

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

MEMORANDUM

TO: Board of Directors

DATE: May 3, 2024

FROM: General Manager

SUBJECT: FY24 Third Quarter Financial Report (QFR)

New Report Structure

This memo summarizes BART's Fiscal Year 2024 (FY24) third quarter (January – March 2024) financial performance, including BART's budget-to-actual results, use of emergency assistance, and updates on retiree benefit obligations, grants receivable, cash and investments, long-term debt obligations, and operating reserves.

The District's budget-to-actual performance is shown in tabular format in Attachment 1. Attachment 2 shows the District's allocations, drawdowns, and use of emergency assistance, while Attachment 3 is a summary of ridership trends during the period.

Executive Summary

The District's net operating result was balanced through the third quarter (Q3) of FY24 due to the continued use of emergency assistance funds allocated through the American Rescue Plan Act (ARPA). These funds enabled the District to cover a \$262.2 million (M) operating deficit (the difference between operating revenues and expenses incurred) over the nine month period of July 1 to March 31, 2024.

Ridership totaled 36.8M exits through Q3 FY24, 1.3% below budget but 9.8% higher than the same period last year. Average weekday ridership during this period was 158,779 exits, 0.4% below budget, and 8.9% higher than a year ago. Third quarter FY24 ridership was 1.9% lower than the previous quarter. Average weekday ridership was 151,900 in January, 162,200 in February, and 162,500 in March, consistent with expected seasonal trends, but lower than expected.

Operating Revenue

Operating Revenue was \$1.3M (0.7%) below budget through the first three quarters of FY24. **Net Passenger Revenue** was \$2.1M (1.3%) below budget expectations as ridership did not keep up with

budgeted growth in February and March. **Parking Revenue** was \$1.3M (11.4%) favorable. **Other Operating Revenue** was \$0.5M (3.3%) below budget in part due to lower-than-expected advertising and lease revenues.

Investment Revenue was \$23.6M favorable to budget through the first three quarters of FY24 due to BART having drawn down large amounts of emergency funding over the past several years, which has been held in reserves and accruing interest at higher than expected rates. Note that investment revenue is budgeted conservatively as market conditions are difficult to forecast and can also be negative.

Financial Assistance

Sales Tax revenue was \$2.0M (0.8%) unfavorable and **Property Tax** was \$2.6M (7.7%) favorable through Q3 FY24. **VTA Financial Assistance** was \$0.1M (0.2%) unfavorable to budget (less funds received from VTA) due to projected costs attributed to the extension that were updated after FY24 budget adoption. **State Transit Assistance** was \$10.0M (84.9%) below budget and is attributed to the lumpy nature of funds disbursement by MTC.

Other Assistance through Q3 FY24 was \$11.5M (52.6%) favorable. This is due in part to earlier-than-expected Low Carbon Transit Operations Program (LCTOP) payments, which were budgeted to arrive in four equal quarterly payments of \$2.6M. Instead, BART received \$9.5M in Q2 2024 and \$0.7M in Q3 2024. Local financial assistance was also \$4.5M (48%) favorable versus budget through Q3 of FY24.

Operating Uses

Total Operating Expense was \$31.5M (4.5%) higher than budget through the third quarter of FY24.

Total gross **Wages, Fringe Benefits & Other Labor** was \$14.8M (2.3%) below budget. However, net Operating Wages, Fringe Benefits & Other Labor finished the third quarter \$30.7M (6.3%) unfavorable to budget, driven by unfavorable Capital Labor Reimbursements of \$45.5M (31.5%).

Total gross **Overtime** was \$59.3M through Q3, slightly over budget by \$0.6M (1.0%) and \$11.2M lower than Q3 of FY23. However, when lagging Capital Reimbursements Overtime is accounted for, net operating overtime variance is \$6.3M (15.3%) unfavorable to budget.

On a net basis, the District exceeded its operating labor budget through the third quarter by \$37.0M (7.0%); this variance was almost entirely due to lower than budgeted capital labor reimbursements. As described in the previous quarter's memo, approximately half of the variance is neutral to the operating budget, stemming from technical issues; the remaining half is due to staff budgeted as capital-funded charging to the operating budget. BART staff have worked to identify and address issues related to capital labor reimbursements over the past two fiscal years; this has led to updated capital labor reimbursement assumptions in the FY25 & FY26 Preliminary Budget to account for the actual distribution of work across funding sources.

Non-Labor expense was below budget through the third quarter by \$5.5M (3.2%). Electric Power was \$0.8M unfavorable (1.9%) YTD due to unexpectedly high December and January market electricity and transmission costs; however Q3 was \$0.9M favorable. **Other Non-Labor** was \$6.1M (5.8%) favorable to budget, with most of the favorable variance in Professional Fees, Repairs & Maintenance and Other Utilities. Professional Fees were \$5.1M favorable, mostly due to timing of invoicing and payments to vendors. Repairs & Maintenance was \$1.5M favorable due to delayed station cleaning and glass repair contracts, timing of invoice payments, and harvesting of parts from decommissioned rail cars. Other Utilities were \$1.0M favorable mostly due to timing of garbage invoicing and other utility expenses booked to Material Usage and Repair accounts. This was offset by \$1.0M of unfavorable Material Usage, which contains \$9.1M of write-off of obsolete legacy "C" cars and associated inventory. One more substantial inventory write-off of approximately \$4M to \$5M is expected for June.

Debt Service and Allocations Debt Service is on budget and Allocations are \$10.5M (19.4%) favorable, mostly due to the reversal of a \$5.4M FY21 allocation for replacement of equipment on the BART-to-Antioch extension back into the operating budget. After February 2024, the District stopped making its allocation to Priority Capital because the remaining funds scheduled to be deposited were intended for a Railcar contingency that will not be necessary; this generated a \$4.2M positive variance in Q3, which will also be seen in the remaining months of the fiscal year.

Emergency Assistance

The District used \$262.2M in ARPA funding to cover the difference between operating revenues and expenses through the third quarter. This amount is \$3.5M (1.3%) less than budget and was driven by \$22.3M of favorable total revenues and \$2.1M of favorable financial assistance, offsetting \$20.9M in unfavorable total uses. Through March, of the \$1.6 billion (B) of federal emergency assistance allocated to

the District since 2020, \$1.3B has been expended and \$325.0M, remains for future use. Over the next two years, the District will begin accessing an additional \$352M in SB125 State and Regional Assistance.

FY24 Year-End Projection

Heading into the fourth quarter, staff projects to end FY24 requiring \$33.7M less emergency assistance than budgeted. Total sources are expected to end the year \$69.1 (9.4%) above budget. As noted in the two previous FY24 quarterly reports, approximately \$31M is driven by two substantive changes in the State Transit Assistance (STA) forecast: 1) the State's extension of the hold harmless agreement, previously forecast to expire at the end of calendar year 2023, and 2) MTC's timing of STA payments to BART, which shifted \$16M from FY23 to FY24. Investment revenue, the other major driver of positive revenue variance, is projected to end FY24 \$32.6M above budget. Note that this source will decline over time as BART spends down its reserved emergency assistance, which will result in less principal upon which to generate interest and investment income. Finally, parking revenue is projected to end FY24 \$1.6M above budget, due to higher-than-budgeted parking utilization as well as the extension of special parking agreements. With fare revenue tracking below budget expectations in Q3, net passenger revenue is projected to end the year \$6.3M below budget.

On the expense side, labor costs are expected to end the fiscal year \$53.3M (7.6%) above budget due to lower-than-expected capital reimbursements. The capital labor reimbursements variance year-end projection has incrementally improved since the end of Q2, due to increased capital charging by BART staff. Operating overtime is projected to end the year \$9.5M (18.0%) above budget, compared with a \$10.1M above budget projection after Q2; gross overtime is still projected to finish the year close to budget.

Non-Labor costs are projected to end the fiscal year \$2.7M (1.2%) above budget, due to forecasted June material inventory write offs of legacy train parts. In addition, ADA Paratransit costs are forecasted to end the year above budget due to a combination of increased demand for paratransit trips and higher costs per trip. Traction power costs, while currently projected to end the year on budget, are still an area of concern due to uncertainty around electricity prices and pending California Public Utilities (CPUC) decisions around transmission and distribution rates, which are passed on to BART.

While Debt Service is projected to finish the fiscal year on budget, Allocations are projected to finish the fiscal year \$20.6M under budget due primarily to \$16.7M in downward revisions to needed Priority Capital funds.

Overall Uses in FY24 are projected to be \$35.4M (3.3%) above budget, driven primarily by the underperformance in capital reimbursements discussed above and material inventory write offs. Combined with the projected \$69.1M favorable variance in Sources, staff project that the District will need \$33.7M (9.6%) less emergency assistance to balance the budget by year-end. This positive variance will be used to offset deficits in future fiscal years.

Controller-Treasurer Update

Post-Employment Benefits

BART's post-employment benefits are generally updated at the end of each fiscal year, so there is little change to their status in the interim quarters. The most recent valuation date for BART's pension plan, managed by CalPERS, is June 30, 2022. As of that date, the District's Safety plan, which covers sworn staff, was 57.2% funded, while the Miscellaneous plan, which covers all other employees, was 72.3% funded. Both plans experienced losses in FY22, but preliminary results from FY23 show better performance, which should increase the funded ratio. The District also maintains a Section 115 Pension Trust to offset future pension liabilities; as of March 31, 2024, this trust was valued at \$39.6M.

Besides the pension plan, BART offers three additional retirement benefits, the unfunded obligations of which are accounted for as District liabilities. Retiree health benefits are funded via the Retiree Health Benefits Trust (RHBT), which was 70.5% funded at the end of FY23. Per the District's Collective Bargaining Agreements (CBAs), the RHBT must be fully funded by July 1, 2034. BART's other post-employment benefits are its retiree life insurance benefit and survivor benefits; the District has set aside a trust to fund the latter, which was 51.9% funded at the end of FY23. The liability associated with the retiree life insurance benefit was \$47.8M at the end of FY23; this program is funded on a pay as you go basis.

The assets of the RHBT, Survivors Benefit Trust (SBT), and Section 115 Pension Trust are held in trust by US Bank and administered by the District. Trust assets at the end of March 31, 2024 for the RHBT, SBT, and Section 115 Pension Trust all benefited from positive outlook in the stock and bond market due to expectation of lower interest rate. Investment returns in the 3rd quarter of FY24 were \$35.4M (6.4%) for the RHBT, \$692K (6.0%) for the SBT, and \$64K (0.2%) for the Section 115 Pension Trust. Fiscal year to-date returns were \$70.2M (13.6%) for the RHBT, \$1.4M (13.2%) for SBT, and \$1.5M (4.0%) for the Section 115 Pension Trust.

Accounts Receivable, Cash, and Investments

As of March 31, 2024, \$131.5M in receivables was outstanding, with approximately two thirds of the outstanding balance were within 60 days after the invoices were issued. Receivables exceeding 120 days outstanding decreased from \$20.8M at the end of Q2 to \$12.5M at Q3 end. Since March 31, 2024, the District has collected \$96.2M, about 73% of the total outstanding balance.

BART's cash and investments continue to perform better than in recent years, due to higher interest rates. As of March 31, 2024, BART has \$935.9M in cash and investments between its capital and operating accounts. BART's weighted average return on investments in US government securities in the current quarter was 5.25%, closely similar to the 5.29% realized in the previous quarter.

Reserves

BART continues to maintain several reserve funds. The largest reserve is the District's emergency assistance reserve ("Federal Assistance – ARP"). The District has drawn down all allocated federal emergency assistance and will use these funds to offset operating costs into FY25. For the quarter ended March 31, 2024, \$99.5M was drawn from this reserve.

BART's remaining operating reserve funds (Operating Reserve, Insurance Calamity Reserve, General Reserve for Economic Uncertainty, and Low Carbon Fuel Standards Credits) totaled \$106.5M as of March 31, 2024; the Working Capital Reserve contained \$88.9M.

If you have any questions about this report, please contact Christopher Gan, Interim Controller-Treasurer, at cgan@bart.gov or Christopher Simi, Budget Director, at csimi@bart.gov.

DocuSigned by:
Michael Jones
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Robert Powers

cc: Board Appointed Officers
Deputy General Manager
Executive Staff

Bay Area Rapid Transit District
Quarterly Financial Report - Third Quarter FY24

	Q1 Actuals	Q2 Actuals	Q3 Budget	Q3 Actuals	Q3 Variance	YTD Budget	YTD	YTD Variance	YTD % Variance	Year-End Forecast	Annual Budget	% Annual Budget	Projected Year-End Variance
(\$ Millions)													
Operating Revenue													
Net Passenger Revenue	55.5	53.2	53.9	52.1	(1.8)	162.8	160.7	(2.1)	● -1.3%	219.1	225.4	71.3%	(6.3)
Parking Revenue	4.0	4.1	3.5	4.3	0.8	11.1	12.4	1.3	● 11.4%	16.4	14.8	83.3%	1.6
Other Operating Revenue*	4.8	4.3	5.4	6.3	0.9	15.9	15.4	(0.5)	● -3.3%	22.4	21.4	72.1%	1.0
Total Net Operating Revenue	64.3	61.6	62.8	62.7	(0.1)	189.9	188.5	(1.3)	● -0.7%	257.9	261.7	72.0%	(3.8)
Non Operating Revenue													
Investment Income*	8.5	8.4	0.6	8.7	8.0	1.9	25.5	23.6	● 1259.1%	35.1	2.5	1080.6%	32.6
Total Revenue	72.7	70.0	63.4	71.3	7.9	191.7	214.0	22.3	● 11.6%	293.0	264.2	81.0%	28.8
Financial Assistance													
Sales Tax	82.8	80.4	84.3	81.5	(2.8)	246.8	244.7	(2.0)	● -0.8%	317.6	319.8	76.5%	(2.2)
Property Tax	3.7	30.1	3.4	3.1	(0.4)	34.3	36.9	2.6	● 7.7%	61.2	61.2	60.3%	-
State Transit Assistance	0.0	-	5.9	1.8	(4.1)	11.8	1.8	(10.0)	● -84.9%	57.4	23.5	7.6%	33.9
VTA Financial Assistance	8.2	8.8	8.7	9.0	0.3	26.0	26.0	(0.1)	● -0.2%	34.0	34.7	74.8%	(0.8)
Other Assistance, Net of Federal Emergency Assistance	6.6	15.6	7.6	11.3	3.7	22.0	33.5	11.5	● 52.6%	39.3	29.9	112.0%	9.4
Total Financial Assistance	101.4	134.9	110.0	106.6	(3.3)	340.8	342.9	2.1	● 0.6%	509.4	469.2	73.1%	40.2
Total Sources	174.1	204.8	173.4	177.9	4.5	532.5	556.9	24.4	● 4.6%	802.4	733.4	75.9%	69.1
Operating Expense													
Gross Wages, Fringe & Other Labor	203.9	202.8	212.3	210.8	1.4	632.4	617.5	14.8	● 2.3%	821.1	839.8	73.5%	18.7
Capital Reimbursements - Labor & Fringe	(31.6)	(32.0)	(47.8)	(35.3)	(12.5)	(144.4)	(98.9)	(45.5)	● -31.5%	(129.7)	(192.2)	51.5%	(62.4)
Subtotal - Net Operating Labor & Fringe	172.4	170.8	164.4	175.5	(11.1)	488.0	518.7	(30.7)	● -6.3%	691.4	647.6	80.1%	(43.8)
Gross Overtime	20.2	20.0	18.9	19.2	(0.3)	58.7	59.3	(0.6)	● -1.0%	78.7	76.8	77.3%	(1.9)
Capital Reimbursements - Overtime	(3.7)	(3.5)	(6.2)	(4.9)	(1.3)	(17.8)	(12.1)	(5.7)	● -31.8%	(16.3)	(23.9)	50.9%	(7.6)
Subtotal - Net Operating Overtime	16.5	16.5	12.7	14.3	(1.5)	40.9	47.2	(6.3)	● -15.3%	62.4	52.9	89.2%	(9.5)
Total Operating Labor	188.8	187.2	177.2	189.8	(12.6)	528.9	565.9	(37.0)	● -7.0%	753.8	700.5	80.8%	(53.3)
Electric Power	15.7	15.0	14.6	13.7	0.9	43.6	44.4	(0.8)	● -1.9%	59.0	59.0	75.2%	0.0
Purchased Transportation	6.5	6.6	6.7	6.8	(0.1)	20.0	19.9	0.2	● 0.8%	28.4	26.7	74.4%	(1.7)
Other Non Labor*	26.4	33.7	36.4	39.9	(3.5)	106.1	100.0	6.1	● 5.8%	148.4	147.3	67.9%	(1.1)
Total Non Labor	48.6	55.3	57.6	60.4	(2.8)	169.8	164.3	5.5	● 3.2%	235.7	233.0	70.5%	(2.7)
Total Operating Expense	237.4	242.5	234.8	250.2	(15.4)	698.7	730.1	(31.5)	● -4.5%	989.5	933.5	78.2%	(56.0)
Debt Service and Allocations													
Debt Service	15.0	15.0	15.0	15.0	0.0	45.1	45.1	0.0	● 0.0%	60.1	60.1	75.0%	-
Capital and Other Allocations, Net of Emerg	20.8	10.8	16.8	12.2	4.6	54.3	43.8	10.5	● 19.4%	69.9	90.5	48.4%	20.6
Total Debt Service and Allocations	35.8	25.8	31.9	27.3	4.6	99.4	88.9	10.5	● 10.6%	130.0	150.6	59.0%	20.6
Total Uses	273.2	268.3	266.7	277.5	(10.8)	798.1	819.0	(20.9)	● -2.6%	1,119.6	1,084.1	75.5%	(35.4)
Net Result Before Emergency Assistance	(99.1)	(63.5)	(93.3)	(99.5)	(6.3)	(265.6)	(262.2)	3.5	● 1.3%	(317.1)	(350.8)	63.4%	33.7
Emergency Assistance Applied	99.1	63.5	93.3	99.5	6.3	265.6	262.2	(3.5)	● -1.3%	317.1	350.8		(33.7)
Net Result before GASB	(0.0)	(0.0)	0.0	(0.0)	(0.0)	-	(0.0)	(0.0)	● 0.0%	0.0	0.0	0.0%	(0.0)
Operating Result (Deficit)	(173.2)	(180.9)	(172.0)	(187.5)	(15.5)	(508.8)	(541.6)	(32.8)	● -6.4%	(731.6)	(671.9)	80.6%	59.8
System Operating Ratio	27.3%	25.4%	26.7%	25.0%	-1.7%	27.2%	25.8%	-1.4%		26.1%	28.0%		-2.0%
Rail Cost / Passenger Mile (\$)	1.19	1.28	1.27	1.36	(0.10)	1.21	1.28	(0.07)			1.29		

Attachment 2 - Emergency Assistance

Emergency Assistance to BART (Updated May 3, 2024)

Award amounts (\$M)	FY20	FY21	FY22	FY23	FY24	Total Awarded
CARES	251	126	0	0	0	377
CRRSAA	0	378	0	0	0	378
ARPA + Add'l Assistance	0	0	853	0	0	853
SB125 State and Regional Assistance*	0	0	0	0	58	58
<i>Subtotal - all awards</i>	<i>251</i>	<i>504</i>	<i>853</i>	<i>0</i>	<i>58</i>	<i>1,666</i>

Draw downs (\$M) - funds received as of 3/31/24	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Actual	FY24 Actual	Total Drawn Down
CARES	186	191	0	0	0	377
CRRSAA	0	211	167	0	0	378
ARPA + Add'l Assistance	0	0	276	408	169	853
SB125 State and Regional Assistance	0	0	0	0	0	0
<i>Subtotal - all drawdowns</i>	<i>186</i>	<i>402</i>	<i>443</i>	<i>408</i>	<i>169</i>	<i>1,608</i>

Remaining emergency funds to be drawn down after 3/31/24 (\$M)

58

Expenditures (\$M) - applied to offset incurred expenses as of 3/31/24	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Actual	FY24 Actual	Total Applied
CARES	120	257	0	0	0	377
CRRSAA	0	41	287	50	0	378
ARPA + Add'l Assistance	0	0	0	266	262	528
SB125 State and Regional Assistance	0	0	0	0	0	0
<i>Subtotal - all expenditures</i>	<i>120</i>	<i>298</i>	<i>287</i>	<i>316</i>	<i>262</i>	<i>1,283</i>

Funds in BART reserves as of 3/31/24 (\$M)

325

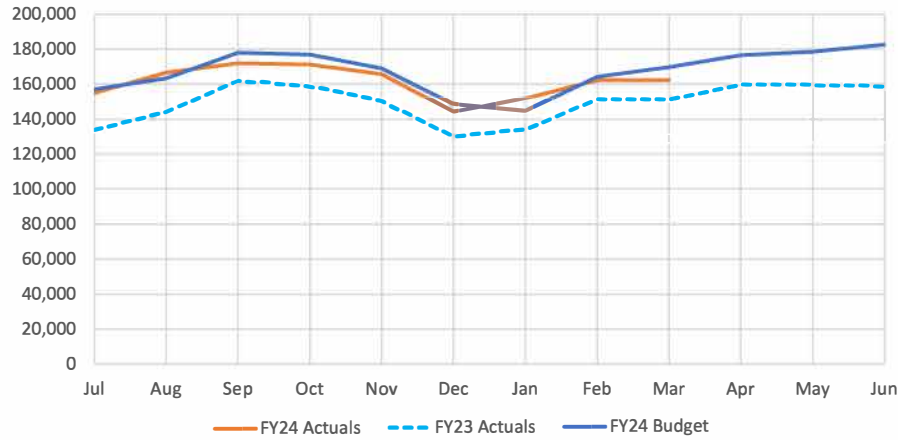
Remaining funds to be used to offset expenses after 3/31/24 (\$M)

383

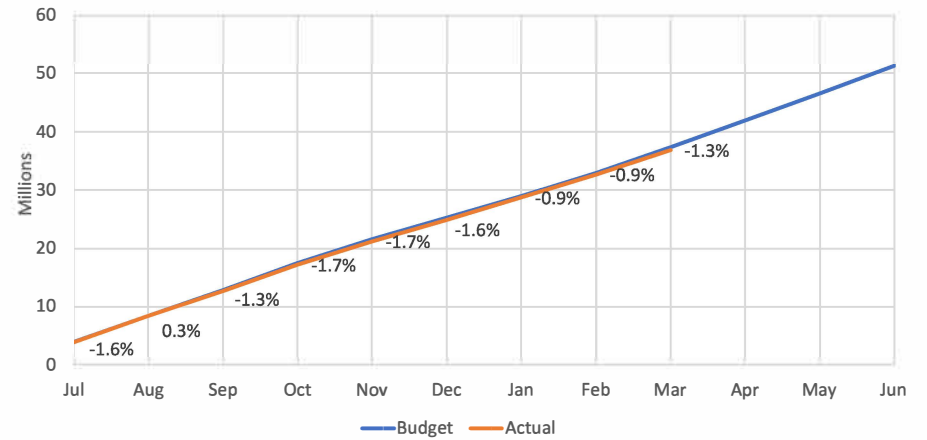
*SB125 has been partially allocated; BART expects approximately \$352M in total over several years

FY24Q3 (Jul-Mar) Ridership Stats

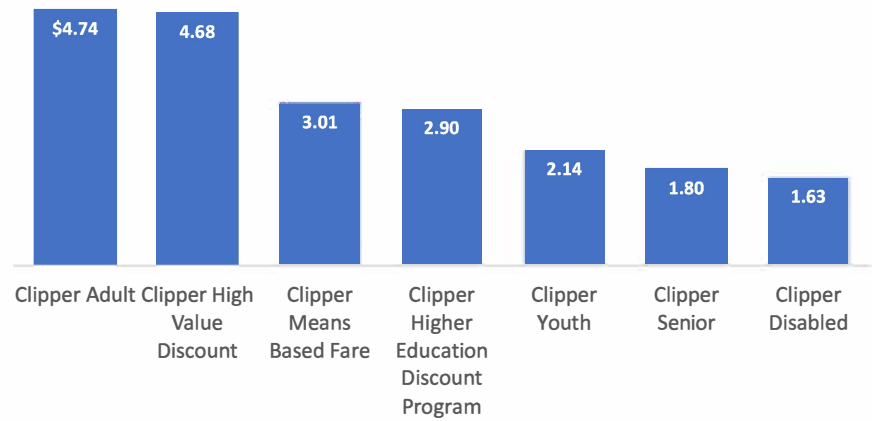
Average Weekday Ridership



FY24 Cumulative Budget to Actual Variance



Clipper Product Avg Net Fare



Exits	Actual FY23 YTD	Budget FY24 YTD	Actual FY24 YTD
Weekday	146,223	163,483	161,313
Saturday	83,592	92,375	90,394
Sunday	59,803	66,063	65,687
Total	33,533,130	37,311,300	36,824,248

FY24 YTD Actual vs.	
FY23 YTD Actual	FY24 YTD Budget
110.3%	98.7%
108.1%	97.9%
109.8%	99.4%
109.8%	98.7%



▶ FY24 Third Quarter Financial Report
BART Board of Directors
May 9, 2024



Executive Summary

- Iterating new report format
 - Added write up on BART's post-employment obligations, cash & investments, receivables, long-term liabilities, and reserves to accompanying memo
 - Presentation includes YTD budget and actual capital expenditures by program
 - *Capital Project & Program Status Report (CPPSR) will continue to include YTD spend at the project level*
- FY24 trends
 - Revenues softening in current year due to slowing ridership growth and sales tax
 - Small improvement in capital recoveries between Q2 and Q3; more may be recovered in Q4

Consolidated Report Format

Budget to Actuals

- Q1, Q2, and Q3 budget to actuals report (sources, uses, net result)
- Emergency assistance allocations, drawdowns, usage
- Capital budget and YTD expenditures

Controller-Treasurer Report

- Pension
- Other Post-Employment Benefits (OPEB)
- Accounts Receivable
- Cash and Investments
- Bonds
- Reserves

Operating Sources

Quarterly Financial Report - Third Quarter FY24

	Q1 Actuals	Q2 Actuals	Q3 Budget	Q3 Actuals	Q3 Variance	YTD Budget	YTD Actuals	YTD Variance	YTD % Variance	Year-End Forecast	Annual Budget	% Annual Budget	Projected Year-End Variance
(\$ Millions)													
Operating Revenue													
Net Passenger Revenue	55.5	53.2	53.9	52.1	(1.8)	162.8	160.7	(2.1)	-1.3%	219.1	225.4	71.3%	(6.3)
Parking Revenue	4.0	4.1	3.5	4.3	0.8	11.1	12.4	1.3	11.4%	16.4	14.8	83.3%	1.6
Other Operating Revenue*	4.8	4.3	5.4	6.3	0.9	15.9	15.4	(0.5)	-3.3%	22.4	21.4	72.1%	1.0
Total Net Operating Revenue	64.3	61.6	62.8	62.7	(0.1)	189.9	188.5	(1.3)	-0.7%	257.9	261.7	72.0%	(3.8)
Non Operating Revenue (Investment Income*)	8.5	8.4	0.6	8.7	8.0	1.9	25.5	23.6	1259.1%	35.1	2.5	1080.6%	32.6
Total Revenue	72.7	70.0	63.4	71.3	7.9	191.7	214.0	22.3	11.6%	293.0	264.2	81.0%	28.8
Financial Assistance													
Sales Tax	82.8	80.4	84.3	81.5	(2.8)	246.8	244.7	(2.0)	-0.8%	317.6	319.8	76.5%	(2.2)
Property Tax	3.7	30.1	3.4	3.1	(0.4)	34.3	36.9	2.6	7.7%	61.2	61.2	60.3%	0.0
State Transit Assistance	0.0	0.0	5.9	1.8	(4.1)	11.8	1.8	(10.0)	-84.9%	57.4	23.5	7.6%	33.9
VTA Financial Assistance	8.2	8.8	8.7	9.0	0.3	26.0	26.0	(0.1)	-0.2%	34.0	34.7	74.8%	(0.8)
Other Assistance (less Emergency Assistance)	6.6	15.6	7.6	11.3	3.7	22.0	33.5	11.5	52.6%	39.3	29.9	112.0%	9.4
Total Financial Assistance	101.4	134.9	110.0	106.6	(3.3)	340.8	342.9	2.1	0.6%	509.4	469.2	73.1%	40.2
Total Sources	174.1	204.8	173.4	177.9	4.5	532.5	556.9	24.4	4.6%	802.4	733.4	75.9%	69.1

* Net of GASB

- Rail Fare Revenue tracked on budget over Q1 and Q2, but landed 3.2% below budget for Q3
- Sales Tax also slowed down in Q3, coming in \$2.8M under budget
- Total revenues above budget driven due to investment income
- State Transit Assistance below budget at Q3 end due to timing of payments; projected to be above budget by FY end



Operating Uses

	Q1 Actuals	Q2 Actuals	Q3 Budget	Q3 Actuals	Q3 Variance	YTD Budget	YTD Actuals	YTD Variance	YTD % Variance	Year-End Forecast	Annual Budget	% Annual Budget	Projected Year-End Variance
(\$ Millions)													
Operating Expense													
Gross Wages, Fringe & Other Labor	203.9	202.8	212.3	210.8	1.4	632.4	617.5	14.8	2.3%	821.1	839.8	73.5%	18.7
Capital Reimbursements - Labor & Fringe	(31.6)	(32.0)	(47.8)	(35.3)	(12.5)	(144.4)	(98.9)	(45.5)	-31.5%	(129.7)	(192.2)	51.5%	(62.4)
Subtotal - Net Operating Labor & Fringe	172.4	170.8	164.4	175.5	(11.1)	488.0	518.7	(30.7)	-6.3%	691.4	647.6	80.1%	(43.8)
Gross Overtime	20.2	20.0	18.9	19.2	(0.3)	58.7	59.3	(0.6)	-1.0%	78.7	76.8	77.3%	(1.9)
Capital Reimbursements - Overtime	(3.7)	(3.5)	(6.2)	(4.9)	(1.3)	(17.8)	(12.1)	(5.7)	-31.8%	(16.3)	(23.9)	50.9%	(7.6)
Subtotal - Net Operating Overtime	16.5	16.5	12.7	14.3	(1.5)	40.9	47.2	(6.3)	-15.3%	62.4	52.9	89.2%	(9.5)
Total Operating Labor	188.8	187.2	177.2	189.8	(12.6)	528.9	565.9	(37.0)	-7.0%	753.8	700.5	80.8%	(53.3)
Electric Power	15.7	15.0	14.6	13.7	0.9	43.6	44.4	(0.8)	-1.9%	59.0	59.0	75.2%	0.0
Purchased Transportation	6.5	6.6	6.7	6.8	(0.1)	20.0	19.9	0.2	0.8%	28.4	26.7	74.4%	(1.7)
Other Non Labor*	26.4	33.7	36.4	39.9	(3.5)	106.1	100.0	6.1	5.8%	148.4	147.3	67.9%	(1.1)
Total Non Labor	48.6	55.3	57.6	60.4	(2.8)	169.8	164.3	5.5	3.2%	235.7	233.0	70.5%	(2.7)
Total Operating Expense	237.4	242.5	234.8	250.2	(15.4)	698.7	730.1	(31.5)	-4.5%	989.5	933.5	78.2%	(56.0)
Debt Service and Allocations													
Debt Service	15.0	15.0	15.0	15.0	0.0	45.1	45.1	0.0	0.0%	60.1	60.1	75.0%	0.0
Capital and Other Allocations, Net of Emergency Assistance	20.8	10.8	16.8	12.2	4.6	54.3	43.8	10.5	19.4%	69.9	90.5	48.4%	20.6
Total Debt Service and Allocations	35.8	25.8	31.9	27.3	4.6	99.4	88.9	10.5	10.6%	130.0	150.6	59.0%	20.6
Total Uses	273.2	268.3	266.7	277.5	(10.8)	798.1	819.0	(20.9)	-2.6%	1,119.6	1,084.1	75.5%	(35.4)

* Net of GASB

- Lagging capital reimbursements drive negative expense variance, which is partially offset by reduced need for Priority Capital allocations (railcar contingency)
- Non Labor actuals through Q3 were below budget, but forecast to be ~\$3M above budget at year end due to inventory write offs related to spare parts and increased ADA paratransit costs

Emergency Assistance & Net Result

Quarterly Financial Report - Third Quarter FY24

(\$ Millions)

	Q1 Actuals	Q2 Actuals	Q3 Budget	Q3 Actuals	Q3 Variance	YTD Budget	YTD Actuals	YTD Variance	YTD % Variance	Year-End Forecast	Annual Budget	% Annual Budget	Projected Year-End Variance
Operating Revenue													
Total Net Operating Revenue	64.3	61.6	62.8	62.7	(0.1)	189.9	188.5	(1.3)	-0.7%	257.9	261.7	72.0%	(3.8)
Non Operating Revenue	8.5	8.4	0.6	8.7	8.0	1.9	25.5	23.6	1259.1%	35.1	2.5	1080.6%	32.6
Total Revenue	72.7	70.0	63.4	71.3	7.9	191.7	214.0	22.3	11.6%	293.0	264.2	81.0%	28.8
Total Financial Assistance	101.4	134.9	110.0	106.6	(3.3)	340.8	342.9	2.1	0.6%	509.4	469.2	73.1%	40.2
Total Sources	174.1	204.8	173.4	177.9	4.5	532.5	556.9	24.4	4.6%	802.4	733.4	75.9%	69.1
Operating Expense													
Total Operating Labor	188.8	187.2	177.2	189.8	(12.6)	528.9	565.9	(37.0)	-7.0%	753.8	700.5	80.8%	(53.3)
Total Non Labor	48.6	55.3	57.6	60.4	(2.8)	169.8	164.3	5.5	3.2%	235.7	233.0	70.5%	(2.7)
Total Operating Expense	237.4	242.5	234.8	250.2	(15.4)	698.7	730.1	(31.5)	-4.5%	989.5	933.5	78.2%	(56.0)
Debt Service and Allocations													
Total Debt Service and Allocations	35.8	25.8	31.9	27.3	4.6	99.4	88.9	10.5	10.6%	130.0	150.6	59.0%	20.6
Total Uses	273.2	268.3	266.7	277.5	(10.8)	798.1	819.0	(20.9)	-2.6%	1,119.6	1,084.1	75.5%	(35.4)
Net Result Before Emergency Assistance	(99.1)	(63.5)	(93.3)	(99.5)	(6.3)	(265.6)	(262.2)	3.5	1.3%	(317.1)	(350.8)	74.7%	33.7
Emergency Assistance Applied	99.1	63.5	93.3	99.5	6.3	265.6	262.2	(3.5)	-1.3%	317.1	350.8	74.7%	(33.7)
Net Result before GASB	(0.0)	(0.0)	0.0	(0.0)	(0.0)	0.0	(0.0)	(0.0)	0.0%	0.0	0.0	0.0%	(0.0)
Operating Result (Deficit)	(173.2)	(180.9)	(172.0)	(187.5)	(15.5)	(508.8)	(541.6)	(32.8)	-6.4%	(731.6)	(671.9)	80.6%	59.8
System Operating Ratio	27.3%	25.4%	26.7%	25.0%	-1.7%	27.2%	25.8%	-1.4%		26.1%	28.0%		-2.0%
Rail Cost / Passenger Mile (\$)	1.19	1.28	1.27	1.36	(0.10)	1.21	1.28	(0.07)			1.29		

- Sources projected \$69.1M better than budget
- Uses projected \$35.4M above budget
- Net result projected to require \$33.7M (9.6%) less emergency assistance to balance FY24

Emergency Assistance to BART as of March 31, 2024

Emergency Assistance to BART (Updated April 25, 2024)

Award amounts (\$M)	FY20	FY21	FY22	FY23	FY24	Total Awarded
CARES	251	126	0	0	0	377
CRRSAA	0	378	0	0	0	378
ARPA + Add'l Assistance	0	0	853	0	0	853
SB125 State and Regional Assistance*	0	0	0	0	58	58
<i>Subtotal - all awards</i>	<i>251</i>	<i>504</i>	<i>853</i>	<i>0</i>	<i>58</i>	<i>1,666</i>

Funds allocated to BART

Draw downs (\$M) - funds received as of 3/31/24	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Actual	FY24 Actual	Total Drawn Down
CARES	186	191	0	0	0	377
CRRSAA	0	211	167	0	0	378
ARPA + Add'l Assistance	0	0	276	408	169	853
SB125 State and Regional Assistance	0	0	0	0	0	0
<i>Subtotal - all drawdowns</i>	<i>186</i>	<i>402</i>	<i>443</i>	<i>408</i>	<i>169</i>	<i>1,608</i>

Funds received by BART per formula

BART has drawn down all allocated *federal* emergency assistance

Remaining emergency funds to be drawn down after 3/31/24 (\$M) **58**

Expenditures (\$M) - applied to offset incurred expenses as of 3/31/24	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Actual	FY24 Actual	Total Applied
CARES	120	257	0	0	0	377
CRRSAA	0	41	287	50	0	378
ARPA + Add'l Assistance	0	0	0	266	262	528
SB125 State and Regional Assistance	0	0	0	0	0	0
<i>Subtotal - all expenditures</i>	<i>120</i>	<i>298</i>	<i>287</i>	<i>316</i>	<i>262</i>	<i>1,283</i>

Funds used by BART to offset incurred costs

Funds in BART reserves as of 3/31/24 (\$M) **325**

Remaining funds to be used to offset expenses after 3/31/24 (\$M) **383**

*SB125 has been partially allocated; BART expects approximately \$352M in total over several years

Capital Budget and Expenditure by Program

Category ¹ (\$M)	FY24 Planned	FY24 Q1 Actual	FY24 Q2 Actual	FY24 Q3 Actual	YTD	YTD %
System Reinvestment	710	88	127	160	375	53%
Service & Capacity Enhancement	679	61	118	110	290	43%
Safety & Security	11	3	4	4	11	98%
Resiliency ²	24	5	3	3	11	46%
System Development ³	55	11	11	13	36	66%
Total Expenditure	\$1,479	\$169	\$263	\$290	\$722	49%

- FY24 expenditures increased in Q2 and Q3
- Rail Car Phase 1: Q2 deliveries increased from 16 to 20 cars per month; large reliability milestone payment was made in Q3

Notes

1. 112 projects not budgeted in FY24, with YTD FY24 expenditures of \$38.3M
2. Earthquake Safety renamed Resiliency to better reflect the scope of projects
3. System Expansion has been renamed System Development



Controller-Treasurer Report

- Background Summary
- Pension
- Other Post-Employment Benefits (OPEB)
- Accounts Receivable
- Cash and Investments
- Bonds
- Reserves

Post-Employment Benefits Summary

- The District currently provides benefits to employees which include, but are not limited to:
 - **Retirement Pension Plan** managed by the California Public Employee Retirement System (CalPERS) and funded by contributions from the District and its employees. CalPERS is the largest pension plan in the United States with assets of approximately \$462 billion.
 - ✓ The District established a Section 115 Trust for prefunding the District's pension obligation on February 5, 2020.
 - **Retiree Medical Benefits** coverage funded by a Trust established by the District in 2005.
 - a. Invested in a combination of stocks, bonds, REIT & cash,
 - b. Benchmark 6.5%,
 - c. Quarterly Report to the Unions
 - **Survivor Benefits** of active and retired employees funded by the employees (\$15/month).
 - ✓ The Trust was established on May 18, 2020.
 - **Life Insurance** for retired employees.
 - The District also accrues liabilities through Property & Casualty insurance and workers compensation claims and maintains the required reserves related to its self-funded insurance programs for worker's compensation and general liability based on an annual actuarial study.

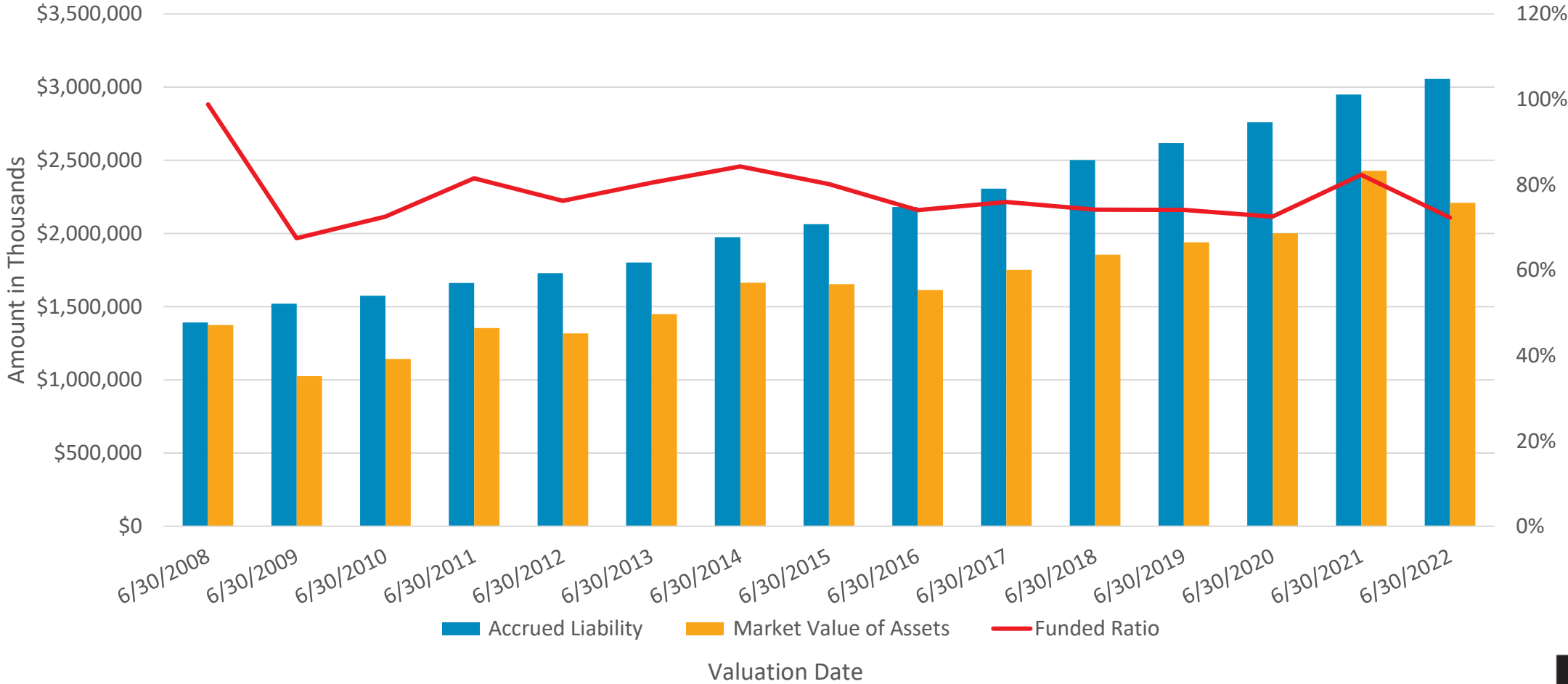
Funding Status of Pension Obligations

	<u>Report Date</u>	<u>Market Value of Assets</u>	<u>Total Liability</u>	<u>Unfunded Liability</u>	<u>% Funded 06/30/2022</u>	<u>% Funded 06/30/2021</u>
Funds Managed by CALPERS						
Miscellaneous Employees	6/30/2022	\$ 2,209,563,221	\$ 3,055,735,077	\$ 846,171,856	72.3%	82.3%
Safety Employees	6/30/2022	\$ 271,553,423	\$ 474,850,794	\$ 203,297,371	57.2%	65.5%
Section 115 Pension Trust	3/31/2024	<u>\$ 39,612,328</u>	<u>-</u>	<u>\$ (39,612,328)</u>		
Total - Pension Benefit Obligations		<u>\$ 2,520,728,972</u>	<u>\$ 3,530,585,871</u>	<u>\$ 1,009,856,899</u>		



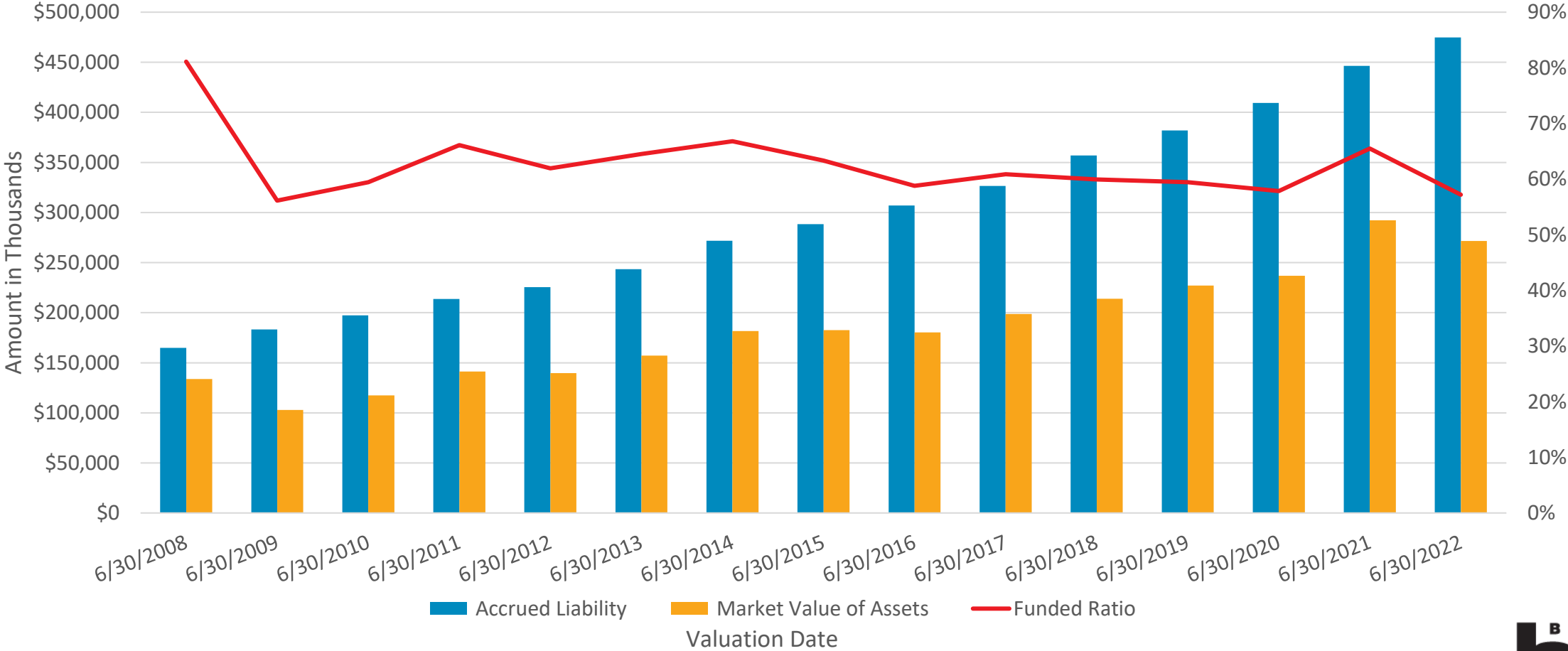
CalPERS Miscellaneous Pension Plan Funding Progress

CALPERS Miscellaneous Pension Plan Funding Progress



CalPERS Safety Pension Plan Funding Progress

CALPERS Safety Pension Plan Funding Progress



Funding Status of Other Post Employment Benefit Obligations

Most Recent Valuation

	<u>Report Date</u>	<u>Market Value of Assets</u>	<u>Total Liability</u>	<u>Unfunded Liability</u>	<u>% Funded</u>
Retiree Health Benefits *	6/30/2023	\$ 506,393,000	\$ 718,155,000	\$ 211,762,000	70.5%
Other Post Employment Benefits					
Life Insurance *	6/30/2023	-	\$ 47,823,000	\$ 47,823,000	0.0%
Survivors Benefits *	6/30/2023	\$ 10,890,000	\$ 20,986,000	\$ 10,096,000	51.9%

Prior Year's Valuation

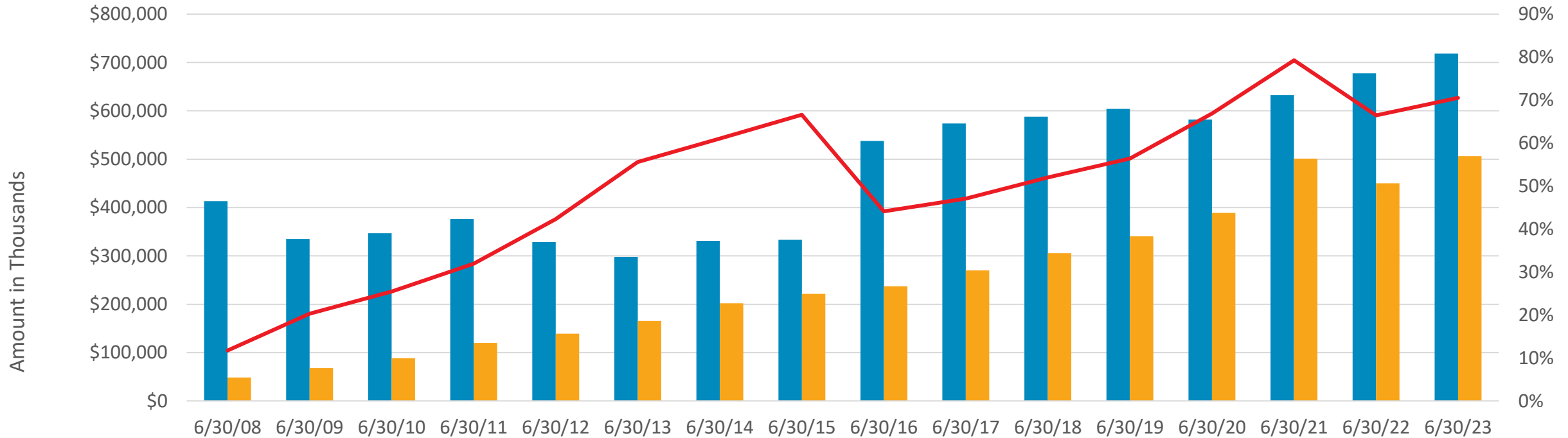
	<u>Report Date</u>	<u>Market Value of Assets</u>	<u>Total Liability</u>	<u>Unfunded Liability</u>	<u>% Funded</u>
Retiree Health Benefits	6/30/2022	\$ 450,028,000	\$ 677,530,000	\$ 227,502,000	66.4%
Other Post Employment Benefits					
Life Insurance	6/30/2022	-	\$ 45,887,000	\$ 45,887,000	0.0%
Survivors Benefits	6/30/2022	\$ 9,489,000	\$ 21,030,000	\$ 11,541,000	45.1%

*Preliminary per draft report



Funding Progress Retiree Health Benefits Plan

Funding Progress Retiree Health Benefits Plan



	6/30/08	6/30/09	6/30/10	6/30/11	6/30/12	6/30/13	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23
Accrued Liability	413,300	335,118	347,058	376,063	328,571	297,955	331,352	333,141	537,873	573,941	587,896	603,787	581,778	632,402	677,530	718,155
Market Value of Assets	48,500	68,087	88,456	120,103	138,933	165,639	202,181	221,766	237,403	270,151	305,850	340,470	389,128	501,321	450,028	506,393
Funded Ratio	11.73%	20.32%	25.49%	31.94%	42.28%	55.59%	61.02%	66.57%	44.14%	47.07%	52.02%	56.39%	66.89%	79.27%	66.42%	70.51%

■ Accrued Liability
 ■ Market Value of Assets
 — Funded Ratio

Valuation Date



Trust Assets for Post Employment Benefits Held by the District

Quarterly Change

	Net Assets				Net Assets	Quarterly	Inception
	<u>December 31, 2023</u>	<u>Contributions</u>	<u>Expenses</u>	<u>Gain (Loss)</u>	<u>March 31, 2024</u>	<u>Return</u>	<u>to-date</u>
							<u>Return</u>
Retiree Health Benefit Trust	\$ 550,438,627	\$ 13,615,808	\$ (8,597,822)	\$ 35,437,253	\$ 590,893,866	6.4%	7.3%
Section 115 Pension Trust	39,548,250		-	64,078	39,612,328	0.2%	-0.4%
Survivors Benefit Trust	<u>11,837,129</u>	<u>214,022</u>	<u>(139,402)</u>	<u>692,439</u>	<u>12,604,188</u>	6.0%	8.1%
Total	<u>\$ 601,824,006</u>	<u>\$ 13,829,830</u>	<u>\$ (8,737,224)</u>	<u>\$ 36,193,770</u>	<u>\$ 643,110,382</u>		

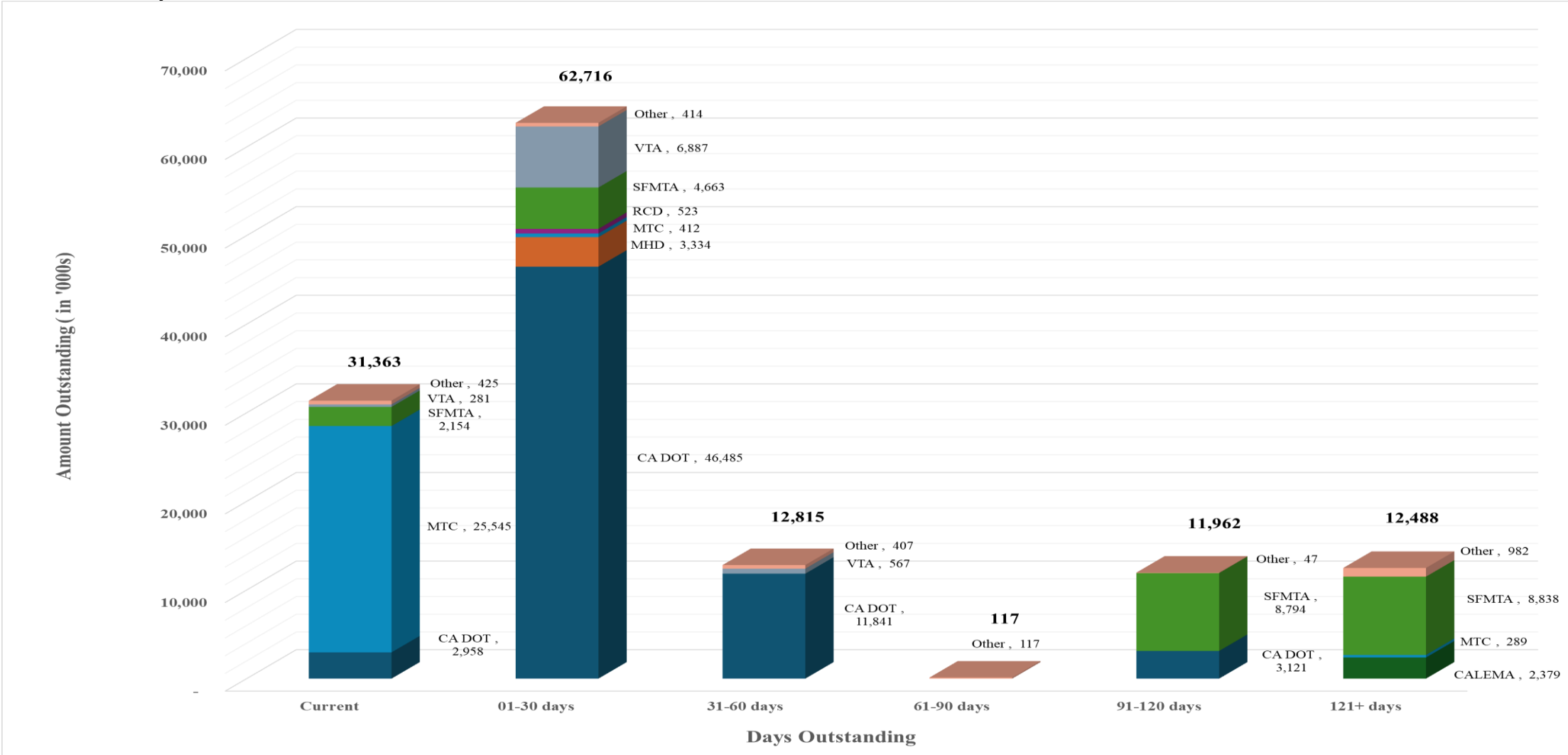
Fiscal Year to Date Change

	Net Assets				Net Assets	Fiscal Annual
	<u>June 30, 2023</u>	<u>Contributions</u>	<u>Expenses</u>	<u>Gain (Loss)</u>	<u>March 31, 2024</u>	<u>Return</u>
Retiree Health Benefit Trust	\$ 506,392,988	\$ 38,902,308	\$ (24,573,256)	\$ 70,171,826	\$ 590,893,866	13.6%
Section 115 Pension Trust	38,081,054			1,531,274	39,612,328	4.0%
Survivors Benefit Trust	<u>10,889,851</u>	<u>634,639</u>	<u>(328,761)</u>	<u>1,408,459</u>	<u>12,604,188</u>	13.2%
Total	<u>\$ 555,363,893</u>	<u>\$ 39,536,947</u>	<u>\$ (24,902,017)</u>	<u>\$ 73,111,559</u>	<u>\$ 643,110,382</u>	



Outstanding Billed A/R Grants

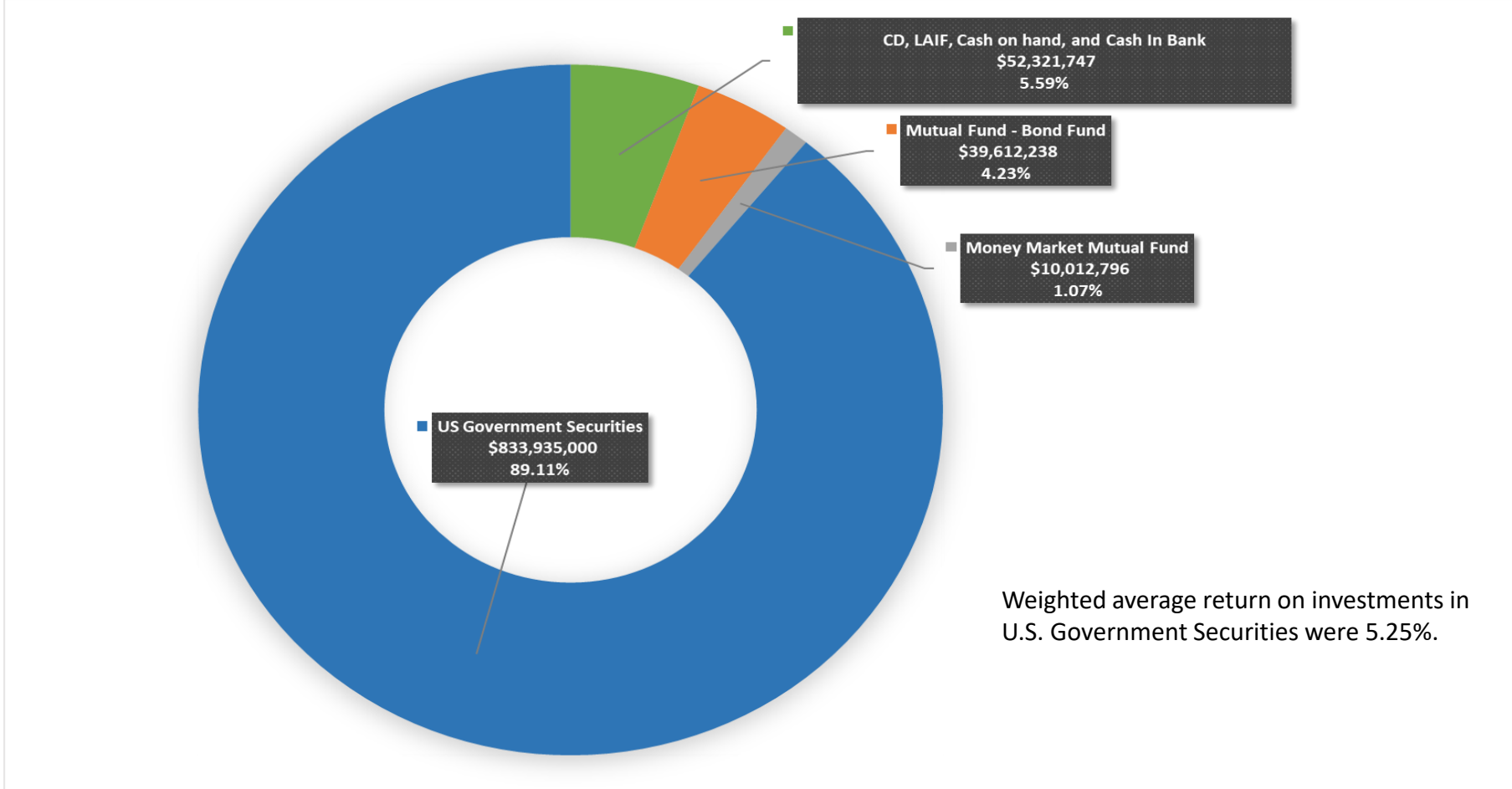
➤ The status of receivables from our funding partners is shown in the chart below. The amount outstanding is \$131.5M as of March 31, 2024.



Cash and Investments

	<u>Amount</u>	<u>% Allocated</u>
CD, LAIF, Cash on hand and Cash In Bank	\$ 52,321,747	5.6%
Mutual Fund - Bond Fund	39,612,238	4.2%
US Government Securities	833,935,000	89.1%
Money Market Mutual Fund	10,012,796	1.1%
Total Cash & Investments	\$ 935,881,780	100%

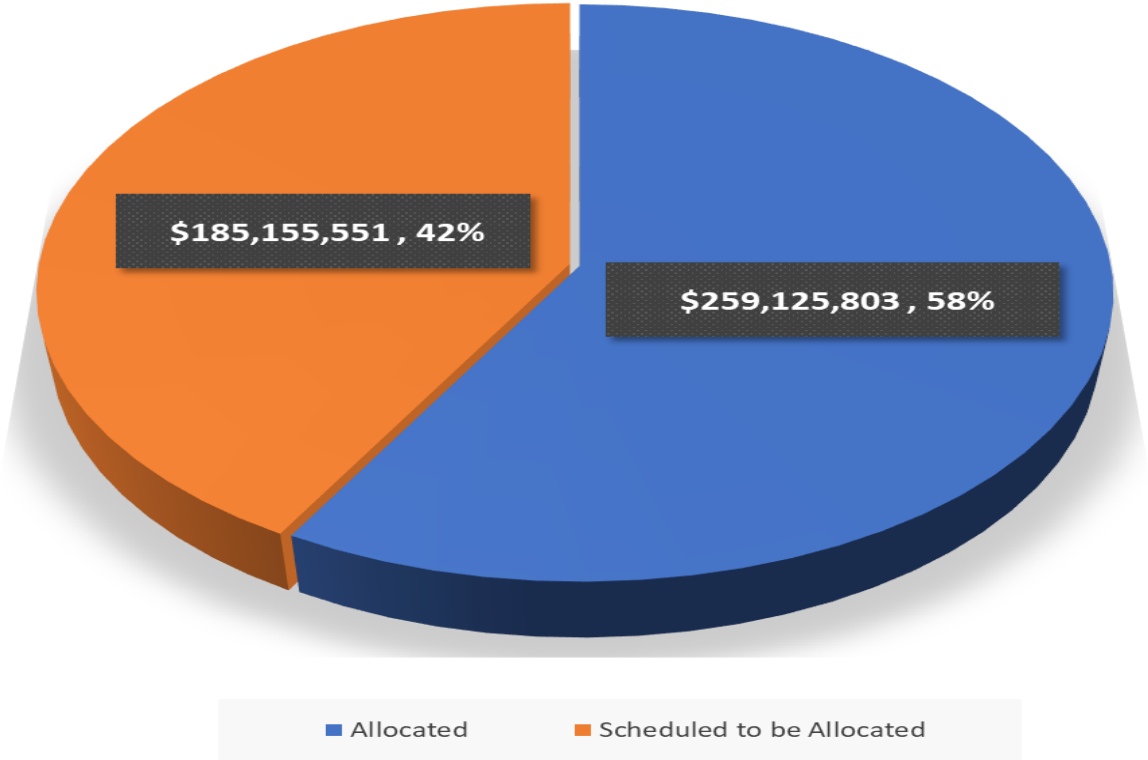
<u>Breakdown of US Government Securities</u>		<u>Amount</u>
US Treasury		\$ 185,385,000
Federal Home Loan Bank		548,550,000
Fannie Mae Home Loan		75,000,000
Inter American Development Bank		25,000,000
Total		\$ 833,935,000



Breakdown of Cash and Investments

	March 31, 2024		
	General Fund	Capital Fund	Total
Restricted	\$ 22,279,301	\$ 14,878,272	\$ 37,157,573
Unrestricted	\$ 469,321,125	\$ 429,403,082	\$ 898,724,207
	\$ 491,600,426	\$ 444,281,354	\$ 935,881,780

Capital Funding Commitment - March 31, 2024



Summary of Outstanding Bonds

	<u>Authorized</u>	<u>Issued as of 03-31-2024</u>	<u>Outstanding Balance 12-31-2023</u>	<u>Issuance</u>	<u>Payments</u>	<u>Outstanding Balance 03-31-2024</u>	<u>Annual Debt Service Fiscal Year 2024</u>	<u>Property Tax Assessments Fiscal Year 2024**</u>
Sales Tax Revenue Bonds *		\$ 984,260,000	\$ 590,805,000	-	-	\$ 590,805,000	\$ 60,131,289	
Measure AA General Obligation Bonds	\$ 980,000,000	\$ 980,000,000	\$ 601,510,000	-	-	\$ 601,510,000	\$ 54,656,844	\$4.80/\$100,000
Measure RR General Obligation Bonds	\$ 3,500,000,000	<u>\$ 2,060,000,000</u>	<u>\$1,844,065,000</u>	<u>-</u>	<u>-</u>	<u>\$1,844,065,000</u>	<u>\$ 98,533,175</u>	\$8.60/\$100,000
Total		<u>\$ 4,024,260,000</u>	<u>\$3,036,380,000</u>	<u>-</u>	<u>-</u>	<u>\$3,036,380,000</u>	<u>\$ 213,321,308</u>	

* Sales Tax Revenue Bonds with outstanding balances.

** Net of Cash Available for Debt Service collected from prior year's assessment.

Operating and Other Reserves

<u>Quarterly Changes</u>	<u>January - March 2024</u>				<u>Increase (Decrease)</u>	
	<u>December 31, 2023</u>	<u>Additions</u>	<u>Usage</u>	<u>March 31, 2024</u>	<u>June 30, 2023</u>	<u>Fiscal Year 2024</u>
Operating Reserve	(1) \$ 53,708,182	\$ -	\$ -	\$ 53,708,182	\$ 53,708,182	\$ -
Insurance Calamity Reserve	(2) \$ 9,000,000			\$ 9,000,000	\$ 9,000,000	\$ -
Operating Reserve - Economic Uncertainty						\$ -
General Reserve for Economic Uncertainty	(3) \$ 25,345,543			\$ 25,345,543	\$ 25,345,543	\$ -
From Federal Assistance - ARP	(3) \$ 424,719,868	\$ -	\$ (99,535,181)	\$ 325,184,687	\$ 417,852,391	\$ (92,667,704)
Operating Reserve - Fiscal Stability - Pension	(4) \$ 39,548,250	\$ 64,078		\$ 39,612,328	\$ 38,081,054	\$ 1,531,274
Operating Reserve - Low Carbon Fuel Standards Credits	(5) \$ 18,498,668	\$ -		\$ 18,498,668	\$ 18,498,668	\$ -
Working Capital Reserve Fund	(6) \$ 88,030,319	\$ 911,167		\$ 88,941,487	\$ 86,163,698	\$ 2,777,789
Operating Reserve - eBART Operations	(7) \$ -	\$ -	\$ -	\$ -	\$ 5,390,000	\$ (5,390,000)
Total	<u>\$ 658,850,830</u>	<u>\$ 975,245</u>	<u>\$ (99,535,181)</u>	<u>\$ 560,290,894</u>	<u>\$ 654,039,536</u>	<u>\$ (93,748,642)</u>

(1) Cumulative balance of operating reserves per "Financial Stability Policy" approved by the Board.

(2) This reserve was set aside in the 1960s to cover catastrophic losses associated with District property damage, public liability and workers' compensation claims.

(3) Operating reserve set aside due to uncertain economic conditions.

(4) Amount set aside in FY18, FY19, FY20, FY21, and FY22 for pension contribution or for prefunding of the District's pension obligation. A Section 115 Pension Trust has been created for this reserve.

(5) Portion of proceeds from sale of Low Carbon Fuel Standards credits sold set aside to support operations per "Low Carbon Fuel Standard Policy" approved by the Board in July 2017.

(6) Working capital fund.

(7) FY21 year-end operating allocation for eBART non-labor operating cost.

Discussion