

**BART-to-Oakland International  
Airport Project  
Operating Financial Outlook**

BART Board of Directors

April 24, 2014

# Overview

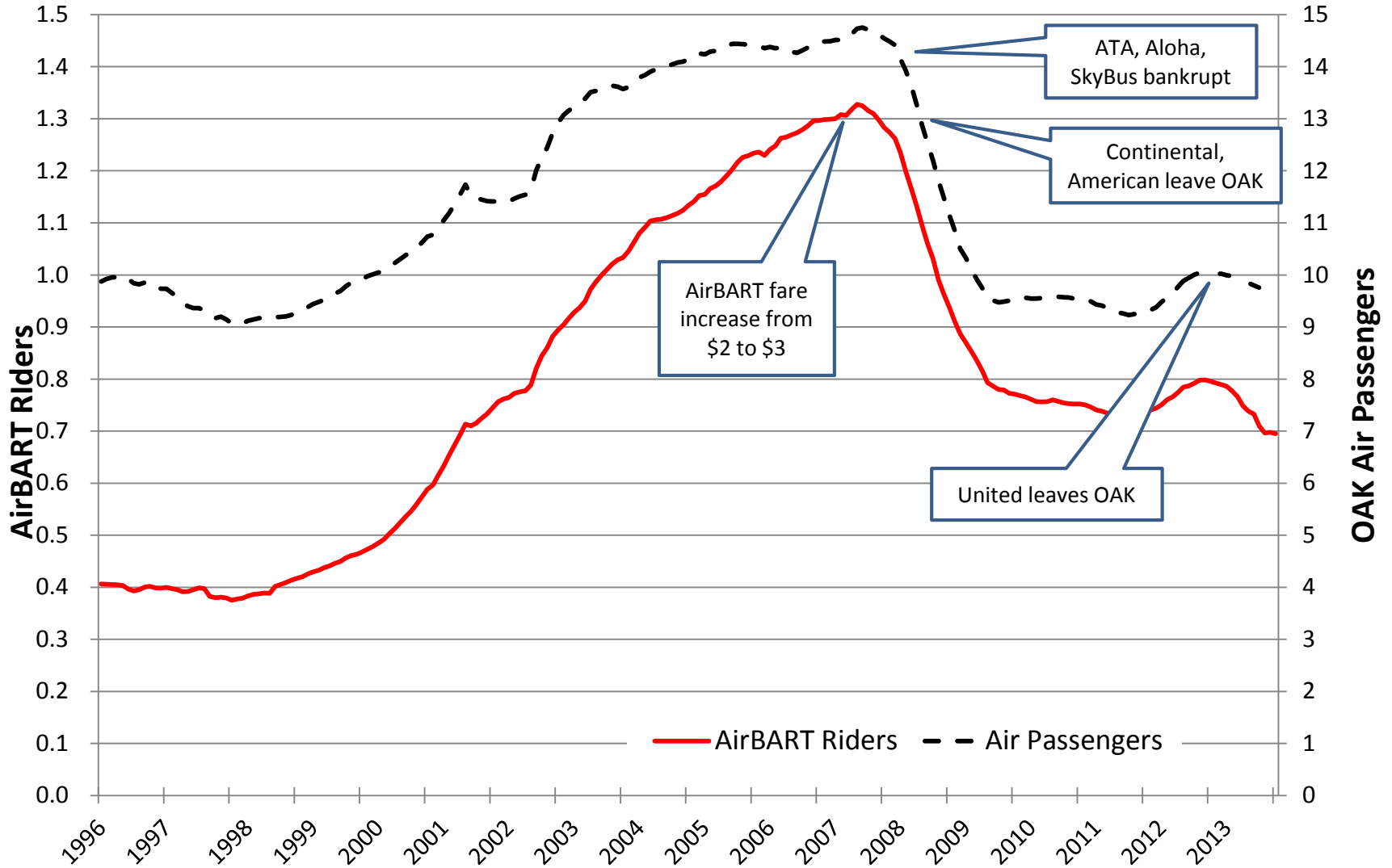
- Ridership projections
- Fare surcharge options
- Oakland International Airport employee discount program
- Operating financial outlook
- Next steps

# Ridership: Background

- Oakland International Airport (OAK) annual passengers: 10M
- AirBART fares
  - \$3 regular
  - \$2 OAK employee
  - \$1 seniors/people with disabilities/youth
- AirBART trips
  - 2,000 daily, 700,000 annual
  - 7% mode share

# AirBART Riders & OAK Passengers

Annual Rolling Average, in Millions



# Project Ridership Projections

- Ridership projections updated December 2013
  - Include recent AirBART trips and updated forecast of OAK air passengers
  - BART fare scenarios used “Low” OAK air passenger forecast instead of “Medium” or “High”
  - Starts at 9.3% mode share, grows to 12.5% in 3 years

# Fare Surcharge Options: Comparative Costs by Mode to/from OAK

	BART Fare to Coliseum Station <sup>1</sup>	BART Fare Plus Project Surcharge of:				BART Fare to SFO Station	BART + AC Transit <sup>2</sup>	Auto: Per Day Parking Fee <sup>3</sup>	Door-to-Door Van (shared ride) <sup>4</sup>	Taxi <sup>4</sup>
		\$3	\$4	\$5	\$6					
<b>Downtown San Francisco</b>	<b>\$4.05</b>	\$7.05	\$8.05	\$9.05	\$10.05	<b>\$8.65</b>	\$6.15	<u>At OAK:</u> <b>\$16 to \$22</b> <u>Satellite Lot:</u> Starts at <b>\$7</b>	\$27	\$63
<b>Berkeley</b>	<b>\$2.50</b>	\$5.50	\$6.50	\$7.50	\$8.50	<b>\$9.25</b>	\$4.60		\$25	\$50
<b>Walnut Creek</b>	<b>\$3.70</b>	\$6.70	\$7.70	\$8.70	\$9.70	<b>\$10.40</b>	\$5.80		\$69	\$73

<sup>1</sup> Cost to access BART varies: drop-off and walking are no cost; BART long-term parking fees range from \$5-\$6.50 per day (parking on just Sat or Sun is free), bus cash fare can be approximated at \$2; taxi cost would vary widely.

<sup>2</sup> BART fare to Coliseum plus AC Transit Route 73 cash fare.

<sup>3</sup> Oakland Airport offers discount coupons: \$8 off \$22 parking fee per day and \$4 off \$16 parking fee per day, maximum stay of 9 days. Costs shown do not include per mile operating cost or tolls.

<sup>4</sup> Cost does not include tip.

# Fare Surcharge Options

- Surcharge options analyzed
  - \$4, \$5, or \$6
- Public comment gathered on these approaches:
  - Start at \$5 or \$6 and increase with systemwide CPI-based fare increases
  - Begin at \$4, increasing to \$5, and then to \$6 in 2017
- Preliminary Title VI findings
  - No disproportionate impact
  - Public outreach results for protected groups divided approximately equally between approaches

# OAK Employee Discount Program

- OAK employees take about 100 AirBART trips per day
- \$2 fare recommended by staff, equal to current AirBART discount fare
- Title VI is not required because \$2 fare would not be a fare change
- Staff working with Port of Oakland to implement program



# Financial Projections

- Fare revenue
  - New trip fares: 100% offsets Project costs
  - Existing AirBART trip fares: Only Project surcharge (e.g., \$4) offsets Project costs
    - BART rail fare from current AirBART riders stays in general fund
- Operating & maintenance costs
  - Based upon 20-year Doppelmayr (DCC) contract
  - Performance measures apply to payments
- Capital Asset Replacement Program (CARP)
  - Annual BART contributions to escrow fund for refurbishment and replacement costs during 20-year term

# Financial Projections: Dec 2010 vs. April 2014

	Dec 2010 (4.50% STBs) \$6 Fares	Apr 2014 (3.98% STBs) \$4-6 Fares	Apr 2014 (3.98% STBs) \$6 Fares
Capital Construction Cost	\$364M (Bid) <sup>(1)</sup>	\$376M (Bid) <sup>(2)</sup>	\$376M (Bid) <sup>(2)</sup>
BART Spent to Date	\$39M	\$75M	\$75M
BART Delivery Costs	\$40M	\$6M	\$6M
Construction Contingency	\$33M	\$21M	\$21M
Project Capital Cost	\$476M	\$478M	\$478M
Financing Costs (construction) <sup>(3)</sup>	\$11M	\$6M	\$6M
<b>Project Cost during construction</b>	<b>\$487M</b>	<b>\$484M<sup>(4)</sup></b>	<b>\$484M<sup>(4)</sup></b>
Max. Annual BART Subsidy <sup>(5)</sup>	\$6.0M	\$7.9M	\$6.8M
Max. Cumulative BART Subsidy <sup>(5)</sup>	\$46M	\$57M	\$46M
BART Debt Financing	\$108M	\$111M	\$111M

Note: Some figures may not sum due to rounding

(1) Includes \$2.88M Inflationary Price Adjustment

(2) Includes \$2.88M Inflationary Price Adjustment and \$12M of change orders completed or in process

(3) 2014 cases exclude \$3.8M principal payment paid by BART General Fund

(4) Delay LDs and costs are assumed to offset each other and have not been included

(5) 2014 cases exclude \$17M of PORT funding during operations

# Financial Projections (cont.)

\$M	\$4-\$6 Fare Option		\$5 Fare Option		\$6 Fare Option	
	FY15	FY16	FY15	FY16	FY15	FY16
<b>Net Fare Revenue</b>						
OAC surcharge	2.6	5.2	3.2	5.8	3.8	6.8
New BART rail rev	<u>0.5</u>	<u>1.3</u>	<u>0.4</u>	<u>1.2</u>	<u>0.4</u>	<u>1.1</u>
<b>Total Sources</b>	<b>3.1</b>	<b>6.5</b>	<b>3.7</b>	<b>7.0</b>	<b>4.2</b>	<b>7.9</b>
<b>Expenses</b>						
BART insurance	0.2	0.3	0.2	0.3	0.2	0.3
BART electricity	0.2	0.3	0.2	0.3	0.2	0.3
Op & Maintenance	3.7	5.6	3.7	5.6	3.7	5.6
CARP	0.6	0.9	0.6	0.9	0.6	0.9
Debt Service	<u>6.4</u>	<u>6.4</u>	<u>6.4</u>	<u>6.4</u>	<u>6.4</u>	<u>6.4</u>
<b>Total Uses</b>	<b>11.0</b>	<b>13.5</b>	<b>11.0</b>	<b>13.5</b>	<b>11.0</b>	<b>13.5</b>
<b>Net Result</b>	<b>(7.9)</b>	<b>(7.0)</b>	<b>(7.3)</b>	<b>(6.5)</b>	<b>(6.8)</b>	<b>(5.5)</b>
<b>Cumulative</b>	<b>0.0</b>	<b>(14.9)</b>	<b>0.0</b>	<b>(13.8)</b>	<b>0.0</b>	<b>(12.3)</b>

# Fare Options: Net Result & Ridership

		\$4.00-\$6.00		\$5.00		\$6.00	
		Net Result \$M	Ridership	Net Result \$M	Ridership	Net Result \$M	Ridership
		Annual	Daily	Annual	Daily	Annual	Daily
<b>FY15</b>		(7.9)	2,855	(7.3)	2,800	(6.8)	2,745
<b>FY16</b>		(7.0)	3,350	(6.5)	3,290	(5.5)	3,225
<b>FY17</b>		(5.3)	3,685	(5.7)	3,590	(4.6)	3,520
<b>FY18</b>		(4.7)	3,790	(5.4)	3,695	(4.3)	3,620
<b>FY19</b>		(4.5)	3,865	(5.2)	3,805	(4.1)	3,725
<b>FY20</b>		(4.3)	3,975	(5.0)	3,915	(3.8)	3,835
		Cumulative	In Final Year	Cumulative	In Final Year	Cumulative	In Final Year
<b>FY15-FY25</b>		(50.2)	4,585	(55.7)	4,515	(42.7)	4,425
<b>FY15-FY40</b>		(21.9)	7,158	(50.5)	6,944	(2.1)	6,839

# Next Steps

- May 8: Title VI Service and Fare Equity Analysis
- May 22: Public Hearing on Project Fares
- June 12: Board asked to approve Project fares and OAK employee discount program