



## FY22 PRELIMINARY BUDGET MEMO

## SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

MARCH 2021

Mark Foley, President, Board of Directors

Robert Powers, General Manager



## SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

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### MEMORANDUM

**TO:** Board of Directors **DATE:** March 31, 2021  
**FROM:** General Manager  
**SUBJECT:** **Fiscal Year 2022 Preliminary Budget**

In March 2020, Bay Area public health officers began issuing Shelter-in-Place orders to curb the spread of the COVID-19 virus. Just over a year later, mass vaccinations are occurring throughout the Bay Area while counties continue to track positive cases and respond accordingly as virus variants spread.

The FY22 Preliminary Budget Memo (PBM) reflects the changes that have occurred since March 2020, while incorporating the most up to date forward-looking five-year estimates around future ridership and revenues available at the time of publication. The PBM represents a beginning point for BART's FY22 budget adoption process. We project a deficit, but are confident that staff, in partnership with the Board of Directors, labor partners, and other stakeholders, will deliver a balanced budget in the coming two months.

Before looking to FY22, I want to acknowledge and commend our staff for quickly responding to the crisis; schedules were adjusted, rigorous disinfecting regimens were instituted, and distancing guidelines and personal protective equipment (PPE) were introduced throughout the system. Staff and our labor partners focused on ensuring that our riders and employees were kept safe. While we have been fortunate not to lose any employees to the virus, we remain vigilant and hyper-focused on rider and employee safety.

Public transit operators across the globe were especially hard-hit by COVID-19, with ridership dropping precipitously. BART's ridership dropped as low as 6% of pre-pandemic levels. This decline has been especially challenging for operators like BART, which rely heavily on passenger revenues. Over the course of the current fiscal year, FY21, BART's passenger fare revenues are projected to be just \$60M, \$450M, or 88%, below pre-pandemic projections. We responded immediately to the financial crises by reducing expenses, including labor, non-labor, and direct support for our capital program, but no expense cuts could match the depth of our revenue losses.

BART, like other operators, has been fortunate to receive emergency federal assistance, which has enabled the District to continue to provide critical transit to essential workers and transit dependent riders. We are grateful to our local, state, and federal elected officials for securing this critical aid. While this funding has stabilized the District's finances in the short term, it is clear that over the next several years, BART will continue to grapple with financial constraints, driven primarily by the level and pace of ridership return. Emergency funds will not last indefinitely; while the District has funding to balance the FY22 budget, large deficits are projected in FY23 and out years; these will need to be addressed with a combination of revenue solutions and continued expenditure efficiencies.

#### **Supporting the Regional Recovery and Delivering an Improved Rider Experience**

Looking ahead, it is critical that we plan for a future where our riders perform more remote work, do not commute five days a week, and potentially use the system more outside of peak traditional commute hours. Despite these unknowns, we are committed to providing service that meets their needs while supporting the economic vitality of the entire Bay Area. We are confident that riders will return, and when they do, BART will be there for them with safe, clean, and reliable service.

Over the course of the past 12 months, BART has accelerated system re-investment in capital projects, including 34.5KV electrical cable replacement, third rail and running rail replacement and new wheel profiling for a quieter ride. These projects will pay dividends through more reliable infrastructure and reduced system downtime.

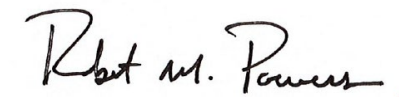
In FY21, BART introduced a new Progressive Policing and Community Engagement Bureau within the BART Police Department (BPD). The Bureau's mission is to lead transparent, equitable, and innovative policing practices to improve public safety across the diverse communities in which BPD serves. This unit will be staffed with a combination of sworn personnel and trained professionals who will bolster BPD's visible presence in the system and allow for non-sworn, unarmed personnel to respond to people in crisis who may be experiencing mental health issues, homelessness, or substance abuse challenges.

Earlier this month, BART announced a proactive system and car cleaning program, which will present riders with a clean system. Station bathrooms will be refreshed and cleaned more regularly. Additional staff will spend more time cleaning trains and increasing the frequency of cleanings.

BART has already re-aligned service to provide better connectivity for the region's rapidly changing transit ridership profile. In September 2021, we plan to extend operating hours, resuming service until midnight six days a week, and fully supporting the San Francisco Bay Area as it re-opens. We will be able to serve transit-dependent, essential and choice riders as workers return to the office and other activities as the region reopens.

#### **Future Uncertainty**

We do not know what the world will look like a year from today; it is certainly different than what was projected a year—or even several months—ago. The FY22 PBM is a starting point for upcoming budget discussions. Given the tremendous uncertainty caused by this pandemic, we acknowledge that the FY22 budget, when adopted in June, will likely look different from what is contained in this memo, as we continue to monitor ridership patterns, develop responsive service plans, and develop and implement operational efficiencies to reduce overall costs.



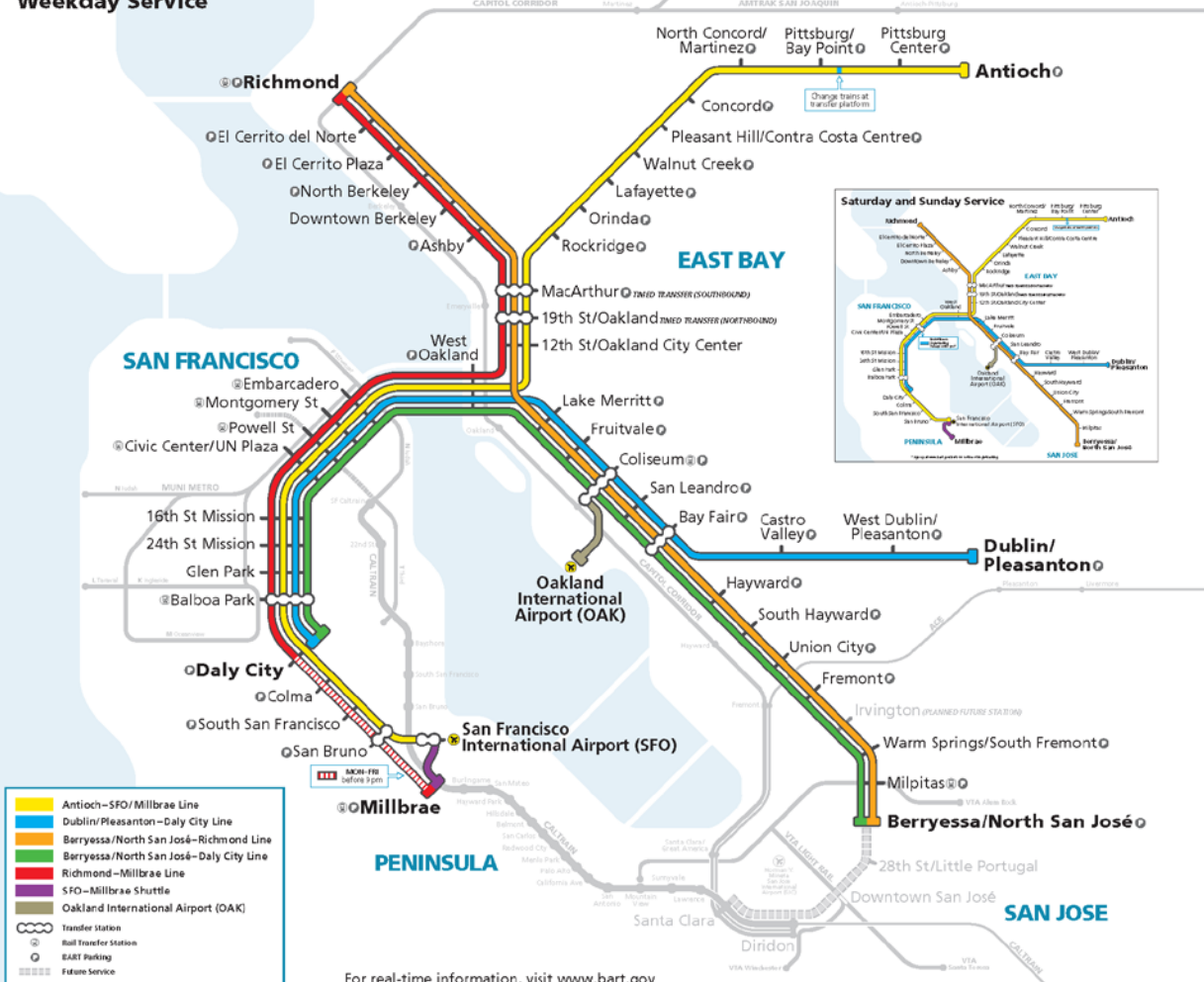
Robert Powers

cc: Board Appointed Officers  
Deputy General Manager  
Executive Staff

# BART System Map



## Weekday Service



- Antioch-SFO/Millbrae Line
  - Dublin/Pleasanton-Daly City Line
  - Berryessa/North San José-Richmond Line
  - Berryessa/North San José-Daly City Line
  - Richmond-Millbrae Line
  - SFO-Millbrae Shuttle
  - Oakland International Airport (OAK)
- Transfer Station
  - Rail Transfer Station
  - BART Parking
  - Future Service

For real-time information, visit [www.bart.gov](http://www.bart.gov)

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# 1. OVERVIEW

Development of the FY22 Preliminary budget has been challenging as society continues to grapple with the effects of the COVID-19 pandemic. Pre-pandemic, BART balanced its budget through a combination of operating revenue (mostly fares and parking fees) and financial assistance (mostly sales and property tax revenues). These sources allowed BART to fund operations as well as significant allocations to capital projects.

Since the onset of the COVID-19 pandemic, operating revenue has plummeted, a reflection of the more than 88% drop in ridership. Cost-cutting measures were taken in late FY20 and have continued into FY21. These include reductions in service hours and frequency, a hiring freeze, elimination of positions, overtime limitations, elimination of non-essential spending, and a substantial reduction to operating allocations, which primarily fund critical capital work. At \$914 million (M), the adopted FY21 Operating Budget was 11% below the FY21 Proforma Operating Budget developed before the pandemic.

As the pandemic continued to suppress ridership through FY21, BART continued to focus on current-year cost reduction initiatives. The reduction in system operating hours and frequency has allowed staff, primarily in Maintenance and Engineering (M&E) and Rolling Stock and Shops (RS&S), to pivot to other critical capital work generally funded by non-operating sources, which were less impacted by the pandemic. This shift, known as load shedding, generates two benefits for the District. First, by shifting to capital sources, the District has been able to redirect substantial personnel costs from the highly constrained Operating Budget. However, load shedding is not only a financial savings tool. Within M&E, numerous critical capital re-investment projects, such as the Downtown San Francisco 34.5KV electrical cable replacement project, Earthquake Safety Program – Transbay Tube Retrofit, installation of safety barriers, and modernization of the El Cerrito del Norte and Union City stations were completed. This work will improve the rider experience through increased reliability and fewer service disruptions. Within RS&S, staff have been re-directed to warranty-funded modifications on Fleet of the Future (FOTF) railcars.

The District has also focused on reducing medium- and long-term costs. BART has worked closely with all of its labor partners to reach extensions to collective bargaining agreements that do not initially raise wages and tie future wage increases to ridership recovery levels in later years.

In March 2021, BART concluded its District Retirement Incentive Program (DRIP), which was designed to reduce the District's long-term costs. The program resulted in 287 retirements; as of late March, staff are evaluating which positions must be backfilled; preliminary estimates at this time project annual savings for operating and capital positions ranging from \$20M to \$25M. Limited backfills will also result in savings as replacement hires will generate reduced future retirement expenses. Note that future service increases could result in an increase in backfilled positions.

As of the date of this publication, staff estimates that FY21 savings from ongoing measures will result in the District finishing the year 10% below the FY21 Adopted Budget amount, reflecting the District's commitment to continued cost reductions. It is clear, however, that the scale of revenue losses faced by BART dwarfs what can be cut on the expenditure side.

## **BART's Budget Supported by Temporary Federal Emergency Funding**

Between FY20 and FY22, District revenues are expected to be more than \$1B below pre-pandemic revenue estimates. A passenger railroad like BART has significant fixed expenses, and costs do not scale



proportionally with reductions in service or ridership. As a result, there is no combination of cost cuts that would fully offset these revenue losses and still maintain the District’s infrastructure and provide service to riders. The cost-cutting measures described offset only a subset of the revenue losses.

Since the end of FY20, the remaining gap has been filled by federal emergency assistance. Assistance includes \$377M in federal Coronavirus Aid, Relief, and Economic Stability (CARES) Act emergency assistance and \$378M of Coronavirus Response and Relief Supplemental Appropriations (CRRSAA) Act emergency assistance. Another allocation, to be determined at a future date, will come from the American Rescue Plan (ARP) Act. This assistance has been critical, allowing the District to provide (reduced) service to transit-dependent and essential worker riders while avoiding layoffs.

**Future Uncertainty**

The level and pace of ridership recovery cannot be known with certainty. Ridership projections are discussed in detail in Sections 2 and 3, Long-Term Outlook and Ridership Outlook, respectively.

Given the uncertainty, BART will continue to need to be able to preserve operational flexibility and the ability to quickly react to changing conditions and public health guidance. Staff have developed a number of service scenarios to respond to multiple ridership levels and patterns. These are summarized below and discussed in detail in Section 4, Rail Service Plan.

Figure 1 - Service Scenarios

Scenario	Name	Service Notes
A	Current Service	30 min headways, 9PM close Add’l commute trains
B	Restore 15 Minute Headways	15 min headways, 9PM close 30 min weekend headways + Sat peak trips
C	Extend System Hours to Midnight	30 min headways, midnight close 6 nights/week, add’l commute trains 6AM Sat opening, some Sat peak trains
D	15 Minute Headways and Midnight Close	Combine scenarios B + C 15 min headways, midnight close (6 nights/week)

Attracting riders back to the system as we move through the pandemic depends in large part upon employers calling employees back to work, the re-opening of downtown areas and passenger perception of public transit. Despite these challenges, BART needs to be ready to provide a safe, clean, and reliable experience. The FY22 Preliminary Budget includes major investments in these areas.

### **Safety**

BART will continue its efforts to provide an environment that makes all riders feel safe. The BART Police Department (BPD) recently created a new Progressive Policing and Community Engagement Bureau, which will continue to ramp up its work in FY22. Comprised of the Transit Ambassadors, Crisis Intervention and Community Outreach Unit, and Community-Oriented Policing Division, the Bureau is an umbrella over a growing team of non-armed personnel paired with police officers who have received specialized training. The Bureau will focus on connecting those experiencing homelessness, mental illness and substance abuse with services and is committed to building trust and nurturing relationships between the communities BART serves and law enforcement through a culture of accountability, responsibility, and collaboration.

BART, in conjunction with SFMTA, anticipates a continuation of the staffing elevator attendants at the four downtown stations in San Francisco.

### **Cleanliness**

BART is committed to delivering a positive, clean experience for its riders. Based on the results of the most recent Customer Satisfaction Survey, the District is investing in increased system cleanliness, with a focus on stations and trains.

The District will refresh 75 restrooms across the system with new paint, soap dispensers, and floor/wall repairs. Staff resources for restroom cleaning will be enhanced to ensure that each restroom is cleaned and sanitized on a regular basis, with a daily thorough scrub down. The District will also continue to fund three Pit Stop bathrooms at the 16<sup>th</sup> Street, 24<sup>th</sup> Street, and Powell stations in San Francisco.

BART is also investing in a higher car cleaning standard. The District is investing in the resources to ensure that trains put out in service have clean seats, and are free of debris, litter, gum, graffiti, stickers, and foul odors. The additional staffing resources will allow BART to improve overall car cleanliness while continuing its COVID-19 driven train sanitization and disinfecting work, resulting in an enhanced rider experience.

### **Reliable Service**

BART's current schedule provides trains every 30 minutes outside of peak commute times and closes service at 9 PM. As the Bay Area begins to recover from the pandemic, this limited level of service, which has served current ridership levels and patterns, will not meet the needs of the Bay Area. More people will start to move around, both during the day and into the later evening. The FY22 Preliminary Budget includes funding to restore 15-minute headways and keep the system open until midnight six nights a week.

This additional service will ensure that riders know they will not need to wait on a platform for more than 15 minutes on weekdays before 8 PM. It will provide a nighttime transportation option that is currently lacking for workers who do not fit traditional office commute patterns, patrons of restaurants, sporting events, and concerts, and, critically, the workers who support this keystone of the Bay Area economy. The proposed service increase will serve those who need reliable BART service while attracting choice riders outside traditional commute hours, thus growing the ridership base.

The income statement below shows BART's FY22 Preliminary Budget base case revenues and expenses, which assume current service levels with requisite staffing and concurrent revenues. On separate lines, costs related to the discussed enhanced cleaning and service increase initiatives are shown. This structure allows for an understanding of the base case budget before the two initiatives are factored in.

The service increase line is a net cost (inclusive of expenses and offsetting revenues) consistent with Scenario D described above. This table assumes that service will increase in September 2021, at which point additional revenue will be generated; positions are funded for the full fiscal year to reflect training and certification timelines. This cost does not include a further ramp up of service in FY22, though the long-term outlook includes the provision of additional incremental service. Further detail on the service plans under consideration is provided in Section 4, Rail Service Plan.

The FY22 Preliminary Budget makes investments in safety, cleanliness, and reliability at a time when ridership is well below the levels required to support such expenses. This is a calculated risk that as the economy opens back up, people will return to offices, large venues, restaurants, and the like. In any recovery scenario, the public will be presented with a number of transportation choices. Staff believes that the investments in this budget are necessary to attract those potential riders. There is also a very real risk that ridership does not recover; if so, staff is prepared to pull these investments back.

Staff acknowledges that due to the level of uncertainty discussed above, the revenue and expenditure figures in the FY22 Preliminary Budget are highly likely to change over the coming months as staff and the Board work toward finalizing the FY22 Adopted Budget. At this point, a deficit is still projected; though the District is in line to receive additional federal relief funding, staff will continue to pursue cost efficiencies, incorporate the most up to date actuals, and further refine estimates as the FY22 deficit is reduced to zero.

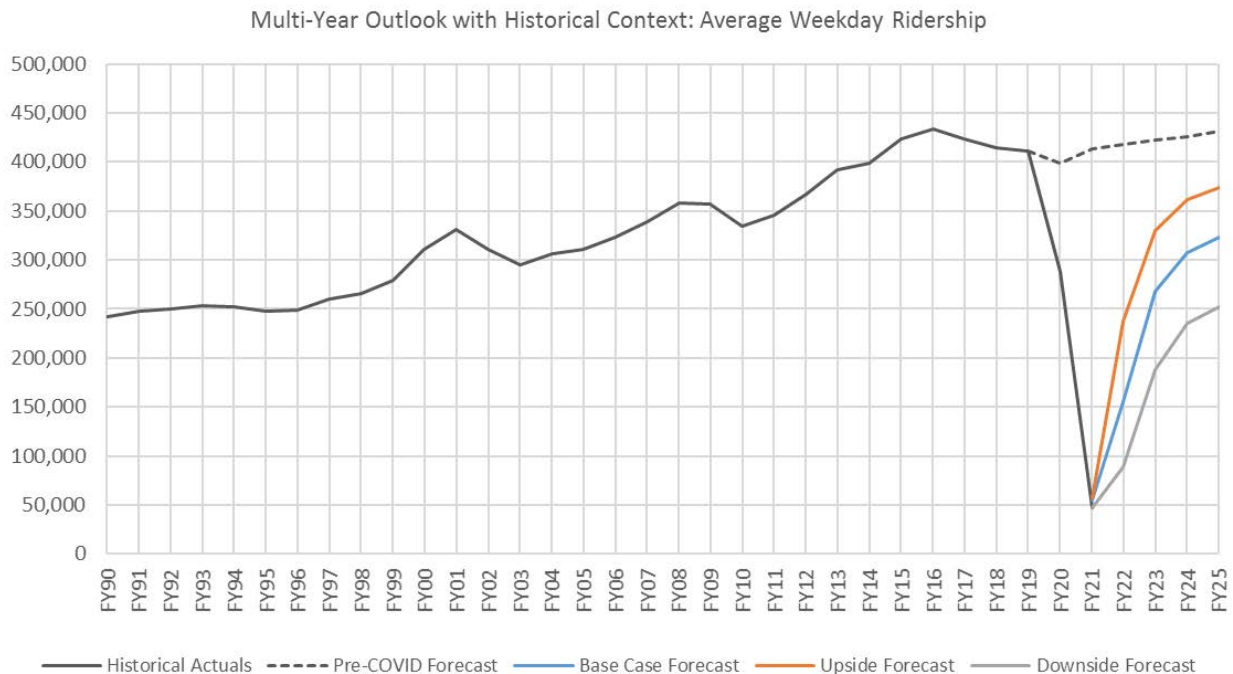
## 2. LONG TERM OUTLOOK

Prior to the COVID-19 pandemic, ridership fare revenue made up a majority of the funding for BART operations. In FY19, fare revenue and parking fees provided \$520M in revenue, or 66% of operating expense. With ridership falling to just a fraction of pre-pandemic levels, this budget assumes that passenger fares and parking fees will provide just \$68M (9% of operating expense) in FY21 and \$169M (21% of operating expense) in FY22. Along with less severe impacts to financial assistance, the pandemic has reduced BART’s revenue by more than \$1B through the end of FY22.

One-time federal emergency assistance of \$755M provided through the CARES Act (\$377M) and CRRSAA (\$378M) has allowed BART to sustain operations and provide service to essential workers and others who depend on transit through the acute pandemic. Additional funding is also expected from the American Rescue Plan. However, it is not known when and to what degree ridership will return in the years ahead; BART faces an uncertain fiscal future.

The below chart presents a long-range overview of historical ridership along with three preliminary ridership recovery scenarios for ridership: the Base Case, which is the basis of the FY22 budget; the Upside, which assumes an aggressive ridership recovery; and the Downside, which assumes a very slow recovery. The three scenarios consider recovery to long-term plateaus of 80%, 90%, and 65% of pre-pandemic projections, respectively.

Figure 2 – Multi-Year Ridership Outlook



The below table describes a range of factors that will drive ridership recovery in the years ahead.

**Table 1 - Ridership Recovery**

Factors in Recovery	Opportunities	Risks
Timing and pace of pandemic end?	Effective vaccines	Virus variants; pace of vaccination; vaccine acceptance
Post-pandemic market size/ market share	Diversity/resilience of Bay Area economy; BART customer loyalty; Transbay speed/reliability advantage	Economic impacts/ unemployment; rise of remote work; employers shifting away from downtown San Francisco? Continued transit reluctance?
Impact of pre-pandemic trends	Regional growth; regional integration	Rise of ride hailing apps; declining airport ridership; regional homelessness crisis
Long-term market size / regional growth patterns	New growth centers? New markets to serve?	Slower downtown employment growth? Slower regional growth?

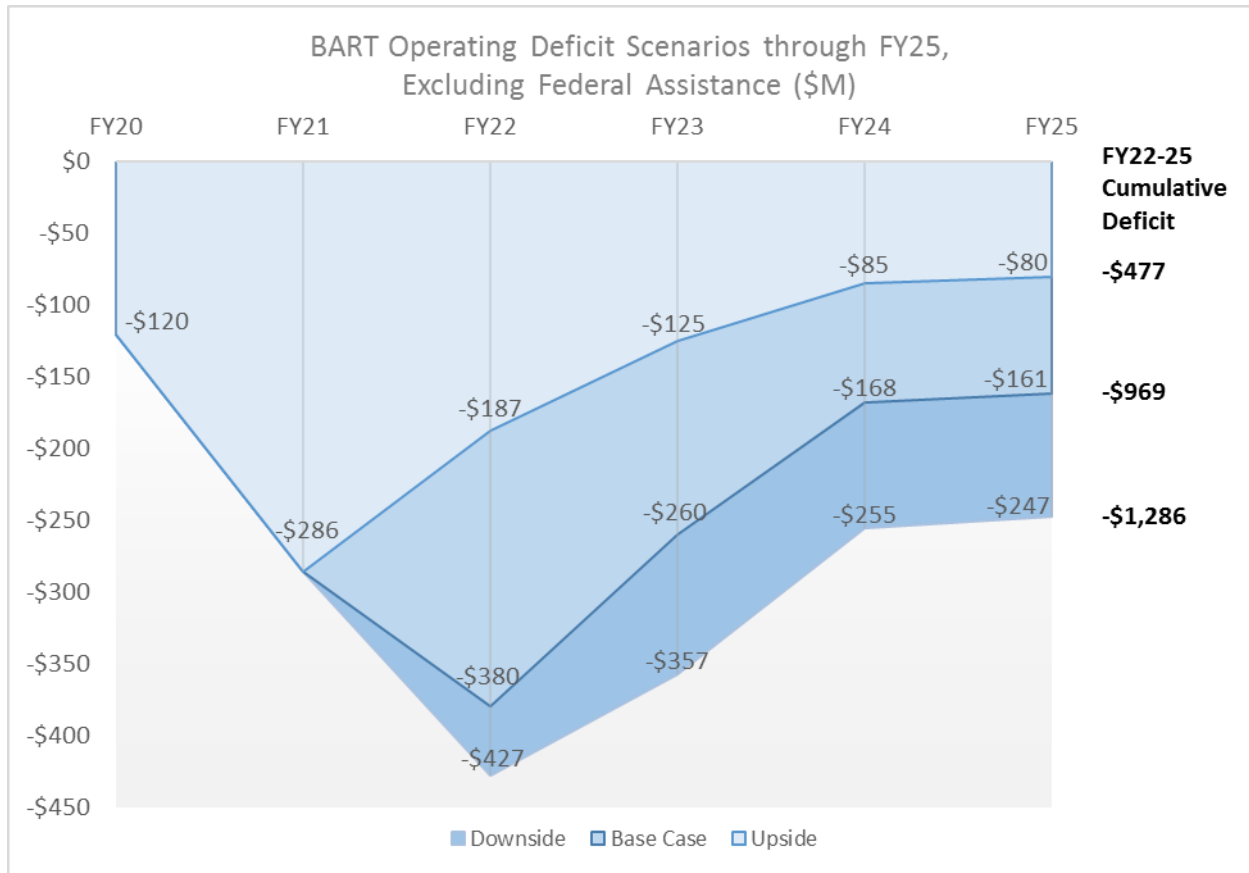
**FY21 Year-end Operating Outlook**

Staff projects that before consideration of federal assistance funding, BART will end FY21 with an operating deficit of \$286M. To balance the FY21 budget, BART will apply the remaining \$257M of CARES funds and an additional \$29M in CRRSAA funds. The remaining CRRSAA funds will be used in FY22.

**FY22-FY25 Projection**

Because there is a wide range of potential futures for ridership and fare revenue, BART faces a highly uncertain fiscal future. The chart below presents deficit projections for the three ridership recovery scenarios: Base Case, Upside, and Downside. Financial Assistance, Expense, and Debt Service & Allocations are held constant across all three scenarios at reasonably expected levels. Projected operating deficits (excluding federal assistance) for the years FY22-FY25 cover a range from \$477M to \$1.3B. Average annual deficits range from \$119M to \$321M per year.

Figure 3 - FY21 - FY25 Operating Deficit Scenarios



The below table provides more detail on the outlook for the years FY21-FY25 corresponding with the Base Case ridership recovery scenario. Projected operating deficits (excluding federal assistance) for the years FY22-FY25 total to \$966M and average \$241M per year. In this scenario, CRRSAA funds will offset \$349M of the FY22 deficit, leaving a shortfall of \$31M. Remaining projected deficits for the FY23-FY25 period would be \$589M. It is expected that BART's future allocation from the region's American Rescue Plan (ARP) funding (not included in this forecast) would offset some but not all of this remaining deficit through FY25. In order to sustain service at the projected level, BART will need to achieve additional cost reductions and/or revenue increases.

**Table 2 - Base Case Budget Projections Through FY25**

(\$ millions)	FY21	FY22	FY23	FY24	FY25
Operating Revenue	86	188	368	446	477
Financial Assistance	452	426	428	445	458
<b>Total Regular Revenues</b>	<b>539</b>	<b>614</b>	<b>796</b>	<b>891</b>	<b>935</b>
Expense	747	859	899	920	947
Debt Service & Allocations	77	135	158	139	150
<b>Total Uses</b>	<b>824</b>	<b>994</b>	<b>1,056</b>	<b>1,059</b>	<b>1,097</b>
<b>Operating Result</b>	<b>(286)</b>	<b>(380)</b>	<b>(260)</b>	<b>(168)</b>	<b>(161)</b>
<i>Federal Assistance (CARES + CRRSAA)</i>	286	349	0	0	0
<i>Federal Assistance (American Rescue Plan)</i>			TBD	TBD	TBD
<b>Total Net Result</b>	<b>0</b>	<b>(31)</b>	<b>(260)</b>	<b>(168)</b>	<b>(161)</b>



### 3. RIDERSHIP OUTLOOK

At the start of the COVID-19 pandemic in March 2020, ridership reached a low of approximately 23,000 average weekday trips, or about 6% of expected ridership. In FY21, ridership has stabilized between a high of 53,000 average weekday trips (October 2020) and a low of 43,000 average weekday trips (January 2021), representing 13.8% and 11.7% of expected ridership, respectively.

As of March 2021, public health authorities have communicated optimism for a return to aspects of pre-pandemic life over the next 12 months: California and Bay Area case counts and death rates have steadily diminished since a surge in December and January (though they have begun to surge again in Europe and in other parts of the United States); COVID-19 vaccination rates are accelerating; and more businesses are reopening under state and local guidelines. However, rail transit ridership is lagging that of other transportation modes in its recovery. San Francisco-Oakland Bay Bridge vehicle volumes are approximately 82% of pre-pandemic expectations (December 2020), while AC Transit bus ridership sits at 39% (FY21-to-date, as of March 2021).

BART attributes several factors to this disparity in recovery:

- A large portion of BART ridership has been traditional peak hour commutes to the San Francisco and Oakland central business districts. With most downtown offices still closed due to the pandemic and with remote work a viable option for most office workers, this ridership market has not seen significant recovery since the pandemic began.
- Health safety concerns on rail transit: The evidence tells us that the safety measures BART and other transit operators are taking, including mask mandates, are keeping riders safe. No direct correlation has been found between use of urban public transit and transmission of COVID-19. However, both ridership outcomes and survey data suggest that many people continue to have COVID-19 concerns about public transit.

Because of these concerns, BART ridership may not significantly rebound until the public is both more comfortable in crowded or confined spaces and when downtown offices reopen. Even when downtown offices are finally open for business, there may be significantly less demand for commuting than before the pandemic. Several large, high-profile technology companies have announced remote-work policies that allow employees to work from home anywhere from several days to every day per week.

Office re-opening percentage and remote work adoption are both key assumptions in the pandemic recovery milestones outlined below. Before the pandemic, BART's 2015 Station Profile survey showed that about 70% of all BART trips were work trips. Of those, approximately half were central business district trips during 9-to-5 commute times. This market composed largely of "office knowledge workers," has the greatest opportunity to work remotely as the recovery continues. For each pandemic recovery milestone, assumptions were made on the amount of office opening, employee remote work opportunity, riders' reluctance to use transit, and general economic recovery.

For essential and other in-person work trips, school trips, and non-work trips (e.g., doctor appointments, shopping, or entertainment/leisure), the underlying inputs used to develop these recoveries were based on forecasted business sector reopening, riders' reluctance to use transit, and general economic recovery.

In addition to the pandemic-related factors outlined below, these projections assume the current level of BART service (as of March 2021) continues throughout FY22 (see service description in Section 4 Rail Service Plan). Demand for BART ridership is thus constrained by the lack of late evening service and lower-than-typical train frequencies. Additional potential ridership due to higher service levels is discussed in Section 5, Initiatives: Enhanced Cleaning and Service.

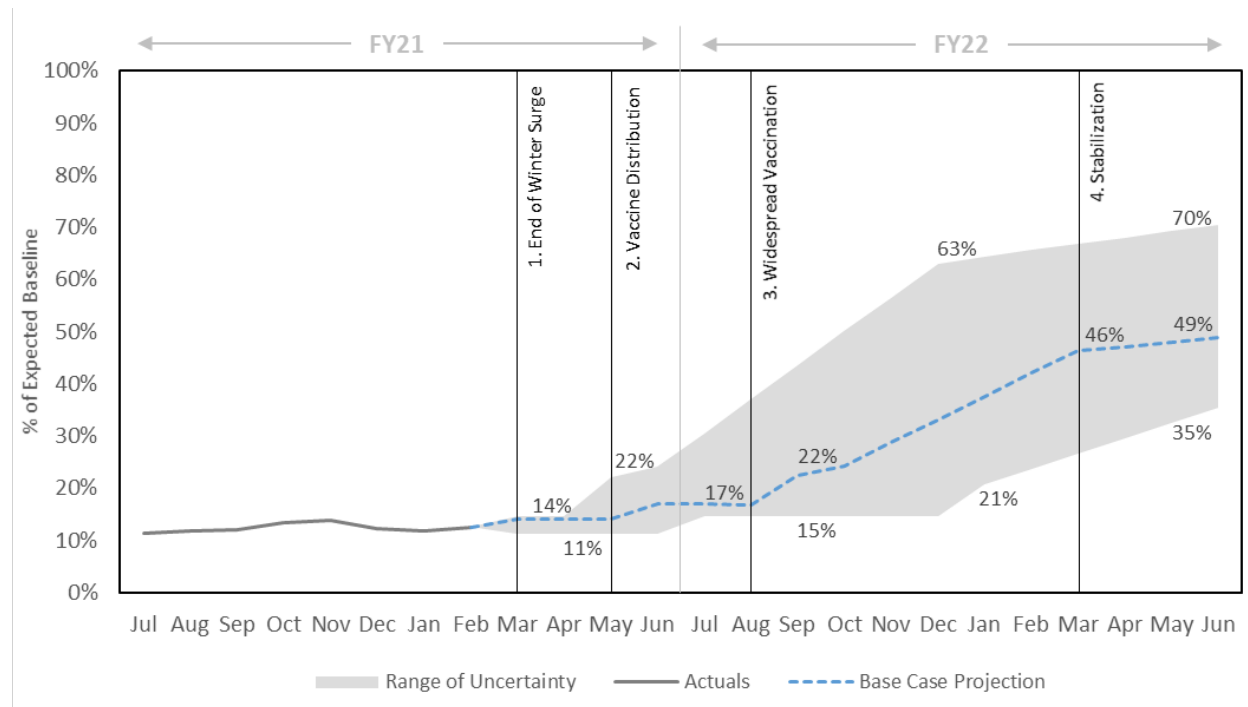
The pandemic recovery milestones developed for the FY22 Ridership Outlook are presented in the following table.

**Table 3 - Pandemic Recovery Milestones**

Milestone	Description	Timing Assumption	Forecasted Recovery
1. End of Winter Surge	<ul style="list-style-type: none"> <li>Vaccine distribution begins, but not making impacts on day-to-day life</li> <li>Offices still largely closed (average office knowledge worker commutes less than half a day per week)</li> <li>Some restrictions loosened</li> <li>Largely mimics the “high ridership” of October 2020</li> </ul>	Mar 2021 – May 2021	14%
2. Vaccine Distribution	<ul style="list-style-type: none"> <li>Vaccine distribution starting to affect travel behavior</li> <li>Lower COVID-19 prevalence in the community</li> <li>Some offices open with restrictions (average office knowledge worker commutes about less than half a day per week)</li> <li>Entertainment/hospitality industries begin recovery</li> </ul>	May 2021 – Aug 2021	17%
3. Widespread Vaccination	<ul style="list-style-type: none"> <li>Widespread vaccine distribution.</li> <li>Offices allowed to open (average office knowledge worker commutes about 1.5 days per week)</li> <li>Entertainment/hospitality industry restrictions are minimal</li> <li>Schools are open for in-person learning</li> </ul>	Aug 2021 – Mar 2022	Growth from 22%-46%
4. Stabilization	<ul style="list-style-type: none"> <li>Nearly all industries are back to normal</li> <li>Persistent effects of remote work (average office knowledge worker commutes about 2.5 days per week)</li> <li>Jobs and housing migrations may begin to stabilize</li> <li>Waning reluctance to use transit</li> </ul>	Mar 2022 –	46%+

The following graph presents FY21 year-to-date actuals, with the recovery forecasted through FY22. The Base Case Projection is based upon the magnitude of each recovery milestone and the timing of reaching each milestone. The forecast also acknowledges there is a wide spread of uncertainty with the general recovery and specifically with rail transit. The range of uncertainty is represented by the gray area, bracketed by high and low ridership scenarios. The high and low scenarios were developed by adjusting both the magnitude and timing of the milestones to the range of reasonable outcomes.

**Figure 4 - Actual and Forecasted Ridership with Recovery Milestones**



The Base Case Projection would result in overall ridership of approximately 40.5M trips in FY22, 34% of pre-pandemic expectations. Expressed in terms of average weekday ridership, the FY22 projection would range from a low of approximately 70,000 average weekday riders in July and August, to a high of approximately 200,000 average weekday riders in May and June. For the year as a whole, average weekday ridership would be approximately 140,000.

## 4. RAIL SERVICE PLAN

As discussed in Section 3, the pace of recovery from the COVID-19 pandemic and demand for BART ridership in FY22 cannot be known with certainty today. A wide range of potential ridership and fare revenue recovery outcomes is possible. Despite the uncertainty, BART must begin preparing for September 2021 service changes by April. This timeline allows Operations Planning to develop service schedules and hire necessary staff, connecting transit agencies to build complementary schedules, and employers to consider BART service expectations when they develop re-opening plans.

BART's FY22 rail service plan prioritizes flexibility in response to changing conditions. Staff have developed four scenarios that contemplate a wide range of service, from the current reduced levels up to hours and frequencies that approach pre-COVID-19 levels. This section describes service characteristics and implementation timelines. Section 5, Initiatives: Enhanced Cleaning and Service, provides cost information for each scenario and a staff recommendation for the service plan scenario to begin in September 2021.

### **Service Scenarios Under Consideration**

Scenario A is a continuation of the plan put into service on March 22, 2021, which will continue through September 12th. Scenarios B and C represent two separate, non-exclusive enhancements to service: Scenario B adds a significant amount of daytime service to the system by reducing headways from 30 to 15 minutes on weekdays. Scenario C does not change headways but restores system closure to midnight six nights a week, past the current 9 PM close. Scenario D combines Scenarios B and C, returning operating hours and base weekday headways to close to pre-COVID-19 planned levels of service. The four scenarios assume that service will not be reduced from its current level.

All three Scenarios (B-C-D) keep weekend headways at 30 minutes all day but add peak trips in the morning and afternoon on Saturdays to accommodate ridership. Scenarios C and D also restore opening time on Saturday to 6:00 am.

Thus, the options presented are to maintain the current service plan (Scenario A), shift to 15-minute headways (Scenario B), extend system hours to midnight (Scenario C), or combine Scenarios B and C (Scenario D).

The following charts provide greater detail on the characteristics of each scenario.

**Table 4 – Service Scenario A**

Day	Headways (Min)	System Hours	Routes
<b>Weekday</b>	30	05:00 – 21:00	5
<i>+ 44 additional flexible capacity trips</i>			
<b>Weekend</b>	30	08:00 – 21:00	3

**Table 5 – Service Scenario B**

Day	Headways (Min)	System Hours	Routes
<b>Weekday</b>	15	05:00 – 21:00	5
<b>Saturday</b>	30 + peak trips	09:00 – 21:00	3
<b>Sunday</b>	30	08:00 – 21:00	3

**Table 6 – Service Scenario C**

Day	Headways (Min)	System Hours	Routes
<b>Weekday</b>	30	05:00 – 20:00	5
<i>+ 44 additional flexible capacity trips</i>			
<b>Weekday Night</b>	30	20:00 – 24:00	3
<b>Saturday</b>	30 + peak trips	06:00 – 24:00	3
<b>Sunday</b>	30	08:00 – 21:00	3

**Table 7 - Service Scenario D**

Day	Headways (Min)	System Hours	Routes
<b>Weekday</b>	15	05:00 – 20:00	5
<b>Weekday Night</b>	30	20:00 – 24:00	3
<b>Saturday</b>	30 + peak trips	06:00 – 20:00	5
<b>Saturday Night</b>	30	20:00 – 24:00	3
<b>Sunday</b>	30	08:00 – 21:00	3

## **Service Implementation Timelines**

Rail service planning at BART is performed within a structured framework governed by several factors, including hiring considerations, bidding periods specified in collective bargaining agreements, and regional network coordination.

Typically, BART's schedule is modified in September and February each year as part of a negotiated process known as a "bid". Each bid must be finalized ("posted") at least one month before the new service takes effect, to allow for staff to bid on train runs and shifts in the schedule. In limited circumstances (including service expansions), additional bids may be scheduled.

The current bid, which took effect on March 22, 2021, and which corresponds to Scenario A, is scheduled to end on September 12, 2021.

Several tasks must be completed before a bid is posted. Staff must finish developing the schedule, breaking the service into individual train runs and shifts in a way that optimizes operational efficiency within collective bargaining agreement provisions.

If additional staff are needed, a simultaneous hiring, training, and certification process is necessary to have qualified people in-place when the new schedule is implemented. This timeline depends on the type of positions needed, the scale of the increase, and collective bargaining agreement deadlines, among other variables.

Finally, BART staff collaborate with other regional providers to ensure alignment of service changes and convenient connections between providers. BART meets with other regional operators several months in advance of implementation to allow time for those agencies to align their schedules for timed connections. For the upcoming September bid, staff will make preliminary plans available to regional agencies in April, with final train schedules distributed in late May and early June. Agency planning and implementation will occur to implementation as close to BART's September rollout as possible.

As a result of the pandemic, a core group of regional operators meet every other week to collaborate on improving service coordination. Specific initiatives by this group of regional operators include mapping of regional transit nodes and standardizing transit service terminology, aligning schedule sign-up calendars, and developing a transit hub framework to improve transfer efficiency, signage and wayfinding.

Since the onset of the COVID-19 pandemic, BART has worked internally and with labor partners to reduce the service implementation timeline without sacrificing critical training or safety considerations to bring demand-responsive schedules into service as quickly as possible.

BART is fortunate to have avoided layoffs over the past 12 months. From a service planning perspective, this means that the District has been able to retain employees with key skillsets that can take over a year to onboard and train. This gives BART the ability to ramp service back up more quickly. However, the hiring freeze and the DRIP have created relative shortages in some classifications (notably Station Agents). To effectively respond to ridership demand, staff plans to anticipate ridership recovery by putting out increased service before demand is projected to return.

# 5. INITIATIVES: ENHANCED SERVICE AND CLEANING

The FY22 Preliminary Budget includes two initiatives: Service Increase and Enhanced Cleaning

## 5.1. SERVICE INCREASE INITIATIVE

This section provides estimated cost and revenue impacts of the four service scenarios described in Section 4, Rail Service Plan, and provides the staff recommendation.

### Service Scenario Budget Impacts

Details of four rail service plans (A through D) are described in Section 4, Rail Service Plan. Scenario A continues current service, while Scenarios B, C, and D require additional investment. The table below provides net cost estimates for each scenario, including estimated revenue generated as well as estimated costs incurred to provide each level of service, resulting in a net cost. The details of the service plans are still being refined, and considerable uncertainty remains around revenue projections. Staff will continue develop these plans in the coming weeks, and updates to the cost and revenue impact of each will be presented to Directors at future Board meetings. In summary, the options affect the FY22 budget as follows:

- **Scenario A** assumes current service levels. Baseline FY22 operating expense is \$807M. Budget forecasts assume some constraint on ridership recovery due to pandemic-level service; over the full fiscal year, ridership averages 34% of pre-pandemic expectations, reaching a high of approximately 202,000 average weekday trips (49% recovery) by June 2022. Operating revenue is projected at \$188M and financial assistance (excluding federal emergency funding) is projected at \$426M.
- **Scenario B** improves base frequency to 15-minute headways on each line throughout the day but retains 9 PM close. This option would add approximately \$17M of operating expense. Non-fare revenues would increase by approximately \$7.7M due to added LCFS credits generated and additional partner agency reimbursement. We project that doubling the non-peak frequency would increase overall ridership by 3%, yielding an additional \$5.1M of fare revenue. The implied net cost impact is \$6.5M.
- **Scenario C** extends service hours to midnight six days per week but maintains 30-minute base headways. This option would add approximately \$47.6M of operating expense. Of the added expense, just \$15M is direct operating expense in Transportation, Rolling Stock & Shops, and Traction Power. Most of the additional expense (\$32.6M) would be due to the reduced capacity to load shed costs to capital projects during extended non-service hours. Note that capital project delivery, which accelerated due to pandemic service reductions, would also shift back to the slower pre-pandemic pace. Non-fare revenues would increase by approximately \$3.2M due to more LCFS credits generated and additional partner agency reimbursement. Providing evening service would increase ridership by an estimated 3%, yielding an additional \$3.2M of fare revenue. The implied net cost impact is \$40.1M.
- **Scenario D** includes the service improvements from both Scenarios C and D. This option would add approximately \$59.6M of operating expense, including \$32.6M due to the reduced capacity to load shed costs to capital projects during extended non-service hours. Non-fare revenues would increase by an estimated \$7.8M due to more LCFS credits generated and additional partner



agency reimbursement. This scenario would generate the ridership benefits of both scenarios B and C, yielding an estimated \$9.2M of additional fare revenue in the Base Case ridership recovery scenario. The implied net cost impact is \$42.6M.

The annual ridership forecasts for the service scenarios are presented below. Note that it is assumed that current (March 2021) service runs through mid-September 2021, and the diverging service scenarios are in place from September through the rest of the fiscal year.

**Table 8 - Service Scenario Ridership Forecasts**

Scenario Descriptions	Ridership Adjustments	FY22 Ridership Forecast
<b>Service Scenario A:</b> 30-min headways; 9PM close	None – baseline ridership forecast.	40.5 million
<b>Service Scenario B:</b> 15-min headways; 9PM close	More capacity to serve riders during day. Frequent service attracts more demand.	41.8 million
<b>Service Scenario C:</b> 30-min headways; midnight close	Late evening demand is served.	41.6 million
<b>Service Scenario D:</b> 15-min headways (daytime); midnight close	More capacity to serve riders during day. Frequent service attracts more demand. Late evening demand is served.	42.8 million

Annual cost and revenue impacts of the service scenarios are presented below.

**Table 9 - Impact of Service Increase Over Scenario A (Current Service)**

(\$ millions)	Scenario B	Scenario C	Scenario D
<b>Revenue</b>			
Fare revenue	5.1	4.3	9.2
Other revenues	5.3	3.2	7.8
<b>Subtotal - Revenue</b>	<b>10.5</b>	<b>7.5</b>	<b>17.2</b>
<b>Expense</b>			
Transportation	5.7	10.6	12.5
Maintenance and Engineering	0.0	32.6	32.6
Rolling Stock and Shops	6.3	1.2	7.5
Traction power	5.0	3.2	7.0
<b>Subtotal - Expense</b>	<b>17.0</b>	<b>47.6</b>	<b>59.6</b>
<b>Net Budget Impact</b>	<b>6.5</b>	<b>40.1</b>	<b>42.6</b>

### **Service Option: Scenario D**

The FY22 Preliminary Budget includes Scenario D as the rail service plan beginning in September 2021.

By September, it is expected that a majority of Bay Area adults will have been vaccinated against COVID-19, most students will be returning to on-site school, and employers will begin reopening for on-site work, with many employees likely on hybrid remote/on-site schedules. In this environment, Scenario D offers the District's best opportunity to serve regional recovery and compete to recover market share as Bay Area residents establish post-pandemic routines during an important transition period. Specifically:

- Frequent mid-day service offers a more convenient travel option for non-work trips and for workers on non-peak schedules, many of whom work in lower-wage occupations. It also provides more space per passenger at these times, improving comfort for some riders and reducing the perception of COVID-19 risk.
- Restoring evening service restores mobility for workers who travel outside of traditional office peak periods and allows BART to support reopening of entertainment and restaurant industries and compete to recover a share of evening trips that might otherwise shift to driving and ride-hailing.

This service plan does carry significant risks. It requires expenditure of \$56M in one-time federal relief funding, with a share of the offsetting revenue improvements dependent on uncertain ridership recovery. While direct operating expenditures are modest, extending service hours constrains the District's ability to shift resources to the capital program, which both significantly increases net operating cost and slows the pace of capital project delivery.

Despite these challenges Scenario D provides the greatest benefits for near-term regional economic recovery and equity, and to promote long-term ridership recovery for BART.

## 5.2. ENHANCED CLEANING INITIATIVE

On March 25, BART announced an enhanced cleaning initiative, targeted to respond to issues cited by riders in the most recent Customer Satisfaction Survey. Specifically, staff will focus on keeping restrooms and trains clean. This initiative will be primarily staffed with newly hired part-time staff, providing the District with flexibility to scale back if necessary.

### Station Restrooms

Beginning in FY21 and continuing through FY22, BART will refresh 75 station restrooms throughout the system. They will be repainted, floors and walls will be repaired, and soap dispensers will be repaired or replaced. Staff will clean and sanitize all restrooms on a regular basis, scrubbing down each restroom daily.

### Cleaner Trains

Beginning in FY21 and continuing through FY22, BART is dedicating more resources to car cleaning, to ensure that trains put out in service have clean seats, and are free of debris, litter, gum, graffiti, stickers, and foul odors. The additional staffing resources will allow BART to improve overall car cleanliness while continuing its COVID-19 driven train sanitization and disinfecting work, resulting in an enhanced rider experience.

**Table 10 - Enhanced Cleaning Initiative Impacts**

Enhanced Cleaning	FTEs	Cost Impact (\$M)
Station Restrooms	24.5	2.4
Car Cleaning	72.8	7.0
<b>Total Cost</b>	<b>97.2</b>	<b>9.4</b>

## 6. PRELIMINARY INCOME STATEMENT

Table 11 - FY22 Preliminary Budget Income Statement

Income Statement (\$ millions)	Budget		Change	
	FY21 Adopted	FY22 Preliminary	\$	%
Rail Passenger Revenue	148.1	159.1	11.0	7%
ADA Passenger Revenue	0.3	0.5	0.2	92%
Parking Revenue	10.5	9.7	(0.7)	-7%
Other Operating Revenue	23.7	18.7	(4.9)	-21%
<b>Subtotal - Operating Revenue</b>	<b>182.5</b>	<b>188.1</b>	<b>5.6</b>	<b>3%</b>
Sales Tax Proceeds	239.0	261.7	22.7	9%
Property Tax Proceeds	50.6	54.5	3.9	8%
SFO Ext Financial Assistance	42.5	21.0	(21.5)	-51%
VTA Financial Assistance	30.3	35.7	5.5	18%
MTC Financial Assistance MBF Discount Program	1.6	0.6	(1.0)	-64%
Local & Other Assistance	6.0	7.4	1.4	24%
State Transit Assistance	28.5	28.4	(0.1)	0%
Low Carbon Transit Operations Program	8.5	4.4	(4.2)	-49%
Low Carbon Fuel Standard Program	14.4	12.4	(2.0)	-14%
<b>Subtotal - Financial Assistance</b>	<b>421.4</b>	<b>426.0</b>	<b>4.6</b>	<b>1%</b>
CRRSAA Funding	-	349.3	349.3	-
CARES Funding	251.0	-	(251.0)	-100%
FEMA Reimbursed COVID-19 Expenses	20.0	-	(20.0)	-100%
Reversal of FY20 Railcar Allocation	40.0	-	(40.0)	-100%
<b>Subtotal – Emergency Assistance</b>	<b>311.0</b>	<b>349.3</b>	<b>38.3</b>	<b>12%</b>
<b>TOTAL – OPERATING SOURCES</b>	<b>914.9</b>	<b>963.4</b>	<b>48.5</b>	<b>5%</b>
Labor & Benefits	624.3	622.0	(2.4)	-0%
ADA Paratransit	16.1	14.0	(2.2)	-13%
Purchased Transportation	11.5	12.4	0.9	8%
Power	48.1	40.0	(8.1)	-17%
Other Non-Labor	150.8	118.6	(32.2)	-21%
<b>Subtotal - Operating Expense</b>	<b>850.9</b>	<b>806.9</b>	<b>(44.0)</b>	<b>-5%</b>
Bond Debt Service	47.4	57.2	9.8	21%
Allocations	16.6	78.1	61.5	371%
<b>Subtotal - Debt Service &amp; Allocations</b>	<b>64.0</b>	<b>135.3</b>	<b>71.3</b>	<b>111%</b>
<b>TOTAL - OPERATING EXPENSE</b>	<b>914.9</b>	<b>942.2</b>	<b>27.3</b>	<b>3%</b>
<i>Initiative - Enhanced Cleaning</i>	-	9.4	9.4	-
<i>Initiative – Scenario D Service Increase (net impact)*</i>	-	42.6	42.6	-
<b>TOTAL – INITIATIVES</b>	<b>-</b>	<b>52.0</b>	<b>52.0</b>	<b>-</b>
<b>TOTAL USES</b>	<b>914.9</b>	<b>994.2</b>	<b>79.3</b>	<b>9%</b>
<b>Net Result</b>	<b>0.0</b>	<b>(30.8)</b>	<b>(30.8)</b>	<b>-</b>

\*Service initiative is shown as a net impact (expense less associated revenue)

## 7. OPERATING SOURCES

The below table summarizes the operating sources for the FY21 Adopted Budget and the FY22 Preliminary Budget. Each line item is described in further detail in the subsequent sections.

Table 12 - FY22 Preliminary Budget Operating Sources

Operating Sources (\$ millions)	Budget		Change	
	FY21 Adopted	FY22 Preliminary	\$	%
<b>Operating Revenue</b>				
Rail Passenger Revenue	148.1	159.1	11.0	7%
ADA Passenger Revenue	0.3	0.5	0.2	92%
Parking Revenue	10.5	9.7	(0.7)	-7%
Other Operating Revenue	23.7	18.7	(4.9)	-21%
<b>Subtotal - Operating Revenue</b>	<b>182.5</b>	<b>188.1</b>	<b>5.6</b>	<b>3%</b>
<b>Financial Assistance</b>				
Sales Tax Proceeds	239.0	261.7	22.7	9%
Property Tax Proceeds	50.6	54.5	3.9	8%
SFO Ext Financial Assistance	42.5	21.0	(21.5)	-51%
VTA Financial Assistance	30.3	35.7	5.5	18%
MTC Assistance – Clipper Start Pilot	1.6	0.6	(1.0)	-64%
Local & Other Assistance	6.0	7.4	1.4	24%
State Transit Assistance	28.5	28.4	(0.1)	0%
Low Carbon Transit Operations Program	8.5	4.4	(4.2)	-49%
Low Carbon Fuel Standard Program	14.4	12.4	(2.0)	-14%
<b>Subtotal - Financial Assistance</b>	<b>421.4</b>	<b>426.0</b>	<b>4.6</b>	<b>1%</b>
<b>Emergency Assistance</b>				
CRRSAA Funding	-	349.3	349.3	-
CARES Funding (Round 1 – FY20 Remainder)	87.0	-	(87.0)	-100%
CARES Funding (Round 2 - Targeted)	164.0	-	(164.0)	-100%
FEMA Reimbursed COVID-19 Expenses	20.0	-	(20.0)	-100%
Reversal of FY20 Railcar Allocation	40.0	-	(40.0)	-100%
<b>Subtotal – Emergency Assistance</b>	<b>311.0</b>	<b>349.3</b>	<b>38.3</b>	<b>12%</b>
<b>SUBTOTAL - OPERATING SOURCES</b>	<b>914.9</b>	<b>963.4</b>	<b>48.5</b>	<b>5%</b>

## 7.1. OPERATING REVENUE

### 7.1.1 Passenger Revenue

#### Passenger Revenue

Fare revenue for FY22 is budgeted at \$159.1M, based upon the Base Case FY22 ridership forecast discussed in Section 3, Ridership Outlook. This is approximately 33% of the last pre-pandemic budget in FY20 of \$479M. Based on actual average fares observed since March 2020, the average fare was assumed to fluctuate with the level of ridership recovery between 4% and 1% lower than pre-pandemic levels.

BART's Series 3, 2022-2026, Productivity-Adjusted Inflation-Based Fare Increase calls for a 3.4% fare increase in January 2022; however, staff recommend deferring the fare increase until July 2022 to support regional recovery. This deferral reduces expected fare revenue by an estimated \$3.5M in FY22. Fares remain a critically important funding source to continue to meet the needs of riders who rely on BART. As such, the less-than-inflation fare increase program is assumed to continue in July 2022 and beyond according to the fare increase policy renewed by the BART Board in 2019.

In December 2020, BART transitioned all stations to offer Clipper as the only fare product available for purchase. The use of magnetic stripe tickets has decreased from a pre-pandemic level of 8% of all trips to a current level of 0.5%. It is assumed that the magstripe usage continues to decline through FY22, resulting in magstripe surcharge revenue of approximately \$55K.

BART implemented MTC's Regional Means-Based Fare Discount Pilot Program, Clipper START, in July 2020. This program allows adult riders earning 200% or less of the federal poverty level to receive a 20% discount per trip. Clipper START has had slow adoption during the pandemic, less than 0.5% of all trips to-date, and it is expected to rise as general ridership recovers.

The two-station extension to Milpitas and Berryessa stations began revenue service in late FY20. The fare revenue generated on the extension is used to help offset Santa Clara Valley Transportation Authority's (VTA) operating cost of the extension. Per the VTA Operating & Maintenance (O&M) Agreement, VTA will be responsible for any operating costs for the extension which is not covered by extension fare revenue.

Fare revenue also includes \$0.5M in fares paid by Americans with Disabilities Act (ADA) paratransit customers.

### 7.1.2 Parking Fee Revenue

BART generates revenue from daily fee and reserved parking at its 36 stations with parking facilities. The daily fee at all stations is currently capped at \$3.00, except at South Hayward (\$2.00), North Concord/Martinez (\$2.50), and West Oakland (\$12.40), which does not have a cap. The monthly reserved price at all stations is also capped at \$105.00, except for South Hayward (\$84.00) and North Concord/Martinez (\$94.50). Stations with parking in Oakland are subject to a 18.5% parking tax collected by the City of Oakland.

The FY22 parking revenue budget is \$9.7M and reflects BART's decline in ridership and decreased parking demand as a result of the COVID-19 pandemic. Parking revenue generated at stations at the Milpitas and Berryessa stations will be collected by VTA and will not be budgeted by BART.

BART staff is advancing a series of parking modernization efforts to improve the customer experience, effectively manage parking resources, and enhance access to stations. In FY21, contactless daily fee and carpool parking payment was offered through the Official BART App systemwide. For FY22, BART is transitioning its reserved monthly and single/multi-day parking program from Select-a-Spot, a third-party vendor, to the Official BART App.

### 7.1.3 Other Operating Revenue

BART also generates operating revenue from non-passenger sources. Total other operating revenue is now budgeted at \$18.5M in FY22. Sources include:

- **Commercial Communications Revenue Program (CCRP):** The CCRP generates revenue through commercial fiber and wireless telecommunications. In January 2020, the BART Board approved the Digital Railway Project with Mobilitie Services, LLC, which has the potential to substantially increase fiber optic and wireless revenue over time. CCRP is estimated to generate \$8.7M in FY22.
- **Advertising:** BART has an advertising franchise agreement with OUTFRONT Media, which manages the sales and posting of advertising on BART’s behalf. In FY22, BART anticipates receiving \$2.4M in advertising revenue. This estimate reflects an updated franchise agreement, which was approved by the BART board in August 2020. The updated agreement and revenue estimate reflect the impact of the COVID-19 pandemic on BART ridership and advertising sales.
- **Lease Revenue and Transit Oriented Development Revenue:** Revenue from Transit Oriented Development (TOD) includes ground leases at West Dublin/Pleasanton, Pleasant Hill/Contra Costa Centre, Millbrae, Castro Valley, MacArthur and Coliseum stations, and transit benefit fees at West Dublin/Pleasanton and South Hayward and is budgeted at \$2.2M in FY22. BART also receives building and ground lease revenue from leasing vacant parcels and office space in the Joseph P. Bort MetroCenter (MET) building, and from Special Entrance Agreements at Powell Street Station that provide access from the station to the Westfield shopping center entrance, whose budget for FY22 is \$2.7M.
- **Parking Citations:** Parking citation revenue is budgeted at \$0.9M in FY22.
- **“Other” Revenue:** “Other” revenue is budgeted at \$1.9M in FY22 and includes investment income; concessions; special fees and permits; the Capitol Corridor Joint Powers Authority’s (CCJPA) overhead recovery; and other miscellaneous sources.

## 7.2. TAX AND FINANCIAL ASSISTANCE

### 7.2.1 Sales Tax Revenue

BART receives a dedicated 75% share of a one-half cent sales tax levied in the three BART District counties (San Francisco, Alameda and Contra Costa). Per AB 1107 (1977) and AB 842 (1979), the remaining 25% may be allocated by MTC to BART, SFMTA and/or AC Transit. Since 1987, MTC has split the remaining 25% equally between AC Transit and SFMTA.

BART’s sales tax base is diverse, and data from the California Department of Tax and Fee Administration indicates that the largest economic segments driving BART sales tax include restaurants, retail, and new auto sales. Over the past two decades, which include two recessions and several periods of strong economic growth, BART’s annual sales tax growth rate has averaged 3.3%.

Decreased taxable spending in the BART District resulting from the COVID-19 pandemic reduced BART’s sales tax revenues from \$277.0M in FY19 to an estimated \$249.9M in FY21 (a 10% decrease). Sales tax revenues dropped sharply throughout the region in March and April of 2020 but began to recover soon after. Through February of 2021, taxable sales in many sectors of the region’s economy have recovered strongly, with increases in online sales largely offsetting declines at traditional retailers. However, sectors such as tourism, restaurants, and entertainment continue to perform well below pre-pandemic levels. San



Francisco County, with a concentration of businesses in pandemic-impacted industries, had taxable sales 39.6% below 2019 levels during the third quarter of 2020 (July-September). Alameda County revenues were just 1.2% below 2019 levels over the same period, and Contra Costa County sales tax revenues were 3.8% above 2019 levels.

BART projects taxable sales in the District will continue to recover in FY22, driven by reduced pandemic impacts on affected industries and household income support made available through the American Rescue Plan (ARP). Sales tax revenue is budgeted at \$261.7M.

### **7.2.2 Property Tax Revenue**

Property tax revenue is derived from a statutory portion of the 1% general levy in each of the three BART counties<sup>1</sup>. 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 is 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 in proportion to rising property values. BART's FY22 property tax revenue is projected at \$54.5M. Higher residential property taxes driven by increasing sale prices seen in FY21 may be offset by reassessment of commercial property at lower values.

### **7.2.3 Other Financial Assistance**

#### **SFO Extension Financial Assistance**

BART operates a five-station extension into San Mateo County, outside of the three-county BART District, to the SFO and Millbrae stations. Per the terms of agreements with MTC and SamTrans governing service outside the District, BART tracks fare revenue and estimated expenses and sets aside excess fare revenue to help fund \$145M of the new rail car purchase. Between FY11 and FY19, the extension generated funds that BART deposited into an SFO Extension reserve account. However, ridership on the extension has declined sharply due to the pandemic. BART forecasts that in FY22 the expense of operating the extension will exceed revenue by \$44.1M. The SFO Extension reserve account is expected to hold a balance of \$21.0M at the start of FY22. Following the terms of the agreements, BART will withdraw the available \$21.0M from the SFO Extension reserve account to cover this net operating deficit.

#### **VTA Financial Assistance**

VTA is responsible for the operating and maintenance (O&M) costs of the BART Silicon Valley extension. VTA's responsibility is calculated as the difference between the net fare revenues associated with trips to or from the Milpitas and Berryessa stations and the calculated O&M costs to provide extension service. The \$35.7M budget for FY22 VTA Financial Assistance represents the current estimated difference. Actual results for FY22 will be used to calculate the final payment from VTA.

#### **MTC Assistance – Clipper START Pilot**

BART participates in the MTC's Regional Means-Based Fare (MBF) Discount Pilot Program known as Clipper START, providing a 20% discount to program participants. MTC has identified approximately \$11M

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<sup>1</sup> 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 FY21 tax year, the enrolled rate was \$7.10 and \$6.80 per \$100,000 of assessed value, respectively.

in funding, first to pay administrative and verification expenses and then to help offset up to 50% of an operator's revenue loss. Funds provided to BART will be booked as financial assistance. MTC's estimated offsetting contribution to BART in FY22 is budgeted at \$0.6M.

### **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 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. Statewide STA program revenue has outperformed state budget expectations in FY21 but is still down substantially from FY20 due to modestly lower diesel fuel consumption and significantly lower fuel prices.

MTC's February estimate of STA revenues projects that BART will receive \$28.4M in STA funding in FY22 after deducting \$7.2M directed to feeder bus operators. This total includes \$22.1M of revenue-based funds for general operations derived from diesel fuel tax and \$6.2M from the STA State of Good Repair program.

### **Low Carbon Transit Operating Program**

BART receives 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 it prioritizes serving disadvantaged communities.

LCTOP revenues are derived from the State's greenhouse gas emissions reduction Cap and Trade auction proceeds. BART will receive \$4.4M of LCTOP funding in FY22, which will be programmed for BART to Antioch operations.

### **Low Carbon Fuel Standard Program**

The Low Carbon Fuel Standard (LCFS) Program is a market-based state program administered by the California Air Resources Board (CARB). The purpose of the program is to promote the production and deployment of low-carbon fuels to support the state's transportation sector. Under the LCFS program regulations, electric railroad operators, including BART, are permitted to generate and sell credits to producers of conventional transportation fuels for the purpose of meeting their LCFS compliance obligations.

Each year, BART generates LCFS revenues through the sale of its LCFS credits to regulated entities under the LCFS program at prevailing market prices. In FY22, BART has budgeted \$12.4M of LCFS revenues, although actual revenues will remain dependent on market pricing of LCFS credits, quantity of LCFS credits generated, and the consistency of LCFS program regulations over time. The quantity of credits BART generates depends on the amount of service operated; the augmented service scenario is expected to generate additional LCFS credit revenue.

### **Other Assistance**

The FY22 budget projects \$6.4M in other assistance to BART. These sources include \$5.1M from Alameda County's Measures B and BB, which will be used for paratransit and transit operations in Alameda County. The FY22 budget also includes \$1.0M paid by Caltrain for the Millbrae Station Use, Operations, and Maintenance Agreement, and \$115,000 from Contra Costa County's Measure J sales tax.

### 7.3. EMERGENCY ASSISTANCE

In FY21, BART received emergency funding through two acts of Congress. The Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law in March 2020, provided \$25B to transit operators nationwide. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), signed in December 2020, provided an additional \$14B in transit funding.

Through these apportionments, approximately \$2.3 billion in funding was provided to the San Francisco Bay Area in FY21. This funding addressed operating losses resulting from the pandemic, including reduced funding sources and increased costs. These funds were eligible to be used for operating expenses related to COVID-19, including reimbursement for operating costs and lost revenue, the purchase of PPE, and paying the administrative leave of operations personnel due to reductions in service.

The Metropolitan Transportation Commission (MTC) is responsible for programming the region's FTA Section 5307 program funds and for working with Caltrans for programming regional Section 5311 program funds. In FY21, MTC took action to program these funds to Bay Area operators to support essential transit service.

The MTC allocated to BART \$377M from the CARES Act apportionments; this funding was used to offset fare revenue losses and fund train operations during FY20 and FY21.

The Commission subsequently allocated to BART \$378M in CRRSAA apportionments across two tranches: \$103.7M was allocated in January 2021 and an additional \$274.4M was allocated in March 2021. An estimated \$29M of CRRSAA funds will be used to fund operations in FY21. The remaining \$349.3M of CRRSAA funds is budgeted to fund operations in FY22.

On March 11, 2021, a further supplemental pandemic relief bill was authorized, the American Rescue Plan (ARP) Act, which appropriates an additional \$1.9 trillion across various domestic and relief programs, similar to the CARES Act and CRRSAA. The bill includes approximately \$30.5 billion in relief funding to transit agencies nationwide via the Section 5307, 5310, and 5311 formula programs, and the Section 5309 Capital Investment Grants (CIG) program. The San Francisco Bay Area will receive approximately \$1.7 billion from the Section 5307 program. As with the CARES Act and CRRSAA, MTC is responsible for distributing these and the Section 5311 funds to eligible operators in the region. The distribution methodology MTC will use to distribute these funds has not yet been determined, creating funding uncertainty for BART's future operating budgets. In addition, BART's Transbay Corridor Core Capacity Program (TCCCP) will directly receive \$87.1M in additional capital funds from the CIG program funding authorized by the ARP.

## 8. 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 with operating funds. Costs for the Enhanced Cleaning and Service Increase Initiatives are excluded from budget numbers and tables in this section. Total Operating Uses increased 3% from FY21 to \$942.2M. The \$27.3M increase was due to a \$71.3M increase in Debt Service and Allocations offset by a decrease in Operating Expenses of \$44.0M. Labor was essentially flat, decreasing from \$624.3M to \$622.0M, with the removal of the one-time COVID-19 labor budget offset by increases in benefits and wages. Additional expense drivers include significant reductions in Power (17%), other non-labor (21%), and factors of the District’s ridership outlook and service plan. Allocations increased 107%, as funds for capital projects were restored to 97% of FY20 levels (\$75.1M in FY22 vs.\$77.5M in FY20).

Table 13 - FY22 Preliminary Budget Operating Uses

Operating Uses (\$ millions)	Budget		Change	
	FY21 Adopted	FY22 Preliminary	\$	%
<b>OPERATING EXPENSES</b>				
Labor	624.3	622.0	(2.4)	-0%
ADA Paratransit	16.1	14.0	(2.2)	-13%
Purchased Transportation	11.5	12.4	0.9	8%
Power	48.1	40.0	(8.1)	-17%
Other Non-Labor	150.8	118.6	(32.3)	-21%
<b>OPERATING EXPENSES TOTAL</b>	<b>850.9</b>	<b>806.9</b>	<b>(44.0)</b>	<b>-5%</b>
<b>DEBT SERVICE AND ALLOCATIONS</b>				
Debt Service	47.4	57.2	9.8	21%
Capital Rehabilitation	15.0	32.5	17.5	116%
Priority Capital Projects/Programs	-	34.0	34.0	-
Other	1.6	1.6	0.0	2%
Allocation to Pension Liability	-	10.0	10.0	-
<b>DEBT SERVICE AND ALLOCATIONS TOTAL</b>	<b>64.0</b>	<b>135.3</b>	<b>71.3</b>	<b>111%</b>
<b>OPERATING USES TOTAL</b>	<b>914.9</b>	<b>942.2</b>	<b>27.3</b>	<b>3%</b>

## 8.1.LABOR: WAGES & BENEFITS

The table below shows changes in full-time equivalent (FTE) positions from the FY21 Adopted Budget to the FY22 Preliminary Budget.

**Table 14 - FY22 Preliminary Budget FTE Changes**

FY21 to FY22 FTE Summary			
	Operating	Capital/Reimb	Total FTEs
<b>FY21 Adopted Budget</b>	<b>3,336.05</b>	<b>1,001.70</b>	<b>4,337.75</b>
<b>Adjustments</b>			
Additions	7.00	10.00	9.00
Progressive Policing	15.00	-	15.00
Conversions	9.00	(9.00)	-
Reductions	(4.00)	(2.00)	(6.00)
Authorized to Recruit	10.63	11.25	21.88
<b>Total Adjustments</b>	<b>37.63</b>	<b>10.25</b>	<b>47.88</b>
<b>Initiatives*</b>			
<i>Enhanced Cleaning</i>	<i>97.20</i>	<i>-</i>	<i>97.20</i>
<i>Service Increase</i>	<i>TBD</i>	<i>TBD</i>	<i>TBD</i>
<b>Total Initiatives</b>	<i>97.20</i>	<i>-</i>	<i>97.20</i>
<b>Total Additional FTEs</b>	<b>134.83</b>	<b>10.25</b>	<b>145.08</b>
<b>FY22 Preliminary Budget</b>	<b>3,470.88</b>	<b>1,011.95</b>	<b>4,482.83</b>
*FTE costs associated with Enhanced Cleaning and Service Increase Initiatives are not included in budget figures in the Operating Uses section; for more detail, please see Section 5, Initiatives: Enhanced Cleaning and Service.			

A total of 145.08 full-time equivalent operating and capital (FTE) positions are proposed to be added in the FY22 budget. This is net of the following changes:

- Additions:
  - Capital: Added 10 positions to support capital projects
  - Operating: Added 5 positions to support operations throughout District
  - Independent Police Auditor: Added 2 operating positions
- Progressive Policing: Added 15 operating positions to the department, including:
  - 10 Ambassadors (net zero additions created by reallocating 10 vacant Station Agent and Train Operator positions)
  - 20 Crisis Intervention Specialists (net 14 additions by reallocating 6 vacant Police Officer positions)
  - 1 Supervisor of Crisis Intervention
- Reductions: Removed 6 vacant positions
- Authorized to Recruit: Added back 21.9 positions unbudgeted in FY21 to meet critical needs
- Enhanced Cleaning Initiative: added 97.20 operating FTEs including:
  - Car cleaning – 50 part-time (PT) Utility Workers, 17 full-time (FT) Utility Workers, 7 Utility Foreworkers

- Station cleaning – 22 PT System Service Workers, 3 System Service Foreworkers

Additionally, 287 employees opted into the District Retirement Incentive Program (DRIP) and separated from the District in late March. Staff is currently undertaking a backfill authorization process; updates will be provided as final decisions are made. It is also worth noting the FY22 Preliminary Budget does not include the addition of 19 new police officer positions. At the time of this publication, the Police Department had been averaging approximately 15 vacant police officer positions on an ongoing basis. The strategy for FY22 will be to add new police officer positions (of the 19) when existing vacancies drop to the single digits.

**Table 15 - FY22 Preliminary Budget Labor Expenses**

Labor (Wages and Benefits) (\$ millions)	Budget		Change	
	FY21 Adopted	FY22 Preliminary	\$	%
Wages	476.8	487.0	10.2	2%
Wages: COVID-19 Labor Set-aside	23.5	-	(23.5)	-100%
Overtime	34.9	34.9	(0.0)	-0%
CalPERS Pension	106.6	115.6	9.0	8%
Other Pension Benefits	13.6	14.0	0.4	3%
Active Employee Medical Insurance	73.6	82.9	9.3	13%
Retiree Medical	46.0	51.8	5.8	13%
Workers' Compensation	17.0	17.3	0.4	2%
Capital Labor Credits	(194.4)	(206.8)	(12.4)	6%
Other Labor*	26.8	25.2	(1.6)	-6%
<b>NET LABOR</b>	<b>624.3</b>	<b>622.0</b>	<b>(2.4)</b>	<b>-0%</b>

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

The FY22 Preliminary labor budget is projected to total \$622.0M, a decrease of \$2.4M from the FY21 Adopted Budget. An increase in wages and benefits was offset by the removal of the COVID-19 Labor set aside and an increase in capital labor credits. Wage increases were due to the additional positions added in FY22 described above along with collectively bargained wage increases for BPOA and BPMA. Pension costs and other benefit costs increased with benefit rate increases. Capital labor credits increased with the addition of capital positions, and the increase in fringe reimbursements and cost allocation overhead. Excluded from the labor budget above are the Enhanced Cleaning and Service Increase costs. Once added, wages and benefits will increase with the additional personnel needed for these initiatives. Also excluded is the impact of the DRIP program which, when accounted for, will decrease wages and help reduce the growing costs of benefits, as the District's overall headcount will be reduced. The additional costs from the two initiatives and the savings from the DRIP program will be included in the FY22 Adopted Budget.

### **CalPERS Pension**

The California Public Employee Retirement System (CalPERS) administers and determines funding rates for BART pension plans for Miscellaneous (which covers all but sworn police officers) and Safety (which covers sworn police officers) employees.

As of the latest actuarial valuation reports for FY22 (based on data as of June 30, 2019), BART's funded ratio decreased from 74.2% to 74.1% for the Miscellaneous plan and from 59.9% to 59.4% for the Safety plan. The funded ratio measures plan assets relative to plan liabilities. Both ratios have decreased slightly from the prior year's valuation reports.

The next actuarial report, to be issued by CalPERS in Fall 2021, will reflect impacts of the COVID-19 pandemic.

### **FY22 Employer Contribution**

CalPERS has implemented several actions to improve stability of the pension fund and guard against market downturns. In December 2016, the CalPERS board voted to lower the discount rate (assumed rate of return on investments) from 7.5% to 7% over a three-year period beginning with the June 30, 2016 actuarial valuation. In FY22, the assumed discount rate will be 7%. This lower discount rate, in addition to the amortization of prior year losses and assumption changes, significantly impacts BART's pension contribution. For FY22, BART is required to contribute 9.08% and 26.41% of payroll for the normal cost for the Miscellaneous and Safety plans, down from 9.381% and 28.301%, in FY21. BART is also required to contribute \$69.3M as a flat fixed payment towards the UAL for both plans, up from \$59.2M in FY21. The total employer contribution is projected to increase by \$12.5M from FY21.

### **FY22 Employee Contribution**

Employees subject to the California Public Employees' Pension Reform Act (PEPRA) pay 100% of the required employee contribution, which is 7.0% for Miscellaneous employees and 14.25% for Safety employees, down from 14.75% for Safety in FY21. As part of a new Pension Contribution agreement that went into effect in FY20, except for non-sworn BPOA and BPMA, Classic (Non-PEPRA) Miscellaneous employees started paying 6% of the required 7% of employee contributions on July 1, 2019. On January 1, 2020, Classic Miscellaneous employees started paying the full contribution amount of 7%. In FY22 the Miscellaneous employee contribution for both PEPRA and Classics is 8% of pensionable income (7% required employee contribution and 1% employer contribution cost share). BART will continue to pay for Classic Safety employee member contributions (9%) and Classic Safety employees will pay 10% of BART's employer contribution starting in FY22, up 1% from FY21.



**Table 16 – FY22 CalPERS Contribution Rates**

CalPERS Employer and Employee Rates					
(\$ millions)		FY21		FY22	
		MISC	SAFETY	MISC	SAFETY
Classic	Employer Rate	9.38%	28.30%	9.08%	26.41%
	Employee Rate	7.00%	9.00%	7.00%	9.00%
PEPRA	Employer Rate	9.38%	28.30%	9.08%	26.41%
	Employee Rate	7.00%	14.75%	7.00%	14.25%
<b>UAL (Fixed Amount)</b>		<b>\$48.57</b>	<b>\$10.61</b>	<b>\$56.67</b>	<b>\$12.67</b>

**Table 17 - FY22 CalPERS Contribution Amounts**

District Contributions*									
(\$ millions)		FY21			FY22			Change	
		MISC	SAFETY	TOTAL	MISC	SAFETY	TOTAL	\$	%
Employer Paid	Classic	19.0	4.0	23.0	18.3	3.4	21.7	(1.3)	-5.7%
	PEPRA	19.1	2.9	22.0	18.7	3.7	22.4	0.4	1.8%
UAL (Fixed Amount)		48.6	10.6	59.2	56.7	12.7	69.4	10.2	17.2%
<b>Subtotal - Employer Paid</b>		<b>86.6</b>	<b>17.6</b>	<b>104.2</b>	<b>93.7</b>	<b>19.8</b>	<b>113.5</b>	<b>9.3</b>	<b>8.9%</b>
Employee Paid	Classic	0.4	2.0	2.4	0.4	1.9	2.3	(0.1)	-4.2%
<b>Subtotal by Plan</b>		<b>87.0</b>	<b>19.6</b>	<b>106.6</b>	<b>94.1</b>	<b>21.7</b>	<b>115.8</b>	<b>9.2</b>	<b>8.6%</b>

\*The table is only showing dollar amounts that BART is paying towards pension. It does not include employee contributions referenced in the above paragraph.

**Other Pension Benefits**

In addition to the CalPERS 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 \$8.3M in FY22.

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

- For all employees, 0.0888% is retained by BART
- For employees represented by AFSCME, ATU and SEIU<sup>2</sup>, \$37 per month is deducted and included as a contribution towards medical insurance

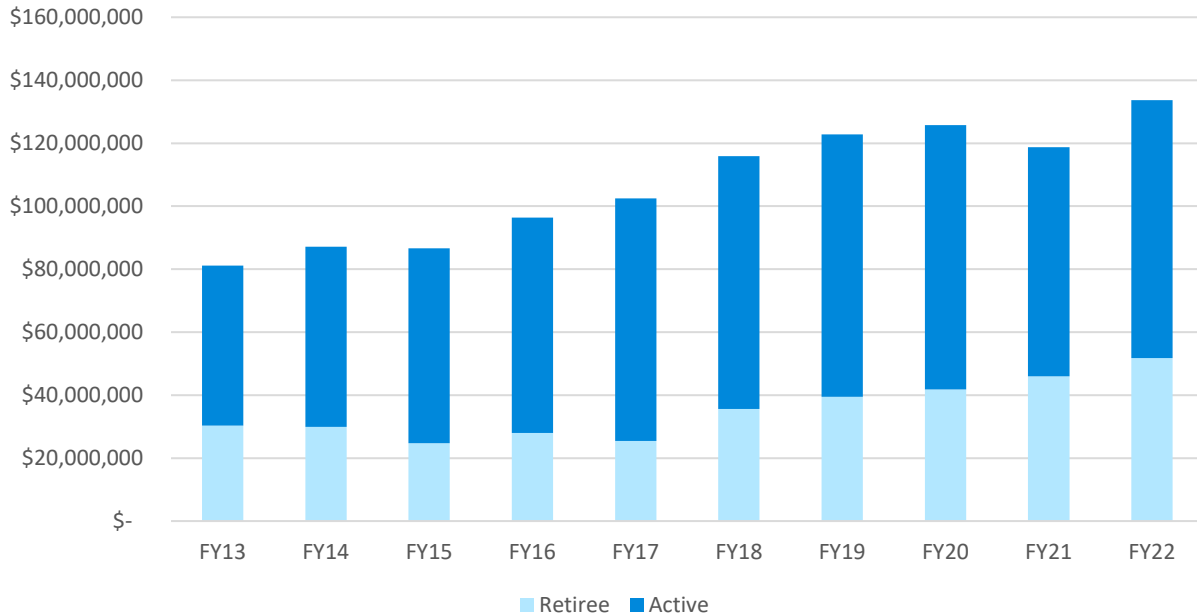
BART’s total estimated net cost for the additional 1.627% MPPP after these deductions in FY22 is \$5.7M.

<sup>2</sup> AFSCME – American Federation of State, County, and Municipal Employees; ATU – Amalgamated Transit Union; SEIU – Service Employees International Union.

### Active Employee

The FY22 cost of healthcare insurance for active employees is projected to be \$82.2M, a 13% increase from FY21. This amount includes an accounting credit for an “implied subsidy” from the Retiree Medical cost actuarial report (see Retiree Medical section below). The increase is the result of an approximate 11.0% increase in medical premium costs.

Figure 5 - PERS Medical Insurance Budget



To offset a portion of BART’s medical insurance costs, the current labor contract provisions remain in place to gradually increase the employee contributions:

- All employees were subject to a 3% annual contribution increase on January 1, 2021, bringing the “base” employee contribution for AFSCME, ATU & SEIU to \$116.85, BPOA & BPMA to \$164.93 and Non-Rep to \$153.85
- Non-represented employees pay an additional \$37 per month directly in their medical contribution
- 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)

### Retiree Medical

BART’s annual retiree medical cost is the amount of the Actuarial Determined Contribution (ADC) which covers insurance premiums for current retirees and builds funds into a retiree medical reserve to cover payments for the long-term liability of current employees. The FY22 ADC is \$51.8M, a 12.6% increase from FY21, a portion of which is an implied subsidy payment of \$5.2M.

As of the most recent valuation projections for FY22, the unfunded liability is projected to decrease by \$8.6M and the funded ratio is projected to increase from 61.9% to 65.1%. BART’s funding plan follows a 30 year “closed” amortization schedule and is on schedule to pay off the unfunded liability by June 30, 2034.

### Workers' Compensation

BART is self-insured for workers' compensation and maintains a reserve for outstanding losses based on annual actuarial reports. Annual funding is based on actuarial loss projections and BART's reserve balance. If needed, the liability reserve account is supplemented at the end of each fiscal year. The FY22 Workers' Compensation budget is \$17.3M, \$0.3M higher than FY21, which is required to maintain appropriate reserves.

### 8.2. NON-LABOR

Non-Labor for FY22 is \$184.9M, a decrease of \$41.6M over the FY21 Adopted Budget. FY22's removal of COVID-19 related expenses, and decrease in Rent, Power and Clipper/Ticket Sales/Bank Fees totaling \$47.2M drove the overall reduction. The decrease is offset by increases in Insurance, Non-COVID-19 related Professional & Technical Services, Purchased Transportation and Utilities. The table below summarizes Non-Labor by category. The Enhanced Cleaning and Service Increase Initiatives described above include Non-Labor costs to provide a full picture of their budget impact; those costs are excluded from the numbers in this section.

**Table 18 - FY22 Preliminary Budget Non-Labor Expenses**

Non-Labor	Budget		Change	
	FY21 Adopted	FY22 Preliminary	\$	%
(\$ millions)				
Clipper, Ticket Sales & Bank Fees	16.2	8.8	(7.4)	-46%
Insurance	8.7	9.2	0.5	6%
Materials & Supplies	34.7	33.6	(1.1)	-3%
Professional & Technical Fees	30.0	38.8	8.8	29%
COVID-19 Related Expenses (P&T)	20.3	-	(20.3)	-100%
Repairs & Maintenance	9.1	9.2	0.1	1%
Rent	18.4	7.0	(11.3)	-62%
Power	48.1	40.0	(8.1)	-17%
ADA Paratransit	16.1	14.0	(2.2)	-13%
Purchased Transportation	11.5	12.4	0.9	8%
Utilities	6.4	8.0	1.6	26%
Other Miscellaneous	7.0	3.9	(3.1)	-44%
<b>TOTAL</b>	<b>226.5</b>	<b>184.9</b>	<b>(41.6)</b>	<b>-18%</b>

Major Non-Labor account groups are:

- **Clipper, Ticket Sales & 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<sup>3</sup>

<sup>3</sup> Non-Labor Insurance does not include active employee health insurance, workers' compensation, Medicare, unemployment and other insurance categories included in the labor budget.

- **Materials & Supplies** 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, diesel and gasoline, parts for infrastructure maintenance such as escalators, automated fare equipment, materials required to keep stations accessible, supplies, etc.
- **Professional & Technical Fees** includes 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 & Repairs** funds graffiti removal, traction motor rewinds, painting, equipment overhaul, elevator pit cleaning and other maintenance and repair-related contracts
- **Rent** includes funds for administrative building leases
- **Power** Electrical traction and station power cost associated with the supply, transmission and distribution of power to support BART operations
- **Purchased Transportation** BART has agreements with other agencies for various transit services to directly or indirectly support and augment BART service
- **ADA Paratransit** BART participates in the East Bay Paratransit Consortium (EBPC) for service in the East Bay and pays San Francisco Municipal Transportation Agency (SFMTA) for a share of paratransit services in the West Bay as well as other local bus operators
- **Utilities** includes non-traction and station power electrical energy, trash collection, natural gas, water, sewer, telephones and other utilities, etc.
- **Other Miscellaneous** includes election costs, dues and memberships, promotion expense, county filing fees, miscellaneous supplies, other non-building lease expenses, etc.

### **Traction and Station Power**

For FY22, BART’s annual electricity requirements are projected to total \$40.0M to align with the District’s base case transit service scenario, with commensurate increases to electric load and annual budget requirements. Relative to BART’s FY21 adopted budget of \$48.1M, the FY22 electric power budget to extend current service levels was forecast 17% lower year-over-year, driven primarily by a reduction in its annual electric load forecast on account of service moderations under the base case planning scenario.

BART’s FY22 power budget accounts for the following developments in the District’s electricity costs:

- **Electric Supply:** In FY22, the District plans to bring two wholesale renewable power purchase agreements (PPAs) online, Sky River Wind and RE Slate 1, originally executed in 2017. Together, these renewable PPAs are projected to serve greater than 60% of the District’s annual electric requirements, while also improving the unit economics of BART’s fixed-price electric supply. Notably, BART will also advance its progress against its clean energy commitments, maintaining its total share of electric supply sourced from greenhouse gas free (“GHG-free”) resources, while also substantially increasing its share of eligible renewables.
- **Transmission & Distribution Delivery:** On balance, transmission and distribution delivery charges are projected to decrease by approximately 20% driven by volumetric reductions under the base case service plan; however, unit pricing is anticipated to increase on account of routine annual rate increases and PG&E’s mandatory transition to new time-of-use service rates, implemented in March 2021, under the direction of the California Public Utilities Commission.

### **Purchased Transportation**

In FY22, Purchased Transportation represents 14% of the non-labor budget, second only to traction station power.

- **Paratransit:** Working with other local transit operators, BART provides paratransit service to individuals whose disability or disabling health condition prevents them from using fixed route buses or trains. Due to the COVID-19 pandemic, ridership was greatly reduced with paratransit service currently operating at 27% of pre-COVID-19 numbers. In FY22, paratransit is expecting a faster and stronger return to pre-COVID-19 levels due to community demographics and the reliance on paratransit service. The FY22 budget is \$14.0M, 13% less than the FY21 budgeted amount of \$16.1M.
- **Feeder Agreements:** BART works with regional transit agencies and provides compensation under agreements where the partner agencies provide service routes to riders to access the BART system, which thereby increases BART ridership. The FY22 budget for BART's feeder agreements is \$5.5M.
- **Purchased Transportation – BART to OAK:** BART service to the Oakland International Airport opened in November 2014 and is operated and maintained (O&M) for 20 years by a private contractor, Doppelmayr Cable Car (DCC). The FY22 estimated O&M cost is \$6.8M.

### 8.3. DEBT SERVICE

BART issues bonds, backed by BART's dedicated sales tax revenues, to fund capital costs for system improvement and renovation. The debt service budget in FY22 is \$57.2M for outstanding Series 2012A, 2012B, 2015A, 2016A, 2017A, 2017B, 2019A and 2019B revenue bonds with an outstanding balance of \$686.3M as of December 2020.

## 8.4. ALLOCATIONS

Each fiscal year, BART allocates operating funds to capital projects and other programs. These allocations support projects that are critical to the District's basic operations, state of good repair, fiscal stability, and priority initiatives. Funds may go toward uses that are not eligible for external funds or serve as BART's local match to leverage outside funding. Due to the decrease in fare revenue that resulted from the pandemic, BART temporarily suspended most planned capital allocations in the FY21 budget to conserve available funding for operations. With some recovery in revenue projected for FY22, this budget proposes to restore only those allocations most critical for the long-term fiscal stability of the District. These include:

**Baseline Capital Allocation \$32.5M:** These allocations serve as the local match for federal grants and 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, other capitalized maintenance and funds to support technology needs.

**Priority Capital Program Allocations \$34.0M:** Since January 2014, incremental fare revenue from BART's productivity-adjusted inflation-based fare increase program has been directed to a fund for high-priority capital programs: new rail cars, the Hayward Maintenance Complex, and the Train Control Modernization Program. This allocation was deferred in the FY21 budget due to pandemic fiscal impacts. While incremental fare increase revenue is very low under pandemic conditions, continuing to fund these programs is critical to the District's long-term fiscal stability. The FY22 budget responds by restoring \$34M of Priority Capital Allocations, which is sufficient to meet immediate cash flow needs for the affected projects.

**Other Allocations \$1.6M:** These allocations include \$1M for the BART-to-OAK Capital Asset Replacement Program (CARP) to provide a reserve for future renovation and replacement needs of that asset. It also 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.

**Allocation to Operating Reserves for Fiscal Stability - Pension \$10.0M:** Because it is critical for long-term fiscal stability and for addressing anticipated substantial increases in pension costs, the FY22 budget restores the \$10M allocation toward the District's unfunded pension liability.

# 9. CAPITAL SOURCES AND USES

## 9.1. CAPITAL BUDGET

The FY22 capital budget anticipates a maximum investment of \$1.3B in BART’s capital assets. The annual capital budget provides an estimate of the cost of work project managers intend to accomplish in the coming fiscal year. All cost estimates in the annual capital budget are fully funded by awards received in prior fiscal years.

### Point in Time

The annual capital budget is a plan, which changes in real time as the year progresses based on District priorities, BART needs, funding, and risks and opportunities with respect to operations. While presented as a fixed figure, the annual capital budget is a best estimate of capital investment based on individual project schedules which may shift due to resource constraints, contracting outcomes, or unforeseen site issues. Departments review project progress throughout the year to refine individual budgets as needed. Projects further along in scope completion provide firmer budget estimates which are less likely to change as compared to projects in their early stages.

BART’s capital project prioritization process reflects the District’s strategic priorities and is based on an assessment of multiple factors, including but not limited to:

- Risk
- Safety
- Compliance with Standards
- Reliability
- Operational Efficiency
- Sustainability
- Improvement to Customer Experience
- Cost Savings

### Definition of Capital Assets

A capital asset is a facility, unit of rolling stock, land, unit of equipment (valued over \$5,000), 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 increases the value of the asset (excluding ordinary repairs and maintenance).

## 9.2. CAPITAL SOURCES

BART’s capital budget is funded with federal, state, and regional grants, along with BART funds, Measure RR system renewal, and Earthquake Safety Program bonds. Projected FY22 Funding sources are shown in the chart “FY22 BART Capital Program - Summary of Sources” at the end of this section.

### BART and Voter-approved Funds (47%)

- **BART Safety, Reliability, and Traffic Relief Program (Measure RR):** Measure RR totals \$3.5B to fund the most critical investments in safety, reliability, and crowding relief. BART has issued \$1.36B in General Obligation Bonds (\$300M in CY2017, \$360M in CY2019, and \$700M in CY2020). In FY22, Measure RR funding will continue to support investments focusing on traction power improvements, track replacement, structural rehabilitation, station access, and station modernization.
- **Earthquake Safety Program (ESP) Bonds:** In FY22, ESP Bond proceeds will provide funds for the Transbay Tube seismic retrofit.
- **BART Funds:** In FY22, BART Operating-to-Capital allocations reserved from prior years will go

toward capital investments, including the procurement of 775 rail cars, design of rail car maintenance facilities, station access and sustainability projects, and local match of federal funding for State of Good Repair projects. VTA Capital Contributions governed by the SVRT O&M Agreement may be allocated to projects in the FY22 BART Capital Program.

#### Federal and Regional Sources (47%)

- **MTC Rail Car Exchange Account:** BART and MTC have reserved funds in a joint account to fund replacement and enhancement of BART’s rail car fleet, for both the 775 Rail Car Procurement and 306 Rail Car Procurement projects.
- **Federal Transit Administration Capital Investment Grants Program:** In September 2020, FTA and BART executed a Full Funding Grant Agreement (FFGA) for \$1.169B from the Capital Investment Grants (CIG) Program for the Transbay Corridor Core Capacity Project(TCCCP), specifically to fund the acquisition of 252 new rail cars; improvements to the storage yard at the Hayward Maintenance Complex (HMC); the design and implementation of a new Communications-Based Train Control System (CBTC) from the San Francisco Airport/Millbrae terminal to the Berkeley, Rockridge, and Bay Fair Stations; and new traction power substations. In March 2021, the President signed into law the American Rescue Plan Act, which apportions additional CIG funds to projects with an FFGA, including an additional \$87M to the TCCCP.
- **Federal Transit Administration (FTA) Funds, Section 5307 and 5337:** Each year, Congress appropriates funding to surface transportation programs authorized by a surface transportation authorization bill (currently the Fixing America’s Surface Transportation, or “FAST,” Act). These programs—the Section 5307 Urban Area and Section 5337 State of Good Repair Formula Programs—are administered by FTA. Following Congressional appropriation, FTA then apportions the funds to urbanized areas (UZAs) throughout the country by formula. The Bay Area comprises 12 UZAs, for which MTC is the Designated Recipient of formula funds as designated by the Governor of California. As Designated Recipient, MTC has programming authority to distribute these funds to eligible recipients for use on eligible projects. Those recipients, like BART, apply directly to FTA to access these funds. MTC uses these funds to help meet transportation priorities identified in the Regional Transportation Plan. Current and prior year federal funds, including Section 5307 and Section 5337 formulas, will support BART’s investments in traction power; train control; rail, way and structures; and Automatic Fare Collection equipment.
- **Regional Bridge Tolls:** Regional Measures 1 and 2 allot a portion of the \$1 collected for each measure to station modernization as well as infrastructure throughout BART’s system. Net Bridge toll funds are calculated from toll revenue on the region’s seven state-owned toll bridges (Antioch, Benicia-Martinez, Carquinez, Dumbarton, San Mateo-Hayward, Richmond-San Rafael, and San Francisco-Oakland Bay Bridges) to be used for transit capital purposes per Streets and Highway Codes. Allocations are made from monies held by MTC. A portion of AB 664 and AB 1171 Net Bridge Tolls allotted to BART are allocated to the costs of replacing and enhancing the rail car fleet.

#### Statewide Sources (0.5%)

- **Infrastructure Bond (Proposition 1B):** Caltrans has allocated funds for BART’s Station Modernization Program and HMC Phase 1.

#### County and Local Sources (5%)

- **Alameda County Measures B/BB and Additional County-Controlled Funds:** The Alameda County Transportation Commission (ACTC) administers Measure B and Measure BB, which explicitly includes \$310M for BART projects and funding for discretionary capital programs where BART projects may be competitive.



- **Contra Costa County Measure J and Additional County-Controlled Funds:** The Contra Costa Transportation Authority (CCTA) has awarded BART funds to support the safety and pedestrian amenities at Hercules Transit Center.
- **San Francisco County Proposition K Sales Tax Funds:** The San Francisco County Transportation Authority (SFCTA) has awarded BART funds to support the Station Modernization Program and multiple renovation projects.
- **2014 Transportation and Road Improvement General Obligation Bond, San Francisco Proposition A:** Proposition A authorizes the City and County of San Francisco (CCSF) to issue \$500M in general obligation bonds to implement many of the infrastructure repairs and improvements identified by former Mayor Ed Lee’s Transportation 2030 Task Force. CCSF provided BART an allocation of up to \$45M for the Market Street Entrance Modernization Project (Market Street Canopies project).
- **San Francisco Development Impact Fees:** CCSF imposes development impact fees on projects to mitigate negative externalities on public services, infrastructure, and facilities caused by new development. Most development impact fees are established in Article 4 of the CCSF Planning Code. CCSF’s Planning Department staffs the Interagency Plan Implementation Committee (IPIC) and related Citizens Advisory Committees (CACs) to program development impact fee funding. The Planning Department has programmed \$3M for the Station Modernization Program. BART is eligible for future funds for Station Capacity improvements at Embarcadero and Montgomery Stations.
- **Transportation Fund for Clean Air (TFCA):** TFCA funds support bicycle, pedestrian, and other transportation projects that help clean the air by reducing motor vehicle emissions. TFCA revenue comes from a \$4 per vehicle surcharge collected by the California DMV on motor vehicle registrations. SFCTA administers the TFCA funds available for San Francisco. SFCTA has awarded BART funds to support Early Bird Express service.
- **Santa Clara Valley Transportation Authority (VTA) Reimbursement:** VTA will reimburse BART for costs related to its share of new rail cars.

### Anticipated Capital Sources

BART’s Grant Development Division continually seeks new funding opportunities for the District’s capital program. Funding from the following sources is anticipated in the near term, but is not yet reflected in the FY22 capital budget:

- **California Road Repair and Accountability Act, Senate Bill 1 (SB 1):** SB 1 augments existing transportation funding programs and creates additional programs that aim to address specific needs across the state. The revenues fund state and local programs. In 2017, the California State Transportation Agency (CalSTA) awarded BART \$318.6M from the Transit and Intercity Rail Capital Program (TIRCP) for the Core Capacity Program, which BART began spending in FY21. In April 2020, CalSTA awarded an additional \$107.1M from the TIRCP Program to procure capacity rail cars. The California Transportation Commission (CTC) also awarded a Solutions for Congested Corridors Program grant for \$60M for the Train Control Modernization Program. BART is currently pursuing formal allocation by the CTC of these funds.
- **Regional Measure 3:** Approved in 2018, this bridge toll increase on state-owned bridges is expected to generate \$4.45 billion statewide for transportation capital investments over a 25-year period and \$60M statewide annually to support transit operations. A lawsuit challenging the measure is currently pending. In the meantime, toll revenues are being collected, but will not be allocated until the litigation is resolved. BART is slated to receive \$500M RM3 funds for Core Capacity Program rail cars and \$50M for Link21, pending judicial adjudication.

- **MTC Financing:** In FY22, MTC plans to issue financing to support the 775 Rail Car Procurement Project. FTA issued in 2019 a Letter of No Prejudice (LONP), approving MTC’s request to support the financing with future Formula 5307 and 5337 funds.
- **Alameda Measures B/BB and Additional County-Controlled Funds:** BART is in dialogue with Alameda County Transportation Commission staff regarding funding for high priority projects, such as the Core Capacity Program, Next Generation Fare Gates and station access.

### 9.3. CAPITAL USES

The FY22 capital budget directs \$1.3B across five categories, representing Capital Improvement Program (CIP) Purposes: System Reinvestment (58%), Service and Capacity Enhancement (24%), Safety and Security (4%), Earthquake Safety (7%), System Expansion (7%) and \$7M of reimbursable expenses. The following table “FY22 BART Capital Program - Summary of Uses” summarizes planned work by program area. The capital budget includes all planned capital expenditures utilizing capital funds committed in prior years.

The practice by which the BART Capital Program is proportioned by CIP Purpose categories has been refined to reflect projects and programs more accurately. Most BART projects and programs span multiple CIP Purposes. Indeed, this is evidenced by the 775 Rail Car Procurement Project which includes 669 replacement rail cars and 106 expansion rail cars; as such, 86% of the project is under the System Reinvestment CIP Purpose category and 14% is under the Service & Capacity Enhancement category. The FY22 BART Capital Program also reflects the advancement of the Core Capacity Program (CCP) and its project elements following the award of the Capital Investment Grant (CIG) in FY21. The CCP is considered wholly Service & Capacity Enhancement and its expenses represent 6% of the FY22 Capital Budget.

Table 19 - FY22 Preliminary Capital Budget Sources

FY22 BART Capital Program – Summary of Sources			
Capital Funding Source	FY22 Funding Summary	Amount (millions)	% of Program
<b>BART/Voter Approved Funds</b>		<b>\$615</b>	<b>47%</b>
Measure RR	<ul style="list-style-type: none"> <li>Measure RR totals \$3.5B to fund the most critical investments in safety, reliability, and crowding relief. BART has issued up to \$1.36B in General Obligation Bonds \$300M in 2017, \$360M in 2019, and \$700M in 2020</li> <li>In FY22, Measure RR funding will continue to support investment focusing on traction power, track replacement, structural rehabilitation, station access, and station modernization</li> </ul>	\$527	40%
Earthquake Safety Program GO Bonds	<ul style="list-style-type: none"> <li>Earthquake Safety bond sale proceeds provide funding for the Transbay Tube seismic retrofit project</li> </ul>	\$27	2%
BART Funds	<ul style="list-style-type: none"> <li>In FY22, allocations reserved from prior years, will go toward the procurement of 775 rail cars, rail car maintenance facilities, station access and sustainability projects, and local match of federal funding for State of Good Repair projects</li> </ul>	\$61	5%
<b>Federal and Regional Funds Distributed by MTC</b>		<b>\$615</b>	<b>47%</b>
MTC Rail Car Exchange Account	<ul style="list-style-type: none"> <li>BART and MTC have reserved funds in a joint account, "MTC Exchange Account", to pay for the costs of replacing BART's fleet. These funds are budgeted for use in FY22</li> </ul>	\$458	35%
Federal Funds	<ul style="list-style-type: none"> <li>MTC typically allocates approximately \$53M per year of FTA formula funds toward BART's State of Good Repair needs; FY22 as well as prior-year 5337 and 5307 allocations will be invested in traction power; train control; rail, way and structures; and AFC equipment</li> </ul>	\$155	12%
Regional Bridge Tolls	<ul style="list-style-type: none"> <li>Regional Measure 2 funds allocated to multiple Station Modernization Program, including Powell Street Elevator.</li> </ul>	\$2	0.10%
<b>State Funding</b>	<ul style="list-style-type: none"> <li>California State infrastructure bonds (Propositions 1A and 1B) approved by voters in 2008 have now been fully committed. Funds reserved from these commitments have been budgeted toward Station Modernization and HMC.</li> </ul>	<b>\$7</b>	<b>0.5%</b>
<b>Local Funding</b>		<b>\$62</b>	<b>5%</b>
VTA	<ul style="list-style-type: none"> <li>VTA will provide funds toward rail car procurement, and will reimburse BART proportionally for capital costs</li> </ul>	\$47	4%
County Measures	<ul style="list-style-type: none"> <li>Measure J supports station modernization and access projects in Contra Costa County</li> <li>Measures B/BB will support station modernization and access projects in Alameda County</li> <li>Propositions A and K will support station modernization, replacement of escalators, elevators, stairs, and installation of canopies at downtown San Francisco stations</li> </ul>	\$15	1%
<b>Reimbursable</b>		<b>\$7</b>	<b>0.5%</b>
<b>Total</b>		<b>\$1,306</b>	<b>100%</b>

Table 20 - FY22 Preliminary Capital Budget Uses

FY22 BART Capital Program – Summary of Uses			
Program	Example Major Projects (FY22)	Expense (millions)	% of Total
<b>System Reinvestment</b>		<b>\$755</b>	<b>58%</b>
Rolling Stock	<ul style="list-style-type: none"> <li>\$500M budgeted expenses for 775 Rail Car Procurement Project (Phase 1). 669 of the total 775 rail cars are replacement cars, and the remainder (106 rail cars) are expansion cars. As such, 86% of the budgeted expenses (\$432M) is categorized as System Reinvestment.</li> </ul>	\$432	33%
Mainline	<ul style="list-style-type: none"> <li>Continuation of a multi-year program of traction power infrastructure replacement, including replacement of traction power cables on BART’s M-line, C-Line, R-Line, and A-Line. Note that the replacement of traction power cables (i.e., 34.5kV Cable project series) is 73% System Reinvestment and 27% Enhancement.</li> <li>Guideway infrastructure investment, including rail replacement, trackway structural rehabilitation, tunnel waterproofing, and tunnel lighting replacement</li> </ul>	\$257	20%
Facilities	<ul style="list-style-type: none"> <li>Measure RR funded facilities upgrade and replacements</li> </ul>	\$20	2%
Stations	<ul style="list-style-type: none"> <li>Select station renovation and wayfinding improvements</li> </ul>	\$26	2%
Controls and Communications	<ul style="list-style-type: none"> <li>Renewing components of the existing train control system, including transformers, switch machines, and speed encoding equipment at stations</li> </ul>	\$20	2%
Work Equipment	<ul style="list-style-type: none"> <li>N/A</li> </ul>	\$0	0%
<b>Service &amp; Capacity Enhancement</b>		<b>\$317</b>	<b>24%</b>
Stations	<ul style="list-style-type: none"> <li>Station access improvements</li> <li>Station modernization, including Powell Station</li> <li>Station elevator renovations</li> </ul>	\$44	3%
Mainline	<ul style="list-style-type: none"> <li>14% of costs associated with procuring 775 rail cars (\$70M in FY22) is categorized as Service &amp; Capacity Enhancement.</li> <li>27% of costs associated with the 34.5kV Cable project series</li> <li>Core Capacity Program elements including 306 Rail Car Procurement (Phase 2), Train Control Modernization Program, Traction Power Substations, and Hayward Maintenance Complex Phase 2.</li> </ul>	\$273	21%
<b>Earthquake Safety</b>	<ul style="list-style-type: none"> <li>Transbay Tube seismic retrofit</li> </ul>	<b>\$86</b>	<b>7%</b>
<b>System Expansion</b>	<ul style="list-style-type: none"> <li>Irvington Station Design</li> <li>Link21 (New Transbay Rail Crossing)</li> <li>BART Silicon Valley Phase 2 project development</li> </ul>	<b>\$90</b>	<b>7%</b>
<b>Safety &amp; Security</b>	<ul style="list-style-type: none"> <li>Tunnel lighting and station emergency lighting replacement</li> <li>Installation of an emergency generator for Transbay Tube</li> <li>Rehabilitation of fire suppression systems</li> </ul>	<b>\$50</b>	<b>4%</b>
<b>Reimbursable</b>	<ul style="list-style-type: none"> <li>Reimbursable expenses related to Capital Corridor/Other</li> </ul>	<b>\$7</b>	<b>1%</b>
<b>Total</b>		<b>\$1,306</b>	<b>100%</b>

## 9.4. CAPITAL INVESTMENT

### Opportunities to Accelerate Capital Program

FY22 will see BART continue to make significant progress on its Measure RR capital program, including critical projects such as track and power infrastructure. The rail car replacement and fleet expansion will continue in FY22, as does planning work related to Link21. With the execution of a CIG Full Funding Grant Agreement and the award of key contracts in FY21, the Core Capacity Program will ramp up significantly in FY22. The next generation fare gates project will also advance in FY22 once the design is finalized. Despite the persistence of pandemic-related fiscal challenges, these projects are primarily funded by secured, restricted funding sources, allowing them to move forward on schedule.

Where it could, BART made the most of reduced operating hours to accelerate capital projects in FY21. This accelerated work ensures that when riders return to the system, it will be in better shape than when they last used it. Station modernization, escalator replacement, and construction of canopies at the entrances of downtown San Francisco stations continue to be funded and work is progressing during FY22. Accelerating capital work in FY21 allowed BART to minimize the impacts of capital projects on BART riders by reducing the number of planned future service shutdowns needed to complete capital work. As service levels change in response to ridership levels, staff will continue to strategically accelerate work wherever possible.

### New Rail Cars

BART is replacing its aging legacy rail car fleet and expanding from 669 to 775 new rail cars through its initial contract with Bombardier. As part of the Core Capacity Program (discussed elsewhere), BART intends to purchase 306 additional rail cars and may, in the future, expand the fleet up to 1,200 rail cars upon implementation of the Silicon Valley Rapid Transit Project, Phase 2, to meet increasing travel demand through the Transbay Corridor.

This new fleet will improve reliability, decrease maintenance costs, relieve crowding, improve the customer experience, and help meet growing demand associated with regional population growth and system expansions. In FY21, BART Rail Car Procurement experienced significant delays in rail car acceptance to meet various reliability milestones. Once these milestones are met, production of rail cars will ramp back up in FY22, resulting in minimal impact to the overall schedule. Final delivery of the last of the 775 rail cars remains scheduled for 2023.

### Core Capacity Program (CCP)

The CCP is a systemwide undertaking to increase frequency and capacity in the Transbay Corridor during peak service, and includes the following elements:

- **Train Control Modernization Program (TCMP):** Install communication-based train control (CBTC) systemwide to enable higher frequency service
- **Rail Cars:** Purchase 306 additional rail cars to provide more frequent and longer trains
- **Hayward Maintenance Complex (HMC) Phase 2:** Construct a new east-side storage yard for up to 250 rail cars and install a new traction power substation at the Hayward Maintenance Complex to support the expanded fleet
- **Traction Power Substations (TPSS):** Install five new substation facilities to provide the additional power needed to support increased service levels

A critical initial segment of the CCP, referred to as the Transbay Corridor Core Capacity Project (TCCCP), secured a CIG Full Funding Grant Agreement in September 2020. The CCP is also funded through state, regional, and local sources.

The goal of the CCP is to reduce the level of crowding between the East Bay and San Francisco and allow for continued ridership growth. When the project is fully implemented, BART will be able to increase its throughput from a current maximum of 23 ten-car trains to 30 ten-car trains per hour (TPH) in the peak direction through the Transbay Corridor.

### **BART Safety, Reliability, and Traffic Relief Program (Measure RR)**

In November 2016, BART District voters approved Measure RR. The measure authorizes the sale of \$3.5 billion in general obligation bonds to fund high priority capital projects. The majority of Measure RR funding will go toward projects to repair, replace, and upgrade critical infrastructure, including track; power cables and substations; stations; tunnels and structures; mechanical systems; and train control and vital communication systems. Measure RR funding will also support projects to expand access to stations, relieve crowding, enhance the customer experience, and improve system reliability.

Measure RR-funded projects will continue in FY22, focusing on rail replacement; traction power cable and substation replacements and upgrades; downtown San Francisco escalator replacements; and station access improvements.

### **Link 21**

Link21 (formerly known as the New Transbay Rail Crossing) is a transportation program sponsored by the San Francisco Bay Area Rapid Transit District (BART) and the Capitol Corridor Joint Powers Authority (Capitol Corridor) to transform the passenger rail network serving the 21-county Northern California Megaregion (Megaregion), which includes the greater San Francisco Bay Area, the Monterey Bay area, the Sacramento area, and the Northern San Joaquin Valley. The goals of Link21 are to transform the passenger experience, enhance community and livability, support economic growth and global competitiveness, and advance environmental stewardship and protection.

Link21 seeks to build on the existing BART and Regional Rail systems and will include a new passenger rail crossing (Crossing Project) between Oakland and San Francisco that will serve the busiest and most congested corridor in the Bay Area. The Crossing Project will increase capacity and bring new passenger rail connections and services to the Megaregion. It is a key project in the California State Rail Plan and is included in MTC's Plan Bay Area 2050 Final Blueprint as a key strategy for building a next-generation transit system.

The benefits of Link21 extend far beyond the San Francisco Bay Area. Link21 will facilitate new connections and open more possibilities for all travelers. The Crossing Project could allow for many more direct trips on rail and enable other rail projects in the region to serve even more travelers.

During Link21's development process, BART and Capitol Corridor will work with partners to identify and prioritize a number of major projects needed to create this integrated passenger rail network. Key investments will connect, build upon, and improve Northern California's existing passenger rail service. FY22 efforts will include awarding contracts for Engagement and Outreach, Planning and Engineering, Travel Demand and Land Use, and Environmental Review services.

### **Next Generation Fare Gates**

In the Fall of 2019 (FY20), BART initiated design for Next Generation Fare Gates. The objective for the new design is to improve reliability and maintainability of the fare gates, while also reducing fare evasion and

enhancing security. BART is continuing coordination with funding partners to supplement secured funding and complete the funding plan to advance the procurement and installation of the new fare gates once design is complete.

This past year (FY21), BART installed early prototype fare gates in select stations to test various technologies and fare gate styles. Conceptual design was completed, and a Request for Expressions of Interest was opened, resulting in the receipt of several industry responses. These responses are currently being analyzed.

In FY22, BART will install prototype Next Generation Fares Gates throughout the District, including in San Francisco, Walnut Creek, Berkeley, and El Cerrito. BART also plans to announce a Request for Proposals for the systemwide project implementation.

### **State of Good Repair Investment**

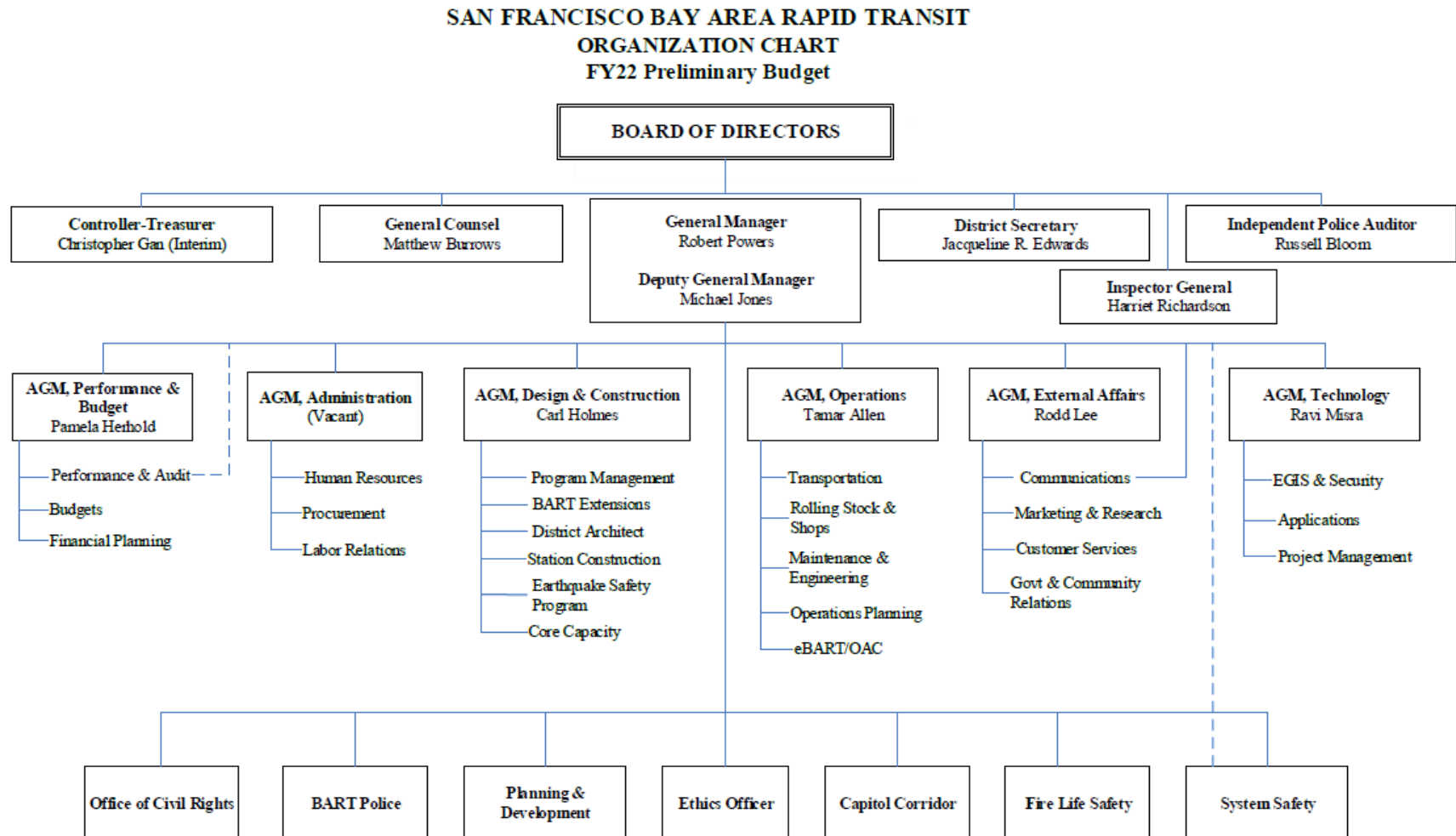
With federal formula funds, Measure RR bond proceeds and other BART funds, BART will continue to make important State of Good Repair (SGR) investments in FY22. BART's SGR Program includes investments to renovate and replace critical infrastructure systemwide. Where appropriate, BART incorporates the most current design standards and additional features into these projects to not only maintain our system, but continually update and upgrade it.

This program includes the following major investment categories:

- Rail Car Procurement Phase 1 – discussed elsewhere in this document
- Vertical Circulation Renovation & Replacement – overhaul and renovation of elevators and escalators systemwide
- Station Renovation – renovation, repair, and replacement of station infrastructure
- Track & Structures – repair, replacement, and rehabilitation of systemwide trackway assets, including track, fasteners, ties, and switches
- Traction Power – renovation and replacement of substations, the 34.5 kV cable, and the control and protection systems that deliver power to the trains
- Train Control & Communications – repair and replacements of critical train control components in the existing system needed to ensure safe and reliable operations before final implementation of TCMP (discussed elsewhere)
- Maintenance Shops, Yards, & Other Facilities – repair and rehabilitation of non-station buildings and facilities, including maintenance shops, fencing, water management facilities, and access roads
- Electrical & Mechanical Infrastructure – repair and replacement of mechanical and electrical equipment support system operations including generators, back-up power supplies, and related infrastructure

# 10. ATTACHMENTS

## Attachment A – Organization Chart





## Attachment B – Department Descriptions

### Office of the General Manager

The Office of the General Manager (OGM) is comprised of the General Manager, who is appointed by the BART Board of Directors, and includes the Deputy General Manager, Office of Civil Rights, System Safety, and Fire Life 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, technological innovations, sustainability goals, and regional transportation leadership as guided by the Strategic Plan and Asset Management Program
- 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
- Increase 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 Civil Rights*

The Office of Civil Rights aims to create a workplace free of discrimination, harassment and retaliation, and ensures that those who do business with BART are treated equitably and is responsible for Environmental Justice, Title VI of the Civil Rights Act of 1964, Diversity, Equity, Inclusion and Social Justice strategy, policy and program implementation at BART according to local and federal laws. The office is comprised of the following divisions: Contract and Labor Compliance Programs, Economic Opportunity Policies and Programs, and Workforce and Policy Compliance, and Agreement Compliance Programs.

### *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 by implementing a Safety Management System and tracking safety suggestions to resolution. System Safety oversees, audits, and monitors safety in the areas of: Rail Operations, Occupational Health & Safety, Engineering & Safety Certification, and Environmental Compliance.

### *Fire Life Safety (FLS)*

The primary responsibility of the department is to support the BART Safety Management System (SMS) program by minimizing the risks associated with fire and smoke events for the BART system. This responsibility includes performing inspections of facilities and infrastructure, conducting FLS assessment activities, investigating fire/smoke incidents, and enforcing BART Facilities Standards, federal and state laws, and city ordinances pertaining to fire protection and life safety. The Fire Life Safety department will work in conjunction with Safety Certification processes to join BART projects at concept level in order to address issues related to Fire Life Safety requirements in the development or modification of new BART stations/facilities. The Fire Life Safety department will serve as the single point of contact for local and state fire agencies on matters of policy, training, familiarization and hosting the Fire Liaison Committee.

### Office of Technology

The Assistant General Manager of Technology 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: EGIS & Security, Applications, Customer Services & Web Services, and Project Management.

### Office of the General Counsel<sup>4</sup>

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<sup>5</sup>

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:

- Formulates, develops and implements policies and procedures that maintain and improve the District's financial position;
- Develops new sources of funding and financial forecasts to identify and plan for future cash flow needs and to ensure that the District has adequate funding to meet ongoing and project commitments;
- Manages and update the District's Financial Stability Policy, Investment Policy and Debt Service Policy and develop a means for the establishment of adequate operating and working capital reserves to support the District's operations;
- Invest District funds;
- Issues and monitors District bonds; manages the payments of bond debt service;
- Pays District's obligations, administer timekeeping, prepare and distribute payroll, monitor, control and account for cash collected, coordinate and monitor variances;
- Administer General Ledger closing and handle the audits of the District's books and records;
- Process billing and collections of grants and handle related financial reporting and audits;
- Ensures that the District complies with regulatory financial filing requirements;
- Administers the Debit/Credit Card Ticket Program, EZ Rider Parking Program, Group Sales Program, Customer Refund Claims, and off-site ticket sales;
- Formulates and implements risk management strategies. Manages, design and procure various line of insurance and self-insurance programs;

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<sup>4</sup> Board appointed position

<sup>5</sup> Board appointed position

- Reviews and processes liability, property and workers compensation claims, and provide management and oversight of all third-party litigation.
- Controller-Treasurer is the Trustee of the Retiree Health Benefit Trust, Survivor Benefit Trust and Pension Liability Trust.

#### Office of the District Secretary<sup>6</sup>

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 activity of the Board of Directors, Capitol Corridor Joint Powers Authority (CCJPA), BART Police Citizen Review Board (BPCRB) and Transit Security Advisory Committee (TSAC) 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, procurement, and labor relations services to BART. The Human Resources Department is responsible for managing compensation and analytics, benefits, human resources information systems, absence and leave management, talent acquisition, workforce development, and Substance abuse programs for BART's employees. The Procurement Department oversees contract management, inventory management, logistics, purchasing and strategic maintenance across the BART system. The Labor Relations Department is responsible for fostering effective and cooperative labor-management relationships between BART and its labor unions and charged with negotiating, administering and resolving grievances and employment issues related to agreements for BART's five represented bargaining units.

#### Office of External Affairs

External Affairs ensures BART speaks strategically with one voice to the public by communicating BART's messages and initiatives clearly and concisely to our riders, 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, Government & Community Relations, and Marketing & Research.

#### Police Department

The BART Police Department is a 24/7 full-service law enforcement agency that provides police services for the San Francisco Bay Area Rapid Transit District. The BART Police Department is comprised of both sworn and non-sworn personnel. The Department's sworn personnel are comprised of the following classifications: Chief of Police, Deputy Chiefs, Lieutenants, Sergeants, and Police Officers. The Department Bureaus are: Operations, Support Services, Personnel & Training and Progressive Policing & Community Engagement. The Department's non-sworn personnel are comprised of the following classifications: Community Service Officers (includes BART Ambassadors), Fare Inspector Officers, Police Dispatchers,

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<sup>6</sup> Board appointed position

Civilian Supervisors, Revenue Protection Guards, Police Administrative Specialists, Police Administrative Analyst, Director of Security Programs, Manager of Security Programs, CALEA Accreditation Manager, Executive Assistant, Crime Analyst, Crisis Intervention Specialist and CAD/RMS Administrator. The Department is a signatory to the Bay Area's mutual-aid pacts with allied law enforcement agencies in order to obtain assistance during major emergencies, critical incidents and tactical callouts. The Department has a variety of specialized assignments that include: Central County SWAT Team members, Critical Asset Patrol Team, Criminal Investigator, FBI Joint Terrorism Task Force Officer, Narcotics Task Force Officer, Background Investigator, Training Officer, Evidence Technician, Motorcycle Officer, Bicycle Officer, and Electric Personal Vehicle Operator.

In August of 2020, the BART Police Department created the Progressive Policing & Community Engagement Bureau under the command of Deputy Chief Angela Averiett. The Bureau's mission is to engage the BART Police Department in leading transparent, equitable, and innovative policing practices to improve public safety across the diverse communities in which BART serves. The Bureau is committed to rebuilding trust and nurturing relationships between communities and law enforcement through a culture of accountability, responsibility, and collaboration. The Progressive Policing & Community Engagement Bureau includes the Transit Ambassadors, Crisis Intervention and Community Outreach Unit, and Community-Oriented Policing Division.

#### Operations

Operations ensures BART fulfills its mission to provide safe, clean, reliable and customer-friendly regional public transit service by providing engineering, maintenance frontline employees for BART's 48 stations, 120 miles of track, control systems and infrastructure, passenger trains and work equipment. Operations also manages and delivers major capital infrastructure and vehicle programs. Operations includes the following departments: Transportation, Rolling Stock & Shops, Maintenance & Engineering, and Operations Planning.

#### Office of Design & Construction

Design & Construction (D&C) designs and delivers capital projects that support our riders' needs and create opportunities for local economic development. D&C includes the following departments: District Architect, Earthquake Safety Program, Extensions, Station Construction, Program Management, and Core Capacity.

#### Office of Planning & Development

Planning & Development (P&D) focuses on customer access needs, long-range planning and transit-oriented development. P&D includes the following departments: Customer Access, Property Development & Real Estate, Station Area Planning, Strategic Planning, Sustainability, and Link 21.

#### Office of Performance & Budget

Performance & Budget develops and manages BART's operating and capital budgets; manages grant compliance and reporting; develops BART's Short Range Transit Plan/Capital Improvement Program (SRTP/CIP) and implements financial planning strategy and analysis; leads grant advocacy and pursuit of external funds; develops and implements fare policy and fare changes; supports the Clipper® program; conducts internal audits and capital project support; 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.

### Office of the Independent Police Auditor<sup>7</sup>

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
- Review all use-of-force incidents
- Respond to the scene of officer-involved shooting incidents to monitor the ensuing BART Police Department investigation and/or initiate an independent 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
- Maintain 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

### Office of the Inspector General<sup>8</sup>

The Office of the Inspector General was established as a result of Regional Measure 3 (Senate Bill 595 (Beall) (2018)) to provide independent oversight of District activities and operations; conduct independent audits and investigations relating to the District's programs and operations; and report findings to BART's Board of Directors, the California State Legislature, and the public.

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<sup>7</sup> Board appointed position

<sup>8</sup> Board appointed position

### Attachment C – Position Summary Schedule

Department	FY20		FY21		FY22	
	Operating	Capital**	Operating	Capital**	Operating	Capital**
<b>TOTAL ALL DEPARTMENTS</b>	<b>3,444.6</b>	<b>1,574.8</b>	<b>3,336.1</b>	<b>1,001.7</b>	<b>3,470.9</b>	<b>1,012.0</b>
<b>General Manager</b>	<b>37.0</b>	<b>22.0</b>	<b>33.0</b>	<b>13.0</b>	<b>37.0</b>	<b>13.0</b>
Administration	5.0	2.0	5.0	-	5.0	-
Civil Rights	15.0	13.0	13.0	4.0	13.0	8.0
Fire Life Safety	2.0	1.0	2.0	1.0	2.0	1.0
System Safety	15.0	6.0	13.0	4.0	17.0	4.0
<b>General Counsel</b>	<b>17.0</b>	<b>5.0</b>	<b>17.0</b>	<b>4.0</b>	<b>19.0</b>	<b>2.0</b>
<b>Controller-Treasurer</b>	<b>102.0</b>	<b>14.0</b>	<b>95.0</b>	<b>10.0</b>	<b>95.0</b>	<b>10.0</b>
Administration	2.0	-	2.0	-	2.0	-
Assistant Controller	37.0	11.0	38.0	9.0	38.0	9.0
Assistant Treasurer	59.0	2.0	51.0	-	51.0	-
Insurance	4.0	1.0	4.0	1.0	4.0	1.0
<b>District Secretary</b>	<b>7.0</b>	<b>1.0</b>	<b>7.0</b>	<b>-</b>	<b>7.0</b>	<b>-</b>
<b>Administration</b>	<b>150.6</b>	<b>23.0</b>	<b>137.6</b>	<b>17.0</b>	<b>143.6</b>	<b>14.0</b>
Administration	2.0	-	3.0	-	3.0	-
Human Resources	38.6	9.0	35.6	8.0	39.6	5.0
Procurement	99.0	13.0	90.0	9.0	93.0	9.0
Labor Relations	11.0	1.0	9.0	-	8.0	-
<b>External Affairs</b>	<b>51.3</b>	<b>10.5</b>	<b>44.5</b>	<b>8.3</b>	<b>45.5</b>	<b>7.3</b>
Administration	3.0	-	2.8	0.3	2.8	0.3
Communications	8.5	1.5	7.0	2.0	9.0	2.0
Customer Services	15.0	1.0	14.0	2.0	14.0	2.0
Govt. & Community Relations	7.0	2.0	8.0	-	7.0	-
Grant Development*	4.0	2.0				
Marketing and Research	13.8	4.0	12.8	4.0	12.8	3.0
<b>Police</b>	<b>372.0</b>	<b>16.0</b>	<b>381.0</b>	<b>3.0</b>	<b>405.0</b>	<b>3.0</b>
<b>Operations</b>	<b>2,561.2</b>	<b>1,344.9</b>	<b>2,486.3</b>	<b>819.1</b>	<b>2,580.2</b>	<b>836.3</b>
Administration	2.0	-	2.0	-	2.0	-
BART to Antioch/BART-to-OAK*	75.0	-	68.0	-		
Maintenance and Engineering	772.9	1,167.1	703.5	737.6	740.9	750.6
Operations Planning	15.0	9.0	13.0	6.0	13.0	6.0
Rolling Stock & Shops	722.0	103.0	703.0	70.0	801.8	73.0
Transportation	974.3	65.8	996.9	5.5	1,022.5	6.8
<i>Service Increase</i>					<i>TBD</i>	<i>TBD</i>
<b>Design &amp; Construction</b>	<b>6.3</b>	<b>74.8</b>	<b>4.3</b>	<b>70.8</b>	<b>4.3</b>	<b>74.8</b>
Administration	1.3	1.8	1.1	2.0	1.1	5.0
District Architect	3.0	4.0	1.7	4.3	1.7	5.3
Extensions	2.0	69.0	1.5	64.5	1.5	64.5
<b>Planning &amp; Development*</b>	<b>39.4</b>	<b>17.7</b>				

Department	FY20		FY21		FY22	
	Operating	Capital**	Operating	Capital**	Operating	Capital**
<b>Performance &amp; Budget</b>	<b>30.5</b>	<b>14.5</b>	<b>30.5</b>	<b>11.5</b>	<b>29.5</b>	<b>11.5</b>
Administration	3.0	-	4.0	-	4.0	-
Budget	15.0	6.0	13.0	4.0	12.0	3.0
Financial Planning	4.5	5.5	7.5	4.5	7.5	5.5
Performance & Audit	8.0	3.0	6.0	3.0	6.0	3.0
<b>Chief Information Officer</b>	<b>67.5</b>	<b>6.5</b>	<b>62.5</b>	<b>2.5</b>	<b>62.5</b>	<b>2.5</b>
<b>Capitol Corridor</b>	-	<b>24.0</b>	-	<b>21.0</b>	-	<b>20.0</b>
<b>Independent Police Auditor</b>	<b>3.0</b>	-	<b>3.0</b>	-	<b>5.0</b>	-
<b>Inspector General</b>	-	<b>1.0</b>	-	<b>3.0</b>	<b>3.0</b>	-
<b>Planning &amp; Development*</b>			<b>34.4</b>	<b>18.7</b>	<b>34.4</b>	<b>17.7</b>
Administration			0.5	0.5	0.5	0.5
Customer Access			9.5	1.5	8.5	1.5
New Transbay Rail Crossing			1.0	3.0	-	5.0
Real Estate & Property Dev.			12.9	7.2	14.9	5.2
Station Area Planning			4.0	3.0	4.0	2.0
Strategic & Policy Planning			4.0	1.0	4.0	1.0
Sustainability			2.5	2.5	2.5	2.5
<b>TOTAL</b>	<b>3,444.6</b>	<b>1,574.8</b>	<b>3,336.1</b>	<b>1,001.7</b>	<b>3,470.9</b>	<b>1,012.0</b>

\*Creation/removal of department or impacted by reorganization

\*\*Capital headcount is based on capital funds available