

# Fiscal Year 2020 Budget Development Update

Finance, Budget and Audit Committee  
February 20, 2019



# Meeting Agenda

- **FY20 Budget Process and Schedule**
- **Stakeholder Outreach Plan**
  - Online Budget Tool
- **Budget Assumptions**
  - Sales Tax and CPI
- **Next Steps**

# Metro Vision 2028 Goals

Targeting a balanced budget for FY20, the annual budget will align resources in a fiscally responsible manner to achieve the following Metro Vision 2028 goals:

- Provide high-quality mobility options that enable people to spend less time traveling.
- Deliver outstanding trip experiences for all users of the transportation system.
- Enhance communities and lives through mobility and access to opportunity.
- Transform Los Angeles County through regional collaboration and national leadership.
- Provide responsive, accountable, and trustworthy governance within the LA Metro organization.

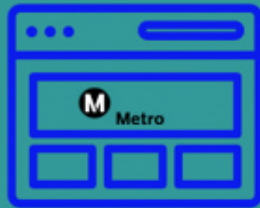
# FY20 Budget Process and Schedule

Month	Topic
February	Process & Budget Outlook <ul style="list-style-type: none"> <li>• Budget Development Process and schedule</li> <li>• Stakeholder Outreach Plan</li> <li>• Sales Tax Forecast, Resources Assumptions</li> <li>• Cost Inflation Estimate</li> </ul>
March	New Infrastructure Planning & Construction <ul style="list-style-type: none"> <li>• New Transit System: Rail, Bus, Rapid Transit and Alternative Modes (Bike and Active Transportation)</li> <li>• Highway</li> <li>• Regional Rail</li> </ul>
April	Operating Budget & Regional Subsidy <ul style="list-style-type: none"> <li>• Metro Transit, including Bus and Rail Service Levels</li> <li>• State of Good Repair (SGR)</li> <li>• Subsidy to Regional Partners</li> <li>• Other Operating Programs</li> </ul>
May	FY20 Budget Adoption (Planned) <ul style="list-style-type: none"> <li>• Consolidated Agencywide Expenses and FTEs Budget Proposal</li> <li>• Public Hearing on May 15, 2019</li> <li>• Summary of Public Comment and Stakeholder Review</li> <li>• Final Board Adoption on May 23, 2019</li> </ul>

# Outreach Initiatives



TELEPHONE TOWN HALL  
APRIL 10<sup>th</sup> 6:30-7:30P



METRO  
WEBSITE BANNER  
and FINANCE &  
BUDGET page



LOS ANGELES  
COUNTY



INTERACTIVE  
BUDGET TOOL  
FEBRUARY 28<sup>th</sup>



Soliciting Public  
Comments  
via Email, Metro  
Website, Budget Tool,  
Workshops & Meetings,  
Telephone Town Hall,  
Public Hearing



11  
WORKSHOPS & MEETINGS  
ALL SERVICE COUNCILS, KEY  
STAKEHOLDERS THROUGHOUT LA  
COUNTY  
April 3<sup>rd</sup> – 18<sup>th</sup>

# Interactive Budgeting Tool



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## Have Your Say on Metro's Fiscal Year 2020 Budget

Metro plans, funds, or operates almost everything transportation related in Los Angeles.



This online budget tool is designed to teach you a bit about what Metro does and allows you an opportunity to provide your feedback.

[More about Metro](#)

Please use Chrome, Firefox, or Microsoft Edge for the best experience.

- Last year's online Interactive Budget Tool solicited nearly 3,500 responses
- This year's survey includes several enhancements from last year:
  - Refined visual aesthetics and customer experience
  - Streamlined questions and answers for greater succinctness
  - Additional background information on the types of programs in Metro's budget and our role within LA County
  - More explanations of the budgetary restrictions Metro faces on an annual basis



# FY20 Budget Assumptions

## Sales Tax Revenues

- Metro’s forecast for FY20 Sales Tax is estimated to be \$894.5m, which is within the projected range of the leading forecasts for LA county, as projected by UCLA, Beacon Economics, Muni Services, and CDTFA
- Metro’s historical actuals in relation to Metro’s historical projections since FY15 show a high level of accuracy

(\$ in millions)

Forecast Source	FY15	FY16	FY17	FY18	FY19	FY20
<b>Actual</b>	\$ 745.7	\$ 763.7	\$ 789.4	\$ 836.7	\$ 865.1	-
<b>Metro</b>	740.0	770.3	780.0	816.0	844.0	894.5
<b>CDTFA</b>	749.8	770.9	779.7	801.1	868.7	911.6
<b>UCLA</b>	733.2	772.1	807.4	810.0	863.6	838.1
<b>Beacon Economics</b>	751.7	766.2	806.2	816.9	835.4	843.5
<b>Muni Services</b>	741.5	785.8	806.2	803.6	827.7	868.1

\$ in Millions (for each Sales Tax Ordinance - Propositions A, C, Measures R and M)					
	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Estimated Actual	FY20 Assumption
Sales Tax	\$ 763.7	\$ 789.4	\$ 836.7	\$ 865.1	\$ 894.5
% Change	2.4%	3.4%	6.0%	3.4%	3.4%



**Metro**

# FY20 Budget Assumptions

## Consumer Price Index

- Consumer Price Index (CPI) has been gradually increasing in recent years and UCLA and Beacon Economics expect inflationary pressures to continue building
- Metro assumes CPI increase from 2.25% to 2.28% (from FY19 to FY20)
- Metro actively monitors & adjusts budget assumptions to match changes in CPI and other economic factors as needed

### Annual Change in Consumer Price Index (CPI)

Forecast Source	FY15	FY16	FY17	FY18	FY19	FY20
Actual	0.94%	1.73%	2.10%	3.48%	2.25%*	-
Metro	2.30%	1.97%	1.85%	1.75%	2.25%	2.28%
UCLA	2.81%	2.25%	2.70%	2.78%	2.42%	2.60%
Beacon Economics	1.97%	1.57%	1.98%	2.00%	2.15%	1.83%

\* Preliminary based on FY19 adopted budget



# Next Steps

- **Monthly Board Status Update until Targeted May Budget Adoption**
  - Itemized review of revenues and expenses
  - Detailed program/project listing and operation assumptions
  - Analysis of highlighted programs
- **Public hearing of the proposed budget will take place on May 15<sup>th</sup>**
- **Final board adoption expected on May 23<sup>th</sup>**
  - Board adoption legally required before fiscal year start