

County Connection

INTER OFFICE MEMO

To: Administration & Finance Committee
From: Erick Cheung, Chief Finance Officer

Date: December 9, 2020

SUBJECT: Income Statements for the Three Months Ended September 30, 2020 and Revenue Update for Fiscal Year 2021

The attached unaudited County Connection Income Statements for the first three months of Fiscal Year (FY) 2021 are presented for your review. The combined expenses of \$9,371,663 for Fixed Route and Paratransit, (Schedule 1), **are under budget by 19.4% or \$2,059,082**. The expense categories with the most significant variances are:

Expenses:

Wages	\$(600,150)	(16.5)%	Operator wages are under budget for \$350K because of vacancies and reduction in service (i.e. currently not running school trippers). Other wages are lower by \$250K due to vacancies in the planning, safety and training, and maintenance departments.
Fringe Benefits	\$(329,744)	(11.4)%	Fringe Benefits are under budget due to vacancies and premiums for medical & cafeteria do not increase until January 2021.
Materials & Supplies	\$(360,325)	(44.1)%	Materials and supplies are lower due to lower diesel fuel costs and reduced service of \$175K and electricity use for trolleys of \$21K. Also, lower repair parts and building supplies expenses of \$50K.
Miscellaneous	\$(47,604)	(78.5)%	Miscellaneous expenses are under budget due to no travel nor training expenses in FY 2021 for \$32K,
Special Trip Services	\$(507,356)	(25.3)%	Special Trip Services are under budget due to COVID-19 which decreased Paratransit Ridership, eliminated trips for Cal State East Bay and Saint Mary's College, but offset by COVID/food delivery trips.
Contingency	\$(150,000)	(100.0)%	Not needed based on expenses being under budget.

Fixed route and Paratransit revenues and expenses are presented on **Schedules 2 and 3**. Actual expenses are compared to the year-to-date approved budget. Fixed route expenses are 13.4% under budget and Paratransit expenses are 44.4% under budget.

Revenues:

The combined revenues are also under budget. The most significant variances:

Passenger fares/special fares	\$(1,125,795)	(88.9)%	Fixed route passenger fares/special fares are \$848K under budget. Fixed route and Paratransit fares are lower due to COVID-19 as we stopped collecting for safety and health reasons in mid-March. Special fares are lower as well due to COVID-19 due to reduced service or service is not currently needed such as Cal State East Bay and Saint Mary's College.
Advertising	\$(103,038)	(98.4)%	Due to COVID-19, our provider saw a decrease in advertising revenue. The provider requested and the Board approved modifying the revenue structure based on actual receipts instead of the minim agreed upon amounts.
Other operating assistance	\$(131,018)	(34.6)%	Due to COVID-19, MTC has delayed some of the STA allocations and payments until receipts are known.
TDA revenue earned	\$(701,422)	(17.2)%	TDA revenue is lower due to lower than expected expenses. More information on TDA below.

Revenue Update:

In the September Budget Update, staff committed to provide revenue updates on TDA and STA once the information was released as these two sources represent approximately 60% of budgeted revenue.

TDA

TDA revenue is a ¼% state sales tax to finance transportation programs and projects. TDA revenue is not accrual based but on actual cash receipts in the fiscal year. The estimates of TDA revenue has changed over the course of this year due to changes in sales tax receipts, changes in California law on sales tax collections, and COVID-19.

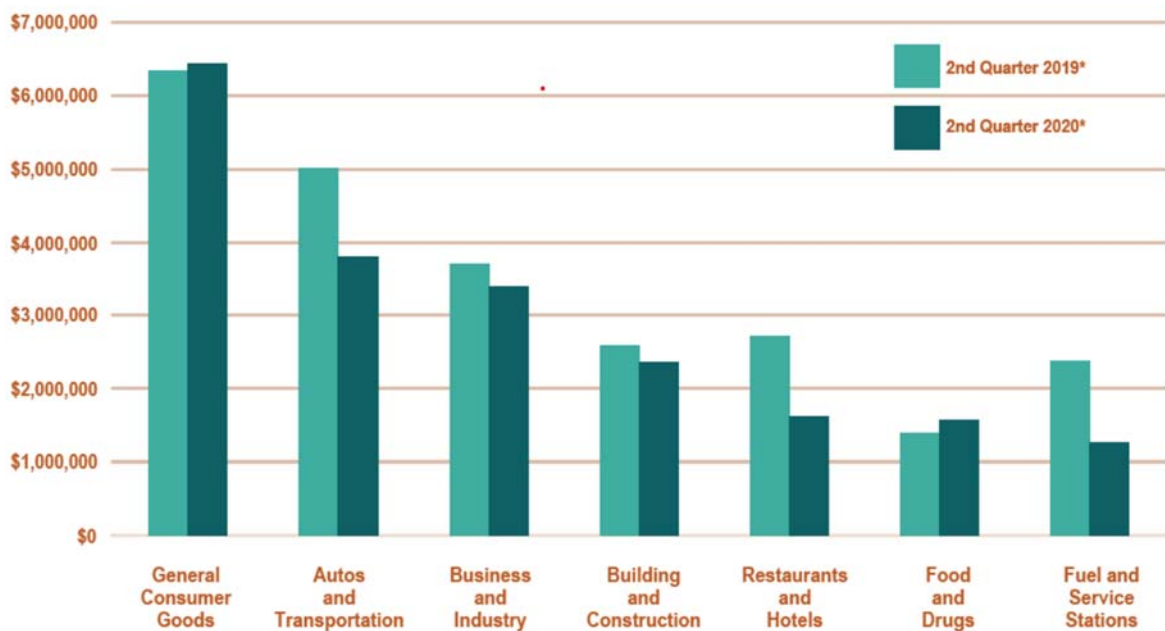
- In February 2020, the Contra Costa County Auditor-Controller's Office (County) revised our estimate for FY 2020 downwards from \$20,909,368 to \$18,810,111 which is a decrease of \$2,099,257 or 10%. This information was based on sales tax collected through November of the previous year and was used as our base for FY 2021 estimate. This did not include the changes to AB-1147 online sales tax collection (Wayfair Decision) that began on October 1, 2019. For FY 2020, the actual TDA sales tax revenue received was \$18,537,901 for FY 2020, which is a decrease of \$272,210 or 1.5% compared to the March estimate. While this was less than the revised estimate, this was not as severe as initial projections with the impact of COVID-19.
- In late April/early May 2020, MTC informed operators that they will only be allocating up to 75% of the FY 2021 estimate provided in February of \$19,415,580. The revised amount assumed a decrease of 25% in sales tax revenue of \$14,561,685 and a potential revenue loss of \$4,853,895. MTC would revisit the amount in calendar 2021 and adjust accordingly based on actual receipts.

- For the first 5 months (July through November) of TDA receipts, the revenue is approximately \$8.4 million or \$371 thousand (4.59%) higher than this time last year. As a reminder, this includes amounts that are cleanup payments that are for items bought in April thru June but the sales tax is not collected until later and for the first quarter of FY 2021 (July – September). The following table is just looking at the quarterly data for Contra Costa County (Authority receives approximately 42% based on population):

CALIFORNIA TAX AND FEE ADMINISTRATION AS OF 11/2020	2020	2019	\$ DIFF	% DIFF
APRIL-JUNE QUARTER	\$ 10,647,533	\$ 12,219,570	\$ (1,572,037)	-12.9%
JULY-SEPTEMBER QUARTER	\$ 11,218,072	\$ 10,880,692	\$ 337,380	3.1%

The last quarter of FY 2020 (April-June) represented a decrease of \$1.6 million or 12.9% decrease from the prior year. Based on sales tax data from Contra Costa Transportation Authority (CCTA), the region saw decreases in all major business type categories especially relating to restaurant and hotels, fuel and service stations, and autos and transportation; while improvements in general consumer goods and food and drugs. The second table shows the difference between cash receipts received and adjustments for receipts to reflect in that quarter:

SALES TAX BY MAJOR BUSINESS GROUP



Major Industry Group	Actual (Cash Basis) Receipts			Adjusted for (Date of Transaction) Receipts		
	April-June 2020	April-June 2019	% Change	April-June 2020	April-June 2019	% Change
General Consumer Goods	7,147,923	6,144,220	16.3%	6,434,033	6,331,498	1.6%
Autos and Transportation	4,181,382	4,931,328	-15.2%	3,803,836	5,015,385	-24.2%
Business and Industry	3,733,416	3,489,803	7.0%	3,384,859	3,712,015	-8.8%
Building and Construction	2,484,759	2,555,570	-2.8%	2,356,454	2,577,127	-8.6%
Restaurants and Hotels	2,264,461	2,722,188	-16.8%	1,613,462	2,705,733	-40.4%
Food and Drugs	1,618,165	1,389,220	16.5%	1,563,363	1,396,652	11.9%
Fuel and Service Stations	1,418,588	2,182,125	-35.0%	1,259,807	2,375,253	-47.0%
Transfers & Unidentified	359,705	185,593	93.8%	300,089	176,730	69.8%
Total	23,208,399	23,600,047	-1.7%	20,715,903	24,290,393	-14.7%

The detailed information for the first quarter of FY 2021 (July – September) is not available yet as the sales tax data was just released. A recent report from the California Legislative Analyst’s Office (November 18, 2020) provided an update that statewide revenues. This was a combination of personal income, corporation tax, and sales tax were originally estimated to fall 15% from the prior year. Actual collections between August and October were actually 9% higher than the prior year. They attribute this to higher income earners and stable employment within this group and a rebound in the stock market.

The sales tax information is better than expected so far, but we are now in the busiest time of year and will not know the outcome until February 2021. As additional information becomes available to staff, we will continue to provide updates to the Committee and the Board.

STA

For FY 2021, the State Controller’s Office reduced their annual estimate in August by 40% statewide. Assuming the estimate is accurate, we would receive approximately \$3.4 million, which is a revenue loss of \$2.3 million. The State Controller’s Office and MTC will reevaluate this in calendar 2021 based on actual receipts and could amend the estimates and allocations at that time.

- The following is the summary for FY 2020 of STA revenue for the MTC region (our portion is approximately 2% of the total and is based on population and formula allocations). The decrease was approximately \$430 million but as a percentage was only 0.18%.

Per State Controller's Office	Population Based				Revenue Based				Total
MTC Region (in millions)	Jul-Sep Qtr 1	Oct-Dec Qtr 2	Jan-Mar Qtr 3	Apr-Jun Qtr 4	Jul-Sep Qtr 1	Oct-Dec Qtr 2	Jan-Mar Qtr 3	Apr-Jun Qtr 4	
FY2020	\$13,720	\$16,317	\$18,768	\$16,500	\$37,635	\$44,760	\$51,482	\$45,261	\$244,443
FY2019	\$13,712	\$16,993	\$17,032	\$17,285	\$37,927	\$47,002	\$47,111	\$47,811	\$244,873
\$ Difference	\$8	-\$676	\$1,736	-\$785	-\$292	-\$2,242	\$4,371	-\$2,550	-\$430
% Difference	0.06%	-3.98%	10.19%	-4.54%	-0.77%	-4.77%	9.28%	-5.33%	-0.18%

- The State Controller’s Office released the first quarter STA revenue for FY 2021 for the MTC region (again our portion is approximately 2% of the total). The revenue is higher in the first quarter than the previous year by \$2.0 million or 3.95%. There is minimal analysis on the higher revenue amount other than the gas tax rate increasing 3.2 cents on July 1st as part of Senate Bill 1 to increase based on consumer price index.

Per State Controller's Office	Population Based	Revenue Based	Total
MTC Region (in millions)	Jul-Sep Qtr 1	Jul-Sep Qtr 1	
FY2021	\$14,288	\$39,098	\$53,386
FY2020	\$13,720	\$37,635	\$51,355
\$ Difference	\$568	\$1,463	\$2,031
% Difference	4.14%	3.89%	3.95%

Again, the gas tax information is better than expected so far, but this is normally the lowest revenue quarter of the fiscal year. The next update for the second quarter will be in February/March 2021. As additional information becomes available to staff, we will continue to provide updates to the Committee and the Board.

Fixed Route Operator Wages (Schedule 4):

Schedule 4 compares various components of operator wages with the budget. Almost all categories are under budget due to COVID-19 as service was reduced.

- Platform (work time) is \$324,520 or 20.0% under budget.
- Overtime and Spread are \$60,270 or 34.8% under budget.
- Protection is \$60,630 or 61.7% over budget.
- Overall wages for operators are \$350,327 or 17.1% under budget.

Statistics (Schedule 6):

Schedule 6 provides selected statistical information for the current year compared to the last two years:

Fixed route:

- Passenger fares/special fares are 89.2% less than FY 2020 and 86.7% less than FY 2019. County Connection stopped collecting fares in mid-March 2020 due to COVID-19.
- The farebox recovery ratio is 89.1% less than FY 2020 and 87.1% less than FY 2019. The ratio is 1.9% in FY 2021; 17.3% in FY 2020; and 14.6% in FY 2019.
- Operating expenses are 0.4% less than in FY 2020 and 3.2% more than in FY 2019.
- Fixed route revenue hours are 16.5% less than FY 2020 and 16.0% less than FY 2019.
- The cost per revenue hour has increased 19.3% compared to FY 2020 and 22.9% compared to FY 2019.
- Passengers have decreased 68.8% compared to FY 2020 and 64.6% compared to FY 2019.
- The cost per passenger has increased 219.4% compared to FY 2020 and 191.3% compared to FY 2019.
- Passengers per revenue hour has decreased 62.6% compared to FY 2020 and 57.8% compared to FY 2019.

Paratransit:

- Passenger fares have decreased 99% compared to FY 2020 and increased 99.1% compared to FY 2019.
- The farebox ratio is less than FY 2020 and FY 2019. The ratio is 0.1% in FY 2021; 5.7% in FY 2020; and 8.2% in FY 2019.
- Expenses have decreased 40.2% compared to FY 2020 and 24.1% compared to FY 2019.
- Revenue hours are 68.8% less than FY 2020 and 67.6% in FY 2019.
- Passengers have decreased 77.9% compared to FY 2020 and 77.7% compared to FY 2019.
- The cost per passenger has increased 170.1% since FY 2020 and 240.2% compared to FY 2019.
- Paratransit passengers per revenue hour have decreased 41.0% compared to FY 2020 and 31.1% compared to FY 2019.

Recommendation:

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

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
FY 2021 Year to Date Comparison of Actual vs Budget
Combined Fixed Route and Paratransit Income Statement
For the Three Months Ended September 30, 2020

	Actual	Budget	Variance	% Variance
Revenues				
Passenger fares	\$ 77,250	\$ 924,811	\$ (847,561)	-91.6%
Special fares	63,994	342,228	(278,234)	-81.3%
	141,244	1,267,039	(1,125,795)	-88.9%
Advertising	1,650	104,688	(103,038)	-98.4%
Safe Harbor lease	6,238	7,850	(1,612)	-20.5%
Other revenue	47,289	43,487	3,802	8.7%
Federal operating	2,562,941	2,562,941	-	0.0%
TDA earned revenue	3,377,587	4,079,009	(701,422)	-17.2%
STA revenue	862,574	862,574	-	0.0%
Measure J	1,332,244	1,332,244	-	0.0%
Other operating assistance	247,707	378,725	(131,018)	-34.6%
	8,438,230	9,371,517	(933,287)	-10.0%
Total Revenue	\$ 8,579,474	\$ 10,638,556	\$ (2,059,082)	-19.4%
Expenses				
Wages- Operators	\$ 1,696,208	\$ 2,046,535	\$ (350,327)	-17.1%
Wages-Other	1,337,949	1,587,772	(249,823)	-15.7%
	3,034,157	3,634,307	(600,150)	-16.5%
Fringe Benefits	2,568,752	2,898,496	(329,744)	-11.4%
Services	632,595	643,183	(10,588)	-1.6%
Materials & Supplies	457,424	817,749	(360,325)	-44.1%
Utilities	89,868	98,400	(8,532)	-8.7%
Insurance	239,366	253,250	(13,884)	-5.5%
Taxes	36,043	64,254	(28,211)	-43.9%
Leases and Rentals	11,562	14,250	(2,688)	-18.9%
Miscellaneous	13,069	60,673	(47,604)	-78.5%
Special Trip Services	1,496,638	2,003,994	(507,356)	-25.3%
Operations	8,579,474	10,488,556	(1,909,082)	-18.2%
Contingency Reserve	-	150,000	(150,000)	-100.0%
Total Expenses	\$ 8,579,474	\$ 10,638,556	\$ (2,059,082)	-19.4%
Net Income (Loss)	\$ -	\$ -	\$ -	
Revenue Hours	53,188	86,923	(33,735)	-38.8%
Cost per Rev Hr	\$ 161.09	\$ 122.23	\$ 38.86	31.8%
Passengers	299,995	983,336	(683,341)	-69.5%
Cost per Passenger	\$ 28.60	\$ 10.82	\$ 17.78	164.3%
Farebox ratio	1.6%	11.9%	-10.3%	-86.2%
<i>(fares, spec fares/Oper exp-w/o contingency-leases)</i>				

Schedule 1-Combined Fixed Route & Paratransit

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
FY 2021 Year to Date Comparison of Actual vs Budget
Fixed Route Income Statement
For the Three Months Ended September 30, 2020

	Actual	Budget	Variance	% Variance
Revenues				
Passenger fares	\$ 76,151	\$ 813,248	\$ (737,097)	-90.6%
Special fares	63,994	342,228	(278,234)	-81.3%
	140,145	1,155,476	(1,015,331)	-87.9%
Advertising	1,650	104,688	(103,038)	-98.4%
Safe Harbor lease	6,238	7,850	(1,612)	-20.5%
Other revenue	47,289	43,487	3,802	8.7%
Federal operating	2,259,341	2,259,341	-	
TDA earned revenue	3,084,352	2,992,868	91,484	3.1%
STA revenue	739,236	739,236	-	0.0%
Measure J	977,305	977,305	-	0.0%
Other operating assistance	196,919	329,550	(132,631)	-40.2%
	7,312,330	7,454,324	(141,994)	-1.9%
Total Revenue	\$ 7,452,475	\$ 8,609,800	\$ (1,157,325)	-13.4%
Expenses				
Wages- Operators	\$ 1,696,208	\$ 2,046,535	\$ (350,327)	-17.1%
Wages-Other	1,291,118	1,539,729	(248,611)	-16.1%
	2,987,326	3,586,264	(598,938)	-16.7%
Fringe Benefits	2,543,211	2,870,048	(326,837)	-11.4%
Services	600,979	636,183	(35,204)	-5.5%
Materials & Supplies	457,210	816,499	(359,289)	-44.0%
Utilities	81,286	88,150	(6,864)	-7.8%
Insurance	239,366	249,485	(10,119)	-4.1%
Taxes	36,043	64,254	(28,211)	-43.9%
Leases and Rentals	11,562	14,250	(2,688)	-18.9%
Miscellaneous	12,269	58,423	(46,154)	-79.0%
Purchased Transportation	483,223	76,244	406,979	533.8%
Operations	7,452,475	8,459,800	(1,007,325)	-11.9%
Contingency Reserve	-	150,000	(150,000)	
Total Expenses	\$ 7,452,475	\$ 8,609,800	\$ (1,157,325)	-13.4%
Net Income (Loss)	\$ -	\$ -	\$ -	
Revenue Hours	47,141	61,968	(14,827)	-23.9%
Cost per Rev Hr	\$ 157.84	\$ 138.71	\$ 19.14	13.8%
Passengers	292,177	937,253	(645,076)	-68.8%
Cost per Passenger	\$ 25.51	\$ 9.19	\$ 16.32	177.7%
Passengers per Rev Hr	6.20	15.12	(8.93)	-59.0%
Farebox recovery ratio	1.9%	13.7%	-11.8%	-86.2%
<i>(fares,spec fares/Oper exp-w/o contingency-leases)</i>				

Schedule 2-Fixed Route

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
Paratransit Income Statement
FY 2021 Year to Date Comparison of Actual vs Budget
For the Three Months Ended September 30, 2020

	Actual	Budget	Variance	% Variance
Revenues				
Passenger fares (a)	\$ 1,099	\$ 111,563	\$ (110,464)	-99.0%
	1,099	111,563	(110,464)	-99.0%
Federal operating	303,600	303,600	-	0.0%
TDA earned revenue	293,235	1,086,141	(792,906)	-73.0%
STA revenue	123,338	123,338	-	0.0%
Measure J	354,939	354,939	-	0.0%
Other operating assistance	50,788	49,175	1,613	3.3%
	1,125,900	1,917,193	(791,293)	-41.3%
Total Revenue	\$ 1,126,999	\$ 2,028,756	\$ (901,757)	-44.4%
Expenses				
Wages-Other	46,831	\$ 48,043	\$ (1,212)	-2.5%
	46,831	48,043	(1,212)	-2.5%
Fringe Benefits	25,541	28,448	(2,907)	-10.2%
Services	31,616	7,000	24,616	351.7%
Materials & Supplies	214	1,250	(1,036)	-82.9%
Utilities	8,582	10,250	(1,668)	-16.3%
Insurance	-	3,765	(3,765)	0.0%
Miscellaneous	800	2,250	(1,450)	-64.4%
Special Trip Services	1,013,415	1,927,750	(914,335)	-47.4%
Total Expenses	\$ 1,126,999	\$ 2,028,756	\$ (901,757)	-44.4%
Net Income (Loss)	\$ -	\$ -	\$ -	
Revenue Hours	6,047	24,955	(18,908)	-75.8%
Cost per Rev Hr	\$ 186.37	\$ 81.30	\$ 105.08	129.2%
Passengers	7,818	46,083	(38,265)	-83.0%
Cost per Passenger	\$ 144.15	\$ 44.02	\$ 100.13	227.4%
Passengers per Rev Hr	1.29	1.85	(0.55)	-30.0%
Farebox ratio	0.1%	5.5%	-5.4%	-98.2%
<i>(fares,spec fares/Oper exp-leases)</i>				

Schedule 3- Paratransit

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
Operator Wages
For the Three Months Ended September 30, 2020

	Actual		Budget		Variance	% Variance
Platform/report/turn in	\$ 1,297,425	\$	1,621,945	\$	(324,520)	-20.0%
Guarantees	60,722	\$	65,992		(5,271)	-8.0%
Overtime	81,500	\$	116,222		(34,721)	-29.9%
Spread	31,257	\$	56,807		(25,549)	-45.0%
Protection	158,821	\$	98,191		60,630	61.7%
Travel	40,389	\$	49,218		(8,829)	-17.9%
Training	7,497	\$	32,347		(24,851)	-76.8%
Other Misc	18,598	\$	5,812		12,785	220.0%
	\$ 1,696,208	\$	2,046,535	\$	(350,327)	-17.1%

Schedule 4- Operator Wages

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
Other Revenue; Other Operating Assistance; Miscellaneous Expenses
For the Three Months Ended September 30, 2020

Other Revenue	
Investment income (interest)	\$ 33,775
RTC card revenue	14
Various	13,500
	\$ 47,289
Other Operating Assistance	
RM2	\$ 25,434
BART feeder revenue	140,235
LCTOP	31,250
	\$ 196,919
Miscellaneous Expenses	
Board Travel Expense	\$ -
Staff Travel Expense	-
APTA Dues	8,874
Employee functions	444
Employee Awards/pins	200
Various other	2,751
	\$ 12,269

Schedule 5- Other Revenues/Other Expenses

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
FY 2021 Year to Date Comparison of FY 2020 Actual & FY 2019 Actual
Statistics
For the Three Months Ended September 30, 2020

Actual	Actual	Variance	Actual	Variance
FY2021	FY2020	Actual 2021 to Actual 2020	FY2019	Actual 2021 to Actual 2019

Fixed Route

Fares	\$ 76,151	\$ 768,115	-90.1%	\$ 660,323	-88.5%
Special Fares	63,994	527,798	-87.9%	390,260	-83.6%
Total Fares	\$ 140,145	\$ 1,295,913	-89.2%	\$ 1,050,583	-86.7%
<i>Fares box recovery ratio</i>	1.9%	17.3%	-89.1%	14.6%	-87.1%
Operating Exp (Less leases)	\$ 7,440,913	\$ 7,473,299	-0.4%	\$ 7,207,279	3.2%
<i>Revenue Hours</i>	47,141	56,484	-16.5%	56,129	-16.0%
<i>Cost per Rev Hour</i>	\$ 157.84	\$ 132.31	19.3%	\$ 128.41	22.9%
<i>Passengers</i>	292,177	937,253	-68.8%	824,423	-64.6%
<i>Cost per Passenger</i>	\$ 25.47	\$ 7.97	219.4%	\$ 8.74	191.3%
<i>Passengers per Rev Hr</i>	6.20	16.59	-62.6%	14.69	-57.8%

Paratransit

Fares	\$ 1,099	\$ 107,384	-99.0%	\$ 121,545	-99.1%
<i>Fares box recovery ratio</i>	0.1%	5.7%	-98.3%	8.2%	-98.8%
Operating Exp (Less leases)	\$ 1,126,999	\$ 1,885,242	-40.2%	\$ 1,485,009	-24.1%
<i>Revenue Hours</i>	6,047	19,382	-68.8%	18,674	-67.6%
<i>Cost per Rev Hour</i>	\$ 186.37	\$ 97.27	91.6%	\$ 79.52	134.4%
<i>Passengers</i>	7,818	35,325	-77.9%	35,049	-77.7%
<i>Cost per Passenger</i>	\$ 144.15	\$ 53.37	170.1%	\$ 42.37	240.2%
<i>Passengers per Rev Hr</i>	1.29	1.82	-41.0%	1.88	-31.1%