



2018 Budget

Metra Board of Directors
October 6, 2017

Presented by Thomas Farmer
Chief Financial Officer

2018 Operating Budget Drivers (\$ mils)

Costs are rising	(30)
RTA funding is falling	(15)
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Shortfall before actions	(45)

Cost increases are budgeted to be \$30 million

Slow growth in tax revenues, a 10% PTF cut, a 2% collection surcharge and less ICE funding for operations cause a drop in funding for 2018

Rising Costs Explained (\$ mils)

Labor and Fringe	(23)
Mechanical Materials	(2)
Other Materials & Services	(3)
PTC Costs	(2)
Fuel	1
Utilities & Other Costs	(1)
Total Cost Changes	(30)

RTA Public Funding “Marks” (\$ mils)

	2017	2018 Budget	2019 Plan	2020 Plan
Current Marks		405	418	429
Prior Year Marks	420	430	443	
Difference		(25)	(25)	

Why does funding drop \$15m from \$420 (2017) to \$405 (2018)?

10% cut in PTF from 2017 Budget	~\$4m
2% collection charge over 2017 Budget	~\$9m
<u>Adjustments to RTA sales tax estimates and other</u>	<u>~\$2m</u>
Total	\$15m

Why did the 2018 “Marks” drop \$25m from the prior year?

10% cut in PTF from 2017 Budget	~\$ 4m
2% collection charge over 2017 Budget	~\$ 9m
<u>Adjustments to RTA sales tax estimates and other</u>	<u>~\$12m</u>
Total	\$25m

Solving the \$45 Million Gap (\$ mils)

Fare Increase		17
Cost Actions		14
Efficiencies	9	
Other Savings	2	
Service Actions	3	
Capital Deferral		12
Other Revenue Items		2
Total		45

Proposed Operating Cost Actions (\$ mils)

Efficiencies	9
Utilities Savings	1
Advertising/Marketing	1
Service Actions	3
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Total Cost Actions	14

Proposed Efficiencies (\$ mils)

Personnel Actions	4
IT/Telecom	3
Other Personnel	1
Other items	1
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Total Efficiencies	9

Proposed Service Actions

Service actions which will be shown in detail by the Transportation Department are expected to save \$3 million annually.

Proposed Revenue Related Actions

Based on operating needs and board input, staff presents a package of actions which will generate \$17 million in fare revenue.

This package also relies upon (a) Reducing by \$12 million the annual budget transfer to Metra Capital and (b) \$2 million (net) from other revenue and funding sources.

Proposed Farebox Capital (\$ mils)

Sources of Funds	2017 Bud	2018	2019	2020
2015 Farebox Capital	10.0	10.0	10.0	10.0
2015 Fare Increase	2.4	2.4	2.4	2.4
2016 Capital Increase	3.2	3.2	3.2	3.2
2017 Plan Capital Incr.	16.5	16.5	16.5	16.5
2018 Plan Capital Decr		(11.8)	(11.8)	(11.8)
2019 Plan Capital Incr.			11.8	11.8
2020 Plan Capital Incr.				-
Total Sources	32.1	20.3	32.1	32.1

2018-2020 Budget/Plan Proposal (\$ mils)

	<u>2017 Bud</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Operating Sources				
Operating Revenue	389	411	437	454
Sales Taxes/RTA Funds	420	405	418	429
Other Funding	4	1	1	2
Total Operating Sources	<u>813</u>	<u>817</u>	<u>856</u>	<u>885</u>
Operating Uses				
Total Operating Expense	781	797	824	853
Capital Related	32	20	32	32
Total Operating Uses	<u>813</u>	<u>817</u>	<u>856</u>	<u>885</u>
Surplus/(Shortfall)	0	0	0	0

Challenges Ahead

- Will 2019 return us to 2017 budgeted funding levels?
- ADA growth => Sales Tax II to Metra in permanent decline
- 2% surcharge has permanently lowered our base
- "Big Box" sales continue to be eroded by internet sales

2019 and 2020 will be difficult budget years not unlike 2018

The 2018 budget assumes PTF will be reinstated



Metra