

## **Metropolitan Transit Authority of Harris County, Texas (METRO)**

### **Bookend Scenarios for General Mobility Program**

#### **Assumptions**

Low Scenario: Through Fiscal Year 2030, METRO continues paying 25 percent of its sales tax revenues to the City of Houston, Harris County and the 14 other municipalities in its service area to be used for general mobility purposes.

High Scenario: The general mobility payments cease after September 30, 2014. The additional sales tax becomes available to METRO to use as decided by the METRO Board.

#### Starting point assumptions related to factors outside METRO's control

- Population grows, according to the projections provided by the Houston-Galveston Area Council.
- The local economy and METRO's sales tax receipts grow at the rate projected by Barton Smith, our external economist, according to the report he provided to METRO in March 2012. In the interest of conservatism, the amounts for Fiscal Year (FY) 2012 and FY 2013 are reduced slightly.
- New Starts grants from the Federal Transportation Agency (FTA) are appropriated in a timely fashion by Congress, according to the Full Funding Grant Agreements signed by the FTA and METRO in November 2012.
- Other federal grants, such as our 5307 formula grants, fixed guideway modification grants, and state of good repair grants grow only modestly, generally about 2 percent per year.
- There are no catastrophic events, such as hurricanes or deep recessions that damage METRO's funding streams or operations for a significant time period.

#### Starting point assumptions related to factors internal to METRO

- METRO maintains its fares at their current level. The scenarios assume there are no fare hikes.
- The high occupancy toll (HOT) lanes project will be managed so that revenues and expenditures are equal after 2014. The revenue assumptions are conservative, because METRO has only a short history for developing projections.
- Operating expenses increase by 2 to 3 percent per year.
- METRO maintains its current bus service overall without significant increases or decreases in revenue hours.
- METRO completes its three major rail projects, according to current plans. The North, Southeast, and East lines are completed timely and within budget and come into revenue operation in FY 2015.
- METRO continues its annual bus acquisitions, replacing about one-twelfth of its fleet each year.
- There is a minimal state-of-good-repair program, with facilities and equipment maintained in their current condition.
- The bus shelter program continues with about 100 bus shelters added each year.
- METRO continues its move to financial sustainability.