



Fiscal Year 2025 & Fiscal Year 2026 Preliminary Budget Overview

BART Board of Directors

April 11, 2024



AGENDA

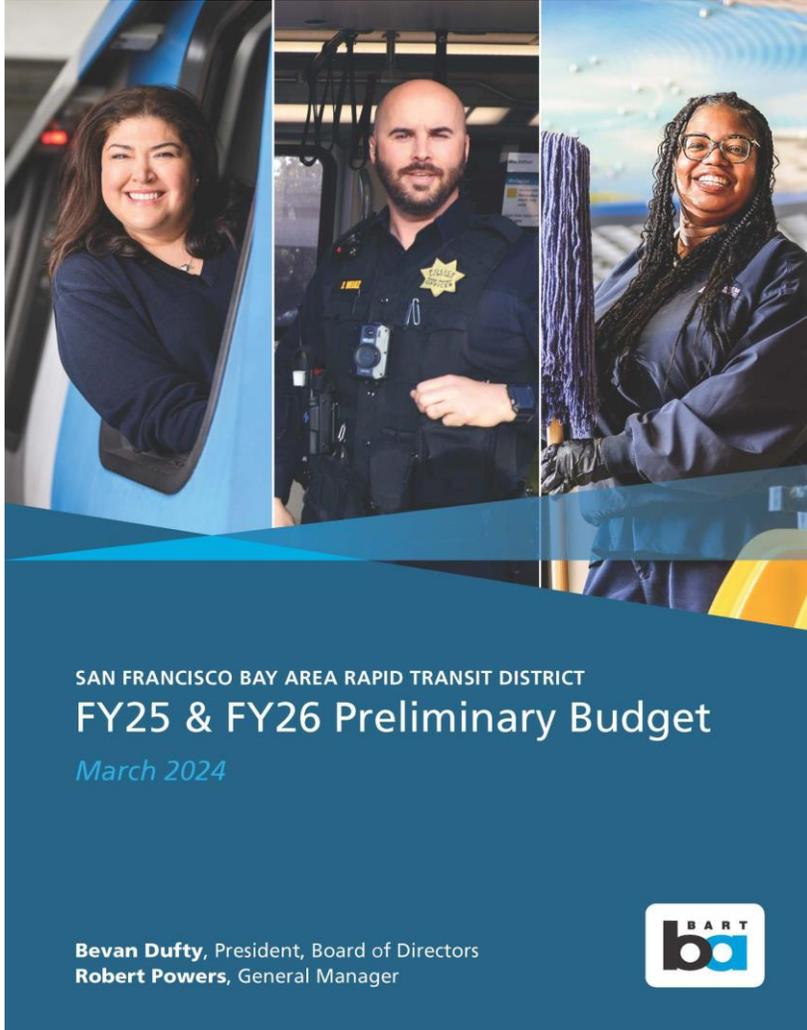
- FY24 Year-End Estimate
- FY25 & FY26 Preliminary Budget Memo (PBM) Overview
 - Changes since Board Workshop
 - Revenues
 - Expenditures
 - Fiscal runway update
- FY25 & FY26 Capital Budget Overview
- Calendar
 - New Board presentation schedule – operating, capital, rail service plan

FY24 Year-End Estimate

Second Quarter Financial Report (QFR): presented to Board on March 14; third quarter financial report scheduled for May 9 Board meeting

- Through 12/31/2023, BART used \$9.7M less emergency assistance than budgeted
- Total Sources are projected to be \$47.6M above budget by year-end
- Total Uses are projected to be \$27.4M above budget by year-end, driven primarily by projected \$49.5M negative variance in operating labor, offset by \$22.1M positive variance in non-labor and allocations
- BART currently projects \$20.2M less emergency assistance need than budgeted in FY24

FY25 & FY26 Preliminary Budget Overview



Executive Summary

- Confronting an extremely challenging fiscal environment
 - Medium- and long-term financial uncertainty
 - Pursuing new revenues
- Maintaining safe, frequent, reliable service
 - Focus on hiring frontline staff
 - Transportation Department staffing increased
 - Re-alignment of selected Maintenance positions

To access full PBM, please visit www.bart.gov/budget

Five-Year Outlook

(\$Millions)	FY25 Prelim	FY26 Prelim	FY27	FY28	FY29
Operating Revenues	305	325	359	385	405
Financial Assistance	504	514	517	533	548
Total Regular Revenues	808	839	875	918	954
Operating Expense	1,032	1,051	1,085	1,112	1,146
Debt Service & Allocations	102	97	139	125	118
Total Uses	1,134	1,148	1,224	1,237	1,264
<i>Operating Result</i>	<i>(326)</i>	<i>(309)</i>	<i>(349)</i>	<i>(319)</i>	<i>(311)</i>
Total Federal Assistance	326	283	0	0	0
Total Net Result	0	(26)	(349)	(319)	(311)
Board Workshop Deficit	0	(16)	(318)	(292)	(281)
Change since Board Workshop	0	(10)	(31)	(27)	(30)

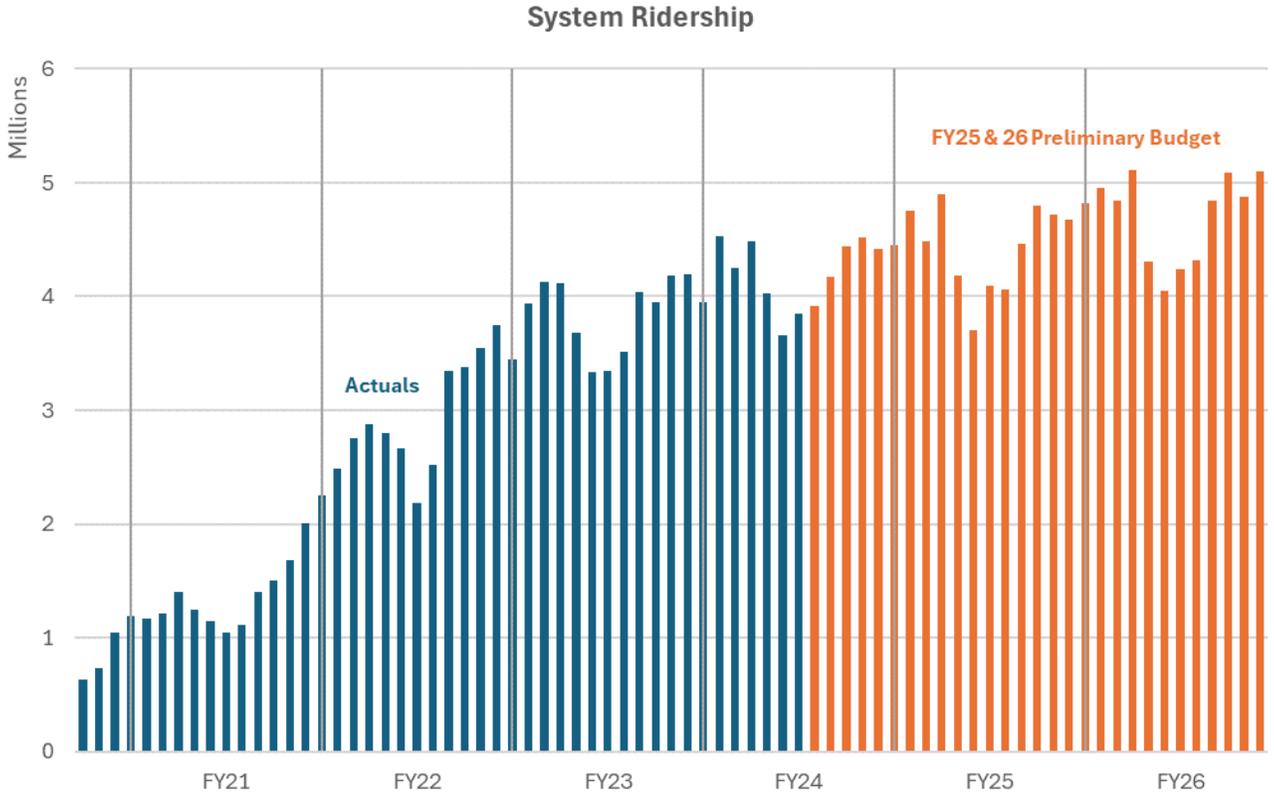
- FY26 deficit increases by \$10M, to \$26M
- Cumulative deficit increases by \$98M through FY29

FY25 & FY26 Preliminary Sources and Uses Summary

SOURCES & USES (\$Millions)	FY24	FY24	FY25	Change		FY26	Change	
	Adopted	Projected	Prelim	\$	%	Prelim	\$	%
Operating Revenue	264.2	278.0	304.6	26.6	10%	324.7	20.1	7%
Financial Assistance	469.2	503.1	503.5	0.4	0%	514.3	10.8	2%
<i>Total Sources</i>	<i>733.4</i>	<i>781.1</i>	<i>808.2</i>	<i>27.1</i>	<i>3%</i>	<i>839.1</i>	<i>30.9</i>	<i>4%</i>
Operating Expense	933.5	982.2	1,032.4	50.2	5%	1,051.0	18.6	2%
Debt Service & Allocations	150.6	129.3	101.8	(27.5)	(21%)	97.3	(4.5)	(4%)
<i>Total Uses</i>	<i>1,084.1</i>	<i>1,111.5</i>	<i>1,134.2</i>	<i>22.7</i>	<i>2%</i>	<i>1,148.3</i>	<i>14.1</i>	<i>1%</i>
Net Result Before Federal Emergency Assistance	(350.7)	(330.4)	(326.0)	4.4	1%	(309.2)	16.8	5%
Federal Emergency Assistance	350.7	330.4	326.0	(4.4)	(1%)	283.1	(43.0)	(13%)
Net Result After Federal Emergency Assistance	0.0	0.0	0.0	0.0	-	(26.2)	(26.2)	-

- The following slides show detail on each category in above chart
- Information is consistent with Preliminary Budget Memo released on March 29
- Revised revenue & expense and FY24 year-end projections will be presented at FY24 & FY25 Sources and Uses presentation, scheduled for May 9th Board meeting

FY25 & FY26 Ridership Outlook



- FY24 ridership 1% below budget as of the end of February
- Return-to-office no longer forecast to be major driver in ridership growth
- Modest growth attributed to mode shift to transit and generalized growth in all trip types

	FY24 Projected	FY25 Prelim	FY26 Prelim
Total Trips (M)	50.3	53.3	56.5
Average Weekday	164,800	176,900	188,400
Average Saturday	90,800	95,200	99,100
Average Sunday	68,400	72,300	76,100



FY25 & FY26 Preliminary Sources: Operating Revenue

OPERATING REVENUE	FY24	FY24	FY25	Change		FY26	Change	
(\$Millions)	Adopted	Projected	Prelim	\$	%	Prelim	\$	%
Rail Passenger Revenue	225.0	220.2	240.4	20.2	9%	262.0	21.6	9%
ADA Passenger Revenue	0.5	0.5	0.6	0.1	22%	0.6	0.0	5%
Parking Revenue	14.8	16.4	16.5	0.1	0%	16.0	(0.5)	(3%)
Other Operating Revenue	23.9	40.9	47.2	6.2	15%	46.1	(1.0)	(2%)
Total - Operating Revenue	264.2	278.0	304.6	26.6	10%	324.7	20.1	7%

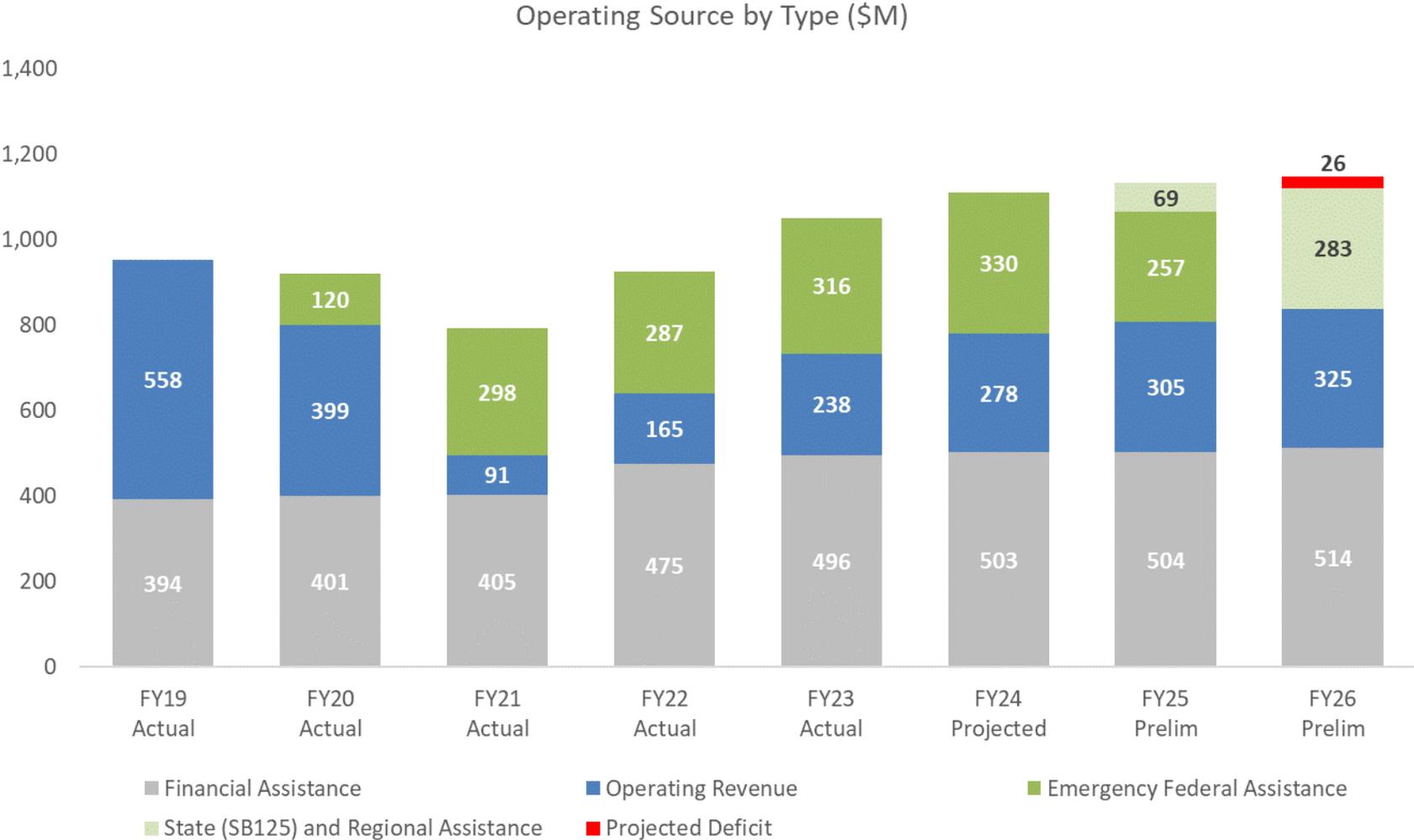
- FY24 fare revenue projected to be \$4.5M (2%) below budget
- FY25 preliminary operating revenue budget reflects a 10% increase over FY24 year-end estimate of \$278.0M; FY26 budget reflects a further 7% increase
- Fare and parking revenue estimates based on FY25 & FY26 ridership forecast
- Large increase in Other Operating Revenue driven by investment revenue returns under high interest conditions

FY24 & FY25 Preliminary Sources: Financial Assistance

FINANCIAL ASSISTANCE (\$Millions)	FY24	FY24	FY25	Change		FY26	Change	
	Adopted	Projected	Prelim	\$	%	Prelim	\$	%
Sales Tax Proceeds	319.8	318.1	323.5	5.4	2%	332.3	8.9	3%
Property Tax Proceeds	61.2	61.2	64.3	3.1	5%	65.9	1.6	2%
VTA Financial Assistance	34.7	33.9	35.3	1.3	4%	35.2	(0.1)	0%
State Transit Assistance	23.5	57.4	48.8	(8.6)	(15%)	49.3	0.6	1%
Low Carbon Funding Programs	16.8	17.1	17.0	(0.1)	(1%)	17.8	0.8	5%
Local & Other Assistance	13.1	15.3	14.7	(0.6)	(4%)	13.8	(0.9)	(6%)
Total – Financial Assistance	469.2	503.1	503.5	0.4	0%	514.3	10.8	2%

- State Transit Assistance FY24 year-end estimate is increased due to a \$17M payment that was expected to come in FY23; FY25 & FY26 budget is based on MTC’s fund estimate
- Sales tax FY24 year-end estimate is ~\$1.7M (1%) below FY24 budget
- Property tax reflects county estimates
- Low Carbon Fuel Standard revenues (part of Low Carbon Funding Programs) stabilizing after several years of declining credit sales due to market conditions

Change in Operating Sources Since COVID



FY25 & FY26 Preliminary Uses: Labor

LABOR & BENEFITS (\$Millions)	FY24	FY24	FY25	Change		FY26	Change	
	Adopted	Projection	Prelim	\$	%	Prelim	\$	%
Wages	513.6	496.7	528.4	31.7	6%	544.1	15.7	3%
Overtime	76.8	78.9	77.0	(1.9)	(2%)	78.6	1.5	2%
CalPERS Pension	148.7	141.8	160.5	18.7	13%	160.1	(0.5)	0%
Active Employee Medical Insurance	84.8	81.7	89.2	7.5	9%	90.1	0.9	1%
Retiree Medical	44.9	44.9	45.6	0.7	2%	46.2	0.7	1%
Workers' Compensation	20.7	20.7	21.5	0.8	4%	21.5	0.0	0%
Other Benefits and Temp Help*	27.1	25.4	29.8	4.4	17%	30.3	0.4	1%
Subtotal – Gross Labor	916.5	890.1	952.1	62.0	7%	970.8	18.8	2%
Capital Reimbursement Wages	(128.7)	(73.4)	(96.4)	(23.0)	31%	(98.8)	(2.4)	3%
Capital Fringe	(63.5)	(50.7)	(55.3)	(4.5)	9%	(55.1)	0.2	0%
Capital Overtime	(23.9)	(16.0)	(20.0)	(4.0)	25%	(20.4)	(0.4)	2%
Subtotal – Reimbursements	(216.0)	(140.1)	(171.6)	(31.5)	23%	(174.3)	(2.7)	2%
Net - Labor & Benefits	700.5	750.0	780.5	30.5	4%	796.6	16.1	2%

*Other benefits includes Vision, Dental, Medicare, Life Insurance, Disability, Unemployment, Meal and Uniform Allowances

- Budgeted wages increase due to negotiated wage increases
- Vacancy factor remains 5% for operating and 18% for capital (reflects current vacancy rates)
- Most benefit costs dictated by outside entities or projected by independent third-party experts

FY24 to FY25 Preliminary Budget FTE Changes

FY24 to FY25 FTE Summary			
	Operating	Capital/ Reimbursable	Total FTEs
FY24 Adopted Budget	3,544.5	1,039.5	4,584.0
Re-alignment of Frontline Staff			
Additions/Adjustments	61.4	1.9	63.3
Maintenance Funding Conversions	186.3	(186.3)	0.00
Vacancy Eliminations	(25.0)	(2.0)	(27.0)
Other Adjustments			
Midyear Additions	3.0	5.0	8.0
Funding Conversions	(1.8)	1.8	0.0
Technical Adjustments	6.8	0.0	6.8
Reductions	(4.0)	(1.0)	(5.0)
Total Adjustments	226.7	(180.6)	46.1
FY25 Preliminary Budget	3,771.1	858.9	4,630.0

- Additions / Adjustments are primarily in Transportation (partially offset by Vacancy Eliminations)
- Maintenance Funding Conversions reflects actual charging patterns and District work needs for mostly-filled existing positions



FY25 & FY25 Preliminary Uses: Non-Labor

NON-LABOR (\$Millions)	FY24	FY24	FY25	Change		FY26	Change	
	Adopted	Projection	Prelim	\$	%	Prelim	\$	%
Clipper, Ticket Sales & Bank Fees	10.1	9.1	13.8	4.7	51%	7.3	(6.4)	(47%)
Insurance	9.9	11.3	10.9	(0.5)	(4%)	9.9	(1.0)	(9%)
Materials & Supplies	47.5	38.6	51.0	12.4	32%	50.5	(0.5)	(1%)
Professional & Technical Fees	50.4	50.5	51.4	0.9	2%	51.2	(0.2)	0%
Repairs & Maintenance	11.2	10.9	11.7	0.8	7%	11.7	0.0	0%
Rent	3.9	4.3	4.0	(0.4)	(9%)	13.0	9.0	227%
Power	59.0	59.0	61.6	2.6	4%	65.0	3.4	5%
ADA Paratransit	18.8	20.5	22.5	2.0	10%	23.0	0.5	2%
Purchased Transportation	7.9	7.9	8.5	0.6	7%	8.5	0.0	0%
Utilities	9.1	9.1	9.1	0.0	-	9.1	0.0	0%
Other Miscellaneous	5.3	11.0	7.6	(3.4)	(31%)	5.2	(2.3)	(31%)
Total - Non-Labor	233.0	232.2	251.9	19.7	8%	254.4	2.5	1%

- FY25 Non-Labor ongoing increases primarily in Traction Power and Paratransit, reflecting anticipated cost increases
- One-time cost increases for Clipper 2 (C2) transition, Board election costs, and insurance
- FY26 Rent line includes \$9M placeholder for anticipated expenses related to new BART Police Department Headquarters; staff continue to pursue federal financing programs

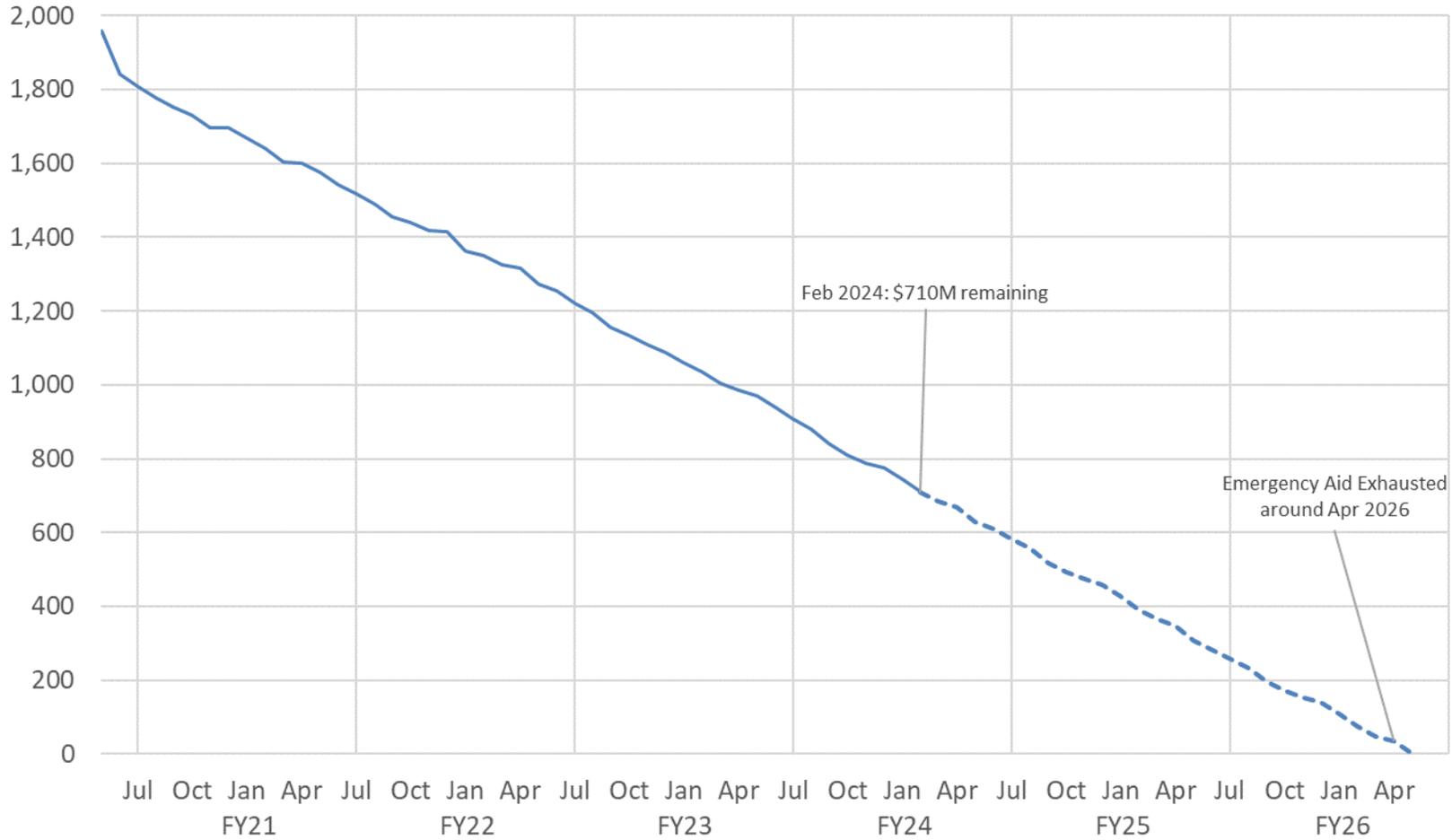
FY25 & FY25 Preliminary Uses: Debt Service & Allocations

DEBT SERVICE & ALLOCATIONS (\$Millions)	FY24	FY24	FY25	Change		FY26	Change	
	Adopted	Projection	Prelim	\$	%	Prelim	\$	%
Debt Service	60.1	60.1	60.2	0.0	0%	60.2	0.0	0%
Capital Reinvestment	38.6	38.9	38.6	(0.3)	(1%)	34.2	(4.5)	(12%)
Priority Capital Projects/Programs	50.0	28.0	-	(28.0)	(100%)	-	-	-
Other	1.9	2.3	3.0	0.6	27%	3.0	0.0	0%
Sustainability	-	-	-	-	-	-	-	-
Pension	-	-	-	-	-	-	-	-
Total - Debt Service & Allocations	150.6	129.3	101.8	(27.6)	(21%)	97.3	(4.5)	(4%)

- Priority Capital deferred in FY25 and FY26 based on anticipated project cashflow needs
- Sustainability and Pension allocations suspended in FY24, continued suspension in FY25 and out
 - All CalPERS obligations are fully funded in FY25 and FY26

Projected Fiscal Runway

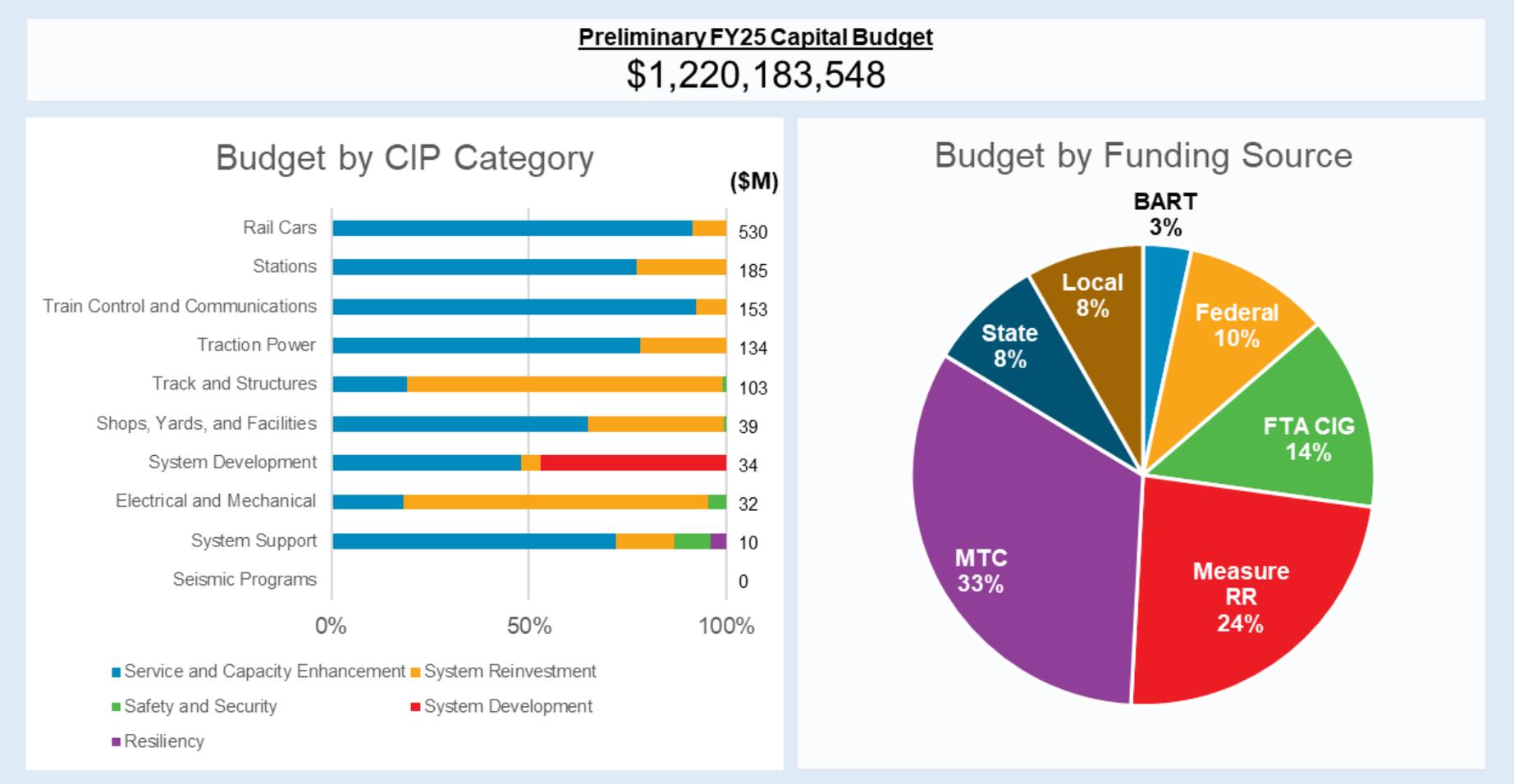
Emergency Aid Expenditure Forecast (\$M)



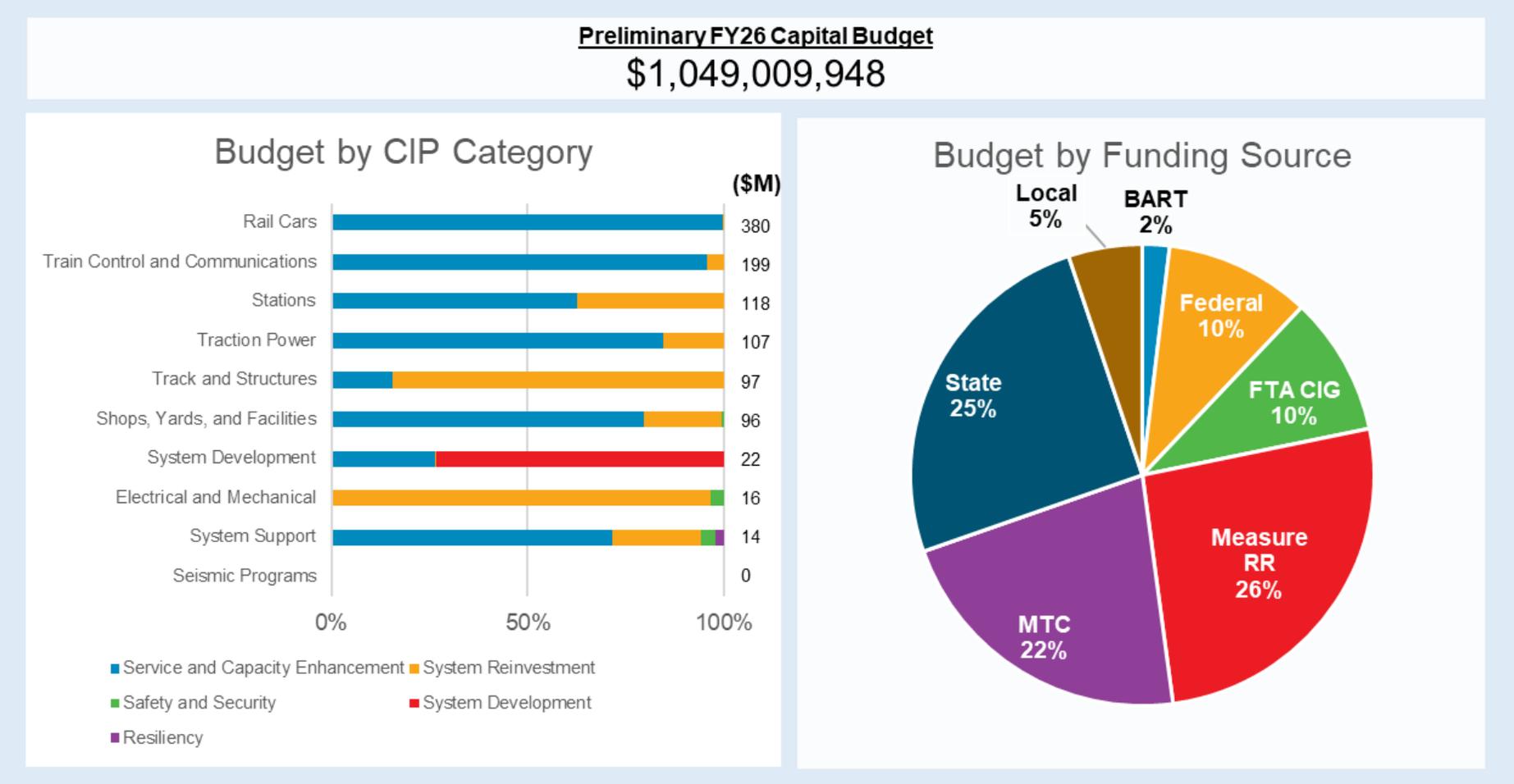
- Forecast now includes \$352M of anticipated State (SB125) and Regional Assistance
- Emergency Aid expected to be exhausted around April 2026
- First \$300M+ annual deficit is projected in FY27
- Permanent operating revenue source unlikely before FY28



FY25 Preliminary Capital Sources & Uses



FY26 Preliminary Capital Sources & Uses



Timeline and Next Steps



March 31

April 11

April 25

May 9

May 23

June 13

FY25 & FY26
Preliminary
Budget Memo
(PBM) released

FY25 & FY26
Preliminary Budget
Overview

FY25 & FY26
Capital Budget
Overview

Rail Service Plan
FY25 & FY26 Sources
& Uses

FY24 Q3 Financial
Report

Public Hearing on
FY25 & FY26
Budget

Draft Capital
Investment Plan

Prop 4/Gann
Amendment

FY25 & FY26
Budget
Adoption



Discussion