What is Public Transit’s Business Model?
BART Background

Basic Facts

- Regional rail rapid transit
- Elected Board of Directors: 9
- Comprised of 3 Counties:
  - Alameda, Contra Costa & San Francisco
  - Serves San Mateo
  - Will serve Santa Clara in 2019
- 414,166 weekday riders (FY18)
- 121 revenue route miles
- 5 lines, plus Oakland Airport
- 48 stations
- 48,000+ parking spaces

July 31, 2018

SPUR: What is Public Transit’s Business Model?
FY19 Adopted Budget
- Operating: $922 M
- Capital: $1,355 M

Rail Farebox Ratio (FTA FY14):
(Fare Revenue/Operating Costs)
- SF/OAK (BART) 78%
- NYC (NYCTA) 63%
- Wash DC (WMATA) 62%
- Boston (MTBA) 60%
- Philadelphia (SEPTA) 55%
Better BART, Better Market Street

2/3rds of BART trips begin or end on Market Street

Weekday Trips by Sub-Area
- 52%: Transbay
- 27%: intra-West Bay
- 21%: intra-East Bay

Weekday Ridership (FY10 – FY16)
- Growth: 29%
- Growth: ~100,000
- June 2015: 433,000
Related to the BART Strategic Plan

- Core: Related to BART’s Vision and Mission
  - Seamless Mobility
  - Move people safely and reliably
  - Reduce Risk (safety/service/reputational/financial)
  - How do today’s decisions affect BART’s long-term outlook?

- Dynamic: Related to BART’s current and future environment
  - Improve Customer Experience
  - Generate Revenue
  - Reduce Costs/Cost Neutral
BART Strategic Plan Framework

Vision
BART supports a sustainable and prosperous Bay Area by connecting communities with seamless mobility.

Mission
Provide safe, reliable, clean, quality transit service for riders.

Goals

Leadership & Partnership in the Region
- ECONOMY
- EQUITY
- ENVIRONMENT

Riders & Public
- EXPERIENCE

Infrastructure & Service
- SYSTEM PERFORMANCE

Organization
- SAFETY
- WORKFORCE
- FINANCIAL STABILITY

Strategies (FY2016-FY2020)

- ENGAGE COMMUNITY
- CONNECT & CREATE GREAT PLACES
- ADVANCE SUSTAINABILITY
- EXPAND CAPACITY, MANAGE DEMAND
- FIX, MAINTAIN, & MODERNIZE
- ALIGN WORKFORCE WITH NEEDS
- MODERNIZE BUSINESS PRACTICES

Adopted October 22, 2015
Strategic Plan function: Linking **Policy** guidance, **Risk** information, and **Budget** decisions

Strategic Plan provides policy direction to Budget process & decisionmaking
Ten-Year Financial Outlook
The Before and After Effects of BART Transbay Service

AM PEAK HOUR TRAFFIC (WESTBOUND)

14,200 people in cars* per hour move over the Bay at rush hour

27,000 people per hour move under the Bay at rush hour

*Assumes average of 1.7 persons per vehicle (Caltrans)
Recent BART Ridership Trends

Annual Trips (millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Trips (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY10</td>
<td>101.0</td>
</tr>
<tr>
<td>FY11</td>
<td>103.7</td>
</tr>
<tr>
<td>FY12</td>
<td>110.8</td>
</tr>
<tr>
<td>FY13</td>
<td>117.8</td>
</tr>
<tr>
<td>FY14</td>
<td>117.1</td>
</tr>
<tr>
<td>FY15</td>
<td>126.0</td>
</tr>
<tr>
<td>FY16</td>
<td>128.5</td>
</tr>
<tr>
<td>FY17</td>
<td>124.2</td>
</tr>
<tr>
<td>FY18</td>
<td>120.6</td>
</tr>
</tbody>
</table>

July 31, 2018

SPUR: What is Public Transit’s Business Model?
Rail Ridership Trends At Peer Agencies

Year-to-year % change (Calendar Year 2016 vs 2015)

<table>
<thead>
<tr>
<th>Agency</th>
<th>2015-2016 % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>BART</td>
<td>-10.4%</td>
</tr>
<tr>
<td>WMATA (DC)</td>
<td>-4.7%</td>
</tr>
<tr>
<td>MARTA (Atlanta)</td>
<td>-1.3%</td>
</tr>
<tr>
<td>CTA (Chicago)</td>
<td>-0.2%</td>
</tr>
<tr>
<td>MBTA (Boston)</td>
<td>-0.8%</td>
</tr>
<tr>
<td>NY MTA</td>
<td></td>
</tr>
<tr>
<td>SEPTA (SE Penn)</td>
<td>-4.5%</td>
</tr>
</tbody>
</table>

Note: These data are based on “unlinked passenger trips.”

Fare Revenue

Annual Fare Revenue (millions)

<table>
<thead>
<tr>
<th>Date of Increase</th>
<th>Average Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/1/2006</td>
<td>3.7%</td>
</tr>
<tr>
<td>1/1/2008</td>
<td>5.4%</td>
</tr>
<tr>
<td>7/1/2009</td>
<td>6.1%</td>
</tr>
<tr>
<td>7/1/2012</td>
<td>1.4%</td>
</tr>
<tr>
<td>1/1/2014</td>
<td>5.2%</td>
</tr>
<tr>
<td>1/1/2016</td>
<td>3.4%</td>
</tr>
<tr>
<td>1/1/2018</td>
<td>2.7%</td>
</tr>
</tbody>
</table>
Capital Sources

FY18 and FY19 Capital Sources (millions)

Total: $1,348

- $390
- $418
- $115
- $103
- $91
- $148

FY19

- Federal 6%
- State 8%
- MTC/BART Rail Car Account 29%
- Measure RR Bonds 31%
- Operating Allocations 11%
- Earthquake Safety Bonds 7%

Total excludes $7M in reimbursable capital expenses
FY17-31 CIP Major Investment Programs
Need and Funding

<table>
<thead>
<tr>
<th>Need and Funding (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$-</td>
</tr>
</tbody>
</table>

- **Capital Asset Renewal Programs**
- **Big 3 (including TCMP)**
- **Core Capacity (Excluding TCMP)**
- **Access Enhancement and Station Mod**
- **BART Metro**
- **Earthquake Safety Program**
- **System Expansion**
- **Other Needs**

- Committed Funds
- Discretionary Funds
- Funding Gap
Capital Budget History

Note: Federal Funds exclude Rail Car Fund Swap. Operating Allocations to Capital exclude Debt Service. Percentages do not total 100% because approx. $5M in reimbursable funds are not included in the chart.
Operating to Capital Allocations

Operating to Capital Allocations Chart

Budget

% of Operating Funds Allocated to Capital/Access

Operating Expenditures ($M)

FY06 $428
FY07 $467
FY08 $498
FY09 $524
FY10 $498
FY11 $486
FY12 $524
FY13 $524
FY14 $561
FY15 $569
FY16 $610
FY17 $637
FY18 $743

Operating Expense

Debt Service

Allocations to Capital, Access, and Reserves

Operating Expense

Allocations to Capital, Access, and Reserves

% of Operating Funds Allocated to Capital/Access

FY06 0%
FY07 10%
FY08 20%
FY09 30%
FY10 40%
FY11 50%
FY12 60%
FY13 70%
FY14 80%
FY15 90%
FY16 100%
FY17 0%
FY18 100%
Related to the BART Strategic Plan

• Core: Related to BART’s Vision and Mission
  – Seamless Mobility
  – Move people safely and reliably
  – Reduce Risk (safety/service/reputational/financial)
  – How do today’s decisions affect BART’s long-term outlook?

• Dynamic: Related to BART’s current and future environment
  – Improve Customer Experience
  – Generate Revenue
  – Reduce Costs/Cost Neutral
Near Term Focus and Issues

• Operating Essentials
  – Open BART to Antioch – May 2018
  – Integrate New Rail Cars into revenue service
  – Staff an expanded Hayward Maintenance Complex

• Initiatives to Improve Customer Experience, Reduce Costs, Generate Revenue
  – Quality of Life
    • Homelessness
    • Cleanliness
    • Fare Evasion
    • Safety & security
  – Administrative process efficiency improvements
  – Access and Parking improvements
Non-Passenger Revenue Opportunities

• Transit Oriented Development
• Advertising
• The BART Digital Railway and Digital Strategy
<table>
<thead>
<tr>
<th>Status</th>
<th>Station</th>
<th>Total Units</th>
<th>Affordable Units</th>
<th>% Affordable</th>
<th>Office (SF)</th>
<th>Retail (SF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completed</td>
<td>Castro Valley (1993)</td>
<td>96</td>
<td>96</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fruitvale Phase I (2004)</td>
<td>47</td>
<td>10</td>
<td>21%</td>
<td>27,000</td>
<td>37,000</td>
</tr>
<tr>
<td></td>
<td>Pleasant Hill Phase I (2008)</td>
<td>422</td>
<td>84</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hayward (1998)</td>
<td>170</td>
<td>0</td>
<td>0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ashby (2011)</td>
<td>0</td>
<td>0</td>
<td>0%</td>
<td>80,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Richmond Phase I (2004)</td>
<td>132</td>
<td>66</td>
<td>50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>MacArthur Ph I (2016)</td>
<td>90</td>
<td>90</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>San Leandro Phase I (2017)</td>
<td>115</td>
<td>115</td>
<td>100%</td>
<td>5,000</td>
<td>1,000</td>
</tr>
<tr>
<td></td>
<td>West Dublin (2013)</td>
<td>309</td>
<td>0</td>
<td>0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>East Dublin (2008)</td>
<td>240</td>
<td>0</td>
<td>0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>South Hayward Phase I (2017)</td>
<td>354</td>
<td>152</td>
<td>43%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL COMPLETED</strong></td>
<td><strong>1975</strong></td>
<td><strong>613</strong></td>
<td><strong>31%</strong></td>
<td><strong>112,000</strong></td>
<td><strong>82,590</strong></td>
</tr>
<tr>
<td>Construction/</td>
<td>MacArthur Phase II (begins 2017 &amp; 2018)</td>
<td>787</td>
<td>56</td>
<td>7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planned</td>
<td>San Leandro Phase II (2017-2019)</td>
<td>85</td>
<td>85</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Walnut Creek (begun 2017)</td>
<td>596</td>
<td>0</td>
<td>0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Coliseum Phase I (2017-2019)</td>
<td>110</td>
<td>55</td>
<td>50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>West Pleasanton (2017-2019)</td>
<td>0</td>
<td>0</td>
<td>0%</td>
<td>410,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pleasant Hill Block C (begin 2018)</td>
<td>200</td>
<td>0</td>
<td>0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fruitvale Phase IIIA (begin 2018)</td>
<td>94</td>
<td>92</td>
<td>98%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL UNDER CONST. &amp; PLANNED</strong></td>
<td><strong>1872</strong></td>
<td><strong>288</strong></td>
<td><strong>15%</strong></td>
<td><strong>410,000</strong></td>
<td><strong>39,100</strong></td>
</tr>
<tr>
<td></td>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>3847</strong></td>
<td><strong>901</strong></td>
<td><strong>23%</strong></td>
<td><strong>522,000</strong></td>
<td><strong>121,690</strong></td>
</tr>
</tbody>
</table>
• Revenue is long term: from choices made 10-20 years ago
• Past priorities: ridership, parking replacement, long term revenue
• City Redevelopment played major role in most completed projects
• Decisions made today could affect revenue in 7-10 years

2018 BART TOD-Generated Revenue

- Land Lease/Sale $740k
- Participation* $184K
- Ridership ~ $3 Million

*Transit Benefit Fees, Revenue Sharing for Retail, Parking Garages
Based on OUTFRONT net revenue projection, total estimated payments to BART could be approximately $272M, of which $160M is guaranteed.
Digital Railway – Current State

FY16
$8.5M
Fiber & Cellular Revenue

FY17
$9.7M
Fiber & Cellular Revenue

• Underground Cellular Network
• Above Ground Cellular Towers
• Dark Fiber

July 31, 2018
Digital Railway – Business Units

Commercial Proposals - $50M Capital

1. SFMTA Underground Cellular
2. Train Wireless Services
3. Station Wireless Services
4. Fiber Optic Cables
Areas to Watch

- Potential for further ridership declines
- Ballot measure to repeal SB1, reducing BART’s STA allocation
- Next Economic Downturn
- Impacts of National Policies
Discussion and Questions