

# ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



## STAFF REPORT

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**MEETING DATE:** 12/11/2019

**Staff Report No.** 19-403

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**TO:** AC Transit Board of Directors  
**FROM:** Michael A. Hursh, General Manager  
**SUBJECT:** Bi-Monthly Budget Update

### BRIEFING ITEM

#### **RECOMMENDED ACTION(S):**

Consider receiving the bi-monthly budget update for the period of July through October for the Fiscal Year 2019-20.

#### **STRATEGIC IMPORTANCE:**

Goal - Financial Stability and Resiliency

Initiative - Financial Efficiency and Revenue Maximization

Regular financial reporting benefits staff and Board Members in assessing the condition of the District.

#### **BUDGETARY/FISCAL IMPACT:**

There are no budgetary or fiscal impacts associated with this report.

#### **BACKGROUND/RATIONALE:**

##### **Overview**

The District is performing well with expenses running below budget. Revenues are \$4.1 million (2.6%) below budget and Expenses are \$4.3 million (2.8%) below budget, resulting in a surplus of \$237,000 for the first four months of FY 2019-20. Both revenues and expenses are trending towards budget from the larger overall surplus in the July-August period. For comparison, at the end of October in the prior FY 2018-19, the bi-monthly report showed a deficit of \$1.7 million.

##### **Operating Revenues & Subsidies**

Total revenues and subsidies are \$4.1 million (2.6%) below budget for the July-October period. Operating Revenues are \$2.7 million (10.2%) below budget, and Subsidies are \$1.4 million (1.1%) below budget. The primary factor in the revenue deficit is lower than expected Contract Services revenues, and therein mainly due to timing of EasyPass invoicing.

##### **Operating Expenses**

Total expenses are \$4.3 million (2.8%) below budget for the July-October period. Labor expenses are \$885,000

(0.8%) below budget, and Non-Labor expenses are \$3.4 million (7.9%) below budget. Overall expenses have trended towards budget as the fiscal year progresses. Staff does not have any large concerns about any particular category of expenses at this time.

Total Labor expenses are \$885,000 million (0.8%) below budget. Fringe Benefit expenses are below budget mainly due to operator vacancies. The Monthly Expense reports in the General Manager's Report contain more detail on labor expenses.

Most categories of Non-Labor expense are below budget for the four-month period, but they have trended towards budget since the July-August period. Service expense typically starts out below budget and trends towards budget through the fiscal year due to delays inherent in the billing cycle for services.

**District Funded Capital**

October Year-to-Date District Capital spending is \$1.2 million (43.2%) over budget. This is a significant jump from the July-August report mainly due to an error in the budget basis used in the prior report. Adding to that is a front-loading of expense in this fiscal year from ongoing bus purchases started near the end of the prior fiscal year. Staff expects District Capital spending to drop to below or at budget by the end of the fiscal year despite the high start.

**ADVANTAGES/DISADVANTAGES:**

The advantage of the bi-monthly report on the budget is to allow the Board of Directors to remain current on the status of the annual budget revenues and expenditures.

**ALTERNATIVES ANALYSIS:**

This report does not recommend an action; therefore, no alternatives analysis is presented.

**PRIOR RELEVANT BOARD ACTION/POLICIES:**

None

**ATTACHMENTS:**

1. Revenue & Expense Report
2. Revenue & Expense Chart

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**Approved/Reviewed by:**

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