

Information on Metro Fund Management Policies

Recent history of Metro fund management policies

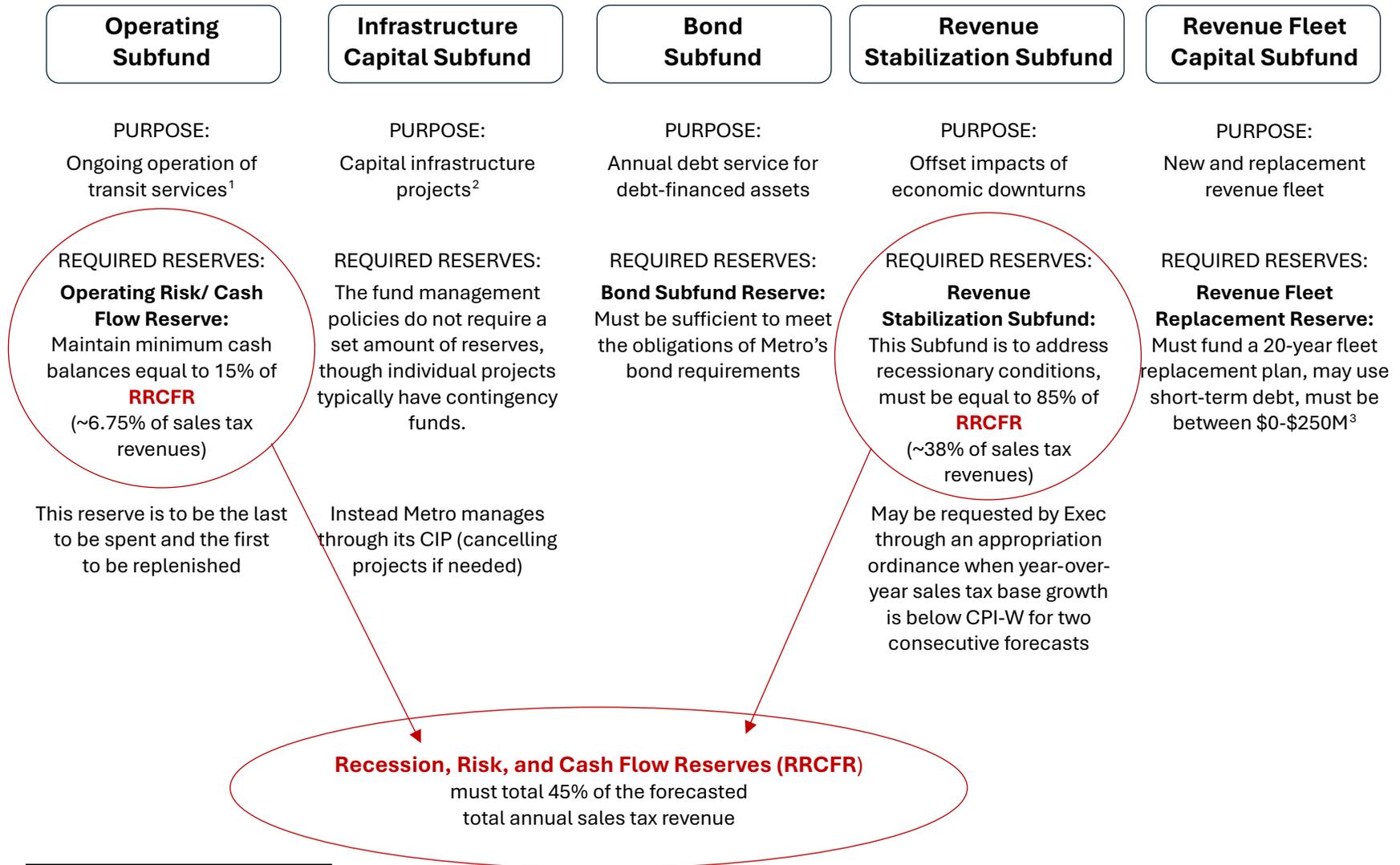
Ordinance	Year	Purpose
16708	2009	Updated the Strategic Plan for Public Transportation to modify the 2007 voter-approved Transit Now program in response to recessionary sales tax shortfalls, also addressed operating reserve levels and future transit fares
17225	2011	Updated Metro’s financial policies, including a focus on reserve structure Note that past fund management plans had been referred to RTC, but following the adoption of the Strategic Plan for Public Transportation, 2011-2021 (Ordinance 17143), the fund management policies were interpreted as simply implementing policy guidance from the Strategic Plan and no longer considered to be a “countywide policy or plan”
18321	2016	Following the work of a Special Committee on Transportation (Executive + three Councilmembers), Council updated Metro’s reserve structures following the recession, increased reserve requirements
19206 19531	2020 2021	Temporarily suspended two sections of the Fund Management Policies during the pandemic: (1) allowed Metro to fund new transit service and capital investments even while not operating full transit service levels; and (2) suspended the 25% farebox recovery requirement and 30% farebox recovery target given the drop in ridership during the pandemic
19863	2024	Changed the fund management policies to reduce the farebox recovery target to 15%, change the floor to 10%, and make farebox recovery targets no longer a requirement

Note: Overall County financial management policies are covered in Motion 16041

What Metro fund management policies do

- **Set general financial practices**, specifically the order in which Metro can spend, in this order:
 1. Debt service
 2. Operation of the current transit system levels
 3. Maintenance and replenishment of reserves
 4. New transit service and capital investments (based on Service Guidelines and Metro Connects)
- **Set requirements for financial planning:**
 - Financial plan and cash flow projection of six years or more for all subfunds
 - Rolling 10-year capital improvement plan
- **Set targets for farebox recovery:**
 - Should recover at least 10% of passenger related operating costs from farebox revenues for bus service
 - Target is 15% of passenger related operating costs from farebox revenues for bus service

- Set a fund structure with five subfunds and targets for reserves in the subfunds



¹ Includes direct operating labor and non-labor costs, administrative costs, and indirect and overhead costs

² Includes planning, design, acquisition, preservation, and replacement

³ This is based on 2016 dollars, is ~\$340M in 2026 dollars