

Budget Workshop

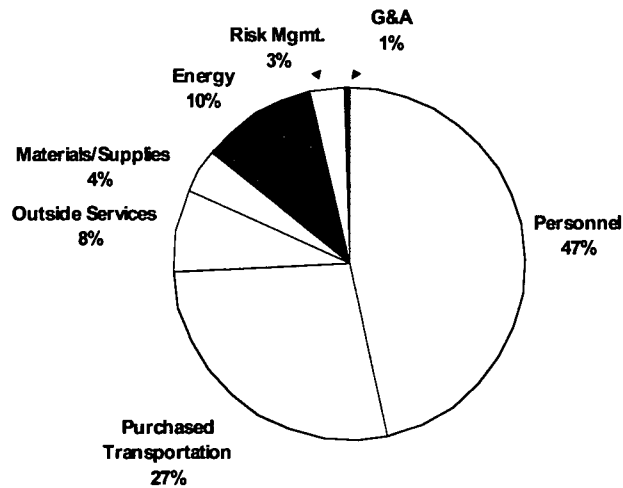
5/8/04

MTS FY 05 Budget Workshop *Resources and Expenses*

MTS Board of Directors
May 8, 2004



MTS OPERATORS



Total FY 05 Operating Budget = \$182.6 million



THE BOTTOM LINE

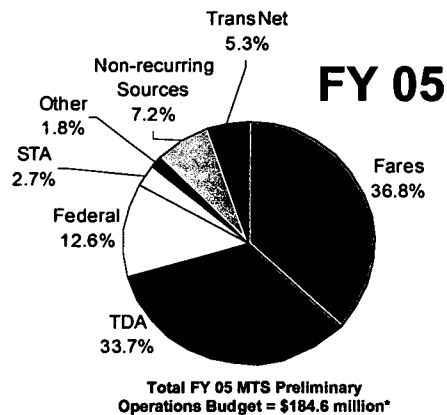
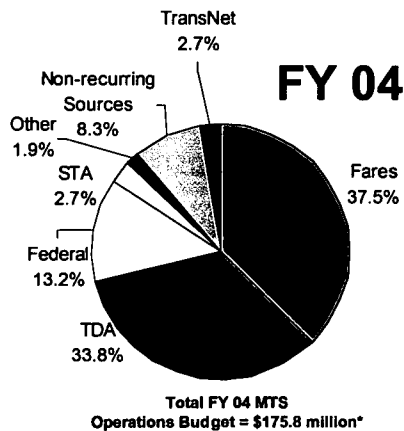
(recurring revenue minus recurring costs)

(in millions) does not include Adm. deficit of (.8)

	<u>Worse Case</u>	<u>Best Case</u>
FY 05	(\$ 5.5)	(\$ 0.0)
FY 06	(\$ 8.6)	(\$ 1.6)
FY 07	(\$ 9.3)	(\$ 2.1)
FY 08	(\$10.7)	(\$ 2.7)
FY 09	<u>(\$30.9)</u>	<u>(\$ 22.1)</u>
TOTAL	(\$65.0)	(\$ 28.5)



MTS Operating Revenues (FY 04 and FY 05)

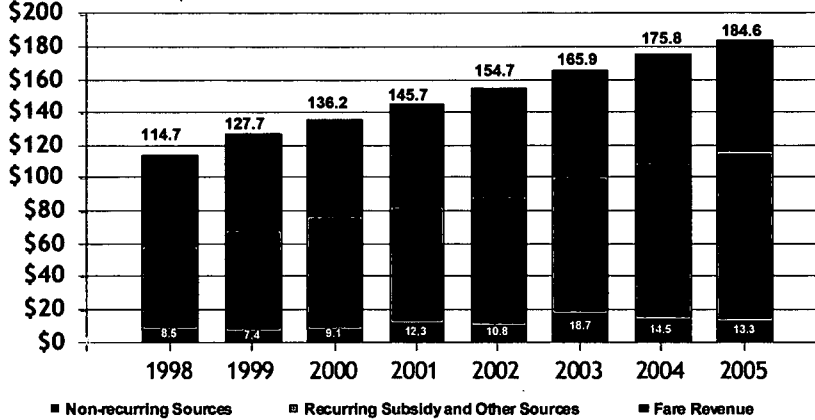


* Includes \$1,950,000 deposit to Claims Liability Reserve in 2004 and \$2,000,000 in 2005.



MTS Operators Funding of Operating Costs

All numbers in \$ millions.

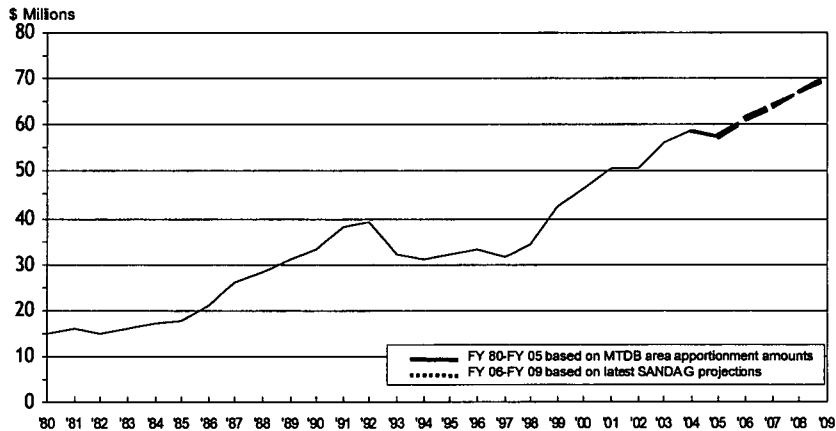


* Includes \$1.7M deposits to a liability reserve in 2001, \$0.6M in 2004, \$0.2M in 2002, \$0.6M in 2003, \$1.9M in 2004, and \$2.0M in 2005.



Transportation Development Act

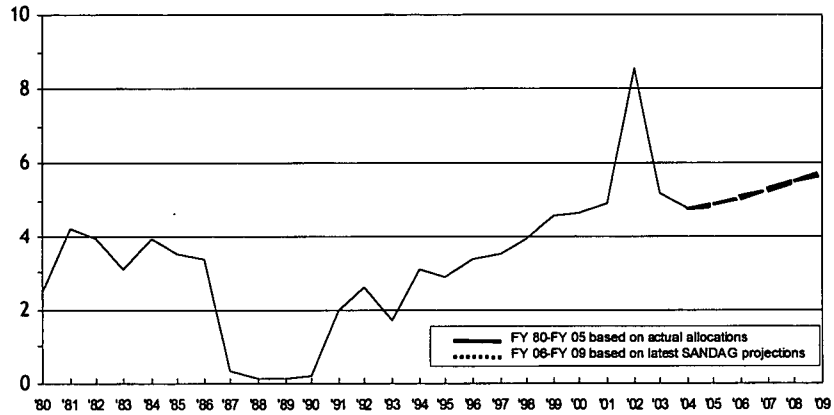
The State Transportation Development Act (TDA) is a one-fourth-cent sales tax and represents our most significant source of operating subsidy.



State Transit Assistance

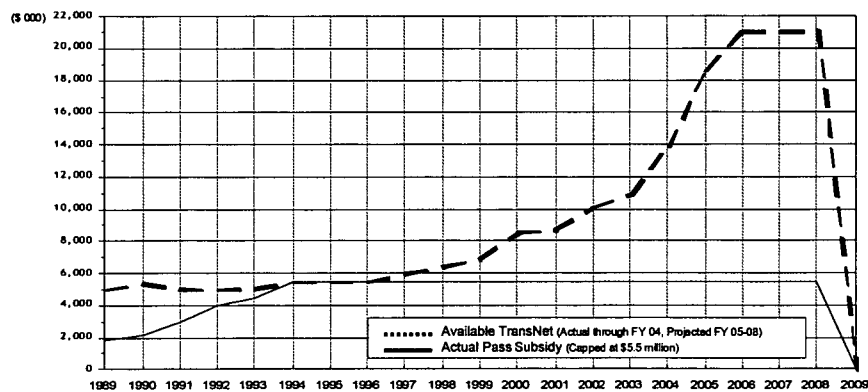
State Transit Assistance (STA) is another sales tax derivative source, derived from state sales tax on gasoline and diesel fuel. The increase in FY 02 was attributed to the surge in sales tax on fuel collected by the state, along with the first year's increment of new funding provided under the Traffic Congestion Relief Program (TCRP).

\$ Millions



TransNet Operating Assistance Local Voter-Approved Sales Tax

Our only real local source is TransNet, the local one-half cent transportation sales tax that expires in 2007. Use for operations is limited to 20 percent of the transit portion (one-third of the one-half cent tax). Priority use of this 20 percent portion goes to discounted monthly passes for seniors, disabled, and youth. These discounts began exceeding the 20 percent limit in 1994 and were capped at \$5.5 million.



MTS Federal Preventative Maintenance Funds Used for Operations

- FY 03 Actual \$ 7.0M
- FY 04 Budget (mid-year amended) \$23.2M
- FY 05 Proposed \$23.2M
- FY 06-09 \$23-42M



MTS Fare Revenue FY 05 Projections

- FY 03 Actual \$64.3M
- FY 04 Budget (M-Y Amd.) \$65.9M
- FY 05 First cut March 11 \$67.3M
- FY 05 May 8 Revised \$68.0M
 - Revised upward by \$675,000
 - Assumes pass increase July 1, 2004
- Projection for FY 05 is 3.2% above FY 04 budget

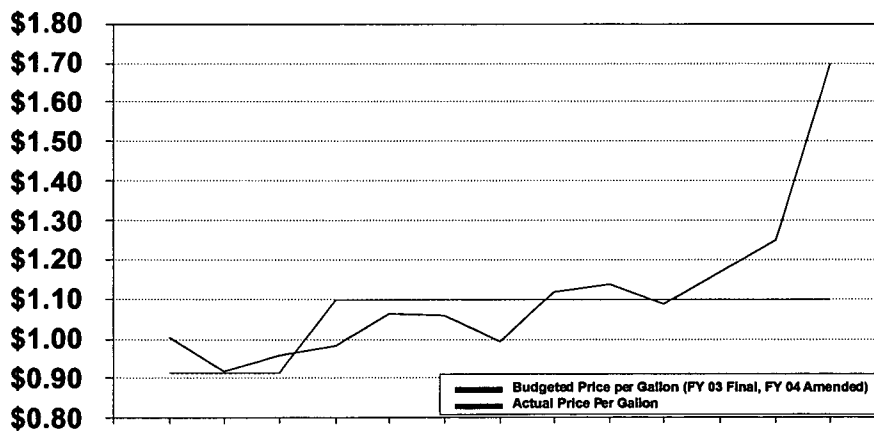


MTS Fare Revenue FY 05 Adjustment

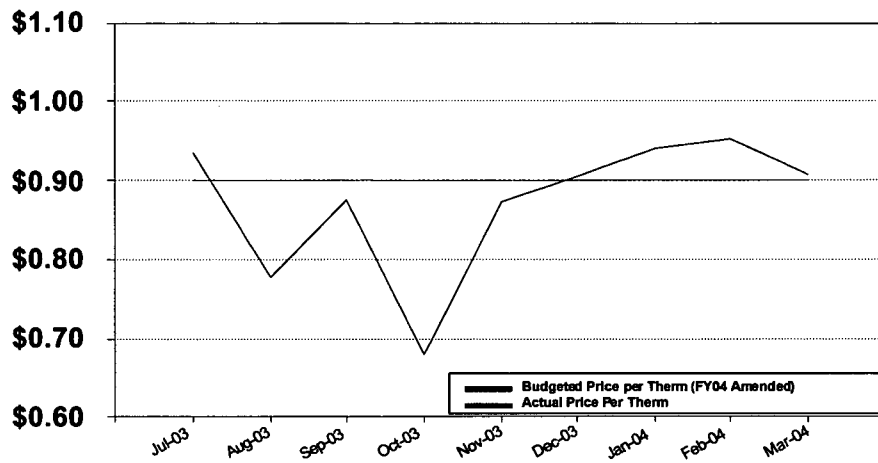
• San Diego Trolley	\$500,000
➤ Padres net revenue	\$400,000
➤ General South Bay positive	\$100,000
• MTS Contract Services	\$150,000
➤ Airport, Border, Padres	
• Chula Vista Transit	\$ 25,000
➤ General ridership/revenue positive	
TOTAL Adjustment	\$675,000



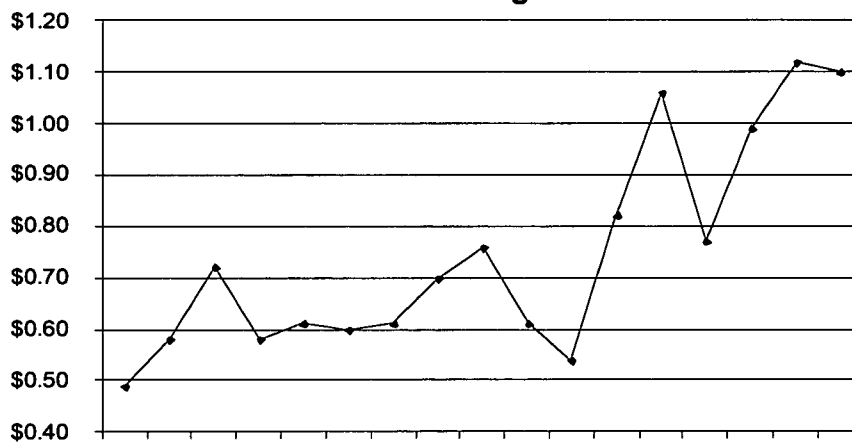
Diesel Price Per Gallon: 4/2003 – 4/2004

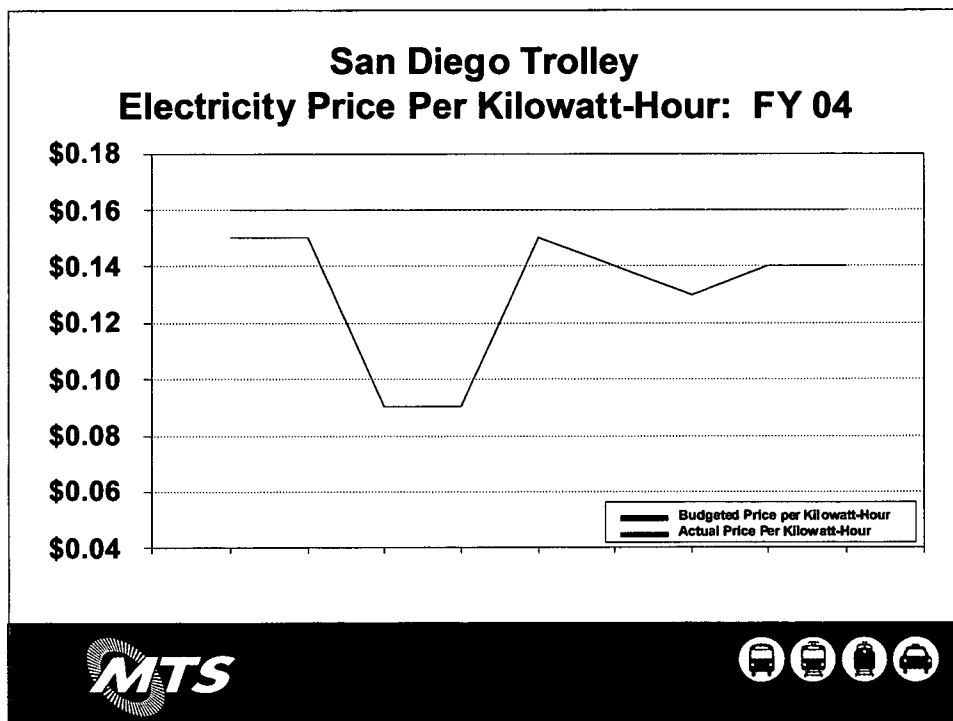
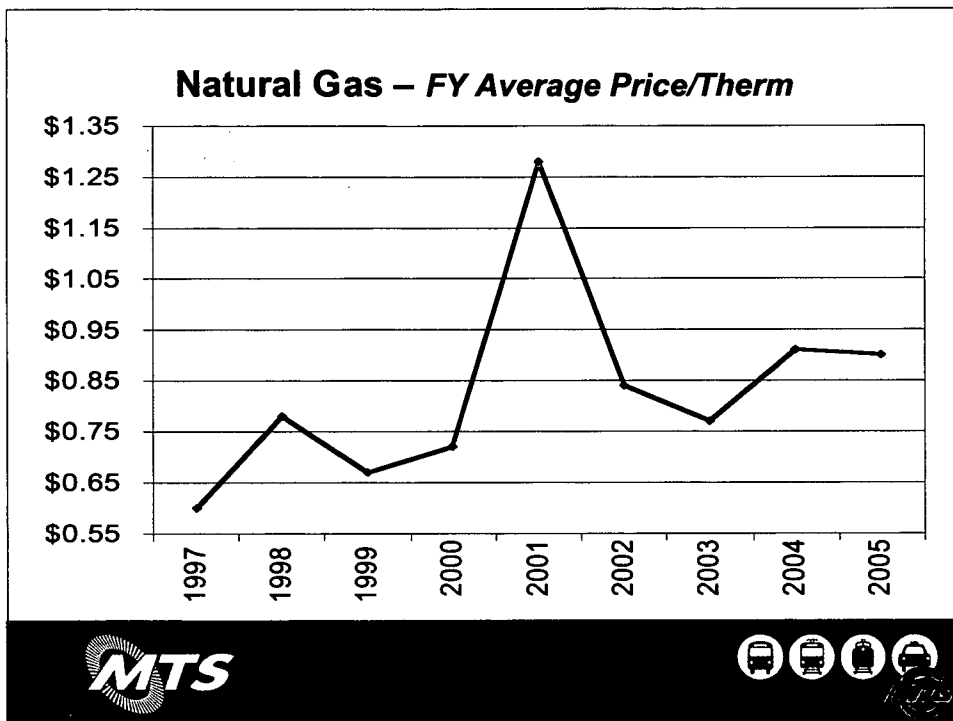


CNG Price Per Therm: FY 04



Diesel Fuel – FY Average Price/Gallon





MTS Operating Projections

Includes...

- San Diego Trolley
- San Diego Transit
- MTS Contract Services
- Chula Vista Transit
- National City Transit
- Coronado Ferry
- MTS General Fund/Administrative Budget



MTS FY 05 Budget Reductions

San Diego Transit	(\$1,376,000)*
San Diego Trolley (incl. MVE)	(\$2,039,000)*
MTS Contract Services	(\$706,000)*
Chula Vista Transit	(\$100,000)
<u>National City Transit</u>	<u>(\$97,000)</u>
TOTAL	(\$4,318,000)

* Includes reductions from transfer of Marketing expenses to MTS G&A.



**MTS Operating Budget
Cost Changes FY 04 – FY 05**

San Diego Transit	↑ 2.6%
San Diego Trolley (w/o MVE)	↑ 4.4%
San Diego Trolley (w/ MVE)	↑ 10.6%
MTS Contract Services (Fixed-Route)	↑ 3.4%
MTS Contract Service (Paratransit)	↑ 3.9%
Chula Vista Transit	↑ 3.2%
National City Transit	↓ 2.3%
Coronado Ferry	↑ 3.0%



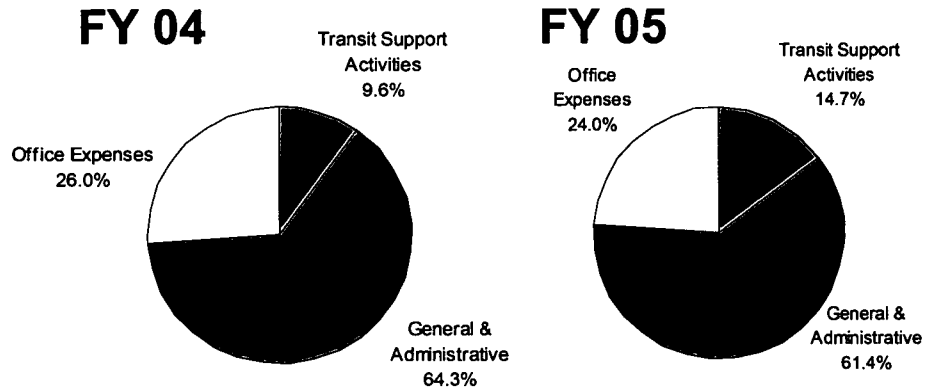
MTS Farebox Recovery

Combined Farebox Recovery Ratio:

- 2003 Actual 39.2%
- 2004 Projected 38.0%
- 2005 Proposed 37.4%



MTS General Fund/Administrative Budget FY 04 – FY 05



* G&A includes \$2,360,000 in labor/overhead reimbursement credit in 2004 and \$1,332,000 in 2005.

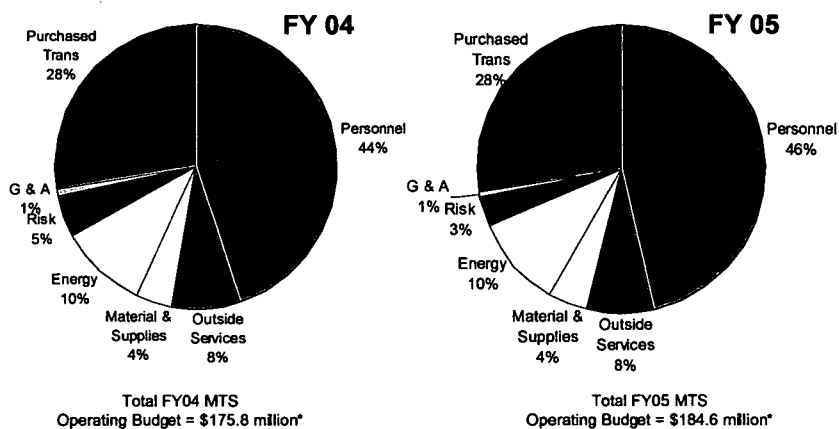


MTS G&A Expenses

Personnel	↓	7.4%
Board of Directors		0.0%
Insurance and Risk	↓	5.7%
Audit Fees	↑	25.3%
Land Management	↓	39.0%
Rent	↓	4.7%
Management Information System	↑	156.0%
General Expense	↑	168.3%
Other G&A/Office Expenses		0.0%



MTS Operating Expenses (FY 04 and FY 05)



* Excludes \$1,950,000 deposit to Claims Liability Reserve in 2004 and \$2,000,000 in 2005.



MTS Combined FY 05 Operating Budget

Fare Revenue	↑ 3.2%
Personnel	↑ 7.4%
Outside Services	↑ 2.8%
Purchased Transportation	↑ 3.8%
Materials & Supplies	↑ 4.6%
Energy	↑ 7.9%
Risk Management	↓ 8.0%
General & Administrative (Ops)	↓ 6.1%



MTS Operators FY 05 Budget Action Plan

May 8, 2004



Primary Policy Choices

- Reduce level of reserves
- Request BRT TransNet Funds
- Service Reduction/Fare Increase
- Increase FTA Preventative Maintenance



Factors to Consider

- Achieving sustainable service
- Reducing reserves; eliminate "rainy day" fund
- Preparing if TransNet is not authorized



Policy Packages

\$Millions	Option A	Option B	Option C
Deficit	(\$6.38)	(\$6.38)	(\$6.38)
+Contingency Reserve	\$2.88	\$2.88	\$2.88
TransNet	\$3.50	\$2.00	\$0.00
Minor Service Reductions	\$0.00	\$0.50	\$3.00
Major Service Reductions	\$0.00	\$1.00	\$3.00
Balance	\$0.00	\$0.00	\$0.00



Recommendation

Adopt Option A for balancing the FY 05 Budget

- Maintain \$8M reserve, use +\$2.9 additional reserves over previously approved \$5.2M
- Request \$3.5M BRT TransNet funds
- Authorize grant anticipation notes
- Approve \$2M Liability Claims deposit
- Delay all new subsidized service (other than MVE)
- Work with SANDAG to obtain CMAQ Funds



Next Steps

- May 27 - Formal Approval of Action Plan
- June - Hold Public Hearing and Final Adoption

