

M E M O R A N D U M



SUBJECT: November Monthly Financial Reports **DATE:** December 22, 2011

FROM: DGMA/CFO - Carol Dillon Kissal

TO: GM/CEO – Richard Sarles

A handwritten signature in blue ink, appearing to read 'Carol Kissal', written over the 'FROM' line.

I am enclosing for your review the November financial report. As described in the September financial report, we will be providing you with summary level information for the first and second months of each quarter. The third monthly report each quarter will contain detailed financial, revenue, ridership, and performance analysis, summarizing the activity for the quarter.

Through the end of November, Metro's operating budget had a positive net variance of \$10.1 million as a result of a \$5.0 million negative variance on revenues offset by a \$15.1 million positive expenditure variance. Total ridership through the end of November was 2.1 million higher than budget, or one percent, and 2.2 million higher than the same period last year.

Year to date, ridership was lower than budget on Metrorail by one percent or 5.4 million riders, primarily due low ridership in August as a result of acts of nature. November rail ridership showed improvement exceeding budget by three percent or 306,000 riders. Metrobus ridership continues to exceed budget. Metrobus ridership year to date of 55.3 million was five percent higher than the same period last year and seven percent higher than budget for the first five months of FY2012. However, in November, ridership was closer to budget, four percent over budget, than in the first four months of the fiscal year.

MetroAccess transported fewer passengers than during the same period last year and fewer than forecast for this year, 15 and 18 percent respectively with total passenger of 860,000. The decline is attributed to the successful implementation of demand management initiatives. Operating expense savings are occurring in conjunction with the lower passenger rates.

Operating revenues of \$336 million were one percent or \$5 million below forecast due to lower than forecasted Metrorail passenger revenues. Metrorail revenues were \$6.8 million or three percent lower than forecast and parking revenues were \$1.2 million or six percent lower than forecast, while Metrobus exceeded forecast by \$3.3 million, or six percent, and MetroAccess generated \$600,000 or 22 percent more in revenues than forecasted. Non-passenger revenue was off by \$0.9 million or four percent, year-to-date.

Operating expenditures through the end of November were \$15 million or two percent under budget on a total operating budget of \$607.1 million. Overruns in overtime and fringe benefit costs, were offset by under runs in non-personnel expenses, particularly services (including paratransit and other contracted

services) propulsion power, and electricity. Accounting corrections totaling \$11 million were completed in November, moving expenses that had previously been recorded in operating to capital. Additional expenditures to finalize corrections to capital expenses will be transferred from operating in December.

The capital program year-to-date expenditures are \$209 million with \$585 million in obligations. This represents a 32 percent expenditure rate increase as compared to the same period last year and a seven percent increase in obligation rate.

Major projects include:

- Major bus purchases have been completed in FY 2012. Metro has accepted 87 of the 100 replacement buses, of which 62 buses have been placed into service.
- Rehabilitation/modernizations were completed on escalators at the Farragut North, Foggy Bottom-GWU, Union Station, and Federal Center SW Metrorail station.
- Major repairs were completed on elevators at Congress Heights as well as on escalators at the College Park-U of MD and Potomac Ave Metrorail stations.
- Significant track and structure work is either underway or planned on all lines reflected the prioritization of state of good repair projects. See the tables in the monthly summary for quantitative information on the track and structure work completed YTD.

Attachment



Operating Budget Report

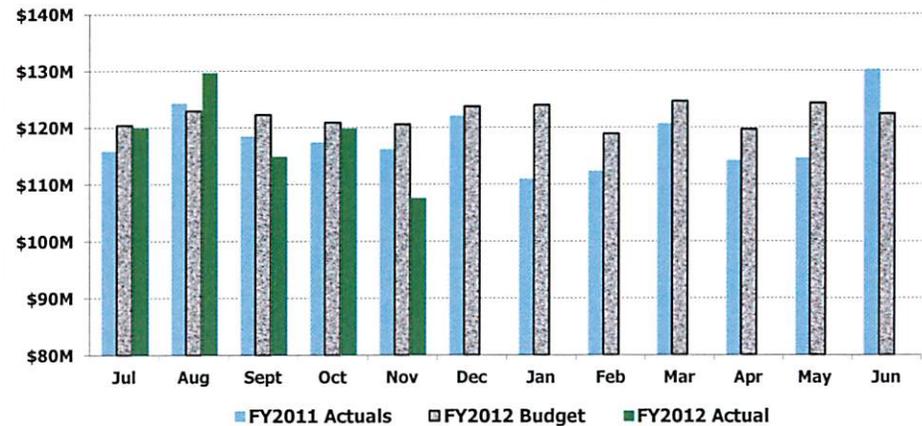
November FY2012

Operating Budget (\$ In Millions)

| MTD | Nov-FY2011 | | Nov - FY2012 | | Variance | |
|---------------|------------|----------|--------------|---------|----------|--|
| | Actual | Actual | Budget | FY2012 | Percent | |
| Revenue | \$ 61.8 | \$ 63.0 | \$ 63.9 | \$ 0.9 | -1% | |
| Expense | \$ 116.2 | \$ 107.6 | \$ 120.6 | \$ 13.0 | -11% | |
| Subsidy | \$ 54.4 | \$ 44.6 | \$ 56.6 | \$ 12.1 | -21% | |
| Cost Recovery | 53% | 59% | 53% | | | |

| YTD | FY2011 | | FY2012 | | Variance | |
|---------------|----------|----------|----------|---------|----------|--|
| | Actual | Actual | Budget | Percent | Percent | |
| Revenue | \$ 335.4 | \$ 336.1 | \$ 341.1 | \$ 5.0 | -1% | |
| Expense | \$ 592.2 | \$ 592.0 | \$ 607.1 | \$ 15.1 | -2% | |
| Subsidy | \$ 256.8 | \$ 255.9 | \$ 266.0 | \$ 10.1 | -4% | |
| Cost Recovery | 57% | 57% | 56% | | 1% | |

Operating Expenditures (\$ In Millions)



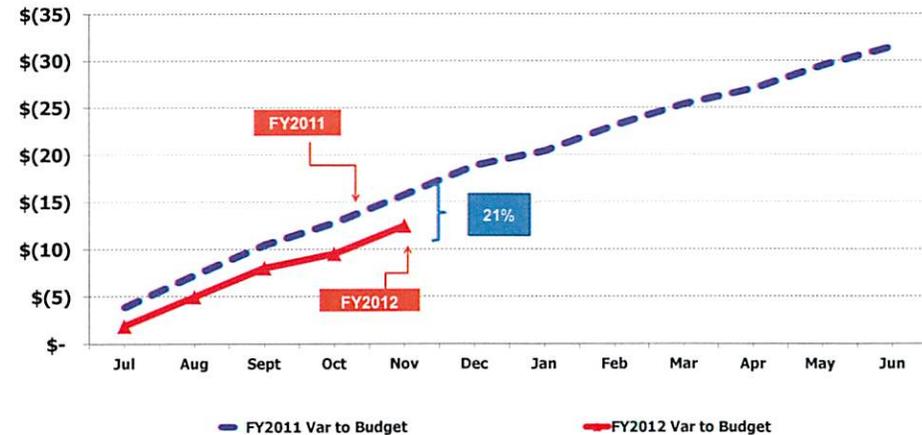
Operating Program Highlights

As of November YTD, Metro is **favorable to budget** by \$10M, or 4%

Year-to-date expenditures - \$15.1 M favorable to budget

- Salary & wages below budget by \$7.7 M
- Overtime (\$12.5 M) and fringe benefits (\$3.7 M) over budget
- Materials and Supply expenses (\$2.4 M) over budget, an improvement of \$5.7 M year-to-date. Supply expenses were adjusted in the month of November by \$10.6 M due to the allocation correction to capital
- Service of \$13.5 M were favorable due to savings in paratransit expenses and timing delays in some TIES contract utilization
- Propulsion/Diesel and Utilities/Insurance/Other were below budget by \$6.9 M and \$5.7 M respectively

YTD Overtime Variance to Budget (Cumulative, in \$ Millions)



Operating Budget Reprogramming Status

\$800,000 was reprogrammed within the Procurement Office from material and supplies budget to the professional and technical consultant services expense account for the purpose of funding a program to support the strategic sourcing of inventory parts.



Revenue and Ridership Report

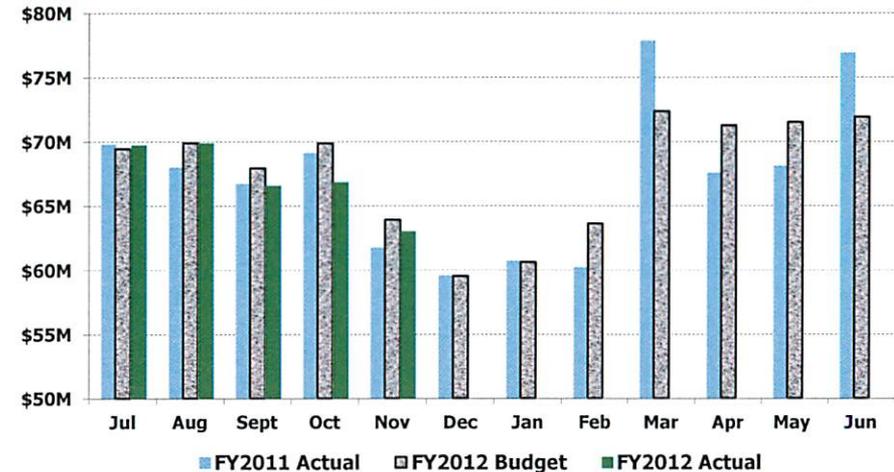
November FY2012

Ridership (trips in thousands)

| MTD | Nov. FY2011 | | Nov. FY2012 | | Variance | |
|---------------------|---------------|--|---------------|---------------|------------|-----------|
| | Actual | | Actual | Budget | Prior Year | Budget |
| MetroRail | 16,626 | | 17,156 | 16,850 | 3% | 2% |
| Metrobus | 10,163 | | 10,599 | 9,835 | 4% | 8% |
| MetroAccess | 196 | | 170 | 202 | -13% | -16% |
| System Total | 26,985 | | 27,925 | 26,887 | 3% | 4% |

| YTD | FY2011 | | FY2012 | | Variance | |
|---------------------|----------------|--|----------------|----------------|------------|------------|
| | Actual | | Actual | Budget | Prior Year | Budget |
| MetroRail | 92,053 | | 91,541 | 96,966 | -1% | -6% |
| Metrobus | 52,428 | | 55,294 | 51,824 | 5% | 7% |
| MetroAccess | 1,016 | | 860 | 1,051 | -15% | -18% |
| System Total | 145,497 | | 147,694 | 149,841 | 2% | -1% |

Revenue



Revenue and Ridership Highlights

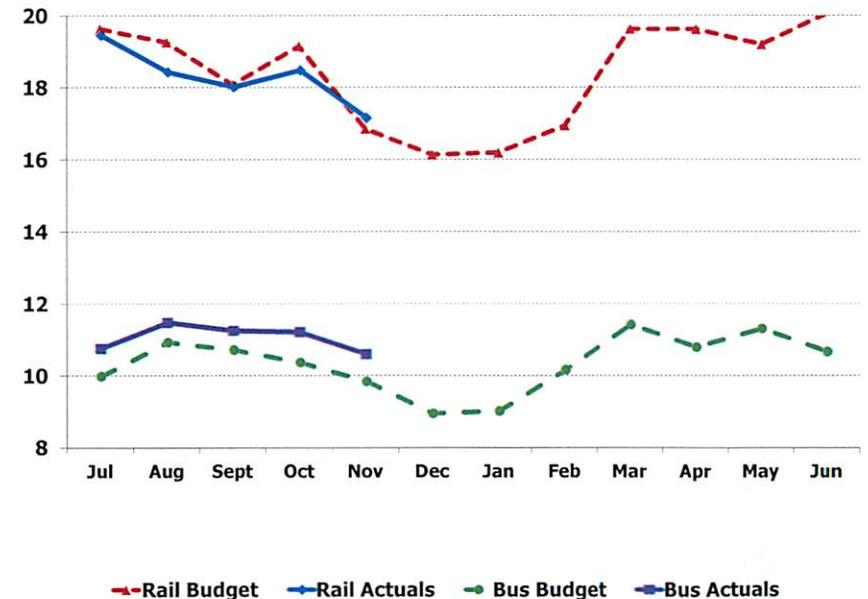
Year-to-date Revenue

- Year-to-date, Metro is (\$5 M) unfavorable to budget in revenue
- Rail passenger fares are (\$7 M) below budget. Although average fare has decreased from \$2.62 to \$2.60, ridership below budget has had a larger impact
- Bus passenger revenue is \$3 M favorable, averaging \$660,000 in revenue exceeding budget each month
- Total other revenue is (\$1 M) below to budget

Year-to-date Ridership

- Rail ridership in November showed signs of improvement, exceeding budget. Passenger trips were up during all periods over year; the largest increase occurring during the evening period. YTD ridership is 1.5% below budget.
 - Metro lost approximately 11,000 trips due to the cancellation of two NBA games resulting from the lockout dispute.
 - To counter this loss, other large events held this year helped.
- Bus ridership YTD is 3.5 M or 6.7% above budget, and 2.9 M or 5.4% above prior year. Average weekday ridership has been strong at 446,000 trips per day.
 - The weather slightly has been warmer than last year which positively impacts passenger trips on bus.

Monthly Ridership for Rail and Bus (In Millions)





Capital Program Report

November FY2012

Sources of Funds (\$ In Millions)

| | Expenditure-Based Year to Date Sources of Funds | | | | |
|--------------|---|----------|---------|----------|------------|
| | Budget | Forecast | Awarded | Received | To be Rec. |
| FY2011 CIP | \$844 | \$754 | \$0 | \$0 | \$844 |
| FY2012 CIP * | \$1,042 | \$917 | \$362 | \$321 | \$721 |

| | Obligation-Based to Date Sources of Funds | | | |
|-------------------|---|--------------|-------------|--------------|
| | Budget | Awarded | Received | To be Rec. |
| Safety & Security | \$57 | \$57 | \$0 | \$57 |
| ARRA | 56 | 56 | 33 | 23 |
| Reimbursable | 100 | 100 | 11 | 90 |
| Total | \$213 | \$213 | \$44 | \$169 |

Uses of Funds (\$ In Millions)

| | Expenditure-Based Year to Date Uses of Funds | | | | | |
|--------------|--|----------|-----------|----------|-----------|-----------|
| | Budget | Forecast | Obligated | Expended | Obl. Rate | Exp. Rate |
| FY2011 CIP | \$844 | \$754 | \$546 | \$158 | 65% | 19% |
| FY2012 CIP * | \$1,042 | \$917 | \$585 | \$209 | 64% | 23% |

| | Obligation-Based to Date Uses of Funds | | | | |
|-------------------|--|--------------|-------------|------------|------------|
| | Budget | Obligated | Expended | Obl. Rate | Exp. Rate |
| Safety & Security | \$57 | \$9 | \$0 | 16% | 1% |
| ARRA | 56 | 53 | 32 | 95% | 57% |
| Reimbursable | 100 | 85 | 23 | 84% | 22% |
| Total | \$213 | \$147 | \$55 | 69% | 26% |

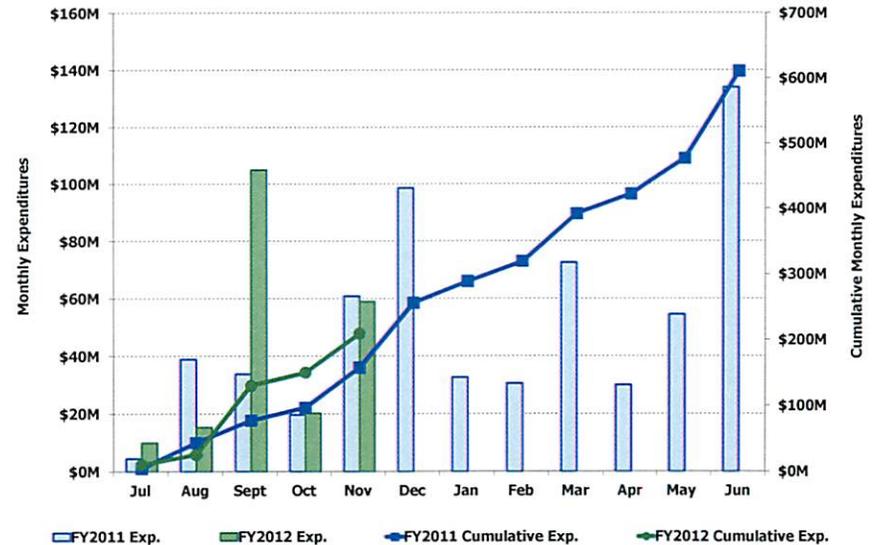
Capital Program Highlights

As of November 30th,

- The Capital Improvement Program (CIP) has expended \$209 million in FY2012. This is \$51 million more than the same period in FY2011.
- The current forecast is projecting expenditures of \$917 million for the fiscal year.
- 87 of the 100 FY2012 replacement buses have been received of which 62 have been placed into service. In addition, all 52 of the FY2011 replacements buses have been received as well.
- Major repairs were completed on elevators at the Congress Heights as well as on escalators at the College Park-U of MD and Potomac Ave Metrorail stations.
- Rehabilitation/modernizations were completed on escalators at the Farragut North, Foggy Bottom-GWU, Union Station, and Federal Center SW Metrorail station.
- Track rehabilitation work completed YTD include the following: welded 465 open joints; retrofitted 1,265 In ft of floating slabs; rehabilitated 5,710 In ft of grout pads; tamped 21.9 miles of track; and replaced 9,748 cross ties, 872 fasteners, 4,637 insulators, 5.25 miles ft of running rail, 6,277 direct fixation fasteners, 16 turnouts

* The total budget authority for the FY2012 is \$889 million plus \$153 million unexpended at the end of FY2011 for a total of \$1,042 million

CIP Expenditures (\$ In Millions)



Capital Budget Reprogramming Status

| FROM: | | \$ in Millions | TO: | | \$ in Millions |
|---------|---|----------------|---------|---|----------------|
| CIP0078 | Bladensburg Shop Reconfiguration | (\$1.42) | CIP0048 | Sensitive Data Protection Technology | \$2.50 |
| CIP0110 | Rail Rehab Tier 1: Nat'l Airport to S. Armory | (10.06) | CIP0093 | Integrating Regional SmarTrip System | 0.68 |
| CIP0136 | FCC Radio Frequency Comm. | (3.49) | CIP0107 | Rail Rehab Tier 1: Dupont to Silver Springs | 7.00 |
| CIP0032 | Fare Media Encodera | (0.68) | CIP0151 | Station Cooling Program | 5.47 |
| | | (\$15.65) | | | \$15.65 |



HR Vacancy Report

November FY2012

Operating Vacancies

| | Budget Approved Positions | Total Number Vacant | Vacancy Rate | Discussion |
|----------------------------------|---------------------------|---------------------|--------------|---|
| Total Operating Positions | 10,226 | 551 | 5% | Hired new 2 new recruiting specialists, focused on IT and Engineering |

Departments with a large number of vacancies:

| | | | | |
|---------------------------------------|-------|-----|-----|---|
| Transit Infra. & Engineering Services | 3,115 | 156 | 5% | Vacancies decreased by 14 from October |
| Bus Services | 3,796 | 118 | 3% | |
| Rail Transportation | 1,499 | 107 | 7% | Rail hiring process is dependent on progress in Bus filling positions |
| Information Technology | 251 | 53 | 21% | Recruiting specialist will be reviewing open positions |
| Metro Police Department | 635 | 23 | 4% | |

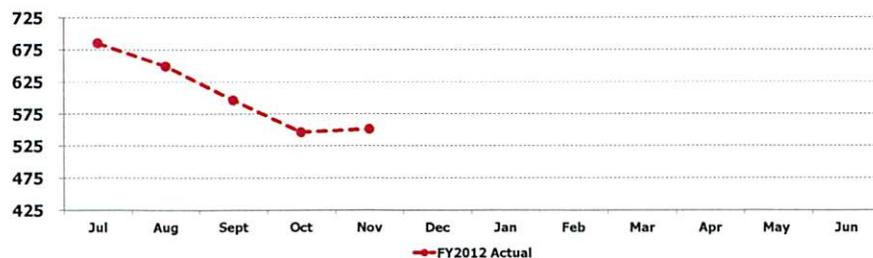
Capital Vacancies

| | Budget Approved Positions | Total Number Vacant | Vacancy Rate | Discussion |
|--------------------------------|---------------------------|---------------------|--------------|------------|
| Total Capital Positions | 1,019 | 187 | 18% | |

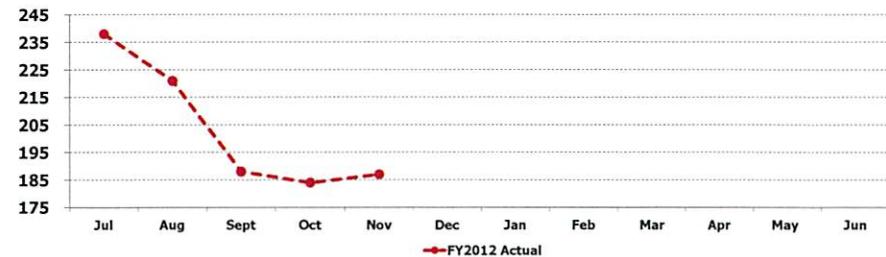
Departments with a large number of vacancies:

| | | | | |
|---------------------------------------|-----|-----|------|--|
| Transit Infra. & Engineering Services | 767 | 123 | 16% | |
| Information Technology | 37 | 25 | 68% | Initiative to convert contract positions to full-time employees is ongoing |
| Procurement Capital Support | 24 | 24 | 100% | Recruitment process is being initiated |

Operating Vacancy Trend



Capital Vacancy Trend



Operating Financials

November-11
FISCAL YEAR 2012
Dollars in Millions

MONTHLY RESULTS:

YEAR-TO-DATE RESULTS:

| Prior Year Actual | Current Year | | | | | Prior Year Actual | Current Year | | | |
|------------------------------|----------------|----------------|----------------|------------|-------------------------|----------------------|----------------|----------------|----------------|------------|
| | Actual | Budget | Variance | | | | Actual | Budget | Variance | |
| REVENUES: | | | | | | | | | | |
| Passenger Revenue | | | | | | | | | | |
| \$43.6 | \$44.3 | \$44.4 | (\$0.1) | 0% | Metrorail | \$241.0 | \$238.2 | \$244.9 | (\$6.8) | -3% |
| 10.1 | 10.8 | 9.9 | 0.9 | 9% | Metrobus | 55.6 | 55.5 | 52.2 | 3.3 | 6% |
| 0.1 | 0.7 | 0.5 | 0.1 | 27% | MetroAccess | 1.8 | 3.2 | 2.7 | 0.6 | 22% |
| 3.3 | 3.7 | 4.1 | (0.5) | -11% | Parking | 17.4 | 18.7 | 19.9 | (1.2) | -6% |
| \$57.1 | \$59.4 | \$59.0 | \$0.5 | 1% | subtotal | \$315.8 | \$315.6 | \$319.7 | (\$4.1) | -1% |
| Non-Passenger Revenue | | | | | | | | | | |
| \$0.8 | \$0.7 | \$0.7 | (\$0.0) | -3% | D.C. Schools | \$2.4 | \$2.7 | \$2.3 | \$0.4 | 16% |
| 1.5 | 1.1 | 1.8 | (0.7) | -41% | Advertising | 4.4 | 4.6 | 6.9 | (2.3) | -34% |
| 0.4 | 0.3 | 0.5 | (0.2) | -35% | Joint Dev/Property Rent | 2.3 | 2.8 | 2.7 | 0.1 | 4% |
| 1.3 | 1.1 | 1.2 | (0.1) | -10% | Fiber Optic | 6.1 | 6.1 | 6.2 | (0.1) | -2% |
| 0.4 | 0.4 | 0.6 | (0.3) | -42% | Other | 3.8 | 4.3 | 3.1 | 1.3 | 41% |
| 0.0 | 0.0 | 0.0 | (0.0) | -97% | Interest | 0.1 | 0.0 | 0.2 | (0.2) | -93% |
| 0.0 | 0.0 | 0.0 | 0.0 | | SE Closure | 0.0 | 0.0 | 0.0 | 0.0 | |
| 0.2 | 0.0 | 0.0 | 0.0 | | SCR Funding | 0.4 | 0.0 | 0.0 | 0.0 | |
| \$4.7 | \$3.6 | \$4.9 | (\$1.4) | -28% | subtotal | \$19.7 | \$20.5 | \$21.4 | (\$0.9) | -4% |
| \$61.8 | \$63.0 | \$63.9 | (\$0.9) | -1% | TOTAL REVENUE | \$335.4 | \$336.1 | \$341.1 | (\$5.0) | -1% |
| EXPENSES: | | | | | | | | | | |
| \$51.0 | \$51.8 | \$54.6 | \$2.8 | 5% | Salary/Wages | \$258.7 | \$264.6 | \$272.0 | \$7.4 | 3% |
| \$6.7 | \$7.5 | \$4.5 | (\$3.0) | -66% | Overtime | \$36.0 | \$36.5 | \$24.0 | (\$12.5) | -52% |
| 26.5 | 22.1 | 25.9 | 3.8 | 15% | Fringe Benefits | 124.8 | 130.2 | 126.8 | (3.4) | -3% |
| 14.9 | 15.2 | 16.2 | 1.1 | 7% | Services | 74.6 | 71.0 | 84.5 | 13.5 | 16% |
| 4.0 | (1.3) | 4.3 | 5.6 | 131% | Supplies | 30.6 | 24.0 | 21.6 | (2.4) | -11% |
| 6.8 | 7.0 | 8.4 | 1.4 | 17% | Power/Diesel/CNG | 36.3 | 38.2 | 45.1 | 6.9 | 15% |
| 2.5 | 2.3 | 3.7 | 1.4 | 37% | Utilities | 13.6 | 13.0 | 18.7 | 5.7 | 30% |
| 3.7 | 3.1 | 2.9 | (0.2) | -7% | Insurance/Other | 17.6 | 14.5 | 14.4 | (0.1) | -1% |
| \$116.2 | \$107.6 | \$120.6 | \$13.0 | 11% | TOTAL EXPENSE | \$592.2 | \$592.0 | \$607.1 | \$15.1 | 2% |
| \$54.4 | \$44.6 | \$56.6 | \$12.1 | 21% | SUBSIDY | \$256.8 | \$255.9 | \$266.0 | \$10.1 | 4% |

Favorable/(Unfavorable)

Favorable/(Unfavorable)

53%

59%

53%

COST RECOVERY RATIO

57%

57%

56%