

San Francisco Bay Area Rapid Transit District

# Board Workshop 2025



# Workshop Overview

- Introduction
- Facing the Fiscal Cliff
- Improving the Rider Experience
- Communications, Education and Engagement Plan (*Working Lunch*)
- Capital Program Update
- Board Members' Priorities for 2025

# Introduction

- BART helps the Bay Area thrive.
- Our system has a positive impact on every resident who lives here.
- The work we tackle in the next two years will have lasting impacts.
- Our vision is for the Bay Area to prioritize transit and not just people in cars by making our system less reliant on fare revenue.





# Facing the Fiscal Cliff

Board Workshop

February 27, 2025



# BART's Context and Budget Strategy



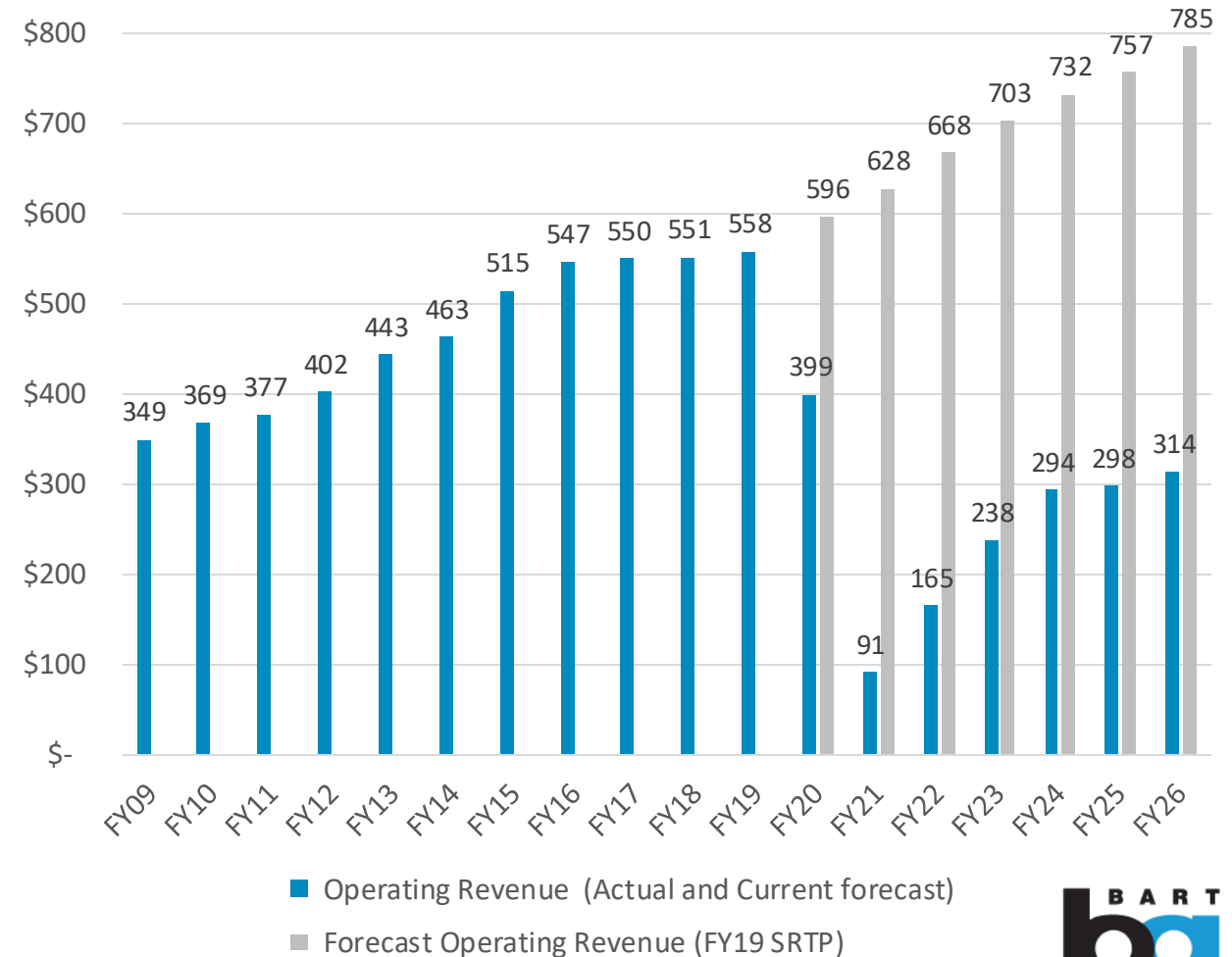
# Facing the Fiscal Cliff

- BART faces a structural deficit that can only be solved with a sustainable operating funding source
  - While BART has been able to secure emergency funding in past years, all effort now needs to be on securing a sustainable source paired with efficiencies and cost control
  - BART's current strategy is to maintain high-quality service while bridging the fiscal gap leading up to a 2026 measure
- Without a sustainable source secured in 2026, BART will be forced to make more difficult tradeoffs, including significant, ongoing reductions in service levels and the workforce
- We will discuss in this item:
  - The context in which we operate
  - Our operating budget model and what we are doing to control cost
  - Consequences of the fiscal cliff
  - Our budget strategy and tools to close the gap

# BART's Past Funding Model No Longer Works

- Pre-pandemic, BART covered more than two-thirds of operating costs through operating revenues (fares, parking etc.)
- FY24 operating revenue (\$294M) was \$438M below pre-pandemic FY24 forecast
- For decades, high BART fare revenue allowed our region to flex other revenue to local bus and counties
- In the future, BART will be more reliant on public investment
  - Likely around 70% of operating costs, consistent with peers

Operating Revenue vs Pre-Pandemic Forecasts (\$M)



# Changing Travel Patterns

- Major Bay Area employers are in sectors with the highest remote work adoption – tech, finance, and business
  - Consequently, the region continues to experience the lowest onsite work nationally
- BART ridership trends closely to office occupancy rates
- Most riders have returned, but they are riding less frequently

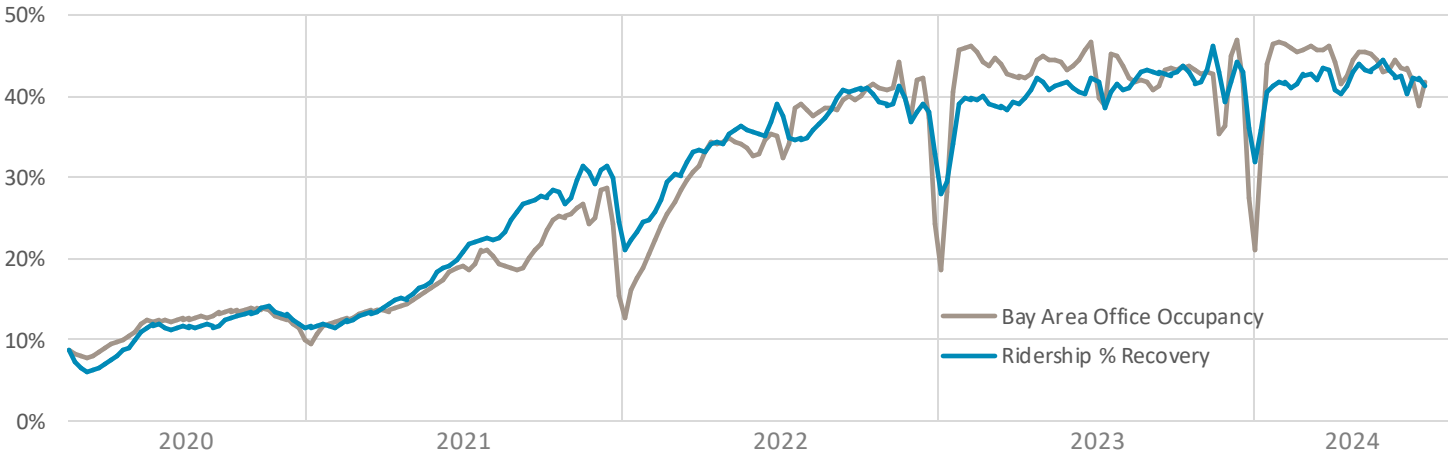


**76%**  
OF OCTOBER 2019  
RIDERS HAVE  
RETURNED TO BART  
AS OF OCTOBER 2024



**46%**  
OF OCTOBER 2019  
TRIPS HAVE  
RETURNED TO BART  
AS OF OCTOBER 2024

*Bay Area Return to Office Rate & BART Ridership Recovery*



Source: Kastle Badging Data – 2020 to 2024

**S.F.’s workforce keeps moving farther away from their jobs. Here’s how far they live**

By **Hanna Zakharenko** and **Roland Li** | Jan. 31, 2025  
4:00 a.m.



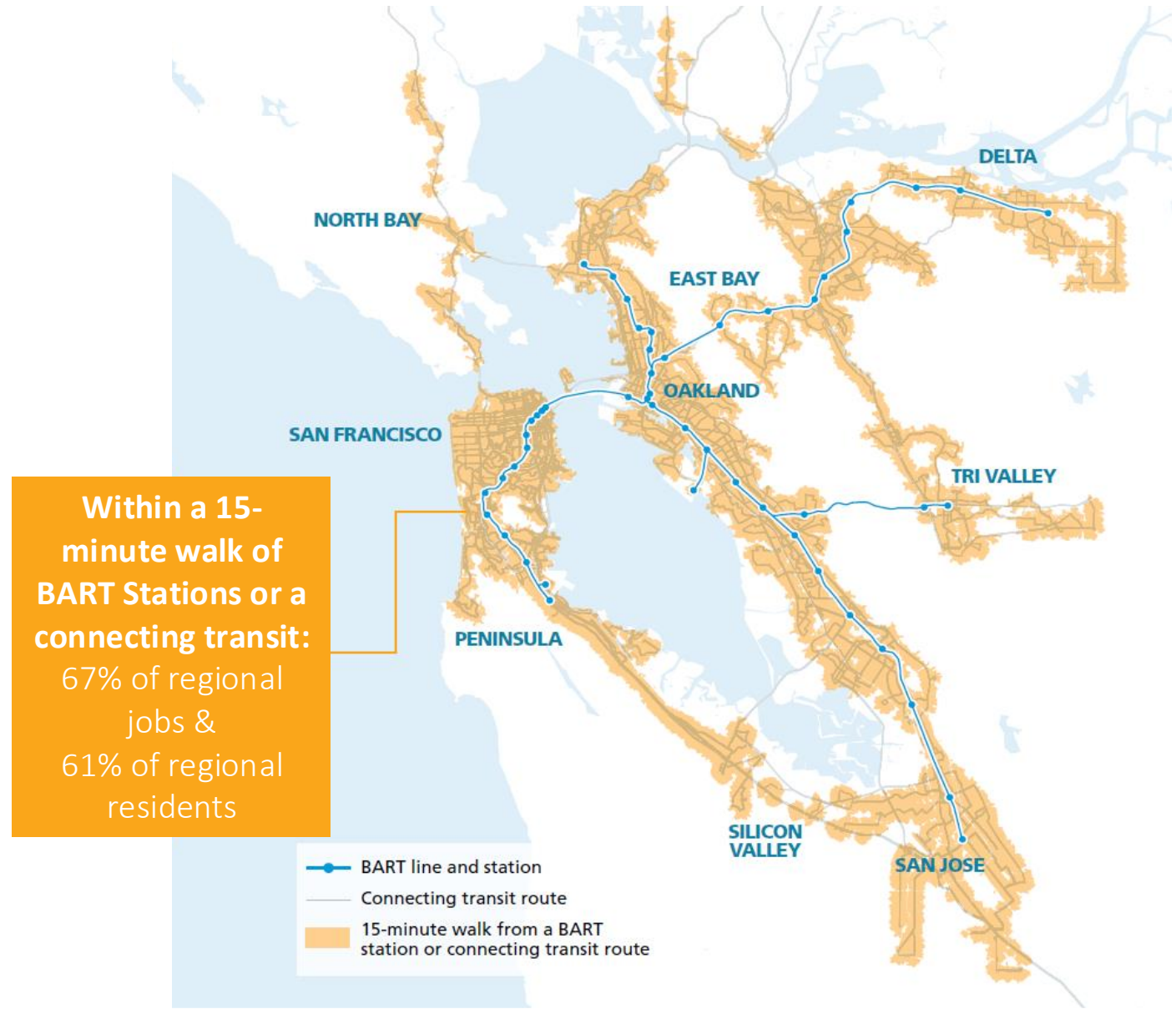
San Francisco saw the nation’s biggest jump in the percentage of the workers living 50 or more miles from their jobs from 2012 to 2022, compared with the top 25 cities with the largest workforces in the U.S. Experts said this was fueled by remote work and high housing costs.





# Regional Connectivity Remains Critical

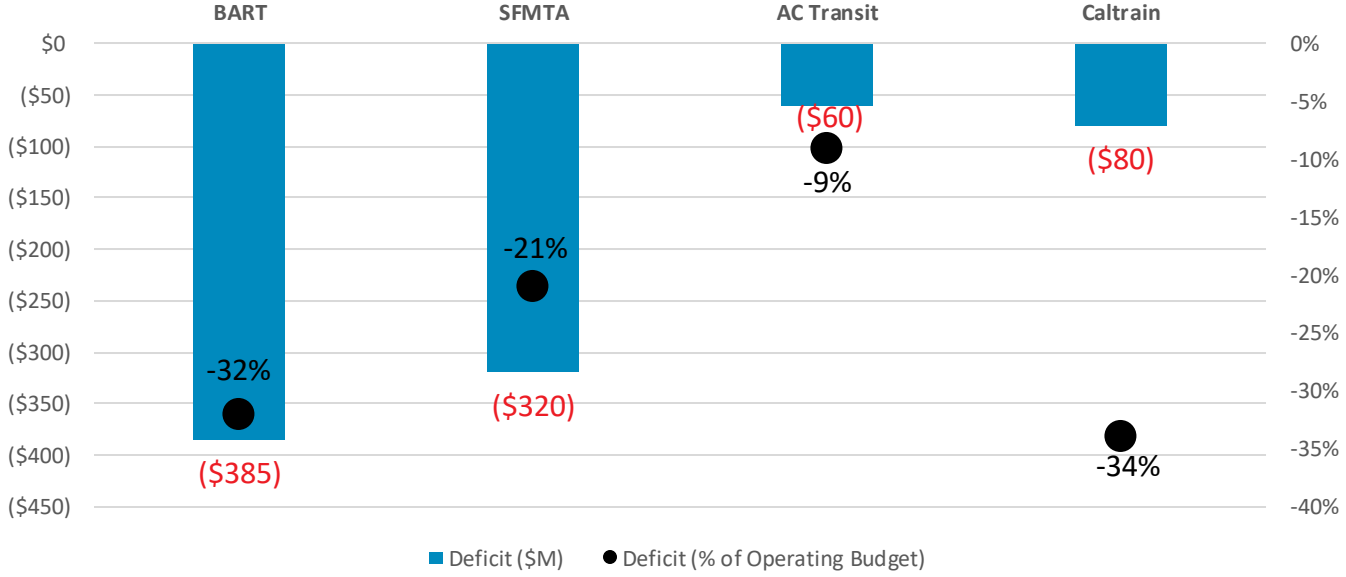
- BART connects many of the region's bus, ferry and rail services
- Nearly 90% of the region's transfers include a trip on BART with more than 300 unique connecting routes
- 17 of the 26 regional public transit operators connect to BART



# The Funding Challenge is Not Unique to BART

- Several partner agencies in the Bay Area also face operating deficits
- Agencies throughout the country face structural deficits and are facing tough decisions
- BART and rail operators are impacted more than others

Forecast Annual Deficits (FY27)



**PA: SEPTA has cut \$27 million to reduce a deficit and boost its case for new state transit money**

SEPTA is trimming costs as it drafts a new operating budget and hopes to wring new state dollars from the legislature.

By Thomas Fitzgerald  
Source The Philadelphia Inquirer (TNS)

Jan. 24, 2025

British Columbia

**TransLink board approves 2025 budget with \$72M shortfall**

\$2.5B in spending includes increased revenue from fares, but gap in government cash

Chad Pawson · CBC News · Posted: Dec 04, 2024 1:07 PM PST | Last Updated: December 4, 2024

The Washington Post

**Billion-dollar deficits, drastic cuts: Metro faces fiscal catastrophe**

Metro is in a financial crisis, threatening the D.C. region's quality of life. Repeated operating deficits of up to a billion dollars are...

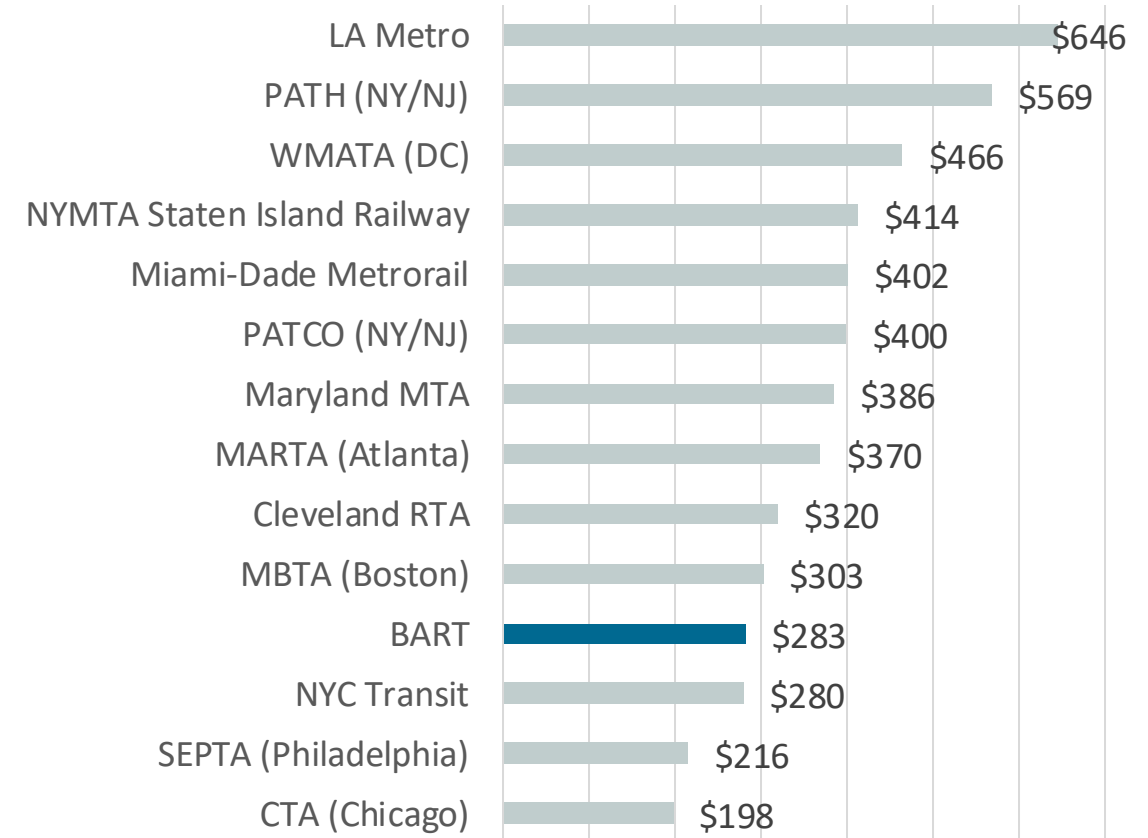
Aug 9, 2024



# BART Operates Efficiently

- Compared to peer agencies nationally, BART is an efficient manager of expenses and service delivery
- Since 2019, BART's total operating cost has grown at a rate below inflation (Customer Price Index – [CPI-U]), despite opening the BART Silicon Valley extension in 2020 and inflation experienced by the transit industry

*US Heavy Rail Services  
Cost per Vehicle Revenue Hour (FY 2023)*



Source: National Transit Database FY23

Note: Contiguous US states only



# BART Is Focused on Revenue and Cost Control



## Increase Fare Revenue

- Installing new fare gates to reduce fare evasion
- Maintaining inflation-based fare increases



## Grow Ridership

- Offering new fare products like Clipper BayPass
- Promoting taking BART for non-work trips
- Station activations & events
- Improving transit coordination



## Advance Revenue Generating Programs

- Negotiating new agreements for telecommunications revenues
- Longer term strategies include transit-oriented development and potential sale of excess land



## Labor Savings

- Implementing a strategic hiring freeze while protecting safety and service quality
- Renegotiated with unions to reduce near term retiree healthcare costs



## Targeted Cuts

- Targeted reductions to operating costs across all departments
- Reduced and eliminated some contracts and agreements



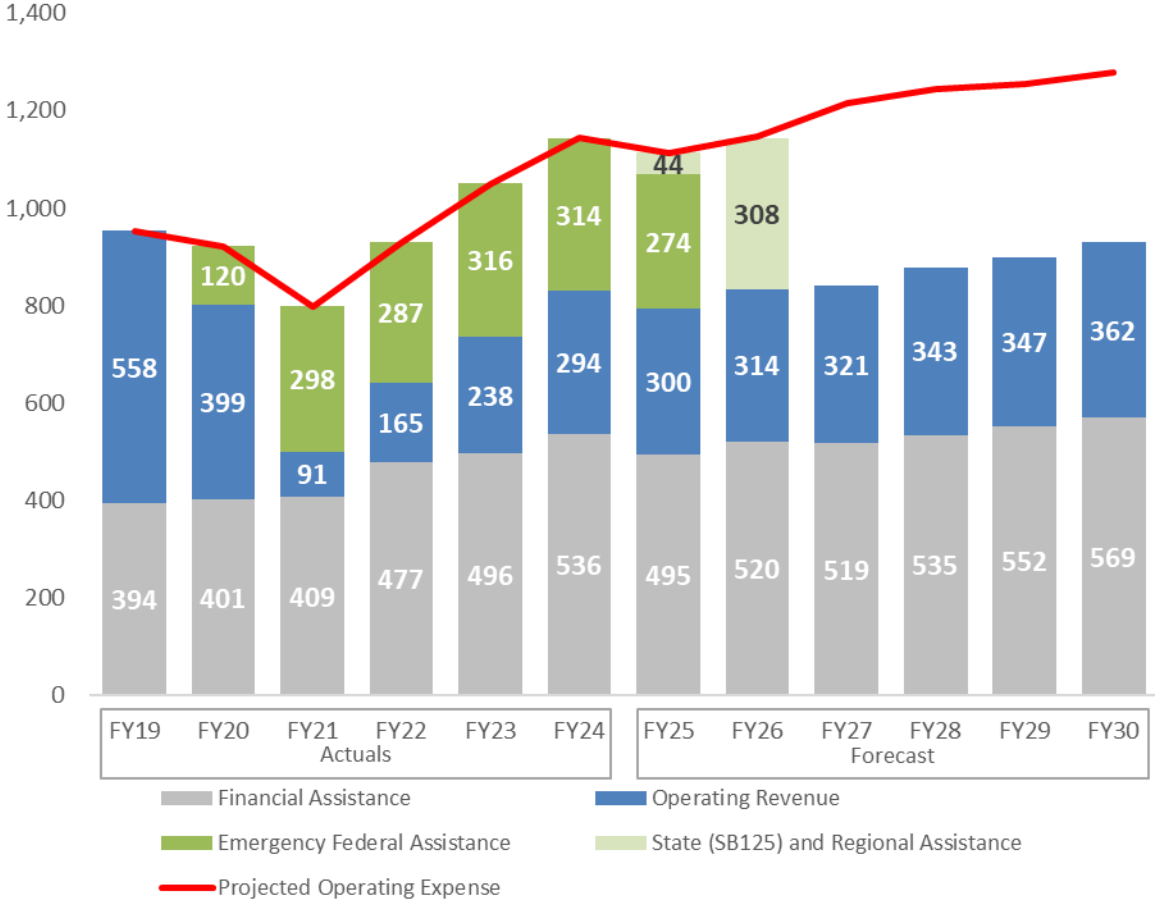
## Efficiencies

- Running shorter trains
- Locked-in low renewable electricity costs
- Implementing operational efficiencies and contract oversight recommendations from the Inspector General
- Modernize technology

# Structural Reduction in Operating Revenue

- BART cannot assume FY19 levels of ridership-generated revenue going forward
- One-time federal, state, and regional assistance will be fully expended by FY26
- Constrained revenues do not support BART’s current service levels

BART’s Funding Sources (\$M)



# Large Ongoing Deficits Remain

(\$M)	FY26	FY27	FY28	FY29	FY30
Operating Revenue	314	321	343	347	362
Financial Assistance	520	519	535	552	569
<i>Total Revenue</i>	<i>834</i>	<i>840</i>	<i>878</i>	<i>899</i>	<i>931</i>
Operating Expense	1,040	1,080	1,109	1,138	1,160
Debt Service & Allocations	107	136	136	115	119
<i>Total Expense</i>	<i>1,147</i>	<i>1,216</i>	<i>1,244</i>	<i>1,253</i>	<i>1,279</i>
Net Result	(313)	(376)	(367)	(354)	(348)
Emergency Assistance	308	0	0	0	0
<b>Annual Deficit</b>	<b>(5)</b>	<b>(376)</b>	<b>(367)</b>	<b>(354)</b>	<b>(348)</b>

- FY26 deficit nearly solved since budget adoption in June 2024
- Structural deficit of \$350-400M each year remains (\$361M annual average)

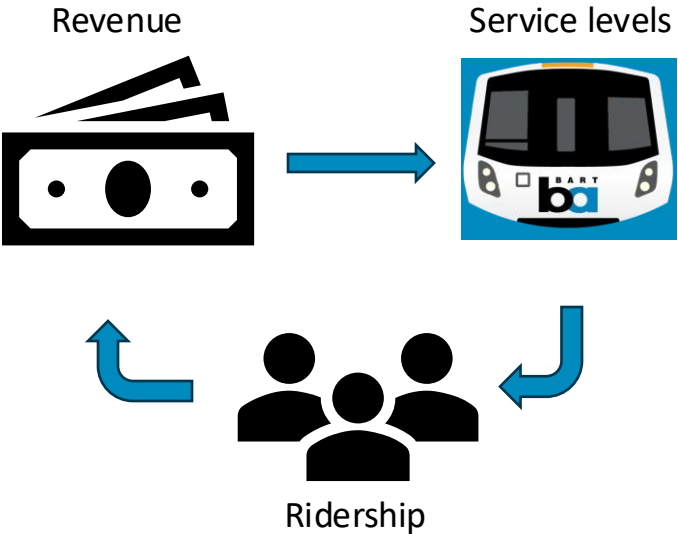
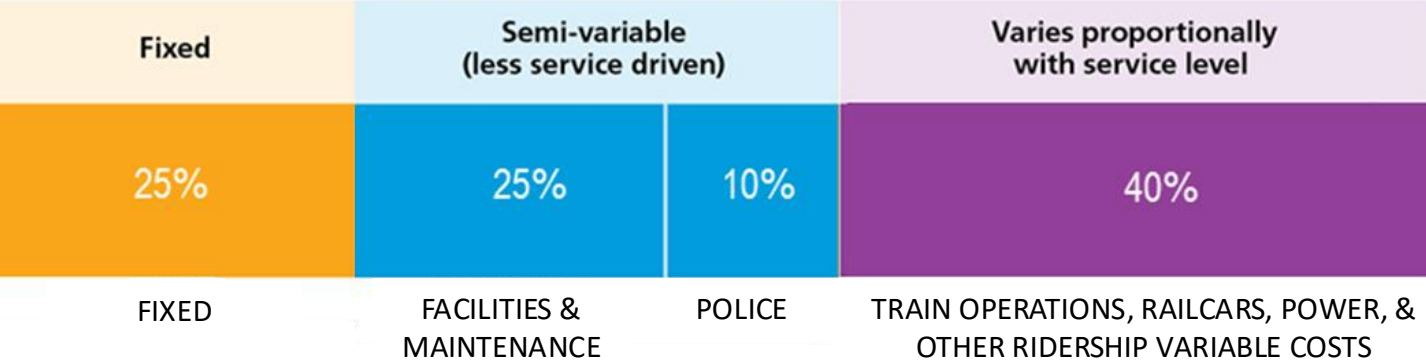
# BART Cannot Close Deficits with Service Cuts

Cutting BART operating expenses requires a disproportionate service reduction.

- Only 40% of BART’s operating costs scale directly with service levels
- In FY20, a 40% service reduction reduced operating cost by approximately 12%

Transit death spiral: major service reductions also put BART’s \$300M+ operating revenue at risk.

*BART’S FY 2025 Fixed and Variable Annual Operating Costs*



# BART Cannot Close Deficits with Service Cuts

- Even dramatic service cuts would close less than half of the FY27 \$375M deficit
- Reduced capacity means reduced fare revenue
- Dramatic cuts would make BART an inconvenient travel option, further reducing ridership and fare revenue, beginning death spiral

	Current Service	Scenario 1: ~70% Cut	Scenario 2: ~90% cut
<b>Service Description</b>			
Hours	12AM Close	9PM Close	9PM Close
Train Frequency	20 min	30 min	60 min
Coverage	5-Line, 50 Stations	3-Line, 50 Stations	3-Line, 41 Stations
Weekly Train Dispatches	4,200	1,300	500
<b>Fiscal Impact (\$M)</b>			
Operating Expense Savings	\$0	\$160	\$260
Fare Revenue Impact	\$0	(\$30)	(\$90)
<b>Net Savings</b>	<b>\$0</b>	<b>\$130</b>	<b>\$170</b>
Remaining FY27 Deficit (estimated at \$375)	(375)	(245)	(205)
FTE Impact	0	(600)	(1,050)

15 *\*\*Scenarios are from the 2023 SRTP and are for illustration only: Any actual cuts considered would be further analyzed and be informed by outreach and engagement*

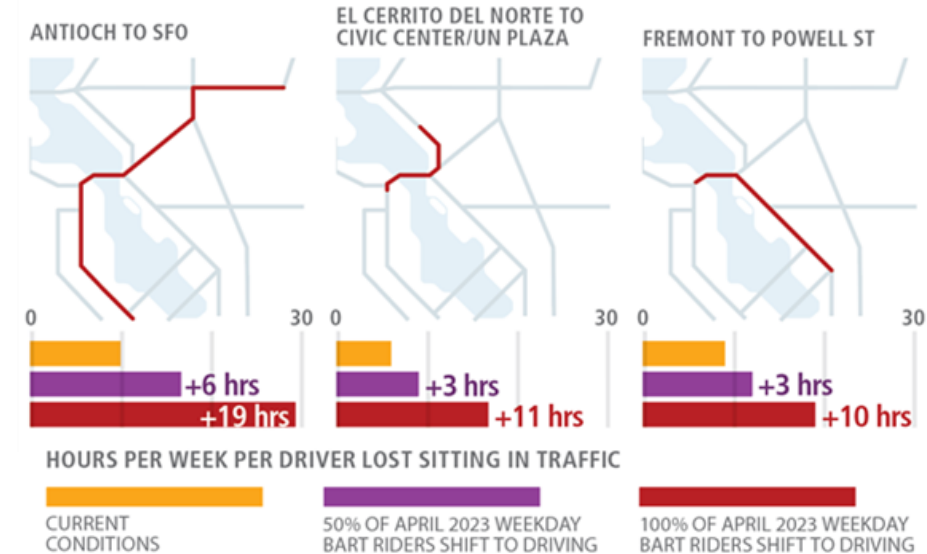




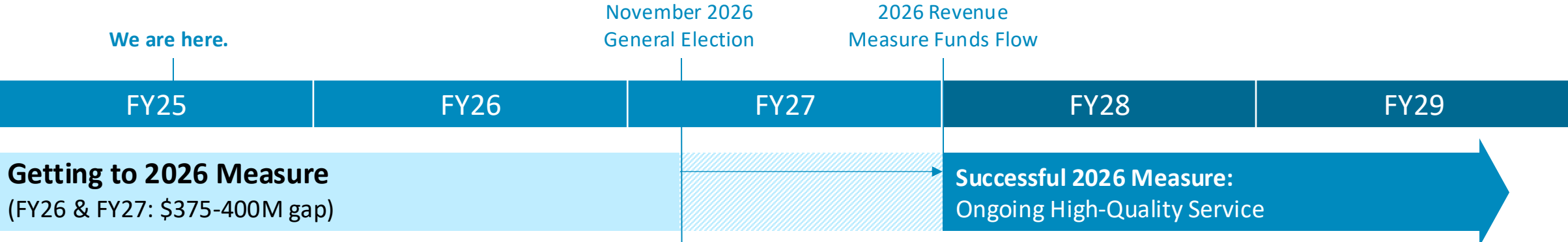
# Regional Consequences of No BART Service

- **Stifle the Regional Economy:** decreased access to employment, commerce, education and other opportunities reduces productivity and economic activity
- **Exacerbate Congestion:** daily miles driven could increase by up to 780,000-1,560,000 miles and drivers would lose more time to traffic congestion
- **Increase Emissions:** BART's represented 25 percent of pre-pandemic statewide transit passenger miles
- **Undermine Transit Network:** the regional network would fail to function with cascading effects across operators
- **Impact Communities Inequitably:** proportion of low-income BART riders (47 percent) is higher than the region's proportion of low-income households (33 percent)

Weekly Hours Lost To Congestion For Drivers:  
With & Without BART



# Budget Strategy Timeline



**Strategy Approach:**

- **High Quality Service:** focus on high-quality service, continue right-sizing service-plan based on ridership trends
- **Bridge the Funding Gap:** efficiencies, one-time actions, limited consideration of deferrals
- **Funding Measure, Advocacy & Education:** engage on enabling legislation, advocate for funding, public education on negative impacts of service cuts

**Beyond 2026 if Measure Fails**  
 (Unsustainable Funding Model – Gap Increases as Revenue is Reduced)

**Strategy Approach:**

- **Deep Cuts to Service and Customer Experience:** implement major service cuts and workforce reductions (ex: close stations, reduce hours and frequency), resulting in reduced fare revenue and worse customer experience
- **Implement Emergency Financial Measures:** increase fares and parking fees, increase future costs by deferring current obligations
- **Funding Measure, Advocacy & Education:** continue to engage, advocate and educate the public and explore funding options



# Regional Transportation Revenue Measure Update



METROPOLITAN TRANSPORTATION COMMISSION

# Transportation Revenue Measure Update

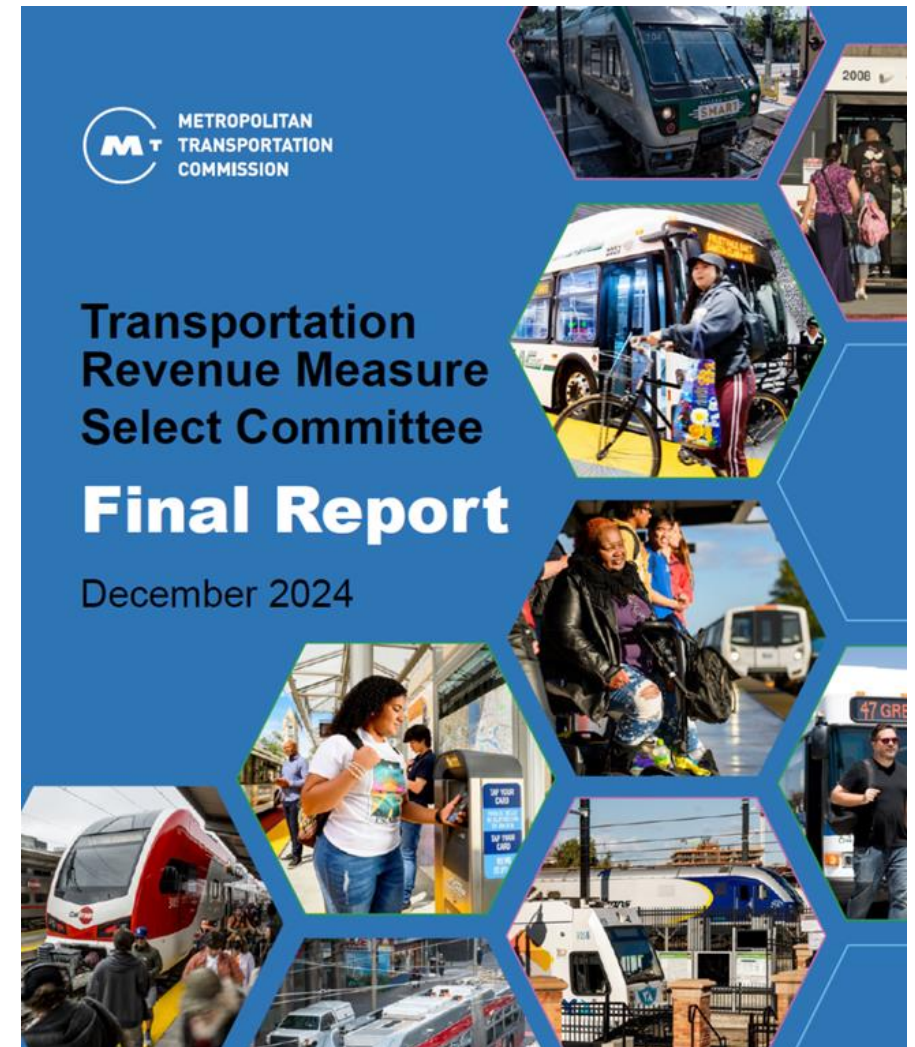
## Presentation to BART Board

February 27, 2025



# The TRM Select Committee's Work is Complete. What's Next?

- ▶ SB 63 (Arreguin/Wiener) introduced January 9 – a placeholder for enabling legislation.
- ▶ MTC has hired MGO, a financial consulting firm, to independently assess transit agency finances in order to establish “trusted numbers” to inform SB 63 negotiations.
- ▶ SB 63 advocacy principles were presented to Joint MTC ABAG Legislation Committee on February 14 and will be considered for action by Commission on February 26



# Independent, Third-Party Review of Transit Agency Financials and County Contributions

Scope of work includes:

- 1. Review of transit agency revenues, expenses and cost-saving measures (focused on agencies with budget deficits)
- 2. Review of local contributions to BART and Caltrain



# Draft MTC Advocacy Principles for a Successful Transportation Measure

A successful measure must:

1. Be Passable
2. Prevent major transit service cuts from regional operators
3. Take local transportation funding needs into consideration
4. Advance Transit Transformation
5. Ensure fairness
6. Include meaningful accountability provisions



# January 2025 Poll - Survey Methodology



Likely November 2026 voters, conducted January 14-30, 2025  
Multimodal: live telephone interviewing and email/text invitations to an online survey  
Three-way split-sample methodology  
Available in English, Spanish, and Chinese

### **1A: 1/2 Cent Sales Tax - 4-County**

(n=850, MoE ±3.4)

*To prevent increased traffic congestion; avoid major cuts to BART, Caltrain, AC Transit, Muni and other transit services; preserve transportation services for seniors/ persons with disabilities; address transit safety/ cleanliness; advance climate protection; reduce air pollution; prevent station closures; and maintain public transportation service for those who need it; shall the measure enacting a **½ cent sales tax for 10 years generating at least \$560,000,000 annually**, with required public audits and accountability/ transparency provisions, be adopted?*

### **Hybrid: 1/2 Cent + Parcel Taxes - 9-County**

(n=1,350, MoE ±2.7)

*To prevent increased traffic congestion; maintain BART, Caltrain, AC Transit, Muni, and other transit services; preserve transportation services for seniors/ persons with disabilities; address transit safety/ cleanliness; advance climate protection; reduce air pollution; repair potholes/ sidewalks; upgrade highways; and enhance bike access; shall the measure enacting a **½ cent sales tax and \$0.09 per building square-foot parcel tax for 30 years generating at least \$1,300,000,000 annually**, with required public audits and accountability/ transparency provisions, be adopted?*

### **Variable: 1/2-7/8 Cent Sales Tax - 4-County**

(n=850, MoE ±3.4)

*To prevent increased traffic congestion; maintain BART, Caltrain, AC Transit, Muni, and other transit services; preserve transportation services for seniors/ persons with disabilities; address transit safety and cleanliness; advance climate protection; reduce air pollution; and prevent station closures shall the measure enacting a **¾ cent (San Francisco) and a ½ cent (Alameda, Contra Costa, San Mateo counties) sales tax for 11 years generating at least \$640,000,000 annually**, with required public audits and accountability/ transparency provisions, be adopted?*



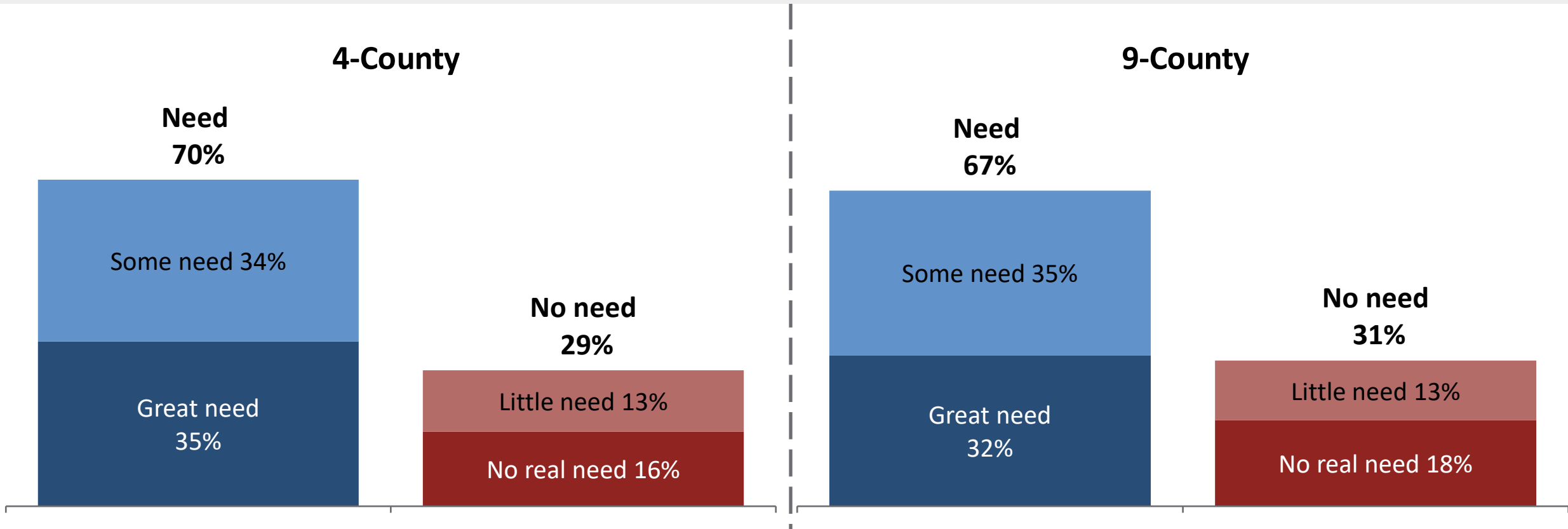
# Key Findings

- ▶ **Overall mood** in the Bay Area is **improving** but affordability is still a widespread concern.
- ▶ There is significant desire for transit and transportation **improvements**.
- ▶ When thinking about transit, many mention **funding challenges** and **safety issues**. However, recent **improvements** are noted by many, especially in the Peninsula/South Bay.
- ▶ Support for the 1A and Variable rate measures **exceeds a majority**, but falls far short of the two-thirds threshold, indicating the likely path for a transit measure would be via a citizen initiative.
- ▶ The hybrid measure with two taxes has weaker support.
- ▶ Overall framing and details of the measures **do little** to build support.
- ▶ Although there is interest in **preventing cuts** to transit, voters are simply **hesitant to raise taxes** and **lack trust** that more money is the solution.

# Need for Transit Funding

*Awareness of funding needs is high, although not intense.*

**Would you say that public transit in the Bay Area has a great need for more money, some need for more money, little need for more money, or no real need for more money?**



MoE ranges from ±2.4 to ±2.7  
Q7.

# Initial Vote

*The measures start above a majority, but the 9-county two-tax Hybrid is weaker.*

**1A: ½ Cent Sales Tax  
(4-county)**

Yes  
57%

No  
43%

**Hybrid: ½ Cent Sales + Parcel Taxes  
(9-county)**

Yes  
51%

No  
49%

**Variable: 1/2 - 7/8 Cent Sales Tax  
(4-county)**

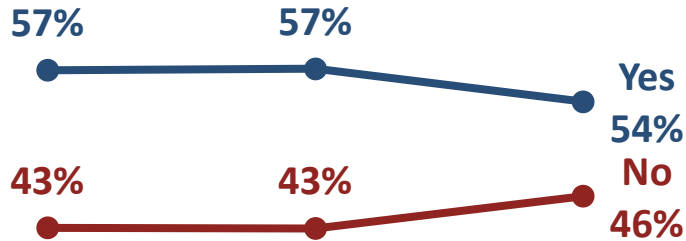
Yes  
56%

No  
44%

# Support Progression

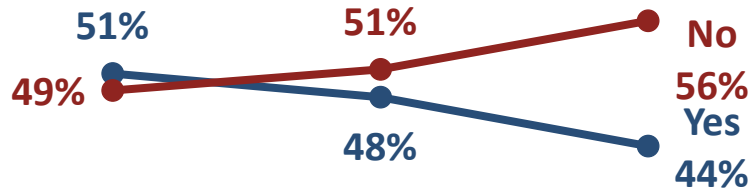
*Additional information through the survey does not build support for the measures.*

## 1A (4-county)



Initial Vote    After Info    After Opp.

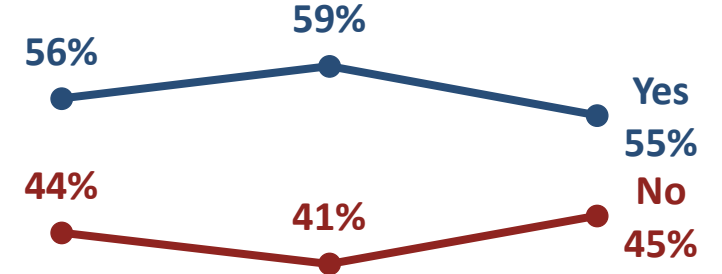
## Hybrid (9-county)



*Hybrid Yes vote progression (4-county):*  
53%    51%    47%

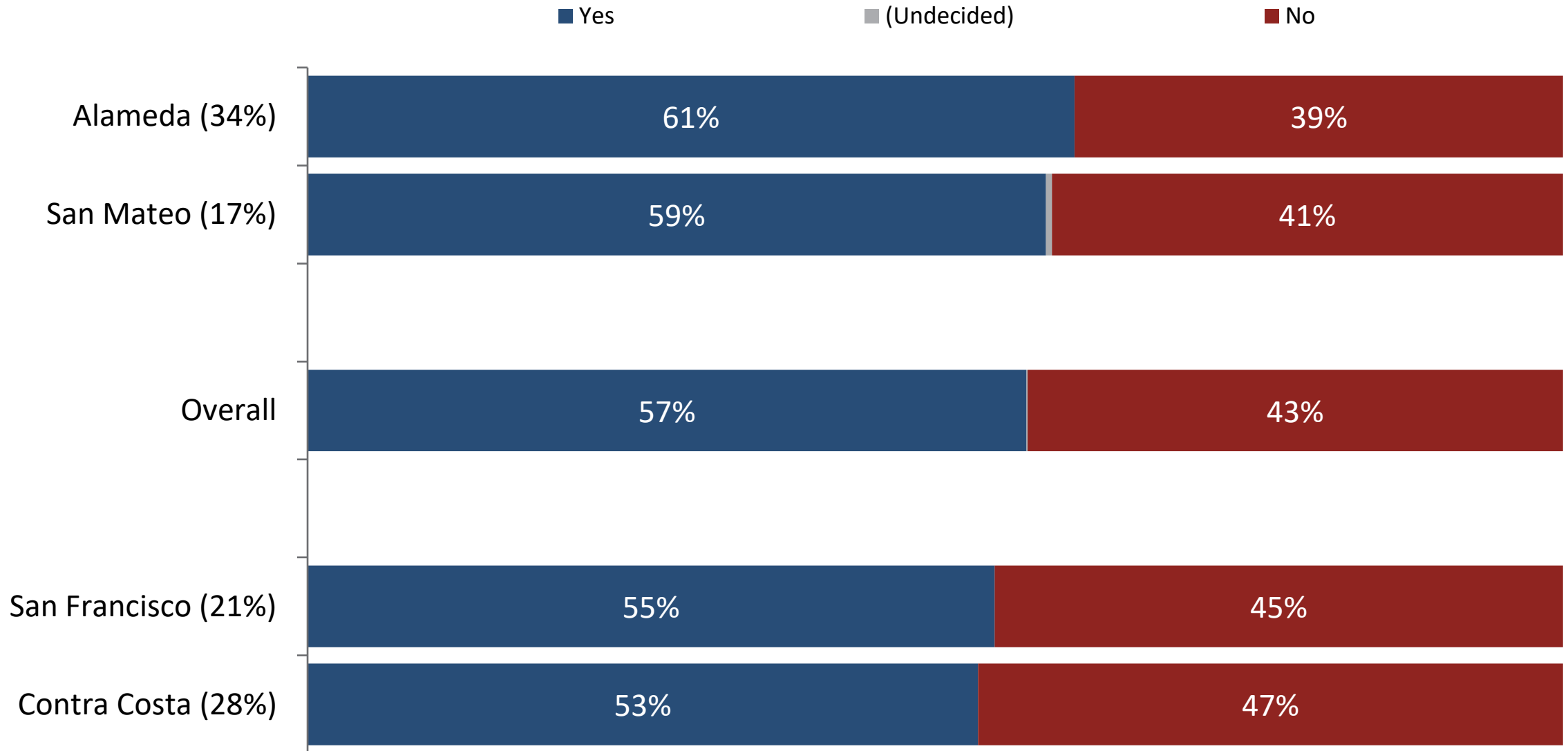
Initial Vote    After Info    After Opp.

## Variable Rate (4-county)



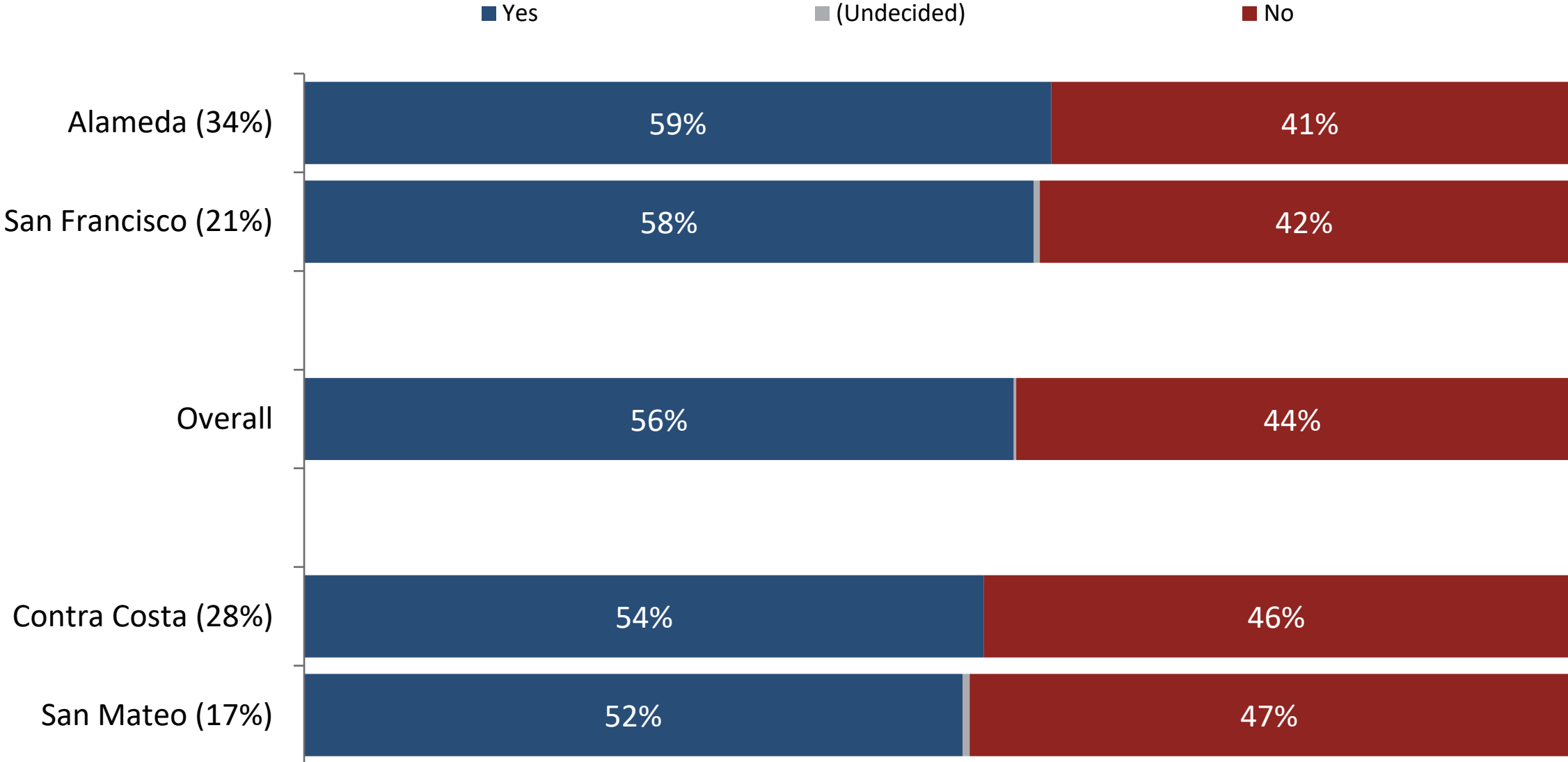
Initial Vote    After Info    After Opp.

# 1A – Support by County



MoE ranges from ±6.2 to ±6.9  
Q14.

# Variable Rate – by County



MoE ranges from ±6.2 to ±6.9  
Q14.

# Next Steps

- ▶ Substantive amendments to SB 63 will be made in March.
- ▶ March 18-19 – MTC legislative visits
- ▶ May 9 – deadline for Senate Transportation Committee hearing
- ▶ June 6 – deadline for bills to pass Senate floor
- ▶ Third-party review work will be ongoing with MTC/BART/Caltrain, county transportation agencies and local elected officials with goal of completion by April.
- ▶ Ongoing updates to the MTC/ABAG Joint Legislation Committee.
- ▶ MTC will also be working in partnership with transit agencies, SPUR, and others in support of **new state funding** for transit.

# BART Engagement on Regional Measure Efforts and Other State Funding Opportunities





# BART Engagement on Regional Measure Efforts

- **Feb 5-6:** Conducted a series of legislative meetings in Sacramento with Bay Area legislators, the Governor's Office, and key committee staff
- **Feb 14:** Public comment made at the MTC/ABAG Legislation Committee meeting where MTC polling results were discussed
- **Feb 26:** Full MTC meeting regarding action on regional measure principles and potential sponsorship of enabling legislation, Senate Bill (SB) 63
- **March 13 or 27:** Board meeting to discuss SB 63 and a proposed position, pending release of substantive amendments
- **March 25-26:** Washington, D.C. legislative advocacy trip
- **April-May:** Pending Board action, participation in SB 63 legislative committee hearings prior to June 6 House of Origin Deadline

# Other State Funding Opportunities & Advocacy

- Participated in the February 6 Senate Budget and Fiscal Review Committee hearing on transit funding
- Supporting \$2 billion ask for flexible transit funding in FY26 State Budget
- Ongoing participation in the SB 125 Statewide Transit Transformation Task Force led by California State Transportation Agency (CalSTA)
- Participation on the California Transit Association's Cap and Trade Subcommittee focused on program reauthorization



*Director Raburn at the Senate Budget & Fiscal Review Committee Hearing on February 6, 2025.*

# Discussion