



# FY22 Budget

## Service Plan, Operating & Capital Sources & Uses

May 13, 2021



# FY22 Service Plan, Operating & Capital Sources & Uses Agenda

1. Let's Go... September
2. FY22 Rail Service Plan
3. FY21 Year End Projection
4. FY22 Operating Sources and Uses
5. FY23 and Beyond Operating Outlook
6. FY22 Capital Sources and Uses



# Let's Go... September Service Increase & Fare Promotion

- Longer hours and more trains
- Cleaner trains and stations
- More safety staff on trains
- *50% off all Clipper fares Sept. 1 - 30*



# FY22 Rail Service Strategy - Period 1: Current through August 30, 2021

Current schedule since March 22, 2021, with added commute trips

	Peak Trips	Day		Night
Weekday	44	5:00	<i>5 Route / 30 min</i>	9:00
Saturday	15	8:00	<i>3 Route / 30 min</i>	9:00
Sunday		8:00	<i>3 Route / 30 min</i>	9:00



# FY22 Rail Service Strategy - Period 2: August 30, 2021 to February 2022

Expands weekday service frequency, plus late-night service  
 Earlier Saturday opening, later close, plus additional peak trips

	Peak Trips	Day		8:00pm	Night
Weekday		5:00	5 Route / 15 min	30 min 3 route	12:00
Saturday	20	6:00	5 Route / 30 min		12:00
Sunday		8:00	3 Route / 30 min	9:00	

*Enriched service begins 8/30*



# FY22 Rail Service Strategy - Period 3: February 2022 to September 2022

Potential changes under consideration:

- Additional weekday peak trains
- Additional Saturday & Sunday peak trains
- Expanding service to Sunday late-night

	Peak Trips	Day		8:00pm	Night
Weekday	0-10	5:00	5 Route / 15 min	30 min 3 route	12:00
Saturday	20-30	6:00	5 Route / 30 min		12:00
Sunday	10-15	8:00	3 Route / 30 min		12:00





# FY21 Year End Projection

Sources (\$M)	FY21 Adopted	FY21 Year End Projection	Change	
			\$	%
Rail Passenger Revenue	148	60	-88	-60%
Parking Revenue	10	7	-3	-33%
Other Operating Revenue	24	20	-4	-17%
Sales Tax Proceeds	239	250	11	5%
Other Financial Assistance	182	203	21	12%
<i>Total Regular Revenues</i>	<i>604</i>	<i>540</i>	<i>-64</i>	<i>-11%</i>
Federal Assistance (CARES + CRRSAA)	251	307	56	22%
Other Emergency Sources	60	0	-60	-100%
<i>Total Emergency Assistance</i>	<i>311</i>	<i>307</i>	<i>-4</i>	<i>-1%</i>
<b>TOTAL SOURCES</b>	<b>915</b>	<b>847</b>	<b>-68</b>	<b>-7%</b>
<b>Uses (\$M)</b>				
Labor & Benefits	624	573	-51	-8%
Power	48	43	-5	-11%
Other Non-Labor	178	133	-45	-25%
Bond Debt Service	47	47	0	0%
Allocations	17	51	34	205%
<b>TOTAL USES</b>	<b>915</b>	<b>847</b>	<b>-68</b>	<b>-7%</b>
<b>NET RESULT</b>	<b>0</b>	<b>0</b>	<b>0</b>	

**Federal Assistance** includes \$257M of CARES, \$50M of CRRSAA

**Labor & Benefits** line includes net FY21 impact of DRIP (-\$4M)

**Allocations** increase in FY21:

1. MET Building pay down
2. BART-to-Antioch vehicle maintenance post-warranty
3. Restoration of Pension Liability Allocation

*Projection will be refined in FY21 3rd Quarter Financial Report (QFR) to be heard at 5/27 Board meeting*



# FY22 Operating Budget: Executive Summary

In FY21, **BART has reduced Operating Expenses** (labor & non-labor) by approx. \$100M compared to the adopted budget

Looking ahead to FY22, **BART must flex back** to better serve all types of riders with high quality service

BART will **restore service** and use federal funding to **support the region's economic recovery**

The FY22 Operating Budget makes 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



# FY22 Operating Budget: Income Statement

Sources (\$M)	FY22 PBM	FY22 Current	Change	
			\$	%
Rail Passenger Revenue	159	166	7	4%
Parking Revenue	10	10	0	0%
Other Operating Revenue	19	20	1	6%
Sales Tax Proceeds	262	262	0	0%
Other Financial Assistance	164	176	12	7%
<i>Total Regular Revenues</i>	<i>614</i>	<i>634</i>	<i>20</i>	<i>3%</i>
Federal Assistance (CARES + CRRSAA)	349	328	-21	-6%
American Recovery Plan (ARP)	0	57	57	-
<i>Total Emergency Assistance</i>	<i>349</i>	<i>385</i>	<i>36</i>	<i>10%</i>
<b>TOTAL SOURCES</b>	<b>963</b>	<b>1,019</b>	<b>56</b>	<b>6%</b>
<b>Uses (\$M)</b>				
Labor & Benefits	622	650	28	5%
Power	40	49	9	22%
Other Non-Labor	145	161	16	11%
Bond Debt Service	57	57	0	0%
Allocations	78	102	24	30%
<b>TOTAL USES</b>	<b>942</b>	<b>1,019</b>	<b>77</b>	<b>8%</b>
Enhanced Cleaning	9	0	-9	-100%
Increased Service	43	0	-43	-100%
<b>NET RESULT</b>	<b>-31</b>	<b>0</b>	<b>31</b>	

**Enhanced Cleaning and Increased Service Initiative** costs distributed across sources and uses

**DRIP savings** incorporated into Labor & Benefits line

**Allocations** increase since PBM:

- BART-to-Antioch post-warranty vehicle maintenance
- Partial restoration of FY21 capital funding (\$15M)

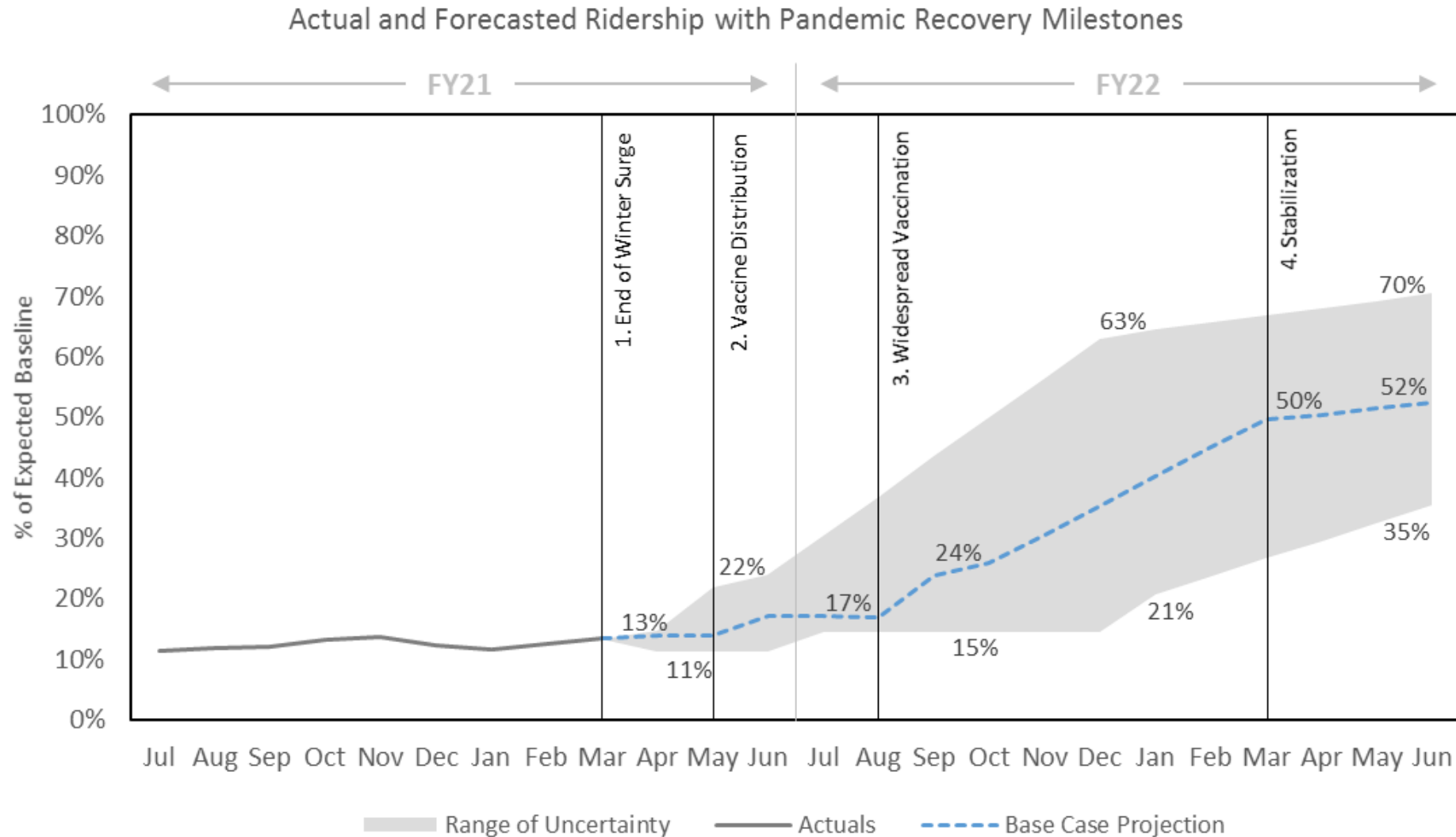
**Proposed September Fare Promotion** revenue impact is \$4.3M

\*Change amounts and percentages shown are from 3/31 Preliminary Budget Memo (PBM) to current FY22 budget



# Ridership Recovery Projection

Ridership recovery assumptions now include the impact of planned September service increase



# FY22 Operating Sources – Operating Revenue

Operating Revenue (\$M)	FY21 Adopted	FY21 Projected	FY22 PBM	FY22 Updated	Change	
					\$	%
Rail Passenger Revenue	148.1	59.8	159.1	165.8	6.7	4%
ADA Passenger Revenue	0.3	0.3	0.5	0.5	0.0	-4%
Parking Revenue	10.5	7.0	9.7	9.7	0.0	0%
Other Operating Revenue	23.7	19.6	18.7	19.9	1.2	6%
<b>Subtotal - Operating Revenue</b>	<b>182.6</b>	<b>86.7</b>	<b>188.0</b>	<b>195.9</b>	<b>7.9</b>	<b>4%</b>

## Budget projections conservatively position BART for ridership recovery

- Average annual ridership projected at 36% of pre-COVID levels; impacts on fares, parking, advertising
- Proposed fare promotion: 50% off Clipper fares during the month of September (estimated revenue impact: \$4.3M)
- Rail passenger revenue is budgeted at \$165.8M
  - \$106.0M above FY21 year-end projections
  - \$6.7M higher than in PBM due to service increase (offset by fare promotion)



# FY22 Operating Sources – Financial Assistance

Financial Assistance (\$M)	FY21 Adopted	FY21 Projected	FY22 PBM	FY22 Updated	Change	
					\$	%
Sales Tax Proceeds	239.0	249.9	261.7	261.7	0.0	0%
Property Tax Proceeds	50.6	53.7	54.5	54.5	0.0	0%
SFO Ext Financial Assistance	42.5	52.8	21.0	21.0	0.0	0%
VTA Financial Assistance	30.3	41.9	35.7	37.3	1.6	4%
MTC Assistance – Clipper Start Pilot	1.6	0.0	0.6	0.6	0.0	3%
Local & Other Assistance	6.0	8.4	7.4	7.4	0.0	0%
State Transit Assistance	28.5	30.8	28.4	28.4	0.0	0%
Low Carbon Transit Operations Program	8.5	8.5	4.4	4.4	0.0	-1%
Low Carbon Fuel Standard Program	14.4	7.1	12.4	22.6	10.2	82%
<b>Subtotal - Financial Assistance</b>	<b>421.4</b>	<b>453.3</b>	<b>426.1</b>	<b>437.8</b>	<b>11.7</b>	<b>3%</b>

## Financial Assistance is stable in FY21 – continued gradual recovery assumed

- FY22 sales tax revenue assumes a 4.7% increase above FY21 year-end estimate (\$10M+ above budget through April), driven by continued economic recovery
- Property tax revenue is assumed to be 1.5% above FY21 year-end estimate, with rising residential sales prices offset by risk to commercial property values
- SFO Extension financial assistance is \$21M lower than FY21; SFO reserve funds fully drawn down
- LCFS is \$10M higher than PBM due to service increase and timing of FY21 credit sales

# FY22 Operating Sources – Emergency Assistance

Emergency Assistance (\$M)	FY21 Adopted	FY21 Projected	FY22 PBM	FY22 Updated	Change	
					\$	%
CARES Act	251.0	257.0	0.0	0.0	0.0	-
FEMA COVID Expense Reimbursement	20.0	0.0	0.0	0.0	0.0	-
Reversal of FY20 Railcar Allocation	40.0	0.0	0.0	0.0	0.0	-
CRRSAA	0.0	50.2	349.3	327.8	(21.5)	-6%
ARP Act	0.0	0.0	TBD	57.1	57.1	-
<b>Subtotal - Emergency Assistance</b>	<b>311.0</b>	<b>307.2</b>	<b>349.3</b>	<b>384.9</b>	<b>35.6</b>	<b>10%</b>

## FY22 budget assumes use of \$385M of federal assistance to drive the region's recovery

- CARES funds are fully drawn down in FY21
- CRRSAA planned for use in FY21 has increased from \$29M in PBM to \$50.2M due to restoring capital allocations critical to fiscal stability
- Projected CRRSAA remaining to carry over into FY22 is \$327.8M
- \$57.1M in American Rescue Plan funds are budgeted to close the remaining FY22 operating deficit
- Operators and MTC staff are now jointly developing principles for distribution of \$1.7B in ARP funds; first tranche expected to be allocated by the MTC Commission in July

# FY22 Operating Uses – Labor & Benefits

Wages & Benefits (\$M)	FY21 Adopted	FY22 PBM	FY22 Updated	Change	
				\$	%
Wages	500.3	487.0	503.9	16.9	3%
Overtime	34.9	34.9	48.4	13.5	39%
CalPERS Pension	106.6	115.6	115.3	(0.3)	0%
Other Pension Benefits	13.6	14.0	13.8	(0.2)	-2%
Active Employee Medical Insurance	73.6	82.9	84.1	1.2	1%
Retiree Medical	46.0	51.8	44.0	(7.8)	-15%
Workers' Compensation	17.0	17.3	17.3	0.0	0%
Capital Labor Credits	(194.4)	(206.8)	(201.9)	4.9	-2%
Other Labor	26.8	25.2	25.2	0.0	0%
<b>Total Wages &amp; Benefits</b>	<b>624.4</b>	<b>621.9</b>	<b>650.1</b>	<b>28.2</b>	<b>5%</b>

- Total DRIP savings to District are \$21.1M; \$16.2M Operating Budget impact included in above chart
- Revised projections from outside actuarial consultant reduce retiree medical costs (OPEB) by \$7.8M
- Cleaning and Service Initiatives increase labor costs by \$49M



# FY22 Operating Uses – FTE Changes

## Net FTE changes from FY21 Adopted to FY22 Updated Budget

	Operating	Capital/Reimb	Total FTEs
<b>FY21 Adopted Budget</b>	<b>3,336</b>	<b>1,002</b>	<b>4,338</b>
DRIP	-112	-25	-137
Progressive Policing	15	0	15
Enhanced Cleaning	97	0	97
Service Increase	53	0	53
Misc. Adjustments	21	46	67
<i>Total Changes</i>	<i>74</i>	<i>21</i>	<i>95</i>
<b>FY22 Updated</b>	<b>3,410</b>	<b>1,023</b>	<b>4,433</b>

- Initiatives positions include part-time staff; FTEs do not sum to total number of staff to be hired
- 137 of 287 DRIP positions not to be backfilled (48% of total)
- Progressive Policing Bureau consists of 47 staff, including 15 new positions and 32 positions within BPD or shifted from other BART departments

# FY22 Operating Uses – Non-Labor Expense

Non-Labor (\$M)	FY21 Adopted	FY22 PBM	FY22 Updated	Change	
				\$	%
Clipper, Ticket Sales & Bank Fees	16.2	8.8	8.8	0.0	0%
Insurance	8.7	9.2	9.2	0.0	0%
Materials & Supplies	34.7	33.6	46.1	12.5	37%
Professional & Technical Fees	30.0	38.8	41.9	3.1	8%
COVID-19 Related Expenses	20.3	0.0	0.0	0.0	0%
Repairs & Maintenance	9.1	9.2	9.2	0.0	0%
Rent	18.4	7.0	7.0	0.0	0%
Power	48.1	40.0	48.9	8.9	22%
ADA Paratransit	16.1	14.0	14.0	0.0	0%
Purchased Transportation	11.5	12.4	12.4	0.0	0%
Utilities	6.4	8.0	8.0	0.0	0%
Other Miscellaneous	7.0	3.9	3.9	0.0	1%
<b>Total Non-Labor</b>	<b>226.5</b>	<b>184.9</b>	<b>209.5</b>	<b>24.6</b>	<b>13%</b>

- Power increased to reflect cost of September service increase
- Notable increases in Materials & Supplies and Professional & Technical Fees:
  - \$7.8M to purchase vehicle rehabilitation parts for BART-to-Antioch
  - \$2M for technology upgrades
  - \$2M for paratransit modernization
  - \$1.4M for targeted sustainability work
  - \$1.2M additional Quality of Life investment



# FY22 Operating Uses – Debt Service & Allocations

Debt Service & Allocations (\$M)	FY21 Adopted	FY22 PBM	FY22 Updated	Change	
				\$	%
Debt Service	47.2	57.2	57.2	0.0	0%
Baseline Capital Allocation	15.0	32.5	57.9	25.4	78%
Priority Capital Allocation	0.0	34.0	34.0	0.0	0%
Pension Liability Allocation	0.0	10.0	10.0	0.0	0%
Other Allocations	1.6	1.6	1.6	0.0	0%
<b>Total Debt Service &amp; Allocations</b>	<b>63.8</b>	<b>135.3</b>	<b>160.7</b>	<b>25.4</b>	<b>16%</b>

- Baseline Capital increased to address BART-to-Antioch post-warranty vehicle maintenance needs and a partial restoration of allocations not made in FY21

# FY22 Uses – Summary

FY22 Uses Summary (\$M)	FY21 Adopted	FY21 Projected Actuals	FY22 Updated
Labor & Benefits	624	573	650
Power	48	43	49
Non-Labor	178	133	161
<i>Subtotal - Operating Expense</i>	<i>851</i>	<i>749</i>	<i>860</i>
Bond Debt Service	47	47	57
Allocations	17	51	102
<i>Subtotal - Debt Service &amp; Allocations</i>	<i>64</i>	<i>98</i>	<i>161</i>
<b>Total Uses</b>	<b>915</b>	<b>847</b>	<b>1,019</b>

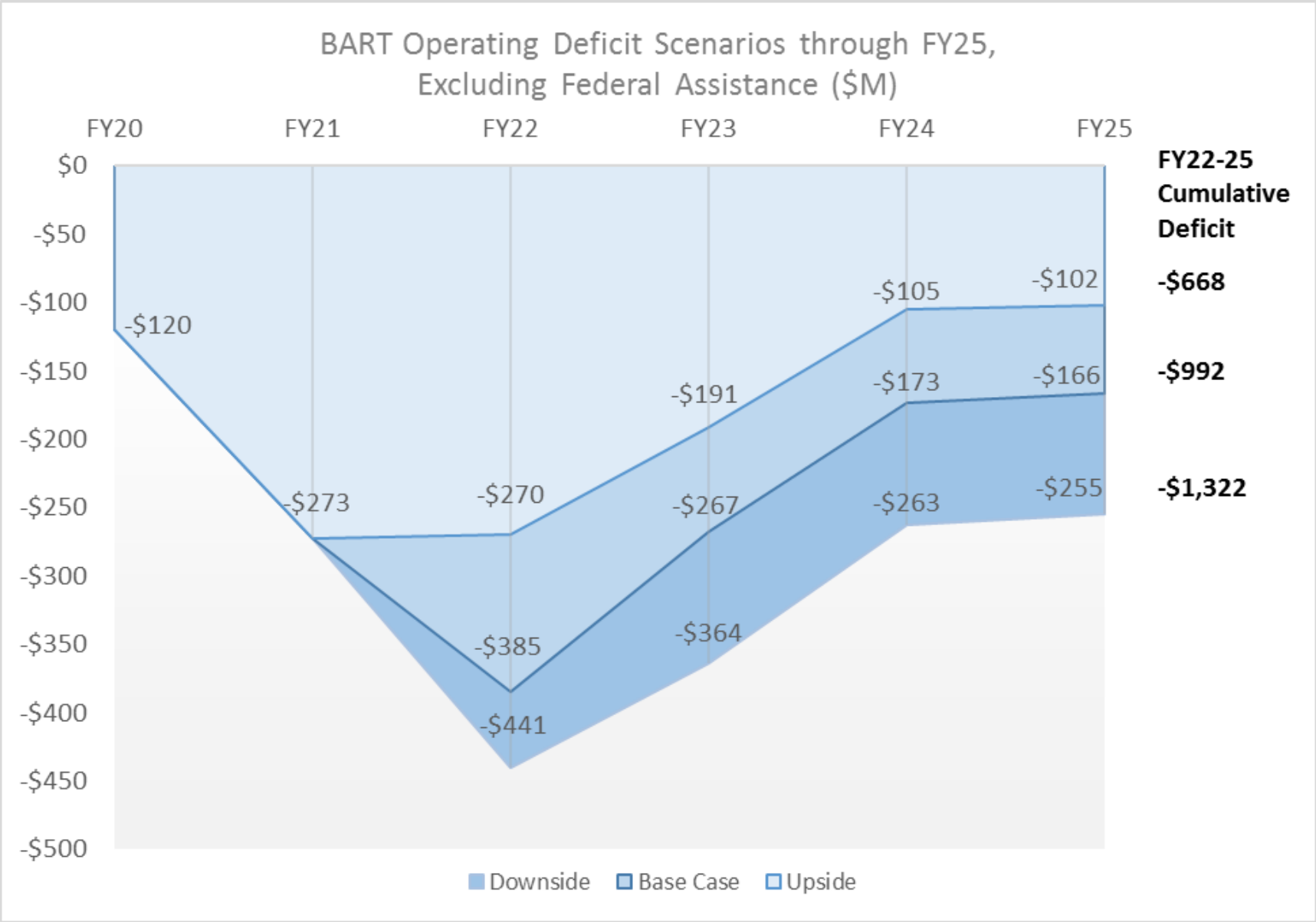
- Operating Expense has scaled down with reduced service in FY21; projected current year amount is \$100M less than FY21 Adopted Budget amount
- FY22 Operating Expense is comparable to FY21 Adopted level
- Growth in Debt Service & Allocations (including pension liability) driving Total Uses increase



# FY21, FY22, FY23 Operating Sources & Uses Projections

Sources (\$M)	FY21 YE Projection	FY22 Updated	FY23 Projection
Rail Passenger Revenue	60	166	327
Parking Revenue	7	10	19
Other Operating Revenue	20	20	23
Sales Tax Proceeds	250	262	264
Other Financial Assistance	203	176	164
<i>Total Regular Revenues</i>	<i>540</i>	<i>634</i>	<i>796</i>
Federal Assistance (CARES + CRRSAA)	307	328	0
Federal Assistance (ARP)	0	57	TBD
Other Emergency Sources	0	0	0
<i>Total Emergency Assistance</i>	<i>307</i>	<i>385</i>	<i>TBD</i>
<b>TOTAL SOURCES</b>	<b>847</b>	<b>1,019</b>	<b>796</b>
<b>Uses (\$M)</b>			
Labor & Benefits	573	650	675
Power	43	49	53
Other Non-Labor	133	161	178
Bond Debt Service	47	57	60
Allocations	51	102	98
<b>TOTAL USES</b>	<b>847</b>	<b>1,019</b>	<b>1,064</b>
<b>NET RESULT</b>	<b>0</b>	<b>0</b>	<b>-267</b>

# Five-Year Revenue and Expense Projections

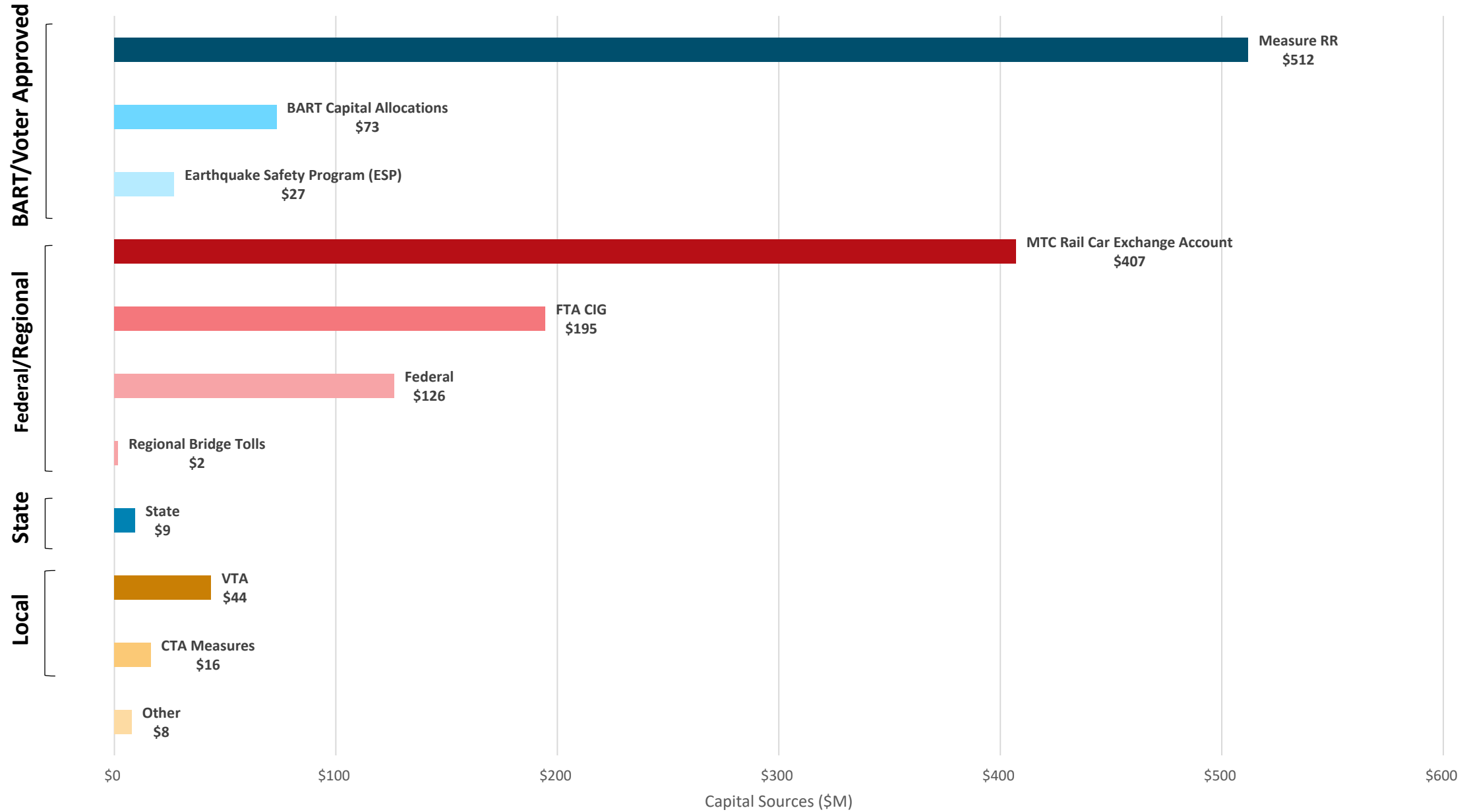




# FY22 Capital Budget – Executive Summary

- FY22 Capital Budget estimated at \$1.419B
- Priority projects account for nearly 50% of total FY22 Capital Budget, including Core Capacity Program (\$243M) and 775 Rail Car Procurement Project (\$452M)
- FY22 Capital Budget includes 256 capital projects, with 10 projects accounting for 63% of the total budget.
  - Including Core Capacity Program, 775 Rail Car Procurement, Link21, 34.5kV Cable Replacement and Upgrade, and the Concord Truing Machine

# FY22 Capital Budget – Sources



# FY22 Capital Budget – Uses

## Selected Examples by Category

### System Reinvestment

- Rail Car Procurement Phase 1 (775 rail cars)
- 34.5 kV Cable Replacement and Capacity Expansion

### Service and Capacity Enhancement

- Core Capacity Program (Train Control Modernization, Traction Power Substations Hayward Storage Yard);
- Vehicle Overhaul and Heavy Repair Shop Design for Fleet of the Future Maintenance Facility

### Earthquake Safety

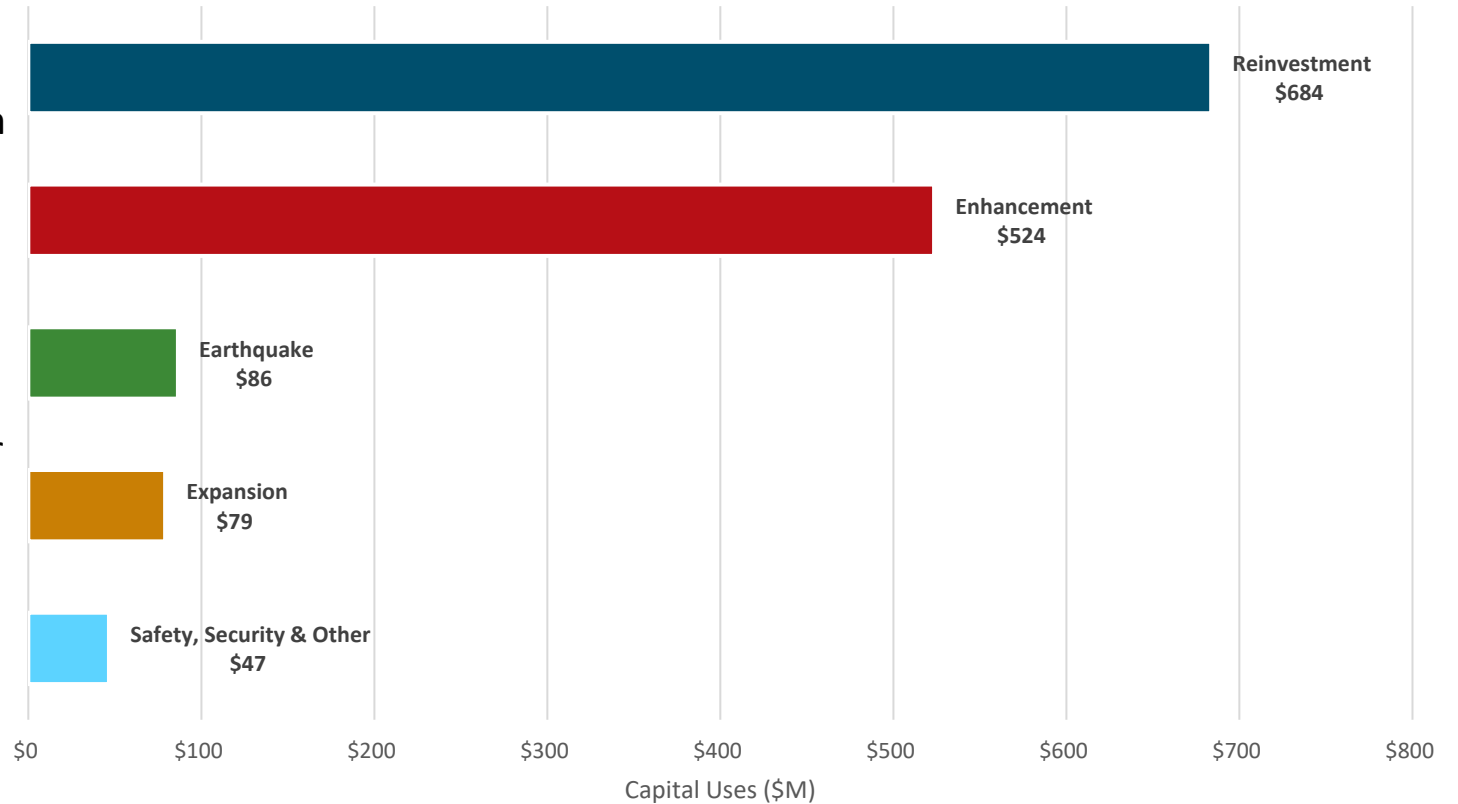
- Transbay Tube Earthquake Retrofit

### System Expansion

- Link21
- BART to Silicon Valley Phase II (BSVII)

### Safety, Security & Other

- Station Emergency Lighting



# Capital Project Acceleration in FY21 and FY22 – M&E

Many projects were able to take advantage of the **longer work window** created by the service reduction

Project	Savings			Example Benefits
	BART \$	Schedule	Patron Impact	
Systemwide Rail Grinding	✓ ✓ ✓	✓	✓	Longer hours per shift, more work completed
Ultrasonic Rail Flaw Testing Services	✓	✓		Longer hours per shift, more work completed
Coverboard Enhancement	✓	✓	✓	Longer shift, shortened schedule
C25 Interlocking Renewal	✓ ✓	✓	✓	Reduced shutdown weekends by 1
A65/A75 Interlocking Renewal	✓ ✓	✓	✓	Reduced shutdown weekends by 1
Systemwide DF Pads	✓ ✓ ✓	✓		Longer shift increased production
M Line 34.5 kV Cable		✓	✓ ✓ ✓	Reduce 24+ single tracking Sundays

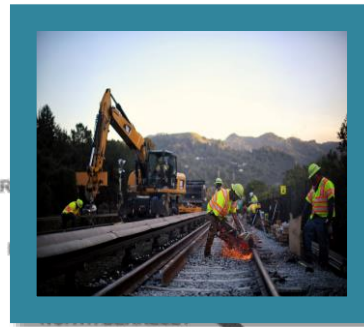
# Capital Project Acceleration in FY21 and FY22 – D&C

Many projects were able to take advantage of the **longer work window** created by the service reduction

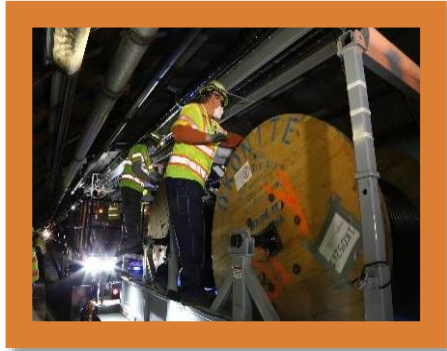
Project	Savings			Example Benefits
	BART \$	Schedule	Patron Impact	
Transbay Tube Retrofit	✓	✓	✓	Better work access and locomotive time to transport materials
Garage LED Lighting	✓✓	✓	✓	Dayshift work instead of nights
Antioch Parking Lot Expansion		✓	✓	Better work access
Union City Station Modernization	✓	✓	✓	Platform work with longer hours per shift
Powell St Station Modernization		✓	✓	Better work access
El Cerrito Del Norte Station Modernization	✓	✓	✓	Better work access, Phase 2 expedited
Downtown SF Escalator Replacement	✓	✓✓	✓✓	Better work access

# Capital Project Acceleration in FY21 and FY22

**C25 Interlocking Replacement  
Reduced 1 Shutdown Weekend**



**System Wide Rail Grinding**



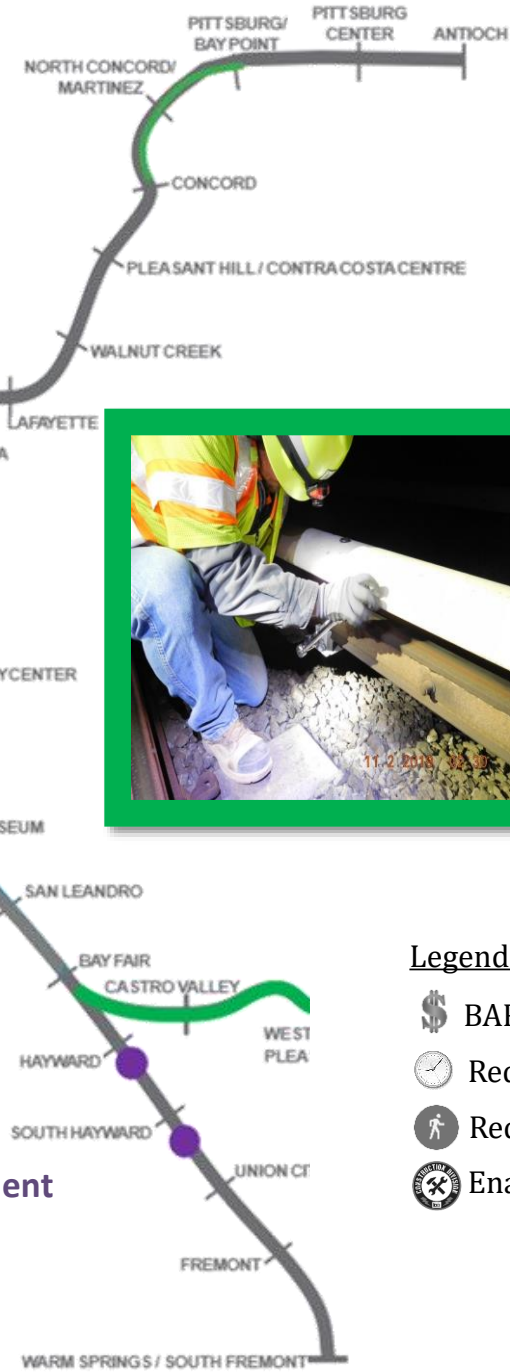
**M Line 34.5kV Cable  
Eliminated 24+ Single  
Tracking Sundays**



**System Wide DF Pad  
Replacement**



**A65/A75 Interlocking Replacement**



**Coverboard  
Enhancement  
C Line, L Line, WYE**

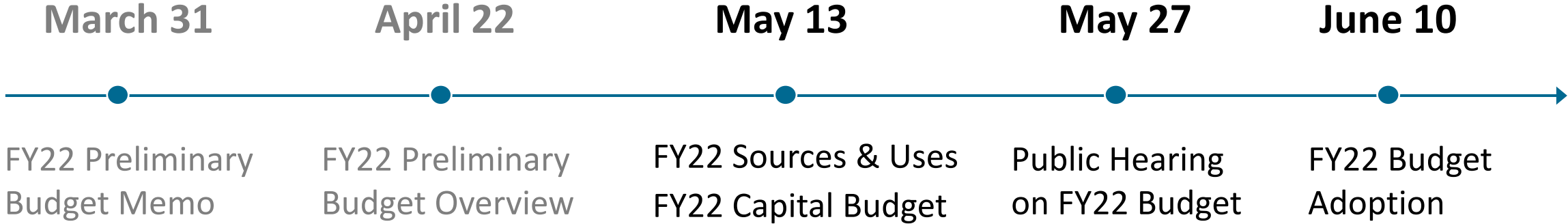


**Legend:**

- BART \$ Savings
- Reduced Schedule
- Reduce Impact to Patrons
- Enables Other Work



# Timeline and Next Steps





 Discussion

