



# FY10 Proposed Operating Expense Budget

*Presented to the Board of Directors:*

**Budget Work Session**

January 29, 2009





# FY10 Budget - General Assumptions

---

FY10 objective given the austere economic environment was to keep overall subsidy the same as previous year.

To accomplish this and still meet existing labor contract requirements and other inflationary pressures the Authority is forced to deeply cut costs.

## Management Actions Taken:

1. Reduce FY09 “discretionary” budgets by ~10%
2. Implement hiring freeze
3. Eliminate/defer any FY10 non-personnel expenses where possible in overhead departments
4. Eliminate FY10 administrative and overhead staffing

## Pending Actions:

1. Eliminate bus and rail service as last resort



# FY10 Proposed Operating Expense By Account

---

	Actual 2007	Actual 2008	Approved Budget 2009	Baseline* Budget 2010	Proposed** Budget 2010	CUTS
<b>PERSONNEL</b>						
Salary and Wages	\$576	\$598	\$656	\$699	\$653	(\$46)
OT (Salary and Non-op)	\$40	\$37	\$28	\$29	\$27	(\$2)
Health Insurance	\$117	\$124	\$133	\$144	\$138	(\$5)
Pension	\$37	\$45	\$49	\$93	\$90	(\$3)
Other Fringe	\$63	\$72	\$59	\$59	\$55	(\$4)
	\$832	\$876	\$925	\$1024	\$964	(\$60)
		5.2%	5.6%	10.7%	4.2%	
<b>NON-PERSONNEL</b>						
Paratransit	\$56	\$65	\$62	\$79	\$79	\$0
Other Purchased Services	\$50	\$57	\$81	\$90	\$80	(\$10)
Materials & Supplies	\$68	\$80	\$80	\$76	\$73	(\$3)
Fuel & Propulsion Power	\$74	\$75	\$109	\$122	\$116	(\$5)
Utilities	\$32	\$36	\$43	\$48	\$44	(\$3)
Insurance Other	(\$1)	(\$42)	\$29	\$27	\$28	\$1
	\$279	\$272	\$404	\$442	\$421	(\$21)
		-2.5%	48.7%	9.4%	-4.8%	
<b>TOTAL EXPENSE</b>	<b>\$1111</b>	<b>\$1147</b>	<b>\$1329</b>	<b>\$1466</b>	<b>\$1385</b>	<b>(\$81)</b>
		3.3%	15.8%	10.3%	4.2%	

\* Baseline: inflation/COLAs only, no change in service or programs.

\*\* Proposed contains no service reduction.



# FY10 Proposed Operating Expense

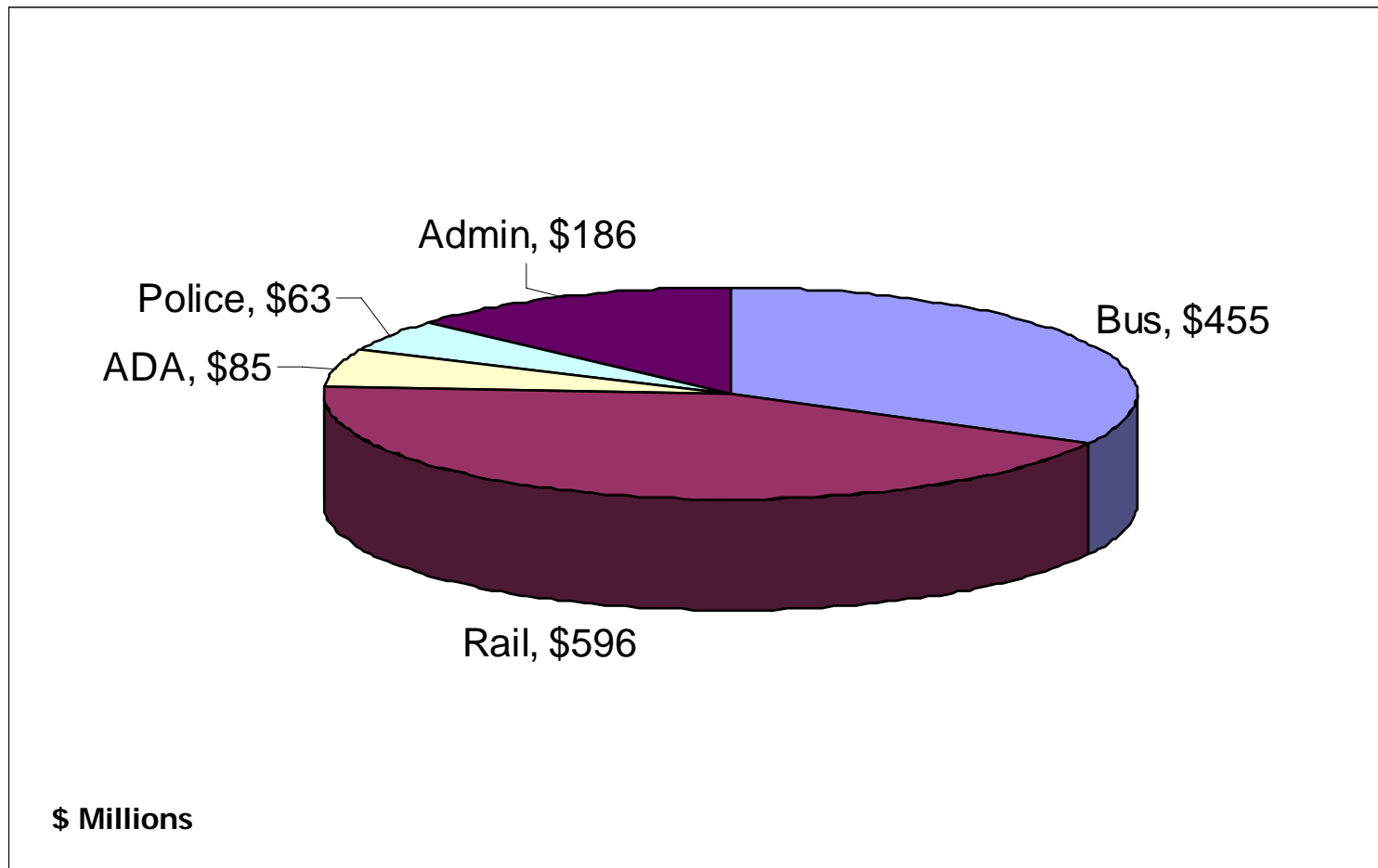
## By Line of Business

	Bus	Rail	ADA	Police	Admin	Total
<b>PERSONNEL</b>						
Salary and Wages	\$227	\$298	\$3	\$32	\$93	\$653
OT (Salary and Non-op)	\$9	\$12	\$0	\$1	\$4	\$27
Health Insurance	\$48	\$63	\$1	\$7	\$20	\$138
Pension	\$31	\$41	\$0	\$4	\$13	\$90
Other Fringe	\$19	\$25	\$0	\$3	\$8	\$55
	<b>\$336</b>	<b>\$440</b>	<b>\$4</b>	<b>\$47</b>	<b>\$137</b>	<b>\$964</b>
<b>NON-PERSONNEL</b>						
Paratransit	\$0	\$0	\$79	\$0	\$0	\$79
Other Purchased Services	\$28	\$37	\$0	\$4	\$11	\$80
Materials & Supplies	\$25	\$33	\$0	\$4	\$10	\$73
Fuel & Propulsion Power	\$41	\$53	\$1	\$6	\$17	\$116
Utilities	\$15	\$20	\$0	\$2	\$6	\$44
Insurance Other	\$10	\$13	\$0	\$1	\$4	\$28
	<b>\$119</b>	<b>\$156</b>	<b>\$80</b>	<b>\$17</b>	<b>\$49</b>	<b>\$421</b>
<b>TOTAL EXPENSE</b>	<b>\$455</b>	<b>\$596</b>	<b>\$85</b>	<b>\$63</b>	<b>\$186</b>	<b>\$1385</b>
	35%	46%	0%	5%	14%	100%



# FY10 Proposed Operating Expense

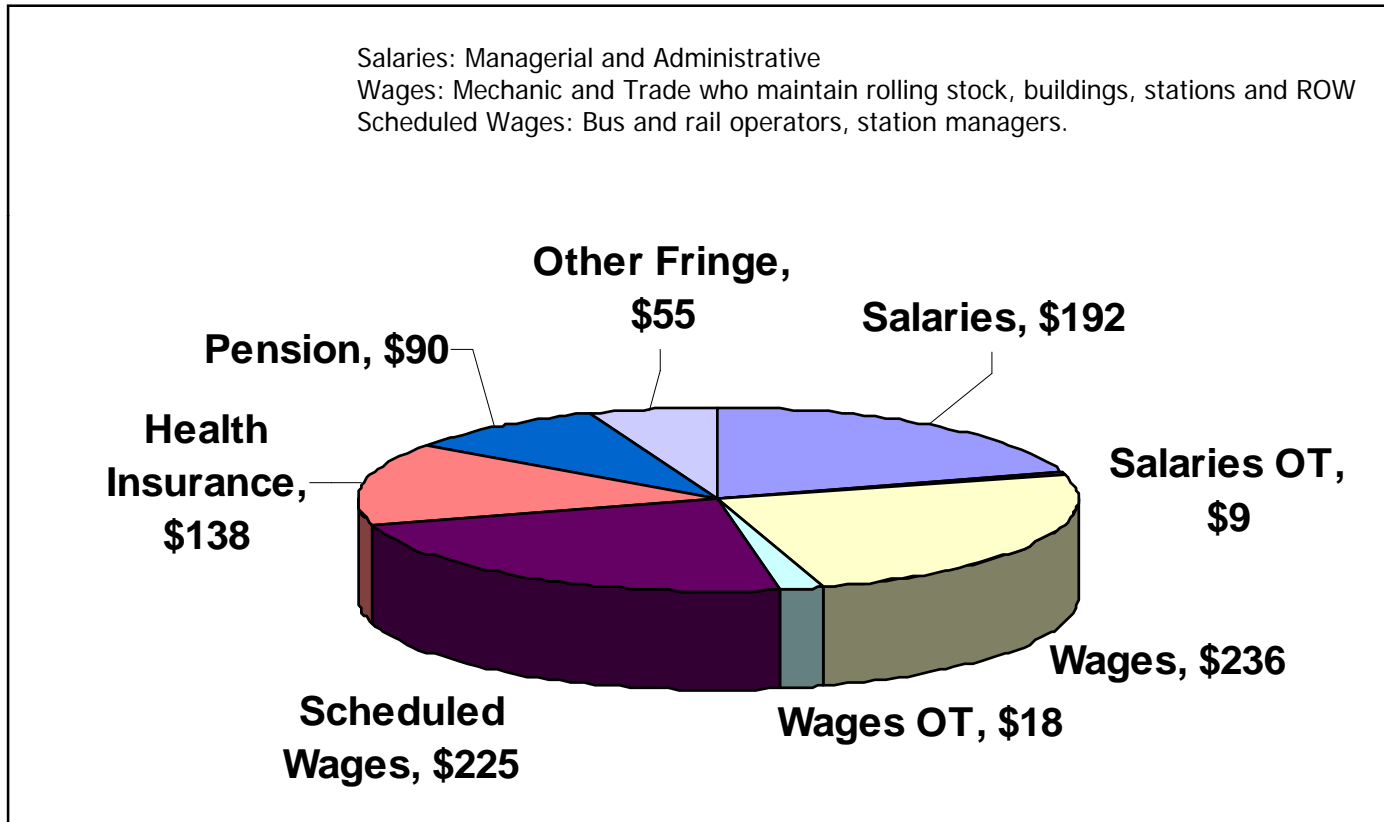
By Line of Business \$1.38 Billion





# FY10 Proposed Operating Expense

## Personnel Expense: \$964 Million



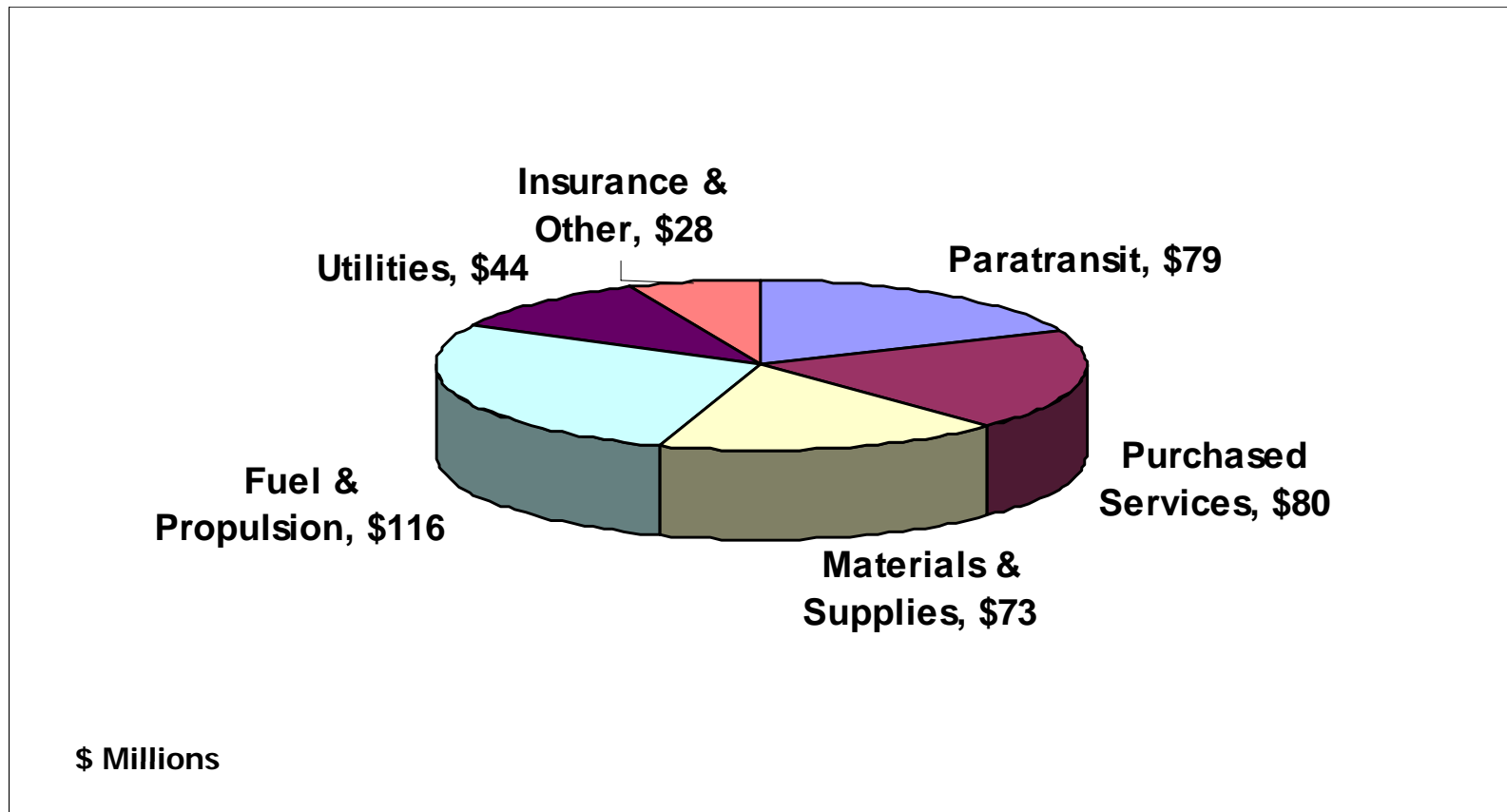
\$ Millions



# FY10 Proposed Operating Expense

---

Non-Personnel Expense: \$421 Million





## FY10 Proposed Operating Expense

---

### Non-Personnel Expense: \$421 Million

- **Paratransit: (single vendor) \$79M**
  
- **Other Purchased Services: \$80M**
  - Contract Maintenance 40%
  - Professional & Technical 21%
  - Management Fee/Parking Contract 6%
  - Temporary Services 3%
  - Other 30%
  
- **Materials & Supplies: \$73M**
  - Bus Parts 45%
  - Rail Parts 32%
  - Other Misc. Supplies 10%
  - Tires 8%
  - Lubricants 5%



## FY10 Proposed Operating Expense

---

### Non-Personnel Expense: \$421 Million (continued)

- **Fuel & Propulsion: \$116M**
  - Propulsion Power: 542M Kwh 59%
  - Diesel 12M gallons @ \$2.25 34%
  - Clean Natural Gas 7%
  
- **Utilities: \$44M**
  - Electricity and Gas 89%
  - Water, Phone, Other 11%
  
- **Third Party Contribution, Miscellaneous Expenses: \$53M**
  - Casualty & Liability 80%
  - Miscellaneous 10%
  - Leases 9%
  
- **Preventative Maintenance Credit: (\$25M)**



## FY10 Proposed Operating Staffing

---

\$ in Millions	Actual 2008	Approved Budget 2009	Baseline Budget 2010	Proposed Budget 2010	Cuts
Funded Positions	9,670	10,151	10,172	9,859	(313)
Total Wages & Salaries	\$598	\$656	\$699	\$653	(\$46)
OT	\$37	\$28	\$29	\$27	(\$2)
Total Fringe	\$241	\$241	\$296	\$284	(\$12)
<b>Total Employment Cost</b>	<b>\$876</b>	<b>\$925</b>	<b>\$1024</b>	<b>\$964</b>	<b>(\$60)</b>

Funded Positions	Bus	Rail	ADA	Police	Admin	Total
FY10 Proposed	3,433	4,502	44	476	1,404	9,859
Cuts by Line of Business	(77)	(146)	(2)	-	(88)	(313)
Percent Cut	-2%	-3%	-5%	0%	-6%	-3%



# FY10 Proposed Operating Expense

Dept.	FY 2010 Baseline Budget	FY 2010 Budget Reductions	FY 2010 Proposed Budget
Total Operations	\$1201.2	(\$59.1)	\$1142.0
Deputy General Mgr. Oper.	\$2.7	(\$0.1)	\$2.6
Bus	\$432.3	(\$24.8)	\$407.5
Rail	\$549.5	(\$24.6)	\$524.9
Operations Support	\$131.7	(\$5.9)	\$125.8
ADA	\$85.0	(\$3.8)	\$81.2
Chief Admin. Officer (SAFE, IT, PLJD, WORX)	\$115.5	(\$7.5)	\$108.0
Counsel	\$17.5	(\$0.6)	\$17.0
Police	\$67.2	(\$3.8)	\$63.5
Finance	\$48.4	(\$3.7)	\$44.8
Corp Strategy and Communications	\$13.5	(\$1.3)	\$12.2
General Manager	\$1.6	\$0.0	\$1.6
Secretary	\$0.5	\$0.0	\$0.5
Inspector General	\$3.6	\$0.0	\$3.6
Non-Departmental	(\$3.0)	\$0.0	(\$3.0)
<b>SUB-TOTAL</b>	\$1466.1	(\$75.9)	\$1390.2
Other Cuts			
Payroll Adjustments		(\$12.3)	
Retiree Health Funding		\$5.0	
Obsolete Write-off		\$2.0	
<b>SUB-TOTAL</b>	\$1466.1	(\$5.3)	\$1384.9
<b>TOTAL REDUCTIONS</b>	\$1466.1	(\$81.2)	\$1384.9



---

# **Appendix: Department Detail Cuts**



# FY10 Proposed Operating Expense

---

## Department of Operations

---

- Baseline Budget: \$1,201.2M
- Reduction: \$ 59.1M
- Proposed: \$1,142.0M

### Actions Taken:

1. Increase span of oversight
  - Higher ratio of employees to supervisor
2. Reorganization
  - Increase efficiencies and effectiveness
  - Flatten organization for more direct accountability
3. Maintain FY09 non-personnel budget levels
  - No inflation
4. Overtime Reduction
  - Consistent deployment of workforce 7-days a week
  - Streamlining event support
5. Favorable trend in diesel prices
  - Realized savings



# FY10 Proposed Operating Expense

---

## Chief Administrative Officer Cluster –IT, PLJD, SSRM, WORX

---

- Baseline Budget: \$115.5M
- Reduction: \$7.5M
- Proposed: \$108.0M

### Actions Taken:

1. Safety program held harmless
2. Increase span of control in HR Client Services
  - Efficiencies to be realized with completion of PeopleSoft remediation and continued internal skills development
3. Transfer Scheduling Function from Planning to Operations (Bus and Rail)
  - No budget savings, but alignment of service adjustment capability with operations
4. Employ technology-driven approach to traffic/ridership measurement
  - More cost efficient and accurate data collection and analysis
5. Reduce Consulting Service Expenditures (WORX and IT)
  - Impacts training, recruitment, labor and IT applications support
6. Eliminate IT training budget
  - Completely exhausts training funds for IT personnel



# FY10 Proposed Operating Expense

---

## Department of Financial Services

---

- Baseline Budget: \$48.4M
- Reduction: \$3.7M
- Proposed: \$44.8M

### Proposed Actions:

1. Eliminate 26 positions throughout finance organization
  - **Savings of \$2.7M**
  - Reduction of staff will potentially increase cycle time of transactions.
  - Hope to mitigate impact on organization through better use of available technology as well process improvements
2. Reduce Smart Card Regional Customer Service Contract
  - **Savings of \$402K**
  - May precipitate longer customer service wait time
3. Reduce services/consulting throughout
  - **Savings \$600K**
  - Reduce external training and use of technical consultants. Must either manage in-house or do without.