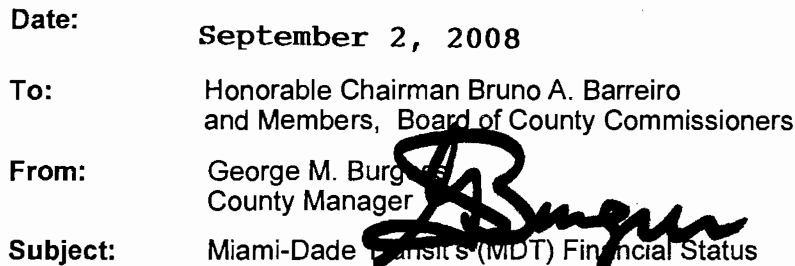
Memorandum

Date:	September 2, 2008	Supplement to Agenda Item No. 11(A)4
To:	Honorable Chairman Bruno A. Barreiro and Members, Board of County Commissioners	
From:	George M. Burgess County Manager	
Subject:	Miami-Dade Transit's (MDT) Financial Status	



This report has been prepared to provide the Board of County Commissioners with a comprehensive review of Miami-Dade Transit's (MDT) financial status. Over the last six months, staff has been working diligently to analyze the 30 year outlook for the People's Transportation Plan. The information presented in this report will be submitted to the Federal Transit Administration (FTA) at the end of this month as part of the New Starts process. This plan addresses priority projects included in the People's Transportation Plan, but will require the infusion of additional revenues, including a fare increase starting in 2009. Attached to this memorandum are two appendices: Appendix 1 provides details regarding the Pro Forma Development and a comparison of the previous Pro Forma and the FY 2008-09 Pro Forma revenue and expenditure assumptions; Appendix 2 is the FY 2008-09 Pro Forma assuming full federal funding.

The FY 2008-09 Pro Forma, which meets FTA guidelines, shows a balanced financial plan but requires some difficult decisions. Serious trade-offs both in the short and long-term must be considered in order to maintain the viability of the expansion program, and continued pursuit of Federal assistance requires the Board to accept, at least preliminarily, the reasonableness of certain expenditure and revenue assumptions affecting the future funding for public transit. Most of these assumptions are based on the information that has been presented over the last few months at the Transit Committee, including adoption of a $0.50 fare increase plus Operating Cost Index (OCI) or Consumer Price Index (CPI); progressive increases to MDT's artificially low parking fees (currently $6.25 per month); unification of the transit system; an increase to the general fund support to public transit over the life of the financial plan; two cent increase to the Local Option Gas Tax (LOGT); and depending on the level of future increased general fund support, the substitution of the fare-free Golden Passport Program with a monthly fee and phase out of the current municipal contributions from the Surtax. Some of these options will also require future actions from our Citizens' Independent Transportation Trust (CITT).

While I understand that a fare increase is being proposed at a difficult time for the transit dependent population, there is no choice if we are to support our existing system, much less pursue the expansion program. Even with a fare increase public transportation is still an extremely cost-effective alternative for our traveling public. We must make a determination on the fare policy proposal which helps stabilize the short-term finances of MDT and sets the foundation for a future system expansion and accept some or all of the various revenue options shown above. While it is understood that no Board can commit a future Board to these revenue options, the FTA will expect some consent from the governing body in order to validate these assumptions, particularly since the rationale expressed for the February 2008 "Medium-low" rating was due in part to the history of MDT's lack of fare increases. Acceptance of this report will signal the Board's consent.

Of course, we must also remind ourselves that, even if all of the long-term revenue generating measures fell into place, a full Orange Line build-out would still require heavy lifting from our Congressional Members in a fiercely competitive arena. The New Starts process is a technical process, but it is also a political one. Even for projects with strong ratings, funding is not always forthcoming. The positive rating is one for eligibility only; FTA makes the recommendations, but Congress awards and appropriates these funds annually. This means that even though a

project may have a Full Funding Grant Agreement (FFGA), this does not guarantee that the project will receive the full amount awarded or the annual allocation that might have been expected. On the other hand, pursuing an expansion program would bring a transit legacy to this region, and deliver on long-standing promises to the community. Transportation infrastructure is a critical component to economic development, and we must be diligent in our efforts to expand this County's transit system.

New Starts Application Process and Orange Line Phase 2 Project Schedule
As part of the New Starts application process, the FTA requires the submission of annual financial plans that enable the FTA to evaluate an agency's long-term financial capacity to construct and operate its proposed new fixed guideway project while continuing to fully operate and maintain its existing transit system. In September 2007, an updated New Starts Financial Plan was submitted to FTA incorporating adjustments to the Pro Forma that responded to FTA concerns.

FTA's concerns centered around a number of key assumptions contained in the previous Pro Forma. These assumptions included ridership, fare revenue, federal funding, and operating costs. In November 2006, MDT was warned by the FTA that the "project is precariously on the fence with regard to maintaining its medium financial rating in both the Capital and Operating components, both of which are necessary to keep the Medium overall project rating in this year's report." In addressing FTA's concerns and utilizing more consistent and conservative assumptions in forecasting MDT's capital and operating capacity, the September 2007 Financial Plan projected a significantly different financial picture for MDT, one which showed a $1.1 billion unfunded line item for the then undeveloped Infrastructure Renewal Program. It was this financial plan that received the overall Medium-low rating in February 2008. It is because of this lowered rating that we have spent so much time on this review.

Assuming a continued pursuit of Federal funding, the following section identifies the schedule milestones and highlights critical submittal dates which are anticipated to occur during the remainder of 2008 to progress the project into Final Design and toward a Full Funding Grant Agreement in 2009. These dates are consistent with the information reported to FTA and reflect a schedule which cannot accommodate slippage through the FFGA milestone activity in 2009. It should be noted that the project schedule's critical path runs through the right-of-way acquisition activities, which have not progressed pending resolution of the financial plan issues.

North Corridor Critical Submittal Dates

MDT Submits FY 2010 New Starts Update Report to FTA	7/30/2008
MDT Submits Financial Plan and backup to FTA	8/1/2008
MDT Submits FY 2010 New Starts Report	9/5/2008

North Corridor Schedule Milestones

Begin FTA Risk Assessment	April 2008
Begin FTA Financial Capacity Assessment	August 2008
Supplemental Environmental Assessment - FONSI	October 2008
FTA Financial Capacity Draft Assessment Completed	November 2008
FTA Risk Assessment Completed	November 2008
FTA Approval to Enter Final Design (FD)	December 2008
FTA FY2010 New Starts "Medium" Rating	February 2009
Begin Right-of-Way Acquisition	3rd Qtr 2009
Execution of Full Funding Grant Agreement	4th Qtr 2009

Notes:
A. All quarters refer to calendar year.
B. Subsequent schedule dates through project completion are dependent on the completion of the tasks noted above.

Recurring Revenue and Expenditure Gaps at MDT

MDT's long standing financial issues have been recently exacerbated by a slowing economy, escalating fuel costs and a People's Transportation Plan (PTP) that promised more than it can deliver. And, the County received a reminder from the Federal Transit Administration (FTA) during the 2007 New Starts process – confirming what we have always known – that proper operations, maintenance and rehabilitation funding of a unified transit system is critical to the existing operations and future expansion of our transit system. I have stressed this repeatedly. Not only did the PTP promise more than could be delivered through the surtax revenues alone, no one could have predicted the rapid increase in fuel prices, construction costs and the escalation of real estate prices at the time the program was developed. Exhibit 1 of the enabling ordinance contemplates the study and development of rapid transit lines, doubling the bus fleet, nearly doubling the number of bus service miles and hours, and pumping millions of surtax dollars in major highway and road improvements, while at the same time providing 20 percent of surtax revenues to municipalities that existed prior to the authorization of the PTP for municipal transportation improvements and providing fare free transit on Metromover and to seniors.

The aggressive expansion outlined in the enabling ordinance of the PTP, however, ignored MDT's historical lack of funding for infrastructure renewal and the recurring operating revenue-expenditure gap of approximately $20 million annually, a condition exacerbated by lack of revenue from passenger fares which have been kept artificially low. Currently, approximately 33 percent of all boarding passengers pay no fare, meaning they are subsidized by the County at an average of $3.96. This figure represents the average system cost of transporting each boarding passenger – the per passenger boarding cost on Metrobus is $3.81 and $4.72 on Metrorail. Only 25 percent of all boarding passengers pay the full $1.50 base fare. Yet even at the full fare, an average subsidy of $2.46 per passenger is required to cover the per passenger cost to MDT. The remaining estimated 42 percent include passengers boarding with discount passes, i.e., grade school and college passes, corporate passes, the Transportation Disadvantaged program and others.

This means that the projected fare box revenue of $91.4 million for FY 2007-08 covers only approximately 21 percent of the operating and maintenance costs of the department. This is a relatively low fare box recovery rate when compared to other transit agencies. MDT differs from its peers with the fare-free category for seniors and with fare-free Metromover service. MDT's farebox recovery ratio has lagged behind national data by about 10 percentage points. A similar trend is seen for the large urban area data. MDT's farebox recovery ratio has shown continued general decline while national data has flattened in recent years. Growth in the free and reduced fare programs such as the Golden and Patriot Pass has exceeded all growth estimates and has contributed significantly to lower ridership productivity per revenue mile system-wide at MDT. Our transit department tops the list as one of the more generous transit properties in the country. While we are all aware that these are worthwhile services, I have periodically reminded you that they come with a considerable cost.

Current Challenges

Despite the department's fiscal challenges, there have been a number of successful strategies that have been implemented to maintain a safe, reliable and efficient transit system. As you are aware, the department has been meticulously evaluating its bus service using industry service standards to eliminate and adjust service that has shown indications of ridership that falls below these standards. Since April 2006, MDT has adjusted bus service from approximately 36 to 32 million miles -- over 4 million miles of service which represents approximately $36 million in savings annually in bus services. Every million miles of bus service implemented costs MDT approximately $9.5 million annually (excluding capital costs). The department has also been using technology more effectively. The recently implemented Trapeze software has allowed the

department to plan and implement bus routes by optimizing resources, including minimized overtime usage. Further, maintenance and operational enhancements have resulted in unprecedented improvements in on-time performance and reliability of Metrobus, Metrorail and Metromover service.

While the foregoing departmental improvements are significant in terms of short range budgeting, these savings are minimal over the long term and cannot mitigate the pressure that the expansion program will have on our long range financial plans. Once all costs are adjusted, a net total $9.4 billion in needs remains beyond existing revenues (the surtax, grants and current levels of general fund support and gas taxes) over a 30 year period. The previous Pro Forma projected a positive balance of $304.6 million at the end of the 30 year period but relied heavily on a series of aggressive fare increases to achieve this result. The differences between the previous and FY 2008-09 Pro Formas can be attributed to, among other things, projections of a lower growth rate for surtax revenue due to current economic conditions (an approximate $3.3 billion decrease in projected revenue from the previous Pro Forma); a reduction in the number of proposed fare increases (an approximate $7.7 billion decrease in projected revenue from the previous Pro Forma); a decrease in the projected federal contribution based on recent guidance from the Federal Transit Administration (FTA) (an approximate $2.1 billion decrease in projected assistance from the previous Pro Forma), and the impact of the incorporation of costs associated with the Infrastructure Renewal Program (an approximate $1.8 billion increase in expenditures not contemplated in the previous Pro Forma). While these increases in expense are offset by other factors as noted in Appendix 1, it is evident that very different funding approaches are now required to sustain the Orange Line build-out. We have discussed through this year's budget process the need to close the projected short term departmental revenue-expenditure gap; however, a comprehensive approach must be adopted in order to realistically address departmental revenue needs over the long term. This year's Pro Forma projections clearly identify and define the difficult policy choices and trade-offs that we have been discussing over the last few months.

MDT Proposed Budget

The FY 2008-09 budget continues to reflect a two-tier transportation system which is comprised of the existing pre-PTP service that is funded with the County's General Fund MOE as well as related farebox revenue, and new and expanded service, implemented post-PTP, that is funded by surtax revenues along with its portion of farebox. This is the result of the persistence of our non-unified approach to funding the transit system. In 2004 we began discussions of a unified transit system in earnest with the circulation of the "White Paper". The "White Paper" emphasized the need to have the Surtax support not only new and/or improved services but also to help support services in place at MDT before November 2002. I have stated repeatedly that the Surtax must be treated as an additional revenue source among the many that support our unified transit system, and that we cannot have the mindset that there are two public transit systems –one that existed before the referendum and another comprised of all new and improved service occurring after the referendum.

This flawed funding scheme has finally caught up with our transit system. As a result of funding constraints related to fuel, maintenance and the early aggressive expansion of bus service post-PTP, we are recommending a decrease in bus revenue service miles by 4.5 million miles, which will move MDT from the current 32.6 million miles to 28.1 million miles of service. The reduction in miles will affect the existing service that was in place prior to the PTP. As recently as last month, revenue miles were reduced by nearly 3 million miles. These adjustments were mainly on routes that did not meet service standards. However, due to the inherent limitations in the use of Surtax funding, the proposed reduction will necessarily be primarily based on cost-cutting measures aimed at arriving at a sustainable level of service. Heretofore, the surtax has been charged only for the percentage of operations and maintenance attributable to the expanded transit service which, as of the June line-up, was at 19.2 percent. When service cuts were

implemented in prior line-ups, there was never a crediting to the General Fund for route adjustments on pre-PTP service. Rather, the percentage was adjusted off the top of the total system miles, resulting in continual decreases in surtax support. Again, this occurred even when non-surtax routes were cut.

Using this methodology, it is impossible to address the recurring historical $20 million revenue expenditure gap. Annual shortfalls will only be heightened as the percentage of PTP contribution becomes smaller as compared to the overall size of the bus system. The only way to address this shortfall, then, is to ensure that future service reductions are predominantly made on the existing pre-PTP service. The General Fund support to MDT will not decrease; however, it will be applied to a smaller number of service miles –a redefined and sustainable pre-existing system. As a result, newer PTP funded routes with less ridership than pre-PTP routes will continue, while pre-PTP routes experience service cuts. This is because there is sufficient surtax revenue to cover PTP bus service operations and maintenance costs, along with increased inflationary costs, however, the maintenance of effort, even with an annual 3.5 percent increase and the accompanying fare box revenue, provides us with an unsustainable pre-existing system in the face of escalating fuel and other costs.

In total, a snapshot of the proposed budget for FY 2008-09 includes an operational budget for the department of $379 million. MDT's staffing will be reduced by approximately 700 positions, which includes positions from bus, rail and administrative support. Recommended adjustments to Metrorail include running four car trains after rush hours; adjusting service headways to 7.5 from 6 minutes during weekday peak periods and to 15 from 10 minutes during weekday off-peak periods; and implementing 30 minute headways one hour earlier during the week (6:30 p.m. instead of 7:30 p.m.) and adjusting weekend headways to 30 minutes from 15. Fuel will be budgeted at $4 per gallon based on current market conditions, and the Department will formalize an Infrastructure Replacement Program (IRP) (budgeted at $7 million) to maintain existing infrastructure at minimum required standards. Should the proposed fare increase be adopted, the FY 2008-09 budget for MDT could sustain restoration of some service miles, however, the persistence of the two-tiered system would still result in cuts to the existing pre-PTP service. Continuing increases in fuel or other operational costs could also negate the restorative impact of the fare increase.

FY 2008-09 Pro Forma

Miami-Dade Transit (MDT) and staff from the Program Management Consultant (PMC), the Office of Strategic Business Management (OSBM) and my Office have developed an updated Pro Forma after extensive analysis. The objective of updating the Pro Forma is to assess annually MDT's financial resources and question their sufficiency and application over a 30-year period. Rather than produce a Pro Forma at the end of the calendar year, this year we decided to align it with the budget development cycle. This year's projection assesses MDT's financial capacity until the year 2037 to build and operate the Orange Line, while continuing to operate and maintain its existing system. However, the FY 2008-09 Pro Forma incorporated an unprecedented review of departmental financial requirements, and this process accounts for the length of time that staff has dedicated to its development. This updated process emphasizes a comprehensive approach to the integration of revenues and expenses, both capital and operating, for major transportation investments down to the unit cost of each item of expense.

Staff has worked diligently over the last several months proofing every number in the current and proposed MDT budget, an exercise which was necessary to develop a thorough set of baseline assumptions from which to grow the 30 year projections (Appendix 2). The FY 2008-09 Pro Forma also takes into consideration the current economic weaknesses at the national, state and local levels. These weaknesses have a negative impact on the overall County budget in the coming years and, as noted above, MDT is no exception, being forced to reduce costs in an effort to operate within available resources. However, utilizing more consistent and

conservative assumptions in forecasting MDT's capital and operating capacity, the FY 2008-09 Pro Forma projects a significantly different financial picture for MDT than the last Pro Forma distributed to the Board of County Commissioners in February 2007. As noted above, that previous Pro Forma projected a positive balance (revenue less expenses) of $304.6 million at the end of the 30-year period based on a healthy surtax projection, significant and regular fare revenue increases amounting to over $7 billion, and substantially fewer operational and infrastructure requirements. In contrast, the FY 2008-09 Pro Forma is only balanced through the infusion of $9.4 billion in new revenue and aggressive expenditure adjustments from a variety of sources. However, the FY 2008-09 Pro Forma does not rely as heavily on fare increases and incorporates capital and operational requirements for continued participation in the FTA funding process. Highlights of the modeling changes and assumptions yielding these very different financial pictures are noted in Appendix 1, along with a detailed explanation of elements considered in the development of the FY 2008-09 Pro Forma and a comparison of the previous Pro Forma and the FY 2008-09 Pro Formas.

Addressing the Needs

A clear starting point to address the funding needs at MDT is improvements in the operations of MDT and its service delivery. Reductions to the high cost per-rider of bus service has already begun. Similarly, there are economies that can be realized through labor cost concessions negotiated during current collective bargaining discussions. While these are not easy subjects, relatively minor changes in our bargaining agreements would go a long way towards providing operating and maintenance cost savings. For example, under the current Collective Bargaining Agreement (CBA), when a bus or rail operator uses leave time for sick or vacation, overtime is paid based on bus or rail service schedules. This contractual nuance alone represents an estimated $45 million cost over the 30-year period.

In addition, there is a need to re-examine the level of transit services provided, the current route structures and other aspects of our transit system to rationalize the system. We must be assured that buses are not being operated with light passenger loads and that service is adjusted in accordance with these demands. MDT will re-intensify this type of analysis with the implementation of the new fare collection system, which will produce accurate data on demand to assist transit planners in properly allocating scarce service resources. There also needs to be a willingness to discontinue lightly used routes, to substitute smaller buses in low demand routes, and to stop daily service earlier if need be. MDT has already brought many of these difficult recommendations to the Board. We intend to further examine service standards. Even though current MDT service standards are a good start, there is no confirmation that these are in fact the best standards for this region or for MDT. For example, one of MDT's standards is "net cost (or subsidy) per passenger". Yet, our established policy for fares, as evidenced by the Golden Passport and Patriot Passport, is one that de-emphasizes the collection of a fare. We must evaluate the reasonableness of current service standards, and measure their yields against adopted Board policies. These standards pre-date the existence of most of our free and reduced fare programs, and will need to be updated as the data from the fare collection system reveals where real passenger demand is in this County and what the accompanying transit service standards should be as we develop a truly "right-sized" system for Miami-Dade County. There needs to be an approach adopted that provides service only when there is a reasonable level of demand.

Even with improved management of the system, increases in funding are necessary to avoid serious curtailment of transit services. While the bottom line financial picture is challenging, this year's exhaustive scrutiny of the Pro Forma can give us greater confidence in our projections as we plan MDT's future; however, it has also revealed the significant limitations of the current funding streams to MDT. The FY 2008-09 Pro Forma confirms what we have emphasized all along –that in spite of the recent infusions of the general fund maintenance of effort support and the dedicated funding provided by the half-penny, our transit system is still under-funded. Over

the past several months, OSBM and MDT have explored measures that would help to overcome the financing problems faced by MDT. Some of these were presented at the request of various Board members at the Transit Committee meetings in recent months. Various options for resolving the situation have been reviewed, and consultations have been held with several other transit properties in arriving at these options. In the longer run, the financial demands of MDT and it strategic expansion program will require substantial re-thinking and a real examination of the commitment of this region to a mass-transit program.

MDT was asked to explore the funding levels of its peer agencies undergoing expansion programs on the magnitude of the Orange Line, an exercise which confirmed what we have known for some time: that the PTP was over-promised based on a half-percent tax given the magnitude of its expansion plan. In its peer review, MDT found that agencies undergoing mass-transit expansions on the scale of the Orange Line receive at least a full penny of support. A simple principle of transit finance that emerged from the period of national expansion of transit systems in the 1970s and 1980s is that a metropolitan area with a mature transit system that is seeking to implement a regional fixed guideway network must have the equivalent of a full 1.0 percent sales tax in the region it serves. Examples of this are found in the transit systems in Atlanta, Cleveland, Houston, Dallas, Denver, Salt Lake City, Los Angeles, and San Jose. All of these systems secured a 1.0 percent sales tax and have proceeded to implement a regional fixed guideway network. Most have relatively small reliance on state funding. MDT, with the equivalent one-half of that amount, is funded significantly below these peer systems. Accomplishing the extent of overall service coverage and premium transit services outlined in the PTP with such a relatively limited source of dedicated funding we now know requires additional resources.

Proposed Fare Policy and other Revenue Adjustments

The FY 2008-09 Budget was prepared with a view towards the operation of a system that lives within its means while dedicating funding to existing infrastructure needs. However, operation within currently available resources in the face of several uncontrollable factors, such as the increasing price of fuel, leaves MDT's expenditure projections with an inherent vulnerability year after year. Right-sizing transit service is complicated by revenue projections that do not grow at the pace of operating expenses that are annually affected by inflation. This forces MDT to evaluate service levels based on revenue projections alone and not the optimum "right-sized" level of service. Given that 70 percent of MDT's operating costs are driven by labor and that, in the last two years, fuel costs have increased by 89 percent, from $2.14 to $4.04, the only meaningful long term adjustment that can be made to offset increasing expenses over the coming years in the face of a constrained revenue stream is the elimination of service miles.

A reliable revenue stream that keeps pace with inflationary expenditures is critical to the success of any operation, and is essential to the maintenance of the existing and expanded transit service in this County. Foremost among the policy choices before you is the establishment of a systematic fare policy structure. Prior to the $0.25 fare increase in 2005, MDT had not instituted a fare increase since 1991. The lack of a fare policy that keeps pace with inflationary costs, such as an Operating Cost Index (OCI) or Consumer Price Index (CPI), has contributed to the department's recurring deficit at the end of each fiscal year. Having no fare increase for such a long period of time is highly unusual in the transit industry, even for agencies with dedicated funding sources.

It is important to note that for the purposes of the Federal submission, a CPI projection was used in developing the FY 2008-09 Pro Forma shown in Appendix 2 and not the OCI index currently before the Board. This is because FTA guidelines standardize fare increase adjustments at the CPI rate because increases beyond CPI may affect ridership projections used in the travel demand models used to evaluate expansion projects. The requirements of the travel demand model and their significant impacts on service levels and accompanying O&M

costs included in the FY 2008-09 Pro Forma are discussed in further detail below. While the OCI ties fares to a variability factor that is directly tied to transit expenses, we cannot grow fares at this rate for the purpose of Federal planning projections. The OCI is an inflationary indicator that measures the price change in a market basket of goods and services used in the operations and maintenance of transit services. This indicator focuses on price change and not on the change in volume of a particular item. Hence, inefficiency on the part of a local transit agency in managing its operations would not contribute to inflating the OCI from year to year. The application of and impact of adoption of the proposed OCI fare policy on the Pro Forma is described in further detail in Appendix 1 and has a net effect of adding $1.6 -$1.9 billion in revenue over the 30 year period. Transit properties nationwide are experiencing similar increases in transit related expenses, which continue to outpace available revenues. Many of MDT's peer transit properties are moving in the same direction, reducing service to cover increased costs and establishing systematic fare policies. Also, federal, and some local, transit related revenues are showing a decline because they are derived from the Local Option Gas Tax which is based on consumption and not price. As a result, the bias in fare policy (and the recommendation from the Transit Committee before you) has been towards the OCI as the inflationary cost index since it is tied directly to transit costs. The County could adopt the OCI methodology for increasing rates, which would give MDT the ability to use OCI as a maximum and CPI as a minimum actual growth factor over time.

Due to the growth challenges associated with the LOGT, the FY 2008-09 Pro Forma shows that, after 2009, the LOGT growth projections to MDT cannot be sustained at 1.5 percent. This is because the slow down of this revenue has been such that the 1.5 percent growth to MDT overtakes any available revenue. Hence, growth after 2009 is now assumed at 0.5 percent in the FY 2008-09 Pro Forma. This issue will need to be revisited in the absence of a unified system, since 1.5 percent growth to MDT is a part of the current loan for existing services; however, increased General Fund support proposed in the FY 2008-09 Pro Forma, beyond the current 3.5 percent, would more than compensate for the 1 percent loss of LOGT.

At this point, it is clear that in order to achieve the goals established by the PTP and complete the projects identified as priorities by this Board, significant increases in dedicated revenues will have to be implemented. It is my recommendation that this be in the form of an additional two cents of LOGT funding and an increase in the maintenance of effort from the general fund. I recommend that the maintenance of effort be converted to a millage equivalent, rather than a set percentage increase, and that the millage equivalent be increased in a phased manner, beginning in 2010. The current MOE is equivalent to approximately 0.57 mills. I also recommend that in order to properly fund the infrastructure maintenance needs of the current system - which have been deferred far too long - and support the debt service issuances necessary for the system expansion, the MOE for FY 2009-10 be increased to 0.6 mills and be increased by 0.1 mills each year until 2013. Of course, this commitment will have to be balanced against other property tax supported activities when setting future year millage rates, and could be offset by an increase in the surtax. Adoption of a policy of an increased general fund subsidy or surtax may offset the need to adjust the Golden Passport program and other things that have been considered. For purposes of the Pro Forma, this has been shown as a revenue source titled "increased general fund support/surtax."

FTA Process and Impact of the Travel Demand Model on the FY 2008-09 Pro Forma

As noted above, the FY 2008-09 Pro Forma assumes that Orange Line Phases 2 and 3 will receive FTA New Starts funding. In order to allocate its limited annual appropriation of discretionary New Starts funding, the FTA annually evaluates dozens of competing transit projects from across the country. The full New Starts evaluation process, which takes years for any single project to complete, is an essentially two-pronged evaluation. It is important to discuss this evaluation because of the enormous impact it has in generating what may be an

unsustainable service level for MDT. It is also a major factor driving the need for identifying future revenue sources for MDT.

- **Project Evaluation:** FTA assesses each project on its own merits and attempts to quantify how well the project is likely to perform. FTA's goal is to provide its limited funding to only the "best" projects. FTA uses a number of factors in making this assessment, but the primary metric is the Cost-Effectiveness Index (CEI). The CEI is essentially a cost-benefit measure which compares the annual capital and operating costs of the proposed project to the amount of travel time savings it produces for transit users. A lower CEI represents a more cost-effective project. FTA annually sets CEI thresholds which determine project rankings. The official published CEI is $23.99 per user benefit hour; however, FTA has informally advised us that this year's CEI will be revised to $24.49 per user benefit hour.

- **Agency Evaluation:** In addition to evaluating the proposed project, FTA evaluates the financial capacity of the project sponsor or operating agency. Thus, in addition to funding only the "best" projects, FTA strives to ensure that it provides grant funding only to those agencies which are most likely to successfully implement their projects. In particular, FTA looks for assurance that the agency has the financial wherewithal to continue to operate and maintain its existing services; to invest in the renewal of its existing infrastructure; to successfully construct the proposed project; to operate and maintain the proposed project; and eventually, as the project ages, to reinvest in the proposed project.

Two items are particularly critical in FTA's two-pronged evaluation approach:

- **Definition of the Baseline Alternative**: The assessment of cost-effectiveness depends heavily on the definition of the baseline alternative, that is, the measure of transit user time savings used in the CEI calculation is the increment between a "baseline" transit network which does not have the proposed project and a transit network which includes the proposed project. Thus, the definition of this baseline is critical and is usually the subject of significant discussion with FTA. Changes to this baseline, once established, are not made lightly, and they can have a significant impact on the CEI of a project even if the project specifications themselves remain unchanged.

- **Internal Consistency**: The assumptions about transit level of service (miles and hours of service, number of peak vehicles, etc.) which drive the travel demand model and produce the estimate of travel time savings are also key inputs to the financial model and the estimate of operating costs. This concern is critical in understanding the development of the FY 2008-09 Pro Forma:
  - To have a project that meets FTA's Cost Effectiveness Index threshold, ridership and transit user hours saved must be sufficiently high. This has been achieved in the planning process by assuming that Metrobus service slows in response to future projected highway traffic congestion. This results in higher incremental transit user hours saved with the Orange Line Phase 2 (North Corridor) "build alternative".
  - However, slower Metrobus speeds also result in the need to provide more peak buses, bus vehicle-hours, and bus vehicle-miles. This accounts for the bus service "ramp-up" to 42 million miles of service described above beginning in 2015 through 2030. The ramp-up is required through 2030 because FTA is measuring the CEI of the Phase 2 North Corridor in 2030, which is the "design year" for the project. The design year is the analysis year for FTA based on the Metropolitan Planning Organization's Long Range Transportation Plan Update cycle. More Metrobus service is required in the design year for two reasons:
    - This bus service accommodates additional ridership on routes feeding Metrorail stations (this accounts for approximately 20 percent of the ramp-up needs); and

- Increased bus service is projected to be needed to account for slower overall vehicle operating speeds resulting from increased highway congestion (this accounts for approximately 80% of the ramp-up needs).

In other words, in order to accommodate the Phase 2 North Corridor ridership demands, and to meet the equivalent of today's MDT service headways, a ramp-up in service to at least 42 million miles would be required by the year 2030. However, assumption of these additional operating costs in the FY 2008-09 Pro Forma requires an additional $3 billion in revenue.

Faced with this significant cost driver, staff has evaluated the impact on the FY 2008-09 Pro Forma of foregoing Federal funding. Given that the federal contribution is limited to $700 million, it seemed that the O&M costs associated with drawing down the federal funding might ultimately cost the County more than would be gained. This is particularly significant since updated Phase 2 North Corridor project costs will be received after the FTA submission is due this year. To date, FTA policy has maintained the $700 million federal contribution limit. Continuing to plan MDT's future based on FTA requirements could ultimately cost the County more than that contribution is worth. Further, the Phase 3 East-West project costs must still undergo significant refinement, and would also be subjected to the scrutiny of the travel demand model. Insertion of the East-West's projections into the travel demand model could also generate an additional bus service ramp-up requirement for MDT. Depending on that required level of service, federal funding for the Phase 3 East-West could also end up costing MDT more than the potential draw, particularly if the $700 million cap is applied as it was for the Phase 2 North Corridor planning. An East-West bus ramp-up is not contained in the current projections because of the planning stage in which the East-West project currently finds itself, and because it would be beyond the planning horizon of the FY 2008-09 Pro Forma. Certainly any bus service ramp-up would undoubtedly provide better service levels to the public, although their sustainability would be the subject of future debate. Commitments to the $0.50 fare increase with an OCI or CPI adjustment will still be required under a non-Federal build-out scenario, however, there would be some flexibility as to the other revenue options.

Conclusion

There is not a more critical time for our transit system. Enormous challenges are before us at a time when public transportation is becoming more and more critical. The options outlined in this report do not represent easy choices, but the funding requirements for a modern transit system are enormous. Despite the long-range financial requirements, approval of a systematic fare policy is critical for the short-term. The initial fare increase of $.50 and the establishment of a systematic fare policy are necessary to help MDT keep pace with inflationary costs, such as the volatility in fuel prices, on the existing system. Nearly all transit properties nationwide are experiencing similar escalations in fuel and labor costs and they are addressing them by increasing fares and adjusting service. MDT has been under clear instructions to make it a priority of the department to implement efficiencies to control costs. However, no amount of efficiencies can make up for the funding projections before us today. While this short-term fare measure requires the Board's immediate attention, there are significant long-term issues that still need to be vetted by the Board.

If the Board should decide not to commit to these revenue alternatives, the only other options that would sustain an expansion plan would involve the development of less costly modal approaches to the expansion program. We are all aware that the per passenger boarding cost is higher on rail than on bus ($4.72 vs. $3.81). The County could begin looking at less costly transit alternatives for Phases 2 and 3 of the Orange Line such as Bus Rapid Transit and Express Bus service. These alternatives are prevalent in several major cities around the country and use technologies that have adequately addressed other community's mobility needs and congestion issues. If there is no agreement on the fare policy and revenue options before you, MDT will move forward with looking at these alternatives as the only cost-feasible

options for a sustainable expansion program. We must either provide more resources to transit or temper our plans to our available resources.

As was stated at the outset, we must make a determination on the fare policy proposal which secures the short-term future of MDT and sets the foundation for a future expansion and accept some or all of the various revenue options shown above. Whatever our direction today, pursuit of a transit expansion program is critical to the future of this region. It will profoundly impact the quality of life for our residents and impact our continued viability as a tourist destination. A program on the magnitude of the Orange Line has the potential of bringing this County into the arena of world-class cities with true mass-transit networks. I look forward to engaging you and the CITT as we set a future course for our transit system.

c: Honorable Carlos Alvarez, Mayor
Miles E. Moss, P.E., Chairperson
and Members, Citizens' Independent Transportation Trust
Denis Morales, Chief of Staff, Office of the Mayor
Ysela Llort, Assistant County Manager
Jennifer Glazer-Moon, Special Assistant/Director OSBM
Howard Piper, Special Assistant, Management & Performance Assessment
Harpal Kapoor, Director, Miami-Dade Transit
Nan Markowitz, Executive Director, Office of the Citizens' Independent Transportation Trust

Appendix 1 - Details of Pro Forma Development & Comparison of the Previous and FY 2008-09 Pro Forma Revenue and Expenditure Assumptions

Finance Highlights

New Operating & Maintenance (O & M) Cost Model

Using actual FY 2008-09 budget data provided by OSBM and MDT, the Program Management Consultant (PMC) team developed a new "unit cost" model for forecasting MDT's O&M costs. This approach differed from that used in the previous Pro Forma which assumed increases in operating expenses at an overall weighted average of 4.76% annually. The FY 2008-09 Pro Forma expense data was broken down by mode, by management center (vehicle operations, vehicle maintenance, non-vehicle maintenance, and administration) and by object class (wages, benefits, utilities, etc.). This allowed each individual cost area to be linked to a level-of-service variable or cost "driver," such as revenue vehicle miles, revenue vehicle hours, peak vehicles (for bus), route miles (for rail), and other drivers. This approach has two distinct advantages:

1. The ridership projections coming from the travel demand model that dictates FTA's Orange Line requirements depend directly on the very same level-of-service variables (miles, hours, vehicles, etc.). Thus, the very same transit service assumptions that are the basis of the ridership modeling become the basis of the financial model. This ensures that the two models are consistent. This is significant because the required service levels projected for MDT by the travel demand model are a significant cost driver for MDT over the 30 year period and were not heretofore included in annual Pro Forma reports to the Board.
2. The unit cost model approach allows different object classes to experience different rates of future inflation, which conforms to transit agencies' actual experience. For example, the model allows for the unit cost of health care benefits to grow at a rate that is different from the Consumer Price Index and different from the growth in wages. Again, past Pro Forma projections did not distinguish among unit costs for these growth factors, projecting uniform overall growth rates. Although this exercise had a minimal financial impact, this detailed review ensures an unprecedented degree accuracy of the numbers.

Updates to Key Capital Expense Projections

The FY 2008-09 financial model included updated projections of capital expenditures in three key areas:

1. **Orange Line Project Costs, Construction Schedules and Service Implementation**: As the three Orange Line corridors proceed through the various stages of planning and design, updated and improved cost estimates are produced, and the construction schedules are changed as needed. The FY 2008-09 Pro Forma includes the most current forecasts for the rail corridor projects.
   - Phase 1: Miami Intermodal Center-Earlington Heights (MIC-EH) Connector is a 2.4 mile elevated heavy rail extension from the existing Earlington Heights Station to the MIC. The project cost is $526 million excluding finance charges in Year of Expenditure (YOE) dollars and is scheduled for operation in FY 2012. The project cost and schedule are consistent with the previous Pro Forma.
   - Phase 2: North Corridor Metrorail Extension is a 9.2 mile elevated heavy rail extension from north of the existing Martin Luther King Station to NW 215th Street along NW 27th Avenue. The project cost is $1.37 billion dollars (YOE) not including finance charges and is scheduled for completion in FY 2017. The cost in the previous Pro Forma was $1.45 billion and was scheduled for completion in FY 2015. The lower cost reflects value engineering and scope

reductions to maintain the project cost effective as per FTA guidelines. The two year delay was required to address overly optimistic right of way and construction durations.

- Phase 3: East-West Corridor Metrorail Extension is a 10- to 13-mile heavy rail extension from the MIC to Florida International University (FIU) and points west to SW 137th Avenue. The project cost is $2.45 billion (YOE) not including finance charges. The scheduled completion date for this project is now FY 2024. The previous Pro Forma included a cost of $2.28 billion and a completion date of FY 2017. The cost increase is due to proposing a longer alignment than was previously contemplated and the inflationary cost of pushing the project out seven years. The new alignment proposed runs the alignment down SW 8 Street west of the Palmetto as opposed to the original alignment that runs along SR 836 west of the Palmetto. The SW 8 street alignment attracts 50% greater ridership than the SR 836 alignment as per the travel demand forecast. This new schedule places the project in the same year as anticipated by the original pro forma.

2. **Near-term Miscellaneous Capital Projects and Improved Projections of Long-Term Capital Needs**: In response to shifts in MDT's needs and priorities, as well as to changes in project costs and funding sources, alterations were made to the agency's near-term capital projects. These changes were incorporated into the FY 2008-09 Pro Forma and were derived partly from the miscellaneous capital improvements projects list. The FY 2008-09 Pro Forma includes new projections at approximately $1.8 billion of both MDT's long-term infrastructure renewal needs for the existing system as well as estimates of the long-term rehabilitation and replacement needs for the new Orange Line and are identified as Attachments A and B to Appendix 1. These capital plan items are critical in demonstrating that MDT has sufficient financial capacity to not only construct the new rail projects, but also to keep its existing and future transit network components in a state of good repair. The previous Pro Forma included only minimal funding to maintain the existing infrastructure over a 5-year period versus a comprehensive plan over the 30 year period currently reflected in the FY 2008-09 Pro Forma. The FY 2008-09 Pro Forma was an exhaustive process, prepared with a view towards capturing all costs, including all infrastructure costs.

3. **Bus Procurement Plan**: Similarly, as bus service levels were modified, changes were made to the bus procurement plan, which incorporates more technologically advanced/fuel efficient hybrid buses. This plan yields a savings of approximately $337 million.

New Fare Policy
Should a fare increase policy be adopted by the Board, the financial model will apply a fare elasticity factor, which has the impact of reducing ridership primarily in the years following each increase but increases revenue overall. The elimination of fare increases from the previous Pro Forma yields an approximate $7.675 billion decrease in projected revenue. The impact of adopting the $0.50 plus OCI proposal before the Board is estimated to provide between $1.6 and $1.9 billion over the FY 2008-09 Pro Forma planning period.

Under the federal funding scenario the travel demand model tempers the impact of the OCI indexing and fares do not grow to their maximum capacity. This is because of the impact of the fare increase on elasticity on the travel demand model. Whenever the impact on ridership associated with a fare increase is too great, the model will choose to preserve ridership and forego the increase that the index would have brought. Hence in

a federal scenario, even if the Board adopts an indexed fare policy, an actual fare increase beyond the current proposed $0.50 would not occur until 2022. At that time, fares would rise to $2.25. After that, fares rise to $2.50 in 2027; $2.75 in 2032; and $3.00 in 2037. Under a Federal scenario then, the FY 2008-09 Pro Forma proposes a total of 5 fare increases over the 30 years.

Under a non-Federal scenario, the fare increases attributable to the indexing factor are not constrained by ridership impacts on the travel demand model, so fares can grow in closer relationship to actual inflation and would correspondingly generate greater per passenger revenue. Beginning with the $2.00 initial fare rate, fare increases could come into play in $0.25 increments in 2012, 2015, 2018, 2022, 2027, 2032 and 2037, culminating in a total $3.75 fare rate in 2037 (achieved through 8 fare increases over the period). While this non-Federal scenario shows 3 more fare increases than the Federal scenario, it is tied more closely to actual increases in MDT's operating costs.

New Economic Forecasts: An independent forecast of inflation was purchased (including overall consumer inflation as well as key commodities such as petroleum and electricity), interest rates, and tax revenue collections from Moody's Economy.com. These forecasts were incorporated into the model and used to project growth in operating and maintenance costs, borrowing costs, and expected revenues from the PTP sales tax. This analysis yielded flat growth rates for the surtax in the short term and 5.5 percent compounded for future years and accounts for an approximate $3.3 billion decrease in projected revenue from the previous Pro Forma.

Operating Efficiency Improvements: Based on MDT management initiatives to improve operating efficiency, the FY 2008-09 Pro Forma includes the following projected improvements which, with the exception of the fare revenue projections in section 1 below, were not included in the previous Pro Forma.

1. **Increased/Enhanced Fare Revenue Collection:** As a result of the implementation of new fare collection equipment by FY 2010, which will cut down on fare evasion and allow for more sophisticated pricing, MDT projects to increase its fare revenue by 15 percent without losing ridership. This assumption was also included in the previous Pro Forma.
2. **Lower Vehicle Operations Cost:** As a result of the implementation of new software for scheduling, dispatching, and run-cutting, as well as new initiatives to curb absenteeism, MDT anticipated additional reductions in operator wage costs per vehicle hour.
3. **Lower Rail Vehicle Maintenance Costs:** As a result of a recent decision to switch the Metrorail cars from DC to AC propulsion, MDT anticipated a 5 percent reduction in railcar maintenance costs per vehicle mile.

Service Levels:

- **Metrobus:** It is assumed that in FY 2009 that Metrobus revenue service miles are 28.1 million miles and remain flat until 2014. Starting in 2015, Metrobus service miles gradually increase to 42 million miles in FY 2030. This gradual increase in revenue miles is due to the projected demand on some key routes and increases in traffic volumes and resulting slower traffic speeds (as revealed by the travel demand model analysis). The previous Pro Forma calculations did not include such an allowance or its corresponding costs.
- **Metrorail:** The Palmetto to Dadeland branch trains will operate six car trains during peak periods and four car trains during non-peak periods, and have 7.5 minute headways during peak periods and 15 minute headways during non-peak periods. Beginning in 2017, the number of cars on this line will decrease as supplementary service from system expansion is added.

- **Orange Line Phase 1: MIC-EH Project:** The MIC-EH Connector is scheduled for passenger service in FY 2012. The MIC track alignment will merge with the current Hialeah tracks just west of the Earlington Heights Station. The MIC trains will operate at 6.5-minute headways and provide service from the MIC to Brickell Station. The Hialeah branch trains will continue the service level and car train configuration noted above.

The following table summarizes Metrorail operations once Phase 1, 2 and 3 of the Orange Line are placed into service in the FY 2008-09 Pro Forma.

System-wide Service Levels

Operating Line	Operations Begin	Limits of Operation	Headway (Minutes)	No. of Cars
MIC/EH Connector	FY 2012	MIC to Brickell Station	6.5	4
MIC/EH Connector	FY 2017	MIC to Dadeland South Station	6.5	4
Existing Metrorail	FY 2017	Palmetto Station to Dadeland South Station	7.5	4
North Corridor Line	FY 2017	NW 215 St. Station to Brickell Station	6.5	4
E-W Corridor Line	FY 2024	SW 137 Ave. Station to MIC	6.5	4

New Assumptions on Federal and State Revenues:
The federal share of both Phases 2 (North Corridor) and 3 (East-West) was assumed to be 59 percent, and state and local participation were projected at 20.5 percent each in the previous Pro Forma. These assumptions were based on prior FTA guidelines that allowed transit agencies to request this level of funding. However, recent direction from the FTA has unequivocally reduced this allowance. The FY 2008-09 Pro Forma assumes for Phase 2 North Corridor maximum amount of Full Funding Grant Agreement (FFGA) funding available to MDT for Phase 2 in any year would be $100 million or less. FTA staff also indicated that the maximum total amount of federal funds available to the Phase 2 project would be $700 million, with the remaining non-federal share being split between FDOT and MDT. This FTA mandated cap was based on the limited federal funding available under the New Starts Program. For Phase 3, the FY 2008-09 Pro Forma assumed that the maximum federal funding participation would be 50 percent of the total project costs, with the remaining non-federal share being split between FDOT and MDT. The overall impact of the decreased level of support is approximately $2.144 billion. It is also assumed that the Phase 2 and 3 meet all of the FTA New Starts guidelines, the demands of which create significant cost drivers for the FY 2008-09 Pro Forma projections. The FY 2008-09 Pro Forma assumes in FY 2009 that Metrobus revenue service miles are 28.1 million miles and remain flat until 2014. Thereafter, Metrobus service miles gradually increase to 42 million miles in FY 2030. The increase in revenue miles is due to the projected demand on some key routes and increases in traffic volumes and resulting slower traffic speeds as revealed by the travel demand model analysis.

Comparison of Previous & FY 2008-09 Pro Formas Revenue and Expenditures Assumptions
(All figures are in $ Millions and in Year of Expenditure (YOE) $)

Line-Item Description	Previous Pro Forma	FY 2008-09 Pro Forma	Difference
Revenues			
Farebox and Other Operating Revenue	**12,313.4**	**6,571.6**	**(5,741.8)**

- It was assumed in the previous Pro Forma that MDT would implement $0.50 base (cash) fare increases in FY 2009, FY 2011, and FY 2013, and $0.25 increases every two years starting in 2015 until 2025. MDT last increased its base bus and rail fares by $0.25 to $1.50 in May 2005 (20 percent increase).
- Along with the aggressive fare increases, the previous Pro Forma did not sufficiently account for the effects of the fare increases on ridership by applying appropriate fare elasticity assumptions to reduce ridership in years of fare increases, even though fares were expected to increase at a rate significantly above inflation. This resulted in a significant over-estimation of fare revenue and farebox recovery ratios.
- There is a $.50 fare increase in 2009 followed by $.25 in years 2022, 2027, 2032 and 2037 in the FY 2008-09 Pro Forma.
- The FY 2008-09 Pro Forma includes a unification of the system in year 2009.
- The parking fee is increased in 2009 from $6.25 to $10.00 per month. That amount is increased to $15.00 in 2017 and $20.00 in 2027.

Line-Item Description	Previous Pro Forma	FY 2008-09 Pro Forma	Difference
Federal & State Funds	**10,090.7**	**7,944.2**	**(2,146.6)**

- In the previous Pro Forma, the Orange Line Phase 1: Miami Intermodal Center-Earlington Heights Connector is funded with local funds (81%) and state funds (19%). The state contribution is capped at $100 million for Phase 1.
- The federal share of both Phases 2 North Corridor and 3 East-West was assumed to be 59 percent of the capital project costs, and state and local participation were projected at 20.5 percent each in the previous Pro Forma.
- Based on FTA guidance, the FY 2008-09 Pro Forma assumes for Phase 2 North Corridor maximum amount of Full Funding Grant Agreement (FFGA) funding available to MDT for Phase 2 in any year would be $100 million or less. FTA staff also indicated that the maximum total amount of federal funds available to the Phase 2 project would be $700 million, or 50 percent of the project costs, with the remaining non-federal share being split evenly between FDOT and MDT.
- For Phase 3, the FY 2008-09 Pro Forma assumed that the maximum federal funding participation would be 50 percent of the total project costs (total project costs is scheduled at $2.5 billion), with the remaining non-federal share being split evenly between FDOT and MDT.
- Other federal funds, such as FTA Section 5307 Formula Funds, increased at a fixed annual growth rate in the previous Pro Forma. In contrast, the FY 2008-09 Pro Forma builds up the projected Section 5307 funds from modeled data on service area population and density, bus revenue miles, fixed guideway revenue miles, and fixed guideway directional route miles. This approach directly accounts for the growth in service and population that that was projected over the 30-year period of the FY 2008-09 Pro Forma.
- In the FY 2008-09 Pro Forma, state funds for Phase 2 and 3 are programmed to fulfill the states commitment to provide 50 percent match of the non-federal funding share. The previous Pro Forma assumed state funding adjusted proportionally with the increase/decrease of the project costs.

Line-Item Description	Previous Pro Forma	FY 2008-09 Pro Forma	Difference
Local Funds	**22,159.7**	**24,926.1**	**(2,766.4)**

- The FY 2008-09 Pro Forma takes into consideration the current economic weaknesses in Florida and Miami-Dade County by growing Surtax revenues at modest rates during the early years of the Pro Forma (FY 2009 – 2012). The previous Pro Forma assumed an average long-run growth rate for the PTP sales tax base of 5.5 percent.
- Both the previous and FY 2008-09 Pro Formas, per the Maintenance of Effort (MOE) agreement, assume that MDT General Fund Revenues grow at 3.5 percent annually.
- The FY 2008-09 Pro Forma assumes additional General Fund/other support starting in 2010.

Line-Item Description	Previous Pro Forma	FY 2008-09 Pro Forma	Difference
Debt Financing Proceeds	**5,073.6**	**5,669.6**	**596**

Both the previous and FY 2008-09 Pro Forma use bond issuance and commercial paper debt financing proceeds.

	Previous Pro Forma	FY 2008-09 Pro Forma	Difference
Total Revenues	**49,637.4**	**45,111.4**	**(4,526)**

O&M Expenses

Line-Item Description	Previous Pro Forma	FY 2008-09 Pro Forma	Difference
Operating & Maintenance	**30,534.5**	**28,061.5**	**(2,473.0)**

- The previous Pro Forma assumed total labor cost growth of 5.5 percent per year, or roughly 2.3 percent above expected inflation levels.
- The FY 2008-09 Pro Forma operating costs projections are based on highly detailed operating expense data drawn directly from the FY 2009 proposed budget. The data was used to calibrate a new O&M cost model for the financial plan. Inflation assumptions were developed for the projected growth in salaries, health benefits, and other expense object classes.
- The FY 2008-09 Pro Forma assumes in FY 2009 that Metrobus revenue service miles are 28.1 million miles and remain flat until 2014. Thereafter, Metrobus service miles gradually increase to 42 million miles in FY 2030. The increase in revenue miles is due to the projected demand on some key routes and increases in traffic volumes and resulting slower traffic speeds (as revealed by the travel demand model analysis). This ramp up is necessary to meet certain FTA requirements of the New Starts Grant Process.
- The previous Pro Forma assumed the provision of a constant 36.8 million bus service miles throughout the time frame of the Pro Forma.

Line-Item Description	Previous Pro Forma	FY 2008-09 Pro Forma	Difference
CITT Staff	**120.6**	**95.5**	**(25.1)**

The FY 2008-09 Pro Forma assumes a lower CITT labor cost due to a reduction in staffing over the past year.

Line-Item Description	Previous Pro Forma	FY 2008-09 Pro Forma	Difference
Tri-Rail & SFRTA Expenses	**213.3**	**186.8**	**(26.5)**

The FY 2008-09 Pro Forma assumes that all Tri-Rail & SFRTA related expenses above the state statute requirement of $4.3 million will be subsidized by MDT operational revenue. This assumes a reduction in MDT bus service to be able to subsidize the operations of Tri-Rail. MDT currently funds $2.7 million in FY 2008. A decision has not been made to either decrease or increase funding for this activity, therefore, it remains flat over the 30 year plan.

Line-Item Description	Previous Pro Forma	FY 2008-09 Pro Forma	Difference
General Fund Loan Payback	**0.0**	**23.9**	**23.9**
The FY 2008-09 Pro Forma assumes a budgeted payment to offset MDT existing cash deficits that become effective in FY 2008. This payment was not in the previous Pro Forma. MDT has budgeted annual installments of $5.8 million in FY 2008 and $6.2 million starting in FY 2009 and continuing at that level until the debt is liquidated (2017).			
PTP Loan Payback	**0.0**	**0.0**	**0.0**
• This debt service is eliminated as a result of the unification of the system. Note: The loan repayment was embedded in the operating expense of the previous Pro Forma and was not broken out as a liability.			
PWD Project Expenses	**0.0**	**58.0**	**(58)**
Capitalized PWD expenses in previous years were more suited for as pay as you go. To include installation of capital control devices, signals, etc. The FY 2008-09 Pro Forma breaks out administrative related expenses that are capitalized to the project.			
Municipal Contribution	**2,896.6**	**306.2**	**(2,590.4)**
Both the previous and FY 2008-09 Pro Formas include the twenty percent Surtax revenues to the municipalities. However, the FY 2008-09 Pro Forma phases it out beginning in the year 2015.			
Total O&M Expenses	**33,765.0**	**28,731.9**	**(5,033.1)**

Capital Expenses

Rail Expansion Projects	**4,212.9**	**4,299.1**	**86.2**

- Orange Line: Phase 1: Miami Intermodal Center-Earlington Heights Connector is scheduled for operation in FY 2012. The capital cost estimate is $526.5 million in year of expenditure dollars and are excluding financing charges. Funds total $439.8 and are included in the FY 2008-09 Pro Forma to fund the balance of the project.
- The bus plaza and other amenities are projected to cost $33.1 million in year of expenditure dollars and are included in the FY 2008-09 Pro Forma.
- Phase 2: North Corridor Metrorail Extension is scheduled for completion in FY 2017. The projected capital cost estimate in year of expenditure dollars is $1.4 billion excluding finance charges and are included in the FY 2008-09 Pro Forma.

Phase 3: East-West Corridor Metrorail Extension is a 10- to 13-mile heavy rail extension from the MIC to FIU and points west to SW 137th Avenue. The scheduled completion date for this project is in FY 2024. Phase 3 is projected to cost $2.5 billion in year of expenditure dollars excluding finance charges and are included in the FY 2008-09 Pro Forma.

Capital Improvement Program	**1,147.5**	**724.5**	**(423.0)**

- MDT has well-defined, short-term miscellaneous capital projects for the period 2009-2015. Miscellaneous projects include a number of large one-time items that will not need to be repeated over the 30-year period, such as the new fare collection equipment, the central control overhaul, the Metromover vehicle replacement, and particularly the Metrorail car replacement effort. These one time purchases require future rehab work and are programmed in the infrastructure renewal program (existing).

Note: Several projects and funds shown in the previous Pro Forma have been reprogrammed under the infrastructure renewal program.

Line-Item Description	Previous Pro Forma	FY 2008-09 Pro Forma	Difference
Infrastructure Renewal Program (IRP) (Existing)	**0.0**	**1,277.4**	**1,277.4**
Capital rehabilitation projects are vital to the continued safe and efficient operation of MDT's transit systems and must be programmed in the FY 2008-09 Pro Forma. Such project elements include train control equipment, maintenance of facilities, communications systems, elevators and escalators, and many other critical assets.			
Infrastructure Renewal Program (IRP) (Orange Line)	**0.0**	**552.4**	**552.4**
In addition to the rehabilitation of the existing system, MDT will also face future expenses for the rehabilitation of its new rail corridor assets, e.g. stations, elevators, escalators, etc.			
Bus Acquisition	**2,296.4**	**1,959.6**	**(336.8)**
The FY 2008-09 Pro Forma allocation reflects a reduction of the quantity in relation to an adjustment for bus service miles and an increase in price related to hybrid buses.			
Public Works Project	**724.6**	**347.4**	**(377.2)**
In the FY 2008-09 Pro Forma, these projects are spread over five years, from 2009 to 2013. The $347.4 million is the remaining amount from the original $397 million budgeted. Where technically feasible, all PWD projects will be completed including the 45 Board requested projects included in the ordinance, as well as all of the Neighborhood Improvements. In order to move Orange Line projects, staff is investigating how the remaining PWD projects, which include the construction of the reversible lanes and the grade separations, may be funded through alternative sources where feasible.			
Debt Service Expenses	**7,186.4**	**7,216.9**	**30.5**
Both the previous and FY 2008-09 Pro Forma use bond issuance and commercial paper debt financing. The FY 2008-09 Pro Forma includes bond issuances using Surtax revenue to cover capital expenses. Bonds are issued in the year of the capital expense, in amounts that always assume at least 1.5 in coverage from the Surtax. The Pro Forma assumes interest-only payments for 15 years of the payback schedule, and interest and principal payments to commence after the interest only period for 40 years. It also uses commercial paper to cover its needs.			
Total Capital Expenses	**15,567.8**	**16,377.3**	**809.5**
Total Revenues Less Total Expenses	**304.6**	**2.2**	**(302.4)**

Orange Line Phase 2: North Corridor Metrorail Extension Financial Plan
30 Year Operating Plan

Pro Forma - Federal Funding - Appendix 2

REVENUES		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
		50¢ Fare & Parking Increase $10								Parking Increase $15					25¢ Fare Increase	
Operating Revenues																
Baseline Revenues																
Bus & Rail Farebox Revenue		$90.6	$111.1	$112.0	$113.0	$111.6	$112.8	$114.6	$116.1	$125.3	$127.4	$129.9	$132.3	$134.1	$135.9	$136.1
STS Fare Revenue		3.9	4.1	4.3	4.4	4.6	4.7	4.9	5.1	5.3	5.5	5.7	5.9	6.1	6.3	6.5
Other Revenues (Advertising, Parking, etc.)		10.5	10.9	11.1	11.4	11.8	12.0	12.3	12.7	12.9	13.2	13.6	13.9	14.2	14.6	14.9
	Sub-Total	105.1	126.1	127.3	128.8	127.9	129.5	131.8	133.8	143.4	146.0	149.1	152.0	154.4	156.8	157.5
Grant Funds & Subsidies																
Federal																
Sec 5309 New Starts		$0.0	$65.0	$54.7	$75.0	$80.0	$85.0	$90.0	$95.0	$100.0	$100.0	$100.0	$100.0	$100.0	$100.0	$100.0
Sec 5309 Rail Modification		16.7	17.3	17.1	17.8	14.9	15.2	11.8	12.1	12.5	12.8	16.4	17.0	17.5	18.1	18.7
Sec 5309 Bus & Bus Facilities		7.5	7.8	7.0	5.9	6.1	6.3	6.5	6.7	6.9	7.2	7.4	7.7	7.9	8.2	8.4
Sec 5307 Urban Area		48.1	46.7	48.3	50.1	48.6	51.9	53.8	55.7	57.8	60.2	68.5	71.4	74.4	77.6	78.7
JARC/New Freedom		2.3	2.4	2.5	2.6	2.8	2.9	3.0	3.2	3.3	3.5	3.7	3.9	4.1	4.3	4.5
	Sub-Total	74.5	139.2	129.6	151.5	152.3	161.3	165.1	172.8	180.5	183.7	196.1	199.9	203.9	208.1	210.3
State																
Block Grant, Operating Asst, & TD		$26.0	$26.5	$27.1	$27.6	$28.2	$28.7	$29.3	$29.9	$30.5	$31.1	$31.7	$32.3	$33.0	$33.6	$34.3
Project Matching Grants		50.0	55.0	60.0	65.0	70.0	75.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	46.8
Bus Capital		1.5	1.5	6.7	5.6	0.0	6.8	10.8	9.4	9.6	8.5	7.8	2.4	2.5	2.6	2.7
FDOT PWD Reimbursement		2.0	2.0	2.0	22.0	14.5	13.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Sub-Total	79.5	85.0	95.7	120.2	112.7	124.0	120.1	119.3	120.1	119.6	119.5	114.8	115.5	116.2	83.8
Local																
PTP Surtax (Gross)		$187.5	$187.5	$190.3	$194.1	$203.8	$215.0	$226.9	$239.3	$252.5	$266.4	$281.0	$296.5	$312.8	$330.0	$348.2
Miami-Dade General Funds (3.5% MOE)		141.3	146.2	151.4	156.7	162.1	167.8	173.7	179.8	186.1	192.6	199.3	206.3	213.5	221.0	228.7
LOGT Baseline (Grows at .5%)		17.0	17.1	17.2	17.3	17.3	17.4	17.5	17.6	17.7	17.8	17.9	18.0	18.0	18.1	18.2
Tri-Rail/SFRTA General Fund Support		4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4
Interest on PTP Balance		4.0	4.0	4.1	4.1	4.3	4.6	6.0	6.4	6.7	7.1	7.5	7.9	8.3	8.8	9.3
Interest Income on Working Capital Balance		2.9	2.9	2.1	2.3	2.6	1.8	2.4	2.5	2.5	2.2	2.6	2.0	2.2	2.5	1.9
	Sub-Total	357.1	362.1	369.4	378.9	394.7	411.1	431.0	450.0	469.9	490.5	512.7	535.1	559.3	584.8	610.7
Debt Financing Proceeds																
New Sales Tax Revenue Bonds (from 'Side Calc')		$413.4	$416.4	$408.7	$37.3	$95.1	$109.9	$156.0	$111.1	$154.5	$142.3	$116.5	$94.1	$286.8	$475.5	$420.6
Commercial Paper (Borrowings in FY 2012 & 2024)		0.0	0.0	0.0	695.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Sub-Total	413.4	416.4	408.7	732.3	95.1	109.9	156.0	111.1	154.5	142.3	116.5	94.1	286.8	475.5	420.6
Enhancement Revenues																
Increase General Fund Support / Other		$0.0	$8.6	$13.6	$31.0	$50.9	$58.0	$70.6	$78.9	$87.4	$96.6	$120.0	$120.0	$135.0	$145.0	$155.8
LOGT Additional 2¢ (*Total* LOGT Grows at 0.5%) (Effective FY 2012)		0.0	0.0	0.0	11.3	11.4	11.4	11.5	11.5	11.6	11.6	11.7	11.8	11.8	11.9	11.9
Unification (Effective FY 2009)		3.3	3.9	3.9	4.0	4.0	4.1	4.1	4.2	4.2	4.3	4.3	4.4	4.4	4.5	4.6
Fare Increase (Bus, Rail, and STS) (Effective FY 2009 / 2022 / 2027 / 2032 / 2037)		24.5	27.3	28.0	31.1	33.6	33.4	32.9	32.4	34.2	34.1	33.9	34.8	35.6	46.4	48.2
Increased Parking Fees (Effective FY 2009/2017/2027)		0.6	0.7	0.7	0.6	0.6	0.6	0.6	0.6	2.0	2.1	2.4	2.4	2.4	2.4	2.5
	Sub-Total	28.5	40.5	46.2	78.0	100.6	107.6	119.7	127.7	139.4	148.8	172.3	173.3	189.3	210.2	222.9
TOTAL REVENUES		$1,058.0	$1,169.3	$1,177.0	$1,589.6	$983.3	$1,043.3	$1,123.8	$1,114.7	$1,207.8	$1,230.9	$1,266.2	$1,269.2	$1,509.2	$1,751.6	$1,705.8

REVENUES		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	Total
					25¢ Fare & Parking Increase $20					25¢ Fare Increase					25¢ Fare Increase	
Operating Revenues																
Baseline Revenues																
Bus & Rail Farebox Revenue		$145.0	$147.2	$149.0	$151.8	$153.3	$157.8	$158.2	$159.7	$160.2	$161.5	$163.0	$163.8	$165.9	$170.1	$4,009.2
STS Fare Revenue		6.8	7.0	7.2	7.4	7.7	7.9	8.2	8.5	8.7	9.0	9.3	9.6	9.9	10.2	194.3
Other Revenues (Advertising, Parking, etc.)		15.2	15.6	15.9	16.3	16.7	17.0	17.3	17.7	18.0	18.4	18.8	18.9	19.2	19.7	434.7
	Sub-Total	166.9	169.9	172.1	175.5	177.7	182.8	183.7	185.9	187.0	188.9	191.0	192.2	195.0	200.0	4,638.2
Grant Funds & Subsidies																
Federal																
Sec 5309 New Starts		$100.0	$100.0	$100.0	$100.0	$100.0	$100.0	$74.3	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$1,918.9
Sec 5309 Rail Modification		31.3	32.4	33.6	34.8	36.2	37.6	39.0	48.5	50.4	52.4	54.5	56.7	59.0	59.0	861.2
Sec 5309 Bus & Bus Facilities		8.7	9.0	9.3	9.6	9.9	10.3	10.6	10.9	11.3	11.7	12.1	12.5	12.9	13.3	259.6
Sec 5307 Urban Area		81.9	85.4	92.8	96.7	100.8	104.9	109.3	113.9	118.7	119.7	124.0	128.7	133.5	138.6	2,440.7
JARC/New Freedom		4.7	4.9	5.2	5.4	5.7	6.0	6.3	6.6	7.0	7.3	7.7	8.0	8.5	8.9	141.1
	Sub-Total	226.6	231.7	240.9	246.6	252.6	258.7	239.5	179.9	187.3	191.1	198.2	205.9	213.8	219.8	5,621.5
State																
Block Grant, Operating Asst, & TD		$35.0	$35.7	$36.4	$37.1	$37.9	$38.6	$39.4	$40.2	$41.0	$41.8	$42.7	$43.5	$44.4	$45.3	$1,009.0
Project Matching Grants		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,061.8
Bus Capital		5.1	5.3	13.8	12.1	3.1	14.3	21.0	11.8	12.1	10.2	8.9	0.0	0.0	0.0	196.0
FDOT PWD Reimbursement		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	56.0
	Sub-Total	40.1	41.0	50.3	49.2	41.0	52.9	60.4	52.0	53.1	52.0	51.5	43.5	44.4	45.3	2,322.7
Local																
PTP Surtax (Gross)		$367.3	$387.5	$408.8	$431.3	$455.0	$480.1	$506.5	$534.3	$563.7	$594.7	$627.4	$661.9	$698.3	$736.7	$11,185.6
Miami-Dade General Funds (3.5% MOE)		236.7	245.0	253.6	262.5	271.6	281.2	291.0	301.2	311.7	322.6	333.9	345.6	357.7	370.2	6,911.1
LOGT Baseline (Grows at .5%)		18.3	18.4	18.5	18.6	18.7	18.8	18.9	19.0	19.1	19.2	19.3	19.4	19.5	19.5	529.1
Tri-Rail/SFRTA General Fund Support		4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	127.6
Interest on PTP Balance		9.8	10.3	10.9	11.5	12.1	12.8	13.5	14.2	15.0	15.9	16.7	17.7	18.6	19.6	292.0
Interest Income on Working Capital Balance		1.9	2.3	2.0	2.0	2.9	4.6	1.8	2.1	1.7	1.9	2.0	1.2	5.9	14.7	82.5
	Sub-Total	638.4	667.9	698.3	730.3	764.8	801.8	836.0	875.2	915.7	958.7	1,003.8	1,050.2	1,104.4	1,165.2	19,127.9
Debt Financing Proceeds																
New Sales Tax Revenue Bonds (from 'Side Calc')		$234.6	$0.0	$28.6	$8.6	$0.0	$148.3	$183.0	$118.3	$136.7	$74.5	$83.9	$0.0	$0.0	$0.0	$4,454.6
Commercial Paper (Borrowings in FY 2012 & 2024)		520.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,215.0
	Sub-Total	754.6	0.0	28.6	8.6	0.0	148.3	183.0	118.3	136.7	74.5	83.9	0.0	0.0	0.0	5,669.6
Enhancement Revenues																
Increase General Fund Support / Other		$170.7	$204.8	$242.2	$265.0	$285.0	$320.0	$340.0	$365.0	$365.9	$375.0	$381.5	$416.2	$293.2	$289.2	$5,485.3
LOGT Additional 2¢ (*Total* LOGT Grows at 0.5%) (Effective FY 2012)		12.0	12.1	12.1	12.2	12.2	12.3	12.4	12.4	12.5	12.5	12.6	12.7	12.7	12.8	312.9
Unification (Effective FY 2009)		4.6	4.6	4.7	4.7	4.7	4.8	4.8	4.8	4.8	4.9	4.9	4.9	5.0	5.0	129.6
Fare Increase (Bus, Rail, and STS) (Effective FY 2009 / 2022 / 2027 / 2032 / 2037)		53.6	56.5	59.0	74.6	76.6	78.6	78.7	80.1	99.9	102.1	104.4	105.9	108.1	127.9	1,716.6
Increased Parking Fees (Effective FY 2009/2017/2027)		2.4	2.6	2.8	5.1	5.2	5.2	5.2	5.2	5.3	5.3	5.4	5.4	5.4	5.4	87.2
	Sub-Total	243.3	280.6	320.9	361.5	383.8	420.9	441.0	467.6	488.4	499.9	508.8	545.1	424.4	440.4	7,731.6
TOTAL REVENUES		$2,069.9	$1,391.1	$1,511.0	$1,571.8	$1,619.8	$1,865.4	$1,943.7	$1,878.9	$1,968.1	$1,965.0	$2,037.3	$2,036.9	$1,982.0	$2,070.6	$45,111.4

OPERATING EXPENSES		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Direct Operating Expenses																
Metrobus (incl. hybrid impact)		$274.7	$282.1	$286.6	$294.5	$306.1	$311.6	$320.4	$339.0	$354.2	$372.9	$395.8	$417.0	$441.1	$468.1	$492.2
Metrorail		77.3	80.5	83.0	107.6	112.4	115.8	120.7	125.5	206.9	214.6	224.1	232.6	241.6	251.0	259.4
Metromover		18.9	19.7	20.4	21.6	22.6	23.3	24.3	25.4	26.7	27.7	29.4	30.6	31.8	33.1	34.3
STS		55.4	50.2	53.7	57.8	62.3	66.1	70.8	75.7	80.1	85.1	91.0	96.1	101.9	108.2	114.0
Exec Benefits & Flex Dollars		3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
	Sub-Total	429.7	435.8	447.1	484.9	506.8	520.2	539.6	569.0	671.2	703.7	743.7	779.7	819.8	863.8	903.4
Other Operating Expenses																
Municipal Contribution		$37.5	$37.5	$38.1	$38.8	$40.8	$43.0	$34.0	$23.9	$12.6	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
CITT Staff		2.1	2.2	2.2	2.3	2.4	2.4	2.5	2.6	2.7	2.8	2.8	2.9	3.0	3.1	3.2
Tri-Rail/SFRTA Contribution		6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4
General Fund Loan Payback		6.3	6.3	6.3	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PWD Project O&M Expenses		2.5	2.6	2.7	2.7	2.8	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.6	1.6	1.7
	Sub-Total	54.9	55.0	55.7	55.3	52.4	53.2	44.3	34.3	23.2	10.7	10.8	10.9	11.0	11.2	11.3
Capital Expenses																
Rail Service Expansion Projects (Orange Line)																
Phase 1: MIC-Earlington Heights		$132.1	$139.2	$130.2	$38.4	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
MIC Bus Plaza		11.8	18.9	2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Phase 2: North Corridor		36.8	99.5	88.5	238.0	334.2	326.2	140.9	74.8	36.8	0.0	0.0	0.0	0.0	0.0	0.0
Phase 3: East-West		2.4	4.1	6.1	9.7	10.3	11.9	11.0	62.5	100.9	100.1	124.4	218.1	424.4	592.4	531.1
Capital Improvement Program (2008-14)		150.3	98.8	112.2	92.1	97.0	174.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Infrastructure Renewal Program (Existing System)		53.6	76.3	63.9	61.4	24.3	15.3	58.3	52.0	78.4	83.2	86.4	49.0	31.2	33.7	31.5
Infrastructure Renewal Program (Orange Line)		0.0	0.0	1.0	0.0	0.0	0.1	30.5	25.2	45.1	76.0	30.1	0.3	4.5	22.4	3.2
Bus Acquisition/Renewal/Replacement		14.7	14.9	66.8	55.6	0.0	67.9	108.4	93.7	96.1	85.2	77.9	24.2	25.0	25.8	26.7
Public Works Projects		77.3	100.7	94.0	57.5	17.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Sub-Total	479.0	552.4	565.1	552.6	483.7	595.7	349.1	308.2	357.3	344.6	318.8	291.6	485.0	674.3	592.5
Debt Service Expenses																
Existing Debt Svc & GE Lease		11.7	11.6	11.6	7.3	7.3	2.5	2.5	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial Paper (15 year interest and 30 yr repayment)		0.0	0.0	0.0	0.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Municipal Bonds (When Muni 20% Eliminated) (Effective 2015 thru 2055)		0.0	0.0	0.0	0.0	0.0	0.0	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4
Series 2006 & 2008 Surtax Bonds		32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6
New Surtax Bond Debt Svc (15 year interest and 40 yr repayment)		21.5	43.1	64.4	66.3	71.3	77.0	85.1	90.9	98.9	106.3	112.4	117.3	132.2	156.9	178.8
	Sub-Total	65.7	87.4	108.6	106.2	136.2	137.1	155.6	161.4	166.9	174.3	180.4	185.3	200.2	224.9	246.8
TOTAL EXPENSES		$1,029.3	$1,130.5	$1,176.5	$1,199.0	$1,179.1	$1,306.2	$1,088.6	$1,072.8	$1,218.6	$1,233.2	$1,253.7	$1,267.5	$1,516.0	$1,774.3	$1,753.9
Year End Revenue-Expenditure Gap		$28.7	$38.8	$0.5	$390.7	($195.8)	($262.8)	$35.2	$41.8	($10.8)	($2.3)	$12.5	$1.7	($6.8)	($22.6)	($48.1)
Running Balance		$38.0	$67.5	$68.0	$458.7	$262.9	$0.1	$35.2	$77.1	$66.3	$64.0	$76.5	$78.2	$71.4	$48.8	$0.7

OPERATING EXPENSES		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	Total
Direct Operating Expenses																
Metrobus (incl. hybrid impact)		$517.5	$548.4	$575.6	$606.7	$640.6	$673.4	$706.1	$731.3	$752.2	$776.5	$802.3	$818.9	$842.6	$875.1	$15,223.4
Metrorail		319.8	333.5	345.1	357.9	372.0	385.3	397.6	413.4	426.0	441.6	458.3	470.4	486.2	505.4	8,165.3
Metromover		36.6	38.2	39.7	41.2	42.9	44.6	46.2	48.2	49.7	51.6	53.7	55.3	57.4	59.7	1,054.8
STS		120.0	127.1	133.2	140.3	147.9	155.5	162.7	171.0	178.4	186.7	195.3	201.6	209.8	220.9	3,519.0
Exec Benefits & Flex Dollars		3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	99.0
	Sub-Total	997.3	1,050.7	1,096.9	1,149.5	1,206.8	1,262.2	1,316.0	1,367.3	1,409.7	1,459.9	1,513.0	1,549.7	1,599.5	1,664.5	28,061.5
Other Operating Expenses																
Municipal Contribution		$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$306.2
CITT Staff		3.3	3.4	3.5	3.6	3.7	3.8	3.9	4.0	4.2	4.3	4.4	4.6	4.7	4.8	95.5
Tri-Rail/SFRTA Contribution		6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	186.8
General Fund Loan Payback		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23.9
PWD Project O&M Expenses		1.7	1.8	1.9	1.9	2.0	2.0	2.1	2.1	2.2	2.3	2.3	2.4	2.5	2.6	58.0
	Sub-Total	11.5	11.6	11.8	11.9	12.1	12.3	12.5	12.6	12.8	13.0	13.2	13.4	13.6	13.8	670.4
Capital Expenses																
Rail Service Expansion Projects (Orange Line)																
Phase 1: MIC-Earlington Heights		$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$439.8
MIC Bus Plaza		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	33.1
Phase 2: North Corridor		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,375.6
Phase 3: East-West		241.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,450.5
Capital Improvement Program (2008-14)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	724.5
Infrastructure Renewal Program (Existing System)		107.0	68.6	19.9	15.5	50.5	106.2	52.3	5.5	3.0	6.6	5.9	8.1	14.2	15.4	1,277.4
Infrastructure Renewal Program (Orange Line)		112.5	1.9	3.3	4.3	8.5	35.0	38.4	28.6	45.6	0.5	22.7	1.2	4.5	7.0	552.4
Bus Acquisition/Renewal/Replacement		51.0	52.9	138.3	120.8	31.4	142.9	210.0	118.0	120.8	101.9	88.7	0.0	0.0	0.0	1,959.6
Public Works Projects		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	347.4
	Sub-Total	511.8	123.4	161.5	140.6	90.4	284.1	300.7	152.1	169.4	109.0	117.2	9.3	18.7	22.5	9,160.3
Debt Service Expenses																
Existing Debt Svc & GE Lease		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	$57.0
Commercial Paper (15 year interest and 30 yr repayment)		25.0	43.0	63.0	63.0	63.0	63.0	63.0	63.0	78.0	78.0	78.0	78.0	78.0	78.0	1,189.0
Municipal Bonds (When Muni 20% Eliminated) (Effective 2015 thru 2055)		10.4	10.4	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	7.0	7.0	5.2	5.2	220.1
Series 2006 & 2008 Surtax Bonds		32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	32.6	20.6	932.7
New Surtax Bond Debt Svc (15 year interest and 40 yr repayment)		199.5	207.8	210.0	212.4	214.7	225.6	237.3	246.6	256.6	262.9	269.2	275.0	284.7	293.3	4,818.1
	Sub-Total	267.4	293.8	315.8	318.1	320.4	331.3	343.1	352.4	377.4	383.6	386.8	392.6	400.5	397.1	7,217.0
TOTAL EXPENSES		$1,788.0	$1,479.5	$1,586.0	$1,620.2	$1,629.7	$1,889.9	$1,972.2	$1,884.4	$1,969.3	$1,965.5	$2,030.2	$1,965.0	$2,032.3	$2,097.9	$45,109.2
Year End Revenue-Expenditure Gap		$281.9	($88.4)	($75.0)	($48.4)	($9.9)	($24.5)	($28.5)	($5.5)	($1.2)	($0.5)	$7.1	$71.9	($50.3)	($27.3)	$2.2
Running Balance		$282.6	$194.2	$119.2	$70.8	$60.9	$36.5	$8.0	$2.5	$1.3	$0.8	$7.9	$79.8	$29.5	$2.2	

20