Kenneth A. McDonald
President and Chief Executive Officer

REGULAR MEETING – 3:30 P.M.

1. Call to Order. (Abigail Mejia)

   Chair Mejia called the meeting to order at 3:31 p.m.

2. Roll Call. (Jen Flores)

   Directors Present: Eduardo Angeles, Raul Añorve, Carl Kemp, Abigail Mejia and Randy Rawlings

   Directors Excused: David Sutton

3. Employee Recognition. (Elizabeth Brown)

   Employees of the Month for April 2025:

   Zafir Williams, Transit Service Delivery and Planning
   Sultan Hawthorne, Maintenance and Infrastructure
   Jennifer Robles, Administrative Staff

INFORMATION ITEM

Elizabeth Brown, Executive Director/VP, Organizational Development and Administration, presented the Employees of the Month for April 2025.

4. Public Comment.

Any member of the public may approach the lectern and, upon recognition by the Chair, state his or her name and proceed to address the Board on any item within the subject matter jurisdiction of the Long Beach Transit Board of Directors, provided that no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to three minutes, unless different time limits are set by the Chair, subject to the approval of the Board.

There were no public comments.

5. President and CEO Report. (Kenneth McDonald)

INFORMATION ITEM

Kenneth McDonald, President and CEO, presented his monthly report.

CEO McDonald provided a summary of the Global Policy Leadership Academy's Vienna Social Housing Field Study attended by himself and City Representative Christopher Koontz.

City Representative Koontz provided a summary of his experience of the Vienna Social Housing Field Study.

CEO McDonald provided a summary of APTA's Mobility Conference attended by staff and an update of LBT's participation in the International Bus Roadeo.

The Board was informed of LBT's new fitness center upgrades.

The Board was briefed about staff participation at the CSU Long Beach College of Liberal Arts Employer Panel and Networking Event and the CMAA Southern California Chapter's Owners' Night.

CEO McDonald updated the Board about the FY 2026 Customer Priorities Survey and the next steps in the FY 2026 budget public outreach efforts.

CEO McDonald highlighted various community events LBT staff participated in for the month of April.

Chair Mejia inquired when the Board would receive the feedback results from the Customer Priorities Survey.

CEO McDonald responded.

NOTICE TO THE PUBLIC

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CONSENT CALENDAR (6)

A motion was made by Director Angeles, seconded by Director Kemp, to pass the consent calendar. The motion carried by the following vote:

Yes: 4 - Eduardo Angeles, Raul Añorve, Carl Kemp, and Abigail Mejia
Abstain: 1 – Randy Rawlings
Excused: 1 – David Sutton

6. Recommendation to approve the minutes of the regular session meeting held on March 27, 2025.

Suggested Action: Approve recommendation.

REGULAR CALENDAR

7. Monthly Financial Report. (Lisa Patton)

INFORMATION ITEM

Lisa Patton, Executive Director/VP, Finance and Budget, presented the staff report.

Item was received and filed

8. Recommendation to authorize the President and CEO to enter into a three-year contract with Windes, Inc., to perform financial audit and Single Audit services, at a cost of $350,000, with two one-year options at $125,000 for Option Year One and $130,000 for Option Year Two, with a 5% contingency in the amount of $30,250 for a total authorization amount not to exceed $635,250. (Ashley Liang)

Suggested Action: Approve recommendation.

Terry Coon, Manager, Finance, presented the staff report.

Secretary/Treasurer Añorve inquired about the weighing of the procurement criteria.

Mr. Coon responded that the procurement evaluation criteria is weighted.

CEO McDonald responded that pricing is usually 20 – 30% of scoring and technical criteria is about 70 - 80%.

A motion was made by Director Kemp, seconded by Director Rawlings, to approve the recommendation. The motion carried by the following vote:

Yes: 5 - Eduardo Angeles, Raul Añorve, Carl Kemp, Abigail Mejia and Randy Rawlings
Excused: 1 – David Sutton

9. Recommendation to authorize the President and CEO to enter into a three-year contract with Generation IX Technologies for the deployment of 24x7 Help Desk, at a cost of $769,183 with two, one-year options at $271,930 for Option Year 1 and $280,087 for Option Year 2 for a total of $1,321,200 with a 10% contingency of $132,120 for a total authorization amount not to exceed $1,453,320. (Pretty George)

Suggested Action: Approve recommendation.

Pretty George, Executive Director/VP, Information Technology, presented the staff report.

A motion was made by Director Kemp, seconded by Secretary/Treasurer Añorve, to approve the recommendation. The motion carried by the following vote:

Yes: 5 - Eduardo Angeles, Raul Añorve, Carl Kemp, Abigail Mejia and Randy Rawlings
Excused: 1 – David Sutton

10. Recommendation to authorize the President and CEO to enter into a three-year, fixed-rate contract with Carl Warren and Company for the provision of management services for public liability and property damage claims and subrogation services, for a cost of $321,342, with two, one-year options at $111,154 for Option Year One and $113,099 for Option Year Two, for a total authorization amount not to exceed $545,595. (Victoria Cordero)

Suggested Action: Approve recommendation.

Victoria Cordero, Manager, Risk, presented the staff report.

Director Angeles inquired about LBT's retention amount.

Ms. Cordero responded that LBT's retention amount is three (3) million dollars.

Director Angeles then inquired if these funds are budgeted and put aside.

Ms. Patton responded that yes, LBT budgets for the self-insured retention.

Secretary/Treasurer Añorve inquired about the lack of contingency.

Ms. Cordero responded that this contract is a fixed rate and will not change.

Secretary/Treasurer Añorve asked if Carl Warren is a new vendor and if there will be any transition period.

Ms. Cordero responded that Carl Warren is LBT's current provider and there will be no transition period.

A motion was made by Secretary/Treasurer Añorve, seconded by Director Rawlings, to approve the recommendation. The motion carried by the following vote:

Yes: 5 - Eduardo Angeles, Raul Añorve, Carl Kemp, Abigail Mejia and Randy Rawlings
Excused: 1 – David Sutton

11. Recommendation to adopt Long Beach Transit's 2025 Public Transportation Agency Safety Plan to comply with the FTA final rule in accordance with 49 Code of Federal Regulations (CFR) Part 673. (Elizabeth Brown)

Suggested Action: Approve recommendation.

Elizabeth Brown, Executive Director/VP, Organizational Development and Administration, presented the staff report.

Director Angeles inquired if staff is expecting any changs in the reporting to the FTA under the new federal administration.

CEO McDonald responded that staff in expecting changes to reporting in 2027.

A motion was made by Director Rawlings, seconded by Director Kemp, to approve the recommendation. The motion carried by the following vote:

Yes: 5 - Eduardo Angeles, Raul Añorve, Carl Kemp, Abigail Mejia and Randy Rawlings
Excused: 1 – David Sutton

12. Recommendation to adopt the following policy statement to appear on all board of directors meeting agendas, henceforth:
"The Board of Directors reserves the right under the California Ralph M. Brown Act to act on any item listed on this agenda as either information or action." (Vincent Ewing)

Suggested Action: Approve recommendation.

Vincent Ewing, General Counsel, presented the staff report.

Director Angeles asked for a point of clarification on how the Board approaches action on items over and above what is listed on the agenda and will this change

potential action on Public Comments.

Mr. Ewing responded that are five exceptions that the Board could take action on without notice on the agenda. Regarding Public Comments, the Board could request staff to return with a response or report on the public comment at a future meeting. Mr. Ewing does not recommend that the Board make a motion as an Action item in response to a Public Comment as that would be a violation of the Brown Act.

Director Rawlings asked for clarification on how the language may affect the public response to the meeting items.

Mr. Ewing responded that his understanding was that items are marked as Action to inform the public that the Board will be making a decision and items listed as information will not be associated with any action from the Board, which may influence if a member of the public participates or not.

Discussion ensued regarding the pros and cons of updating the language on the agenda and public confusion regarding any agenda changes.

Chair Mejia inquired if the language regarding response to public comment will also need to change.

Mr. Ewing responded that he would not recommend changing the public comment instructions to allow for Board response to public comments.

A motion was made by Director Kemp, seconded by Secretary/Treasurer Añorve, to approve the recommendation. The motion failed by the following vote:

Yes: 1 - Carl Kemp
No: 4 - Eduardo Angeles, Raul Añorve, Abigail Mejia and Randy Rawlings
Excused: 1 – David Sutton

13. Public Comment.

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There were no public comments.

14. Board Requests.

Director Angeles requested an Olympic update.

CEO McDonald responded that staff will present an Olympic update to the Board sometime after the May Board meeting.

Chair Mejia requested LBT's response to Supervisor Hahn's call for water taxi services between San Pedro and Long Beach during the Olympics.

15. Adjourn. The next regular meeting will be held on May 15, 2025. (Abigail Mejia)

Suggested Action: Approve recommendation.

Meeting adjourned at 4:56 p.m.

A motion was made by Director Angeles, seconded by Director Rawlings, to approve the recommendation. The motion carried by the following vote:

Yes: 4 - Eduardo Angeles, Raul Añorve, Carl Kemp, Abigail Mejia and Randy Rawlings
Excused: 1 – David Sutton

Note:

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RECOMMENDED ACTION

To approve the updated Statement of Investment Policy for the financial assets of Long Beach Transit.

STAFF REPRESENTATIVE

Ashley Liang, Treasurer, Finance and Budget

BACKGROUND

Long Beach Transit's (LBT) Statement of Investment Policy (Policy) establishes the framework for managing the agency's financial assets and investment activities. In accordance with California Government Code Section 53600, the Policy must be reviewed and approved by the governing body to provide transparency and ensure ongoing compliance.

Each year, staff conducts a comprehensive review of the Policy to confirm that it continues to meet the core investment objectives of safety, liquidity, and return on investment, while upholding principles of ethical conduct, managing conflicts of interest, and complying with applicable laws and Governmental Accounting Standards Board (GASB) requirements.

As part of this year's annual review, staff submitted the Policy to the California Municipal Treasurer's Association (CMTA) for certification and successfully obtained confirmation that the Policy meets best practices and statutory requirements, reinforcing LBT's commitment to prudent and transparent investment practices.

Throughout the certification process, minor revisions are recommended to the structure and formatting of the policy. Below are the primary changes made between the prior Policy and the proposed Policy:

- **Structure and Organization:** The layout of the policy has been streamlined to improve readability and align with industry standards.
- **Clarified Language:** Terminology and sections have been clarified for consistency and to better reflect LBT's current practices.
- **Diversification and Reporting Details:** Minor language adjustments were made to enhance transparency around diversification limits and regular investment reporting.
- **Appendix A Update:** The table summarizing allowable investment instruments under Government Code Section 53600 has been updated for accuracy.

As reported in LBT's Quarterly Investment Reports, the agency's funds continue to be held in the state's Local Agency Investment Fund (LAIF) and in a Corporate Investment Account with Fidelity Investments, which includes investment vehicles aligned with LAIF's structure and risk profile.

ALTERNATIVES CONSIDERED

There are no alternative options as the Policy must follow state guidelines for allowable investment instruments per California Government Code, Section 53600.

STAFF RECOMMENDATION

Staff is requesting LBT's Board of Directors to approve the updated Statement of Investment Policy for the financial assets of Long Beach Transit.

Kenneth A. McDonald
President and Chief Executive Officer

Attachment

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LONG BEACH TRANSIT
STATEMENT OF INVESTMENT POLICY

I. POLICY

Long Beach Transit (LBT) shall invest public funds in such a manner as to comply with state and local laws; ensure prudent money management; provide for daily cash flow requirements; and meet the objectives of the Policy, in priority order of Safety, Liquidity and Return on investment.

II. SCOPE

This Investment Policy (Policy) applies to all investment activities and financial assets of LBT under the direct authority of the Board of Directors, excluding pension plan assets which are covered under separate Investment Policies. These assets are invested in accordance with the California Government Code, Sections 53600 et seq., and all other applicable federal, state and local laws, as well as using prudent money management. The funds covered under this policy are accounted for under enterprise funds and in accordance with the principles of Governmental Accounting Auditing and Financial Reporting (GAAFR) and incorporated in LBT's Annual Comprehensive Financial Report.

Activities which comprise prudent cash management include accurate cash projections, the expeditious collection of revenue, the control of disbursements, cost-effective banking relations and a short-term borrowing program, if necessary, which includes coordinating working capital requirements and investment opportunity. Connected with the scope of these requirements are the many facets of an appropriate and secure short-term investment program.

III. PRUDENCE

The standard of prudence to be used by the designated representative shall be the "prudent investor" standard and shall be applied in the context of managing the overall portfolio. Persons authorized to make investment decisions on behalf of local agencies investing public funds are trustees and therefore fiduciaries subject to the prudent investor standard which states, "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency."

IV. OBJECTIVES

A. Safety:

Safety of principal is the foremost objective of the investment program. Investments of LBT shall be undertaken in a manner that seems to ensure the preservation of capital in the overall portfolio and avoidance of capital losses, whether from securities default, broker/dealer default or erosion of the market value. To attain this objective, LBT will diversify its investments by investing funds among a variety of securities with independent returns. It is explicitly recognized herein, however, that in a diversified portfolio, occasional measured losses are inevitable and must be considered within the context of the overall investment return. LBT shall seek to preserve principal by mitigating the two types of risk: credit risk and market risk.

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1. Credit Risk. It is hereby defined as the risk of loss due to failure of an issuer of a security. Credit risk shall be mitigated by investing in only very safe institutions and by diversifying the fund so that the failure of any one institution would not unduly harm LBT's cash flow.

2. Market Risk. In money matters, it is defined as the risk of market value fluctuations due to overall changes in the economy and level of interest rates. The market risk shall be mitigated by limiting the weighted average maturity of the securities to two (2) years. Further, no investment shall be made which at the time of investment has a term remaining to maturity in excess of five (5) years. This excludes those securities underlying a repurchase or reverse repurchase agreement.

B. Liquidity:

The investment portfolio will remain sufficiently liquid to enable LBT to meet all operating requirements which might be reasonably anticipated. Liquid short-term accounts represent vital objectives by which an adequate percentage of the portfolio should be maintained. They can be easily converted to cash, if necessary, to meet disbursement requirements. LBT may experience unexpected or unusual circumstances that result in some investments needing to be sold to meet a contingency. Emphasis should be on marketable securities with low sensitivity to market risk.

C. Return on Investment:

LBT's investment portfolio shall have the objective of attaining a comparative performance measurement or a market-average rate of return through budgetary and economic cycles. The market-average rate of return is defined as the average return on three (3)-month U.S. Treasury Bills. Whenever possible, and consistent with risk limitations, as defined herein, and prudent investment principals, LBT shall seek to augment returns above the market average rate of return. Return on investment is of secondary importance compared to the safety and liquidity objectives. Securities shall not be sold prior to maturity with the following exceptions: (1) a security with declining credit may be sold early to minimize loss of principal; (2) a security swap would improve the quality, yield or target duration in the portfolio; or (3) liquidity needs of the portfolio require the security be sold.

V. DELEGATION OF AUTHORITY

The Board of Directors, through the President and Chief Executive Officer, shall delegate the responsibility to the Executive Director and Vice President of Finance and Budget, who shall invest the agency's funds in accordance with the California Government code 53600 et seq., while meeting the criteria for safety and liquidity. The Executive Director and Vice President of Finance and Budget shall be responsible for all transactions undertaken and shall establish written procedures which include explicit delegation of authority and a system of control to regulate the activities of subordinate officials.

In the absence of the Executive Director and Vice President of Finance and Budget, the authority to execute investment transactions affecting the fund will be restricted and assigned jointly to the designated officers acting temporarily under the direction of the President and Chief Executive Officer.

VI. ETHICS AND CONFLICTS OF INTEREST

Officers and employees shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or which could impair their ability to make impartial decisions. Investment officials shall disclose annually any material interest in financial

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institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Furthermore, investment officials shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Agency.

VII. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

LBT shall transact business only with Registered Investment Advisors, national or state-chartered banks, savings and loans, and broker dealers. The dealers should be "primary" dealers that qualify under the Securities & Exchange Commission Rule 15C3-1 (uniform capital rule). The purchase of any investment other than those purchased directly from the issuer shall be purchased either from an institution licensed by the state as a broker/dealer or a brokerage firm designated as a primary Government Dealer by the Federal Reserve Bank.

LBT shall send annually a copy of the current Policy. Broker/dealers shall be required to provide a certification acknowledging receipt of the policy and their most recent audited financial statements upon receipt of the policy. LBT will monitor approved broker/dealers and their firms, to ensure good standing with the appropriate regulatory agencies. Confirmation of receipt of this policy shall be considered evidence that the dealer understands and agrees with LBT's investment policies.

All financial institutions and broker/dealers who desire to conduct investment transactions with LBT must supply the Executive Director and Vice President of Finance and Budget with proof of SEC investment adviser registration and proof of State of California registration.

VIII. AUTHORIZED AND SUITABLE INVESTMENTS

LBT adheres to the California Government Code, Sections 53600 et seq. (See Appendix A). Investments in any security or fund other than Local Agency Investment Fund requires concurrence from the President and Chief Executive Officer or his/her designee.

IX. REVIEW OF INVESTMENT PORTFOLIO

The securities held by LBT must be in compliance with Section VIII Authorized and Suitable Investments at time of purchase. The Executive Director of Finance and Budget, or his/her designee, shall review the portfolios quarterly to identify any securities that are no longer in compliance and report any major and critical incidences of noncompliance identified through the review of the portfolio.

The Executive Director and Vice President or his/her designee shall provide a quarterly report to the President and Chief Executive Officer, the City Auditor and the Board of Directors.

X. INVESTMENT POOLS/MUTUAL FUNDS

A thorough investigation of the pool/fund is required prior to investing, and on a continual basis including:

A. A description of eligible investment securities, and a written statement of investment policy and objectives.
B. A description of interest calculations and how it is distributed, and how gains and losses are treated.
C. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
D. A description of who may invest in the program, how often, and the permissible size deposit and withdrawal.

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E. A schedule for receiving statements and portfolio listings.
F. Are reserves, retained earnings, etc. utilized by the pool/fund?
G. A fee schedule, and when and how is it assessed.
H. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

XI. COLLATERALIZATION

Under provision of California Government Code, Sections 53600 et seq., banks and savings and loan associations are required to secure deposits by pledging eligible securities with a value of ten percent in excess of market value of principal and accrued interest and fifty percent in excess of the deposit as collateral in mortgage pools. LBT may waive security for the portion of any deposits as is insured pursuant to federal law.

XII. SAFEKEEPING OF SECURITIES

To protect against potential losses caused by collapse of individual securities dealers, all securities owned by LBT shall be placed with an independent third party for custodial safekeeping, acting as agent for LBT under the terms of a custody agreement executed by the custodial agent and LBT, and evidenced by safekeeping receipts. All securities will remain in the name of LBT and be received and delivered pursuing standard delivery versus payment procedures.

XIII. DIVERSIFICATION

LBT will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 33% of the agency's total investment portfolio will be invested in a single security type or with a single financial institution.

XIV. MAXIMUM MATURITIES

To the extent possible, LBT will attempt to match its investments with anticipated cash flow requirements and mitigation of market risk. No investment shall be made which at the time of investment has a term remaining to maturity in excess of five (5) years and overall portfolio weighted average maturity of the securities to two (2) years.

XV. INTERNAL CONTROLS

LBT has developed a system of internal control, established and documented in writing. The controls are designed to minimize and prevent losses arising from fraud, employee error, misrepresentations of third parties and unanticipated change in financial markets or imprudent actions. Controls deemed most important are: control of collusion, including segregation of duties and separation of transaction authority from accounting and recordkeeping; written confirmation of telephone transactions and wire transfers; and conflict of interest.

XVI. PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective outlined under Section IV Objectives. Benchmarks may change over time based on changes in market conditions or cash flow requirements.

The market-average rate of return is defined as the average return on three (3)-month U.S. Treasury Bills. Whenever possible, LBT shall seek to augment returns above the market-average rate of return. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

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Securities shall not be sold prior to maturity with the following exceptions: (1) a security with declining credit may be sold early to minimize loss of principal; (2) a security swap would improve the quality, yield or target duration in the portfolio; or (3) liquidity needs of the portfolio require the security be sold.

XVII. REPORTING

The Executive Director and Vice President of Finance and Budget shall provide monthly investment reports to the Board of Directors through the Monthly Financial Report at its public meeting.

A quarterly report may also be rendered to the President and Chief Executive Officer, the City Auditor and the Board of Directors that shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and monies held by LBT, and shall additionally include a description of any of LBT's funds, investments, or programs, that are under the management of contracted parties, including the lending programs. With respect to all securities held by LBT, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report and shall include the source of this same valuation.

The report shall state compliance of the portfolio to the Statement of Investment Policy and a statement of the ability of the local agency to meet its pool's expenditure requirements for the next six months.

XVIII. INVESTMENT POLICY ADOPTION

This investment policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity, yield, safety measures, its compliance with current law, financial and economic trends, Governmental Accounting Standards Board (GASB), and to meet the needs of LBT.

The Policy shall be adopted by resolution of the Board of Directors. Any modifications made thereto must be approved by the Board of Directors.

XIII. GLOSSARY

AGENCIES: Federal agency securities and/or government-sponsored enterprises.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: A broker brings buyers and sellers together for a commission.

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CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report of LBT. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued a discount and redeemed at maturity for full face value *(e.g., U.S. Treasury Bills.)*

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

DURATION: A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to $250,000 per entity.

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FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government-sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing- related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA, was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

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MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him/her for this.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO): A reverse-repurchase agreement (reverse repo) involves an investor borrowing cash from a financial institution in exchange for securities. The investor agrees to repurchase the securities at a specified date for the same cash value plus an agreed upon interest rate. Although the transaction is similar to a repo, the purpose of entering into a reverse repo is quite different. While a repo is a straightforward investment of public funds, the reverse repo is a borrowing.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

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SECURITIES AND EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15(C)3-1: See Uniform Net Capital Rule.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms, as well as nonmember broker-dealers in securities, maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

_____

Raul Añorve
Secretary/Treasurer, Board of Directors

_____

Date

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APPENDIX A

ALLOWABLE INVESTMENT INSTRUMENTS PER STATE GOVERNMENT CODE (AS OF JANUARY 1, 2025)[A] APPLICABLE TO ALL LOCAL AGENCIES[B]

See "Table of Notes for Figure 1" on the next page for footnotes related to this figure.

INVESTMENT TYPE	MAXIMUM MATURITY[C]	MAXIMUM SPECIFIED % OF PORTFOLIO[D]	MINIMUM QUALITY REQUIREMENTS	GOV'T CODE SECTIONS
Local Agency Bonds	5 years	None	None	53601(a)
U.S. Treasury Obligations	5 years	None	None	53601(b)
State Obligations—CA And Others	5 years	None	None	53601(c) 53601(d)
CA Local Agency Obligations	5 years	None	None	53601(e)
U.S Agency Obligations	5 years	None	None	53601(f)
Bankers' Acceptances	180 days	40%[E]	None	53601(g)
Commercial Paper—Non-Pooled Funds[F] (under $100,000,000 of investments)	270 days or less	25% of the agency's money[G]	Highest letter and number rating by an NRSRO[H]	53601(h)(2)(c)
Commercial Paper—Non-Pooled Funds[I] (min. $100,000,000 of investments)	270 days or less	40% of the agency's money[G]	Highest letter and number rating by an NRSRO[H]	53601(h)(2)(c)
Commercial Paper—Pooled Funds[J]	270 days or less	40% of the agency's money[G]	Highest letter and number rating by an NRSRO[H]	53635(a)(1)
Negotiable Certificates of Deposit	5 years	30%[K]	None	53601(i)
Non-negotiable Certificates of Deposit	5 years	None	None	53630 et seq.
Placement Service Deposits	5 years	50%[L]	None	53601.8 and 53635.8
Placement Service Certificates of Deposit	5 years	50%[L]	None	53601.8 and 53635.8
Repurchase Agreements	1 year	None	None	53601(j)
Reverse Repurchase Agreements and Securities Lending Agreements	92 days[M]	20% of the base value of the portfolio	None[N]	53601(j)
Medium-Term Notes[O]	5 years or less	30%	"A" rating category or its equivalent or better	53601(k)
Mutual Funds And Money Market Mutual Funds	N/A	20%[P]	Multiple[Q, R]	53601(l) and 53601.6(b)
Collateralized Bank Deposits[S]	5 years	None	None	53630 et seq. and 53601(n)
Mortgage Pass-Through and Asset-Backed Securities[T]	5 years or less[T]	20%	"AA" rating category or its equivalent or better[T]	53601(o)
County Pooled Investment Funds	N/A	None	None	27133
Joint Powers Authority Pool	N/A	None	Multiple[U]	53601(p)
Local Agency Investment Fund (LAIF)	N/A	None	None	16429.1
Voluntary Investment Program Fund[V]	N/A	None	None	16340
Supranational Obligations[W]	5 years or less	30%	"AA" rating category or its equivalent or better	53601(q)
Public Bank Obligations	5 years	None	None	53601(r), 53635(c) and 57603

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TABLE OF NOTES FOR FIGURE 1

[A] *Sources: Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53630 et seq., 53635, 53635.8, and 57603.*

[B] *Municipal Utilities Districts have the authority under the Public Utilities Code Section 12871 to invest in certain securities not addressed here.*

[C] *Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years from the settlement date. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five year remaining maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.*

[D] *Percentages apply to all portfolio investments regardless of source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions.*

[E] *No more than 30% of the agency's money may be in bankers' acceptances of any one commercial bank.*

[F] *Applies to local agencies, other than counties or a city and county, with less than $100 million of investment assets under management. Includes agencies defined as a city, a district, or other local agency that do not pool money in deposits or investment with other local agencies, other than local agencies that have the same governing body.*

[G] *Local agencies, other than counties or a city and county, may purchase no more than 10% of the outstanding commercial paper and medium-term notes of any single issuer.*

[H] *Issuing corporation must be organized and operating within the U.S., have assets in excess of $500 million, and debt other than commercial paper must be in a rating category of "A" or its equivalent or higher by a nationally recognized statistical rating organization, or the issuing corporation must be organized within the U.S. as a special purpose corporation, trust, or LLC, have program wide credit enhancements, and have commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical rating organization.*

[I] *Applies to counties or a city and county, and the City of Los Angeles that have $100 million or more of investment assets under management.*

[J] *Includes agencies defined as a county, a city and county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body. Local agencies that pool exclusively with other local agencies that have the same governing body must adhere to the limits set forth in Section 53601(h)(2)(C).*

[K] *No more than 30% of the agency's money may be in negotiable certificates of deposit that are authorized under Section 53601(i).*

[L] *Effective January 1, 2020, no more than 50% of the agency's money may be invested in deposits, including certificates of deposit, through a placement service as authorized under 53601.8 (excludes negotiable certificates of deposit authorized under Section 53601(i)). On January 1, 2026, the maximum percentage of the portfolio reverts back to 30%. Investments made pursuant to 53635.8 remain subject to a maximum of 30% of the portfolio.*

[M] *Reverse repurchase agreements or securities lending agreements may exceed the 92-day term if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity dates of the same security.*

[N] *Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state chartered bank that has a significant relationship with the local agency. The local agency must have held the securities used for the agreements for at least 30 days.*

[O] *"Medium-term notes" are defined in Section 53601 as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States."*

[P] *No more than 10% invested in any one mutual fund. This limitation does not apply to money market mutual funds.*

[Q] *A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of $500 million, and has at least five years' experience investing in instruments authorized by Sections 53601 and 53635.*

[R] *A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years' experience investing in money market instruments with assets under management in excess of $500 million.*

[S] *Investments in notes, bonds, or other obligations under Section 53601(n) require that collateral be placed into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, among other specific collateral requirements.*

[T] *Security types authorized under Section 53601(o) that are issued or guaranteed by an issuer identified in subdivisions (b) or (f), are not subject to the limitations placed on privately issued securities authorized in Section 53601(o)(2)(A)(B).*

[U] *A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of $500 million, and has at least five years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (o).*

[V] *Local entities can deposit between $200 million and $10 billion into the Voluntary Investment Program Fund, upon approval by their governing bodies. Deposits in the fund will be invested in the Pooled Money Investment Account.*

[W] *Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less.*

RECOMMENDED ACTION

Authorize the President and CEO to extend Long Beach Transit's participation in Year 5 of Los Angeles Metropolitan Transportation Authority's regional GoPass program until June 30, 2026.

STAFF REPRESENTATIVES

Terry Coon, Manager, Finance

BACKGROUND

In August 2020, the Los Angeles Metropolitan Transportation Authority (Metro) launched the countywide Fareless System Initiative (FSI), now known as GoPass. The initiative was designed to explore fare-free transit for students across Los Angeles County. Following initial planning and stakeholder engagement, Metro's Board of Directors approved an 18-month pilot program, which began October 1, 2021, and extended through June 30, 2023. The pilot provided free transit access to students in participating K-12 and Community College districts.

The Metro Board subsequently extended the program through June 30, 2024 (Year 3), and in April 2024, voted to make the program permanent, with annual reporting requirements related to funding, participation, and impact.

The Long Beach Transit (LBT) Board authorized participation in the pilot at its November 2, 2021, meeting. Under the program, LBT allows students from participating districts to ride fare-free, with local districts contributing a $7 per-student fee. In June 2024, LBT's Board of Directors approved extending the agency's participation in the program for an additional year (Year 4) while continuing to seek long-term funding.

Participating Districts in LBT's Service Area:

- **K-12**: Long Beach Unified, Los Angeles Unified, Paramount Unified, Bellflower Unified, St. Anthony High School, LB Conservation Corps, Intellectual Virtues Academy High School, We the People High School.

- **Community Colleges**: Long Beach City College, Cerritos College, Compton College.

PROGRAM IMPACT AND RIDERSHIP

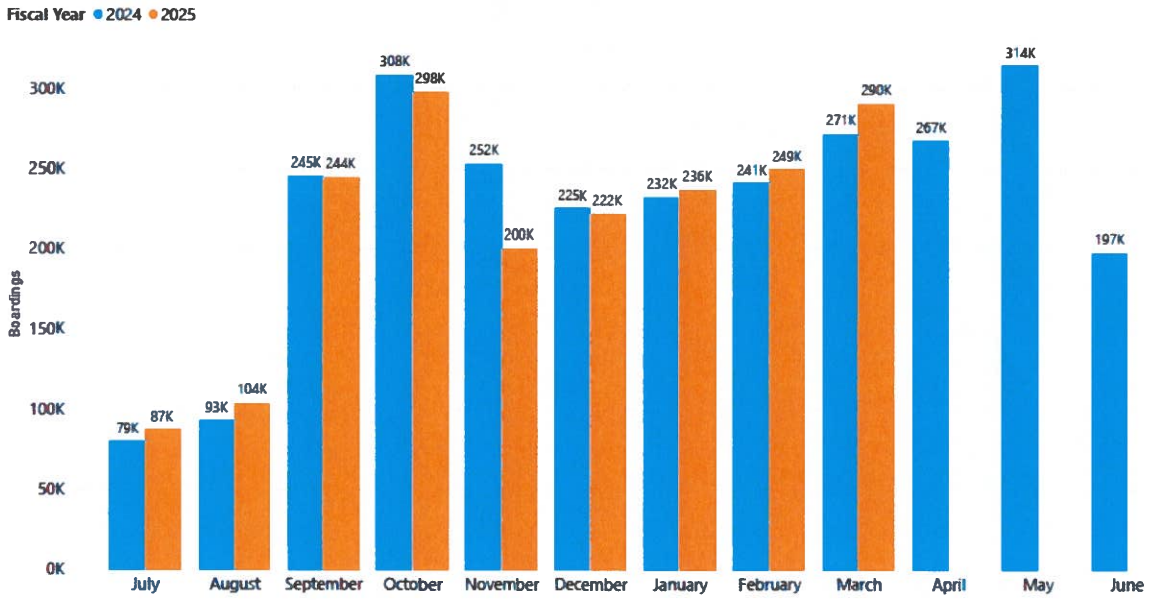
As of March 31, 2025:

- Over **18,000 TAP cards** are registered to participating students.

- Year to date, approximately 1.9 million boardings are attributed to GoPass students in fiscal year (FY) 2025.

- Cumulative boardings across the program's lifespan exceed 7 million.

GoPass Boardings



The GoPass program has been a key driver in recovering and surpassing pre-pandemic ridership levels among students in the K-12 and Community College groups. It has also contributed to more equitable transportation access.

FINANCIAL STRAIN AND OPERATIONAL IMPACT

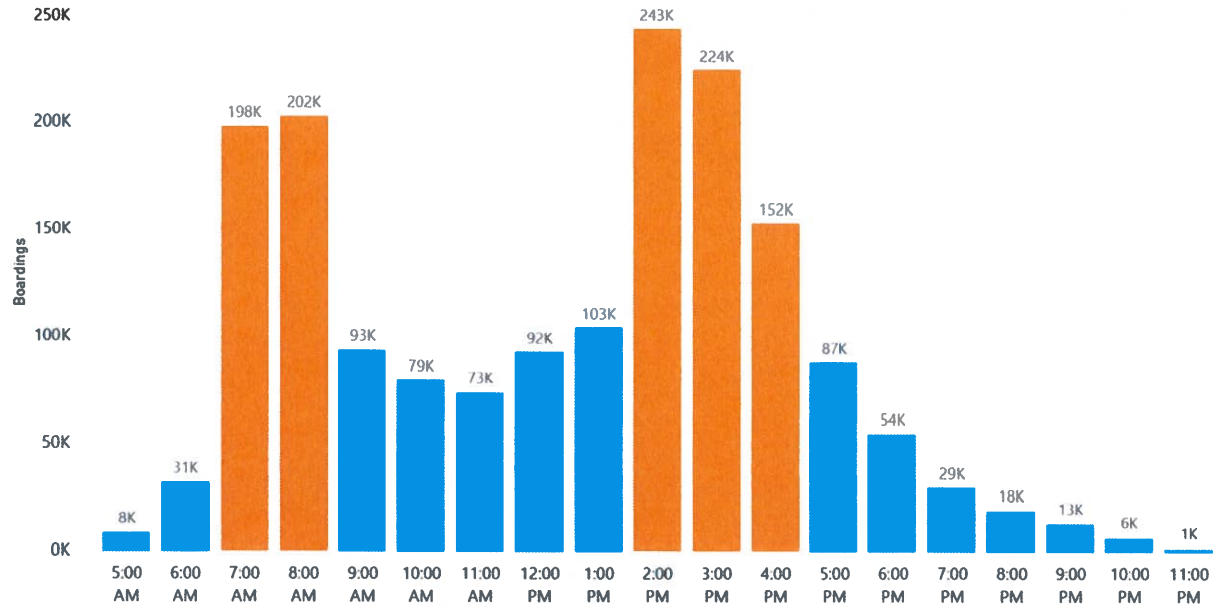
Despite the ridership success, the GoPass program presents significant fiscal and operational challenges for LBT:

- **Revenue shortfall:** Since the program's inception, the ridership attributed to it has significantly outpaced the revenue generated. At the current contribution rate of $7 per student per year, LBT receives considerably less than it would under a standard fare model. With a projected ridership of 2.7 million GoPass boardings in Year 4 (FY25), the equivalent fare revenue at $1.25 per boarding would be around $3.4M million. In contrast, LBT's estimate of the revenue share from district contributions is expected to be $578K, indicating a substantial annual loss in fare revenue of approximately $2.8 million.

	Ridership	Actual Revenue	Base Fare Revenue	Revenue Loss
FY 2022 (Year 1)	354,371	$293,943	$442,964	($149,021)
FY 2023 (Year 2)	2,017,910	$476,217	$2,522,388	($2,046,171)
FY 2024 (Year 3)	2,724,136	$803,697	$3,405,170	($2,601,473)
FY 2025 (Year 4 projected)	2,739,839	$578,325	$3,424,799	($2,846,474)
Total	7,836,256	$2,152,182	$9,795,321	($7,643,139)

- **Operational pressure**: The surge in student ridership has increased crowding, especially during peak school commute hours, requiring adjustments in scheduling and vehicle allocation.

GoPass (All Riders) Rides by Hour (FY25, Mon - Fri Only)



- **No dedicated long-term funding**: Metro has not yet secured a sustainable revenue stream to support agencies in the continued implementation of GoPass. To date, no federal, state, or private funding has been secured to offset the increasing operational costs. Despite the challenges and uncertainty surrounding future funding of the program, GoPass has made a positive societal impact in the lives of students across the region and in the city of Long Beach and LBT's service area in particular.

BUDGETARY/FISCAL IMPACT

School districts and transit agencies participating in the GoPass program share the cost of the pilot program. To participate, K-12 school districts are required to contribute $7 per student per academic year, while Community College school districts are required to contribute $7 per student per year. However, a $2 fee for TAP cards will be deducted for each card distributed to students.

LBT staff is continuing to work closely with Metro staff to seek long-term funding sources to fund the GoPass program.

ALTERNATIVES CONSIDERED

LBT considered opting out of the GoPass program for FY 2025-2026. While this option would reduce financial pressures in the short term, it would also significantly restrict students' access to reliable transportation, particularly for those from low-income and underserved communities.

Furthermore, discontinuing participation would limit LBT's ability to understand and respond to the evolving mobility needs of the student population. Continuing participation allows the agency to remain engaged in regional transit equity efforts while actively seeking more sustainable funding solutions.

STAFF RECOMMENDATION

Staff is requesting LBT's Board of Directors to authorize the President and CEO to extend Long Beach Transit's participation in Year 5 of Los Angeles Metropolitan Transportation Authority's regional GoPass program until June 30, 2026.

Kenneth A. McDonald
President and Chief Executive Officer

RECOMMENDED ACTION

To adopt the Fiscal Year 2026 Operating Budget of $139,833,229 and the Fiscal Year 2026 Capital Budget of $45,185,577.

STAFF REPRESENTATIVE

Kenneth A. McDonald, President and CEO

BACKGROUND

Each fiscal year (FY), Long Beach Transit (LBT) is required to present a balanced budget to the Board of Directors for adoption. The Operating Budget supports the agency's day-to-day functions, while the Capital Budget outlines long-term investments that ensure a state of good repair and the continued delivery of high-quality service to LBT customers.

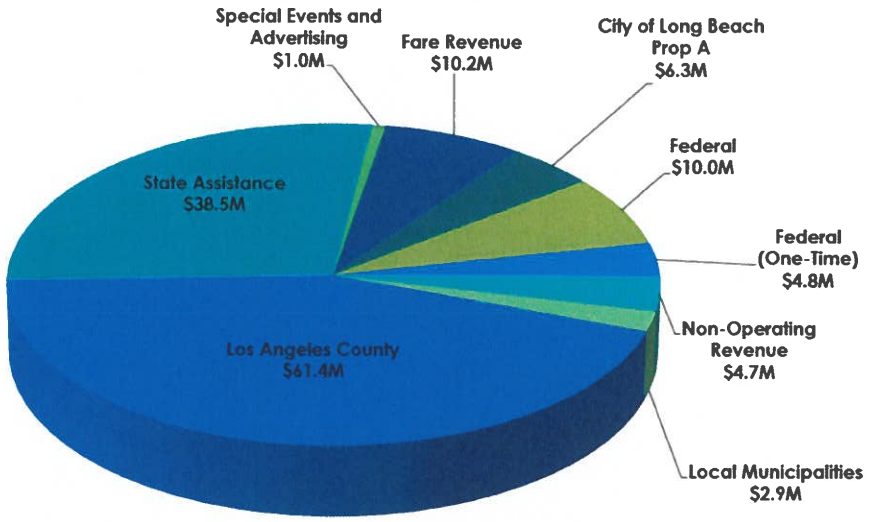
LBT's fiscal year runs from July 1 through June 30. The annual budget reflects a combination of known and projected expenditures alongside forecasted revenues. It serves as a financial blueprint to achieve the agency's strategic priorities through staff's ongoing commitment to sound stewardship, informed decision-making, and fiscal responsibility. Both the Operating and Capital Budgets need to be adopted prior to the start of the new fiscal year.

LBT is committed to maintaining the fiscal integrity of its Operating and Capital Budgets by ensuring they are balanced and aligned with the agency's long-term financial sustainability.

Each year, LBT submits its Operating and Capital Budgets to the Government Finance Officers Association (GFOA) for consideration under the Distinguished Budget Presentation Award program. This nationally recognized award honors budget documents that meet the highest standards in financial planning and communication, in accordance with best practices established by the National Advisory Council on State and Local Budgeting and GFOA.

Attached for the Board's review and consideration are LBT's proposed FY 2026 Operating and Capital Budgets.

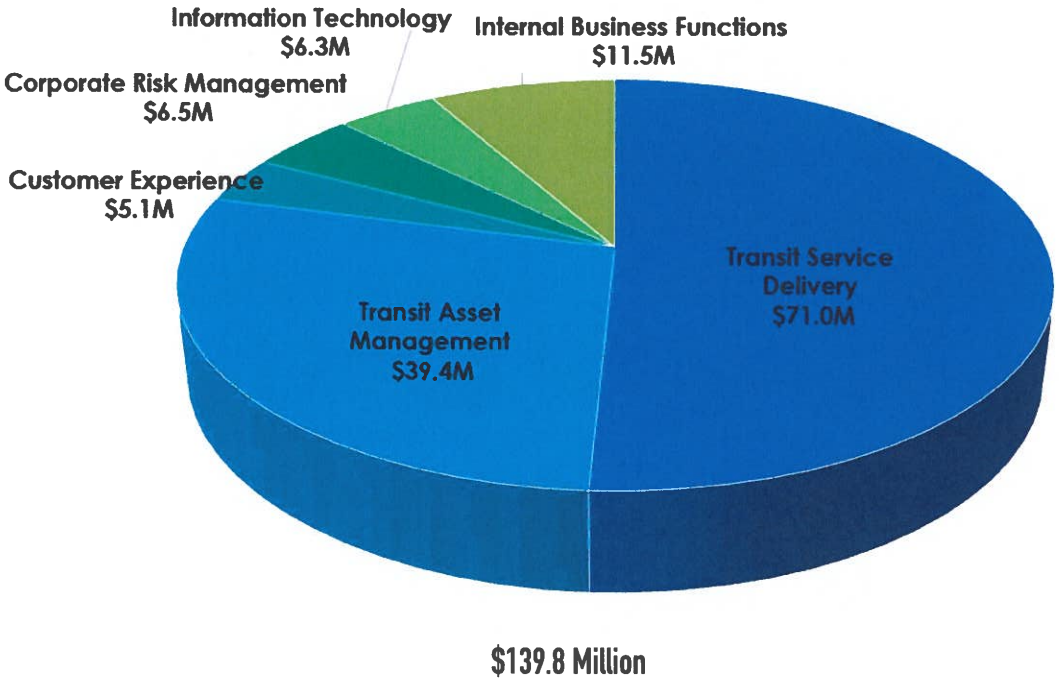
Captured below in the pie chart are LBT's projected revenue sources by dollar amount for FY 2026.



$139.8 Million

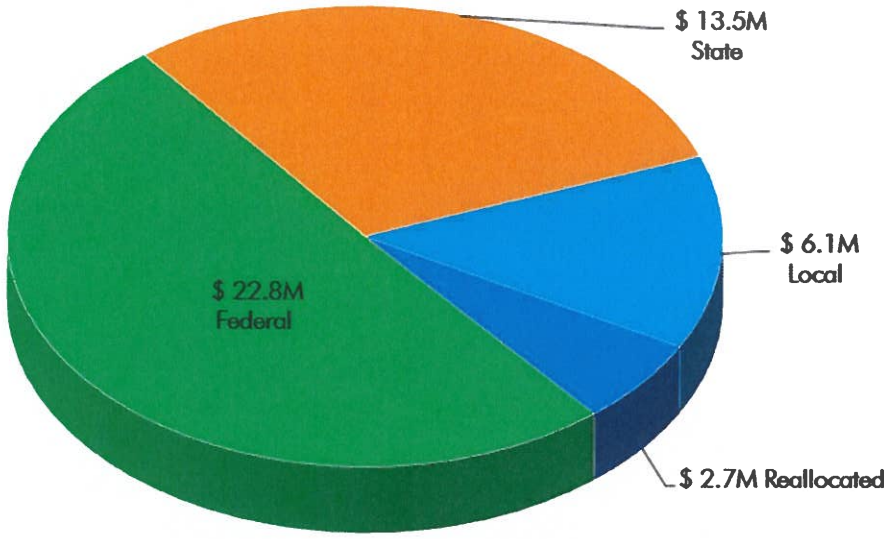
Revenue Source	Amount	% of Total
Los Angeles County	$61,447,136	43.9%
State Assistance	$38,519,622	27.5%
Fare Revenue	$10,245,642	7.3%
Federal Preventative Maintenance	$10,000,000	7.2%
City of Long Beach Prop A	$6,290,231	4.5%
Federal (One-Time)	$4,765,867	3.4%
Non-Operating Revenue	$4,654,392	3.3%
Local Municipalities	$2,887,931	2.1%
Special Events and Advertising	$1,022,408	0.7%
Total:	$139,833,229	100.0%

LBT's core business categories represent the agency's essential functions that support the delivery of transit service. Each department plays a critical role and must work collaboratively to achieve LBT's organizational goals. The chart below illustrates the proposed FY 2026 expenditures allocated to each core business category.



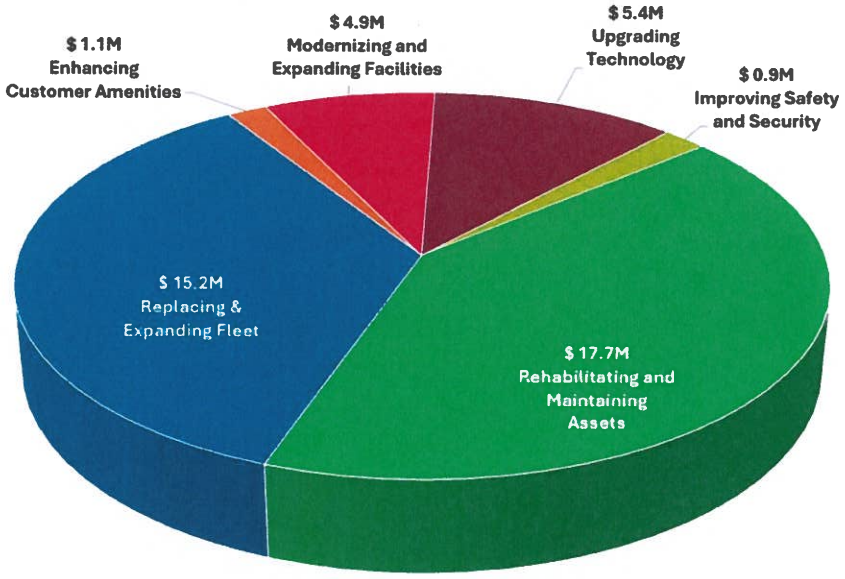
$139.8 Million

The proposed capital budget funding sources for FY 2026 is shown below.



$45.1 Million

The corresponding capital expenditures for FY 2026 is listed below.



$45.1 Million

ALTERNATIVES CONSIDERED

No alternatives were considered, as adoption of an annual budget is essential for LBT to carry out its daily operations and maintain fiscal responsibility.

BUDGETARY/FISCAL IMPACT

Not Applicable

STAFF RECOMMENDATION

Staff recommends the Board of Directors adopt the Fiscal Year 2026 Operating Budget of $139,833,229 and the Fiscal Year 2026 Capital Budget of $45,185,577.

Kenneth A. McDonald
President and Chief Executive Officer

Attachment

FY 2026 Budget Book

LONG BEACH TRANSIT

LONG BEACH TRANSIT









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Statement from the CEO

Statement from the CEO
May 2025

"Forging Forward with Intention"



Long Beach Transit (LBT) Fiscal Year 2026 (FY26) budget reflects who we are as an agency—steady, responsible, and forward-looking. It is a budget grounded in the reality of today, but with a clear eye on tomorrow. It supports the essential work we do every day while giving us space to grow thoughtfully, sustainably, and strategically.

Over the past year, we've navigated some real challenges—like many transit agencies across the country. Whether it was adapting to funding uncertainties, navigating rising costs, managing inflationary pressures, shifting with ridership patterns, or responding to workforce dynamics, we stayed focused on what matters most: delivering safe, reliable service to the communities we serve.

In Fiscal Year 2025, LBT delivered. We kept our service running strong. We supported our workforce. We moved forward on key initiatives—from improving transit amenities for customers, speeding up on-time performance across sections of our service areas, electrifying more of our fleet, adding electric commuter buses to our transit agency, piloting forward facing cameras, streamlining our technology systems, and moving data storage to the Cloud,—all while maintaining our fiscal stability. These are meaningful accomplishments, and they speak to the strength and resilience of our LBT team. I send heartfelt thanks to each team member for their contributions.

The FY 2026 budget builds on that momentum. It's a steady state budget, which means we're focused on maintaining our current operations and preserving the financial position we've worked so hard to achieve. At the Federal level, there are major uncertainties surrounding long-term transit funding but that hasn't stopped us from thinking creatively. In fact, it's encouraging us to be even more thoughtful in how we innovate and improve.

We're holding the line on spending—not by standing still, but by being smarter with what we have. This budget supports process improvements, lean innovations, and pilot projects that allow us to test new ideas without expanding our footprint or compromising service.

As the leader, I am clear what our top outcomes for the year ahead are:

- Maintain organizational financial health
- Keep service reliable, safe and sustainable

Statement from the CEO
May 2025 (cont'd)

- Invest in our workforce
- Deliver continued operational excellence
- Pursue smart, scalable innovations
- Strengthen community trust through transparency and engagement

At LBT, we know that expansion will be a conversation for the future—but optimization and sustainability are the priorities right now. This is how we build the foundation for that future: by taking care of what we have, staying responsive to customers' needs, and continuing to lead with discipline, creativity, and purpose. I'm proud of what LBT has accomplished under my leadership and I'm energized by what lies ahead.

With this budget, we are not just staying the course— we are *"forging forward with intention."*



Kenneth A. McDonald
President and Chief Executive Officer

Agency Overview

About LBT

Long Beach Transit (LBT or the agency) provides public transportation services in southeastern Los Angeles County and northwestern Orange County. With a service area spanning over 107 square miles across 14 cities, LBT operated 6.7 million service miles and 670,000 service hours in Fiscal Year (FY) 2025 across 38 fixed routes, utilizing a fleet of 250 buses. In FY 2024, LBT provided 18.5 million customer boardings. The agency also operates two water taxi routes and demand-responsive paratransit services.

LBT's services attract a diverse customer base, including individuals who rely on public transit as their primary mode of transportation. Core riders depend on the system to access employment, education, healthcare, and recreational destinations.

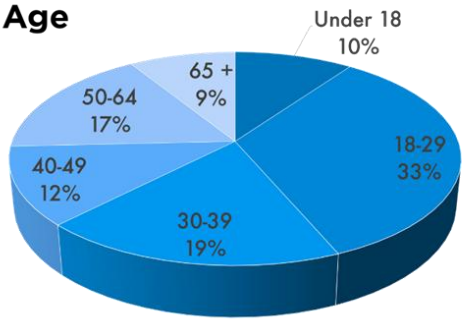
Each year, LBT conducts Customer and Community Evaluation Surveys throughout its service area. These surveys gather insights into ridership patterns and assess both current and potential customers' awareness of and attitudes toward LBT services. The following charts highlight key findings from the Fall 2024 survey.



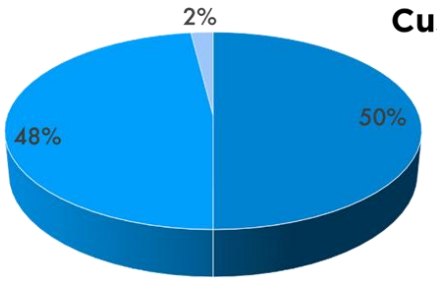
LBT Customer Demographics

Customer Age

Most of LBT's customers are under 40



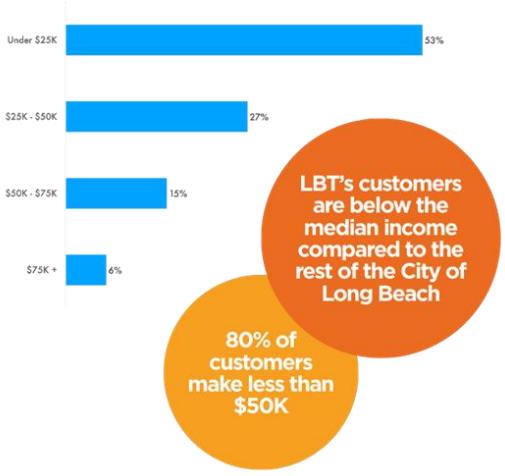
Customer Gender



- Male
- Female
- Other

Self-identified gender

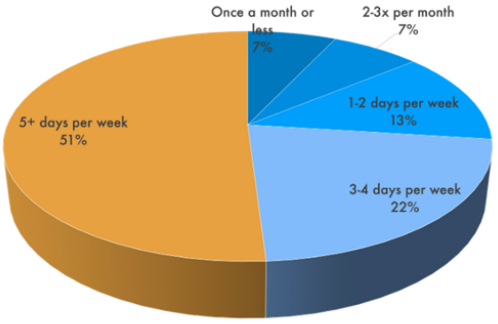
Household Income



LBT's Ridership is Diverse and Mirrors the Communities we Serve

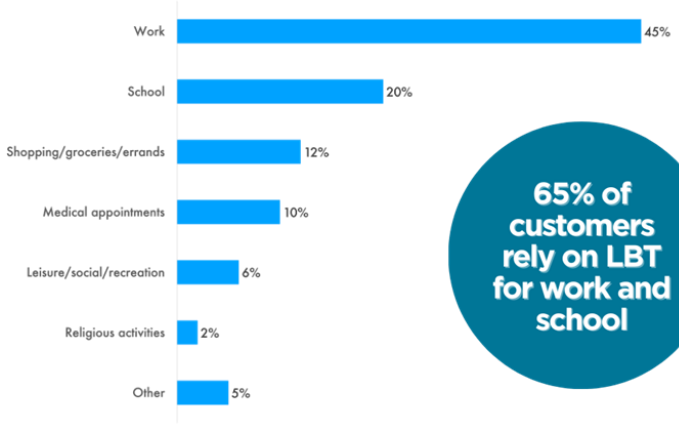
LBT Customer Behavior

Frequency of Travel



More than half of customers ride five or more days per week

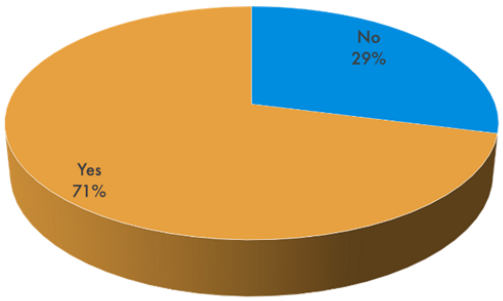
Trip Purpose



65% of customers rely on LBT for work and school

Only Source of Transportation

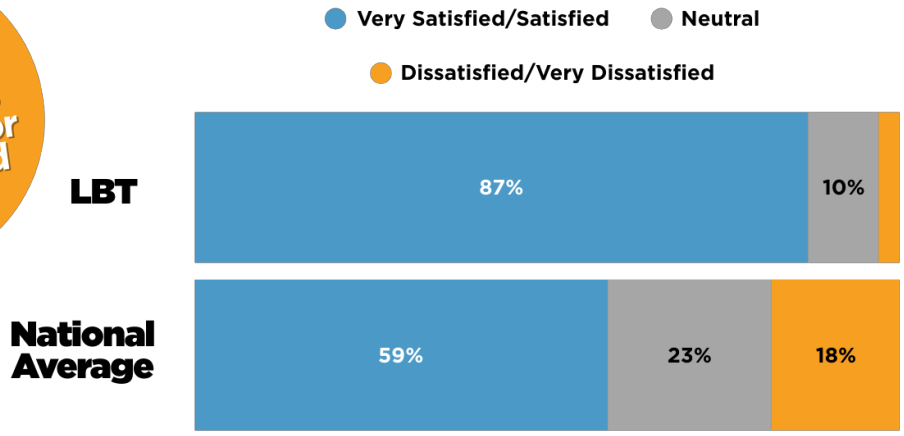
71% of customers rely on LBT as the only way to get around



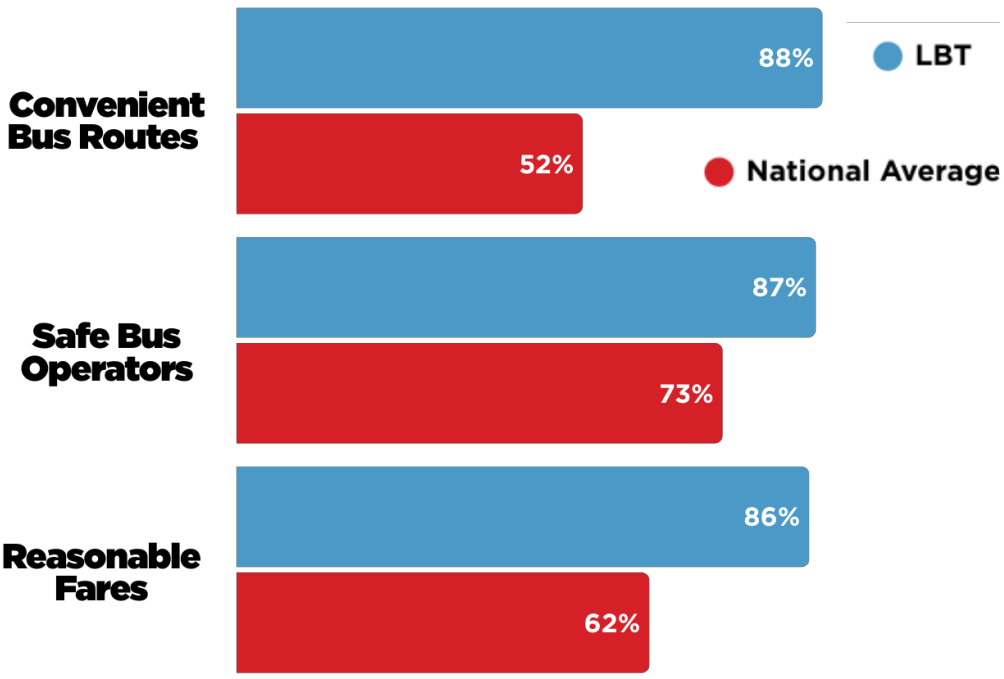
What our Customers are Telling us

Overall Service Satisfaction

87% of customers are satisfied or very satisfied with LBT service.



Satisfaction Ratings



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History

1963



Articles of Incorporation for Long Beach Public Transportation Company are approved.

1974



- New administration building at Anaheim street and Cherry Avenue is built. Presently referred to as LBT1.
- First electric-battery powered bus goes into service.

1975

Dial-A-Lift begins services for customers with disabilities, fifteen years before the adoption of the Americans with Disabilities Act.

1978

LONG BEACH TRANSIT

The company is rebranded to Long Beach Transit (LBT).

2016



- LBT updates its mission to "Dedicated to connecting communities and moving people...making everyday life better."
- Battery-electric buses go into service for the downtown Passport route.

2014



LBT begins partnership with Transit Access Pass (TAP) to provide paperless payment methods to customers.

2013



LBT celebrates 50 years of moving the community forward.

2018



- LBT partners with POW!WOW! to support local art and artists and creates the first mural bus.
- LBT expands services into the City of Paramount.

2020



LBT pledges to become a zero-emission bus transit system ahead of California's 2040 zero-emission goal.

2021

LBT expands service with four new routes in the City of Carson.

History (cont'd)

1982



The Transit Mall in downtown Long Beach is completed and the Transit Information Center opens the following year.

1998

The Jackson Transit Center, a second operations facility also known as LBT2, opens in North Long Beach.

2001



- AquaLink water taxi begins service, connecting five miles of shoreline between Alamitos Bay and downtown.
- Passport buses begin service, replacing what was initially called the Runabout.

2004

2008



LBT and California State University, Long Beach partner to launch the "U-Pass program," the organization's first student program.

2009



The Transit & Visitor Information Center opens at the Transit Mall at 1st Street and Pine Avenue.

2012

- First Gillig compressed natural gas buses go into service.
- The fleet grows to 250 buses.

MUSEUM EXPRESS

LBT launches Museum Express, the organization's first special service, that provides rides to Los Angeles-area arts and culture venues.

2022



- The operating fleet consists entirely of alternatively fueled buses.
- LBT adds Route 141, its longest east-west corridor, to replace a former LA Metro bus route.

2023



- LBT embarks on modification program to expand its facilities and Zero-emission fleet.
- LBT moves administrative staff to new corporate offices on Airport Plaza Drive.
- LBT celebrates 60 years of connecting communities.

2024



LBT adds five Battery-electric coach buses to serve its special service routes, including the Museum Express and UCLA/Westwood Commuter Express.

Services

LBT operates a comprehensive public transit system supported by more than 800 employees. The agency delivers a variety of services, including:

- Fixed-route bus service
    - 250 buses
    - 5 Battery-electric coach buses
- Demand-responsive paratransit service (Dial-A-Lift)
    - 10 Americans with Disabilities Act of 1990 (ADA)-accessible CNG vehicles
    - 1 ADA-accessible Battery-electric vehicle
- Water taxi service (AquaBus and AquaLink)
    - 2 AquaBus vessels
    - 2 AquaLink catamarans
- Special services
    - LA Galaxy Express
    - Museum Express
- Commuter service
    - UCLA/Westwood Commuter Express

SERVICE AREA STATISTICS

- Service area spans over 107 square miles and includes the cities of Long Beach, Lakewood, Signal Hill, Artesia, Bellflower, Carson, Cerritos, Compton, Downey, Hawaiian Gardens, Los Alamitos, Norwalk, Paramount, and Seal Beach
- Approximately 800,000 residents live within one-quarter mile of an LBT bus stop
- LBT serves more than 18 million boarding customers annually
- Routes connect with regional transit providers, including Los Angeles Metro and the Orange County Transportation Authority (OCTA)
- Dial-A-Lift service is available to residents of Long Beach, Lakewood, Paramount, and Signal Hill

ACCESSIBILITY

All LBT fixed-route buses and water taxi vessels are 100% accessible to individuals using mobility devices.

Services (cont'd)

WATER TAXIS

- AquaBus: Two 40-passenger vessels operate within Long Beach Harbor, connecting key waterfront attractions such as the Queen Mary, Aquarium of the Pacific, Pine Avenue Circle, and Shoreline Village
- AquaLink: Two 75-passenger, high-speed catamarans operate along the Long Beach coastline between Rainbow Harbor and Alamitos Bay Landing







Community Partnerships

LBT's commitment to connecting communities and moving people is reflected in its strategic priority of fostering community and industry partnerships. The agency's outreach initiatives aim to enhance the customer experience, support local organizations, and ensure equitable access to public transportation.

COMMUNITY SPECIAL SERVICES

- Community Event Support

  LBT actively participates in and supports events across its service area through sponsorships, in-kind donations, and the presence of resource booths.
- Community Charters

  LBT offers charter services using its bus and water taxi fleets, as resources allow, to support transportation needs for community programs and local events.
- Museum Express

  An accessible and convenient transit service offers transportation to cultural institutions for customers who may not have other viable options. Launched in July 2017, the service was paused in FY 2020 due to the COVID-19 pandemic and resumed operations in October 2025.
- First Street Transit Gallery

  The First Street Transit Gallery is activated throughout the year with public art installations created by and for the community. The gallery is a collaborative effort with local educational and cultural institutions, enriching the experience of both customers and the broader public in Downtown Long Beach.

DIRECT OUTREACH, RESOURCES AND PROGRAMS

- Connecting with Older Adults

  LBT's Community Relations team provides year-round presentations, "Bus 101" training trips, and TAP card enrollment drives at senior centers, senior housing communities, and events tailored to older adults.

Community Partnerships (cont'd)

- Connecting with Students

  Outreach extends from elementary to university levels, informing students about LBT services and student fare programs. Engagement takes place both on campuses and at youth-focused community events.

  - GoPass

    Launched in FY 2022 by Metro, GoPass provides a complimentary transit pass to help reduce educational costs and improve access. All students at Long Beach Unified School District and Long Beach City College benefit from this program.

  - Go Beach! Pass

    A discounted fare program for students, faculty, and staff, the Go Beach! Pass offers unlimited rides on LBT buses throughout the academic year.

- Multilingual Outreach

  LBT supports its multilingual service area with translated materials, multilingual staff, and live third-party interpretation services, ensuring equitable access to information and resources.

REGIONAL TRANSIT ACCESS PASS (TAP)

- LBT transitioned to the TAP system in February 2015. The TAP card is a durable, eco-friendly smart card that improves the rider experience through ease of use and regional fare integration.
- The TAP card and mobile app allow customers to purchase and load fare products electronically and travel seamlessly across all TAP-enabled transit systems throughout Los Angeles County.



Community Partnerships (cont'd)

LBT's Net Promoter Score

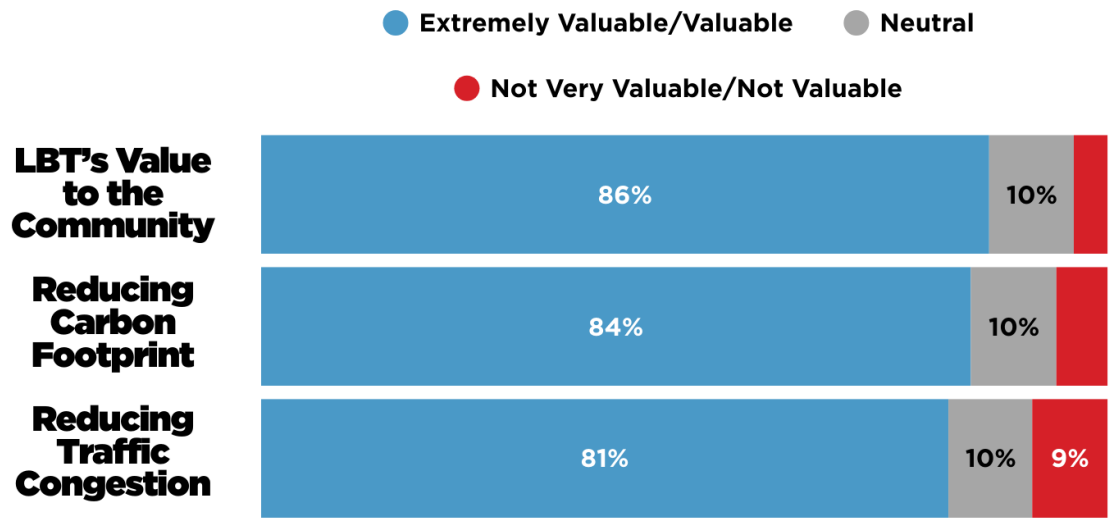
LBT's Net Promoter Score = 50

vs. national average score of -21

Our Net Promoter Score of 50 means customers are highly satisfied with our service and are very likely to recommend it to others—placing us well above the national average for public transit agencies.

A Net Promoter Score (NPS) is a customer loyalty metric that measures how likely people are to recommend a service or product to others.

What our Community is Saying About us



92% of community members are aware of LBT services.

81% of community members think LBT's funding should increase.

Environmental Sustainability

100% ZERO-EMISSION BUS FLEET WITHIN A DECADE

Long Beach Transit (LBT) is dedicated to making everyday life better by advancing sustainable transit initiatives that benefit both the environment and the communities it serves. As part of this commitment, LBT's Board of Directors adopted the Zero-Emission Bus (ZEB) Rollout Plan on June 25, 2020, which was subsequently submitted to the California Air Resources Board (CARB).

In alignment with the ZEB Rollout Plan, LBT has committed to purchasing only zero-emission buses moving forward. New bus acquisitions are strategically timed to replace aging diesel, hybrid, and compressed natural gas (CNG) vehicles as they are retired from service.

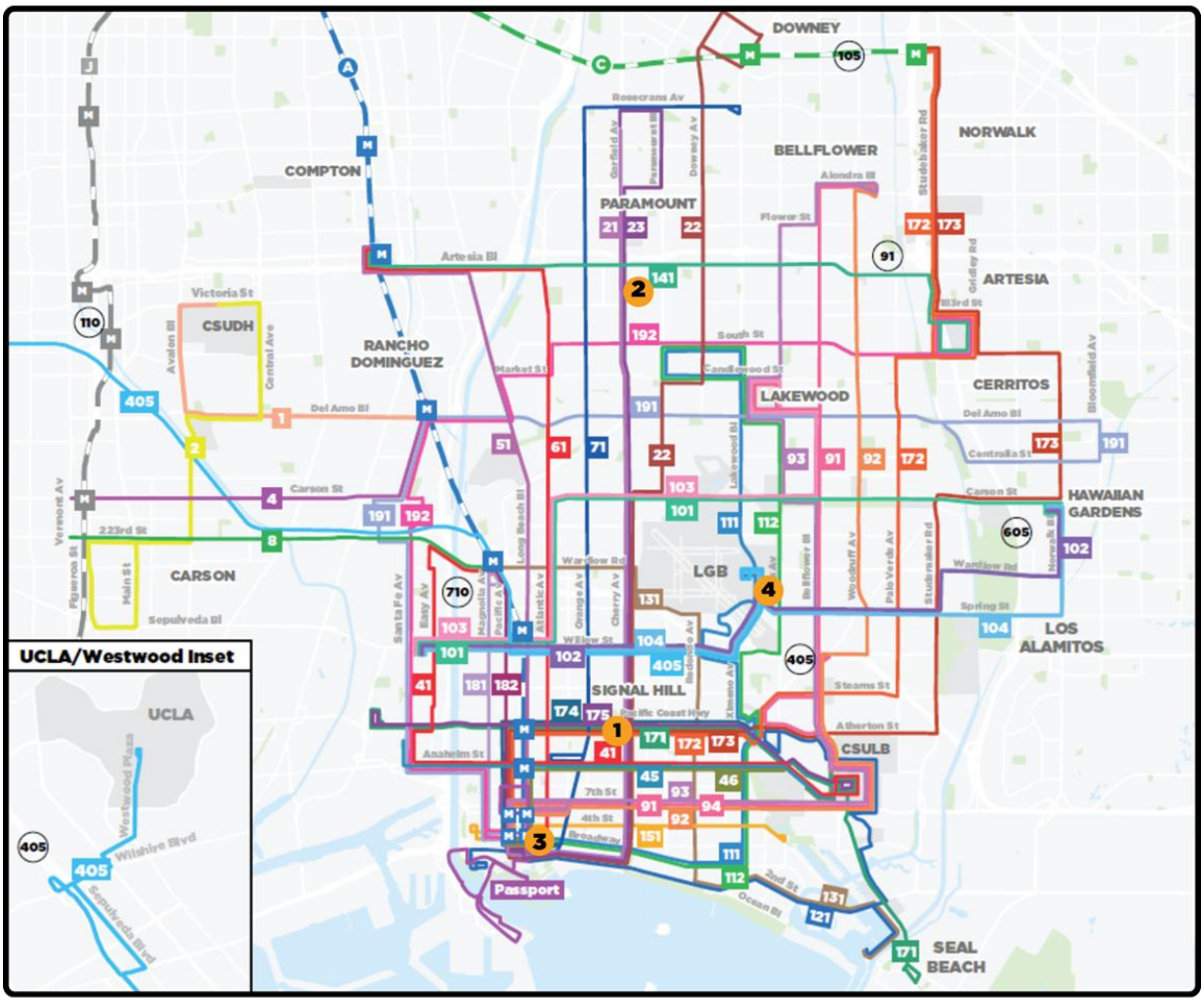
As of Fiscal Year (FY) 2025, LBT's fixed-route fleet is 100% alternatively fueled and consists of:

- 44 battery-electric buses (BEBs)
- 125 compressed natural gas (CNG) buses
- 81 hybrid-electric buses

In FY 2023, LBT began procuring battery-electric vehicles for its Dial-A-Lift paratransit service. Additionally, five new battery-electric coaches were added in FY 2024 to support special service operations.



System Map



Facilities:

1 LBT1
1963 E. Anaheim Street
Operating and Maintenance Headquarters

2 LBT2
6860 Cherry Avenue
Operating and Maintenance Facility

3 Transit & Visitor Information Center (TVIC)
130 E. First Street
Customer Service and Storefront

4 LBT Corporate Offices (LBTCO)
4801 Airport Plaza Drive
Administrative Headquarters

BOARD OF DIRECTORS



Abigail Mejia
Chair



David Sutton
Vice Chair



Raul Añorve
Secretary/Treasurer



Eduardo Angeles
Director



Carl Kemp
Director



Randy Rawlings
Director



Joshua Hickman
City Representative



Christopher Koontz
City Representative

Executive Leadership Team

EXECUTIVE LEADERSHIP TEAM (ELT)



Kenneth A. McDonald
President and CEO



Kimberly M. Yu
Deputy CEO



Vincent C. Ewing
General Counsel



Elizabeth Brown
Executive Director/VP,
Organizational Development
and Administration



Lee Burner
Executive Director/VP,
Transit Service Delivery
and Planning



Pretty George
Executive Director/VP,
Information Technology



Mike Gold
Executive Director/VP,
Customer Relations
and Communications



Lisa Patton
Executive Director/VP,
Finance and Budget



James Scott
Executive Director/VP,
Maintenance and
Infrastructure

Organizational Focus

As Long Beach Transit continues its transformation under the guidance of the Executive Leadership Team, it is essential that all employees understand and embrace the structural framework established to achieve the agency's mission. By working collaboratively and aligning with these guiding principles, employees play a critical role in advancing LBT's vision of becoming a world-class transportation organization.

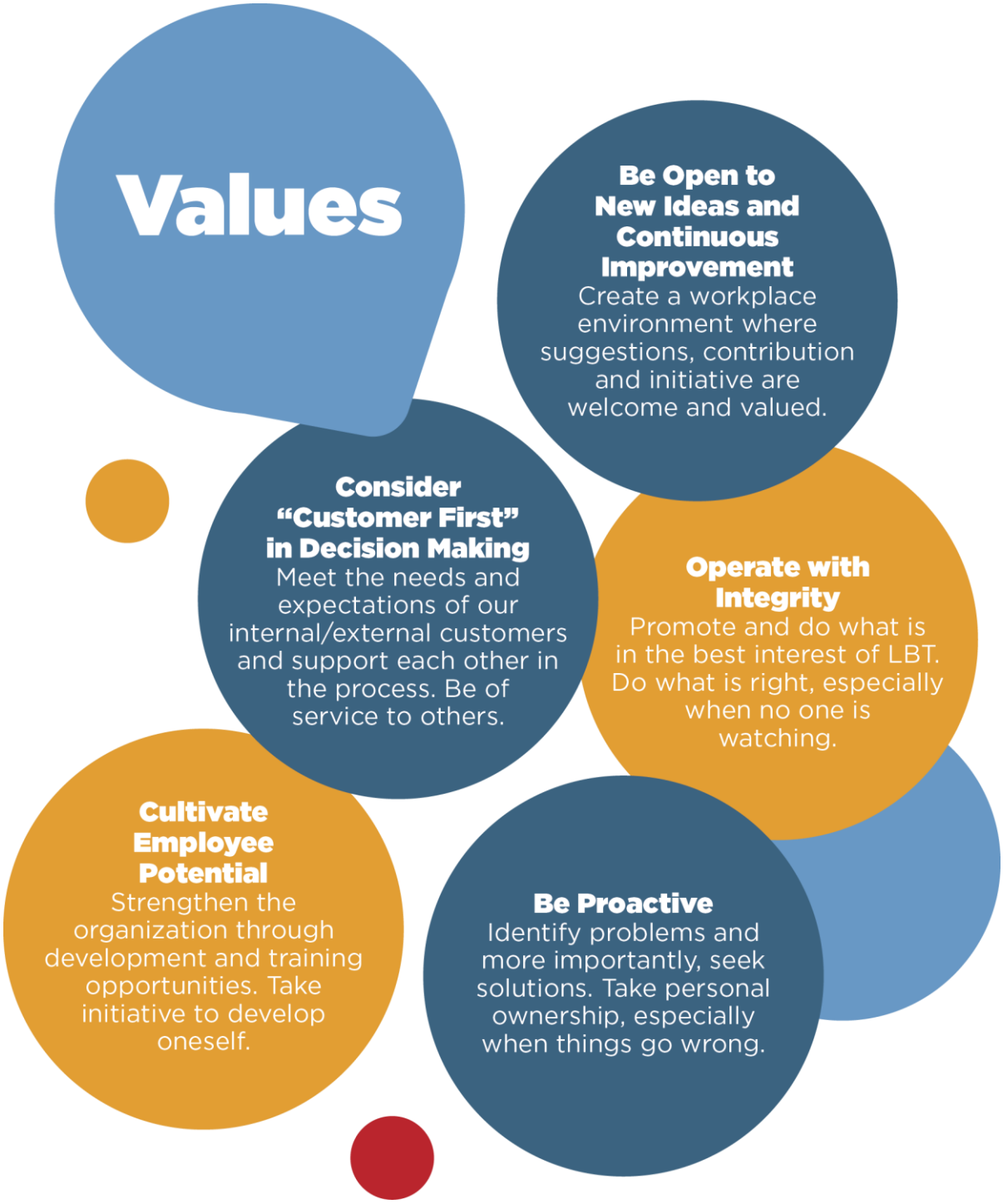


The Vision is an aspirational description of what LBT endeavors to achieve in the long term.



The Mission is a succinct declaration of LBT's core purpose and what the agency sets out to accomplish.

Organizational Focus (cont'd)



The Values are LBT's important and lasting beliefs and ideals.

STRATEGIC PRIORITIES

The functional pillars used to plan, develop, evaluate and measure the agency's annual objectives are the five strategic priorities:



LEADERSHIP COMPETENCIES

The Leadership Competencies below are skill sets required of the CEO to effectively lead the agency.

CHIEF EXECUTIVE OFFICER

- Visionary and Drives Innovation
- Builds and Leads High-Performance Teams
- Organizational Communication, Strategic Narrative
- Organizational Stewardship
- Decision-Making Quality and Analysis
- Stakeholder Management, Politically Astute, Ability to Negotiate through Competing Agendas
- Flexibility and Agility

The Leadership Competencies below are skill sets needed to effectively lead a team within LBT.

The first five competencies are required of the Executive Leadership Team (ELT); however, the ELT is expected to exhibit and focus on all 10 Leadership Competencies. The second set of competencies are expected of LBT managers and frontline supervisors.

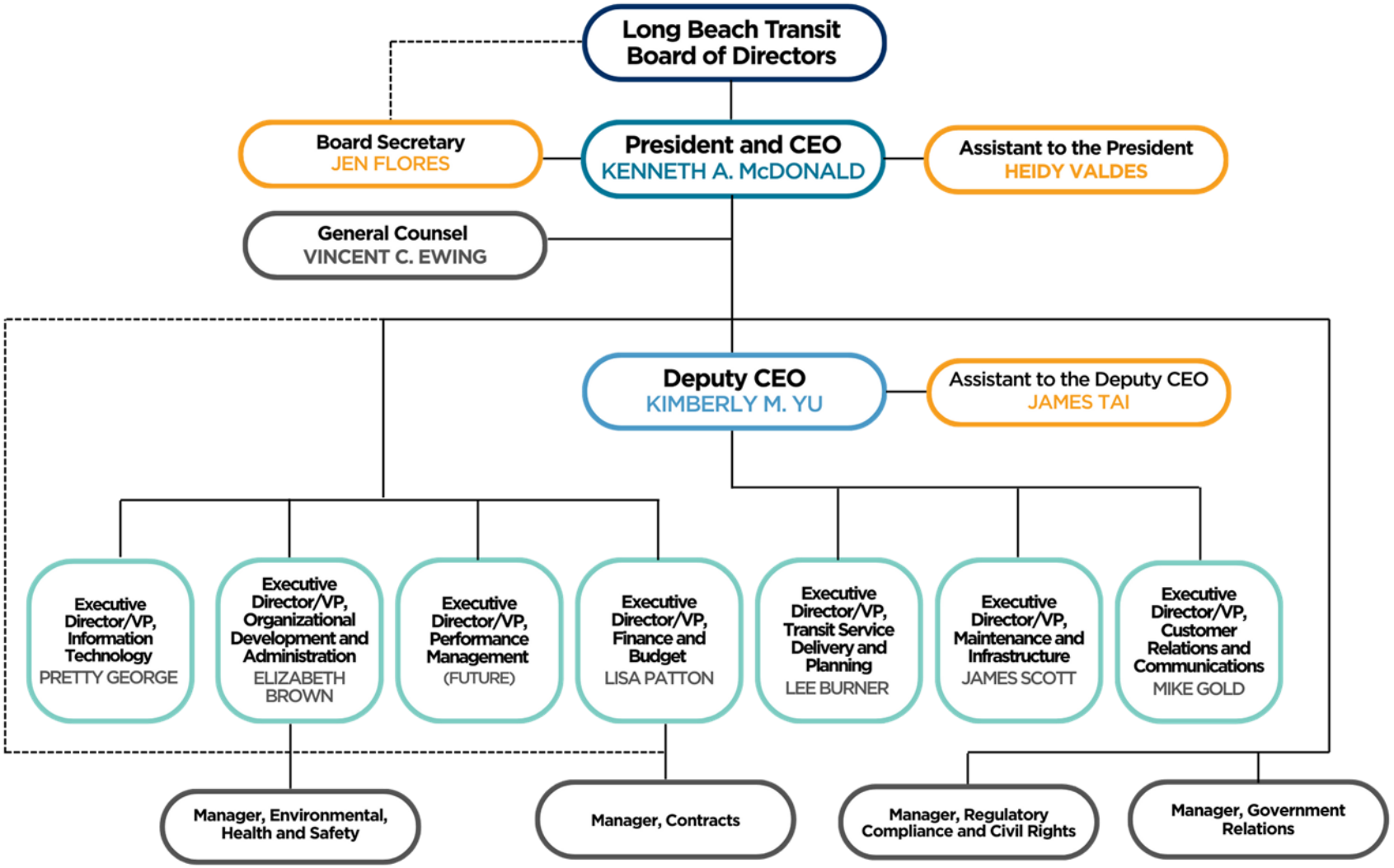
EXECUTIVE LEADERSHIP TEAM (ELT)

- Organizational Stewardship
- Building and Leading a High-Performing Team
- Stakeholder Management
- Emotional Intelligence
- Flexibility and Agility

ELT AND MANAGEMENT TEAMS

- Operational Excellence
- Coach, Motivate and Develop Employees
- Manage Employee Performance
- Communicate and Inform
- Problem Solving

Long Beach Transit Organizational Chart



Position Summary

Based on the functional areas in which the budget is organized, below is a summary of the budgeted positions over three fiscal years.

	FY 2024	FY 2025	PROPOSED FY 2026
Transit Service Delivery			
Daily Transit Service Delivery	531	531	531
Transit Service Planning	16	16	16
Dial-A-Lift Services	1	1	1
Aqua Services	--	--	--
Security	1	1	1
Training and Development	10	10	10
Administration	4	3	3
	563	562	562
Transit Asset Management			
Vehicle Maintenance	113	113	113
Infrastructure	22	22	22
Warehouse	12	12	12
Contracts and Procurement	6	6	6
Administration	5	5	5
	158	158	158
Customer Experience			
Customer Relations and Communications	23	23	23
Transit Customer Amenities	14	14	14
	37	37	37
Risk Management			
Risk Management	7	7	7
	7	7	7
Information Technology			
Information Technology	11	15	15
	11	15	15
Administration			
Office of the CEO	4	4	4
Office of the Deputy CEO	3	3	3
Finance and Budget	25	25	25
Government Relations	2	2	2
Organizational Development and Administration	12	13	13
Programs and Performance Management	1	1	1
	47	48	48
Internship Program *	26	26	29
Total Positions	849	853	856

** Includes part-time positions*

Staffing changes in FY 2026:

- Three (3) intern positions added.

OFFICE OF THE CEO

The Office of the CEO provides strategic leadership and oversight for all aspects of Long Beach Transit. The CEO is responsible for planning, developing, and guiding the agency's policies, goals, and objectives. In collaboration with the Board of Directors, the CEO helps shape and implement policy decisions, ensures sound financial management, and represents LBT in coordination with external stakeholders, regional partners, and government officials. The Office also leads the agency's government relations efforts to advocate for supportive legislation, secure funding opportunities, and advance LBT's strategic priorities.

OFFICE OF THE DEPUTY CEO

The Office of the Deputy CEO oversees LBT's frontline operations, ensuring efficient transit service delivery and coordination across key operational functions. Responsibilities include managing bus operations, maintenance and infrastructure, project development, customer relations and communications, and transit customer amenities. Being a thought partner with the CEO on strategic priorities, corporate initiatives and organizational projects.

CUSTOMER RELATIONS AND COMMUNICATIONS

The Customer Relations and Communications Department builds and maintains strong connections with LBT's customers—both internal and external. The team manages customer service, public information, media relations, and sales support. It also leads customer engagement efforts through surveys, community intercepts, outreach events, and social media, while shaping LBT's marketing and communications strategies.

ORGANIZATIONAL DEVELOPMENT AND ADMINISTRATION

This department leads the recruitment, development, and retention of a skilled and value-driven workforce. Core responsibilities include hiring, training, labor relations, employee benefits, risk management, safety, and environmental compliance. The department fosters an inclusive and empowered workplace culture that supports employee advancement.

FINANCE AND BUDGET

The Finance and Budget Department manages LBT's financial strategy, ensuring responsible stewardship of public funds. The team oversees accounting, budgeting, financial planning and reporting, grants, capital programming, payroll, fare revenue, procurement, and warehousing. It also leads agency-wide performance through the Key Performance Indicators (KPIs) Team while supporting interagency collaboration to enhance operational efficiency.

INFORMATION TECHNOLOGY

The Information Technology Department leads LBT's digital infrastructure, including hardware, software, cybersecurity, data storage, and network systems. The department ensures regulatory compliance, safeguards data integrity, and supports technology systems that enable efficient and secure agency operations.

TRANSIT ASSET MANAGEMENT

This department manages LBT's physical assets across four core areas: fleet maintenance, infrastructure, quality assurance, and vehicle acquisition. It ensures that all revenue and non-revenue vehicles meet safety and regulatory standards, while maintaining facilities and vehicles in like-new condition. The team emphasizes environmental sustainability and tracks performance metrics such as mileage, utility usage, and parts validation.

TRANSIT SERVICE DELIVERY AND PLANNING

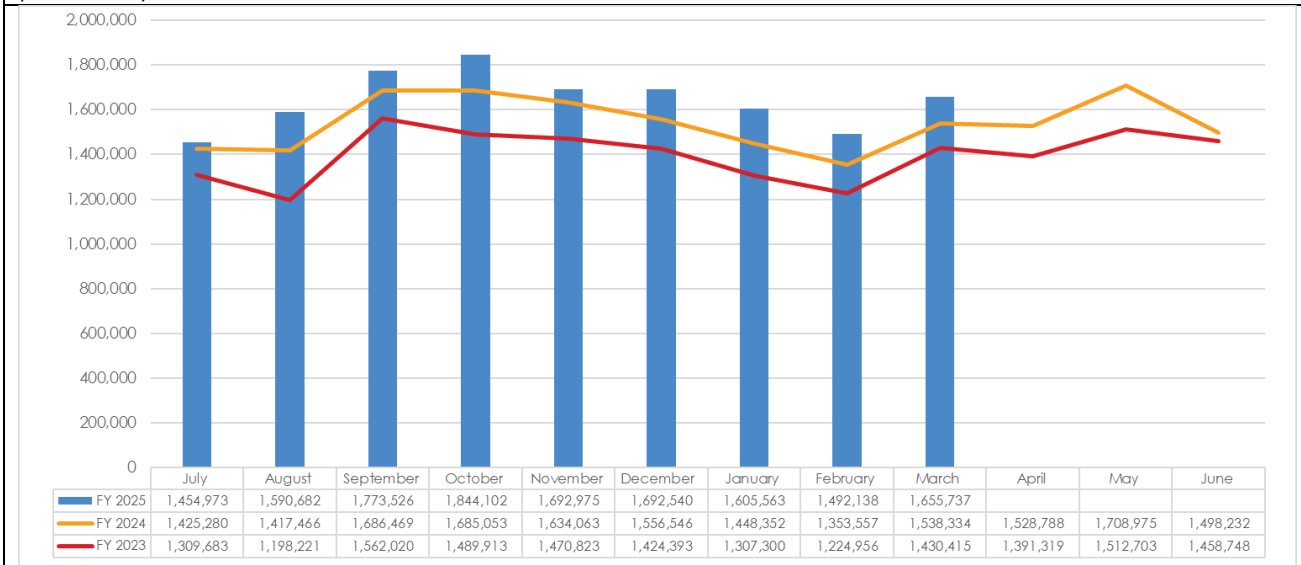
The Transit Service Delivery and Planning Department oversees the design and execution of LBT's transportation services. This includes route planning, bus and paratransit operations, water taxi service, and transit security. The department ensures reliable, accessible, and customer-focused service across the agency's multimodal transit network.

KEY PERFORMANCE INDICATORS

LBT's Key Performance Indicators (KPIs) provide a framework for measuring and evaluating agency performance across all departments. A cross-functional team of analysts collaborates to track progress, analyze data, and assess alignment with LBT's strategic priorities. Each KPI has a defined annual target, and performance is measured against these benchmarks. On a quarterly basis, the team reviews results, identifies trends, and recommends actions for continuous improvement.

Below are examples of LBT's KPIs.

STRATEGIC PRIORITY: IMPROVE SAFETY AND SERVICE QUALITY				
RIDERSHIP				
The number of boarding customers on fixed-route service				
Performance Measure	Department	FY 2023	FY 2024	FY 2025 Q3 YTD
Passenger ridership year over year	Service Planning	16,780,494	18,481,115	14,802,236



	July	August	September	October	November	December	January	February	March	April	May	June
FY 2025	1,454,973	1,590,682	1,773,526	1,844,102	1,692,975	1,692,540	1,605,563	1,492,138	1,655,737			
FY 2024	1,425,280	1,417,466	1,686,469	1,685,053	1,634,063	1,556,546	1,448,352	1,353,557	1,538,334	1,528,788	1,708,975	1,498,232
FY 2023	1,309,683	1,198,221	1,562,020	1,489,913	1,470,823	1,424,393	1,307,300	1,224,956	1,430,415	1,391,319	1,512,703	1,458,748

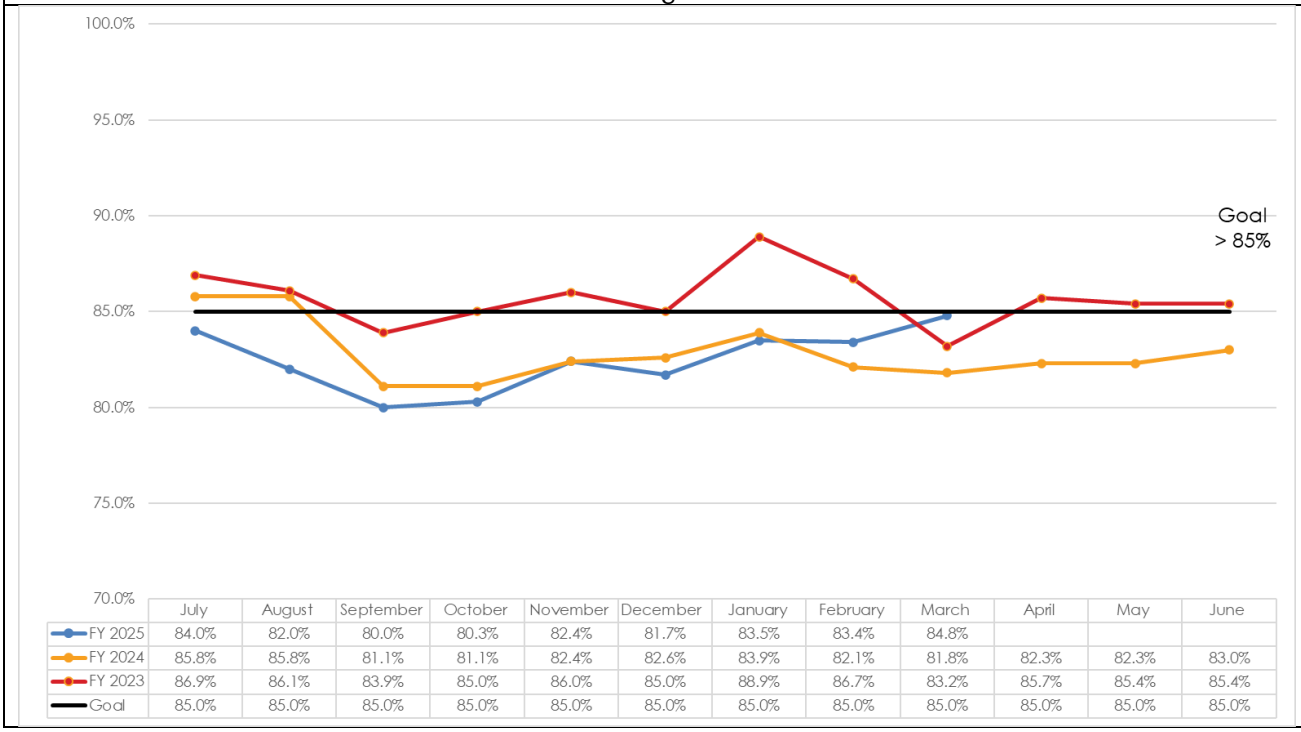
Organizational Key Performance Indicators (cont'd)

STRATEGIC PRIORITY: IMPROVE SAFETY AND SERVICE QUALITY

ON-TIME PERFORMANCE

The percent of buses departing between one minute before and five minutes after the scheduled time

Performance Measure	Goal	Department	FY 2023	FY 2024	FY 2025 Q3 YTD
Maintain On-Time Performance above 85%	>85%	Transit Service Delivery and Planning	85.3%	82.8%	82.5%



	July	August	September	October	November	December	January	February	March	April	May	June
FY 2025	84.0%	82.0%	80.0%	80.3%	82.4%	81.7%	83.5%	83.4%	84.8%			
FY 2024	85.8%	85.8%	81.1%	81.1%	82.4%	82.6%	83.9%	82.1%	81.8%	82.3%	82.3%	83.0%
FY 2023	86.9%	86.1%	83.9%	85.0%	86.0%	85.0%	88.9%	86.7%	83.2%	85.7%	85.4%	85.4%
Goal	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%

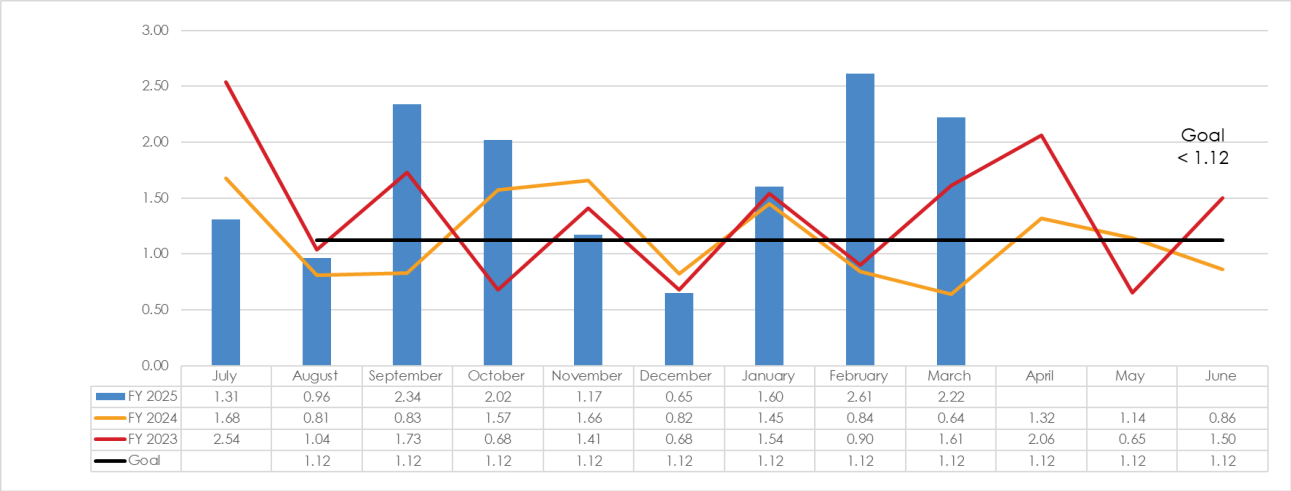
Organizational Key Performance Indicators (cont'd)

STRATEGIC PRIORITY: IMPROVE SAFETY AND SERVICE QUALITY

PREVENTABLE ACCIDENTS PER 100K PLATFORM MILES

The number of preventable accidents occurring for every 100,000 miles driven

Performance Measure	Goal	Department	FY 2023	FY 2024	FY 2025 Q3 YTD
Decrease preventable accidents per 100,000 platform miles to 1.12 or less	<1.12	Risk Management (Safety)	1.38	1.14	1.65



	July	August	September	October	November	December	January	February	March	April	May	June
FY 2025	1.31	0.96	2.34	2.02	1.17	0.65	1.60	2.61	2.22			
FY 2024	1.68	0.81	0.83	1.57	1.66	0.82	1.45	0.84	0.64	1.32	1.14	0.86
FY 2023	2.54	1.04	1.73	0.68	1.41	0.68	1.54	0.90	1.61	2.06	0.65	1.50
Goal		1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12

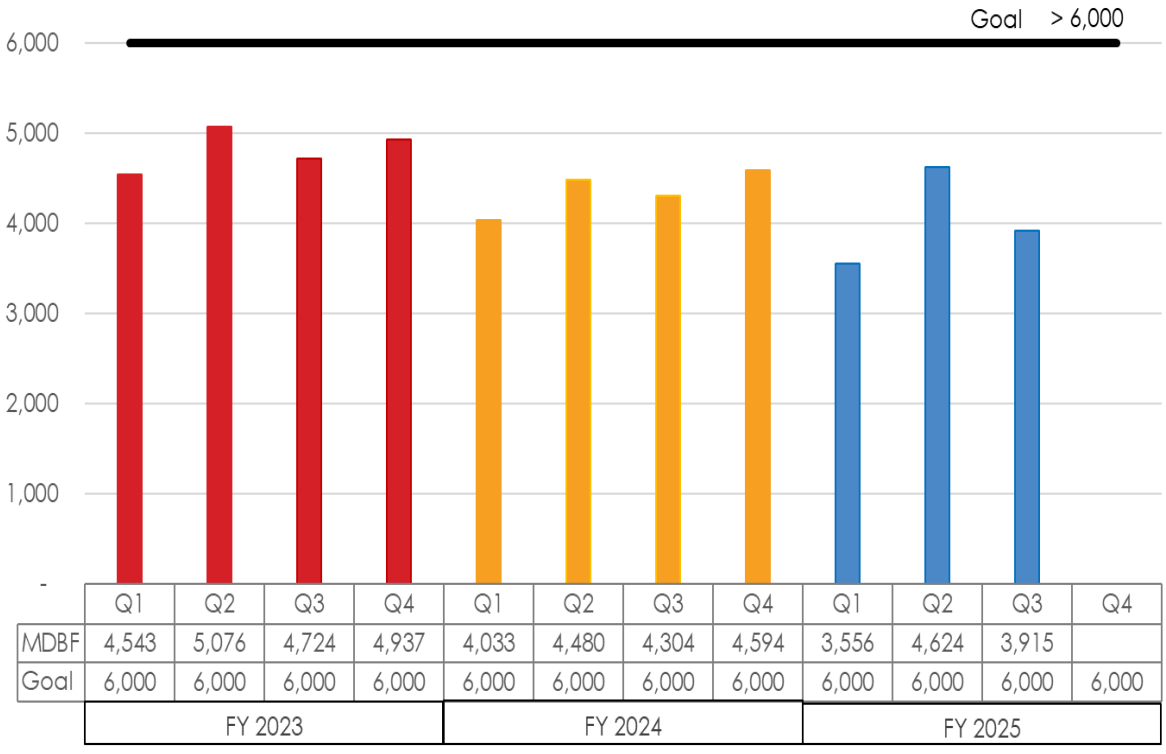
Organizational Key Performance Indicators (cont'd)

STRATEGIC PRIORITY: IMPROVE SAFETY AND SERVICE QUALITY

MEAN DISTANCE BETWEEN FAILURES (MDBF)

The average distance a bus travels before a system failure occurs causing the bus to be removed from service

Performance Measure	Goal	Department	FY 2023	FY 2024	FY 2025 Q3 YTD
Improve fleet MDBF to 6,000 miles or greater	>6,000	Vehicle Maintenance	4,813	4,345	4,022



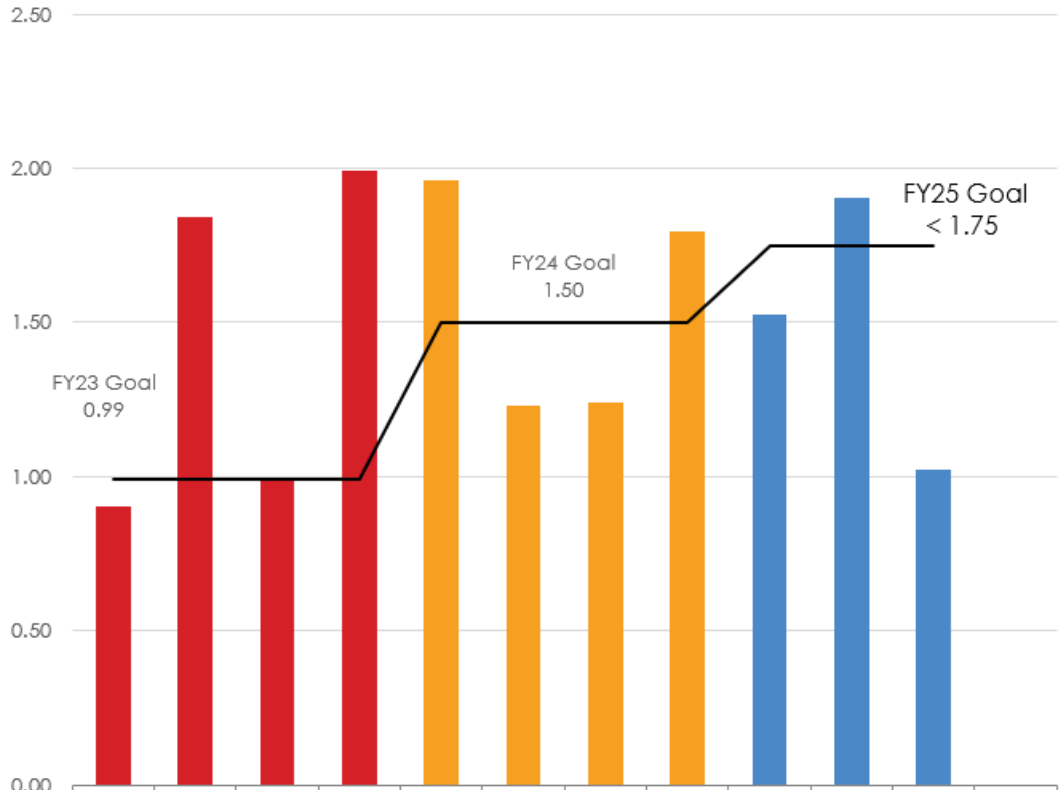
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
MDBF	4,543	5,076	4,724	4,937	4,033	4,480	4,304	4,594	3,556	4,624	3,915	
Goal	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
	FY 2023				FY 2024				FY 2025			

STRATEGIC PRIORITY: EXERCISE FINANCIAL ACCOUNTABILITY

CLAIMS PER 10,000 OPERATOR PAID SEAT HOURS

The number of workers' compensation claims filed by operators for every 10,000 hours driven

Performance Measure	Goal	Department	FY 2023	FY 2024	FY 2025 Q3 YTD
Decrease the number of claims per 10,000 paid operator seat hours to 1.75 or less	< 1.75	Risk Management	1.43	1.56	1.48



	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Claims Per 10K Seat Hours	0.90	1.84	0.99	1.99	1.96	1.23	1.24	1.79	1.52	1.90	1.02	0.00
Goal	0.99	0.99	0.99	0.99	1.50	1.50	1.50	1.50	1.75	1.75	1.75	
	FY 2023				FY 2024				FY 2025			

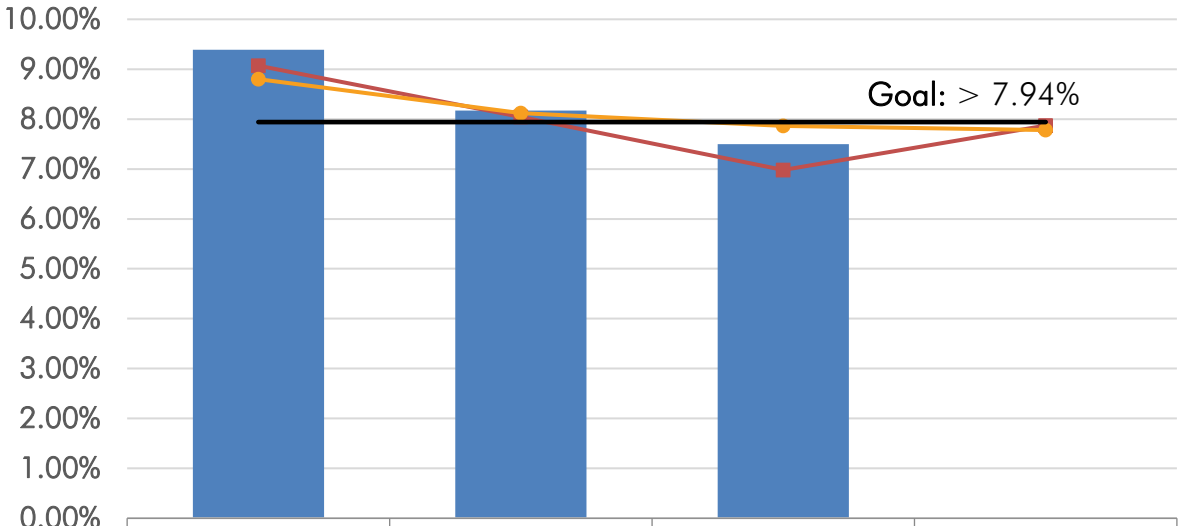
Organizational Key Performance Indicators (cont'd)

STRATEGIC PRIORITY: EXERCISE FINANCIAL ACCOUNTABILITY

FARE RECOVERY RATIO

The ratio of fare revenues LBT generates through its services versus the total amount spent by LBT

Performance Measure	Goal	Department	FY 2023	FY 2024	FY 2025 Q3 YTD
Increase fare recovery ratio to 7.94% or greater	>7.94%	Finance	8.10%	7.84%	8.33%



	Q1	Q2	Q3	Q4
FY 2025	9.39%	8.17%	7.50%	
FY 2024	9.07%	8.04%	6.98%	7.87%
FY 2023	8.80%	8.12%	7.86%	7.78%
Goal	7.94%	7.94%	7.94%	7.94%

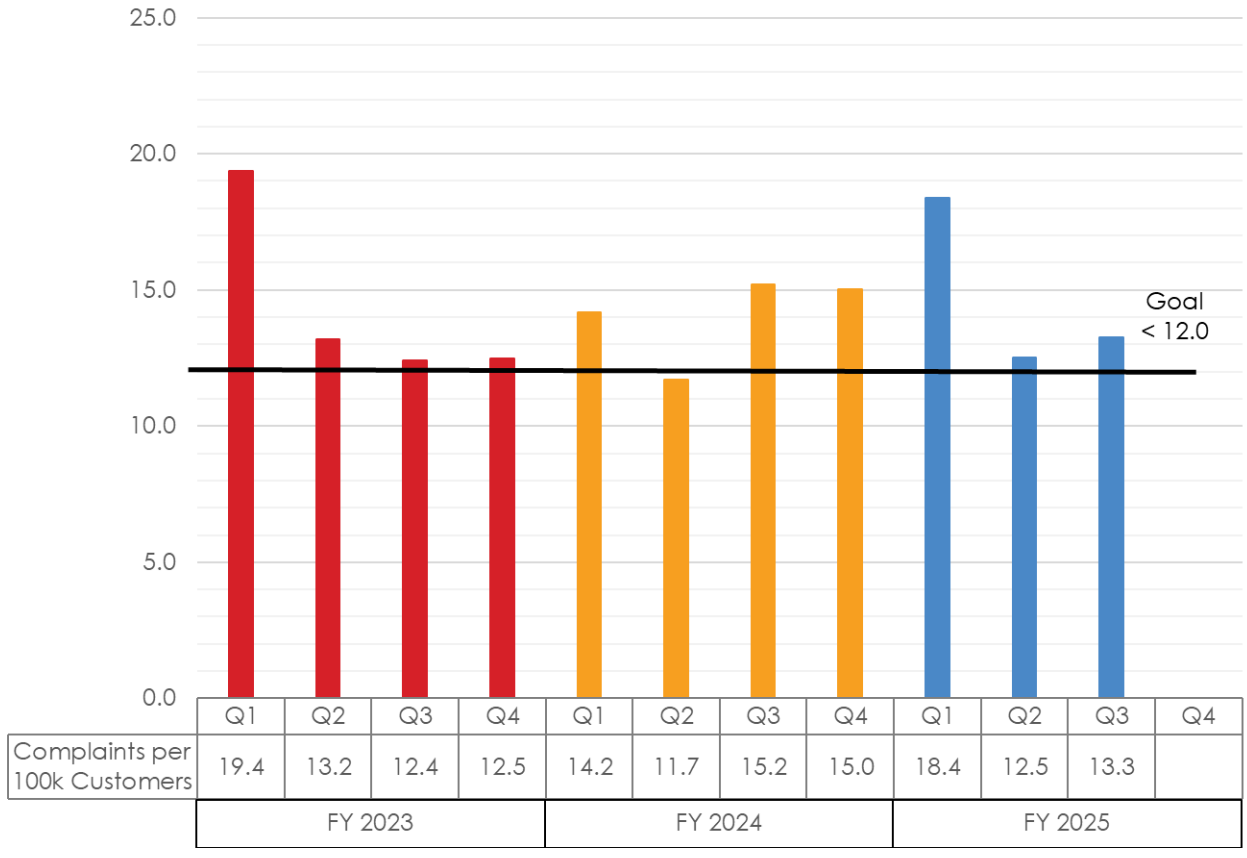
Organizational Key Performance Indicators (cont'd)

STRATEGIC PRIORITY: ENHANCE CUSTOMER EXPERIENCE

CUSTOMER COMPLAINTS PER 100,000 CUSTOMERS

The number of complaints filed by customers for every 100,000 customer boardings

Performance Measure	Goal	Department	FY 2023	FY 2024	FY 2025 Q3 YTD
Decrease total complaints per 100,000 customers to 12.0 or less	<12.0	Customer Relations and Communications	14.4	14.1	14.7



	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Complaints per 100k Customers	19.4	13.2	12.4	12.5	14.2	11.7	15.2	15.0	18.4	12.5	13.3	
	FY 2023				FY 2024				FY 2025			

Budget Overview

OPERATING BUDGET DEVELOPMENT PROCESS

Long Beach Transit's fiscal year operating budget spans from July 1 to June 30 and serves as a financial blueprint that aligns agency resources with strategic priorities. It is a combination of actual and projected expenses balanced against forecasted revenues, enabling the agency to operate effectively while practicing fiscal responsibility and informed decision-making.

The budget development process is a collaborative, cross-departmental effort led by LBT's Finance and Budget team. It begins with strategic planning by the Executive Leadership Team, which sets the agency's goals and priorities for the upcoming year. These objectives are developed in partnership with department leaders and provide the foundation for the operations and financial plans.

LBT's Transit Service Delivery and Planning team develops the annual operations plan, outlining proposed service levels and cost drivers. This plan, once approved by the ELT, guides the creation of departmental budgets and is shared during the agency's internal budget kickoff meeting.

In March and April, the Finance and Budget team facilitates a series of interdepartmental meetings to refine department-level budgets and consolidate them into a comprehensive financial plan. This includes coordination with internal teams and external partners to assess funding availability and revenue projections for the coming fiscal year.

This year, staff developed a process to better understand customer priorities regarding service and provide customers with the opportunity to provide feedback on the budget process. To achieve this goal, LBT did the following:

- Sent a brief survey to LBT's database of over 4000 customer and community members asking them to rank their priorities with respect to service, which was promoted through social media and community presentations in March and April. This survey helped LBT staff better customer priorities.

- Next, staff created a brief video explaining how LBT receives and allocates funds and how the customer priorities helped staff develop projects in the proposed budget.

- Finally, staff requested feedback in advance of the Board Meeting where the budget is presented by the President and CEO.

Operating Budget Development Process (cont'd)

A draft budget is reviewed by the Board of Directors' Executive Committee before being presented to the full Board at its May meeting for final approval. All Board meetings are open to the public, and community members are encouraged to provide input on both the annual budget and monthly financial reports throughout the year.

Once adopted, the budget takes effect on July 1. The CEO is responsible for its execution and ongoing management. LBT's financial health is monitored monthly, with a financial report presented to the Board of Directors by the Executive Director/Vice President of Finance and Budget. If financial conditions shift significantly during the fiscal year, the CEO may propose a mid-year budget amendment for Board consideration and approval.

OPERATING AND CAPITAL BUDGET PLAN FOR FISCAL YEAR 2026



FINANCIAL POLICIES

Long Beach Transit (LBT) operates as a single enterprise fund, providing public transportation services in exchange for fare and related revenue. The agency's annual financial plan is composed of two primary components: the Operating Budget and the Capital Budget. Both budgets are prepared using the accrual basis of accounting, consistent with LBT's audited financial statements. Under this method, revenues are recognized when earned, and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows.

Each year, Congress authorizes transit funding through legislation, which is administered by the Federal Transit Administration (FTA). Following enactment, the FTA releases apportionments and policy guidance for transit programs. LBT is eligible to receive funding under Chapter 53 of Title 49, U.S. Code, including resources provided by the Bipartisan Infrastructure Law, which authorizes federal transportation programs for Fiscal Years 2022 through 2026. These federal funds, along with local and state contributions, enable LBT to invest in projects that support environmental sustainability, modernize its fleet, and enhance customer experience.

Operating Budget

The Operating Budget details the anticipated expenditures and revenues needed to support LBT's daily transit operations throughout the fiscal year, which runs from July 1 to June 30. This budget covers the financial resources required for service delivery, staffing, maintenance, and customer engagement. LBT maintains a balanced and fiscally responsible operating budget, ensuring that operating expenses do not exceed projected revenues. The primary sources of revenue for the operating budget include fare revenue from LBT's fixed-route, paratransit, and water taxi services, as well as annual sales tax subsidies provided by state and county transportation programs. The amount of these subsidies is determined based on a regional formula that considers factors like fare revenue and revenue miles. In addition, LBT receives miscellaneous income, such as advertising revenue, alternative fuel credits, and investment returns.

Operating assistance grants are also a critical source of funding for LBT's operating budget. These grants are recognized as revenue in the fiscal year in which they apply, and the related reimbursable expenditures are recorded when incurred. The operating budget is developed through a collaborative, cross-departmental process led by the Finance and Budget team. The process involves input from the Executive Leadership Team (ELT) and management to ensure alignment with the agency's strategic priorities and customer needs. Public input is sought

through outreach activities, and the final budget is presented to the Board of Directors for approval each May.

Capital Budget

The Capital Budget outlines long-term investments and projects related to LBT's physical assets, including fleet acquisition, facility upgrades, infrastructure improvements, and technology enhancements. These investments are essential for maintaining and modernizing LBT's assets, ensuring the agency's sustainability, and meeting future transportation needs. The capital budget is primarily funded through a combination of federal, state, and regional grants, with funding provided based on both formula allocations and competitive awards. Capital grants are recognized as net assets when related expenditures are incurred, and all grant conditions are met.

INVESTMENT POLICY

LBT's investment policy is designed to ensure compliance with all state and federal laws while providing clear guidelines for prudent investment and money management. The policy prioritizes the safety of principal, liquidity, and return on investment, in that order, to safeguard the agency's financial stability.

The investment portfolio is structured to maintain sufficient liquidity, enabling LBT to meet its daily operational obligations while maximizing returns.

PROCUREMENT POLICY

LBT's procurement policy ensures that all purchasing processes are transparent, competitive, and open to all qualified vendors and suppliers. Through a structured solicitation process, the agency guarantees that public funds are used efficiently and responsibly to fulfill operational needs.

LBT staff are authorized to procure goods and services up to $250,000, while procurements exceeding this threshold require approval from the Board of Directors, ensuring oversight and accountability.

RESERVE POLICY

LBT maintains an operating reserve equivalent to three months of operating expenses, approximately 25% of its annual operating budget. This reserve provides financial stability, enabling the agency to maintain uninterrupted service in the event of unforeseen challenges,

such as economic downturns, public health crises, natural disasters, or other extraordinary circumstances.

LONG-TERM FINANCIAL PLANNING

LBT's long-term financial planning is strategically aligned with the agency's mission and financial capabilities, ensuring it can sustainably provide essential public transportation services. The agency's long-term financial strategies focus on cost reduction, operational efficiency, and revenue growth to achieve financial sustainability.

Financial forecasts project revenues and expenditures, considering factors such as:

- Service levels
- Operating revenue
- Subsidy revenue
- Wages and collective bargaining agreements
- Benefit costs and trends
- Fuel types and price trends
- Capital investment expenses
- Vendor contracts
- Risk management and mitigation
- Economic growth rates, including sales tax and Consumer Price Index

LONG-TERM DEBT

LBT is debt-free and follows a pay-as-you-go model for funding its operations and capital acquisitions. The agency has no current plans to issue debt, and its financial policy remains focused on funding future needs through a combination of formula-based and discretionary grants. This approach supports the agency's commitment to maintaining strong fiscal health without incurring long-term financial obligations.

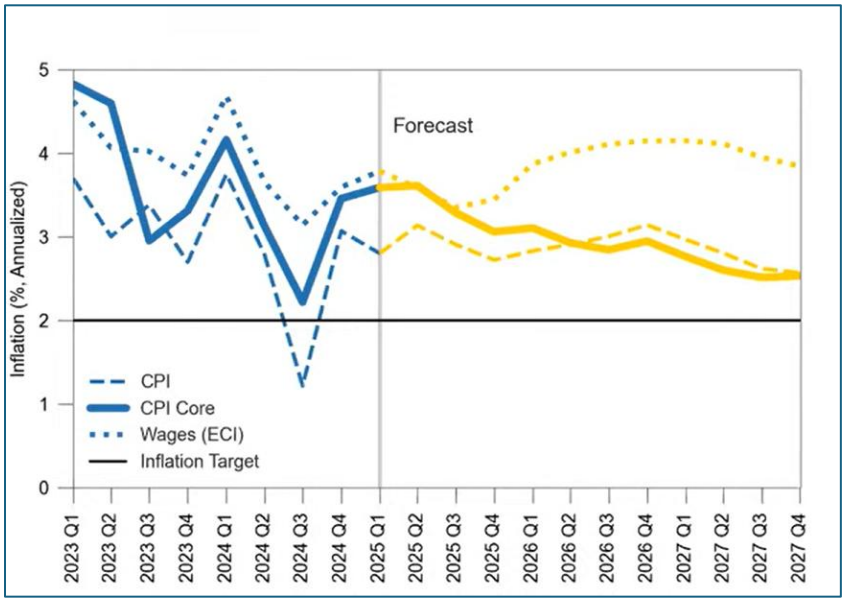
GENERAL ECONOMIC CONDITIONS

The U.S. economy is showing signs of slowing and emerging challenges make forecasting its future uncertain. While inflation remains elevated, it is expected to gradually move toward the Federal Reserve's 2% target.

According to the UCLA Anderson Forecast, gross domestic product ("GDP") continues to show steady growth. However, uncertainties surrounding tariff policies could prompt businesses to raise prices preemptively, potentially driving inflation higher in the coming months. Economists across the U.S. consistently highlight concerns about federal policy and its potential impact on the overall economy.

Three economic factors that significantly impact LBT are inflation, tariff policy, and consumer uncertainty. Inflation continues to exceed the Federal Reserve's 2% target, negatively affecting LBT's budget.

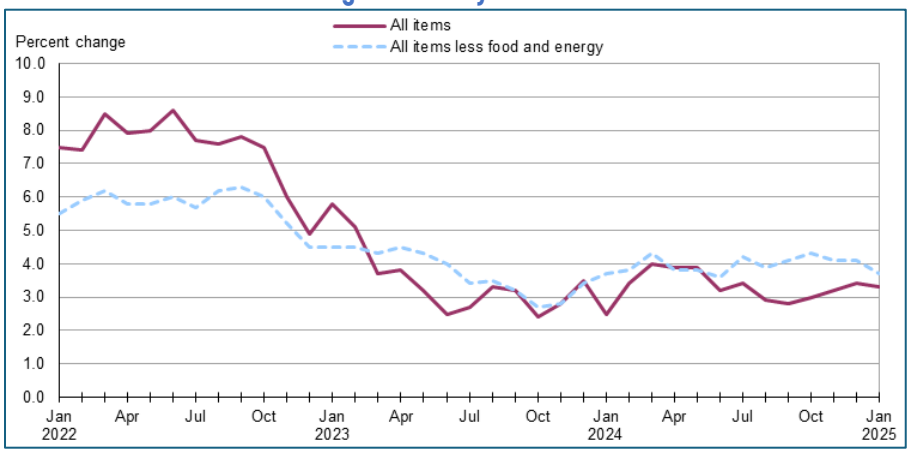
INFLATION TRENDS



*Source: Bureau of Labor Statistics and UCLA Anderson Forecast (March 2025)

This trend is mirrored locally in Los Angeles County, where inflation has fluctuated close to 3% in recent months.

Los Angeles County Inflation Rate



*Source: Bureau of Labor Statistics (March 2025)

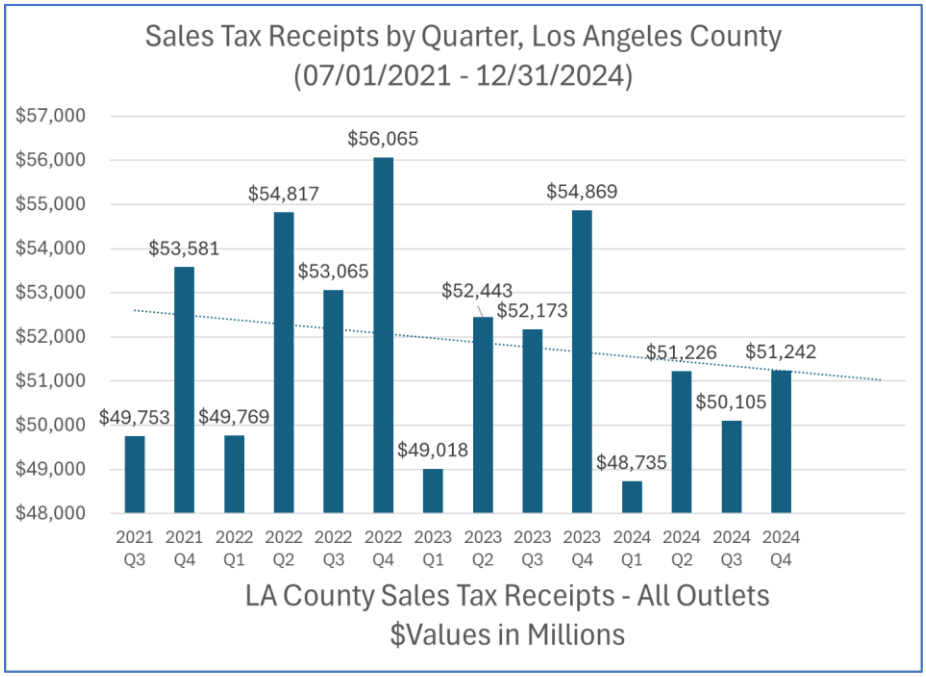
TARIFF POLICY IMPACTS

The second key factor influencing the Agency is the ongoing tariff policy. The current administration has implemented significant tariffs on major international trading partners, with plans to extend these tariffs to other nations globally. These policies not only affect consumer prices but also have direct implications for LBT, particularly in the cost of purchasing fuel and fleet materials.

To navigate these challenges, the Agency will need to strategically position itself by optimizing operations and maximizing the value of its revenues to maintain financial stability and continue delivering efficient services.

CONSUMER CONFIDENCE

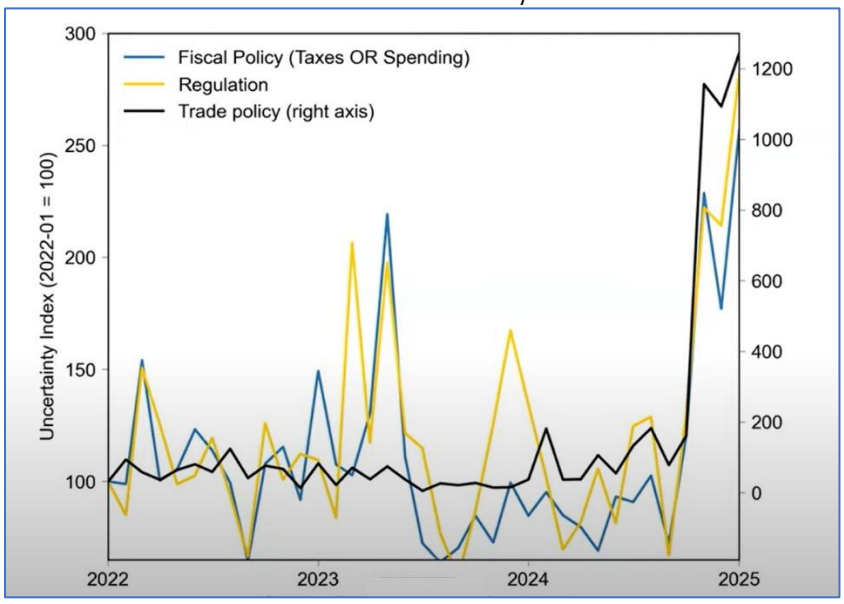
Third, broader economic uncertainty and shifting fiscal policies present substantial risks to the stability of the local economy. Reduced economic activity means less disposable income and fewer funds circulating within the region. As LBT's revenue is closely tied to sales tax allocations, the recent downward trend in LA County sales tax revenues poses a significant challenge. With potential further declines, the agency may face funding shortfalls, which could impact its ability to maintain and expand services for the communities it serves. Approximately 69% of GDP is consumer spending.



*Source: California Department of Tax and Fee Administration (March 2025)

These factors, considered in aggregate, have led to a significant spike in Consumer Uncertainty.

Consumer Uncertainty Index



* Source: UCLA Anderson Forecast (March 2025)

Given the uncertainty ahead, consumers may reduce their discretionary spending in anticipation of rising prices or concern about unemployment. This reduction in consumer activity can lead to a decline in sales tax revenue – a critical funding source for many public

transit agencies. In turn, reduced funding may necessitate service adjustments, limiting transit access to the very communities that rely on it the most. Therefore, the agency must be acutely aware of how policies and service adjustments may affect its core customer base as local spending behavior changes in the upcoming year.

BUDGET ENVIRONMENT

LBT is presenting a balanced budget that reflects careful planning and fiscal responsibility. In crafting this budget, staff have preserved the service improvements from the previous year while incorporating necessary spending increases. The budget ensures continued high value and high quality service for LBT customers, while recognizing and rewarding the dedicated efforts of the employees who deliver these services daily.

At the same time, staff is mindful of the broader economic landscape and have adopted a controlled approach, prioritizing fiscal restraint and conservative spending practices. This approach ensures the agency remains agile and resilient in an uncertain economic environment. Staff remain fully committed to the ongoing work of enhancing LBT's services, optimizing operations, and providing solutions that benefit our customers.

LBT is focused on moving forward and enhancing efficiency through organizational optimization. As a people-focused organization, LBT continues to invest in employee development and improve the employee experience. In the upcoming fiscal year, we will stay dedicated to our guiding philosophy of "hiring for heart and training for excellence," ensuring that our team is equipped to deliver the highest standard of service.



Since launching its Design Thinking initiative, LBT has encouraged staff to approach organizational challenges with a user-centric and innovative mindset. Design Thinking, which emphasizes empathy, creativity, and iterative prototyping, is being used as a strategic tool to rethink and enhance processes related to transit service delivery.

The program invites each staff member to think differently about the organization and better understand, improve and enhance the services which LBT provides to its internal and external customers. "Design Thinking" is used as a tool to rethink processes related to the delivery of transit services and how those services can be improved.

COLLEGE INTERNSHIP PROGRAM

In FY 2025, LBT reintroduced its highly successful College Internship Program to support the development of future transportation professionals. By FY 2026, the program is expected to be fully staffed, offering interns meaningful, real-world work experience on impactful projects. Under the guidance of experienced staff, interns will strengthen essential skills such as problem-solving, communication, and decision-making, while gaining valuable insights into the public transit industry.

ENTERPRISE RESOURCE PLANNING (ERP) and ENTERPRISE ASSET MANAGEMENT (EAM)

At its February 27, 2025, meeting, the Board of Directors authorized the procurement of new Enterprise Resource Planning (ERP) and Enterprise Asset Management (EAM) systems—marking the next phase in LBT's efforts to modernize and optimize agency operations.

The project will be implemented over two years, beginning in FY 2025 and continuing through FY 2026. This phase will focus on deploying integrated systems that support human resources, payroll, maintenance, inventory, fleet asset management, financial operations, and more.
The new ERP/EAM platform will deliver several key benefits:

- Automate numerous manual work processes
- Streamlined workflows to reduce manual processes
- Enhanced collaboration across departments
- Real-time visibility into operations and performance
- Improved decision-making through advanced analytics
- Adoption of cutting-edge technologies, including cloud computing, artificial intelligence, and predictive analytics

This transformative investment underscores LBT's vision for a more efficient, data-driven, and future-ready transit agency—one that continues to evolve to meet the needs of its customers and community.

EXPANSION OF BATTERY ELECTRIC BUS FLEET

In FY 2026, Long Beach Transit will continue advancing its commitment to sustainability with the planned procurement of 30 Battery Electric Buses. This fleet replacement initiative is part of LBT's long-term strategy to fully transition to a 100% zero-emission bus fleet by 2030. The addition of these BEBs will further reduce the agency's carbon footprint and support cleaner, quieter, and more energy-efficient transit service throughout the region.

POTENTIAL TARIFF CHALLENGES AHEAD

In 2025, the new U.S. administration introduced significant policy shifts, including an executive order imposing tariffs on imported vehicles, vehicle parts, raw materials, and other goods. While most of Long Beach Transit's bus parts are domestically manufactured, tariffs on key raw materials, such as steel and aluminum, may indirectly increase procurement costs. Although some planned tariff hikes have been paused, continued trade uncertainty poses risks to supply chains. LBT will proactively monitor federal tariff policy and implement mitigation strategies to maintain consistent, high-quality service for the community.

GOPASS

The GoPass program provides eligible K-12 and community college students from participating school districts with unlimited rides on all transit agencies participating the initiative. Students use a TAP card, issued exclusively through their schools and activated through online registration.

The program is partially funded jointly by school districts and transit agencies. Participating K-12 and community college districts contribute $7 per enrolled student annually. After deducting a $2 per-card fee, the remaining funds are distributed among participating agencies based on ridership. While these contributions are modest, the resulting fare revenue loss is subsidized through LBT's operating budget, increasing overall operational costs.

Initially launched as a pilot from October 2021 through June 2023, the GoPass program was made permanent by the Metro Board of Directors in April 2024. In alignment, LBT's Board approved participation in Year 4 of the program, covering the period from July 1, 2024, through June 30, 2025, on June 27, 2024.

As of February 2025, LBT has delivered over 6.7 million rides under GoPass and will continue evaluating permanent funding strategies to support the future of the program.

BUDGET FOUNDATIONS

The FY 2026 budget is grounded in five key pillars that reflect Long Beach Transit's commitment to fiscal responsibility, service excellence, and long-term sustainability:

No Fare Increases

LBT will not implement any fare increases in FY 2026.

Delivering Planned Service

LBT is committed to operating 100% of its planned service levels.

Mitigating Rising Costs

LBT continues to face inflationary pressures on the cost of goods and services.

Ensuring Long-Term Viability

LBT emphasizes fiscal stewardship to address ongoing economic challenges while maintaining the financial health necessary to support the agency's mission over the long term.

Acquiring No Debt

LBT has maintained a long-standing practice of not running our agency by acquiring debt

This year's budget reflects LBT's focus on organizational optimization, fiscal accountability, and a sustainable path forward for the agency and the customers it serves.

BUDGET OBJECTIVES

Through a series of collaborative workshops with department managers and the Budget Team, the Executive Leadership Team (ELT) identified the agency's focus areas and key drivers for the FY 2026 budget. These discussions shaped the budget objectives for the year, providing clear direction to departments as they developed their respective fiscal plans.

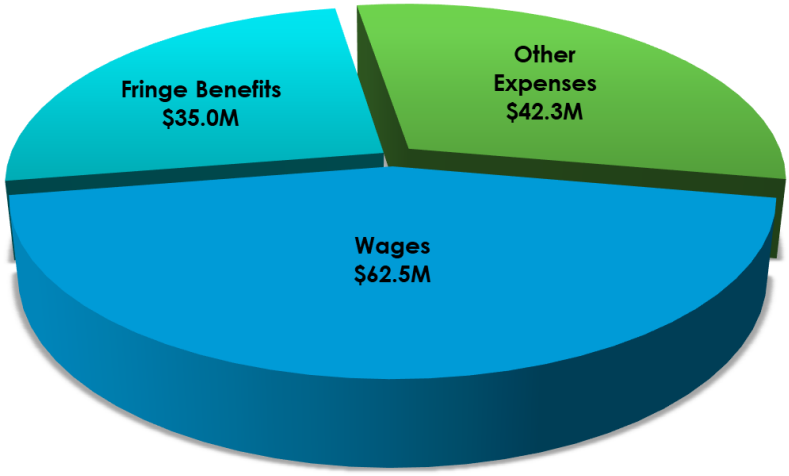
Aligned with LBT's budget foundations and five strategic priorities, the following objectives were established to guide the development of the FY 2026 budget:

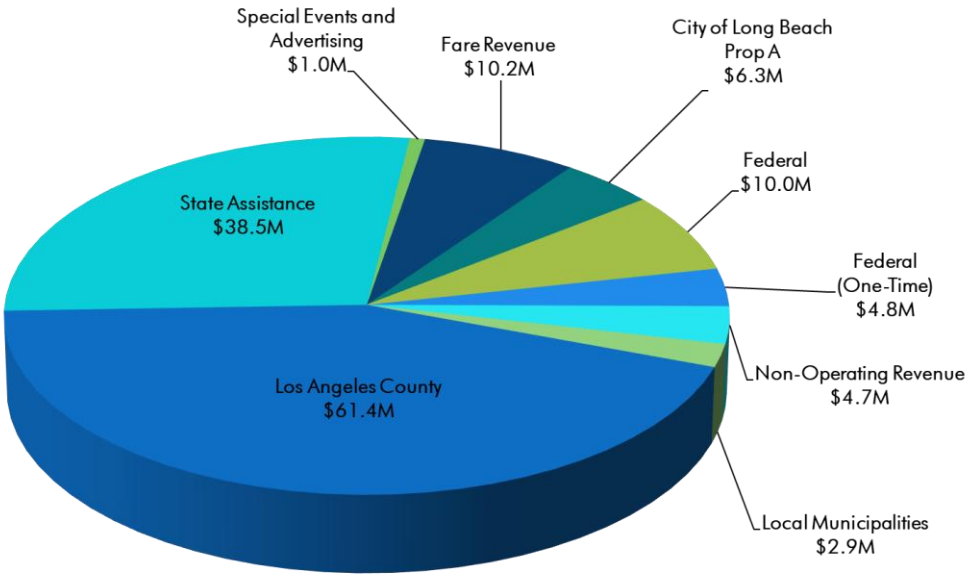
Strategic Priorities	Budget Objectives
Safety and Service Quality	• Enhance Safety and Security • Deliver Sustainable Transit Services • Increase Fleet Availability and Reliability
Financial Accountability	• Generate Revenue • Optimize Resources
Employee Engagement	• Invest in and Retain Current Employees While Attracting Top Talent • Enhance the Employee Experience
Customer Experience	• Act on Our Customer's Expectations • Create Overall Exceptional Experiences
Community and Industry Focus	• Strengthen Connections Between LBT, the Community, and the Transportation Industry • Expand and Capitalize on Brand Awareness

OPERATING BUDGET OVERVIEW

The Agency is presenting a balanced budget, with operating expenses equal to operating revenues.

Operating Expenses
$139.8M





Operating Revenue
$139.8M

Operating Budget Overview (cont'd)

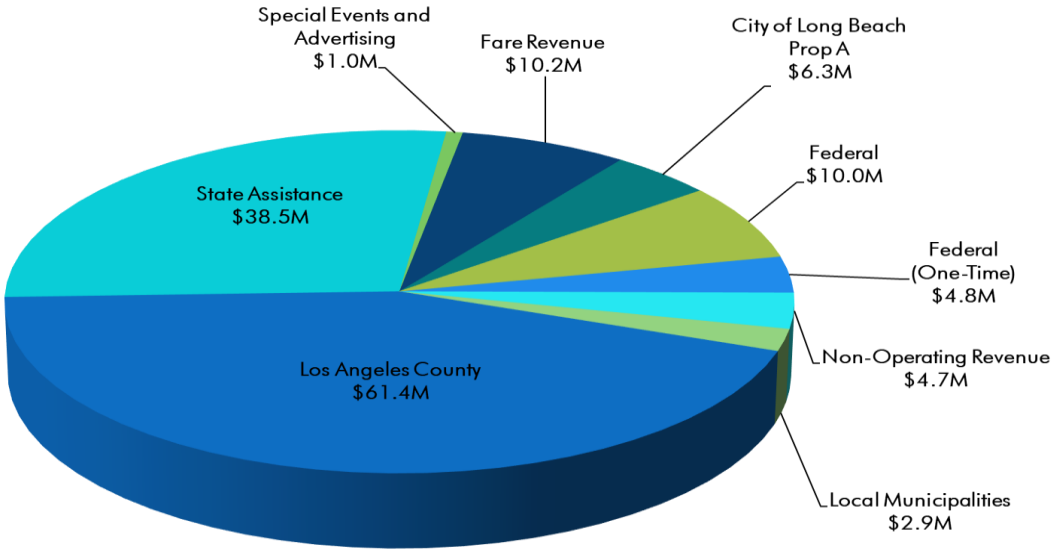
CHANGE IN NET POSITION

The table below shows how the financial plan for FY 2026 will affect the agency's net position. Net position is the difference between the Agency's assets and liabilities. Note that the estimated and proposed values do not include year-end entries for Governmental Accounting Standards Board (GASB) compliance.

	Actual FY 2024	Estimated FY 2025	Proposed FY 2026
Operating Revenue	$ 10,765,863	$ 10,722,237	$ 11,287,788
Non Operating Revenue	114,029,667	114,498,040	128,545,441
Total Revenues	$ 124,795,530	$ 125,220,277	$ 139,833,229
Operating Expenses	$ 125,931,109	$ 125,220,277	$ 139,833,229
Depreciation	17,749,337	18,481,167	19,908,250
Total Operating Expenses	$ 143,680,446	$ 143,701,444	$ 159,741,479
Change Before Capital Grants	$ (18,884,916)	$ (18,481,167)	$ (19,908,250)
Capital Grants	$ 12,758,064	$ 45,843,574	$ 45,185,576
Change in Net Position	$ (6,126,852)	$ 27,362,407	$ 25,277,326
Total Net Position, July 1	$ 95,569,550	$ 89,442,698	$ 116,805,105
Total Net Position, June 30	$ 89,442,698	$ 116,805,105	$ 142,082,431

OPERATING REVENUE

Captured below in the pie chart and table are LBT's projected revenue sources for FY 2026.



$139.8M

Totals may not add due to rounding.

Revenue Source	Amount	% of Total
Los Angeles County	$61,447,136	43.9%
State Assistance	$38,519,622	27.5%
Fare Revenue	$10,245,642	7.3%
Federal Preventative Maintenance	$10,000,000	7.2%
City of Long Beach Prop A	$6,290,231	4.5%
Federal (One-Time)	$4,765,867	3.4%
Non-Operating Revenue	$4,654,392	3.3%
Local Municipalities	$2,887,931	2.1%
Special Events and Advertising	$1,022,408	0.7%
Total:	$139,833,229	100.0%

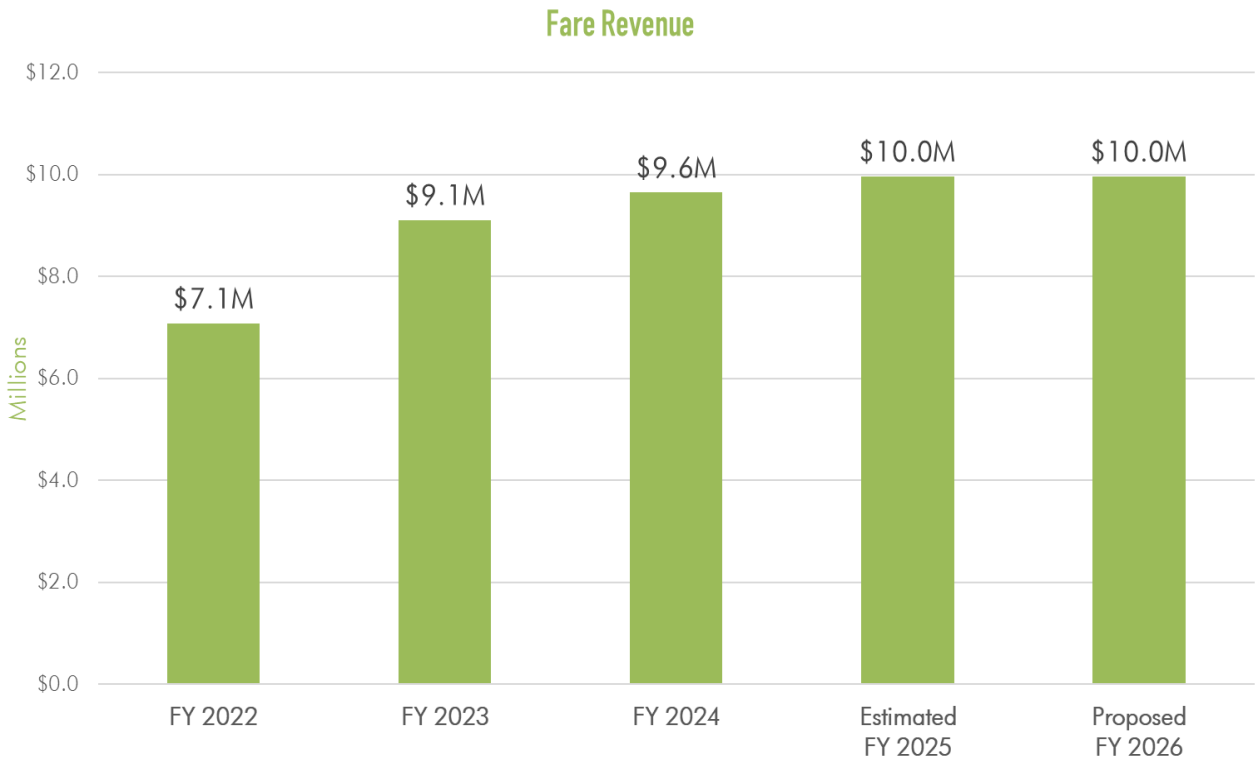
Operating Revenue Highlights (cont'd)

FARE REVENUE

In FY 2025, the agency experienced a modest increase in passenger fare revenue, primarily driven by one-way regular cash fares. This growth aligned with a 9% rise in ridership within these fare categories, largely attributed to expanded participation in the county-wide Low-Income Fare is Easy (LIFE) program.

Fare revenue also rose from LBT's participation in the GoPass program, reflecting increased student enrollment in K-12 and Community College Districts both within and adjacent to LBT's service area.

The bar graph below illustrates a five-year trend in LBT's fare revenue.



As illustrated in the preceding graph, fare revenue has stabilized since fare collection resumed in FY 2022 following the COVID-19 pandemic. Passenger fares have experienced gradual, year-over-year growth. With service levels anticipated to remain consistent in FY 2026, fare revenue is projected to hold steady.

Operating Revenue Highlights (cont'd)

SUBSIDY REVENUE

The majority of Long Beach Transit's daily operations are funded through state and county tax revenues. These funds are received by LA Metro, the regional transportation planning agency, and distributed through the Formula Allocation Procedure (FAP).

The FAP distributes revenues based on a formula: 50% vehicle service miles and 50% fare units (calculated as passenger revenues divided by the base cash fare). Funds are allocated based on projections for the upcoming fiscal year, with any variances between adopted estimates and actual revenues reconciled in future distributions.

Beginning in FY 2021, LBT began receiving federal funding through several emergency relief programs enacted in response to the COVID-19 pandemic:

Coronavirus Aid, Relief, and Economic Security (CARES) Act

Signed into law on March 27, 2020, the CARES Act provided emergency relief to prevent, prepare for, and respond to the impacts of COVID-19. LBT was allocated $29.2 million in CARES Act funding, which was primarily used to support payroll expenses in FY 2021.

Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)

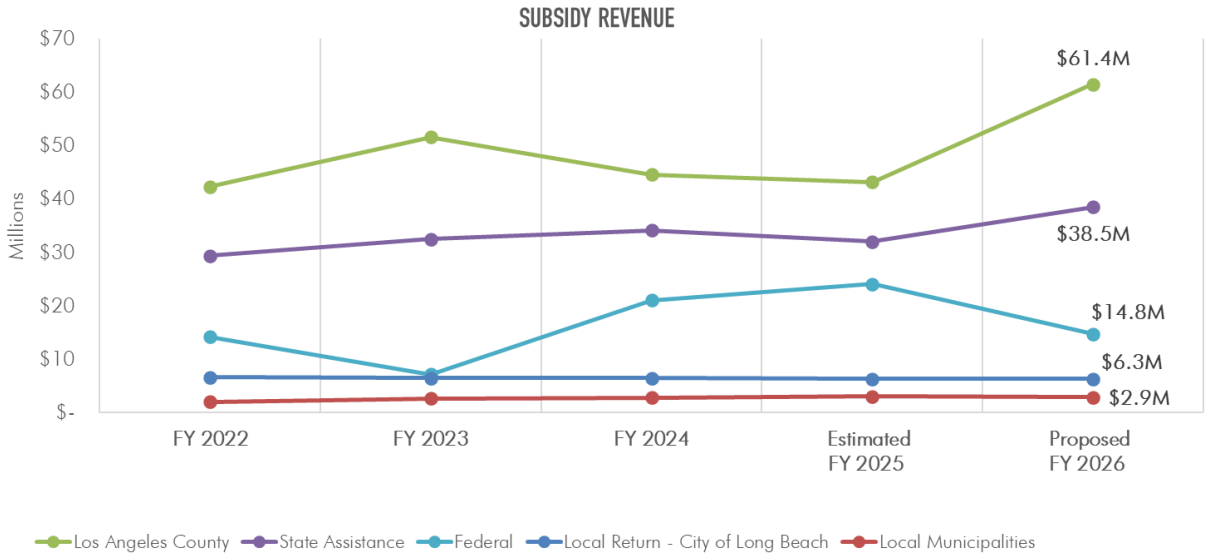
Enacted on December 27, 2020, CRRSAA provided $14 billion in supplemental appropriations to support the transit industry during the COVID-19 public health emergency. LBT was allocated $26.7 million in CRRSAA funds and has drawn down $14.7 million in FY 2022, $7.1 million in FY 2023, and $4.9 million in FY 2024.

American Rescue Plan Act (ARPA)

Signed into law on March 11, 2021, ARPA allocated approximately $30 billion to transit operators nationwide. LBT was awarded $42.9 million in ARPA funding, utilizing $15.7 million in FY 2024 and planning to utilize $22.4 million in FY 2025. The remaining $4.9 million is scheduled for use in FY 2026.

Operating Revenue Highlights (cont'd)

The line graph below illustrates a five-year trend in LBT's subsidy revenue.



INVESTMENT REVENUE

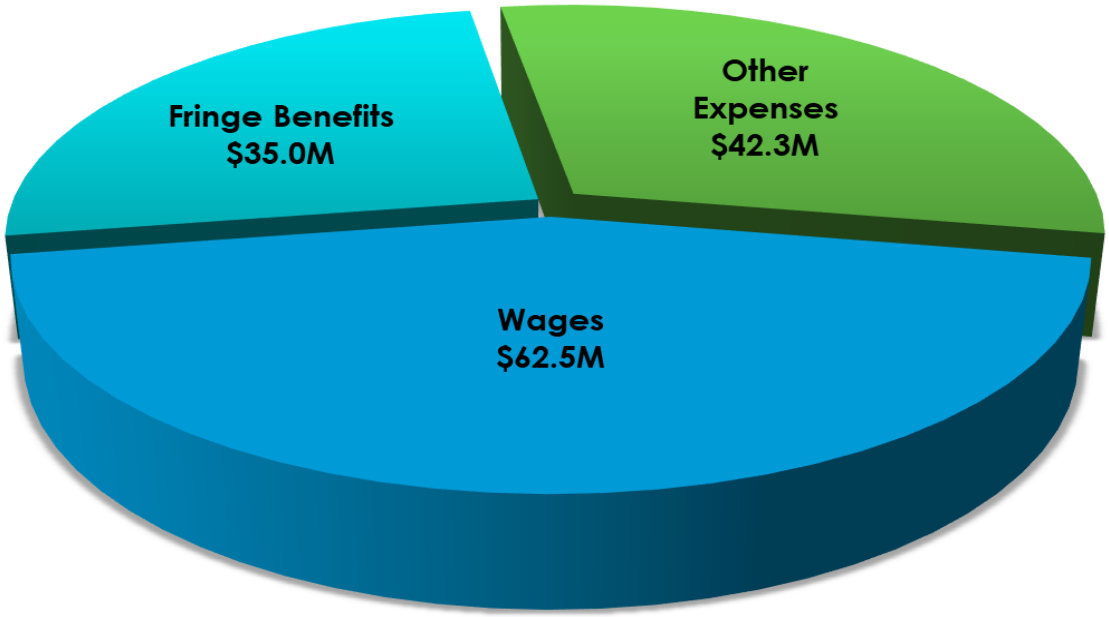
The sharp rise in inflation seen in recent years prompted the Federal Reserve to raise interest rates in an effort to temper the economy. While rates have stabilized, with slight decline, broader economic uncertainty remains, driven by fluctuating consumer confidence, geopolitical tensions, and shifting fiscal policies. The Federal Reserve has paused additional increases and may consider gradual rate reductions in the coming quarters.

Since LBT maintains depository accounts with the State of California, any potential decrease in interest rates could lead to reduced earnings in FY 2026. However, LBT's investments in bonds and government securities, which generally perform better when interest rates fall, may help offset this impact and contribute positively to overall operating revenue.

Given these uncertain market dynamics, LBT has taken a prudent approach by budgeting FY 2026 investment income conservatively, with projections set lower than the prior fiscal year.

OPERATING EXPENSES

The following pie chart depicts the budgeted amounts for wages, fringe benefits and other expenses, which includes fuel, lubricants, utilities, parts and materials.



Operating Expenses
$139.8M

SERVICE DELIVERY

LBT plans to deliver 100% of planned service at a comparable service level to the previous year.

RETIREMENT BENEFITS

Retirement benefit expenses remain a significant and ongoing cost driver for Long Beach Transit. These costs are actively managed to ensure the long-term sustainability of the agency's retirement programs.

Operating Expense Highlights (cont'd)

LBT sponsors three retirement plans: a defined benefit pension plan for contract employees; a defined benefit plan for salaried and AFSCME-represented employees hired before April 1, 2011; and a defined contribution plan for salaried and AFSCME employees hired on or after that date.

A key determinant of annual contribution rates for the defined benefit plans is the investment return performance from the prior fiscal year. While FY 2025 has delivered positive market returns, ongoing economic volatility and market unpredictability continue to pose risks. Accordingly, the FY 2026 budget accounts for this uncertainty by incorporating prudent assumptions into retirement plan funding levels.

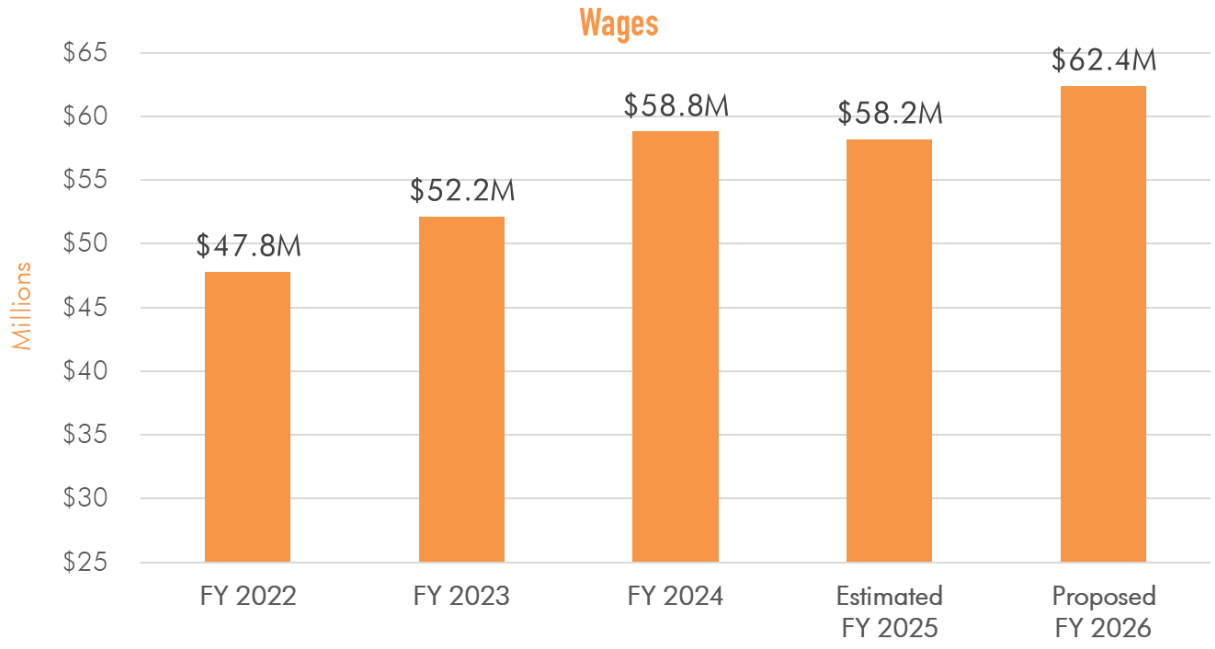
In prior fiscal years, LBT revised its expected rate of return assumptions for its defined benefit plans to better align with actual market trends, helping to mitigate long-term fiscal exposure.

Operating Expense Highlights (cont'd)

WAGES

LBT remains focused on strategic recruitment efforts to support staffing needs and maintain planned service levels. In a competitive labor market with low unemployment, the agency continues to position itself as an employer of choice in the region.

The bar graph below illustrates the steady increase in employee wages over the past five fiscal years, reflecting both market conditions and ratified collective bargaining agreements. Wages continue to represent the agency's largest operating expense.

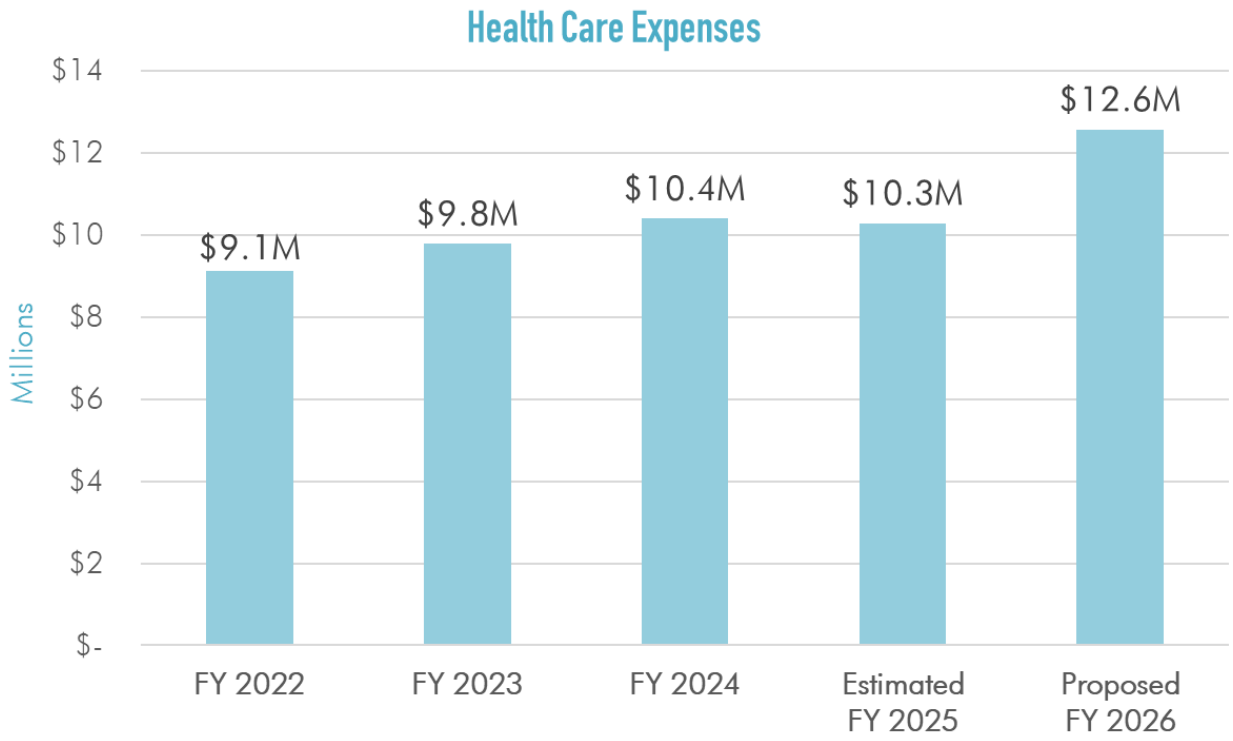


Operating Expense Highlights (cont'd)

HEALTH CARE

Healthcare costs continue to be a significant expense for LBT. In FY 2026, health care costs are projected to rise by an average of 20.9%. To manage these escalating costs, LBT collaborates closely with its insurance carrier to implement cost-control programs aimed at mitigating future increases.

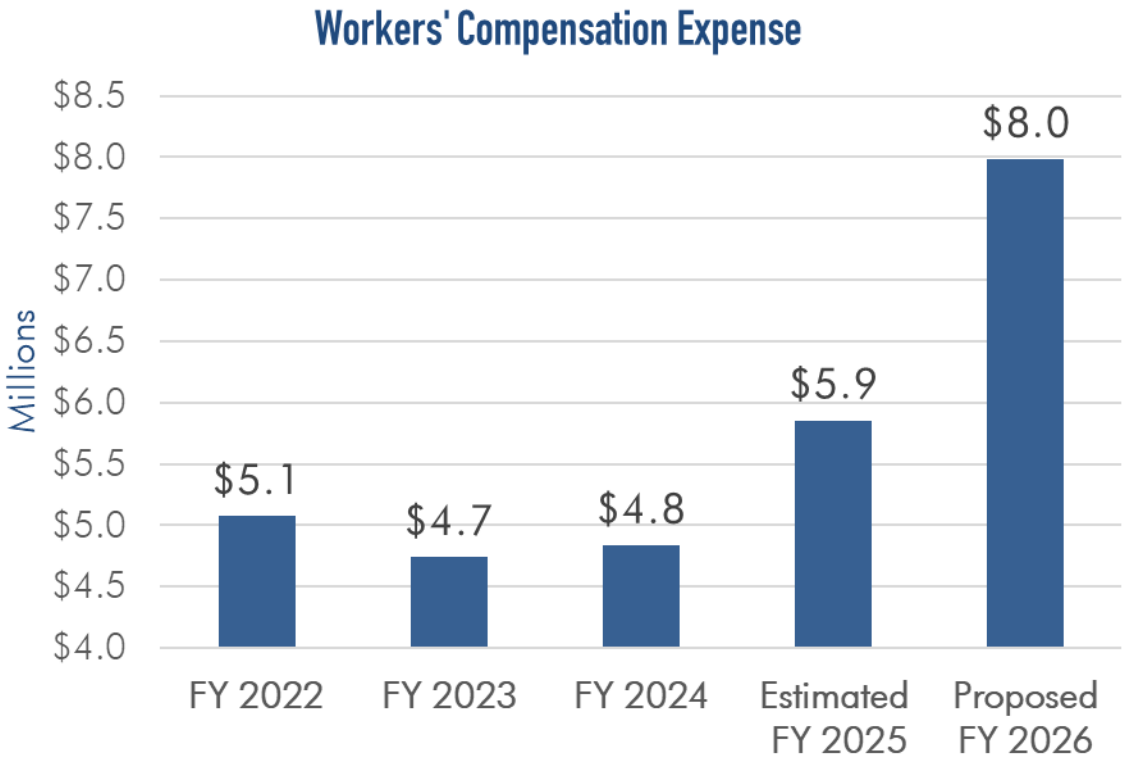
The bar graph below shows the trend in employee healthcare costs over the past five fiscal years. Since FY 2022, LBT has experienced a 38% increase in healthcare expenses.



Operating Expense Highlights (cont'd)

WORKERS' COMPENSATION

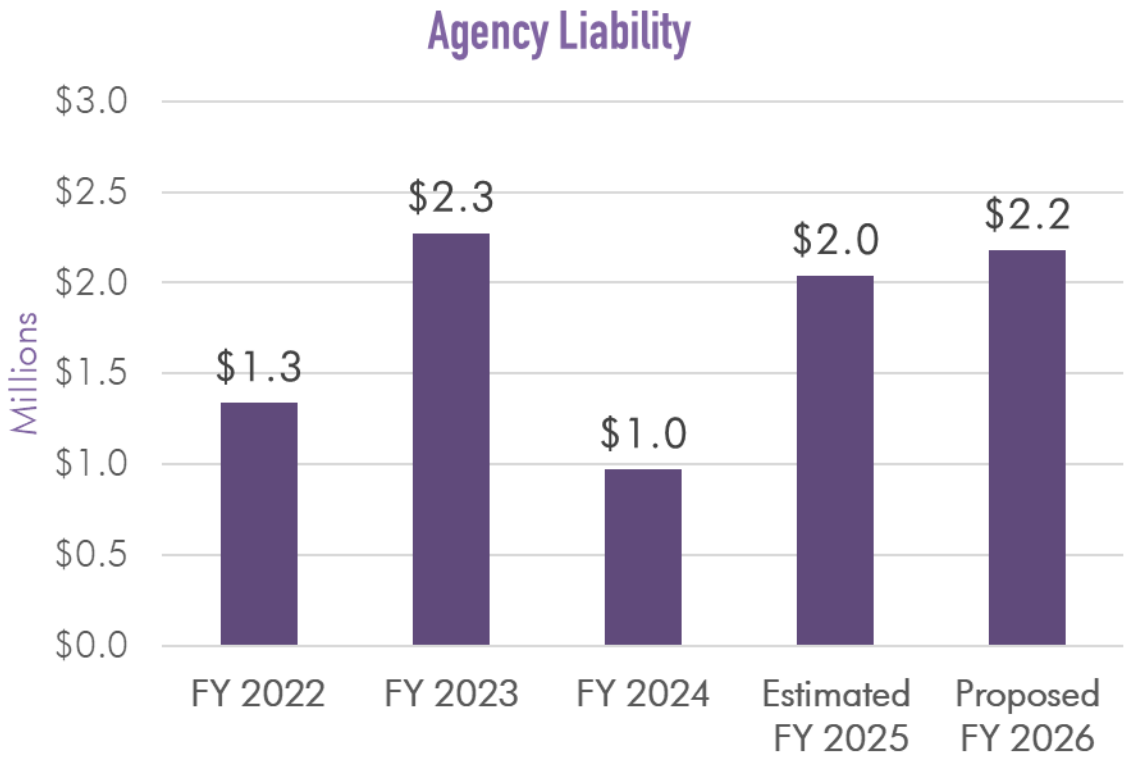
Workers' compensation costs for FY 2026 are expected to rise due to increases in labor, medical, and litigation expenses. To manage these costs, LBT continues to implement proactive measures, including return-to-work programs, aimed at minimizing claims and controlling overall expenses. Workers' Compensation expense has increased 57% since FY 2022.



Operating Expense Highlights (cont'd)

PROPERTY DAMAGE AND PERSONAL LIABILITY

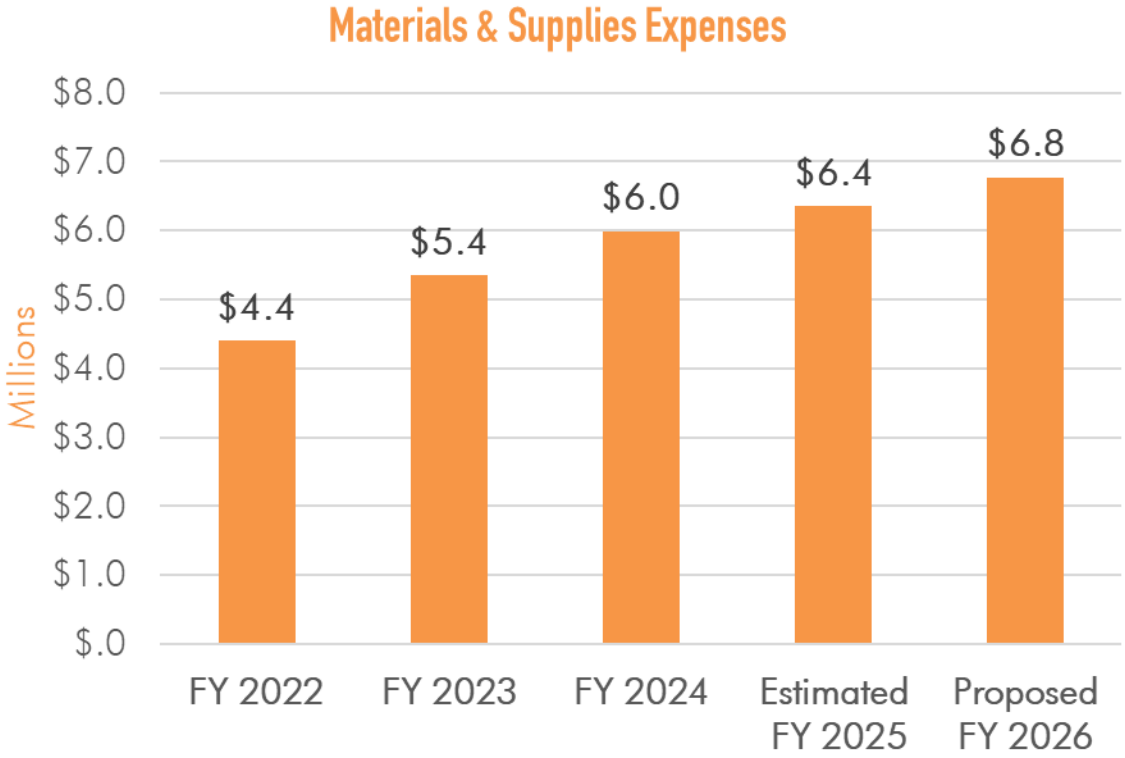
In FY 2026, Long Beach Transit is projecting an increase in property damage and personal liability reserves. This upward trend is influenced by several factors, including higher costs for vehicle and infrastructure repairs, increased legal and settlement expenses, and a rise in claim volume. In response, LBT continues to strengthen its risk mitigation strategies, enhance operator training, and invest in safety technologies to reduce incidents and protect agency assets. Despite these efforts, the growing complexity and cost of claims remain a key budgetary consideration for the upcoming fiscal year.



Operating Expense Highlights (cont'd)

MATERIALS & SUPPLIES

In FY 2026, materials and supplies expenses are projected to increase due to rising costs driven by inflation and the potential impact of tariffs on imported goods. These cost pressures are particularly notable for essential materials such as fleet parts and maintenance supplies. While LBT continues to work closely with suppliers to manage costs, the agency anticipates higher expenditures in the coming year. To mitigate these increases, LBT is focused on strategic procurement practices, exploring alternative sourcing options, and optimizing inventory management. These efforts aim to contain costs while ensuring the agency's operations remain efficient and uninterrupted despite external market pressures.

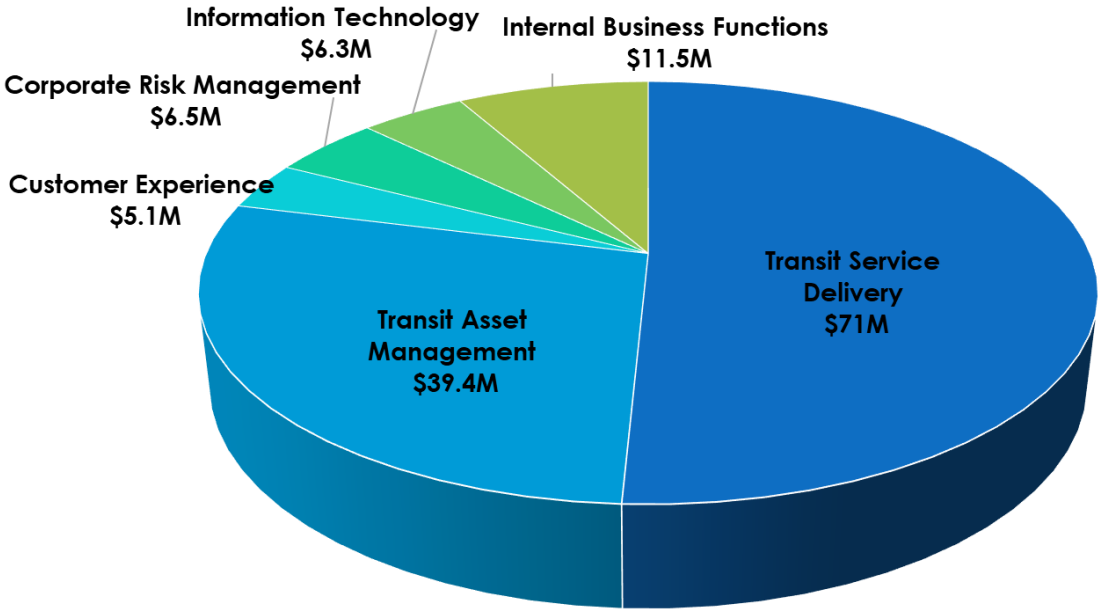


Operating Expense Highlights (cont'd)

CORE BUSINESS CATEGORIES

The core business categories represent the essential functions that drive LBT's value creation. The agency concentrates on these categories to ensure coordinated efforts that enable the successful execution of its strategic priorities and the achievement of organizational objectives each fiscal year.

For LBT to operate efficiently and deliver exceptional services to its customers, each business function must be executed effectively, ensuring the agency remains a top-rated transit provider. The following chart illustrates the budgeted expenditures allocated across each core business category.



Core Business Categories
$139.8M

The core business categories are as follows:

TRANSIT ASSET MANAGEMENT

LBT's focus is to keep its assets in a state of good repair or "like new" condition, to ensure the agency has revenue vehicle availability for service delivery. This category encompasses all functions related to the management and upkeep of transit assets, ensuring reliability and service continuity.

Operating Expense Highlights (cont'd)

TRANSIT SERVICE DELIVERY

This category focuses on delivering transportation services to the community, including fixed-route, paratransit, and water taxi services. It involves operator training, route planning, and system security—key functions that ensure efficient, safe, and reliable transit for LBT's customers.

CUSTOMER EXPERIENCE

The Customer Experience category covers everything related to how LBT's customers interact with the agency. From transit amenities and customer relations to communication services, this category ensures that every touchpoint, whether at a bus stop or through digital channels, delivers high-quality service and information.

CORPORATE RISK MANAGEMENT

This category centers on managing and mitigating the agency's risks. It includes functions such as insurance, workers' compensation management, personal liability, and property damage claims, as well as the overall strategy to safeguard LBT's assets and operations.

INFORMATION TECHNOLOGY

Information Technology encompasses the systems and infrastructure that support LBT's operations. This category includes the critical networks and data management systems necessary for efficient day-to-day functionality across the agency.

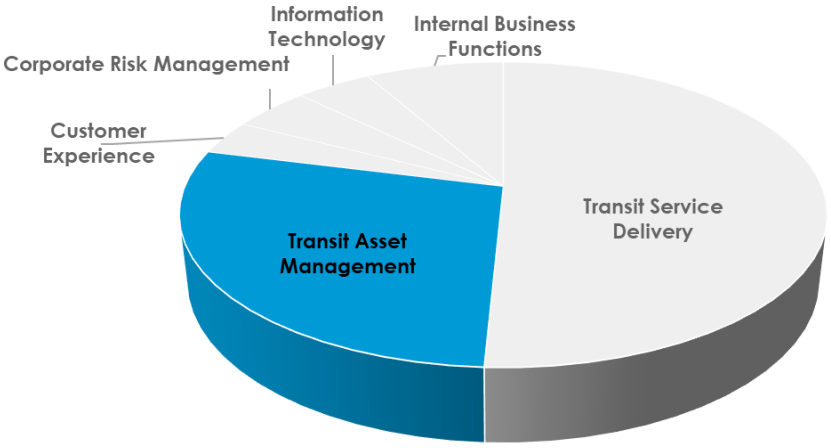
INTERNAL BUSINESS FUNCTIONS

The Internal Business Functions category represents the strategic planning, leadership, and personnel required to guide LBT's mission and achieve its goals. It ensures that the agency is well-positioned to meet both current and future challenges through effective management and oversight.

Operating Expense Highlights (cont'd)

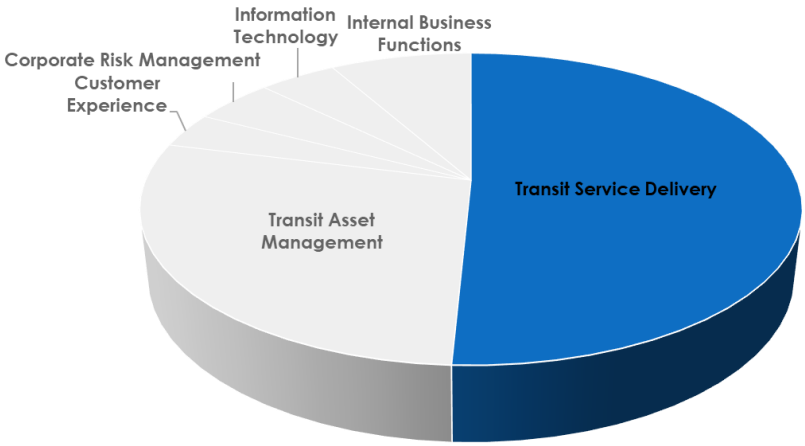
The following pie charts depict budgeted expenditures relative to each core business category.

TRANSIT ASSET MANAGEMENT



Transit Asset Management ($)	
Vehicle Maintenance	22,320,090
Infrastructure and Utilities	8,105,427
Fuel and Lubricants	6,442,739
Warehouse	1,330,242
Procurement	899,415
Training	266,711
Total	39,364,624

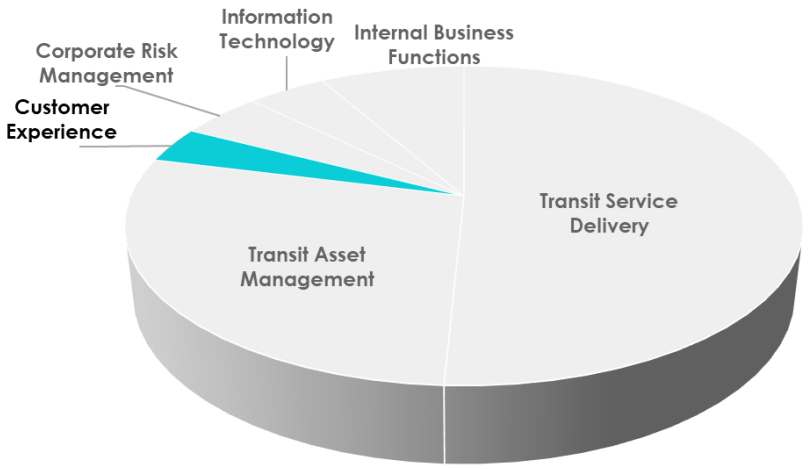
TRANSIT SERVICE DELIVERY



Transit Service Delivery ($)	
Daily Operations	60,500,290
Security	3,924,003
Planning	2,194,483
Dial-A-Lift	1,557,768
Training	1,511,362
Water Taxi Services	1,319,554
Total	71,007,461

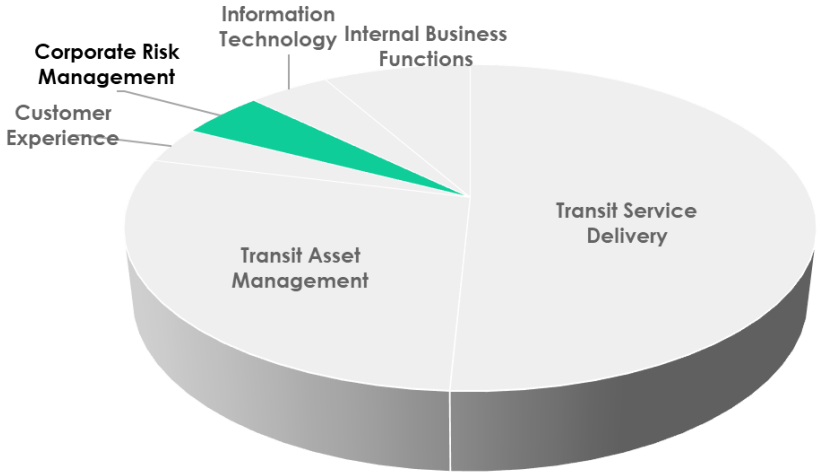
Operating Expense Highlights (cont'd)

CUSTOMER EXPERIENCE



Customer Experience ($)	
Customer Relations and Communications	3,540,116
Transit Customer Amenities	1,573,821
Total	5,113,937

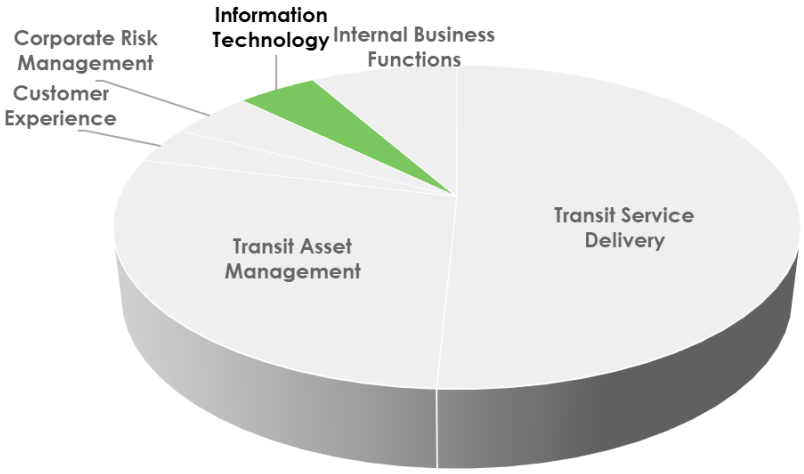
CORPORATE RISK MANAGEMENT



Corporate Risk Management ($)	
Risk Management	6,517,699
Total	6,517,699

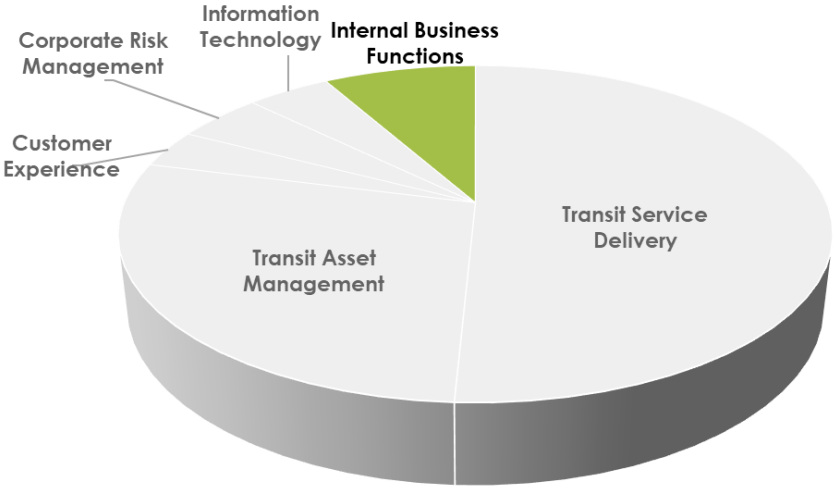
Operating Expense Highlights (cont'd)

INFORMATION TECHNOLOGY



Information Technology ($)	
Information Technology	6,314,873
Total	6,314,873

INTERNAL BUSINESS FUNCTIONS

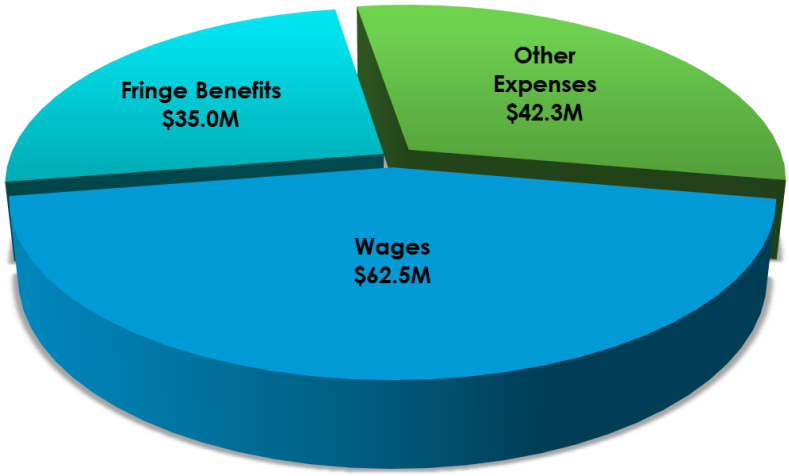


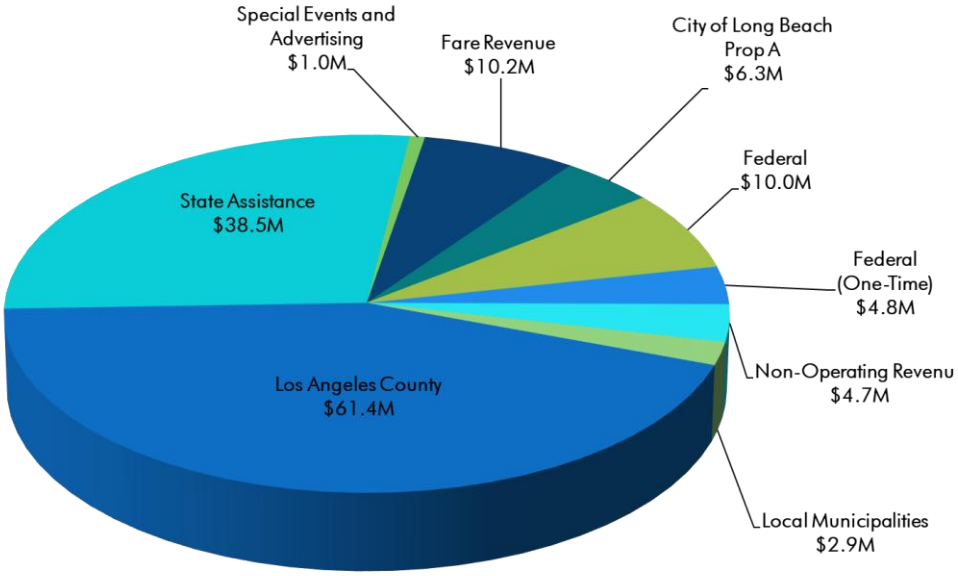
Internal Business Functions ($)	
Finance and Budget	3,900,881
Organizational Development and Administration	3,528,219
Office of the CEO	2,325,866
Office of the Deputy CEO	860,525
Government Relations	495,011
Performance Management	404,134
Total	11,514,635

Operating Expense Highlights (cont'd)

The agency is therefore presenting a balanced operating budget for fiscal year 2026.

Operating Expenses
$139.8M





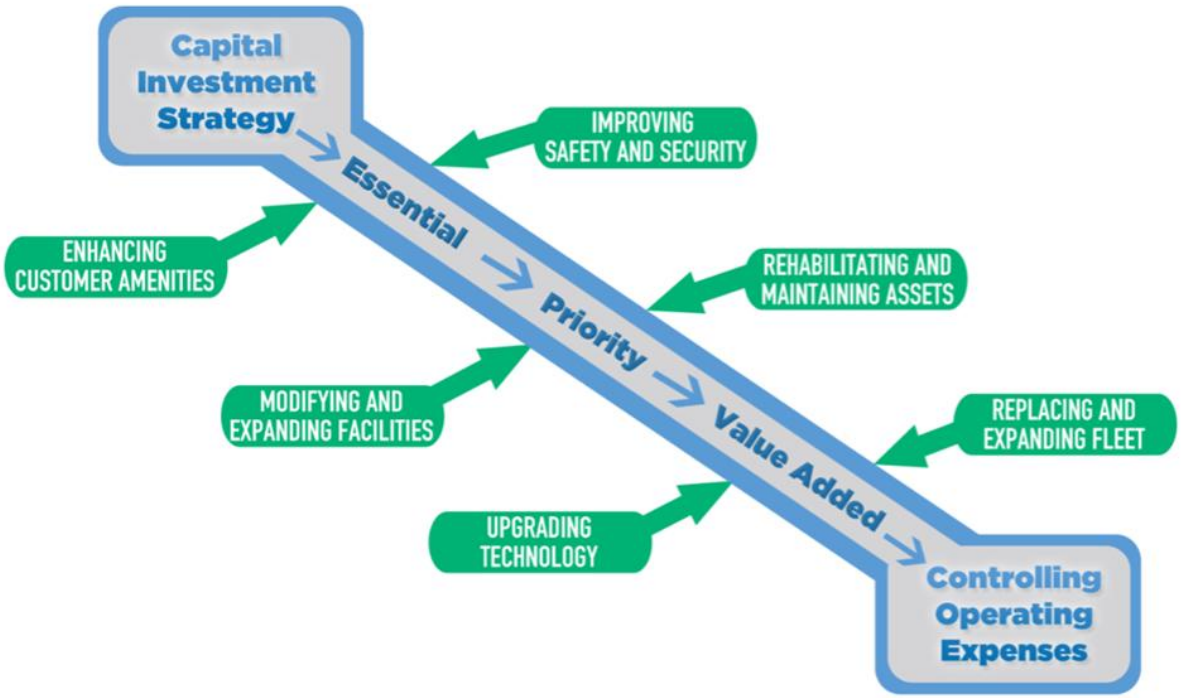
Operating Revenue
$139.8M

CAPITAL STRATEGIC PRIORITIES

The FY 2026 capital projects have been developed and aligned with LBT's capital strategic focus. The capital projects were proposed by department managers and evaluated by an internal Key Performance Indicators (KPI) team. The KPI team is a cross-departmental matrix team that evaluates the proposed capital projects based on the capital project priority ranking system (Essential, Priority, and Value Added). Within these categories, essential projects were funded first, followed by priority projects. Value-added projects are funded last—if they cannot be funded in the capital budget, the projects are reevaluated the following fiscal year.

The ELT reviewed the KPI team's recommendations to ensure that the FY 2026 capital budget best reflects LBT's Strategic Priorities and capital strategic focus.

CAPITAL STRATEGIC FOCUS AND RANKING



CAPITAL ANALYSIS PROCESS

CAPITAL FUND BALANCE

To meet the agency's long-term capital needs, LBT applies sound government financial practices that require the accumulation and maintenance of funds. The funds are also set aside to help provide for current outstanding commitments or critical needs that may arise in the future. These practices align with LBT's strategic priority to "Exercise Financial Accountability."

LBT's fund balances are derived from various federal, state, and local sources and contain balances that LBT currently holds in programmed and unprogrammed project accounts. The funds are held for various capital projects, including future project assignments.

Funding Source	FY2025 Through Q3	Estimated Addition	Estimated Expenditures	Estimated FY2026
Federal	$ 114,604	$ -	$ -	$ 114,604
State	$ 1,476,582	$ -	$ (14)	$ 1,476,568
County	$ 165,503	$ -	$ -	$ 165,503
Total Fund Balance	$ 1,756,689	$ -	$ (14)	$ 1,756,675

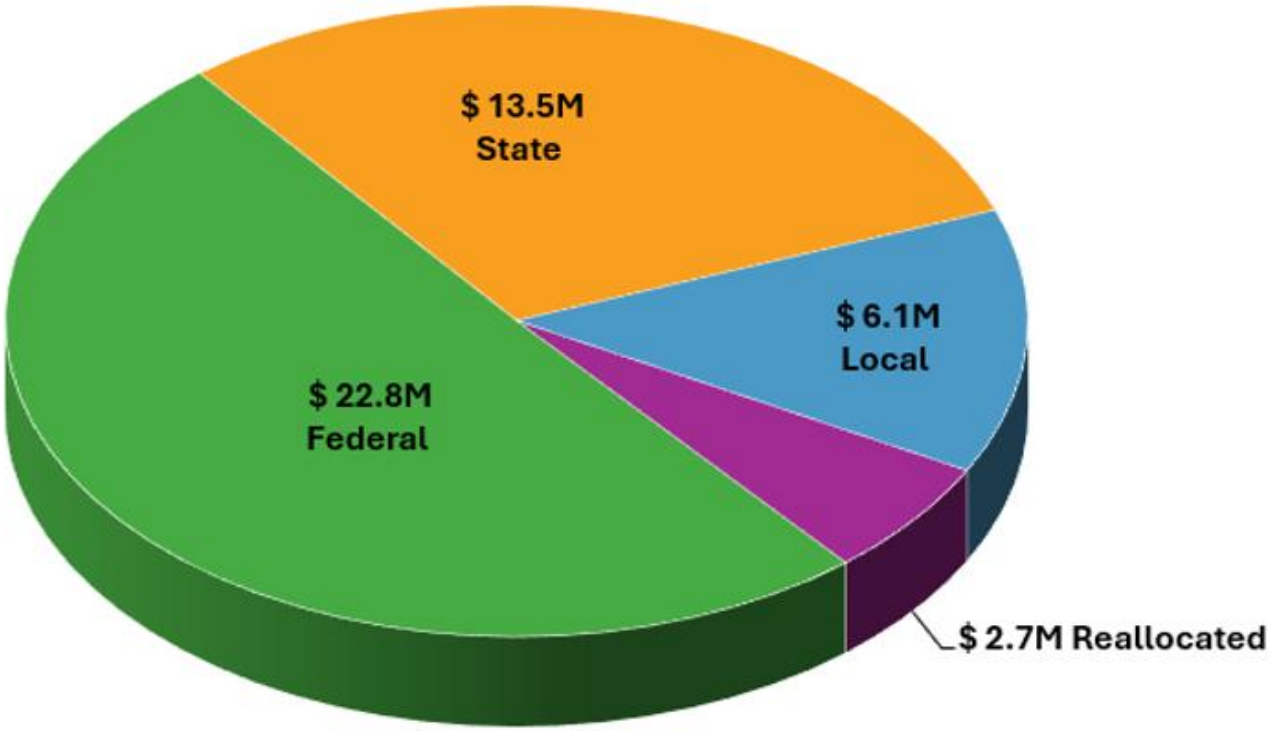
LBT finances the majority of its capital assets through annual grants awarded by the FTA. These federal grants are allocated by region under Section 5307 of the Bipartisan Infrastructure Law. The agency is eligible to receive funds based on a formula allocation and discretionary money for specific projects, such as bus procurements.

The Bipartisan Infrastructure Law, enacted on November 15, 2021, established funding levels and federal policy for the nation's highways and public transit systems for fiscal years 2022 through 2026.

CAPITAL FUNDING SOURCES

FY 2026 CAPITAL PROGRAM FUNDING SOURCES

$45.1M



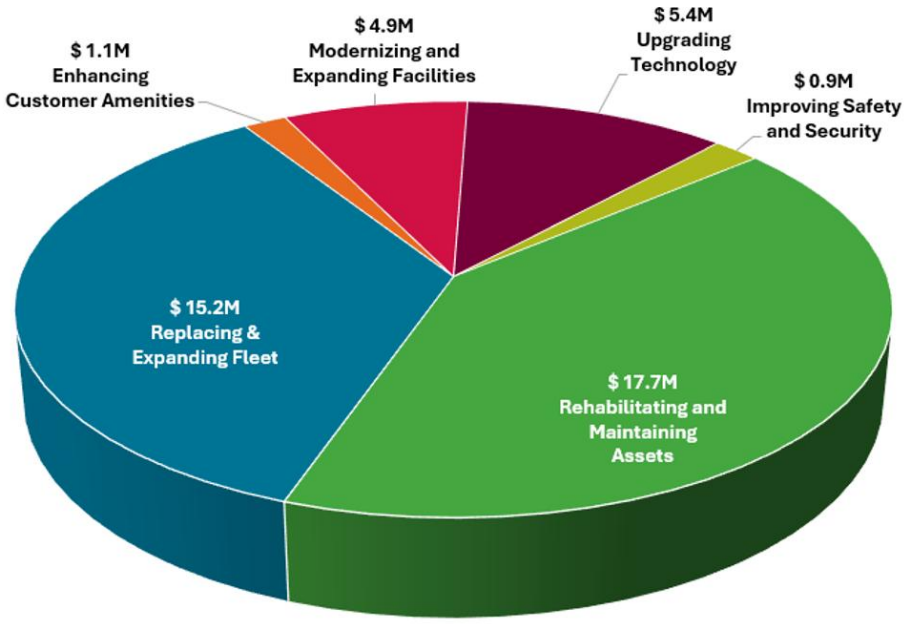
CAPITAL PROGRAM

The FY 2026 capital projects have been evaluated in relation to one another in terms of need, scope, and cost to ensure the most efficient resource allocation. This analysis allows LBT to further its long-term planning goals by evaluating options and then prioritizing organizational decisions.

The proposed capital budget for FY 2026 is approximately $45.1 million, which includes the following types of projects:

- Bus Replacement
- ERP EAM Replacement
- Bus Stop Improvements
- Safety and Security Upgrades
- Bus Components to Maintain Assets in a "Like-New Condition"

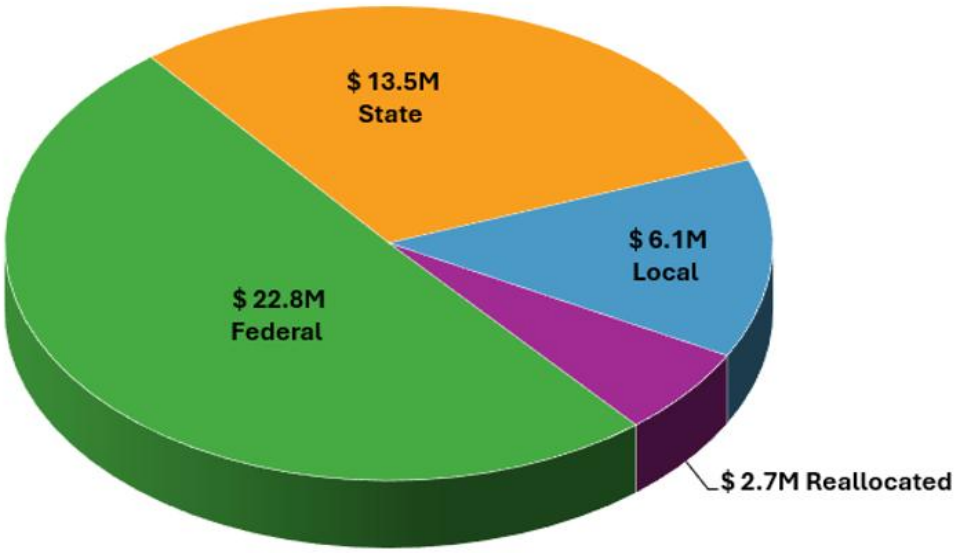
FY 2026 CAPITAL PROJECTS ALLOCATION



$45.1M

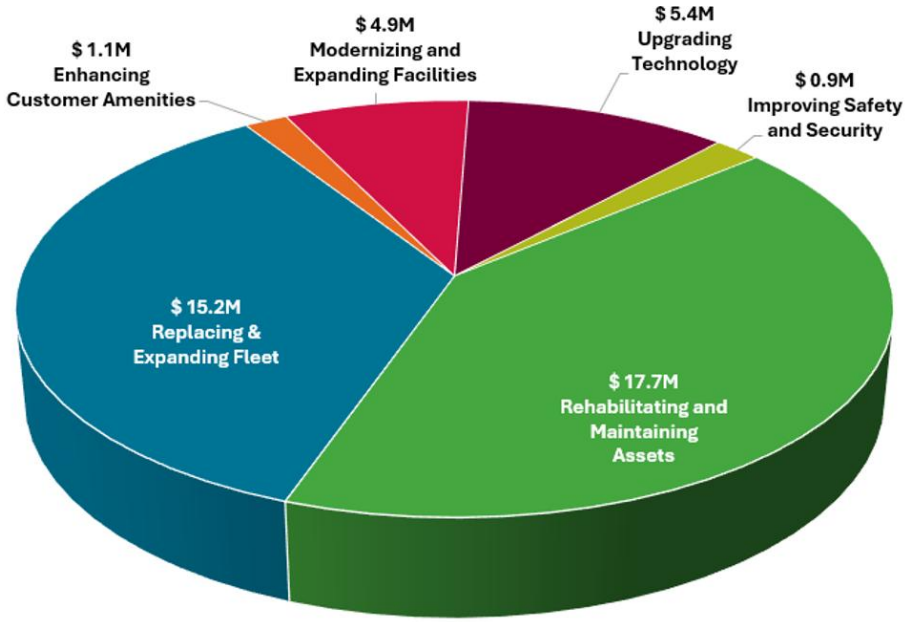
Totals may not add due to rounding.

Capital Program (cont'd)



CAPITAL FUNDING
$45.1M

CAPITAL PROJECTS ALLOCATION
$45.1M



FY 2025 Distinguished Budget Presentation Award

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

Long Beach Transit
California

For the Fiscal Year Beginning

July 01, 2024

Christopher P. Morrill

Executive Director

The Government Finance Officers Association (GFOA) of the United States and Canada presented a Distinguished Budget Presentation Award to LBT for its Annual Budget for the fiscal year beginning July 1, 2024. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide and as a communications device.

This award is valid for a period of one year only. LBT believes its FY 2026 budget contained within this document continues to conform to program requirements and is submitting it to the GFOA to determine its eligibility for another award.

Operating Revenue

FY 2026
Sources of Operating Revenue

REVENUE DESCRIPTION		ACTUAL FY 2024		ESTIMATED FY 2025		PROPOSED FY 2026
Fare Revenue:						
Regular Cash Fares	$	5,683,963	$	6,198,910	$	6,198,910
Regular Pass Sales		550,992		499,138		499,138
Regular Day and 5-Day Pass		330,857		294,408		294,408
Interagency Transfers		3,108		2,607		2,607
Special/Senior Cash Fares		1,268,081		1,296,397		1,296,397
Special/Senior Pass Fares		227,436		220,961		220,961
Senior Day and 5-Day Pass		240,133		245,713		245,713
Student Pass Fares		535,257		484,325		484,325
Student GoPass (FSI)		803,697		717,350		717,350
Dial-A-Lift Fares		39,614		45,133		45,398
Water Taxi Fares		241,795		260,173		260,173
Total Fare Revenue	$	9,924,934	$	10,265,115	$	10,265,380
Special Events	$	100,247	$	185,445	$	184,908
Advertising		740,683		271,677		837,500
Special Events and Advertising Revenue	$	840,930	$	457,122	$	1,022,408
Non-Operating Revenue:						
Investment Revenue	$	2,810,184	$	3,001,549	$	2,700,000
Alternative Fuel Credits		1,368,687	$	1,181,500	$	690,000
Lease Revenue		813,368	$	1,159,407	$	1,222,422
Miscellaneous		50,049	$	493,481	$	22,232
Total Non-Operating Revenue	$	5,042,288	$	5,835,937	$	4,634,654
Subsidy Revenue:						
Prop A Local Return						
- City of Long Beach	$	6,474,278	$	6,352,615	$	6,290,231
Local Municipalities		2,785,149	$	3,039,927	$	2,887,931
Los Angeles County		44,521,853	$	43,191,673	$	61,447,136
State Assistance		34,146,305	$	32,022,888	$	38,519,622
Federal		21,059,795	$	24,055,000	$	14,765,867
Total Subsidy Revenue	$	108,987,380	$	108,662,103	$	123,910,787
Total Revenues	$	124,795,531	$	125,220,276	$	139,833,229

NOTE: The allocation of operating subsidies is based on the most recent annual funding marks supplied by Los Angeles County Metropolitan Transportation Authority (Metro). These funding marks are actual and anticipated. However, the Metro Board of Directors has not yet adopted final funding marks. LBT's Board of Directors will be advised should the funding marks be materially changed during the fiscal year.

FY 2026 Operating Revenue by Mode

ACTUAL FY 2024

Source	Total	Fixed Route	Dial-A-Lift	Water Taxi	Special Events
Fares	$ 9,924,934	$ 9,643,525	$ 39,614	$ 241,795	$ -
Special Events	100,247	-	-	3,650	96,597
Advertising	740,683	740,683	-	-	-
Non-Operating	5,042,288	5,022,322	-	19,966	-
City of Long Beach-Prop A Local Return	6,474,278	6,474,278	-	-	-
Local Municipalities	2,785,149	2,700,617	84,532	-	-
Los Angeles County					
Bus System Improvement Program (BSIP)	925,191	925,191	-	-	-
Foothill Mitigation	1,249,915	1,249,915	-	-	-
Measure M	2,763,018	2,763,018	-	-	-
Measure R	15,882,204	15,882,204	-	-	-
Prop A Discretionary	17,547,201	17,165,762	381,439	-	-
Prop C-Security Program	3,554,049	3,554,049	-	-	-
Service Expansion Program	2,563,169	2,563,169	-	-	-
Express Toll Revenue	37,107	37,107	-	-	-
State Assistance					
TDA	25,332,117	23,740,387	824,902	766,828	-
STA	4,940,878	4,940,878	-	-	-
SB1	3,784,635	3,784,635	-	-	-
SB125	88,674	88,674	-	-	-
LCTOP	-	-	-	-	-
TIRCP	-	-	-	-	-
Federal					
Preventative Maintenance	400,000	400,000	-	-	-
CRRSAA	4,916,228	4,916,228	-	-	-
ARPA	15,743,567	15,743,567	-	-	-
Total Revenues	$ 124,795,531	$ 122,336,208	$ 1,330,487	$ 1,032,239	$ 96,597
Vehicle Service Hours (VSH)		670,380			
Cost per VSH		$ 182.49			

ESTIMATED FY 2025

Source	Total	Fixed Route	Dial-A-Lift	Water Taxi	Special Events
Fares	$ 10,265,115	$ 9,959,809	$ 45,133	$ 260,173	$ -
Special Events	185,445	-	-	4,350	181,095
Advertising	271,677	271,677	-	-	-
Non-Operating	5,835,937	5,816,199	-	19,738	-
City of Long Beach-Prop A Local Return	6,352,615	6,352,615	-	-	-
Local Municipalities	3,039,927	2,950,545	89,382	-	-
Los Angeles County					
Bus System Improvement Program (BSIP)	952,947	952,947	-	-	-
Foothill Mitigation	1,123,000	1,123,000	-	-	-
Measure M	10,170,014	10,170,014	-	-	-
Measure R	7,472,438	7,472,438	-	-	-
Prop A Discretionary	18,036,133	17,638,899	397,234	-	-
Prop C-Security Program	2,797,077	2,797,077	-	-	-
Service Expansion Program	2,640,064	2,640,064	-	-	-
Express Toll Revenue	-	-	-	-	-
State Assistance					
TDA	19,688,684	18,055,776	867,591	765,317	-
STA	7,014,131	7,014,131	-	-	-
SB1	5,320,073	5,320,073	-	-	-
SB125	-	-	-	-	-
TIRCP	-	-	-	-	-
Federal					
Preventative Maintenance	1,700,000	1,700,000	-	-	-
CRRSAA	-	-	-	-	-
ARPA	22,355,000	22,355,000	-	-	-
Total Revenues	$ 125,220,276	$ 122,590,264	$ 1,399,340	$ 1,049,578	$ 181,095
Vehicle Service Hours (VSH)		667,165			
Cost per VSH		$ 183.75			

FY 2026 Operating Revenue by Mode (cont'd)

PROPOSED FY 2026

Source	Total	Fixed Route	Dial-A-Lift	Water Taxi	Special Events
Fares	$ 10,265,380	$ 9,959,809	$ 45,398	$ 260,173	$ -
Special Events	184,908	-	-	5,000	179,908
Advertising	837,500	837,500	-	-	-
Non-Operating	4,634,654	4,614,916	-	19,738	-
City of Long Beach-Prop A Local Return	6,290,231	6,290,231	-	-	-
Local Municipalities	2,887,931	2,803,018	84,913	-	-
Los Angeles County					
Bus System Improvement Program (BSIP)	980,201	980,201	-	-	-
Foothill Mitigation	974,451	974,451	-	-	-
Measure M	16,880,342	16,880,342	-	-	-
Measure R	19,247,859	19,247,859	-	-	-
Prop A Discretionary	18,499,169	18,037,528	461,641	-	-
Prop C-Security Program	2,149,544	2,149,544	-	-	-
Service Expansion Program	2,715,570	2,715,570	-	-	-
Express Toll Revenue	-	-	-	-	-
State Assistance					
TDA	17,173,290	15,172,831	965,816	1,034,643	-
STA	6,920,997	6,920,997	-	-	-
SB1	5,209,116	5,209,116	-	-	-
SB125	9,216,219	9,216,219	-	-	-
Federal					
Preventative Maintenance	10,000,000	10,000,000	-	-	-
ARPA	4,765,867	4,765,867	-	-	-
Total Revenues	$ 139,833,229	$ 136,775,998	$ 1,557,768	$ 1,319,554	$ 179,908
Vehicle Service Hours (VSH)		671,854			
Cost per VSH		$ 203.58			

Advertising

LBT receives revenues generated from advertising on the exterior of LBT buses.

Alternative Fuel Credits

Fuel credits received for the use of alternative fuel in buses, particularly CNG.

City of Long Beach – Prop A Local Return

The City of Long Beach allocates a portion of its Proposition A funds to LBT for operating or capital purposes. Proposition A, approved by voters in November 1980, was the first local sales tax of its kind to bolster Los Angeles County's ability to respond to gridlock and mobility challenges.

Twenty-five percent (25%) of Proposition A funds are dedicated to the Local Return Program. The Proposition A ordinance requires that Local Return Program funds be used exclusively to benefit public transit. Eligible uses include expenditures related to fixed-route and paratransit services, transportation demand management, transportation systems management and fare subsidy programs.

Fare Revenue

Monies collected from the farebox and TAP, transfers, tokens, daily/five-day/monthly passes, 25-ride coupons, Dial-A-Lift, AquaBus/AquaLink (Water Taxi) rides, and transportation program partnerships with community partners.

Federal

Annually, LBT receives an apportionment of Section 5307 Urbanized Area Formula funds for its capital activities. The FTA allows such funds to be used for preventive maintenance.

- Preventive Maintenance
  Preventive Maintenance is defined as all the activities, supplies, materials, labor, services and associated costs required to preserve or extend the functionality and serviceability of the asset in a cost-effective manner, up to and including satisfactory maintenance of the assets. The costs and revenue associated with such funds are reflected in the operating budget.

Other Federal Sources

- The Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA)
  CRRSAA funds are disbursed through FTA apportionments to its Urbanized Area (Section 5307) eligible recipients. These funds are allocated to support the transit industry during the COVID-19 pandemic. CRRSAA funds are eligible and prioritized at 100% federal funding for operating expenses but may be used for capital expenses.

- The American Rescue Plan Act of 2021 (ARPA)
  ARPA funds are disbursed through FTA apportionments to its Urbanized Area (Section 5307) eligible recipients. ARPA supports the nation's public transportation systems as they continue to respond to the COVID-19 pandemic. ARPA funds are eligible and prioritized at 100% federal funding for operating expenses but may be used for capital expenses.

Lease Revenue

Revenue generated from leasing agreements of corporate administrative office building.

Low Carbon Transit Operations Program (LCTOP)

LCTOP is part of the State of California's Transit, Affordable Housing, and Sustainable Communities Program. LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities

Local Municipalities

LBT receives funds from eight municipal jurisdictions served by LBT — Bellflower, Carson, Cerritos, Hawaiian Gardens, Lakewood, Paramount, Seal Beach and Signal Hill.

Los Angeles County

Los Angeles County Metro allocates the revenues listed below to the Agency using the Formula Allocation Process (FAP). These revenues — Proposition A, Proposition C, Measure R and Measure M funds — are derived from half-cent local sales tax initiatives.

FAP Funds

- Bus System Improvement Program (BSIP)
  Proposition C fund allocated to relieve overcrowding on transit-dependent service routes

- Foothill Mitigation
  Proposition C fund allocated to minimize funding impacts of adding Foothill Transit as a municipal operator

- Measure M
  Provides an additional half-cent sales tax for transportation and the indefinite extension of an existing half-cent sales tax also dedicated to transportation originally set to expire in 2039 for expansion or introduction of fixed-route bus service in congested corridors

- Measure R
  Allocated to fund traffic relief and rail expansion according to an expenditure plan contained in the ordinance

- Proposition A Discretionary
  Allocated to fund bus services provided by Los Angeles Metro and 16 other municipal bus organizations within Los Angeles County, which includes LBT

- Proposition C Security
  Allocated for security projects such as the transit police program

- Proposition C Municipal Operator Service Improvement Program (MOSIP)
  Allocated for service enhancements and used as a match for our federal capital grants, which include preventive maintenance funds

- Service Expansion
  Proposition C fund allocated for expansion or introduction of fixed-route bus service in congested corridors

Non-FAP Funds

- Express Toll Revenue
  Through a competitive discretionary grant process, LBT received monies to operate the LA Galaxy Express shuttle service between Dignity Health Sports Park in Carson and two major intermodal transportation hubs – the Harbor Gateway Transit Center and Metro A Line Del Amo Station. These grant funds were generated from net toll revenues generated from the ExpressLanes on the I-10 and I-110 freeways.

Descriptions of Operating Revenue (cont'd)

Non-Operating Revenue

This miscellaneous revenue is mainly comprised of investment income, lease revenue and alternative fuel credits.

Special Events

LBT collects revenue for providing reserved service to community groups and events for public-private partnerships.

State Assistance

The Mills-Alquist-Deddeh Act (SB 325) was enacted by the California Legislature to improve existing public transportation services and encourage regional transportation coordination. Known as the Transportation Development Act (TDA) of 1971, this law provides funding to be allocated to transit and non-transit related purposes that comply with regional transportation plans. The TDA funds are eligible to support a wide variety of transportation programs, including planning and program activities, pedestrian and bicycle facilities, community transit services, public transportation, as well as bus and rail projects.

TDA established two funding sources: the Local Transportation Fund (LTF) and the State Transit Assistance (STA) fund, with Senate Bill 1 (SB1) added as an additional funding source in 2017.

- TDA
  LTF funds, commonly known as TDA, are derived from a quarter cent of general sales tax collected statewide. This funding may also be used for local streets and roads, construction and maintenance

- STA
  Appropriated by the legislature to the State Controller's Office (SCO) and allocated by formula, STA funds are derived from the statewide sales taxes on diesel fuel. The amount of money available for transit agencies varies from year to year based on the fluctuation of diesel sales and prices. STA funding may only be used for transportation planning and mass transportation purposes

- Senate Bill (SB1)
  SB1, also known as the Road Repair and Accountability Act of 2017, funds are generated through a 12-cent excise tax added to each gallon of gasoline, 20-cent excise tax added to each gallon of diesel fuel, and an increased vehicle registration fee

- Senate Bill (SB 125)
  SB 125, passed in 2021, provides transit agencies with supplemental funding intended to support transit agencies in buying buses, transitioning to low- or no-emission buses, modernizing bus facilities and more. SB 125 funds are one-time in nature and can be used to fund transit operating and capital improvements

- Senate Bill (SB 434)
  SB 434 requires transit operators to collect and publish survey data, with funding from Caltrans to improve rider safety and reduce street harassment. The bill emphasizes outreach to underrepresented rider groups and requires data to be posted publicly and shared with the Governor and Legislature. SB 434 funds are one-time in nature

Operating Expenditures

FY 2026 Operating Budget Summary – All Departments

	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
Wages			
Transit Service Delivery	$ 37,200,781	$ 37,954,825	$ 39,017,407
Transit Asset Management	12,065,387	12,539,750	12,784,548
Customer Experience	2,433,227	2,350,303	2,680,344
Risk Management	676,245	599,122	779,613
Information Technology	1,228,892	1,149,017	1,425,851
Internal Business Functions	4,613,804	4,274,131	5,791,425
	$ 58,218,336	$ 58,867,148	$ 62,479,188
Fringe Benefits			
Transit Service Delivery	$ 20,996,909	$ 19,270,084	$ 24,760,326
Transit Asset Management	4,954,173	5,185,288	5,858,163
Customer Experience	960,525	913,785	1,067,331
Risk Management	249,344	226,735	293,655
Information Technology	626,722	422,832	586,836
Internal Business Functions	1,802,540	1,810,525	2,453,422
	$ 29,590,215	$ 27,829,250	$ 35,019,733
Other Expenses			
Transit Service Delivery	$ 5,984,150	$ 6,299,353	$ 7,496,438
Transit Asset Management	13,125,095	13,327,529	14,012,463
Fuel & Lubricants	5,695,726	5,427,799	6,442,739
Customer Experience	1,003,859	1,238,674	1,366,262
Risk Management	3,828,091	5,354,037	5,444,431
Information Technology	4,270,529	3,985,168	4,302,186
Internal Business Functions	3,079,530	2,891,321	3,269,788
	$ 36,986,979	$ 38,523,879	$ 42,334,307
Total Operating Budget	$ 124,795,530	$ 125,220,277	$ 139,833,228

Descriptions of Operating Expenses

The following sections present the operating expense budgets by department. Below are the definitions of the operating expense categories presented in the departmental budgets.

Advertising

Cost of services for an outside advertising agency to develop advertising and marketing programs to generate public awareness and grow ridership

Auto Allowance

Fixed monthly payments to specified employees using their personal automobiles for LBT business

Banking Services

Fees charged for routine banking services such as direct deposit, check processing, armored car pick-up and vault deposits

Banking Supplies

Materials and supplies used in processing coin and currency deposits, as well as check stock

Casualty and Liability

Payments made to external parties for claim settlements, legal fees, medical expenses and depositions, and includes the adjustment to reserves to reflect new, closed and outstanding claims as submitted and determined by the agency's third-party claims administrator

Debt Financing

Interest expenses associated with promissory note payments

Defined Contribution

Employer 401(a) match for deferred compensation contributions made by staff employees hired on or after April 1, 2011

Dental and Vision

Employer premium payments to insurance carriers for employees' dental and vision insurance

Descriptions of Operating Expenses (cont'd)

Dues and Subscriptions

Memberships and subscriptions for industry-based associations, professional organizations, and periodicals

Employment Physicals

Medical costs associated with pre-employment physical examinations as a condition for LBT employment, as well as physical examinations for employees returning from a 30+ day leave of absence

Federal Insurance Contributions Act (FICA)

Employer contributions to the Social Security Fund pursuant to FICA

Fringe Benefits

Expenses incurred for employees' health insurance, workers' compensation, retirement plans and family and medical leave

Fuel

Cost of fuel and electricity used to operate buses and non-revenue service vehicles

Fuel Use Tax and Storage Fee

State and federal taxes assessed based on fuel usage

Health Benefits

Employer premium payments to insurance carriers for employees' health insurance, and also includes accumulated sick leave and health care reimbursements to eligible retirees

Life Insurance

Employer premium payments to insurance carriers for employees' life insurance

Lubricants

Costs of lubricants used for buses and non-revenue service vehicles

Materials and Supplies

All parts and materials for bus repair and fleet maintenance, facility infrastructure and bus stop maintenance, as well as general materials and supplies used for daily administrative operations and training programs

Other Fringe Benefits

Expenses incurred for employee assistance programs, attendance and safety awards, tuition reimbursement, etc.

Other Insurance

Premiums for miscellaneous insurance coverage such as excess workers' compensation, forgery, theft and computers

Other Miscellaneous Expenses

Minor miscellaneous expense

Other Miscellaneous Services

Minor miscellaneous service expenses

Pension

Employer contributions to the employees' pension funds

Pre-Employment Processing

Expenses generated from the pre-employment screening process

Premium Auto and General Liability Insurance

Insurance premiums for excess liability coverage paid to the carrier

Premium Property Insurance

Insurance premiums for physical damage insurance paid to the carrier

Prescription Reimbursement

Reimbursement for the difference between employees' medical prescription co-payments dictated in the Amalgamated Transit Union (ATU) Local 1277 collective bargaining agreement and allowable amounts per the agency's health insurance policy

Professional Services

Fees paid to professionals for services rendered such as management consultants, auditors, claim administrators and attorneys

Descriptions of Operating Expenses (cont'd)

Property Lease

Payment for use of leased property

Property Taxes and Fees

Payment of taxes for property and fees levied by local or state governments

Purchased Transportation

Contracted services to operate the Dial-A-Lift and Water Taxi programs

Recovery–Property Claims

Money received in settlement of physical damage claims from outside parties

Recruitment Expenses

Advertising expenses associated with the recruitment of new employees

Schedules Production and Printing

Costs associated with printing, formatting, layout, art and graphics of schedule and marketing materials

Security Services

Costs associated with patrol and alarm services, security guards for facilities and the transit enforcement detail

Small Tools

Miscellaneous small-tool purchases not covered under the capital program, which are retained for use by all maintenance employees

Technical Services

Payment to outside vendors for maintenance of agency assets such as computers, farebox equipment, office equipment, facility and fleet repairs, as well as public restroom oversight

Ticket/Pass Printing

Printing costs for one-ride coupons, as well as daily, five-day and monthly passes

Descriptions of Operating Expenses (cont'd)

Tool Allowance

Fixed amount given to mechanics towards purchase of their tools

Travel and Meetings

Costs of conferences, seminars, meetings, lodging, travel and transportation to conduct LBT business

Unemployment

Employer payments to the State of California for employees' unemployment insurance benefits

Uniform Allowance

The uniform cleaning costs for mechanics, warehouse, and revenue personnel, and a fixed amount towards purchase of uniforms for operators, Transit Service Delivery supervisors, Customer Service clerks, ride checkers, and warehouse and revenue personnel

Utilities

Cost of electricity, gas, water, sewer, internet and telephone

Wages

Payment for work performed which may include overtime, vacation and sick leave benefits

Workers' Compensation

Expenses incurred for disability payments, medical treatment, attorneys' fees, court depositions, travel, etc., and includes the adjustment of reserves to reflect new, closed and outstanding claims as submitted and determined by the agency's third-party claims administrator.

Transit Service Delivery

FY 2026 Transit Service Delivery and Planning Budget Summary

	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
Wages			
Transit Service Delivery	$ 34,820,053	$ 35,488,576	$ 36,189,285
Transit Service Planning	737,724	864,858	1,038,800
Dial-A-Lift Services	99,746	98,391	104,320
Aqua Services	-	-	-
Security	127,822	130,195	134,105
Training and Development	990,185	1,003,891	1,118,604
Administration	425,251	368,914	432,293
	$ 37,200,781	$ 37,954,825	$ 39,017,407
Fringe Benefits			
Transit Service Delivery	$ 19,943,461	$ 18,259,423	$ 23,657,813
Transit Service Planning	237,892	225,113	298,915
Dial-A-Lift Services	62,001	46,018	49,196
Aqua Services	-	-	-
Security	27,904	29,486	32,343
Training and Development	577,447	534,910	539,510
Administration	148,205	175,134	182,549
	$ 20,996,909	$ 19,270,084	$ 24,760,327
Other Expenses			
Transit Service Delivery	$ -	$ -	$ -
Transit Service Planning	317,972	412,832	856,768
Dial-A-Lift Services	1,168,740	1,254,931	1,404,252
Aqua Services	1,032,239	1,049,578	1,319,554
Security	3,363,414	3,446,508	3,757,555
Training and Development	91,506	111,854	119,959
Administration	10,279	23,650	38,350
	$ 5,984,150	$ 6,299,353	$ 7,496,439
Total Transit Service Budget	$ 64,181,840	$ 63,524,262	$ 71,274,172

FY 2026
Transit Service Delivery

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
WAGES			
Superintendents			
Full-Time	$ 262,146	$ 232,305	$ 272,512
Operators			
Full-Time	28,190,015	28,248,160	29,336,428
Student	305,723	576,300	289,600
Overtime	1,321,645	1,171,810	843,100
Vacation	2,339,830	2,528,046	2,634,708
Supervisors			
Full-Time	2,303,952	2,541,228	2,719,948
Additional Pay	96,742	190,728	92,990
TOTAL WAGES	$ 34,820,053	$ 35,488,576	$ 36,189,285
FICA	$ 2,393,900	$ 2,441,303	$ 2,767,666
PENSION	4,401,997	3,788,392	4,971,704
DEFINED CONTRIBUTION	99,520	109,483	163,160
HEALTH BENEFITS	6,338,504	6,060,784	7,745,522
DENTAL & VISION	332,992	298,264	365,319
LIFE INSURANCE	51,339	54,880	62,650
WORKERS' COMPENSATION	6,174,026	5,349,047	7,410,394
UNIFORM ALLOWANCE	145,483	148,271	160,600
AUTO ALLOWANCE	5,700	9,000	10,800
TOTAL FRINGE BENEFITS	$ 19,943,461	$ 18,259,423	$ 23,657,813
TOTAL DIVISION EXPENSES	$ 54,763,514	$ 53,748,000	$ 59,847,099

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
WAGES			
Full-Time	$ 548,489	$ 654,279	$ 763,942
Part-Time	169,979	194,869	214,858
Intern	19,256	15,710	60,000
TOTAL WAGES	$ 737,724	$ 864,858	$ 1,038,800
FICA	$ 55,325	$ 65,362	$ 79,788
PENSION	90,933	39,169	40,236
DEFINED CONTRIBUTION	15,851	33,334	60,077
HEALTH BENEFITS	66,132	73,440	101,444
DENTAL & VISION	3,206	3,794	4,668
LIFE INSURANCE	3,418	4,313	5,302
UNIFORM ALLOWANCE	928	1,200	2,000
AUTO ALLOWANCE	2,100	4,500	5,400
TOTAL FRINGE BENEFITS	$ 237,892	$ 225,113	$ 298,915
PROFESSIONAL SERVICES	$ 317,972	$ 412,046	$ 855,768
OTHER MISC. EXPENSES	-	786	1,000
TOTAL OTHER EXPENSES	$ 317,972	$ 412,832	$ 856,768
TOTAL DIVISION EXPENSES	$ 1,293,588	$ 1,502,803	$ 2,194,483

FY 2026
Dial-A-Lift Services

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
WAGES			
Full Time	$ 99,746	$ 98,391	$ 104,320
TOTAL WAGES	$ 99,746	$ 98,391	$ 104,320
FICA	$ 6,984	$ 6,907	$ 7,937
PENSION	35,898	23,921	24,900
HEALTH BENEFITS	17,349	13,818	14,870
DENTAL & VISION	1,170	734	774
LIFE INSURANCE	600	638	716
TOTAL FRINGE BENEFITS	$ 62,001	$ 46,018	$ 49,196
PROFESSIONAL SERVICES	$ -	$ 2,000	$ 2,000
PURCHASED TRANSPORTATION			
Dial-A-Lift	1,168,740	1,252,931	1,402,252
TOTAL OTHER EXPENSES	$ 1,168,740	$ 1,254,931	$ 1,404,252
TOTAL DIVISION EXPENSES	$ 1,330,487	$ 1,399,340	$ 1,557,768

FY 2026
Water Taxi Services

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
PROFESSIONAL SERVICES	$ 78,614	$ 19,536	$ 29,336
TECHNICAL SERVICES	105,786	128,518	258,900
PURCHASED TRANSPORTATION WATER TAXIS			
AquaBus	178,569	123,858	227,737
AquaLink	639,663	746,073	771,358
Aqua Special Events	2,039	2,463	2,555
Aqua Services Advertising	27,567	29,129	29,668
TOTAL OTHER EXPENSES	$ 1,032,239	$ 1,049,578	$ 1,319,554
TOTAL DIVISION EXPENSES	$ 1,032,239	$ 1,049,578	$ 1,319,554

FY 2026 Security

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
WAGES			
Full Time	$ 127,822	$ 130,195	$ 134,105
TOTAL WAGES	$ 127,822	$ 130,195	$ 134,105
FICA	$ 9,705	$ 9,900	$ 10,659
DEFINED CONTRIBUTION	12,479	12,930	13,934
HEALTH BENEFITS	-	-	-
DENTAL & VISION	1,315	1,315	1,388
LIFE INSURANCE	806	842	961
AUTO ALLOWANCE	3,600	4,500	5,400
TOTAL FRINGE BENEFITS	$ 27,904	$ 29,486	$ 32,343
SECURITY SERVICES	$ 3,363,414	$ 3,446,508	$ 3,757,555
TOTAL OTHER EXPENSES	$ 3,363,414	$ 3,446,508	$ 3,757,555
TOTAL DIVISION EXPENSES	$ 3,519,140	$ 3,606,189	$ 3,924,003

FY 2026
Training and Development

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
WAGES			
Full-Time	$ 221,367	$ 204,483	$ 229,793
Supervisors			
Full-Time	768,819	786,006	879,177
Additional Pay	-	13,402	9,634
TOTAL WAGES	$ 990,185	$ 1,003,891	$ 1,118,604
FICA	$ 70,932	$ 71,851	$ 83,504
PENSION	255,513	223,250	236,692
DEFINED CONTRIBUTION	9,960	9,402	10,534
HEALTH BENEFITS	225,548	211,077	182,742
DENTAL & VISION	9,083	8,056	9,506
LIFE INSURANCE	6,411	6,324	7,532
AUTO ALLOWANCE	-	4,950	9,000
TOTAL FRINGE BENEFITS	$ 577,447	$ 534,910	$ 539,510
PROFESSIONAL SERVICES	$ 86,067	$ 96,912	$ 103,870
MATERIALS & SUPPLIES	5,284	14,645	14,589
OTHER MISC. EXPENSES	154	297	1,500
TOTAL OTHER EXPENSES	$ 91,506	$ 111,854	$ 119,959
TOTAL DIVISION EXPENSES	$ 1,659,137	$ 1,650,655	$ 1,778,073

FY 2026 Transit Service Delivery and Planning Administration

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
WAGES			
Full Time	$ 425,251	$ 367,498	$ 415,293
Intern	-	1,417	17,000
TOTAL WAGES	$ 425,251	$ 368,914	$ 432,293
FICA	$ 29,922	$ 23,057	$ 30,189
DEFINED CONTRIBUTION	35,801	29,079	42,532
HEALTH BENEFITS	48,501	37,732	49,370
DENTAL & VISION	2,714	2,341	2,141
LIFE INSURANCE	2,471	2,131	2,418
UNEMPLOYMENT	12,667	57,843	27,000
AUTO ALLOWANCE	7,200	9,000	10,800
OTHER FRINGES	8,928	13,950	18,100
TOTAL FRINGE BENEFITS	$ 148,205	$ 175,134	$ 182,549
PROFESSIONAL SERVICES	$ -	$ -	$ 11,750
OTHER MISC. EXPENSES	10,279	23,650	26,600
TOTAL OTHER EXPENSES	$ 10,279	$ 23,650	$ 38,350
TOTAL DIVISION EXPENSES	$ 583,735	$ 567,698	$ 653,191

Transit Asset Management

FY 2026 Transit Asset Management Budget Summary

	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
Wages			
Vehicle Maintenance	$ 8,925,815	$ 9,256,202	$ 9,238,709
Infrastructure	1,375,147	1,424,899	1,483,923
Warehouse	840,837	866,339	863,497
Contracts and Procurement	466,725	431,883	648,734
Administration	456,864	560,427	549,686
	$ 12,065,387	$ 12,539,750	$ 12,784,548
Fringe Benefits			
Vehicle Maintenance	$ 3,609,312	$ 3,777,801	$ 4,350,642
Infrastructure	563,714	621,264	654,670
Warehouse	407,983	398,348	379,245
Contracts and Procurement	149,094	153,817	237,681
Administration	224,071	234,059	235,925
	$ 4,954,173	$ 5,185,288	$ 5,858,163
Other Expenses			
Vehicle Maintenance	$ 7,293,212	$ 7,384,739	$ 7,887,629
Infrastructure	5,777,066	5,894,850	5,966,834
Warehouse	32,437	20,500	87,500
Contracts and Procurement	14,352	13,000	13,000
Administration	8,029	14,440	57,500
	$ 13,125,095	$ 13,327,529	$ 14,012,463
Total Maintenance and Infrastructure Budget	$ 30,144,656	$ 31,052,567	$ 32,655,174
Fuel & Lubricants Budget	$ 5,695,726	$ 5,427,799	$ 6,442,739

FY 2026
Vehicle Maintenance

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
WAGES			
Fleet Managers			
Full-Time	$ 269,532	$ 268,564	$ 266,739
Mechanics and Utilities			
Full-Time	5,702,651	5,870,136	6,236,484
Overtime	1,003,861	989,645	579,025
Vacation	352,679	396,911	366,509
Supervisors			
Full-Time	1,531,315	1,636,702	1,748,952
Additional Pay	65,776	94,244	41,000
TOTAL WAGES	$ 8,925,815	$ 9,256,202	$ 9,238,709
FICA	$ 623,729	$ 647,510	$ 710,838
PENSION	1,064,773	1,032,280	1,193,670
DEFINED CONTRIBUTION	79,871	88,582	132,144
HEALTH BENEFITS	1,264,066	1,385,661	1,616,331
DENTAL & VISION	69,475	69,316	78,407
LIFE INSURANCE	18,750	19,387	21,835
WORKERS' COMPENSATION	340,583	386,509	408,849
TOOL ALLOWANCE	140,867	140,454	177,767
AUTO ALLOWANCE	7,200	8,100	10,800
TOTAL FRINGE BENEFITS	$ 3,609,312	$ 3,777,801	$ 4,350,642

FY 2026
Vehicle Maintenance (cont'd)

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
TECHNICAL SERVICES			
Buses	$ 1,050,505	$ 885,130	$ 904,430
Service Vehicles	170,360	92,688	126,000
MATERIALS & SUPPLIES	5,990,911	6,355,031	6,771,199
SMALL TOOLS	75,929	43,677	70,000
OTHER MISC. EXPENSES	5,507	8,212	16,000
TOTAL OTHER EXPENSES	$ 7,293,212	$ 7,384,739	$ 7,887,629
TOTAL DIVISION EXPENSES	$ 19,828,339	$ 20,418,741	$ 21,476,979

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
WAGES			
Facilities			
Full-Time	$ 239,294	$ 246,156	$ 252,214
Intern	-	-	7,000
Supervisors and Technicians			
Full-Time	498,422	570,761	566,693
Additional Pay	15,426	15,694	16,809
Overtime	12,491	20,229	12,500
Custodians			
Full-Time	547,337	498,955	578,105
Overtime	26,929	42,857	12,742
Vacation	35,249	30,247	37,861
TOTAL WAGES	$ 1,375,147	$ 1,424,899	$ 1,483,923
FICA	$ 96,124	$ 102,144	$ 113,600
PENSION	102,945	96,665	112,236
DEFINED CONTRIBUTION	60,491	67,960	71,143
HEALTH BENEFITS	213,891	226,848	247,595
DENTAL & VISION	11,358	12,153	12,943
LIFE INSURANCE	4,800	6,033	7,108
WORKERS' COMPENSATION	70,503	105,411	84,645
AUTO ALLOWANCE	3,600	4,050	5,400
TOTAL FRINGE BENEFITS	$ 563,714	$ 621,264	$ 654,670

FY 2026
Infrastructure (cont'd)

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
PROFESSIONAL SERVICES	$ 322,617	$ 469,720	$ 555,763
TECHNICAL SERVICES			
Farebox Revenue Equipment	8,590	10,000	10,000
Facility	1,145,697	1,159,573	1,117,094
Hazardous Material Removal	125,113	174,418	142,000
CNG Services	248,861	276,445	276,431
SECURITY SERVICES	453,948	485,742	558,071
MATERIALS & SUPPLIES	526,881	517,352	479,060
UTILITIES	1,475,719	1,595,567	1,675,654
PREM. PROPERTY INSURANCE	80,076	84,337	97,104
PROPERTY TAXES AND FEES	936,223	689,109	619,810
DEBT FINANCING	-	-	-
PROPERTY LEASE	453,342	432,587	435,846
TOTAL OTHER EXPENSES	$ 5,777,066	$ 5,894,850	$ 5,966,834
TOTAL DIVISION EXPENSES	$ 7,715,927	$ 7,941,013	$ 8,105,427

FY 2026 Warehouse

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
WAGES			
Full-Time	106,948	133,266	138,130
Intern	-	4,958	17,000
Parts Storekeepers			
Full-Time	700,336	704,904	685,367
Overtime	33,553	23,210	23,000
TOTAL WAGES	$ 840,837	$ 866,339	$ 863,497
FICA	61,444	61,180	66,373
PENSION	75,492	62,069	38,498
DEFINED CONTRIBUTION	42,405	47,595	69,021
HEALTH BENEFITS	209,876	205,747	180,876
DENTAL & VISION	9,084	9,318	9,420
LIFE INSURANCE	4,878	5,438	5,876
UNIFORM ALLOWANCE	1,203	2,500	3,780
AUTO ALLOWANCE	3,600	4,500	5,400
TOTAL FRINGE BENEFITS	$ 407,983	$ 398,348	$ 379,245
PROFESSIONAL SERVICES	-	6,000	75,000
MATERIALS & SUPPLIES	32,437	14,000	12,000
OTHER MISC. EXPENSES	-	500	500
TOTAL OTHER EXPENSES	$ 32,437	$ 20,500	$ 87,500
TOTAL DIVISION EXPENSES	$ 1,281,257	$ 1,285,186	$ 1,330,242

FY 2026
Contracts and Procurement

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
WAGES			
Full-Time	$ 466,725	$ 422,278	$ 624,651
Intern	-	9,605	24,083
TOTAL WAGES	$ 466,725	$ 431,883	$ 648,734
FICA	$ 35,571	$ 32,102	$ 51,146
DEFINED CONTRIBUTION	46,198	42,525	64,450
HEALTH BENEFITS	57,453	68,959	102,240
DENTAL & VISION	3,214	2,898	4,606
LIFE INSURANCE	3,058	2,834	4,438
AUTO ALLOWANCE	3,600	4,500	10,800
TOTAL FRINGE BENEFITS	$ 149,094	$ 153,817	$ 237,681
PROFESSIONAL SERVICES	$ 12,887	$ 10,000	$ 10,000
OTHER MISC. SERVICES	1,465	3,000	3,000
TOTAL OTHER EXPENSES	$ 14,352	$ 13,000	$ 13,000
TOTAL DIVISION EXPENSES	$ 630,170	$ 598,700	$ 899,415

FY 2026
Maintenance Administration

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
WAGES			
Full-Time	456,864	560,427	530,386
Intern	-	-	19,300
TOTAL WAGES	$ 456,864	$ 560,427	$ 549,686
FICA	32,214	42,223	44,148
PENSION	22,307	14,916	15,363
DEFINED CONTRIBUTION	35,867	49,828	53,368
HEALTH BENEFITS	92,333	105,971	98,255
DENTAL & VISION	3,788	4,333	4,918
LIFE INSURANCE	2,686	3,286	3,673
UNEMPLOYMENT	27,677	3,378	-
AUTO ALLOWANCE	7,200	10,125	16,200
TOTAL FRINGE BENEFITS	$ 224,071	$ 234,059	$ 235,925
PROFESSIONAL SERVICES	5,687	-	50,000
OTHER MISC. EXPENSES	2,341	14,440	7,500
TOTAL OTHER EXPENSES	$ 8,029	$ 14,440	$ 57,500
TOTAL DIVISION EXPENSES	$ 688,964	$ 808,927	$ 843,111

FY 2026
Fuel and Lubricants

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026	
FUEL				
Diesel	16,080	18,144	15,471	(1)
Unleaded Gas	3,154,580	2,775,718	3,178,561	(2)
Compressed Natural Gas	1,544,628	1,683,028	1,993,820	(3)
Electricity	611,312	679,545	934,887	(4)
LUBRICANTS	339,485	233,071	280,000	
FUEL USE TAX & STORAGE FEE	29,641	38,295	40,000	
TOTAL OTHER EXPENSES	$ 5,695,726	$ 5,427,799	$ 6,442,739	
TOTAL DIVISION EXPENSES	$ 5,695,726	$ 5,427,799	$ 6,442,739	

(1) Assumes $3.00 per gallon for diesel
(2) Assumes $4.25 per gallon for unleaded
(3) Assumes $1.60 per diesel gallon equivalent for CNG
(4) Assumes $0.28 per kWh for electric fuel

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Customer Experience

FY 2026 Customer Experience Summary

	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
Wages			
Customer Relations & Care	$ 1,561,570	$ 1,468,754	$ 1,695,664
Transit Customer Amenities	871,657	881,549	984,680
	$ 2,433,227	$ 2,350,303	$ 2,680,344
Fringe Benefits			
Customer Relations & Care	$ 500,507	$ 490,284	$ 596,690
Transit Customer Amenities	460,018	423,501	470,641
	$ 960,525	$ 913,785	$ 1,067,331
Other Expenses			
Customer Relations & Care	$ 901,447	$ 1,134,900	$ 1,247,762
Transit Customer Amenities	102,411	103,774	118,500
	$ 1,003,859	$ 1,238,674	$ 1,366,262
Total Customer Experience Budget	$ 4,397,611	$ 4,502,762	$ 5,113,937

FY 2026 Customer Relations and Communications

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
WAGES			
Full-Time	$ 1,548,913	$ 1,462,634	$ 1,661,664
Intern	12,657	6,120	34,000
TOTAL WAGES	$ 1,561,570	$ 1,468,754	$ 1,695,664
FICA	$ 115,116	$ 112,126	$ 127,847
PENSION	52,783	37,372	48,206
DEFINED CONTRIBUTION	112,188	130,185	151,493
HEALTH BENEFITS	167,937	158,078	199,830
DENTAL & VISION	8,452	12,773	11,868
LIFE INSURANCE	9,158	11,527	11,374
UNEMPLOYMENT	339	281	-
WORKERS' COMPENSATION	12,637	6,442	15,172
UNIFORM ALLOWANCE	3,899	7,500	7,500
AUTO ALLOWANCE	18,000	14,000	23,400
TOTAL FRINGE BENEFITS	$ 500,507	$ 490,284	$ 596,690
ADVERTISING			
Promotions and Sponsorships	$ 133,902	$ 98,000	$ 140,000
Media	627,432	672,952	749,262
PROFESSIONAL SERVICES	17,446	181,698	176,000
SCHEDULES PROD. & PRINTING	110,499	175,000	175,000
OTHER MISC. EXPENSES	12,169	7,250	7,500
TOTAL OTHER EXPENSES	$ 901,447	$ 1,134,900	$ 1,247,762
TOTAL DIVISION EXPENSES	$ 2,963,524	$ 3,093,938	$ 3,540,116

FY 2026
Transit Customer Amenities

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
WAGES			
Full-Time	127,728	124,473	137,881
Intern	5,352	-	17,000
Supervisors and Assistants			
Full-Time	716,869	740,186	808,385
Additional Pay	1,546	998	1,643
Overtime	20,162	15,892	19,770
TOTAL WAGES	$ 871,657	$ 881,549	$ 984,680
FICA	63,574	63,917	73,578
PENSION	100,852	93,899	100,239
DEFINED CONTRIBUTION	36,018	36,342	53,714
HEALTH BENEFITS	211,703	203,261	185,490
DENTAL & VISION	8,633	7,785	8,599
LIFE INSURANCE	5,043	5,463	6,888
WORKERS' COMPENSATION	30,596	8,784	36,733
TOOL ALLOWANCE	-	-	-
AUTO ALLOWANCE	3,600	4,050	5,400
TOTAL FRINGE BENEFITS	$ 460,018	$ 423,501	$ 470,641
TECHNICAL SERVICES	6,851	8,917	25,000
MATERIALS & SUPPLIES	94,467	94,736	91,000
OTHER MISC. EXPENSES	1,094	121	2,500
TOTAL OTHER EXPENSES	$ 102,411	$ 103,774	$ 118,500
TOTAL DIVISION EXPENSES	$ 1,434,087	$ 1,408,824	$ 1,573,821

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Risk Management

FY 2026
Risk Management

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
WAGES			
Full-Time	$ 660,891	$ 599,122	$ 762,613
Intern	15,354	-	17,000
TOTAL WAGES	$ 676,245	$ 599,122	$ 779,613
FICA	$ 49,371	$ 44,545	$ 60,657
PENSION	34,648	21,970	24,015
DEFINED CONTRIBUTION	44,186	39,526	67,584
HEALTH BENEFITS	83,736	75,528	90,189
DENTAL & VISION	3,379	2,650	2,957
LIFE INSURANCE	4,155	3,722	5,354
WORKERS' COMPENSATION	2,750	8,200	8,500
AUTO ALLOWANCE	6,300	5,775	14,400
OTHER FRINGES	20,820	24,818	20,000
TOTAL FRINGE BENEFITS	$ 249,344	$ 226,735	$ 293,655
PROFESSIONAL SERVICES			
Workers' Comp Admin. Svcs.	$ 483,405	$ 485,050	$ 454,400
Temporary Help	-	70,081	20,000
PREM. PROPERTY INSURANCE	60,408	145,612	134,954
RECOVERY - PROPERTY CLAIMS	(192,903)	(155,000)	(170,000)
PREM. AUTO & GEN. LIAB. INS.	1,636,746	1,821,425	1,940,000

FY 2026
Risk Management (cont'd)

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
CASUALTY & LIABILITY	$ 1,069,857	$ 2,279,584	$ 2,316,937
OTHER INSURANCE	675,126	602,000	635,390
OTHER MISC. EXPENSES	95,451	105,284	112,750
TOTAL OTHER EXPENSES	$ 3,828,091	$ 5,354,037	$ 5,444,431
TOTAL DIVISION EXPENSES	$ 4,753,680	$ 6,179,893	$ 6,517,699

Information Technology

FY 2026
Information Technology

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
WAGES			
Full-Time	$ 1,228,892	$ 1,149,017	$ 1,391,851
Intern	-	-	34,000
TOTAL WAGES	$ 1,228,892	$ 1,149,017	$ 1,425,851
FICA	$ 91,298	$ 87,900	$ 107,540
PENSION	239,668	-	74,282
DEFINED CONTRIBUTION	55,754	88,300	110,066
HEALTH BENEFITS	205,569	213,591	252,188
DENTAL & VISION	9,397	9,059	11,867
LIFE INSURANCE	7,937	7,783	9,292
AUTO ALLOWANCE	17,100	16,200	21,600
TOTAL FRINGE BENEFITS	$ 626,722	$ 422,832	$ 586,836
PROFESSIONAL SERVICES	$ 437,171	$ 352,035	$ 353,251
TECHNICAL SERVICES			
Hardware Maintenance Contracts	330,737	270,909	298,560
Software Licenses	2,703,354	2,675,904	2,927,608
UTILITIES - Telephone	523,710	527,583	545,267
COMPUTER SUPPLIES	276,028	153,738	175,000
OTHER MISC. EXPENSES	(471)	5,000	2,500
TOTAL OTHER EXPENSES	$ 4,270,529	$ 3,985,168	$ 4,302,186
TOTAL DIVISION EXPENSES	$ 6,126,143	$ 5,557,017	$ 6,314,873

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Internal Business Functions

FY 2026 Internal Business Functions Budget Summary

	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
Wages			
Office of the CEO	$ 684,666	$ 710,123	$ 834,877
Office of the DCEO	640,193	449,197	540,183
Finance and Budget	2,078,788	1,930,240	2,497,684
Government Relations	178,106	159,604	258,865
Organizational Development & Administration	1,032,051	1,024,968	1,479,816
Programs and Performance Management	-	-	180,000
	$ 4,613,805	$ 4,274,131	$ 5,791,425
Fringe Benefits			
Office of the CEO	$ 252,477	$ 220,084	$ 305,988
Office of the DCEO	108,598	135,807	167,343
Finance and Budget	823,892	788,714	984,449
Government Relations	54,513	47,268	87,646
Organizational Development & Administration	563,060	618,652	848,862
Programs and Performance Management	-	-	59,134
	$ 1,802,540	$ 1,810,525	$ 2,453,422
Other Expenses			
Office of the CEO	$ 913,282	$ 936,118	$ 1,185,000
Office of the DCEO	102,164	41,609	153,000
Finance and Budget	671,810	439,015	418,748
Government Relations	126,445	124,250	148,500
Organizational Development & Administration	1,210,162	1,233,271	1,199,540
Programs and Performance Management	55,667	117,058	165,000
	$ 3,079,530	$ 2,891,321	$ 3,269,788
Total Internal Business Functions Budget	$ 9,495,874	$ 8,975,977	$ 11,514,635

FY 2026
Office of the CEO

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
WAGES			
Full-Time	$ 684,666	$ 696,798	$ 814,877
Intern	-	13,325	20,000
TOTAL WAGES	$ 684,666	$ 710,123	$ 834,877
FICA	$ 37,596	$ 35,088	$ 49,020
DEFINED CONTRIBUTION	63,081	60,435	83,287
HEALTH BENEFITS	71,815	76,612	88,812
DENTAL & VISION	1,584	1,584	2,444
LIFE INSURANCE	2,449	2,394	3,825
AUTO ALLOWANCE	13,200	15,900	18,600
OTHER FRINGES	62,752	28,073	60,000
TOTAL FRINGE BENEFITS	$ 252,477	$ 220,084	$ 305,988
PROFESSIONAL SERVICES			
Consulting Services	$ 319,285	$ 154,302	$ 300,000
General Legal Services	210,804	197,000	220,000
OTHER MISC. SERVICES	2,558	-	-
MATERIALS & SUPPLIES	84,403	91,836	85,000
DUES & SUBSCRIPTIONS	176,919	200,956	230,000
TRAVEL & MEETINGS			
Travel & Conferences	63,928	158,471	175,000
Seminars & Training	26,497	113,147	150,000
NTI Training	5,704	-	-
OTHER MISC. EXPENSES	23,184	20,406	25,000
TOTAL OTHER EXPENSES	$ 913,282	$ 936,118	$ 1,185,000
TOTAL DIVISION EXPENSES	$ 1,850,425	$ 1,866,325	$ 2,325,866

FY 2026
Office of the Deputy CEO

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
WAGES			
Full-Time	$ 640,193	$ 449,197	$ 523,183
Intern	$ -	$ -	$ 17,000
TOTAL WAGES	$ 640,193	$ 449,197	$ 540,183
FICA	$ 35,301	$ 29,730	$ 35,627
DEFINED CONTRIBUTION	48,301	44,862	53,818
HEALTH BENEFITS	11,477	45,369	56,379
DENTAL & VISION	1,932	2,580	3,079
LIFE INSURANCE	3,188	2,666	2,841
AUTO ALLOWANCE	8,400	10,600	15,600
TOTAL FRINGE BENEFITS	$ 108,598	$ 135,807	$ 167,343
PROFESSIONAL SERVICES	$ 58,424	$ 40,000	$ 150,000
OTHER MISC. SERVICES	-	-	-
TRAVEL & MEETINGS	43,167	-	-
OTHER MISC. EXPENSES	573	1,609	3,000
TOTAL OTHER EXPENSES	$ 102,164	$ 41,609	$ 153,000
TOTAL DIVISION EXPENSES	$ 850,955	$ 626,612	$ 860,525

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
WAGES			
Full-Time	$ 2,006,544	$ 1,823,530	$ 2,331,350
Part-Time	72,243	106,710	53,000
Intern	-	-	113,333
TOTAL WAGES	$ 2,078,788	$ 1,930,240	$ 2,497,684
FICA	$ 151,692	$ 136,597	$ 201,011
PENSION	221,532	159,482	164,013
DEFINED CONTRIBUTION	102,017	95,667	177,630
HEALTH BENEFITS	276,358	315,442	343,559
DENTAL & VISION	12,419	12,886	14,293
LIFE INSURANCE	12,716	13,040	16,097
WORKERS' COMPENSATION	24,611	26,000	29,546
AUTO ALLOWANCE	21,900	29,100	37,800
UNIFORM ALLOWANCE	647	500	500
TOTAL FRINGE BENEFITS	$ 823,892	$ 788,714	$ 984,449
PROFESSIONAL SERVICES	$ 527,102	$ 267,278	$ 252,500
TECHNICAL SERVICES	22,044	25,120	27,968
OTHER MISC. SERVICES	19,312	17,572	18,780
BANKING SERVICES	79,525	90,789	92,000
BANKING SUPPLIES	5,414	10,500	10,000
OTHER MISC. EXPENSES	2,592	3,021	2,500
TICKET/PASS PRINTING	15,821	24,735	15,000
TOTAL OTHER EXPENSES	$ 671,810	$ 439,015	$ 418,748
TOTAL DIVISION EXPENSES	$ 3,574,490	$ 3,157,969	$ 3,900,881

FY 2026
Government Relations

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
WAGES			
Full-Time	$ 178,106	$ 154,645	$ 241,865
Intern	-	4,958	17,000
TOTAL WAGES	$ 178,106	$ 159,604	$ 258,865
FICA	$ 14,104	$ 12,576	$ 20,619
PENSION	3,232	-	-
DEFINED CONTRIBUTION	17,517	15,992	25,254
HEALTH BENEFITS	12,605	11,625	27,941
DENTAL & VISION	761	620	1,289
LIFE INSURANCE	1,193	1,055	1,742
AUTO ALLOWANCE	5,100	5,400	10,800
TOTAL FRINGE BENEFITS	$ 54,513	$ 47,268	$ 87,646
PROFESSIONAL SERVICES	$ 126,325	$ 122,250	$ 143,500
OTHER MISC. SERVICES	120	2,000	5,000
TOTAL OTHER EXPENSES	$ 126,445	$ 124,250	$ 148,500
TOTAL DIVISION EXPENSES	$ 359,064	$ 331,121	$ 495,011

FY 2026 Organizational Development and Administration

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
WAGES			
Full-Time	$ 947,877	$ 984,416	$ 1,328,816
Part-Time	84,175	16,775	100,000
Intern	-	23,777	51,000
TOTAL WAGES	$ 1,032,051	$ 1,024,968	$ 1,479,816
FICA	$ 74,802	$ 73,492	$ 117,668
PENSION	79,702	48,045	52,839
DEFINED CONTRIBUTION	57,014	64,823	120,691
HEALTH BENEFITS	173,602	174,262	224,500
PRESCRIPTION REIMBURSEMENT	795	-	1,000
DENTAL & VISION	8,436	7,779	9,969
LIFE INSURANCE	7,075	6,796	9,396
AUTO ALLOWANCE	11,550	14,850	25,200
OTHER FRINGES	150,083	228,607	287,600
TOTAL FRINGE BENEFITS	$ 563,060	$ 618,652	$ 848,862
PROFESSIONAL SERVICES	$ 868,134	$ 886,484	$ 869,315
EMPLOYMENT PHYSICALS	103,666	136,176	140,000
PRE-EMPLOYMENT PROCESSING	122,957	111,356	106,000
RECRUITMENT EXPENSES	114,862	95,812	79,475
OTHER MISC. EXPENSES	544	3,444	4,750
TOTAL OTHER EXPENSES	$ 1,210,162	$ 1,233,271	$ 1,199,540
TOTAL DIVISION EXPENSES	$ 2,805,273	$ 2,876,892	$ 3,528,219

EXPENDITURE DESCRIPTION	ACTUAL FY 2024	ESTIMATED FY 2025	PROPOSED FY 2026
WAGES			
Full-Time	$ -	$ -	$ 180,000
TOTAL WAGES	$ -	$ -	$ 180,000
FICA	$ -	$ -	$ 13,501
DEFINED CONTRIBUTION	-	-	17,809
HEALTH BENEFITS	-	-	18,746
DENTAL & VISION	-	-	774
LIFE INSURANCE	-	-	1,104
AUTO ALLOWANCE	-	-	7,200
TOTAL FRINGE BENEFITS	$ -	$ -	$ 59,134
PROFESSIONAL SERVICES	$ 55,667	$ 117,058	$ 165,000
TOTAL OTHER EXPENSES	$ 55,667	$ 117,058	$ 165,000
TOTAL DIVISION EXPENSES	$ 55,667	$ 117,058	$ 404,134

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Capital Program

FY 2026 Capital Budget Overview

CAPITAL PROGRAM

The purpose of the Capital Program is to provide a long-term planning and budgeting process that enables LBT to ensure capital funding needs are identified in advance of the purchase or replacement of its assets. Capital funding supports the maintenance, improvement, and enhancement of LBT's fleet, equipment, customer amenities, and infrastructure. Capital projects are defined as expenditures or projects with an estimated useful life of one year or more and a total cost of at least $10,000.

CAPITAL PROJECT IMPACTS ON OPERATING BUDGET



The long-term Capital Program helps LBT to operate more effectively in the future. The impact on the operating budget is an area that is carefully considered when evaluating projects. The individual projects include an estimated future operating budget impact to identify the cost of the project's life cycle. LBT considers the future operating, maintenance, and replacement costs when deciding which projects to recommend for inclusion in the capital budget. Any new operating expenses associated with the approved new capital projects are addressed in the operating budget.

Significant Capital Projects and Operating Impacts for FY 2026 – FY 2028

Description	Capital Investment (in millions)	Annual Impact Fiscal Year(s)	Estimated Operating Budget Impact
ERP/EAM Software Replacement	$18.05	2026-2028	↑
Bus Rehabilitation	$16.61	2026-2028	↓
Bus Replacement	$76.48	2026-2028	↓

STATE OF GOOD REPAIR/TRANSIT ASSET MANAGEMENT

The Bipartisan Infrastructure Law continues FTA's Transit Asset Management (TAM) program. The TAM program asks transit agencies to implement strategic approaches to monitoring, maintaining, and replacing transit assets. FTA's TAM rule (49 CFR Part 625) requires transit agencies to develop a compliant TAM Plan, set performance targets for capital assets, create data and narrative reports on performance measures, as well as coordinate with their planning partners. TAM is a business model that uses the condition of assets to guide the optimal prioritization of funding at transit properties in order to keep the nation's transit networks in a State of Good Repair (SGR).

SGR is the condition in which a capital asset is able to operate at a full level of performance.

This means the asset:

- Is able to perform its designed function
- Does not pose a known unacceptable safety risk
- Met and recovered its life cycle investment

Each transit provider must designate an Accountable Executive. Tier I providers must also develop their own TAM Plan. LBT is considered a Tier I provider, by definition, as it has more than 101 vehicles across all fixed-routes modes.

LBT is committed to keeping its assets in a state of good repair during their lifecycle, which allows LBT to fulfill its mission of: ***Dedicated to connecting communities and moving people…making everyday life better.*** LBT regularly reviews the condition of its assets, evaluates performance targets and uses its decision support tools to make cost effective decisions in the development of its capital plan.

CAPITAL BUDGETING PROCESS



Annually, a Capital Call is conducted to solicit internal capital project requests from LBT project managers. The capital budget is a three-year rolling plan that includes capital projects that are developed in alignment with LBT's Capital Strategic Focus and are in support of the agency's state of good repair initiative, TAM Plan and future needs of the agency.

After receiving the projects, the Capital Budgeting Team conducts meetings with the project managers. This allows for a deeper understanding of the projects that will be evaluated for recommendation in the upcoming capital budget.

LBT's KPI team, consisting of cross-departmental staff members, evaluates and scores all of the projects. The evaluation criteria look at how the project aligns with the Capital Strategic Focus and the three levels of the Capital Strategic Priorities (Essential, Priority and Value Added). Within these categories, essential projects are funded first, followed by priority projects. Value- added projects are funded last, and if they cannot be funded in the capital budget, LBT's Government Relations staff can then seek other funding sources through a discretionary grant application.



Upon review of all projects, the capital budgeting team and the KPI team recommends funding levels for each of the projects. These recommendations are brought before the ELT.

The ELT reviews the projects and recommendations of the KPI team to ensure that the capital budget best reflects LBT's Strategic Priorities and Capital Strategic Focus. For customers, it means the agency is prioritizing spending on projects that positively impact customers.

The agency considers all projects requested in the three-year capital call when selecting the projects for inclusion in the annual capital budget. The purpose of the capital budget is to provide for the maintenance and timely replacement of capital, plant and equipment.

Capital project proposals will include complete, reliable and attainable cost estimates. Inflationary allowances are incorporated for projects undertaken in subsequent fiscal years. Project contingencies are included in the project budget to account for the uncertainty of the current economic environment and unforeseen circumstances requiring additional funds to complete the project within the original project scope.

CAPITAL STRATEGIC FOCUS

All capital projects are developed using the following Capital Strategic Focus elements:

- Improving Safety and Security
- Enhancing Customer Amenities
- Rehabilitating and Maintaining Assets
- Modernizing and Expanding Facilities
- Replacing and Expanding Fleet
- Upgrading Technology

These categories refine the selection of the most vitally important projects that promote reliable and high-quality service to LBT customers at the lowest cost possible. The cost savings achieved by the increased efficiencies are reinvested for future improvement and growth of LBT.

CAPITAL STRATEGIC PRIORITIES

All proposed projects are prioritized and ranked based on the following categories:

I: ESSENTIAL – Projects that cannot reasonably be postponed in order to avoid harmful or otherwise undesirable consequences.

- Required for operation to provide core services to customers
- Corrects a condition dangerous to health or safety
- Alleviates an emergency service disruption or deficiency
- Prevents irreparable damage to a valuable customer facility
- Satisfies a legal obligation

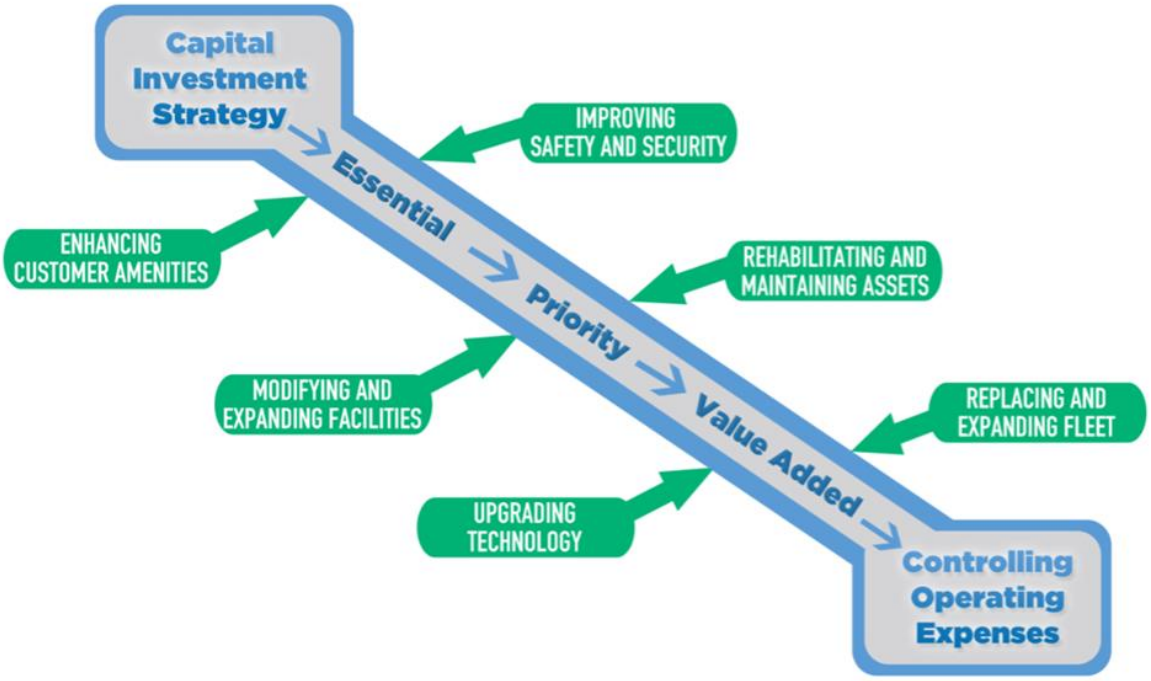
II: PRIORITY – Projects that address clearly demonstrated needs or objectives.

- Rehabilitates or replaces an obsolete customer facility
- Reduces future operating and maintenance costs
- Increases operational efficiency
- Maintains assets in a like-new condition

III: VALUE ADDED – Projects that are beneficial but may be delayed without detrimental effects to basic services.

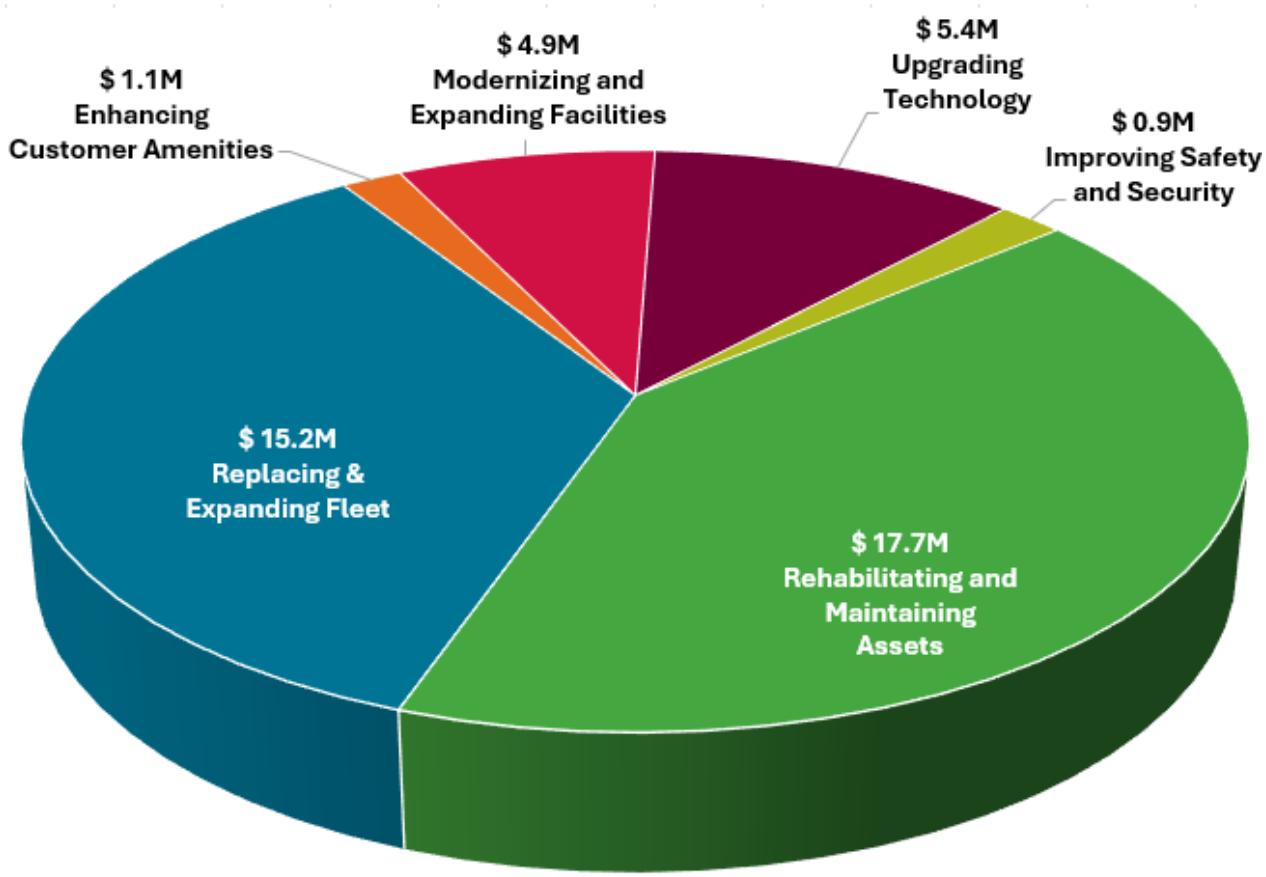
- Provides a new or expanded level of service
- Promotes intergovernmental cooperation
- Reduces energy consumption
- Enhances cultural or natural resources

The graphic below depicts LBT's Capital Strategic Focus:



CAPITAL STRATEGIC FOCUS

FY 2026 PROPOSED BUDGET BY CAPITAL STRATEGIC FOCUS



$45.1M

FY 2026 Capital Program Funding Sources

FY 2026–FY 2028 CAPITAL PROGRAM FUNDING SOURCES

FY 2026 – FY 2028 CAPITAL REVENUE BY FUNDING SOURCE						
Funding Source	Approved FY 2025	Estimated FY 2026	Estimated FY 2027	Estimated FY 2028	Estimated FY26 – FY28	
FEDERAL	$ 24,199,932	$ 22,801,020	$ 21,847,343	$ 28,921,684	$ 73,570,047	(1)
STATE	$ 16,335,180	$ 13,532,837	$ 11,461,400	$ 1,957,964	$ 26,952,201	(2)
LOCAL	$ 5,308,462	$ 6,132,325	$ 5,591,359	$ 5,677,382	$ 17,401,066	(3)
PRIOR YEAR REALLOCATIONS	$ -	$ 2,719,394	$ -		$ 2,719,394	(4)
TOTAL CAPITAL BUDGET	$45,843,574	$45,185,576	$38,900,102	$36,557,030	$120,642,708	

(1) Federal dollars for FY2026 include annual 5307 programmed funding and discretionary 15% & 1% Bus Operator Subcommittee funding.

(2) State dollars include funding for a SB1 State of Good Repair funding and Transit Development Act (TDA) Capital funding.

(3) Local funding includes Prop C 40% Discretionary funds (MOSIP) and Measure R funding (Even years only).

(4) Capital grant funds designated for reallocation in FY 2026 are carryover funds from a variety of projects.

COMPARISON TO FY 2025

- The FY 2026 Capital Program funding sources consist of $22.8 million in federal, $13.5 million in state, $6.1 million in local, and 2.7 million from the prior year reallocation.

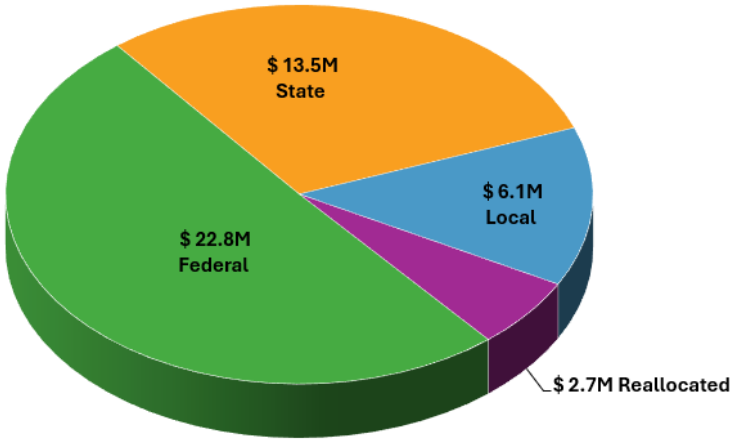
- State funds decreased for FY 2026 because the agency claimed $15 million of the Transit Development Act (TDA) allocation for capital expenditures in FY 2025 and 10.5 million in FY 2026.

- Local funds increased for FY 2026 because the Measure R Clean Fuel Bus Capital Facilities and Rolling Stock Fund is allocated in even years.

- In FY 2026, the prior year reallocations will continue to help LBT achieve its Capital Strategic Focus by reallocating funds from completed projects and allocating funds to projects that are a high priority for the agency.

FY 2026 Capital Program Funding Sources (cont'd)

FY 2026 Capital Program Funding Sources | $45,185,577



FEDERAL (FTA 5307/5339, FHWA FBP) — $ 22,801,020

Federal Section 5307 Formula Funds (Urbanized Formula) - These funds are allocated by the Federal Transit Administration (FTA) to Los Angeles County transit operators on a formula basis. Eighty-five (85) percent is distributed by Formula Allocation Process (FAP). The federal dollars include additional funding for specific capital projects - Bus Operator Subcommitee (BOS) competitive discretionary awards. LBT receives a majority of these funds for bus replacement, bus expansion, facility modernization and bus stop rehabilitation/improvements.

STATE (SB1-SGR) — $ 13,532,837

The Road Repair and Accountability Act of 2017, Senate Bill (SB) 1 includes a program that will provide additional revenues for transit infrastructure repair and service improvements. This investment in public transit is referred to as the State of Good Repair program. These funds are made available for eligible transit maintenance, rehabilitation and capital projects. Local Transportation Funds (LTF), a component of the Transportation Development Act (TDA), are funded through a quarter cent of general sales tax collected statewide. This funding may also be used for local streets and roads, construction and maintenance. LBT is recognizing a portion of the TDA funds for capital use during FY26.

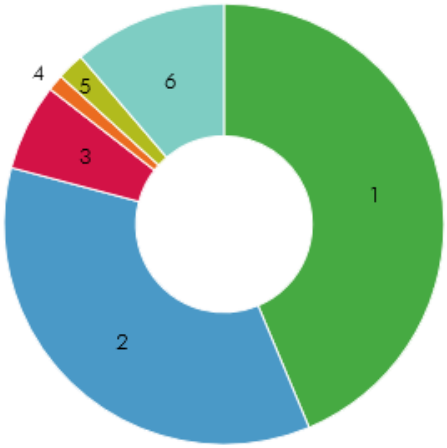
COUNTY (MOSIP, MEASURE-R CAPITAL) — $ 6,132,325

Proposition C 40% Discretionary – These funds are comprised of several funding sources such as Municipal Operator Service Improvement Program (MOSIP) and Measure R. These funds may be used for transit rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or rolling stock (buses) procurement, rehabilitation or replacement.

PRIOR YEAR RALLOCATION (REPURPOSED) — $ 2,719,395

Proposition C 40% Discretionary – These funds are comprised of several funding sources such as Municipal Operator Service Improvement Program (MOSIP) and Measure R. These funds may be used for transit rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or rolling stock (buses) procurement, rehabilitation or replacement.

FY 2026 Capital Projects Allocation



$45,185,577

1 BUS REHABILITATION

Projects related to the Mid-life rehabilitation of buses, Preventive Maintenance, Bus Components and Shop Equipment.

TOTAL	$	17,715,428

2 FLEET REPLACEMENT

Replacement of aging buses. The proposed funds will be used to replace gas electric hybrid buses, replacement buses purchased will be zero emission buses as well as replacement of our non-revenue fleet.

TOTAL	$	15,211,103

3 FACILITIES

Projects related to facility modernization.

TOTAL	$	4,967,755

4 CUSTOMER AMENITIES

Replacement of bus stop amenities such as shelters, solar lighting, benches and real-time information signage.

TOTAL	$	1,084,066

5 SAFETY AND SECURITY

This category consists of Safety and Security Equipment.

TOTAL	$	853,382

6 OTHER

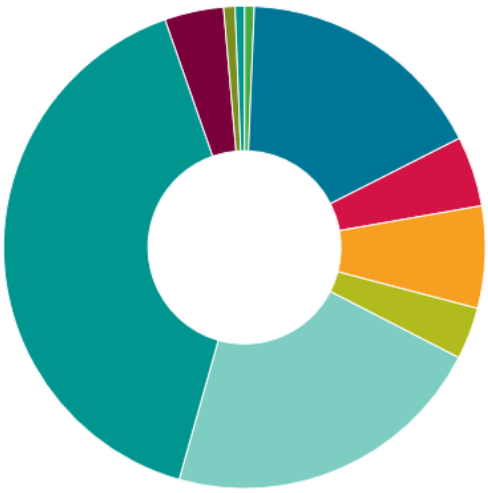
Upgrading Technology and Rehabilitating and Maintaining Ferries.

TOTAL	$	5,353,844

FY 2026 Capital Projects Allocation (cont'd)

BUDGET COMPARISON

APPROVED FY 2025 BUDGET

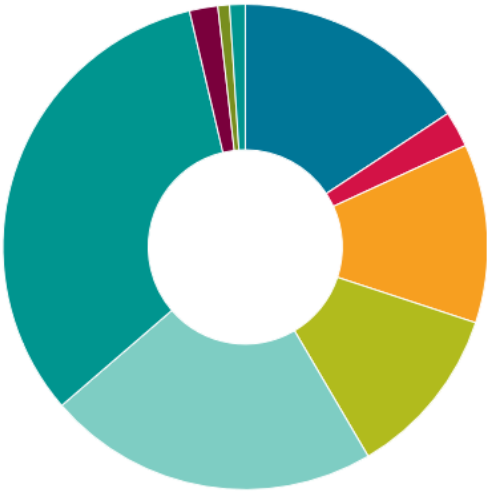


$45,843,574

- BUS COMPONENTS, $ 0.3M
- BUS REHABILITATION, $ 7.7M
- BUS STOP AMENITIES, $ 2.2M
- FACILITY IMPROVEMENTS, $ 3.1M
- INFORMATION TECHNOLOGY, $ 1.6M
- PREVENTATIVE MAINTENANCE, $ 10M
- REVENUE VEHICLES, $ 18.4M
- SAFETY & SECURITY, $ 1.8M
- SHOP EQUIPMENT, $ 0.4M
- SUPPORT / SERVICE VEHICLES, $ 0.3M

FY2026 Capital Budget

TOTAL FY 2026 PROPOSED BUDGET

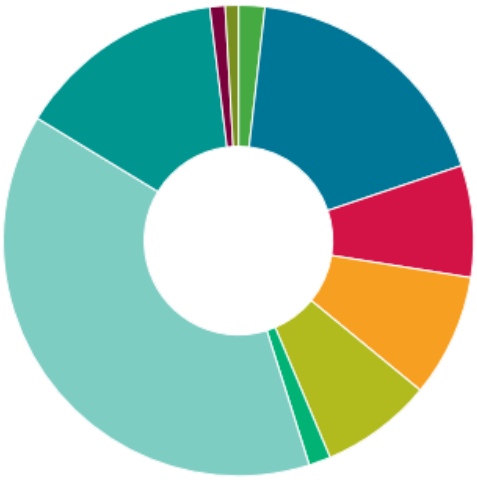


$45,185,577

- BUS REHABILITATION, $ 7.1M
- BUS STOP AMENITIES, $ 1.1M
- FACILITY IMPROVEMENTS, $ 5.4M
- INFORMATION TECHNOLOGY, $ 5.2M
- PREVENTATIVE MAINTENANCE, $ 10M
- REVENUE VEHICLES, $ 14.7M
- SAFETY & SECURITY, $ 0.9M
- SHOP EQUIPMENT, $ 0.4M
- SUPPORT / SERVICE VEHICLES, $ 0.5M

FY 2026 Capital Projects Allocation (cont'd)

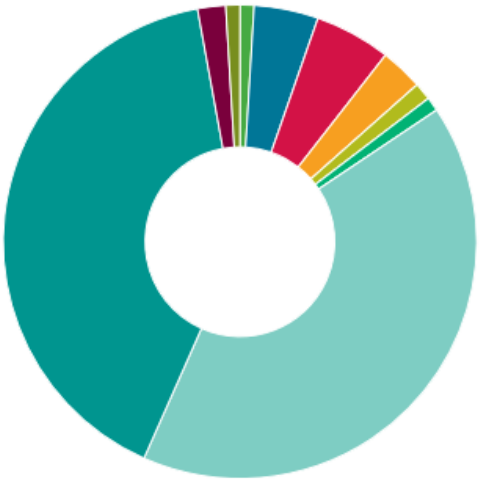
FY 2027 Estimated Capital Projects Allocation



$38,900,102

- BUS COMPONENTS, $ 0.7M
- BUS REHABILITATION, $ 7M
- BUS STOP AMENITIES, $ 3M
- FACILITY IMPROVEMENTS, $ 3.3M
- INFORMATION TECHNOLOGY, $ 3M
- SUPPORT / SERVICE VEHICLES, $ 0.6M
- PREVENTIVE MAINTENANCE, $ 15M
- REVENUE VEHICLES, $ 5.6M
- SAFETY & SECURITY, $ 0.4M
- SHOP EQUIPMENT, $ 0.3M

FY 2028 Estimated Capital Projects Allocation



$36,557,030

- BUS COMPONENTS, $ 0.3M
- BUS REHABILITATION, $ 1.6M
- BUS STOP AMENITIES, $ 1.9M
- FACILITY IMPROVEMENTS, $ 1.1M
- INFORMATION TECHNOLOGY, $0.4M
- SUPPORT / SERVICE VEHICLES, $ 0.3M
- PREVENTIVE MAINTENANCE, $ 15M
- REVENUE VEHICLES, $ 14.8M
- SAFETY & SECURITY, $ 0.7M
- SHOP EQUIPMENT, $ 0.3M

CAPITAL PROJECT UPDATE – Bus Replacement Program

Overview/Status:

LBT currently has a fleet of 255 buses. The fleet (both revenue and contingency) is made up of 81 Hybrid Gas-Electric, 125 CNG, 44 Battery-electric buses and 5 Over the road coaches. LBT is committed to a Zero-Emission Bus Fleet by replacing older model, less efficient buses with its Bus Replacement Program.

FY2026 Planned Deliverables:

In July 2024, the LBT Board of Directors authorized LBT to enter into a contract with New Flyer for the purchase of thirty 40' battery electric buses (BEBs). The pilot bus is currently in the beginning stages of production, and LBT is scheduled to take delivery on all thirty vehicles by the end of Q2 FY2026.



Estimated Expenditures

Fund Type	FY2026	FY2027	FY2028
Federal 5307	$ 34,134,633	$ 20,502,964	
Other Federal	$ 6,289,379	$ 5,217,964	
State Bonds	$ 1,551,470		
State SGR	$ 506,753	$ 1,225,052	
State TDA		$ 5,119,131	
Local Funds	$ 1,396,528	$ 540,093	
Total Estimated Expenditures	$ 43,878,763	$ 32,605,204	$ -
Impact on Operating Budget	The impact on the operating budget will decrease as new zero-emission buses replace older less efficient buses in fleet.		

CAPITAL PROJECT UPDATE – Mid-life Bus Rehabilitation

Overview/Status:

LBT maintains a bus for a minimum of 12 years and/or for 500,000 miles pursuant to Federal Transit Administration funding recipient requirements. The agency is anticipating starting the rehabilitation process of forty 40' CNG buses in FY 2026 and FY 2027. Additionally, twelve remaining 60' Articulated CNG buses will be completed in summer 2025.

To ensure LBT's buses are in a like-new condition, the midlife rehabilitation includes refurbishments of interior/exterior paint, exterior decals, interior/exterior lighting and vehicle fire suppression recertification. In addition to the refurbishment, these buses will receive a modern eco-friendly replacement engine.

FY2026 Planned Deliverables:

LBT is preparing a Request for Procurement (RFP) for forty 40' CNG buses to go through the Mid-life Rehabilitation. LBT anticipates starting this process in summer 2025.

LBT also received the pilot bus from the thirteen articulated 60' CNG buses Mid-life Rehabilitation. Following a thorough safety inspection, the agency will submit a Notice to Proceed (NTP) for the rest of the vehicle series.

Additional bus series' will be incorporated in to the Mid-life Rehabilitation as they reach the mid-point of ther useful service life.



Estimated Expenditures

Fund Type	FY2026	FY2027	FY2028
Federal 5307			
Other Federal			
State Funds	$ 4,683,308	$ 11,559,168	
Local Funds	$ 364,055		
Total Estimated Expenditures	$ 5,047,363	$ 11,559,168	$ -

Impact on Operating Budget	Operating costs will decrease as the refurbished buses will have newer parts and engines which will lower their failure rates and unscheduled maintenance.

CAPITAL PROJECT UPDATE – Customer Amenities

Overview/Status:

Long Beach Transit provides public transportation services to more than 17 million onboarding customers in southeastern Los Angeles County and northwestern Orange County. With a service area covering more than 107 square miles across 14 cities, LBT has nearly 1900 active bus stop locations. Less than a quarter of those locations have bus stop shelters and 81 percent (or 367) are in the City of Long Beach. Bus stops are the gateway to the LBT public transit system. They are part of the built environment that help customers travel from one point to another and enable connectivity to other transit systems in the region. Providing bus stops that are safe, inviting, and equitably accessible for existing and new customers can help improve the transit experience and encourage ridership.

FY2026 Planned Deliverables:

The LBT Customer Amenities team is working to combine a scope of work for the Cherry Avenue, Long Beach Blvd. and Atlantic Avenue corridors. This one large project should attract a number of vendors for a competitive solicitation.

LBT is evaluating proposals for the Transit Gallery Improvements Design project. The purpose of the Transit Gallery Improvement is to upgrade technology, lighting and wayfinding to improve safety, service quality and the customer experience at Long Beach Transit's mobility hub.



Estimated Expenditures

Fund Type	FY2026	FY2027	FY2028
Federal 5307		$ 1,695,347	$ 2,090,763
Other Federal			
State LCTOP	$ 201,178	$ 233,797	
Local Funds		$ 314,118	$ 152,500
Total Estimated Expenditures	$ 201,178	$ 2,243,262	$ 2,243,263

Impact on Operating Budget	By updating to newer equipment and lighting at the bus stops, LBT will be able to reduce repairs which will have a positive impact on operating budget.

CAPITAL PROJECT UPDATE – ERP/EAM Replacement

Overview/Status:

During FY 2025, LBT awarded contracts for the implementation of a new, enterprise-wide ERP/EAM system, following a thorough Request for Procurement (RFP) process.

FY2026 Planned Deliverables:

In FY 2026, LBT will transition to the Implementation of the ERP/EAM system.

The implementation will be phased-in over two and a half years, beginning with deploying Human Resources and Payroll FY26. Below is a high-level timeline of the go-live schedule:

Project Implementation Timeline Overview
Human Capital Management (HCM) & Payroll
Timeline: March 2025 – January 2026
Go-live Date: January 1, 2026

Planning for Asset Management : Covers the transition to Trapeze for maintenance, inventory, and fleet asset tracking.



Estimated Expenditures

Fund Type	FY2026	FY2027	FY2028
Federal 5307	$ 10,357,908	$ 9,216,655	$ 1,471,160
Other Federal			
State Bonds			
State TIRCP			
Other State			
Local Funds	$ 1,850,000	$ 2,000,000	
	$ 12,207,908	$ 11,216,655	$ 1,471,160

Impact on Operating Budget	Operating expenses will increase as more software licenses will be required in the future.

Glossary

Accrual Accounting

A method of accounting where revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Balanced Budget

A budget in which operating expenses are equal to operating revenues.

Capital Expenditure

Expenditures or projects with an estimated useful life of one year or more and a total cost of at least $10,000.

Core Business Category

The essential functions that drive LBT. Departments are grouped together within these categories.

Department

Unit of organization structure, responsible for specific functions or duties.

Enterprise Fund

A fund type used to account for "business- type activities"— activities similar to those found in the private sector. The fund structure utilized by LBT to report financial activities.

Fiscal Year

Period of any 12 consecutive months used as an accounting period. LBT's fiscal year is July 1 through June 30.

Net Position

Generally defined as the difference between assets and liabilities. An adequate net position is necessary for various reasons, such as to have funds available in case of an emergency or unexpected events, to provide cash for operations prior to receipt of revenues, and to maximize investment earnings.

Preventive Maintenance

All the activities, supplies, materials, labor, services and associated costs required to preserve or extend the functionality and serviceability of the assets in a cost-effective manner.

Acronyms

ADA
Americans with Disabilities Act

AFSCME
American Federation of State, County and Municipal Employees

ARPA
American Rescue Plan Act

ATU
Amalgamated Transit Union

BEB
Battery-Electric Bus

BSIP
Bus System Improvement Program

CARES
Coronavirus Aid, Relief and Economic Security Act

CNG
Compressed Natural Gas

CPI
Consumer Price Index

CRRSAA
Coronavirus Response and Relief Supplemental Appropriations Act

CSULB
California State University, Long Beach

CTTC
California Transit Training Consortium

EAM
Enterprise Asset Management

ELT
Executive Leadership Team

ERP
Enterprise Resource Planning

FAP
Formula Allocation Procedure

FICA
Federal Insurance Contributions Act

FTA
Federal Transit Administration

FTE
Full Time Equivalent

FSI
Fareless System Initiative (also known as GoPass)

FY
Fiscal Year

GASB
Governmental Accounting Standards Board

GFOA
Government Finance Officers Association

KPI
Key Performance Indicator

LBCC
Long Beach City College

LBT
Long Beach Transit

Acronyms (cont'd)

LBUSD
Long Beach Unified School District

LCTOP
Low Carbon Transit Operations Program

LEED
Leadership in Energy and Environmental Design

LTF
Local Transportation Fund

MDBF
Mean Distance Between Failures

MOSIP
Municipal Operator Service Improvement Program

NTD
National Transit Database

OCTA
Orange County Transportation Authority

PLPD
Personal Liability and Property Damage

SaaS
Software-as-a-Service

SB
Senate Bill

SGR
State of Good Repair

STA
State Transit Assistance

TAM
Transit Asset Management

TAP
Transit Access Pass

TDA
Transportation Development Act

UCLA
University of California, Los Angeles

ZEB
Zero-Emission Bus

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