

## **MTA Unveils Austere Fy04 Draft Budget That Still Pushes Forward with Major Transit Projects**

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Determined "to live within our means" despite an anticipated sharp cut in state funding, MTA CEO Roger Snoble has proposed an austere MTA budget for the next fiscal year that still calls for pushing forward with major transportation improvements for Los Angeles County to deal with worsening traffic.

The balanced \$2.8 billion draft spending plan is for the fiscal year that begins July 1, 2003. The public can view the draft budget on MTA's Internet web site at [www.mta.net](http://www.mta.net) or request a copy by calling Charlene Aguayo in MTA Records Management at (213) 922-2342.

The MTA Board of Directors will conduct a budget workshop meeting at 10 a.m. Monday, May 12, followed by a public hearing on the budget at 9:30 a.m. Thursday, May 15. MTA directors will consider adopting the FY04 budget at their regular Thursday, May 22, Board meeting that starts at 9:30 a.m. All meetings will be held in the MTA Board room at MTA Headquarters at Gateway Plaza next to Union Station in downtown Los Angeles.

Due to major capital projects that will be under construction next year and the opening of the 13.7 mile Los Angeles to Pasadena Metro Gold Line, the proposed FY04 budget is up \$147 million, or 6 percent, over the current budget, however, the operating side of the budget is about the same.

Half the budget -- \$1.377 billion -- is earmarked for bus operating and capital expenses for MTA and the county's municipal bus operators. Bus expenditures are up \$125 million more than the current budget and reflect new services such as the expanding Metro Rapid lines plus the purchase of hundreds of new buses. More...

Complying with the federal Consent Decree to improve bus service will cost about \$130 million next year. Those costs are escalating and are up about \$30 million from this year.

MTA may lose more than \$1 billion in state funding, largely for capital projects, as the Legislature and Governor grapple with the state's worst fiscal crisis. Farebox revenue is flat and local transit tax revenue and federal funding for MTA may show only a slight increase next year.

"Like many public and private companies, the MTA is struggling to maintain service in the face of limited resources," MTA CEO Snoble said. "To accomplish that we have to operate more efficiently and cut overhead."

The draft budget calls for the elimination of 104 positions, no wage increase next year for MTA employees unless specified in labor contracts, a 10 percent cut in administrative costs, and a \$6 million reduction in workers compensation costs over this year.

The budget also calls for restructuring Metro fares, which haven't been adjusted in more than eight years. Under the staff recommendation, the basic cash fare would drop a dime to \$1.25 but the cost of a monthly pass would be raised by \$10 (now \$42) and

other fares would be adjusted although staff is now recommending that there be no change in fares charged students, seniors and the disabled.

The MTA Board will consider whether or not to restructure fares at the May 22 Board meeting. If the Board opts to do that, the new fares would go into effect Jan. 1, 2004. The staff fare proposal would generate about \$16 million in more revenue in FY04.

On the operating side, there will be an 18 percent increase in Metro Rail service with the opening this summer of the Los Angeles to Pasadena Metro Gold Line. MTA will beef up bus service on the highest ridership lines but will reduce service on some low productivity lines, those carrying few passengers. This primarily affects the 13 low volume bus lines that MTA contracts with private carriers to run.

MTA also will optimize its systemwide bus schedules and redeploy some service from lines where service is duplicated by the municipal bus operators or by new Metro Rail service. Total Metro Bus service will decline by about 2 percent in FY04 but MTA soon will start deploying new high capacity buses that can carry more passengers.

### **More than \$1 billion for buses**

Buses remain the highest priority for MTA in FY04. The MTA will spend a record amount on the bus program, which includes Metro Bus operations, bus purchases and construction of new bus facilities as well as municipal bus operator subsidies and paratransit service for the disabled who can't use the regular fixed route transit system. The draft FY 04 budget earmarks \$1.377 billion, or 49.3 percent, for buses. That compares with \$1.25 billion, 47.3 percent, this year.

Three new Metro Rapid lines will debut in FY 04. These include Vernon/La Cienega, Soto and Crenshaw/Rossmore. The distinctive red and white painted Metro Rapid buses employ transponders that can extend green lights or turn red lights green 10 seconds faster and make fewer stops so they operate about 25 percent faster than conventional bus service. Within five years MTA will have 27 Metro Rapid bus lines in place, spanning nearly 400 miles throughout Los Angeles County.

MTA expects to take delivery of 30 new 45-foot buses that can seat 16 percent more passengers than a standard 40-foot coach in FY 04. Another 70 of these bigger buses are on order along with 200 high-capacity articulated buses that are 60-feet long.

Besides funding these bus purchases, MTA also has budgeted monies for construction of the 14-mile San Fernando Valley Metro Rapidway that will connect the North Hollywood Metro Rail station and Warner Center. The transitway is under construction and is scheduled to open in 2005.

Local communities will gain even greater control over bus operations and improvements under the proposed spending plan. Last summer MTA reorganized its bus operations into five Metro service sectors. Each will have a community governing council and will have its own operating budget.

The second largest slice of the budget pie -- \$498 million or 17.8% -- is for Metro Rail operating costs and construction.

The opening of the 13.7-mile Los Angeles to Pasadena Metro Gold Line this summer will expand the Metro Rail system to 73 miles crisscrossing Los Angeles County. The MTA plans to begin construction in FY04 on a six mile Eastside extension of the Metro Gold Line from Union Station in downtown Los Angeles to Atlantic and Pomona.

MTA also is purchasing 50 new light rail cars to serve the Metro Gold Line and the Eastside extension, and a mid-life overhaul of the Metro Blue Line is scheduled next year.

In addition, MTA will contribute \$41 million, 1.5 percent of the total budget, to help subsidize Metrolink commuter rail operations in FY04.

### **Funding for streets and highway programs**

The next biggest portion of the draft MTA budget -- \$483 million or 17.3 percent -- is for highway and other regional transportation programs such as construction of freeway carpool lanes, freeway sound walls, street widening, better traffic signal coordination, grade separations at railroad crossings, bikeways, ride-sharing incentives, shuttles, and other local transportation programs. The budget also includes funding for the Metro Freeway Service Patrol to help stranded motorists.

### **Debt service reduced**

MTA's debt service next year will be \$312 million, 11.2 percent of the proposed budget. That's down from \$315 million this year.

Rounding out the FY04 draft MTA budget are expenditures for other governmental programs such as transportation planning, capital projects such as warehousing, legal and other expenses. These expenditures total \$82 million or 2.9 percent of the budget.

MTA funding comes from the farebox, local, state and federal governments and other sources such as lease rentals, investment income, and advertising revenue.

**MTA-064**

[\[Return to Home\]](#)