



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**

<input type="checkbox"/> Action <input checked="" type="checkbox"/> Information	MEAD Number:	Resolution: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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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.



FY08 Operating Budget Update

Presented to the Board of Directors:

The Finance, Administration and Oversight Committee

May 10, 2007






FY08 Operating Budget Update

Where we were....

Budget As Proposed in December

<i>\$ Millions</i>	Revenue	Expense	Subsidy
FY07 Approved Budget	\$644	\$1,105	\$461
Base Budget Adjustments	(\$3)	\$29	
Inflation		\$69	
Service Expansion		\$18	
Base Budget Adjustments	(\$3)	\$116	
Management Recommendations:			
a. Replenish Reserve Fund		\$12	
b. Cut Administrative Costs		(\$16)	
c. Reduce Bus & Rail Service		(\$14)	
d. Fare Adjustment	\$64		
FY08 Proposed Budget	\$705	\$1,205	\$499

 ***“Budget Gap”***



FY08 Operating Budget Update

General Manager Initiatives...

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



FY08 Operating Budget Update

Budget Re-Estimates...

<i>\$ Millions</i>	Revenue	Expense	Subsidy
<i>prior subtotal</i>	(\$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-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	
<i>subtotal</i>	<u>\$16</u>	<u>(\$68)</u>	<u>(\$83)</u>



FY08 Operating Budget Update

Budget Results:

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

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



FY08 Operating Budget Update

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