FY2021 3rd and 4th Quarter Operating Budget and Amendment to the FY2021 Capital Budget

JPB Finance Committee
November 23, 2020
Agenda Item #7
Introduction

Budget Overview

- Measure RR provides much needed breathing room
- Substantial shortfall for FY21
- Adjusted service levels, minimal ridership recovery, continued GoPass
- Implementation of gap closing measures previously discussed with Board
Introduction

Areas of Uncertainty

- Additional federal relief
- Path of the pandemic
- Challenges for FY2022

Options

- Cost containment (beyond existing measures)
- Reprioritization of existing resources
- Leveraging Measure RR
# Changes from FY2021 Q1 and Q2 Adopted Budget

<table>
<thead>
<tr>
<th></th>
<th>Q1 and Q2 Adopted</th>
<th>Q3 and Q4 Proposed</th>
<th>FY2021 Revised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$39.8</td>
<td>$40.9</td>
<td>$80.7</td>
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<tr>
<td>Expense</td>
<td>78.1</td>
<td>66.4</td>
<td>144.5</td>
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<tr>
<td>Surplus (Deficit)</td>
<td>($38.3)</td>
<td>($25.5)</td>
<td>($63.8)</td>
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<td>CARES Act</td>
<td>41.5</td>
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<td>41.5</td>
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<tr>
<td>Adj Surplus (Deficit)</td>
<td>$3.2</td>
<td>($25.5)</td>
<td>($22.3)</td>
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<td>Reserve</td>
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<td>0</td>
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<tr>
<td>Line of Credit</td>
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<td>15.3</td>
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<tr>
<td>Net Surplus (Deficit)</td>
<td>$3.2</td>
<td>($25.5)</td>
<td>$0</td>
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</table>
FY21 Revenue Assumptions

FAREBOX

- Extension of Go Pass thru March 2021
- No further reduction in CY2020 Go Pass revenue
- Budget assumes current ridership levels
- Budget assumes 50% reduction in Go Pass revenue at renewal
Implementation of Gap Closing Measures

- Savings associated with new service plan and associated staffing levels (~$1.3 million/month)
- Application of FY21 SRA Funds and prior year carryover ($5.8 million)
- Deallocation of Capital Budget ($2.2 million)
- Application of Reserve Fund balances ($7 million)
FY2021 Proposed Revenues
(in $ millions)

- Fares: $32.0
- Parking: 0.4
- Shuttles: 2.0
- Rental Income: 1.1
- Other Income: 1.8
- AB434 & TA Shuttle: 1.8
- Operating Grants: 12.6
- Member Agencies: 29.0
- CARES Act: 41.5

Total Revenue: $122.2
FY2021 Proposed Expenses
(in $ millions)

- Rail Ops: $85.1
- Security Services: 6.7
- Shuttle Services: 4.1
- Fuel: 5.9
- Timetables & Tickets: 0.1
- Insurance: 6.4
- Facilities and Equip Maint: 5.4
- Utilities: 2.1
- Maint & Services: 1.6
- Administrative: 24.7
- Long-term debt: 2.4
- Total Expenses: $144.5
FY2021 Q3 and Q4 Proposed Revenues
(in $ millions)

<table>
<thead>
<tr>
<th>Source of Revenue</th>
<th>Amount ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fares</td>
<td>15.6</td>
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<tr>
<td>Parking</td>
<td>0.1</td>
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<tr>
<td>Shuttles</td>
<td>1.1</td>
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<tr>
<td>Rental Income</td>
<td>0.5</td>
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<tr>
<td>Other Income</td>
<td>1.0</td>
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<tr>
<td>AB434 &amp; TA Shuttle</td>
<td>0.9</td>
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<tr>
<td>Operating Grants</td>
<td>10.3</td>
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<tr>
<td>Member Agencies</td>
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<tr>
<td>CARES Act</td>
<td>0</td>
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<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>40.9</strong></td>
</tr>
</tbody>
</table>
FY2021 Q3 and Q4 Proposed Expenses (in $ millions)

- Rail Ops: $38.8
- Security Services: 3.3
- Shuttle Services: 2.2
- Fuel: 2.9
- Timetables & Tickets: 0.1
- Insurance: 0.7
- Facilities and Equip Maint: 2.4
- Utilities: 1.4
- Maint & Services: 0.7
- Administrative: 12.7
- Long-term debt: 1.2
- Total Expenses: $66.4

Chart showing percentage distribution of expenses.
FY2021 Proposed Capital Budget
(in $ millions)

**SOGR**
- Stations & Intermodal Access: $2.1
- Right of Way: $20.9
- Signals & Communications: $5.2
- Rolling Stock: $12.6

**Legal Mandates**: $1.0

**Operational Improvements / Enhancements**: $31.8

**Planning/Studies**: $8.7

**Total**: $82.3
FY2021 Capital Projects with Federal Funds De-allocated to Operating ($2.22 million)

- San Francisquito Creek Bridge Replacement – $400,000
- System-wide Track Rehab SOGR – $520,000
- Caltrain Communication System SOGR – $700,000
- Rail Network Maintenance – $100,000
- Clipper Next Gen Validators Site Prep – $500,000
## Funding Plan for Proposed FY2021 Capital Budget (in $ millions)

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount ($ millions)</th>
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<tbody>
<tr>
<td>Federal Grants*</td>
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<tr>
<td>State &amp; Regional Grants</td>
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<td>Members Contribution**</td>
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<td>Project Savings</td>
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<td>Operating &amp; Insurance Proceeds</td>
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<td>SMCTA</td>
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<td>Unfunded Board Authority</td>
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<tr>
<td>Other</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$82.3</strong></td>
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</tbody>
</table>

*Net of $2.2 de-obligated federal fund to Operating
**$6.0M contribution from each member
Next Steps

- Adoption of Q3 and Q4 budget, balanced on implementation of gap closing measures and borrowing
- Service changes implemented in December
- Development of FY22 budget, heavily reliant on Measure RR
- Implementation of capital markets transactions
- Any additional federal/state funding relieves pressure on Measure RR as source of funds