



# Municipal Transportation Agency

Board of Directors & Parking Authority



## MEMORANDUM

Date: April 23, 2007

To: MTA Board of Directors  
 Rev. Dr. James McCray, Jr., Chairman  
 Tom Nolan, Vice Chairman  
 Cameron Beach, Director  
 Shirley Breyer Black, Director  
 Wil Din, Director  
 Peter Mezey, Director  
 Leah Shahum, Director

Through: Nathaniel P. Ford, Sr.  
 Executive Director/CEO

From: Sonali Bose  
 Director of Finance/CFO

Subject: FY 2006-2007 Third Quarter Financial Results and Year-End Projection

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The purpose of this memorandum is to provide the Board of Directors with the operating financial results from the third quarter of Fiscal Year 2006-2007, comparison to the operating budget, and the projected outlook for the fiscal year.

### Summary

Overall, the year-end projection is that revenues will exceed expenses by \$11.3 million as outlined below. Additionally, revenues are projected to be \$3.1 million above budget, while expenses are projected to be \$8.2 million below budget.

Fiscal Year 2006-2007 Operating Budget:	\$681,524,623
Year-End Revenue Projection:	684,618,775
Revenue Variance:	3,094,152
Year-End Expense Projection:	\$673,348,173
Expense Variance:	(\$8,176,450)
Year-End Revenue less Year-End Expense:	\$ 11,270,602

**Revenues**

The table below provides a summary of the third quarter revenue results, the projected fiscal year-end forecast, and comparison to the operating budget.

Revenue Category	2006-2007 Adopted Budget (\$)	2006-2007 Revised Budget (\$)	2006-2007 Actual (9 months) (\$)	2006-2007 Projected (Based on 9 months) (\$)	Adopted Budget Less Year End Projection
Operating Grants	135,638,748	115,638,748	66,595,017	113,378,718	(22,260,030)
Transit Fares	159,231,239	159,231,239	100,434,933	131,693,802	(27,537,437)
Parking and Traffic Fees & Fines	182,033,029	181,983,029	117,952,894	175,389,613	(6,643,416)
Transfers and Fund Balance	195,241,117	271,612,310	213,071,521	254,568,597	59,327,480
Other (Advertising, Interest, etc.)	9,380,490	9,197,437	7,268,709	9,588,046	207,556
<b>TOTAL</b>	<b>681,524,623</b>	<b>737,662,763</b>	<b>505,323,074</b>	<b>684,618,775</b>	<b>3,094,152</b>

The following section highlights the reasons for the variance between the 2006-2007 Operating Budget and the year-end projection.

***Operating Grants (\$22,260,030)***

The major reasons for the negative variance in this revenue category are:

- A \$20 million FTA grant that is not expected until fiscal years 2007-2008 and 2008-2009 but was budgeted in Fiscal Year 2006-2007;
- \$1.4 million less than expected operating assistance from the TDA Sales Tax; and
- A \$188 thousand reduction in ADA payments from BART. (BART reimburses Muni for paratransit services that Muni provides in the BART corridor. The amount budgeted is based on Muni providing services required by ADA legislation equal to 8.8% of the gross paratransit contract cost).

***Transit Fares (\$27,537,437)***

The major reasons for the negative variance in this revenue category are projections in the following areas:

- \$14 million budgeted from Proof of Payment revenues;
- \$5 million budgeted from cable car revenues. (The \$7.4 million negative variance in cash collected by conductors and from souvenir tickets was offset by a \$2.4 million positive variance in cable car passports);
- \$5.2 million in transit cash fares;
- \$4.5 million in transit tokens; and
- \$4.8 million in positive variance for adult regular passes was offset by a negative variance in all other media and paratransit revenues (\$564 thousand).

***Parking and Traffic Fees and Fines (\$6,643,416)***

The major reasons for the negative variance in this revenue category are projections in the following areas:

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- \$8.9 million in traffic fines;
- \$2.0 million in parking meter fees; and
- \$4.3 million in positive variance from garage revenues.

***Transfers and Fund Balance*     \$59,327,480**

The major reasons for the positive variance in this revenue category are due to the following items:

- An increase in the mid-year general fund appropriation of \$3.0 million; and
- \$56.3 million from fund balance to offset the above negative variance in other revenue areas.

***Other*     \$207,556**

The major reason for the positive variance in this revenue category is interest. All MTA funds began receiving interest income as of March 1, 2007.

**Expenses**

The table below provides a summary of third quarter expenditure results, the projected fiscal year-end forecast, and comparison to the operating budget.

Expenditure Category	2006-2007 Adopted Budget (\$)	2006-2007 Revised Budget (\$)	2006-2007 Actual (9 months) (\$)	2006-2007 Projected (Based on 9 months) (\$)	Adopted Budget Less Year End Projection
Salaries & Benefits	436,454,471	436,454,471	302,751,387	419,851,191	16,603,280
Contracts and Other Services	63,580,718	63,580,718	52,704,736	64,416,900	(836,182)
Materials & Supplies	23,830,980	37,453,618	26,558,954	35,411,939	(11,580,959)
Equipment & Maintenance	48,155,058	61,777,696	19,858,997	26,478,663	21,676,395
Rent & Building	12,148,373	12,148,373	9,380,356	12,507,141	(358,768)
Insurance & Claims	44,412,193	44,412,193	45,117,396	56,968,084	(12,555,891)
Reserve	10,000,000	10,000,000	-	10,000,000	-
Services from City Departments	42,942,830	42,942,830	44,821,470	47,714,256	(4,771,426)
<b>TOTAL</b>	<b>681,524,623</b>	<b>708,769,899</b>	<b>501,193,296</b>	<b>673,348,173</b>	<b>8,176,450</b>

The following section highlights reasons for the variance between the 2006-2007 Operating Budget and the year-end projection.

**Line Items Below Budget**

- Salaries and benefits are expected to show savings of \$16.6 million, or 3.8% of budget; and
- Equipment and Maintenance costs are expected to be \$21.7 million below budget (due to the unavailability of the \$20 million FTA grant for maintenance).

**Line Items Above Budget**

- Contracts and Other Services are expected to exceed budget by \$836 thousand due to the TEP study;
- Materials and Supplies costs are projected to be above budget by \$11.6 million due to the purchase of various small equipment, uniforms and other items;
- Rent and Building costs will exceed budget by \$360 thousand due to higher than anticipated costs of tenant improvements required for 1 South Van Ness;
- Insurance and Claim costs are expected to be over budget by \$12.6 million, mainly due to two large settlements; and
- Services from Other City Departments are projected to be above budget by \$4.8 million due to the following: Police services for Third Street, DTIS expenses for online support for sale of parking cards and passes, HRC services which were removed from the budget for Fiscal Year 2007-2008, and Real Estate Department costs for assistance with various projects.

**Summary**

The \$11.3 million projected as the year-end balance for Fiscal Year 2006-2007 is \$900 thousand below the \$12.1 million opening fund balance budgeted for Fiscal Year 2007-2008. However, it is expected that the \$900 thousand will be available for the Fiscal year 2007-2008 Operating Budget as a result of focused financial management of revenues and expenses for the last quarter of Fiscal Year 2006-2007.