



**FINANCE & BUDGET COMMITTEE
NOVEMBER 18, 2004**

SUBJECT: FISCAL YEAR 2005 REVENUE PERFORMANCE REPORT

ACTION: APPROVE AMENDMENT TO FY05 BUDGET FOR PROJECTED FARE REVENUE DEFICIT

RECOMMENDATION

- A) Amend the FY05 Budget to transfer General Fund Unreserved Designated funds to the Enterprise fund to recognize the projected FY05 Fare Revenue shortfall of \$9 million for Bus Operations; and
- B) Amend the FY05 Budget to transfer Proposition C 40% funds to the Enterprise fund to recognize the projected FY05 Fare Revenue shortfall of \$11 million for Rail Operations.

RATIONALE

Through the first quarter of FY05, fare revenues are under budget by \$4.9 million. If this trend continues through the fiscal year, the Enterprise fund will experience a revenue shortfall of about \$20 million.

A detailed analysis is included in the attachment to this board report. The analysis shows that bus revenues are \$2.2 million or 4% under budget. Rail revenues are \$2.7 or 25% under budget.

Historically, fare revenues increase by about 1.5% per year. Comparison to the first quarter of FY04 shows that fare revenues are up 4% over the same period last year. According to Transit Operations systemwide boardings information, ridership is tracking with the FY05 estimated boardings included in the FY05 budget.

In summary, ridership is relatively flat compared to the same period last year. Taking historical revenue increases into consideration, the fare restructuring seems to have increased overall revenues by about 2.5%. The budget assumed a 10% increase to revenues due to the fare restructuring.

FINANCIAL IMPACT

The approved FY05 budget for Fare Revenue is \$283 million and Fare Revenue for FY05 based on the first quarter results is projected at \$263 million. The projected Fare Revenue

budget deficit for FY05 is currently at \$20 million. This action will fund the Fare Revenue deficit for the fiscal year. Funds for this change will come from the following sources:

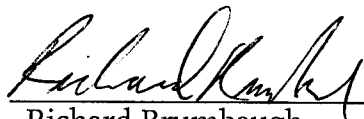
- \$9 million of General Fund Unreserved Designated funds transferred to the Enterprise fund for the Bus Operations fare revenue deficit; and
- \$11 million of Proposition C 40% funds transferred to the Enterprise fund for the Rail Operations fare revenue deficit.

ALTERNATIVES CONSIDERED


One alternative is to raise fare prices to a level that would compensate for the passenger revenue deficit. This alternative will take a significant amount of time to implement because of the required public hearing for a fare change. Another alternative is to reduce service to a level that will balance the structural deficit for FY05. This alternative will adversely impact the mobility of the region and provide fewer transportation options within the system. Additionally, this alternative cannot be completed in time to positively impact FY05 revenue.

ATTACHMENT(S)

- A. FY05 Year To Date Revenue Summary



Richard Brumbaugh
Chief Financial Officer



Roger Snoble
Chief Executive Officer

FY05 Year To Date Revenue Summary

Budget Variance	Passes		Farebox		Farebox		Total Revenue		Total Revenue		Budget		FY 05 Projected Budget	
	%	Actual	Budget	%	Actual	Budget	%	Actual	Budget	%	\$	%	\$	Variance
(\$424,595)	-27.16%	\$3,251,395	\$3,523,243	(\$271,848)	7.72%	\$4,438,365	\$4,184,967	\$253,398	6.05%	\$8,828,648	\$9,271,693	(\$443,045)	4.78%	(\$1,772,178.83)
(\$397,151)	-27.16%	\$2,750,320	\$2,988,192	(\$237,872)	7.96%	\$6,318,814	\$5,958,056	\$360,758	6.05%	\$10,134,412	\$10,408,677	(\$274,265)	2.63%	(\$1,097,059.25)
(\$343,042)	-27.16%	\$3,213,606	\$3,490,498	(\$276,892)	7.93%	\$5,141,159	\$4,847,636	\$293,523	6.05%	\$9,274,904	\$9,601,315	(\$326,411)	3.40%	(\$1,305,645.21)
(\$617,476)	-27.16%	\$4,671,632	\$5,074,756	(\$403,124)	7.94%	\$8,715,277	\$8,217,698	\$497,579	6.05%	\$15,043,157	\$15,566,178	(\$523,021)	3.36%	(\$2,092,082.29)
(\$535,145)	-27.16%	\$4,577,873	\$4,969,207	(\$391,334)	7.88%	\$7,043,767	\$6,641,620	\$402,147	6.05%	\$13,057,055	\$13,581,387	(\$524,332)	3.86%	(\$2,097,328.33)
\$0	0.00%	\$669,952	\$727,714	(\$57,762)	7.94%	\$1,459,800	\$1,525,000	(\$65,200)	100.00%	\$2,129,752	\$2,252,714	(\$122,962)	5.46%	(\$491,849.25)
2,317,409)	-27.16%	\$19,134,778	\$20,773,610	(\$1,638,832)	7.89%	\$33,117,182	\$31,374,977	\$1,742,205	5.55%	\$58,467,928	\$60,681,964	(\$2,214,036)	3.65%	(\$8,856,143.16)
(\$165,752)	-36.13%	\$1,138,457	\$1,521,888	(\$383,431)	25.19%	\$1,367,246	\$1,450,250	(\$83,004)	5.72%	\$2,798,758	\$3,430,945	(\$632,187)	18.43%	(\$2,528,748.22)
(\$33,556)	-52.91%	\$241,518	\$526,117	(\$284,599)	54.09%	\$577,815	\$732,191	(\$154,366)	21.08%	\$849,195	\$1,321,716	(\$472,521)	35.75%	(\$1,890,084.26)
(\$32,593)	-24.20%	\$447,653	\$723,892	(\$276,239)	38.16%	\$525,728	\$670,665	(\$144,937)	21.61%	\$1,075,464	\$1,529,233	(\$453,769)	29.67%	(\$1,815,076.27)
(\$139,547)	-31.50%	\$1,805,238	\$2,350,238	(\$545,000)	23.19%	\$1,576,879	\$2,113,988	(\$537,109)	25.41%	\$3,685,588	\$4,907,244	(\$1,221,656)	24.89%	(\$4,886,624.10)
(\$371,448)	-33.77%	\$3,632,666	\$5,122,135	(\$1,489,269)	29.08%	\$4,047,688	\$4,967,084	(\$919,416)	18.51%	\$8,409,005	\$11,189,138	(\$2,780,133)	24.85%	(\$11,120,532.84)
2,688,857)	-27.91%	\$22,767,644	\$25,895,745	(\$3,128,101)	12.08%	\$37,164,850	\$36,342,061	\$822,789	2.26%	\$66,876,933	\$71,871,102	(\$4,994,169)	6.95%	(\$19,976,676)
										112,503,873	112,349,990	153,883	0.14%	
										\$0.59	\$0.64	(\$0.05)	-7.08%	