

# SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

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## 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			Year to Date		
Budget	Actual	Var	Budget	Actual	Var
			(\$ Millions)		
			<b>Revenue</b>		
\$ 116.6	112.5	(3.5%)	\$ 363.5	355.0	(2.3%)
9.2	9.1	(0.1%)	27.5	27.6	0.3%
7.3	8.6	17.1%	31.4	34.0	8.4%
<b>133.1</b>	<b>130.3</b>	<b>(2.1%)</b>	<b>422.4</b>	<b>416.6</b>	<b>(1.4%)</b>
			<b>Expense</b>		
140.8	141.4	(0.4%)	420.5	421.2	(0.2%)
11.0	9.6	12.4%	32.9	29.2	11.3%
7.6	7.6	(0.9%)	22.7	22.8	(0.4%)
33.8	37.8	(11.9%)	96.4	90.0	6.7%
<b>193.1</b>	<b>196.5</b>	<b>(1.7%)</b>	<b>572.5</b>	<b>563.1</b>	<b>1.6%</b>
<b>(60.0)</b>	<b>(66.2)</b>	<b>(10.3%)</b>	<b>(150.1)</b>	<b>(146.5)</b>	<b>2.4%</b>
			<b>Taxes and Financial Assistance</b>		
65.8	72.8	10.5%	195.0	214.9	10.2%
4.4	4.5	4.2%	30.8	32.2	4.5%
9.5	17.8	86.9%	19.0	17.8	(6.4%)
1.6	4.4	168.8%	4.9	13.6	178.8%
(11.7)	(11.7)	(0.1%)	(35.0)	(35.0)	(0.1%)
(20.3)	(22.0)	(8.6%)	(72.6)	(78.1)	(7.7%)
<b>49.4</b>	<b>\$ 65.7</b>	<b>33.1%</b>	<b>142.1</b>	<b>\$ 165.4</b>	<b>16.4%</b>
<b>\$ (10.6)</b>	<b>\$ (0.4)</b>	<b>\$ 10.2</b>	<b>\$ (7.9)</b>	<b>\$ 18.9</b>	<b>\$ 26.8</b>
68.9%	66.3%	(2.6%)	73.8%	74.0%	0.2%
<b>0.432 ¢</b>	<b>0.445 ¢</b>	<b>(3.0%)</b>	<b>0.410 ¢</b>	<b>0.409 ¢</b>	<b>0.2%</b>

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

- No Problem
- Caution: Potential Problem/Problem Being Addressed
- Significant Problem