

Preliminary Financial Report – FY2020

Year to Date September 30, 2020



Major Highlights

Revenue

- \$432.2 million revenue collected or 119.6% of full year budget
- Sales tax remittances received in Fiscal Year 2020 are 0.27% higher than Fiscal Year 2019
- CARES Act draw of \$101.9 million completely received in Fiscal Year 2020

Operating Expenses

- \$275.7 million expended or 96% of full year budget
- \$16 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

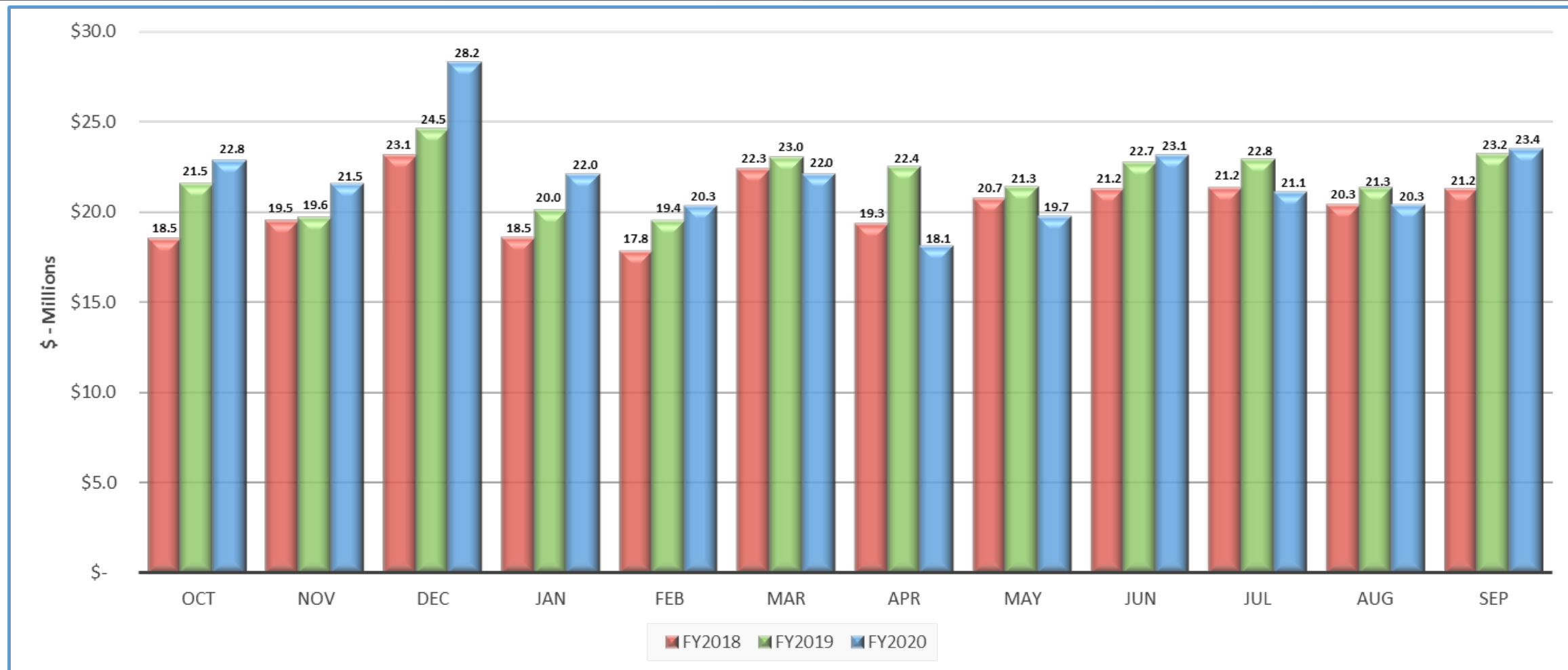
Capital Projects

- FY2020 capital spending of \$81.9 million or 73.2% of full year budget and included:
 - Downtown Station, Positive Train Control, Transit Buses, Battery Electric Buses and Electric Bus Yard Paving
- FY2020 delayed spending, reclassification or savings of \$29.9 million or 26.8% under budget and included:
 - Positive Train Control, Paratransit Van Replacements, Vehicle Camera Systems and Capital Contingency savings

Revenue - Preliminary

\$' Million Category	FY19 Sep YTD Actual	FY20 Sep YTD Actual	FY20 Full Year Budget	% of Budget	Comments
Sales Tax	\$261.5	\$262.4	\$265.7	98.8%	FY2020 receipts are 0.3% higher than FY2019
Passenger Fares	22.3	14.7	22.5	65.4%	Free fares in April and May, reduced ridership in June through September
Freight Railroad Revenue	5.1	6.5	5.2	123.6%	Unbudgeted 45G Short-line tax credit of \$1.1 million
Other Revenue	9.7	10.0	7.8	129.5%	Investment interest income above budget - \$1.9 million
Operating Contributions and Grants	40.8	117.1	32.3	362.0%	CARES Act draw of \$101.9 million
Capital Contributions and Grants	19.2	21.4	27.7	77.3%	Grants rolled to FY2021: VW Mitigation - \$3.5M and 5339a Bus Replacements - \$2.6M
Total	\$358.7	\$432.2	\$361.2	119.6%	

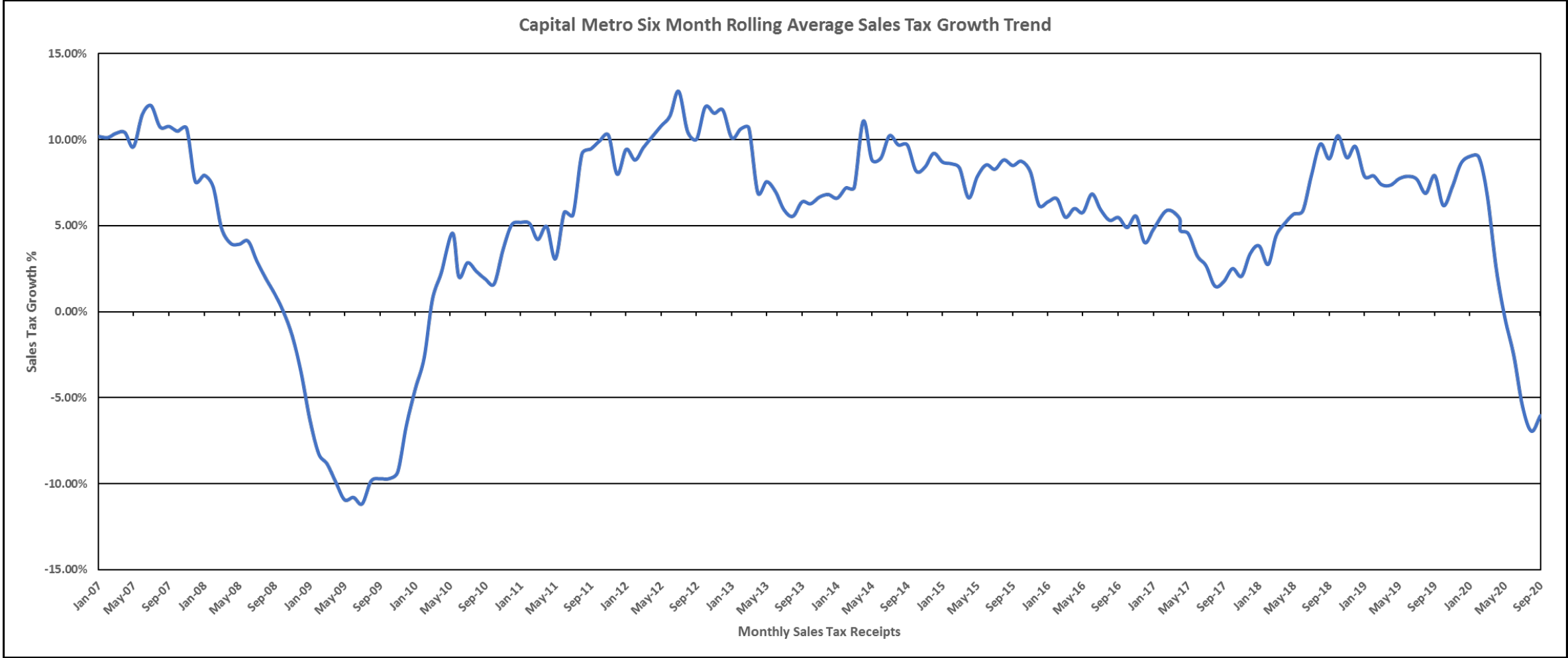
Actual Sales Tax Receipts



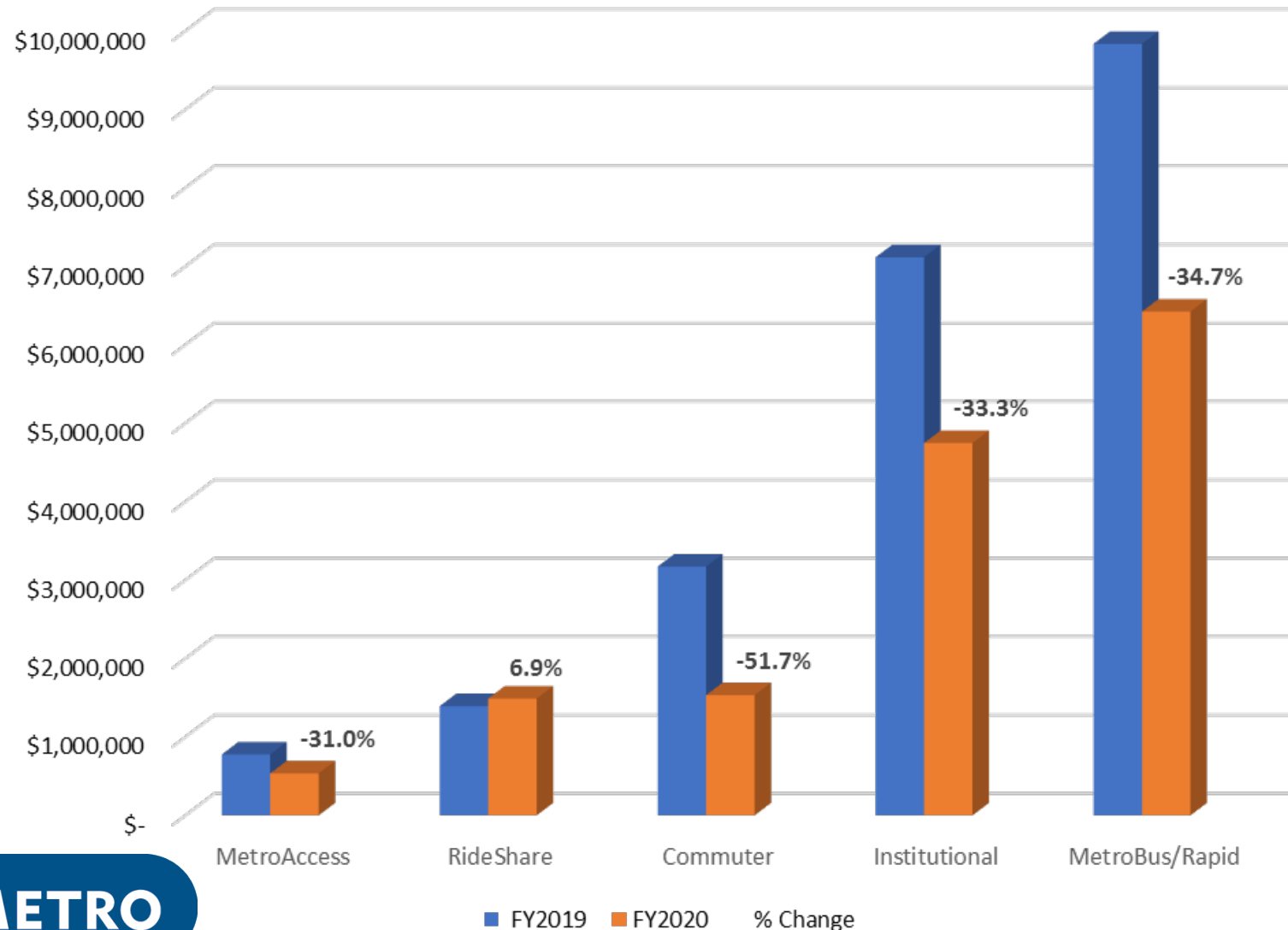
Total	\$243.6M	\$261.5M	\$262.4M
YOY % Growth	6.5%	7.5%	0.3%



Sales Tax Rolling Average Trend



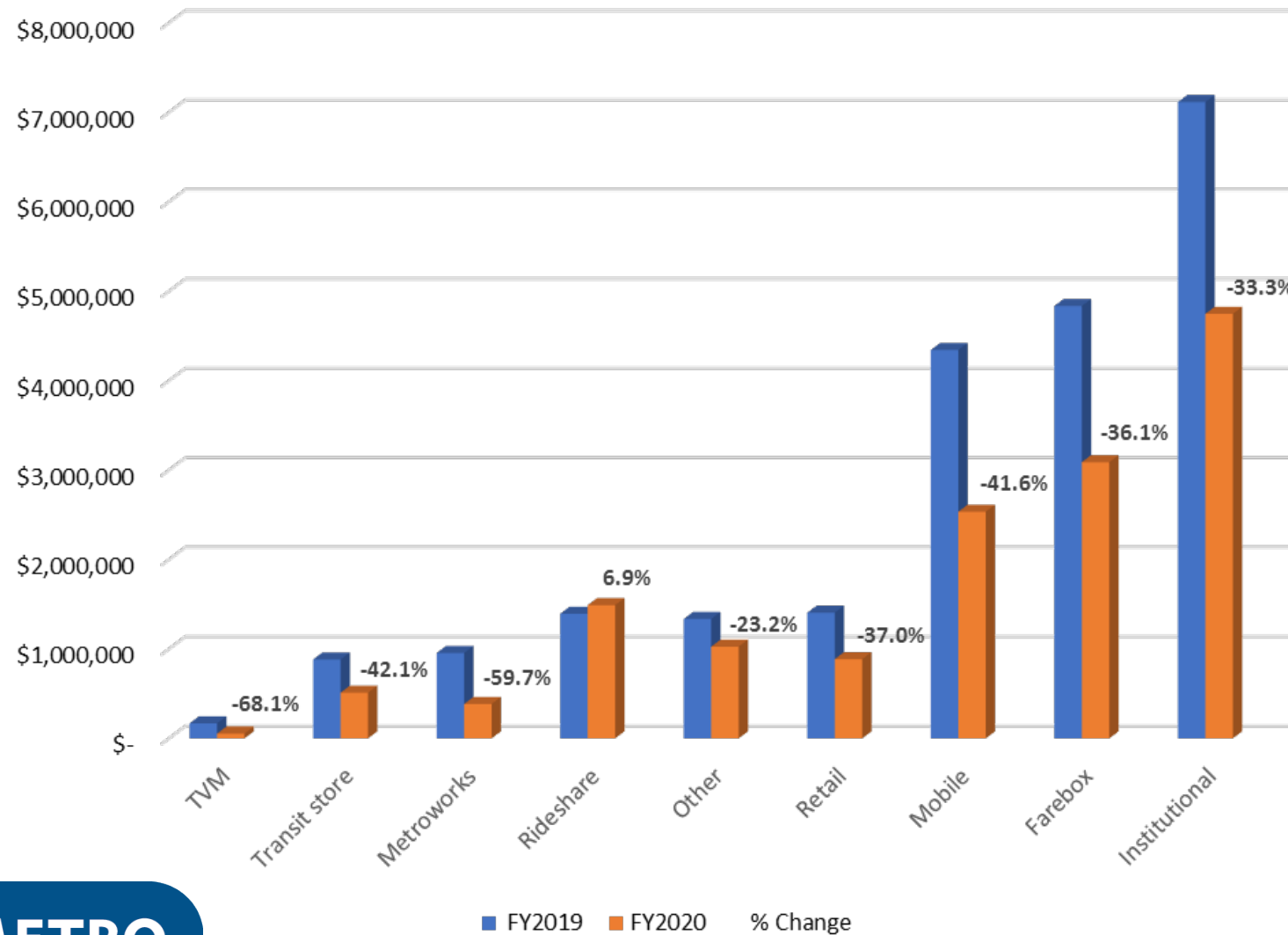
FY2019 to FY2020 Fare Revenue Comparison



Revenue Comments:

- Free fares in April and May and reduced ridership in June through September due to the COVID-19 pandemic
- Large reduction in Commuter fare revenue due to the suspension of MetroExpress routes and sharp decline in MetroRail ridership
- Institutional decline due to University of Texas free fares in April and May and a reduction in contract billings for June through August
- RideShare increase is lower than anticipated due to COVID-19 impact on the number of active vanpools

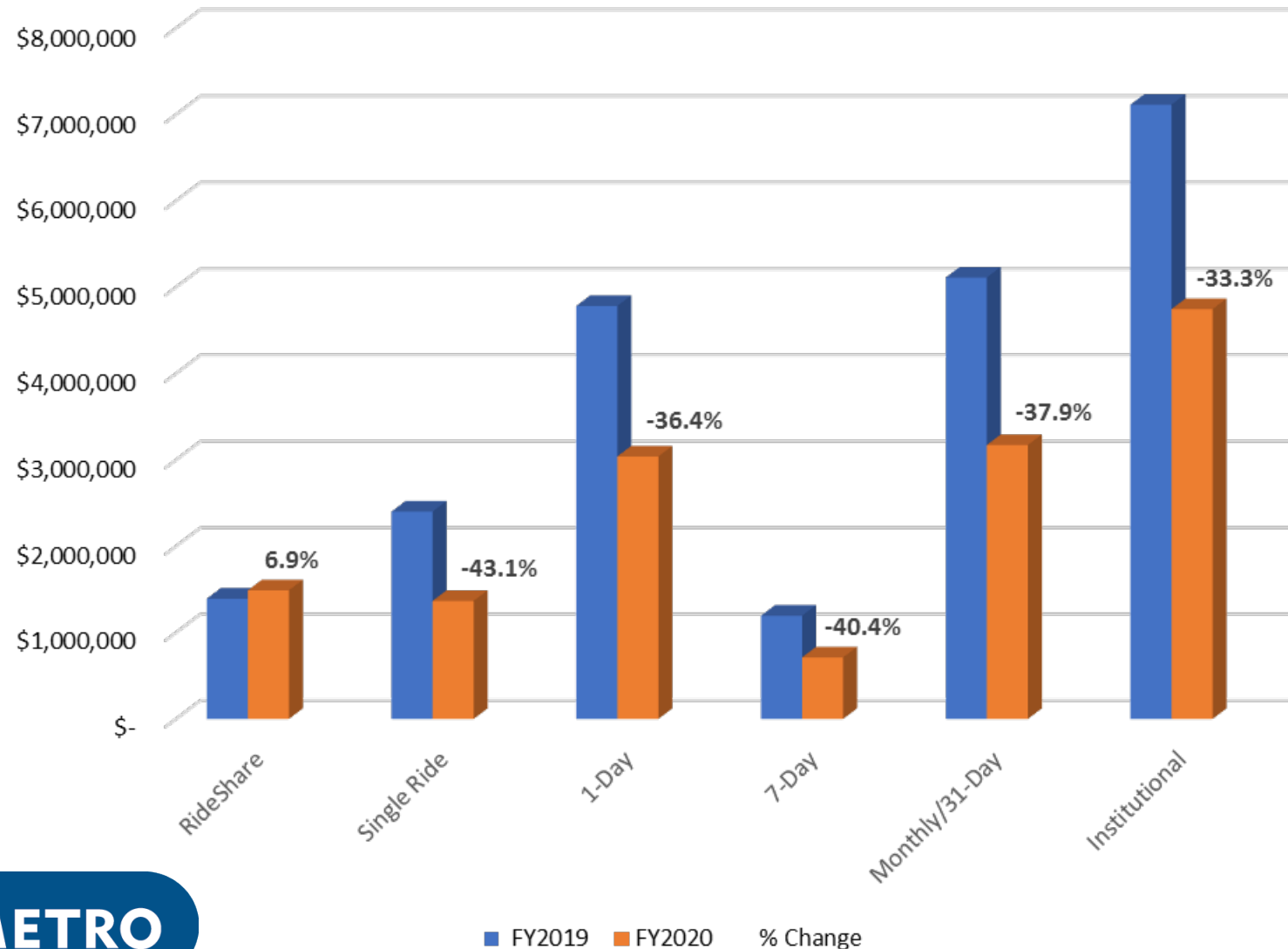
FY2019 to FY2020 Fare Revenue by Channel



Revenue Comments:

- Free fares in April and May and reduced ridership in June through September due to the COVID-19 pandemic
- Institutional decline due to University of Texas free fares in April and May and a reduction in contract billings for June through August
- RideShare increase is lower than anticipated due to COVID-19 impact on the number of active vanpools

FY2019 to FY2020 Fare Revenue by Pass Type



Revenue Comments:

- Free fares in April and May and reduced ridership in June through September due to the COVID-19 pandemic
- Institutional decline due to University of Texas free fares in April and May and a reduction in contract billings for June through August
- RideShare increase is lower than anticipated due to COVID-19 impact on the number of active vanpools

Operating Expense - Preliminary

\$' Million Category	FY19 Sep YTD Actual	FY20 Sep YTD Actual	FY20 Full Year Budget	% of Budget	Comments
Salaries and Benefits	\$45.8	\$46.7	\$49.2	94.8%	Annual vacancy savings and favorable health plan expense to budget
Professional Services	26.9	38.9	43.5	89.6%	Additional \$6.8 million in Project Connect costs in FY2020 from FY2019
Materials and Supplies	1.6	1.6	2.2	73.0%	Savings of maps, schedules and other supplies expense
Fuel and Fluids	13.4	12.6	13.7	91.8%	Volume savings from reduced COVID-19 service schedules
Utilities	3.0	3.1	3.2	96.7%	
Insurance	0.6	0.4	1.0	39.9%	Auto Liability Loss savings - \$383K and other smaller premium savings
Purchased Transportation	158.8	165.4	165.1	100.1%	Reduction in COVID-19 service schedules offset by additional pandemic expenses
Lease/Rentals	1.5	2.8	2.0	138.6%	700 Lavaca Street lease was not included in budget
Other Expenses	3.6	4.3	7.2	59.2%	Unspent contingency and budget reallocation from COVID-19 - \$4.2 million
Total	\$255.3	\$275.7	\$287.1	96.0%	

Budget Transfers

Consistent with Capital Metro's Financial Policies, there were **four** budget transfers that cumulatively exceeded \$150,000 to report to the board for the 4th quarter of FY2020.

July-20				
Transfer #1 From: To:	FIN2002	Capital Project FY2019 Carry Forward	(3,057,922)	Transferred COVID-19 reserve funds for accelerated Downtown Station and CARTS Eastside Bus Plaza funding and reallocated funds between facilities projects.
	CPG1518	Bus Stop Signage	(129,524)	
	CPG1521	MetroRapid Project	(372,814)	
	CPG1602	North Operations SERTA Demolition/Paving	(1,992,582)	
	CPG1605	Westgate Transit Center Park and Ride	(5,463)	
	CPG1607	Facility Improvement Projects	1,000	
	CPG1704	MetroRapid - Additional Stations for 801 and 803	(138,331)	
	CPG1709	DT Station-Pedestrian Crossings	25,000	
	CPG1712	DT Station - Storm Water Improvements	(282,915)	
	CPG1713	Double Tracking-NBFR to Plaza Saltillo	(210,270)	
	CPG1808	Operations Control Center	26,000	
	CPG1901	Bus Electrification Infrastructure	(59,370)	
	CPG1904	Norwood Walmart	(216,793)	
	CPG2002	North Lamar Mobility Hub - Construction	(50,001)	
	CPG2003	North Ops Fueling System	(30,000)	
	CPG2007	Transit Hub Relocation [ACC Riverside]	(650,000)	
	CPG2008	ACC Pinnacle Oakhill Park & Ride Relocation	(20,000)	
	CPG2014	Republic Square Transit Improvements	(33,998)	
	CPG1516	Downtown Station Improvements funded by TxDOT	6,822,982	
	CPG2013	CARTS Eastside Bus Plaza	375,000	
	August-20			
Transfer #2 From: To:	510-5090704-220	Budget Reallocation COVID-19	(1,302,405)	Transferred funds from COVID-19 operating reserve and Project Connect vacancy savings to Blue and Orange line consultation fees following the City of Austin's August approval of the ballot measure.
	510-5010201-920	Salaries & Wages - Admin.	(200,001)	
	510-5030303-920	Consultation Fees	1,502,406	

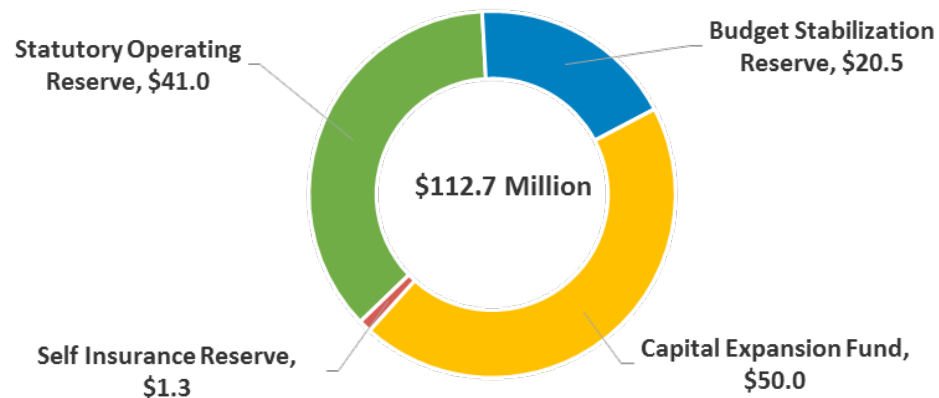
Budget Transfers (continued)

Consistent with Capital Metro's Financial Policies, there were **four** budget transfers that cumulatively exceeded \$150,000 to report to the board for the 4th quarter of FY2020.

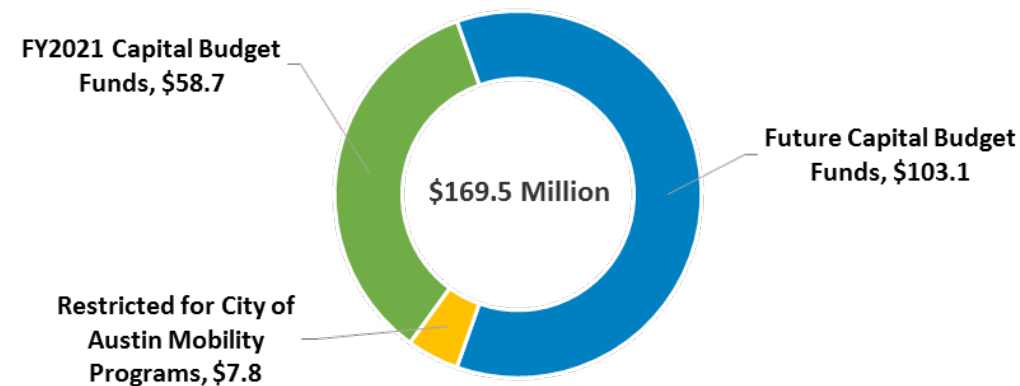
September-20				
Transfer #3				
From:	510-5090704-220	Budget Reallocation COVID-19	(330,000)	Transferred funds from COVID-19 operating reserve for Project Connect education campaign.
To:	510-5090804-920	Advertising/Promotion Media	230,000	
	510-5030309-920	Other Professional Fees	100,000	
September-20				
Transfer #4				
From:	510-5090704-220	Budget Reallocation COVID-19	(2,500,000)	Transferred funds from COVID-19 operating reserve for COVID-19 related bus operations expenses.
To:	510-5080300-600	E. Fifth Bus	1,975,000	
	510-5080330-600	North Ops Bus	525,000	

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, \$30.4 million in FY2019 and \$10 million reserved in FY2020 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 FY2021 is \$106.4 million, with \$47.7 million funded by FY2021 income and \$58.7 million from reserves. 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 \$2.8 million from City projects in FY2020.

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

\$' Million	FY19 Sep YTD Actual	FY20 Sep YTD Actual	FY20 Full Year Budget	% of Budget
<i>Operating Revenue</i>				
Passenger Fares	\$22.3	\$14.7	\$22.5	65.4%
Freight Railroad Revenue	5.1	6.5	5.2	123.6%
Other Revenue	4.5	5.7	5.3	108.8%
Total	31.9	26.9	33.0	81.5%
<i>Operating Expenses</i>				
Salaries and Benefits	45.8	46.7	49.2	94.8%
Professional Services	26.9	38.9	43.5	89.6%
Fuel and Fluids	13.4	12.6	13.7	91.8%
Utilities	3.0	3.1	3.2	96.7%
Purchased Transportation	158.8	165.4	165.1	100.1%
Other Expenses	5.8	6.2	10.3	60.3%
Lease/Rental	1.5	2.8	2.0	138.6%
Depreciation & Amortization	46.5	45.1	50.7	89.0%
Total	301.8	320.8	337.8	95.0%
<i>Operating Income/Loss</i>	<i>(269.9)</i>	<i>(293.9)</i>	<i>(304.8)</i>	<i>96.4%</i>
<i>Non-Operating Revenue/(Expenses)</i>				
Sales Tax	261.5	262.4	265.7	98.8%
Investment Income	5.7	4.4	2.5	177.6%
Operating Contributions and Grants	40.8	117.1	32.3	362.0%
Capital Contributions and Grants	19.2	21.4	27.7	77.3%
Mobility Interlocal Agreements	(8.0)	(8.2)	(6.9)	118.4%
Other	(4.2)	(6.8)	-	0.0%
<i>Non-Operating Income/(Loss)</i>	<i>315.0</i>	<i>390.4</i>	<i>321.3</i>	<i>121.5%</i>
Change in Net Position	\$45.1	\$96.5	\$16.6	582.4%

Budget Variances by Department - Preliminary

\$'000 Department	FY19 YTD Actual	FY20 YTD Actual	FY20 YTD Revised Budget	YTD % of Revised Budget	YTD Budget vs. Actual	Comments
100 - Non-Allocated Benefits	\$14,807	\$13,865	\$14,374	96.5%	\$509	Health plan savings of \$933K offset by Admin Pension adjustment of \$745K
102 - Wellness Center	263	250	268	93.6%	17	
103 - Child Care Center	938	970	995	97.5%	25	
105 - Business Center	375	361	366	98.6%	5	
110 - Executive Staff	799	608	801	75.9%	193	Vacancy savings - VP, Chief Performance & Innovation Officer
115 - Communications	447	0	0	0.0%	0	
118 - Government Relations	953	951	951	100.0%	0	
119 - Diversity and Compliance	225	243	214	113.9%	(30)	Additional Diversity Coordinator in FY2020
120 - Board Of Directors	206	145	152	95.3%	7	
125 - Internal Audit	338	453	506	89.6%	53	Timing of quadrennial performance audit expense of \$52K to FY2021
130 - Strategic Oper Mgt. & Administration	748	767	793	96.7%	26	
141 - Security	4,401	4,235	5,153	82.2%	918	Savings from reduced APD shifts of \$835K
150 - Legal	823	942	941	100.0%	0	
220 - Finance	3,586	3,812	8,062	47.3%	4,251	Unspent contingency and budget reallocation from COVID-19 - \$4.2M
230 - Information Technology	10,417	10,667	10,619	100.5%	(48)	Additional spending for remote work environment employees - \$430K
250 - Procurement	1,502	1,656	1,664	99.6%	7	
275 - Rideshare	2,930	2,958	3,300	89.6%	342	Savings of \$348K due to a reduction in van pools from the COVID-19 pandemic
320 - Planning	2,065	2,463	3,091	79.7%	627	Vacancy savings from 4 positions and lower that anticipated consultation fee expense
330 - Marketing and Communications	2,672	3,347	3,448	97.1%	102	Small savings in outreach campaigns
331 - Community Engagement	963	1,091	1,099	99.3%	8	
332 - Customer Service	930	1,012	1,080	93.7%	68	Vacancy savings - 2 Customer Service Reps and a Quality Assurance Specialist (Now hired)
340 - Human Resources	2,025	2,091	2,277	91.8%	186	Consultation fee savings for interrupted training and development programs due to COVID-19
420 - Risk Management And Safety	2,155	2,140	2,675	80.0%	535	Auto Liability Loss savings - \$383K and additional premium payment savings
457 - Public Facilities	4,807	4,647	5,281	88.0%	634	Savings in Utility, Custodial and Electrical Services expense
530 - Capital Projects	1,636	1,965	2,026	97.0%	61	Vacancy savings - Technical PM III and signage expense
540 - Real Estate And Property Mgt.	1,667	3,083	2,973	103.7%	(110)	Non-capitalizable Plaza Saltillo revitalization expenditures reclassified to operating expense - \$278K
542 - Freight Rail Management	1,663	1,678	1,714	97.9%	37	
544 - Commuter Rail Operations	14,707	17,364	20,296	85.6%	2,932	31% fewer hours due to pandemic. Savings of purchased transportation - \$2.3M and diesel - \$529K
550 - Real Estate and Facility Planning	2,029	2,706	2,996	90.3%	290	Savings of \$338K for survey, encroachment and appraisal services
600 - Operations and Maintenance Oversight	134,458	137,040	132,847	104.1%	(4,193)	Savings in purchased transportation and fuel with fewer service hours offset by \$15.1M of COVID and leave accrual expense
615 - Innovative Mobility	827	3,101	3,483	89.0%	382	Savings in purchased transportation - \$275K and lease vehicles - \$74K due to fewer service hours
620 - Paratransit Contract Operations	26,648	28,391	29,362	96.7%	971	Savings in purchased transportation - \$836K and fuel - \$206K due to 10% fewer service hours
640 - Paratransit Reservation & Control	1,907	2,086	2,195	95.0%	109	\$87K in temporary help savings due to COVID-19 and fewer call center calls
650 - Paratransit Eligibility	866	879	912	96.5%	32	
920 - Project Connect	9,507	17,759	19,515	91.0%	1,756	Savings in marketing expense - \$770K and timing of consultation fees
Total	255,290	275,725	286,429	96.3%	10,703	

Capital Projects Summary - Preliminary

\$'000 Project Category	Expended	Budget	Expended as % of Budget	Comments
Commuter Rail	\$13,935	\$22,060	63.2%	Spending for Positive Train Control, Track Undercutting and Rail Grade Crossing SOGR
Vehicles	24,870	30,174	82.4%	Spending for 23 Transit Buses and 12 Battery Electric Buses
Information Technology	7,348	15,337	47.9%	Spending for Onboard Validators and Enterprise Asset Management System and delay in Demand Response System Replacement and Onboard Digital Displays
Facilities	32,884	37,799	87.0%	Spending for Downtown Station, N Ops Electric Bus Yard and Bus Stop Enhancements
Freight Railroad	279	295	94.4%	Spending for Bridge Replacement Design
Property and Asset Mgmt	1,052	1,524	69.0%	Spending for Plaza Saltillo Crossings and Signals and Express Bus Lifts
Contingency	-	2,000	0.0%	
Strategic Planning	-	500	0.0%	North Lamar/Airport Intersection Project Moved to Project Connect
Security	1,505	2,093	71.9%	Spending for Video System Enhancements and Property Perimeter Hardening
Total	\$81,873	\$111,783	73.2%	

Expended as % of Budget adjusts to 85.7% with \$7.7 million in capital projects paused due to COVID-19 pandemic and \$6.2 million transferred to capital contributions.



METRO

THANK YOU!