How is METRO funded?
METRO’s Continuing Revenue Sources - FY2012 Budget

- Sales Tax: 10%
- Farebox: 7%
- Recurring Grants: 83%
Current Distribution of METRO Sales Tax

- 25% METRO
- 75% GMP
Sales Tax for General Mobility Program

25%
Distribution of General Mobility Program Payments

- City of Houston: 18%
- Harris County: 16%
- Multi-Cities: 62%
- M.A.P.: 4%
“What If” Scenarios

Scenario 1: What if GMP continues at 25%?

Scenario 2: What if GMP ends completely?
Starting Point Assumptions
Starting Point Assumptions: Inside METRO

– Maintain current bus service hours overall
– Complete three planned Park & Ride projects
– Continue bus shelter program
– Complete three rail lines under construction
– Continue annual bus acquisitions
– Fares at current levels
– Minimal State of Good Repair
– Continue move to financial sustainability
Starting Point Assumptions: Outside METRO

- Service area population grows per H-GAC
- Economy and sales tax grow per Barton Smith projections
- Future New Starts grants at 50% match
- Other federal grants grow only modestly
- No catastrophic events
And overall . . .

Maintain a “Smart Service” approach.

Use the right transit tool to meet each need.

Buses and other tools are just as critical as rail.
Starting Point Assumptions: Outside METRO

A caveat on the effects of the recession

METRO 1 Cent Annual Sales Tax Revenue

Difference between June 2008 and March 2012 Projections
Scenarios: Consider five key areas

- METROBus Service
- Bus Acquisition
- Capital Programs & State of Good Repair
- METRORail Service
- Financial Capacity
METROBus Service

**Scenario 1: GMP Continues**
- Limited increase of service hours for local and commuter routes
- Limited increase in frequency on existing routes
- Fall further behind in meeting transit needs

**Scenario 2: GMP Ends**
- Increased service hours for local and commuter routes
- Increased frequency, additional routes, and more amenities
- Significantly shrink gap in meeting transit needs
Bus Acquisition

Scenario 1: GMP Continues
• Provides for alternate service vehicles
• Cash basis for bus purchases by 2025
• Provides for very modest expansion of fleet

Scenario 2: GMP Ends
• Provides for alternate service vehicles
• Cash basis for bus purchases in 2015
• Provides for significant expansion of fleet
Capital Programs/State of Good Repair

**Scenario 1: GMP Continues**
- Maintain facilities in current conditions
- Limits bus shelter program
- Minimal Park & Ride expansion

**Scenario 2: GMP Ends**
- Accelerates maintenance program
- Expands bus shelter program
- Significant Park & Ride expansion
METRORail Service

Scenario 1: GMP Continues
• Resume environmental, engineering, and right-of-way acquisition by 2024
• Resume METRORail construction by 2028 to 2030

Scenario 2: GMP Ends
• Resume environmental, engineering, and right-of-way acquisition by 2015
• Resume METRORail construction by 2018 to 2020
Financial Capacity

Scenario 1: GMP Continues
- Bonding* capacity available by 2025 to 2027
- No capacity for matching grants on major projects until 2025 to 2027

Scenario 2: GMP Ends
- Bonding* capacity available by 2015
- Additional capacity for matching grants on major projects by 2015

* Issuance of bonds subject to voter approval
Next Steps:

- Board gathers public input
- Board considers proposed ballot language
- Board approves ballot language
- Board calls election

Voters decide the future of GMP.