


Metro
FINANCE AND BUDGET COMMITTEE
February 19, 2004
SUBJECT: FY04 FIRST QUARTER FINANCIAL PERFORMANCE
ACTION: RECEIVE AND FILE
RECOMMENDATION

Receive and file FY04 First Quarter Financial Performance Report.

ISSUE

This report discusses the financial performance of the MTA's major programs for the first quarter of FY04.

DISCUSSION
SUMMARY OF SALES TAX REVENUES

(Dollars in millions)	2004 Actual	2004 Budget	2003 Actual	2002 Actual
Sales tax revenues Prop. A, C and TDA	\$353.0	\$347.2	\$338.4	\$327.8

Discussion

The largest sources of MTA funds come from Proposition A, Proposition C and Transportation Development Act (TDA) sales taxes. Sales tax revenue represents over 57% or \$1.4 billion of the total budgeted revenues. These revenues provide at least partial funding for nearly all MTA activities including bus and rail operations, the call for projects, capital projects, planning studies and other regional transportation programs. For FY04 Q1, the actual earnings were \$14.6 million or 4.3% higher than the same period last year. Revenues for the quarter were \$5.8 million or 1.7% higher than budget.

SUMMARY OF METRO BUS OPERATIONS AND RELATED INFORMATION

For the Three Months Ended September 30,

(Dollars in millions except for performance data)

	2004 Actual	2004 Budget	2003 Actual	2002 Actual
Operating Revenues:				
Passenger fares	\$56	\$57	\$54	\$52
Other system generated	3	3	3	3
Total operating revenues	59	60	57	55
Total operating expenses	198	209	195	187
Operating loss	(139)	(149)	(138)	(132)
Non-operating revenues	19	23	23	24
Subsidies	119	119	121	106
Net Income	(\$1)	(\$7)	\$6	(\$2)

Performance Measurement

Cost/Revenue Service Hour	\$96.95	\$98.87	\$96.86	\$89.13
Cost/Passenger Mile	\$0.47	\$0.51	\$0.50	\$0.51
Subsidy/Passenger Mile	\$0.32	\$0.35	\$0.34	\$0.33
Mean Miles Between Mechanical Failures	5,968	7,500	6,848	4,549
Traffic Accidents/100,000 Miles	3.54	3.00	3.88	3.78
Transportation Monthly Lost Time Claims/100 Employees	2.06	N/A	2.10	2.58
Maintenance Monthly Lost Time Claims/100 Employees	0.98	N/A	1.51	1.67
Mean Fleet Age in Years	5.20	N/A	5.20	4.60
Peak Bus/Base Bus	1.52	N/A	1.46	1.46

Discussion

Bus operating expenses for FY04 Q1 were \$198 million or \$11 million (5.3%) lower than the budget of \$209 million and Revenue Service Hours (RSH) were 1.84 million, or 5.4%, below the target level of 1.95 million. This is due to service level reductions implemented earlier in the year than planned. The budgeted cost per RSH of \$98.87 differs from the adopted budget target of \$101.31 due to the uneven mix of costs and RSH among the quarters. A shortfall in revenues of \$1 million resulted in an overall deficit of \$1 million.

The Safety's First program resulted in lower than anticipated costs for both workers' compensation and casualty and liability, generating savings in both expense categories of approximately \$3 and \$0.2 million respectively. Parts, supplies, services, and all other expense categories experienced a \$5 million budget underrun. Partially offsetting these savings was an overrun in fuel of \$1 million as a result of higher than anticipated diesel and natural gas prices.

SUMMARY OF METRO RAIL OPERATIONS AND RELATED INFORMATION

For the Three Months Ended September 30,

(Dollars in millions except for performance data)	2004 Actual	2004 Budget	2003 Actual	2002 Actual
Operating revenues				
Passenger fares	\$10	\$11	\$10	\$9
Other system generated	0	0	0	0
Total operating revenues	10	11	10	9
Total operating expenses	102	108	101	81
Operating loss	(92)	(97)	(91)	(72)
Non-operating revenues	7	8	0	0
Subsidies	85	89	91	75
Net Income	\$0	\$0	\$0	\$3

Performance Measurement

Heavy Rail Cost/Revenue Service Hour	\$221.41	\$246.97	\$239.13	\$202.71
Light Rail Cost/Revenue Service Hour	\$289.26	\$302.16	\$306.44	\$341.28
Heavy Rail Cost/Passenger Mile	\$0.35	\$0.40	\$0.40	\$0.37
Light Rail Cost/Passenger Mile	\$0.37	\$0.54	\$0.38	\$0.36
Heavy Rail Subsidy/Passenger Mile	\$0.24	\$0.30	\$0.29	\$0.20
Light Rail Subsidy/Passenger Mile	\$0.30	\$0.41	\$0.29	\$0.26
Rail Monthly Lost Time Claims/100 Employees	1.12	NA	0.78	1.00
Light Rail Vehicle Accidents Rate/100,000 Miles	0.41	0.40	0.38	0.30

Discussion

Metro Rail operating expenses for FY04 Q1 were \$102 million, or \$6 million lower than the budget of \$108 million. Revenue Vehicle Service Hours (RVSH) of 159,200 were below the target of 169,100 by 9,900 or 5.9%. This underrun in expenses and RVSH reflects the 25-day delay in the opening of the Pasadena Gold Line.

Primarily as a result of the Gold Line delay, virtually every expense category was on or under budget including: contract and non-contract wages, fringe benefits, parts, supplies, services, utilities and allocated overhead. Partially offsetting the noted underruns was an overrun in workers' compensation of \$0.6 million as a result of higher than anticipated new claims.

SUMMARY OF CAPITAL PROJECTS FUND AND RELATED INFORMATION

For the Three Months Ended September 30,

(Dollars in millions except for performance data)

	2004 Actual	2004 Budget	2003 Actual	2002 Actual
Revenues:				
Intergovernmental grants	\$20	\$89	\$6	\$27
Investment income and other	1	-	1	2
Total revenues	21	89	7	29
Expenditures:				
Bus acquisitions	6	43	5	15
Bus and facilities maintenance	4	10	2	3
Rail MOW, facilities and vehicle maintenance	2	10	3	6
Major construction	29	114	25	20
Other capital	4	6	2	4
Total capital expenditures	45	183	37	48
Deficiency of revenues over expenditures	(24)	(94)	(30)	(19)
Transfers in	20	69	34	16
Transfers out	(24)	(50)	(10)	(8)
Proceeds from financing	-	36	-	-
Net other financing sources	(4)	55	24	8
Excess (deficiency) of revenues and other financing sources over uses:*	(\$28)	(\$39)	(\$6)	(\$11)

* FY04 budget funds the deficiency from fund balance.

Performance Measurement

Capital Expenditures as a % of Budget

Bus acquisitions	14%	NA	41%	64%
Bus and facilities maintenance	40%	NA	23%	25%
Rail MOW, facilities and vehicle maintenance	20%	NA	35%	53%
Major construction	25%	NA	42%	34%

Discussion

The FY04, Q1 capital fund budget was \$183 million; \$114 million was budgeted for major construction projects and \$69 million was budgeted for other MTA capital projects. \$45 million, or 24%, of the total budget was expended during the quarter.

Major Construction

Major construction includes all construction projects managed by the Construction Project Management Strategic Business Unit. These projects are mostly the construction of new fixed guideway corridors, new rail car purchases and other major infrastructure improvements. Only 25% of the quarter's budget was spent. The Eastside LRT had an unspent balance of \$45.0 million. Construction bids were received from design/bid contractors in December and are currently being reviewed by management. The Full Funding Grant Agreement is currently being considered by the Federal Office of Management & Budget, after which it will be reviewed by Congress before final approval by the FTA later this fiscal year. The SFV MR was underspent by \$11.5 million due to delays by the design/build contractor in the completion of the initial designs of the busway and intersections that impacted the start of the construction. This delay will not be mitigated by year-end. The P2000 Rail cars had delivery and acceptance delays resulting in \$7.1 million in unspent funds. The P2550 cars had an unspent balance of \$9.8 million due to contractor delays. These delays will be mitigated by year-end.

Bus Acquisition

The bus acquisition element includes the acquisition of buses, the Universal Fare System (UFS) and Advanced Technology Management System (ATMS) projects. Production delays by the manufacturer of one hundred 45-foot high-capacity buses have resulted in an under-run of \$5.5 million. This project will be completed in FY05. Progress on the UFS and ATMS projects was slower than expected resulting in under-runs of \$14.6 million and \$16.4 million respectively. Schedule mitigations are expected later in the year.

Bus Maintenance and Facilities

Unspent expenditures of \$6 million resulted mostly from delays in the design of division chassis washers and solar generation units (\$2.2 million) and from delays in the award and start of the contract for replacement of underground storage tanks (\$1.8 million).

Rail Capital Projects

A total of \$10 million was budgeted for rail facilities, vehicle maintenance and wayside improvements during the quarter. Overall, a third remains unspent. Most of that was due to delays in Rail facility maintenance projects (\$1.7 million). The SCADA replacement project was delayed by the contractor (\$0.9 million). The rail fiber optics system was delayed due to changes in the agreement with the City of L.A. (\$0.9 million). The expansion programs at Division 11 and 22 were delayed due to final design/build issues (\$.09 million).

Other Capital Projects

These projects include non-revenue vehicle acquisitions, warehouse and information technology/ communications projects. The underrun of \$2 million relates to requisition lag times regarding non-revenue vehicle acquisitions.

SUMMARY OF CALL FOR PROJECTS AND RELATED INFORMATION

For the Three Months Ended September 30,

(Dollars in millions except for performance data)

	2004 Actual	2004 Budget	2003 Actual	2002 Actual
Revenues:				
Sales Tax	\$10	\$16	\$8	\$12
Intergovernmental grants	-	-	-	-
Investment income and other	-	-	-	-
Total revenue	10	16	8	12
Expenditures:				
Highway programs	2	3	1	1
Regional surface transportation improvement	2	3	-	10
Local traffic system	4	5	5	1
Commuter rail	1	3	-	-
Bus capital	1	2	-	-
Total call expenditures	10	16	6	12
Excess of revenues over expenditure	\$0	\$0	\$2	\$0

Performance Measurement

Call Expenditures as a % of Budget

Highway programs	67%	NA	20%	17%
Regional Surface Transportation Improvement	67%	NA	9%	44%
Local Traffic System	80%	NA	98%	5%
Commuter Rail	33%	NA	4%	0%
Bus Capital	50%	NA	2%	8%

Discussion

In the first quarter, \$6 million was unspent out of a budget of \$16 million. Most of this was due to contractor delays in the invoicing of projects and delays in the award of contracts. Commuter Rail was underspent by \$2 million due to delays in SCRRA's procurement of rolling stock. The HOV lane projects, Alameda Corridor and various Traffic system related projects all experienced delays.

SUMMARY OF OTHER TRANSPORTATION PROGRAMS AND RELATED INFORMATION

For the Three Months Ended September 30,

(Dollars in millions except for performance data)	2004 Actual	2004 Budget	2003 Actual	2002 Actual
Revenues:				
Sales tax subsidy	\$6	\$7	\$7	\$6
Intergovernmental grants	12	18	15	13
Investment income and other	-	-	-	-
Total revenues	18	25	22	19
Expenditures:				
Freeway Service Patrol - FSP	3	6	4	4
SAFE*	1	3	2	1
Access Service Incorporated - ASI	14	15	16	13
Total expenditures	18	24	22	18
Excess of revenues over expenditures	\$ -	\$ -	\$ -	\$1
Performance Measurement				
FSP - Cost per Assist	\$28.64	N/A	\$33.63	\$27.19
SAFE - Cost Per Call Answered**	\$20.32	N/A	\$18.73	\$19.82
ASI operating subsidy per passenger	\$27.24	N/A	\$27.72	\$26.66

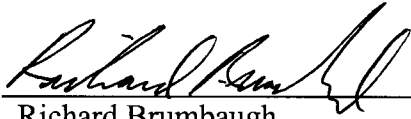
* The SAFE is not an MTA function but is included in this chart as it performs motorist aid services similar to FSP and ASI.

** FY03 cost per call based upon operating costs and excludes a one-time expenditure of \$3.5 million used to cover the cost of modifying callbox sites in compliance with the Thalheimer ADA Settlement Agreement.

Discussion

The budget variances reflect the normal lag time in processing invoices and the resulting revenue matches.

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