

Date: February 21, 2008

Committee Meeting Date: February 21, 2008

Board Meeting Date: March 6, 2008

BOARD MEMORANDUM

ACTION ITEM

TO: Santa Clara Valley Transportation Authority
Board of Directors

THROUGH: Michael T. Burns
General Manager

FROM: Joseph T. Smith
Chief Financial Officer

SUBJECT: Fiscal Year 2008 Quarterly Statement of Revenues and Expenses for the period
ending December 31, 2007

Policy-Related Action: No

Government Code Section 84308 Applies: No

RECOMMENDATION:

Review and accept the Fiscal Year 2008 Quarterly Statement of Revenues and Expenses for the period ending December 31, 2007.

DISCUSSION:

This memorandum provides a brief discussion of significant items and trends on the attached Statement of Revenues and Expenses through December 31, 2007. The schedule has been designed to follow the same company-wide line item rollup as included in the adopted budget. The columns have been designed to provide easy comparison of actual to budget activities for the current fiscal year, along with a column reflecting the percentage of the budget exhausted (actual revenue received or funds expended) to date.

The following are highlights of the current Statement of Revenues and Expenses:

Revenues

Fiscal year-to-date Total Revenues (line 12) are trending slightly below budget estimates by \$0.6M, primarily due to unfavorable variances in ½ Cent Sales Tax receipts (line 2) and Measure A Sales Tax Operating Assistance (line 4), partially offset by greater than anticipated Fare Revenues (line 1) and Investment Earnings (line 9).

First quarter ½ Cent Sales Tax (line 2) actual receipts were \$2.0M below budget and second quarter advances are trending \$0.5M below budget. Similar trends are also reflected in Measure A Sales Tax Operating Assistance (line 4). Second quarter receipts will be finalized in late March. Staff will continue to monitor receipts and advances and will address any changes in projections at the conclusion of the third quarter.

Fiscal year-to-date Fare Revenues (line 1) are \$0.8 M over budget. This positive variance is due to several factors, including increased ridership – up 4.3% over the same period last year. In addition, the budget anticipated a greater drop in revenue than has been realized from the fare reduction for Youth and Senior/Disabled passengers which was implemented September 1, 2007.

Investment Earnings (line 9) are \$1.7M over budget, the result of greater available cash than anticipated as well as trade gains realized.

Expenses

Overall, Fiscal year-to-date Total Expenses (line 45) were \$16.7M below budget driven primarily by favorable variances in Labor Costs (line 13), Materials & Supplies (line 14), Professional & Special Services (line 16), Other Services (line 17), Fuel (line 18), and Employee Related Expense (line 26). These favorable variances are offset somewhat by an unfavorable variance in Reimbursements (line 29).

Labor Costs (line 13) show a favorable variance of \$10.0M, primarily due to open positions.

Materials & Supplies (line 14) has a favorable year-to-date variance of \$0.9M mainly due to timing of maintenance activities.

Professional & Special Services (line 16) and Other Services (line 17) have positive variances of \$1.8M and \$1.9M respectively due to deferrals in timing of contracted activities.

Fuel (line 18) has a favorable variance of \$0.6M, reflecting an average year-to-date cost of \$2.68 (including taxes) per gallon of diesel, compared to the budget assumption of \$2.87.

Employee Related Expense (line 26) has a positive year-to-date variance of \$0.5M, the result of additional employee training not yet expended.

Reimbursements (line 29) are derived primarily from activities within the capital program. The year-to-date negative variance of \$1.4M is due to timing of reimbursable project activities and vacancies in positions that are charged to reimbursable activities.

SUMMARY:

Through the second quarter, overall revenues trailed projections by \$0.6M while expenses were \$16.7M below budget estimates, for a total variance of revenues over expenses (line 46) of \$16.1M. It is anticipated that as the year progresses, the actual revenues over expenses will more closely reflect the budgeted Operating surplus.

STANDING COMMITTEE DISCUSSION/RECOMMENDATION:

The Administration & Finance Committee, meeting as a Committee of the Whole with Director Gage present, considered this item on February 21, 2008. There were no comments.

Attachment:

Prepared by: Jim McCutchen, Manager, Budget Administration

Reviewed and verified by: _____
Carol Lawson, Fiscal Resources Manager

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

STATEMENT OF REVENUES AND EXPENSES

Fiscal Year 2008

through December 31, 2007

(In thousands)

Line	Category	Fiscal Year-to-Date Actual	Fiscal Year-to-Date Budget	Year-to-Date Variance	FY 2008 Budget ¹	% of Budget ¹ Received/ Expended
1	Fares	\$17,913	\$17,139	\$774	\$34,062	52.59%
2	1/2 Cent Sales Tax	85,500	88,069	(2,569)	171,308	49.91%
3	TDA	41,773	41,773	0	83,546	50.00%
4	Measure A Sales Tax-Oper Asst ²	15,536	16,255	(719)	31,618	49.14%
5	STA	3,612	3,612	0	7,223	50.00%
6	Federal Operating Grants	8,208	8,309	(101)	16,618	49.39%
7	State Operating Grants	678	667	11	1,333	50.86%
8	Local Operating Grants	0	0	0	0	NA
9	Investment Earnings	4,218	2,501	1,717	5,001	84.35%
10	Advertising Income	905	883	22	1,837	49.27%
11	Other Income	4,672	4,418	254	13,174	35.46%
12	Total Revenues	\$183,015	\$183,626	(\$611)	\$365,720	50.04%
13	Labor Costs	\$118,393	\$128,426	\$10,033	\$259,090	45.70%
14	Materials & Supplies	7,649	8,583	934	16,877	45.32%
15	Security	3,399	3,677	278	7,355	46.21%
16	Professional & Special Services	1,954	3,776	1,822	6,950	28.11%
17	Other Services	3,107	4,998	1,891	9,662	32.16%
18	Fuel	6,385	7,005	620	13,894	45.95%
19	Traction Power	1,746	1,777	31	3,617	48.26%
20	Tires	626	912	286	1,766	35.47%
21	Utilities	1,139	1,227	88	2,453	46.43%
22	Insurance	2,638	2,511	(127)	5,282	49.94%
23	Data Processing	1,178	1,572	394	3,050	38.61%
24	Office Expense	173	214	41	429	40.28%
25	Communications	476	661	185	1,390	34.25%
26	Employee Related Expense	328	874	546	1,736	18.89%
27	Leases & Rents	179	250	71	471	37.91%
28	Miscellaneous	508	856	348	1,655	30.67%
29	Reimbursements	(23,924)	(25,332)	(1,408)	(51,951)	46.10%
30	Subtotal Operating Expense	\$125,953	\$141,985	\$ 16,033	\$283,726	44.39%
31	Paratransit ³	\$15,403	\$15,860	\$457	\$31,720	48.56%
32	Caltrain	8,044	8,060	16	16,116	49.91%
33	Light Rail Shuttles	100	84	(16)	193	51.98%
34	Altamont Commuter Express	1,932	1,950	18	3,973	48.62%
35	Highway 17 Express	244	231	(13)	462	52.81%
36	Dumbarton Express	183	117	(66)	488	37.49%
37	Monterey-San Jose Express Service	60	53	(7)	105	56.59%
38	Contribution to Other Agencies	254	270	16	540	47.00%
39	Debt Service	8,596	8,869	273	24,879	34.55%
40	Other Expense	0	0	0	0	NA
41	Subtotal Other Expense	\$34,816	\$35,494	\$678	\$78,475	44.36%
42	Operating & Other Expenses	\$160,767	\$177,479	\$16,712	\$362,202	44.39%
43	Contingency	0	0	0	2,000	NA
44	Contingency Utilization	0	0	0	(11)	NA
45	Total Expenses	\$160,767	\$177,479	\$16,712	\$364,191	44.14%
46	Surplus/(Deficit) to Reserves	\$22,248	\$6,147	\$16,101	\$1,529	

¹ Adopted Budget approved by the Board on June 7, 2007

² Represents 18.5% of tax for support of operations

³ Amounts include allocation of VTA support staff