

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

Memorandum

TO: Board of Directors

DATE: August 10, 2010

FROM: General Manager

SUBJECT: Projected Year-End Results

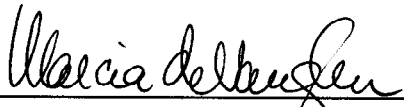
I would like to update you on our projected operating financial results for FY10. Although we just received initial reports and these are projected results, it appears that we will finish with a positive result for the year in the range of approximately \$4 million (M). We had been forecasting a small deficit, but very strong numbers for the month of June appear to have produced small positive variances in the major categories of the budget.

FY10 was a challenging year. The interim budget had a deficit of \$21.7M due to the revenue declines from the recession. The budget was revised January 14, lowering revenues further – sales tax and passenger revenue alone were reduced over \$16M. We balanced the budget by implementing budget reductions and labor contract savings, and using one-time ARRA grants and federal flexible funds with a net impact of \$19M.

One of the primary reasons for the better than expected result was that 4th quarter sales tax (after seven straight negative quarters) grew by 3.4% and therefore will finish \$4M over budget. In addition, it appears we will finish slightly favorable in other revenues and the expense budget. Our departments did an excellent job controlling expenses, and absorbed some unplanned one-time expenses, including the need to fund liability insurance reserves \$2.3M more than the budgeted amount.

These results are not an indication that the economy has turned around and that sales tax and ridership will resume growth. FY10 average weekday ridership ended down 6.4% from FY09 and sales tax dropped 9.6%. Although the economy appears to be recovering, job creation is still slow, and the 4th quarter sales tax growth may have been a one-time fluctuation. Nonetheless, the projected result is certainly encouraging.

If you have any questions, please call Carter Mau, Executive Manager, Planning and Budget, at 510-464-6194.



Dorothy W. Dugger

cc: Board Appointed Officers
Deputy General Manager
Executive Staff