

AC Transit Financial Projections

September 14, 2022



Contents

- Updates Since Last Presentation
- Current Financial Situation
 - Farebox Revenues
 - Emergency funding – For How Long?
- Projections
 - Scenario Overview
 - Projections
 - How to manage/survive the deficits

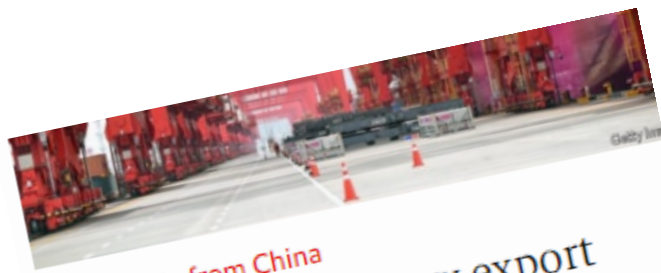


Recent Headlines



War in Ukraine will cripple global food markets

The share of incomes spent on staples is about to jump everywhere



A slow train from China

China's extraordinary export boom comes to an end
Covid-related supply bottlenecks meet slowing foreign demand

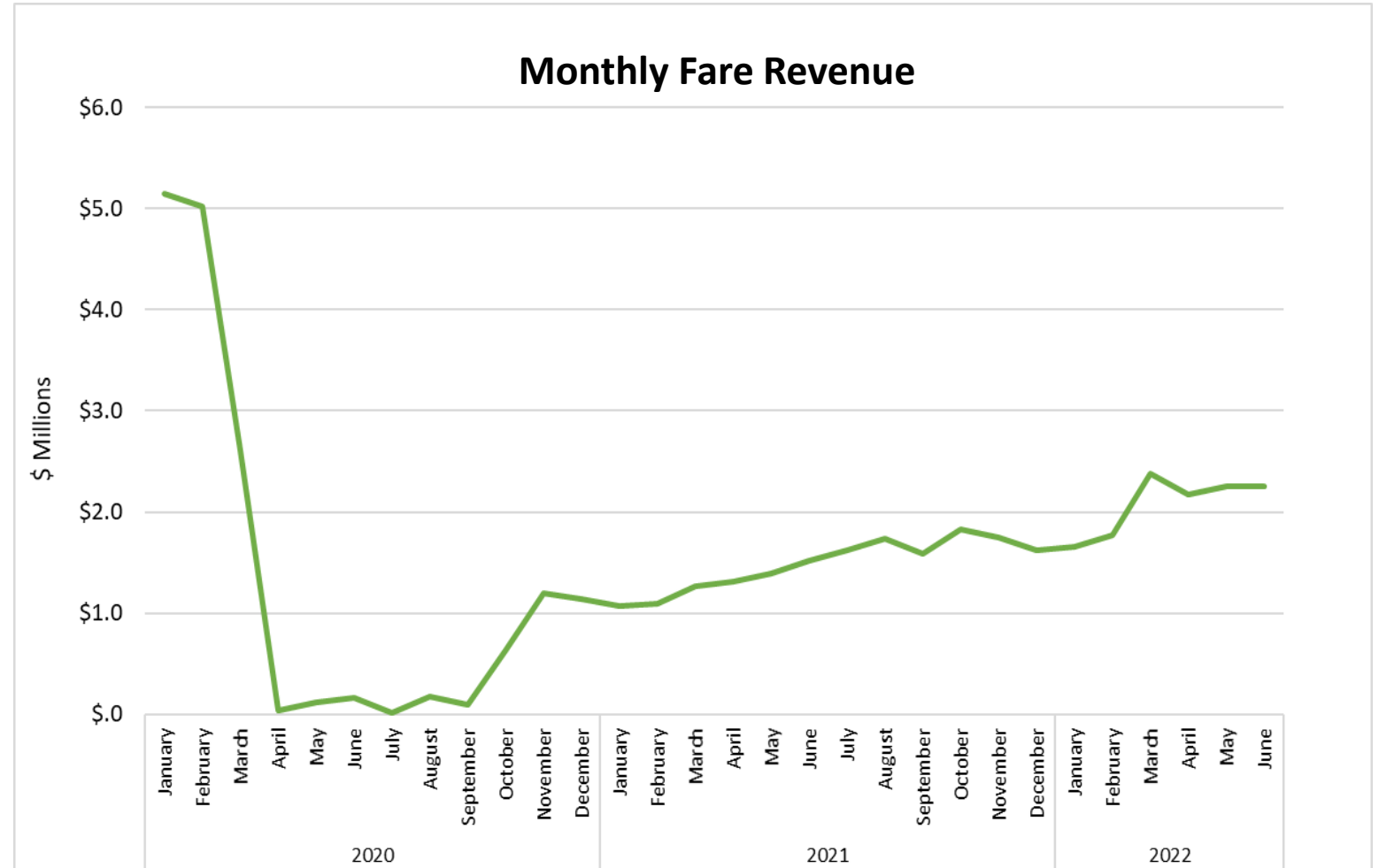
Russia cuts off gas to two European countries. Who's next?
The game of energy poker is getting scarier

Consumer prices in America rise at their fastest pace since 1981



Long-Term Revenue Issue:

- Fare revenues slowly growing but still only 50% of prior levels



Operating Projections

- Still dependent on federal operating support to balance our budget
- Expect to use up all remaining federal support by next fiscal year (FY 2023-24)
- All projections now show deficits

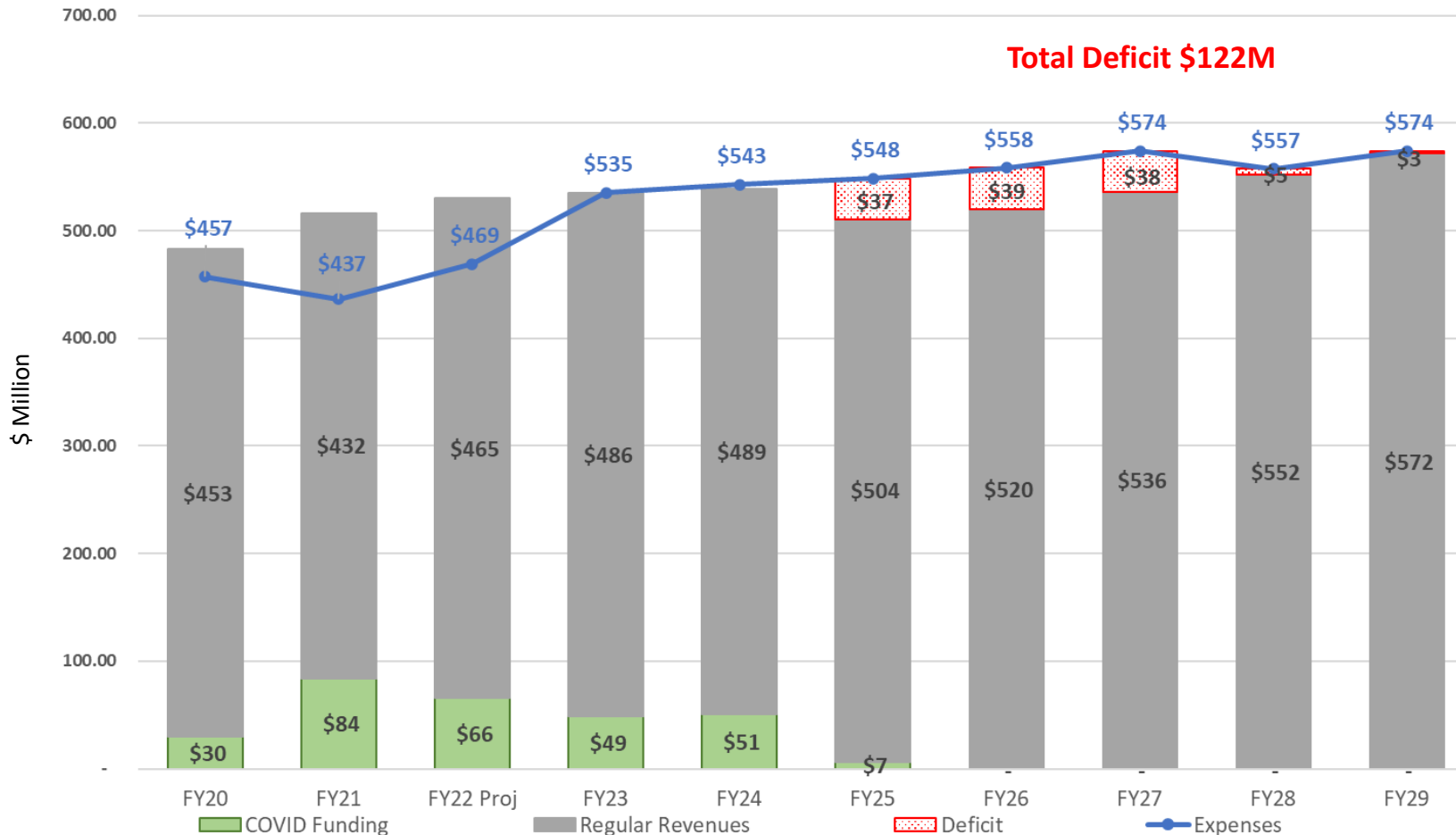


Financial Projections

Scenario	Recession Assumption	Maximum Service Level	7 Year Deficit Total (\$M)
Best	None	90%	\$58
Expected 1	Mild – 1 Year	90%	\$122
Expected 2	Mild – 1 Year	100%	\$155
Worst	Significant – 2 years	90%	\$314



Scenario – Expected 1

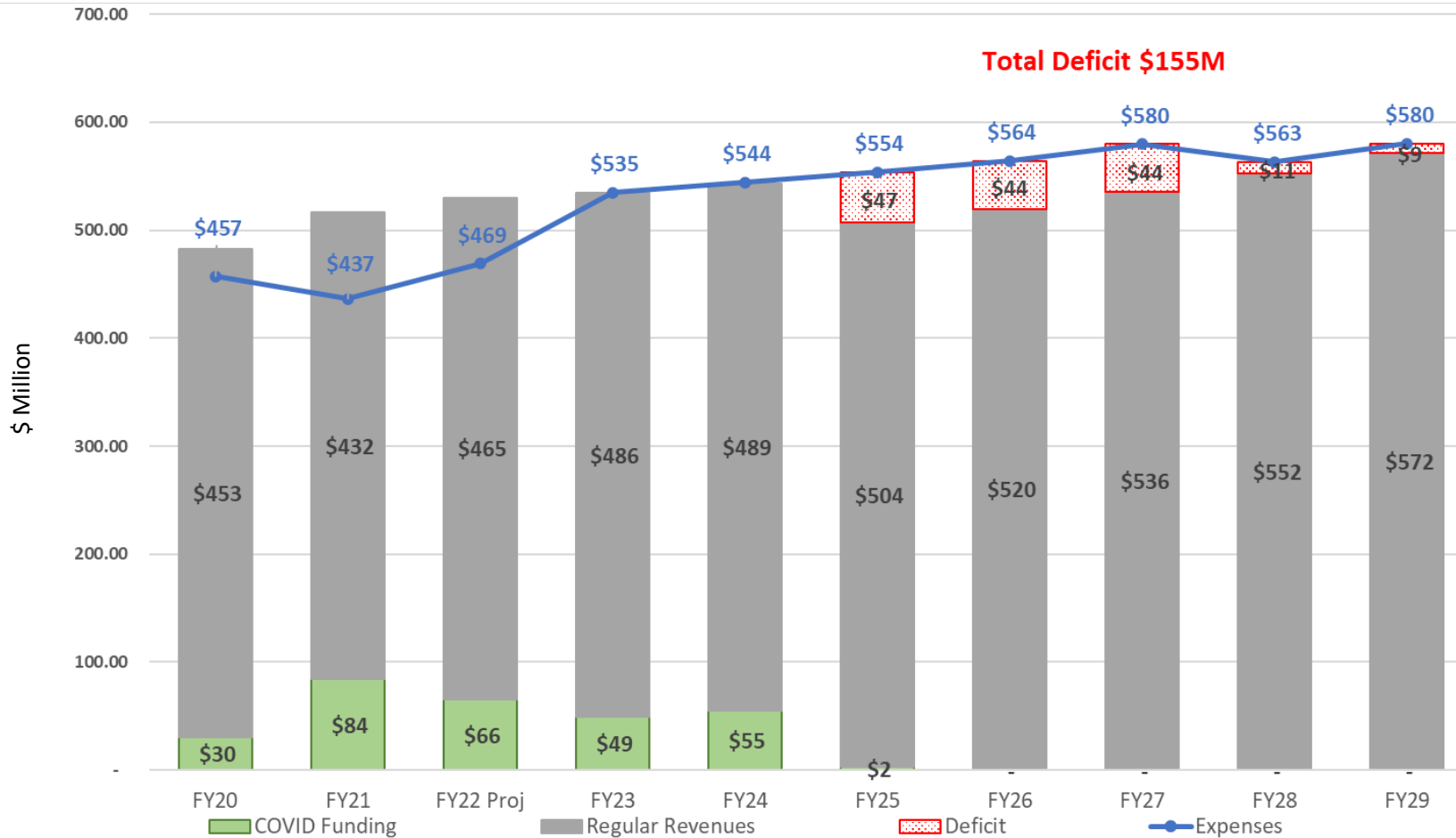


Major Assumptions:

- High inflation FY 22-23
- Mild recession in FY 23-24
- 90% Service by FY 23-24
- Fare revenues back to pre-pandemic levels by FY 28-29
- Sales tax subsidy growth - 2% in FY 23-24 and recovery FY 24-25
- Property tax subsidy growth 0% FY 24-25, recover FY 25-26



Scenario – Expected 2

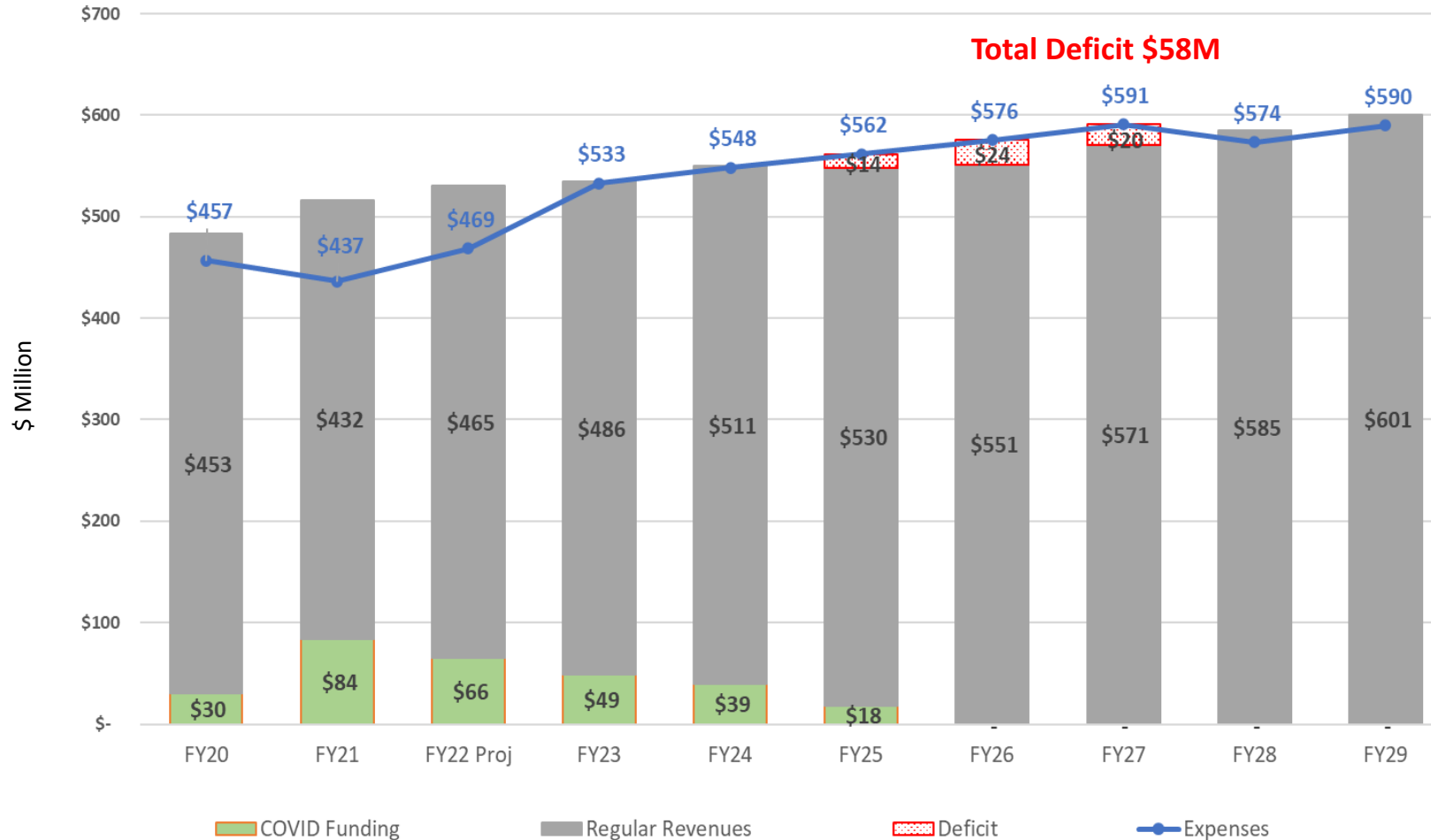


Major Assumptions:

- High inflation FY 22-23
- Mild recession in FY 23-24
- 100% Service by FY 24-25
- Fare revenues back to pre-pandemic levels by FY 28-29
- Sales tax subsidy low growth 2% in FY 23-24 and recovers in FY 24-25
- Property tax subsidy growth flat in FY 24-25, recovers growth FY 25-26



Scenario – Best

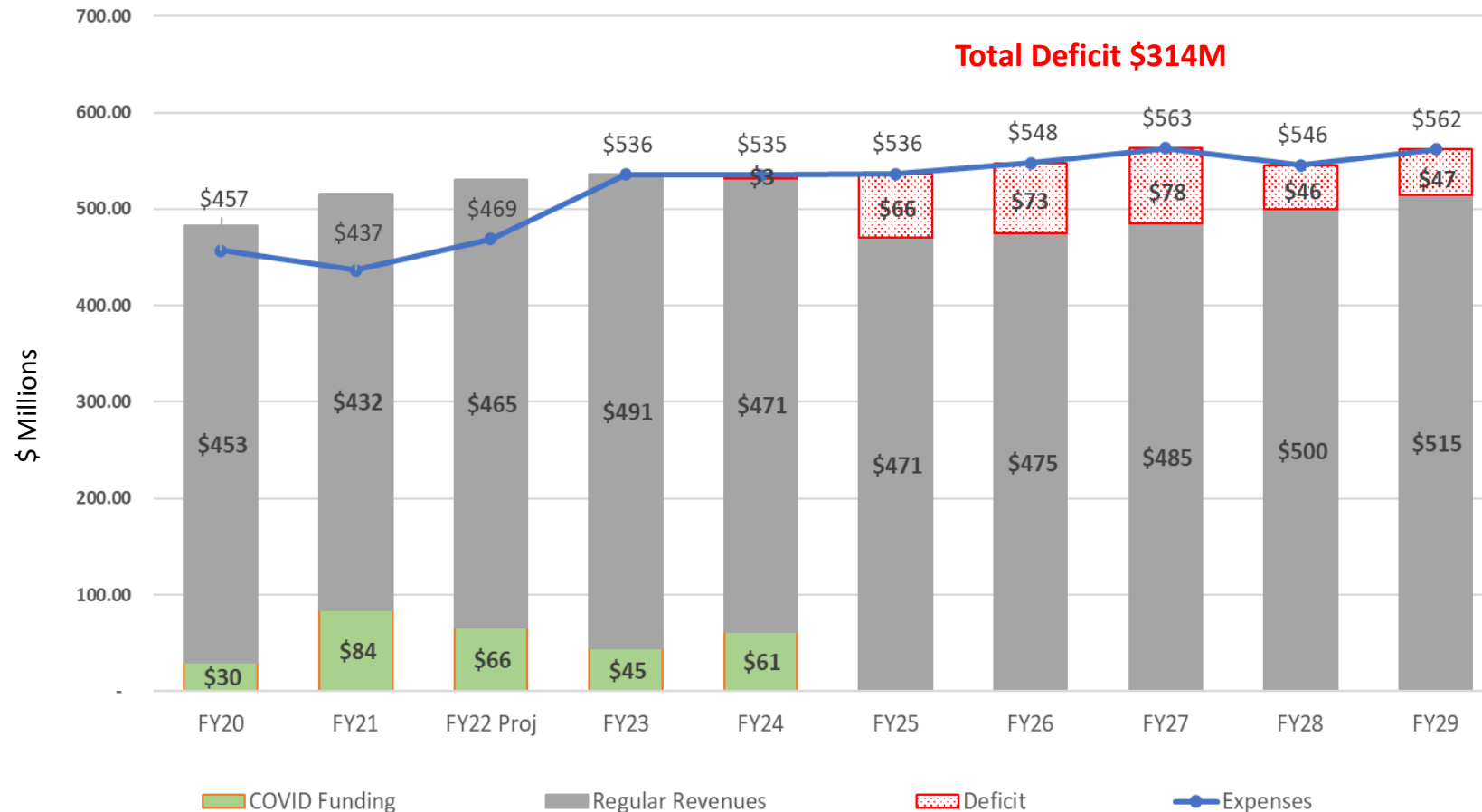


Major Assumptions:

- High inflation FY 22-23
- No recession
- 90% Service by FY 23-24
- Fare revenues back to pre-pandemic levels by FY 26-27
- Sales tax subsidy growth 5% in FY 23-24 reducing to 3% by FY 24-25
- Property tax subsidy growth 3% per year



Scenario – Worst



Major Assumptions:

- High inflation FY22-23
- Full recession FY 23-24 and FY 24-25
- 90% Service by FY 23-24
- Fare revenues back to pre-pandemic levels by FY 29-30
- Sales tax subsidies reduce 5% in FY 23-24, recovers by FY 25-26
- Property tax subsidy reduces 3% in FY 24-25, recovers in FY 26-27



How to Manage/Survive Deficits?



- Manage spending
- Continue to prudently manage remaining federal emergency funds
- Build up and utilize cash reserves once federal emergency funds are gone
- Consider modifying planned pension liability payment schedule
- Continue to look for new operating revenue funding opportunities
- Consider opportunities for conversion of capital funds to operating



Questions?

