



# Public Hearing on the Fiscal Year 2023 and Fiscal Year 2024 Two-Year Annual Budget

BART Board of Directors

May 26, 2022



# FY23 & FY24 Operating Budget – Executive Summary

The FY22 Operating Budget made investments in:

- More frequent service, including weekends, and longer service hours
- Less crowding
- Increased employee presence throughout the system to promote safety and security
- Cleaner trains and stations
- Reducing long-term expenses and liabilities

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:

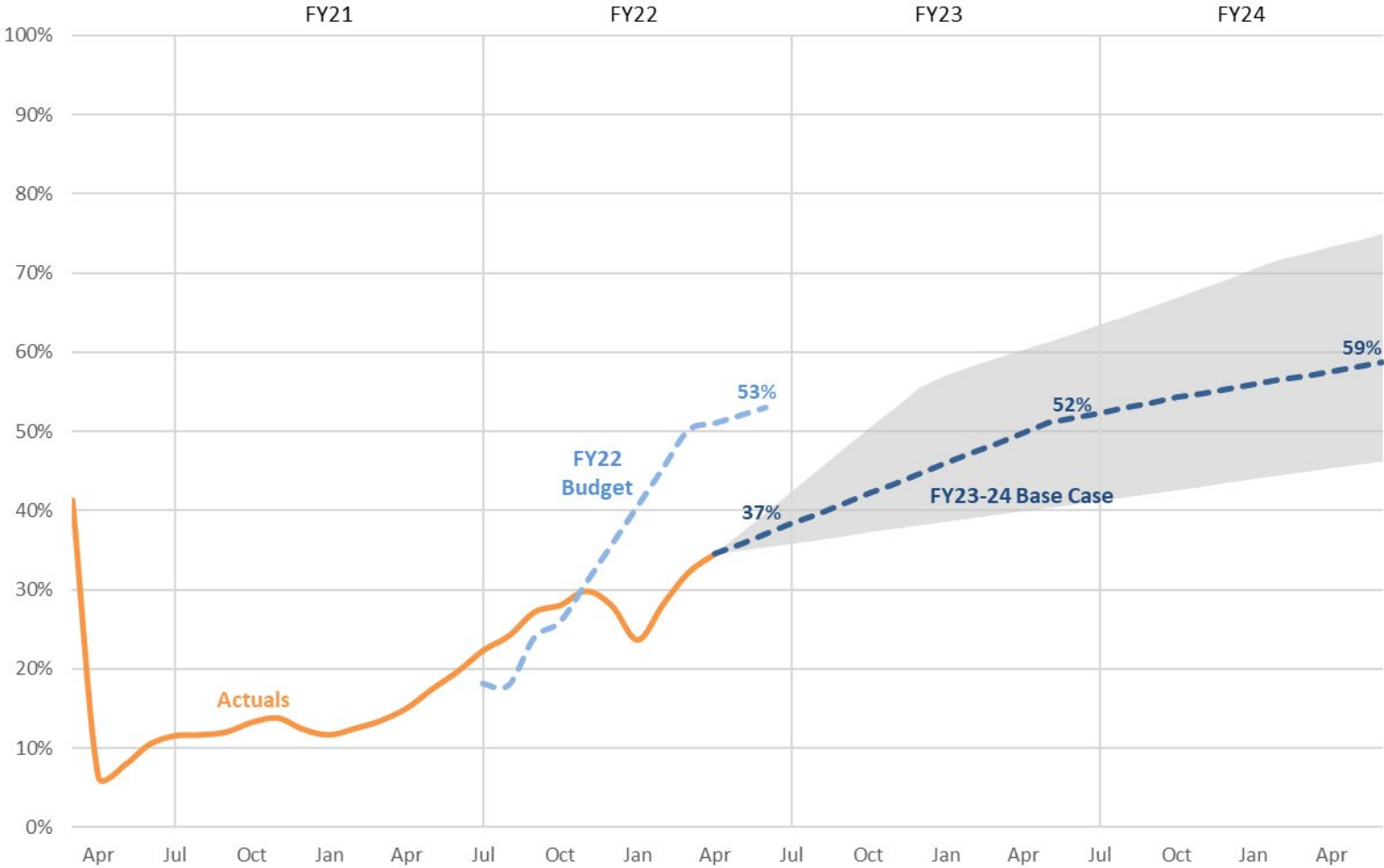
- Efforts to reduce budget to actuals variance, notably by reflecting industry-wide and regional hiring challenges
- BART's first two-year budget

# FY23 & FY24 Operating Budget – Updates

## Major changes since Preliminary Budget (released 3/31):

- Revisions to operating revenues
- Additional technical cleanup of positions to:
  - Reflect actual time charging
  - Provide more hiring authority for positions critical to service expansion
- Vacancy rate adjusted to more closely reflect actuals
- Adjustments to miscellaneous fringe costs
- New allocation for underground restroom rehabilitation

# 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 & Financial Assistance

Total Traditional Sources (\$Millions)	FY22 Adopted	FY22 Forecast	FY23 Prelim	FY23 Proposed	Prelim to Proposed		FY24 Prelim	FY24 Proposed	Prelim to Proposed	
					\$	%			\$	%
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>
<b>Total - Traditional Sources</b>	<b>633.0</b>	<b>651.2</b>	<b>702.7</b>	<b>703.8</b>	<b>1.1</b>	<b>0%</b>	<b>793.3</b>	<b>794.4</b>	<b>1.1</b>	<b>0%</b>

- Per Board policy, budget includes a CPI-based 3.4% fare increase effective July 1, 2022
- Total operating revenue budget (excluding federal assistance) increases 11% in FY23 and 13% in FY24
- Sales tax remains largest single regular revenue source



# FY23 & FY24 Total Expense

Total Uses (\$Millions)	FY22 Adopted	FY22 Forecast	FY23 Prelim	FY23 Proposed	Prelim to Proposed		FY24 Prelim	FY24 Proposed	Prelim to 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 &amp; 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>
<b>Total - Uses</b>	<b>1,018.7</b>	<b>948.4</b>	<b>1,031.2</b>	<b>1,017.4</b>	<b>(13.8)</b>	<b>-1%</b>	<b>1,080.6</b>	<b>1,067.8</b>	<b>(12.8)</b>	<b>-1%</b>

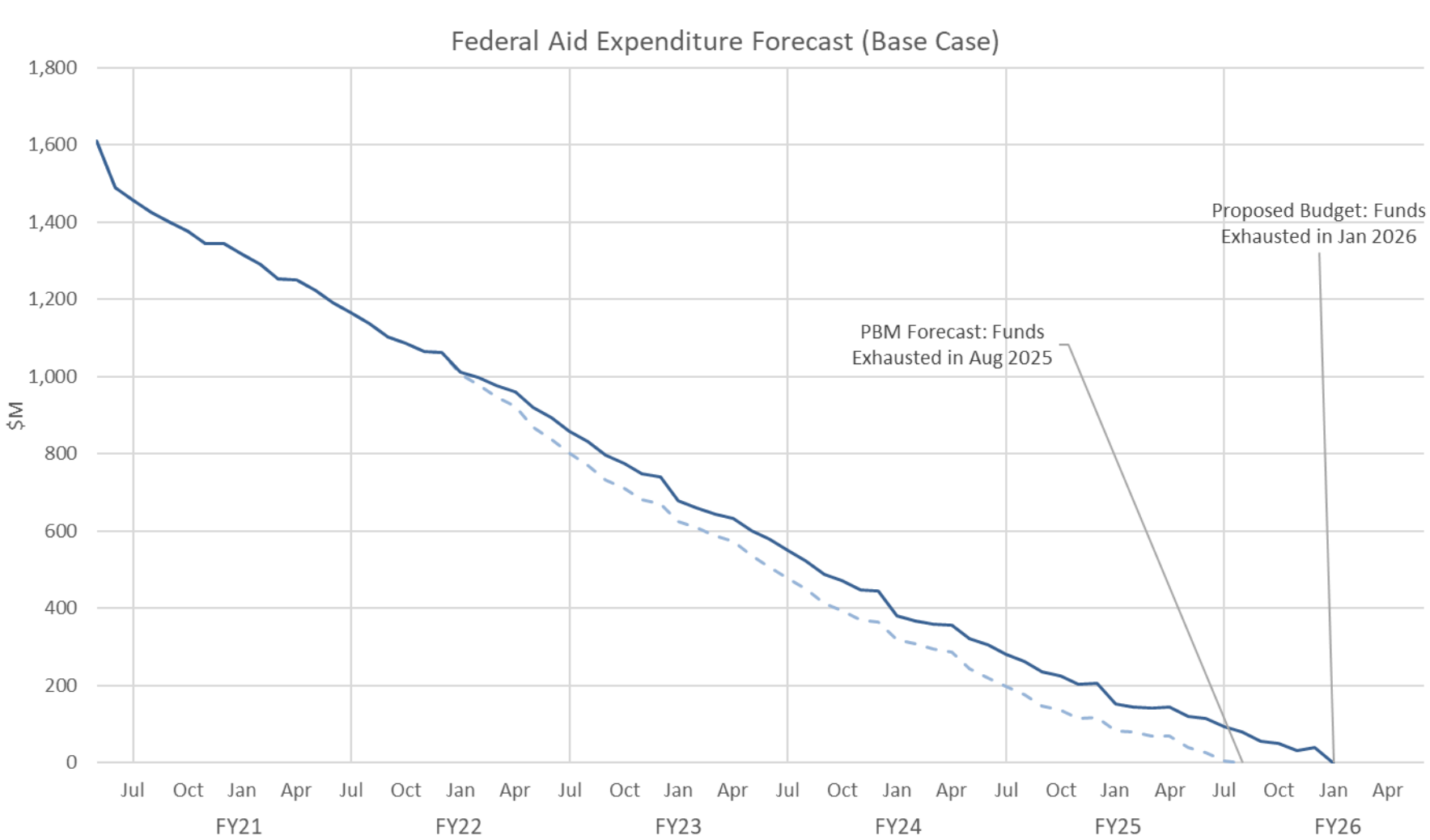
- FY22 expense forecast is \$70.3M below FY22 Adopted Budget
  - \$61.4M attributed to labor underspending, primarily due to unfilled positions
  - \$8.9M attributed to miscellaneous non-labor categories
- Total FY23 Proposed Budget comparable to FY22 Adopted Budget

# FY23 & FY24 Net Result & Federal Emergency Assistance Need

Federal Assistance Need (\$Millions)	FY22 Adopted	FY22 Forecast	FY23 Prelim	FY23 Proposed	Prelim to Proposed		FY24 Prelim	FY24 Proposed	Prelim to 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	<b>(385.7)</b>	<b>(297.1)</b>	<b>(328.5)</b>	<b>(313.6)</b>	<b>14.9</b>	<b>-5%</b>	<b>(287.3)</b>	<b>(273.4)</b>	<b>13.9</b>	<b>-5%</b>
<b>Federal Emergency Funding</b>	<b>385.7</b>	<b>297.1</b>	<b>328.5</b>	<b>313.6</b>	<b>(14.9)</b>	<b>-5%</b>	<b>287.3</b>	<b>273.4</b>	<b>(13.9)</b>	<b>-5%</b>

- 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 now projected to end in mid-FY26

# BART's Fiscal Runway

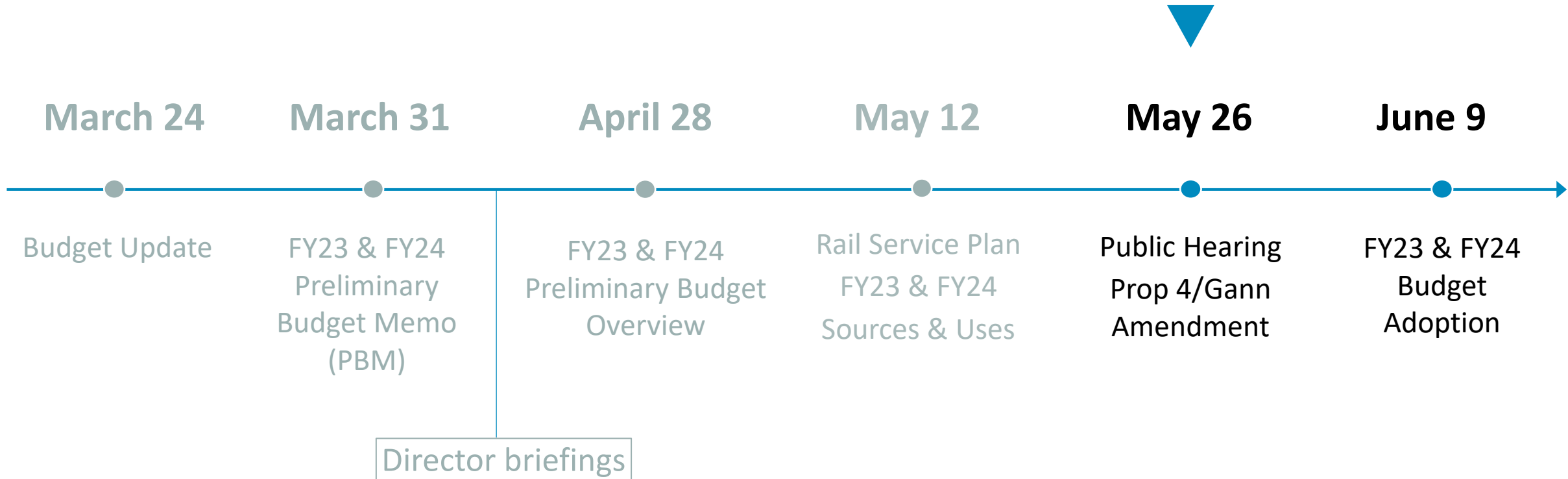


- Forecasted projects ~\$305M of federal aid available after FY24
- In the base case scenario, federal funding now covers projected deficits until January 2026





# Timeline and Next Steps



# Public Comment