



San Francisco Bay Area Rapid Transit District Adopted Budget Fiscal Year 2019

August 2018

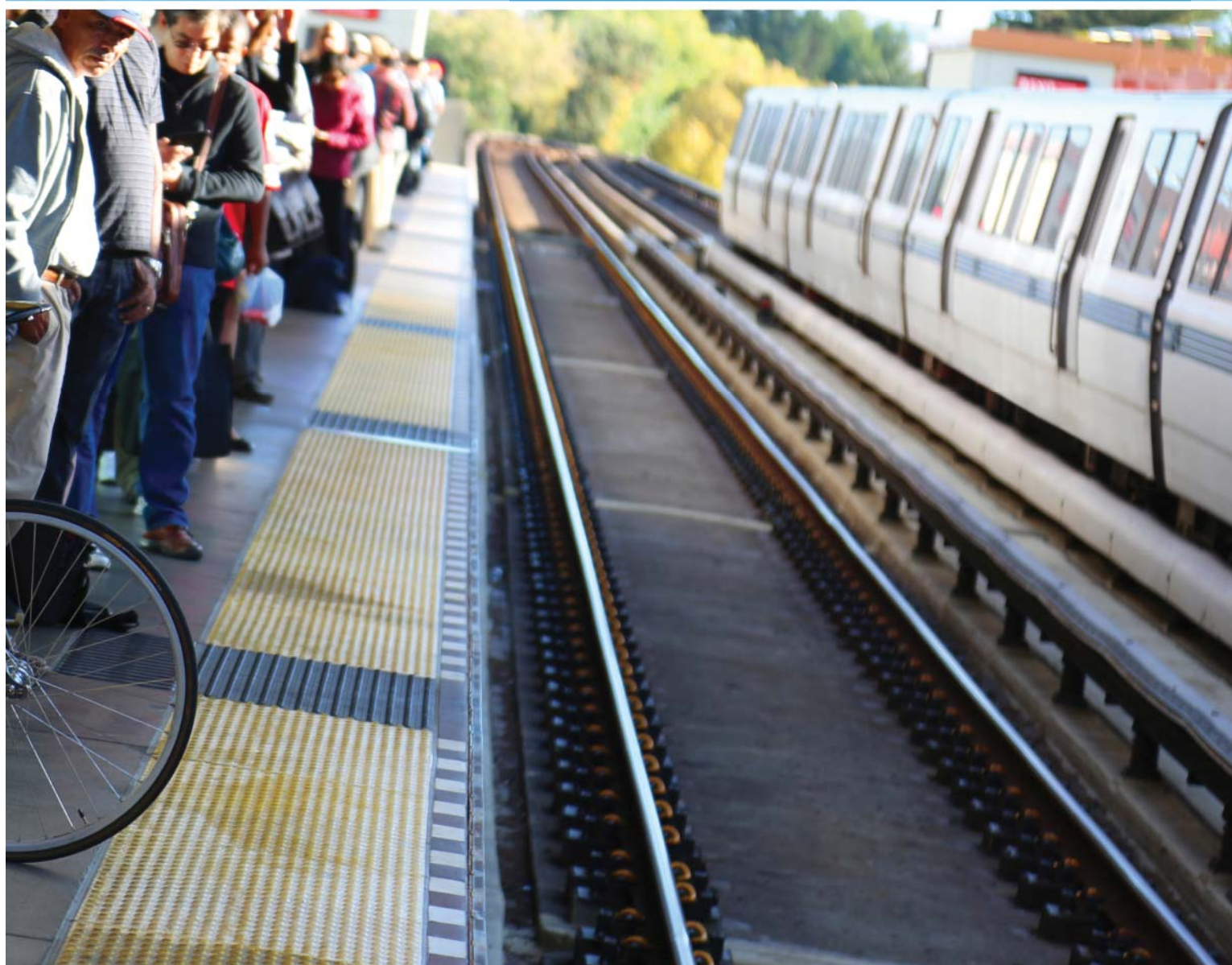


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BART System Map



Executive Summary

This document outlines the Fiscal Year 2019 (FY19) Adopted Budget. This document includes an Overview of the FY19 Budget, BART's Rail Service Plan for FY19, sections describing the budget, BART Organizational Chart, Strategic Plan Framework, and the FY19 Budget Board materials.

Beginning in FY18, BART started the process of integrating the Board-adopted Strategic Plan¹ with the annual budget process. In FY19 as BART entered its second year of Strategic Plan and Budget integration, BART staff further refined Four-Year Strategic Workplans for every department, identified key resource needs, and developed interdepartmental FY19 Strategic Initiatives² which were presented to the public and the Board as part of the Preliminary Budget on March 30, 2018.

The Strategic Plan continues to guide BART's decision-making with the focus for FY19 on "Quality of Life on BART." Quality of Life programs address the interrelated issues of homelessness, fare evasion, cleanliness, and safety. Over the past several years, we have allocated substantial resources – approximately \$32 million (M) between FY14 and FY18 – to this effort, and in FY19 we are committed to continuing and refining Quality of Life programs. The FY19 budget is resource-constrained, and current human and capital assets are being assigned to meet Quality of Life challenges. Our priorities have been shifted very specifically to these interrelated efforts, each of which advances the Strategic Plan's goals and directly supports BART's mission: Provide safe, reliable, clean, quality transit service for riders.

Subsequent to the FY19 Budget Adoption, the Board approved directing additional resources to safety and security efforts through the "BART Safety and Security Action Plan." The Action Plan will be implemented by accelerating safety and security projects already in progress, re-scoping existing projects to focus on safety and security activities, re-allocating funding assigned to existing capital projects, deferring future capital projects that are not part of the Action Plan, and pursuing new funding sources.

At the start of the FY18 budget year, preliminary estimates for FY19 indicated a \$10M to \$11M shortfall. Careful management of FY18 expenses, along with better than expected results in financial assistance, including increased State Transit Assistance support from Senate Bill 1 (SB 1), allowed BART to not only balance the FY19 budget, but also provide for a limited number of new initiatives primarily directed towards Quality of Life improvements. The balanced FY19 budget provides the BART service upon which the region relies.

¹ The Strategic Plan includes high profile, interdepartmental and interdisciplinary efforts; for example, addressing fare evasion combines efforts from Operations, BART Police Department, and other BART departments.

² Strategic Initiatives are generally high profile, interdepartmental and interdisciplinary efforts; for example, fare evasion suppression.

Overview

The FY19 Adopted Budget presents a continuation of challenges BART faced in FY18: declining ridership and fare revenue, aging infrastructure and increased operating expenses, major system reinvestment, and extension openings. The Adopted Budget presented here supports BART's commitment to deliver safe, reliable, clean, quality transit service while balancing this commitment with limited resources.

Highlights of the FY19 budget include:

- Addressing Quality of Life on BART
- Operating the new BART to Antioch Extension
- Adding New Rail Cars to revenue service
- Utilizing the expanded Hayward Maintenance Complex
- Preparing for the Silicon Valley Berryessa Extension

As with each annual budget, development has been informed by the long-term outlook, in this case, the FY17 Short-Range Transit Plan/Capital Improvement Program (SRTP/CIP) adopted by the Board in July 2017. The SRTP/CIP projected an operating shortfall of slightly over \$285M over 10 years plus \$5.7 billion of unfunded capital needs over 15 years. The projected shortfall provided valuable context for considering long-term financial and operational impacts of budget decisions to strengthen loss in ridership and maintain and increase service reliability. The draft FY19 SRTP/CIP is expected to be released in fall 2018.

SB 1 was passed by the California Legislature in April 2017, substantially increasing State Transit Assistance (STA). An initiative to repeal SB 1 will be put to California voters in November 2018. Should the repeal be approved, BART stands to lose approximately \$18.8M in FY19. In preparation for this possibility, the FY19 budget allocates \$9.0M of one-time advertising funds and \$6.4M of STA revenue, not subject to repeal, to an Operating Reserve for Economic Uncertainty to be used to help balance the budget, if needed.

Quality of Life on BART

The main strategic focus for FY19 is "Quality of Life on BART" as discussed at the Board's February workshop. Quality of Life programs address the interrelated issues of fare evasion, homelessness, cleanliness, and safety. These issues affect BART's riders, employees, and infrastructure. Since FY14, substantial resources have been allocated – approximately \$32M – to this effort, and in FY19 BART is committed to continuing and refining Quality of Life programs.

Fare Evasion

To address fare evasion, the following projects were completed by the end of FY18:

- Increased enforcement by BART Police Officers. Officers issued 3,961 fare evasion citations in FY18, a 200% increase from the 1,867 citations in FY17.
- Fare Inspectors issued 7,643 advisements/warnings in January and February 2018, then issued 2,301 Proof of Payment citations from March 2018 through the end of FY18.
- Enclosed elevators in paid areas at South Hayward and Downtown Berkeley Stations
- Raised railings at Downtown Berkeley and Civic Center Stations
- Alarmed emergency doors at Coliseum and Fruitvale Stations

- Alarmed swing gates at 16th Street/Mission, 24th Street/Mission, Embarcadero, Civic Center, and Downtown Berkeley Stations

For FY19, the planned projects to reduce fare evasion are:

- Raise the railing at Embarcadero, Richmond, Daly City and Balboa Park Stations
- Alarm swing gates at Montgomery, Powell, Balboa Park, Glen Park and Daly City Stations
- Enclose elevators in the paid area at El Cerrito del Norte Station
- Develop and implement an elevator faregate solution for Montgomery Station

In addition, the BART Police Department's proof-of-payment team is enforcing the Board-approved ordinance that allows Community Service Officers to check if passengers paid their fares. This is a visual confirmation of BART's commitment to fairness and equity to all riders who pay to ride the system. BART Police has also undertaken operations focused on fare evasion and riding teams to prevent crime, increase visibility and enforce violations as necessary.

Homelessness

Homeless Outreach Teams. BART, San Francisco Municipal Transportation Agency (SFMTA), and the San Francisco Department of Homeless and Supportive Housing partnered to roll out the San Francisco Homeless Outreach Team (SF HOT) in November 2017. This team works closely with BART staff, the San Francisco Police Department, and SFMTA staff to engage the homeless population at the four downtown San Francisco stations. From November 2017 through June 2018, the team made 433 contacts, 213 referrals, and 478 connections. BART is expanding the Homeless Outreach Teams to other stations and counties in FY19 to more effectively tackle the homelessness issue throughout the entire BART system.

BART Police Department Community Outreach. A member of the BART Police Department continues to coordinate the identification of homeless resources and partnerships throughout the four counties BART serves and is the current chairperson of the Alameda County Homeless Task Force, which meets each month at the BART Police Department.

Pit Stops. The Pit Stop Program, managed by the San Francisco Public Works, provides attended restroom facilities in the most challenged areas of San Francisco. BART and Public Works partnered to provide Pit Stop facilities at 16th St./Mission and Powell St. Stations in FY17 and FY18, and will continue this partnership and service in FY19, adding a new facility at Embarcadero Station. San Francisco funds an additional Pit Stop next to Civic Center Station.

Elevator Attendants. BART and SFMTA are partnering to bring attendants to the street and platform elevators at Powell Street and Civic Center Stations to address elevator cleanliness, safety and security, availability, and accessibility issues. Roll-out for this six-month pilot started in April 2018 and has been extended to November 1, 2019. For the first three months, there was a monthly average of over 57,700 customers at Civic Center Station and over 53,700 customers at Powell St. Station.

Security Measures. Security measures are being taken on prioritized properties to reduce encampments in Alameda, Contra Costa, and San Mateo counties which could include fencing, signage, cameras, and other strategies.

Station Cleanliness

Maintenance & Engineering developed a comprehensive plan for station cleaning improvements that incorporated the findings from the 2017 Transportation Research Associates (TRA) Station Cleaning Study and input from International Sanitary Supply Association (ISSA), a worldwide cleaning association and benchmarking organization. The following initiatives are part of the Station Cleanliness effort:

- Hired 21 more cleaners
- Restructured the System Service group to provide more management oversight, increased ownership and accountability. Created five geographic zones and for each zone, established dedicated supervision and workforce, with greater resources deployed at largest and most challenging stations
- Hired an Employee Development Specialist to advance BART's training program
- Working to achieve ISSA certification including development and training in standard cleaning tasks
- Developed and implemented Key Performance Indicators (KPI) aligned by new zones to measure and monitor attendance, overtime and safety performance. Additional KPIs under development
- Developed a project plan for implementation over the next year of a station cleaning material and tooling inventory system, with initial focus on downtown San Francisco stations.
- Partnered with BART Police and other station personnel in downtown San Francisco to create a sense of community and to begin to address issues related to drug use and trespassing in stations
- Holding monthly customer meet-and-greet sessions at stations throughout the system to hear from customers on ways to improve their experience

Safety

Much of the work described above will also bolster safety for BART's passengers and employees. In addition, the BART Police Department participates in safety-related programs as follows:

- Participates in the LEAD (Law Enforcement Assisted Diversion) Program in San Francisco that allows low-level offenders to be diverted to the necessary social services as opposed to being booked for low-level crimes.
- Joined the Alameda County Narcotics Task Force, which will serve as a force multiplier to enforce narcotics related violations as necessary.
- BART Police issued 4,681 citations in FY18, an increase from 2,583 citations in FY17.
- BART Police made 1,912 arrests in FY18, an increase from 1,552 arrests in FY17.

BART to Antioch Extension

BART to Antioch service commenced in May 2018, extending BART's yellow line into eastern Contra Costa County. BART to Antioch uses modern Diesel Multiple Unit (DMU) trains to provide rail service between BART's Pittsburg/Bay Point station and Antioch. The system consists of eight DMUs, a maintenance and operations facility, two stations, a transfer platform at the Pittsburg/Bay Point station, and approximately 10 miles of track.

New Rail Cars

BART is replacing its aging rail car fleet and expanding the current fleet from 669 to at least 775 rail cars, and as many as 1,200. This new fleet will improve reliability, decrease maintenance costs, relieve crowding, and help meet growing demand associated with regional population growth and system expansions. The car builder's current schedule reflects the delivery of 36 cars by the end of FY18. Production of the new cars will continue to ramp-up through FY19.

Hayward Maintenance Complex

To accommodate its growing rail car fleet, BART is expanding and upgrading its existing maintenance facility in Hayward. The Hayward Maintenance Complex (HMC) will include a reconfigured yard, a larger primary repair shop, a new component repair shop, a vehicle overhaul shop, a new central parts warehouse, and a new Maintenance and Engineering repair shop. The primary repair shop opened in fall 2017 and will have additional car servicing capacity added in FY20. The new 160,000 square foot Component Repair Shop will open in FY19, and the contract for the central parts warehouse was recently awarded. The contract for the new Maintenance and Engineering repair shop should be advertised in the second half of FY19, depending on funding availability, and the Vehicle Heavy Repair and Overhaul Shop design is 35% complete.

Silicon Valley Berryessa Extension

The two-station, 10-mile Silicon Valley Berryessa Extension (SVBX) into Santa Clara County will connect to the Warm Springs/South Fremont Station in southern Alameda County. Construction of the project is managed by the Santa Clara Valley Transportation Authority (VTA), in cooperation with BART. VTA is funding all construction costs of the project and will reimburse BART for all costs associated with rail service, including operations, maintenance, core system impacts, and a share of capital expenses. The project is expected to open in FY20. BART currently includes positions to support SVBX revenue service in the FY19 budget as capital, reimbursable by VTA.

FY19 Adopted Budget

The following sections begin with a discussion of rail service plans, followed by the FY19 Adopted Budget Income Statement. Operating and capital sources and uses are shown together in a combined Income Statement to present a comprehensive picture of BART's financial situation. This is followed by descriptions of operating and capital sources and uses. The final section summarizes new budget initiatives for FY19 and the attachments further detail BART's organizational structure, strategic plan, and activities in support of the budget and strategic plan.

Financial Structure, Policy and Process

Financial Policies

BART aims to maintain integrity of the budget and expenses by keeping operating costs within what revenue can fund. Daily operations are financed by fare revenue, parking revenue, sales tax and property tax, and other revenue such as income from advertising and fiber optics. The budget is prepared under the accrual basis of accounting, where revenues are recorded when earned and expenses are recorded when a liability is incurred.

BART has two financial policies – the Financial Stability Policy and Fare Policy – that have helped guide decision-making, especially during challenging economic times.

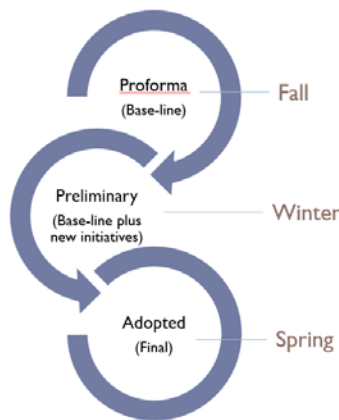
The Financial Stability Policy, adopted in 2003, is designed to ensure long-term operating and capital financial stability through a combination of strategies involving revenues, operating expenses, capital investments, and prudent reserves. This policy also laid the foundation for the Board to approve two series of biennial Productivity-Adjusted Consumer Price Index-Based fare increases. The last increase of the second series is scheduled for January 2020. The contributions from these small, regular increases have been essential to the District’s financial and operational well-being.

The Fare Policy, adopted in 2005, underscores the influence fares have on multiple interconnected areas: customer satisfaction, ridership growth, financial health, seamless interagency travel, and optimal system usage. The Policy has five goals, each with strategies to achieve them, to address these interconnected areas.

Budget Process

BART produces long-range financial projections and an annual budget on a yearly basis. Both reflect and incorporate BART’s Strategic Plan (Attachment B) and are aligned with BART’s Financial Stability Policy and Fare Policy.

BART’s SRTP/CIP projects the operating forecast and capital investment program for the next 10 and 15 years, respectively. The SRTP/CIP reports are posted on the bart.gov financials page.



The annual budget includes expected operating and capital expenditures for the fiscal year, which begins on July 1 and concludes on June 30. The budget process starts the fall of the prior year, as the Budget team develops the baseline (Proforma) budget. During the last quarter of the calendar year, Departments begin planning organizational changes and working with the Asset Management team to build Four Year Workplans and assemble resource requests. The Board Workshop is in January, Strategic Budget Discussions are held in February, capital project entries are due in March. The Budget team finalizes the Preliminary budget for release on March 31. A series of budget presentations are made in April and May to the Board of Directors, with the public hearing on the proposed budget held in May. The budget is adopted in June with a start date of July 1.

During the year, management reviews fiscal performance on a monthly basis. The Budget team releases monthly financial reports to Executives and Budget Coordinators including budget/expense, revenue, ridership statistics, capital fund recoveries, and overtime detail. The Budget team reviews fiscal performance with the Board of Directors on a quarterly basis via the Quarterly Financial Report (QFR) and on an annual basis for Year End Close. All financial reports, presented by the Budget team, are based on data provided by Finance.

Fund Structure and Basis of Budgeting

The District operates as an Enterprise Fund and uses the economic resources measurement focus and the accrual basis of accounting. Operating and capital budgets are created annually. Budgeted operating revenues include revenues that are directly related to transit operations, and principally comes from passenger fares. Other revenues captured in the operating budget include sales tax revenue, property tax revenue, and financial assistance from local, state or federal agencies intended to fund transit related activities. Budgeted Operating expenses include all costs related to providing transit operations, excluding depreciation. Operating costs include labor, materials, supplies, services, utilities, leases and rentals. The operating budget also includes allocations to support capital projects, allocation to cover debt service requirements for outstanding sales tax revenue bonds, and allocation to fund the operating reserve. Budgeted capital expenses include all costs related to capital improvements and maintenance of the transit system. Each capital funding source, including allocations to capital from the operating budget, is assigned a unique fund identification number. All capital expenditures are tracked by Project.

BART applies for federal formula funds through the Federal Transit Agency and Metropolitan Transportation Commission (MTC) to fund its capital activities, as summarized in the Capital Sources section. In addition to grants from the federal government, BART has received and expects to continue to receive funding from the State, from regional bridge tolls and from local governments for capital renovation and expansion of the BART System, as described in the Tax and Financial Assistance and Capital Sources sections. BART also leverages a combination of General Obligation (GO) bonds and Sales Tax Revenue bonds to fund improvements to the BART system, which is described in the Capital Sources section.

Rail Service Plan

BART ridership during the peak hours in the peak direction continues to be robust and experiences significant crowding, despite a decline in total ridership in FY18. To expand capacity, BART has taken measures to increase the standing area by modifying train cars with alternative seating configurations. Additionally, FY18 saw the first of the new rail cars go into service, increasing overall system capacity.

In May 2018, BART began service on the BART to Antioch Extension, which required modification to current BART schedules and additional trains.

For FY19, there will be several additional changes that affect the rail service plan, described in more detail below. The FY19 service snapshot in the table below shows the cumulative effects of all service changes, presumed to take effect by February 2019.

Service Snapshot	July 2018	February 2019
Total Peak Vehicle Requirement	610	633
Total Fleet	669	833
Peak Period Trains	63	66
Total Car Hours (million)	2.7	2.6
Total Car Miles (million)	85.5	84.1

Transbay Tube Earthquake Safety Service Plan

Starting in February 2019, construction will begin on the BART Transbay Tube Earthquake Safety Retrofit project. The work will require starting weekday BART service at 5 am, one hour later than usual. Additionally, evening service on weekdays after 9:30 pm will be reduced from 20-minute headways to 24-minute headways to allow for single tracking in the Transbay Tube to accommodate the transport of construction equipment. There is currently a study underway to determine the overall fiscal impact of this service reduction, which includes savings from operational costs and loss in fare revenue. To mitigate the early morning service reduction, BART plans to create a bus network which will operate during the 4 am – 5 am hour. Details of the bus network are still being developed, but it is BART's plan to provide reliable, convenient and affordable bus service to our riders. In September staff will present a final bus plan to the BART Board.

Other Service Changes

In addition to the major service changes described above, there are several additional changes slated for FY19:

- BART is planning to extend the Orange (Richmond-Fremont) Line service to include all day weekday service to the Warm Springs Station starting in September 2018. To maintain existing headways, one additional train will be added to the schedule on weekdays.
- In February of FY19, an additional peak commute train is planned to be added on the Yellow (Pittsburg/Bay Point-San Francisco International Airport) Line to serve demand generated by BART to Antioch service.

- The M Line 34.5KV Cable Project, funded by Measure RR, will replace electrical cable between Embarcadero Station and 24th Street/Mission Station. The project will require single-tracking trains through San Francisco between those stations and will reduce service systemwide on Sundays beginning in February of FY19.

Extensions

SVBX service is expected to in FY20. The new service will require significant schedule changes and three additional trains on the Green (Fremont-Daly City) Line to serve the new stations. In addition, one additional peak commute train will supplement peak service on the Green Line. The Title VI equity analysis for SVBX is complete and is pending approval by the BART Board. Per Federal Transit Administration (FTA) requirements, the analysis will be brought to the BART Board for approval six months prior to the start of revenue service. As noted previously, VTA will reimburse BART for all costs associated with rail service including operations, maintenance, core system impacts, and a share of capital expenses.

New Rail Cars

BART's first new rail cars went into revenue service in January 2018. As additional new rail cars become available for revenue service, BART will identify opportunities to lengthen trains across the system with the goal of eventually running 10-car trains on all Transbay routes by 2020.

Concurrently, BART intends to use the increasing inventory of cars to raise the fleet spare ratio toward the industry standard of 20%. Cars from the existing fleet would be allocated to other peak trains, likely on the Red (Richmond-Millbrae) or Blue (Dublin/Pleasanton-Daly City) lines. These lines currently operate trains with less than the 10-car maximum.

Adopted Budget Income Statement

(\$millions)	Adopted	Adopted	Change	
	FY18*	FY19	\$	%
Revenue				
Rail Passenger Revenue	510.8	485.0	(25.8)	-5%
ADA Passenger Revenue	0.9	0.9	0.0	2%
Parking Revenue	35.2	36.7	1.5	4%
Other Operating Revenue	31.9	38.3	6.4	20%
Total Operating Revenue	578.8	560.8	(17.9)	-3%
Financial Assistance				
Sales Tax Revenue	252.5	264.6	12.2	5%
Property Tax	42.2	46.8	4.6	11%
VTA Financial Assistance	7.1	-	(7.1)	-100%
State Transit Assistance (STA)	26.8	38.0	11.2	42%
Low Carbon Fuel Standard Program (LCFS)	4.0	6.5	2.5	63%
Local & Other Assistance	6.2	5.4	(0.8)	-13%
Total Financial Assistance	338.8	361.3	22.5	7%
OPERATING SOURCES, Subtotal	917.5	922.2	4.6	1%
CAPITAL SOURCES	997.9	1,354.9	357.0	36%
TOTAL OPERATING & CAPITAL SOURCES	1,915.4	2,277.1	361.6	19%
Net Labor and Benefits	541.9	560.7	18.7	3%
OPEB Unfunded Liability	3.1	-	(3.1)	-100%
Traction/Station Power	43.3	43.8	0.5	1%
Other Non-Labor	125.1	133.1	8.0	6%
ADA Paratransit Service	15.0	16.1	1.1	7%
Purchased Transportation	14.3	14.1	(0.2)	-2%
Total Operating Expense	742.7	767.8	25.0	3%
Debt Service & Allocations				
Bond Debt Service	50.8	46.6	(4.1)	-8%
Capital Allocations	127.1	107.8	(19.3)	-15%
Total Debt Service & Allocations	177.9	154.4	(23.5)	-13%
OPERATING USES, Subtotal	920.6	922.2	1.6	0%
OPEB Unfunded Liability	3.1	-	(3.1)	-100%
NET OPERATING RESULT				
	-	-	-	-
System Reinvestment	673.1	995.4	322.3	48%
Safety & Security	70.4	77.9	7.5	11%
Earthquake Safety	100.6	103.8	3.2	3%
Service & Capacity Enhancement	74.8	135.9	61.1	82%
System Expansion	73.5	35.0	(38.5)	-52%
Reimbursable/Other	5.5	6.9	1.4	26%
CAPITAL USES TOTAL	997.9	1,354.9	357.0	36%
TOTAL OPERATING & CAPITAL USES	1,918.5	2,277.1	358.6	19%
NET RESULT				
	-	-	-	-
Average Weekday Trips	431,708	413,000	-18,708	-4%
Total Annual Trips (M)	125.9	119.7	-6.2	-5%
Farebox Recovery Ratio	68.9%	63.3%	-5.6%	-8%
Operating Ratio	77.9%	73.0%	-4.9%	-6%
Rail Cost/Passenger Mile	\$ 0.380	\$ 0.412	\$ 0.032	8%

* Note: FY18 Includes six months of SVBX. No SVBX service budgeted for FY19 as an opening date has not been finalized.

Financial Summaries

Four Year Consolidated Financial Schedules

(\$ millions)	FY16 Actual	FY17 Actual	FY18 Adopted	FY19 Adopted
Sources				
Operating Revenue	546.9	549.4	578.8	560.8
Sales Tax	241.5	247.2	252.5	264.6
Other Assistance	60.7	66.1	86.3	96.7
<i>Federal Grant - MTC Rail Car Fund Swap</i>	50.2	52.5	-	-
TOTAL SOURCES	899.3	915.3	917.5	922.2
Uses				
Labor	469.8	488.9	541.9	560.7
<i>OPEB Unfunded Liability ⁽¹⁾</i>	1.6	-	3.1	-
<i>Pension - GASB 68 Adjustment ⁽²⁾</i>	(19.6)	11.0	-	-
<i>Non-Pension- GASB 75 Adjustment</i>	-	14.9	-	-
Non-Labor	186.5	201.5	197.7	207.1
Total Expense	638.3	716.2	742.7	767.8
Extraordinary Exp.-MTC Rail Car Fund Swap	50.2	52.5	-	-
Debt Service	48.6	50.5	50.8	46.6
Capital & Other Allocations	144.2	121.9	127.1	107.8
Total Debt Service & Allocations	192.9	172.4	177.9	154.4
TOTAL USES	881.3	941.1	920.6	922.2
Adjustments				
<i>OPEB Unfunded Liability ⁽¹⁾</i>	(1.6)	-	(3.1)	-
<i>Pension - GASB 68 Adjustment Offset ⁽²⁾</i>	19.6	(11.0)	-	-
<i>Non-Pension- GASB 75 Adjustment ⁽²⁾</i>	-	(14.9)	-	-
TOTAL USES - After Adjustments	899.3	915.3	917.5	922.2
NET RESULT	-	-	-	-

⁽¹⁾ OPEB Unfunded Liability: Other Post Employment Benefits, primarily life insurance (non-cash adjustment)

⁽²⁾ GASB 68 and 75 requires restating of pension and OPEB expense (non-cash adjustment)

Operating Sources

BART's operating sources consist of two main categories: Operating Revenue, which is dependent on ridership, and Tax and Financial Assistance, which are highly dependent on the health of the Bay Area economy including employment, business activity, population and housing growth, and tourism. Traffic congestion and gas prices can also influence BART ridership. Recently, other transportation options, such as Transportation Network Companies (TNCs) like Uber and Lyft, have had a growing but unquantifiable impact on BART ridership. BART financial assistance can also be impacted by the State budget and legislative actions.

(\$millions)	Adopted	Adopted	Change	
	FY18	FY19	\$	%
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Operating Revenue

Ridership and Passenger Revenue

Recent Trends

Ridership during FY18, which serves as the base for the FY19 ridership forecast, continued to decline following the trend that started in early FY17. Recent analysis has shown that while there is continued growth of longer trips taken during the peak periods in the Transbay and Intra-East Bay markets, these gains were overshadowed by ridership loss in most other trip types. While longer trips generate higher-than-average fare revenue, longer trips generally utilize the most capacity constrained segments of the system.

Total trips for FY18 were 2.7% below budget³. Average weekday trips for FY18 were below budget by 2.6%, and 2.2% below FY17. Saturdays and Sundays were below budget projections by 1.9% and 2.7%, respectively, and were lower than FY17 by 6.2% and 5.1%, respectively.

³ The FY18 budget included the SVBX opening in January 2018. To more clearly show the trending of current ridership, the FY18 ridership budget shown here was adjusted to exclude SVBX trips.

	FY18 Budget*	FY18 Actual	% Change	FY17 Actual	FY18 Actual	% Change
Total Trips (millions)	123.9	120.6	-2.7%	124.2	120.6	-2.9%
Avg Weekday Trips	425,024	414,166	-2.6%	423,395	414,166	-2.2%
Avg Saturday Trips	179,880	176,482	-1.9%	188,190	176,482	-6.2%
Avg Sunday Trips	130,208	126,673	-2.7%	133,482	126,673	-5.1%

* Note: Adjusted to remove SVBX budgeted trips

Ridership Forecast

The adopted FY19 ridership budget used current FY18 ridership as a baseline and included factors expected to impact ridership such as recent trends, the opening of BART to Antioch, and the start of the Transbay Tube Earthquake Safety Retrofit Project. Recently, measures that have in the past served as good indicators of BART ridership trends, including regional employment and population, have become less strongly correlated with ridership, as these factors continue to increase while BART ridership declines. Data shows that this trend is not unique to BART and is affecting most transit operators around the country. Additional challenges for forecasting ridership are uncertainties around the impact of alternative modes that compete well with BART for certain trips, such as TNCs, bike share, and other shared services.

The FY19 budget is based on an adopted FY19 ridership estimate of approximately 119.7M annual trips and 413,000 average weekday trips. This forecast reflects the following factors:

- Uncertainty about core ridership growth
- First full year of BART to Antioch service
- Impact of service reductions due to the Transbay Tube retrofit project
- SVBX trips not currently included in the budget

FY18 Fare Changes

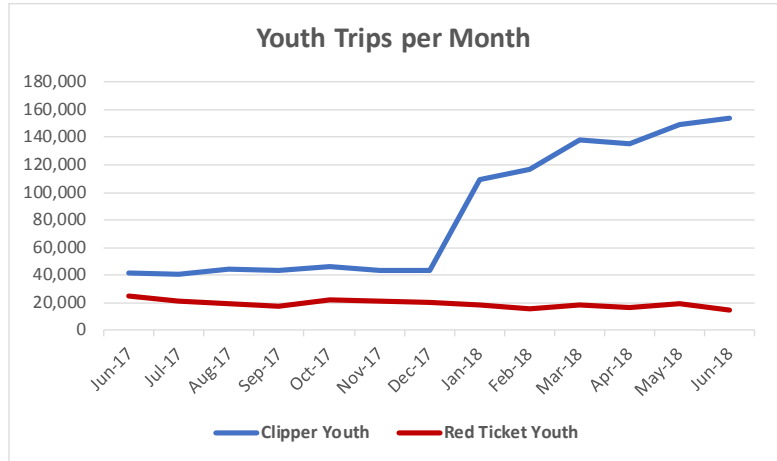
BART made the following fare changes effective January 1, 2018, and these changes also impact the FY19 budget.

Magnetic Stripe Ticket Surcharge. To encourage riders to use the Clipper smart card, fares paid with blue magnetic stripe tickets now have a 50-cent per trip surcharge applied; this surcharge is prorated down by 62.5% for discounted red (people with disabilities) and green (senior) tickets to approximately 19 cents and by 50% for red (youth) and orange (student) tickets to 25 cents. BART supports transitioning as many trips as possible to Clipper because of the smart card's benefits, which include a single durable card compatible with most transit operators in the region, the ability to autoloan money from a bank or debit/credit card, integration with transit benefit programs, balance protection in the event a card is lost or stolen, automatic transfer discounts, and trip history. In addition to these direct benefits, Clipper helps to reduce queues at vending and add-fare machines, reduces wear on fare equipment, discourages fare evasion and fare cheating, and provides a more seamless travel experience for customers.

The surcharge has had a significant effect. Clipper card use on BART has increased from 68% of trips in October 2017 to 80% in June 2018, and customers have purchased over 370,000 Clipper cards from BART station vending machines between October 2017 when installation began and the end of June 2018. Comparing the first six months of 2018 to the same time period in 2017, blue mag stripe ticket

trips decreased by 7.2M trips, or 38.3%; adult Clipper trips increased by 5.2M trips, or 20.4%; and Clipper High Value Discount trips grew by 0.02M trips, or 2.0%. The net result is a decrease of approximately 2.0M trips year-to-year, which could be a result of the surcharge or the overall general decline in ridership. Six months of the surcharge have generated \$5.8M; however, surcharge revenue is projected to decrease each month as more riders switch to Clipper to avoid the fee.

50% Discount for Youth age 5-18. To make BART's youth discount more consistent with the rest of the region, the youth discount eligibility age was increased from age 12 to age 18, with a reduction in the youth discount rate from 62.5% to 50%, effective January 1, 2018. This change has been very successful in generating more trips by youth, as the total number of youth trips has more than doubled in the six months since the discount became available to riders through age 18.



Passenger Revenue

Passenger revenue in FY18 is expected to be below budget. BART's strongest trip market is Transbay trips, which have a higher average fare paid per rider than declining market segments in the East Bay and West Bay. Transbay trips, as a share of total trips, continue to grow and the associated higher fares have helped increase BART's systemwide average fare. Fare revenue projections for FY19 have been adjusted to include the higher average fare from longer trips, the impact of the mag stripe surcharge and increased use of the youth discount, as well as the anticipated ridership loss from the 5 am start.

Overall rail fare revenue for FY19 is budgeted at \$485.0M. This includes incremental fare increase revenue of \$42.9M. However, base rail passenger revenue available to operate rail service is projected to be down \$29.9M from the FY18 budget, with \$11.3M of the reduction related to the SVBX project, which did not open in FY18.

Passenger revenue also includes \$0.9M for Americans with Disabilities Act (ADA) paratransit fare revenue.

Passenger Fare Revenue (\$millions)	Budget			
	FY18 Adopted	FY19 Adopted	Change	%
Rail Passenger Revenue	\$ 471.9	\$ 442.1	\$ (29.9)	-6%
Incremental Fare Increase Revenue	38.8	42.9	4.0	10%
Subtotal, Rail Fare Revenue	510.8	485.0	(25.8)	-5%
ADA Paratransit Revenues	0.9	0.9	0.0	2%
TOTAL	\$ 511.7	\$ 485.9	\$ (25.8)	-5%

Parking Fee Revenue

BART generates revenue from daily and permit parking fees charged at its 36 stations with parking facilities, and from fees charged for Coliseum special events parking. Under a demand-based approach to pricing parking, daily parking fees are re-evaluated every six months. Costs for permits and fees may either increase or decrease, depending upon whether the facility's utilization is above or below 95% capacity. The daily fee maximum is \$3 at all stations, except West Oakland Station, which does not have a cap and is currently at \$10, and South Hayward, which is currently \$2. Parking revenue generated at stations on the SVBX extension will be collected by VTA and will not be budgeted by BART. The FY19 adopted parking revenue budget is \$36.7M.

Under the current parking fee program approved by the Board in 2013, incremental revenue raised from the demand-based parking fee program is dedicated to investments in station access, station rehabilitation, and station modernization. Programs and projects funded by the increased parking revenue consist of both operating and capital efforts, some of which are one-time in nature and others ongoing. Approximately \$16.2M of the FY19 parking revenue budget is generated by the demand-based parking fee program, with \$10.5M funding ongoing initiatives implemented between FY14 and FY18, such as additional station cleaners and station improvement efforts. The remaining approximately \$5.7M will fund new programs in FY19, as described in the Initiatives section. Within the next several months, staff will propose revisions to the Station Access Fund policy for Board consideration.

The Board has expressed interest in reviewing BART's parking program to better serve customers, to meet BART's access goals, and to increase ridership. In the next several months, staff also plans to bring for Board consideration recommendations on a revised demand-based, variable pricing policy and an implementation plan to include modernized parking fee collection equipment. New fee collection equipment will work in conjunction with an updated automated enforcement system, with the goals to ensure greater compliance with the rules of BART's parking programs and to offer more flexibility in BART's pricing policies.

Parking Revenue (\$millions)	Budget		Change	%
	FY18	FY19		
	Adopted	Adopted		
Daily	\$ 24.9	\$ 26.0	\$ 1.1	4%
Monthly Reserved	8.2	8.5	0.4	4%
Single Day Reserved	1.4	1.4	0.1	4%
Airport/Long Term	0.6	0.6	0.0	4%
Coliseum Special Events	0.2	0.1	(0.1)	-46%
TOTAL	\$ 35.2	\$ 36.7	\$ 1.5	4%

Other Operating Revenue

BART also generates operating revenue from non-passenger sources, the value of which is budgeted at \$38.3M in FY19. The two largest sources are advertising and the Commercial Communications Revenue Program (CCRP), budgeted at \$20.7M and \$8.4M, respectively. Smaller revenue sources include fines and forfeitures, investments, building and ground leases, concessions, and other miscellaneous revenues.

BART has an Advertising Franchise Agreement with a third party that manages the sales and posting of advertising on BART’s behalf. In FY19, BART will receive a minimum of \$10.7M in guaranteed payments and a one-time signing bonus of \$10M from BART’s new franchisee, OUTFRONT Media, when they take over the Franchise on October 1, 2018. In addition to the guaranteed payment, the Franchisee estimates that BART may receive a small amount of additional revenue share payments in FY19 if sales exceed expectations. In future years, if BART is able to successfully transition from traditional advertising to more digital advertising, the Franchisee predicts higher revenue share payments to BART.

The Commercial Communications Revenue Program (CCRP), managed by the Office of the Chief Information Officer (OCIO), works to expand BART’s commercial fiber and wireless telecommunications revenue footprint. In FY18, BART completed scoring on a public commercial invitation for a proposal to develop new license agreements with firms interested in large fiber optic and wireless projects both around BART and within the San Francisco Municipal Transportation Agency (SFMTA) underground, a new business opportunity established in FY17 under the BART/SFMTA Communications Agreement. The CCRP is estimated to generate \$8.4M in FY19, a decrease of \$1.9M from the FY18 budget as the focus shifts to new construction, with revenue increasing steadily thereafter as new fiber optic and wireless assets come online.

Parking citation revenue, noted in the table below as fines and forfeitures, is budgeted at \$3.3M in FY19, an increase of \$0.4M from the FY18 budget. The approved citation fee increases were implemented in January 2017.

Building and ground lease revenue is received from leasing vacant parcels and from Special Entrance Agreements at Powell Street Station that provide access from the station to the shopping center entrance. The budget for FY19 is \$1.1M.

“Other” revenue, budgeted at \$4.8M in FY19, includes investments; public telephones; concessions; ground leases at West Dublin/Pleasanton, Pleasant Hill/Contra Costa Centre, MacArthur and Castro Valley stations; special fees and permits; the Capitol Corridor Joint Powers Authority’s overhead recovery; and other miscellaneous sources.

Other Operating Revenue (\$millions)	Budget			
	FY18	FY19	Change	%
	Adopted	Adopted		
Advertising	\$ 11.7	\$ 20.7	\$ 9.0	77%
Telecommunications	10.2	8.4	(1.8)	-17%
Fines and Forfeitures	2.9	3.3	0.4	13%
Building and Ground Leases	1.1	1.1	(0.0)	-2%
Other	6.0	4.8	(1.1)	-19%
TOTAL	\$ 31.9	\$ 38.3	\$ 6.4	20%

Tax and Financial Assistance

Sales Tax Revenue

A dedicated 75% share of a one-half cent sales tax levied in the three BART counties (San Francisco, Alameda and Contra Costa) is BART's second largest source of revenue after passenger fares. The remaining 25% is split equally between AC Transit and the SFMTA. BART's sales tax base is generally diverse, and data from the California Department of Tax and Fee Administration indicates that the largest economic segments driving BART sales tax include restaurants, new auto sales, and retail, and one of the fastest growing sources of sales tax revenue is construction, all of which are susceptible to Bay Area economic cycles. The largest generator of tax revenue is retail which has been undergoing a major shift from brick-and-mortar sales locations to the internet. Initially, this resulted in the loss of sales tax because many internet sellers did not collect sales tax, relying on the purchaser to report it as use tax. Now, additional large internet sellers are collecting and remitting sales tax to the state.

Annual sales tax growth for the five years prior to FY18 ranged from 2.3% to 6.8%, but in FY16, sales tax growth began to slow, partially due to lower fuel prices during 2016. A return to a more sustainable, long-term rate was anticipated for FY18, with a budgeted growth of 2.1%. The FY18 unaudited results for sales tax are \$257.9M, \$5.4M above the adopted budget with 4.3% growth over FY17. Some of the increased revenue growth seen in FY18 was due to one-time events, such as re-directed allocations resulting from audit efforts by BART's sales tax consultant, and one-time corrections. Audits by BART's sales tax consultant can result in one-time corrections of several years of misallocations, or in corrections that, once made, can go on indefinitely.

Compared to the FY18 results and the growth rate over the past few quarters, FY19 is projected to grow 2.6% to \$264.6M, in line with BART's sales tax consultant's estimate. Although sales tax growth has been extremely strong since the end of the recession, most regional economic forecasts anticipate Bay Area sales tax growth to settle down to a more sustainable growth rate of around 3% beyond FY19.

Property Tax Revenue

Property tax revenue is derived from a statutory portion of the 1% ad valorem-based general levy in each of the three BART counties⁴. This legacy property tax was originally enrolled in 1957 to fund planning and pre-development costs associated with construction of the original BART system, and since then has been permanently dedicated to fund ongoing operating needs.

County assessors are responsible for assessing the value of all taxable, non-exempt property on January 1st of each year. That value is used to set the property tax bill that is due in December of that year and April of the following year. The BART tax rates were fixed in place by Proposition 13 and remain a relatively small fixed percentage of the 1% general levy. However, since the tax is based on assessed property values, the revenue it generates has increased over the years proportionately to rapidly rising property values. Although the actual BART property tax rate varies between the multitude of distinct tax rate areas which exist within each of the three counties, in FY18 BART's share of the 1% averaged approximately \$8 per each \$100,000 of assessed value.

BART FY18 property tax revenue is projected at \$45.4M (\$3.2M or 7.7% over budget), and FY19 is

⁴ BART has a separate tax levy for general obligation bond debt service associated with the 2004 seismic retrofit program and for the 2016 system renewal program. For the FY18 tax year, the enrolled rate was \$6.30 and \$2.10 per \$100,000 of assessed value, respectively.

expected to grow an additional 3% to \$46.8M. BART’s annual projections for property tax growth substantially mirror those generated by the three District counties, and the increase in actuals, as compared to budget, reflects the continuing unprecedented acceleration in property values the Bay Area has experienced in recent years. BART will continue to budget these revenues conservatively as history has demonstrated that periods of rapid growth ultimately are followed by corrections.

**Sales Tax and Property Tax Proceeds
(\$millions)**

		Sales Tax	Year-to- Year Chg	Property Tax	Year-to- Year Chg
Actual	FY13	208.6	6.8%	31.3	5.3%
	FY14	221.1	6.0%	32.5	3.8%
	FY15	233.1	5.4%	34.3	5.7%
	FY16	241.5	3.6%	38.1	11.0%
	FY17	247.2	2.3%	41.6	9.3%
	FY18 Adopted	252.5	2.1%	42.2	1.4%
	FY19 Adopted	\$ 264.6	4.8%	\$ 46.8	10.8%

State Transit Assistance

BART receives funding through appropriations of State Transit Assistance (STA), which is derived from actual receipts of the sales tax on diesel fuel. Statewide collections can fluctuate based on diesel prices and consumption. In addition, appropriations to transit operators can vary based on calculations of qualifying revenues for the local operator and the region. STA funding has not been consistent throughout the years and can be subject to actions in the governor’s state budget. In some years, BART received no STA funds and in recent years, STA revenues statewide have declined due to lower diesel prices.

SB 1 passed in April 2017, provides for new formula-based funding sources for public transit, augmenting the current STA program. For public transit, SB 1 increases the incremental sales tax on diesel fuel dedicated to the STA program by 3.5%, generating approximately \$250M per year to be used for transit capital and operations purposes. SB 1 also implements another 0.5% increase on the incremental sales tax on diesel fuel, generating approximately \$40M per year to intercity passenger and commuter rail systems.

SB 1 establishes a new “Transportation Improvement Fee” (TIF) under the Vehicle License Fee law. The TIF is based on a vehicle’s current market value and ranges from \$25 to \$175. Fee revenues are dedicated to the STA program (\$105M per year) for “state of good repair” types of expenditures. Fees are also directed to the Transit and Intercity Rail Capital Program (TIRCP) (\$245M per year) and a new “Solutions for Congested Corridors Program” (\$250M per year) for allocation to a balanced set of transportation, environmental and community access improvements within highly congested travel corridors in California, including public transit projects. The TIF will be adjusted annually for inflation starting July 1, 2020.

Efforts are currently underway to repeal SB 1 and enact a constitutional amendment requiring certain vehicle fuel taxes and fees be submitted to voters for approval. The repeal of SB 1 has officially qualified for the November 2018 ballot as Proposition 6. Should Proposition 6 be approved by voters, which would result in the repeal of new revenues enacted through SB 1, the Metropolitan

Transportation Commission (MTC) estimates that BART could lose approximately \$18.8M of STA funds in FY19, and close to \$22M in FY20 and beyond. Proposition 6 would also significantly reduce the amount of revenue available to support the TIRCP, which would threaten BART's ability to secure funds in a timely manner from the program. To help balance the budget if Proposition 6 is approved, staff proposes to allocate the \$9.0M of one-time net advertising signing bonus and the \$6.4M of increased STA revenue from the May 2018 Governor's budget revision, if needed.

For FY19, MTC estimates BART will receive approximately \$39.0M of revenue-based STA funds and \$6.1M of State of Good Repair revenue-based STA funds. From this amount, MTC will direct \$7.1M to feeder bus operators providing service to BART stations, leaving a net of \$38.0M for BART.

VTA Financial Assistance

Upon commencement of SVBX revenue service, VTA will be responsible for all operating and maintenance (O&M) costs and overhead for service on the extension. This new financial assistance category represents payment from VTA for the net operating cost of the extension. This is calculated as the difference between the net fare revenues associated with trips to or from the two SVBX stations and the calculated O&M costs to provide extension service. The FY18 budget anticipated the SVBX would be in revenue service for the second half of FY18. Now the project is not expected to open until FY20.

Low Carbon Transit Operations Program

BART is eligible to receive funding from the Low Carbon Transit Operations Program (LCTOP), one of several programs of the Transit, Affordable Housing, and Sustainable Communities Program (Senate Bill 862) established in 2014 by the California legislature. The LCTOP provides transit agencies with operating and capital assistance for programs to reduce greenhouse gas emissions and improve mobility and prioritizes serving disadvantaged communities. LCTOP revenues are derived from Cap and Trade auction proceeds.

No LCTOP was budgeted for FY18 due to previously low auction proceeds and uncertainty surrounding the future of the program, which has since been resolved. Better than expected recent auction results have resulted in \$5.6M in unbudgeted funds for FY18, which will be directed to help fund BART's annual allocation to the rail car program. MTC has advised that BART could expect approximately \$10.4M of LCTOP in June of 2019, which will be programmed for use in FY20.

Low Carbon Fuel Standard Program

The Low Carbon Fuel Standard Program (LCFS) is a state program administered by the California Air Resources Board (CARB). The purpose of the program is to move state energy production toward less carbon-intensive fuel sources. Under CARB's fixed guideway regulations, which became effective in 2016, electric railroad operators such as BART are permitted to generate and sell credits to producers of higher-carbon-intensity fuels for the purpose of meeting their program compliance obligations.

In June 2017, the BART Board adopted an LCFS revenue policy, and BART proceeded to sell credits that had been carried over from 2016 as well as credits generated in 2017. The retained inventory from 2016, plus exceptionally favorable LCFS market conditions in late 2017, resulted in higher than forecast LCFS revenues. BART's FY18 LCFS revenue budget was \$4M, while actual fiscal year sales will likely exceed \$19.2M. Revenues collected from the LCFS credits depend on the LCFS credit market and the timing of BART's sales. BART budgeted \$6.5M for FY19, though actual revenues in future years are unpredictable and will depend on market conditions at the time.

Other Assistance

Other Assistance to BART in FY19 includes \$2.3M and \$2.0M from Alameda County’s Measure BB and Measure B, respectively, which will be used for paratransit and transit operations in Alameda County. The FY19 budget also includes \$0.9M paid by Caltrain for the Millbrae Station Use, Operations, and Maintenance Agreement, and \$85,000 from Contra Costa County’s Measure J sales tax measure.

Other Assistance (\$millions)	Budget			
	FY18 Adopted	FY19 Adopted	Change	%
State Transit Assistance (STA)	\$ 26.8	\$ 38.0	\$ 11.2	42%
Financial Assistance - VTA	7.1	-	(7.1)	-100%
Low Carbon Transit Operations Program	-	-	-	
Low Carbon Fuel Standard Program	4.0	6.5	2.5	63%
Measure B/Millbrae UOM/Other	6.2	5.4	(0.8)	-13%
TOTAL	\$ 44.1	\$ 50.0	\$ 5.8	13%

Operating Uses

Operating Uses includes two main categories: Operating Expenses which are expenses related to the day-to-day operations of the system, and Debt Service and Allocations which include debt payments and allocations to fund capital and other projects. Operating Uses increased from FY18 to FY19 by \$1.6M or 0.2%. A \$14.6M decrease in expenses in FY19 due to the delay in SVBX revenue service and reduced allocations offset the net operating expense increase of \$25M. The main drivers of the expense increase are funding the BART to Antioch Extension, expansion of the Hayward Maintenance Complex to accommodate more rail cars, contractual wage increases, and other non-labor investments detailed in the following pages.

Operating Uses (\$ millions)	Budget		Change	
	FY18	FY19	\$	%
	Adopted*	Adopted		
Labor	\$541.9	\$560.7	\$18.7	3%
OPEB Unfunded Liability	3.1	0.0	(3.1)	-100%
ADA Paratransit	15.0	16.1	1.1	7%
Purchased Transportation	14.3	14.1	(0.2)	-2%
Power	43.3	43.8	0.5	1%
Other Non-Labor	125.1	133.1	8.0	6%
OPERATING EXPENSES TOTAL	742.7	767.8	25.0	3%
Debt Service	50.8	46.6	(4.1)	-8%
Capital Rehabilitation	29.2	29.9	0.7	2%
Rail Car Sinking Fund	39.0	0.0	(39.0)	-100%
Priority Capital Projects/Programs	38.8	42.9	4.0	10%
SFO Operations/New Car Allocation	7.5	4.8	(2.7)	-36%
Stations/Access Projects	5.0	3.7	(1.3)	-25%
Other (Leases, OAC CARP, Met Bldg)	3.5	4.6	1.1	32%
Allocation to LCFS/Reserves	4.0	6.5	2.5	63%
Operating Reserve- Econ Uncertainty		15.3		
DEBT SERVICE AND ALLOCATIONS TOTAL	177.9	154.4	(23.5)	-13%
OPERATING USES TOTAL	\$920.6	\$922.2	\$1.6	0%

* Note: FY18 Includes six months of SVBX. No SVBX service budgeted for FY19 as an opening date has not been finalized.

Labor: Wages and Benefits

The table below shows changes in headcount from the FY18 adopted budget to the FY19 adopted budget.

FY18 to FY19 Headcount Summary

	Operating	Capital	Total FTEs
FY18 Adopted Budget	3,518.0	900.5	4,418.5
FY18 Adjustments	7.0	10.0	17.0
FY19 Adjustments	(2.0)	3.0	1.0
SVBX*	(162.0)	177.0	15.0
BART to Antioch	2.0	-	2.0
New Rail Cars	34.0	-	34.0
Hayward Maintenance Complex	10.0	-	10.0
FY19 New Initiatives	22.3	(1.3)	21.0
FY19 Service Change	4.0	-	4.0
FY19 Capital Adjustments	-	154.8	154.8
Total Adjustments	(84.8)	343.5	258.8
FY19 Adopted Budget	3,433.3	1,244.0	4,677.3

*SVBX position conversions from operating to capital due to delay in start of revenue service anticipated in FY18.

A total of 258.8 positions⁵ are added in the FY19 budget. This is net of the following changes:

- 7 full time equivalent positions (FTE) net increase in operating and 10 FTEs net increase to capital during FY18 due to
 - Inter-department transfers, funding conversions, and reductions to better align operating and capital budgets
 - Mid-year operating additions for critical district needs
 - Mid-year capital additions for Fare Evasion initiative and various capital projects support
- 1 net addition due to operating and capital reductions, additions, and conversions
 - Inter-department transfers and funding conversions to better align operating and capital budgets
 - Additions to support Market Street Elevator Modernization
 - Reductions to absorb costs of upgrades to existing police classifications intended to focus on high risk zones
- 15 additions for SVBX 2-Line; 162 positions converted from operating to capital due to delay in start of revenue service
- 2 net additions for BART to Antioch for facilities maintenance
- 34 additions for fleet, system, and facilities expansion related to the new rail cars
- 10 additions for the expanded Hayward Maintenance Complex (HMC)
- 21 net additions for new budget initiatives
- 4 additions for Operating Service Change
- 154.8 capital additions: 119.8 Measure RR; 35 non-Measure RR

⁵ The position count is the total added by the end of the year. It does not include the weighted impact of partial year positions (e.g., if a position is added on January 1, 2019 it is listed as 1.0 position, rather than 0.5 FTE).

Labor (Wages and Benefits) (\$ millions)	Budget		Change	
	FY18 Adopted*	FY19 Adopted	\$	%
Wages	\$422.9	\$475.5	\$52.6	12%
Overtime	21.1	23.8	2.7	13%
PERS Pension	80.8	95.2	14.4	18%
Other Pension	13.0	14.2	1.2	9%
Retiree Medical	35.6	39.5	3.9	11%
Medical	81.0	83.2	2.2	3%
Worker's Compensation	16.4	13.4	(3.0)	-18%
Capital Labor Credits	(156.0)	(210.2)	54.2	35%
Other Labor**	27.1	26.0	(1.2)	-4%
OPEB Unfunded Liability	3.1	0.0	(3.1)	-100%
Net Labor	\$545.0	\$560.7	\$15.7	3%

* FY18 Includes six months of SVBX. No SVBX service budgeted for FY19 as an opening date has not been finalized.

** Other labor is comprised of Vision, Dental, Medicare, Life Insurance, Disability, Unemployment, Meal and Uniform Allowances, Temp Help, and Employee Wellness Benefits.

The FY19 labor budget is projected to total \$560.7M. This includes the cost of the new positions as well as scheduled wage increases. Also, the lowering of the discount rate in addition to other changes in actuarial assumptions resulted in an increase of \$15.6M for pension funding. Other major labor cost drivers are:

- Increase in the retiree medical costs due to changes in actuarial assumptions
- Increase in overtime due to position increases and anticipated wage growth
- Increase in capital labor credits due to the 154.8 new capital positions and the delay in the planned start of SVBX revenue service
- Decrease in workers compensation by \$3.0M to maintain required funding level of reserve
- Decrease in dental and long-term disability due to projected lower costs

CalPERS Pension

The California Public Employee Retirement System (CalPERS) administers and determines funding rates for BART pension plans for Miscellaneous and Safety employees.

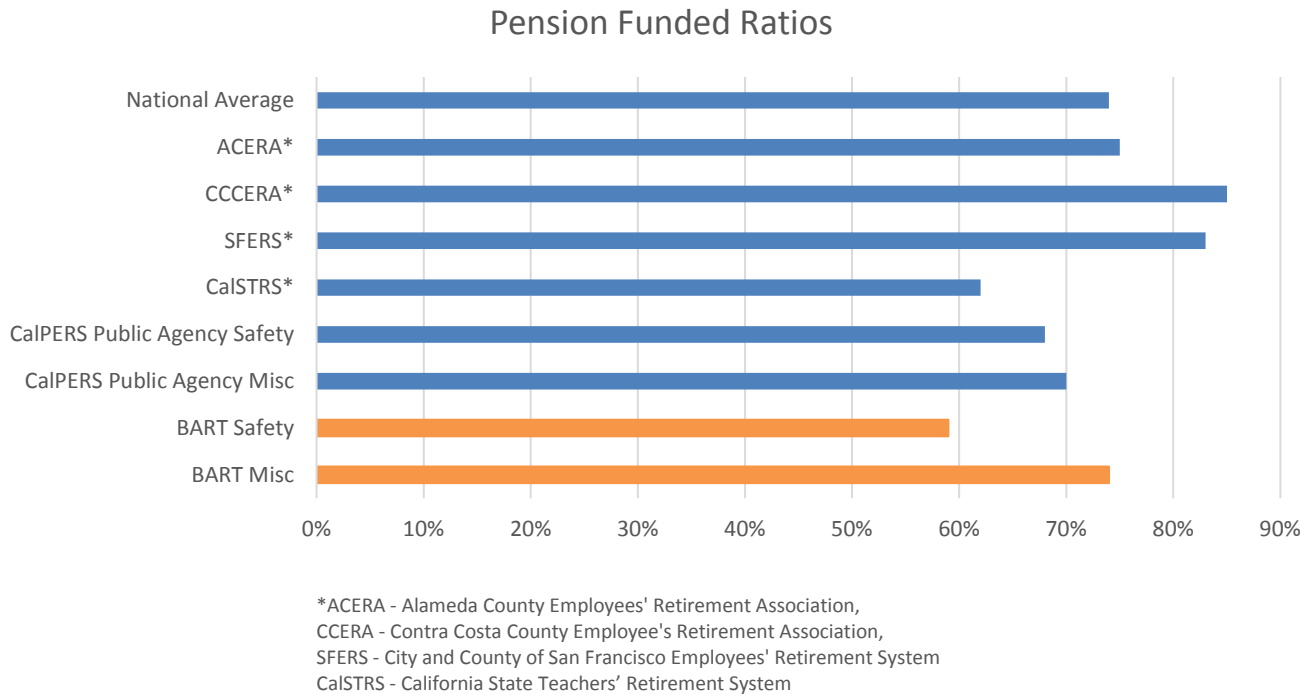
As of the latest actuarial valuation reports for FY19 (based on data as of June 30, 2016)⁶, BART's funded ratio is 74% for the Miscellaneous plan and 59% for the Safety plan. The funded ratio measures plan assets vs. plan liabilities. Both ratios have decreased slightly from last year's valuation reports as the unfunded accrued liabilities (UAL) increased, mostly due to changes in actuarial assumptions and lowering of the discount rate (CalPERS's assumed rate of return on investments).

Both plans have hovered around the current funding levels since the recession in 2009 – 2010. In 2009 CalPERS incurred a 24% investment return loss, and BART's plans, like other CalPERS agencies,

⁶ There is a three-year lag from the data CalPERS uses for the annual valuation to the fiscal year the valuation applies to.

have not yet recovered. Prior to the recession the funding ratios were much higher; in FY10 the Miscellaneous Plan was 112% funded and the Safety Plan was 92% funded, although factors other than investment return, such as CalPERS’s stabilization policy, have impacted the plan ratios.

The following chart compares BART’s current funded ratio to other state and local agencies. While BART’s funded ratio for the Safety plan is below average, the Miscellaneous plan, which covers more than 90% of BART’s employees, is on par with most of the other agencies.



FY19 Employer Contribution

CalPERS has implemented a number of actions to improve the stability of the pension fund and guard against market downturns. In December 2016, the CalPERS board voted to lower the discount rate from 7.5% to 7%. This would be phased in over three years starting in FY19, with an assumed discount rate of 7.375%. This lower discount rate in addition to the amortization of prior year losses and assumption changes significantly impacts BART’s pension contribution. For FY19, BART is required to contribute 8.243% and 25.432% of payroll for the normal cost for the Miscellaneous and Safety plans respectively. This is estimated to be \$43.7M. BART is also required to contribute \$42.7M towards the unfunded accrued liabilities for both plans. The total employer contribution is projected to increase by \$14M (20%) over FY18.

FY19 Employee Contribution

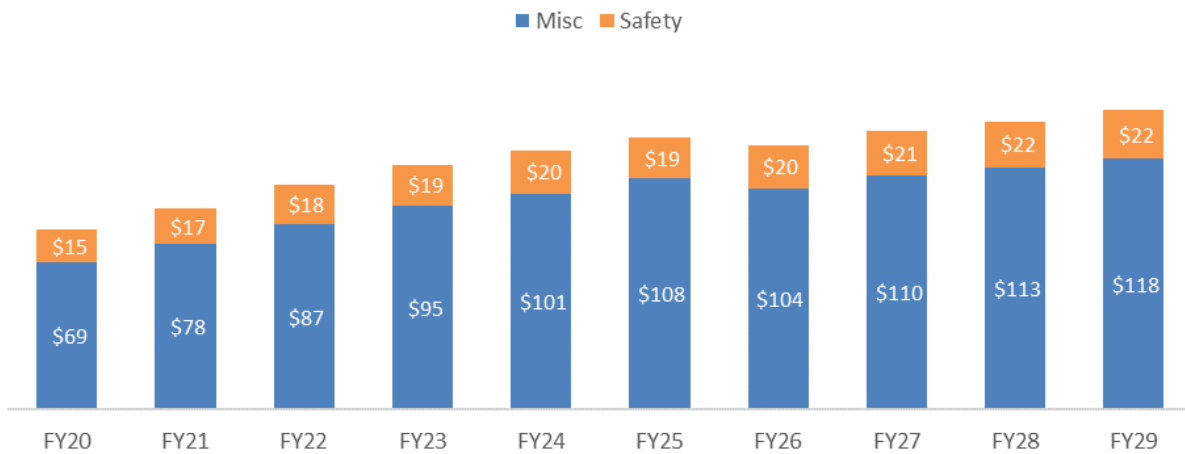
Employees subject to the California Public Employees’ Pension Reform Act (PEPRA) pay 100% of the required employee contribution, which is 6.25% for miscellaneous and 13% for safety. Classic (Non-PEPRA) employees, per the current labor contracts, pay only a portion of the required employee contribution.⁷ BART pays the remainder, which for FY19 is estimated to be \$8.8M.

⁷ Prior to FY14, BART funded the entire employee contribution as a benefit to employees.

FY19 PERS Contributions		SAFETY	MISC	DISTRICT BUDGET
Classic (Non-PEPRA)	Employer Rate	25.432%	8.243%	\$ 26,887,659
	Employee Rate			
	<i>Paid by District</i>	5.000%	3.000%	8,793,605
	<i>Paid by Employee</i>	4.000%	4.000%	
PEPRA	Employer Rate	25.432%	8.243%	16,834,793
	Employee Rate			
	<i>Paid by Employee</i>	13.000%	6.250%	
All employees	Employer Unfunded Liability Contribution	\$ 8,137,254	34,569,728	42,706,982
				\$ 95,223,039

As pension costs continue to increase (see the 10-year forecast below), the Board of Directors has directed BART staff to develop a funding strategy that pays down the unfunded liability, and mitigates against unexpected increases in required contributions. Strategies employed by other public agencies include setting up an IRS Section 115 pension trust, contributing more to CalPERS by way of a shorter amortization schedule, or paying off a specific portion of the liability. Staff is working closely with an independent actuary and the Board of Directors to explore these options.

District Employer Contributions Forecast
(\$ millions)



Other Pension Benefits

In addition to the PERS pension, BART contributes to a defined contribution retirement plan (401(a)), the Money Purchase Pension Plan (MPPP). BART’s contribution consists of 6.65% of base wages, but contributions are capped at an annual amount of \$1,868.65 per employee. The total BART MPPP is projected to be \$8.7M in FY19.

An additional 1.627% of wages is contributed for all employees except sworn police. Per labor agreements, the following is deducted from this portion of the contribution:

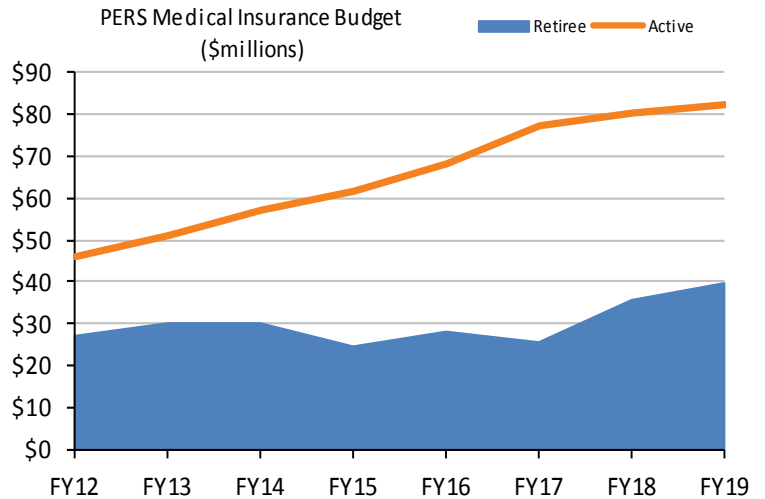
- 0.0888% is withheld as per the current labor contracts.

- Also, \$37 per month for represented employees in AFSCME, ATU and SEIU⁸ is deducted and included as a contribution towards medical insurance.

BART’s total estimated net cost for the additional 1.627% MPPP after these deductions in FY19 is \$5.5M.

Active Employee Medical Insurance

The FY19 cost of healthcare insurance for active employees is projected to be \$82.5M, which is a \$2.2M increase from FY18, primarily due to new positions. The health insurance budget incorporates offsetting rate changes for the two major healthcare plans (Blue Shield and Kaiser) which result in a net 0.41% decrease in the Calendar Year (CY) 2018 composite rate for all plans. The CY19 estimated health insurance premium rate increase is 5.5% over 2018.⁹ In addition, the budget includes an accounting credit of \$4.3M for an “implied subsidy” from the Retiree Medical cost actuarial report (see Retiree Medical section below).



To offset a portion of BART’s medical insurance costs, the current labor contracts include provisions to gradually increase employee contributions:

- All employees are subject to the scheduled 3% annual contribution increase – an additional \$3.21 per employee per month starting on January 1, 2019, bringing the “base” employee contribution to \$110.14.
- Non-represented employees pay an additional \$37 per month directly in their medical contribution.

⁸ AFSCME – American Federation of State, County, and Municipal Employees; ATU – Amalgamated Transit Union; SEIU – Service Employees International Union.

⁹ Overall weighted average premium was slightly down (-0.41%) from 2017 to 2018. Health insurance rates are known for the first half of FY19 (CY18), and estimated for the second half (CY19). Blue Shield and Kaiser have the largest BART employee enrollment. The weighted average premium rate had a 3.5% annual increase over the five-year period through 2018.

- AFSCME, ATU, and SEIU members “redirect” \$37 per month of BART’s additional 1.627% MPPP contribution to contribute towards medical insurance costs (see “Other Pension Benefits” section).
- BPOA and BPMA¹⁰ members pay an additional \$44 per month directly in their medical contribution.

Retiree Medical

The FY19 retiree medical actuarial report included an increase to the Actuarial Determined Contribution (ADC), which includes both the normal cost and a contribution to the unfunded liability. The increase is due to the lowering of the discount rate and changes in assumptions for increasing medical cost trends. The adopted FY19 ADC is \$39.5M¹¹ which is a 11% increase from FY18, however \$4.3M of the increase is the implied subsidy which is subtracted from the active medical insurance budget.

The unfunded liability decreased by \$3.3M and the funded ratio increased from 44.1% in FY18 to 47.1% in FY19. BART’s funding plan remains the same and follows a 30 year “closed” amortization schedule, with the unfunded liability scheduled to be paid off by 2034.

Workers’ Compensation

BART is self-insured for workers’ compensation and maintains a reserve for outstanding losses based on annual actuarial reports. The FY19 workers’ compensation budget is \$13.4M, \$3.0M less than FY18. This will reduce the Workers’ Compensation reserve by \$4.6M in FY19 to meet the actuary’s projected target.

Non-Labor

Traction & Station Power

Electrical traction and station power costs are projected to be \$43.8M in FY19, an increase of \$0.5M or 1.2% above the adopted FY18 budget¹². The primary driver of the increase is moderately higher forecasted energy use in FY19 compared with FY18, offset by a 2.5% drop in unit energy costs. Energy use forecasts affect both energy supply and energy delivery (transmission and distribution) costs. PG&E’s higher energy delivery rates are applicable to all utility customers receiving delivery service, and the increased delivery rates drive up transmission and distribution costs. The cost for energy (power) supply is expected to decrease significantly for the second year in a row from \$25.9M in FY17 to \$23.9M in FY18 and now to \$22.9M in FY19, due to the significantly lower prices BART secured for energy supply from 2017 through mid-2020. Energy supply is purchased separately from delivery services.

BART made the following assumptions in developing its FY19 power budget:

- **Transmission:** Transmission delivery costs are expected to be modestly higher than FY18 (an increase of 5%), due to mostly stable energy use and an expected increase in utility rates.
- **Distribution:** Distribution delivery costs are expected to increase 11% due to higher utility rates for distribution service.

¹⁰ BPOA - BART Police Officers’ Association; BPMA - BART Police Managers’ Association

¹¹ \$39.5M ADC includes the \$4.3M implied subsidy credit which is subtracted from the active medical insurance budget. This assumes that a portion of the cost for premiums (\$4.3M) for active employees is “subsidizing” the higher claims cost for retirees.

¹² Approximately 76%, or \$33.4M, of BART’s energy costs in FY19 are for traction power (train propulsion and on-board uses), while 24%, or \$10.4M, are for non-traction power (stations, shops, ventilation, trackside electronics, etc.).

- **Supply:** Costs for electric power supply are expected to be 4% lower in FY19 than in FY18, because of lower electricity supply prices. BART has secured nearly all its forecast energy supply needs for 2017 through mid-2020 from nearly 100% low- and zero-carbon sources at favorable prices, and expects new long-term fixed-price renewable supplies to come online in late-2020.
 - For 2018 and 2019, approximately 90% of BART’s energy needs will be met from low- and zero-carbon sources in the Pacific Northwest, which have a very low carbon content, but do not qualify as renewable under California state law.
 - Approximately 5% of BART’s energy needs will be met with long-term federal hydroelectric power purchases from the Western Area Power Administration, which is zero-carbon but does not qualify as renewable under state law.
 - The remaining 5% of BART’s energy needs will primarily be met with long-term renewable power contracts, including: the Gridley solar farm in the City of Gridley, CA, the Lake Nacimiento hydroelectric project in Central California, and several on-site solar projects on BART property. Due to the variable production that renewable resources provide, between 0% and 3% of BART’s supply may come from unspecified system power to ensure a daily balanced power schedule.
- **Northern California Power Agency (NCPA) Member Expenses:** Costs for NCPA membership are increasing by approximately \$0.1M, or 12%.

Traction & Station Power (\$ millions)	Budget		Change	
	FY18	FY19	\$	%
	Adopted	Adopted		
NCPA, Western, BART Power Supply	\$ 23.9	\$ 22.9	\$ (1.0)	-4%
Transmission Services	10.4	10.9	0.5	5%
Distribution Services	8.0	8.9	0.9	11%
NCPA Member Expenses	1.0	1.1	0.1	12%
TOTAL	\$ 43.3	\$ 43.8	\$ 0.5	1%

For FY19, BART expects its power portfolio will be between 97% and 100% low- and zero-carbon (including renewables), respectively, but only 2% to 5% will be qualified renewable under state law. In line with BART priorities to maintain low and stable energy operating costs and continue to increase its renewable and carbon-free electricity portfolio content, BART (under statutory authority granted in 2015 by Senate Bill 502) in 2017 executed two long-term renewable supply contracts for wind and solar at favorable and fixed prices. These contracts will begin delivery in late 2020 and will provide BART with clean, renewable power for approximately 75% of its energy supply needs through 2040. BART also continues to explore supply opportunities from small-scale, on-site renewables for the balance of its energy supply needs not met through large-scale contracts.

Purchased Transportation

BART has agreements with other agencies for purchased transportation, or various transit services to directly or indirectly support and augment BART service. BART’s cost of purchased transportation is \$30.2M in FY19, an increase of \$0.9M over the adopted FY18 budget. The FY19 adopted budget does not extend Late Night Bus Service beyond August 2018.

Purchased Transportation (\$ millions)	Budget		Change	
	FY18	FY19	\$	%
	Adopted	Adopted		
Paratransit	\$ 15.0	\$ 16.1	\$ 1.1	7%
Muni Purchased Transportation	3.5	3.7	0.2	5%
AC Transit Feeder Agreement	4.2	3.9	(0.2)	-6%
Late Night Bus Service	0.4	-	(0.4)	-100%
Purchased Transportation - OAC	6.3	6.5	0.2	3%
TOTAL	\$ 29.3	\$ 30.2	0.9	3%

Paratransit

BART participates in the East Bay Paratransit Consortium (EBPC) for service in the East Bay and pays SFMTA for a share of paratransit services in the West Bay. BART also provides funding to other local bus operators in the BART service area. Paratransit expenses are budgeted at \$16.1M in FY19, an increase of \$1.1M, or 7%, over the adopted FY18 budget. These costs include vehicle and fuel costs, as well as increases in provider costs, which included wage and benefit increases to retain and recruit more drivers and staff. Ridership has been slowly increasing to levels seen before the economic downturn. FY19 is the start of a five-year contract for EBPC and the cost of providing service has increased in kind.

San Francisco Municipal Transportation Agency/AC Transit Feeder Agreements

BART has agreements with SFMTA and AC Transit that link the annual Purchased Transportation (Feeder) payments to the rate of change in riders transferring between BART and the local operators, and to changes in Bay Area inflation. The FY19 budgeted payments are \$3.7M for SFMTA and \$3.9M for AC Transit. In addition, MTC directs over \$7M of BART STA funds annually to four East Bay operators providing service to BART stations, as discussed under STA in the Tax and Financial Assistance section.

BART-to-OAK

BART service to the Oakland International Airport opened in November 2014 and will be operated and maintained (O&M) for 20 years by a private contractor, Doppelmayr Cable Car (DCC). The FY19 estimated O&M cost is \$6.5M¹³.

Other Non-Labor

Other Non-Labor for FY19 is \$133.1M, or \$8.0M higher than the FY18 adopted budget. Primary drivers of the increased costs are increases in Rent, Professional Services, Clipper fees, and Other Misc. Increases are offset by decreases in non-traction power utilities and delayed SVBX revenue service. The table below summarizes Other Non-Labor by category.

¹³ Based on the contract estimate plus CPI escalation. BART also allocates funds to an escrow account each year which will fund the refurbishment and replacement costs for the system for the 20-year term.

Other Non-Labor (\$ millions)	Budget		Change	
	FY18	FY19	\$	%
	Adopted	Adopted		
Clipper, Tickets Sales, & Bank Fees	\$ 16.2	\$ 16.9	\$ 0.7	4%
Insurance	9.8	10.1	0.3	3%
Materials & Supplies	35.3	35.3	0.0	0%
Professional/Tech, Consulting, Svcs, Fees	30.1	33.4	3.3	11%
Maintenance & Repairs	13.1	13.2	0.2	1%
Rent	11.6	14.7	3.1	27%
Utilities	4.8	4.4	(0.4)	-8%
Other Misc	4.4	5.2	0.8	18%
TOTAL	\$ 125.1	\$ 133.1	\$ 8.0	6%

The table above does not include ADA Paratransit, Purchased Transportation, or Power, which are detailed in their respective sections.

Major Other Non-Labor account groups are:

- Clipper and bank fees includes credit card and interchange fees, Clipper program fees, ticket sales commissions and bank service charges
- Insurance funding pays for premiums, reserve contributions and self-insured losses for public liability, damage to property and risk-related services ¹⁴
- Material Usage includes inventory withdrawals and purchases for required maintenance of rail cars, such as aluminum wheel assemblies, circuit boards, seat cushions, other materials used to keep cars in use, parts for infrastructure maintenance such as escalators, automated fare equipment, materials required to keep stations accessible, supplies, etc.
- Professional & Technical Fees include costs for audit and legal services, benefit and insurance administration fees, printing, computer hardware and software service contracts, environmental fees, specialized consulting contracts, professional services contracts, etc.
- Maintenance, Repair & Other Contracts fund graffiti removal, traction motor rewinds, painting, equipment overhaul, elevator pit cleaning and other maintenance and repair related contracts
- Building Space Rental includes funds for administrative building leases and other lease expenses
- Utilities includes other electrical energy, trash collection, natural gas, water, sewer, telephones and other utilities, etc.
- Miscellaneous Other Non-Labor includes dues and memberships, promotion expense, diesel and gasoline, county filing fees, miscellaneous supplies, etc.

The other non-labor changes include:

- \$0.7M increase in Clipper and related costs due to forecasted increase in FY19 Clipper usage resulting from the mag-stripe surcharge

¹⁴ Non-Labor Insurance does not include active employee health insurance, workers' compensation, Medicare, unemployment and other insurance categories included in the labor budget.

- \$0.3M increase in the overall BART insurance and loss provisions due to insurance price escalation provision in FY19
- Decrease in material usage due to delayed SVBX revenue service
- Professional and Technical Services increases including \$3.1M for FY19 New Initiatives and \$0.4M additional operating costs for the MetroCenter building
- \$3.1M increase in rent includes higher operating expenses (\$0.7M) and elimination of one-time lease savings realized in FY18 (\$2M) for BART’s downtown Oakland Lakeside headquarters office
- \$0.4M decrease in utilities from lower electricity costs
- Other Miscellaneous Non-Labor increase includes provision for election expense in CY2018

Other Operating Expenses

Extensions and Expansions

In FY19, BART will operate a full year of BART to Antioch service, continue ramping up the expanded HMC facility, transitioning to maintaining a growing fleet of new rail cars while maintaining the legacy fleet, and preparing for the opening of SVBX. Expenditures and activities are detailed below.

FY19 Extensions Expenses

(\$ millions)

	FTE	Labor	Non-Labor	Total Expenses
BART to Antioch	72.0	\$ 12.3	\$ 1.6	\$ 13.9
HMC	73.0	9.8	3.0	12.8
New Rail Cars	34.0	4.2	-	4.2
SVBX	177.0	23.6	-	23.6
Total*	356.0	\$ 49.9	\$ 4.6	\$ 54.5

**FTE and expenses indicate both existing baseline positions and expenses, plus new FY19 positions and expenses. FTE and expenses include both operating and capital.*

BART to Antioch began revenue service in May 2018. BART to Antioch provides rail service east of BART’s Pittsburg/Bay Point Station to stations at Pittsburg Center and Antioch. The FY19 budget adds the final four positions for BART to Antioch, resulting in a total of 72 positions to provide service.

BART is expanding and upgrading its existing maintenance facility in Hayward. The Hayward Maintenance Complex will (a) accommodate the planned fleet of 775 new rail cars plus the legacy fleet, (b) initiate the decommissioning process for legacy rail cars, and (c) implement improvements to the fleet maintenance program to increase fleet availability, reduce noise, and improve cleanliness. Forty-four operating and five capital positions were added in FY19 to accommodate BART’s transition to the new rail cars and to maintain the expanded HMC. Additional FTEs are expected to be added in subsequent fiscal years as HMC ramps up.

SVBX is expected to open in FY20. SVBX will connect to the Warm Springs/South Fremont Station in Alameda County and extend into Santa Clara County with two stations. As noted in the Overview, VTA is funding all construction costs and is responsible for all costs associated with the extension.

SVBX positions will convert to operating when revenue service begins.¹⁵ A total 177 SVBX positions are estimated to be needed for two-line service on the extension.

Information Technology Systems Improvement

The Office of the Chief Information Officer (OCIO) continues to support a growing technology footprint to analyze costs, improve service delivery, and meet increased demand from internal and external customers. Prior ongoing operating and capital allocations of \$3.7M are increased by \$2.3M for a total ongoing allocation of \$6M beginning in FY19. In FY19, this will fund equipment purchases; software upgrades; licenses; modernization of BART's trip planning tool; enhancement of Human Resources and Procurement processes; as well as improvements in SharePoint and Digital Strategy.

The investments will improve BART's information and technology systems and support the technology roadmap. Additionally, using existing resources and staff, the OCIO is reviewing and recommending business systems and process improvements, including enhanced service provision, improved efficiencies, and cost savings measures. These analyses will incur no costs to BART.

Joseph P. Bort MetroCenter (MET) Building

The increase of approximately \$0.4M from FY18 to FY19 includes professional fee funding for the BART-owned MET building operation, and management contract and additional funding for general building maintenance. These operating costs were not budgeted in FY18 and are added as ongoing costs in the FY19 budget.

Debt Service

BART issues bonds, backed by BART's dedicated sales tax revenues, to fund capital costs for system improvement and renovation. In December 2017 there was a full refunding of outstanding Series 2010, and a partial refunding of Series 2012A and 2012B revenue bonds that will result in savings of \$5.5M for FY19 and \$5.1M for FY20, and ongoing annual savings of varying amounts in succeeding years. The debt service budget in FY19 is \$46.6M for outstanding Series 2012A, 2012B, 2015A, 2016A, 2017A, and 2017B revenue bonds.

BART's audited financial statements are issued each September, after the budget's publication. Below are debt schedules showing long-term debt activity and outstanding debt for the year ended June 30, 2018.

¹⁵ Positions for extensions are generally added as capital during construction and development, and these positions convert to operating when revenue service commences.

**Long-Term Debt Rollforward Schedule
June 30, 2017 and 2018**

	<u>6-30-17</u>	<u>Additions/ Accretion</u>	<u>Defeasance and Amortization</u>	<u>(Unaudited) 6-30-18</u>
2010 Sales Tax Revenue Refunding Bonds	118,140,000		(118,140,000)	-
2012A Sales Tax Revenue Refunding Bonds	119,665,000		(29,425,000)	90,240,000
2012B Sales Tax Revenue Bonds	102,215,000		(88,605,000)	13,610,000
2015A Sales Tax Revenue Refunding Bonds	171,240,000		(15,585,000)	155,655,000
2016A Sales Tax Revenue Refunding Bonds	83,800,000			83,800,000
2017A Sales Tax Revenue Refunding Bonds	-	118,260,000		118,260,000
2017B Sales Tax Revenue Refunding Bonds	-	67,245,000		67,245,000
2007 (Series B) General Obligation Bonds - Measure AA	4,050,000		(4,050,000)	-
2013 (Series C) General Obligation Bonds	225,545,000		(19,815,000)	205,730,000
2015 (Series D) General Obligation Bonds	276,805,000		(1,050,000)	275,755,000
2017(Series E) General Obligation Bonds	84,735,000			84,735,000
2017 (Series A) General Obligation Bonds	300,000,000		(28,400,000)	271,600,000
	<u>1,486,195,000</u>	<u>185,505,000</u>	<u>(305,070,000)</u>	<u>1,366,630,000</u>
Add (Less): premium/discounts	<u>170,496,621</u>	<u>24,813,728</u>	<u>(29,715,829)</u>	<u>165,594,520</u>
	<u>1,656,691,621</u>	<u>210,318,728</u>	<u>(334,785,829)</u>	<u>1,532,224,520</u>
Less: current portion of long-term debt	<u>77,130,000</u>			<u>69,855,000</u>
Net long-term debt	<u>1,579,561,621</u>			<u>1,462,369,520</u>

Operating Allocations to Capital Projects and Programs

Each fiscal year, BART allocates operating funds to capital projects and programs. These allocations support projects that may not be eligible for external funds, serve as BART's local match to leverage outside funding, or may represent programmatic areas BART intends to advance. The amount of capital allocations typically depends on the amount of available operating funds, including fare and parking revenue, as well as actual program needs. The major categories of planned allocations are described below.

- **Baseline Capital Allocation \$22.3M:** These allocations typically serve as the local match for federal grants or to fund ongoing capital projects for which grants are not typically available, such as stations and facilities renovation, inventory buildup, non-revenue vehicle replacement, tools and other capitalized maintenance.
- **Additional Capital Initiatives \$7.6M:** Allocations include \$1.5M directed to the Train Control UPS Renovation (FY15-19) and \$4.1M ongoing to the OCIO as discussed previously. An allocation to the Millbrae Tail Track project replaces an equal amount of Prop 1A High Speed Rail bond funds shifted to the HMC project. Pre-revenue hiring, training and expenses for the BART to Antioch project required allocations of \$9.6M in FY18. Since this project opened in May 2018, just \$0.3M is needed for FY19, substantially reducing the allocation need in this category. Quality of Life initiatives, which include homelessness, fare evasion, cleanliness, and safety/security, are addressed with an allocation of \$0.6M. A one-time initiative of \$0.5M for pigeon abatement is included to reduce the pigeon populations at BART stations.
- **Rail Car Sinking Fund \$0M:** The FY18 allocation completed BART's 2012 commitment to fund \$298M for the first 410 cars of the Rail Car Replacement Program. Beginning in FY19, BART funding for the Rail Car Replacement Program will be directly from incremental fare revenue, as planned in BART's Short Range Transit Plan and noted in the Priority Capital Program allocation below. Of the \$286M BART-funded allocations for the rail car program, \$142M has been drawn down, leaving a balance of \$144M as of June 2018.
- **Priority Capital Program Allocations \$42.9M:** Incremental fare revenue from BART's inflation-based fare increase program, beginning in January 2014, is directed to a fund for BART's highest-priority capital programs: additional rail cars beyond the original 410 car commitment, HMC and the Train Control Modernization Project. Actual allocations are based upon actual ridership and fare revenue. Thus, in times of declining ridership, this allocation will decrease as well. Including estimated FY18 allocations, \$127M has been allocated to the reserve from fare increase revenue and \$99M has been committed, leaving a balance of \$28M as of June 2018.
- **SFO Operations/New Car Allocation \$4.8M:** Net positive financial results from operations of the SFO Extension are allocated to a reserve account per the terms of the 2007 agreements relieving SamTrans of financial responsibility for the extension into San Mateo County. Actual allocations are dependent upon ridership and fare revenue. Per the terms of MTC's 2013 Transit Core Capacity Challenge Grant Program (Resolution 4123), the first \$145M in the SFO reserve account will be directed to the Rail Car Replacement Program. Including FY18 estimated results, a total of \$81M is in the reserve account.
- **Station/Access Projects \$3.7M:** Allocation to Stations and Access Programs are funded by incremental parking fee revenue generated by BART's demand-based parking program. The incremental revenue is estimated at \$16.2M in FY19, of which \$12.5M will fund continuing operating and capital programs, including 74 positions, implemented in FY14 through FY19. The remaining \$3.7M is directed to new capital projects initiatives. Further detail is in FY19 Stations & Access Initiatives.

- **BART-to-OAK CARP \$1.0M:** BART allocates funds to the Capital Asset Replacement Program (CARP) for BART-to-Oakland International Airport (OAK) to provide a reserve for future renovation and replacement needs. Fund expenditure is controlled jointly by BART and the contract provider, Doppelmayr Cable Car (DCC), based upon actual needs for refurbishment and replacement over the 20 years of the agreement. DCC is required to fund costs in excess of the CARP.
- **Joseph P. Bort MetroCenter (MET) Building \$3.1M:** This allocation is for the purchase of the MetroCenter building and one-time capital costs. There will be operating to capital allocations between FY19 and FY25 to fund repayment of the loan from BART cash reserves used to purchase the building, totaling approximately \$20M. The FY19 budget is \$3.1M.
- **Low Carbon Fuel Standard (LCFS) Program \$6.5M:** Based upon the Board-approved LCFS policy, proceeds from LCFS credit sales are divided equally between the Sustainability Program and BART's operating fund, with the operating portion currently placed in operating reserves. The FY19 budget includes an estimated \$6.5M from credit sales, with \$3.3M allocated to each account.
- **Allocation to Operating Reserves for Economic Uncertainty \$15.3M:** SB 1 was passed by the California Legislature in April 2017. The repeal of SB 1 has officially qualified for the November 2018 ballot as Proposition 6. If approved by voters, BART stands to lose approximately \$18.8M of STA revenue in FY19. In preparation for this possibility, the FY19 budget allocates \$9.0M of the one-time net advertising signing bonus and \$6.4M of STA revenue to be used to help balance the budget, if needed.
- **Other Allocations \$0.6M:** This includes accounting entries of \$0.6M to offset amounts booked as Other Revenue or Financial Assistance for the Pleasant Hill/Contra Costa Centre and MacArthur stations.

Allocations (\$millions)	Budget			
	FY18 Adopted	FY19 Adopted	Change	%
Debt Service	\$ 50.8	\$ 46.6	\$ (4.1)	-8%
Allocations				
Baseline Capital Allocation	14.4	22.3	7.9	55%
Additional Capital Initiatives	14.8	7.6	(7.2)	-49%
Rail Car Sinking Fund	39.0	-	(39.0)	-100%
Priority Capital Programs	38.8	42.9	4.0	10%
SFO Operations/New Car Allocation	7.5	4.8	(2.7)	-36%
Stations/Access Projects	5.0	3.7	(1.3)	-25%
BART-to-OAK (CARP)	0.9	1.0	0.0	3%
MetroCenter Building	2.0	3.1	1.1	54%
LCFS Allocation to Sustainability	2.5	3.3	0.8	30%
LCFS Allocation to Reserves	1.5	3.3	1.8	117%
Alloc to Operating Reserves for Economic Uncertainty	-	15.3	15.3	
Other	0.6	0.6	(0.0)	0%
TOTAL	\$ 177.9	\$ 154.4	\$ (23.5)	-13%

Capital Sources and Uses

The FY19 Capital budget directs \$1,355M of investment in BART's capital assets. The capital budget includes all planned capital expenditures, including those paid for using funds BART expects to receive in FY19 and as well as capital funds awarded in prior years.

Definition of Capital Assets

A Capital Asset is a facility, unit of rolling stock, land, unit of equipment, element of infrastructure, or intellectual property (including software), with a useful life of more than one year that is capitalized in accordance with Generally Accepted Accounting Principles (GAAP). Capital assets may also include an addition, improvement, modification, replacement, rearrangement, reinstallation, renovation, or alteration to capital assets that materially increase the value of the asset (excluding ordinary repairs and maintenance).

Capital Uses

The FY19 Capital Program budgets \$1,348M across six program areas: System Reinvestment (73%), Service and Capacity Enhancement (10%), Safety (5%), Security (1%), Earthquake Safety (8%), and System Expansion (3%). It also includes \$7M of reimbursable expenses. The following table "FY19 BART Capital Program - Summary of Uses" summarizes planned expenditures by program area.

Highlights of the FY19 capital program include:

- **Continued investment in high priority capital projects.** Planned investments include:
 - Fleet replacement: \$476M is budgeted for payment to Bombardier Transportation for new rail cars and progress milestones.
 - Hayward Maintenance Complex (HMC): \$37M is budgeted for investment in the central warehouse and related track work.
 - Train Control Modernization Program: An RFQ/RFP was issued in August 2017, and the procurement process will continue through FY19, with \$21M budgeted for engineering and program development.
- **Measure RR-funded System Renewal Plan:** The FY19 capital budget includes \$417M in RR funds to support:
 - Increasing the pace of track replacement and guideway structural rehabilitation.
 - Continuation of a multi-year program to replace aging traction power infrastructure. The FY19 budget includes funds to replace obsolete traction power cables in San Francisco, as well as design and engineering for replacement of traction power substations throughout the system.
 - Station modernization and station access improvements, including a major program to replace escalators and add canopies at station entrances along Market Street in San Francisco.
- **Transbay Tube seismic retrofit:** The FY19 capital program includes \$89M of Earthquake Safety Program investments in the Transbay Tube. This work will reduce the risk of flooding in the case of a catastrophic earthquake.
- **System Expansion milestones:** During FY19, VTA funds will support completion of Phase 1 of SVBX. BART will also continue to study other expansion projects, including a study of a potential Transbay Crossing project.

Capital Sources

Major funding for BART's FY19 capital program will come from federal and regional funds distributed through MTC's Transit Capital Priorities (TCP) program, allocations from BART's operating budget, Measure RR, and Earthquake Safety Program bonds. Santa Clara County's VTA will contribute to costs related to SVBX. Funding amounts in the following table "FY19 BART Capital Program - Summary of Sources" summarizes planned funding by source.

Major FY19 fund sources include:

- **BART and Voter Approved Funds**
 - System Renewal Program (Measure RR): Measure RR will provide funds to support the most critical investments in safety, reliability, and crowding relief.
 - Earthquake Safety Program (ESP) Bonds: Staff expects to use ESP Bond funds to support Transbay Tube work planned for FY19.
 - Operating Allocations to Capital: Most of these funds will go to the rail car procurement and HMC, with a smaller share going to match federal funds for State of Good Repair projects.
- **Federal and Regional Funds Distributed by MTC**
 - MTC State of Good Repair funds: MTC has committed \$53M in federal funding per year through FY22 toward BART's State of Good Repair needs. Current and prior-year federal funds, including Section 5307 formula and Section 5337 State of Good Repair, will support investments in traction power; train control; rail, way and structures; and Automatic Fare Collection (AFC) equipment.
 - MTC Fleet Replacement Funds: MTC-controlled federal funds will support procurement of 775 new rail cars.
- **County Funding**
 - VTA will reimburse BART for cost incurred for construction support, testing, and training related to SVBX; and will provide funds toward its share of rail cars and its share of HMC.
 - Contra Costa Measure J, and Alameda Measures B/BB will support station modernization and access investments at several stations.
 - San Francisco's Proposition A will support replacement of escalators and installation of canopies at downtown San Francisco stations.
- **State Funding**
 - California State infrastructure bonds (Propositions 1A & 1B) approved by voters in 2009 have now been fully committed. Out of the funds allocated to BART, funds are budgeted for rail car replacement and HMC. Most of the balance will support station modernization projects.

FY19 BART Capital Program – Summary of Uses

Program	Major Example Projects (FY19)	Amount (millions)	% of Program
System Reinvestment		\$995	73%
Rolling Stock	<ul style="list-style-type: none"> A portion is budgeted for payment to Bombardier Transportation for 669 new rail cars to replace the existing fleet 	\$476	35%
Mainline	<ul style="list-style-type: none"> Continuation of a multi-year program of traction power infrastructure replacement. The FY19 budget includes replacement of traction power cables in San Francisco and Oakland and traction power substation replacement Guideway infrastructure investment, including rail replacement, trackway structural rehabilitation, and renewal of tunnels and structures 	\$305	22%
Facilities	<ul style="list-style-type: none"> Continuing investment in the Hayward Maintenance Complex (HMC), Phase 1, focusing on construction of the central warehouse and related track work Preliminary engineering for HMC Phase 2 	\$37	3%
Stations	<ul style="list-style-type: none"> A major program to replace escalators and install canopies for station entrances along Market Street in San Francisco Station Modernization investments at El Cerrito del Norte, 19th Street, Downtown Berkeley, Concord, and Powell Stations 	\$103	8%
Controls and Communications	<ul style="list-style-type: none"> Planning and Engineering for the Train Control Modernization Program Renewing components of the existing train control system, including transformers, switch machines, and speed encoding equipment at stations 	\$70	5%
Work Equipment	<ul style="list-style-type: none"> Maintenance and replacement of non-revenue vehicles and shop equipment Engineering for new car lifts at Richmond and Daly City maintenance shops 	\$4	<1%
Service & Capacity Enhancement		\$136	10%
Stations	<ul style="list-style-type: none"> Station access improvements, including major investments in bus intermodals at Union City, Concord, Balboa Park, and Stations Hub station signage and wayfinding improvement project phases 2, 3, and 4 	\$62	5%
Mainline	<ul style="list-style-type: none"> Track projects designed to make the system more resilient and flexible, including an extension of tail tracks at Dublin/Pleasanton and Millbrae Continued Core Capacity project development 	\$2.3	<1%
Rolling Stock	<ul style="list-style-type: none"> Budgeted for payment to Bombardier Transportation for 106 additional rail cars beyond the 669 replacement cars 	\$72	5%
Earthquake Safety	<ul style="list-style-type: none"> Transbay Tube seismic retrofit Engineering for Berkeley Hills Tunnel creep mitigations 	\$104	8%
System Expansion	<ul style="list-style-type: none"> Design support and connectivity for SVBX (reimbursed by VTA) BART to Livermore Environmental Studies 	\$35	3%
Security	<ul style="list-style-type: none"> System hardening and CCTV projects 	\$11	1%
Safety	<ul style="list-style-type: none"> Stations emergency lighting upgrades Tunnel and station lighting replacement Replacement of cross-passage doors in the Transbay Tube 	\$67	5%
Reimbursable	<ul style="list-style-type: none"> Reimbursable expenses related to Capitol Corridor/other 	\$7	<1%
Total		\$1,355	100%

FY19 BART Capital Program – Summary of Sources

Capital Funding Source	FY19 Funding Summary	Amount (millions)	% of Program
BART/Voter Approved Funds		\$657	49%
Measure RR	<ul style="list-style-type: none"> Measure RR will provide a total of \$3.5B to fund the most critical investments in safety, reliability, and crowding relief In FY19, Measure RR funding will support investment in focusing on traction power, electrical systems, rail replacement, crowding relief, and station access 	\$418	31%
Earthquake Safety Program GO Bonds	<ul style="list-style-type: none"> Earthquake Safety bond sale proceeds will fund the Transbay Tube seismic retrofit 	\$91	7%
BART Operating Allocations	<ul style="list-style-type: none"> In FY19, new allocations from operating to capital as well as allocations reserved from prior years, will go toward to 775 car rail car procurement, HMC, and local match of federal funding for State of Good Repair projects and fund station access projects 	\$148	11%
Federal and Regional Funds Distributed by MTC		\$488	36%
Rail Car Joint Account & MTC Funding	<ul style="list-style-type: none"> BART and MTC have reserved funds in a joint account to pay for the costs of replacing BART's fleet. \$390M of these funds are budgeted for use toward rail car replacement costs in FY19 	\$390	29%
Federal Funds	<ul style="list-style-type: none"> MTC allocates approximately \$53M per year of FTA Section 5337 State of Good Repair funds toward BART's needs; FY19 as well as prior-year 5337 allocations will be invested in traction power; train control; rail, way and structures; and AFC equipment 	\$83	6%
Regional Bridge Tolls	<ul style="list-style-type: none"> RM1, RM2, and AB664 bridge toll funds will be invested in HMC, remaining BART to Antioch and Warm Springs capital costs, and several system reinvestment projects 	\$15	1%
Local Funding		\$88	6%
VTA	<ul style="list-style-type: none"> VTA will reimburse BART for costs incurred during construction of SVBX, provide funds toward rail cars, and funds toward HMC 	\$55	4%
County Measures	<ul style="list-style-type: none"> Contra Costa's Measure J supports investments in BART to Antioch, as well as station modernization and station access projects in Contra Costa County Alameda County's Measures B/BB will support station modernization and station access projects in Alameda County San Francisco will support replacement of escalators and installation of canopies at downtown San Francisco stations 	\$33	2%
State Funding		\$122	9%
State Proposition 1A & 1B Bonds	<ul style="list-style-type: none"> California State infrastructure bonds (Propositions 1A & 1B) approved by voters in 2009 have now been fully committed. Out of the funds allocated to BART, funds are budgeted for rail car replacement and HMC. Most of the balance will support station modernization projects. 	\$101	7%
Other State Funding	<ul style="list-style-type: none"> California Low Carbon Transit Operations Program (LCTOP) for rail car procurement Reimbursable expenses related to Capitol Corridor/other 	\$21	2%
Total		\$1,355	100%

New Initiatives

FY19 General Fund Strategic Initiatives

The FY19 Adopted Budget includes new prioritized budget initiatives to be paid from the General Fund that focus on BART's focus on Quality of Life on BART. In addition, initiatives are included that address other priorities including service reliability, process improvement and best practices, information systems safety and security, police staffing, and items for BART to remain compliant with federal and state regulations.

The list below reflects the highest priority initiatives ranked by the General Manager and BART executives. Staff continues to develop funding strategies for other high priority initiatives for which funding is not currently available. The asterisked initiatives will be reevaluated pending the outcome of the SB 1 repeal proposition on the November 2018 ballot.

OPERATING	FTE	Labor	Non-Labor	Total
Quality of Life: Homelessness	-	\$ -	\$ 1,000,000	\$ 1,000,000
Quality of Life: Fare Evasion	2.0	202,018	-	202,018
Transbay Tube Technician Coverage	8.0	1,059,928	-	1,059,928
Process Improvement for Admin Services*	-	-	700,000	700,000
IT Safety, Security, and Applications*	3.0	604,293	-	604,293
Police Dispatchers	2.0	267,196	-	267,196
Uniform Tracking*	1.0	181,296	-	181,296
Budget Staffing*	1.0	173,000	-	173,000
System Safety Data Analysis*	1.0	154,838	-	154,838
Title VI	0.3	42,634	-	42,634
OPERATING TOTAL	18.3	\$ 2,685,203	\$ 1,700,000	\$ 4,385,203

CAPITAL	FTE	Labor	Non-Labor	Total
Quality of Life: Homelessness	-	\$ -	\$ 600,000	\$ 600,000
Pigeon Abatement*	-	-	500,000	500,000
CAPITAL TOTAL	-	\$ -	\$ 1,100,000	\$ 1,100,000

Quality of Life: Homelessness

\$1.0M Operating, \$0.6M Capital

As discussed in Section 1 (Overview), BART is taking steps to address Quality of Life concerns, which include homelessness, fare evasion, cleanliness, and safety/security. This initiative will fund: 1) Elevator Attendants to address elevator cleanliness, safety, and security; 2) Homeless Outreach Teams to engage the homeless population at the downtown San Francisco stations; 3) the Pit Stop Program to provide attended restroom facilities at four stations in downtown San Francisco; and 4) increased security measures to reduce encampments on BART properties.

Quality of Life: Fare Evasion

2.0 FTE, \$0.2M Operating

Two additional Community Service Officers will be added to the team of designated fare inspectors to assist with fare evasion prevention efforts throughout the stations and onboard trains.

Transbay Tube Technician Coverage **8.0 FTE, \$1M Operating**

The Transbay Tube Coverage pilot project started in January 2017 and provides additional staffing to cover rail car failures in the Transbay Tube (TBT), successfully mitigating system-wide service delays. Currently, staffing is provided through the use of overtime. The 8 additional FTE will increase staffing to cover 50% of trains going through the TBT during peak hours. The new positions will reduce overtime and are expected to result in a slight reduction in overall labor costs.

Process Improvement for Administrative Services **\$0.7M Operating**

This is a joint initiative put forth by Human Resources, Budget, and Finance that would engage consultants to review and assess Support Service departments and recommend improvements and best practices. Studies of interest include budget controls, overtime controls, optimal staffing guidelines, inventory management, and updating administrative policies and procedures.

IT Safety, Security, and Applications **3.0 FTE, \$0.5M Operating**

BART will add 1 Cybersecurity Engineer and 2 Senior Applications Analysts positions to support the Office of the CIO in its new and ongoing tasks to mature various platforms. This includes: 1) protecting systems, networks, and programs from digital attacks, and 2) operational maintenance of the Salesforce and SharePoint platforms and workflows used externally and internally.

Police Dispatchers **2.0 FTE, \$0.3M Operating**

The existing staffing level of the police dispatch center has not changed since 2006. This initiative will add two police dispatchers to meet the additional workload due to increased daily patrol staffing, special event staffing, special operations, increased ridership, and new crime reporting technology.

Uniform Tracking **1.0 FTE, \$0.18M Operating**

The Uniform Issuance and Associated Database tracks uniforms issued to BART employees. Tracking is required to improve compliance with reporting requirements for employee compensation. BART will add an Administrative Analyst to maintain the uniform database.

Budget Staffing **1.0 FTE, \$0.17M Operating**

The Budget Office is engaging in efforts to improve overall budget processes and systems to align with best practices. These efforts include addressing and establishing budget controls and improving tracking and reporting of BART expenses. Increased staffing will expand the capacity of the Budget Office to assess, develop, and implement budget improvements to better control costs and support BART operations.

System Safety Data Analysis **1.0 FTE, \$0.15M Operating**

FTA is requiring implementation of Safety Management System (SMS) at BART which includes increased safety data analysis and reporting. BART will hire one Administrative Analyst to implement Maximo Employee safety and perform SMS data analysis in compliance with FTA regulations.

Title VI **0.25 FTE, \$0.04M Operating**

The Office of Civil Rights Title VI /Environmental Justice (EJ) unit is increasing its emphasis on monitoring operating activities including distribution of new rail vehicles, transit amenities, parking, fare studies, and major service changes. The unit will continue to monitor BART's Language Assistance Program including language assistance measures for transit ticket vending/Clipper/add-fare machines. The additional 0.25 FTE will reduce capital headcount and will allow Title VI and EJ activities to be ongoing operating functions.

Pigeon Abatement

\$0.5M Capital

This initiative provides one-time funding to permanently seal off and modify pigeon roosting areas to reduce the pigeon populations at BART stations to address issues of station cleanliness, safety, and overall customer experience.

FY19 Stations & Access Initiatives

Stations & Access Initiatives are funded by estimated revenue from Parking Program fee modifications (described in Section 4). FY19 recommendations aimed to:

1. Align with FY19 station priorities.
2. Prioritize one-time expenditures and minimize addition of new on-going expenses.
3. Leverage and advance projects eligible for BART Measure RR capital funds.
4. Improve BART's operational efficiency and effectiveness.

OPERATING	FTE	Labor	Non-Labor	Total
Parking Program Manager	1.0	230,000	-	\$ 230,000
Parking Enforcement & Management	3.0	357,000	-	357,000
Automated Parking System Feasibility Analysis	-	-	168,000	168,000
Satellite / Shared-Use Parking Pilot	-	-	450,000	450,000
Art Program Collection Conservation*	-	-	200,000	200,000
Bike / Ped Gap Study, Ph. 2*	-	-	250,000	250,000
Dynamic Bus Intermodal Feasibility Study*	-	-	150,000	150,000
BART Ridership Model*	-	-	150,000	150,000
Station Profile 2020 Preparation*	-	-	40,000	40,000
OPERATING TOTAL	4.0	\$ 587,000	\$ 1,408,000	\$ 1,995,000

CAPITAL	FTE	Total
Quality of Life: Fare Evasion (Station Hardening)	9.0	\$ 1,220,140
Quality of Life: Fare Evasion (Prevention in Station Modernization)	-	1,000,000
Parking Enforcement & Management	-	480,000
Satellite / Shared-Use Parking Pilot	-	50,000
Art Program Collection Conservation*	-	25,000
Maintenance Fund to Reconfigure Access Facilities	-	250,000
Station Access Wayfinding and Signage Program*	-	250,000
Regional Transit Information Displays*	-	250,000
Station Experience Design Guidelines - BFS Specifications*	-	200,000
CAPITAL TOTAL	9.0	\$ 3,725,140

Quality of Life: Fare Evasion (Station Hardening)

9.0 FTEs, \$1.2M Capital

As part of BART's initiative to make it easier for patrons to pay fares, and more difficult for fare evaders to by-pass fare gates, this investment is to increase BART Maintenance & Engineering forces dedicated to design and construct station hardening improvements. The FY18 capital investment will be converted to 9.0 FTEs and funding for equipment and materials.

Quality of Life: Fare Evasion (Prevention in Station Modernization) **\$1.0M Capital**
Fare gates, and other equipment, will be purchased to improve customer convenience, and reduce fare evasion. This investment contributes towards items that were updated, or initially outside of scope and unfunded, in earlier generations of Station Modernization designs (either for 19th Street Station Modernization and accessible fare gates or El Cerrito del Norte Station Modernization contract).

Parking Program Manager **\$0.23M Operating**
A Parking Program Manager is needed to more effectively manage BART's 48,000 parking spaces. The goal is to provide excellent customer service, more effectively manage existing assets, and optimize parking (and fare) revenues, consistent with the Board-adopted Station Access Policy. In addition to managing existing assets, this position will identify opportunities to create partnerships for non-BART owned parking facilities and manage the relationship with the South Hayward BART Station Joint Powers Authority (JPA).

Parking Enforcement and Management **3.0 FTEs, \$0.36M Operating, \$0.48 Capital**
To more effectively manage and enforce regulations at 48,000 existing BART parking spaces, this initiative adds two Community Service Officers (CSO), four patrol vehicles, and one Senior Financial Analyst. The program is intended to improve customer service, parking validation, and parking revenues.

Automated Parking System Feasibility Analysis **\$0.2M Operating**
As part of the parking discussion for the Dublin / Pleasanton Station, the Board directed staff to evaluate the feasibility of Automated Parking System (APS) parking at sites where BART seeks to cost-effectively expand structured parking (for commuters or in Transit Oriented Development (TOD)). This will include further analysis of public-private partnership opportunities.

Satellite / Shared-Use Parking Pilot **\$0.45M Operating, \$0.05M Capital**
Implement pilot satellite or shared-use parking for BART commuters (primary focus on the Antioch and Warm Springs/South Fremont lines in East Bay) by connecting at least one BART station to an existing surface parking lot via walk, or shuttle, to a BART station. Includes assessment of cost-effectiveness of the investments for future years. Staff will seek matching funds, as available.

Art Program Collection Conservation **\$0.2M Operating, \$0.03M Capital**
Begin to implement elements of the BART Art Master Plan with focus on Art Program Collection Management, Maintenance, and Conservation: 1) Local match for the National Endowment for the Arts (NEA) grant; 2) Document collection in Maximo (asset management); 3) Triage maintenance on key artworks: repair Orinda mural; clean Colma art; clean/stabilize Embarcadero art; stabilize/repair El Cerrito mosaic tiles (both stations).

Bike / Pedestrian Gap Study, Phase 2 **\$0.25M Operating**
To achieve BART Board adopted Station Access Policy goals, this investment will build on the 2018 gap analysis of 10 stations, to identify specific pedestrian and bicycle improvements that will make access more attractive and safer at 15 stations. Analysis includes prioritization and identification of capital investments, and sets the stage for Station Access capital improvements that can be engineered and funded by BART Measure RR.

Maintenance Fund to Reconfigure Access Facilities **\$0.25M Capital**
Provides funding to reconfigure BART intermodal and parking facilities by relocating signs, poles, bike racks, and bus shelters, as well as by applying the appropriate curb painting, to ensure that space is properly allocated to create the most efficient use of BART property for its various access programs.

Station Access Wayfinding and Signage Program **\$0.25M Capital**
Update station wayfinding design and design guidelines in areas outside the faregates and extending to property lines. These will provide guidance on vehicle circulation and parking zones, curb uses, pedestrian and Americans with Disabilities Act (ADA) features, bicycle facilities, and nearby areas of interest. This project would provide updates to the BART Facilities Standards (BFS) and be the first phase of a larger effort to update and improve station access wayfinding at all appropriate stations. Capital investments would be eligible for BART Measure RR funds.

Regional Transit Information Displays **\$0.25M Capital**
Update bus maps and schedules to improve customer experience and bus transit connections. MTC has defined "Transit Hub" stations at a limited number of key BART stations. MTC funds the update and maintenance of Transit Information Displays (TIDs) and information kiosks at Transit Hub stations, including bus schedules, routes, and maps. The contractor (currently AC Transit) maintains the TIDs and kiosks on a regular basis. BART funds would provide accurate and updated maps and information at non-Transit Hub stations.

Dynamic Bus Intermodal Feasibility Study **\$0.15M Operating**
To maximize efficiency of limited curb space near station entrances, develop a Dynamic Bus/Shuttle Feasibility Study to identify design and operational best practices, technology options, interface requirements with operators, criteria for implementation by station type, and a concept design for implementation at a pilot station.

BART Ridership Model **\$0.15M Operating**
Upgrade the BART Ridership Model (BRM) to inform station area planning, TOD, station modernization projects, and budget scenarios. Improve to reflect 2015 Station Profile, Plan Bay Area 2017, local access changes, and other technical improvements.

Station Experience Design Guidelines - BFS Specifications **\$0.2M Capital**
Advance next phase of Station Experience Design Guidelines to create a more consistent customer experience at stations, reduce capital costs, and more efficiently manage long-term O&M and capital replacement expenses. Develop a BART "Kit of Parts" set of common architectural and landscape elements for piloting at 2 stations, which may include: Architectural Elements, Landscape / Furnishing elements, and station interior elements. Develop design specifications for "Kit of Parts" elements for BART Facilities Standards.

Station Profile 2020 Preparation **\$0.04M Operating**
BART Board-adopted Station Access performance targets require consistent data to assess performance. These funds will begin preparation for the 2020 Station Profile, which in part will be funded by MTC. There will be additional funding requests in FY20 and FY21 for survey implementation and analysis.

Attachment A: Executive Decision Document & Resolution Adopting the FY19 Budget



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL: <i>8 June 2018</i> <i>Robert M. Bowen</i>		GENERAL MANAGER ACTION REQ'D:		
DATE: 6/5/2018		BOARD INITIATED ITEM: No		
Originator/Prepared by: Dennis Markham Dept: Budget	General Counsel	Controller/Treasurer	District Secretary	BARC
<i>[Signature]</i> Signature/Date: <i>06/05/2018</i>	<i>[Signature]</i> <i>6/7/18</i>	<i>[Signature]</i> <i>6/7/18</i>	<i>[Signature]</i> <i>6/5/18</i>	<i>[Signature]</i> <i>6/5/18</i>

ANNUAL BUDGET RESOLUTION FOR FISCAL YEAR 2019

PURPOSE:

To authorize adoption of the Annual Budget Resolution for Fiscal Year 2019 (FY19).

DISCUSSION:

Approval by the Board of Directors is required for the FY19 operating and capital budgets. The total proposed FY19 operating and capital budget is \$2.28 billion (B). The FY19 operating budget is balanced, with \$922.2 million (M) in uses, and the FY19 capital budget totals \$1.35B.

The proposed FY19 annual budget is summarized in Attachments 1, 2, 3 and Exhibit A. The attachments summarize the budget including proposed initiatives and allocations that were reviewed in presentations to the Board of Directors at regular meetings from March through June. The capital budget has been updated for the finalized FY19 budgeted positions. Changes from the Preliminary Budget are discussed below.

FY19 Operating Budget

The operating budget proposes FY19 expenditures of \$922.2M and funds 3,385.25 positions. The FY19 operating budget includes funding for BART to Antioch, which opened in May 2018, but does not include funding for the Silicon Valley Berryessa Extension as an opening date has not been finalized. However, per agreement, the Santa Clara Valley Transportation Authority (VTA) will reimburse BART for any unbudgeted expenses incurred by BART to prepare for the opening of the extension. Despite continued challenges with declining ridership, the FY19 budget includes general funds for new initiatives (\$4.4M operating and \$1.1M capital). These initiatives include investments to address quality of life on BART, service reliability, fare evasion, police dispatchers, IT safety and security, and

process improvements. In addition, per Board policy established in 2013, a portion of parking revenue funds a variety of station and access related projects, including further efforts to improve quality of life on BART, more effective management of BART parking, art conservation support, and other stations/access initiatives (\$2.0M operating and \$3.7M capital). All initiatives for FY19 are listed in Attachment 3.

The FY19 operating budget includes the following changes from the Preliminary Budget:

- \$9.0M increase to advertising revenue (one-time signing bonus)
- \$0.4M increase to interest income
- \$6.4M increase to State Transit Assistance (May 2018 Governor budget revision)
- \$0.3M increase to labor
- \$0.07M increase to non-labor
- \$3.6M removal of Other Post-Employment Benefits liability and offset (no bottom line impact)
- \$15.3M allocation to an operating reserve for economic uncertainty

Senate Bill 1 was passed by the California Legislature in April 2017, increasing State Transit Assistance (STA) to \$38.0M for FY19. An initiative to repeal SB1 may be put to California voters in November 2018. Should the repeal be approved, BART stands to lose approximately \$18.8M in FY19. In preparation for this possibility, the FY19 budget proposes to allocate the \$9.0M of one-time advertising funds and the \$6.4M of increased STA revenue to an Operating Reserve for Economic Uncertainty to be used to help balance the budget, if needed.

The other changes from the Preliminary Budget include increasing interest revenue by \$0.4M to reflect higher earnings expectations and adding \$0.3M for four part-time train operators to support the February 2019 schedule change and other miscellaneous labor budget adjustments. Non-labor was increased by a net of \$0.07M, reflecting costs to support State Fire Marshal oversight and a slight increase to the AC Transit feeder payment offset by reductions to non-labor needs as department budgets were finalized. One final change reflects that BART has now implemented Statement No. 75 of the Governmental Accounting Standards Board (GASB75) where the full Other Post-Employment Benefits (OPEB) obligation is required to be reported on the balance sheet and the gain or loss from the change in unfunded obligation based on actuarial valuation is now recognized on the income statement. Contribution to the OPEB plan is now recorded as a reduction of the unfunded obligation. As a result, the specific contribution shown previously as operating expense (\$3.6M) and the offset amount (-\$3.6M) are not required to be budgeted.

FY19 Capital Budget

The capital budget proposes FY19 expenditures of \$1.35B and funds 1,292.0 positions. This \$63M decrease from the Preliminary Budget is due to ongoing refinement and sequencing of the multi-year funded capital projects. Compared to the adopted FY18 capital

budget of \$998M, the FY19 budget represents a 36% increase in capital expenditures.

The largest individual project expenditures are for railcar replacement (\$545M), Transbay Tube retrofit (\$93M), downtown San Francisco escalator replacement (\$35M), and the Hayward Maintenance Complex (\$35M).

The largest category of projects is System Reinvestment at \$995M (74% of overall capital budget, up from 67% in FY18), which includes mainline rail and power distribution (\$305M), station modernization and renovation (\$103M), and existing train control and fare collection (\$71M). System Expansion is the only project category experiencing an expenditure decrease (a 52% reduction from FY18 to \$35M) due mostly to the near completion of the BART to Antioch project.

In November 2016, the capital program was provided with a substantial source of support with the passage of Measure RR and its authorization to issue up to \$3.5B in general obligation bonds to fund certain capital improvements. Measure RR has become more prominent in the mix of federal, regional and local funds, which also includes a sizable commitment of BART operating allocations. Measure RR makes up \$418M (31%) of the FY19 capital sources, funding a variety of programs including traction power (\$151M), track (\$75M), and escalators in downtown San Francisco (\$35M).

The ongoing commitment of BART funds (\$147M, 11% of capital budget) is an essential component of the capital program, particularly in meeting the long-term commitments required to deliver major capital projects such as rail car replacement and the Hayward Maintenance Complex. Other capital activities dependent on operating allocations are providing local match for grants, and funding grant-ineligible projects and initiatives, routine but necessary capitalized maintenance projects, emergent safety and security projects, and equipment and inventory.

Operating allocations derived from parking revenues are dedicated, per board policy, to a variety of station and access improvements, including signage, pedestrian improvements, station heavy cleaning, information displays, bike improvements, limited studies, and the sustainability program. As mandated by regional programming requirements, federal funds are directed to train control and traction power, trackway renovation, general mainline repairs, rail cars, fare collection, and ADA/system accessibility improvements.

Other capital revenues are limited in their flexibility and many sources and grants are restricted to certain projects and/or activities as a condition of award. The FY19 capital budget contains modest but important contributions of state and local funds, including bridge toll allocations and county transportation sales tax funds, which are earmarked for station modernization and grant match. Proceeds from the Earthquake Safety general obligation bond are dedicated exclusively to the Earthquake Safety program. Additionally, there are smaller, defined purpose grants that are limited to specific projects.

FY19 Budget Resolution

Staff recommends approval of the attached Resolution to adopt the FY19 Annual Budget. As in previous years, the FY19 Resolution includes authorizations including the submittal of annual applications for Transportation Development Act (TDA), State Transit Assistance (STA) and Bridge Toll funds that are included in the FY19 capital budget, as appropriate. The Resolution also allows the General Manager or the General Manager's designee to execute the agreement with the City and County of San Francisco to provide annual transfer payments for feeder services to the San Francisco Municipal Transportation Agency. The Resolution also incorporates provisions referring to the SFO Extension service plan and certain District system-wide operating policies.

Exhibit A (attached) of the Budget Resolution summarizes operating and capital budget totals. It includes modifications to the Preliminary Budget as outlined in the previous paragraphs. Exhibit B (attached) reflects current hourly pay rates or base pay ranges, as applicable, and management incentive pay, if any, for non-represented employees.

FISCAL IMPACT:

The proposed FY19 Annual Budget is balanced.

ALTERNATIVES:

Not adopt the budget or adopt a budget that differs from what has been presented to the Board of Directors. Rules of the Board of Directors require that the budget be adopted prior to June 30th; adoption of the Budget Resolution by June 30th is required to authorize expenditures in FY19.

RECOMMENDATION:

Adoption of the following motion.

MOTION:

Adoption of the attached Resolution in the matter of approving the Annual Budget for the San Francisco Bay Area Rapid Transit District and authorizing expenditures for the fiscal year July 1, 2018 to June 30, 2019.

Attachment 1
Fiscal Year 2019 District Operating Budget
Sources and Uses Detail

	FY19		FY19
SOURCES	PRELIMINARY	Changes	ADOPTED
Rail Passenger Revenue	\$ 484,953,095	\$ -	\$ 484,953,095
ADA Passenger Revenue	899,565	-	899,565
Parking Revenue	36,650,000	-	36,650,000
Other Operating Revenue	28,954,386	9,380,397	38,334,783
Sub-Total Operating Revenue	551,457,046	9,380,397	560,837,443
Sales Tax Proceeds	264,622,284	-	264,622,284
Property Tax Proceeds	46,762,737	-	46,762,737
Local & Other Assistance	5,444,012	-	5,444,012
State Transit Assistance	31,651,161	6,361,200	38,012,361
Low Carbon Fuel Standard Program	6,500,000	-	6,500,000
Sub-Total Financial Assistance	354,980,194	6,361,200	361,341,394
TOTAL SOURCES	906,437,240	15,741,597	922,178,837
USES			
Labor & Benefits	560,336,231	326,190	560,662,421
OPEB Unfunded Liability	3,624,000	(3,624,000)	-
ADA Paratransit	16,063,770	-	16,063,770
Purchased Transportation	14,096,994	5,484	14,102,478
Power	43,809,322	-	43,809,322
Other Non-Labor	133,069,730	64,380	133,134,110
Sub-Total Operating Expense	771,000,047	(3,227,946)	767,772,101
Debt Service	46,639,568	-	46,639,568
Allocation - Capital Rehabilitation	29,867,309	-	29,867,309
Allocation - Priority Capital Programs	42,862,759	-	42,862,759
Allocation - Stations & Access Projects	3,725,140	-	3,725,140
Allocation - Other	4,638,703	-	4,638,703
Allocation - Rail Car Project from SFO Net Result	4,827,714	-	4,827,714
Allocation - Operating Reserves from LCFS	3,250,000	-	3,250,000
Allocation - Sustainability from LCFS	3,250,000	-	3,250,000
Allocation - Operating Reserves for Economic Uncertainty	-	15,345,543	15,345,543
Sub-Total Allocations	139,061,193	15,345,543	154,406,736
TOTAL USES	910,061,240	12,117,597	922,178,837
OPEB Unfunded Liability	(3,624,000)	3,624,000	-
NET RESULT	\$ -	\$ -	\$ -
Average Weekday Trips	410,500		410,500
Operating Ratio	71.5%		73.0%
Farebox Recovery Ratio	63.0%		63.3%

Attachment 2

FY19 Capital Budget Headcount and Planned Expenditures Program Summary by Category

Program Category	Capital Headcount*	Planned Expenditures
	FY19	FY19
System Renovation		
Rolling Stock	80.8	\$475,842,358
Mainline	515.0	\$304,804,848
Stations	27.0	\$103,274,648
Controls & Communications	125.2	\$70,559,887
Facilities	28.2	\$36,531,353
Work Equipment	0.4	\$4,353,181
Total System Renovation	776.5	995,366,275
Safety & Security	52.2	77,927,765
Earthquake Safety	70.3	103,819,979
Service & Capacity Enhancement	54.0	135,902,877
System Expansion	249.4	34,974,102
Capitol Corridor**	24.0	4,444,524
Reimbursable***	17.5	2,458,826
Cost Allocation Plan	48.0	
TOTALS	1,292.0	1,354,894,349

* Total authorized permanent positions.

** All expenses for the Capitol Corridor service to be reimbursed as allocated to the Capitol Corridor Joint Powers Board in the Annual State Budget Act.

*** Positions fully reimbursed by Muni, Caltrans, and others for BART staff expenses incurred in performing services for those organizations.

Attachment 3

FY19 Operating and Capital Budget Initiatives (General Fund)

OPERATING	Pos.	Labor	Non-Labor	Total
Quality of Life: Homelessness	-	-	1,000,000	1,000,000
Quality of Life: Fare Evasion	2.0	202,018	-	202,018
Transbay Tube Coverage	8.0	1,059,928	-	1,059,928
Best Practices and Process Improvement for Administrative Services	-	-	700,000	700,000
Information Systems Safety, Security, and Applications	3.0	604,293	-	604,293
Police Dispatchers	2.0	267,196	-	267,196
Uniform Tracking	1.0	181,296	-	181,296
Budget Staffing	1.0	173,000	-	173,000
System Safety Data Analysis	1.0	154,838	-	154,838
Title VI	0.3	42,634	-	42,634
OPERATING TOTAL	18.3	2,685,203	1,700,000	4,385,203
CAPITAL				Total
Quality of Life: Homelessness				600,000
Pigeon Abatement				500,000
CAPITAL TOTAL				1,100,000

FY19 Stations & Access Projects (from Parking Revenue)

OPERATING	Pos.	Labor	Non-Labor	Total
Parking Program Manager	1.0	230,000	-	230,000
Parking Enforcement & Management	3.0	357,000	-	357,000
Automated Parking System Feasibility Analysis	-	-	168,000	168,000
Satellite / Shared-Use Parking Pilot	-	-	450,000	450,000
Art Program Collection Conservation	-	-	200,000	200,000
Bike / Ped Gap Study, Ph. 2	-	-	250,000	250,000
Dynamic Bus Intermodal Feasibility Study	-	-	150,000	150,000
BART Ridership Model	-	-	150,000	150,000
Station Profile 2020 Preparation	-	-	40,000	40,000
OPERATING TOTAL	4.0	587,000	1,408,000	1,995,000
CAPITAL			Pos.	Total
Quality of Life: Fare Evasion (Station Hardening)			9.0	1,220,140
Quality of Life: Fare Evasion (Prevention in Station Modernization)			-	1,018,000
Parking Enforcement & Management			-	480,000
Satellite / Shared-Use Parking Pilot			-	50,000
Art Program Collection Conservation			-	25,000
Maintenance Fund to Reconfigure Access Facilities			-	250,000
Station Access Wayfinding and Signage Program			-	250,000
Regional Transit Information Displays			-	250,000
Station Experience Design Guidelines - BFS Specifications			-	200,000
CAPITAL TOTAL			9.0	3,743,140

**BEFORE THE BOARD OF DIRECTORS OF THE
SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT**

**In the matter of approving
The Annual Budget for the
San Francisco Bay Area Rapid
Transit District and authorizing
Expenditures for the Fiscal Year
July 1, 2018, to June 30, 2019**

Resolution No. 5373

WHEREAS, the Board of Directors of the San Francisco Bay Area Rapid Transit District published notices on May 5, May 8, and May 11, 2018 in newspapers of general circulation in the County of San Francisco, the County of Contra Costa, and the County of Alameda of its intention to adopt an Annual Budget for the Fiscal Year July 1, 2018, to June 30, 2019; and

WHEREAS, the Board of Directors of the San Francisco Bay Area Rapid Transit District desires to adopt an Annual Budget for the Fiscal Year July 1, 2018, to June 30, 2019; and

WHEREAS, the Board of Directors of the San Francisco Bay Area Rapid Transit District is required by Public Utilities Code Section 28767 to determine and create, by resolution, such number and character of positions as are necessary to properly carry out the functions of the District; and

WHEREAS, the Transportation Development Act (TDA), Public Utilities Code §99200, et seq., provides for the disbursement of funds from the Local Transportation Fund of the Counties of Alameda and Contra Costa for use by eligible claimants for the purpose of operating assistance; and

WHEREAS, the State Transit Assistance (STA) fund makes funds available pursuant to Public Utilities Code Section 99313.6 for allocation to eligible applicants to support approved transit projects; and

WHEREAS, as attested to by opinions of the Office of the General Counsel, the San Francisco Bay Area Rapid Transit District is an eligible applicant for Net Toll Revenues and MTC Rail Extension Reserve bridge toll revenues pursuant to Section 30892 of the Streets and Highways Code; and is an eligible claimant for TDA and STA funds pursuant to Public Utilities Code Section 99260; and

WHEREAS, the agreement between the San Francisco Bay Area Rapid Transit District and San Mateo County Transit District, dated April 27, 2007, states that the San Francisco Bay Area Rapid Transit District will provide service on the SFO extension in a manner consistent with BART's system-wide operating policies; and

Adopted: June 14, 2018

WHEREAS, the system-wide operating plan for Fiscal Year 2019 was presented to the Board of Directors on May 10, 2018, in a presentation entitled Fiscal Year 2019 Preliminary Budget Operating Sources, Uses, Service Plan and Capital; and

NOW, THEREFORE, BE IT RESOLVED that the attached Annual budget (marked Exhibit A and incorporated herein as though set forth at length) is hereby adopted; and

BE IT FURTHER RESOLVED that, subject to the resolved clauses, said Annual Budget includes appropriations of monies expected to be available in the General Fund, Capital Funds including Construction Funds and existing and anticipated Federal, State and local grants, for expenditures in the amounts and for the purposes set forth in said budget; and

BE IT FURTHER RESOLVED that the General Manager is authorized to enter into services agreements (including professional, technical, maintenance and repair agreements) and lease or license agreements for District use of real property, facilities, equipment and software provided that:

- (1) The General Manager shall first determine that the work or services concerned, in the amounts authorized in a service agreement, cannot satisfactorily be performed by the officers or employees of the District;
- (2) Agreements that are let by public bidding, service, lease, and license agreements, and amendments thereto, between \$25,000 and \$100,000, shall be reported bi-monthly to the Board of Directors;
- (3) Prior authorization by the Board of Directors is required when:
 - a. The agreement, and amendments thereto, total in the aggregate \$100,000 or more in the fiscal year; or
 - b. Amendments total in the aggregate \$100,000 or more in any subsequent fiscal year;
- (4) The General Counsel is authorized to enter into services agreements in amounts up to \$100,000 with special counsel not previously designated by the Board without prior notice to the Board where the General Counsel determines that such immediate action is necessary to protect the legal interests of the District. Any such agreement shall be reported by the General Counsel to the Board within the calendar month thereafter.
- (5) The General Manager's authority to take immediate remedial measures, as defined in Section 20224 of the California Public Contract Code, and as authorized in Resolution No. 4834 shall remain unchanged; and

BE IT FURTHER RESOLVED that the General Manager is authorized to exchange District goods and services for goods and services from others of approximately equal or greater value; and

BE IT FURTHER RESOLVED that all disbursements resulting from the exercise of authority granted the General Manager pursuant to this resolution shall be reported to the Board of Directors in the District's quarterly financial report; and

BE IT FURTHER RESOLVED THAT that the General Manager is authorized to waive minor irregularities in bid documents prior to recommending contract awards to the Board; and

BE IT FURTHER RESOLVED that Resolution No. 5345, adopted June 22, 2017, is repealed effective August 31, 2018, except as it applies to unexpended capital appropriations, and

BE IT FURTHER RESOLVED that the General Manager or the General Manager's designee is authorized to execute and file a Bridge Toll Application, a TDA Application and an STA Application along with necessary supporting documents, with the Metropolitan Transportation Commission for allocation of bridge toll revenues, TDA and STA funds in FY19; and

BE IT FURTHER RESOLVED that the San Francisco Bay Area Rapid Transit District's system-wide operating policies shall be generally as set forth in the May 10, 2018, presentation entitled Fiscal Year 2019 Preliminary Budget Operating Sources, Uses, Service Plan and Capital, subject to such adjustments that staff determines necessary to operate the service in the public's interest; and

BE IT FURTHER RESOLVED that the General Manager or the General Manager's designee is authorized to execute an agreement with the City and County of San Francisco (CITY) to provide a transfer payment in FY19, such transfer payment being paid by the District to CITY in order to facilitate the coordination of transit service and furnish an incentive to CITY for providing enhanced transfer services between MUNI and BART stations; and

BE IT FURTHER RESOLVED that the General Manager is authorized to make expenditures and incur liabilities against said funds within the limits set forth in said budget and the provisions of this Resolution, and to act on behalf of the District in connection with contracts arising thereunder, by following the procedures provided by law, and by Board of Directors' Resolutions and Board Rules, except that no contractual obligation shall be assumed by the District in excess of its ability to pay, and provided further that all expenditures shall be in conformance with statutory and other restrictions placed on the use of said funds; and

BE IT FURTHER RESOLVED that the General Manager is authorized to exceed Board Appointed Department/Executive Office budgets by more than ten percent (10%) ten (10) days after written notice of this intended action has been mailed to the Board of Directors, provided that the Total Net Operating Expense line item set forth in "Exhibit A" is not exceeded and such action is consistent with Board Rule 5-1.4 and provided further that the General Manager will prepare and send to the Board, a summary of Department budgets within approximately 30 days after the adoption of this budget; and

BE IT FURTHER RESOLVED that the General Manager is authorized to exceed the foregoing ten percent limitation for emergency expenditures which are made in accordance with Resolution No. 4834 and Public Contract Code Section 20224; and

BE IT FURTHER RESOLVED that the General Manager is authorized to act on behalf of the District, and to make expenditures and incur liabilities against all funds of the District as provided for in contracts which have been authorized by the Board of Directors of the District and that the Board's authorizations of such contracts also include the necessary appropriations for such contracts and change orders authorized by Rules approved by the Board, subject, however, to compliance with such specific appropriation resolutions as may be adopted by the Board from time to time; and

BE IT FURTHER RESOLVED that the General Manager or the General Manager's designee is authorized to issue free or discounted promotional tickets in FY19 for purposes of building ridership on the system, consistent with ridership development guidelines; and

BE IT FURTHER RESOLVED that effective July 1, 2018:

- (1) The total number of permanent full and permanent part-time positions ("full time equivalent") as of July 1, 2018, budgeted for the District shall be 4,677.25 (a part-time position is counted as 0.625 positions). Additional permanent positions are authorized, as required, not to exceed 50 positions, of which not more than 25 positions may be charged to operating expense provided the budgeted Total Net Operating Expense is not thereby exceeded;
- (2) The character and salary ranges of such positions, including officers appointed by the Board pursuant to Public Utilities Code Section 28811 shall be as set forth in the agreements entered into with Service Employees' International Union, Local 1021, Amalgamated Transit Union, Local 1555, American Federation of State and County Municipal Employees, Local 3993, the BART Police Officers Association and the BART Police Managers Association as to the employees represented thereby, and with other Bargaining Units for employees that may later be represented thereby, and for all other employees as set forth in the attached "Exhibit B", incorporated herein as though set forth at length. The employment benefits for non-represented employees shall be administered by the General Manager in accordance with Board Rule 4-1.2.
- (3) The General Manager is authorized to make future adjustments to the Professional/Management Salary Ranges ("Exhibit B") for non-represented employees in accordance with applicable provisions of the Compensation Manual, which reflects the District policy and practice to evaluate such ranges on an annual basis and to establish the mid-points of the pay ranges for positions so that they approximate the 75th percentile of the average of salaries paid for similar jobs in the labor market and to promptly advise the Board of any and all such range adjustments. The General Manager is directed to initiate the annual review by October of each year.
- (4) The District Secretary shall insure that an amendment to Exhibit B be prepared to reflect any adjustment to the hourly wage rates or professional/management pay bands as provided above or any adjustment to the Board appointed officers' salaries as a result of merit adjustments or scheduled increases provided in such officers'

employment agreements that take effect during the fiscal year. The District Secretary shall attach any such amendment to Exhibit B as an addendum to this resolution.

- (5) The General Manager is authorized to pay non-represented employees on the merit plan who are eligible for a wage increase of up to 2.5% as of July 1, 2018, that portion of their merit increase which exceeds the top of the base salary range with no increase to the employee's "base wage" above the top of the salary range. The amount over the top of the salary range shall be paid over the following twelve month period in equal pay period installments and will be discontinued after the expiration of the twelve month period unless the pay range is adjusted in accordance with (3), above, to incorporate that portion that is over the top of the salary range. Employees must have been rated "effective" or higher overall in their most recent performance evaluation to be eligible for any merit increase.

BE IT FURTHER RESOLVED that the General Manager or the General Manager's designee shall post all grant applications online to the public as they are submitted, except those that if made public would compromise the security of the system.

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EXHIBIT A
SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
ANNUAL BUDGET - FISCAL YEAR 2019

<u>FUND SOURCES</u>	TOTAL
FUND SOURCES FOR NET OPERATING EXPENSE BUDGET, DEBT SERVICE AND CAPITAL ALLOCATIONS	
Operating Revenue	\$ 560,837,443
Property Tax	46,762,737
1/2 ¢ Sales Tax	264,622,284
Measure B, BB, & J Assistance	4,418,238
Other Financial Assistance	110,000
Caltrain - Millbrae Station Joint Use	915,774
State Transit Assistance	38,012,361
Low Carbon Fuel Standard Program (LCFS)	6,500,000
Total Operating Sources	922,178,837
FUND SOURCE FOR CAPITAL BUDGET	
Capital Funds - Cash Flow FY19	1,354,894,349
TOTAL ESTIMATED FUND SOURCES	\$ 2,277,073,186
<u>FUND USES</u>	
FUND USES FOR NET OPERATING EXPENSE BUDGET, DEBT SERVICE AND CAPITAL ALLOCATIONS	
Net Labor Expense ⁽¹⁾	\$ 560,662,421
Non-Labor Expense	207,109,680
Total Net Operating Expense	\$ 767,772,101
Revenue Bond Debt Service	46,639,568
Allocations to Capital - Rehabilitation	29,867,309
Allocations to Capital - Priority Capital Programs	42,862,759
Allocations to Capital - Stations & Access Projects	3,725,140
Allocations to Capital - Other	4,638,703
Allocation to Rail Car Project from SFO Net Result	4,827,714
Allocation to Operating Reserves from LCFS	3,250,000
Allocation to Sustainability from LCFS	3,250,000
Allocation to Operating Reserves for Economic Uncertainty	15,345,543
Total Operating Uses	\$ 922,178,837
FUND USES FOR CAPITAL BUDGET	
Capital Funds - Cash Flow FY19	\$ 1,354,894,349
TOTAL ESTIMATED FUND USES	\$ 2,277,073,186
NET FINANCIAL RESULT (DEFICIT)	\$ -

⁽¹⁾ Total Authorized Permanent Positions as of 07/01/18 = 4,677.25

EXHIBIT B
CHARACTER, BASE SALARIES, PAY BANDS, HOURLY WAGE RATES,
AND MANAGEMENT INCENTIVE PAY OF MANAGEMENT AND
NON-REPRESENTED CLASSIFICATIONS

CHARACTER OF POSITION/PAYROLL CLASSIFICATION TITLE	HOURLY WAGE RANGE					
	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
CLERICAL & HOURLY						
ADMINISTRATIVE TECHNICIAN	\$30.9724	\$ 32.3347	\$ 33.5973	\$ 34.8927	\$ 36.2218	\$ 36.7320
ADMINISTRATIVE SECRETARY	29.7323	30.2850	31.4686	32.6840	33.9310	35.2653
SENIOR SECRETARY	27.6877	28.0102	29.0389	30.2850	31.5004	32.7738
SENIOR CLERK	29.5561	30.8531	32.0562	33.2893	34.6550	35.0411
INTERMEDIATE CLERK	26.4553	27.5303	28.5430	29.6892	30.8531	31.3391
INTERMEDIATE CLERK P/T	29.0668	30.2483	31.3623	32.6132	33.9034	34.4380
PARALEGAL	36.8650	38.4922	39.9964	41.6413	43.1263	43.7289
P/T SURVEY TAKER (SINGLE RATE)	36.6521					
ENGINEER INTERN	18.0000					

NOTE: The clerical rates are effective 7/1/2018

PROFESSIONAL/MANAGEMENT PAY BANDS

PAY BAND	MINIMUM	MIDPOINT	MAXIMUM
16	\$168,013	\$239,719	\$291,424
14	170,533	217,432	264,330
13	147,316	187,830	228,343
12	133,622	170,368	207,114
11	127,256	162,254	197,252
10	121,196	154,526	187,856
9	115,426	147,169	178,912
8	109,929	140,160	170,391
7	99,708	127,129	154,549
6	94,961	121,076	147,191
5	86,132	109,819	133,506
4	82,031	104,591	127,150
3	78,124	99,610	121,095
2	74,403	94,866	115,329
1	67,485	86,045	104,605

NOTE: The professional/ management pay bands were effective 7/1/2017

MANAGEMENT INCENTIVE PAY (ANNUAL)	Amount	Effective
Assistant General Manager - Operations	\$4,800	6/28/1999
Assistant General Manager- External Affairs	\$4,800	11/4/2013
Assistant General Manager- Administration	\$4,800	1/30/2017
Assistant General Manager- Technology/CIO	\$4,800	3/1/2013
Assistant General Manager- Planning & Development	\$4,800	12/29/2017
Chief of Police	\$4,800	5/22/2017
Deputy General Manager	\$4,800	2/13/2017
Managing Director - Capitol Corridor	\$4,800	11/21/2009

Due to the unique nature of these jobs as executive management employees reporting directly to the General Manager, these classifications are eligible to receive Management Incentive Pay of \$4,800 annually (26 equal pay period installments of \$184.61).

BOARD APPOINTED OFFICERS' ANNUAL SALARIES

Base Salaries	1/1/2018
DISTRICT SECRETARY	\$203,339.85
CONTROLLER-TREASURER	\$258,278.39
GENERAL COUNSEL	\$285,563.95
GENERAL MANAGER	\$385,389.35
INDEPENDENT POLICE AUDITOR	\$194,501.19

Note: The Board approved the salary adjustments for the Board Appointed Officers on December 7, 2017.

Attachment B: Strategic Plan Framework



BART Strategic Plan Framework

Vision

BART supports a sustainable and prosperous Bay Area by connecting communities with seamless mobility.

Mission

Provide safe, reliable, clean, quality transit service for riders.

Goals

Leadership & Partnership in the Region

ECONOMY

Contribute to the region's global competitiveness and create economic opportunities.

EQUITY

Provide equitable delivery of transit service, policies, and programs.

ENVIRONMENT

Advance regional sustainability and public health outcomes.

Riders & Public

EXPERIENCE

Engage the public and provide a quality customer experience.

Infrastructure & Service

SYSTEM PERFORMANCE

Optimize & maintain system performance to provide reliable, safe, cost-effective, customer-focused service.

Organization

SAFETY

Evolve to a premier safety culture for our workers, riders, and the public.

WORKFORCE

Invest in our current and future employees' development, wellness, and diversity.

FINANCIAL STABILITY

Ensure BART's revenues and investments support a sustainable and resilient system.

Strategies (FY2016-FY2020)

ENGAGE COMMUNITY

CONNECT & CREATE GREAT PLACES

ADVANCE SUSTAINABILITY

EXPAND CAPACITY, MANAGE DEMAND

FIX, MAINTAIN, & MODERNIZE

ALIGN WORKFORCE WITH NEEDS

MODERNIZE BUSINESS PRACTICES

Adopted October 22, 2015

Attachment C: Four-Year Strategic Workplans Overview

The District's efforts can be categorized into two types of work: mission-driven, railroad-focused, day-to-day tasks; and strategic initiatives intended to advance the goals set by the Board-adopted BSP. Below is the summary level overview of each Four-Year Strategic Workplan, one for each of the seven BSP Strategies:

- Engage Community
- Connect and Create Great Places
- Advance Sustainability
- Expand Capacity, Manage Demand
- Fix, Maintain and Modernize
- Align Workforce with Needs
- Modernize Business Practices

The strategic activities listed in the overview are staff's work directed at achieving the Board's policy-level goals. For staff, the strategic activities are generally high profile, interdepartmental and interdisciplinary efforts.



BART Strategic Plan

Engage Community FY17-FY20 WORK PLAN

OVERVIEW

Lead Department: Office of External Affairs

Supporting Departments: BPD / OIPA / OCIO / Operations

Preparer/Owner: K. Hamill

Describe high level actions that make up the strategy, how BART will pursue, and how this Strategy supports the Strategic Plan goals and Key Performance Indicators.

BART is expanding opportunities for engaging riders and the public to strengthen relationships, foster a better understanding of community concerns and to create interest and support for BART programs, projects and ongoing capital needs. In the near term, this will be focused on informing constituents about key work efforts (including the new rail car fleet, system extensions, and Measure RR improvements), and developing new tools and more efficient business processes to enhance communications. BART will also be employing new engagement techniques that will help address the impact of homelessness on the system, and working to leverage strategic partnerships to increase non-fare revenue.

Strategic Activities

1. Interacting With & Educating Constituencies
2. Homeless Outreach and Public Safety
3. Increase Non-Fare Revenue
4. Salesforce/Maximo Integration
5. BART.gov Modernization



BART Strategic Plan

Connect & Create Great Places FY17-FY20 WORK PLAN

OVERVIEW

Lead Department: Planning, Development & Construction

Supporting Departments: Customer Access / BART Police / Operations / Government & Community Relations

Preparer/Owner: C. Holmes

Describe high level actions that make up the strategy, how BART will pursue, and how this Strategy supports the Strategic Plan goals and Key Performance Indicators.

BART is Connecting & Creating Great Places by investing in transit-oriented development (TOD), access, and placemaking enhancements at BART facilities and in surrounding neighborhoods. This includes laying the groundwork for expanded TOD and Station Access programs and establishing a strong pipeline of projects for both and expanding partnerships with local jurisdictions and community based organizations to implement the transit oriented development goals in the Bay Area’s Regional Transportation Plan (Plan Bay Area). BART is also enhancing the sense of safety and place in station areas through the Community-Based Policing and placemaking (art, retail, and activation) initiatives. Ultimately, these actions engage the public, increase ridership, and enhance the sense of safety and cleanliness at stations through activation of space.

Strategic Activities

1. Transit Oriented Development
2. Station Access Improvements
3. Improving Safety & Reducing Crime through Community Based Policing
4. Station Cleanliness / Brightening
5. Placemaking (Art, Retail, Activation)
6. Enhance Capitol Corridor Customer Experience



BART Strategic Plan

Advance Sustainability FY17-FY20 WORK PLAN

OVERVIEW

Lead Department: Planning, Development & Construction

Supporting Departments: Operations / OCIO

Preparer/Owner: C. Holmes

Describe high level actions that make up the strategy, how BART will pursue, and how this Strategy supports the Strategic Plan goals and Key Performance Indicators.

BART is pursuing opportunities to improve sustainability focusing on ongoing reductions of the environmental footprint of BART and the Bay Area. Specifically, the BART Sustainability team will focus on opportunities to conserve energy and reduce our greenhouse gas emissions, reduce waste generation, conserve water, and adapt to climate changes. BART's efforts will align with its Sustainability Policy and follow best practices on sustainability from the transit industry.

Strategic Activities

1. Integrate Sustainability into BART Processes
2. Energy Efficiency, Shift Energy Portfolio To Zero/Low Carbon And Renewable Sources
3. Waste Reduction/Recycling
4. Water Conservation
5. Climate Change & Extreme Weather Adaptation



BART Strategic Plan

Expand Capacity, Manage Demand FY17-FY20 WORK PLAN

OVERVIEW

Lead Department: Operations

Supporting Departments: All

Preparer/Owner: P. Oversier / C. Holmes / D. Kutrosky

Describe high level actions that make up the strategy, how BART will pursue, and how this Strategy supports the Strategic Plan goals and Key Performance Indicators.

BART is engaging in a wide range of activities to address peak period, peak direction capacity constraints, and to increase BART's reach to more of the Bay Area. This strategy includes improvements to capacity at the core of the BART system and through innovative, non-capital approaches to managing demand. This strategy also includes planning for and/or constructing several major extension projects.

The Capitol Corridor will similarly work to update its infrastructure to meet significant increases in demand.

Strategic Activities

1. Modernize BART Infrastructure to Meet Demand
2. Expansion Projects
3. Manage Parking Efficiently
4. Innovations to Support Ridership
5. Fleet Management
6. Modernize Capitol Corridor Infrastructure to Meet Demand



BART Strategic Plan

Fix, Maintain, & Modernize FY17-FY20 WORK PLAN

OVERVIEW

Lead Department: Operations

Supporting Departments: All

Preparer/Owner: P. Oversier

Describe high level actions that make up the strategy, how BART will pursue, and how this Strategy supports the Strategic Plan goals and Key Performance Indicators.

BART is working to modernize and maintain system infrastructure to improve performance and ensure that existing facilities can operate with minimal failures. This work is being greatly enhanced by Measure RR funds. Efforts include improving earthquake safety, rehabilitating and replacing track and traction power, implementing fire suppression and other safety upgrades, and addressing degradation of BART’s electrical systems, water leakage, and structural and erosion issues.

This strategy also includes work on the new Transit Operations Facility and Train Control System, which will enable BART to operate both existing and new lines more effectively, and work to reduce fare evasion by modernizing station infrastructure.

Strategic Activities

1. Complete Earthquake Safety Program
2. Design & Complete New Transit Operations Facility
3. Implement New Train Control System
4. Federal Stormwater Environmental Compliance (MS4)
5. Modernize Customer-Facing Station Infrastructure
6. Fare Evasion Suppression
7. Safety Upgrades for Employees & Infrastructure
8. Track Rehabilitation & Replacement
9. Improvements to the Traction Power System
10. State of Good Repair Initiatives



BART Strategic Plan

Align Workforce With Needs FY17-FY20 WORK PLAN

OVERVIEW

Lead Department: Human Resources/Labor Relations

Supporting Departments: All

Preparer/Owner: M. Jones / M. Gran

Describe high level actions that make up the strategy, how BART will pursue, and how this Strategy supports the Strategic Plan goals and Key Performance Indicators.

Given that eighty-five (85) percent of BART’s workforce is unionized, a key strategy for modernizing BART’s workforce is developing agreed-upon initiatives and shared approaches between the District and BART’s labor organizations. BART’s Human Resources group is committed to revitalizing and modernizing core HR business process with a focus on documenting and implementing controls and efficient processes. This work plan provides a framework for aligning and integrating workforce planning into the District’s overall prioritization and performance-identifying management efforts, core business processes, and budgeting activities. BART’s focus on providing upward mobility is integral to workforce readiness. We are defining career pathways that engage our regional partners to support BART’s and the Bay Area’s focus on greater economic opportunity, shared prosperity and economic resilience.

Strategic Activities

1. Implement Road Map to Stabilize & Improve Labor Relations
2. Human Resources Internal Revitalization
3. Expand Regional Workforce Partnerships With The Community



BART Strategic Plan

Modernize Business Practices FY17-FY20 WORK PLAN

OVERVIEW

Lead Department: OCIO/Admin & Budget

Supporting Departments: All

Preparer/Owner: R. Misra/P. Herhold

Describe high level actions that make up the strategy, how BART will pursue, and how this Strategy supports the Strategic Plan goals and Key Performance Indicators.

Through technology and business process improvements, BART is reducing costs, improving service delivery, and increasing agility to respond to changing conditions. In addition, this strategy focuses on building governance infrastructure to view emerging and evolving technology in a cohesive and integrated way. These efforts help transform the workforce through machine assisted learning, procedural efficiencies, and clear performance metrics.

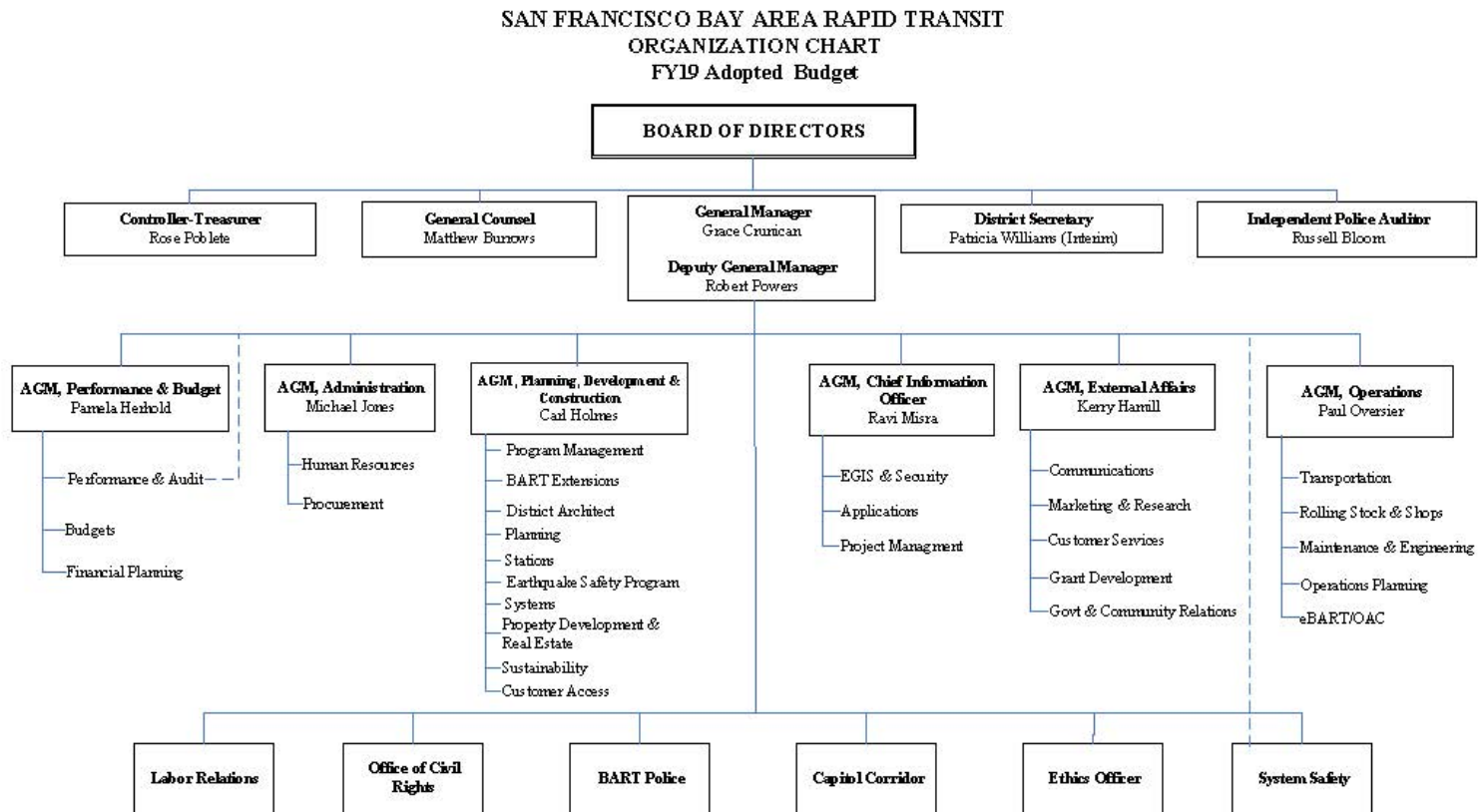
Over the next four years, this work plan will provide a framework for aligning, integrating and executing projects that will evolve and modernize Finance, Human Resources, Procurement and the Office of Civil Rights. This work plan will also strengthen business processes and collaboration for System Safety, Asset Management, Cybersecurity, and Telecommunications Revenue.

To this end, BART will evolve, mature, develop, and advance key business functions through the adoption of modern best practices and technology.

Strategic Activities

1. Modernization via Leveraging Technology
2. Modernize Financial Systems
3. Modernize HR Business Processes
4. Modernize Systems for the Office of Civil Rights
5. Modernize Procurement Department Business Processes
6. Evolving System Safety Technology
7. Implement A Roadmap in Support of Asset Management
8. Cybersecurity and Stability
9. Collaboration Improvements

Attachment D: FY19 Adopted Budget Organization Chart



	HEADCOUNT		
	Total	Allocation	Net
Operating	3,433.3	(48.0)	3,385.3
Capital	1,202.5	48.00	1,250.5
Reimbursable	41.5	-	41.5
Total	4,677.3	-	4,677.3

Attachment E: Department Descriptions

Office of the General Manager

The Office of the General Manager (OGM) is comprised of the BART Board of Directors-appointed General Manager and also includes the Deputy General Manager, Office of the Chief Information Officer, Office of Civil Rights, Labor Relations, and System Safety. The OGM provides general oversight of BART and the leadership to develop and deliver BART's programs and projects, ensuring coordination and consultation with our many internal and external stakeholders. Goals of the OGM include:

- Ensure BART functions in a cost-effective manner to deliver high-quality customer service, system renovation and expansion, technology innovations, sustainability goals, and regional transportation leadership as guided by the Strategic Plan and Asset Management Program.
- Provide a more reliable system to monitor safety performance, improve safety incident tracking, and identify regulatory compliance against assets and locations.
- Invest in our current and future workforce development, wellness, and safety.
- Work toward increasing diversity in hiring and contracting to meet District diversity goals.
- Progress to a more sustainable energy portfolio.
- Build and strengthen community confidence in BART.

Office of the Chief Information Officer

The Assistant General Manager/Chief Information Officer sets information technology policy and direction for BART. The office reports directly to the Office of the General Manager and works closely with the Executive Offices to support BART's technology vision and mission. The office is comprised of the following divisions: Operations, Applications, and Project Management/Governance.

Office of Civil Rights

The Office of Civil Rights (OCR) aims to create a workplace free of discrimination, harassment and retaliation, and ensures that those who do business with BART are treated equitably according to local and Federal laws. The office is comprised of the following divisions: Contract and Labor Compliance Programs (CLCP), Economic Opportunity Policies and Programs (EOPP), and Workforce and Policy Compliance (WPC).

Office of Labor Relations

Labor Relations is responsible for fostering effective and cooperative labor-management relationships between BART and its Labor Unions. In this effort, the Labor Relations Department is charged with negotiating, administering and resolving grievances related to agreements for BART's five represented bargaining units: American Federation of State, County and Municipal Employees (AFSCME), Amalgamated Transit Union (ATU), Service Employees International Union (SEIU) – BART Chapter and BART Professional Chapter, BART Police Officers' Association (BPOA) and BART Police Managers' Association (BPMA).

System Safety

BART prioritizes the safety of its employees and riders. BART's Chief Safety Officer ensures that safety remains BART's top priority in all functions including planning, design, construction, testing, maintenance, and operations of the rail system. System Safety strives to make the system as safe as possible, which is why we listen to all safety suggestions and maintain a comprehensive database for you to report and track all safety issues until they are resolved. System Safety is comprised of the following divisions: Operations, Engineering, Employees/Patrons, BART to Antioch/BART-to-OAK, and Environmental compliance.

Office of the General Counsel

The Office of the General Counsel (OGC) provides comprehensive legal services to BART. Responsibilities of the OGC include:

- Board of Directors: Review all matters submitted to the Board and respond to all questions referred to the Office of the General Counsel.
- Litigation: Defend BART's interests in matters handled inhouse and provide clear direction and control of litigation referred.
- Labor Relations: Provide accurate and timely legal advice on labor matters including contract negotiations, arbitrations, terminations and discipline.
- Human Resources: Provide accurate and timely legal advice on all Human Resources matters including compliance of District policies and procedures [concerning wages, working conditions and benefits] with legal requirements and Board action.
- Contracts & Agreements: Review, revise as necessary, and approve contracts and agreements of all types in support of BART.

Office of the Controller-Treasurer

The Office of the Controller-Treasurer (OCT) is responsible for BART's finances, and collects, dispenses, accounts for, and creates financial reports for all monies that flow in or out of BART's coffers. Responsibilities of the OCT include:

- Develop financial forecasts to identify and plan for future revenue needs and expenditures, and allocations to capital and reserves.
- Invest District funds and monitor bond issues.
- Prepare and distribute payroll, monitor, control and account for cash collected, coordinate and monitor variances, and administer General Ledger closing.
- Administer the Debit/Credit Card Ticket Program, EZ Rider Parking Program, Group Sales Program, Customer Refund Claims, and off-site ticket sales.

Office of the District Secretary

The Office of the District Secretary provides comprehensive administrative support to the Board of Directors. Responsibilities of the Office of the District Secretary include:

- Administer and record the activity of the Board of Directors and the Capitol Corridor Joint Powers Authority (CCJPA) for compliance with applicable statute and agency requirements.
- Provide and enhance effective and responsive communications on behalf of the Board of Directors with customers, constituents, officials, agencies, and staff.

- Perform prescribed contract administration supporting District procurement and construction activities and initiatives.
- Serve as the authorized agent for legal service, request for records, and Custodian of Records.
- Administer BART's Conflict of Interest Code and the CCJPA's Conflict of Interest Code in coordination with the Fair Political Practices Commission.

Office of Administration

Administration provides comprehensive human resources and procurement services to BART. The Human Resources department is responsible for managing compensation, benefits, leave management, talent acquisition, and workforce development for BART's employees. The Procurement department oversees contract management, inventory management, logistics, purchasing and strategic maintenance across the BART system.

Office of External Affairs

External Affairs ensures BART speaks with one voice to the public by communicating BART's message clearly and concisely to our customers, elected officials, neighborhoods, the media and taxpayers. Additionally, External Affairs identifies local, state and Federal grant opportunities to fund BART projects and programs. External Affairs includes the following departments: Communications, Customer Services, Grant Development, Government & Community Relations, and Marketing & Research.

Police Department

The BART Police Department is comprised of 296 personnel, 206 of whom are sworn peace officers. The Department's civilian employees include community-service officers, communications/9-1-1 dispatchers and supervisors, revenue-protection guards, clerical staff and supervisors, and a CAD/RMS administrator. The BART Police Department provides the full range of law-enforcement services. To prepare for major emergencies, critical incidents, and tactical call-outs, the department is a signatory to the Bay Area's mutual-aid pacts. Select officers receive training in SWAT, crowd management, and hostage negotiations.

Operations

Operations ensures BART fulfills its mission to provide safe, clean, reliable and customer-friendly regional public transit service by managing BART's 48 stations across more than 100 miles of trackway. Operations includes the following departments: BART to Antioch Extension & OAC, Maintenance & Engineering, Operations Planning, Rolling Stock & Shops and Transportation.

Office of Planning, Development & Construction

Planning, Development and Construction (PD&C) plans, designs, and delivers capital projects that support our rider's needs, and create opportunities for local economic development. PD&C includes the following departments: District Architect, Earthquake Safety Program, Extensions, Planning, Program Management, Property Development & Real Estate, Stations, Systems, Sustainability, and Transit Oriented Development.

Office of Performance & Budget

Performance & Budget develops and manages the annual operating and capital budget; manages

grant compliance and reporting; develops BART's long-term business plan (STRP/CIP) and implements financial planning strategy and analysis; develops and implements fare policy and fare changes; supports the Clipper program; conducts internal audits and investigations; and promotes and advances efficiency, effectiveness, and economy through continuously monitoring, managing and improving business performance across BART. Performance & Budget includes the following departments: Budget, Financial Planning, and Performance & Audit.

Capitol Corridor

The Capitol Corridor Joint Powers Authority (CCJPA) provides administrative management of the Capitol Corridor intercity passenger rail service. The Capitol Corridor is a safe, reliable, affordable and convenient way to travel between the Sierra Foothills, Sacramento, the San Francisco Bay Area and Silicon Valley/San Jose and is the third most popular route in the national intercity passenger rail network. The CCJPA Board of Directors provides policy direction to the CCJPA staff in delivering high-quality passenger rail service along its 170-mile corridor. Amtrak operates the service for the CCJPA and Union Pacific Railroad owns and maintains the tracks. Funding is virtually 100% from passenger fares and state transportation funds. BART provides the full-time management staff, including marketing and communications, transportation, engineering, mechanical, planning and programming, and budget and service performance.

BART prioritizes the safety of its employees and riders. BART's Chief Safety Officer ensures that safety remains BART's top priority in all functions including planning, design, construction, testing, maintenance, and operations of the rail system. System Safety strives to make the system as safe as possible, which is why we listen to all safety suggestions and maintain a comprehensive database for you to report and track all safety issues until they are resolved. System Safety is comprised of the following divisions: Operations, Engineering, Employees/Patrons, BART to Antioch Extension/OAC, and Environmental compliance.

Office of the Independent Police Auditor

The Independent Police Auditor (IPA) provides all members of the public with effective and independent oversight of the BART Police Department by conducting independent investigations and reviews of police department activities, making policy recommendations to improve the performance of the police department, and maintaining continual communication with members of the public in the BART service area. The IPA reports to the BART Board of Directors, not the Police Department or the General Manager. Responsibilities of the IPA include:

- Accept and investigate certain complaints of misconduct against BART police officers.
- Respond to the scene of officer-involved shooting incidents and monitor the ensuing BART Police Department investigation.
- Review Internal Affairs investigations conducted by the BART Police Department, including those cases where the complainant has sought to appeal the findings issued by Internal Affairs.
- Develop an alternative dispute resolution process for resolving some complaints and maintain a regular program of community outreach.
- Develop recommendations to improve BART Police Department policies and prepare monthly and annual reports for the public, the BART Police Citizen Review Board, and the BART Board of Directors.

Attachment F: Position Summary Schedule

Department	FY17		FY18		FY19	
	Operating	Capital	Operating	Capital	Operating	Capital
General Manager	117.3	15.8	112.8	22.3	112.5	27.5
Administration	5.0	-	5.0	2.0	5.0	2.0
Chief Information Officer	65.5	1.5	66.0	4.0	66.5	5.5
Civil Rights	16.8	9.3	14.8	12.3	15.0	13.0
Labor Relations	16.0	1.0	12.0	-	11.0	1.0
System Safety	14.0	4.0	15.0	4.0	15.0	6.0
General Counsel	17.0	4.0	17.0	5.0	17.0	5.0
Controller-Treasurer	104.0	5.0	104.0	10.0	100.0	14.0
Administration	3.0	-	2.0	-	2.0	-
Assistant Controller	36.0	5.0	37.0	9.0	35.0	11.0
Assistant Treasurer	61.0	-	61.0	-	59.0	2.0
Insurance	4.0	-	4.0	1.0	4.0	1.0
District Secretary	7.0	-	6.0	1.0	6.0	1.0
Administration	111.6	5.0	120.6	15.0	118.6	19.0
Administration	3.0	-	3.0	-	2.0	-
Human Resources	24.6	-	31.6	6.0	33.6	7.0
Procurement	84.0	5.0	86.0	9.0	83.0	12.0
External Affairs	53.3	6.5	52.3	7.5	51.3	10.5
Administration	3.0	-	3.0	-	3.0	-
Customer Services	18.0	-	16.0	-	16.0	1.0
Communications	8.5	0.5	8.5	1.5	8.5	1.5
Government & Community Relations	7.0	2.0	8.0	1.0	7.0	2.0
Grant Development	4.0	2.0	4.0	2.0	4.0	2.0
Marketing and Research	12.8	2.0	12.8	3.0	12.8	4.0
Police	317.0	13.0	350.0	-	341.0	13.0
Operations	2,439.5	620.6	2,684.0	724.1	2,612.0	1,030.9
Administration	3.0	-	3.0	-	2.0	-
BART to Antioch/BART-to-OAK	1.5	56.5	72.0	-	74.0	-
Maintenance and Engineering	666.9	423.1	703.9	658.1	806.9	871.1
Operations Planning	17.0	2.0	16.0	3.0	16.0	6.0
Rolling Stock & Shops	636.0	71.0	712.0	53.0	738.0	88.0
Transportation	1,115.1	68.0	1,177.1	10.0	975.1	65.8
Planning, Development & Construction	38.1	74.9	34.9	80.2	44.4	85.7
Administration	2.5	1.5	2.5	1.5	1.5	1.5
District Architect	3.0	4.0	3.0	4.0	3.0	4.0
Extensions	1.0	62.0	2.0	66.0	2.0	68.0
Systems Development*	31.6	7.4	27.4	8.7	37.9	12.2
Performance and Budget	33.0	8.0	33.5	11.5	27.5	13.5
Administration	3.0	1.0	3.0	-	3.0	-
Budget	12.0	2.0	12.0	4.0	13.0	5.0
Customer Access*	7.0	-	7.0	-		
Financial Planning	4.0	3.0	4.5	4.5	4.5	5.5
Performance & Audit	7.0	2.0	7.0	3.0	7.0	3.0
Capitol Corridor	-	24.0	-	24.0	-	24.0
Independent Police Auditor	3.0	-	3.0	-	3.0	-
	3,240.8	776.8	3,518.0	900.5	3,433.3	1,244.0

*In FY18 Customer Access moved to Systems Development. In FY19 Systems Development includes 10.0 Customer Access FTEs (9.5 operating FTEs and 0.5 capital FTEs).