

# **FY17 Budget Development Status Update**

Executive Committee

April 14, 2016



**Metro**

# FY17 Budget Development Status

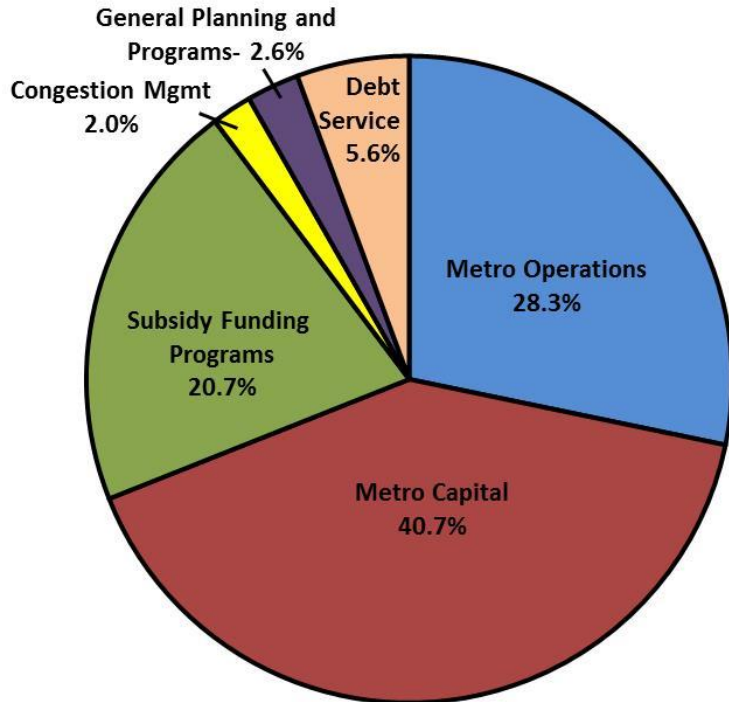
<b>Board Status Updates</b>	
<b>Jan-16</b>	RAM initiatives adopted for FY17 implementation
<b>Feb-16</b>	(1) Budget Planning Parameters for Assumptions and Service Levels (2) FY17 Preliminary Capital Program
<b>Mar-16</b>	Agencywide Bus and Rail Service Levels
<b>Apr-16</b>	(1) Preliminary Summary of Expenditures and FTE (2) Bus and Rail Operations Budget
<b>May-16</b>	Board Adoption – May 26

Outreach with key stakeholders:

- Board of Directors
- Senior Leadership Team and Executive Staff
- Regional Service Councils, Citizen Advisory Council (CAC), Technical Advisory Committee (TAC), and Bus Operations Subcommittee (BOS)
- Electronic media (e.g. social media, the Source, webinar, webpage, etc.)

# Summary of Agency Expenditures

Program Type (\$ in millions)	FY16 Budget	FY17 Proposed	Var \$s	Var %	% of Total FY17 Budget
1 Metro Capital	\$ 2,515.3	\$ 2,313.9	\$ (201.4)	-8.0%	40.7%
2 Metro Operations	1,515.4	1,605.2	\$ 89.8	5.9%	28.3%
3 Subsidy Funding Programs	1,160.6	1,177.8	\$ 17.2	1.5%	20.7%
4 Congestion Management	99.5	114.7	\$ 15.2	15.3%	2.0%
5 General Planning & Programs	180.7	149.6	\$ (31.1)	-17.2%	2.6%
6 Debt Service	328.7	320.1	\$ (8.6)	-2.6%	5.6%
7 <b>Grand Total</b>	<b>\$ 5,800.2</b>	<b>\$ 5,681.4</b>	<b>\$ (118.8)</b>	<b>-2.0%</b>	<b>100.0%</b>



- Balanced budget for FY17 and FY18
- Metro resolution to cost control
- Net \$118.8 million reduction includes absorbing greater than CPI cost inflation and new services
- Instigate Midyear budget process to “True-up” budget request
- Annual Program Evaluation (APE) – Construction cost review
- Performance Measure to ensure accountability
- Establish separate RAM savings account to improve bottom line through fiscal discipline

# FY17 Bus and Rail Operations Budget

		\$ in Millions	
		Total	\$ Change % Change
1	FY16 Bus and Rail Operating Budget	\$1,473.5	
2			
3	Baseline FY17 Budget Impact		
4			
5	One - Time / Contractual Increases		
6	Labor/Fringe Benefit Increases (3.0% - All Labor Units)	25.6	1.7%
7	Full-Year Revenue Operation: Gold Line Foothill 2A/Expo 2 Rail	48.7	3.3%
8	Insurance/Workers' Compensation Actuarial Benefit Payout Inflation	10.0	0.7%
9	Bus Operator Barrier and Bus Re-Tanking Initiatives, Offset by Savings in Bus Buy	5.5	0.4%
10	Fuel, Propulsion Power and Utility Rate Increase	5.4	0.4%
11	Soil Remediation for Division 6	9.0	0.6%
12	Contractual Rate Increase Purchased Transportation	4.2	0.3%
13	Subtotal One - Time Contractual Expenditures	<u>108.4</u>	<u>7.4%</u>
14			
15	Recurring Cost Control Items		
16	Cost Control in Baseline Professional Services, Maintenance Contracts, Vehicle Parts, &	(5.1)	-0.3%
17	Manpower for Division 13 Facilities Maintenance	<u>1.3</u>	<u>0.1%</u>
18	Subtotal Recurring Cost Control Items	<u>(3.8)</u>	<u>-0.3%</u>
19			
20			
21	<b>Total - FY17 Budget Impacts</b>	<b>104.6</b>	<b>7.1%</b>
22			
23	<b>FY17 Operating Budget</b>	<b>\$1,578.1</b>	<b>7.1%</b>

# FTEs

## Non Contract FTEs

- CEO has instructed that there will be no additional Non-Contract FTEs in FY17 Budget
- Staff will be looking to reallocate existing vacancies in line with agency goals and priorities identified in the FY17 Zero-Based budgeting process

## Contract FTEs

- Security increase of 77 is conditioned on the new security contract
- Communications increase of 1 for the bike locker program
- Operations reduction by attrition of 48 from service level optimization

# Sales Tax Growth Assumptions

- FY17 sales tax growth increase of 3.3% over FY16 Budget reforecast based on a survey of forecasting sources as well as actual receipts for FY16 YTD through Q2

**Sales Tax Forecasts**  
**For FY17 Proposed Budget Assumption**  
(\$ amounts in millions)

		Metro Actual/Budget Sales Tax Revenue per Ordinance			
	Sales Tax Revenue	FY15 Actual	FY16 Adopted	FY16 Estimate	FY17 Proposed
1	\$ Value per Ordinance	\$ 745.7	\$ 763.5	\$ 770.3	\$ 795.7
2	% Change	4.0%	2.4%	3.3%	3.3%
3	UCLA Anderson	\$ 728.7	\$ 764.4	\$ 772.6	\$ 804.4
4	Beacon Economics	\$ 752.6	\$ 771.6	\$ 781.8	\$ 805.9

# Next Steps

- Continue public outreach and schedule the public hearing for May
- Continue to explore cost savings opportunities until budget adoption
- May 26, 2016 – Adoption of FY17 budget; projected to be a balance project