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## **Metro to Hold Public Hearing May 20 on Proposed FY05 Budget**

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Metro will hold a public hearing on a draft \$2.9 billion budget for fiscal year 2004-05 on Thursday, May 20, at 10:30 a.m. in the third floor Board room at Metro headquarters, One Gateway Plaza next to Union Station in downtown Los Angeles.

The public can review copies of the [budget proposal](#) on Metro's Internet web site at Metro.net or request a copy by calling Charlene Aguayo at (213) 922-2342.

Metro directors are expected to adopt the balanced budget at a special Board meeting at Metro headquarters starting at 9:30 a.m. Monday, June 7.

CEO Roger Snoble has proposed a spending plan that eliminates at least 233 jobs and sharply reduces administrative overhead to balance a structural operating deficit. Metro fares will remain the same.

"We have to live within our means," Snoble said in describing the austere budget proposal. "This is not a happy budget. Our efforts to improve mobility in Los Angeles County have been slowed, largely because we expect LA County to lose \$2.3 billion in state transportation funding between FY03 and FY09. However, we're still pushing forward with key projects such as the Metro Orange Line transitway in the San Fernando Valley and the extension of the Metro Gold Line to Little Tokyo and East Los Angeles."

The draft budget is for the fiscal year starting July 1, 2004. It is \$89 million more than the current budget. However, the cost difference is mainly due to the scheduled start of construction of the 6-mile Metro Gold Line Eastside Extension this summer as well as major construction work on the 14-mile Metro Orange Line transitway from Warner Center to the North Hollywood Metro Rail station. Metro also is facing higher costs for fuel and security.

To offset these higher costs and dwindling state transportation funding, the draft budget pared 11% from non-labor expenses. These included more than \$7 million from such categories as travel, training, materials and supplies.

Metro employees received no pay increase this year but are budgeted for a modest 2.5% increase next year.

Snoble noted that there are several risk factors that could drive up Metro costs. These include the final settlement of health care contract issues with the union representing Metro maintenance employees, spiraling costs associated with the federal court Consent Decree order to improve Metro Bus service, workers compensation costs, and the volatility of energy prices to power Metro's Bus and Rail fleets.

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

Nearly half the budget -- \$1.387 billion or 48.5% -- is earmarked for Metro Bus operating and capital expenses and support for municipal bus operators and paratransit programs countywide. Metro will take delivery of 130 new high-capacity buses in the next fiscal year including 30 new 60-foot buses that can seat 50 percent more passengers than a standard size 40-foot bus.

## **Rail program expands**

The second biggest slice of the budget pie -- \$525 million or 18.4% -- would go for Metro Rail operating, construction and capital costs. Another \$55 million -- 1.9% -- is LA County's subsidy for the Metrolink commuter rail network that serves LA and four outlying counties in the region.

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

The next biggest portion of the draft budget -- \$513 million or 17.9% -- 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 up slightly**

Metro's debt service next year will be \$306 million -- 10.7% of the budget. That's up \$9 million from this year for planned debt issuance primarily due to support the Metro Eastside Extension and the Metro Orange Line.

Rounding out the FY05 draft Metro budget are expenditures for other governmental programs such as transportation planning, capital projects such as warehousing, legal and other expenses. These expenditures total \$76 million or 2.7% of the budget.

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

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