

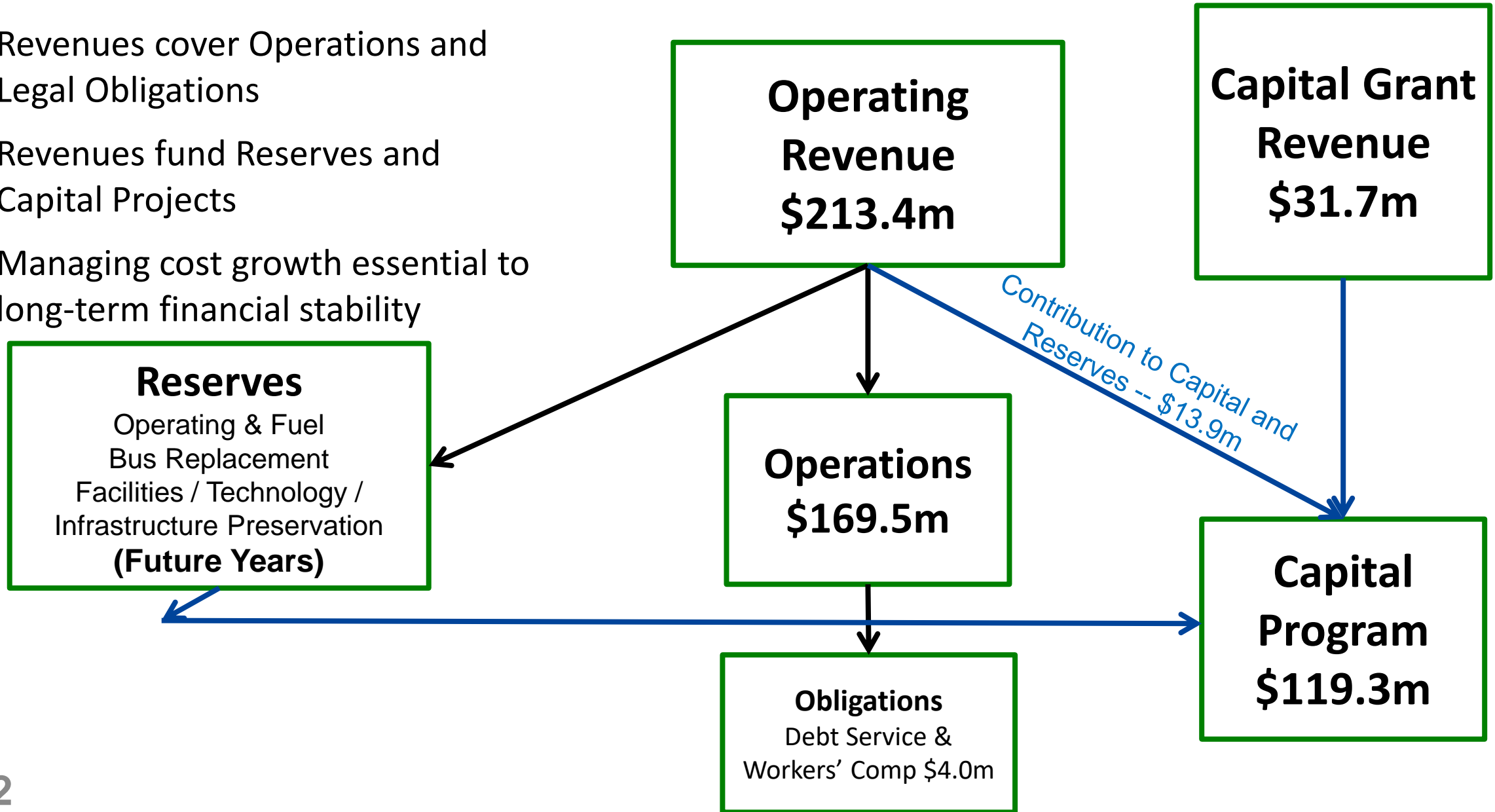
COVID-19 Pandemic Financial Impacts

Board of Directors
June 4, 2020



Sustainable Financial Model

- Revenues cover Operations and Legal Obligations
- Revenues fund Reserves and Capital Projects
- Managing cost growth essential to long-term financial stability



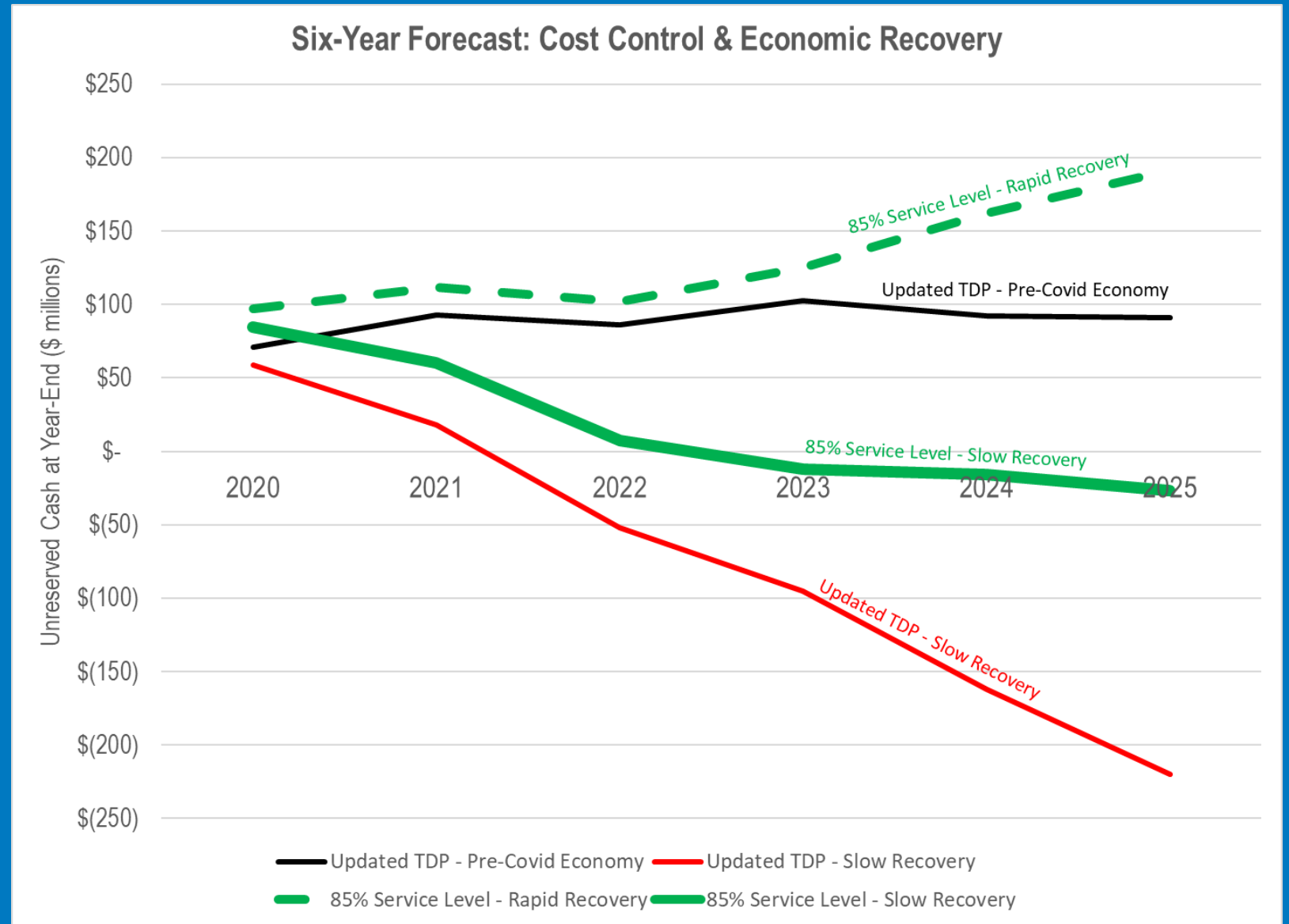
Where We Were

From May Board
Meeting Update

- **Adjusting revenue assumptions**
 - Rapid and Slow Recovery Scenarios
 - Sales tax decline 16% (\$25m) to 26% (\$40m)
 - Waiting for March & April spending revenue
- **Dynamic modeling**
- **Adjusting service levels**
- **Early cost management**
- **Coordination and advocacy**

Where We Are Now

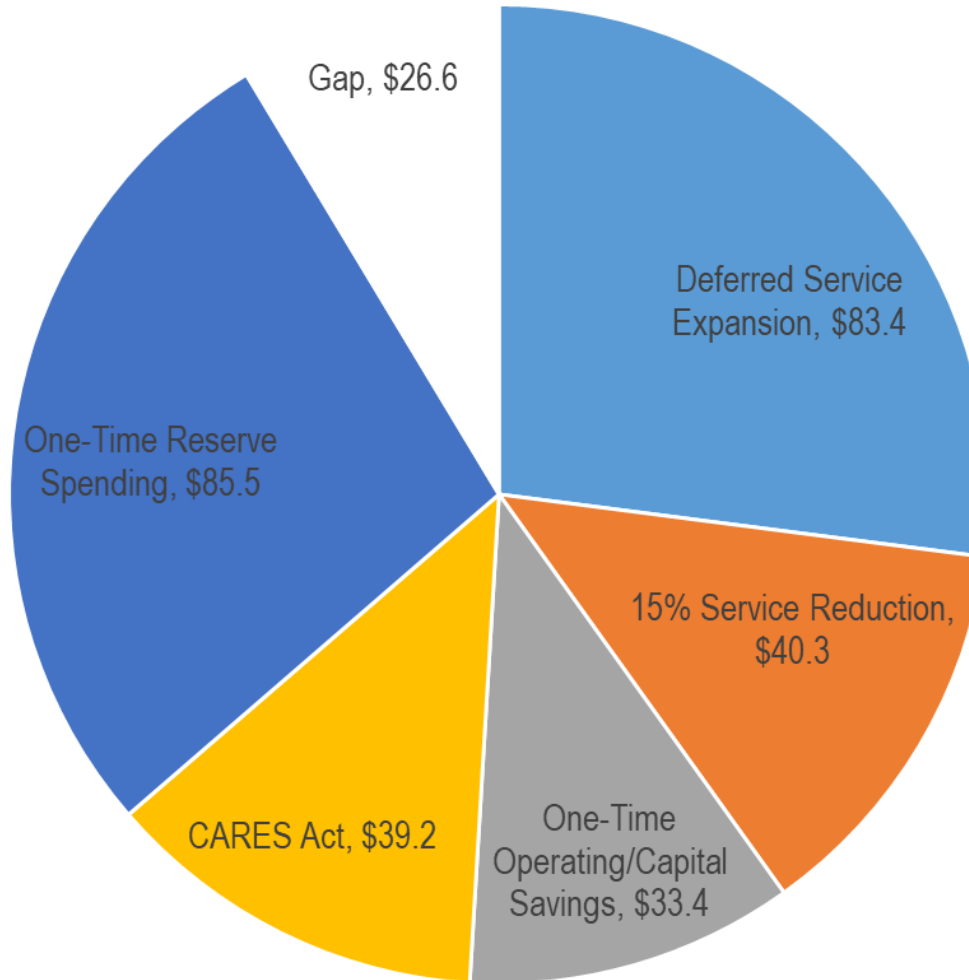
- Eliminated Sept. service expansion
- Reduced service by 35%, back to 15% Sept. 2020
- Implement cost control strategies
- Updating model for actuals
- Continue with Rapid and Slow Recovery Options



Closing the Gap

- Balance of strategies to close the gap
- Refine and adjust as recovery progresses

Closing a \$300 million Gap: 2020-2025
(\$ millions)

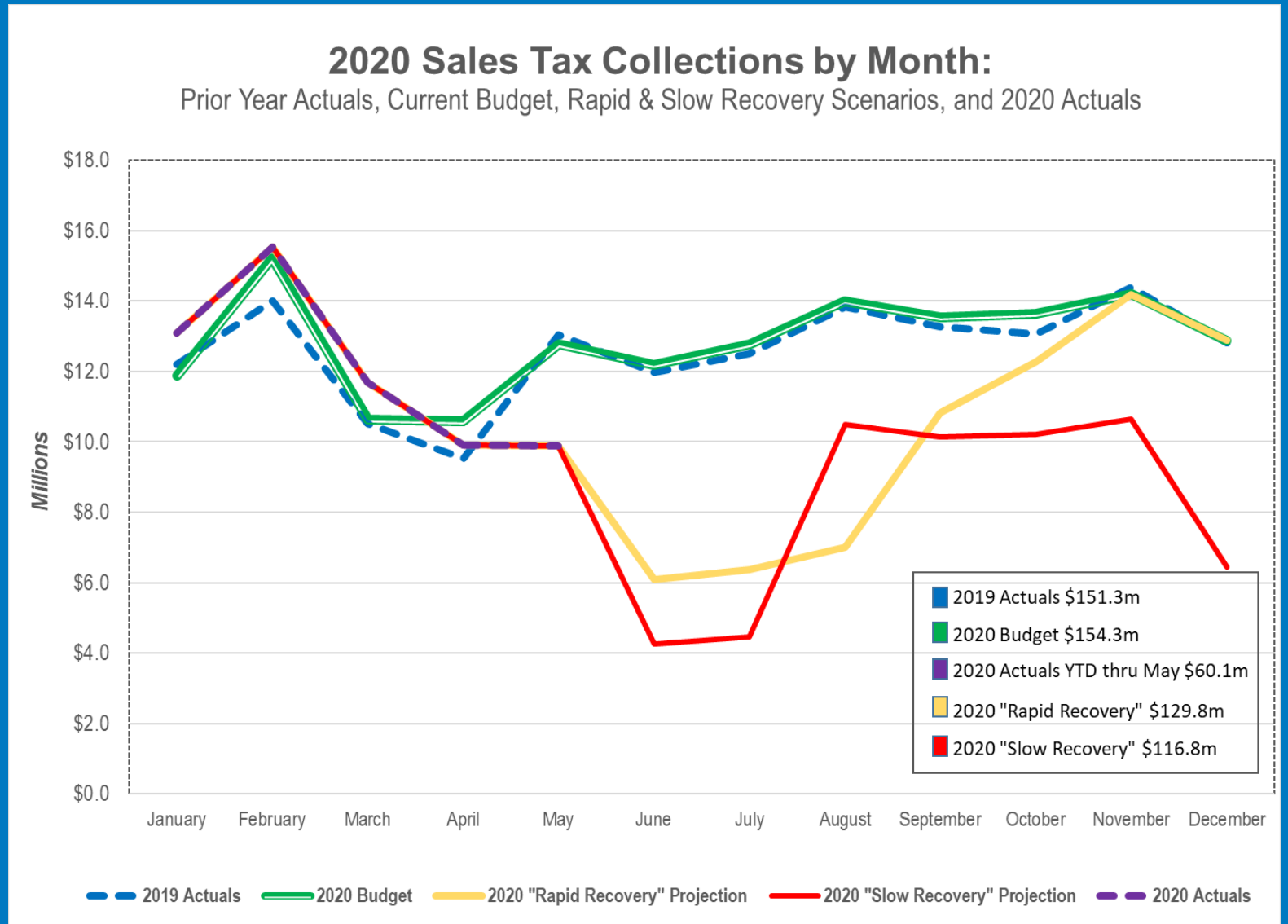


Guiding Principles

- **Maintain focus on safety**
- **Be strategic & customer-focused**
- **Minimize employee impact**
- **Balanced approach**
- **Fiscal integrity**
- **Take early action to mitigate revenue loss**
- **Position agency to react to updated revenue forecast**
- **Be mindful of Prop 1 promises**
- **Consistency with partner transits**
- **Prepare to emerge early**

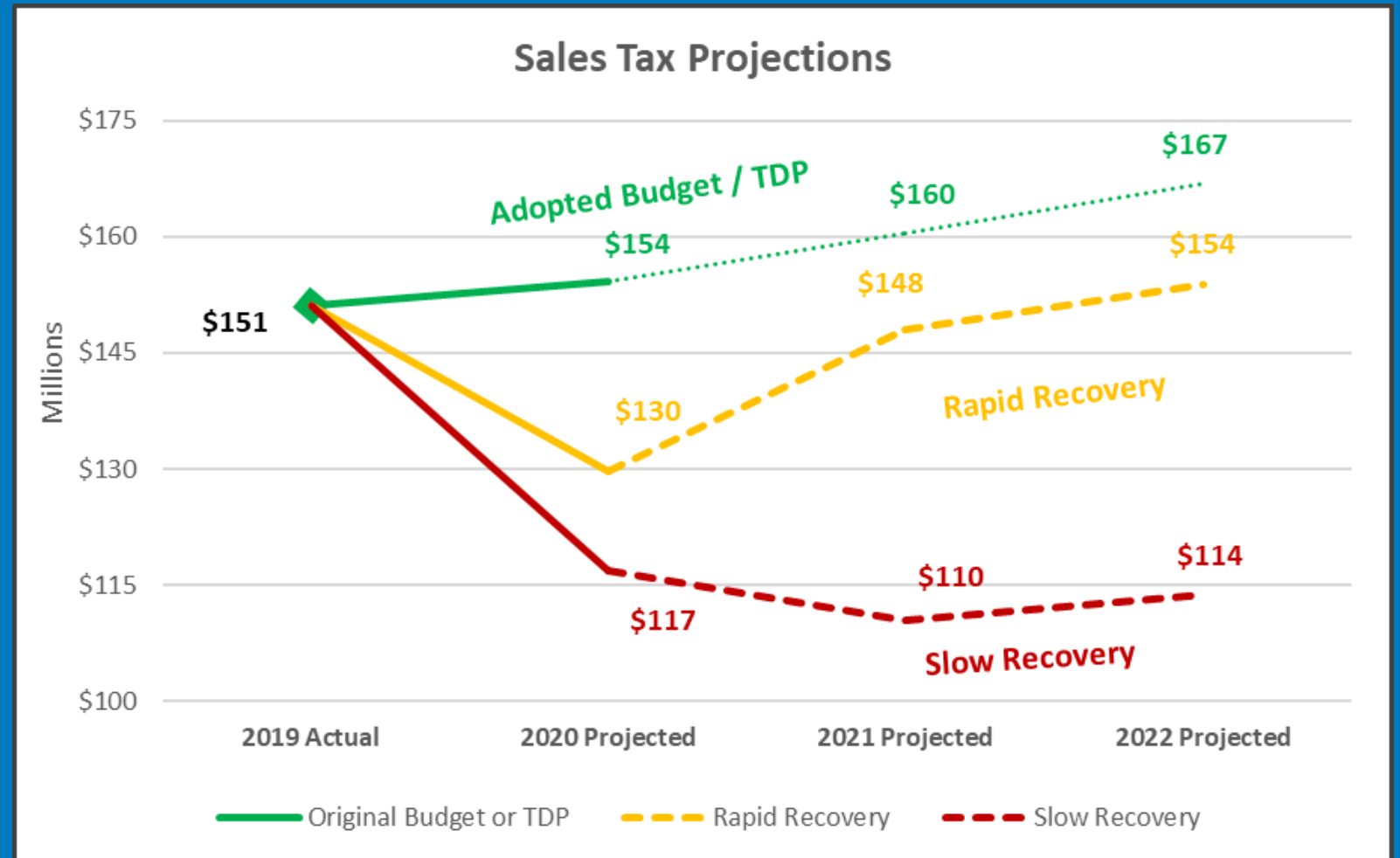
Sales Tax Revenue

- 2020 by month
- May actual revenue (March spending) was better than projected
- Improves projected losses for 2020, were (16-26%) now (14-23%)



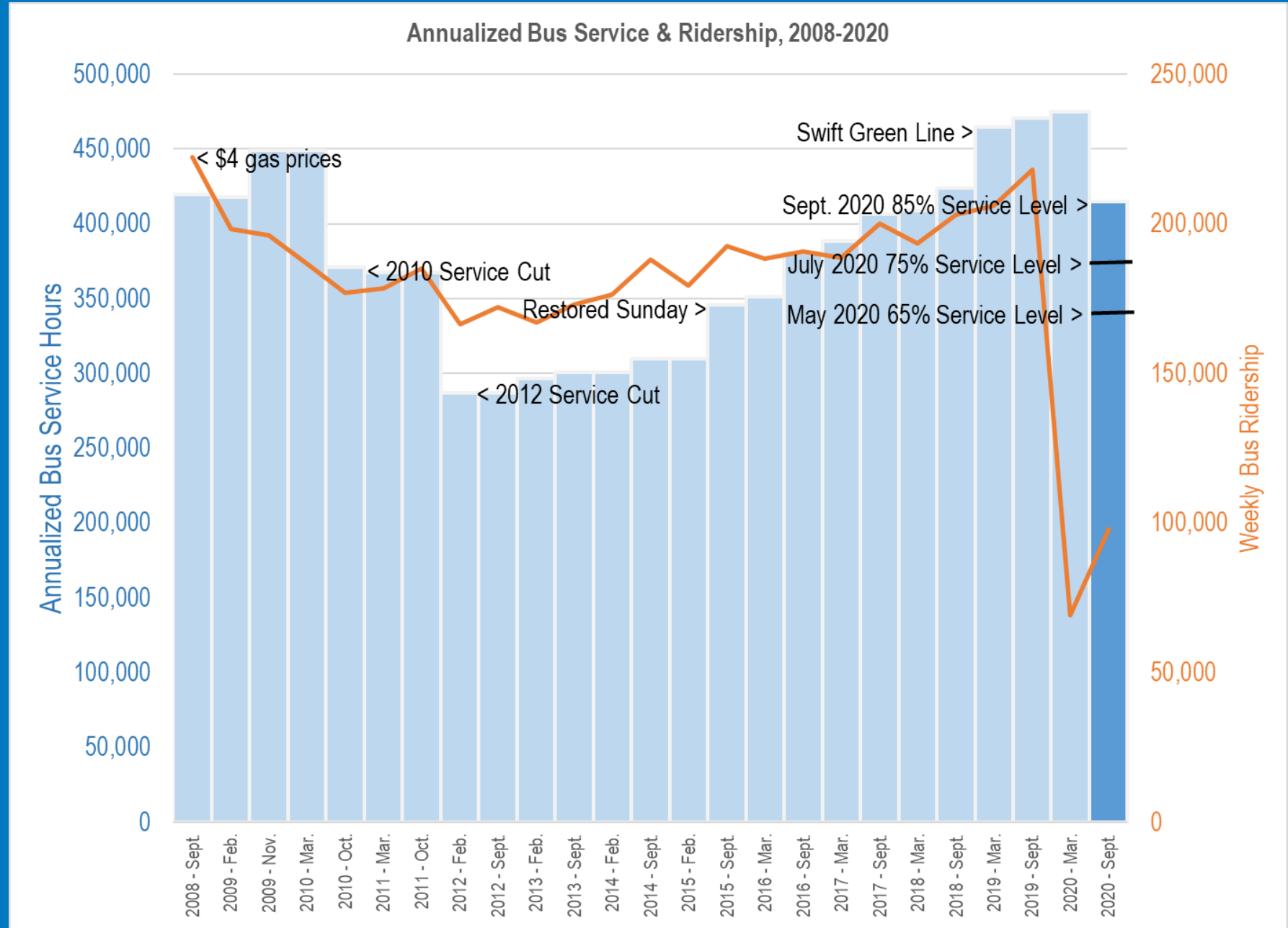
Sales Tax Revenue

- 2020-2022
- Updated with May revenue (March spending)



Service Levels

- Growing back 85%
- Approximates 2018 service level



Cost Management Strategies

- 2020 reflects partial year savings
- Mix of one-time and ongoing savings
- Continuing to review capital projects

Strategies		Impacts (\$ in M's)		
		2020	2021	2022-25
Service Reductions		(\$1.57)	(\$7.30)	(\$31.43)
• Direct Costs	• Fuel			
• Indirect Costs	• Contracted (not ST)			
Reserves		(\$85.50)	\$0.00	\$0.00
• Operating	• Infrastructure Preservation			
• Fuel	• Facilities & Technology			
• Workers' Comp	• Sustainability/Expansion			
Capital Projects/Program		(\$3.78)	\$0.00	(\$21.20)
• Capital projects	• Facilities preventive maintenance			
• Bus & vanpool purchases				
Additional Strategies		(\$5.05)	(\$3.40)	\$0.00
• Travel & training	• Service/vendor contracts			
• Minor equipment	• Professional pools			
• Fuel	• Agency events			
• Selective hiring freeze	• Voluntary retirements			
• Voluntary separations	• Voluntary layoffs			
TOTAL		(\$95.90)	(\$10.70)	(\$52.63)

Next Steps

- **Implement service change and cost containment strategies**
- **Continue dynamic modeling and scenarios**
- **2020 & 2021 budgets, 6-year TDP**
- **Updates for Finance Committee and Board**
- **Coordinate and advocate**