



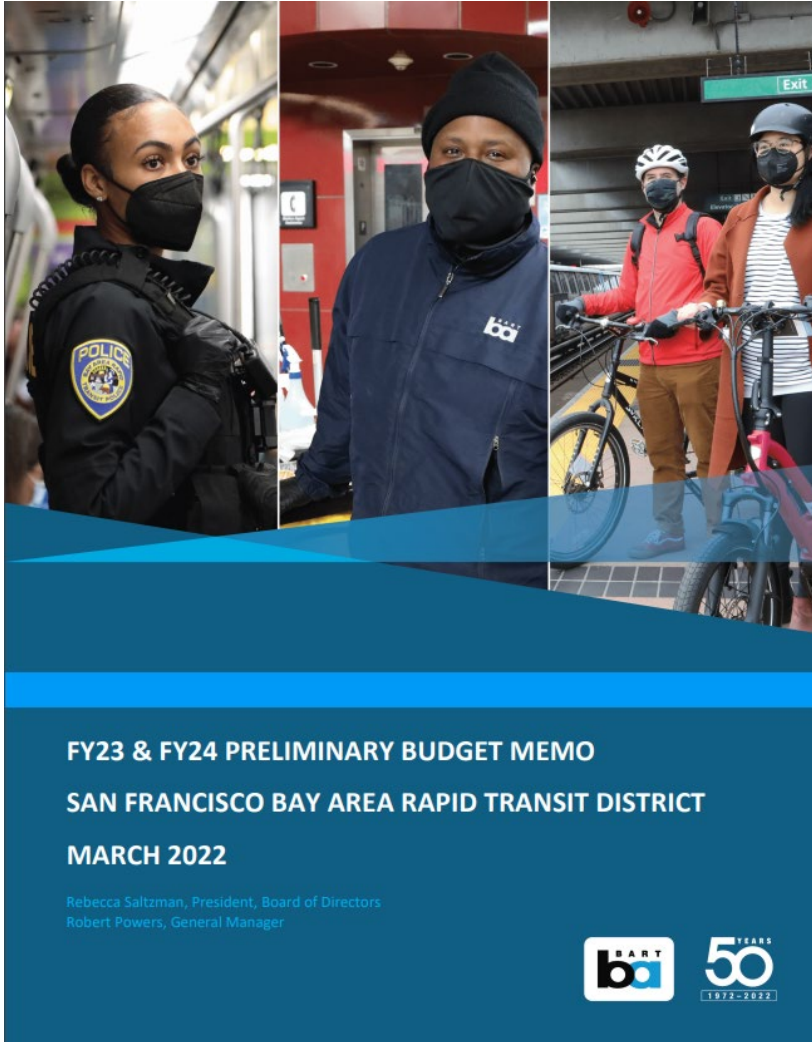
FY23 & FY24 Preliminary Budget Briefing

BART Board of Directors

April 28, 2022



FY23 & FY24 Preliminary Budget Overview



Executive Summary

- Leading with service and ridership experience
- Extending BART's fiscal runway
- Maintaining capital commitments

Changes to this year's Preliminary Budget Memo (PBM):

- BART's first two-year operating budget
- Incorporation of longer-term fiscal planning
- Detailed line item and position detail included in appendix

To access full PBM, please visit www.bart.gov/budget

FY23 & FY24 Preliminary Sources & Uses

SOURCES AND USES (\$Millions)	Budget		Change		Budget		Change	
	FY22 Adopted	FY23 Prelim	\$	%	FY24 Prelim	\$	%	
Operating Revenue								
Rail Passenger Revenue	165.9	221.7	55.8	34%	282.1	60.4	27%	
ADA Passenger Revenue	0.5	0.5	0.0	1%	0.5	0.0	1%	
Parking Revenue	9.4	13.1	3.7	39%	14.3	1.2	9%	
Other Operating Revenue	19.9	19.4	(0.4)	-2%	22.6	3.1	16%	
<i>Subtotal - Operating Revenue</i>	<i>195.7</i>	<i>254.8</i>	<i>59.1</i>	<i>30%</i>	<i>319.5</i>	<i>64.7</i>	<i>25%</i>	
Financial Assistance								
Sales Tax Proceeds	261.7	299.0	37.3	14%	306.6	7.7	3%	
Property Tax Proceeds	54.5	58.0	3.5	6%	61.2	3.2	5%	
SFO Ext Financial Assistance	22.6	0.0	(22.6)	-	0.0	0.0	-	
VTA Financial Assistance	35.2	34.3	(0.9)	-3%	33.4	(0.9)	-3%	
MTC Financial Assistance Clipper Start	0.6	0.2	(0.4)	-65%	0.3	0.1	56%	
Local & Other Assistance	7.4	6.9	(0.5)	-7%	7.0	0.1	2%	
State Transit Assistance	28.4	22.7	(5.7)	-20%	38.6	15.9	70%	
Low Carbon Transit Operations Program	4.4	10.3	5.9	135%	10.3	0.0	0%	
Low Carbon Fuel Standard Program	22.6	16.6	(6.0)	-26%	16.4	(0.2)	-1%	
<i>Subtotal - Financial Assistance</i>	<i>437.3</i>	<i>447.9</i>	<i>10.6</i>	<i>2%</i>	<i>473.8</i>	<i>25.8</i>	<i>6%</i>	
TOTAL - OPERATING SOURCES	633.0	702.7	69.7	11%	793.3	90.6	13%	
Operating Expense								
Labor & Benefits	649.7	646.8	(2.9)	0%	659.9	13.1	2%	
ADA Paratransit	14.0	16.7	2.7	19%	19.6	2.8	17%	
Purchased Transportation	12.4	12.7	0.4	3%	13.0	0.2	2%	
Power	48.9	52.7	3.8	8%	54.4	1.7	3%	
Other Non-Labor	134.6	144.3	9.7	7%	144.0	(0.4)	0%	
<i>Subtotal - Operating Expense</i>	<i>859.6</i>	<i>873.2</i>	<i>13.6</i>	<i>2%</i>	<i>890.8</i>	<i>17.6</i>	<i>2%</i>	
Debt Service & Allocations								
Bond Debt Service	57.2	59.9	2.8	5%	60.1	0.2	0%	
Allocation - Capital Rehabilitation	56.3	53.4	(2.9)	-5%	54.0	0.6	1%	
Allocation - Priority Capital Programs	34.0	33.0	(1.0)	-3%	64.0	31.0	94%	
Allocation - Other	1.6	1.6	0.0	2%	1.7	0.0	2%	
Allocation - Pension	10.0	10.0	0.0	0%	10.0	0.0	0%	
<i>Subtotal - Debt Service & Allocations</i>	<i>159.1</i>	<i>158.0</i>	<i>(1.1)</i>	<i>-1%</i>	<i>189.8</i>	<i>31.8</i>	<i>20%</i>	
TOTAL - USES	1,018.7	1,031.2	12.6	1%	1,080.6	49.4	5%	
Net Result Before Federal Emergency Assistance	(385.7)	(328.5)	57.2	-15%	(287.3)	41.2	-13%	
Federal Emergency Funding								
CRRSAA	327.8	0.0	(327.8)	-	0.0	0.0	-	
ARP	57.9	328.5	270.7	468%	287.3	(41.2)	-13%	
<i>Subtotal - Federal Emergency Assistance Applied</i>	<i>385.7</i>	<i>328.5</i>	<i>(57.2)</i>	<i>-15%</i>	<i>287.3</i>	<i>(41.2)</i>	<i>-3%</i>	
NET RESULT	0.0	0.0	0.0	-	0.0	0.0	-	

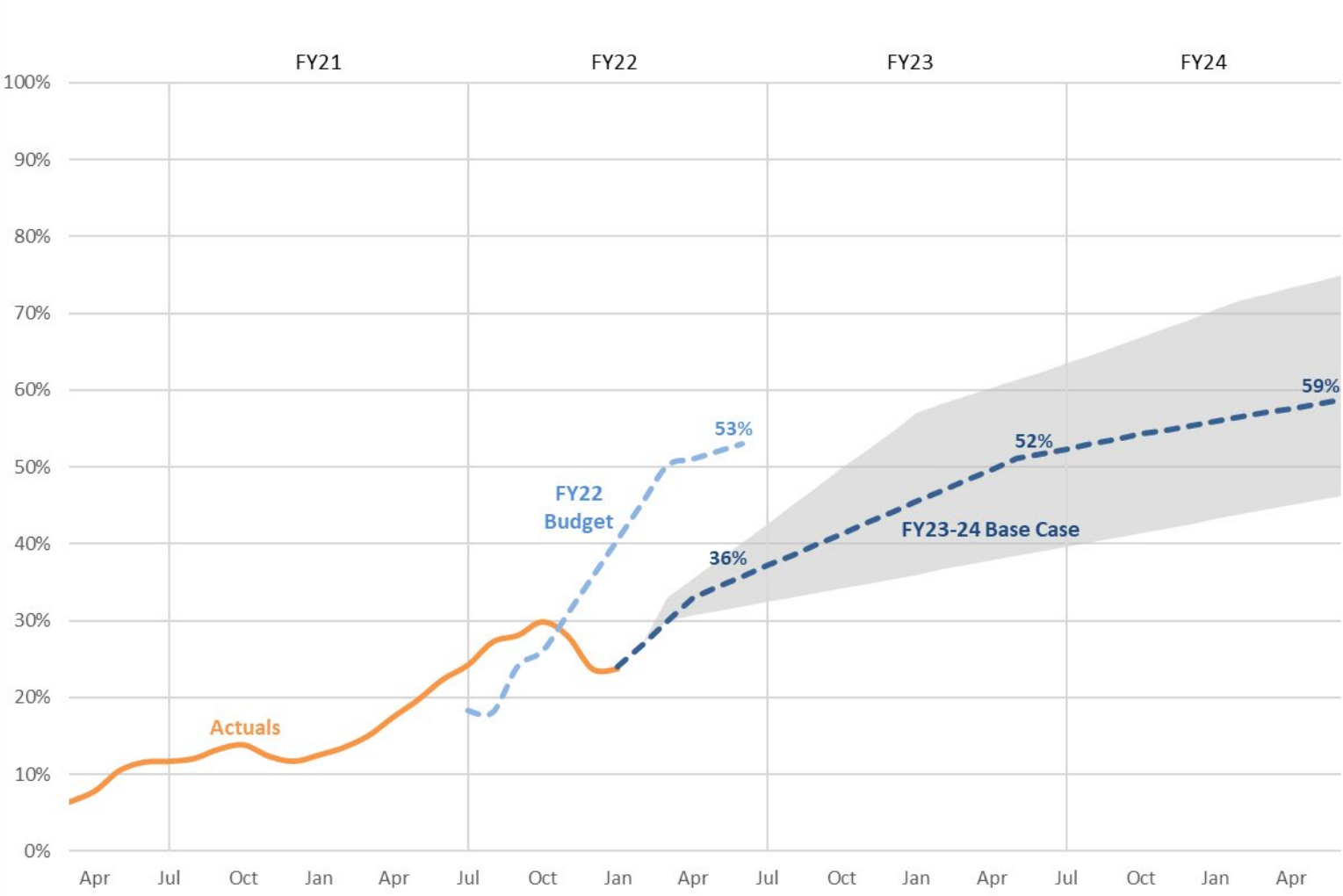
- Following slides show detail on large categories of revenues and expenses for FY23 & FY24
- Information is consistent with Preliminary Budget released on March 31
- Revised revenue projections and expenses will be presented at FY23 & FY24 Sources and Uses presentation scheduled for May 12th Board meeting

FY23 & FY24 Preliminary Sources: Operating Revenue

Operating Revenue (\$Millions)	Budget		Change		Budget	Change	
	FY22 Adopted	FY23 Prelim	\$	%	FY24 Prelim	\$	%
Rail Passenger Revenue	165.9	221.7	55.8	34%	282.1	60.4	27%
ADA Passenger Revenue	0.5	0.5	0.0	1%	0.5	0.0	1%
Parking Revenue	9.4	13.1	3.7	39%	14.3	1.2	9%
Other Operating Revenue	19.9	19.4	(0.4)	-2%	22.6	3.1	16%
Subtotal - Operating Revenue	195.7	254.8	59.1	30%	319.5	64.7	25%

- FY22 fare revenue projected to be ~\$30-35M (18-21%) below budget
- FY23 preliminary operating revenue budget reflects a 56% increase over FY22 YE estimate. FY24 budget reflects a further 25% increase
- Fare and parking revenue estimates assume base case ridership forecast
- Advertising revenue estimates reflect revised OUTFRONT contract and base case ridership
- Other operating revenue composed mostly of ground lease, telecom / digital railway, concessions

FY23 & FY24 Ridership Outlook



- Assumptions for long-term ridership recovery:
 - Upside: stabilize at 80% of pre-COVID forecast
 - Base Case: stabilize at 70%
 - Downside: stabilize at 60%
- Assumes average weekday ridership of:
 - ~150,000 by end of FY22
 - ~215,000 by end of FY23
 - ~245,000 by end of FY24

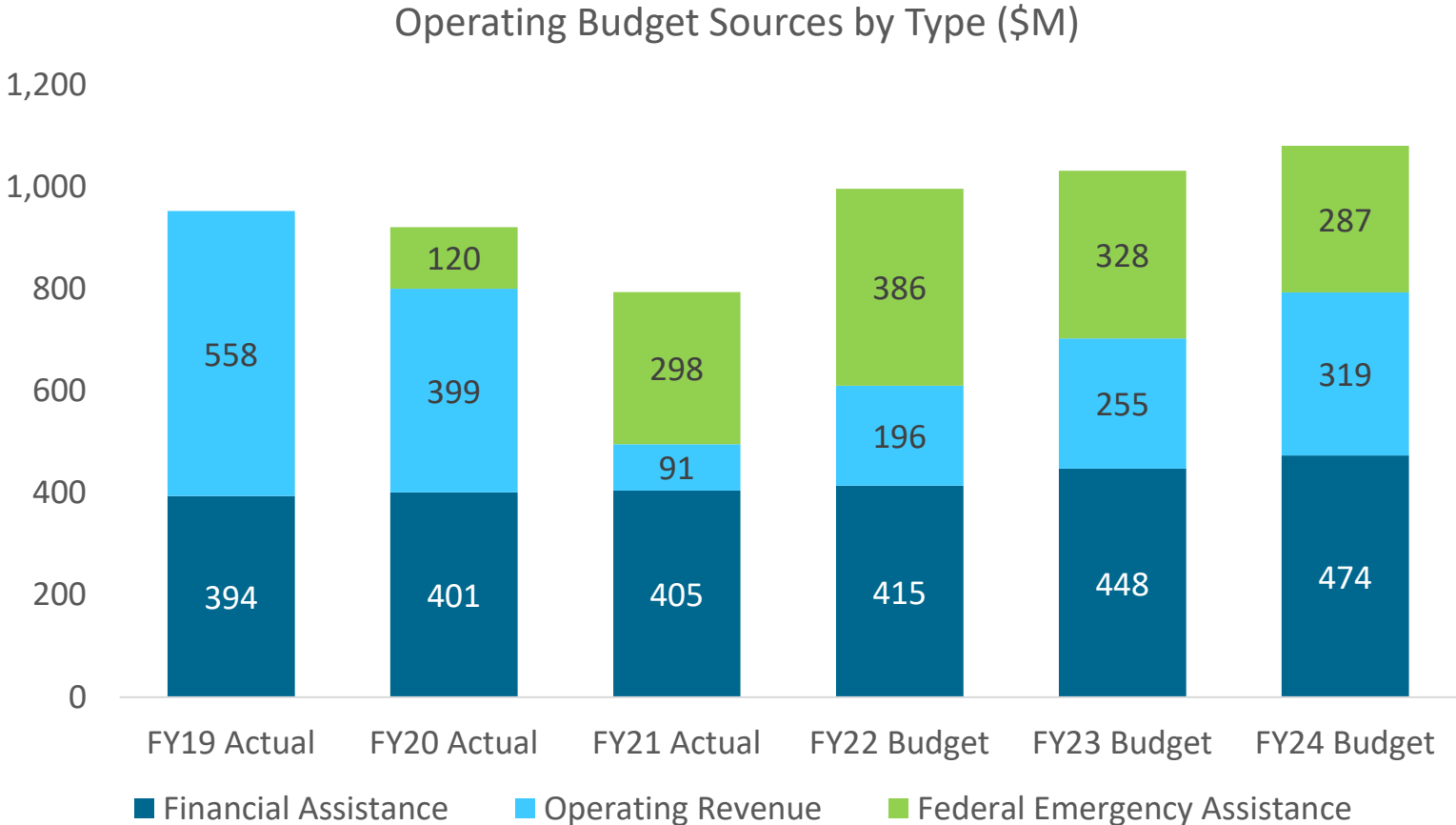


FY23 & FY24 Preliminary Sources: Financial Assistance

FINANCIAL ASSISTANCE (\$Millions)	Budget		Change		Budget		Change	
	FY22 Adopted	FY23 Prelim	\$	%	FY24 Prelim	\$	%	
Sales Tax Proceeds	261.7	299.0	37.3	14%	306.6	7.7	3%	
Property Tax Proceeds	54.5	58.0	3.5	6%	61.2	3.2	5%	
SFO Ext Financial Assistance	22.6	0.0	(22.6)	-100%	0.0	0.0	-	
VTA Financial Assistance	35.2	34.3	(0.9)	-3%	33.4	(0.9)	-3%	
MTC Financial Assistance Clipper Start	0.6	0.2	(0.4)	-65%	0.3	0.1	56%	
Local & Other Assistance	7.4	6.9	(0.5)	-7%	7.0	0.1	2%	
State Transit Assistance	28.4	22.7	(5.7)	-20%	38.6	15.9	70%	
Low Carbon Transit Operations Program	4.4	10.3	5.9	135%	10.3	0.0	0%	
Low Carbon Fuel Standard Program	22.6	16.6	(6.0)	-26%	16.4	(0.2)	-1%	
Subtotal - Financial Assistance	437.3	447.9	10.6	2%	473.8	25.8	6%	

- Sales tax FY22 year-end estimate is ~\$35M (14%) above FY22 budget; lower growth projected for FY23 or FY24 due to economic uncertainty (inflation outlook, strength of durable goods spending)
- Property tax reflects county estimates
- Small decrease in VTA assistance reflects forecast increases in SVBX fares; SFO assistance drops to \$0 after reserve is depleted in FY22

Change in Operating Sources Since COVID



FY23 & FY24 Preliminary Uses: Labor

LABOR & BENEFITS (\$Millions)	Budget		Change		Budget	Change	
	FY22 Adopted	FY23 Prelim	\$	%	FY24 Prelim	\$	%
Wages	506.0	493.3	(12.7)	-3%	507.5	14.2	3%
Overtime	48.4	70.8	22.4	46%	70.8	0.0	0%
CalPERS Pension	115.5	127.9	12.5	11%	127.1	(0.9)	-1%
Other Pension Benefits	13.9	14.3	0.4	3%	14.3	0.0	0%
Active Employee Medical Insurance	84.5	88.0	3.5	4%	87.4	(0.6)	-1%
Retiree Medical	44.0	45.7	1.7	4%	47.0	1.3	3%
Workers' Compensation	17.3	17.2	(0.1)	-1%	17.2	0.0	0%
Capital Reimbursement Wages	(137.5)	(143.8)	(6.3)	5%	(144.9)	(1.1)	1%
Capital Fringe	(67.7)	(71.9)	(4.2)	6%	(71.8)	0.1	0%
Capital Overtime	0.0	(22.4)	(22.4)	-	(22.4)	0.0	0%
Other Labor*	25.3	27.6	2.3	9%	27.7	0.1	0%
Subtotal - Labor & Benefits	649.7	646.8	(2.9)	0%	659.9	13.1	2%

*Other labor includes Vision, Dental, Medicare, Life Insurance, Disability, Unemployment, Meal and Uniform Allowances, Temp Help, and Employee Wellness Benefits

- Lower budgeted wages due to vacancy rate adjustment from 3% in FY22 to 7.5% in FY23 and 5.5% in FY24
- Pension cost increase driven by Unfunded Actuarial Liability (UAL) payments
- Fringe changes driven primarily by increases in health and dental premiums
- Gross overtime now included; increase is fully offset by adjustment to capital overtime reimbursements

FY22 to FY23 Preliminary Budget FTE Changes

FY22 to FY23 FTE Summary			
	Operating	Capital/Reimbursable	Total FTEs
FY22 Adopted Budget	3,409.53	1,023.05	4,432.58
FY22 to FY23 Adjustments			
Midyear Additions	21.60	33.40	55.00
Funding Conversions	24.70	(24.70)	-
Reductions	(5.63)	-	(5.63)
Technical Adjustments	6.70	10.50	17.20
Total Adjustments	47.37	19.20	66.57
FY23 Preliminary Budget	3,456.90	1,042.25	4,499.15

- Net increase to operating headcount driven by:
 - Midyear positions added in FY22 to respond to changing needs
 - Funding conversions: transfers to operating budget to accurately reflect charging
 - Miscellaneous (mostly offsetting) reductions and technical adjustments
- No new operating positions added during budget development
- No change to operating positions between FY23 & FY24

FY23 & FY24 Preliminary Uses: Non-Labor

NON-LABOR (\$Millions)	Budget		Change		Budget	Change	
	FY22 Adopted	FY23 Prelim	\$	%	FY24 Prelim	\$	%
Clipper, Ticket Sales & Bank Fees	8.8	8.0	(0.9)	-10%	9.4	1.4	18%
Insurance	9.2	9.7	0.5	6%	9.7	0.0	0%
Materials & Supplies	46.1	46.6	0.5	1%	46.6	0.0	0%
Professional & Technical Fees	42.9	50.1	7.2	17%	50.1	(0.0)	0%
Repairs & Maintenance	9.2	11.0	1.8	19%	11.2	0.3	2%
Rent	6.3	4.1	(2.2)	-36%	4.1	0.0	0%
Power	48.9	52.7	3.8	8%	54.4	1.7	3%
ADA Paratransit	14.0	16.7	2.7	19%	19.6	2.8	17%
Purchased Transportation	12.4	12.7	0.4	3%	13.0	0.2	2%
Utilities	8.0	8.1	0.0	0%	8.3	0.3	3%
Other Miscellaneous	4.1	6.9	2.7	67%	4.6	(2.3)	-33%
Subtotal - Non-Labor	209.9	226.5	16.6	8%	230.9	4.4	2%

- Non-labor base budget reset to FY21 actual spending levels, with adjustments made for:
 - Service level needs (power, fuel, materials & supplies)
 - Regulatory & compliance needs (election costs, paratransit, some licenses & fees)
- Funding for restroom attendants at 4 stations added to FY23 & FY24 (may be transferred to labor budget during budget period based on staffing levels)

FY23 & FY24 Preliminary Uses: Debt Service & Allocations

DEBT SERVICE & ALLOCATIONS (\$Millions)	Budget		Change		Budget		Change	
	FY22 Adopted	FY23 Prelim	\$	%	FY24 Prelim	\$	%	
Debt Service	57.2	59.9	2.8	5%	60.1	0.2	0%	
Capital Reinvestment	56.3	44.6	(11.7)	-21%	45.3	0.7	2%	
Priority Capital Projects/Programs	34.0	33.0	(1.0)	-3%	64.0	31.0	94%	
Sustainability	0.0	8.8	8.8	-	8.7	(0.1)	-1%	
Other	1.6	1.6	0.0	2%	1.7	0.0	2%	
Pension	10.0	10.0	0.0	0%	10.0	0.0	0%	
Subtotal - Debt Service & Allocations	159.1	158.0	(1.1)	-1%	189.8	31.8	20%	

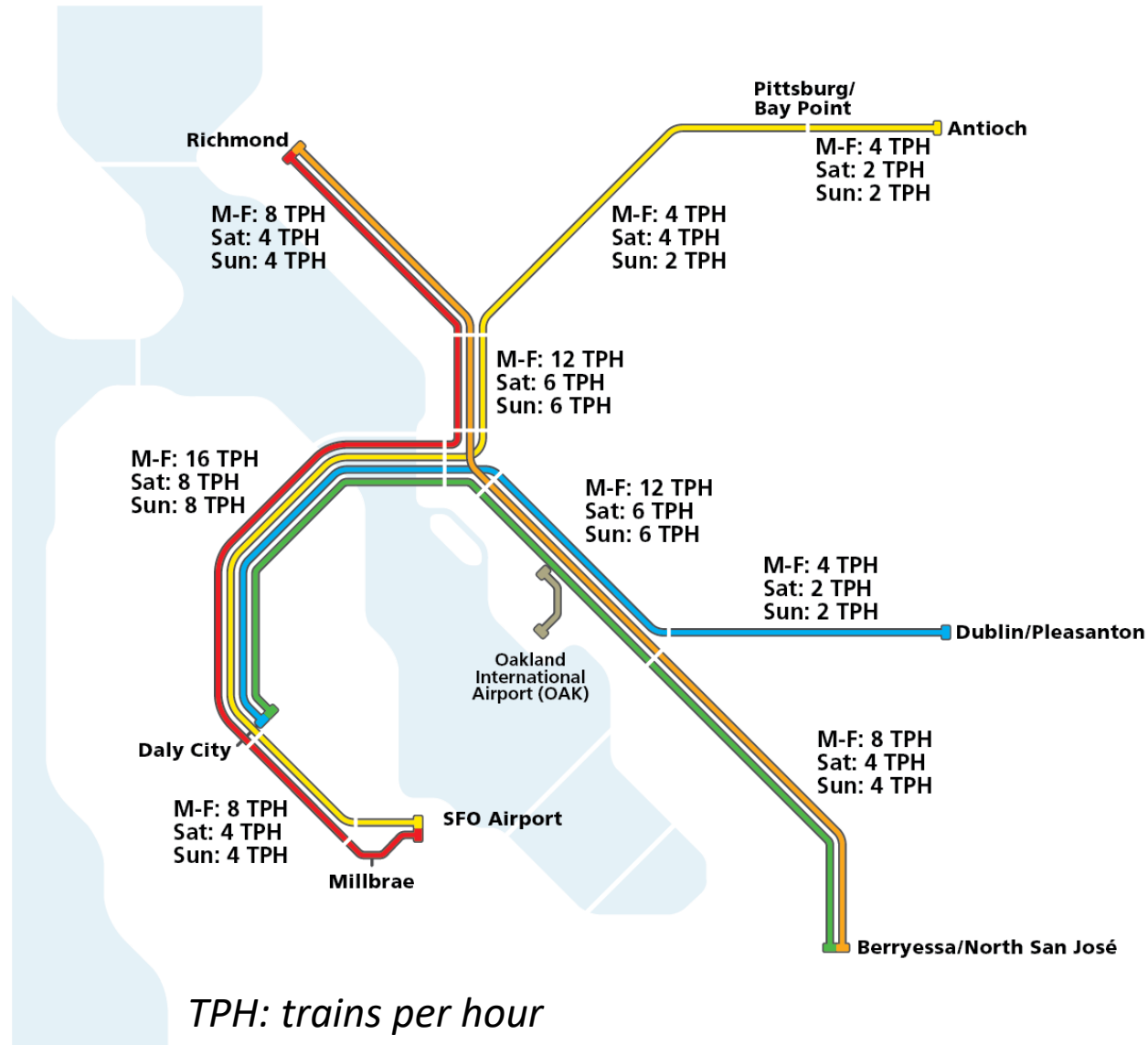
- Priority Capital allocation increased in FY24 to reflect anticipated project-related cashflow needs
- Sustainability allocation restored (not included in FY21 or FY22 adopted budgets)

FY23 & FY24 Preliminary Federal Emergency Assistance

FEDERAL ASSISTANCE (\$Millions)	Budget		Change		Budget		Change	
	FY22 Adopted	FY23 Prelim	\$	%	FY24 Prelim	\$	%	
Operating Revenue	195.7	254.8	59.1	30%	319.5	64.7	25%	
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<i>Total Traditional Sources</i>	<i>633.0</i>	<i>702.7</i>	<i>69.7</i>	<i>11%</i>	<i>793.3</i>	<i>90.6</i>	<i>13%</i>	
Operating Expense	859.6	873.2	13.6	2%	890.8	17.6	2%	
Debt Service & Allocations	159.1	158.0	(1.1)	-1%	189.8	31.8	20%	
<i>Total Uses</i>	<i>1,018.7</i>	<i>1,031.2</i>	<i>12.6</i>	<i>1%</i>	<i>1,080.6</i>	<i>49.4</i>	<i>5%</i>	
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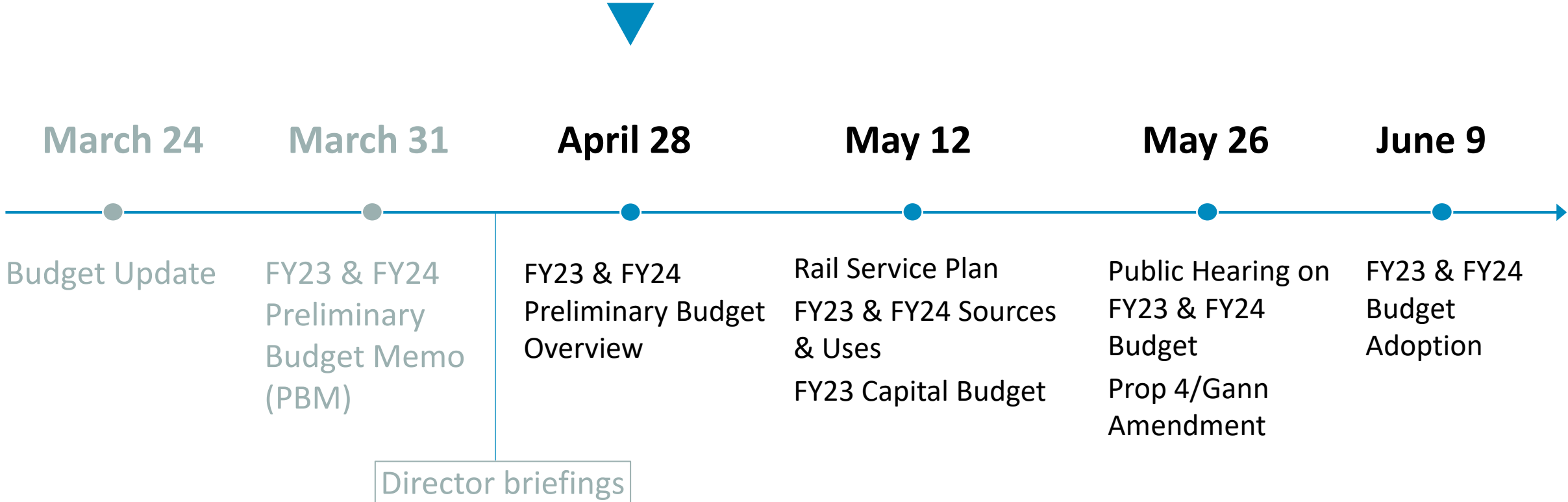
- \$219M of emergency federal assistance expected to remain after FY24
- Fiscal runway ends during FY26

FY23 Preliminary Rail Service Plan



- Map shows current and planned 5-line service levels by number of trains per hour (TPH) per system segment and day of week (weekday, Saturday, Sunday)
- 5-line service provides 4 or more TPH to most of the system
- 3-line service provides 2 or more TPH after 9 pm
- September 2022 service will include additional service improvements on Sundays
- Staff will present potential service improvements as part of Rail Service Plan presentation scheduled for May 12th Board meeting

Timeline and Next Steps



Discussion