



# FY22 Budget

## Service Plan, Operating & Capital Sources & Uses

May 13, 2021



# FY22 Service Plan, Operating & Capital Sources & Uses Agenda

1. Let's Go... September
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# Let's Go... September

## Service Increase & Fare Promotion

- Longer hours and more trains
- Cleaner trains and stations
- More safety staff on trains
- *50% off all Clipper fares Sept. 1 - 30*



# FY22 Rail Service Strategy - Period 1: Current through August 30, 2021

Current schedule since March 22, 2021, with added commute trips

	Peak Trips	Day			Night
Weekday	44	5:00	<i>5 Route / 30 min</i>		9:00
Saturday	15		8:00	<i>3 Route / 30 min</i>	9:00
Sunday			8:00	<i>3 Route / 30 min</i>	9:00



# FY22 Rail Service Strategy - Period 2: August 30, 2021 to February 2022

Expands weekday service frequency, plus late-night service  
 Earlier Saturday opening, later close, plus additional peak trips

	Peak Trips	Day		8:00pm	Night
Weekday		5:00	5 Route / 15 min	30 min 3 route	12:00
Saturday	20	6:00	5 Route / 30 min		12:00
Sunday		8:00	3 Route / 30 min	9:00	

*Enriched service begins 8/30*



# FY22 Rail Service Strategy - Period 3: February 2022 to September 2022

Potential changes under consideration:

- Additional weekday peak trains
- Additional Saturday & Sunday peak trains
- Expanding service to Sunday late-night

	Peak Trips	Day		8:00pm	Night
Weekday	0-10	5:00	5 Route / 15 min	30 min 3 route	12:00
Saturday	20-30	6:00	5 Route / 30 min		12:00
Sunday	10-15	8:00	3 Route / 30 min		12:00



# FY21 Year End Projection

Sources (\$M)	FY21 Adopted	FY21 Year End Projection	Change	
			\$	%
Rail Passenger Revenue	148	60	-88	-60%
Parking Revenue	10	7	-3	-33%
Other Operating Revenue	24	20	-4	-17%
Sales Tax Proceeds	239	250	11	5%
Other Financial Assistance	182	203	21	12%
<i>Total Regular Revenues</i>	<i>604</i>	<i>540</i>	<i>-64</i>	<i>-11%</i>
Federal Assistance (CARES + CRRSAA)	251	307	56	22%
Other Emergency Sources	60	0	-60	-100%
<i>Total Emergency Assistance</i>	<i>311</i>	<i>307</i>	<i>-4</i>	<i>-1%</i>
<b>TOTAL SOURCES</b>	<b>915</b>	<b>847</b>	<b>-68</b>	<b>-7%</b>
<b>Uses (\$M)</b>				
Labor & Benefits	624	573	-51	-8%
Power	48	43	-5	-11%
Other Non-Labor	178	133	-45	-25%
Bond Debt Service	47	47	0	0%
Allocations	17	51	34	205%
<b>TOTAL USES</b>	<b>915</b>	<b>847</b>	<b>-68</b>	<b>-7%</b>
<b>NET RESULT</b>	<b>0</b>	<b>0</b>	<b>0</b>	

**Federal Assistance** includes \$257M of CARES, \$50M of CRRSAA

**Labor & Benefits** line includes net FY21 impact of DRIP (-\$4M)

**Allocations** increase in FY21:

1. MET Building pay down
2. BART-to-Antioch vehicle maintenance post-warranty
3. Restoration of Pension Liability Allocation

*Projection will be refined in FY21 3rd Quarter Financial Report (QFR) to be heard at 5/27 Board meeting*

# FY22 Operating Budget: Executive Summary

In FY21, **BART has reduced Operating Expenses** (labor & non-labor) by approx. \$100M compared to the adopted budget

Looking ahead to FY22, **BART must flex back** to better serve all types of riders with high quality service

BART will **restore service** and use federal funding to **support the region's economic recovery**

The FY22 Operating Budget makes investments in:

- More frequent **service**, including weekends, and longer service hours
- Less crowding
- Increased employee presence throughout the system to promote **safety and security**
- **Cleaner** trains and stations
- Reducing long-term expenses and liabilities



# FY22 Operating Budget: Income Statement

Sources (\$M)	FY22 PBM	FY22 Current	Change	
			\$	%
Rail Passenger Revenue	159	166	7	4%
Parking Revenue	10	10	0	0%
Other Operating Revenue	19	20	1	6%
Sales Tax Proceeds	262	262	0	0%
Other Financial Assistance	164	176	12	7%
<i>Total Regular Revenues</i>	<i>614</i>	<i>634</i>	<i>20</i>	<i>3%</i>
Federal Assistance (CARES + CRRSAA)	349	328	-21	-6%
American Recovery Plan (ARP)	0	57	57	-
<i>Total Emergency Assistance</i>	<i>349</i>	<i>385</i>	<i>36</i>	<i>10%</i>
<b>TOTAL SOURCES</b>	<b>963</b>	<b>1,019</b>	<b>56</b>	<b>6%</b>
<b>Uses (\$M)</b>				
Labor & Benefits	622	650	28	5%
Power	40	49	9	22%
Other Non-Labor	145	161	16	11%
Bond Debt Service	57	57	0	0%
Allocations	78	102	24	30%
<b>TOTAL USES</b>	<b>942</b>	<b>1,019</b>	<b>77</b>	<b>8%</b>
Enhanced Cleaning	9	0	-9	-100%
Increased Service	43	0	-43	-100%
<b>NET RESULT</b>	<b>-31</b>	<b>0</b>	<b>31</b>	

**Enhanced Cleaning and Increased Service Initiative** costs distributed across sources and uses

**DRIP savings** incorporated into Labor & Benefits line

**Allocations** increase since PBM:

- BART-to-Antioch post-warranty vehicle maintenance
- Partial restoration of FY21 capital funding (\$15M)

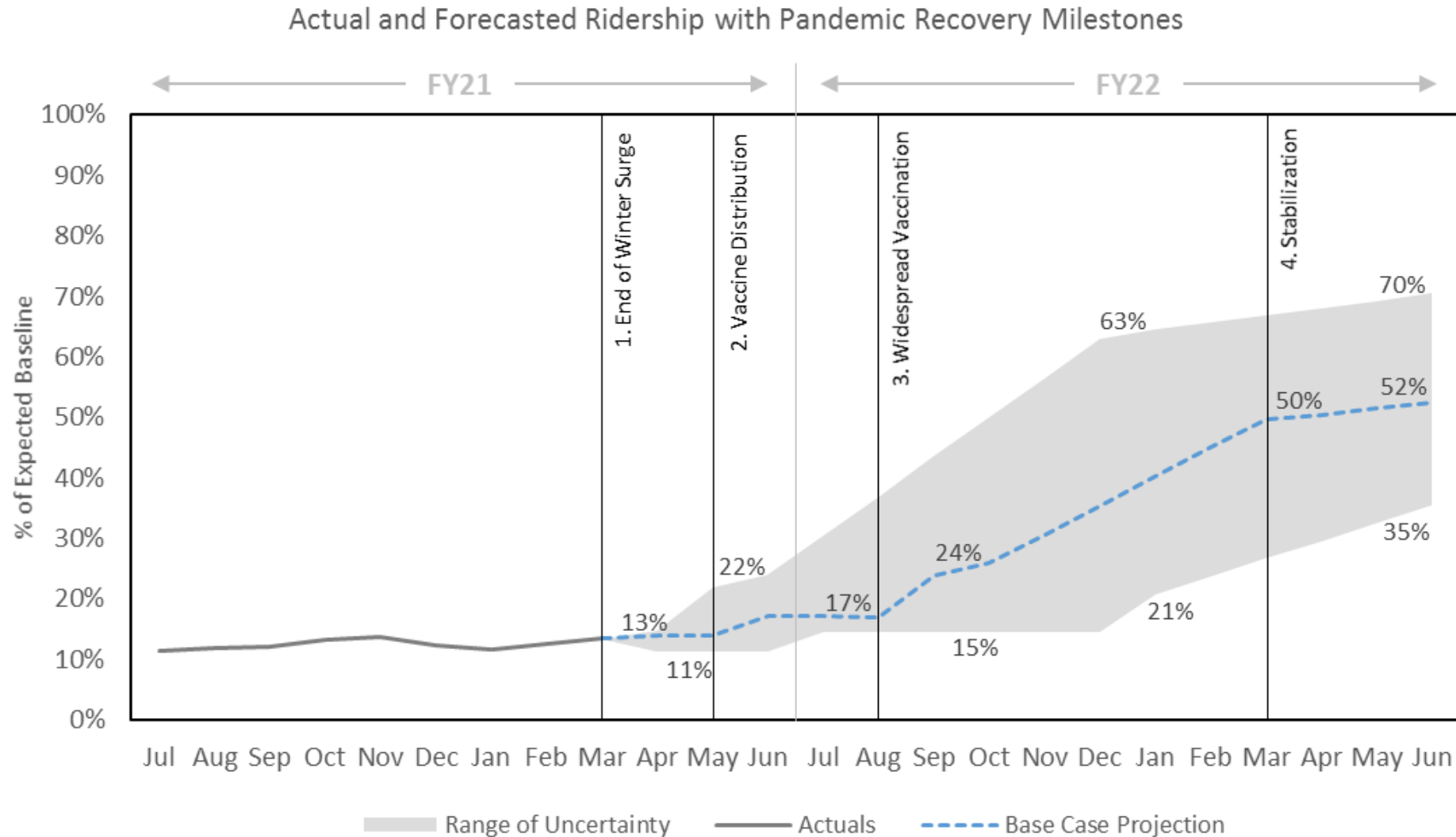
**Proposed September Fare Promotion** revenue impact is \$4.3M

\*Change amounts and percentages shown are from 3/31 Preliminary Budget Memo (PBM) to current FY22 budget



# Ridership Recovery Projection

Ridership recovery assumptions now include the impact of planned September service increase



# FY22 Operating Sources – Operating Revenue

Operating Revenue (\$M)	FY21 Adopted	FY21 Projected	FY22 PBM	FY22 Updated	Change	
					\$	%
Rail Passenger Revenue	148.1	59.8	159.1	165.8	6.7	4%
ADA Passenger Revenue	0.3	0.3	0.5	0.5	0.0	-4%
Parking Revenue	10.5	7.0	9.7	9.7	0.0	0%
Other Operating Revenue	23.7	19.6	18.7	19.9	1.2	6%
<b>Subtotal - Operating Revenue</b>	<b>182.6</b>	<b>86.7</b>	<b>188.0</b>	<b>195.9</b>	<b>7.9</b>	<b>4%</b>

## Budget projections conservatively position BART for ridership recovery

- Average annual ridership projected at 36% of pre-COVID levels; impacts on fares, parking, advertising
- Proposed fare promotion: 50% off Clipper fares during the month of September (estimated revenue impact: \$4.3M)
- Rail passenger revenue is budgeted at \$165.8M
  - \$106.0M above FY21 year-end projections
  - \$6.7M higher than in PBM due to service increase (offset by fare promotion)

# FY22 Operating Sources – Financial Assistance

Financial Assistance (\$M)	FY21 Adopted	FY21 Projected	FY22 PBM	FY22 Updated	Change	
					\$	%
Sales Tax Proceeds	239.0	249.9	261.7	261.7	0.0	0%
Property Tax Proceeds	50.6	53.7	54.5	54.5	0.0	0%
SFO Ext Financial Assistance	42.5	52.8	21.0	21.0	0.0	0%
VTA Financial Assistance	30.3	41.9	35.7	37.3	1.6	4%
MTC Assistance – Clipper Start Pilot	1.6	0.0	0.6	0.6	0.0	3%
Local & Other Assistance	6.0	8.4	7.4	7.4	0.0	0%
State Transit Assistance	28.5	30.8	28.4	28.4	0.0	0%
Low Carbon Transit Operations Program	8.5	8.5	4.4	4.4	0.0	-1%
Low Carbon Fuel Standard Program	14.4	7.1	12.4	22.6	10.2	82%
<b>Subtotal - Financial Assistance</b>	<b>421.4</b>	<b>453.3</b>	<b>426.1</b>	<b>437.8</b>	<b>11.7</b>	<b>3%</b>

## Financial Assistance is stable in FY21 – continued gradual recovery assumed

- FY22 sales tax revenue assumes a 4.7% increase above FY21 year-end estimate (\$10M+ above budget through April), driven by continued economic recovery
- Property tax revenue is assumed to be 1.5% above FY21 year-end estimate, with rising residential sales prices offset by risk to commercial property values
- SFO Extension financial assistance is \$21M lower than FY21; SFO reserve funds fully drawn down
- LCFS is \$10M higher than PBM due to service increase and timing of FY21 credit sales

# FY22 Operating Sources – Emergency Assistance

Emergency Assistance (\$M)	FY21	FY21	FY22 PBM	FY22	Change	
	Adopted	Projected		Updated	\$	%
CARES Act	251.0	257.0	0.0	0.0	0.0	-
FEMA COVID Expense Reimbursement	20.0	0.0	0.0	0.0	0.0	-
Reversal of FY20 Railcar Allocation	40.0	0.0	0.0	0.0	0.0	-
CRRSAA	0.0	50.2	349.3	327.8	(21.5)	-6%
ARP Act	0.0	0.0	TBD	57.1	57.1	-
<b>Subtotal - Emergency Assistance</b>	<b>311.0</b>	<b>307.2</b>	<b>349.3</b>	<b>384.9</b>	<b>35.6</b>	<b>10%</b>

## FY22 budget assumes use of \$385M of federal assistance to drive the region's recovery

- CARES funds are fully drawn down in FY21
- CRRSAA planned for use in FY21 has increased from \$29M in PBM to \$50.2M due to restoring capital allocations critical to fiscal stability
- Projected CRRSAA remaining to carry over into FY22 is \$327.8M
- \$57.1M in American Rescue Plan funds are budgeted to close the remaining FY22 operating deficit
- Operators and MTC staff are now jointly developing principles for distribution of \$1.7B in ARP funds; first tranche expected to be allocated by the MTC Commission in July

# FY22 Operating Uses – Labor & Benefits

Wages & Benefits (\$M)	FY21 Adopted	FY22 PBM	FY22 Updated	Change	
				\$	%
Wages	500.3	487.0	503.9	16.9	3%
Overtime	34.9	34.9	48.4	13.5	39%
CalPERS Pension	106.6	115.6	115.3	(0.3)	0%
Other Pension Benefits	13.6	14.0	13.8	(0.2)	-2%
Active Employee Medical Insurance	73.6	82.9	84.1	1.2	1%
Retiree Medical	46.0	51.8	44.0	(7.8)	-15%
Workers' Compensation	17.0	17.3	17.3	0.0	0%
Capital Labor Credits	(194.4)	(206.8)	(201.9)	4.9	-2%
Other Labor	26.8	25.2	25.2	0.0	0%
<b>Total Wages &amp; Benefits</b>	<b>624.4</b>	<b>621.9</b>	<b>650.1</b>	<b>28.2</b>	<b>5%</b>

- Total DRIP savings to District are \$21.1M; \$16.2M Operating Budget impact included in above chart
- Revised projections from outside actuarial consultant reduce retiree medical costs (OPEB) by \$7.8M
- Cleaning and Service Initiatives increase labor costs by \$49M

# FY22 Operating Uses – FTE Changes

## Net FTE changes from FY21 Adopted to FY22 Updated Budget

	Operating	Capital/Reimb	Total FTEs
<b>FY21 Adopted Budget</b>	<b>3,336</b>	<b>1,002</b>	<b>4,338</b>
DRIP	-112	-25	-137
Progressive Policing	15	0	15
Enhanced Cleaning	97	0	97
Service Increase	53	0	53
Misc. Adjustments	21	46	67
<i>Total Changes</i>	<i>74</i>	<i>21</i>	<i>95</i>
<b>FY22 Updated</b>	<b>3,410</b>	<b>1,023</b>	<b>4,433</b>

- Initiatives positions include part-time staff; FTEs do not sum to total number of staff to be hired
- 137 of 287 DRIP positions not to be backfilled (48% of total)
- Progressive Policing Bureau consists of 47 staff, including 15 new positions and 32 positions within BPD or shifted from other BART departments

# FY22 Operating Uses – Non-Labor Expense

Non-Labor (\$M)	FY21 Adopted	FY22 PBM	FY22 Updated	Change	
				\$	%
Clipper, Ticket Sales & Bank Fees	16.2	8.8	8.8	0.0	0%
Insurance	8.7	9.2	9.2	0.0	0%
Materials & Supplies	34.7	33.6	46.1	12.5	37%
Professional & Technical Fees	30.0	38.8	41.9	3.1	8%
COVID-19 Related Expenses	20.3	0.0	0.0	0.0	0%
Repairs & Maintenance	9.1	9.2	9.2	0.0	0%
Rent	18.4	7.0	7.0	0.0	0%
Power	48.1	40.0	48.9	8.9	22%
ADA Paratransit	16.1	14.0	14.0	0.0	0%
Purchased Transportation	11.5	12.4	12.4	0.0	0%
Utilities	6.4	8.0	8.0	0.0	0%
Other Miscellaneous	7.0	3.9	3.9	0.0	1%
<b>Total Non-Labor</b>	<b>226.5</b>	<b>184.9</b>	<b>209.5</b>	<b>24.6</b>	<b>13%</b>

- Power increased to reflect cost of September service increase
- Notable increases in Materials & Supplies and Professional & Technical Fees:
  - \$7.8M to purchase vehicle rehabilitation parts for BART-to-Antioch
  - \$2M for technology upgrades
  - \$2M for paratransit modernization
  - \$1.4M for targeted sustainability work
  - \$1.2M additional Quality of Life investment





# FY22 Operating Uses – Debt Service & Allocations

Debt Service & Allocations (\$M)	FY21 Adopted	FY22 PBM	FY22 Updated	Change	
				\$	%
Debt Service	47.2	57.2	57.2	0.0	0%
Baseline Capital Allocation	15.0	32.5	57.9	25.4	78%
Priority Capital Allocation	0.0	34.0	34.0	0.0	0%
Pension Liability Allocation	0.0	10.0	10.0	0.0	0%
Other Allocations	1.6	1.6	1.6	0.0	0%
<b>Total Debt Service &amp; Allocations</b>	<b>63.8</b>	<b>135.3</b>	<b>160.7</b>	<b>25.4</b>	<b>16%</b>

- Baseline Capital increased to address BART-to-Antioch post-warranty vehicle maintenance needs and a partial restoration of allocations not made in FY21

# FY22 Uses – Summary

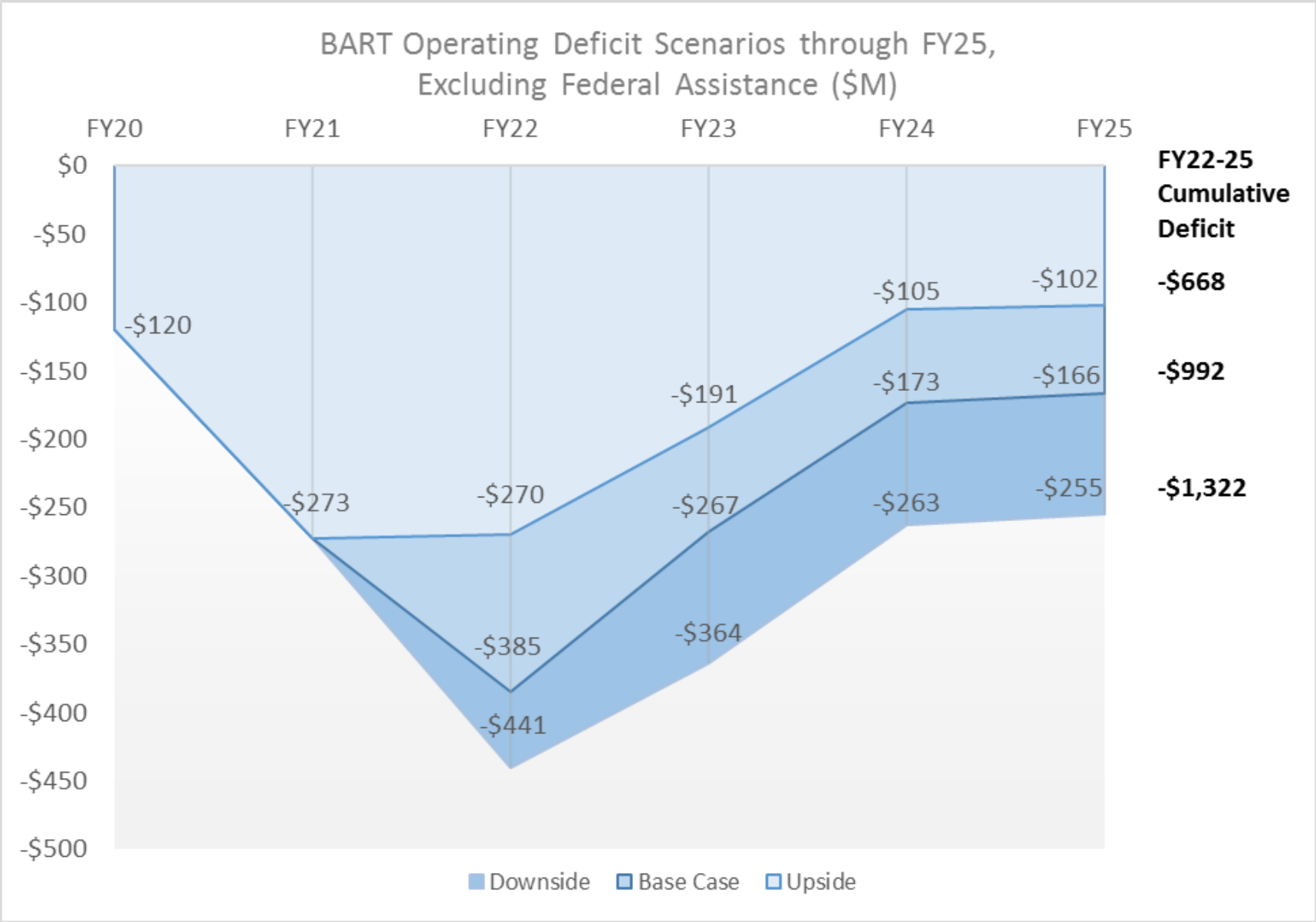
FY22 Uses Summary (\$M)	FY21 Adopted	FY21 Projected Actuals	FY22 Updated
Labor & Benefits	624	573	650
Power	48	43	49
Non-Labor	178	133	161
<i>Subtotal - Operating Expense</i>	<i>851</i>	<i>749</i>	<i>860</i>
Bond Debt Service	47	47	57
Allocations	17	51	102
<i>Subtotal - Debt Service &amp; Allocations</i>	<i>64</i>	<i>98</i>	<i>161</i>
<b>Total Uses</b>	<b>915</b>	<b>847</b>	<b>1,019</b>

- Operating Expense has scaled down with reduced service in FY21; projected current year amount is \$100M less than FY21 Adopted Budget amount
- FY22 Operating Expense is comparable to FY21 Adopted level
- Growth in Debt Service & Allocations (including pension liability) driving Total Uses increase

# FY21, FY22, FY23 Operating Sources & Uses Projections

Sources (\$M)	FY21 YE Projection	FY22 Updated	FY23 Projection
Rail Passenger Revenue	60	166	327
Parking Revenue	7	10	19
Other Operating Revenue	20	20	23
Sales Tax Proceeds	250	262	264
Other Financial Assistance	203	176	164
<i>Total Regular Revenues</i>	<i>540</i>	<i>634</i>	<i>796</i>
Federal Assistance (CARES + CRRSAA)	307	328	0
Federal Assistance (ARP)	0	57	TBD
Other Emergency Sources	0	0	0
<i>Total Emergency Assistance</i>	<i>307</i>	<i>385</i>	<i>TBD</i>
<b>TOTAL SOURCES</b>	<b>847</b>	<b>1,019</b>	<b>796</b>
<b>Uses (\$M)</b>			
Labor & Benefits	573	650	675
Power	43	49	53
Other Non-Labor	133	161	178
Bond Debt Service	47	57	60
Allocations	51	102	98
<b>TOTAL USES</b>	<b>847</b>	<b>1,019</b>	<b>1,064</b>
<b>NET RESULT</b>	<b>0</b>	<b>0</b>	<b>-267</b>

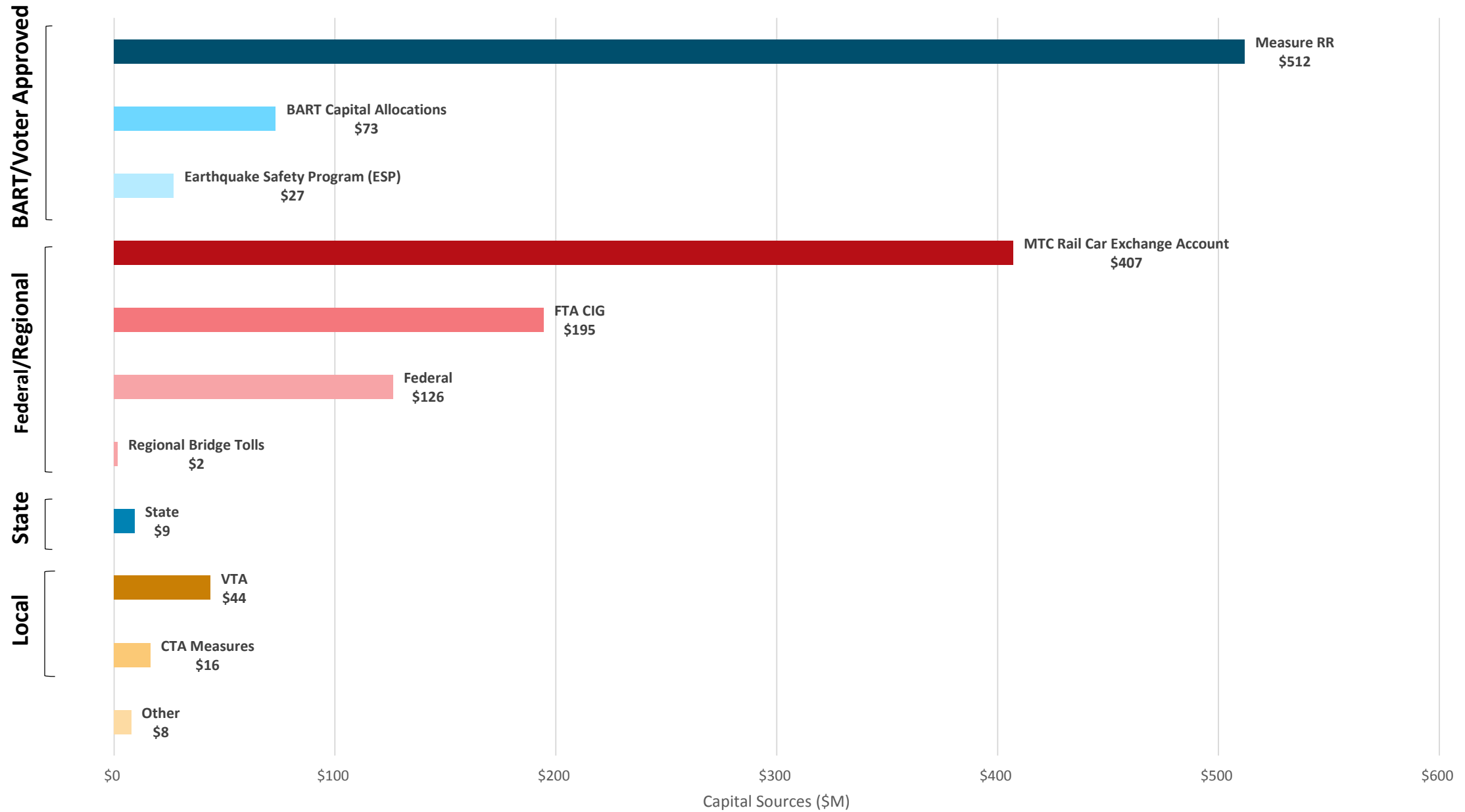
# Five-Year Revenue and Expense Projections



# FY22 Capital Budget – Executive Summary

- FY22 Capital Budget estimated at \$1.419B
- Priority projects account for nearly 50% of total FY22 Capital Budget, including Core Capacity Program (\$243M) and 775 Rail Car Procurement Project (\$452M)
- FY22 Capital Budget includes 256 capital projects, with 10 projects accounting for 63% of the total budget.
  - Including Core Capacity Program, 775 Rail Car Procurement, Link21, 34.5kV Cable Replacement and Upgrade, and the Concord Truing Machine

# FY22 Capital Budget – Sources



# FY22 Capital Budget – Uses

## Selected Examples by Category

### System Reinvestment

- Rail Car Procurement Phase 1 (775 rail cars)
- 34.5 kV Cable Replacement and Capacity Expansion

### Service and Capacity Enhancement

- Core Capacity Program (Train Control Modernization, Traction Power Substations Hayward Storage Yard);
- Vehicle Overhaul and Heavy Repair Shop Design for Fleet of the Future Maintenance Facility

### Earthquake Safety

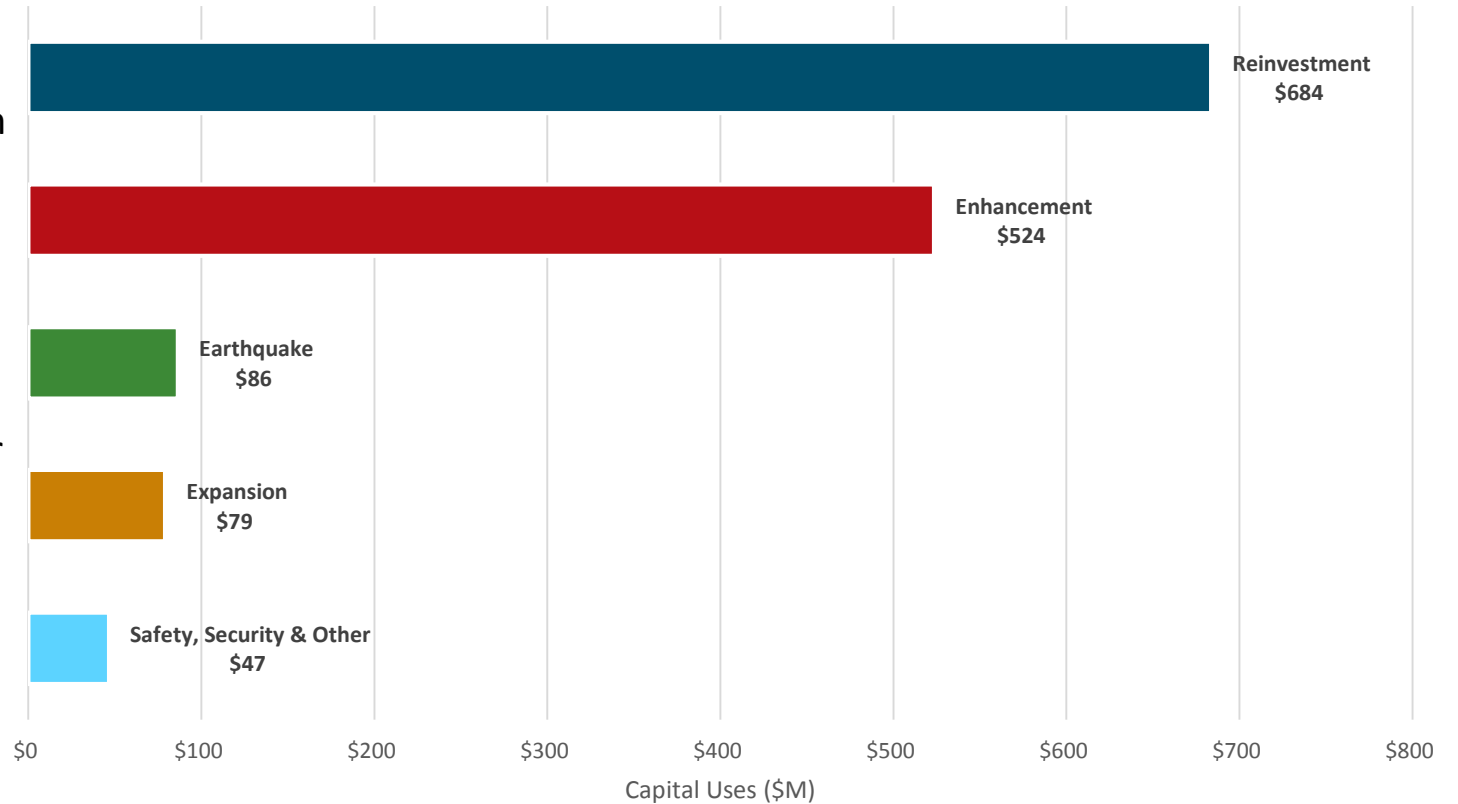
- Transbay Tube Earthquake Retrofit

### System Expansion

- Link21
- BART to Silicon Valley Phase II (BSVII)

### Safety, Security & Other

- Station Emergency Lighting



# Capital Project Acceleration in FY21 and FY22 – M&E

Many projects were able to take advantage of the **longer work window** created by the service reduction

Project	Savings			Example Benefits
	BART \$	Schedule	Patron Impact	
Systemwide Rail Grinding	✓ ✓ ✓	✓	✓	Longer hours per shift, more work completed
Ultrasonic Rail Flaw Testing Services	✓	✓		Longer hours per shift, more work completed
Coverboard Enhancement	✓	✓	✓	Longer shift, shortened schedule
C25 Interlocking Renewal	✓ ✓	✓	✓	Reduced shutdown weekends by 1
A65/A75 Interlocking Renewal	✓ ✓	✓	✓	Reduced shutdown weekends by 1
Systemwide DF Pads	✓ ✓ ✓	✓		Longer shift increased production
M Line 34.5 kV Cable		✓	✓ ✓ ✓	Reduce 24+ single tracking Sundays



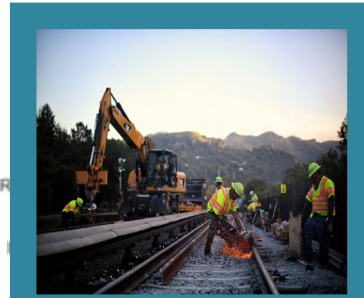
# Capital Project Acceleration in FY21 and FY22 – D&C

Many projects were able to take advantage of the **longer work window** created by the service reduction

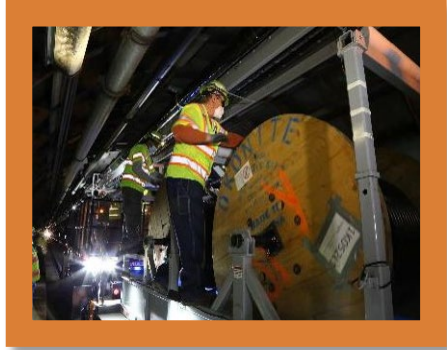
Project	Savings			Example Benefits
	BART \$	Schedule	Patron Impact	
Transbay Tube Retrofit	✓	✓	✓	Better work access and locomotive time to transport materials
Garage LED Lighting	✓✓	✓	✓	Dayshift work instead of nights
Antioch Parking Lot Expansion		✓	✓	Better work access
Union City Station Modernization	✓	✓	✓	Platform work with longer hours per shift
Powell St Station Modernization		✓	✓	Better work access
El Cerrito Del Norte Station Modernization	✓	✓	✓	Better work access, Phase 2 expedited
Downtown SF Escalator Replacement	✓	✓✓	✓✓	Better work access

# Capital Project Acceleration in FY21 and FY22

**C25 Interlocking Replacement  
Reduced 1 Shutdown Weekend**



**System Wide Rail Grinding**



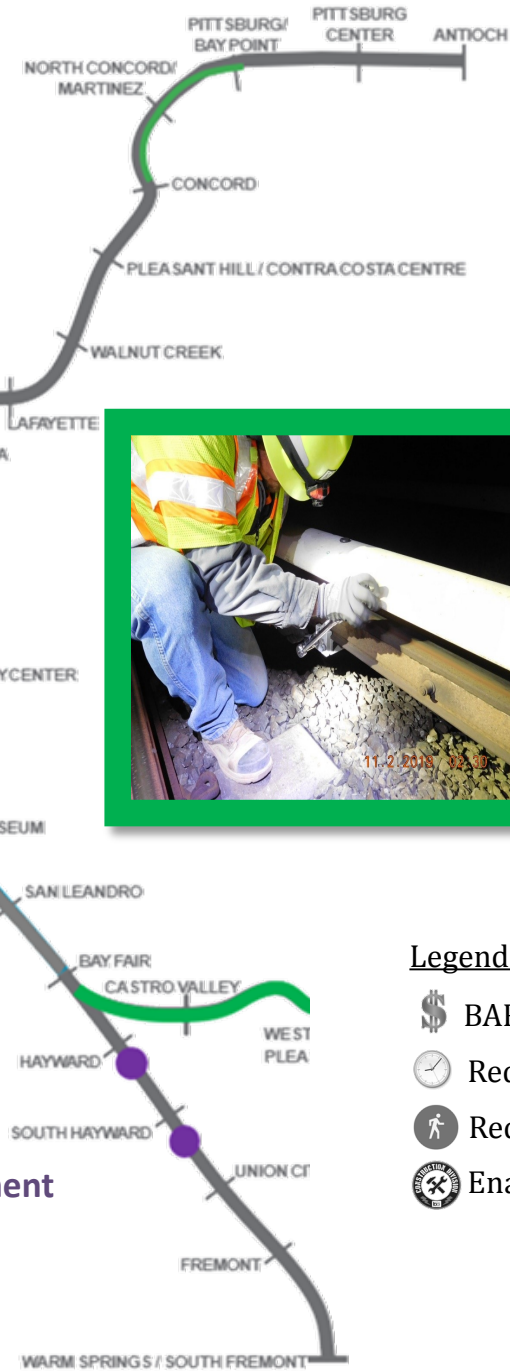
**M Line 34.5kV Cable  
Eliminated 24+ Single  
Tracking Sundays**



**System Wide DF Pad  
Replacement**



**A65/A75 Interlocking Replacement**



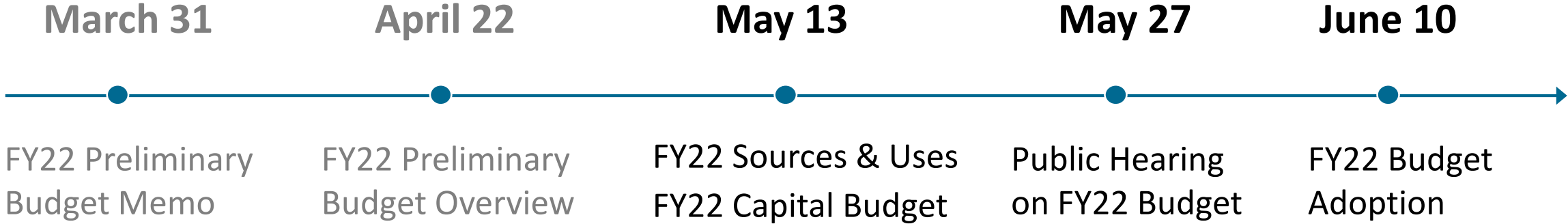
**Coverboard  
Enhancement  
C Line, L Line, WYE**



**Legend:**

- BART \$ Savings
- Reduced Schedule
- Reduce Impact to Patrons
- Enables Other Work

# Timeline and Next Steps





 Discussion

