



Fiscal Year
2015
Preliminary
Budget
Memo

March 31, 2014

San Francisco Bay Area
Rapid Transit District

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**SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
MEMORANDUM**

TO: Board of Directors

DATE: March 31, 2014

FROM: General Manager

RE: Fiscal Year 2015 Preliminary Budget

In Fiscal Year 2015 (FY15), our focus will be on rebuilding after the challenges of the past year. The FY15 Preliminary Budget reflects our commitment to rebuilding the District's aging infrastructure, rebuilding relationships with employees, and rebuilding the confidence of our riders and the public in BART. As the region becomes ever more reliant on BART, our success in these areas is essential in order to continue to provide the dependable, on-time service the region needs.

Over the last year, along with meeting significant challenges, the District made substantial progress in the following areas:

- To address its most critical replacement need, the District awarded contracts for 775 new rail cars, in cooperation with the Metropolitan Transportation Commission (MTC), and the Santa Clara Valley Transportation Authority (VTA). Public input is being gathered on a new railcar "mock-up," and the first "pilot" railcars are scheduled to be delivered in 2017.
- To generate revenue for major capital projects, the Board renewed the Consumer Price Index (CPI)-based fare increase policy until 2020. The revenues raised by this policy, which continues until 2020, are dedicated to major capital projects including the "Big 3": new railcars, the Hayward Maintenance Complex, and Train Control Modernization.
- In conjunction with the CPI-based fare policy, the Board adopted a "demand-based" parking fee policy, which enables the setting of fees based on parking demand at stations. These funds will be used for station improvements, including enhanced station access.

Also worth highlighting is the progress being made on the Earthquake Safety Program and our system expansion projects. The Earthquake Safety Program is in its 14th year and is 62% complete. The Oakland Airport Connector is scheduled to open this fall, creating a convenient rail link between the Oakland Coliseum station and the Oakland International Airport. The Warm Springs Extension (WSX) project extends BART to the Alameda/Santa Clara County border to meet up with the BART Extension to San Jose. The WSX is well underway and scheduled for completion in 2016. The Eastern Contra Costa County extension (eBART) is under construction and will be awarding a contract for its Diesel Multiple Unit (DMU) railcars later this year. The BART to Livermore project environmental process continues, with a comprehensive assessment of corridor alternatives underway.

As we have discussed for many years, we must continue to invest in rebuilding BART's aging infrastructure. During the past two years, the District has been inventorying and assessing the conditions of its infrastructure. This "Asset Management" process systematically documents that many of the District's assets are past their useful life, and failure to replace these high-risk assets will result in a degradation of BART service reliability and on-time performance. Staff has now begun the difficult process of prioritizing needs across asset classes, including revenue vehicles, facilities, systems, and guideways. At the Board's meeting on March 13, 2014, BART's Asset Management Policy was adopted, which includes the goals of maintaining BART's infrastructure in a sustainable manner and safeguarding BART's assets by directing appropriate resources to them.

Because the core of BART's mission is to provide safe, reliable service to the region, we must continue to enhance the District's safety practices and procedures. The District's safety procedures will be fundamentally upgraded by the adoption of the California Public Utilities Commission's (CPUC) General Order 175 (GO 175), which establishes new procedures for the District to enhance safety for its wayside track workers. For FY15, the District is investing \$5.3M to address new safety rules, including 40 additional positions. These additional investments are necessary to ensure that BART complies with GO 175, and that BART staff has the time and equipment necessary to maintain the track, traction power, and train control systems in proper working condition. In addition to the positions in Maintenance & Engineering and Transportation, additional headcount and resources are slated for the Safety Department to enhance monitoring and to create a safety incentive program for front line workers. Several capital projects related to safety are also proposed.

Rebuilding requires sufficient resources, and the District's two largest revenue sources come from fares and sales tax. Until this past year, BART's ridership growth rate has been 6% to 7% as the Bay Area's economy recovered from the recent recession. At the beginning of FY14, ridership was growing at 3% to 4% over the prior year, excluding the impact of the strikes. However, for the past four months, ridership growth has slowed to about 1%. For FY15 we anticipate ridership to grow at the more moderate rates we have recently experienced. Fare revenue is estimated to increase by 5%, due to a full year of the January 2014 fare increase. As the recovery from the recession matures, economic forecasts project more moderate growth in sales tax revenue, BART's second largest source of funds. For FY15, we estimate that sales tax revenue will grow by 4% compared to annual growth rates between 7% and 9% over the past three years.

This year, the District has capacity in the budget to add a number of critical safety initiatives, update technology, and fund some of our critical high-risk capital rehabilitation projects. However our projections show considerable funding shortfalls in upcoming years.

With slowing revenue growth, capacity constraints, and significant investments needed for safety and asset management, the FY15 Preliminary Budget presents limited new initiatives beyond these priorities. We are committed to continuing our multi-year programs to replace railcar seats and floors and to retrofit inefficient subway and tunnel lighting. In the upcoming fiscal year, we will also be focusing our efforts on working collaboratively with our labor unions to improve work practices and processes, as agreed upon in the new collective bargaining agreements. With the increased parking revenues, we are proposing station upgrades and access improvements including improved station signage, pilot programs to enhance shuttles and intermodal access, and additional bicycle storage.

The District and our riders have experienced some difficult times recently, but I am confident that our focus on rebuilding will result in a stronger BART. The FY15 Preliminary Budget reflects that theme, and it places priority on investments in BART's assets to maintain reliable service for San Francisco Bay Area residents and enhance safety for our employees and customers. I look forward to working with you in the coming months as we finalize the preliminary budget.



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cc: Board Appointed Officers
Executive Staff

1. Overview

The FY15 Preliminary Budget focuses on continuing the District's commitment to deliver safe, reliable service by rebuilding BART's aging infrastructure, including funding the "Big 3" capital projects: the new rail cars, the Hayward Maintenance Complex, and Train Control Modernization Project. These three projects are inextricably linked and essential to meeting the District's key safety, reliability, capacity, and sustainability goals. A modern, expanded fleet meets current and future capacity demands while maintaining passenger comfort and service reliability. The Hayward Maintenance Complex provides maximum car availability to maintain and store the expanded fleet. An improved train control system improves headways and puts an expanded fleet in service both safely and reliably.

Another critical focus of this year's budget are investments in safety – both in operating in terms of additional staff for safety measures, and capital projects that will enhance worker safety. These include adding staff to address implementation of GO175, to maintain track, traction power, and train control systems in proper working condition, and to monitor front line worker safety.

Development of the FY15 Preliminary Budget has been informed by the Short-Range Transit Plan/Capital Improvement Program (SRTP/CIP), a draft of which will be released in early June. Preliminary findings from the ten-year forecast show shortfalls in funding the "Big 3" capital projects, despite annual contributions from the operating budgets. These upcoming shortfalls mean that ongoing expenses need to be carefully controlled and revenues enhanced to help meet current and future capital commitments and high-risk needs. As a result, there will be minimal funding available for operating initiatives in FY15, and the long-term outlook is also characterized by significant constraints.

While the upcoming fiscal year is challenging, in fall 2014, the District will welcome the newest addition to BART's system. This new service links the Oakland International Airport with the Coliseum Station via an Automated Guideway Transit system, a driverless people mover on a mostly elevated structure spanning the length of the Hegenberger Road business corridor. Passengers will be transported between the Oakland International Airport and the Coliseum Station in less than 15 minutes door-to-door, and vehicles will depart every four minutes. Progress is also being made on the Warm Springs and Silicon Valley/Berryessa Extensions and the eBART Rail Project, which will create critical linkages to southern Alameda County, Santa Clara County and eastern Contra Costa County, respectively.

In the upcoming fiscal year, the District will work to rebuild its aging infrastructure, the relationship with BART employees, and the confidence of the public and riders in BART. The next sections summarize the FY15 Preliminary Budget's focus areas to help achieve these goals.

Safety

The California Public Utilities Commission (CPUC) adopted General Order 175 (GO 175) on Roadway Worker Protection in October 2013 requiring all California rail transit agencies to comply with a comprehensive set of safety requirements for wayside workers. In response, BART has developed and is in the process of implementing a new and enhanced wayside program that includes more restrictive operating rules on wayside activities and procedures for how these activities should be performed by BART wayside workers and contractors. The program's goal is to provide improved protection for employees in the BART right of way. To that end, the District

has to acquire additional resources to fully implement the new roadway worker protection program and comply with GO 175.

Under the new program, work orders from the Operations Control Center (OCC) are required for all work that has to be performed in the trackway during revenue hours. OCC will need resources to handle this increased work load and focus on roadway worker protection in the right-of-way. Work orders result in reduced train speeds and, therefore, negatively impact service. The negative impact will be reduced by moving much of the scheduled maintenance work from day- and swing-shifts to grave shift. However, analysis shows that the Maintenance & Engineering Department will need a significant increase in the number of maintenance personnel to schedule, prioritize, plan, and perform this new work load during non-revenue hours. This displaced work load is in addition to the nightly maintenance work, CPUC-mandated inspections, and capital project support that already must be performed during the non-revenue service hours (“blanket”).

As roadway worker activities increase significantly during the blanket hours, the System Safety Department will also need new resources to focus on wayside safety implementation and provide safety support during this critical organizational change. These resources will also assist in administering the new near-miss reporting program, another requirement of GO 175.

Infrastructure

The FY15 Preliminary Budget also represents BART’s initial steps to a budget process that is guided by the District’s comprehensive Asset Management Program, which staff has been developing over the last two years. The Risk Assessment identifies BART’s highest risk assets as defined by the likelihood of near-term failure and the consequent impact on the BART system, rather than simply by age or condition. With this information, BART can take a more systematic, risk-focused approach to prioritizing investment of scarce resources for both operating and capital needs.

The Budget Project Control Group (PCG) has been newly established as part of the FY15 budget process. The PCG will help guide a long-term financial plan to address asset management needs while maintaining financial stability by identifying for funding the most effective risk management options by linking the asset management plans with the annual budget process. PCG members include staff from Planning + Development, Office of the Chief Information Officer (CIO), Transportation, Rolling Stock & Shops, Maintenance & Engineering (including Asset Management) and Administration & Budget. The role of the PCG is to:

- Guide where BART spends its money to get the best long-term value.
- Identify initiatives and innovations that can reduce net long term operating and maintenance costs for the set target service levels and risks.
- Provide guidance on communicating with the community and customers on how to address our asset needs.

BART now has six Draft Asset Management Plans (AMPs) under review and a risk management framework in place. The risk management plans are in progress and will accompany each AMP to guide the effective allocation of resources. An initial Asset Management Strategy summarizes the AMPs and guides the asset management process.

As part of the FY15 budget process, the PCG prioritized proposed White Paper initiatives for executive staff consideration, identifying those proposed initiatives that did not align with the

District's resourcing strategy and marked others for further evaluation. For future capital budgets, all capital projects will be "screened" through the Asset Management evaluation structure.

Stations

In July 2013, the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) jointly adopted Plan Bay Area, the first SB375-guided regional plan for the Bay Area. The region is advancing implementation of Plan Bay Area by encouraging future growth in transit-rich locations to reduce greenhouse gas (GHG) emissions from cars and light trucks by 15% by 2035. The BART system is central to Plan Bay Area's implementation, as the plan's 2040 growth allocations for the four BART-served counties are estimated to include 47% of new jobs (311,000) and 41% of new households (166,000) within ½-mile of a BART station. BART is helping make Plan Bay Area a reality through TOD implementation, support of station area planning, and work to improve the look, feel, and functionality of BART stations to encourage a higher ridership, and to improve the comfort and safety of the work environment for BART employees. Efforts include:

- **Transit-Oriented Development (TOD).** Staff is working with city and private partners on land use plans near several stations including West Oakland, Lake Merritt, 19th Street Oakland, Coliseum/Oakland Airport, Warm Springs, Powell Street, Embarcadero, North Concord, Concord, and Walnut Creek. Developers are in construction on the affordable housing phase of development on BART property at MacArthur, and starting construction at San Leandro and South Hayward in FY15. Staff continues to develop plans and negotiate with developers at Millbrae, Glen Park and Coliseum stations. BART is developing short- and long-term strategies for all of our real estate holdings based on information gleaned from our portfolio analysis.
- **Station Modernization.** Staff continues to implement Early Wins improvements such as decluttering stations and improving or creating new station agent break rooms. To advance the District's State of Good Repair policy, staff is advancing design development for Systemic investments at multiple stations. These could include wayfinding, escalator rehab and station portal canopies/headhouses. Additionally, BART is advancing conceptual design and preliminary engineering for several proposed Gateway stations to improve the link between stations and their surrounding communities. Design for Gateway stations and systemic improvements will advance in FY15.
- **Retail.** TransMart, BART's Master Station Retail vendor, is planning its initial roll-out at the Montgomery and Downtown Berkeley stations by the end of 2014, with a later roll-out at remaining stations within the next 24 to 36 month period. TransMart's services include adding staffed and automated vending at stations and establishing a unique concierge program offering goods and services in partnership with retailers including those located near stations.
- **Wayfinding.** The District is making wayfinding improvements within the stations throughout FY15. We expect to contract for the construction in FY15 on Phase II wayfinding improvements at 16 stations. Staff will start the Phase III wayfinding design for another nine stations in Alameda and San Francisco Counties. We are also partnering with MTC to add more Real Time Displays at the Civic Center station.
- **Station Access.** Consistent with Board policy to enable ridership growth by preferring environmentally sustainable modes of access, staff are completing a pilot access study of the inner C-Line, which evaluates strategies for improving non-auto access to the stations in the short-, medium- and long-term. Some projects could be funded through Board adopted market-based parking charges, and short-term projects may begin implementation in the

coming year. Methods developed in the pilot study are intended to be duplicated along other BART corridors.

- **Station Folders.** Staff is organizing existing station data, as well as preparing a framework to better synchronize station implementation efforts, and identify priorities for investments. In addition to aggregating data, staff will identify, and begin implementation of a knowledge management system to share information across departments.
- **Benefit Assessment Districts.** In October 2013, the legislature passed and the Governor signed SB142, which authorizes California transit operators to create benefit assessment districts within a ½-mile of stations to pay for transit improvements. As discussed at the Board Workshop in March, staff is exploring potential applications of this legislation to the BART system and anticipates completing the necessary work to adopt the first transit benefit assessment district within the next 6-12 months. This value capture tool could help BART finance a variety of improvements to our stations.

Sustainability

As we work to rebuild BART, our investments and activities are done with an eye on increasing environmental resiliency throughout the system by training departments on environmental management and reducing BART's use of water and energy resources.

BART will continue its sustainability initiatives, by advancing Environmental Management Systems (EMS). Through this system, the District is establishing a more structured framework for advancing environmental stewardship. EMS was initiated as a pilot program at the Richmond Yard, and EMS principles will be advanced in FY15 at the Oakland Shops. Staff has a new program to train other departments on EMS principles, to ensure widespread improvements in environmental performance.

BART's FY15 sustainability activities will focus on water conservation and clean energy. Water conservation has a greater sense of urgency since Governor Brown formally declared a Drought State of Emergency in January 2014. In response, BART staff is in the process of establishing a baseline assessment of the District's total water usage to meet a voluntary target of reducing use by 20%. BART will be setting immediate, short, and long term goals to reduce water usage, to respond to the current drought and future long-term reduction needs. We have already reduced usage by lengthening the time between train car washings, and cutting irrigation schedules by 10%.

The District has the opportunity to substantially increase its supply of renewable energy. Existing long-term conventional supply agreements providing the majority of the District's traction and station power needs will be expiring. The District will be pursuing agreement for renewable power to replace those expiring agreements. With the cost of renewable energy decreasing, it appears possible that replacement could be accomplished in a cost-effective manner. Toward this end, the District has recently secured the hydroelectric generation from the Lake Nacimiento project in Monterey County. The District is pursuing other dedicated sources of hydroelectric and geothermal supply in California. We are also embarking on solar feasibility study to expand the cost-effective use of solar power, and working on increasing the use of solar energy to provide traction power. In addition, we will continue to make progress on including solar panels at the Warm Springs station this year.

The District is continuing to study and evaluate climate change impacts on BART assets, with a focus on building resilience to extreme weather events including sea level rise (SLR), downpours, and riverine flooding. The District will also continue to participate in the second phase of a FHWA-funded study focused on adaptation of core transportation assets from SLR impacts. This study is led jointly by BART, the SF Bay Conservation and Development Commission (BCDC), Caltrans, and MTC.

BART continues to be a state and national leader in sustainability by incorporating the American Public Transportation Association's (APTA) sustainability standards and guidelines into planning, design and constructing of BART stations and facilities; working to advance APTA's Sustainability Commitment program to which BART was a founding signatory; and advancing transit and sustainability interests in state and federal cap-and-trade revenue discussions.

2. Income Statement – Preliminary

(\$millions)	FY14		FY15		Change	
	Adopted	Preliminary	\$	%		
SOURCES						
Passenger Revenue	\$ 415.9	\$ 440.8	\$ 24.9	6%		
Parking Revenue	19.8	26.2	6.4	32%		
Other Operating Revenue	19.5	20.1	0.6	3%		
OPERATING REVENUE TOTAL	455.2	487.1	31.9	7%		
Sales Tax	215.7	228.7	13.0	6%		
Property Tax	30.9	33.2	2.3	7%		
State Transit Assistance	18.8	21.9	3.1	17%		
Other Assistance/Allocations	2.7	3.7	1.0	39%		
TAX & FINANCIAL ASSISTANCE TOTAL	268.1	287.5	19.4	7%		
OPERATING SOURCES, subtotal	723.3	774.6	51.4	7%		
5307 Funds (Rail Car Fund Swap from MTC)	72.0	77.0	5.0			
OPERATING SOURCES TOTAL	795.3	851.6	56.4	7%		
CAPITAL SOURCES TOTAL ¹	737.3	711.5	(25.8)	-3%		
TOTAL OPERATING AND CAPITAL SOURCES	1,532.6	1,563.2	30.6	2%		
USES						
Net Labor & Benefits	400.6	420.4	19.8	5%		
OPEB Unfunded Liability	1.4	2.4	1.0	72%		
Purchased Transportation	16.3	23.5	7.2	44%		
Traction & Station Power	41.7	38.1	(3.6)	-9%		
Other Non-Labor	107.7	114.0	6.3	6%		
OPERATING EXPENSES TOTAL	567.6	598.4	30.8	5%		
Extraordinary Expense-Rail Car Fund Swap to MTC Reserve	72.0	77.0	5.0			
Debt Service	58.3	56.0	(2.3)	-4%		
Allocation to WSX Project	7.2	8.7	1.5	21%		
Other Allocations	5.1	2.7	(2.4)	-48%		
Capital Rehabilitation Allocations	32.9	43.2	10.3	31%		
Allocation - Rail Cars	46.0	45.0	(1.0)	-2%		
Allocation - Priority Capital Programs	7.5	18.8	11.3	150%		
Allocation to Access Prog (from Parking)	-	4.3	4.3			
ALLOCATIONS TOTAL	156.9	178.6	21.7	14%		
OPERATING USES TOTAL	796.6	854.1	57.5	7%		
System Renovation	264.1	312.8	48.7	18%		
Safety & Security	16.7	48.0	31.2	187%		
Earthquake Safety	109.6	66.0	(43.6)	-40%		
Service & Capacity Enhancement	35.9	33.9	(2.0)	-6%		
System Expansion	306.1	245.4	(60.7)	-20%		
Reimbursable	4.9	5.5	0.6	11%		
CAPITAL USES TOTAL	737.3	711.5	(25.8)	-3%		
TOTAL OPERATING AND CAPITAL USES	1,533.9	1,565.6	31.7	2%		
OPEB Unfunded Liability	(1.4)	(2.4)	(1.0)	n/a		
NET RESULT, subtotal	\$ 0.1	\$ -	\$ (0.1)			
Unfunded Annual Capital Need ²	(600.0)	(650.0)	(50.0)	8%		
FINAL NET RESULT	\$ (599.9)	\$ (650.0)	\$ (50.1)	8%		
Operating Ratio	80.2%	81.4%	1.2%	1.5%		
Farebox Recovery Ratio	73.3%	73.7%	0.4%	0.5%		
Average Weekday Trips	403,680	405,426	1,746	0.4%		
Rail Cost/Passenger Mile (TSP Performance Measure)	32.4¢	33.2¢	0.8¢	2.5%		

1. Federal, state and local grants, bridge tolls, bond funds, BART allocations and third party funding

2. FY15 based on recent study estimating \$6.5B in total need over 10 years.

3. FY15 Preliminary Budget

This section describes each of the line items in the FY15 Preliminary Budget Income Statement. Operating and capital sources and uses are shown together in a combined Income Statement in order to present a more accurate picture of BART's financial situation. This is followed by descriptions of operating and capital sources and expenses. The final section is a summary of proposed initiatives for FY15.

The Board of Directors receives the Preliminary Budget document each year by April 1. During April and May, staff will give a series of presentations at regularly scheduled Board meetings. Board rules require adoption of the upcoming annual budget by June 30 of each year.

4. Operating and Capital Sources

BART's operating sources consist of two main categories, Operating Revenue and Tax and Financial Assistance, which are highly dependent on the health of the Bay Area economy including employment, traffic congestion, fuel prices, business activity, population and housing growth, tourism, and also the State budget.

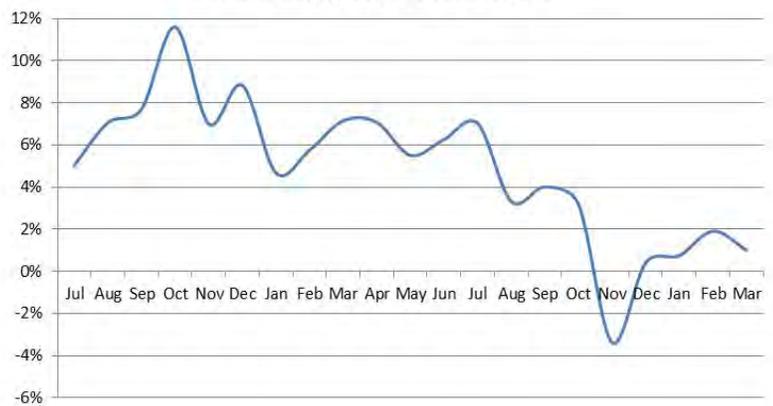
Operating Revenue (\$487.1M)

Fare Revenue

The two strikes in July and October 2013, with eight days of no service, resulted in an estimated loss of about 3.7M total trips. Excluding the impact of the two strikes and based upon trends to-date, ridership is projected to average 399,500 weekday trips in FY14, a 1.8% increase over FY13. Ridership growth during FY14 has slowed from 3% to 4% in the first few months, to an average of 1% over the past five months. In FY15, weekday trips are currently projected at 405,400, up 1.5% from the FY14 year-end estimate, and more than 60,000 trips higher than at the lowest point during the recession four years ago. Total annual trips in FY15 are projected to reach 122.1M. The growing ridership shows the important role BART plays in connecting the Bay Area and facilitating the economic recovery.

In February 2013, the BART Board renewed the District's productivity-adjusted inflation-based fare increase program for an additional eight years, with incremental core system revenue generated from the fare increases dedicated to an account to contribute funding to State of Good Repair (SGR) reinvestments discussed in the Allocations section. Net fare revenue for FY15 is estimated at \$440M, including \$18.8M of core system revenue for a full year of the 5.2% increase implemented on

FY13 and FY14 YTD Ridership Growth
excluding July/Oct 2013 strike impacts



January 1, 2014 which will be directed to the “Big 3” capital projects.

BART’s new extension to the Oakland International Airport is anticipated to open in November 2014. The forecasts for riders are based upon the current AirBART bus ridership and recent forecasts of Oakland Airport air passenger growth. Approximately 2,800 passengers per day are expected to use OAC during FY15 between November and June. Fare-setting for the project is currently under study. For planning purposes, a \$4 surcharge is included in the preliminary FY15 revenue budget. The Board is scheduled to receive information on the fares in April and May and consider adoption in June. If a different fare surcharge is adopted, budget estimates will be updated to reflect the new projected fare revenues.

Passenger revenue also includes \$0.8M for ADA Paratransit Revenue, which covers 7% of BART’s paratransit operating cost contribution.

Parking Fee Revenue

In addition, BART raises revenue from daily and permit parking fees charged at its 33 stations with parking facilities. In February 2013, the Board approved modifications to its paid parking programs by implementing a demand-based approach to parking fees. The daily parking fees are now re-evaluated every six months, based upon the occupancy of the parking facility. Costs for permits and fees may either increase or decrease by 50¢ per day, depending upon whether the facility's utilization is above or below 95% capacity. There is a daily fee maximum of \$3 at all stations, with the exception of West Oakland, which does not have a cap. Section 9, BART Parking Inventory and Fees, contains rates by station. Additional revenue raised from this initiative is dedicated solely for investments in station access, station rehabilitation, and station modernization. Programs and projects funded by the increased parking revenue consist of both operating and capital efforts, some of which are one-time in nature and others ongoing.

The FY14 budget of \$19.8M included an estimated \$4.0M of new parking revenue from the parking fee modification program, which funded ongoing programs such as Station Brightening, a Transient Population Management effort, and wayfinding/signage maintenance and one-time programs of bike storage improvements, BART’s station profile study, and removal of the netting artwork at Embarcadero Station. The FY15 parking revenue budget is \$26.2M, which includes an estimated \$10.1M from the parking fee modification program, funding \$4.1M of FY14 ongoing programs and \$6.0M new projects and programs, described in the Initiatives section.

Daily fee parking charges are also scheduled to begin early this fall at the last four stations that do not have fees: North Concord, Concord, Hayward, and Coliseum.

Other Operating Revenue

BART also generates operating revenue from non-passenger sources, which is expected to be \$20.1M in FY15. The two largest sources are advertising and telecommunications, budgeted at \$8.7M and \$6.8M, respectively, in FY15. Smaller revenue sources include fines and forfeitures, building and ground leases, concessions, and other miscellaneous revenues.

Tax and Financial Assistance (\$287.5M)

A dedicated 75% share of a one-half cent sales tax levied in the three BART counties (San Francisco, Alameda and Contra Costa) is BART’s second largest source of revenue after passenger fares. The remaining 25% is split equally between AC Transit and the San Francisco Municipal

Transportation Agency (SFMTA). Based upon three quarters of actual results in FY14, sales tax is projected to end FY14 at \$219.9M (\$4.2M, or 1.9% over budget), and FY15 is projected to grow 4% to \$228.7M. Most regional economic forecasts anticipate Bay Area sales tax growth to return to more long-term rates for FY15 and beyond.

Property tax revenue for operating purposes is generated by a permanent, dedicated assessment in the three BART counties. FY14 is projected at \$31.8M (\$0.9M, or 3% over budget), and FY15 is expected to grow an additional 3% to \$33.2M.

State Transit Assistance (STA) is based upon revenue generated by actual receipts from the sales tax on diesel fuel. In FY15, BART's share is estimated at \$21.9M, of which \$6.0M will be directed by the MTC to feeder bus operators providing service to BART stations and \$3.2M will be passed through to BART to fund feeder service payments to AC Transit (also described in the Purchased Transportation section later in this document).

Other Assistance includes the Millbrae Use, Operations, and Maintenance Agreement (\$0.8M paid by Caltrain), and funds from Alameda County Measure B and Contra Costa County Measure J sales tax measures.

5307 Funds (Rail Car Fund Swap from MTC) (\$77.0M)

Federal Section 5307 Urbanized Area Formula Grant funds are allocated to BART by the MTC for preventive maintenance work. Through an agreement with MTC, BART spends the federal funds and returns an equivalent amount of BART funds that MTC places in an interest-generating reserve account to help MTC fund its share of the new rail cars. There is no net impact to BART's operating budget bottom line as the Section 5307 funds are merely swapped for other funds. Including the \$77M budgeted for FY15, a total of \$290M has been directed to the MTC reserve account.

Capital Sources (\$711.5M)

Unlike the operating elements of the budget, capital expenditures in any given fiscal year often consist of funds obtained in prior years. Since most grants are awarded on a reimbursement basis, grant funds can be obtained for specific projects and programs over multiple years during which they can "accumulate" and be committed to a contract when the balance is sufficient for the project to proceed. Many funding commitments (especially relating to expansion) are awarded conditionally, requiring evidence that a project is fully funded prior to expending any funds. Consequently, the annual capital budget is a cash flow snapshot driven by expenditures, since a capital project cannot be included in the annual budget unless the cash or underlying commitment is in place. To address this limitation of the capital budget, FY15 will mark the first year of the preparation of a five-year (FY15-19) capital outlook, which will serve as a medium-term capital planning document. The goal will be to inform a more precise annualized capital budget process, filling a need between the immediate one-year capital budget and the longer term, program focused CIP. This outlook will serve as a tool in ensuring that the evaluation and selection of long term investments are consistent with the goals of the agency. The outlook includes both funded and unfunded capital programs, the status of current capital programs in progress, expenditures to date and upcoming spending forecasts consistent with the following programs:

- Priority Capital Programs - The "Big 3"
- Infrastructure rehabilitation - Stations, Service Reliability and Facilities
- Safety & Security

- System Expansion
- Others

In planning for capacity and demand needs, many fleet enhancement efforts like the new rail cars and system reinvestment programs such as the Hayward Maintenance Complex and the Train Control Modernization Project are underway. In addition, BART planning for future needs through system expansion continues. Even with these significant investments, maintaining and improving our transportation infrastructure continues to be one of the biggest challenges we face.

The District faces several challenges in terms of increasing customer expectations for improved transit service, aging and deteriorating asset base, static funding, and addressing priorities in the context of conflicting stakeholder/ political priorities. In order to address these challenges, BART needs to determine the vital initiatives and the associated investments necessary for achieving our goals and delivering key safety, reliability, capacity, and sustainability goals.

FY15 will see a continuation of a trend of increased reliance on BART operating allocations to fund capital rehabilitation and replacement needs. While the main source of funding for the District's capital rehabilitation needs continues to be Federal formula and transit rehabilitation funds (projected at approximately \$145M for FY15), MTC's Challenge Grant funding program framework for BART's "Big 3" projects requires an ongoing and increasing commitment of BART revenues to match the regional funds programmed to these projects. In addition to the Challenge Grant funds, MTC will continue its commitment to BART's Federal \$5307 and \$5337 funded Transit Capital Priorities-eligible system rehabilitation activities, as well as smaller amounts for access and enhancement.

State sources have evolved over the last decade from an ongoing commitment from the State Transportation Improvement Program to competitive, project and program specific bond-funded programs such as Propositions 1A and 1B, which are projected at \$130M for FY15. BART also receives local capital funding from County transportation sales tax authorities which has historically funded system expansion and enhancement. It is projected at \$50M in FY15.

Other projected sources of funds for FY15 include \$50M of bridge toll revenues (including Regional Measure 1) assigned to grant match requirements and specific projects; \$125M in external funds provided for contract work; approximately \$93M in BART operating allocations; and approximately \$65M from the BART-sponsored General Obligation Bond program, which funds BART's Earthquake Safety program. The balance of expenditures is derived from other dedicated sources and targeted grant programs for specific projects and activities.

5. Operating and Capital Uses

Operating expenses include ongoing expenses such as wages, benefits, purchased transportation, power and other non-labor expenses. Operating expenses are projected to increase from \$567.6M in FY14 to \$598.4M in FY15, a total of \$30.8M or 5%. The FY15 budget will provide for 573 cars and 66 total trains in-service each weekday.

Labor: Wages and Benefits (\$422.8M)

Labor and benefit expenses are projected to total \$422.8M in FY15, a 5% increase over the FY14 Adopted Budget.

Labor Contract Implementation

FY15 will be the first full year of implementation of the new labor contracts. Negotiations with the two Police unions are not yet complete; the budget assumes implementation of agreements similar to those of the other unions. Non represented employees are also assumed to receive the same wage increase package as the unions, but delayed six months. The major components of the contract for FY15 include:

- 3.72% wage increase for represented employees effective 1/1/15
- 1.86% wage increase for non-represented employees effective 7/1/14
- Pension contribution increase for represented employees from 1% of pay to 2% effective 1/1/15
- Pension contribution increase for non-represented employees from 0.5% of pay to 1.0% effective 7/1/14
- Medical contribution increase for represented employees of \$37/month deducted from 1.627% addition to Money Purchase Pension Plan is continued from FY14
- Medical contribution increase for non-represented employees of \$37/month paid directly is continued from FY14

Work rule changes regarding hours worked before eligibility for overtime, along with changes to beneficial past practices, are expected to reduce actual overtime expense.

Other than the labor contracts, other major drivers for the increase in labor costs include:

- Increases in benefit costs
- \$6.1M in proposed budget initiatives totaling 45.2 operating positions
- \$1.1M in proposed Stations/Access operating initiatives totaling 11.0 positions

In addition to the 56.2 positions proposed to be added in the budget and Stations/Access initiatives, four operating positions were added during FY14 and were built in to the FY15 Budget, at a cost of approximately \$0.9M. These included an Assistant General Manager of Employee Relations, Group Manager of eBART and Oakland Airport Connector, Department Manager of Operations Planning and a Senior Safety Operations Specialist.

The following sections review major employee benefit expenses. The base budget increase is discussed; the numbers shown do not include the benefits related to the proposed budget and Stations and Access Initiatives.

PERS Pension (\$60.7M)

The District's pension plan is administered by the California Public Employee Retirement System (PERS) and includes two plans:

- Safety Plan (3% at 50) for sworn police officers; and
- Miscellaneous Plan (2% at 55) for all other employees.

In 2012, the State Legislature passed Assembly Bill (AB) 340, the California Public Employees' Pension Reform Act (PEPRA), which amended sections of the Government Code relating to the

PERS pension system effective January 1, 2013. The PEPRAs affect who (a) begin employment after January 1, 2013 and (b) have not been employed by another PERS or reciprocal agency within the six months prior to their hire date. Major changes for PEPRAs include (a) receiving reduced retirement formulas (Miscellaneous: 2% at 62, Safety: 2.7% at 57) and (b) being required to pay a portion of the contributions, and (c) having final compensation based on a three-year average with a cap of approximately \$136,440 (adjusted annually based on inflation).

Pursuant to US Code Section 5333 of Title 49, the Department of Labor (DOL) must certify that represented employees' collective bargaining rights are protected before a transit agency may receive federal funds. Commencing in 2103 the transit workers unions objected to the DOL certification claiming that PERPA interfered with the collective bargaining. The DOL agreed and declined to certify federal grants to transit agencies in California. The State of California challenged that decision and filed litigation in federal district court seeking to overrule the DOL's decision. While that litigation is pending and in order to provide transit agencies with federal funds the CA Legislature passed AB1222, which exempts represented transit employees from PEPRAs. The exemption expires in January 2015 but may be extended if the Court had not reached a decision. As a result, all represented employees are currently exempt from PEPRAs and receive the same retirement benefits as Legacy employees. The FY15 budget assumes that the exemption of represented employees from PEPRAs continues through the end of the fiscal year (June 30 2015). Non-represented employees hired after January 1, 2013 are subject to PEPRAs. All employer and employee contribution rates are determined by PERS. According to the 2013 labor contracts, employees begin paying for a portion of the employee contribution, phased in over the four year contract period.

For FY15, the forecasted PERS pension expense is estimated to be \$60.7M, a \$4.4M or 7% increase compared to \$56.6M from FY14. PERS pension rates are based on percentage of payroll. For both the non-PEPRA and PEPRA employees, the FY15 Safety Plan employer rate will increase from 42.885% to 47.789% (+11%), and the Miscellaneous Plan employer rate will increase from 12.269% to 13.303% (+8%). These relatively high employer rate increases were driven by lower than expected investment returns and changes in actuarial factors. Represented employee share contribution rates are fixed and will remain at 9% for the Safety Plan and 7% for the Miscellaneous Plan. The phase-in of represented employees paying a portion of the employee contribution is as follows: FY14: 0.5% on 7/5/13, 1% on 1/1/14; FY15: 2% on 1/1/15; FY16: 3% on 1/1/16; FY17: 4% on 1/1/17, coinciding with contractual salary increase dates. Non-represented employee contributions will follow a similar schedule, but delayed six months to coincide with their scheduled salary increase dates. The non-represented (PEPRA) employee contribution rate paid by employees is 12% for the Safety Plan and 6.25% for the Miscellaneous Plan.

The PERS Board has been considering a number of other key actuarial assumptions that have significant impact on employer rates and volatility, intended to ensure the long-term health of the pension fund. Generally these factors will increase employer payments, lower volatility from year to year, and reduce unfunded liabilities more rapidly than prior methodology and assumptions. Beginning in FY14, PERS decreased its projected investment return assumption from 7.75% to 7.50%. To reduce the impact of increasing pension costs associated with the investment assumption adjustment, PERS increased the rates over a two-year period by phasing in 50% of the change in FY14 and completed the change in FY15. In April, 2013, the PERS Board approved new amortization and "smoothing" policies, which will be phased in over 5 years from FY16 - FY20. Included in the District's FY15 valuation report is a table which shows that, including impacts

from the smoothing changes, PERS projects an employer rate increase of 54% over the five-year period beginning in FY16, an average of 9% per year. These projections do not consider the long term impacts of PEPPRA, nor potential rate increases from likely future assumption changes. In February 2014 the PERS Board approved a number of these changes to actuarial assumptions, with one of the most significant being increased life expectancy. These changes will impact rates beginning FY17.

Other Pension Benefits (\$9.4M)

In addition to the PERS pension, the District also contributes to a supplemental qualified retirement pension contribution, the Money Purchase Pension Plan (MPPP), which is a 401(a) type plan. The District contribution consists of 6.65% of base wages, but is capped at an annual amount of \$1,868.65 per employee. This is projected to be \$6.5M in FY15. An additional 1.627% contribution is applied to all employees (other than sworn police). Of this 1.627%, 1.583% is provided by the District and the remaining 0.0888% is withheld from employee salaries. An additional \$37/month for represented employees in AFSCME, ATU and SEIU is deducted from the 1.627% contribution intended as an increased contribution towards medical insurance. The District's total estimated net cost after these deductions for the additional 1.627% MPPP in FY15 is \$3.0M. The total estimated cost for the base \$1,868.65 MPPP in FY15 is \$6.4M.

Active Employee Medical Insurance (\$61.6M)

In FY15, the District cost of medical insurance plans for active employees is projected to be \$61.6M, an increase of \$4.2M or 7% over FY14. On January 1, 2015, employee contributions will be subject to the scheduled 3% annual increase, which will result in the "base" monthly contribution increasing from \$95.01 to \$97.86. Per the 2013 labor contracts an additional contribution of \$37/month is deducted from the 1.627% MPPP as described above for AFSCME, ATU and SEIU. Non-represented employees will pay the additional \$37/month directly as a higher medical contribution. Negotiations with the police unions are not yet complete and the budget assumes that sworn officers will also pay the medical contribution increase directly while non-sworn will have the payment deducted from the 1.627% MPPP. Sworn officers do not receive the 1.627% MPPP contribution.

Health insurance rate increases are known for the first half of the fiscal year, and estimated for the second half. The 2014 rate increases for the medical plans with the largest employee enrollment were 6.6% for Blue Shield and 11.1% for Kaiser, and the overall average increase for all plans was 8.9%. In Calendar Year (CY) 2015, the actuarial projection used for the budget includes a 6.75% increase in premiums over CY14. The average rate of change for active employee medical insurance plans over the past five years was approximately 8%. The actuarial projection of rate changes for the next five years ranges between 4.5% and 6.75%.

Despite FY10's District-wide cap on individual-level HMO premium contributions and the \$37/month increased contribution, cumulative premium costs are projected to escalate by 7% in FY15. The net composite premium cost in FY15 for the District is approximately \$1,468 per month per employee. Estimated employee contributions of \$3.8M (direct), and \$1.1M (deducted from the MPPP) in FY15 offset approximately 9% of the total premium costs.

PERS Retiree Medical Insurance (\$24.3)

The rate used to calculate the FY15 Preliminary Budget is from Keenan & Associates' preliminary actuarial report received March 2014. The numbers are not expected to change in the final report.

FY15 District cost is projected to be 9.1% of projected payroll base. The District cost is the Annual Required Contribution (ARC) to BART's long-term retiree medical liability. The District began funding the full trust contribution in FY14, after "ramping up" to the full ARC between FY08 and FY13. The annual required contribution is paid for both capital and operating positions and has been calculated at \$24.3M, which is 9.1% of the actuary's estimate of actual FY15 wages. This contribution will fund both insurance premiums for retirees ("pay as you go") and put funds into the reserves to cover the liability for current employees. Retirees pay the same medical contribution as active employees, including the increase of \$37/month beginning in FY15. This is paid directly by the retirees in the form of a higher monthly contribution.

Costs have increased significantly over the past eleven years due to the increase in the number of retirees from 802 in FY03 to 1,905 (that are covered by medical) in FY14, along with escalating premium costs. However, the ARC for FY15 is approximately \$4M lower than was projected in last year's valuation. There is a combination of reasons for the decline, with the largest being actual premium costs for retirees were lower than projected (\$1.7M impact on the FY15 ARC) and investment income higher than projected (\$0.9M). The change due to the \$37/month premium contribution increase reduced the ARC by approximately \$0.2M. Future costs currently appear stable, with the ARC increasing by approximately 3% per year, and the unfunded liability projected to be fully funded by the end of the remaining 21-year amortization period. However, this will be greatly influenced by future medical rates, and increases higher than current projections could change the current long-term projections.

Workers Compensation (\$15.4M)

The District is self-insured for workers compensation, and maintains a reserve for outstanding losses based on annual actuarial reports. Beginning in FY12, the District has experienced substantial increases in workers' compensation costs, particularly in establishing reserves required by the actuarial evaluations. The workers compensation actuarial forecast for FY13 projected an increase in outstanding past liabilities as well as an increase in projected claims. The forecast recognized the continuing trend in increasing frequency and cost of claims with substantial fiscal impact. There have also been several individual high-cost claims that affect the required funding levels. Annual funding is budgeted each year as part of the labor and benefit budget, and if needed the claim reserve account is supplemented at the end of each fiscal year. In accordance with the recommendation from annual actuarial forecasts, the budgeted annual funding for workers compensation claims was increased from \$8.8M in FY12 to \$12.4M in FY14. The claim reserve account was also supplemented by \$9M at FY12 year-end, and \$11M at the end of FY13.

The District received an updated actuarial report in February 2014, based on data as of December 31, 2013. The FY15 Preliminary Budget estimate of \$15.4M includes an increase of \$3.0M, in accordance with the projected ultimate losses for FY15. This increase was driven by higher than expected incurred development (claims costs) in claims occurring in 2011/2012 and later, and the overall adverse trend of increasing losses in recent years. However, the report did contain some relatively good news regarding the overall required funding level of the claim reserve account, projected to be at \$44.4M. This is a small increase compared to the last report. Currently, based on the actual reserve level and the requirements of the report, it appears that a large supplemental FY14 year-end addition to reserves will not be required - better news after the large contributions needed in FY12 and FY13. Some older claims were settled, and the level of the reserve requirement appears stabilized for now.

The District was concerned about the cost increases, and in FY14, allocated \$1M to fund initiatives intended to address the issues, while recognizing that would be a long term effort. The previous year, an Attendance Management Task Force created a long-term plan for availability initiatives, including a major focus on action items and deliverables to reduce Workers Compensation costs. These items include accident prevention, including ergonomics analysis and proactive responses; workplace awareness programs and a renewed emphasis on safety training; and medical case management of all Workers Compensation claims and medical follow-up on all complex cases. In addition, the Ergonomic Committee continues to review and implement injury reducing solutions including a pilot program called BARTfit. BARTfit is a warm up, stretch, and nutritional counseling program with the goal of reducing injuries and increasing employee availability to work. These programs have been developed during the past year, and ongoing programs include the nurse triage program, which provides intake for new industrial injuries through a nurse-staffed hotline that is available 24/7. The program is designed to reduce the number and duration of absences associated with injuries. The medical case management brings medical expertise to bear on absence situations which do not show expected improvement, and a call-in program is in the exploratory stage, which would permit the District to improve the quality of communication at the critical point when an employee notifies the District of an absence.

Purchased Transportation (\$23.5)

BART's cost of purchasing transportation is projected to be \$23.5M in FY15, an increase of \$7.2M over the adopted FY14 budget. The increase is mainly due to MTC passing through to BART the STA funds for the AC Transit Feeder payment, instead of deducting from BART STA revenue, and the addition of the Oakland Airport Connector

Paratransit (\$13.5M)

Paratransit expenses are estimated to be \$13.4M in FY15, an increase of \$0.1M, or 0.5%, over the adopted FY14 budget. BART participates in the East Bay Paratransit Consortium for service in the East Bay and pays Muni for services in the West Bay. The modest increase in FY15 is a result of lower projected ridership, based on two years of reduced demand both in East Bay Paratransit and in San Francisco due to reductions in programs and social services, as well as a smaller projected rise in fuel costs. The East Bay Paratransit budget includes a 1.3% increase and the budget for Muni declined 8%.

San Francisco Municipal Transportation Agency/AC Transit Feeder Agreements (\$6.3M)

BART has an agreement with the SFMTA where the annual Purchased Transportation (Feeder) payment is linked to the rate of change in riders transferring between the BART and Muni and changes in the Bay Area CPI. A similar agreement has been developed with AC Transit and will be pending agreement approval this spring. The AC Transit agreement will be funded by BART's share of STA and also includes a provision where 10% of the overall payment will be retained by MTC and used towards fare coordination efforts between the two agencies. In prior years MTC paid AC Transit out of the STA funding, but BART will now pay AC Transit directly and receive the STA funding. The FY15 budgeted payments are \$3.1M for SFMTA and \$3.2M for AC Transit.

Oakland Airport Connector (\$3.7M)

New BART service to the Oakland International Airport is scheduled to open in fall of 2014 (current projection is late November) and will be operated and maintained (O&M) for twenty years by a private contractor, Doppelmayr Cable Car (DCC). The FY15 estimated O&M cost is \$3.7M. Also in BART's FY15 budget is \$0.2M of electric power costs and \$0.2M of insurance

booked in non-labor. Related to operations is an additional \$0.6M booked under "Other Allocations" for funding the Capital Asset Replacement Program (CARP). BART will contribute to an escrow fund each year which will fund the refurbishment and replacement costs for the system for the twenty year term. Expenditure of these funds is controlled jointly by BART and DCC based upon actual needs for refurbishment and replacement over the twenty years. DCC is required to fund costs in excess of the CARP and any funds remaining at the end of the term belong to DCC.

Traction & Station Power (\$38.1M)

Electrical traction and station power is projected to be \$38.1M in FY15, a decrease of \$3.6M or 9% below the adopted FY14 budget. The decrease is due to the reduced price of long-term agreements. Of the projected budget, approximately \$24.8M, or 65%, will be expended on purchased power and the remaining \$13.3M, or 35%, will be expended on transmission, distribution, and other expenses.

BART estimates purchasing \$24.8M of traction and station power in FY15, as follows:

- Approximately \$12.9M worth of power will be obtained from forward (long-term) market purchases made on the District's behalf by the Northern California Power Agency (NCPA). An estimated \$1.9M of power will be bought from the NCPA Lodi Energy Center (LEC).
- Approximately \$1.1M of power from the new Lake Nacimiento Hydroelectric project.
- Approximately \$0.7M worth of the annual power need will be from the BART-owned and NCPA-operated solar farm in Gridley, CA.
- \$0.2M for a partial year of OAC service.
- The \$8.0M balance of power need will be supplied by a combination of day-ahead market purchases, Federal power contracts, an agreement with the San Francisco International Airport, on-site PV, and supplemental power.

Other Non-Labor (\$114.0M)

Major Other Non-Labor account groups are described below:

- Material Usage includes inventory withdrawals and purchases for required maintenance of rail cars, such as aluminum wheel assemblies, circuit boards, seat cushions, and all other materials used to keep cars in use and parts for infrastructure maintenance such as escalators, automated fare equipment, and all other materials required to keep stations accessible;
- Professional & Technical Fees include costs for audit and legal services, benefit and insurance administration fees, printing, computer hardware and software service contracts, environmental fees, specialized consulting contracts, and professional services contracts;
- Maintenance, Repair & Other Contracts fund graffiti removal, traction motor rewinds, painting, equipment overhaul, elevator pit cleaning and other maintenance and repair related contracts;
- Insurance pays for premiums and self-insured losses for public liability, damage to BART property and risk-related services ;¹
- Building Space Rental funds administrative building leases and other lease expenses;
- Equipment Rental funds equipment and vehicle rental costs; and
- Miscellaneous Other Non-Labor includes utilities, trash collection, natural gas, telephones, credit card and interchange fees, Clipper fees, and miscellaneous supplies.

¹ Non-Labor Insurance does not include active employee health insurance, workers' compensation, Medicare, unemployment and other insurance categories included in the labor budget.

Other Non-Labor for FY15 is \$6.3M higher than the FY14 Adopted Budget. The increase is due to:

- \$2.6M for FY15 proposed budget initiatives (described in the Initiatives section)
- \$0.6M for FY15 proposed Station/ Access initiatives
- Building rent increases of \$1.3M per lease contracts, and including an estimate for new space for the Police
- Clipper fees and debit/credit card fees increase of \$1.1M
- General liability insurance reserve increase of \$1.3M per actuarial report, and other insurance increase of \$0.2M for the Oakland Airport Connector
- Utility increases of \$0.2M
- Reductions of FY14 one-time items of \$6.2M
- Additions of FY15 one-time items of \$3.9M, consisting of: District election filing fees \$0.8M, \$1.4M for third year of vinyl car seat replacement (moved from capital), \$0.7M in Strategic Maintenance Plan expenses (grant funded), and two items not completed in FY14 carried forward to FY15 - Station Profile Study for \$0.5M and Civil Rights Availability Study \$0.5M
- A 2.0% escalation applied to departmental base non-labor accounts for an increase in the amount of approximately \$1.4M

Allocations (\$178.6M)

BART issues bonds, backed by the District's dedicated sales tax revenues, to fund capital costs for system improvement and renovation. The FY15 debt service budget is \$56M, including \$6.5M for debt related to the OAC project.

Strong ridership growth and a full year of fare revenue from the January 2014 fare increase are anticipated to generate a net positive result of \$8.7M from operations of the SFO Extension in FY15. These funds will be allocated to the Warm Springs (WSX) reserve account, per the terms of the 2007 agreements relieving SamTrans of financial responsibility for the extension into San Mateo County.

Other Allocations include accounting entries of \$0.5M to offset an equal amount booked as Other Revenue or Financial Assistance for the Pleasant Hill/Contra Costa Centre and West Dublin/Pleasanton stations, and a \$1.5M adjustment for the Lakeside Lease. In addition, a new allocation of \$0.6M will be directed to funding the Capital Asset Replacement Program (CARP) for the OAC project. Annual allocations to the CARP will fund future renovation and replacement needs on the OAC.

Capital Rehabilitation Allocations of \$43.2M include the following:

- Baseline allocation of \$22.4M for capital investment to serve as local match for federal grants; or to fund ongoing capital projects for which grants are not typically available, such as stations and facilities renovation, inventory buildup, non-revenue vehicle replacement, tools and other capitalized maintenance.
- Additional capital rehabilitation allocations of \$0.8M for the final year of a three-year program to replace rail car floors and \$4.5M for year two of a three-year project to replace obsolete and inefficient T12 fluorescent lighting in District tunnels and facilities, including the Transbay Tube.
- Other allocations of \$1M for the Millbrae Tail Track project and \$5M for the Operations Control Center, to replace an equal amount of Prop 1A High Speed Rail bond funds for these projects that was shifted to the HMC project.

- Proposed allocations of \$9.4M for six projects described in the Initiatives section.

Allocation to State of Good Repair and Capacity Enhancement consists of three high-priority programs: Rail Car Replacement Program, Hayward Maintenance Complex, and Train Control Modernization Project. In February 2013, the BART Board of Directors directed staff to allocate all revenue generated by the newly reauthorized productivity-adjusted inflation-based fare increase program to these three programs.

- **Allocation - Rail Cars** consists of BART's \$298M operating commitment to the first 410 cars of the Rail Car Replacement Program made in May 2012. The budgeted allocation for FY15 is \$45M, leaving BART's remaining obligation at \$131M. This \$298M commitment is funded by annual allocations from BART's general fund.
- **Allocation - Priority Capital Programs** The incremental fare revenue from the January 1, 2014 fare increase will be directly allocated to a fund for the "Big 3" Priority Capital Programs. In addition to funding for additional rail cars beyond the original 410 car commitment, the other top two programs are HMC and the Train Control Modernization Project. In FY15, the fare increase is projected to generate \$18.8M.

Allocation to Stations and Access Programs are funded by the incremental parking fee revenue generated by the demand-based parking program first implemented in May 2013. This revenue is estimated to be \$10.1M in FY15, of which \$4.1M is for ongoing programs from previous years. Proposed Stations and Access projects for FY15 total \$6.0M, with \$1.6M for new operating initiatives and \$4.3M for new capital initiatives. These include station brightening, pedestrian improvements, increased parking enforcement, bike program expansion, and a staffed bicycle facility at the Pleasant Hill bike station. These new projects and programs are detailed in the Initiatives section.

Capital Uses

Continuing the trend of recent years, FY15 capital expenditures will focus on system renovation and, to a lesser extent, system expansion, which together are projected to comprise over 78% of the capital budget. In the area of system renovation, emphasis is placed on two of the "Big 3" projects, with \$115M in projected expenditures for HMC and \$50M in projected expenditures for the rail vehicle replacement program. With continuing allocations of State Proposition 1B bond funding, staff also expects significant expenditures of approximately \$57M for both renovation and capacity enhancements associated with BART's Station Modernization program. Other renovation-related budget expenditures in the areas of general mainline, traction power, and controls and communications are projected at \$135M, with funding derived from annual allocations of Federal grant funds received through the regional Transit Capital Priorities process.

System expansion will continue to see large expenditures in FY15, with major projects at or just off peak construction activity. The Warm Springs Extension will see a decline from peak year of activity in FY14 with projected expenditures of \$135M. The eBART Extension projects an increase in expenditures to approximately \$45M in FY15, attributable to commencement of vehicle procurement and continued construction activity. The Oakland Airport Connector anticipates expenditures of approximately \$40M as the project nears completion and construction activity winds down. The Earthquake Safety Program is also beyond peak expenditure years as construction continues with FY15 expenditures projected at \$66M.

As long-planned projects get underway, Safety and Security expenditures are expected to increase to \$48M, a 185% increase over FY14 budget. Other elements of the capital budget are expected to remain at or near expenditure levels of last year, including Service and Capacity Enhancement, and reimbursable elements of the capital budget. These areas are funded predominantly with dedicated and categorical funds and comprise a relatively small portion of overall capital expenditures.

All estimates are based on current project and program forecasts and will be presented with greater precision as FY15 budget development progresses.

6. Initiatives

The following proposed initiatives are ongoing operating expenses, except where noted. Any additional operating Full Time Equivalent (FTE) positions are also indicated. The initiatives are listed by cost from high to low. Following the list of FY15 budget initiatives is a group of Station and Access related initiatives, funded by estimated revenue from the parking program changes.

GO175/Wayside Worker Safety \$5.3M, 40 FTE

The District is in the process of making significant changes to the way in which wayside workers are protected from moving on-rail equipment. These changes are included in the District's program for complying with the California Public Utility Commission's Proposed General Order 175 (GO 175) "Rules and Regulations Governing Roadway Worker Protection Provided by Rail Transit Agencies and Rail Fixed Guideway Systems." GO 175 includes a description of transit agency responsibilities for protecting workers when they go wayside, worker rights and responsibilities, job safety briefing requirements, roadway worker protection training requirements, near-miss reporting programs/records and minimum controls/limitations for employees performing different categories of work when in the track zone for mainline, end-of-line and storage tracks. A total of 40 positions will be added to the budget to enhance wayside worker safety in three different departments:

Maintenance & Engineering - 31 maintenance positions will be added to provide new dedicated watchpersons for various day, swing, and grave shift maintenance crews in a variety of disciplines such as track, train control, electrical and structures. This is in contrast to the present practice of meeting the watchperson requirement by having an existing crew member assume that responsibility. Some of the additional positions will be used to compensate for the productivity loss associated with setting up wayside worker protection. For example, train control technicians spend an increasing amount of time going to field train control rooms to establish restricted train speed zones in order to protect other wayside crews, resulting in less time for the train control technicians to complete their regularly scheduled inspections and PMs. Approximately half of these positions are needed to provide watchperson protection during the period when the system is shutdown yet there are many work crews interspersed among many moving pieces of on-rail equipment

Maintenance & Engineering/Maintenance Operations Center (MOC) - 5 positions. The large amount of maintenance/project activity occurring during limited non-revenue periods ("blanket") combined with the need to enhance the level of wayside worker protection from moving on-rail vehicles during this period of intense activity requires not only the addition of dedicated watchpersons but also better supervision and control of activities during the maintenance blanket. Establishment of the MOC, co-located with the OCC, will provide for a more controlled, and safer, blanket work environment. Five positions, including one Blanket Area Superintendent, will allow for the initial staffing of the MOC for the blanket period only. In subsequent years, additional requests will be considered to expand the role of the MOC to more fully coordinate and control all maintenance activities throughout the District on all shifts.

Transportation - 3 new positions are proposed for the OCC where the workload associated with establishing the various wayside worker protection protocols has increased as has the need for more active Central management participation in the track allocation and other maintenance related planning efforts. The OCC positions will also provide a more appropriate level of coverage

for various types of absences in an environment where adequate rest and coverage are essential. Creation of a Manager of Rail Operations Support position in Transportation is needed to ensure that the new emphasis on wayside worker protection is also reflected in train operations methods/procedures and documentation, safety compliance checks/tracking/evaluations and rail operations training.

System Safety-1 additional Senior Operations Safety Specialist position is another component of the upgraded wayside worker safety program. This position will provide an independent set of eyes and ears on the implementation and ongoing compliance with the new worker protection rules and procedures. In particular, it will give the System Safety Department a presence during the very busy maintenance blanket which it does not have now. Development/implementation of the GO 175 mandated near miss program as well as improved tracking/analysis of field Safety Compliance Checks are all additional tasks that will contribute to the overall success of the enhanced wayside worker protection program and compliance with the requirements of GO 175. This additional position will either lead or significantly contribute to these on-going activities.

Train Control Room Battery Replacement (3-year project) \$2.0M, Capital
The present battery system is designed to operate 8 hours when utility power has failed. Battery failure coupled with utility power outage will cause a disruption of the train operation causing shutdown of the station. After being in operation about 8-10 years, most of the battery systems are at the end of their life, holding very minimum to no charge. There are a total of 49 train control room battery rooms in need of replacement. The total cost to replace the batteries, including engineering, is estimated at \$6.3 million.

Train Control UPS Renovation (5-year project) \$2.0M, Capital
A project related to the battery replacement is renovation of Train Control Room Uninterruptable Power Supply(UPS) system, all of which are over 20 years old. Most transformers and capacitors are failing, requiring very expensive replacements. At this time there are at least five UPS requiring immediate replacement, or expensive parts replacement. The replacement parts are as expensive as new UPS in some cases. The technology is old enough that sometimes spare parts are difficult to find. It is time now to replace these UPS systems with a new type of UPS utilizing more modern switching based topologies. There are at least 60 UPS that needs to be replaced. They vary in rating. It is recommended that only two rating of UPS will be used, these are: 20 kVA (45) and 40 kVA (15) in all cases. This will minimize the variation and will be easier for the maintenance staff to maintain and repair the UPS system. The total cost of the project is estimated at \$7.5 million.

Remote Prohibits and Speed Restrictions (2-year project) \$1.8M, Capital
Prohibits and Speed Restrictions are required to be set in order to protect crews working wayside. Currently a Train Control Maintenance crew must be dispatched to the site to set the prohibit/speed restriction and then later return to remove them. This results in the Train Control crew traveling from site to site setting and removing prohibits/speed restrictions for the entire work window. The crew setting the restrictions cannot perform any other maintenance activity as they are only setting and removing prohibits/speed restrictions. Implementing the ability to remotely set and remove Prohibits and Speed Restrictions in 47 locations will lessen the burden of traveling to sites and increase the availability of the crew to perform maintenance activities. This project will implement the ability to remotely set and remove Prohibits and Speed Restrictions in 47 locations. For 14 of these locations, the field equipment and Integrated Computer Systems (ICS) are ready to deploy the ability to set and remove prohibits. The field equipment for the remaining

33 locations need to be modified to support this functionality and ICS software to implement remote speed restrictions needs to be developed. The total cost of the project is \$1.8M.

Right of Way Fencing (2-year project) \$1.7M, Capital
Rule changes for wayside worker protection require labor intensive protection/service impacting protocols for accessing wayside equipment, certain substations and train control rooms fall in this category. Equipment staging for access to blanket work areas has also been impacted. Additional strategically located fencing will help minimize mainline delays and allow access to areas such as Gap Breaker Stations, Power Substations and Train Control Huts during revenue service without the requirement of work orders and train speed restrictions. The project installs fencing and/or barriers for worker protection in the right of way at certain strategic locations. The total cost of the project is estimated at \$4.0M.

Asset Management Program: Maximo & OBIEE \$1.4M one-time
The District is continuously improving its Enterprise Asset Management (EAM) capability. At the heart of this program is Maximo (maintenance program) and OBIEE (Oracle Business Intelligence Enterprise), the District's Enterprise Reporting Engine (ERE). These funds will develop an extension of the core Maximo product with a rich layer of rail business process rule enforcement. The expanded ERE will include optimized decision support tools, fleet availability management, standard maintenance management, standard faults, reliability centered maintenance, control dashboards and a robust health and safety management system.

Wastewater Treatment Systems \$1.0M, Capital
As waste water discharge limits have become more stringent in the jurisdictions governing BART maintenance shops, we have incurred violations for the levels of heavy metals in our water discharge. Two local water jurisdictions have capped our water discharge lines pending adoption of sustainable remediation to ensure compliant discharge. At these facilities, blowpit and traction motor shop waste water is currently being collected in temporary storage tanks and hauled away as hazardous material. Remediation must target blowpit and heavy repair facilities at the four RSS shops. Working with the local jurisdictions we have identified evaporation technology that will provide the required level of sustainable performance. The total cost for implementing this technology in the four RSS shops is \$1M.

Cyber Security (multi-year program) \$0.9M, Capital
This funding will supply the second of three payments for network cyber security tools purchased in FY14 from Intel Security (formerly McAfee). In addition, these funds will be used to fill security gaps identified in the District's Unified Cyber Security Plan including the purchase of critical subscription services for Distributed Denial of Service (DDOS) protection, a Database Threat Radar Engine and quarterly health checks and penetration testing. The remaining funds will be used to enhance the District's forensic data investigation capabilities.

PeopleSoft Financial & EPM Updates \$0.6M one-time
PeopleSoft has released the latest updates to their Enterprise Financial Management System (FMS) and Planning and Budget (EPM) products. The FMS handles the District's Accounting, Procure-to-pay, Contracts and Costing for Capital Projects. The EPM handles the processing of the Operating Budget and Capital Project Planning. The upgrade will bring significant improvements in functionality, fixes to existing systems bugs and will deliver new features in applying releases. It will address some of the current Business Application issues and with the new flexible method of

applying releases, will help save cost on expensive future upgrades. This will also guarantee maintenance support from vendors because they require compliance with their specified software version. This, however, is a huge undertaking. Since these are new tools and technology, experts are needed to guide the Office of the CIO staff to setup the proper configuration and build the appropriate architecture to handle the new features, which requires specialized skills and knowledge. The District cannot afford any System failure with the critical Financials System.

Safety Culture Improvement Program \$0.25M

The Safety Department will implement a Safety Culture Improvement Program (SCIP), with the goal to reduce injury rates. It will be an interdisciplinary program that will include enhanced tracking of safety metrics and inspections, enhanced employee safety training and will include an incentive program to reward employees working safely. In the first year Rolling Stock and Shops, Power and Mechanical, Treasury, Systems Maintenance and Facilities & Way will participate. In subsequent years Transportation will participate. It is hoped that the program will result in a reduction of injury rates and associated costs, so that the program will pay for itself. The program is under development and the budget anticipates a roll out approximately the last quarter of the year. The program is anticipated to be ongoing, and the budget will be larger for a full annual period in future years, depending on the program developed.

19th Street Station Secondary Booth Staffing \$0.2M, 2 FTE

Ridership at the 19th Street Station has increased in the past few years, due in part to completion of initial phases of the Uptown residential development, along with the thriving restaurant scene and entertainment venues such as the Fox Theater. In response to the increased activity, and to reduce fare evasion, this initiative would enable staffing of the station agent booth near the west end of the station, which is adjacent to the station elevators and the 17th Street alley portal.

Enterprise Geographic Information System (EGIS) Analyst \$0.2M, 1 FTE

The Office of the Chief Information Officer proposes to add a Principal EGIS Analyst. EGIS has been a very useful and widely used process at the District, having been used by over 100 projects. Additional support is needed. The additional position is required to meet the growing project demands of the District including the creation & maintenance of a Commercial Telecom Geodatabase, Maximo Spatial, Maximo Wayside Asset Inventory, Wayside Photogrammetry, and the Station Folders Project. In addition, this position is needed to build and maintain new layer sets in EGIS for Track Circuits, Interlockings, Engineering Stationing and Parking Lot Assets, Signage and Striping.

Website/Social Media Position \$0.1M, 1 FTE

The position would manage content on the District website and work with social media such as Twitter. The public expects up to the minute service information especially during major disruptions on bart.gov and mediums such as Twitter. This position will help meet demand while also providing BART with an opportunity to connect and engage with our customers through communication campaigns on social media and original content on bart.gov. The position will also train others in the District to manage their own online content for bart.gov and troubleshoot their specific pages to help provide a more robust website overall. Current staffing is not sufficient to meet demand for more information or new services in the digital domain.

Sr. Administrative Analyst – Contract Monitoring \$0.1M, 1 FTE
The addition of a Sr. Administrative Analyst will improve the District’s ability to conduct contract and labor compliance activities. The Office of Civil Rights (OCR) is required to monitor a wide range of contracts and agreements to ensure compliance with USDOT and the District's various Small Business programs and requirements. Some examples of the monitoring activities necessary to ensure compliance include goal setting, visits to project sites, review of payment documents and commercially useful function analysis. In addition, this position will support ongoing efforts to unbundle contracts and collect, report and analyze payment data related to the District's contracting activities.

Oakland Airport Connector Marketing \$0.1M, 0.2 FTE, one-time
Funding is required to market the launch of BART service to Oakland International Airport (OAK) to achieve ridership targets and enhance perception of BART as an agency on the move, working to build a better BART system. Marketing will include outreach to conference planners, and several weeks of advertising to make Bay Area residents aware of the new, improved service. The funds will also be used to design and print posters to utilize free media space provided by OAK and BART in their respective facilities.

Safety Management Software Program \$0.1M one-time
This initiative is to implement a new Safety Management Software program. System Safety needs to replace several antiquated databases used to store, process, and manage safety data. Labor intensive work is needed to enter information from hundreds of handwritten injuries reports and Unusual Occurrence Reports into the database. Safety data, information, and trends are not available to Safety staff and managers in a timely fashion. A Safety Management software program can drastically reduce paper based reports, increase productivity at various departments, and improve efficiency of how safety data is produced. A Safety Management program can also provide a "Safety Dashboard" for real-time system safety health status and enhance accountability of all departments for their safety performance. A Safety Management system significantly improves how safety issues are tracked, managed, and closed and allows all personnel to have the same information simultaneously on all safety items.

Ballistic Vests \$0.1M one-time
The Police Department surveyed staff and determined that many of the ballistics vests worn by Police Officers and Revenue Protection Guards are expired or will be expiring in FY15. The Department also wants to provide Community Service Officers (CSO) with vests due to their work in the field supporting sworn officers. A total of 120 will be purchased, 30 for the CSO’s and 90 for the balance of the need.

Diversity Initiatives \$0.025M
The District’s Diversity Initiative will support events that recognize the value of the diverse viewpoints, life experiences, and cultural perspectives of its workforce and how these differences benefit District programs and services. Example Diversity events may include: Ethnic heritage month celebrations, diversity fairs, and diversity training/workshops. The Office of Civil Rights will administer the Diversity Initiative and will work with sponsoring departments to support internal and external events by encouraging staff participation and by providing logistical and financial support.

FY15 Proposed Initiatives - Summary

Title	Pos.	Labor	Non Labor	Total
OPERATING				
GO 175/Wayside Worker Safety	40.0	5,327,005	9,400	5,336,405
Asset Management Program: Maximo & OBIEE*	-	-	1,400,000	1,400,000
PeopleSoft Financial & EPM Updates*	-	-	600,000	600,000
Safety Culture Improvement Program	-	-	250,000	250,000
19th Street Station Secondary Booth Staffing	2.0	219,764		219,764
Enterprise Geographic Information System (EGIS) Analyst	1.0	177,464	-	177,464
Website/Social Media Position	1.0	149,341	-	149,341
Sr. Administrative Analyst - Contract Monitoring	1.0	149,074	-	149,074
Oakland Airport Connector Marketing*	0.2	29,868	70,132	100,000
Safety Management Software Program*	-	-	100,000	100,000
Ballistic Vests*	-	-	96,000	96,000
Diversity Initiatives			25,000	25,000
OPERATING TOTAL	45.2	6,052,517	2,550,532	8,603,049
* One-time				
CAPITAL				Total
Train Control Room Battery Replacement (3-year project)				2,000,000
Train Control UPS Renovation (5-year project)				2,000,000
Remote Prohibits and Speed Restrictions (2-year project)				1,820,000
Right of Way Fencing (2-year project)				1,700,000
Wastewater Treatment Systems				1,000,000
Cyber Security (multi-year program)				900,000
CAPITAL TOTAL				9,420,000
TOTAL OPERATING AND CAPITAL BUDGET INITIATIVES				<u>18,023,049</u>

Stations and Access Initiatives

(Funded by estimated revenue from Parking Program modifications)

Station Lighting: Retrofit T12 Lamps

\$1.2M, Capital

This action would improve the customer experience, safety, energy efficiency and financial outlook by replacing existing T12 lamps with T8 or clean LED technology in the back areas of selected stations and parking facilities. As identified in the District's Capital Needs Inventory, this State of Good Repair investment would not only upgrade aging fixtures, but provide energy savings, with the first priority being in the underground stations.

Pedestrian Improvements

\$0.75M, Capital

As BART ridership has grown, and parking has become more constrained, it has become increasingly important to provide safe, attractive, and viable access alternatives. This investment would improve pedestrian links at three (3) stations, including Daly City, Orinda, and Coliseum. The Coliseum investment would close a gap in the East Bay Greenway, to provide a better connection from trail-to-transit.

Dedicated Parking Enforcement

\$0.7M, 5 FTE

Hayward, Concord, North Concord, and Coliseum/Oakland Airport are scheduled to begin new parking fees in the summer of 2014, which will require additional CSOs to enforce the new parking rules at these facilities. As parking fees continue to increase, the District's 46,000 parking spaces need to be monitored to ensure compliance. Dedicated parking enforcement allows officers the ability to focus on parking at BART, at a time when the functions for Community Service Officers continue to expand. Additional CSOs will generate additional revenue from parking citations, as well as additional revenue from passengers adhering to current parking payment rules. CSOs can issue up to 60 citations daily. The supervisor position is needed to coordinate a systematic and varied enforcement of BART's parking facilities and programs. A side benefit will be an increased police presence in BART's parking facilities. Dedicated parking enforcement officers will reduce the fraud of passengers displaying falsified permits.

Wayfinding

\$0.6M, Capital

The District has made substantial progress during the past few years on improving wayfinding in stations with implementation of early phases of the program. The purpose of the program is to enhance the customer experience by aiding navigation of the BART system, and in making connections to other transit and local destinations. This investment would contribute towards matching some identified grant funds, to advance implementation of Phase 3 of the program.

Station Platform Brightening/Cleaning Crew

\$0.6M, 6 FTE

This proposal is to fund two new scrub crew teams and their accompanying equipment for expanded deep cleaning services in District stations. The Department currently has 6 scrub crews who use high pressure cleaning machines to power wash floors and work areas after revenue service ends. Each crew requires 3 members to safely operate the heavy cleaning machinery used on station platforms. The complete deep cleaning process takes 2-4 weeks depending on the size of the station. This means it will take crews approximately one year to power wash all the floors in each of the 44 stations. Adding two additional teams would increase the rotation cycle of crews and reduce cleaning times for each station. This is critical because providing safe and clean floors is an important service we provide for District customers. Success of the initiative is measurable via the existing PES surveys conducted on a quarterly basis. The Department is requesting

funding for two Scrub Crew teams, this includes six System Service Workers and the purchase of equipment required to perform the work. These new teams will work to drive of station cleanliness numbers higher.

Station Benefit Assessment District Nexus Studies \$0.4M, Capital
SB142 authorizes transit operators to create benefit assessment districts within a 1/2-mile of stations to pay for transit improvements. As discussed at the Board Workshop in March, staff are required prepare nexus studies, and other supporting documentation, for potential applications of this legislation at selected BART stations. This value capture tool could help BART finance a variety of improvements to our stations.

Bike Programs - Secure Bike Parking Expansion \$0.4M, (Capital \$0.34M, operating \$0.07M)
The series of projects will provide increased secure bike parking. The projects include an expansion of 12-20 locker spaces at Lafayette, preparation of a station area at West Oakland that has grant-funded expansion upcoming, development of a product that fills a gap between a standard bike rack and a BikeLink electronic locker, double decker inverted U racks and vertical space saver racks for 180 to 250 spaces at multiple stations. Also, in April of 2013, the Bike Parking Capital Plan was completed for 23 stations. This project would document bike parking needs for the remaining 20 stations (all except SFO). The plan estimates bike parking demand five plus years out and recommends specific secure parking improvements, including a budget for each station and potential sources of funding.

Garage Full Electronic Displays \$0.3M, Capital
To improve the Customer Experience, this project would install changeable message signs and other equipment, to inform customers when parking garages and lots are full. The displays are proposed for four East Bay Stations.

Transit Information Displays at Stations \$0.3M, Capital
This is a project to update existing display cases and signage at the stations in order to provide patrons with the most current transit information.

Shuttle Infrastructure Improvements at Stations \$0.25M, Capital
These improvements will facilitate the connection between shuttles and BART stations through infrastructure improvements, such as designated pickup/drop off locations, signage, and shelters. There are at least 80 privately and publicly-operated shuttles that make stops at BART stations. They consist mostly of community shuttles open to the public, hospital and university shuttles, single- and multiple- employer last-mile shuttles, and employer commuter shuttles. Currently, shuttle pickup/drop-off locations are not coordinated with BART, and operators stop anywhere they can within the BART station, which results in passengers being picked up/ dropped off away from curbs, at the kiss'n'ride, bus stops, or other locations that are not always safe for passengers and sometimes cause disruptions for other modes. This fund would support shuttle connections to BART by funding improvements specific to shuttle stops.

Convert Four Lots to Paid Parking \$0.23M, Capital
By policy, the parking demand will require the initiation of daily fee parking charges at four BART Parking Facilities: Hayward, North Concord, Concord, and Coliseum. This initiative provides funding for BART staff to number spaces and install signage and bollards as necessary for the conversion of lots to fee parking. Work also includes the purchase of parking collection equipment

for parking validation machines and the purchase of parking signs, to display the rules of the parking program to passengers.

Pleasant Hill Bike Station \$0.15M, on-going
The Pleasant Hill BART station is conveniently located adjacent to the Iron Horse Trail, a multi-modal path that connects the station to much of central Contra Costa County. The new residential transit-oriented development phase at the station has created an opportunity to include a bike station in a portion of the ground-floor retail space. This is an excellent opportunity to improve station access with a safe facility, but also to activate the retail space, and enhance community and placemaking in the station area. This investment would leverage available local capital funds and private sector contributions.

Bus Bridges \$0.1M, one-time
This project will compile a list of on-call private bus operators in the event of a planned or unplanned service disruption, to augment service provided by BART's public agency partners. On-call contracts will be established to eliminate the need to negotiate a contract during an emergency. There will be no retainer fee for the on-call vendors. All funds would be dedicated to actual service to operate a bus bridge. Travel times and fleet sizes will be established in advance for various scenarios during various times of the day and week, to complete this research in advance of an emergency. 24 hour contact information will be established with vendors, which will provide advanced notice to bus operators that BART may need their service on an emergency basis.

Last Mile Corridor Studies \$0.1M, Capital
In FY14, the District completed a pilot study focused on identifying and prioritizing station access improvements for the central C-Line. Working with key corridor stakeholders, BART staff was update its list of multi-modal station access improvements, which could potentially be linked to BART parking revenues or grants funds. This effort would enable access studies in two (2) additional corridors.

Station Access Website Upgrades \$0.02M, one-time
Modernize BART web site to include new features and current information.

FY15 Stations & Access Projects* - Summary

	Pos.	Labor	Non Labor	Total
OPERATING				
Dedicated Parking Enforcement	5.0	547,654	186,375	734,029
Station Platform Brightening/Cleaning Crew	6.0	537,650	40,000	577,650
Pleasant Hill Bike Station	-	-	150,000	150,000
Bus Bridges for Planned Disruptions**	-	-	100,000	100,000
Bike Programs - Operating**	-	-	65,000	65,000
Station Access Website Upgrades**	-	-	20,000	20,000
OPERATING TOTAL	11.0	1,085,304	561,375	1,646,679
** One-time				
CAPITAL				Total
Stations Lighting Retrofit T12 lamps to LED				1,164,757
Pedestrian Improvements				750,000
Wayfinding				581,000
Station Benefit Assessment District Studies				400,000
Bike Programs - Capital				340,000
Garage Full Electronic Displays				275,000
Transit Information Displays at Stations				250,000
Shuttle Infrastructure Improvements				250,000
Fee Parking Lot Preparation				233,000
Last Mile Corridor Studies				100,000
CAPITAL TOTAL				4,343,757
TOTAL OPERATING AND CAPITAL STATIONS & ACCESS INITIATIVES				<u>5,990,436</u>

*Funded by estimated revenue from Parking Program modifications

FY15 Budget Initiatives Considered, But Unable to be Funded

OPERATING	Description	Pos.	Labor	Non Labor	Total
Office of CIO: 24x7 Help Desk	Expanding the current Monday-Friday 0800-1700 Help Desk to a 24x7 operation including (RAILS), Maximo, PeopleSoft and other Enterprise technologies.	3.0	304,882	-	304,882
Human Resources	Employee Wellness Program	-	-	250,000	250,000
Office of CIO: Disaster Recovery	Hosted/Managed environment for Disaster Recovery and Business Continuity using a commercial vendor.	-	-	300,000	300,000
Office of CIO: Knowledge Management Tools	Deploy tools to support Knowledge Management Strategy.	-	-	500,000	500,000
Web Services	Web site improvements - standardization, additional real time information, train more subject matter experts to manage and update website information, etc.	-	-	250,000	250,000
Finance Dept: Additional District Reserves	An increase in reserves to \$90M to close the difference between where the District reserves are and a single month of expenses would require an annual payment of \$5 million for the next 10 years to close the gap. This is one year's request.	-	-	5,000,000	5,000,000
Liability Insurance	Due to a rise in accidents Finance Dept. requests to increase liability limits. Requesting \$750,000 for to increase our liability limits to \$200 million.	-	-	750,000	750,000
Sr. Government & Community Relations Rep	Position to conduct government relations and funding advocacy work to promote BART's capital reinvestment needs and develop and facilitate the District's community outreach programs.	1.0	154,524	-	154,524
Climate Change Vulnerability Assessment	Consultant to carry out FTA-Funded climate change adaptation pilot. Planning & Development request.	-	-	150,000	150,000
Police Administrative Specialist - Evidence	The Property and Evidence Police Administrative Specialist (PAS) position is needed to respond to increased responsibilities re: administering the Mobile Video Recorder-Axon Flex System; would provide coverage for vacations and time off.	1.0	105,621	1,300	106,921

FY15 Budget Initiatives Considered, But Unable to be Funded (cont.)

OPERATING	Description	Pos.	Labor	Non Labor	Total
OCR Support - Sr. Admin. Analyst (Stations and District Architect Projects)	1.0 FTE Senior Administrative Analyst in FY15 to support contract and labor compliance monitoring activities on Stations and District Architect Projects.	1.0	110,000	-	110,000
OCR Support - Sr. Admin. Analysts (Labor Compliance)	1.0 FTE Sr. Administrative Analyst in FY15 to support M&E contract and labor compliance monitoring activities. (One out of the two requested is proposed.)	1.0	110,000	-	110,000
Multi Media Producer	The Multi Media Producer position would create video content to increase and improve BART's digital communication strategy internally and externally including outreach with the public, media and stakeholders.	1.0	153,070	-	153,070
District Secretary Staffing	Administrative Analyst - To support records management, contract/procurement management, communications, and Board Room technical support.	1.0	153,070	5,000	158,070
LKS-4 Space Rental (M&E)	Monthly rental fee to combine SMP Team, M&E Asset Management and M&E Technical on the 4th floor.	-	-	240,000	240,000
Sr. Admin. Analyst Asset Mgt/SMP	Support the Asset Management and SMP Group with administrative duties critical to planning, production process and asset plan development.	1.0	153,070	-	153,070
OAC Marketing	One time marketing for opening, work with airport, etc. (\$100K is proposed)	0.3	38,631	490,000	528,631
Police: Accreditation and COPPS Manager	The Accreditation and COPPS Manager will be responsible for the management and oversight of the CALEA Accreditation process and the department's COPPS program.	1.0	205,053	1,005	206,058
Police: Antioch / Brentwood Park and Ride Officers	Three additional Police Officers for patrols. Two at the newly expanded Antioch and Brentwood Park and Ride Stations. One additional for Pittsburg/Bay Point and North Concord Stations.	3.0	467,514	17,280	484,794
Emergency Plan Revision - Consultant Fees	Police: BART Emergency Operations Plan Revision Consultant fees towards updating and ensuring our District's emergency operations plan is comprehensive in nature, incorporates best practices and recommended national standards.	-	-	165,000	165,000
Senior Operations Safety Specialist & Safety Specialist	New FTE's to cover new work to be performed by the System Safety Department in FY15 such as implementation of Roadway Worker Protection, proactive Near-Miss Program and safety programs for OAC and eBART. (One out of the two requested is proposed.)	1.0	144,235	-	144,235

FY15 Budget Initiatives Considered, But Unable to be Funded (cont.)

OPERATING	Description	Pos.	Labor	Non Labor	Total
Garbage Budget Adjustment	Requesting an increase in budget to cover the shortfall in garbage expenditures due to a 7% increase per year. Budget has only increased 2% per year.	-	-	446,629	446,629
Transportation Dept.: Safety Compliance & Attendance Mgt - Line Staffing	Request to fund two (2) Transportation Line Manager positions. The Transportation Department currently has two Line Managers for four major lines. (One out of the two requested is proposed.)	2.0	395,070	-	395,070
Safety Compliance & Attendance Mgt - Managers	Request to fund two (2) Transportation Manager positions. One (1) partially funded via the balance of a reclassified Sr. Ops Supervisor role. The Transportation Department requires a Manager of Rail Operations and a Manager of Station Operations.	1.0	222,309	-	222,309
TOTAL OPERATING		19.3	2,889,533	8,616,214	11,505,747

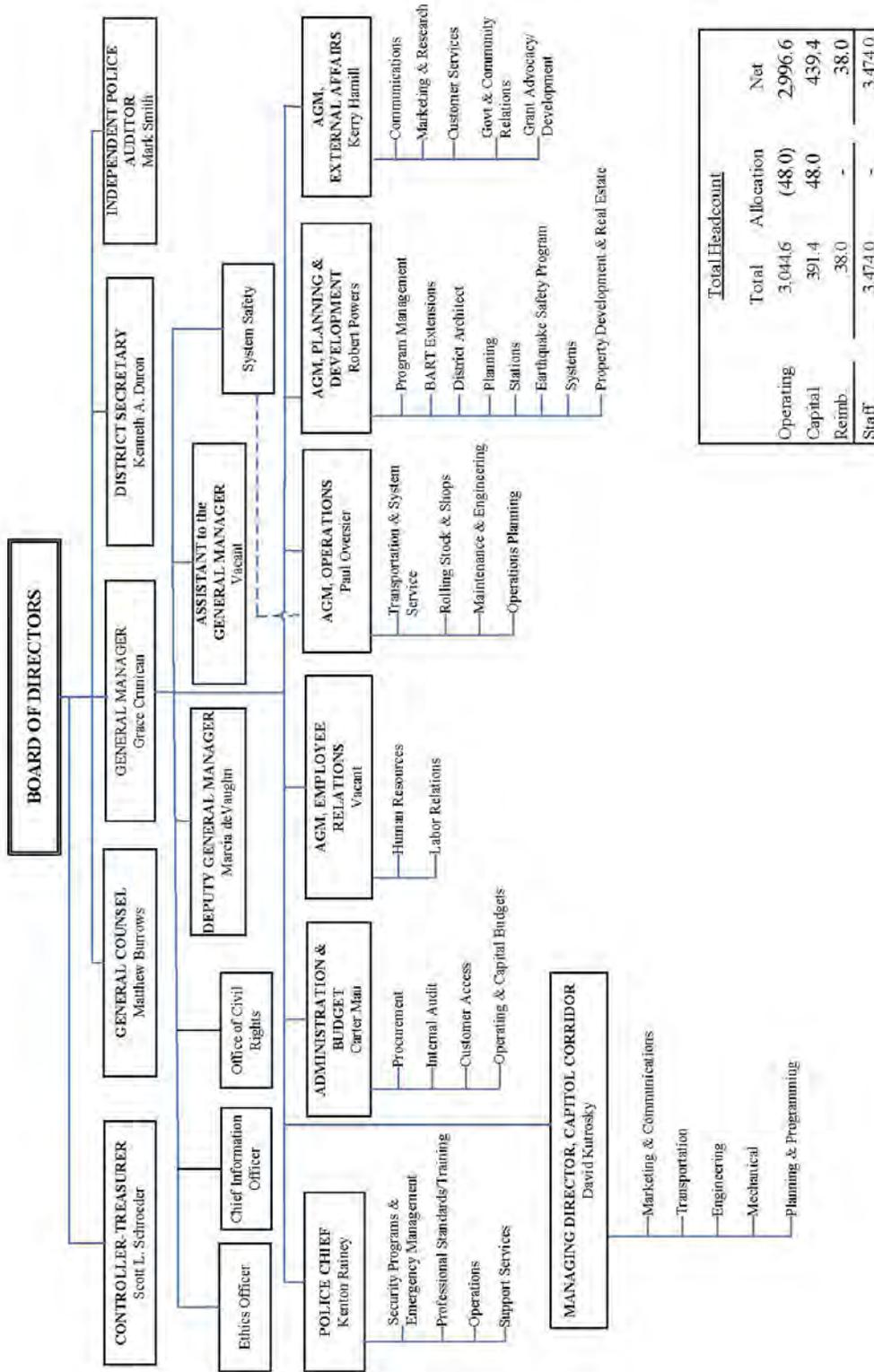
CAPITAL	Description	Total
Network Infrastructure	Lifecycle replacement of network infrastructure. Collectively, these funds will replace 50% of the end-of-life hardware.	700,000
Server Replacement	Replace existing servers in both the Lakeside and Lake Merritt Datacenters that are at end-of-life and/or causing negative impacts on operations due to deterioration and insufficient capacity to support the District's expanding needs.	600,000
Disaster Recovery	Deploy tools to support Disaster Recovery and Business Continuity.	500,000
Non-Revenue Vehicles	Elevator/escalator & GO 175	400,000
Slope Stabilization Camino Diablo Rd. & MW12	Slope stabilization study in Contra Costa Corridor.	100,000
Vehicles & Trains	Mobile Radios (2 yr program; \$1.9M FY16)	3,190,000
Repair 2-3 Wrecked Cars	\$650K Labor, rough estimate materials \$500K/car X 2. This is estimated to fix 2-3 cars total.	1,650,000
Rolling Stock & Shops	Car Cleaning Carts	153,000
BART Metro	Begin project implementation, appx 7 projects: plans, conceptual engineering and preliminary design work, eEnvironmental, outreach, secure funding.	1,100,000
BART Vision	Corridor & infill station studies, etc. (5 yr program; \$1.5M/yr; \$7.5M total)	1,500,000
TOTAL CAPITAL		9,893,000

7. FY15 Budget Board Review Schedule

Board Meeting Date	Title
02/27/14	FY15 Financial Priorities
April	FY15 Preliminary Budget Overview Action: Consider motion to set date for public hearing on FY15 Preliminary Budget
05/08/14	FY15 Preliminary Budget Sources, Uses and Service Plan
05/22/14	FY15 Capital Budget Public Hearing on FY15 Annual Budget Action: Consider resolution to adopt annual Proposition 4 Limit
06/12/14	Action: Consider resolution to adopt the FY15 Annual Budget

8. FY15 Preliminary Budget Organization Chart

SAN FRANCISCO BAY AREA RAPID TRANSIT FY 15 Preliminary Budget ORGANIZATION CHART



Total Headcount		
	Total	Allocation
Operating	3,044.6	(48.0)
Capital	391.4	48.0
Reimb.	38.0	-
Staff	3,474.0	-
		Net
		2,996.6
		439.4
		38.0
		3,474.0

9. BART Parking Inventory and Fees as of April 2014

Station	Parking Spaces	Monthly Fee	Daily Fee
SFO Extension			
SFO	0	\$0.00	\$0.00
Millbrae	2,981	\$52.50	\$2.00
San Bruno	1,072	\$63.00	\$2.00
South San Francisco	1,371	\$63.00	\$2.00
Colma	1,424	\$73.20	\$2.50
San Francisco			
Daly City	2,047	\$84.00	\$3.00
Balboa Park	0	\$0.00	\$0.00
Glen Park	53	\$0.00	\$2.00
24th Street/Mission	0	\$0.00	\$0.00
16th Street/Mission	0	\$0.00	\$0.00
Civic Center	0	\$0.00	\$0.00
Powell Street	0	\$0.00	\$0.00
Montgomery Street	0	\$0.00	\$0.00
Embarcadero	0	\$0.00	\$0.00
Fremont			
Fremont	2,142	\$84.00	\$2.00
Union City	1,155	\$84.00	\$2.00
South Hayward	1,253	\$52.50	\$1.00
Hayward	1,467	\$42.00	\$0.00
Bay Fair	1,669	\$63.00	\$1.50
San Leandro	1,270	\$84.00	\$2.00
Coliseum/Airport	978	\$42.00	\$0.00
Fruitvale (c)	871	\$84.00	\$2.00
Lake Merritt	214	\$84.00	\$2.00
Dublin/Livermore			
West Dublin/Pleasanton	1,100	\$84.00	\$2.00
Dublin/Pleasanton	2,886	\$84.00	\$2.00
Castro Valley	1,118	\$84.00	\$2.00
Richmond			
Richmond	750	\$52.50	\$1.00
El Cerrito del Norte	2,180	\$63.00	\$2.00
El Cerrito Plaza	749	\$84.00	\$2.00
North Berkeley	797	\$84.00	\$2.00
Downtown Berkeley	0	\$0.00	\$0.00
Ashby	606	\$84.00	\$2.00
Pittsburg/Bay Point			
Pittsburg/Bay Point	2,036	\$84.00	\$2.00
North Concord/Martinez	1,977	\$52.50	\$0.00
Concord	2,345	\$52.50	\$0.00
Pleasant Hill	3,060	\$84.00	\$2.00
Walnut Creek	2,096	\$84.00	\$2.00
Lafayette	1,529	\$84.00	\$2.00
Orinda	1,442	\$84.00	\$2.00
Rockridge	892	\$84.00	\$2.00
Oakland			
MacArthur	478	\$84.00	\$2.00
19th Street	0	\$0.00	\$0.00
12th Street	0	\$0.00	\$0.00
West Oakland	445	\$136.50	\$6.00
TOTALS	46,453		