

FY17 Proposed Budget

FY17 Budget Public Hearing
Finance, Budget and Audit Committee

May 18, 2016

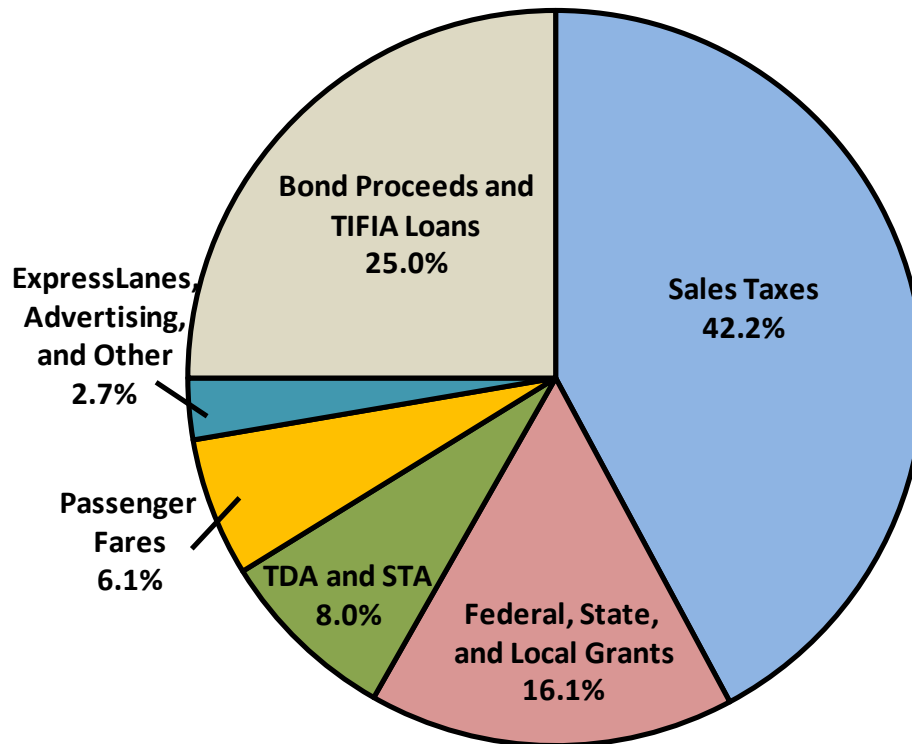


Metro

Summary of Agency Resources

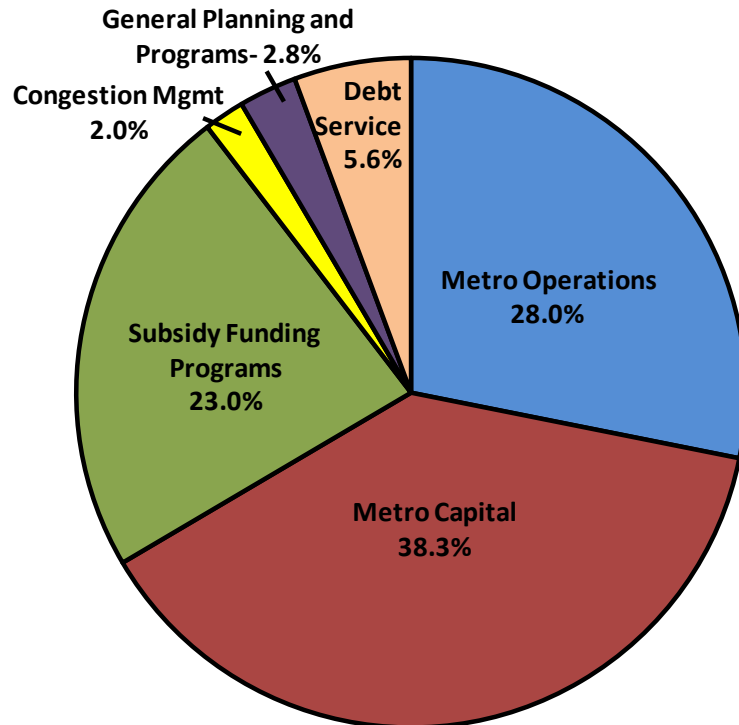
(\$ in millions)

Resources		FY17 Proposed	% of Total FY17 Budget
1	Sales Taxes (Props A, C, and Measure R)	\$ 2,387.1	42.2%
2	Federal, State, and Local Grants	910.7	16.1%
3	TDA and STA	450.8	8.0%
4	Passenger Fares	346.2	6.1%
5	ExpressLane, Advertising, and Other Revenues	152.6	2.7%
7	Bond Proceeds and TIFIA Loans	1,415.8	25.0%
8	Total Resources	\$ 5,663.2	100.0%



Summary of Agency Expenditures

Program Type (\$ in millions)	FY16 Budget	FY17 Proposed	Variance \$\$	Variance		% of Total FY17 Budget
					%	
1 Metro Capital	\$ 2,312.2	\$ 2,173.8	\$ (138.4)	-6.0%	38.4%	
2 Metro Operations	1,500.4	1,593.5	93.1	6.2%	28.1%	
3 Subsidy Funding Programs	1,379.0	1,306.2	(72.8)	-5.3%	23.1%	
4 Congestion Management	99.3	111.0	11.7	11.8%	2.0%	
5 General Planning & Programs	180.7	158.5	(22.2)	-12.3%	2.8%	
6 Debt Service	328.7	320.1	(8.6)	-2.6%	5.7%	
7 Grand Total	\$ 5,800.2	\$ 5,663.2	\$ (137.0)	-2.4%	100.0%	



- Balanced budget for FY17
- Net \$137.0 million reduction (-2.4%) includes absorbing cost inflation, new rail service, and other new programs and projects
- Metro resolution to cost control through zero-based budget and Risk Allocation Matrix (RAM)
- Performance Measure to ensure accountability
- Cost control efforts will continue through Annual Program Evaluation (APE) and Midyear budget
- Efforts continue to exercise cost control and working to realize additional savings (to be reflected as an amendment to the budget)



FY17 Budget Development Process

Budget Development Schedule	
Jan-16	RAM initiatives adopted for FY17 implementation
Feb-16	(1) Budget Planning Parameters (2) FY17 Preliminary Capital Program
Mar-16	Agencywide Bus and Rail Service Levels
Apr-16	(1) Preliminary Summary of Expenditures and FTE (2) Bus and Rail Operations Budget
May-16	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.)
- Online Budget Tool

Online Budget Tool

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Provide input on Metro's budget.

Can't find a place to park?

Metro parking survey continues.

Service improvements and new technology make it easier to Go Metro.
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Online Budget Tool

What Are Your Transportation Priorities?

Start the survey by prioritizing the programs and services of importance to you below. Then in the next few pages as you respond to a series of questions, you will immediately see the financial impacts associated with your choices, resulting in your personalized budget proposal for Metro to consider as part of our budget planning.

Drag and drop priorities below to reorder.

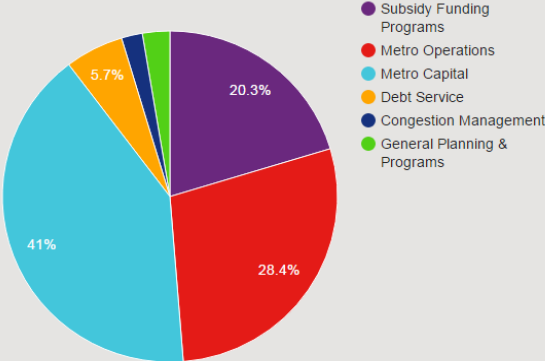
1. Improve Bus Service
2. Improve Rail Service
3. Improve Highways and Reduce Congestion
4. Reduce First/Last Mile Gaps (Make it Easier to Get to and from Bus and Rail Stations)
5. Improve the Customer Experience and Security
6. Expand the Bike Share Program

Add Comment

Use the navigator below to proceed.

Overview of Metro’s Proposed Budget by Program Type

Select a program type on the pie chart for additional info.



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How Would You Make it Easier to Get to and from Bus and Rail Stations?

See Description

1. What improvement or service would you add to the first/last mile strategy?

Select response:

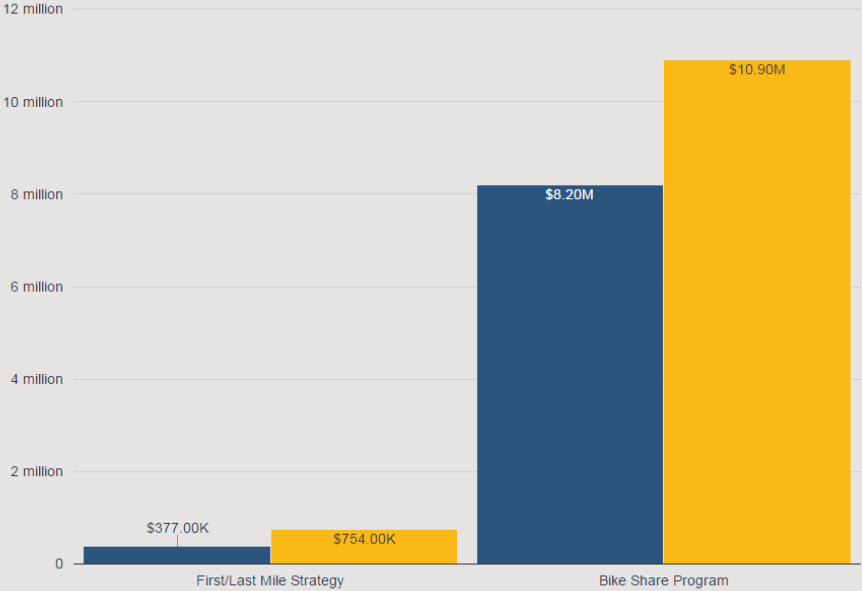
- Improve sidewalk infrastructure (for example, increase or improve crosswalks, curb ramps, lighting and landscaping)
- Increase the number of bike lockers and bike parking at transit stations
- Partner with private entities such as Lyft or Uber to provide discounts or coordinate services
- Increase the number of Metro parking facilities (Park & Ride Lots)
- Provide a bike share network at or near Metro bus hubs/rail stations
- None

Add Comment

Budget

■ Metro Proposed Budget
■ Your Proposed Budget

Metro Proposed Budget
\$8,577,000
Your Proposed Budget
\$11,654,000



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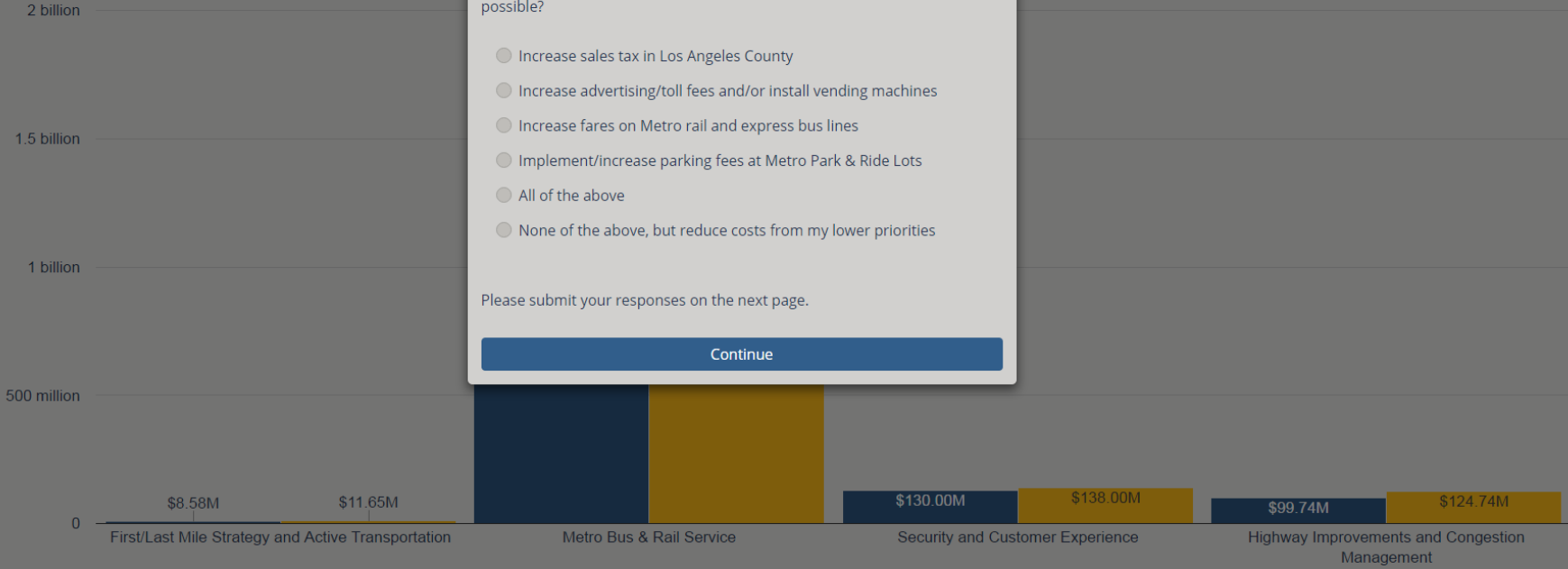
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Summary of Budgets Corresponding to

■ Metro Proposed Budget
■ Your Proposed Budget



Your Proposed Addition or Reduction:
\$36,077,000

Balance Budget

You're almost there!

Your proposal is greater than Metro's proposed budget by \$36,077,000. Which of the following options would you consider to make your proposal possible?

- Increase sales tax in Los Angeles County
- Increase advertising/toll fees and/or install vending machines
- Increase fares on Metro rail and express bus lines
- Implement/increase parking fees at Metro Park & Ride Lots
- All of the above
- None of the above, but reduce costs from my lower priorities

Please submit your responses on the next page.

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Thank you for providing your feedback!

Your input is greatly valued and will be reviewed as part of Metro's budget planning.

Stay Connected



OK

FY17 Budget Risks

Deviations from budget assumptions could include:

- Lower than expected sales tax revenue growth
- Lower than expected passenger boardings and fare revenue
- Greater than expected cost Inflation
- Reduced STA and Cap & Trade funding levels
- Federal Funding delays (congressional and other)
- Failure of the State to issue Prop 1B bond funding and/or High-speed rail funding
- Changes in debt borrowing (market) conditions

Request to Adopt FY17 Proposed Budget

- Adopt the FY17 Budget as presented in the budget with the amendment of an additional -\$5.3 million reduction as a reconciliation item to the proposed budget
- Approve the Reimbursement Resolution declaring Metro's intention to issue debt in FY17 for capital projects; Federal tax law requires that bond proceeds can only be used for expenses incurred after the issuance of bonds. In order to be reimbursed for expenses incurred before the bond issue, Metro must pass a resolution indicating the intent to issue bonds at a later date for the expenditures described in the reimbursement resolution.
- Approve an average 3.0% merit increase for non-represented employees which will be based on a merit performance system; this is in line with negotiated wage rates for represented FTEs
- Approve adjustment to management pay grades and salary bands for the top seven levels H1S through HFF to reflect typical market practice. There is no impact to the budget or to current employees' salaries.

Next Steps

- May 26, 2016 – Adoption of FY17 budget; projected to be a balanced budget
- Continue to monitor budget performance and enforce accountability throughout the year