



Metro

**FINANCE AND BUDGET COMMITTEE
MAY 20, 2009**

SUBJECT: FY08 PROP A GROWTH OVER INFLATION

ACTION: RECEIVE AND FILE

RECOMMENDATION:

Receive and file this report showing the FY08 Prop A “growth over inflation” (GOI) that will be transferred to Prop C 40% in FY09.

ISSUE

On May 22, 2008, the Board directed that we report the balance to be transferred to Prop C 40% before any balances are transferred.

DISCUSSION

The Formula Allocation Procedure (FAP) requires that 95% of Prop A 40% be programmed to our bus operations and the municipal bus operators. Under the FAP, each bus operator is designated as “Included” or “Eligible” by State law or Board policy. The total amount of Prop A 40% available for programming to the Included operators is limited to the prior year total plus the inflation rate approved in the budget.

The remainder of the 95% of Prop A 40% is growth over inflation. GOI is allocated to the Eligible operators based on their FAP shares that are computed as if they had been Included operators. Funds remaining after allocation to the Eligible operators are transferred to Prop C 40% pursuant to the Board adopted Prop A 40% Discretionary Guidelines.

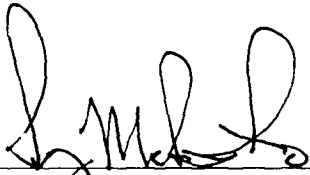
The amount to be transferred for FY08 is based on the FY08 Transit Fund Allocations approved by the Board on July 18, 2007 and a budget amendment in March 2008.

Actual total FY08 Prop A sales tax receipts were \$10.8 million less than planned. Pursuant to the FAP, this negative amount will be used to adjust Prop A 40% amounts available for FY10. As a result, the GOI transfer is \$3.9 million greater than earned in FY08. This difference will be reconciled in the FY10 Transit Fund Allocations which will be brought to the Board in June 2009.

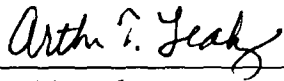
The actions above control programming actions pursuant to the FAP. Actual accounting transfers recorded under generally accepted accounting principles differ in shortfall situations.

Prepared by: Office of Management & Budget

Attachment



Terry Matsumoto
Chief Financial Services Officer and Treasurer



Arthur T. Leahy
Chief Executive Officer

ATTACHMENT

FY08 PROP A 40% GROWTH OVER INFLATION TRANSFER

1	GOI In FY08 Transit Fund Allocation	\$72,774,871
2	Eligible Operators Allocation	(22,488,807)
3	Mid-Year STA Budget Amendment to Eligible Operators	(1,209,225)
4	Total FY08 Allocations to Eligible Operators	(23,698,032)
5	Remaining GOI to PC40%	\$49,076,839
6	Actual GOI Revenues Earned in FY08	\$68,861,111
7	Reduction of FY10 GOI Transfer to Balance FY08 Overallocation	(\$3,913,760)