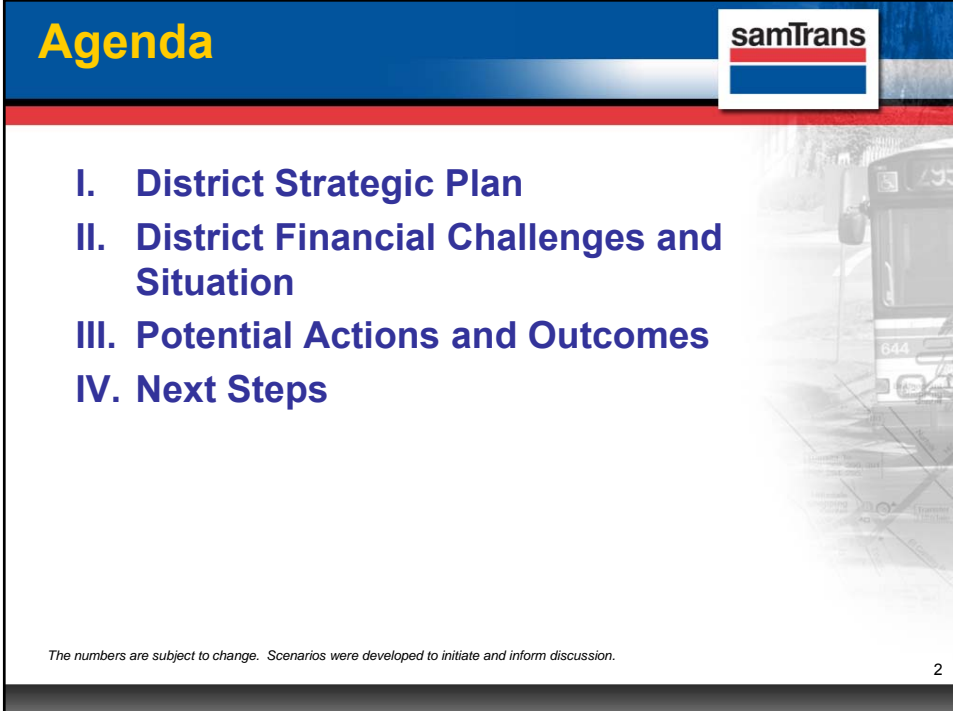



SamTrans Long Term Financial Planning

Draft – subject to change

Board Study Session
October 11, 2016

Agenda



- I. District Strategic Plan
- II. District Financial Challenges and Situation
- III. Potential Actions and Outcomes
- IV. Next Steps

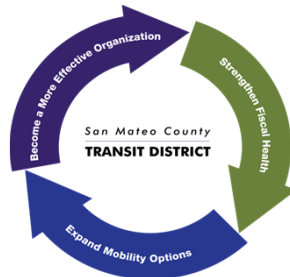
The numbers are subject to change. Scenarios were developed to initiate and inform discussion.

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I. Strategic Plan Priorities (FY2015-FY2019)



- **Priorities**
 - Expand customer mobility options
 - **Strengthen fiscal health**
 - Become a more effective organization



The numbers are subject to change. Scenarios were developed to initiate and inform discussion.

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I. Strategic Plan Goals (FY2015-FY2019)



- **Five-Year Goals**
 - Increase weekday fixed-route ridership by 15%
 - **Increase fixed-route farebox revenue by 20%**
 - **Reduce debt service by \$1.5 million annually**
 - Improve organizational performance
 - Manage workforce change

The numbers are subject to change. Scenarios were developed to initiate and inform discussion.

4

I. Strategic Plan Goals (FY2015-FY2019)



- Progress made toward financial goals
 - Initiatives were launched to increase ridership and farebox revenue
 - Fare increase passed by the Board, effective January 2016
 - Refinanced debt in 2015, reduced debt service payment by \$3.0 million annually

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II. District Financial Challenges

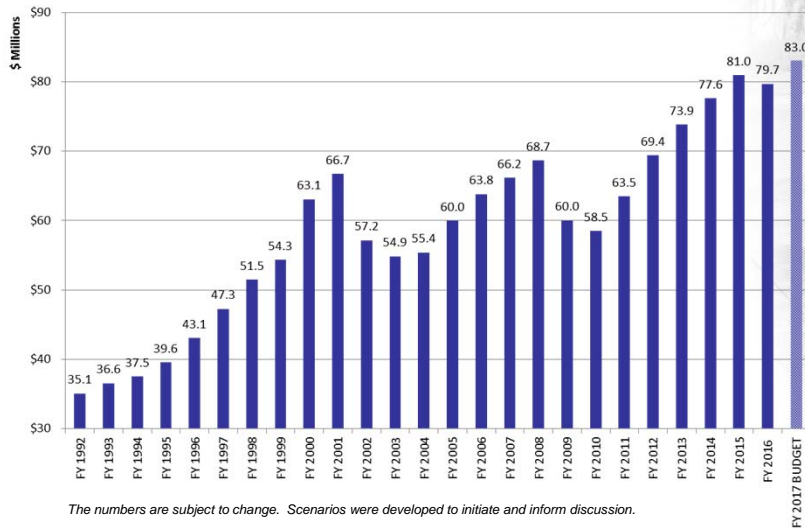


- Even with progress made toward accomplishing the five-year goals:
 - Limited time preventive maintenance grants have ended (~\$5 million)
 - Ridership is declining
 - Expenses are increasing
 - District sales tax and Transit Development Act (TDA) sales tax revenues flattening (*TDA is a statewide transportation sales tax*)
 - Debt service payments are still significant
 - Volatility of other sources of revenue

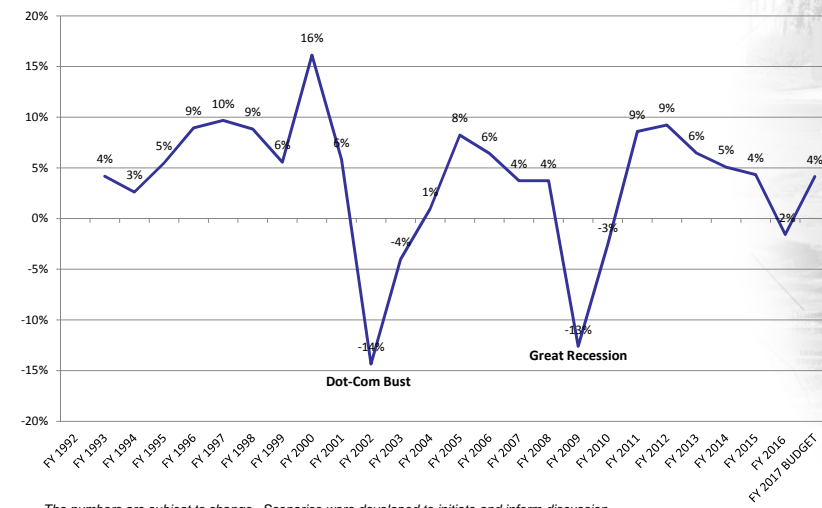
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II. Historical Sales Tax Receipts



II. Year over Year % Change in Sales Tax



II. Deficit Reduction Efforts: FY2009 - FY2014

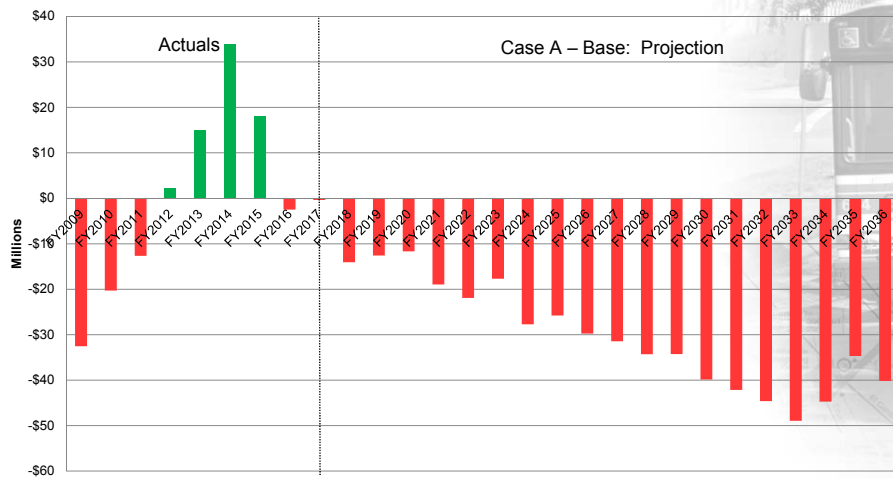


	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
7.5% Service Reduction (Includes represented layoffs)	-	\$3.3 million	-	-	-	-
Administrative Layoffs	-	\$0.5 million	-	-	-	-
Hiring and Salary Freezes	\$0.325 million	\$1.0 million	\$0.8 million	-	-	-
Furlough Days	\$0.2 million	\$0.35 million	\$0.35 million	\$0.36 million	\$0.37 million	\$0.38 million
Fare Increases	\$0.625 million	\$1.3 million	-	-		
Reduction in District's Sales Tax to Caltrain	-	-	\$5.8 million	\$11.0 million	\$11.3 million	\$11.3 million
Employee contributions to PERS/Medical Costs				\$0.93 million*	\$2.2 million*	\$3.5 million*
ATU 1 (Bus Ops and Mechanics) Wage Freeze				\$1.0 million	\$0.975 million	\$0.975 million
San Mateo County Measure A Funds for Paratransit						\$5 million
TOTAL	\$1.2 million	\$6.5 million	\$7.1 million	\$13.3 million	\$14.8 million	\$21.2 million

* Employee contribution of 2% to PERS, beginning in January. Half year for FY2012, full year thereafter.

The numbers are subject to change. Scenarios were developed to initiate and inform discussion.

II. Annual Change to Reserves

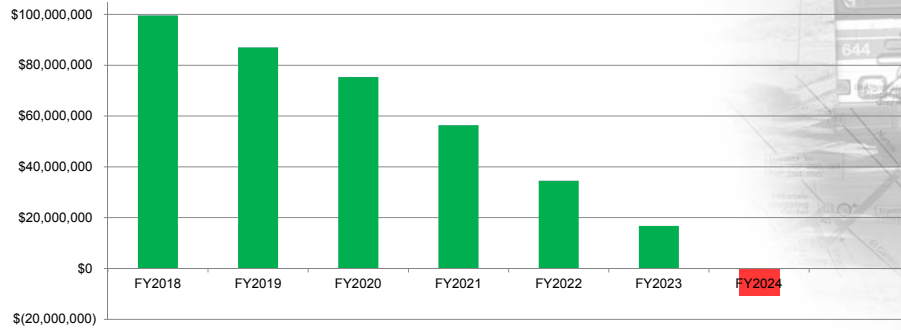


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II. District's Reserves



- Structural deficit exists with Case A – Base; District projected to exhaust reserves in FY2024

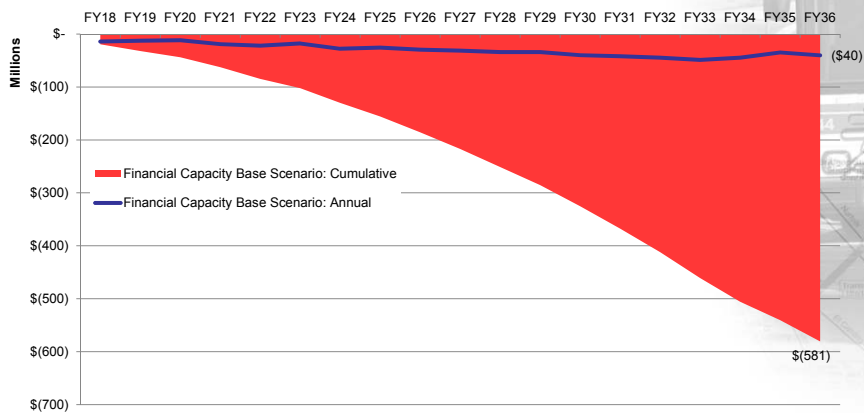


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II. Financial Capacity Modeling



Case A -- Base Scenario (assumes no corrective action)



The numbers are subject to change. Scenarios were developed to initiate and inform discussion.

II. Revenues & Expenditures



Source of Funds		Use of Funds	
Sales Tax	\$83	Wages & Benefits	\$58
TDA	39	Contracted Bus Service & Support	23
Fares	19	Debt Service	22
Other Income	12	Paratransit	18
Multi-Modal Transit Programs	8	Professional/Technical Services	18
Other Income (primarily TA for Caltrain)	7	Utilities, Insurance, & Other Expenses	12
STA	3	Fuel, Lubricants, Materials & Supplies	9
Fares -- Paratransit	1	Caltrain Service (passthrough)	7
		Capital Program (Sales Tax)	6
Total	\$172		\$173
Surplus/(Deficit)			(\$0.3)

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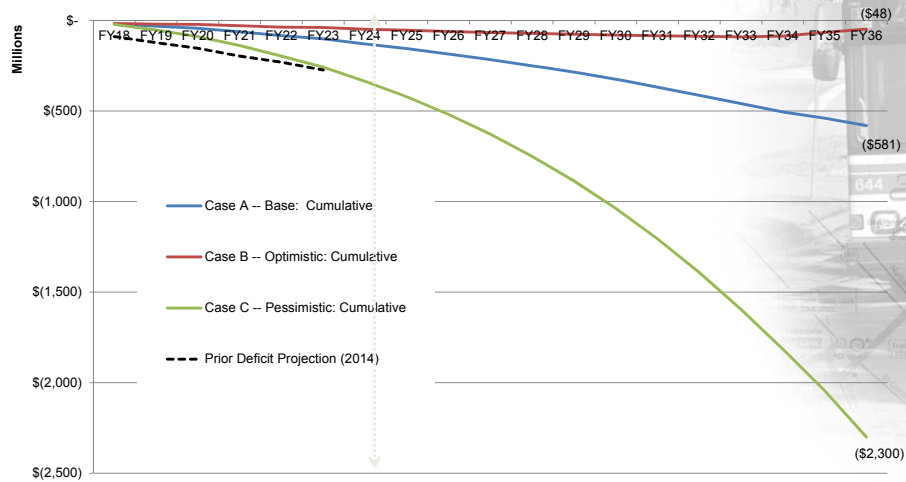
II. Financial Capacity Modeling



Assumptions	Case A: Base	Case B: Optimistic	Case C: Pessimistic
Fare Revenue	1% annual growth; 10% fare increases every 3 years	Achieve Strategic Plan ridership goals in FY2019; after that 2.5% annual growth with fare increases every 3 years	1% annual growth; no fare increases
Sales Tax/TDA	2.5% annually	3.0% annually	Drops 10% in FY2019; grows by 1% until 2029, 1.5% growth thereafter
San Mateo County Paratransit Contribution	Eliminated in FY2023	Eliminated in FY2023	Eliminated in FY2023
Wages	3% annually	3% annually	10% annually for non-represented
Benefits	4% annually	4% annually	8% annually
Paratransit Costs	6% annually	4% annually	10% annually

The numbers are subject to change. Scenarios were developed to initiate and inform discussion.

II. SamTrans Cumulative Deficit

The numbers are subject to change. Scenarios were developed to initiate and inform discussion.

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IV. Potential Actions and Outcomes



- Case A (Base) is starting point
- Each potential actions' cumulative deficit is compared to Case A cumulative deficit
- FY2017 – FY2036, Case A cumulative deficit is \$581 million
- Case A outcome can be changed based upon actions taken by the District
- Projections are based upon estimates

The numbers are subject to change. Scenarios were developed to initiate and inform discussion.

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IV. Outcomes by Actions



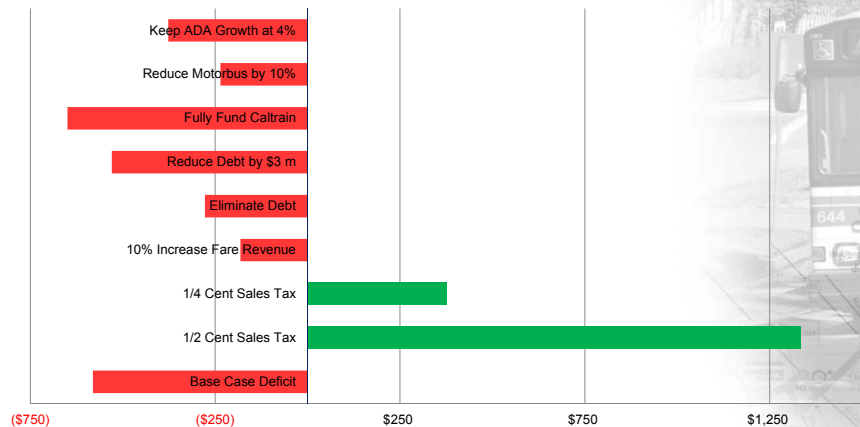
CASE A (BASE)	(\$581)
Control ADA Growth at 4% rather than 6%	204
Reduce Motorbus Operating Costs by 10%	345
Increase Motorbus Fare Revenue by 10%	399
Meet Caltrain Full Funding Need with SamTrans Contribution	(69)
Reduce Annual Debt Service Payment by \$3 Million Annually Through New Refinancing	51
Eliminate Debt	303
1/4-cent Sales Tax (gross revenue before deficit)	957
1/2-cent Sales Tax (gross revenue before deficit)	1,914

Dollars in millions

The numbers are subject to change. Scenarios were developed to initiate and inform discussion.

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IV. Outcomes Summarized



	Base Case Deficit	1/2 Cent Sales Tax	1/4 Cent Sales Tax	10% Increase Fare Revenue	Eliminate Debt	Reduce Debt by \$3 m	Fully Fund Caltrain	Reduce Motorbus by 10%	Keep ADA Growth at 4%
In Millions	(\$581)	\$1,334	\$376	(\$182)	(\$278)	(\$530)	(\$649)	(\$236)	(\$377)

The numbers are subject to change. Scenarios were developed to initiate and inform discussion.

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IV. Other Opportunities



- **Difficult to quantify**
- **Potential Property Revenues**
 - Daly City Park&Ride, \$500-750K, beginning around 2020
 - Development and/or sale of Brewster, speculative
 - Dumbarton Rail Corridor, Possible Tolling (P3)
 - Sell San Carlos headquarters possible sale
 - Other property for possible monetization, including bases and P3 opportunities

The numbers are subject to change. Scenarios were developed to initiate and inform discussion.

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V. Next Steps



- **District is at a crossroads: keep doing business the same way or evolve into a modernized transit system**
- **Structural deficit remains ahead**
- **Increase revenues or decrease costs**
- **Political pressures to keep in mind**

What would you want to do to change the trajectory?

The numbers are subject to change. Scenarios were developed to initiate and inform discussion.

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