BART

Fiscal Year 2011 Preliminary Budget

MARCH 31, 2010

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SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
MEMORANDUM

TO: Board of Directors Date: March 31, 2010

FROM: General Manager

RE: Fiscal Year 2011 Preliminary Operating Budget

Fiscal Year 2011 (FY11) budget discussions begin as the District is managing the worst economic downturn in its history. In FY10, the District's two largest revenue sources, ridership and sales tax, have declined 8% and 13%, respectively, to date. Recognizing the need to bring expenses in line with revenues, the Board approved a variety of measures in FY10 to control expense and enhance revenue, including working with union leadership to modify contract language to reduce inefficient work rules, establishing parking fees at additional stations, initiating a fare increase, and eliminating positions.

In February, the FY11 pro forma budget - essentially a rollover of the FY10 budget - projected a $14 million (M) deficit primarily due to the continued decline in revenues. Since February, we have continued to update our budget projections and now estimate a $10M deficit for FY11 before the inclusion of any recommended budgetary solutions.

The FY11 budget proposes reductions of $5M in labor and non-labor expenses. The preliminary budget includes the reduction of 37 positions from the operating budget. Twenty positions would be converted to the capital budget from the operating budget. The 17 remaining positions in the operating budget include nine that are vacant, and eight that are currently filled. As in the FY10 budget revision, we are committed to achieving the labor cost savings without layoffs by carefully managing and reducing positions through attrition. Our experience to date with the FY10 process has been encouraging, with placements accomplished or in process for most of the positions that were eliminated. Work continues to identify placements for the less than five remaining positions. At this point, it appears possible that the necessary reductions can be accomplished without activating the reduction in force ('bump') process for represented employees. As was the case with the FY10 reductions, the District may issue notices to potentially affected employees in order to redirect resources into the District's priority areas as it accomplishes position reductions for FY11.

We continue to minimize impacts on service levels and customer convenience by calling on administrative and support functions to take a higher percentage of the cuts, in both labor and non-labor, than the frontline service departments. Along with these $5M of expense reductions, we recommend using $5M of the recently available State Transit Assistance (STA) revenues from FY10 to close the remaining deficit.

During the month of March, the District met with union officials to hear their suggestions on ways to cut costs in the FY11 Budget. The meetings were thoughtful and a wide variety of ideas were brought forward. Many, such as a selective hiring freeze and travel restrictions, have already been implemented. Another suggestion, to fund as many positions as possible with capital funding, is also evident in the preliminary budget. As noted earlier, 20 of the 37 positions slated for elimination are conversions to capital. We are also carefully evaluating all positions filled through the temporary services contract and other professional services agreements in an effort to identify positions that might be filled by District employees. We are carefully analyzing the remaining suggestions and will be incorporating more that have real savings into the work program for the coming year.

The preliminary budget does not include any recommendations for service reductions or revenue enhancements. I recommend we keep fares and service intact, as this will position us to regain ridership as the economy begins to grow. It should be noted that based on recent customer survey data, it is clear that the sluggish economy and the cost of riding BART are increasingly impacting mode choice. Given that 76% of BART's customers are "choice" riders, it is important that we work to keep BART as the affordable, reliable transportation mode of choice. However, in order to provide context for the upcoming budget deliberations we have included a table in the appendix illustrating revenue enhancement options.

On March 22nd, Governor Schwarzenegger approved new transportation finance legislation that provided for the revenues from the sales tax on diesel fuel to be directed to public transit agencies in the form of STA funding. STA revenues had been diverted in FY09 and FY10 and were eliminated by the Governor until FY13. While the newly approved STA legislation appears to provide the District with an ongoing revenue stream, the funding is more vulnerable to State budget diversions than previous STA revenues that were specifically directed to public transit by a voter-approved constitutional amendment, Proposition 42. STA revenues will be subject to annual appropriations by the legislature. The new legislation results in anticipated revenue of $26M for FY10 and FY11 and approximately $23M in FY12 and beyond.

Given the transit industry's experience with STA funding and the State of California's ongoing budget problems, future STA revenues are not a guarantee. The Metropolitan Transportation Commission (MTC) has cautioned transit operators that the law is subject to change and we should treat the funding accordingly. Due to the uncertainty surrounding future STA funds and the economic recovery, we will continue to emphasize controlling expenses as detailed in the attached preliminary budget memo.

As we have discussed with the Board, based on existing agreements with the MTC and our partner Bay Area transit properties, some of the District's STA funds will continue to be used to fund some feeder bus operations – approximately $5M in FY11. The District does not have a feeder bus agreement with Alameda-Contra Costa Transit (AC Transit). MTC has advised that the District and AC Transit will need to negotiate a new agreement regarding compensation for feeder services.

With the additional STA funding for FY11, I am recommending that in addition to closing the FY11 budget deficit we also replenish the District's operating reserve. The current policy calls for an operating reserve equal to 5% of annual operating expense or $24M. With a current operating reserve of $15M, I am recommending we use $9M of STA funding to meet the Board adopted operating reserve goal. We have previously discussed the need to increase the reserve percentage, but given the uncertain economic climate, restoring our reserves to at least the 5%

goal should be a high priority. During FY11, it is important that we revisit the operating reserve policy, given the dramatic economic “boom and bust” cycles we have experienced over the last decade.

To look at the FY11 operating budget in isolation can be misleading. If STA revenues are not annually appropriated by the State legislature, the District will face continuing operating deficits in the upcoming years, as indicated in preliminary financial projections in the District’s Short Range Transit Plan’s (SRTP). While the operating budget for FY11 can be balanced with the use of the STA funding, the District’s capital reinvestment shortfall was exacerbated by the redirection of federal stimulus and “flexible” funding from capital projects to operating funds in the FY10 budget revision. As the Board discussed during the FY10 budget deliberations, use of the one-time money and capital funding to address ongoing operating deficits is not a sustainable strategy and was approved only due to the high priority placed on maintaining service levels and fares and minimizing the number of position reductions.

As we develop strategies to address near term operating deficits, we must remain focused on the need for reinvestment in the District’s aging infrastructure -- so critical for maintaining safe, reliable train service. This priority was acknowledged in previous years, when the District allocated more than a minimal, baseline amount of District revenues to capital. This allowed us to meet the local match to grants, to fund certain basic renovation and other capital needs not eligible for grants, and to maintain a small capital reserve. For the past few years, we have been able to meet only the most essential needs from internal capital funds, and we have exhausted the small capital reserve that was available to meet unforeseen needs at the time of budget adoption. With the availability of new STA revenues we must consider use of some of this money to augment the capital reinvestment program and set aside funds that will allow us to address unforeseen capital needs that invariably occur.

The infusion of STA funding provides potential budgetary solutions for the FY11 deficit ($5M), the replenishment of operating reserves ($9M), and the restoration of feeder bus subsidies ($5M – without AC Transit subsidy). With Board approval of the recommendations, the District has a budgeted net positive result of $9M. With the acknowledgement that a feeder bus transfer payment is still subject to negotiations with AC Transit, budget discussions over the coming weeks will determine the priority for the remaining funds.

Given the uncertainty surrounding the economy and the STA funds, a prudent option would be to establish a larger operating reserve, and setting aside some or all of the funding until we achieve a higher comfort level with the state of the economy and reevaluate the current operating reserve policy.

The STA funding lends itself to the investment in capital programs and projects. An in depth study of the District’s future infrastructure needs, the completion of the car flooring and car interior capacity upgrades, or starting to “bank” funds for critical future investments like the Hayward Maintenance Complex or completing funding for the Oakland Airport Connector (OAC) project, are illustrative of worthwhile investments in BART’s capital program.

During the upcoming budget deliberations, the District must evaluate the need for a larger operating reserve or investment in capital programs as well as other worthwhile goals such as the establishment of programs that focus on customer satisfaction and improved customer service.

With the future of STA funds uncertain, the timing of economic recovery unclear, ridership and sales tax declines and the reality that the District's extensive capital reinvestment needs are not being met through currently available transportation funding programs, the District's financial challenges are still considerable. It is critical for the District to continue the focus on controlling expenses as we anticipate a long, slow recovery of our primary revenue sources. To put this in perspective, FY10 sales tax revenue is projected to be less than FY00 – a 10-year loss of revenue growth that will take many years to recoup. I believe the FY11 preliminary budget balances the need for providing quality service for our customers, while creating greater efficiency of operations in an era of continued economic uncertainty. I am looking forward to working together with the Board as we finalize this year's budget.

Dorothy W. Dugger

Dorothy W. Dugger

cc: Board Appointed Officers
Deputy General Manager
Executive Staff

1 Introduction

This document presents the District's Preliminary Operating Budget for FY11. The document begins with the summary level District Income Statement and a list of the major budget assumptions. Further detail on the assumptions in each major budget area follows in the Operating Sources and Operating Uses sections. The Board of Directors receives the Preliminary Budget document each year by April 1. During April and May, staff will give a series of presentations at regularly scheduled Board meetings. Board rules require adoption of the upcoming annual budget by June 30 of each year.

FY10 Background

The FY10 budget process began in early 2009 amidst the worst recession ever experienced by BART. Revenue sources had declined substantially and costs were on the rise, particularly in employee health insurance and retiree medical expense. All five labor union contracts were also under negotiation. The FY10 budget ultimately adopted in May 2009 included revenue solutions of increases to fares and parking fees, and expense reductions, including 100 positions and non-labor related service adjustments, as well as other budget actions. Even after these actions, the adopted budget still contained a deficit and depended on the outcome of labor negotiations for additional savings.

The four-year labor contracts were approved in the fall of 2009 and produced $11.3M in FY10 budget savings with lower medical and other benefit costs and work rule changes, including the elimination of 36 positions. The FY10 budget was revised in January 2010 to reflect the labor contracts and also the continued reduction in operating sources, and additional actions to rebalance BART's budget. The revision included both ongoing budget reductions with long-term savings, including eliminating another 74 operating positions and use of one-time funds.

FY11 Preliminary Budget

Preparation of the FY11 budget began in January 2010. A presentation on the Pro Forma for FY11 was presented to the BART Board in February 2010 and showed a $14M deficit plus additional deficits ranging from $14M to $17M over the following three years. In this memo, staff has refined and updated those projections and included new, actual information when available. Updates to the Pro Forma deficit have lowered the projected deficit to $10.6M. The Preliminary Budget includes proposed expense reductions of $5.3M to address this deficit.

The new STA funding is estimated to provide $26.2M to the District, less $5M to feeder bus operators, not including AC Transit. In future years, the STA is estimated to gross approximately $23M prior to the feeder bus transfer. Due to the availability of STA funds to meet feeder bus payments, the District will not need to contribute its $2.5M from our operating funds to feeder bus operators, making the net impact of the STA $23.7M. The Preliminary Budget includes an allocation of $9.3M to restore operating reserves and uses $5.3M to address the deficit, leaving $9.1M (less an amount to be negotiated for AC Transit feeder service) to be determined during the budget process. The ongoing nature of the STA funds is uncertain, as is the state of the economy; therefore we recommend implementing the proposed expense reductions to continue our efforts to bring expense into better alignment with ongoing revenue.

INCOME STATEMENT ($millions)	Budget FY10 Revised	Budget FY11 Preliminary	Change $	Change %
SOURCES				
Passenger Revenue	$ 329.5	**$ 329.5**	$ 0.0	0%
Other Operating Revenue	23.4	**19.3**	(4.0)	-17%
Parking Revenue	13.2	**13.4**	0.2	2%
REVENUE TOTAL	**366.0**	**362.2**	**(3.8)**	**-1%**
Sales Tax	162.5	**162.5**	-	0%
Property Tax	29.5	**29.5**	-	0%
State Transit Assistance	-	**21.2**	21.2	n/a
Other Assistance	10.6	**2.2**	(8.4)	-79%
Federal 5307 Preventive Maintenance	4.5	**0.2**	(4.3)	-95%
Rail Car Fund Swap - Grant	22.7	**-**	(22.7)	-100%
ARRA (Stimulus) Grants	15.0	**-**	(15.0)	-100%
ADA Flexible Set-Aside	3.0	**-**	(3.0)	-100%
SFO - Operations	2.4	**3.6**	1.2	49%
Other Allocations	3.2	**3.2**	-	0%
TAX & FINANCIAL ASSISTANCE TOTAL	**253.4**	**222.4**	**(31.0)**	**-12%**
SOURCES TOTAL	**619.4**	**584.6**	**(34.8)**	**-6%**
USES				
Net Labor	331.0	**315.6**	(15.4)	-5%
Retiree Medical	23.5	**24.8**	1.3	6%
OPEB* Unfunded Liability	15.1	**6.6**	(8.5)	-56%
Purchased Transportation	23.2	**15.0**	(8.2)	-35%
Traction & Station Power	35.3	**34.9**	(0.4)	-1%
Other Non-Labor	84.9	**82.5**	(2.4)	-3%
Rail Car Fund Swap - Payment to MTC	22.7	**-**	(22.7)	-100%
OPERATING EXPENSES TOTAL	**535.6**	**479.4**	**(56.2)**	**-10%**
Debt Service	59.4	**62.3**	2.9	5%
MTC Loan Repayment	9.1	**8.9**	(0.2)	-3%
Capital Rehabilitation Allocations	22.4	**21.7**	(0.8)	-3%
Other Allocations	8.0	**0.6**	(7.4)	-93%
Allocations to Reserves	-	**9.3**	9.3	
ALLOCATIONS TOTAL	**98.9**	**102.7**	**3.8**	**4%**
USES TOTAL	**634.5**	**582.1**	**(52.3)**	**-8%**
OPEB Unfunded Liability	**(15.1)**	**(6.6)**	**8.5**	n/a
NET RESULT	**$ 0.0**	**$ 9.1**	**$ 9.1**	
KEY PERFORMANCE INDICATORS				
Operating Ratio	71.4%	**75.6%**	4.2%	5.9%
Rail Farebox Recovery Ratio	67.1%	**70.8%**	3.7%	5.4%
Farebox Recovery Ratio	64.2%	**68.7%**	4.5%	7.0%
Average Weekday Trips	334,469	**334,469**	-	0.0%
Passenger Miles (billions)	1.38	**1.38**	-	0.0%
Rail Cost / Passenger Mile	34.4¢	**33.1¢**	(1.2¢)	-3.5%

*OPEB: Other Post Employment Benefits, including retiree medical, life insurance, survivor benefit, etc.

FY11 Preliminary Budget Major Assumptions

($ provided from deficit reduction proposals in bold)

Sources

- **Ridership:** Core system and San Francisco Airport (SFO) Extension projected to be flat compared to FY10, after an estimated 6.4% and 4.4% decline from FY09, respectively.
- **Passenger revenue** assumes a continuation of current fares.
- **Parking revenue:** After mid-FY10 modification to East Bay daily parking policy, Daily Paid Parking was implemented at five stations.
- **Sales tax:** down 13% YTD in FY10. Assumed flat in FY11 as economy slowly recovers.
- **Property tax:** Flat in FY11 after projected 3% decline in FY10 due to lower property assessments.
- **State Transit Assistance:** March 2010 state legislation results in $21.2M to BART in FY11, net after $5M funding to feeder bus operators (not including AC Transit).
- **Other Assistance:** Declines due to $8.1M of one-time fund swaps in FY10.
- **SFO Operations**: Slightly higher operating subsidy need from SFO reserve in FY11, due to increase built into formula for expenses.

Uses

- **Net Labor:** Includes 0% wage increase assumption. Includes proposed expense reduction of 17 positions and 20 operating to capital conversions totaling $5.3M.
- **Retiree medical:** $12.9M for current retiree premiums and $11.9M retiree medical trust contribution.
- **Other Post Employment Benefit (OPEB)** Unfunded Liability is non-cash recognition of difference between full Annual Required Contribution and FY10 retiree medical payments and does not affect bottom line.
- **Purchased Transportation:** Includes ADA Paratransit ($12.4M), Muni feeder transfer payment ($2.3M), AirBart ($0.3M). BART feeder contribution of $2.5M not needed due to STA funding that will be diverted to feeder bus operators. FY10 included one-time $5.9M because BART processed ARRA grant on behalf of MTC and transferred funds to feeder operators.
- **Power**: Decreases by $0.4M, $1.3M lower power costs less $0.9M PG&E Public Purpose Program increase.
- **Other Non-labor** decreases $2.6M, primarily due to the conclusion of the Strategic Maintenance Grant and FY10 one-time costs. Includes proposed budget cuts of $0.9M.
- **Capital Rehabilitation Allocations** are required to leverage local match for federal grants and provide funding for critical capital projects not typically eligible for grant funding, such as station renovation, capital equipment, etc.

In comparison between FY10 and FY11, this document uses the January 2010 budget revision. Please note that the numbers throughout this document are generally rounded to the nearest $0.1 million and some tables might not add due to rounding.

2 Operating Sources

This section provides detail on BART's operating sources, which are made up of revenue, tax, and financial assistance, as listed in the Income Statement. The amount of revenue, tax and financial assistance BART takes in depends largely on interrelated factors that are beyond BART's control such as employment, business activity, population growth, housing, tourism, gas prices, traffic congestion and the State budget.

Although the recent recession "officially" ended in the second half of 2009, the effect of the recession was a substantial reduction of BART's operating sources. Based upon BART's experience with past recessions, it will take several more years to get back to prior peaks of ridership and revenue. In the past year and a half, BART has revised its budget three times to reflect reduced ridership, passenger revenue, sales tax and State assistance. The FY11 Preliminary Budget assumes the economy slowly continues to recover, without a worsening of economic conditions.

OPERATING SOURCES ($millions)	**Budget**		**Change**	
	FY10 Revised	**FY11 Preliminary**	**$**	**%**
Passenger Revenue	$ 329.5	**$ 329.5**	$ 0.0	0%
Other Operating Revenue	23.4	**19.3**	(4.0)	-17%
Parking Revenue	13.2	**13.4**	0.2	2%
REVENUE TOTAL	**366.0**	**362.2**	**(3.8)**	**-1%**
Sales Tax	162.5	**162.5**	-	0%
Property Tax	29.5	**29.5**	-	0%
State Transit Assistance	-	**21.2**	21.2	n/a
Other Assistance	10.6	**2.2**	(8.4)	-79%
Federal 5307 Preventive Maintenance	4.5	**0.2**	(4.3)	-95%
Rail Car Fund Swap - Grant	22.7	**-**	(22.7)	-100%
ARRA (Stimulus) Grants	15.0	**-**	(15.0)	-100%
ADA Flexible Set-Aside	3.0	**-**	(3.0)	-100%
SFO - Operations	2.4	**3.6**	1.2	49%
Other Allocations	3.2	**3.2**	-	0%
TAX & FINANCIAL ASSISTANCE TOTAL	**253.4**	**222.4**	**(31.0)**	**-12%**
SOURCES TOTAL	**619.4**	**584.6**	**(34.8)**	**-6%**

2.1 OPERATING REVENUE

2.1.1 Ridership and Passenger Fare Revenue

Ridership

Core System (Three-county BART District - 38 stations plus Daly City): After growing steadily since summer 2003 – when BART ridership pulled out of the 2001 recession – ridership began to decline in early 2009 in response to the current recession. Average weekday ridership bottomed out in summer 2009, dropping 11-12% compared to one year earlier. From there, the declines narrowed to approximately 5-7%, helped in part by Bay Bridge closures in September and late October/early November. Since September, Transbay trips have declined at a lower rate than trips in the West Bay or East Bay markets, perhaps due to riders retained from the Bay Bridge construction. In addition, since January intra-San Francisco trips taken by San Francisco Muni Fast Pass holders have declined substantially due to pass price increases implemented by Muni. Partially offsetting this are increased intra-San Francisco trips taken by riders using BART's fare media.

SFO Extension (five stations in San Mateo County): As the graphs on the following page show, SFO Extension ridership started FY09 with a peak of 25% growth due in part to strong demand at the SFO Station, but then dropped off similar to the core system in early 2009. Since then, the Extension's pattern of decline has generally matched that of the core system.

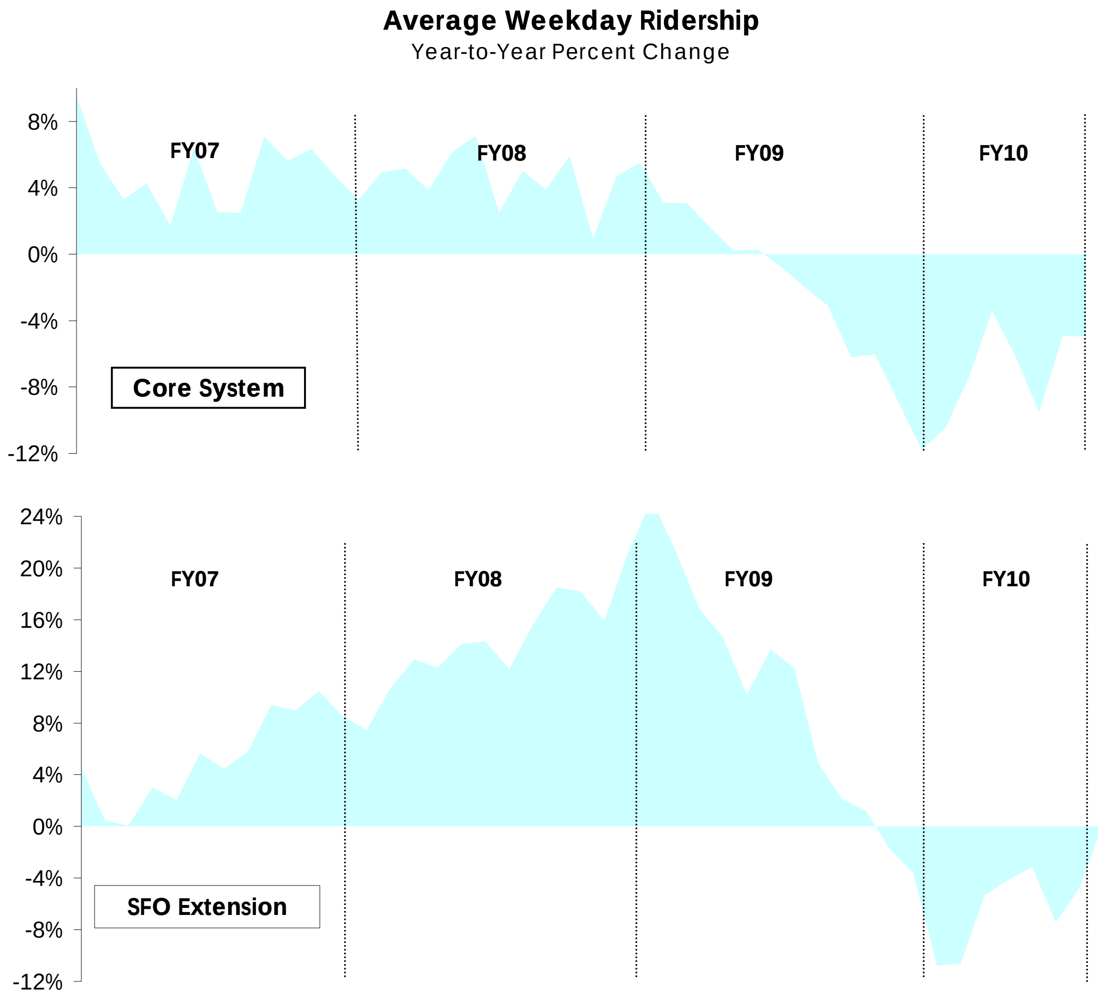
In February 2010, core average weekday ridership was 5.0% less than February 2009 and the SFO Extension was slightly up, at 0.3% growth. The revised FY10 budget projected core and SFO Extension trips to end 6.4% and 4.4% below FY09, respectively.

Looking ahead to FY11, ridership is expected to stay flat compared to FY10. In the 2001 recession, ridership declined for 25 straight months, only showing positive growth when the four-station SFO Extension opened in summer 2003. In this current recession, ridership is into its 14th month of negative growth, as of March 2010. The flat ridership assumption for FY11 depends on the economy growing towards the end of FY11. Declines in FY11 could also be offset by the July 2010 Bay Bridge toll increase, which is projected to bring additional riders to BART's Transbay market.

This table shows ridership projected for the FY10 Revised Budget and FY11 Preliminary Budget.

Rail Ridership and Revenue			
	FY10 Revised	FY11 Preliminary	% Change from FY10
Avg Weekday Trips			
Core	298,609	**298,609**	0.0%
SFO Extension	35,859	**35,859**	0.0%
Total	334,468	**334,468**	0.0%
Annual Trips (millions)			
Core	89.5	**89.5**	0.0%
SFO Extension	11.3	**11.3**	0.0%
Total	100.8	**100.8**	0.0%
Annual Rail Revenue			
Core	$ 287.7	**$ 287.7**	0.0%
SFO Extension	$ 41.1	**$ 41.1**	0.0%
Total	$ 328.8	**$ 328.8**	0.0%

Rail Revenue
The FY11 Preliminary Budget does not assume any change to current fares or the fare structure. The FY11 Preliminary Budget for rail revenue is $328.8M, flat from the FY10 revised budget.



ADA Paratransit Revenue
BART receives 31% of the paratransit fare revenue collected from East Bay Paratransit Consortium trips. For FY 11, BART's share is expected to be $670 thousand (K). Paratransit fare revenue covers 6.4% of BART's paratransit operating cost contribution.

2.1.2 Other Operating Revenue
BART also generates operating revenue from non-passenger revenue sources which are used to help offset BART's operating costs. The sources are detailed below.

Telecommunications Revenue Current agreements provide for $4.2M in revenues from 14 fiber optics carriers, $2.0M from cell sites on BART property, $0.1M from WiFiRail, and $0.6M for support cost reimbursement by the providers to BART. Cell site revenue is up by $0.7M in FY11 due to additional underground cell coverage throughout the system, contract fee escalation, and new cell sites.

Advertising Revenue FY11 advertising revenue is budgeted at $6.7M, and is based on the contracted amount with the District's advertising vendor.

Other Revenue Other revenue includes fines and forfeitures, public telephones, building lease revenue, concessions, and other miscellaneous revenues. Also included is ground lease revenue related to the portion earned for the current year by the District associated to the land at the Pleasant Hill and West Dublin stations. The District received a parking garage built by Contra Costa County on BART land at Pleasant Hill Station in exchange for ground lease payments and $5M for future development on BART land at the West Dublin Station. To fund the capitalization of the Pleasant Hill Station parking garage for the value received, and the construction of the West Dublin Station from the cash received, an equal offsetting expense allocation is also recognized. Other Revenue also includes a one-time $4M recognized in FY10 for a swap of a BART Park and Ride land parcel for comparable property with the City of Hercules. An offsetting $3.1M allocation was recorded to fund the capitalization of the property received, resulting in a one-time gain for BART of $950K.

Interest Earnings Actual investment earnings are projected to be less than prior years, due to a more conservative investment strategy in U.S. Treasuries than past years' following the 2008 collapse of the financial sector.

Other Operating Revenue ($millions)	Budget			
	FY10 Revised	FY11 Preliminary	Change	%
Telecommunications	$ 6.1	**$ 6.7**	$ 0.7	11%
Advertising	7.1	**6.7**	(0.4)	-6%
Other	9.6	**5.5**	(4.1)	-43%
Interest Earnings	0.6	**0.4**	(0.2)	-33%
TOTAL	**$ 23.4**	**$ 19.3**	**$ (4.0)**	**-17%**

2.1.3 Parking Revenue

BART has over 45,000 parking spaces at 32 of its 43 stations, and parking fees were implemented at certain stations beginning in FY03. Since then, the paid parking program has expanded, and current parking programs are described below. The FY11 Preliminary Budget does not assume any change to current parking fees or programs.

- As part of the FY10 deficit reduction strategy, the Board revised the East Bay parking policy to allow Daily Parking fees at stations that fill at least three days a week, regardless of the status of Reserved Parking permit sales at those stations. With the policy revision, the FY10 Core Daily Parking program has been implemented at the El Cerrito del Norte, Pittsburg/Bay Point, and Pleasant Hill stations and is scheduled to include Bay Fair and San Leandro stations before the end of FY10. After these rollouts, only Concord, North Concord, Hayward, South Hayward and Coliseum stations will not yet have qualified for the program. Richmond Station, previously targeted for Daily Parking, was put on hold until construction of the parking garage is completed. The EZ Rider cards can now be used to pay for Daily Parking fees.
- The Core Monthly Reserved parking program is in place at all East Bay stations and the

Daly City station. The FY11 Preliminary Budget projects about 3% growth over the FY10 Revised Budget.

- The Daily Parking Fee at Daly City Station, which had been increased from $2 to $3 in February 2009, was reduced back to $2 in March 2010 due to reduced usage at the higher fee. The Daily ($0.7M) and Monthly Non-Reserved ($0.05M) budgets reflect this decrease.
- The West Bay parking program includes Monthly Reserved, Monthly Unreserved, Airport/Long Term and Daily parking programs at SFO Extension Stations. Combined, these programs at the four Extension stations are expected to generate $1.6M.
- The Core (East Bay) Airport/Long-Term parking program ($0.3M) was designed to accommodate Bay Area airport passengers who need to park for more than 24 hours.

Parking Revenue ($millions)	Budget FY10 Revised	Budget FY11 Preliminary	Change	%
EBay Daily + Single Day Reserved*	6.3	**$ 6.7**	$ 0.3	5%
Core Monthly Reserved	4.1	**4.1**	0.1	3%
Daly City Daily + Monthly Non-Res.	1.0	**0.8**	(0.2)	-23%
West Bay	1.5	**1.6**	0.1	9%
Core (East Bay) Long Term	0.3	**0.3**	0.0	0%
TOTAL	**$ 13.2**	**$ 13.4**	**$ 0.2**	**2%**

* Includes Coliseum Event Parking

2.2 TAX & FINANCIAL ASSISTANCE

2.2.1 Sales Tax

Sales tax is BART's second largest source of revenue after passenger fares, and represents one-third of total sources. The proceeds are derived from a dedicated 75% share of a one-half cent sales tax levied in San Francisco, Alameda and Contra Costa counties.

- Consumer spending, the basis for sales tax revenue, has declined substantially. Restaurants, service stations, department stores and auto sales generate approximately one-third of BART's sales tax revenue. Each of these has been severely impacted by the recession.
- Since mid-FY09, BART has seen four out of the worst five quarters ever in sales tax receipts, with prior year declines ranging from 12% to 20%. Overall, sales tax has declined by approximately $40M since FY08.
- Recent data indicate that the low point of taxable sales activity occurred during summer 2009. The third quarter of FY10, reflecting taxable sales from October to December is just 5.4% below one year prior, following drops of 19.1% and 14.2% in the first two quarters. The fourth quarter is budgeted at a 5% decline.
- Sales tax revenue in FY11 is anticipated to remain flat compared to FY10.

2.2.2 Property Tax

Property tax comes from a permanent, dedicated assessment in the three BART counties.

- Recent real estate activity largely reflects sales and foreclosures of homes purchased at the top of the real estate market. These homes are still selling at unprecedented discounts, which translate into lower assessed values.
- Alameda and Contra Costa counties are projecting declines in the property tax base, due to lowered assessed value of homes sold and current owners seeking reassessment. Their

forecasts were taken into account when developing BART's budget.

- For the first half of FY10, BART's property tax revenue is just 2% below the first half of FY09. Property tax for FY11 is based upon assessed values as of January 1, 2010 and is projected to remain flat compared to FY10.

Sales Tax and Property Tax Proceeds
($millions)

		Sales Tax	Year-to-Year Change	Property Tax	Year-to-Year Change
Actual	FY05	178.4	6.5%	22.4	10.7%
	FY06	191.7	7.4%	24.3	8.5%
	FY07	198.8	3.7%	27.4	12.7%
	FY08	202.6	1.9%	29.0	5.6%
	FY09	184.3	-9.1%	30.4	4.8%
	FY10 Revised	162.5	-11.8%	29.5	-2.9%
	FY11 Preliminary	**$ 162.5**	**0.0%**	**$ 29.5**	**0.0%**

2.2.3 State Transit Assistance

In late March, the Governor approved new transportation finance legislation directing revenues from the diesel fuel sales tax to public transit agencies, in lieu of the prior form of State Transit Assistance (STA) funding. Previously, the State's FY10 budget completely eliminated STA through FY13. This new legislation results in an anticipated share for BART of $26M for FY10 and FY11 and approximately $23M in FY12 and beyond. However, this new STA funding is still not protected from State budget actions.

Given past experience with STA funding and the state's ongoing budget troubles, future STA revenues are not guaranteed and will be subject to annual appropriations by the legislature. For the time being, the MTC and the California Transit Association (CTA) have cautioned transit operators to treat these funds as one time in nature. The CTA has proposed a state proposition that would lock in only the diesel tax portion, making these funds more secure, but at a lesser amount.

Based on existing agreements, MTC will divert approximately $5M to fund feeder bus service with four local operators in FY11. Previously, funds for Alameda-Contra Costa Transit (AC Transit) were also diverted; however, for FY11, MTC has directed BART and AC Transit to negotiate a new agreement regarding feeder services.

2.2.4 Other Assistance

County Sales Taxes (Measure B/Measure J) and Other Funding

Alameda County Measure B is a ½ cent transportation sales tax that provides assistance for paratransit service within Alameda County until 2022 and is projected at just under $1.3M for FY11, lower than the FY10 $1.6M budget, due to declining sales tax revenue. BART may be eligible for $142K of special Measure B stabilization funds and, if approved, the funds will be added to the FY11 budget. Sales tax revenue from voter-approved Contra Costa County Measure J for paratransit service is estimated at $47K. For FY10 and FY11, BART's Station

Access Improvement Fund will transfer $25K back to the General Fund for Berkeley Bike Station improvements. Also included in FY10 was reimbursement of $0.2M from Caltrans and MTC for net costs of service provided during two Bay Bridge closures in 2009.

Hillcrest Park and Ride Swap
One-time FY10 assistance included reprogramming $2.2M of Eastern Contra Costa Transit Authority federal funds to BART for preventive maintenance. BART then allocated $2.2M to improvements at the Hillcrest Park and Ride lot for the eBART project.

Millbrae Use, Operations, and Maintenance Agreement
As part of operating service to the joint BART/Caltrain station at Millbrae, Caltrain is required to pay for the use, operating, and maintenance costs at the station applicable to Caltrain service and passengers. A new CPI-based payment schedule was authorized by the Board and became effective at the beginning of FY09.

ARRA Grant Stimulus and other Flexible Funds
One-time American Recovery and Reinvestment Act (ARRA) funds of $15M were received by BART and used to help balance the FY10 operating deficit. As part of the FY10 solution to provide funds to feeder operators in the absence of STA, MTC programmed BART an additional $5.9M in ARRA funds for preventive maintenance. BART allocated the same amount back to MTC for distribution to the feeder operators. Another grant is the ADA Flexible Set-aside of $3.0M, which typically funds capital access projects but was reallocated to help offset paratransit expense in FY10. At this time, no stimulus funds have been programmed to transit for FY11.

Federal Section 5307 Preventive Maintenance Grant – Strategic Maintenance Program/Other
Since FY07, BART has received federal money through the MTC to fund the Strategic Maintenance Program (SMP) discussed in the Operating Uses section. Receipt of the final $0.2M of funding is budgeted in FY11. An additional $2.6M of this "flexible" federal funding was used to balance the FY10 operating budget.

Federal Section 5307 Rail Car Fund Swap
Federal preventive maintenance grant funds from MTC are recorded by BART as Financial Assistance and then transferred to MTC as an Expense to be placed in a sinking fund for future rail car replacement. The net result to the budget's bottom line is zero. The current four-year program will be complete in FY10. Future reauthorizations of federal transit funds may provide additional funds to continue this program and will be budgeted accordingly.

SFO Extension
Per the terms of the FY07 agreements among BART, the MTC, and SamTrans, BART has full responsibility over operations of the BART-SFO Extension in San Mateo County. Monetary contributions from SamTrans and the MTC offset the cost of providing service outside the District. These contributions are placed in a reserve account and are first used to fund any operating deficit on the Extension, then to complete the funding commitment of $145M to the Warm Springs Extension project. For FY11, the operating deficit is estimated at $3.6M – although passenger revenue is flat, per the agreements, the expense calculation increases by 3% each year. The deficit will be funded first by a share of San Mateo County's Measure A sales tax

revenues and then by funds in the SFO Extension Reserve.

Allocation from West Dublin/Pleasanton Reserve
Prior to the opening of the West Dublin/Pleasanton Station, debt service payments for the revenue bonds supporting construction of the station will be funded from project budget sources. The FY11 budget will be revised to reflect the associated additional operating revenue and expense, once the station opening date is finalized.

Other Assistance ($millions)	**Budget**			
	FY10 Revised	**FY11 Preliminary**	**Change**	**%**
State Transit Assistance (STA)	$ -	**$ 21.2**	$ 21.2	-
Measure B/Measure J/Other	1.8	**1.4**	(0.4)	-22%
Hillcrest P&R Swap	2.2	**-**	(2.2)	-100%
Millbrae UOM	0.7	**0.8**	0.0	3%
ARRA (Stimulus) - Feeder Bus Swap	5.9	**-**	(5.9)	-100%
ADA Flexible Set-Aside	3.0	**-**	(3.0)	-100%
Federal 5307 PM Grant - SMP	1.9	**0.2**	(1.7)	-88%
Federal 5307 PM Grant - Other	2.6	**-**	(2.6)	-100%
Federal 5307 PM Grant - Rail Car Swap	22.7	**-**	(22.7)	-100%
ARRA (Stimulus) Grant	15.0	**-**	(15.0)	-100%
Allocation - From SFO Ext Reserve	2.4	**3.6**	1.2	49%
Allocation - From WD Reserve	3.1	**3.1**	-	0%
TOTAL	**$ 61.4**	**$ 30.4**	**$ (31.0)**	**-51%**

3 Operating Uses

3.1 SERVICE PLAN

Throughout each fiscal year, BART staff continuously monitors ridership and train loading, adjusting train lengths when feasible to provide a high standard of customer service or to conserve fleet and maintenance resources. As part of the FY11 Preliminary Budget development process, staff examines current service and ridership levels and identifies opportunities to reduce operating costs while minimizing impacts on passengers.

Current service incorporates two changes implemented in September 2009. First, evening and Sunday headways were returned to 20-minutes, from the 15-minute level implemented in January 2008. Second, during the same evening and Sunday time periods, single route, instead of two-route, service operates to SFO Extension stations south of Colma, with a direct connection between Millbrae and the San Francisco Airport. Also, as part of the new schedule implementation, train sizing was adjusted to match ridership, resulting in a reduction of the peak car requirements and total car hours, and additional operating cost savings.

RAIL SERVICE PLAN

	FY10 Revised Budget	FY11 Preliminary
Peak Trains	62	**62**
Peak Cars	529	**529**
Total Cars	568	**568**
Total Car Hours *(millions)*	2.1	**2.1**
Passengers *(millions)*	100.8	**100.8**
Passenger Miles *(billions)*	1.38	**1.38**

3.2 OPERATING USES

This section provides an overview of Operating Uses, which are comprised of Operating Expenses and Allocations. "Operating Expenses" include wages, benefits, materials, power, other labor and non-labor expenses. "Allocations" are made to cover debt service, maintain reserves, and fund capital needs. FY11 Operating Uses total $582.1M, comprised of $479.4M in expenses and $102.7M in allocations. Included in this total is a proposal for an expense reduction of $5.3M and 37.5 positions. FY11 Operating Uses are $52.3M lower than FY10 due to a combination of factors, a portion of which are caused by changes that do not affect the net operating result, primarily because they were one-time or multi-year programs that were funded by associated revenues. However, a significant reduction in Operating Uses results from the proposed FY11 expense reductions and a full year of savings from both the mid-FY10 expense reductions and the 2009 labor contracts. The explanations for these changes are provided in following sections.

3.2.1 Operating Expenses Summary

For FY11, operating expenses are $479.4M, a decrease of $56.2M from FY10. Approximately $37.1M of this total was due to items which do not affect the net operating result, including the non-cash $10.9M increase in OPEB unfunded liability (see footnote in table below), the end of the $22.7M Rail Car Fund Swap and the $5.9M FY10 ARRA grant that was processed by BART on behalf of MTC and the feeder bus operators. Expenses otherwise would be reduced by a net of $19.1M. Included are proposed reductions of $5.3M in Operating Expenses, consisting of $4.4 in labor and benefits (37.5 positions) and $0.9M in non-labor expenses. The increased value in FY11 from a full-year of the FY10 mid-year reduction and implementation of labor contract savings provide an additional $14.5M in savings. Finally, the STA funding means BART's $2.5M contribution to feeder bus operations will not be needed for $2.5M. These savings are partially offset by small increases (net impact of $3.2M) in other budget items.

($ millions)	Budget		Change	
OPERATING USES	**FY10 Revised**	**FY11 Preliminary**	**$**	**%**
Net Labor	$ 331.0	$ **315.6**	$ (15.4)	-5%
Retiree Medical PAYG	11.9	**12.9**	1.0	8%
Retiree Medical Trust Funding	11.6	**11.9**	0.3	3%
OPEB Unfunded Liability	15.1	**6.6**	(8.5)	-56%
Traction/Station Power	35.3	**34.9**	(0.4)	-1%
Other Non-Labor	84.9	**82.5**	(2.4)	-3%
Purchased Transportation	23.2	**15.0**	(8.2)	-35%
Rail Car Fund Swap Expense	22.7	**-**	(22.7)	-100%
OPERATING EXPENSES TOTAL**	**535.6**	**479.4**	**(56.2)**	**-10%**
Debt Service	59.4	**62.3**	2.9	5%
MTC Loan Repayment	9.1	**8.9**	(0.2)	-3%
Capital Rehabilitation Allocations	22.4	**21.7**	(0.8)	-3%
Other Allocations	8.0	**0.6**	(7.4)	-93%
Allocations to Reserves	-	**9.3**	9.3	
ALLOCATIONS TOTAL	**98.9**	**102.7**	**3.8**	**4%**
OPERATING USES TOTAL	**$ 634.5**	**$ 582.1**	**$ (52.3)**	**-8%**

*Per Ramp-Up funding plan schedule

**OPEB: Other Post Employment Benefits, including retiree medical, life insurance, survivor benefit, etc. The OPEB unfunded liability is a non-cash accounting entry to record the difference between the Annual Required Contribution and the total of the RHBT payments per the Ramp-Up schedule plus the "pay-as-you-go" retiree premium payments.

3.2.2 Operating and Capital Positions

The FY11 Preliminary Budget proposes a total of 3,193.0 positions, consisting of 2,769.6 operating and 423.4 capital and reimbursable positions. This includes a reduction of 37.5 operating positions as part of staff's proposals to reduce the FY11 deficit. Of the 37.5 operating position reductions, 20.5 are operating to capital conversions. Under this proposal 10 of the 20.5 staff would be moved to existing capital positions. This proposal also includes contract negotiations savings of four operating not included in the FY10 reductions.

Further position adjustments may be made before the FY11 Budget is submitted for adoption, particularly with respect to the capital budget. The Preliminary Budget has a net increase of 12.0 capital and reimbursable positions, including 10.5 additional positions converted from operating and a net of 1.5 additional capital and reimbursable positions. The capital budget review process is currently underway and positions will be finalized prior to budget adoption. The operating budget includes the proposed 20.5 conversions to capital funding (10 of these are going into pre-existing capital positions) and elimination of 17 operating positions. Changes due to contract negotiations savings and other small adjustments account for the remainder of the position changes in FY11.

Position Summary

	Operating	Capital/ Reimb	Total
FY10 Revised Budget	2,810.1	411.4	3,221.5
Conversions	(20.5)	10.5	(10.0)
Budget Reductions	(17.0)	-	(17.0)
Contract Changes	(4.0)	-	(4.0)
Other Changes	1.0	1.5	2.5
FY11 Preliminary Budget	2,769.6	423.4	3,193.0

3.2.3 FY11 Position Reductions

In FY10, the District took the necessary actions, including position reductions, to align expenses with revenues. The Preliminary Budget proposes to continue the effort to realign staffing with District resources and priorities. This reallocation is designed to help balance the FY11 Operating Budget while maintaining existing service levels, safety and cleanliness. The FY09 hiring freeze continues through FY10 and FY11 as a component of realigning expenses more realistically to revenues.

Due to efficiencies produced from the 2009 contract negotiations, 4 vacant positions can be eliminated for FY11 in addition to the 36 positions that were eliminated in the FY10 budget revision. Two of these positions are because the District agreed to eliminate position savings resulting from the contracts through attrition rather than layoffs, with the other two resulting from finalizing the implementation of some of the provisions of the agreement. In addition to the labor savings, the contract negotiations included converting the two Commanders from the BPMA union to Non-Represented status. (The FY11 Preliminary budget also includes other changes summarized in the Position Summary chart). The changes include one new reimbursable position and reversing a one-time FY10 operating/capital conversion (back to an operating position).

For FY11, each departmental and executive manager was asked to propose budget reductions that would have the least impact on current operations, and which would also minimize involuntary separations from employment. In light of prior reductions already accomplished, this required careful consideration. Managers made maximum use of available capital funding and alternative ways of accomplishing work, but also cautioned that response to discretionary initiatives and timeliness on administrative and support processes may suffer.

Department budgets and reduction proposals were reviewed. The proposed reductions include, as in last years reduction, a larger percentage of reductions in administrative departments (12.5 out of 405.6 or 3%) than the percentage reduced in line operating departments (25 out of 2,452.5 or 1%). Although slight reductions are proposed for system service workers, staff does not anticipate a noticeable impact on system cleanliness. A total of 17.0 positions are proposed for reduction from the FY11 Operating Budget. Of that, 8.5 are currently vacant. Given historic turnover rates and internal placement opportunities we should be able to avoid layoffs associated with these reductions.

In addition to the position elimination, we are also proposing 20.5 operating to capital conversions. The availability of capital funds has afforded the District an opportunity to focus efforts on capital projects, which do not draw on operating funds. Recognizing the potential for further pressures on staff when these projects are completed, staff intends to carefully scrutinize the filling of vacant positions.

Proposed Elimination & Conversion Chart	Elimination	Conversion (FTE)	TOTAL
Human Resources	0.5	1.5	2.0
Procurement	4.0	1.0	5.0
Real Estate	0.5	-	0.5
Customer Service	1.0	1.0	2.0
Police	1.0	-	1.0
M&E	-	5.0	5.0
Rolling Stock & Shops	2.0	10.0	12.0
Transportation	5.0	-	5.0
Operations Planning	1.0	1.0	2.0
Customer Access	1.0	-	1.0
Planning	1.0	-	1.0
Capital Development	-	1.0	1.0
TOTAL	17.0	20.5	37.5

Of these conversions, Rolling Stock and Shops will be reallocating 10 transit vehicle mechanic positions from vehicle maintenance to perform work funded by the American Recovery and Reinvestment Act of 2009 (ARRA). These projects are funded for two years and include replacement of vehicle floors, installation of new seat cushions and completion of interior configuration for increased capacity modification. These positions can be reallocated to ARRA work because the department has reorganized work and redistributed labor to maximize productivity efficiencies. These changes reflect the District's increasing attention on efficiently utilizing resources and an ability to be flexible while continuing to meet operational needs. To that end, it is recognized that this labor redistribution will further stretch resources, but it is not expected to affect our core service performance goals.

The following chart shows the makeup of the proposed reduction by bargaining unit, including operating to capital conversion and position reductions.

DISTRIBUTION OF PROPOSED REDUCTIONS

	Operating Positions							
	SEIU	ATU	BPOA	BPMA	AFSCME	NREP	Cost Alloc Plan	TOTAL DISTRICT
FY10 Revised Budget	**1,332.0**	**812.0**	**237.0**	**48.0**	**181.6**	**247.5**	**(48.0)**	**2,810.1**
%	47%	29%	8%	2%	6%	9%		
Conversions	**(11.0)**	**-**	**-**	**-**	**(0.5)**	**(9.0)**		**(20.5)**
Budget Reductions	**(10.0)**	**-**	**(1.0)**	**-**	**(3.5)**	**(2.5)**		**(17.0)**

3.2.4 Labor (Wages and Benefits)

The FY11 Preliminary Budget assumes no wage increase, other than a contractual lump sum payment of $500 per employee (other than members of BPMA and sworn members of BPOA), estimated at $1.5M. Excluding the decrease in the OPEB unfunded liability, total FY11 labor and benefit expenses decrease by $14M compared to the FY10 Revised Budget.

The decrease includes the position reductions proposed in the FY11 Preliminary Budget of 37.5 positions, equal to $4.4M. Also, the savings from labor contract implementation increase by approximately $9.5M in FY11 due to a full year of savings and because some items begin in FY11 rather than FY10. The other main component of the reduction from the FY10 Revised Budget is $5.0M in increased savings because the reductions in FY10 were implemented mid-year while FY11 includes twelve months of savings.

Offsetting the savings are cost increases of $4.9M, including $2.6M in increased retiree medical costs and $2.3M in other benefits. The net increase in the retiree medical budget is $1.3M, because the increase was partially offset by $1.3M in savings from instituting the plan change from labor negotiations, included above in the $9.5M savings attributed to the contract changes. The $2.3M increase in other benefits is much smaller than in recent years, primarily because of flat increases in pension, workers comp and other benefits. This moderate increase is not typical and is not expected to continue in future years. The major components of the labor wages and benefits budget are shown in the table below and are described in further detail in the following sections.

LABOR (WAGES AND BENEFITS) ($ millions)	**Budget**			
	FY10 Revised	**FY11 Preliminary**	**Change**	**%**
Wages, Overtime & Other Pay	$ 276.8	$ 268.7	$ (8.1)	-3%
PERS Pension	47.9	46.3	(1.6)	-3%
PERS Medical Insurance	39.5	40.0	0.5	1%
Retiree Medical-"Pay-As-You-Go"	11.9	12.9	1.0	8%
Retiree Medical-Actuarial	11.6	11.9	0.3	3%
OPEB Unfunded Liability	15.1	6.6	(8.5)	-56%
Worker's Compensation	7.9	7.7	(0.2)	-2%
Other	17.2	11.9	(5.3)	-31%
Capital Labor Credits	(58.4)	(59.0)	(0.6)	1%
TOTAL	**$ 369.5**	**$ 347.0**	**$ (22.5)**	**-6%**

PERS Pension

The California Public Employee Retirement System (PERS) administers BART's two pension plans: the Safety Plan for sworn police officers and the Miscellaneous Plan for all other employees. The plans are funded by employer and employee contributions, both of which are paid by BART. The budgeted PERS Pension expense item is the sum of the costs of the two plans.

For FY11, the PERS pension expense is estimated to decrease slightly, from $47.9M in FY10 to $46.3M in FY11, caused by the combination of changes to the required contribution percentages and lower payroll in FY11 due to the position reductions. Despite the recent severe PERS investment losses, the employer contribution rates will change only slightly in FY11. The Safety Plan rate for FY11 will decrease from 33.45% to 32.32% of wages, while the Miscellaneous Plan rate increases slightly from 9.31% in FY10 to 9.45% in FY11. The employee share is fixed at 9% of wages for the Safety Plan and 7% for the Miscellaneous Plan. This is because employer rates are based on valuation reports from two years previously. Since PERS sets employer rates for FY11 based on their annual valuation report as of June 30, 2008 the market losses are not yet reflected in the employer rates.

In addition, PERS has adopted a "smoothing" methodology that will phase in the impact of the investment loss in 2008-2009 over 3 fiscal years. This will lower the immediate increase the first year but will increase the funding required over the following two years and into the future, depending on investment performance. The investment losses do not begin to affect PERS pension rates until FY12; however at that time they are expected to increase to 34.6% for Safety and 11.4%for the Miscellaneous Plan (about a $5-6M annual increase), with larger increases expected over the following several years. In addition, PERS is planning a review of how fund assets are allocated and what rate of return is assumed (current assumption is 7.75% annual return on investment). If the investment mix is altered and the rate of return is lowered, which seems the most likely outcome, employer rates will increase an additional amount.

PERS PENSION
($millions)

	Budget			
	FY10 Revised	**FY11 Preliminary**	**Change**	**%**
Employee	$ 18.5	**$ 18.1**	$ (0.4)	-2%
Employer	29.4	**28.2**	(1.2)	-4%
TOTAL	**$ 47.9**	**$ 46.3**	**$ (1.6)**	**-3%**

PERS Active Employee Medical Insurance

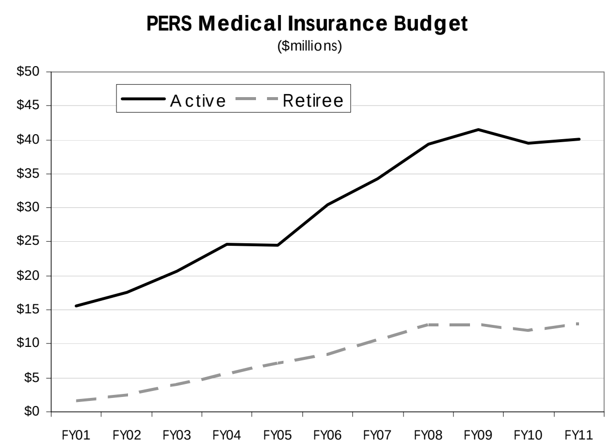
For FY11, significant changes to medical coverage impact the District's expense on employee medical insurance. In contract negotiations a ceiling was established on the medical premium that the District will cover. The ceiling is the higher of the basic Bay Area rate for Kaiser or Blue Shield. If an employee chooses a more costly plan, they will pay the amount above the ceiling rate. Because of the change, a large number of employees shifted from higher cost plans like PERS Care to lower cost plans including Kaiser, Blue Shield and PERS Choice. The annual dollar impact of employee switching to less expensive plans on the gross premium cost is a reduction of $3.6M. These changes will result in lower future medical cost increases than the double digit increases that the District experienced over the past decade.

For calendar year 2010, the Blue Shield Bay Area Basic plan monthly premium is $577.33 for single and $1,501.06 for family; a modest 3% increase from CY2009 rate. The Kaiser monthly premium is $532.56 for single and $1,384.66 for family, a 4.8% increase from CY2009. For CY 2011, the actuarial projection estimates an 8% increase from the 2010 rate level. The active employee medical budget headcount for FY11 is 3,236 (a 2.8% decrease from FY10). Prior to the last two years, over the past decade rates experienced double digit increases annually. It remains to be seen whether the more moderate increases recently will be sustained.

The District will pay $40.0M for active employee health insurance in FY11, an increase of $0.5M from FY10. Employee contributions increase by 3% each January, bringing the employee monthly contribution from $84.41 to $86.95 effective January 1, 2011. Employee contributions will total $3.2M in FY11, about 7% of the total premium. Also, a $100 per month incentive will be offered to employees who choose to opt out of BART medical coverage. The total opt-out incentive expense in FY11 is estimated to be $0.2M for the District.

PERS Retiree Medical Insurance

The chart to the right shows the rapid increase in both active medical and retiree medical insurance premiums. Active employees costs have nearly doubled since FY01, increasing from $16M in FY01 to $40M in FY10. Current retiree "pay-as-you-go" premium costs (described below) are up from $1.5M in FY01 to $13M in FY11, due to the increase of retirees from 600 in FY01 to 1,547 in February 2010, combined with double-digit rate increases (both retiree and active medical) throughout most of the decade. The chart also shows how the increase was moderated in FY10 (effective January 1) by BART's change to capping the district contribution at the higher of the two available HMO plans, Blue Shield or Kaiser. This plan change reduced the medical costs in FY10 and has lowered the rate of increase in FY11.

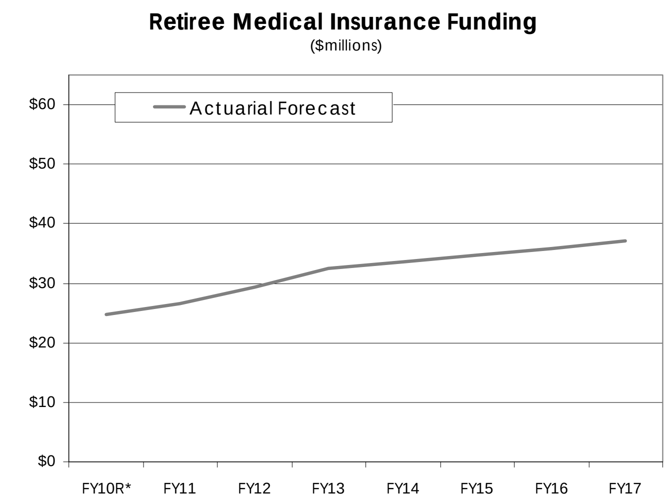


The FY11 Preliminary Budget includes three components of retiree medical expenses: pay-as-you-go, the scheduled retiree trust contribution per the District's "ramp-up" funding plan, and the OPEB unfunded liability, which is the difference between the total of the pay-as-you-go and the ramp-up payment and the full ARC. The following are the components of FY11 retiree medical:

Pay-as-you-go: Pays for the cost of medical insurance for current BART retirees in FY11. It is budgeted at $12.9M, compared to $11.9M in FY10. These figures include savings from a full year of the HMO cap vs. half a year in FY10; otherwise the increase would have been approximately $0.4M higher. Rates for the first half of the year are known, the second half premium rates are estimated to increase 8% on 1/1/11.

The ARC and Scheduled Ramp-up Contribution: The actuarially determined annual required contribution (ARC) to BART's long-term retiree medical liability for FY11 is $31.4M (including the $12.9M pay-as-you-go expense and the liability for other post employment benefits). The scheduled ramp-up contribution is budgeted at $11.9M for FY11, vs. $11.6M in FY10. BART's plan to fully fund post-employment benefits calls for gradually increasing the annual percentage ("ramping-up") until contributing the full ARC in FY14. The lower amounts funded during the ramp-up years will be made up by paying higher amounts in future years. The FY11 funded contribution is made for both capital and operating positions and has been calculated at a rate of 4.77% of the wage base. The ARC was reduced from approximately $40M per year to the current $31M because of the HMO cap implemented in FY10. This also levels the ramp-up progression so that the conversion to funding the full ARC in FY14 is much more gradual than it was previously, and also reduces the unfunded liability.

The total funding needed for retiree medical from FY11 through FY17 is shown in the following chart. For FY11, the $27.2M is the sum of the $12.9M pay-as-you-go payment and the $11.9M trust contribution. Annual payments gradually rise to $33M by FY14, when the full ARC will be paid.



OPEB Unfunded Liability (Difference Between the ARC and Ramp-Up plus Pay-As-You-Go funding): According to Governmental Accounting Standards Board (GASB) regulations, state and local governmental agencies such as BART are required to recognize medical and other post employment benefits (OPEB) expenses on an accrual basis. This means that the agency is required to recognize the actuarially calculated ARC for retiree medical costs as an expense and the unfunded portion of the ARC as a liability. For FY11, the OPEB expense is $31.4M (including $2M for non-retiree medical post employment benefits). This total, less the pay-as-you-go and trust funding payments of $24.8M, leave an unfunded liability of $6.6M. Because this liability is not an actual cash outlay, it is offset on the income statement below total uses of funds and does not affect annual net results.

Workers Compensation
BART is self-insured for workers' compensation insurance, and each year an actuarial study is conducted to establish the level of reserves that BART must maintain. Each year, BART estimates how much workers' compensation funding will be needed to cover annual claims and to increase reserves to cover future payments. Recent claims have been fairly stable, so the FY11 Preliminary Budget assumes the same rate as FY10. Due to the zero percent wage increase and the decrease in payroll related to budget reductions, the estimated expense for FY11 is $7.7M compared to $7.9M in FY10.

Other Labor & Benefits
These include dental, vision, life insurance, disability insurance, Medicare, uniforms as well as miscellaneous labor-related budget adjustments. As a result of the recent labor negotiations, the District's contribution to the Money Purchase Pension plan benefit is suspended for BPOA,

BPMA and Non-Represented employees and continues for all other employees. Also, the District's provision for retirement sick leave buy-back benefit is eliminated for all employees. Instead, unused sick leave earned will be converted to PERS service credit. The annual sick leave buy-back benefit continues for all employees. Because of contract savings and moderate rate increases, these benefits are fairly flat for FY11.

Capital Labor Credits
Capital and reimbursable credits reflect labor charges that are reimbursed by either a capital project or a third party. FY11 Preliminary Budget capital credits are $48.5M approximately the same amount as budgeted in FY10.

Cost Allocation Plan
The FTA-approved plan allows BART to offset the operating cost of administering capital programs, such as payroll, legal services and contract management. In addition, the Cost Allocation Plan (CAP) covers allocations for overhead costs (e.g., office space, utilities, and supplies). The CAP permits these costs to be captured and charged back to capital projects and to the original funding sources, and thus offsets the costs of approximately 48 operating positions. The CAP budget for FY11 is $6.0M and is included within the capital and reimbursable credit line item on the labor summary table.

COST ALLOCATION PLAN ($millions)

Budget	Cost Allocation Plan	Equivalent Reimbursable Staff
FY10 Revised	$ 6.0	48
FY11 Preliminary	**$ 6.0**	**48**

3.2.5 Purchased Transportation
BART pays for certain transportation services that other operators provide, as described below.

Paratransit
BART and our paratransit partners are working hard to control paratransit costs, while at the same time providing 100% of all eligible trips, as required by the ADA. Cost control efforts have been largely successful in spite of the fact that many social service agency transportation systems have lost their funding and are shifting their riders to ADA paratransit. The Preliminary Budget currently estimates paratransit expenses of $12.4M in FY11 which is the same amount as the original FY10 Adopted Budget.

Muni Purchased Transportation
The FY11 Muni Purchased Transportation payment is based on the percentage change in BART sales tax receipts over the prior two fiscal years (FY09 and FY10). The exact value of the payment will not be determined until June 2010, when BART's sales tax assistance for the fourth quarter of FY10 is received. Sales tax receipts are projected to decrease 12% in FY10, which would result in an FY11 payment of $2.3M to Muni.

Feeder Bus Service
In past fiscal years, the MTC has transferred between $11M and $12M of BART-eligible STA funds to local bus operators that provide feeder service to BART. When BART-eligible STA funding was insufficient to meet the required payment in a given fiscal year, BART contributed

up to $2.5M from its general fund to the operators. In FY10, however, the State eliminated STA funding for all operators. BART and the bus operators were able to bridge the funding shortfall by using $5.9M of BART-eligible ARRA stimulus funds and the $2.5M payment from BART. As discussed in Section 2.2.3, State legislation recently directed diesel fuel sales tax revenues to public transit. The MTC will allocate $5.0M of this new STA funding to feeder agreements with four local operators and BART and AC Transit will negotiate a new agreement.

AirBART Shuttle Service

BART and the Port of Oakland jointly operate a bus service known as AirBART between the BART Coliseum Station and the Oakland International Airport, equally sharing revenues and expenses. For FY11 an expense of $0.3M is anticipated.

PURCHASED TRANSPORTATION ($millions)	Budget FY10 Revised	FY11 Preliminary	Change	%
Paratransit	$ 12.1	$ 12.4	$ 0.3	2%
Muni Purchased Transportation	2.6	2.3	(0.3)	-12%
Feeder Bus Agreement	8.3	-	(8.3)	-100%
AirBART Shuttle Service	0.2	0.3	0.1	62%
TOTAL	$ 23.2	$ 15.0	$ (8.2)	-35%

3.2.6 Traction & Station Power

For FY11, the electrical power budget to operate BART's trains and stations is projected at $34.9M, a decrease of $0.4M from FY11. BART's power supply is provided primarily through market purchases made by the Northern California Power Agency. FY11's market supply will come from a combination of forward contracts (long-term) and day-ahead supply arrangements (short-term). A forward agreement that lasts through FY14 will provide about 97% of the market supply, giving BART price certainty. The small remaining amount of power will be procured through a combination of day-ahead market purchases, federal power contracts and PG&E supply.

The most significant contribution to the decrease in the power budget is from lower costs for purchased power. Approximately $1.3M of the reduction is due to the lower price per megawatt hour for electricity, which is partially offset by a projected increase of $0.9M for PG&E Public Purpose Program cost increases.

TRACTION & STATION POWER ($millions)	Budget FY10 Revised	FY11 Preliminary	Change	%
NCPA, Western, PG &E Power Supply	$ 26.4	$ 25.2	$ (1.3)	-4.8%
Transmission Services	4.0	4.0	-	0.0%
Distribution Services	4.0	4.9	0.9	22.5%
Regulatory Pass-Through Costs	0.2	0.2	-	0.0%
NCPA Member Expenses	0.7	0.7	-	0.0%
TOTAL	$ 35.3	$ 34.9	$ (0.4)	-1.0%

3.2.7 Other Non-Labor

The following list separates "Other Non-Labor" into the major account groups, along with a description of the types of expenses in each category.

Material Usage: Primarily maintenance-related inventory withdrawals and purchases such as, maintenance parts for rail cars: compressors, bearings, aluminum wheel assemblies, encoders, circuit boards, fuses, seat cushions, windows and battery assemblies. This category of expenses also includes assorted parts for infrastructure maintenance, elevators and escalators, automated fare equipment and ticket stock.

Professional & Technical Fees: Audit and legal services, benefit and insurance administration fees, printing, computer hardware and software service contracts, environmental fees, specialized consulting and professional services contracts.

Maintenance, Repair & Other Contracts: Graffiti removal, traction motor rewinds, painting, equipment overhaul and elevator pit cleaning.

Insurance: Included are premiums and self-insured losses for public liability and damage to BART property and risk-related services. It does not include active employee health insurance, workers' compensation, Medicare, unemployment and other types of insurance that are part of the labor budget.

Building Space Rental: Administrative building leases and other lease expenses.

Equipment Rental: Rental of equipment and vehicles.

Miscellaneous Other Non-Labor: Utilities, trash collection, natural gas, telephones, and miscellaneous supplies.

OTHER NON-LABOR
($millions)

	Budget			
	FY10 Revised	FY11 Preliminary	Change	%
Material Usage	$ 27.4	**$ 26.0**	$ (1.4)	-5%
Professional and Technical Fees	17.5	**15.4**	(2.1)	-12%
Maint., Repair & Other Contracts	11.2	**11.2**	-	0%
Insurance	6.3	**6.3**	-	0%
Building Space Rental	12.0	**12.3**	0.3	2%
Equipment Rental	0.3	**0.3**	-	0%
Misc. Other Non-Labor	10.2	**11.0**	0.9	8%
TOTAL	**$ 84.9**	**$ 82.5**	**$ (2.4)**	**-3%**

This category is $2.4M lower than the FY10 revised budget, mainly from completing the Strategic Maintenance Program (SMP) grant, removal of items that were one-time expenses for FY10 only and proposed budget reductions of $0.9M. The budget includes $0.2M added to non-labor expenses related to Federal Transit Agency Title VI implementation such as demographic research, outreach, training, etc.

Budget Reductions

Across-the-board measures taken during the FY10 budget revision process cut over $2.8M from non-labor spending. Almost all of expense reductions will carry forward to FY11. In addition, the FY11 budget, like the FY10 budget rescinds the prior budget practice of automatically increasing the non- labor budget for inflation. If the FY11 budget had been escalated for inflation, the non-labor increase would have been about $2.5M. Together, these cost-cutting measures decrease the FY11 budget base by $5.3M. Because of successive years of non-labor expense cuts, the FY11 budget assumes that only a relatively small reduction of $0.9M is feasible. As with labor cuts, administrative departments have taken a larger share of budget reductions.

Pro-forma adjustments account for the remaining non labor changes for FY11 primarily from removing one-time funding for the Caltrans "bay bridge-closure" expenses, adding one-time FY11 expenses such as Board member election costs, FY10 one-time budget initiatives and technical adjustments to expenses such as rent.

3.3 ALLOCATIONS

3.3.1 Debt Service

BART makes regular debt service payments on a series of bonds sold in 1990, 1998, 2001, 2005 and 2006. These bond revenues are backed by the District's dedicated sales tax revenues and fund capital costs for system improvement and renovation.

Annual debt service payments of $3.1M for the bonds supporting construction of the West Dublin/Pleasanton Station are currently covered by project funds. After the station opens for revenue service, passenger fares and other revenues generated at the station will be allocated to debt service. Additionally, the $4.00 SFO Premium Fare applied to all trips entering or exiting the San Francisco International Airport (SFO) Station supports annual debt service expense of approximately $3.5M for the 2002 premium fare revenue bonds, the proceeds of which covered capital construction costs for the SFO Extension. BART also pays $49K for annual debt service principal for parking lot improvements at the Fruitvale Station.

MTC Loan Repayment

In 2006, BART and MTC entered into an agreement for BART to repay a $60M loan in 1999 for the SFO Extension project. Under the terms of the agreement BART repays MTC over nine years, through FY14. The FY11 payment is budgeted at $8.9M.

3.3.2 Allocation to Capital Rehabilitation

In FY10, the District originally planned to allocate $25.8M to capital rehabilitation. The budget revision lowered this to $22.4M, with $1.4M instead balancing the operating deficit and an additional $2.0M reduction backfilled by SamTrans as discussed below in Other Allocations. In FY11, $21.7M is budgeted for the following annual recurring activities:

- $9.9M to match and leverage approximately $66M of federal funds and bridge tolls in the FY11 grant program. This includes traction power and train control rehabilitation, rail replacement and trackway rehabilitation and the annual ADA/accessibility funding.
- $5.8M for stations and facilities renovation such as station signage, station and shop reroofing, paving, relamping and similar projects not competitive to receive grant funds.
- $1.3M for non-revenue vehicle replacement, including police cars and maintenance vehicles, not fundable from grant sources.
- $1.2M for capitalized maintenance requirements for unforeseen needs deemed to be capital in nature, such as repair of an unexpected failure in a traction power substation.
- $1.0M for inventory buildup, to maintain fleet service reliability. These funds are also not available from capital grant sources.

- $0.5M for tools and equipment, primarily for maintenance departments; grant funds are not available for these items.
- $2.0M for legal expenses for the Advanced Automatic Train Control project

3.3.3 Other Allocations

In FY10, $2.0M of SamTrans Prop 1B funds were directed to BART's capital program, allowing BART to redirect an equal amount from BART's operating-to-capital allocations to the SFO Extension Reserve. These funds are part of SamTrans' obligation to help fund the SFO Reserve. Other one-time FY10 events include an allocation of $2.2M for the Hillcrest Park and Ride project to redirect to capital the operating financial assistance to be received from FTA and the $3.1M allocation for the Hercules land swap, previously discussed in the Sources section.

Ongoing allocations for FY10 and FY11 include $0.6M to offset an equal amount of revenue booked as Other Revenue. An allocation of $534K is made in accordance with a ground lease agreement for a parking garage constructed at the Pleasant Hill Station, offseting the ground lease revenue previously described in the Sources section. BART recognizes the value of the garage received as lease revenue over 96 years, the remaining term of the lease at the time of transfer. At the West Dublin Station, CREA/Windstar Pleasanton, LLC paid $5M for a 95-year ground lease for land to construct apartments or an office and hotel. The funds are credited at a rate of $54K annually in Other Revenue and reallocated to capital for the construction of the West Dublin Station. BART will also recognize a percentage of the revenue generated by the facilities once in place.

One of the staff recommendations for FY11 is to use a portion of the STA funding to bring operating reserves up to the Financial Stability policy goal of 5%of operating expenses. In FY10 this goal was $27M (5% of $535.6M), however in FY11 the operating budget is smaller, therefore the FY11 reserve target would be lowered to $24M (5% of 479.4M by the policy. The current reserve balance is $14.7M, so an allocation of $9.3M would bring the reserves up to the policy level. However, there has been discussion that the 5% goal does not provide a sufficient level of reserves. The operating reserve was established in FY04 and by FY06 the District had depleted the entire $23M reserve. Spillover STA revenues allowed us to replenish the reserve, however in FY10 $22.5M was needed to balance the budget. Future needs at a similar level would then totally deplete the reserves at the current policy goal of $24M. The question of what level of reserves are sufficient will be one of the issues discussed during the budget process.

Allocations
($millions)

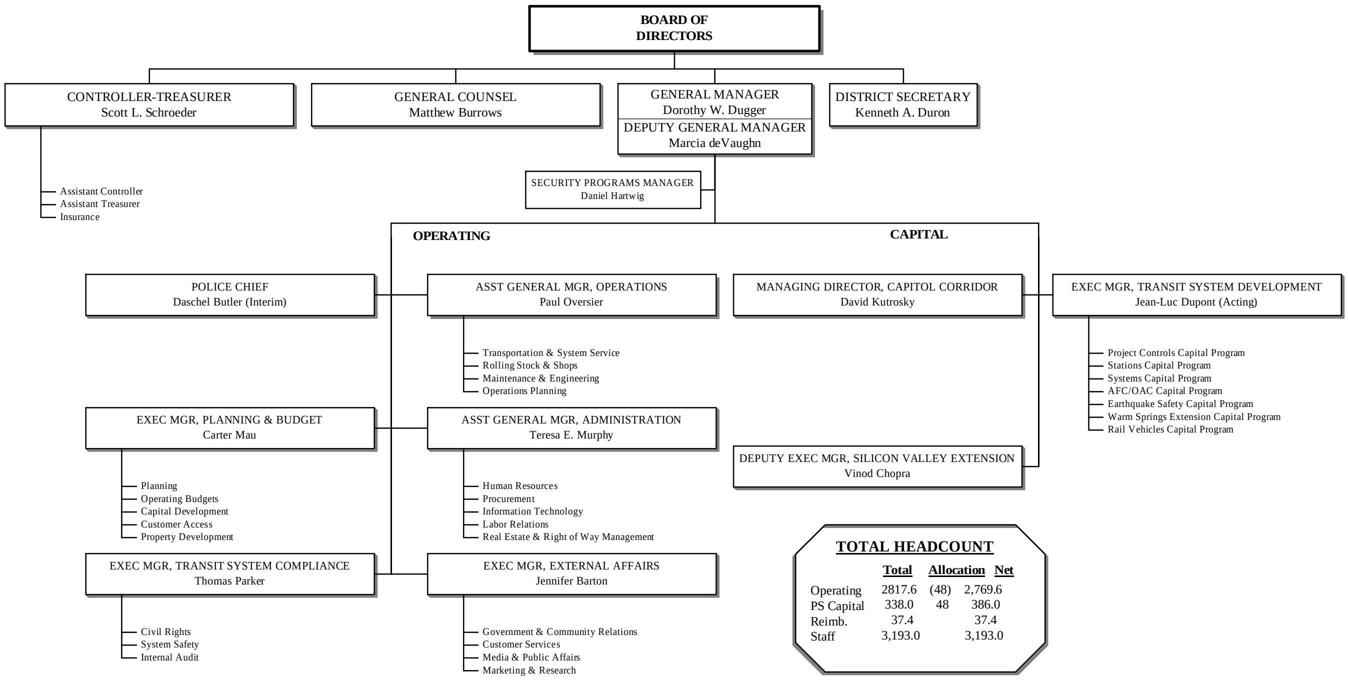
	Budget			
	FY10 Revised	FY11 Preliminary	Change	%
Debt Service	$ 59.4	**$ 62.3**	$ 2.9	5%
MTC Loan Repayment	9.1	**8.9**	(0.2)	-3%
Capital Rehabilitation	22.4	**21.7**	(0.8)	-3%
Allocations - SFO Op Reserve	2.0	**-**	(2.0)	-100%
Other Allocations	6.0	**0.6**	(5.4)	-90%
Allocations to Operating Reserves	-	**9.3**	9.3	n/a
TOTAL	**$ 98.9**	**$ 102.7**	**$ 3.8**	**4%**

4 Attachments

FY11 Budget Board Review Schedule
(Staff presentation unless otherwise noted)

	Held at	Purpose
11/19/09	Administration Committee	FY10 and FY11 Operating Budget Update
02/25/10	Administration Committee	FY11 Pro Forma Budget Review
03/31/10	N/A	Mail FY11 Preliminary Budget Memo
04/08/10	Administration Committee	FY11 Preliminary Budget Overview Receive FY11 Preliminary Budget Resource Manual: Budget summaries, organization charts, goals and objectives Actions: Consider motion to release a Budget Pamphlet Consider motion to set date for public hearings on FY11 Preliminary Budget
	Board of Directors	Actions: Consider motion to release a Budget Pamphlet Consider motion to set date for public hearings on FY11 Annual Budget
05/13/10	Administration Committee	FY11 Preliminary Budget Operating Sources FY11 Preliminary Budget Operating Uses FY11 Service Plan Actions: Submit FY11 Preliminary Budget to full Board
05/27/10	Administration Committee	FY11 Capital Budget FY11 Proposition 4 Limit: Calculation of annual spending limitation Public Hearing on FY11 Annual Budget
06/10/10	Administration Committee	Actions: Consider resolution to adopt annual Proposition 4 Limit Consider resolution to adopt the FY11 Annual Budget
	Board of Directors	Actions: Consider resolution to adopt annual Proposition 4 Limit Consider resolution to adopt the FY11 Annual Budget

SAN FRANCISCO BAY AREA RAPID TRANSIT
FY11 Preliminary Budget
ORGANIZATION CHART



03/31/10

FY11 PRELIMINARY BUDGET STAFFING COMPARISON	FY10 REVISED BUDGET			FY11 PRELIMINARY BUDGET		
EXECUTIVE OFFICE	Operating	Capital/ Reimb.	Total	Operating	Capital/ Reimb.	Total
General Manager	5.0	0.0	5.0	5.0	0.0	5.0
Legal	16.0	4.0	20.0	16.0	4.0	20.0
Finance	98.0	2.0	100.0	98.0	2.0	100.0
District Secretary	6.0	0.0	6.0	6.0	0.0	6.0
Administration	161.0	17.0	178.0	153.0	17.5	170.5
External Affairs	46.6	1.9	48.5	44.6	3.9	48.5
Police	286.0	0.0	286.0	285.0	0.0	285.0
Operations	2,166.5	231.5	2,398.0	2,139.0	238.0	2,377.0
West Bay Extensions	0.0	0.0	0.0	0.0	0.0	0.0
Transit System Development	1.0	58.0	59.0	1.0	58.0	59.0
Planning and Budget	43.0	8.0	51.0	41.0	8.0	49.0
Transit System Compliance	29.0	8.0	37.0	29.0	9.0	38.0
Capitol Corridor *	0.0	20.0	20.0	0.0	22.0	22.0
Silicon Valley Extension	0.0	13.0	13.0	0.0	13.0	13.0
Sub-total	2,858.1	363.4	3,221.5	2,817.6	375.4	3,193.0
Cost Allocation Plan	(48.0)	48.0		(48.0)	48.0	
TOTAL	2,810.1	411.4	3,221.5	2,769.6	423.4	3,193.0

* As governed and reimbursed by the Joint Powers Board and supervised by the Executive Director of the Joint Powers Board.

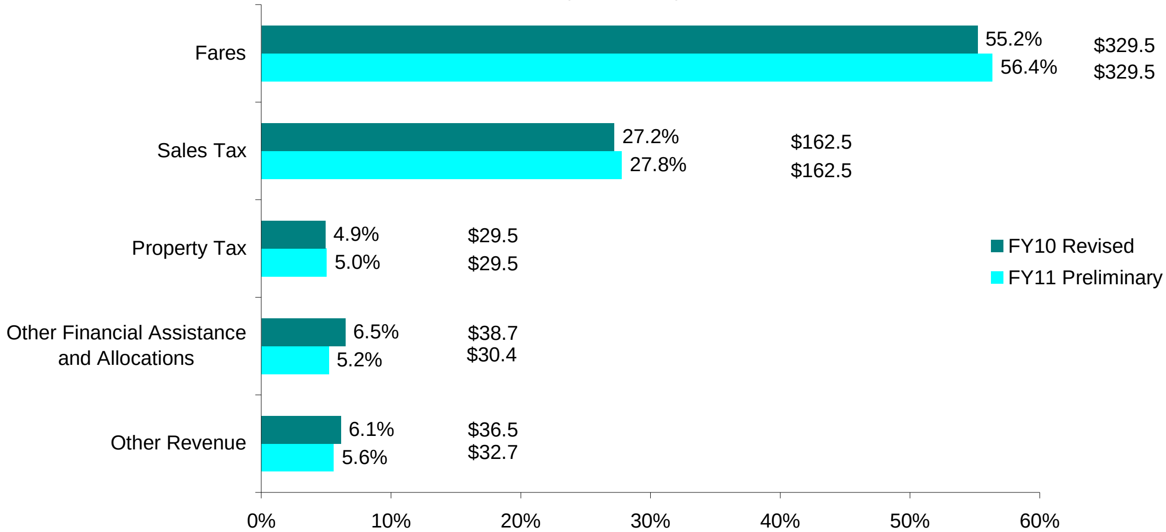
Operating Expense Budget by Department

$ Millions

Executive Office/ Department	FY10 Revised	FY11 Preliminary
General Manager	**$ 1.6**	**$ 1.5**
Legal	**3.8**	**3.7**
Finance	**23.8**	**23.1**
District Secretary	**1.3**	**2.2**
Administration	0.4	0.4
Human Resources	5.9	5.3
Procurement	11.0	10.2
Information Technology	8.7	8.4
Labor Relations	1.2	1.2
Real Estate and Right of Way Management	13.8	13.8
Administration	**41.1**	**39.3**
Administration	0.4	0.4
Marketing and Research	4.6	4.0
Media & Public Affairs	0.7	0.6
Government & Community Relations	1.7	1.7
Customer Services	2.4	2.2
External Affairs	**9.8**	**8.9**
Police	**46.8**	**45.4**
Administration	0.5	0.4
Maintenance & Engineering	87.5	85.4
Rolling Stock & Shops	93.8	88.1
Transportation & System Service	116.5	112.6
Operations Planning	1.8	1.9
Operations	**300.2**	**288.4**
Transit System Development	**0.6**	**0.4**
Administration	0.5	0.5
Customer Access	25.1	16.8
Property Development	0.7	0.7
Operating Budgets & Analysis (Includes Power)	40.0	39.6
Planning	1.3	1.1
Capital Development & Control	1.9	1.9
Planning and Budget	**69.4**	**60.6**
Administration	0.4	0.4
Internal Audit	1.4	1.2
System Safety	2.4	2.4
Civil Rights	1.3	1.3
Transit System Compliance	**5.5**	**5.3**
Capitol Corridor[1]	**-**	**-**
Silicon Valley Extension	**-**	**-**
Subtotal	**503.8**	**478.7**
MTC Rail Car Fund Swap	**22.7**	**-**
OPEB Unfunded Liability	**15.1**	**6.6**
Cost Allocation Plan	**(6.0)**	**(6.0)**
TOTAL	**$ 535.6**	**$ 479.4**

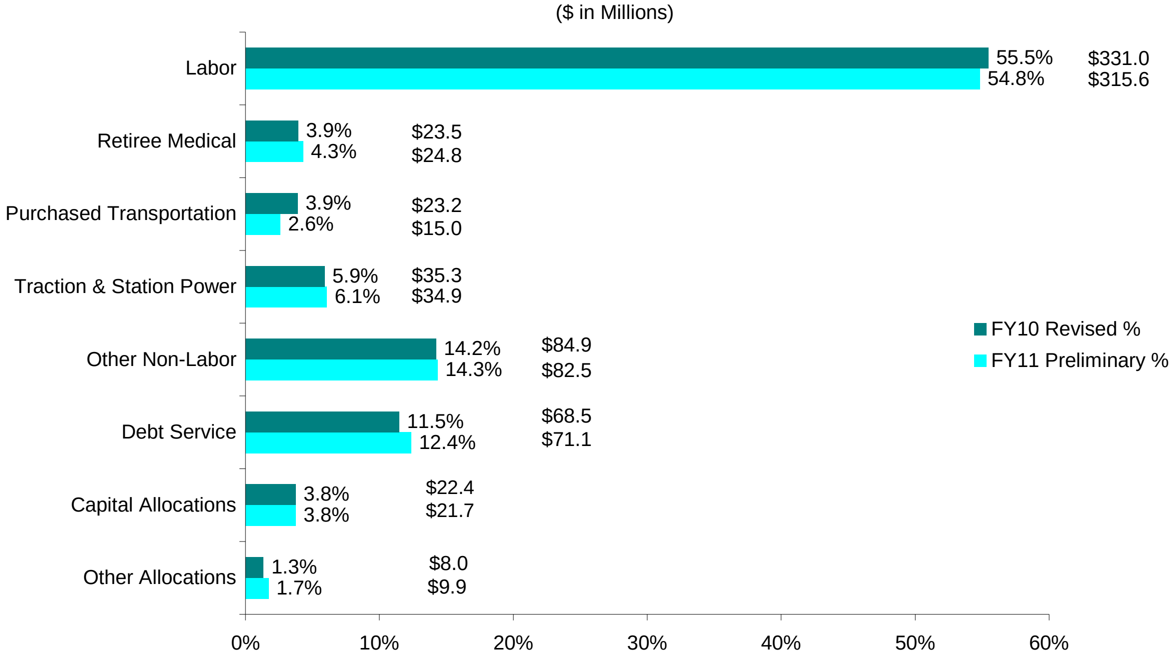
[1] As governed and reimbursed by the Joint Powers Board and supervised by the Executive Director of the Joint Powers Board.

Sources of Funds by Categories
FY10 Revised and FY11 Preliminary Budgets*
($ in Millions)

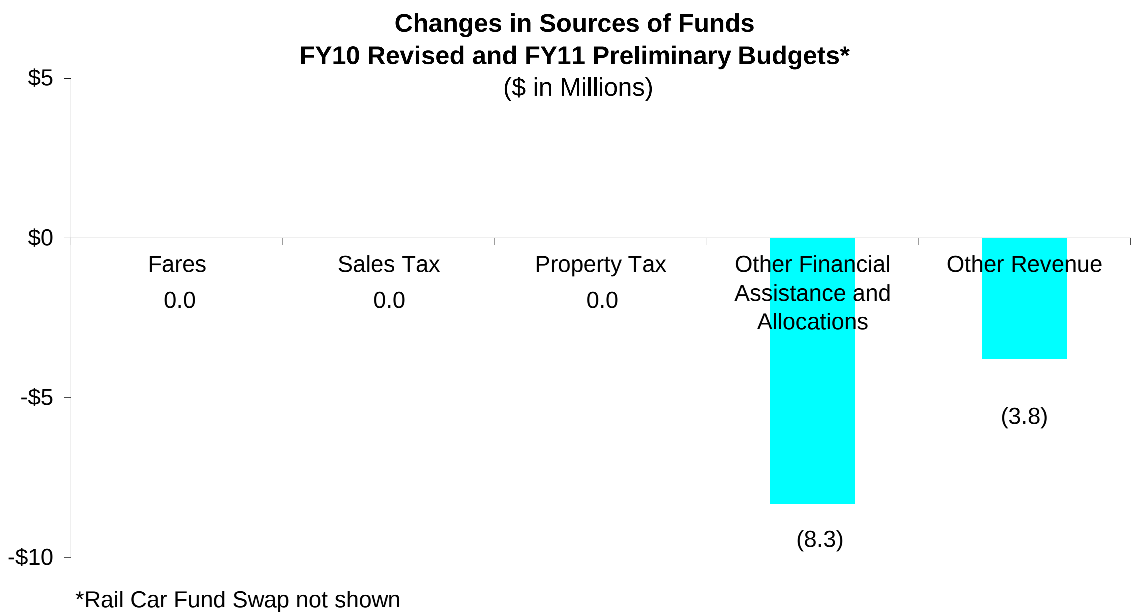


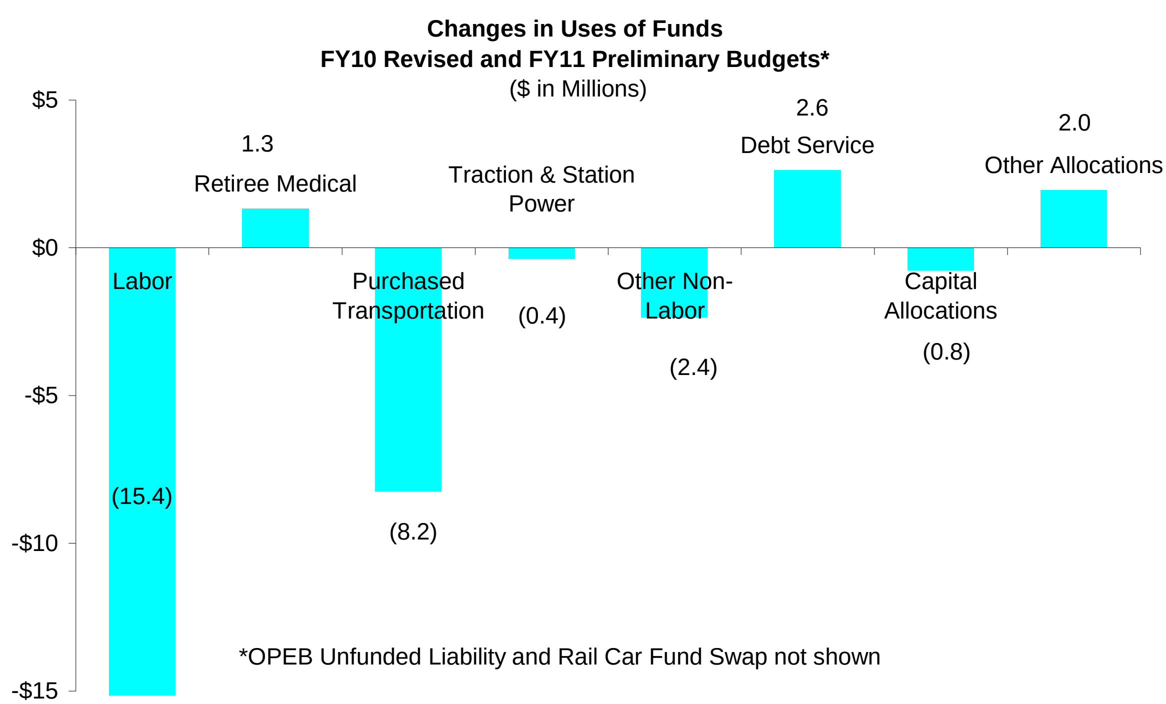
*Rail Car Fund Swap fund not shown.

Uses of Funds by Categories
FY10 Revised and FY11 Preliminary Budgets*
($ in Millions)



*OPEB Unfunded Liability and Rail Car Fund Swap fund not shown.


Changes in Sources of Funds
FY10 Revised and FY11 Preliminary Budgets*
($ in Millions)
$5
$0
-$5
-$10
Fares
0.0
Sales Tax
0.0
Property Tax
0.0
Other Financial Assistance and Allocations
(8.3)
Other Revenue
(3.8)
*Rail Car Fund Swap not shown


Changes in Uses of Funds
FY10 Revised and FY11 Preliminary Budgets*
($ in Millions)
$5
$0
-$5
-$10
-$15
Labor
(15.4)
1.3
Retiree Medical
Purchased Transportation
(8.2)
Traction & Station Power
(0.4)
Other Non-Labor
(2.4)
2.6
Debt Service
Capital Allocations
(0.8)
2.0
Other Allocations
*OPEB Unfunded Liability and Rail Car Fund Swap not shown

Appendix:

REVENUE GENERATION OPTIONS
(not included in Preliminary Budget recommendations)

	Annual Rev Generated for Core System
$0.10 increase to Transbay Surcharge Fare	**$4.7M**
2% Systemwide Fare Increase	**$6.0M**
Market-Based Parking Fees	**$2.8M**

Fare Increase Notes:
Title VI Analysis that has an inclusive public participation process ensuring inclusion of minority and low income populations is required.

Market-Based Parking Fee Notes
Applies at all East Bay BART stations with parking facilities
New $1.00 daily fees at six stations that currently have no fees.
Increase fees by $1.00 at stations with at least 98% occupancy Tues through Thurs.
Review occupancy rates every six months.
Decrease fees by $1.00 at stations that fall below 90% threshold with higher fee.
Estimate does not include potential impact on ridership that may be caused by higher parking fees.
Parking fees at West Bay stations are already adjusted under a similar program and are not included here.
Monthly Reserved Parking not included - already has a price-adjustment process.