Keeping transit running in an uncertain future
Update from the SFMTA

SPUR Forum, February 17, 2022

Operating Budget Overview

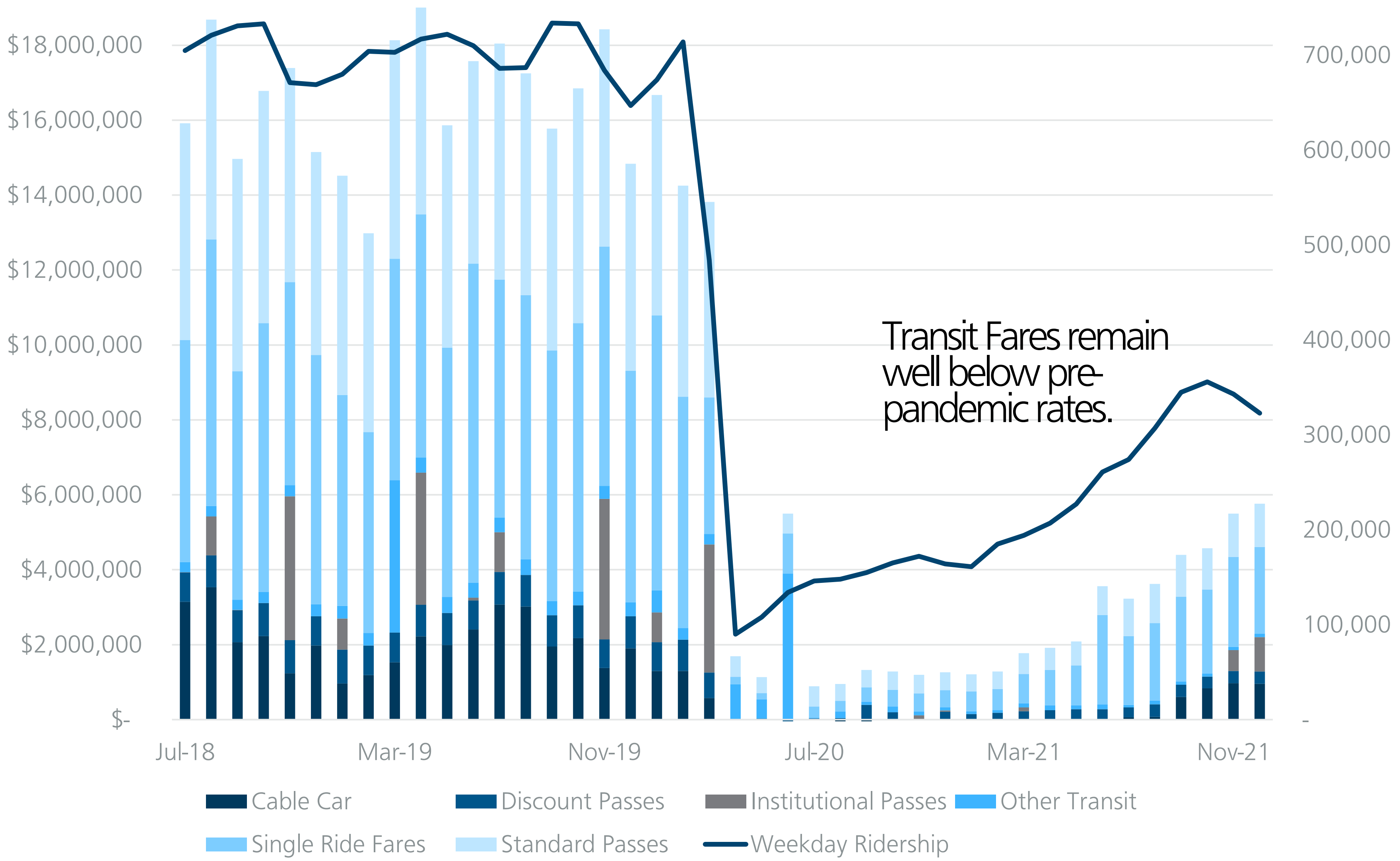
Agency finances have yet to fully recover and are not expected to do so during the upcoming 2-Year Operating Budget period 18 – 24 months. That and significant unknowns, such as pace of recovery require a **resilient budget design**.

Manage to the Pace of Recovery
Prepare based on optimism but have stopgaps in place.

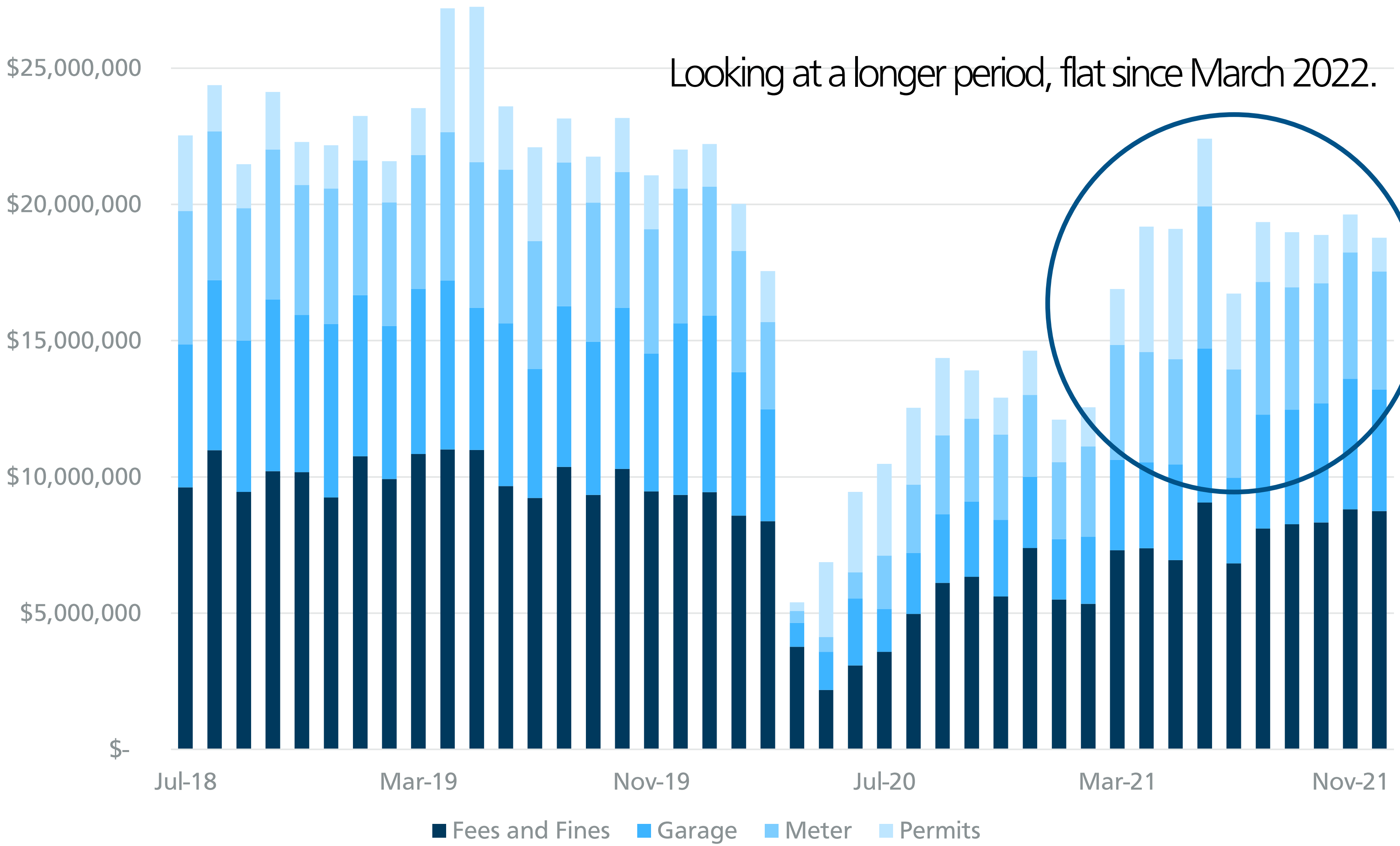
Work toward restoration of full Agency Operations
Service restoration, street management, agency internal ops.

Consider what is not known.
Impact of inflation and new labor contracts.

Transit Fare Revenue Trend: FY 2019 to present



Parking Revenue Trend: FY 2019 to present



Detailed Parking Data by Account Code

Federal relief funding

Source of funds	Amount
CARES (Coronavirus Aid, Relief & Economic Security) Act	$373,782,759
CRSSA, Consolidated Appropriations Act (HR 133)	$340,918,537
ARPA (American Rescue Plan Act)	$536,524,629
TOTAL	**$1,251,235,935**

Fiscal year	Annual operations spending	Percentage of total relief funds
FY20	$199.6 million (actual)	16%
FY21	$449.4 million (actual)	35.9%
FY22	$261.7 million (projected)	20.9%
FY23	$165.6 million (projected)	13.2%
FY24	$103.3 million (projected)	8.3%
FY25	$47 million (projected)	3.8%
TOTAL	**$1,226.6 billion** (projected)	**98%***

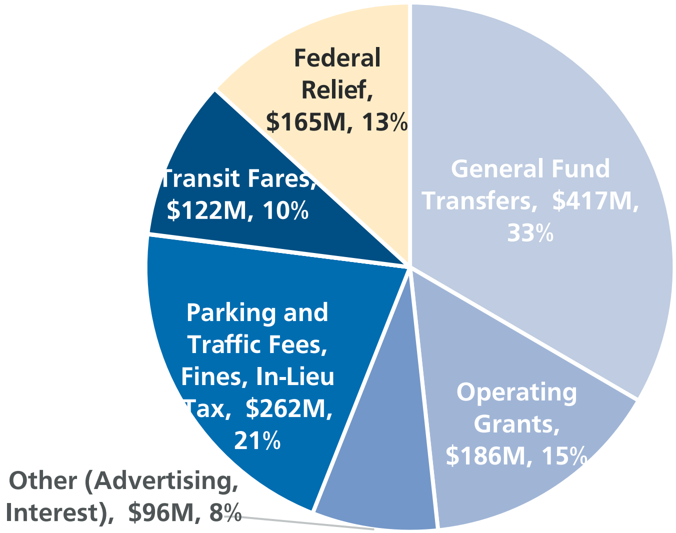
*$24.4 million of the funding was for capital projects.

Operating Budget Base

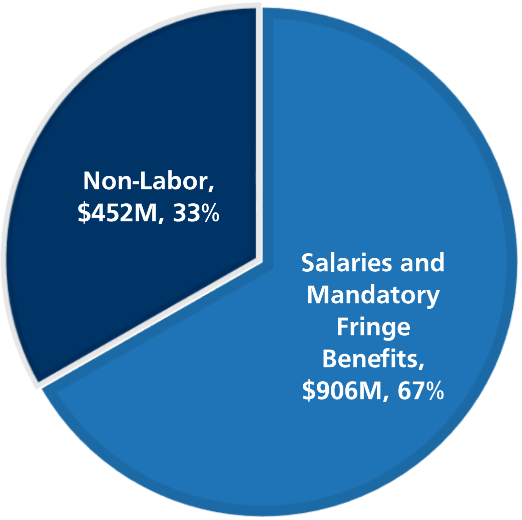
Item	FY 23, $M	FY 24, $M
Revenue – Projection	1,323	1,348
Expenditures – Base	1,323	1,348
Base Operating Gap	**(0)**	**(0)**

* Assumes no use of one-time revenues

FY 23 Operating Budget
Revenue Projection



FY 23 Base
Operating Budget Expenditures



Operating Budget Base

	FY22	FY23	FY24	FY25	FY26	FY27	All Years
Optimistic							
Sources	1,289	1,324	1,348	1,375	1,409	1,420	8,166
Uses	1,289	1,324	1,348	1,375	1,409	1,448	8,194
Surplus/(Shortfall)	-	-	-	-	-	(28)	(28)
Mostly Likely							
Sources	1,289	1,324	1,348	1,351	1,364	1,395	8,071
Uses	1,289	1,324	1,348	1,375	1,409	1,448	8,194
Surplus/(Shortfall)	-	-	-	(24)	(45)	(53)	(123)
Pessimistic							
Sources	1,289	1,324	1,297	1,263	1,328	1,358	7,859
Uses	1,289	1,324	1,348	1,375	1,409	1,448	8,194
Surplus/(Shortfall)	(0)	-	(51)	(113)	(81)	(90)	(335)

FY 2023 – 2027 CIP Cycle "Weather Map"

Needs versus Gaps

Capital Program	2021 Capital Needs	5-Year CIP Needs (25%)	Proposed CIP	Delta	% Need Met
Fleet	$ 7,534	$ 1,884	$ 1,179	$ (705)	**62.57%**
Transit Optimization & Expansion	$ 10,903	$ 2,726	$ 334	$ (2,391)	**12.27%**
Transit Fixed Guideway	$ 2,384	$ 596	$ 488	$ (109)	**81.79%**
Streets	$ 5,149	$ 1,287	$ 186	$ (1,101)	**14.46%**
Facility	$ 4,760	$ 1,190	$ 159	$ (1,031)	**13.33%**
Traffic Signals	$ 2,293	$ 573	$ 91	$ (482)	**15.82%**
Communications & IT	$ 271	$ 68	$ 10	$ (58)	**14.81%**
Parking	$ 964	$ 241	$ -	$ (241)	**0.00%**
Security	$ 865	$ 216	$ 10	$ (207)	**4.48%**
Taxi	$ 66	$ 17	$ 2	$ (14)	**13.70%**
TOTAL	**$ 35,188**	**$ 8,797**	**$ 2,458**	**$ (6,339)**	**27.94%**

These potential new revenue sources are:

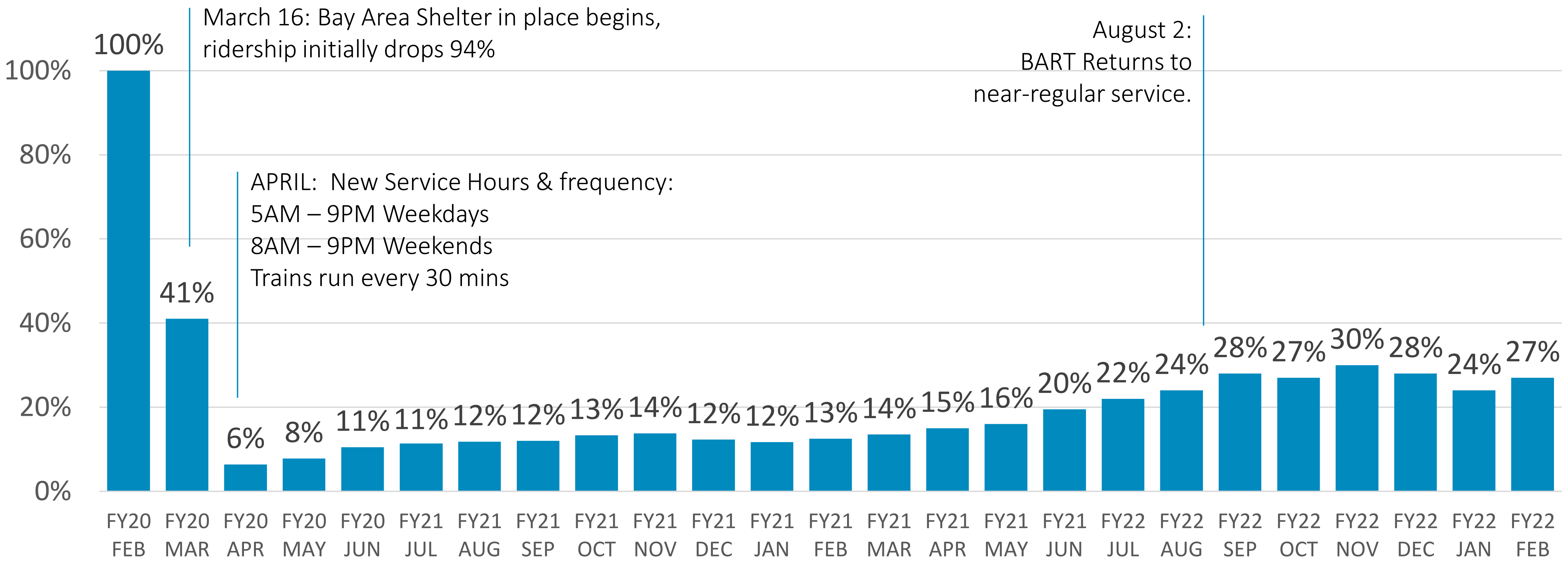
Source	Benefits	Short Term $/yr	Long Term $/yr
Transportation Special Tax	Dedicated tax for transportation, providing a predictable stable source for transit service and maintenance. May be bonded against for near-term capital infrastructure investment, reducing long term maintenance.	**$50** m/yr	**$60-70** m/yr
Parking Tax	Increase existing San Francisco Parking Tax with opportunities to reform or modify for transportation infrastructure, transit service and maintenance.	**$20** m/yr	**Declining**
☑ **CCSF General Obligation Bond Program**	The SFMTA as part of the City GO Bond Program has allowed for critical infrastructure investment, safety improvements and transit reliability investments – reducing the cost of operations and long-term maintenance.	**$40** m/yr	**$50** m/yr
☑ **Federal Grants**	The current proposed bi-partisan Infrastructure Bill provides opportunities for increased Federal support for up to 5-years for transportation infrastructure and maintenance campaigns.	**$35** m/yr	**$40** m/yr
State Grants	The current State budget designates significant additional dollars to transportation available through grants for transportation infrastructure.	**$7** m/yr	**Unknown**
Development Revenue	Development of SFMTA properties provide significant long-term opportunities to produce revenues that can go directly toward transportation infrastructure, transit service and maintenance.	**$5** m/yr	**$25-35** m/yr

BART Fiscal Outlook

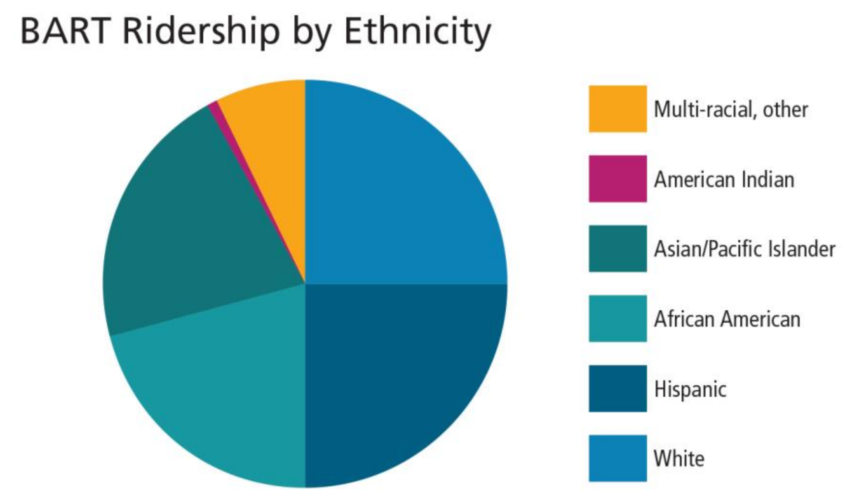
SPUR Discussion: Keeping Transit Running in an Uncertain Future
February 17, 2022

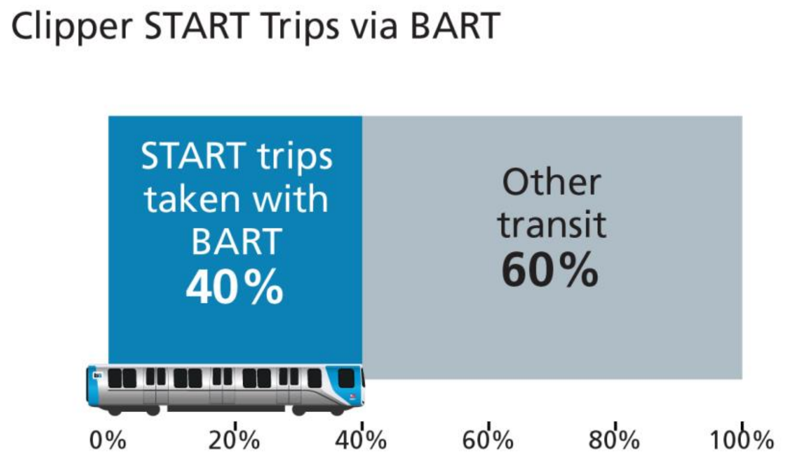
BART ridership remains below pre-pandemic levels

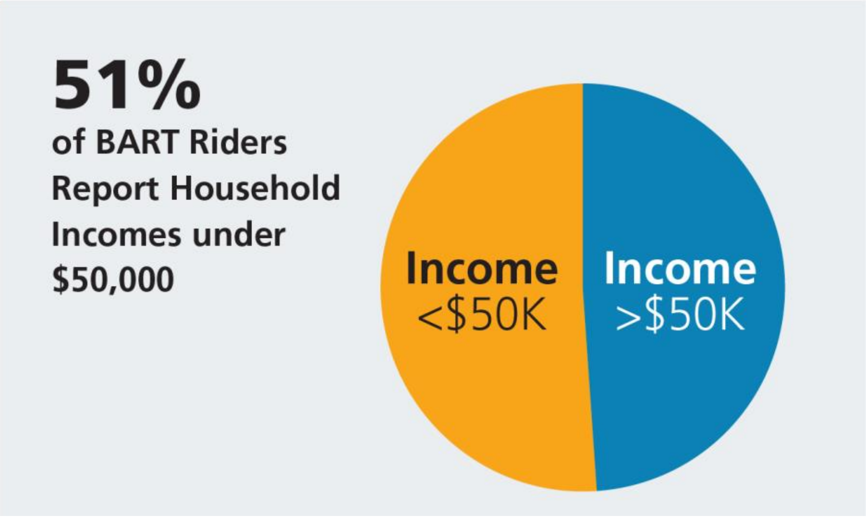
Average Daily BART Ridership During COVID Pandemic



BART riders during COVID are more transit-reliant







Passenger fare revenues have declined sharply

Historically, fare revenue generated up to $500M each year

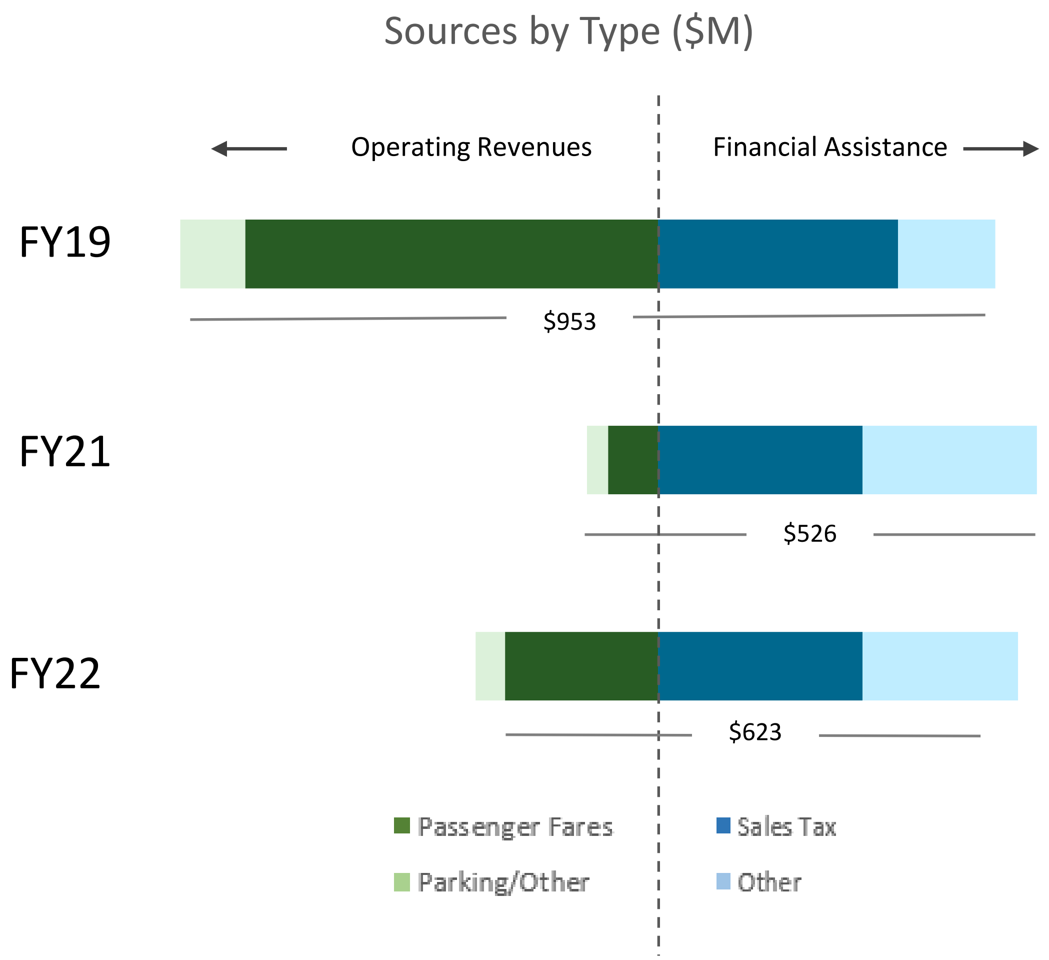
- Supporting more than 2/3rd of BART's operating expense

Today, annual fare revenue is closer to $100M

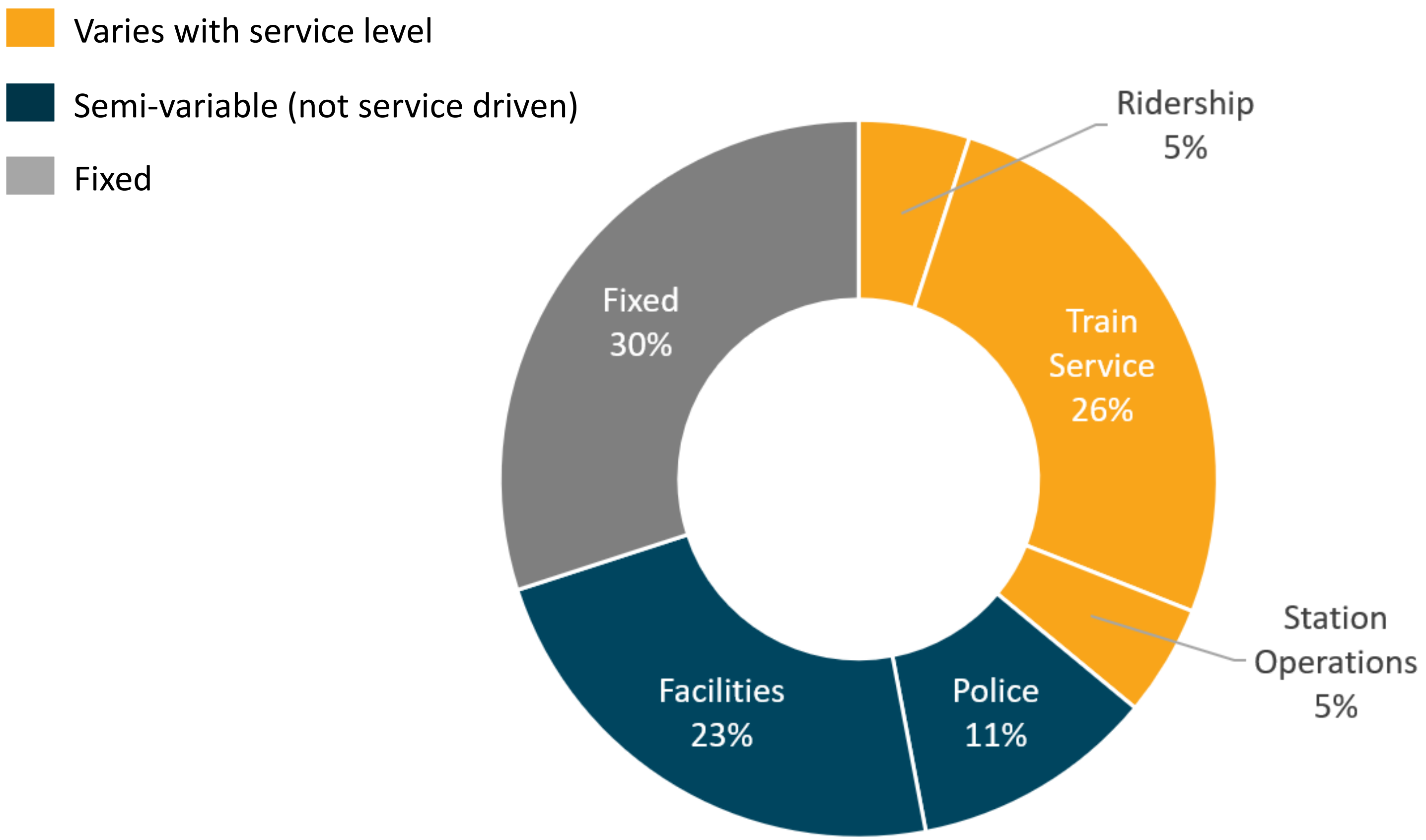
- One-time federal funds and other sources (sales/property tax) support rail service

Long-term, fare revenue is expected to be insufficient to support rail service as before

- Ongoing, stable source of funding will be needed



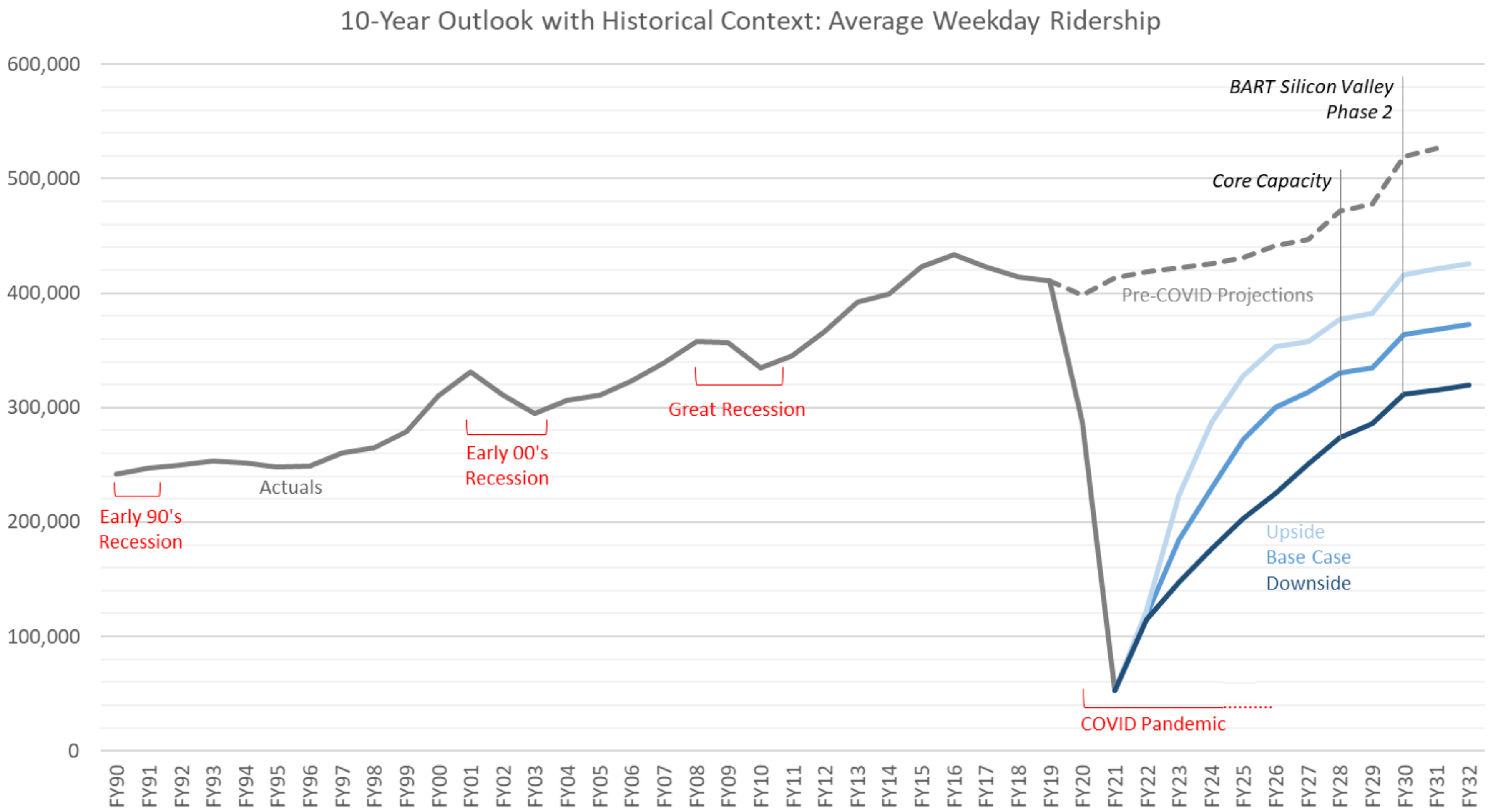
Most rail costs do not scale with service levels



- Only 36% of BART's operating expenses scale proportionally with service levels and ridership
- The majority of BART's operating budget consists of expenses that do not scale with service levels
- Lower service levels would limit BART's ability to capture revenues from projected ridership recovery without generating commensurate cost savings

Source: BART O&M Cost Model

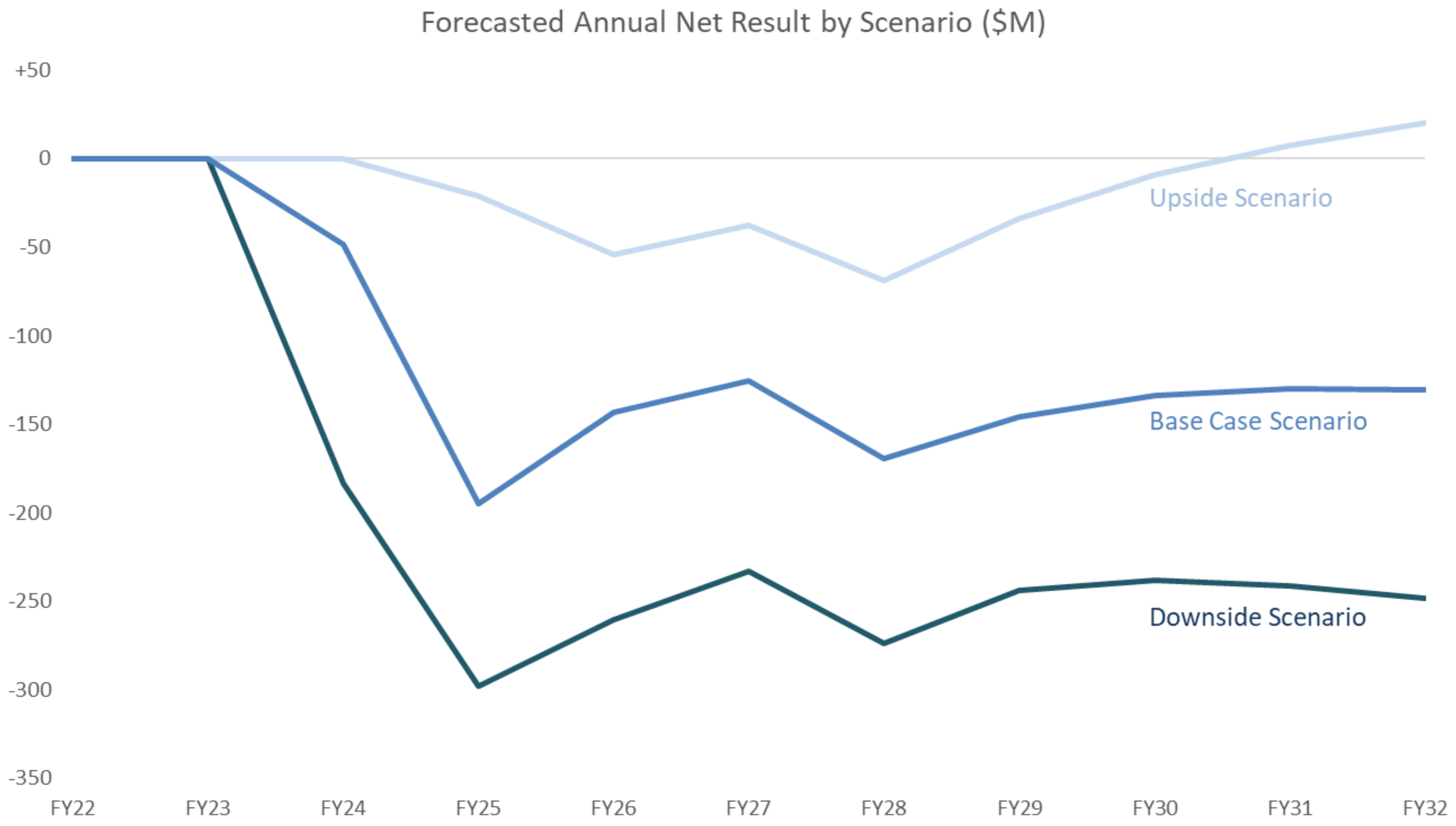
BART is planning for a range of ridership scenarios



Assumptions for long-term ridership recovery:

- Upside: stabilize at 80% of pre-COVID forecast
- Base Case: stabilize at 70%
- Downside: stabilize at 60%

Without new funding, BART projects fiscal shortfalls



All scenarios assume:

- Feb 2022 service levels
- Core Capacity, Silicon Valley Phase II
- Committed capital allocations

10-year cumulative deficit

- Upside: $225M
- Base case: $1.2B
- Downside: $2.2B

Expense reductions cannot close the gap

BART is working to respond to these challenges

Fiscal Stability Strategies

Maximize Ridership Recovery

- ➢ Deliver top customer experience (frequent, reliable, safe, clean)
- ✓ Maintain industry-leading reliability and restore frequent service
- ➢ Maximize connections, optimize regional network
- ➢ Adapt to changing commute and growth patterns

Constraints

- Economic & social trends outside of our control

Manage Expense

- ➢ Maximize efficiencies across the district
- ✓ Right size labor force, overtime in all departments
- ➢ Invest in State of Good Repair to maintain system performance and maximize cost-effectiveness

Constraints

- Need to restore service to capture ridership demand recovery
- Cutting service does not lead to commensurate savings

Secure New Revenue

- ➢ Maximize non-fare operating revenue (advertising, telecom, parking, TOD)
- ➢ Explore opportunities for ongoing federal, state, or regional operating subsidy
- ➢ Develop new capital sources to relieve pressure on operating program

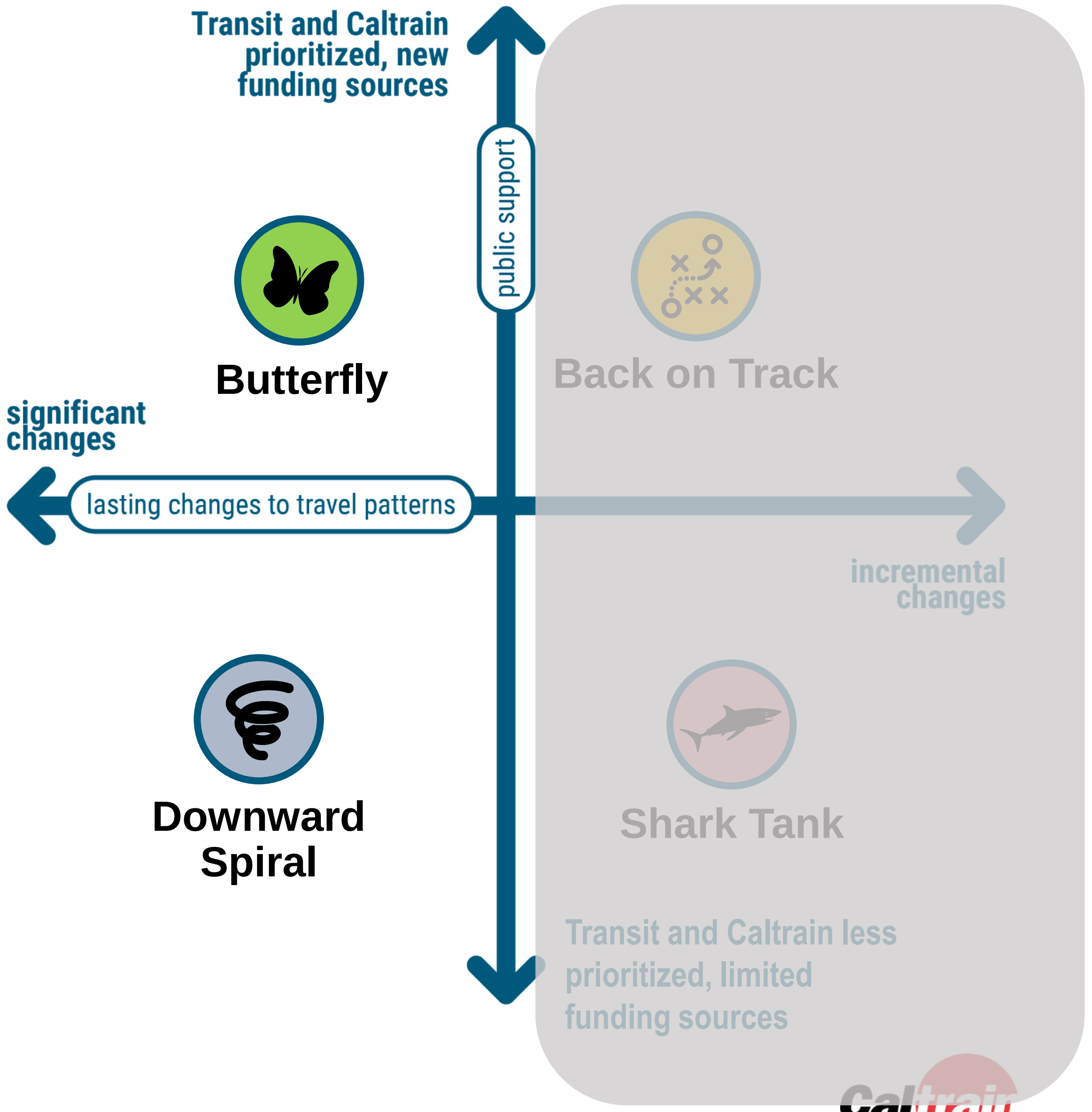
Constraints

- More limited funding opportunities and many needs after pandemic recedes

New revenue will be required to sustain BART service after ARP funding is exhausted

Discussion

Four Caltrain Scenarios



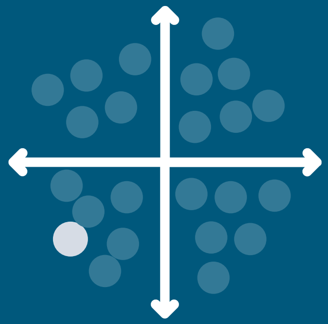
Caltrain

Downward Spiral O&M

- CALTRAIN & TRANSIT FUNDING
- prioritized **de-prioritized**

CHANGES TO TRAVEL PATTERNS

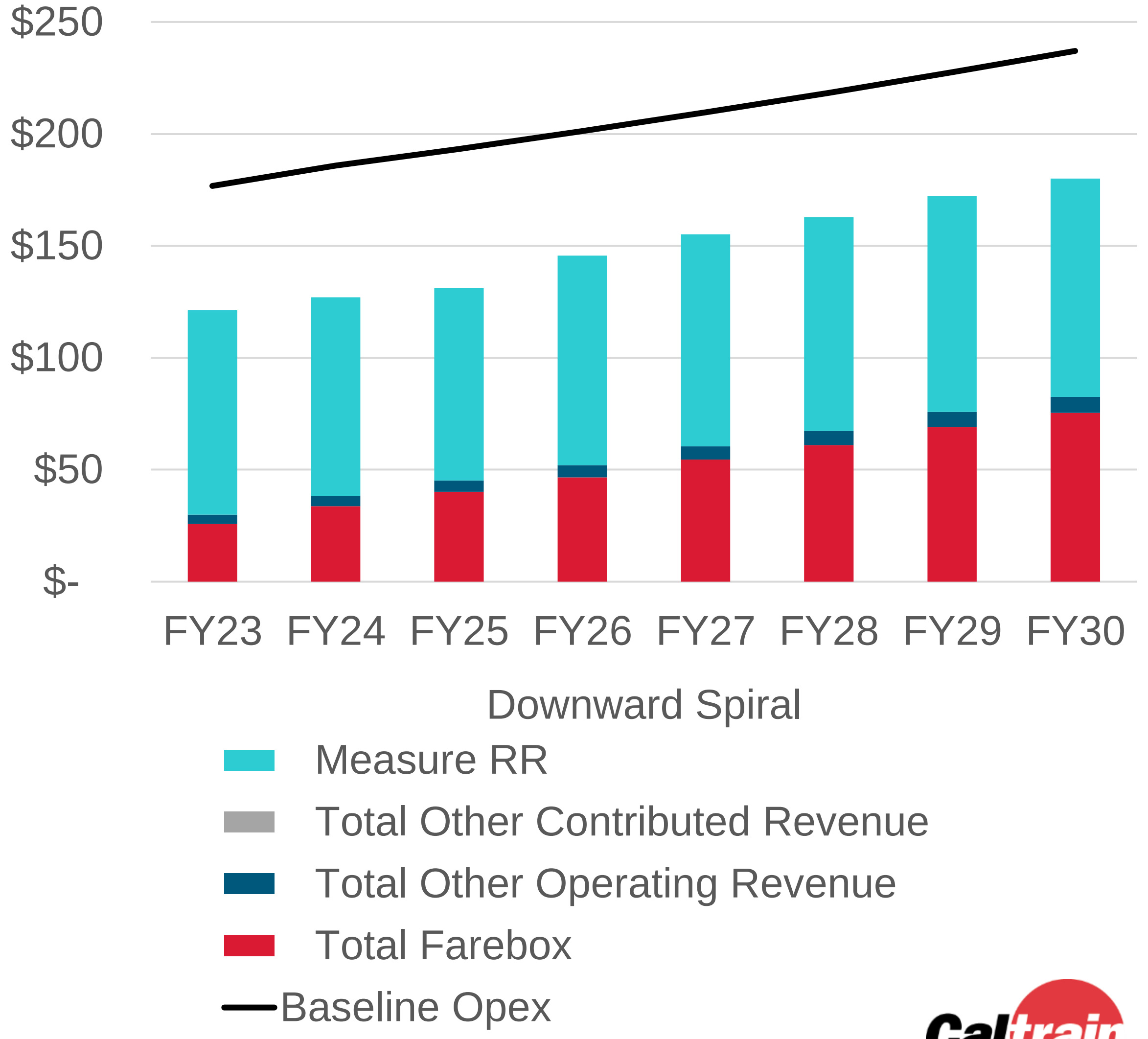
incremental **significant**



Revenue assumptions:
- Farebox: No fare increases assumed
- Measure RR: 3 year recessionary impact with a slow return to growth for rest of the decade - full amount shown applied to operating needs
- Other Revenue: 1% YoY growth
- JPB Member Operating Contributions: none

Service assumptions:
- FY23-30: 92tpd (4tph peak/2tph off-peak)

Downward Spiral O&M: Revenues vs. Expenses, with Measure RR Funds and No Fare Increases



Butterfly O&M

- CALTRAIN & TRANSIT FUNDING
- **prioritized** de-prioritized

CHANGES TO TRAVEL PATTERNS
incremental **significant**

Revenue assumptions:
- Farebox: No fare increases assumed
- Measure RR: 2 year recessionary impact with return to growth in FY25- full amount shown applied to operating needs
- Other Revenue: Modest increased operating funding for Public Transit at Federal or State level
- level JPB Member Operating Contributions: none

Service assumptions:
- FY23: 92tpd (4tph peak/2tph off-peak)
- FY24-25: 116tpd (6tph peak/2tph off-peak)
- FY26-30: 168tpd (6tph peak/3 tph off-peak)

Butterfly O&M: Revenues vs. Expenses, with Measure RR Funds and No Fare Increases