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## Q & A: CEO Roger Snoble Looks at FY 2004, 2005

By BILL HEARD, Editor

(April 22, 2004) FY 2004 was a year of progress – the opening of the Metro Gold Line and construction of the Metro Orange Line come to mind – but it also was a year that saw MTA struggle with escalating costs.

Expenses for labor, material and fuel soared. Last fall's 35-day work stoppage and the failure of ridership to bounce back to pre-strike levels have hurt revenues.

The agency was battered by new Consent Decree demands and a lack of state and federal transportation funding.

A reduction in force is under way and it appears further budget adjustments will have to be made after the new fiscal year begins.

More work must be done this month and next to wrap up the FY 2005 budget in time for MTA Board consideration in May.

In a Q and A conducted Tuesday, April 20, CEO Roger Snoble looked at the budget process, the reduction in force and the prospects for FY 2005.



CEO Roger Snoble

## Where are we in the budget process and how do you see FY 2004 wrapping up?

We'll spend the rest of this fiscal year getting through the remnants of the work stoppage. It had a huge effect on our ridership and that has to be dealt with because our revenue is down as a result of it. We have a lot of other expenses for things like fuel that we're going to have to deal with. We're going to have to find some money this fiscal year to balance this year's budget, even before we get into next fiscal year.

**It seems that a lot of employees were surprised by the size of the RIF even though they knew budgets were tight. Can you put that into perspective for us?**

It's bigger than I wanted to see. I didn't want to see any RIFs. But the fact of the matter is that the money just isn't there. In area after area, costs are going up and, at the same time, we have less money to work with. So, trying to balance all that has resulted in deep cuts in the number of personnel.

The RIF is bigger than we anticipated, but I have to tell you, there was

a time when I thought it would be a lot more. I think we've hit a pretty good balance now, and I hope we can hold it. There are a lot of things we're still very tentative about, still cautious about going forward into the future.

#### **What's the timing for the RIFs?**

As a matter of practicality, we're going to have to start the RIFs earlier, rather than later. The longer we wait, the more money it costs us and we have to keep that in mind.

#### **One of the things that's not resolved yet is the situation with Support Services – Procurement, ITS, Management Audit, etc.**

As far as Management Audit is concerned, we do have some policy changes we can take back to the Board. If they want to change some of the more restrictive provisions, we may be looking at more personnel reductions in that area.

We have a procurement expert coming in to review our Procurement Department to see if it's the right size or whether our regulations are too onerous, or whether we need state legislation or something to help us streamline our procurement processes.

The same is true in ITS. We're doing more of a self-examination there to see what more we need to accomplish, to see what we need to maintain what we have and what opportunities we actually have for improving some things.

#### **Will you get that finished up before the new fiscal year?**

I think we'll have a fairly good handle on it, but I don't think it will be finished by then. It probably will go into next year as a budget amendment.

#### **What do you want to say to employees about how to look at the RIF on a personal level?**

That's the hardest part. We don't hire people and expect to lay them off. It's always difficult to do that. The thing that strikes me is that we've been able to develop a very good severance package for employees and we have the outplacement service. That's something that's really worthwhile taking advantage of.

As the economy recovers, and it certainly is, there are opportunities out there. I hope our employees will take advantage of the package we're offering, keep a positive attitude and go out and find a good job. It may take some time, and it may be difficult, but with the severance package they'll have some months to do it in. And those who find jobs quickly, will have some savings from the severance pay. So, that could be a positive aspect.

We're certainly going to miss them here. These are not performance-based layoffs, we just can't afford these positions any more and we had to make some hard decisions.

#### **What do you see going forward in the first six months of FY 2005?**

We're really going to be focused on our major projects. Hopefully, we'll have the Metro Gold Line extension to the Eastside under construction. We've got the Metro Orange Line under construction. We'll be continuing with the Metro Rapid program and we'll be putting more Consent Decree service on the street.

But, because of the state budget crisis, we're going to have to pay a lot more attention to managing our budget. We'll have to spend a lot of time making our internal operation better. And then you've got things like the Universal Fare System and the ITS projects we're trying to finish up.

It'll be a pretty busy year, plus we're going to have to be as clever as we can be about getting riders back onto the Metro system. We lost a lot of riders during the strike and they've been slow in coming back.

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