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Board Adopts FY 2007 Budget, But Wants to Cut \$10 Million More

- Further cuts would help offset \$110 million deficit

(June 1, 2006) The Board of Directors adopted a \$3.029 billion budget for FY 2007, May 25, but voted to meet within 30 days to consider budget cuts to offset a \$110 million structural deficit.

The Board will be looking to trim \$10 million from the budget by, among other measures, eliminating 17 vacant non-contract positions and deferring for a year the purchase of 40 non-revenue vehicles. The Board also will review transit security costs for possible cuts that could be made without affecting bus and rail safety.

In addition, the Board will look for ways Metro could generate additional revenue – from advertising or possibly by leasing vacant space at the Gateway Building – to help offset the deficit. Metro also will lobby for more state and federal funds and work to attract more riders to boost farebox revenue.

No fare increase was included to balance the budget so Metro will have to nearly exhaust its reserves and defer such capital projects as some bus engine overhauls.

The spending plan is only \$174 million, or 6 percent, more than the current Metro budget. The increase is largely due to the scheduling of more bus and rail service.

In FY 2007, Metro will cut expenditures for such administrative expenses as office supplies, travel and training and professional services by 11 percent. Since FY 2004, Metro has eliminated 545 full time positions and held down workers' compensation costs.

More Bus Service Planned

The FY 07 budget calls for spending \$1.338 billion or 44.2 percent of the total budget on bus operating and capital for Metro and the municipal bus operators in LA County. Bus service will increase 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 articulated buses on Wilshire Boulevard, Metro Rapid Line 761 (Van Nuys Boulevard/UCLA/Westwood) and other busy bus lines. It will debut seven new Metro Rapid lines.

The 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 nearly 300,000 riders boarding Metro Rail trains on weekdays, the agency will increase rail service by 36,000 hours and receive and deploy 19 new light rail train cars.

The budget allocates \$590 million or 19.5 percent for highway and other regional transportation programs. It also includes funding for the Metro Freeway Service Patrol.

Metro's debt service next 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 adopted 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.