

Operating Budget

**FISCAL YEAR 2008
SECOND QUARTER RESULTS AND YEAR
END PROJECTIONS**

**FISCAL YEAR 2009 AND 2010
PRELIMINARY PROJECTIONS**



Purpose

To present

- Actual FY 2008 second quarter financial results
- FY 2008 year end projections
- Preliminary FY 2009 operating budget projections
- Preliminary FY 2010 operating budget projections
- Proposed schedule

Fiscal Year 2008 Budget to Actual

Financial Highlights – Through Second Quarter

	Original Budget	Revised Budget	2nd Quarter Results	% of Revised Budget Realized
Revenues	\$686.5M	\$738.4M	\$341.9M	46.3%
Expenditures	\$686.5M	\$761.3M	\$335.0M	44.0%
Revenues Less Expenditures			\$6.9M	

Fiscal Year 2008 Budget to Actual

Financial Highlights – Year End Projections

	Original Budget	Revised Budget	Year End Projections	Projected Carryforward
Revenues	\$686.5M	\$738.4M	\$744.0M	\$5.6M
Expenditures	\$686.5M	\$761.3M	\$745.2M	\$16.1M
				\$21.7M

FY 2008 Revenue Highlights

Variances between Revised Budget and Year End Projections

	Above Budget	Below Budget
Fare Revenues	\$3.9M	
Operating Grants		(\$10.1M)
Parking and Traffic Fees & Fines	\$2.3M	
General Fund Base	\$2.2M	
Other (Advertising, Interest, etc.)	\$7.3M	
TOTAL	\$15.7M	(\$10.1M)
<i>NET: \$5.6M Above Revised Budget</i>		

Revenues - Major Variances

Revised Budget to Actual FY 2008

Fare Revenues		\$3.9M
<i>- Proof of Payment Citations</i>	\$0.1M	
<i>- Fast Pass</i>	\$3.8M	
Operating Grants		
(\$10.1M)		
<i>- STA and Prop 42 due to State Budget</i>	(\$9.6M)	
<i>- RM2 for Fare Integrated Study</i>		(\$0.5M)
Parking and Traffic Fees and Fines		
\$2.3M		
<i>- Parking Tax</i>	\$2.2M	
<i>- Parking Citations</i>	\$0.8M	
<i>- Tow Surcharge</i>	(\$0.8M)	
<i>- Special Traffic Permits</i>		\$0.1M
General Fund Base		\$2.2M
Other		\$7.3M
<i>- Advertising Revenues</i>		\$2.2M
<i>- Interest Income</i>	\$5.1M	
 TOTAL:		 \$5.6M

FY 2008 Expenditure Highlights
Variances between Revised Budget and Year End Projections

	Above Budget	Below Budget
Salaries and Fringe Benefits		(\$0.6M)
Materials, Equipment, Contracts and Supplies		(\$5.5M)
Reserve		(\$10.0M)
TOTAL		(\$16.1M)
<i>NET: \$16.1 M Below Revised Budget</i>		

Fiscal Year 2008 Budget to Actual

Financial Highlights – Year End Projections

	Original Budget	Revised Budget	Year End Projections	Projected Carryforward
Revenues	\$686.5M	\$738.4M	\$744.0M	\$5.6M
Expenditures	\$686.5M	\$761.3M	\$745.2M	\$16.1M
				\$21.7M

FY 2009*Revenues Projection**Existing Services*

Based on Information as of January 16, 2008

\$686.5M FY 2008 Budget

- \$42.7M from Fund Balance
- \$1.5M from RM2 (Integrated Fare Study)
- + \$2.2M from General Fund Mid Year Adjustment

\$644.5M Revenues, baseline***Known Revenues:***

- + \$6.4M from General Fund Base
- + \$1.7M from Traffic Fines (additional enforcement)
- + \$5.0M from Advertising revenues
- + \$11.4M from FTA Maintenance Grant (one-time)
- + \$6.3M from SB 717 (State Gas Tax)
- + \$18.0M from Fund Balance

\$693.3M Revenues, revised***Unknown: Revenue Panel Recommendations, UPP Grant (\$78 million), State Budget***

FY 2009

*Expenditures Projection
Existing Services*

Based on Information as of January 16, 2008

\$686.5M FY 2008 Budget

- + \$5.5M Salaries and Benefits
- \$5.3M Equipment
- \$2.0M Facilities Maintenance
- + \$3.5M Work Orders
- \$10.0M Reserve

\$678.2M Expenditures, baseline

Known Expenditures:

- + \$8.0M Legal Settlement
- + \$1.0M Caltrain, BART payments
- + \$3.0M Security Services
- + \$5.0M Off-Street Parking Facilities
- + \$2.0M Facilities Maintenance
- + \$5.0M Fuel
- + \$6.0M Rental Payments and Tenant Improvements
- + \$5.0M Work Orders
- + \$10.0M Reserve

\$723.2M Expenditures, revised

Unknown: Impact of Labor Contracts

FY 2009
Projection
Enhanced Services

Based on Information as of January 16, 2007

Revenues:

\$27.0M from Parking Tax (Proposition A)

Unknown: Revenue Panel Recommendations, UPP Grant (\$78 million), State Budget

Expenditures:

\$30M-\$50M

MME, TEP, Other Strategic Plan Initiatives

Unknown: Labor Contracts

FY 2009

Preliminary Projections - Deficit

Based on Information as of January 16, 2008

	Existing Services	Enhanced Services	Total
Revenues	\$693.3M	\$27.0M	\$720.3M
Expenditures	\$723.2M	\$30-50M	\$753.2M- \$773.2M
Revenues Less Expenditures	(\$29.9M)	(\$3M-\$23M)	(\$32.9M-\$52.9M)

Unknown: Revenue Panel Recommendations, UPP Grant (\$78 million), State Budget, Labor Contracts

FY 2010*Revenues Projection
Existing Services*

Based on Information as of January 16, 2008

\$693.3M FY 2009 Budget

- \$18.0M from Fund Balance
- \$11.4M from FTA Maintenance Grant (one-time)

\$663.9M Revenues, baseline***Known Revenues:***

- + \$5.0M from General Fund Base
- + \$2.0M from Traffic Fines (additional enforcement)
- + \$7.0M from Advertising revenues
- + \$5.0M from new fareboxes – better collections
- + \$10.0M from Fund Balance

\$692.9M Revenues, revised***Unknown: Fare, fine and fee increases, Revenue Panel Recommendations, State Budget, Bay Area Economy***

FY 2010
Expenditures Projection
Existing Services

Based on Information as of January 16, 2008

\$723.2M Expenditures, FY 2009 Budget

Known Expenditures:

- + \$5.6M Salaries and Benefits
- + \$1.0M Caltrain, BART payments
- + \$8.0M Rental Payments and Tenant Improvements
- + \$5.0M Work Orders
- + \$15.0M Reserve
- + \$14.5M Inflation (2%)

\$772.3M Expenditures, revised

Unknown: Impact of Labor Contracts, Bay Area Economy

FY 2010

Preliminary Projections - Deficit

Based on Information as of January 16, 2008

	Existing Services	Enhanced Services	Total
Revenues	\$692.9M	\$27.5M	\$720.4M
Expenditures	\$772.3M	\$30-50M	\$802.3M-\$822.3M
Revenues Less Expenditures	(\$79.4M)	(\$3M-\$23M)	(\$81.9M-\$100.9M)

Unknown: Revenue Panel Recommendations, State Budget, Labor Contracts, Bay Area Economic Factors

Next Steps

Revenues

- **Develop list of options for increasing revenues including any recommendations from Revenue Panel**
- **Calculate cost recovery based fines and fees**
- **Evaluate State Budget Impact**
- **Review new grant and restricted funding sources**

Expenditures

- **Determine if any new programs and staff are eligible for grant funding**
- **Prioritize new program requests**
- **Spread out new programs over multiple years**

Proposed Schedule

The dates below are subject to change

CAC Finance Committee	January 28, 2007
SFMTA Board Workshop: Overview	January 29, 2008
CAC	February 2008
SFMTA Board: Draft 2-Year Operating Budget Overview (including recommended measures to balance the budget)	February 19, 2008
TEP and Revenue Panel Recommendations Finalized	February 2008
SFMTA Board: Discussion of TEP and Revenue Panel Recommendations	March 4, 2008
CAC Finance Committee and CAC	March 2008
SFMTA Board: Discussion of Proposed 2-Year Operating Budget and recommended measures to balance the budget	March 18, 2008
CAC Finance Committee and CAC	April 2008
SFMTA Board: Public Hearing on any Changes to Fees, Fines and Fares	April 1, 2008
SFMTA Board: Operating Budget Approval	April 15, 2008