

# **San Francisco Bay Area Rapid Transit District**

2150 Webster Street, P. O. Box 12688, Oakland, CA 94604-2688



## **BOARD MEETING AGENDA**

**Budget Workshop - The Budget Workshop will be held in person in the BART Board Room, 2150 Webster Street, 1st Floor, Oakland, CA 94612, and via teleconference.**

**Thursday, October 26, 2023**

**10:00 AM**

**BART Board Room, 2150 Webster Street, 1st Floor, Oakland, CA 94612, and via Teleconference.**

**Zoom Link: <https://us06web.zoom.us/j/81521557735>**

**Board of Directors**

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT  
2150 Webster Street, P.O. Box 12688, Oakland, CA 94604-2688

BOARD MEETING AGENDA

October 26, 2023

10:00 a.m.

A regular meeting of the Board of Directors will be held at 10:00 a.m. on Thursday, October 26, 2023. This meeting shall consist of a simultaneous teleconference at the following locations:

BART Board Room  
2150 Webster Street, 1st Floor  
Oakland, California 94612

Connectivity Center - Lobby Level  
Hilton Washington DC National Mall The Wharf  
480 L'Enfant Plaza SW  
Washington, District of Columbia 20024

Please note that this meeting will be held in person in the BART Board Room, 2150 Webster Street, 1st Floor, Oakland, California 94612, and via teleconference at the locations listed above.

You may watch the Board Meeting live or archived at <https://bart.gov/boardtv>

Presentation and agenda materials will be available via Legistar at <https://bart.legistar.com>

You may attend the Board Meeting in person or join the Board Meeting via Zoom by calling 833-548-0282 and entering access code 815 2155 7735; logging in to Zoom.com and entering access code 815 2155 7735; or typing the following Zoom link into your web browser:  
<https://us06web.zoom.us/j/81521557735>

Members of the public may address the Board of Directors regarding any matter on this agenda. If you wish to discuss a matter that is not on the agenda during a regular meeting, you may do so under Public Comment.

If you wish to make a public comment:

1) Submit written comments via email to [board.meeting@bart.gov](mailto:board.meeting@bart.gov), using “public comment” as the subject line. Your comment will be provided to the Board and will become a permanent part of the file. Please submit your comments as far in advance as possible. Emailed comments must be received before 4:00 p.m. on October 25, 2023, in order to be included in the record.

2) Complete a “Request to Address the Board of Directors” form (available at the entrance to the Board Room) and give it to the District Secretary before the Item is considered by the Board.

3) Call 833-548-0282, enter access code 815 2155 7735, dial \*9 to raise your hand when you wish to speak, and dial \*6 to unmute when you are requested to speak; log in to Zoom.com, enter access code 815 2155 7735, and use the raise hand feature; or join the Board Meeting via the Zoom link (<https://us06web.zoom.us/j/81521557735>) and use the raise hand feature.

Public comment is limited to two (2) minutes per person.

Any action requiring more than a majority vote for passage will be so noted.

Items placed under “consent calendar” are considered routine and will be received, enacted, approved, or adopted by one motion unless a request for removal for discussion or explanation is received from a Director or from a member of the audience.

Please refrain from wearing scented products (perfume, cologne, after-shave, etc.) to these meetings, as there may be people in attendance susceptible to environmental illnesses.

BART provides services/accommodations upon request to persons with disabilities and individuals who are limited English proficient who wish to address BART Board matters. A request must be made within one and five days in advance of Board meetings, depending on the service requested. Please contact the Office of the District Secretary at 510-464-6083 for information.

Rules governing the participation of the public at meetings of the Board of Directors and Standing Committees are available for review on the District's website (<https://www.bart.gov/about/bod>).

Meeting notices and agendas are available at [bart.legistar.com](http://bart.legistar.com); via email (<https://cloud.info.bart.gov/signup>); or via regular mail upon request submitted to the District Secretary.

Complete agenda packets (in PDF format) are generally available for review at [bart.legistar.com](http://bart.legistar.com) no later than 48 hours in advance of the meeting.

Please submit your requests to the District Secretary via email to [BoardofDirectors@bart.gov](mailto:BoardofDirectors@bart.gov); in person or U.S. mail at 2150 Webster Street, 10th Floor, Oakland, California 94612; or telephone at 510-464-6083.

April B. A. Quintanilla  
District Secretary

## Regular Meeting of the

BOARD OF DIRECTORS

The purpose of the Board Meeting is to consider and take such action as the Board may desire in connection with:

1. CALL TO ORDER

- A. Roll Call.
- B. Pledge of Allegiance.
- C. Introduction of Special Guests.

2. CONSENT CALENDAR

- A. Approval of Minutes of the Meeting of May 25, 2023.  
*Board requested to authorize.*

**Attachments:** [Approval of Minutes of the Meeting of May 25, 2023](#)

3. PUBLIC COMMENT

(An opportunity for members of the public to address the Board of Directors on matters under their jurisdiction and not on the agenda. Public comment is limited to two (2) minutes per person.)

4. BUDGET WORKSHOP

- A. Financial Context.  
*For information and discussion.*

**Attachments:** [BART Board Budget Workshop - Memo](#)  
[Financial Context - Presentation](#)

RECESS (5 Minutes)

- B. Strategies to Reduce the Deficit.  
*For information and discussion.*

**Attachments:** [Strategies to Reduce the Deficit - Presentation](#)

- C. In Memoriam.

(An opportunity for Board members to introduce individuals to be commemorated.)

5. ADJOURNMENT

# **San Francisco Bay Area Rapid Transit District**

2150 Webster Street, P. O. Box 12688, Oakland, CA 94612-2688



## **BOARD OF DIRECTORS DRAFT MINUTES OF THE 1,934<sup>TH</sup> MEETING THURSDAY, MAY 25, 2023**

Members of the Board of Directors

Janice Li, President (District 8)

Mark Foley, Vice President (District 2)

Debora Allen (District 1)

Rebecca Saltzman (District 3)

Robert Raburn (District 4)

John McPartland (District 5)

Elizabeth Ames (District 6)

Lateefah Simon (District 7)

Bevan Dufty (District 9)

## **MEETING DESCRIPTION**

A Regular Meeting of the Board of Directors was held on May 25, 2023, convening at 9:02 a.m. in the BART Board Room, 2150 Webster Street, 1st Floor, Oakland, California. President Li presided, April B. A. Quintanilla, District Secretary.

### **1. CALL TO ORDER**

President Li called the Meeting to order at 9:02 a.m.

#### **A. Roll Call.**

Directors Present in Oakland: Directors Ames, Foley, McPartland, Raburn, Saltzman, and Li.

Directors Present via Teleconference: None.

Absent: Director Simon. Directors Allen and Dufty entered the Meeting later.

#### **B. Pledge of Allegiance. Director McPartland led the Pledge of Allegiance.**

#### **C. Introduction of Special Guests. No Special Guests were introduced.**

### **2. REPORT OF THE BOARD PRESIDENT**

President Li had no report.

### **3. BOARD COMMITTEE REPORTS**

President Li called for Board Committee Reports. Michael Jones, Deputy General Manager, reported on the Financial Structure Ad Hoc Committee meeting held on May 11, 2023, noting that the Financial Structure project scope was discussed and that bid responses were expected the following week.

#### **Public Comment**

No comments were received.

### **4. PUBLIC HEARING**

#### **A. Permit Fees, Parking Fees, Fare Changes, and Fiscal Year 2024 and Fiscal Year 2025 Two-Year Annual Budget.**

- i. Fee Schedule for Increase(s) to Fees for Permits, Easements, and Plan Review.
- ii. Parking Pricing Policy Proposal.
- iii. 2024 and 2025 Productivity-Adjusted Inflation-Based Fare Increase(s).
- iv. Clipper® START (SM) Discount Increase. v. Fiscal Year 2024 and Fiscal Year 2025 Two-Year Annual Budget.

President Li announced that under the provisions of the Rules of the Board of Directors of the San Francisco Bay Area Rapid Transit District, this was the time set to hold a Public Hearing on i. Fee Schedule for Increase(s) to Fees for Permits, Easements, and Plan Review, ii. Parking Pricing Policy Proposal, iii. 2024 and 2025 Productivity-Adjusted Inflation-Based Fare Increase(s), iv. Clipper® START (SM) Discount Increase, and v. Fiscal Year 2024 and Fiscal Year 2025 Two-Year Annual Budget; and that the Board would review the items under the Administration Committee portion of the agenda.

President Li requested that Board Members hold their questions and comments until the Public Hearing was closed and announced that staff would give a brief presentation on the items and that the Meeting would then be opened for comments from the public.

Val Menotti, Chief Planning and Development Officer, and Pamela Herhold, Assistant General Manager, Performance and Budget, presented the items.

Director Dufty entered the Meeting in Oakland.

#### Public Comment

Aleta Dupree addressed the Board.

There being no further Public Comment, the Public Hearing was closed.

#### Action

No Board action was taken, as the item was a Public Hearing.

### **5. CONSENT CALENDAR**

President Li brought the following Consent Calendar action and information items before the Board.

- A. Approval of Minutes of the Meeting of January 26, 2023.
- B. Fiscal Year 2024 Proposition 4 Appropriations Limit.
- C. Procurement with Transource Services Corp., as the Official National Association of State Procurement Officials (NASPO) Provider, for Information Technology Hardware and Software Support.
- D. Fiscal Year 2023 3rd Quarter Financial Report.
- E. Authorization to Enter into Agreement No. 6M3682 with EMS/Rescue Service for Standby Basic Life Support Services at the Downtown San Francisco BART Stations.
- F. Authorization to Extend Agreement No. 6M6148 with Alameda Contra Costa Transit District and Paratransit, Inc. for East Bay Paratransit Consortium Program Coordinator's Office.
- G. Legislation for Consideration - Assembly Constitutional Amendment (ACA) 1 (Aguilar-Curry) Local Government Financing: Affordable Housing and Public Infrastructure: Voter Approval.



Director Dufty moved to approve all Consent Calendar action items by one motion.

Director Saltzman requested that Item 5-G, Legislation for Consideration - Assembly Constitutional Amendment (ACA) 1 (Aguiar-Curry) Local Government Financing: Affordable Housing and Public Infrastructure: Voter Approval, be removed from the Consent Calendar and presented to the Board for consideration at a future Board Meeting.

Director Saltzman seconded Director Dufty's motion regarding Items 5-A, 5-B, 5-C, 5-E, and 5-F.

#### Public Comment

No public comments were received.

#### Action

Upon motion by Director Dufty and second by Director Saltzman, the following actions were approved by unanimous roll call vote.

#### *Vote Summary:*

*Moved / Seconded: Director Dufty / Director Saltzman*

*Aye: Directors Ames, Dufty, Foley, McPartland, Raburn, Saltzman, and Li.*

*No: 0.*

*Abstain: 0.*

*Absent: Directors Allen and Simon.*

*Result: 7-0, motion carried by unanimous roll call vote.*

- A. The Minutes of the Meeting of January 26, 2023, were approved. *(Vote: 7-0)*
- B. Resolution No. 5558, In the Matter of the Establishment Of the Fiscal Year 2024 Appropriations Limit, was adopted. *(Vote: 7-0)*
- C. The General Manager was authorized to execute an information technology hardware and software support contract from Transource, a reseller of Fortinet products, for an amount not to exceed \$731,131.00. *(Vote: 7-0)*
- D. Fiscal Year 2023 3rd Quarter Financial Report.  
*(No vote or action was taken on this item as it was presented for information only.)*
- E. The General Manager was authorized to enter into Agreement No. 6M3682 with EMS/Rescue to provide Standby Basic Life Support Services at San Francisco downtown stations for a base term of two (2) years for a total cost of \$598,000.00 from July 2023 through June 2025 with the options to renew the Agreement for up to two (2) additional one-year terms for a total four (4) year cost not to exceed \$1,243,400.00, subject to the District's Protest Procedures and certification by the Controller-Treasurer that funds are available. *(Vote: 7-0)*
- F. The General Manager was authorized to execute, jointly with Alameda-Contra Costa Transit District (AC Transit), a one (1) year extension to BART Agreement No. 6M6148 (AC Transit Agreement 2023-1573) for East Bay Paratransit Consortium's (EBPC) Paratransit Coordinator's Office (PCO) for (BART's share) an amount not to exceed \$112,500.00 for Fiscal Year (FY) 2024. *(Vote: 7-0)*

## 6. GENERAL MANAGER'S REPORT

- A. Report of Activities, including Updates of Operational, Administrative, and Roll Call for Introductions Items.

Robert Powers, General Manager, reported on BART's participation in the upcoming San Francisco Carnaval Parade and San Francisco Pride Parade, BART's event celebrating Asian American/Pacific Islander Heritage Month, the execution of the new fare gates contract with STraffic America, LLC, the issuance of the Notice to Proceed for the new fare gates project, the establishment of the Metropolitan Transportation Commission's Regional Network Management committee, discussions with United Kingdom (UK) representatives regarding exchange of ideas and best practices, closure of the Yellow Line between Rockridge Station and Orinda Station for maintenance work, ridership, and ongoing advocacy efforts in Sacramento for transit funding.

### Public Comment

Aleta Dupree addressed the Board.

### Discussion

The item was discussed, with the following highlights:

Director Ames commented on collaborating with the Los Angeles County Metropolitan Transportation Authority (LA Metro) regarding unlimited ride passes and inquired about the UK exchange of ideas.

President Li suggested involving Michael Eiseman, Director of Financial Planning, and William Bacon, Principal, Metropolitan Transportation Commission (MTC), in discussions around regional network management and noted that she would provide additional information to the Board via a memo. President Li also indicated a desire to present an updated list of appointments to the Board on June 8, 2023.

Director Allen entered the Meeting in Oakland.

Director Saltzman expressed gratitude to Rodd Lee, Assistant General Manager, External Affairs, and the team for their advocacy efforts. Director Saltzman also acknowledged the challenges but remained optimistic about potential deals being made at the last moment in the legislative process. Director Saltzman urged fellow Board Members to be ready to help with advocacy efforts.

Director Ames inquired about the transparency of capital project programming in the budget document and emphasized the need to include details about the scope, schedule, and budget of capital projects in the budget document for the sake of transparency and prioritization.

President Li expressed frustration with the lack of specificity in legislative requests and underscored the importance of state legislators responding to the challenges faced by transit operators.

## 7. **PUBLIC COMMENT**

President Li called for general Public Comment, an opportunity for members of the public to address the Board of Directors on matters under their jurisdiction and not on the agenda.

Glenn Overton and Aleta Dupree addressed the Board.

## 8. **ADMINISTRATION ITEMS** **Director Dufty, Chairperson**

- A. Title VI Analyses: Parking Policy and Fare Equity.
  - i. Title VI Parking Policy Equity Analysis.
  - ii. Title VI Fare Equity Analysis for the Proposed 2024 and 2025 Productivity-Adjusted Inflation-Based Increases and Clipper® START (SM) Discount Increase.

Director Dufty, Chairperson of the Administration Committee, brought the item before the Board.

Javieree PruittHill, Manager of Title VI and Environmental Justice, and Sabrina Baptiste, Senior Manager of Workforce Policy and Compliance, presented the item.

### Public Comment

Aleta Dupree addressed the Board.

### Discussion

The item was discussed, with the following highlights:

President Li expressed gratitude to staff for their presentation and intention to vote in favor of approving the Title VI analyses. President Li requested cleaner copies of the written comments for better readability and inquired about the parking fee analysis, particularly regarding the ceiling and future hypothetical impacts, as well as about the feasibility of establishing a low-income parking program as a mitigation measure.

Director Raburn thanked staff for their thorough analyses and inquired about the extension of parking fees to weekends and early evening hours and whether there was a survey specific to the 3-6 p.m. timeframe.

Director Raburn moved that the Board of Directors approves the Title VI Parking Policy Equity Analysis and that the Board of Directors approves the Title VI Fare Equity Analysis for the Proposed 2024 and 2025 Productivity-Adjusted Inflation-Based Fare Increases and Clipper® START<sup>SM</sup> Discount Increase.

Director McPartland seconded the motion.

Director McPartland commended staff for their impressive presentation and mentioned four specific reasons for his support: minimal impact on low-income and minority groups, alignment with other transit agencies, meeting operating costs without excessive profit, and the policy impact of addressing BART's own costs.

## Action

Upon motion by Director Raburn and second by Director McPartland, the Board took the following actions by unanimous roll call vote:

1. The Board of Directors approved the Title VI Parking Policy Equity Analysis.
2. The Board of Directors approved the Title VI Fare Equity Analysis for the Proposed 2024 and 2025 Productivity-Adjusted Inflation-Based Fare Increases and Clipper® START<sup>SM</sup> Discount Increase.

### *Vote Summary:*

*Moved / Seconded: Director Raburn / Director McPartland*

*Aye: Directors Allen, Ames, Dufty, Foley, McPartland, Raburn, Saltzman, and Li.*

*No: 0.*

*Abstain: 0.*

*Absent: Director Simon.*

*Result: 8-0, motion carried by unanimous roll call vote.*

- B. Permit Fees, Parking Fees, Fare Changes, and Fiscal Year 2024 and Fiscal Year 2025 Two-Year Annual Budget.
- i. Fee Schedule for Increase(s) to Fees for Permits, Easements, and Plan Review.
  - ii. Parking Pricing Policy Proposal.
  - iii. 2024 and 2025 Productivity-Adjusted Inflation-Based Fare Increase(s).
  - iv. Clipper® START (SM) Discount Increase.
  - v. Fiscal Year 2024 and Fiscal Year 2025 Two-Year Annual Budget.

Director Dufty brought the item before the Board.

Assistant General Manager Herhold; Chief Planning and Development Officer Menotti; and Christopher Simi, Director of Budgets, presented the item.

## Discussion

The item was discussed, with the following highlights:

Director Raburn expressed support for parking fees on weekends and during certain hours on weekdays, highlighted the importance of Community Service Officers, and emphasized the need to manage parking demand effectively.

Director Saltzman expressed opposition to the proposed fare increases over two years and concerns about potentially driving riders away, especially given the uncertainty of the state budget. Director Saltzman also inquired about the feasibility of offering discounts to low-income riders for parking and suggested redirecting additional funds into Clipper® START<sup>SM</sup>.

## Public Comment

Clarence Fisher and Glenn Overton addressed the Board.

## Discussion

Discussion continued, with the following highlights:

President Li echoed concerns about the proposed fare increases and discussed the complexities of setting a ceiling for parking fees. President Li noted the need for further analysis and suggested working closely with MTC to promote Clipper® START<sup>SM</sup> usage. President Li indicated intent to request a meeting with MTC to discuss marketing efforts for Clipper® START<sup>SM</sup> and the potential for BART to lead in this initiative.

Director Ames expressed support for a 4% fare increase and emphasized the need to focus on projects to improve reliability, especially the expedited deployment of fare gates, proposing a one-year timeline instead of two.

Vice President Foley supported the use of Clipper® START<sup>SM</sup> as the way forward for parking and expressed support for a 5.5% fare increase, indicating that it would provide necessary revenue to fund important programs.

Director Dufty expressed support for the proposed fare increases, emphasizing the importance of building a robust financial framework for the agency's future.

## Action

No Board action was taken, as the item was presented for information only.

## **9. ENGINEERING AND OPERATIONS ITEMS** **Director Foley, Chairperson**

### **A. Fleet of the Future Update.**

Vice President Foley, Chairperson of the Engineering and Operations Committee, brought the item before the Board.

David Hardt, Chief Mechanical Officer, and John Garnham, Group Manager, Rail Vehicle Capital Program, presented the item and the presentation concluded with a photo of the assembly line in Pittsburg, CA, where the Fleet of the Future cars are being manufactured.

## Public Comment

Clarence Fisher and Aleta Dupree addressed the Board.

## Discussion

The item was discussed, with the following highlights:

Director Allen expressed gratitude for the update on the project's progress, emphasizing its importance for rider return. Director Allen inquired about the Global Positioning System (GPS) positioning and the budget and cost savings of the project, and whether the savings were factored into the projected net deficits.

Director Raburn commended the presentation and inquired about Wi-Fi for passengers and the secured budget for the project.

President Li commended the new fleet and expressed hope in the reliability of the Fleet of the Future, noting that it is significantly quieter than the legacy fleet.

Director Ames noted the importance of bringing the public up to speed on the progress made with the new BART cars, as they are a critical element for ridership and returning to voters for support. Director Ames also expressed desire to expedite the implementation of Communications Based Train Control (CBTC) and collaborate with the car manufacturer, Hitachi, to explore faster delivery methods.

Director Saltzman expressed appreciation for the update and suggested making future presentations more easily understandable for the public.

Vice President Foley emphasized the need to improve the experience for riders with visual impairments and to address questions regarding the third-door markers on platforms and how riders with visual impairments can identify the location of the third car for boarding.

#### Action

No Board action was taken, as the item was presented for information only.

### **10. PLANNING, PUBLIC AFFAIRS, ACCESS, AND LEGISLATION ITEMS**

#### **Director Saltzman, Chairperson**

- A. Authorization to Extend Agreement No. 6M6062A with Alameda Contra Costa Transit District and Transdev Services, Inc. for East Bay Paratransit Brokerage and Service Provision for One Year.

Director Saltzman, Chairperson of the Planning, Public Affairs, Access, and Legislation Committee, brought the item before the Board.

Laura Timothy, Manager of Access and Accessibility Services, presented the item.

#### Public Comment

No comments were received.

#### Discussion

The item was discussed, with the following highlights:

Director Allen inquired whether the agreement had been extended previously.

Director Raburn moved that the General Manager be authorized to execute, jointly with AC Transit, a one (1) year extension of time to Agreement No. 6M6062 (AC Transit Agreement 2013-1243), entitled, East Bay Paratransit Consortium, ADA Paratransit Services for AC Transit and BART, for an amount not to exceed \$14,767,555.00, plus actual fuel costs, for Fiscal Year 2024.

Director Dufty seconded the motion.

Director Ames inquired about micro mobility and whether AC Transit is looking at doing this kind of micro mobility.

Action

Upon motion by Director Raburn and second by Director Dufty, the General Manager was authorized to execute, jointly with AC Transit, a one (1) year extension of time to Agreement No. 6M6062 (AC Transit Agreement 2013-1243), entitled, East Bay Paratransit Consortium, ADA Paratransit Services for AC Transit and BART, for an amount not to exceed \$14,767,555.00, plus actual fuel costs, for Fiscal Year 2024, by unanimous roll call vote.

*Vote Summary:*

*Moved / Seconded: Director Raburn / Director Dufty*

*Aye: Directors Allen, Ames, Dufty, Foley, McPartland, Raburn, Saltzman, and Li.*

*No: 0.*

*Abstain: 0*

*Absent: Director Simon.*

*Result: 8-0, motion carried by unanimous roll call vote.*

**11. BOARD MATTERS**

- A. Board Member Reports.
- B. Roll Call for Introductions.
- C. In Memoriam.

President Li called for Items 11-A, Board Member Reports; 11-B, Roll Call for Introductions; and 11-C, In Memoriam.

Director Ames reported on attending the Tesla Transportation event and a Logan High School student-initiated event in Union City and provided an update on the Niles Canyon transportation situation.

Director Dufty requested that the Meeting be adjourned in honor of Heklina, a well-known drag artist and performer, and commented on the memorial service for Heklina.

Director Saltzman reported on speaking at an event hosted by the El Cerrito Democratic Club about the fiscal challenges that all transit systems are facing.

Director Raburn reported on attending the Hayward State of the City address and participating in the dedication of a new mural at San Leandro Station.

Vice President Foley reported on attending the Contra Costa Transportation Authority meeting and receiving an update on the Mokelumne Trail Bicycle/Pedestrian Overcrossing. Vice President Foley also praised the professionalism and responsiveness of BART staff during a fire incident at Antioch Station's parking lot.

Director McPartland expressed the importance of Memorial Day and acknowledged the contributions of the armed forces to the nation.

President Li reported on participating in an interview with the Urban Land Institute (ULI) advisory services panel.

12. **CLOSED SESSION**

A. CONFERENCE WITH LABOR NEGOTIATORS

Designated Representatives: Robert Powers, General Manager; Michael Jones,  
Deputy General Manager; David Coleman, Director of Labor Relations

Employee Organizations: (1) BART Police Officers' Association;  
(2) BART Police Managers' Association

Government Code Section: 54957.6

President Li brought the item before the Board and announced that the Board would enter into Closed Session under Item 12-A (Conference with Labor Negotiators) of the Regular Meeting agenda, and that the Board would reconvene in Open Session upon conclusion of the Closed Session.

Public Comment

No comments were received.

The Board Meeting recessed at 11:55 a.m.

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The Board reconvened in Closed Session at 12:01 p.m.

Directors Present in Oakland: Directors Allen, Ames, Dufty, Foley, McPartland, Raburn, Saltzman,  
and Li.

Directors Present via Teleconference: None.

Absent: Director Simon.

The Board Meeting recessed at 1:02 p.m.

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13. **OPEN SESSION**

The Board reconvened in Open Session at 1:03 p.m.

Directors Present in Oakland: President Li.

Directors Present via Teleconference: None.

Absent: Directors Allen, Ames, Dufty, Foley, McPartland, Raburn, Saltzman,  
and Simon.



A. Announcement from Closed Session, if any.

President Li announced that the Board had concluded its Closed Session under Item 12-A and that there was no announcement to be made.

**ADJOURNMENT**

The Meeting adjourned at 1:04 p.m. in honor of Heklina.

April B. A. Quintanilla  
District Secretary

**SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT**

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**MEMORANDUM**

**TO:** Board of Directors

**DATE:** October 20, 2023


**FROM:** General Manager

**SUBJECT: BART Board Budget Workshop**

Attached are two presentations for the “BART Board Budget Workshop” which will be a two-part information item on October 26, 2023 solely focused on BART’s financial strategy, with the goal of allowing for robust discussion.

The first item “Financial Context” provides an overview of what BART is doing to put the rider first, ridership context, an update to the deficit, and an overview of potential new funding sources. The second item “Strategies to Reduce the Deficit” will provide an overview of various strategies being considered to address the deficit. Please note that the meeting will have an adjusted 10am start time and there will be a short break to get lunch prior to the second which will be a working lunch.

If you have any questions about the presentation, please contact Pamela Herhold, Assistant General Manager, Performance & Budget, at (510) 464-6168.

DocuSigned by:  
  
BAA357BD7E1A4FF...

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Robert M. Powers

cc: Board Appointed Officers  
Deputy General Manager  
Executive Staff



# Board Budget Workshop: Financial Context

October 26, 2023



# Meeting Overview

## Item 1: Financial Context

- Context
- Deficit Revision
- Potential New Funding Sources
- Discussion

-- *Get Lunch*--

## Item 2: Strategies to Reduce the Deficit

- Strategies to Reduce the Deficit
- Discussion



# Context: Leading With Service

BART has deployed federal emergency assistance as directed – to maintain service levels and support the Bay Area’s economic recovery



Federal Transit Administration

**FTA guidance:** “funds shall, to the maximum extent possible, be directed to payroll and operations of public transit ”

<https://www.transit.dot.gov/frequently-asked-questions-fta-grantees-regarding-coronavirus-disease-2019-covid-19#CARES>

**San Jose Mercury News**

Thursday, July 1, 2021

## **BART to restore service four weeks earlier than planned**

The agency will also run later weekend trains as more businesses and events open up

By KATE SELIG



OAKLAND, CA – JUNE 15: A BART passenger is photographed on the platform of the Fruitvale Station on Tuesday, June 15, 2021 in Oakland, Calif. As COVID-19 restrictions are eliminated across the state, face masks are still required on public transportation. (Aric Crabb/Bay Area News Group)

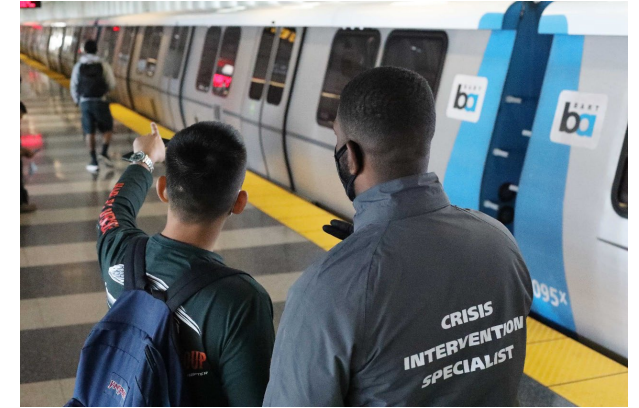
<https://www.mercurynews.com/2021/07/01/bart-to-restore-service-four-weeks-earlier-than-planned/>

# Context: BART's Focus on the Rider Experience

Even with fewer work commuters, BART's role remains essential

## BART's efforts to regain ridership start with safety

- Launched Safe & Clean Plan outlining commitments to the riders
- Doubling officer presence systemwide and using unarmed Crisis Intervention Specialists, Ambassadors and Fare Inspectors for additional patrols
- Running shorter trains to enhance safety



## Investing in ridership growth opportunities

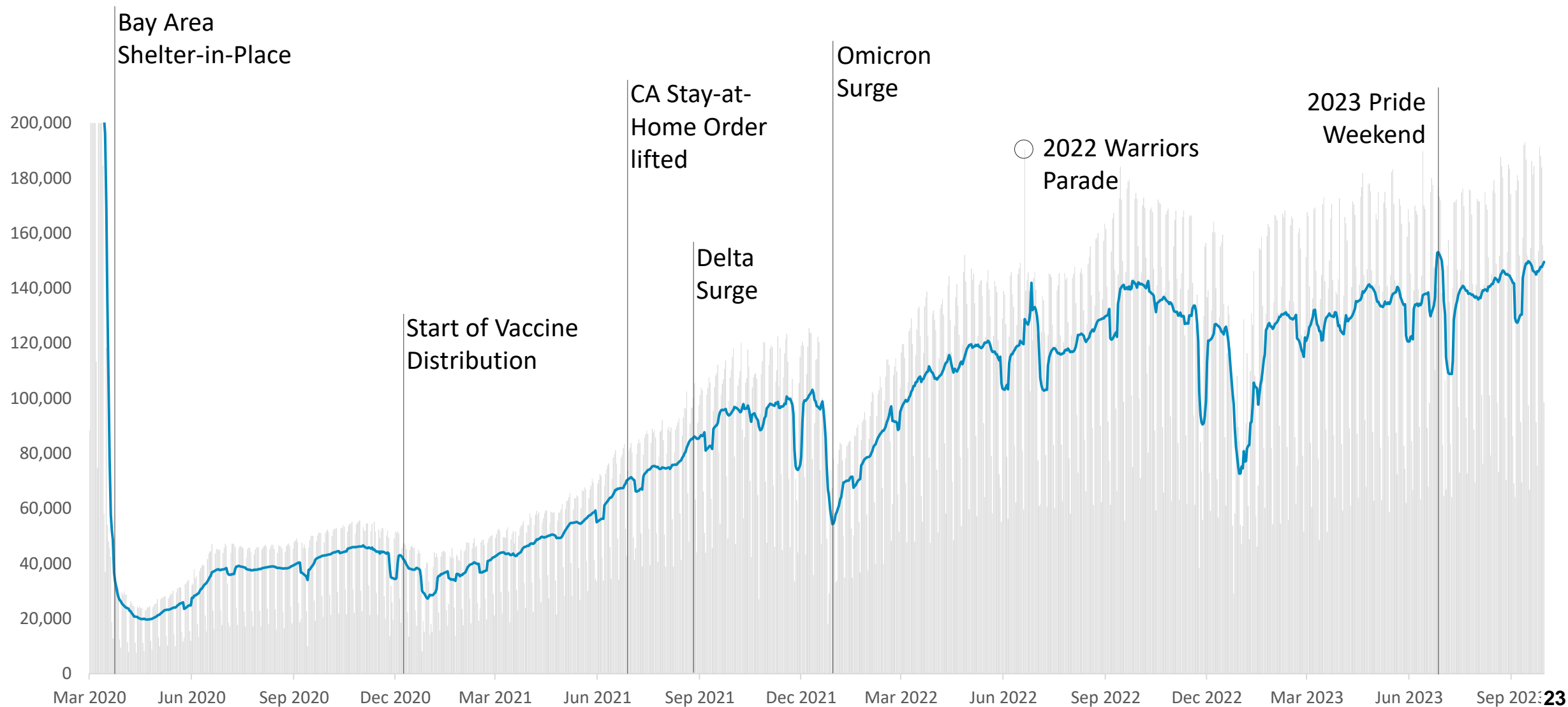
- New service pattern relies less on commute models & encourages leisure and other non-work trips
- Clipper BayPass pilot has encouraged thousands more trips by students and affordable housing residents

## Prioritizing Improvements to the Rider Experience

- Focus on improving reliability and cleanliness systemwide
- New faregates to improve accessibility and reliability and deter fare evasion

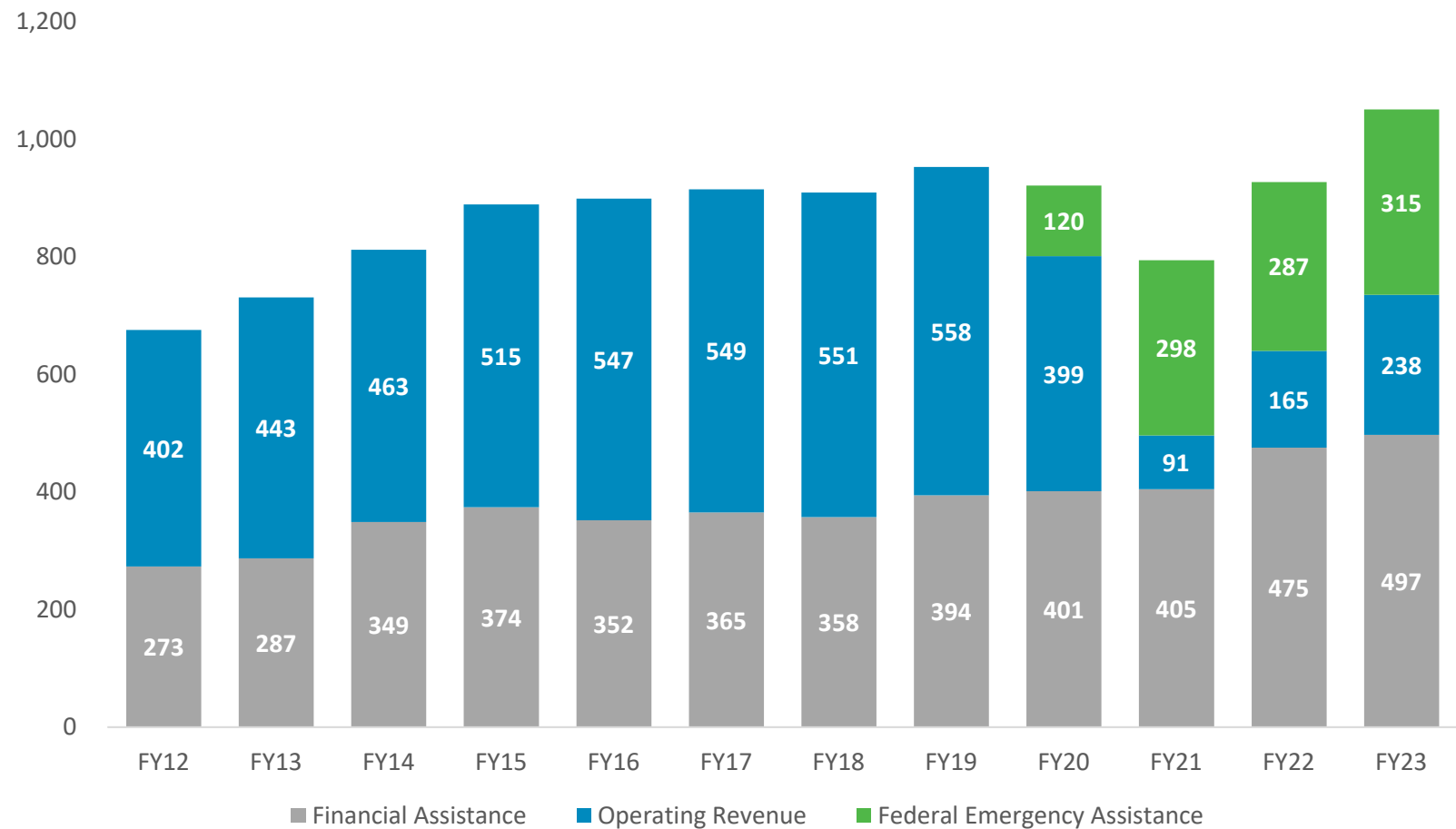


# Context: Ridership Since COVID



# Context: Changed Funding Structure

Operating Sources by Type (\$M)

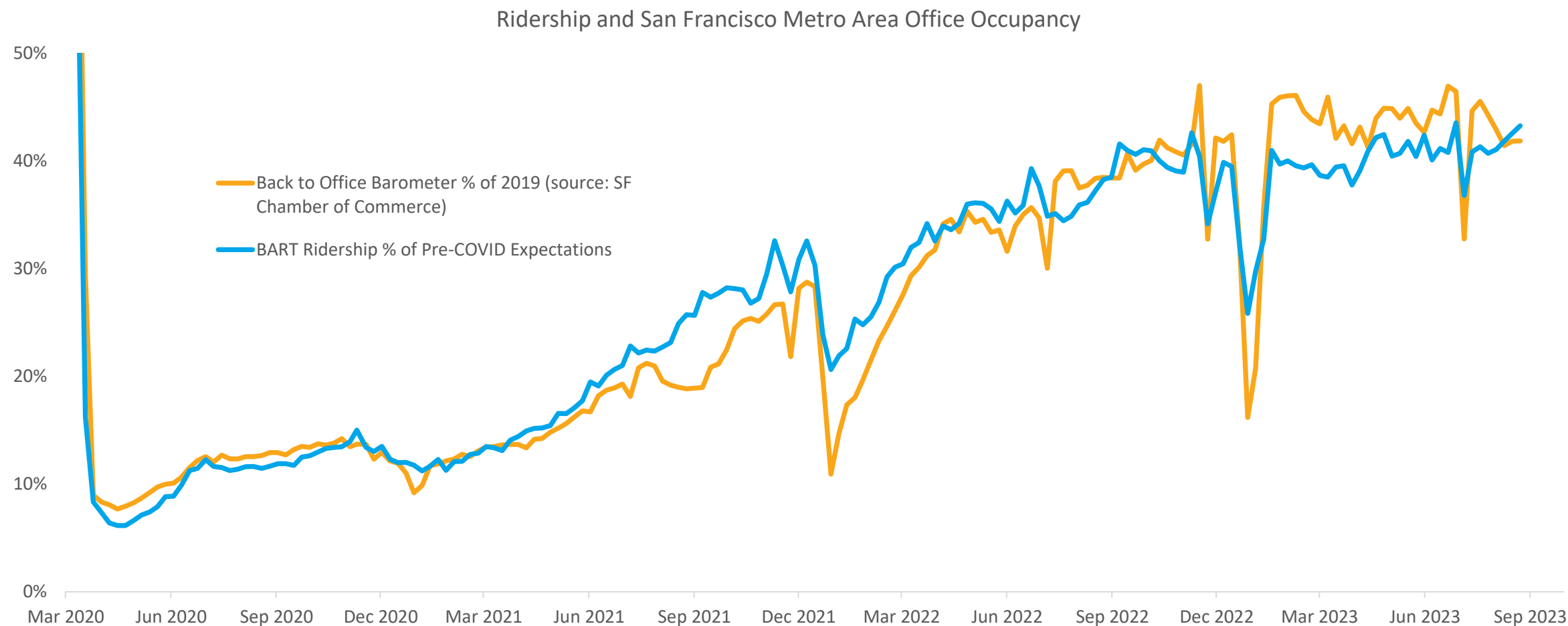


## BART’s funding model has been inverted

- Prior to pandemic, operating revenue covered ~60% of expense
- In FY23, operating revenue covered ~23%



# Context: Ridership / Office Occupancy Since COVID



# Deficit Revision

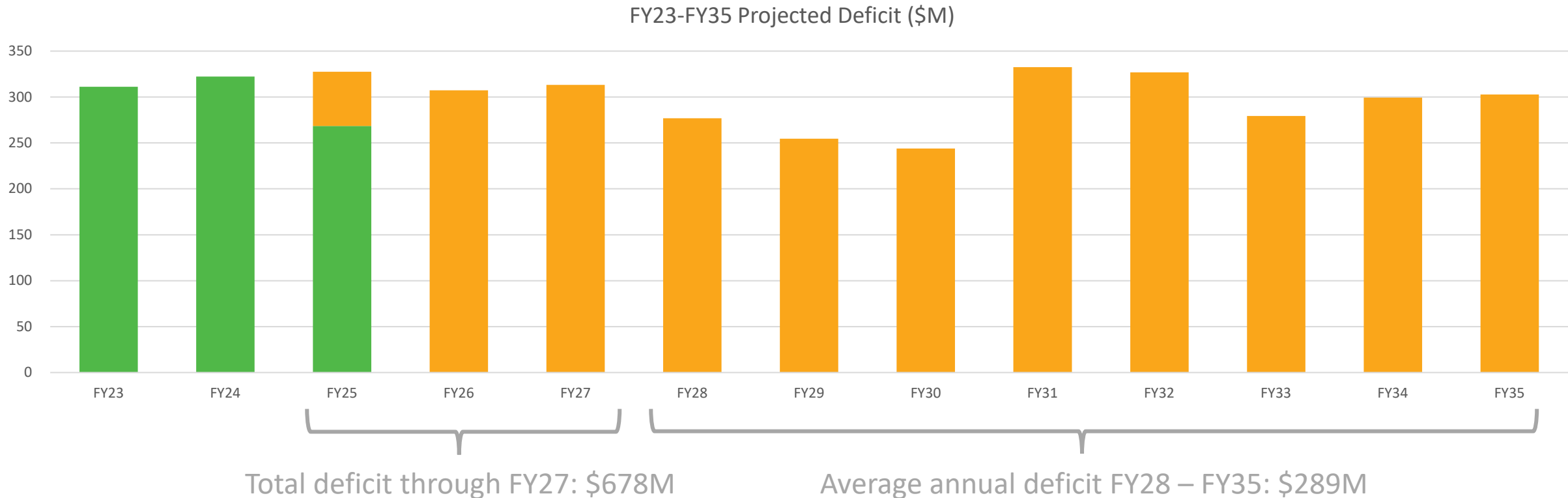
# Deficit Revision: Changes Since Budget Adoption

Change (\$M)	FY24	FY25	FY26	FY27	FY28	FY29
Beginning Deficit from June 2023 Adopted Budget*	0	(102)	(322)	(298)	(342)	(282)
<b>Revisions to Sources</b>						
STA hold harmless & payment timing	28	22	20	0	0	0
VTA financial assistance	(0)	0	1	1	5	6
Sales tax projections	(2)	(4)	(5)	(5)	(5)	(8)
SB125	TBD	TBD	TBD	TBD	0	0
<i>Subtotal - Sources</i>	26	18	16	(4)	0	(2)
<b>Revisions to Uses</b>						
Railcar contingency	10	11	14	14	28	0
Change to Core Capacity service expansion date	0	0	0	0	71	73
BPD wage increase	(12)	(12)	(13)	(13)	(13)	(13)
CalPERS UAL increase	3	(5)	(13)	(21)	(30)	(40)
Misc other increases	(6)	(6)	0	0	0	0
Shorter trains	7	9	9	9	9	9
<i>Subtotal - Uses</i>	2	(3)	(2)	(11)	65	29
<b>Total - Deficit Changes</b>	<b>29</b>	<b>16</b>	<b>14</b>	<b>(15)</b>	<b>65</b>	<b>27</b>
<b>Revised Deficit after Federal Aid</b>	<b>0</b>	<b>(58)</b>	<b>(307)</b>	<b>(313)</b>	<b>(277)</b>	<b>(255)</b>

FY25 adopted deficit increased from \$93M to \$102M to reflect \$9M in additional federal emergency funding required to balance FY23

Numbers may not sum due to rounding

# Deficit Revision: Long Term Outlook



- BART must close a \$678M gap before FY28
- Without permanent new operating support, BART faces annual deficits of approximately \$289M per year through FY35

# Potential New Funding Sources

# 2023 Fiscal Cliff Advocacy

In 2023 BART's General Manager, Directors, staff, advocates, and labor partners engaged in an array of advocacy efforts to address BART's fiscal cliff:

- Weekly regional and statewide working groups
- Frequent meetings with Bay Area elected officials, State Legislators, and the Governor's Office
- Participation in several committee hearings
- Regional and statewide coalition letters
- Attendance at multiple press events



Thursday, May 11, 2023

The Honorable Toni Atkins  
Senate President Pro Tempore  
California State Senate

The Honorable Anthony Rendon  
Assembly Speaker  
California State Assembly

The Honorable Nancy Skinner  
Chair, Senate Budget & Fiscal  
Review Committee

The Honorable Phil Ting  
Chair, Assembly Budget & Fiscal  
Review Committee

Re: Request to Protect Public Transit in FY 2023-24 State Budget



# State Funding for Operating Relief and Transit Capital

## **SB 125 – Budget Act of 2023**

- Restores \$2 billion in funding for the Transit and Intercity Rail Capital Program (TIRCP) over two years, maintaining a total of \$4 billion in investments
- Provides \$1.1 billion in *new* funding for a Zero-Emissions Transit Capital Program (ZETCP) over four years
- Both funding programs have been made flexible for use on transit operations and transit capital
- Establishes a Statewide Transit Transformation Task Force focused on developing recommendations to grow transit ridership, improve the transit experience, and address long-term operational needs
- Creates accountability by requiring a short-term financial plan for each region by Dec 2023, compilation of key transit operator data points, and a long-term financial plan for each region by June 2026

# Regional Allocations and Deliverables

## **TIRCP Funding**

- \$770 million available over two years for MTC's TIRCP Augment 2
  - \$350 million proposed for BART Core Capacity
  - \$375 million proposed for BART to Silicon Valley Phase II
  - \$45 million directed to transit operations reserve

## **ZETCP Funding**

- \$402 million over four years directed to MTC for regional allocation
- Preliminary distribution presented to MTC on October 25 and finalized on November 15
- MTC's initial allocations package and regionally compiled transit operator data due to CalSTA by December 31, 2023

## **MTC Regional Contribution**

- MTC identified \$300 million to be directed to fund operations
- Redirection of funds will require significant trade offs



# Other Near-Term Funding Opportunities

## SB 532 (Wiener)

- Passed the Assembly Transportation Committee, subsequently paused before hearing in Assembly Appropriations
- Senator interested in a menu of options, in addition to a bridge toll, to provide multi-year funding until a regional revenue measure passes
- Planning to convene the Select Committee on Bay Area Public Transit in November

## Other Opportunities within 2024 Legislative Session

- Transportation Development Act
- Shifting of federal highways funds
- Innovative Clean Transit relief
- Low Carbon Fuel Standards Program



# Long-Term Solution: A Regional Transportation Measure

A regional measure, coordinated by the Metropolitan Transportation Commission (MTC), is an opportunity to generate a new source of reliable, long-term funding for Bay Area transit operators.

## **MTC's Regional Measure Goal and Focus Areas**

**Goal:** Create a climate-friendly transportation system that is safe, accessible and convenient for all

### **MTC's Focus Areas:**

- Protect and Enhance Transit Service
- Make Transit Faster, Safer and Easier to Use
- Enhance Mobility & Access for All

# MTC's Proposed Funding Categories



## **Transit Transformation**

Sustain and/or expand transit service levels on bus, rail, and ferry lines to serve both current and future riders. Accelerate Transformation Action Plan improvements to the customer experience and help fund the zero-emission transit transition.



## **Safe Streets**

Transform local roads to better address safety and achieve equity and climate goals, such as through expanded sidewalks and/or protected bicycle infrastructure, safety enhancements, traffic signal timing, improved pavement conditions.



## **Connectivity**

Fund mobility improvements that close gaps and relieve bottlenecks in the existing transportation network in a climate-neutral manner. Example project types include express lanes, rail- grade separations, rail extensions, and interchange modernizations.



## **Climate Resilience**

Fund planning, design and/or construction activities that protect transportation infrastructure from rising sea levels, flooding, wildfires, and extreme heat.

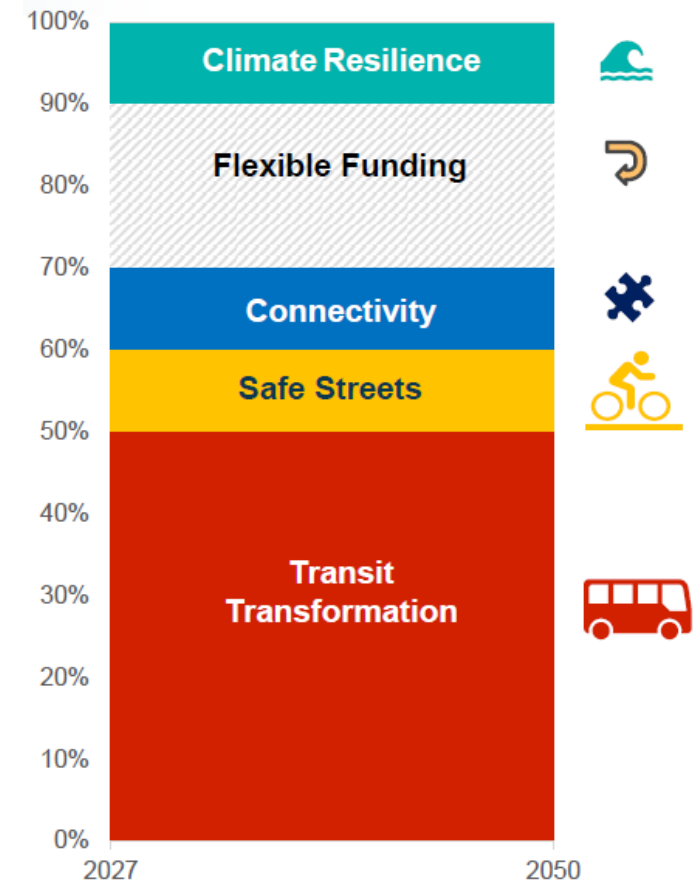
# MTC's Expenditure Plan Concept: Adaptable

**Concept:** Specify a minimum share for each spending category but allow percentages to be adjusted over time, subject to public input and demonstration of need.

**Flexible Funding:** Reserve portion of funds for a “flexible” category to enhance ability of measure’s revenues to be responsive to future needs.

## How Much for Each Category?

Recommend MTC adopt an initial concept without minimum percentages to allow for maximum consensus and coalition building during early part of legislative process. Shares shown at right are for illustration purposes only.



# Tax Revenue Options Analyzed by MTC

Tax Type	Description	Tax Rate
Sales tax	Regional sales tax on the sale of tangible items. Some groceries are exempt.	0.5-cents
Income tax	Regional supplemental income tax paid by taxpayer – withheld from paycheck (can be limited to those with an income above a specified threshold and/or include tiered rates)	0.17%
Payroll tax	Employer-based tax on wages paid to employees, like Social Security. Can be structured to exempt small businesses.	0.36% taxable wages
Corporate head tax	Employer-based tax per employee. Can be structured to exempt small businesses.	\$216/employee
Parcel tax	Flat tax per parcel of real property, can exempt certain taxpayers (e.g., seniors). Note: option to impose per square foot.	\$467/parcel
Road usage charge	Tax based on miles driven. Also known as a Vehicle Miles Traveled (VMT) fee. Only exists on a pilot, voluntary basis today.	\$0.0152/mile

*Tax rates estimated for each revenue source based on rate needed to generate approximately \$1 billion/year.*

*\* Adapted from MTC Partnership Board Meeting - October 23, 2023*

# Regional Transportation Measure Legislation: MTC Actions in Fall 2023

## Stakeholder Engagement

- Continue dialogue with partners and stakeholders on goals, principles, tradeoffs associated with expenditures, and revenue options
- Brief the region's state and federal elected officials on key concepts

## Public Opinion Poll

- Poll underway of Bay Area voters to seek feedback on measure's goals, potential revenue options and expenditure plan priorities to inform enabling legislation
- Results available by December

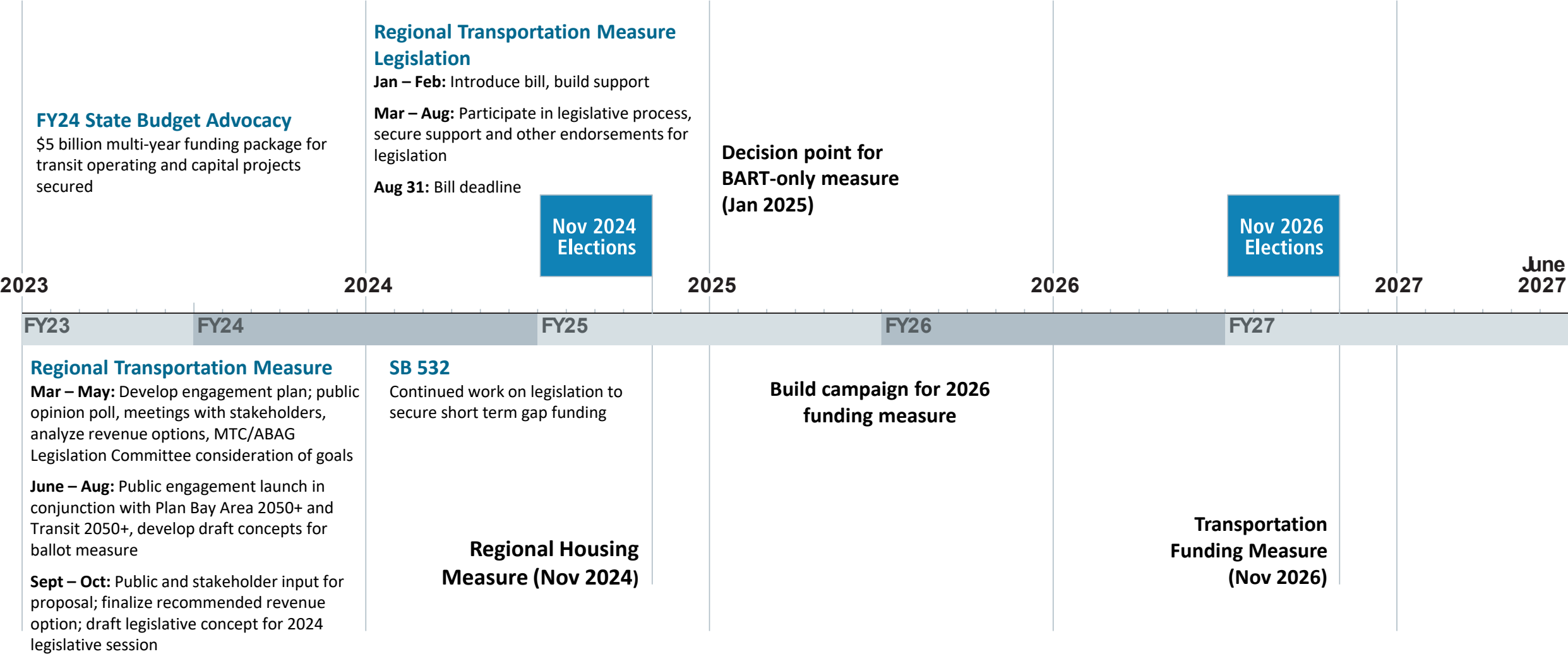
## Revenue Option Analysis

- Integrate operator financial data to align revenue options with financial needs for different expenditure categories
- Recommendation for revenue option(s) shared with Joint Legislation Committee & Policy Advisory Council in November

## Enabling Legislation

- Approval of key concepts for enabling legislation by Joint Legislative Committee & Commission in December

# Multi-Year Outlook for Short- and Long-Term Funding



Nov – Dec: Input on legislative concept; secure coalition support and bill author

# Board Involvement in Fiscal Cliff Advocacy

- Education campaign on BART's Safe and Clean Plan
- Advocacy trip to Washington, D.C. with General Manager and Board Members
- Participation in discussions regarding transportation measure expenditures and revenue options
- Continued engagement on SB 532 and stop gap funding options
- Support efforts to pass enabling legislation for a regional transportation measure





# Public Comment & Board Discussion



# Board Budget Workshop: Strategies to Reduce the Deficit

October 26, 2023

# Parallel Strategies to Address Deficits

FY24

## EXTEND RUNWAY

Forecast deficit is \$678M through end of FY27

- Advocate for emergency operating funds
- Explore one-time sources and deferrals

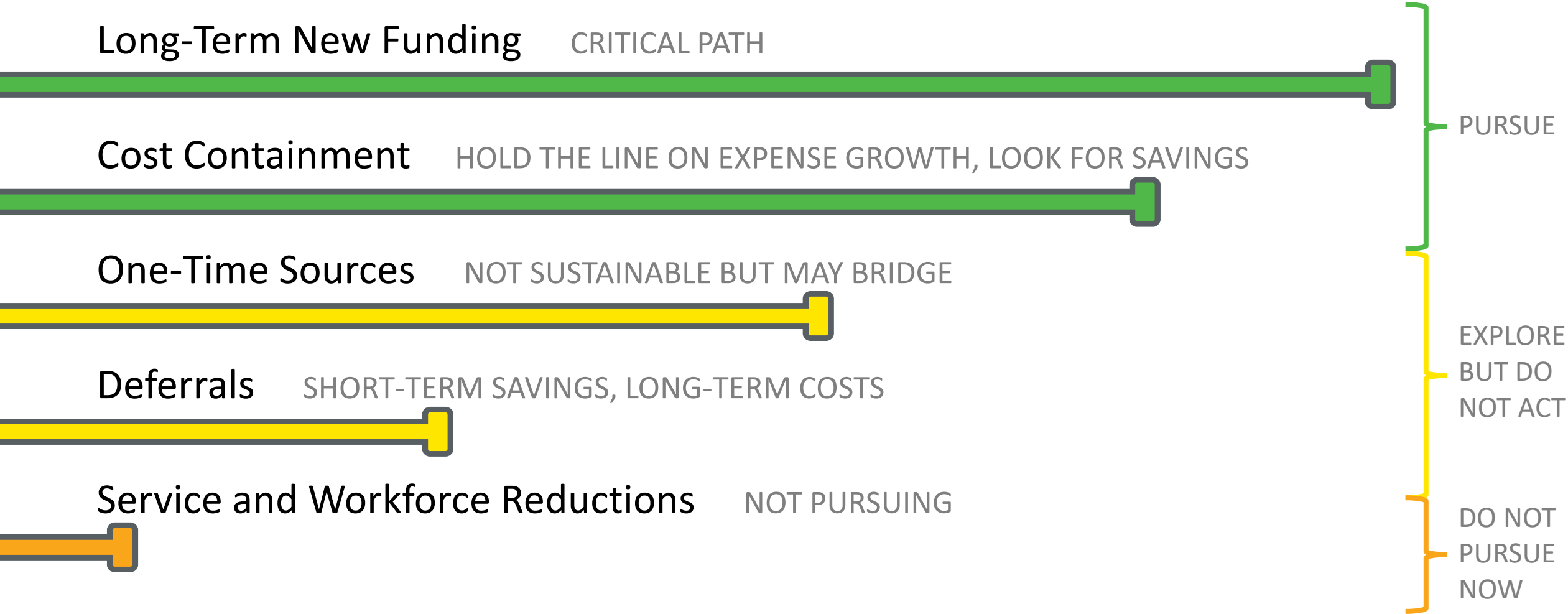
FY28

## ESTABLISH A SUSTAINABLE OPERATING MODEL

Average deficits of \$289M per year after FY28

- Work with partners to establish a new sustainable source of operating revenue
- Deliver continuous improvement to moderate escalation in cost per service hour
- Invest in ridership recovery (safety, service, customer experience, regional integration, etc)

# Strategies Under Consideration to Reduce Deficits



# Summary of Strategies to Reduce Deficits

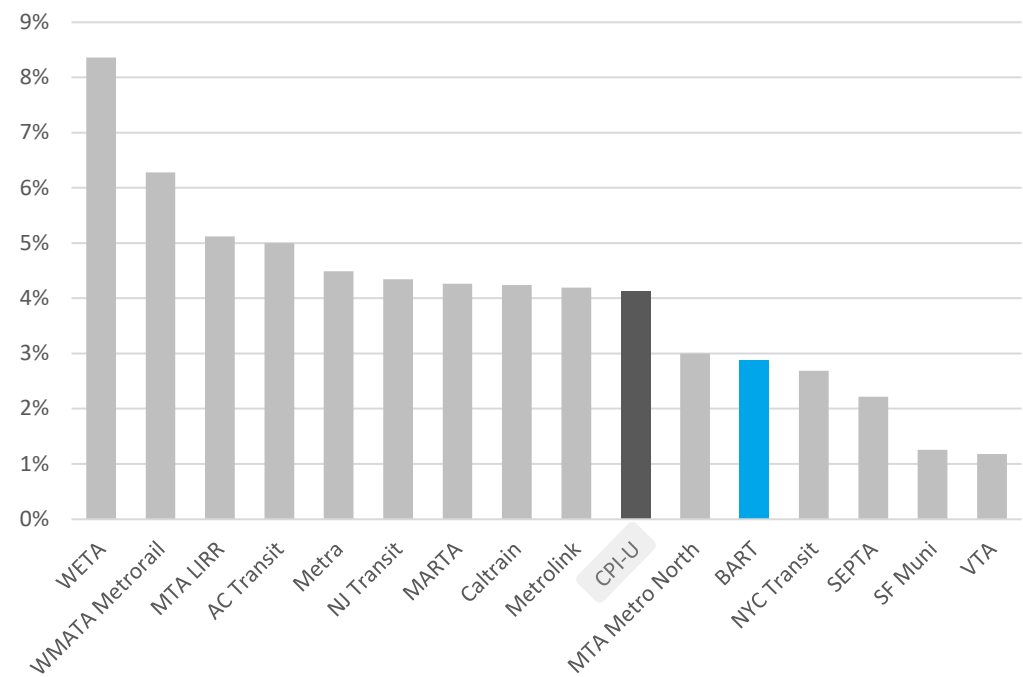
Item under consideration	Time to implement	Long term financial or operational effects	Savings through FY27	Increases costs after FY28?	Staff Recommendation
Short- and Long-Term New Funding	Varies	Stabilizes financial outlook, preserves current service levels	TBD	No	Continue to pursue
Cost Containment	6-36 months	Improves operating efficiencies	Minor	Reduces costs	Continue to pursue
One-Time Sources: Additional capital allocations deferrals	6 months	Risk impact to reliability and customer experience due to deferred capital work	Moderate	TBD	Continue evaluating opportunities
One-Time Sources: Asset sales	18-36 months	May give up higher sale prices in future; no assets tied to service would be considered	Moderate	No	Continue evaluating opportunities
Deferrals: Retiree medical	3 months	No operational effect; constrains budgets through FY47	Moderate	Yes	Do not pursue now, but put in place in case necessary
Deferrals: Debt options	3 months	No operational effect; constrains budgets through FY58, potential credit impact	Moderate	Yes	Do not pursue now, but put in place in case necessary
Service and Workforce Reductions	6-12 months	Failure to deliver on agency mission, lost ridership and lost revenue; devastating effect on retention & recruitment; difficult to recover	Minor	Yes	Do not pursue now
Reserves	3 months	Reserves are the last option	Moderate	No	Do not pursue now

# Cost Containment: Managing Expense Growth

- BART operating expense growth since 2019 is below inflation despite opening Silicon Valley Extension

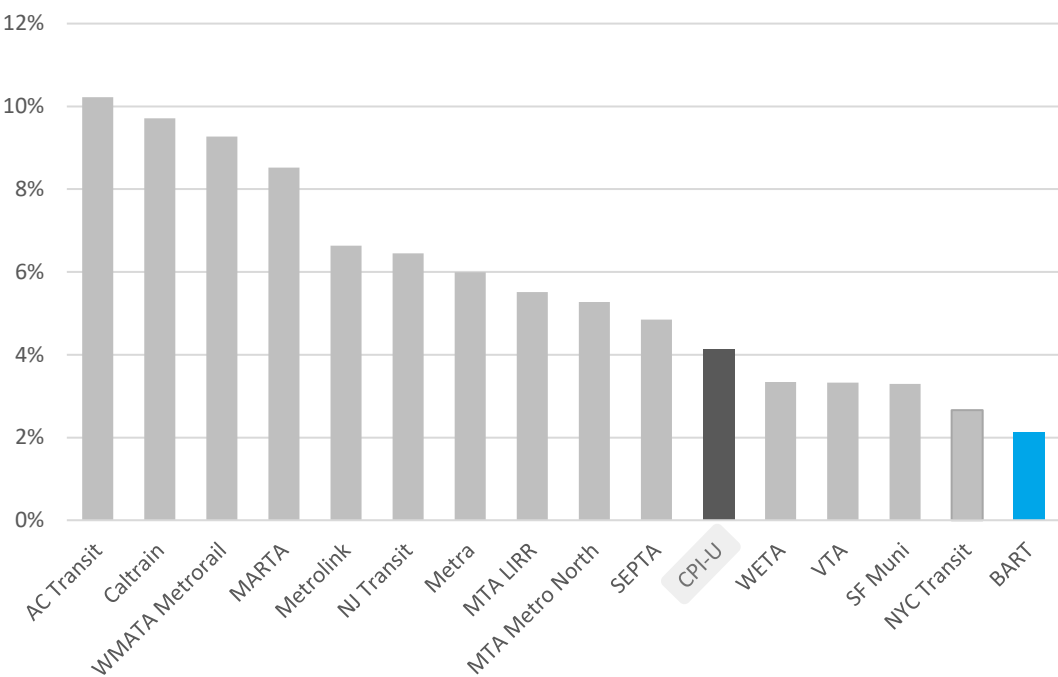
## Operating cost growth below inflation

2019 vs. 23 Average Annual Operating Budget Growth



## Improved efficiency of service delivery

2019 vs. 2023 Growth in Cost Per Service Hour



Source: BART FY23 Budget Performance Report (BPR); Agency Budgets; National Transit Database; Bureau of Labor Statistics

# Cost Containment: FY24 & FY25 Adopted Budget

- Despite operating in a high-cost area, BART has worked to carefully steward federal assistance without impacting service quality by strategically reducing costs

Cost reduction	Approx. 5 Year Impact (\$M)	Notes
Baseline capital escalation	6.3	Reduces ability to leverage federal funds for capital work
Sustainability allocation	34.5	Puts BART's ability to meet sustainability goals at risk
Section 115 Pension Trust allocation*	60.0	Reduces District flexibility around retirement obligations in future years
Priority capital shift	17.0	Reflects timing of cashflow needs for major capital projects
Transfer payments	51.0	No longer financially sustainable with current ridership
Railcar contingency	90.0	Project under budget; contingency was not needed
<b>Total</b>	<b>258.7</b>	

\* Figure shown includes mid-year suspension of FY23 budgeted amount

# Cost Containment: Looking Ahead

- Staff identified savings and efficiencies within BART's current spending and are working to implement them
- Securing larger savings will require partnering with BART's Labor Partners

Deficit reduction strategy	Approx. 5-year impact (\$M)	Considerations
Revenue enhancement	5 – 10	High staff time investment, relatively low return
Labor expense	10 – 20	Efficiencies outside of Labor negotiations
Non-labor reductions	25 – 50	Cuts in this area would primarily affect efforts around rebuilding ridership and customer experience
Business process improvement	10 – 20	BART has numerous efforts underway, but lead times are in the 6 – 36-month timeframe



# One-Time Sources

Source	What is it?	Considerations and Tradeoffs
Future capital commitments	<p>Deferral or swap of committed funds/projects (incl. Link21)</p> <ul style="list-style-type: none"><li>Up to \$150M could be accessed across BART's capital portfolio</li></ul>	<ul style="list-style-type: none"><li>Could limit future service</li><li>Reliability or State of Good Repair impacts</li><li>Less capacity to leverage state/federal grant funding</li><li>Timing (which fiscal year funds are currently programmed into)</li><li>May require negotiations with funding partners</li><li>Risk of increased capital costs due to escalation</li></ul>
Asset sales	<p>Sale of land or other assets</p> <ul style="list-style-type: none"><li>\$35M – \$50M in estimated potential sale proceeds; value dependent on market conditions</li></ul>	<ul style="list-style-type: none"><li>BART is not considering sale of rail infrastructure, stations, facilities, or station parking</li><li>BART purchased several larger parcels totaling ~200 acres in the late 1980s/early 1990s in anticipation of future expansion projects</li><li>Longer timeline</li></ul>
Reserves	<p>BART has built up multiple reserves for emergency use</p> <ul style="list-style-type: none"><li>Total of \$145M (as of March 2023)</li></ul>	<ul style="list-style-type: none"><li>Reserves should only be used to bridge a short funding gap</li><li>BART is not considering reserve drawdowns at this time</li></ul>

# Cost Deferrals

- Cost deferrals are actions that allow BART to defer (not reduce) costs in the near-term to out years, at increased expense
- Currently exploring two potential cost deferral actions:
  - Restructure retiree medical trust funding liabilities
  - Restructure sales tax debt or borrow short term gap funding

## Advantages:

- Short term cost deferrals could help close the deficit between FY24-28
- No impact to service
- Scalable – BART can choose how much to defer based on need
- Quick to implement – estimate a 3-month timeline to implement

## Risks:

- Increases total cost to BART
- Increases projected deficits in future years (as far out as FY58)

# Defer Retiree Medical Liability Payments

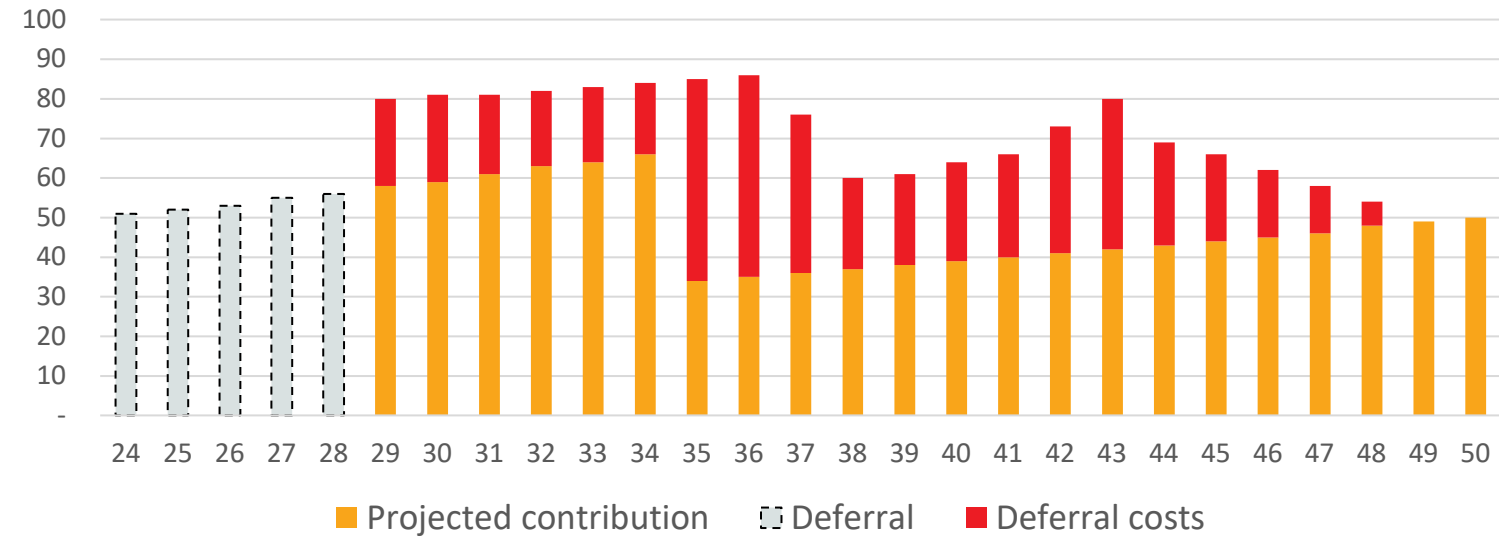


Chart is for illustrative purposes only  
Final dollar amounts will change based on transaction timing and external negotiations  
Deferral years and out year costs shown above are illustrative

- BART currently pays into a trust to prefund all retiree health liabilities by 2034
- By deferring these payments and/or drawing down from the trust, BART could reduce its budget deficit without affecting service levels or employee benefits
- BART is currently bargaining for this flexibility; final deferral amounts and costs are subject to negotiation and approval through the annual budget process
- For example, deferring all retiree medical costs through FY28 would defer a total of \$267M while incurring a net \$246M in additional costs through FY48
- Board action would be required; BART is working to ensure this option is available should it be necessary, but not moving forward at this time

# Debt Options

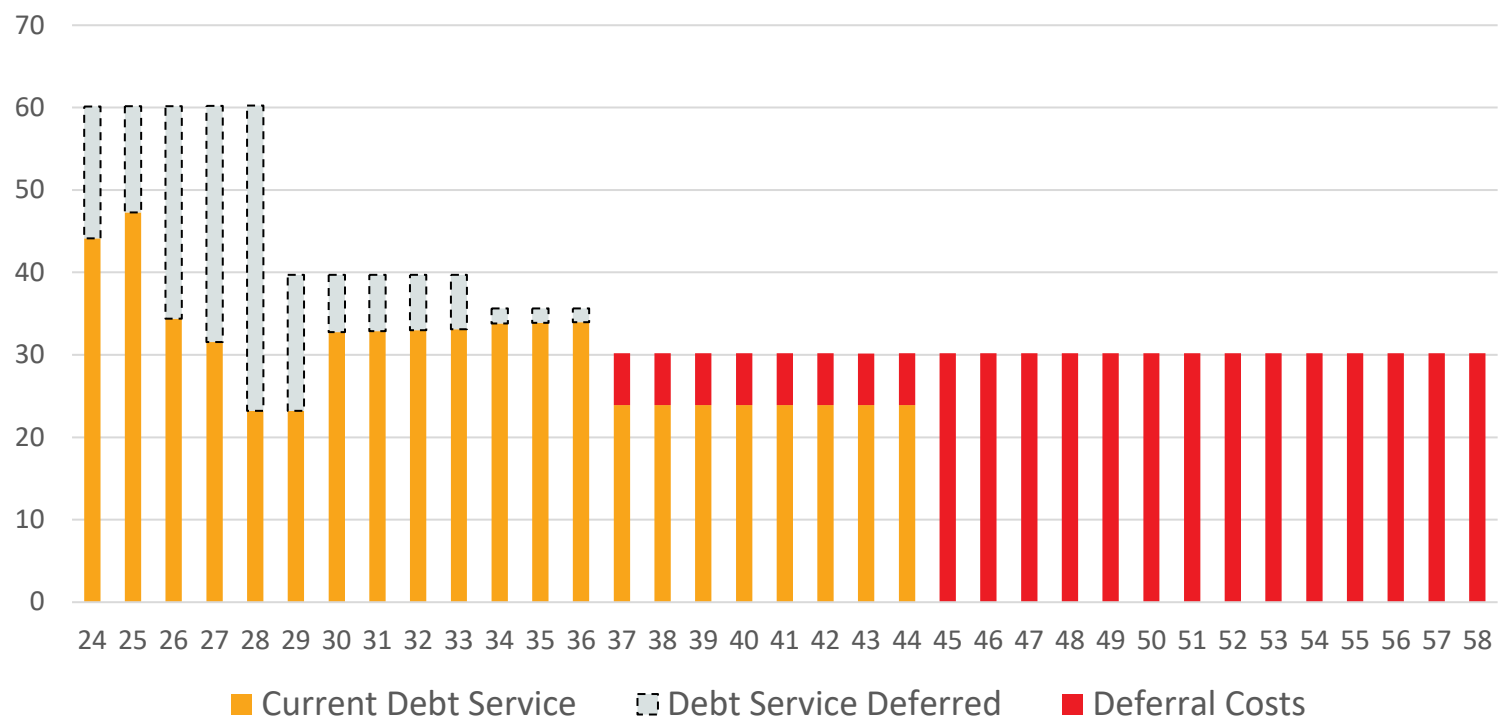
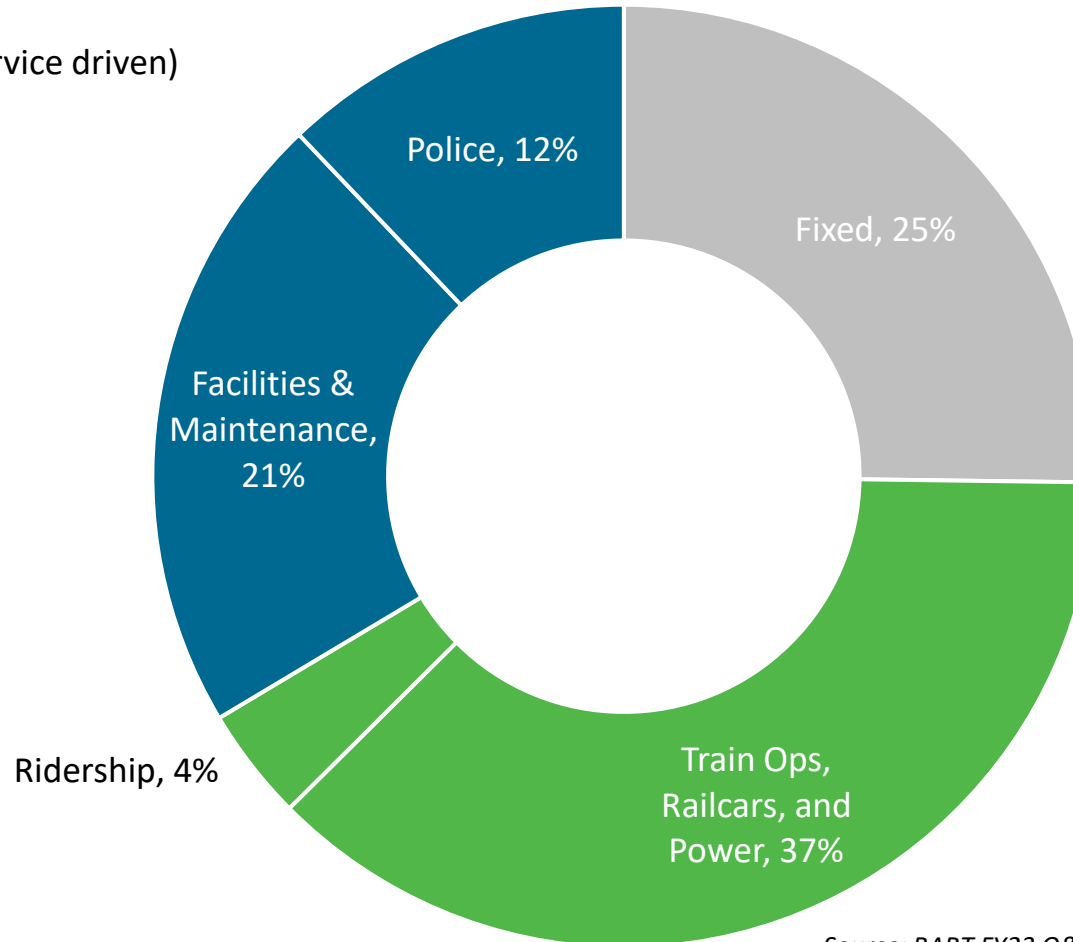


Chart is for illustrative purposes only  
Final dollar amounts will change based on transaction timing and market conditions  
Amount of debt service deferred is driven by out year debt service capacity

- BART staff are currently working with financial advisors to explore options around refinancing existing debt and/or borrowing additional funds to reduce the short-term budget deficit
- BART could defer up to \$137M in existing debt service costs; this deferral could incur \$304M in net additional debt service costs through FY58
- BART could also borrow additional funds, depending on how much long-term debt service the District is willing to pledge
  - A \$60M annual debt service cap through FY58 would secure a \$339M loan
- Potential impact to BART’s credit rating
- Board action would be required; BART is working to ensure this option is available should it be necessary, but not moving forward at this time

# Rail Has High Fixed Costs and Low Marginal Costs

- Varies proportionally with service level
- Semi-variable (less service driven)
- Fixed



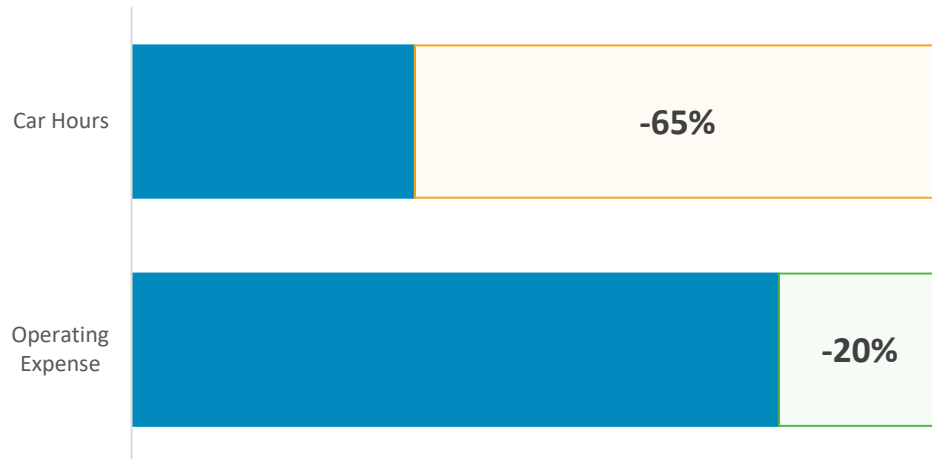
- Approx. 40% of BART's operating expenses scale proportionally with service
- Less service limits ridership revenue without proportional savings

Source: BART FY23 O&M Cost Model

# Cost Savings Are Not Proportional to Service Reductions

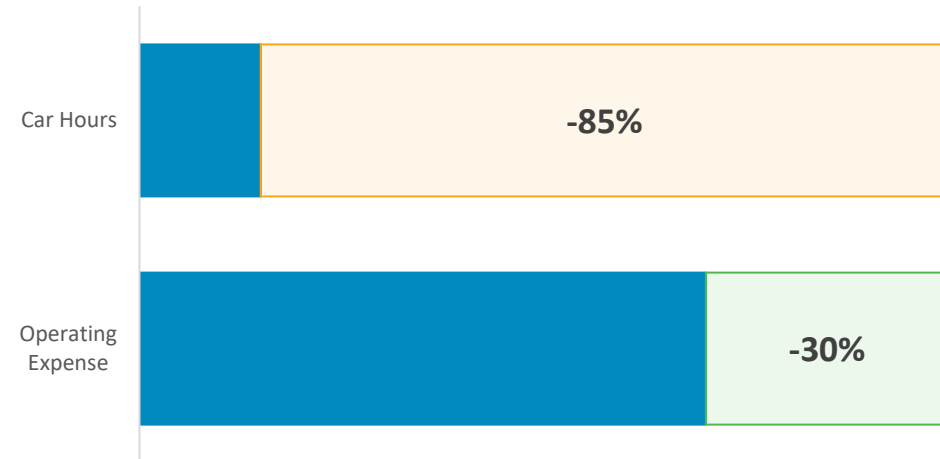
## Service Reduction Scenario 1

- Saves ~\$140M/year but requires:
  - 9 PM close
  - 3-Route Service, 30 min headways
- Reduced service = reduced ridership = reduced savings



## Service Reduction Scenario 2

- Saves ~\$ 230M/year but requires:
  - 9 PM close
  - 3-Route Service, 60 min headways
  - 9 station closures
  - No weekend service
- Reduced service = reduced ridership = reduced savings



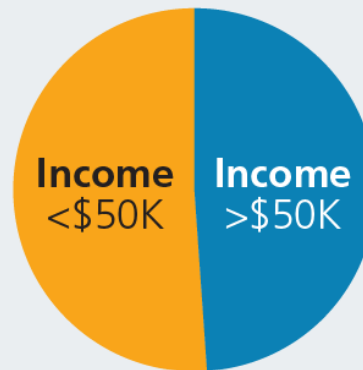
# Reductions in Service Do Not Serve BART's Mission

- Service reductions would be contrary to BART's mission to provide safe, reliable, clean, quality service for riders
- Impacts to service would have disproportionate equity impacts
- 90% of all transit transfer trips involve a leg on BART – reducing BART service would have consequential impacts on connecting transit agencies
- Long-term financial stability depends on growing ridership

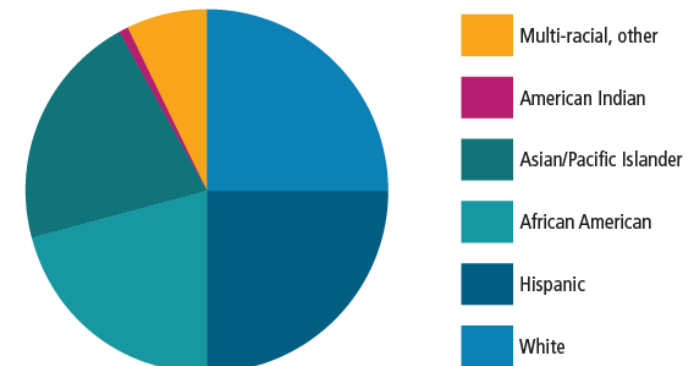


If BART service were not available, nearly one in four wouldn't make the trip.

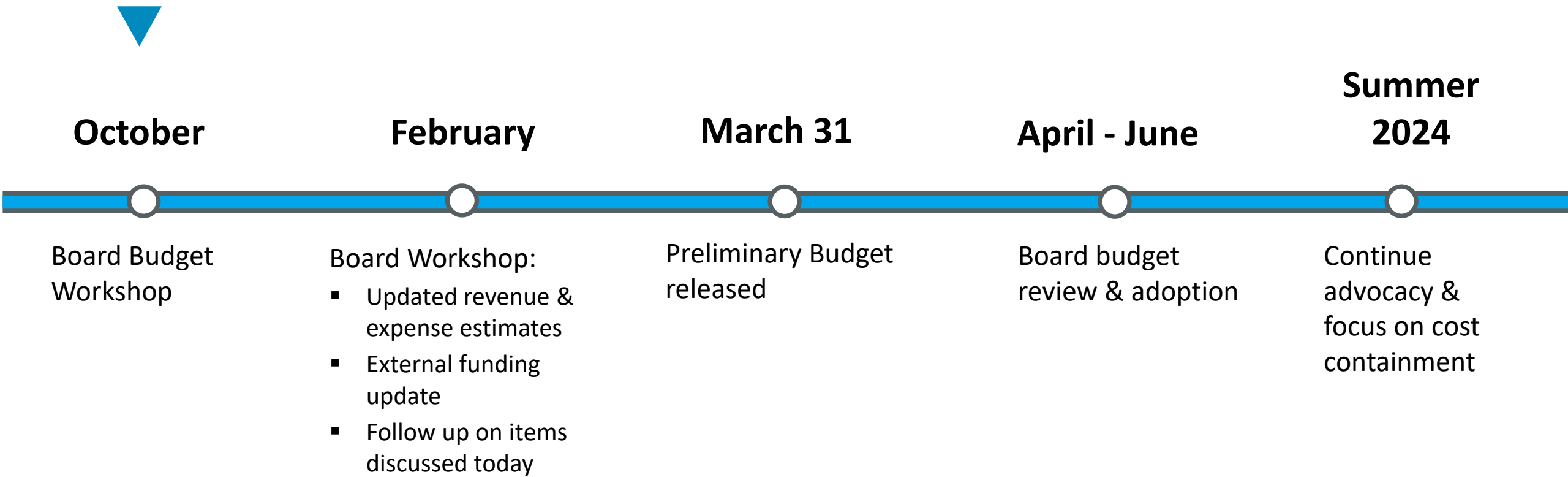
**51%**  
of BART Riders  
Report Household  
Incomes under  
\$50,000



BART Ridership by Ethnicity



# Next Steps: Budget Process





# Public Comment & Board Discussion