

COVID-19 Forecast and FY 2021 Budget Development

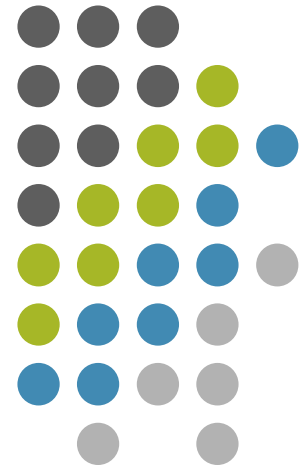
Board of Directors Meeting – Item 6

April 10, 2020

Presented by

Ray Major, Chief Economist

Andre Douzdjian, Chief Financial Officer

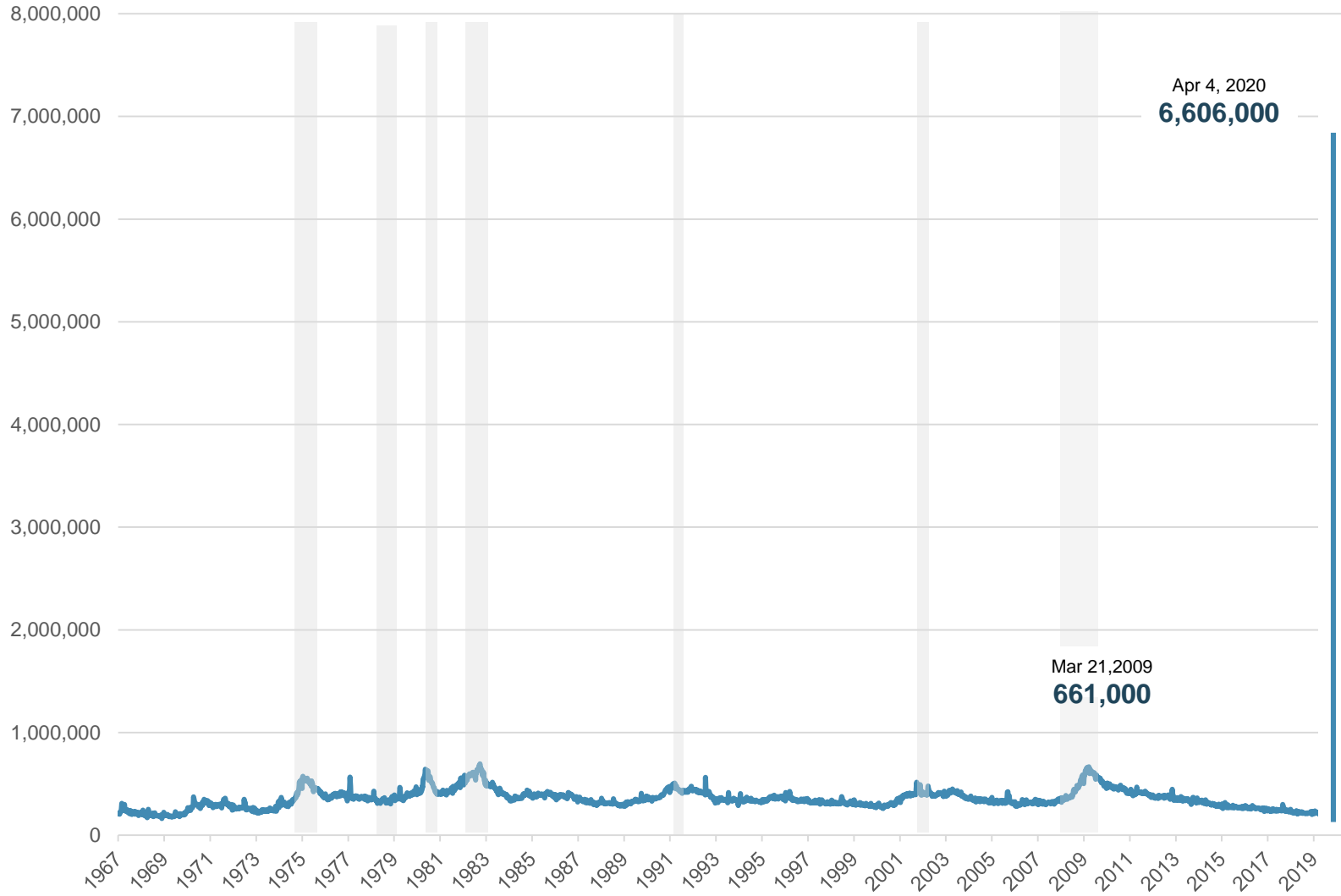


Dynamic forecasts in these times of uncertainty

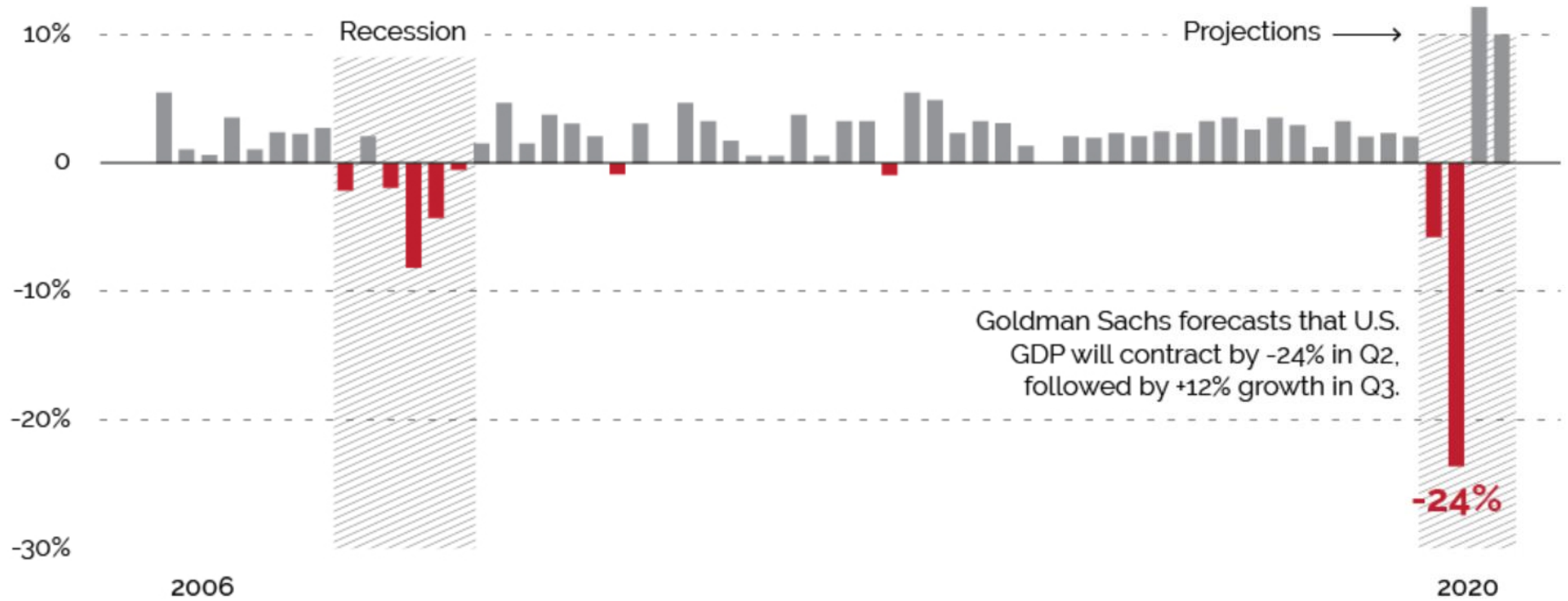


- Unprecedented Times, Unrecognizable data
- Man-made disruption leading to an economic recession
- Three Critical Factors, all unknown at this time
 - Length of the disruption
 - Depth (severity) of the impending recession
 - Shape of the recovery curve
- Developed Scenarios, not a point forecast
- Multiple Scenarios define a range of possible outcomes

Initial Jobless Claims



U.S. Gross Domestic Product

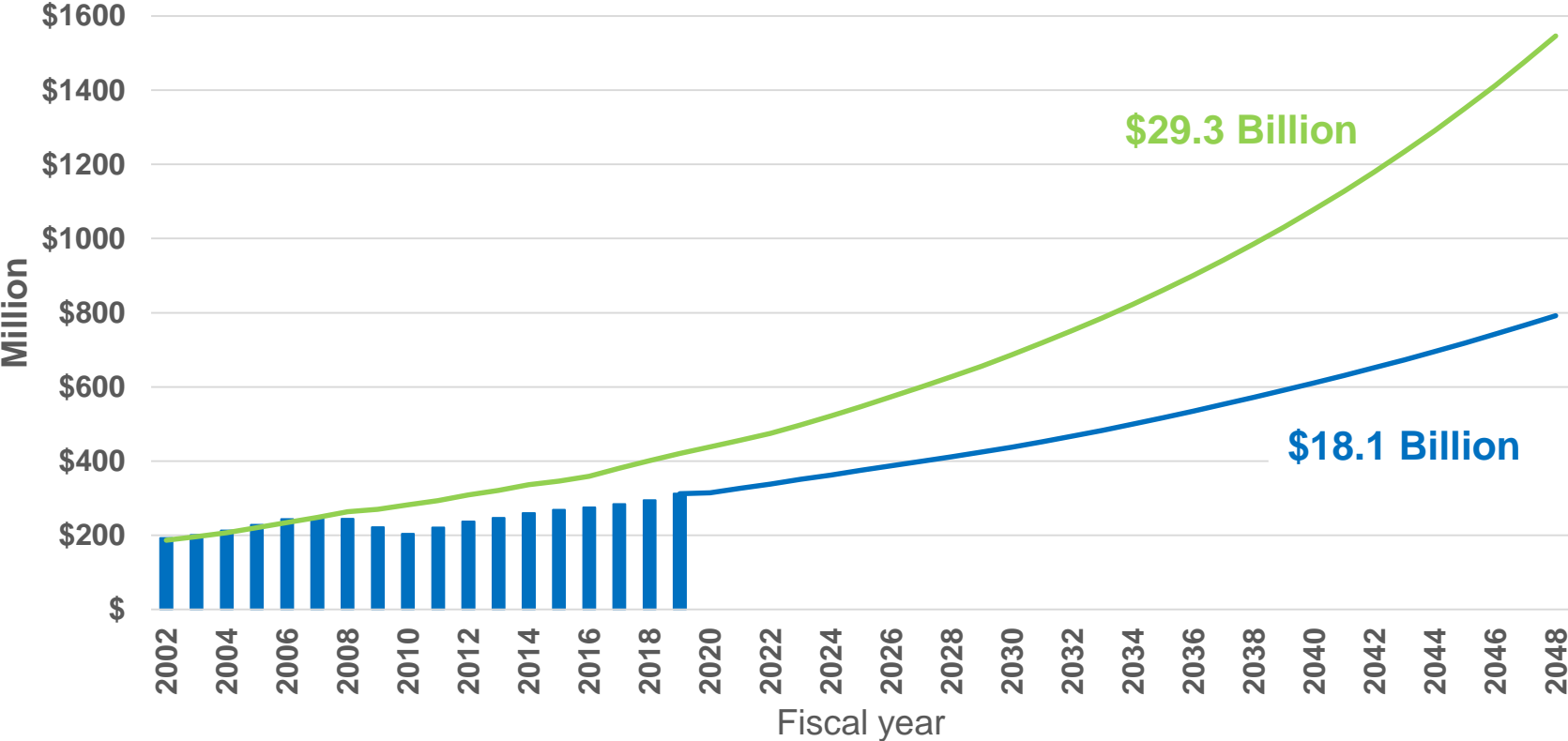


Source: Commerce Department, Goldman Sachs via Washington Post. Figures are quarter-on-quarter annualized growth rates.

TransNet Revenue Forecast



in Year of Collection Dollars (Nominal \$)



Actual revenue collected

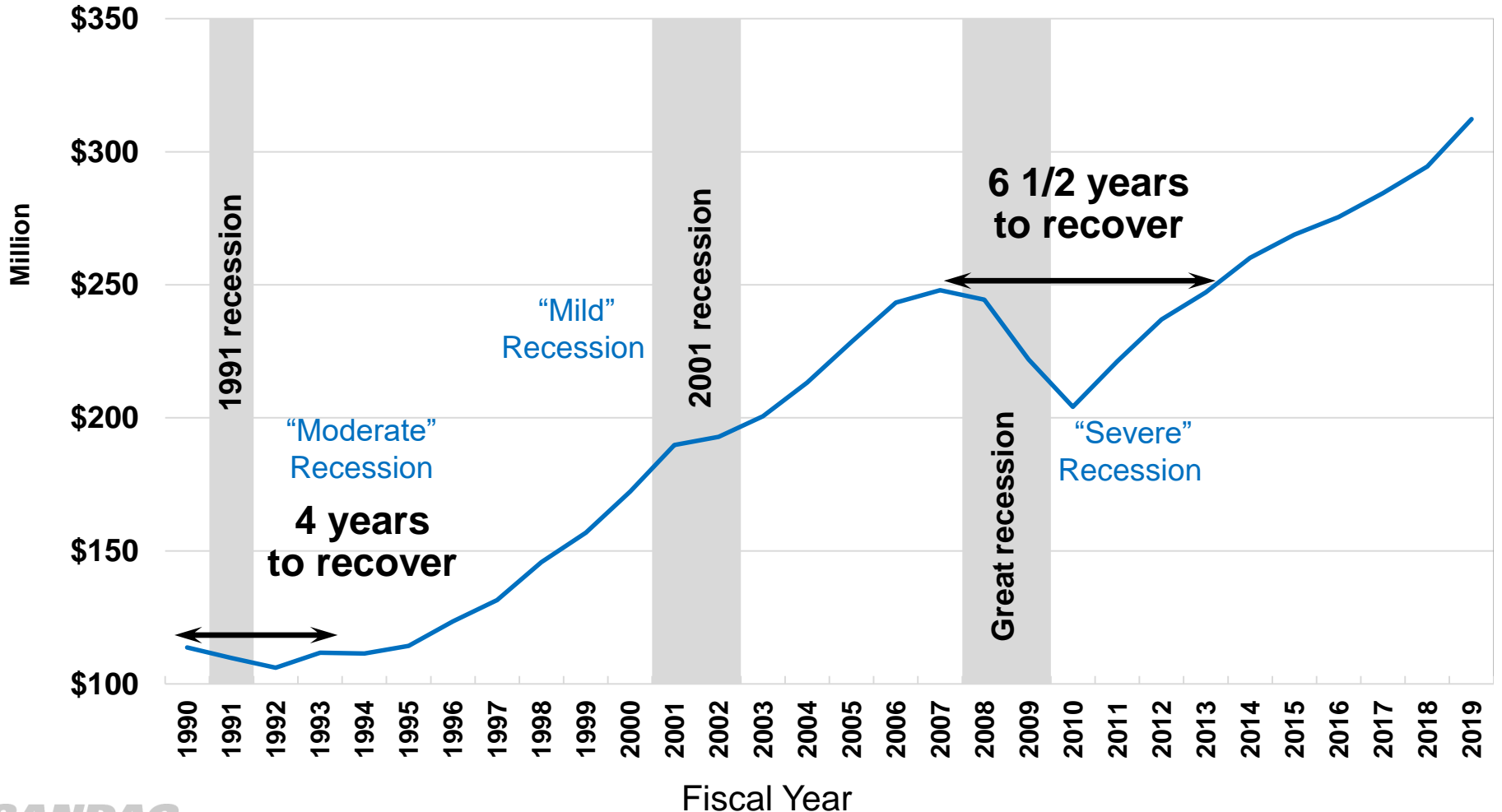
Preliminary SR 10

Current forecast

Impact of Recessions on *TransNet* Revenue



(year of collection dollars)



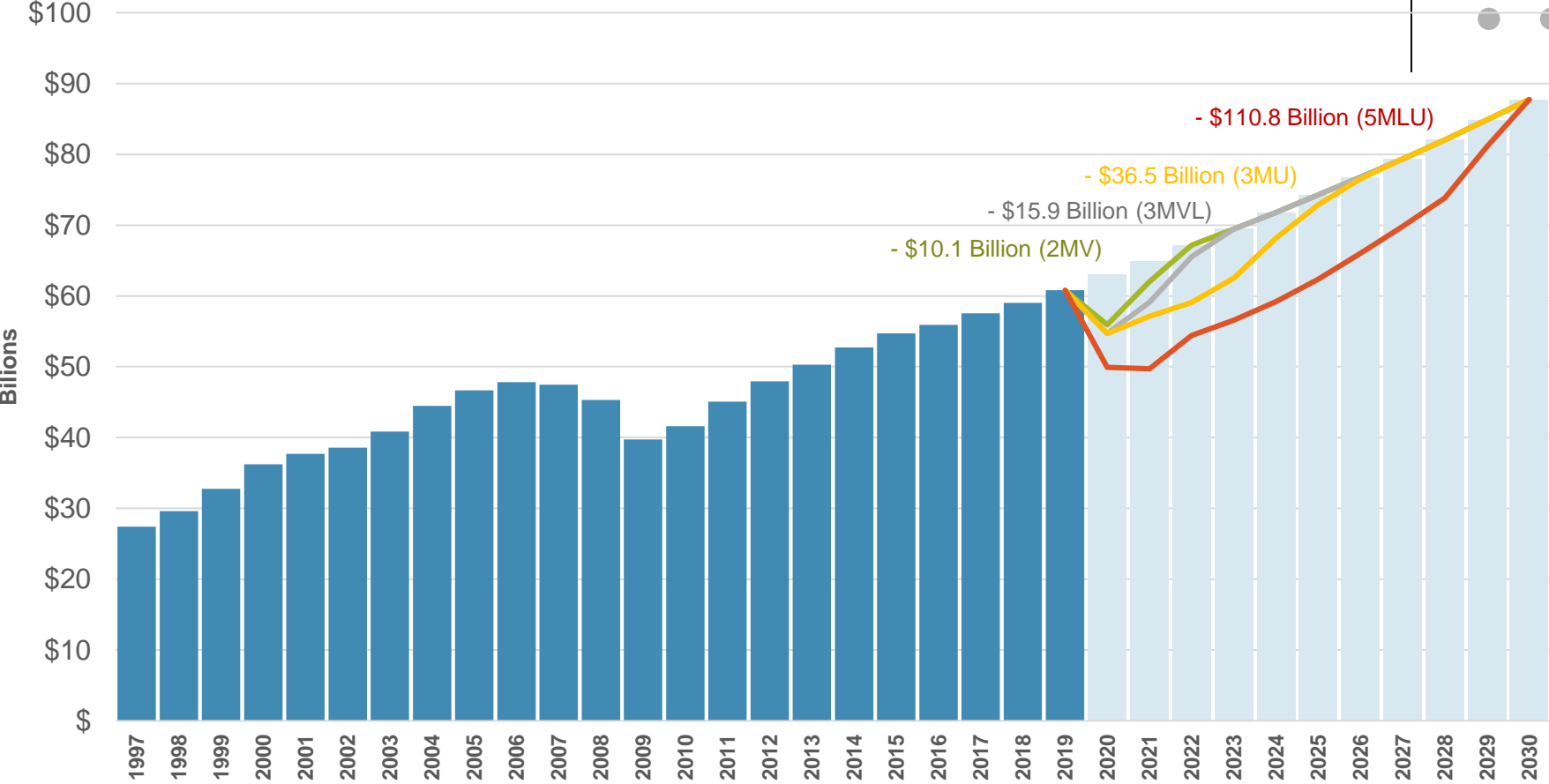
Estimates of COVID-19 Impact on Sales by Sector



Industry	As of 03-27-20
Retail	
Apparel	-75%
Department Stores	-50%
Furniture/Appliance	-50%
Drug Stores	+20%
Recreation Products	-80%
Florist/Nursery	-50%
Misc. Retail	+20%
Food Products	
Food Markets	+30%
Restaurants	-75%
Liquor Stores	+20%

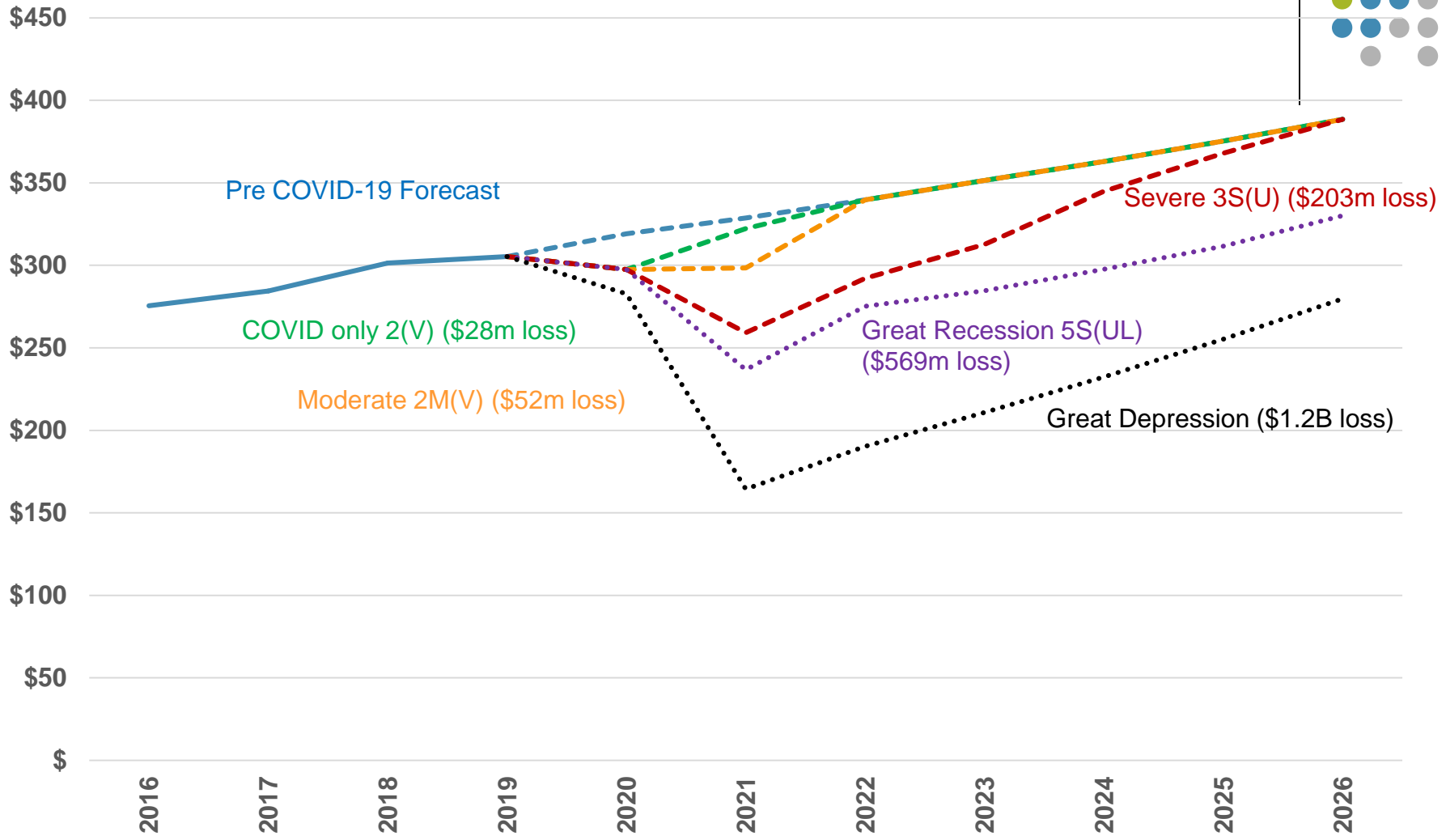
Industry	As of 03-27-20
Transportation	
Auto Parts/Repair	-50%
Auto Sales New	-75%
Auto Sales Used	-75%
Service Stations	-65%
Misc. Vehicle Sales	-80%
Construction	
Materials Wholesale	-50%
Materials Retail	-30%
Business to Business	-50%
Miscellaneous	0%

COVID-19 Impact on Taxable Retail Sales (San Diego Region)



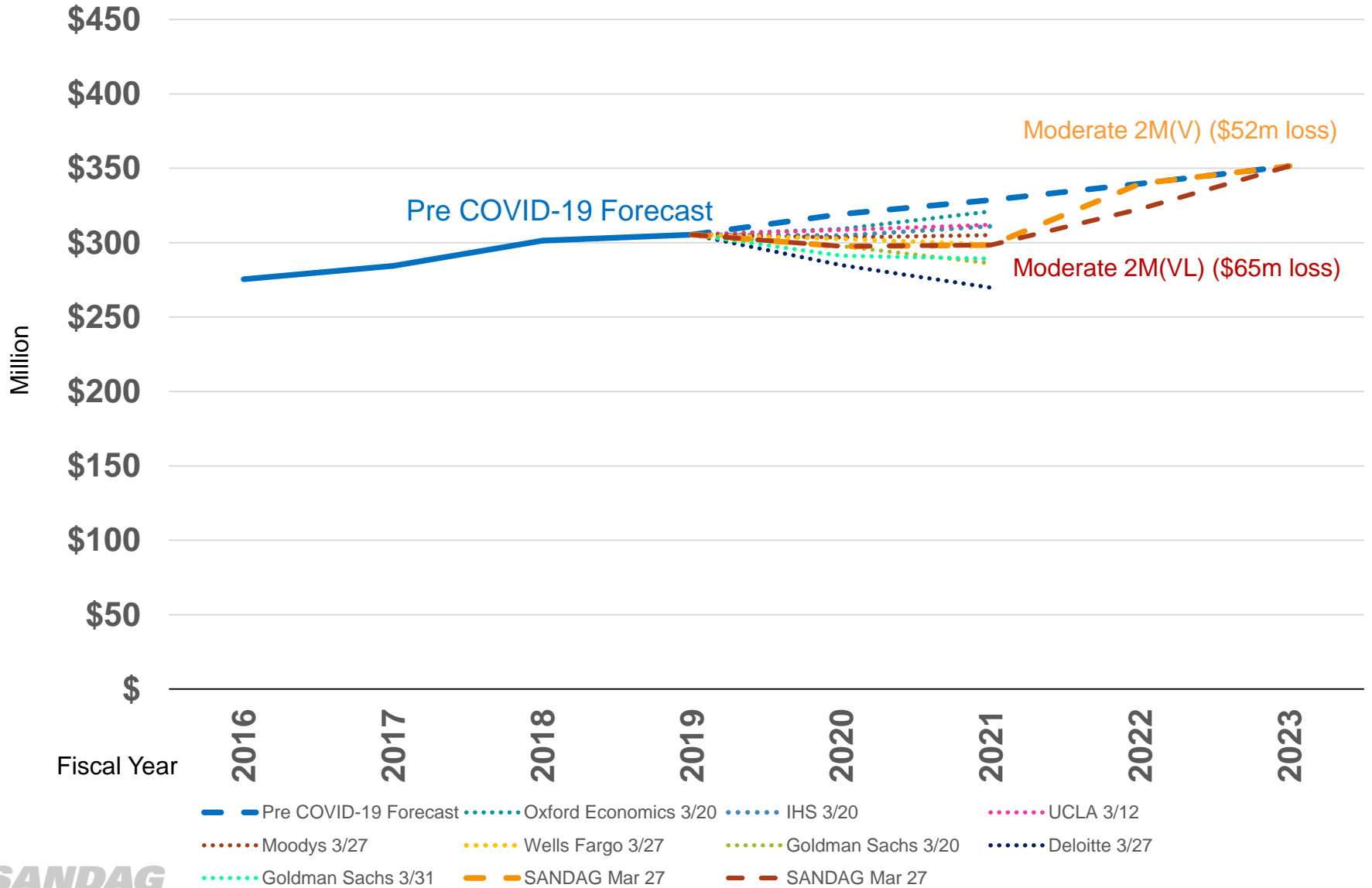
■ Historical data
 — Moderate V, 2 Months
 — Moderate V-long 3 Months
 — Moderate U, 4 Moths
 — Great recession, 5 months

COVID-19 Revised *TransNet* Revenue Forecasts



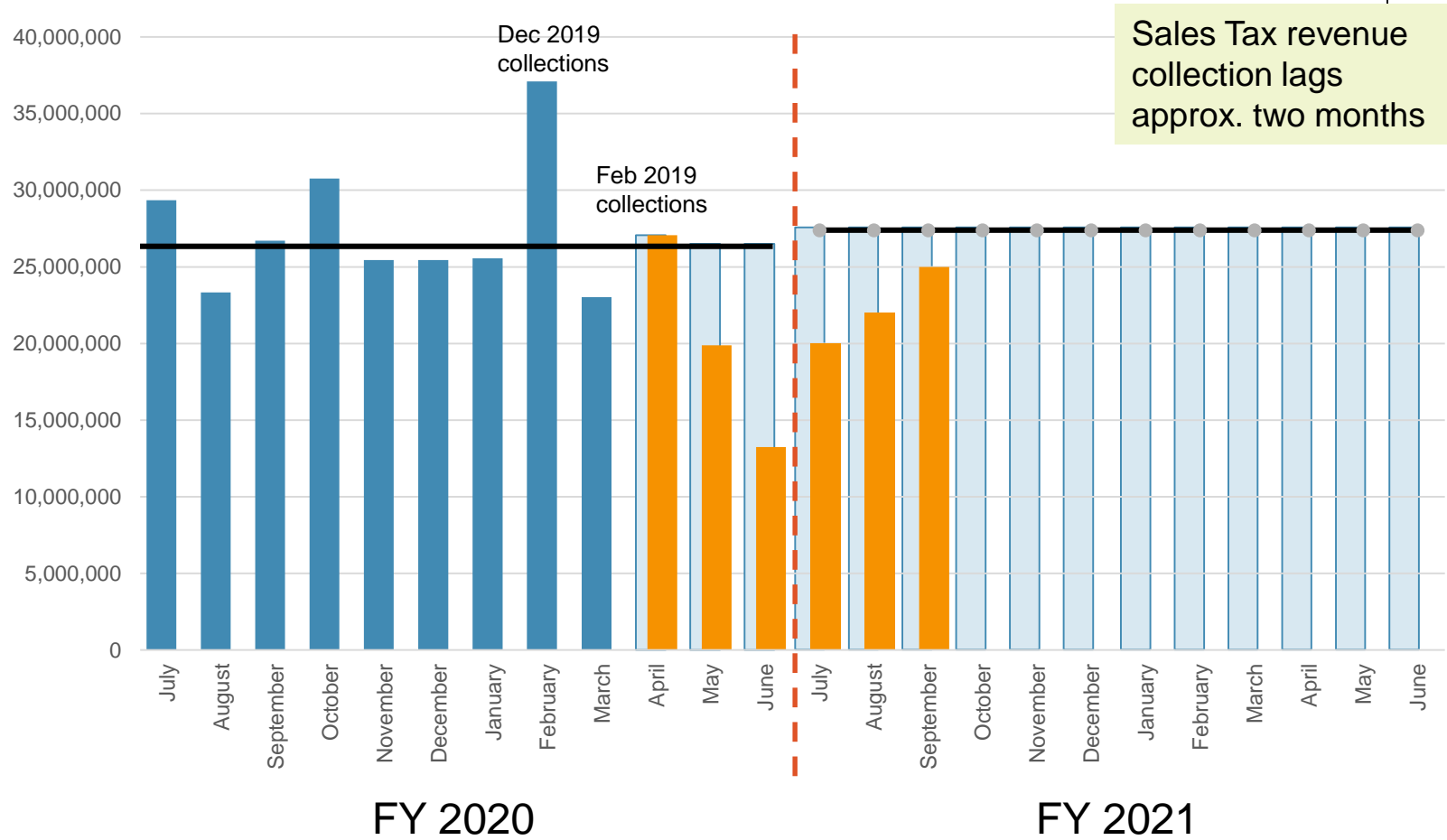
2(V) 2-month V shape	2M(V) 2-month moderate V shape	3S(U) 3-month severe U shape	5S(UL) 5-month severe U-Long shape
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Independent GDP Forecast applied to *TransNet* Revenues



COVID-19 Revised *TransNet* Revenue Forecast

2-month disruption (mid-March to mid-May) “V” shape recovery*



* For illustrative purposes only. Due to volatility and seasonality, SANDAG does not forecast Sales Tax revenue monthly

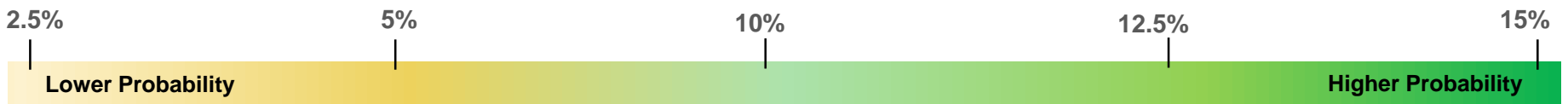
**Updated as of 04-03-20 and subject to change

COVID-19 REVISED *TransNet* Revenue Forecast Scenarios

2, 3, 4, 5, and 6-month disruptions



Scenario (Recession) Type and Recovery	Back to Baseline	Scenario Name	Length of Disruption				
			2 months	3 months	4 months	5 months	6 months
Disruption from March 15 to:			May 15	June 15	July 15	Aug 15	Sept 15
COVID only (V)	FY 2021	A	-\$28.0m	-\$41.8m	-\$56.3m	-\$68.5m	-\$82.3m
Mild (V)	FY 2021	B	-\$40.0m	-\$53.2m	-\$67.1m	-\$78.9m	-\$92.2m
Moderate (V)	FY 2022	C	-\$51.9m	-\$64.6m	-\$78.0m	-\$89.3m	-\$102.1m
Moderate(V-Long)	FY 2023	D	-\$68.8m	-\$81.6m	-\$95.0m	-\$106.3m	\$119.1m
Moderate (U)	FY 2027	E	-\$174.4m	-\$187.2m	-\$200.6m	-\$211.9m	-\$224.7m
Severe (V)	FY 2022	F	-\$79.6m	-\$91.2m	-\$103.3m	-\$113.6m	-\$125.2m
Severe (U)	FY 2026	G	-\$191.5m	-\$203.0m	-\$215.2m	-\$225.5m	-\$237.0m
Severe (Great Recession [U-Long])	FY 2030	H	-\$534.8m	-\$546.3m	-\$558.5m	-\$568.7m	-\$580.3m





COVID-19 REVISED *TransNet* Revenue

Forecast Scenarios (two-month Disruption)

Fiscal Year (FY) and Calendar Year (CY) Revenue comparison in millions

	Baseline	C 2M(V) Back to baseline FY 2022	D 3M(VL) Back to baseline FY 2023	C 3M(V) Back to baseline FY 2022	E 3M(U) Back to baseline FY 2027	E 4M(U) Back to baseline FY 2027	D 4M(VL) Back to baseline FY 2023	H 5S(UL) Back to baseline FY 2030
FY 2020 July '19 – June '20	\$319.1	\$297.5 -\$21.6 -6.8%	\$297.5 -\$21.6 -6.8%	\$297.5 -\$21.6 -6.8%	\$297.5 -\$21.6 -6.8%	\$297.5 -\$21.6 -6.8%	\$297.5 -\$21.6 -6.8%	\$297.5 -\$21.6 -6.8%
FY 2021 July '20 – June '21	\$328.7	\$298.4 -\$30.3 -9.2%	\$285.7 -\$43.0 -13.2%	\$285.7 -\$43.0 -13.2%	\$285.7 -\$43.0 -13.2%	\$272.3 -\$56.5 -17.1%	\$272.3 -\$56.5 -17.1%	\$367.1 -92.0 -28.0%
FY 2022 July '21 – June '22	\$339.7	\$339.7 -\$0 -0%	\$322.7 -\$17.0 -5%	\$339.7 -\$0 -0%	\$302.30 -\$37.4 -11%	\$302.30 -\$37.4 -11%	\$322.7 -\$17.0 -5%	\$275.1 -64.5 -19%
CY 2020 Jan – Dec '20	\$324.0	\$287.2 -\$36.8 -11.4%	\$280.8 -\$43.2 -13.3%	\$280.8 -\$43.2 -13.3%	\$280.8 -\$43.2 -13.3%	\$274.1 -\$49.8 -15.4%	\$274.1 -\$49.8 -15.4%	\$256.3 -\$78.3 -20.9%
CY 2021 Jan – Dec '21	\$333.7	\$318.5 -\$15.2 -4.5%	\$303.7 -\$30.0 -9%	\$312.2 -\$21.5 -6.5%	\$293.5 -\$40.5 -12.2%	\$286.8 -\$46.9 -14.0%	\$297.0 -\$36.7 -11.0%	\$255.4 -\$65.7 -23.5%
CY 2022 Jan – Dec '22	\$345.0	\$345.0 -\$0 -0%	\$336.5 -\$8.5 -2.5%	\$345.0 -\$0 0%	\$303.5 -\$41.5 -12%	\$303.5 -\$41.5 -12%	\$336.5 -\$8.5 -2.5%	\$279.4 -\$65.7 -19%
Total Loss	-	-\$51.9	-\$81.6	-\$64.6	-\$187.2	-\$200.6	-\$95.0	-\$568.7

FY 2021 Budget Development

Next Steps

Update all Federal/State/Local funding sources

Incorporate Federal and State stimulus funds

Re-evaluate agency priorities, redefine project scopes

Many cost cutting measures, including reduced use of consultants

Staff reduction by 10% by attrition and hiring freeze, eliminate merits and salary range increases

FY Budget Next Steps

May 8, 2020: Board of Directors

- Review proposed Draft FY 2021 Program Budget

June 12, 2020: Board of Directors

- Review and adopt proposed Final FY 2021 Program Budget

Quarterly Budget Updates: Board of Directors

- Review and potentially amend Final FY 2021 Program Budget