



NEWS

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MTA'S PROPOSED \$3.1 BILLION FY '96 BUDGET MAINTAINS PRESENT BUS/TRAIN SERVICE LEVELS; RETAINS CURRENT FARE STRUCTURE; ELIMINATES PROJECTED \$108 MILLION DEFICIT

MTA Chief Executive Officer Franklin E. White presented to the Board of Directors today a proposed \$3.1 billion FY '96 budget that calls for maintaining the present level of bus and train service, proposes no fare increase and eliminates a projected operating shortfall of \$108 million anticipated during FY '96.

"Achieving a balanced budget for the new fiscal year was a significant challenge," said White. "As in years past, we expect our revenue base to continue to decline, with losses in federal subsidies and with our inability to capture the full value of the Board-enacted fare increase of last year."

MTA began the FY '96 budget process with the potential for a \$108 million operating deficit. This resulted from net reductions in one-time and discretionary revenues of \$38 million and \$61 million in increased expenses from a 1.6 percent salary increase for non-represented and represented employees, increasing fuel costs and other inflationary impacts. In addition, in an effort to improve the Authority's financial management, \$9 million has been set aside to reduce a portion of the accumulated \$27 million operating deficit over a three-year period.

"To eliminate the budget gap and ensure that we create an organization that meets the needs of our constituencies, while operating within our means, we have developed an aggressive set of management and financial objectives," said White.

"These objectives will be to reduce internal administrative and operating costs where possible, and minimize reliance on discretionary and one-time revenues to bail us out of financial trouble year after year," added White.

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The proposed FY'96 budget calls for the reduction of over 600 positions, representing approximately \$43 million in savings. These savings have been achieved through re-engineering business processes, improving our cost effectiveness, and challenging our managers to do more with less, noted White.

The budget is divided into three sections. The operating budget totals \$947.9 million and reflects a decrease of \$9.6 million over last year's budget. The capital budget totals \$1.14 billion, a decrease of \$36.8 million. Funds programmed to other agencies, through the MTA, account for \$1,001.8 billion, an increase of \$191.6 million.

The largest single operational cost reduction highlighted within the proposed FY '96 budget is the new single-manager and regional reorganization of bus operations. The plan, now implemented, integrates transportation and maintenance management control at the operating division level, reducing reporting levels and decentralizing the decision-making process. This reduction alone will save an estimated \$28.9 million annually. The change will foster improved management of bus operations and make possible the achievement of various cost-saving initiatives.

New operational activities planned for FY '96 include:

- An aggressive campaign to upgrade the appearance and condition of the interiors of buses. This will be an addition to MTA's Zero Tolerance Anti-Graffiti Program.
- Deployment of 196 new Compressed Natural Gas (CNG) buses.
- Opening of the Metro Green Line.
- Opening of the intermodal Gateway Transit Center and MTA Headquarters building.
- Institute new market research and increase the level of training in customer service.

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- Reorganize support services in the area of revenue control, materiel, information systems, finance and human resources.
- Add quality control and safety personnel within the construction unit to better control and more efficiently implement the rail construction program.

The proposed FY '96 capital budget represents an ambitious and integrated construction and service improvement agenda. Highlights of major capital expenditures include:

- Close-out of all Green Line contracts.
- Complete construction of all Wilshire Corridor facilities on Red Line Segment 2.
- Begin construction of Universal City station for Red Line Segment 3.
- Start construction of Eastern Extension of Red Line Segment 3.
- Complete major design and bridge construction on Pasadena Blue Line.
- Continue development of the Advanced Technology Transit Bus.
- Upgrade bus facilities to accommodate new compressed natural gas (CNG) buses.
- Initiate the bus interior cleaning and bus upgrade campaign.
- Improve grade crossing safety along the Blue Line; installation of four-quad gate crossing systems at selected intersections.
- Provide up-to-date communications equipment to support Transit Police.
- Develop an improved materiel management system to effectively monitor inventory levels.
- Build an integrated human resources information system.

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The MTA also serves as the regional transportation planning entity for Los Angeles County. As such, the MTA is responsible for programming funds to support transit, highway and multimodal programs to various cities and agencies throughout the county.

The proposed FY '96 budget includes \$74.9 million in operating funds for the following transit operators: Arcadia (\$501,391), Claremont (\$143,360), Commerce (\$264,892), Culver City (\$3.8 million), Foothill Transit (\$17.17 million), Gardena (\$3.9 million), La Mirada (\$236,162), Long Beach (\$19.39 million), Montebello (\$5.45 million), Norwalk (\$1.4 million), Redondo Beach (\$78,404), Santa Monica (\$17.48 million), and Torrance (\$5.03 million).

In addition, the budget calls for the allocation of \$25.1 million in Section 9 capital funds to various cities within the county to use for bus replacement, facility rehabilitation and other related transit projects.

The following highlights additional programs in which funds are programmed to other agencies: SCRRA Metrolink services (\$44.5 million), Transportation Improvement Program (\$215.5 million), State Highway Program (\$42.1 million) Local Program for roadway reconstruction, rehab, safety improvements, etc. (\$309.2 million), paratransit services (\$17.7 million).

Federal budget cuts proposed by the House and Senate budget committees' version of the FY 1996 Budget Resolution now being debated on Capitol Hill, if enacted, could have a severe impact on the goals and projects outlines in MTA's 20-year long range transportation plan as well as MTA's proposed FY'96 budget, noted White.

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"If federal assistance for mass transit is cut as proposed, the repercussions for Los Angeles County would be serious, both from a transportation and an economic point of view," said White. "Fares could rise another 25 cents, service could be cut, and our rail construction programs could be delayed, all of which would have a domino effect on our local economy."

The MTA Board of Directors has scheduled a workshop on the proposed FY '96 budget for June 8 and a public hearing on June 14. Final adoption of the budget is expected in late June.

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