

Initiating FY18 Budget Development

February 15, 2017

Finance, Budget & Audit Committee

Finance, Budget & Audit Committee

- CEO Budget Goals for FY18
- Outreach
- FY18 Budget Assumptions
 - Sales Tax Revenues
 - Consumer Price Index
- FY18 Budget Process and Schedule

CEO Budget Goals for FY18

1. Advance safety and security for our customers, the public, and Metro employees
2. Exercise fiscal discipline to ensure financial stability
3. Plan and deliver capital projects on time and on budget while increasing opportunities for small business development and innovation
4. Improve the customer experience and expand access to transportation options
5. Increase transit use and ridership
6. Implement an industry-leading state of good repair program
7. Invest in workforce development
8. Promote extraordinary innovation
9. Contribute to the implementation of agencywide and departmental Affirmative Action and Equal Employment Opportunity (EEO) goals

Outreach

- Outreach will be conducted throughout the budget process until board adoption
- Soliciting input with “bottoms-up” approach through key groups (transit riders, communities, key stakeholders, transit operators, and general public)
- Social media campaign to provide more information on the budget
- Online Budget Tool

Type	Description	Dates
Board Updates	Monthly Board Reports will provide status of budget process	Finance & Budget Committees (Feb/Mar/Apr/May)
Board Staff Briefings	Weekly meetings will be held on specific budget topics	Focused briefings (Feb/Mar/Apr/May)
Stakeholder meetings	Bus Operations Subcommittee Technical Advisory Subcommittee Local Transit Systems Subcommittee Streets & Freeways Citizens Advisory Council	Mar 21, May 16 Mar 1, May 3 Mar 30, Apr 27 TBD Mar 3, May 5
Public	Service Council meetings On-Line Budgeting tool Monthly Podcasts on budget topics as provided to the Board Blog posts on theSource Website to provide latest budget information Metro Briefs Email for public to provide comments Public Hearing	Mar 2-11, May 4-13 Feb-May Feb/Mar/Apr/May Feb/Mar/Apr/May On-going On-going On-going May 17
Board and Deputy briefings	Will be scheduled as requested with each of the Board offices	May 1 – May 24 (as requested)

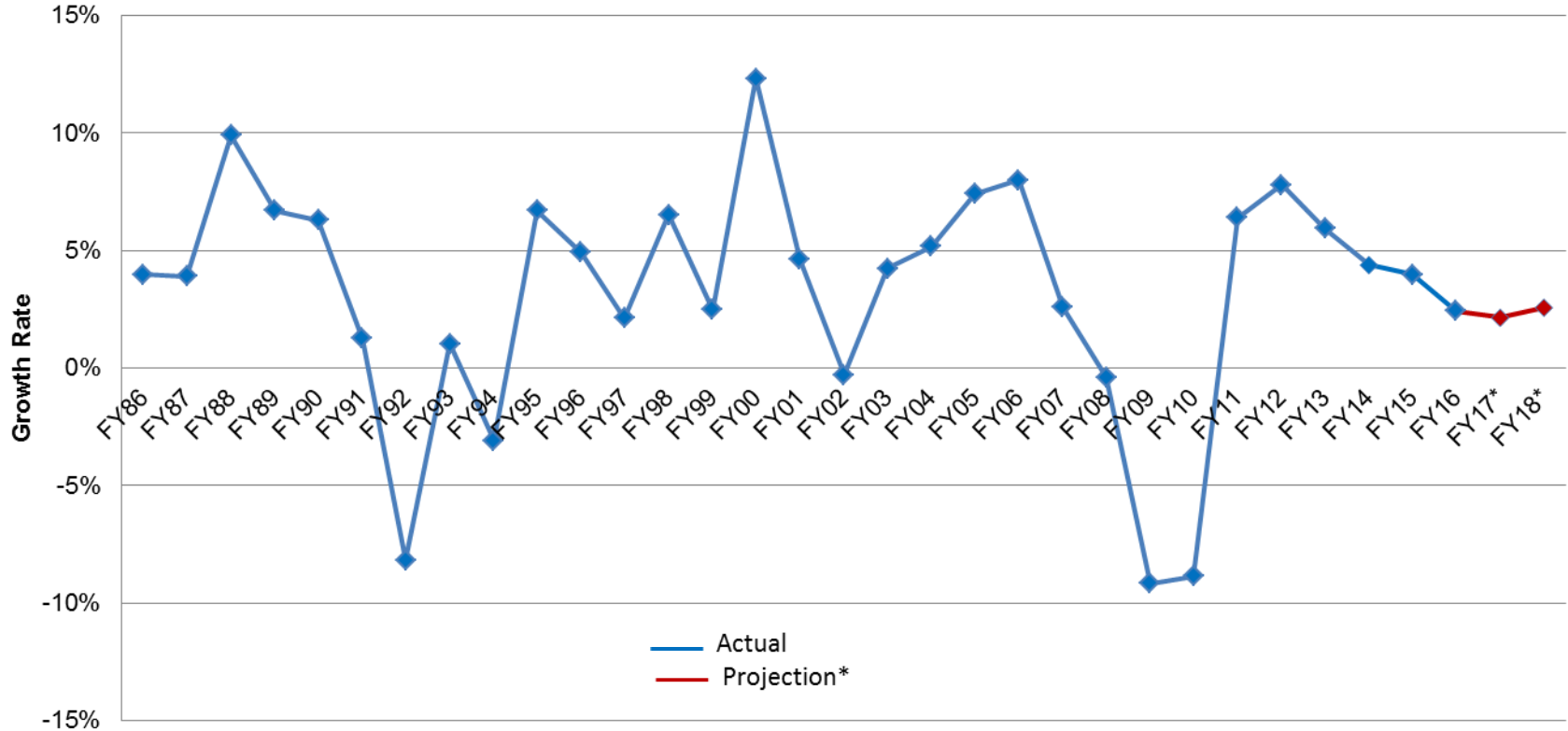


Anticipate over 50 briefings and workshops

FY18 Budget Assumptions

Sales Tax Revenues

Sales Tax Annual Growth Rate



Average Annual 30-Year Growth Rate: 3.2%

FY18 Budget Assumptions

Sales Tax Revenues

Annual Change in Sales Taxes

(\$ in millions)

Revenues for each Sales Tax Ordinance - Propositions A, C, Measure R, and Measure M				
	FY15 Actual	FY16 Actual	FY17 Estimated Actual	FY18 Assumption
	\$ 745.7	\$ 763.7	\$ 780.0	\$ 800.0
% Change	4.0%	2.4%	2.1%	2.6%

Sales Tax Forecast Source Comparison

Forecast Source	FY15	FY16	FY17	FY18
Actual *	\$ 745.7	\$ 763.7	\$ 780.0	---
Metro **	\$ 734.2	\$ 763.5	\$ 795.7	\$ 800.0
UCLA	\$ 733.2	\$ 772.1	\$ 807.4	\$ 810.0
Beacon Economics	\$ 751.7	\$ 766.2	\$ 806.2	\$ 816.9

* FY17 Actual is projection based on FY17 Q1 receipt from State Board of Equalization

** FY15 and FY16 are Adopted Budget



Metro

FY18 Budget Assumptions

Consumer Price Index

Annual Change in Consumer Price Index (CPI)

Forecast Source	FY15	FY16	FY17	FY18
Actual	0.94%	1.73%	1.24% *	
Metro	2.30%	1.97%	1.85%	1.25 - 2.00%
UCLA	2.81%	2.25%	2.70%	2.78%
Beacon Economics	1.97%	1.57%	1.98%	2.00%

* YTD actual based on data from U.S. Bureau of Labor Statistics.

FY18 Budget Process and Schedule

- February 2017:
 - Budget Development Process and Schedule
 - Outreach
 - Sales Tax Revenue and CPI Assumptions
- March 2017:
 - FY18 Capital Program
 - Bus and Rail Service Levels
 - Transit Boardings and Fare Revenue Projections
 - Expenses (not including FTEs)
- April 2017:
 - Preliminary FY18 Budget proposal
 - Agencywide labor expenses
 - Outreach status update
- May 2017:
 - Public Hearing: May 17
 - Final Board Adoption: May 25