



Fiscal Year 2017 Preliminary Budget Overview



BART Board of Directors
April 14, 2016



Challenges & Priorities for FY17

- Continue reinvesting in BART's system infrastructure
 - Two-thirds of Capital Budget directed towards system reinvestment
- Ridership and Sale Tax Growth slowing, impacting revenue
 - Little additional revenue for new initiatives
 - Policies direct fare and parking fee increases to specific programs
- Focus for FY17
 - Integrate New Rail Cars into revenue service
 - Open Warm Springs Extension
 - Prepare for opening Silicon Valley Berryessa (SVBX) and eBART projects
 - Plan for 'Better BART' General Obligation Bond

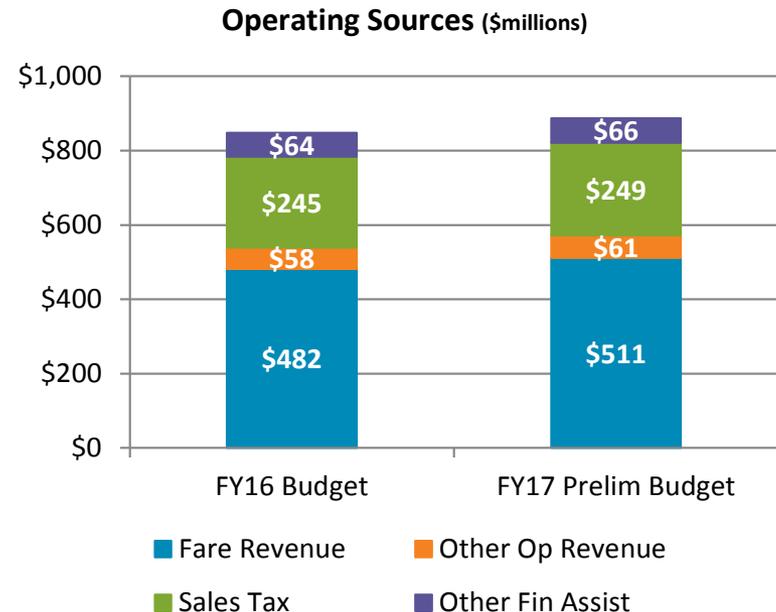


FY17 Budget

Operating Sources

- Operating Sources up \$39M (+5%) from FY16 Budget

- Rail passenger revenue +\$29M
 - Slightly above budget weekday trips offset by below budget weekends
 - 2014 and 2016 CPI-based fare increase estimated at \$35M
- Parking revenue +\$2.5M
- Other operating rev +\$0.8M
- Sales tax +\$4.6M
- FY16 projected to end on budget in ridership and fare revenue, but below in sales tax



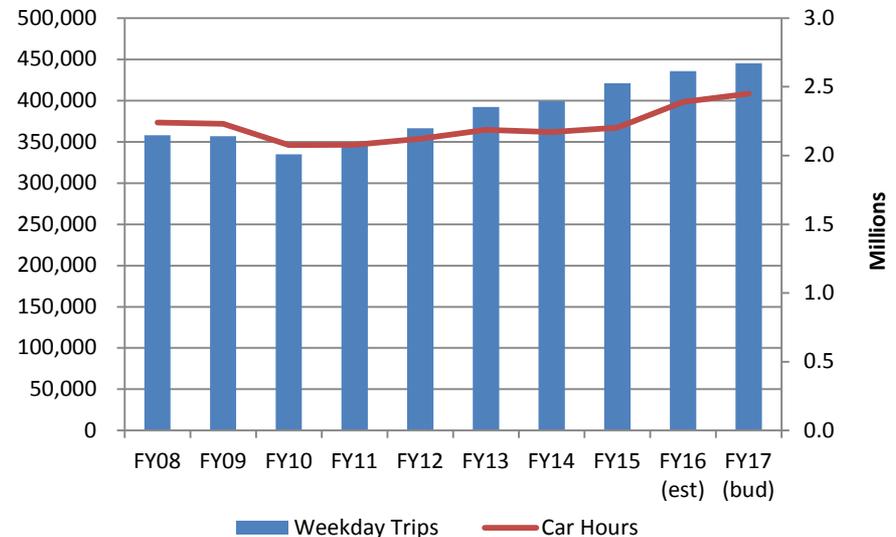
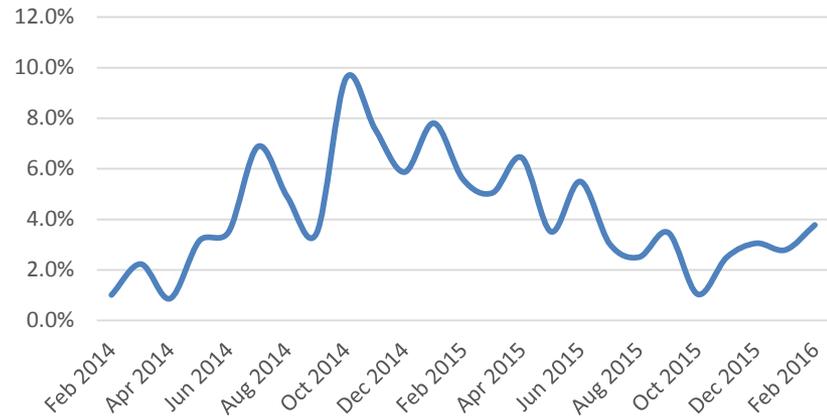


FY17 Budget

Operating Sources - Ridership

- Estimated weekday trips
 - FY16: 435,500
 - Transbay trips up 5%
 - East Bay/West Bay flat
 - Weekends down 3.7%
 - FY17: 445,441
 - Forecasting moderate 2.2% growth for FY17
- Ridership growth slowing
 - FY16 YTD 2.9%
 - FY15 8.7%
- Small service adjustments in past years not keeping pace with rider growth in the peak
 - Assuming capacity constraints moderate future growth

Change in Average Weekday Ridership Growth Rate





FY17 Budget

Operating Sources – Assistance

- Sales tax growth slowing

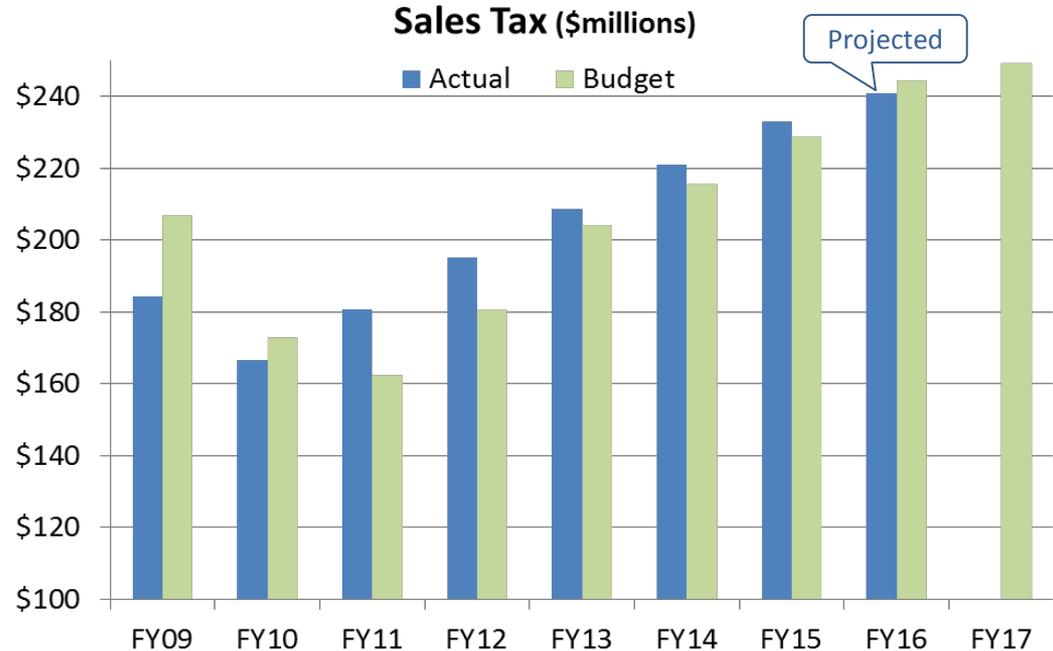
- FY16 projected to end \$3.6M below budget
- Growth Rates:
 - FY17 3.4% (budget)
 - FY16 3.4% (forecast)
 - FY15 5.4%
 - FY14 6.0%
 - FY13 6.8%

- State Transit Assistance

- Based on actual diesel sales
- FY17: -\$2.5M

- Low Carbon Transit Operations Program

- Help offset the \$45M annual allocation to new Rail Car Program
- Used to enhance capacity
- FY17: +\$0.7M

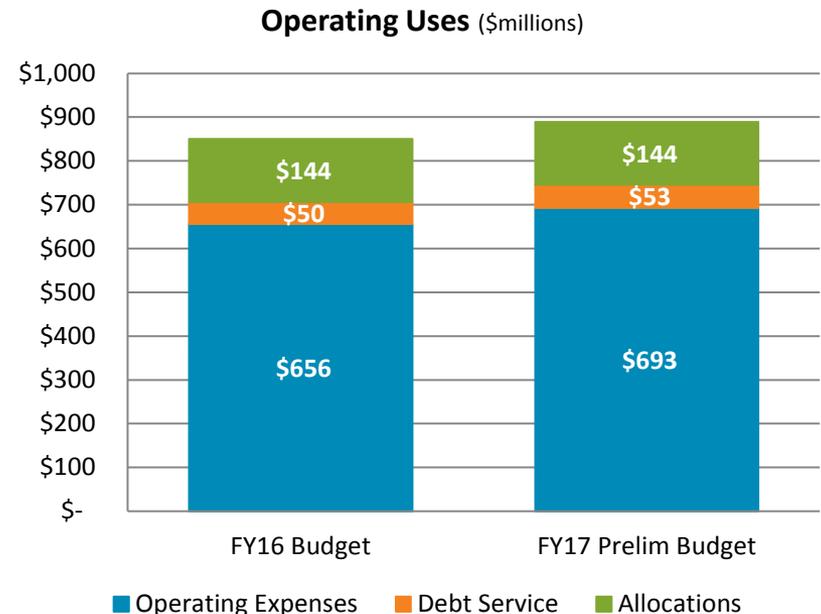




FY17 Budget

Operating Uses

- Operating Uses up \$39M (5%) from FY16 Budget (including new positions)
 - Labor & Benefits +\$32M (7%), Non Labor +\$4M (2%), Debt Svc. & Allocations +\$3M(1%)
 - Wages +\$25M (8%)
 - Pension +8M (11%)
 - Active Medical +6M (9%)
- “Base” Budget Increase \$29M:
 - Operating Expense +\$34M (+5%)
 - Debt Service & Allocations -\$5M
 - Decrease due to one-time FY16 allocations
- New Initiatives:
 - Budget Initiatives \$3M
 - Stations & Access \$6M
- Farebox Recovery Ratio
 - FY16 Budget 73.4%
 - FY17 Preliminary Budget 73.7%



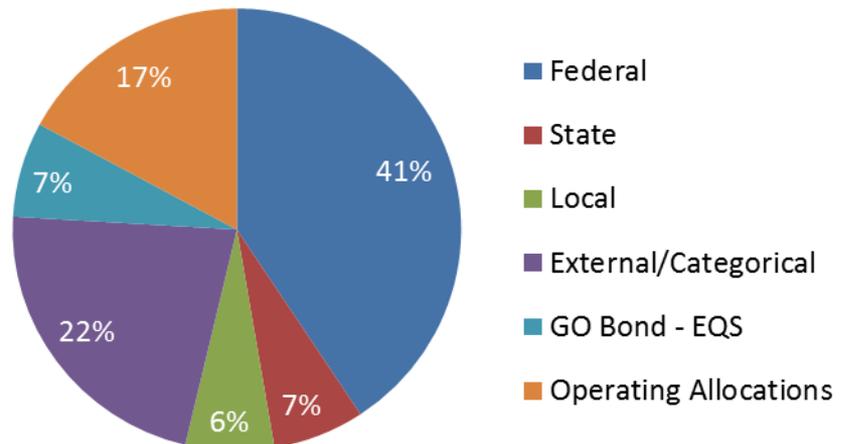


FY17 Budget

Capital Budget

- Capital Budget (\$876M) up \$212M (32%) from FY16
 - New Rail Car program ramps up with \$134M increase over FY16
 - Increased investment in renovation, service & capacity, security, earthquake safety – reductions in expansion
 - Federal and local sources increase to meet regional commitments to BART capital
- Continued reliance on BART self-help
 - \$144M allocated from Operating to Capital program

FY17 Sources - Estimate





FY17 Budget

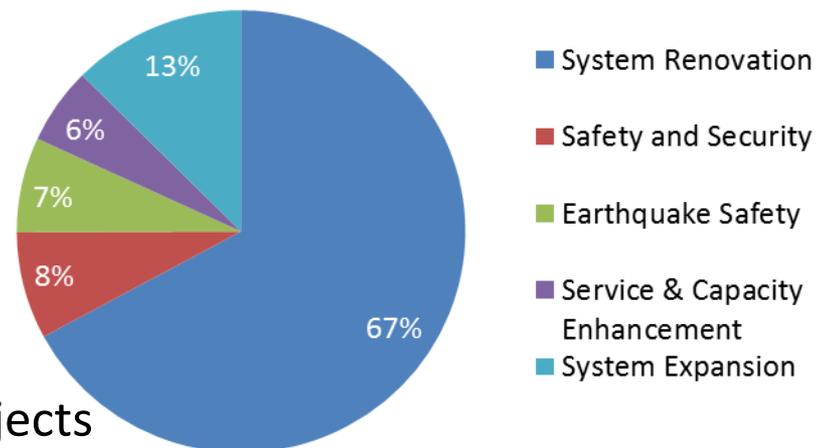
Capital Uses

- System Reinvestment – informed by Asset Management program and focuses on high-risk needs
 - Increased expenditures for most critical mainline-related assets
 - Additional \$219M (+60%) compared to FY16
- “Big 3” – first year of “peak” expenditures
 - New Rail Cars & HMC constitute 42% (\$365M) of overall capital budget
 - Train Control Modernization Program continues design and development

• Station Modernization & Renovation

- Construction begins:
 - Powell Street
 - Balboa Park (walkway)
 - 19th Street Oakland
 - El Cerrito del Norte
 - Concord (plaza)
 - Downtown Berkeley (plaza & rotunda)
- Planning and design on a host of systemwide and station-specific projects

FY17 Uses - Budget





FY17 Budget

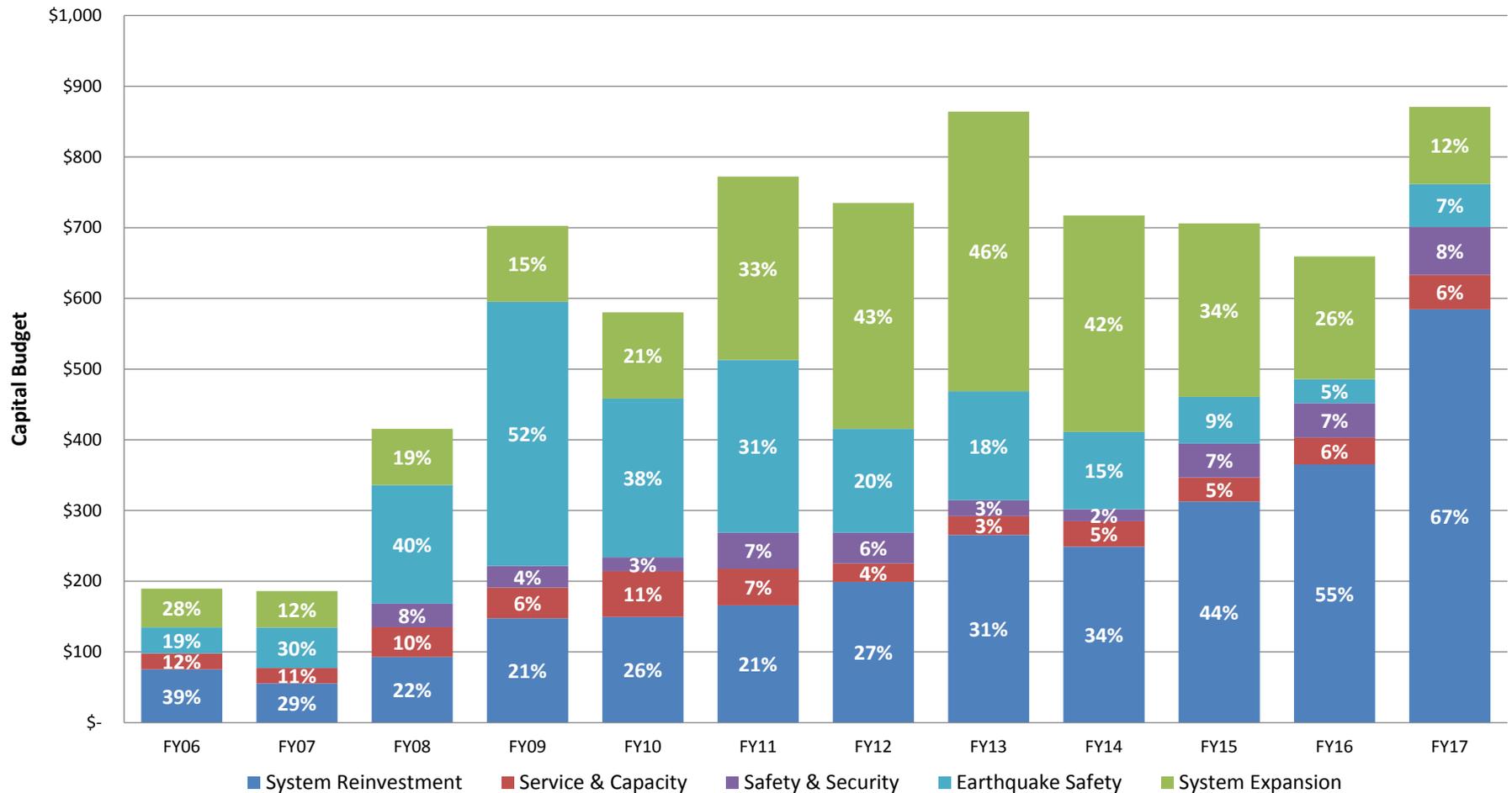
Capital Uses History

- **Asset Management Program** – commenced in 2012
 - First Asset Management Strategy (FY13) identified over \$6B of BART assets in poor/very poor condition (34% of asset value)
 - Estimated to grow 30% over the next 10 years without increased funding
 - June 2015 Strategic Asset Management Plan identified \$10B (33%) of BART assets in poor/very poor condition growing at 1-2% per year
 - Recent increases in reinvestment have started to control the down slide, but more reinvestment is needed
- **System Reinvestment** – program focus on high-risk needs
 - Informed by Asset Management Program
 - Increased from 34% of capital budget in FY14 to 67% of budget in FY17
 - Budget increased from \$249M in FY14 to \$584M in FY17
- **System Expansion** – extensions program (WSX, eBART)
 - Decreased from 42% of capital budget in FY14 to 12% of budget in FY17
 - Budget decreased from \$306M in FY14 to \$109M in FY17



FY17 Budget

Capital Uses History



Note: Percentages do not sum to 100% because appx. \$5M in reimbursable funds are not included in the chart.



FY17 Budget

Budget Initiatives

- FY17 Budget Initiatives – emphasis on System & Employee Reinvestment:
 - Modernizing critical business applications used throughout the District
 - Support for hiring and training the District’s workforce
 - Retrofitting 43 C-car cab windows

Initiative	Pos.	Operating	Capital	Total
Enterprise Resource Planning	2.0	\$187,858	\$1,812,142	\$2,000,000
Recruitment Support	2.0	500,000	-	500,000
Workforce Development Grant Match	-	250,000	-	250,000
C-Car Cab Window Replacement	-	-	600,000	600,000
TOTAL	4.0	937,858	2,412,142	3,350,000



FY17 Budget

Budget Initiatives – Access/Stations

- FY17 Stations & Access Initiatives include:
 - Continued improvements to customer experience and quality-of-life through intermodal connections, signage, and safety
 - Sustainability, safety, and access improvements
 - Continued funding of bike programs
 - Parking enforcement

Operating Initiatives	Pos.	Total
Downtown SF Station Platform Controllers	5.0	\$567,369
Parking Community Service Officers	4.0	421,928
Station Project Manager	1.0	208,793
Public Safety Initiative	-	50,000
TOTAL	10.0	1,248,090



FY17 Budget

Budget Initiatives – Access/Stations

Capital Initiatives	Total
Wayfinding	\$1,850,000
Concord Plaza	843,360
Bike Parking	650,000
Station Sustainability	475,000
Water Intrusion Remediation	455,000
Stations Public Address System Pilot	350,000
Dublin/Pleasanton Station Access	250,000
Pittsburg/Bay Point Land Banking - Surface Parking	200,000
Downtown SF Station Platform Controllers	165,000
TOTAL	5,243,360



Ten-year Financial Outlook

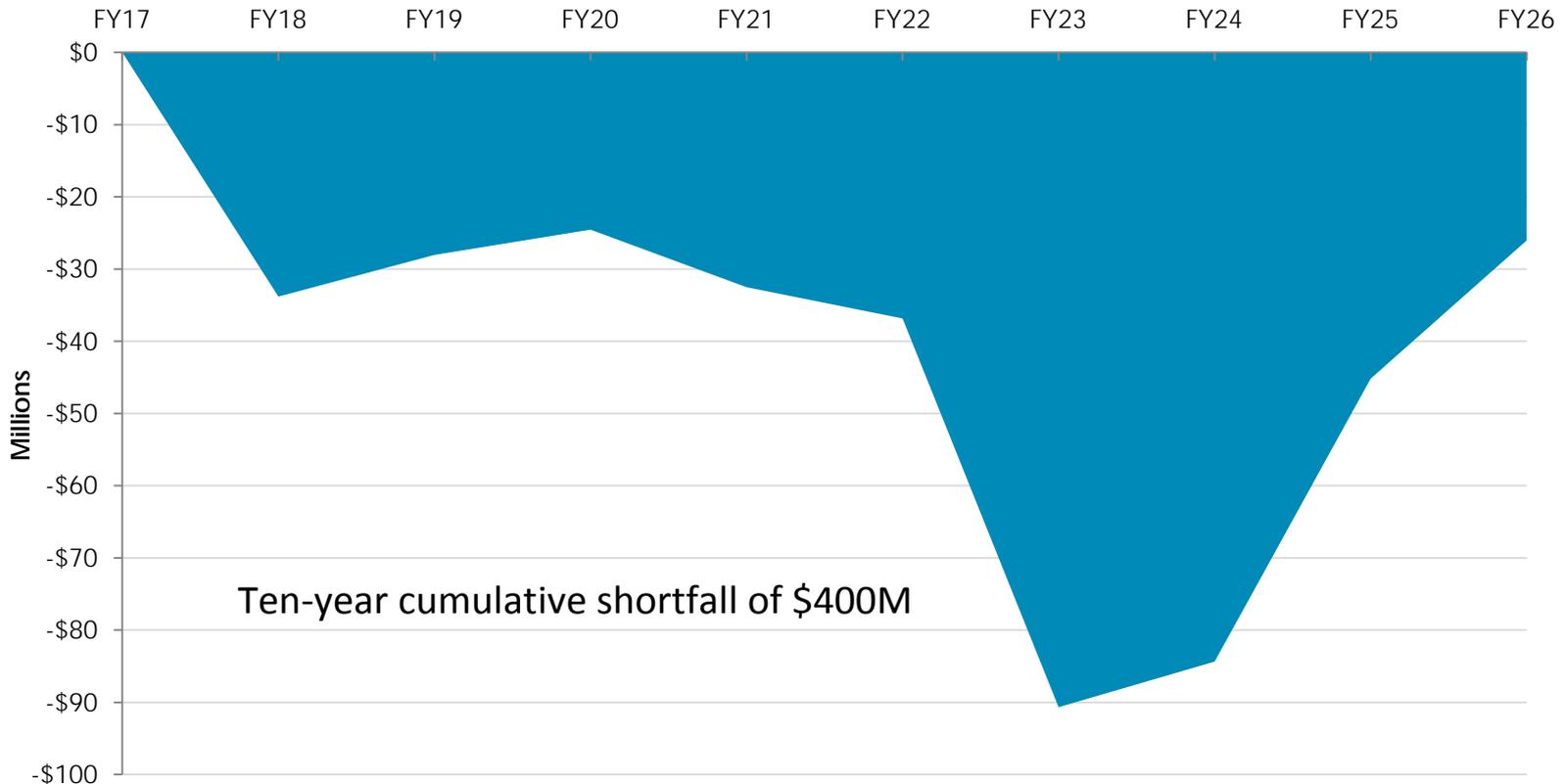
FY17-FY26

- Feb. 2016 Board workshop – \$300M 10-year shortfall projected
 - Based on FY17 Proforma Budget
- April 2016 update – \$400M 10-year shortfall projected
 - Based on FY17 Preliminary Budget
 - Updated revenue estimates: ridership, sales and property tax, STA, cap-and-trade, telecommunications
 - FY17 Preliminary Budget expenses & allocations include proposed initiatives, updated labor costs, updated “Big 3” project cashflows
 - Funding allocations for “Big 3” updated
 - Allocations for 306 Rail Cars above 775 order “smoothed”
 - Train Control schedule accelerated, placing more need over 10 years



Ten-year Financial Outlook

Net Annual Result





FY17 Budget

Board Schedule

- April 14** Preliminary Budget Overview
- April 28** FY17 Preliminary Budget Procedural Actions
- May 12** Sources, Uses, Service Plan
- May 26** Public Hearing
- June 9** Resolution to Adopt FY17 Budget