

# SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

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## MEMORANDUM

**TO:** Board of Directors

**DATE:** November 25, 2020

**FROM:** General Manager

**SUBJECT: FY21 First Quarter Financial Report**

The FY21 First Quarter Financial Report (July - September 2020) is attached. Please note that the Report has been reformatted to display financial information more intuitively and clearly. Additional line items are displayed for more detail, with both quarterly and annual results, as well as variance percentages, included. Variance analysis is now conducted based on Year to Date (YTD) actuals rather than for each individual quarter; this shift will highlight annual trends and smooth out quarterly variances that are frequently the result of revenues or expenses booked outside the quarter they are calendarized in. Narrative information has been moved to a memo format, which allows for greater detail. A one-page summary on ridership and Clipper uptake is shown on the last page.

In summary, the net operating result for the quarter was balanced. Revenues, particularly fare revenue, came in substantially under budget expectations, but due to diligence in managing expenses, operating expenses came in under budget in most expense categories. The net result was \$11.8 million (M) additional Coronavirus Aid, Relief, and Economic Security (CARES) Act funds placed into the Operating Reserve for Economic Uncertainty to be held in reserve for use later in FY21.

**Ridership**, which totaled 3.6M exits for the first quarter of FY21, was 58.8% under budget and 88.2% lower than in the same period of FY20 due to the ongoing impacts of the COVID-19 pandemic. Weekday trips, at 46,813 exits per day, were 61.0% below budget and 88.7% below FY20. Before the FY21 budget was adopted in June 2020, the budget expectations were substantially revised downward due to the pandemic and associated shelter-at-home orders. Despite this action, first quarter ridership under-performed even these lower expectations.

### Operating Revenue

**Operating Revenue** was \$20.0M (47.7%) below budget in the first quarter of FY21.

**Net passenger revenue** was \$19.3M (58.0%) unfavorable due to lower ridership. **Parking revenue** was \$0.5M (21.6%) unfavorable, in part due to refunds issued for monthly reserve parking permits. **Other Operating Revenue** was \$0.3M (3.9%) unfavorable due to the net impact of several factors, including advertising revenue, which came in \$0.2M below budget based upon the newly revised advertising agreement approved by the Board in August 2020 and timing of payments related to BART's new Digital Railway program.

### Operating Uses

**Total Expense** for the first quarter was under budget, finishing \$24.6M (11.8%) favorable.

**Wages and benefits** were under budget, at \$9.3M (4.8%) favorable, driven by the hiring freeze, which held an average of 223.4 gross positions per month vacant, as well as under spending in the COVID-19 labor budget. **Total overtime** was \$3.9M (44.9%) unfavorable to budget, however the variance was offset by \$5.5M of capital-funded overtime related to increased capital project work, resulting in a net favorable \$1.6M for Operating overtime in the first quarter. **Capital Labor Reimbursements** totaled \$51.0M, which was \$5.3M (11.5%) favorable to budget as BART continued to redirect positions from the operating budget

to work on accelerating critical capital reinvestment projects. This practice is known as “load shedding” and is possible primarily due to lower service levels, particularly the reduced revenue service hours. **Other Reimbursements** were \$0.8M favorable.

Non-labor in total was under budget for the quarter. **Electric Power** was \$0.7M unfavorable primarily due to the timing of accounting charges. **Other Non-Labor** was \$13.8M favorable to budget, with nearly all of the variance in the categories of Professional Fees and Miscellaneous Expense. Professional Fees were \$9.2M better than budget due to COVID-19 expenses running \$4.8M favorable and the remaining \$4.4M in underspending attributed to efforts to reduce spending across the District and timing of payments. Miscellaneous expense was \$3.9M lower than budget, primarily due to reduced bank card and Clipper fees resulting from decreased ridership; this trend will continue until ridership increases.

#### **Financial Assistance and Allocations**

**Sales tax** revenue was \$9.7M (17.5%) favorable through September. This positive result was due in part to an estimated \$6M of sales tax revenues attributed to FY20 remitted by the state in FY21. Preliminary state data through November 2020 indicates that sales tax revenue remains slightly above budget, but significant uncertainty remains on the performance of taxable sales activity for the remainder of FY21.

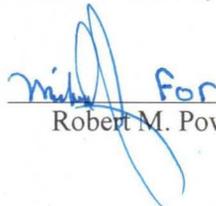
**Property tax** revenue was \$0.9M (53.7%) favorable. **State Transit Assistance** was \$1.3M unfavorable due to timing of payments from the state but is expected to be close to budget by FY21 year-end. **VTA Financial Assistance** and **SFO Extension Financial Assistance** were a combined \$3.8M (19.8%) favorable; by formula, revenue from these sources increases in response to below-budget fare revenue.

**Other Assistance** was \$6.1M (60.3%) unfavorable due to below-budget FEMA assistance (\$2.5M unfavorable) and Low Carbon Fuel Standard (LCFS) credit sales (\$3.9M unfavorable). FEMA Assistance was unfavorable due to delay in reimbursement for BART’s initial invoice for COVID expenses. Due to revised, narrower criteria for eligible expenses, staff does not expect FEMA reimbursements to be on budget at year end. First quarter LCFS revenue was unfavorable due to timing of LCFS credit sales, however, reduced rail service levels in FY21 will likely result in below-budget LCFS revenue by year end.

**Federal CARES Act Assistance**, which is drawn down according to FTA formula, was \$126.8M. The FY21 budget planned for any CARES funding not needed for the budget to be allocated to the **Operating Reserve for Economic Uncertainty** for use later in FY21. The first quarter allocation to this Reserve was budgeted at \$26.0M. However, savings in Operating Expense allowed for a total of \$37.8M (\$11.8M more than budget) to be deposited into the Operating Reserve for Economic Uncertainty.

As you are aware, the outlook for FY21 remains extremely challenging. In September, staff projected a FY21 operating shortfall of approximately \$33M in the fourth quarter, largely based upon reduced ridership expectations. The \$11.8M better than budget allocation to the Reserve for Economic Uncertainty in the first quarter will help to cover operating deficits for the remainder of the fiscal year. The operating expense results of the first quarter are encouraging and staff will continue this work to balance FY21.

If you have any questions about this report, please contact Pamela Herhold, Assistant General Manager, Performance and Budget, at (510) 464-6168.

  
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Robert M. Powers

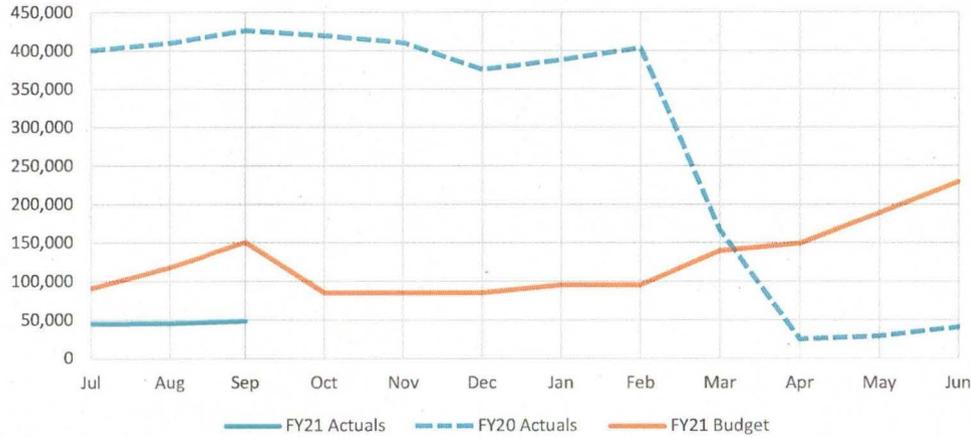
cc: Board Appointed Officers  
Deputy General Manager  
Executive Staff

**Bay Area Rapid Transit District**  
**Quarterly Financial Report - First Quarter FY21**

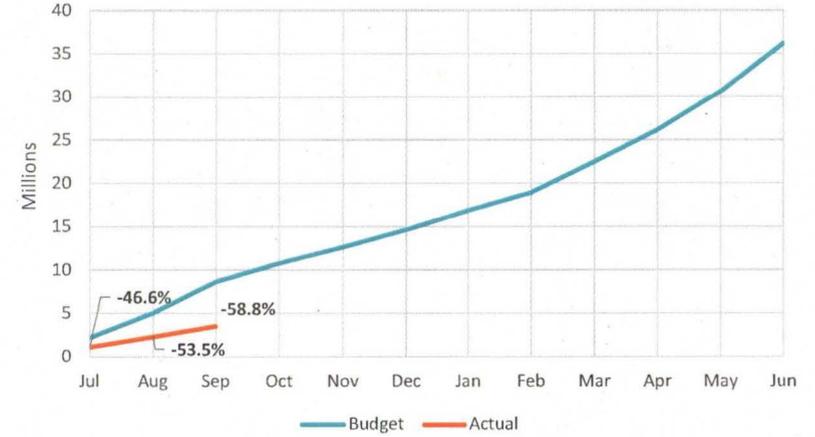
	Q1 Actuals	YTD Actuals	YTD Budget	Var	Var %	Annual Budget	% Annual Budget
<b><u>Operating Revenue</u></b>							
Net Passenger Revenue	13.9	13.9	33.2	(19.3)	● -58.0%	148.4	9.4%
Parking Revenue	1.6	1.6	2.1	(0.5)	● -21.6%	10.5	15.8%
Other Operating Revenue	6.3	6.3	6.6	(0.3)	● -3.9%	23.7	26.8%
<b>Total Net Operating Revenue</b>	<b>21.9</b>	<b>21.9</b>	<b>41.9</b>	<b>(20.0)</b>	● <b>-47.7%</b>	<b>182.5</b>	<b>12.0%</b>
<b><u>Operating Expense</u></b>							
Wages, Benefits, Other Labor	187.2	187.2	196.5	9.3	● 4.8%	783.8	23.9%
Total Overtime	12.7	12.7	8.7	(3.9)	● -44.9%	34.9	36.2%
Capital Reimbursements	(51.0)	(51.0)	(45.8)	5.3	● 11.5%	(181.5)	28.1%
Other Reimbursements	(4.0)	(4.0)	(3.2)	0.8	● 25.0%	(12.9)	31.4%
Electric Power	12.7	12.7	12.0	(0.7)	● -5.8%	48.1	26.4%
Purchased Transportation	6.9	6.9	6.9	0.0	● 0.4%	27.6	24.9%
Other Non Labor	20.0	20.0	33.8	13.8	● 40.8%	150.8	13.3%
<b>Total Operating Expense</b>	<b>184.3</b>	<b>184.3</b>	<b>209.0</b>	<b>24.6</b>	● <b>11.8%</b>	<b>850.9</b>	<b>21.7%</b>
<b>Operating Result (Deficit)</b>	<b>(162.4)</b>	<b>(162.4)</b>	<b>(167.1)</b>	<b>4.7</b>	● <b>2.8%</b>	<b>(668.4)</b>	<b>24.3%</b>
<b><u>Financial Assistance &amp; Allocations</u></b>							
Sales Tax	65.2	65.2	55.5	9.7	● 17.5%	239.0	27.3%
Property Tax	2.5	2.5	1.6	0.9	● 53.7%	50.6	4.9%
State Transit Assistance	1.3	1.3	-	1.3	-	28.5	4.7%
VTA Financial Assistance	9.4	9.4	7.9	1.4	● 18.2%	30.3	31.0%
SFO Ext Financial Assistance	13.5	13.5	11.2	2.3	● 21.0%	42.5	31.9%
Federal CARES Act Assistance	126.8	126.8	129.4	(2.6)	● -2.0%	251.0	50.5%
Other Assistance	4.0	4.0	10.1	(6.1)	● -60.3%	50.5	7.9%
Debt Service	(11.8)	(11.8)	(11.9)	0.1	● 0.8%	(47.4)	24.8%
Capital and Other Allocations	(10.7)	(10.7)	(10.4)	(0.3)	● -2.7%	23.4	-45.6%
Op Reserve - Econ Uncertainty	(37.8)	(37.8)	(26.0)	(11.8)	● -45.6%	-	-
<b>Net Financial Assistance</b>	<b>162.4</b>	<b>162.4</b>	<b>167.4</b>	<b>(5.0)</b>	● <b>-3.0%</b>	<b>668.4</b>	<b>24.3%</b>
<b>Net Operating Result</b>	<b>-</b>	<b>-</b>	<b>0.4</b>	<b>(0.4)</b>	● <b>-100.0%</b>	<b>(0.0)</b>	<b>0.0%</b>
<b>System Operating Ratio</b>	<b>11.9%</b>	<b>11.9%</b>	<b>20.0%</b>	<b>-8.2%</b>		<b>21.4%</b>	
<b>Rail Cost / Passenger Mile (\$)</b>	<b>3.311</b>	<b>3.311</b>	<b>1.572</b>	<b>(1.739)</b>		<b>1.429</b>	

## FY21 YTD (Jul-Sep) Ridership Stats

### Average Weekday Ridership



### FY21 Cumulative Budget to Actual Variance



Exits	Actual FY20 YTD	Budget FY21 YTD	Actual FY21 YTD
Weekday	412,596	120,132	46,813
Saturday	164,307	40,781	23,680
Sunday	117,211	28,803	17,219
Total	30,286,863	8,682,648	3,580,219

FY21 YTD Actual vs. FY20 YTD	
Actual	Budget
-88.7%	-61.0%
-85.6%	-41.9%
-85.3%	-40.2%
-88.2%	-58.8%

### Monthly Clipper Adoption Rate

