



**Metro**

**FINANCE AND BUDGET COMMITTEE  
JULY 15, 2009**

**SUBJECT: FY10 BUDGET**

**ACTION: RECEIVE AND FILE UPDATE OF PROP C40% ESTIMATED ENDING  
FUND BALANCE**

**RECOMMENDATION**

Receive and file this update on the FY10 budget Prop C40% estimated ending fund balance.

**ISSUE**

Prop C40% discretionary funds are used for a variety of programs and projects that have been approved by the Board in separate actions either annually or over time. Since presentation of the proposed budget book, there have been several changes to the forecasted Prop C40% fund balance.

**DISCUSSION**

Attachment A shows the updated FY10 Prop C40% fund balance estimate as compared to the information presented during the proposed budget presentation. The major changes are summarized as follows:

**Board Directed Changes**

- 1) During the FY10 budget adoption process, the Board voted to retain \$18 million of FY08 "Growth Over Inflation" (GOI) funds in the Prop A40% fund balance. Not transferring the total FY08 GOI reduced the forecasted starting fund balance by \$18 million.
- 2) The Board approved funding of three Sustainability Projects as part of the budget adoption. Rail operations share funded by Prop C40% is \$850,000.

**Budget Input Errors**

- 3) One of the calculations that is prepared for the annual budget is the debt service payments by sales tax designation. During development of the FY10 budget, the calculation for debt service for Prop C25% and for Prop C40% were transposed. This budget input error caused the Prop C40% demand for debt service to appear to be \$25 million less than it actually will be in FY10.
- 4) Two projects that were supposed to be funded with Congestion Reduction Demonstration Funds (CRD) were funded with another source. The funding for these two projects, totaling \$2.5 million were included in the reserved Prop

C40%. Correction of this caused the Prop C40% expenditures to increase by \$2.5 million and the reserve balance to decrease by \$2.5 million.

#### Revenue and Expense Changes

- 5) The FY10 formula allocation procedure funding marks were presented to the Board in June based on final data. The final funding marks reduced Metro's share of the Foothill Mitigation/BSIP funding by \$3.7 million.
- 6) Elimination of rail service changes proposed by staff after the initial budget was developed increased the Metro Rail budget by \$1.4 million. These increases were funded with Prop C40%.


The total of the changes reduces the unreserved forecasted Prop C40% fund balance from the \$49 million in the proposed budget to \$7 million. This balance is net of \$100 million that has previously been programmed and reserved for specific uses. Attachment B identifies the uses for Prop C40% programmed in the FY10 budget.

#### **NEXT STEPS**

OMB will report to the Board the status of the FY10 revenue and expenditure budget on a quarterly basis including the status of the sales tax revenues and forecasted expenditures.

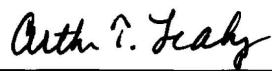
Attachment

Prepared by: Michelle Lopes Caldwell  
Executive Officer, Office of Management and Budget



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Terry Matsumoto  
Chief Financial Services Officer and  
Treasurer



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Arthur T. Leahy  
Chief Executive Officer

**FY10 Adopted Budget****Proposition C 40%****Estimated Available Fund Balance at the end of FY10**

	<u>Amount</u>
<b>1 Estimated Prop C40% Ending Fund Balance based on the Proposed Budget</b>	<b>\$ 49,077</b>
<b>2 Board Directed Changes</b>	
3 Reduced FY09 Growth Over Inflation Transfer In to Prop C 40% from Prop A 40	(18,000)
4 Implementation of Sustainability Projects (Rail Ops portion only)	(850)
<b>5 Budget Errors</b>	
6 Debt Service change from Prop C25% to Prop C40%	(25,394)
7 Congestion Reduction Demonstration Projects (CRD) funded incorrectly	(2,585)
8 Reduction of Prop C40% CRD Reserves	2,585
<b>9 Revenue and Expense Changes</b>	
10 FAP Change reduced assumption of Prop C40% for Metro	3,688
11 Metro Rail Operations increased demands	<u>(1,470)</u>
<b>12 Subtotal Changes</b>	<u>(42,026)</u>
<b>13 Estimated Available Fund Balance for Proposition C 40% at the end of FY10 based on Adopted Budget</b>	<b><u>\$ 7,051</u></b>

**FY10 Adopted Budget**  
**Proposition C 40% Demand Chart**

(Amount in 000's)

	<b>FY10 Proposed</b>	<b>FY10 Adopted</b>	<b>Change</b>
<b>1 FY10 Avail PC40 Funds</b>	<b>\$ 499,943</b>	<b>\$ 481,943</b>	<b>\$ (18,000)</b>
<b>2 FY10 Demands</b>			
3 Debt Service-Bonds	63,359	88,753	25,394
4 Access Service for ADA Compliance	34,179	34,179	-
5 Metro & Municipal Operators Bus Operations	86,203	82,515	(3,688)
6 Metro Rail Operations	100,471	102,791	2,320
7 Regional TAP & Activities	14,336	14,336	-
8 Immediate Needs Tokens / Rider Relief	9,208	9,208	-
9 Congestion Reduction Demonstration Projects	13,687	16,272	2,585
10 Major Capital Projects	27,161	27,161	-
11 Prior Year Encumbrances	102,262	99,677	(2,585)
<b>12 Total Demands FY10</b>	<b>450,866</b>	<b>474,892</b>	<b>24,026</b>
<b>13 June 30, 2010 - Estimated Ending Fund Balance</b>	<b>\$ 49,077</b>	<b>\$ 7,051</b>	<b>\$ (42,026)</b>

