

Los Angeles County Metropolitan Transportation Authority

# ADOPTED BUDGET

## FY2005

July 1, 2004 – June 30, 2005



**Metro**



Los Angeles County Metropolitan Transportation Authority  
Office of Management and Budget  
One Gateway Plaza  
Los Angeles, CA 90012-2952

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## **I. Description of MTA and Strategic Plan**



# Metro

## Message from the Chief Executive Officer

During fiscal year 2005, Metro will continue the difficult balancing act of living within our means while moving forward with service expansion and construction of new transit projects to keep pace with growing demand.

The \$2.9 billion FY05 adopted budget is austere. Excluding mandated increases for compliance with the Consent Decree, we will cut at least 233 positions and sharply reduce administrative overhead to balance a structural operating deficit.

On the positive side, fares should remain the same. Metro also will begin construction on a six-mile extension of the Metro Gold Line to Little Tokyo and East Los Angeles and will complete the 14-mile Metro Orange Line in the San Fernando Valley. Moreover, Metro will expand bus service and implement five new Metro Rapid lines. In addition, Metro will take delivery of 130 new high-capacity buses, including 30 new buses that can seat 50 percent more passengers than a standard 40-foot bus.

We also are beefing up security on the Metro system, particularly in Metro Rail stations where additional surveillance cameras and other security devices will be installed. Sixty more fare inspectors to complement uniformed and undercover Sheriff's officers also will be hired in FY05.

Work will continue on three other multi-year capital projects: the Universal Fare Collection System (UFS), the Advanced Transportation Management System (ATMS), and the Maintenance and Materiel Management System (M3).

While these improvements will help satisfy some of the pent-up demand for more and safer service, it still will fall far short of what's needed to ensure mobility for LA County's 10 million residents. There simply are not enough resources. Compounding matters, both state and federal lawmakers are grappling with their own budget woes, and as they pull tighter on the purse strings, fewer dollars find their way to Los Angeles.

We had been forecasting the loss of \$2.3 billion in state transportation funding between FY03 and FY09; however, there are high indications that Sacramento may restore some of the funds that were cut to deal with the state budget crisis. That would be welcome news. Of course, Metro already has committed \$486 million over the next three years to backfill for state funds that are not available for critical local mass transit and highway projects, so our first priority is to get reimbursed for the monies we have advanced.

On the federal side, Metro recently secured a \$490.7 million full funding grant agreement that will cover about half the cost of building the Metro Gold Line Eastside Extension. However, federal operating funds to help offset the cost of running Metro Bus and Rail service remain scarce.

Besides funding uncertainties, there are other risks associated with the FY05 budget. These risks include the volatility of prices for fuel and electricity to power Metro's Bus and Rail fleets, fare and sales tax revenue projections, Workers' Compensation savings, Homeland Security costs, ATU arbitration, and Consent Decree service plan costs.

With respect to the Consent Decree, Metro received a Final Order on January 12, 2004, directing the agency to further expand bus service by December 2004. To comply with that Order, Metro will expand service by approximately 208,000 revenue hours in FY05. The cost of that additional service will be \$11.3 million. Next year, when the additional service will run for the full year, the cost will be in excess of \$18 million.

Despite these challenges, Metro will stay the course in FY05 and will live within its means. That has become our credo and will remain so in the years to come.

Sincerely,

A handwritten signature in black ink, appearing to read 'RS', with a long, sweeping underline that extends to the left and right.

Roger Snoble  
Chief Executive Officer

## MTA PROFILE

Formed in 1993, the Los Angeles County Metropolitan Transportation Authority (MTA), or Metro, serves as transportation planner and coordinator, designer, builder, and operator of the public transportation system for the region. Almost ten million people, nearly one-third of California's residents, live within Metro's 1,400+ square-mile service area.

Included among Metro's primary responsibilities to Los Angeles are the following:

- Operate the second largest bus system in the United States, providing over 94 million vehicle service miles annually to an average of 1.1 million boardings per weekday.
- Operate three light rail lines and one heavy rail line with over 200,000 boardings per weekday.
- Administer and distribute funds for all Los Angeles County transit providers.
- Develop and construct Rapid Bus lines and fixed guideways for buses and multi-passenger vehicles.
- Construct new light and heavy rail lines.
- Provide highway construction funding and traffic flow management.
- Research and develop alternative energy sources for transit vehicles.
- Make decisions regarding air quality, environmental impact, land use, and economic development.
- Promote the use of public transit services and rideshare programs.

Metro headquarters and the Gateway Transit Center are located adjacent to historic Union Station. The Center links Los Angeles County with neighboring counties by providing easy connections for commuters to Metro Bus and Rail, Metrolink and Amtrak.

A Board of Directors governs the MTA. With 13 voting members and one non-voting member, the Board of Directors is appointed as follows:

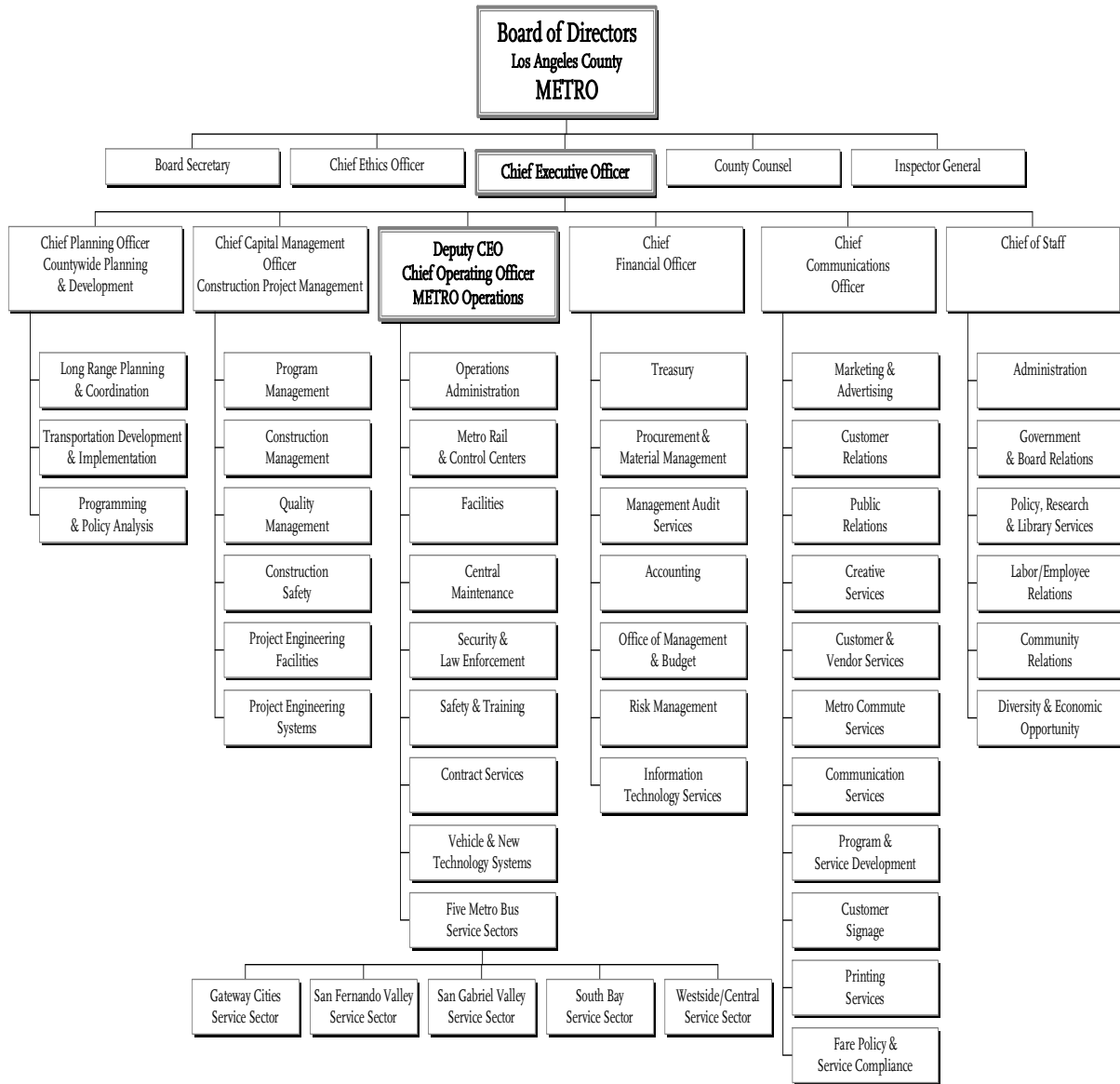
- Five members of the Los Angeles County Board of Supervisors;
- The Mayor of the City of Los Angeles and 3 appointees;
- Four members appointed by the Los Angeles County City Selection Committee; and
- One non-voting member appointed by the Governor.

Though legally separate entities, the MTA's "blended component" units are, in substance, part of MTA's operations and are included as part of MTA's financial reporting. Accordingly, the activities of the Public Transportation Services Corporation (PTSC), the PTSC-MTA Risk Management Authority (PRMA), Service Authority for Freeway Emergencies (SAFE), two Benefit Assessment Districts (BAD), and the Advanced Technology Vehicle Consortium (ATVC) are also included in the annual budget presentation that follows.

The annual budget and additional information about the organization, programs, and services at Metro can be found on its website at [metro.net](http://metro.net).



# MTA ORGANIZATION CHART



## MTA BOARD OF DIRECTORS



**Frank C. Roberts**  
MTA Board Chairman  
Mayor  
City of Lancaster

Mr. Roberts is the Mayor of the City of Lancaster, having been elected as the city's first elected mayor in 1996 and reelected in 1998, 2000, 2002, and 2004. Prior to his election as Mayor, Mr. Roberts served as a member of the City Council since 1992. Mr. Roberts retired from teaching at Antelope Valley College in 1996 after 38 years, the last 16 of which were as Division Chairman and Dean of Applied Academics and Technologies. In addition to his current position as MTA Board Chairman, Mr. Roberts also serves on the Boards of Antelope Valley Air Quality Management District and Antelope Valley Transit, and is director of the Los Angeles County Private Industry Council. Mr. Roberts holds a bachelor of science degree in engineering from Cal State University at Los Angeles, a master of science degree in vocational education from UCLA, and a master's in public administration from Cal State University at Northridge.



**James K. Hahn**  
MTA Board 1<sup>st</sup> Vice Chair  
Mayor  
City of Los Angeles

Mr. Hahn was elected Mayor of the City of Los Angeles in June 2001. He served Los Angeles for 16 years as its elected City Attorney (1985-2001) and four years as its elected City Controller (1981-1985). He received a bachelor of arts degree in English and a law degree from Pepperdine University.



**Gloria Molina**  
MTA Board 2<sup>nd</sup> Vice Chair  
LA County Supervisor  
1<sup>st</sup> Supervisorial District

Ms. Molina represents the First District on the Los Angeles County Board of Supervisors, having been first elected to this office in March 1991 and re-elected in 1994, 1998, and 2002. Prior to her election to the Board of Supervisors, Ms. Molina served as State Assemblywoman for the 56th District from 1982 to 1987. In 1987, she was elected to the Los Angeles City Council, on which she represented the First District until 1991. Before her election to public office, Ms. Molina served in the Carter White House and subsequently in the San Francisco Department of Health and Human Services. Ms. Molina continues to remain active in community issues through her memberships with numerous civil rights organizations. Ms. Molina attended East L.A. College and Rio Hondo College.



**Michael D. Antonovich**  
LA County Supervisor  
5th Supervisorial District

Mr. Antonovich is a member of the Los Angeles County Board of Supervisors and represents the Fifth Supervisorial District, having been reelected to his seventh four-year term in 2004. From 1972 to 1978, he served as a member of the California State Assembly. He also served as a member of the Board of Trustees of the Los Angeles Community College District from 1968 to 1973. Mr. Antonovich has held teaching positions with the Los Angeles School District and Pepperdine University. He holds a bachelor of arts degree and master's degree from California State University, Los Angeles.



**Yvonne Brathwaite Burke**  
LA County Supervisor  
2<sup>nd</sup> Supervisorial District

Mrs. Burke is the Los Angeles County Supervisor for the Second Supervisorial District, having been elected in 1992 and reelected in 1996 and 2000. Mrs. Burke served as a member of Congress from 1972 to 1978, and as a State Assemblywoman from 1966 to 1972. She has served on numerous boards, including the University of California Board of Regents, the Board of Trustees of the Amateur Athletic Foundation (formerly the Los Angeles Olympic Organizing Committee), and Chair of the Los Angeles branch of the Federal Reserve Bank of San Francisco. Mrs. Burke received a B.A. degree in political science from the University of California, Los Angeles, and a J.D. from the University of Southern California School of Law.



**John Fasana**  
Mayor  
City of Duarte

Mr. Fasana, a City of Duarte Councilmember, has represented the 31 San Gabriel Valley cities on the Metro Board since its inception in 1993, serving as Chair for FY02. Mr. Fasana was first elected to the Duarte City Council in November 1987 and reelected in 1991, 1995, 1999, and 2003. He currently serves as Mayor, a position he also held in 1990 and 1997, and promotes Duarte's interests in transportation, community services, and environmental protection. As Chair of the San Gabriel Valley Council of Governments Transportation Committee, Mr. Fasana has provided policy direction that has led to the creation of the Alameda Corridor East Gateway to America, the Pasadena Metro Blue Line Construction Authority, and the Gold Line Foothill Extension to Montclair. Mr. Fasana currently represents seven cities on the Foothill Transit Executive Board. He is also a member of the Transportation Committees of SCAG and the League of California Cities, Los Angeles County Division, and serves as a member of the Metro Board's Fuel Cell Consortium. Mr. Fasana has worked 24 years with Southern California Edison and is a graduate of Whittier College with a bachelor of arts degree in business and public administration.



**Don Knabe**

LA County Supervisor  
4<sup>th</sup> Supervisorial District

Mr. Knabe is the Chairman of the Los Angeles County Board of Supervisors representing the Fourth District. Mr. Knabe was first elected to the Board in 1996 and reelected in 2000 and 2004. He was recently appointed by the White House to the State and Local Elected Officials Senior Advisory Committee to the President's Homeland Security Advisory Council. Mr. Knabe is a former Mayor and Councilman of the City of Cerritos and former Chief of Staff to County Supervisor Deane Dana. Mr. Knabe holds a bachelor's degree in business administration from Graceland College in Lamoni, Iowa.



**Tom LaBonge**

Council Member  
City of Los Angeles

Mr. LaBonge was first elected to the L.A. City Council in October 2001 to complete the last 16 months of John Ferraro's four-year term that was vacated upon his death. In March 2003, Mr. LaBonge was reelected to serve a four-year term. Prior to his election to the City Council, Mr. LaBonge served 15 years as the late Council President John Ferraro's Chief Field Deputy. Subsequently, Mr. LaBonge was asked to join the administration of Mayor Richard J. Riordan as his Special Assistant. After seven years with the Mayor's Office, Mr. LaBonge was named Director of Community Relations for the Los Angeles Department of Water and Power.



**Martin Ludlow**

Council Member  
City of Los Angeles

Mr. Ludlow was elected to the L.A. City Council in June 2003, representing the 10<sup>th</sup> Council District. Mr. Ludlow is Chair of the City Council's newly-formed Conventions, Tourism, Entertainment Industry and Business Enterprise Committee, and Vice Chair of the Housing, Community and Economic Development Committee. He is also a member of the Arts, Parks, Health and Aging Committee, and was appointed to the MTA Board by Mayor Hahn. Mr. Ludlow's first job in politics was as a Washington, D.C., intern with Congressman Julian Dixon. Mr. Ludlow has a B.S. degree in criminal justice from Cal State University, Los Angeles.



**Pam O'Connor**  
Council Member  
City of Santa Monica

Ms. O' Connor has served on the Santa Monica City Council since 1994 and twice has served as that city's mayor (in 1997 and 1999). She is a member of the Southern California Association of Governments' Regional Council and is on the Board of Directors of the Local Government Commission. She also serves on committees for the League of California Cities and the National League of Cities. Ms. O'Connor works as a private consultant, specializing in historic preservation. She has worked throughout Southern California on projects, including the rehabilitation of Los Angeles' City Hall and on numerous buildings at UCLA and USC. Ms. O'Connor earned a B.S. degree in journalism from Southern Illinois University and holds masters' degrees in historic preservation planning and in technology management from Eastern Michigan University.



**Beatrice Proo**  
Councilwoman  
City of Pico Rivera

Ms. Proo is Councilwoman on the Pico Rivera City Council, on which she has served since 1992. Ms. Proo is a 22-year founding chairman of Pacific Western National Bank. Ms. Proo has served as past president of the League of California Cities' Los Angeles Division and past chair of the Regional Transportation Agencies Coalition. She is a board member of the Los Angeles County Local Agency Formation Commission, the Southern California Regional Rail Authority, and the Los Angeles-San Diego-San Luis Obispo Rail Corridor Agency. She is the Chair of the Gateway Cities Council of Governments Transportation Committee. Ms. Proo is also a member of the executive board of the California Joint Powers Insurance Authority and of the Regional Council of the Southern California Association of Governments. Ms. Proo holds a B.A. degree in education from Mount St. Mary's College.



**Antonio Villaraigosa**  
Council Member  
City of Los Angeles

Mr. Villaraigosa was elected to the Los Angeles City Council in March 2003, representing the 14<sup>th</sup> Council District. In August 2003, Mayor Jim Hahn appointed Mr. Villaraigosa to the MTA Board of Directors, where he is a member of the Construction Committee. Prior to his election to the L.A. City Council, Mr. Villaraigosa served in the California State Assembly, to which he was elected in 1994. As a freshman representative he was elected Democratic Whip and two years later became Majority Leader. In 1998, he was elected Speaker of the Assembly. Mr. Villaraigosa has sponsored legislation on school funding, park funding, and water conservation, and negotiated a major transportation funding package.



**Zev Yaroslavsky**

LA County Supervisor  
3rd Supervisorial District

Mr. Yaroslavsky, the immediate past chairman of the MTA Board, is a member of the Los Angeles County Board of Supervisors representing the Third Supervisorial District, having been elected to this office in November 1994. Mr. Yaroslavsky served as a member of the Los Angeles City Council between 1975 and 1994. The Los Angeles native earned his bachelor's degree in history and economics from UCLA in 1971 and a master's degree in history in 1972.



**Ronald W. Wong**

Ex-officio Member  
Appointed by Governor

Mr. Wong is currently Chairman of Imprenta Communications Group, Inc., a marketing and communications firm. From 1994 to 1997, Mr. Wong served as Founding Partner of Lang, Murakawa & Wong, where he advised clients on marketing and public affairs. LMW worked with MTA on various community outreach, transit planning, and public information campaigns. In 1997, President Clinton tapped Mr. Wong to serve as the Director of External Communications for the U.S. Department of Justice, Community Relations Services. From 1998 to 2001, Mr. Wong served as the Chief Deputy Appointments Secretary to California Governor Gray Davis. Mr. Wong received a bachelor of arts degree in political science from the University of California, Los Angeles.

## STRATEGIC PLANNING PROCESS UPDATE

The FY04 version of the strategic plan identified seven strategic goals and identified seven goal teams who met to discuss strategic approaches to existing agency-wide programs, projects and services. More importantly, the goal teams were charged or tasked to determine how this agency will measure its success. This open collaborative process enabled Metro's Executive Management Team an opportunity to break down departmental silos, work better together as a cross-functional and integrated team and to develop new ways of thinking.

Metro's Executive Management Team (EMT) recently met on several different occasions to update the FY05 version of the strategic plan. The Executive Management Team met to reaffirm their 2005 team commitment to continuous improvement of an efficient and effective transportation system for Los Angeles County, through the identification of five strategic goals. Each strategic goal has one or more objectives, defined by one or more implementation strategies which have been aligned to a series of recommended action steps intended to improve overall operational performance.

The updated FY05 Metro Strategic Performance Plan will continue to be used as the basis for agency-wide direction, decisions and activities. The strategic plan is designed to be a "living document" which means it is an "evolving plan" and not a rigid or fixed document. For this reason, a "quarterly review" process has been established to track and measure the achieved key performance indicators, which permits an opportunity to realign the strategic goals, objectives and strategies.

Each strategic goal has an established outcome or key performance indicator and performance measures which have been aligned to key management owners and team support partners for improved management accountability, productivity, and organizational performance.

Each year the CEO will reassess the agency's performance, goals and objectives based upon budget appropriations. The programs and resources listed in the agency-wide strategic plan will be realigned annually based on budget allocations and projections as part of Metro's ten-year forecast.

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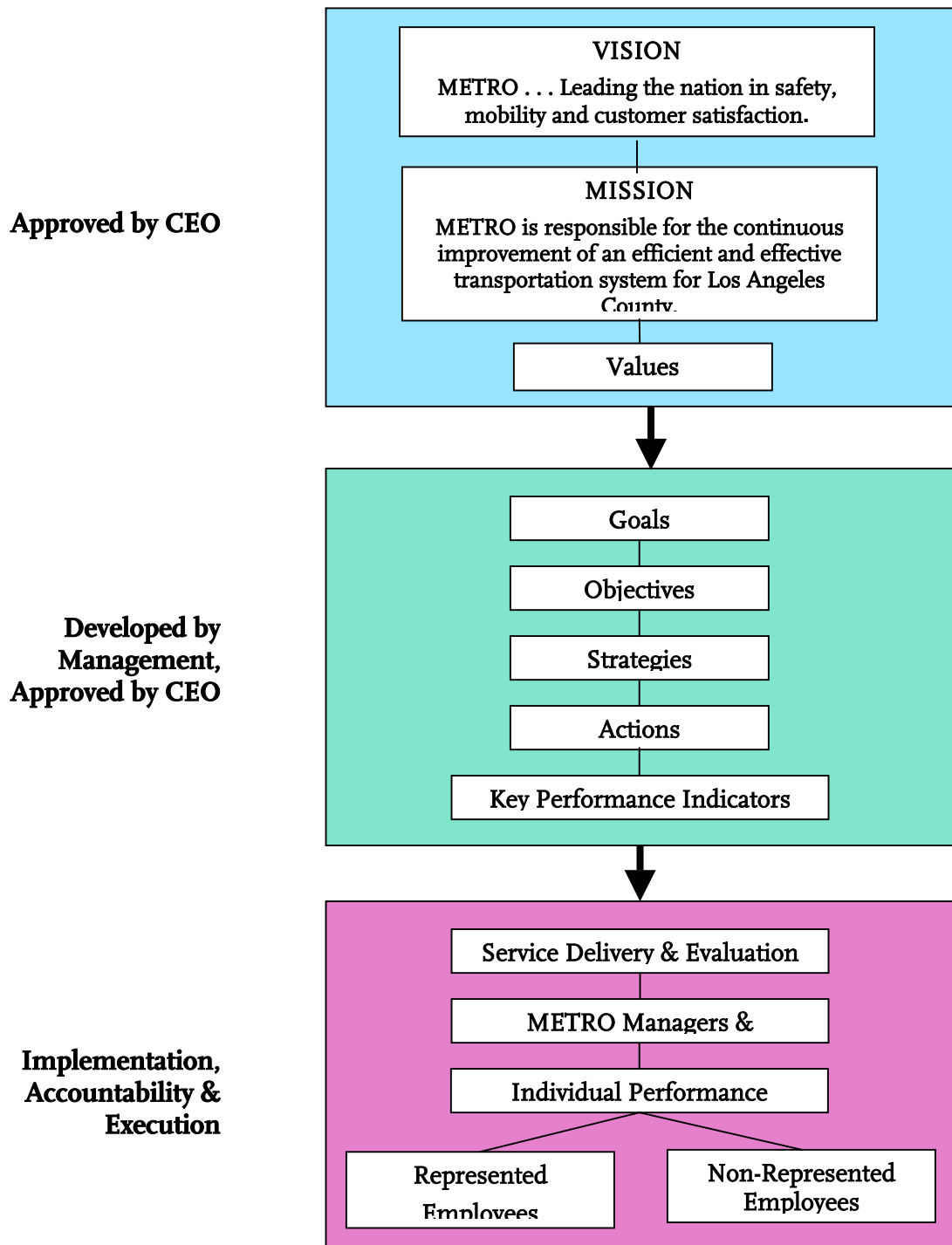


## STRATEGIC PLAN FY03 – FY07 (UPDATED FY05)

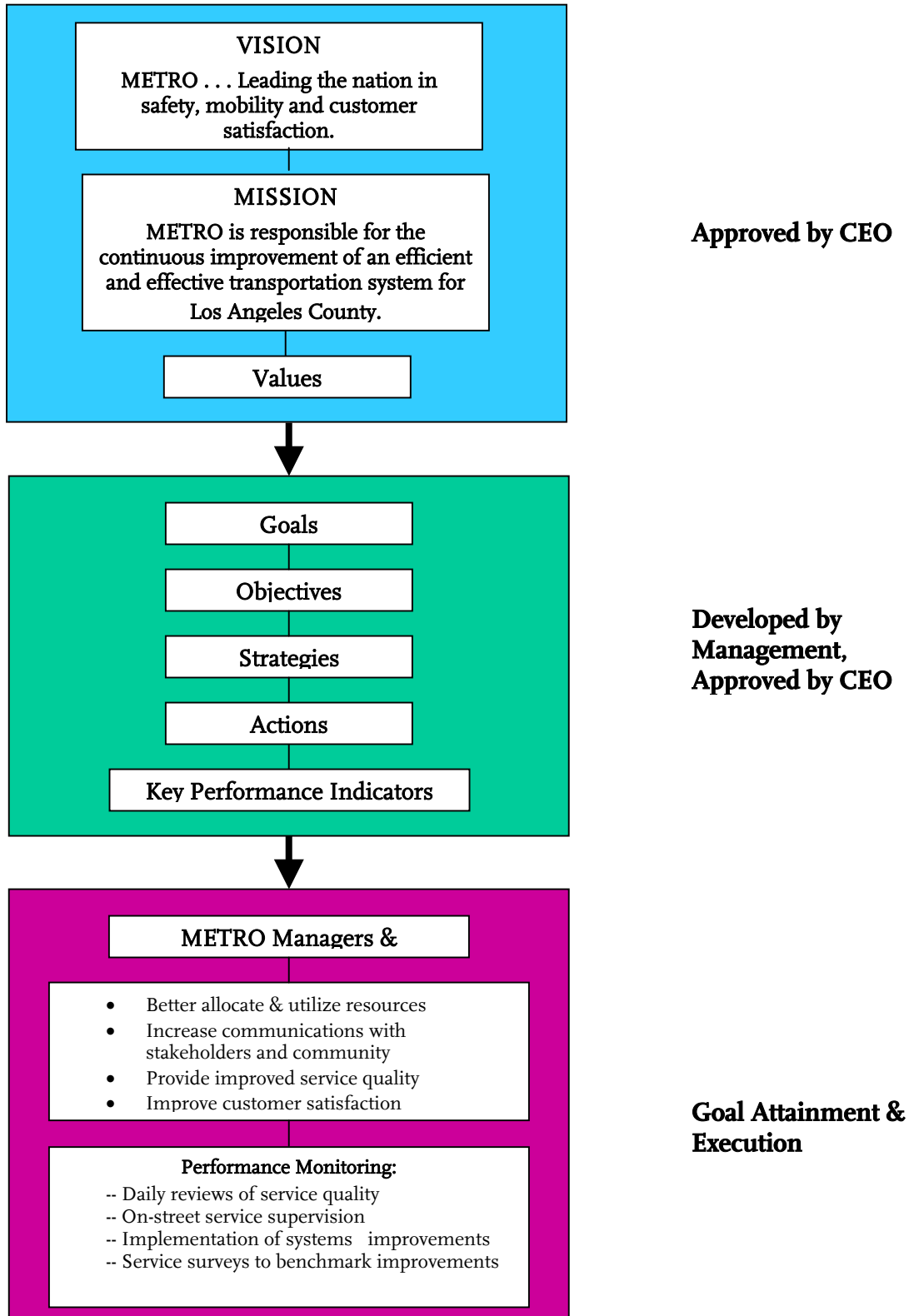
<b>Vision</b>	METRO . . . leading the nation in safety, mobility and customer satisfaction!
<b>Mission</b>	METRO is responsible for the continuous improvement of an efficient and effective transportation system for Los Angeles County.
<b>Core Business Goals</b>	<p><b><u>Goal 1: Improve Transit Services</u></b></p> <ul style="list-style-type: none"> <li>– Efficiently and effectively operate service sectors</li> <li>– Improve service quality and capacity for bus and rail systems</li> <li>– Maximize fleet capacity to meet service expansion</li> <li>– Improve, expand and add operating facilities</li> <li>– Implement innovative technologies</li> <li>– Improve transit security of bus and rail systems</li> <li>– Acquire and deliver cost effective materials, parts and supplies</li> </ul> <p><b><u>Goal 2: Deliver quality capital projects on time and within budget</u></b></p> <ul style="list-style-type: none"> <li>– Design and build quality projects</li> <li>– Develop Integrated Project Tracking System</li> <li>– Streamline Project Delivery System</li> <li>– Work with contractors to provide a safe work site to minimize lost time accidents</li> </ul> <p><b><u>Goal 3: Exercise fiscal responsibility</u></b></p> <ul style="list-style-type: none"> <li>– Manage the approved budget</li> <li>– Implement efficient and effective cost allocation plans</li> <li>– Implement an integrated performance monitoring measurement information system</li> <li>– Conduct monthly performance monitoring reviews to assess financial performance</li> <li>– Eliminate duplicate roles &amp; responsibilities</li> <li>– Improve the procurement process</li> </ul> <p><b><u>Goal 4: Provide leadership for the region’s mobility agenda</u></b></p> <ul style="list-style-type: none"> <li>– Provide quality planning, technical analysis and programming</li> <li>– Coordinate implementation of Multi-modal transportation programs with partner agencies</li> <li>– Identify, program, secure and maintain funding for projects, programs and services countywide</li> </ul> <p><b><u>Goal 5: Develop an effective and efficient workforce</u></b></p> <ul style="list-style-type: none"> <li>– Enhance a safety conscious culture throughout METRO, its customers and business partners</li> <li>– Recruit and select employees to meet job requirements</li> <li>– Invest in employee development</li> <li>– Deliver consistent communication services to each METRO market segment</li> <li>– Streamline internal processes</li> <li>– Exercise consistent application of the collective bargaining agreement</li> <li>– Strengthen the labor management working relationship</li> </ul>

<b>Values</b>	<u>Safety</u>	Safety's 1st for our customers, employees and business partners. Accidents and injuries are preventable.
	<u>Employees</u>	Employees are our most valuable resource and are to be treated with mutual respect and provided opportunities for professional development.
	<u>Fiscal</u>	
	<u>Responsibility</u>	Individually and as a team, we are accountable for safeguarding and wisely spending taxpayer dollars entrusted to the METRO.
	<u>Integrity</u>	We rely on the professional ethics and honesty of every METRO employee.
	<u>Innovation</u>	Creativity and innovative thinking are valued and new ideas are welcomed.
	<u>Customer</u>	
	<u>Satisfaction</u>	We strive to exceed the expectations of our customers.
	<u>Teamwork</u>	We actively seek to blend our individual talents in order to be the best in the nation.

## HOW THE STRATEGIC PLAN IMPACTS METRO EMPLOYEES – ONGOING



## HOW THE STRATEGIC PLAN IMPACTS METRO CUSTOMERS – ONGOING



## COMMUNICATION PLAN (MODEL) – ONGOING

Overall, this agency seeks to be recognized as a leader in the national transportation industry. The vision cannot be achieved without the continued commitment, energy and hard work of each and every Metro employee. It is critical that the Metro Team Leaders communicate with one voice at every level of the organization and across every transit mode.

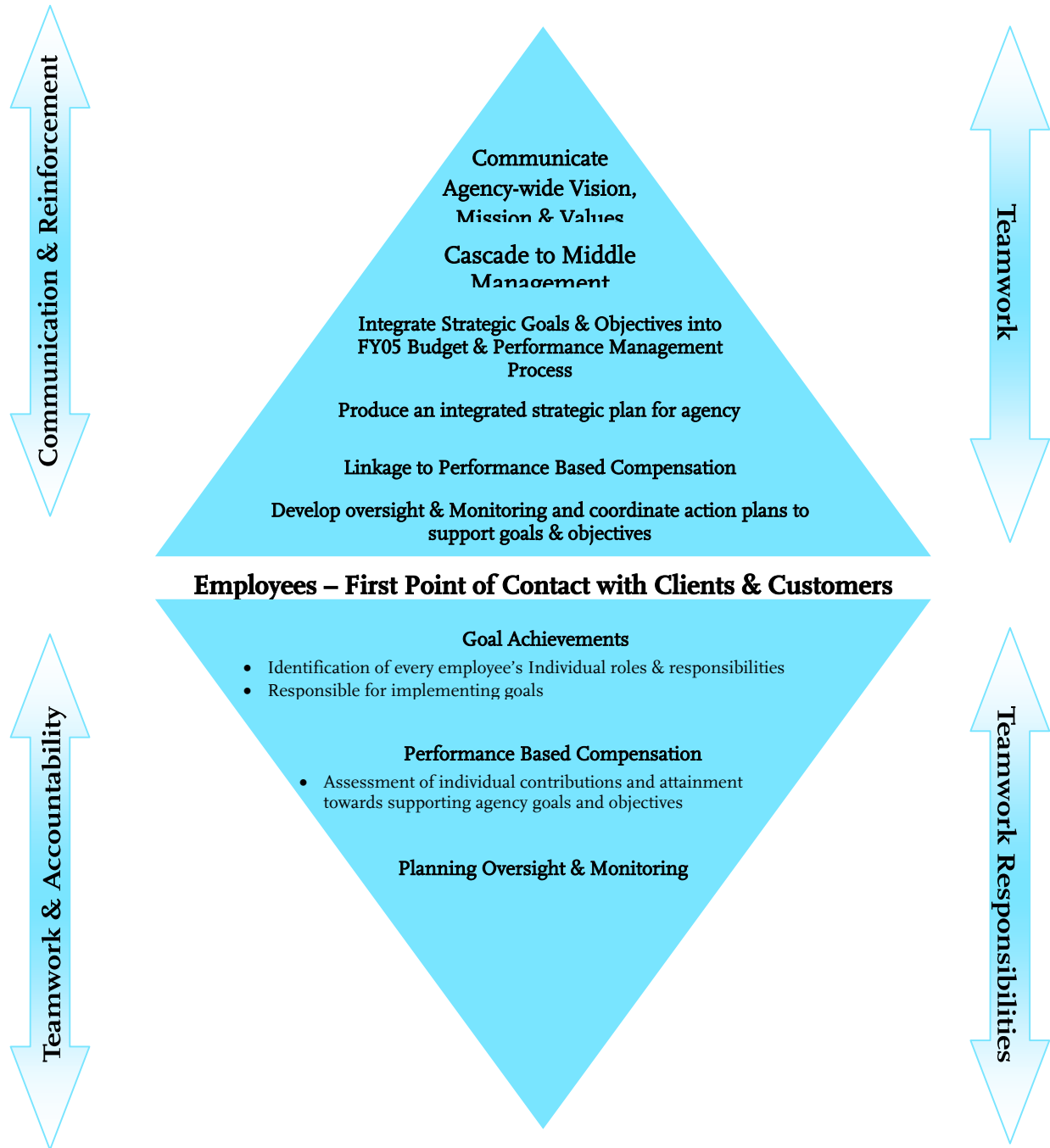
This is the basis for developing an agency-wide Communication Plan that “promotes and fosters open communication”. This model enables each and every employee an opportunity to articulate and communicate the new strategic agency direction. It will strive to improve communication with customers, employees, business partners and/or stakeholders.

The success of the strategic plan can only be achieved through an agency-wide communication and implementation strategy. This communication plan involves every Metro employee and the Metro Communications Department. The Communications Department will develop an agency-wide “brand” for the new strategic direction of the agency. The Communications Department will develop marketing and promotional materials to reinforce the vision, mission, core values, goals and new strategic direction of the agency. This offers every employee an opportunity to own the strategic plan as his or her own and to personally be committed to implement the strategic plan.

The Metro Operations Service Sectors’ various strategic plans (e.g., service, fleet, facilities, etc.) are to be integrated and aligned to support the agency-wide strategic plan. Metro’s Long-Range Transportation Plan has been aligned to include the short and long range Los Angeles County transportation program planning and project initiatives. The strategic goals and objectives will be updated to address the new transportation direction as recommended by the Transportation Coalition.

For your information, the diagram on the following page outlines the Leadership Model to cascade and communicate the strategic plan agency-wide.

## PRACTICING LEADERSHIP MODEL



## KEY PERFORMANCE INDICATORS AND THE AGENCY SCORECARD

Developing and monitoring key performance indicators is hardly a concept foreign to the MTA. In the past, we have utilized many different metrics to assess performance and monitor our plans, budgets, and goals. However, the manner in which we will keep track of key performance indicators will be greatly enhanced with the FY05 implementation of the Agency-wide Scorecard.

The Scorecard is an electronic desktop application that provides users with easy, point-and-click access to data relating to our key performance indicators. Scorecard users will be able track fare revenue, new workers' compensation claims, budget variances, bill-paying efficiency and other critical information that impacts operations. The Scorecard allows users to compare planned results against actual results as well as view the previous year's data for trending and other purposes.

The key benefit of the Scorecard is its ability to consolidate data from various databases (e.g. FIS, Valley Oaks, M3) and provide users with a common tool for viewing, tracking and reporting. By implementing the Scorecard, more people will get more information more quickly. In these challenging fiscal times, it's even more important that we identify trends early on and spot areas in need of increased attention.

The following are some of the initial key performance indicators that will be tracked via the Scorecard in FY05:

- Fare Revenue
- Operator Pay to Vehicle Hour
- Mechanic Pay to Vehicle Hour
- On-time Bill Paying Efficiency
- New Workers' Compensation Claims
- Lost Work Days
- Fuel usage and cost
- Parts usage and cost

With the rollout of M3, the Scorecard will soon be able to provide coverage of critical operational data such as Mean Miles Between Mechanical Failures and others. Similar to the M3 project, the Scorecard is just one more way the MTA is reaping the benefits of advanced technology to lead the nation in safety, mobility, and customer satisfaction.

Parts of the Agency-wide Scorecard are already in use. The full Scorecard will be implemented by year's end.

Los Angeles County Metropolitan Transportation Authority  
 FY05 Adopted Budget

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<b>KEY PERFORMANCE INDICATOR</b>	<b>FY04 Actual</b>	<b>FY05 Budget</b>
Fare Revenue *	\$223,693,691	\$282,661,150
Operator Wage Expense per Vehicle Hour	\$26.91	\$26.59
ATU Wage Expense per Vehicle Hour	\$10.94	\$10.89
AFSCME Transportation Wage Expense per Vehicle Hour	\$2.22	\$2.18
AFSCME Maintenance Wage Expense per Vehicle Hour	\$1.03	\$0.91
On-time Bill-Paying	87%	90%
New Weekly Workers' Compensation Claims per 200,000 Exposure Hours	18.79	16.57
Sector Bus Accidents per 100,000 Vehicle Hours	49	49

\* Fare revenue for FY04 reflects a 35-day work stoppage and only a half-year of the Jan. 1, 2004, fare restructuring.



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## II. Budget Highlights

## FY05 BUDGET HIGHLIGHTS AND MAJOR BUDGET ASSUMPTIONS

### Metro Bus and Rail

#### *FY05 Target Service Levels*

MODE		VEHICLE REVENUE HOURS (000)	CHANGE FROM FY04
Metro Bus	MTA Operated	7,054	2.9%
	Contracted Service	512	9.2%
	<b>Total Metro Bus</b>	<b>7,567</b>	<b>3.3%</b>
Metro Rail	Blue Line	212	0.0%
	Green Line	88	0.0%
	Gold Line	89	-16.1%
	Red Line	270	0.0%
	<b>Total Metro Rail</b>	<b>659</b>	<b>-2.5%</b>
<b>Total</b>		<b>8,226</b>	<b>2.8%</b>

- Increase bus service by 208 thousand revenue service hours and maintain rail service at FY04 levels for the Red, Blue, and Green Lines.
- Provide for expected higher costs of fuel and propulsion power (up by \$9.6 million), which is a much greater percentage increase than the expected increase in the CPI.
- Implement five new Rapid Bus lines:
  - 1) Hawthorne
  - 2) Hollywood-Fairfax-Pasadena
  - 3) Long Beach
  - 4) Beverly
  - 5) Sepulveda (North)
- Improve the bus and rail vehicle preventive maintenance programs through scheduled mid-life overhaul programs.
- Increase Homeland Security efforts through a capital grant, increased fare checkers, and additional security equipment.

### **Capital Program**

- Capital projects are funded in agency-wide priority using criteria developed by Executive Management: safety, customer improvements, previously committed, and mandated.
- Although all capital projects receive an annual appropriation, capital projects are controlled by the life-of-project budget which must be approved by the Board.
- Revenues in the capital program are a combination of grant and local matching funds.

- The Eastside Light Rail Extension will be entering a multi-year major construction phase in the coming year (FY05 budget of \$209 million).
- \$175 million is set aside in FY05 for continuing construction of the Orange Line.
- In FY04 UFS ticket vending machines (TVM's) became operational on the Gold Line; production of in-vehicle equipment and vehicle equipment pilot testing began.

In FY05 plans for UFS are to complete the installation of in-vehicle equipment, to install back room data collection equipment, and to begin the design and acquisition of a regional clearinghouse service center. This clearinghouse will process all fare transactions and properly distribute the revenues to Metro and our municipal partners.

- The ATMS project has replaced Metro's obsolete radio communication systems with a new integrated communications system that provides computer aided dispatch, automatic vehicle location, automatic passenger counting, automatic bus stop voice annunciations, and an interface with UFS.

In FY04, all hardware installation, software integration, and testing for the ATMS project were completed, and phase I became operational system-wide. In FY05, all remaining system functionality, including the Automatic

Voice Annunciation (AVA) system, will be completed, as will Metro's database of 18,500 bus stops and transfer points.

- The new Maintenance and Materiel Management System (M3), replacing the existing Vehicle Maintenance System and Materiel Management System, will support asset management, inventory, and warehouse management as well as bus, rail, and facilities maintenance. It will be integrated with Metro's purchasing and financial systems to create an integrated environment and eliminate duplication of data. The system will reside on, and utilize, today's more powerful and reliable computer hardware accessible at all Metro locations.

### **Other Budget Highlights and Assumptions**

- Sales tax revenues are forecast to be \$1,522 million, consistent with the Financial Standards.
- Salaries will increase according to union contracts (2.5% for all contract employees except AFSCME at 4.5%). The pay-for-performance pool for non-contract employees will increase 2.5%.
- Legislatively-programmed increases to workers' compensation costs will be offset by continued safety program initiatives.

## Budget Development Schedule

### *Key dates and events in the Metro FY05 budget development cycle*

<b>Date</b>	<b>Event</b>
February 11	Agencywide budget kick off meeting - distribution of FY05 Budget Manual
February 12	Budget system new user training course
February 17	Budget system open for budget request data entry
February 20	Legal Services and Legally Required Advertising request forms due
March 10	Budget system closes for budget request data entry
March 17	Key performance indicators (KPIs) and Strategic Business Unit accomplishments due
March 31	Executive approval of proposed budget
April 12	Special Board of Directors meeting - Budget Workshop
May 5	FY05 Proposed Budget Book distribution
May 20	Public Hearing
June 7	Budget Adoption by the Board of Directors
July 1	FY05 Adopted Budget implementation
September 3	FY05 Adopted Budget Book distribution

**Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget**

### Summary of Funding by Source

(Dollars in millions)	FY01 Actuals		FY02 Actuals		FY03 Actuals		FY04 Budget		FY05 Adopted	
Sales Tax	\$ 1,260	58.9%	\$ 1,415	64.3%	\$ 1,559	70.2%	\$ 1,572	56.7%	\$ 1,615	54.6%
Federal, State, & Local Grants	483	22.6%	438	19.9%	345	15.5%	568	20.5%	602	20.4%
Passenger Fares & Advertising	227	10.6%	256	11.6%	262	11.8%	289	10.4%	299	10.1%
Net Proceeds from Financing	59	2.8%	33	1.5%	-	0.0%	149	5.4%	314	10.6%
Other (1) (2)	109	5.1%	59	2.7%	56	2.5%	193	7.0%	126	4.3%
<b>Total Funding Sources</b>	<b>\$ 2,138</b>	<b>100.0%</b>	<b>\$ 2,201</b>	<b>100.0%</b>	<b>\$ 2,222</b>	<b>100.0%</b>	<b>\$ 2,771</b>	<b>100.0%</b>	<b>\$ 2,956</b>	<b>100.0%</b>

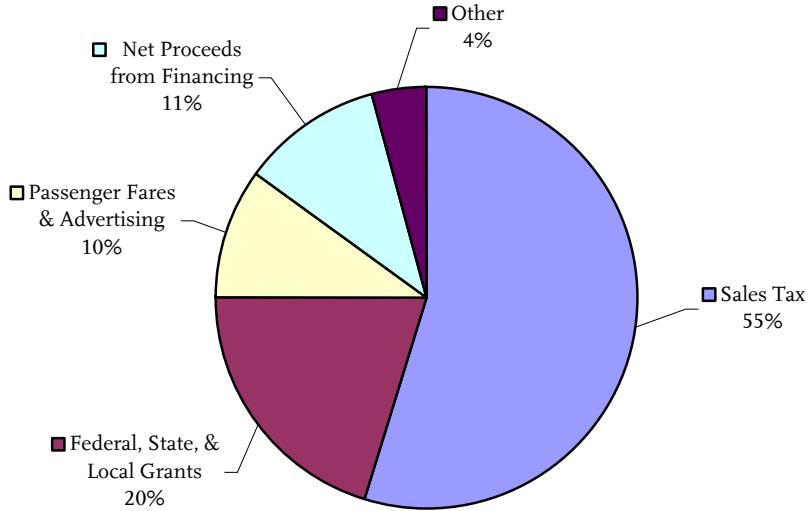
### Summary of Expenditures by Program

(Dollars in millions)	FY01 Actuals		FY02 Actuals		FY03 Actuals		FY04 Budget		FY05 Adopted	
Countywide Bus										
MTA Bus										
Capital	\$ 181	8.5%	\$ 181	8.2%	\$ 77	3.5%	\$ 225	8.1%	\$ 228	7.7%
Operating	635	29.7%	733	33.3%	763	34.3%	746	26.9%	770	26.1%
Wilshire BRT/Div 10	1	0.0%	3	0.1%	2	0.1%	17	0.6%	22	0.7%
Orange Line	1	0.0%	8	0.4%	32	1.4%	113	4.1%	175	5.9%
MTA Bus Subtotal	818	38.3%	926	42.1%	874	39.3%	1,101	39.8%	1,195	40.4%
Municipal Operator and Paratransit Programs	227	10.6%	211	9.6%	254	11.4%	268	9.7%	275	9.3%
Countywide Bus Subtotal	1,045	48.9%	1,137	51.7%	1,128	50.8%	1,369	49.4%	1,470	49.7%
Countywide Rail										
MTA Rail										
Rail Construction	128	6.0%	122	5.6%	64	2.9%	125	4.5%	56	1.9%
Capital	30	1.4%	16	0.7%	20	0.9%	43	1.6%	43	1.5%
Operating	122	5.7%	143	6.5%	150	6.8%	192	6.9%	220	7.4%
LRT-Eastside/Expo	4	0.2%	25	1.1%	42	1.9%	138	5.0%	217	7.3%
MTA Rail Subtotal	284	13.3%	306	13.9%	276	12.4%	498	18.0%	536	18.1%
Metrolink	31	1.4%	45	2.0%	39	1.7%	53	1.9%	55	1.9%
Countywide Rail Subtotal	315	14.7%	351	16.0%	315	14.2%	551	19.9%	591	20.0%
Sales tax return to local jurisdictions	229	10.7%	229	10.4%	240	10.8%	245	8.8%	259	8.7%
Streets and Highways	178	8.3%	125	5.7%	147	6.6%	227	8.2%	255	8.6%
Debt Service (2)	293	13.7%	302	13.7%	309	13.9%	297	10.7%	306	10.3%
Other Governmental	78	3.7%	57	2.6%	83	3.8%	82	3.0%	75	2.6%
<b>Total Expenditures</b>	<b>\$ 2,138</b>	<b>100.0%</b>	<b>\$ 2,201</b>	<b>100.0%</b>	<b>\$ 2,222</b>	<b>100.0%</b>	<b>\$ 2,771</b>	<b>100.0%</b>	<b>\$ 2,956</b>	<b>100.0%</b>

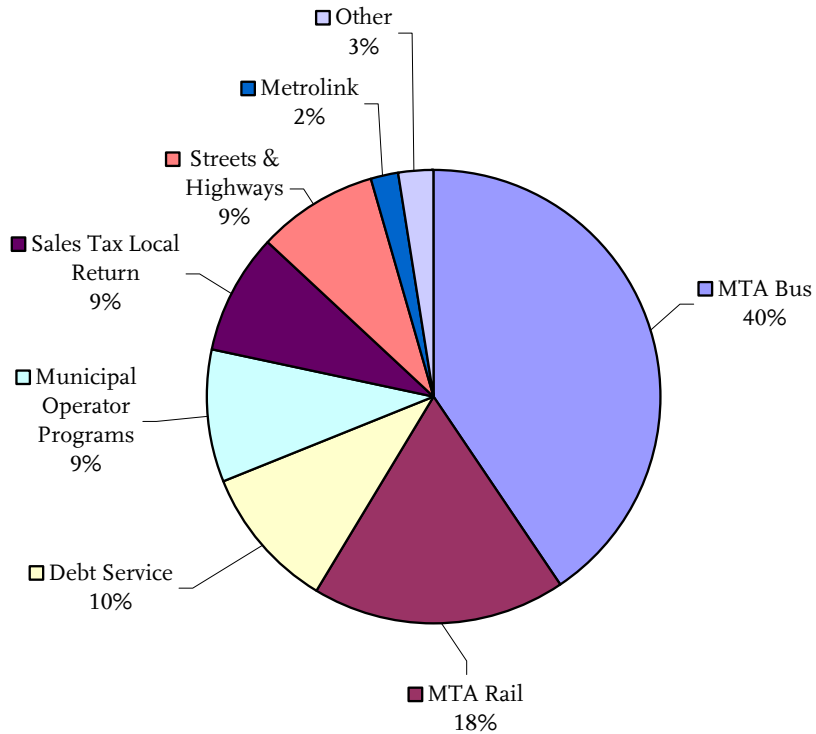
(1) Primarily investment income and/or proceeds on lease/leaseback to service.

(2) Includes principal liability payments and Benefit Assessment District debt payments, but excludes debt refunding and defeased lease. Proprietary fund includes principal reduction of \$18.2 million in FY01, \$19.3 million in FY02, \$19.8 million in FY03, \$16.3 million in FY04, and \$12.0 million in FY05.

### FY05 Funding by Source

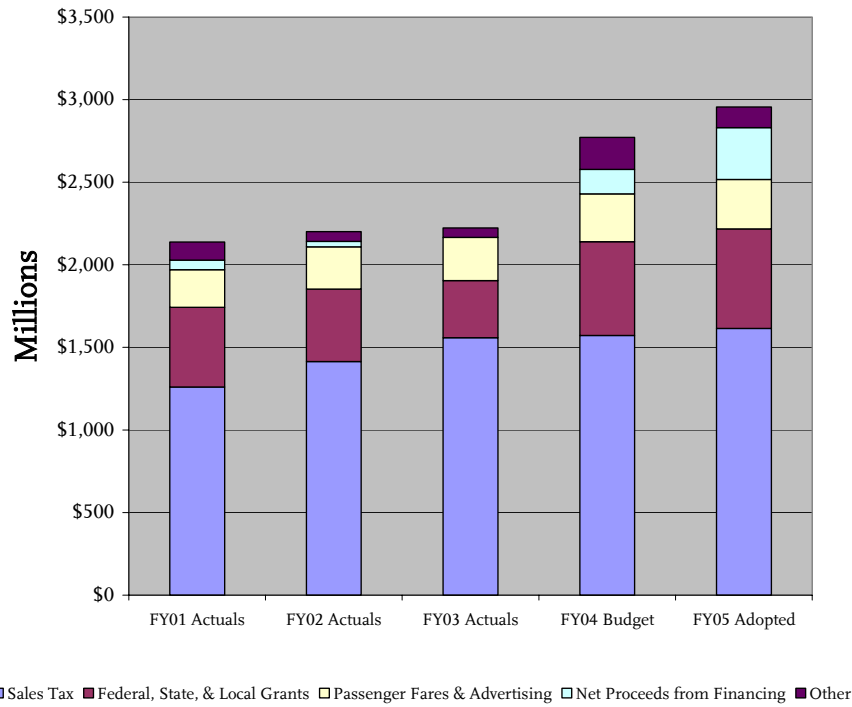


### FY05 Expenditures by Program

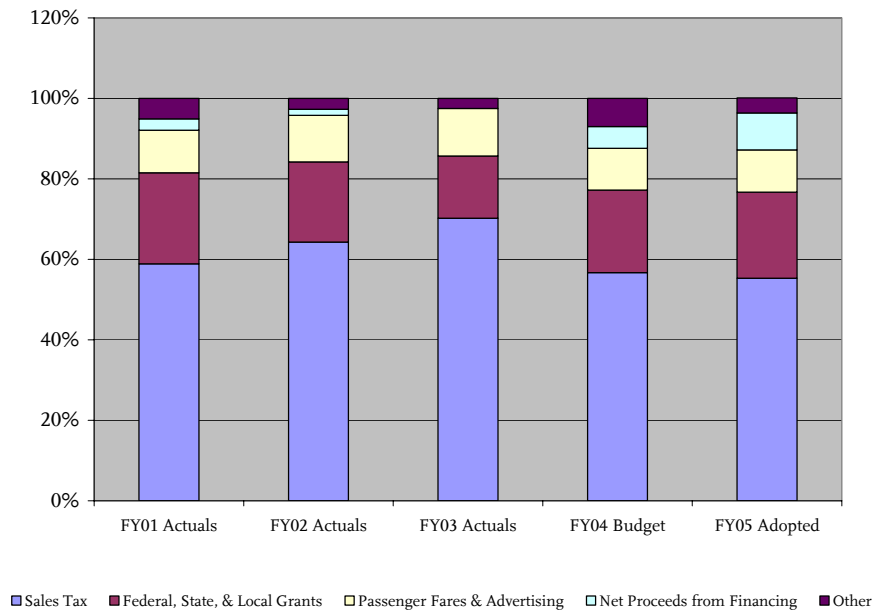


**Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget**

**Summary of Funding by Source (\$)**



**Summary of Funding by Source (%)**





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Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget

## COMBINED STATEMENT OF CHANGES IN FUND EQUITY - ALL FUNDS

For the Years Ending June 30, 2003, 2004 and 2005

(Amount in millions)

	Proprietary Funds						Governmental Funds		
	Enterprise Fund			Internal Service Fund			Special Revenue Fund		
	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted
1 Revenue:									
2 Sales tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,403.7	\$ 1,448.4	\$ 1,521.8
3 Intergovernmental grants	-	-	-	-	-	-	62.0	91.6	89.5
4 Investment income	-	-	-	-	-	-	21.3	21.4	13.2
5 Lease and rental	-	-	-	-	-	-	-	-	-
6 Proceeds on lease/leaseback to service	-	-	-	-	-	-	-	-	-
7 Licenses and fines	-	-	-	-	-	-	7.6	7.2	7.1
8 Other	-	-	-	-	-	-	0.2	-	-
9 Sub-total	-	-	-	-	-	-	1,494.8	1,568.5	1,631.6
10									
11 Operating revenues:									
12 Passenger fares	244.9	273.1	282.7	-	-	-	-	-	-
13 Route subsidies	0.5	0.4	0.5	-	-	-	-	-	-
14 Metrolink interagency agreement	2.5	2.4	2.5	-	-	-	-	-	-
15 Advertising	13.6	13.2	13.7	-	-	-	-	-	-
16 Total revenues	261.5	289.1	299.4	-	-	-	1,494.8	1,568.5	1,631.6
17									
18 Operating expenses/expenditures:									
19 Transportation	528.4	582.9	614.1	-	-	-	-	-	-
20 Maintenance	317.2	299.2	317.9	-	-	-	-	-	-
21 Capital outlay	-	-	-	-	-	-	-	-	-
22 Subsidies	-	-	-	-	-	-	618.6	710.3	783.7
23 Services	-	-	-	-	-	-	44.9	56.0	48.4
24 Debt and interest expenditures	-	-	-	-	-	-	-	-	-
25 General and administrative	64.9	54.4	58.0	-	-	-	15.7	25.0	11.2
26 Total operating expenses/expenditures	910.5	936.4	990.0	-	-	-	679.2	791.3	843.3
27									
28 Excess (deficiency) of revenues over expenditures/									
29 Operating income (loss)	(649.0)	(647.3)	(690.6)	-	-	-	815.6	777.2	788.3
30 Non-operating revenues/(expenses):									
31 Local grants	0.7	0.5	0.5	-	-	-	-	-	-
32 Federal grants	93.6	110.0	217.9	-	-	-	-	-	-
33 Charges for services	-	-	-	(252.4)	(236.8)	(155.7)	-	-	-
34 Interest revenue	2.9	8.0	1.5	(2.7)	-	-	-	-	-
35 Debt and interest expense	(7.7)	(6.0)	(2.8)	-	-	-	-	-	-
36 Gain (loss) on disposition of fixed assets	(2.9)	1.2	-	-	-	-	-	-	-
37 Other	2.5	2.3	2.7	255.1	236.8	155.7	-	-	-
38 Total non-operating revenues	89.1	115.9	219.7	-	-	-	-	-	-
39									
40 Excess (deficiency) of revenues over expenditures/									
41 Operating income (loss) before other sources	(559.9)	(531.4)	(470.9)	-	-	-	815.6	777.2	788.3
42									
43 Other financing sources (uses):									
44 Operating transfers in	560.4	531.3	470.9	-	-	-	28.3	16.5	7.0
45 Operating transfers out	-	-	-	-	-	-	(903.4)	(916.5)	(877.2)
46 Proceeds from financing	-	-	-	-	-	-	-	-	-
47 Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	-
48 Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-
49 Total other financing and sources (uses)	560.4	531.3	470.9	-	-	-	(875.1)	(900.0)	(870.2)
50									
51 Excess (deficiency) of revenues and other financing									
52 sources over expenditures and other financing uses	0.5	-	-	-	-	-	(59.5)	(122.8)	(81.9)
53									
54 Fund balances - (Deficit) beginning of year	(63.0)	(62.5)	(62.5)	-	-	-	688.5	629.0	481.5
55									
56 Fund balances - (Deficit) end of year	\$ (62.5)	\$ (62.5)	\$ (62.5)	\$ -	\$ -	\$ -	\$ 629.0	\$ 506.2	\$ 399.6

**Notes:**

- (1) The two Agency Funds, Benefit Assessment Districts and EZ Transit Pass Program, have been excluded from the Combined Statement; see Appendix 12 for financial data.
- (2) FY05 Beginning fund balances primarily include projected FY04 favorable revenue and expenditure variances for the Special Revenue and General Funds.
- (3) FY04 Budget includes Board approved budget amendments in the Enterprise Fund and Capital Projects Fund for Homeland Security Grant.
- (4) For a description of each fund, please see Section IV or the Glossary.

**Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget**

	Governmental Funds									Totals		
	Capital Projects Fund			General Fund			Debt Service Fund			(Memorandum Only)		
	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted
1												
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,403.7	\$ 1,448.4	\$ 1,521.8
3	180.2	381.0	291.4	4.8	4.7	0.7	3.4	4.3	2.3	250.4	481.6	383.9
4	5.5	-	-	5.4	3.8	3.6	20.6	15.0	20.0	52.8	40.2	36.8
5	-	-	-	12.7	10.1	10.5	-	-	-	12.7	10.1	10.5
6	-	-	-	13.5	0.5	-	449.9	-	-	463.4	0.5	-
7	-	-	-	-	-	-	-	-	-	7.6	7.2	7.1
8	0.0	-	-	2.1	2.9	2.6	(4.8)	-	-	(2.5)	2.9	2.6
9	185.8	381.0	291.4	38.5	22.0	17.4	469.0	19.3	22.3	2,188.1	1,990.9	1,962.7
10												
11												
12	-	-	-	-	-	-	-	-	-	244.9	273.1	282.7
13	-	-	-	-	-	-	-	-	-	0.5	0.4	0.5
14	-	-	-	-	-	-	-	-	-	2.5	2.4	2.5
15	-	-	-	-	-	-	-	-	-	13.6	13.2	13.7
16	185.8	381.0	291.4	38.5	22.0	17.4	469.0	19.3	22.3	2,449.6	2,280.0	2,262.1
17												
18												
19	-	-	-	-	-	-	-	-	-	528.4	582.9	614.1
20	-	-	-	-	-	-	-	-	-	317.2	299.2	317.9
21	263.6	683.2	754.4	-	-	-	-	-	-	263.6	683.2	754.4
22	-	-	-	0.8	1.4	0.2	-	-	-	619.4	711.7	783.9
23	-	-	-	19.0	29.7	22.1	3.7	4.8	4.8	67.6	90.6	75.3
24	-	-	-	-	-	-	319.7	269.5	332.6	319.7	269.5	332.6
25	-	-	-	34.1	30.0	32.3	-	-	-	114.7	109.3	101.4
26	263.6	683.2	754.4	53.9	61.1	54.6	323.4	274.3	337.4	2,230.6	2,746.3	2,979.6
27												
28												
29	(77.8)	(302.2)	(463.0)	(15.4)	(39.1)	(37.2)	145.6	(255.0)	(315.1)	219.0	(466.3)	(717.5)
30												
31	-	-	-	-	-	-	-	-	-	0.7	0.5	0.5
32	-	-	-	-	-	-	-	-	-	93.6	110.0	217.9
33	-	-	-	-	-	-	-	-	-	(252.4)	(236.8)	(155.7)
34	-	-	-	-	-	-	-	-	-	0.2	8.0	1.5
35	-	-	-	-	-	-	-	-	-	(7.7)	(6.0)	(2.8)
36	-	-	-	-	-	-	-	-	-	(2.9)	1.2	-
37	-	-	-	-	-	-	-	-	-	257.6	239.1	158.4
38	-	-	-	-	-	-	-	-	-	89.1	115.9	219.7
39												
40												
41	(77.8)	(302.2)	(463.0)	(15.4)	(39.1)	(37.2)	145.6	(255.0)	(315.1)	308.1	(350.4)	(497.8)
42												
43												
44	80.6	143.7	119.6	34.0	42.8	44.4	230.8	261.0	266.1	934.1	995.4	908.1
45	(0.1)	(68.2)	-	(30.5)	(13.2)	(30.9)	(0.4)	-	-	(934.2)	(995.4)	(908.1)
46	-	141.8	311.5	-	-	-	-	-	-	-	141.8	311.5
47	-	-	-	-	-	-	(639.1)	-	(165.0)	(639.1)	-	(165.0)
48	-	-	-	-	-	-	650.8	-	165.0	650.8	-	165.0
49	80.5	217.4	431.1	3.5	29.6	13.5	242.1	261.0	266.1	11.7	141.8	311.5
50												
51												
52	2.7	(84.8)	(31.9)	(11.9)	(9.5)	(23.7)	387.7	6.0	(49.0)	319.5	(208.7)	(186.4)
53												
54	120.9	123.6	38.9	153.5	141.6	118.8	436.1	823.8	829.8	1,336.0	1,655.5	1,406.5
55												
56	\$ 123.6	\$ 38.9	\$ 7.0	\$ 141.6	\$ 132.1	\$ 95.1	\$ 823.8	\$ 829.8	\$ 780.8	\$ 1,655.5	\$ 1,446.8	\$ 1,220.1

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### III. Customer Services

## CUSTOMER SERVICES

Metro provides a wide range of customer services to increase mobility and quality of life throughout Los Angeles County. These services include bus and rail operations, ridesharing services, freeway services, and transit information.

### METRO BUS AND RAIL SERVICE

Metro directly operates three modes of transit service: bus (direct and contracted), light rail, and heavy rail, averaging over 1.3 million boardings per weekday. Transit services and supporting capital expenditures make up over two-thirds of the FY05 Budget.

#### Metro Bus

Metro is the second largest bus operator in the United States. Metro bus service averages over 1.1 million boardings per weekday. Collectively, the buses travel 250,000 miles on 185 bus routes serving 18,500 bus stops each weekday.

The FY05 Budget includes funds for the completion of the high capacity 45 foot “Compo” bus procurement and for thirty new 60 foot high capacity articulated buses. Metro will provide 33 buses to contractors operating Metro service and will add new vehicles for the Metro Green Line shuttle.

Metro is the largest operator of alternative fueled buses. Currently 1,930 buses, or 80% of the 2,400 buses in Metro’s fleet, are powered by engines using clean-burning compressed natural gas (CNG).

#### Service Sectors

Metro Bus is organized into five geographic areas known as Sectors. The Sectors are managed by a General Manager with planning oversight from an independent Governance Council.

The Governance Councils provide guidance and recommendations to sector general managers at the community level on improvements to bus service delivery and quality.

#### Sector Goals and Objectives

With about two full years of operational experience, Service Sectors have clearly demonstrated effectiveness toward achieving community input into bus service quality and delivery. The following areas of success were achieved by the Service Sectors:

- Locally based Sector Planning & Scheduling has implemented efficiencies and is more responsive to both customers and bus operators.
- The Sector Governance Councils, charged with overseeing the planning and implementation of service within their area, have been effective at improving Metro’s connection and accountability to customers and local communities.
- Overall, on-time performance, road calls and accidents are improving, although at a modest pace.
- The Community Relations Programs have a more focused and visible presence in the communities and with local city officials, although Sector

control and direction have been problematic.

- Coordination among Sectors and other transit providers is improving.

- Metro's Board of Directors has expressed continued support of the Service Sector structure.

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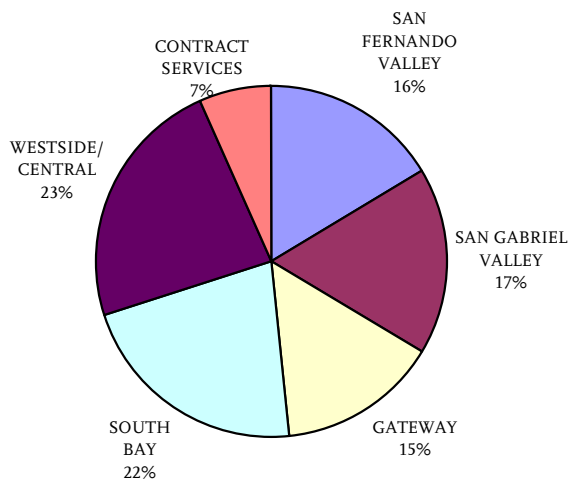


## FY05 Bus Operating Statistics by Service Sector

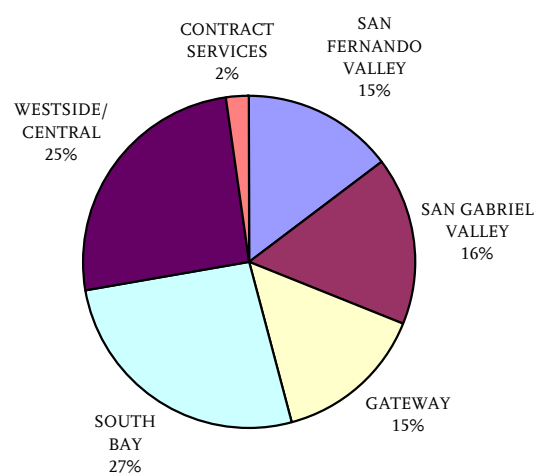
	SAN FERNANDO VALLEY	SAN GABRIEL VALLEY	GATEWAY CITIES	SOUTH BAY
BOARDINGS (000)	54,097	59,749	54,101	96,640
VEHICLE SERVICE HOURS (000)	1,246	1,290	1,128	1,638
VEHICLE SERVICE MILES (000)	17,722	16,313	12,854	20,355
HUB MILES (000)	21,624	19,298	16,045	24,761
BOARDINGS PER REVENUE SERVICE HOUR	43.4	46.3	48.0	59.0
PASSENGER MILES	210,979	233,020	210,993	376,897
COST PER REVENUE SERVICE HOUR	\$89.81	\$82.18	\$90.20	\$84.80
COST PER PASSENGER MILE	\$0.53	\$0.45	\$0.48	\$0.37
COST PER BOARDING	\$2.07	\$1.77	\$1.88	\$1.44
SUBSIDY PER BOARDING	\$1.39	\$1.18	\$1.25	\$0.96
SUBSIDY PER PASSENGER MILE	\$0.36	\$0.30	\$0.32	\$0.25
FARE RECOVERY RATIO	32.9%	33.5%	33.5%	33.4%
FARE REVENUE PER BOARDING	\$0.68	\$0.59	\$0.63	\$0.48

\* Systemwide statistics include bus operating expenses from support activities not assigned directly to sector management, including, but not limited to, Central Maintenance, Central Control & Instruction, Facilities and Administrative Support.

**Revenue Service Hours (000)**

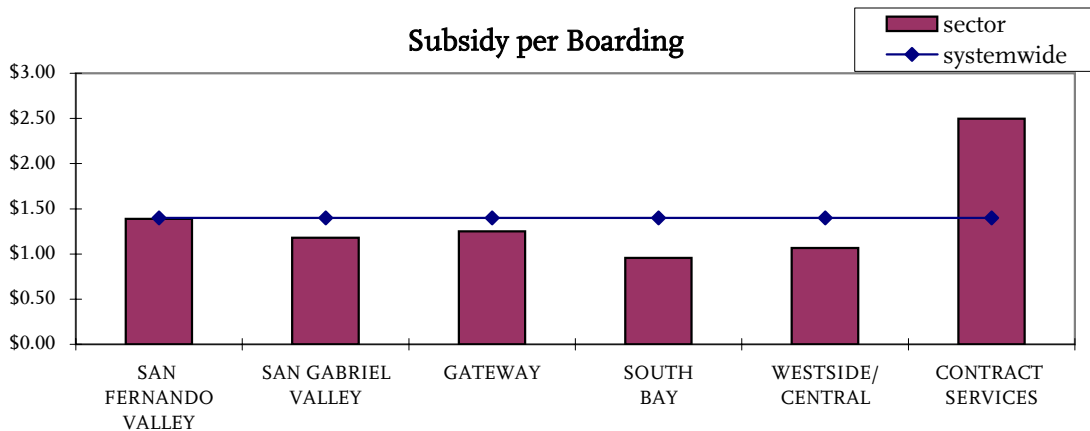
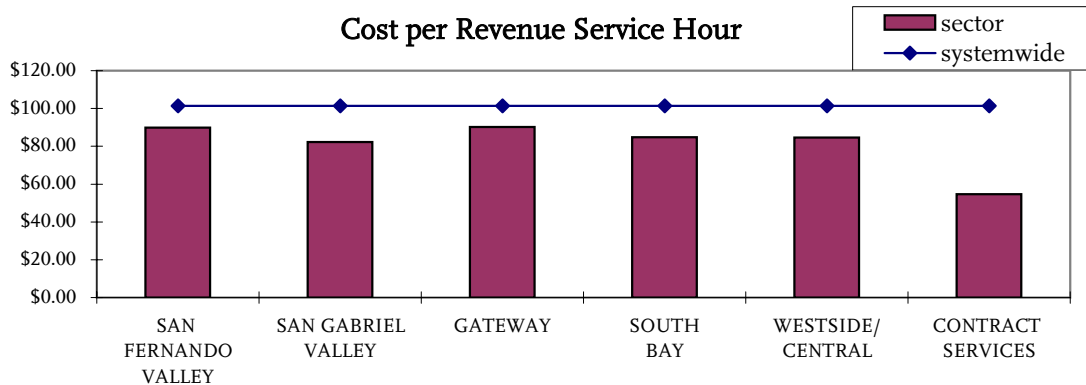


**Boardings by Sectors (000)**



**Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget**

	WESTSIDE/ CENTRAL	CONTRACT SERVICES	SYSTEMWIDE *
BOARDINGS (000)	92,741	8,484	365,812
VEHICLE SERVICE HOURS (000)	1,753	512	7,567
VEHICLE SERVICE MILES (000)	20,932	6,259	94,436
HUB MILES (000)	25,313	7,607	114,648
BOARDINGS PER REVENUE SERVICE HOUR	52.9	16.6	48.3
PASSENGER MILES	361,690	33,087	1,426,667
COST PER REVENUE SERVICE HOUR	\$84.67	\$54.66	\$101.39
COST PER PASSENGER MILE	\$0.41	\$0.85	\$0.54
COST PER BOARDING	\$1.60	\$3.30	\$2.10
SUBSIDY PER BOARDING	\$1.06	\$2.50	\$1.40
SUBSIDY PER PASSENGER MILE	\$0.27	\$0.64	\$0.36
FARE RECOVERY RATIO	33.5%	24.3%	33.2%
FARE REVENUE PER BOARDING	\$0.54	\$0.80	\$0.70



**Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget**

Bus Performance Indicators	FY02 Actual	FY03 Actual	FY04 Estimated	FY05 Target
<i><b>Customer Indicators</b></i>				
In-Service On-Time Performance	64.88%	69.23%	63.73%	70.00%
<i><b>Financial Indicators</b></i>				
Bus cost per service hour	\$98.44	\$101.23	\$101.31	\$101.39
Farebox Recovery	31.4%	30.0%	32.9%	33.2%
Subsidy per Boarding	\$1.29	\$1.44	\$1.40	\$1.40
<i><b>Internal Process Indicators</b></i>				
Mean miles between chargeable mechanical failures	5,796	6,883	6,790	7,500
<i><b>Safety Indicators</b></i>				
Vehicle accidents per 100k miles	3.91	3.86	3.74	3.50

## **Metro Rapid**

Metro Rapid provides faster regional travel. The key features of Metro Rapid that make it faster and easier to use include simple route layout, frequent service, greater distance between stops, low-floor buses to facilitate boarding and alighting, color-coded buses and stops, and traffic signal priority at intersections.

Launched in 2000, the Metro Rapid Demonstration Program consisted of two lines - one along Ventura Boulevard in the San Fernando Valley and the other along the Wilshire/Whittier Transit Corridor. Metro Rapid reduced travel time by about 25% while increasing ridership nearly 35%, with one-third of those riders using Metro Rapid representing new riders to the system.

During FY03, the MTA Board of Directors approved the accelerated implementation of the Metro Rapid Expansion Program. In

approving the Metro Rapid Expansion Program, additional corridors were identified and prioritized into five implementation phases. By the end of FY05, 14 Metro Rapid lines will be in service. New Metro Rapid lines to be implemented in FY05 include:

- Hawthorne
- Hollywood-Fairfax-Pasadena
- Long Beach
- Beverly
- Sepulveda (North)

## **Metro Rail**

Metro Rail operates and maintains four rail lines, including 121 light and 104 heavy rail vehicles and 65 rail stations. Rail operation includes Transportation (operations, supervision, train control, scheduling), Fleet Services (vehicle maintenance, engineering and design), Wayside Systems (track, power, stations,

signals, communication maintenance) and Safety.

Vehicle dependability is expected to improve during FY05 as rail car vehicle maintenance programs enter the second year. The effort to maintain and improve rail car and station cleanliness, including the goal to reduce vandalism, will be supported with law enforcement resources, incorporating new strategies to proactively address these as well as safety related issues systemwide. In addition, Metro Rail will work with the Los Angeles County Sheriff's Department to address Homeland Security issues on trains, stations and along the main lines.

The FY05 Budget includes resources to support the current level of service, with some adjustments to train lengths and/or headways during morning weekend service periods. The light rail vehicle procurement for 50 cars is concluding the design phase and will be closely monitored during the construction period. The first delivery of these light rail vehicles is scheduled for June 2005. Four

new traction power substations will be added to the Pasadena Gold Line. Twelve Blue Line grade crossings will be retrofitted with safety gates in cooperation with the Union Pacific Railroad to enhance protection to motorists and trains. The remaining conversion of the Rail Radio System to 160 MHz and completion of the simulcast system will be accomplished during FY05, as will the full integration and utilization of the M3 system.

The Fare Checker program begun in FY04 on the Red and Gold Lines will be expanded in FY05 to include the Green and Blue Lines. In addition to providing improved fare compliance, the fare checkers provide an additional security presence on the rail system. The MTA will have over 100 fare checkers systemwide during FY05.

Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget

Rail Performance Indicators	FY02 Actual	FY03 Actual	FY04 Estimated	FY05 Target
<b><i>Customer Indicators</i></b>				
Light Rail On-Time Performance	98.92%	97.84%	98.90%	99.00%
Heavy Rail On-Time Performance	99.60%	99.15%	99.19%	99.80%
<b><i>Complaints per 100,000 boardings</i></b>				
Light Rail	1.04	1.29	1.45	0.66
Heavy Rail	0.73	1.20	1.06	0.60
<b><i>Financial Indicators</i></b>				
Light Rail cost per RVSH	\$332.52	\$300.23	\$304.41	\$374.76
Heavy Rail cost per RVSH	\$234.57	\$244.39	\$249.71	\$274.43
<b><i>Farebox Recovery</i></b>				
Light Rail	23.3%	21.0%	24.1%	17.1%
Heavy Rail	20.8%	25.8%	27.7%	26.3%
<b><i>Subsidy per Boarding</i></b>				
Light Rail	\$1.94	\$2.13	\$2.13	\$2.91
Heavy Rail	\$1.40	\$1.51	\$1.36	\$1.52
<b><i>Internal Process Indicators</i></b>				
Mean Miles Between Mechanical Failures	6,253	7,025	13,024	15,000
<b><i>Safety Indicators</i></b>				
Rail accidents per 100,000 revenue train miles				
Light Rail (MGL, MBL)	0.51	0.51	0.67	0.40
Heavy Rail (MRL)	0.22	0.07	0.00	0.05

## TRANSPORTATION SERVICES

### **Metro Freeway Service Patrol**

Metro, in partnership with the California Department of Transportation (CALTRANS) and the California Highway Patrol (CHP), manages the largest fleet of tow and service trucks in the country. This service is known as the Los Angeles County Metro Freeway Service Patrol (FSP). Private tow companies operating a fleet of almost 150 tow vehicles are contracted to patrol over 400 miles of freeways during morning and afternoon commute hours, and during midday and weekends on heavily congested freeways. The goal is to quickly repair or remove disabled vehicles to relieve freeway congestion. The program is funded through local Proposition C 25% sales tax and state highway funds.

Over 70% of motorists needing assistance wait less than five minutes for assistance. Tow truck operators change flat tires, fill radiators, tape leaky hoses, and provide jump-starts and gasoline, or, when necessary, tow the vehicle to a safe location off the freeway.

The success of the Metro Freeway Service Patrol has prompted the MTA to investigate using "Big Rig" tow trucks to assist disabled oversized vehicles and trailer trucks on the 710 Freeway. This demonstration will begin in FY05 and continue for two years.

### **Service Authority for Freeway Emergencies**

Service Authority for Freeway Emergencies (SAFE) is a separate agency from Metro that is responsible primarily

for the maintenance and operation of the County's system of approximately 4,500 call boxes. These call boxes provide call-answering services for people with vehicle problems on busy roads. The process of privatizing the call-answering function from CHP to an outside contractor was completed in FY04 and reduced call-answering costs by over 50%.

In FY05, SAFE proposes to complete the physical accessibility improvements to the call box sites, investigate digital upgrades to the call box system, and explore the implementation of a new cellular based motorist aid service.

### **Paratransit Services**

Access Services, Inc. (ASI) manages the Americans with Disabilities Act (ADA) paratransit service. The purpose of the paratransit service program is to improve the quality and effectiveness of transportation services to the elderly and to persons with disabilities through coordination of public transportation with social service agencies and other charitable organizations, and to provide services to persons with disabilities in accordance with the ADA.

Paratransit ridership in Los Angeles County is projected to increase by over 10% for each of the next five years.

### **High Occupancy Vehicle Lanes**

There are 435 miles of High Occupancy Vehicle (HOV) lanes in operation in Los Angeles County. HOV lanes reduce congestion by using the capacity of the freeway system more efficiently. Caltrans

estimates that an average of approximately 702,000 persons use HOV lanes daily in Los Angeles County.

### **Rideshare Program**

Over the past years, the five county transportation commissions (CTC's) which fund regional and local rideshare services in the Los Angeles area have been reviewing service delivery options to optimize rideshare program performance. As part of this review, the CTC's conducted studies which recommended that rideshare services should be transferred from SCAG to the CTC's to enhance program effectiveness. Consequently, SCAG transferred rideshare services to the CTC's at the end of FY03. The transfer brought about the establishment of Metro Commute Services, a one-stop shop for commute transportation services in Los Angeles County. Metro Commute Services provides a host of effective rideshare services and products to employers and their employees, including incentives and rebates, ridematching via telephone and internet, workshops, consultation, and transit pass programs.

### **1-800-COMMUTE**

Through 1-800-COMMUTE, a statewide toll-free number, callers can access Metro information for personal transit assistance seven days a week. Callers are given route, schedule, and fare information for all public transportation providers serving the County. Rideshare assistance is also available.

### **Reduced Fares Program**

The Reduced Fares Program provides personalized identification cards to

eligible students (grades K-12 and full time college/vocational), seniors and disabled individuals. This enables them to ride Metro trains and buses at a significantly reduced price. Student ID Cards are valid for an academic term, while persons 62 years old and above qualify for a senior ID Card. ID cards for the disabled are issued for various time periods based on an individual's disability. Applications are available at metro.net.

### **MetroMail Program**

The MetroMail Program provides customers with the convenience of purchasing their monthly passes and stamps and tokens through the mail. Individuals, companies, schools, and public and government agencies which utilize this program submit a MetroMail Form along with the appropriate payment. Fare media is returned by mail in a timely manner. MetroMail forms are available at metro.net.

### **MTA Customer Centers**

The six MTA Customer Centers located throughout Los Angeles County provide various transit services to Los Angeles County residents. They sell EZ Transit Passes (regional passes) and Metro passes and tokens, accept Reduced Fare applications from student and disabled customers, issue senior ID cards, display rail and bus schedules and brochures, distribute special promotional information, and provide vendor pick up services for token purchases. Some locations also sell fare media for Foothill Transit and LADOT and participate in the Cityride Scrip redemption program. Customer Center information is located at metro.net.

## **Metro Pass and Token Sales Vendor Network**

The Metro Pass and Token Sales Vendor Network includes over 850 retail business locations at which patrons can purchase not only MTA passes and tokens, but also EZ Transit Passes which can be used on other transit buses. Vendor locations cover the Los Angeles County area; a complete directory of pass sales outlets is provided at metro.net.

## **metro.net**

metro.net is the Metro's presence on the world wide web. Offering an interactive trip planner and comprehensive transit service information for the entire Southern California region, metro.net is accessible from anywhere in the world 24 hours a day. In 2003, well over ten million successful itineraries were made through the interactive trip planner. The site also features complete information regarding Metro's other transportation services and projects.



## DESCRIPTION OF METRO'S CLIENTELE

<b>Demographic Profile of MTA Bus Riders by Sector*</b>						
	MTA System	San Fernando Valley	San Gabriel Valley	West Central	South Bay	Gateway
Gender						
Male	43%	44%	43%	44%	41%	43%
Female	57	56	57	56	59	57
Median Household Income	\$12,000	\$13,000	\$12,000	\$12,000	\$12,000	\$11,000
Mean Age (Years)	39.6	39.9	39.3	40.6	39.5	38.4
Ethnicity						
Hispanic/Latino	58%	56%	68%	59%	46%	64%
African-American/Black	20	10	12	16	36	25
White/Caucasian	12	22	8	14	9	5
Asian/Pacific Islander	8	9	10	9	6	4
Other(American-Indian/ Multi-Racial)	2	3	2	2	3	2

\*FY2002 On-Board Bus Survey, page 4.

## Summary of Survey Results - Bus

Major findings from 31,000 completed surveys for the FY2002 Bus On-Board (Weekday) Survey are as follows:

### *Demographic Profile*

- Weekday Metro Bus riders are 57% female and 43% male, with little difference by MTA service sector.
- Median annual household income for weekday bus riders is \$12,000 per year, again with little difference by service sector.
- Latinos are the largest ethnic group among weekday riders (58%). African-Americans are 20% of the ridership, and Whites and Asians are 12% and 8%, respectively. Latino bus riders are particularly prominent in the San Gabriel Valley (68%) and Gateway (64%) sectors. African-American riders comprise 36% of the South Bay sector. White riders are most numerous in the San Fernando Valley (22%).
- The average age of weekday riders is 39.6. Whites and Asians are older than the other groups (46.5 and 45.9, respectively).

### *Travel Characteristics*

- A large majority of weekday Metro Bus riders (74%) use more than one bus or train in the course of their one-way trip.

- Riders access their first bus or train almost entirely by walking (93%). A similar percentage (94%) walk to their final destination.
- Most riders (82%) use MTA buses 5 or more days per week.
- The home-to-work trip (and its reverse—work-to-home) constitutes 58% of all weekday trips.
- Most weekday Metro Bus riders use passes to pay their boarding fare (52%), more than 1/3 of whom use the regular monthly pass. Pass use is highest in the West Central sector (58%) and lowest in South Bay (50%).

### *Travel Patterns*

- San Fernando Valley sector riders remain within the San Fernando Valley sector on 66% of all bus trips that originate there. This is in contrast to the San Gabriel Valley (47%) and South Bay (48%)—the only two sectors where a majority of riders travel outside of their sector.
- The major destination for riders outside of their own sector (for all sectors except West Central) is West Central. From the San Fernando Valley and South Bay, trips to West Central outnumber all other inter-sector trips combined, and from the San Gabriel Valley West Central trips are virtually equal to the total trips to all other sectors. Only from Gateway are West Central trips not so common.

Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget

<b>Demographic Profile of MTA Rail Riders by Line*</b>				
	All Lines	Blue Line	Red Line	Green Line
Gender				
Male	55%	54%	55%	57%
Female	45	46	45	43
Median Household Income	\$22,000	\$17,000	\$25,000	\$22,000
Mean Age (Years)	39.0	37.6	39.8	38.6
Ethnicity				
Hispanic/Latino	41%	43%	39%	41%
White/Caucasian	24	15	30	18
African-American/Black	22	32	16	28
Asian Pacific Islander	9	7	11	10
Other (American Indian/ Multi-Racial)	4	3	4	3

\*FY2002 On-Board Rail Survey, page 3 (before opening of Gold Line in Summer of 2003)

## Summary of Survey Results - Rail

For the FY2002 Rail On-Board (Weekday) Survey, here are major findings from 12,182 completed surveys.

### *Demographic Profile*

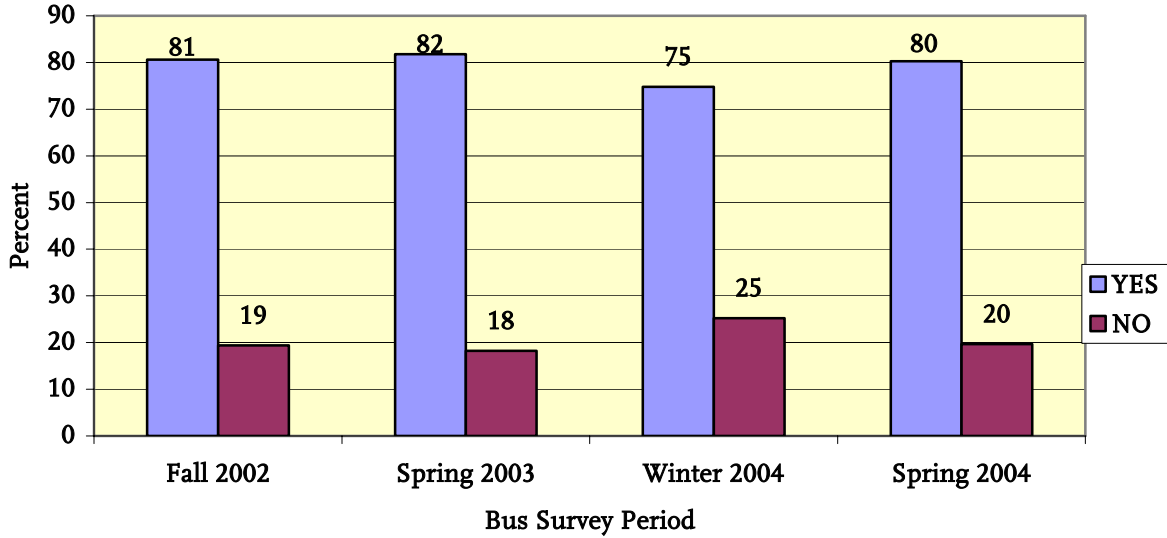
- Weekday Metro Rail riders are 55% male and 45% female, with little difference by line.
- Median annual household income is \$22,000 per year. The Red Line demonstrates the highest income (\$25,000) and the Blue Line the lowest (\$17,000).
- Latinos are the largest ethnic group of riders (41%), with only small variations by line. White riders represent 24% of the ridership for all lines but 30% for the Red Line. African-American riders comprise 32% of the Blue Line and 28% of the Green Line, but only 22% overall owing to low Red Line ridership (16%).
- Median annual household income among White riders is \$50,000 and over. African-Americans average \$21,000 and Latinos \$14,000. Median income among Asian riders is \$34,000. All four ethnic groups demonstrate their lowest median income on the Blue Line. Latino and Asian incomes are highest on the Green Line.
- The mean age of Metro Rail riders is 39.0 years. Latino riders are notably younger than other groups (34.8 years) and White riders are the oldest (45.0 years).

### *Travel Characteristics*

- A large majority of weekday Metro Rail riders (67%) use more than one bus or train in the course of their one-way trip.
- Riders access their first bus or train mostly by walking (70%). An even larger percentage (82%) walk to their final destination.
- Most riders (72%) use Metro Rail 5 or more days per week.
- The 7th Street/Metro station (26%) and Pershing Square (9%) attract the most work trips.
- The dominant trip purpose for frequent weekday Metro Rail riders is the home-work trip (71%); the second most prevalent trip purpose is home-school (9%).
- Riders indicate that their median one-way trip consumes 65 minutes, including 35 minutes on board buses and trains and 10 minutes each for getting to, getting from, and waiting.
- Most Metro Rail riders use passes to pay their boarding fare (58%), half of whom use the regular monthly pass. Red Line pass usage is particularly high (66%) because of Metrolink riders.

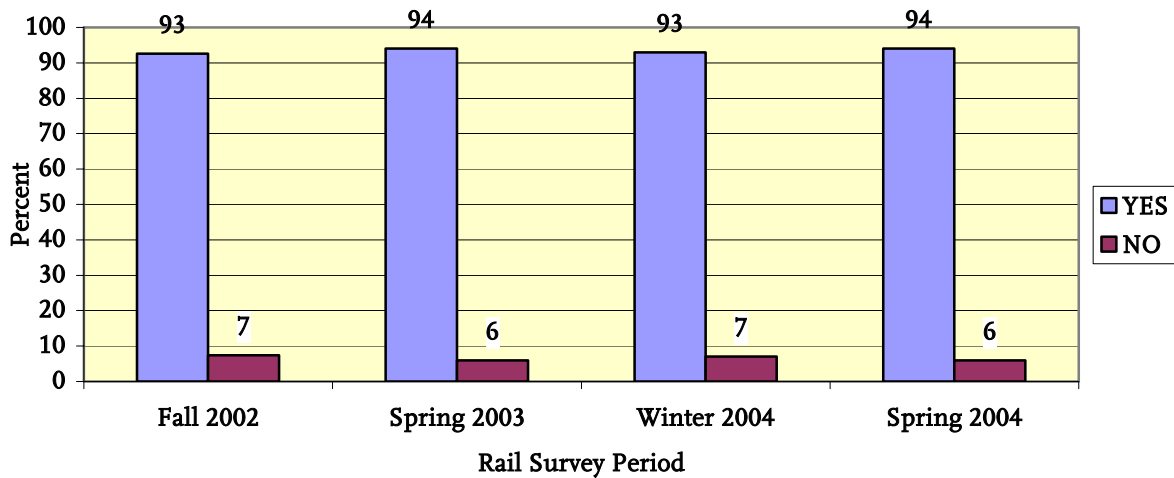
## Customer Satisfaction Survey -Bus

Generally speaking, are you satisfied with Metro Bus Service?



## Customer Satisfaction Survey –Rail

Generally speaking, are you satisfied with Metro Rail Service?



#### IV. Financial Details by Fund

## ENTERPRISE FUND

### Fund Narrative

The Enterprise Fund accounts for transit services in a manner similar to the private sector. The transit services included within the Enterprise Fund are Metro Bus, contracted bus service, Metro Rail, and Regional Activities.

### Revenues

Bus and rail operating revenues recover approximately 30% of the cost to provide transit services. The remaining 70% is funded through a combination of non-operating revenues (primarily federal grants) and transfers (Prop A & C, TDA and STA tax-based revenues).

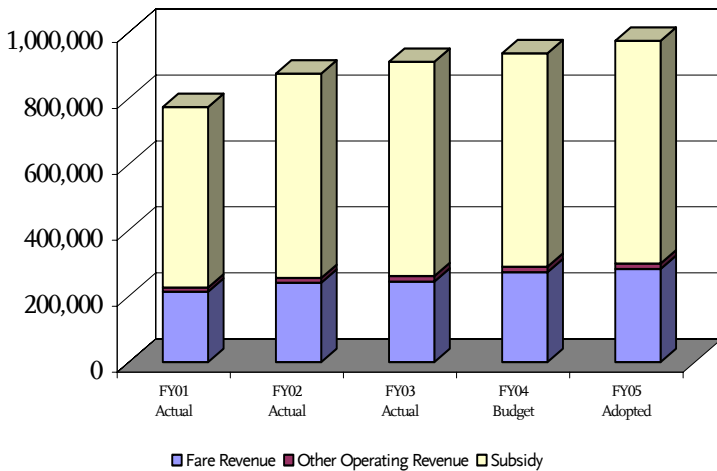
### Expenses

The Enterprise Fund FY05 budgeted expenses are as follows:

	Amount in Millions	%
Bus	\$770.5	77.6
Light Rail	145.7	14.7
Heavy Rail	74.2	7.5
Regional	2.4	0.2
<b>Total</b>	<b>\$992.8</b>	<b>100.0</b>

Enterprise Fund expenses of \$992.8 million are composed of \$990.0 million operating expenses and \$2.8 million of non-operating interest expenses.

### Enterprise Fund Revenue



Approximately 68% of the Enterprise Fund expenses are for labor and fringe benefits. Fuel and materials represents another 14% of expenses, with the remainder being comprised of contracted services (3%), security (6%), casualty and liability (4%), and debt and other expenses (5%).

(Amounts in thousands)	FY01 Actual	FY02 Actual	FY03 Actual	FY04 Budget	FY05 Adopted
1 Fare Revenue	\$213,989	\$241,144	\$244,939	\$273,099	\$282,660
2 Other Operating Revenue	12,227	14,334	16,587	16,050	16,750
3 Subsidy*	547,814	619,622	648,936	647,270	690,614
<b>4 Total Revenue</b>	<b>\$774,030</b>	<b>\$875,100</b>	<b>\$910,462</b>	<b>\$936,419</b>	<b>\$990,024</b>

\* Subsidy is defined as total operating expense minus fare revenue and other operating revenue.

**Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget**

**Service Levels**

Mode		Vehicle Service Hours	Vehicle Service Miles	Unlinked Passenger Trips	Passenger Miles
Bus	MTA Operated	7,054,943	88,176,343	357,328,103	1,393,579,602
	Contracted Svc	512,175	6,259,158	8,483,949	32,906,501
	<b>Subtotal Bus</b>	<b>7,567,118</b>	<b>94,435,501</b>	<b>365,812,052</b>	<b>1,426,486,103</b>
Rail	Blue Line	211,941	4,756,824	23,612,912	122,787,142
	Green Line	87,965	2,707,815	10,342,500	53,781,000
	Gold Line	89,000	1,800,000	7,500,000	39,000,000
	Red Line	270,299	6,603,768	35,908,175	165,177,605
	<b>Subtotal Rail</b>	<b>659,205</b>	<b>15,868,407</b>	<b>77,363,587</b>	<b>380,745,747</b>
<b>Totals</b>		<b>8226,323</b>	<b>110,303,908</b>	<b>443,175,639</b>	<b>1,807,231,850</b>

**Cost Per Unit of Service**

Mode		Vehicle Service Hours	Vehicle Service Miles	Unlinked Passenger Trips	Passenger Miles
Bus	MTA Operated	\$104.60	\$8.37	\$2.07	\$0.53
	Contracted Svc	\$57.13	\$4.67	\$3.45	\$0.89
	<b>Blended Bus</b>	<b>\$101.39</b>	<b>\$8.12</b>	<b>\$2.10</b>	<b>\$0.54</b>
Rail	Blue Line	\$304.15	\$13.55	\$2.73	\$0.52
	Green Line	\$463.18	\$15.05	\$3.94	\$0.76
	Gold Line	\$455.53	\$22.52	\$5.41	\$1.04
	Red Line	\$274.43	\$11.23	\$2.07	\$0.45
	<b>Blended Rail</b>	<b>\$333.62</b>	<b>\$13.86</b>	<b>\$2.87</b>	<b>\$0.58</b>
Combined	Bus & Rail	\$120.00	\$8.95	\$2.23	\$0.55

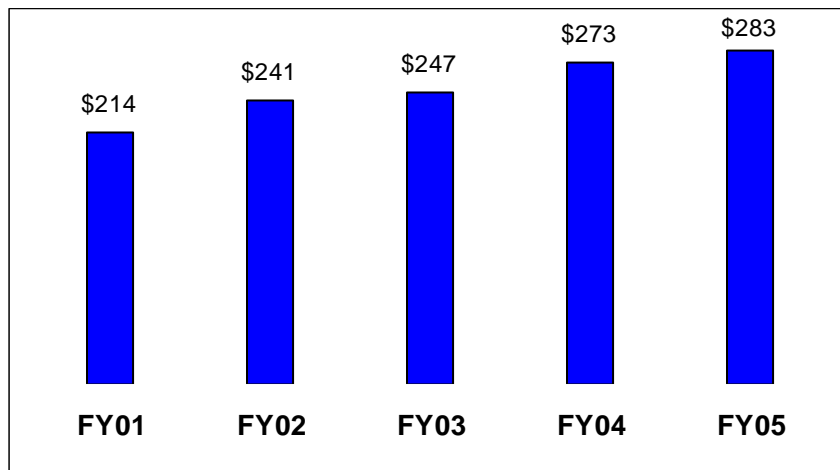


## Fare Revenue

The chart below illustrates passenger fare revenue received in FY01 through FY03, plus projected receipts for FY04 and FY05. From FY01 to FY03, average annual fare revenue growth was 7.4% as service levels increased for both bus and rail modes. A

4.0% year-over-year increase in fare revenue is projected in FY05 from a combination of the relatively new Pasadena Gold Line and a fare restructuring that went into effect in January 2004.

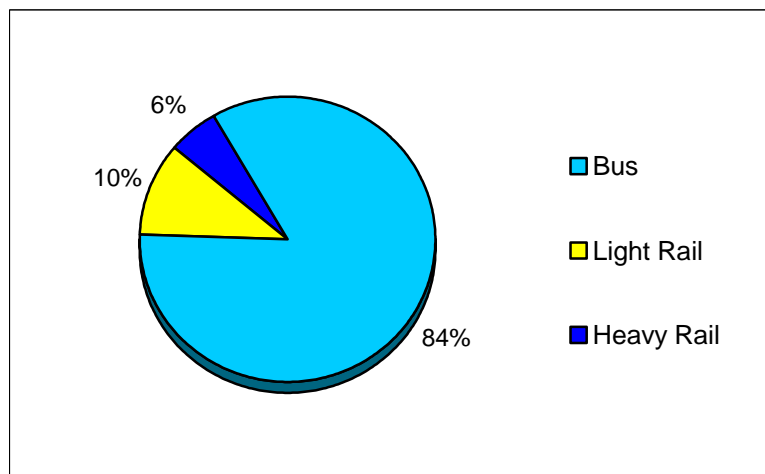
(\$'s in millions)



## Fare Revenue by Mode

The chart below illustrates the estimated FY05 fare revenue shares by mode. As

shown, most of the MTA fare revenue is attributed to bus operations.



Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget

## Combined Statement of Revenues, Expenses and Changes in Retained Earnings

For the Years Ending June 30, 2003, 2004 and 2005

(Amounts in millions)

Enterprise Fund by Mode	Bus			Light Rail		
	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted
1 Revenue:						
2 Operating revenues						
3 Passenger fares	\$ 213.4	\$ 229.4	\$ 240.4	\$ 17.1	\$ 28.4	\$ 24.6
4 Route subsidies	0.5	0.4	0.5	-	-	-
5 Metrolink EZ Pass reimbursement	0.4	0.4	0.4	-	-	0.4
6 Advertising	12.1	11.7	13.7	1.0	1.0	-
7 Total revenues	226.4	241.9	255.0	18.0	29.4	24.9
8						
9 Operating expenses:						
10 Transportation	464.5	484.3	500.6	36.5	65.3	77.0
11 Maintenance	247.1	223.6	231.2	40.0	46.8	55.2
12 General and administrative	43.7	34.8	35.9	9.4	11.5	13.5
13 Total operating expenses	755.3	742.7	767.7	85.9	123.6	145.7
14						
15 Operating income (loss)	(528.9)	(500.8)	(512.7)	(67.9)	(94.2)	(120.8)
16						
17 Non-operating revenues/(expenses):						
18 Local operating grants	0.7	0.5	0.5	-	-	-
19 Federal operating grants	94.3	82.3	145.5	(0.4)	27.7	53.4
20 Interest revenue	2.9	6.7	1.5	-	0.7	-
21 Debt and interest expense	(7.7)	(6.0)	(2.8)	-	-	-
22 Gain (loss) on disposition of fixed assets	(2.9)	1.2	-	-	-	-
23 Other	2.0	1.0	2.7	-	0.4	-
24 Total Non-operating revenues	89.3	85.7	147.3	(0.4)	28.8	53.4
25						
26 Other financing sources (uses):						
27 Operating transfers in						
28 Prop A	132.2	132.3	132.3	26.3	12.8	31.5
29 Prop C	104.3	103.1	74.4	36.6	49.4	30.2
30 TDA	179.9	168.8	143.4	-	-	-
31 STA	2.1	10.9	4.0	3.3	3.1	5.7
32 General Fund	23.9	-	11.3	-	-	-
33 Total other financing and sources (uses)	442.4	415.1	365.3	66.2	65.4	67.4
34						
35 Increase (decrease) in retained earnings	2.8	-	-	(2.1)	-	-
36						
37 Deficit - beginning of year	(57.1)	(54.3)	(54.3)	(5.9)	(8.0)	(8.0)
38						
39 Deficit - end of year	\$ (54.3)	\$ (54.3)	\$ (54.3)	\$ (8.0)	\$ (8.0)	\$ (8.0)

**Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget**

	Heavy Rail			Non-Modal Regional Cost			Total		
	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted
1									
2									
3	\$ 14.0	\$ 15.2	\$ 17.7	\$ 0.4	\$ -	\$ -	\$ 244.9	\$ 273.1	\$ 282.7
4		-	-	-	-	-	0.5	0.4	0.5
5	2.1	2.0	1.8	-	-	-	2.5	2.4	2.5
6	0.5	0.5	-	-	-	-	13.6	13.2	13.7
7	16.6	17.8	19.5	0.4	-	-	261.5	289.1	299.4
8									
9									
10	27.4	33.2	36.5	-	-	-	528.4	582.9	614.1
11	30.0	28.8	31.6	-	-	-	317.2	299.2	317.9
12	7.1	5.5	6.1	4.8	2.6	2.4	64.9	54.4	58.0
13	64.5	67.5	74.2	4.8	2.6	2.4	910.5	936.4	990.0
14									
15	(47.9)	(49.7)	(54.7)	(4.3)	(2.6)	(2.4)	(649.0)	(647.3)	(690.6)
16									
17									
18	-	-	-	-	-	-	0.7	0.5	0.5
19	(0.2)	-	19.0	-	-	-	93.6	110.0	217.9
20	-	0.6	-	-	-	-	2.9	8.0	1.5
21	-	-	-	-	-	-	(7.7)	(6.0)	(2.8)
22	-	-	-	-	-	-	(2.9)	1.2	-
23	0.5	1.0	-	-	-	-	2.5	2.3	2.7
24	0.3	1.5	19.0	-	-	-	89.1	115.9	219.7
25									
26									
27									
28	19.4	7.4	21.9	-	-	-	177.9	152.6	185.7
29	25.6	38.3	10.3	3.0	2.6	2.4	169.6	193.4	117.3
30	-	-	-	-	-	-	179.9	168.8	143.4
31	2.5	2.5	3.5	-	-	-	7.8	16.6	13.2
32	-	-	-	1.3	-	-	25.2	-	11.3
33	47.5	48.2	35.7	4.3	2.6	2.4	560.4	531.3	470.9
34									
35	(0.1)	-	-	-	-	-	0.5	-	-
36									
37	-	(0.1)	(0.1)	-	-	-	(63.0)	(62.5)	(62.5)
38									
39	\$ (0.1)	\$ (0.1)	\$ (0.1)	\$ -	\$ -	\$ -	\$ (62.5)	\$ (62.5)	\$ (62.5)

## INTERNAL SERVICE FUND

### Fund Narrative

The Internal Service Fund (ISF) accounts for the revenues and expenses related to goods and services provided to projects on a cost reimbursement basis. These expenses are allocated to all of the MTA's functional units as well as to the blended component units, Public Transportation Services Corporation (PTSC) and PTSC/MTA Risk Management Authority (PRMA).

The ISF in FY05 will operate differently than in prior years. In the past, the ISF collected (a) agency-wide allocable charges in a single cost pool and (b) dedicated allocable charges in three other cost pools. User departments then received their allocated shares of these costs according to a Federal OMB A-87 compliant allocation plan.

### New Administrative Cost Allocation Methodology in FY05

Starting in FY05, administrative departments will charge their users directly wherever possible. Where not possible, they will charge one (or more) of six dedicated cost pools according to the MTA activity being benefited. Thus, the only costs that will still be charged to the original agency-wide cost pool will be items such as rent, utilities, and insurance costs associated with the Gateway Building.

The six cost pools are dedicated to the following activities:

- Bus Administration
- Rail Administration
- Subsidy and Call Project Administration
- General Planning Administration
- Capital Program Administration
- Major Construction Program Administration

Each pool will allocate its costs only to related activities. The original agency-wide cost pool will allocate its costs globally, as before.

### Impact of New Administrative Cost Methodology

The sources and amounts of the various administrative charges will be clearly evident to the user departments, thus empowering them to control costs. Also, operating results will not be distorted by the migration of administrative costs among the six activities identified above.

**Statement of Revenues, Expenses and Changes in Retained Earnings  
For the Years Ending June 30, 2003, 2004 and 2005**

(Amounts in millions)

<b>Internal Service Fund</b>	<b>FY03 Actual</b>	<b>FY04 Budget</b>	<b>FY05 Adopted</b>
1 Operating expenses:			
2    Services	\$ -	\$ -	\$ -
3 Total operating expenses	-	-	-
4			
5 Operating income (loss)	-	-	-
6			
7 Non-operating revenues/(expenses):			
8    Charges for services	(252.4)	(236.8)	(155.7)
9    Interest revenue	(2.7)	-	-
10   Other	255.1	236.8	155.7
11 Total non-operating revenues	-	-	-
12			
13 Increase (decrease) in retained earnings	-	-	-
14			
15 Retained Earnings(deficit)-beg. of year	-	-	-
16			
17 Retained Earnings(deficit)-end of year	\$ -	\$ -	\$ -

## **SPECIAL REVENUE FUND**

### **Fund Narrative**

The Special Revenue Fund accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are earmarked for specified purposes. The Special Revenue Fund reflects MTA's responsibility to administer special transportation programs as well as its duty to allocate transportation funds to local and regional agencies throughout Los Angeles County.

### **Expenditures**

Laws, ordinances, or grants that created these funds designate their use. Regional programs detailed in the following section account for 89% of Special Revenue expenditures, while the remaining 11% go for SAFE, FSP, other contracts, and administrative costs and labor.

### **Revenue**

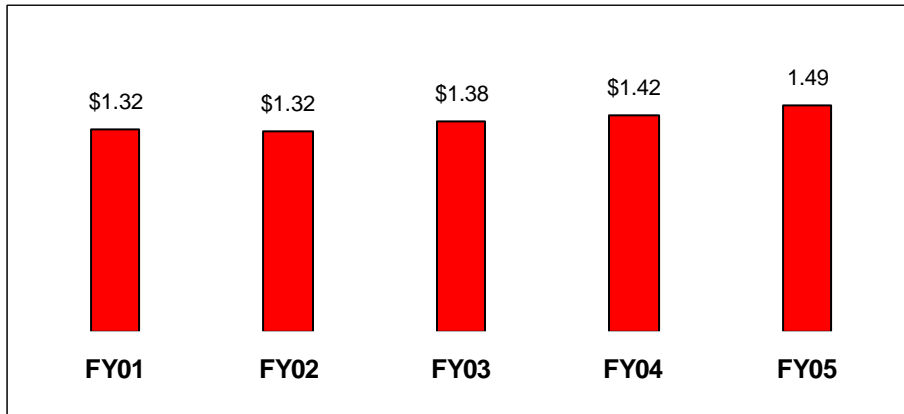
The primary source of revenue is sales tax receipts: Proposition A sales tax, Proposition C sales tax, Transportation Development Act (TDA) sales tax, and State Transit Assistance (STA) sales tax on gasoline. Other sources include Service Authority for Freeway Emergencies (SAFE), Congestion Mitigation and Air Quality (CMAQ), and other funds used to account for programs with dedicated revenue.

The chart below illustrates sales tax revenues received from Proposition A, Proposition C, and Transportation Development Act sales taxes (excluding STA, which is allocated on a discretionary

basis). Between FY01 and FY03, actual sales revenues increased at an average annual rate of 2.3%. The FY04 and FY05 Budget Revenues are projected to grow at an average annual rate of 4.1%.

### Sales Tax Revenue

(Amounts in billions)

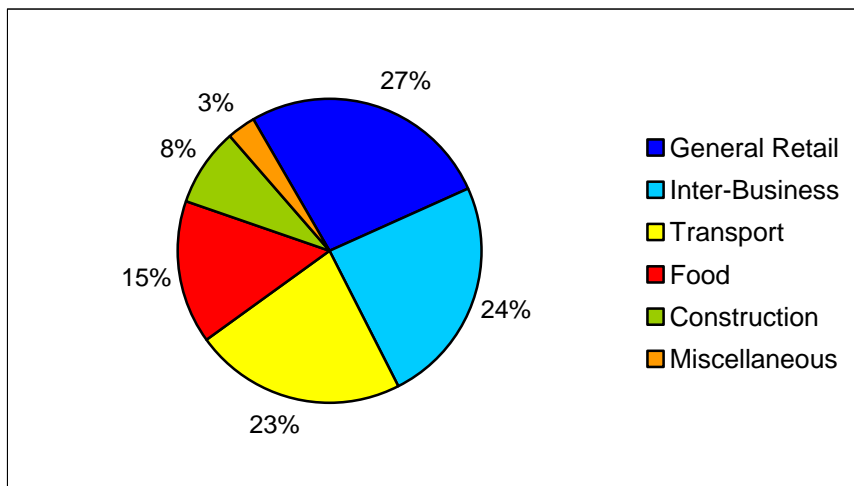


The chart below depicts Los Angeles County sales tax revenue projections for FY05 by major spending categories and is based on the share of sales tax receipts in

prior periods. General Retail, Transport, and Inter-Business sales have consistently held the largest shares of Los Angeles County's sales taxes.

### Sales Tax Revenue Shares

(Projections by source for FY05)



Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget

## Combined Statement of Revenues, Expenditures and Changes in Fund Balances

For the Years Ending June 30, 2003, 2004 and 2005

(Amounts in millions)

	Proposition A			Proposition C			Transportation Develop. Act		
	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted
<b>Special Revenue Funds</b>									
1 Revenue:									
2 Sales tax	\$ 548.3	\$ 565.8	\$ 595.0	\$ 548.3	\$ 565.7	\$ 594.9	\$ 279.9	\$ 288.1	\$ 302.4
3 Intergovernmental grants	-	-	-	54.9	75.1	75.5	-	-	-
4 Investment income	2.2	3.5	1.6	13.3	12.0	8.0	3.9	4.0	2.2
5 Licenses and fines	-	-	-	0.4	-	-	-	-	-
6 Other	(0.0)	-	-	(0.1)	-	-	-	-	-
7 Total revenues	550.5	569.3	596.6	616.9	652.8	678.4	283.8	292.1	304.6
8									
9 Expenditures:									
10 Subsidies	207.3	216.2	228.1	308.9	380.7	439.3	93.8	95.4	99.3
11 Services	-	-	-	36.9	45.2	39.7	-	-	-
12 General and administrative	-	-	-	14.3	19.4	9.2	-	-	-
13 Total expenditures	207.3	216.2	228.1	360.1	445.3	488.2	93.8	95.4	99.3
14									
15 Excess (deficiency) of revenues									
16 over expenditures	343.1	353.0	368.5	256.8	207.5	190.2	190.0	196.7	205.3
17									
18 Other financing sources (uses):									
19 Operating transfers in									
20 Prop A	0.4	-	-	7.4	9.0	-	0.9	-	-
21 Prop C	-	-	-	-	5.1	-	0.9	-	-
22 TDA	-	-	-	(0.0)	-	0.9	-	-	-
23 General Fund	-	-	-	5.3	-	6.1	-	-	-
24 Other	-	-	-	11.3	-	-	-	-	-
25 Operating transfers out									
26 Prop C	(7.4)	(9.0)	-	-	(0.9)	-	(0.0)	-	(0.9)
27 TDA	(0.9)	-	-	(0.9)	-	-	-	-	-
28 General Fund	(20.0)	(28.3)	(29.5)	(8.6)	(8.5)	(8.9)	(5.3)	(6.0)	(6.0)
29 Debt Service Fund	(141.2)	(158.0)	(153.7)	(89.6)	(103.0)	(112.4)	-	-	-
30 Capital Fund	(26.9)	(8.9)	(6.3)	(22.8)	(10.8)	(18.5)	(25.7)	(36.7)	(69.7)
31 Enterprise Fund	(177.9)	(152.6)	(185.7)	(169.6)	(193.4)	(117.3)	(179.9)	(168.8)	(143.4)
32 Others	-	-	-	(0.4)	-	-	(1.6)	-	-
33 Total other financing sources (uses)	(374.0)	(356.7)	(375.2)	(267.9)	(302.6)	(250.2)	(210.7)	(211.5)	(220.0)
34									
35 Excess (deficiency) of revenue and other financing									
36 sources over expenditures/other financing uses	(30.8)	(3.7)	(6.7)	(11.2)	(95.1)	(60.0)	(20.8)	(14.8)	(14.7)
37									
38 Fund balance - beginning of year *	102.0	71.1	62.3	345.7	334.5	203.4	167.7	146.9	146.0
39									
40 Fund balance - end of year	\$ 71.1	\$ 67.4	\$ 55.6	\$ 334.5	\$ 239.5	\$ 143.4	\$ 146.9	\$ 132.1	\$ 131.3

\* FY05 beginning of year fund balances include FY04 revenue and expenditure variances.



**Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget**

	State Transit Assistance-STA			SAFE			Other			Total		
	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted
1												
2	\$ 27.3	\$ 28.8	\$ 29.5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,403.7	\$ 1,448.4	\$ 1,521.8
3	-	-	-	-	-	-	7.1	16.5	14.1	62.0	91.6	89.5
4	0.9	0.9	0.5	0.9	1.0	0.9	0.1	-	-	21.3	21.4	13.2
5	-	-	-	7.2	7.2	7.0	-	-	-	7.6	7.2	7.1
6	-	-	-	-	-	-	0.3	-	-	0.2	-	-
7	28.2	29.7	30.0	8.1	8.2	7.9	7.4	16.5	14.1	1,494.8	1,568.5	1,631.6
8												
9												
10	6.3	4.4	4.4	-	-	-	2.2	13.7	12.6	618.6	710.3	783.7
11	-	-	-	7.1	9.2	7.5	1.0	1.6	1.2	44.9	56.0	48.4
12	-	-	-	1.2	1.9	1.6	0.2	3.7	0.3	15.7	25.0	11.2
13	6.3	4.4	4.4	8.3	11.1	9.1	3.4	18.9	14.1	679.2	791.3	843.2
14												
15												
16	21.9	25.3	25.6	(0.2)	(2.9)	(1.2)	4.1	(2.4)	-	815.6	777.2	788.3
17												
18												
19												
20	-	-	-	-	-	-	-	-	-	8.8	9.0	-
21	-	-	-	-	-	-	-	0.9	-	0.9	6.0	-
22	-	-	-	-	-	-	-	-	-	(0.0)	-	0.9
23	-	-	-	-	-	-	-	-	-	5.3	-	6.1
24	0.1	-	-	-	-	-	1.9	1.5	-	13.3	1.5	-
25												
26	-	-	-	-	-	-	(8.7)	-	-	(16.2)	(9.9)	(0.9)
27	-	-	-	-	-	-	-	-	-	(1.9)	-	-
28	-	-	-	-	-	-	(0.0)	-	-	(34.0)	(42.8)	(44.4)
29	-	-	-	-	-	-	-	-	-	(230.8)	(261.0)	(266.1)
30	(5.1)	(13.6)	(11.6)	-	-	-	(0.3)	-	-	(80.7)	(70.1)	(106.1)
31	(7.8)	(16.5)	(13.2)	-	-	-	-	-	-	(535.2)	(531.3)	(459.6)
32	-	(1.5)	-	-	-	-	(2.6)	-	-	(4.6)	(1.5)	-
33												
34	(12.8)	(31.6)	(24.8)	-	-	-	(9.7)	2.4	-	(875.1)	(900.0)	(870.2)
35												
36												
37	9.1	(6.3)	0.8	(0.2)	(2.9)	(1.2)	(5.6)	-	-	(59.5)	(122.8)	(81.9)
38												
39	39.9	49.0	44.8	27.4	27.2	25.0	5.7	0.1	-	688.5	629.0	481.5
40												
41	\$ 49.0	\$ 42.8	\$ 45.6	\$ 27.2	\$ 24.3	\$ 23.8	\$ 0.1	\$ 0.1	\$ -	\$ 629.0	\$ 506.2	\$ 399.6

## REGIONAL PROGRAMS

The MTA provides funding directly to projects through grants of local funds or indirectly through allocated federal or state grants. Local funds consist mainly of Proposition A and Proposition C funds which are disbursed by the MTA to agencies based on an approved spending plan. Federal and state grant funds are programmed or allocated by the MTA and disbursed directly by the granting agency or disbursed by MTA to the grantee or

recipient. The recipient agency is responsible for administering and managing the federal or state grant.

The FY05 Budget for local funding commitments to the Call for Projects (CFP) reflects current year cash flow. Funding for all other local programs, including Municipal Operator programs, ASI, Proposition A Incentive, Local Return, and Metrolink, reflects the FY05 programmed amounts.

### FY05 Revenue Summary - Regional Programs Budget

(Amounts in thousands)		Municipal Operator Programs	ADA Funding Program	CFP Projects & Programs	Other Local Projects	Commuter Rail & Intercity Rail	Total Subsidy Budget
1	Prop A - Local Return 25%	\$ -	\$ -	\$ 141,300	\$ -	\$ -	141,300
2	Prop A - Discretionary 95% of 40%	69,648	-	-	-	-	69,648
3	Prop A - Incentive 5% of 40%	-	11,304	-	5,000	-	16,304
4	Prop C - Local Return 20%	-	-	117,200	-	-	117,200
5	Prop C - Security 5%	5,235	-	-	-	-	5,235
6	Prop C - Commuter Rail 10%	-	-	31,097	-	41,537	72,634
7	Prop C - Streets & Hwys 25%	-	-	117,216	-	-	117,216
8	Prop C - Discretionary 40%	30,681	17,474	15	2,550	-	50,720
9	Other	-	47,900	24,077	12,585	-	84,563
10	TDA	76,582	-	22,851	-	-	99,433
11	STA Formula	4,230	-	-	-	-	4,230
12	Interest (Prop A, Prop C, TDA, STA)	5,218	-	-	-	-	5,218
13	<b>Total</b>	<b>\$ 191,593</b>	<b>\$ 76,678</b>	<b>\$ 453,756</b>	<b>\$ 20,135</b>	<b>\$ 41,537</b>	<b>\$ 783,699</b>

Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget

## Regional Subsidy Program Budget Detail

(Amounts in thousands)

Regional Fund Description	FY03 Actual	FY04 Budget	FY05 Adopted
1 Municipal Operator Programs			
2     Formula Allocated Funds	\$ 153,461	\$ 162,732	\$ 158,086 *
3     Transit Security	3,165	4,335	5,235
4     Bus Service Improvement Program & MOSIP Programs	11,443	18,634	19,188
5     Transit Service Expansion	5,502	5,747	5,962
6     Base Bus Restructuring	2,782	3,046	3,122
7                     Municipal Operator Programs Total	176,353	194,495	191,593
8			
9 ADA/Accessibility Funding Programs			
10     ASI - Access Services, Inc.	64,405	61,800	65,374
11     Proposition A Incentive programs	11,914	10,547	11,304
12                     ADA Accessibility Funding Programs Total	76,318	72,347	76,678
13			
14 CFP Projects and Programs			
15     Proposition A and C Local Return	239,946	244,651	258,500
16     Call for Projects & Rapid Bus	60,109	117,270	173,335
17     TDA Bikeways/Transit/Streets & Hwys Pgms	20,414	20,567	21,921
18                     Local Projects and Programs Total	320,469	382,487	453,756
19			
20 Other Local Projects			
21     Immediate Needs	4,639	5,000	5,000
22     SHORE/General Relief Tokens	1,046	1,050	1,050
23     Regional Grantee-FTA	2,154	13,655	12,585
24     EZ Pass Program	-	-	1,500
25                     Other Local Projects Total	7,838	19,705	20,135
26			
27 Commuter Rail & Inter-City Rail Programs			
28     Metrolink	37,593	41,274	41,512
29     Intercity Rail	25	25	25
30                     Commuter Rail & Intercity Rail Programs	37,618	41,299	41,537
31			
32 Total MTA Funded Programs (Special Revenue Fund only)	<b>\$ 618,596</b>	<b>\$ 710,331</b>	<b>\$ 783,699</b>

\* Note: Represents lower interest revenue allocation and lower share of overall FAP funds.

## REGIONAL PROGRAMS DESCRIPTIONS

### **Municipal Operator Programs**

Municipal Operator Programs provide for the equitable allocation of STA, TDA, Proposition A 40% Discretionary, and Propositions A and C Interest Revenues to sixteen transit service providers in Los Angeles County. These funds are allocated based on formulas prescribed by state law and by the MTA Board of Directors.

In addition, operators receive Proposition C 40% Discretionary funds under five programs approved by the Board of Directors: Foothill Mitigation Program, Transit Service Expansion, Discretionary Bus Restructuring, Bus Service Improvement Plan (BSIP) including Overcrowding Relief, and the Municipal Operator Service Improvement Program (MOSIP).

### **ADA/Accessibility Funding Programs**

MTA contracts with Access Services, Inc., (ASI) to provide complementary paratransit services for persons with disabilities who cannot use fixed route buses and trains, enabling the County's fixed route operators to be fully compliant with ADA requirements. ASI is also the Consolidated Transportation Services Agency (CTSA) for Los Angeles County, responsible for improving mobility options and for coordinating specialized transportation.

### ***Paratransit Programs***

The Proposition A Discretionary Incentive program provides support to many local

jurisdictions within Los Angeles County for the provision of public and private paratransit service.

### **Call for Projects and Other Transportation Improvement Programs**

#### ***Propositions A and C Local Return***

The Proposition A and Proposition C ordinances require that each of the 88 cities and Los Angeles County receives a direct share, based on population, of the total Proposition A and Proposition C sales tax revenues. Known as "local return", these funds must be used to support transit needs or other transportation related projects including paratransit and fixed route service, street and road maintenance (Prop C only) on streets heavily used by transit, and other transit-related improvements.

#### ***Transportation Improvement Program Call for Projects***

The Transportation Improvement Program (TIP) Call for Projects (CFP) is a biennial process for allocating selected local, state, and federal transportation funds to cities in Los Angeles County, Los Angeles County, municipal transit operators, joint power authorities, and other public agencies. After MTA establishes funding estimates, eligible organizations submit project applications for review.

MTA staff, based on a scoring system adopted by the Board of Directors, evaluates the merits of each submittal and

develops a priority ranking. The Board of Directors reviews the staff recommendations and adopts a multi-year funding program. After adoption by the Board of Directors, the MTA programs funding based on project cash flow plans and secures written agreements with successful project sponsors.

### ***TDA Article 3 and Article 8***

TDA Article 3 funds are allocated to all cities and the unincorporated areas of Los Angeles County based on population. TDA Article 3 funds may be used for pedestrian and bicycle facilities, including retrofitting facilities, to comply with the Americans with Disabilities Act (ADA). TDA Article 8 funds may be used for transit and paratransit.

If the MTA finds that all transit needs in the jurisdiction have been met, funds may be used for the development, construction, and maintenance of local streets and roads. Eligible claimants for TDA Article 8 funds include the cities of Avalon, Lancaster, Palmdale, and Santa Clarita, and the unincorporated areas of Los Angeles County.

### **Other Local Programs**

The MTA provides \$1.1 million in funding for Support for Homeless Re-Entry (SHORE) and the General Relief (GR) Token Program to provide tokens for transportation for homeless/indigent persons.

### ***Regional Grantee***

The MTA is acting as the grantee for federal funds on a pass-through basis. In FY05, the budgeted amount for pass-through grants is \$12.6 million.

In FY05, participants include Baldwin Park, Bell, Burbank, Compton, Cudahy, El Segundo, Glendale, Maywood, Monrovia, Monterey Park, Palmdale, Pasadena, Playa Vista, Redondo Beach, Sierra Madre, South Pasadena, and West Covina, as well as Catellus and the Los Angeles Neighborhood Initiative (LANI).

### **Regional Rail Program**

Metrolink is a regional passenger rail system which links downtown Los Angeles to the four surrounding counties and the Antelope Valley. Average passenger trip length is 37 miles. Construction, operation, and maintenance of the Metrolink fleet, right-of-way, and facilities are performed by the Southern California Regional Rail Authority (SCRRA), a Joint Powers Authority (JPA). The MTA and the four county members of the JPA provide funding, in combination with passenger fares, state and federal grants, and other operating revenue.

## CAPITAL PROJECTS FUND

### Fund Narrative

The Capital Projects Fund accounts for projects to improve infrastructure, acquire equipment, and construct new bus and rail transportation facilities. The capital budget is developed concurrently and approved with the operating budget. The Capital Program is discussed in greater detail in Section V.

### Revenues

Revenues for the Capital Projects Fund are primarily from intergovernmental grants for infrastructure improvements and equipment acquisition projects (capital projects) and a combination of intergovernmental grants and long-term debt for the major bus and rail projects.

The Capital Projects Fund reflects cost estimates and implementation plans for projects based on agency priorities as established by the Capital Review Committee. Funding is allocated based on plans and schedules to provide resources for project implementation.

### Expenditures

The total FY05 Capital Program (CP) is \$754.4 million, of which \$447.7 million has been included for major bus and rail construction and \$306.7 million for other capital projects.

Capital Program expenditures are comprised of direct project costs for the acquisition, expansion, rehabilitation of infrastructure, and capital assets as well as staff necessary for successful design, construction, acquisition, and implementation.

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Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget

## Combined Statement of Revenues, Expenditures and Changes in Fund Balances

For the Years Ending June 30, 2003, 2004 and 2005

(Amounts in millions)

<b>Capital Project Funds</b>	Light Rail			Heavy Rail		
	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted
1 Revenue:						
2 Intergovernmental grants	\$ 33.0	\$ 147.9	114.8	\$ 24.2	\$ 18.4	\$ 1.7
3 Investment income	0.0	-	-	5.0	-	-
4 Other	-	-	-	0.0	-	-
5 Total revenues	33.0	147.9	114.8	29.3	18.4	1.7
6 Expenditures:						
7 Capital program						
9 Bus acquisitions/ATMS/UFS	-	-	13.7	-	-	5.9
10 Bus and facilities maintenance	-	-	-	-	-	-
11 Rail vehicle and facilities maintenance	0.6	22.1	20.7	3.5	9.0	6.3
12 Wayside systems	-	10.7	11.8	-	0.6	1.3
13 Major construction	78.7	207.7	250.5	21.6	51.1	15.5
14 Non-revenue vehicles	-	4.1	1.3	-	0.8	0.5
15 IT/Communications	-	3.0	1.3	-	1.5	0.6
16 Warehouse/Other	1.0	-	0.8	-	-	1.2
17 Total expenditures	80.3	247.6	300.1	25.2	63.0	31.3
18 Excess (deficiency) of revenues over expenditures	(47.3)	(99.7)	(185.2)	4.1	(44.6)	(29.6)
19 Other financing sources (uses):						
20 Operating transfers in						
23 Prop A	26.9	8.2	0.7	-	0.7	-
24 Prop C	8.4	-	4.8	9.0	1.3	2.3
25 TDA	0.2	2.5	-	0.8	0.5	-
26 STA	1.3	3.1	6.5	0.2	0.9	-
27 Other /GF	-	40.2	2.5	-	-	-
28 Capital Project Fund	-	-	-	-	-	-
29 Operating transfers out						
30 Other /GF	-	-	-	-	-	-
31 Capital Project Fund	-	-	0.8	-	(68.2)	(14.8)
32 Proceeds from financing	-	61.7	143.8	-	34.4	4.1
33 Total other financing sources (uses)	36.7	115.7	159.1	9.9	(30.5)	(8.5)
34 Excess (deficiency) of revenues and other financing						
35 sources over expenditures and other financing uses	(10.5)	16.0	(26.1)	14.0	(75.2)	(38.1)
36 Fund balance - (deficit) beginning of year	1.2	(9.3)	6.7	105.3	119.3	44.1
37 Fund balance - (deficit) end of year	\$ (9.3)	\$ 6.7	\$ (19.4)	\$ 119.3	\$ 44.1	\$ 5.9



**Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget**

	Bus Rapid Transitways			Bus Capital and Other			Total		
	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted
1									
2	\$ 25.9	\$ 57.6	\$ 5.8	\$ 97.2	\$ 157.1	\$ 169.1	\$ 180.2	\$ 381.0	\$ 291.4
3	-	-	-	0.5	-	-	5.5	-	-
4	-	-	-	-	-	-	0.0	-	-
5	25.9	57.6	5.8	97.6	157.1	169.1	185.8	381.0	291.4
6									
7									
8									
9	-	-	-	54.1	178.4	137.1	54.1	178.4	156.7
10	-	-	-	14.9	38.2	84.2	14.9	38.2	84.2
11	-	-	-	12.7	-	-	16.8	31.1	27.0
12	-	-	-	2.0	-	-	2.0	11.3	13.1
13	36.7	131.3	174.9	-	3.7	6.8	137.1	393.8	447.7
14	-	-	-	4.8	3.1	7.4	4.8	8.0	9.2
15	-	-	-	23.3	10.6	6.1	23.3	15.1	8.0
16	0.2	-	-	9.5	7.2	6.5	10.7	7.2	8.5
17	36.9	131.3	174.9	121.2	241.3	248.1	263.6	683.2	754.4
18									
19	(11.1)	(73.7)	(169.1)	(23.6)	(84.2)	(79.0)	(77.8)	(302.2)	(463.0)
20									
21									
22									
23	-	-	-	-	-	5.7	26.9	8.9	6.3
24	-	-	11.3	3.3	5.3	0.1	20.7	6.6	18.5
25	-	-	-	24.0	36.0	69.7	24.9	39.0	69.7
26	-	-	4.3	-	9.4	0.9	1.5	13.4	11.6
27	3.1	28.0	-	3.6	7.6	11.0	6.7	75.8	13.5
28	-	-	-	-	-	-	-	-	-
29									
30	-	-	-	0.0	-	-	0.0	-	-
31	-	-	-	(0.1)	-	14.0	(0.1)	(68.2)	-
32	-	45.7	163.6	-	-	-	-	141.8	311.5
33	3.1	73.7	179.2	30.8	58.3	95.7	80.5	217.4	431.1
34									
35									
36	(7.9)	-	10.1	7.2	(26.0)	16.7	2.7	(84.8)	(31.9)
37									
38	(0.0)	(7.9)	(7.9)	14.4	21.6	(4.3)	120.9	123.6	38.9
39									
40	\$ (7.9)	\$ (7.9)	\$ 2.2	\$ 21.6	\$ (4.3)	\$ 12.3	\$ 123.6	\$ 38.9	\$ 7.0

## GENERAL FUND

### Fund Narrative

The General Fund includes activities associated with government that are not legally or otherwise required to be accounted for in another fund.

The General Fund provides key compliance and oversight functions, legal services, planning and development programs, and MTA communication activities with constituents and customers.

### Revenues

The primary sources of revenue to the General Fund are Proposition A and Proposition C sales tax administration funds, Proposition C Discretionary funds, TDA sales tax administration funds, and Federal, State, and Local grants. MTA also collects rental and lease revenue on owned property and generates revenue from

property management functions provided by the Real Estate Department. Revenues collected from non-recurring sources also are included in the General Fund.

### Expenditures

Labor expenditures in the General Fund are for Board support functions, management oversight, and regional activity functions. Professional services budgeted in FY05 include legal services, auditing, lobbyist contracts, transportation studies, and consulting services for transportation planning models. Expenditures associated with property management activities that are not directly attributable to transit operations or construction efforts are also included in the General Fund.

Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
For the Years Ending June 30, 2003, 2004 and 2005  
(Amounts in millions)

<b>General Fund</b>	<b>FY03 Actual</b>	<b>FY04 Budget</b>	<b>FY05 Adopted</b>
1 Revenue:			
2     Intergovernmental grants	\$ 4.8	\$ 4.7	\$ 0.7
3     Investment income	5.4	3.8	3.6
4     Lease and rental	12.7	10.1	10.5
5     Proceeds from sales and leaseback	13.5	0.5	-
6     Other	2.1	2.9	2.6
7 <b>Total revenues</b>	<b>38.5</b>	<b>22.0</b>	<b>17.4</b>
8			
9 Expenditures:			
10    Subsidies	0.8	1.4	0.2
11    Services	19.0	29.7	22.1
12    General and administrative	34.1	30.0	32.3
13 <b>Total expenditures</b>	<b>53.9</b>	<b>61.1</b>	<b>54.6</b>
14			
15 <b>Excess (deficiency) of revenues over expenditures</b>	<b>(15.4)</b>	<b>(39.1)</b>	<b>(37.2)</b>
16			
17 Other financing sources (uses):			
18    Operating transfers in			
19       Prop A	20.0	28.3	29.5
20       Prop C	8.6	8.5	8.9
21       TDA	5.3	6.0	6.0
22    Operating transfers out			
23       Special Revenue Fund	(5.3)	(5.1)	(6.1)
24       Capital Project Fund	-	(8.1)	(13.5)
25       Enterprise Fund	(25.2)	-	(11.3)
26 <b>Total other financing sources (uses)</b>	<b>3.5</b>	<b>29.6</b>	<b>13.5</b>
27			
28 <b>Excess (deficiency) of revenues and other financing</b>			
29 <b>sources over expenditures and other financing uses</b>	<b>(11.9)</b>	<b>(9.5)</b>	<b>(23.7)</b>
30			
31 <b>Fund balance - beginning of year *</b>	<b>153.5</b>	<b>141.6</b>	<b>118.8</b>
32			
33 <b>Fund balance - end of year</b>	<b>\$ 141.6</b>	<b>\$ 132.1</b>	<b>\$ 95.1</b>

\* FY05 beginning of year fund balance includes FY04 revenue and expenditure variances.

## DEBT SERVICE FUND

### Fund Narrative

The Debt Service Fund accounts for the accumulation and disbursement of resources related to the payment of general long-term debt principal and interest. Debt service related to the Proprietary and Agency funds is budgeted in those funds.

The Debt Policy, adopted by the Board of Directors, sets forth guidelines for the issuance and management of the MTA's debt, sets limitations on the amount of debt that may be incurred from each funding source, and specifies other factors to be considered and documented when issuing debt. Proceeds from this year's commercial paper issuance and any proceeds from long-term bond issuance will be used to fund the required local contribution to major capital projects including bus, rail and highway capital equipment and facilities.

About \$4.0 billion of debt outstanding is accounted for in the MTA Debt Service Fund as of June 30, 2004. Total MTA debt (including Proprietary Fund debt) is \$4.3 billion. The Agency Fund accounts for another \$117.2 million in Benefit Assessment District debt.

The MTA has refunded more than \$2.9 billion of its long-term debt to achieve debt service savings. Those savings exceed \$160 million on a present value basis and \$310 million on a cash basis.

### Revenues

Annual revenue budgeted for the payment of debt service consists primarily of local sales tax proceeds from Proposition A and Proposition C. Additional sources of debt repayment include federal grants, monies previously set aside pursuant to lease/leaseback transactions, and other miscellaneous revenue receipts.

### Expenditures

Commercial paper will be issued to provide interim funding for capital expenditures prior to the issuance of long-term bonds. If deemed appropriate during the fiscal year, long-term bonds may be issued. Otherwise, long-term bonds are anticipated to be issued in subsequent fiscal periods to retire the commercial paper and provide permanent, long-term financing.

The total FY05 debt service requirement is \$385.4 million; \$337.4 million is included in the Debt Service Fund. The remaining \$48.0 million is budgeted in the Proprietary and Agency funds. See the FY05 Debt Service Schedule for further detail.

### *Debt Limitations/Use Restrictions*

MTA issues additional debt consistent with the Board-adopted multi-year Capital Program. Revenues are allocated in accordance with the applicable ordinances, legislation, and planning processes.

Although MTA's bonds are not subject to California constitutional debt limitations, the MTA has contractual covenants as part of its bond indentures that limit the

issuance of additional debt. The additional bond covenants restrict the percentage amount of specific revenue sources that may be used to service debt. These covenants provide protection to bondholders by limiting the amount of additional bonds that may be issued.

MTA has been assigned high credit ratings on its bonds as a result of having

sound security provisions in the bond indentures, properly managing its finances, and pledging sales tax revenues to repay the bonds. MTA's senior lien sales tax revenue bonds have been assigned credit ratings of Aa3, AA-, and A+ by Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively.

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
For the Years Ending June 30, 2003, 2004 and 2005

(Amounts in millions)

<b>Debt Service Funds</b>	<b>FY03 Actual</b>	<b>FY04 Budget</b>	<b>FY05 Adopted</b>
1 Revenue:			
2 Intergovernmental grants	\$ 3.4	\$ 4.3	\$ 2.3
3 Investment income	20.6	15.0	20.0
4 Net appreciation (decline) in fair value of investments	(4.8)	-	-
5 Proceeds on lease/leaseback to service	449.9	-	-
6 Total revenues	469.0	19.3	22.3
7			
8 Expenditures:			
9 Services	3.7	4.8	4.8
10 Debt and interest expenditures	319.7	269.5	332.6
11 Total expenditures	323.4	274.3	337.4
12			
13 Excess (deficiency) of revenues over expenditures	145.6	(255.0)	(315.1)
14			
15 Other financing sources (uses):			
16 Operating transfers in			
17 Prop A	141.2	158.0	153.7
18 Prop C	89.6	103.0	112.4
19 Operating transfers out	(0.4)	-	-
20 Proceeds of refunding bonds	650.8	-	165.0
21 Payment to refunding bond escrow agent	(639.1)	-	(165.0)
22 Total other financing sources (uses)	242.1	261.0	266.1
23			
24 Excess (deficiency) of revenues and other financing			
25 sources over expenditures and other financing uses	387.7	6.0	(49.0)
26			
27 Fund balance - beginning of year	436.1	823.8	829.8
28			
29 Fund balance - end of year	\$ 823.8	\$ 829.8	\$ 780.8

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Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget

## MTA FY05 Debt Service Coverage Ratios

(Amounts in millions)

	FY03 Actual	FY04 Budget	FY05 Adopted	Foot- notes
1 Proposition A:				
2 Net Sales Tax Revenue	\$ 411.2	\$ 424.3	\$ 446.2	1
3 First Tier Senior Lien Annual Debt Service	132.3	131.5	130.4	
4 First Tier Senior Lien Debt Service Coverage	3.11x	3.23x	3.42x	
5				
6 Residual Net Sales Tax Revenue	\$ 278.9	\$ 292.8	\$ 315.8	
7 First Tier Second Senior Lien Annual Debt Service	3.6	3.3	3.4	2
8 Debt Service Coverage	3.03x	3.15x	3.33x	
9				
10 Residual Net Sales Tax Revenue	\$ 275.3	\$ 289.5	\$ 312.4	
11 Second Tier Annual Debt Service	5.0	5.0	5.4	
12 Second Tier Debt Service Coverage	2.92x	3.04x	3.21x	
13				
14				
15 Proposition C:				
16 Net Sales Tax Revenue	\$ 438.6	\$ 452.6	\$ 475.9	1
17 Second Senior Lien Annual Debt Service	89.1	91.1	91.0	2
18 Debt Service Coverage	4.92x	4.97x	5.23x	
19				
20				
21 General Revenue:				
22 Pledged Revenue	\$ 266.8	\$ 299.5	\$ 303.7	
23 Annual Debt Service	26.9	26.9	25.4	2
24 Debt Service Coverage	9.92x	11.13x	11.96x	

**Footnotes:**

- 1 - Sales tax revenue net of required allocations to local governments for transit purposes and less the administrative fee paid to the State Board of Equalization.
- 2 - Debt service for the Bond Year ending July 1, but budgeted in the fiscal year ending June 30.



Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget

**MTA Projected Debt Service Requirements (FY05 - FY09)**

	Principal (1)	Interest	Foot- notes
1	Proposition A:		
2	\$ 60,053,424	\$ 93,551,467	2
3	61,095,390	92,393,577	2
4	66,842,407	89,227,281	2
5	64,529,932	85,898,730	2
6	69,183,236	88,892,661	2
7	321,704,389	449,963,716	2
8			
9	Proposition C:		
10	43,460,000	66,497,470	2
11	43,972,965	76,113,085	2
12	45,872,043	73,830,435	2
13	51,317,725	80,403,783	2
14	52,787,407	83,865,362	2
15	237,410,139	380,710,134	2
16			
17	General Revenue:		
18	11,980,000	13,377,299	3
19	12,845,000	13,148,481	3
20	14,445,000	12,772,867	3
21	14,140,000	12,261,460	3
22	15,685,000	11,703,226	3
23	69,095,000	63,263,333	3
24			
25	Special Revenue:		
26	16,800,000	5,386,995	4
27	17,835,000	4,422,365	
28	18,935,000	3,387,445	
29	20,105,000	2,271,698	
30	21,365,000	1,289,813	
31	95,040,000	16,758,315	
32			
33	Other Debt:		
34	65,737,433	3,263,595	5
35	73,123,250	3,263,595	
36	37,069,425	3,564,089	
37	25,622,197	3,917,506	
38	26,885,432	14,074,064	
39	\$ 228,437,737	\$ 28,082,848	

**Footnotes:**

- 1 - Accrual basis. Reflects July 1 principal payment for the following fiscal year.
- 2 - Includes projected interest for the Commercial Paper programs.
- 3 - For budgetary purposes, only the interest is reflected as fund expense. Principal repayments are reductions of the long-term debt liabilities.
- 4 - The Special Revenue debt service is solely an obligation of two Benefit Assessment Districts and is paid from assessments levied within each District.
- 5 - Other Debt represents outstanding leveraged leases. Principal and interest payments for the leveraged leases are made from restricted funds on deposit, not from future revenues.

**Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget**

## MTA FY05 Debt Service Schedule

Transaction Name	Principal Adjustments							
	Initial PAR Value	Principal Balance As of 6/30/04 (1)	Interim Commercial Paper Financing	New Financing	New Financing Cost	Commer. Paper Refunding	Principal Pmt FY05	Principal Bal. as of 6/30/05
1 1991-B Refunding	281,425,000	65,510,000	-	-	-	-	-	65,510,000
2 1992-A Refunding	98,700,000	98,700,000	-	-	-	-	16,200,000	82,500,000
3 1992-B Refunding	107,665,000	-	-	-	-	-	-	-
4 1996-A New Money	110,580,000	10,170,000	-	-	-	-	2,350,000	7,820,000
5 1997-A Refunding	256,870,000	227,905,000	-	-	-	-	4,015,000	223,890,000
6 1999-A Forward Refunding	160,205,000	154,555,000	-	-	-	-	6,965,000	147,590,000
7 1999-B New Money	150,340,000	115,255,000	-	-	-	-	2,565,000	112,690,000
8 1999-C Refunding	170,495,000	168,820,000	-	-	-	-	465,000	168,355,000
9 2001-A New Money	55,685,000	52,770,000	-	-	-	-	1,050,000	51,720,000
10 2001-B Refunding	191,215,000	185,550,000	-	-	-	-	5,505,000	180,045,000
11 2003-A Forward Refunding	273,505,000	261,955,000	-	-	-	-	11,530,000	250,425,000
12 2003-B Refunding	243,795,000	243,795,000	-	-	-	-	-	243,795,000
13 2004-A New Money	108,820,000	-	-	107,121,774	1,698,226	-	3,600,000	105,220,000
14 1990-A Lease Rev. (CBL)	26,400,000	6,908,000	-	-	-	-	2,046,000	4,862,000
15 1990-A Yen Obligation (CBL)	6,600,000	4,502,505	-	-	-	-	833,474	3,669,031
16 1993-A CRA Housing	9,454,406	9,088,252	-	-	-	-	198,952	8,889,300
17 2002-A CRA Redevelopment Refunding	20,920,000	20,660,000	-	-	-	-	535,000	20,125,000
18 1996 Refunding	104,715,000	16,235,000	-	-	-	-	2,195,000	14,040,000
19 Tax-Exempt Commercial Paper	350,000,000	223,753,000	-	-	-	(115,000,000)	-	108,753,000
20 Prop A Debt Sub-Total	2,727,389,406	1,866,131,756	-	107,121,774	1,698,226	(115,000,000)	60,053,426	1,799,898,331
21								
22 1992-A New Money	516,855,000	37,980,000	-	-	-	-	11,890,000	26,090,000
23 1993-A Refunding (Swap)	204,095,000	197,835,000	-	-	-	-	1,060,000	196,775,000
24 1995-A New Money	250,000,000	25,830,000	-	-	-	-	5,915,000	19,915,000
25 1998-A Refunding	219,710,000	219,710,000	-	-	-	-	-	219,710,000
26 1999-A New Money	124,805,000	114,070,000	-	-	-	-	2,620,000	111,450,000
27 2000-A New Money	161,995,000	151,370,000	-	-	-	-	2,960,000	148,410,000
28 2003-A Refunding	94,840,000	86,270,000	-	-	-	-	8,650,000	77,620,000
29 2003-B Refunding	170,775,000	168,775,000	-	-	-	-	350,000	168,425,000
30 2003-C Refunding	221,850,000	218,000,000	-	-	-	-	1,550,000	216,450,000
31 2004-A New Money	190,280,000	-	-	187,447,672	2,832,328	-	6,295,000	183,985,000
32 Taxable Commercial Paper	150,000,000	127,609,000	66,000,000	-	-	(50,000,000)	-	143,609,000
33 Local Allocation - City of Los Angeles	21,700,000	8,680,000	-	-	-	-	2,170,000	6,510,000
34 Prop C Debt Sub-Total	2,326,905,000	1,356,129,000	66,000,000	187,447,672	2,832,328	(50,000,000)	43,460,000	1,518,949,000
35								
36 2000 Breda Lease (Norwest)	64,882,355	55,026,335	-	-	-	-	2,202,292	52,824,043
37 2000 Breda Lease (CIBC)	13,780,433	12,197,503	-	-	-	-	479,331	11,718,171
38 2000 Breda Lease (Comerica)	87,396,529	74,150,666	-	-	-	-	2,957,644	71,193,021
39 2001 Agilent Lease	264,054,348	31,092,373	-	-	-	-	-	31,092,373
40 2001 Comerica Lease	75,742,288	75,742,288	-	-	-	-	-	75,742,288
41 2002 Textron Lease	114,779,263	15,419,123	-	-	-	-	-	15,419,123
42 2002 Philip Morris Lease	384,088,739	384,088,739	-	-	-	-	56,234,538	355,771,940
43 2002 First Hawaiian Lease	65,774,837	65,774,837	-	-	-	-	2,534,812	65,774,837
44 2003 Fleet Lease	89,632,800	88,442,344	-	-	-	-	1,328,816	88,442,344
45 Debt Overhead Costs	-	-	-	-	-	-	-	-
46 Other Debt Sub-Total	1,160,131,593	801,934,210	-	-	-	-	65,737,433	767,978,142
47								
48 Debt Service Fund Total	6,214,425,998	4,024,194,966	66,000,000	294,569,446	4,530,554	(165,000,000)	169,250,859	4,086,825,473
49								
50 2003 Workers Comp	88,485,000	76,085,000	-	-	-	-	11,980,000	64,105,000
51 Enterprise Fund Sub-Total	88,485,000	76,085,000	-	-	-	-	11,980,000	64,105,000
52								
53 1996-A Refunding (USG)	185,735,000	185,735,000	-	-	-	-	-	185,735,000
54 Internal Service Fund Sub-Total	185,735,000	185,735,000	-	-	-	-	-	185,735,000
55								
56 MTA Debt Total	6,488,645,998	4,286,014,966	66,000,000	294,569,446	4,530,554	(165,000,000)	181,230,859	4,336,665,473
57								
58 1992-A Bnft Assmt. Dist. A1	154,055,000	69,105,000	-	-	-	-	15,715,000	53,390,000
59 2001-A Bnft Assmt. Dist. A1 Refunding	42,465,000	42,070,000	-	-	-	-	165,000	41,905,000
60 2001-A Bnft Assmt. Dist. A2 Refunding	6,705,000	6,035,000	-	-	-	-	920,000	5,115,000
61 Agency Fund Sub-Total	203,225,000	117,210,000	-	-	-	-	16,800,000	100,410,000
62								
63 Total	6,691,870,998	4,403,224,966	66,000,000	294,569,446	4,530,554	(165,000,000)	198,030,859	4,437,075,473

**Footnotes:**

- 1 - Accrual basis. Reflects 7/1/04 principal payment.
- 2 - Capital needs of \$100 million for Prop A and \$175 million for Prop C will be financed with long-term bonds in FY05. An additional \$66 million of Prop C capital needs will be financed with tax-exempt commercial paper.
- 3 - A portion of Prop A 40% Discretionary Sales Tax Revenue is pledged to fund debt service for these bonds. The debt service is to be reimbursed from net revenues of the project.
- 4 - Interest expense is calculated using a 3.5% interest rate.

**Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget**

	Principal		Total D/S		Total D/S	Debt Service Fund	Enterprise Fund	Internal Service Fund	Agency Fund	Foot Notes
		Interest	P&I	Misc. Fees	Expense					
1	-	4,258,150	4,258,150	15,500	4,273,650	4,273,650	-	-	-	-
2	16,200,000	5,783,820	21,983,820	405,052	22,388,872	22,388,872	-	-	-	-
3	-	-	-	-	10,000	10,000	-	-	-	-
4	2,350,000	544,755	2,894,755	10,000	2,904,755	2,904,755	-	-	-	-
5	4,015,000	12,431,700	16,446,700	9,500	16,456,200	16,456,200	-	-	-	-
6	6,965,000	7,853,913	14,818,913	9,500	14,828,413	14,828,413	-	-	-	-
7	2,565,000	5,609,511	8,174,511	9,500	8,184,011	8,184,011	-	-	-	-
8	465,000	8,332,285	8,797,285	8,500	8,805,785	8,805,785	-	-	-	-
9	1,050,000	2,506,184	3,556,184	9,500	3,565,684	3,565,684	-	-	-	-
10	5,505,000	9,641,375	15,146,375	9,500	15,155,875	15,155,875	-	-	-	-
11	11,530,000	11,487,031	23,017,031	8,000	23,025,031	23,025,031	-	-	-	-
12	-	11,308,950	11,308,950	8,000	11,316,950	11,316,950	-	-	-	-
13	3,600,000	3,516,667	7,116,667	-	7,116,667	7,116,667	-	-	-	-
14	2,046,000	483,516	2,529,516	9,500	2,539,016	2,539,016	-	-	-	-
15	833,474	-	833,474	-	833,474	833,474	-	-	-	-
16	198,952	523,356	722,308	5,000	727,308	727,308	-	-	-	3
17	535,000	1,013,490	1,548,490	5,000	1,553,490	1,553,490	-	-	-	3
18	2,195,000	897,908	3,092,908	9,500	3,102,408	3,102,408	-	-	-	-
19	-	7,358,856	7,358,856	1,809,100	9,167,956	9,167,956	-	-	-	2,4
20	60,053,426	93,551,467	153,604,892	2,350,652	155,955,544	155,955,544	-	-	-	-
21										
22	11,890,000	2,432,280	14,322,280	7,000	14,329,280	14,329,280	-	-	-	-
23	1,060,000	10,198,394	11,258,394	791,964	12,050,358	12,050,358	-	-	-	-
24	5,915,000	1,523,970	7,438,970	10,000	7,448,970	7,448,970	-	-	-	-
25	-	11,234,875	11,234,875	8,500	11,243,375	11,243,375	-	-	-	-
26	2,620,000	5,429,288	8,049,288	10,000	8,059,288	8,059,288	-	-	-	-
27	2,960,000	7,764,625	10,724,625	10,000	10,734,625	10,734,625	-	-	-	-
28	8,650,000	4,258,988	12,908,988	7,000	12,915,988	12,915,988	-	-	-	-
29	350,000	6,015,141	6,365,141	15,500	6,380,641	6,380,641	-	-	-	-
30	1,550,000	7,634,360	9,184,360	15,500	9,199,860	9,199,860	-	-	-	-
31	6,295,000	6,149,124	12,444,124	-	12,444,124	12,444,124	-	-	-	-
32	-	3,492,408	3,492,408	758,044	4,250,452	4,250,452	-	-	-	2,5
33	2,170,000	364,018	2,534,018	-	2,534,018	2,534,018	-	-	-	-
34	43,460,000	66,497,470	109,957,470	1,633,508	111,590,978	111,590,978	-	-	-	-
35										
36	2,202,292	-	2,202,292	-	2,202,292	2,202,292	-	-	-	-
37	479,331	-	479,331	-	479,331	479,331	-	-	-	-
38	2,957,644	-	2,957,644	-	2,957,644	2,957,644	-	-	-	-
39	-	-	-	-	-	-	-	-	-	-
40	-	3,263,595	3,263,595	-	3,263,595	3,263,595	-	-	-	-
41	-	-	-	-	-	-	-	-	-	-
42	56,234,538	-	56,234,538	-	56,234,538	56,234,538	-	-	-	-
43	2,534,812	-	2,534,812	-	2,534,812	2,534,812	-	-	-	-
44	1,328,816	-	1,328,816	-	1,328,816	1,328,816	-	-	-	-
45	-	-	-	852,000	852,000	852,000	-	-	-	-
46	65,737,433	3,263,595	69,001,028	852,000	69,853,028	69,853,028	-	-	-	-
47										
48	169,250,859	163,312,531	332,563,390	4,836,160	337,399,550	337,399,550	-	-	-	-
49										
50	11,980,000	2,637,565	14,617,565	140,902	14,758,467	-	14,758,467	-	-	6
51	11,980,000	2,637,565	14,617,565	140,902	14,758,467	-	14,758,467	-	-	-
52										
53	-	10,739,734	10,739,734	9,500	10,749,234	-	9,500	10,739,734	-	8
54	-	10,739,734	10,739,734	9,500	10,749,234	-	9,500	10,739,734	-	-
55										
56	181,230,859	176,689,830	357,920,689	4,986,562	362,907,251	337,399,550	14,767,967	10,739,734	-	-
57										
58	15,715,000	3,555,048	19,270,048	174,157	19,444,205	-	-	-	19,444,205	6,7,9
59	165,000	1,625,688	1,790,688	79,167	1,869,854	-	-	-	1,869,854	6,7,9
60	920,000	206,260	1,126,260	12,898	1,139,158	-	-	-	1,139,158	6,7,9
61	16,800,000	5,386,995	22,186,995	266,222	22,453,217	-	-	-	22,453,217	-
62										
63	198,030,859	182,076,825	380,107,684	5,252,783	385,360,467	337,399,550	14,767,967	10,739,734	22,453,217	-

- 5 - Interest expense is calculated using a 4.5% interest rate.
- 6 - For debt and lease obligations accounted for in the Proprietary Funds, principal payments are treated as reductions to the liability.
- 7 - The Benefit Assessment District debt service is solely an obligation of the respective Districts and is paid from assessments levied within each district.
- 8 - Debt service for the 1996 Union Station Gateway bonds is treated as rent and is reimbursed to the Enterprise Fund through the overhead allocation process.
- 9 - Only the interest expense is recognized as debt. The principal expense has been reprogrammed to be a reduction of liability, which is not a debt expense.

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## V. Capital Program

## INTRODUCTION

The Capital Program (CP) is a financial plan of proposed capital projects, their costs, and schedules. The CP is designed to meet MTA infrastructure needs in a responsive and efficient manner. It incorporates the current and future needs of the MTA and is updated annually. The current year of the Capital Program is authorized with approval of the operating budget; however, life-of-project costs are presented to the Board of Directors to acknowledge that approval of the fiscal year's expenditures provides for multi-year project approval and changes to previously approved life-of-project costs.

The CP provides for the acquisition, construction, reconstruction, purchase of initial fixtures and equipment, renovation, rehabilitation, and replacement of facilities with a life expectancy of at least one year and any related costs for land acquisitions, land improvements, design, feasibility studies, engineering studies and engineering. It includes projects which are, or will become, the property of MTA.

Capital projects are planned and executed in phases. The project development phase identifies project requirements and defines the project work scope. This includes preliminary design studies, permitting requirements, data collection, public involvement, legal and technical documentation, cost estimates, and assessment of alternatives.

The design phase includes professional consultant activities, legal and technical documentation, environmental clearance, constructibility review, data collection, advertising, assessment of alternatives

related to project design, construction management services, and bid reviews.

The property acquisition phase includes the purchase of land, easements, and rights-of-way. This also includes negotiating the purchase price, surveys, appraisals, environmental audits, permitting, legal costs, maps, charts, and other costs.

The construction phase includes project construction contracts, professional and technical assistance, advertising, legal and technical documentation, inspection, testing, and permitting.

The MTA's 184 capital projects are grouped in one of the following eleven elements: Bus Acquisition, Bus Facilities Maintenance, Bus Maintenance, Rail Facilities Maintenance, Rail Vehicle Maintenance, Wayside Systems, IT/Communications, Non-Revenue Vehicles, Warehouse Projects, Other Capital Projects, and Major (Bus and Rail) Construction.

### Funding

The CP is funded primarily with federal, state and local grants. Additionally, the MTA finances a portion of the capital projects with debt and short term financing. The FY05 budget includes unexpended funds authorized in FY04 and required in FY05 to complete approved projects as scheduled.

## MAJOR CONSTRUCTION PROJECTS

The \$447.7 million budget for the Major Bus and Rail Construction projects in FY05 is primarily for engineering and construction of the Metro Gold Line Eastside Extension and the Orange Line. The FY05 budget also reflects costs necessary for closeout of claims and litigation related to the Metro Red Line and Green Line.

### **Metro Red Line Segment 2**

The FY05 budget includes costs necessary for contract closeout and settlement of outstanding claims and litigation issues.

### **Metro Red Line Segment 3**

The FY05 Budget includes costs for claims settlements, claim analysis support, auditing and legal service, and support for remaining contracts close out.

### **Metro Gold Line Eastside Extension**

This project will connect East Los Angeles with downtown Los Angeles. The corridor will extend from Union Station to the intersection of Beverly and Atlantic Boulevards. The light rail line will operate at-grade for 5.3 miles and through tunnels in Boyle Heights for 1.7 miles.

The FY05 budget includes tunnel and station excavation, installation of station trackwork and systems, utility relocation, real estate acquisition, and final design work. Revenue operation is projected to begin in FY10.

### **Orange Line**

The Orange Line is an exclusive 14-mile, at-grade busway from the Metro Red Line North Hollywood station to Warner Center via the Burbank/Chandler right-of-way. The full busway project will consist of a 26-foot wide busway, a bikeway, and a landscaped median. It will parallel several major streets and will have thirteen stations spaced approximately one mile apart.

Total travel time for the full length of the corridor will be approximately 30 minutes. Park and Ride facilities at five stations will provide approximately 3,250 parking spaces; there is existing parking at the North Hollywood Metro Red Line Station.

The FY05 budget includes design/build activities to complete the design and approximately 95% of construction for the busway and intersections.

### **San Fernando Valley Bikeway**

In conjunction with the construction of the Orange Line, a bikeway will be built along the right-of-way. During FY05, the MTA will finish the design and complete about 95% of the construction of the bikeway.

### **Mid-City/Wilshire Bus Rapid Transit**

Engineering will continue during FY05. This project builds on the success of the Metro Rapid Bus Whittier-Wilshire line to provide dedicated lanes for transit vehicles. The project includes larger capacity buses, multiple door boarding

and alighting, and pre-payment of fares in station areas. Demonstration Project No.1, a one-mile peak-period bus-lane-only, will finish early in FY05.

### **Mid-City/Exposition Light Rail Transit Project**

Activities scheduled for FY05 include incorporating FTA's comments on the final EIS/R, preparing a revised final EIS/R for public review, obtaining the MTA Board's certification of the revised final EIS/R, and closing out the Korve and DMJM-Harris Contracts relating to environmental planning and preliminary engineering.



## INFRASTRUCTURE IMPROVEMENT AND ACQUISITION CAPITAL PROJECTS

The infrastructure improvement and acquisition projects are sorted by the following elements: Bus Acquisition, Bus Facilities Maintenance, Bus Maintenance, Rail Facilities Maintenance, Rail Vehicle Maintenance, Wayside Systems, IT/Communications, Non-Revenue Vehicles, Warehouse Projects, and Other Capital Projects.

### **Bus Acquisitions**

The FY05 Bus Acquisition budget is \$156.7 million. For FY05, MTA will receive portions of the 30 and 70 45-foot high-capacity bus orders. Other FY05 expenditures in this element are primarily for bus system improvements such as the Universal Fare System (UFS), the Advanced Transportation Management System (ATMS), and progress payments for the procurement of 200 articulated buses.

### **Bus Facilities Maintenance**

The FY05 Bus Facilities Maintenance budget is \$64.6 million. Bus Facilities Maintenance projects include construction work at bus divisions to replace and refurbish equipment and facilities, continuing CNG fueling facility lease payments, expansion of buildings and facilities, and storage tank replacement and soil remediation.

### **Bus Maintenance**

The Bus Maintenance projects budget is \$19.5 million. Projects in this category include refurbishing and performing mid-life rebuilds of buses. The FY05 budget

includes funding to rebuild 190 CNG buses and complete refurbishment of four diesel buses used in contract service.

### **Rail Facilities Maintenance**

The FY05 Rail Facilities Maintenance budget is \$24.8 million. This covers facility expansion projects, safety improvements, radio system upgrades, and support equipment.

### **Rail Vehicle Maintenance**

The FY05 Rail Vehicle Maintenance budget is \$2.2 million. The Rail Vehicle Maintenance projects include ADA-approved between-car barriers for Red Line cars, the mid-life overhaul program for light rail vehicles, and retrofit of brake components on Breda rail cars.

### **Wayside Systems**

The FY05 Wayside Systems budget is \$13.2 million. This includes funds for upgrading of stations and operating facilities, safety improvements, and maintenance and refurbishment of traction power, signals, facilities and track.

### **IT/Communications**

The FY05 IT/Communications budget is \$7.9 million. IT/Communications projects support development of communications and information systems and replacement of obsolete computer equipment. Specific efforts include upgrade of human resources and payroll systems and implementation of the

Maintenance and Material Management System (M3).

of storage facilities, and acquiring equipment for PGL Midway Warehouse.

### **Non-Revenue Vehicles**

The FY05 budget for Non-Revenue Vehicles is \$9.3 million. This element includes purchase of replacement and expansion vehicles to support bus and rail operations and general MTA functions.

### **Other Capital Projects**

The FY05 budget for Other Projects is \$6.5 million. Other capital projects include upgraded equipment for the Gateway building, Transit Plaza improvements, and the Gibson environmental cleanup project.

### **Warehouse Projects**

The FY05 budget for Warehouse Projects is \$1.9 million. This includes upgrading materials handling systems, construction

For a complete list of capital projects, please see pages V-6 through 13.

Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget

## CAPITAL PROGRAM PROJECT LIST

(Amounts in thousands)			Inception				Life	Re-
Project Title	CP#	to	FY04	FY05	FY06+	of	cur-	
		FY03	Forecast	Proposed		Project	ring	
<b>1 Bus Acquisition</b>								
2	Universal Fare Collection System	2100014	\$ 13,362	\$ 18,087	\$ 60,418	\$ 1,740	\$ 93,607	
3	Advanced Transportation Management System (ATMS)	2100015	45,235	47,190	14,809	1,780	109,014	
4	Contract Services - Bus Lease Program	2101021	16,104	6,453	7,920	21,652	52,128 #	
5	Option 1, 70 QTY 45' NABI Compo 45 Seat Buses	2101027	-	154	30,176	2,100	32,430	
6	200 CNG Articulated Bus Purchase Base Order OP33200646	2102001	-	6,553	27,135	93,086	126,774	
7	FY 03 30 Qty 45' NABI Compo 45 Seat Buses	2102003	910	8,108	6,782	-	15,800	
8	200 CNG Articulated Bus Purchase Option 1 OP33200646	2105001	-	-	-	142,366	142,366 *	
9	ATV Bus Purchase (Hybrid Vehicles)	2105008	1	38	6,524	-	6,563	
10	200 CNG Articulated Bus Purchase Option 2 OP33200646	2105014	-	-	-	161,550	161,550 *	
11	FY11-FY15 Zero Emissions Bus Buys	2105024	-	-	-	209,725	209,725 *	
12	Regional Service Center and Clearinghouse	2500001	-	-	2,894	6,524	9,417 *	
<b>13 Bus Acquisition Total</b>			<b>75,612</b>	<b>86,583</b>	<b>156,658</b>	<b>640,523</b>	<b>959,374</b>	
<b>14</b>								
<b>15 Bus Facilities Maintenance</b>								
16	Division 8 Maintenance - Install new flooring in steam rack area	2205013	-	-	-	50	50 *	
17	CNG Fueling Facility Lease Payments	2300069	12,812	5,515	5,004	24,300	47,631	
18	Bus Division Maintenance Equip.	2303006	5,818	-	1,031	4,005	10,854 #	
19	Replace Bus Div. Emerg. Generators	2303008	221	20	-	3,500	3,741 #	
20	Vacuum System Upgrade and Replacement Program	2303010	1,842	(1)	-	1,571	3,412 #	
21	RRC General Building Modifications	2303043	124	6	826	315	1,271	
22	In-Ground Bus Hoist Replacement	2304004	684	273	3,855	3,467	8,279	
23	Upgrade Underground Storage Tanks and Remediate Soil	2304022	6,325	7,203	5,418	10,209	29,155 #	
24	Division Lighting Program for all MTA Divisions	2305007	27	9	3	-	38	
25	Permanent Restroom Facilities at Selected Locations	2305008	107	39	680	298	1,124	
26	Cal State and L.A. County USC Busway Station Enhancement	2305010	252	-	1,131	-	1,383	
27	Bus Division Amenity Improvement Project	2305013	101	9	383	3,831	4,324 #	
<b>28 Bus Facilities Maintenance Continued Next Page</b>								

**Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget**

(Amounts in thousands)		Inception				Life	Re-
Project Title	CP#	to FY03	FY04 Forecast	FY05 Proposed	FY06+	of Project	cur- ing New
29 Bus Facilities Maintenance Continued							
30 Bus Facilities Projects	2305017	\$ 952	\$ 5,711	\$ 8,761	\$ 21,160	\$36,361	#
31 New Division 9 Transportation Building and Facilities Improvements	2305018	198	630	1,864	5,311	8,003	
32 Repave LAX & Other Terminals	2305019	342	28	490	76	935	
33 Temple & Beaudry Layover Facility	2305020	-	-	119	1,614	1,733	
34 Division 7 Facility Improvements	2305021	69	312	3,188	-	3,569	
35 Division 2 Maintenance - Maintenance Building Modernization	2305022	5	180	1,463	-	1,648	
36 Division 6 Soundwall	2305023	109	203	16	-	328	
37 LAX Terminal Improvements (BOS Funded)	2305024	7	-	261	89	358	
38 El Monte Transit Station Enhancements	2305025	-	-	71	42	114	
39 Division 18 Employee parking reconfiguration and expansion	2305036	-	-	-	10,000	10,000	*
40 Division 8 & 15 Paving Program	2305042	-	-	-	2,000	2,000	*
41 HVAC Replacement Program All Divisions	2305043	-	-	-	1,962	1,962	#
42 Articulated Bus Facility Modifications	2305068	-	-	2,121	4,517	6,638	
43 Division 1 Expansion (BOS Funded)	2305072	-	6,016	1,442	41	7,499	
44 Division 8 & 15 Renewable Solar Energy Generation Project	2305075	-	-	3,500	-	3,500	
45 Division 10 Maintenance - CNG Fueling Facility Lease	2305080	-	-	-	6,478	6,478	
46 Division 18 Maintenance - CNG Fueling Facility Lease	2305081	-	-	-	6,478	6,478	
47 Division 15 Maintenance - Install awnings over maintenance bays	2305082	-	-	-	100	100	*
48 Division 8 Maintenance - Install closed circuit television security	2305091	-	-	-	50	50	*
49 Division 8 Maintenance - Refurbish steam rack area	2305093	-	-	-	50	50	*
50 Division 15 Maintenance - Install closed circuit television security system	2305106	-	-	-	50	50	*
51 Division 15 Maintenance - Install new flooring in steam rack area	2305108	-	-	-	50	50	*
52 Division 15 Maintenance - Refurbish steam rack area	2305109	-	-	-	50	50	*
53 Bus Facilities Maintenance Continued Next Page							

Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget

Capital Program Project List, Continued

(Amounts in thousands)		Inception				Life	Re-
Project Title	CP#	to	FY04	FY05	FY06+	of	cur-
		FY03	Forecast	Proposed		Project	New
							ing
54	Bus Facilities Maintenance Continued						
55	Division 6 Relocation	2305125	\$ -	\$ -	\$ 119	\$ 12,376	\$ 12,495 *
56	Division 3 Shop Renovation & Expansion	2305129	-	-	-	1,272	1,272 *
57	Install portable canopies at Div. 9	2305130	-	-	-	113	113 *
58	Install siding on the bulk storage area at Division 9	2305131	-	-	-	56	56 *
59	El Monte Station Security Improvements	2305133	-	-	-	107	107 *
60	Division 2 Maintenance - Storage Systems	2305134	-	-	-	10	10 *
61	Install New Roof on Div. 2 Tool Room	2305135	-	-	-	15	15 *
62	Division 2 Maintenance - Install Digital Camera System	2305136	-	-	-	56	56 *
63	Division 2 Maintenance - install new work platforms	2305137	-	-	-	26	26 *
64	Division 6 - Purchase new maintenance equipment	2305141	-	-	-	515	515 *
65	Division 4 Expansion & Pavement Project	2305142	-	-	1,133	477	1,611 *
66	Division 10 Expansion	2305144	-	-	21,753	43,500	65,253 *
67	<b>Bus Facilities Maintenance Total</b>		<b>29,995</b>	<b>26,153</b>	<b>64,632</b>	<b>170,187</b>	<b>290,745</b>
68							
69	<b>Bus Maintenance</b>						
70	Replace Regional Rebuild Center Shop Equipment	2200044	1,251	300	250	3,000	4,801 #
71	Refurbish 4 Diesel Buses for Contract Service	2205001	-	-	320	-	320 *
72	Bus Midlife Program	2205018	3	7,568	18,966	79,200	105,737 #
73	<b>Bus Maintenance Total</b>		<b>1,254</b>	<b>7,868</b>	<b>19,536</b>	<b>82,200</b>	<b>110,858</b>
74							
75	<b>IT/Communications</b>						
76	HR/Payroll System Upgrades	3900061	1,469	85	121	1,669	3,511 #
77	Application Enhancement / Replacement	3900095	2,065	333	429	2,957	5,784 #
78	IT/Communications Continued Next Page						

**Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget**

(Amounts in thousands)		Inception				Life	Re-
Project Title	CP#	to FY03	FY04 Forecast	FY05 Proposed	FY06+	of Project	New ing
79	IT/Communications Continued						
80	Maintenance and Material Management System Replacement	\$ 14,534	\$ 10,219	\$ 4,048	\$ -	\$ 28,801	
81	Workstation and Network Technology Refresh Program	4,346	(34)	1,144	4,456	9,912	#
82	BIAS Replacement System	-	-	-	1,257	1,257	
83	Computer Kiosks Bus and Rail Facilities	-	-	373	408	781	*
84	Financial and Administrative Systems	-	-	445	3,641	4,086	
85	Upgrade of the Customer Information System (CIS)	111	538	307	-	956	
86	HASTUS Scheduling Software System Upgrade	-	-	239	321	560	*
87	ITS Telecommunications Transmission Upgrade Project	-	-	-	9,541	9,541	*
88	ITS Telecommunications PBX Upgrade	-	-	-	5,699	5,699	*
89	ECMS Update	-	-	179	-	179	*
90	Storage Network for Disaster Recovery	-	-	565	-	565	*
91	LTO Tape Management	-	-	94	-	94	*
92	Customer Information Telephone System Replacement	-	-	-	1,651	1,651	*
93	<b>IT/Communications Total</b>	<b>22,525</b>	<b>11,141</b>	<b>7,944</b>	<b>31,600</b>	<b>73,377</b>	
94							
95	<b>Non-Revenue Vehicles</b>						
96	Pasadena Gold Line - Wayside Systems Vehicles	38	1,563	-	-	1,601	
97	Bus System Support Replacement Non-Revenue Vehicles	945	360	5,966	15,072	22,342	#
98	Bus System Expansion Non Revenue Vehicles	-	-	227	232	459	#
99	Rail Support Replacement Non Revenue Vehicles	-	517	1,828	9,668	12,013	#
100	Rail Support Expansion Non Revenue Vehicles	-	-	1,256	4,249	5,505	#
101	<b>Non-Revenue Vehicles Total</b>	<b>983</b>	<b>2,440</b>	<b>9,277</b>	<b>29,221</b>	<b>41,920</b>	
102							
103	<b>Other Capital Projects</b>						
104	New Cash Room Facility	312	-	-	4,304	4,615	
105	Metro Rapid Program	4,350	3,532	113	307	8,301	
106	Gateway Headquarters Improvement Projects	178	2,031	694	-	2,903	
107	Rapid Bus Art Program	159	55	400	-	615	
108	Replace Two Color Printing Press	-	-	730	-	730	
109	Other Capital Projects Continued Next Page						

Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget

Capital Program Project List, Continued

(Amounts in thousands)		Inception				Life	Re-
Project Title	CP#	to	FY04	FY05	FY06+	of	cur-
		FY03	Forecast	Proposed		Project	ing
110	Other Capital Projects Continued						
111	Gibson Environmental Clean-up	3909103	\$ -	\$ -	\$ 519	\$ 2,211	\$ 2,730
112	Transit Plaza East Portal Improvements	3909106	-	200	600	-	800
113	Remodel Gateway Cafeteria	3909109	-	-	-	231	231 *
114	Replace Gateway Building Carpeting	3909110	-	-	-	3,760	3,760 *
115	Installation of Elevator Cameras at Gateway	3909111	-	-	-	81	81 *
116	Exterior building signage for Gateway Building	3909112	-	-	-	405	405 *
117	High Density Storage Filing System	3909113	-	-	-	41	41 *
118	Replace Gateway Building Interior Signage	3909115	-	-	-	402	402 *
119	Systems Furniture Lifting Device	3909116	-	-	-	4	4 *
120	Dry Carpet Extraction Machine	3909117	-	-	-	10	10 *
121	Cooling Tower Vacuum	3909118	-	-	46	-	46 *
122	Bus Operator Safety Monitoring System	3909120	-	-	255	-	255 *
123	Homeland Security Project	3909122	-	-	3,179	-	3,179
124	<b>Other Capital Projects Total</b>		<b>4,999</b>	<b>5,818</b>	<b>6,536</b>	<b>11,756</b>	<b>9,184,154</b>
125							
126	<b>Rail Facilities Maintenance</b>						
127	Install 14 Elevators at 7 MRL Stations	2305041	-	-	-	6,965	6,965
128	Division 20 Expansion	3106006	-	277	765	5,234	6,276
129	Fiber Optic Rail Communication System	3205004	363	192	203	2,254	3,011
130	ROC Reconfiguration	3205023	655	191	375	4,165	5,387
131	MGL Elevator and Escalator Sumps and Clarifiers	3205036	511	28	173	3	715
132	SCADA Equipment Replacement	3205045	2,211	2,717	3,162	2,473	10,563
133	MRL Station Canopies	3205075	45	-	117	6,424	6,586
134	Install Outside Paving at Division 20 Warehouse	3205136	7	29	72	9	116
135	Division 22 Expansion Program	3205145	110	(310)	1,676	162	1,638
136	Division 11 Expansion Program	3205146	649	446	4,816	6,682	12,593
137	MRL Uninterruptable Power Supply Replacement Project	3206020	3,592	13	3	1,034	4,642
138	Rail Security Improvements	3207014	-	1,766	1,910	2,792	6,469
139	Rail Facilities Maintenance Continued Next Page						

**Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget**

(Amounts in thousands)			Inception				Life	Re-
Project Title	CP#	to	FY04	FY05	FY06+	of	cur-	
		FY03	Forecast	Proposed		Project	New	
							ing	
140	Rail Facilities Maintenance Continued							
141	Rail Communications Systems Upgrade	3207016	\$ 32	\$ 252	\$ 841	\$ 1,207	\$ 2,332	
142	MBL Long Beach Transit Mall Station Redesign	3207036	11	-	419	1,096	1,526	
143	Rail Facilities Maintenance Projects	3207043	17	389	1,982	25,148	27,536 #	
144	Rail Systemwide Safety Improvements	3207057	-	234	584	1,255	2,073	
145	Multi-Modal Control Center	3207059	-	-	16	31,188	31,205 *	
146	Division 11 Expansion - Phase II	3207060	-	-	-	11,364	11,364 *	
147	Division 21 Expansion	3207061	-	-	-	1,488	1,488 *	
148	Vermont/Santa Monica Station Underground Water Mitigation	3207062	-	-	190	1,094	1,283 *	
149	PGL Midway Yard Facility Expansion	3207063	-	-	4,493	-	4,493 *	
150	Vernon Yard Storage Project	3207064	-	-	630	-	630 *	
151	Seg.-1 Remote Terminal Unit (RTU) Upgrade	3308009	125	274	639	1,645	2,683	
152	Metro Blue & Green Lines Custodial Operations Facility	3308010	6	84	1,310	-	1,400	
153	Completion of MBL Art Program	3907262	161	132	289	374	956	
154	Completion of MRL Art Program	3908025	62	207	64	-	333	
155	Completion of MGL Art Program	3908027	-	11	26	-	37	
156	<b>Rail Facilities Maintenance Total</b>		<b>8,557</b>	<b>6,932</b>	<b>24,755</b>	<b>114,056</b>	<b>154,300</b>	
157								
158	<b>Rail Vehicle Maintenance</b>							
159	Metro Blue Line Rail Vehicle Midlife Overhaul	3106001	-	1,573	754	13,297	15,624 #	
160	ADA Between Car Platform Barriers - Metro Red Line	3106003	18	1,053	424	1,461	2,957	
161	Metro Green Line Vehicle Midlife Overhaul	3106007	-	-	102	8,107	8,209 #	
162	Metro Red Line Vehicle Midlife Overhaul	3106008	-	-	122	9,095	9,217 #	
163	Breda Rail Car Retrofit	3106009	-	900	816	2,595	4,311	
164	P2000 Vehicle Signaling Package Upgrade	3106010	-	-	-	3,364	3,364 *	
165	<b>Rail Vehicle Maintenance Total</b>		<b>18</b>	<b>3,526</b>	<b>2,218</b>	<b>37,919</b>	<b>43,682</b>	
166								
167	<b>Warehouse</b>							
168	Purchase ASRS Automatic Guideway Vehicles	2303072	\$ 19.00	\$ -	\$ -	\$ -	\$ 19	
169	Upgrade Miniloam System	2304011	14	-	89	-	103	
170	PGL Midway Warehouse - Equipment and Storage	3105000	15	773	472	-	1,260	
171	New Storage Building for Red Line	3105001	2	1	459	-	462	
172	Covered Awning for Blue Line	3205015	16	29	103	-	147	
173	Covered Awning for Green Line	3205085	-	16	162	-	177	
174	Automate Bulk Storage Area	3907062	-	-	27	1,002	1,029	
175	Warehouse Continued Next Page							



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Capital Program Project List, Continued

(Amounts in thousands)		Inception				Life	Re-
Project Title	CP#	to FY03	FY04 Forecast	FY05 Proposed	FY06+	of Project	cur- ing New
176	Warehouse Continued						
177	Security Camera for All Rail Warehouses	103	26	274	-	403	
178	Dock Leveler for RRC	4	-	94	-	98	
179	Purchase EZ Tilter	-	-	14	138	152	
180	New Pallet Racking for Bus Divisions	-	-	16	83	100	
181	Install Dock Leveler Stationary Storeroom	-	-	105	-	105	*
182	New Expansion Pallet Racking at Central Warehouse	-	-	34	-	34	*
183	Equipment Safety Modification for Central Warehouse	-	-	53	-	53	*
184	Install Shipping Awning	-	-	16	-	16	*
185	Purchase Dock Collars	-	-	-	43	43	*
186	Purchase storage equipment for the Whittier Warehouse	-	-	-	788	788	*
187	Rail Warehouse Claremont	-	-	-	732	732	*
188	Acquisition of Maintenance of Way (MOW) property	-	-	-	2,623	2,623	*
189	<b>Warehouse Total</b>	<b>173</b>	<b>845</b>	<b>1,918</b>	<b>5,409</b>	<b>8,344</b>	
190							
191	<b>Wayside Systems</b>						
191	MBL Grade Crossing Improvements	1,373	430	1,546	773	4,122	
192	Wayside Systems Tools and Equipment	327	218	353	2,080	2,978	#
193	Wayside Systems Battery Replacement/Refurbishment	1,959	207	455	-	2,622	#
194	Crossing Gate Equipment Replacement	196	131	509	-	836	
195	Replace Guarded Rail Crossings	261	(49)	49	-	260	
196	MBL Long Beach Photo Enforcement Program	207	50	489	36	782	
197	MBL Four Quadrant Gate Program Expansion	407	558	2,579	2,111	5,655	
198	MBL Fiber Optic "TRAIN" Sign Program in Long Beach	130	730	150	-	1,010	
199	Light Rail Train Tracking Improvements	22	31	739	-	793	
200	Mobile Rail Safety Educational Program	530	423	620	174	1,747	
201	Core Capacity Enhancements to the Light Rail System	16	635	-	5,407	6,058	
202	Wayside Systems Projects 05-09	-	57	1,226	13,440	14,722	#
203	Four PGL Traction Power Substations	-	-	4,071	4,630	8,701	*
204	PGL Signal System Improvements	-	-	-	3,152	3,152	*
205	Passenger Information System	-	-	-	4,040	4,040	*
206	MRL Signal System Upgrade	-	-	395	192	587	*
207	<b>Wayside Systems Total</b>	<b>5,428</b>	<b>3,421</b>	<b>13,181</b>	<b>36,035</b>	<b>58,065</b>	
208							
209	<b>Subtotal for Capital Program</b>	<b>149,544</b>	<b>154,727</b>	<b>306,655</b>	<b>1,158,906</b>	<b>1,769,773</b>	

**Los Angeles County Metropolitan Transportation Authority  
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(Amounts in thousands)		Inception					Life	Re-
Project Title	CP#	to	FY04	FY05	FY06+		of	cur-
		FY03	Forecast	Proposed			Project	New
								ing
210	<b>Major Construction</b>							
211	Red Line Segment 3 North Hollywood (800082)	\$ 1,285,272	\$ 10,083	\$ 9,782	\$ 8,679	\$ 1,313,815		
212	Green Line (800023)	698,809	5,909	3,952	3,615	712,285		
213	L.A. Rail Car (800150)	204,016	1,344	5,653	4,267	215,279		
214	Blue Line LA/LB (800001)	863,643	195	66	-	863,904		
215	Pasadena Line (800005)	240,825	820	189	-	241,833		
216	Imperial Grade Separation (800020)	3,888	19	67	26	4,001		
217	Red Line Segment 1 (800080)	1,439,819	407	13	-	1,440,239		
218	Red Line Segment 2 (800081)	1,777,089	12,938	5,734	-	1,795,761		
219	Mid- City Extension - Deferred (800083)	14,331	22	88	240	14,681		
220	Eastside Extension Project - Deferred (800084)	136,134	1,289	826	400	138,649		
221	Light Rail Vehicle Fleet Enhancement (800151)	471	35,195	22,698	94,555	152,919		
222	Mid-City-Wilshire BRT Corridor (800111)	5,835	4,700	-	94,698	105,233		
223	Metro Gold Line Eastside Extension (800088)	67,427	26,497	208,916	595,920	898,759		
224	Orange Line (800112)	41,339	66,805	174,933	46,346	329,423		
225	Mid-City/Exposition Light Rail Corridor (800113)	3,064	5,672	8,000	-	16,736		
226	SFV East-West Bikeway Project (800114)	270	1,233	5,829	767	8,099		
227	Universal City Station Site Enhancement (800115)	2,617	2,267	954	-	5,838		
228	<b>Major Construction Total</b>	<b>6,784,849</b>	<b>175,395</b>	<b>447,700</b>	<b>849,513</b>	<b>8,257,454</b>		
229								
230	<b>Capital Program Grand Total</b>	<b>\$ 6,934,393</b>	<b>\$ 330,122</b>	<b>\$ 754,355</b>	<b>\$ 2,008,419</b>	<b>\$ 10,027,227</b>		

\* New project

# Recurring project

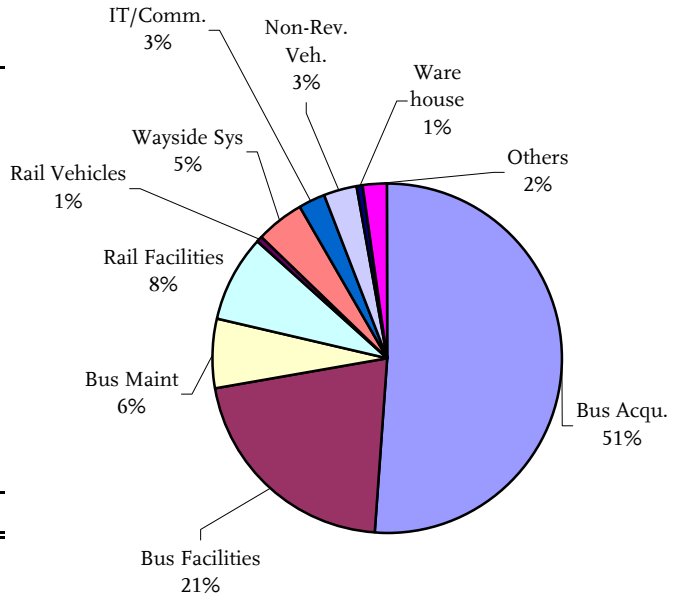
Note: "Life of Project" values for projects classified as "Recurring" are based on inception to date values and FY05-09 costs.

Life of project values for all other projects include inception to date data and all future costs, including those beyond FY09.

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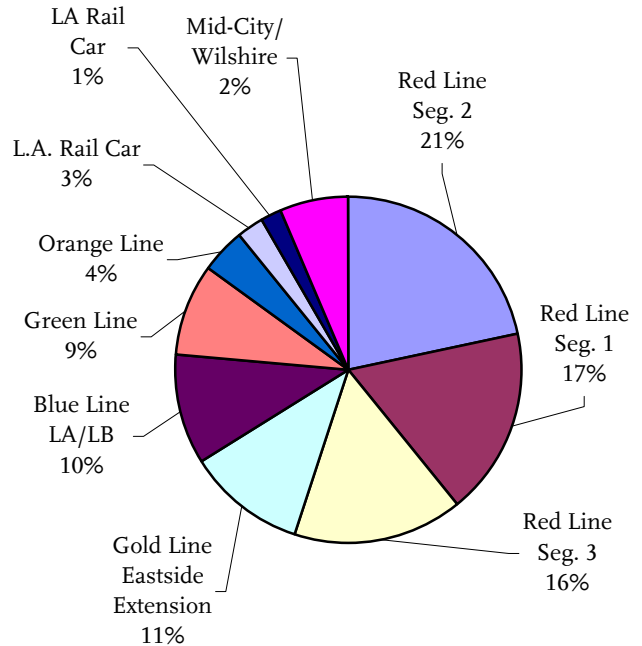
**Capital Programs - Excluding Major Construction**

Element (in 000 \$'s)	FY05 Adopted Budget
1 Bus Acquisition	\$156,658
2 Bus Facilities Maintenance	64,632
3 Bus Maintenance	19,536
4 Rail Facilities Maintenance	24,755
5 Rail Vehicle Maintenance	2,218
6 Wayside Systems	13,181
7 IT/Communications	7,944
8 Non-Revenue Vehicles	9,277
9 Warehouse	1,918
10 Other Capital Projects	6,536
<b>11 Capital Program Total</b>	<b>\$306,655</b>



**Major Construction**

Project (in 000 \$'s)	Total Life of Project Budget
12 Red Line Seg. 2	\$1,795,761
13 Red Line Seg. 1	1,440,239
14 Red Line Seg. 3	1,313,815
15 Gold Line Eastside Extension	898,759
16 Blue Line LA/LB	863,904
17 Green Line	712,285
18 Orange Line	329,423
19 L.A. Rail Car	215,279
20 P2550 Light Rail Vehicles (40)	152,919
21 Others	535,070
<b>22 Major Construction Total</b>	<b>\$8,257,454</b>



## CAPITAL PROJECT OPERATING IMPACT ASSESSMENT

Each capital project included in the FY05-09 capital program has been reviewed to determine its cost impact on MTA operations. The operating cost impact assessment considers costs and/or savings related to ongoing operations, power requirements, maintenance labor and materials, training, and security.

Projects which replace existing facilities or equipment often do not change the cost of operations over the life of the asset. Functionally equivalent replacements generally require the same levels of energy to operate equipment, maintenance activities, training, and security. In those instances where a replacement asset involves a higher or lower cost to operate than the asset being replaced, the cost or saving is identified.

The cost of operations of major construction projects such as bus corridors and rail corridors is based on service levels when complete. Once in full operation such projects will be operated at a specific level of revenue service hours. The cost of operation is based on the cost per hour times the annual revenue service hours to be operated. In instances where a new project duplicates existing service, the duplicated service has been excluded from the operating cost impact.

Some projects must be monitored after implementation to determine annual operating cost impacts. In these instances future budgets will contain operating cost impact data based on a full fiscal year of operating data.

For a list of capital projects with potential operating cost impacts, please see pages V-16 through 20.

## FY05-09 Capital Projects with Potential Operating Cost Impacts

Element	CP#	Title	Description of cost impacts or savings	Amount of cost or (saving)
Bus Acquisition	2100014	Universal Fare Collection System	Contracted maintenance as part of original contract	FY06 - \$4,500,000 FY07 - \$5,200,000 FY08 - \$5,600,000 FY09 - \$ 722,000
Bus Acquisition	2100015	Advanced Transportation Management System (ATMS)	Three additional FTE's to support system operation	\$300,000
Bus Acquisition	2500001	Regional Service Center and Clearinghouse	Operating cost estimates will be developed during project specification.	To Be Determined
Bus Facilities Maintenance	2303043	RRC General Building Modifications	No additional cost	\$0
Bus Facilities Maintenance	2305008	Permanent Restroom Facilities at Selected Locations.	Permanent restroom facilities will save \$11,000/year instead of using the portable ones.	(\$11,000)
Bus Facilities Maintenance	2305010	Cal State and L.A. County USC Busway Station Enhancement	No additional cost	\$0
Bus Facilities Maintenance	2305020	Temple & Beaudry Layover Facility	Maintaining restroom facilities will cost \$20,000/year.	\$20,000
Bus Facilities Maintenance	2305024	LAX Terminal Improvements (BOS Funded)	No additional cost	\$0
Bus Facilities Maintenance	2305075	Division 8 & 15 Renewable Solar Energy Generation Project	Saving \$96,000 per year in each of two operating divisions in utility costs.	(\$192,000)
Bus Facilities Maintenance	2305091	Division 8 Maintenance - Install closed circuit television security system	No additional cost	\$0
Bus Facilities Maintenance	2305106	Division 15 Maintenance - Install closed circuit television security system	No additional cost	\$0
Bus Facilities Maintenance	2305125	Division 6 Relocation	Operating cost estimates will be developed during project specification.	To Be Determined
Bus Facilities Maintenance	2305133	El Monte Station Security Improvements	No additional cost	\$0
Bus Facilities Maintenance	2305136	Division 2 Maintenance - Install Digital Camera System	No additional cost	\$0
IT/Communications	3907054	Maintenance and Material Management System Replacement	When M3 is completed, the initial benefits will be increased efficiency and manageability of bus maintenance. We anticipate this will result in improved bus service and a reduction in operating maintenance costs.	To Be Determined
IT/Communications	3909119	Computer Kiosks for Bus and Rail facilities.	There will be negligible operating cost savings from this project.	To Be Determined

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Element	CP#	Title	Description of cost impacts or savings	Amount of cost or (saving)
IT/Communications	7000027	ITS Telecommunications Transmission Upgrade Project	Savings of about \$1,000,000 per year in telephone costs are anticipated. Other savings that cannot be empirically determined include reduced labor for maintenance and repair parts for old equipment.	(\$1,000,000)
IT/Communications	7000028	ITS Telecommunications PBX Upgrade	The operating cost impact of this project will be determined when the project is initiated.	To Be Determined
IT/Communications	7000031	ECMS Update	Completion of this project will ensure compliance with retention requirements.	\$0
IT/Communications	7000038	Storage Network for Disaster Recovery	Completion of this project will ensure compliance with mandated disaster recovery measures. No Cost Impact	\$0
IT/Communications	7000039	LTO Tape Management	This project will facilitate compliance with Disaster Recovery and tape backup requirements.	To Be Determined
Major Construction	4005005	Mid-City-Wilshire BRT Corridor (800111)	This project will replace existing service in the Mid-City Wilshire Corridor	\$0
Major Construction	4005006	Metro Gold Line Eastside Extension (800088)	Project operating cost is based on the first full year of operation following completion.	\$13,400,000
Major Construction	4005007	Orange Line (800112)	Project operating cost is based on the first full year of operation following completion.	\$11,000,000
Major Construction	4005008	Mid-City/Exposition Light Rail Corridor (800113)	Project operating cost is based on the first full year of operation following completion.	\$25,000,000
Major Construction	4005013	SFV East-West Bikeway Project (800114)	Operating costs will be determined following project completion	To Be Determined
Major Construction	4005014	Universal City Station Site Enhancement (800115)	Operating costs will be determined following project completion	To Be Determined
Non-Revenue Vehicles	5000005	Bus System Expansion Non Revenue Vehicles	The additional annual cost is \$8,175.74. With the exception of cost associated with the using departments equipment operator, these costs are based on average usage. This amount is the directly associated with fueling. The additional annual cost is \$2,728.70. This cost consists of planned preventative maintenance to include parts and non-burdened labor.	\$10,904

## FY05-09 Capital Projects with Potential Operating Cost Impacts, continued

Element	CP#	Title	Description of cost impacts or savings	Amount of cost or (saving)
Non-Revenue Vehicles	5000007	Rail Support Expansion Non Revenue Vehicles	The additional annual cost is \$7,984.60 With the exception of cost associated with the using departments equipment operator, these costs are based on average usage. This amount is directly associated with fueling. The additional annual cost is \$4,044.18. This cost consists of planned preventive maintenance to include parts and non-burdened labor.	\$12,029
Other Capital Projects	2303060	New Cash Room Facility	The operating cost impact of this project will be determined when the project is initiated.	To Be Determined
Other Capital Projects	2304015	Metro Rapid Program	Operating costs will be determined following project completion	To Be Determined
Other Capital Projects	3908044	Gateway Headquarters Improvement Projects	The operating cost impact of this project will be determined when the project is initiated.	To Be Determined
Other Capital Projects	3909052	Rapid Bus Art Program	Anticipated cost saving due to use of graffiti resistant seating materials	Saving to be determined following full system implementation
Other Capital Projects	3909113	High Density Storage Filing System	No additional cost	\$0
Other Capital Projects	3909116	Systems Furniture Lifting Device	The operating cost impact of this project will be determined when the project is initiated.	To Be Determined
Other Capital Projects	3909117	Dry Carpet Extraction Machine	The operating cost impact of this project will be determined when the project is initiated.	To Be Determined
Other Capital Projects	3909118	Cooling Tower Vacuum	The operating cost impact of this project will be determined when the project is initiated.	To Be Determined
Other Capital Projects	3909122	Homeland Security Project	Operating costs will be determined following project completion	To Be Determined
Rail Facilities Maintenance	2305041	Install 14 Elevators at 7 MRL Stations	The added maintenance cost for the 14 new elevators is estimated at \$750 per month per elevator or \$126,000 for total annual maintenance costs.	\$126,000
Rail Facilities Maintenance	3205004	Fiber Optic Rail Communication System	The project replaces an existing asset and will not change the immediate cost of operation. A cost savings, to the direct operating expenses, will be realized, by preventing failures of the existing equipment.	Anticipate annual savings but cannot be valued until project completion.

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Element	CP#	Title	Description of cost impacts or savings	Amount of cost or (saving)
Rail Facilities Maintenance	3205023	ROC Reconfiguration	Anticipate additional maintenance costs due to added equipment. Equipment enhancements and facility improvements will have a positive effect on staff productivity and safety. This has not been presently quantified and valued.	Anticipate annual savings but cannot be valued until project completion.
Rail Facilities Maintenance	3205075	MRL Station Canopies	Installing the canopies on exterior units will protect them from the elements and would result in decreased downtime, reduced maintenance costs and improved equipment availability and reliability. The savings in maintenance cost is estimated at 15%.	Anticipate annual savings but cannot be valued until project completion.
Rail Facilities Maintenance	3207014	Rail Security Improvements	Anticipate additional maintenance costs due to added equipment. CCTV cameras and related equipment is being upgraded and replaced. Improved security for the public and system operation has not been quantified.	Anticipate no annual savings but additional annual costs to be valued at project completion.
Rail Facilities Maintenance	3207059	Multi-Modal Control Center	Nominal non-contract labor budgeted to complete preliminary research on available sites for facility.	To Be Determined
Rail Facilities Maintenance	3207063	PGL Midway Yard Facility Expansion	Negligible increase in maintenance costs for additional 1300 ft storage track. Unquantifiable amount of cost avoidance during delivery and acceptance of new P2550 Light Rail Vehicles. Negative impact to Gold Line revenue service would occur without this additional storage track during P2550 delivery. Additional LRVs are beyond Division 21's current capacity and will cause unacceptable congestion in the yard.	To Be Determined
Rail Facilities Maintenance	3207064	Vernon Yard Storage Project	This project will replace an existing asset; the operational cost impact is expected to be neutral.	To Be Determined
Rail Facilities Maintenance	3308010	Metro Blue & Green Lines Custodial Operations Facility	This project will be cancelled; funds will be transferred to Division 22 Blow-Down Facility.	No cost impact
Warehouse	3105001	New Storage Building for Red Line	The new storage building will curtail the incidents of damaged and/or stolen goods.	Savings will be \$28,000 per year in warehouse leasing costs.
Warehouse	3909063	Purchase EZ Tilter.	The EZ Tilter, an ergonomic and stationary piece of equipment, will reduce the potential of industrial injuries during the unloading and moving phase of inventory at the Central Warehouse.	Savings in lost work time with the use of the EZ Tilter will be realized over a period of time.



### FY05-09 Capital Projects with Potential Operating Cost Impacts, continued

Element	CP#	Title	Description of cost impacts or savings	Amount of cost or (saving)
Warehouse	6000019	Rail Warehouse Claremont	The operating cost impact of this project will be determined when the project is initiated.	To Be Determined
Warehouse	6000022	Acquisition of Maintenance of Ways (MOW) property.	The operating cost impact of this project will be determined when the project is initiated.	To Be Determined
Wayside Systems	3300001	MBL Grade Crossing Improvements	This project will replace an existing asset; the operational cost impact is expected to be neutral. Unquantifiable amount of cost avoidance since this is a public safety improvement.	To Be Determined
Wayside Systems	3306015	MBL Long Beach Photo Enforcement Program	This project is deferred until new technology Photo-Enforcement equipment is available. The operation of this program will be by third-party law enforcement contactor and is expected to be self-sufficient.	No cost impact
Wayside Systems	3306017	MBL Four Quadrant Gate Program Expansion	Increased maintenance costs anticipated due to additional crossing gates. Unquantifiable amount of cost avoidance since this is a public safety improvement.	Operating costs to be determined when project completed and cost data collected.
Wayside Systems	3308001	Light Rail Train Tracking Improvements	Increased maintenance costs anticipated due to additional signal equipment. Decrease in operation administration costs analyzing and gathering schedule on time performance data.	(\$11,000)
Wayside Systems	3308005	Core Capacity Enhancements to the Light Rail System	Savings anticipated due to Operational efficiencies created by the enhancements. (Project not funded in FY '05)	Operating savings to be determined during project development
Wayside Systems	3308017	Four PGL Traction Power Substations	Savings anticipated due to Operational efficiencies created by the enhancements. Additional substations will ensure the capability of the system to increase service schedule headways.	Operating savings to be determined during project development
Wayside Systems	3308018	PGL Signal System Improvements	Negligible increase (if any) in maintenance costs expected.	\$0

## VI. Appendix

## APPENDIX 1: MTA BUDGET PROCESS

### Budget Overview

The annual budget, as adopted by the Board of Directors, is the legal authority to obligate and spend funds. It includes all operating, capital and debt service requirements of the MTA for the fiscal year, July 1<sup>st</sup> to June 30<sup>th</sup>. The annual budget is comprised of operating and capital budgets.

The operating budget provides a summary of the planned revenues and expenditures for the fiscal year for MTA services and programs including the following:

- All revenue and expenditure/expense assumptions and projections.
- Revenue Service Hours and miles of bus and rail service.

The operating budget includes Metro Bus and Metro Rail operations, Freeway Service Patrol (FSP), planning activities and projects, property management activities, debt service, and agency administration. The operating budget is comprised of the Enterprise, General, Special Revenue, Internal Service and Debt Service Funds.

The capital budget process has been integrated into the annual budget process. The capital budget includes all capital projects including transit corridor and rail construction projects and the Capital Program (CP). The CP consists of all activities associated with bus acquisition, bus and rail capital improvements, facility construction and other capital improvements such as information technology enhancements. When the Board of Directors approves a capital

project, it authorizes the schedule and total expenditures over the life of the project.

The annual budget authorizes the anticipated expenditures of the total project budget and the scope of work to be completed within the current fiscal year. Capital projects funding requirements extend over multiple budgetary periods. The approach to providing flexible funding over the life of the project requires the re-appropriation of unexpended carryover revenues and expenses from the prior fiscal year.

The MTA also includes in its annual budget funds provided for regional programs through grants of local funds or indirectly through allocating Federal and State grants to local agencies and transit operators throughout Los Angeles County. Funds are allocated to other governmental agencies in accordance with legislative requirements, Board of Directors policy, or through a competitive awards process known as the Call for Projects (CFP). The Board of Directors approves the projects recommended for funding through the annual budget and the competitive process.

Regional programs funded in the Special Revenue Fund include capital and operating allocations to municipal bus operators, direct disbursements to Los Angeles County municipalities for transportation programs, and services for disabled persons provided by Access Services, Inc (ASI).

MTA's financial records reflect only those funds that are actually received and directly disbursed by the MTA.

### **Budget Workflow**

In accordance with the Financial Standards, the annual budget is adopted before July 1<sup>st</sup> to define the legal level of expenditures/expenses for the fiscal year. Budgeting for the fiscal year is divided into three phases: (1) budget formulation and preparation; (2) budget presentation and reviews; and (3) budget implementation.

#### ***Budget Formulation and Preparation***

- Initial planning, development of assumptions, preparation of instructions and training materials began in January after a mid-year review of the FY04 budget.
- FY05 Budget Kickoff meetings were held with departments in mid-February 2004.
- Budget system training classes were held in February 2004.
- Preparation of the FY05 budget began in February 2004 with departments developing expense and labor requests that were submitted to their Executive Officers for approval before submittal to the Office of Management and Budget (OMB) in March.
- Capital Project (CP) expense and labor requests were submitted by departments to the assigned Project Manager for approval prior to being included in the department's budget request to their Executive Officer.

#### ***Budget Reviews***

- The Capital Plan was developed concurrently with the annual operating

budget. Recommendations for the update to the Capital Plan were reviewed with the Capital Review Committee in December 2003.

- Project and department level reviews of budget requests were completed in April 2004.

#### ***Adoption Phase***

- A workshop was held for the Board of Directors on April 12, 2004.
- The summary of the proposed budget was released to the Board of Directors and public on May 5, 2004.
- MTA staff briefed the Board of Directors staff on May 12, 2004.
- The public hearing was held on May 20, 2004, in conjunction with the Finance and Budget Committee meeting.
- The annual budget and the Capital Plan updates were adopted on June 7, 2004, at a special Board of Directors meeting.

#### ***Budget Implementation***

- The FY05 Budget will be implemented on July 1, 2004.
- Periodic financial reports are prepared to enable management to monitor and control the budget.
- Quarterly financial reports are prepared by Finance and presented by the Chief Financial Officer to the Board of Directors. These reports monitor financial performance and ensure compliance with approved budget.

## Budget Basis

The MTA is a single, integral entity for budgeting and accounting purposes. Annual budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP) for all governmental and proprietary funds, except that depreciation and amortization are not budgeted. The Governmental Accounting Standards Board (GASB) defines a fund as a *“fiscal and accounting entity with a self-balancing set of accounts that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.”*

Funds are classified and budgeted into three categories: governmental, proprietary, and fiduciary. Governmental includes the General, Special Revenue, Capital Projects, and Debt Service Funds. The proprietary category includes the Enterprise and Internal Service Funds. The fiduciary fund category includes agency funds for BAD and the EZ Pass Program. All governmental funds are accounted for using the modified accrual basis of accounting, meaning that revenue is recognized when it is both measurable and available. The proprietary and fiduciary funds use the accrual basis of accounting in which revenue is recognized when it is earned or received.

MTA uses Special Revenue funds to account for those funds that are restricted by purpose and use. The Special Revenue fund reflects MTA’s responsibility to administer special transportation programs as well as its duty to allocate transportation funds to local and regional agencies throughout Los Angeles County.

In addition, MTA is responsible for acting as a trustee for certain funds, such as pension trust funds and restricted agency funds, which are held by the MTA as an agent for individuals, private organizations, or other funds. MTA uses fiduciary funds to account for these assets. Benefit Assessment District (BAD) funds are trustee funds that MTA collects and serves as the trustee for debt payment. The outstanding debt is an obligation of the Benefit Assessment District; MTA administers the program through the collection of taxes from property owners and payments to bondholders.

The MTA also receives and disburses EZ Pass monies. EZ Pass is a regional fare medium good for passage on participating regional transit providers. All EZ Pass revenues are sent to the MTA, which distributes them to the transit providers.

Service Authority for Freeway Emergencies (SAFE) administers the Los Angeles County Call Box program, which coordinates emergency services to motorists on freeways. SAFE is an independent financial entity component unit. SAFE funding is derived from the \$1 fee collected on California annual vehicle registrations.

## Budget Policies and Procedures

The annual budget is developed on the basis of the combination of two budget methodologies. Continuation level budgeting is used to develop the funding and resources necessary to sustain critical operating, special programs and previously approved capital projects. The agency uses the “zero-based budgeting” methodology to determine resources for new programs and capital projects as well as general and administrative expenses.

The MTA's Chart of Accounts is reviewed and supplemented on an annual basis.

In accordance with the Financial Standards, the Finance unit monitors revenues and budget expenditures throughout the fiscal year.

For all MTA accounting funds, budgetary oversight and control is attained through checking available funds for non-labor transactions. Available funds are identified as unspent and unencumbered. Available funds are verified for a department and project by monitoring combined budget totals for non-labor account categories or for individual acquisition-related accounts.

### **Budget Amendments**

Budget detail is a management plan for financial activity and is prepared at the fund, project, department and account level. The legal level of control is at the fund level.

Total expenditures cannot exceed the final appropriation adopted by the Board, with the exception of unspent capital funds "carried over" from the preceding year. During the fiscal year, changes in law, economic conditions and emergencies can have an impact on budget authority. Spending authority may be increased or decreased throughout the fiscal year as unanticipated situations arise. Management may make revisions within operational and project budgets only when there is no net dollar impact to the total appropriations at the fund level. As such, the Chief Executive Officer can approve administrative revisions to the financial plan if changes are consistent with the appropriation by fund.

MTA's source of authority to make changes is rooted in disclosure on financial policy as stated in MTA's Comprehensive Annual Financial Report (CAFR) where reference to the legal level of authority is at the fund level so that staff has the ability to make changes within that legal authority.

### **Capital Program Budget**

The Capital Program (CP) budget process was completed as part of the FY05 budget process. Project managers are responsible for analyzing the status of their funded projects (re-forecasting of schedules, costs, etc.) throughout the fiscal year. Their estimates for the work to be completed in the current fiscal year impacts the department budget established for the next fiscal year. Project managers submitted new projects for consideration through the CP budget process in the second quarter of the current fiscal year.

The CP budget process:

- authorizes capital projects and associated funding plans,
- defines project costs in terms of labor and non-labor costs,
- estimates the operating impact of the capital investment (including cost increases),
- identifies new requirements or projects since the adoption of the prior CP, including changes to the life-of-project budget, and
- determines which prior year projects will not be completed as scheduled in the current fiscal year.

The CP is developed based on project rankings, project readiness, available agency resources, and funding. Project

managers gathered project information (current and new projects) and submitted the information to OMB in the second quarter of FY04. OMB compiled the information and disseminated the information to Element Sponsors (department executive officers, directors, etc.). Element Sponsors reviewed and ranked projects, then compiled a list of proposed projects for the next fiscal year.

OMB assembled the proposed project lists and submitted the list to Executive Management. Executive Management reviewed the list of recommended capital projects and further prioritized the projects to match available revenues. OMB submitted the approved CP to the MTA Board of Directors for review and adoption in the fourth quarter as part of the FY05 budget.

## APPENDIX 2: FINANCIAL STANDARDS POLICY

### Policy Statement

The Board shall review and approve a set of Financial Standards each year as part of the annual budget and financial planning process.

### Purpose

The Financial Standards shall be divided into three sections:

**General Financial Standards** - The purpose of the general standards is to ensure that MTA prudently manages its financial affairs and establishes appropriate cash reserves to be able to meet its future financial commitments.

**Debt Financial Standards** - The purpose of the Debt Standards is to limit the level of debt that may be incurred and to ensure that debt assumptions used in financial planning are based on financial parameters similar to or more conservative than those that would be placed on MTA by the financial marketplace. These standards will be consistent with the Board-approved Debt Policy.

**Business Planning Parameters** - The purpose of the Business Planning Parameters is to provide management with a framework for developing the following year's budget and other MTA financial plans and establishes future business targets for management to achieve.

### Application

This policy applies to all MTA financial plans.

#### **1.0 Procedures**

- 1.1 The Management Team will review each of the Financial Standards areas annually.
- 1.2 The MTA's performance against the Financial Standards shall be measured and reported to the CEO throughout the year on a regular cycle.
- 1.3 At least annually, a mid-term report of the MTA's financial and programmatic performance will be presented to the Board.
- 1.4 The Financial Standards may be amended or waived by the Board on a case-by-case basis.

#### **2.0 Definition of Terms**

- 2.1 Financial Plan – Any plan, denominated in financial terms, that represents the MTA's official intentions to external parties, including other levels of government and their agencies, stakeholders, business partners and customers of the transportation system in Los Angeles County.
- 2.2 CEO – The MTA's chief executive officer or designee.
- 2.3 Management Team – Appointed by the CEO.
- 2.4 Budget – The financial plan that summarizes the MTA's intentions during a fiscal year.



2.5 Capital Program – The financial plan that details the MTA’s investment in its own assets over a five-year period. The Capital Program is updated and included in each year’s budget. The current year’s expenditures are appropriated within the budget.

**3.0 Responsibilities**

3.1 OMB shall be responsible for conducting the periodic performance reviews required under this policy.

3.2 Based on inputs from all units of the MTA, OMB shall be responsible for presenting the updated financial standards to the Board for review and approval.

**4.0 Flowchart**

Not applicable.

**5.0 Reference**

5.1 MTA Debt Policy

5.2 MTA Investment Policy

**6.0 Attachments**

None.

**7.0 Procedure History**

7.1 Initial Action – February 2002

Adoption of this policy supersedes the following previously adopted policies that are subsumed by FIN 25 or are procedural in nature and will be administered under the authority of the CEO:

Fin 1 Fiscal Policies (General)

Fin 2 Budget Preparation and Approval

Fin 3 Budgetary Controls

Fin 4 Budget Amendments and Adjustments

Fin 5 Fiscal Monitoring & Reporting

Fin 6 Funds Programmed to Other Agencies

Fin 7 Contingency Fund

Fin 8 Chart of Accounts

Fin 9 Revenue Policies

## APPENDIX 3: MTA FY04-05 FINANCIAL STANDARDS

The Financial Standards are divided into three sections: General, Debt, and Business Planning Parameters. The purpose of the General standards is to ensure that MTA prudently manages its financial affairs and establishes appropriate cash reserves. The purpose of the Debt standards is to limit the level of debt that may be incurred and to ensure that debt assumptions are based on financial parameters similar to or more conservative than those that would be placed on MTA by the financial marketplace. Actual debt covenants may differ from these standards. In accordance with the MTA's Debt Policy, where this occurs, the actual covenants will be disclosed in the Board report supporting the debt issuance. The Business Planning Parameters provide management with a framework for developing the following year's budget and other longer range financial plans and establishing future business targets for management to achieve.

### Financial Standards – General

- G1. Complete and accurate accounting records shall be maintained in accordance with Generally Accepted Accounting Principles as promulgated by the Government Accounting Standards Board. MTA's fiscal year-end for financial reporting purposes shall be June 30.
- G2. An independent accounting firm shall perform an examination of MTA's consolidated financial statements (including Single Audit requirements) and MTA's retirement plan financial

statements on an annual basis. The MTA's goal is to receive an unqualified opinion on the financial statements and an opinion that MTA is in compliance with Federal Single Audit requirements in all material respects and to receive the Government Finance Officers Association (GFOA) award for excellence in financial reporting.

- G3. Funds of the MTA shall be invested within the guidelines of the Board's approved Investment Policy and in compliance with applicable State law, California Government Code Section 53600 et seq.

In accordance with the Investment Policy, the Board shall approve the Financial Institutions Resolution that designates the MTA Officials empowered to open, close, or authorize changes to accounts and authorizes MTA Officials to designate individuals as Official Signatories for the MTA's financial accounts.

- G4. An annual actuarial analysis shall be performed on all MTA self-administered retirement plans. The MTA shall make annual contributions that, when combined with employee contributions, fund actuarially computed costs as they accrue.
- G5. Appropriate insurance coverage shall be maintained to mitigate the risk of material loss. For self-insured retentions, the MTA shall

- record the liabilities, including losses incurred but not reported, at 100% of the net present value.
- It is the MTA's goal that restricted cash balances are maintained in amounts equal to the estimated liabilities but in no event less than the next year's projected cash outflows. An actuarial review of self-insured liabilities will be made annually.
- G6. Since sales taxes are received on a monthly basis, the allocations among the various ordinance categories shall also be recorded monthly.
- Expenditures against appropriations are limited to cash actually on hand during the fiscal year.
- G7. Sales tax collections received during a fiscal year that are in excess of the sales tax budget for that year shall be reported as unreserved, designated fund balances in the Special Revenue Fund. Excess Local Return monies are disbursed when received. Any other excess balances may only be expended pursuant to Board authorization. Such funds are generally available for appropriation in the subsequent budget cycle in accordance with their ordinance designations.
- G8. The fiscal year of MTA shall end on June 30 of each year. By January of each fiscal year, the Board should review and approve a set of Financial Standards that can be used by management as a framework for developing the following year's Budget. The Board shall approve the Budget by June 30 of each fiscal year.
- G9. The annual budget establishes the legal level of appropriation for a year. The budget shall include operating, capital, regional funding and other components necessary to implement the policy directions contained in previously Board adopted longer-term plans, i.e., LRTP, SRTP. The budget shall be prepared in a fashion to clearly describe the projects and programs contained therein and to receive the GFOA award for excellence in budgetary presentation.
- G10. The MTA shall adopt a long-range (covering at least 20 years) transportation plan for Los Angeles County at least once every five years. For interim years, staff will report on changes affecting the major financial assumptions of the plan and progress toward the implementation of new projects and programs. The plan update report shall also highlight Board approved actions taken during the interim period that affect the plan outcomes or schedules.
- G11. Annually, the MTA shall adopt a five-year (short-range) transportation plan (SRTP) for Los Angeles County. The plan will include service levels and ridership by mode for each of the years. The five-year plan will also identify the capital investment needs to support the existing regional system and regional service expansion. The

plan will also identify key performance indicators by which to measure the MTA's accomplishment of the plan's goals.

- G12. The MTA shall maintain a cost effective system of internal control to adequately safeguard the MTA's assets. In assessing the internal control system, management must weigh the cost of control against the expected benefit to be derived from its implementation.

Recommendations for improvements to the MTA's system of internal controls are requirements of the various regularly scheduled and specifically directed audits that are performed in accordance with generally accepted governmental auditing standards. These recommendations, management's action plans and progress toward implementation will be reported to the Board's Executive Management and Audit Committee on a regular basis.

### **Financial Standards - Business Planning Parameters**

- B1. Sales tax revenue forecasts shall be based on a sales tax model developed specifically for the Los Angeles County by an independent economist, except for the initial two years, which may be based on management's best estimate. The sales tax forecast for development of the FY05 budget will be \$595.0 million for Prop A and \$594.9 million for Prop C, consistent with

the 10 Year Forecast dated July 2003.

- B2. Passenger revenue forecasts shall be derived from ridership and average fare forecasts based on the MTA's approved fare policy and fare structure.

The Board will review and update the fare policy on a regular cycle, at least each 5<sup>th</sup> year since prior review and approval. From time to time, management may propose fare modifications to achieve transit ridership improvements and subsidy per passenger targets (see B4) and to maintain MTA's financial viability.

- B3. The Board desires to steadily improve service efficiency over time. It is the MTA's long-term strategy to achieve this by reducing the subsidy per passenger ratio (operating expenses, excluding depreciation, minus operating revenues divided by passenger boardings). Subsidy per passenger for the MTA's bus and rail system may not be higher in FY05 than \$1.37 plus the additional subsidy required for load factor mitigation.

- B4. For MTA operated bus and rail service, cost per revenue vehicle service hour (measured separately for bus and rail) may not increase by more than the projected rate of inflation for the Los Angeles area, plus the incremental costs associated with the addition of new services, programs, and/or facilities as approved by the Board. The projected incremental cost impact on cost per revenue vehicle service

- hour of new services, programs, and/or facilities shall be presented to the Board for approval as part of the annual update of the SRTP each year.
- B5. Service planning assumptions for bus operations will be based on 2.1% annual ridership growth and 2.5% annual growth in rail passenger demand.
- B6. For FY05 MTA's staffing, measured in FTE's, will be held to the FY04 level adjusted for service expansion or other new scope that has been approved by the Board.
- B7. Regional programs such as local return, formula allocation procedure and Call for Projects shall be funded according to the terms of the laws, regulations and/or discretionary procedures approved by the MTA Board.
- B8. The capital plan covers MTA's assets including major transportation infrastructure projects, i.e., BRT, LRT, bus maintenance facilities, and is included in each annual budget. The capital plan shall include funding for asset replacement and expansion projects. Capital projects in excess of \$1 million shall be listed separately for approval by the Board.
- Timely replacement of assets shall be the highest priority to ensure a safe system. Accordingly, the capital plan shall include replacement reserves by major asset category to ensure adequate
- future funding. The reserve levels shall be based on management's assessment of the asset category's condition.
- Expansion projects not previously approved in the short-range plan shall be prioritized based on the project's cost, impact on ridership, return on investment, available funds, and other relevant factors. An inflation rate of 4% shall be used for expansion capital projects.
- B9. MTA applies for and receives discretionary Federal and State funding. Discretionary funding shall be requested for major system expansion projects or extraordinary transit capital needs. (e.g., BRT, LRT or new bus maintenance facilities). Discretionary funding levels shall be estimated by project based on appropriate State and Federal criteria and the likelihood of obtaining approvals.
- The Board shall approve all discretionary State and Federal funding requests by project or program each year.
- B10. Prop A and C administrative funds (Admin) are appropriated through the MTA's annual budget from the Special Revenue Fund to the General Fund to pay for activities not required to be accounted for in other funds. The following statements provide guidance for appropriation and use of Prop A and C administrative funds.

## Appropriation

Based on past practice, up to 5% of Prop A may be appropriated for administrative purposes.

The Prop C ordinance allows up to 1.5% to be appropriated for administrative purposes.

Admin funds are transferred from the Special Revenue Fund to the General Fund as received, limited to the lesser of appropriations or actual sales taxes received.

Admin funds must be expended or encumbered within one year after the end of the year of appropriation. Lapsing is accounted for on the first-in, first-out basis. Lapsed Admin funds, if any, are returned to the Special Revenue Fund at the end of each year for re-appropriation through the next budget process.

## Eligible Uses

Administrative activities include the planning, management, execution, use and conduct of the projects and programs funded by Prop A and C funds.

Admin funds may not be used for operating or building the transit system or regional programs that are operations-related.

Examples, not an all-inclusive listing, of eligible uses of administrative funds:

- Indirect costs that are not allowable under federal guidelines, OMB Circular A-87, i.e., lobbying, interest

expense, bad debt expense, cost of general governance.

- Indirect costs that MTA elects not to allocate through its annual FTA approved cost allocation plan (CAP) because to do so might burden projects or programs in an inequitable manner.
- Development of planning and programming documents required by federal and state regulations and MTA Board policy.
- Activities that benefit MTA projects and programs indirectly such as internships, career development, training programs, etc.
- Transportation planning activities including bus, rail, highway and other surface transportation modes.
- Consent decree oversight.

The proposed expenditure programs for these activities will be shown in detail in the annual budget. Actual expenditures will be shown in the annual comprehensive financial report.

## Financial Standards - Debt

- D1. MTA may not enter into a debt or financing arrangement unless the transaction is in full compliance with all applicable provisions of applicable state and federal laws and the MTA's Debt and Interest Rate Swap Policies.
- D2. Long-term debt may be included in the budget or longer range plans; however, no such debt shall be incurred without the specific approval of the MTA Board.
- D3. Reserved

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| <p>D4. The average life of debt instruments shall not exceed the average useful lives of the assets financed.</p> <p>D5. Reserve funds that may be required by the financial markets for each debt issuance shall be maintained. Cash and securities, insurance or surety bonds may fund these reserves. For financial planning purposes, reserve requirements shall be included in the par amount of debt issued.</p> <p>D6. MTA shall maintain a legal security structure of liens, agreements, pledged revenues, and other covenants which will be sufficient to secure rating of "A" or better on sales tax backed securities and secure A1 or P1 rating on other short-term debt, and, if necessary, to secure credit enhancement from financial institution with a rating of "AA" or better.</p> | <p>D7. Debt service coverage ratio minimums by sales tax ordinance categories are shown in the MTA's Debt Policy. For financial planning purposes, those ratios shall not be exceeded in the development of longer-term financial plans.</p> |
|--|--|

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**APPENDIX 4: ACTIVITY BASED BUS COST MODEL**

ACTIVITIES	FY04 Budget		FY05 Adopted		FY04 TO FY05	
	Dollars	\$/RSH	Dollars	\$/RSH	Dollars	\$/RSH
<b>1 TRANSPORTATION</b>						
2 WAGES & BENEFITS	\$ 267,336,429	\$ 38.98	\$ 287,375,389	\$ 40.73	\$ 20,038,959	\$ 1.75
3 OTHER	390,276	0.06	379,286	0.05	(10,990)	(0.00)
4 TRAINING	5,993,726	0.87	4,693,317	0.67	(1,300,408)	(0.21)
5 CONTROL CENTER	6,554,101	0.96	6,407,248	0.91	(146,854)	(0.05)
6 SCHEDULING AND PLANNING	3,863,680	0.56	3,352,092	0.48	(511,589)	(0.09)
<b>7 SUB-TOTAL</b>	<b>284,138,213</b>	<b>41.43</b>	<b>302,207,331</b>	<b>42.84</b>	<b>18,069,119</b>	<b>1.40</b>
8						
<b>9 DIVISION MAINTENANCE</b>						
10 WAGES & BENEFITS	97,141,955	14.17	98,109,925	13.91	967,971	(0.26)
11 FUEL	26,633,404	3.88	33,174,633	4.70	6,541,229	0.82
12 MATERIALS & SUPPLIES	36,399,184	5.31	36,398,631	5.16	(553)	(0.15)
13 OTHER	(665,534)	(0.10)	(543,681)	(0.08)	121,853	0.02
<b>14 SUB-TOTAL</b>	<b>159,509,008</b>	<b>23.26</b>	<b>167,139,508</b>	<b>23.69</b>	<b>7,630,501</b>	<b>0.43</b>
15						
<b>16 RRC REGULAR MAINTENANCE</b>						
17 WAGES & BENEFITS	6,227,396	0.91	4,663,524	0.66	(1,563,872)	(0.25)
18 MATERIALS & SUPPLIES	1,841,723	0.27	2,548,270	0.36	706,547	0.09
19 OTHER	438,252	0.06	190,089	0.03	(248,163)	(0.04)
<b>20 SUB-TOTAL</b>	<b>8,507,371</b>	<b>1.24</b>	<b>7,401,884</b>	<b>1.05</b>	<b>(1,105,487)</b>	<b>(0.19)</b>
21						
<b>22 RRC PREVENTATIVE MAINTENANCE</b>						
23 POWER PLANT ASSEMBLY	9,792,384	1.43	7,045,816	1.00	(2,746,568)	(0.43)
24 ACCIDENT REPAIR	784,716	0.11	1,717,366	0.24	932,651	0.13
25 WHEELCHAIR LIFTS	-		224,452	0.03	224,452	0.03
26 PAINTING	2,809,360	0.41	882,474	0.13	(1,926,887)	(0.28)
27 WINDOWS	15,111	0.00	18,010	0.00	2,899	0.00
<b>28 SUB-TOTAL</b>	<b>13,401,571</b>	<b>1.95</b>	<b>9,888,118</b>	<b>1.40</b>	<b>(3,513,453)</b>	<b>(0.55)</b>
29						
<b>30 OTHER MAINTENANCE</b>						
31 MAINTENANCE SUPPORT	13,660,543	1.99	12,833,968	1.82	(826,575)	(0.17)
32 NON-REVENUE VEHICLES	3,993,583	0.58	3,675,076	0.52	(318,507)	(0.06)
33 FACILITIES MAINTENANCE	25,150,658	3.67	25,806,189	3.66	655,531	(0.01)
34 TRAINING	1,473,676	0.21	1,464,438	0.21	(9,238)	(0.01)
<b>35 SUB-TOTAL</b>	<b>44,278,460</b>	<b>6.46</b>	<b>43,779,670</b>	<b>6.21</b>	<b>(498,790)</b>	<b>(0.25)</b>
36						
<b>37 SUB-TOTAL MAINTENANCE</b>	<b>225,696,410</b>	<b>32.91</b>	<b>228,209,180</b>	<b>32.35</b>	<b>2,512,771</b>	<b>(0.56)</b>
38						



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ACTIVITIES	FY04 Budget		FY05 Adopted		FY04 TO FY05	
	Dollars	\$/RSH	Dollars	\$/RSH	Dollars	\$/RSH
39 <b>OTHER OPERATING COSTS</b>						
40 TRANSIT SECURITY	16,667,189	2.43	17,447,845	2.47	780,656	0.04
41 GENERAL MANAGERS	12,632,998	1.84	12,816,606	1.82	183,608	(0.03)
42 REVENUE	10,991,853	1.60	12,882,905	1.83	1,891,052	0.22
43 SERVICE DEVELOPMENT	3,042,961	0.44	3,258,805	0.46	215,843	0.02
44 SAFETY	1,488,596	0.22	1,683,373	0.24	194,778	0.02
45 CASUALTY & LIABILITY	32,796,481	4.78	34,974,229	4.96	2,177,748	0.17
46 WORKERS' COMP	50,157,093	7.31	48,876,514	6.93	(1,280,579)	(0.39)
47 TRANSITIONAL DUTY PROGRAM	2,081,851	0.30	2,001,487	0.28	(80,364)	(0.02)
48 OTHER METRO OPERATIONS	14,928,697	2.18	14,354,143	2.03	(574,554)	(0.14)
49 BUILDING COSTS	8,757,430	1.28	9,435,465	1.34	678,035	0.06
50 EMPLOYEE SUBSIDY & FRINGE	134,213	0.02	493,261	0.07	359,048	0.05
51 COPY SERVICES	1,129,630	0.16	1,529,110	0.22	399,480	0.05
52 <b>SUB-TOTAL</b>	154,808,993	22.57	159,753,744	22.64	4,944,751	0.07
53						
54 <b>SUPPORT DEPARTMENT COSTS</b>	50,704,068	7.39	47,779,198	6.77	(2,924,870)	(0.62)
55						
56 <b>TOTAL MTA OPERATED</b>	715,347,683	104.31	737,949,454	104.60	22,601,771	0.29
57 <b>VEHICLE SERVICE HOURS</b>	6,857,592		7,054,943		197,351	
58						
59 <b>PURCHASED TRANSPORTATION</b>						
60 CONTRACTED SERVICE	25,426,048	54.20	26,421,709	51.59	995,661	(2.62)
61 SECURITY	1,140,123	2.43	1,266,679	2.47	126,556	0.04
62 ADMINISTRATION	327,857	0.70	1,571,719	3.07	1,243,862	2.37
63 <b>SUB-TOTAL</b>	26,894,028	57.33	29,260,107	57.13	2,366,079	(0.20)
64 <b>VEHICLE SERVICE HOURS</b>	469,095	1.00	512,175	1.00	43,080	
65						
66 <b>TOTAL EXCLUDING DEBT</b>	742,241,711	101.31	767,209,560	101.39	24,967,850	0.08
67 <b>VEHICLE SERVICE HOURS</b>	7,326,687		7,567,118		240,431	
68						
69 <b>ENTERPRISE FUND DEBT</b>						
70 INTEREST	6,030,700		2,787,967		(3,242,733)	
71 ADMINISTRATION	483,069		465,525		(17,544)	
72 <b>SUB-TOTAL</b>	6,513,769		3,253,491		(3,260,278)	
73						
74 <b>TOTAL BUS PROJECT</b>	\$ 748,755,480		\$ 770,463,052		\$ 21,707,572	
75						

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## APPENDIX 5: ACTIVITY BASED LIGHT RAIL COST MODEL

ACTIVITIES	FY04 Budget		FY05 Adopted		FY04 TO FY05	
	Dollars	\$/RSH	Dollars	\$/RSH	Dollars	\$/RSH
<b>1 TRANSPORTATION</b>						
2 WAGES & BENEFITS	\$ 20,781,713	\$ 51.19	\$ 21,863,349	\$ 56.22	\$ 1,081,636	\$ 5.03
3 MATERIALS & SUPPLIES	321,124	0.79	224,186	0.58	(96,938)	(0.21)
4 OTHER	84,453	0.21	24,555	0.06	(59,898)	(0.14)
<b>5 SUB-TOTAL</b>	<b>21,187,290</b>	<b>52.19</b>	<b>22,112,090</b>	<b>56.86</b>	<b>924,800</b>	<b>4.67</b>
<b>6 MAINTENANCE</b>						
<b>8 VEHICLE MAINTENANCE</b>						
9 WAGES & BENEFITS	15,403,117	37.94	18,808,683	48.36	3,405,566	10.42
10 MATERIALS & SUPPLIES	2,476,947	6.10	5,827,500	14.98	3,350,553	8.88
11 OTHER	334,473	0.82	5,100	0.01	(329,373)	(0.81)
12 SERVICES	4,000,000	9.85	600,000	1.54	(3,400,000)	(8.31)
<b>13 SUB-TOTAL</b>	<b>22,214,537</b>	<b>54.72</b>	<b>25,241,283</b>	<b>64.90</b>	<b>3,026,746</b>	<b>10.19</b>
<b>15 WAYSIDE MAINTENANCE</b>						
16 WAGES & BENEFITS	16,116,562	39.70	20,083,829	51.64	3,967,267	11.94
17 MATERIALS & SUPPLIES	1,535,708	3.78	2,323,297	5.97	787,589	2.19
18 PROPULSION POWER	11,220,000	27.64	13,220,000	33.99	2,000,000	6.36
19 OTHER	525,792	1.30	682,052	1.75	156,260	0.46
<b>20 SUB-TOTAL</b>	<b>29,398,063</b>	<b>72.41</b>	<b>36,309,179</b>	<b>93.36</b>	<b>6,911,116</b>	<b>20.95</b>
<b>22 OTHER MAINTENANCE</b>						
23 MAINTENANCE SUPPORT	16,278	0.04	14,000	0.04	(2,278)	(0.00)
24 NON-REVENUE VEHICLES	951,348	2.34	1,079,574	2.78	128,226	0.43
25 FACILITIES MAINTENANCE	3,142,326	7.74	3,183,782	8.19	41,456	0.45
<b>26 SUB-TOTAL</b>	<b>4,109,952</b>	<b>10.12</b>	<b>4,277,355</b>	<b>11.00</b>	<b>167,404</b>	<b>0.87</b>
<b>28 SUB-TOTAL MAINTENANCE</b>	<b>55,722,551</b>	<b>137.25</b>	<b>65,827,817</b>	<b>169.26</b>	<b>10,105,266</b>	<b>32.01</b>
<b>30 OTHER OPERATING COSTS</b>						
31 TRANSIT SECURITY	22,758,411	56.06	26,912,566	69.20	4,154,155	13.14
32 GENERAL MANAGER	2,632,595	6.48	1,323,852	3.40	(1,308,743)	(3.08)
33 REVENUE	2,170,465	5.35	4,032,072	10.37	1,861,606	5.02
34 SERVICE DEVELOPMENT	289,242	0.71	279,027	0.72	(10,214)	0.01
35 SAFETY	1,151,528	2.84	1,346,782	3.46	195,254	0.63
36 CASUALTY & LIABILITY	2,018,409	4.97	2,571,158	6.61	552,749	1.64
37 WORKERS' COMP	1,785,656	4.40	3,906,769	10.05	2,121,113	5.65
38 TRANSITIONAL DUTY PROGRAM	0	0.00	-	-	-	-
39 OTHER METRO OPERATIONS	1,849,773	0.17	2,677,030	6.88	827,257	6.71
40 BUILDING COSTS	1,195,901	0.11	1,861,816	4.79	665,914	4.68
41 EMPLOYEE SUBSIDY & FRINGE	18,328	0.00	160,984	0.41	142,656	0.41
42 COPY SERVICES	154,261	0.01	9,642	0.02	(144,619)	0.01
<b>43 SUB-TOTAL</b>	<b>36,024,569</b>	<b>88.73</b>	<b>45,081,698</b>	<b>115.92</b>	<b>9,057,129</b>	<b>27.18</b>
<b>45 SUPPORT DEPARTMENT COSTS</b>	<b>10,650,931</b>	<b>26.23</b>	<b>12,724,935</b>	<b>32.72</b>	<b>2,074,004</b>	<b>6.48</b>
<b>47 TOTAL LIGHT RAIL PROJECT</b>	<b>\$ 123,585,340</b>	<b>\$ 304.41</b>	<b>\$ 145,746,539</b>	<b>\$ 374.76</b>	<b>22,161,199</b>	<b>70.35</b>
<b>48 TOTAL VEHICLE SERVICE HOURS</b>	<b>405,982</b>		<b>388,906</b>		<b>(17,076)</b>	

Los Angeles County Metropolitan Transportation Authority  
FY05 Adopted Budget

## APPENDIX 6: ACTIVITY BASED HEAVY RAIL COST MODEL

ACTIVITIES	FY04 Budget		FY05 Adopted		FY04 TO FY05	
	Dollars	\$/RSH	Dollars	\$/RSH	Dollars	\$/RSH
<b>1 TRANSPORTATION</b>						
2 WAGES & BENEFITS	\$ 7,439,967	\$ 27.52	\$ 7,215,179	\$ 26.69	\$ (224,788)	\$ (0.83)
3 MATERIALS & SUPPLIES	75,315	0.28	79,963	0.30	4,648	0.02
4 OTHER	19,469	0.07	8,038	0.03	(11,431)	(0.04)
<b>5 SUB-TOTAL</b>	<b>7,534,751</b>	<b>27.88</b>	<b>7,303,180</b>	<b>27.02</b>	<b>(231,571)</b>	<b>(0.86)</b>
<b>6</b>						
<b>7 MAINTENANCE</b>						
<b>8 VEHICLE MAINTENANCE</b>						
9 WAGES & BENEFITS	9,614,411	35.57	9,519,025	35.22	(95,386)	(0.35)
10 MATERIALS & SUPPLIES	2,718,832	10.06	3,274,700	12.12	555,868	2.06
11 OTHER	124,225	0.46	12,000	0.04	(112,225)	(0.42)
12 SERVICES	2,000,000	7.40	490,000	1.81	(1,510,000)	(5.59)
<b>13 SUB-TOTAL</b>	<b>14,457,468</b>	<b>53.49</b>	<b>13,295,725</b>	<b>49.19</b>	<b>(1,161,743)</b>	<b>(4.30)</b>
<b>14</b>						
<b>15 WAYSIDE MAINTENANCE</b>						
16 WAGES & BENEFITS	9,161,227	33.89	7,593,365	28.09	(1,567,861)	(5.80)
17 MATERIALS & SUPPLIES	1,392,814	5.15	1,150,911	4.26	(241,903)	(0.89)
18 PROPULSION POWER	5,962,000	22.06	8,062,000	29.83	2,100,000	7.77
19 OTHER	299,257	1.11	690,533	2.55	391,276	1.45
<b>20 SUB-TOTAL</b>	<b>16,815,298</b>	<b>62.21</b>	<b>17,496,810</b>	<b>64.73</b>	<b>681,512</b>	<b>2.52</b>
<b>21</b>						
<b>22 OTHER MAINTENANCE</b>						
23 MAINTENANCE SUPPORT	-	-	15,081	0.06	15,081	0.06
24 NON-REVENUE VEHICLES	388,751	1.44	359,858	1.33	(28,893)	(0.11)
25 FACILITIES MAINTENANCE	2,706,985	10.01	2,834,196	10.49	127,211	0.47
<b>26 SUB-TOTAL</b>	<b>3,095,736</b>	<b>11.45</b>	<b>3,209,135</b>	<b>11.87</b>	<b>113,399</b>	<b>0.42</b>
<b>27</b>						
<b>28 SUB-TOTAL MAINTENANCE</b>	<b>34,368,503</b>	<b>127.15</b>	<b>34,001,670</b>	<b>125.79</b>	<b>(366,833)</b>	<b>(1.36)</b>
<b>29</b>						
<b>30 OTHER OPERATING COSTS</b>						
31 TRANSIT SECURITY	12,854,057	47.55	17,762,261	65.71	4,908,204	18.16
32 GENERAL MANAGER	275,530	1.02	891,025	3.30	615,494	2.28
33 REVENUE	1,135,864	4.20	1,940,973	7.18	805,109	2.98
34 SERVICE DEVELOPMENT	96,414	0.36	93,009	0.34	(3,405)	(0.01)
35 SAFETY	173,061	0.64	232,974	0.86	59,913	0.22
36 CASUALTY & LIABILITY	3,387,199	12.53	3,495,926	12.93	108,727	0.40
37 WORKERS' COMP	843,282	3.12	1,600,192	5.92	756,910	2.80
38 TRANSITIONAL DUTY PROGRAM	-	-	-	-	-	-
39 OTHER METRO OPERATIONS	926,733	3.43	1,110,506	4.11	183,772	0.68
40 BUILDING COSTS	596,088	2.21	765,889	2.83	169,801	0.63
41 EMPLOYEE SUBSIDY & BENEFITS	9,135	0.03	66,780	0.25	57,645	0.21
42 COPY SERVICES	76,890	0.28	4,000	0.01	(72,890)	(0.27)
<b>43 SUB-TOTAL</b>	<b>20,374,253</b>	<b>75.38</b>	<b>27,963,534</b>	<b>103</b>	<b>7,589,281</b>	<b>28.08</b>
<b>44</b>						
<b>45 SUPPORT DEPARTMENT COSTS</b>	<b>5,217,549</b>	<b>19.30</b>	<b>4,910,587</b>	<b>18.17</b>	<b>(306,962)</b>	<b>(1.14)</b>
<b>46</b>						
<b>47 TOTAL HEAVY RAIL PROJECT</b>	<b>\$ 67,495,056</b>	<b>\$ 249.71</b>	<b>\$ 74,178,972</b>	<b>\$ 274.43</b>	<b>\$ 6,683,916</b>	<b>\$ 24.73</b>
<b>48 TOTAL VEHICLE SERVICE HOURS</b>	<b>270,299</b>		<b>270,299</b>		<b>-</b>	

## APPENDIX 7: MODAL OPERATING STATISTICS

<b>Bus</b>	<b>Notes</b>	<b>FY03 Actual</b>	<b>FY04 Budget</b>	<b>FY05 Adopted</b>	<b>Inc/(Dec) Budget</b>
1 Fares (\$000)		\$213,773	\$229,438	\$240,376	\$10,938
2 Other Operating Revenue (\$000)		\$12,660	\$15,160	\$14,625	(\$535)
3 Expenses (\$000)	1	\$754,577	\$742,242	\$767,210	\$24,968
4 Boardings (000)		366,240	356,329	365,812	9,483
5 Farebox Recovery Ratio		30.0%	33.0%	33.2%	0.3%
6 Vehicle Service Hours (000)	3	7,454	7,327	7,567	240
7 Cost per Hour		\$101.24	\$101.31	\$101.39	\$0.08
8 Cost per Passenger Mile		\$0.52	\$0.53	\$0.54	\$0.01
9 Vehicle Service Miles (000)	3	88,809	88,629	94,436	5,807
10 Passenger Miles (000)		1,440,547	1,400,628	1,426,667	26,039
11 Fare Revenue per Boarding		\$0.62	\$0.69	\$0.70	\$0.01
12 Subsidy per Boarding	2	\$1.44	\$1.40	\$1.40	\$0.00
13 Subsidy per Passenger Mile	2	\$0.37	\$0.36	\$0.36	\$0.00
14 Vehicles Operated		2,066	2,000	2,242	242

<b>Light Rail</b>	<b>Notes</b>	<b>FY03 Actual</b>	<b>FY04 Budget</b>	<b>FY05 Adopted</b>	<b>Inc/(Dec) Budget</b>
15 Fares (\$000)		\$18,048	\$28,434	\$24,551	(\$3,883)
16 Other Revenue (\$000)		\$0	\$1,350	\$375	(\$975)
17 Expenses (\$000)	1	\$85,916	\$123,585	\$145,747	\$22,161
18 Boardings (000)		31,869	44,077	41,456	(2,621)
19 Farebox Recovery Ratio		21.0%	24.1%	17.1%	-7.0%
20 Vehicle Service Hours (000)	3	286	406	388.906	(17)
21 Cost per Hour		\$300.25	\$304.41	\$374.76	\$70.35
22 Cost per Passenger Mile		\$0.38	\$0.54	\$0.68	\$0.14
23 Vehicle Service Miles (000)	3	6,987	9,536	9,264	(272)
24 Passenger Miles (000)		225,712	229,198	215,568	(13,630)
25 Fare Revenue per Boarding		\$0.57	\$0.68	\$0.60	(\$0.07)
26 Subsidy per Boarding	2	\$2.13	\$2.13	\$2.91	\$0.79
27 Subsidy per Passenger Mile	2	\$0.30	\$0.41	\$0.56	\$0.15

<b>Heavy Rail</b>	<b>Notes</b>	<b>FY03 Actual</b>	<b>FY04 Budget</b>	<b>FY05 Adopted</b>	<b>Inc/(Dec) Budget</b>
28 Fares (\$000)		\$15,192	\$15,227	\$17,733	\$2,506
29 Other Revenue (\$000)		\$1,442	\$3,490	\$1,750	(\$1,740)
30 Expenses (\$000)	1	\$64,497	\$67,495	\$74,179	\$6,684
31 Boardings (000)		31,695	35,908	35,908	-
32 Farebox Recovery Ratio		25.8%	27.7%	26.3%	-1.5%
33 Vehicle Service Hours (000)	3	264	270	270	-
34 Cost per Hour		\$244.39	\$249.71	\$274.43	\$24.73
35 Cost per Passenger Mile		\$0.42	\$0.41	\$0.45	\$0.04
36 Vehicle Service Miles (000)	3	5,426	6,604	6,604	-
37 Passenger Miles (000)		151,901	165,178	165,178	-
38 Fare Revenue per Boarding		\$0.52	\$0.52	\$0.54	\$0.02
39 Subsidy per Boarding	2	\$1.51	\$1.36	\$1.52	\$0.16
40 Subsidy per Passenger Mile	2	\$0.32	\$0.30	\$0.33	\$0.04

Notes:

(1) Expenses include Transitional Duty Program but exclude interest and debt administration.

(2) Subsidy excludes all operating revenue.

(3) Reflect revenue vehicle hours & miles.

## VII. Glossary

## TERMS

<b>ABC</b>	Activity Based Cost. Methodology that measures the cost and performance of activities, resources, and cost objects. Resources are assigned to activities, then activities are assigned to cost objectives based on their use. ABC recognizes the causal relationships of cost drivers to activities.
<b>ACCRUAL BASIS</b>	A method of accounting that recognizes increases and decreases in economic resources as soon as the underlying event or transaction occurs. Under accrual accounting, revenues are recognized as soon as they are earned and expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash flows.
<b>ACTUARIAL ANALYSIS</b>	Analysis completed and submitted by an individual versed in the collection and interpretation of numerical data (especially someone who uses statistics to calculate insurance premiums).
<b>ADA</b>	Americans with Disabilities Act. A comprehensive civil rights measure signed into law July 1990 to ensure persons with disabilities receive equal access to transportation and other services.
<b>ADMINISTRATIVE COSTS</b>	Total cost of labor, materials, facilities, equipment, services, and fees allocated to general administrative or overhead functions; costs that are not directly attributable to specific projects.
<b>AFSCME</b>	American Federation of State County and Municipal Employees. The union representing maintenance and transportation supervisors.
<b>ALTERNATIVE FUELS</b>	Low-polluting fuels that are used to propel a vehicle instead of high-sulfur diesel or gasoline. Examples include methanol, ethanol, propane or compressed natural gas, liquid natural gas, low-sulfur or "clean" diesel and electricity.
<b>ARTICULATED BUS</b>	A high-capacity passenger bus that flexes in the middle.
<b>ASI</b>	Access Services Incorporated. ASI is a private non-profit corporation, which is the Consolidated Transportation Services Agency (CTSA) for Los Angeles County, and as such has the responsibility to improve and coordinate the paratransit services for 187 different social service and public paratransit operators.
<b>ATMS</b>	Advanced Transportation Management System. A state-of-the-art communications package to be installed in the LACMTA's active bus fleet and bus operations control center in FY04 and FY05.

<b>ATU</b>	Amalgamated Transit Union. The union representing mechanics and other maintenance employees.
<b>ATVC</b>	Advanced Technology Vehicle Consortium
<b>BAD</b>	Benefit Assessment District. A limited area around public transportation stations in which non-residential property owners are taxed for benefits derived from proximity to the system.
<b>BIAS</b>	Budget Information Analysis System. A computerized database application designed to enable departments (cost centers) to enter their budget requests and justify those requests.
<b>BOARDINGS</b>	Number of passengers entering a vehicle of a public transportation system. Passengers are counted each time they enter a vehicle, no matter how many vehicles are used from trip origin to destination. Also known as an unlinked passenger trip.
<b>BOND</b>	An interest-bearing promise to pay a specified sum of money on a specified date.
<b>BOS</b>	Bus Operations Subcommittee
<b>BRT</b>	Bus Rapid Transit – Bus service operated on exclusive rights-of-way (busway) and on short stretches of street lanes designated for bus use.
<b>BSIP</b>	Bus Service Improvement Program – Additional buses on existing lines for overcrowding relief.
<b>BUDGET</b>	A plan of financial operations for a given period including proposed expenditures and revenues, and authorized staffing levels.
<b>CAFR</b>	Comprehensive Annual Financial Report. LACMTA’s annual financial statements.
<b>CALTRANS</b>	California Department of Transportation
<b>CAPITAL ASSET</b>	The acquisition of property, facility, or equipment whose cost exceeds \$2,500 per unit. Capital project costs include installation, delivery cost, sales and use taxes, and general & administrative overhead costs.
<b>CAPITAL PROJECT</b>	Major construction, acquisition, or renovation activities that add value to a government’s physical assets or significantly increase their useful life.
<b>CAPITAL PROJECTS FUND</b>	Fund used to account for financial resources employed in the acquisition or construction of major capital assets.

<b>CASH BASIS</b>	A basis for keeping accounts whereby revenue and expense are recorded on the books of account when received and paid, respectively, without regard to the period to which they apply.
<b>CBD</b>	Central Business District
<b>CFP</b>	Call for Projects. Primary process for the selection of transportation improvement projects for funding with discretionary federal, state, and local revenues.
<b>CMAQ</b>	Congestion Mitigation and Air Quality
<b>CNG</b>	Compressed natural gas
<b>COMMERCIAL PAPER</b>	Short-term interest-bearing promissory note secured by pledged revenues and a liquidity/credit facility. The maturity can range from 1 to 270 days.
<b>CORRIDOR</b>	A defined metropolitan area considered for significant transportation projects such as highway improvements, bus transitways, light rail lines, bikeways, etc.
<b>CP&amp;D</b>	Countywide Planning & Development
<b>CPI</b>	Consumer Price Index. A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (i.e., economic inflation).
<b>CPUC</b>	California Public Utilities Commission
<b>CTC</b>	California Transportation Commission
<b>CTSA</b>	Consolidated Transportation Services Agency. The LACMTA has been designated as the CTSA for Los Angeles County to coordinate all paratransit services to ensure compliance with the Americans with Disabilities Act (ADA).
<b>DBE</b>	Disadvantaged Business Enterprise. Businesses owned and operated primarily by minorities and women.
<b>DEBT SERVICE FUND</b>	Fund used to account for the accumulation and disbursement of resources related to the payment of general long-term debt principal and interest.
<b>DOT</b>	United States Department of Transportation
<b>EEO/AA</b>	Equal Employment Opportunity/Affirmative Action



<b>EIR</b>	Environmental Impact Report. A detailed statement describing and analyzing the significant environmental effects of a project, and discussing ways to mitigate or avoid those effects.
<b>EIS</b>	Environmental Impact Statement. Same as EIR, except prepared under the (federal) National Environmental Policy Act.
<b>ENCUMBRANCES</b>	Reservations and commitments of fund balances that do not constitute an expenditure or liability until the unperformed portion of a contract for goods or services is completed.
<b>ENTERPRISE FUND</b>	Fund established to finance and account for the operation and maintenance of facilities and services that are entirely or predominantly self-supporting.
<b>FAP</b>	Formula Allocation Program. FAP is the adopted method for allocation of federal, state, and local transit operating subsidies to Los Angeles County bus operators. The current formula allocates funds as follows: 50% based on vehicle service miles and 50% based on “fare units”. Allocations are made using audited performance data.
<b>FARE</b>	The price paid to ride public transportation such as a bus or train.
<b>FAREBOX RECOVERY RATIO</b>	Fare and other operating revenue divided by operating expenses.
<b>FAU</b>	Federal Aid Urban. Authorized by the enactment of the Federal Highway Act every five years. Cities and the county are eligible for FAU funds for projects such as street reconstruction and widening, and installation of lights and signals.
<b>FIDUCIARY FUNDS</b>	Financial resources held or managed in an agent or fiduciary capacity.
<b>FIS</b>	Financial Information System. The LACMTA’s automated, integrated financial accounting and control system.
<b>FISCAL YEAR</b>	The period at the end of which a governmental agency determines its financial position and results of operations. The LACMTA’s fiscal year begins July 1 and ends June 30 of the following calendar year.
<b>FIXED ASSETS</b>	Assets of long-term character that are intended to continue to be held or used, such as land, buildings, machinery, furniture, and other equipment.

<b>FIXED GUIDEWAY SYSTEM</b>	A system of vehicles that can operate only on its own guideway constructed for that purpose (e.g., commuter rail, light rail). Federal usage in funding legislation also includes exclusive right-of-way bus operations.
<b>FREIGHT MOVEMENT PROGRAM</b>	A strategic plan being developed by LACMTA to address future goods movement growth throughout the county.
<b>FSP</b>	Metro Freeway Service Patrol. Service financed by the LACMTA, which uses roving tow trucks to remove disabled vehicles and debris from freeways.
<b>FTA</b>	Federal Transit Administration
<b>FTE</b>	Full-Time Equivalent Position. A part-time position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time typist working for 20 hours per week would be the equivalent to a .5 of a full-time position.
<b>FUNCTION</b>	An activity or a group of related activities for which the reporting unit is responsible.
<b>FUND</b>	A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and changes in these assets and liabilities.
<b>FY</b>	Fiscal year
<b>GENERAL FUND</b>	Fund used to account for those financial resources that are not required to be accounted for in any other fund.
<b>GOVERNMENTAL FUNDS</b>	Four fund types are used to account for the agency's governmental-type activities: General fund, Special Revenue fund, Debt Service fund, and Capital Projects fund. See applicable description herein.
<b>HEAVY RAIL</b>	High-speed passenger rail cars operating singly or in trains of two or more cars on fixed rails in separate rights-of-way from which all other vehicular and foot traffic is excluded.
<b>HOV</b>	High Occupancy Vehicle lanes or carpool lanes on freeways dedicated for use by vehicles with multiple occupants.
<b>IMMEDIATE NEEDS TRANSPORTATION PROGRAM</b>	A ten-year program started after the Los Angeles riots to distribute taxi vouchers and bus tokens in Los Angeles County.

<b>INTERNAL SERVICE FUND</b>	Fund used to account for the goods and services provided to LACMTA projects and funds on a cost reimbursement basis.
<b>ITS</b>	Information Technology Services
<b>JOINT DEVELOPMENT</b>	Projects that combine public and private resources to build mixed use development around transit station areas.
<b>JPA</b>	Joint Powers Authority
<b>KEY PERFORMANCE INDICATOR</b>	Indicators that measure and analyze performance in terms of quantity, effectiveness or efficiency.
<b>LA LIGHT RAIL VEHICLE CAR</b>	Los Angeles Light Rail Vehicle Car. The LA Light Rail Vehicle Car is a generic vehicle designed for the LACMTA for use on the Green and Gold Lines.
<b>LACMTA</b>	Los Angeles County Metropolitan Transportation Authority. Also referred to as MTA or METRO.
<b>LIGHT RAIL</b>	Lightweight passenger rail cars operating on fixed rails in right-of-way that is not separated from other traffic for much of the way. Light rail vehicles are driven electronically with power drawn from an overhead electric line (catenary).
<b>LOCAL RETURN</b>	Local return is a direct share, based on population, that the 88 cities and the Los Angeles County receive from the total Propositions A and C sales tax revenue. These funds are used to support transit needs or other transportation related projects, including paratransit and fixed route service, street and road maintenance and other transit related improvements.
<b>LRT</b>	Light Rail Transit
<b>L RTP</b>	Long Range Transportation Plan. A 25-year plan for multi-modal transportation needs of Los Angeles County.
<b>LRV</b>	Light Rail Vehicle
<b>MAINTENANCE &amp; MATERIAL MANAGEMENT SYSTEM (M3)</b>	A materiel, equipment, and facilities management system that automates the control, planning, acquisition and distribution of inventory and tracking of maintenance activities.
<b>METRO</b>	Preferred nickname for and reference to the Los Angeles County Metropolitan Transportation Authority (LACMTA).
<b>METRO BLUE LINE</b>	Long Beach-Los Angeles Light Rail Transit Project. A 22-mile light rail line constructed by the LACMTA. The line opened for service July 14, 1990.

<b>METRO EXPO LINE</b>	Culver City-Los Angeles Mid-City/Exposition Light Rail Transit Project. A 9.6-mile light rail line currently in the planning stage.
<b>METRO GOLD LINE</b>	Union Station-Pasadena Light Rail Transit Project. A 13.7-mile light rail line constructed by the Metro Blue Line Construction Authority. The line opened for revenue service July 28, 2003.
<b>METRO GOLD LINE EASTSIDE EXTENSION</b>	A 6-mile Metro Gold Line light rail transit extension planned to provide service between Union Station and East Los Angeles. The line is scheduled to open in 2009.
<b>METRO GREEN LINE</b>	Norwalk-El Segundo Light Rail Transit Project. A 20-mile light rail line constructed by the LACMTA on the median of the I-105 freeway. The line opened for service August 12, 1995.
<b>METRO ORANGE LINE</b>	A 14-mile Metro Rapidway being built on a former Southern Pacific Railroad right-of-way between the North Hollywood Metro Rail Station and Warner Center in Woodland Hills. Service is scheduled to begin in 2005.
<b>METRO RAPID</b>	Bus service on arterial streets with several attributes to improve service operating speeds including traffic signal priority, level boarding and alighting with low floor buses, fewer stops, and active management of service operation.
<b>METRO RAPIDWAY</b>	LACMTA's BRT service on a dedicated right-of-way. See Metro Orange Line.
<b>METRO RED LINE – SEGMENT I</b>	Segment I of the Metro Rail project constructed by the LACMTA from Union Station to Wilshire/Alvarado (4.4 miles). Operation began in January 1993.
<b>METRO RED LINE – SEGMENT II</b>	Segment II includes Wilshire/Alvarado west to Wilshire/Western, which opened for service in August 1996, and Wilshire/Vermont north to Hollywood/Vine, which opened for service in June 1999.
<b>METRO RED LINE – SEGMENT III</b>	Segment III of the Metro Rail project includes Hollywood/Vine to North Hollywood, which opened for service in June 2000.
<b>METROLINK</b>	The regional commuter rail system connecting Los Angeles, Orange, Riverside, San Bernardino, and Ventura counties. Service began in October 1992.
<b>MIS</b>	Major Investment Study. The study is required by the FTA to obtain federal funds to proceed with any major capital improvement.

<b>MISSION</b>	A brief statement that summarizes an organization's purpose, intent, and commitment.
<b>MODE</b>	A particular form of transportation identified by the vehicle or mode used i.e. bus, light rail, heavy rail, car, bike, or foot.
<b>MODIFIED ACCRUAL BASIS</b>	A method of accounting that recognizes increases and decreases in financial resources only to the extent that they reflect near-term inflows or outflows of cash. Under modified accrual accounting, amounts are recognized as revenue when earned, only so long as they are collectible within the period or soon enough afterwards to be used to pay liabilities of the current period.
<b>MOSIP</b>	Municipal Operator Service Improvement Program
<b>MOU</b>	Memorandum of Understanding. A formal contractual agreement between two or more public agencies.
<b>MOW</b>	Maintenance of Way. Also known as Wayside Maintenance.
<b>MTA</b>	Metropolitan Transportation Authority. Also known as LACMTA or METRO.
<b>MULTIMODAL</b>	Public transportation system, which employs a combination of highway, bus, rail, HOV, bikeway, pedestrian land use, and demand management systems.
<b>MUNICIPAL OPERATOR</b>	A city or county (including any non-profit corporation or other legal entity wholly-owned or controlled by the city or county) which operates a public transportation system, or which on July 1, 1972, financially supported in whole or in part a privately-owned public transportation system and which is not included within an existing transit district.
<b>NON-REVENUE VEHICLES</b>	Vehicles that do not carry fare-paying passengers.
<b>NTD</b>	National Transit Database. A database consisting of financial and operational information for over 600 U.S. transit agencies that receive FTA Section 5307 grants.
<b>OBJECTIVE</b>	Time-phased measurable accomplishment required realizing the successful completion of a strategic goal.
<b>OCIP</b>	Owner Controlled Insurance Program. OCIP self-insurance coverage includes workers' compensation, employer's liability, bodily injury and property damage liability, builder's risk (property), and railroad protective liability.

<b>OVERHEAD</b>	Expenses not directly chargeable to a particular program, which support multiple programs of the LACMTA.
<b>OVERHEAD CATENARY</b>	An overhead contact wire system that supplies power from a central power source to a rail vehicle or trolley bus.
<b>PASSENGER MILES</b>	The cumulative sum of the distances ridden by each passenger.
<b>PERFORMANCE INDICATORS</b>	Specific quantitative and qualitative measure of work performed as an objective of specific departments or programs.
<b>PERFORMANCE MEASURES</b>	Data collected to determine how effective or efficient a department or program is in achieving its objectives.
<b>PRMA</b>	PTSC/MTA Risk Management Authority. Established in September 1998 is a public entity, between the LACMTA and PTSC for the purposes of establishing and operating a program of cooperative self-insurance and risk management.
<b>PROGRAM</b>	A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the government is responsible.
<b>PROP A</b>	Proposition A is a sales tax initiative approved by the Los Angeles County voters in 1980. The proposition established a one-half cent sales tax to be used for public transit.
<b>PROP C</b>	Proposition C is a sales tax initiative approved by the Los Angeles County voters in 1990. The proposition established a one half-cent sales tax to be used for public transportation purposes.
<b>PROPRIETARY FUNDS</b>	Two fund types are used to account for the agency's business-type activities (e.g., activities that receive a significant portion of their funding through user charges): Enterprise fund and Internal Service fund. See applicable description herein.
<b>PTSC</b>	Public Transportation Services Corporation. Created by the LACMTA in December 1996, the PTSC is a non-profit public benefit corporation organized under the laws of the State of California.
<b>REVENUE SERVICE HOURS (RSH)</b>	Total number of scheduled hours that a bus or train is in service. This total excludes hours spent traveling to and from storage facilities and during other non-service travel.
<b>REVENUE VEHICLE</b>	Vehicles that carry fare-paying passengers.
<b>REVENUE VEHICLE HOURS (RVSH)</b>	Total number of scheduled hours that a vehicle is in service. Excludes hours spent traveling to and from storage facilities and on other non-service travel.

<b>REVENUE VEHICLE MILES</b>	Total miles traveled by a revenue vehicle used to provide public transportation. Excludes miles spent traveling to and from storage facilities and on other non-service travel.
<b>RFP</b>	Request for Proposal. An RFP is a tool used by governments and businesses to purchase equipment and services by promoting competitive proposals among suppliers. Through this competitive process, suppliers offer a wide array of potential solutions and prices and compete with each other to win the business. Buyers evaluate the many different supplier solutions and pick the one that most closely fits their needs and budget.
<b>ROD</b>	Revenue Operations Date
<b>RTAA</b>	Regional Transit Alternatives Analysis
<b>SAFE</b>	Service Authority for Freeway Emergencies. Funds generated from one dollar from each vehicle registration within Los Angeles County used to provide expanded and improved emergency call box service along the highways. SAFE is a separate legal entity.
<b>SBE</b>	Small Business Enterprise. Businesses in which at least 51% of the business is owned and operated primarily by socially or economically disadvantaged individuals.
<b>SBU</b>	Strategic Business Unit
<b>SCADA</b>	Supervisory Control and Data Acquisition system. A system used by Rail Operations to regulate, direct, and modify train movement and monitor the functional state of rail facilities (e.g. rail signals, switches, electricity loads, station ventilation, security, etc.).
<b>SCAG</b>	Southern California Association of Governments functions as the Metropolitan Planning Organization for six counties: Los Angeles, Orange, San Bernardino, Riverside, Ventura and Imperial. As the designated Metropolitan Planning Organization, the Southern California Association of Governments is mandated by the federal government to research and draw up plans for transportation, growth management, hazardous waste management, and air quality.
<b>SCAQMD</b>	South Coast Air Quality Management District. The air pollution control agency for the four-county region including Los Angeles and Orange counties and parts of Riverside and San Bernardino counties.

<b>SCORECARD</b>	A system that graphically displays the status of many agency key performance indicators. The Scorecard measures plans against results and displays historical data, current totals, targets, and forecasts so users can easily assess progress, monitor trends, and identify best practices.
<b>SCRRA</b>	Southern California Regional Rail Authority. A joint powers agency including Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties formed to plan, construct, and operate the regional commuter rail system known as Metrolink.
<b>SHORE</b>	Support for Homeless Re-entry Program. The LACMTA provides bus tokens to Los Angeles County shelters and missions.
<b>SPECIAL REVENUE FUND</b>	Fund used to account for specific revenue sources (other than major capital projects) that are restricted for specified purposes.
<b>S RTP</b>	Short Range Transportation Plan. A five-year business plan, completed every three years, which is used for internal planning.
<b>STA</b>	State Transit Assistance Fund. Used to account for the revenue from the sales tax on gasoline used for transit purposes. The STA fund was created as an amendment to the Transportation Development Act of 1976.
<b>STIP</b>	State Transportation Improvement Program. The California Transportation Commission (CTC) adopted this program that serves as the primary vehicle for programming funds for highway projects.
<b>TCU</b>	Transportation Communications Union. Union representing clerical workers.
<b>TDA</b>	Transportation Development Act. Created by state law in 1972, the TDA authorized the use of $\frac{1}{4}$ of 1% of the state sales tax for transportation purposes. 1% of this revenue is allocated to the LACMTA for its transportation planning activities.
<b>TEA-21</b>	Transportation Equity Act for the 21 <sup>st</sup> Century. On June 9, 1998, the President signed the Transportation Equity Act for the 21 <sup>st</sup> Century (TEA-21) authorizing highway, highway safety, transit and other surface transportation programs for the next 6 years.
<b>TEAMSTERS</b>	International Brotherhood of Teamsters (IBT). Union representing security guards.



<b>TIP</b>	Transportation Improvement Program. The programming document, which establishes allocation of funding for Los Angeles County highways and transit.
<b>TOTS</b>	Transit Operating and Trend System. A system that collects and reports bus operator salary data.
<b>TSM</b>	Transportation Systems Management. A program of user incentives and disincentives to maximize capacity and usage of the existing transportation network.
<b>TVM</b>	Ticket Vending Machines
<b>UFS</b>	Universal Fare System
<b>UNLINKED PASSENGER TRIP</b>	See BOARDING