

COVID-19 Pandemic Revenue Impacts

Board of Directors

May 7, 2020



Early Steps to Assess Financial Impacts

- **Revenue**
 - Sales tax and fares are primary focus
 - Update assumptions and models
- **Expenses**
 - Cost management
 - Track COVID-19 response costs
 - Apply additional “filter” to decisions
- **Coordination and advocacy**

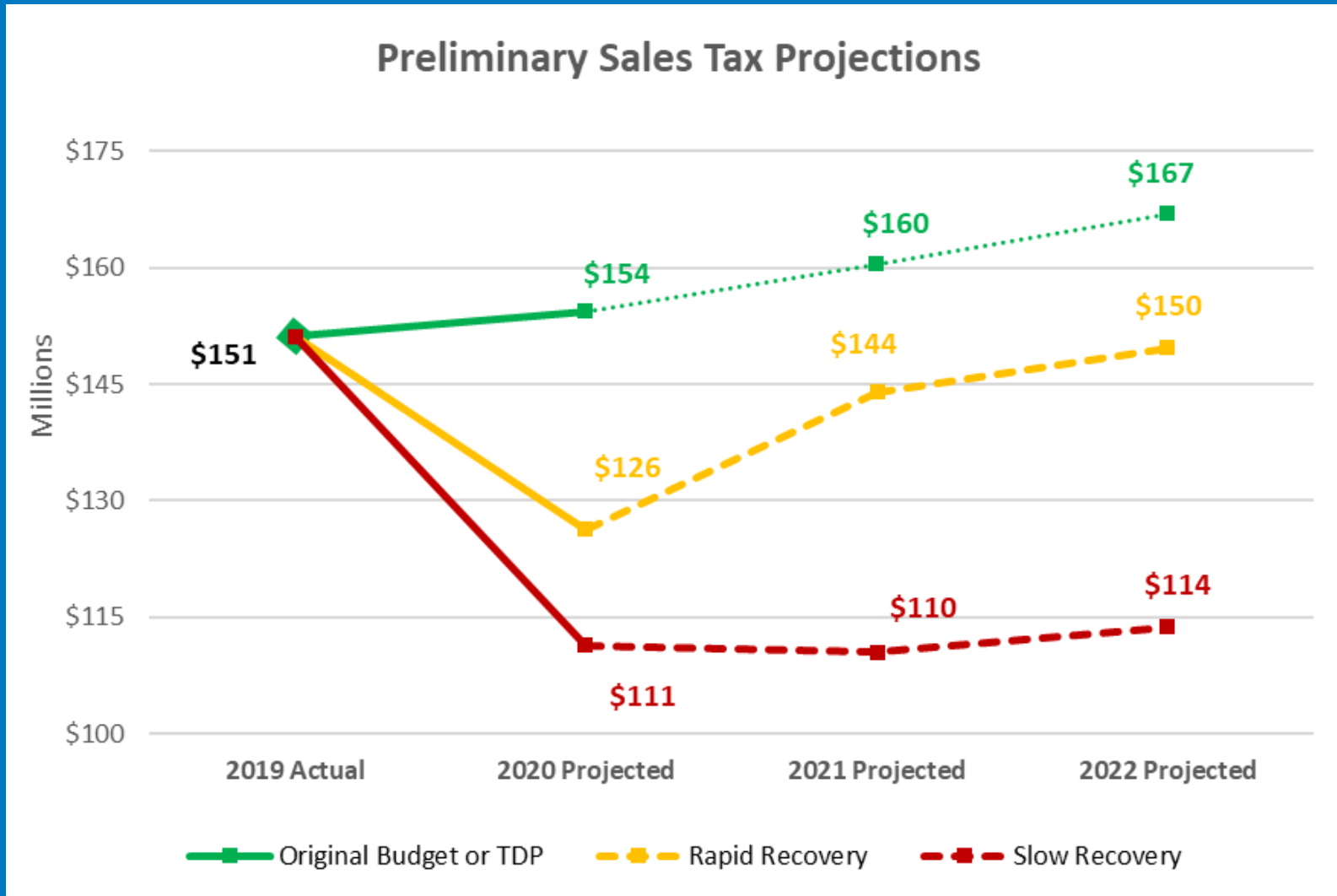
2020 Potential Financial Impacts

Based on preliminary financial modeling

Revised 2020 Projections compared to 2019 Actuals				
Revenues	Rapid Recovery	Slow Recovery	Rapid Recovery	Slow Recovery
Sales Tax	-\$25 M	-\$40 M	-16%	-26%
Fares	-\$11 M	-\$14 M	-48%	-59%
Total	-\$36 M	-\$54 M		
Expenditures				
COVID-19 Response	Approx. \$3.1 M			

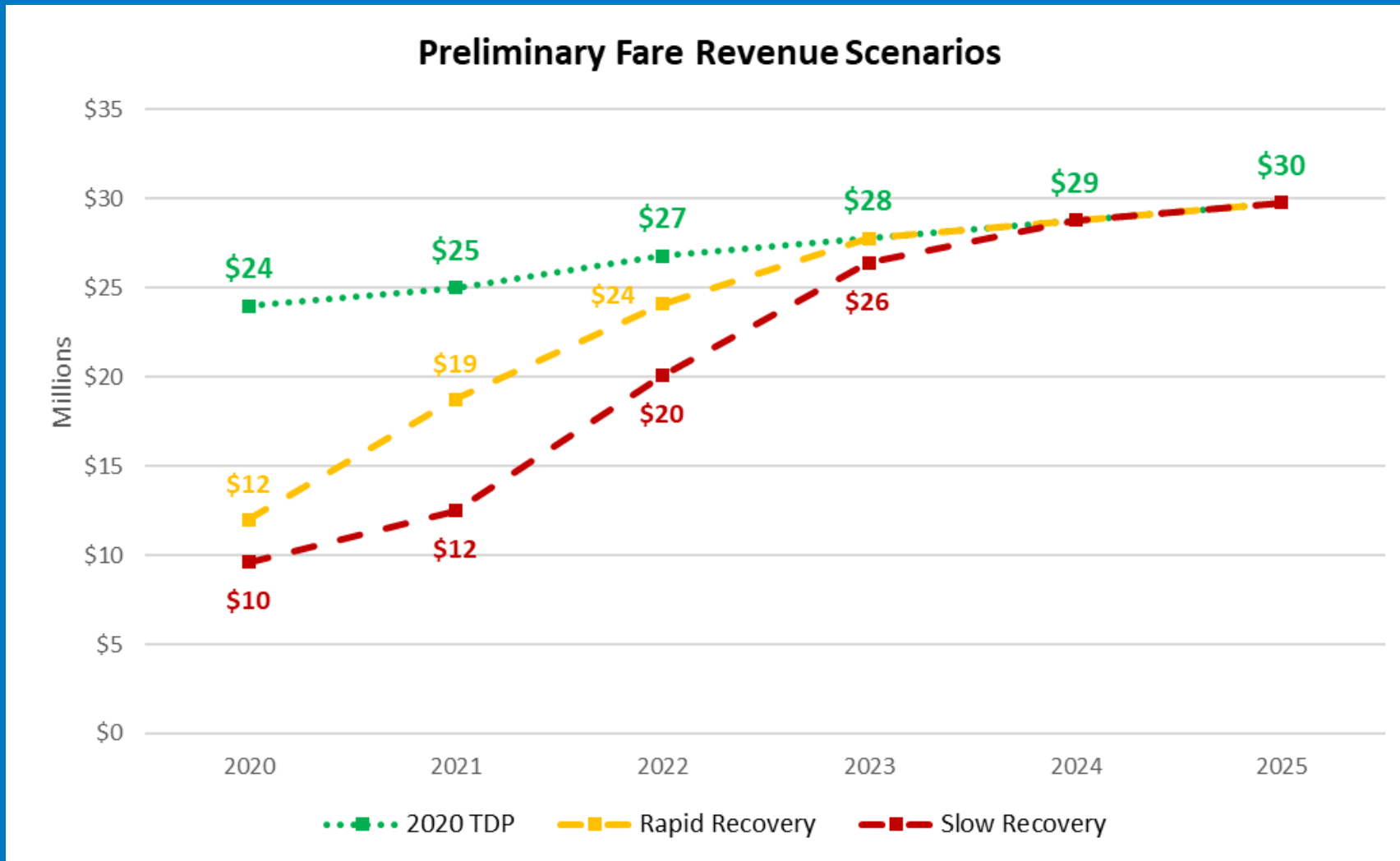
Sales Tax Revenue Scenarios

Based on preliminary financial modeling



Fare Revenue Scenarios

Based on preliminary financial modeling



CARES Act Relief

- **Grateful for one-time relief of \$39 million**
- **Offsets higher expenses and unanticipated loss of revenue**
- **Will not make whole in 2020, but ensures strong position as impacts become clearer**
- **Still project substantial need in out years**

Longer Term Scenarios

Based on preliminary modeling

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Notes/Assumptions</u>
	<i>(in millions \$)</i>					
Board Adopted 2019 Budget/TDP Financial Model						As of Fall 2019
Starting Cash	\$ 70.4	77.4	73.1	94.2	107.0	Assumes no changes from adopted Budget/TDP
Revenue	211.0	217.4	226.5	234.7	242.3	Total op. exp. includes new svc, workers comp and debt svc
Total Operating Expense	(176.2)	(184.0)	(193.5)	(203.4)	(224.7)	Reserves fully-funded
Total Capital Transfers	(27.9)	(37.7)	(11.9)	(18.3)	(20.6)	
Ending Cash	\$ 77.4	73.1	94.2	107.0	103.9	
Operating Reserve Target	30.1	31.3	32.7	34.2	37.7	
Unreserved Cash at Year End	\$ 47.3	41.8	61.5	72.8	66.2	
Scenario 1: Rapid Recovery						As of April 2020
	<i>Does NOT yet include adjustments to Total Op Exp + New Svc</i>					Same TDP Model as above, except for the following:
Unreserved Cash at Year End	\$ 43.4	20.2	26.5	25.9	7.0	Sales Tax declines 16% and Fares 48% in 2020
						Draw down \$39.17 M CARES Act in 2020
						Spend \$3.1 M additional in COVID-19 response in 2020
						No new service hours hours in 2020 or 2021
						Does NOT yet include adjustments to Total Op Exp + New
Scenario 2: Slow Recovery						As of April 2020
	<i>Does NOT yet include adjustments to Total Op Exp + New Svc</i>					Same as Scenario 1, except for the following:
Unreserved Cash at Year End	\$ 26.1	(36.0)	(68.5)	(104.5)	(156.5)	Assume multiple recurrences of coronavirus
						Sales Tax declines 26% and Fares decline 59% in 2020
						Does NOT yet include adjustments to Total Op Exp + New

Critical Variables and Unknowns

- **Sales tax revenue impacts**
- **Depth and duration of likely recession**
- **COVID-19 recurrence or cycle**
- **“New normal” for customers and businesses**
- **Strategies for adjusting expenditures**

Next Steps

- **Continue dynamic modeling and scenarios**
- **Adjust assumptions, revenues, expenditures**
- **2021 proposed budget and six-year TDP**
- **Update Finance Committee and Board monthly**
- **Coordinate and advocate**