2020-2021 Passenger Revenue and Sales Tax Forecast

Metra Board of Directors
April 15, 2020
Presented by Thomas Farmer
Chief Financial Officer
TODAY’S DISCUSSION

• Ridership is down
• Tax revenues will fall
• It will be a rough several months as we run largely empty trains, but we will not let down our riding public
• We will make necessary changes through strong planning and effective implementation and we will bring our riders back, but…
• Commuter rail will not be the same after COVID-19. We must understand the new reality, innovate and transform to meet the needs of our public
• We will need help from all our stakeholders to push through and recover
RIDERSHIP REPORT
Preliminary indicators show that March 2020 ridership was down about 50% compared to March 2019.

**Weekday 2020 Passenger Loads Compared to 2019 Same-Week Passenger Loads**

97% Decrease in Passenger Loads After Stay at Home Order
Projected Ridership

2020 Budgeted Ridership and Revised Forecast by Month

Variance from Budgeted Ridership

<table>
<thead>
<tr>
<th>Month</th>
<th>2020 Budgeted Monthly Ridership</th>
<th>2020 Actual &amp; Revised Projected Ridership</th>
<th>Variance from Budgeted Ridership</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>5.9</td>
<td>6.0</td>
<td>1%</td>
</tr>
<tr>
<td>February</td>
<td>5.8</td>
<td>5.8</td>
<td>1%</td>
</tr>
<tr>
<td>March</td>
<td>6.1</td>
<td>6.2</td>
<td>-52%</td>
</tr>
<tr>
<td>April</td>
<td>6.2</td>
<td>5.9</td>
<td>-97%</td>
</tr>
<tr>
<td>May</td>
<td>6.1</td>
<td>6.7</td>
<td>-90%</td>
</tr>
<tr>
<td>June</td>
<td>6.7</td>
<td>6.4</td>
<td>-80%</td>
</tr>
<tr>
<td>July</td>
<td>6.4</td>
<td>6.3</td>
<td>-70%</td>
</tr>
<tr>
<td>August</td>
<td>6.3</td>
<td>6.4</td>
<td>-50%</td>
</tr>
<tr>
<td>September</td>
<td>6.4</td>
<td>6.3</td>
<td>-40%</td>
</tr>
<tr>
<td>October</td>
<td>6.3</td>
<td>6.0</td>
<td>-30%</td>
</tr>
<tr>
<td>November</td>
<td>6.0</td>
<td>5.9</td>
<td>-20%</td>
</tr>
<tr>
<td>December</td>
<td>4.2</td>
<td>4.7</td>
<td></td>
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Preliminary reporting, based on assumptions as outlined in this presentation.
Ridership Considerations

• Due to the demographics we serve, commuter rail ridership losses have been greater than other transit modes
• Ridership *may* never recover to 2019 levels, certainly not in the near term – it may take 1-3 years
• COVID-19 may significantly speed up a trend towards resident relocation and increased telecommuting
• For forecast purposes, impacts on ridership are assumed to be equal across zones with ticket types having a simple linear effect on revenue
REVENUE IMPLICATIONS
A Few Key Assumptions

• There will be a slow ramp-up
• Unemployment will be low
• Low gas prices and uncongested roads in the immediate reopening will cause people to use cars at first
• Some people will never return
• 2020’s ending revenues and tax funding will become the benchmark for 2021’s ridership and tax funding
• Tax side information was informed by the RTA
2020 Passenger Revenues (est.)

($ in Millions)

2020 Budget $363.0
2020 Forecast $170.6
Shortfall ($192.4)

53% ▼

January February March April May June July August September October November December

2020 Budget - Cumulative
2020 Forecast - Cumulative

Metra
2020 Sales Tax Funding (est.)

- **2020 Budget**: $434.4
- **2020 Forecast**: $295.7
- **Shortfall**: ($138.7)

Cumulative Budget: 32% ▼
2020-2021 Total Sales Tax Funding & Pass Rev (est.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Passenger Revenue Shortfall</th>
<th>Sales Tax Shortfall</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>($138.7)</td>
<td>($75.4)</td>
<td>($214.1)</td>
</tr>
<tr>
<td>2021</td>
<td>($129.0)</td>
<td>($204.4)</td>
<td>($333.4)</td>
</tr>
<tr>
<td>Total</td>
<td>($331.1)</td>
<td>($267.8)</td>
<td>($598.9)</td>
</tr>
</tbody>
</table>

Legend:
- Blue: Passenger Revenue Shortfall
- Orange: Sales Tax Shortfall
CORRECTIVE ACTIONS
<table>
<thead>
<tr>
<th>MANAGE COVID-19 NEAR TERM</th>
<th>BE PROACTIVE, BE MARKETERS</th>
<th>ANALYZE, MEASURE AND MODIFY</th>
</tr>
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<tbody>
<tr>
<td>• Establish new levels of cleaning and demonstrate sanitary enhancements</td>
<td>• Use research to understand rider sentiment and barriers to entry at the deepest levels</td>
<td>• Use our current telemetry and metrics but consider adding others</td>
</tr>
<tr>
<td>• Leverage current events as a rallying cry to garner highest levels of employee engagement</td>
<td>• Communicate better with the public in more meaningful ways (leverage our assets)</td>
<td>• Understand COVID-19’s implications from a more national perspective</td>
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<tr>
<td>• Develop strategic plans to recover riders and replace lost ones</td>
<td>• Target populations with the best chance to create new (incremental) riders</td>
<td>• Work our plan, but be fluid in our thinking – become more nimble</td>
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Conclusions

• Taxes and revenue are projected down in excess of $500m in 2020 through 2021, but could be more.

• To deal with this…
  • We need to understand what the “new normal” is
  • We need to actively innovate to meet the changing public needs
  • We need and appreciate the full support from all of our stakeholders

THANK YOU FOR YOUR TIME.