



ADDRESSING THE FISCAL CLIFF – WORKPLAN FOCUS AREA: GENERAL FUND

September 18th, 2025 | FINANCE, BUDGET, AND AUDIT COMMITTEE





This report is the first Deep Dive on the General Fund as outlined in the Strategic Workplan

ISSUE

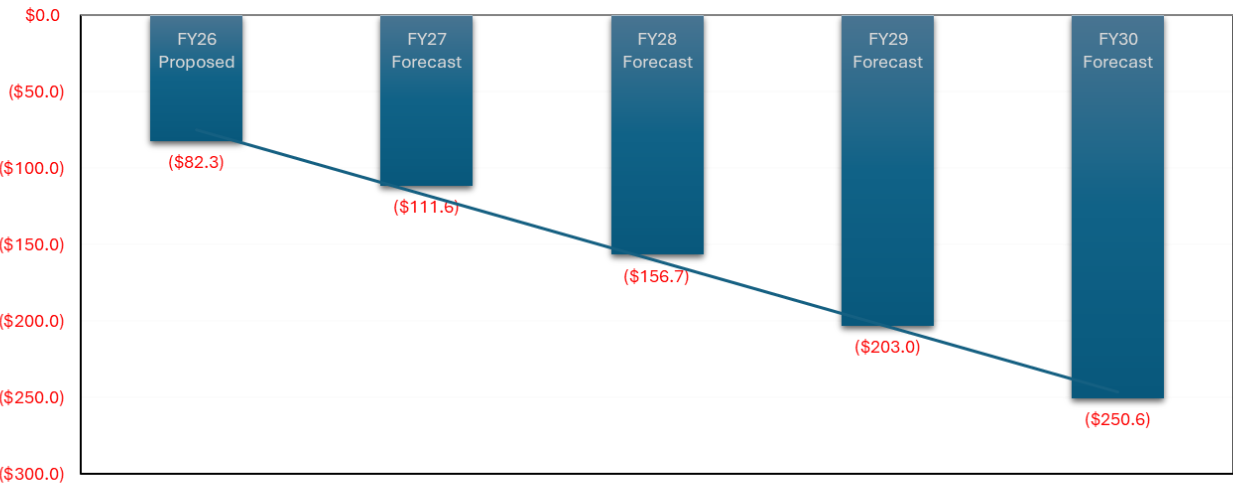
- General Fund is the most flexible funding source available for Metro
 - Few legal restrictions, commitments or designations for specific uses or purposes
- Used to fund projects and programs that are not eligible to be funded by federal, state, and local sales taxes available to Metro
- Also used to cover cost increases on underground construction since Propositions A and C are not eligible per MTA Reform and Accountability Act of 1998
- General Fund is in a downward trend with a projected deficit of \$82.3 million by end of FY26 and will continue to fall to \$250.6 million by the end of FY30
- Other flexible funding sources, like fare revenues and advertising that is prioritized for operations will be needed to replenish the General Fund shortfalls



General Fund revenues include funding that are eligible for all purposes and the use are at the Board's discretion.

Projects/Programs drawing on General Fund Revenues

Projected General Fund Balance
FY26 – FY30



FY26 Budget General Fund (\$ in millions)			
Project Name		ROW & Unrestricted Green	
1	Revenue	\$ 16.8	\$ 14.5
2	Expenditures		
3	PROPERTY MANAGEMENT	32.3	
4	JOINT DEVELOPMENT	19.9	
5	SEED SCHOOL & METRO TALENT HUB	6.2	
6	BIKESHARE & BIKE HUB/LOCKERS	9.1	
7	UNION STATION	10.3	
8	ARTS DISTRICT/6TH ST STATION	1.0	
9	SUSTAINABILITY/ZEB & INFRASTRUCTURE		54.3
10	Total Expenditures	\$ 78.8	\$ 54.3
11	Over Draw of General Fund	\$ (61.9)	\$ (39.8)

- Projecting negative fund balance of \$82.3 million at end of FY26 and \$250.6 million by the end of FY30
- Flexible funding sources, like fares and advertising revenues will be required to mitigate shortfalls in the General Fund



With limited and declining General Fund revenues, Metro will use the guiding principles to prioritize investments in preserving essential services and prioritizing quality service

The following are areas that will need further consideration:



If no additional funding materializes, assess and evaluate General Fund funded projects and programs for efficiency and scope.



With General Fund falling to deficit position, other flexible funding, such as advertising, fare revenues, and miscellaneous income will have to be used to fund General Fund projects if projects and funding policies continue status quo.



Identify new revenue sources or methods to increase existing sources (fares, advertising, parking, bike, real estate, joint development, etc.)



This is a topic area for an upcoming deep dive.



Evaluate potential modifications to Measure M that can alleviate shortfalls.



This is an area that will be part of the Strategic Workplan.



- Continue to use the Equitable Zero-Based Budgeting (EZBB) framework to develop the FY27 Proposed Budget
- In parallel with proactive oversight of the agency's financial position
- Continue efforts to mitigate financial challenges — all while maintaining alignment with the Board's priorities and direction
- Monthly budget updates for the Board beginning in January
 - Near-term financial forecasts
 - Emerging fiscal challenges
 - Overview of the FY27 EZBB process and timeline