

FY 2011 Budget Outlook

Prepared by OMB



Metro

Summary of Sales Tax & STA Revenue

	A	B = A - 9.1%	C	D = B - 9.1%	E=D-C	F = D + 4.5%	G=(F-A) / A
Revenue Source (amounts in millions)	FY08 Actual	FY09 Actual	FY10 Adopted	FY10 Reforecast	\$ Change from Adopted	FY11 Forecast ⁽²⁾	% Change - FY08 Actual to FY11 Forecast
1 Sales Tax Revenues							
2 Proposition A	\$683.4	\$620.8	\$616.7	\$564.2	(\$52.5)	\$589.8	-13.7%
3 Proposition C	683.5	620.9	616.9	564.2	(52.7)	589.8	-13.7%
4 Measure R ⁽¹⁾	-	-	361.3	479.6	118.3	589.8	N/A
5 TDA	340.5	310.4	307.3	282.1	(25.2)	294.9	-13.4%
6 STA	93.9	44.1	0.0	0.0	0.0	0.0	-100.0%
7 Total Revenues	\$1,801.3	\$1,596.2	\$1,902.2	\$1,890.1	(\$12.1)	\$2,064.3	14.6%

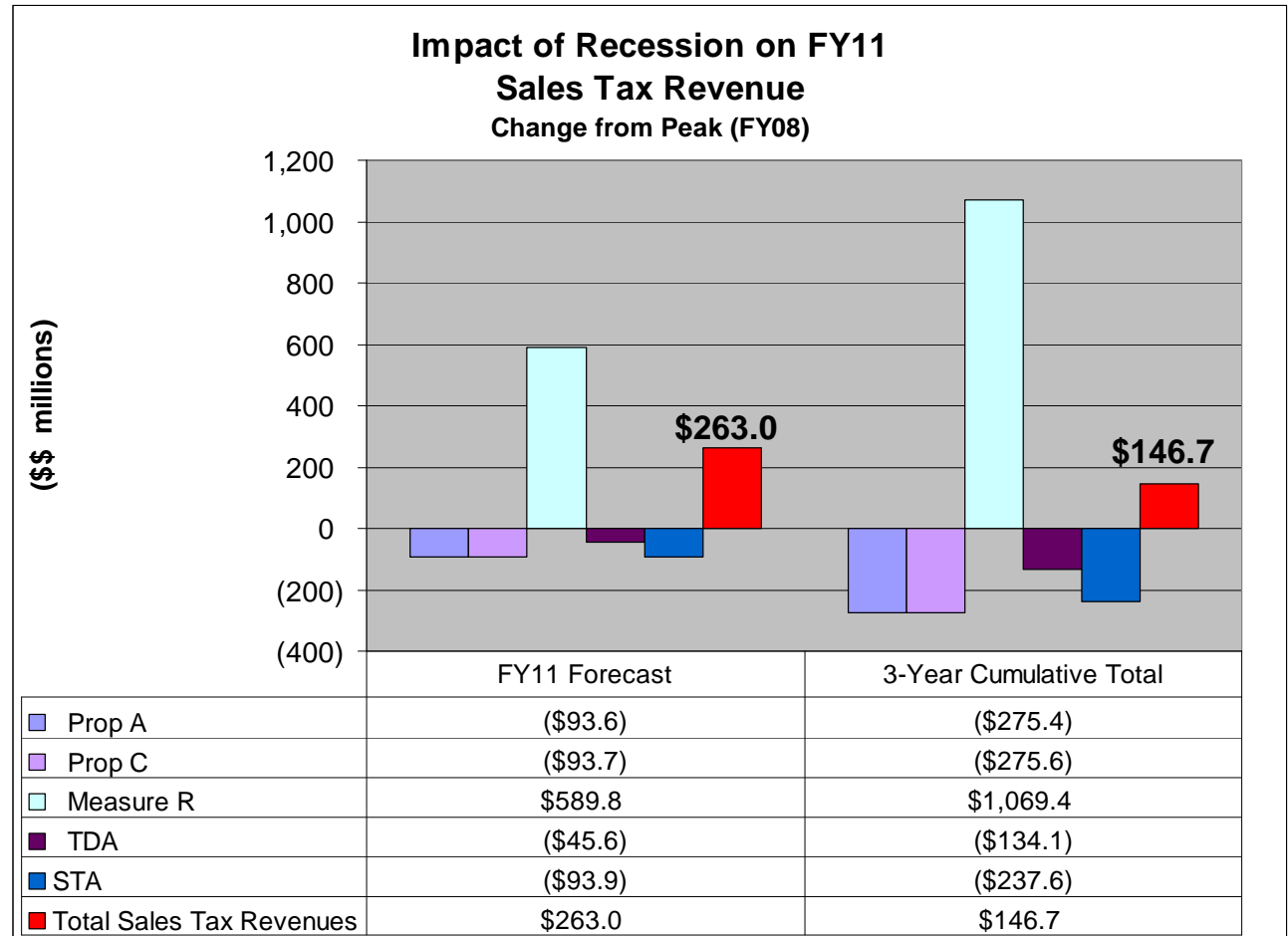
(1) For FY10, Measure R revenue was budgeted at 58% of Prop A and Prop C. Based on collection pattern through December 2009, Measure R revenue is reforecast to 85% of Prop A and Prop C.

(2) FY11 sales tax revenue growth forecast is 4.53% over FY10 Reforecast \$'s based on guidance from Beacon Economics.

Impact of Recession on All Sales Tax Revenue

(Change from Peak in FY08)

- FY11 up \$263.0 million from FY08 because of \$589.8 million from Measure R
- FY09-FY11 cumulative up \$146.7 million, even with \$1.1 billion in new Measure R funds

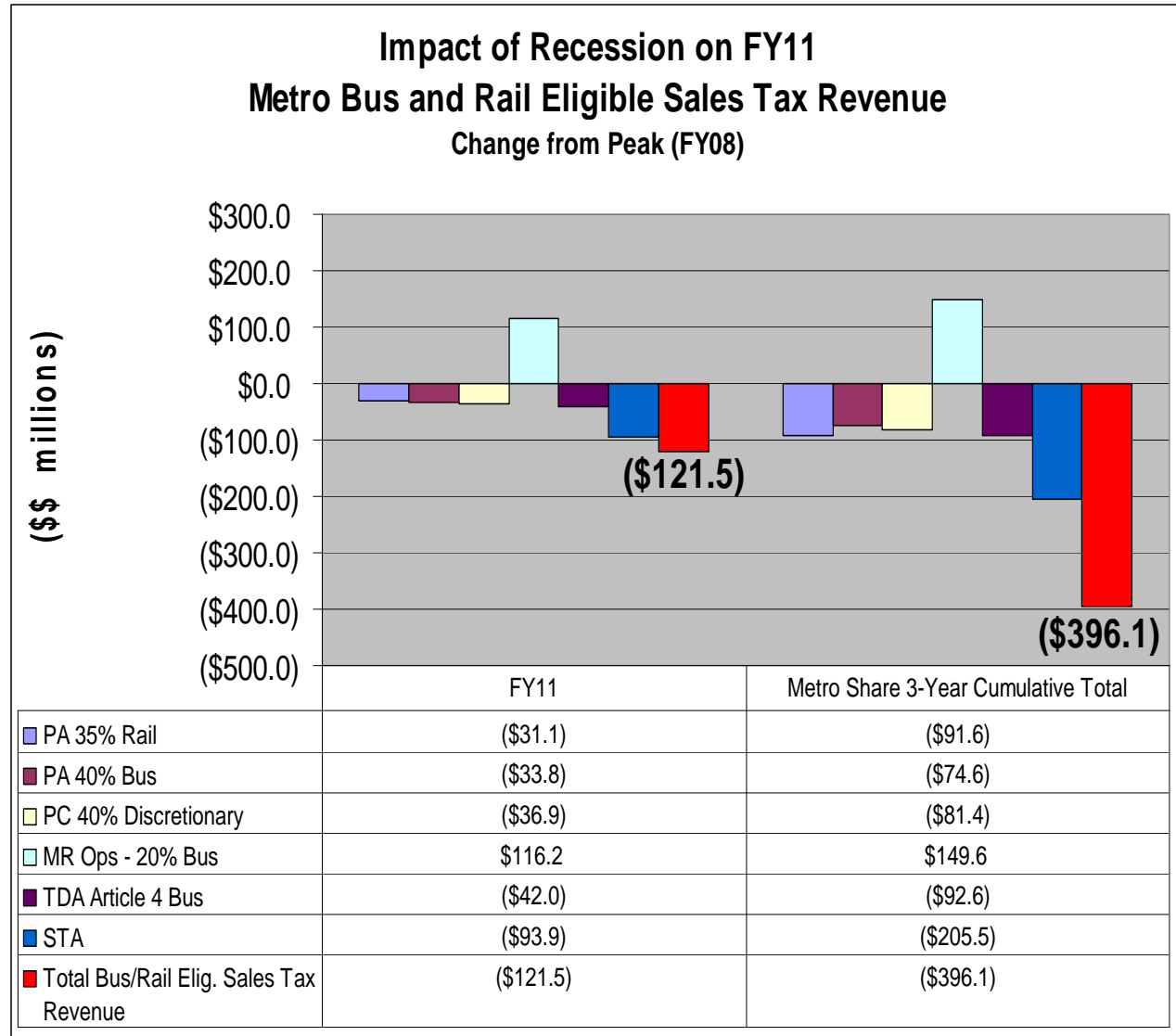


Bus & Rail Share of Sales Tax & STA Estimates

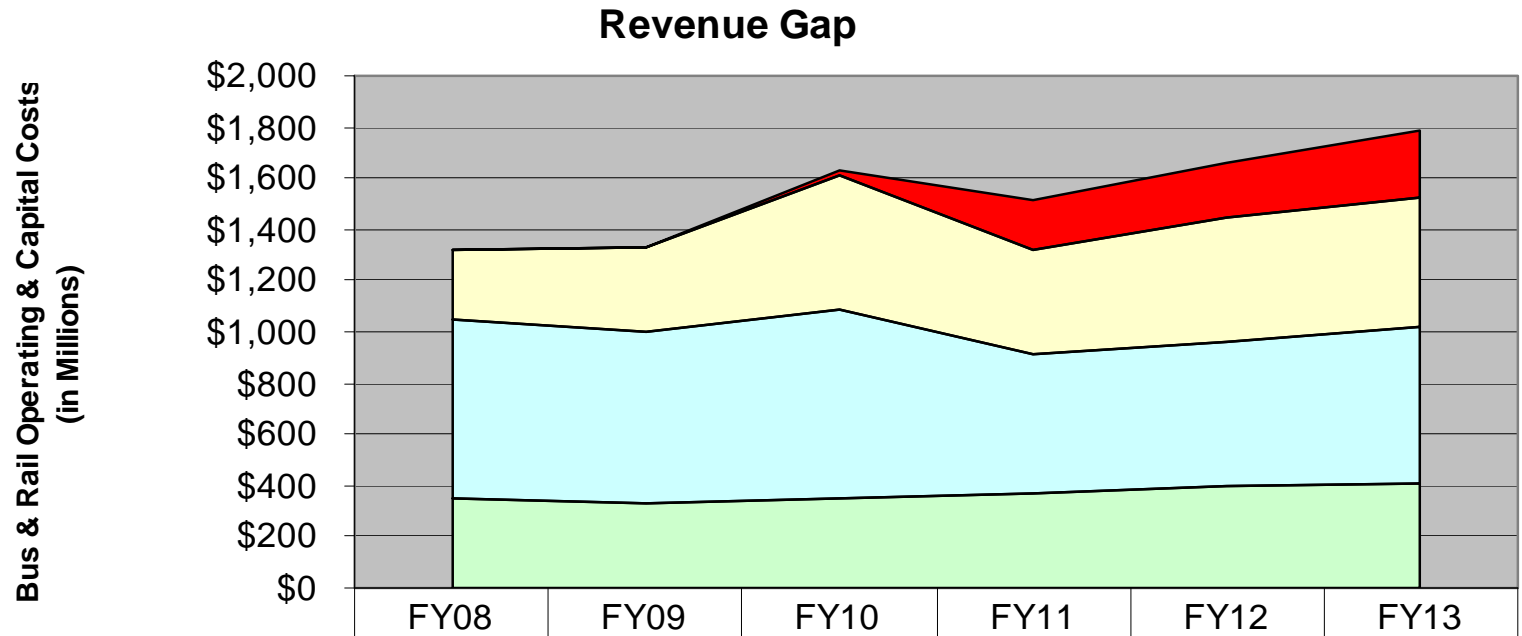
	Revenue Source (amounts in millions)	FY08 Actual	FY09 Actual	FY10 Adopted	FY10 Reforecast	Change from Adopted	FY11 Forecast	
Proposition A								
1	Estimated Tax Revenue	\$683.4	\$620.8	\$616.7	\$564.2	(\$52.5)	\$589.8	
2	5 % Administration	34.2	31.0	30.8	28.2	(2.6)	29.5	
3	25 % Local Return	162.3	147.4	146.5	134.0	(12.5)	140.1	
4	35 % Rail Development	227.2	206.4	205.1	187.6	(17.5)	196.1	Eligible
5	40 % Discretionary							
6	Transit (95% of 40%)	246.7	224.1	222.6	203.7	(19.0)	212.9	Eligible
7	Incentive (5% of 40%)	13.0	11.8	11.7	10.7	(1.0)	11.2	
Proposition C								
9	Estimated Tax Revenue	683.5	620.9	616.9	564.2	(52.7)	589.8	
10	1.5% Administration	10.3	9.3	9.3	8.5	(0.8)	8.8	
11	5 % Rail/Bus Security	33.7	30.6	30.4	27.8	(2.6)	29.0	
12	10 % Commuter Rail	67.3	61.2	60.8	55.6	(5.2)	58.1	
13	20 % Local Return	134.6	122.3	121.5	111.2	(10.4)	116.2	
14	25 % Freeways/Highways	168.3	152.9	151.9	138.9	(13.0)	145.2	
15	40 % Discretionary	269.3	244.6	243.1	222.3	(20.8)	232.4	Eligible
Measure R								
17	Estimated Tax Revenue	-	-	361.3	479.6	118.3	589.8	
18	1.5% Administration	-	-	5.4	7.2	1.8	8.8	
19	2 % TC Metro Rail	-	-	7.1	9.4	2.3	11.6	
20	3 % TC Metrolink	-	-	10.7	14.2	3.5	17.4	
21	5 % Operations - New rail	-	-	17.8	23.6	5.8	29.0	
22	15 % Local Return	-	-	53.4	70.9	17.5	87.1	
23	20 % Operations - Bus	-	-	71.2	94.5	23.3	116.2	Eligible
24	20 % Highway Capital	-	-	71.2	94.5	23.3	116.2	
25	35 % TC New Rail/BRT	-	-	124.5	165.3	40.8	203.3	
TDA								
27	Estimated Tax Revenue	340.5	310.4	307.3	282.1	(25.2)	294.9	
28	\$6.0 million Administration	6.0	6.0	6.0	6.0	6.0	6.0	
29	2 % Article 3 (Pedestrians & Bikeways)	6.7	6.1	6.0	5.5	-0.6	5.8	
30	92.1% Article 4 (Bus Transit)	308.1	280.4	277.5	254.3	-28.8	266.1	Eligible
31	5.9% Article 8 (Transit/Streets & Hwys)	19.7	18.0	17.8	16.3	-1.8	17.0	
STA								
33	Estimated Revenue	93.9	44.1	0.0	0.0	0.0	0.0	
34	STA Bus	50.6	23.2	0.0	0.0	0.0	0.0	Eligible
35	STA Rail	43.3	20.9	0.0	0.0	0.0	0.0	Eligible
36								
37	Totals All Revenue	\$ 1,801.3	\$ 1,596.2	\$ 1,902.2	\$ 1,890.1	\$ (12.1)	\$ 2,064.3	
38	Total Revenues that are Eligible for							
39	Bus & Rail Operating/Capital Use	\$ 1,145.2	\$ 999.6	\$ 1,019.5	\$ 962.4	\$ (62.6)	\$ 1,023.7	Eligible

Impact on Bus & Rail Eligible Sales Tax Revenue (Change from Peak in FY08)

- Declined \$121.5 million in FY11 from peak (FY08)
- FY09-FY11 cumulative decline \$396.1 million from peak (FY08)



Sales Tax Decline Leaves Revenue Gap



■ Funding Gap/Deficit	-	-	19	193	216	265
□ State & Federal Grants	272	329	525	407	488	502
□ Local Subsidy	703	664	742	548	561	618
□ Fares & Other Op Rev	350	334	349	368	397	406

Bus and Rail Operating & Capital Costs (Excl. Major Construction)	\$ 1,325	\$ 1,327	\$ 1,635	\$ 1,516	\$ 1,662	\$ 1,791
% Increase		→ 0.15%	23.21%	-7.28%	9.63%	7.76%



Agency-wide Reduction Strategies

Reorganize

- Complete Metro Operations reorganization.
- Reorganize Planning and Construction on project delivery model
- Agency-wide: Eliminate Layers, Consolidate Units, Reduce workforce

Rethink All Assumptions

- Identify minimum resources to support core functions
- Budget the Capital Program at project delivery capacity
- Identify discretionary programs and activities
- Reduce professional and contract services

Share Overhead Costs

- Relocate partners Metrolink and Access Service Inc. to Metro owned facilities.

Restructuring Service

- Restructure service to sustainable level
- Close divisions if service restructuring permits

