



# Orange County Transportation Authority Fiscal Year 2009-10 Transit Budget Assumptions



Board of Directors Meeting  
March 23, 2009

# Jan 28<sup>th</sup> Budget Assumptions

- State Transit Assistance Assumption
  - Eliminated for FY 2010 and beyond
- Sales Tax Assumption
  - FY 2009 @ -5%, FY 2010 @ -2%, FY2011 @ 5.02%
- Merit/Special Award Assumption
  - 0% for FY 2010
- Fuel Prices – 6 month average
  - Diesel \$2.72/gallon
  - Liquefied Natural Gas \$0.74/gallon
  - Compressed Natural Gas \$0.76/Therm
- Property Tax
- Alternative Fuel Credit
  - Scheduled to Expire December 2009

# 10 percent Reductions

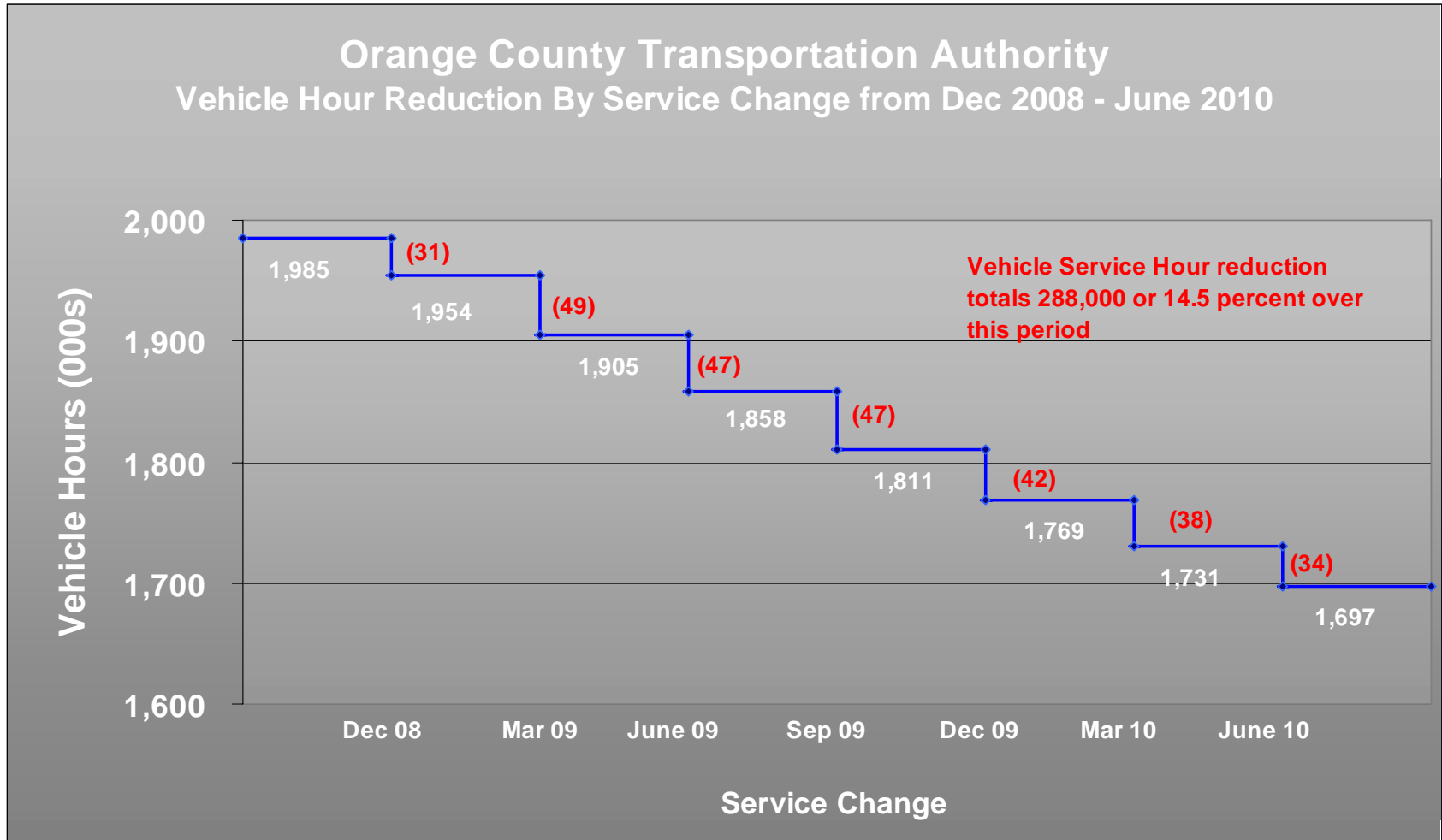
## Action Steps

- Bus Service Reductions (Coach Operator Attrition Model)
- Reduce Professional/Outside Service Budget Line items
- Capital Projects – \$50k local funding limit
- Fuel Prices – 6 month average
- Hiring Freeze – 100% Vacancy for non-funded positions
- Employee Suggestions being evaluated

## Challenges

- ACCESS Cost/Demand
- Contracted Fixed Route
- Union Contracts
- Administrative Building Lease
- Utilities

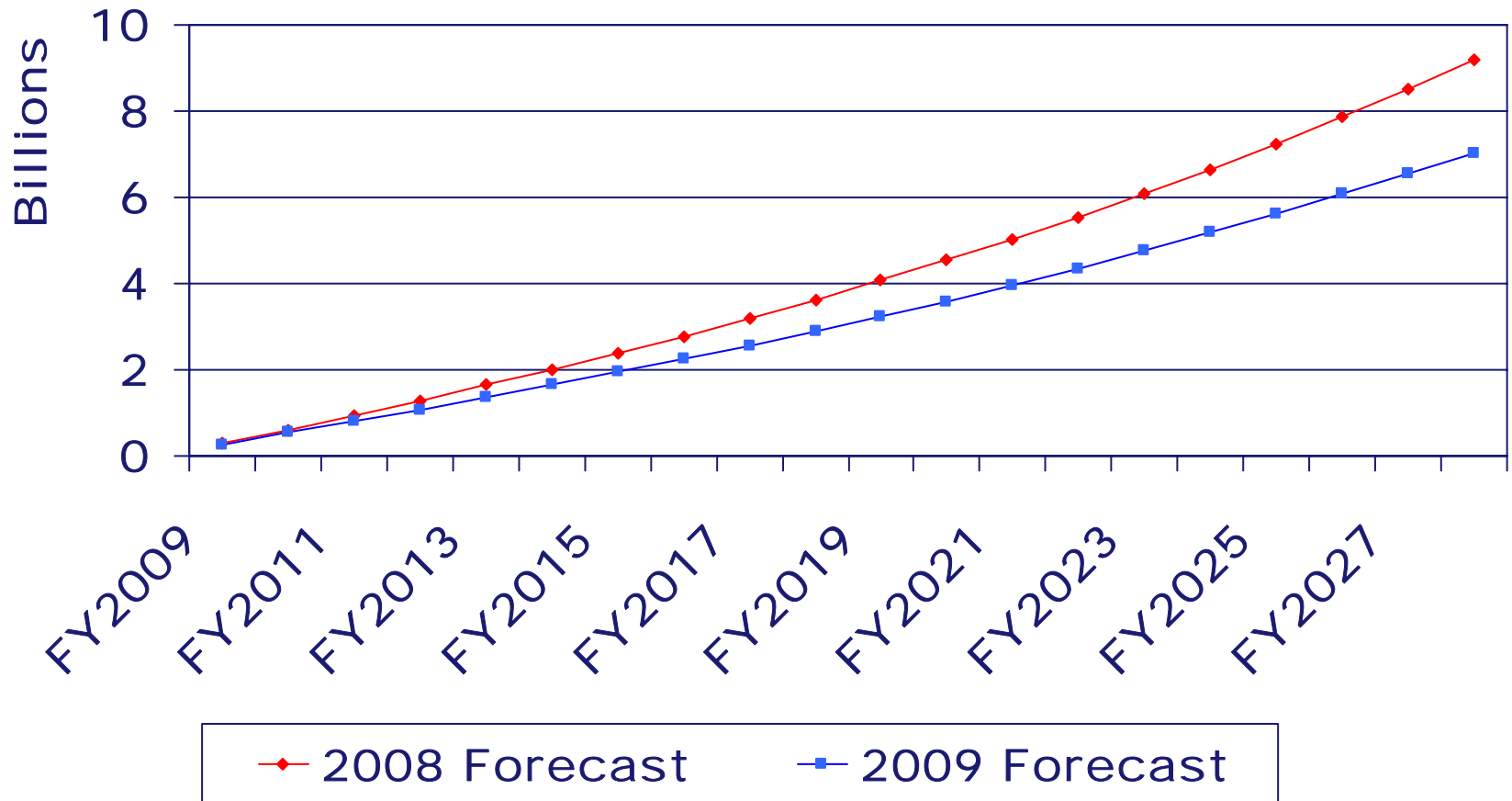
# Service Reduction by Attrition



# March Budget Assumptions

- **State Transit Assistance Assumption**
  - \$8.4 million in FY 2009
  - Eliminated for FY 2010 and beyond
  - Loss of \$522 million over 20 years
  
- **Sales Tax Assumption**
  - FY 2009 @ -5%, FY 2010 @ -2%, FY2011 @ 5.02%
  - FY 2009 @ -8%, FY 2010 @ -4.3%, FY2011 @ 3.1%
  - Loss of \$1.5 billion over 20 years

# Bus Transit Operating Revenues



# Change in Transit Operating Revenue

Source of Operating Revenue	Fiscal Year 2008 Comprehensive Business Plan					
	FY09	FY10	FY11	FY12	FY13	Total
Local Transportation Fund	110,806,488	120,233,782	128,227,754	172,041,657	180,834,907	712,144,587
Gas Tax Exchange / BOF	37,000,004	37,000,004	35,285,248	23,000,004	23,000,004	155,285,264
State Transit Assistance Fund	25,852,860	20,004,881	20,787,041	21,223,244	20,210,696	108,078,723
Property tax revenue	11,615,296	12,312,214	13,050,946	13,834,003	14,664,043	65,476,503
Fare Revenue	58,435,183	63,772,970	65,763,947	67,519,856	72,736,917	328,228,873
5307 Federal Formula Grant	32,064,642	33,867,903	35,150,122	36,518,429	37,786,559	175,387,656
Other	25,542,584	25,293,534	26,624,790	14,752,956	13,843,304	106,057,168
<b>Total Bus Transit Operating</b>	<b>\$ 301,317,058</b>	<b>\$ 312,485,288</b>	<b>\$ 324,889,849</b>	<b>\$ 348,890,149</b>	<b>\$ 363,076,431</b>	<b>\$ 1,650,658,774</b>

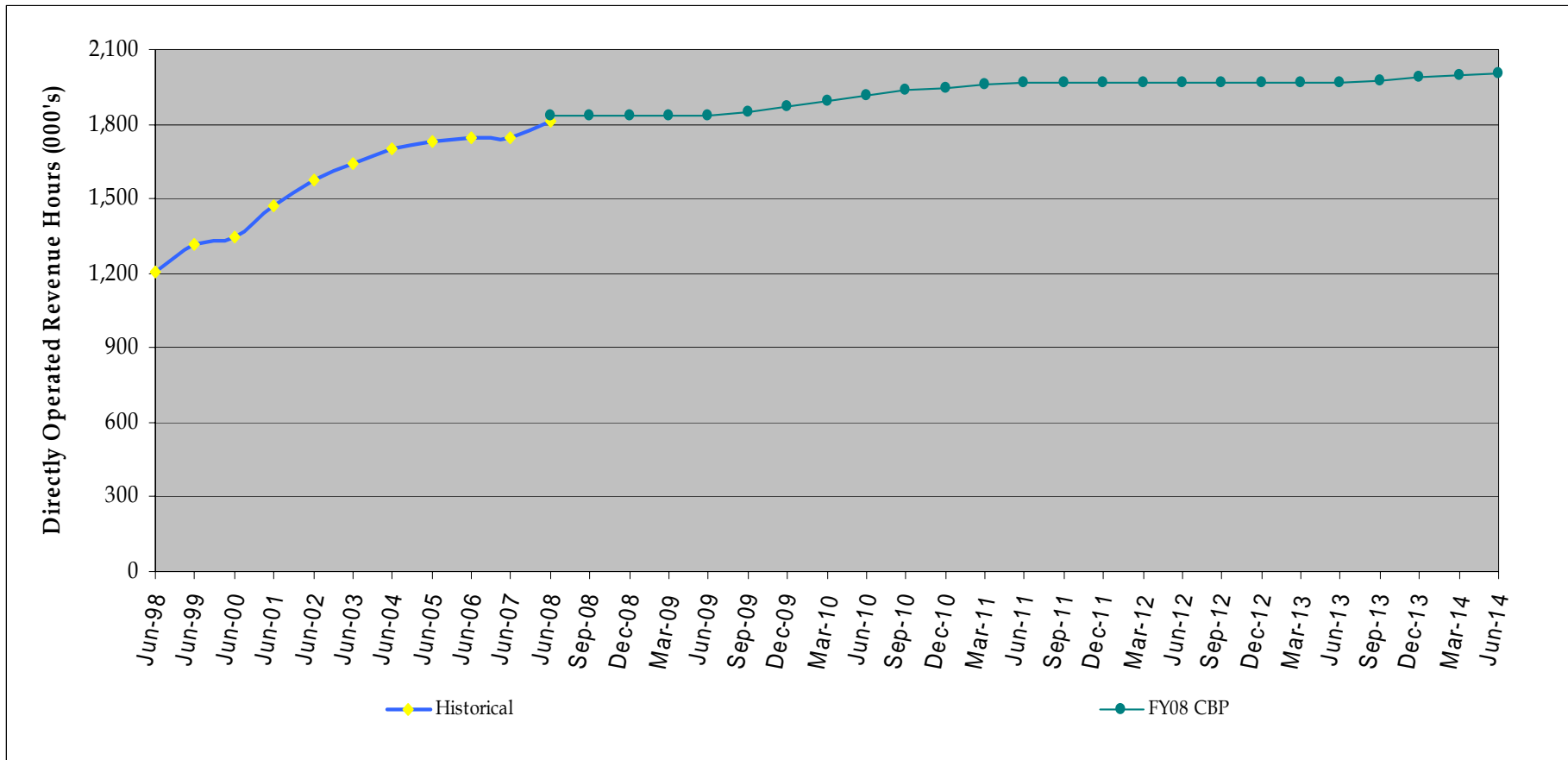
Source of Operating Revenue	Fiscal Year 2009 Comprehensive Business Plan					
	FY09	FY10	FY11	FY12	FY13	Total
Local Transportation Fund	82,159,263	78,662,423	82,249,229	124,279,429	130,367,908	497,718,252
Gas Tax Exchange / BOF	37,000,004	37,000,004	35,270,252	23,000,004	23,000,004	155,270,268
State Transit Assistance Fund	8,847,244	-	-	-	-	8,847,244
Property tax revenue	11,177,886	11,177,886	11,177,886	11,177,886	11,289,665	56,001,209
Fare Revenue	56,760,483	63,091,879	66,801,473	71,593,231	76,329,340	334,576,407
5307 Federal Formula Grant	24,579,710	42,499,616	42,752,342	45,057,763	47,002,084	201,891,515
ARRA (Stimulus)	32,180,015	43,111,985	-	-	-	75,292,000
Other	14,886,718	8,787,205	7,674,907	8,674,752	9,015,028	49,038,611
<b>Total Bus Transit Operating</b>	<b>\$ 267,591,325</b>	<b>\$ 284,330,999</b>	<b>\$ 245,926,089</b>	<b>\$ 283,783,065</b>	<b>\$ 297,004,028</b>	<b>\$ 1,378,635,506</b>

Source of Operating Revenue	Revenue differences between plans					
	FY09	FY10	FY11	FY12	FY13	Total
Local Transportation Fund	(28,647,225)	(41,571,359)	(45,978,525)	(47,762,228)	(50,466,999)	(214,426,336)
Gas Tax Exchange / BOF	-	-	(14,996)	-	-	(14,996)
State Transit Assistance Fund	(17,005,616)	(20,004,881)	(20,787,041)	(21,223,244)	(20,210,696)	(99,231,478)
Property tax revenue	(437,410)	(1,134,328)	(1,873,060)	(2,656,117)	(3,374,379)	(9,475,294)
Fare Revenue	(1,674,700)	(681,091)	1,037,526	4,073,376	3,592,423	6,347,534
5307 Federal Formula Grant	(7,484,932)	8,631,713	7,602,220	8,539,334	9,215,525	26,503,859
ARRA (Stimulus)	32,180,015	43,111,985	-	-	-	75,292,000
Other	(10,655,866)	(16,506,329)	(18,949,883)	(6,078,203)	(4,828,277)	(57,018,558)
<b>Total Bus Transit Operating</b>	<b>\$ (33,725,733)</b>	<b>\$ (28,154,289)</b>	<b>\$ (78,963,760)</b>	<b>\$ (65,107,083)</b>	<b>\$ (66,072,402)</b>	<b>\$ (272,023,268)</b>



# Revenue Hours: FY1998 – FY2014

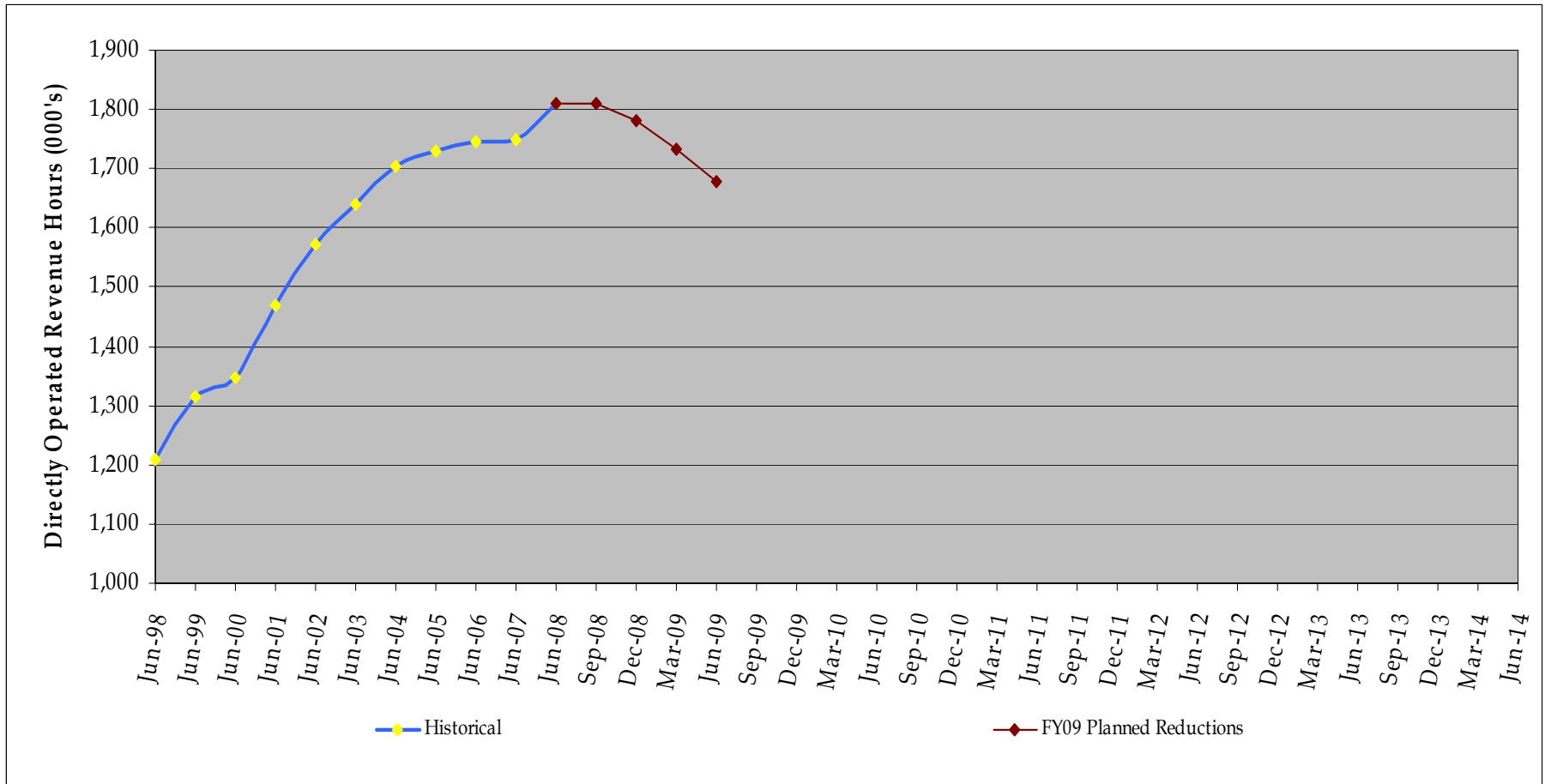
Revenue Hours (FY1998 – FY2008) plus planned growth per FY2008 CBP





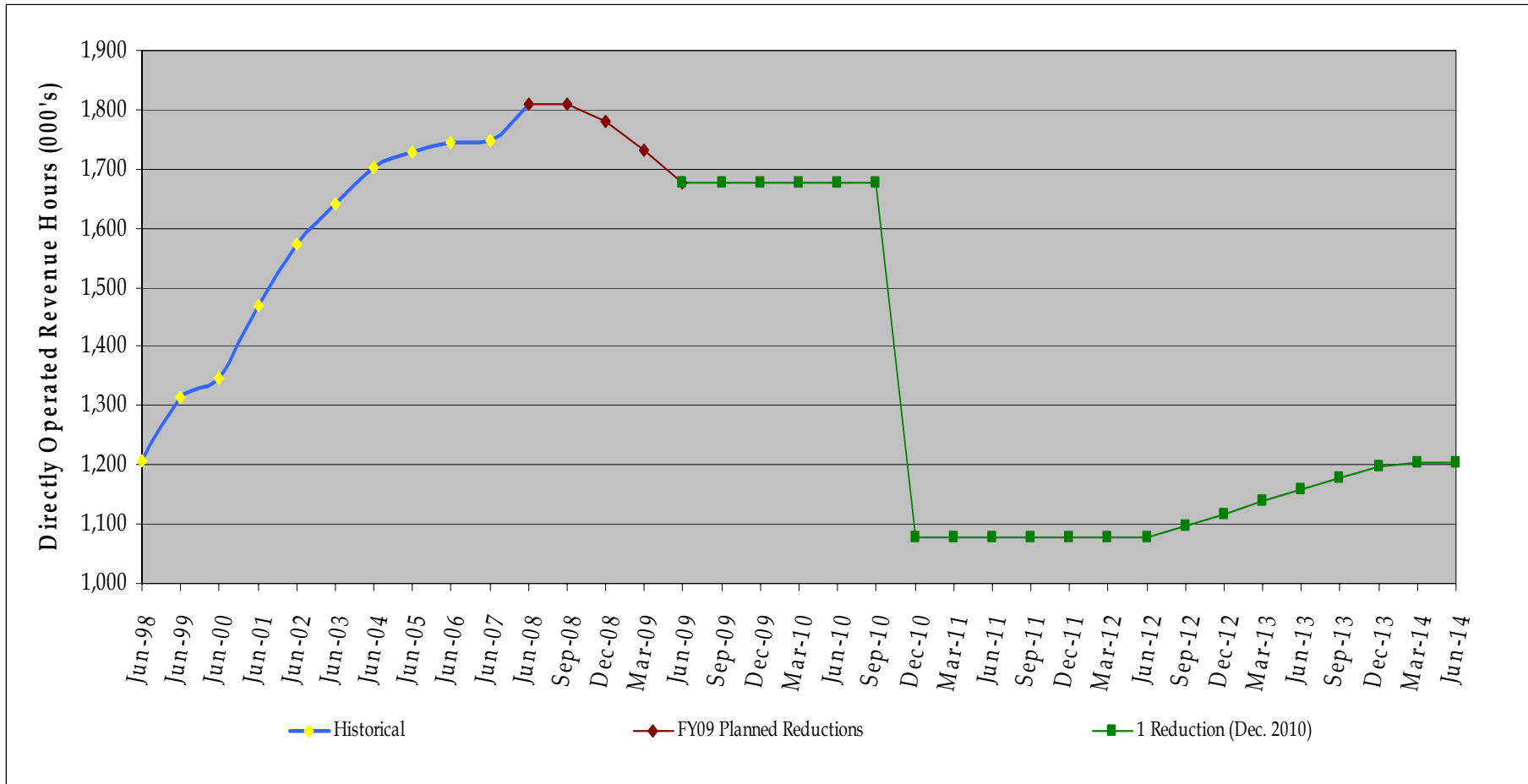
# Revenue Hours: FY1998 – FY2009

## Revenue Hours (FY1998 – FY2008) plus planned reductions in FY2009



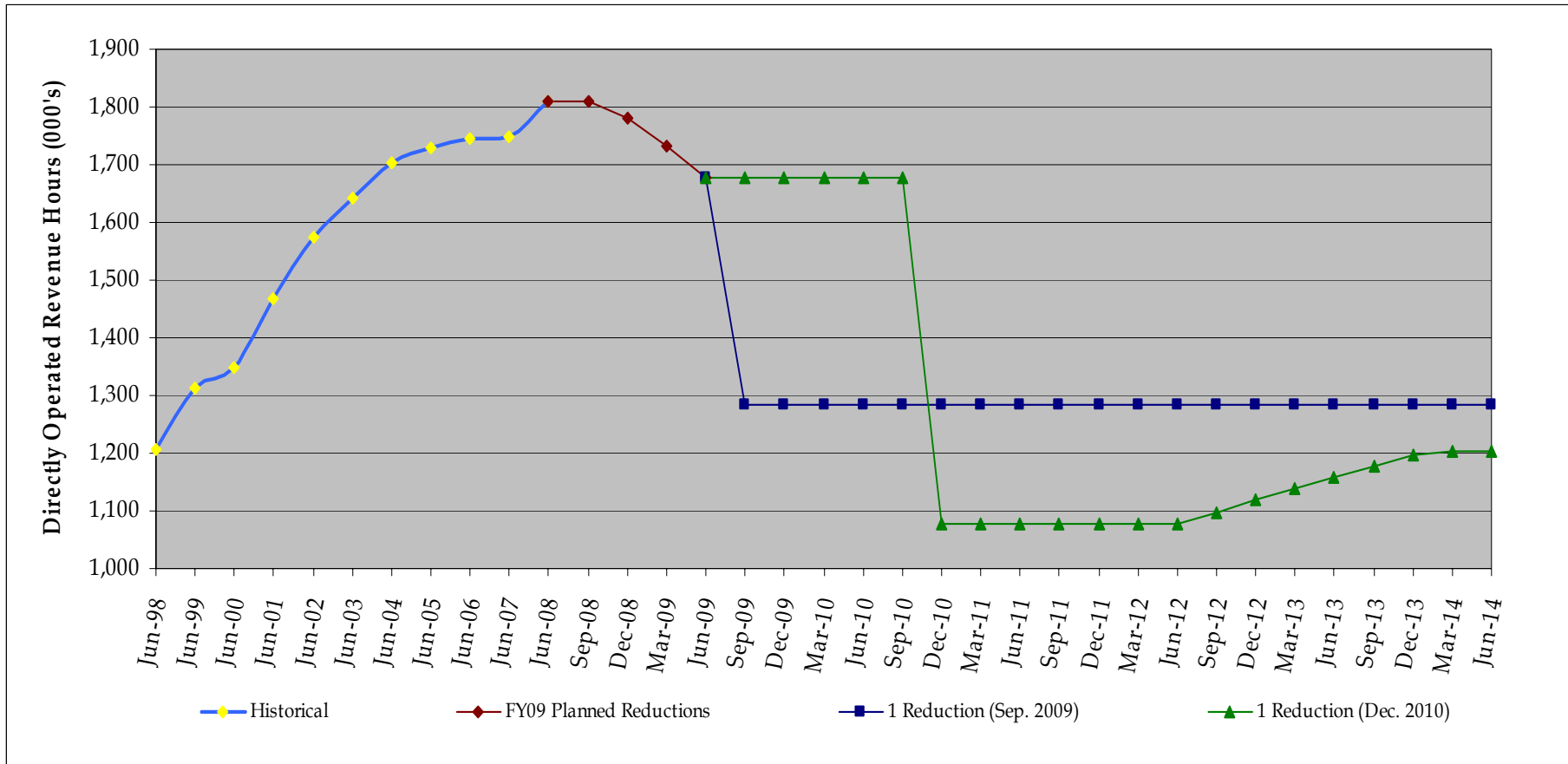
# Scenario: Continue Operations As-is

## Scenario: 1 Reduction (December 2010 service change)



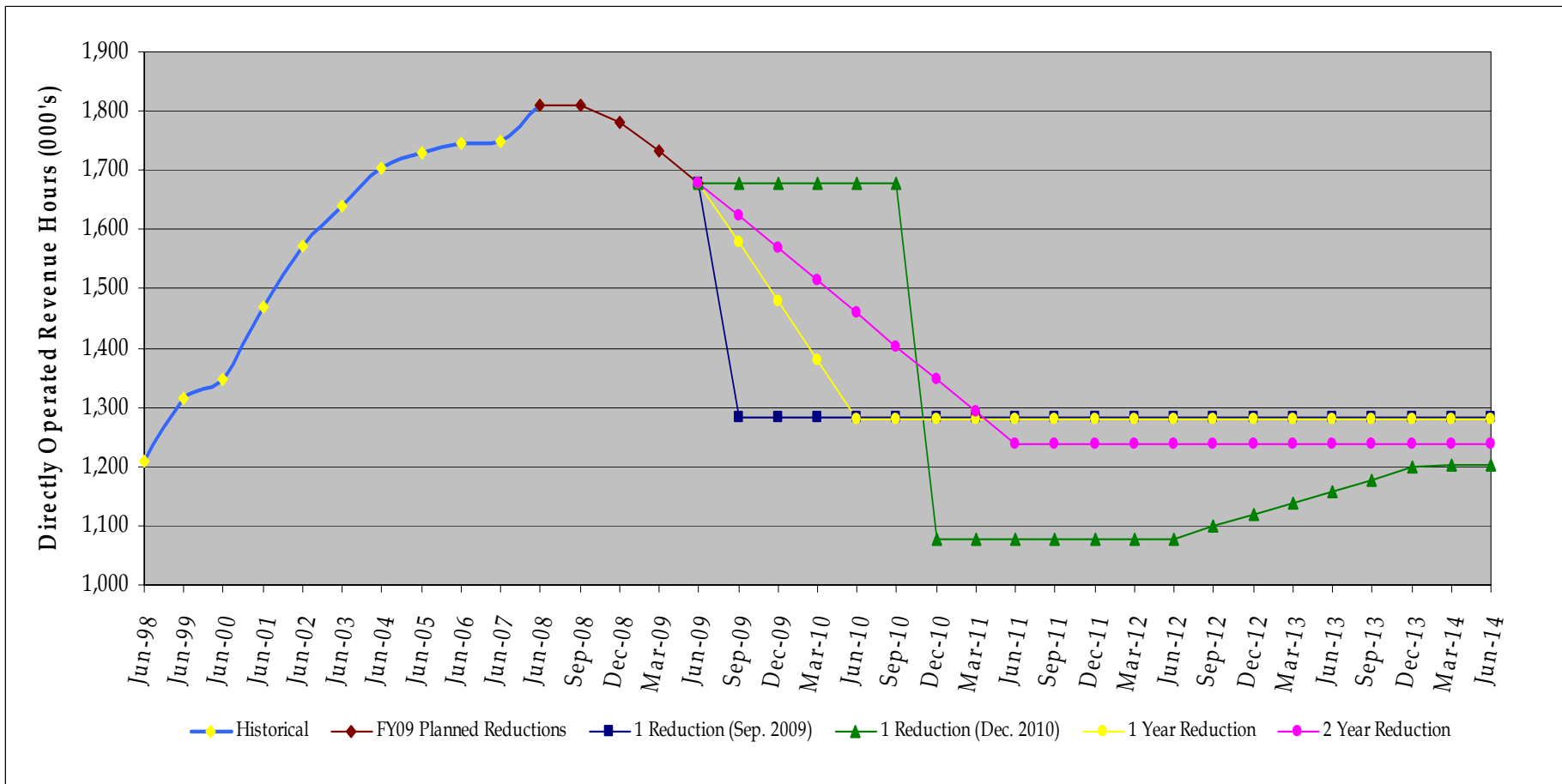
# Scenarios: Floor and Ceiling

## Scenarios: 1 Reduction September 2009 versus December 2010



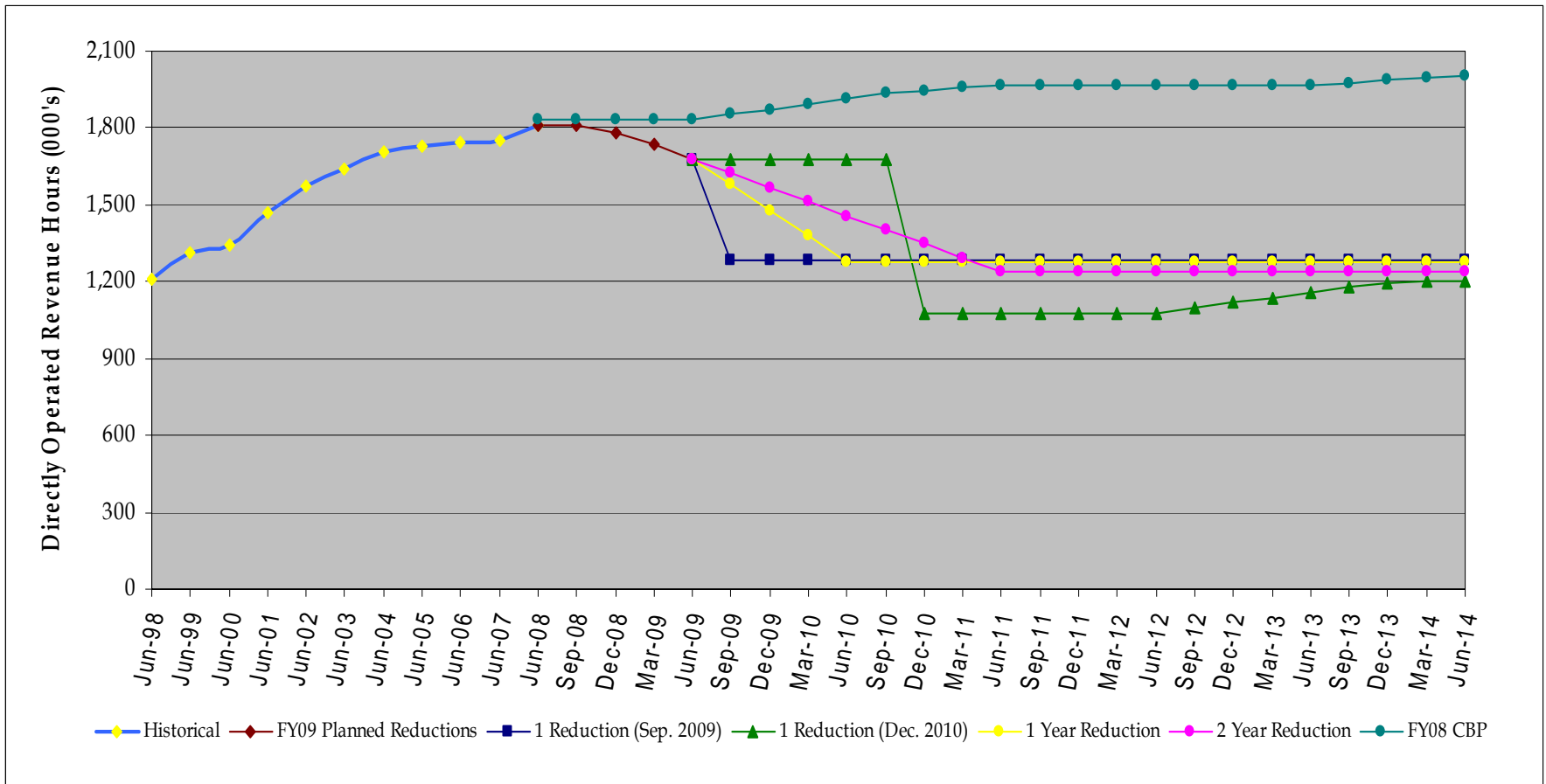
# Four Reduction Scenarios Overview

Revenue Hours (FY1998 – FY2009) plus four reduction scenarios



# Scenarios Overview

## Directly Operated Revenue Hours: FY1998 – FY2014



# Scenario Comparison

## Scenario Comparison: Revenue Hours, Position Reductions, Use of Reserves

	1 Reduction (Sep. 2009)	1 Year Reduction	2 Year Reduction	1 Reduction (Dec. 2010)
<b>Revenue Hours</b>				
Total revenue hour reduction	395,000	400,000	440,000	475,000
Revenue hour reduction per service change	395,000	100,000	55,000	600,000
Ongoing revenue hours post reduction	1,283	1,278	1,238	1,203
<b>Position Reductions</b>				
Total position reduction	362	367	404	435
Position reductions per service change				
Coach Operators	255	65	36	307
Maintenance	56	14	8	68
Bus Operations Administration	51	13	7	60
<b>Reserves</b>				
Use of reserves	\$0	\$13 million	\$37 million	\$58 million
Balance at end of fiscal year 2011	\$68 million	\$55 million	\$31 million	\$10 million
Recommended working capital reserve	\$30 million	\$30 million	\$30 million	\$30 million

\* Scenario with 1 Reduction in September 2009 represents baseline for comparison for the use of reserves

# Position Reductions: Attrition versus Layoff

Employee Group	1 Reduction (Sep. 2009)	1 Year Reduction	2 Year Reduction	1 Reduction (Dec. 2010)
<b>Coach Operators</b>				
Total	255	258	284	307
Anticipated Attrition	20	78	130	20
Layoff	235	180	154	287
<b>Maintenance</b>				
Total	56	57	63	68
Anticipated Attrition	2	9	15	2
Layoff	54	48	48	66
<b>Bus Operations Administration</b>				
Total	51	52	57	60
Anticipated Attrition	2	9	15	2
Layoff	49	43	42	58
<b>Total Reductions Per Plan</b>				
Total	362	367	404	435
Anticipated Attrition	24	96	160	24
Layoff	338	271	244	411

# Cash Balances Per Scenario

<b>Cash Balance Per Scenario</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>
1 Reduction (Sep. 2009) *	78.3	81.6	68.0	74.7	83.9	84.7
1 Year Reduction	78.3	68.1	54.8	61.8	71.4	72.7
2 Year Reduction	78.3	56.1	31.4	38.9	48.7	50.7
1 Reduction (Dec. 2010)	78.3	41.3	10.2	30.8	50.3	56.2
Recommended working capital reserve	34.3	33.4	30.5	32.8	34.0	32.7

\* In millions

\*\* Balances include cash for both operations and fixed asset capital reserve

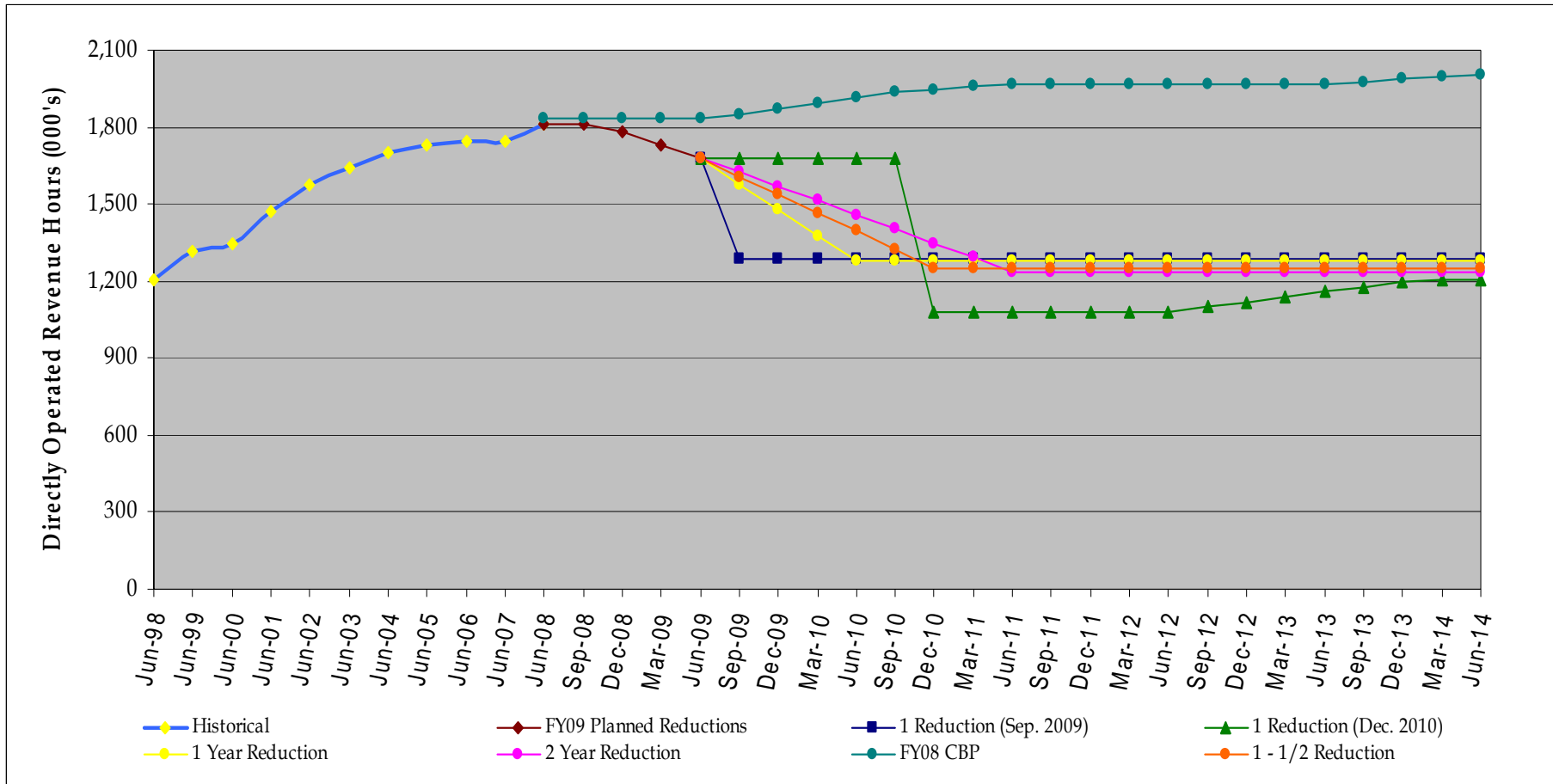


# Next Step

- Prepare recommendations to balance FY 2009-10 budget

# Scenarios Overview with 1 – ½ Year Scenario

## Directly Operated Revenue Hours: FY1998 – FY2014



# Scenario Comparison

## Scenario Comparison: Revenue Hours, Position Reductions, Use of Reserves

	1 Reduction (Sep. 2009)	1 Year Reduction	1 - 1/2 Year Reduction	2 Year Reduction	1 Reduction (Dec. 2010)
<b><u>Revenue Hours</u></b>					
Total revenue hour reduction	395,000	400,000	426,000	440,000	475,000
Revenue hour reduction per service change	395,000	100,000	71,000	55,000	600,000
Ongoing revenue hours post reduction	1,283	1,278	1,252	1,238	1,203
<b><u>Position Reductions</u></b>					
Total position reduction	362	367	389	404	435
Position reductions per service change					
Coach Operators	255	65	46	36	307
Maintenance	56	14	10	8	68
Bus Operations Administration	51	13	9	7	60
<b><u>Reserves</u></b>					
Use of reserves	\$0	\$13 million	\$28 million	\$37 million	\$58 million
Balance at end of fiscal year 2011	\$68 million	\$55 million	\$40 million	\$31 million	\$10 million
Recommended working capital reserve	\$30 million	\$30 million	\$30 million	\$30 million	\$30 million

\* Scenario with 1 Reduction in September 2009 represents baseline for comparison for the use of reserves

# Position Reduction: Attrition versus Layoff

Employee Group	1 Reduction (Sep. 2009)	1 Year Reduction	1 - 1/2 Year Reduction	2 Year Reduction	1 Reduction (Dec. 2010)
<b>Coach Operators</b>					
Total	255	258	275	284	307
Anticipated Attrition	20	78	104	130	20
Layoff	235	180	171	154	287
<b>Maintenance</b>					
Total	56	57	60	63	68
Anticipated Attrition	2	9	12	15	2
Layoff	54	48	48	48	66
<b>Bus Operations Administration</b>					
Total	51	52	54	57	60
Anticipated Attrition	2	9	12	15	2
Layoff	49	43	42	42	58
<b>Total Reductions Per Plan</b>					
Total	362	367	389	404	435
Anticipated Attrition	24	96	128	160	24
Layoff	338	271	261	244	411

# Cash Balances Per Scenario

<b>Cash Balance Per Scenario</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>
1 Reduction (Sep. 2009) *	78.3	81.6	68.0	74.7	83.9	84.7
1 Year Reduction	78.3	68.1	54.8	61.8	71.4	72.7
1 - 1/2 Year Reduction	78.3	60.3	40.3	47.3	57.0	59.0
2 Year Reduction	78.3	56.1	31.4	38.9	48.7	50.7
1 Reduction (Dec. 2010)	78.3	41.3	10.2	30.8	50.3	56.2
<b>Recommended working capital reserve</b>	<b>34.3</b>	<b>33.4</b>	<b>30.5</b>	<b>32.8</b>	<b>34.0</b>	<b>32.7</b>

\* In millions

\*\* Balances include cash for both operations and fixed asset capital reserve