

# Preliminary Financial Report – FY 2019

*Year to Date September 30, 2019*

# Major Highlights

## Revenue

- \$358.8 million revenue collected or 106.9% of full year budget
- Sales tax remittances received in FY2019 are 7.5% higher than FY2018

## Operating Expenses

- \$255.3 million expended or 95.9% of full year budget
- Additional \$7.4 million of Project Connect spending in FY2019 compared to FY2018 for preliminary engineering and environmental assessments

## Capital Projects

- FY2019 capital spending of \$92.3 million or 80.6% of full year budget and included:
  - Positive Train Control, TIGER Grant Project, Downtown Station, Westgate Transit Center, Plaza Saltillo Double Tracking, Bus Stop Enhancements, Operations Control Center, 28 Commuter Coaches and 24 Transit Buses
- FY2019 delayed spending or savings of \$22.2 million or 19.4% under budget and included:
  - Projects delayed to Fiscal Year 2020 - Rail Capacity Improvements, Office Space Reconfiguration and Ticket Vending Machine Replacement; Capital Contingency savings

# Revenue - Preliminary

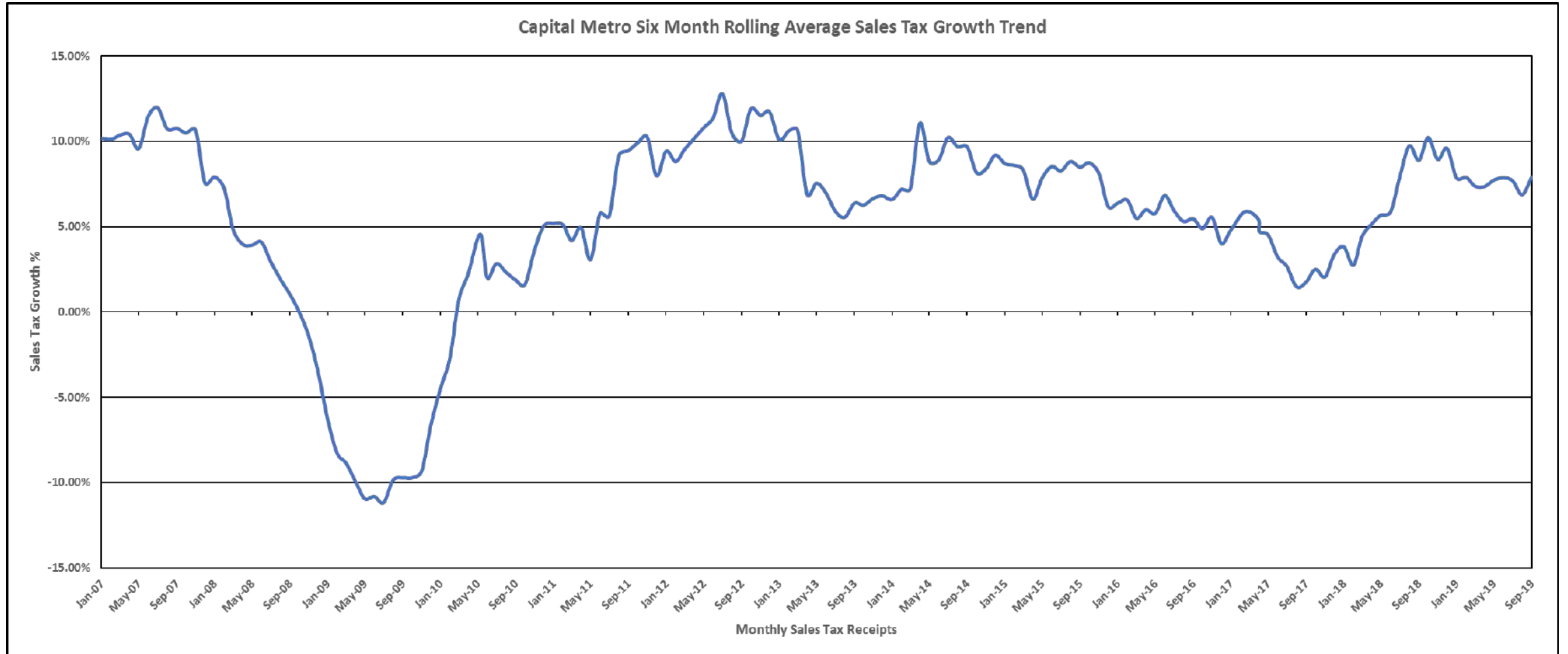
\$' Million Category	FY18 Sep YTD Actual	FY19 Sep YTD Actual	FY19 Full Year Budget	% of Budget	Comments
Sales Tax	\$243.6	\$261.5	\$245.8	106.4%	FY2019 receipts are 7.5% higher than FY2018
Passenger Fares	22.3	22.3	22.1	101.0%	Increased fares from higher ridership offset by free K-12 program and reduced institutional fares
Freight Railroad Revenue	5.5	5.1	4.5	113.2%	Additional freight volume to FY2019 budget; FY2018 includes 45G Tax Credit
Other Revenue	5.4	9.9	5.0	198.8%	Investment income above budget - \$4.8 million
Operating Contributions and Grants	53.4	40.8	29.7	137.5%	FTA Section 5307 fund draws \$7 million above budget; Sub-recipient - CARTS vehicle purchases \$3 million above budget
Capital Contributions and Grants	27.4	19.2	28.5	67.3%	Grants rolled to FY2020: Positive Train Control - \$10 million and North Lamar Intersection - \$2.7 million
<b>Total</b>	<b>\$357.6</b>	<b>\$358.8</b>	<b>\$335.6</b>	<b>106.9%</b>	

# Actual Sales Tax Receipts



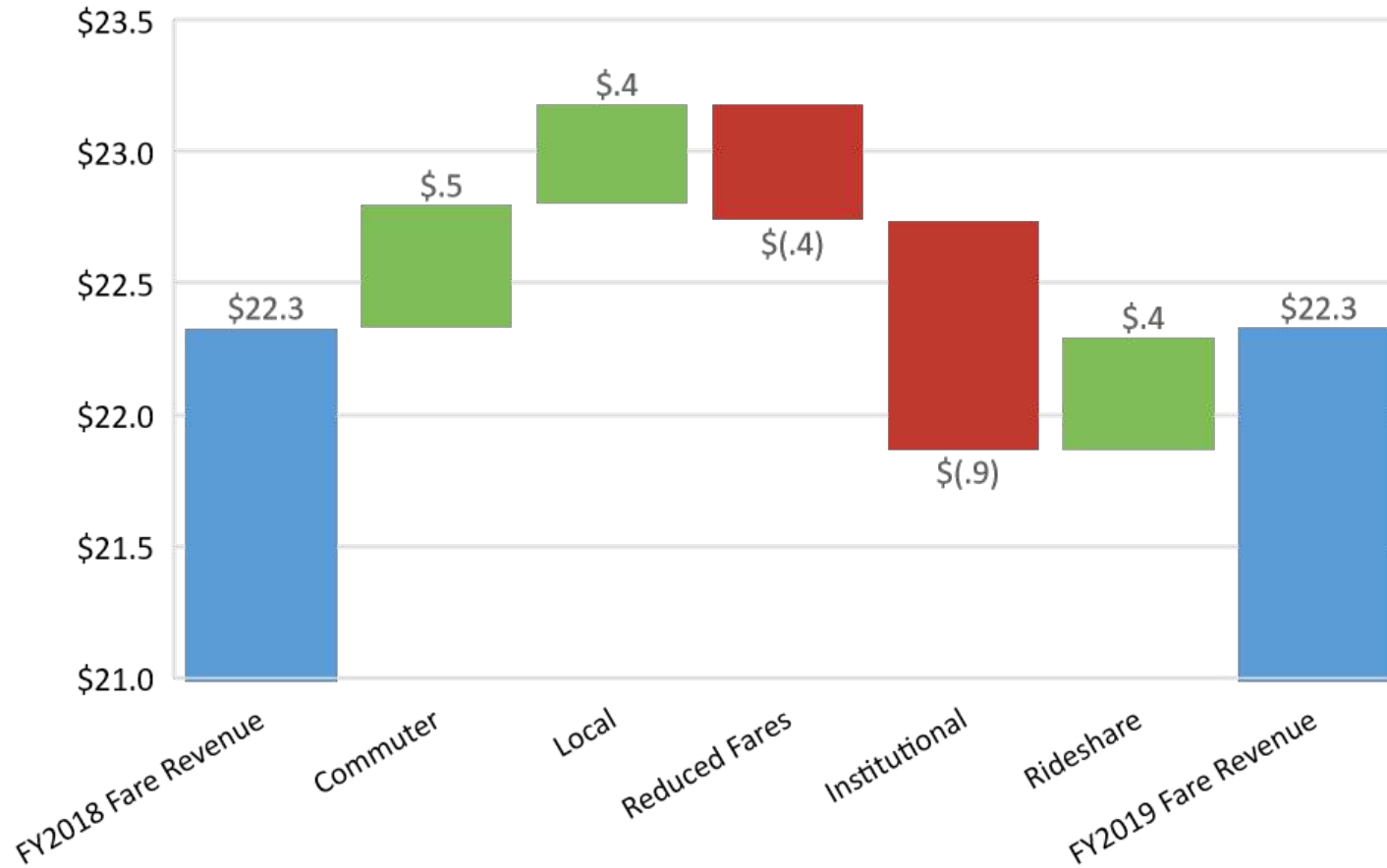
<b>Total</b>	<b>228.7M</b>	<b>\$243.6M</b>	<b>\$261.5M</b>
<b>YOY % Growth</b>	<b>3.1%</b>	<b>6.5%</b>	<b>7.5%</b>

# Sales Tax Rolling Average Trend



# FY2018 to FY2019 Fare Revenue

FY2018 to FY2019 Fare Revenue - in Millions

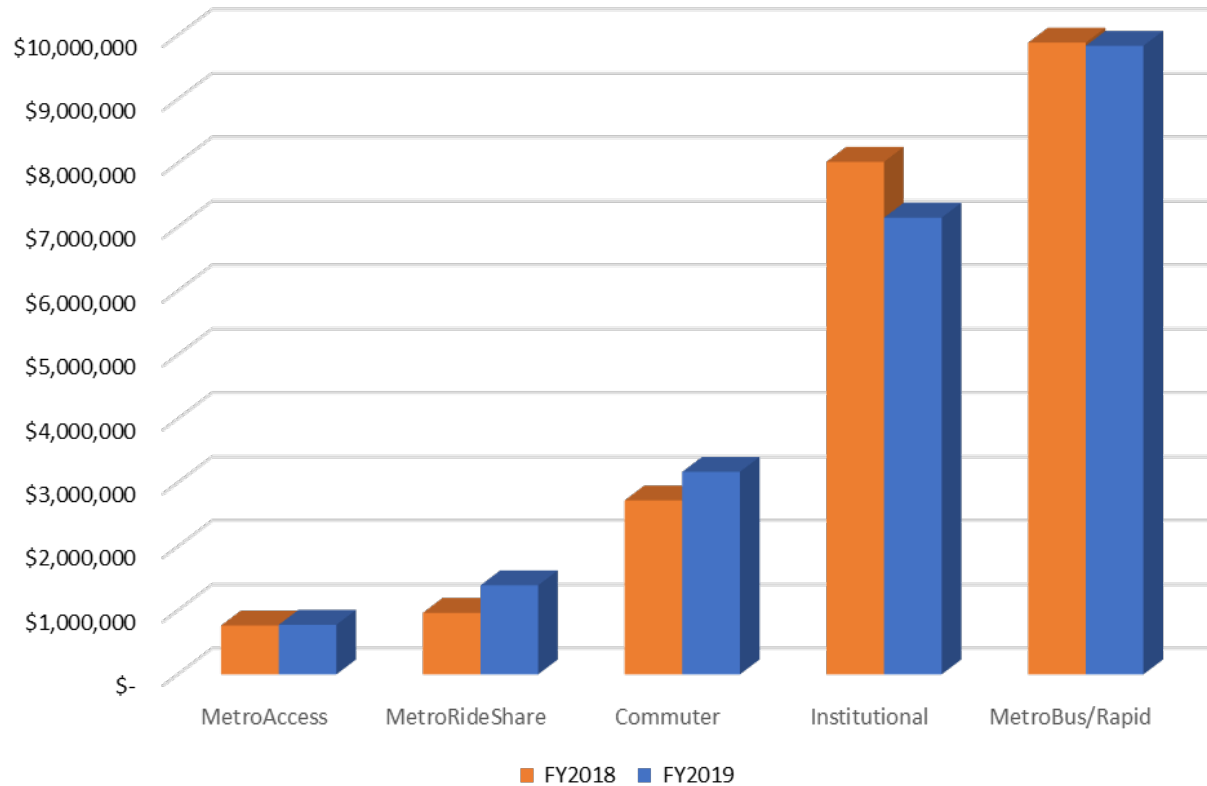


- Commuter ridership increase of 27%
- Local ridership increase of 3.7% and MetroRapid ridership increase of 14%
- Reduced Fares – kids K-12 ride free and Transit Empowerment fund \$121K less
- Institutional – University of Texas fixed fee contract began in August 2018
- Rideshare rate increase effective January 2019 due to new contract

■ Increase ■ Decrease ■ Total

# FY2018 to FY2019 Fare Revenue Comparison

Fare Revenue by Mode



**Revenue Increases:**

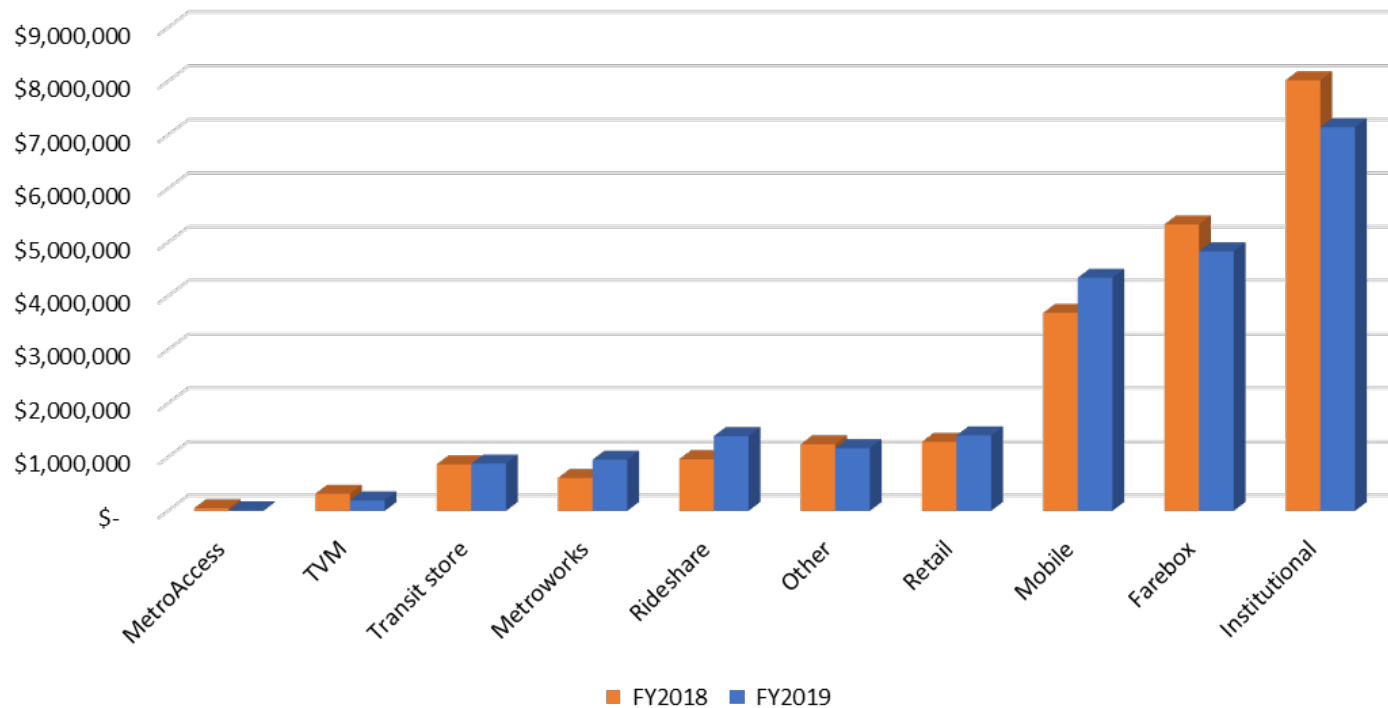
- Commuter fare revenue increase of 18% due to ridership increase of 27% offset by migration to longer duration passes
- RideShare increase reflects rate increase effective January 2019
- Local fare revenue increase of 4.4% due to local ridership increase of 3.7% and MetroRapid ridership increase of 14% offset by migration to longer duration passes

**Revenue Decreases:**

- Reduced fare revenue decreased by 37% due to kids K-12 riding free and a year over year reduction to the Transit Empowerment Fund
- University of Texas moved from a fixed fee and per rider fare contract in FY2018 to a fixed fee only contract in August 2018 for FY2019

# FY2018 to FY2019 Fare Revenue by Channel

Fare Revenue by Channel



## Growth Channels:

- Mobile Ticket sales grew by 18% over the last year and is now 29% of direct sales.
- MetroWorks program growth with steady increases in businesses aiding employees to use public transit. New B2B platform enabled growth and improved ease of use.
- Continued growth in MetroRideShare demand.

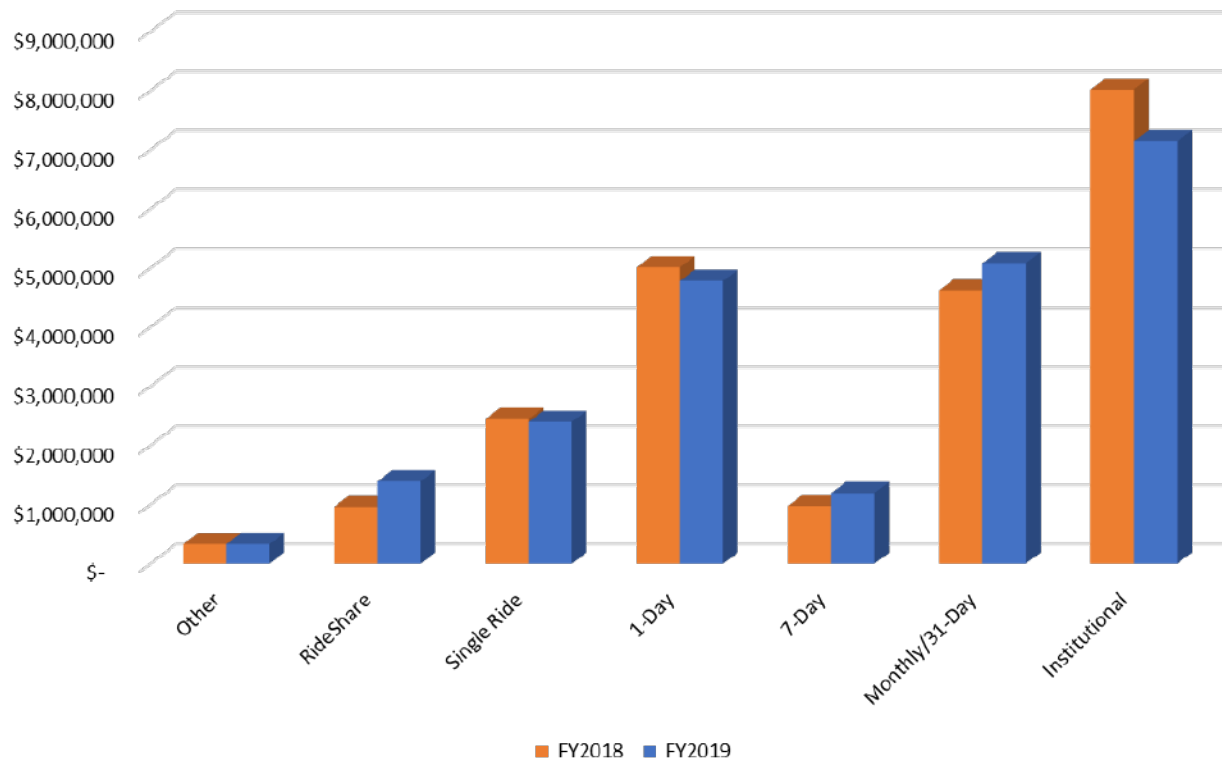
## Declining Channels:

- Farebox cash sales declined by 9% over the last year due to migration to Mobile Ticket purchases.
- Ticket Vending Machines (TVMs) for Rail have seen a consistent decline year over year as customers transition to the mobile app.



# FY2018 to FY2019 Fare Revenue by Pass Duration

Fare Revenue by Pass Duration



## Pass Type Duration:

- Increases in monthly/31-day and 7-day passes are indicative of regular use of public transit and the volume discounts that come with longer-duration purchases as well as increased mobile app usage for ease of use to purchase and utilize.
- Single-ride purchases and 1-day passes have declined due to migration to longer-duration passes
- As more business centers and large company campuses open around the area, MetroRideShare offers the convenience and cost savings of carpooling

# Operating Expense - Preliminary

\$' Million Category	FY18 Sep YTD Actual	FY19 Sep YTD Actual	FY19 Full Year Budget	% of Budget	Comments
Salaries and Benefits	\$42.7	\$45.8	\$44.4	103.1%	Pension adjustments of \$3.6 million offset slightly by vacancy savings
Professional Services	19.1	26.9	27.2	99.1%	Additional \$6.5 million in Project Connect costs in FY2019 from FY2018
Materials and Supplies	3.2	1.6	1.1	137.9%	
Fuel and Fluids	12.1	13.4	12.8	104.8%	Slight increase in Bus hours offset by fewer Rail hours to budget
Utilities	2.8	3.0	3.2	95.8%	
Insurance	1.3	0.6	0.9	73.0%	Savings in auto liability loss due to fewer claims than anticipated
Purchased Transportation	152.4	158.8	165.4	96.0%	Commuter Rail capital reclassification of \$3 million, 23% fewer Rail hours vs. budget and Innovative Mobility delay in Pickup startup
Lease/Rentals	1.6	1.5	3.0	51.2%	Innovative Mobility vehicle lease and Calles Admin facility savings
Other Expenses	3.2	3.6	8.0	44.3%	Unspent contingency and computer software expense
<b>Total</b>	<b>\$238.3</b>	<b>\$255.3</b>	<b>\$266.1</b>	<b>95.9%</b>	

# Budget Transfers

Consistent with Capital Metro's Financial Policies, there were seven budget transfers that cumulatively exceeded \$150,000 to report to the board for the 4th quarter of FY2019.

August-19				
<b>Transfer #1</b>				
<b>From:</b>	FIN1902	Capital Project FY2018 Carry Forward	(300,000)	Transferred capital funds for Norwood Walmart Mobility Hub.
<b>To:</b>	CPG1904	Norwood Walmart Mobility Hub	300,000	
August-19				
<b>Transfer #2</b>				
<b>From:</b>	FIN1902	Capital Project FY2018 Carry Forward	(328,000)	Transferred capital funds for office space reconfiguration at the headquarters facilities.
<b>To:</b>	CPG1807	Office Space Reconfiguration (Headquarters Facility)	328,000	
August-19				
<b>Transfer #3</b>				
<b>From:</b>	FIN1902	Capital Project FY2018 Carry Forward	(750,392)	Transferred capital funds for acceleration of Downtown Station Improvements.
<b>To:</b>	CPG1704	MetroRapid - Additional Stations for 801 and 803	(1,026,887)	
	CPG1516	Downtown Station Improvements funded by TxDOT	1,777,279	
August-19				
<b>Transfer #4</b>				
<b>From:</b>	510-5080200-544	Commuter Rail Services	(210,000)	Transferred operating funds from Commuter Rail to Freight Rail for additional transit service expenses due to increased freight volume.
<b>To:</b>	510-5039960-542	ROW Herzog Transit Services	210,000	
September-19				
<b>Transfer #5</b>				
<b>From:</b>	CPG1712	DT Station - Storm Water Improvements	(170,000)	Transferred operating funds for Downtown Station Improvements electrical work.
<b>To:</b>	CPG1516	Downtown Station Improvements funded by TxDOT	170,000	

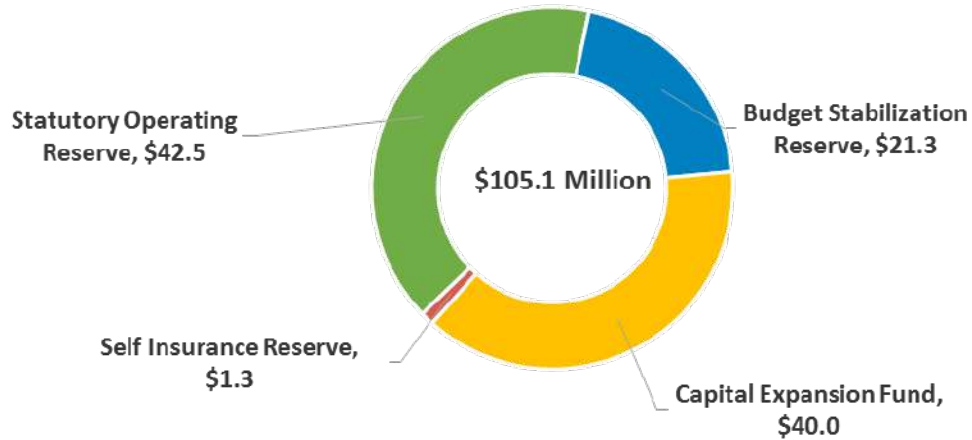
# Budget Transfers (continued)

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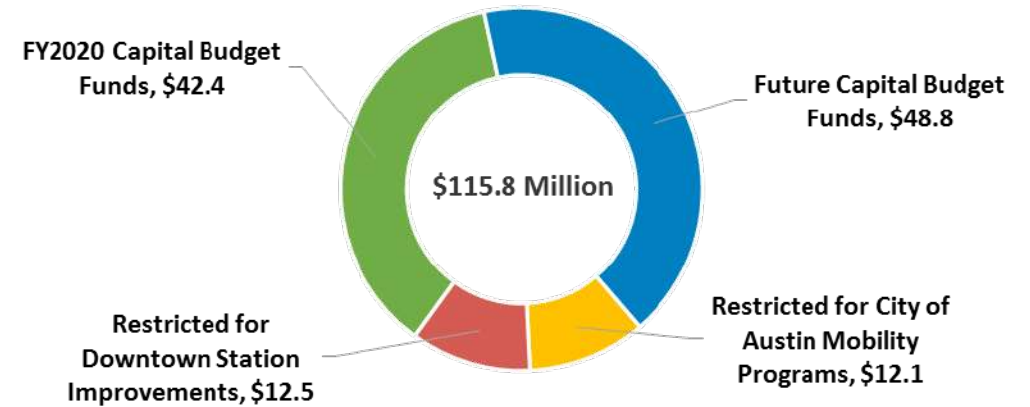
September-19				
<b>Transfer #6</b>				
<b>From:</b>	CPG1521	MetroRapid Project	(304,000)	Transferred capital funds between facilities projects for the acceleration of Downtown Station Improvements.
<b>To:</b>	CPG1902	Bus Stop Enhancements	(818,952)	
	CPG1904	Norwood Walmart Mobility Hub	(65,155)	
	CPG1516	Downtown Station Improvements funded by TxDOT	1,188,107	
September-19				
<b>Transfer #7</b>				
<b>From:</b>	510-5090702-220	Contingency Reserve	(1,865,000)	Transferred operating funds from contingency to Project Connect for accelerated work on the Blue and Orange lines.
<b>To:</b>	510-5030303-920	Consultation Fees	1,865,000	

# Reserve, Allocated & Restricted Funds

## Reserve Funds



## Allocated & Restricted Funds



### Notes:

- Additional funding was allocated to the statutory operating and budget stabilization reserves based on the board approved funding formula. The statutory operating reserve equals 2 months of estimated FY2019 operating expenses. Contributions to the budget stabilization reserve began in February 2016 with \$7 million reserved in FY2016 and \$3 million in FY2017. An additional contribution of \$9.8 million was made in FY2018 to fully fund the budget stabilization reserve. The capital expansion fund was established in FY2018 with \$9.6 million reserved along with an additional \$30.4 million from FY2019 as Capital Metro looks forward to future needs in the region.
- Funds for capital investment are required to help address extensive capital needs. The capital budget for FY2020 is \$110 million, with \$68 million funded by FY2020 income and \$42 million from reserves. Due to project delays, \$22 million of the FY2019 capital budget was carried forward to FY2020. These capital improvements are needed to maintain the state of good repair of the community's transit infrastructure and to be in compliance with Federal regulations. The City of Austin Mobility Fund was reduced by \$6 million in FY2019 to assist with Project Connect preliminary engineering and environmental analysis.

# Statement of Revenue, Expenses and Change in Net Position - Preliminary

\$' Million	FY18 Sep YTD Actual	FY19 Sep YTD Actual	FY19 Full Year Budget	% of Budget
<i>Operating Revenue</i>				
Passenger Fares	\$22.3	\$22.3	\$22.1	101.0%
Freight Railroad Revenue	5.5	5.1	4.5	113.2%
Other Revenue	3.6	4.6	4.1	112.8%
<b>Total</b>	<b>31.4</b>	<b>32.1</b>	<b>30.7</b>	<b>104.4%</b>
<i>Operating Expenses</i>				
Salaries and Benefits	42.7	45.8	44.4	103.1%
Professional Services	19.1	26.9	27.2	99.1%
Fuel and Fluids	12.1	13.4	12.8	104.8%
Utilities	2.8	3.0	3.2	95.8%
Purchased Transportation	152.4	158.8	165.4	96.0%
Other Expenses	7.7	5.8	10.1	57.4%
Lease/Rental	1.6	1.5	3.0	51.2%
Depreciation & Amortization	44.0	46.5	50.7	91.9%
<b>Total</b>	<b>282.3</b>	<b>301.8</b>	<b>316.8</b>	<b>95.3%</b>
<b>Operating Income/Loss</b>	<b>(250.9)</b>	<b>(269.8)</b>	<b>(286.0)</b>	<b>94.3%</b>
<i>Non-Operating Revenue/(Expenses)</i>				
Sales Tax	243.6	261.5	245.8	106.4%
Investment Income	2.0	5.7	.9	648.3%
Operating Contributions and Grants	53.4	40.8	29.7	137.5%
Capital Contributions and Grants	27.4	19.2	28.5	67.3%
Mobility Interlocal Agreements	(6.5)	(7.8)	(4.6)	168.3%
Other	(.2)	(.3)	-	0.0%
<b>Non-Operating Income/(Loss)</b>	<b>319.7</b>	<b>319.1</b>	<b>300.3</b>	<b>106.3%</b>
<b>Change in Net Position</b>	<b>\$68.8</b>	<b>\$49.3</b>	<b>\$14.2</b>	<b>347.1%</b>

# Budget Variances by Department - Preliminary

\$'000 Department	FY18 YTD Actual	FY19 YTD Actual	FY19 YTD Revised Budget	YTD % of Revised Budget	YTD Budget vs. Actual	Comments
100 - Non-Allocated Benefits	\$12,915	\$14,807	\$11,876	124.7%	(\$2,931)	Admin and Bargain Pension Plan adjustments based on actuarial valuations at December 31, 2018
102 - Wellness Center	261	263	277	94.8%	14	
103 - Child Care Center	904	938	967	97.0%	29	
105 - Business Center	324	375	362	103.7%	(13)	New Canon business center contract and closeout of Ricoh contract
110 - Executive Staff	518	799	764	104.7%	(36)	Sick and vacation accrual adjustment in FY2019
115 - Communications	483	447	469	95.3%	22	
118 - Government Relations	1,197	953	1,005	94.9%	51	Cancellation of Government Relations Value of Transit campaign
119 - Diversity and Compliance	0	225	215	104.8%	(10)	
120 - Board Of Directors	251	206	227	90.6%	21	Travel savings from Board of Directors
125 - Internal Audit	271	338	371	91.1%	33	Vacancy filled in March - Staff Auditor
130 - Strategic Oper Mgt. & Administration	650	748	810	92.4%	61	Professional fee savings for Strategic Plan and vacancy savings - Executive Assistant
141 - Security	4,761	4,401	4,393	100.2%	(8)	
150 - Legal	812	823	1,189	69.2%	367	General legal services savings - lower outside legal need than budgeted
220 - Finance	3,875	3,586	4,801	74.7%	1,216	Unspent contingency, interest expense savings due to debt elimination and bad debt reserve reversals and savings
230 - Information Technology	9,030	10,417	11,248	92.6%	830	Vacancy savings (average of 4 per month) and lower than anticipated computer software expense
250 - Procurement	1,379	1,502	1,510	99.5%	8	
275 - Rideshare	2,563	2,930	3,272	89.6%	342	Vacancy savings - Program Manager and lower anticipated vehicles in program (278 budget vs. 244 actual - September)
320 - Planning	2,761	2,065	2,737	75.4%	673	Vacancy savings (average of 3 per month) and lower than anticipated general planning consulting expense
330 - Marketing	3,157	2,672	2,693	99.2%	20	
331 - Community Engagement	1,029	963	1,163	82.8%	200	Vacancy savings - Team Coordinator and savings for Smart Trips, Plaza Saltillo and special events professional fees
332 - Customer Service	890	930	1,065	87.3%	135	Vacancy savings - 2 Customer Service Reps and a Data Analyst
340 - Human Resources	2,058	2,025	2,139	94.7%	114	Savings for training moved to FY2020 (Needs Assessment, Leader in Motion/Route and PMP)
420 - Risk Management And Safety	2,348	2,155	2,520	85.5%	365	Savings in auto liability loss - fewer claims than expected and vacancy savings - Safety Engineer
457 - Public Facilities	4,352	4,807	4,989	96.4%	182	Savings in electric, water and sewer utilities
530 - Capital Projects	2,174	1,636	1,932	84.7%	296	Vacancy savings that are now filled and savings from amenities refurbishment and pop-up projects
540 - Real Estate And Property Mgt.	1,921	1,667	1,956	85.2%	289	Savings for facility condition assessment (Only underground performed) and temp help due to internal coordinator hire
542 - Freight Rail Management	1,975	1,663	1,810	91.9%	147	Timber bridge analysis, road crossing analysis and out-of-service infrastructure repair moved to FY2020
544 - Commuter Rail Operations	16,952	14,707	19,688	74.7%	4,981	Savings for capital reclassification - \$3M, 23% fewer rail hours vs. budget - savings for purchased transportation and diesel
546 - Rail Compliance	214	0	0	0.0%	0	Department 546 merged to department 544
550 - Real Estate and Facility Planning	2,126	2,029	2,674	75.9%	645	Delay in admin space at Calles and new Ops Maint Alternatives Facility analysis. Savings in temp help - not used entire year
600 - Operations and Maintenance Oversight	3,379	134,458	134,120	100.3%	(339)	Purchased transportation and fuel slightly over budget due to additional 19,308 hours at N Ops and 18,558 hours at 2910
610 - Bus Contract Operations	119,559	0	0	0.0%	0	Department 610 merged to department 600
615 - Innovative Mobility	0	827	3,490	23.7%	2,662	Delay of go-live schedule for Innovative Mobility projects - savings in purchased transportation, lease vehicles and services
620 - Paratransit Contract Operations	28,064	26,648	26,796	99.4%	149	
630 - Paratransit Administration	332	0	0	0.0%	0	Department 630 merged to department 620
640 - Paratransit Reservation & Control	1,822	1,907	1,893	100.8%	(15)	
650 - Paratransit Eligibility	880	866	909	95.3%	43	
920 - Project Connect	2,119	9,507	9,764	97.4%	257	Orange Line and PMOR consulting to be completed in FY2020
<b>Total</b>	<b>238,306</b>	<b>255,292</b>	<b>266,094</b>	<b>95.9%</b>	<b>10,802</b>	

# Capital Projects Summary - Preliminary

<b>\$'000</b>				
<b>Project Category</b>	<b>Expended</b>	<b>Budget</b>	<b>Expended as % of Budget</b>	<b>Comments</b>
Commuter Rail	\$18,622	\$22,380	83.2%	Spending for Positive Train Control and Track Undercutting
Vehicles	29,663	29,623	100.1%	Spending for 28 Commuter Coaches and 24 Transit Buses
Information Technology	4,056	11,665	34.8%	Delay in Enterprise Asset Management System and Ticket Vending Machine Replacement
Facilities	37,636	37,295	100.9%	Spending for TIGER Grant Project, Downtown Station and Plaza Saltillo Double Tracking
Freight Railroad	31	1,907	1.6%	Delay in Bridge Replacement and Crossing Improvements
Property and Asset Mgmt	1,894	2,430	78.0%	Spending for Plaza Saltillo Crossings and Signals and North Ops Bus Wash
Contingency	-	2,000	0.0%	
Strategic Planning	-	6,472	0.0%	Delay in North Lamar/Airport Grade Separation
Security	419	757	55.4%	Delay in Property Perimeter Hardening and Enhancements
<b>Total</b>	<b>\$92,321</b>	<b>\$114,530</b>	<b>80.6%</b>	





**METRO**

**THANK YOU!**