



1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
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Agenda

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BUDGET DEVELOPMENT COMMITTEE

October 9, 2020

1:00 p.m.

Meeting will be held via webinar

To request an agenda in an alternative format or to request accommodations to facilitate meeting participation, please contact the Clerk of the Budget Development Committee at least two working days prior to the meeting. Meeting webinar instructions for the public can be accessed at the following link:

<https://www.sdmts.com/about-mts-meetings-and-agendas/other-committee>

ACTION RECOMMENDED

1. Roll Call
2. Approval of Minutes – April 3, 2020 Approve
3. Public Comments - Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please give your copies to the Clerk of the Board.

COMMITTEE DISCUSSION ITEMS

4. Fiscal Year 2020 Final Budget Comparison (Gordon Meyer) Approve
Action would receive the MTS operations budget status report for Fiscal Year (FY) 2020 and forward a recommendation to the Board of Directors to approve staff recommendation for programming excess revenues less expenses.
5. Fiscal Year 2021 Budget Update (Mike Thompson) Receive
Action would receive a report regarding updated short- and medium-term financial forecasts.
6. Next Meeting Date: To be determined.
7. Adjournment

Please SILENCE electronics
during the meeting

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Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc. and San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations). MTS is the taxicab administrator for seven cities.

MTS member agencies include the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Diego, Santee, and the County of San Diego.



MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BUDGET DEVELOPMENT COMMITTEE
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

04/03/2020

MINUTES

1. ROLL CALL

Chair Salas called the Budget Development Committee (BDC) meeting to order at 1:00pm A roll call sheet listing BDC member attendance is attached.

2. APPROVAL OF MINUTES

Vice Chair Sandke moved to approve the minutes of the February 28, 2020 San Diego Metropolitan Transit System (MTS) BDC meeting. Ms. Moreno seconded the motion, and the vote was 4 to 0 in favor.

3. PUBLIC COMMENTS

There were no public comments.

4. COVID-19 Update (Mike Thompson)

Sharon Cooney, Deputy Chief Executive Officer, gave a brief overview on the impacts COVID-19 has had on MTS. Mrs. Cooney explained the Fiscal Year (FY) 21 budget will be a place holder and an amended budget will be presented at a later time in FY21. Mrs. Cooney explained that more than \$200 million of funding that was granted to MTS from the Coronavirus Aid, Relief and Economic Security Act (CARES), and she explained the grant could only be used for COVID related items, including employee salary and loss sales revenue.

Mike Thompson, Director of Financial Planning and Analysis, gave an overview of the COVID-19 Impact in FY20. Mr. Thompson mentioned that with just a couple of weeks into COVID-19, the impact in ridership has dropped, with Bus dropping 70% from baseline and Rail dropping 60%. He also shared the impact COVID-19 could have in the next 12 weeks, such as bus boarding through rear doors, which will reduce cash collections and could have a lost fare revenue impact of \$15-17M. Other impacts include sales tax revenue, State Transit Assistance (STA) revenue funded by diesel, advertising, rental income, interest revenue, energy credit revenue, which could result in a total loss of \$9-12M in FY20. Mr. Thompson went over the operating budget, mentioned the impact on service level adjustments and the resulting employment impact.

Mr. Thompson mentioned the CARES Act will cover any COVID-19 expenses after 01/20/2020, those expenses include lost revenues, paying employees/contract employees that are furloughed, increased costs of sick leave, additional cleaning, among other COVID expenses.

Mr. Thompson summarized by stating the net loss is expected to be between \$23-28M for the remainder of FY20.

Action Taken

No action was taken. Informational item only.

5. Proposed Fiscal Year 2021 Operating Budget (Mike Thompson)

Mr. Thompson presented a PowerPoint showing Revenue Assumptions and Expense Assumptions for FY21 budget with pre-Covid-19 assumptions

Mr. Thompson discussed pre-COVID-19 revenue assumptions involving passenger levels. FY21 ridership is projected at a 2% growth partially due to the added services on the Blue Line and Bus, and the average fare is projected to increase by 2.7% to \$1.09. For sales tax related revenues, MTS received \$104M from Transportation Development Act (TDA) funding which provides funding for operations and matching funds in the capital program. The operating budget would utilize \$78M and \$26M in Capital Improvement Program (CIP). He also detailed the assumptions for other subsidy revenues sources in the operating budget, including STA, federal revenues, TransNet and Medi-Cal. Mr. Thompson summarized the FY21 revenue assumptions by stating the total operating revenue is projected to increase by \$2.2M. Subsidy revenue is estimated to grow by \$16M, of which most of this growth would come from TDA. Total revenue is forecasted to increase to \$327.6M, an increase of 5.6%.

Mr. Thompson reviewed the FY21 pre-COVID-19 expense assumptions. He stated wage expenses are projected to increase by \$5.4M. Part of the increase is due to additional staffing due to projected increases in service levels. Fringe benefit costs are projected to increase by \$3.1M with pension and healthcare being the major components to the increase. Purchased transportation is estimated to increase by \$5M, and include expenses for Fixed Route, ADA Paratransit and Minibus services. Other outside services costs are projected to decrease by \$0.4K, due to decreases in mainly repair & maintenance costs and reduced costs for the ballot measure project. Mr. Thompson stated that Risk Management costs were expected to increase by \$967K, due to insurance rates going up. Other expenses are forecasted to increase by \$507K. In total, expenses are projected to increase by \$17.2M, or an increase of 5.6%. Projected revenues matched projected expenses resulting in a proposed balanced budget.

Action Taken

Vice Chair Sandke moved to forward a recommendation to the MTS Board of Directors to:

1. Recommend staff hold a public hearing on May 14, 2020 with the purpose of reviewing and approving the proposed combined MTS FY 21 operating budget.
2. Recommend staff that at the April 2020 MTS Board Meeting, more projections of the Federal CARES Act money be shared with the Board and a strategy that will outline the fiscal realities of expenses, revenue and reimbursement funds be initially developed.

Ms. Moreno seconded the motion, and the vote was 5 to 0 in favor.

6. Next Meeting Date:

To Be Determined

7. Adjournment

Chair Salas adjourned the meeting at 2:06pm

Chair of the Budget Development Committee

Clerk of the Budget Development Committee

Attachment: Roll Call Sheet

BUDGET DEVELOPMENT COMMITTEE
SAN DIEGO METROPOLITAN TRANSIT SYSTEM

ROLL CALL

MEETING OF (DATE) 04/03/2020

CALL TO ORDER (TIME) 1:00PM

RECESS _____

RECONVENE _____


CLOSED SESSION _____

RECONVENE _____

ADJOURN 2:06PM

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ARAMBULA	<input checked="" type="checkbox"/>	1:00	2:06
FAULCONER	<input type="checkbox"/> MORENO <input checked="" type="checkbox"/>	1:00	2:06
FLETCHER	<input checked="" type="checkbox"/>	1:00	2:06
SALAS	<input checked="" type="checkbox"/>	1:00	2:06
SANDKE	<input checked="" type="checkbox"/>	1:00	2:06

SIGNED BY THE CLERK OF THE BUDGET DEVELOPMENT COMMITTEE:



CONFIRMED BY OFFICE OF THE GENERAL COUNSEL:





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Agenda Item No. 4

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BUDGET DEVELOPMENT COMMITTEE

October 9, 2020

SUBJECT:

FISCAL YEAR 2020 FINAL BUDGET COMPARISON (GORDON MEYER)

RECOMMENDATION:

That the Budget Development Committee receive the MTS operations budget status report for Fiscal Year (FY) 2020 and forward recommendation to the Board of Directors to approve staff recommendations for programming excess revenues less expenses.

Budget Impact

Final FY20 results show revenues exceeding expenses by \$4,159,000. After reserve related adjustments, there will be \$4,074,000 in excess revenues, which staff recommends be allocated between the contingency reserve and the Capital Improvement Program (CIP). Specifically, staff recommends the allocation of \$1,474,000 to the contingency reserve balance and \$2,600,000 to the CIP.

DISCUSSION:

This report summarizes the year-end operating results for fiscal year (FY) 2020 compared to the FY 2020 amended budget for the San Diego Metropolitan Transit System (MTS). The FY20 amended budget includes the projected impacts from the COVID-19 pandemic; therefore, variances are between actuals and the FY20 amended budget, inclusive of projected impacts from the pandemic. Attachment A-1 combines the operations', administrations' and other activities' results for FY 2020. Attachment A-2 details the FY 2020 combined operations' results and Attachments A-3 to A-7 present budget comparisons for each MTS operation. Attachment A-8 details budget comparisons for MTS Administration, and Attachment A-9 provides FY 2020 results for MTS's other activities (Taxicab/San Diego and Arizona Eastern Railway Company). Attachment A-10 details subsidy revenue and other non-operating revenue and expenses. Attachment A-11 details MTS's contingency reserve balance. Attachment A-12 details the balances of all reserve accounts.



MTS OPERATING SUBSIDY RESULTS

As indicated within Attachment A-1, for the fiscal year ending June 2020, MTS's net-operating income favorable variance totaled \$13,504,000 (6.3%). The favorable budget results were primarily due to favorable experience in passenger revenue, other operating revenue, personnel, outside services, energy, general and administrative costs, and vehicle and facility leases; partially offset by unfavorable variances in materials and supplies and risk management costs. The amended budget includes the projected fiscal impacts of the COVID-19 pandemic within these categories, and most of the favorable variances were a result of the actual impact on operations in FY20 not being as severe as initially projected.

Non-operating net subsidy for FY20 was unfavorable to budget by \$9,345,000 (-4.4%), primarily due to utilizing less Federal Transit Administration (FTA) Coronavirus Aid, Relief, and Economic Security (CARES) Act funds than projected.

In total, revenues exceeded expenses by \$4,159,000 million for FY20.

MTS COMBINED RESULTS

Operating Revenues. Total combined operating revenues for FY20 were \$101,349,000 compared to the budget of \$95,029,000, representing a \$6,320,000 (6.7%) favorable variance. Year-to-date passenger revenue had a favorable variance of \$3,236,000 (4.2%). Other operating revenue was favorable by \$3,084,000 (16.5%), primarily due to lower than projected decreases in energy credit, interest, advertising, and rental revenues due to the pandemic. State energy credit revenues included the direct sale of 4,500 state energy credits for \$895,500. Rental income was favorable to budget primarily due to a large payment from the County for their share of the Mills building rent. The rent calculation changed as a result of the Mills building debt being paid off and the amended budget did not reflect the new rent calculation.

Operating Expenses. Total combined expenses for FY20 were \$302,199,000 compared to the budget of \$309,383,000 resulting in a \$7,184,000 (2.3%) favorable variance.

Personnel Costs. Personnel-related costs totaled \$139,338,000, compared to a budgetary figure of \$144,214,000, producing a favorable variance of \$4,876,000 (3.4%). This was primarily due to favorable COVID-19 related paid absences, Health and Welfare expenses, operator wages for Bus and Trolley, and cost recovery. Paid absences were favorable because the FY20 amended budget includes an additional \$2,900,000 in projected COVID-19 related paid absences, but COVID-19 related paid absences were paid for directly by the federal government as a pass through and thus did not result in additional expenses for MTS. Health and Welfare expenses were favorable due to a one-time accrual reversal in FY20 to adjust for over-accrued Riverstone health insurance claim expenses in FY19. Operator wages were favorable due to reduced service levels.

Outside Services and Purchased Transportation. Total outside services for the fiscal year totaled \$105,613,000 compared to a budget of \$108,630,000, resulting in a favorable variance of \$3,017,000 (2.8%). This was primarily due to favorable expenses within Administration, Purchased Transportation, and Engines and Transmissions costs. The favorable costs within Administration were a result of favorable Security, Information

Technology (IT), Marketing, and Sales Tax Ballot Initiative expenses. Purchased Transportation costs were favorable due to reduced service levels in response to the pandemic.

Materials and Supplies. Total materials and supplies expenses were \$14,152,000, compared to a budgetary figure of \$13,904,000, resulting in an unfavorable variance of \$248,000 (-1.8%). This is primarily due to unfavorable revenue vehicle parts for light rail vehicles.

Energy. Total energy costs were \$29,748,000, compared to the budget of \$30,001,000 resulting in a favorable variance of \$253,000 (0.8%). This is primarily due to favorable diesel, CNG, and gasoline consumption as a result of reduced service levels; partially offset by unfavorable electricity expenses due to higher than projected rates.

Risk Management. Total expenses for risk management were \$7,608,000 compared to the budget of \$4,800,000, resulting in an unfavorable variance totaling \$2,808,000 (-58.5%). This is primarily due to a one-time settlement payout within Administration.

General and Administrative. Total general and administrative costs were \$4,501,000 for FY20, compared to a budget of \$6,584,000, resulting in a favorable variance of \$2,083,000 (31.6%). This was primarily due to favorable IT expenses, credit card fees, and fare system materials. The amended budget included an additional \$1,100,000 in additional budget for remote working capabilities in response to the pandemic; however, the IT department was able to deploy remote working capabilities while staying within the original budget, so none of the extra budget was utilized. Favorable credit card fees and fare system materials were a result of lower passenger volumes and customer transactions.

Vehicle and Facility Leases. The vehicle and facilities leases costs were \$1,239,000 compared to the budget of \$1,251,000, resulting in a \$12,000 (0.9%) favorable variance.

Subsidy Revenue and Other Non-Operating Revenue and Expenses

Attachment A-10 details subsidy revenue and other non-operating revenue and expenses. Subsidy and non-operating revenues for FY20 were \$205,009,000 compared to the fiscal year budget of \$214,353,000, representing an unfavorable variance of \$9,345,000 (-4.4%). The drivers of this favorable variance are detailed as follows:

- On March 27, 2020, the President signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which provided \$25 billion to the transit industry nationwide. MTS will receive \$220 million in CARES Act funding across multiple fiscal years. The FY20 amended budget included \$33,500,000 in CARES Act funding based on projected deficits; however, MTS only utilized \$17,900,000 of CARES Act funding in FY20 due to lower than projected deficits. As a result, more CARES funding will be available in future fiscal years where operating deficits have the potential to be much larger.
- Transportation Development Act (TDA) funds were \$4,700,000 favorable to budget. The budget assumed a \$6,000,000 reduction in TDA due to projected decreases in regional sales tax revenues; however, MTS received the original TDA claim amount, and the impact on sales tax receipts was not as severe as projected in the amended budget.

- Transnet revenues were \$628,000 favorable to the amended budget. The amended budget included a decrease of \$2,000,000 due to projected lower regional sales tax receipts. However, regional sales tax receipts in FY20 were higher than projected.
- State Transit Assistance (STA) funds were \$1,613,000 (17.3%) favorable to the amended budget. STA funds are shared between capital and operations. MTS projected a decrease of \$2,000,000 in the operating budget due to the pandemic. STA payments exceeded projections for FY20, and most of the impact to STA is expected to occur in FY21 based on forecasts from the State.
- Other State Revenue was unfavorable by \$219,000 (-24.6%), primarily due to decreased MediCal revenue resulting from lower paratransit passenger volumes.

Net Revenues Less Expenses

For FY20, MTS had an excess of revenues over expenses totaling \$4,074,000. Staff recommends allocating the excess revenues between the contingency reserve balance and the CIP. Specifically, staff recommends the allocation of \$1,474,000 to the contingency reserve balance and \$2,600,000 to the CIP to provide capital funding to reflect the Board's decision to accelerate ZEB purchases in FY22.

Reserves

Attachment A-11 details MTS's contingency reserve. The contingency reserve target is 12.5% of the operating budget. The ending reserve balance on June 30, 2019, was \$37,786,000. After adjusting for interest and income from SD&AE and Taxicab Administration (which are self-funded), the total excess revenues equal \$4,074,000. After allocating \$2,600,000 of excess revenues to the FY22 CIP, the remaining excess revenues of \$1,474,000 would go to the contingency reserve balance, which would result in a projected ending reserve balance of \$39,260,000, or 12.5% of the FY21 operating budget.

MTS has other designated reserves, of which the balances for each are listed on Attachment A-12.

/s/ Sharon Cooney

Sharon Cooney
Chief Executive Officer

Key Staff Contact: Mike Thompson, 619.557.4557, mike.thompson@sdmts.com

Attachment: A. Comparison to Budget

**MTS
CONSOLIDATED**

COMPARISON TO BUDGET - FISCAL YEAR 2020

JUNE 30, 2020

(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 79,532	\$ 76,296	\$ 3,236	4.2%
Other Revenue	21,817	18,733	3,084	16.5%
Total Operating Revenue	\$ 101,349	\$ 95,029	\$ 6,320	6.7%
Personnel costs	\$ 139,338	\$ 144,214	\$ 4,876	3.4%
Outside services	105,613	108,630	3,017	2.8%
Materials and supplies	14,152	13,904	(248)	-1.8%
Energy	29,748	30,001	253	0.8%
Risk management	7,608	4,800	(2,808)	-58.5%
General & administrative	4,501	6,584	2,083	31.6%
Vehicle/facility leases	1,239	1,251	12	0.9%
Administrative Allocation	0	0	0	0.0%
Total Operating Expenses	\$ 302,199	\$ 309,383	\$ 7,184	2.3%
Operating Income (Loss)	\$ (200,850)	\$ (214,353)	\$ 13,504	6.3%
Total Non-Operating Activities	205,009	214,353	(9,345)	-4.4%
Income (Loss) before Capital Contributions	\$ 4,159	\$ (0)	\$ 4,159	-

**OPERATIONS
CONSOLIDATED**

COMPARISON TO BUDGET - FISCAL YEAR 2020

JUNE 30, 2020

(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 79,532	\$ 76,296	\$ 3,236	4.2%
Other Revenue	754	786	(33)	-4.2%
Total Operating Revenue	\$ 80,285	\$ 77,082	\$ 3,203	4.2%
Personnel costs	\$ 117,732	\$ 122,001	\$ 4,269	3.5%
Outside services	88,364	89,429	1,065	1.2%
Materials and supplies	14,130	13,890	(240)	-1.7%
Energy	28,883	29,103	219	0.8%
Risk management	3,710	3,968	258	6.5%
General & administrative	868	869	2	0.2%
Vehicle/facility leases	1,026	1,055	29	2.7%
Administrative Allocation	26,530	26,530	(0)	0.0%
Total Operating Expenses	\$ 281,244	\$ 286,846	\$ 5,602	2.0%
Operating Income (Loss)	\$ (200,959)	\$ (209,763)	\$ 8,805	4.2%
Total Non-Operating Activities	201,039	209,763	(8,724)	-4.2%
Income (Loss) before Capital Contributions	\$ 80	\$ (0)	\$ 80	-

OPERATIONS

BUS - DIRECTLY OPERATED (SAN DIEGO TRANSIT CORP.)

COMPARISON TO BUDGET - FISCAL YEAR 2020

JUNE 30, 2020

(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 19,749	\$ 18,034	\$ 1,715	9.5%
Other Revenue	7	6	1	10.5%
Total Operating Revenue	\$ 19,756	\$ 18,040	\$ 1,716	9.5%
Personnel costs	\$ 77,251	\$ 79,398	\$ 2,148	2.7%
Outside services	1,593	1,862	268	14.4%
Materials and supplies	6,586	6,723	137	2.0%
Energy	5,750	5,894	144	2.4%
Risk management	1,606	1,883	277	14.7%
General & administrative	389	400	11	2.7%
Vehicle/facility leases	348	375	27	7.2%
Administrative Allocation	7,073	7,073	(0)	0.0%
Total Operating Expenses	\$ 100,597	\$ 103,609	\$ 3,012	2.9%
Operating Income (Loss)	\$ (80,841)	\$ (85,569)	\$ 4,728	5.5%
Total Non-Operating Activities	80,841	85,569	(4,728)	-5.5%
Income (Loss) before Capital Contributions	\$ 0	\$ (0)	\$ 0	-

OPERATIONS
RAIL (SAN DIEGO TROLLEY INC.)
COMPARISON TO BUDGET - FISCAL YEAR 2020
JUNE 30, 2020
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 36,464	\$ 35,611	\$ 852	2.4%
Other Revenue	747	780	(33)	-4.3%
Total Operating Revenue	\$ 37,210	\$ 36,391	\$ 819	2.3%
Personnel costs	\$ 39,581	\$ 41,676	\$ 2,094	5.0%
Outside services	6,434	6,240	(194)	-3.1%
Materials and supplies	7,448	7,124	(323)	-4.5%
Energy	15,646	15,455	(191)	-1.2%
Risk management	2,088	2,070	(18)	-0.9%
General & administrative	452	455	3	0.7%
Vehicle/facility leases	349	349	(0)	-0.1%
Administrative Allocation	16,818	16,818	(0)	0.0%
Total Operating Expenses	\$ 88,818	\$ 90,188	\$ 1,370	1.5%
Operating Income (Loss)	\$ (51,607)	\$ (53,797)	\$ 2,189	4.1%
Total Non-Operating Activities	51,607	53,797	(2,189)	-4.1%
Income (Loss) before Capital Contributions	\$ (0)	\$ (0)	\$ 0	-

OPERATIONS
BUS - CONTRACTED SERVICES (FIXED ROUTE)
COMPARISON TO BUDGET - FISCAL YEAR 2020
JUNE 30, 2020
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 20,934	\$ 20,646	\$ 288	1.4%
Other Revenue	0	-	0	-
Total Operating Revenue	\$ 20,934	\$ 20,646	\$ 288	1.4%
Personnel costs	\$ 605	\$ 565	\$ (40)	-7.2%
Outside services	66,060	67,017	957	1.4%
Materials and supplies	96	43	(54)	-125.0%
Energy	6,352	6,587	235	3.6%
Risk management	-	-	-	-
General & administrative	1	4	4	83.9%
Vehicle/facility leases	47	51	4	7.2%
Administrative Allocation	2,178	2,178	(0)	0.0%
Total Operating Expenses	\$ 75,339	\$ 76,445	\$ 1,105	1.4%
Operating Income (Loss)	\$ (54,406)	\$ (55,799)	\$ 1,393	2.5%
Total Non-Operating Activities	54,406	55,799	(1,393)	-2.5%
Income (Loss) before Capital Contributions	\$ -	\$ 0	\$ (0)	-

OPERATIONS
BUS - CONTRACTED SERVICES (PARATRANSIT)
COMPARISON TO BUDGET - FISCAL YEAR 2020
JUNE 30, 2020
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 2,386	\$ 2,006	\$ 380	18.9%
Other Revenue	-	-	-	-
Total Operating Revenue	\$ 2,386	\$ 2,006	\$ 380	18.9%
Personnel costs	\$ 167	\$ 155	\$ (12)	-8.0%
Outside services	13,882	13,915	33	0.2%
Materials and supplies	-	-	-	-
Energy	1,135	1,166	31	2.7%
Risk management	15	15	-	0.0%
General & administrative	26	10	(16)	-166.8%
Vehicle/facility leases	282	280	(2)	-0.7%
Administrative Allocation	461	461	0	0.0%
Total Operating Expenses	\$ 15,968	\$ 16,002	\$ 34	0.2%
Operating Income (Loss)	\$ (13,582)	\$ (13,996)	\$ 414	3.0%
Total Non-Operating Activities	13,582	13,996	(414)	-3.0%
Income (Loss) before Capital Contributions	\$ -	\$ 0	\$ (0)	-

**OPERATIONS
CORONADO FERRY**

COMPARISON TO BUDGET - FISCAL YEAR 2020

JUNE 30, 2020

(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	-	-	-	-
Total Operating Revenue	\$ -	\$ -	\$ -	-
Personnel costs	\$ -	\$ -	\$ -	-
Outside services	223	223	-	0.0%
Materials and supplies	-	-	-	-
Energy	-	-	-	-
Risk management	-	-	-	-
General & administrative	-	-	-	-
Vehicle/facility leases	-	-	-	-
Administrative Allocation	-	-	-	0.0%
Total Operating Expenses	\$ 223	\$ 223	\$ -	0.0%
Operating Income (Loss)	\$ (223)	\$ (223)	\$ -	0.0%
Total Non-Operating Activities	223	223	-	0.0%
Income (Loss) before Capital Contributions	\$ (0)	\$ (0)	\$ -	-

**ADMINISTRATION
CONSOLIDATED**

COMPARISON TO BUDGET - FISCAL YEAR 2020

JUNE 30, 2020

(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	20,052	16,805	3,247	19.3%
Total Operating Revenue	\$ 20,052	\$ 16,805	\$ 3,247	19.3%
Personnel costs	\$ 20,860	\$ 21,525	\$ 665	3.1%
Outside services	17,197	19,012	1,815	9.5%
Materials and supplies	17	13	(3)	-25.9%
Energy	851	880	29	3.3%
Risk management	3,867	754	(3,113)	-412.9%
General & administrative	3,510	5,581	2,071	37.1%
Vehicle/facility leases	190	170	(20)	-11.7%
Administrative Allocation	(26,576)	(26,576)	-	0.0%
Total Operating Expenses	\$ 19,917	\$ 21,360	\$ 1,443	6.8%
Operating Income (Loss)	\$ 135	\$ (4,555)	\$ 4,690	103.0%
Total Non-Operating Activities	3,944	4,555	(611)	-13.4%
Income (Loss) before Capital Contributions	\$ 4,079	\$ 0	\$ 4,079	-

OTHER ACTIVITIES
CONSOLIDATED

COMPARISON TO BUDGET - FISCAL YEAR 2020

JUNE 30, 2020

(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	1,012	4,159	(3,147)	-75.7%
Total Operating Revenue	\$ 1,012	\$ 4,159	\$ (3,147)	-75.7%
Personnel costs	\$ 746	\$ 688	\$ (58)	-8.4%
Outside services	52	188	136	72.5%
Materials and supplies	5	1	(5)	-909.1%
Energy	13	18	4	25.6%
Risk management	30	78	47	60.9%
General & administrative	123	134	10	7.7%
Vehicle/facility leases	23	26	3	11.3%
Administrative Allocation	46	46	0	0.0%
Total Operating Expenses	\$ 1,038	\$ 1,177	\$ 139	11.8%
Operating Income (Loss)	\$ (26)	\$ 2,982	\$ (3,008)	100.9%
Total Non-Operating Activities	26	35	(9)	-25.8%
Income (Loss) before Capital Contributions	\$ (0)	\$ 3,017	\$ (3,017)	-

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
MTS
COMBINED SUBSIDY AND OTHER NON-OPERATING REVENUE AND EXPENSES
COMPARISON TO BUDGET - FISCAL YEAR 2020
June 30, 2020
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
<u>Subsidy Revenue</u>				
Federal Revenue	\$ 63,130	\$ 63,251	\$ (121)	-0.2%
FTA CARES Act	\$ 17,900	\$ 33,500	\$ (15,600)	-46.6%
Transportation Development Act	63,505	58,805	4,700	8.0%
State Transit Assistance	10,913	9,300	1,613	17.3%
State Revenue - Other	670	889	(219)	-24.6%
TransNet funds	40,315	39,687	628	1.6%
Other Local subsidies	9,534	9,696	(162)	-1.7%
Total Subsidy Revenue	\$ 205,967	\$ 215,128	\$ (9,161)	-4.3%
<u>Other Non-Operating Revenue and Expense</u>				
Investment Earnings	\$ -	\$ -	\$ -	-
Other Non-Operating Income	26	211	(184)	-87.6%
Other Non-Operating Expenses	(984)	(985)	1	-0.1%
Total Other Non-Operating Revenue				
Revenue and Expense	\$ (958)	\$ (775)	\$ (184)	23.7%
Total Subsidy and Non-Operating				
Revenue and Expense	\$ 205,009	\$ 214,353	\$ (9,345)	-4.4%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
MTS
CONTINGENCY RESERVE BALANCE

JUNE 30, 2020
(in \$000's)

Balance, June 30, 2019	\$ 37,786
Current Year Adjustments:	
FY 2020 Income (Loss) Before Reserves	\$ 4,133
Remove Other Activities contributions to income:	
SDAE	\$ (63)
Taxi	\$ 89
Interest Adjustment	\$ (85)
Transfer to CIP	\$ (2,600)
Net Adjustments:	<u>\$ 1,474</u>
Balance, June 30, 2019	<u><u>\$ 39,260</u></u>
 FY21 Operating Expense Budget	 \$ 345,570
FY21 Operating Budget Adjustments:	
Debt Service	\$ (851)
Transnet Funded Operations	\$ (30,473)
Net Adjustments:	<u>\$ (31,324)</u>
Adjusted FY21 Operating Expense Budget	<u><u>\$ 314,246</u></u>
 Contingency Reserve % of MTS Operating Expense Budget	 <u>12.5%</u>

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
MTS
RESERVE BALANCES
JUNE 30, 2020

Title	Amount	Explanation
Contingency	\$ 39,259,509	For ongoing operations, future matching of grants; target is 12.5% of operating budget per Policy 36
Taxicab Contingency	144,677	For ongoing operations and future capital improvement needs
SD&AE	448,711	Established from 1984 state payments for storm damage, restricted for repair/improvement of line
Insurance	2,000,000	Established for potential future liability claims, minimum \$2 million per Policy 46
Billboard San Diego	342,245	Per agreement with city, used for improvements to right of way
Billboard Chula Vista	1,993,010	Per agreement with city, used for improvements to right of way
Land Management	0	For repair and maintenance of rental property
Total	\$ 44,188,153	

Metropolitan Transit System FY 2020 - June 2020 Financial Review

MTS Budget Development Committee
October 9, 2020

CONSOLIDATED MTS OPERATIONS

COMPARISON TO BUDGET – JUNE 30, 2020 - FY 2020

FTA CARES ACT FUNDING

- FY20 Amended Budget included \$33.5M of projected CARES Act funding to cover projected revenue losses and increased expenses resulting from COVID-19 pandemic
- Favorable budget results in FY20 means less CARES Act funding to balance deficit in FY20, but structural deficit is real
- Using less CARES Act funding in FY20 means more CARES Act funding available for FY21 and out years where structural deficits are projected to be much higher

CONSOLIDATED MTS OPERATIONS

COMPARISON TO BUDGET – JUNE 30, 2020 - FY 2020

TOTAL OPERATING REVENUES (\$000's)

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>VAR %</u>
Fare Revenue	\$ 79,532	\$ 76,296	\$ 3,236	4.2%
Other Operating Revenue	\$ 21,817	\$ 18,733	\$ 3,084	16.5%
Operating Revenue	\$ 101,349	\$ 95,029	\$ 6,320	6.7%

- Fare Revenue
 - Revenue unfavorable to prior year by \$12.7M (-13.8%)
 - Ridership unfavorable to the prior year by 14.1M passengers (-16.6%)
- Other Operating Revenue
 - COVID-19 decreases to energy credits, interest, advertising, and rental income lower than projected (projected \$2M decrease)
 - County rental payment for Mills building higher than budget; rent calculation changed after final debt payment

CONSOLIDATED MTS OPERATIONS

COMPARISON TO BUDGET – JUNE 30, 2020 - FY 2020

TOTAL OPERATING EXPENSES (\$000's)

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>VAR %</u>
Personnel Costs	\$ 139,338	\$ 144,214	\$ 4,876	3.4%
Purchased Transportation	\$ 75,308	\$ 77,286	\$ 1,978	2.6%
Other Outside Services	\$ 30,305	\$ 31,344	\$ 1,039	3.3%
Energy	\$ 29,748	\$ 30,001	\$ 253	0.8%
Other Expenses	\$ 27,500	\$ 26,539	\$ (961)	-3.6%
Operating Expenses	\$ 302,199	\$ 309,383	\$ 7,184	2.3%

- Personnel – favorable paid absences, health & welfare, operator wages, cost recovery
- Purchased Transportation – reduced service levels in April through June
- Other Outside Services – favorable within Administration, engines and transmissions
- Energy – favorable CNG, diesel, and gas consumption; unfavorable electricity rates
- Other Expenses - unfavorable risk management due to one-time legal settlement; partially offset by favorable IT, credit card fees, and fare materials

CONSOLIDATED MTS OPERATIONS

COMPARISON TO BUDGET – JUNE 30, 2020 - FY 2020

TOTAL OPERATING VARIANCE (\$000's)

Combined Net Operating Variance

MTS Operating Revenue	\$ 6,320
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MTS Operating Expenses	<u>\$ 7,184</u>
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Total Combined Net Operating Variance	\$ 13,504
----------------------------------------------	------------------

Variance Percentage	6.3%
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CONSOLIDATED MTS OPERATIONS

COMPARISON TO BUDGET – JUNE 30, 2020 - FY 2020

SUBSIDY REVENUE CATEGORY DESCRIPTIONS

- **Federal**
 - Recurring FTA funds for preventive maintenance and rural ops (5307, 5337, 5311)
- **FTA CARES Act**
 - \$25B federal stimulus package in response to pandemic; MTS share is \$220M
- **Transportation Development Act (TDA)**
 - 1/4 percent of regional sales tax assessed in region and administered by SANDAG and County
- **Transnet**
 - ½ cent sales tax in San Diego County to fund transportation projects
 - MTS receives formula share and reimbursement for Transnet funded operations



CONSOLIDATED MTS OPERATIONS

COMPARISON TO BUDGET – JUNE 30, 2020 - FY 2020

SUBSIDY REVENUE CATEGORY DESCRIPTIONS (CONTINUED)

- State Transit Assistance (STA)
 - State sales tax on diesel fuel distributed based on population and agency revenue
- Other
 - MediCal reimbursement for trips to and from Managed Care Providers (MCPs)
 - FasTrak revenue – toll road revenue appropriated by SANDAG
 - UCSD Shuttle Service Agreement
 - City of San Diego ADA Maintenance of Effort
 - NCTD Sorrento Valley Coaster Connection (SVCC)
 - Taxicab and SD&AE Self-Funded Reserves

CONSOLIDATED MTS OPERATIONS

COMPARISON TO BUDGET – JUNE 30, 2020 - FY 2020

TOTAL NON-OPERATING REVENUES (\$000's)

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>VAR %</u>
Federal	\$ 63,130	\$ 63,251	\$ (121)	-0.2%
FTA CARES	\$ 17,900	\$ 33,500	\$ (15,600)	-46.6%
TDA	\$ 63,505	\$ 58,805	\$ 4,700	8.0%
TransNet	\$ 40,315	\$ 39,687	\$ 628	1.6%
STA	\$ 10,913	\$ 9,300	\$ 1,613	17.3%
Other	\$ 10,230	\$ 10,796	\$ (566)	-5.2%
Non-Operating Revenue	\$ 205,993	\$ 215,338	\$ (9,345)	-4.3%

- FTA CARES – deficit lower than projected; needed less CARES to fill gaps
- TDA – projected \$6M decrease due to COVID-19; received full claim amount
- Transnet – budgeted \$2M reduction due to COVID-19; favorable sales tax receipts
- STA – allocations from state higher than budget; impact coming in FY21 per state forecast
- Other – lower MediCal, FasTrak, and SD&AE/Ballot Measure reserves

CONSOLIDATED MTS OPERATIONS

COMPARISON TO BUDGET – JUNE 30, 2020 - FY 2020

TOTAL REVENUES LESS EXPENSES (\$000's)

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>VAR %</u>
Operating Revenues	\$ 101,349	\$ 95,029	\$ 6,320	6.7%
Operating Expenses	302,199	309,383	7,184	2.3%
Net Operating Loss	\$ (200,850)	\$ (214,353)	\$ 13,504	6.3%
Non-Operating Revenues	205,993	215,338	(9,345)	-4.3%
Net Debt Service Expenses	984	985	1	0.1%
Revenues Less Expenses	\$ 4,159	\$ (0)	\$ 4,159	

- Total favorable variance of \$4.2M when combining operating and non-operating revenues and expenses
- Structural deficit of \$13.7M without CARES Act funding to fill the gap

CONSOLIDATED MTS OPERATIONS

COMPARISON TO BUDGET – JUNE 30, 2020 - FY 2020

CONTINGENCY RESERVE BALANCE (\$000's)

- Board policy for the contingency reserve balance
 - Target set at 12.5% of the Operating Expense Budget
 - FY21 Target of \$39.3M
- Current Reserve Balance
 - June 30, 2020 year end audit results in excess revenues over expenses of \$4.1M
 - 13.3% of the FY21 Operating Budget if all goes to reserves
 - \$2.6M higher than reserve target
- Proposed allocation:
 - \$1.5M to Contingency Reserve to achieve 12.5% target
 - \$2.6M to CIP to reflect Board's decision to accelerate ZEB purchases in FY22

Staff Recommendation

That the Board of Directors approve the allocation of \$4.1M in FY20 excess revenues between the Contingency Reserve balance and Capital Improvement Program (CIP):

- Allocate \$1.5M to Contingency Reserve balance to remain at 12.5%target
- Transfer \$2.6M to CIP to reflect Board's decision to accelerate ZEB purchases in FY22



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Agenda Item No. 5

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BUDGET DEVELOPMENT COMMITTEE

October 9, 2020

SUBJECT:

FISCAL YEAR 2021 BUDGET UPDATE (MIKE THOMPSON)

RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Budget Development Committee receive a report regarding updated short- and medium-term financial forecasts.

Budget Impact

None at this time.

DISCUSSION:

Staff will review and update key assumptions within the FY 2021 operating budget, which was adjusted to include the estimated impacts of the COVID-19 pandemic. Staff will provide updated assumptions on operating revenues, subsidy revenues, and operating expenses to reflect the current environment that has developed over the last six months.

Staff will also provide a financial forecast for both operations and capital over the next five years to provide visibility of pandemic and operational related impacts on MTS financial future.

/s/ Sharon Cooney

Sharon Cooney
Chief Executive Officer

Key Staff Contact: Mike Thompson, 619.557.4557, mike.thompson@sdmts.com



Metropolitan Transit System FY21 Operating Budget Overview

MTS Board of Directors
Budget Development Committee
October 9, 2020

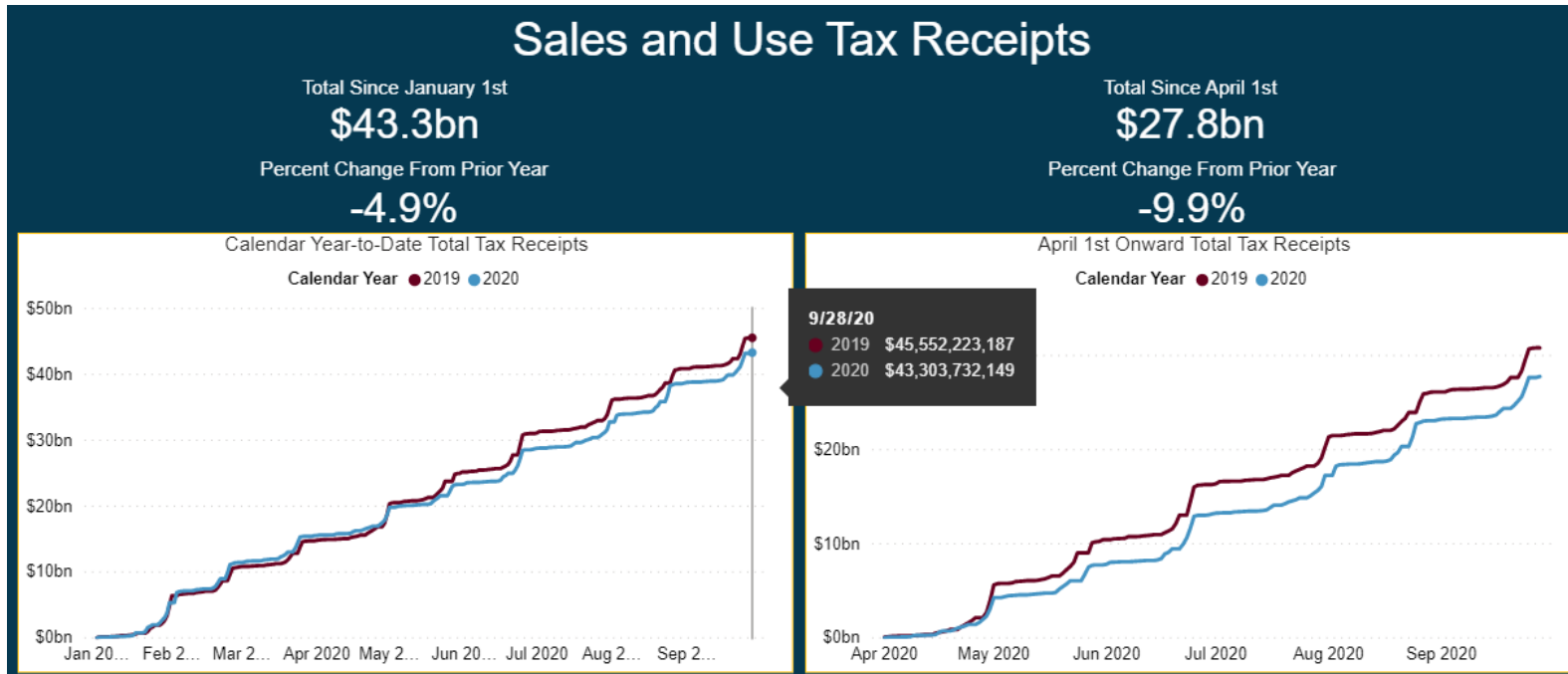
Fiscal Year 2021 Operating Budget Overview

- FY21 Operating Budget
 - Draft balanced budget was complete as the pandemic hit
 - Layered in some preliminary/high level pandemic assumptions
 - Drastic reductions to operating and subsidy revenues, \$84M in total
 - Minor changes to expenses, \$18M increase on top of the original draft budget
 - CARES Act revenues of \$101.5M used to balance the budget deficits
- Today's update
 - Six months of pandemic experience, two months of FY21 actual results
 - Still many uncertainties
 - Ridership remains less than half of baseline
 - Many economic indicators point to a recession worse than the Great Recession
 - However, sales tax receipts higher than expected so far
 - Recovery timeline still not clear

Fiscal Year 2021 Operating Budget

Revenue Assumptions - Sales Tax Revenues

- State sales tax receipts through 9/28/20



- Muddy picture
 - Economic news in general
 - Business not as usual
 - Yet positive sales tax news:
 - Calendar year Q1 ended up 5.4% higher year over year
 - Q3 thru 9/28 is also higher than 2019
 - Online marketplaces required to collect and submit sales tax for the first time beginning 10/1/2019, much larger impact than expected
 - Or just too soon to tell?

QTR:	1/1 to 3/31	4/1 to 6/30	7/1 to 9/28
2019	14,733,470,725	16,295,478,711	14,523,273,751
2020	15,530,554,052	13,178,628,006	14,594,550,091
Change	5.4%	-19.1%	0.5%

Fiscal Year 2021 Operating Budget

Revenue Assumptions - Sales Tax Revenues

- Transportation Development Act (TDA) funding
 - Original MTS apportionment: \$104.3 million
 - Budget revised down to: \$86.8 million
 - Used for both Capital and Operating budgets
 - Updated forecast: \$91.9 million, increase of \$5.1 million
 - This amount is based on SANDAG's updated May forecast (TDA claim amount)
 - Healthy TDA reserve at the county level to supplement actual cash receipts
- TransNet formula funding
 - Original MTS apportionment: \$30.6 million
 - Budget revised down to: \$24.6 million
 - Updated forecast: \$25.0 million, increase of \$0.4 million
 - MTS will receive their formula share of actual cash receipts
 - SANDAG May forecast: \$25.9 million
 - Muniservices (SANDAG consultant) August forecast: \$25.0 million

Fiscal Year 2021 Operating Budget

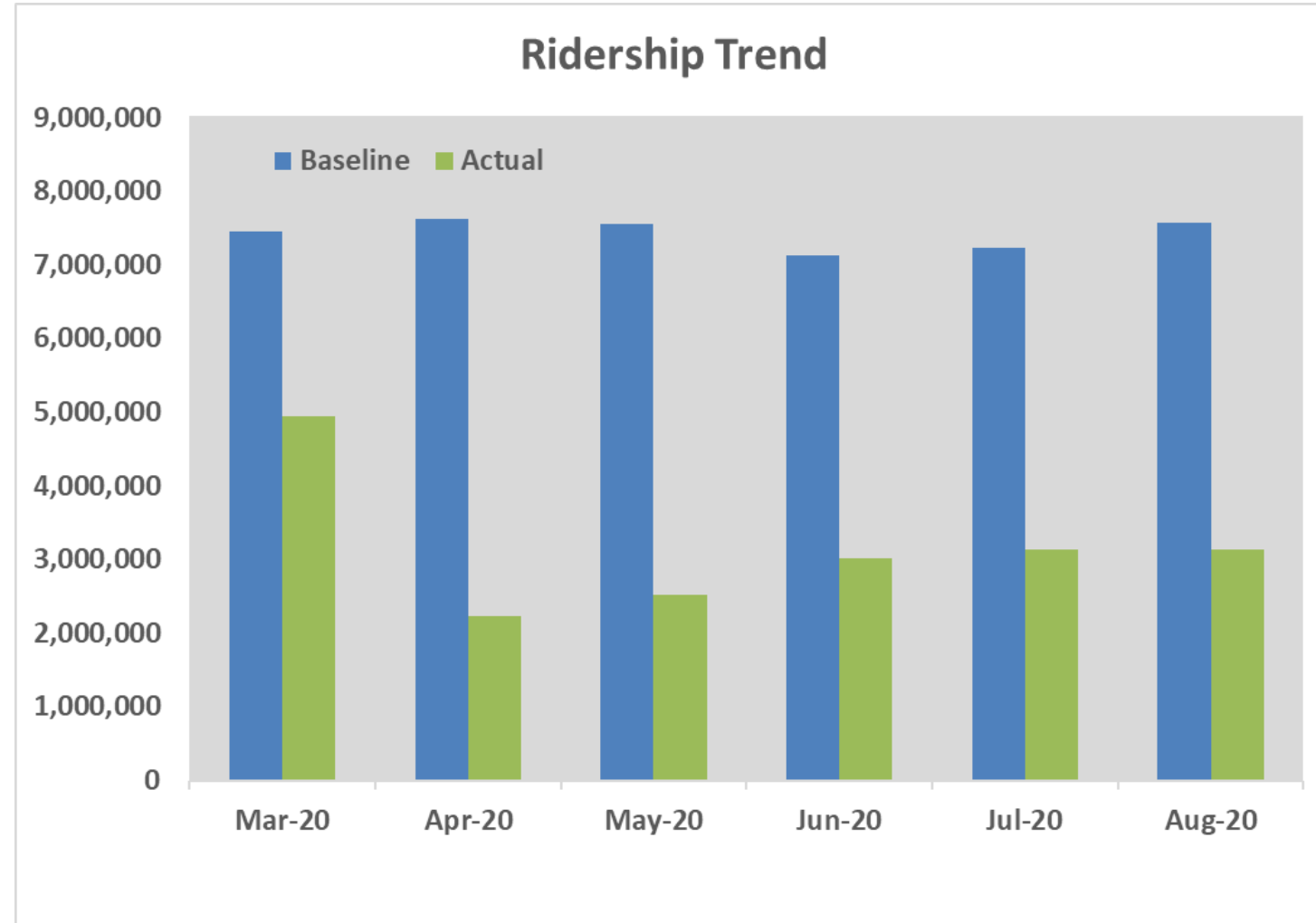
Revenue Assumptions - State Transit Assistance (STA)

- State Transit Assistance (STA)
 - State sales tax on diesel fuel
 - Distributed based on population and agency revenue formulas
 - Two distributions, regular STA and State of Good Repair
 - Original MTS apportionment from the state: \$34.2 million
 - Budget revised down to: \$25.0 million
 - Updated forecast: \$22.4 million, decrease of \$2.6 million
 - August update from the State Controllers Office
 - The actual amount will be determined by the State budget May revise
 - Funding included in both Capital and Operating Budgets
 - Budget amendments will be required for both
 - Plan to move additional TDA from Operating to Capital to keep Capital whole

Fiscal Year 2021 Operating Budget Revenue Assumptions - Passenger Levels

- Ridership trend

- Comparing to pre-pandemic baseline
 - April was 29% of baseline
 - May was 33%
 - June was 42%
 - July was 43%
 - August down slightly to 41%
- No dramatic recovery at this point
- Leveling off over the last three months
- Stagnating around the “new normal” of 42-43% of baseline?

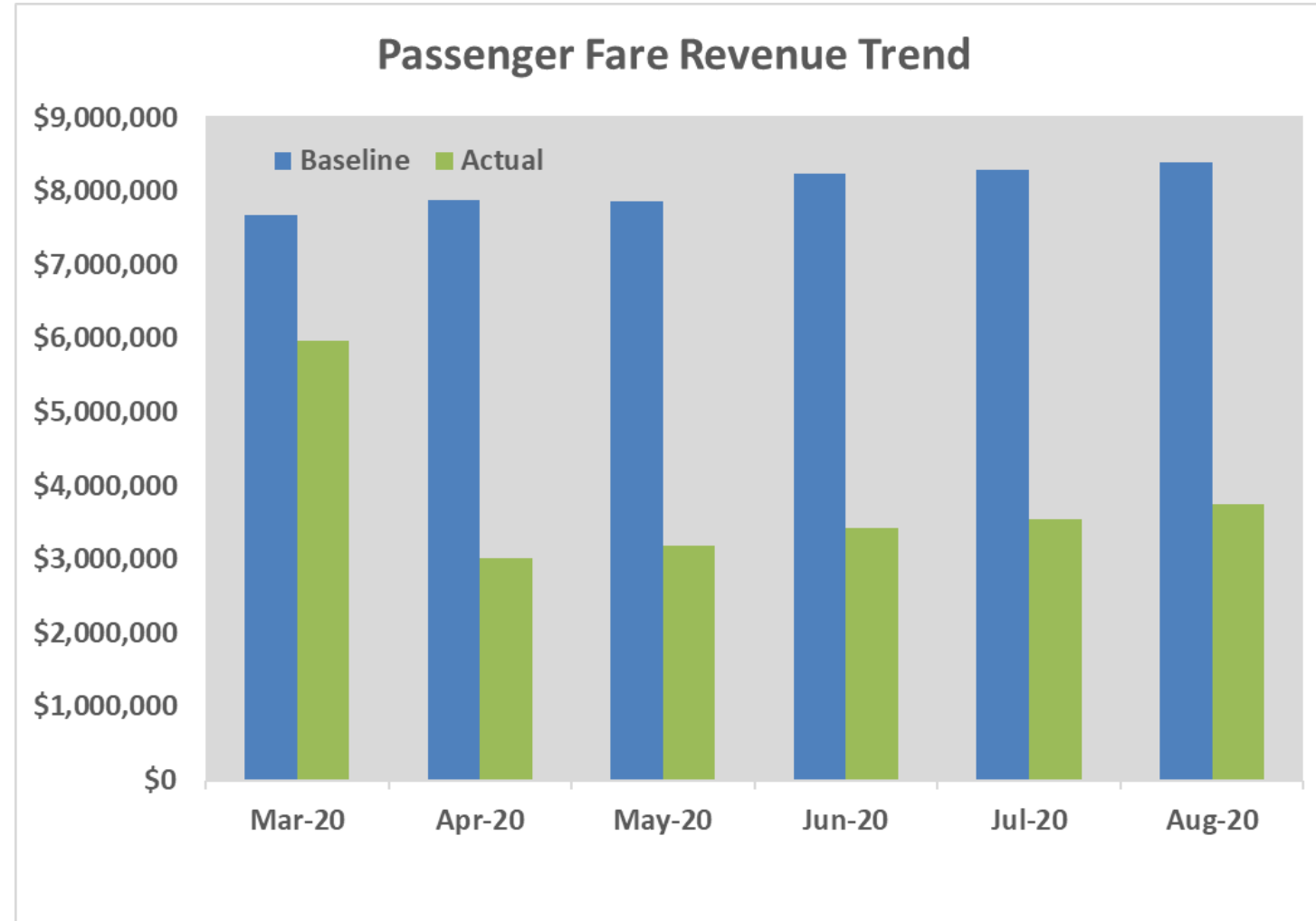


Fiscal Year 2021 Operating Budget

Revenue Assumptions - Passenger Fare Revenue

- Fare revenue trend

- Comparing to pre-pandemic baseline
 - April was 38% of baseline
 - May was 41%
 - June was 42%
 - July was 43%
 - August up slightly to 45%
- Slight growth above normal seasonality, but again, no dramatic recovery
- Fare type mix causing the variance with the ridership trend
 - August heavy one-way and day pass usage, results in higher average fare
 - New trend or one month anomaly?



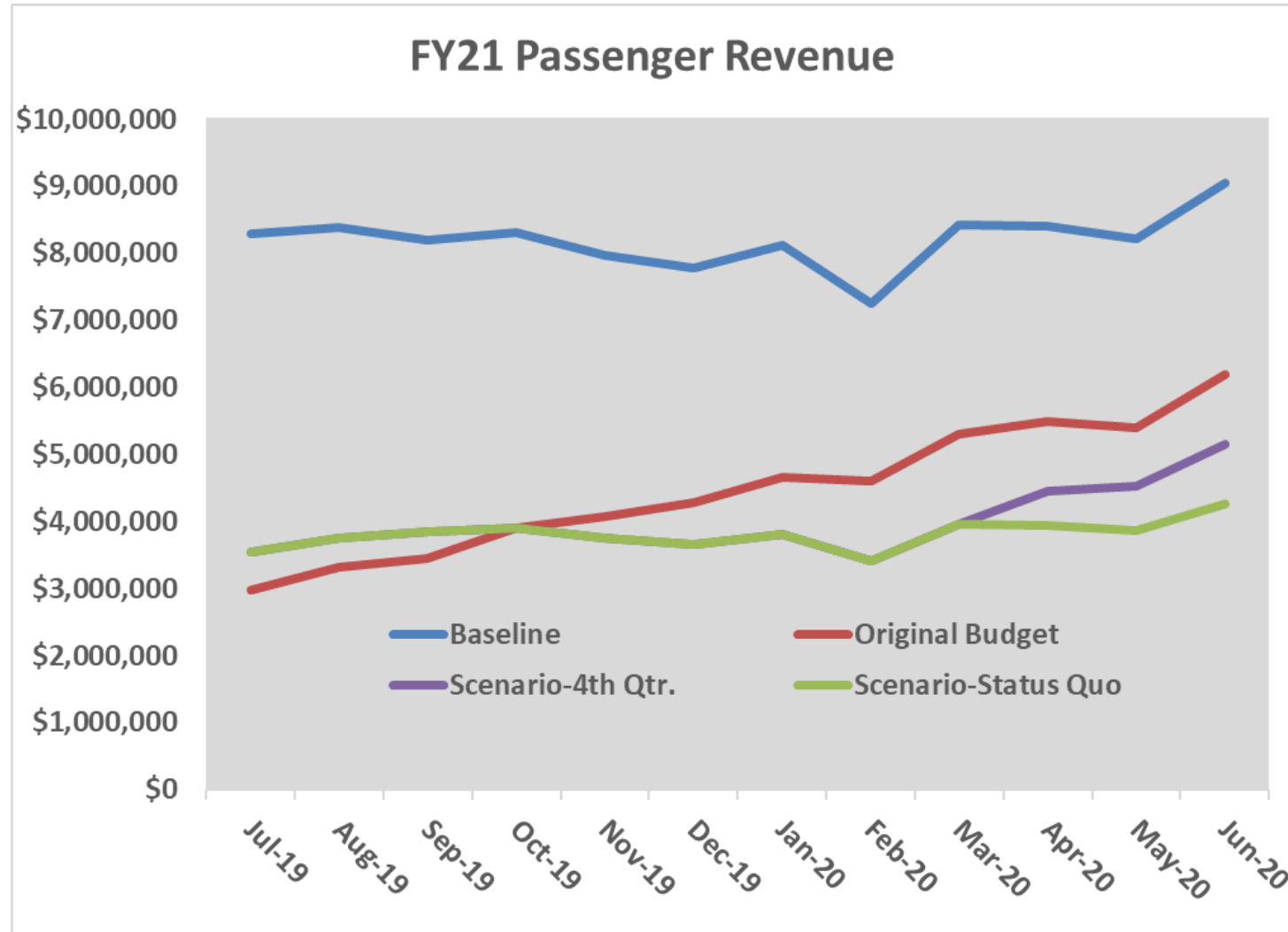
Fiscal Year 2021 Operating Budget

Revenue Assumptions - Passenger Fare Revenue

- Fare revenue forecasts

- Original budget assumed gradual recovery through the year
- Scenario for the continued status quo or new normal, 47% of baseline for Sept - June
- Separate scenario for status quo through March, then recovery begins in 4th quarter

	FY21 (\$M)	% of Baseline	Var. w/ Budget
Baseline	\$ 98.4		
Original Budget	\$ 53.6	55%	
Scenario-4th Qtr.	\$ 47.6	48%	\$ (6.0)
Scenario-Status Quo	\$ 45.6	46%	\$ (8.0)



Fiscal Year 2021 Operating Budget

Revenue Assumptions - Other Operating Revenues

- Variety of miscellaneous revenue sources
 - Approved budget included \$5M reduction from baseline
 - Current forecast only \$2.4M lower than baseline
 - Positive updates:
 - Energy credit price rebounds
 - Rental income from County for Mills Building
 - Negative updates:
 - Advertising revenues

Category (\$ millions)	Baseline	FY21	FY21
		Approved	Projected
Energy credits	\$ 9.3	\$ 8.4	\$ 9.0
Advertising	4.6	3.5	3.0
Real Estate related revenues	2.1	1.6	3.3
All Other	4.5	2.1	2.9
Total	\$ 20.6	\$ 15.6	\$ 18.2

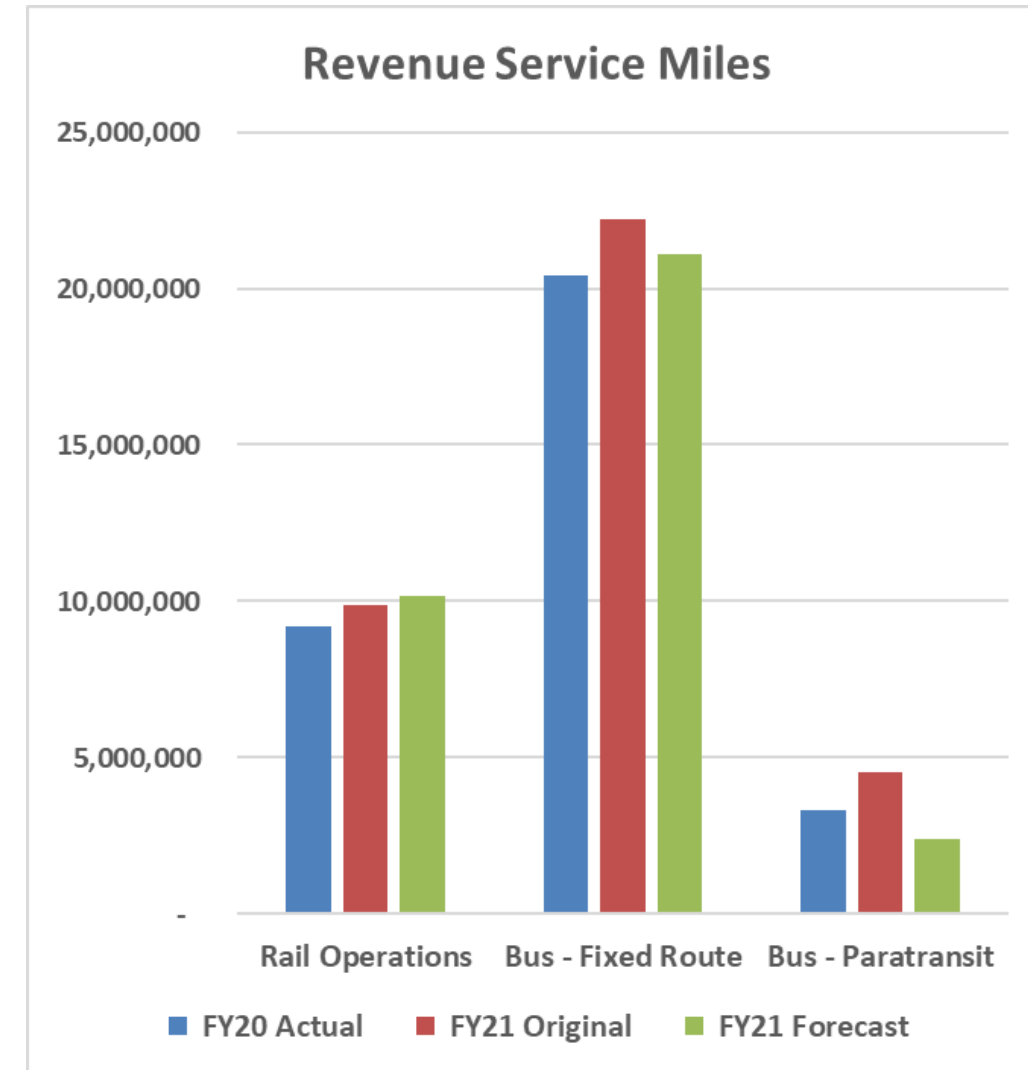
Fiscal Year 2021 Operating Budget Revenue Summary (\$000s)

	FY 2021 Approved	FY 2021 Projected	Var.	Var. %
Passenger Revenue	\$ 53,639	\$ 47,639	\$ (6,000)	-11.2%
Other Operating Revenue	15,553	18,203	2,650	17.0%
Total Operating Revenue	\$ 69,192	\$ 65,842	\$ (3,350)	-4.8%
Federal	\$ 64,182	\$ 64,182	\$ -	0.0%
TDA	61,308	63,808	2,500	4.1%
TransNet Formula	24,645	25,045	400	1.6%
TransNet Operating	13,029	13,029	-	0.0%
STA	1,300	1,000	(300)	-23.1%
Other	9,996	10,305	309	3.1%
Total Subsidy	\$ 174,460	\$ 177,369	\$ 2,909	1.7%
Reserves	\$ 291	\$ 291	\$ -	-
Total Revenue	\$ 243,944	\$ 243,503	\$ (441)	-0.2%

- Pre-pandemic baseline for Total Revenue was \$327.6M
- Reserves relate to SD&AE and Taxi Admin self funded activities

Fiscal Year 2021 Operating Budget Expense Assumptions - Service levels

- Original assumptions
 - Pre-pandemic budget assumed service increases in Bus and Rail for FY21
 - By July would be back at full service levels
 - Full service level in approved budget
- Forecasts
 - Rail:
 - Increased in June back to March levels
 - More 3 car trains, slightly higher miles overall
 - Bus-Fixed Route:
 - Increased in June back to March levels, no other anticipated changes at this point
 - 5% lower than budget
 - Bus-Paratransit: Demand at 47% of budget



Fiscal Year 2021 Operating Budget Expense Assumptions - Personnel

- Wages
 - Changes to projected service levels and operator hours assumptions
 - Expect savings of \$1.8M vs. original budget
- Fringe Benefits
 - Pension
 - Included \$15M for expected SDTC pension plan contribution increase due to poor investment performance
 - Based on actual investment performance, an increase of \$6.7M
 - Healthcare
 - Included \$1M additional premium costs related to COVID-19
 - Current projection \$550K less
- Personnel in total projected to decrease by \$10.8M

Fiscal Year 2021 Operating Budget

Expense Assumptions - Outside Services

- Purchased Transportation
 - Fixed Route
 - Lower service level assumptions
 - Decrease of \$3.5M compared to original budget
 - ADA Paratransit
 - Demand level could be half of the original budget
 - Would be \$5.8M less than original budget
- Security costs
 - Reduced need for special event coverages
 - Expected to decrease by \$470K
- Outside Services in total projected to decrease by \$9.8M

Fiscal Year 2021 Operating Budget Expense Assumptions - Energy

- Energy Budget
 - Electricity
 - Traction power and facility electric
 - Higher rates on commodity than expected
 - Increase of \$460K
 - Compressed Natural Gas
 - Fixed route bus fleet
 - Decreased volumes expected due to lower service levels
 - Partially offset by higher rates on commodity than expected
 - Decrease of \$718K
 - Gas/Diesel/Propane
 - Paratransit/Minibus/Express buses
 - Decreased volumes expected due to lower service levels
 - Decrease of \$668K
 - Total decrease of \$0.9M

Fiscal Year 2021 Operating Budget Expenses Summary (\$000s)

	FY 2021 Approved	FY 2021 Projected	Var.	Var. %
Personnel Expenses	\$ 166,733	\$ 155,943	\$ (10,790)	-6.5%
Purchased Transportation	85,200	75,850	(9,350)	-11.0%
Outside Services	30,946	30,476	(470)	-1.5%
Materials and Supplies	13,520	13,520	-	0.0%
Energy	34,577	33,651	(926)	-2.7%
Risk Management	5,767	7,267	1,500	26.0%
Other	8,827	7,799	(1,028)	-11.6%
Total Expenses	\$ 345,570	\$ 324,506	\$ (21,064)	-6.1%

Fiscal Year 2021 Operating Budget

Consolidated Revenues less Expenses (\$000s)

	FY 2021 Approved	FY 2021 Projected	Var.	Var. %
Operating Revenues	\$ 69,192	\$ 65,842	\$ (3,350)	-4.8%
Subsidy Revenues	174,460	177,369	2,909	1.7%
Total Revenues	\$ 243,652	\$ 243,211	\$ (441)	-0.2%
Total Expenses	345,570	324,506	(21,064)	-6.1%
Net Operating Deficit	\$ (101,918)	\$ (81,295)	\$ 20,623	20.2%
Reserve Revenues	291	291	-	0.0%
Revenues Less Expenses	\$ (101,626)	\$ (81,003)		
Federal CARES Act	\$ 101,626	\$ 81,003		

- \$220M in total CARES funding
 - Updated projected usage for FY20-21 of \$98.9M, 45% of total

Fiscal Year 2021 Operating Budget

5 Year Projection (\$000s)

	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Operating Revenues	\$ 65,842	\$ 98,000	\$ 125,000	\$ 128,000	\$ 131,000
Subsidy Revenues	177,369	197,486	208,486	219,486	230,486
Total Recurring Revenues	\$ 243,211	\$ 295,486	\$ 333,486	\$ 347,486	\$ 361,486
Total Operating Expenses	324,506	355,433	379,530	390,615	404,067
Net Operating Deficit	\$ (81,295)	\$ (59,947)	\$ (46,044)	\$ (43,129)	\$ (42,580)
Reserve Revenues	291	150	150	150	150
Total Revenues Less Expenses	(81,003)	(59,797)	(45,894)	(42,979)	(42,430)
Federal CARES Act	81,003	59,797	45,894	15,406	-
Total Operating Income (Deficit)	\$ -	\$ -	\$ -	\$ (27,573)	\$ (42,430)

Comments:

- Revenue recovery continues throughout the 5 year projection
- **Substantial structural deficits (recurring expenses higher than recurring revenues)**
- With slow revenue recovery, CARES could be utilized into FY24

Fiscal Year 2021 Capital Budget

5 Year Projection (\$000s)

	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Recurring CIP Revenues	\$ 66,367	\$ 78,109	\$ 71,885	\$ 71,635	\$ 69,385
Non-Recurring Revenues	33,847	28,404	12,000	25,000	5,000
Total Capital Revenues	\$ 100,214	\$ 106,514	\$ 83,885	\$ 96,635	\$ 74,385
Total Project Needs	150,962	195,031	150,105	158,519	106,276
Total Deficit	\$ (50,748)	\$ (88,517)	\$ (66,221)	\$ (61,884)	\$ (31,891)
% of Funding / Needs	66.4%	54.6%	55.9%	61.0%	70.0%
Accumulated Deficit	\$ (50,748)	\$ (139,265)	\$ (205,486)	\$ (267,370)	\$ (299,261)

Comments:

- State of good repair needs over the next 5 years against available revenues
 - Revenues presented as approved in April
 - Reminder: Competitive or discretionary revenue sources not projected
 - Project needs updated for the approved ZEB Transition Plan
- FY22 CIP development currently in process

Fiscal Year 2021

On-Going Concerns

- COVID-19
 - Recurrence
 - Monitoring load levels, potential need to increase service levels for social distancing
- Recession recovery timeline unknown
 - Sales tax revenue recovery (which will impact TDA, TransNet, STA)
 - Employment levels
 - Passengers returning to the system
- Rising costs
 - Increasing minimum wage (over 7% per year)
 - Fixed route contract procurement
 - Contract expires 6/30/2021, new rates will impact FY22 Operations
 - Security services contract procurement
 - Contract expires 6/30/2021, new rates will impact FY22 Operations
 - Cost of the ZEB Transition Plan