

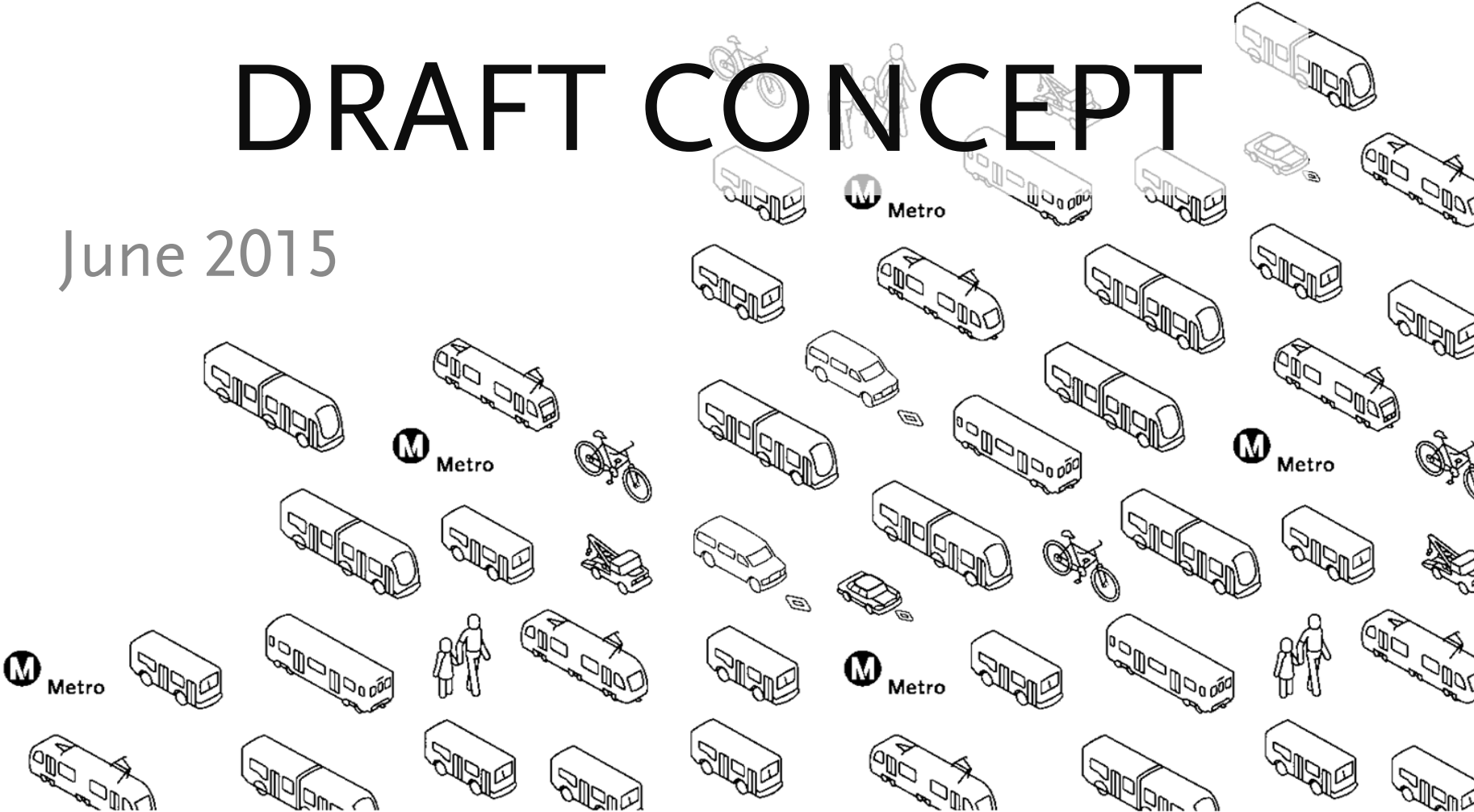
Risk Allocation Matrix (RAM):

Blueprint for Financial Stability

Filling the Internal Savings Account

DRAFT CONCEPT

June 2015



Overview

■ Risk Allocation Matrix (RAM)

- › Strategic mix of cost cutting, revenue generation and fare adjustments to avoid more drastic and reactionary measures in the future
- › Discusses pros/cons of each option
- › Risk Level (High/Medium/Low) of each option
- › Timeline to implement
- › Funding/savings identified will be added to an Internal Savings Account to ensure long-term financial stability

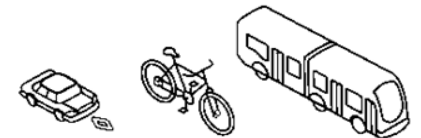
■ Next Steps



Goals

Funding Goal: Average of \$300M each year

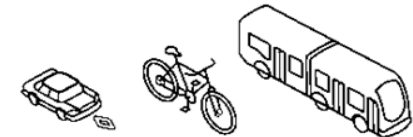
- Financial stability
- Fulfill promise of Measure R
- Improve bus, rail and other transportation options for customers
- State of Good Repair/Asset Management
- Continue focus on Safety



Risk Allocation Matrix (RAM)

Options and Opportunities		Level of Risk			Estimated \$ Impact	Implementation Timeline
		H	M	L		
Revenue Opportunities						
1	Evaluation of Agency reserves					
2	New Ballot Measure					
3	Consider Fare Change					
4	Increase grant revenues					
5	Joint Development					
6	Parking Revenues					
7	Advertising					
8						
Cost Saving Opportunities (Agency-wide)						
9	Increase Load Factor					
10	Project cost underruns					
11	% reduction in O/T					
12	Service rationalization (service beyond Metro service area)					
13						
14						
Total RAM					\$ xx M	

EXAMPLES OF OPTIONS & OPPORTUNITIES



1. Increase Load Factor (DRAFT SAMPLE)

Estimated
\$3.8M

(Actual figures TBD)

Risk Level:

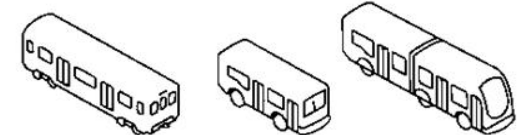
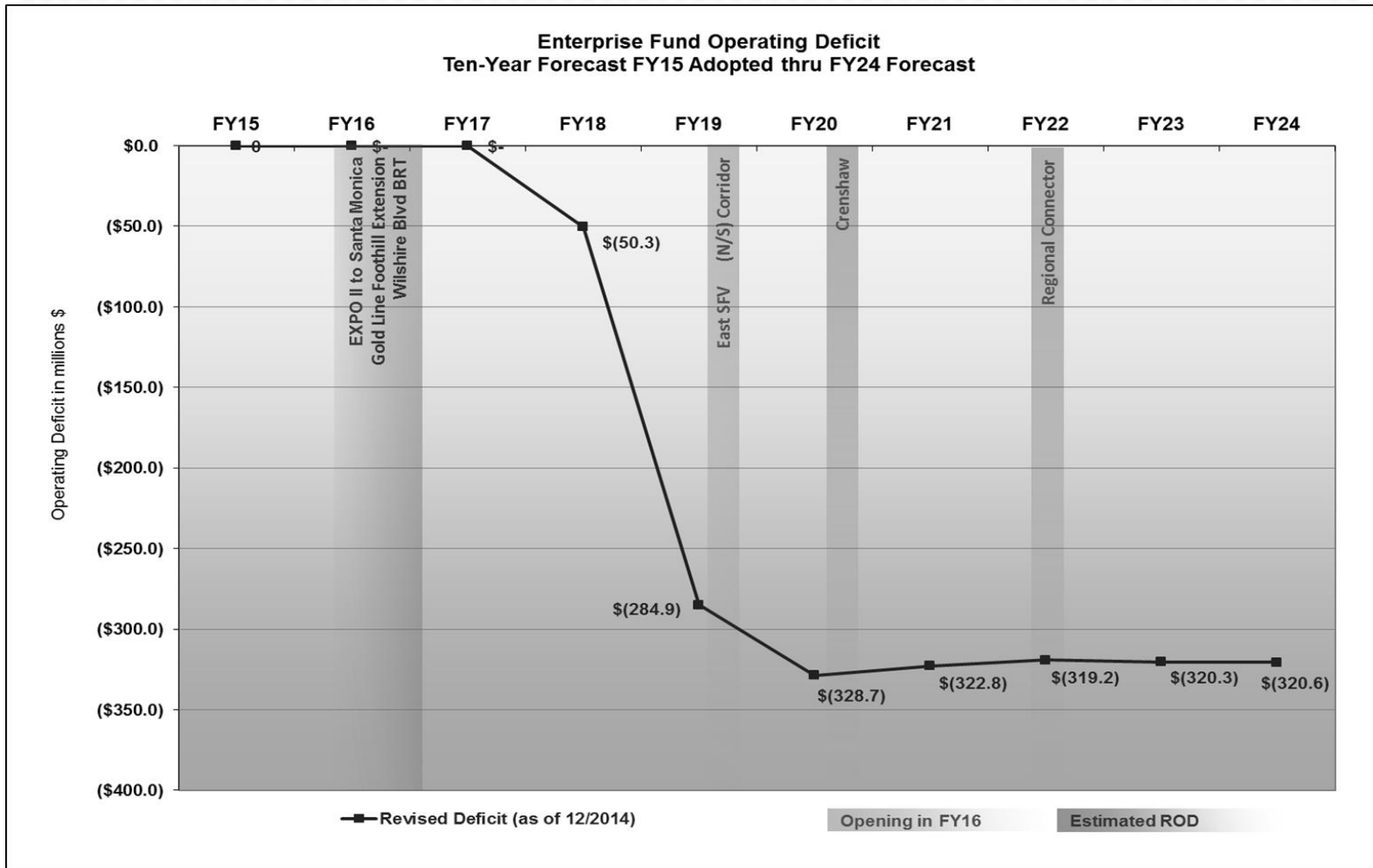
LOW

Allow for trip
reduction at minimal
impact to customers

- APTA recommended to increase load factor from 1.3 to 1.4 and consider merits to increasing to 1.5
- Increase on bus service operating at 15 min or better frequencies would increase average number of standees to 16 onboard at any one time
- Allow standard to be exceeded for a limited time period or distance (establish various standards based on peak/off-peak periods and/or frequencies)
- Lead to trip reduction with minimal impact to customers
- Estimate reduction of 45,000 revenue service hours at \$86 per hour, totaling \$3.8M in savings and a reduction of 26 FTEs through attrition



Projected Operating Deficit (in millions)



Next Steps

Action Plan	Tentative Timeline
Risk Allocation Matrix Kick-off	June 2015
Develop list of potential options	August 2015
Determine timeline, risks and impacts	September 2015
Finalize list of RAM options	October 2015
Staff recommended options	November 2015
Present RAM: Blueprint for Financial Stability for Board Approval	January 2016

