

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

MEMORANDUM

TO: Board of Directors

DATE: February 22, 2019

FROM: General Manager

SUBJECT: FY19 Second Quarter Financial Report

The FY19 Second Quarter Financial Report (October - December 2018) is attached. The net result for the quarter was \$8.6M favorable to budget; however, staff does not anticipate FY19 will remain favorable.

Operating Sources

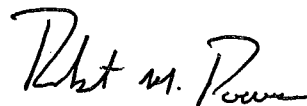
Total Ridership was 4.0% under budget for the second quarter of FY19, and 3.0% lower than in the same period of FY18. Second quarter FY19 weekday trips were 2.6% below budget and weekend/holiday trips were 9.8% below budget. Ridership was affected by poor air quality from the northern California fires. Passenger revenue in the second quarter was \$4.6M (3.8%) unfavorable. Although budget expectations for FY19 ridership were flat based on FY18 performance, passenger revenue in FY19 is \$4.4M (1.8%) below budget year-to-date.

Financial Assistance in the second quarter of FY19 was favorable to budget due to revenue from Sales Tax and Low Carbon Fuel Standard (LCFS) credit sales. Second quarter Sales Tax revenues were \$13.5M favorable (19.7%) due to receipt of late payments from previous periods. Property Tax was \$0.5M (2.1%) favorable to budget in the second quarter of FY19. Additionally, LCFS credit sales in the second quarter exceeded the \$1.6M budget by \$4.0M due to strong pricing. Per the LCFS Policy, proceeds from LCFS sales will be allocated equally to the Sustainability program and to the general operating fund. State Transit Assistance was \$9.5M unfavorable due to timing of payment by the State, but is expected to be on budget at year-end.

Operating Uses

Total Expense for the second quarter was slightly under budget, finishing \$6.5M (3.4%) favorable. Labor and benefits were on budget, at 0% favorable. Total non-labor was \$6.5M (13%) under budget, largely due to timing of expenses for professional & technical service fees and favorable energy pricing.

As FY19 progresses, low ridership is expected to have a negative impact on the net operating result. Additionally, labor expenses are projected to increase while non-labor savings are expected to be offset by increased expenditures later in the Fiscal Year. The ridership and expense trends may result in an operating deficit by FY19 Year End. Staff have implemented cost saving measures and are committed to limiting spending and increasing efficiencies to help manage the projected FY19 operating shortfall.


 Grace Crunican

cc: Board Appointed Officers
Deputy General Manager
Executive Staff