



# ▶ FY21 Budget Outlook

September 10, 2020



# Agenda

- Recap of 8/27 budget outlook
- Focus on Ridership:
  - Rider Data trends
  - Factors in ridership recovery
- COVID Expense Update
- Summary / Next Steps

# 8/27 Recap: Summary

## **Ridership recovery continues to depend on suppressing COVID-19 pandemic and resumption of pre-pandemic travel patterns (including commute)**

- BART ridership is unlikely to recover substantially as long as pandemic conditions persist
- Increasing concern for FY22 and out years

## **BART continues to advocate for additional emergency funding**

- If this comes, it will most likely occur sometime in early-mid 2021 (very late in the current fiscal year); however, not likely to fill entire revenue gap

## **Staff is evaluating and responding to address a large shortfall in FY21 and an even larger one in FY22**







- A budget revision will be presented for review and adoption over the course of the October Board meetings

## **Staff is planning to bring service scenarios at first Board meeting in October**

## **Even with additional federal assistance, there is no single solution; expect a number of measures: “the kitchen sink”**

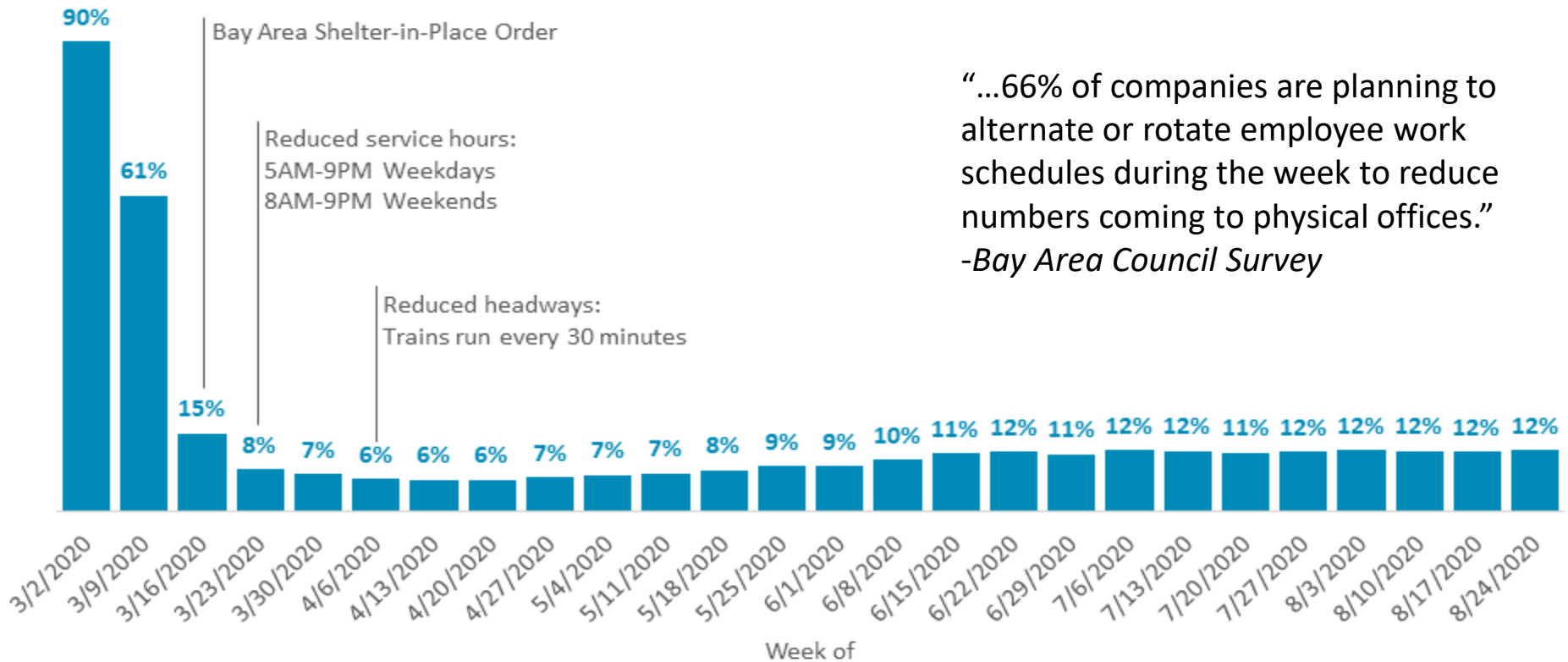
- Closing these shortfalls will require difficult tradeoffs, and will limit our ability to provide frequent, reliable service in the near term or meet expected demand over the long term

## 8/27 Recap: Key Indicators Staff Are Monitoring

Revenue Category	Outcome	Impact
<b>Estimated FY20 Year-end Result</b>	FY20 closed better than projected in April	
<b>COVID Containment</b>	Containment still distant, with all Bay Area county re-openings paused; California reporting errors leave trends unclear	
<b>Fare Revenue</b>	Ridership levelled off at 12% of pre-COVID baseline	
<b>FY21 Sales Tax</b>	BART sales tax receipts 10% above budget through August (reflects April-June sales activity); forward-looking picture unclear	
<b>FEMA reimbursement</b>	Reimbursement assumptions lowered, partially due to lower COVID costs incurred	
<b>Federal Emergency Assistance</b>	Talks in Congress broke off on August 7, with state & local assistance a major point of disagreement; Senate back in session 9/8	

# Persistently high new case numbers and offices remaining closed have caused ridership recovery to stagnate

**BART Weekly Ridership Tracker during COVID Pandemic**  
 % of Expected Baseline Ridership



“...66% of companies are planning to alternate or rotate employee work schedules during the week to reduce numbers coming to physical offices.”  
 -*Bay Area Council Survey*



Source: Survey completed May 13-14, 2020 by 123 Bay Area Council member companies.

<https://www.bayareacouncil.org/press-releases/new-ceo-survey-finds-dramatic-workplace-changes-in-response-to-covid-19/>

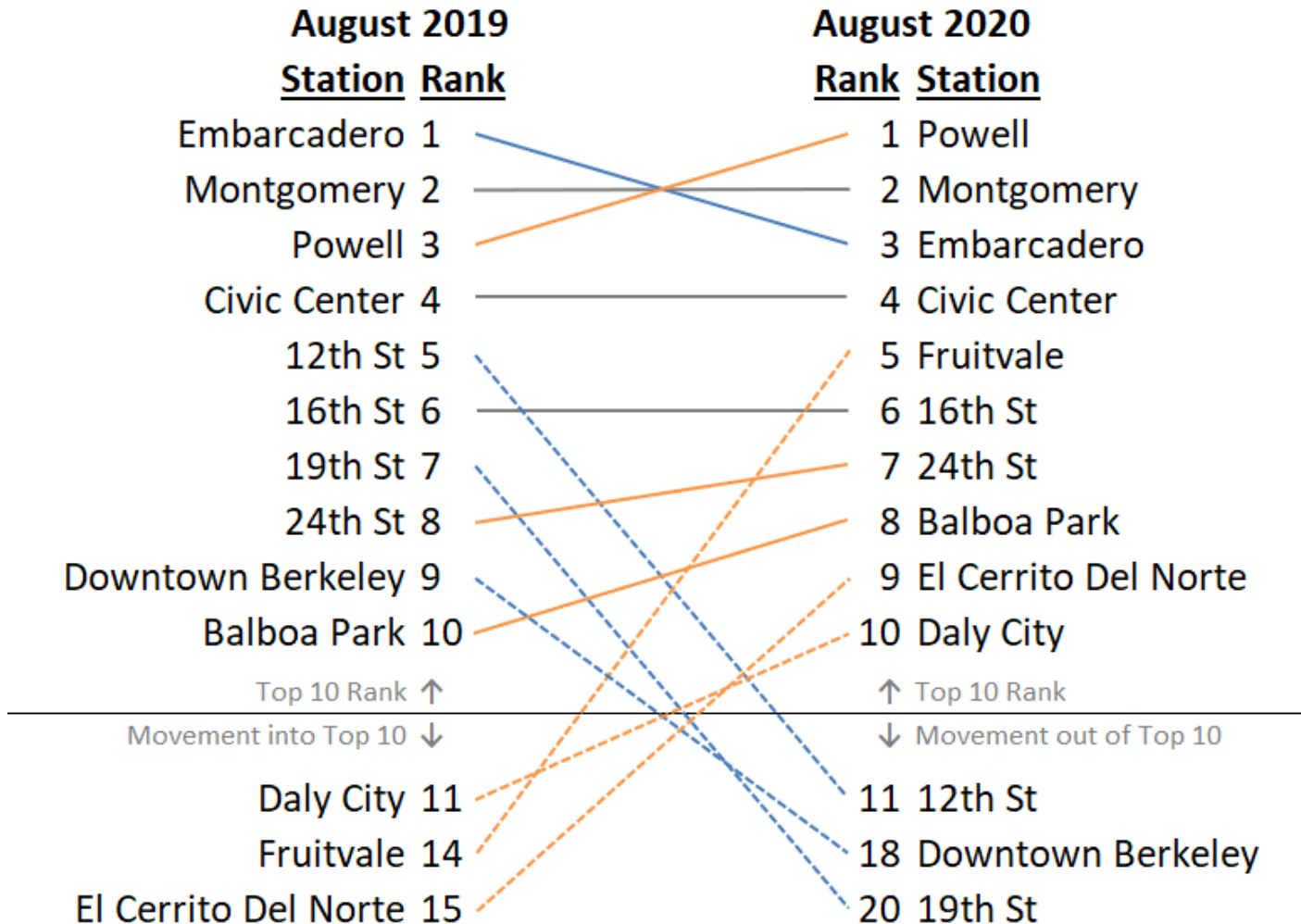
# BART service remains essential during the pandemic

Of those riding BART during Shelter in Place:

- 62% of riders identify as essential workers;
- 59% of lack access to a car; and
- 35% have household incomes below \$50K

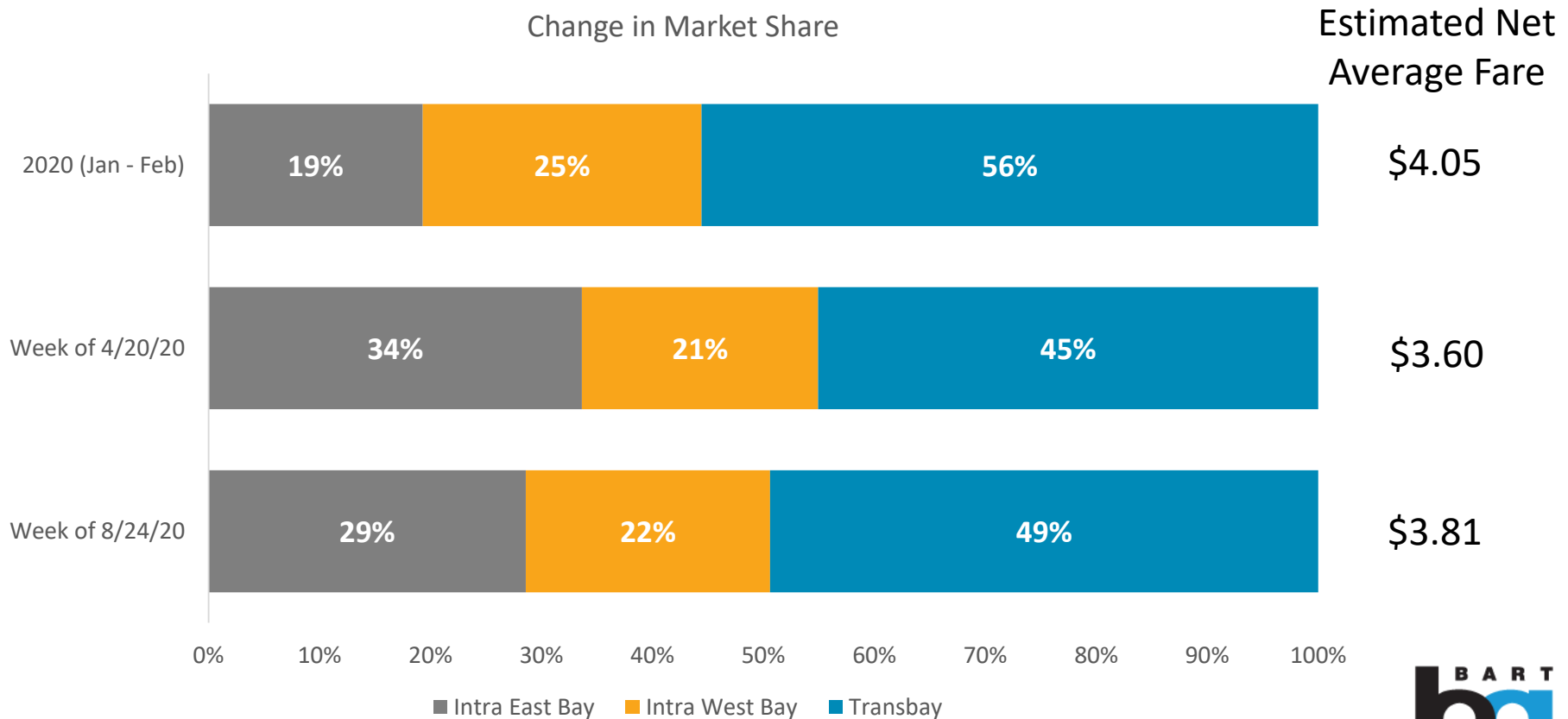
*BART rider survey; conducted May 20-26*

# Fruitvale, El Cerrito del Norte, and Daly City are now among top 10 busiest stations



# Average trip length and average fare fell sharply in March and April, but have bounced back since

- During March and April, long trips and Transbay trips fell sharply as a share of overall BART trips, and average fare dropped
- Since April, trip patterns and average fare have trended toward pre-COVID levels

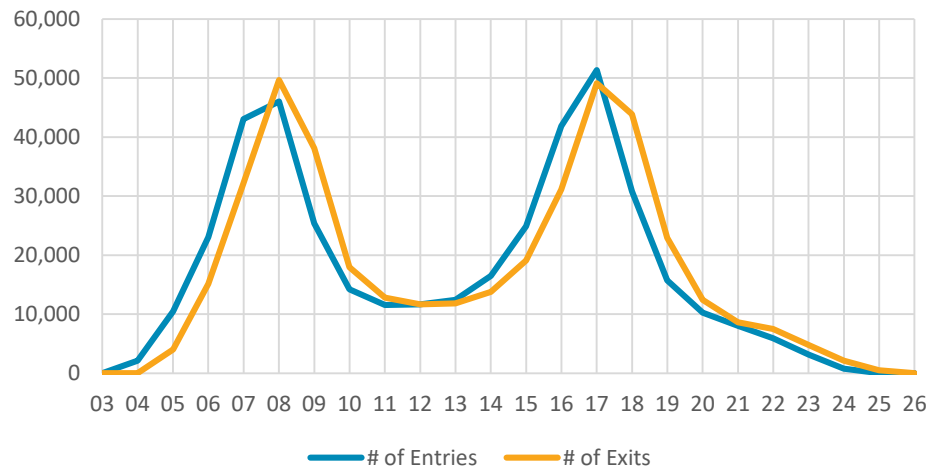




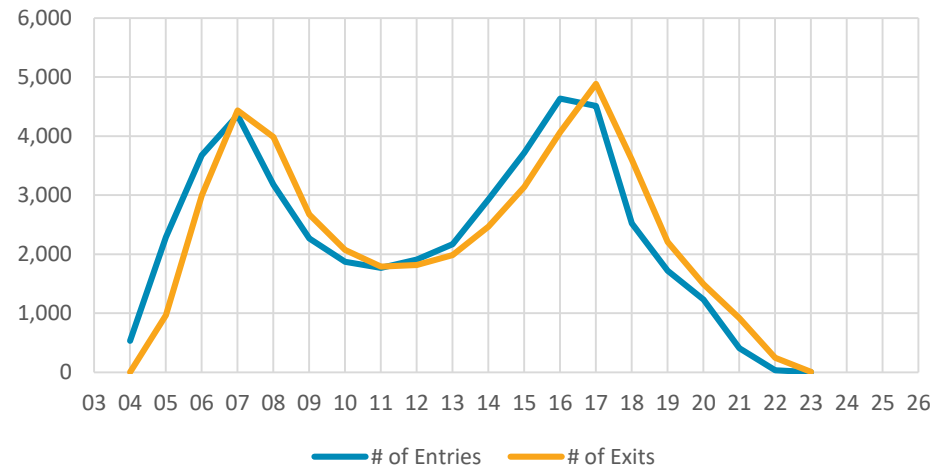
# Distribution of Trips by Time is Similar to pre-COVID

- Despite very difference service frequencies and significantly reduced ridership, recently hourly trends are similar to pre-COVID
- AM and PM peaks are a bit lower as a share of total ridership, and the mid-day trough is a bit higher

August 2019 Avg Weekday Ridership Distribution



August 2020 Avg Weekday Ridership Distribution



# Ridership Recovery Comparisons

## Agency

## Current Ridership Levels

WMATA



DC Metro ridership is averaging **13% of baseline** as of August 2020

MARTA



Rail ridership is averaging **28% of baseline** as of August 2020

New York MTA



NYC Subway, Metro-North, and LIRR are averaging ridership of **25%, 22%, and 26% of baseline** as of August 2020

LA Metro



Metro rail ridership across both the subway and light rail systems is averaging **roughly half** of baseline as of July 2020

SEPTA



Elevated and Subway ridership is averaging **25% of baseline** and Regional Rail is average **8% of baseline** as of July 2020

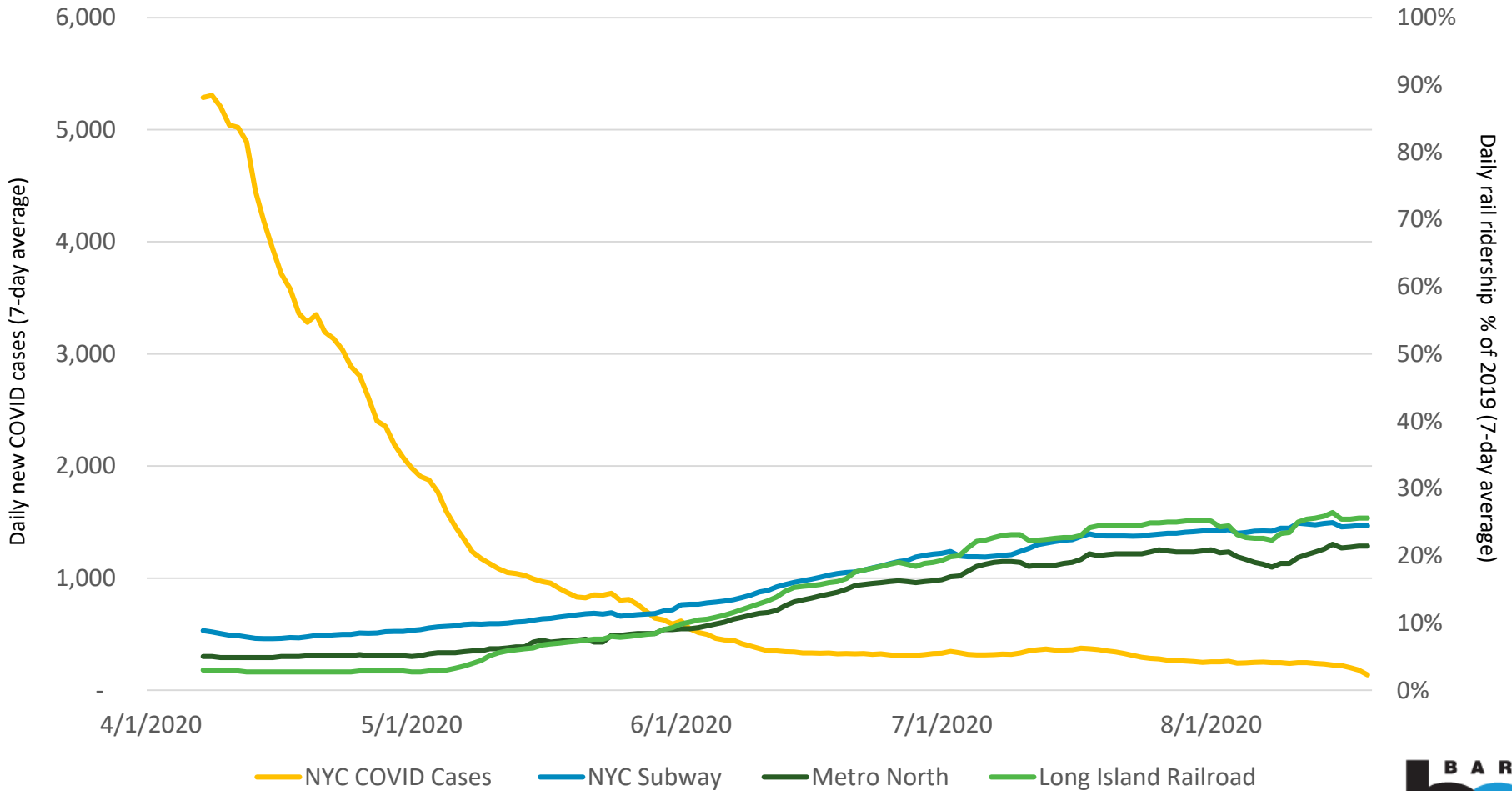
TSA (Airlines)



Air travel is averaging **29% of baseline** ridership as of August 2020

# New York shows that containment alone may not bring back riders right away

New York City COVID Cases vs Rail Ridership (7 day average)



# Ridership recovery depends on many factors, all uncertain

Driver	Key questions
<b>Public Health and Economy</b>	
<b>COVID containment</b>	<ul style="list-style-type: none"> <li>• Can August progress be sustained?</li> <li>• Will we see a winter surge?</li> </ul>
<b>State/county re-opening</b>	<ul style="list-style-type: none"> <li>• Will new (slower) re-opening plan have more success?</li> </ul>
<b>Economy &amp; employment</b>	<ul style="list-style-type: none"> <li>• How many job losses will be permanent?</li> </ul>
<b>Science &amp; Medicine</b>	
<b>Treatments / mitigations</b>	<ul style="list-style-type: none"> <li>• Will improved treatment/testing drive behavioral change?</li> </ul>
→ <b>Vaccine(s)</b>	<ul style="list-style-type: none"> <li>• Effectiveness of vaccines? Timing of approval/distribution?</li> </ul>
<b>Individual and Employer choice</b>	
→ <b>Perception of risk / confidence in public transit</b>	<ul style="list-style-type: none"> <li>• When real risk falls, how quickly will confidence improve?</li> </ul>
→ <b>Return to work / work from home</b>	<ul style="list-style-type: none"> <li>• When will major employers re-open for on-site work and at what scale?</li> <li>• Long term increase in remote work?</li> </ul>
<b>BART Service</b>	
→ <b>Level of service / capacity</b>	<ul style="list-style-type: none"> <li>• How much service can BART provide?</li> <li>• Can BART retain capacity to serve demand when it returns?</li> </ul>
<b>Health and safety standards / communications</b>	<ul style="list-style-type: none"> <li>• Impact of regional Healthy Transit Plan on customer confidence?</li> </ul>

# COVID Operating Measures Update

Planned FY21 Costs (May 2020)		September 2020 Update	Budgeted	Sept Estimate
Enhanced cleaning regimens	Trains	Performing work with existing staff freed up by reduced service schedule <i>Note: Spending will increase as service expands</i>	11	4
	Stations and facilities		7	3
PPE and testing	Passenger	Figures revised to incorporate lower actual PPE costs, slightly offset by testing costs	1	<1
	Employee		11	6
Encouraging physical distance	Customer touchpoints	Work moving ahead, notably Clipper-only conversion	0	0
	Physical layout		<1	<1
	Employee presence	Additional BPD Ambassadors, Community Outreach Specialist to be hired	2	2
Communications campaign		Welcome Back Plan, Bay Area Healthy Transit Plan, various media buys	1	1
Dynamic workforce planning		Staff not contracting COVID or needing to quarantine in large numbers; not changing estimate	11	11
New technologies		Piloting improved MERV filters and ultraviolet (UV) lighting in HVAC ducts	0	0
Total		Currently estimating less than \$44M; increased service would increase spending; continued success protecting frontline workers will control spending	44	27

# Summary

## Ridership Data

- **Remaining BART riders are mostly essential workers**; many lack access to a car and have low incomes. Stations serving lower income neighborhoods are now among our busiest.
- **Current distribution of trips by time is similar to pre-COVID**, average trip length and average fare fell sharply and first, but have bounced back since April
- **Most peer US rail services continue to have very low ridership**, as do air carriers
- **Many factors influence ridership recovery**, each with great uncertainty. Vaccine timing and efficacy, confidence in transit, and the timing of return to on-site work are critical factors.

## Budget Update

- **COVID Expenses are projected to be below budget**, but we continue to monitor needs
- **Staff is preparing options to address the projected serious FY21 operating budget shortfall**; these will consider cost reductions (labor and non labor), revenue strategies, and one-time resources
- **Additional federal and state funding is required** to avoid damaging cuts to essential service

# Board Calendar – FY21 Budget

<b>Planned Dates</b>	<b>Topic</b>
September 24	FY20 Year End Close Resolution [action item] FY21 Budget Update [info]
October 8	Budget revision sources and uses, potential service plans presentation [info]
October 22	Board votes on budget revision [action item]



# Discussion

