

MTA Board Meeting
March 27, 2014

**MOTION BY
SUPERVISOR DON KNABE**

Funding Assumptions for Metro Bus and Rail Operations Revenue

According to Metro, the agency faces an operating deficit of \$36 million in two years. The deficit is projected to grow to \$225 million in ten years. Metro is focusing on our customers to fill the gap in fare box recovery through increased fares (some as high as 50 percent more), and according to staff, fare box recovery must be increased from 26% to 33% to avoid dramatic cuts in service delivery. With Metro's twin revenue successes from 1) gating stations, and 2) the ExpressLanes toll lanes program, additional revenue may be available in the future to earmark for stabilizing bus and rail operations to reduce traffic congestion, to avoid dramatic reductions in service, and to offset major increases to customer fares.

Metro must do all it can to look closely at these programs and to reevaluate the assumptions in the financial forecasting model (LRTP Financial Forecast Update dated May 9, 2013) aka the "beige book" to determine if it is still appropriate for Metro to forecast the reduced amount of \$4.837 billion in Measure R 20% (Bus Operations) and \$1.711 billion in Measure R 5% (Rail Operations) for FY13-40 when, by comparison, in 2008 Metro presented to the voters the Measure R Expenditure Plan which identifies greater funding amounts: \$7.880 billion (Bus Operations) and \$1.970 billion (Rail Operations) respectively to fund countywide bus and rail operations for FY09-40. The Board must receive additional information and a clearer picture of the financial assumptions to consider whether the amount of funding presented to the voters and promised under Measure R can indeed be met. Metro staff should therefore reevaluate the forecasting assumptions and the financial model to determine if Metro's "fiscal cliff" is truly imminent, will it really happen in FY16?

I, THEREFORE, MOVE THAT THE BOARD:

1. Direct the CEO to report to the Board, for consideration by the Executive Management Committee (EMC) and the full Board for the May 2014 Metro Board meeting cycle, the following:
 - A. Reevaluate the assumptions in the financial forecasting model (LRTP Financial Forecast Update dated May 9, 2013) to determine the appropriateness of continuing to forecast the reduced amount of \$4.837 billion in Measure R 20% (Bus Operations) and \$1.711 billion in Measure R 5%

(Rail Operations) for FY13-40 when the Measure R Expenditure Plan identified \$7.880 billion (Bus Operations) and \$1.970 billion (Rail Operations) respectively to the voters in 2008 to fund countywide bus and rail operations for FY09-40. Provide the Board with additional information and a clearer picture of the inputs to the financial assumptions to determine whether the reduced revenue assumptions from 2010 are still valid or should those assumptions be adjusted.

- B. Estimate the amount of additional net revenue anticipated from 1) station gating and 2) the toll lanes program, for each of FY15, FY16, and FY17, and identify to what extent revenues may be available to fund bus and rail operations during these years and over a ten-year period.