



Public Hearing: FY20 Annual Budget ➤ SVBX Extension Fares ➤ Participation in Regional Means-Based Transit Fare Pilot Program ➤ FY20 CPI-based Fare Increase ➤ 2022-2028 CPI-Based Fare Increase Program ➤ Magnetic-Stripe Ticket Surcharge Increase

BART Board of Directors
May 23, 2019



FY20 Focus and Issues

- Addressing Quality of Life on BART
- Continuing capital reinvestment
- Preparing for new compliance requirements
- Operational efficiencies & reductions
- Regional and technological integration



FY20 Preliminary Budget

| (millions) | FY19 Adopted | FY20 Preliminary | FY20 Prelim vs. FY19 Adopted |
|---|-----------------|---------------------|---------------------------------|
| Revenue | | | |
| Passenger Revenue (Rail and ADA) | \$ 485.9 | \$ 480.2 | \$ (5.6) |
| <i>Fare Revenue for Operations</i> | 443.0 | 428.1 | (14.9) |
| <i>CPI-based Fare Increase Rev (dedicated to capital)</i> | 42.9 | 52.2 | 9.3 |
| Non-Fare Revenue | 74.9 | 65.3 | (9.6) |
| Total Financial Assistance | 361.3 | 401.8 | 40.4 |
| Total Sources | 922.2 | 947.3 | 25.1 |
| Expense | | | |
| Net Labor and Benefits | 560.7 | 591.6 | 30.8 |
| Power | 43.8 | 45.6 | 1.8 |
| Other Non-Labor | 133.1 | 131.0 | (2.4) |
| ADA Paratransit | 16.1 | 16.9 | 0.9 |
| Purchased Transportation | 14.1 | 14.6 | 0.5 |
| Total Expense | 767.8 | 799.8 | 31.5 |
| Debt Service and Allocations | 154.4 | 147.5 | (6.9) |
| TOTAL USES | 922.2 | 947.3 | 24.6 |
| Net Result | - | - | \$ - |



Operating Sources

| SOURCES (\$M) | FY19 | | FY20 | | Change | |
|---|---------|--------------|--------|--------------|---------------|------------|
| | Adopted | | Prelim | | \$ | % |
| Passenger Revenue | \$ | 485.9 | \$ | 480.2 | \$ (5.6) | -1% |
| Other Operating Revenue | | 75.0 | | 65.3 | (9.7) | -13% |
| Revenue Total | | 560.8 | | 545.5 | (15.3) | -3% |
| Sales Tax Revenue | | 264.6 | | 277.0 | 12.4 | 5% |
| SFO Financial Assistance | | - | | 5.8 | 5.8 | |
| State Transit Assistance (STA) | | 38.0 | | 39.4 | 1.4 | 4% |
| Other Assistance | | 58.7 | | 79.6 | 20.9 | 36% |
| Tax & Financial Assistance Total | | 361.3 | | 401.8 | 40.4 | 11% |
| TOTAL OPERATING SOURCES | | 922.2 | | 947.3 | 25.1 | 3% |



Ridership

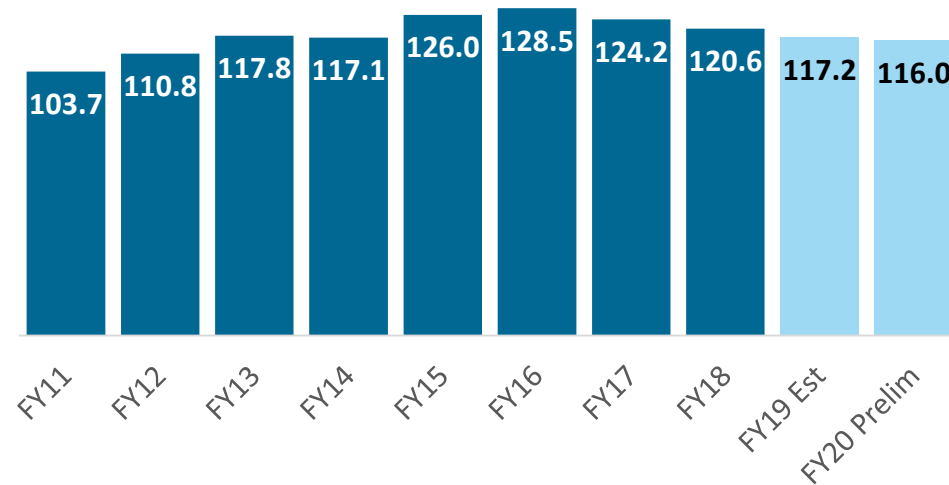
FY19 YTD Ridership vs Budget

- Total trips 2.0% below budget
- Weekdays 1.0% below budget
- Weekends 5.7% below budget

FY20 Budget

- Forecasted decline of 1.0% compared to FY19 year-end estimate due to:
 - Uncertainty about core ridership growth
 - Continued downward trend of weekend and evening trips
 - Estimated impact to ridership due to full year of Transbay Tube Retrofit and 34.5 KV Cable projects

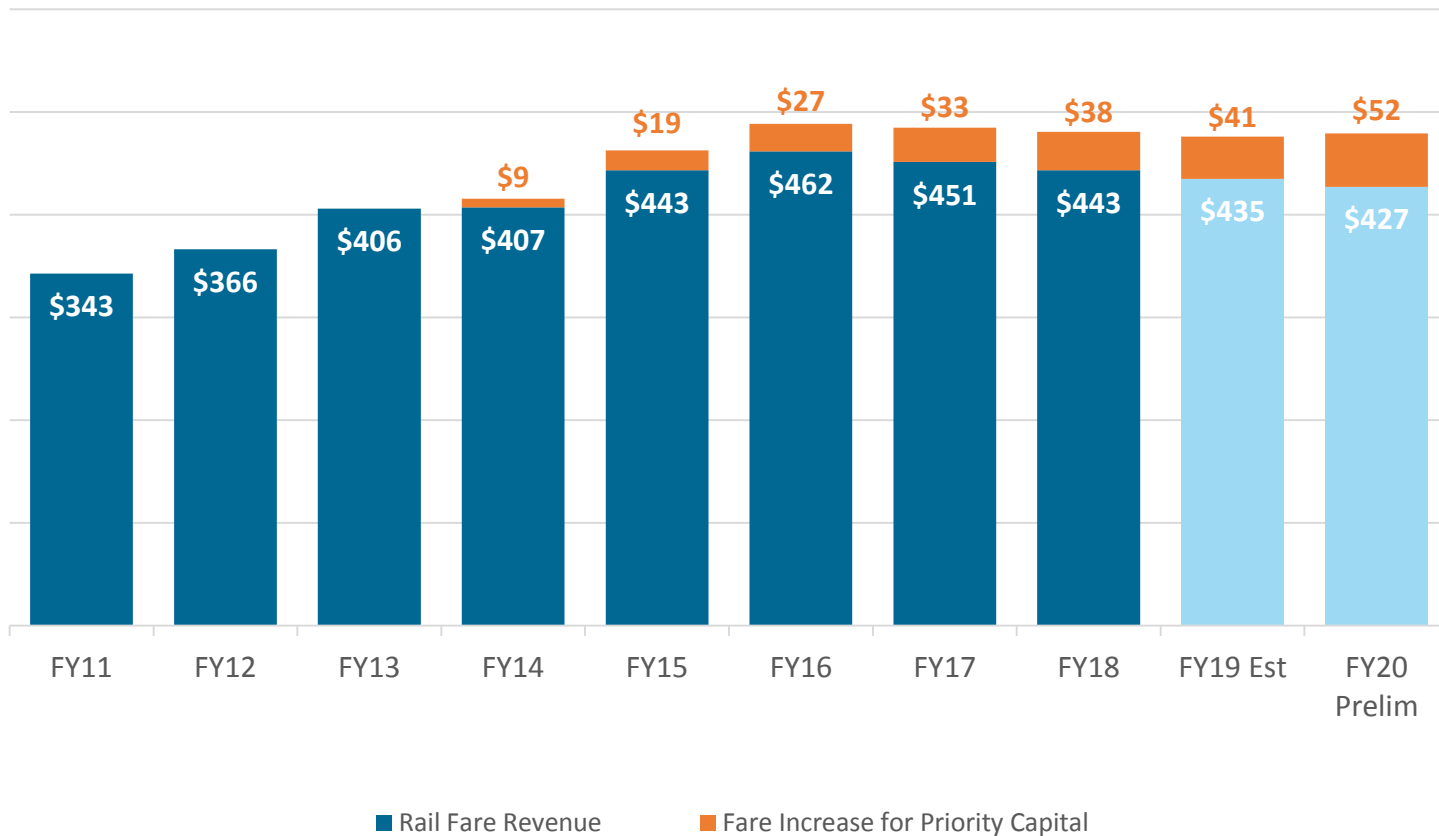
Annual Ridership (M)





Fare Revenue

Fare Revenue (\$M)





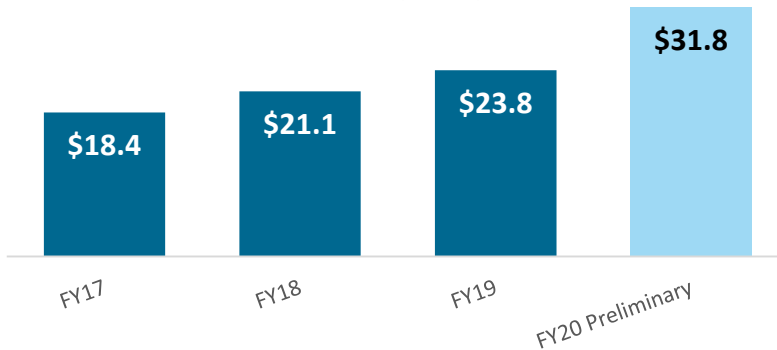
FY20 Operating Uses

| (\$ millions) | FY19 | FY20 | Change | |
|-------------------------------------|--------------|--------------|----------------|-------------|
| | Adopted | Preliminary | \$ | % |
| Labor | \$ 560.7 | 591.6 | 31.0 | 6% |
| ADA Paratransit | 16.1 | 16.9 | 0.9 | 5% |
| Purchased Transportation | 14.1 | 14.6 | 0.5 | 4% |
| Power | 43.8 | 45.6 | 1.8 | 4% |
| Other Non-Labor | 133.1 | 131.0 | (2.2) | (2%) |
| OPERATING EXPENSES TOTAL | 767.8 | 799.8 | 32.0 | 4% |
| Debt Service | 46.6 | 47.2 | 0.6 | 1% |
| Capital Allocations | 88.6 | 92.8 | 4.2 | 5% |
| Operating Allocations | 19.1 | 7.5 | (11.7) | (61%) |
| DEBT SERVICE AND ALLOCATIONS | 154.4 | 147.5 | (6.9) | (4%) |
| USES TOTAL | 922.2 | 947.3 | \$ 25.1 | 3% |

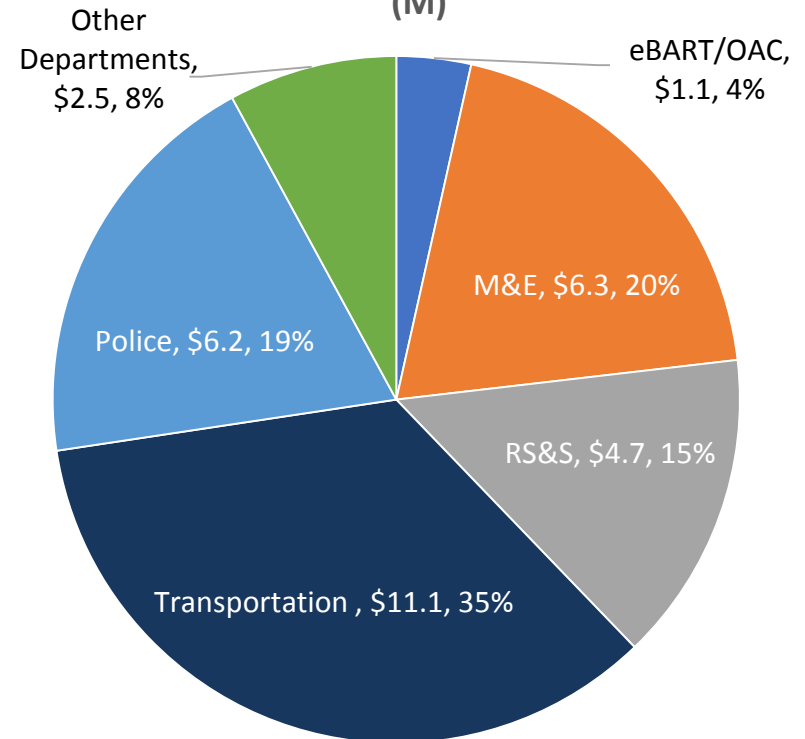


Operating Overtime

Overtime Budget by FY (M)



FY20 Preliminary Overtime Budget by Dept. (M)



Drivers

- Vacancies
- Absenteeism
- Training
- Safety and Security
- Emergencies
- Special Events

Initiatives

- Increase capital reimbursements
- Elevate approval levels
- Enhance attendance monitoring
- Increase capacity for analysis and budgeting



Service Plan: Car Requirements

Current (February 2019)

| Line | Route | Trains x Cars Required | Total Trains Required | Total Cars |
|------------------|--------------------------|------------------------|-----------------------|------------|
| Yellow | Antioch / SFO | 13 x 10 | 13 | 130 |
| Blue | Dublin / Daly City | 4 x 10, 6 x 9 | 10 | 94 |
| Orange | Richmond / Warm Springs | 2 x 8, 9 x 6 | 11 | 70 |
| Green | Warm Springs / Daly City | 10 x 10 | 10 | 100 |
| Red | Richmond / Millbrae | 5 x 10, 5 x 9, 1 x 8 | 11 | 103 |
| | | | | |
| Yellow | Peak Only | 1 x 10, 8 x 9 | 9 | 82 |
| Purple | Millbrae / SFO | 1 x 4 | 1 | 4 |
| SUB-TOTAL | | | <u>65</u> | <u>583</u> |
| | Ready Reserve | 3 x 10, 1 x 9 | 4 | 39 |
| | Training & Testing | 1 x 5 (FOTF) | 1 | 5 |
| TOTALS | | | 70 | 627 |

Revenue: 65 trains, 583 peak cars

System: 60 FOTF cars, 723 total cars available, 16.5% combined spare ratio



Service Plan: Car Requirements

Proposed September 2019

| Line | Route | Trains x Cars Required | Total Trains Required | Total Cars | Cars Added |
|------------------|--------------------------|-----------------------------------|-----------------------|------------|------------|
| Yellow | Antioch / SFO | 13 x 10 | 13 | 130 | |
| Blue | Dublin / Daly City | 8 x 10 , 2 x 9 | 10 | 98 | 4 |
| Orange | Richmond / Warm Springs | 4 x 8 , 7 x 6 | 11 | 74 | 4 |
| Green | Warm Springs / Daly City | 10 x 10 | 10 | 100 | |
| Red | Richmond / Millbrae | 6 x 10 , 5 x 9 | 11 | 105 | 2 |
| | | | | | |
| Yellow | Peak Only | 3 x 10 , 6 x 9 | 9 | 84 | 2 |
| Purple | Millbrae / SFO | 1 x 4 | 1 | 4 | |
| SUB-TOTAL | | | <u>65</u> | <u>595</u> | <u>12</u> |
| | Ready Reserve | 3 x 10 , 1 x 9 | 4 | 39 | |
| | Training & Testing | 1 x 5 (FOTF) 2 x 3 (Berryessa) | 3 | 11 | |
| TOTALS | | | 72 | 645 | |

Revenue: 65 trains, 595 peak cars

System: 115 FOTF cars, 774 total cars available, 21.7% combined spare ratio



Service Plan: Car Requirements

Proposed February 2020 (With SVBX)

| Line | Route | Trains x Cars Required | Total Trains Required | Total Cars | Cars Added |
|------------------|------------------------------|------------------------|-----------------------|------------|------------|
| Yellow | Antioch / SFO | 13 x 10 | 13 | 130 | |
| Blue | Dublin / Daly City | 10 x 10 | 10 | 100 | 2 |
| Orange | Richmond / Berryessa | 6 x 8 , 6 x 6 | 12 | 84 | 10 |
| Green | Berryessa / Daly City | 13 x 10 | 13 | 130 | 30 |
| Red | Richmond / Millbrae | 11 x 10 | 11 | 110 | 5 |
| | | | | | |
| Green | Peak Only | 1 x 10 | 1 | 10 | 10 |
| Yellow | Peak Only | 9 x 10 | 9 | 90 | 6 |
| Purple | Millbrae / SFO | 1 x 4 | 1 | 4 | |
| SUB-TOTAL | | | <u>70</u> | <u>658</u> | <u>63</u> |
| | Ready Reserve | 5 x 10 | 5 | 50 | |
| | Training & Testing | 0 | 0 | 0 | |
| TOTALS | | | 75 | 708 | |

Revenue: 70 trains, 658 peak cars

System: 160 FOTF cars, 819 total cars available, 17.0% combined spare ratio



FY20 Proposed Initiatives

FY20 Proposed Initiatives By Category

| (\$ millions) | FTE | Op | Cap | Total |
|---|-------------|-------------|------------|---------------|
| Quality of Life | 23.0 | \$4.3 | 0.7 | 5.0 |
| Compliance | 6.0 | 3.1 | 0.1 | 3.3 |
| Modernization, Efficiency & Financial Stability | 32.0 | 9.9 | - | 9.9 |
| Total | 61.0 | 17.3 | 0.8 | \$18.2 |





Pilot Program Options

Estimated Annual Costs by Proposed Pilot Program

| | Proposal 1 | Proposal 2 |
|--|--------------------------|---------------------------|
| Ambassador Program (2 staff @ 2 stations) | (1 shift/weekday) | (16 hours/weekday) |
| Option A - Expand Existing Community Based Organization (CBO) Partnership (Hunter's Point Family) | \$364,000 | \$970,667 |
| Option B - New CBO | \$210,000 | \$560,000 |
| Option C - New District Positions* | \$701,669 | \$1,219,277 |
| GateKeeper Program | (6 hours/weekday) | (12 hours/weekday) |
| 22 FTE, staffed by CBO | \$1,400,000 | \$2,800,000 |
| BART Police Cadets | (25 hours/week) | |
| 6 Part-Time Cadets (District Positions) | \$270,000 | |

**Assumed District positions are full-time with one supervisor sufficient for both Proposal 1 and Proposal 2. Position costs, benefits, coverage levels, supervision, etc. are subject to bargaining.*



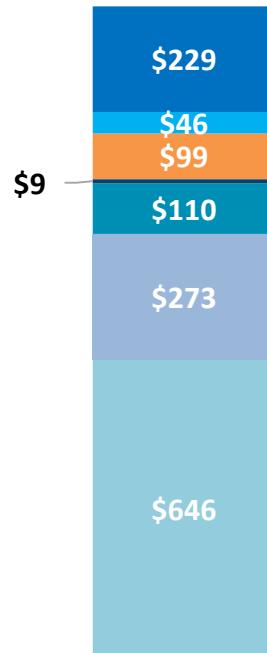
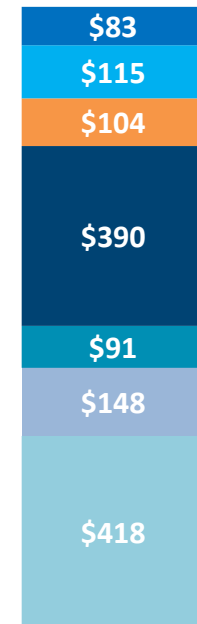
Capital Sources

FY19 and FY20 Capital Sources (millions)

Capital Sources: FY20 Budget

Total \$1,348

Total \$1,412



FY19

FY20

Measure RR Bonds

Operating Allocations

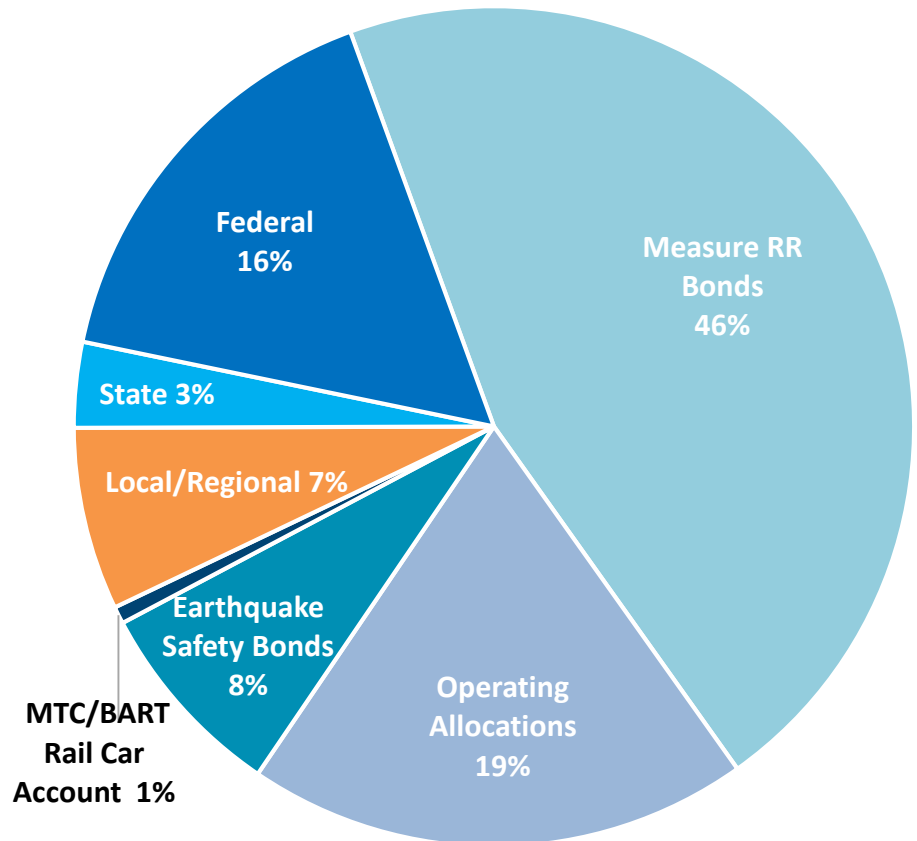
Earthquake Safety Bonds

MTC/BART Rail Car Account

Local/Regional

State

Federal

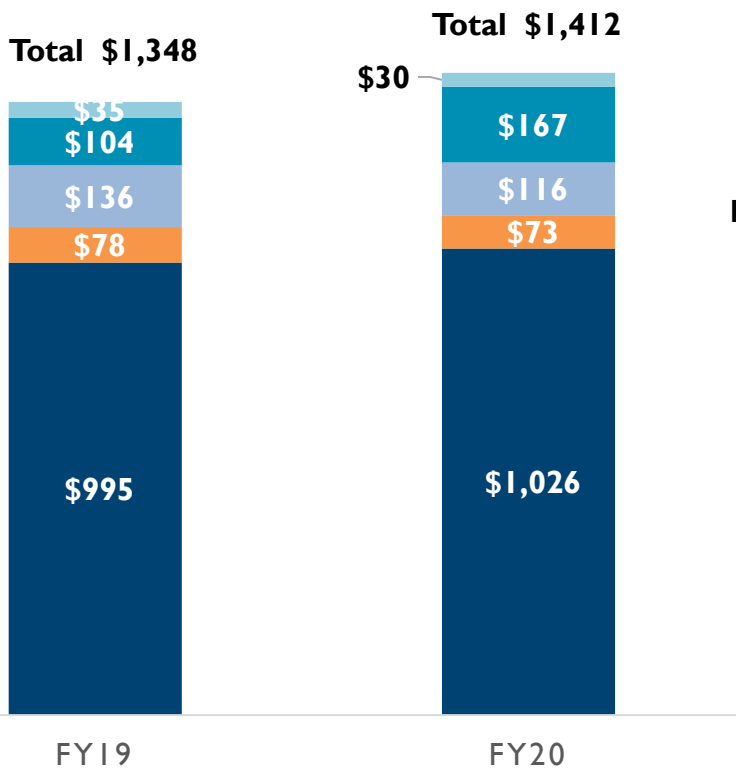


Total excludes \$7.5M in reimbursable capital expenses



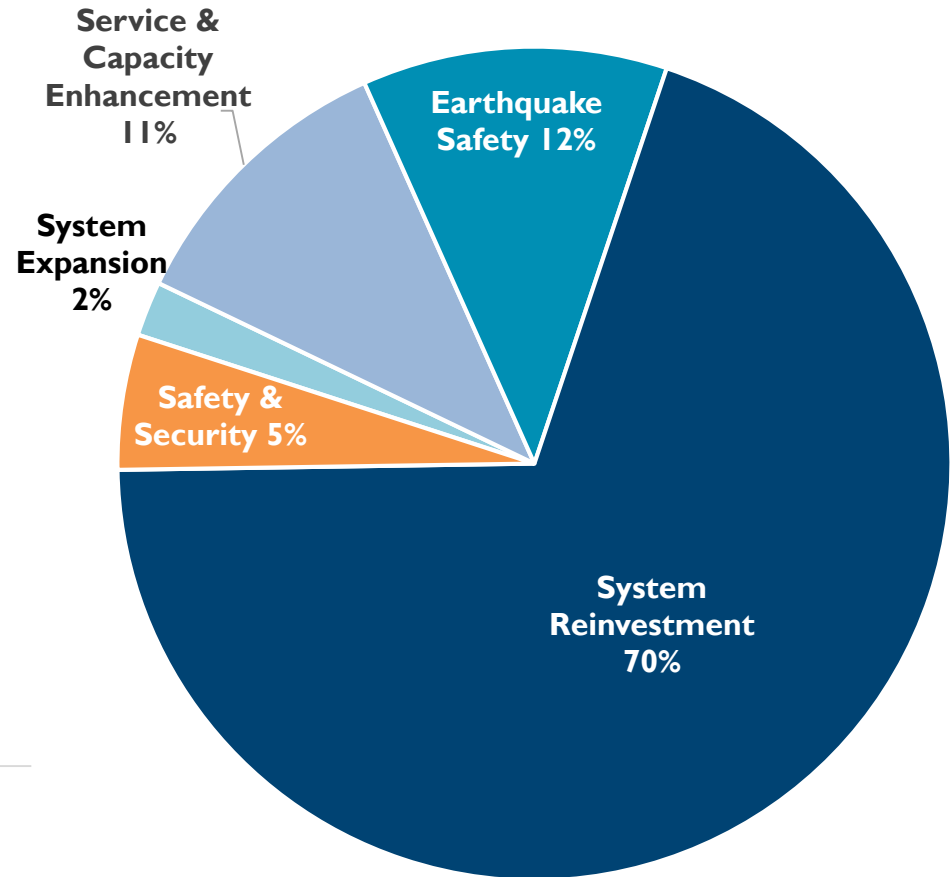
Capital Uses

**FY19 and FY20 Capital Uses
(millions)**



■ System Reinvestment ■ Safety & Security
■ Service & Capacity Enhancement ■ Earthquake Safety
■ System Expansion

Capital Uses: FY20 Budget



Total excludes \$7.5M in reimbursable capital expenses



Fare Actions

| | Consider Title VI Analysis | Consider Adoption | FY20 Budget Impact |
|--|---|------------------------------|-----------------------------------|
| 1. Silicon Valley Berryessa Extension Fares | 5/23 | 6/13 | |
| 2. Regional Means-Based Fare Discount Pilot | 4/25 | 6/13 | ● |
| 3. FY20 CPI-based Fare Increase | 5/23 | | ● |
| 4. 2022-2028 CPI-Based Fare Increase Program | 5/23 | 6/13 | |
| 5. Magnetic-Stripe Ticket Surcharge Increase | 5/23 | 6/13 | |



I. Silicon Valley Berryessa Extension Fares

- 10-mile Silicon Valley Berryessa Extension adds **Milpitas Station** and **Berryessa/North San José Station** in Santa Clara County, south of Warm Springs/South Fremont Station
- Per agreement, BART's existing distance-based fare structure applied to calculate proposed Extension trip fares

Sample 2019 Fares

| | 12th St Oakland | Embarcadero | Downtown Berkeley |
|---------------------------------|-----------------|---------------|-------------------|
| Warm Springs/So. Fremont | \$5.00 | \$6.75 | \$5.30 |
| Milpitas | \$5.70 | \$7.50 | \$6.05 |
| Berryessa/North San José | \$5.95 | \$7.75 | \$6.30 |



2. Regional Means-Based Fare Discount Pilot

- As participant in MTC's Regional Means-Based Fare Discount Pilot Program, BART proposes new benefit for low-income riders
 - Adult riders with incomes at or below 200% of the federal poverty level eligible for 20% discount
 - Free, specially encoded Clipper card gives discount
 - Caltrain, Golden Gate (bus & ferry), SF Muni also participating
 - Estimated annual BART revenue loss of \$4.0 million (\$2.0 million in FY20)

Sample 2019 Fares

| | Pittsburg/Bay Pt- Embarcadero | El Cerrito del Norte- 12th St Oakland | Fremont-Downtown Berkeley |
|---------------------------------|----------------------------------|--|------------------------------|
| Regular Clipper Fare | \$6.75 | \$2.60 | \$4.85 |
| Low-Income Discount Fare | \$5.35 | \$2.05 | \$3.85 |

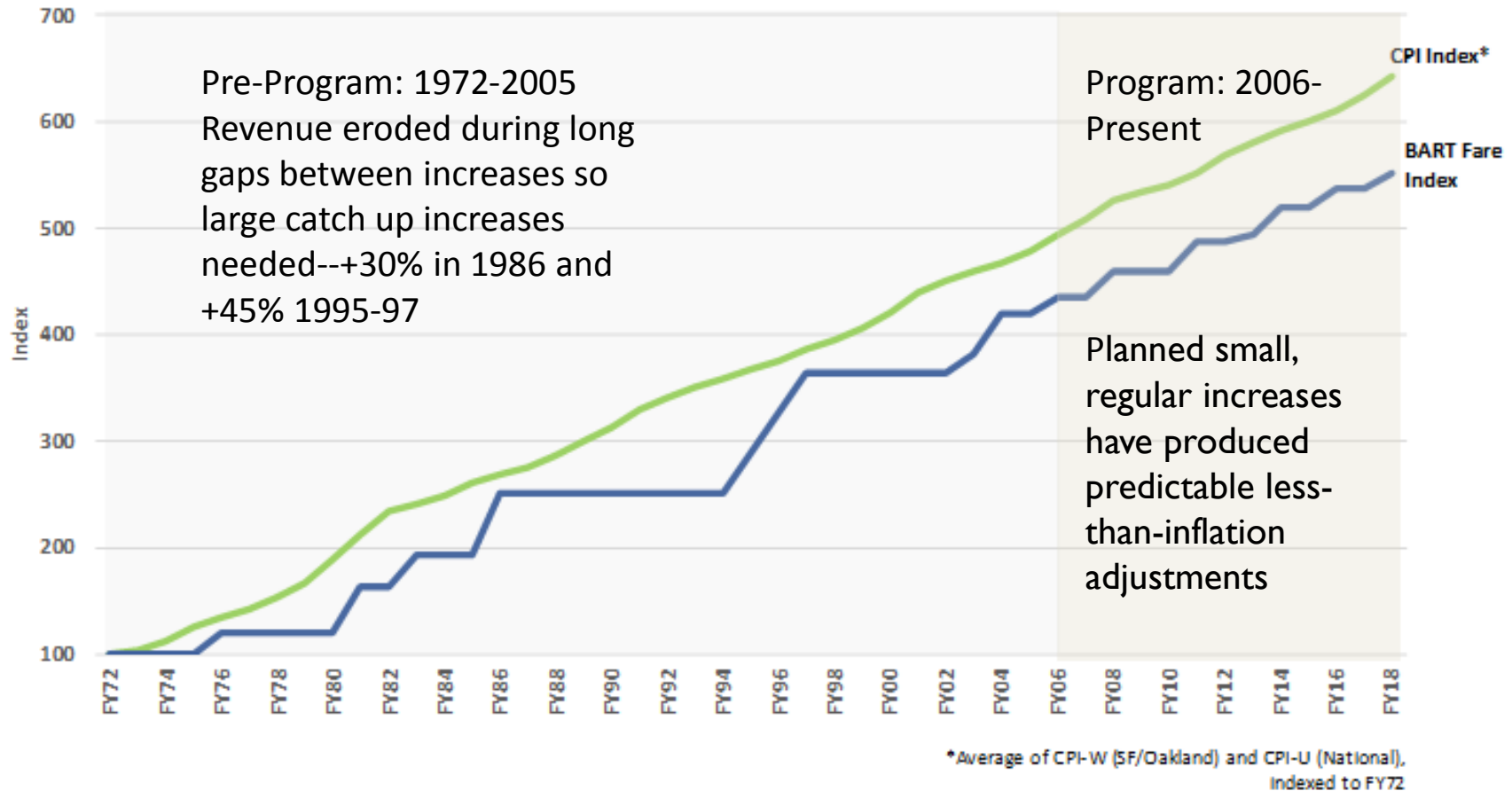


Inflation-based Program Overview

- Fares pay for approximately 2/3s of BART's operating costs
- BART Board approved a *Productivity-Adjusted Inflation Based Fare Increase Program* for financial stability and predictability
 - Starting in 2006, fares adjusted by less-than-inflation every two years
 - Calculation: Average of national and Bay Area inflation over 2 years, less one-half percent for BART productivity improvements



Comparing BART Fares and Inflation





Inflation-based Program Series

| Program Series | Use of Funds |
|----------------------------|---|
| Series 1: 2006-2012 | Over this period, \$290M in fare revenue went to operating needs, enabling BART to weather the Great Recession |
| Series 2: 2014-2020 | \$330M in revenue has been dedicated to Big 3 capital investments: new rail cars, train control system, and Hayward Maintenance Complex |
| Series 3: 2022-2028 | Series 3 estimated at \$400M in total: \$200M directed to the Core Capacity program and the remainder to fund rail operations |



3. FY20 CPI-based fare increase

- 5.4% CPI-based fare increase (5.9% two-year inflation less 0.5%)
- Completes 2nd series of biennial Productivity-Adjusted Inflation Based Fare Increase Program, 2014-2020
- Calculation: Average of national and Bay Area inflation over 2 years, less one-half percent for BART productivity improvements
- Impact: 1/2 year of increase will generate ~\$12M in FY20 for high-priority capital projects (annualized impact ~\$25M)
- Program is in place; this fare increase will be adopted as part of FY20 budget

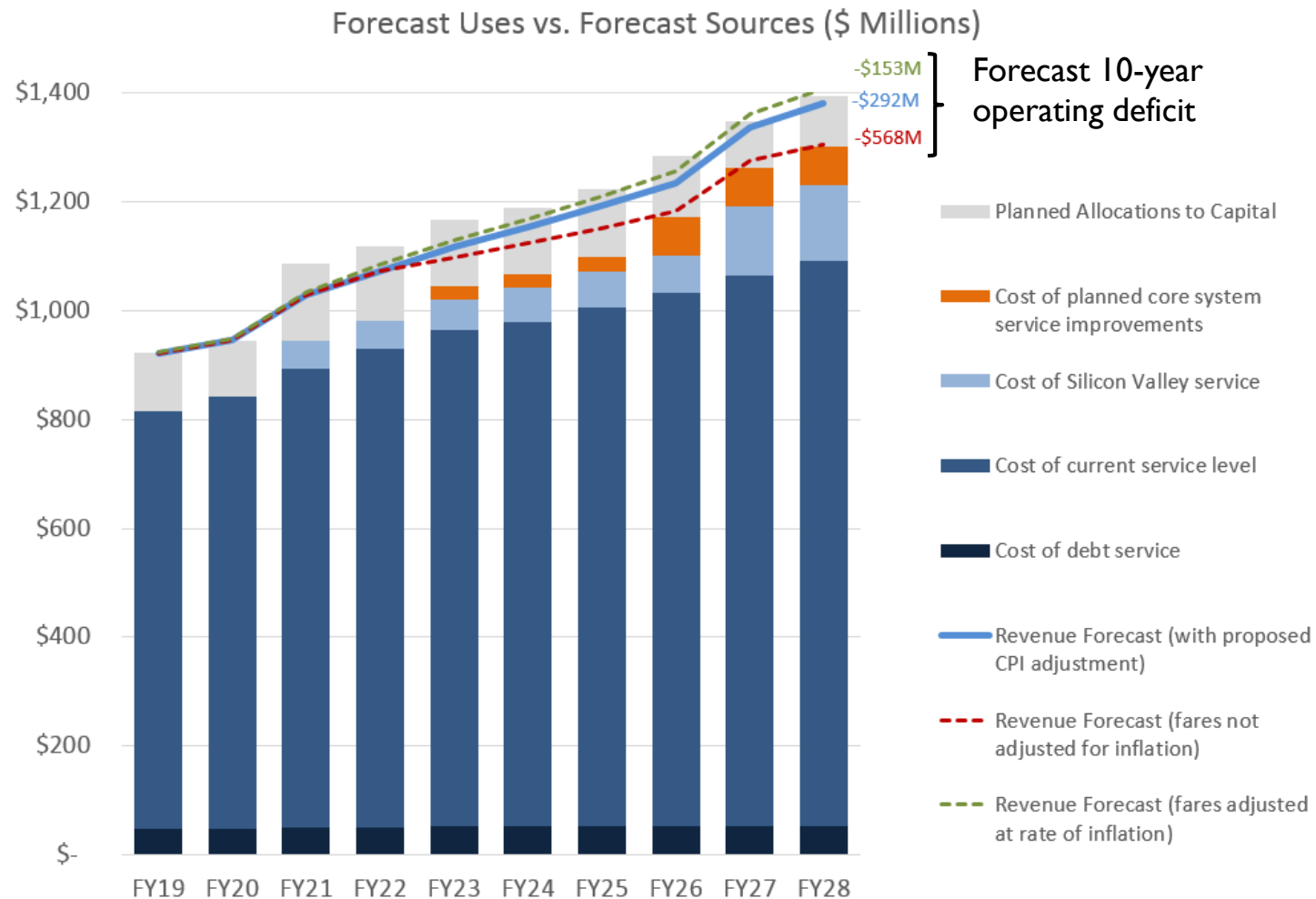


4. Series 3 CPI-based Fare Increase Program, 2022-28

- Proposed Series 3 of less-than-inflation-based fare increase program for increases in 2022, 2024, 2026, and 2028
 - +3.9% in each of these years based on current inflation projections
- New revenue proposed to help fund Core Capacity plan (new rail cars and system improvements, such as a new train control system to provide more frequent service, and operation of expanded service)



Context for CPI Program Series 3





Context for CPI Program Series 3

Operating Needs

- Cost of planned service improvements
- Quality of Life programs
- Safety & Security investments
- Pension costs

Recent/proposed fare discounts

- FY18 Youth Discount through age 18 (\$3M/year)
- FY20 Means-Based Fare Pilot (\$4M/year)



Context for CPI Program Series 3

Operating sources beyond fare revenue

Wins

- Growing State Transit Assistance
- Low Carbon Fuel Standard credit sales
- New Advertising Contract (2018)

Key Opportunities:

- Commercial Communications (OCIO)
- Additional advertising opportunities
- Parking Fees



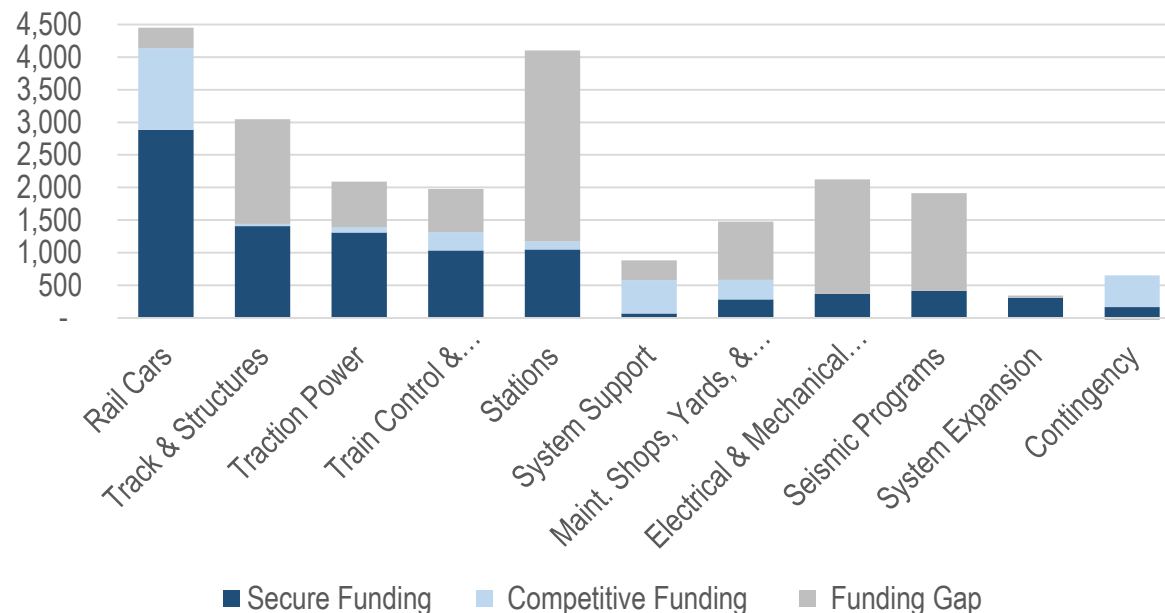
Context for CPI Program Series 3

Capital Needs

- Aging infrastructure / Reinvestment
- Modernization
- Core Capacity program

Staff-recommended Series 3 would commit \$200M to Core Capacity projects, BART's share of \$3.5B program

FY19-33 CIP: Funding Status by Program Area





Capital Sources: Wins & Opportunities

Capital sources beyond fare revenue

Recent Wins:

- Measure RR Approved (2016) (\$3.5B for reinvestment)
- Regional Measure 3 Approved (\$500M for rail cars)
- Transit & Intercity Rail Capital Program (TIRCP) (\$318M for Core Capacity)

Key Opportunities (Competitive):

- FTA Core Infrastructure Grant (>\$1B for Core Capacity)
- SBI sources - TIRCP, Local Partnership, Congested Corridors (>\$300M for Core Capacity)
- VTA Core System capital contributions



5. Magnetic-Stripe Ticket Surcharge Increase

- \$0.50 magnetic-stripe ticket per-trip surcharge began Jan 2018
 - To encourage riders to switch to Clipper and optimize significant investment in regional transit smart card
 - Surcharge prorated down for discount trips such as senior, people with disabilities, and youth
 - From 2017 to 2018, 42% decrease in mag-stripe ticket trips
- Proposed \$1.00 magnetic-stripe ticket surcharge effective Jan 2020
 - To incentivize 15% of riders still using magnetic-stripe tickets to switch to Clipper
- Benefits of Clipper payment system
 - More efficient and cost-effective for BART to maintain
 - Clipper customers enter and exit BART quicker, using fare gates that are more reliable when just processing Clipper cards



FY20 Budget Schedule

- Jan 24: Financial Outlook (Board Workshop)
- Feb 28: Financial Outlook for Fiscal Year 2020
- Mar 29: FY20 Preliminary Budget Memo Release
- Apr 25: FY20 Preliminary Budget Overview
- May 9: FY20 Budget - Sources, Uses and Service Plan; Capital Budget
- May 23: FY20 Public Hearing; Adopt Proposition 4 Limit
- Jun 13: Adopt FY20 Budget Resolution