



▶ FY21 Budget Outlook

September 10, 2020



Agenda

- Recap of 8/27 budget outlook
- Focus on Ridership:
 - Rider Data trends
 - Factors in ridership recovery
- COVID Expense Update
- Summary / Next Steps

8/27 Recap: Summary

Ridership continues to depend on suppressing COVID-19 pandemic and future travel patterns likely to be very different than past years

- BART ridership is unlikely to recover substantially for many years
- Increasing concern for FY22 and out years

BART continues to advocate for additional emergency funding

- If this comes, it will most likely occur sometime in early-mid 2021 (very late in the current fiscal year); however, not likely to fill entire revenue gap

Staff is evaluating and responding to a large shortfall in FY21 and an even larger one in FY22

- A budget revision will be presented for review and adoption over the course of the October Board meetings







Staff is planning to bring service scenarios at first Board meeting in October

Even with additional federal assistance, there is no single solution; expect a number of measures: “the kitchen sink”

- Closing these shortfalls will require difficult tradeoffs, and will limit our ability to provide frequent, reliable service in the near term or meet expected demand over the long term

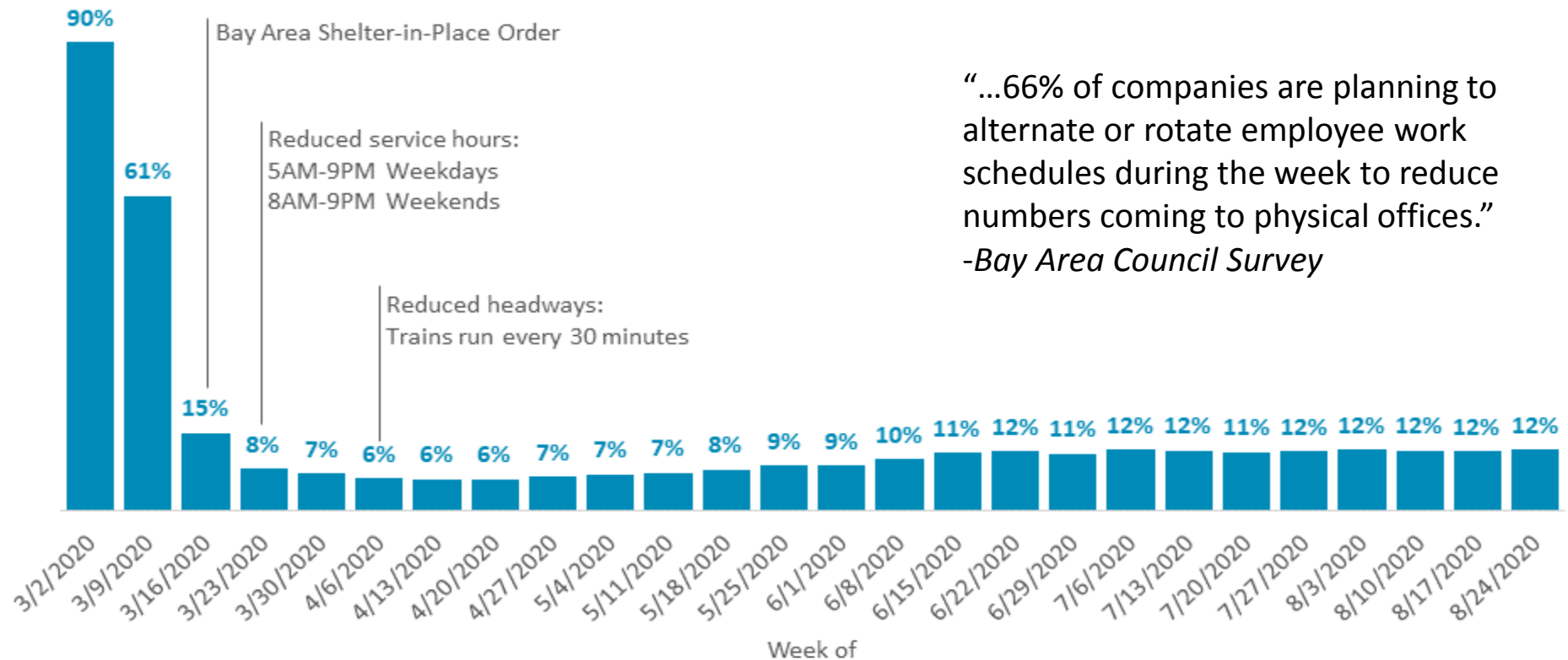


8/27 Recap: Key Indicators Staff Are Monitoring

| Revenue Category | Outcome | Impact |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Estimated FY20 Year-end Result | FY20 closed better than projected in April |  |
| COVID Containment | Containment still distant, with all Bay Area county re-openings paused; California reporting errors leave trends unclear |  |
| Fare Revenue | Ridership levelled off at 12% of pre-COVID baseline |  |
| FY21 Sales Tax | BART sales tax receipts 10% above budget through August (reflects April-June sales activity); forward-looking picture unclear |  |
| FEMA reimbursement | Reimbursement assumptions lowered, partially due to lower COVID costs incurred |  |
| Federal Emergency Assistance | Talks in Congress broke off on August 7, with state & local assistance a major point of disagreement; Senate back in session 9/8 |  |

Persistently high new case numbers and offices remaining closed have caused ridership recovery to stagnate

BART Weekly Ridership Tracker during COVID Pandemic
% of Expected Baseline Ridership



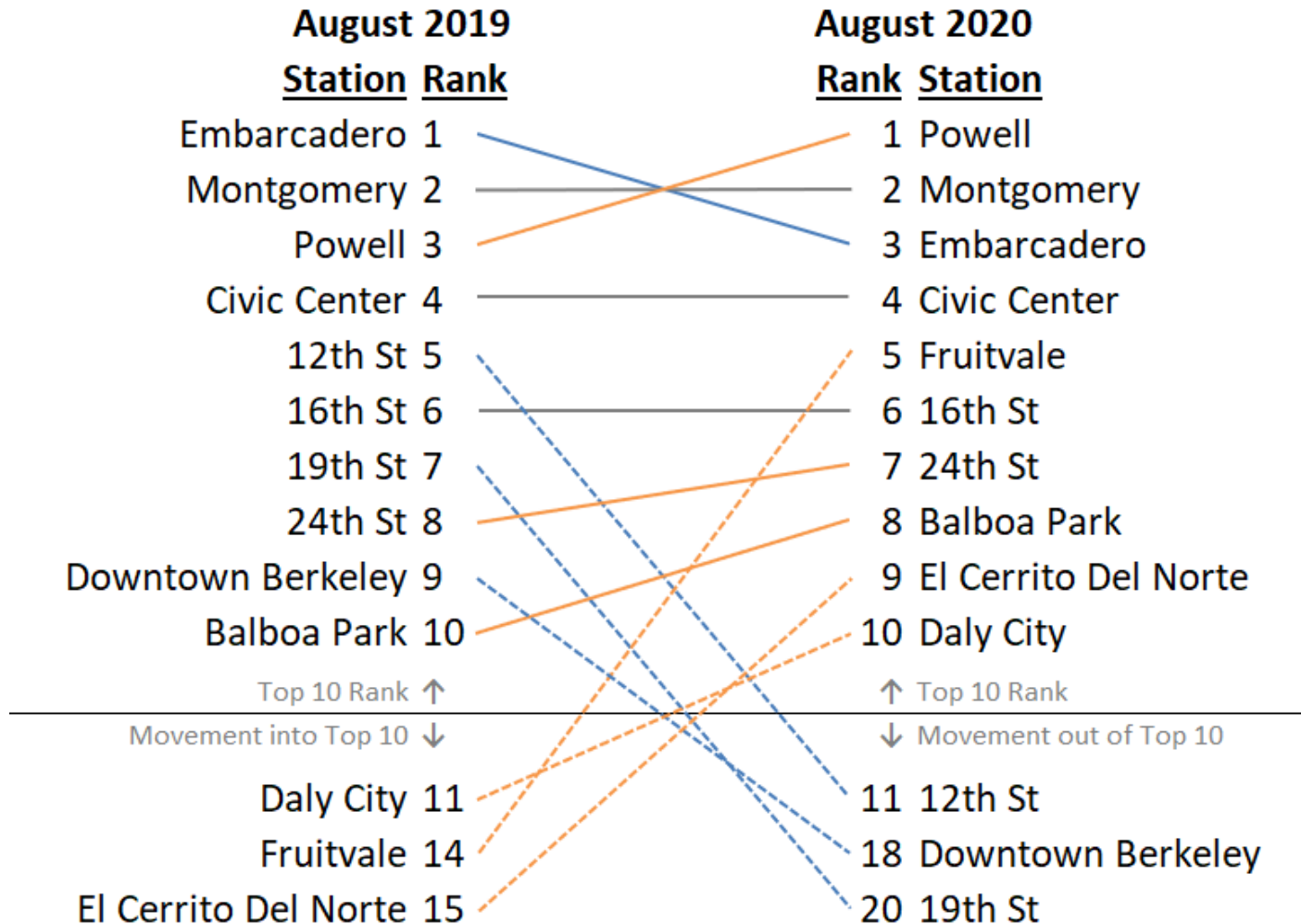
BART service remains essential during the pandemic

Of those riding BART during Shelter in Place:

- 62% of riders identify as essential workers;
- 59% of lack access to a car; and
- 35% have household incomes below \$50K

BART rider survey; conducted May 20-26

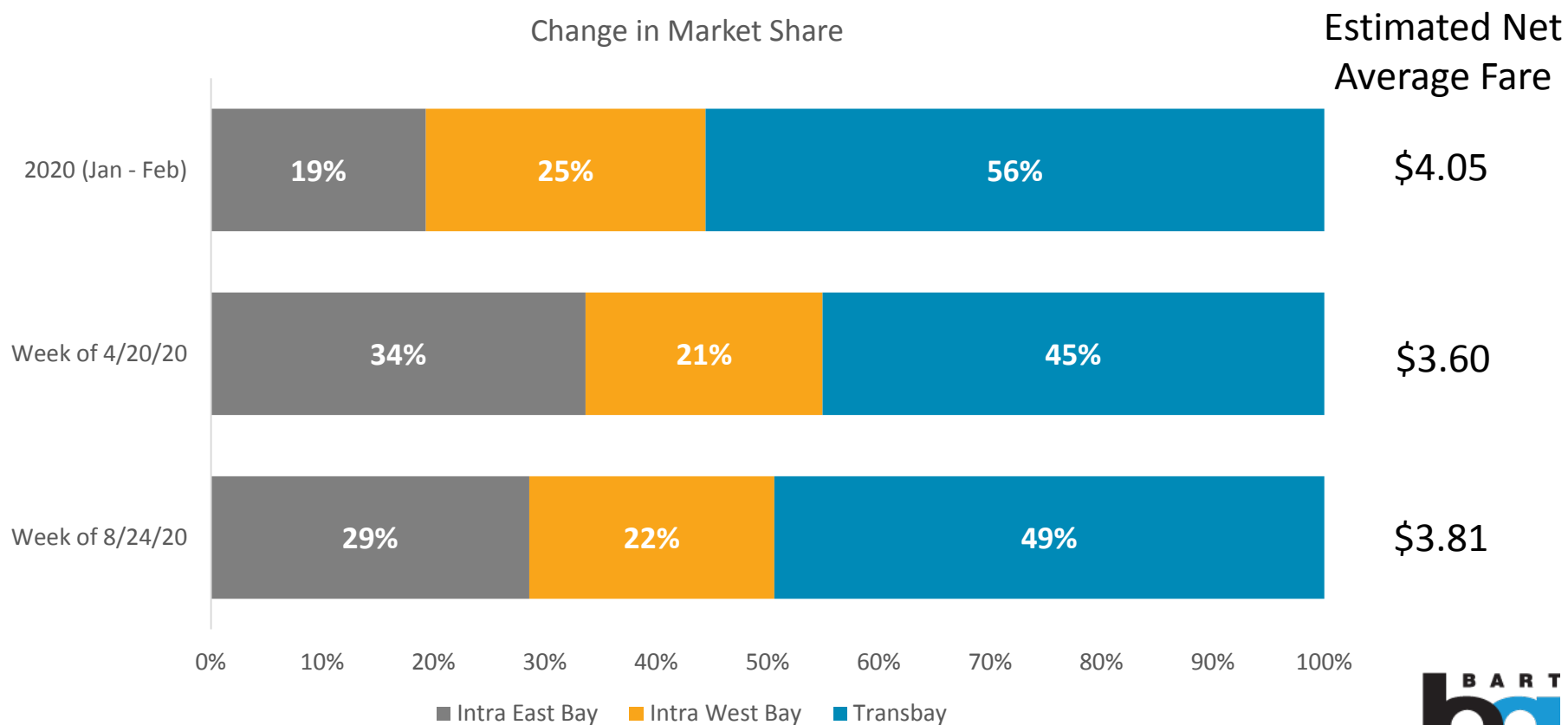
Fruitvale, El Cerrito del Norte, and Daly City are now among top 10 busiest stations





Average trip length and average fare fell sharply in March and April, but have bounced back since

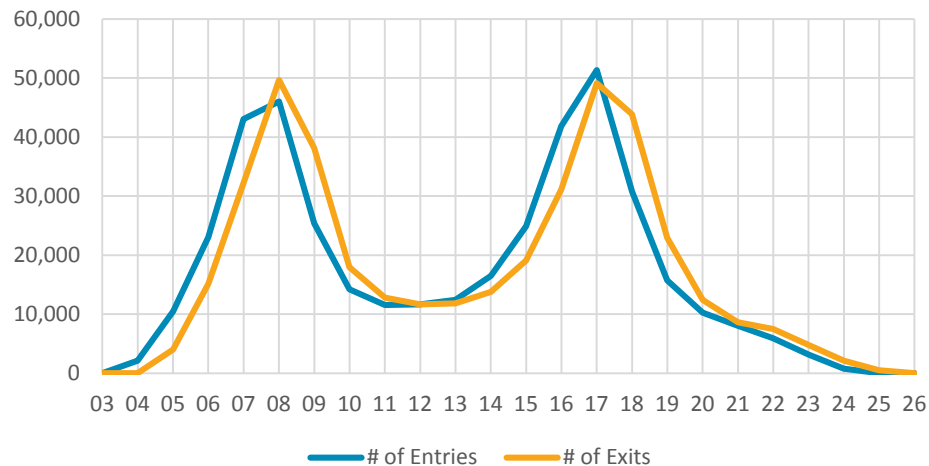
- During March and April, long trips and Transbay trips fell sharply as a share of overall BART trips, and average fare dropped
- Since April, trip patterns and average fare have trended toward pre-COVID levels



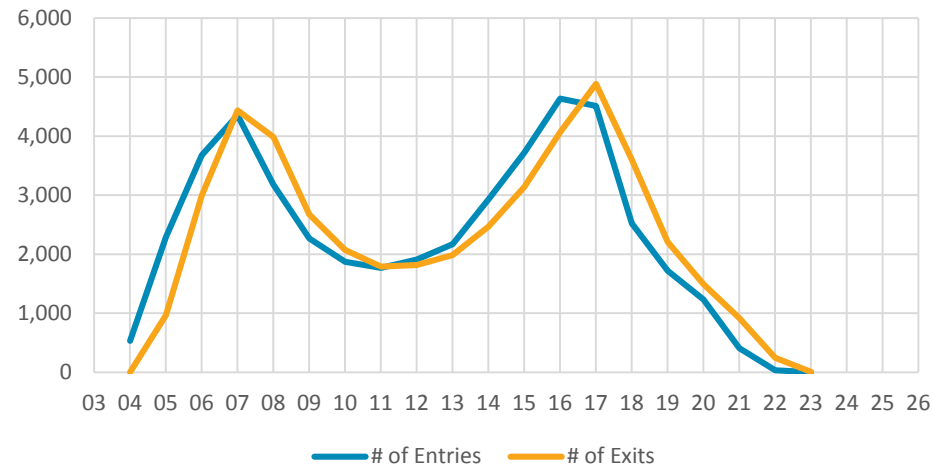
Distribution of Trips by Time is Similar to pre-COVID

- Despite very difference service frequencies and significantly reduced ridership, recently hourly trends are similar to pre-COVID
- AM and PM peaks are a bit lower as a share of total ridership, and the mid-day trough is a bit higher

August 2019 Avg Weekday Ridership Distribution



August 2020 Avg Weekday Ridership Distribution



Ridership Recovery Comparisons

Agency

Current Ridership Levels

WMATA



DC Metro ridership is averaging **13% of baseline** as of August 2020

MARTA



Rail ridership is averaging **28% of baseline** as of August 2020

New York MTA



NYC Subway, Metro-North, and LIRR are averaging ridership of **25%, 22%, and 26% of baseline** as of August 2020

LA Metro



Metro rail ridership across both the subway and light rail systems is averaging **roughly half** of baseline as of July 2020

SEPTA



Elevated and Subway ridership is averaging **25% of baseline** and Regional Rail is average **8% of baseline** as of July 2020

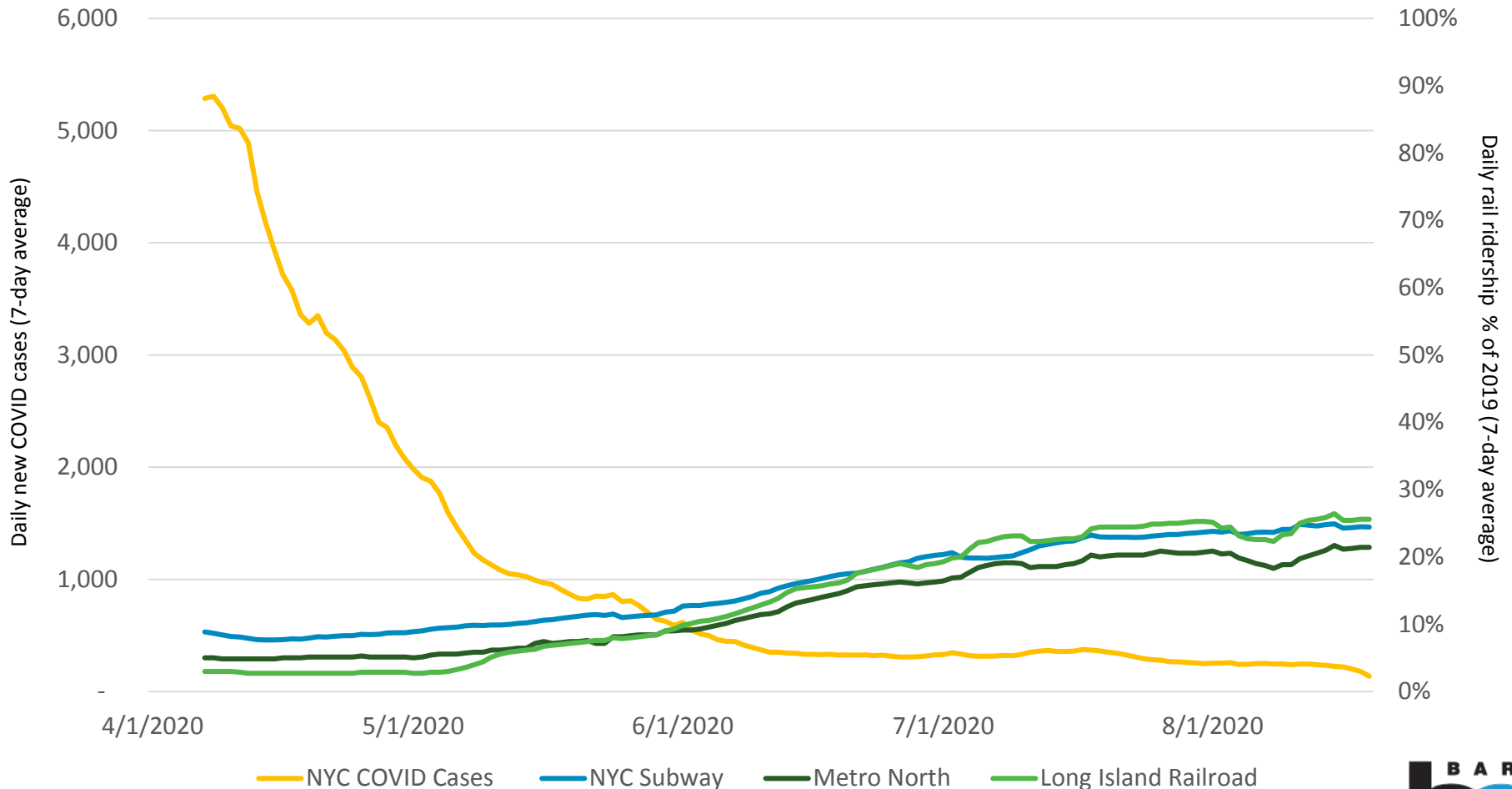
TSA (Airlines)



Air travel is averaging **29% of baseline** ridership as of August 2020

New York shows that containment alone may not bring back riders right away

New York City COVID Cases vs Rail Ridership (7 day average)



Ridership recovery depends on many factors, all uncertain

| Driver | Key questions |
|------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Public Health and Economy | |
| COVID containment | <ul style="list-style-type: none"> • Can August progress be sustained? • Will we see a winter surge? |
| State/county re-opening | <ul style="list-style-type: none"> • Will new (slower) re-opening plan have more success? |
| Economy & employment | <ul style="list-style-type: none"> • How many job losses will be permanent? |
| Science & Medicine | |
| Treatments / mitigations | <ul style="list-style-type: none"> • Will improved treatment/testing drive behavioral change? |
| ➔ Vaccine(s) | <ul style="list-style-type: none"> • Effectiveness of vaccines? Timing of approval/distribution? |
| Individual and Employer choice | |
| ➔ Perception of risk / confidence in public transit | <ul style="list-style-type: none"> • When real risk falls, how quickly will confidence improve? |
| ➔ Return to work / work from home | <ul style="list-style-type: none"> • When will major employers re-open for on-site work and at what scale? • Long term increase in remote work? |
| BART Service | |
| ➔ Level of service / capacity | <ul style="list-style-type: none"> • How much service can BART provide? • Can BART retain capacity to serve demand when it returns? |
| Health and safety standards / communications | <ul style="list-style-type: none"> • Impact of regional Healthy Transit Plan on customer confidence? |

COVID Operating Measures Update

| Planned FY21 Costs (May 2020) | | September 2020 Update | Budgeted | Sept Estimate |
|-------------------------------|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------------|
| Enhanced cleaning regimens | Trains | Performing work with existing staff freed up by reduced service schedule <i>Note: Spending will increase as service expands</i> | 11 | 4 |
| | Stations and facilities | | 7 | 3 |
| PPE and testing | Passenger | Figures revised to incorporate lower actual PPE costs, slightly offset by testing costs | 1 | <1 |
| | Employee | | 11 | 6 |
| Encouraging physical distance | Customer touchpoints | Work moving ahead, notably Clipper-only conversion | 0 | 0 |
| | Physical layout | | <1 | <1 |
| | Employee presence | Additional BPD Ambassadors, Community Outreach Specialist to be hired | 2 | 2 |
| Communications campaign | | Welcome Back Plan, Bay Area Healthy Transit Plan, various media buys | 1 | 1 |
| Dynamic workforce planning | | Staff not contracting COVID or needing to quarantine in large numbers; not changing estimate | 11 | 11 |
| New technologies | | Piloting improved MERV filters and ultraviolet (UV) lighting in HVAC ducts | 0 | 0 |
| Total | | Currently estimating less than \$44M; increased service would increase spending; continued success protecting frontline workers will control spending | 44 | 27 |

Summary

Ridership Data

- **Remaining BART riders are mostly essential workers**; many lack access to a car and have low incomes. Stations serving lower income neighborhoods are now among our busiest.
- **Current distribution of trips by time is similar to pre-COVID**, average trip length and average fare fell sharply and first, but have bounced back since April
- **Most peer US rail services continue to have very low ridership**, as do air carriers
- **Many factors influence ridership recovery**, each with great uncertainty. Vaccine timing and efficacy, confidence in transit, and the timing of return to on-site work are critical factors.

Budget Update

- **COVID Expenses are projected to be below budget**, but we continue to monitor needs
- **Staff is preparing options to address the projected serious FY21 operating budget shortfall**; these will consider cost reductions (labor and non labor), revenue strategies, and one-time resources
- **Additional federal and state funding is required** to avoid damaging cuts to essential service

Board Calendar – FY21 Budget

| Planned Dates | Topic |
|---------------|-------------------------------------------------------------------------------|
| September 24 | FY20 Year End Close Resolution [action item] FY21 Budget Update [info] |
| October 8 | Budget revision sources and uses, potential service plans presentation [info] |
| October 22 | Board votes on budget revision [action item] |



Discussion

