

From: VTA Board Secretary
Sent: Friday, November 13, 2020 3:58 PM
To: VTA Board of Directors
Subject: From VTA: BART FY 21 Budget and Service Plan Update Slide Deck

VTA Board of Directors:

Attached for your information and reference is BART's Fiscal Year 2021 Budget and Service Plan Update. This file contains four service scenarios (including associated headcount reductions) and the recommended service change (see slide 14). This slide deck will be presented at their Board meeting on Thursday, November 19 (Item #7.B on the agenda). To view the BART full agenda for November 19, please visit: <https://bart.legistar.com/Calendar.aspx>

Thank you.

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FY21 Budget and Service Plan Update

November 19, 2020



Executive Summary

Today's presentation will focus on several actions staff is undertaking to reduce costs in FY21 and beyond:

1. Update on 7-Point Plan progress

- Revised deficit projections for FY21 and FY22 will be provided in January, when additional information is available

2. Update on support function spending reductions








- Staff continue to develop, analyze, and implement a variety of measures across the District

3. Discussion of service plans and five priorities presented at the last Board meeting

- Reducing service will not lead to a balanced FY22 budget projection

BART's 7-Point Plan outlines a path to right size costs within the District

Process underway to right size costs with a structured, intentional approach

- 1**  Pursue efficiencies around contracting and other reductions to BART's non-labor budget
- 2**  Continue hiring freeze; eliminate most current vacancies
- 3**  Pursue retirement incentive program
- 4**  Re-assign or re-train staff wherever possible to fill critical gaps created by departures
- 5**  Fill critical capital budget vacancies with operating staff wherever possible
- 6**  Load shed service dependent staff to capital projects to accelerate capital program delivery (dependent on service plan selected)
- 7**  Explore additional cost savings measures with labor partners and non-represented employees (if needed)

7-Point Plan Progress

- Will be discussed today
- Will be discussed as plan progresses

Stages of 7 Point Plan

| FTEs affected | 1 Districtwide efficiencies | 2 Hiring freeze; vacancies | 3 Retirement incentive program ¹ | 4 Re-assign or re-train staff | 5 Critical/long-term capital budget vacancies | 6 Accelerate capital program | 7 Discussions with Labor |
|--------------------------|---------------------------------------|---|---|---|---|---|--|
| Operations | 8 | Remaining vacancies known after service plan selected | 100 - 400 | Determined after completion of Retirement Incentive Program | Determined after completion of Retirement Incentive Program | Underway; additional load shedding may be possible upon service plan finalization | To be pursued if deficit remains after steps 1-6 |
| Support Functions | In progress | Up to 71 | 20 - 100 | Determined after completion of Retirement Incentive Program | Determined after completion of Retirement Incentive Program | Underway; additional load shedding may be possible upon service plan finalization | To be pursued if deficit remains after steps 1-6 |

¹ If approved

Support services are being vetted for cost saving opportunities and efficiencies

| | Initiatives | Savings opportunity (\$M) | Timeline to implementation |
|--|--|----------------------------------|-----------------------------------|
| Procurement: Process improvements and value for money | Streamline procurement process | 0.8 – 1.0 | 12 to 18 months |
| | Increased spending controls | 0.8 – 1.0 | 6 to 9 months |
| | Renegotiation of vendor contracts | 0.5 – 1.0 | 6 to 9 months |
| | Materials master contracting | 1.0 – 2.0 | 6 to 12 months |
| HR | Reduce third-party contracting | 0.5 – 0.8 | 6 to 9 months |
| | Consolidation of enterprise applications | TBD | 6 to 9 months |

Four service scenarios have been proposed for consideration

Current staffing level
 Incremental change from above plan

| Scenario name | Description | Train schedule ¹ | Hours and stations ¹ |
|---|---|---|--|
| Current Staffing Level | FY21 Adopted Budget level | Currently running service plan shown in Scenario A; however, BART is staffed to scale back up to 15 minute headways and 11 pm last dispatch | |
| A Current Service (as of Sept 14) | Maintain: Balanced approach to support essential workers while mitigating cost | 30-min headways with 26 commute trips (8 inefficient round trips) 3-route on Sunday | 9pm last dispatch |
| B Optimized Current Service | Maintain: Balanced approach with further refinement to better align to weekend ridership demand | 30-min headways with 18 efficient commute direction trips Plus 3-route on weekends | 9pm last dispatch |
| C Scenario B + Select Station Closures | Scale down: Targeted station closures to drive financial savings with low ridership and equity impact | 30-minute headways with 18 efficient commute direction trips Plus 3-route on weekends | 9pm last dispatch 8 station closures |
| D Scenario C + Weekend Shutdown | Scale down: Targeted system shutdowns to drive significant financial savings | 30-minute headways with 18 efficient commute direction trips | 9pm last dispatch 8 station closures Weekend close |

¹ Changes made during the COVID-19 shelter-in-place order do not require an analysis under Title VI. Any permanent changes made would require a Title VI analysis.

Five priorities to balance tradeoffs in service modifications

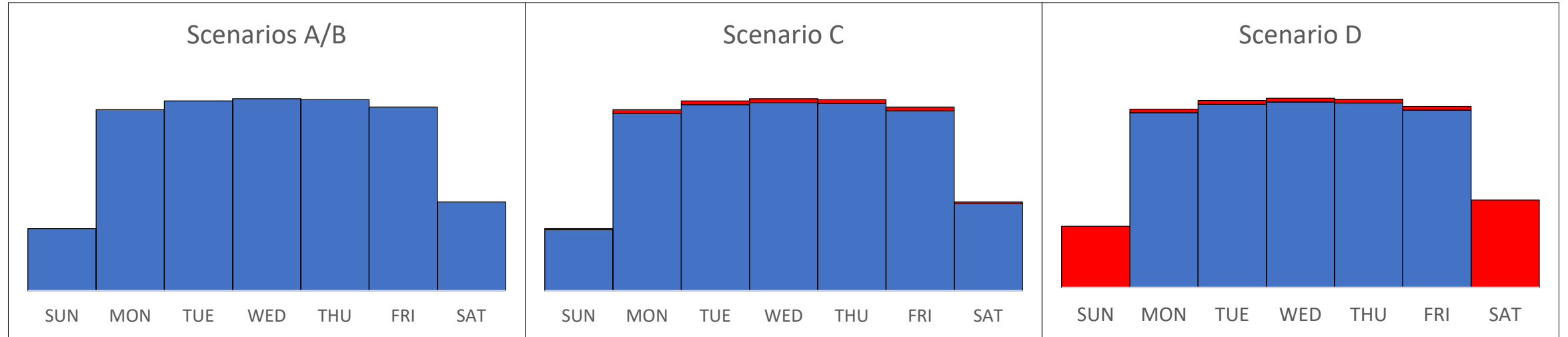
Prioritization may change over different time horizons (e.g. 6 months, 12 months, 24 months)

| Priorities | Possible optimization | Metrics |
|---------------------------|---|--|
| Ridership | How can BART maximize resources to attract more riders as people return to work and make transportation decisions? | Number of current riders served |
| Financial | What service is the most cost effective for BART's limited budget while minimizing impacts to labor? | Operating expense Jobs impacted |
| Equity¹ | How can BART minimize impacts to protected populations? | Risk of equity impact |
| Capacity recovery | How responsive is the service plan in preserving the capability and expertise necessary to scale-up to assist in the economic recovery of the Bay Area as counties re-open and ridership potential grows? | Time required to fill critical roles, especially difficult to fill and certify positions |
| Health guidance | How well do service levels meet public health guidelines and aid in regaining confidence from riders and employers contemplating bringing workers back into the office? | Projected demand served within public health guidance thresholds |

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Ridership: Need to consider station usage and demand by day

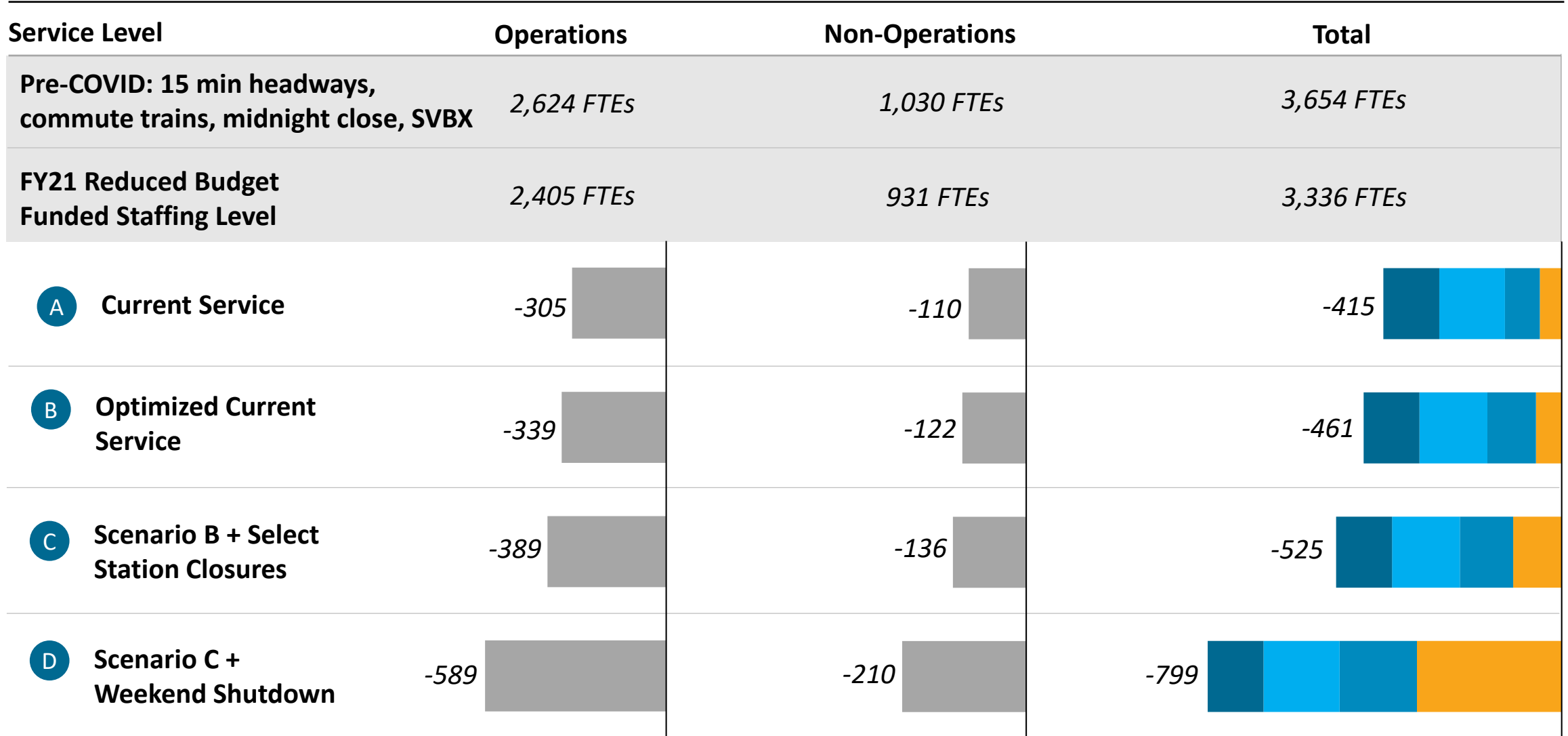
Weeklong snapshot of current ridership



- Scenarios A and B are able to serve demand
- Station closure could result in a 2% reduction in ridership
 - Some but not all riders shift to other stations
- Weekend system closure could result in an additional 11% reduction in ridership

Financial: Each service scenario will reduce Operating Budget costs

Operating Budget Full Time Equivalent (FTE) change from FY21 budgeted level

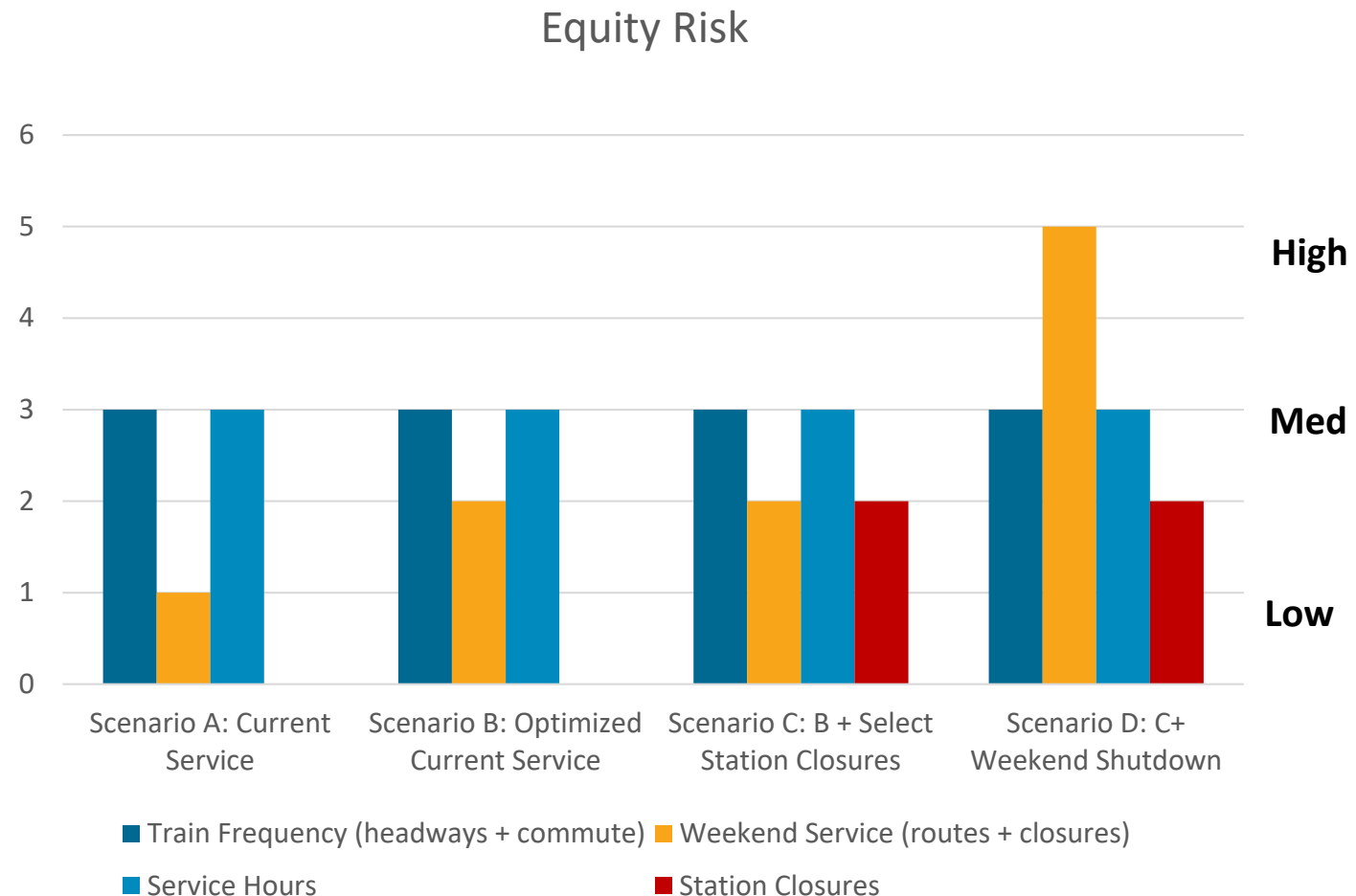


Per the 7-Point Plan, reductions will be made in the following order:

- Retirement (variable)
- Vacancy
- Load shed
- Other reductions

Equity: Anticipated level of risk associated with elements of the service scenarios

- **Train Frequency (headways/commute trains):** impacts to overall travel time and commute hours
 - Potential impacts due to schedule inflexibility
- **Weekend Service (routes + closures):** impacts to overall travel time and commute hours
 - Weekend ridership disproportionately low-income
- **Service Hours (incl. last dispatch):** impacts to transit access
 - Disproportionately low-income after 9pm and may have limited transportation alternatives
 - Saturday start (8am): impacts to transit access; weekend ridership disproportionately low-income
- **Station Closures:** impacts to travel time and station access
 - Stations have been evaluated for Title VI designation and rider transit dependence during the pandemic



Assumptions are based on most recent available data regarding travel patterns for Title VI protected populations (minority and low-income)

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Capacity Recovery: Retaining positions that are difficult to fill and certify will be prioritized

- Retirement Incentive Program will create vacancies in classifications with longer hiring and training timelines; upon confirmation, staff will prioritize backfills
- M&E and RS&S will load shed to meet capital program needs

Time to hire and train

<4 months 4-10 months >10 months

Time required to hire and train service-critical positions

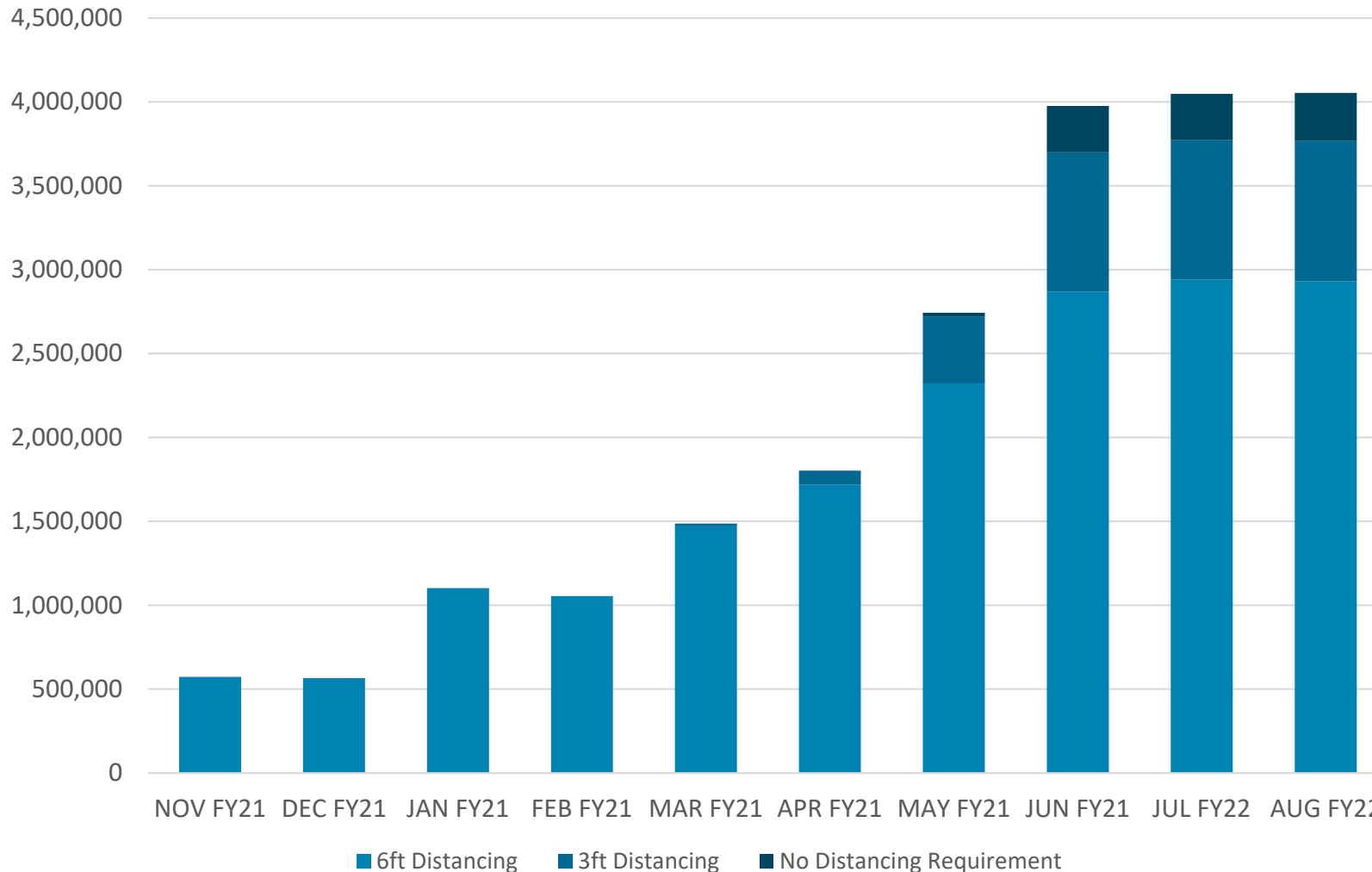
| Unit | FTE distribution by hiring/training timeline | Time required to hire and train service-critical positions | | |
|---|--|--|--|---|
| | | 0-4 months | 4-10 months | 10+ months |
| Transportation 999 FTEs | | 1. Transportation Adm Specialist 2. Communications Specialist | 1. Train Operator 2. Station Agent | 1. Transportation Foreworker 2. Rail Operations Controller |
| M&E 703 FTEs | | 1. System Service Worker 2. Grounds Worker | 1. Buildings Worker 2. Track worker | 1. Train Control Electronic Tech 2. Elevator/Escalator Worker 3. Electrician |
| RS&S 703 FTEs | | 1. RS&S Foreworker 2. ERS Foreworker | 1. Transit Vehicle Mechanic 2. Utility Worker | 1. Expeditor/Clerk 2. ERS Technician 3. Transit Vehicle Electronic Technician |
| Other District Units 952 FTEs | | 1. Analyst 2. Accountant | 1. Cyber Security Engineer | 1. Police Officer 2. Asst Treasurer/Controller |



Public Health Guidance: Performance Equivalent for All Scenarios

Low risk of crowding near term; reassessment required as ridership grows

Ridership served under 6ft/3ft/<3ft requirements



- Ridership growth to >40% of pre-COVID levels could result in peak loads of >60/car if pre-COVID peaking pattern returns
- Performance on this metric will be re-evaluated on an ongoing basis, considering latest health guidance and revised ridership expectations
- If ridership surges, flexibility could be needed to meet health targets:
 - Plan assumes capacity to add up to 9 additional peak runs during AM/PM hours
 - Downtown employers may need to encourage variable work schedules, allowing passengers to shift travel times
 - Additional service adjustments may be considered

Each of the four service scenarios was evaluated for impact against BART's priorities

Current levels are baseline for comparison
 Desirable outcome Undesirable outcome

| Change from current service level | Impact of service scenarios compared to current staffing level across priorities | | | | |
|---|--|--|---|--|---|
| | Ridership | Financial | Equity ¹ | Capacity recovery | Health guidance |
| Scenario | Riders served % of current ridership | Annual operating expense savings (\$M) | Risk of equity impact (low/med/high) | Time required to re-staff critical positions ⌚ = ~4 months | % of projected demand served within 3'/passenger threshold |
| A Current Service | 0% | 39 - 49 | | ⌚ | 95% |
| B Optimized Current Service | 0% | 44 - 55 | Low | ⌚ | 95% |
| C Scenario B + Select Station Closures | -2% | 47 - 59 | Med | ⌚ ⌚ | 95% |
| D Scenario C + Weekend Shutdown | -13% | 69 - 86 | Med/High | ⌚ ⌚ ⌚ | 95% |

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Scenario B allows service to meet projected demand

- ✓ Does not substantially reduce current service; some service flexibility retained
- ✓ Allows BART to capture significant financial savings
- ✓ Does not close stations or eliminate weekend service, minimizing the risk of equity impacts on protected populations
- ✓ Limits impacts on positions that take longer to hire and train
- ✓ Allows for compliance with public health guidance

**February scheduled bid will be moved to March to align with Retirement Incentive Plan*

Anticipated Budget Items in Coming Months:

December 3

Review FY21 Q1
Financial Report

January 2021

FY21 and FY22
budget update

February 2021

FY21 and FY22
budget update

Possible Budget
Revision

FY22 budget
development
process kicks off