



**Finance, Administration and Oversight Committee**

**Information Item III-A**

**March 12, 2009**

## **Continued Review of FY2010 Budget**

Washington Metropolitan Area Transit Authority  
**Board Action/Information Summary**

<input type="radio"/> Action <input checked="" type="radio"/> Information	MEAD Number:	Resolution: <input type="radio"/> Yes <input checked="" type="radio"/> No
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**TITLE:**

Continued Review of FY2010 Budget

**PURPOSE:**

To present to the Board`s Finance, Administrative and Oversight Committee additional information on the proposed FY2010 revenue and specific operating expenses.

**DESCRIPTION:**

A continuation of the review by the Committee of proposed FY2010 revenues and responses to specific questions on the operating expenses.

**FUNDING IMPACT:**

No impact on funding

**RECOMMENDATION:**

None

# Continued Review of FY2010 Expense and Revenue

*Presented to the Board of Directors:*

**Finance, Administration and Oversight  
Committee**

March 12, 2009





# Budget Crosswalk FY2009 to FY2010

\$ Millions	Revenue - Expense		= Subsidy	<b>Budget Gap</b>
<b>FY2010 Baseline Budget</b> .....	\$777	\$1,466	\$689	<b>\$154 Initial "Budget Gap"</b>
<b>Initial Actions to Close Gap:</b>				
Eliminate 313 Positions		(\$28)		
Reduce Overtime		(\$18)		
Other Management Actions		(\$35)		
<b>subtotal</b>		(\$81)	(\$81)	<b>\$73 Budget Gap as of Jan 8, 2009</b>
<b>Additional Actions to Close Gap:</b>				
Fiber optic revenue	\$1.2			
Defer funding GASB45		(\$4.0)		
Reduce purchased services costs		(\$5.0)		
Prev Maint funding up from \$20.7 to \$30.7		(\$10.0)		
Bus revenue from paper xfer	\$5.0			
Personnel cost assumption change		(\$7.0)		
Wage Settlement		(\$12.0)		
	\$6.2	(\$38.0)	(\$44)	<b>\$29 Budget Gap as of Mar 5, 2009</b>



## Financial Impact of \$44 Million Reduction

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- \$1.2M fiber optic revenue is highly likely based on current contracts.
- \$4.0M savings in FY2010 to defer funding a reserve for retiree health costs. So long as “progress toward funding” can be demonstrated there is little negative impact to this deferral.
- \$5.0M savings to cut back further on purchased services. Less consulting may delay or reduce efforts at future improvements.
- \$10.0M redirection of existing funding from FY2010 capital to operating. No significant impact to capital, can be managed short term through financing.
- \$5.0M added revenue assumed from elimination of paper transfers. Trend not yet established.
- \$7.0M personnel cost assumption depends on pension funding adjustments
- \$12.0M wage settlement depends on outcome of labor arbitration

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\$44 Million Budget Gap Reduction



## Major Impacts of \$81 Million Reduction

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### Metrorail:

- Fewer personnel available to manage customer flow during special events.
- Adding to backlog for maintenance projects.
- Reduction in the frequency of newspaper and trash pickup from track beds due to less staff.
- Fewer cleaners, which could result in newspapers on trains.

### Metrobus:

- 25% increased workloads for supervisors, which may impact on-time performance.
- Occasional missed bus trips

### Other Impacts:

- Customers may notice longer wait times and responses to inquiries.
- Less professional development less training.
- Reduction of Metro consumer research and Metro-related advertising.
- Suspension of mystery rider program



# Capital Budget Impact

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## Capital Budget Impact of \$29 Million Federal Funding Diverted to Operating Budget

### Reduced Funding or Eliminated Projects

Replacement of Oldest Buses

Heavy-Duty Track Equipment to Improve Reliability

Bus Replacement Components

60-ton Crane for Track Work

Power Tool Equipment Replacement

MetroAccess Fleet Expansion

Service Vehicle Replacement

Total Impact \$29.0



# FY2011 Operating Budget Forecast

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## FY2011 Budget Strategy

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- Continued refining of bus system, scheduling/headways, possible mid-year public hearings (activity to occur in FY2010)
- Continued cost restructuring to obtain sustainability based upon performance measures
- Develop fare increase per Board policy
- Possible utilization of lower cost refinancing, component under the American Recovery and Reinvestment Act for capital
- Incrementally restore capital preventive maintenance
- Assume little to no subsidy increase





# FY2011 ProForma Operating Budget Forecast

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	Revenue	-	Expense	=	Subsidy
FY2010 Budget *	\$783		\$1,318		\$535

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## FY2011 Cost and Revenue Budget Drivers:

### Labor and Fringe Inflation

Contractual requirements, arbitration impact  
Pension, health, other benefits

### MetroAccess Paratransit Increases

Continued 20% ridership growth

### Other Non-Personnel Costs

Inflation of 3% to 5%



***FY2011 \$125 - \$150 Million  
Funding Increase Need***

\* Based on assumptions through March 2009

\$ Millions