



To: Austin Transit Partnership Board of Directors
From: Diane Siler, Budget Director
Date: January 12, 2022
Subject: FY21 Preliminary Financial Report as of September 30, 2021

Attached is the Austin Transit Partnership's (ATP) preliminary quarterly financial report through September 30, 2021. Note that all data included in this report is prior to year-end closing and audit entries, since year-end close activities are ongoing. ATP's audited financial statements are expected to be delivered on time in March of 2022 and will include these final adjustments.

As a reminder, the budget approved on January 20, 2021 was for a nine-month period, so the time period elapsed represents the total length of this shortened fiscal year.

As ATP's budget evolves and grows, the content of the quarterly updates will adjust accordingly. If there is additional financial information that you would be interested in receiving, please let me know.

xc: Randy Clarke, Executive Director
Greg Canally, Chief Financial Officer/Chief Development Officer

AUSTIN TRANSIT PARTNERSHIP

FY21 Preliminary Financial Report as of September 30, 2021



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About the Austin Transit Partnership (ATP) and Project Connect

The Austin Transit Partnership (ATP) is an independent local government corporation with the authority and resources to design, construct, and implement Project Connect. Project Connect is a transformative public transit program that will bring many firsts to Austin. The program, adopted by voters in November 2020, is designed to increase connectivity to more neighborhoods in the Austin metro area and will make Austin one of the most equitable, sustainable, and innovative areas of the country.

The FY21 Approved Budget reflects a nine-month startup period from January 1, 2021 through September 30, 2021. Future budgets will comprise a full year and will begin on October 1 and end on September 30. The annual budget includes budgets for revenue, operating expenditures, and capital expenditures. Contained within the operating budget are administrative expenses and transfers to the City of Austin and Capital Metro for project support. Capital expenditures include the light rail, MetroRapid, Red Line, and other transit projects that are part of Project Connect. Also included in the Capital Budget is the Transit-Supportive Anti-Displacement Investment funds. These three budgets described in more detail in the sections that follow. Further information on budget to actual spending comparisons are available in this document's appendices.

Note that as this is a preliminary financial report, all data is prior to year-end accounting entries and any required audit adjustments. Reallocation of operating expenses into capital projects will occur prior to final year close. Final FY21 results will be reported in the audited financial statements, which is expected to be complete in March 2022.

Figure 1: FY21 Approved Revenue Budget by Category

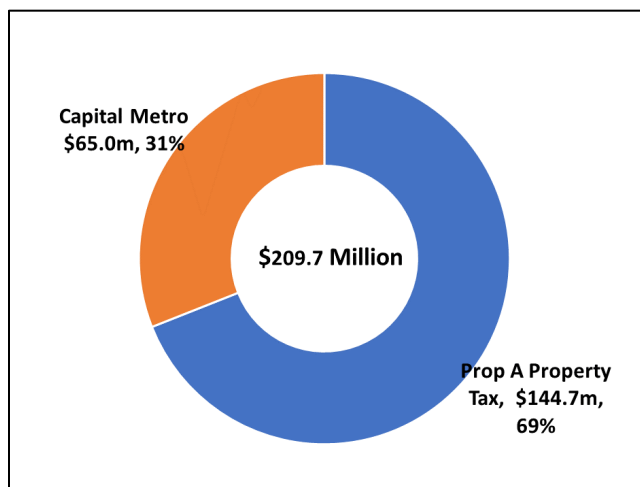
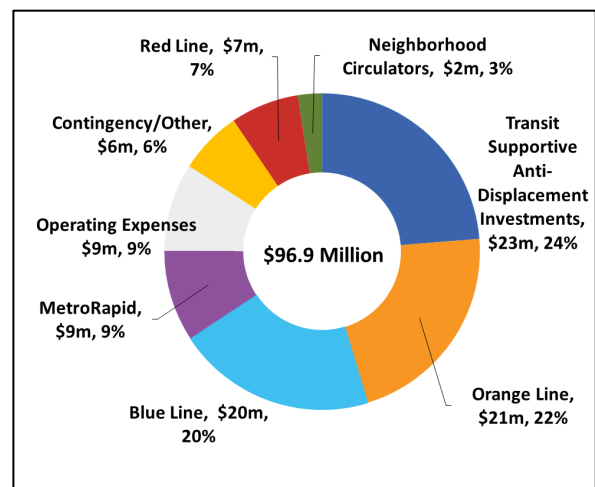


Figure 2: FY21 Approved Expenditure Budget by Category



Revenues

ATP's revenues primarily come from two sources, ATP's share of the City of Austin's ad valorem property tax rate, as approved by the voters with the approval of Proposition A in November 2020, and Capital Metro sales tax revenue. Both ended the fiscal year slightly above budget (Figure 3). Proposition A property tax revenue realized for FY21 was \$4.3 million higher than budgeted due to higher-than-expected new property growth and a lower-than-expected delinquency rate. Due to the pandemic and resulting economic

distress, the property tax delinquency rate was increased beyond historic norms, however collection rates remained stable.

In anticipation of advancing Project Connect, Capital Metro budgeted \$73 million in FY21. Because ATP's operations started mid-year, Capital Metro anticipating spending \$8 million of those funds directly in support of Project Connect during the first 3 months of the fiscal year. The \$66.7 million transferred is the unspent balance of the original \$73 million budget.

Figure 3: Revenues by Source through September 30, 2021 (in millions)

Source	Budget	Estimate	Actual
Proposition A Property Tax	\$144.7	\$149.3	\$149.0
Capital Metro Project Connect Funds	\$65.0	\$66.7	\$66.7
Total	\$209.7	\$216.0	\$215.7

Expenditures

Of the total \$96.9 million annual budget (see Figure 2) a total of \$45.1 million, or 46.5%, was expended through September 30, 2021 (Figure 4). In summary, \$7.3 million was spent on operating expenses, the majority to cover personnel. The remaining \$37.8 million was expended on Project Connect capital projects. The most significant variance is that the City of Austin did not expend the \$23 million in Transit Supportive Anti-Displacement Funds as anticipated. Additionally, the \$5 million budgeted for capital contingency was not used.

Figure 4 also shows the impact of reallocating \$65 million in administrative expenses out of the Operating Budget and into the Capital Budget. ATP as an entity was created with a specific purpose: to oversee and finance the acquisition, construction, equipping, and operations and maintenance for the transit system; and financial the transit-support anti-displacement strategies related to Project Connect. As such, the majority of the costs related to operating ATP, including staff, contracts, facility leases, office supplies, and staff development, are run through an allocation plan and apportioned to those projects for which they support. ATP uses a simplified allocation procedure that is in alignment with the Federal government's Office of Management and Budget guidance. Costs have been allocated to each project based on a proportionate share of the total expenditures incurred by these projects.

Figure 4: Expenditures by Category through September 30, 2021 (in millions)

Categories	Budget	Estimate	Actuals*	Reallocation	Revised Actuals*
Orange Line	\$20.9	\$19.8	\$16.0	\$2.8	\$18.8
Blue Line	19.7	18.2	15.9	2.8	18.7
MetroRapid	9.1	3.9	3.4	0.5	3.9
Red Line	6.0	3.2	2.3	0.4	2.7
Neighborhood Circulators	2.4	2.6	0.2	0.0	0.2
Operating Expenses	9.5	0.3	7.3	(6.5)	0.8
Transit Supportive Anti-Displacement Investments	23.0	23.0	0.0	0.0	0.0
Contingency/Other	6.3	1.2	0.0	0.0	0.0
Total	\$96.9	\$72.2	\$45.1	\$0.0	\$45.1

*Actuals are prior to year-end close

In Fiscal Year 2021, several Project Connect projects reached major milestones in development:

- Light Rail projects - The backbone of Project Connect is a light rail system consisting of two primary lines. The Orange Line starts at the North Lamar Transit Center, travels south through downtown and along South Congress Avenue to Stassney Lane. The Blue Line will travel from downtown, through Travis Heights, and east on Riverside Drive to Austin-Bergstrom International Airport.
 - Completed 15% design plans
 - Initiated the NEPA process to prepare two Environmental Impact Statements (EISs), including data collection and analysis for a wide variety of resource areas and the development of coordination plans
 - Implemented comprehensive public engagement to provide on scoping for NEPA and 15% design plans
 - Obtained FTA approval to enter Project Development phase of the Capital Investment Grants (CIG) program
- MetroRapid - Project Connect includes four new MetroRapid routes to enhance frequency. The plan also envisions a zero-emissions bus fleet, and the agency has already completed an electric bus charging yard in North Austin.
 - Completed 30% design plans and associated cost estimates
 - Completed NEPA clearance with FTA approval of Categorical Exclusion
 - Ongoing public outreach and coordination with stakeholders
- Red Line Improvements - Enhancements on the Red Line are also scheduled, with additional track planned to increase capacity and safety, as well as new stations, including a station at Q2 Stadium that will open in 2023.
 - Completed 30% design for McKalla Station
 - Released Design/Build solicitation for McKalla station
- Neighborhood Circulators - On-demand pickup and drop-off service within geographic zones offer connections into the transit system.
 - 3 new pickup zones added to Capital Metro's Neighborhood Circulator program for a total of 10 neighborhoods served

Ending Balance

This report reflects updated current year expenditure and revenue totals, which combined result in ATP accounts projected to end the year \$54.8 million above budgeted levels and \$23.8 million above the estimate provided at time of FY22 budget adoption. As a reminder, ATP had anticipated and budgeted for a surplus of revenues to expenditures in the early stages of Project Connect in order to fund start-up activities and project development prior to receipt of grants or issuances of debt. Of the \$167.6 million in Ending Reserve Balance (Figure 5), \$23 million has been included in the \$65 million in total funds appropriated to reimburse the City for anti-displacement efforts, and an additional \$134.6 million was appropriated for FY22 project and operating expenses incurred by both ATP and Capital Metro.

Figure 5: Fund & Reserve Summary

\$ Million	Budget	Estimate	Actuals*
Revenues	\$209.7	\$216.0	\$215.7
Proposition A Property Tax	144.7	149.3	149.0
Capital Metro Project Connect Funds	65.0	66.7	66.7
Expenses	96.9	72.2	45.1
Operating Expenses	8.7	2.6	7.3
Capital Expenses	65.2	46.6	37.8
Transit Supportive Anti-Displacement Investments	23.0	23.0	0.0
Ending Balance	112.8	143.8	170.6
Reserves			
Reserved for FY22 Anti-Displacement Investments			23.0
Reserved for FY22 Project Commitments			134.6
Reserved for Future Project Commitments			13.0
Total Reserves	\$112.8	\$143.8	\$ 170.6

*Actuals are prior to year-end close

Appendices

- Appendix A - Revenue Budget vs. Actual
- Appendix B - Operating Budget vs. Actual
- Appendix C - Capital Projects Budget vs. Actual



Revenue Budget vs. Actual

For the Months Ending September 30, 2021

Revenue	YTD Actuals Sep-2021	Approved Budget FY-2021	Remaining Budget	% of Budget
Proposition A Property Tax	148,976,837	144,700,746	(4,276,091)	102.96%
Capital Metro Project Connect Funds	66,749,749	65,000,000	(1,749,749)	102.69%
Parking Spaces for Rent	6,690	0	(6,690)	0.00%
Total	\$215,733,276	\$209,700,746	(\$6,032,530)	102.88%

Note:

Data prior to year-end closing entries.



Operating Budget vs. Actual

For the Months Ending September 30, 2021
Prior to Allocation to Capital Projects

Expenses	YTD Actuals Sep-2021	Approved Budget FY-2021	Remaining Budget	% of Budget
Salaries & Wages	2,471,572	1,376,283	(1,095,289)	179.58%
Fringe Benefits	773,535	1,342,885	569,349	57.60%
Services	1,857,741	4,333,903	2,476,162	42.87%
Supplies & Materials	31,204	33,186	1,981	94.03%
Utilities	1,520	1,155	(365)	131.60%
Casualty & Liability	29,673	100,000	70,327	29.67%
Tax Expense	0	10,353	10,353	0.00%
Transfer for CMTA Operations	0	1,441,157	1,441,157	0.00%
Miscellaneous	321,220	1,006,448	685,228	31.92%
Leases & Rentals	1,796,799	1,186,909	(609,890)	151.38%
Total Expenses	\$7,283,265	\$11,779,362	\$4,496,097	61.83%

Note:

Data prior to year-end closing entries.



Capital Projects Budget vs. Actual

For the Months Ending September 30, 2021

Prior to Allocation of Operating Expenses

Projects	YTD Actuals Sep-2021	Approved Budget FY-2021	Remaining Budget	% of Budget
Project Connect - Program Management	\$10,459,004	\$13,148,633	\$2,689,629	79.54%
Project Connect - Orange Line	11,254,383	14,602,008	\$3,347,626	77.07%
Project Connect - Blue Line	11,222,338	13,427,100	\$2,204,763	83.58%
MetroRapid Lines	2,386,528	7,664,274	\$5,277,746	31.14%
MLS Rail Station	2,296,130	2,000,000	(\$296,130)	114.81%
Neighborhood Circulators	173,000	224,943	\$51,944	76.91%
Red Line – Lakeline-Leander Siding	0	3,000,000	\$3,000,000	0.00%
Design Project Connect Facilities	0	1,040,000	\$1,040,000	0.00%
Broadmoor Rail Development	0	1,000,000	\$1,000,000	0.00%
Green Line	0	784,329	\$784,329	0.00%
New Entity in Dynamics AX System	0	220,000	\$220,000	0.00%
Transit Supportive Investments	0	23,000,000	\$23,000,000	0.00%
Contingency	0	5,000,000	\$5,000,000	0.00%
Total	\$37,791,382	\$85,111,287	\$47,319,906	44.40%

Note:

Data prior to year-end closing entries.