




Review of the Miami-Dade Transit Pro Forma


Miami-Dade Citizens' Independent
Transportation Trust

September 6, 2012



Infrastructure Management Group &
Planning and Economics Group


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Project Overview



- The IMG Team was tasked by CITT to review and analyze the Miami-Dade Transit (MDT) 2012-13 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.


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Key Findings



1. MDT still faces significant operating challenges
 - Tight budgets that rely on new revenue to fill gaps
 - Annual cash flow negative in seven years–FY 2017 through FY 2023
 - Minimum debt service coverage ratio of 1.39X for PTP bonds violates bond covenant thresholds of 1.50X (sr. debt) and 1.25X (sub debt) – FY 2017 through FY 2023
 - Debt coverage based only on Surtax revenue and does not account for MDT operating costs
2. Collective bargaining agreements negotiated last year continue to be in effect. However, a 4 percent group health insurance contribution and other employee benefits need to be resolved before FY 2013.
3. Long term capital program is a placeholder based on available funds
4. Beginning in 2016, some capital expenditures (or bus leases) must be deferred (cumulative deferrals exceed \$216 M in 2017)



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MDT Pro Forma Key Assumptions



- Surtax revenue long-term growth rate of 4.5% (3.00% from 2014-2017)
- Assumes “proposed” revenue sources such as:

Revenue Source	FY 2014 Impact	FY 2015 Impact	30-Year Impact
Fare Increase	\$11.8 million	\$11.9 million	\$1.6 billion
LOGT 2 Cents	\$10.1 million	\$13.5 million	\$400 million
Additional Mil (or other General Fund)	\$33.7 million	\$33.9 million	\$1.5 billion

- Constant levels of employment and bus service over 30-year forecast period (3,235 MDT employees).
- Average annual growth rate for MDT operating expenses of 3.5%
- Bus leasing removes cost from debt service



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MDT Pro Forma Key Assumptions and Changes 2011-2013



Variable	Assumption		
	FY 2011	FY 2012	FY 2013
Fare Increases	Fare increases in 2013 and 2017 and every 3 years thereafter; each fare increase is \$0.25	Fare increases in 2014 and 2018 and every 3 years thereafter; each fare increase is \$0.25	Unchanged from FY 2012.
Surtax Revenue Growth	Surtax revenue growth rate of 1.00 percent in FY 2011, 3.00 percent in FY 2012, and 5.00 percent per year thereafter	Surtax revenue growth rate of 4.50 percent in 2012, 3.00 percent for 2013-2016, and 4.50 percent thereafter	Surtax revenue growth rate of 2.13 percent in 2013, 3.00 percent for 2014-2017, and 4.50 percent thereafter.
Proposed Revenue Sources	Includes "proposed" revenue sources such as 2 cents of Local Option Gas Tax and additional mill revenue	Unchanged from FY 2011	Unchanged from FY 2012.
Bus Operating Level	Assumes constant levels of employment and bus service over 30-year forecast period (29.1 million revenue miles for bus)	Unchanged from FY 2011 - Except assumes 29.2 million revenue miles for bus	Assumes constant level of employment (3235 employees until 2040) and bus service over 30-year forecast period (29.1 million revenue miles for bus)
OPEX Growth	Average annual growth rate for MDT operating expenses of 3.6 percent	Unchanged from FY 2011	Fuel and Energy increase at 1.5% in FY 2013, 1.8% in FY 2014, 2.0% in FY 2015, 2.2% in FY 2016 and 2.5% for the study period of 30 years.
Rail and Public Works Department (PWD) Finance	Financed with 30-year debt at 6% interest rate	Unchanged from FY 2011	Unchanged from FY 2012.
Bus Financing	Replacement buses financed with long term debt - 30 years at 6 percent interest rate	Replacement buses financed as 10-year lease-to-own at 6% interest rate	Unchanged from FY 2012.



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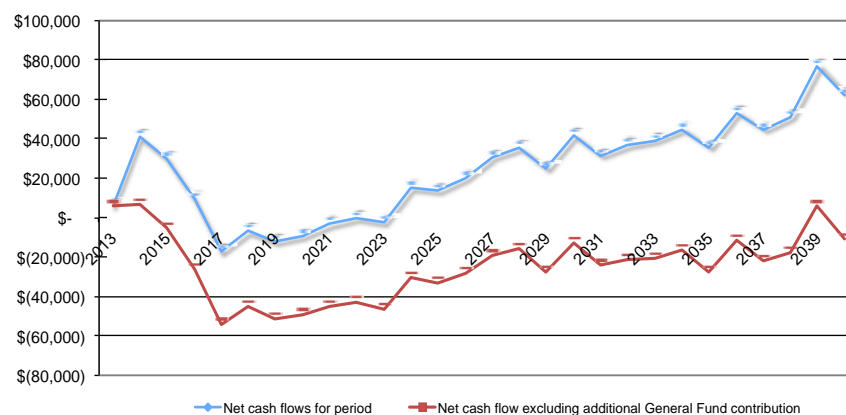


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Pro Forma Summary: Net Cash Flows



Net Cash Flows (\$000s)



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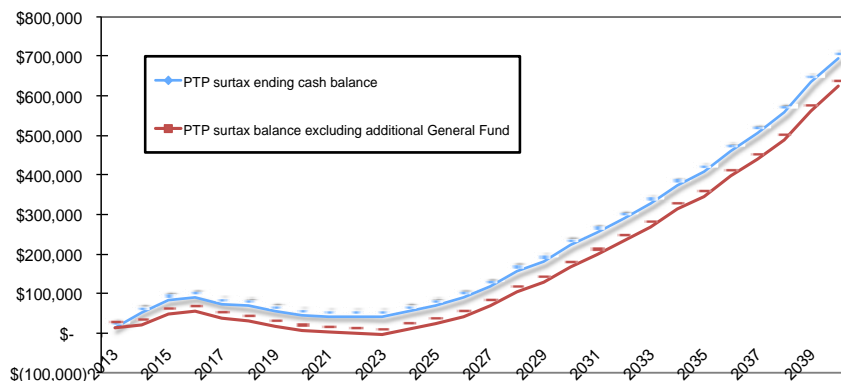


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Pro Forma Summary: Cash Balance



PTP Surtax Cash Balance (\$000s)



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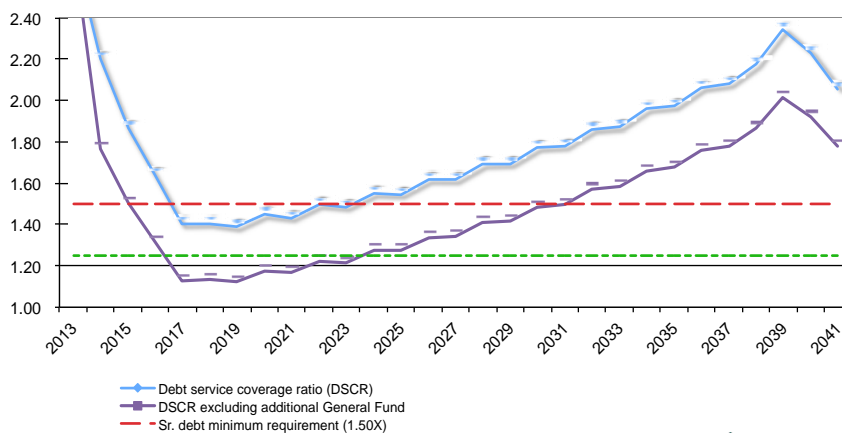


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Pro Forma Summary: Debt Service Coverage



Debt Service Coverage Ratio (DSCR)



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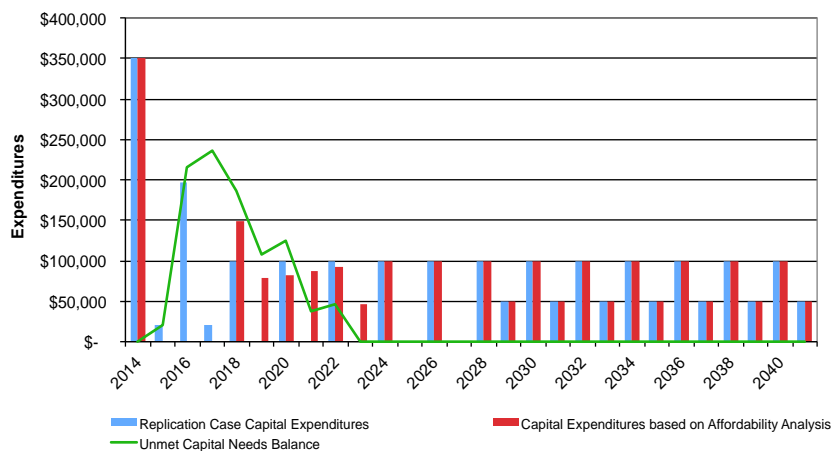


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Capital Affordability Analysis: All PTP Operating Cash Flow and Payment of All Debt Service



Capital Affordability Analysis (\$000s) - PTP Surtax Coverage Driven



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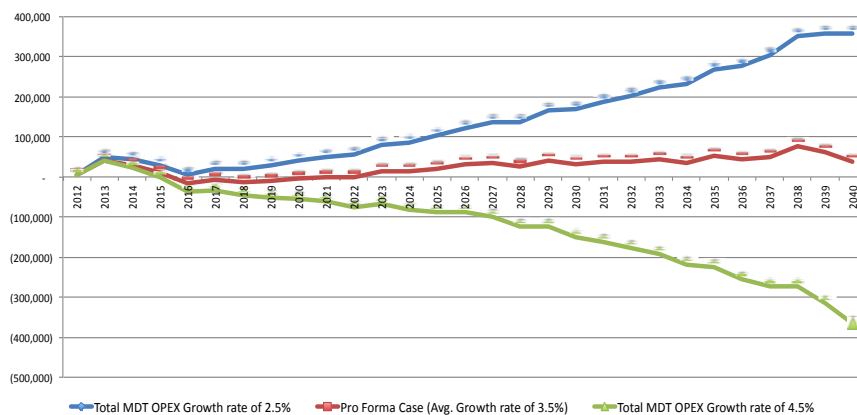


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Holding the Line on Operating Costs is Critical



Comparison of Net Cash Flows (\$000s)



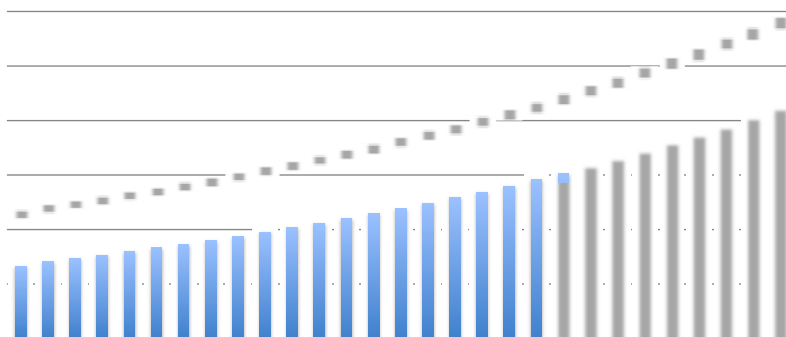
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Labor Costs are Projected to Rise From 59% of MDT Operating Cost to 72%



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