

FY13 Budget Development Progress Report



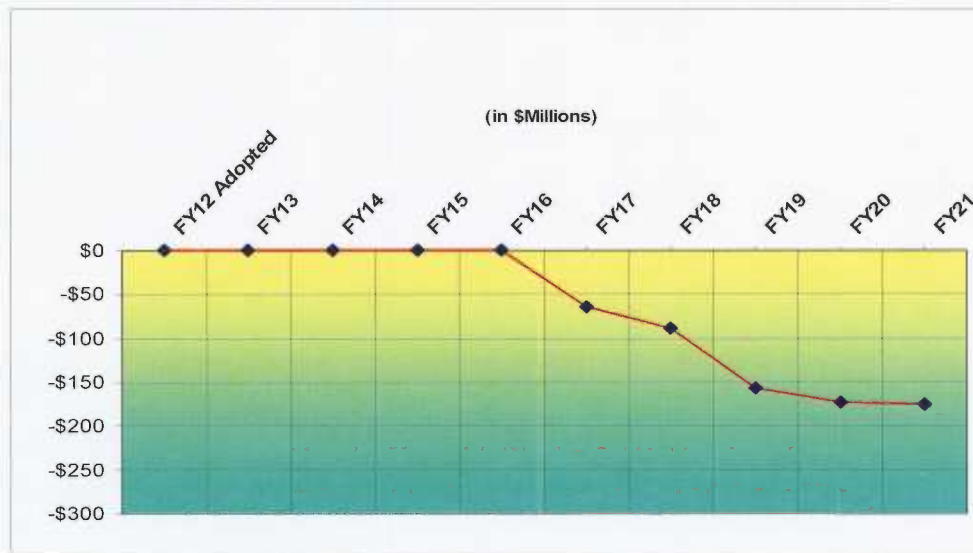
Metro

The Office of Management, Budget and
Local Programming

Finance, Budget and Audit
Committee Oral Report
March 14th, 2012

FY13 Budget & Long Term Financial Outlook

Metro bus/rail operations are balanced through FY16; however, current operating service levels become financially unsustainable in FY17 as we move forward with construction of new rail projects and these new rail lines are placed in service.



- Measure R ordinance does not include enough funds for rail operations
- The annual operating deficit grows from \$65 million in FY17 to \$175 million in FY21
- These deficits come in sooner than FY17 and are larger if there is a reduction in STA and/or Federal funding, or if any of our assumptions change, such as sales tax growth, cost growth, service levels, boardings and debt service costs

FY13 Budget Highlights

The following additional services, programs and construction are anticipated in FY13

Bus and Rail Service Additions

- > Orange Line Operations
- > Full year of EXPO I
- > Extended night service for Metro Rail
- > Reduced Headways for Metro Rail

Increases in Measure R Planning and Construction

Highway Projects

- > 405 110 105 Sr91 Ramp&Interch
- > Countywide Soundwall Projects
- > High Desert Corrd.
- > Hwy Opr Imp Arroyo Verdugo
- > Hwy Opr Imp Virgenes/Malibu
- > I-5 N Enhance Sr14/Kern Cnty
- > I-605 Corridor "Hot Spot"
- > I710 South Early Action Projs
- > Phase 2 Ace Grade Separation
- > Sepulveda Pass Transit Corridor
- > S.R.-138 Capacity Enhance
- > S.R.-710 North Gap Closure

Transit Projects

- > Crenshaw Transit Corridor
- > Eastside Extension Phase II
- > Eastside Light Rail Access
- > Eastside Quad Gate Stdy
- > Gold Line Foothill Lrt Ext
- > Green Line Ext To L.A.X.
- > Grn Line Ext Rdondo Bch-S. Bay
- > Regional Connection
- > S.F.V East N/S Rapid
- > Westside Subway Extension
- > EXPO Phase II
- > W. Santa Ana BR Corridor



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Summary of Resources

	(\$ in millions)			
	FY11 Actual	FY12 Budget	FY13 Prelim Request	FY12 to FY13 Proposed (Draft)
1 Sales Tax, TDA and STA Revenues				
2 Proposition A	\$ 601.9	\$ 605.1	\$ 629.3	4.0%
3 Proposition C	601.9	605.1	629.3	4.0%
4 Measure R	598.6	605.1	629.3	4.0%
5 Transportation Development Act (TDA)	301.6	302.6	314.7	4.0%
6 State Transit Assistance (STA)	-	96.2	123.6	28.5%
7 Total Sales Tax, TDA, & STA	\$ 2,104.0	\$ 2,214.1	\$ 2,326.2	5.1%
8				
9 Operating & Other Revenues and Resources				
10 Passenger Fares	336.1	332.1	347.0 ⁽²⁾	4.5%
11 Investment Income & CNG Credits	37.8	41.0	5.0 ⁽²⁾	-87.8%
12 Other Revenues ⁽¹⁾	93.1	80.0	80.4 ⁽²⁾	0.5%
13 Subtotal Operating & Other Revenues and Resources	467.0	453.1	432.4	-4.6%
14				
15 Grant and Bond Funding				
16 Grants Reimbursements (incl Prev Maintenance)	673.5	1,082.3	916.0 ⁽²⁾	-15.4%
17 Bond Proceeds Programmed	169.3	393.7	563.4 ⁽²⁾	43.1%
18 Subtotal Grant and Bond Funding	842.8	1,476.0	1,479.4	0.2%
19 Total New Revenues	3,413.8	4,143.2	4,238.0	
20 Carryover Resources ⁽³⁾	(46.7)	9.8	301.3 ⁽²⁾	-2974.9%
21 Total Resources Required	\$ 3,367.1	\$ 4,153.0	\$ 4,539.3	9.3%

22 ⁽¹⁾Other Revenues includes lease revenues, advertising, legal settlements, vending revenues, local contributions,
23 EZ pass revenues, film site revenues and other miscellaneous revenues.

24 ⁽²⁾The FY13 Proposed Budget is still under development. These are preliminary numbers as of March 6, 2012, that
25 will be finalized by the end of March 2012. A majority of the FY13 Carryover Resources represent Measure R
26 funds carried over from prior years.

27 ⁽³⁾Carryover resources represent the excess of revenues over expenditures from prior years that are available for
28 use in the current year or in future years.

Preliminary Expenditure Summary

	On Going Programs (Dollars in Millions)	FY13 Prelim Request	FY12 Budget	Change	Change %
1	Metro Bus and Rail Existing Services	\$1,205.5	\$1,174.0	\$31.5	2.7%
2	Operating Capital	273.2	333.7	(60.5)	-18.1%
3	Agencywide Planning and Other Operating	303.0	298.3	4.7	1.6%
4	Debt Services, excl. Measure R	288.0	294.0	(6.0)	-2.0%
5	On Going Programs Subtotal	2069.7	2100.0	(30.3)	-1.4%
6					
7	New Programs				
8	Expo Operating	31.8	22.2	9.6	43.5%
9	Orange Line Extension	3.4	-	3.4	
10	Reduced Headway/Late Night Extension	22.2	-	22.2	
11	Express Lane Operation (CRDP)	13.4	-	13.4	
12					
13	<i>Bus Acquisition</i>				
14	40' and 45' Bus	102.0	10.0	92.1	
15	Zero Emission Bus	10.1	-	10.1	
16	Subtotal Bus Acquisition	112.1	10.0	102.2	
17					
18	Total New Programs	182.9	32.2	150.8	
19					
20	Measure R Programs and Projects	1445.7	1171.2	274.5	23.4%
21					
22	Subsidies, excl Measure R	841.0	849.6	(8.7)	-1.0%
23					
24	FY13 Preliminary Budget Estimate	\$4,539.3	\$4,153.0	\$386.3	9.3%



FY13 Budget Development Schedule

- There are a total of 6 Board Staff Briefings scheduled until budget adoption in May.
- Additional and individual meetings may be scheduled by request.

	Meeting	Topic
1	3/08/12: Board Staff Briefing	Progress Report on FY13 Budget
2	3/14/12: Finance, Budget, and Audit Committee	Progress Report on FY13 Budget
3	3/28/12: Board Staff Briefing	Progress Report on FY13 Budget
4	4/12/12: Board Staff Briefing	Progress Report on FY13 Budget
5	4/18/12: Finance, Budget, and Audit Committee	Progress Report on FY13 Budget
6	4/20/12: Board Staff Briefing	Progress Report on FY13 Budget
7	5/01/12-5/15/12:	Individual Board Staff Briefings (by requested)
8	5/03/12: Board Staff Briefing	Proposed Budget Book
9	5/10/12: Board Staff Briefing	Proposed Budget Book
10	5/16/12: Finance, Budget, and Audit Committee	Budget Workshop and Public Hearing