


[Home](#)
[CEO Hotline](#)
[Viewpoint](#)
[Classified Ads](#)
[Archives](#)
[Metro.net](#) (web)

Resources

[Safety](#)
[Pressroom](#) (web)

[Ask the CEO](#)
[CEO Forum](#)
[Employee Recognition](#)
[Employee Activities](#)
[Metro Projects](#)
[Facts at a Glance](#) (web)

[Archives](#)
[Events Calendar](#)
[Research Center/Library](#)
[Metro Classifieds](#)
[Bazaar](#)

Metro Info

[30/10 Initiative](#)
[Policies](#)
[Training](#)
[Help Desk](#)
[Intranet Policy](#)

Need e-Help?

Call the Help Desk
at 2-4357

[Contact myMetro.net](#)

CEO UpDate

FY 2007 Budget Update and a Tip o' the Hat to Wayside Employees

By CEO ROGER SNOBLE



CEO Roger Snoble

In this column, I want to update you on the FY 2007 budget, which goes into effect July 1. I'm sure you've heard talk about our operating deficit – it's about \$112 million – and I want to put that in perspective for you.

First, it's important to look at what we've been able to accomplish despite our financial situation. We opened the Metro Orange Line, a fairly low-cost project that has been productive from the very beginning. We've also been working to improve the bus system. The crown jewel is the expansion of the Metro Rapid system, which has been attracting a lot of new riders.

Through our service sectors, we're improving local service and we've started new express lines like the 450X and 577X. Overall, the bus system has vastly improved from what it was five years ago. At the same time, we had to do a number of extraordinary things financially to keep moving – particularly after the state pulled back its transportation funding.

For FY 2007, we'll have enough reserves to cover the \$112 million operating deficit. This is "one-time money" and when it's spent, we'll be lucky to have \$60 million in reserves going into FY 2008, when we expect the operating deficit will grow to \$150 million. Arthur Winston, who doesn't use credit cards and doesn't owe money to anyone, certainly would not approve of this.

Brewing for 10 years

The structural deficit has been brewing for at least 10 years as we've continued to spend more money than we take in. We've managed by borrowing from the future, taking money from major transportation improvements to put into operations. And we're going to have to do something dramatic if we expect to pay our bills in FY 2008.

We expect the state will renew transportation funding and that Metro will receive its fair share. We'll also introduce Metro Connections in spring 2007 and we believe that – with more effective route planning – we can save money and attract more riders, thus increasing revenues.

Right now, in a 24-hour service day, only about one-third of the seats

on our buses and rail cars are filled. We need to find ways to fill those seats. We'll also comb through operations to find ways to stretch our dollars and to reduce such overhead costs as deadheading and overtime.

With the UFS TAP system coming online, we'll look at a more flexible fare structure and possible fare changes. We're considering things like multiple-ride tickets, the price of the Day Pass, distance-based fares and reducing the deep discounts on some of our passes.

So, don't get the idea the situation is hopeless. It's not and, actually, the future can be bright. As big as a \$150 million deficit may be, it's just a fraction of our billion-dollar operating budget. I believe that's manageable and, if we do things in a sensible way, we can go forward with confidence.

Hats off to Wayside employees

In closing, I want to acknowledge Metro Rail Wayside Systems employees who worked virtually around the clock for 10 days to restore service on the Blue Line after a pickup truck catapulted off the 91 Freeway in Compton, March 20, and destroyed the catenary wires over the southbound tracks. Six days later, a car hit a palm tree in Long Beach and damaged another stretch of catenary.

Completing these extensive repairs took an extraordinary effort by our Wayside crews. They did the job right, and I congratulate and thank them for their hard work.

April 11, 2006

| [Home](#) | [Phone Directory](#) | [Forms Online](#) | [FIS Online](#)