

Farebox: \$21.9

Other Operating: \$19.1

Property Taxes: \$147.3

Wages: \$155.0

Fringe Benefits: \$184.1

## FORECAST UPDATE

SR 21-142 | 2-24-21



## FY 2020-21 PERFORMANCE



- **Revenues overall above budget**
  - Farebox below budget
  - Sales Tax revenues better than expected
- **Expenses overall below budget**
  - Labor expenses close to budget
  - Non-Labor expenses below budget
- **Expected year-end surplus will help with deficit in coming year budget**



# MAKING IT THROUGH FY 2020-21

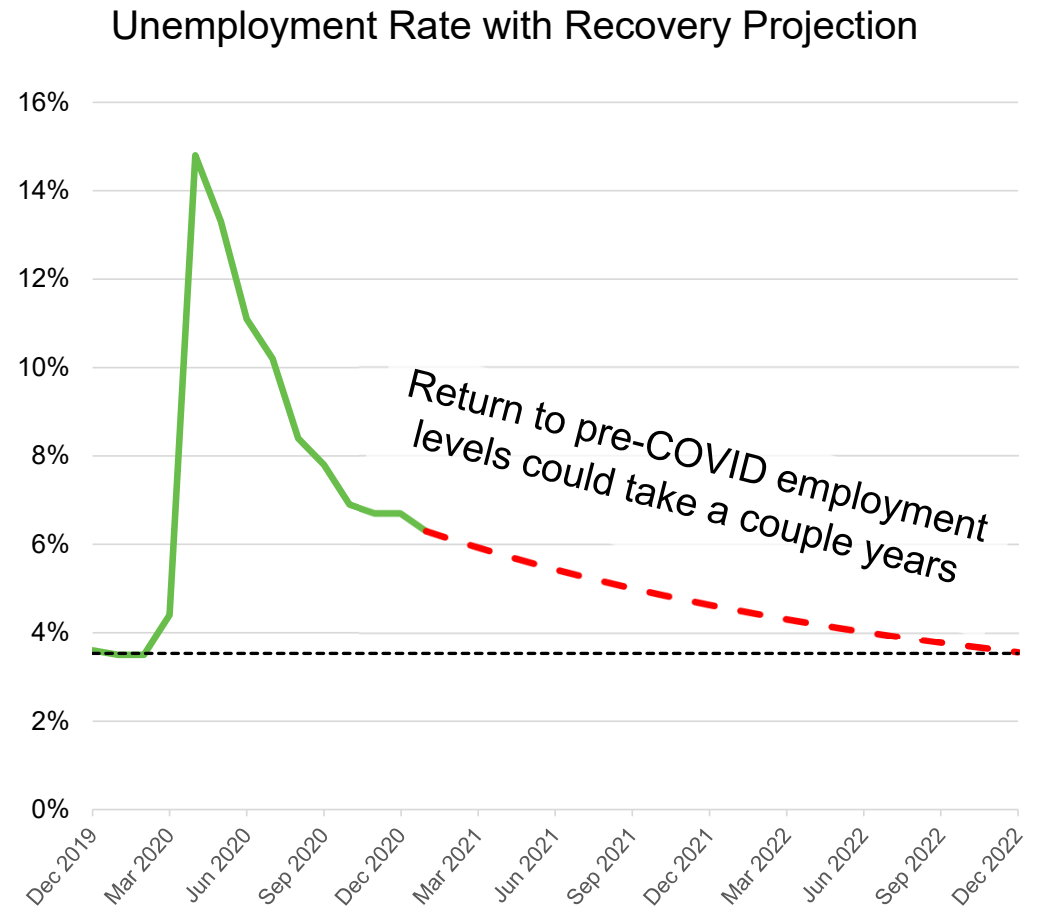


- **CARES Act funds “rescued” FY 20-21 Budget**
  - About 20% of total budget (\$84M)
- **Economy won’t be back to “normal” by July 2021**
- **Sales taxes doing well - but still below pre-pandemic levels**
- **Ridership/Farebox below expectations**

# MAKING IT BEYOND FY 2020-21?



- When will shelter-in-place orders end?
- When will people feel comfortable riding transit?
- Transbay ridership likely to be much lower for a while
- Full recovery could take 2 years or more



Unemployment data – Federal Reserve Bank of St. Louis



# FY 2021-22 FORECAST UPDATE



## Forecast Update Overview

- Prior forecast assumed quicker return to pre-pandemic levels
- Farebox revenue now expected to stay lower for a while
- Sales tax revenues didn't drop as much as forecast, but recovery will be slower
- Property tax only category with increase



# FY 2021-22 FORECAST UPDATE - DETAILS



Revenues (\$millions)	Nov Workshop	Feb Update	Change	What changed from Nov?
Farebox	46.8	27.2	(19.6)	Ridership/farebox less than forecast, slower growth expected
Other	19.2	16.1	(3.1)	Secondary effects of less optimistic ridership forecast
	<b>\$66.0</b>	<b>\$43.3</b>	<b>(22.6)</b>	
Sales Tax	187.6	171.7	(15.9)	Prior forecast was too optimistic on return to pre-COVID level
STA	28.2	23.9	(4.4)	Prior forecast was too optimistic on return to pre-COVID level
Prop & Parcel Tax	144.9	148.3	3.4	County Assessor forecasts positive
Other Fed, State, Local	29.9	22.1	(7.8)	Prior forecast was too optimistic on return to pre-COVID level
	<b>\$390.7</b>	<b>366.1</b>	<b>(24.6)</b>	
<b>Total Revenues</b>	<b>\$456.7</b>	<b>\$409.4</b>	<b>(47.3)</b>	

## FY 2021-22 FORECAST UPDATE CONT'D



- Baseline FY 21-22 Revenue forecast is \$47.3M worse than November

*Now consider:*

- Does not include CRRSAA funding
- Expecting FY 2020-21 surplus
- Expense forecast also changes for the better



# FY 2021-22 FORECAST UPDATE – HIGH LEVEL



<i>(\$millions)</i>	Nov Workshop	Feb Update	Change	What changed from Nov?
<b>Revenues</b>	\$456.7	\$409.4	(47.3)	(See prior slides)
<b>Expenses</b>	480.2	469.6	(10.6)	<ul style="list-style-type: none"> <li>• Current year expenses less than forecast – reduce for FY 21-22</li> <li>• This assumes <u>same reduced level of service</u></li> </ul>
<b>Surplus/(Deficit)</b>	(23.6)	(60.2)	(36.7)	

*Does not include CRRSAA funds, surplus*



# FY 2021-22 FORECAST UPDATE – RECOVERY?



## What is needed for FY 2021-22?

- CRRSAA Funding of \$60M+
- Possibly use of FY 2020-21 surplus

Will know more about CRRSAA funds in early March

## LOOKING FURTHER OUT - FY 2022-23



- Assuming the same reduced service level, expenses increase at least 3% from FY 2021-22 to FY 2022-23
- Absent another (3<sup>rd</sup>) federal stimulus, revenues will need to increase at least 18% to match



## NEXT STEPS



- **FY 2021-22 Operating Budget and future service plans will depend on CRRSAA allocation**
- **District budget process can start with staff estimates on revenue and expense levels and adjust with more data**

