

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

MEMORANDUM

TO: Board of Directors

DATE: May 17, 2019

FROM: General Manager

SUBJECT: FY19 Third Quarter Financial Report

The FY19 Third Quarter Financial Report (January – March 2019) is attached. The net result for the quarter was \$10.2M favorable to budget, due in part to receipt of Sales Tax payments from the prior fiscal year and the timing of State Transit Assistance.

Operating Sources

Total Ridership was 1.3% under budget for the third quarter of FY19, and 2.7% lower than in the same period of FY18. Third quarter FY19 weekday trips were 0.3% below budget and weekend/holiday trips 7.0% below budget. Passenger revenue in the third quarter was \$4.1M (3.5%) unfavorable. Passenger revenue in FY19 is \$8.5M (2.3%) below budget year-to-date. Although ridership is under budget year-to-date, recent trends indicate that the rate of decline is slowing, with some months up slightly from one year prior.

Financial Assistance in the third quarter of FY19 was favorable to budget due to revenue from Sales Tax and Low Carbon Fuel Standard (LCFS) credit sales. Third quarter Sales Tax revenues were \$6.9M favorable (10.5%), partially due to receipt of late payments from FY18. Property Tax, Other Assistance was \$0.2M (4.2%) favorable to budget in the third quarter of FY19. Additionally, LCFS credit sales in the third quarter exceeded the \$1.6M budget by \$2.7M 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 \$8.3M favorable due to timing of payment by the State but is expected to be on budget at year-end.

Operating Uses

Total Expense for the third quarter was over budget, finishing \$3.3M (1.7%) unfavorable. Labor and benefits were slightly over budget, at 0.4% unfavorable. Total non-labor was \$2.7M (5.2%) over budget, largely due to increased maintenance and utility costs.

Labor and non-labor expenses are projected to continue increasing through the conclusion of the Fiscal Year, and fare revenue is expected to be under budget, with financial assistance above budget.

cc: Board Appointed Officers
Deputy General Manager
Executive Staff


for Grace Crunican

Revenue

- Avg weekday trips for the quarter were 404,136, 0.3% under budget and 0.4% below the same quarter last year. Total trips for the quarter were 1.3% under budget and 2.7% lower than FY18Q3, with weekend and holiday trips 7.0% under budget. Net passenger revenue was 3.5% under budget.
- Parking revenue was \$0.1M unfavorable mainly due to under budget monthly reserve program.
- Other operating revenue was \$1.3M favorable mainly due to over budget investment income offset by under budget telecom.

Expense

- Labor was \$0.6M unfavorable. Savings from the Q3 vacancy rate of 12.3% was offset by unfavorable operating overtime (\$6.2M) and temp help (\$0.2M).
- Power was \$1.4M favorable due to 7% lower than expected electric usage and delay of invoice payments.
- Total other non-labor was \$4.0M unfavorable, mostly due to escalator/elevator maintenance (\$0.9M); legal fees associated with Wi-Fi Rail litigation (\$0.7M); utility costs due to service expansion and higher pricing (\$0.5M) and increased maintenance & cleaning services and rail car motor repairs (\$0.5M). Other non-labor unfavorability was offset by favorable Professional Fees of \$1.0M due to delays in work and invoice payments.

Financial Assistance and Allocations

- Sales tax for Q3 grew 8.8% over FY18Q3 and was \$6.9M favorable.
- Property tax and other assistance was \$0.2M favorable due to over budget local and federal financial assistance.
- STA was \$8.3M favorable due to timing, expected to be on budget at year end.
- Low Carbon Fuel Standard (LCFS) program revenue was \$2.7M favorable to budget due to higher than anticipated sale of credits generated as a result of strong market prices.
- Capital and other allocations were \$1.7M greater than budget primarily due to \$2.7M of increased LCFS revenue (allocated equally between sustainability and general operating fund per LCFS Policy), offset by \$1.3M under budget SFO Ext fare revenue and \$0.3M under budget incremental fare increase revenue.

Net Operating Result

- The net operating result for Q3 was \$10.2M favorable, mostly due to STA, sales tax, LCFS and electric power.
- YTD is \$26.8M favorable largely due to sales tax, LCFS and electric power.
- Financial Assistance is expected to remain favorable by year-end. Total expenses are expected to increase throughout Q4. Net Operating Result is expected to decrease by year-end.

Quarterly Financial Report Third Quarter Fiscal Year - 2019

Current Quarter			(\$ Millions)			Year to Date		
Budget	Actual	Var				Budget	Actual	Var
			Revenue					
\$ 116.6	112.5	(3.5%)		Net Passenger Revenue	\$ 363.5	355.0	(2.3%)	
9.2	9.1	(0.1%)		Parking Revenue	27.5	27.6	0.3%	
7.3	8.6	17.1%		Other Operating Revenue	31.4	34.0	8.4%	
133.1	130.3	(2.1%)		Total Net Operating Revenue	422.4	416.6	(1.4%)	
			Expense					
140.8	141.4	(0.4%)		Net Labor	420.5	421.2	(0.2%)	
11.0	9.6	12.4%		Electric Power	32.9	29.2	11.3%	
7.6	7.6	(0.9%)		Purchased Transportation	22.7	22.8	(0.4%)	
33.8	37.8	(11.9%)		Other Non Labor	96.4	90.0	6.7%	
193.1	196.5	(1.7%)		Total Operating Expense	572.5	563.1	1.6%	
(60.0)	(66.2)	(10.3%)		Operating Result (Deficit)	(150.1)	(146.5)	2.4%	
			Taxes and Financial Assistance					
65.8	72.8	10.5%		Sales Tax	195.0	214.9	10.2%	
4.4	4.5	4.2%		Property Tax, Other Assistance	30.8	32.2	4.5%	
9.5	17.8	86.9%		State Transit Assistance (STA)	19.0	17.8	(6.4%)	
1.6	4.4	168.8%		Low Carbon Fuel Std Prog	4.9	13.6	178.8%	
(11.7)	(11.7)	(0.1%)		Debt Service	(35.0)	(35.0)	(0.1%)	
(20.3)	(22.0)	(8.6%)		Capital and Other Allocations	(72.6)	(78.1)	(7.7%)	
49.4	\$ 65.7	33.1%		Net Financial Assistance	142.1	\$ 165.4	16.4%	
\$ (10.6)	\$ (0.4)	\$ 10.2		Net Operating Result	\$ (7.9)	\$ 18.9	\$ 26.8	
68.9%	66.3%	(2.6%)		System Operating Ratio	73.8%	74.0%	0.2%	
0.432 ¢	0.445 ¢	(3.0%)		Rail Cost / Passenger Mile	0.410 ¢	0.409 ¢	0.2%	

* Totals may not add due to rounding to the nearest million.



No Problem



Caution: Potential Problem/Problem Being Addressed



Significant Problem