



FY21 Budget: Public Hearing

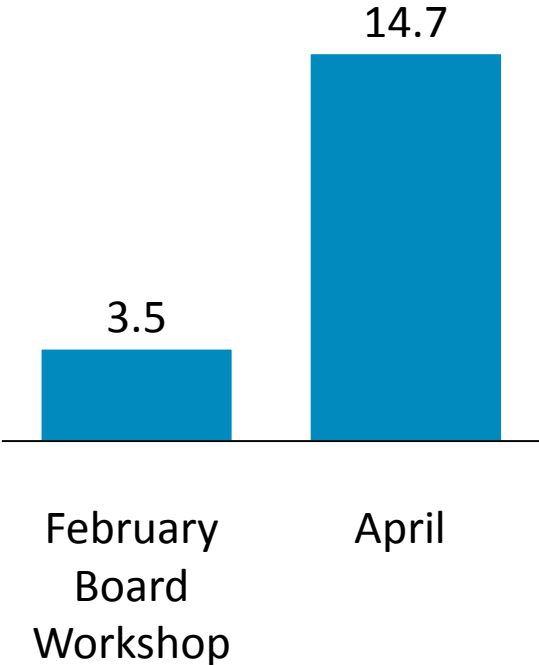
June 11, 2020



This is not business as usual: what BART has seen over the last 3 months

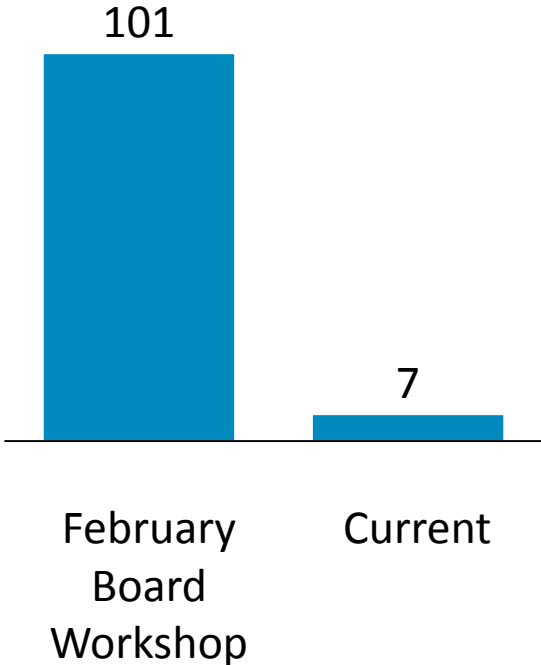
Economy

US unemployment rate, %



Current ridership

% vs. projected



Source: BART Operations, SF Chronicle, BART Performance & Budget



BART's Response to COVID

- **Reduced service** to reflect lower ridership while enabling social distancing
- Focus on **employee and rider safety**
- Implemented **aggressive cleaning protocols**
- **Worked with labor partners** to control costs
- **Accelerating capital projects** where safe and feasible
 - 34.5kv cable replacement
 - Track replacement
 - Rebuilding interlockings (C-25, A-65)
- **National leader** in conversation around COVID and transit, advocating for our needs at local, state, and federal levels

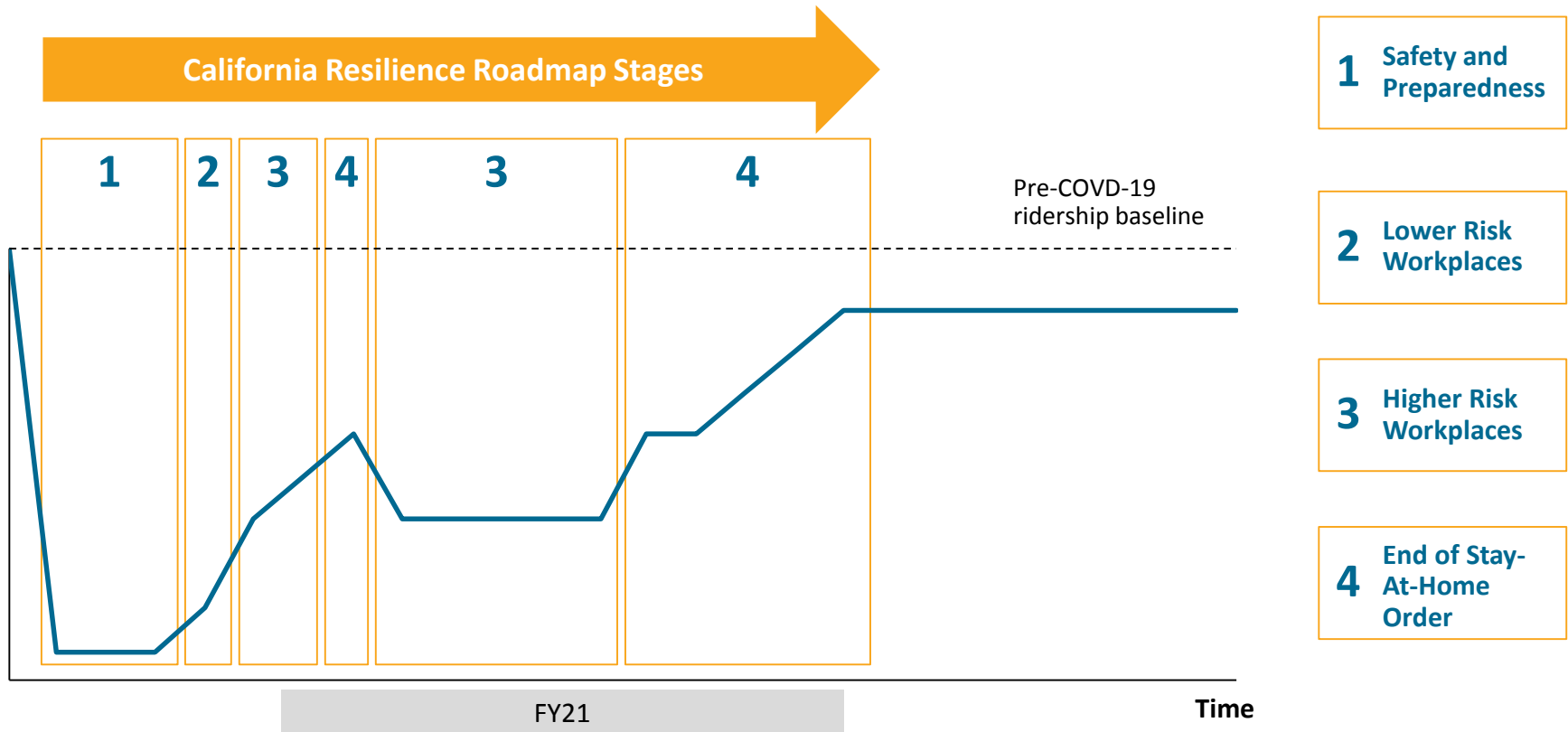
FY21 Rail Service Plan and Working Budget

- The FY21 budget funds a rail service plan that prioritizes customer/employee safety and regular, consistent BART service
- Much has changed since Shelter In Place began in March, but we remain committed to ensuring that BART remains a pillar of the Bay Area economy, allowing residents to quickly and efficiently move around
- Transit agencies across the country face similar challenges; they are not unique to BART
- This budget is a snapshot of current situation; revenues have been conservatively estimated, but considerable uncertainty remains
- BART will revise as necessary to reflect changes in ridership, the economy, and pandemic containment

BART will adapt its service to changes in ridership – possible increase by Stage of reopening

Ridership, % of pre-COVID under “Faster Ramp” scenario

California Resilience & Recovery Stages



1 Safety and Preparedness

2 Lower Risk Workplaces

3 Higher Risk Workplaces

4 End of Stay-At-Home Order

Source (timing): SF.gov, San Francisco public health department and the California Department of Public Health, SF Chronicle, pharmaceutical company press releases, Center for Disease Control, New York State press coverage, FDA guidance, White House press conferences, World Health Organization

Source (scale): BART FY2021 monthly ridership forecasts, BART rider segmentation survey data, BART historical monthly ridership, Oxford Economics unemployment projections, Bureau of Labor Statistics historical unemployment, BART ridership data, Consumer Survey April 2020, Oxford economics jobs by industry in Bay Area counties, Slack HQ, Gartner, KFF



FY21 Working Budget Proposal

- BART resources are **highly constrained**; budget plans for controlled spending and flexibility
- This budget is **balanced but precarious** with very conservative but highly uncertain revenue assumptions; nearly all revenue sources are subject to unknown external factors
- Board will be provided with **regular updates** on revenues and expenditures over the course of FY21, providing transparency and accountability
- Staff will **revise budget in October** if needed to address current uncertainty around ridership, economy, pandemic status, public health guidance, federal/state assistance

FY21 Working Budget Income Statement

	(\$M)
Sources	
Fare revenue	\$151
Parking	10
Other operating	24
Sales tax proceeds	239
SFO & SVBX assistance	70
Other assistance	110
Subtotal - Operating & Financial Assistance	\$604
Additional Sources	
CARES tranche 1 (FY20 remainder)	87
CARES tranche 2 (targeted)	164
FEMA reimbursement of COVID expenses	20
Defer FY20 rail car allocation	40
Total Sources	\$915
Uses	
Labor & benefits	\$601
Power	48
Non-labor	157
Debt service	47
Allocations	17
Subtotal - Uses	\$871
<i>Additional COVID-related costs</i>	<i>44</i>
Total Uses	\$915
Net Result	\$0

FY21: How We Balanced

	FY21 Prelim	FY21 Working	Operating Increase (\$M)
Additional Costs			
<i>COVID-related labor & non-labor</i>	\$0	\$44	\$44
Labor Reductions			
Delay Police Dept new position adds	\$4	\$0	-\$4
COVID-19 Hiring Freeze	32	0	-32
Executive Staff Wage Freeze	0.4	0	-0.4
Lump Sum Payment Removal	4	0	-4
<i>Subtotal - Labor Reductions</i>	<i>\$41</i>	<i>0</i>	<i>-41</i>
Non Labor Reductions			
Travel	\$1	\$0	-\$1
Power	56	48	-8
Purchased Transportation	16	11	-4
ADA Paratransit	17	16	-1
Clipper Fees	11	8	-3
<i>Subtotal - Non Labor Reductions</i>	<i>\$101</i>	<i>\$84</i>	<i>-\$18</i>
Allocations Reductions			
Allocations	\$109	\$17	-\$92
FY20 Rail Car Reversal (applied as FY21 revenue)			-40
<i>Subtotal - Allocations Reductions</i>	<i>\$109</i>	<i>\$17</i>	<i>-\$132</i>
GRAND TOTAL			-\$146
GRAND TOTAL LESS INCREASED COSTS (REDUCTIONS ONLY)			-\$190

- **\$190M in cuts** made to Operating Budget since Shelter In Place began

Figures may not total due to rounding

FY21 Uses Summary

Uses (\$M)	FY21 Prelim Budget	FY21 Working Budget	Change (\$M) %	
Labor	\$636	\$601	-\$35	-5%
Power	56	48	-8	-14%
Non-Labor	168	158	-10	-6%
<i>Subtotal - Operating Expenses</i>	<i>\$859</i>	<i>\$807</i>	<i>-\$52</i>	<i>-6%</i>
Debt Service	47	47	0	0%
Allocations	109	17	-92	-84%
<i>Subtotal - Debt Service/Allocations</i>	<i>\$156</i>	<i>\$64</i>	<i>-\$92</i>	<i>-59%</i>
Uses Total	\$1,016	\$871	-\$145	-14%
COVID Expenses	0	44	44	
Grand Total – Uses	\$1,016	\$915	-\$101	-10%

- Uses are **reduced by \$145M** from planned expenditures, with **savings** coming primarily from **Labor and Allocations**
- **COVID expenses add \$44M to total uses**, and include labor & non-labor (details on following slides)
- **Labor, power and non-labor costs** include addition of 177 FTEs and expenses required to operate SVBX extension, which adds 10 miles to system (8% increase)

Figures may not total due to rounding

Increased Investment in Passenger, Employee Safety

Planned COVID-19 expenses in FY21

FY21 cost (\$M)

Planned COVID-19 expenses in FY21		FY21 cost (\$M)	
Enhanced cleaning regimens	Trains	Disinfecting every day 2-3 people wiping at the end of line (~1 min per car)	11
	Stations and facilities	Hire ~50 temporary workers to perform cleaning currently performed by redirecting work	7
PPE and testing	Passenger	Donated facemasks at high traffic stations Hand sanitizer to 50% of customers	1
	Employee	PPE (i.e., facemasks, gloves, coveralls and sanitizer) Elective COVID tests available	11
Enforcing physical distance	Customer touchpoints	Expedite Clipper Card only, paperless stations Roll out parking app systemwide	0
	Physical layout	Decals, banners and station posters	<1
	Employee presence	6 fare inspectors and 5 officers during PM	2
Communications campaign		Production and media purchases for ridership rebuilding	1
Dynamic workforce planning		2.5% increase in OT driven by union agreements and absenteeism	11
New technologies		Ongoing regular evaluation of innovative technologies (e.g., UV, robotic cleaning) by current staff	0
Total			44

FY21 Capital Sources

Source Type	FY21 Amount (\$M)
Federal	\$191
State	82
MTC Rail Car Exchange Account	362
Local/Regional	142
Earthquake Safety GO Bond	39
Measure RR	600
BART Capital Funds (including local match)	89
Total Fund Sources	\$1,506

Figures may not total due to rounding

FY21 Capital Uses by Program/Project

Use Type	FY21 Amount (\$M)
System Reinvestment (including RR)	\$425
System Reinvestment – CBTC	118
System Reinvestment - Rail Car (775)	412
Serv & Cap Enhancement	78
Serv & Cap Enhancement - 306 Rail Cars	33
Serv & Cap Enhancement – CBTC	35
Serv & Cap Enhancement - HMC Phase 2	99
Serv & Cap Enhancement - Rail Car (775)	66
Earthquake Safety	67
Safety & Security	65
System Expansion	46
BHQ (2150 Webster)	54
Reimbursable	8
Total	\$1,506

Figures may not total due to rounding

Timeline

Planned Dates	Topic
June 11	Budget Public Hearing
June 25	Budget Adoption
July 1	FY21 Begins
October Meeting	Q1 Budget Update, Checkpoint <u>Assess changes to:</u> Pace of ridership/fare revenue recovery Pace of economic recovery Public health mandates/added expense CARES Act 2 nd tranche allocation
January Meeting	Q2 Budget Update, Checkpoint
April Meeting	Q3 Budget Update, Checkpoint

Discussion