

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

MEMORANDUM

TO: Board of Directors
FROM: General Manager
SUBJECT: **FY20 First Quarter Financial Report**

DATE: January 3, 2020

The FY20 First Quarter Financial Report (July - September 2019) is attached. The net result for the quarter was \$9.1 million (M) favorable to budget; however, staff remains cautious regarding the year-end outlook due to increasing pressure on operating expense.

Operating Sources

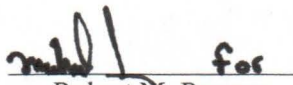
Total Ridership was 0.7% over budget for the first quarter of FY20, and 0.9% lower than in the same period of FY19, with weekend ridership performing better than budget expectations. First quarter FY20 weekday trips were 0.1% below budget and 1.7% below FY19, due in part to the timing of special events. Passenger revenue in the first quarter was \$2.4M (1.9%) favorable. A new one-page summary providing additional information is attached to the Quarterly Financial Report.

Financial Assistance in the first quarter of FY20 was favorable to budget primarily due to revenue from Sales Tax and Low Carbon Fuel Standard (LCFS) credit sales. The state continues to remit sales tax revenues from prior quarters to agencies, distorting quarterly budget results. Preliminary sales tax data for BART through December indicates sales tax results will be back on budget by the end of the second quarter. Additionally, LCFS credit sales in the first quarter exceeded budget by \$2.4M due to strong credit pricing. Per the LCFS Policy, proceeds from LCFS sales are allocated equally to the Sustainability program and to the general operating fund.

Operating Uses

Total Expense for the first quarter was slightly over budget, finishing \$1.4M (0.7%) unfavorable. Labor and benefits were over budget, at \$5.6M (3.8%) unfavorable, driven by increases to overtime and less than expected capital labor reimbursements. Total non-labor was \$4.2M (8.6%) under budget, largely due to timing of expenses for professional & technical service fees; lower than projected bank card fees; and increased Clipper reimbursements.

Staff is cautious about the outlook for FY20. Ridership and fare revenue are expected to remain close to budget. However, the District faces substantial added financial pressures to address Quality of Life and the customer experience, requiring overtime and redirection of budgeted resources. Additionally, labor expenses are projected to increase while non-labor savings are expected to be offset by increased expenditures later in the fiscal year. Staff will continue cost saving measures and are committed to limiting spending and increasing efficiencies to help manage the FY20 budget.


Robert M. Powers

cc: Board Appointed Officers
Deputy General Manager
Executive Staff

Quarterly Financial Report
First Quarter
Fiscal Year - 2020

Revenue

- Avg weekday trips for the quarter were 412,596, 0.1% under budget and 1.7% below the same quarter last year. Total trips for the quarter were 0.7% over budget and 0.9% lower than FY19Q1, with weekend and holiday trips 6.2% over budget. Net passenger revenue was 1.9% over budget.
- Other operating revenue was \$1.2M favorable mainly due to over budget investment income and special fees and permits.

Expense

- Labor (excluding OPEB and GASB) was \$5.6M unfavorable in Q1, mostly due to unfavorable overtime and capital labor reimbursement.
- Power was \$0.5M favorable in Q1 due to lower than expected costs for compliance, and hydroelectric and short-term electric procurement.
- Other Non Labor was under budget by \$3.8M for Q1, due to timing of invoice payments (\$3.6M of Professional Fees, \$0.2M Repairs & Maintenance, \$0.2M Rental Expense and \$0.1M Insurance Premiums) and \$1.2M lower than projected bank/credit card fees and an increase in Clipper reimbursement. This favorability was offset by \$1.5M of unfavorable Material Usage.

Financial Assistance and Allocations

- Sales Tax for Q1 was 24.7% above FY19Q1 and \$8.5M favorable due to continuing receipt of missing payments from prior periods, however, sales tax is expected to end the year on budget.
- Property Tax, Other Assistance was \$0.3M favorable mainly due to over budget property tax payments.
- Low Carbon Transit Operations Program (LCTOP) revenue was \$5.1M unfavorable due to timing. MTC payments will be on budget at year-end.
- Low Carbon Fuel Standard (LCFS) Program revenue was \$2.4M favorable to budget due to higher than anticipated sale of credits generated as a result of strong market prices.
- Capital and other allocations were \$0.8M lower than budget primarily due to under budget incremental fare increase revenue, offset by increased LCFS revenue (allocated between Sustainability and general operating fund per LCFS Policy) and over budget SFO Ext fare revenue.

Net Operating Result

- The Net Operating Result for Q1 was \$9.1M favorable, mostly due to Net Passenger Revenue, Investment Income and Sales Tax revenues.

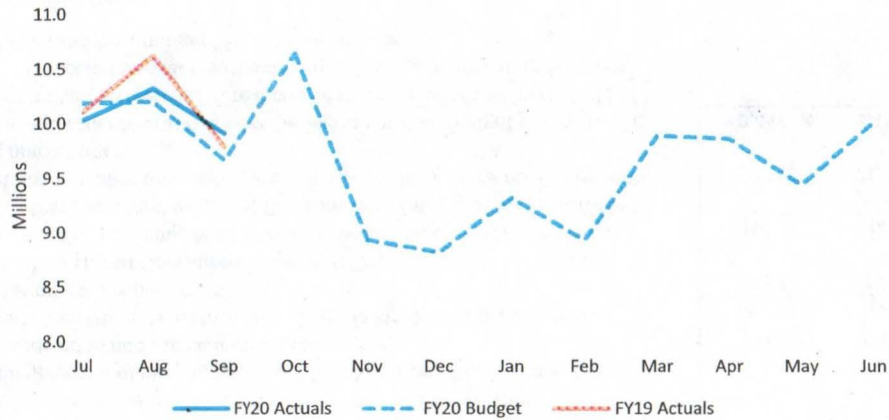
Current Quarter			(\$ Millions)	Year to Date		
Budget	Actual	Var		Budget	Actual	Var
Revenue						
121.8	124.1	1.9%	Net Passenger Revenue	121.8	124.1	1.9%
9.3	9.3	-0.4%	Parking Revenue	9.3	9.3	-0.4%
7.0	8.2	17.2%	Other Operating Revenue	7.0	8.2	17.2%
138.0	141.6	2.6%	Total Net Operating Revenue	138.0	141.6	2.6%
Expense						
149.0	154.6	-3.8%	Net Labor	149.0	154.6	-3.8%
11.4	10.9	4.0%	Electric Power	11.4	10.9	4.0%
7.9	7.9	0.2%	Purchased Transportation	7.9	7.9	0.2%
29.5	25.8	12.7%	Other Non Labor	29.5	25.8	12.7%
197.8	199.2	-0.7%	Total Operating Expense	197.8	199.2	-0.7%
(59.8)	(57.7)	3.5%	Operating Result (Deficit)	(59.8)	(57.7)	3.5%
Taxes and Financial Assistance						
66.3	74.9	12.9%	Sales Tax	66.3	74.9	12.9%
3.0	3.3	9.2%	Property Tax, Other Assistance	3.0	3.3	9.2%
8.4	3.3	-60.5%	Low Carbon Transit Op Prog	8.4	3.3	-60.5%
3.5	5.9	67.6%	Low Carbon Fuel Std Prog	3.5	5.9	67.6%
(11.8)	(11.8)	0.0%	Debt Service	(11.8)	(11.8)	0.0%
(23.7)	(22.9)	3.6%	Capital and Other Allocations	(23.7)	(22.9)	3.6%
45.7	52.7	15.3%	Net Financial Assistance	45.7	52.7	15.3%
(14.1)	(4.9)	9.1	Net Operating Result	(14.1)	(4.9)	9.1
69.8%	71.1%	1.3%	System Operating Ratio	69.8%	71.1%	1.3%
0.416 ¢	0.419 ¢	-0.8%	Rail Cost / Passenger Mile	0.416 ¢	0.419 ¢	-0.8%

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

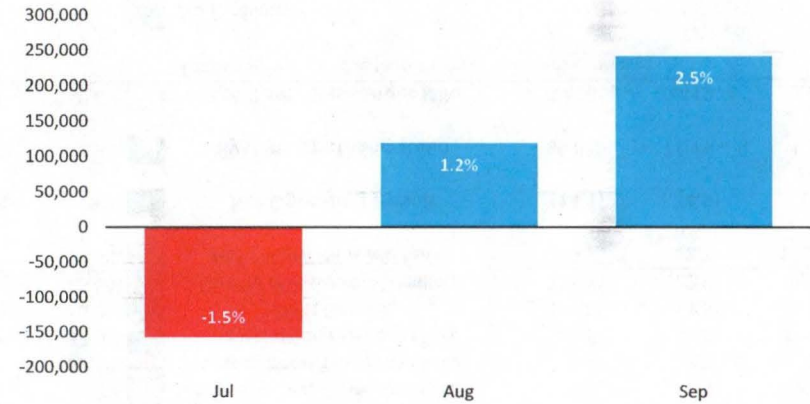
- No Problem
- Caution: Potential Problem/Problem Being Addressed
- Significant Problem

FY20 Q1 Ridership Stats

Monthly Ridership



FY20 Q1 Ridership Budget to Actual Variance (budget = 0)



Exits	Actual FY19 Q1	Budget FY20 Q1	Actual FY20 Q1
Weekday	419,692	412,913	412,596
Saturday	165,941	156,290	164,307
Sunday	123,049	108,342	117,211
Total	30,563,071	30,081,341	30,286,863

FY20 Q1 Actual vs.	
FY19 Q1	FY20 Q1
-1.7%	-0.1%
-1.0%	5.1%
-4.7%	8.2%
-0.9%	0.7%

Rolling 12 Month Clipper Adoption Rate

