

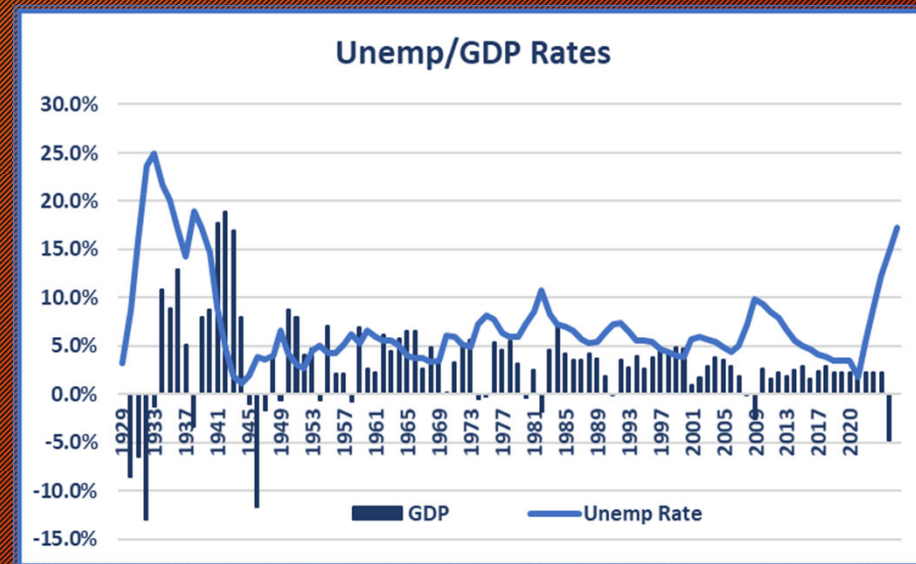


MTC Budget Study Session

May 13, 2020

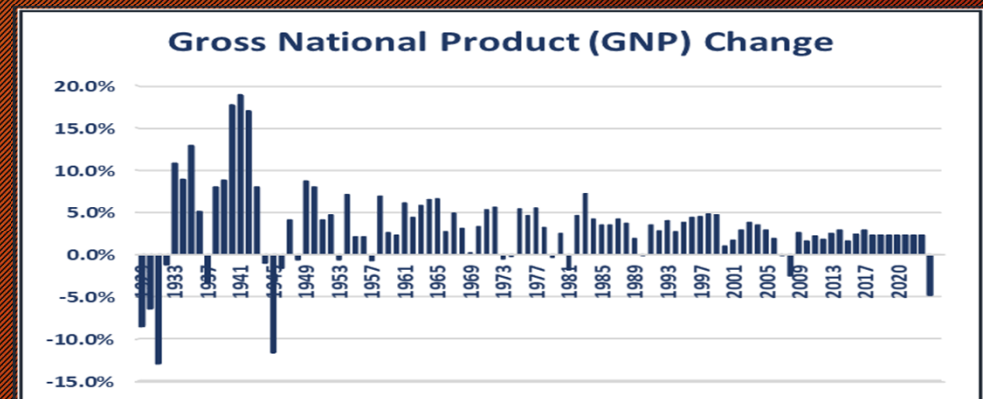
The Entire Economy Has Changed Since Approval Of The FY 2019-20 Budget

- longest economic expansion on record ended - July 2009 - February 2020
- US economy will enter a recession starting Q1 2020
- Nearly 30 million unemployment applications filed in just six weeks
- Unemployment rate already
 - Exceeds the Great Recession
 - Second only to the Great Depression



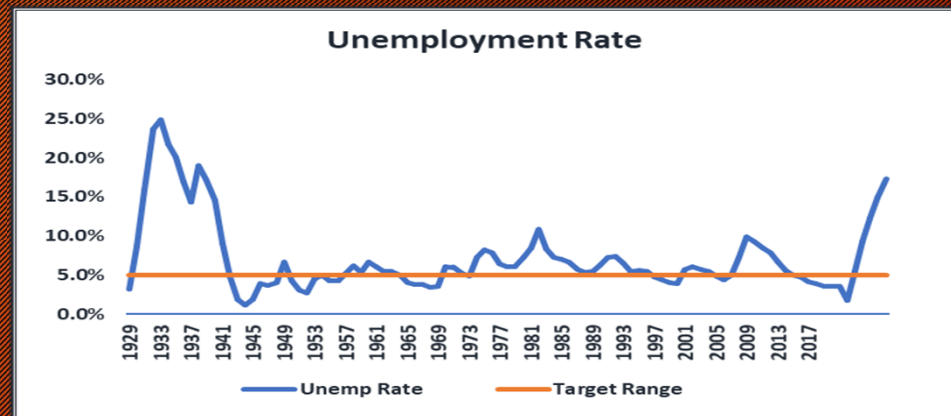
The Only Economic Comparison May Be The Great Depression

- If trends continue the 2020 recession will exceed the Great Depression in economic loss and unemployment
- GNP fell 27% in the Great Depression (1929 - 1941)
- After WWII demobilization (1945) - Great Recession (2007-2010) was the longest recession with the largest GNP drop - 5.1%
- Q1 2020 - GNP fell 4.8%
- If Q2 2020 GNP drops the expected 30% it will exceed the accumulated economic loss of the Great Depression



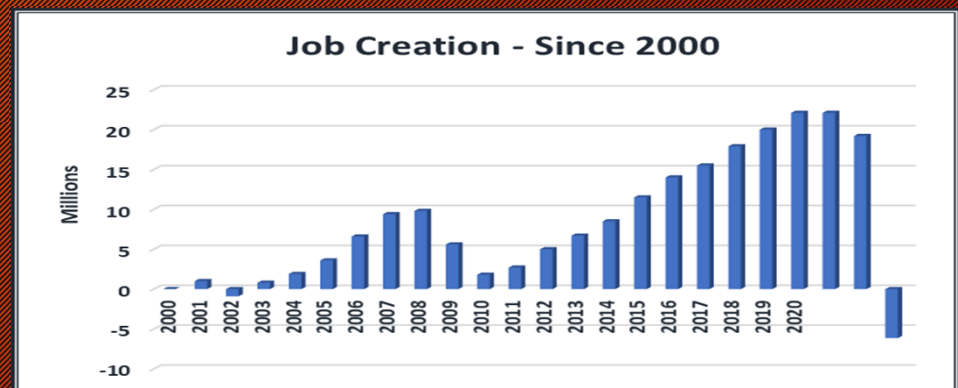
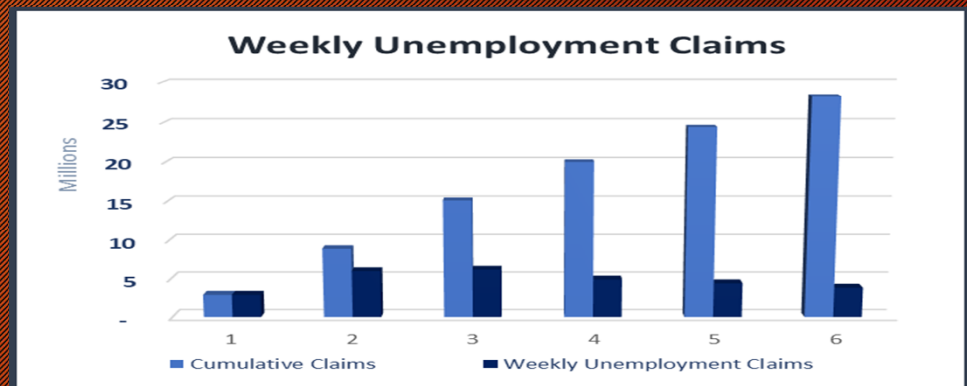
Total Unemployed Already Exceed The Great Recession Level

- The three highest unemployment rate levels
 - 1932 25.0%
 - 1982 10.3%
 - 2008 9.9%
- Current unemployment rate
 - January 2020 3.5%
 - April 2020 17.8%
- The number of unemployed already breaks all previous recession records



First Time Unemployment Claims Exceeded 28 Million In Only Six Weeks

- Based on the current unemployment data
 - Nearly 10% of the US population is unemployed
 - Nearly 18% of the labor force is unemployed
 - Nearly 1 in 5 jobs have been furloughed/laid off
- Current job losses wiped out the entire job growth since 2000



MTC Is Relatively Well Positioned To Deal With The Immediate Economic Crisis

- All MTC operating funds have been building cash liquidity positions since the Great Recession (2008)
- MTC has nearly 6 months operating liquidity on hand
- All other MTC operating funds have an excess of 6 months operating liquidity in cash on hand
- Even at the reduced revenue levels all funds can maintain full operations for over a year

Fund	Ending Balance (2020)	Budget (2021)	Days Cash on Hand
MTC	\$41 million	\$84 million	177
BATA	\$1 billion	\$810 million	450
SAFE	\$14 million	\$21 million	240

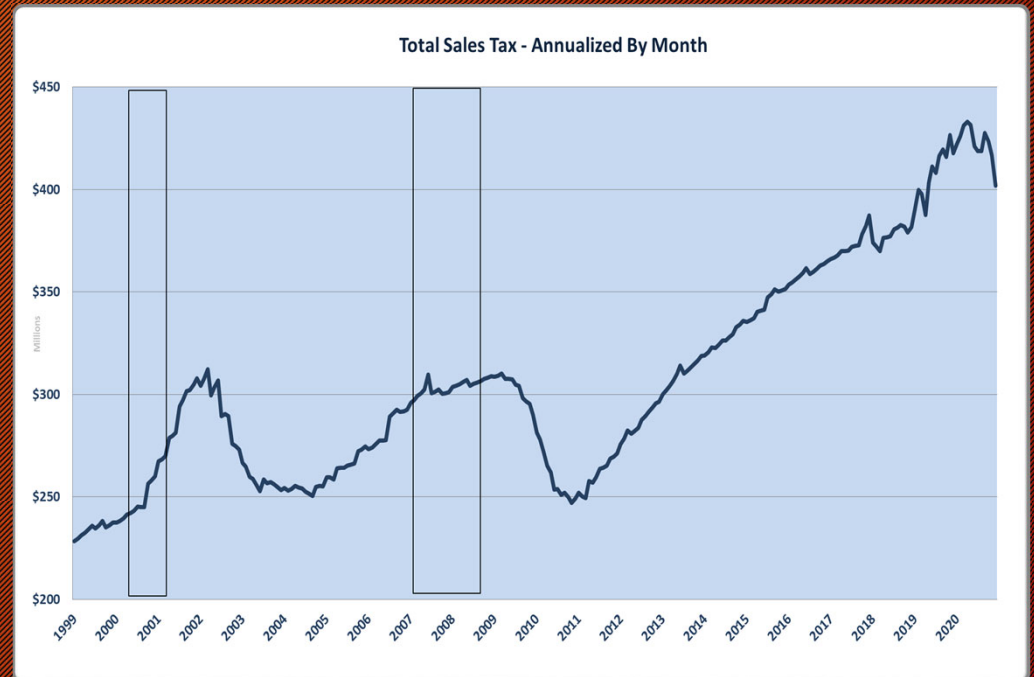
MTC Fund Balance

- MTC maintains liquidity balances in all funds
- Ending balances are classified as
 - “Restricted”
 - “Unrestricted” - assets that remain after short and long term restrictions
- MTC had a negative “net position” -\$19 million for FY 2020
- The “negative” position is reduced to -\$1.3 million for FY 2021

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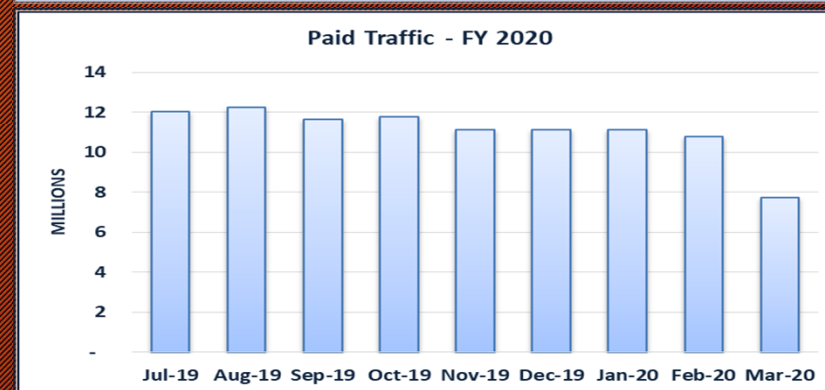
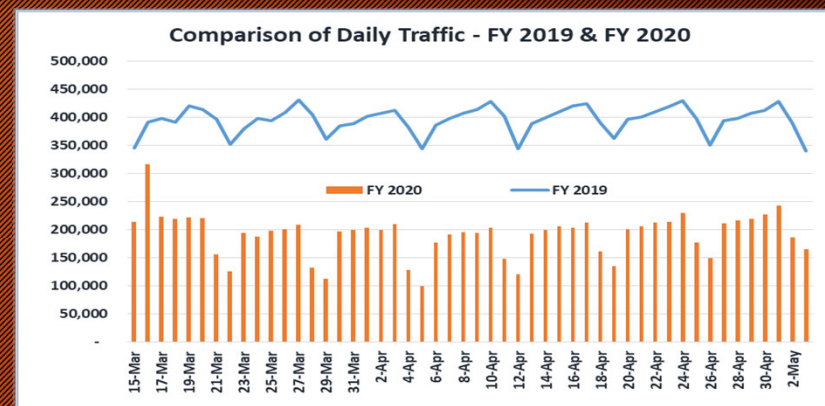
Where Will MTC Operations Be Impacted - Sales Tax Revenue

- MTC is particularly vulnerable to changes in retail sales including gasoline and diesel fuel excise charges
 - TDA - MTC ops
 - STA - Clipper ops/projects
 - AB 1107 - MUNI / ACT
 - SB 1 - MTC planning/projects
- Expect sales tax revenue to be off 10% for FY 2020
- Decline in gasoline and diesel excise tax could be 50%
- Expect revenue down 25% for FY 2021
- No current estimate for impact of payment extensions



Where Will MTC Operations Be Impacted - Bridge Toll Revenue

- Bridge Toll Revenue supports more than BATA operations and debt service
- BATA Transfers
 - MTC operating transfer (1%)
 - AB 664 - MTC
 - Rail Reserve Transfer - MTC
 - RM 2 transit transfers
 - RM 2 project payments
- BATA traffic dropped 50% since March
- Level and timing of cash/invoiced payments is still unknown
- Revenue estimates impacted for FY 2020 & FY 2021



Other Areas Of Concern

- Express Lanes
 - Stopped collecting tolls and sending violations in March
 - Continued operating expenses
 - Potential cash flow issues
- Clipper
 - Many operators stopped collecting fares -
 - Potential cash flow issues
- MTC
 - Pension expense
 - Structural deficit

On The Positive Side

- OPEB obligation
 - FY 2020 \$7.1 million
 - FY 2021 -\$123,000
- Pers
 - FY 2020 unfunded liability \$36.7 million
 - FY 2021 unfunded liability \$20.4 million
 - “Fresh Start” - 12 year amortization
 - New payments \$2.5 million
- Grant / project revenue remains relatively unaffected

General Budget Strategy

- “Zero Base” discretionary expenses
- Hold budget on travel/training and contract expenses
- No new positions
- No layoffs/furloughs
- Hiring freeze
 - Effective immediately
 - Allowing exceptions for
 - Existing recruitments
 - Essential programs
 - New commitments/grants
- Commit reserves as necessary
 - MTC \$10 million (25%) - \$5 million FY 2020 & FY 2021
 - BATA \$300 million (30%) - \$100 million FY 2020 & \$200 million FY 2021
 - Express lanes as necessary
 - Clipper - evaluate the potential of CARES funding
 - Continue to aggressively retire unfunded pension liability

General Budget Assumptions

- Budget assumptions
 - 305 full time staff
 - 2.8% contracted salary increase
 - 2.5% PERS normal cost increase
 - \$4.5 million OPEB ARC
 - \$1.2 million retiree premiums
 - Revenue
 - No economic impact to grant revenue
 - TDA down 25%
 - BATA toll revenue down 25%
 - RM3 revenue remains in escrow
 - Express lane revenue restarts by year end
 - Evaluate impact/distribution of CARES revenue



Draft FY 2020-21 Budgets

MTC Draft Budget

- FY 2020 budget will have to be amended for lower revenue - expected \$5.1 million deficit
- FY 2021 draft budget has a deficit of \$5.0 million
- Major changes*
 - Loss 25% or \$3.7 million of TDA sales tax revenue
 - Total transfer in drops 18% or \$7.7 million
 - Reclassified two long-term temporary positions as regular positions
 - Salary/Benefit down 2% or \$758k
 - General Administration up 1.1%
 - Other expense down 26% or \$236k
- Staff will work on additional revenue/expense ideas to reduce deficit in final budget

*Calculations off amendment 3

MTC Budget						
MTC Revenue	Act & Enc As of 12/31/19	Amend #3 FY 19-20	Amend #4 FY 19-20	Proposed FY 20-21	Var	% Var
FHWA PL	4,868,156	\$8,209,054	\$8,209,054	\$8,540,198	\$331,144	4.0%
FTA PL 5303	2,445,518	3,510,474	3,510,474	3,730,640	\$220,166	6.3%
FTA 5304		966,559	966,559	866,559	(\$100,000)	-10.3%
FHWA PL EST. C/O		626,663	626,663	1,909,831	\$1,283,168	204.8%
FTA 5303 EST. C/O		1,350,737	1,350,737	2,781,149	\$1,430,412	105.9%
SB1 Formula/Adaptation and Grants C/O		1,378,180	1,378,180	1,687,580	\$309,400	22.4%
SB1 Sustainable Comm.	1,773,348	2,106,140	2,106,140	2,106,140	\$0	0.0%
TDA	7,402,117	14,616,697	11,400,000	10,962,523	(\$3,654,174)	-25.0%
HOV revenue	316,573	520,000	520,000	500,000	(\$20,000)	-3.8%
Interest	339,026	115,000	115,000	57,500	(\$7,500)	-50.0%
Total planning	17,144,738	33,399,504	30,182,807	33,142,120	(257,384)	-0.8%
Total State Funding		0	0	4,720,738	4,720,738	N/A
Total Local Funding	1,832,415	6,549,201	6,549,241	5,274,670	(1,274,531)	-19.5%
Transfers:						
1% BATA	8,096,994	8,096,995	7,000,000	5,442,895	(2,654,100)	-32.8%
Other Transfers	3,248,842	35,430,676	34,430,677	30,363,385	(5,067,291)	-14.3%
Total Revenue Sources	30,322,989	83,476,376	78,162,725	78,943,808	(4,532,568)	-5.4%
Salaries & Benefits	13,587,315	41,504,347	41,504,347	40,746,748	(757,599)	-1.8%
Temp. Agency	251,014	817,079	817,079	981,659	164,580	20.1%
Contracts Operating	22,938,997	33,245,789	33,245,789	34,648,099	1,402,310	4.2%
Other	362,094	893,119	893,119	657,500	(235,619)	-26.4%
General Admin Expense	5,978,113	6,817,537	6,817,537	6,894,305	76,768	1.1%
Total before transfer out	43,117,533	83,277,871	83,277,871	83,928,311	650,440	0.8%
Transfer out						
Total Expenses	43,117,533	83,277,872	83,277,872	83,928,312	650,440	0.8%
Surplus (Deficit)	(12,794,544)	198,506	(5,115,145)	(4,984,502)	(5,183,006)	-2611.0%
C/O Encumbrance						
Net Surplus (Deficit)	(\$12,794,544)	\$198,506	(\$5,115,145)	(\$4,984,502)	(\$5,183,008)	-2611.0%

BATA Draft Operating Budget

- The FY 2020 budget amendment
 - Revenue shortfall of approximately \$110 million
- FY 2021 Draft Budget
- Budgeted deficit of nearly \$185 million
 - Total revenue down 30%*
 - Paid traffic down 30%
 - Violation revenue down 40%
 - RM3 revenue still escrowed
 - Total reserve transfer in \$184 million
 - Operating expenses up 6.2%*
 - Caltrans operations up 7.5%
 - Fastrak Operations up 5.9%
 - Debt service up 1.2%
- Toll Bridge Rehabilitation Program
 - Projects still under review
 - No new projects

*calculations from amendment 1

BATA Operating Budget

Act & Enc	Budget				Var	% Var
	As of 12/31/19	FY 19-20 Amendment 1	FY 19-20 Amendment 2	FY 20-21		
Op Revenue						
RM1 & Seismic Toll Revenue	301,211,692	603,709,547	523,695,444	422,596,683	(181,112,864)	-30.0%
RM2 Toll Revenue	65,311,409	130,989,803	113,804,556	91,692,862	(39,296,941)	-30.0%
Violation	16,929,682	25,000,000	20,000,000	15,000,000	(10,000,000)	-40.0%
Interest	23,018,392	50,000,000	42,500,000	15,000,000	(35,000,000)	-70.0%
Reimbursement	5,250,933	14,764,459	14,764,459	7,973,335	(6,791,124)	-46.0%
Rebate for BABs	17,953,681	71,713,641	71,713,641	71,638,789	(74,852)	-0.1%
Total Op Revenue	429,675,789	896,177,450	786,478,100	623,901,669	(272,275,781)	-30.4%
Op Expenses						
Caltrans Toll Op	15,191,000	29,700,000	29,700,000	31,925,000	2,225,000	7.5%
Transbay Transit Terminal	5,201,958	5,201,958	5,201,958	5,384,027	182,069	3.5%
Fastrak Operations	52,148,672	53,750,000	53,750,000	56,940,000	3,190,000	5.9%
Other Operating Expenses	13,920,195	23,467,296	23,467,296	24,860,553	1,393,257	5.9%
Total Op Expenses	86,461,825	112,119,254	112,119,254	119,109,580	6,990,326	6.2%
Non Op Expenses						
Debt Service	156,994,956	607,490,461	607,490,461	614,664,787	7,174,326	1.2%
Financing Fees	4,899,601	14,073,400	14,073,400	16,025,300	1,951,900	13.9%
Total Non Op Expenses	161,894,557	621,563,861	621,563,861	630,690,087	9,126,226	1.5%
Transfer Out/(In)	22,327,528	23,514,412	21,425,899	15,123,663	(8,390,749)	-39.7%
RM2 Expenses	50,690,576	56,716,125	50,185,732	39,334,288	(17,381,837)	-30.6%
PY Enc	-	1,864,226	1,864,226	-	(1,864,226)	-44.1%
Depreciation & Amortization	1,861,111	5,050,000	5,050,000	3,600,000	(1,450,000)	-28.7%
Total Exp & Trans	323,235,597	820,827,878	812,208,972	807,857,618	(12,970,260)	-1.6%
Total Surplus (Deficit)	106,440,192	75,349,572	(25,730,872)	(183,955,949)	(259,305,521)	

SAFE Draft - Freeway Assist Budget

- Draft FY 2021 Freeway Assist budget
 - Slight budgeted deficit of \$394,000 -
 - \$134,000 before depreciation
- Revenue - down 8%
 - Interest earnings down 90%
- Expense - down 9%
 - Salary & Benefit down 17%
 - General Admin down 21%
 - Repairs & Maintenance n/c
- Transferring \$4.1 million to Freeway Service Patrol (FSP) operation
- Deficit will be covered from fund balance

SAFE - Freeway Assist Budget

SAFE Freeway Assist 610	Act & Enc	Budget		Var	% Var
	As of 12/31/19	FY 19-20	FY 20-21		
Op Revenue					
DMV Revenue	\$ 3,291,828	\$ 6,600,000	\$ 6,402,000	\$ (198,000)	-3.0%
Interest income	137,244	400,000	40,000	(360,000)	-90.0%
Total Op Revenue	3,429,072	7,000,000	6,442,000	(558,000)	-8.0%
Op Expense					
Salaries and Benefits	331,832	651,700	542,100	(109,600)	-16.8%
Professional Fees	468,245	825,000	820,000	(5,000)	-0.6%
General Administration	432,949	629,300	499,800	(129,500)	-20.6%
Communications Expense	80,375	200,000	250,000	50,000	25.0%
Repairs and Maintenance	400,000	400,000	400,000	-	0.0%
Other	6,078	10,000	10,000	-	0.0%
PY Enc	-	60,260	-	(60,260)	-100.0%
Total Op Expense	1,719,479	2,776,260	2,521,900	(254,360)	-9.2%
Revenue over expense	1,709,593	4,223,740	3,920,100	(303,640)	
Transfer	(12,150,285)	(3,882,240)	(4,054,000)	(171,760)	4.4%
Depreciation	114,411	310,000	260,000	(50,000)	
Total Operating Surplus (Deficit)	\$ (10,555,103)	\$ 31,500	\$ (393,900)	\$ (425,400)	

SAFE Draft - Freeway Service Patrol Budget

The Freeway Service Patrol's draft FY 2021 budget is balanced as proposed

- Total Revenue up 2% - \$275,000
 - Revenue consists of Local Assistance (LAP) and SB1 funding.
- Total Expense up 2.9% - \$506,500
 - Professional fees down \$1 million as the SB1 pass-through to CHP completed in FY 2020
 - Tow Beat up \$1.5 million with new services funded through LAP and SB1 sources

SAFE - Freeway Service Patrol Budget

SAFE FSP 620	Act & Enc	Budget		Var	% Var
	As of 12/31/19	FY 19-20	FY 20-21		
Revenue					
LAP	\$ 2,776,712	\$ 6,650,000	\$ 7,200,000	\$ 550,000	8.3%
SB1	2,216,274	7,000,000	6,825,000	(175,000)	-2.5%
State of California (TMP)	-	100,000	-	(100,000)	-100.0%
Total revenue	4,992,986	13,750,000	14,025,000	275,000	2.0%
Expense					
Salaries and Benefits	126,197	314,000	319,000	5,000	1.6%
Professional Fees	1,017,864	1,150,000	150,000	(1,000,000)	-87.0%
Tow Beat Expense	15,413,827	15,500,000	17,000,000	1,500,000	9.7%
General Administration	118,877	238,500	245,000	6,500	2.7%
Communications Expense	113,225	150,000	100,000	(50,000)	-33.3%
Repairs and Maintenance	81,795	150,000	190,000	40,000	26.7%
Other	52,691	70,000	75,000	5,000	7.1%
Total expense	16,924,476	17,572,500	18,079,000	506,500	2.9%
Revenue over expense	(11,931,490)	(3,822,500)	(4,054,000)	(231,500)	6.1%
Transfer from Freeway Assist	11,931,490	3,822,500	4,054,000	231,500	
Total Operating Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -	-

BAIFA Draft Operating Budget

- BAIFA I680 Express Lane stopped collecting tolls and violations as of March 2020. The current FY 2021 budget is based on approximately 9 months of varied operations
- Total FY 2021 draft budget has a deficit of \$2.8 million before depreciation and transfer
- Revenue down 43% - \$6 million
 - Toll revenue down 42% - \$5 million
 - Violation revenue down 55% - \$1 million
- Expenses down \$2.1 million
 - Toll operations down 9.4%
 - Operations & maintenance down 22% - \$1.4 million
 - One transfer out to support the 680 EL project
- Assuming no toll or violation collections for the remainder of FY 2020 the resulting deficit will severely reduce the existing liquidity balance
- Current FY 2021 budget projects a deficit of \$3.4 million further reducing liquidity balance

BAIFA Operating Budget

	<u>Act & Enc</u> <u>As of 12/31/19</u>	<u>Budget</u> <u>FY 19-20</u>	<u>Budget</u> <u>FY 20-21</u>	<u>Var</u>	<u>% Var</u>
Op Revenue					
CC-680 Toll Revenue	\$ 6,944,327	\$ 12,000,000	\$ 6,944,327	\$ (5,055,673)	-42.1%
Violations Revenue	291,187	1,900,000	850,407	(1,049,593)	-55.2%
Interest Revenue	156,418	360,000	328,750	(31,250)	-8.7%
Other Revenue	161,089	-	-	-	N/A
Total Op Revenue	7,553,021	14,260,000	8,123,484	(6,136,516)	-43.0%
Op Expenses					
FasTrak and Toll Operations	2,310,000	2,830,000	2,564,779	(265,221)	-9.4%
Operations and Maintenance	6,138,172	6,209,000	4,850,810	(1,358,190)	-21.9%
Express Lanes Administration	706,039	2,531,550	3,556,713	1,025,163	40.5%
PY Enc		1,518,577	-	(1,518,577)	-100.0%
Total Op Expenses	9,154,211	13,089,127	10,972,302	(2,116,825)	-16.2%
Operating Surplus (Deficit) before Depreciation	(1,601,190)	1,170,873	(2,848,818)	(4,019,691)	
Transfer	-	-	(550,000)	(550,000)	
Beginning Balance	11,634,782	11,634,782	12,805,655		
Ending Balance	10,033,592	12,805,655	9,406,837		
Depreciation	1,813,216	3,750,000	2,000,000	(1,750,000)	
Net available asset	\$ 6,619,186	\$ 10,226,528	\$ 4,558,019	\$ (2,819,691)	

BAHA Draft Budget

Draft budget is balanced before depreciation

Revenue up \$600,391

- Lease revenue up \$354k or 4% from contracted increases
- A \$205k of special assessment from Air District for Temazcal operation
- Expenses up 13%
 - Property Mgt. +12%
 - Salary & Benefit - 15%
 - Contractual services +10%
 - Expenses include \$420,000 for new Temazcal operating space
- Cash flow of \$3.1 million before depreciation and transfers
- Transfers include
 - Setting up Operating and Capital Reserves
 - Repaying BATA

BAHA Operating Budget

	Act & Enc As of 12/31/19	Budget FY 19-20	Budget FY 20-21	Var	% Var
Revenue					
Special Assessment - Air District Temazcal	\$ -	\$ -	\$ 205,000	\$ 205,000	N/A
Lease income	4,821,088	9,645,222	9,999,494	354,272	3.7%
Expense reimbursements	143,617	358,333	412,816	54,483	15.2%
Other income - Parking	95,049	202,200	188,720	(13,480)	-6.7%
Other income	-	3,819	3,935	116	3.0%
Interest Income	129,119	-	-	-	0.0%
Total Revenue	5,188,873	10,209,574	10,809,965	600,391	5.9%
Operating Exp					
Salaries, Benefits and Overhead	358,320	1,130,900	961,567	(169,333)	-15.0%
Contractual services	105,354	339,520	375,000	35,480	10.5%
IT Licenses, Maintenance	253,894	421,000	804,775	383,775	91.2%
Other Op Exp	77,746	198,500	373,000	174,500	87.9%
Contribution to Ada's	-	32,000	-	(32,000)	-100.0%
Lease commission	-	50,000	40,000	(10,000)	0.0%
Property Management Op Exp (CW)	2,396,027	4,616,645	5,151,141	534,496	11.6%
Total Operating Exp	3,191,341	6,788,565	7,705,483	916,918	13.5%
Operating Surplus (Deficit) before Transfer and Depreciation	1,997,532	3,421,009	3,104,482	(316,527)	-9.3%
Transfer In/(Out)	(2,000,000)	(3,421,009)	(3,104,482)	316,527	-9.3%
Depreciation	3,499,910	6,814,218	7,314,218	500,000	7.3%
Operating Suplus (Deficit)	\$ (3,502,378)	\$ (6,814,218)	\$ (7,314,218)	\$ (500,000)	

375 Beale Corp.

- Condo Corp budget is balanced
- Assessment fees up 10.6%
- Increase covers
- Operating costs distributed to three owners - MTC, ABAG & Air District
- Balances/(deficits)are reconciled with three owners at year end

375 Beale Condo Corporation Operating Budget

	Act & Enc As of 12/31/19	Budget FY 19-20	Budget FY 20-21	Var	% Var
Revenue					
Assessment Fee - Shared Services	\$ 1,003,300	\$ 2,006,600	\$ 2,275,557	\$ 268,957	13.4%
Assessment Fee - Common Area	1,727,636	3,455,272	3,828,558	373,286	10.8%
Interest Income	1,660	-	-	-	0.0%
Total Revenue	2,732,596	5,461,872	6,104,115	642,243	11.8%
Operating Exp					
Salaries, Benefits and Overhead	632,391	919,600	1,001,847	82,247	8.9%
Contractual services	34,639	53,000	63,000	10,000	18.9%
IT Licenses, Maintenance	557,075	655,500	893,710	238,210	36.3%
Office Supplies	144,131	140,000	97,000	(43,000)	-30.7%
Other Op Exp	203,913	238,500	220,000	(18,500)	-7.8%
Property Management Op Exp (CW)	1,569,964	3,455,272	3,828,558	373,286	10.8%
Total Operating Exp	3,142,113	5,461,872	6,104,115	642,243	11.8%
Operating Surplus (Deficit)	\$ (409,517)	\$ -	\$ -	\$ -	-

Budget Schedule

- May 13 -
 - Joint budget study session with Commission
 - OWP to Admin Committee for approval
- May 27 -
 - Approval of OWP
- June 10 -
 - Committee approval(s)
- June 24
 - Final Commission approval