



▶ Addressing the Transit Operating Shortfall: Fiscal Action Plan, Advocacy Strategy, and Timeline

BART Board of Directors

January 26, 2023

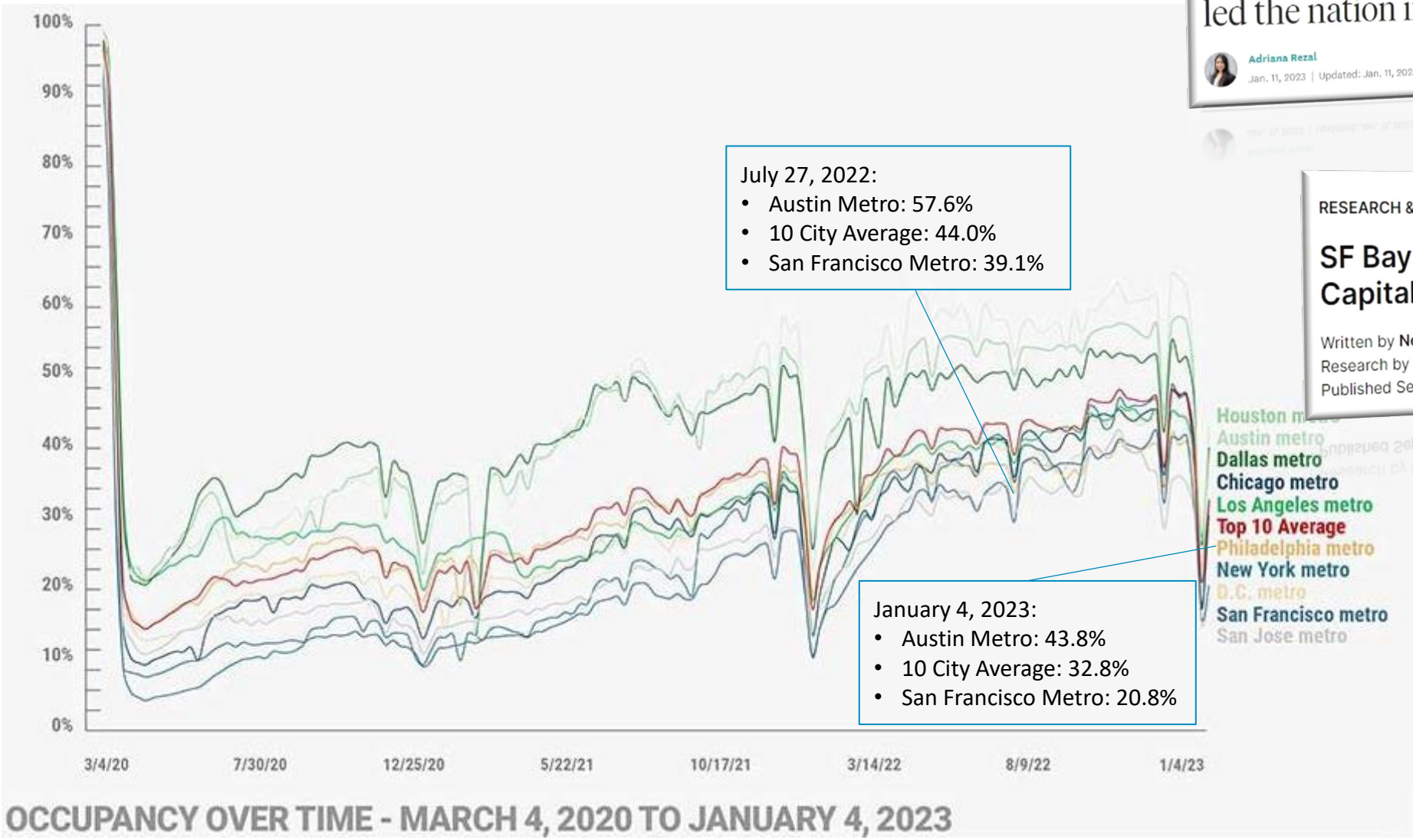


Overview

1. Defining the Problem: Preliminary Financial Outlook
2. Securing Funding: Preliminary Action Plan
 - Short-Term
 - Long-Term
3. Next Steps: Board Workshop Preview



Bay Area Remote Work Trends



BAY AREA

Google mobility data shows San Francisco metro area led the nation in avoiding the office in 2022

Adriana Rezal
Jan. 11, 2023 | Updated: Jan. 11, 2023 12:57 p.m.

The San Francisco Chronicle

RESEARCH & DATA

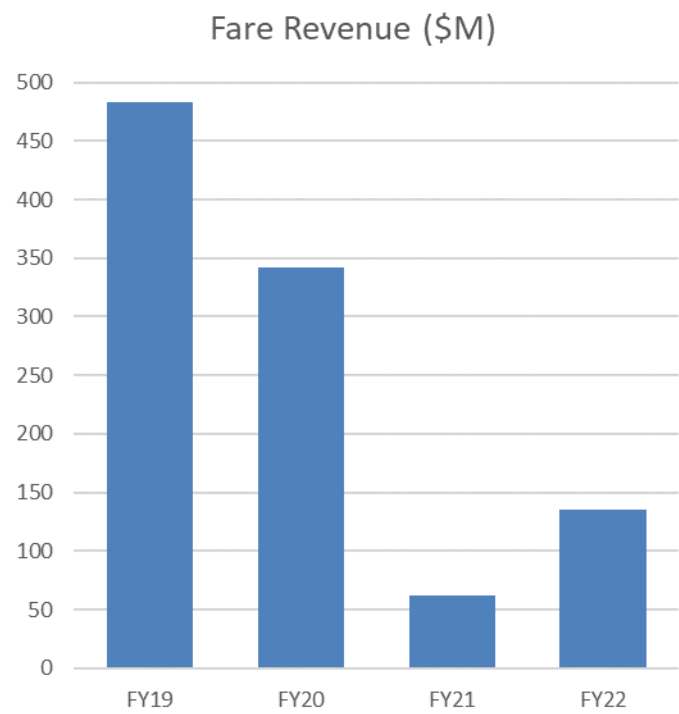
SF Bay Area Reigns as Nation's Work-From-Home Capital, Census Data Shows

Written by Noah Baustin
Research by Liz Lindqwister
Published Sep. 14, 2022 • 9:01pm

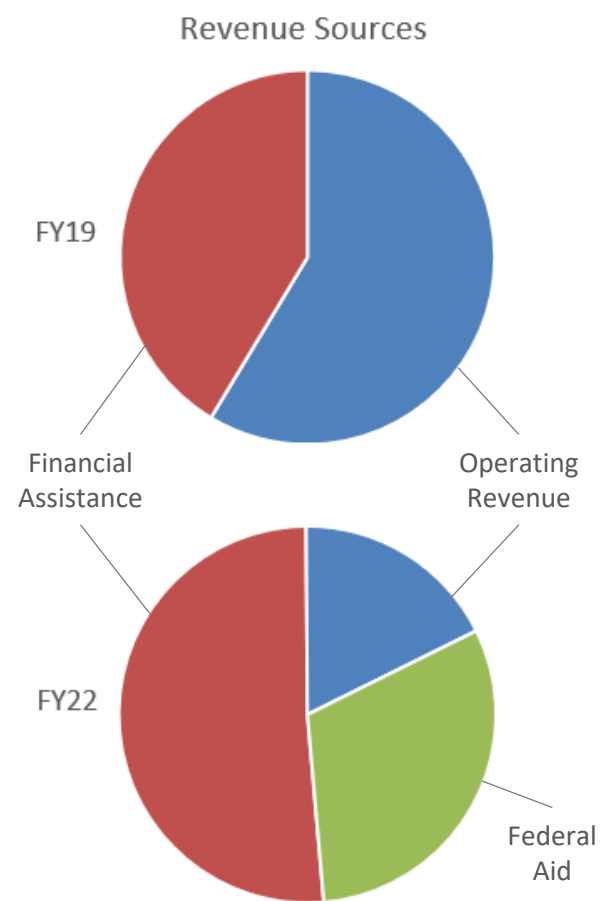
The San Francisco Standard

Problem Summary

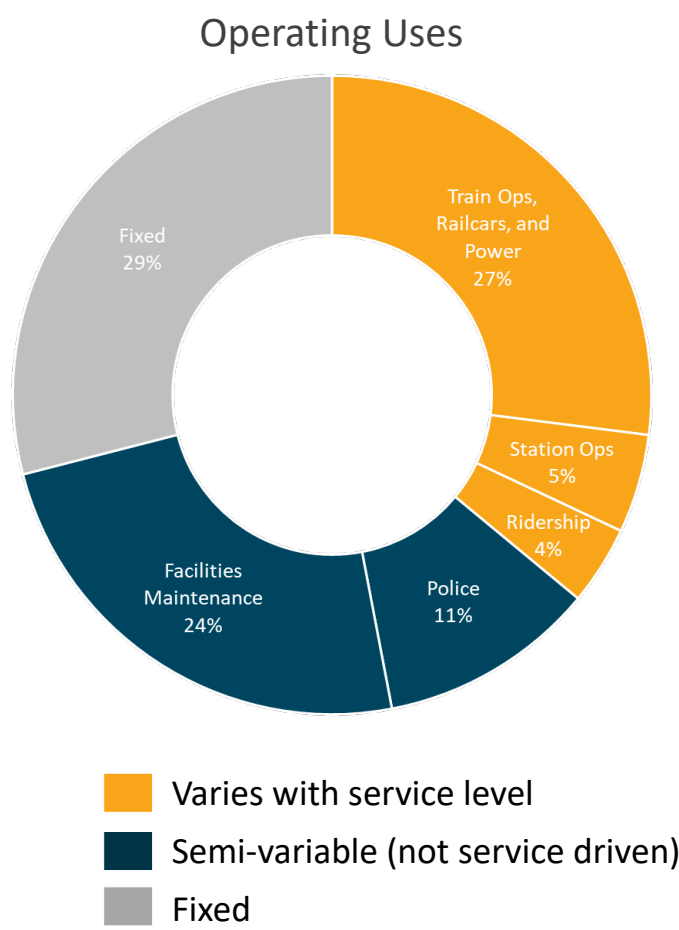
- Low ridership creating large deficit: fares generated \$350M less in FY22 compared to FY19



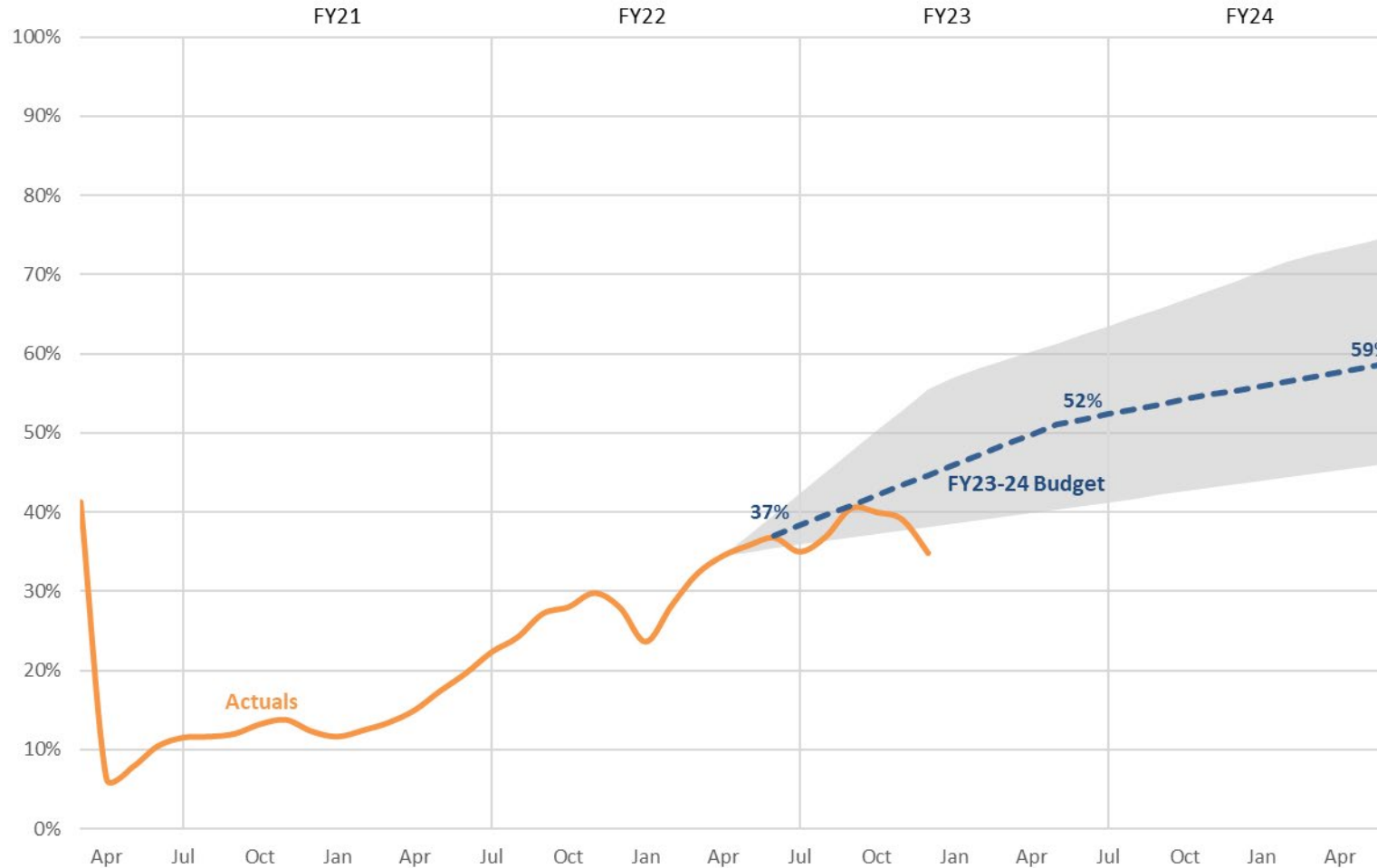
- While Financial Assistance has increased, we have been reliant on one-time Federal Aid to fill the gap



- Rail has high fixed cost and low marginal cost: We cannot cut our way to financial stability.

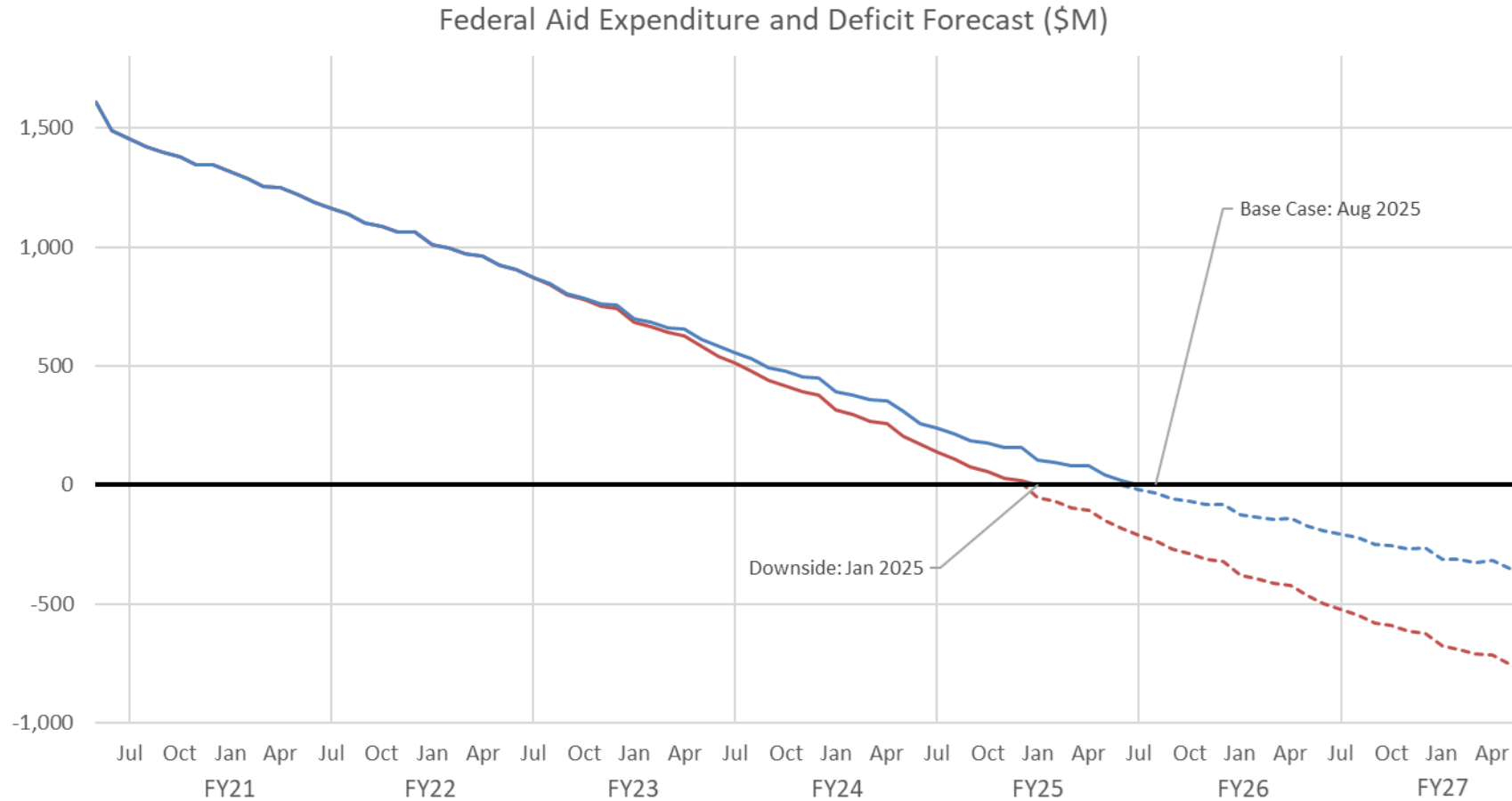


State of BART Ridership



- Bay Area continues to have lowest return-to-office rates in the US
- Ridership generally trending below Base-case forecast
- Staff evaluating potential downward revision in near term outlook

Federal Expenditure and Cumulative Deficit



- Base-case – federal funding expected to sustain operations through August 2025
 - Then, annual shortfalls range from \$175M to \$225M
- Downside – runway extends only to January 2025 – less than 24 months from now
- Forecast to be updated for February 2023 Board workshop
 - Federal funds expected to run out sooner

Forecast Indicators

Key Financial Outlook Indicators		
	Ridership	FYTD through December tracking 7% below budget
	Sales Tax	Exceeding budget expectations
	Operating Expense	Appears on track (based on data current through September 2022)
	Hiring/Vacancies	- Transit workforce shortage is widespread and severe - Ongoing vacancies lead to high overtime expense - Affects service reliability and employee burnout/morale

Financial Strategy

Board Discussion on 2/9

Board Discussions in Spring

Maximize Ridership Recovery

- Deliver top quality customer experience (frequent, reliable, safe, clean)
- Maintain industry-leading reliability and restore frequent service
- Maximize connections, optimize regional network
- Adapt to changing commute and growth patterns

Constraints

- Economic & social trends outside of our control

Manage Expense

- Maximize efficiencies across the district
- Right size labor force, overtime in all departments
- Invest in State of Good Repair to maintain system performance and maximize cost-effectiveness

Constraints

- Need to restore service to capture ridership demand recovery
- Cutting service does not lead to commensurate savings

Secure New Revenue

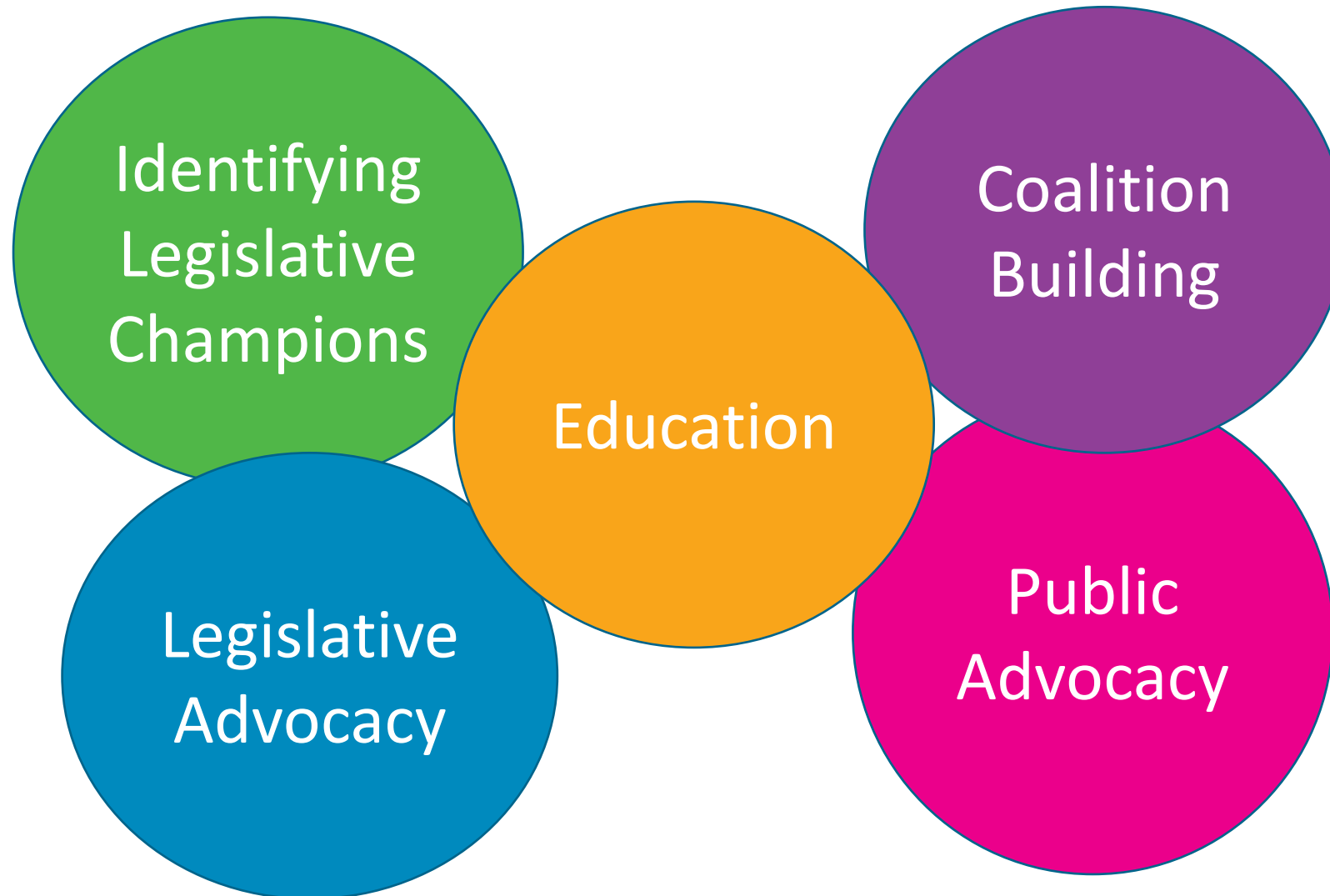
- Maximize non-fare operating revenue (advertising, telecom, parking, TOD)
- Explore opportunities for ongoing federal, state, or regional operating subsidy
- Develop new capital sources to relieve pressure on operating program

Constraints

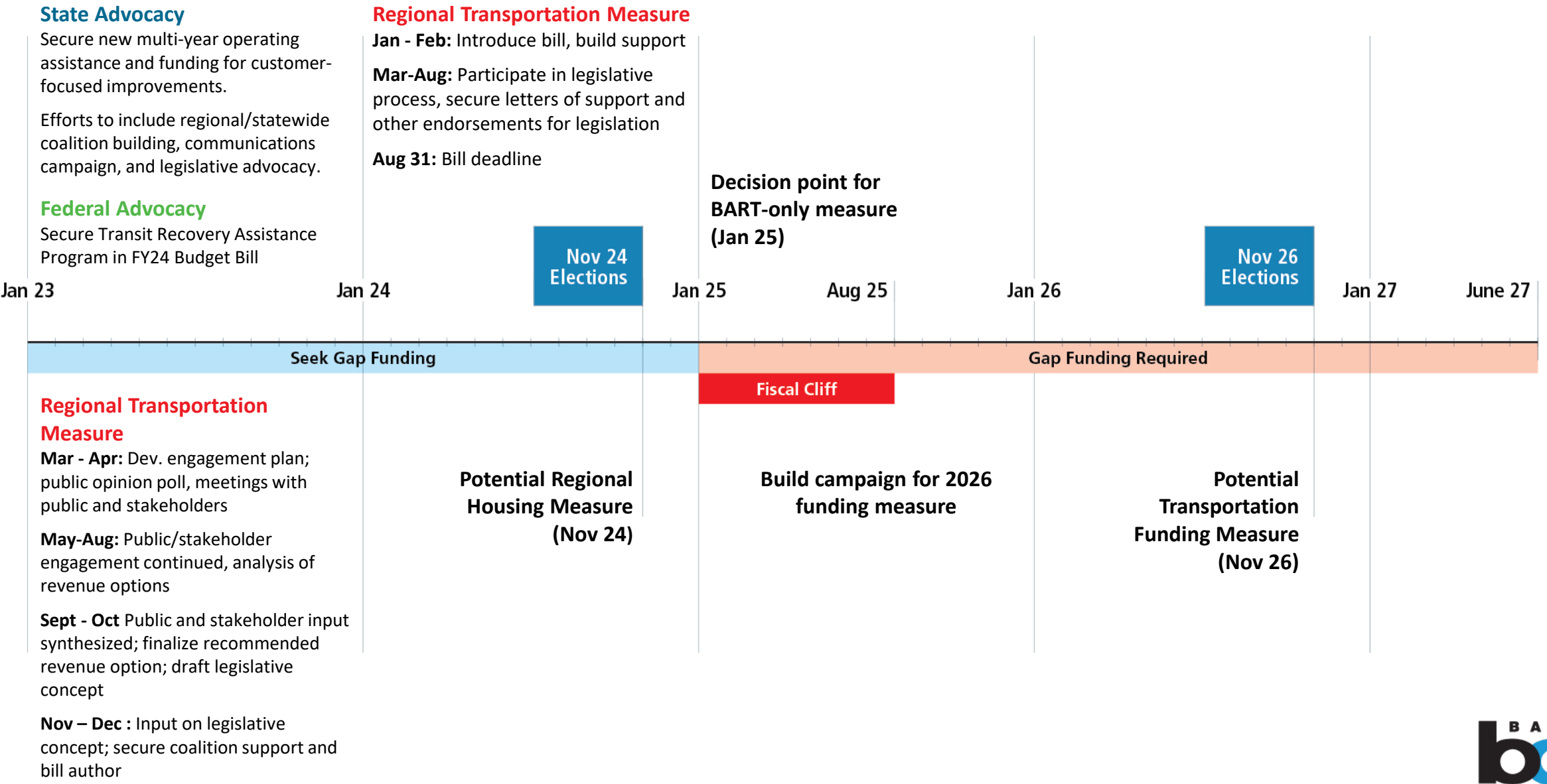
- More limited funding opportunities and many needs after pandemic recedes

Renewed urgency with a potential opportunity at the state level

Advocacy Strategy



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

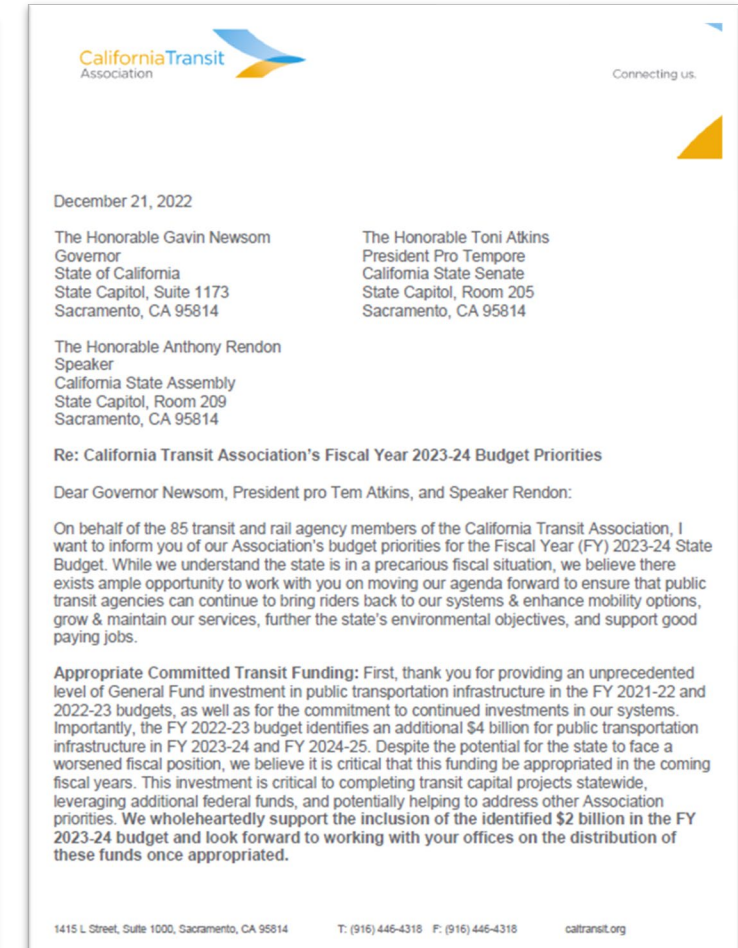
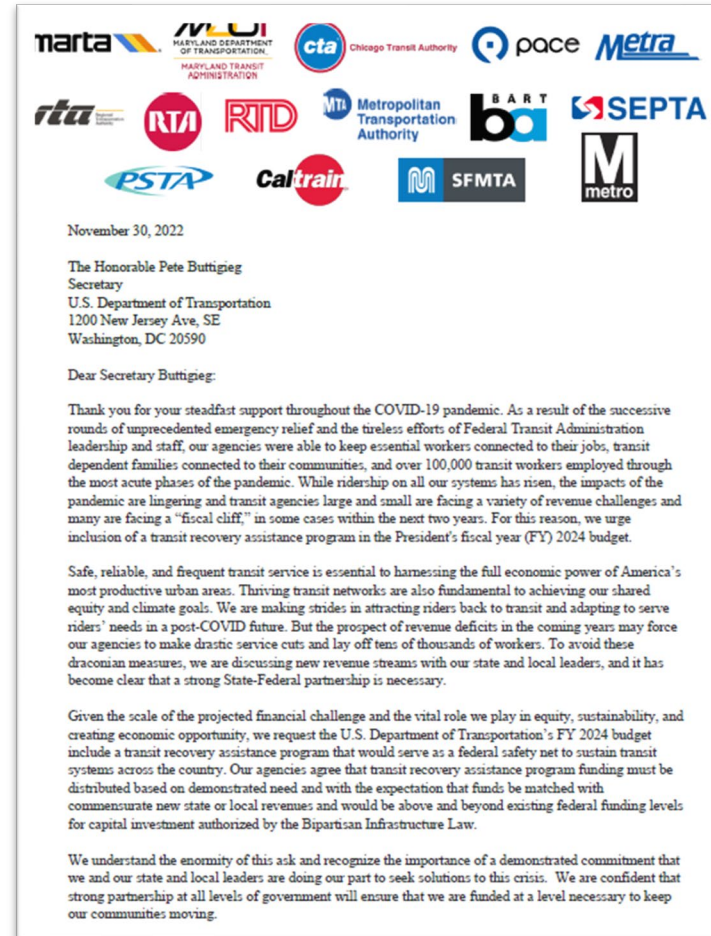


Coordinated and Unified Advocacy Efforts

Securing funding for transit operations is a top priority for BART, MTC, the California Transit Association (CTA), and operators across the nation.

Coordinated advocacy has included:

- A **letter to Secretary Buttigieg** signed by 15 transit General Managers and CEOs requesting a Transit Recovery Assistance Program in the President's Fiscal Year (FY) 2024 Budget.
- CTA **letter to Governor Newsom** and legislative leaders highlighting the need for operating assistance in advance of the Governor's January 10 budget release.



Coordinated and Unified Advocacy Efforts



- Meetings with the Governor's Office, Department of Finance, California State Transportation Agency (CalSTA), and legislative committee consultants to raise awareness and identify legislative champions.
- Formation of several working groups focused on addressing agencies' fiscal crisis and long-term recovery.
- Statewide survey on transit operations funding and ridership to inform pending ask to Governor and Legislature.
- Letter from Bay Area transit agencies, labor, business, and community stakeholders in response to Governor's proposed FY23 Budget.

Committees and Regional Working Groups

General Managers Weekly Coordination <i>Bob Powers</i>	10 agencies including large and small operators; Meets weekly to coordinate on transit network management business case, funding priorities, transit recovery efforts, etc.
CTA Executive Committee <i>Rodd Lee</i>	25 members; Meets monthly and is responsible for setting policy and directing Association staff
CTA Transit Operations Funding Subcommittee <i>Amanda Cruz</i>	15 members; Meets bi-monthly to inform Association's efforts to secure dedicated operations funding in the State Budget
Bay Area Transit Government Affairs Team <i>Amanda Cruz & Alex Walker</i>	- Meets weekly with a focus on regional coordination; MTC participates every other week - Membership includes large and small operators
Transit Survive & Thrive "Backbone" group (Bay Area-focused) <i>Alex Walker</i>	- Meets weekly; Consists of four transit agency representatives (BART, SFMTA, AC Transit, and WETA), MTC, SPUR, Bay Area Council, Silicon Valley Leadership Group, and transit advocates - Additional subcommittees to be formed

MTC’s Secure & Revive Proposal

Proposed Transit Recovery Program in FY 2023-24 Budget with two “buckets” of funds

Secure – Transit Service Preservation	Revive – Retooling for the Future
- Needs based program for operators facing a fiscal cliff within the next 2-5 years that - Funds intended to prevent major service cuts and lay offs - Objective criteria would be identified to determine eligibility	New program aimed at enhancing the rider experience Eligible expenditures may include: - Transit priority projects - Real-time transit information - Transit fare integration/passes - Mapping/wayfinding - Upgraded passenger facilities - Resources to address homelessness, public safety, and station cleanliness

Governor's Proposed FY 2023-24 State Budget

- Projects a \$22.5 billion budget deficit
- Does not propose deep reductions to priority programs, but will require the state to delay, forego some spending, and shift funds to close deficit.
- Series of cuts to previous climate and transportation funding commitments
 - \$2 billion reduction in the Transit and Intercity Rail Capital Program
 - \$2.5 billion reduction across various Zero-Emission Vehicle Programs
 - \$200 million net reduction to the Active Transportation Program
- Commitment to pursue available federal funding to offset the decrease of state funds.



Senator Scott Wiener ✓
@Scott_Wiener

We're analyzing the impacts on transit of the Governor's proposed budget.

It's not pretty. The proposal allows transit to go over a devastating fiscal cliff (huge service cuts). + it imposes multi-billion cut on transit capital projects.

A big coalition will work to change this

6:58 AM · 1/12/23 · [Twitter for iPad](#)

2023 State Advocacy Timeline

January 10	Governor released proposed FY 2023-24 State Budget
January 18	Response letter issued from Bay Area transit agencies, labor, business, and community stakeholders, timed to accompany a legislative sign-on letter led by Senator Wiener
Jan 31/Feb 1	Director meetings in Sacramento
Jan – March	Briefings with legislators organized by CTA
Early Feb	Budget subcommittee hearings begin on proposed FY 2023-24 State Budget • Senate Budget Subcommittee #5 (Public Safety, the Judiciary, Labor and Transportation): Weekly from early February through early March • Assembly Budget Subcommittee #3 (Climate Crisis, Resources, Energy, and Transportation): Weekly from early February through mid-March
Feb - Sept	Director/staff engagement with budget committees, newly formed select committees on public transit, and coordinated communications campaign

2023 State Advocacy Timeline, Continued

May 15	Governor releases “May Revise” of proposed FY 2023-24 State Budget; Coordinated statement on behalf of transit
May 16	Director participation in the CTA Spring Legislative Conference and Lobby Day
May – June	Budget committees hold hearings on May Revise
Early June	Budget conference committee
June 15	Deadline for Legislature to pass FY 2023-24 Budget
July 1	Fiscal Year 2023-24 begins
July – Sept	Director advocacy on potential budget trailer bills
Sep 14	Final day to pass bills
Oct – Dec	Earliest new state funding could come to agencies

Possible Long-Term Funding Sources

Regional Measure – Five or Nine Counties

- MTC moving forward with possible housing measure in 2024
- Transportation measure in 2026 or 2028
- Enabling legislation needed for a transportation measure
- 2/3's majority vote required

BART District Measure – Three Counties

- Existing Authority
- Funding Type

BART Service Area Measure – Five Counties

- Requires authorizing legislation
- Funding Type

Federal Assistance

- Unlikely without securing new local funding

Board Involvement in Advocacy Strategy

- Partner Labor partners
- Meetings with legislators, committee consultants and agency staff in Sacramento January 31-February 1
- Launch of local stakeholder presentations in February, continue throughout year
- Meetings in Washington, DC planned for March
- Opportunities to engage in state budget process through the spring and trailer bills in the late summer and fall

State Meetings Targeted for Jan. 31 & Feb. 1

Assemblymembers	Senators	Caucuses	Policy Committees	Agency and Administration
• Rebecca Bauer-Kahan • Mia Bonta • Tim Grayson • Matt Haney • Ash Kalra • Alex Lee • Liz Ortega • Diane Papan • Phil Ting • Buffy Wicks • Evan Low	• Josh Becker • Dave Cortese • Steve Glazer • Nancy Skinner • Aisha Wahab • Scott Wiener	• Asian American & Pacific Islander Legislative Caucus • Black Legislative Caucus • Latino Legislative Caucus • LGBTQ Caucus	• Assembly Budget • Senate Budget and Fiscal Review • Assembly Transportation • Senate Transportation • Assembly Housing and Community Development • Senate Housing • Assembly Public Safety • Senate Public Safety	• Governor's Office • California State Transportation Agency • Caltrans • Business, Consumer Services and Housing Agency

Federal Meetings Targeted for March

Members	Committees	Agency and Administration
House of Representatives • Mark DeSaulnier • John Garamendi • Josh Harder • Ro Khanna • Barbara Lee • Kevin Mullin • Nancy Pelosi • Eric Swalwell • Select Republican Members Senate • Dianne Feinstein • Alex Padilla	Majority and Minority staff for: • House Transportation and Infrastructure • Senate Banking, Housing, and Urban Affairs • House THUD Appropriations • Senate THUD Appropriations	• Department of Transportation • Federal Transit Administration • Transit Security Administration

Local Stakeholder Engagement

Director presentations to:

- Local elected officials
- Business groups
- Environmental advocates
- Education - colleges and universities
- Community groups with a focus on transit-dependent populations

Potential Consequences Without Operations Funding

- 30 – 60 Minute train headways
- Open stations later and close earlier
- Station closures
- Line shutdowns
- No weekend service
- Mass layoffs
- Increased traffic congestion
- Negative impact on state climate goals
- Priority populations disproportionately impacted
- **No BART service**



Board Workshop Preview: Key Topics

- Financial Stability

- Updated Financial Outlook
- Near- and Long-Term Funding Strategy
- Advocacy Strategy

- Customer Experience

- Listening to the Customer: Customer Satisfaction Survey Results
- Improving Service & System Performance
- Hiring Critical Positions
- Addressing Rider Concerns
- Growing Ridership Strategies



BART Financial Outlook Timeline

- Board is familiar with recent cycle of SRTP forecasts and operating outlooks
- New forecasts are in progress for FY24-25 Budget and revised 10-year outlook
- An updated financial outlook will be presented at the February Board workshop

Timeline	Description
June 2022	FY23-24 Budget Complete
December 2022	SRTP Adopted
January 2023	Today's Discussion
February 2023	Board Workshop: Updated Financial Outlook
March 2023	FY24-25 Preliminary Budget
June 2023	FY24-25 Adopted Budget