

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

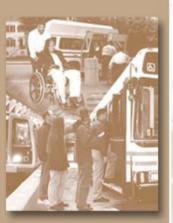
Begin a discussion of budget policies and desired outcomes to be achieved with the fiscal 2008 operating budget. The discussion should continue into October allowing for additional input from stakeholders and interested constituency groups.

Fiscal 2008 Budget Work Session

Presented to the Board of Directors:

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Budget "What-If"

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