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MTA Board Adopts \$2.9 Billion Budget for FY 2005

By MARC LITTMAN

(June 9, 2005) Metro directors adopted a balanced \$2.9 billion budget, June 7, for Fiscal year 2004-05.

The spending plan eliminates at least 233 jobs and sharply reduces administrative overhead to balance a structural operating deficit. Metro fares will remain the same.

"We have to live within our means," CEO Roger Snoble said in describing the austere budget for the fiscal year that begins July 1, 2004. "This is not a happy budget."

"Our efforts to improve mobility in Los Angeles County have been slowed, largely because LA County may lose up to \$2.3 billion in state transportation funding between FY 2003 and FY09," he said. "However, we're still pushing forward with key projects such as the Metro Orange Line and the Metro Gold Line extension."

The budget is \$89 million more than the current budget. However, the cost difference is mainly due to the scheduled start of construction of the six-mile Metro Gold Line Eastside Extension, this summer, as well as major construction work on the 14-mile Metro Orange Line transitway. Metro also is facing higher costs for fuel and security.

To offset these higher costs and dwindling state transportation funding, the budget pared 11 percent from non-labor expenses. These included more than \$7 million from such categories as travel, training, materials and supplies.

Metro employees received no pay increase this year but are budgeted for a 2.5 percent increase next year.

Snoble noted that there are several risk factors that could drive up Metro costs. These include the final settlement of health care contract issues with the union representing Metro maintenance employees, spiraling costs associated with the federal court Consent Decree order to improve Metro Bus service, workers compensation costs, and the volatility of energy prices to power Metro's Bus and Rail fleets.

More than \$1 billion for buses

Nearly half the budget -- \$1.387 billion or 48.5 percent -- is earmarked for Metro Bus operating and capital expenses and support for municipal bus operators and paratransit programs countywide. Metro will take delivery of 130 new high-capacity buses in the next fiscal year including 30 new 60-foot buses.

Rail program expands

The second biggest slice of the budget pie -- \$525 million or 18.4 percent -- will go for Metro Rail operating, construction and capital costs. Another \$55 million -- 1.9 percent -- is LA County's subsidy for Metrolink.

Funding for streets and highway programs

The next biggest portion of the budget -- \$513 million or 17.9 percent -- is for highway and other regional transportation programs such as construction of freeway carpool lanes, freeway sound walls, street widening, better traffic signal coordination, grade separations at railroad crossings, bikeways, ride-sharing incentives, shuttles, and other local transportation programs.

The budget also includes funding for the Metro Freeway Service Patrol to help stranded motorists.

Debt service up slightly

Metro's debt service next year will be \$306 million -- 10.7 percent of the budget. That's up \$9 million from this year for planned debt issuance primarily due to support the Metro Eastside Extension and the Metro Orange Line.

Rounding out the FY 2005 adopted Metro budget are expenditures for other governmental programs such as transportation planning, capital projects such as warehousing, legal and other expenses. These expenditures total \$76 million or 2.7 percent of the budget.

Metro funding comes from the farebox, local, state and federal governments and other sources such as lease rentals, investment income and advertising revenue.

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