

FY08 Proposed Budget

Board Meeting

June 28, 2007



Metro

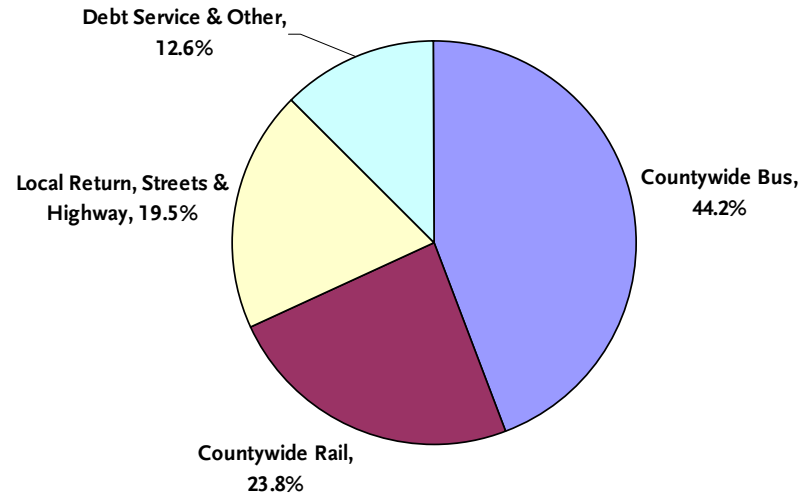
FY08 Proposed Budget Expenditure by Program

(Dollars in Millions)	FY04 Actual		FY05 Actual		FY06 Actual		FY07 Budget		FY08 Proposed	
1 Countywide Bus										
2 Metro Bus Operating & Capital	\$933.0	41.1%	\$1,078.0	41.0%	\$1,018.5	39.7%	\$1,110.0	36.6%	\$1,138.3	36.5%
3 Muni & Paratransit ⁽¹⁾	240.9	10.6%	260.4	9.9%	242.2	9.4%	241.4	8.0%	254.0	8.1%
4 Countywide Bus Subtotal	1,173.9	51.8%	1,338.4	51.0%	1,260.7	49.2%	1,351.5	44.5%	1,392.3	44.6%
5 Countywide Rail										
6 Metro Rail Operating, Capital & Construction	280.4	12.4%	468.1	17.8%	432.2	16.8%	646.5	21.3%	683.6	21.9%
7 Metrolink	39.6	1.7%	42.1	1.6%	45.5	1.8%	57.0	1.9%	58.5	1.9%
8 Countywide Rail Subtotal	320.0	14.1%	510.2	19.4%	477.7	18.6%	703.4	23.2%	742.1	23.8%
9 Local Return, Streets & Highway	396.4	17.5%	419.3	16.0%	479.9	18.7%	591.7	19.5%	592.1	19.0%
10 Debt Service ⁽²⁾ & Other	377.7	16.7%	358.7	13.7%	346.7	13.5%	389.5	12.8%	394.4	12.6%
11 Total Expenditures	\$2,268.0	100.0%	\$2,626.7	100.0%	\$2,565.1	100.0%	\$3,036.1	100.0%	\$3,120.9	100.0%

(1) ASI Paratransit: federal amounts included in prior years have been excluded in FY06, FY07 and FY08 because ASI will receive federal funds directly.

(2) Includes principal liability payments and Benefit Assessment District debt payments, but excludes debt refunding and defeased lease. Proprietary fund includes principal payments of \$16.3 million in FY04, \$12.0 million in FY05, \$12.0 million in FY06, \$12.1 million in FY07 and \$12.3 in FY08.

Note: Totals may not add due to rounding.

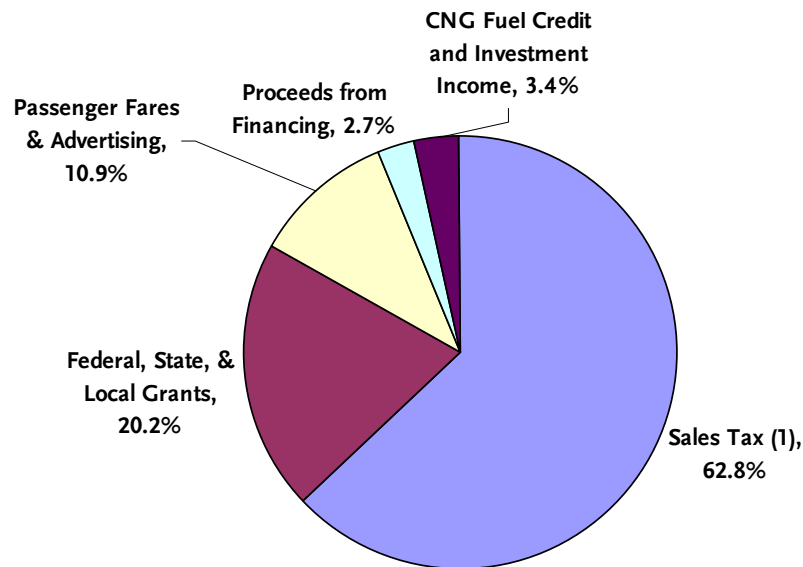


FY08 Proposed Budget Sources

(Dollars in Millions)		FY04 Actual		FY05 Actual		FY06 Actual		FY07 Budget		FY08 Proposed ⁽²⁾	
1	Sales Tax ⁽¹⁾	\$1,514.0	66.8%	\$1,587.5	60.4%	\$1,436.6	56.0%	\$1,881.5	62.0%	\$1,960.4	62.8%
2	Federal, State, & Local Grants	377.2	16.6%	488.5	18.6%	702.8	27.4%	596.4	19.6%	629.8	20.2%
3	Passenger Fares & Advertising	233.4	10.3%	284.2	10.8%	297.8	11.6%	294.8	9.7%	340.4	10.9%
4	Proceeds from Financing	82.4	3.6%	185.6	7.1%	42.6	1.7%	193.3	6.4%	83.9	2.7%
5	CNG Fuel Credit and Investment Income	61.0	2.7%	80.8	3.1%	85.3	3.3%	70.1	2.3%	106.4	3.4%
6	Total Funding Sources	\$2,268.0	100.0%	\$2,626.7	100.0%	\$2,565.1	100.0%	\$3,036.1	100.0%	\$3,120.9	100.0%

⁽¹⁾ Sales tax revenues include the use of carryover balances.

⁽²⁾ Reflected fare changes adopted on May 24,2007; therefore, does not match the Proposed Budget Book



FY08 Proposed Budget Highlights

- Operate 7.8 million Metro Bus and Metro Orange Line revenue service hours and 651,000 Metro Rail revenue service hours
- Increase Orange Line service
- Seat capacity increases by 4.1% or 204 million seat miles
- Purchase 95 Articulated buses
- Initiate bus mid-life rebuild program for 250 buses
- Implement 5 new Metro Rapid lines in December 2007

FY08 Proposed Budget Highlights – Cont'd

- **Continue construction of Expo LRT and Eastside Extension LRT**
- **Implement TAP operations**
- **Implement fuel price hedging**
- **Initiate or continue planning studies approved in FY07**
- **Double Immediate Needs type program to \$10 million**

Motion by Directors Burke and Lowenthal

- **Motion:**
 - Add 22 Bus Mechanics
 - Add 11 Electronic Communication Technicians
 - Fund \$4.5 million within proposed budget
- **Recommendation**
 - Use \$4.5 million General Fund balance

Pending Board Actions to Amend FY08 Proposed Budget

	Motion	Amount	Recommended Source of Funds	FTE	Fund Balance	Impacts Structural Deficit
1	Beginning Fund Balance-General Fund				\$49,800,000	
2	Improve Bus Maintenance	\$4,500,000	General Fund Balance	33.00		yes
4	TAP program implementation	1,000,000	General Fund Balance	8.00		yes
5	Subtotal General Funds	5,500,000				
6	Ending Fund Balance-General Fund				44,300,000	
7						
8	Beginning Fund Balance-PA35% Rail				34,000,000	
9	Conduct a study on Rail Gating	999,663	Prop A35% Rail Funds			no
10	Ending Fund Balance-PA35% Rail		(reserved for Rail rehab program)		33,000,337	
11						
12	Beginning Fund Balance-PA Admin				4,812,665	
13	Develop a bus speed improvement plan	250,000	Prop A Admin Funds			no
14	Prepare AA for Eastside Phase II	1,733,000	Prop A Admin Funds	1.25		no
15	Subtotal Prop A Admin Funds	1,983,000				
16	Ending Fund Balance-PA Admin				\$2,829,665	
17						
18	Prepare I-710 EIR/EIS	1,400,000	Prop C25% Highway	1.10	N/A	no
19	Prepare AA for Westside Extension	3,000,000	STIP-PPM Funds	1.70	N/A	no
20	Prepare AA for Regional Connector	1,967,000	(Grant Funded)	1.35	N/A	no
21						
22	TOTAL Amendments	\$14,849,663		46.40		

Actions Requiring Board Approval

- Adopt proposed budget with amendments
- Financial Standards require separate Board approval of all new capital projects with LOP over \$5 million prior to full Board adoption of budget:

	Project	FY08 Proposed	LOP
1	CP 202232 ATMS Upgrade	\$1,756,278	\$12,107,000 *
2	CP 202239 Division 1, 3, 8, 9, and 15 Renovations	7,310,809	13,720,000
3	CP 202246 Bauchet Street Storage and Facilities Structure	4,816,000	12,925,000
4	CP 208007 FY08 Bus System Replacement Non-Revenue Vehicles	10,275,720	10,846,844 *
5	CP 206034 Subway Railcar Midlife Overhaul	4,421,338	202,000,000 *
6	CP 206035 Expo/Blue Line Light Rail Vehicle Procurement	\$1,100,705	\$174,500,000 *

* The LOP value in this table for projects with an asterisk has been revised since the preliminary budget book was printed.

Actions Requiring Board Approval – cont'd

- **Approve the total budgeted salary and benefits for each union/non-contract group as required by the Position Authorization and Compensation policy**
- **Approve the non-represented employee salary schedule adjusted for the annual inflationary increase as required by the Position Authorization and Compensation policy**
- **Approve the safety and security budget as required by the Financial Stability policy adopted by the Board in January, 2007**
- **Amend the Proposed budget to add 8 FTE's and \$1 million for implementation of TAP operations, to be funded with General Fund balance**

Budget Risks

- **Maintenance costs of CNG buses**
- **TAP implementation**
- **Homeland security**
- **Fare revenue estimate**
- **Inadequate oversight to ensure financial accountability**

Discussion