

FY09 Proposed Budget Public Hearing

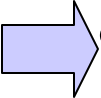
Finance and Budget Committee

May 14, 2008



Metro

FY09 Budget Schedule

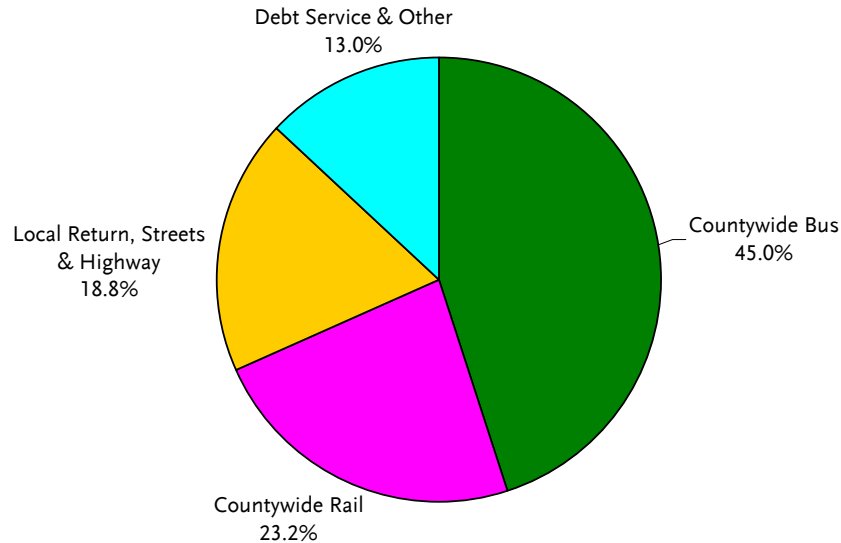
- **Monday, April 28th**
 - **Distribution of Proposed Budget to the Public**
- **Thursday, May 1st**
 - **Board Staff Briefing**
- **Monday, May 5th**
 - **Special Board Meeting (Budget Workshop)**
-  ● **Wednesday, May 14th**
 - **Finance and Budget Committee Meeting - Public Hearing**
- **Thursday, May 22nd**
 - **Board Meeting – Budget Adoption**

FY09 Proposed Budget Expenditure by Program

(Dollars in Millions)	FY05 Actual		FY06 Actual		FY07 Actual		FY08 Budget		FY09 Proposed	
1 Countywide Bus										
2 Metro Bus Operating & Capital	\$1,078.0	41.0%	\$1,018.5	39.8%	\$1,064.3	39.1%	\$1,150.8	36.6%	\$1,190.9	35.3%
3 Muni & Paratransit	260.4	9.9%	242.2	9.5%	280.9	10.3%	257.2	8.2%	325.9	9.7%
4 Countywide Bus Subtotal	1,338.4	51.0%	1,260.7	49.3%	1,345.2	49.4%	1,408.0	44.8%	1,516.9	45.0%
5 Countywide Rail										
6 Metro Rail Operating Capital & Construction	468.1	17.8%	432.2	16.9%	489.1	18.0%	669.9	21.3%	716.0	21.2%
7 Metrolink	42.1	1.6%	45.5	1.8%	44.2	1.6%	58.5	1.9%	65.4	1.9%
8 Countywide Rail Subtotal	510.2	19.4%	477.7	18.7%	533.3	19.6%	728.4	23.2%	781.4	23.2%
9 Local Return, Streets & Highway	419.3	16.0%	479.9	18.8%	474.9	17.4%	605.1	19.3%	634.2	18.8%
10 Debt Service ⁽¹⁾ & Other	358.7	13.7%	340.4	13.3%	371.5	13.6%	399.1	12.7%	437.7	13.0%
11 Total Expenditures	\$2,626.7	100.0%	\$2,558.7	100.0%	\$2,724.9	100.0%	\$3,140.6	100.0%	\$3,370.1	100.0%

⁽¹⁾ Includes principal liability payments and Benefit Assessment District debt payments, but excludes the following items included in the Debt Service schedule:
 1) USG Building (General Revenue Bonds) debt service, 2) Capital Grant bond repaid from FTA grant with full funding agreement, and 3) defeased lease payments.

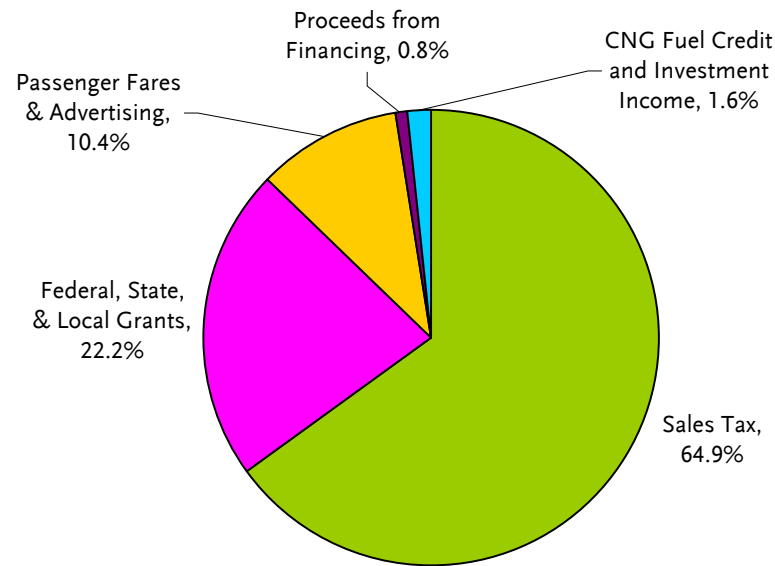
Note: Totals may not add due to rounding.



FY09 Proposed Budget Sources

(Dollars in Millions)		FY05 Actual		FY06 Actual		FY07 Actual		FY08 Budget		FY09 Proposed	
1	Sales Tax ⁽¹⁾	\$1,587.5	60.4%	\$1,430.2	55.9%	\$1,763.7	64.7%	\$1,927.2	61.4%	\$2,188.3	64.9%
2	Federal, State, & Local Grants	488.5	18.6%	702.8	27.5%	509.7	18.7%	676.6	21.5%	749.6	22.2%
3	Passenger Fares & Advertising	284.2	10.8%	297.8	11.6%	304.5	11.2%	341.1	10.9%	349.7	10.4%
4	Proceeds from Financing	185.6	7.1%	42.6	1.7%	93.2	3.4%	96.6	3.1%	27.7	0.8%
5	CNG Fuel Credit and Investment Income	80.8	3.1%	85.3	3.3%	53.8	2.0%	99.1	3.2%	54.9	1.6%
6	Total Funding Sources	\$2,626.7	100.0%	\$2,558.7	100.0%	\$2,724.9	100.0%	\$3,140.6	100.0%	\$3,370.1	100.0%

(1) Sales tax category includes use of carryover balances.



FY09 Proposed Budget Highlights

- **Comply with the New Service plan**
- **Implement 6 new Metro Rapid lines**
- **Purchase 130 composite high capacity CNG buses**
- **Continue construction of Expo LRT and Gold Line Eastside Extension LRT**
- **Initiate the rail gating project**
- **Continue fuel price hedging**

FY09 Proposed Budget Highlights – Cont'd

- **Initiate or continue planning studies such as:**
 - **Complete AA on the Westside Extension, Downtown Regional Connector, and the Eastside Corridor Phase II and with Board Approval move into the Draft EIR/EIS**
 - **Complete EIR/PE for the Canoga/Northern Extension of Orange Line**

FY09 Proposed Budget Highlights – Cont'd

- Continue the EIR/EIS for the Crenshaw-Prairie Transit Corridor and the I-710 Corridor Projects**
- Continue the AA for the Harbor Subdivision**
- Continue the EIS/EIR for SR2 Southern Freeway terminus and transportation efficiency improvements to Glendale Blvd.**

FY09 Proposed Budget Highlights – Cont'd

- **Begin work on the L.A. County Strategic Master Plan**
- **Continue the preparation of the Congestion Pricing Operating Plan**
- **Environmentally clear the Wilshire Bus-Only Lane**
- **CMP Congestion Mitigation Fee Project Identification**
- **Begin the Countywide Bus Only Lane Study**

FY09 Proposed Budget Assumptions

- **Sales tax revenue increase 1.1%**
- **Salary and wage expense increase by 4% consistent with union contracts**
- **FTEs increase by 46; primarily for Gold Line Eastside Extension pre-revenue operations**
- **Non-labor expense items reduced to reflect FY07 and FY08 actual experience**

Sales Tax Revenue Assumptions

	(Amounts in millions)	FY07 Actual	FY08 Adopted Budget	FY08 Estimate (0.96% x FY07 Actual)	FY09 Proposed (1.11% x FY08 Estimate) *
1	Prop A	\$686.2	\$694.2	\$692.8	\$700.4
2	Prop C	686.3	694.3	692.9	700.6
3	TDA	344.9	352.4	348.2	352.0
4	Total Sales Tax	\$1,717.3	\$1,740.8	\$1,733.8	\$1,753.1

* Adopted by the Board in February 2008

FY09 Proposed FTE Changes

	Department	FY08 Budget	Contract	Non-Contract	Total Change	FY09 Proposed	Comments
	FY09 Proposed Budget						
1	Metro Bus Operations	6,611	3	3	6	6,617	IBSS, SGV Vehicle Operation, and Solar Energy Project
2	Metro Rail Operations *	1,182	29	6	35	1,217	Gold Line Eastside Extension and other capital support
3	Countywide Planning & Development	118				118	
4	Construction Project Management	89		2	2	91	Safety Engineer and Sr. Third Party Admin
5	Communications	217		3	3	220	Ridership plan and support for the website
6	Economic Development	36				36	
7	Administrative Services	533				533	
8	Financial Services	223				223	
9	Management Audit Services	28				28	
10	Board of Directors	45				45	
11	Chief Executive Office	11				11	
12	Subtotal FY09 Proposed Budget	9,093	32	14	46	9,139	
13							
14	Request for Board Amendment						
15	Countywide Planning & Development			1	1		Sustainability activities
16	Construction Project Management			2	2		1 for Sustainability activities, 1 for I-405 Sepulveda (HOV)
17	Communications			1	1		Gold Line Eastside Extension safety education
18	Subtotal Request for Board Amendment			4	4	9,143	

* 26 additional FTEs for Gold Line Eastside Extension will be annualized to 63 FTEs in FY10.

FY09 Proposed Labor Budget

	(Dollars in millions)	FY08 Budget	Changes	Chg%	FY09 Proposed
1	Non Contract				
2	FTEs	1,297	14	1.1%	1,311
3					
4	Salary	\$103.8	\$7.1	6.9%	\$110.9
5	Overtime and As needed	2.7	1.0	3.3%	3.7
6	NC Fringe Benefits	34.7	5.46	15.7%	40.2
7	Total Non Contract Labor	\$141.2	\$13.5	9.6%	\$154.8
8					
9	Contract				
10	FTEs	7,796	32	0.4%	7,828
11					
12	Salary	\$383.5	\$16.7	1.7%	\$400.2
13	Overtime and Transitional Duty	87.4	2.2	1.4%	89.7
14	Contract Fringe Benefits	187.0	5.39	2.9%	192.3
15	Total Contract Labor	\$657.9	\$24.3	3.7%	\$682.2
16					
17	Agency-wide				
18	FTEs	9,093	46	0.5%	9,139
19					
20	Salary	\$487.3	\$23.8	4.9%	\$511.0
21	Overtime, As needed and Transitional Duty	90.2	3.2	3.5%	93.4
22	Fringe Benefits	221.7	10.8	4.9%	232.5
23	Total Agency-wide Salary and Benefits	\$799.1	\$37.8	4.7%	\$836.9

Bus and Rail Fare Revenues

	(Amounts in millions, except for Fare Revenue/Boarding)	FY06 Actual	FY07 Actual	FY08 Budget	FY09 Proposed	Change
1	Boardings	483.5	495.2	475.7	487.7	2.5%
2	Fare Revenues	\$279.2	\$283.0	\$318.6	\$323.4	1.5%
3	Fare Revenue/Boarding	\$0.57	\$0.57	\$0.67	\$0.66	-1.5%
4	Farebox Recovery Ratio	26.5%	25.3%	27.4%	26.7%	

FY09 Capital Program by Element

	Element (Amounts in millions)	FY09 Proposed	Life of Project
1	Bus Capital		
2	Bus Acquisition	\$110.8	\$203.8
3	Bus Facilities Improvements	47.5	159.0
4	Bus Maintenance	33.0	33.0
5	Subtotal Bus Capital	191.3	395.8
6			
7	Rail Capital		
8	Rail Facilities Improvements	20.9	72.2
9	Rail Rehabilitation	48.4	342.1
10	Rail Vehicle Maintenance	1.2	3.9
11	Wayside Systems	11.5	38.2
12	Subtotal Rail Capital	82.0	456.3
13			
14	Other Capital Projects		
15	IT/Communications	7.8	20.2
16	Non-Revenue Vehicles	8.7	18.5
17	Warehouse	2.1	4.8
18	Others	10.5	122.0
19	Subtotal Other Capital Projects	29.0	165.5
20			
21	Major Construction		
22	Expo Phase I	201.6	808.4
23	Metro Gold Line Eastside Extension	107.0	898.8
24	Metro Gold Line Eastside Extension Enhancement	15.0	42.0
25	Other Major Construction	65.3	369.4
26	Subtotal Major Construction	388.9	2,118.6
27			
28	Total Capital Program	\$691.2	\$3,136.3

Subsidy and Regional Programs

(Amounts in millions)		FY07 Actual	FY08 Budget	FY09 Proposed
1	Transit Operator Programs	\$707.6	\$756.1	\$858.2
2	ADA/Accessibility Funding Programs	37.5	46.2	51.8
3	Call for Projects and Local Return	428.1	511.2	524.3
4	Rider Relief Program	-	-	5.0
5	Other Local Projects, Immediate Need, EZ Transit Pass, FTA Pass Through and Others	17.9	24.4	17.9
6	Commuter Rail and Intercity Rail	34.1	54.5	65.4
7	Other Planning Studies	0.3	1.8	2.1
8	Total	\$1,225.6	\$1,394.1	\$1,524.7

Estimated FY09 Ending Fund Balances

	(Amounts in millions)	Available FY09 End Balances
1	Proposition A Incentive	\$11.8
2	Proposition C Discretionary	156.0
3	Proposition C Commuter Rail	9.9
4	STA Population Share	29.9
5	Interest from fund balances	37.2
6	Prop A, C, TDA Administration	6.5
7	General fund	86.0
8	ROW leases	51.6
9	Total	\$388.9

Revenue Service Hour Changes

	FY09 Revenue Service Hours	Estimated Marginal Operating Cost	Impact to FY09 Budget
1 June 2008 Service Reduction			
2 Trip Thinning	(215,000)	\$80	(\$17,200,000)
3 Limited Stop Service	(81,000)	\$80	(6,480,000)
4 Duplicate and Under Performing Lines	(148,400)	\$80	(11,872,000)
5 Owl Service	(7,600)	\$80	(608,000)
6			
7 December 2008 Service Reduction	(100,000)	\$80	(8,000,000)
8 Service Reduction Subtotal	(552,000)	\$80	(44,160,000)
9			
10 Six New Rapid Bus Lines	193,000	\$80	15,440,000
11 Conforming Three Existing Rapid Bus Lines	44,000	\$80	3,520,000
12 Service Increase Subtotal	237,000	\$80	18,960,000
13			
14 Total Service Changes (Reduction + Increase)	(315,000)		(25,200,000)
15			
16 Add			
17 Duplicate and Under Performing Lines	148,800	\$80	11,872,000
18 Owl Service	7,600	\$80	608,000
19 December Service Changes	100,000	\$80	8,000,000
20 Total Service Added to FY09 Proposed Budget	256,000		\$20,480,000

Budget Risks

- **Los Angeles County Economy**
- **State and Federal budget deficit**
- **Security contract**
- **AFSCME contract negotiation**
- **Homeland security**
- **Rising construction costs**
- **Sub-prime meltdown**

Discussion