FY16 Budget Emphases

- Safety and security
- Transit service quality improvement
- New bus and rail vehicle purchases
- Delivery of rail and highway projects
- Bike programs
- Technology enhancements
- Opening of EXPO II to Santa Monica and Gold Line Foothill Extension
- State of good repair
- Potential transportation ballot measure
- Other new initiatives such as business mitigation, first last mile and others
• The FY15 sales tax budget is assumed to grow 2.4% above the FY14 actuals. Given that FY15 first quarter actual revenues are only slightly above budget (1.3%) and a drop in revenue growth from FY12 to FY15, the FY16 sales tax growth rate is assumed to continue growing at 2.4% over FY15 Budget in order to provide a conservative approach to revenue projections.

Sales Tax Growth Rate

- Actual
- Projection
FY16 Revenue Parameters

- FY16 sales tax growth is 2.4% applied to FY15 budget.
- Fare revenue is estimated at $363.2M based on the new fare restructure and boarding projections with the addition of new rail services. No increases for FY16 is assumed.
- Impact of fare restructuring will be evaluated and reported to the Board within three to six months.
- Continued STA funding of $83.6M (Metro's share = $72M).
- Ongoing federal and state grants for Preventive Maintenance, bus acquisition, bus facilities improvements, Light Rail vehicle purchases and construction projects i.e. Crenshaw/LAX Transit Corridor, Gold Line Foothill Extension, Westside Subway Extension Section 1, Regional Connector.
- CMAQ Operating assumed for the first 36 months of revenue operation for Wilshire BRT Transitway, EXPO II to Santa Monica and Gold Line Foothill Extension.
- A combination of Debt and TIFIA Financing will be used to fund capital and major construction activities. Additional debt financing information will be provided through the budget development process.
- Federal CNG fuel credit estimated at $18M will be programmed in FY16.
- Additional funding from Cap and Trade Program will generate $7M regionwide and will be allocated according to Formula Allocation Procedure (FAP). Metro's share is estimated to be $6M.
FY16 Expense Parameters

- CPI for FY16 is projected at between 1.4% and 2.4% based on leading forecasting agencies. This assumption will be updated during the budget process as more information becomes available.

- FTEs assumed at current level unless justified by new services or projects as directed. New FTEs will be added through the budget process.

- For SMART, ATU and TCU members, FY16 Proposed budget salaries and fringe benefits will grow by negotiated rates per the Union Contract terms.

- Operations staffing positions (Operators, Mechanics, and Wayside Inspectors) linked directly to existing service levels and pre-revenue activities for EXPO II to Santa Monica and Gold Line Foothill Extension, as previously approved by the Board.

- Expense consumables (e.g. fuel, parts) linked directly to service levels.
**FY16 Service Parameters**

**Bus Revenue Service Hours (RSH)**
- Remain constant at the FY15 level of 7,061,700; Boardings to remain constant.
- Any service changes approved by the Board will be reflected and amended into the FY16 budget.

**Rail Revenue Vehicle Service Hours (RVSH)**
- Assumes that Gold Line Foothill Extension and EXPO II to Santa Monica will begin revenue service during the last quarter of FY16.
- Metro Rail service will increase by 66,700 or 6.5% RVSH for a total of 1,094,500, a 4.5% increase in Boardings.

**Deferred Maintenance**
- Focuses on the delivery of safety and service reliability related maintenance projects for Metro Bus and Rail systems.
- Vehicle replacement for buses, light rail, and heavy rail are at the forefront of the program; also perform component overhaul and midlife service to mitigate the deferred maintenance backlog until new vehicles are delivered.
- Emphasis will be placed on the older Blue and Red rail lines.
FY16 Capital and Construction Parameters

• Design and construction efforts are ongoing for Crenshaw/LAX Transit Corridor, Regional Connector, and Westside Subway Extension Section 1 projects.

• Westside Subway Extension Section 2 plans for ongoing preliminary design and FFGA evaluation.

• TIFIA and TIGER II grants approved for Crenshaw/LAX Transit Corridor in Fall of 2013 will commence drawdown in FY16.

• Full Funding Grant Agreements (FFGA) adopted in Summer of 2014 for Westside Subway Extension Section 1 and the Regional Connector will commence drawdown in FY16.

• Additional procurements are anticipated for the Southwestern Yard and Paint/Body Shop associated with Crenshaw/LAX Transit Corridor.

• Highway projects will continue per the Measure R ordinance schedule.

• New bus and rail vehicle purchases.
- Sales tax growth lower than included in the Assumptions.
- Cost Inflation greater than included in the Assumptions.
- Reduced STA funding, which is based on diesel fuel consumption in the county.
- Delay in Federal grant funding approval by Congress.
- Failure of the State to issue Prop 1B bonds and/or High-speed rail bonds.
### Budget Development Timeline

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**Extensive detailed workshops with key stakeholders:**

- Board of Directors
- Board Committees
- Board Deputies
- Executive staff
- Citizen Advisory Council
- Regional Technical Advisory Committee
- Transit Operations Subcommittee
- Service Councils
- Electronic digital media (e.g. social media, the Source, webinar, web page, etc.)