



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL:		DocuSigned by: <i>Michael Jones</i> 47000790F2D7463...		GENERAL MANAGER ACTION REQ'D:	
DATE: 5/31/2022		6/2/2022		BOARD INITIATED ITEM: Yes	
Originator/Prepared by: Katherine Alagar Dept: Operating Budgets DocuSigned by: <i>Katherine Alagar</i> 697EB8AE6F87469... Signature/Date: 6/1/2022		General Counsel DocuSigned by: <i>Jeana Belan</i> F8FD7B3A73E74E8... 6/1/2022 []		Controller/Treasurer DocuSigned by: <i>Chris Gan</i> EE11C8CEEEA04FD... 6/1/2022 []	
				District Secretary []	
				BARC DocuSigned by: <i>Pamela Herhold</i> 3BB24D65B8724F5... 6/1/2022 []	

Two Year Annual Budget Resolution for Fiscal Year 2023 and Fiscal Year 2024

PURPOSE:

Authorize adoption of the Fiscal Year 2023 and Fiscal Year 2024 Two-Year Annual Budget Resolution (Budget Resolution).

DISCUSSION:

Approval by the Board of Directors is required for the Fiscal Year 2023 and Fiscal Year 2024 (FY23 & FY24) operating and FY23 capital budgets. The total proposed FY23 operating and capital budget is \$2.5 billion (B). The FY23 & FY24 operating budget is balanced, with \$1.02B and \$1.07B in FY23 and FY24, respectively. The FY23 capital/reimbursable budget totals \$1.49B.

The proposed FY23 & FY24 budgets are summarized in Attachments 1, 2, and 3. Attachments 1 and 2 summarize operating and capital sources and uses. Attachment 3 summarizes operating budget changes beginning in FY23, including: restroom attendants; restroom rehabilitation projects; proposed increases in staffing and expenses to support expanded rail service; replacement of BART Police Department vehicles and equipment; and restoration of the Sustainability allocation.

The budget includes an adjustment to increase the FY23 budgeted vacancy rate of full-time equivalent (FTEs) positions from 3.14% to 10%, better reflecting the District's recent actuals, which for FY22 were 12%. As the District increases its focus on hiring over the coming months, the goal is to lower the actual vacancy rate to the budgeted level and then continue to decrease. In FY24, the budgeted vacancy rate decreases from 10% to 7.5%.

The proposed initiatives and technical changes were reviewed in the Sources and Uses



presentations to the Board of Directors on May 12, 2022, as well as at a public hearing on May 26, 2022.

FY23 & FY24 Operating Budget

The FY23 & FY24 operating budget continues to be highly constrained by reduced operating revenues stemming from the effects of the COVID-19 pandemic. These financial challenges are exacerbated by aging infrastructure, continued expectations to address quality of life issues, and increased operating expense.

The proposed Operating Budget authorizes FY23 and FY24 expenditures of \$1.02B and \$1.07B, respectively, while funding 3,485.4 FTEs in FY23 and 3,497.9 FTEs in FY24.

Operating revenues in the FY23 revenue budget are \$59.7 million (M) higher than the adopted FY22 budget. The revenue budget projects \$255M of operating revenue in FY23 and \$320M in FY24. This includes \$222M of rail passenger revenue in FY23 and \$283M in FY24. Financial assistance is budgeted at \$449M in FY23 and \$474M in FY24. This includes \$299M of sales tax, \$58M of property tax, \$33M of VTA Financial Assistance, and \$23M of State Transit Assistance in FY23. American Rescue Plan (ARP) Assistance Emergency Funding of \$314M in FY23 and \$273M in FY24 balances the budget. BART's single largest revenue source is no longer fare revenue; one-time federal emergency assistance (projected to be fully exhausted in FY26) and sales tax are BART's two largest revenue sources in FY23 and FY24.

FY23 Capital & Reimbursable Budget

The Capital/Reimbursable Budget proposes FY23 expenditures of \$1.49B and funds 1,134.9 FTEs. The \$57M increase from the Preliminary Budget is due to ongoing refinement and timing sequencing of multi-year funded capital projects. The FY23 Capital/Reimbursable Budget is 5% greater than the \$1.42B FY22 budget.

The largest capital investments in FY23 include rail car procurement (\$518M), Measure RR Program (\$539M), and Core Capacity Program (\$274M).

Attachment 2 categorizes the FY23 expenditures by Capital Improvement Program (CIP). The largest share of investment by CIP is System Reinvestment, representing \$738M, 49% of the overall FY23 Capital Budget. System Reinvestment includes replacement of rail cars (\$446M), reinvestment in track and structures (\$98M), and reinvestment in traction power (\$92M). The Capital Budget also includes Service and Capacity Enhancement \$591M (40%), Earthquake Safety \$69M (5%), Safety and Security \$21M (1%), System Expansion \$66M (4%), and reimbursable expenses at \$8M (0.6%).

In November 2016, the passage of Measure RR provided the capital program with a

substantial source of support and authorized issuance of up to \$3.5B in general obligation bonds to fund certain capital improvements. Measure RR has become more prominent in the mix of federal, regional, and local funds. Measure RR funding makes up \$539M (36%) of FY23 capital sources and will continue to support investment in traction power, track replacement, structural rehabilitation, station access, and station modernization.

Typically, the ongoing commitment of BART operating funds is an essential component of the capital program, particularly in delivering major capital projects such as rail car procurement and the Core Capacity Program. Other capital activities dependent on BART operating allocations are local match for grants, grant-ineligible projects and initiatives, routine but necessary capitalized maintenance projects, emergent safety and security projects, and equipment and inventory.

The FY23 budget will provide funds and local matching amounts needed to leverage federal capital funding, restore the Sustainability allocation suspended in FY22, rehabilitate four underground restrooms, and purchase vehicle and equipment. The result is an investment in state of good repair, vehicle procurement, information technology, and infrastructure.

Most capital fund sources and grants are restricted to certain projects and/or activities as a condition of award. The FY23 Capital Budget contains contributions of federal funds matched to prior year capital allocations for state of good repair capital investment. Proceeds from the Earthquake Safety Program general obligation bond are dedicated exclusively to the Earthquake Safety Program. Additionally, there are smaller, defined purpose grants that are limited to specific projects.

FY23 & FY24 Budget Resolution

Staff recommends approval of the attached Resolution to adopt the Fiscal Year 2023 and Fiscal Year 2024 Two-Year Annual Budget. As in previous years, the Budget Resolution includes authorizations that allow the General Manager or the General Manager's designee to apply to different bodies for grant funds (including, but not limited to, Transportation Development Act, State Transit Assistance, Bridge Toll, Federal Emergency Management Agency, and Federal Transit Administration). It also includes authorizations that allow the General Manager or the General Manager's designee to execute agreements that may require payments to regional partner governments and agencies. The Budget Resolution incorporates provisions referring to the SFO Extension and Silicon Valley extension service plans.

For FY23 and FY24, the budget includes BART's Low Carbon Fuel Standard (LCFS) policy, adopted July 27, 2017, which directs a portion of LCFS revenues toward sustainability-related projects.

The Budget Resolution language includes the General Manager's permanent position

authorization of 100 positions in each fiscal year. This provides the flexibility necessary to meet operational needs as they arise over the course of the fiscal year.

Exhibit A (attached) to the Budget Resolution summarizes operating and capital budget totals. Exhibit B reflects current hourly pay rates or base pay ranges, as applicable, and management incentive pay, if any, for non-represented employees.

FISCAL IMPACT:

The proposed Fiscal Year 2023 and Fiscal Year 2024 Two-Year Annual Budget is balanced. It may be revised as conditions and actuals change over the course of the fiscal year.

ALTERNATIVES:

Do not adopt the budget or adopt a budget that differs from what has been presented to the Board of Directors. Rules of the Board of Directors require that the budget be adopted prior to June 30; adoption of the Budget Resolution by June 30 is required to authorize expenditures in FY23.

RECOMMENDATION:

Adoption of the following motion.

MOTION:

The Board adopts the attached Resolution in the matter of approving the Annual Budget for the San Francisco Bay Area Rapid Transit District and authorizes expenditures for the fiscal years July 1, 2022 to June 30, 2023 and July 1, 2023 to July 30, 2024.

Attachment 1
FY23 and FY24 District Operating Budget
Sources and Uses Detail

	FY23 Preliminary Budget	FY23 Adopted Budget	Delta from Preliminary Budget	FY24 Preliminary Budget	FY24 Adopted Budget	Delta from Preliminary Budget
Rail Passenger Revenue	\$ 221,738,334	222,125,035	386,701	282,095,187	283,010,838	915,650
ADA Passenger Revenue	488,339	488,339	-	494,443	494,443	-
Parking Revenue	13,107,361	13,107,361	-	14,322,169	14,322,169	-
Other Operating Revenue	19,445,279	19,445,279	-	22,573,120	22,573,120	-
Subtotal - Operating Revenue	254,779,314	255,166,015	386,701	319,484,919	320,400,569	915,650
Sales Tax Proceeds	298,959,010	298,959,010	-	306,613,345	306,613,345	-
Property Tax Proceeds	57,986,737	57,986,737	-	61,176,007	61,176,007	-
SFO Ext Financial Assistance	-	-	-	-	-	-
MTA Financial Assistance	34,284,908	32,662,603	(1,622,305)	33,391,033	31,207,427	(2,183,606)
MTC Financial Assistance Clipper Start	214,313	287,092	72,779	333,488	438,091	104,603
Local & Other Assistance	6,876,071	9,112,691	2,236,620	6,983,645	9,261,223	2,277,578
State Transit Assistance	22,748,170	22,748,170	-	38,608,082	38,608,082	-
Low Carbon Transit Operations Program	10,258,949	10,258,949	-	10,258,949	10,258,949	-
Low Carbon Fuel Standard Program	16,629,838	16,629,838	-	16,414,398	16,414,398	-
Subtotal - Financial Assistance	447,957,996	448,645,090	687,095	473,778,948	473,977,522	198,574
TOTAL - OPERATING SOURCES	702,737,310	703,811,105	1,073,795	793,263,866	794,378,091	1,114,225
Labor & Benefits	646,753,203	632,196,786	(14,556,417)	659,892,464	649,020,661	(10,871,803)
ADA Paratransit	16,701,033	16,701,033	-	19,550,041	19,550,041	-
Purchased Transportation	12,721,457	12,721,457	-	12,957,287	12,957,287	-
Power	52,699,910	52,699,910	-	54,380,454	54,380,454	-
Other Non-Labor	144,334,848	145,670,207	1,335,359	143,982,972	144,390,612	407,640
Subtotal - Operating Expense	873,210,451	859,989,393	(13,221,058)	890,763,218	880,299,055	(10,464,163)
Bond Debt Service	59,919,129	59,919,129	-	60,131,289	60,131,289	-
Allocation - Capital Rehabilitation	44,636,387	46,486,387	1,850,000	45,327,114	45,315,114	(12,000)
Allocation - Priority Capital Programs	33,000,000	33,000,000	-	64,000,000	64,000,000	-
Allocation - Other	1,636,232	1,636,232	-	1,668,957	1,668,957	-
Allocation - Sustainability from LCFS	8,809,883	6,375,125	(2,434,758)	8,680,620	6,375,125	(2,305,495)
Allocation - Pension	10,000,000	10,000,000	-	10,000,000	10,000,000	-
Allocations	98,082,502	97,497,744	(584,758)	129,676,690	127,359,196	(2,317,495)
Subtotal - Debt Service & Allocations	158,001,631	157,416,873	(584,758)	189,807,979	187,490,485	(2,317,495)
TOTAL - USES	1,031,212,082	1,017,406,266	(13,805,816)	1,080,571,197	1,067,789,540	(12,781,658)
Net Result Before Federal Emergency Assistance	\$ (328,474,772)	\$ (313,595,161)	\$ 14,879,611	\$ (287,307,331)	\$ (273,411,449)	\$ 13,895,882
Federal Emergency Assistance	328,474,772	313,595,161	(14,879,611)	287,307,331	273,411,449	(13,895,882)
NET RESULT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Average Weekday Trips	185,000	180,000	(5,000)	230,000	225,000	(5,000)
Total Ridership	52,734,000	52,950,000	216,000	65,521,000	65,794,000	273,000
Rail Farebox Recovery Ratio	25%	26%		32%	32%	
Operating Ratio	29%	30%		36%	36%	

Attachment 2

FY23 Capital & Reimbursable Budget Headcount and Planned Expenditures Program Summary by Category

Program Category	FY23 Headcount*	FY23 Planned Expenditures
System Reinvestment		
Mainline	275.8	\$ 195,749,342
Rolling Stock	86.2	\$ 445,889,055
Stations	59.5	\$ 51,652,096
Controls & Communications	51.7	\$ 25,363,171
Facilities	21.3	\$ 19,477,300
Work Equipment	0.3	\$ 143,531
Total System Reinvestment	494.9	\$ 738,274,494
Service & Capacity Enhancement		
Mainline	113.3	\$ 155,678,736
Rolling Stock	17.7	\$ 71,974,804
Stations	69.4	\$ 95,074,053
Controls & Communications	164.3	\$ 194,349,382
Facilities	56.3	\$ 72,075,875
Work Equipment	1.5	\$ 2,172,127
Total Service and Capacity Enhancement	422.5	\$ 591,324,977
Safety & Security	29.5	\$ 20,969,335
Earthquake Safety	45.3	\$ 69,430,799
System Expansion	52.2	\$ 65,816,874
SUBTOTAL CAPITAL	1,044.4	\$ 1,485,816,480
Capitol Corridor**	23.0	\$ 5,048,278
Reimbursable***	19.5	\$ 3,342,621
SUBTOTAL REIMBURSABLE	42.5	\$ 8,390,899
Cost Allocation Plan	48.0	
TOTAL CAPITAL & REIMBURSEABLE	1,134.9	\$ 1,494,207,379

* Total authorized permanent positions.

** All expenses for the Capitol Corridor service to be reimbursed as allocated to the Capital corridor Joint Powers Board in the Annual State Budget Act.

*** Positions fully reimbursed by Muni, Caltrans, and others for BART staff expenses incurred in performing services for the organizations.

Attachment 3**FY23 Operating and Capital Budget Initiatives/Changes (General Fund)**

OPERATING		FTEs	Labor	Non-Labor	Total
Quality of Life	Restroom Attendants at 4 stations	-	\$ -	\$ 1,400,000	\$ 1,400,000
Increased Service*	Station Agents	6.5	831,126	-	831,126
	Train Operators	6.0	767,193	-	767,193
	Title VI - Interpretive Services, Policy Outreach	-	-	409,000	409,000
OPERATING TOTAL		12.5	1,598,319	1,809,000	3,407,319
CAPITAL					Total
Quality of Life	FY22 and FY23 Rehabilitation of 4 Underground Restrooms	-	-	1,850,000	1,850,000
	Restore Sustainability Allocation	-	-	6,375,125	6,375,125
	BPD Vehicles and Equipment	-	-	600,000	600,000
CAPITAL TOTAL		-	-	8,825,125	8,825,125
Total Change		12.5	\$ 1,598,319	\$10,634,125	\$ 12,232,444

*Service increase added a total of 13 Station Agents and 12 Train Operators budgeted Jan 1, 2023 start = 12.5 FTEs in FY23 and 25 FTEs in FY24