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MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
 BUDGET DEVELOPMENT COMMITTEE

March 30, 2017
 9:00 AM

James R. Mills Building
 Executive Conference Room
 1255 Imperial Avenue, San Diego

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**ACTION
 RECOMMENDED**

1. ROLL CALL
2. APPROVAL OF MINUTES - February 23, 2017 Approve
3. PUBLIC COMMENTS
4. COMMITTEE DISCUSSION ITEMS
 - a. Fiscal Year 2018 Operating Budget Discussion (Mike Thompson) Receive
 Action would receive a report regarding fiscal year (FY) 2018 operating budget development and provide guidance on budgetary issues.
5. ADJOURNMENT

Please SILENCE electronics
 during the meeting

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Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc. and San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations). MTS is the taxicab administrator for seven cities.

MTS member agencies include the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Diego, Santee, and the County of San Diego.



MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BUDGET DEVELOPMENT COMMITTEE
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

February 23, 2017

MINUTES

1. ROLL CALL

Chairman Roberts called the Budget Development Committee (BDC) meeting to order at 2:09 p.m. A roll call sheet listing BDC member attendance is attached.

2. APPROVAL OF MINUTES

Mr. Mathis moved to approve the minutes of the January 31, 2017 San Diego Metropolitan Transit System (MTS) BDC meeting. Mr. McClellan seconded the motion, and the vote was 3-0 in favor, with Mr. Minto and Ms. Zapf absent.

3. PUBLIC COMMENTS

There were no public comments.

4.a. Fiscal Year 2017 Midyear Adjustment (Mike Thompson)

Mike Thompson, Director of Financial Planning and Analysis, presented the Fiscal Year (FY) 2017 Midyear Adjustment. He stated that the drop in passenger fare revenue started in the second half of FY 2016, and this level was used as the new baseline. He said that the forecasted passenger levels were 89.3 million, which was a 3.1% drop year over year and this resulted in a revenue forecast of \$94.9 million, which was \$5.9 million unfavorable to budget. He explained that on the non-operating revenue side, sales tax receipts were lower than projected, including a \$1.1 million drop in TransNet revenue and that Fastrak revenue was decreasing by \$500,000. Mr. Thompson said that total operating income was 5% lower than the original budget, total subsidy was 1% lower than the original budget, resulting in overall revenues decreasing by 1.7%.

Mr. Thompson summarized the midyear expenses assumptions. He said that personnel costs were favorable by 2.9%, outside services were unfavorable by 0.2%, and energy was favorable by 4.6%. In total, expenses were decreasing by 1.7%. He explained that total revenues and expenses FY 2017 were both \$271 million each, and \$2 million of funds from FY 2016 were carried over to balance the budget.

Action Taken

Mr. McClellan moved to forward the recommendation that the Budget Development Committee forward a recommendation to the MTS Board of Directors to approve the Combined MTS FY 2017 Midyear Budget Amendment. Mr. Mathis seconded the motion, and the vote was 4-0 in favor, with Mr. Minto absent.

4.b. Fiscal Year 2018 Operating Budget Discussion (Mike Thompson)

Mr. Thompson discussed the revenue and expense assumptions for the FY 2018 operating budget. He said that Transportation Development Act (TDA) revenue allocation included reserves in FY17, which would not recur in FY18. He also said that for the service level assumptions, fixed route and Americans with Disabilities Act (ADA) Paratransit service levels were expected to stay the same. He added that a \$2 million settlement is expected within FY 2018. Mr. Thompson said that overall, total revenue was expected to grow 0.3% and excluding the \$2 million settlement, expense growth of 2.3% was expected, resulting in a projected deficit of \$7.3 million.

Mr. Thompson listed several options to address this deficit for FY 2018, including: reserve utilization, adjust the revenue sharing between Capital and Operations, raise fares, and adjust service. He described potential new revenue sources at the state level, including Cap-and-Trade and Senate Bill 1 as well as Assembly Bill 1. Mr. Thompson explained the 15 year projected numbers for Capital, which totaled \$1.2 billion needed. He added that \$970 million would be generated with recurring revenue over the next 15 years, so shifting \$5 million from capital for a short period of time would be a safe option. He described possible scenarios for implementing fare increases, and explained that the last fare increase was in July 2009. A discussion ensued regarding passenger fare and Senior Disabled Medicare (SDM) passes. Ms. Zapf suggested gradually phasing in the fare increases. Paul Jablonski, Chief Executive Officer (CEO), discussed the fare study. The Committee decided to ask SANDAG to include changes to fares and change to the senior qualification age, in the fare study, as well as look at the other types of passes.

Mr. Thompson discussed the action plan for addressing the deficit of \$7-8 million. He suggested shifting the \$5 million from capital, a zero based budgeting process to review all revenues and expenses, waiting before making drastic service cuts and realigning based on the Transit Optimization Plan, projecting additional passenger revenue growth based on TOP, and pursuing fare increases. He presented the BDC calendar for FY 2018.

4.c. Fiscal Year 2018 Capital Improvement Program (Mike Thompson)

Mr. Thompson gave an update on the FY 2018 Capital Improvement Program. He explained the process of choosing and approving the Capital Improvement Program project requests. He highlighted several projects, including bus revenue vehicles, SD100 replacement, courthouse station, and fare system upgrades. He stated that in total, 46 projects were proposed, requiring over \$69 million. Mr. Thompson said that 87% of the funding needs for the projects over the years 2018-2022 were met.

Action Taken

Mr. McClellan moved to forward the following recommendation to the MTS Board of Directors:

1. Approve the fiscal year 2018 Capital Improvement Program (CIP) with the estimated federal and nonfederal funding levels (Attachments A and B). As the federal appropriation figures are finalized and/or other project funding sources become available, allow the Chief Executive Officer (CEO) to identify and adjust projects for the adjusted funding levels;
2. Recommend that the San Diego Association of Governments (SANDAG) Board of Directors approve the submittal of Federal Section 5307, 5337 and 5339 applications for the MTS fiscal year 2018 CIP (shown in Attachment A);

3. Recommend that the SANDAG Board of Directors approve amendment number 3 of the 2016 Regional Transportation Improvement Program (RTIP) in accordance with the fiscal year 2018 CIP recommendations.

Mr. Mathis seconded the motion, and the vote was 4-0 in favor, with Mr. Minto absent.

- 4d. San Diego Transit Corporation Pension Plan (SDTC) Investment Portfolio (Jeremy Miller, Representative from RVK, and Larry Marinesi)

Jeremy Miller, Representative from RVK, and Larry Marinesi, Chief Financial Officer, gave the Committee a presentation on the SDTC Investment Portfolio. Mr. Marinesi introduced Mr. Miller, and briefly introduced MTS's closed plan. Mr. Miller gave an overview of RVK, RVK's services provided to San Diego Trolley Corporation (SDTC), and the SDTC pension plan timeline.

Mr. Miller discussed the plan's changing liability structure. He stated that the majority of the participants are retirees, and that this liability shift warrants an asset shift. He explained the target asset allocation, and said the portfolio is diversified across five broad asset class categories to reduce risk and align assets with future liabilities. He stated that over the past 10 years, the SDTC portfolio has reduced risk, as measured by standard deviation, as well as reduced equity beta, compared to that of peers. He displayed a comparison of SDTC versus San Diego peers, and said that in the short-term SDTC has underperformed compared to the San Diego Public Plans, but over the long-term, SDTC returns are similar to San Diego Public Plan returns. He clarified that the SDTC plan has significantly less assets than the other San Diego Public Plans, so each plan has different liability structures and large, multi-billion dollar plans typically access top-tier illiquid funds not available to smaller plans. He stated that the target investment return was reduced to 7.0% from 7.5% and recommended continuation of the current lower risk approach. Mr. Marinesi said that the Actuarial Experience Study, which provides further insight into the target investment return number, will continue to be presented to the Board every winter.

5. Adjournment

Chairman Roberts adjourned the meeting at 3:47 p.m.



Chairman of the Budget Development Committee



Clerk of the Budget Development Committee

Attachment: A. Roll Call Sheet

BUDGET DEVELOPMENT COMMITTEE
SAN DIEGO METROPOLITAN TRANSIT SYSTEM

ROLL CALL

MEETING OF (DATE) 2/23/17

CALL TO ORDER (TIME) 2:09 PM

RECESS _____

RECONVENE _____

CLOSED SESSION _____

RECONVENE _____

ADJOURN 3:47 PM

BOARD MEMBER (Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ZAPF <input checked="" type="checkbox"/>	2:10	3:47
MATHIS <input checked="" type="checkbox"/>	2:09	3:47
McCLELLAN <input checked="" type="checkbox"/>	2:09	3:47
MINTO <input type="checkbox"/>		
ROBERTS <input checked="" type="checkbox"/>	2:09	3:47

SIGNED BY THE CLERK OF THE BUDGET DEVELOPMENT COMMITTEE: *Chris Chen*

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL: N/A

c: Clerk of the Board
Accounts Payable
Attachment to Original and Draft Minutes



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Agenda Item No. 4a

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BUDGET DEVELOPMENT COMMITTEE

March 30, 2017

SUBJECT:

FISCAL YEAR 2018 OPERATING BUDGET DISCUSSION (MIKE THOMPSON)

RECOMMENDATION:

That the Budget Development Committee (BDC) receive a report regarding fiscal year (FY) 2018 operating budget development and provide guidance on budgetary issues.

Budget Impact

None at this time.

DISCUSSION:

MTS staff has completed the zero-based budgeting process used to build the operating budget for fiscal year 2018. In MTS's process, every line item budget is approved each year. Department managers complete budget templates in which they propose amounts for each line item, submitted with the appropriate supporting details for each assumption. (In contrast, with a traditional historic budgeting process, managers only justify variances versus prior year budget; the assumption is that the baseline is automatically approved.)

Meetings are held with each department to validate their assumptions, review proposals versus existing spending trends, and review any new initiatives. This collaborative process results in the assumptions that are then presented to and reviewed by senior management at MTS.

In this meeting, staff will review the major revenue and expense assumptions in the current draft of the operating budget. Overall MTS consolidated revenues and expenses are presented in attachment A. This latest projection shows overall expense growth of \$7.7 million (2.8%), partially offset by revenue growth of \$1.7 million (0.6%), resulting in a deficit of \$6.0 million.



Last month, the BDC directed \$5.0 million of funding from the Capital Improvement Program be held for the operating budget. With the addition of this funding, there is still a deficit of \$1.0 million to bridge.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Mike Thompson, 619.557.4557, mike.thompson@sdmts.com

Attachment: A. Operating Budget – Consolidated

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATING BUDGET SUMMARY
FISCAL YEAR 2018
SECTION 2.01**

	ACTUAL FY16	AMENDED BUDGET FY17	PROPOSED BUDGET FY18	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	97,913,890	94,873,838	95,822,576	948,738	1.0%
OTHER OPERATING INCOME	16,400,533	14,460,000	14,414,000	(46,000)	-0.3%
TOTAL OPERATING REVENUES	114,314,422	109,333,838	110,236,576	902,738	0.8%
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	173,858,516	159,462,784	162,585,669	3,122,885	2.0%
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	(852,806)	2,679,105	356,043	(2,323,062)	-86.7%
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	(852,806)	2,679,105	356,043	(2,323,062)	-86.7%
TOTAL NON OPERATING REVENUE	173,005,709	162,141,889	162,941,712	799,823	0.5%
TOTAL COMBINED REVENUES	287,320,132	271,475,727	273,178,289	1,702,562	0.6%
OPERATING EXPENSES					
LABOR EXPENSES	72,874,392	74,200,201	78,142,262	3,942,061	5.3%
FRINGE EXPENSES	47,079,868	51,440,427	52,892,820	1,452,393	2.8%
TOTAL PERSONNEL EXPENSES	119,954,260	125,640,628	131,035,082	5,394,454	4.3%
SECURITY EXPENSES	7,249,549	7,652,527	6,103,878	(1,548,649)	-20.2%
REPAIR/MAINTENANCE SERVICES	5,409,822	5,052,148	5,261,794	209,646	4.1%
ENGINE AND TRANSMISSION REBUILD	1,578,852	2,148,617	1,201,000	(947,617)	-44.1%
OTHER OUTSIDE SERVICES	13,151,331	12,066,603	12,629,178	562,575	4.7%
PURCHASED TRANSPORTATION	66,811,838	69,699,447	70,767,780	1,068,333	1.5%
TOTAL OUTSIDE SERVICES	94,201,392	96,619,342	95,963,630	(655,712)	-0.7%
LUBRICANTS	554,465	573,700	567,996	(5,704)	-1.0%
TIRES	1,126,102	1,323,268	1,430,332	107,064	8.1%
OTHER MATERIALS AND SUPPLIES	8,034,072	9,097,598	9,340,287	242,689	2.7%
TOTAL MATERIALS AND SUPPLIES	9,714,639	10,994,566	11,338,615	344,049	3.1%
GAS/DIESEL/PROPANE	5,021,972	4,255,707	4,257,319	1,612	0.0%
CNG	8,067,599	9,159,294	9,725,812	566,518	6.2%
TRACTION POWER	7,944,818	9,500,000	9,600,000	100,000	1.1%
UTILITIES	4,405,490	4,476,555	4,674,549	197,994	4.4%
TOTAL ENERGY	25,439,879	27,391,556	28,257,680	866,124	3.2%
RISK MANAGEMENT	5,371,298	4,113,591	5,862,030	1,748,439	42.5%
GENERAL AND ADMINISTRATIVE	2,744,911	3,826,637	3,924,328	97,691	2.6%
DEBT SERVICE	19,884,016	1,704,407	1,595,248	(109,159)	-6.4%
VEHICLE / FACILITY LEASE	1,208,734	1,185,000	1,207,940	22,940	1.9%
TOTAL OPERATING EXPENSES	278,519,128	271,475,727	279,184,553	7,708,826	2.8%
NET OPERATING SUBSIDY	(164,204,706)	(162,141,889)	(168,947,977)	6,806,088	4.2%
OVERHEAD ALLOCATION	(0)	-	0	-	0.0%
ADJUSTED NET OPERATING SUBSIDY	(164,204,706)	(162,141,889)	(168,947,977)	6,806,088	4.2%
TOTAL REVENUES LESS TOTAL EXPENSES	8,801,003	-	(6,006,265)	6,006,265	0.0%

Metropolitan Transit System FY 2018 Operating Budget Update

**MTS Board of Directors
Budget Development Committee
March 30, 2017**



Fiscal Year 2018 Operating Budget Budget Development Process

- MTS uses a zero based budgeting process
 - In traditional historic budgeting, managers only justify variances versus prior year budget
 - The assumption is that the baseline is automatically approved
 - By contrast, in zero-based budgeting, every line item of the budget must be approved
- Started in January with training on new SAP system
 - Managers propose amounts for each line item
 - Online submissions include the details behind each assumption
 - Meetings with each department to validate their assumptions
 - Reviewed versus existing spending trends
 - New initiatives are highlighted and discussed
 - Collaborate on final assumptions before presented to Senior Management and the Board



Fiscal Year 2018 Operating Budget Revenue Assumptions - Subsidy

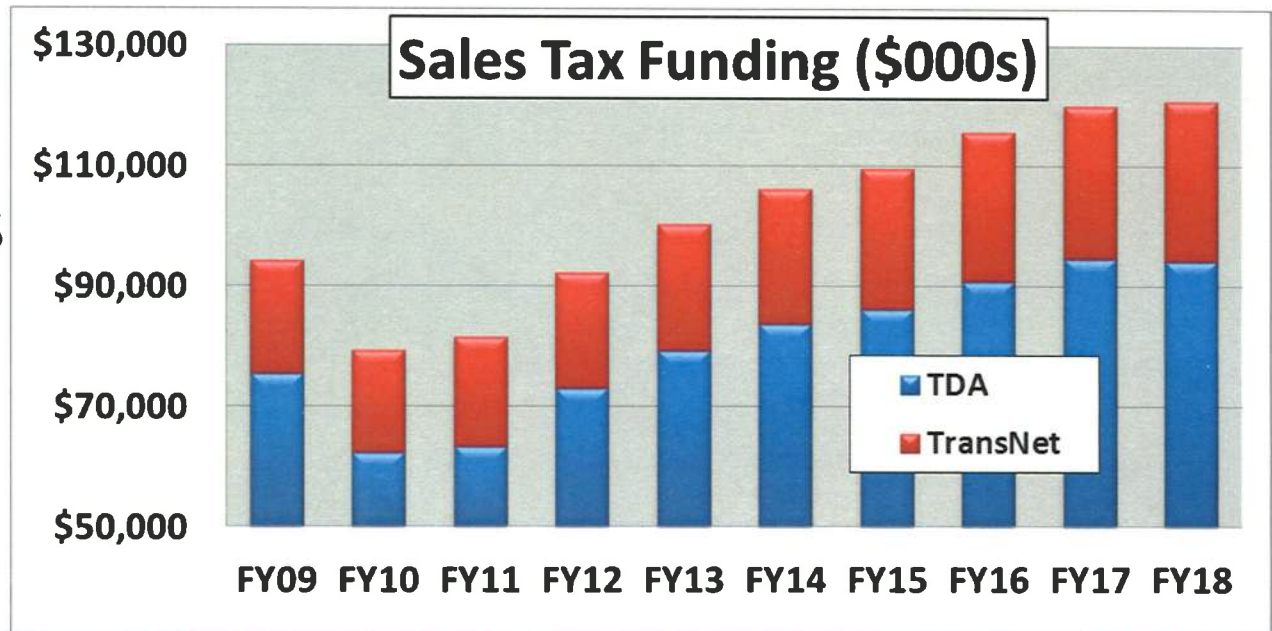
- Federal
 - Surface Transportation Reauthorization
 - Fixing America's Surface Transportation (FAST)
 - Legislation in place through Federal Fiscal Year (FFY) 2020
 - 5307, 5337 and 5339 formula funding
 - No projected apportionment increases for FFY17
 - Preventive Maintenance
 - Maximize use of Federal for PM for cash flow
 - Federal funding received on a reimbursement basis
 - Increase in Operating Budget of \$2M
 - Swap with TDA to preserve Capital share in FY19 CIP



Fiscal Year 2018 Operating Budget

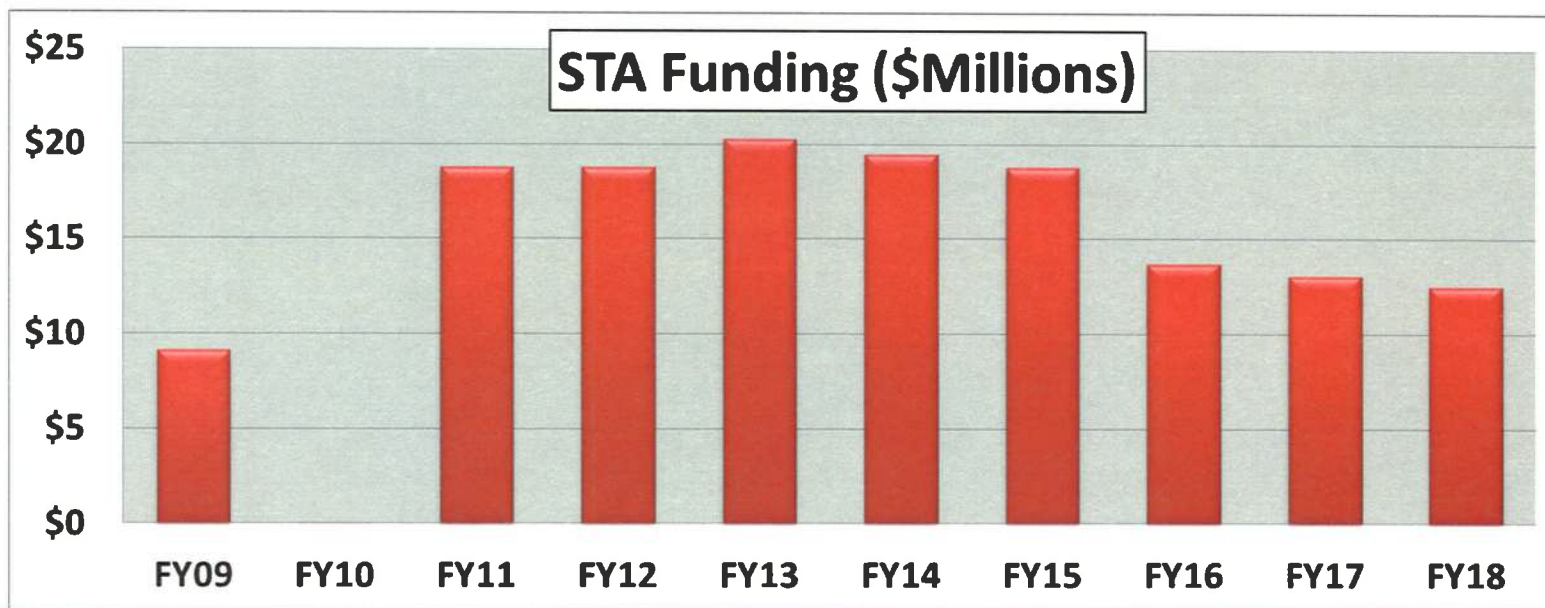
Revenue Assumptions - Subsidy

- TDA and TransNet formula funding projected to grow for the 8th straight year
 - Sales tax generated, projected by SANDAG
 - FY17 YTD Actual through Q3: 3.4%
 - FY18: 2.5% growth for TDA, 3.3% for Transnet
- Transnet - \$1.2M increase in formula funds
- TDA - Gross to MTS down \$414K due to reserves in FY17
- TDA - After CIP, Operating budget decrease of \$934K



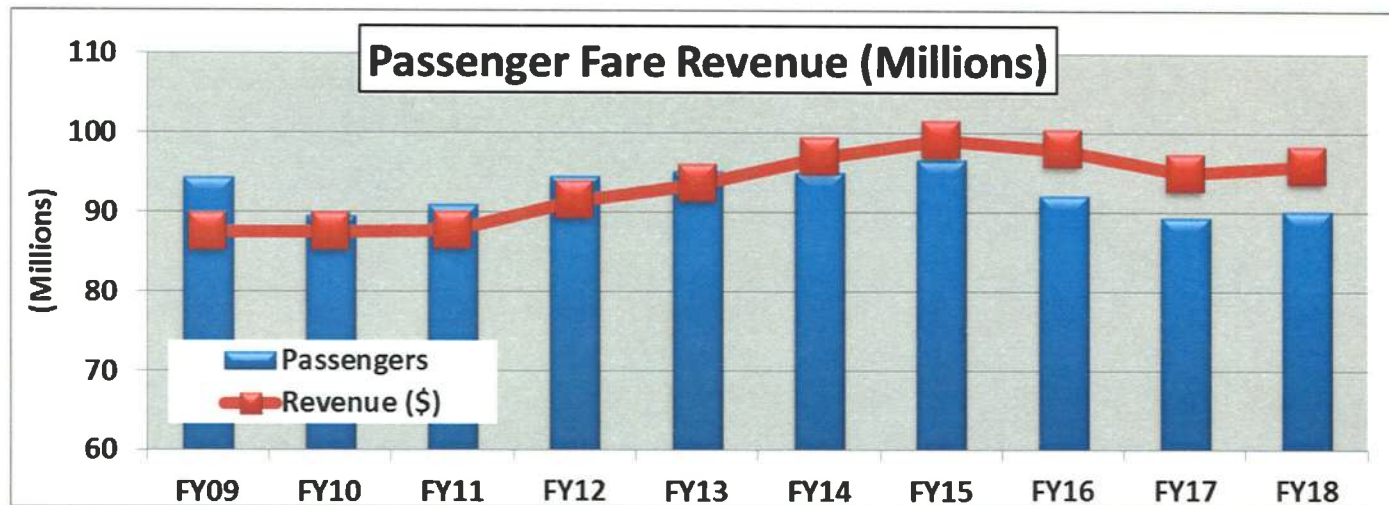
Fiscal Year 2018 Operating Budget Revenue Assumptions - Subsidy

- State Transit Assistance continuing to decline
 - Projected by the State Controller's Office
 - Sales tax on Diesel fuels
 - Include \$3.6M in Operating Budget since FY13 (Sunday service)
 - FY18: \$12.5M - \$8.9M in Capital, \$3.6M in Operations



Fiscal Year 2018 Operating Budget Revenue Assumptions - Passenger Levels

- Ridership
 - Adjusted FY17 down with midyear amendment
 - Ridership dropping by 3.1% year over year
 - FY16 dropped 4.7% year over year
 - Currently projecting 1% growth in passengers for FY18
- Fare Revenue
 - Under current fare structure, results in \$949K increase



Fiscal Year 2018 Budget Revenue Projection (\$000s)

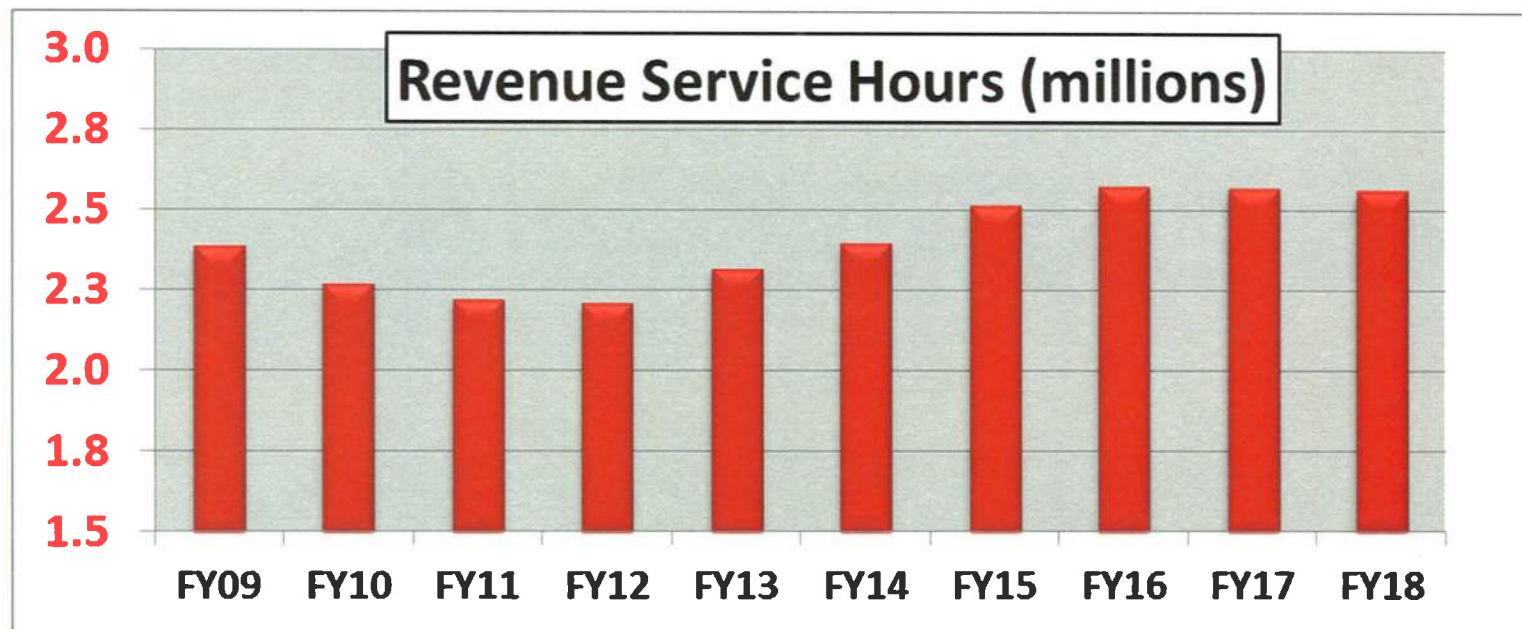
	FY 2017 Amended	FY 2018 Proposed	Var.	Var. %
Passenger Revenue	\$ 94,874	\$ 95,823	\$ 949	1.0%
Other Operating Income	14,460	14,414	(46)	-0.3%
Total Operating Income	\$ 109,334	\$ 110,237	\$ 903	0.8%
Federal	57,064	58,992	1,929	3.4%
TDA	60,030	59,096	(934)	-1.6%
Transnet	36,335	38,463	2,128	5.9%
Other	6,034	6,034	0	0.0%
Total Subsidy	\$ 159,463	\$ 162,586	\$ 3,123	2.0%
Carryovers	2,000	-	(2,000)	-
Reserves	679	356	(323)	-
Total Revenue	\$ 269,476	\$ 273,178	\$ 1,703	0.6%

- Reserves relate to SD&AE and Taxicab Admin self funded activities



Fiscal Year 2018 Operating Budget Assumptions - Service Levels

- Stable fixed route service levels
 - Transit Optimization Plan - realignment but no cuts at this point
- ADA Paratransit service not projected to grow in FY18
 - Service levels grew an average of 10% per year from FY13-16
 - FY17 projected to increase by 4.2%



Fiscal Year 2018 Operating Budget Expense Assumptions - Personnel

- Personnel costs increasing by \$5.4M (4.3%)
- Wages increasing by \$3.9M (5.3%)
 - Headcount increasing by 30.0 Full Time Equivalents (FTEs)
 - Increase of 30 Code Compliance Officers brought to the board in Feb.
 - Swap with Outside Service costs, reduced contacted officers by 50
 - No other headcount changes will be proposed
 - Adjusting for this change, costs increasing by \$2.3M or 3.1%
 - Management Employees
 - Merit pool assumed at 2.5%
 - Performance Improvement Program, 0.75% pool, at CEO's discretion
 - Bargaining units existing obligations
 - Increases range from 3.25 - 3.5%



Fiscal Year 2018 Operating Budget Expense Assumptions - Personnel continued

- Total pension plan costs increasing by \$592K (2.9%)
 - Per actuary reports, gross plan costs increasing by \$609K
 - SDTC self funded plan - \$367K increase (2.5%)
 - CalPERS plans - \$242K increase in total (3.3%)
 - Employee pension contributions increasing by \$189K
 - \$4.9M of gross pension costs in FY18 (19.0% of gross costs)
- Healthcare costs
 - Premiums favorable for CY17, overall no increases
 - Using 5.0% increases for CY18
 - Employee contributions will continue to rise



Fiscal Year 2018 Operating Budget

Expense Assumptions - Purchased Transportation

- Purchased Transportation increasing by \$1.1M (1.5%)
 - Fixed Route Contract - Transdev
 - Operates the South Bay and East County Divisions
 - Base contract expires June 2021, 6 option years
 - ADA Paratransit Contract - First Transit
 - Operates out of the Copley Park Division
 - Base contract expired June 2015, 2nd of 4 option years
 - Minibus Contract - First Transit
 - Operates out of the Copley Park Division
 - Base contract expires June 2016, 1st of 5 option years

Service	Cost per revenue	Miles/ Hours	FY17 Rate	FY18 Rate	Change
Fixed Route	Mile	9.1M	\$ 5.23	\$ 5.30	1.3%
ADA Paratransit	Hour	262K	52.62	55.18	4.9%
Minibus	Hour	95K	40.07	41.37	3.2%



Fiscal Year 2018 Operating Budget Expense Assumptions - Energy

- Electricity Costs - Increasing by \$279K (2.2%)
 - Traction power and facility electric
 - Three components
 - Transmission/demand - SDG&E rates
 - Electricity commodity - Market index rates - Calpine Energy Solutions is MTS's Direct Access service provider
 - Electricity Usage (Kilowatt hours or kWh)

	FY16	FY17	FY18	
(Rail only)	Actual	Projected	Proposed	Var.
<u>Rate per kWh</u>				
SDG&E	0.145	0.148	0.155	4.8%
Noble	0.047	0.050	0.049	-2.0%
Total	0.192	0.198	0.204	3.1%
kWh (000s)	61,150	60,780	60,700	-0.1%
Cost (\$000s)	\$ 11,740	\$ 12,000	\$ 12,300	2.5%



Fiscal Year 2018 Operating Budget Expense Assumptions - Energy

- Compressed Natural Gas - Increasing by \$567K (6.2%)
 - Overall rate increasing by 6-7%
 - Commodity prices projected to be up 10-12%
 - Partially offset by reduced SDG&E transmission costs beginning 1/1/17
 - Volumes should be level with FY17
- Gas/Diesel/Propane - No change in total
 - Crude oil prices increasing by 10%
 - Continuing shift from Gasoline to Propane
 - Net annual savings of approximately \$10K per bus depending gas/propane prices
 - 77 propane buses now
 - By the end of next year, 115 buses



Fiscal Year 2018 Operating Budget Expense Projection (\$000s)

	FY 2017 Amended	FY 2018 Proposed	Var.	Var. %
Personnel Expenses	\$ 125,641	\$ 131,035	\$(5,394)	-4.3%
Outside Services	96,619	95,964	656	0.7%
Materials and Supplies	10,995	11,339	(344)	-3.1%
Energy	27,392	28,258	(866)	-3.2%
Risk Management	4,114	5,862	(1,748)	-42.5%
Other	6,716	6,728	(11)	-0.2%
Total Expenses	\$ 271,476	\$ 279,185	\$(7,709)	-2.8%

- Anticipating \$2M Risk Management claim settlement
 - Adjusting for this settlements, expenses are growing by \$5.7M or 2.1%



Fiscal Year 2018 Operating Budget

Consolidated Revenues less Expenses (\$000s)

	FY 2017 Amended	FY 2018 Proposed	Var.	Var. %
Operating Revenues	\$ 109,334	\$ 110,237	\$ 903	0.8%
Subsidy Revenues	159,463	162,586	3,123	2.0%
Carryover Revenues	2,000	-	(2,000)	-
Reserve Revenues	679	356	(323)	-
Total Revenues	\$ 271,476	\$ 273,178	\$ 1,703	0.6%
Total Expenses	271,476	279,185	(7,709)	-2.8%
Revenues Less Expenses	\$ -	\$ (6,006)	\$ (6,006)	-

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Fiscal Year 2018 Operating Budget Plan of Action

- Deficit of \$6M
 1. Shift \$5M from Capital for FY18, contingent on State actions
 2. Refinement of the expense budgets
 3. Wait before making drastic service cuts
 - Continue to monitor passenger levels and sales tax trends
 - Keep service levels stable
 - Realigned based on Transit Optimization Plan (TOP) and route performance
 4. Project additional passenger revenue growth based on TOP? Not recommending going over 1% growth at this time
 5. Pursue fare increases
- Expect to present balanced draft budget at next BDC meeting in April

