



FY23 & FY24 Adopted Operating Budget

BART Accessibility Task Force (BATF)

June 23, 2022



Agenda

FY23 & FY24 Adopted Operating Budget

- Major Changes
- Operating Budget Sources and Uses
- Net Result & Federal Emergency Assistance Need
- Revised Fiscal Runway
- Next Steps & Calendar

FY23 & FY24 Operating Budget – Executive Summary

In FY23 & FY24, BART will continue to deliver reliable, safe, frequent service with a focus on ridership experience

At the same time, BART is also focused on extending the fiscal runway

- Underspending in FY22 will result reduced federal emergency assistance need, extending the fiscal runway

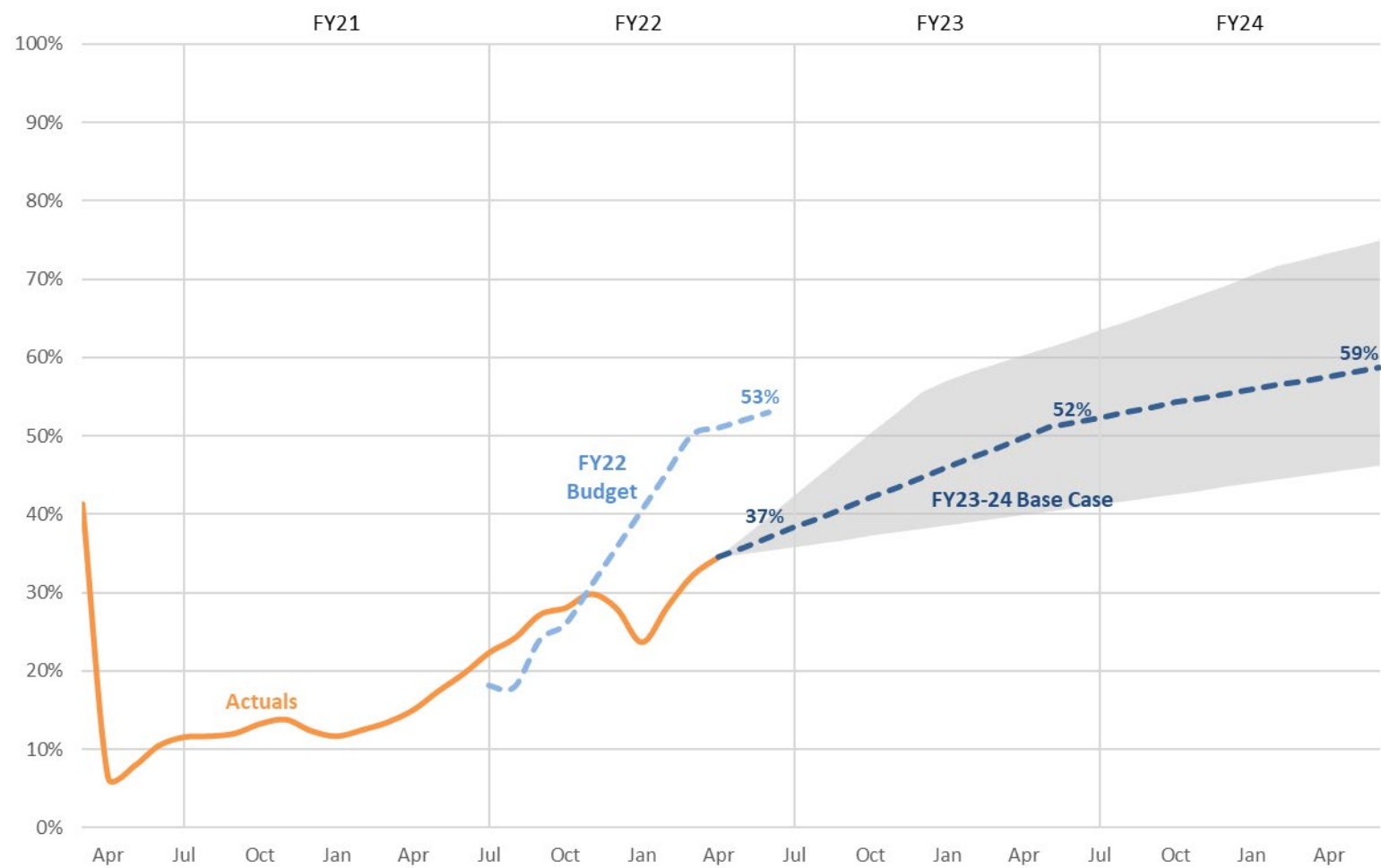
The budget includes a less than CPI fare increase of 3.4% effective July 1, 2022 per Board policy

- Projected to generate ~\$15M in revenue over FY23 & FY24

The FY23 & FY24 Operating Budget includes several budget process improvements:

- Efforts to reduce budget to actuals variance, notably by reflecting industry-wide and regional hiring challenges
- BART's first two-year budget

FY23 & FY24 Ridership Outlook



Assumes average weekday ridership of:

- ~140,000 by end of FY22
- ~210,000 by end of FY23
- ~240,000 by end of FY24

FY23 & FY24 Operating Revenue

Operating Revenue	FY22 Adopted	FY22 Forecast	FY23 Prelim	FY23 Proposed	Prelim to Proposed		FY24 Prelim	FY24 Proposed	Prelim to Proposed	
(\$Millions)					\$	%			\$	%
Rail Passenger Revenue	165.9	133.5	221.7	222.1	0.4	0%	282.1	283.0	0.9	0%
ADA Passenger Revenue	0.5	0.5	0.5	0.5	0.0	0%	0.5	0.5	0.0	0%
Parking Revenue	9.4	10.9	13.1	13.1	0.0	0%	14.3	14.3	0.0	0%
Other Operating Revenue	19.9	19.6	19.4	19.4	0.0	0%	22.6	22.6	0.0	0%
Total - Operating Revenue	195.7	164.5	254.8	255.2	0.4	0%	319.5	320.4	0.9	0%

- Rail Passenger Revenue includes CPI-based 3.4% fare increase effective July 1, 2022
- 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 Financial Assistance

Financial Assistance (\$Millions)	FY22 Adopted	FY22 Forecast	FY23 Prelim	FY23 Proposed	Prelim to Proposed		FY24 Prelim	FY24 Proposed	Prelim to Proposed	
					\$	%			\$	%
Sales Tax Proceeds	261.7	297.3	299.0	299.0	0.0	0%	306.6	306.6	0.0	0%
Property Tax Proceeds	54.5	56.8	58.0	58.0	0.0	0%	61.2	61.2	0.0	0%
SFO Ext Financial Assistance	22.6	30.3	0.0	0.0	0.0	-	0.0	0.0	0.0	-
VTA Financial Assistance	35.2	38.1	34.3	32.7	(1.6)	-5%	33.4	31.2	(2.2)	-7%
MTC Financial Assistance Clipper Start	0.6	0.1	0.2	0.3	0.1	34%	0.3	0.4	0.1	31%
Local & Other Assistance	7.4	10.8	6.9	9.1	2.2	33%	7.0	9.3	2.3	33%
State Transit Assistance	28.4	36.2	22.7	22.7	0.0	0%	38.6	38.6	0.0	0%
Low Carbon Transit Operations Program	4.4	4.4	10.3	10.3	0.0	0%	10.3	10.3	0.0	0%
Low Carbon Fuel Standard Program	22.6	12.8	16.6	16.6	0.0	0%	16.4	16.4	0.0	0%
Total - Financial Assistance	437.3	486.8	448.0	448.6	0.7	0%	473.8	474.0	0.2	0%

- Sales tax FY22 year-end estimate is ~\$36M (14%) above FY22 budget; lower growth projected for FY23 or FY24 due to economic uncertainty (inflation outlook, strength of durable & consumer goods spending)
- State Transit Assistance reduced by \$15M in FY23 due to a planned fund swap with MTC
- Small decrease in VTA assistance reflects forecast increases in SVBX fares; SFO assistance drops to \$0 after reserve is depleted in FY22

FY23 & FY24 Operating Revenue & Financial Assistance

Total Traditional Sources	FY22 Adopted	FY22 Forecast	FY23 Prelim	FY23 Proposed	Prelim to Proposed		FY24 Prelim	FY24 Proposed	Prelim to Proposed	
(\$Millions)					\$	%			\$	%
Operating Revenue										
Rail Passenger Revenue	165.9	133.5	221.7	222.1	0.4	0%	282.1	283.0	0.9	0%
ADA Passenger Revenue	0.5	0.5	0.5	0.5	0.0	0%	0.5	0.5	0.0	0%
Parking Revenue	9.4	10.9	13.1	13.1	0.0	0%	14.3	14.3	0.0	0%
Other Operating Revenue	19.9	19.6	19.4	19.4	0.0	0%	22.6	22.6	0.0	0%
<i>Subtotal - Operating Revenue</i>	<i>195.7</i>	<i>164.5</i>	<i>254.8</i>	<i>255.2</i>	<i>0.4</i>	<i>0%</i>	<i>319.5</i>	<i>320.4</i>	<i>0.9</i>	<i>0%</i>
Financial Assistance										
Sales Tax Proceeds	261.7	297.3	299.0	299.0	0.0	0%	306.6	306.6	0.0	0%
Property Tax Proceeds	54.5	56.8	58.0	58.0	0.0	0%	61.2	61.2	0.0	0%
SFO Ext Financial Assistance	22.6	30.3	0.0	0.0	0.0	-	0.0	0.0	0.0	-
VTA Financial Assistance	35.2	38.1	34.3	32.7	(1.6)	-5%	33.4	31.2	(2.2)	-7%
MTC Financial Assistance Clipper Start	0.6	0.1	0.2	0.3	0.1	34%	0.3	0.4	0.1	31%
Local & Other Assistance	7.4	10.8	6.9	9.1	2.2	33%	7.0	9.3	2.3	33%
State Transit Assistance	28.4	36.2	22.7	22.7	0.0	0%	38.6	38.6	0.0	0%
Low Carbon Transit Operations Program	4.4	4.4	10.3	10.3	0.0	0%	10.3	10.3	0.0	0%
Low Carbon Fuel Standard Program	22.6	12.8	16.6	16.6	0.0	0%	16.4	16.4	0.0	0%
<i>Subtotal - Financial Assistance</i>	<i>437.3</i>	<i>486.8</i>	<i>448.0</i>	<i>448.6</i>	<i>0.7</i>	<i>0%</i>	<i>473.8</i>	<i>474.0</i>	<i>0.2</i>	<i>0%</i>
Total - Traditional Sources	633.0	651.2	702.7	703.8	1.1	0%	793.3	794.4	1.1	0%

- Total operating revenue budget (excluding federal assistance) increases 11% in FY23 and 13% in FY24
- Sales tax remains largest single regular revenue source
- Strong sales tax revenues in FY22 offsets below budget ridership revenue

FY23 & FY24 Labor Expense

Labor & Benefits	FY22 Adopted	FY22 Forecast	FY23 Prelim	FY23 Proposed	Prelim to Proposed		FY24 Prelim	FY24 Proposed	Prelim to Proposed	
(\$Millions)					\$	%			\$	%
Wages	506.0	430.2	493.3	482.2	(11.1)	-2%	507.5	500.2	(7.3)	-1%
Overtime	48.4	77.6	70.8	70.8	0.0	0%	70.8	70.8	0.0	0%
CalPERS Pension	115.5	107.2	127.9	128.0	0.0	0%	127.1	127.2	0.2	0%
Other Retirement Benefits	13.9	11.5	14.3	14.4	0.1	1%	14.3	14.5	0.2	1%
Active Employee Medical Insurance	84.5	70.0	88.0	88.7	0.7	1%	87.4	88.4	1.0	1%
Retiree Medical	44.0	44.0	45.7	45.7	0.0	0%	47.0	47.0	0.0	0%
Workers' Compensation	17.3	17.3	17.2	17.2	0.0	0%	17.2	17.2	0.0	0%
Capital Reimbursement Wages	(137.5)	(96.8)	(143.8)	(146.6)	(2.8)	2%	(144.9)	(148.2)	(3.4)	2%
Capital Fringe	(67.7)	(67.8)	(71.9)	(73.7)	(1.8)	3%	(71.8)	(73.9)	(2.1)	3%
Capital Overtime	0.0	(27.1)	(22.4)	(22.4)	0.0	0%	(22.4)	(22.4)	0.0	0%
Other Labor*	25.3	22.2	27.6	28.0	0.4	1%	27.7	28.1	0.5	2%
Total - Labor	649.7	588.3	646.8	632.2	(14.6)	-2%	659.9	649.0	(10.9)	-2%

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

- FY23 vacancy rate adjusted from 7.5% in Preliminary Budget to 10% in Proposed Budget; FY24 vacancy rate adjusted from 5.5% in Preliminary Budget to 7.5% in Proposed Budget
 - Reflects current hiring challenges
- Pension cost increase driven by Unfunded Actuarial Liability (UAL) payments
- Increase in capital reimbursements reflects additional capital-funded positions

FY22 to FY23 Budgeted FTE Changes

FY22 to FY23 FTE Summary				
	Operating	Capital	Reimbursable	Total
FY22 Adopted Budget	3,409.5	983.6	39.5	4,432.6
<i>FY22 to FY23 Changes</i>				
Removals	(4.6)	-	-	(4.6)
Funding Conversions	31.7	(31.7)	-	-
Midyear Additions	20.6	33.4	2.0	56.0
Technical Adjustments	12.7	9.5	1.0	23.2
New Positions	15.5	55.0	-	83.0
<i>Total Changes</i>	<i>75.9</i>	<i>66.2</i>	<i>3.0</i>	<i>157.6</i>
FY23 Proposed Budget	3,485.4	1,049.8	42.5	4,577.7

- Additional positions converted from capital to operating funding
- New Positions:
 - 3 Operating positions for compliance
 - Hiring authority for 25 positions in Transportation with 6 months funding in FY23 and annualizing to full-year funding in FY24 (FTE impact in FY23 is 12.5; 25 in FY24)
 - 55 Capital positions for Fleet of the Future (FOTF) modifications and Computer Based Train Control (CBTC) development

FY23 & FY24 Non-Labor Expense

Non-Labor (\$Millions)	FY22 Adopted	FY22 Forecast	FY23 Prelim	FY23 Proposed	Prelim to Proposed		FY24 Prelim	FY24 Proposed	Prelim to Proposed	
					\$	%			\$	%
Clipper, Ticket Sales & Bank Fees	8.8	3.9	8.0	8.0	0.0	0%	9.4	9.4	0.0	0%
Insurance	9.2	10.2	9.7	9.7	0.0	0%	9.7	9.7	0.0	0%
Materials & Supplies	46.1	47.1	46.6	47.5	0.9	2%	46.6	46.6	0.0	0%
Professional & Technical Fees	42.9	38.9	50.1	49.7	(0.4)	-1%	50.1	49.6	(0.4)	-1%
Repairs & Maintenance	9.2	10.0	11.0	11.3	0.3	3%	11.2	11.5	0.3	3%
Rent	6.3	4.2	4.1	4.1	0.0	0%	4.1	4.1	0.0	0%
Power	48.9	48.7	52.7	52.7	0.0	0%	54.4	54.4	0.0	0%
ADA Paratransit	14.0	14.0	16.7	16.7	0.0	0%	19.6	19.6	0.0	0%
Purchased Transportation	12.4	7.3	12.7	12.7	0.0	0%	13.0	13.0	0.0	0%
Utilities	8.0	7.3	8.1	8.6	0.6	7%	8.3	8.9	0.5	7%
Other Miscellaneous	4.1	5.9	6.9	6.9	0.0	0%	4.6	4.6	0.0	0%
Total - Non-Labor	209.9	197.6	226.5	227.8	1.3	1%	230.9	231.3	0.4	0%

- 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 Debt Service & Allocations

Debt Service & Allocations	FY22 Adopted	FY22 Forecast	FY23 Prelim	FY23 Proposed	Prelim to Proposed		FY24 Prelim	FY24 Proposed	Prelim to Proposed	
(\$Millions)					\$	%			\$	%
Debt Service	57.2	57.2	59.9	59.9	0.0	0%	60.1	60.1	0.0	0%
Capital Reinvestment	56.3	59.7	44.6	46.5	1.9	4%	45.3	45.3	(0.0)	0%
Priority Capital Projects/Programs	34.0	34.0	33.0	33.0	0.0	0%	64.0	64.0	0.0	0%
Sustainability	0.0	0.0	8.8	6.4	(2.4)	-28%	8.7	6.4	(2.3)	-27%
Other	1.6	1.6	1.6	1.6	0.0	0%	1.7	1.7	0.0	0%
Pension	10.0	10.0	10.0	10.0	0.0	0%	10.0	10.0	0.0	0%
Total - Debt Service & Allocations	159.1	162.5	158.0	157.4	(0.6)	0%	189.8	187.5	(2.3)	-1%

- Sustainability allocation restored (not included in FY21 or FY22 adopted budgets) but reduced from Preliminary Budget numbers due to reduced projections of FY22 Low Carbon Fuel Standard (LCFS) credit sales
- Additional one-time allocation of \$1.9M in FY23 included in Capital Reinvestment to fund underground restroom re-openings

FY23 & FY24 Total Expense

Total Uses					Prelim to Proposed				Prelim to Proposed	
(\$Millions)	FY22 Adopted	FY22 Forecast	FY23 Prelim	FY23 Proposed	\$	%	FY24 Prelim	FY24 Proposed	\$	%
Labor	649.7	588.3	646.8	632.2	(14.6)	-2%	659.9	649.0	(10.9)	-2%
ADA Paratransit	14.0	14.0	16.7	16.7	0.0	0%	19.6	19.6	0.0	0%
Purchased Transportation	12.4	7.3	12.7	12.7	0.0	0%	13.0	13.0	0.0	0%
Power	48.9	48.7	52.7	52.7	0.0	0%	54.4	54.4	0.0	0%
Other Non-Labor	134.6	127.6	144.3	145.7	1.3	1%	144.0	144.4	0.4	0%
<i>Subtotal - Operating Expense</i>	<i>859.6</i>	<i>785.8</i>	<i>873.2</i>	<i>860.0</i>	<i>(13.2)</i>	<i>-2%</i>	<i>890.8</i>	<i>880.3</i>	<i>(10.5)</i>	<i>-1%</i>
Debt Service	57.2	57.2	59.9	59.9	0.0	0%	60.1	60.1	0.0	0%
Capital Reinvestment	56.3	59.7	44.6	46.5	1.9	4%	45.3	45.3	(0.0)	0%
Priority Capital Projects/Programs	34.0	34.0	33.0	33.0	0.0	0%	64.0	64.0	0.0	0%
Other	0.0	0.0	8.8	6.4	(2.4)	-28%	8.7	6.4	(2.3)	-27%
Allocation to LCFS Reserves	1.6	1.6	1.6	1.6	0.0	0%	1.7	1.7	0.0	0%
Allocations to Pension Trust	10.0	10.0	10.0	10.0	0.0	0%	10.0	10.0	0.0	0%
<i>Subtotal - Debt Service & Allocations</i>	<i>159.1</i>	<i>162.5</i>	<i>158.0</i>	<i>157.4</i>	<i>(0.6)</i>	<i>0%</i>	<i>189.8</i>	<i>187.5</i>	<i>(2.3)</i>	<i>-1%</i>
Total - Uses	1,018.7	948.4	1,031.2	1,017.4	(13.8)	-1%	1,080.6	1,067.8	(12.8)	-1%

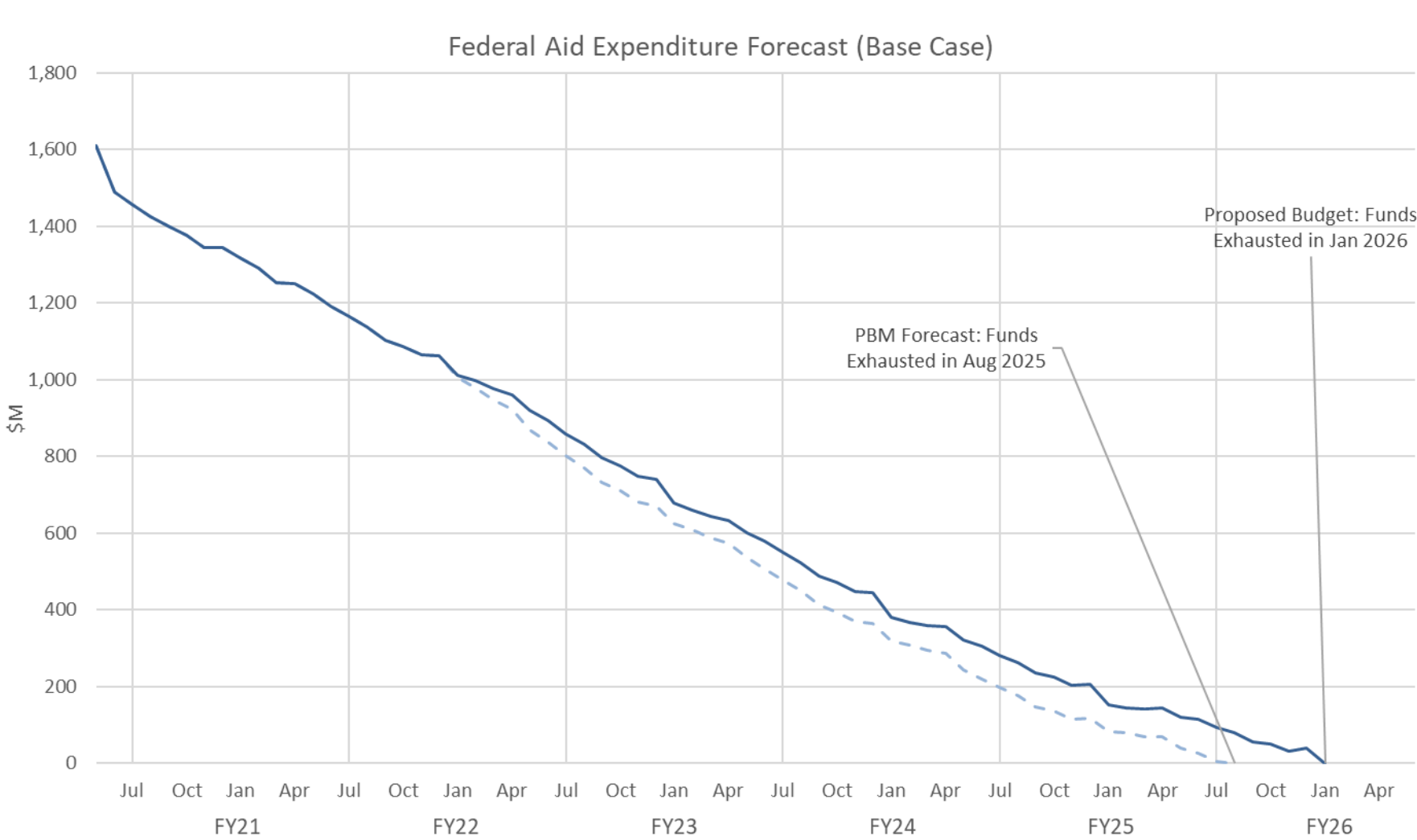
- FY22 expense forecast is \$70.3M below FY22 Adopted Budget
 - \$61.4M attributed to labor underspending, primarily due to unfilled positions
 - \$8.9M attributed to miscellaneous non-labor categories
- Total FY23 Proposed Budget comparable to FY22 Adopted Budget

FY23 & FY24 Net Result & Federal Emergency Assistance Need

Federal Assistance Need					Prelim to Proposed				Prelim to Proposed	
(\$Millions)	FY22 Adopted	FY22 Forecast	FY23 Prelim	FY23 Proposed	\$	%	FY24 Prelim	FY24 Proposed	\$	%
Operating Revenue	195.7	164.5	254.8	255.2	0.4	0%	319.5	320.4	0.9	0%
Financial Assistance	437.3	486.8	448.0	448.6	0.7	0%	473.8	474.0	0.2	0%
<i>Total Traditional Sources</i>	<i>633.0</i>	<i>651.2</i>	<i>702.7</i>	<i>703.8</i>	<i>1.1</i>	<i>0%</i>	<i>793.3</i>	<i>794.4</i>	<i>1.1</i>	<i>0%</i>
Operating Expense	859.6	785.8	873.2	860.0	(13.2)	-2%	890.8	880.3	(10.5)	-1%
Debt Service & Allocations	159.1	162.5	158.0	157.4	(0.6)	0%	189.8	187.5	(2.3)	-1%
<i>Total Uses</i>	<i>1,018.7</i>	<i>948.4</i>	<i>1,031.2</i>	<i>1,017.4</i>	<i>(13.8)</i>	<i>-1%</i>	<i>1,080.6</i>	<i>1,067.8</i>	<i>(12.8)</i>	<i>-1%</i>
Net Result Before Federal Emergency Assistance	(385.7)	(297.1)	(328.5)	(313.6)	14.9	-5%	(287.3)	(273.4)	13.9	-5%
Federal Emergency Funding	385.7	297.1	328.5	313.6	(14.9)	-5%	287.3	273.4	(13.9)	-5%

- Net FY22 revenue and expense projections show reduction of \$85.1M in federal emergency assistance need
- Projected FY22 variance from budget will be used to extend fiscal runway
- ~\$305M of emergency federal assistance expected to remain after FY24
- Fiscal runway projected to end in mid-FY26

BART's Fiscal Runway



- Forecasted projects ~\$305M of federal aid available after FY24
- In the base case scenario, federal funding now covers projected deficits until January 2026



Changes Since Budget Adoption

- September 2022 50% off fare promotion
- District negotiating with BART's labor unions over potential pay increases
- Each of these will impact the District's fiscal runway

Discussion