



Review of the Miami-Dade Transit Pro Forma

Miami-Dade Citizens' Independent
Transportation Trust

August 31, 2011

Infrastructure Management Group &
Planning and Economics Group





Project Overview

- The IMG Team was tasked by CITT to review and analyze the Miami-Dade Transit (MDT) 2011-12 Pro Forma (the Pro Forma).
- Tasks include:
 - Detailed review of the Pro Forma
 - Assess the reasonableness of its assumptions
 - Build a spreadsheet model to validate Pro Forma results
 - Conduct sensitivity and scenario analysis
 - Develop a report detailing the findings of the analysis.
- This presentation highlights the findings of our analysis.



Key Findings

1. MDT faces a significant operating challenge
 - Tight budgets that rely on new revenue to fill gaps
 - Annual cash flow is negative in seven years
 - Minimum debt service coverage ratio of 1.24X for PTP bonds violates bond covenant thresholds of 1.50X (sr. debt) and 1.25X (sub debt)
 - Debt coverage based only on Surtax revenue and does not account for MDT operating costs or
2. Many key growth assumptions are more optimistic than historic results
3. Long term capital program is a placeholder based on available funds
4. Beginning in 2014, some capital expenditures (or bus leases) must be deferred (cumulative deferrals exceed \$206 M in 2020)



MDT Pro Forma Key Assumptions

- Surtax revenue long-term growth rate of 4.5% (3% from 2013-2016)
- Assumes “proposed” revenue sources such as:

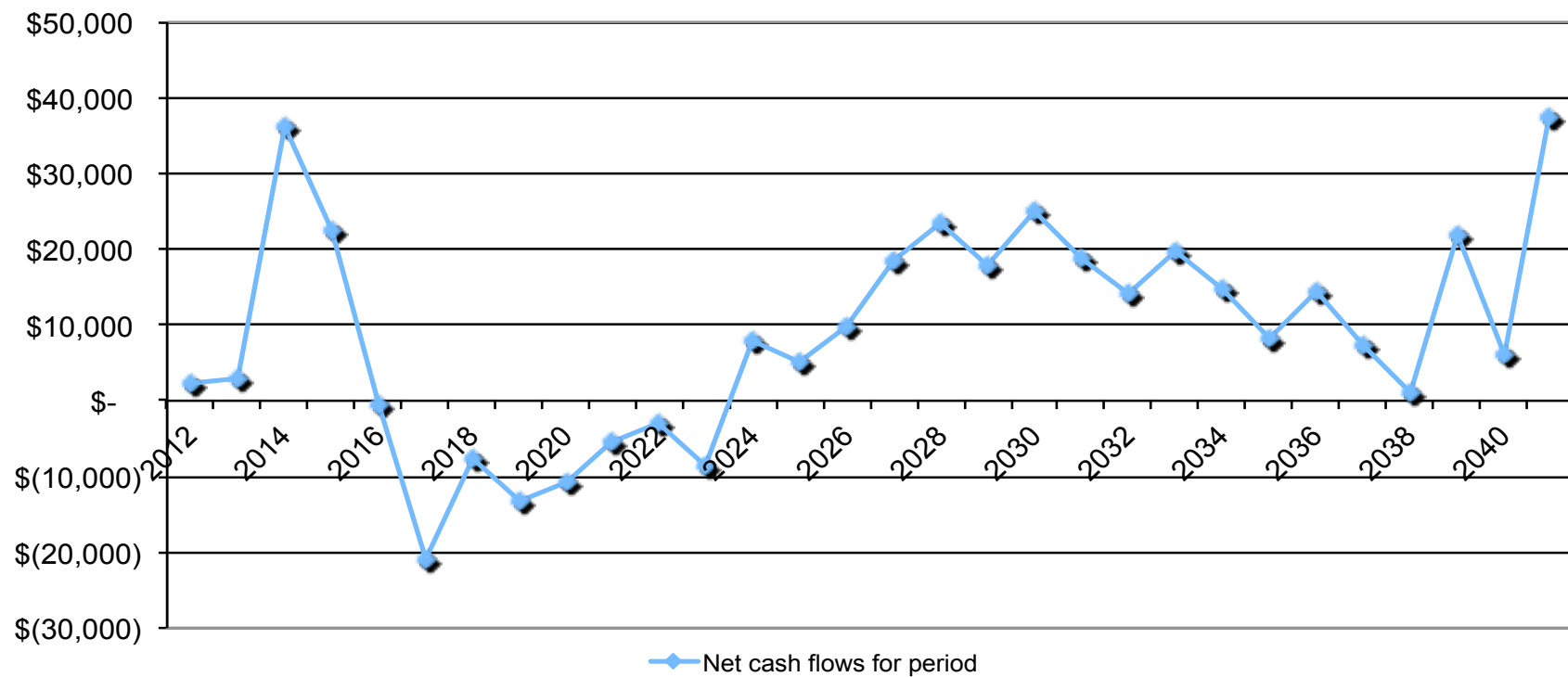
Revenue Source	2014 Impact	30-Year Impact
Fare Increase	\$13.5 million	\$ 1.68 billion
LOGT 2 Cents	\$11.8 million	\$800 million
Additional Mil	\$26.0 million	\$1.2 billion

- Constant levels of employment and bus service over 30-year forecast period (29.2 million revenue miles for bus), but reduced employee benefits.
- Average annual growth rate for MDT operating expenses of 3.6%
- Bus leasing removes cost from debt service



Pro Forma Summary: Net Cash Flows

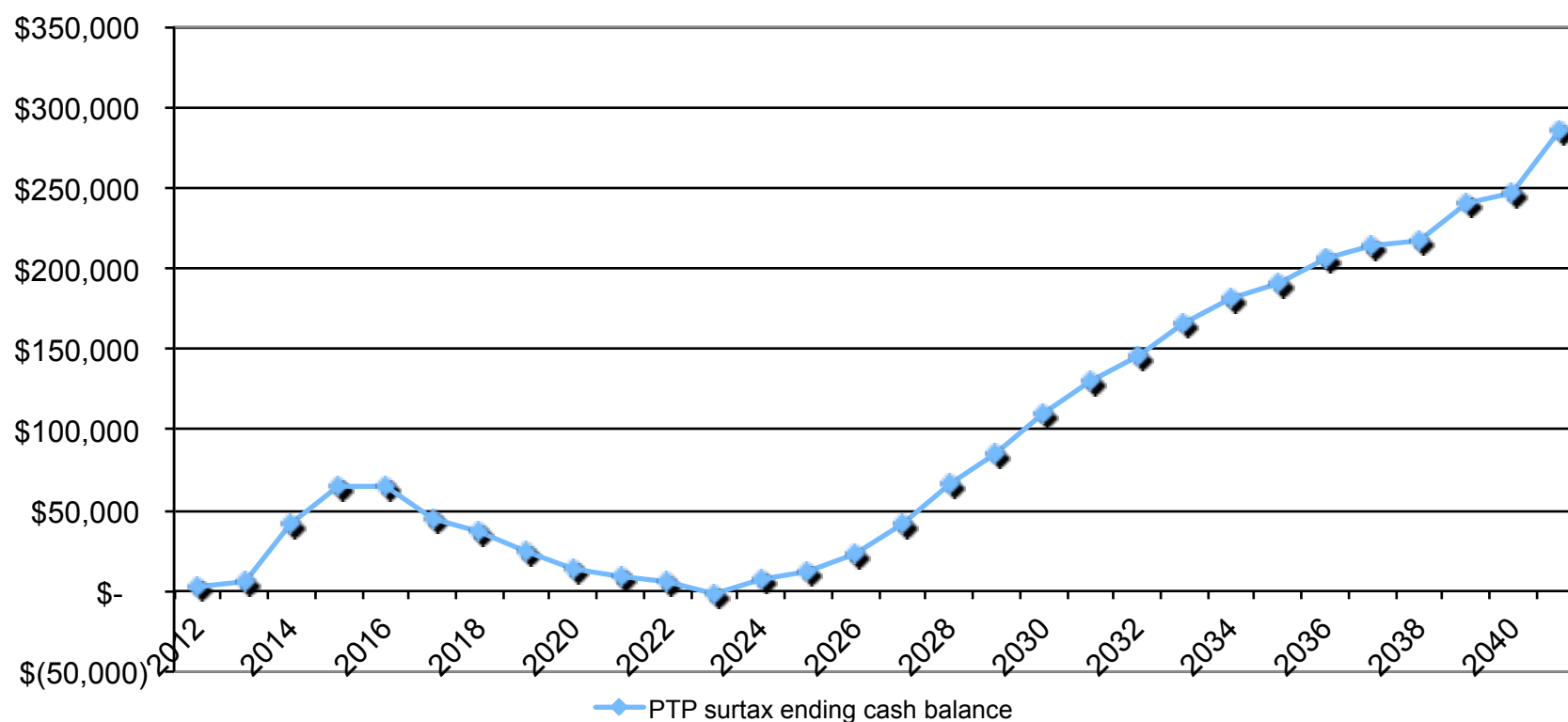
Net Cash Flows (\$000s)





Pro Forma Summary: Cash Balance

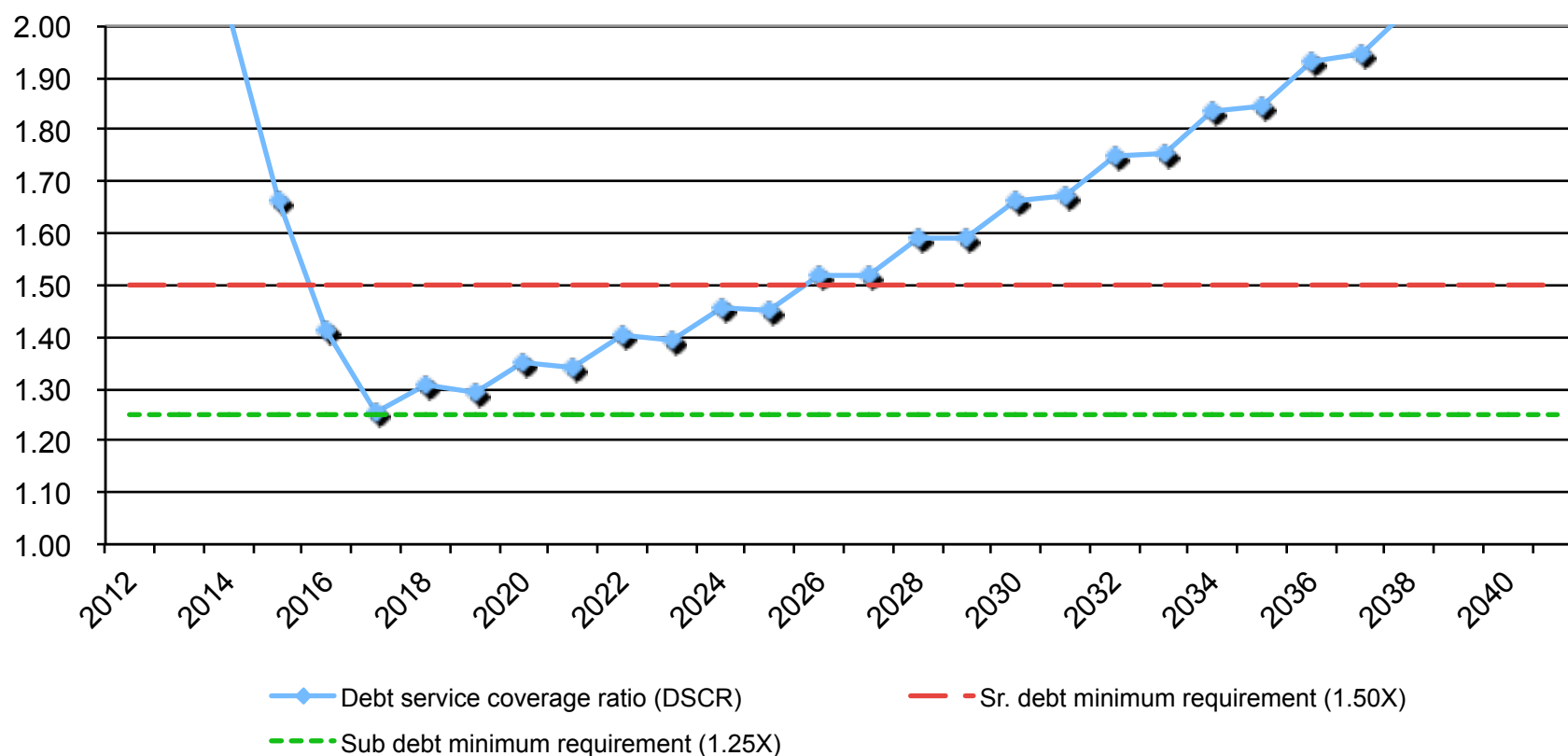
PTP Surtax Cash Balance (\$000s)





Pro Forma Summary: Debt Service Coverage

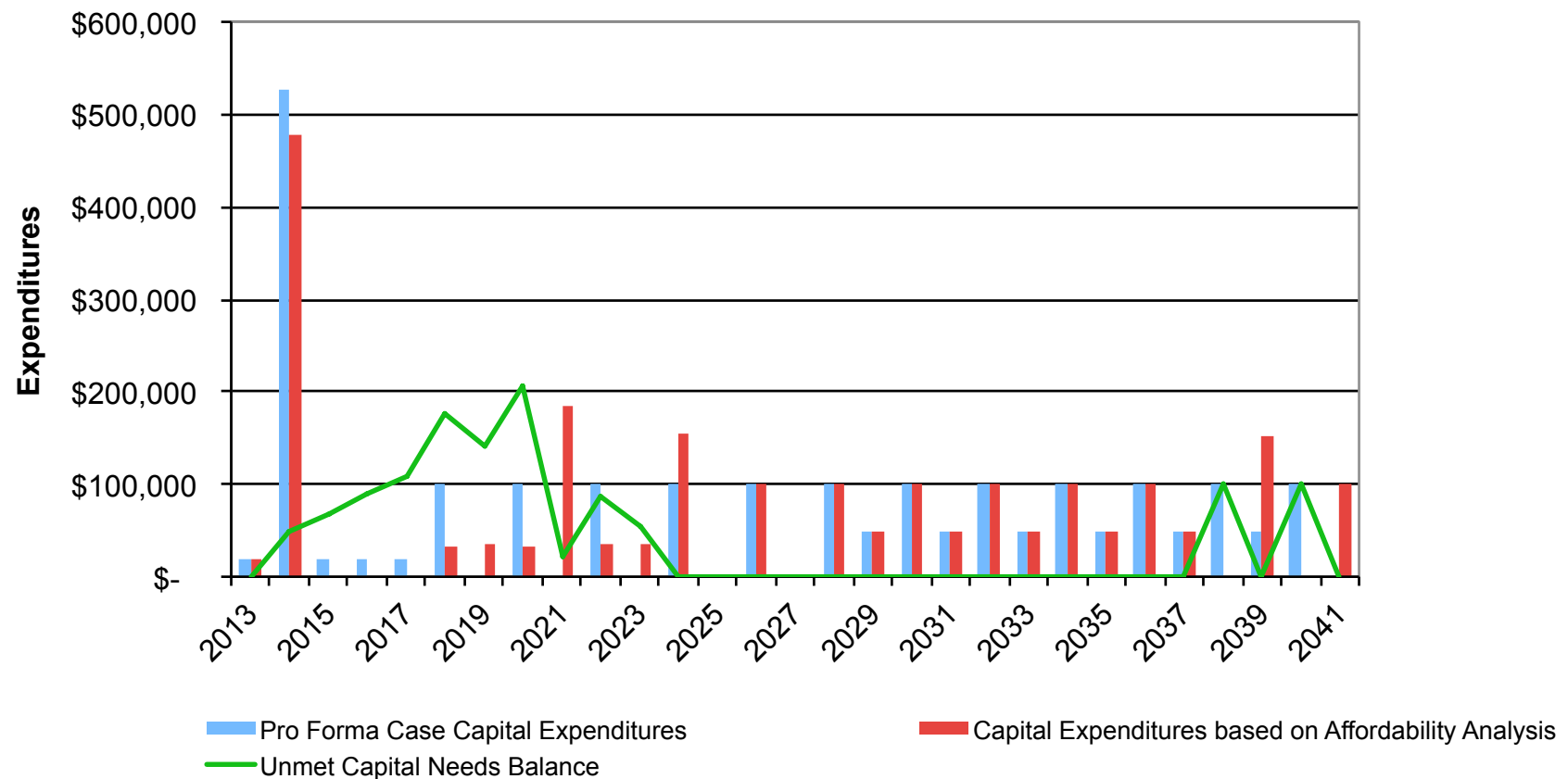
Debt Service Coverage Ratio (DSCR)



Capital Affordability Analysis: All PTP Operating Cash Flow and Payment of All Debt Service



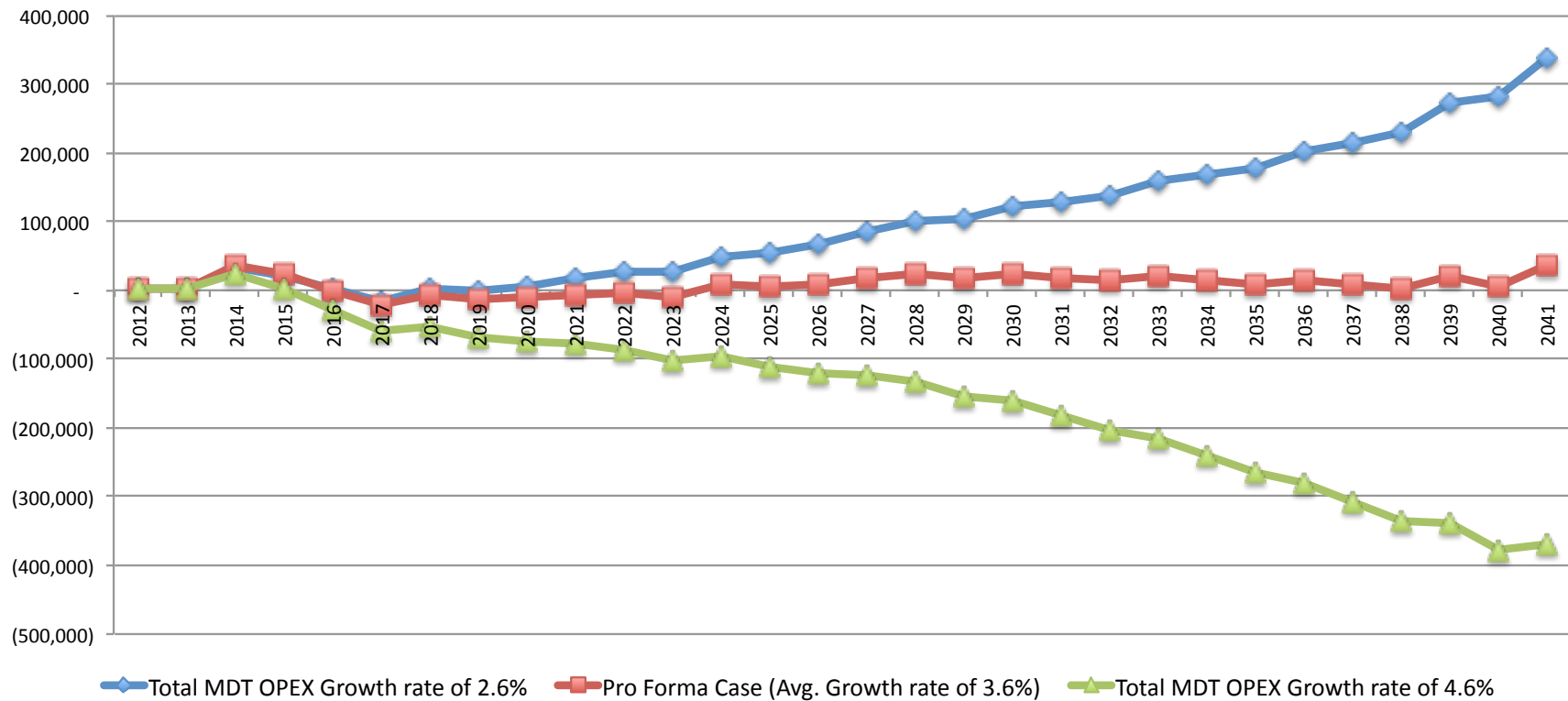
Capital Affordability Analysis (\$000s) - All PTP Cash Flow Driven



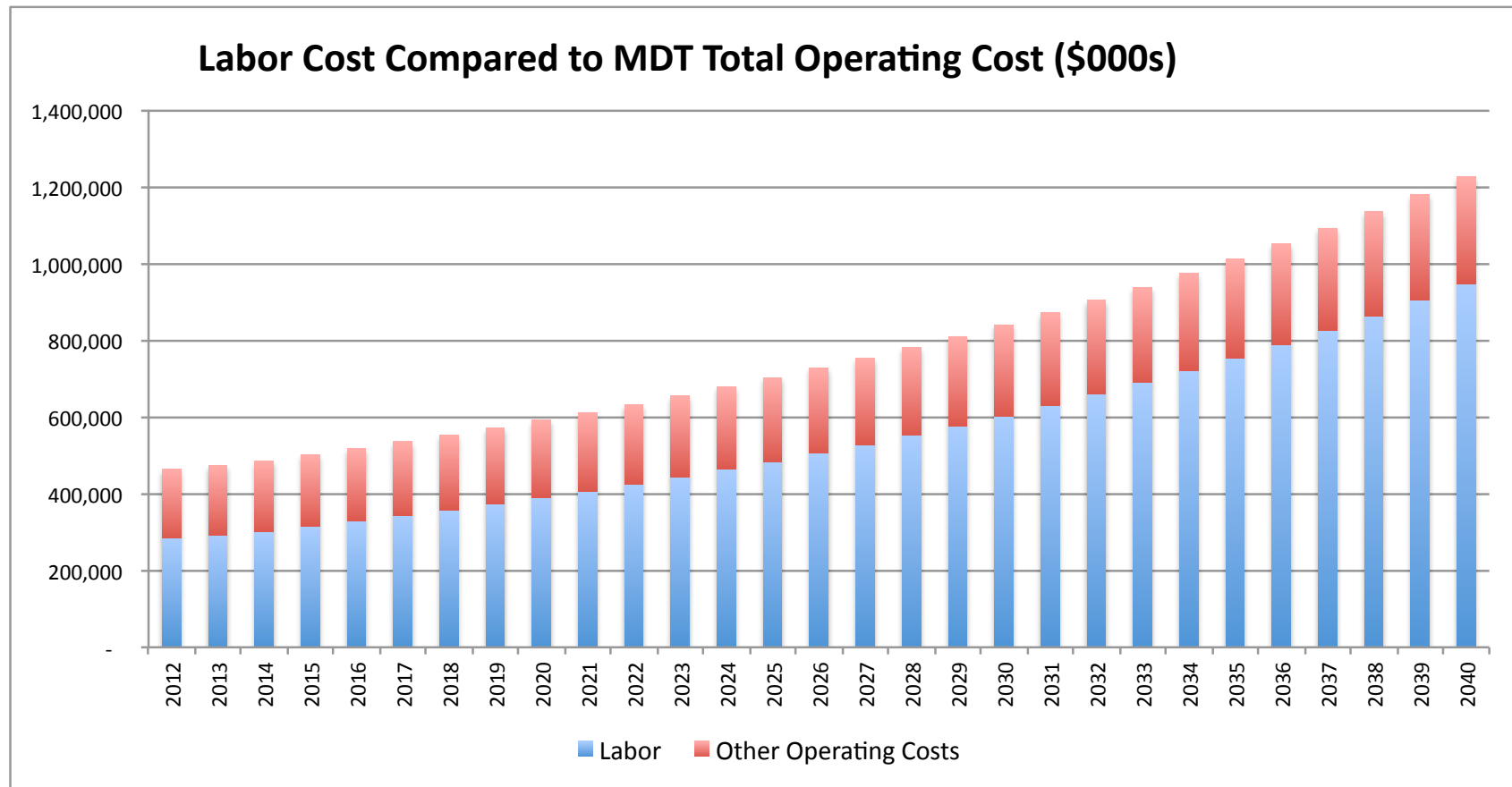


Holding the Line on Operating Costs is Critical

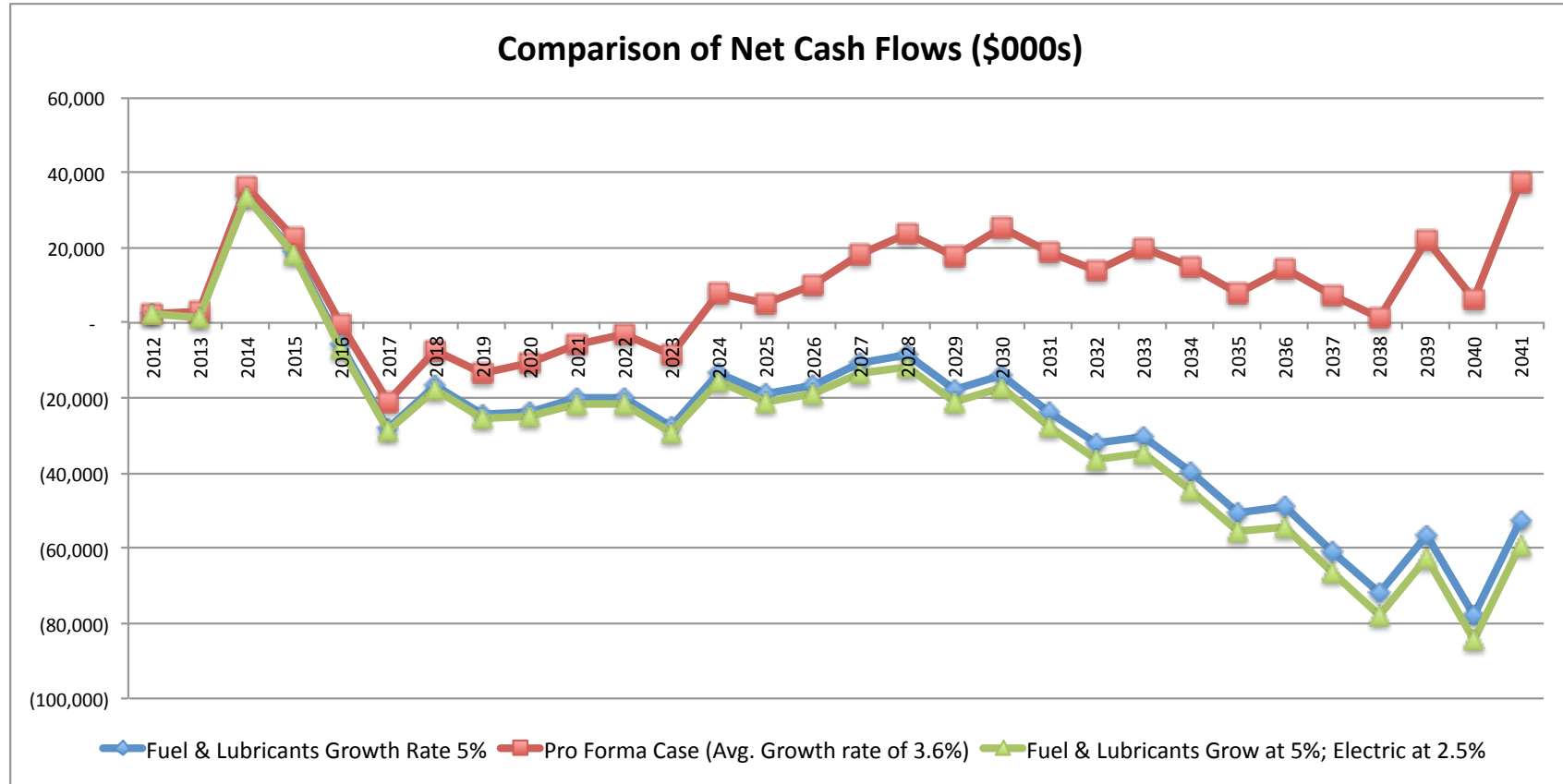
Comparison of Net Cash Flows (\$'000s)



Labor Costs are Projected to Rise From 62% of MDT Operating Cost to 77%



Fuel and Electric Costs May Exceed the Pro Forma Forecast

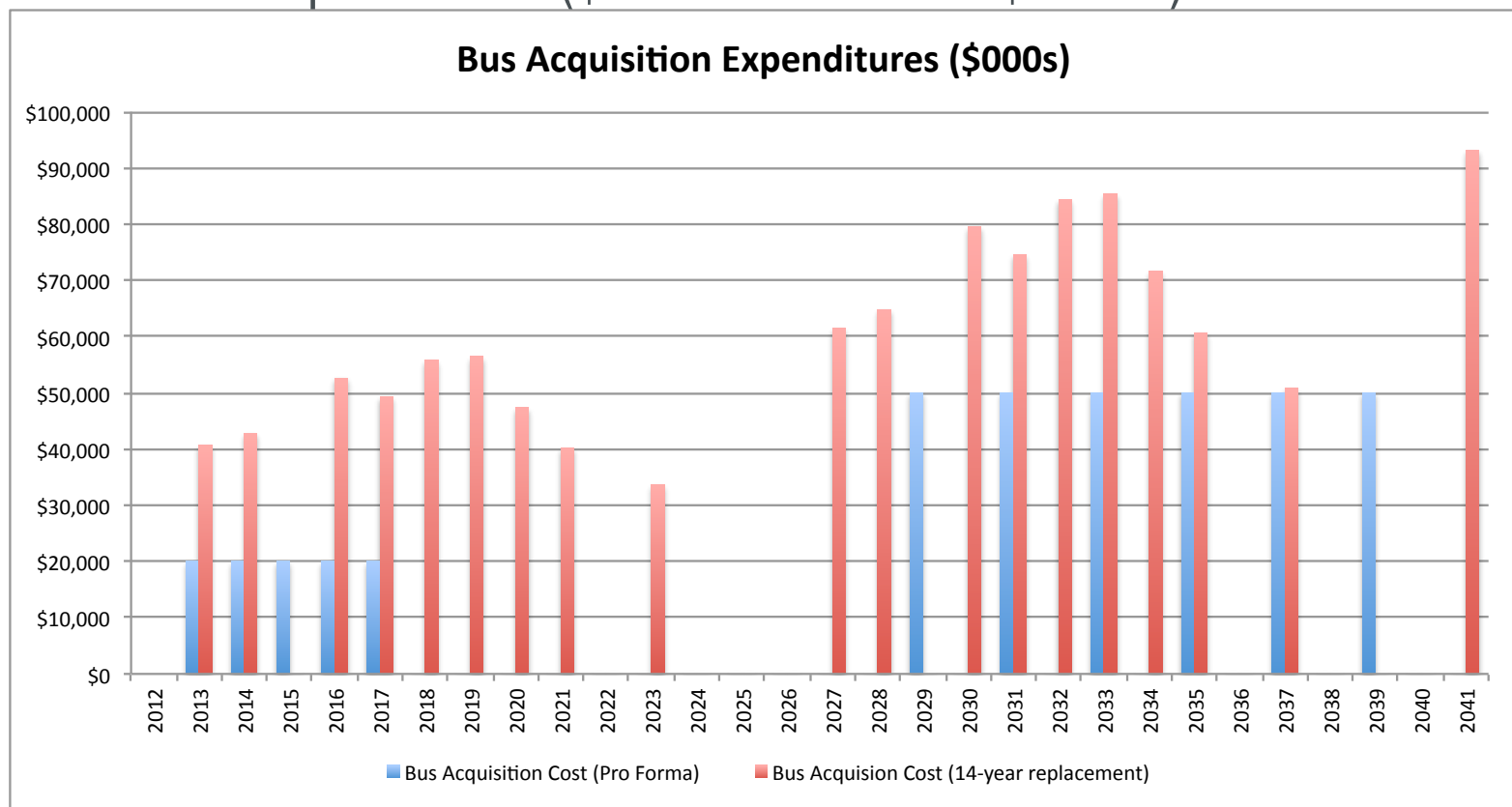


Note: 15-year historical average growth has been around 7% for fuel and 2.5% for electricity (industrial sector)

Bus Replacement Based on Existing Bus Fleet Schedule Differs from the Pro Forma



- Based on 14-year life, replacement needs are triple the Pro Forma bus lease expenditures (\$1.24 B instead of \$400 M)



Next Steps



- Receive CITT feedback
- Finalize report