

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

MEMORANDUM

TO: Board of Directors

DATE: March 4, 2022

FROM: General Manager

SUBJECT: FY22 First Quarter Financial Report

The FY22 First Quarter Financial Report (July – September 2021) is attached. Additional explanatory detail is provided in this memo and a one-page ridership summary is shown on the last page of this package.

The District's net operating result was balanced through the first quarter. Fare revenue exceeded budget expectations, while operating expenses finished the quarter under budget. On an operating basis, the District collected \$88.0M less in revenues than it spent. The gap was made up with the use of federal funds allocated through the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) These funds allow the District to show a balanced net result at the end of the first quarter.

Ridership

Ridership totaled 7.5M exits for the first quarter of FY22, 28% above budget. This was more than double the same period a year ago, but 75% below the same period in FY20, prior to the pandemic. Average weekday ridership during the first quarter was 94,530 exits, 25% above budget, 102% higher than a year ago, and 77% below FY20.

First quarter FY22 ridership was higher than the previous quarter, as the region experienced continued improvements in COVID concerns with rising vaccination rates, the State's lifting of pandemic executive orders on June 15, 2021, and in early July, lower case rates. From mid-July to the end of the quarter, the Bay Area experienced a surge in COVID cases due to the COVID Delta variant. While ridership continued to grow during this time, it is likely that the Delta surge suppressed a potentially higher increase. It should be noted that although first quarter ridership looked promising, the Omicron variant began to affect ridership in the second quarter, and thus is not reflected in this report.

Operating Revenue

Operating Revenue was \$7.9M (30.6%) above budget in the first quarter of FY22.

Net passenger revenue was \$6.5M (34.8%) above budget due to higher-than-expected ridership. **Parking revenue** was \$1.2M (68.0%) favorable, due to parking demand associated with higher-than-expected ridership. **Other Operating Revenue** was \$0.2M (3.2%) above budget as a result of several factors, including revenues from special fees and permits (\$1.3M over budget) and ground leases (\$0.2M over budget). This variance was offset by below-budget revenues in fines and forfeitures and miscellaneous other revenues.

Operating Uses

Total Operating Expense was \$26.6M (12.3%) below budget in the first quarter of FY22.

Wages, Benefits & Other Labor was \$24.4M (12.1%) below budget, driven by a higher-than-expected vacancy rate with 584 (13.0%) operating and capital positions vacant at the end of the quarter. This favorability

was slightly offset by \$2.7M of unbudgeted California Supplemental Paid Sick Leave (SPSL) use for COVID-19 related reasons. **Total Overtime** was \$6.3M (52.2%) unfavorable to budget through the first quarter on a gross basis, though on a net basis, this variance was almost entirely offset by \$6.0M of capital funded overtime; the net result to the operating budget was \$0.3M unfavorable. **Capital Labor Reimbursements** totaled \$43.0M through the same period, \$4.7M (9.9%) unfavorable to budget; this was driven by higher-than-expected capital vacancy rates. **Other Reimbursements** were \$0.4M unfavorable.

Non-labor was below budget in the first quarter by \$13.7M (24.6%). Electric Power was \$0.7M favorable due to lower electric loads than forecast in the budget. **Other Non-Labor** was \$12.9M favorable to budget, with most of the variance in Professional Fees, followed by Material Usage and Miscellaneous Expenses. Professional Fees were \$8.0M better than budget due to underspending attributed to efforts to reduce spending across the District as well as timing of invoices and payments. Material Usage was \$1.6M favorable due to timing of material purchases and procurement timelines. Miscellaneous expense was \$1.4M lower than budget, primarily due to timing of bank card and Clipper fees. Other Utilities was \$0.9M favorable and Rental Expense was \$0.8M favorable.

Financial Assistance

Sales tax revenue was \$14.0M (22.0%) favorable for the first quarter of FY22. This positive result was driven by robust retail sales and a pandemic shift from spending on services, which do not generate sales tax, to durable goods, which do. Preliminary state data indicates that sales tax revenue continues to be above budget and BART sales tax revenues are expected to end the year above budget.

Property tax revenue was \$1.0M (52.8%) favorable. **VTA Financial Assistance** and **SFO Extension Financial Assistance** were a combined \$1.0M (4.6%) below budget; note that by formula, revenues from these sources decrease in response to above-budget fare revenue.

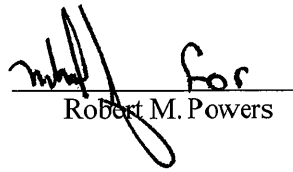
Other Assistance was \$3.6M (32.4%) unfavorable. Through September, Low Carbon Fuel Standard (LCFS) credit sales were \$5.3M unfavorable due to recent softness in market pricing. Offsetting this was above-budget revenues from the Low Carbon Transit Operations Program (\$0.9M) and several smaller funding sources (a combined \$0.5M of county-level measures).

Federal Emergency Assistance is drawn down according to FTA formula, is drawn down before it is required to offset operating deficits, and placed in operating reserves for use in future fiscal quarters or years. Of the \$125.3M drawn down during the first quarter, \$37.3M has been deposited into Operating Reserve – CRRSAA. Along with funds previously deposited in FY21, this operating reserve will be available for use in the remainder of FY22 and beyond if needed. No ARP funds were drawn down or used in the first quarter.

Debt Service and Allocations show a \$41.0M unfavorable variance due to an additional, unbudgeted \$37.3M deposit into the Operating Reserve – CRRSAA for use later in FY22 (discussed in previous paragraph). Debt Service is on budget. Other Capital Allocations was \$3.3M over budget from two operating to capital allocations that were budgeted in Non-Labor expenses.

The FY22 outlook remains challenging. The District faces a large current year budgeted deficit of \$385.7M, which can only be closed with Federal Assistance. The operating expense results of the first quarter were encouraging and staff will continue ongoing work to manage expenses and build ridership in order to extend the fiscal runway.

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


Robert M. Powers

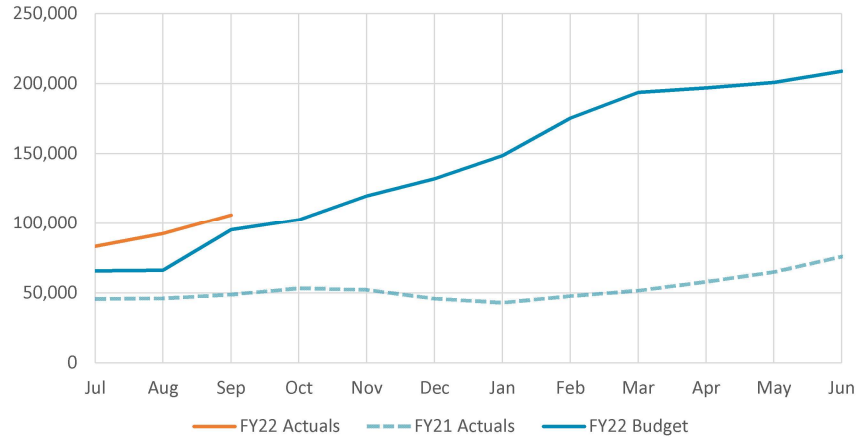
cc: Board Appointed Officers
Deputy General Manager
Executive Staff

Bay Area Rapid Transit District
Quarterly Financial Report - First Quarter FY22

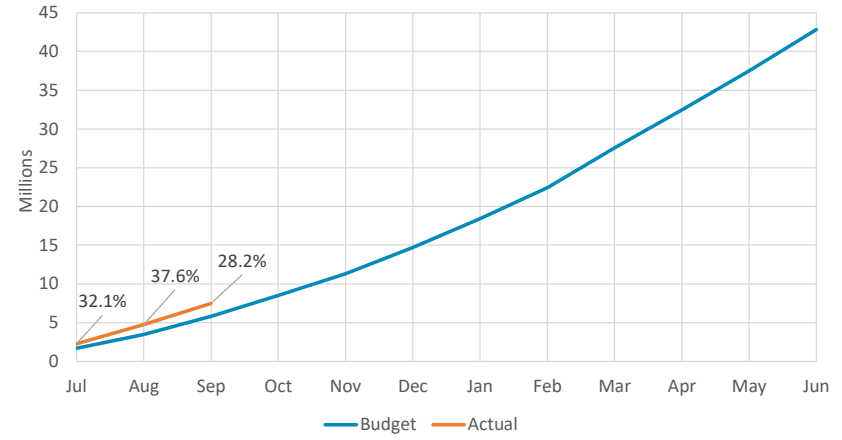
(\$ Millions)	Q1 Actuals	Q1 Budget	Q1 Variance	YTD % Variance
<u>Operating Revenue</u>				
Net Passenger Revenue	25.2	18.7	6.5	● 34.8%
Parking Revenue	3.0	1.8	1.2	● 68.0%
Other Operating Revenue	5.5	5.3	0.2	● 3.2%
Total Net Operating Revenue	33.7	25.8	7.9	● 30.6%
<u>Non Operating Revenue</u>				
Interest and Investment Income	0.4	0.0	0.4	● 1285.8%
<u>Financial Assistance</u>				
Sales Tax	78.0	64.0	14.0	● 22.0%
Property Tax	2.8	1.8	1.0	● 52.8%
State Transit Assistance	0.0	-	0.0	-
VTA Financial Assistance	9.5	8.8	0.7	● 8.4%
SFO Ext Financial Assistance	11.4	13.2	(1.8)	● -13.4%
Other Assistance	7.6	11.2	(3.7)	● -32.6%
Total Financial Assistance	109.3	99.0	10.3	● 10.4%
Total Sources	143.4	124.8	18.6	● 14.9%
<u>Operating Expense</u>				
Wages, Benefits, Other Labor	176.6	200.9	24.4	● 12.1%
Total Overtime	18.4	12.1	(6.3)	● -52.2%
Capital Reimbursements - Wages & Fringe	(36.9)	(47.7)	(10.8)	● -22.6%
Capital Reimbursements - OT	(6.0)	-	6.0	-
Other Reimbursements	(3.7)	(4.0)	(0.4)	● -9.3%
Electric Power	12.6	13.3	0.7	● 5.2%
Purchased Transportation	6.5	6.6	0.1	● 1.2%
Other Non Labor	22.9	35.8	12.9	● 36.1%
Total Operating Expense	190.3	217.0	26.6	● 12.3%
<u>Non Operating Expense</u>				
Int Exp ROU Leases GASB 87	0.1	-	(0.1)	-
<u>Debt Service and Allocations</u>				
Debt Service	14.2	14.3	0.1	● 0.4%
Capital and Other Allocations	26.3	23.0	(3.3)	● -14.3%
Pension Allocation	0.0	-	(0.0)	-
GASB 87 Adj. Offset	0.4	-	(0.4)	-
Total Debt Service and Allocations	40.9	37.3	(3.6)	● -9.8%
Total Uses	231.4	254.2	22.8	● 9.0%
Net Result Before Federal Assistance	(88.0)	(129.4)	41.4	32%
Federal Assistance Applied	88.0	129.4	(41.4)	32%
Net Result	-	-	-	-
Operating Result (Deficit)	(156.7)	(191.2)	34.5	● 18.0%
System Operating Ratio	17.7%	19.4%	-1.7%	
Rail Cost / Passenger Mile (\$)	1.62	1.55	(0.08)	

FY22 YTD (Jul - Sept) Ridership Stats

Average Weekday Ridership



FY22 Cumulative Budget to Actual Variance



Exits	Actual	Budget	Actual
	FY21 YTD	FY22 YTD	FY22 YTD
Weekday	46,812	75,722	94,530
Saturday	23,676	42,046	59,964
Sunday	17,219	29,835	43,979
Total	3,580,058	5,844,751	7,490,792

FY22 YTD Actual vs.	
FY21 YTD Actual	FY22 YTD Budget
201.9%	124.8%
253.3%	142.6%
255.4%	147.4%
209.2%	128.2%

FY22 YTD Distribution of Clipper Fare Products

