



October 20, 2020

FY 2020 Financial Notes:
For the Month of August, 2020

Synopsis:

The COVID-19 pandemic had yet another negative impact on CBITD's August and YTD financial position, though the impact was muted a bit for the month of August. **For the month, before grant revenues, CBITD's operating result was -\$34K, which was far better than any other COVID impacted month.** CBITD's CARES Act award drawdowns have served to mitigate some of the impact of COVID-19 on a year-to-date basis. The total draw for CARES Act, to date is over \$2.2M. **Additionally, another \$2.4M was added to CBITD's CARES Act award, bringing the current outstanding balance to approximately \$3.4M.**

August Revenues were \$571K and compared unfavorably to budget by 49.9% and were 55.3% unfavorable to August, 2019. Expenses were favorable to budget by 11.8% and were 13.7% lower than August of last year. Operating results were 107.5% unfavorable to budget at -\$34K, and were unfavorable to August of last year by 105.9%.

The final result, which was impacted by CARES Act grant revenues was a surplus/loss of \$0, while a surplus of \$514K was expected. On YTD basis, Revenue was 40.9% worse than budget and 46.1% below last YTD, while expenses were 4.2% better than budget and 4.2% lower than last YTD.

Revenue Assessment: Unfavorable

Current Month:

August Operating Revenue of \$531K closed 49.9% under budgeted amounts and 55.3% below the same period last fiscal year.

- Scheduled passenger revenues of \$312K were 38.9% below budget and 48.8% below the same period last year.
- Vehicle revenues of \$126K closed 30.3% below budget and 30.8% lower than the same period last year.
- Freight revenues were \$130K and closed 4.6% below budget and 13.9% below the same period last year.
- Group sales closed 99.7% below projections and also 99.7% lower than the same month last year.
 - For August, revenue of \$306K was budgeted and only \$955 was realized.

Year to date (YTD):

YTD Operating Revenue was \$2.903M and was 40.9% behind budget and 46.1% below the same period last fiscal year.

- Scheduled passenger revenues of \$1.184M YTD were lower than budget by 46.9%, and were down 51.3% as compared to last fiscal year.
 - COVID-19 and low ridership has been the primary driver of low revenue.
 - Extending winter rates through early July has had an impact on revenues that compounds COVID-19 reduced ridership, due to reduced revenue.

- Vehicle revenues YTD of \$801K are worse than budget by 13.3% and are 17.7% behind FY19 YTD.
 - Extension of winter rates into early July reduced vehicle revenues further.
- Freight revenues YTD of \$738K were 9.9% below budgeted numbers and were 20.0% behind last fiscal YTD.
 - Extended off-peak freight rates through July resulted in reducing revenues for this category.
- Group sales YTD of \$143K closed 83.8% below budget and 85.8% behind of the same period last year.
 - This is attributed to ceasing all tour operations beginning in mid-March due to COVID-19. Also, most charters and lobster bakes for the year have either cancelled or rescheduled due to the ongoing pandemic.

Expense Assessment: Excellent

Current Month:

August expenses of \$695K were 11.8% under budgeted amount and were 13.7% lower than August of last year.

- Personnel expenses were 2.1% under budget and 5.1% above last August.
 - In many categories, Payroll continues to trend close to budget despite COVID-19, as CBITD has made the decision to avoid furloughs and layoffs as all staff is currently being paid for reserve duty.
 - Admin Direct Offset was -\$5K.
 - Employee insurances were very near budget for the month.
 - Overtime remains higher than planned due to crew platooning in response to COVID.
- Vessel maintenance ended 22.3% under budget and 30.3% lower than August of last year.
 - Machigonne was under budget for August. The vessel required various general repairs and addition of annunciator system totaling \$8.7K.
 - Maquoit maintenance for the month totaled \$15K and included steering and exhaust manifold repairs.
 - Bay Mist has required minimal repairs totaling \$2K, due to being sidelined currently because of a lack of charters and reduced schedule. August repairs included elevator service and safety placards.
 - Aucocisco required various general repairs during the month and was well under budget, as only \$5K was spent in August. Repairs included hydraulic work as well as elevator service.
 - Wabanaki for the month included various small repairs as well as fuel supply repairs, electrical work and bilge cleaning. Total expense was \$9K vs. a budget of \$10K.
 - Fuel continues to run well under budget due to schedule reductions necessary in CBITD's response to COVID-19. CBL has locked fuel at the following prices, \$2.38; \$2.25 and \$1.85 per gallon. Fuel pricing is favorable and predictable through FY2022.
- Operations expense was 12.4% under budget and 15.0% lower than the same period last year.

- Data processing included network maintenance, software licensing and AVL maintenance.
- Ops Misc. included many items and supplies to clean and sanitize vessels due to COVID-19 as well as annunciator equipment and translation services.
- Ops Misc. also includes production costs for signage in and around the terminal as well as translation services and some COVID-19 related services.
- Credit card fees were under budget for the month, as ridership declines have reduced the number of transactions made on credit cards.
- Crew meals are high due to purchasing meals for extended crew schedules necessitated by COVID-19.
- Uniforms included an order of crew sweatshirts and work gloves as well as crew reimbursements.
- Terminal expense was 17.7% over budget and 7.7% higher than last August.
 - Fire Alarms was over budget for the month due to service calls and necessary repairs to the terminal system.
 - Paper and Cleaning Supplies included various safety supplies and items and supplies to clean and sanitize terminal areas due to COVID-19.
 - Terminal Misc. included fencing installation, signage for terminal area as well as various supplies and overhead door repairs.
 - Forklift was over budget for the month, as repairs were necessary for both pieces of equipment.
- Sales expense was under budget and closed 88.8% under projections and 93.0% lower than the same period last year.
 - Marketing included COVID-19 communications consulting and related services for the month.

Year to date (YTD):

YTD Expenses were 4.2% under budget and were 4.2 % lower than last YTD.

- Personnel expenses YTD were 2.6% favorable to budget and 3.8% above last YTD.
 - Employee insurance, medical coverage experienced sharp increases of 26.0% from calendar 2019 to calendar 2020, due to state legislation changes for groups CBITD's size.
 - COVID-19 related personnel savings are minimal, as CBITD is maintaining full staffing through pandemic. These costs will be offset by operating assistance provided through CARES Act funding.
 - During COVID-19 pandemic, CBITD waived employee premiums on health insurance coverage.
- Vessel maintenance is 0.1% over budget and 20.0% lower than last fiscal YTD. Last fiscal year included 3 drydocks, while this year included 2.
 - Wabanaki drydock expense was recognized in December and final cost was \$179K against \$150K budgeted.
 - Maquoit was in drydock for the month of April and a total of \$491K has been recognized to date. The budget for Maquoit drydock was \$320K.
- Operations expense was 10.0% better than budget and 15.1% below last YTD.
 - During COVID-19 pandemic, additional cleaning and sanitizing supplies have added cost in this category.
 - Also during pandemic, hotel stays were necessary for some staff, to maintain platooning, which added significantly to operations expense.

- Terminal expense was 15.2% unfavorable to budget and 4.4% higher than last YTD.
 - COVID-19 has added expense to this category, with necessary cleaning, signage and pandemic response supplies.
- Sales expense YTD was 58.9% below budget and 61.0% below last YTD.
 - COVID-19 communications expense has taken over as the primary expense line item in this category.
 - Most costs associated with charters have not been recognized due to postponements and cancellations of charters booked during summer of 2020.
 - Most marketing and advertising has been postponed due to COVID-19.

Operating Surplus/Loss: Highly Unfavorable

Current Month:

Operating result of -\$34K was 107.5% worse than budget and 105.9% worse than the same period last year, which was \$575K.

Year to date (YTD):

YTD operating result of \$-3.387M was 104.8% below budget and 188.1% unfavorable to last YTD where the result was \$-1.176M.

Grant Revenues: Fair

Current Month:

Grant revenue of \$34K for the month was 49.7% below budget and 62.3% below the same period last year. Virtually all of the grant revenue was attributed to the CARES Act funding in response to COVID-19, which allowed CBITD to take advantage of available funds as operating assistance, both urban and rural. However, due to nearly break-even performance in the month of August, CARES reimbursements were limited to the amount of operating loss for the month, which was only \$34K.

Year to date (YTD):

Grant revenue YTD of \$2.894M is 100.5% over budget, and 59.9% above last YTD. As discussed above, CARES Act funding is an enormous component of this YTD number and CBITD anticipates that these large draws will continue into the future.

Surplus/Loss: Fair

Current Month:

Final result of a surplus of \$0 was well under projections of a surplus of \$522K, though CBITD is fortunate to receive CARES funding to cover most expenses.

Year to date (YTD):

Our current YTD result is -\$493K, which is 134.1% worse than budget and extremely unfavorable to last YTD, where the result was \$433K.

Line of Credit Balance: Currently \$0 with an available credit balance of \$2,000,000