



Finance, Administration and Oversight Committee

Information Item II-A

September 27, 2007

**Detailed Review of FY09 Operating Budget
Forecast Revenues and Expenses**

**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

To present the Board of Directors with a detailed review of the FY09 Operating budget forecast of revenues and expenses.

DESCRIPTION

The FY09 budget forecast projects a net funding need of \$109 million. This is based on an additional \$81 million to provide the same level of service, the loss of \$40 million in one-time-only funding, minimal added service of \$20 million, and the assumption of 6.5 percent or \$33 million in subsidy growth.

NEXT STEPS

To proceed, the Board of Directors will review and consider a fare policy and public hearings on fares.



Detailed Review of FY09 Operating Budget Forecast Revenues and Expenses

Presented to the Board of Directors:

**Finance, Administration and Oversight
Committee**

September 27, 2007



Forecast Summary

\$ Millions	FY08 Budget	FY09 Forecast	
Operating Revenue	\$654	\$661	\$8 1% Revenue Increase
Operating Expense	\$1,194	\$1,283	\$89 7% Expense Increase
1-Time-Funding	(\$40)		
Net Expense	\$1,154		
Subsidy	\$500		

\$89 less \$8 = \$81 million needed funding increase

Key Forecast Assumptions:

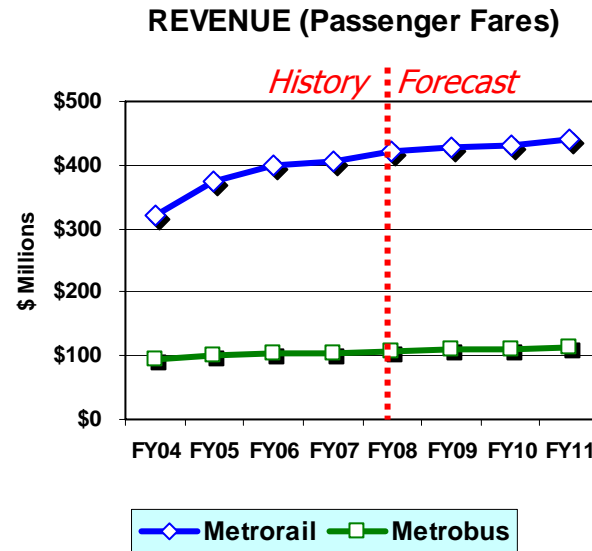
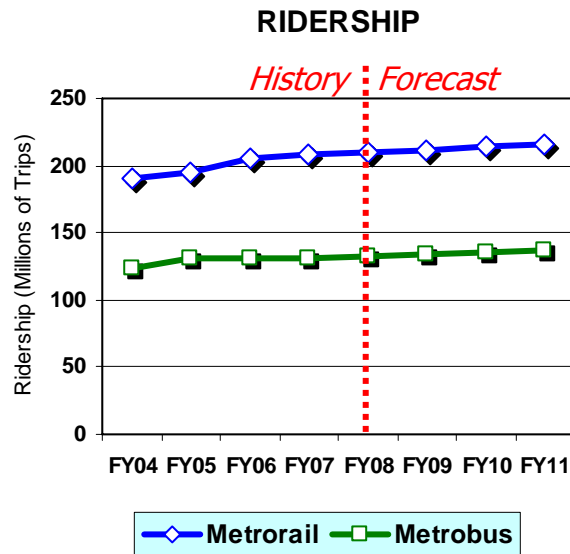
- No fare increase
- No change in bus and rail service levels from FY08
- Continuation of all existing revenue streams and operating expenses from FY08



Budget Forecast – Revenue

Ridership and Revenue from Passenger Fares:

- Bus and rail ridership growth continues
 - 1% Rail growth last year, slower than prior years
 - Bus growth consistently near 1%
- Each 1% rail growth is \$4 million revenue
- Each 1% bus growth is \$1 million revenue



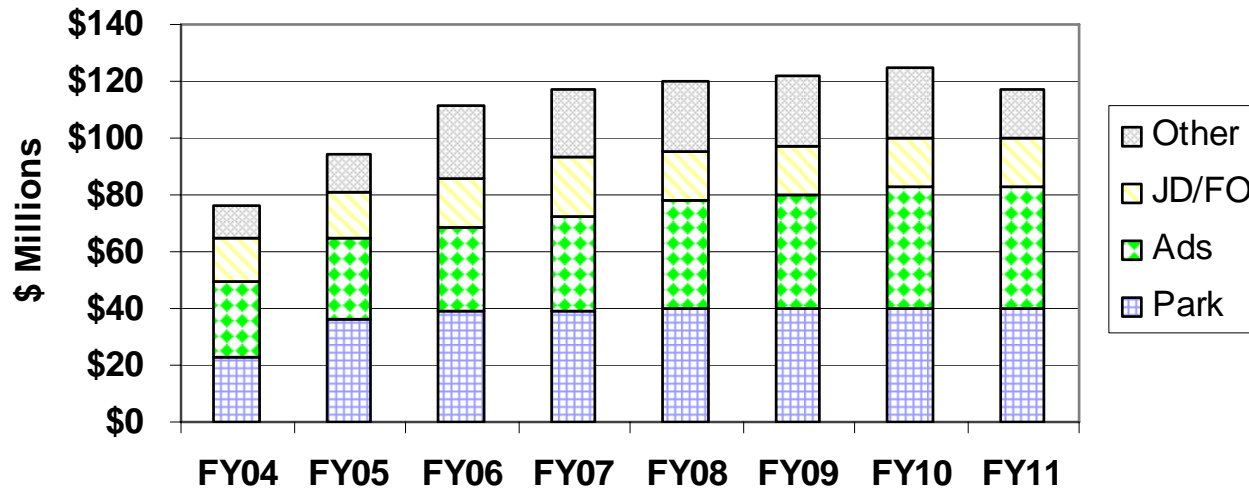


Budget Forecast – Revenue

Non-Passenger Revenue:

- Parking dollars limited by number of spaces
- Advertising dollars tied to multi year contract
- Joint Development & Fiber Optics react to market forces
- All other

Non-Passenger Revenue





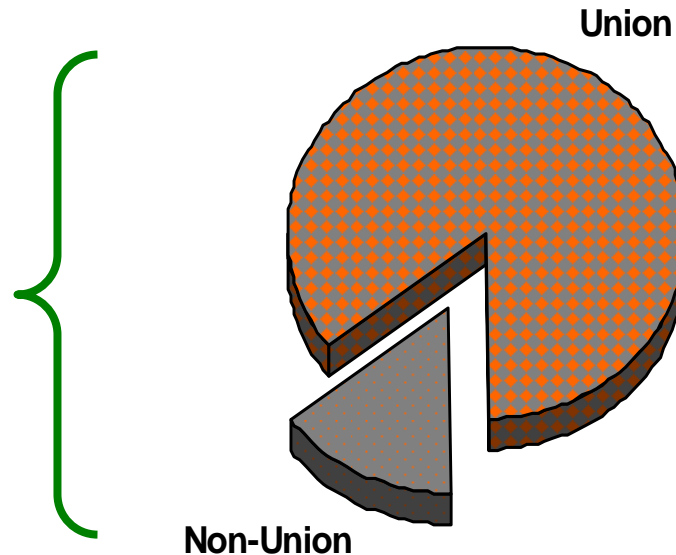
Budget Forecast - Expenses

Personnel Expense:

- 85% of the workforce is unionized
- All union contracts are open for negotiation during this forecast period

Operating Expenses:

Personnel	\$939
Non-Personnel	\$343
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	\$1,283





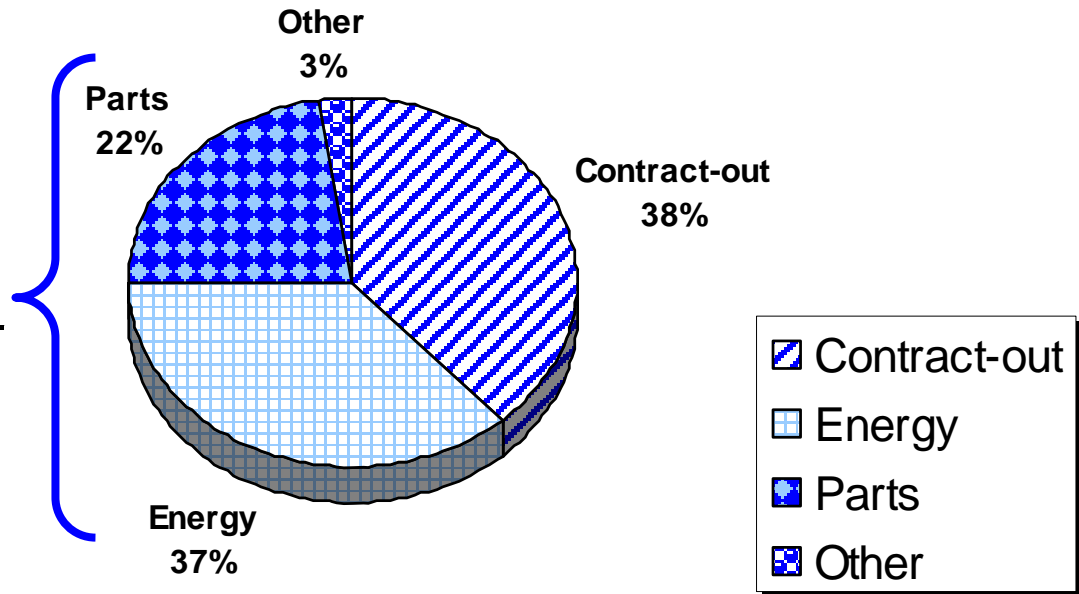
Budget Forecast - Expenses

Non-Personnel Expense:

- Contract out for complex, technical, specialized services
- High cost for energy (electricity, diesel, natural gas)
- High cost for parts (engines, transmissions, track equipment)

Operating Expenses:

Personnel	\$939
Non-Personnel	\$343
	<hr/>
	\$1,283



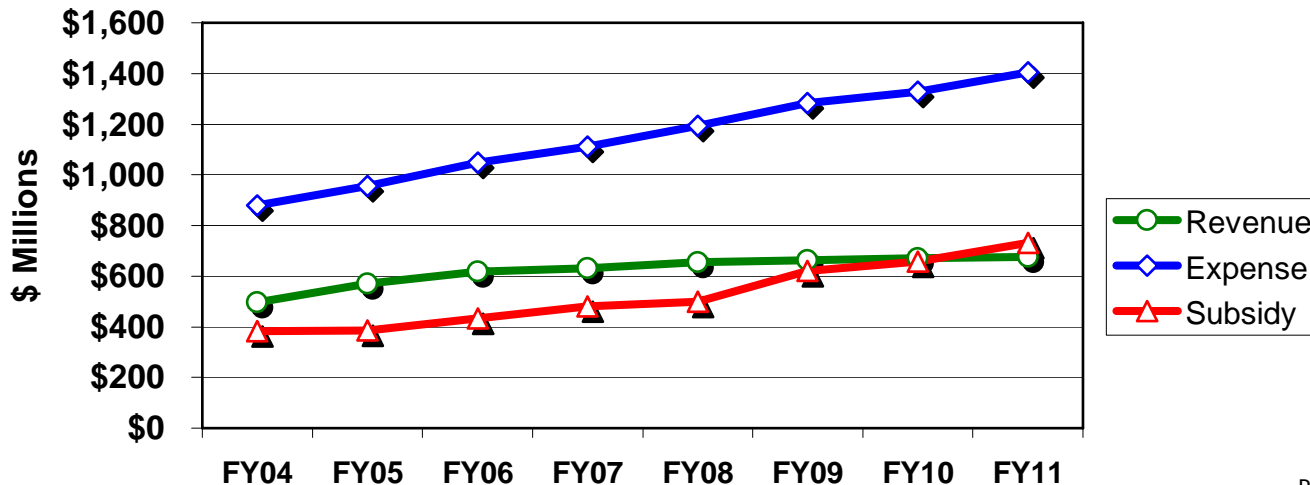


Forecast Summary

\$ Millions	FY04 <i>Actual</i>	FY05 <i>Actual</i>	FY06 <i>Actual</i>	FY07 <i>Actual</i>	FY08 <i>Budget</i>	FY09 <i>Forecast</i>	FY10 <i>Forecast</i>	FY11 <i>Forecast</i>
Revenue	\$496	\$571	\$617	\$630	\$654	\$661	\$670	\$675
Expense	\$880	\$957	\$1,049	\$1,111	\$1,194 (\$40) \$1,154	\$1,283	\$1,328	\$1,405
Subsidy	\$384	\$385	\$432	\$481	\$500	\$621	\$658	\$731

Base Budget (Same-Level-Of-Service)

Change in Revenue	\$8
Change in Expense	\$89
Funding Increase Needed	\$81





Funding Needed

FY09 Increased Funding Needed for:

Same-Level-of-Services	\$81
One-Time-Only in FY08	\$40
Base Budget Subtotal.....	\$121

Fund Added Service	\$41
Minimal Added Service	\$20

Fund the Reserve	\$12
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Pay Debt Service with Fares	\$12
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Funding Needed.....	\$141
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Assume 6.5% Subsidy Growth	\$33
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Net Funding Needed.....	\$109
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\$ Millions



Appendix



Revenue Summary

\$ Millions	FY04 <i>Actual</i>	FY05 <i>Actual</i>	FY06 <i>Actual</i>	FY07 <i>Actual</i>	FY08 <i>Budget</i>	FY09 <i>Forecast</i>	FY10 <i>Forecast</i>	FY11 <i>Forecast</i>
1. Metrorail Passenger Revenue	\$322.3	\$373.3	\$398.5	\$404.8	\$422.5	\$426.7	\$430.9	\$435.3
2. Metrobus Passenger Revenue	\$94.9	\$100.6	\$103.9	\$104.6	\$108.4	\$109.5	\$110.6	\$111.7
3. MetroAccess Passenger Revenue	\$2.4	\$2.8	\$3.0	\$3.0	\$3.4	\$3.6	\$3.9	\$4.2
Total Passenger Revenue	\$419.6	\$476.8	\$505.4	\$512.4	\$534.3	\$539.8	\$545.5	\$557.2
4. Advertising	\$26.0	\$29.0	\$30.0	\$33.0	\$38.0	\$40.0	\$43.0	\$43.0
5. Parking	\$23.1	\$35.7	\$38.6	\$39.2	\$40.0	\$40.0	\$40.0	\$40.0
6. Joint Development	\$6.4	\$7.6	\$7.8	\$10.5	\$7.2	\$7.2	\$7.2	\$7.2
7. Fiber Optics	\$9.4	\$8.9	\$9.3	\$10.3	\$9.8	\$9.8	\$9.8	\$9.8
8. School Fares	\$4.3	\$4.3	\$4.7	\$4.6	\$5.0	\$5.0	\$5.0	\$5.0
9. Charter Bus	\$2.2	\$2.1	\$2.0	\$1.7	\$2.0	\$2.0	\$2.0	\$2.0
10. Interest	\$0.4	\$1.8	\$4.2	\$4.5	\$4.6	\$4.6	\$4.6	\$4.6
11. Other	\$4.6	\$5.0	\$4.3	\$4.8	\$4.0	\$4.0	\$4.0	\$4.0
12. SafeCleanReliable - 1			\$9.0	\$7.0	\$7.0	\$7.0	\$7.0	
SafeCleanReliable - 2			\$1.4	\$1.8	\$2.0	\$2.0	\$2.0	\$2.0
Non-Passenger Revenue	\$76.3	\$94.5	\$111.4	\$117.4	\$119.6	\$121.6	\$124.6	\$117.6
Total Revenue.....	\$495.9	\$571.3	\$616.8	\$629.8	\$653.9	\$661.4	\$670.1	\$674.7



1. Metrorail Passenger Revenue

	FY04 <i>Actual</i>	FY05 <i>Actual</i>	FY06 <i>Actual</i>	FY07 <i>Actual</i>	FY08 <i>Budget</i>	FY09 <i>Forecast</i>
Metrorail Passenger Revenue \$ Millions	\$322.27	\$373.33	\$398.55	\$404.84	\$422.46	\$426.68
Annual Change \$		51.06	25.22	6.29	17.62	4.22
Annual Change %		15.20%	6.52%	1.53%	4.21%	0.97%
Metrorail Ridership <i>Millions - Linked Trips</i>	189.99	195.19	205.60	207.91	209.72	211.82
Annual Change #		5.20	10.42	2.30	1.81	2.10
Annual Change %		2.7%	5.3%	1.1%	0.9%	1.0%
Rail Average Fare	\$1.77	\$1.98	\$2.00	\$2.01	\$2.08	\$2.08

- Ridership growth slowed to 1% in FY07
- Forecast assumes continued 1% growth
- Each 1% growth in ridership = \$4 million revenue



2. Metrobus Passenger Revenue

	FY04 <i>Actual</i>	FY05 <i>Actual</i>	FY06 <i>Actual</i>	FY07 <i>Actual</i>	FY08 <i>Budget</i>	FY09 <i>Forecast</i>	FY10 <i>Forecast</i>	FY11 <i>Forecast</i>
Metrobus Passenger Revenue \$ Millions	\$94.9	\$100.6	\$103.9	\$104.6	\$108.4	\$109.5	\$110.6	\$111.7
Annual Change \$		\$5.7	\$3.3	\$0.8	\$3.8	\$1.1	\$1.1	\$1.1
Annual Change %		7.0%	3.7%	0.8%	4.2%	1.1%	1.1%	1.1%
Bus Ridership <i>Millions - Unlinked Trips</i>	\$124.1	\$130.4	\$131.1	\$131.5	\$132.8	\$134.1	\$135.4	\$136.8
Annual Change #		6.3	0.7	0.4	1.3	1.3	1.3	1.4
Annual Change %		5.1%	0.6%	0.3%	1.0%	1.0%	1.0%	1.0%
Bus Average Fare	\$0.66	\$0.67	\$0.69	\$0.69	\$0.71	\$0.72	\$0.72	\$0.72

- Ridership growth has remained near 1% each year
- Forecast assumes continued 1% growth
- Each 1% growth in ridership = \$1 million revenue



3. MetroAccess Passenger Revenue

	FY04 <i>Actual</i>	FY05 <i>Actual</i>	FY06 <i>Actual</i>	FY07 <i>Actual</i>	FY08 <i>Budget</i>	FY09 <i>Forecast</i>	FY10 <i>Forecast</i>	FY11 <i>Forecast</i>
MetroAccess Passenger Revenue \$ Millions	\$2.4	\$2.8	\$3.0	\$3.0	\$3.4	\$3.6	\$3.9	\$4.2
Annual Change \$		\$0.5	\$0.2	(\$0.0)	\$0.5	\$0.2	\$0.3	\$0.3
Annual Change %		19%	6%	-1%	15%	7%	7%	7%
MetroAccess ridership Millions of Trips Completed	1.1	1.3	1.4	1.6	1.6	1.7	1.8	1.9
Annual Change #		0.1	0.1	0.3	(0.1)	0.1	0.1	0.1
Annual Change %		13%	8%	22%	-6%	7%	7%	7%
MetroAccess Average Fare	\$ 2.13	\$ 2.25	\$ 2.21	\$ 1.79	\$ 2.19	\$ 2.19	\$ 2.19	\$ 2.19

- Prior year growth rates of 15% - 18% have slowed
- Forecast assumes continued 7% growth/year



4. Advertising Revenue

\$ Millions	FY04 <i>Actual</i>	FY05 <i>Actual</i>	FY06 <i>Actual</i>	FY07 <i>Actual</i>	FY08 <i>Budget</i>	FY09 <i>Forecast</i>	FY10 <i>Forecast</i>	FY11 <i>Forecast</i>
Advertising Revenue	\$26.0	\$29.0	\$30.0	\$33.0	\$38.0	\$40.0	\$43.0	\$43.0
Annual Change \$		\$3.0	\$1.0	\$3.0	\$5.0	\$2.0	\$3.0	\$0.0
Annual Change %		12%	3%	10%	15%	5%	8%	0%

- **FY08 includes \$2 million contractual increase plus \$3 million increase for expanded inventory of ad space**
- **Advertising revenue is guaranteed by contract through FY10
No assumptions are made about FY11 possible changes**



5. Parking Revenue

\$ Millions	FY04 <i>Actual</i>	FY05 <i>Actual</i>	FY06 <i>Actual</i>	FY07 <i>Actual</i>	FY08 <i>Budget</i>	FY09 <i>Forecast</i>	FY10 <i>Forecast</i>	FY11 <i>Forecast</i>
Parking Revenue	\$23.1	\$35.7	\$38.6	\$39.2	\$40.0	\$40.0	\$40.0	\$40.0
Annual Change \$		\$12.7	\$2.8	\$0.6	\$0.8	\$0.0	\$0.0	\$0.0
Annual Change %		55%	8%	2%	2%	0%	0%	0%

- **Parking facilities are generally at capacity**
- **58,186 parking spaces**
- **Parking fees range from \$2.50 to \$4.00**
Most spaces are priced at \$3.50 or \$4.00



6. Joint Development Revenue

\$ Millions	FY04 <i>Actual</i>	FY05 <i>Actual</i>	FY06 <i>Actual</i>	FY07 <i>Actual</i>	FY08 <i>Budget</i>	FY09 <i>Forecast</i>	FY10 <i>Forecast</i>	FY11 <i>Forecast</i>
Joint Development	\$6.4	\$7.6	\$7.8	\$10.5	\$7.2	\$7.2	\$7.2	\$7.2
Annual Change \$		\$1.2	\$0.2	\$2.7	(\$3.3)	\$0.0	\$0.0	\$0.0

- Revenue stream includes Joint Development revenue, plus building/property leases as well as building permits
- Revenue also obtained from percentage rents (a percentage of gross revenue over a base amount)
- In FY07, Metro received an unexpected additional \$2 million because the owners of the office building in Bethesda refinanced the project



7. Fiber Optics Revenue

\$ Millions	FY04 <i>Actual</i>	FY05 <i>Actual</i>	FY06 <i>Actual</i>	FY07 <i>Actual</i>	FY08 <i>Budget</i>	FY09 <i>Forecast</i>	FY10 <i>Forecast</i>	FY11 <i>Forecast</i>
Fiber Optics	\$9.4	\$8.9	\$9.3	\$10.3	\$9.8	\$9.8	\$9.8	\$9.8
Annual Change \$		(\$0.5)	\$0.4	\$1.0	(\$0.5)	\$0.0	\$0.0	\$0.0
Annual Change %		-6%	5%	11%	-5%	0%	0%	0%

- Metro currently has 13 existing licenses for fiber optics within the Metrorail system
- Revenues are approximately \$9.8 million annually
- Metro receives dark fiber for its own use under most of these licenses



8. DC School Revenue

\$ Millions	FY04 <i>Actual</i>	FY05 <i>Actual</i>	FY06 <i>Actual</i>	FY07 <i>Actual</i>	FY08 <i>Budget</i>	FY09 <i>Forecast</i>	FY10 <i>Forecast</i>	FY11 <i>Forecast</i>
DC Schools	\$4.3	\$4.3	\$4.7	\$4.6	\$5.0	\$5.0	\$5.0	\$5.0
Annual Change \$		\$0.1	\$0.4	(\$0.1)	\$0.4	\$0.0	\$0.0	\$0.0
Annual Change %		2%	9%	-2%	8%	0%	0%	0%

- D.C. government provides a subsidy to Metro for students on the bus and rail systems using subsidized student farecards, tokens and SmartStudent passes
- The subsidy is based on the difference between the amount paid by the student and the calculated average full fare for passenger trips made within the District, by District of Columbia residents



9. Charter Bus Revenue

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
\$ Millions	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Budget</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Charter Bus	\$2.2	\$2.1	\$2.0	\$1.7	\$2.0	\$2.0	\$2.0	\$2.0
Annual Change \$		(\$0.1)	(\$0.1)	(\$0.3)	\$0.3	\$0.0	\$0.0	\$0.0
Annual Change %		-2%	-2%	-15%	15%	0%	0%	0%

- Annual Contract/Charter revenue is generated by recurring contracts from three sources: the Washington Redskins, Andrews Air Show, and the Annual Bay Bridge Walk
- In addition, Metro has a steady stream of small scale charters, including school and sightseeing trips
- Metro also provides charter services for events at Wolftrap
- Charter services are also available for special events, like the WWII Memorial dedication services



10. Interest Revenue

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
\$ Millions	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Budget</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Interest Revenue	\$0.4	\$1.8	\$4.2	\$4.5	\$4.6	\$4.6	\$4.6	\$4.6
Annual Change \$		\$1.4	\$2.4	\$0.3	\$0.0	\$0.0	\$0.0	\$0.0
Annual Change %		319%	131%	7%	1%	0%	0%	0%

- All investments in operating budget are short-term
- Interest earnings could decline in the future if the Federal Reserve continues reducing interest rates



11. Other Revenue

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
\$ Millions	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Budget</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Other Revenue	\$4.6	\$5.0	\$4.3	\$4.8	\$4.0	\$4.0	\$4.0	\$4.0
Annual Change \$		\$0.4	(\$0.7)	\$0.4	(\$0.8)	\$0.0	\$0.0	\$0.0
Annual Change %		9%	-14%	10%	-16%	0%	0%	0%

- Includes 7 categories of revenue:
 - Employee Parking
 - Bicycle Locker
 - Telephone Revenue
 - Vending Machines
 - Cellular Telephones
 - Subrogation Collection
 - Miscellaneous Other



12. Safe Clean Reliable Revenue

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
\$ Millions	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Budget</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Safe Clean Reliable	n/a	n/a	\$10.4	\$8.8	\$9.0	\$9.0	\$9.0	\$2.0
Annual Change \$				(\$1.7)	\$0.2	\$0.0	\$0.0	(\$7.0)
Annual Change %				-16%	3%	0%	0%	-78%

Program began with FY06 budget
 Funding Sources:

- Unencumbered TIF revenue contributes \$7 million/year
 Funding stream will be depleted by FY11
- Additional \$2 million/year generated from ATM program,
 tunnel advertising program and other advertising initiatives



12. Revenue Summary

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
\$ Millions	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Budget</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Total Revenue	\$495.9	\$571.3	\$616.8	\$629.8	\$653.9	\$661.4	\$670.1	\$674.7
Annual Change \$		\$75	\$46	\$13	\$24	\$8	\$9	\$5
Annual Change %		15%	8%	2%	4%	1%	1%	1%

- Forecast Generates \$8 million revenue increase in FY09
No Fare Increase



Forecast of Operating Expenses



Expense Summary

\$ Millions

	FY04 <i>Actual</i>	FY05 <i>Actual</i>	FY06 <i>Actual</i>	FY07 <i>Actual</i>	FY08 <i>Budget</i>	FY09 <i>Forecast</i>	FY10 <i>Forecast</i>	FY11 <i>Forecast</i>
Salaries	\$148.3	\$155.0	\$167.2	\$174.7	\$179.1	\$188.0	\$197.3	\$207.1
Wages	\$375.5	\$400.1	\$424.8	\$440.9	\$459.1	\$480.7	\$503.3	\$526.9
1. Payroll	\$523.8	\$555.1	\$592.0	\$615.6	\$638.3	\$668.7	\$700.6	\$734.0
2. Fringes	\$153.4	\$168.4	\$188.3	\$216.4	\$244.1	\$270.6	\$264.1	\$281.4
PERSONNEL COST	\$677.3	\$723.5	\$780.3	\$832.0	\$882.4	\$939.3	\$964.7	\$1,015.4
3. Services	\$77.1	\$86.4	\$101.7	\$106.3	\$125.1	\$131.5	\$138.3	\$145.5
4. Materials & Supplies	\$59.7	\$67.8	\$70.9	\$67.9	\$73.1	\$76.9	\$81.0	\$85.2
5. Fuel & Propulsion	\$43.1	\$56.5	\$68.8	\$73.7	\$77.3	\$85.0	\$93.5	\$102.8
6. Utilities	\$23.8	\$28.2	\$31.0	\$32.1	\$37.4	\$41.1	\$45.2	\$49.8
7. Insurance & Claims	\$12.3	\$9.1	\$10.9	\$12.7	\$18.0	\$27.6	\$23.5	\$24.8
8. Leases	\$3.8	\$4.8	\$4.6	\$6.0	\$5.6	\$5.8	\$6.0	\$6.2
9. Miscellaneous	\$3.7	\$3.8	\$4.7	\$4.1	\$4.8	\$5.0	\$5.2	\$5.4
10. Reimbursements	(\$21.1)	(\$23.5)	(\$24.2)	(\$24.1)	(\$29.5)	(\$29.5)	(\$29.5)	(\$29.5)
NONPERSONNEL COST	\$202.4	\$233.2	\$268.5	\$278.8	\$311.7	\$343.4	\$363.1	\$390.1
TOTAL COST	\$879.7	\$956.7	\$1,048.8	\$1,110.8	\$1,194.1	\$1,282.7	\$1,327.9	\$1,405.5
					(40.3)			
					\$1,153.8			



1. Payroll Expense

\$ Millions	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08 Budget	FY09 Forecast	FY10 Forecast	FY11 Forecast
Salaries	\$148.3	\$155.0	\$167.2	\$174.7	\$179.1	\$188.0	\$197.3	\$207.1
Wages	\$375.5	\$400.1	\$424.8	\$440.9	\$459.1	\$480.7	\$503.3	\$526.9
1. Payroll	\$523.8	\$555.1	\$592.0	\$615.6	\$638.3	\$668.7	\$700.6	\$734.0
Annual Change \$		\$31.3	\$36.9	\$23.6	\$22.6	\$30.5	\$31.9	\$33.4
Annual Change %		6.0%	6.6%	4.0%	3.7%	4.8%	4.8%	4.8%

254 positions abolished in FY08

Union Pay:

- 85% of pay controlled by collective bargaining
- All contracts open for negotiation during forecast period

Non-Union Pay:

	FY04	FY05	FY06	FY07	FY08	Cumulative
COLA's/Inflation Increases						
Average of Jurisdictions	2.2%	2.6%	2.8%	1.8%	2.6%	12.0%
Metro Salaries (Non-Union)	0%	0%	0%	5.0%	3.0%	8.0%
Steps/Merit Increases						
Average of Jurisdictions	2.9%	3.0%	2.6%	3.2%	2.9%	14.6%
Metro Salaries (Non-Union)	2.0%	1.5%	2.0%	0%	2.0%	7.5%



2. Fringe Benefits Expense

<i>\$ Millions</i>	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Budget</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Health	\$96.0	\$98.6	\$110.9	\$116.9	\$129.6	\$141.3	\$154.0	\$167.9
Pension	\$14.1	\$19.6	\$23.0	\$36.9	\$39.7	\$37.3	\$33.5	\$33.1
Other Fringe Benefits	\$42.4	\$45.1	\$46.9	\$49.1	\$55.9	\$58.6	\$61.4	\$64.3
Workers Compensation	\$1.0	\$5.1	\$7.5	\$13.5	\$18.9	\$33.4	\$15.2	\$16.0
2. Fringes	\$153.4	\$168.4	\$188.3	\$216.4	\$244.1	\$270.6	\$264.1	\$281.4
Without Workers Comp	\$152.4	\$163.3	\$180.8	\$202.9	\$225.3	\$237.1	\$248.9	\$265.3
	Annual Change \$	\$10.9	\$17.5	\$22.0	\$22.4	\$11.9	\$11.7	\$16.4
	Annual Change %	7%	11%	12%	11%	5%	5%	7%

- Inflation on health insurance premiums is moderating
Forecast assumes 9%, down from 12%-18% in recent years
- Pension costs are actuarially determined, annual contributions are returning to “normal” levels after multi-budget holiday
- Other fringes (life, dental, payroll taxes, etc) generally tied by formulas to annual pay levels

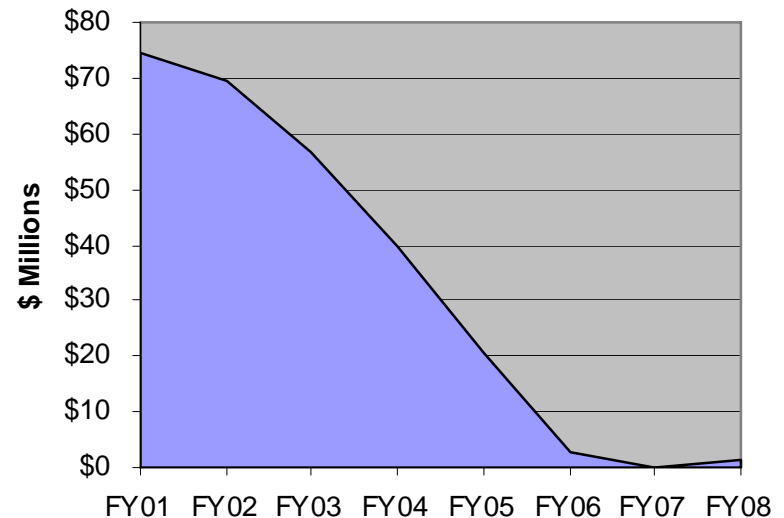


2a. Claims Funding – History

(Workers' Comp and Claims Expense)

- Metro is self-insured for most claims arising from accidents, workers' compensation incidents and law suits
- Budgeted expense pays for depositing funds into a reserve account
- Claims are then paid out of the reserve
- Payouts have been larger than deposits *Reserve balance near \$0*

	Budgeted Annual Deposits		Claims Paid from Fund
FY01	\$12	FY01	\$14
FY02	\$7	FY02	\$16
FY03	\$0	FY03	\$15
FY04	\$5	FY04	\$23
FY05	\$4	FY05	\$25
FY06	\$6	FY06	\$27
FY07	\$16	FY07	\$20
FY08	\$29	FY08	\$27





2a. Claims Funding – Forecast

(Workers' Comp and Claims Expense)

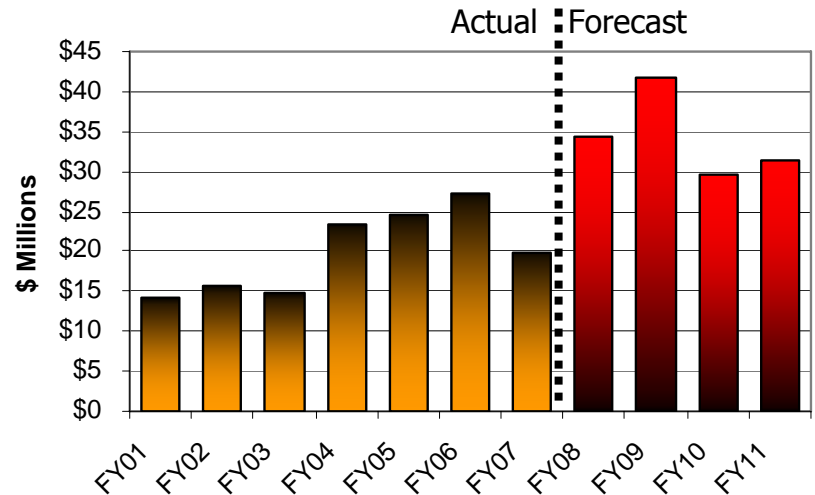
- Draft actuarial report show \$13.5 million shortfall in FY08
Budget of \$29.3 million vs. Forecast of \$42.8 million
- Reserve account balance will stabilize within two years
Claim Payouts = Budgeted Deposits

	Budgeted Annual Deposits		Claims Paid from Fund
FY01	\$12	FY01	\$14
FY02	\$7	FY02	\$16
FY03	\$0	FY03	\$15
FY04	\$5	FY04	\$23
FY05	\$4	FY05	\$25
FY06	\$6	FY06	\$27
FY07	\$16	FY07	\$20
*Forecast FY08	\$43	FY08	\$34
Forecast FY09	\$39	FY09	\$42
Forecast FY10	\$30	FY10	\$30
Forecast FY11	\$32	FY11	\$31

*Forecast FY08
Forecast FY09
Forecast FY10
Forecast FY11

* Budget FY08 \$29

Claims Payouts





3. Services Expense

<i>\$ Millions</i>	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Budget</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Management Fee	\$3.2	\$3.5	\$4.2	\$3.9	\$5.2	\$5.4	\$5.5	\$5.7
Professional & Technical	\$10.0	\$9.4	\$8.8	\$8.0	\$16.6	\$17.2	\$17.8	\$18.5
Temporary Help	\$1.2	\$1.2	\$1.3	\$1.7	\$1.7	\$1.8	\$1.8	\$1.9
Contract Maintenance	\$16.1	\$19.2	\$21.8	\$21.9	\$27.0	\$28.0	\$28.9	\$30.0
Paratransit	\$36.8	\$41.2	\$50.9	\$56.4	\$58.4	\$62.5	\$66.9	\$71.6
Other	\$9.9	\$12.0	\$14.6	\$14.4	\$16.1	\$16.6	\$17.2	\$17.8
3. Services	\$77.1	\$86.4	\$101.7	\$106.3	\$125.1	\$131.5	\$138.3	\$145.5
Annual Change \$		\$9.3	\$15.2	\$4.7	\$18.7	\$6.4	\$6.8	\$7.2
Annual Change %		12%	18%	5%	18%	5%	5%	5%

- Management Fee pays for contracted-out parking operation
- Professional & Technical (P&T) is for consulting services
 \$4m Risk Mgmt, \$3m HR/Training/Labor, \$3m IT, \$1m Planning, \$1m Legal, Remainder is surveys, engineering, auditors, etc.
- Contract Maintenance pays for: elevator/escalator maintenance, landscaping, etc.
- Paratransit is MV (MetroAccess Provider)
- Other Services: Multiple categories ... PC help, economics reports, document scanning)

All except paratransit are forecast to increase at 3.5%/year
 Paratransit growth assumed at 7%/year



4. Materials & Supplies

<i>\$ Millions</i>	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Budget</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Fuel and Lubricants	\$2.6	\$2.5	\$3.5	\$3.4	\$3.5	\$3.8	\$4.2	\$4.6
Tires	\$2.2	\$2.4	\$2.3	\$2.5	\$5.1	\$5.3	\$5.6	\$5.9
Other	\$54.9	\$63.0	\$65.1	\$62.1	\$64.6	\$67.8	\$71.2	\$74.7
4. Materials & Supplies	\$59.7	\$67.8	\$70.9	\$67.9	\$73.1	\$76.9	\$81.0	\$85.2
Annual Change \$		\$8.1	\$3.1	(\$3.0)	\$5.2	\$3.8	\$4.0	\$4.3
Annual Change %		14%	5%	-4%	8%	5%	5%	5%

- Fuel & Lubricants forecast to increase 10% / year
850,000 gallons gasoline / year, motor oil, grease
- Tires – multiyear contract just executed. Cost increase for steel (belts), carbon, environmental fees
- Other- engine and transmission parts, brakes, escalator parts, light bulbs, track & way material, and more....
Forecast to increase 5% / year



5. & 6. Energy Expenses: Diesel, CNG, Electricity, Utilities

\$ Millions

	FY04 <i>Actual</i>	FY05 <i>Actual</i>	FY06 <i>Actual</i>	FY07 <i>Actual</i>	FY08 <i>Budget</i>	FY09 <i>Forecast</i>	FY10 <i>Forecast</i>	FY11 <i>Forecast</i>
5. Fuel & Propulsion								
6. Utilities								
Diesel Fuel	\$11.6	\$19.9	\$25.8	\$25.4	\$26.3	\$28.9	\$31.8	\$35.0
Propulsion Power	\$29.3	\$33.6	\$36.3	\$39.4	\$45.6	\$50.2	\$55.2	\$60.7
Electricity & Natural Gas	\$20.3	\$25.0	\$31.2	\$34.6	\$35.0	\$38.5	\$42.4	\$46.6
Utilities	\$5.7	\$6.1	\$6.5	\$6.5	\$7.7	\$8.5	\$9.3	\$10.3
Energy Expenses	\$66.9	\$84.7	\$99.8	\$105.8	\$114.6	\$126.1	\$138.7	\$152.6
Annual Change \$		\$17.8	\$15.1	\$6.0	\$8.9	\$11.5	\$12.6	\$13.9
Annual Change %		27%	18%	6%	8%	10%	10%	10%

Energy Consumption – controlled by quantity of service provided

- 13 million gallons low-sulfur diesel fuel/year
- 9 million btu's compressed natural gas/year
- ¾ million mega watt hours/year

Energy Prices – controlled by world economic events

- Forecast assumes 10% inflation/year



7. 8. & 9. Insurance, Leases, Miscellaneous

<i>\$ Millions</i>	FY04 <i>Actual</i>	FY05 <i>Actual</i>	FY06 <i>Actual</i>	FY07 <i>Actual</i>	FY08 <i>Budget</i>	FY09 <i>Forecast</i>	FY10 <i>Forecast</i>	FY11 <i>Forecast</i>
7. Insurance	\$7.3	\$7.4	\$7.5	\$7.8	\$8.1	\$8.5	\$9.0	\$9.4
Claims	\$5.0	\$1.8	\$3.4	\$4.9	\$9.9	\$19.1	\$14.6	\$15.4
8. Leases	\$3.8	\$4.8	\$4.6	\$6.0	\$5.6	\$5.8	\$6.0	\$6.2
9. Miscellaneous	\$3.7	\$3.8	\$4.7	\$4.1	\$4.8	\$5.0	\$5.2	\$5.4
Annual Change \$		\$1.2	\$0.9	\$1.0	\$0.7	\$0.8	\$0.8	\$0.8
Annual Change %		8%	5%	6%	4%	4%	4%	4%

- Insurance: Directors & Officers, Liability, etc.
Forecast to increase 5%/year
- Leases: Heavy equipment, mainframe, radio towers, call center
 - Forecast 3.5%/year
- Miscellaneous: Includes \$2.5m purchased advertising/marketing.
Forecast 3.5%/year . . . remainder accounts for two-tenths of one-percent of total budget
 - Forecast 3.5%/year

Claims are budgeted into the reserve account with Worker's Comp



10. Reimbursements

\$ Millions

	FY04 <i>Actual</i>	FY05 <i>Actual</i>	FY06 <i>Actual</i>	FY07 <i>Actual</i>	FY08 <i>Budget</i>	FY09 <i>Forecast</i>	FY10 <i>Forecast</i>	FY11 <i>Forecast</i>
10. Reimbursements	(\$21.1)	(\$23.5)	(\$24.2)	(\$24.1)	(\$69.8)	(\$29.5)	(\$29.5)	(\$29.5)

Reimbursements have the effect of reducing total expense

FY08

(\$40.3) Construction Litigation - Does Not Recur after FY08

(\$18.0) Federal Preventive Maintenance Funds applied to Metrobus

(\$2.7) Federal Preventive Maintenance Funds applied to Metrorail

(\$4.0) Fuel Tax Rebates - New in FY08.

(\$4.8) Misc: Warranty Refunds, Purchase Card Rebates, etc

(\$69.8)



Expense Summary

\$ Millions	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08 Budget	FY09 Forecast	FY10 Forecast	FY11 Forecast
TOTAL EXPENSE	\$879.7	\$956.7	\$1,048.8	\$1,110.8	\$1,194.1 (\$40.3) \$1,153.8	\$1,282.7	\$1,327.9	\$1,405.5
Annual Change \$		\$77	\$92	\$62	\$83	\$89	\$45	\$78
Annual Change %		9%	10%	6%	8%	7%	4%	6%

Annual Change excludes \$40 million one-time-only reduction in FY08

- Forecast Generates \$89 million expense increase in FY09
No Change in Service Levels