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Metro Proposes \$2.86 Billion Budget for FY 2006

- \$153 million less than current budget, despite rising costs
- Eliminates 133 positions; adds 98 union jobs
- No fare increase proposed

By ED SCANNELL

(May 6, 2005) CEO Roger Snoble has proposed a \$2.86 billion spending plan for FY 2006 that is \$153 million less than the current amended budget despite rising fuel, insurance, security, worker's compensation and other costs.

General and administrative spending has been reduced to absorb these increases, including the elimination of 133 full-time equivalent (FTE) contract and non-contract positions. Metro officials indicated that will mean a layoff of between 80 and 100 employees.

Schedule of Review

- The Board of Directors will conduct a budget workshop at 9 a.m., Monday, May 9, in the Board Room.
- A public hearing is scheduled at 10:30 a.m., Thursday, May 19, and the Board is expected to adopt the budget at a meeting set for 9:30 a.m., Thursday, May 26.

This is offset, in part, by the need to hire 98 union employees next year, mostly operators and mechanics, to operate the Metro Orange Line and also to comply with federal Consent Decree orders to continue adding more service on Metro Bus lines.

No fare increase proposed

The draft budget does not propose a fare increase. However, to help balance the budget Metro will be forced to use \$77 million in "one-time" revenues such as the sale or lease of railroad right-of-way property.

"In the year ahead, Metro again will be straitjacketed by financial constraints on many fronts and, yet, we will still push forward on major transit projects that will offer commuters and others new ways to beat traffic and the high price of gas," Snoble said.

Nearly half the budget -- \$1.295 billion or 45.3 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 176 new buses in the next fiscal year, including 170 new 60-foot articulated buses. Additional buses may be ordered in FY 2006, but delivery probably will not take place until FY 2007.

In the fiscal year beginning July 1, the agency will operate three new

Metro Rapid lines and begin service on four others. The agency also will deploy 200 new articulated Metro Liner buses. The proposed budget does not include funding for the 134 buses the Special Master says must be added to the Metro Rapid fleet.

Metro Rail operations, construction

The second biggest slice of the budget pie -- \$613 million or 21.4 percent -- would go for Metro Rail operating, construction and capital costs. This includes major construction of the Metro Gold Line Eastside Extension. Another \$57.9 million -- 2 percent -- is LA County's subsidy for the Metrolink commuter rail network.

It is also possible in FY 2006 that Metro could break ground on the first phase of the Exposition light rail line to Culver City.

As one money-saving measure, some Metro Rail headways will be extended by one or two minutes, said Deputy CEO John Catoe, adding, "We don't think our customers will experience any degree of degradation of service with these surgical adjustments we'll make."

Street and highway funding

The next biggest portion of the draft budget -- \$519 million or 18.1 percent -- is for highway and other regional transportation programs such as the Freeway Service Patrol, 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.

These accomplishments stand out in sharp relief considering that Metro can expect virtually no support from Sacramento because of the state budget crisis. The prospects for increased federal funding are remote.

That puts Metro in a precarious situation if the agency is saddled with additional financial burdens, Snoble said.

Among the risks in this budget are rising fuel prices, the potential for eliminating existing state gas tax funding, and new federal Consent Decree orders to add even more bus service on top of the nearly \$1 billion Metro has spent in the past eight years complying with the Consent Decree.

"The bottom line in this budget is that we'll get through the year," Snoble said Thursday, "but, there is simply no way to sustain this level of operations without more revenue or reducing our level of service."

Debt service up slightly

Metro's debt service next year will be \$309.7 million -- 10.8 percent of the budget. That's up \$4.1 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 2006 draft Metro budget are expenditures for other governmental programs such as transportation planning, capital projects such as warehousing, legal and other expenses. These expenditures total \$64.7 million or 2.4 percent of the budget.

