



▶ FY25 First Quarter and Second Quarter  
Financial Report  
BART Board of Directors  
February 13, 2025



# Executive Summary

- Despite close budget to actuals performance, some notable variances:
  - Sales tax below budget expectations
  - Operating labor above budget (driven by lagging capital reimbursements and overtime)
  - Non-labor under budget
- BART required \$175.3M in emergency assistance to balance the first half of FY25; budget assumed \$189.1M (\$13.8M less used than anticipated)
- Year-end projection is stable; staff currently project to end FY25 on budget, though uncertainty remains
- Cost control measures are being implemented
- BART continues to make progress on reducing retirement-related liabilities
- Cash and reserves remain robust

# Agenda

## Budget to actuals:

- FY25 combined Q1 & Q2 operating budget to actuals and year-end projection
  - Sources
  - Uses
  - Net Result
- Emergency assistance to BART

## Financial position:

- CalPERS pension funding progress: Miscellaneous and Safety plans
- Other Post-Employment Benefits (OPEB) funding progress of Retiree Health Benefits Trust (RHBT)
- Outstanding bonds
- Accounts receivable
- Cash and investments
- Operating and other reserves

# FY25 Q2 Operating Sources

## Quarterly Financial Report - Second Quarter FY25

(\$ Millions)	Q1 Actuals	Q2 Budget	Q2 Actuals	Q2 Variance	YTD Budget	YTD Actuals	YTD Variance	YTD Variance %	Annual Budget	Q2 YE Forecast	Projected Year-End Variance (Q2)	Projected Year-End Variance %
<b>Operating Revenue</b>												
Net Passenger Revenue	60.3	55.6	56.9	1.3	114.9	117.1	2.2	1.9%	235.7	237.7	2.0	0.8%
Parking Revenue	4.4	4.3	4.3	0.1	8.7	8.8	0.1	0.7%	16.5	16.5	0.1	0.3%
Other Operating Revenue	4.8	5.4	5.7	0.3	10.6	10.4	-0.1	-1.4%	21.9	21.9	0.0	0.0%
<b>Total Net Operating Revenue</b>	<b>69.5</b>	<b>65.2</b>	<b>66.9</b>	<b>1.7</b>	<b>134.2</b>	<b>136.3</b>	<b>2.1</b>	<b>1.6%</b>	<b>274.1</b>	<b>276.1</b>	<b>2.0</b>	<b>0.7%</b>
<b>Non Operating Revenue -</b>												
Investment Income	9.2	6.2	5.7	-0.5	13.4	14.9	1.5	11.1%	23.5	23.5	0.0	0.0%
<b>Total Revenue</b>	<b>78.7</b>	<b>71.4</b>	<b>72.5</b>	<b>1.2</b>	<b>147.6</b>	<b>151.2</b>	<b>3.6</b>	<b>2.4%</b>	<b>297.5</b>	<b>299.5</b>	<b>2.0</b>	<b>0.7%</b>
<b>Financial Assistance</b>												
Sales Tax	79.1	79.9	78.1	-1.8	162.3	157.2	-5.1	-3.2%	320.3	310.1	-10.2	-3.2%
Property Tax	3.6	26.7	31.1	4.4	30.0	34.8	4.7	15.7%	64.3	66.9	2.6	4.1%
State Transit Assistance	0.1	0.0	0.0	0.0	0.0	0.1	0.0	245.1%	48.8	48.8	0.0	0.0%
VTA Financial Assistance	9.1	8.8	9.1	0.3	17.6	18.3	0.7	3.8%	35.2	35.2	0.1	0.2%
Other Assistance, Net of Federal												
Emergency Assistance	6.7	14.9	19.4	4.5	20.7	26.1	5.3	25.8%	31.8	33.9	2.1	6.7%
<b>Total Financial Assistance</b>	<b>98.6</b>	<b>130.3</b>	<b>137.8</b>	<b>7.4</b>	<b>230.7</b>	<b>236.4</b>	<b>5.7</b>	<b>2.5%</b>	<b>500.3</b>	<b>494.9</b>	<b>-5.4</b>	<b>-1.1%</b>
<b>Total Operating Sources</b>	<b>177.3</b>	<b>201.7</b>	<b>210.3</b>	<b>8.6</b>	<b>378.3</b>	<b>387.6</b>	<b>9.3</b>	<b>2.5%</b>	<b>797.8</b>	<b>794.5</b>	<b>-3.3</b>	<b>-0.4%</b>

# FY25 Q2 Operating Uses

## Quarterly Financial Report - Second Quarter FY25

(\$ Millions)	Q1 Actuals	Q2 Budget	Q2 Actuals	Q2 Variance	YTD Budget	YTD Actuals	YTD Variance	YTD Variance %	Annual Budget	Q2 YE Forecast	Projected Year-End Variance (Q2)	Projected Year-End Variance %
<b>Operating Expense</b>												
Gross Wages, Fringe & Other Labor	219.9	219.0	214.0	5.1	441.9	433.9	8.0	1.8%	874.9	861.7	13.2	1.5%
Capital Reimbursements - Labor & Fringe	<u>-33.1</u>	<u>-38.2</u>	<u>-31.2</u>	<u>-7.1</u>	<u>-76.5</u>	<u>-64.3</u>	<u>-12.3</u>	<u>-16.0%</u>	<u>-151.3</u>	<u>-140.3</u>	<u>-11.0</u>	<u>7.3%</u>
Subtotal - Net Operating Labor & Fringe	186.8	180.8	182.8	-2.0	365.4	369.6	-4.2	-1.2%	723.6	721.4	2.2	0.3%
Gross Overtime	21.4	19.3	23.5	-4.2	38.5	44.8	-6.3	-16.4%	77.0	89.7	-12.6	-16.4%
Capital Reimbursements - Overtime	<u>-4.8</u>	<u>-5.0</u>	<u>-5.7</u>	<u>0.7</u>	<u>-10.0</u>	<u>-10.5</u>	<u>0.5</u>	<u>4.8%</u>	<u>-20.0</u>	<u>-21.9</u>	<u>1.9</u>	<u>-9.5%</u>
Subtotal - Net Operating Overtime	<u>16.6</u>	<u>14.3</u>	<u>17.8</u>	<u>-3.5</u>	<u>28.5</u>	<u>34.4</u>	<u>-5.8</u>	<u>-20.5%</u>	<u>57.0</u>	<u>67.8</u>	<u>-10.7</u>	<u>-18.8%</u>
<b>Total Operating Labor</b>	<b>203.4</b>	<b>195.0</b>	<b>200.6</b>	<b>-5.5</b>	<b>393.9</b>	<b>404.0</b>	<b>-10.1</b>	<b>-2.6%</b>	<b>780.6</b>	<b>789.1</b>	<b>-8.5</b>	<b>-1.1%</b>
Electric Power	14.5	15.8	14.9	0.9	30.0	29.4	0.5	1.8%	61.6	61.6	0.0	0.0%
Purchased Transportation	7.5	7.8	7.4	0.3	15.5	15.0	0.6	3.8%	31.1	31.8	-0.7	-2.3%
Other Non Labor	<u>28.6</u>	<u>42.6</u>	<u>39.3</u>	<u>3.3</u>	<u>81.9</u>	<u>67.9</u>	<u>14.0</u>	<u>17.1%</u>	<u>160.5</u>	<u>148.0</u>	<u>12.5</u>	<u>7.8%</u>
<b>Total Non Labor</b>	<b>50.6</b>	<b>66.2</b>	<b>61.6</b>	<b>4.6</b>	<b>127.4</b>	<b>112.2</b>	<b>15.1</b>	<b>11.9%</b>	<b>253.2</b>	<b>241.4</b>	<b>11.8</b>	<b>4.7%</b>
<b>Total Operating Expense</b>	<b>254.1</b>	<b>261.2</b>	<b>262.2</b>	<b>-1.0</b>	<b>521.3</b>	<b>516.2</b>	<b>5.1</b>	<b>1.0%</b>	<b>1,033.9</b>	<b>1,030.5</b>	<b>3.3</b>	<b>0.3%</b>
<b>Debt Service and Allocations</b>												
Debt Service	15.0	15.0	15.0	0.0	30.1	30.1	0.0	0.0%	60.2	60.2	0.0	0.0%
Capital and Other Allocations, Net of Emergency Assistance	<u>10.4</u>	<u>8.0</u>	<u>6.1</u>	<u>1.9</u>	<u>16.0</u>	<u>16.5</u>	<u>-0.5</u>	<u>-3.3%</u>	<u>32.0</u>	<u>32.0</u>	<u>0.0</u>	<u>0.0%</u>
<b>Total Debt Service and Allocations</b>	<b>25.5</b>	<b>23.0</b>	<b>21.1</b>	<b>1.9</b>	<b>46.1</b>	<b>46.6</b>	<b>-0.5</b>	<b>-1.1%</b>	<b>92.2</b>	<b>92.2</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Operating Uses</b>	<b>279.5</b>	<b>284.3</b>	<b>283.3</b>	<b>1.0</b>	<b>567.4</b>	<b>562.9</b>	<b>4.5</b>	<b>0.8%</b>	<b>1,126.1</b>	<b>1,122.7</b>	<b>3.3</b>	<b>0.3%</b>

# FY25 Q2 Net Operating Result

## Quarterly Financial Report - Second Quarter FY25

(\$ Millions)	Q1 Actuals	Q2 Budget	Q2 Actuals	Q2 Variance	YTD Budget	YTD Actuals	YTD Variance	YTD Variance %	Annual Budget	Q2 YE Forecast	Projected Year-End Variance (Q2)	Projected Year-End Variance %
<b>Operating Revenue</b>												
Total Net Operating Revenue	69.5	65.2	66.9	1.7	134.2	136.3	2.1	1.6%	274.1	276.1	2.0	0.7%
<b>Non Operating Revenue -</b>												
Investment Income	9.2	6.2	5.7	-0.5	13.4	14.9	1.5	11.1%	23.5	23.5	0.0	0.0%
<b>Total Revenue</b>	<b>78.7</b>	<b>71.4</b>	<b>72.5</b>	<b>1.2</b>	<b>147.6</b>	<b>151.2</b>	<b>3.6</b>	<b>2.4%</b>	<b>297.5</b>	<b>299.5</b>	<b>2.0</b>	<b>0.7%</b>
<b>Financial Assistance</b>												
Total Financial Assistance	98.6	130.3	137.8	7.4	230.7	236.4	5.7	2.5%	500.3	494.9	-5.4	-1.1%
<b>Total Operating Sources</b>	<b>177.3</b>	<b>201.7</b>	<b>210.3</b>	<b>8.6</b>	<b>378.3</b>	<b>387.6</b>	<b>9.3</b>	<b>2.5%</b>	<b>797.8</b>	<b>794.5</b>	<b>-3.3</b>	<b>-0.4%</b>
<b>Operating Expense</b>												
Total Operating Labor	203.4	195.0	200.6	-5.5	393.9	404.0	-10.1	-2.6%	780.6	789.1	-8.5	-1.1%
Total Non Labor	50.6	66.2	61.6	4.6	127.4	112.2	15.1	11.9%	253.2	241.4	11.8	4.7%
<b>Total Operating Expense</b>	<b>254.1</b>	<b>261.2</b>	<b>262.2</b>	<b>-1.0</b>	<b>521.3</b>	<b>516.2</b>	<b>5.1</b>	<b>1.0%</b>	<b>1,033.9</b>	<b>1,030.5</b>	<b>3.3</b>	<b>0.3%</b>
<b>Debt Service and Allocations</b>												
Total Debt Service and Allocations	25.5	23.0	21.1	1.9	46.1	46.6	-0.5	-1.1%	92.2	92.2	0.0	0.0%
<b>Total Operating Uses</b>	<b>279.5</b>	<b>284.3</b>	<b>283.3</b>	<b>1.0</b>	<b>567.4</b>	<b>562.9</b>	<b>4.5</b>	<b>0.8%</b>	<b>1,126.1</b>	<b>1,122.7</b>	<b>3.3</b>	<b>0.3%</b>
<b>Net Operating Result Before Emergency Assistance</b>												
Emergency Assistance	-102.3	-82.6	-73.0	9.5	-189.1	-175.3	13.8	7.3%	-328.2	-328.3	0.0	0.0%
<b>Emergency Assistance Applied</b>	<b>102.3</b>	<b>82.6</b>	<b>73.0</b>	<b>-9.5</b>	<b>189.1</b>	<b>175.3</b>	<b>-13.8</b>	<b>-7.3%</b>	<b>328.2</b>	<b>328.3</b>	<b>0.0</b>	<b>0.0%</b>
<b>Net Operating Result</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.0)</b>	<b>0.0%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>

- Through Q2, BART performed \$13.8M better than budget
- FY25 year-end projection shows slight underperformance in revenue offset by slight savings in expense, resulting in balanced budget at year-end

# Emergency Assistance to BART as of December 31, 2024

## Emergency Assistance to BART as of 12/31/2024

Award amounts (\$M)	FY20	FY21	FY22	FY23	FY24	FY25	Total Awarded
CARES	252	125	0	0	0	0	377
CRRSAA	0	378	0	0	0	0	378
ARPA + Add'l Assistance	0	0	853	0	0	0	853
SB125 State and Regional Assistance*	0	0	0	0	58	0	58
<i>Subtotal - all awards</i>	<i>252</i>	<i>504</i>	<i>853</i>	<i>0</i>	<i>58</i>	<i>0</i>	<i>1,667</i>

Funds allocated to BART

Draw downs (\$M) - funds received as of 12/31/24	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Actual	FY24 Actual	FY25 Actual	Total Drawn Down
CARES	186	192	0	0	0	0	377
CRRSAA	0	211	167	0	0	0	378
ARPA + Add'l Assistance	<u>0</u>	<u>0</u>	<u>276</u>	<u>408</u>	<u>169</u>	<u>0</u>	<u>853</u>
SB125 State and Regional Assistance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>58</u>	<u>58</u>
<i>Subtotal - all drawdowns</i>	<i><u>186</u></i>	<i><u>402</u></i>	<i><u>443</u></i>	<i><u>408</u></i>	<i><u>169</u></i>	<i><u>58</u></i>	<i><u>1,667</u></i>

Funds received by BART

**Remaining emergency funds to be drawn down after 12/31/24 (\$M)**

**0**

Expenditures (\$M) - applied to offset incurred expenses as of 12/31/24	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Actual	FY24 Actual	FY25 Actual	Total Applied
CARES	<u>120</u>	<u>257</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>377</u>
CRRSAA	<u>0</u>	<u>41</u>	<u>287</u>	<u>50</u>	<u>0</u>	<u>0</u>	<u>378</u>
ARPA + Add'l Assistance	<u>0</u>	<u>0</u>	<u>0</u>	<u>266</u>	<u>314</u>	<u>175</u>	<u>755</u>
SB125 State and Regional Assistance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Subtotal - all expenditures</i>	<i><u>120</u></i>	<i><u>298</u></i>	<i><u>287</u></i>	<i><u>316</u></i>	<i><u>314</u></i>	<i><u>175</u></i>	<i><u>1,510</u></i>

Funds used by BART to offset incurred costs

**Drawn down funds in BART reserves as of 12/31/24 (\$M)**

**157**

**Remaining awarded funds to be used to offset expenses after 12/31/24 (\$M)**

**157**

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



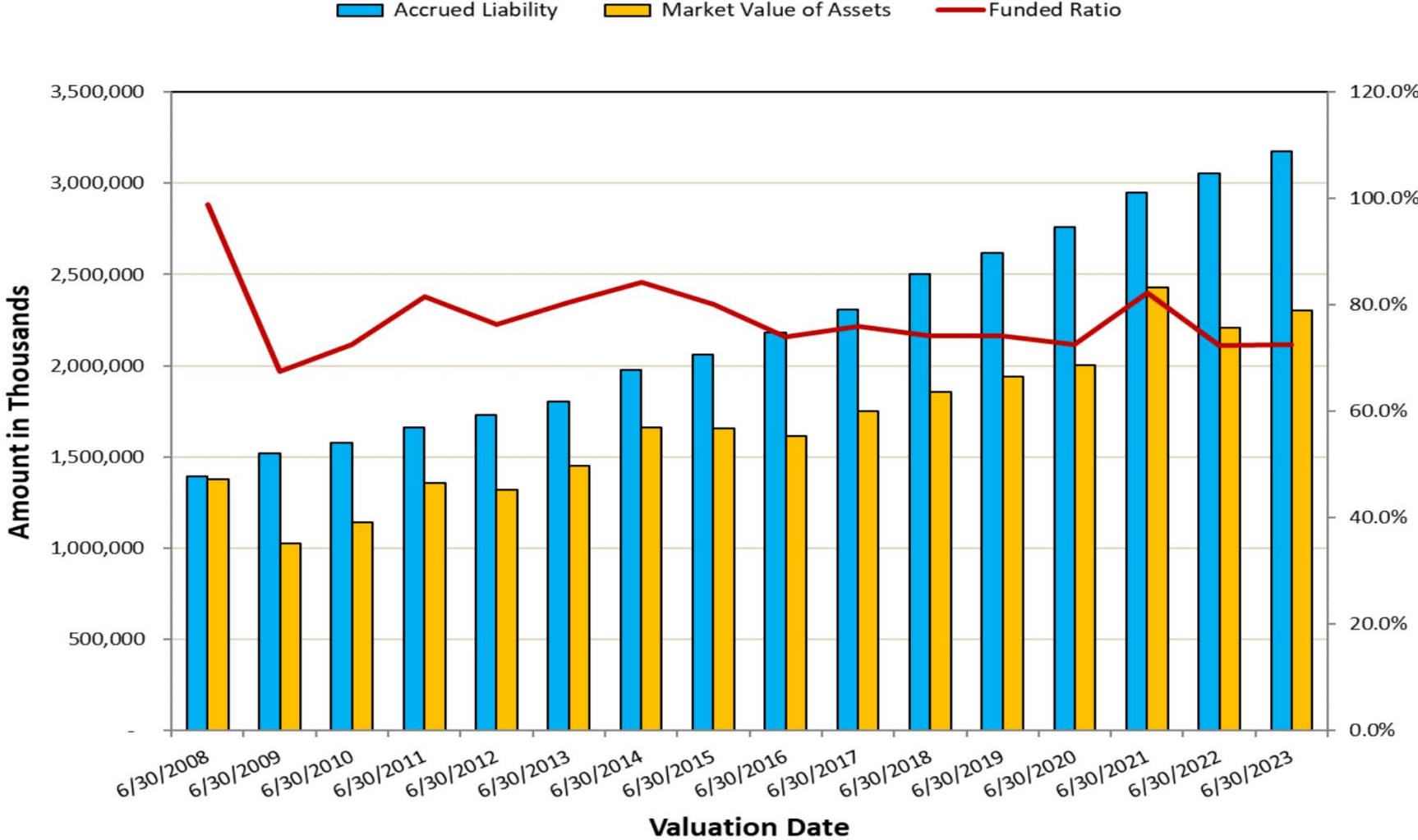
# Financial Position





# CalPERS Pension Plan Funding Progress: Miscellaneous

**CALPERS Miscellaneous Pension Plan Funding Progress**



Miscellaneous plan covers all BART staff except sworn BART Police officers

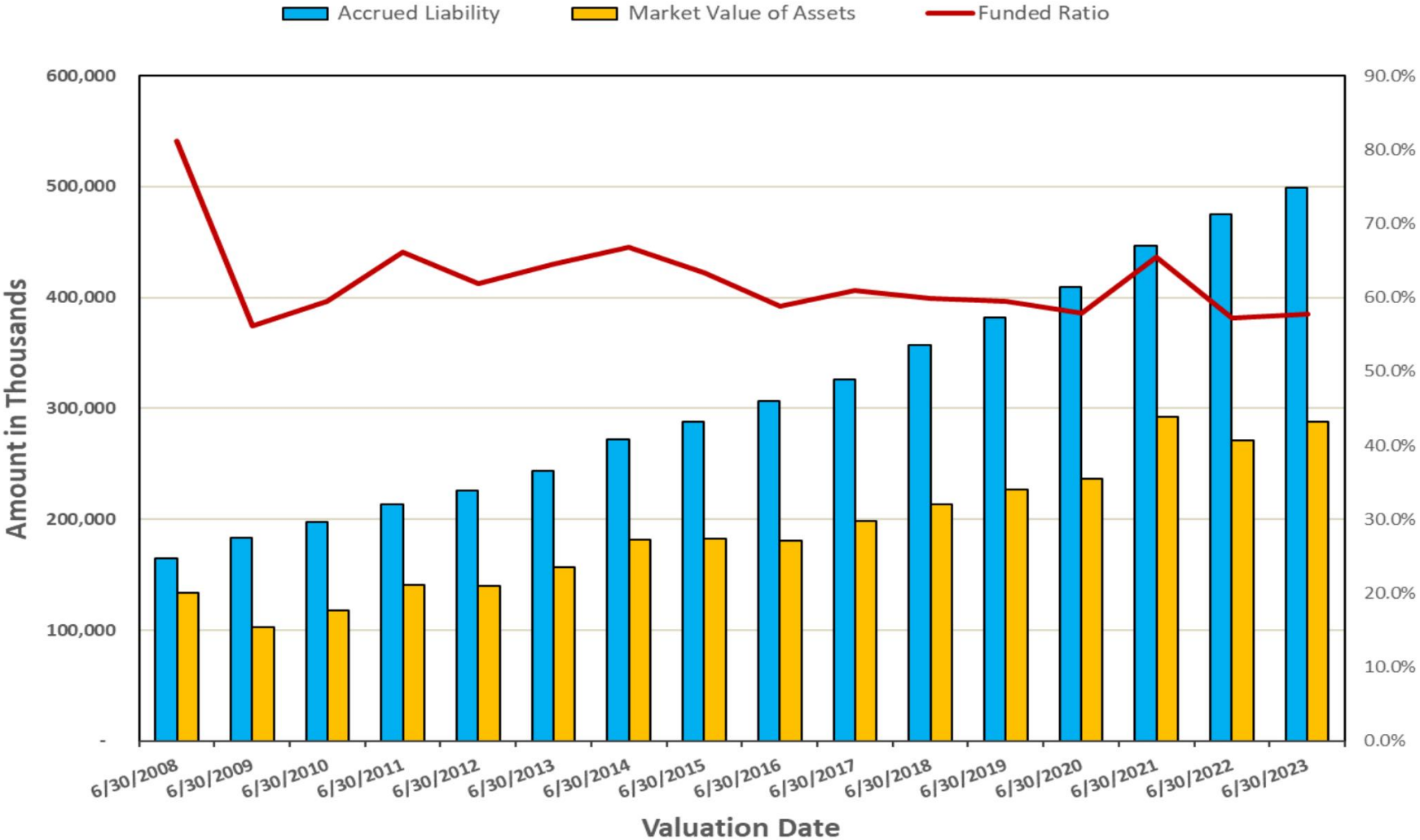
FY25 budget contributions for Miscellaneous Plan:  
 Normal cost: \$47.2M  
 Unfunded Actuarial Liability (UAL): \$73.1M  
 Total: \$120.3M

CalPERS expected to release 6/30/24 funded status between July – September 2025



# CalPERS Pension Plan Funding Progress: Safety

**CALPERS Safety Pension Plan Funding Progress**



Safety plan covers sworn BART Police officers

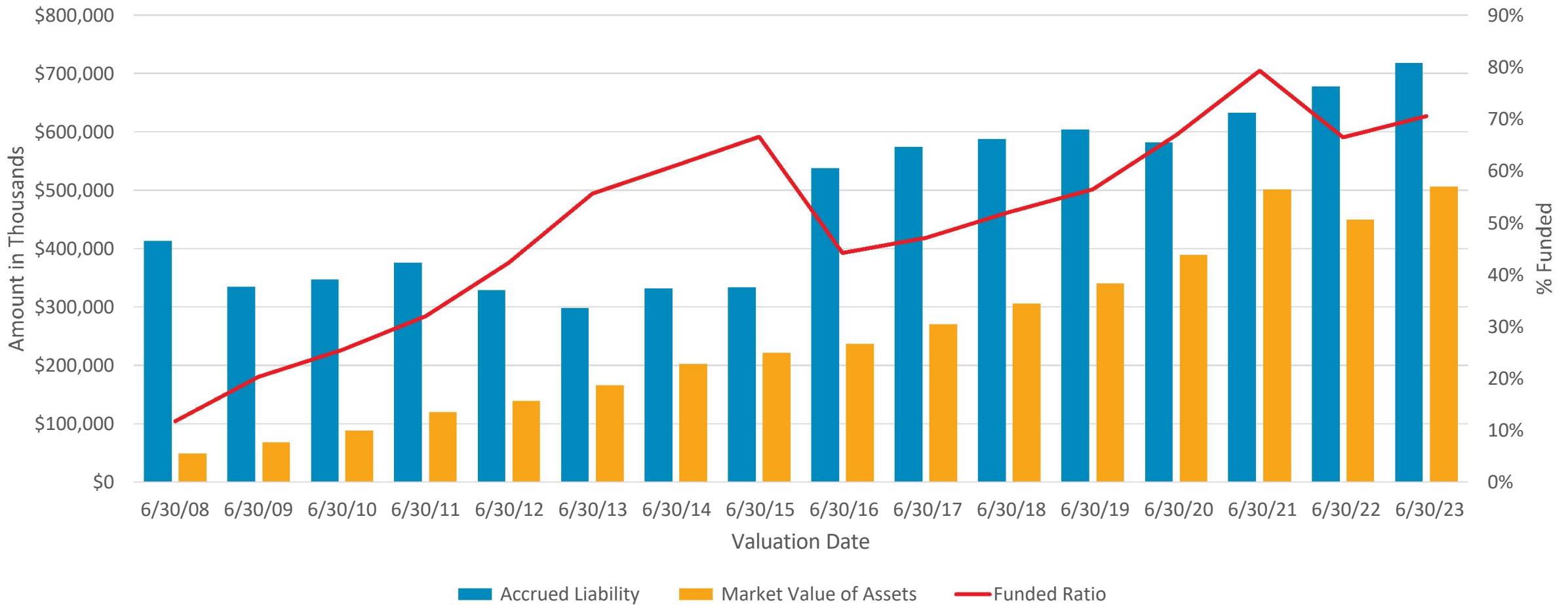
FY25 budget contributions for Safety Plan:  
 Normal cost: \$10.7M  
 UAL: \$15.8M  
 Total: \$26.5M

CalPERS expected to release 6/30/24 funded status between July – September 2025



# Funding Progress Retiree Health Benefits Plan

Funding Progress Retiree Health Benefits Plan



- BART funds retiree medical costs via contributions to its Retiree Health Benefit Trust (RHBT)
- FY25 budgeted contribution is \$45.6M

# Summary of Outstanding Bonds

	<u>Authorized</u>	<u>Issued as of 12-31-2024</u>	<u>Outstanding Balance 06-30-2024</u>	<u>Issuance</u>	<u>Payments</u>	<u>Outstanding Balance 12-31-2024</u>	<u>Annual Debt Service Fiscal Year 2025</u>	<u>Property Tax Assessments Fiscal Year 2025**</u>	<u>FY 2024</u>
<b>Sales Tax Revenue Bonds *</b>		\$ 984,260,000	\$ 590,805,000	\$ -	\$ (36,750,000)	\$ 554,055,000	\$ 60,131,289		
<b>Measure AA General Obligation Bonds</b>	\$ 980,000,000	\$ 980,000,000	\$ 601,510,000	\$ -	\$ (28,705,000)	\$ 572,805,000	\$ 54,655,294	\$4.70/\$100,000	\$4.80/\$100,000
<b>Measure RR General Obligation Bonds</b>	\$ 3,500,000,000	\$ 2,060,000,000	\$ 1,844,065,000	\$ -	\$ (25,610,000)	\$ 1,818,455,000	\$ 98,537,675	\$10.10/\$100,000	\$8.60/\$100,000
<b>Total</b>		<u>\$ 4,024,260,000</u>	<u>\$ 3,036,380,000</u>	<u>\$ -</u>	<u>\$ (91,065,000)</u>	<u>\$ 2,945,315,000</u>	<u>\$ 213,324,258</u>		

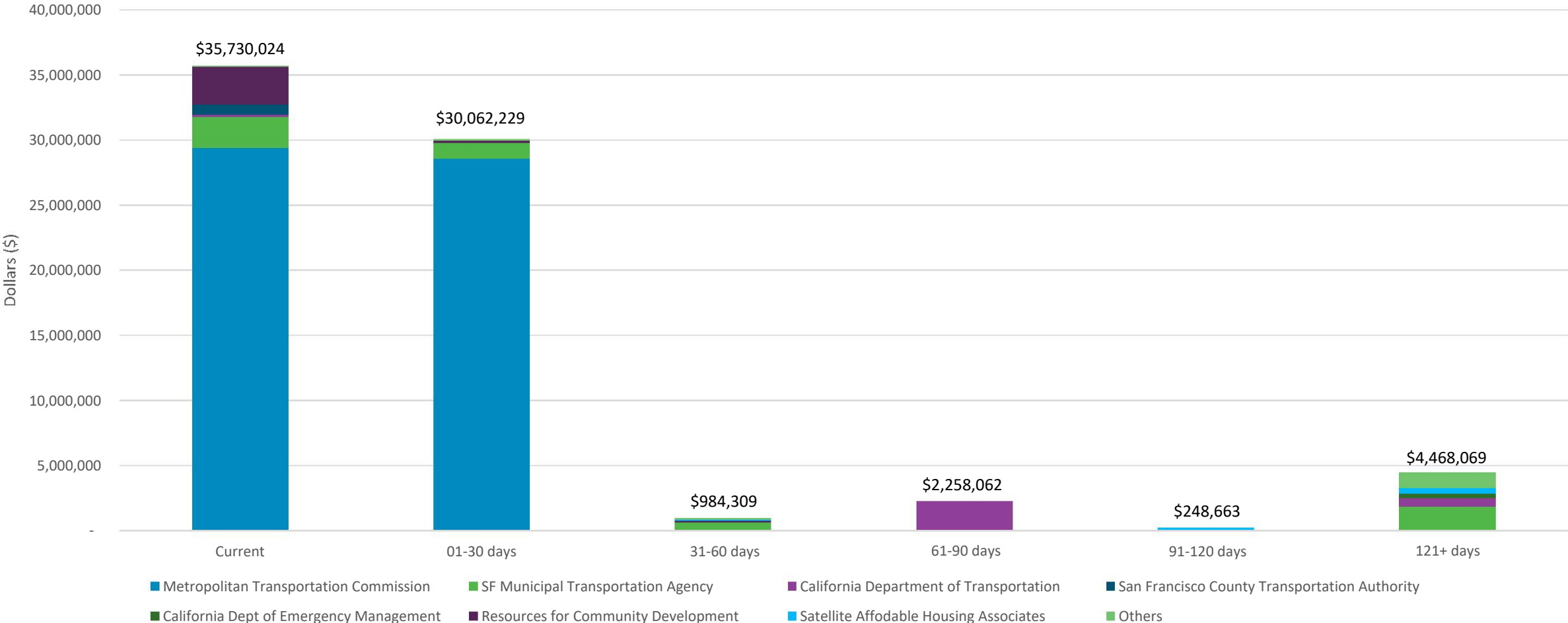
\* Sales Tax Revenue Bonds with outstanding balances.

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



# Outstanding Billed A/R Grants

The status of receivables from BART's funding partners is shown in the chart below. The amount outstanding was **\$73.8M** as of **December 31, 2024**.



# Cash and Investments

as of December 31, 2024

## Investment allocation

		<u>% Allocation</u>
CD, Cash on hand and Cash In Bank	\$ 91,893,218	10.01%
Money Market	\$ 10,399,962	1.13%
Mutual Fund - Bond Fund	\$ 41,387,797	4.51%
US Government Securities	\$ 763,436,207	83.15%
Local Agency Investment Fund	<u>\$ 11,009,000</u>	<u>1.20%</u>
Total Cash & Investments	<u>\$ 918,126,185</u>	<u>100%</u>

### Breakdown of US Government Securities

US Treasury	\$ 407,277,103
Federal Home Loan Bank	<u>356,159,105</u>
	<u>\$ 763,436,207</u>

Weighted average return on investments in U.S. Government Securities were 4.70%.

## Cash by fund and restriction

<u>General Fund</u>		<u>Capital Fund</u>		<u>Total</u>
Restricted	\$ 25,035,504	Allocated	\$ 300,454,476	
Unrestricted	389,347,091	Scheduled to be Allocated	203,289,114	
	<u>\$ 414,382,595</u>		<u>\$ 503,743,590</u>	<u>\$ 918,126,185</u>

*BART's General Fund includes restricted and unrestricted funds. Restricted funds are generally limited by statute or regulation to specific uses and tracked separately from unrestricted funds, which can be used for general operating purposes.*

# Operating and Other Reserves

## Operating and Other Reserves As of December 31, 2024

<u>Quarterly Changes</u>		October to December 2024			
		September 30, 2024	Additions	Usage	December 31, 2024
Operating Reserve	(1)	\$ 53,708,182	\$ -	\$ -	\$ 53,708,182
Insurance Calamity Reserve	(2)	9,000,000	-	-	9,000,000
Operating Reserve - Economic Uncertainty					
General Reserve for Economic Uncertainty	(3)	25,345,543	-	-	25,345,543
From Federal Assistance - ARP	(3)	171,560,266	-	(73,015,915)	98,544,350
From SB 125 State and Regional Assistance	(3)	-	58,211,496	-	58,211,496
Operating Reserve - Fiscal Stability - Pension	(4)	41,484,405		(96,608)	41,387,798
Operating Reserve - Low Carbon Fuel Standards Credits	(5)	18,498,668	-	-	18,498,668
Working Capital Reserve Fund		90,774,429	884,774		91,659,204
<b>Total</b>		<b>\$ 410,371,493</b>	<b>\$ 59,096,270</b>	<b>\$ (73,112,523)</b>	<b>\$ 396,355,241</b>

- (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.



# Discussion







# Appendices



# 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 \$503 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

Quarterly Report of the Controller-Treasurer  
As of December 31, 2024  
Funding Status of Pension Benefit Obligations

	<u>Report Date</u>	<u>Market Value of Assets</u>	<u>Total Liability</u>	<u>Unfunded Liability</u>	<u>% Funded 06/30/2023</u>
<b>Funds Managed by CALPERS</b>					
Miscellaneous Employees	6/30/2023	\$ 2,302,318,321	\$ 3,172,426,609	\$ 870,108,288	72.6%
Safety Employees	6/30/2023	\$ 288,221,813	\$ 499,342,063	\$ 211,120,250	57.7%
Section 115 Pension Trust	12/31/2024	<u>\$ 40,991,320</u>	<u></u>	<u>\$ (40,991,320)</u>	
<b>Total - Pension Benefit Obligations</b>		<u>\$ 2,632,024,539</u>	<u>\$ 3,671,768,672</u>	<u>\$ 1,039,744,133</u>	



# 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%



# Trust Assets for Post Employment Benefits Held by the District

**Quarterly Change**

	Net Assets				Net Assets	Quarterly	Inception
	September 30, 2024	Contributions	Expenses	Gain (Loss)	December 31, 2024	Return	to-date
							Return
Retiree Health Benefit Trust	\$ 643,505,263	\$ 12,895,750	\$ (8,601,230)	\$ 7,727,887	\$ 655,527,670	1.2%	7.5%
Section 115 Pension Trust	41,484,405	-	-	(493,085)	40,991,320	-1.2%	0.4%
Survivors Benefit Trust	13,735,290	214,362	(113,113)	143,688	13,980,227	1.1%	8.8%
Total	<u>\$ 698,724,958</u>	<u>\$ 13,110,112</u>	<u>\$ (8,714,343)</u>	<u>\$ 7,378,490</u>	<u>\$ 710,499,217</u>		

**Fiscal Year to Date Change**

	Net Assets				Net Assets	Fiscal Year to Date
	June 30, 2024	Contributions	Expenses	Gain (Loss)	December 31, 2024	Return
Retiree Health Benefit Trust	\$ 606,309,252	\$ 25,791,500	\$ (17,226,971)	\$ 40,653,889	\$ 655,527,670	6.6%
Section 115 Pension Trust	39,880,717	-	-	1,110,603	40,991,320	2.8%
Survivors Benefit Trust	12,977,626	436,434	(262,946)	829,113	13,980,227	6.7%
Total	<u>\$ 659,167,595</u>	<u>\$ 26,227,934</u>	<u>\$ (17,489,917)</u>	<u>\$ 42,593,605</u>	<u>\$ 710,499,217</u>	



# SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

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## MEMORANDUM

**TO:** Board of Directors **DATE:** February 6, 2025  
**FROM:** General Manager  
**SUBJECT:** **FY25 First Quarter and Second Quarter Financial Report (QFR)**

### Executive Summary

The Fiscal Year 2025 (FY25) combined First and Second Quarter Financial Report (July – December 2024) is attached. Additional explanatory detail is provided in this memo; summaries of ridership performance and drawdowns of emergency assistance are also included in this package.

The District's net operating result was balanced through the second quarter (Q2) of FY25 due to the continued use of federal emergency assistance funds allocated through the American Rescue Plan Act (ARPA). These funds enabled the District to cover a \$175.3 million (M) operating deficit (the difference between revenues and expenses incurred) over the six-month period of July 1 to December 31, 2024.

Staff currently project that by year-end, the budget will be balanced, with slightly below-budget revenues offset by equally small under-budget expenditures. Thus, BART projects to need all emergency assistance included in the FY25 Adopted Budget; in the event less is needed, it may be carried over into FY26 to offset deficits in that year.

Ridership totaled 25.9M exits through Q2 FY25, 0.1% below budget. This was 4.2% more than the same period a year ago. Average weekday ridership during this period was 169,898 exits, 0.8% below budget, and 3.9% higher than a year ago.

Second quarter FY25 ridership was lower than the previous quarter, consistent with expected seasonal variation due to Thanksgiving and the December holidays. On a month-to-month basis, average weekday ridership waned along seasonal expectations: October (180,834), November (166,035) and December (156,466).

### Operating Revenue

**Operating Revenue** was \$2.1M (1.6%) above budget through Q2 FY25. **Net Passenger Revenue** was \$2.2M (1.9%) positive, while **Parking Revenue** was nearly on budget at \$58,000 (0.7%) above expectations. **Other Operating Revenue** was \$0.1M (1.4%) below budget, with higher-than-expected advertising revenue being offset by lower-than-expected Commercial Communications Revenue Program (CCRP) revenue.

### Financial Assistance

**Sales Tax** revenue was \$5.1M (3.2%) unfavorable through Q2 FY25, driven in part by a decline in fuel prices and lower than expected consumption of general consumer goods. **Property Tax** revenue was \$4.7M (15.7%) favorable through Q2 as revenues were elevated across all three BART counties. **VTA Financial Assistance** was \$0.7M (3.8%) higher than budgeted due to operating expenses attributable to VTA that were updated after FY25 budget adoption.

**Other Assistance** through Q2 was \$5.3M (25.8%) favorable. Unbudgeted non-emergency Federal Assistance was \$1.2M favorable and Local Assistance was \$1.5M favorable. Low Carbon Fuel Standard (LCFS) credit

sales were \$0.8M (23.6%) above budget and Low Carbon Transit Operations Program funding was \$0.8M (7.6%) above budget.

### Operating Expense

**Total Operating Expense** was \$5.1M (1.0%) lower than budget through the second quarter of FY25, as Non-Labor underspending more than offsets Labor overspending.

Labor costs exceeded budget through the second quarter by \$10.1M (2.6%), primarily driven by above budget Overtime and unfavorable Capital Labor Reimbursements, which were partially offset by underspending in Gross Wages.

Total gross **Wages, Fringe Benefits & Other Labor** was \$8.0M (1.8%) below budget. Regular wages were favorable due to employees using more paid time off hours than anticipated, as well as some larger departments with vacancy rates higher than the budgeted District-wide operating vacancy rate of 5.0%. However, Net Operating Wages, Fringe Benefits & Other Labor finished the second quarter \$4.2M (1.2%) unfavorable to budget, driven by \$12.3M (16.0%) in below budget Capital Labor Reimbursements. Two operational factors drove the negative Capital Labor Reimbursements variance. First, emergency repairs in the first quarter, primarily for electrical infrastructure, diverted staff budgeted to work on capital projects, resulting in staff charging to operating rather than capital sources. Second, through Q2, six planned weekend shutdowns for capital work were canceled; because all this work was budgeted to be delivered with BART labor, those anticipated labor costs were neither charged to Gross Wages nor Capital Reimbursements. At this time, staff are conducting a review of Q1 and Q2 capital charging to ensure that all reimbursable hours are charged to capital sources; the outcome of this work may result in increased capital charges in Q3 and Q4.

Total gross **Overtime** was \$44.8M through Q2, above budget by \$6.3M, and \$4.7M higher than FY24 Q2 YTD. When Capital Reimbursements Overtime is accounted for, net operating overtime variance is \$5.8M (20.5%) unfavorable to budget, compared to \$4.7M unfavorable to budget through FY24 Q2.

**Non-labor** was below budget through the second quarter by \$15.1M (11.9%). **Other Non-Labor** was \$14.0M (17.1%) favorable to budget, with most of the favorable variance in Miscellaneous Expenses, Professional Fees, Repairs & Maintenance, and Other Utilities. Miscellaneous Expense and Professional Fees were \$5.5M and \$5.2M, respectively, favorable mostly due to invoice timing in election costs and Clipper 2.0 delays. Repairs & Maintenance was \$2.2M favorable and Other Utilities was \$1.2M favorable due to timing of vendor invoices. In addition, Maintenance expenses were less than budget due to the delayed award of a high-pressure washing contract.

### Debt Service and Allocations

**Debt Service** is on budget. **Allocations** were \$0.5M (3.3%) unfavorable through Q2. In addition, \$1.5M of investment income generated by the District's Section 115 Pension Trust was transferred to reserves.

### Emergency Assistance

The District required \$175.3M in ARPA funding to cover the shortfall between operating revenue and expense through the second quarter of FY25, which was \$13.8M (7.3%) less than anticipated in the budget.

The District is relying on ARPA funding to close its operating deficit for most of FY25, with SB125 state and regional assistance expected to begin closing deficits around April 2025, once the last of BART's ARPA funds are expended. Through December, of the total \$1.6B of federal emergency assistance allocated to the District

since 2020, \$1.5B (90.6%) has been expended, with \$98.6M (6.1%) remaining for use in future quarters. An additional \$58M of SB125 assistance has been allocated and placed in operating reserves.

### FY25 Year-End Projection

The FY25 Q2 Financial Report includes a year-end projection. As the projection is based on six months of actual data, year-end actuals may vary significantly.

Currently, staff project to end FY25 with a \$0.0M deficit against the adopted budget. Total sources are expected to end the year \$3.3M (0.4%) lower than budget driven primarily by lower than budgeted Sales Tax. Total uses are expected to end the year \$3.3M (0.3%) under budget, driven primarily by favorable gross wages and Other Non-Labor. Debt service and allocations are expected to end the year on budget.

Note that an additional \$3.6M in ARPA generated by positive FY24 year-end actual results beyond what was included in the FY25 Adopted Budget is also available should the projection worsen; if it remains unchanged, those funds will reduce the projected FY26 deficit.

Though BART currently anticipates having a balanced budget by year-end, there are several factors that could increase or decrease the amount of emergency assistance needed. These include ridership, economic factors, operational issues, and the effect of cost-control measures currently being implemented. It is important to note that BART's SB125 assistance in the current year is capped at \$58.2M, all of which was assumed in the budget. If the year-end projected deficit grows, staff will need to identify additional offsetting savings to end the year balanced.

## **Financial Position**

### Post-Employment Benefits

BART maintains three trusts to offset liabilities generated by post-employment benefits. Net assets of all three benefited from the continued upward run in global equity markets as central banks cut interest rates.

As of December 31, 2024, the District's assets in its Section 115 Pension Trust, which was set-up to offset future pension liabilities, increased to \$41M, a gain of \$1.1M in the first half of FY25. Net assets of BART's two Other Post Employment Obligations (OPEB), the Retiree Health Benefit Trust (RHBT) and the Survivors' Benefit Trust (SBT), saw returns of \$40.7M (6.6%) and \$829K (6.7%), respectively, for the first half of FY2025.

There is no update to the actuarial valuation on BART's Pension and OPEB obligations currently.

### Accounts Receivable, Cash, and Investments

As of December 31, 2024, \$73.8M in receivables was outstanding, with approximately \$66.8M (91%) outstanding for less than 60 days. Receivables exceeding 120 days outstanding decreased by \$13.6M, from \$20.6M at end of Q4 FY24 to \$7M at the end of Q2 FY25. After December 31, 2024, about \$59.8M (81%) of the total outstanding accounts receivable balance have been collected.

BART had \$918.1M in cash and investments between its capital accounts allocated from operations and its General Fund. BART's weighted average return on investments in US government securities in Q2 was 4.70%,



lower than what was realized in the prior quarter due to expectation of reduction in the Federal Funds rate and actual 50 basis point cut in September 2024 by the Federal Reserve.

#### Outstanding Bonds and Debt Service

The outstanding principal balance of Sales Tax Revenue Bonds and General Obligation Bonds decreased by \$91.1M in the first half of FY25 to \$2.94 billion after principal payments were made in July and August.

#### Reserves

BART's reserves declined by \$14M to \$396M in Q2 FY25 primarily driven by the \$73M drawdown from the ARPA Reserve, which was needed to offset operating costs, offset by \$58.2M receipt of SB 125 State and Regional Assistance. In addition to the ARPA and SB 125 Reserve with combined balance of \$156.8M and the Working Capital Reserve with a balance of \$91.7M, BART's other remaining operating reserve funds (Operating Reserve, Insurance Calamity Reserve, General Reserve for Economic Uncertainty, and Low Carbon Fuel Standards Credits) totaled \$148M as of December 31, 2024.

If you have any questions about this report, please contact Joseph Beach, Chief Financial Officer, at [joseph.beach@bart.gov](mailto:joseph.beach@bart.gov).

DocuSigned by:  
*Michael Jones*  
47000790F2D7483...  
Robert Powers

cc: Board Appointed Officers  
Deputy General Manager  
Executive Staff

**Bay Area Rapid Transit District**  
**Quarterly Financial Report - Second Quarter FY25**

(\$ Millions)	Q1 Actuals	Q2 Budget	Q2 Actuals	Q2 Variance	YTD Budget	YTD Actuals	YTD Variance	YTD Variance %	Annual Budget	Q2 YE Forecast	Projected Year-End Variance (Q2)	Projected Year-End Variance %
<b>Operating Revenue</b>												
Net Passenger Revenue	60.3	55.6	56.9	1.3	114.9	117.1	2.2	1.9%	235.7	237.7	2.0	0.8%
Parking Revenue	4.4	4.3	4.3	0.1	8.7	8.8	0.1	0.7%	16.5	16.5	0.1	0.3%
Other Operating Revenue	4.8	5.4	5.7	0.3	10.6	10.4	-0.1	-1.4%	21.9	21.9	0.0	0.0%
<b>Total Net Operating Revenue</b>	<b>69.5</b>	<b>65.2</b>	<b>66.9</b>	<b>1.7</b>	<b>134.2</b>	<b>136.3</b>	<b>2.1</b>	<b>1.6%</b>	<b>274.1</b>	<b>276.1</b>	<b>2.0</b>	<b>0.7%</b>
<b>Non Operating Revenue - Investment</b>												
Income	9.2	6.2	5.7	-0.5	13.4	14.9	1.5	11.1%	23.5	23.5	0.0	0.0%
<b>Total Revenue</b>	<b>78.7</b>	<b>71.4</b>	<b>72.5</b>	<b>1.2</b>	<b>147.6</b>	<b>151.2</b>	<b>3.6</b>	<b>2.4%</b>	<b>297.5</b>	<b>299.5</b>	<b>2.0</b>	<b>0.7%</b>
<b>Financial Assistance</b>												
Sales Tax	79.1	79.9	78.1	-1.8	162.3	157.2	-5.1	-3.2%	320.3	310.1	-10.2	-3.2%
Property Tax	3.6	26.7	31.1	4.4	30.0	34.8	4.7	15.7%	64.3	66.9	2.6	4.1%
State Transit Assistance	0.1	0.0	0.0	0.0	0.0	0.1	0.0	245.1%	48.8	48.8	0.0	0.0%
VTA Financial Assistance	9.1	8.8	9.1	0.3	17.6	18.3	0.7	3.8%	35.2	35.2	0.1	0.2%
Other Assistance, Net of Federal												
Emergency Assistance	6.7	14.9	19.4	4.5	20.7	26.1	5.3	25.8%	31.8	33.9	2.1	6.7%
<b>Total Financial Assistance</b>	<b>98.6</b>	<b>130.3</b>	<b>137.8</b>	<b>7.4</b>	<b>230.7</b>	<b>236.4</b>	<b>5.7</b>	<b>2.5%</b>	<b>500.3</b>	<b>494.9</b>	<b>-5.4</b>	<b>-1.1%</b>
<b>Total Operating Sources</b>	<b>177.3</b>	<b>201.7</b>	<b>210.3</b>	<b>8.6</b>	<b>378.3</b>	<b>387.6</b>	<b>9.3</b>	<b>2.5%</b>	<b>797.8</b>	<b>794.5</b>	<b>-3.3</b>	<b>-0.4%</b>
<b>Operating Expense</b>												
Gross Wages, Fringe & Other Labor	219.9	219.0	214.0	5.1	441.9	433.9	8.0	1.8%	874.9	861.7	13.2	1.5%
Capital Reimbursements - Labor & Fringe	-33.1	-38.2	-31.2	-7.1	-76.5	-64.3	-12.3	-16.0%	-151.3	-140.3	-11.0	7.3%
Subtotal - Net Operating Labor & Fringe	186.8	180.8	182.8	-2.0	365.4	369.6	-4.2	-1.2%	723.6	721.4	2.2	0.3%
Gross Overtime	21.4	19.3	23.5	-4.2	38.5	44.8	-6.3	-16.4%	77.0	89.7	-12.6	-16.4%
Capital Reimbursements - Overtime	-4.8	-5.0	-5.7	0.7	-10.0	-10.5	0.5	4.8%	-20.0	-21.9	1.9	-9.5%
Subtotal - Net Operating Overtime	16.6	14.3	17.8	-3.5	28.5	34.4	-5.8	-20.5%	57.0	67.8	-10.7	-18.8%
<b>Total Operating Labor</b>	<b>203.4</b>	<b>195.0</b>	<b>200.6</b>	<b>-5.5</b>	<b>393.9</b>	<b>404.0</b>	<b>-10.1</b>	<b>-2.6%</b>	<b>780.6</b>	<b>789.1</b>	<b>-8.5</b>	<b>-1.1%</b>
Electric Power	14.5	15.8	14.9	0.9	30.0	29.4	0.5	1.8%	61.6	61.6	0.0	0.0%
Purchased Transportation	7.5	7.8	7.4	0.3	15.5	15.0	0.6	3.8%	31.1	31.8	-0.7	-2.3%
Other Non Labor	28.6	42.6	39.3	3.3	81.9	67.9	14.0	17.1%	160.5	148.0	12.5	7.8%
<b>Total Non Labor</b>	<b>50.6</b>	<b>66.2</b>	<b>61.6</b>	<b>4.6</b>	<b>127.4</b>	<b>112.2</b>	<b>15.1</b>	<b>11.9%</b>	<b>253.2</b>	<b>241.4</b>	<b>11.8</b>	<b>4.7%</b>
<b>Total Operating Expense</b>	<b>254.1</b>	<b>261.2</b>	<b>262.2</b>	<b>-1.0</b>	<b>521.3</b>	<b>516.2</b>	<b>5.1</b>	<b>1.0%</b>	<b>1,033.9</b>	<b>1,030.5</b>	<b>3.3</b>	<b>0.3%</b>
<b>Debt Service and Allocations</b>												
Debt Service	15.0	15.0	15.0	0.0	30.1	30.1	0.0	0.0%	60.2	60.2	0.0	0.0%
Capital and Other Allocations, Net of												
Emergency Assistance	10.4	8.0	6.1	1.9	16.0	16.5	-0.5	-3.3%	32.0	32.0	0.0	0.0%
<b>Total Debt Service and Allocations</b>	<b>25.5</b>	<b>23.0</b>	<b>21.1</b>	<b>1.9</b>	<b>46.1</b>	<b>46.6</b>	<b>-0.5</b>	<b>-1.1%</b>	<b>92.2</b>	<b>92.2</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Operating Uses</b>	<b>279.5</b>	<b>284.3</b>	<b>283.3</b>	<b>1.0</b>	<b>567.4</b>	<b>562.9</b>	<b>4.5</b>	<b>0.8%</b>	<b>1,126.1</b>	<b>1,122.7</b>	<b>3.3</b>	<b>0.3%</b>
<b>Net Operating Result Before Emergency Assistance</b>	<b>-102.3</b>	<b>-82.6</b>	<b>-73.0</b>	<b>9.5</b>	<b>-189.1</b>	<b>-175.3</b>	<b>13.8</b>	<b>7.3%</b>	<b>-328.2</b>	<b>-328.3</b>	<b>0.0</b>	<b>0.0%</b>
<b>Emergency Assistance Applied</b>	<b>102.3</b>	<b>82.6</b>	<b>73.0</b>	<b>-9.5</b>	<b>189.1</b>	<b>175.3</b>	<b>-13.8</b>	<b>-7.3%</b>	<b>328.2</b>	<b>328.3</b>	<b>0.0</b>	<b>0.0%</b>
<b>Net Operating Result before GASB</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.0)</b>	<b>0.0%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
SB125 Emergency Assistance Recognition		0.0	58.2	58.2	0.0	58.2	58.2	-				
SB125 Emergency Assistance Reserves		0.0	58.2	-58.2	0.0	58.2	-58.2	-				
<b>Operating Result (Deficit)</b>	<b>-184.6</b>	<b>-196.0</b>	<b>-195.3</b>	<b>2.6</b>	<b>-387.1</b>	<b>-379.9</b>	<b>6.5</b>	<b>3.4%</b>	<b>-759.8</b>	<b>-754.5</b>	<b>5.3</b>	<b>0.7%</b>
<b>System Operating Ratio</b>	27.3%	25.0%	25.5%	0.5%	25.7%	26.4%	0.7%		26.5%	26.8%	0.3%	
<b>Rail Cost / Passenger Mile (\$)</b>	\$ 1.21					\$ 0.03	2.7%					

**FY25 Q2**

**Emergency Assistance to BART (as of December 31, 2024)**

<b>Award amounts (\$M)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>Total Awarded</b>
CARES	252	125	0	0	0	0	377
CRRSAA	0	378	0	0	0	0	378
ARPA + Add'l Assistance	0	0	853	0	0	0	853
SB125 State and Regional Assistance*	0	0	0	0	58	0	58
<i>Subtotal - all awards</i>	<i>252</i>	<i>504</i>	<i>853</i>	<i>0</i>	<i>58</i>	<i>0</i>	<i>1,667</i>

<b>Draw downs (\$M) - funds received as of 12/31/24</b>	<b>FY20 Actual</b>	<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Actual</b>	<b>FY24 Actual</b>	<b>FY25 Actual</b>	<b>Total Drawn Down</b>
CARES	186	192	0	0	0	0	377
CRRSAA	0	211	167	0	0	0	378
ARPA + Add'l Assistance	0	0	276	408	169	0	853
SB125 State and Regional Assistance	0	0	0	0	0	58	58
<i>Subtotal - all drawdowns</i>	<i>186</i>	<i>402</i>	<i>443</i>	<i>408</i>	<i>169</i>	<i>58</i>	<i>1,667</i>

**Remaining emergency funds to be drawn down after 12/31/24 (\$M)**

**0**

<b>Expenditures (\$M) - applied to offset incurred expenses as of 12/31/24</b>	<b>FY20 Actual</b>	<b>FY21 Actual</b>	<b>FY22 Actual</b>	<b>FY23 Actual</b>	<b>FY24 Actual</b>	<b>FY25 Actual</b>	<b>Total Applied</b>
CARES	120	257	0	0	0	0	377
CRRSAA	0	41	287	50	0	0	378
ARPA + Add'l Assistance	0	0	0	266	314	175	755
SB125 State and Regional Assistance	0	0	0	0	0	0	0
<i>Subtotal - all expenditures</i>	<i>120</i>	<i>298</i>	<i>287</i>	<i>316</i>	<i>314</i>	<i>175</i>	<i>1,510</i>

**Drawn down funds in BART reserves as of 12/31/24 (\$M)**

**157**

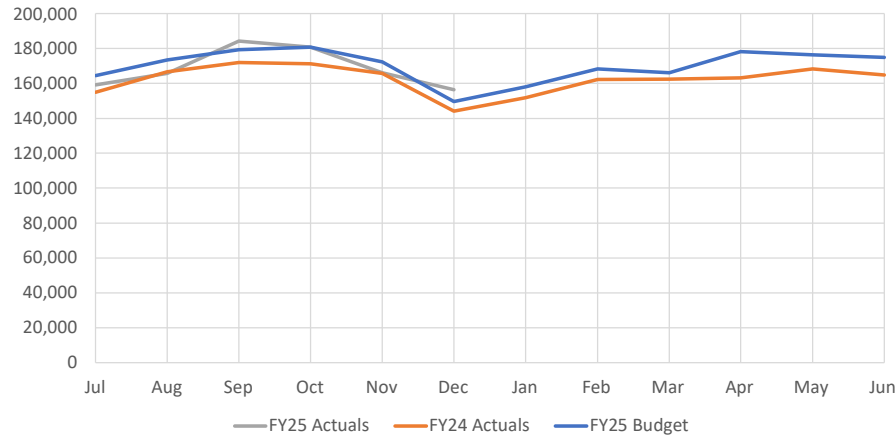
**Remaining awarded funds to be used to offset expenses after 12/31/24 (\$M)**

**157**

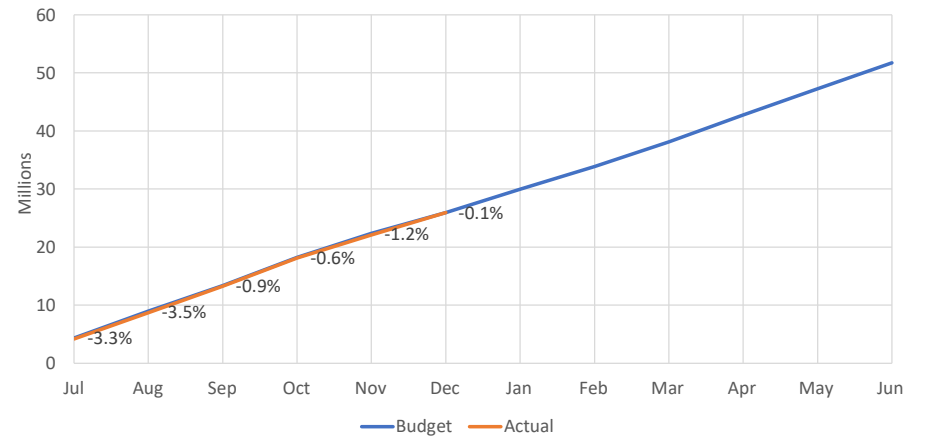
*\*SB125 has been partially allocated; BART expects approximately \$352M in total over several years*

## FY25Q2 (Jul-Dec) Ridership Stats

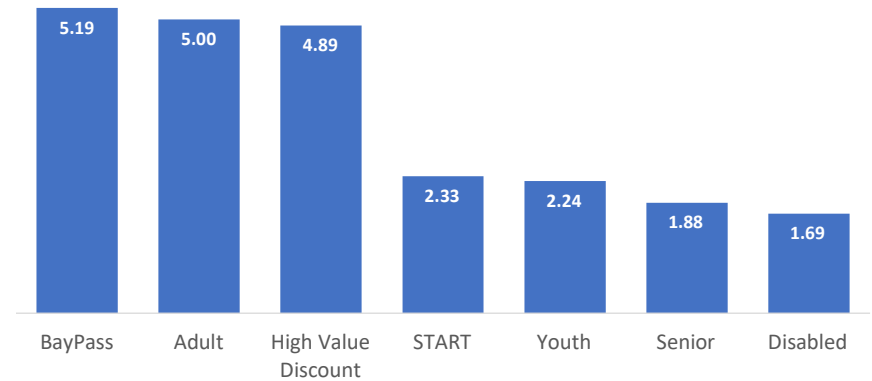
Average Weekday Ridership



FY25 Cumulative Budget to Actual Variance



Clipper Product Avg Net Fare



Exits	Actual	Budget	Actual
	FY24 YTD	FY25 YTD	FY25 YTD
Weekday	162,590	170,246	168,898
Saturday	92,737	97,496	95,985
Sunday	68,084	71,950	73,992
Total	24,892,677	25,961,900	25,939,139

FY25 YTD Actual vs.	
FY24 YTD Actual	FY25 YTD Budget
103.9%	99.2%
103.5%	98.4%
108.7%	102.8%
104.2%	99.9%