

Various Options to Balance FY2009 Operating Budget

Presented to the
LYNX Board of Directors

August 21, 2008



Proposed Operating Expenses

Existing Service Levels	\$ 134,906,764
Bus Lease – Capital Portion	1,005,094
Additional Budget Cuts	(1,149,921)
Planned Service Efficiencies (Aug, Dec)	(2,564,383)
Adjusted Budget	<u>\$ 132,197,554</u>
Federal, State, & Other Funding	(67,750,437)
Proposed Funding Partner levels	(55,120,229)
Ending Shortfall	<u><u>\$ 9,326,888</u></u>



FY09 Operating Budget (New Impacts)

Beginning Shortfall \$ <9,326,888>

New Lease Revenue: 153,750

Based on new leases executed by LYNX in August 2008 for space at LCS and South Street a positive impact on revenues is achieved.

Ending Shortfall \$<9,173,138>



FY09 Operating Budget Shortfall Options

Option 1: Reduce Paratransit Service from “Door-to-Door” to “Curb-to-Curb”

This option was presented in July as a potential budget solution. However, in every presentation that was made to the funding partners there was no support for this option.

We are not recommending that this option be considered at this time.

Potential Savings

\$1,000,000



FY09 Operating Budget Shortfall Options

Option 2: Comply with the ADA ¾ Mile Limit

This option was also presented in July as a potential budget solution. However, the funding partners also did not support this option.

We are not recommending that this option be considered at this time.

Potential Savings

\$ 500,000



FY09 Operating Budget Shortfall Options

Option 3: Fuel Savings

Locking in Future Fuel Purchases

Recent decline in diesel fuel prices

How the savings can be realized

Give staff approval to lock in prices or utilize OPIS pricing in order to generate a savings

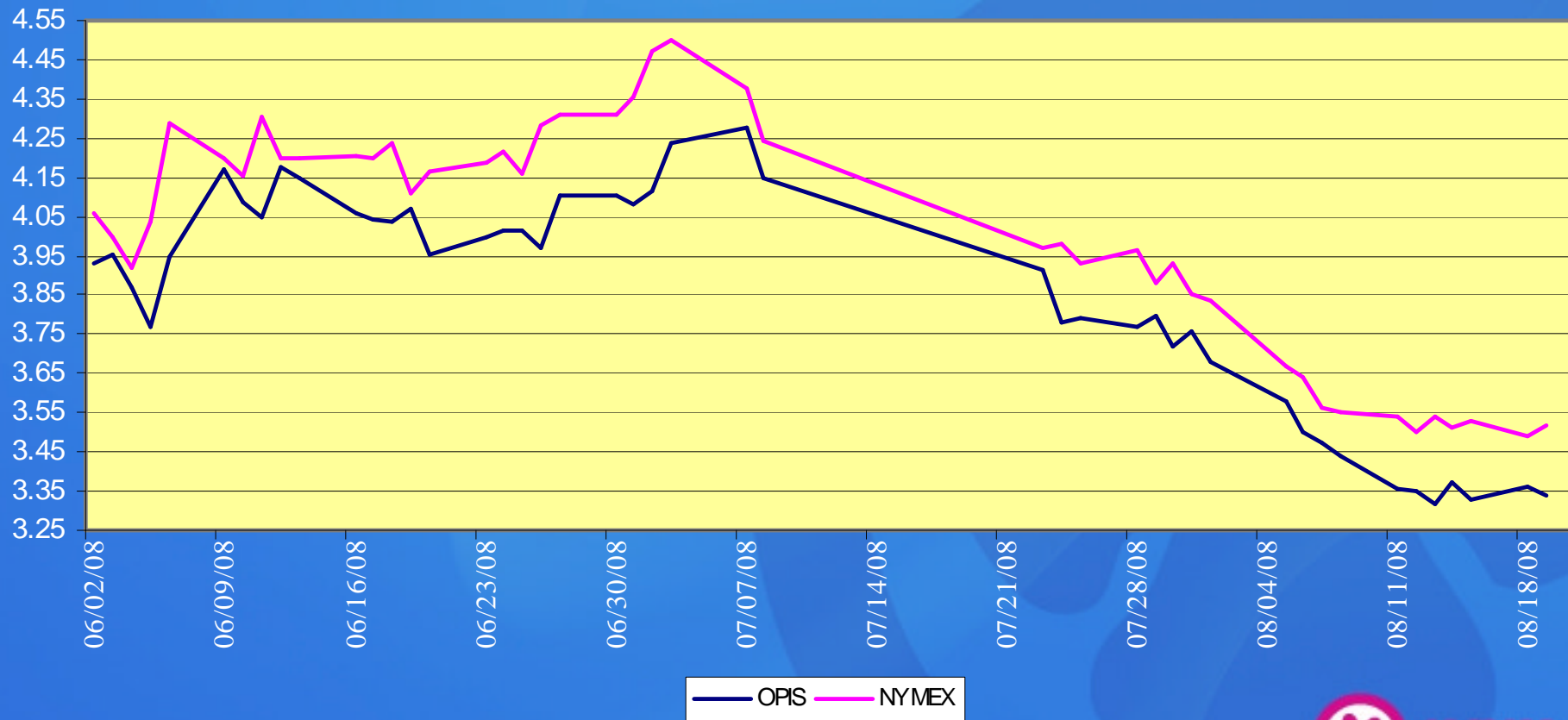
Potential Savings

\$1,000,000



LYNX Diesel Fuel Current Pricing Trend

COMPARISON BETWEEN CURRENT OPIS PRICING
AND NYMEX FUEL FUTURES COST FOR DIESEL FUEL



FY09 Operating Budget Shortfall Options

Option 4: Fare Increase

An additional fare increase to be implemented in January 2009

An increase of \$.25 per single ticket ride and changes in the level of discount offered for passes has the potential for \$1,000,000 in additional customer fares

Orange County proposed match of \$1,000,000 if approved

Potential Additional Revenue

\$2,000,000



FY09 Operating Budget Shortfall Options

Option 5: Public/Private Partnership

Proposed by Orange County

LYNX to raise up to \$1,000,000 from
private/public contributions

Orange County will match up to an additional
\$1,000,000 in funding

Potential Additional Revenue

\$2,000,000



FY09 Operating Budget Shortfall Options

Option 6: Utilization of Additional Preventative Maintenance

Federal Preventative Maintenance

Past five years have utilized approximately
\$7,000,000 in funding

Potential to convert an additional \$2,000,000 of
Federal formula funding

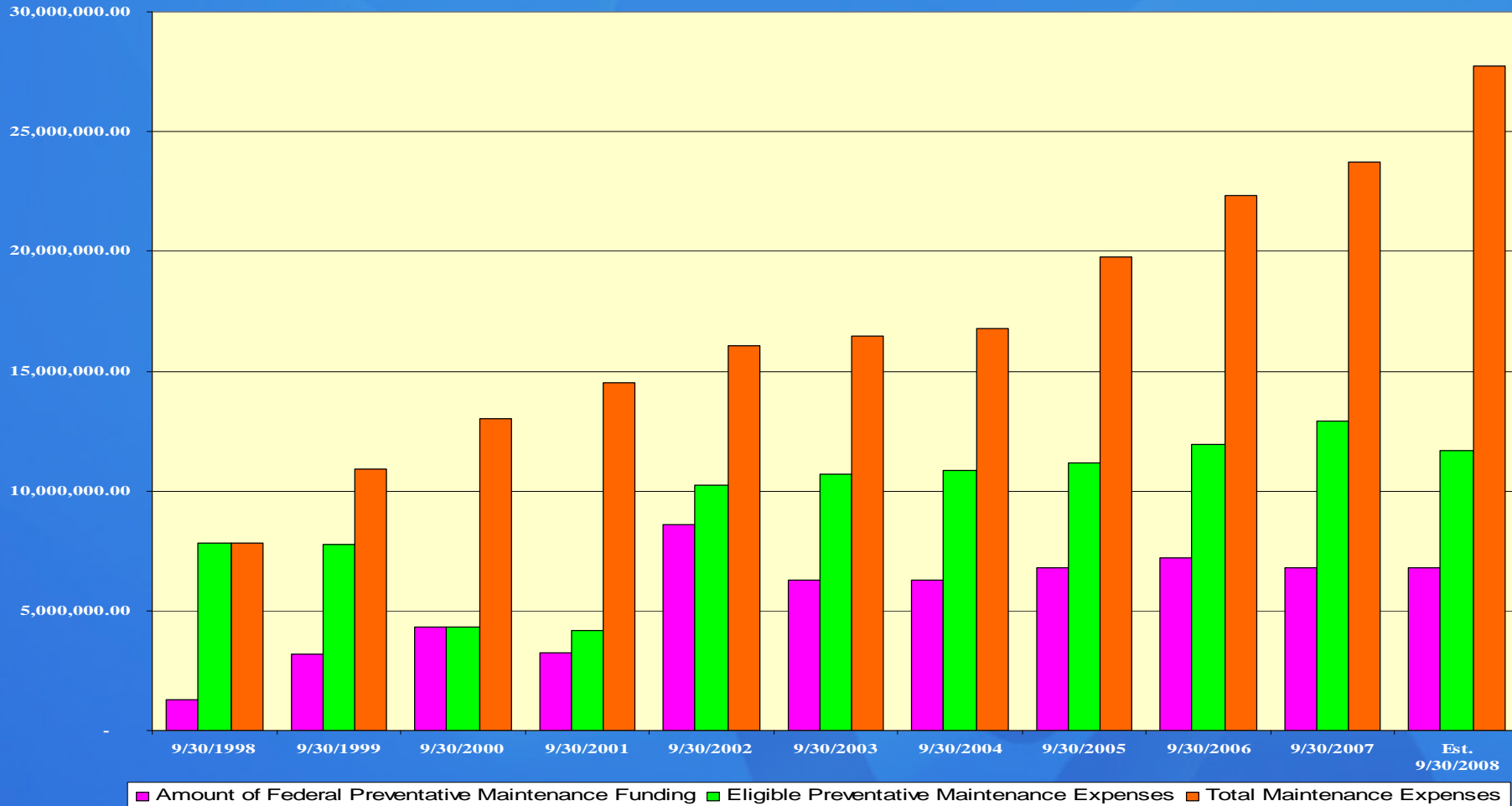
Potential Additional Revenue

\$2,000,000



LYNX Preventative Maintenance Trend FY1998-2008

PREVENTATIVE MAINTENANCE ANALYSIS FY1998 through March 31, 2008



FY09 Operating Budget Shortfall Options

Option 7: Utilization of Reserves

Current operating reserves estimated by year end to be approximately \$15,000,000

Represents approximately a 10% reserve

Utilized reserves in FY08 for \$2,564,383

Not an option that can be used for any length of time

Potential Additional Revenue	\$500,000 - \$1,000,000
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FY09 Operating Budget Shortfall Options

Option 8: Service Reductions

If Options 3-7, a combination of same, or other options are not approved, service reductions “will” be required.

Service reductions will reduce Federal Capital Funding.

Potential Cost Savings

Up to \$9,000,000



Summary

Potential Impact

Option 1: "Door-To-Door" to "Curb-to-Curb"	NR
Option 2: ADA ¾ Mile Limit	NR
Option 3: Fuel Savings	\$1,000,000
Option 4: Fare Increase	\$2,000,000
Option 5: Public/Private Partnership	?
Option 6: Utilization of Preventative Maintenance	?
Option 7: Utilization of Reserves	?
Option 8: Service Reductions	?

