

Financial Report – Fiscal Year 2020

Year to Date June 30, 2020



Major Highlights

Revenue

- Sales tax remittances received YTD May 2020 are 1.6% higher than YTD May 2019
 - May 2020 remittance is \$1.6 million or 7.6% lower than May 2019
- CARES Act draw of \$20.2 million received in June 2020, \$49.5 million received year to date

Operating Expenses

- \$199 million expended to date, or 69.3% of full year budget
- \$9.5 million YTD COVID expenses for front-line bonuses, disinfecting and cleaning supplies, personal protective equipment, plexiglass barriers, pandemic communication and signage, pandemic sick leave and estimated contractor pay continuation

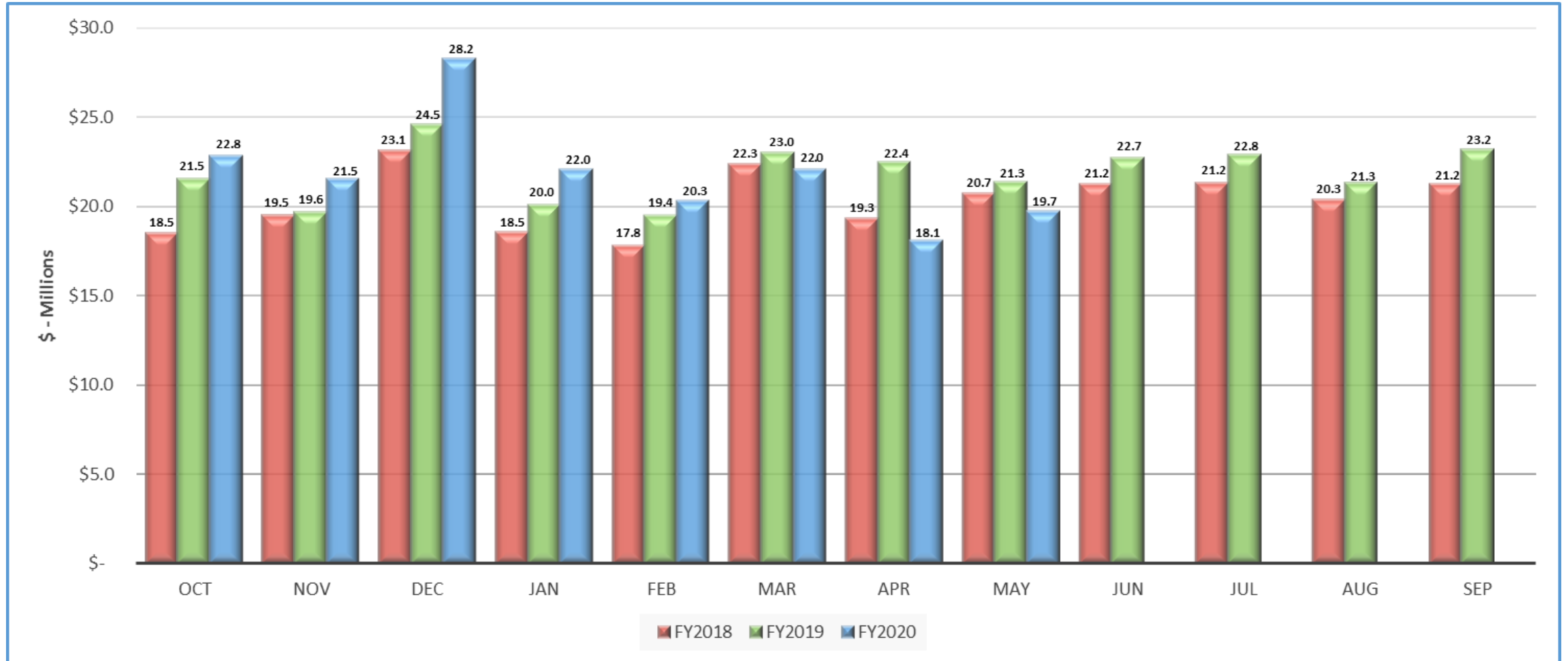
Capital Projects

- \$57.1 million expended to date, or 51.1% of full year budget
 - Downtown Station, Positive Train Control, Transit Bus Replacements, Battery Electric Buses and Electric Bus Yard Paving
- \$21.6 million outstanding commitments have been issued, or 19.3% of full year budget
 - Positive Train Control, Electric Bus Yard Paving and Infrastructure, Battery Electric Buses and Bus Stop Enhancements

Revenue

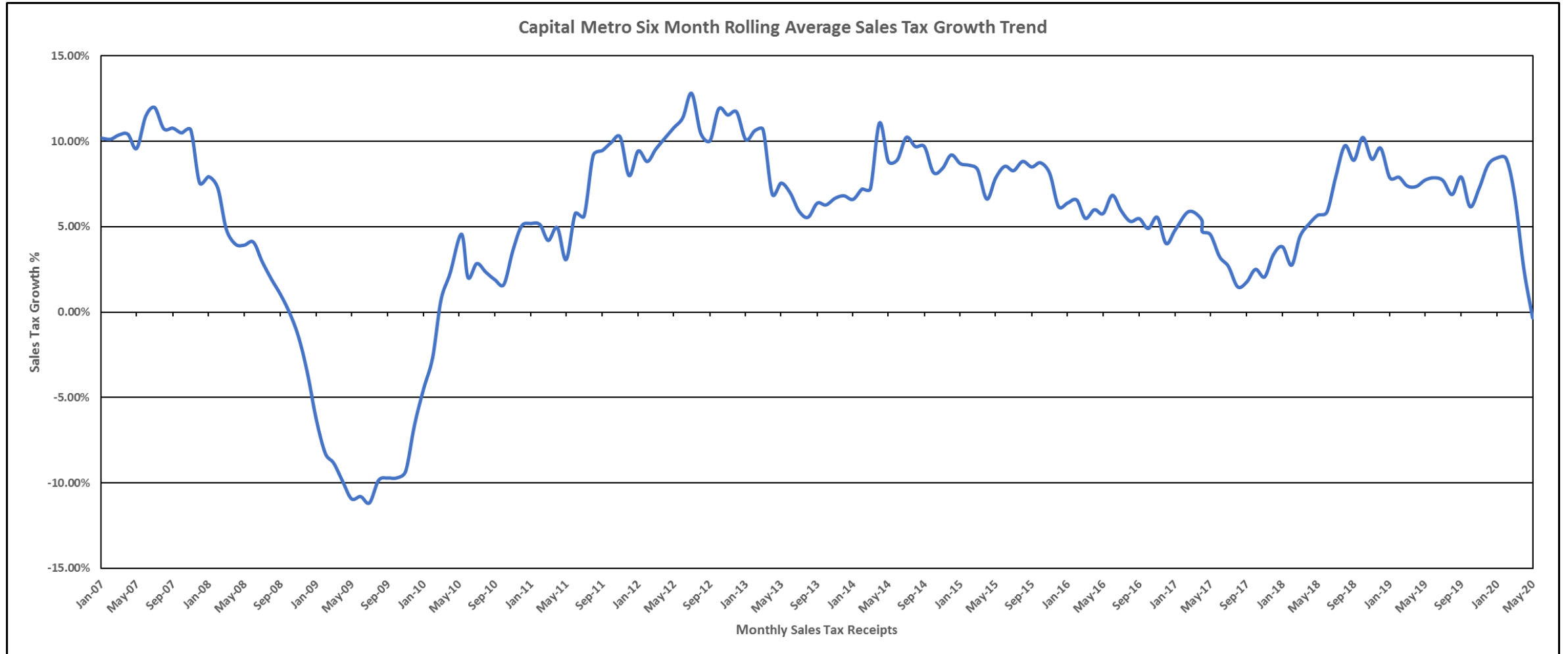
| \$' Million Category | FY19 Jun YTD Actual | FY20 Jun YTD Actual | FY20 Full Year Budget | % of Budget | Comments |
|------------------------------------|---------------------|---------------------|-----------------------|--------------|---|
| Sales Tax | \$192.8 | \$194.4 | \$265.7 | 73.2% | June sales tax receipts accrued |
| Passenger Fares | 16.3 | 11.9 | 22.5 | 53.0% | Free fares in April and May, June fare revenue down 64% |
| Freight Railroad Revenue | 3.8 | 5.2 | 5.2 | 99.2% | Unbudgeted 45G Short-line tax credit of \$1.1 million |
| Other Revenue | 6.1 | 6.9 | 7.8 | 89.0% | Investment interest income above budget |
| Operating Contributions and Grants | 29.1 | 78.7 | 32.3 | 243.4% | CARES Act draw and accrual of \$64 million |
| Capital Contributions and Grants | 8.9 | 10.4 | 27.7 | 37.6% | Timing of processing eligible paid expenses |
| Total | \$257.0 | \$307.6 | \$361.2 | 85.2% | |

Actual Sales Tax Receipts



| | | | |
|---------------------|-----------------|-----------------|-----------------|
| Total | \$243.6M | \$261.5M | \$174.6M |
| YOY % Growth | 6.5% | 7.5% | 1.6% |

Sales Tax Rolling Average Trend



Operating Expense

| \$' Million Category | FY19 Jun YTD Actual | FY20 Jun YTD Actual | FY20 Full Year Budget | % of Budget | Comments |
|-----------------------------|----------------------------|----------------------------|------------------------------|--------------------|--|
| Salaries and Benefits | \$30.7 | \$33.0 | \$49.2 | 67.1% | Vacancy savings through June |
| Professional Services | 14.6 | 26.3 | 43.5 | 60.4% | Timing of consultation and other professional fee payments |
| Materials and Supplies | 0.9 | 0.8 | 2.2 | 35.5% | Timing of maps, schedules and other supplies expense |
| Fuel and Fluids | 9.1 | 9.5 | 13.7 | 69.2% | |
| Utilities | 2.1 | 2.2 | 3.2 | 67.1% | Timing of electricity, drainage and water expense |
| Insurance | 0.5 | 0.3 | 1.0 | 31.3% | Timing of insurance premium payments |
| Purchased Transportation | 121.1 | 122.8 | 165.1 | 74.4% | |
| Lease/Rentals | 1.0 | 2.0 | 2.0 | 99.8% | |
| Other Expenses | 2.6 | 2.1 | 7.2 | 29.9% | Unspent contingency |
| Total | \$182.5 | \$199.0 | \$287.1 | 69.3% | |

Budget Transfers

Consistent with Capital Metro's Financial Policies, there were five budget transfers that cumulatively exceeded \$150,000 to report to the board for the 3rd quarter of FY2020.

| April-20 | | | | |
|-------------|---------|---|-------------|--|
| Transfer #1 | From: | To: | | |
| | BPS1602 | Vehicle Camera Systems | (1,500,000) | Capital Projects placed on hold and moved to COVID reserve. |
| | CPG1805 | Connections 2025 - New Bus Stops | (200,000) | |
| | CPG2003 | North Ops Fueling System | (50,000) | |
| | ITS1601 | ePaper DMS for BRT & Rail Plus IDIQ | (450,000) | |
| | ITS1606 | Cap Metro Station WiFi | (250,000) | |
| | ITS1805 | Demand Response Transit System | (150,000) | |
| | ITS1808 | Enterprise Project Portfolio Management | (200,000) | |
| | ITS2009 | Data Warehouse and Business Intelligence Enhancements | (600,000) | |
| | ITS2011 | Governance Risk and Compliance Software | (50,000) | |
| | ITS2012 | Enterprise Customer Relationship Management System | (400,000) | |
| | PAM2008 | HVAC | (11,469) | |
| | PAM2020 | Air Compressor - North Ops | (13,468) | |
| | PAM2026 | Generator for RMF at North Ops | (100,000) | |
| | PAM2043 | Hose Crimper 2910 | (10,316) | |
| | PAM2048 | Chassis Wash Bay Doors at North Ops | (30,000) | |
| | PAM2049 | Additional Lift Sets for North Ops | (77,070) | |
| | PLN1901 | North Lamar/Airport Intersection | (400,000) | |
| | PLN1901 | North Lamar/Airport Intersection | (100,000) | |
| | RRC2007 | State of Good Repair for Rail Grade Crossings | (300,000) | |
| | RRC2012 | State of Good Repair - Bridge and Track | (600,000) | |
| | RRC2015 | DTMF Pre-Emption Kramer | (20,000) | |
| | FIN2002 | Capital Project FY2019 Carry Forward | 5,512,323 | |
| April-20 | | | | |
| Transfer #2 | From: | To: | | |
| | CPG1712 | DT Station - Storm Water Improvements | (189,125) | Transferred funds to start the design and evaluation on North Lamar Mobility Hub – Construction project. |
| | CPG2002 | North Lamar Mobility Hub - Construction | 189,125 | |

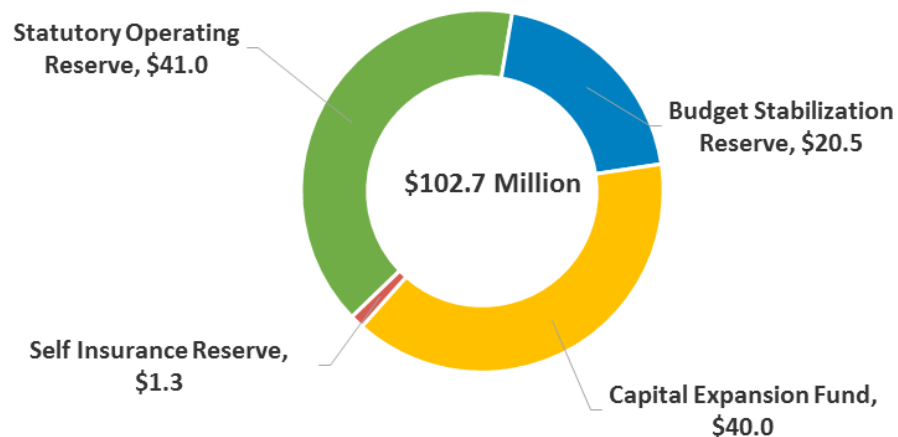
Budget Transfers (continued)

Consistent with Capital Metro's Financial Policies, there were five budget transfers that cumulatively exceeded \$150,000 to report to the board for the 3rd quarter of FY2020.

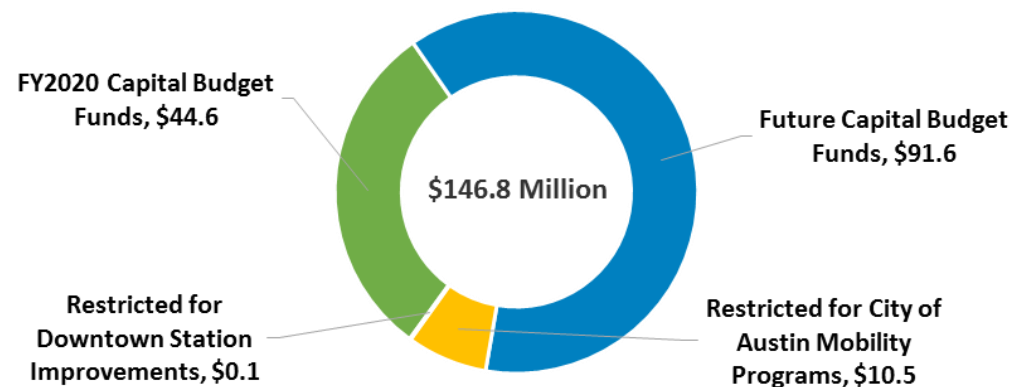
| April-20 | | | | |
|--------------------|-----------------|---|-------------|--|
| Transfer #3 | | | | |
| From: | CPG1712 | DT Station - Storm Water Improvements | (188,000) | Transferred funds for MetroAccess office reconfiguration. |
| To: | CPG1807 | Office Space Re-Configuration (Headquarters Facility) | 188,000 | |
| April-20 | | | | |
| Transfer #4 | | | | |
| From: | 510-5090703-220 | Budget Reallocation Account | (2,000,000) | Transferred funds from the operating budget reallocation account for Project Connect's Blue and Orange lines and Project Management. |
| To: | 510-5030303-920 | Consultation Fees | 2,000,000 | |
| June-20 | | | | |
| Transfer #5 | | | | |
| From: | FIN2002 | Capital Project FY2019 Carry Forward | (800,000) | Transferred funds from COVID reserve for acceleration of Track Undercutting. |
| To: | RRC1905 | Track Undercutting | 800,000 | |

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 \$111.8 million, with \$67.2 million funded by FY2020 income and \$44.6 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 and by \$1.6 million with a payment in November 2019.

Statement of Revenue, Expenses and Change in Net Position

| \$' Million | FY19 Jun YTD Actual | FY20 Jun YTD Actual | FY20 Full Year Budget | % of Budget |
|---|------------------------|------------------------|--------------------------|---------------------|
| <i>Operating Revenue</i> | | | | |
| Passenger Fares | \$16.3 | \$11.9 | \$22.5 | 53.0% |
| Freight Railroad Revenue | 3.8 | 5.2 | 5.2 | 99.2% |
| Other Revenue | 3.3 | 4.0 | 5.3 | 76.0% |
| Total | 23.3 | 21.1 | 33.0 | 64.0% |
| <i>Operating Expenses</i> | | | | |
| Salaries and Benefits | 30.7 | 33.0 | 49.2 | 67.1% |
| Professional Services | 14.6 | 26.3 | 43.5 | 60.4% |
| Fuel and Fluids | 9.1 | 9.5 | 13.7 | 69.2% |
| Utilities | 2.1 | 2.2 | 3.2 | 67.1% |
| Purchased Transportation | 121.1 | 122.8 | 165.1 | 74.4% |
| Other Expenses | 3.9 | 3.2 | 10.3 | 31.2% |
| Lease/Rental | 1.0 | 2.0 | 2.0 | 99.8% |
| Depreciation & Amortization | 33.3 | 32.3 | 50.7 | 63.7% |
| Total | 215.8 | 231.3 | 337.8 | 68.5% |
| <i>Operating Income/Loss</i> | <i>(192.4)</i> | <i>(210.1)</i> | <i>(304.8)</i> | <i>68.9%</i> |
| <i>Non-Operating Revenue/(Expenses)</i> | | | | |
| Sales Tax | 192.8 | 194.4 | 265.7 | 73.2% |
| Investment Income | 3.0 | 3.0 | 2.5 | 121.2% |
| Operating Contributions and Grants | 29.1 | 78.7 | 32.3 | 243.4% |
| Capital Contributions and Grants | 8.9 | 10.4 | 27.7 | 37.6% |
| Mobility Interlocal Agreements | (4.6) | (3.3) | (6.9) | 48.1% |
| Other | (.1) | (.1) | - | 0.0% |
| <i>Non-Operating Income/(Loss)</i> | <i>229.0</i> | <i>283.2</i> | <i>321.3</i> | <i>88.1%</i> |
| Change in Net Position | \$36.6 | \$73.0 | \$16.6 | 440.8% |

Budget Variances by Department

| \$'000 Department | FY19 YTD Actual | FY20 YTD Actual | FY20 YTD Revised Budget | YTD % of Revised Budget | YTD Budget vs. Actual | FY20 Budget Full Year | Comments |
|--|--------------------|--------------------|----------------------------|-------------------------------|--------------------------|--------------------------|---|
| 100 - Non-Allocated Benefits | \$7,882 | \$8,663 | \$10,513 | 82.4% | \$1,851 | \$14,374 | Timing of admin pension (\$1.1 million) and health plan expense (\$730 thousand) |
| 102 - Wellness Center | 190 | 189 | 202 | 93.8% | 12 | 268 | |
| 103 - Child Care Center | 701 | 729 | 745 | 97.8% | 16 | 995 | |
| 105 - Business Center | 263 | 243 | 271 | 89.9% | 27 | 366 | Timing of business center expense |
| 110 - Executive Staff | 465 | 495 | 632 | 78.3% | 137 | 801 | Vacancy savings - Director of Innovation and timing of dues and subscription expense |
| 115 - Communications | 349 | 0 | 0 | 0.0% | 0 | 0 | Merged with Marketing department |
| 118 - Government Relations | 450 | 431 | 798 | 54.0% | 367 | 951 | Timing of Transit Empowerment Fund fees (\$350 thousand) to be booked in July |
| 119 - Diversity and Compliance | 156 | 150 | 167 | 89.7% | 17 | 214 | Timing of dues and subscriptions expense |
| 120 - Board Of Directors | 159 | 108 | 97 | 110.8% | (11) | 152 | Timing of COVID budget cuts booked all in April |
| 125 - Internal Audit | 252 | 277 | 410 | 67.4% | 134 | 506 | Timing of quadrennial audit fees |
| 130 - Strategic Oper Mgt. & Administration | 559 | 582 | 594 | 98.0% | 12 | 793 | |
| 141 - Security | 3,316 | 3,270 | 3,936 | 83.1% | 667 | 5,153 | Savings of APD officer salaries and wages from special event cancellations and lack of availability |
| 150 - Legal | 547 | 663 | 734 | 90.2% | 72 | 991 | |
| 220 - Finance | 2,617 | 2,709 | 12,761 | 21.2% | 10,051 | 12,229 | Unspent operating contingency (\$3.5 million) and COVID savings accumulation (\$6.3 million) |
| 230 - Information Technology | 7,938 | 7,800 | 8,599 | 90.7% | 799 | 10,618 | Timing of software maintenance expense and vacancy savings for 2 positions |
| 250 - Procurement | 1,082 | 1,182 | 1,245 | 94.9% | 63 | 1,664 | |
| 275 - Rideshare | 2,163 | 2,585 | 2,440 | 106.0% | (145) | 3,300 | Additional accrual of ready to return vanpools continuity expense |
| 320 - Planning | 1,572 | 1,897 | 2,444 | 77.6% | 547 | 3,314 | Timing of consulting fees and vacancy savings for 4 positions |
| 330 - Marketing and Communications | 1,707 | 2,398 | 2,752 | 87.1% | 354 | 3,572 | Timing of marketing campaigns, literature distribution and temporary help expense |
| 331 - Community Engagement | 682 | 700 | 798 | 87.7% | 98 | 1,033 | Timing of community survey expense |
| 332 - Customer Service | 681 | 765 | 813 | 94.2% | 47 | 1,080 | |
| 340 - People and Culture | 1,406 | 1,730 | 1,669 | 103.7% | (61) | 2,277 | |
| 420 - Risk Management And Safety | 1,430 | 1,689 | 2,182 | 77.4% | 492 | 2,675 | Timing of insurance premium payments |
| 457 - Public Facilities | 3,336 | 3,306 | 3,908 | 84.6% | 602 | 5,281 | Timing of electrical, repair and maintenance, custodial services and utility expense |
| 530 - Capital Projects | 1,007 | 1,425 | 1,496 | 95.2% | 71 | 2,026 | |
| 540 - Real Estate And Property Mgt. | 1,143 | 1,799 | 2,140 | 84.1% | 340 | 2,955 | Timing of building maintenance and facilities repair expense |
| 542 - Freight Rail Management | 1,204 | 1,138 | 1,291 | 88.1% | 153 | 1,714 | Timing of timber bridge and road crossing analysis |
| 544 - Commuter Rail Operations | 13,444 | 13,644 | 15,253 | 89.5% | 1,609 | 20,296 | Purchased transportation savings from 24% fewer hours and timing of DMU engine overhaul |
| 550 - Real Estate and Facility Planning | 1,249 | 1,899 | 2,162 | 87.8% | 264 | 2,996 | Timing of professional fees expense |
| 600 - Operations and Maintenance Oversight | 99,475 | 97,933 | 98,734 | 99.2% | 801 | 130,401 | Reduction in hours in response to COVID-19 |
| 615 - Innovative Mobility | 385 | 2,483 | 2,613 | 95.0% | 129 | 3,904 | Timing of innovation zones rollout and savings in new innovative initiatives |
| 620 - Paratransit Contract Operations | 19,818 | 22,770 | 21,986 | 103.6% | (784) | 29,364 | Additional food delivery and COVID related expenses |
| 640 - Paratransit Reservation & Control | 1,386 | 1,568 | 1,678 | 93.5% | 109 | 2,195 | |
| 650 - Paratransit Eligibility | 631 | 643 | 670 | 96.0% | 27 | 912 | |
| 920 - Project Connect | 2,846 | 11,121 | 12,575 | 88.4% | 1,454 | 17,759 | Timing of consultation fees and marketing campaign and vacancy savings for 2 positions |
| | 182,491 | 198,984 | 219,306 | 90.7% | 20,322 | 287,127 | |

Capital Projects Summary

| \$'000 Project Category | Expended | Outstanding Commitments | Budget | Expended & Committed as % of Budget | Comments |
|------------------------------------|-----------------|------------------------------------|------------------|--|---|
| Commuter Rail | \$8,988 | \$5,825 | \$22,060 | 67.1% | Positive Train Control and Track Undercutting |
| Vehicles | 15,838 | 4,084 | 30,174 | 66.0% | 23 Transit Buses and 8 Battery Electric Buses |
| Information Technology | 2,921 | 3,758 | 15,337 | 43.6% | Onboard Validators and ePaper Dynamic Message Signs |
| Facilities | 27,187 | 7,544 | 37,799 | 91.9% | Downtown Station, N Ops Electric Bus Yard Paving and CARTS Eastside Bus Plaza |
| Freight Railroad | 279 | 0 | 295 | 94.4% | Bridge Replacement Design |
| Property and Asset Mgmt | 1,170 | 94 | 1,524 | 83.0% | Plaza Saltillo Revitalization, Crossings and Signals and Express Bus Lifts |
| Contingency | - | - | 2,000 | 0.0% | |
| Strategic Planning | - | - | 500 | 0.0% | |
| Security | 743 | 286 | 2,093 | 49.2% | Property Perimeter Hardening and Security Cameras in Metro Police Vehicles |
| Total | \$57,126 | \$21,592 | \$111,783 | 70.4% | |

Outstanding commitments are for the purchase orders that have been issued.



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THANK YOU!