

FINANCE UPDATE

SPEND OBSERVATIONS

FY24 and CURRENT STATE REVIEW

While still in process, the opportunities to shift spending to service improvements are becoming clear:

People

Since 2017, the increase in non-operating people spend is over **\$4.4 million**

During that time service has decreased

Over that time, MATA took over \$4.4 million away from service delivery annually

Non-People

Administrative spend nearly **\$10 million** with multiple areas of redundant spend (*i.e., paying multiple vendors for the same or like service*)

MATA lacks procurement protocols and proper checks and balances on spend

Opportunity

1. Look at ways to shift administrative spend to operations
2. Revisit all admin spend to eliminate unnecessary spend and redundant spend
3. Deploy proper procurement processes

OPERATIONAL PLANNING

FY26 OPERATING BUDGET

Income Statement (\$s)	FY24 Unaudited	FY25 YTD Act. (As of 1/31/2025)	FY25 Estimate	FY26 Budget Draft	Budget Notes
Revenues					
Operating Revenue	2,153,607	1,617,065	2,772,112	2,375,000	
Federal Grants	7,199,300	11,562,939	25,177,254	16,070,408	FY24 funds received in FY25; FY26 represents average
State Grants	7,593,912	1,553,542	7,424,349	7,740,236	
City of Memphis	32,170,000	28,199,014	35,670,000	30,000,000	FY25 was \$30.67 million plus \$5 million one-time
Shelby County	–	500	857	–	
Other	386,608	–	–	–	
Total Revenues	\$ 49,503,427	\$ 42,933,061	\$ 71,044,572	\$ 56,185,644	
Expenses					
Employment Expenses	49,506,500	26,169,521	42,138,452	35,580,000	Pro Forma Future State w/o service increase
Services	15,953,200	9,759,728	16,730,962	12,562,701	YTD 1/25 annualized * % Reduction Assumption
Materials & Supplies	10,219,000	5,775,383	9,900,656	8,756,519	YTD 1/25 annualized * % Reduction Assumption
Other Operating Expenses	4,787,200	2,086,186	3,576,318	2,832,160	YTD 1/25 annualized * % Reduction Assumption
Depreciation	11,219,200	6,256,164	10,724,852		
Total Operating Expenses	\$ 91,685,100	\$ 50,046,981	\$ 83,071,240	\$ 59,731,380	
Net Gain/Loss	(\$ 42,181,673)	(\$ 7,113,920)	(\$ 12,026,668)	(\$ 3,545,736)	

Note: Net Gain/Loss excl. dep. (\$ 30,962,473) (\$857,757) (\$1,301,816) (\$ 3,545,736) Net Gain/Loss (excl. dep)

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OPERATIONAL PLANNING

GAP CLOSURE TO BALANCED BUDGET

Category	FY26 Budget Draft	Target Improvement	FY26 Target Budget	Budget Notes
Net Gain/Loss	(\$ 3,545,736)			
Overtime Contingency	1,500,000	1,000,000	500,000	Target to outperform FY25 spend of ~\$1.3M
Professional / Technical	6,693,820	700,000	5,993,820	Further reduce spend across third parties
Maintenance	2,086,001	200,000	1,886,001	Reduce third party spend via more Buildings & Grounds personnel
Fuel	3,454,451	554,451	2,900,000	Negotiations pending; recent rates well below FY25 price lock-in
Other M&S	4,576,548	1,000,000	3,576,548	Pending fleet replenishment driving lower hard parts spend
Utilities & Phone	945,655	100,000	845,655	Closure of Airways and American Way to drive incremental savings
Target Net Gain/Loss		\$ 3,554,451	\$ 8,715	

CAPITAL PLANNING

KEY PRINCIPLES

1. Capital dollars are sourced from capital-specific grants, requiring a secondary fiscal management and reporting effort
2. Capital planning is wholly independent of the operating planning and budgeting process
3. Leading practice in capital planning for fleets is to spread spend across the full life of assets with a “replace-as-you-go” approach
 - Impact is better distribution of cash outlays (even vs lumpy)
 - Supports easier life cycle management of assets and reduced maintenance costs (from timely end-of-life and fleet age management)

CAPITAL PLANNING

TARGET FIXED ROUTE FLEET REPLACEMENT PROGRAM

Schedule	54	Life:			Delivery		Capital (\$000s)	
Spares %	20%	Years	12		Low	High	Low	High
Spares	11	Miles	500,000	Annual ²	5	6	\$ 4,000.0	\$ 4,800.0
Need	65	Cost ¹	\$ 800,000					

Target Replacement Schedule

Year	1	2	3	4	5	6	7	8	9	10	11	12
Purchase	14	18	6	3	~10%	~10%	~10%	~10%	~10%	~10%	~10%	~10%

- For the current 54-bus schedule, the fleet needs a total of 65 active vehicles, including spares
- We recommend accelerating the replacement of the current aging fleet with an upfront infusion of new buses using available capital funds³ before transitioning to a more sustainable capital replacement program (10% annual replacement rate) in year 5
- A proper replacement program would mean taking delivery of 5-to-6 new buses every year and \$4.0 – 4.8M of capital annually

¹Based on recent quote and acquisition prices (prices impacted by market uncertainty related to fluctuating tariffs)

²Based on 2025 fleet size

³ BUILD (\$14.6M, EXP 7/27); CMAQ (\$12.9M, EXP 3/29); CIP Funds (\$7.6M)

CAPITAL PLANNING

TARGET DEMAND RESPONSE FLEET REPLACEMENT PROGRAM

Life:		Today's fleet	55	Denials	3%
Years	5	Miles / year / van	50,000	Total potential miles	2,832,500
Miles	150,000	Total miles / year	2,750,000	Target miles / year	30,000
Cost *	\$ 148,216			Target fleet	76

	Delivery		Capital (\$000s)	
	Low	High	Low	High
Annual	15	16	\$ 2,223.2	\$ 2,371.5

Target Replacement Schedule

Year	1	2	3	4	5
Purchase	15	15	15	15	16

- Based on miles driven and useful life of vehicles MATA DR needs a fleet of roughly 76 vehicles
- With 15 units on order, MATA should continue buying ~15 units annually with select retirements to maintain a sustainable fleet

CAPITAL PLANNING

NEXT STEPS

1. Assess capital grant opportunities and schedules to align with capital planning approach and needs assessment
2. Develop calendarized execution program
3. Confirm access to capital and initiate execution

FINANCE KEY MESSAGES

CASH FORECAST

Period Ending:	4/18/2025	Forecast 4/25/2025	Forecast 5/2/2025	Forecast 5/9/2025	Forecast 5/16/2025	Forecast 5/23/2025	Forecast 5/30/2025	Forecast 6/6/2025	Forecast 6/13/2025	Forecast 6/20/2025	Forecast 6/27/2025	Forecast 7/4/2025
Cash Operating Receipts												
System/Misc. Collections	\$43,799	\$20,000	\$25,000	\$20,000	\$25,000	\$20,000	\$25,000	\$20,000	\$25,000	\$20,000	\$25,000	\$20,000
Federal	—	—	—	6,100,000	—	—	—	—	—	—	—	7,000,000
State	49,953	—	—	—	—	—	—	—	—	—	—	—
County	—	—	—	—	—	—	—	—	—	—	—	—
City Ops & CIP Funding	—	13,152	21,530	776,135	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—	—	—
Total Cash Operating Receipts	\$93,752	\$33,152	\$46,530	\$6,896,135	\$25,000	\$20,000	\$25,000	\$20,000	\$25,000	\$20,000	\$25,000	\$7,020,000
Cash Operating Disbursements												
Payroll & Related (incl CBA-related)	\$197,214	\$1,000,358	\$802,200	\$1,000,358	\$215,700	\$1,000,358	\$195,200	\$1,000,358	\$226,500	\$1,000,358	\$195,200	\$1,250,000
Healthcare/Benefits/EE Spending	310,559	—	400,000	—	420,000	—	400,000	—	420,000	—	400,000	—
Vendor Payments	407,804	600,000	375,000	600,000	375,000	600,000	375,000	600,000	375,000	600,000	375,000	—
Amex / P-Card	—	—	—	—	—	—	—	—	—	—	—	—
Bank Charges	—	—	3,200	—	840	—	—	3,200	—	840	—	—
Insurance	—	—	—	—	—	—	—	—	—	—	—	—
Workers Comp	—	—	—	30,000	—	—	—	30,000	—	—	—	30,000
Self-Insurance Payments	3,000	—	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—	—	—
Total Cash Operating Disbursements	\$918,578	\$1,600,358	\$1,580,400	\$1,630,358	\$1,011,540	\$1,600,358	\$970,200	\$1,633,558	\$1,021,500	\$1,601,198	\$970,200	\$1,280,000
Net Operating Cash Flow	(\$824,826)	(\$1,567,206)	(\$1,533,870)	\$5,265,777	(\$986,540)	(\$1,580,358)	(\$945,200)	(\$1,613,558)	(\$996,500)	(\$1,581,198)	(\$945,200)	\$5,740,000
Transfer From Savings	—	—	—	—	—	—	—	—	—	—	—	—
Transfer To Savings	—	—	—	—	—	—	—	—	—	—	—	—
Total Savings Transfers	—	—	—	—	—	—	—	—	—	—	—	—
Net Cash Flow - Operating Account	(\$824,826)	(\$1,567,206)	(\$1,533,870)	\$5,265,777	(\$986,540)	(\$1,580,358)	(\$945,200)	(\$1,613,558)	(\$996,500)	(\$1,581,198)	(\$945,200)	\$5,740,000
Bank Cash												
BOP Bank Cash Balance	\$4,439,708	\$3,614,882	\$2,047,676	\$513,806	\$5,779,583	\$4,793,043	\$3,212,685	\$2,267,485	\$653,927	(\$342,573)	(\$1,923,771)	(\$2,868,971)
Net Cash Flow	(824,826)	(1,567,206)	(1,533,870)	5,265,777	(986,540)	(1,580,358)	(945,200)	(1,613,558)	(996,500)	(1,581,198)	(945,200)	5,740,000
Revolver Draw / (Paydown)	—	—	—	—	—	—	—	—	—	—	—	—
EOP Bank Cash Balance	\$3,614,882	\$2,047,676	\$513,806	\$5,779,583	\$4,793,043	\$3,212,685	\$2,267,485	\$653,927	(\$342,573)	(\$1,923,771)	(\$2,868,971)	\$2,871,029

FINANCE KEY MESSAGES

CASH FORECAST (CONT'D)

- State funds of \$5.56M were received the last week of March, funding March/April MATA operations
- We continue to expect initial FY25 FTA formula funds of \$6.1M by early May
 - This should cover liquidity through May, into early June
- Remaining FTA funds on account of Federal FY25 should be ~\$7.5M
 - Remaining FY25 allocation is not yet available to be applied for; timing still TBD
 - Those funds should be made available due to Continuing Resolution signed on 3/15/25; funds are typically received 4-6 weeks after the agency applies
- Next pinch point will be early June, and will intensify until either the Federal funds or City FY26 funds become available
- Vendor payments continue to be carefully managed

We remain focused on delivering dependable operations within current financial and operational constraints, while maintaining prudent management of cash

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FINANCE KEY MESSAGES

VENDOR MANAGEMENT

- Beginning April 2025, we added \$1.9M of vendor payments that were not already recorded in MUNIS; the change is reflected in all periods in the chart below
- Up to \$0.6M additional may be recorded in the coming weeks to bring the payables report in line with the reality of what is owed

Date		Current	30 - 60	60 - 90	90 & Over	Total Balance ⁽¹⁾
4/23/2025	\$	645,302	905,715	1,246,084	7,301,731	10,098,832
	% of total	6.4%	9.0%	12.3%	72.3%	100.0%
3/31/2025	\$	904,797	1,555,161	985,225	6,793,918	10,239,101
	% of total	8.8%	15.2%	9.6%	66.4%	100.0%
2/28/2025	\$	1,796,267	1,600,862	1,897,239	5,629,339	10,923,706
	% of total	16.4%	14.7%	17.4%	51.5%	100.0%
1/31/2025	\$	1,723,501	2,463,740	1,232,569	4,739,683	10,159,492
	% of total	17.0%	24.3%	12.1%	46.7%	100.0%
12/31/2024	\$	2,621,561	1,257,124	2,027,037	3,251,198	9,156,920
	% of total	28.6%	13.7%	22.1%	35.5%	100.0%
9/30/2024	\$	1,576,329	1,139,994	786,449	6,151,068	9,653,839
	% of total	16.3%	11.8%	8.1%	63.7%	100.0%
6/30/2024	\$	1,675,116	4,412,654	1,862,761	4,932,804	12,883,334
	% of total	13.0%	34.3%	14.5%	38.3%	100.0%
3/31/2024	\$	3,306,425	2,650,964	1,336,655	2,958,998	10,253,042
	% of total	32.2%	25.9%	13.0%	28.9%	100.0%