



# FY25 & FY26 Budget Sources, Uses and Rail Service Plan

BART Board of Directors

May 9, 2024



# AGENDA

- Ridership Forecast Update
- FY25 & FY26 Sources & Uses
- Rail Service Plan

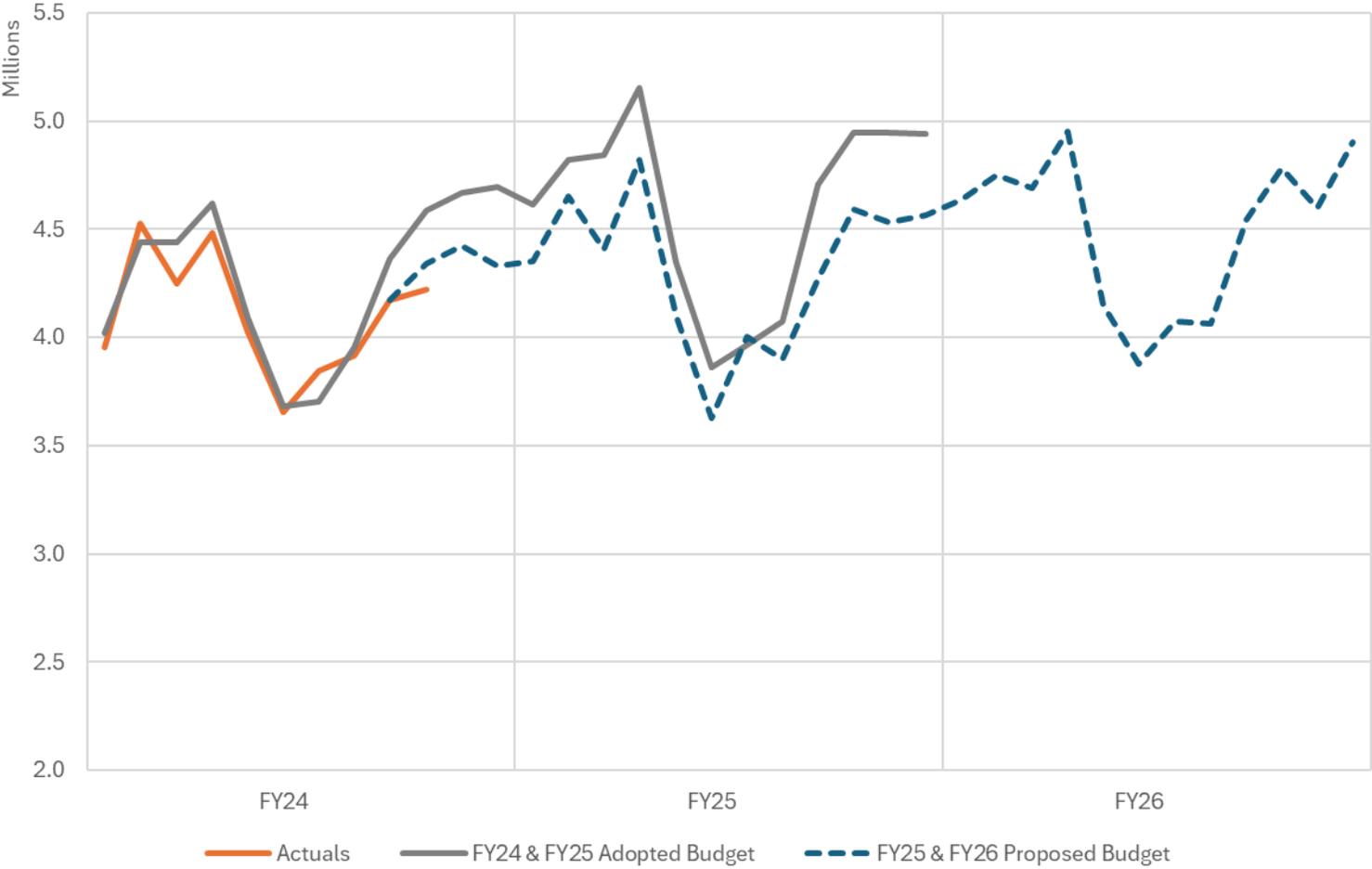


# Ridership Forecast Update



# Ridership Forecast Update

FY24 Ridership Actuals and Projected

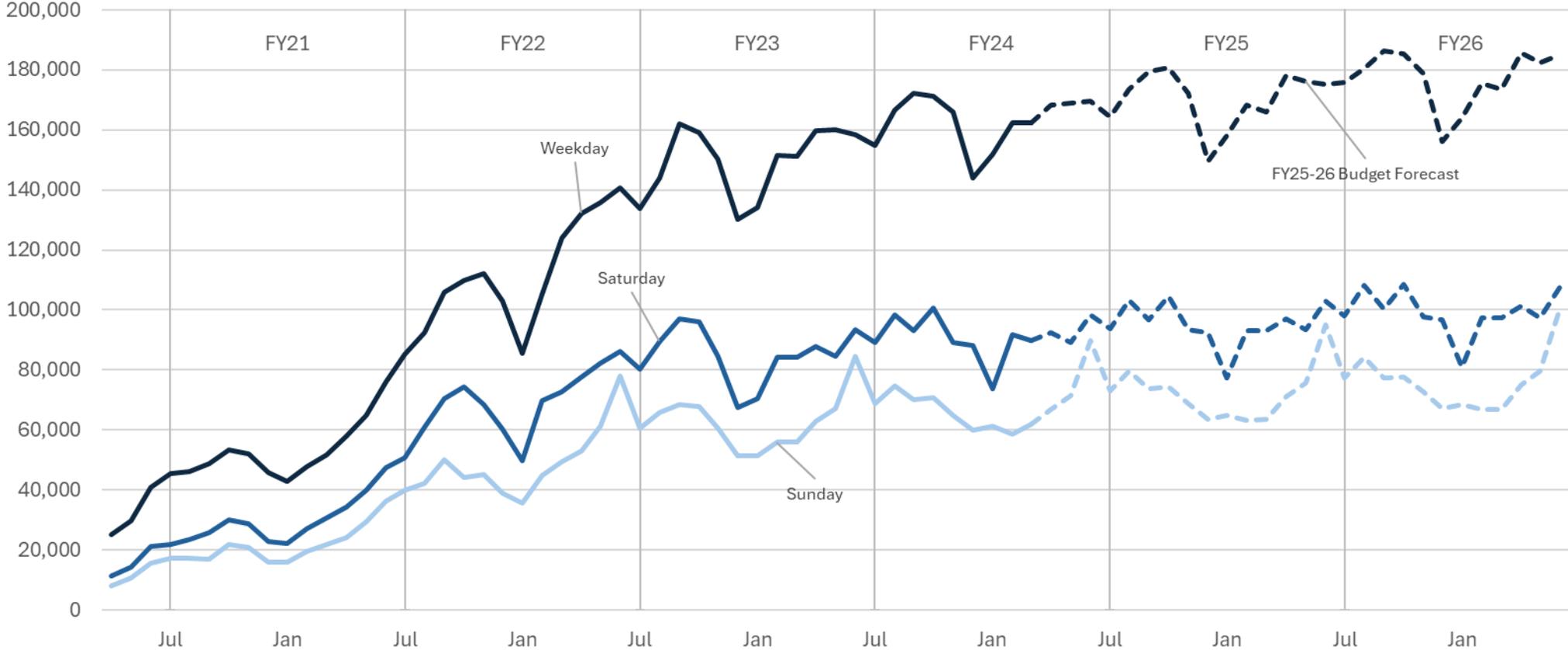


- Ridership was on budget through first half of FY24
- Began falling below budget expectations starting in February
- FY25 & FY26 forecast updated using actual ridership February - April



# Ridership Forecast

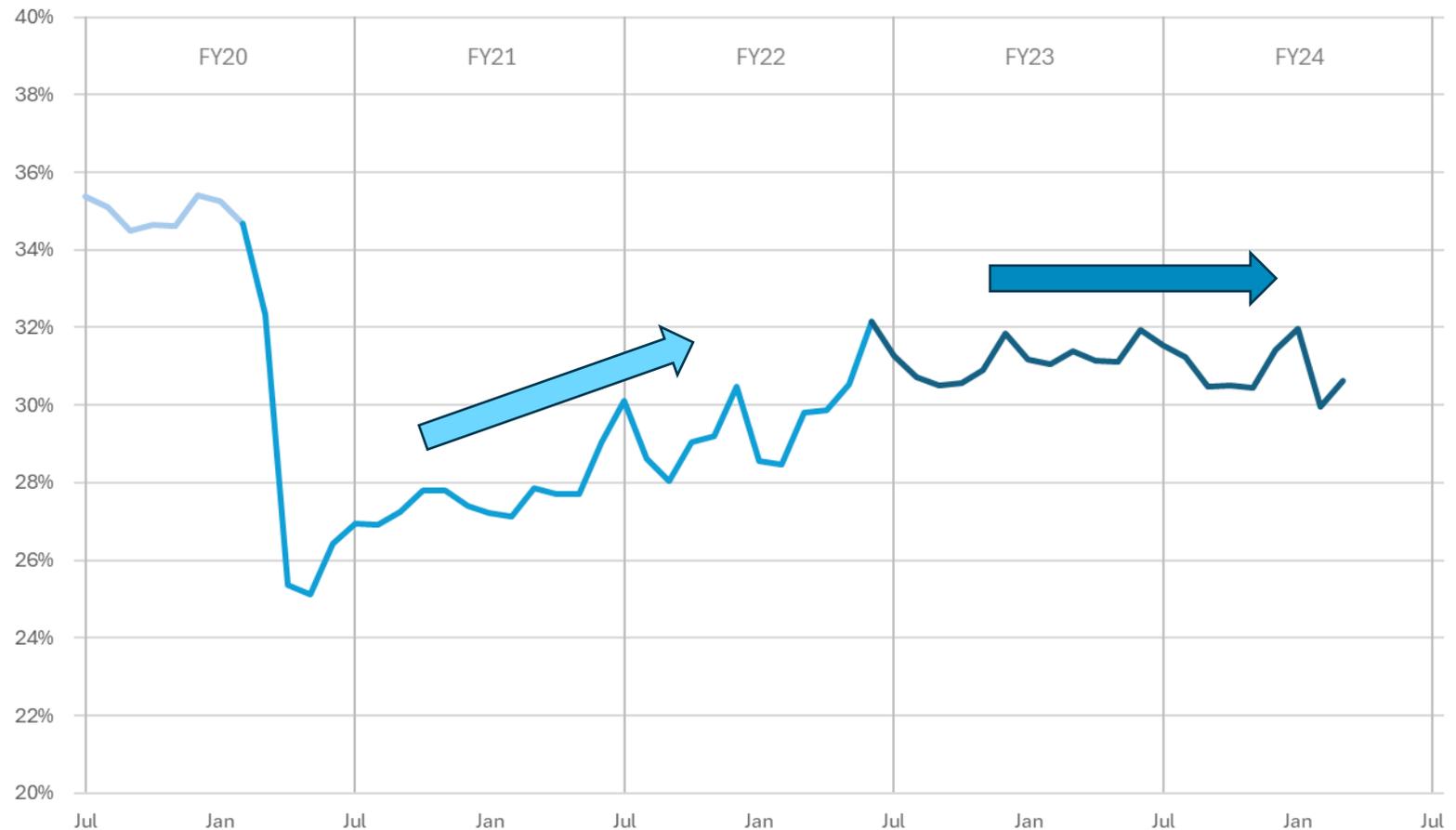
Ridership by Average Day Type  
Actuals and FY25-26 Budget



# Spotlight: Downtown Commute

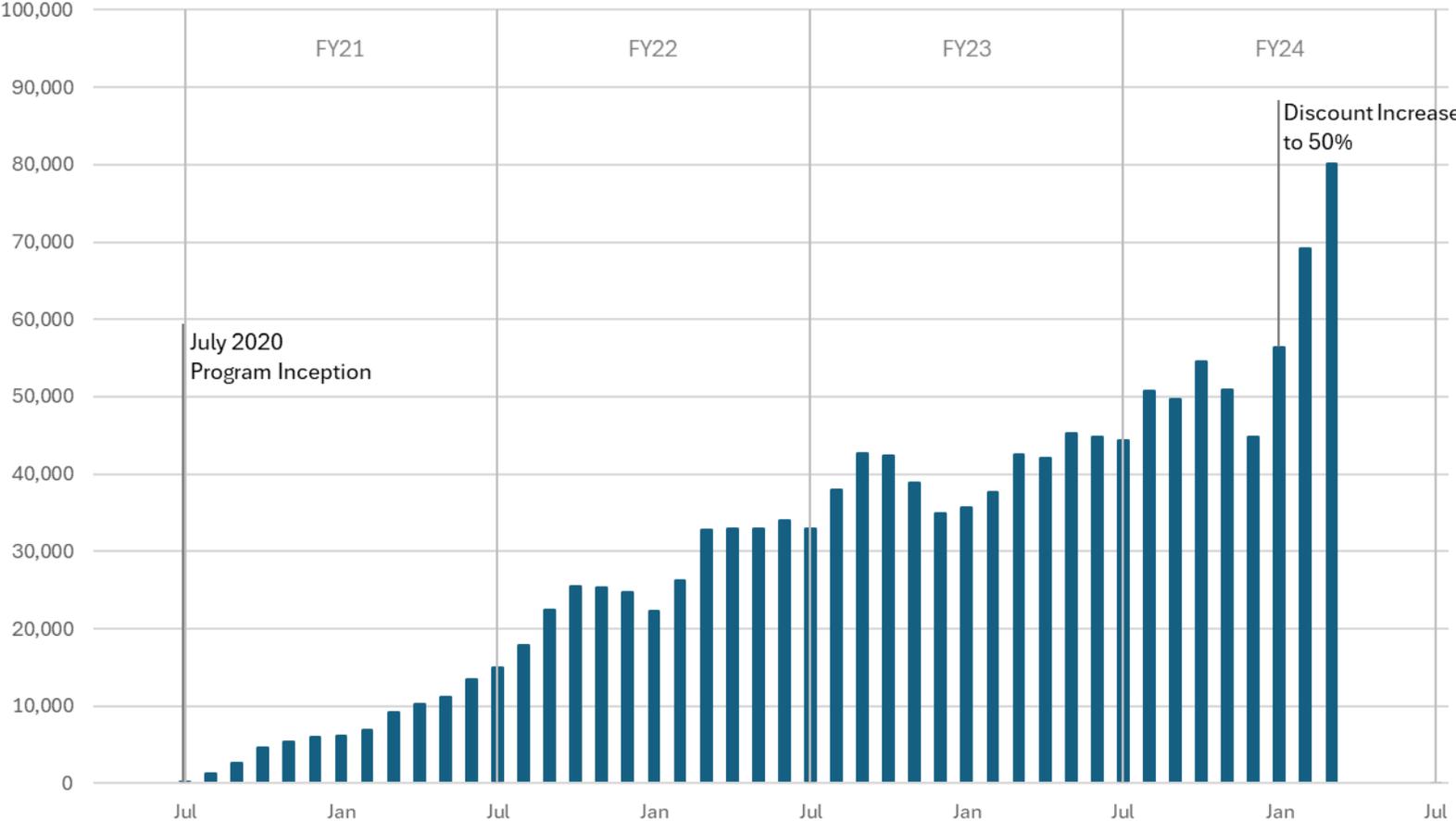
- Downtown SF and Oakland share of exits climbed throughout the pandemic, reflecting return to office
- Since FY23, share has remained steady
- Downtown ridership growing commensurately with systemwide
- Midweek ridership ~22% higher than Monday/Friday

Downtown Exits as Share of Systemwide Exits  
Average Weekday



# Spotlight: Clipper START

Monthly Ridership  
Clipper START



- Slow start under pandemic
- Moderate growth over three years
- High growth starting in Jan 2024:
  - Discount increased to 50%
  - Shift in marketing strategy





# FY25 & FY26 Sources & Uses



# FY25 & FY26 Budget Sources & Uses – Changes since Preliminary Budget

Sources (\$M)	FY24	FY25	FY26	Total	Notes
Rail Passenger Revenue	(1.9)	(5.3)	(4.0)	(11.1)	Ridership outlook reduced 3% for FY25 and 4.5% for FY26
Investment & Other Operating Revenue	16.6	(1.8)	(10.8)	3.9	Reflects interest income cashflows based on projected spend down of emergency funds, recognition of ADA revenue from liability account
Sales Tax Proceeds	(0.5)	(3.2)	(4.4)	(8.1)	Revised estimates from outside experts
Local and State Financial Assistance	6.8	(0.0)	0.7	7.5	Includes \$5M reimbursement from City of SF for station attendants; continuation of MTC Clipper START subsidy through FY26; unbudgeted assistance from federal and state sources; VTA adjustments
<b>Uses</b>					
Labor & Benefits	3.8	0.2	0.2	4.1	Reflects FY24 Q3 labor spending and FY25 position reclassifications & funding source changes
Non Labor	3.5	1.3	(8.1)	(3.3)	Increased inventory write offs planned in FY24; Clipper 2 transition cost increase in FY25; BPD HQ rent assumption in FY26 reduced by \$8M
Priority Capital and Other Allocations	0.6	(9.5)	9.7	0.8	Incorporates PG&E on-bill financing in FY24; shifts of Art Program funding from Non Labor to Allocations in FY25 & FY26; shifts ~\$10M of allocations from FY25 to FY26 due to timing of SB125 payments
<b>Total</b>	<b>13.1</b>	<b>(2.3)</b>	<b>(20.2)</b>	<b>(9.4)</b>	

# FY25 & FY26 Sources and Uses Summary

SOURCES & USES (\$Millions)	FY24		FY25				FY26			
	Adopted	Projected	Prelim	Proposed	Change		Prelim	Proposed	Change	
					\$	%			\$	%
Operating Revenue	264.2	293.0	304.6	297.5	(7.1)	(2%)	324.7	309.9	(14.8)	(5%)
Financial Assistance	469.2	509.4	503.5	500.3	(3.2)	(1%)	514.4	510.7	(3.7)	(1%)
<i>Total Sources</i>	<i>733.4</i>	<i>802.4</i>	<i>808.2</i>	<i>797.8</i>	<i>(10.3)</i>	<i>(1%)</i>	<i>839.1</i>	<i>820.6</i>	<i>(18.5)</i>	<i>(2%)</i>
Operating Expense	933.5	989.5	1,032.4	1,033.9	1.4	0%	1,051.0	1,043.1	(7.9)	(1%)
Debt Service & Allocations	150.6	130.0	101.8	92.2	(9.6)	(9%)	97.3	107.0	9.7	10%
<i>Total Uses</i>	<i>1,084.1</i>	<i>1,119.6</i>	<i>1,134.2</i>	<i>1,126.1</i>	<i>(8.2)</i>	<i>(1%)</i>	<i>1,148.3</i>	<i>1,150.1</i>	<i>1.8</i>	<i>0%</i>
<b>Net Result Before Federal Emergency Assistance</b>	<b>(350.8)</b>	<b>(317.1)</b>	<b>(326.0)</b>	<b>(328.2)</b>	<b>(2.2)</b>	<b>1%</b>	<b>(309.2)</b>	<b>(329.5)</b>	<b>(20.3)</b>	<b>7%</b>
Emergency Assistance	350.8	317.1	326.0	328.2	2.2	1%	283.1	294.0	11.0	4%
<b>Net Result After Emergency Assistance</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0%</b>	<b>(26.2)</b>	<b>(35.4)</b>	<b>(9.3)</b>	<b>35%</b>

- The following slides show detail on each category in above chart
- Information updated since Preliminary Budget Memo released on March 29
- Staff do not expect further changes to FY25 & FY26 Operating Budget; adoption vote planned June 13

# FY25 & FY26 Operating Revenue

OPERATING REVENUE	FY24		FY25				FY26			
(\$Millions)	Adopted	Projected	Prelim	Proposed	Change		Prelim	Proposed	Change	
					\$	%			\$	%
Rail Passenger Revenue	225.0	218.6	240.4	235.1	(5.3)	(2%)	262.0	258.0	(4.0)	(2%)
ADA Passenger Revenue	0.5	0.5	0.6	0.6	0.0	0%	0.6	0.6	0.0	0%
Parking Revenue	14.8	16.4	16.5	16.5	0.0	0%	16.0	16.0	0.0	0%
Other Operating Revenue	23.9	57.5	47.2	45.3	(1.8)	(4%)	46.1	35.3	(10.8)	(23%)
<b>Total – Operating Revenue</b>	<b>264.2</b>	<b>293.0</b>	<b>304.6</b>	<b>297.5</b>	<b>(7.1)</b>	<b>(2%)</b>	<b>324.7</b>	<b>309.9</b>	<b>(14.8)</b>	<b>(5%)</b>

- FY24 fare revenue projected to be \$6.3M (3%) below budget; fare revenue forecast for FY25 & FY26 budget period reduced by 2% (\$9.3M) compared to Preliminary Budget
- Compared to Preliminary Budget, ‘Other Operating Revenue’ projected \$15.6M higher in FY24, but \$12.6M lower during the FY25 & FY26 budget period due to revised cash flow projection for investment income

# FY25 & FY26 Financial Assistance

FINANCIAL ASSISTANCE	FY24		FY25				FY26			
(\$Millions)	Adopted	Projected	Prelim	Proposed	Change		Prelim	Proposed	Change	
					\$	%			\$	%
Sales Tax Proceeds	319.8	317.6	323.5	320.3	(3.2)	(1%)	332.3	327.9	(4.4)	(1%)
Property Tax Proceeds	61.2	61.2	64.3	64.3	0.0	0%	65.9	65.9	0.0	0%
VTA Financial Assistance	34.7	34.0	35.3	35.2	(0.1)	(0%)	35.2	34.6	(0.6)	(2%)
State Transit Assistance	23.5	57.4	48.8	48.8	0.0	0%	49.3	49.3	0.0	0%
Low Carbon Funding Programs	16.8	16.8	17.0	17.0	0.0	0%	17.8	17.8	0.0	0%
Local & Other Assistance	13.1	22.5	14.7	14.8	0.1	0%	13.8	15.2	1.3	10%
<b>Total – Financial Assistance</b>	<b>469.2</b>	<b>509.4</b>	<b>503.5</b>	<b>500.3</b>	<b>(3.2)</b>	<b>(1%)</b>	<b>514.4</b>	<b>510.7</b>	<b>(3.7)</b>	<b>(1%)</b>

- Sales Tax FY24 year-end estimate is ~\$2.2M (1%) below FY24 budget; FY25 and FY26 forecasts reduced by 1% since Preliminary Budget due to economic info & revised guidance from sales tax auditor
- State Transit Assistance FY24 year-end estimate same as Prelim Budget due to:
  - Extension of 'hold harmless' legislation
  - \$16M payment previously scheduled for FY23

# FY25 & FY26 Labor Expense

LABOR & BENEFITS (\$Millions)	FY24		FY25				FY26			
	Adopted	Projection	Prelim	Proposed	Change		Prelim	Proposed	Change	
					\$	%			\$	%
Wages	513.6	496.1	528.4	528.4	(0.1)	0%	544.1	543.8	(0.3)	0%
Overtime	76.8	78.7	77.0	77.0	(0.0)	0%	78.6	78.6	(0.0)	0%
CalPERS Pension	148.7	146.1	160.5	160.5	(0.0)	0%	160.1	160.1	0.0	0%
Active Employee Medical Insurance	84.8	84.5	89.2	89.2	(0.1)	0%	90.1	90.1	(0.1)	0%
Retiree Medical	44.9	44.9	45.6	45.6	0.0	0%	46.2	46.2	0.0	0%
Workers' Compensation	20.7	20.7	21.5	21.5	0.0	0%	21.5	21.5	0.0	0%
Other Labor and Benefits*	27.1	28.9	29.8	29.8	0.0	0%	30.3	30.3	0.0	0%
<b>Subtotal – Gross Labor</b>	<b>916.5</b>	<b>899.8</b>	<b>952.1</b>	<b>951.9</b>	<b>(0.2)</b>	<b>0%</b>	<b>970.8</b>	<b>970.4</b>	<b>(0.4)</b>	<b>0%</b>
Capital Reimbursement Wages	(128.7)	(76.9)	(96.4)	(96.1)	0.2	0%	(98.8)	(98.3)	0.5	1%
Capital Fringe	(63.5)	(52.9)	(55.3)	(55.1)	0.1	0%	(55.1)	(55.0)	0.1	0%
Capital Overtime	(23.9)	(16.3)	(20.0)	(20.0)	0.0	0%	(20.4)	(20.4)	0.0	0%
<b>Subtotal – Reimbursements</b>	<b>(216.0)</b>	<b>(146.0)</b>	<b>(171.6)</b>	<b>(171.3)</b>	<b>0.3</b>	<b>0%</b>	<b>(174.3)</b>	<b>(173.7)</b>	<b>0.6</b>	<b>1%</b>
<b>Net – Labor &amp; Benefits</b>	<b>700.5</b>	<b>753.8</b>	<b>780.5</b>	<b>780.6</b>	<b>0.2</b>	<b>0%</b>	<b>796.6</b>	<b>796.7</b>	<b>0.2</b>	<b>0%</b>

\*Other labor and Benefits includes Vision, Dental, Medicare, Life Insurance, Disability, Unemployment, Meal and Uniform Allowances, and Temp Help

- FY24 labor expenses are projected to be \$54M above budget due to lower-than-expected capital labor reimbursements
- Minor adjustments to FY25 & FY26 labor expense

# FY25 & FY25 Non Labor Expense

NON LABOR	FY24		FY25				FY26			
(\$Millions)	Adopted	Projection	Prelim	Proposed	Change		Prelim	Proposed	Change	
					\$	%			\$	%
Clipper, Ticket Sales & Bank Fees	10.1	9.2	13.8	15.1	1.3	10%	7.3	7.3	0.0	0%
Insurance	9.9	10.5	10.9	10.9	0.0	0%	9.9	9.9	0.0	0%
Materials & Supplies	47.5	49.8	51.0	50.9	(0.1)	0%	50.5	50.4	(0.1)	0%
Professional & Technical Fees	50.4	50.4	51.4	50.8	(0.5)	(1%)	51.2	50.6	(0.5)	(1%)
Repairs & Maintenance	11.2	11.3	11.7	12.2	0.5	4%	11.7	12.2	0.5	4%
Rent	3.9	4.1	4.0	4.0	0.0	0%	13.0	5.0	(8.0)	(62%)
Power	59.0	59.0	61.6	61.6	0.0	0%	65.0	65.0	0.0	0%
ADA Paratransit	18.8	20.5	22.5	22.5	0.0	0%	23.0	23.0	0.0	0%
Purchased Transportation	7.9	7.9	8.5	8.6	0.1	1%	8.5	8.6	0.1	1%
Utilities	9.1	7.7	9.1	9.1	0.0	0%	9.1	9.1	0.0	0%
Other Miscellaneous	5.3	5.4	7.6	7.5	0.0	0%	5.2	5.2	0.0	0%
<b>Total – Non Labor</b>	<b>233.0</b>	<b>235.7</b>	<b>251.9</b>	<b>253.2</b>	<b>1.3</b>	<b>1%</b>	<b>254.4</b>	<b>254.3</b>	<b>(8.1)</b>	<b>(0%)</b>

- Clipper Fees estimate increased by \$1.3M for FY25 only (transition year to C2)
- FY26 BPD HQ expense reduced
- Small cost-neutral changes to shift funds to appropriate budget categories

# FY25 & FY26 Debt Service & Allocations

DEBT SERVICE & ALLOCATIONS (\$Millions)	FY24		FY25				FY26			
	Adopted	Projection	Prelim	Proposed	Change		Prelim	Proposed	Change	
					\$	%			\$	%
Debt Service	60.1	60.1	60.2	60.2	0.0	0%	60.2	60.2	0.0	0%
Capital Reinvestment	38.6	38.6	38.6	29.1	(9.5)	(25%)	34.2	43.8	9.6	28%
Priority Capital Projects/Programs	50.0	33.3	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Other	1.9	(2.1)	3.0	3.0	0.0	0%	3.0	3.0	0.0	0%
Sustainability	0.0	0.0	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Pension	0.0	0.0	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
<b>Total – Debt Service &amp; Allocations</b>	<b>150.6</b>	<b>130.0</b>	<b>101.8</b>	<b>92.3</b>	<b>(9.5)</b>	<b>(9%)</b>	<b>97.3</b>	<b>107.0</b>	<b>9.6</b>	<b>10%</b>

- FY25 & FY26 Art Program funding (\$50K) moved from Non-Labor to Capital Reinvestment Allocation
- Shifted ~\$10M of Capital Reinvestment allocations from FY25 to FY26 due to timing of SB125 payments

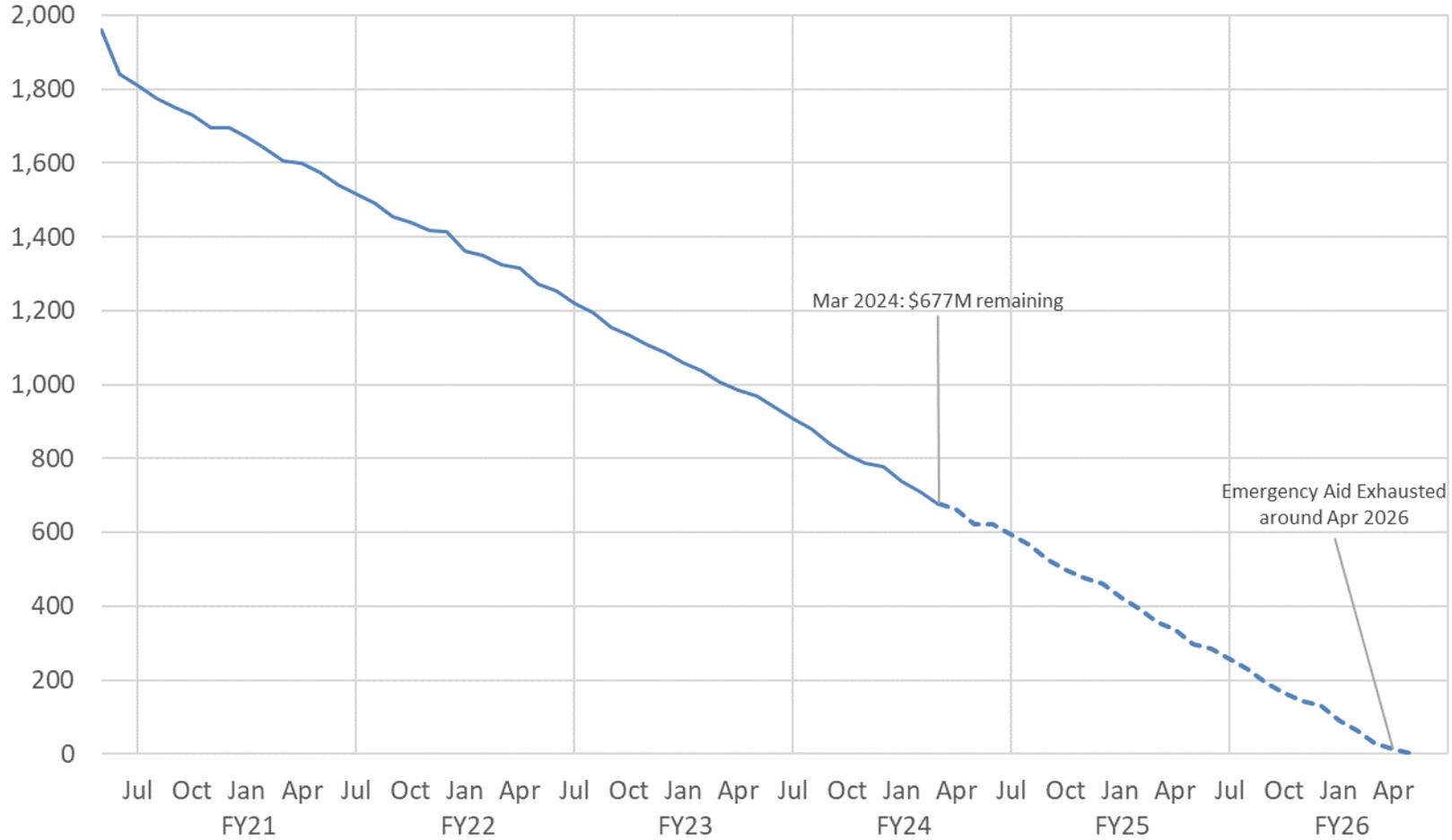
# Five-Year Outlook

(\$Millions)	FY25 Proposed	FY26 Proposed	FY27 Forecast	FY28 Forecast	FY29 Forecast
Operating Revenues	298	310	323	342	361
Financial Assistance	500	511	513	529	546
<b>Total Regular Revenues</b>	<b>798</b>	<b>821</b>	<b>836</b>	<b>871</b>	<b>907</b>
Operating Expense	1,034	1,043	1,085	1,112	1,147
Debt Service & Allocations	92	107	136	136	115
<b>Total Uses</b>	<b>1,126</b>	<b>1,150</b>	<b>1,221</b>	<b>1,248</b>	<b>1,262</b>
<i>Operating Result</i>	<i>(328)</i>	<i>(329)</i>	<i>(385)</i>	<i>(377)</i>	<i>(355)</i>
Federal Emergency Assistance	270	0	0	0	0
State/Regional Emergency Assistance	58	294	0	0	0
<b>Total Net Result</b>	<b>0</b>	<b>(35)</b>	<b>(385)</b>	<b>(377)</b>	<b>(355)</b>
<b>Preliminary Budget Deficit</b>	<b>0</b>	<b>(26)</b>	<b>(347)</b>	<b>(318)</b>	<b>(309)</b>
<b>Change since Preliminary Budget</b>	<b>0</b>	<b>(9)</b>	<b>(37)</b>	<b>(59)</b>	<b>(46)</b>

- FY26 deficit increases by \$9M, to \$35M, mostly due to softening operating revenue projections

# Projected Fiscal Runway

Emergency Aid Expenditure Forecast (\$M)



- Forecast includes \$352M of anticipated State (SB125) and Regional Assistance
- Emergency Aid still expected to be exhausted around April 2026
- First \$300M+ annual deficit is projected in FY27
- Permanent operating revenue source unlikely before FY28



# Timeline and Next Steps



**March 31**

**April 11**

**April 25**

**May 9**

**May 23**

**June 13**

FY25 & FY26  
Preliminary  
Budget Memo  
(PBM) released

FY25 & FY26  
Preliminary Budget  
Overview

FY25 & FY26  
Capital Budget  
Overview

FY25 & FY26 Budget  
Sources & Uses, Rail  
Service Plan

FY24 Q3 Financial  
Report

Public Hearing on  
FY25 & FY26  
Budget

Draft Capital  
Investment Plan

Prop 4/Gann  
Amendment

FY25 & FY26  
Budget  
Adoption





# Rail Service Plan



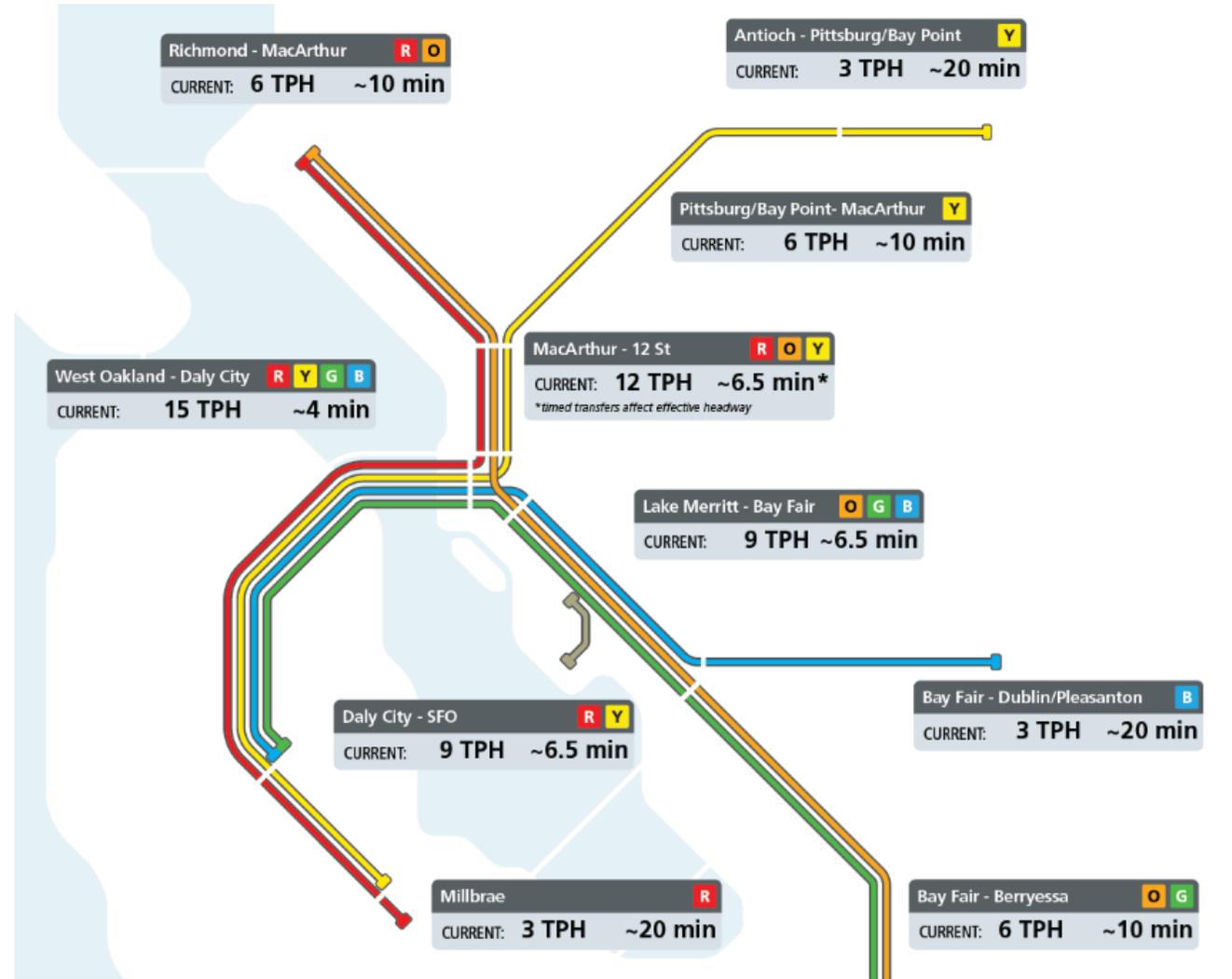
# September 2023 schedule has been effective, optimal, and stable

## Continue:

- All-day, 7-day base service of 3 TPH
- Yellow line service to 6 TPH on weekdays
- Adjust train lengths as justified by ridership
- Deploy event trains as needed
- All new trains in service with record reliability

## August Schedule change:

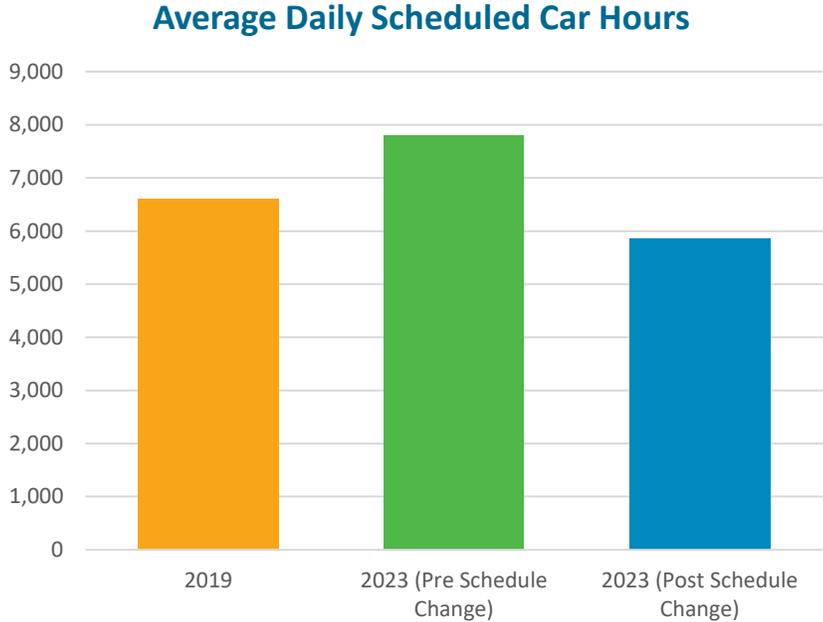
- Minor tuning to train timing, headways, and meets for more even train loading and improved convenience



Weekday Daytime 5-line service

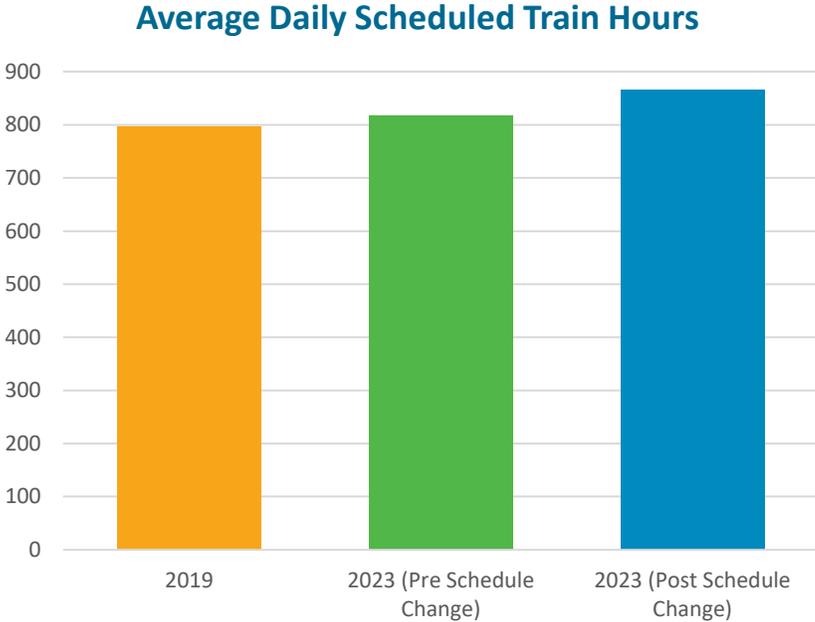
# Current service is aligned to be efficient and effective

## Lower operating cost (car-hours)



***BART ran longer trains during COVID, then shortened trains in Sept 2023***

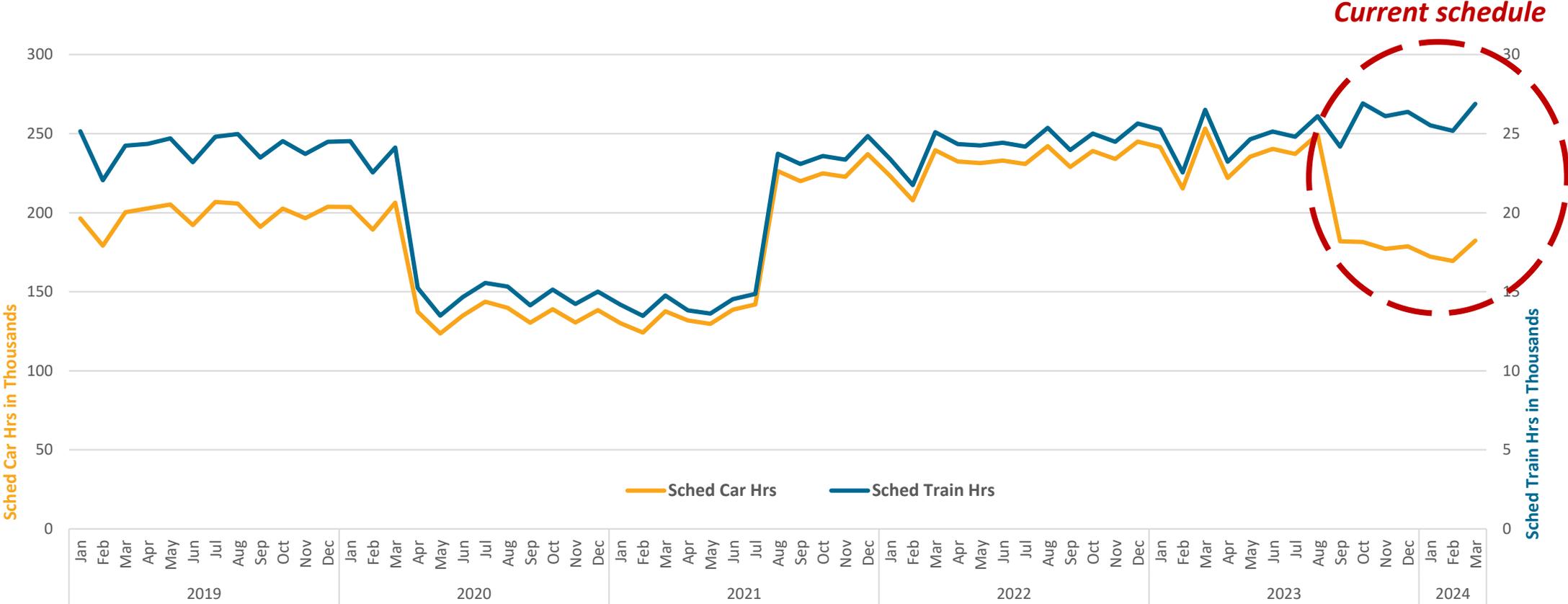
## More train service (train-hours)



***More train hours means more options for passengers***



# Scheduled Train & Car Hours – 2019 to Present



**More train-hours = more service options**  
**Fewer car-hours = lower operating cost**



# Regional Coordination is the New Normal

## ***Bid Schedule Alignment:***

- In January 2024, BART changed system bids to January and August to align with the regional bid alignment strategy.
- Next BART bid and schedule is effective August 12

## ***Early release of the August Schedule:***

- August schedule released to the 27 regional operators on March 14
- Allows each agency the time to design efficient transfers to BART

## ***Coordination with Partners:***

- **Bay Area TRANSFER Plan Working Group participation:** Working to improve transfer timing and enhance operational efficiency
- **Caltrain:** Joint scheduling teams collaborating to optimize BART's draft August schedule with Caltrain's draft Fall Electrification schedule



# Upcoming K-Line Interlocking Construction & Bus Bridges (2024 – 2026)

## **Replacement of interlockings K23 and K25:**

- Most complex track section in BART network, located between MacArthur and 19<sup>th</sup> Street Stations
- 16 total switches, over an estimated 17 weekends

## **Train Operations on Bus Bridge Weekends:**

- Yellow – 20 min headways
- Orange – 30 min headways
- Red – cancelled (Millbrae service via the Yellow Line)
- Green – 30 min headways
- Blue – 30 min headways

## **Bus Bridge Operations:**

- AC Transit and Paratransit
- Up to 20 buses/weekend
- Critical station planning at 19<sup>th</sup> St; outreach, wayfinding, passenger flows, traffic flows

## **2024 Dates:**

- **June 22-23, July 20-21, Aug 17-18, Sept 21-22, Oct 19-20, Nov 2-3**



# Discussion