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## Snoble Proposes \$3.031 Billion Balanced Budget for FY 2007

- Covering \$112 million deficit will nearly exhaust agency reserves
- Budget includes 2 percent wage increase, but no fare hike

(May 9, 2006) CEO Roger Snoble is proposing a \$3.031 billion Metro budget for FY 2007, beginning July 1, that will be balanced by nearly exhausting the agency's reserves to cover a \$112 million budget deficit.

The spending plan is only \$176 million or 6 percent more than the FY 2006 budget, but drawing down the reserves will leave only an estimated \$66 million balance by the end of FY 2007.

Metro will have to defer such capital projects as the relocation of South Park, bus engine replacements, additional radios for contract buses, a new color printing press and some rail facilities projects. On the positive side, the budget includes a proposed 2 percent wage increase.

This year's budget increase is largely due to the scheduling of more bus and rail service to meet Consent Decree requirements and a \$14 million increase in fuel costs, among other expenses.

Metro's cost per bus revenue service hour will rise by \$5.32 from \$109.66 per hour in FY 2006 to \$114.98 in FY 2007. On the other hand, rail cost per revenue vehicle service hour is expected to drop by \$11.43 from \$363.31 in FY 2006 to \$351.88 in FY 2007.

### No fare hike proposed

Despite increased costs, however, no fare hikes are being proposed as a means of balancing the budget.

"We're mortgaging our future," Snoble observed. "On the one hand we need to give the public more rideshare options, especially, in the wake of record gas prices, and we are."

"But we recover only 25 percent of our operating costs from fares and the rest is subsidized by taxpayers. That can't be sustained," Snoble said, noting that such major transit properties as New York City and Washington, D.C. recover over half of their operating costs from the farebox.

During a briefing for local media on Monday, Deputy CEO John Catoe said 1.6 million revenue service hours were added in the past five years to meet Consent Decree orders. "That's over \$100 million a year."

The Consent Decree is due to expire Oct. 29 and District Court Judge Terry Hatter has declined to appoint another special master to succeed

Donald Bliss, who resigned in February.

Metro will hold a public hearing on the draft budget at 2:30 p.m., Wednesday, May 17, in the Board room. The Board will consider adopting the budget at its Thursday, May 25, meeting.

### **Reined in Workers' Comp**

Snoble noted that Metro has eliminated 545 full-time positions since FY 2004. The agency also reined in Workers' Compensation costs by reducing employee injuries and lost work days, which cut the number of claims from 3,264 in FY 2000 to 1,255 in FY 2006.

In FY 2007, Metro will cut expenditures for such administrative expenses as office supplies, travel and training and professional services by 11 percent.

At the same time, Metro needs to recruit more than 200 bus operators now and, as Catoe noted Monday, will need approximately 300 by the end of June due to plans to expand service hours.

Pointing out that the region is virtually at full employment, he said, "The reality is, we're going to have to do a very aggressive outreach program" to recruit more operators.

Beyond further belt tightening on overhead, Metro will lobby for more state and federal funds and seek more riders to boost revenue.

### **More bus service planned**

The draft FY 2007 budget calls for spending \$1.338 billion or 44.2 percent of the total budget on bus operating and capital for Metro and the county's municipal bus operators.

Metro will increase bus service by 96,000 operating hours next year for a total of 7.8 million Metro Bus and Metro Orange Line revenue service hours.

The agency will receive and put into service 94 high-capacity articulated buses on Wilshire/Whittier's Metro Rapid Line 720 and on Metro Rapid Line 761 on Van Nuys Boulevard and on other busy bus lines.

Seven new Metro Rapid Lines will debut on Long Beach Boulevard and Pacific Avenue, Reseda Boulevard, San Fernando Road and Lankershim Boulevard, Santa Monica Boulevard, Central Avenue between downtown Los Angeles and the Metro Blue and Green Lines, Pico Boulevard (operated by Santa Monica's Big Blue Bus), and on Atlantic and Fair Oaks boulevards.

This will bring the Metro Rapid total to 22 lines, with six more scheduled for operation in FY 08.

To bolster security, Metro will install security cameras at Metro bus divisions and at Gateway Center.

### **Metro Rail to expand**

The draft spending plan earmarks \$720 million, or 23.8 percent, for countywide rail, including Metro Rail operating and capital costs and \$57 million for Metrolink.

With Metro Rail ridership up more than 10 percent in the past year, in FY 2007 Metro will increase rail service by 36,000 hours and receive and deploy 19 new light rail cars.

**New highway projects planned**

The budget proposes \$590 million, or 19.5 percent, 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 and shuttles.

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

Some of the major highway projects that will be under construction in FY 2007 include the Interstate 405 northbound carpool lane from Ventura Boulevard to Burbank Boulevard, Interstate 5 carpool lane from Route 118 to 170 and from Route 170 to 134, carpool lanes on Route 14, Interstate 5, Interstate 405 and Route 60.

**Debt service dips slightly**

Metro's debt service for the next fiscal year will be \$306 million – 10.1 percent of the budget. It's down \$4 million from this year's debt service on bonds issued for various transportation projects.

Rounding out the FY 2007 draft Metro budget are expenditures for other governmental programs such as transportation planning, legal and other expenses. These total \$76 million or 2.5 percent of the budget.