

SamTrans Multi-Year (Post Measure W) Financial Outlook

March 19, 2019

Objectives

- Provide background on fiscal capacity
 - Organizational capacity
 - Expense growth outpaces revenue growth
 - Funding of pension/other post-employment benefits (OPEB)
Volatility of sales tax revenue
- Consider future operating projections
- Discuss opportunities presented by Measure W
 - Express Bus
 - Measure W budget requests including organizational capacity
 - Central administration building improvements
 - Other business plan opportunities, including those identified by Comprehensive Operational Analysis (COA)

BACKGROUND

Service – Fixed Route

	Routes (overlap occurs between District and CUB)	Service Hours - Feb 2019	% of Service (based on service hours operated)
District	65	37,938	68%
Contracted Urban Bus (CUB)	35	16,243	29%
*Coastside	3	1,251	2%

*Includes a microtransit route

Service Statistics (Fixed Route)

Fixed Route	FY18	FY17	YOY % change	FY19 July-Jan
Average Weekday Ridership	36,470	38,720	-6%	35,557
Total Trips	11,133,440	11,825,380	-6%	6,319,100
Vehicle Revenue Miles	6,456,897	6,348,640	2%	3,853,325
Average Revenue/Trip	\$1.33	\$1.37	-2%	\$1.33
Subsidy/Trip	\$8.94	\$7.51	19%	\$9.89

Service Statistics (Paratransit)

Paratransit	FY18	FY17	YOY % change	FY19 YTD
Average Weekday Ridership	1,200	1,230	-2%	1,161
Total Trips	354,690	361,960	-2%	200,030
Vehicle Revenue Miles	2,959,214	3,057,391	-3%	1,640,651
Average revenue/Trip	\$2.50	\$2.47	1%	\$2.30
Subsidy/Trip	\$44.96	\$49.77	-10%	\$46.01

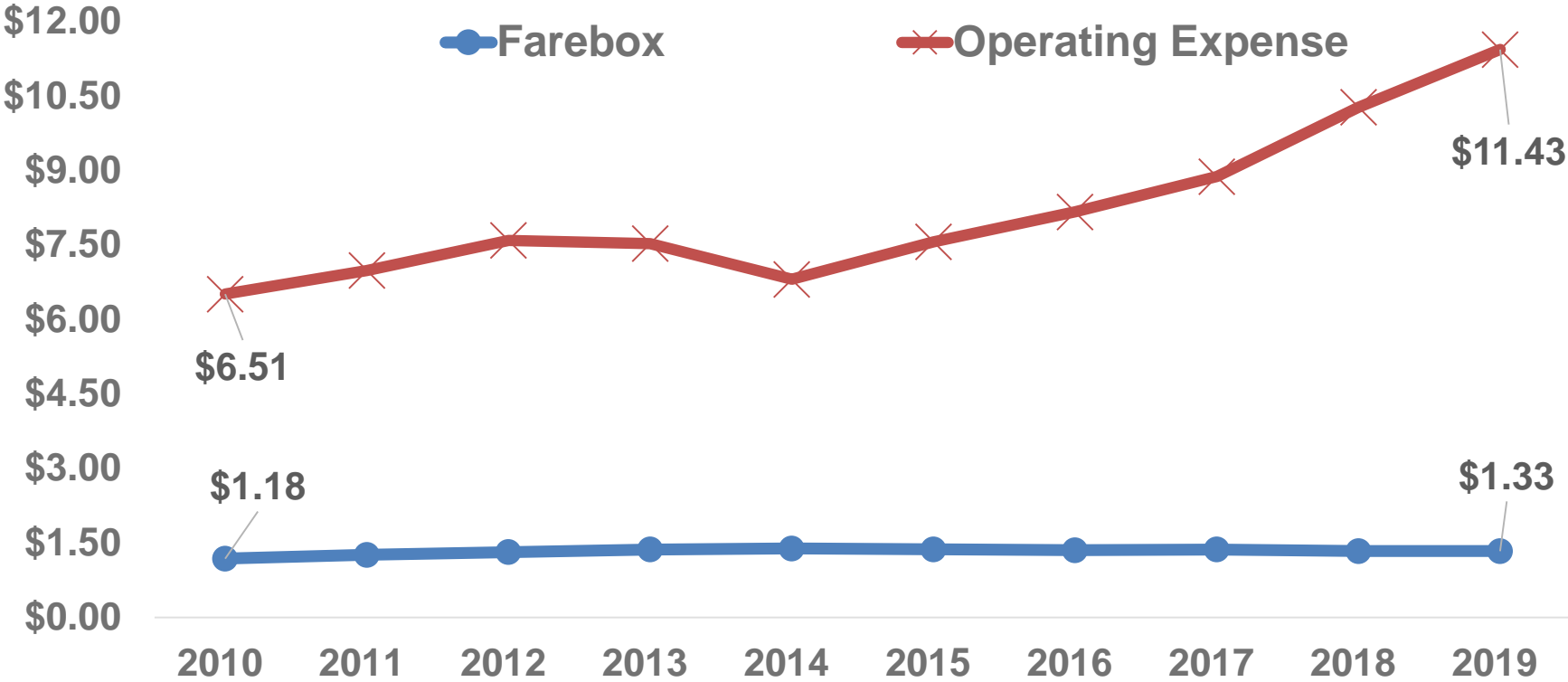
FY19 YTD is thru January

Service Statistics (Shuttle)

SamTrans Shuttles	FY18	FY17	YOY % change	FY19 July-Jan
Average Weekday Ridership	1,440	1,461	-1%	1,483
Total Trips	364,053	401,124	-9%	218,650
Vehicle Revenue Miles	338,348	349,814	-3%	198,650
Subsidy/Trip (Emp Share)	\$3.99	\$3.52	13%	\$3.72
Subsidy/Trip (TA & AB434)	\$0.95	\$0.85	12%	\$1.15
Subsidy/Trip (SAMTR)	\$0.10	\$0.10	0%	\$0.17

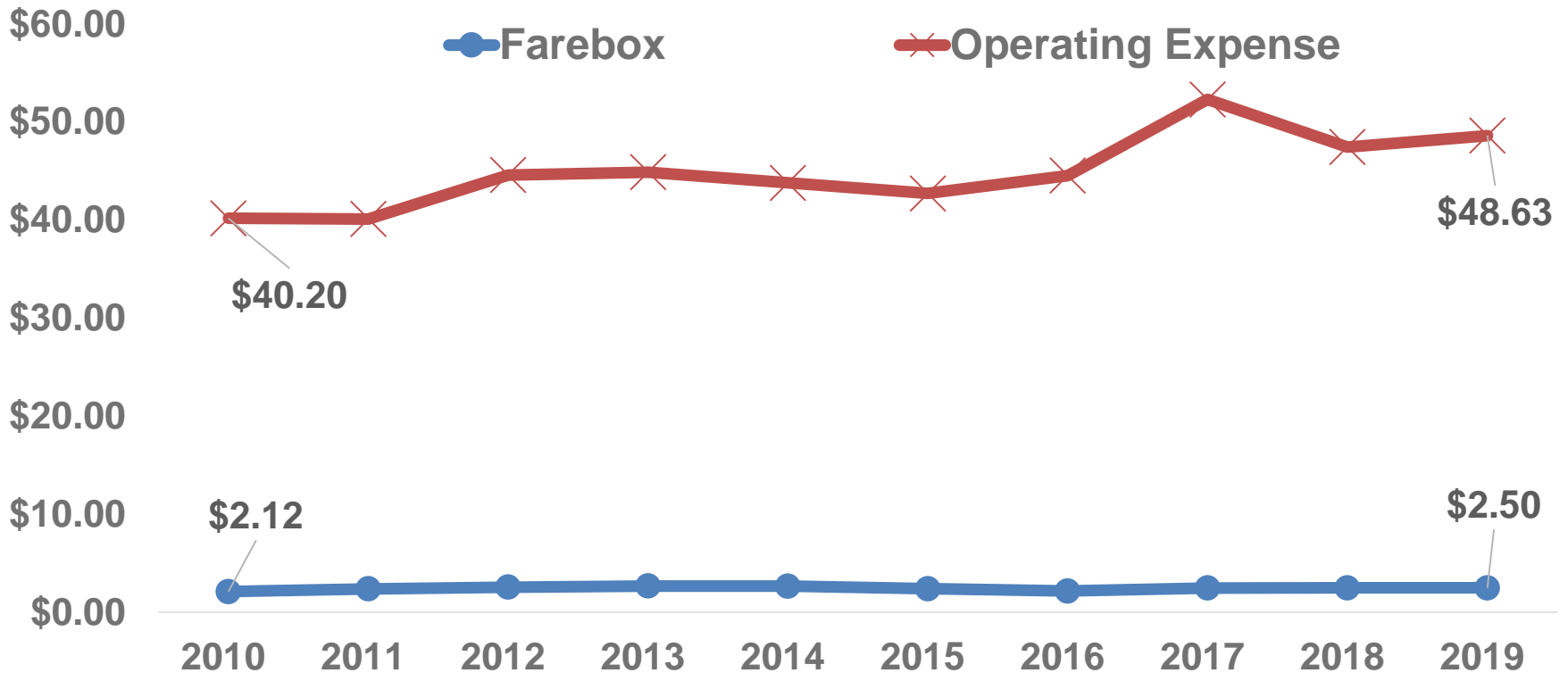
FY19: New 2-yr grant cycle TA AB434 annual grant cycle

Motor Bus Farebox & OpEx (per passenger)



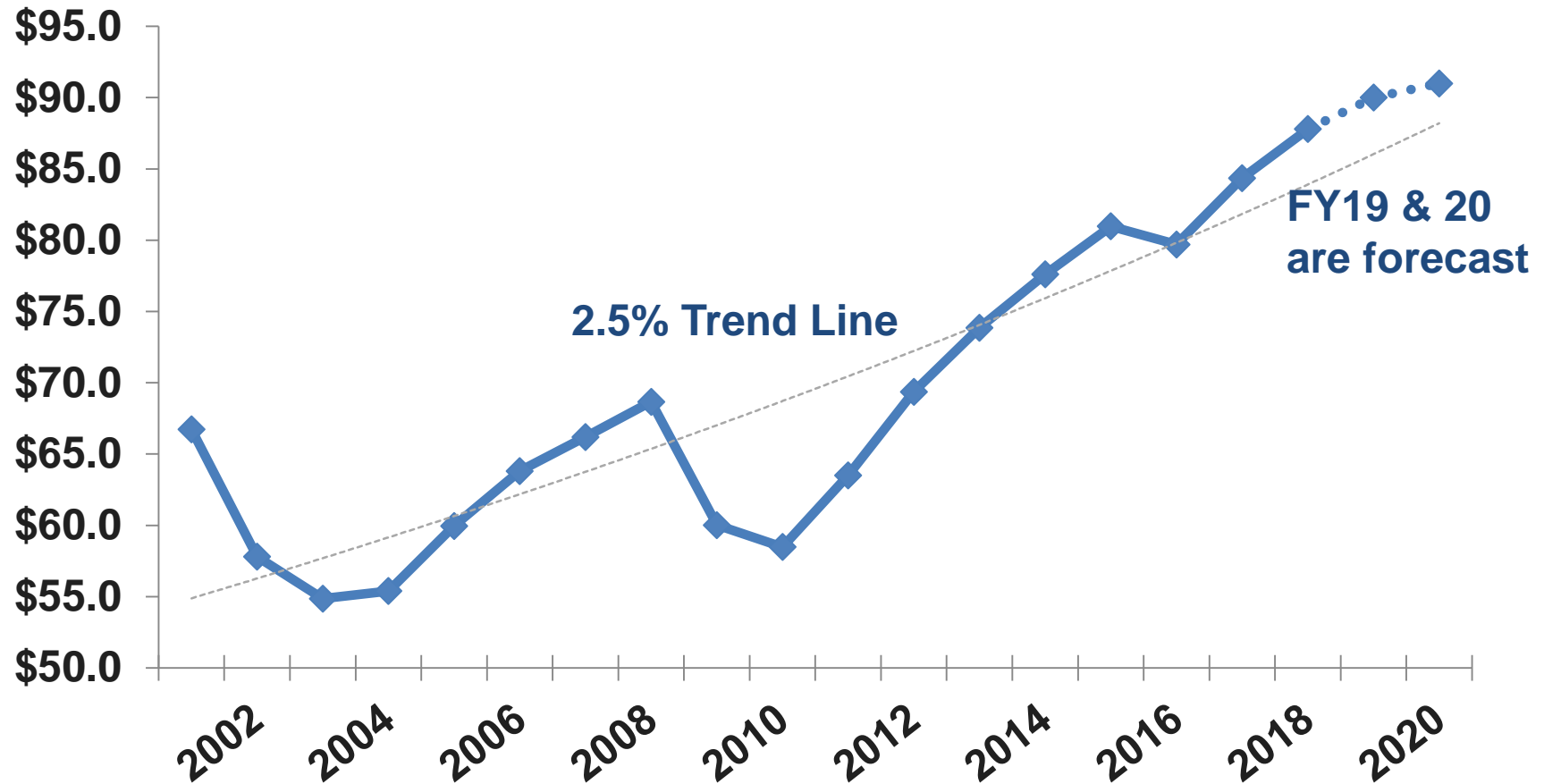
- FY14 decrease in opex due to release of insurance and workers' comp reserves

ParaTransit Farebox & OpEx (per passenger)



- FY17 increase in opex due to insurance payments

Sales Tax FY01-FY20 (in millions)



FY16 decrease reflected the shifting purchasing habits of consumers and the final true-up of the State's triple flip mechanism.



Sales Tax

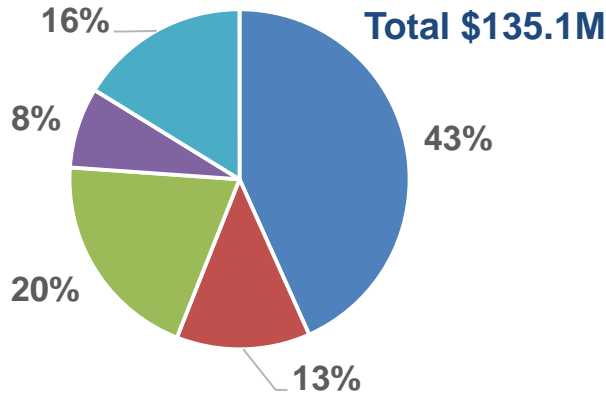
- Sales tax revenue fluctuates with the economy
- Bay Area inflation outpaced actual sales tax from FY01-FY18 (2.6% vs. 1.9%)
- Sales tax revenue has historically provided 39%-53% of operating funding

Operating Budget FY10 and FY19

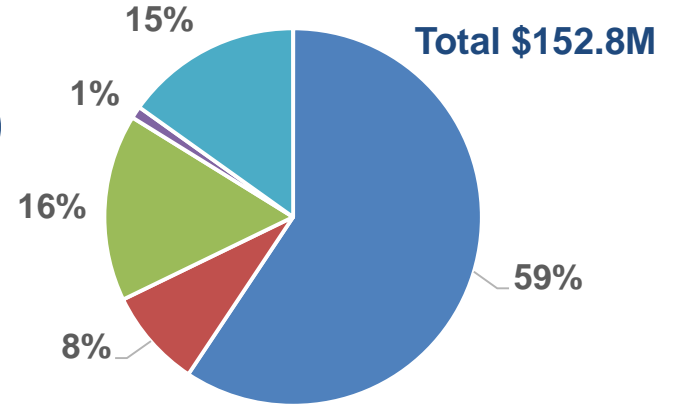
Sources of Funds:

Uses of Funds:

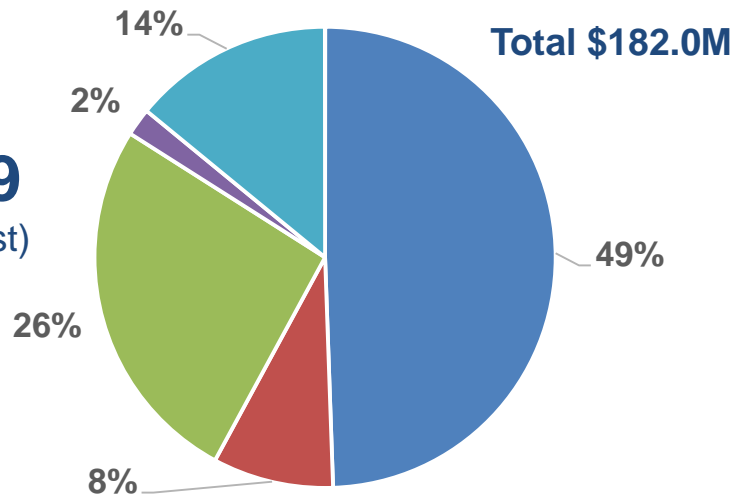
FY10
(Actual)



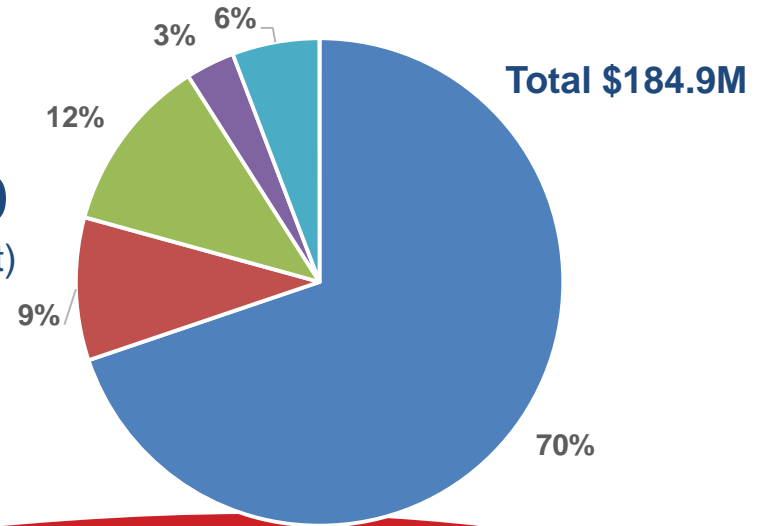
FY10
(Actual)



FY19
(Forecast)



FY19
(Forecast)



- Sales Tax
- TDA & STA
- Meas A, Other
- Fares
- Op Grants

- Motor Bus
- A. D. A.
- Debt
- Capital
- Other

LOOKING TO THE FUTURE

Status Quo Revenue Projections

(in millions)

	FY20	FY21	FY22	FY23	FY24
Fares	\$15.3	\$15.1	\$15.3	\$15.2	\$15.0
Other Op Income	78.9	71.4	72.6	73.9	75.2
District Sales Tax	91.0	92.8	94.7	96.6	98.5
Measure W	45.5	46.4	47.3	48.3	49.3
Other Income	11.0	11.1	11.3	11.4	11.6
Total	\$241.7	\$236.9	\$241.2	\$245.3	\$249.6

- FY21 decrease in operating revenue primarily due to increased one-time funding increase in FY20.

Status Quo Expenditure Projections

(in millions)

	FY20	FY21	FY22	FY23	FY24
District Motor Bus	\$106.4	\$110.5	\$115.1	\$120.0	\$125.1
Total Contracted Bus	24.7	26.1	27.2	28.3	29.5
Total ADA	18.2	18.9	19.7	20.5	21.3
Other Expenditures	9.9	10.1	10.2	10.4	10.5
Debt Service	19.4	19.2	19.2	19.2	19.2
Pension/OPEB Funding	6.9	7.5	8.3	8.9	9.4
Capital Allocation	31.7	12.6	15.5	20.5	18.5
Total Expenditures	217.3	204.9	215.2	227.8	233.5
Surplus/(Deficit)	\$24.4	\$32.0	\$26.1	\$17.6	\$16.0



Key Forecast Drivers

- An annual 1% increase in salaries/wages +\$0.6M year
- Benefits growth of 5% annually
- CUB growth of 4%-6% annually
- Paratransit – 1% annual ridership growth and 2% fare increases every 3 years
- Pension/OPEB - based on 2018 valuations
- Increased capital allocation from sales tax

FY20 Revenue Projection (in millions)

	FY18 Actual	FY19 Forecast	FY20 Projection	FY20 Variance to FY19
Fares	\$15.7	\$15.4	\$16.3	\$0.9
Other Op Income	62.4	65.8	78.9	13.2
District Sales Tax	87.8	90.0	91.0	1.0
Measure W	-	-	45.5	45.5
Other Income	9.9	10.8	11.0	0.1
Total	\$175.9	\$182.0	\$242.7	\$60.7

FY20 Expenditure Projections (in millions)

	FY18 Actual	FY19 Forecast	FY20 Projection	FY20 Variance to FY19
District Motor Bus	\$90.4	\$101.1	\$106.4	\$5.3
Total Contracted Bus	19.9	23.1	24.7	1.6
Total ADA	16.8	17.5	18.2	0.7
Debt Service	21.6	21.6	19.4	(2.2)
Pension/OPEB Funding	4.0	4.9	6.9	2.1
Capital Allocation	8.8	6.0	48.3	42.3
Other Expenditures	9.1	10.7	21.3	10.6
Total Expenditures	170.7	184.9	245.3	60.4
Surplus/(Deficit)	\$5.25	\$(2.92)	\$(2.60)	\$0.31



Key Adds to FY20 Forecast

- Express bus: \$5.4M
- Measure W operating budget requests: \$6.0M
- Deferred maintenance/investment
- Significant capital improvements: primarily South Base asphalt

Long-Range Strategic Priorities

- Addressing organizational capacity and results of COA
- Expense growth outpaces revenue growth
- Funding of pension/OPEB liabilities
- Central administration building
- Volatility of sales tax revenue
- Existing debt is retired in FY34

Policy/Procedure Recommendations

- Operating reserve policy
- Revenue stabilization fund
- Agency specific investment strategy
- Development of pension/OPEB funding strategy
- Development of long-term forecast (10-30 years)

DISCUSSION