



**Finance, Administration and Oversight Committee**

**Action Item III-A**

**September 10, 2009**

**Approve FY2011 Budget Guidance**

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

<input checked="" type="radio"/> Action <input type="radio"/> Information	MEAD Number: 100441	Resolution: <input type="radio"/> Yes <input checked="" type="radio"/> No
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**TITLE:**

FY 2011 Budget Guidance

**PURPOSE:**

To obtain budget guidance from the Board regarding the development of the FY2011 General Manager's Proposed Budget, and obtain Board approval of the FY2011 Budget Guidance Resolution.

**DESCRIPTION:**

Provide the Board with anticipated revenue and expense levels for FY 2011. Discuss potential strategies/remedies for developing a balanced FY 2011 budget. Obtain Board guidance/instruction relative to:

- Expense actions
- Service levels
- Fare actions
- Jurisdictional subsidy levels

**FUNDING IMPACT:**

The guidance provided will be the basis for building the FY2011 budget.

**RECOMMENDATION:**

None



**WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY**

# FY2011 Budget Guidance

Finance, Administration, and Oversight Committee

September 10, 2009



## Purpose

- To discuss the framework for preparation of the FY2011 Budget
- To receive Board direction on policy initiatives, including fare policies
- To obtain Board approval of the FY2011 Budget Guidance resolution



# Pro-Forma Forecast Assumptions

## Financial Assumptions:

- Contractual labor increase by 3%
- Fare increase
  - Biennial increase in CPI averaged at 4% as per board policy
  - Constraints of fare structure requires rounding to the nearest nickel
  - Result in average increase of 6%
- Energy-indexed to NYMEX forward rates + 10%, power +6%

## Business Assumptions:

- 1% growth bus and rail ridership (net of elasticity)
- Significant drop in Advertising revenue
- 25% growth in ADA demand
- No bus or rail service changes
- Subsidy FY10 baseline



# FY2011 Pro-Forma Forecast

In Millions	FY09 Actual *	FY10 Budget	FY11 Estimate	\$ Change 10/11	% Change 10/11
<b>Revenues</b>					
Passenger	628.8	652.6	659.1	6.5	1.0%
Current Fare Policy	0.0	0.0	37.5	37.5	NA
Other	130.4	131.2	86.3	(44.9)	-34.2%
<b>Total</b>	<b>759.2</b>	<b>783.7</b>	<b>782.9</b>	<b>(0.9)</b>	<b>-0.1%</b>
<b>Expenses</b>					
Personnel	669.6	668.3	688.4	20.0	3.0%
Fringe Benefits	267.4	284.3	316.9	32.6	11.5%
Paratransit	78.5	78.9	98.6	19.7	25.0%
Contract Services	74.1	83.8	86.3	2.5	3.0%
Parts	82.3	73.1	76.7	3.7	5.0%
Energy/Utilities	143.1	156.4	166.2	9.8	6.3%
Other	31.9	29.7	33.7	4.0	13.5%
<b>Total</b>	<b>1347.0</b>	<b>1374.5</b>	<b>1466.9</b>	<b>92.4</b>	<b>6.7%</b>
<b>Reserve/PM</b>	<b>(20.7)</b>	<b>(44.0)</b>	<b>(30.7)</b>	<b>13.3</b>	<b>-30.3%</b>
<b>Subsidy</b>	<b>567.2</b>	<b>546.7</b>		<b>106.6</b>	
<b>FY08 "Carryover"</b>	<b>36.2</b>				
<b>Net Subsidy FY09</b>	<b>531.0</b>				

\*Not audited



# Policy Guidelines

1. Current Fare Policy —————> Capped at inflation
  - Insufficient to resolve shortfall - requires review
2. Jurisdictional Funding —————> Low probability of increase
  - Requires early planning and disclosure of funding levels
3. Preventive Maintenance —————> Current level limited
  - Increase funding of asset maintenance
4. Paratransit Policy —————> Unsustainable growth
  - Assess and refine business model
5. Bus and Rail Service Levels —————> Cost structure sustainability
  - Assess and define current service levels
6. GM to submit a Balanced Budget by December 2009

SUBJECT: FY2011 BUDGET GUIDANCE

RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
WASHINGTON METROPOLITAN AREA TRANSPORTATION AUTHORITY

WHEREAS, The Board of Directors will receive and consider the General Manager's proposed FY2011 Budget in December 2009; and

WHEREAS, The FY2010 Budget included a Reserve Drawdown of \$13.3 million and preventative maintenance subsidy of \$30.7 million; and

WHEREAS, The Board of Directors adopted a fare policy that calls for an increase in fares in FY2011; and


WHEREAS, The FY2011 Budget will be balanced; now, therefore be it

*RESOLVED*, That the General Manager and staff will recommend a three-pronged approach to formulate a FY2011 Budget that considers baseline expenses, passenger fares, and the jurisdictional subsidy; and be it further

*RESOLVED*, That the General Manager and staff will examine the current fare policy and develop recommendations for the Board of Directors consideration; and be it finally

*RESOLVED*, That this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,

  
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Carol B. O'Keeffe  
General Counsel