



**Budget Committee**

**Board Information Item # 2**

**September 7, 2006**

**Fiscal 2008 Budget Work Session**

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

Action  
 Information

MEAD Number:

Resolution:  
 Yes  No

**PURPOSE**

The General Manager's fiscal 2008 budget will be presented to the Board for consideration in December 2006. Policy directions voiced by the Board prior to that date will allow staff to prepare a budget proposal intended to achieve the policy objectives of this organization.

**DESCRIPTION**

Ridership growth and corresponding revenue growth are projected to continue into fiscal 2008. However, business expenses in categories such as energy, insurance, claims, labor and the annualization of service increases approved for a portion of fiscal 2007 will cause operating costs to grow faster than revenue. This will result in a subsidy increase.

To limit the subsidy increase there are two policy options and one management option. The Board policy options include pricing strategies and changing service levels. A set of policy proposals regarding a pricing strategy and performance measures for establishing minimum service efficiency levels will be included in the proposed budget. To develop these policy proposals staff is requesting that the Board begin a public discussion of outcomes desired from the fiscal 2008 budget. By clearly articulating a set of goals for fiscal 2008, as well as incorporating a set of performance measures, the fiscal 2008 budget can be crafted to allow for the stated policy objectives to be achieved.

The management option involves minimizing expenses through optimizing the efficiency of the operation. Management is actively working on a cost reduction plan and will include options in the proposed budget.

**FUNDING IMPACT**

None

**RECOMMENDATION**

Begin a discussion of budget policies and desired outcomes to be achieved with the fiscal 2008 operating budget. The discussion should continue into October allowing for additional input from stakeholders and interested constituency groups.



# Fiscal 2008 Budget Work Session

*Presented to the Board of Directors:*

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# Budget "What-If"

	\$ Millions		
	Revenue	Expense	Subsidy
<b>FY07 Approved Budget</b>	<b>\$644</b>	<b>\$1,105</b>	<b>\$461</b>
<b>FY08 Annualization of FY07 Service Changes</b>		<b>\$4</b>	
<b>FY08 Revenue Changes</b> <i>4% Ridership Growth, 3% other</i>	<b>\$24</b>		
<b>FY08 Expense Changes</b> <i>Normal Inflation, energy prices, insurance, claims, etc.</i>		<b>\$69</b>	
<b>FY08 Programmatic Changes</b> New rail cars, bus overcrowding relief, bus priority corridor improvements, APTA peer review recommendations, security expansion, etc.	<b>\$2</b>	<b>\$37</b>	
<b>Total Changes</b>	<b>\$26</b>	<b>\$109</b>	
<b>Percent Change</b>	<b>4%</b>	<b>10%</b>	