

INTER OFFICE MEMO

To: Administration & Finance Committee

Date: 08/29/2023

From: Amber Johnson, Chief Financial Officer

Reviewed by: WC.

SUBJECT: Income Statements for Fiscal Year Ended June 30, 2023

Background:

The quarterly income statement report is an opportunity for the Committee to review the Authority's financial status and to provide fiscal and operational accountability.

Summary:

The unaudited County Connection Income Statements for Fiscal Year (FY) 2023 are presented for review. Although staff are still making final year-end adjustments to prepare for the audit, there is sufficient information available at this time to provide the Committee with a preliminary year-end report.

Actual revenues and expenses are presented as compared to the adopted budget. The combined expenses of Fixed Route and Paratransit for the period were \$43.1 million (*Schedule 1*), which was under budget by 9% or \$4.2 million.

Fixed Route:

Overall Fixed Route revenues and expenses are presented on *Schedule 2*. Expenses for the period were \$34.6 million, representing 92% of the total budget. Since Transportation Development Act (TDA) revenue is utilized as needed, revenues are always equivalent to expenses. With overall revenues exceeding projections and expenses coming in under budget, the Authority was able to under-utilize the TDA allocation for the year.

Revenues that exceeded projections were fares, special service revenue, non-operating revenue, State Transit Assistance (STA), Measure J, and Dougherty Valley development fees. Special service revenue are payments from our partners such as BART (for bus bridges), the City of Walnut Creek, Saint Mary's, Alamo Creek and 511.org subsidies. Regular fare revenue and special revenues were budgeted conservatively, and the actual receipts are higher than anticipated. Non-operating revenue is primarily interest income (\$393 thousand). STA is collected from a tax on diesel fuel and was budgeted conservatively due to the volatility around diesel fuel prices. Measure J receipts were higher than anticipated due to uncertainty in sales tax revenues during the budget cycle, and receipt of true up payments from a prior period. Contra Costa Transportation Authority (CCTA) administers Measure J funding, and under a new policy has discontinued prior period adjustments, effective with the FY 2024-2025 allocation. Dougherty Valley development fees are being claimed more quickly than budgeted, as Contra Costa County has encouraged County Connection to draw down the remaining development funds and close out the fund.

The primary driver of the expense budget is salaries and wages. Actual expenditures on salaries and wages were less than budgeted by 4.4% or \$700 thousand, due to staffing vacancies. *Schedule 4* provides additional detail of various components of operator wages within the budget. Fringe benefit expenses were also significantly under budget, as these are budgeted at maximum allowable levels, but are not fully expended.

In general, other expenses came in at or under budget, with the exception of the category “miscellaneous”. As previously reported, the COVID reimbursement payments of \$2,500 that were issued to represented and certain administrative employees (totaling \$500 thousand) are captured in the category “miscellaneous”, causing this category to swing over the budgeted amount. However, the contingency budget was adequate to compensate for the overage.

Paratransit:

Paratransit revenues and expenses are presented on *Schedule 3*. Expenses for the period were \$8.5 million, representing 88% of the total budget. TDA revenue is also utilized as needed for Paratransit expenses, resulting in revenues that are equivalent to expenses. As was the case in the fixed route program, the Authority also under utilized its paratransit TDA allocation, thanks to robust revenues and savings in the operating budget.

Purchased transportation expenses are the primary driver of the paratransit budget, and these expenses came in well under budget. This year represented the first year under a new contract model with Transdev, the paratransit service provider. Significant changes were made to the structure of the contract from the prior version, which caused uncertainty in the operating budget. Fortunately, actual expenditures came in significantly under budget, so there is room for growth as we continue to experience a strong return to paratransit ridership.

Statistics:

Schedule 5 provides select statistical information for FY 2023 as compared to this same period in FY 2022 and FY 2021.

Statistics shown for FY 2021 represent the heart of pandemic activities (July 2020-June 2021). At this point in time, the fixed route farebox recovery ratio was 4.3%, and the cost of service per passenger was \$26.63. In FY 2022, the farebox recovery ratio improved to 7.6%, and the cost per passenger decreased to \$17.46, due to increased ridership. In FY 2023, ridership continued to increase as compared to FY 2022, with a farebox recovery rate of 9.6% and cost per passenger of \$14.26. However, it should be noted that the cost per revenue hour has worsened this fiscal year (\$182 per hour in FY 2023 as compared to \$170 per hour in FY 2022), due to a higher cost of service to operate a similar amount of revenue hours. The primary drivers for this increased cost of service are inflation, volatile fuel costs, and the one-time COVID reimbursement payments.

Paratransit has also experienced significant recovery at the farebox, and in the cost per passenger. The farebox recovery ratio of 1.7% in FY 2021 remained flat at 1.7% in FY 2022 and improved to 5.1% in FY 2023. The cost of service per passenger of \$136.68 in FY 2021 decreased to \$103.02 in FY 2022 and has decreased to \$70.14 for FY 2023.

Financial Implications:

There are no financial implications associated with this report.

Recommendation:

Staff recommends that the A&F Committee review the report for approval.

Action Requested:

Staff requests that the A&F Committee accept the report and provide the update to the Board.

Attachments:

Attachment 1: CCCTA Income Statements for FY2023 Q4 (Schedules 1 through 5)

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
Combined Fixed Route and Paratransit Income Statement
FY 2023 Year to Date - Comparison of Actual vs. Budget
For the Twelve Months Ended June 30, 2023

	Actual	Total Budget	Variance	% Budget Used
Revenues				
Passenger fares	2,800,475	1,833,181	967,294	152.8%
Special fares	884,030	491,014	393,016	180.0%
Total Fare Revenue	3,684,505	2,324,195	1,360,310	158.5%
Advertising	270,452	300,000	(29,548)	90.2%
Other revenue	507,175	100,100	407,075	506.7%
Federal operating	8,211,890	7,675,630	536,260	107.0%
TDA earned revenue	11,246,832	20,358,064	(9,111,232)	55.2%
STA revenue	6,425,863	5,524,029	901,834	116.3%
Measure J	8,442,556	7,009,369	1,433,187	120.4%
Fees from LAVTA and One Seat partners	1,901,837	1,933,540	(31,703)	98.4%
Other operating assistance	2,388,780	2,090,567	298,213	114.3%
Total Other Revenue	39,395,385	44,991,299	(5,595,914)	87.6%
Total Revenue	43,079,889	47,315,494	(4,235,605)	91.0%
Expenses				
Wages	15,230,208	15,874,426	(644,218)	95.9%
Fringe Benefits	11,306,792	12,859,148	(1,552,356)	87.9%
Total Wages and benefits	26,537,000	28,733,574	(2,196,574)	92.4%
Services	2,436,792	2,765,800	(329,008)	88.1%
Materials & Supplies	3,580,621	3,916,400	(335,779)	91.4%
Utilities	406,341	383,500	22,841	106.0%
Insurance	1,077,165	1,169,280	(92,115)	92.1%
Taxes	340,748	300,015	40,733	113.6%
Leases and Rentals	52,866	60,000	(7,134)	88.1%
Miscellaneous	735,853	257,500	478,353	285.8%
Purchased Transportation	6,030,517	7,277,906	(1,247,389)	82.9%
Purchased Transportation - for partners	1,881,986	1,951,519	(69,533)	96.4%
Operations Expenses	16,542,889	18,081,920	(1,539,031)	91.5%
Contingency	-	500,000	(500,000)	0.0%
Total Expenses	43,079,889	47,315,494	(4,235,605)	91.0%
Net Income (Loss)	-	-		

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
Fixed Route Income Statement
FY 2023 Year to Date - Comparison of Actual vs. Budget
For the Twelve Months Ended June 30, 2023

	Actual	Total Budget	Variance	% Budget Used
Revenues				
Fare revenue	2,440,019	1,735,000	705,019	140.6%
Special service revenue	884,030	491,014	393,016	180.0%
Total Fare Revenue	3,324,049	2,226,014	1,098,035	149.3%
Advertising revenue	270,452	300,000	(29,548)	90.2%
Non-Operating rev	507,175	100,100	407,075	506.7%
STA Population and Revenue Measure J	6,039,183	4,778,335	1,260,848	126.4%
TDA 4.0	5,956,488	5,237,111	719,377	113.7%
Federal Stimulus Funds	9,935,520	17,333,307	(7,397,787)	57.3%
Low Carbon Transit Ops Prog	6,410,890	5,875,630	535,260	109.1%
BART Express Funds	644,754	600,000	44,754	107.5%
Other State Grants	734,428	864,033	(129,605)	85.0%
Dougherty Valley Dev Fees	110,344	134,731	(24,387)	81.9%
Other Local Grants/Contributions	393,794	150,000	243,794	262.5%
RM 2/Other- Express	92,010	-	92,010	--
Total Other Revenue	206,881	117,538	89,343	176.0%
Total Revenue	31,301,918	35,490,785	(4,188,867)	88.2%
Total Revenue	34,625,967	37,716,799	(3,090,832)	91.8%
Expenses				
Wages	14,908,905	15,587,804	(678,899)	95.6%
Fringe benefits	11,116,752	12,727,405	(1,610,653)	87.3%
Total Wages and benefits	26,025,658	28,315,209	(2,289,551)	91.9%
Services	2,289,120	2,669,800	(380,680)	85.7%
Materials and supplies	3,580,187	3,912,400	(332,213)	91.5%
Utilities	363,997	344,500	19,497	105.7%
Casualty and liability	1,062,157	1,152,375	(90,218)	92.2%
Taxes	340,748	300,015	40,733	113.6%
Leases and rentals	52,866	60,000	(7,134)	88.1%
Miscellaneous	729,881	237,500	492,381	307.3%
Purchased transportation	181,353	225,000	(43,647)	80.6%
Total Other Expenses (non-wages)	8,600,310	8,901,590	(301,280)	96.6%
Contingency	-	500,000	(500,000)	0.0%
Total Expenses	34,625,967	37,716,799	(3,090,832)	91.8%
Net Income (Loss)	-	-	-	

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
Paratransit Income Statement
FY 2023 Year to Date - Comparison of Actual vs. Budget
For the Twelve Months Ended June 30, 2023

	Actual	Total Budget	Variance	% Budget Used
Revenues				
Fare revenue	334,533	98,181	236,352	340.7%
Fare revenue - LAVTA	25,922	-	25,922	--
Total Fare Revenue	360,455	98,181	262,274	367.1%
Special service - One Seat Ride	383,713	162,906	220,807	235.5%
LAVTA Fees	1,518,124	1,770,634	(252,510)	85.7%
FTA Section 5307	1,801,000	1,800,000	1,000	100.1%
TDA 4.5	1,311,312	1,332,243	(20,931)	98.4%
TDA 4.0	0	1,692,514	(1,692,514)	0.0%
Measure J	2,486,068	1,772,258	713,810	140.3%
STA Paratransit & Rev based	386,680	745,694	(359,014)	51.9%
BART ADA Service/Other	206,569	224,265	(17,696)	92.1%
Total Other Revenue	8,093,467	9,500,514	(1,407,047)	85.2%
Total Revenue	8,453,922	9,598,695	(1,144,773)	88.1%
Expenses				
Wages	321,303	286,622	34,681	112.1%
Fringe benefits	190,040	131,743	58,297	144.3%
Total Wages and benefits	511,343	418,365	92,978	122.2%
Services	147,672	96,000	51,672	153.8%
Materials and supplies	434	4,000	(3,566)	10.8%
Utilities	42,344	39,000	3,344	108.6%
Liability	15,008	16,905	(1,897)	88.8%
Miscellaneous	5,971	20,000	(14,029)	29.9%
Purchased transportation	5,849,163	7,052,906	(1,203,743)	82.9%
Purchased transp - for partners	1,881,986	1,951,519	(69,533)	96.4%
Total Other Expenses (non-wages)	7,942,579	9,180,330	(1,237,751)	86.5%
Total Expenses	8,453,922	9,598,695	(1,144,773)	88.1%
Net Income (Loss)	-	-	-	

Schedule 4- Operator Wages

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
Operator Wages
For the Twelve Months Ended June 30, 2023

	Actual	Total Budget*	Variance	% Budget Used
Platform/report/turn in	7,012,700	7,100,307	(87,607)	98.8%
Guarantees	208,926	246,070	(37,145)	84.9%
Overtime	354,398	405,139	(50,741)	87.5%
Spread	132,577	127,540	5,037	103.9%
Protection	326,724	281,874	44,851	115.9%
Travel	10,308	6,128	4,180	168.2%
Training	116,969	99,426	17,543	117.6%
Other Misc	32,964	22,876	10,088	144.1%
	8,195,566	8,289,360	(93,794)	98.9%

* For the purpose of this schedule, the amounts "budgeted" to each category are purely based on the prior year allocation of each earning type. Wages are not budgeted to this level in the adopted budget document.