Ratification of Collective Bargaining Agreements

Board of Directors Meeting
August 15, 2024

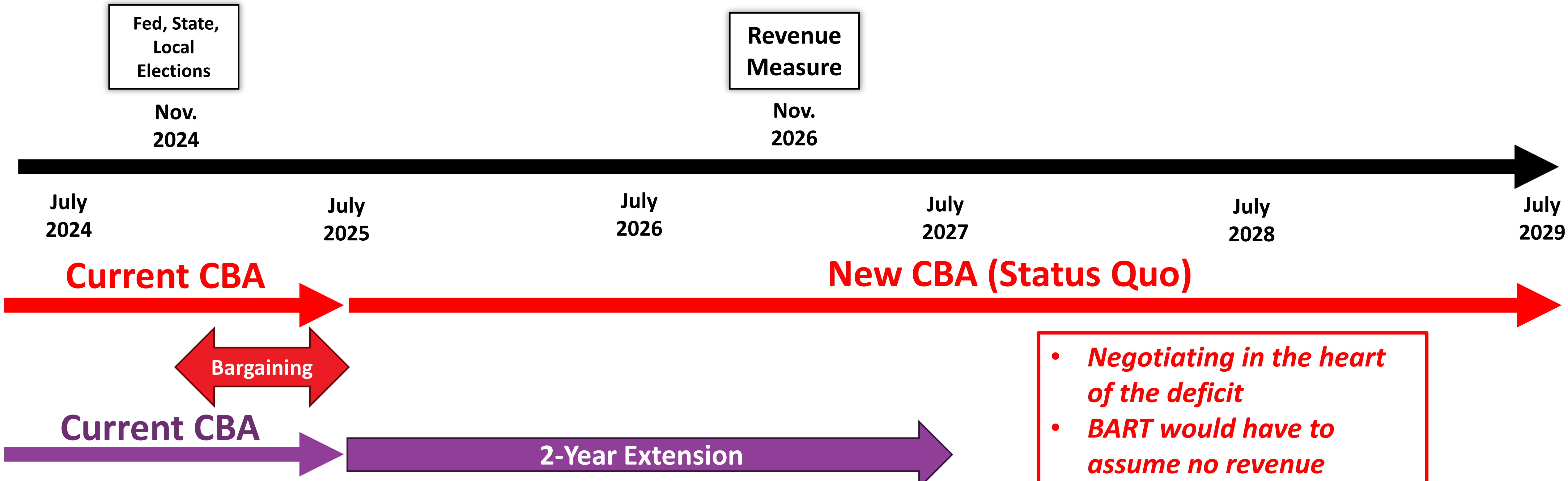
Background

- In the next 2+ years BART faces three major inflection points
  - Federal, State, and Local Elections – 2024
  - Contract Bargaining – 2025
  - Revenue Measure – 2026

- Each point has a substantial impact if we stay status quo
  - Multiple new directors would face the first full contract bargaining in over a decade
  - Any substantial discord between the parties impacts support of the revenue measure
  - Without the revenue measure the District faces on-going structural deficits of $300M+

- Labor approached the District about negotiating an extension given these complexities and the uncertainty regarding future revenues.

Why an Extension?



- *Certainty leading up to revenue measure*
- *District-wide focus on service*
- *Contracts will be open to address deficits either way*

- *Negotiating in the heart of the deficit*
- *BART would have to assume no revenue measure*
- *With uncertainty of measure either side would need a re-opener in 2 years.*

Market Data

- Inflation, while declining, is still high and affecting wage negotiations across northern California.
  - Currently CPI-U is projected at around 3.2% in 2024, right around the 10-year average for the Bay Area.
- Recent public agency comparators who have wage deals for FY25 and FY26 are averaging around 4% per year.
  - The closest comparators:

LA Metro	SacRT	CCSF	San Jose	Alameda	Contra Costa	Sonoma
4%	4.5%	4.5%	3.5%	4%	5%	4%

- Wage increases at BART over the last decade have typically outpaced CPI-U by just under 0.5%

Deal Economics

Wages

- 2% on July 1, 2025
- 2% on January 1, 2026
- 2% on July 1, 2026
- 2% on January 1, 2027

Costs = $18.2M

Retiree Health Benefits Trust

- Moving to the CalPERS actuarial method.
- Saving $4M in annual payments.
- Providing flexibility to defer payments based on economic hardship.

Savings = $12M

Medical Premiums

- Continuing additional medical premiums for 2 years.
- Increasing employee payments during those two years.

Savings = $500K

Estimated net cost for FY26 and FY27 = ~$8.8M

Other Operational Efficiencies

SEIU: Allowed employees to move vacation payments to their retirement savings

- Saves the District tax payments and encourages turnover creating positional savings.

ATU: Expanded Foreworker training program to encourage full staffing in hard to fill positions, decreasing related overtime needs.

AFSCME: Agreed to salary steps which will adjust salaries to mirror market rates and make pay commensurate with experience.

Overall Impacts

- This continues BART's and its labor partners collaborative efforts to focus on providing safe, clean, and reliable service as we seek new revenues.
  - Our partnership in this area has been key to federal, state and local elected officials in bringing in past revenues and extends the labor peace the riding public demands.

- The deal keeps pace with inflation and is in line with market averages while addressing long term benefit costs, allowing the District to retain its workforce while being economically prudent.

- The $8.8M in additional costs is an annual average of $4.4M, or just 1.1% of our projected deficits in those two years, and only 0.36% of the recently adopted two-year budget.

Resolution

The Board approves the attached resolutions ratifying the extension and creation of successor Collective Bargaining Agreements between the San Francisco Bay Area Rapid Transit District and

(1) the American Federation of State, County, and Municipal Employees (AFSCME), Local 3993, July 1, 2025 – June 30, 2027;

(2) the Amalgamated Transit Union Local 1555 (ATU), July 1, 2025 – June 30, 2027; and

(3) the Service Employees International Union, Local 1021 (SEIU), July 1, 2025 – June 30, 2027.

Discussion