

Finance, Administration and Oversight Committee FY08 Budget Review Item V-A May 10, 2007

FY08 Budget Update

Washington Metropolitan Area Transportation Authority Board Action/Information Summary

Action Information	Resolution: ☐ Yes ☒ No

PURPOSE

The purpose of this item is to update the Committee on the status of the FY08 Operating budget and to discuss the next steps towards recommending the budget to the Board of Directors in June.

DESCRIPTION

In December, the Committee received the proposed FY08 Operating budget showed a \$116 million "budget gap." The proposed budget included revenue of \$705 million, expenses of \$1,205 million and a subsidy of \$499 million. A proposal to raise fares to generate \$64 million in revenue was also included. Since December, staff has worked to re-estimate the budget to add revenue, decrease expenses and keep the subsidy level unchanged. As a result, the FY08 proposed Operating budget includes no fare increases, no service cuts, some increases and improved service, and no change in jurisdictional subsidy.

FUNDING IMPACT

The next steps in the budget process are to finalize reduction-in-force estimates, and in June ask the Committee to vote on the final budget and recommend the budget to the Board of Directors for approval.

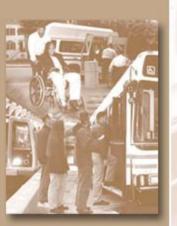
RECOMMENDATION

This Information Summary is hereby presented for information only.

Presented to the Board of Directors:

The Finance, Administration and Oversight Committee

May 10, 2007







Where we were.... Budget As Proposed in December

\$ Millions	Revenue	Expense	Subsidy	
FY07 Approved Budget	\$644	\$1,105	\$461	
Base Budget Adjustments Inflation Service Expansion Base Budget Adjustments	(\$3)	\$29 \$69 <u>\$18</u> \$116		"Budget Gap"
Management Recommendation a. Replenish Reserve Fund b. Cut Administrative Costs c. Reduce Bus & Rail Service d. Fare Adjustment		\$12 (\$16) (\$14)		
FY08 Proposed Budget	\$705	\$1,205	\$499	



General Manager Initiatives...

\$ Millions	Revenue	Expense	Subsidy
FY2008 Propsed Budget (December 2006)	\$705	\$1,205	\$500
No Fare Increase	(\$64)		
Reduce Bus & Rail Revenue Estimate	(\$5)		
Bus Service: Do Not Cut Bus Routes Do Not Cut Strategic Buses Do Not Reduce Holiday Service	\$1	\$7	
Rail Service: Do Not Open Late on Weekends Do Not Close Station Entrances	\$1	\$3	
Add Service and Improvements: Add Bus Service for Overcrowding New Hire Bus Operators Full Time Add Bus Supervision Increase Operator Refresher Training		\$2 \$2 \$1 \$2	
subtotal	(\$68)	\$16	\$83
			\$583



Budget Re-Estimates...

\$ Millions	Revenue	Expense	Subsidy
prior subtotal	(\$68)	\$16	\$83
Recognize Deferred Revenue	\$12		
Additional Advertising Revenue	\$3		
Fiber Optic Revenue	\$1		
Budget the Proceeds of Litigation		(\$40)	
Do Not Replenish Reserve		(\$12)	
Reduction-in-Force Estimate		(\$8)	
Across-the-Board Percentage Cut to Non-F	Personnel	(\$5)	
Health Insurance Rebate		(\$2)	
Reduce P&T		(\$1)	
Diesel Swap Savings		(\$1)	
Additional CNG Tax Credit		(\$1)	
Inflation on Bus Tire Rental		\$3	
subtotal	\$16	(\$68)	(\$83)



Budget Results:

No Fare Increase...No Service Cuts Increases and Improved Service No Change in Jurisdiction's Subsidy

\$ Millions	Revenue	Expense	Subsidy
December 2006 - FY2008 Proposed Budget	\$705	\$1,205	\$500
General Manager's Initiatives No Fare Increase No Service Cuts Increased and Improved Service	(\$68)	\$16	
Budget Re-Estimates Fragile Budget with One-Time-Funding	\$16	(\$68)	
GM Recommended FY2008 Budget	\$654	\$1,153	\$500

Next Steps:

- Continue Seeking Input and Comments
- Finalize Reduction-In-Force Estimates

 Take One Time Charge Against FY2007

 Realize Full Budget Savings in FY2008
- June Finance, Administration & Oversight Committee
 Vote on Final Changes
 Recommendation to Board