

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

BART Board of Directors

April 24, 2014

Overview

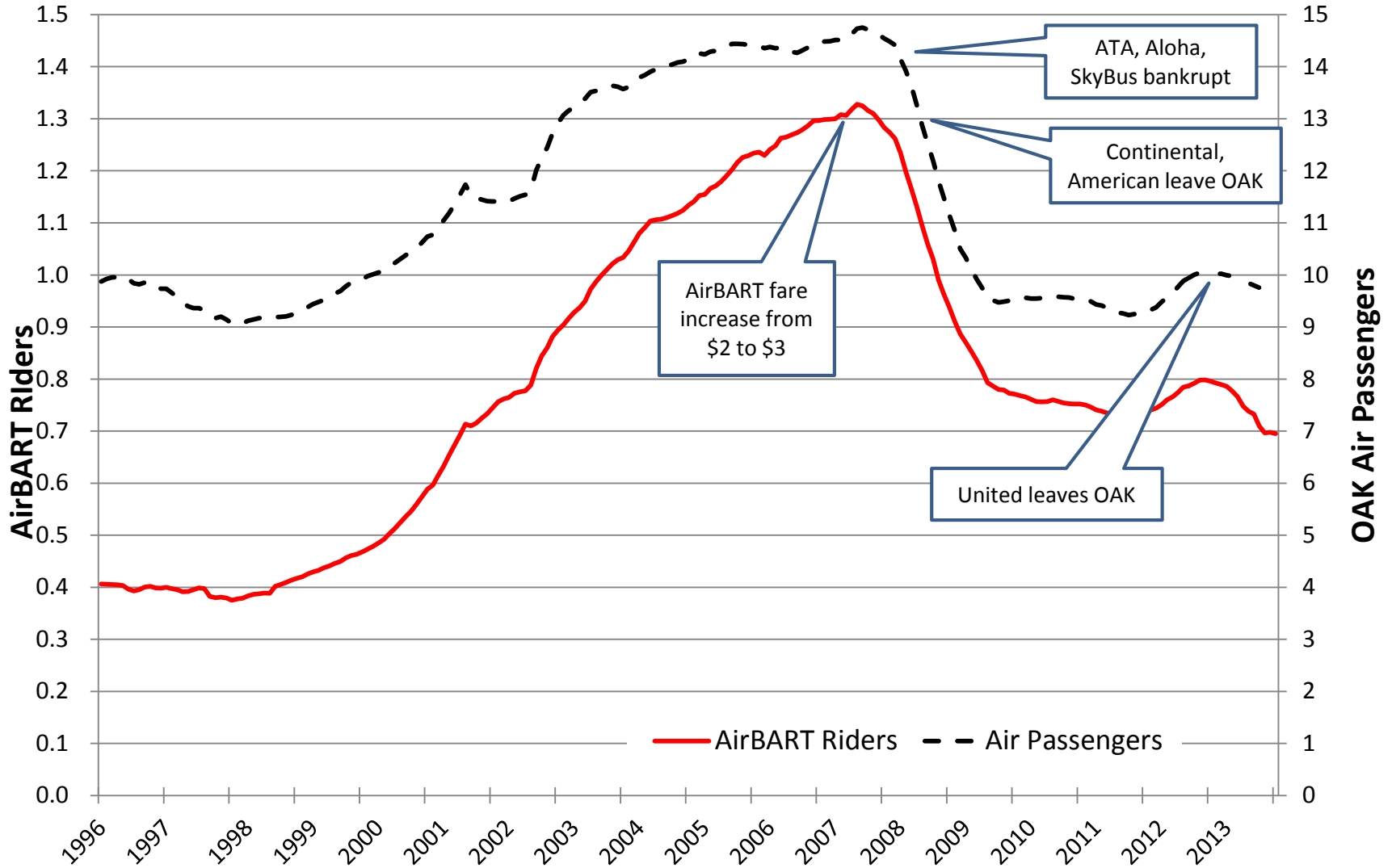
- Ridership projections
- Fare surcharge options
- Oakland International Airport employee discount program
- Operating financial outlook
- Next steps

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

¹ 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.

² BART fare to Coliseum plus AC Transit Route 73 cash fare.

³ 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.

⁴ 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) ⁽¹⁾	\$376M (Bid) ⁽²⁾	\$376M (Bid) ⁽²⁾
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) ⁽³⁾	\$11M	\$6M	\$6M
Project Cost during construction	\$487M	\$484M⁽⁴⁾	\$484M⁽⁴⁾
Max. Annual BART Subsidy ⁽⁵⁾	\$6.0M	\$7.9M	\$6.8M
Max. Cumulative BART Subsidy ⁽⁵⁾	\$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
Net Fare Revenue						
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>
Total Sources	3.1	6.5	3.7	7.0	4.2	7.9
Expenses						
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>
Total Uses	11.0	13.5	11.0	13.5	11.0	13.5
Net Result	(7.9)	(7.0)	(7.3)	(6.5)	(6.8)	(5.5)
Cumulative	0.0	(14.9)	0.0	(13.8)	0.0	(12.3)

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
FY15		(7.9)	2,855	(7.3)	2,800	(6.8)	2,745
FY16		(7.0)	3,350	(6.5)	3,290	(5.5)	3,225
FY17		(5.3)	3,685	(5.7)	3,590	(4.6)	3,520
FY18		(4.7)	3,790	(5.4)	3,695	(4.3)	3,620
FY19		(4.5)	3,865	(5.2)	3,805	(4.1)	3,725
FY20		(4.3)	3,975	(5.0)	3,915	(3.8)	3,835
		Cumulative	In Final Year	Cumulative	In Final Year	Cumulative	In Final Year
FY15-FY25		(50.2)	4,585	(55.7)	4,515	(42.7)	4,425
FY15-FY40		(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