I. Public Comment:

II. Action Items:
   1. Approval of minutes from the August 12, 2020 Finance, Audit and Administration Committee meeting.
   2. Approval of a resolution adopting the Fiscal Year 2021 Operating and Capital Budget and Five-Year Capital Improvement Plan.

III. Presentations:
   1. Internal Audit FY 2020 Audit Plan Status
   2. Customer Payment Systems Update
   3. Long Range Financial Plan

IV. Items for Future Discussion:

V. Adjournment

ADA Compliance

Reasonable modifications and equal access to communications are provided upon request. Please call (512) 369-6040 or email ed.easton@capmetro.org if you need more information.

Committee Members: Terry Mitchell, Chair; Wade Cooper, Troy Hill and Pio Renteria.

The Board of Directors may go into closed session under the Texas Open Meetings Act. In accordance with Texas Government Code, Section 551.071, consultation with
attorney for any legal issues, under Section 551.072 for real property issues; under Section 551.074 for personnel matters, or under Section 551.076, for deliberation regarding the deployment or implementation of security personnel or devices; arising regarding any item listed on this agenda.
Approval of minutes from the August 12, 2020 Finance, Audit and Administration Committee meeting.

Approval of minutes from the August 12, 2020 Finance, Audit and Administration Committee meeting.
Call to Order: 9:03 a.m.

I. Public Comment:

Zenobia Joseph, citizen, asked that the board call Mayor Adler and request that the sign-up period for the City’s budget hearing be extended. She also suggested that Capital Metro apply for funding through the St. David’s Foundation to help restore bus service on Route 240 to the St. David’s North facility or try to find funding to restore the service some other way. She reiterated her prior comments that many members of Austin’s African-American community do not have easy access to the high-frequency bus network.

II. Action Items:

1. Approval of Minutes from the June 15, 2020 Finance, Audit and Administration Committee meeting.

Motion to approve by Board Member Renteria. Hill second. Approved 4-0.

2. Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a contract with RSM US LLP for External Auditing services for a base period of three (3) years and two (2) one-year option periods, plus optional services, in an amount not to exceed $1,269,774.

Controller Susan Renshaw presented this item.

The current external auditing contract expires in November. Susan walked the committee members through the scope and tasks to be performed under the contract. There were no questions.

Motion to recommend for the Consent Agenda at the full board by Board Member Cooper. Hill second. Approved 4-0.

3. Approval of a resolution authorizing the President & CEO, or his designee, to execute an Interlocal Agreement (ILA) with the city of Lago Vista for transit passes with a validity of one year from September 1, 2020 to August 31, 2021, and with two optional one-year extensions.

Controller Susan Renshaw presented this item.

This agreement would allow the City of Lago Vista to sell transit passes to the general public at City Hall. The city will be given a 5% discount from full price.
Board Member Cooper asked if this is consistent with the agreements that we have with other cities in the region. Susan replied that we also sell through the City of Round Rock, and the terms of the agreement are the same.

Motion to recommend for the Consent Agenda at the full board by Board Member Cooper. Hill second. Approved 4-0.

4. Approval of a resolution authorizing the President & CEO, or his designee, to extend an Interlocal Agreement (ILA) with Travis County for employee transit passes for a period of one year from October 1, 2020, to September 30, 2021.

CFO Reinet Marneweck presented this item.

This extension would extend the current agreement through September, 2021. This is the second extension. Reinet relayed that prior to COVID-19 there was moderate ridership growth under this agreement, but since the pandemic there has been a drop-off.

Motion to recommend for the Consent Agenda at the full board by Board Member Renteria. Cooper second. Approved 4-0.

5. Approval of a resolution authorizing the President & CEO, or his designee, to approve and execute a one-year contract extension with UnitedHealthcare in an amount not to exceed $692,772 for continued administration of third party administration services and stop loss insurance for the Capital Metro self-insurance health and dental plans.

Director of People and Culture Terry Thomas presented this item.

This item would extend the contract with UnitedHealthcare for administrative services by one year. They have been our provider for these services since 2014.

Board Member Hill asked if there are regular employee surveys to determine the level of satisfaction with the healthcare plan. Terry replied that there are not formal services, but we are in regular communication with employees and United and comments are largely favorable.

Board Member Cooper asked about the agency’s stop-loss coverage. Executive Vice President of Administration Donna Simmons spoke up to say that our level for the last several years has been $150,000 per claim or participant per year. United also provides this insurance.

Board Member Cooper followed up by asking often we procure these services. Terry replied that we are due to go back out for an Request for Proposals (RFP) process, but it was decided that due to the COVID pandemic it was not the right time to do so. We expect to go out for procurement on these services for the Plan Year 2022.

Motion to recommend for the Consent Agenda at the full board by Board Member Cooper. Hill second. Approved 4-0.
III. Presentations:

1. Internal Audit FY 2020 Audit Plan Status

Vice President of Internal Audit Terry Follmer presented this item, his monthly update on the current status of his department’s audits. Terry reviewed the status of current and upcoming departmental projects, and mentioned 3 new projects that have been added related to COVID-19 at the request of management.

Terry also asked that committee members respond to a recent survey he sent regarding perceived risks to the agency.

2. Internal Audit Report Audit Report – Fuel Management & Controls

Senior Internal Auditor Sarah Daigle presented the findings from this audit.

The scope of the audit included testing controls in the following areas: invoicing and payment of fuel deliveries; fuel dispensing controls; and an analysis of Gasboy data. Sarah reported that overall the department does a good job overseeing fuel controls, but she outlined several suggestions on how to improve the process.

Chair Mitchell asked about follow up on the suggestions made -- in particular the overrides noted in the Gasboy system. Sarah and Terry Follmer said that the suggestions had been passed along, and that because the Gasboy system is fairly new, management expected that there would be some refinements noted. There is still a lot of manual reconciliation required, but we are looking to tighten these controls up.

Chair Cooper asked if we feel like culturally we are being good stewards of the fuel resource. Terry noted that it is important to point out that the vast majority of fuel dispensed is diesel, and the risk of personal use of diesel fuel is lower, but that with continued use the Gasboy system should continue to help us determine exactly where fuel is being used.


CFO Reinet Marneweck presented the report.

Reinet ran through the 3rd quarter financials through June 2020. She reviewed sales tax revenue through May -- the June numbers are not available yet -- but is cautiously optimistic that June numbers will not be bad. She also reviewed overall revenue and operating expenses, including grants and CARES Act funding. She also reviewed recent budget transfers, current fund balances and budget variances by department. She ended with a summary of current capital projects.

Chair Cooper asked about draws we have taken on the CARES Act money, and what the impact would have been had this funding not been available. President Clarke commented that we are fortunate to be in a good financial position, but there are still a number of unknowns that make the future uncertain.
IV. Items for Future Discussion:

V. Adjournment

Adjourned: 10:03 a.m.

ADA Compliance

Reasonable modifications and equal access to communications are provided upon request. Please call (512) 369-6040 or email ed.easton@capmetro.org if you need more information.

Committee Members: Terry Mitchell, Chair; Wade Cooper, Troy Hill and Pio Renteria.

The Board of Directors may go into closed session under the Texas Open Meetings Act. In accordance with Texas Government Code, Section 551.071, consultation with attorney for any legal issues, under Section 551.072 for real property issues; under Section 551.074 for personnel matters, or under Section 551.076, for deliberation regarding the deployment or implementation of security personnel or devices; arising regarding any item listed on this agenda.
Approval of a resolution adopting the Fiscal Year 2021 Operating and Capital Budget and Five-Year Capital Improvement Plan.
SUBJECT:
Approval of the Fiscal Year 2021 Operating and Capital Budget and Five-Year Capital Improvement Plan.

FISCAL IMPACT:
Adoption of the proposed Fiscal Year (FY) 2021 budget will provide an appropriation of $390,520,696 in FY2021 for operating and capital expenses that are supported by projected revenue and other funding sources.

STRATEGIC PLAN:
Strategic Goal Alignment:
3. Sustainability

Strategic Objectives:
3.1. Operating Cost/Revenue Hour
3.3. 5-Year Projected Cash Flow Available for CIP
3.4. Financial Diversity
3.6. Adherence to State of Good Repair Program

EXPLANATION OF STRATEGIC ALIGNMENT:
The proposed FY2021 budget includes funding to maintain Capital Metro’s current services while also adding new innovative mobility initiatives, customer service enhancements and building infrastructure needed to support the region’s current and future growth. The five-year capital improvement plan identifies planned projects that support achievement of Capital Metro’s strategic goals, ensures regulatory compliance and maintains assets in a state of good repair.

BUSINESS CASE:
Capital Metro has prepared a structurally balanced budget that provides the funding needed to continue delivering high-quality and efficient transportation services.

COMMITTEE RECOMMENDATION:
This agenda item was presented at the Finance, Audit and Administration Committee and is recommended for approval by the Board of Directors on September 28, 2020.

EXECUTIVE SUMMARY:
The proposed FY2021 budget is structurally sound and balanced. Ongoing revenue is sufficient to fund operations and will also help provide funding for needed capital investments, including replacement of transit assets nearing the end or at the end of life cycles.
Capital Metro proposes to spend $278.2 million for operating expenses and $6 million...
for commitments under interlocal agreements with local government entities for mobility programs.

Funding has been included in the operating budget with a focus on the continuing COVID-19 response and the CARE Recovery Plan. The budget will enable Capital Metro to return to full-capacity service on bus, rail and paratransit. The budget focuses on the agency’s four strategic priorities: providing a high-quality customer experience, promoting an engaged workforce, ensuring the sustainability of our system and maintaining community partnerships.

Capital Metro prepared a five-year Capital Improvement Plan (CIP) for capital projects that support its strategic goals. The CIP is updated annually and addresses replacement or “state of good repair”, regulatory compliance and expansionary requirements for public transportation service in Central Texas. Capital Metro plans to invest $106.4 million in capital projects during FY2021.

Significant projects and acquisitions in the proposed FY2021 Capital Budget, including “state of good repair”, regulatory compliance and new investments, are highlighted as follows:

- Should voters approve a city tax rate election in November, the agency will contribute to the Project Connect Initial Investment with $73 million to fund preliminary design and NEPA for the Orange, Blue and Gold Lines; Red Line Phase I improvements; and project development for new Expo Center, Pleasant Valley and South Lamar MetroRapid lines.
- The grand opening of the new Downtown Station on-time and on-budget will provide more operational flexibility for MetroRail and create a new public space in the heart of Austin for customers and future customers alike.
- Roll out of new, advanced customer technologies will make our system more accessible, affordable and user-friendly, while also improving operational efficiency. This includes a fare capping pilot to evaluate ways to make paying for service fairer and more cost-effective for our customers.
- Construction will start on a new Broadmoor Station for MetroRail, which will serve a new, large mixed-use development. We will also initiate design and coordinate construction of a rail station at the new MLS stadium at McKalla Place.
- Capital Metro will open the new Eastside Bus Plaza in partnership with CARTS, start renovation of the North Lamar Transit Center and relocate our major transfer center at the ACC Riverside campus, in partnership with the school.
The proposed budget reflects the prudent use of a portion of accumulated fund balance to provide funding for capital investments needed to maintain Capital Metro’s transit assets in a state of good repair or to support enhanced services. The proposed, structurally balanced FY2021 budget totals $390.5 million, and is comprised of the following funding and expense categories:

### Budget Summary

<table>
<thead>
<tr>
<th>Funding</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax</td>
<td>$251,667,165</td>
</tr>
<tr>
<td>Passenger Revenue</td>
<td>15,016,405</td>
</tr>
<tr>
<td>Freight Railroad Revenue</td>
<td>5,567,378</td>
</tr>
<tr>
<td>Miscellaneous Revenue</td>
<td>5,613,583</td>
</tr>
<tr>
<td>Operating Contributions and Grants</td>
<td>43,154,000</td>
</tr>
<tr>
<td>Capital Grants - Federal</td>
<td>9,083,354</td>
</tr>
<tr>
<td>Other Capital Contributions</td>
<td>1,723,800</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>58,695,011</td>
</tr>
<tr>
<td><strong>Total Funding</strong></td>
<td><strong>$390,520,696</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses</td>
<td>$278,172,712</td>
</tr>
<tr>
<td>Interlocal Agreements</td>
<td>5,959,948</td>
</tr>
<tr>
<td>Capital Project Expense</td>
<td>106,388,036</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$390,520,696</strong></td>
</tr>
</tbody>
</table>

The proposed budget reflects fund balance projections of $184.7 million by the end of FY2021 as outlined in the table that follows. Of this amount, Capital Metro will set aside $46.4 million in reserves for two months of operating expenses, which meets the level set forth by the Texas Legislature, $23.2 million for the budget stabilization reserve, $1.3 million for a self-insurance reserve, $4.4 million for city of Austin mobility programs and $109.4 million for future funding of the 5-year capital improvement plan as we look forward to future needs in the region.
Senate Bill 650 requires Capital Metro to prepare a five-year capital improvement plan, which is included in Appendix A of the budget document. This section provides additional information about each project category, including project descriptions, funding sources, project benefits and strategic objectives. The plan is updated annually and addresses replacement and expansion requirements for the delivery of public transportation services. The proposed FY2021 capital budget and capital improvement plan are outlined in the table that follows, summarized by project type and followed by projected funding sources.

<table>
<thead>
<tr>
<th>Capital Project Type</th>
<th>FY2021</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2024</th>
<th>FY2025</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicles</td>
<td>$3,317,190</td>
<td>$37,803,000</td>
<td>$41,099,000</td>
<td>$11,559,000</td>
<td>$3,581,000</td>
<td>$97,359,190</td>
</tr>
<tr>
<td>Commuter Rail</td>
<td>17,116,277</td>
<td>11,720,000</td>
<td>3,290,000</td>
<td>2,000,000</td>
<td>300,000</td>
<td>34,426,277</td>
</tr>
<tr>
<td>Facilities</td>
<td>25,404,797</td>
<td>6,481,720</td>
<td>3,271,545</td>
<td>4,280,595</td>
<td>1,621,320</td>
<td>41,059,977</td>
</tr>
<tr>
<td>Freight Railroad</td>
<td>4,045,000</td>
<td>45,000</td>
<td>1,545,000</td>
<td>45,000</td>
<td>45,000</td>
<td>5,725,000</td>
</tr>
<tr>
<td>Information Technology</td>
<td>13,680,471</td>
<td>13,790,668</td>
<td>13,194,140</td>
<td>9,195,000</td>
<td>7,972,500</td>
<td>57,832,779</td>
</tr>
<tr>
<td>Other</td>
<td>8,622,000</td>
<td>2,558,500</td>
<td>2,593,150</td>
<td>2,719,633</td>
<td>2,480,000</td>
<td>18,972,828</td>
</tr>
<tr>
<td>Project Connect</td>
<td>33,480,520</td>
<td>10,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>43,480,520</td>
</tr>
<tr>
<td>Property and Asset Mgmt</td>
<td>721,781</td>
<td>1,182,000</td>
<td>1,323,000</td>
<td>2,914,700</td>
<td>1,930,700</td>
<td>8,072,181</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Funding Sources</th>
<th>FY2021</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2024</th>
<th>FY2025</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants/Contributions</td>
<td>10,807,154</td>
<td>22,130,667</td>
<td>6,055,627</td>
<td>6,055,627</td>
<td>6,055,627</td>
<td>51,104,702</td>
</tr>
<tr>
<td>Local Funding</td>
<td>95,580,882</td>
<td>61,450,221</td>
<td>60,260,208</td>
<td>26,658,301</td>
<td>11,874,893</td>
<td>255,824,505</td>
</tr>
<tr>
<td>Total Funding Sources</td>
<td>$106,388,036</td>
<td>$83,580,888</td>
<td>$66,315,835</td>
<td>$32,713,928</td>
<td>$17,930,520</td>
<td>$306,929,207</td>
</tr>
</tbody>
</table>
Over recent months, Capital Metro provided information regarding the budget process and the proposed FY2021 budget in a variety of formats for the public and sought feedback using online engagement tools, as well as methods like virtual meetings. These outreach efforts included the following:

**Presentations to Board of Directors and its Committees**
- May 22, 2020, Board of Directors
- June 22, 2020, Board of Directors
- July 15, 2020, Finance, Audit and Administration Committee
- July 15, 2020, Operations, Planning and Safety Committee
- July 20, 2020, Board of Directors
- August 24, 2019, Board of Directors
- September 28, 2020, Board of Directors

**Board and Committee Meetings** on Microsoft Teams virtual meetings and available to the public.

**Presentations to Access Advisory Committee**
- June 3, 2020, 5:30 - 7:30 PM
- August 5, 2020, 5:30 - 7:30 PM
Microsoft Teams virtual meetings and available to the public.

**Presentations to Customer Satisfaction Advisory Committee**
- June 10, 2020, 6:00 - 7:30 PM
- August 12, 2020, 6:00 - 8:30 PM
Microsoft Teams virtual meetings and available to the public.

**Proposed FY2021 Budget Document Available and Posted Online**
- August 24, 2020

**Online Webinar**
Information made available to the public regarding the proposed FY2021 budget and five-year capital improvement plan.
- August 26, 2020, 3:00 PM – 4:00 PM
Zoom virtual meeting and available to the public, Spanish-translated, recorded and posted on Facebook and YouTube.

**Public Hearing on Proposed FY2021 Budget**
- September 16, 2020, 12:00 PM
Microsoft Teams virtual meeting and available to the public.
Board of Directors Considers Adoption of Budget Proposal
September 28, 2020, 12:00 PM
Microsoft Teams virtual meeting and available to the public.

DBE/SBE PARTICIPATION: Does not apply.

RESPONSIBLE DEPARTMENT: Finance
RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS

STATE OF TEXAS
COUNTY OF TRAVIS

RESOLUTION (ID # AI-2020-1244)
Approval of the Fiscal Year 2021 Operating and Capital Budget and Five-Year Capital Improvement Plan

WHEREAS, pursuant to Section 451.102 of Chapter 451 of the Texas Transportation Code, the budget for Fiscal Year 2021 was made available to the public on August 24, 2020, and a budget public hearing was held on September 16, 2020; and

WHEREAS, pursuant to Section 451.132(c), the Board of Directors has reevaluated the five-year capital improvement plan.

NOW, THEREFORE, BE IT RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that the Fiscal Year 2021 budget in the amount of $390,520,696 is adopted.

BE IT FURTHER RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that the five-year Capital Improvement Plan for capital projects is amended.

BE IT FURTHER RESOLVED that the Capital Metropolitan Transportation Authority Board of Directors hereby requires the President and CEO to report at least quarterly on the operating expenses and capital project expenses of each major department in a financial report.

________________________
Date: ______________________
Secretary of the Board
Eric Stratton
FY2021 Budget Public Hearing

Presented on September 16, 2020
SUMMARY OF FY2021 BUDGET

FUNDING
$390.5m
Numbers are in millions

EXPENSES
$390.5m
Numbers are in millions

CAPITAL AND STATUTORY COMMITMENTS AND OBLIGATIONS

$109.4m  5-YEAR CAPITAL IMPROVEMENT PLAN

$46.4m  STATUTORY OPERATING RESERVE

$23.2m  BUDGET STABILIZATION RESERVE

$4.4m  COA MOBILITY

$1.3m  SELF-INSURANCE

$184.7 Million
STAYING RESILIENT THROUGH COVID-19
FISCAL YEAR 2021

- Recovery Plan
- Sustained Service
- Reserve Management
- PPE Funding
- More Frequency
- All Door Boarding
**Electric**
71 bus purchases, site expansion and infrastructure construction
$84.9m over 5 years

**Mobility Hubs**
$1.4m in FY2021 for Pleasant Valley Mobility Hub, CARTS Eastside Bus Plaza and North Lamar Mobility Hub improvements
Customer Payment Systems

$4.9m over three years for account based back-end system, bus on-board validators, contactless and equitable solutions and new fare media and technologies

Broadmoor Station

$12m over two years for public/private development opportunity
Project Connect

$73m in FY2021 for Orange, Blue and 3 MetroRapid lines project development and contributions to the Austin Transit Partnership
THANK YOU!
TITLE: Internal Audit FY 2020 Audit Plan Status
## FY20 INTERNAL AUDIT PLAN

### Department Scorecard

<table>
<thead>
<tr>
<th>Projects</th>
<th>Status &amp; % Complete</th>
<th>Additional Details</th>
<th>FAA Target Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAA COMMITTEE &amp; INTERNAL AUDIT CHARTER COMPLIANCE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance, Audit &amp; Administration (FAA) Committee Meetings: 10/9; 11/6; 12/6; 1/15; 2/12; 3/11; 5/15; 6/15; 8/12; 9/16; 10/14</td>
<td>Ongoing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Semi-annual Implementation Status Report - November 2019</td>
<td>Completed</td>
<td>2/12</td>
<td></td>
</tr>
<tr>
<td>3 Semi-annual Implementation Status Report - May 2020</td>
<td>Completed</td>
<td>6/15</td>
<td></td>
</tr>
<tr>
<td>4 FY2020 Risk Assessment &amp; development of FY21 Audit Plan</td>
<td>In-Process</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### FY20 Audit Assurance & Advisory Projects

<table>
<thead>
<tr>
<th>Projects</th>
<th>Status &amp; % Complete</th>
<th>Additional Details</th>
<th>FAA Target Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quadrennial Performance Audit (Requisition #306188) - RFP, Selection Process and Quadrennial Audit Report - Contract awarded to Weaver for $180,610</td>
<td>In-Process</td>
<td>August - November</td>
<td>8/12</td>
</tr>
<tr>
<td>QAR (Quality Assurance Review) of Internal Audit practices - GAO/ALGA have postponed all QAR's by 9 months</td>
<td>Postponed due to COVID-19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll Process - SOX Like Key Financial Control Testing</td>
<td>In-Process</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Connect - System Controls &amp; Processes (e-Builder)</td>
<td>Planning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Connect - Marketing &amp; Planning Expenditures</td>
<td>Move to FY2021</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Route Bus Contract Change Over - Inspections &amp; Final Settlements</td>
<td>Completed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PTC (Positive Train Control) - Expenditures &amp; Drawings</td>
<td>In-Process</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DBE Program</td>
<td>In-Process</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Watco Freight Revenue - build model to estimate monthly freight revenue</td>
<td>Completed</td>
<td>2/12</td>
<td></td>
</tr>
<tr>
<td>EndItem Management (Patching with SCCM) Computers -</td>
<td>Completed</td>
<td>5/15</td>
<td></td>
</tr>
<tr>
<td>Analysis of Incident Reporting in OrbCAD system</td>
<td>Completed</td>
<td>5/15</td>
<td></td>
</tr>
<tr>
<td>Annual Cybersecurity Review</td>
<td>Only one Bid &amp; Too High</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rail Systems Security (Railcomm, PTC, Signaling, etc.)</td>
<td>Move to FY2021</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NIST Cybersecurity Framework (Facilitated Self Assessment)</td>
<td>In-Process</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### CONTINGENT AUDIT PROJECTS - FY20

<table>
<thead>
<tr>
<th>Projects</th>
<th>Status &amp; % Complete</th>
<th>Additional Details</th>
<th>FAA Target Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTA - Passenger Transportation Agency Safety Plan program</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuel Controls &amp; Hedging</td>
<td>Completed</td>
<td>UT Interns</td>
<td>8/12</td>
</tr>
<tr>
<td>Cyber Ransomware Threats - Table Top Exercise</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Healthcare &amp; Other Insurance Benefits - TPA Payments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilities Maintenance &amp; Change Over</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Bridge Inspection Reports</td>
<td></td>
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</tr>
</tbody>
</table>

### NEW PROJECTS ADDED TO FY20 AUDIT PLAN by Terry Follmer

<table>
<thead>
<tr>
<th>Projects</th>
<th>Status &amp; % Complete</th>
<th>Additional Details</th>
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<td>ITS2011: Governance Risk and Compliance Software - $70K (ServiceNow; Galvanize) TXDOT implementing Galvanize</td>
<td>Planning On Hold</td>
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<td>OrbCAD - Analysis of Service Delays</td>
<td>Completed</td>
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<tr>
<td>Develop a Contagious Virus Response Plan based on APTA Standard</td>
<td>Completed</td>
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<td>Develop COVID-19 Situation Reports for 3/11 to 4/9</td>
<td>Completed</td>
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<td>COVID-19 Sharepoint Directory - Organize Key Documents by Area/Dept</td>
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<td>APTA Peer Review</td>
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</table>
TITLE: Customer Payment Systems Update
Customer Payment Systems

A multi-year plan of technology advances and new fare offerings

Capital Metro FAA & OPS Meetings
September 2020
Customer Payment Systems Roadmap

1. Mobile App Fare Capping
   - Launch Fall 2020

2. Customer Web Portal
   - Launch Winter 2021

3. Full Account-Based System: Fare Capping, Smart Card, & Virtual Card
   - Launch Fall 2021

4. Open Payment
   - Pay with Credit Card
   - Launch Fall to Winter 2021

5. Fare System Integrations
   - Multiple Launches 2022 to 2023

6. Cash Farebox & Vaulting
   - Board Award Summer to Fall 2021

A. Mobile App Upgrades
   - Launched Summer 2019
   - Launched Summer 2020
   - Ticket Vending Machines
   - Launch Summer 2020
   - Onboard Validator Expansion
   - Launch Summer to Winter 2020

B. Fare System Upgrade
   - Board Award July 2020

C. Mobile App Integration with B-Cycle
   - Launch Fall 2020

D. Mobile App Integration with Pickup
   - Launch Fall 2020

E. Mobile App Fare Capping
   - Cash/Pass Load at Retail Network
   - Launch Fall 2020

F. Mobile App Integration with B-Cycle
   - Launch Fall 2020

G. Mobile App Integration with Pickup
   - Launch Fall 2020

H. Mobile App Fare Capping
   - Cash/Pass Load at Retail Network
   - Launch Fall 2020

I. Mobile App Integration with B-Cycle
   - Launch Fall 2020

J. Mobile App Integration with Pickup
   - Launch Fall 2020

K. Mobile App Fare Capping
   - Cash/Pass Load at Retail Network
   - Launch Fall 2020

L. Mobile App Integration with B-Cycle
   - Launch Fall 2020

M. Mobile App Integration with Pickup
   - Launch Fall 2020

N. Mobile App Fare Capping
   - Cash/Pass Load at Retail Network
   - Launch Fall 2020

O. Mobile App Integration with B-Cycle
   - Launch Fall 2020

P. Mobile App Integration with Pickup
   - Launch Fall 2020

Q. Mobile App Fare Capping
   - Cash/Pass Load at Retail Network
   - Launch Fall 2020

R. Mobile App Integration with B-Cycle
   - Launch Fall 2020

S. Mobile App Integration with Pickup
   - Launch Fall 2020

T. Mobile App Fare Capping
   - Cash/Pass Load at Retail Network
   - Launch Fall 2020

U. Mobile App Integration with B-Cycle
   - Launch Fall 2020

V. Mobile App Integration with Pickup
   - Launch Fall 2020

W. Mobile App Fare Capping
   - Cash/Pass Load at Retail Network
   - Launch Fall 2020

X. Mobile App Integration with B-Cycle
   - Launch Fall 2020

Y. Mobile App Integration with Pickup
   - Launch Fall 2020

Z. Mobile App Fare Capping
   - Cash/Pass Load at Retail Network
   - Launch Fall 2020

Attachment: Customer Payment Systems Update - AI-2020-1295 September 2020
Phase 1: Cash to Mobile Retail Load

- Launch in Fall 2020
- Available to All Customers who use CapMetro Mobile App
- Cash may be loaded to mobile wallet for future mobile pass purchase without a fee at a retail store
- Passes may also be purchased for cash on CapMetro mobile app at Retail Stores
Phase 1: Mobile Retail Load

- Retail network:
  - Convenience stores, drugstores & grocery stores
  - Up to 500 locations
  - Some retailers may require additional time to onboard
Phase 1: Equity Fare Capping Pilot Program

- Low Income customers will avail benefits of a 31-Day pass without upfront cost
  - Customers enrolled in Health & Human Services programs such as Medicaid, CHIP, & TANF or Central Health MAP program, will be able to participate
- Customer will be able to save money by not having to decide between single ride, day pass or a 31-Day pass at purchase
  - Participants will purchase a single ride pass each time they ride a bus or a train
  - Two single ride passes in a day automatically earns the customer a day pass
  - Separate fare capping for Local and Commuter service levels
  - 33 Local or 27 Commuter single rides in a month, earns the customer a 31-Day pass
Phase 1: Equity Fare Capping Pilot Program

- Feedback from the Community - Engagement before, during and after the pilot
  - Outreach through organizations such as One Voice Central Texas, Urban League and NAACP
  - Program details shared and feedback obtained at the August Access & Customer Satisfaction Advisory Committees. Obtain additional feedback from AC & CSAC in October
- Available for Local, Commuter and Pick-up Services
- Up to 200 participants for an initial six months
- Projected Launch on Mobile App in October
Phase 2: Customer Web Portal

- Launch early next year
- Single customer web site
- Capital Metro branding
- Desktop & mobile device support
- Multiple language support
- WCAG/ADA compliant
Phase 2: Customer Web Portal

• Purchase mobile, paper, and future fare media
• Matching experience to the CapMetro App
Phase 2: Customer Web Portal

- Manage account
  - Account security
  - Connected devices
  - Order history
  - Pass history
- View and add funds to wallet
Future Updates

- Status updates on fare capping pilot program
- Phase 3
  - Full account-based system
  - Smart cards at retail outlets
  - Account based fare capping program
  - Virtual cards in phone wallets
  - Tap and pay with phones and branded smart cards
- Phase 4: Open payment
  - Tap and pay with NFC credit cards
THANK YOU!
Long Range Financial Plan
Long-Range Financial Plan

Fiscal Years 2021 to 2030
Presented on September 16, 2020
Objectives

• Board adopted long-range financial plan policy in 2013
• Navigate uncertainty of COVID-19 pandemic
• Align financial capacity with long-term service objectives
• Identify and analyze financial challenges to fiscal stability
• Develop comprehensive long-range forecast
• Evaluate ability to fund:
  • Current and expanded needs
  • Reserve requirements
  • Debt financing
Benefits of a Long-Range Plan Model

- Builds a fiscally sound agency
- Awareness of options, barriers and opportunities
- Improves long-term financial sustainability
- Balances competing demands
- Assesses financial implications of decisions & priorities
Long-Range Financial Plan Model

Assumptions
- Sales Tax Growth
- Service Levels
- PPI
- Salary Increases
- Benefit Increases
- Fuel Pricing
- Etc.

Operating Budget
- Revenue and Expenditures

Capital Improvement Plan
- Capital Funding
- Capital Expenditures

Reserves
- Statutory Operating
- Budget Stabilization
- Capital Expansion
- Self-Insurance

Debt
- Existing Debt
- New Debt Issue

Grants and Capital Contributions

Capital Metro LRFP

Austin Transit Partnership

Packet Pg. 41
Revenue

- Sales tax: 1% growth = $2.5M
  - Sales tax = 78% of revenue
  - Grants and fare revenue limited growth in short term

- Long-term projections
  Sales tax growth of 3.75%
  Total revenue growth 3.2%
  - Total operating and capital expense growth constrained to 3.2%
Sales Tax History

![Historical Trend (in millions)](image)

- Receipts
- % Increase/Decrease

- 2004: $115
- 2005: $122
- 2006: $136
- 2007: $150
- 2008: $158
- 2009: $140
- 2010: $142
- 2011: $151
- 2012: $165
- 2013: $194
- 2014: $210
- 2015: $221
- 2016: $229
- 2017: $244
- 2018: $262
- 2019: $259
- 2020 Forecast: $252
- 2021 Budget: $252

- Percentage Increase/Decrease
  - 2004: 0%
  - 2005: 0%
  - 2006: 0%
  - 2007: 0%
  - 2008: 0%
  - 2009: -15%
  - 2010: -10%
  - 2011: -5%
  - 2012: 0%
  - 2013: 5%
  - 2014: 10%
  - 2015: 15%
  - 2016: 20%
  - 2017: 25%
  - 2018: 30%
  - 2019: 35%
  - 2020 Forecast: 40%
  - 2021 Budget: 45%
Fare Revenue

- Low fare structure compared to peer agencies
  - 2nd lowest local fare of 22 peers
  - Lowest for day, weekly and monthly passes
  - Fare recovery 9.5% FY2019

- Fare increases
  - Inflationary increases in Long-Range Financial Plan

- American Bus Benchmarking Group
  - Consortium of mid-sized North American bus agencies
  - Established in 2011 to benchmark performance and share best practices

Source: American Bus Benchmarking Group (ABBG)
Operating Expenses

- Major expense categories:
  - Purchased transportation
    Hours x Contractor Rate + Fixed Fee
    - New bus service contract
  - Wages
    FTE x Rate
  - Benefits
    Health and pension increases
  - Services
    Project Connect expenses to ATP
    Control spending

FY2021 Operating Expenses
$278.2 Million

Personnel,
$49.6m, 18%

Services,
$29.9m, 11%

Other,
$17.8m, 6%

Fuel,
$12.2m, 4%

Purchased Transportation,
$168.7m, 61%
Service Levels

Vehicle Hours

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</table>

Packet Pg. 46

Attachment: LRFP Board Committee Presentation - September 2020 (4674 : Long Range Financial Plan)
Proposed Capital Plan – 10 Years

**FY2021-2030 by Project Category ($m)**

- Vehicles: $574.9 Million
- Information Technology: $270.6
- Facilities: $63.4
- Commuter Rail: $46.2
- Project Connect: $25.0
- Property and Asset Mgmt: $22.6
- Contingency: $6.0
- Freight Railroad: $5.9

**FY2021-2030 by Project Type ($m)**

- Enhancement: $188.7
- State of Good Repair: $386.2
- $574.9 Million
# Major Capital Projects

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<th>Next 10 Years</th>
<th>11-20 Years</th>
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<td>• North ops facility improvements $30m</td>
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<td>• North ops facility improvements $28m</td>
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<td>• Paratransit vehicle replacements $20m</td>
<td>• Paratransit vehicle replacements $20m</td>
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<td>• Bus stops and transit centers $11m</td>
<td>• Facility state of good repair $16m</td>
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<tr>
<td>• Downtown station $11m</td>
<td>• Bus stops $6m</td>
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<tr>
<td></td>
<td>• Signal systems replacements $5m</td>
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</table>
Project Connect Commitments in LRFP

Project Connect and ATP Commitments

Fiscal Year

2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030

Millions

$0 $10 $20 $30 $40 $50 $60 $70 $80

Operating Expenses Capital Projects Commitments to ATP
THANK YOU!

LONG-RANGE MODEL SCENARIOS
Long-Range Financial Plan Model Scenarios

FY2021 Budget & 5-Year CIP

Long-Range Financial Plan

Scenario 1: Slower Recovery

Scenario 2: Faster Recovery
Long-Range Financial Plan

• “Most Likely” sales tax scenario
• Contractual rates and agreements
• Minor service hours increases
• FY2021 Budget and 5-year CIP included

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>Year 1-5</th>
<th>FY21-25</th>
<th>Year 6-10</th>
<th>FY26-30</th>
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<tbody>
<tr>
<td>Revenues</td>
<td></td>
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<tr>
<td>Sales tax growth</td>
<td>-1.1% FY21, -2.7% FY21, 8.3% FY22, 5.5% FY23</td>
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<td></td>
<td>3.75%</td>
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<tr>
<td>Operating grants</td>
<td>No increases</td>
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<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service hours</td>
<td></td>
<td>0.5%</td>
<td></td>
<td></td>
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<tr>
<td>Contractor rates</td>
<td></td>
<td>Per contract then 3%</td>
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<td></td>
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<tr>
<td>MetroAccess</td>
<td></td>
<td>-5% hours FY21 then 2.75%; Per contract then 3%</td>
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<tr>
<td>Fuel rates</td>
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<td>-11% FY21 then 2%</td>
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<tr>
<td>FTE growth</td>
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<td>0% FY21 then 0.75%</td>
<td></td>
<td></td>
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<tr>
<td>Wage growth</td>
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<td>0% FY21 then 3%</td>
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<tr>
<td>Other expenses</td>
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<td></td>
<td>2%</td>
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</table>
Proposed Long-Range Financial Plan – 10 Years

Total Revenues and Total Expenses

- Expenses
- Commitments to ATP/Project Connect
- Capital Projects (Net of Grant Revenue)
- Revenues (Excluding Capital Grants)

Fiscal Year: 2018 to 2030

 Millions

$0 $50 $100 $150 $200 $250 $300 $350 $400 $450 $500

2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030
## Proposed Plan – Financials

### Dollars in Millions

<table>
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<tr>
<th></th>
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<th>Intermediate-Term Forecast</th>
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<td>FY2026 FY2027 FY2028 FY2029 FY2030</td>
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<td>Revenues (excluding Capital Grant Revenue)</td>
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<td>Operating Expenses</td>
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<td>(328) (337) (349) (359) (370)</td>
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<tr>
<td>Interlocal Agreements</td>
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<td>Cash Balance/(Shortage)</td>
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**Align spending with current sales tax decline**
**Ramp up after higher sustained sales tax growth**
Long-Range Financial Plan – Slower Recovery

- “Slower Recovery” sales tax scenario
- Contractual rates and agreements
- Minor service hours increases
- FY2021 Budget and 5-year CIP included

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>Year 1-5</th>
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<tr>
<td><strong>Expenses</strong></td>
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<tr>
<td>Service hours</td>
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<td>0.5%</td>
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<td>Other expenses</td>
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Slower Recovery Long-Range Financial Plan

Total Revenues and Total Expenses

Fiscal Year

2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030

Expenses
Capital Projects (Net of Grant Revenue)
Commitments to ATP/Project Connect
Revenues (Excluding Capital Grants)

Millions

$0 $50 $100 $150 $200 $250 $300 $350 $400 $450 $500
# Slower Recovery – Financials

**Budget**

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<th>FY2024</th>
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<th>FY2030</th>
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<tbody>
<tr>
<td>Cash &amp; Investments Beginning Balance</td>
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<td>Cash Flow Available for CIP</td>
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<td>37</td>
<td>45</td>
<td>48</td>
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<td>Capital Projects</td>
<td>(106)</td>
<td>(84)</td>
<td>(66)</td>
<td>(33)</td>
<td>(18)</td>
<td>(77)</td>
<td>(46)</td>
<td>(40)</td>
<td>(34)</td>
<td>(85)</td>
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<td>Capital Grant Revenue</td>
<td>11</td>
<td>22</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>7</td>
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<tr>
<td>Capital - Self Funded</td>
<td>(96)</td>
<td>(61)</td>
<td>(60)</td>
<td>(27)</td>
<td>(12)</td>
<td>(71)</td>
<td>(39)</td>
<td>(33)</td>
<td>(27)</td>
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<td>Commitment to Austin Transit Partnership</td>
<td>(39)</td>
<td>0</td>
<td>(20)</td>
<td>(21)</td>
<td>(21)</td>
<td>(22)</td>
<td>(30)</td>
<td>(31)</td>
<td>(32)</td>
<td>(33)</td>
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<td>Annual Cash Flow</td>
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<td>(24)</td>
<td>(35)</td>
<td>1</td>
<td>18</td>
<td>(41)</td>
<td>(14)</td>
<td>(8)</td>
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<td>Cash &amp; Investments Ending Balance</td>
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<td>151</td>
<td>115</td>
<td>116</td>
<td>134</td>
<td>93</td>
<td>79</td>
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<td>23</td>
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<td>Commitments &amp; Reserve Requirements</td>
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<td>77</td>
<td>78</td>
<td>80</td>
<td>82</td>
<td>84</td>
<td>86</td>
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<td>Cash Balance/(Shortage)</td>
<td>100</td>
<td>74</td>
<td>37</td>
<td>36</td>
<td>52</td>
<td>10</td>
<td>(7)</td>
<td>(17)</td>
<td>(20)</td>
<td>(72)</td>
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Reserves can cover short-term shortfall
Will need to cut recurring costs to align with revenues
Long-Range Financial Plan – Faster Recovery

- “Faster Recovery” sales tax scenario
- Contractual rates and agreements
- Minor service hours increases
- FY2021 Budget and 5-year CIP included

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>Year 1-5</th>
<th>FY21-25</th>
<th>Year 6-10</th>
<th>FY26-30</th>
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<tr>
<td>Revenues</td>
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<td>Sales tax growth</td>
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<td>Service hours</td>
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<td>Contractor rates</td>
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<td>MetroAccess</td>
<td>-5% hours FY21 then 2.75%; Per contract then 3%</td>
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<td>Fuel rates</td>
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<td>FTE growth</td>
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<td>Wage growth</td>
<td>0% FY21 then 3%</td>
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<td>3%</td>
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<td>Other expenses</td>
<td>2%</td>
<td></td>
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</table>
Faster Recovery Long – Range Financial Plan
# Faster Recovery – Financials

**Budget** | **Intermediate-Term Forecast** | **Long-Term Forecast**
---|---|---
| FY2021 | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 | FY2030
**Cash & Investments Beginning Balance** | 282 | 197 | 185 | 159 | 168 | 197 | 167 | 166 | 172 | 187 | 197 | 167 | 166 | 172 | 187 | 197 | 167 | 166 | 172 | 187
**Revenues (excluding Capital Grant Revenue)** | 334 | 344 | 355 | 366 | 379 | 392 | 406 | 420 | 435 | 450 | 392 | 406 | 420 | 435 | 450 | 392 | 406 | 420 | 435 | 450
**Interlocal Agreements** | (6) | (3) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1)
**Loan Principal Payments** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0
**Cash Flow Available for CIP** | 50 | 49 | 54 | 57 | 61 | 63 | 68 | 70 | 74 | 79 | 63 | 68 | 70 | 74 | 79 | 63 | 68 | 70 | 74 | 79
**Capital Grant Revenue** | 11 | 22 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6
**Capital - Self Funded** | (96) | (61) | (60) | (27) | (12) | (71) | (39) | (33) | (27) | (78) | (71) | (39) | (33) | (27) | (78) | (71) | (39) | (33) | (27) | (78)
**Commitment to Austin Transit Partnership** | (39) | 0 | (20) | (21) | (21) | (22) | (30) | (31) | (32) | (33) | (22) | (30) | (31) | (32) | (33) | (22) | (30) | (31) | (32) | (33)
**Annual Cash Flow** | (84) | (12) | (27) | 10 | 28 | (30) | (1) | 6 | 15 | (32) | (30) | (1) | 6 | 15 | (32) | (30) | (1) | 6 | 15 | (32)
**Cash & Investments Ending Balance** | 197 | 185 | 159 | 168 | 197 | 167 | 166 | 172 | 187 | 155 | 197 | 167 | 166 | 172 | 187 | 197 | 167 | 166 | 172 | 155
**Commitments & Reserve Requirements** | 75 | 77 | 78 | 80 | 82 | 84 | 86 | 89 | 92 | 95 | 84 | 86 | 89 | 92 | 95 | 84 | 86 | 89 | 92 | 95
**Cash Balance/(Shortage)** | 122 | 109 | 81 | 89 | 115 | 83 | 80 | 83 | 95 | 60 | 83 | 80 | 83 | 95 | 60 | 83 | 80 | 83 | 95 | 60

Increased revenues can potentially fund $60M over 10 years for service expansion and/or infrastructure.
Changes in Long-Range Financial Plan

- Sales tax decline in FY2020 and gradual recovery through FY2021
- CARES Act funding of $101.9 million
- FY2021 Budget goal to stay flat to FY2020 Budget
- Contributions to Austin Transit Partnership
- Bus purchased transportation combined contract
Risks to Long-Range Financial Plan

- COVID-19 uncertainty, duration and impact
- Slow recovery in sales tax growth
- Significant recession
- Changes to Federal grant funding programs
- Unforeseen regulatory or capital needs
- Future contracted rates with service providers
- Compensation and benefit plan increases
- Unforeseen technological changes
Conclusions and Recommendations

- Continue to monitor and quickly respond to pandemic and related economic developments
- Revenue uncertainty
- Align costs with revenue growth
- Capital vs. Operating costs
- Maintain >$46 million in annual cash flow for FTA required State of Good Repair
THANK YOU!