

# SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

## MEMORANDUM

**TO:** Board of Directors

**DATE:** May 8, 2020

**FROM:** General Manager

**SUBJECT:** FY20 Third Quarter Financial Report

The FY20 Third Quarter Financial Report (January – March 2020) is attached. The net result for the quarter was \$13.9 million (M) unfavorable to budget. The third quarter change is primarily driven by the dramatic drop in ridership during the second half of March caused by the COVID-19 pandemic Shelter in Place (SIP) orders for six counties across the Bay Area.

### Operating Sources

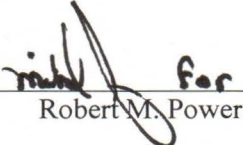
**Total Ridership** was on budget until early March, when the first indications of COVID-19 began to affect transit ridership. As a result of the SIP orders, total trips for March were 58.7% under budget, driving the quarter 20.4% below budget. Year to date, total trips are 6.3% below budget and 7.5% below the same time period in FY19. Passenger revenue for the quarter was \$26.0M (21.8%) unfavorable and \$24.1M (6.8%) unfavorable year to date.

**Financial Assistance** is typically a lagging economic indicator and is not yet showing SIP impacts. Third quarter sales tax was favorable to budget, with year to date results \$3.8M better than budget. Year to date State Transit Assistance (STA) was \$6.5M unfavorable due to timing. Due to the economic impacts of the SIP orders, STA is now expected to remain below budget through year end. Other sources of financial assistance, including property tax, Low Carbon Fuel Standard Credits, and Low Carbon Transit Operations Program funds are expected to be close to budget by year end, but with lower generations in FY21.

### Operating Uses

**Total Expense** for the third quarter exceeded budget by \$1.5M (0.7%), with labor and benefits \$4.1M over budget, (2.7%) unfavorable. This negative variance was driven by overtime and less than budgeted capital labor reimbursements. After adjusting for vacant positions, capital reimbursements are expected to be on budget by year end. Total non-labor expense was \$2.6M under budget, largely due to a reduction in power from service reductions, limited Professional and Technical services spending, lower than projected bank card fees and increased Clipper reimbursements. Most expenses related to COVID-19, such as additional materials and cleaning, will be realized in the fourth quarter of FY20 and later.

The outlook for the remainder of FY20 has changed dramatically since our last update. The COVID-19 pandemic creates unprecedented challenges and uncertainty for BART and the region. By the end of March, ridership had declined to just 6% of expected levels and is expected to remain low for the foreseeable future. Other revenue and financial assistance are also in decline. In response, in early March, BART management quickly implemented a strict freeze on hiring and overtime, accelerated capital work performed by operating employees, and ultimately began reducing service levels. BART will receive \$251.6 million in federal funding which will help close the gap in FY20 and provide support for FY21, with some additional federal funds expected in FY21.

  
Robert M. Powers

cc: Board Appointed Officers  
Deputy General Manager  
Executive Staff

## Revenue

●Shelter-in-place (SIP) mandated for the six Bay Area counties effective March 17 due to the COVID-19 pandemic. Avg weekday trips for the quarter were 314,816 or 20.9% under budget and 22.1% below the same quarter last year. Total trips for the quarter were 20.4% under budget and 20.9% lower than FY19Q3, with weekend and holiday trips 17.1% under budget. YTD, total trips are 6.3% under budget and 7.5% below FY19. Net passenger revenue was 21.8% under budget.

●Parking revenue was \$1.4M unfavorable due to reduced demand for parking, primarily in the daily non-reserve program.

●Other operating revenue was \$0.6M favorable mainly due to over budget investment income.

## Expense

●Labor was \$4.1M unfavorable in Q3, mostly due to overtime and unrecovered capital labor reimbursement.

●Power was \$1.7M favorable in Q3 due to reductions of electric power costs, commensurate reductions in transmission and distribution delivery costs, and rail service reductions in response to the global pandemic.

●Other non labor was \$0.9M favorable; mostly due to \$2.0M timing and under budget spending of P&T, \$0.8M Clipper fee reimbursement and \$0.6M Interchange fees. This favorability was offset by \$1.9M unfavorable material usage (GO Card allocation, elevator/escalator parts and supplies for RR projects that aren't chargeable to RR projects).

## Financial Assistance and Allocations

●Sales tax for Q3 was 4.5% above FY19Q3 and \$4.6M favorable. Due to SIP, year-end is projected to be under budget.

●Property tax, other assistance was \$0.4M favorable due to over budget financial assistance.

●State Transit Assistance (STA) was \$3.4M favorable, but is expected to be under budget at year-end due to SIP.

●Low Carbon Transit Operations Program (LCTOP) revenue was \$2.6M favorable due to timing but will be on budget at year-end.

●Low Carbon Fuel Standard (LCFS) Program revenue was \$2.1M favorable due to higher than anticipated sale of credits and strong market prices.

●Debt service was \$0.5M favorable due to fall 2019 refunding savings.

●Capital and other allocations were \$0.8M lower than budget due to under budget incremental fare increase revenue and unbudgeted reverse capital allocations, offset by increased LCFS revenue allocations.

## Net Operating Result

●Net operating result for Q3 was \$13.9M under budget due to unfavorable rail passenger and parking revenue, overtime and capitalized labor reimbursement. YTD net operating result is \$25.6M under budget.

## Quarterly Financial Report Third Quarter FY20

Current Quarter			(\$ Millions)	Year to Date		
Budget	Actual	Var		Budget	Actual	Var
Revenue						
119.2	93.2	-21.8%	Net Passenger Revenue	356.1	332.0	-6.8%
9.1	7.8	-15.2%	Parking Revenue	27.2	25.9	-4.8%
7.3	7.9	7.6%	Other Operating Revenue	21.7	24.4	12.2%
135.7	108.9	-19.8%	Total Net Operating Revenue	405.0	382.3	-5.6%
Expense						
149.5	153.6	-2.7%	Net Labor	444.3	465.5	-4.8%
11.4	9.7	14.5%	Electric Power	34.2	31.1	9.1%
7.9	7.9	-0.1%	Purchased Transportation	23.7	23.6	0.5%
33.7	32.8	2.8%	Other Non Labor	94.4	88.0	6.7%
202.6	204.1	-0.7%	Total Operating Expense	596.6	608.2	-2.0%
(66.8)	(95.2)	-42.4%	Operating Result (Deficit)	(191.6)	(226.0)	-18.0%
Taxes and Financial Assistance						
71.4	76.0	6.5%	Sales Tax	213.3	217.1	1.8%
8.3	8.8	5.0%	Property Tax, Other Assistance	38.7	39.2	1.3%
9.8	13.2	34.5%	State Transit Assistance (STA)	19.7	13.2	-32.8%
0.0	2.6	-	Low Carbon Transit Op Prog	8.4	8.4	0.2%
3.5	5.7	60.7%	Low Carbon Fuel Std Prog	10.6	17.5	65.3%
(11.8)	(11.3)	4.2%	Debt Service	(35.4)	(34.6)	2.3%
(23.1)	(22.3)	3.3%	Capital and Other Allocations	(64.7)	(61.5)	5.0%
58.2	72.7	24.9%	Net Financial Assistance	190.5	199.4	4.6%
(8.6)	(22.5)	(13.9)	Net Operating Result	(1.0)	(26.6)	(25.6)
67.0%	53.4%	-13.6%	System Operating Ratio	67.9%	62.8%	-5.0%
0.455 ¢	0.590 ¢	-29.7%	Rail Cost / Passenger Mile	0.435 ¢	0.480 ¢	-10.3%

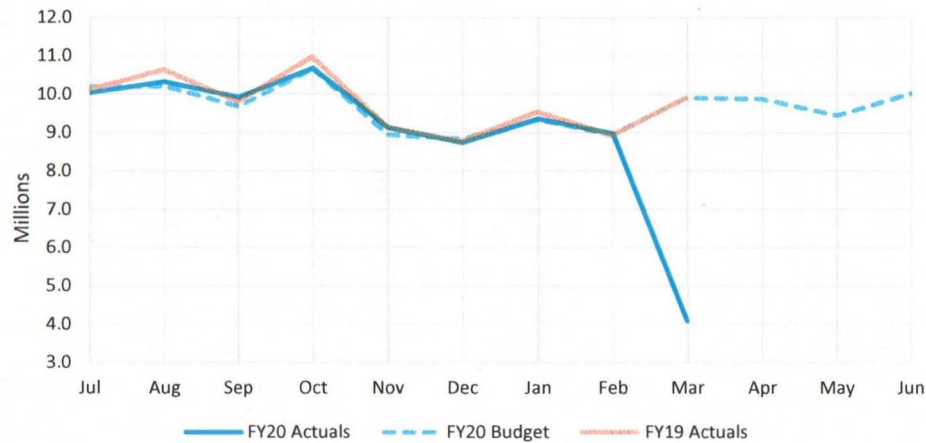
\* Totals may not add due to rounding to the nearest million.

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

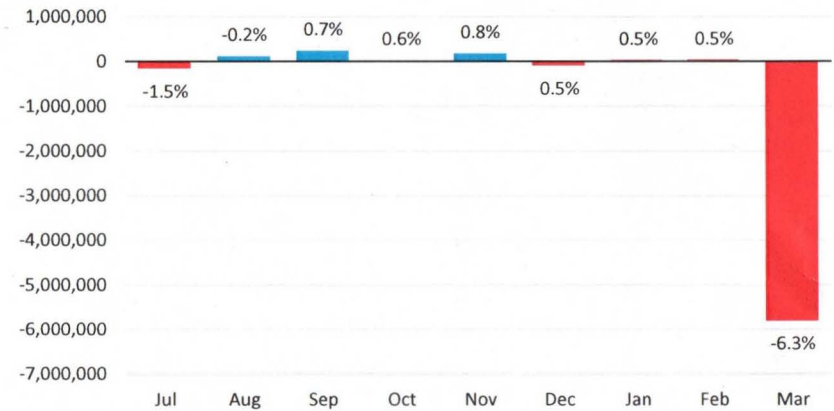


## FY20 Q3 Ridership Stats

### Monthly Ridership



### FY20 YTD Ridership Budget to Actual Variance (budget = 0)



Exits	Actual FY19 Q3	Budget FY20 Q3	Actual FY20 Q3
Weekday	404,136	397,895	314,816
Saturday	151,623	151,361	118,541
Sunday	102,142	90,294	74,712
Total	28,367,679	28,177,528	22,425,412

FY20 YTD Actual vs.	
FY19 Q3	FY20 Q3
-22.1%	-20.9%
-21.8%	-21.7%
-26.9%	-17.3%
-20.9%	-20.4%

Exits	Actual FY19 YTD	Budget FY20 YTD	Actual FY20 YTD
Weekday	409,869	404,777	376,902
Saturday	160,224	153,869	146,022
Sunday	115,027	102,595	99,762
Total	87,825,441	86,692,805	81,261,959

FY20 YTD Actual vs.	
FY19 YTD	FY20 YTD
-8.0%	-6.9%
-8.9%	-5.1%
-13.3%	-2.8%
-7.5%	-6.3%

### Rolling 12 Month Clipper Adoption Rate

