

FY10 Proposed Budget

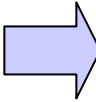
San Fernando Valley Service Sector Governance Council

May 6, 2009



Metro

FY10 Budget Schedule

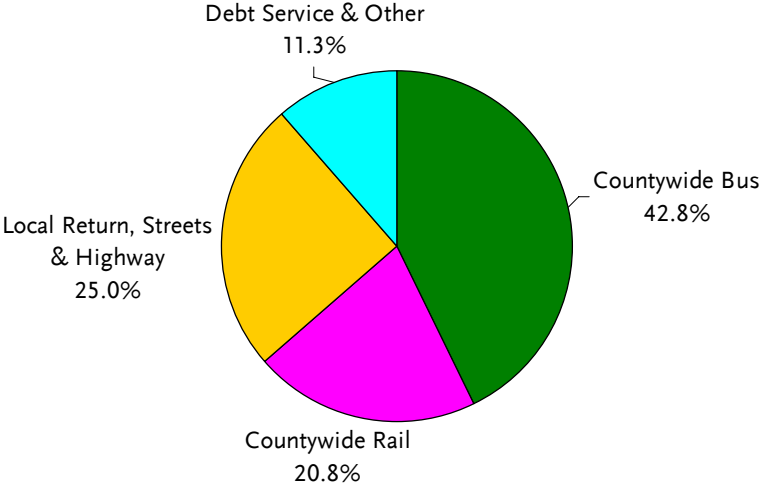
- **Tuesday, May 5th**
 - **Distribution of Proposed Budget to the Public**
-  • **Wednesday, May 6th**
 - **San Fernando Valley Sector Governance Council**
- **Thursday, May 7th (Tentative)**
 - **Board Staff Briefing**
- **Thursday, May 14th (Tentative)**
 - **Board Workshop for Board of Directors**
- **Wednesday, May 20th**
 - **Finance and Budget Committee Meeting - Public Hearing**
- **Thursday, May 28th**
 - **Board Meeting – Budget Adoption**

FY10 Proposed Budget Expenditure by Program

(Dollars in Millions)	FY06 Actual		FY07 Actual		FY08 Actual		FY09 Budget		FY10 Proposed	
1 Countywide Bus										
2 Metro Bus Operating & Capital	\$1,018.5	39.8%	\$1,064.4	39.1%	\$1,069.3	38.5%	\$1,208.5	35.6%	\$1,368.3	35.0%
3 Muni & Paratransit	242.2	9.5%	280.9	10.3%	269.2	9.7%	345.9	10.2%	304.8	7.8%
4 Countywide Bus Subtotal	1,260.7	49.3%	1,345.3	49.4%	1,338.5	48.2%	1,554.4	45.7%	1,673.1	42.8%
5 Countywide Rail										
6 Metro Rail Operating, Capital & Construction	432.2	16.9%	489.1	17.9%	515.0	18.6%	727.0	21.4%	740.8	19.0%
7 Metrolink	45.5	1.8%	44.2	1.6%	46.5	1.7%	60.2	1.8%	70.8	1.8%
8 Countywide Rail Subtotal	477.6	18.7%	533.3	19.6%	561.5	20.2%	787.2	23.2%	811.6	20.8%
9 Local Return, Streets & Highway	479.9	18.8%	474.9	17.4%	491.9	17.7%	609.7	17.9%	976.8	25.0%
10 Debt Service ^(a) & Other	340.4	13.3%	371.5	13.6%	383.3	13.8%	447.4	13.2%	443.8	11.4%
11 Total Expenditures	\$2,558.7	100.0%	\$2,725.0	100.0%	\$2,775.2	100.0%	\$3,398.7	100.0%	\$3,905.3	100.0%

a) 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.

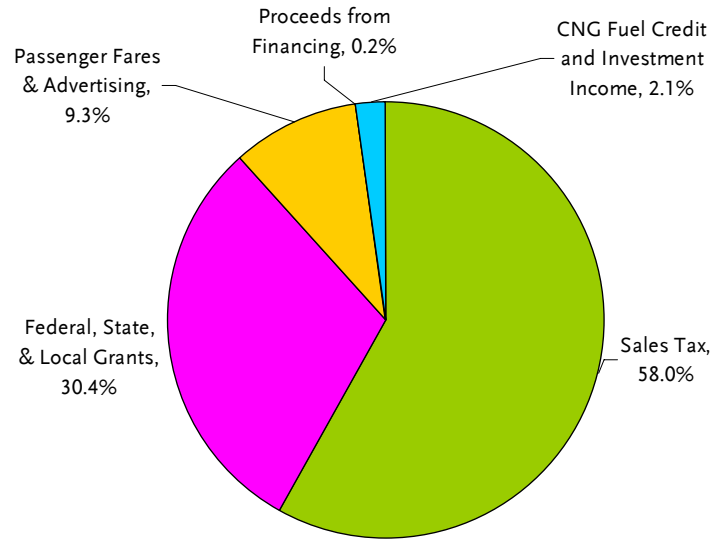
Note: Totals may not add due to rounding.



FY10 Proposed Funding Sources

(Dollars in Millions)		FY06 Actual		FY07 Actual		FY08 Actual		FY09 Budget		FY10 Proposed	
1	Sales Tax ⁽¹⁾	\$1,430.2	55.9%	\$1,763.8	64.7%	\$1,661.4	59.9%	\$2,174.9	64.0%	\$2,263.1	57.9%
2	Federal, State, & Local Grants	702.8	27.5%	509.7	18.7%	592.9	21.4%	748.1	22.0%	1188.6	30.4%
3	Passenger Fares & Advertising	297.8	11.6%	304.5	11.2%	350.2	12.6%	350.4	10.3%	363.1	9.3%
4	Proceeds from Financing	42.6	1.7%	93.2	3.4%	87.0	3.1%	27.7	0.8%	7.9	0.2%
5	CNG Fuel Credit and Investment Income	85.3	3.3%	53.8	2.0%	83.6	3.0%	97.6	2.9%	82.6	2.1%
6	Total Funding Sources	\$2,558.7	100.0%	\$2,725.0	100.0%	\$2,775.2	100.0%	\$3,398.7	100.0%	\$3,905.3	100.0%

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



Bus Operating and Capital Gap Filling

	(Amount in millions)	FY09 Adopted Budget	FY10 Proposed	Inc/(Dec)
1	Operating Revenue			
2	Fare Revenue	\$269.2	\$269.3	\$0.1
3	Advertising and Special Services	22.2	24.5	2.3
4	Subtotal Operating Revenue	291.4	293.8	2.4
5				
6	Formula Share Revenues			
7	Local	537.3	468.2	(69.1)
8	State	99.0	1.8	(97.2)
9	Federal	150.9	114.2	(36.7)
10	Subtotal Formula Share Revenues	787.2	584.2	(203.0)
11				
12	"Our Means" - Total Resources	1,078.6	878.0	(200.6)
13	Operating and Capital Expenses	1,223.0	1,255.9	32.8 *
14	Surplus/(Deficit)	(144.4)	(377.9)	(233.4)
15				
16	One-Time Revenues			
17	Federal Sec 5309 (CRDP)	1.2	79.7	78.5
18	PC10%	2.9	-	(2.9)
19	Measure R Revenues	-	32.0	32.0
20	Misc Revs from Legal Settlements, Filming, Fines, etc.	2.1	9.6	7.4
21	Prop C 40% for Enterprise Fund Debt	17.0	18.2	1.2
22	Homeland Security	3.0	1.0	(2.0)
23	MTA TCRP - Bus Procurement	-	33.6	33.6
24	CMAQ - Bus Procurement	80.7	45.9	(34.8)
25	Prop 1B Bonds - Union Division	13.5	39.0	25.5
26	Stimulus - Bus Rebuilds	-	48.8	48.8
27	FY08 Surplus from PA40%	-	21.6	21.6
28	Enterprise Fund Interest	0.5	0.5	0.0
29	General Funds (CNG Fuel Credits)	23.6	10.2	(13.4)
30	A & C Interest Revenues (FAP)	-	39.4	39.4
31	Total One-Time Revenues	144.4	379.5	235.1
32				
33	Surplus/(Deficit)	(\$0.0)	\$1.6	\$1.6



* Expense reductions include over \$134.6 million of operating and capital projects

Rail Operating and Capital Gap Filling

	(Amount in millions)	FY09 Adopted Budget	FY10 Proposed	Inc/(Dec)
1	Operating Revenue			
2	Fare Revenue	\$54.1	\$63.1	\$9.0
3	Advertising and Special Services	4.9	6.2	1.2
4	Subtotal Operating Revenue	59.1	69.3	10.3
5				
6	Formula Share Revenues			
7	Local	90.6	68.5	(22.1)
8	State	85.7	-	(85.7)
9	Federal	54.1	37.9	(16.2)
10	Subtotal Formula Share Revenues	230.3	106.4	(124.0)
11				
12	"Our Means" - Total Resources	289.4	175.7	(113.7)
13	Operating and Capital Expenses	309.6	333.6	24.0
14	Surplus/(Deficit)	(20.3)	(158.0)	(137.7)
15				
16	One-Time Revenues			
17	PC40%	10.5	100.5	90.0
18	PC 25%	0.9	-	(0.9)
19	Federal 5340	6.6	6.7	0.1
20	Homeland Security	2.3	0.6	(1.8)
21	CMAQ - Rail Operating	-	8.1	8.1
22	Prop 1B Bonds - Gating	-	12.6	12.6
23	Stimulus - TPSS/Digital Radio	-	19.5	19.5
24	FY08 Surplus	-	10.0	10.0
25	Total One-Time Revenues	20.3	158.0	137.7
26				
27	Surplus/(Deficit)	\$0.0	\$0.0	(\$0.0)

FY10 Proposed Budget Highlights

- **No salary and wage expense increases except as provided for in current labor agreement**
- **Non-labor expense items reduced to reflect FY09 actual experience and CEO/Board directives**
- **Reduced operating and capital expenses by over \$134.6 million to produce balanced budget**

FY10 Proposed Budget Highlights – Cont'd

- **Enterprise Fund Bus Operating decreased by \$6.7 million**
- **Restructure bus and rail service to improve service efficiency**
- **Sales tax revenue decline 10% from FY08**

FY10 Proposed Budget Highlights – Cont'd

- **Purchase 219 CNG buses for Metro and contract service providers**
- **Begin revenue operations of Gold Line Eastside Extension LRT**
- **FTE's increase by 48, primarily for Gold Line Eastside Extension pre-revenue operations and Measure R projects**
- **Continue the rail gating and UFS/TAP projects**
- **Continue construction of Expo LRT**

Sales Tax Revenue Assumptions

	(Dollars in Millions)	FY08 Actuals	FY09 Forecast	% Chg from FY08	FY10 Forecast	% Chg from FY08
1	Prop A	\$683,353	\$649,185	-5%	\$616,726	-10%
2	Prop C	683,530	649,354	-5%	616,886	-10%
3	TDA	340,548	323,521	-5%	307,345	-10%
4	Measure R		-	n/a	361,250	n/a
5	STA	93,861	45,435	-52%	-	-100%
6	Total	\$1,801,292	\$1,667,495		\$1,902,207	

	Forecast Measure R Sales Tax Revenue for FY10	Measure R Forecast
7	Prop C Forecasted Revenue for FY10 (see above)	\$ 616,886
8	Historical collection ratio for first year of sales tax initiative ⁽¹⁾	58.6%
9	Forecast Measure R Sales Tax Revenue for FY10	\$ 361,250

(1) Historical collection ratio based on actual Prop C revenue collected during first four quarters of existence in FY91.

Bus and Rail Fare Revenues

	(Amounts in millions, except for Fare Revenue/Boarding)	FY07 Actual	FY08 Actual	FY09 Budget	FY10 Proposed	% Change to FY09
1	Boardings	495.5	474.2	488.3	498.5	2.1%
2	Fare Revenues *	\$283.0	\$328.8	\$325.7	\$332.5	2.1%
3	Fare Revenue/Boarding	\$0.57	\$0.69	\$0.67	\$0.67	0.0%
4	Farebox Recovery Ratio	25.3%	29.0%	26.4%	27.0%	

* Excludes Metrolink Route

FY10 Proposed Budget: Labor

	(Dollars in millions)	FY09 Budget	Inc/(Dec)	Inc/(Dec) %	FY10 Proposed
1	Non Contract				
2	FTE's	1,316	7	0.6%	1,323
3					
4	Salary	\$111.2	1.6	6.9%	\$112.8
5	Overtime and As needed	4.1	0.6	3.3%	4.7
6	NC Fringe Benefits	40.3	1.6	3.9%	41.8
7	Total Non Contract Labor	\$155.6	\$3.7	2.4%	\$159.3
8					
9	Contract				
10	FTE's	7,836	51	0.6%	7,887
11					
12	Salary	\$412.3	(0.5)	1.7%	\$411.8
13	Overtime and Transitional Duty	85.1	(4.7)	1.4%	80.4
14	Contract Fringe Benefits	198.5	7.1	3.6%	205.6
15	Total Contract Labor	\$695.9	\$1.9	0.3%	\$697.7
16					
17	Agency-wide				
18	FTE's	9,152	58	0.5%	9,210
19					
20	Salary	\$523.5	\$1.0	4.9%	\$524.5
21	Overtime, As needed and Transitional Duty	89.1	(4.1)	3.5%	85.0
22	Fringe Benefits	238.8	8.7	3.6%	247.5
23	Total Agency-wide Salary and Benefits	\$851.4	\$5.6	0.7%	\$857.0

Change in Revenue Service Hours

	RSH
1 FY09 Bus Revenue Service Hours (RSH)	7,719,204
2	
3 Direct Operated RSH	
4 Increased Hub Mile Efficiency (12 mos.)	(26,702)
5 Trip Thinning (6 mos.)	(35,000)
6 Service Efficiency (6 mos.)	(60,000)
7 Total Change to Direct Operated RSH	(121,702)
8	
9 Contract Service Modifications	2,170
10	
11 Total Changes	(119,532)
12	
13 FY10 RSH	7,599,672

Bus Sector RSH Change Details

	Division	FY09	FY10	Inc/(Dec)
1	San Ferando Valley Sector			
2	Division 8	449,003	426,190	(22,813)
3	Division 15	797,007	793,900	(3,107)
4	Orange Line	101,561	101,561	-
5	Subtotal San Ferando Valley Sector	1,347,571	1,321,651	(25,920)
6				
7	San Gabriel Valley Sector			
8	Division 3	659,568	638,940	(20,628)
9	Division 9	805,129	765,394	(39,735)
10	Subtotal San Gabriel Valley Sector	1,464,697	1,404,334	(60,363)
11				
12	Gateway Cities Sector			
13	Division 1	742,933	685,969	(56,964)
14	Division 2	608,048	594,794	(13,254)
15	Subtotal Gateway Cities Sector	1,350,981	1,280,763	(70,218)
16				
17	South Bay Sector			
18	Division 5	596,634	595,109	(1,525)
19	Division 18	845,428	806,677	(38,751)
20	Subtotal South Bay Sector	1,442,062	1,401,786	(40,276)
21				
22	Westside/Cetral Sector			
23	Division 6	139,645	125,435	(14,210)
24	Division 7	692,235	730,714	38,479
25	Division 10	729,764	780,570	50,806
26	Subtotal Westside/Cetral Sector	1,561,644	1,636,719	75,075
27				
28	Total Sector Service	7,166,955	7,045,253	(121,702)

FY10 Proposed Budget: Capital Program by Element

	Element (Amounts in millions)	FY10 Proposed	Life of Project
1	Bus Capital	\$277.1	\$609.0
2	Rail Capital	70.3	445.6
3	Other Capital Projects	77.6	216.9
4	Major Construction	328.8	2,383.3
5	Total Capital Program	\$753.8	\$3,654.7

Budget Risks

- **Economy**
- **Union Negotiations**
- **Bus Revenue Service Restructuring**

Discussion