



1997-1998 Proposed Budget Summary

Los Angeles County
Metropolitan
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Authority

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Summary



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Metropolitan Transportation Authority

1997-1998 Proposed Budget Summary



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About the Cover:

The FY98 Budget cover was designed by artist John Lee. Lee is a 19-year old Fine Art student at Santa Monica College and grew up in Los Angeles. Lee was a participant in Metro Art's *Young Artist Program*, established as part of MTA vandalism abatement efforts. Through this program, Lee's vibrant work was printed on bus cards and posted throughout the Metro Bus system. "Metro is as much a part of the Los Angeles landscape as Hollywood or Venice Beach," says Lee. "Los Angeles is colorful and that's why I love it. I think art adds flavor to everyday life, and on buses art gives passengers something to think about." If you look closely at Lee's work, you will find an array of MTA services and programs including buses, trains, call boxes, and carpool lanes.

The FY98 Budget, including the cover, was printed in-house by the MTA Print Shop.



May 29, 1997

Los Angeles County
Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012

213.922.6000

To Members of the Board of Directors:

On behalf of the staff, I am pleased to present the Los Angeles County Metropolitan Transportation Authority's Fiscal Year 1998 Proposed Budget. The Budget provides funding for the agency's top two priorities: Improving bus service and completing Metro Rail construction projects on schedule. It also exceeds the challenge given us by the Board in January to achieve a 5 percent reduction in operating costs. Operating expenses are budgeted at \$720 million, a reduction of \$34 million dollars or 5 percent. Agency overhead expenditures are reduced by an additional \$5 million. Finally, Regional Transportation Planning, Development & Programming's administrative budget is reduced by \$3 million.

We obtained these reductions through an intensive re-evaluation of projects and expenditures and a commitment to achieve operating efficiencies. Among the most difficult decisions was one to reduce staff. This will be accomplished primarily through voluntary retirements and separations, although some layoffs likely will be required.

As we move into FY 1998, we can look back on the FY 1997 as one of significant accomplishments. Among these accomplishments are:

- Last July's opening of the 2.2-mile Metro Red Line Wilshire extension.
- The addition of new bus service.
- The Transit Police merger with the Los Angeles Police Department and the Los Angeles Sheriff's Department.
- Notable progress on the Vermont/Hollywood corridor and the tunnels from North Hollywood to Hollywood.
- Adoption of MTA vision and mission statements.
- Completion of a comprehensive organizational assessment, followed by implementation of many initiatives.
- A renewed focus on improving customer service, including the hosting of a two-day Customer First Conference.
- Hosting the first annual Transit Innovations Conference.
- Began construction of the Route 60 HOV lane and the Route 57 HOV lane.

Page 2, Letter to Members of the Board of Directors
FY-1997 Accomplishments continued:

- Opened 12 miles of HOV lanes in both directions on Route 118.
- Opened the Santa Monica Freeway Smart Corridor.
- Completed the Major Investment Study for a project to reconfigure Santa Monica Boulevard between the I-405 Freeway and Beverly Hills.

Our principles have been expressed frequently to the Board and to the staff.
The MTA strives to be

Fiscally responsive,
Customer-focused,
Community and regionally responsive, and
Employee-supportive.

Our major objectives for FY 97 were developed within the framework of these principles. In addition to improving bus service and continuing the Metro Rail projects, our objectives for the fiscal year include:

- Developing and implementing a five-year Strategic Business Plan.
- Achieving a NEXTEA funding authorization.
- Resolving rail construction scope and funding issues and developing a plan supported by the Board and the FTA.
- Adopting and implementing a Long-Range Transportation Plan that will carry the MTA to the year 2020.
- Continuing the successful TLAMP executive training program at UCLA.
- Using the results of the employee survey to improve agency effectiveness and employee morale.

FY 1998 promises to be an exciting year, one in which the MTA will make great progress toward meeting the region's transportation needs. We look forward to working with you to achieve these important goals.



Linda Bohlinger
Interim Chief Executive Officer

A Better Tomorrow Rides On Us



May 29, 1997

Los Angeles County
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Los Angeles, CA
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Budget Message from the CFO

The FY98 Budget covers the first year of a challenging five year budgeting period for the MTA. In order to meet the 5 percent or \$41 million reduction mandated by the Board in January, 1997, staff prioritized competing demands in an environment of constrained resources. The proposed budget includes \$2.8 billion in expenditures. Operating expenditures are \$720 million. Capital projects total \$1.1 billion. Planning and local transportation subsidy programs are \$667 million. Debt service is budgeted at \$300 million.

Operating expenditure reductions exceed the budget challenge. Reductions are summarized as follows:

- Operating budget, consisting of bus and rail operations (enterprise fund) and commuter services, is reduced by \$34 million (\$51 million in reductions net of \$17 million in incremental expenses related to bus service improvements).
- Agency overhead is reduced by \$5 million.
- Planning administrative costs are reduced by \$3 million.

These savings resulted from a zero-based budgeting review of all expenditures and staff positions rather than from changes in Board policies. The proposed budget reflects several difficult decisions, including staff reductions implemented through a voluntary retirement and layoff program to eliminate 78 filled non represented positions. Additionally, 114 represented positions will be eliminated through attrition.

This year, the budget consists of two volumes. To facilitate Board review and staff analysis, the first volume contains highlight and overview level review of MTA budget proposal. The second volume provides traditional functional, line item detail data with informational appendices.

MTA Initiatives and Budget Assumptions

The primary goals of the MTA during FY98 will be to expand and improve bus service and to maintain the rail construction program schedules adopted in January, 1997. Two critical objectives for the upcoming year will be the adoption of the "2020 Vision" Long Range Transportation Plan (LRTP) and the creation of MTA's first five-year strategic business plan. These planning vehicles will incorporate updated assumptions regarding the economic environment in Los Angeles, the MTA's financial capacity and will provide a means for the Board to evaluate programs and set priorities beyond the one-year period covered by this budget. The strategic business plan will provide for a review of policies controlling the delivery of regional and internally operated transit services, regional funding priority setting, and major transportation infrastructure project selection.

The proposed budget assumes 6.7 million bus service hours and 153,000 rail service hour with total system boarding of approximately 400 million passengers. The method of budgeting fares has been changed from last year's budget to reflect gross fares for contracted bus services and token commission sales. Therefore, fare revenues appear to increase. No increase in the fare structure is planned.

The Prop A and C revenue projections are based on the UCLA forecast released in August, 1996. Revenue from each sales tax measure is estimated to increase by approximately 7% over FY97. These revenues are budgeted for expenditure at 100% of the UCLA forecast level in FY98. The LRTP contemplates discounting the sales tax growth rate and program reserve set-asides beginning in FY99.

Budget Summary

Below is a brief summary of the proposed budget for MTA's three core functions -- Operator, Builder, and Planner.

Operator: Enterprise expenditures for bus and rail operations are budgeted at \$673 million, a \$32 million, 4.5%, decrease from FY97. Three major changes are reflected in the FY98 budget:

- Costs to comply with the consent decree are budgeted at \$25 million, a \$17 million increase over the FY97.
- Revenue Anticipation Notes (RANs) budgeted at \$35 million in FY97 are not required in FY98.
- Reduced fare revenue experienced in FY97 is incorporated into the FY98 budget and LRTP modeling.

The MTA's role as operator also includes commuter services (Freeway Service Patrol and Call Boxes) and MTA Lite budgeted at \$46 million.

Builder: Rail construction expenditures are budgeted at \$783 million, a \$72 million, 8%, decrease from FY 97. Major project highlights include:

- \$105 million decrease in Red Line Segment 2B, Hollywood, expenditures as the project is in the final stages of construction and begins pre-operation activities.
- \$56 million increase in Red Line Segment 3, Eastern Extension, expenditures as the project will complete final design and begin issuing construction contracts.
- \$19 million decrease in Red Line Segment 3, North Hollywood, expenditures as the project completes tunnel boring activities and initiates trackwork installation.
- \$6 million decrease in Pasadena Blue Line expenditures as the project will complete final design and prepare to award two major line segment construction contracts.

Capital expenditures for operations include \$209 million for bus, a \$57 million, 33%, increase, and \$95 million for rail operations capital which is flat to FY97. Information systems capital increases reflect projects to begin installing PC-based technology in operating divisions and a new Vehicle Maintenance/Materials Management System (VMS/MMS).

Planner: planning project and administration expenses are budgeted at \$667 million, a \$28 million, 4%, increase over the FY 97 budget. The MTA planner role is one of direct project oversight as well as a programmer of funds to other governmental bodies and agencies:

- \$37 million increase in the regional and municipal subsidies programs.
- \$3 million decrease in the MTA-managed budget.

Other significant budget changes over FY97 include increases in costs and authorized FTEs for the Office of Inspector General and Management Audit Services.

Contingencies totaling \$11.5 million are included in the budget, a 15% increase over FY 97. They are a \$5 million Board contingency, a \$4.5 million legal contingency, and a \$2 million Economic Impact contingency. These contingencies are in addition to a \$25 million Program Reserve. (The Program Reserve is not a budgeted expenditure. In prior years, these reserve amounts have been shown in end of year fund balances.)

Sustainable Efficiencies

The budget reflects difficult decisions and creative proposals in order to fund the demands for services. New initiatives in sustainable cost efficiencies and revenue enhancement include:

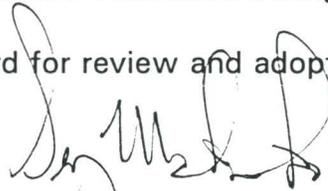
- Closure of Division 12 located in Long Beach
- Reduction of commissions earned by vendors on the sale of passes and tokens
- Reduction of Night Owl service, beginning in December
- Increase in fees charged to filming companies for the use of MTA assets.

Staff has or will present these items separately to Board prior to implementing any actions.

Conclusion

In the preceding paragraphs, I have summarized the proposed budget and the salient issues facing the MTA that will require careful deliberation and hard choices on the part of the Board. I look forward to discussing each aspect of this budget proposal with you in the budget workshops that are scheduled during June, 1997.

I am pleased to submit this budget to the Board for review and adoption.



Terry Matsumoto
Interim Deputy Chief Executive Officer
and Chief Financial Officer

1997-1998
Proposed Budget Summary

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FY 1996-97

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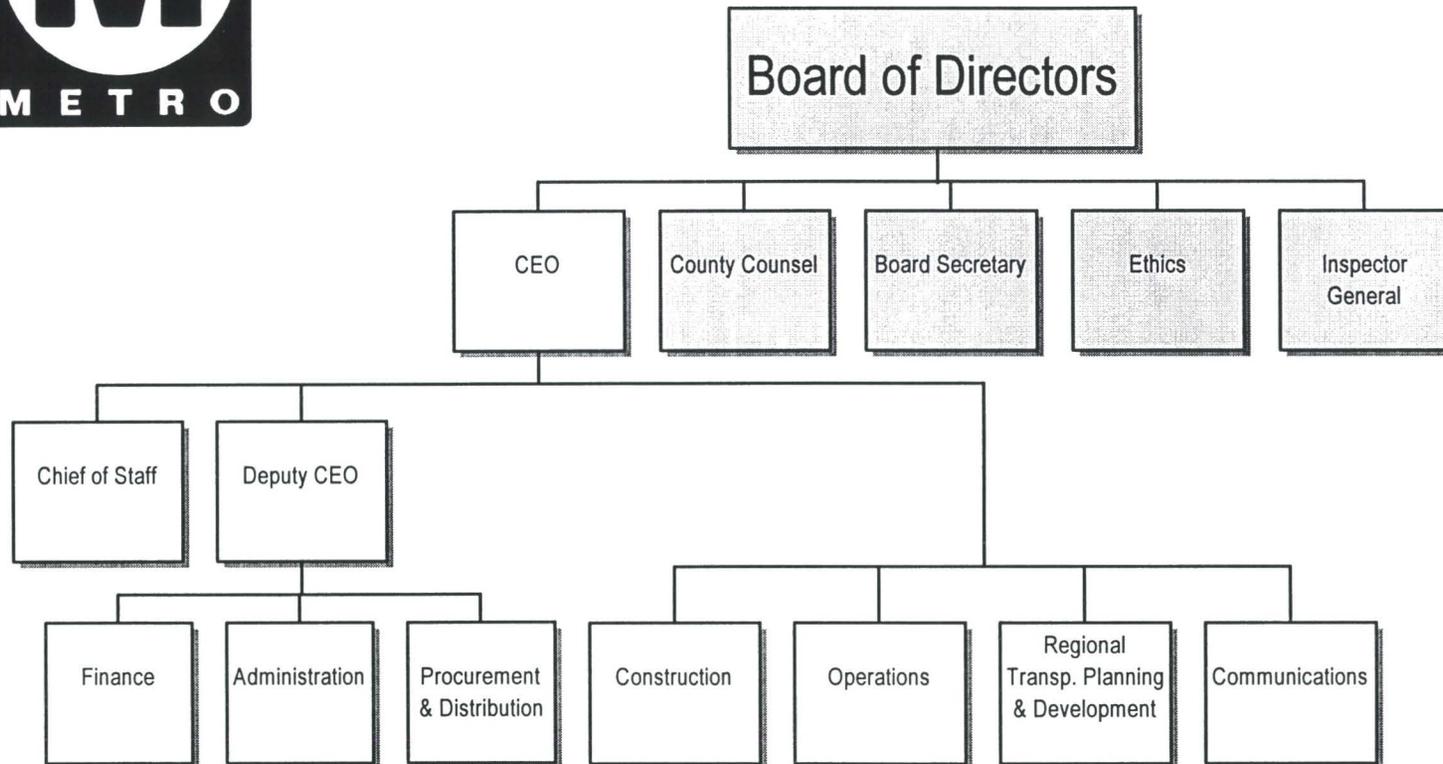
MTA PROFILE

As the transportation agency for the second largest county in the country, where one-third of California residents reside, the Los Angeles County Metropolitan Transportation Authority (MTA) is leading the challenge to provide the leadership and resources to develop a comprehensive transit system where people can travel quickly, economically and safely in a clean environment. Formed in 1993, MTA is responsible for coordinating all transportation investments in Los Angeles County to develop an integrated transportation network, infrastructure and services. The familiar Metro System "M" on buses, rail cars, Freeway Service Patrol trucks and other transportation services identifies the range of services MTA provides to improve the region's mobility.

The 13 voting members of the MTA Board of Directors consist of the five County of Los Angeles Supervisors, the Mayor of Los Angeles and his three appointees from the City of Los Angeles as well as four elected officials who represent the other 87 cities that make up Los Angeles County. In addition, one non-voting member is appointed by the Governor of California.

MTA employs over 8,000 people in a broad range of technical competencies and services ranging from bus drivers and mechanics to construction engineers and safety inspectors. MTA is comprised of three service departments: Transit Operations; Construction; and, Regional Transportation Planning and Development. They are supported by administrative units, including Customer Services and Communications, Finance, Procurement and Administration.

LACMTA Organization Chart FY1998



Profile of MTA Services

MTA serves a diverse and growing population in Los Angeles County. Los Angeles County is one of the largest metropolitan areas in the country with a population of 9 million people. The MTA market is more multiculturally and multilingually diverse than most U.S. urban areas, with approximately one-third of the County residents foreign-born. Given the diverse economic population and the geographic size of Los Angeles County, MTA's transportation services are crucial to supporting employment and the local economy.

Metro System Rider Profile

GENDER	BUS	RAIL
Male	44%	51%
Female	54%	47%
AGE		
Less than 18	8%	6%
18-34	39%	38%
35-54	33%	43%
More than 55	16%	9%
HOUSEHOLD INCOME		
Less than \$14,999	48%	30%
\$15,000 - \$34,999	14%	14%
\$35,000 - \$49,999	4%	9%
More than \$50,000	3%	22%
No Response/Not Sure	31%	25%
ETHNICITY		
Am Indian	1%	1%
Asian	9%	7%
Black	21%	26%
Hispanic	50%	33%
White	13%	26%
Other	6%	7%
VEHICLE AVAILABILITY		
Yes	19%	51%
No	76%	45%

Source: FY96-97 On-Board Survey of MTA Riders

Note: Column total may not add to 100%.

Although MTA is primarily known for its bus and rail service, the Agency provides a broad range of transportation services to Los Angeles County residents including highways, HOV freeway patrol service lanes, bikeways, and pedestrian walkways. Additionally, MTA supports Metrolink, regional commuter rail service, in partnership with four adjacent Southern California counties. MTA's services focus on three primary responsibilities as a transportation operator, planner and builder.

Operator

As an operator, MTA is one of the largest public transit providers in the United States, providing 250,000 miles of revenue service daily. MTA Bus Operations has over 340 million boardings annually on 185 routes with over 18,000 bus stops, covering a 1,442 square mile service area. MTA continues to examine ways to make service more responsive to the

needs of the community through regional areas, each with its own Regional General Manager, streamlining service coordination within each region.

In addition to Metro Bus service, MTA provides rail service on a growing network of subway and at grade (street level) lines. Metro Red Line has been in operation since January 1993. Its current route, extending from Union Station to Wilshire/Western station, was opened in July 1996 from Alvarado to Western. Current ridership is estimated at 32,000 daily. Linked to the Red Line, the 22-mile Metro Blue Line connects Long Beach to Los Angeles. Opened in 1990, the Metro Blue Line now carries an average of 44,000 passengers each day. The Metro Green Line opened since August 1995, serves 14 stations and stretches 20 miles connecting the El Segundo Employment Center with the Blue Line and Southeast Los Angeles County. Metro Green Line ridership has exceeded expectations and is averaging over 17,000 customers daily.

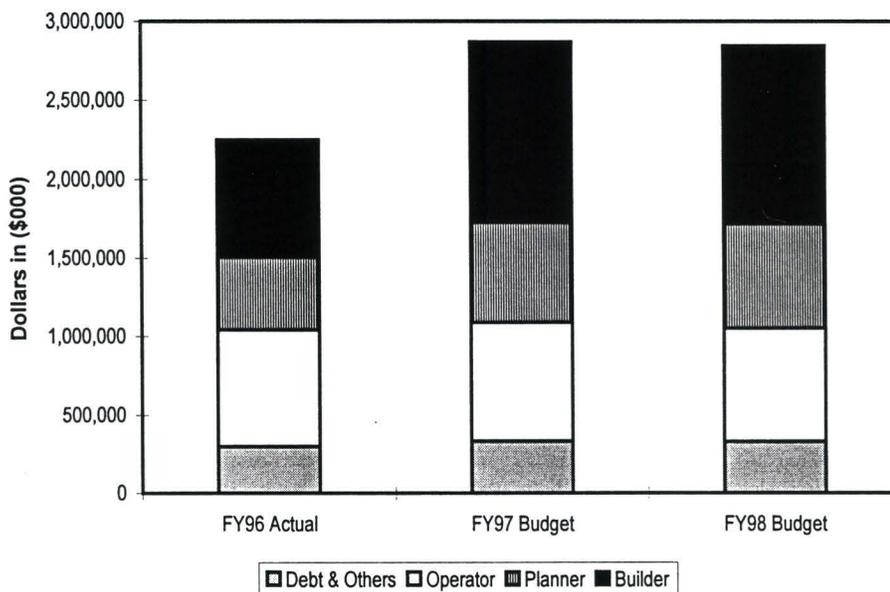
Planner

The role MTA plays as both countywide transportation planner and primary service provider for Los Angeles County is unlike any other transit agency in the country. As the regional transportation planner, MTA coordinates a broad range of transportation investments throughout Los Angeles including bus and rail services, highway expansion, rail construction, and local street and road projects. The Long Range Transportation Plan sets out the plan for balancing transportation needs and priorities over the long term.

Builder

MTA is overseeing the largest rail construction program in the nation. When fully completed, the Metro Rail system is planned to encompass 79 miles and 71 stations. Construction is currently underway for extension of the Metro Red Line to North Hollywood and construction of the Metro Blue Line through Pasadena. Construction of the eastern extension of the Red Line is projected to be in final design in FY98.

**MTA as Operator, Planner and Builder
Expenditures by Major Function**



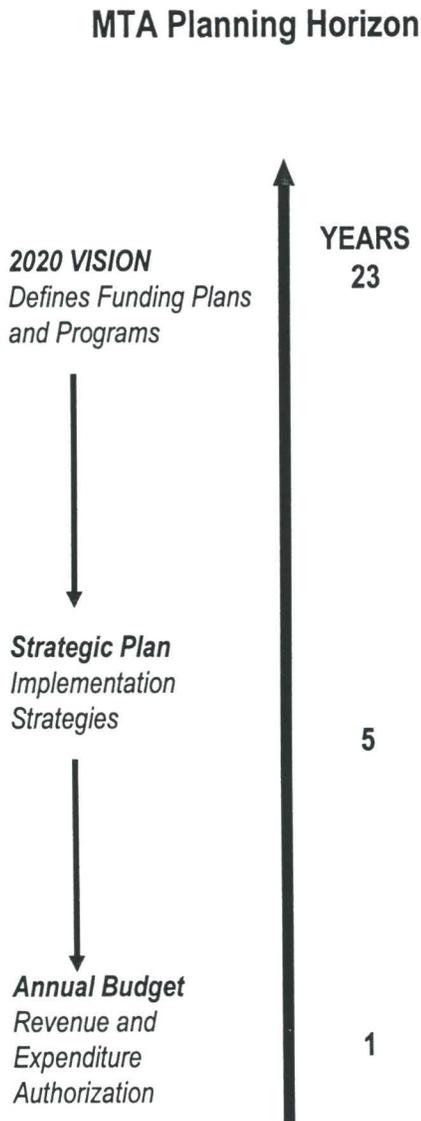
Link to Other Planning Documents

The annual budget is one of a series of plans which the Board of Directors approves to set the financial and operational course for MTA. MTA's planning horizon ranges from over twenty years in the Long Range Transportation Plan to the next fiscal year in the annual budget process. Mid-range planning, defined as the next five years accomplished through the Strategic Business Plan, will be introduced in Spring 1998. While MTA strives for consistency in assumptions and directions, each plan serves a unique purpose in defining MTA's financial and operational goals and policies.

The overall policy framework and funding plan is established through the Long Range Transportation Plan. The goal of the Long Range Transportation Plan is to balance the needs of Los Angeles County residents and develop multimodal strategies to address transportation needs throughout the 21st century. The Long Range Transportation Plan is updated biennially and includes a comprehensive public outreach effort to identify and prioritize the County's transportation needs. In early FY98, the Board will be presented with a new Long Range Transportation Plan, the "2020 Vision", which aims to expand inner city bus services while maintaining MTA's commitments to the state and federal governments on rail construction projects. The "2020 Vision" will be supported through multi-year funds programmed in the Transportation Improvement Plan.

The Strategic Business Plan defines how MTA will implement the funding priorities identified in the Long Range Transportation Plan in the immediate five year time frame. It will be presented to the Board in FY98 and will articulate the strategies, programs, and resources to meet MTA's goals. It is anticipated that the strategic business plan will be updated every year, with the process providing a focus for framing important policy issues, determining project priorities, and trade-offs across short-term and long-term horizons.

The annual budget is the means in which funding plans are converted into approved plans for expenditure. While the Long Range Transportation Plan and Strategic Plan define financial strategies and funding for projects, it is only through the annual budget that the Board authorizes staff to spend funds, issue contracts, or take other financial actions.



VISION, MISSION & GOALS

MTA has initiated a strategic business planning process throughout the organization. The first step in the process was to create an agency vision, mission and goals. For several months, MTA leadership worked internally with staff and externally with stakeholders to review and update the mission statement and to develop a vision and set of strategic goals that can be applied to the entire agency. In April 1997, the Board adopted the vision, mission and strategic goals.

The "2020 Vision" reflects our promise to the Los Angeles region - to the people who pay for and use the transportation system:

Our region will offer a better quality of life where all people can travel quickly, economically and safely in a clean environment.

The mission statement describes our role in securing that promise:

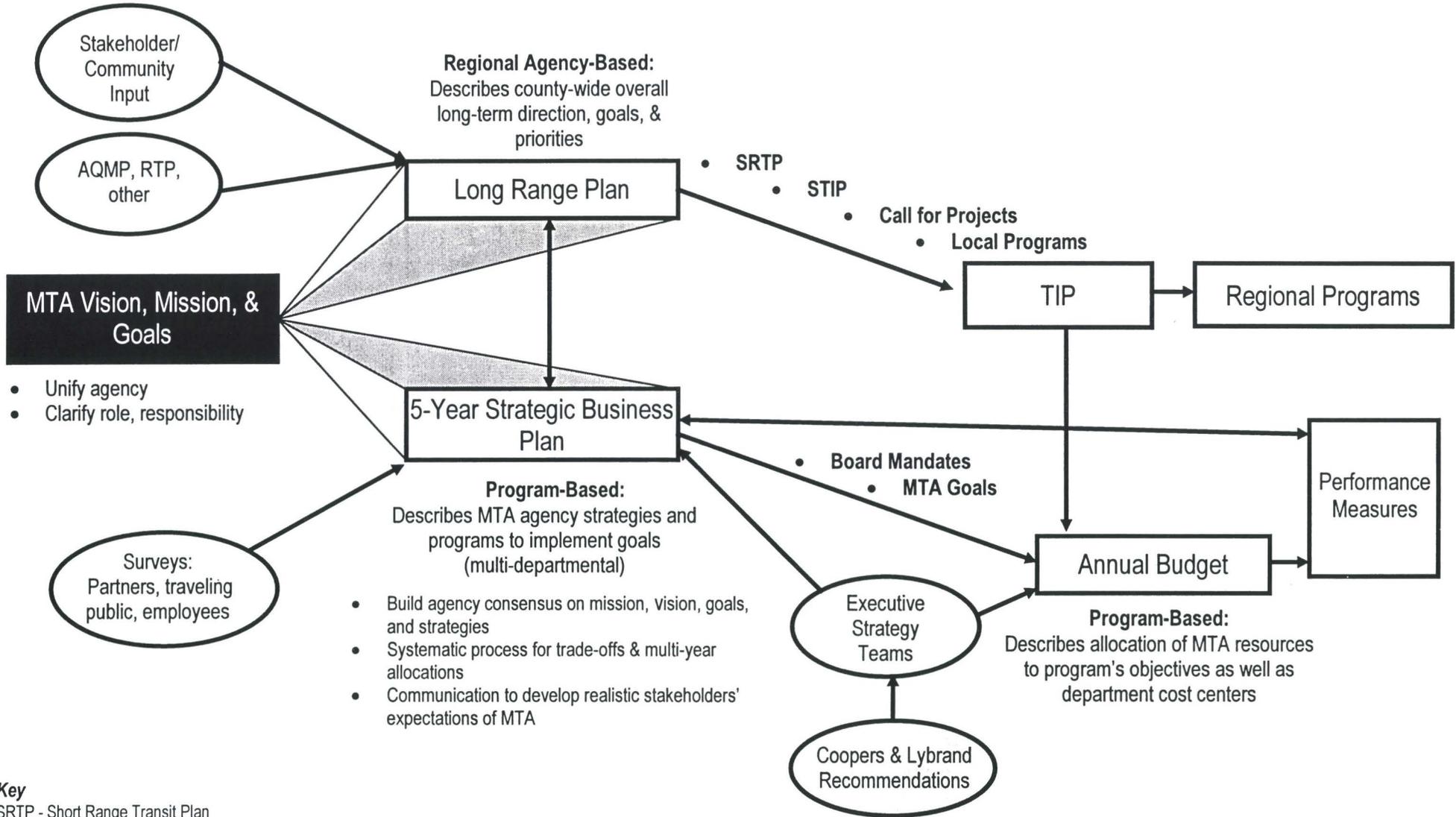
To provide the leadership and resources for a safe, efficient transportation system that keeps LA County moving. A better tomorrow rides on us.

This mission is supported by four strategic principles that guide how we will carry out the vision and the mission.

- ***Fiscally responsible:*** In a constrained fiscal environment, we optimize resources to achieve operational and regional effectiveness; we control costs, increase revenue/funding opportunities and improve the way services are provided, both internally and externally.
- ***Customer-focused:*** We direct our efforts toward providing efficient, cost-effective and courteous service for all of our customers.
- ***Community and regionally responsive:*** We are an active partner with our diverse communities in developing our regional transportation system and contributing to the vitality of the region.
- ***Employee supportive:*** Our employees are our most valuable resource. We enhance employee performance and satisfaction by strengthening skills, teamwork and morale and by working together with trust and mutual respect.

The vision, mission and strategic goals provide a framework to establish the strategic analysis which will direct MTA's priorities and plans for developing the updated Long Range Transportation Plan, the Five Year Strategic Business Plan and the annual budgeting process.

MTA's Planning Process



Key

- SRTP - Short Range Transit Plan
- STIP - State Transportation Improvement Plan
- AQMP - Air Quality Management Plan
- RTP - Regional Transportation Plan
- TIP - Transportation Improvement Plan

This strategic business plan framework serves several purposes. It will:

- Build consensus throughout the agency on the agency's vision, mission, goals and strategies.
- Communicate the agency's major goals, strategies, capital and operating programs over a multi-year period to internal and external stakeholders.
- Provide a longer planning period to assess capital versus operating trade-offs.
- Develop stakeholders' expectations to better reflect what the agency can accomplish within the five-year period.
- Create a visible yardstick for the agency and others to measure performance over a multi-year period.
- Allow the budgeting process to focus on annual cost effectiveness.

Key tasks in the strategic business planning process include:

- Developing vision and mission
- Establishing goals
- Crafting sensible strategies
- Allocating resources
- Implementing strategies and tactics through programs, policies and projects
- Measuring and evaluating performance.

Over the next year, employee teams will participate in a number of strategic analyses to lay the groundwork for a five-year strategic business plan that will provide a blueprint to set priorities for the agency.

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FINANCIAL OVERVIEW

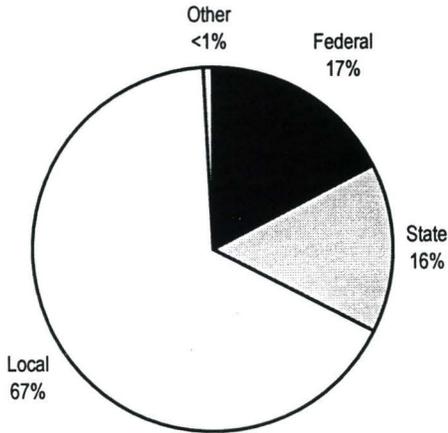
The FY98 budget sets out an ambitious and aggressive agenda to achieve bus service plans and construction schedules within MTA's financial constraints and meeting fiscal responsibilities. The FY98 Proposed Budget is \$2.8 billion. The FY97 Budget shown reflects changes to the adopted FY97 Budget that were presented to the Board in FY97 updates.

In September 1996, MTA ended a two-year lawsuit and reached a settlement regarding the proposed 1994 fare increase. The Consent Decree established targets for:

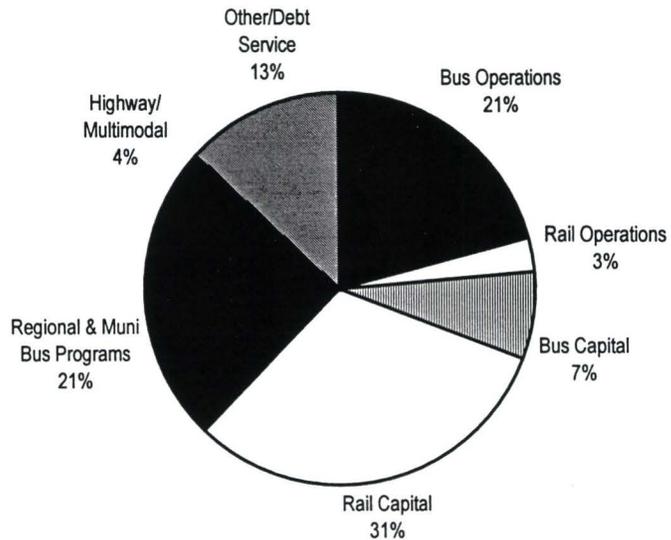
- Increased levels of service
- Reduction of overcrowding on the most densely populated lines
- Bus fleet expansion
- Reduced off-peak fares
- Initiation of pilot projects for establishing new transportation services.

To oversee implementation of these projects, the Consent Decree included creation of a Joint Working Group. The Consent Decree while ending costly litigation has financial impacts in the short and long-term. All financial and operating assumptions include the cost of Consent Decree implementation. A complete discussion of the financial impacts is presented in Section V.

FY98 Total Revenues Available



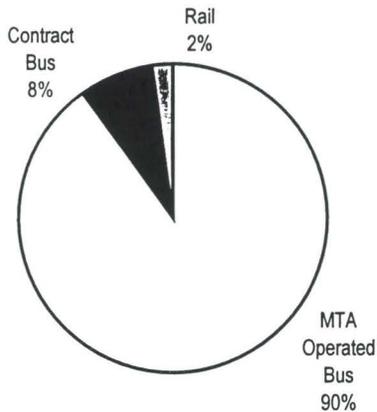
**FY98 Expenditure Budget
\$2.8 Billion**



Service

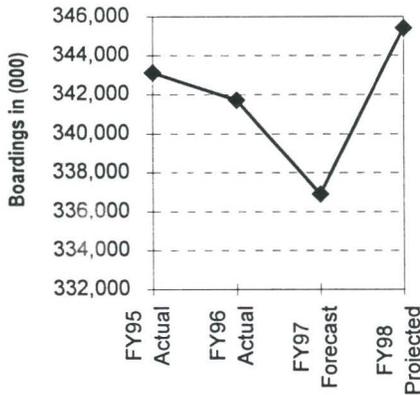
The FY98 Proposed Budget continues existing service levels and meets service expansion plans agreed to in the Consent Decree. The planned service levels also reflect the contracting out of 13 lines completed in December 1996.

Revenue Service Hours



Mode	Vehicle Revenue Hours	Vehicle Revenue Miles	Unlinked Passenger Trips
Bus	6,150,000	73,738,600	328,700,000
Contracted Service	528,500	7,166,600	17,600,000
Subtotal	6,678,500	80,905,200	346,300,000
Rail			
Blue Line	74,900	1,449,500	15,000,000
Red Line	25,500	517,700	10,400,000
Green Line	52,400	1,475,200	5,000,000
Total	6,831,300	84,447,500	376,700,000

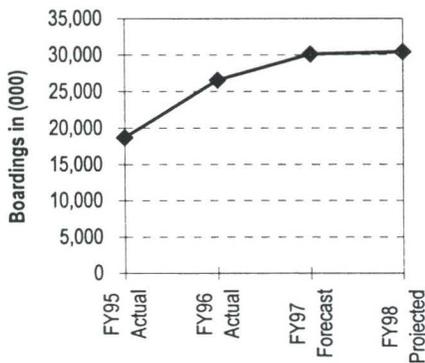
Metro Bus Ridership



The projected ridership reflects less than a three percent increase over FY97 projected ridership. The added bus service is anticipated to reverse the declining ridership on the system. MTA continues to improve service quality, cleanliness and timeliness and thereby increase ridership and customer satisfaction.

Since implementing the lower fare and weekly passes required by the Consent Decree, no significant changes in ridership have been identified. However, implementation of the deeply discounted weekly pass first began in December 1996 and the weekly passes are still being phased in. MTA will continue to monitor the impact of the revised fare policies over the next year.

Metro Rail Ridership



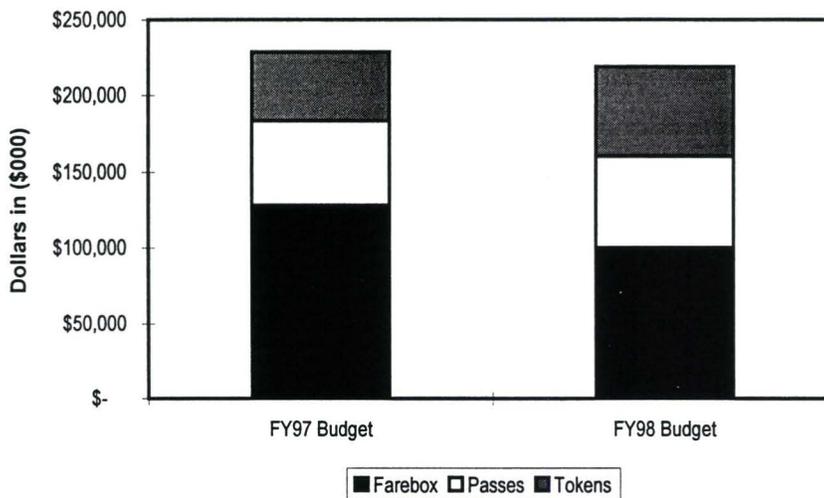
Revenue Overview

MTA revenue comes from three main sources: Local is primarily passenger fares and sales taxes; state is grants or disbursements from the State of California; and, federal revenues are grants or formula allocations provided to MTA through the Federal Transportation Administration (FTA) and other federal agencies.

Local Revenue

Fares - Fares include all revenue generated from cash fares and the sale of passes and tokens. Actual fare revenue for FY97 is projected at \$216 million; 6 percent less than budgeted for FY97. The aggressive plan to increase fare revenues included in the FY97 Budget was not realized and the FY98 Proposed Budget is in line with actual fare collections in FY97. Use of bus tokens continues to be an increasing portion of transit fare revenue - increasing from 20 percent in the FY97 Budget to 27 percent in the FY98 Budget. The token at 90 cents per fare is a significant discount over the base cash fare of \$1.35. The FY98 Budget assumes no fare increases; fare revenue projections are consistent with the fare impacts of the Consent Decree.

**Change in Fare Media
FY97 Budget vs. FY98 Budget**



The FY98 fare revenue also reflects a change in the accounting treatment. The FY98 Budget for fare revenue reflects total fares collected including those collected by MTA contract providers. In previous years, fare revenue collected by contract providers was treated as an offset against the contract expense.

Other Operating Revenue - Other operating revenue includes advertising income, interest income and other miscellaneous earned income. Other operating income is projected to remain stable at FY97 budgeted levels. The MTA LiTE (Local Transportation Initiative) Program is projected to continue in FY98 earning an estimated \$1.4 million in revenue. The MTA LiTE refers to Operations efforts to in-source vehicle maintenance services using the excess capacity of the Regional Rebuild Center.

MTA Fares

Base Fares

Bus/Rail Cash	\$ 1.35
Transfer Charge	.25
Token	.90
Express Zone Stamp	.50
Off-Peak Fare (Midday, selected lines)	.75

Weekly Pass	\$11.00
Semi -monthly Pass	\$21.00
Regular Monthly Pass	\$42.00
Express Zone Stamp	.50

Senior, Disabled

Bus/Rail	\$.45
Express Zone Charge	.25
Transfer Charge	.10
Monthly Pass	12.00

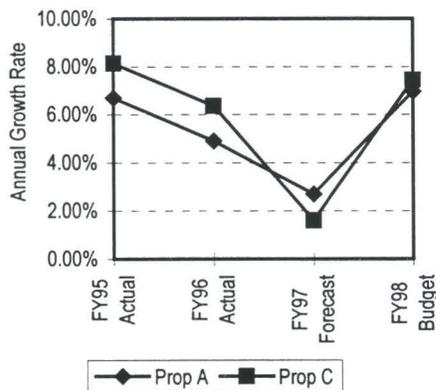
Student Monthly Pass	\$20.00
College Monthly Pass	30.00

Propositions A and C - Propositions A and C are sales tax measures approved by Los Angeles County residents to support designated transportation improvement projects. Each proposition dedicates one-half cent of sales tax to support specific transportation eligible purposes. These local revenue sources are critical to MTA programs, comprising 27 percent of MTA's total revenue.

Eligible Use	Prop A	Prop C
Administration (Prior to other allocations)	5%	1.5%
Local Return to incorporated cities and LA County	25%	20%
Rail Construction and Operations	35%	
Discretionary	40%	40%
Transit Security		5%
Commuter Rail		10%
Streets & Highways		25%

The sales tax forecasts are based on UCLA's Business Forecasting Project's (UCLA-BFP) Long Term Economic Forecast of Los Angeles County. Annually, MTA uses the September forecast to derive the Proposition A and C revenue estimates. Based on the September 1996 forecast, MTA is projecting FY98 Proposition A revenue to be \$443 million, a 6.95 percent increase over FY97. Proposition C revenue is projected to be \$446 million, which represents a 7.44 percent increase over the FY97 budget. The current UCLA forecast reflects a continual rate of year-over-year growth in sales tax revenues over the next two decades.

Sales Tax Growth Forecast



In September of FY95, a 7.2 percent increase over the prior year sales revenue was projected. Using the September 1996 UCLA-BFP and actual receipts for FY96, the FY98 forecast was revised and projected at 6 percent over the FY97 projected receipts.

State Revenue

The State of California provides capital and operating funds to support MTA's transit operations and rail construction program through the State Transportation Improvement Plan (STIP). The STIP includes all the approved transportation projects over a seven-year planning horizon. The FY98 Budget assumes the state will meet all funding obligations of the FY96 STIP, the most recently adopted plan. Revenues received from the STIP include Rail Bonds, Transit Capital Improvement funds, Traffic Systems Management and other funds for highway and rail construction projects.

MTA receives State Transit Assistance (STA) funds from the State's Transportation Planning and Development account. These funds are used for MTA bus and rail operations and for municipal bus operations.

The State Transportation Development Act (TDA) provides capital and operating funds to eligible operators. Revenues are derived from ¼-cent of the six-cent statewide sales tax generated in Los Angeles County. Sales tax projections are also based on the September 1996 UCLA forecast.

Federal Revenue

Federal funds are provided to the MTA for several purposes:

- Operating and capital assistance for bus and rail operations (Section 9 and Section 3 Rail Modernization Funds)
- Capital funds to support Metro Rail construction (Section 3 New Starts)
- Discretionary funding for specific projects such as ATTB (Section 26)
- Regional funds for such as Regional Surface Transportation Plan (RSTP) and Congestion Management and Air Quality (CMAQ).

The FY98 Budget assumes the reauthorization of Intermodal Surface Transportation Efficiency Act (ISTEA) in its current structure. ISTEA II or NEXTEA (National Economic Crossroads Transportation Efficiency Act), as the Clinton Administration has named the legislation, will provide transportation funding for FY 1998 - FY 2003. No ISTEA II incremental funds are assumed in the proposed budget.

The Clinton Administration has proposed the elimination of the Section 3 Rail Modification and Section 9 Operating Assistance in the Federal FY 1998 Budget. However, MTA is assuming the Section 3 Rail Modernization funding program will be restored by Congress, and the total Section 9 Formula program will be increased sufficiently to fund the operating requirements for capital funds. To further this federal objective of increased flexibility of funds, the FTA is proposing expanding the eligibility of Section 9 Capital Formula funds to include maintenance costs. If the final budget reflects the Clinton Administration budget proposal, MTA would potentially lose \$2.4 million in Section 3 Rail Modernization funds. The impact of the final federal budget on the FY98 Budget will be presented to the Board when information is available.

Expense Overview

The FY98 Budget implements the Board mandate to reduce operating costs by 5%.

The FY98 Proposed Budget implements the Board mandate to reduce operating costs by 5 percent. All Departments were directed to reduce expenses to achieve the \$41 million cost reduction target in FY98. This direction was consistent with the financial strategy recommended as part of the Long Range Transportation Plan/Rail Alternatives Workshop. The cost reduction target is the first step in the goal to eliminate the accumulated deficit and achieve a sustainable budget in five years.

Additional cost reductions above the Board mandate of 5 percent were used to fund compliance with the Consent Decree requirements and support increasing capital needs.

Cost reductions will be achieved through:

- Realigning bus services and closing Division 12
- Reducing non-operations staff from current levels unless supported by a "make-buy" decision, legislative mandates or the Coopers & Lybrand organizational assessment
- Reducing administrative overhead by 10%
- Continued implementation of tiered salary contract structure negotiated in FY95
- Restructuring management/supervisor staffing to achieve a reduction in noncontract staffing levels.
- Labor-management cost reduction strategies negotiated in FY95.

Assumptions

Expense assumptions related to specific services and programs are identified in Section IV: Major Program Highlights. Other significant expense assumptions include the following:

- Union cost increases are assumed to be offset with work rule changes concessions during the union negotiations currently underway.
- The FY98 Budget assumes a 3 percent vacancy rate for noncontract employees.
- A performance-based pay increase program is assumed to be phased-in for noncontract employees. The amount of available funds for pay increases is assumed at 3 percent of non-contract wages.
- Full implementation of PERS for all Teamsters and nonrepresented employees is assumed beginning August 1, 1997.

The proposed expenditures detailed in the FY98 and FY97 Budgets do not include the *non-cash* impact of post-retirement medical reserve costs for retiring employees which is estimated at \$9 million. The budgeted expenditures of \$2,846 million will be adjusted to \$2,855 million when presented in GAAP (generally accepted accounting practice) format.

FY98 Budget Considerations

Consistent with the Board policy adopted as part of the FY97 Budget, the FY98 Proposed Budget includes several contingencies for potential future funding demands:

- \$5 million as a general agency contingency
- \$4.5 million to support anticipated but unidentified legal needs
- \$2 million in contingencies to respond to potential economic impact of MTA programs.

Efforts to convert MTA's systems to be Year 2000 compliant began with FIS installation in 1996. Year 2000 compliance refers to updating MTA's computer systems to accommodate the change to the new century. Since most systems only recognize the last two digits of the year, "00" could refer to 1900 or 2000 unless properly programmed. Information Technology Services' capital plan includes funding for vehicle maintenance and materiel management system installations that will address the year 2000 issue in core Operations systems. Significant efforts will still be required for Human Resources (HRMIS) and other systems.

Significant staff increases are funded for the Inspector General and Management Audit Services to comply with AB 1869 and other oversight requirements. Staff is increased by 13 positions or 19 percent above FY97 Budget. This is an increase of 24 positions or 26 percent above current filled levels.

As part of MTA's ongoing effort to improve fiscal responsibility and accountability, costs have been budgeted to the unit most responsible for overseeing expenditure of authorized funds. The former "nondepartmental" cost center has been eliminated. Training, travel, and seminar costs are included within cost center budgets. Fringe benefits have been separately calculated for each employee group and union.

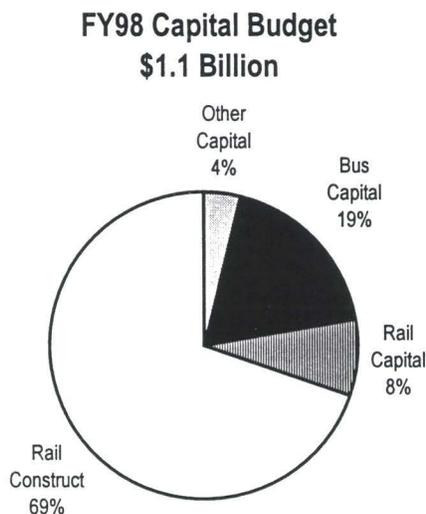
Capital Budget

The FY 1998 Capital Budget is based on the following major funding assumptions:

- Federal Transit Administration funding of Metro Red Line Segment 3 at the level assumed in the Rail Recovery Plan - \$100 million
- Continued Federal Transit Administration funding through the Section 9 Discretionary and Section 3 Rail Modernization programs at Fiscal Year 1997 levels.
- City of Los Angeles funding of \$148 million for Metro Red Line construction.

The scope of the FY 1998 Capital Budget includes the programming of \$24 million towards the purchase of 67 new buses and the appropriation of \$100 million to take delivery of 191 buses scheduled for delivery in FY 1998. The capital budget also includes funding for bus and rail facilities projects that are required to maintain a safe and reliable transit operating system. The major bus facilities improvements include division upgrades such as bus yard repavements, floor repairs, bus cleaning system repair and replacements, roof repairs, underground tank replacement, CNG fuel station construction, and security upgrades. Major rail facility improvements include tunnel and station grouting, communications system retrofitting, new maintenance of way (MOW) facility construction, and station sprinkler system installation.

Capital funds were also allocated to MOW projects and revenue vehicle maintenance projects. These include fencing around elevated stations, overhead catenary system upgrades, support equipment procurements, monitoring and control system upgrades, bus and rail vehicle brake, transmission and propulsion system overhaul, tire leases, and other vehicle maintenance expenses eligible for federal capital assistance.



The rail construction program is a major component of the MTA's capital program. FY 1998 capital funds are provided for continuing construction of Metro Red Line Segments 2 and 3 as well as the Pasadena Blue Line and the LA Car projects. Funding is included to complete procurement, installation and testing of the automated guideway systems equipment on the Metro Green Line

Fund Overview

For budgeting and accounting purposes, MTA is composed of a collection of smaller separate accounting entities known as funds. Each fund is designated for a specific purpose or for recording the financial activities of a specific project or programs. The revenues or expenses associated with each fund may be governed by certain restrictions, regulations or limitations. MTA's fund accounting is consistent with the generally accepted accounting practices as defined by the Governmental Accounting Standards Board's (GASB) financial reporting standards.

MTA accounting is comprised of the following six main fund groups:

Enterprise Fund - Used to account for the activities associated with bus and rail operations.

General Fund - Used to account for all financial resources which are not specifically designated to another fund. MTA uses this fund to account for agency administrative expenses, operating contingency and transportation planning.

Special Revenue Fund - Used to account for revenue earmarked for a specific purpose. MTA uses this fund to record receipt and disbursements of all Proposition A and C monies which are designated for specific transportation uses.

Debt Service Fund - Used to reserve funds to meet debt service requirements. MTA has incurred debt to support rail construction projects and other public infrastructure, including the Gateway Headquarters and Intermodal Transit Center.

Capital Funds - Used to account for all major capital acquisition and construction projects. Included are separate funds to reflect expenses incurred to support each major rail construction project.

Subsidy Trust Fund - Used to account for funds which MTA distributes to other agencies in its role as the regional transportation planning agency for Los Angeles County. An example is a fund for distributing operating funds to the municipal operators.

Financial Presentations

Financial tables are presented on the following pages summarizing the FY98 Proposed Budget. Tables are presented as follows:

Summary of Available Funds - All revenues available for the FY98 Proposed Budget are indicated with comparison to the FY97 Budget and FY96 actual results. Revenues which are programmed by MTA but not reflected in MTA's financial statements are excluded.

Summary of FY98 Expenditures by Program - MTA expenses are presented according to services and projects supported. The first table presents expenditures by program with comparisons to the FY97 Budget and FY96 actual results. The second table provides the same FY98 program expenditures by funding source (federal, state, local).

Bus and Rail Operations - Revenue and Expense Summary - Prior years financial results for bus and rail operations are compared to the FY98 Proposed Budget.

Summary of FY98 Budget by Department - The FY98 Proposed Budget is summarized by the organizational unit responsible for overseeing the expenditures. Comparisons to FY96 actual expenditures and FY97 Budget are included.

Summary of FY98 Budgeted Positions - Proposed full-time equivalents (FTEs) for each organizational unit are presented including comparisons to the prior two budget years.

Summary of FY98 Budget by Expense Category - The FY98 Budget by Expense Category (salaries, materials, etc.) is presented with comparative data for FY97 Budget and FY96 Actuals.

Capital Budget - A summary of FY98 funding for bus and rail capital as well as rail construction is presented. A table summarizing the programming of FY98 federal grants to capital projects is also presented.

Summary of FY98 Budget by Fund - The FY98 Proposed Budget is presented based on the accounting designations discussed on the prior page.

Summary of Available Funds

The MTA receives revenues from local, state and federal sources, as shown on the schedule on the following pages. The MTA is projecting \$3.3 billion in total revenues from all sources, which is a \$225 million, or 7 percent, increase over FY 97 budgeted levels. The budget of available funds includes unexpended funds from prior years.

The MTA is projecting \$2.2 billion in local funds, \$511 million in state funds, and \$567 million in Federal funds. Local revenues include Proposition A and C sales tax revenues, leveraged bond funds, farebox revenues, and funds from other local agencies. The State revenue sources are projected at \$511 million, which is a \$77 million increase over the FY97 Budget. Federal revenue sources are projected at \$567 million, which is a \$7.8 million reduction from the FY97 budgeted levels.

**Summary of FY98 Total Funds Available
(\$000)**

	FY96 Actual	FY97 Budget	FY97 Projected	FY98 Budget
Local Funds				
Proposition A				
Carry Over	-	26,993	36,225	28,707
New Funds	408,613	436,500	417,801	446,100
Bonds	216,271	266,000	266,000	234,000
Proposition A Total	624,884	729,493	720,026	708,807
Proposition C				
Carry Over	-	178,504	221,073	187,308
New Funds	432,013	443,600	425,001	455,900
Bonds	256,143	303,600	325,500	415,949
Proposition C Total	688,156	925,704	971,574	1,059,157
Lease Revenues	7,405	8,100	8,100	9,995
City of Los Angeles	83,319	81,684	81,684	150,646
SCAQMD	-	-	-	5,469
HOV Violations	248	640	640	1,265
Farebox Revenues	207,370	228,700	236,300	218,900
Other Operating Revenues	33,235	53,396	45,796	22,233
General Revenue Bonds	-	1,000	1,000	-
Federal Aid Urban Cash - FAU	3,076	-	-	2,019
Other				
General Fund Miscellaneous Revenues	718	1,050	1,050	1,100
SCRRA Administrative Support	-	-	-	702
Ridesharing	-	-	-	4,800
Other Total	718	1,050	1,050	6,602
Total Local Funds	1,648,411	2,029,767	2,066,170	2,185,093

**Summary of FY98 Total Funds Available
(\$000)**

	FY96 Actual	FY97 Budget	FY97 Projected	FY98 Budget
State Funds				
Transportation Development Act - TDA	211,294	285,700	276,016	338,622
State Transportation Act - STA	23,125	22,492	23,400	30,050
Rail Bonds	63,462	52,245	52,245	53,070
Transit Capital Improvement - TCI	-	1,965	1,965	1,376
Transportation Systems Management - TSM	29,860	2,591	2,591	11,276
State Highway Account	-	46,406	46,406	55,850
Service Authority for Freeway Emergencies - SAFE	8,015	18,600	18,600	15,010
Budget Change Proposal - BCP	166	4,100	4,100	5,708
Other	506	-	-	389
Total State Funds	336,428	434,099	425,323	511,351
Federal Funds				
Section 3	347,262	247,308	247,308	183,671
Section 9 - Capital	94,813	146,308	146,308	181,233
Section 9 - Operating	27,998	15,000	21,100	21,100
Section 26	296	6,700	6,700	12,855
CMAQ/RSTP	21,461	156,042	156,042	160,509
Petroleum Violation Escrow Account - PVEA	906	700	700	1,850
Department of Education - DOE	91	399	399	384
Other (a)	770	3,100	3,100	6,310
Total Federal Funds	493,597	575,557	581,657	567,912
Other				
Financing Reimbursements	22,170	15,552	15,552	15,224
TOTAL MTA	2,500,606	3,054,975	3,088,702	3,279,580

a) Includes \$1.2M from Department of Justice, \$2.4 for Intelligent Transit System, \$1.5 for Los Angeles Neighborhood Initiative, and \$1.2 for Federal Demo

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Summary of FY98 Expenditures by Program

The FY98 Proposed Budget is \$2.8 million. The following schedules show the comparison of FY98 programs or projects against the FY97 Budget and FY96 Actuals and the FY98 Program Budget by funding category, i.e., federal, state, local.

Operating expenditures for transit operations, including bus and rail service, commuter services and MTA LiTE, are budgeted at \$720 million for FY98, which is a \$34 million, or 4.5 percent reduction, from FY97 budgeted levels. This reflects the reduced bus operating costs targeted for implementation in FY98. Local funds, including fares and Propositions A and C, contribute over 68 percent of the funding to support transit operations.

The FY98 Capital Expenditures are budgeted at \$1.1 million, which is a \$14 million reduction from the FY97 Budget. Bus capital expenditures of \$209 million reflect an increase of \$52 million over the FY97 Budget. This includes a \$42 million, or 72 percent, increase in bus acquisitions. The bus acquisition program is supported through federal grants which will provide 84 percent of the funding.

Planning expenditures excluding subsidies, are budgeted at \$72 million for FY98, a \$8 million reduction to FY97 Budget, and include projects that MTA was awarded grant funds through the Call for Projects. Approximately 42 percent of the total FY98 Planning budget is for highway planning. Highway planning projects are largely (94 percent) funded by local Proposition C 25% funds which are dedicated for use on streets and highway projects.

Subsidies also include funds programmed to the municipal operators and other agencies throughout Los Angeles County. Subsidies to others are budgeted at \$595 million for FY98, which is a 6 percent increase over FY97 budgeted levels. Other expenses include agency administrations contingencies and community education activities. Debt expense has remained stable from the FY97 budget to the FY98 budget.

Summary of FY98 Expenditures by Program
(\$000)

	FY96 Actual	FY97 Budget	FY98 Budget
Operating Expenditures			
Transit Operations			
Bus	644,580	604,244	583,643
Blue Line	41,412	39,883	35,332
Red Line	21,714	32,331	31,387
Green Line	14,569	28,701	23,070
Transit Operations Total	722,275	705,159	673,432
Commuter Services			
Freeway Service Patrol	14,383	30,686	30,836
Call Box Program	4,973	16,713	13,934
Commuter Services Total	19,356	47,399	44,770
Local Transportation Enterprise			
MTA Lite	66	1,546	1,498
Local Transportation Enterprise Total	66	1,546	1,498
Operating Expenditures Total	741,696	754,104	719,700
Capital Expenditures			
Bus Capital			
Bus Acquisition	41,967	58,296	100,068
Bus Service Maintenance	25,904	60,722	62,415
Bus Operating Facilities	11,617	26,683	31,106
Advanced Technology Transit Bus	11,017	11,682	15,675
Bus Capital Total	90,505	157,382	209,264
Rail Capital			
LA Rail Car	19,701	58,214	50,507
Rail Service Maintenance	638	8,982	11,219
Rail Facilities	4,016	25,344	28,072
Maintenance-Of-Way Facilities	54	3,735	4,835
Rail Capital Total	24,408	96,275	94,632
Rail Construction Projects			
Red Line Segment 1	2,864	9,090	2,569
Red Line Segment 2	225,389	285,774	180,553
Red Line Segment 3-N Hollywood	209,640	339,881	320,597
Red Line Segment 3-Eastern Extension	26,037	89,915	145,944
Red Line Segment 3-Mid City	2,116	1,365	7,551
Blue Line - LA/Long Beach	1,158	1,968	1,229
Blue Line - Pasadena	33,368	82,691	76,272
Green Line	29,629	28,465	33,281
Systemwide	22,024	15,794	10,178
Grade Separation	-	-	3,100
Construction Oversight	-	-	2,100
Rail Construction Projects Total	552,224	854,942	783,373
Other Capital Projects			
Intermodal Transit Center	34,406	12,199	8,025
Gateway Headquarters	27,954	5,628	3,323
Computers & Related Equipment	16,358	11,359	22,007
Vehicle Acquisition	1,174	6,429	9,454
Other Capital Projects Total	79,892	35,615	42,808
Capital Expenditures Total	747,029	1,144,214	1,130,078

Summary of FY98 Expenditures by Program
(\$000)

	FY96 Actual	FY97 Budget	FY98 Budget
Planning Expenditures			
Multimodal Planning			
Transit Planning	16,165	32,284	14,821
Highway Planning	2,806	16,671	30,249
Mobility & Air Quality Program	1,976	3,944	3,613
Joint Development	170	1,925	1,944
Metrolink Support	6,430	1,785	1,274
Other Planning Projects	(663)	4,898	11,002
Multimodal Planning Total	26,884	61,508	62,903
Rail Planning & Program Support			
Red Line Segment 3 Eastern Extension	148	240	270
San Fernando Valley Line	895	5,565	4,064
Red Line Western Extension	484	2,426	1,024
Green Line Extension	1	6,000	-
Rail Planning & Program Support Total	1,528	14,231	5,358
Asset Management			
Benefit Assessment District	497	762	489
Property Management	1,967	3,153	3,177
Asset Management Total	2,463	3,916	3,666
Regional & Municipal Programs			
Funding to Other Agencies	225,498	322,784	349,185
Metrolink	42,015	48,400	52,569
Prop A & C Local Return	163,453	188,167	192,960
Regional & Municipal Programs Total	430,966	559,351	594,713
Planning Expenditures Total	461,841	639,006	666,641
Agency Administration			
MTA Administration	66,054	31,876	17,776
Agency Administration Total	66,054	31,876	17,776
Debt Service			
Debt Service - Agency	223,907	290,505	289,071
Debt Service - Benefit Assessment District	9,043	10,236	10,227
Debt Service Total	232,950	300,741	299,299
Contingencies			
Agency Contingencies	-	-	9,500
Economic Impact Contingencies	2	-	2,000
Contingencies Total	2	-	11,500
Community Education & Training			
Public Transit Education	742	578	1,034
Other Community Programs	453	372	238
Community Education & Training Total	1,195	949	1,272
MTA Total Expenditures	<u>2,250,767</u>	<u>2,870,891</u>	<u>2,846,264</u>

**Summary of FY98 Budgeted Revenue and Expenditure by Program
(\$000)**

	Expenditure Total	Revenue Source		
		Local	State	Federal
Operating Expenditures				
Transit Operations				
Bus	583,643	409,611	151,762	22,270
Blue Line	35,332	23,044	12,288	-
Red Line	31,387	24,151	7,236	-
Green Line	23,070	6,219	-	16,851
Transit Operations Total	673,432	463,024	171,286	39,121
Commuter Services				
Freeway Service Patrol	30,836	25,136	5,700	-
Call Box Program	13,934	-	13,934	-
Commuter Services Total	44,770	25,136	19,634	-
Local Transportation Enterprise				
MTA Lite	1,427	1,427	-	-
Special Events Services	63	63	-	-
Change Control Systems Marketing	8	8	-	-
Local Transportation Enterprise Total	1,498	1,498	-	-
Operating Expenditures Total	719,700	489,658	190,921	39,121
Capital Expenditures				
Bus Capital				
Bus Acquisition	100,068	7,444	8,342	84,282
Bus Service Maintenance	62,415	32,284	4,663	25,468
Bus Operating Facilities	31,106	4,489	4,117	22,500
Advance Technology Transit Bus	15,675	3,172	-	12,503
Bus Capital Total	209,264	47,389	17,122	144,753
Rail Capital				
LA Rail Car	50,507	14,459	9,898	26,150
Rail Service Maintenance	11,219	3,534	466	7,219
Rail Facilities	28,072	20,373	530	7,169
Maintenance-Of-Way-Facilities	4,835	3,459	1,376	-
Rail Capital Total	94,632	41,825	12,270	40,538
Rail Construction Projects				
Red Line Segment 1	2,569	2,569	-	-
Red Line Segment 2	180,553	178,025	-	2,528
Red Line Segment 3-NH	320,597	140,753	22,773	157,071
Red Line Segment -East Ext.	145,944	24,038	22,590	99,316
Red Line Segment 3-Mid City	7,551	7,551	-	-
Blue Line - LA/Long Beach	1,229	1,229	-	-
Blue Line Pasadena	76,272	22,656	53,616	-
Green Line	33,281	22,020	11,261	-
Systemwide	10,178	10,178	-	-
Grade Separation	3,100	3,100	-	-
Construction Oversight	2,100	2,100	-	-
Rail Construction Projects Total	783,373	414,218	110,240	258,915
Other Capital Projects				
Intermodal Transit Center	8,025	8,025	-	-
Gateway HQ	3,323	3,323	-	-
Computers & Related Equipment	22,007	15,360	1,543	5,104
Vehicle Acquisition	9,454	4,181	1,026	4,247
Other Capital Projects Total	42,808	30,889	2,569	9,350
Capital Expenditures Total	1,130,078	534,321	142,201	453,556

**Summary of FY98 Budgeted Revenue and Expenditure by Program
(\$000)**

	Expenditure Total	Revenue Source		
		Local	State	Federal
Planning Expenditures				
Multimodal Planning				
Transit Planning	14,821	8,178	3,543	3,100
Highway Planning	30,249	28,319	-	1,930
Multimodal Planning	10,903	10,903	-	-
Mobility & Air Quality Program	3,613	3,613	-	-
Joint Development	1,944	1,944	-	-
Metrolink Support	1,274	1,274	-	-
Other Planning Projects	99	99	-	-
Multimodal Planning Total	62,903	54,330	3,543	5,030
Rail Planning & Program Support				
Red Line Segment 3 East Ext. PE.	270	270	-	-
San Fernando Valley Line	4,064	4,064	-	-
Red Line Western Extention	1,024	1,024	-	-
Rail Planning & Program Support Total	5,358	5,358	-	-
Asset Management				
Benefit Assessment District	489	489	-	-
Property Management	3,177	3,177	-	-
Asset Management Total	3,666	3,666	-	-
Regional & Municipal Programs				
Funding to Other Agencies	349,185	215,554	75,798	57,833
Metrolink	52,569	52,569	-	-
Prop A & C Local Return	192,960	192,960	-	-
Regional & Municipal Programs Total	594,713	461,083	75,798	57,833
Planning Expenditures Total	666,641	524,437	79,341	62,863
Agency Administration				
MTA Adminsitration Total	17,776	16,296	1,480	-
Debt Service				
Debt Service - Agency	289,071	274,687	2,877	11,507
Debt Service - Benefit Assessment District	10,227	10,227	-	-
Debt Service Total	299,299	284,914	2,877	11,507
Contingencies				
Board Contingencies	9,500	9,500	-	-
Economic Impact Contingencies	2,000	2,000	-	-
Contingencies Total	11,500	11,500	-	-
Community Education & Training				
Public Transit Education	1,034	650	-	384
Other Community Programs	238	238	-	-
Community Education & Training Total	1,272	888	-	384
MTA Total Expenditures	2,846,264	1,862,014	416,819	567,431

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Bus and Rail Operations - Revenue and Expense Summary

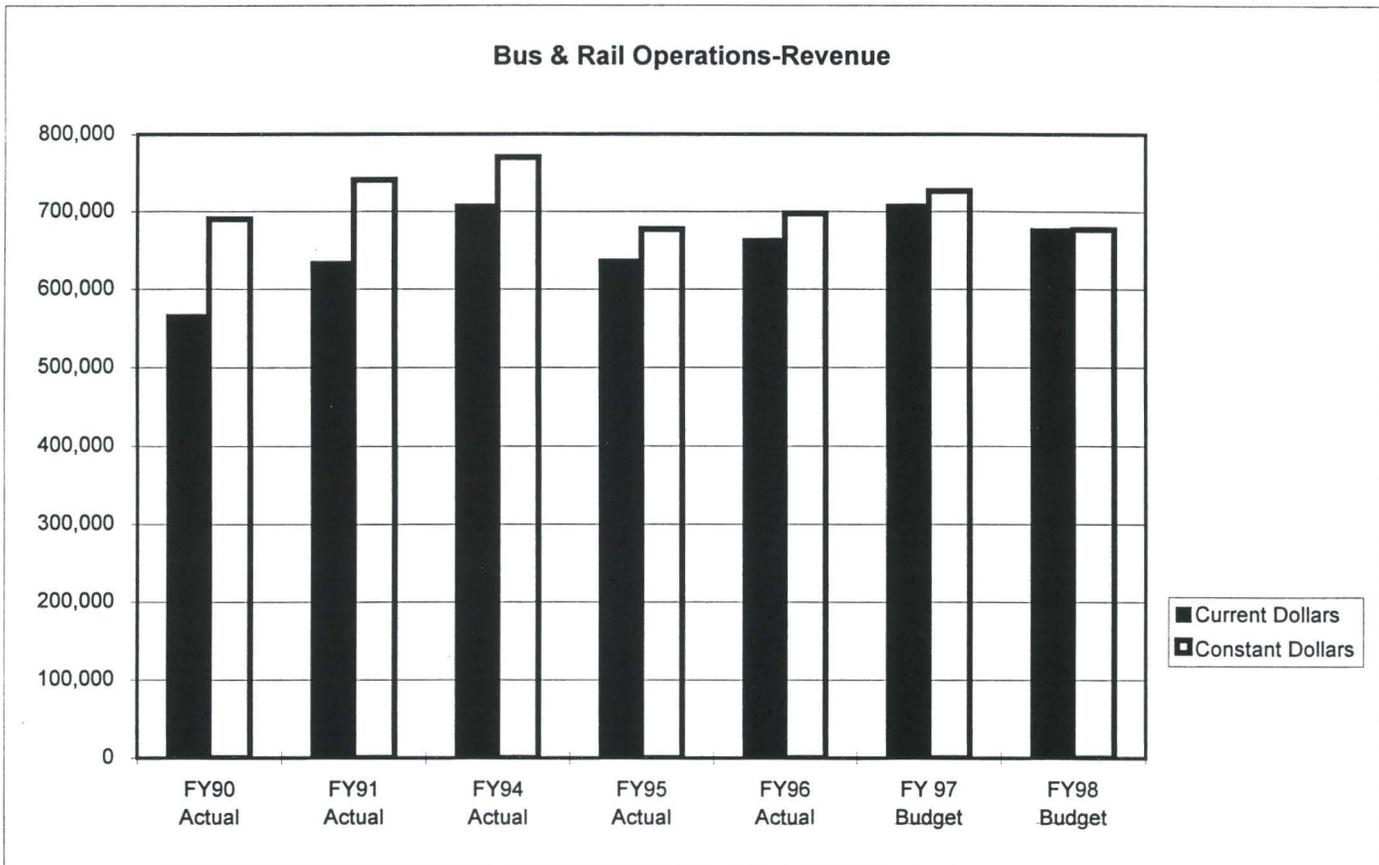
The following two pages compare the FY98 Budget for Bus and Rail Operations revenues and expenses against actuals from FY90 through FY96 and against the FY97 budget in both current dollars and constant dollars. The tables includes all expenditures against the Enterprise fund which includes Transit Operations, MTA LiTE and applied debt service of \$1.8 million.

The FY98 Revenue Budget for Bus and Rail Operations reflects a 4 percent reduction, \$31 million, from the FY97 Budget. The FY98 Budget is based on projected FY97 actuals for farebox and other system-generated revenues. Farebox and system revenues are reduced by \$12 million, 5 percent, from the FY97 Budget. As discussed in earlier sections, this is due to the change in fare structure and revised projections based on actual collections in FY97. The reduction in Proposition A revenue of \$23 million reflects a decrease in the allocation of Proposition A 35% (Rail) funds due to increased fare collections and decreased costs in rail operations. Federal CMAQ funds which have supported the first years of Green Line operations are decreased in FY98 as the Green Line enters its third and last year of eligibility for CMAQ funding.

The FY98 Expenditure Budget for Bus and Rail Operations is reduced from FY97 in both current and constant dollars. Expenditures in current dollars are budgeted at \$33 million less than the FY97 Budget. After adjusting for costs associated with the Consent Decree which increase by \$17 million (8 million in FY97 to \$25 million in FY98), operating costs have decreased by \$50 million, a 7 percent reduction.

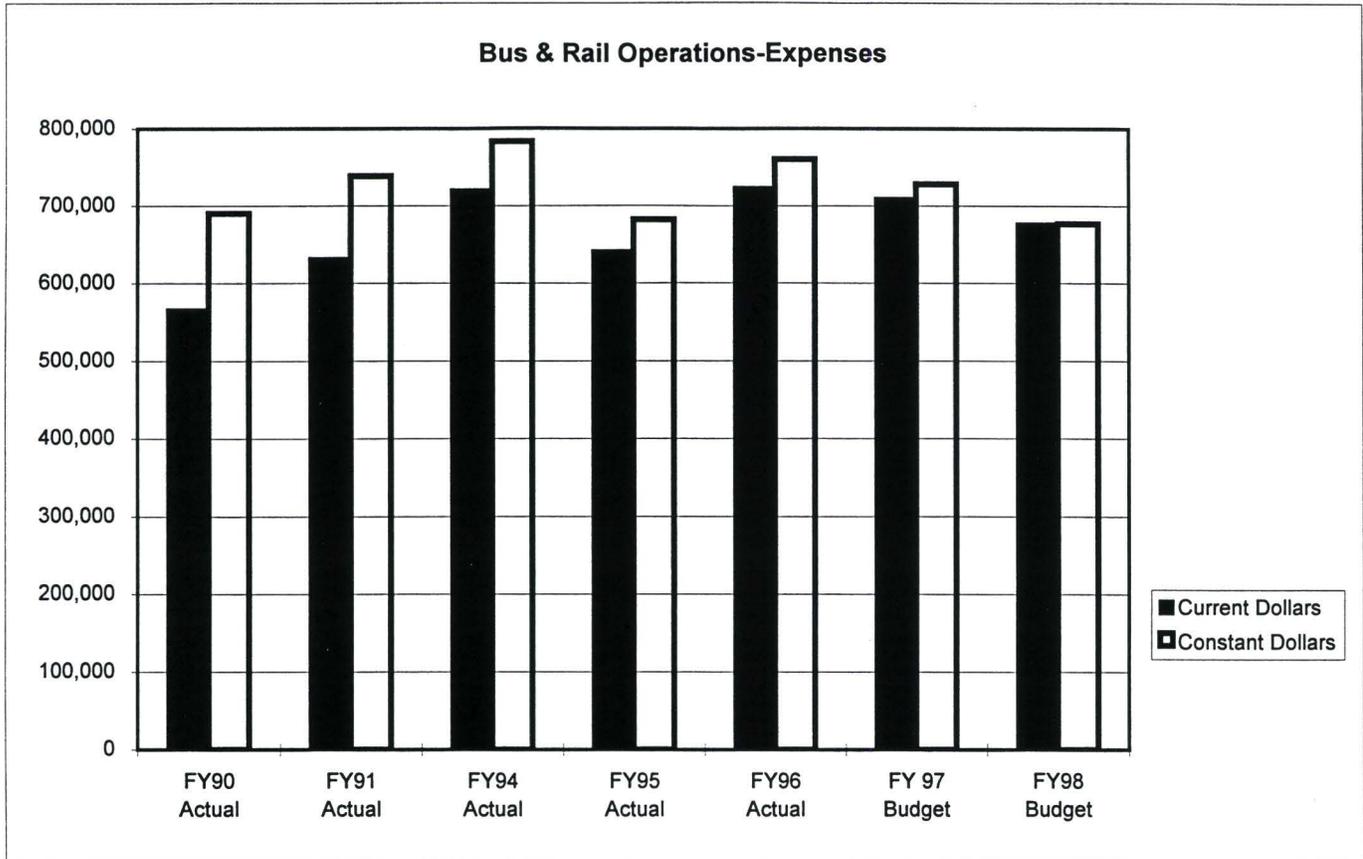
The FY98 Budget for Bus and Rail Operations includes a significant changes in the cost structure due to the transition of security services from MTA Transit Police to the Los Angeles Police Department (LAPD) and Sheriff Department (LASD). The FY98 Budget is a \$71 million reduction in wages and benefits and a \$32 increase in services from the FY97 Budget. Of this total wage decrease, \$42 million is due to the transfer of police personnel to the LAPD and LASD. This corresponds with an increase in services of \$42 million to reflect the LAPD and LASD contracts cost. On a net basis, the FY98 Budget for Bus and Rail Operations reflects cost reductions equaling a \$29 million decrease in wages and salaries and a \$10 million decrease in services. The planned initiatives to achieve the cost reductions are discussed under the Program Summary section.

Bus and Rail Operations-Revenue
(\$000)



	FY90 Actual	FY91 Actual	FY92 Actual	FY93 Actual	FY94 Actual	FY95 Actual	FY96 Actual	FY 97 Budget	FY98 Budget
System Revenue									
Farebox	152,600	154,700	142,900	125,100	127,200	119,900	109,200	132,700	100,300
Other Fare	88,500	90,100	80,300	78,800	81,200	80,600	102,200	103,600	118,600
Other System	9,400	17,400	26,100	24,900	29,300	16,900	18,200	12,600	18,300
Sub-Total	250,500	262,200	249,300	228,800	237,700	217,400	229,600	248,900	237,200
Susidies									
Prop A	119,500	169,600	154,100	98,800	90,500	110,200	143,100	156,500	133,600
Prop C	0	500	8,700	158,400	157,700	100,100	70,500	92,800	91,600
Other Local	2,100	3,500	2,600	5,100	1,800	15,200	5,600	5,900	3,900
TDA	145,200	150,000	160,500	118,400	127,400	128,300	137,700	141,900	150,600
Other State	0	0	18,400	8,400	45,800	17,400	27,900	20,900	20,600
CMAQ	0	0	0				21,100	23,300	16,900
Other Federal	48,700	47,900	47,100	45,600	47,000	48,100	28,000	17,800	22,300
Sub-Total	315,500	371,500	391,400	434,700	470,200	419,300	433,900	459,100	439,500
TOTAL	<u>566,000</u>	<u>633,700</u>	<u>640,700</u>	<u>663,500</u>	<u>707,900</u>	<u>636,700</u>	<u>663,500</u>	<u>708,000</u>	<u>676,700</u>
Constant \$	<u>690,006</u>	<u>740,689</u>	<u>721,455</u>	<u>729,618</u>	<u>769,973</u>	<u>676,959</u>	<u>697,089</u>	<u>726,408</u>	<u>676,700</u>

Bus and Rail Operations-Expenses
 (\$000)



	FY90 Actual	FY91 Actual	FY92 Actual	FY93 Actual	FY94 Actual	FY95 Actual	FY96 Actual	FY 97 Budget	FY98 Budget
Wages & Benefits									
Contract Wages	206,200	227,000	237,800	248,200	258,500	260,900	261,300	247,000	211,900
Non-Contract Wages	35,600	57,400	57,600	51,400	60,300	31,700	31,500	39,300	33,400
Fringe Benefits	175,600	177,700	181,000	191,200	214,300	152,700	188,500	161,900	132,000
Sub-Total	417,400	462,100	476,400	490,800	533,100	445,300	481,300	448,200	377,300
Other Expenses									
Services	21,500	38,600	39,000	40,500	43,800	13,000	26,500	45,900	77,800
Material & Supplies	68,400	76,400	72,800	72,700	76,400	62,500	76,100	62,500	60,700
Utilities	6,700	9,600	11,100	12,300	13,500	12,400	14,500	11,500	8,900
Casualty & Liability	33,500	15,100	32,900	25,300	22,200	34,200	30,400	31,500	29,600
Purchased Transportation							3,600	15,200	24,600
Interest Expense	5,800	13,800	14,200	14,500	17,100	21,100	8,300	2,700	1,800
Other Expenses	12,900	16,100	13,600	12,200	14,000	16,600	7,500	6,000	5,200
Allocated Overhead						36,100	75,300	86,000	90,800
Sub-Total	148,800	169,600	183,600	177,500	187,000	195,900	242,200	261,300	299,400
TOTAL	<u>566,200</u>	<u>631,700</u>	<u>660,000</u>	<u>668,300</u>	<u>720,100</u>	<u>641,200</u>	<u>723,500</u>	<u>709,500</u>	<u>676,700</u>
Constant \$	<u>690,250</u>	<u>738,351</u>	<u>743,188</u>	<u>734,896</u>	<u>783,243</u>	<u>681,744</u>	<u>760,126</u>	<u>727,947</u>	<u>676,700</u>
Surplus/Deficit									
Current	<u>(200)</u>	<u>2,000</u>	<u>(19,300)</u>	<u>(4,800)</u>	<u>(12,200)</u>	<u>(4,500)</u>	<u>(60,000)</u>	<u>(1,500)</u>	<u>0</u>
Constant	<u>(244)</u>	<u>2,338</u>	<u>(21,733)</u>	<u>(5,278)</u>	<u>(13,270)</u>	<u>(4,785)</u>	<u>(63,037)</u>	<u>(1,539)</u>	<u>0</u>

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Summary of FY98 Budget by Department

The following schedule details the expenditures by department for the MTA. Overall, the agency has reduced its budgeted expenditures in FY98 by \$42 million, excluding the \$17 million cost increase due to implementation of the Consent Decree.

The comparison between FY97 and FY98 is difficult at the department level because certain costs were budgeted in FY97 in a "Non-Departmental" cost center. In FY98 these costs are budgeted in the cost center most responsible for managing the cost to improve accountability. Efforts were made to separately reflect the Non-Departmental expense associated with a department; for instance, County Counsel legal services or Regional Transportation Planning and Development subsidies and purchased transportation expenses. The Non-Department road map provided in Volume II will provide further clarification on the reallocation of these expenditures to departments.

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Summary of FY98 Budgeted Positions

The FY98 Budget includes 7,883 positions, a reduction of 530 positions, which represents a 6 percent reduction in staffing levels from the FY97 Budget. The reductions are mainly in Metro Operations (114 positions) and Transit Security (421) positions. These reductions are offset negligibly by various increases and decreases in staffing levels in the other departments as shown on the schedule on the following two pages.

Significant staff increases are funded for the Inspector General and Audit staffs to comply with AB 1869 and other oversight requirements. Staff is increased by 13 positions or 16 percent above FY97 Budget. The Board of Directors approved the increased staffing levels to alleviate the increased workload imposed upon the Inspector General. The increased audit requirements imposed by AB 1869 necessitated the increased staffing level for Management Audit Services.

All executive officers reduced FY97 Budget authorized positions with the exception of the Chief of Staff. Chief of Staff reflects the increase in Audit.

Summary of Budgeted Positions

	FY96 Budget	FY97 Budget	FY98 Budget	FY98 Inc/(Dec) over FY97
Board Of Directors				
Office Of Board Secretary	10	11	11	-
Ethics Office	4	8	8	-
County Counsel	7	6	6	-
Inspector General	32	37	42	5
Board Of Directors Total	53	62	67	5
Chief Executive Office				
Chief Executive Officer	17	7	2	(5)
Deputy CEO Admin / Finance	-	-	5	5
Chief Executive Office Total	17	7	7	-
Chief Of Staff				
Equal Opportunity Administration	36	38	40	2
Chief Of Staff	-	8	8	-
Management Audit	21	42	50	8
Board Research Services	-	7	6	(1)
Strategic Plan & Org Effectiveness	8	8	8	-
Chief Of Staff Total	65	103	112	9
Metro Operations				
Executive Officer For Operations	3	3	6	3
Operations Administration & Finance	86	60	56	(4)
Transit Operations Support	828	879	843	(36)
Metro Bus Northern Region	1,707	1,789	1,713	(76)
Service Quality	25	49	93	44
Metro Bus Central Region	1,427	1,425	1,440	15
Metro Bus Southern Region	1,645	1,462	1,412	(50)
Metro Rail Operations	442	476	466	(10)
Metro Operations Total	6,163	6,143	6,029	(114)
Regional Transp Planning & Dev				
Executive Officer-Planning & Programming	5	7	5	(2)
Operations Planning & Scheduling	100	95	93	(2)
Countywide Planning	30	25	26	1
Multimodal Planning Administration	52	57	59	2
Capital Planning	24	26	25	(1)
Bus System Improvement Planning	-	10	10	-
Regional Transp Planning & Dev Total	211	220	218	(2)
Finance				
Executive Officer For Finance	3	6	4	(2)
Accounting	70	70	69	(1)
Treasury	14	15	17	2
Risk Management - Operations	32	19	16	(3)
Risk Management - Construction	-	4	5	1
Revenue Administration	116	131	130	(1)
Office Of Management & Budget	12	15	18	3
Finance Total	247	260	259	(1)

Summary of Budgeted Positions

	FY96 Budget	FY97 Budget	FY98 Budget	FY98 Inc/(Dec) over FY97
Administration				
Transit Safety	501	501	80	(421)
Executive Officer For Administration	5	-	-	-
Employee & Labor Relations	20	19	20	1
Human Resources	69	88	84	(4)
General Services	122	125	121	(4)
Real Estate	32	32	32	-
Information & Technology Services	162	160	173	13
Administration Total	911	925	510	(415)
Procurement & Distribution				
Materiel	178	190	188	(2)
Contract Administration	40	62	56	(6)
Procurement & Distribution Total	218	252	244	(8)
Communications				
Communications, Executive Officer	3	7	4	(3)
Office Of Director & Media Relations	9	8	11	3
Metro Art	5	9	9	-
Marketing	32	26	24	(2)
Public Affairs	34	45	34	(11)
Customer Relations	118	128	128	-
Internal Communications	-	4	4	-
Office Of Director & Govt Relations	7	5	14	9
Communications Total	208	232	228	(4)
Construction				
Executive Officer For Construction	20	26	23	(3)
Quality Management	20	19	19	-
Construction Safety	21	24	23	(1)
Engineering	57	60	63	3
Construction	31	29	30	1
Program Management	47	51	51	-
Construction Total	196	209	209	-
MTA Total	8,289	8,413	7,883	(530)

Summary of FY98 Budget by Expense Category

Total FY98 Expenditures are budgeted at \$2.8 billion, or \$25 million less than the FY97 Budget. Salaries and Fringe Benefits are reduced by \$46 million, or 8 percent. This is largely caused by the reduction of 530 budgeted positions from FY97 to FY98, including 421 transit positions transferred to the LAPD or Sheriff Department. Services are increased by over \$17 million, largely due to the change in the provision of transit security. The MTA has budgeted \$42 million for contracts in FY98 with the LAPD and Sheriffs' departments for transit security services, a \$41 million increase. Other services decreased by \$24 million, a 6 percent decrease.

Materials and supplies are reduced by \$30 million over the FY97 Budget due largely to the reclassification of capitalized parts from material and supplies in the FY97 Budget to acquisitions in the FY98 Budget.

The FY98 Budget does not include the issuance of a \$35 million Revenue Anticipation Note (RAN) for transit operations, as was assumed in the FY97 Budget. MTA does not anticipate the need to supplement short term cash needs through additional borrowings in FY98 and does not plan to issue RANs.

Purchased Transportation is increased from \$15 million to approximately \$25 million as MTA incurs the full annualized cost for contracting out the 13 lines currently under agreement. This also includes contract service expansion as part of compliance with the Consent Decree.

Subsidies to municipal operators and other regional agencies are increased in FY98 by \$35M and are discussed in further detail in the Regional and Municipal Operator section.

The proposed expenditures detailed in the FY97 and FY98 Budgets do not include the *non-cash* impact of post-retirement medical reserve costs for retiring employees which is estimated at \$9 million. The budgeted expenditures of \$2,846 million will be adjusted to \$2,855 million when presented in GAAP (generally accepted accounting practice) format.

Summary of FY98 Budget by Expense Category
(\$000)

	FY96 Actual	FY97 Budget	FY98 Budget
Salaries & Wages	352,898	360,134	332,257
Fringe Benefits	217,645	215,959	198,306
Services	437,782	415,656	433,137
Fuel & Lubricants	25,947	27,017	27,298
Material & Supplies	67,354	79,686	50,497
Leases & Rentals	7,914	4,843	5,493
Casualty & Liability	65,628	80,827	80,734
Utilities	18,736	16,498	17,437
Debt Expense	246,461	320,271	302,957
Taxes	3,350	3,056	2,895
Purchased Transportation	3,646	15,187	24,646
Acquisitions	310,815	757,028	763,178
Transfers & Allocations	340	946	-
Subsidies	463,722	557,401	592,542
Other	28,529	16,382	14,887
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MTA Total	2,250,767	2,870,891	2,846,264
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Summary of FY98 Capital Budget

The schedules on the following pages summarize the \$1.1 billion of capital projects budgeted in FY98. The FY98 Capital Budget includes the following:

- Bus Capital of \$95 million
- Rail Capital of \$56 million
- Vehicle Acquisitions, including bus purchases of \$173 million
- Rail Construction of \$762 million
- Other Projects of \$48 million.

Funding for the FY98 Capital Budget will come from local revenue and existing and anticipated federal and state grants.

A schedule detailing how the FY98 new federal capital funds are programmed for use in FY98 and future years is also included. Approximately \$58M in Section 9 Capital funds and \$2.4 million in Section 3 Rail Modernization funds are programmed through the FY98 Budget. "Future" programming refers to \$24 million of Section 9 capital funds that have been programmed or reserved for future bus acquisition. Given the lead time required for processing federal grants, funds will not be available for expenditure in the 1998 fiscal year. The buses will be ordered in FY98 for receipt over the next few years. The programming of funds is the first of three multi-year planned budgetary actions to accumulate \$109 million in federal and local funds for vehicle acquisition over the next three years.

**Summary of FY98 Capital Budget
(\$000)**

Bus Projects	FY98 Budget
Bus Maintenance Projects	50,231
Bus Facilities Improvements	16,789
Underground Tank Replacement	12,913
Transit Radio System	<u>15,154</u>
Subtotal	<u>\$95,087</u>

Rail Capital Projects	
Metro Blue Line Facilities Improvements	7,094
Metro Blue Line Maintenance	9,873
Support Equipment	1,465
System-wide Engineering & Administration	19,609
Metro Red Line Facilities Improvements	17,101
Metro Red Line Maintenance	1,073
Metro Green Line	<u>245</u>
Subtotal	<u>\$56,460</u>

Vehicle Acquisitions	
Bus Procurement	100,067
Advanced Technology Transit Bus	15,675
LA Rail Cars	50,507
Non-Revenue Vehicles & Support Equipment	<u>6,633</u>
Subtotal	<u>\$172,882</u>

Rail Construction Projects	
Pasadena Blue Line	76,272
Metro Green Line including MOW bldg.	32,823
Metro Green Line Del Norte Station	787
Metro Red Line Segment 1	2,569
Metro Red Line Segment 2	175,306
Metro Red Line Segment 3 - North Hollywood	320,597
Metro Red Line Segment 3 - Mid City	7,551
Metro Red Line Segment 3 - Eastern Extension	<u>145,944</u>
Subtotal	<u>\$761,849</u>

Other Divisions	
Information & Technology Projects	22,006
Regional Transportation Planning & Development	3,100
Chief of Staff - Project Management Oversight	2,100
Communications Construction Mitigation Programs	5,246
Administration Facility Projects	<u>11,348</u>
Subtotal	<u>\$43,800</u>

Total \$1,130,078

FY 98 Federal Grant Funds
(\$000)

	Programmed	Appropriations	
		FY98	Future
Section 9 Funds			
New Bus Purchases	24,000	-	24,000
Bus Service Maintenance	17,183	17,183	-
Bus Operating Facilities	2,799	2,799	-
Non-revenue Vehicles	792	792	-
Information Technology	1,920	1,920	-
COPS	11,179	11,179	-
Total Section 9	57,873	33,873	24,000

Section 3

Bus Line Operating Facility	464	464
Light Rail Maintenance	120	120
Non-revenue Vehicles	204	204
Blue Line LA/Long Beach	992	992
Tansit Enhancement		
Blue Line	480	480
Green Line	160	160
Total Section 3	2,420	2,420

Summary of FY98 Budget by Fund

The Fund schedule on the opposite page presents the revenue and expenses budgeted according to the appropriate accounting entities (funds). Projected balances for the beginning of FY98, budgeted annual activity and projected year-end balances are shown. The MTA will end FY98 with a projected ending fund balance of \$566 million.

FY98 Revenue and Expense by Major Fund Type
(\$000)

	<u>General</u>	<u>Enterprise</u>	<u>Special Revenue</u>	<u>Capital</u>	<u>Debt Service</u>	<u>Agency</u>	<u>Subsidy Trust Fund</u>	<u>Total (Memo Only)</u>
Estimated Beginning Fund Balance at 07/01/97	\$ 6,623	\$ (85,357)	\$ 364,321	\$ 174,814	\$ 211,505	\$ -	\$ -	\$ 671,906
Estimated Revenues and Other Financing Sources								
Operating Revenues	1,802	231,938	-	8,400	-	-	-	242,140
Proposition A	-	-	442,600	-	-	-	-	442,600
Proposition C	-	-	445,900	-	-	-	-	445,900
Transportation Development Act	-	-	230,900	-	-	-	-	230,900
State Transportation Act - STA	-	-	23,700	-	-	-	-	23,700
Srv. Authority for Fwy. Emergencies	-	-	6,050	-	-	-	-	6,050
HOV Fines	-	-	1,600	-	-	-	-	1,600
Petroleum Violation Escrow Account	-	-	930	-	-	-	-	930
Surface Transportation (ISTEA)	-	-	-	53,522	-	-	-	53,522
Budget Change Proposal - BCP	-	-	3,535	-	-	-	-	3,535
Proceeds of Financing	-	-	491,481	-	-	-	-	491,481
Intergovernmental - Local	-	3,795	1,514	154,201	4,505	10,718	-	174,733
Intergovernmental - State	-	-	-	121,961	-	-	-	121,961
Intergovernmental - Federal	-	39,121	5,140	295,060	-	-	-	339,321
Interest and other	-	5,400	23,900	-	-	-	-	29,300
Operating Transfers - In/(Out)	<u>144,952</u>	<u>396,497</u>	<u>(1,829,410)</u>	<u>410,501</u>	<u>282,747</u>	<u>-</u>	<u>594,713</u>	<u>-</u>
Sub-Total	<u>146,754</u>	<u>676,751</u>	<u>(152,160)</u>	<u>1,043,645</u>	<u>287,252</u>	<u>10,718</u>	<u>594,713</u>	<u>2,607,674</u>
Estimated Total Funds Available	<u>153,377</u>	<u>591,394</u>	<u>212,161</u>	<u>1,218,459</u>	<u>498,757</u>	<u>10,718</u>	<u>594,713</u>	<u>3,279,580</u>
Budgeted Uses of Funds								
Direct Fund Expenditures	<u>146,754</u>	<u>676,749</u>	<u>-</u>	<u>1,130,078</u>	<u>287,252</u>	<u>10,718</u>	<u>594,713</u>	<u>2,846,264</u>
Total Uses of Fund Resources	<u>146,754</u>	<u>676,749</u>	<u>-</u>	<u>1,130,078</u>	<u>287,252</u>	<u>10,718</u>	<u>594,713</u>	<u>2,846,264</u>
Estimated Ending Fund Balance @ 6/30/98	\$ <u>6,623</u>	\$ <u>(85,355)</u>	\$ <u>212,161</u>	\$ <u>88,381</u>	\$ <u>211,505</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>433,316</u>

Notes:

Agency funds include Benefit Assessment District Activities.

This schedule does not include Fiduciary Trust Funds such as Pension Funds and other funds held in trust by the LACMTA as fiscal agent.

General fund includes Service Authority for Freeway Emergencies, HOV Fines, Petroleum Violation Escrow Account, Budget Change Proposal, and Federal Department of Education funds.

FY98 Debt Budget

Debt expenditures appear in the budget in two different forms: an expenditure category and a program cost. The detailed debt budget for the expenditure category details what type of expense is budgeted -principal payment or interest - by debt instrument - bond, note, revenue, revenue anticipation note (RAN), certificate of participation (COP). The detailed debt budget from the program perspective details the debt expense by category of leveraged revenues that are pledged for repayment of the debt. The difference in totals is due to the legal and consultant costs associated with debt administration.

The FY98 Budget contains a complete listing of all outstanding debt obligations of the MTA.

FY98 Debt Budget
 (\$000)

	FY97 Budget	FY98 Budget
<i>Debt as an Expenditure Category</i>		
Debt Service - Bond Principal Payments	46,279	43,115
Debt Service - Notes Principal Payments	37,084	2,742
Debt Service - COP Principal Payments	18,630	19,150
Bond Interest Expense	185,568	200,667
Notes Interest Expense	7,028	14,241
RAN Interest Expense	10,581	8,951
COP Interest Expense	<u>15,101</u>	<u>14,090</u>
Total Debt -- Expense Category	<u><u>320,271</u></u>	<u><u>302,956</u></u>

Debt as a Program

Debt Service - Prop A	145,194	147,633
Debt Service - Prop C	88,681	104,315
Debt Service - Other	18,881	35,304
Debt Service - Enterprise	37,749	1,820
Debt Service - B.A.D. #1	9,688	9,686
Debt Service - B.A.D. #2	<u>548</u>	<u>541</u>
Total Debt by Program	<u><u>300,741</u></u>	<u><u>299,299</u></u>

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CONSENT DECREE

In October 1996, a Consent Decree was filed between the MTA and class action plaintiffs. The Consent Decree calls for:

- Additional bus service
- Creation of a weekly pass implemented in FY97 at \$11
- A continuation of the sale of monthly pass and a rollback in price of passes from \$49 to \$42 for three years
- Off-peaks fares to be established on select bus lines
- Two-year commitment by the MTA to maintain the current cash fare of \$1.35 and the cost of tokens at 90 cents.

The table below summarizes the financial impact of the Consent Decree on the FY98 Proposed Budget. Long term impacts of the Consent decree will be evaluated as part of the Long Rang Transportation Plan update. Specific plans for bus service expansion are included in the FY98 Proposed Budget:

- 53 additional buses implemented in December 1996 as part of the Bus Service Improvement Plan
- At least 50 buses as part of a new service demonstration project beginning in May 1997
- 51 new buses scheduled for implementation in June 1997 to reduce overcrowding on some of the most densely populated lines.

Service will be provided by both the MTA and contract service providers.

Summary of Financial Cost Impact of Consent Decree (\$000)

	FY98
	<u>Budget</u>
Revenue Administration	900
Risk Management	700
MTA-BSIP Service	7,500
Pilot Program New Service	8,200
<u>Load Reduction</u>	<u>7,500</u>
Total-Expense Impact	24,800
Revised Fare Structure	5,000
Impact of Off-Peak Fares	2,500
<u>Increased Fares Due To Additional Boardings</u>	<u>(1,900)</u>
Total-Revenue Impact	5,600
Total-Impact on FY98 Budget	<u>30,400</u>

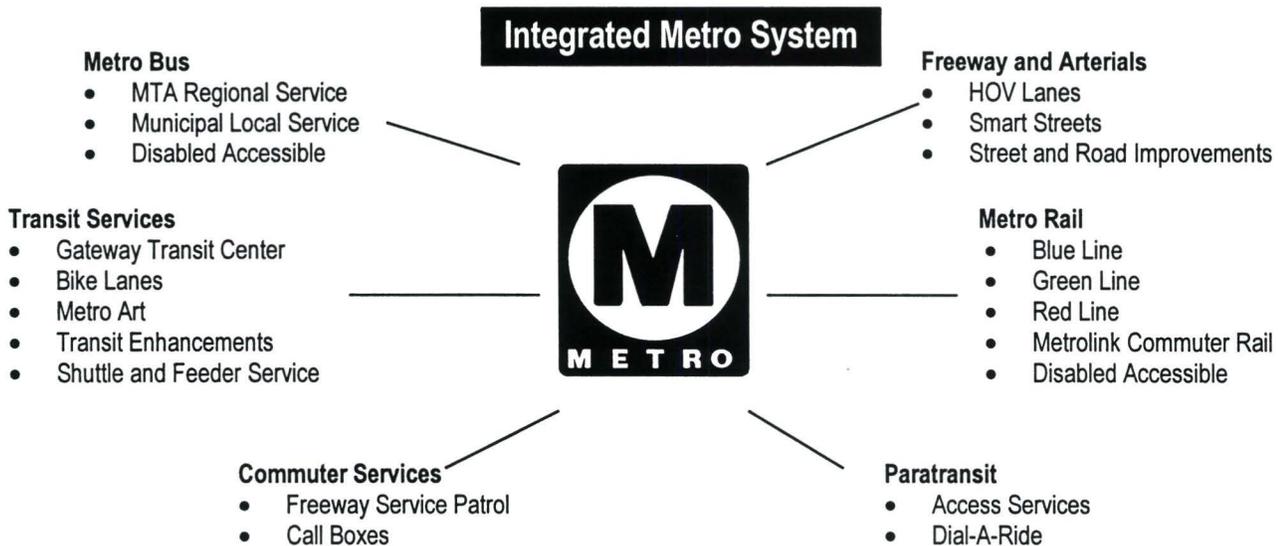
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MAJOR PROGRAM HIGHLIGHTS

This section of MTA's budget provides descriptions of the major programs and services included in the FY98 proposed budget. The program descriptions indicate the breadth of the multmodal transportation services provided by MTA - from buses and trains to call boxes and services to aid the disabled public.

MTA's programs and projects are the best indicators of the services we provide to Los Angeles County residents and businesses. The previous section included a summary of the FY98 Proposed Budget by MTA's projects and services. In this section, the FY98 initiatives associated with each major program are highlighted and discussed. Pertinent financial and performance measures are also presented where appropriate. A detail of expenses by cost center is presented in Volume II.



Customer First Focus

MTA's Customer First philosophy emphasizes that we focus on the customer's point of view in everything we do. Programs such as the 1-800-COMMUTE number and the on-time guarantee make it easier for customers to use MTA's service and to depend on it for work and commuting.

1-800-COMMUTE - This toll-free regional transit and rideshare information line enjoys an exceptional level of public awareness thanks to the continuing promotion of this number in nearly all Metro printed materials. Unfortunately, during peak periods, callers to this highly popular free service often experience long wait times. Enhancements are planned to assist the busy caller and provide expedited services. Callers can have schedule information faxed back to them or can punch in their phone numbers and the system will call them back when an operator is free.

Customer First Conference - MTA added another "first" to its list of transit innovations when it convened a conference in February dedicated entirely to customer service excellence. Transit officials and professional staff from across the country listened to experts in the field of customer service share their insights. Representatives from some of America's most customer-oriented organizations discussed their companies' success stories, allowing guests to investigate their applicability to public sector entities. In FY98, MTA will host the 2nd Annual Customer First Conference.

Community Forums - In FY98, MTA will continue its outreach program to community leaders. This innovative program initiated in FY97 brought opinion influencers together in four regionally oriented public forums to examine public transit needs and issues. The common theme of the forums, "Time Out From Too Fast," examined various methods of Angelenos coping with today's demanding lifestyles and the role public transit can play in saving everyone time. The effort is aimed at increasing the number of LA residents who see themselves as "stakeholders" in MTA and sharing in MTA's goals and vision.

Most bus riders (62%) and rail riders (88%) surveyed on board MTA service rated the services as "good" or "very good".

Service Planning Market Research Project - The first phase of this project was completed in April 1997 and will dictate how MTA will tailor future customer service programs in FY98 and beyond. The project is a region-wide transit market research program designed to validly and reliably measure and monitor transit travel patterns and customer preferences. Over 50,000 telephone, on-board and focus group surveys were conducted. MTA proposes to continue with Phase II of this project in FY98 which will maintain and expand the customer input database, conduct on-board surveys on Saturday and night transit users, and conduct additional focus groups.

Economic Mitigation Program - In an ongoing effort to alleviate the impact of rail construction and other MTA programs on businesses and citizens, MTA has reserved \$2 million for mitigation efforts.

Signage Program - To better service customer needs, new uniform standards for passenger signage on the Metro System will be developed and submitted for Board approval in FY98. The Board will also be presented with cost estimates for implementation of the sign standards systemwide. The FY98 Budget includes the cost for completing the development of the signage standards and preparing the cost estimates.

MTA's Customers Services and Communications Department working with Transit Operations will take the lead in implementing the Customer First initiatives.

Transit Operations

In FY98, MTA will provide more than 6.2 million bus revenue service hours and 150,000 train revenue service hours to more than 360 million passengers. Given the current reductions of federal support and increasing costs, MTA is once again challenged to deliver high quality bus and rail service in an environment of diminishing resources and increasing demands

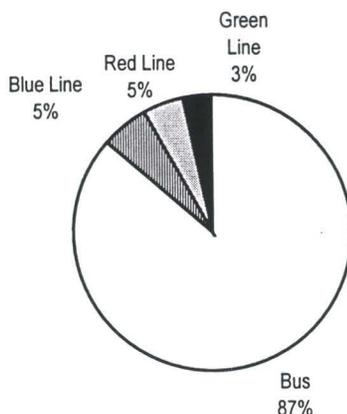
Operations has responded to the challenge of implementing the provisions of the Consent Decree. In December 1996, 53 additional buses went into revenue service to lower the load factors on selected bus routes. The FY98 Budget funds the continuation of the service added last December and an additional 51 buses scheduled to go into service in June 1997. Fifty more buses will be added into service in FY98 as a pilot project to improve customer access.

The FY98 Budget for Operations incorporates changes made during FY97 including:

- Reconfiguration of the regions from four to three
- Creation of the Service Quality Department
- Implementation of new service as stipulated in the Consent Decree
- Transfer of the Transit Security Unit from Risk Management. Operations

In FY97, Operations improved the overall appearance of the bus fleet, with special attention made to improving the interior cleanliness of MTA vehicles. The FY98 Budget continues the commitment to improve the appearance of all MTA revenue vehicles. The Zero Tolerance Program for graffiti removal is continued. Funds are included to increase the replacement of etched windows and the installation of window guards. In FY97, Operations working with Customer Services and Communications introduced a new paint scheme which will give buses a better look and is less expensive to apply and maintain. In FY98, all new buses will be delivered with the new paint scheme and 250 existing revenue vehicles will be repainted.

**Transit Operations FY98
Budget
\$673 Million**



MTA LITE

MTA LITE (Local Transportation Initiative) takes full advantage of existing facilities and system capabilities by contracting MTA services, such as vehicle maintenance and painting, to other transit properties. The FY98 Budget includes MTA's \$1 million contract with Foothill Transit and anticipates entering into two additional contracts in FY98 for an anticipated revenue of \$1.4 million.

FY98 Initiatives

Initiatives planned for FY98 emphasize customer service and service quality.

Customer Service - Continuing MTA's commitment to customer service, Operations will aggressively respond to and proactively work toward reducing customer complaints. All complaints will be investigated with a goal of contacting the customer within three days of receiving a complaint. Customer comment cards will be available quarterly on all revenue vehicles and customer input will be used to evaluate MTA service and make any appropriate adjustments.

Service Quality - The FY98 Budget includes resources for the Service Quality Department to increase the number of simulated CHP terminal inspections and biennial inspection of trucks. MTA's goal is to assure that all Divisions pass their annual CHP inspections and that the fleet meets all federal and state safety requirements. Operations also plans to implement a new safety awards program. Through this program, MTA Operations will recognize employees who contribute to both operating revenue vehicles safely and maintaining a safe work place.

Transit Institute - Each bus and rail operator will be scheduled for a two-day course that in addition to covering briefings on updated safe driving techniques will assure that all bus and rail operators receive a consistent curriculum in Strategies for Dealing With Difficult People and MTA's Customer First Initiative. This centralized program, known as the Transit Institute, will achieve a significant cost savings over the current decentralized approach, while increasing the quality of the learning experience.

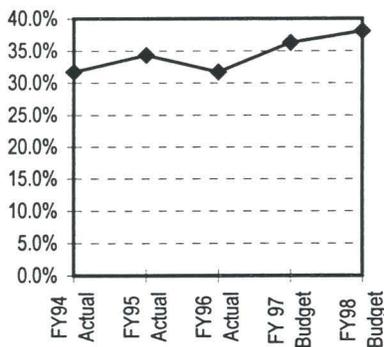
Bus and Rail Fleet Maintenance - Maintaining the safety, reliability and cleanliness of MTA revenue vehicles is a top priority. Given the ongoing problems of maintaining the ethanol bus fleet, this budget proposes to decommission any ethanol buses that experience a major engine failure. Operations anticipates decommissioning 200-300 buses under this program at a net savings of \$3.5 million. While this will result in more reliance on older diesel buses, it is believed this is the only cost-effective way to deal with the exceptional expenses of trying to maintain the service reliability of the ethanol fleet.

Cost Efficiencies

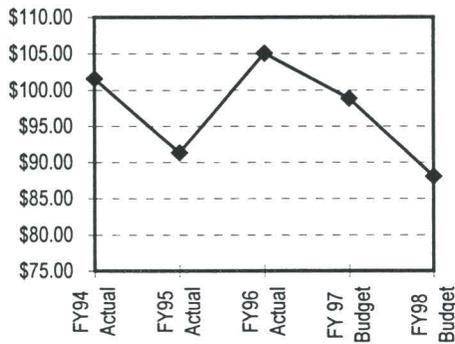
Over the past three years, Operations has undergone significant restructuring to reduce operating costs while improving customer service through cleaner, on-time service. The FY98 Budget is based on a projected bus cost per revenue vehicle service hour of \$88.04, which represents an 9 percent decrease from the FY97 Budget. In order to achieve these cost reductions, Operations has undergone or is proposing:

- Reorganization of the management structure at bus operating divisions
- Closure of Division 12 in Long Beach (current service to be transferred to other operating divisions)
- Reduced night owl services
- Revised parameters for the Preventative Maintenance Program
- Redesign of bus specifications to maximize bus procurements.

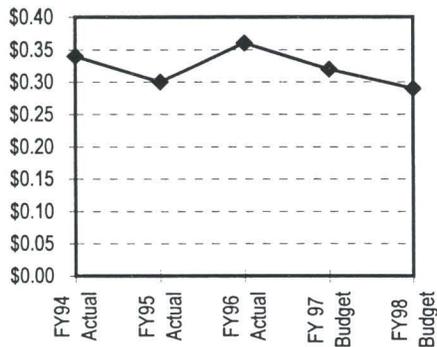
Farebox Recovery Ratio



**Bus Operations
Cost per Hour Constant \$**



**Bus Operations
Subsidy per Passenger Mile
Constant \$**



**Bus Operating Statistics
Boardings & Hours (000)**

	FY94	FY95	FY96	FY 97	FY98
	Actual	Actual	Actual	Budget	Budget
Boardings	378,640	353,395	335,090	333,100	346,300
Farebox Recovery Ratio	31.6%	34.3%	31.7%	36.3%	37.8%
Vehicle Service Hours	6,775	6,500	6,205	6,264	6,678
Cost per Hour Current \$	\$93.39	\$85.87	\$100.01	\$96.36	\$88.04
Cost per Hour Constant \$	\$101.58	\$91.30	\$105.07	\$98.86	\$88.04
Subsidy per Passenger Mile Current \$	\$0.31	\$0.28	\$0.34	\$0.31	\$0.29
Subsidy per Passenger Mile Constant \$	\$0.34	\$0.30	\$0.36	\$0.32	\$0.29

**Modal Operating Statistics
Fares, Expenses & Boardings (000)**

	Bus	Rail	MTA Total	Commuter Rail
Fares	222,500	14,700	237,200	32,524
Expenses	587,949	89,785	677,734	72,721
Boardings	346,300	30,400	376,700	6,262
Farebox Recovery Ratio	37.8%	16.4%	35.0%	44.7%
Vehicle Service Hours	6,679	153	6,831	31,803
Cost per Hour	\$88.04	\$587.60	\$99.21	\$2,286.58
Vehicle Service Miles	80,905	3,442	84,348	1,431
Passenger Miles	1,281,310	203,000	1,484,310	222,791
Subsidy per Boarding	\$1.06	\$2.47	\$1.17	\$6.42
Subsidy per Passenger Mile	\$0.29	\$0.37	\$0.30	\$0.18

Notes:

- Expenses exclude rent, interest & debt service
- Fares includes other system generated revenue
- Rail statistics reflect train hours & miles
- Commuter Rail not operated by MTA, for comparison purposes only

Bus and Rail Facilities and Fleet Management

The number one priority for the bus and rail capital maintenance program is expansion and replacement of the bus fleet. The FY98 Proposed Budget has dedicated over \$100 million for bus replacement and expansion, including expenditures of prior-year grant awards. FY98 Federal capital grants are programmed to fund bus procurement and bus-related projects.

Bus Replacement and Expansion

The FY98 Budget for bus replacement and expansion is consistent with the strategies presented to the Board during the April Board workshop. In FY98 Operations is scheduled to receive 191 new CNG Buses and 44 heavy and 24 light rail vehicles. The Regional Rebuild Center will rebuild the diesel engines for approximately one-third of MTA's fleet and almost half of the fleet's transmissions.

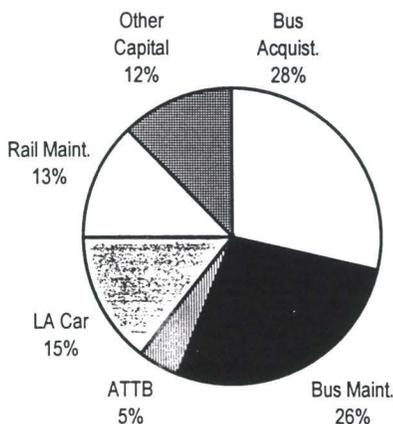
MTA plans to order an additional 223 buses in FY98 with specifications currently being prepared. The additional bus order will assist Operations in accelerating the replacement and retirement of the costly methanol and ethanol buses and moving to more cost-efficient technologies. Assuming planned replacement cycles, MTA should have no buses older than 12 years by FY 2009, the shortest replacement cycle which the FTA will fund.

Bus Facilities and Maintenance

The FY98 Capital Budget includes \$93 million for bus facility improvements, upgrades and maintenance of revenue vehicles. Constraints on the availability of new capital funds have narrowed this work to include:

- Limited infrastructure preservation and maintenance programs
- Bus engine and transmission overhaul
- Limited bus rehabilitation
- Procurement of major rotables for buses and rail cars
- Limited nonrevenue vehicle replacement
- Tool and equipment replacements
- Improvements to comply with ADA requirements
- Upgrading the vehicle maintenance and material management systems.

**FY98 Budget
Bus & Rail Capital
\$347 Million**



ATTB - Bus of the Future

MTA has budgeted \$16 million in FY98 to support continued development of the Advanced Technology Transit Bus (ATTB). The ATTB program was initiated in 1992 to develop a light-weight, low-emission transit bus using proven advanced technologies developed in the aerospace industries. Forged from a partnership among the FTA and the private sector, the ATTB represents a breakthrough in transit bus design. The ATTB meets federal, state and local clean air requirements and will meet or exceed Americans with Disabilities Act (ADA) requirements through the use of a low, flat floor and a single ramp system that is more reliable than current wheelchair technology. The ATTB will meet the following specifications:

- Low to zero emissions
- Meet or exceed ADA requirements
- Curb weight 10,000 pounds less than existing buses
- Reduced vehicle operation costs
- Full-sized 40-foot bus accommodating 43 seated and 29 standing passengers
- User-friendly for operators and passengers.

In October 1996 the first ATTB prototype was completed and five additional buses are in various stages of production; all are scheduled to be completed by December 1997. FY98 funds will be used for the completion of the prototype production and field testing of the ATTB vehicle.

LA Car/Vehicle Acquisition Project

MTA is under contract with Siemens Duewag Corporation of Sacramento for the production of 52 light rail vehicles known as the LA Car. The first car is scheduled to arrive in mid 1997. As a result of this contract, a car shell manufacturing plant was established in Carson and employs about 100 people in the assembly and manufacturing of the light rail car shells. In FY98, \$51 million is budgeted for MTA to receive the prototypes and begin testing of the vehicles.

Rail Facilities and Maintenance

The FY98 Capital Budget dedicates \$44 million to support improvements and upgrades to the Metro Red, Blue, and Green Lines. Projects planned for FY98 include:

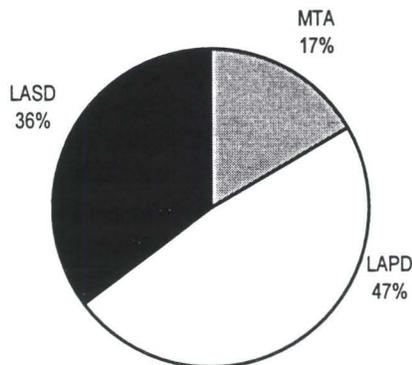
- Environmental mitigation, radio retrofit and other improvements to Red Line Segment 1
- Mandated rail safety improvement projects
- Construction of storage tracks at Light Rail Divisions 11 and 22
- Rail crossing improvements along Metro Blue Line.

A complete list of all bus and rail capital projects is included in Volume II of the FY98 Proposed Budget.

Transit Security

In a major policy initiative, the MTA Board of Directors reconfigured the way transit police services are deployed in Los Angeles County by authorizing a merger of the MTA Transit Police force with the Los Angeles Police Department (LAPD) and the Los Angeles County Sheriff's Department (LASD). The merger of the Transit Police within these forces, effective July 1, 1997, will form the new Transit Policing Partnership with units dedicated to regional transit policing.

**Transit Security
FY98 Proposed Budget
\$51 Million**



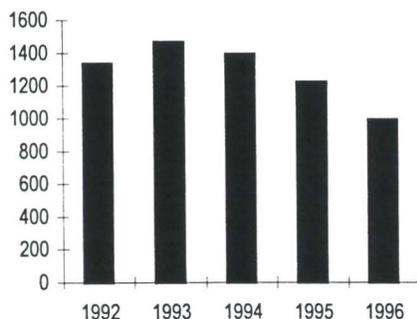
The merger of transit services will enhance the overall security and cost-effectiveness of the Metro System through:

- Increasing the number of dedicated sworn peace officers and security personnel to transit policing
- Eliminating administrative duplication reducing costs and allowing more personnel to be deployed in the field
- Providing a unified command and control structure
- Instituting equity among transit security sworn personnel
- Creating a new class of civilian employees to assist in the Metro Rail fare inspection function
- Expanding services to include transit security for municipal operators.

Current sworn MTA Transit Police personnel, excluding retirees, will be transferred to the LAPD or LASD.

The FY98 regional transit security program will include direct service for municipal operators. The Transit Policing Partnership will provide full policing services in support of all of the region's public transit operators. These services will be coordinated through MTA's staff level security committee which will include municipal operator representation. The Calderon bill mandated a two-year trial period for MTA providing regional security services expiring at the end of fiscal year 1998.

**Metro Bus Security
Number of Reported Crimes**



In FY98, MTA plans to apply for additional Department of Justice (DOJ) grants for new policing services. The FY98 Proposed Budget includes the MTA's match for a new grant to be submitted to improve the safety of women transit users. Staff is proposing a grant for four additional sworn officers, two LAPD and two LASD, as well as two civilians contracted from an organization such as the Los Angeles Commission on the Status of Women. This group will focus on developing training, prevention and enforcement programs to reduce crimes against females. The total program is estimated at \$425,000 which will be partially offset by the DOJ grant.

Transit Policing Partnership

The Transit Policing Partnership represents a new commitment to ensuring security for MTA passengers, operators, employees, properties, revenues and assets. Roles and responsibilities for the partnership are as follows:

MTA Security Department - The MTA Security and Law Enforcement Policy Department is responsible for planning, implementation and oversight of the MTA's regional security program. The department includes management, supervisory and operational staff and is responsible for overall program management.

Los Angeles Police Department - The Los Angeles Police Department will provide a full range of professional transit policing services through its Transit Bureau and other resources. The LAPD will provide security services within the City of Los Angeles boundaries. The FY98 Budget assumes the transfer of 249 positions from MTA to LAPD.

Los Angeles Sheriff Department - The Los Angeles County Sheriff's Department will provide transit policing services within the unincorporated areas of the County of Los Angeles, the contract cities and in coordination with other cities through its Transit Bureau and other resources. The FY98 Budget assumes the transfer of 184 positions from MTA to LASD.

The MTA Board of Directors will continue to provide policy guidance and oversight and receive regular reports on the security program from the CEO.

The FY98 Budget assumes full transition of all MTA Transit Police personnel under the Partnership effective July 1, 1997. The FY98 operating budget for transit security services has remained at FY97 funding levels. The FY97 Budget also included \$1.4 million for contract security at construction sites a total budget of \$52.7 million. The FY98 Budget includes \$.4 million for construction security for a total security cost budget of \$51.6 million. Funding is provided from Proposition C Security Funds, federal grants, fines and other local revenue.

Transit Security Expenditures Dollars in Millions

FY97 Budget

Department Expense (with Fringe)	\$38.3
Overhead (including Public Liability)	10.9
Vehicle Maintenance	.7
Capital	1.3

Total **\$51.3**

FY98 Budget

LAPD	\$23.4
LASD	17.5
MTA Transit Safety & Gateway Security	4.5
MTA Operations Guards (i.e. Park and Ride lots)	3.8
Usage of MTA Facilities	2.1

Total **\$51.2**

Commuter Services

Los Angeles freeways are some of the busiest in the world accommodating 7 million trips daily. The congestion on the trips is alleviated and made easier for commuters through MTA's Metro Freeway Service Patrol, Major Incident Response and the Service Authority for Freeway Emergencies (SAFE) call boxes.

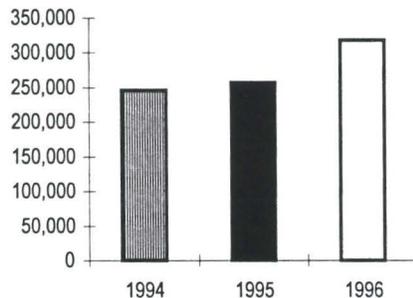
The Metro Freeway Service Patrol and the Call Box Program will be expanded during FY98 to further improve traffic speeds and reduce congestion caused by traffic problems. Metro Freeway Service Patrol will increase service availability to weekends and off peak travel periods. The FY98 Proposed Budget includes funds to install up to 350 call boxes along County roads in unincorporated areas.

Metro Freeway Service Patrol

Metro Freeway Service Patrol drivers spot disabled vehicles on the freeway and quickly assist them to alleviate congestion. The FY98 Proposed Budget for this program is \$31 million. Service is provided by contracted tow companies who are managed by the California Highway Patrol (CHP) and Caltrans. In 1996, the number of motorist assists increased by 20 percent, bringing total program assists to over 1.3 million. The program is funded through a combination of Proposition C-25% Highway funds and other dedicated program subsidies.

In FY98 the Metro Freeway Service Patrol will continue to refine the reconfiguration plan adopted by the Board in February 1997 which provides off-peak service such as midday, weekend and limited evening hours. The FY 98 Budget will also strive to maintain its current approval rating, with over 90 percent of those assisted describing the service as good or excellent.

**Annual Freeway Service
Patrol Assists**



Service Authority for Freeway Emergencies (SAFE)/Call Boxes

The call box program is administered by MTA through a legal entity known as SAFE. The program provides roadside emergency calling capability along Los Angeles County's freeways to the California Highway Patrol (CHP). CHP dispatchers answer over 400,000 freeway call box calls annually. The program is funded through an annual \$1 Department of Motor Vehicles registration surcharge. The total FY98 Proposed Budget is \$14 million.

The FY98 Proposed Budget includes expanding the call box system to unincorporated county roads, implementing system-wide accessibility improvements and retaining current performance standards for call answering and processing time. Current standards provide for call answering within 20 seconds and call processing within 4 minutes.

Major Incident Response

About 1,300 major incidents lasting approximately three hours each occur on Los Angeles freeways annually. The Major Incident Response program is targeted at reducing the duration of these large incidents.

In FY98, the Major Incident Response Program is budgeted to test and implement project components such as portable field offices, dispatch center freeway status display boards, and media interface for faster incident reporting.

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EXECUTIVE SUMMARY RAIL PROGRAM STATUS

Forecasted as of June 1997

	RED Segment 1	RED Segment 2	RED Seg 3 N. Hollywd.	RED Seg 3 Mid-City	RED Seg 3 East Side	BLUE Long Beach/LA	BLUE Pasadena	GREEN	Light Rail Vehicle	Summary
Length	4.4 Mi.	6.7 Mi.	6.3 Mi.	2.3 Mi.	3.7 Mi.	22 Mi.	13.6 Mi.	20 Mi.	—	79 Mi.
Number of Stations	5	8	3	2	4	22	13	14	52 cars	71 stas.
Technology	Heavy Rail	Heavy Rail	Heavy Rail	Heavy Rail	Heavy Rail	Light Rail	Light Rail	Light Rail	Light Rail	—
MTA Approved Opening Date	Grand Opening Jan 1993	Wilshire Jul 1996 Vermont Dec 1998	May 2000	July 2009	Nov 2004	Grand Opening Jul 1990	May 2001	August 1995	Final Car Delivery Jun 1999	Final Completion Jul 2009
Design Status March 97	Completed	96.1%	93.5%	Final Not Started	65.3%	Completed	80.3%	Completed	Based on Milestones 90%	3 of 9 complt.
Constr Stat March 97	Completed	85.0%	38.0%	Not Started	Not Started	Completed	9.5%	99%	Based on Milestones 35%	3 of 9 complt.
Expenditures Estimated Jun 97	\$1439	\$1390	\$642	\$13	\$107	\$862	\$217	\$667	\$100	\$5437
MTA Approved Budget (in mil.)	\$1450	\$1641	\$1314	\$491	\$1049	\$877	\$804	\$712	\$258	\$8596
Federal Funding	48%	44%	62%	54%	75%	0%	0%	0%	35%	35%
State/Local Funding	52%	56%	38%	46%	25%	100%	100%	100%	65%	65%

Rail Construction

MTA will continue to work with its local, state and federal partners in FY98 for the construction of the 79-mile heavy and light rail Metro Rail system. Initiatives in FY98 are focused on design and construction of the major rail construction programs on schedule and within budget, implementing the cost-containment strategies outlined in the Rail Recovery Plan and continuing to improve construction oversight and management.

Metro Red Line Segment 2 - Hollywood

The final component of the Segment 2 Project - Hollywood Extension will be in final stages of construction and beginning preoperations planning in FY98. Revenue operations are targeted at December 1998. Efforts in next fiscal year will focus on completing station construction and beginning preoperation system integration testing. Construction staff will continue to support counsel for successful resolution of the pending MTA/Shea-Kewitt-Kinny litigation. Construction activities planned for FY98 on the Segment 2 extension include:

- Issue Notice to Proceed for Kaiser entrance at Vermont/Sunset Station
- Complete track installation
- Complete all facility construction and take beneficial occupancy of all five stations by May 1998
- Start train control dynamic testing in May 1998
- Return Barnsdall construction site to Los Angeles City Parks and Recreation by June 1988
- Complete systemwide procurement and complete installation of systems in stations and tunnels.

Metro Red Line Segment 3 - North Hollywood

Segment 3 includes extension of the Metro Red Line from the Hollywood/Highland Station to North Hollywood. Revenue operations are currently anticipated for 2000. Key activities for FY98 include:

- Complete concrete work on station contracts for North Hollywood by June 1988
- Complete tunnel excavation and tunnel boring machine removal by August 1997
- Complete final design of Universal City Access Road and Highway 101 overcrossing
- Start final design of Lankershim Park and Ride Bus Plaza
- Start trackwork installation by March 1998.

Metro Red Line Segment 3 - East LA Extension

In FY98 MTA is scheduled to release the first construction contract for bid on the Eastside Extension The Red Line Eastern Extension includes expansion from Union Station through Little Tokyo/Arts District to 1st and Lorena Streets and is scheduled for revenue operations in 2004. The results of the environmental investigations addressing site contamination issues in the Little Tokyo area scheduled for June 1997 approval could potentially impact the project schedule. Key project activities for FY98 include:

- Complete final design of facilities
- Complete two demolition contracts
- Finalize construction management contract
- Award Little Tokyo/Arts District tunnel contract.

Metro Blue Line Extension to Pasadena

The 13.7-mile light rail extension from Union Station to Pasadena continues to move forward although federal funding shortfalls have caused the Revenue Operations date to be delayed. The Pasadena extension has been reconfigured as part of the rail alternatives analysis and is in final design. The current revenue operations date (ROD) of May 2001. The ROD is contingent upon the use of California State Transportation funds to make up for the shortfalls in deferral commitments to support the Red Line projects' budget and schedules.

To date four construction contracts have been awarded, with three complete or in the close-out mode. These construction contracts include the fabrication and delivery of pre-cast concrete ties, the LA River Bridge demolition and construction, and the renovation of the Arroyo Seco Bridge. The LA River Bridge recently won the Portland Cement Association's Award of Excellence, while the Arroyo Seco Bridge was given the LA Conservancy Preservation Award. The ongoing construction effort is focused on the completion of retrofitting 13 steel and concrete bridges along the rail route.

Project milestones for FY98 include:

- Complete final design based on approved Value Engineering and Cost Containment Plan
- Complete contract to retrofit steel and concrete bridges
- Continue relocation of utilities within the Cities of Pasadena and Los Angeles
- Advertise and award two construction contracts - Chinatown Aerial and Arroyo Seco to Del Mar Line Segment.

Metro Construction boosts local economy:

- *More than \$1 billion in Southern California business revenues due to capital investment in rail projects are generated each year for companies involved in Metro Rail projects.*
- *MTA invests more \$550 million a year in the economy to buy goods and services and provide employment to build the Metro Rail system.*
- *About 98% of expenditures are for U.S. originated products and services, with more than \$400 million a year spent in Southern California alone.*
- *The rail program employs about 15,000 people each year, representing MTA employees, as well as those hired by MTA consultants, construction contractors, and their subcontractors.*
- *Metro Rail construction generates several million dollars a year in public road and utility improvements around rail project areas.*

Regional Planning

In FY 98, MTA is accepting the challenge of providing creative solutions to the Los Angeles County's most pressing transportation problems. Leading this effort is the Regional Transportation Planning and Development unit which is responsible for overseeing the development of a wide range of benchmark programs, initiatives and cutting-edge technology applications that are helping MTA stay on the forefront of transportation planning and program development in the nation. MTA takes a "multimodal" view to transportation planning, examining solutions through highways, bus and rail transit, system and demand management, and other programs to improve the overall mobility of people and goods within Los Angeles County.

Long Range Transportation Plan

A major effort for FY98 involves updating the Long Range Transportation Plan (LRTP) which includes a comprehensive re-examination of the funding and transportation strategy options available to MTA through the year 2020. All programs and funding sources will be reviewed for changes, revenue and project assumptions will be reevaluated, and complex financial analyses of major activities of MTA will be conducted. In FY98, the Board will be presented with a detailed financial review of all alternatives and changes. Modeling and geographic information system tools will be used to simulate transportation system conditions for analyzing the impact of future transportation policy options and designing the highway, bus, and rail infrastructure.

Programming and Economic Analysis

In support of MTA's multimodal efforts for FY98, the following economic forecasting and financial planning efforts are necessary. These include:

- Re-authorizing ISTEA (ISTEA II) which could bring over \$500 million to Los Angeles County.
- Supporting legislative initiatives such as STIP reform and SB45 approval which could bring \$200 million over seven years.
- Developing strategies to maximize revenues MTA receives from federal, state, and local sources.
- Applying for over \$240 million in state and federal grants
- Managing existing MTA's \$5 billion grant program
- Updating Funding Sources Matrix, and Revenue Demand Charts, and State of the MTA Report

Transit Planning

Transit planning efforts will concentrate in FY98 on improving bus services through the Bus Service Improvement Plan and monitoring the implementation of the Consent Decree. Specific efforts will include:

- Implementing service changes, including contracting additional services to reduce the average passenger loads to no more than 15 standees on buses
- Conducting ADA-service related inspections and working to reduce ADA-related complaints by 30 percent.

Rail Planning

Critical rail actions for FY98 include the following activities:

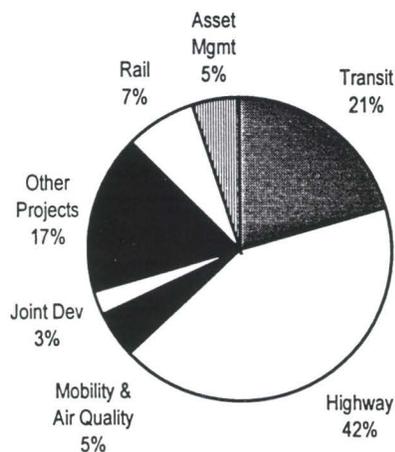
- Selection of a new Locally Preferred Alternative for the Mid-City Segment from the Wilshire/Western station to Pico/San Vicente
- Selection of a locally preferred alignment for the East-West Transportation Corridor, culminating ten years of conceptual studies
- Increasing the cost effectiveness of SCRRA's Metrolink services by expanding ridership and services by 4%
- Increasing the farebox recovery ratio of SCRRA's Metrolink services to 40%

Highway Planning

In consultation with Caltrans, MTA will continue to develop a highway program to identify areas of severe congestion and determine strategies that can result in a more effective use of the highway system. Key highway projects planned for FY98 include:

- Design of the Route 30 Freeway Gap Closure in the San Gabriel Valley to provide a six-lane plus two HOV lane corridor winding through the cities of La Verne and Claremont
- Continued support for the Alameda Corridor project
- Environmental planning for the Route 60 HOV from Route 605 to Brea Canyon Road and I-5 interim HOV between Rte. 91 and just north of the I-605 Freeway.
- Completion of the Harbor Freeway Transitway Extension study to relieve congestion and improve mobility between the Harbor Freeway Transitway terminus at Adams Boulevard and the El Monte Busway.

**FY98 Planning Budget
\$72 Million**



Transportation Management

Through the Bus Signal Priority Pilot Project, MTA will develop and evaluate several bus signal preemption/priority systems. These systems will give buses priority over autos and reduce congestion, improve air quality, and decrease bus travel times. Transit hubs will be opening in the San Fernando Valley to facilitate bus/rail and bus/bus connections and to reduce passenger waiting times, including:

- Burbank Regional Intermodal Transit Center
- Chatsworth Metrolink/Transit Hub
- Sylmar San Fernando Metrolink/Transit Hub
- Interim Warner Center Transit Hub.

The Community Kiosk Network Model Deployment project will be developed in five communities and will contain transportation information with map-based transit routing and scheduling, commute options such as shuttles, emergency rides home, rideshare incentives, ridematching and vanpool matching data.

Streets and Roads

In addition to highway planning, several projects will focus on improving congestion on major streets and arterials.

Projects planned for FY98 include:

- On the Westside, the environmental clearance and preliminary engineering for the Santa Monica Boulevard Transit Parkway will be completed. This project will improve traffic flow and bus speed as well as add a bike lane and pedestrian improvements.
- South Bay and Southeast Signal Synchronization Project to design and construct signal system improvements on regional arterial streets using conventional communication technology and advanced Intelligent Transportation System techniques
- Construction of Angels Walk in downtown Los Angeles to provide extensive pedestrian and transit improvements near the Pershing Square Metro Red Line station
- Landscape and pedestrian improvements to Olvera Street
- Pedestrian Linkages Study to improve pedestrian access to the seven station areas in Pasadena and South Pasadena on the Blue Line extension.
- Working with City of Los Angeles to expand its ATSAC system in the San Fernando valley.
- Implement project IMAJINE Intelligent Transportation Systems improvements integrating streets, freeways, paratransit and transit communications to relieve congestion and improve travel speed.
- Develop before/after study signal synchronization's guidelines for consistent local jurisdiction project evaluation.

Joint Development

Joint development projects are public-private partnerships to support area improvements and economic growth. Joint development opportunities which will be pursued in FY98 include:

- Agreement with the Long Beach Redevelopment Agency and a private developer at the Willow Blue Line Station to complete a neighborhood retail center including a major MTA 700-car park and ride structure with public art and pedestrian safety features
- Leasing of MTA property at the Hollywood/Highland Metro Red Line Station to private developers, for development of a 425,000 foot cineplex, entertainment and retail development center.

Metro Art

“Travel by train or bus should be as appealing as it is practical and safe...Artists can add value to mass transit’s primary goal of building ridership”

*Gordon Linton
FTA Administrator*

Metro Art is designed to help Los Angeles commuters connect with one another through the creative community’s innovative involvement in the Metro System. Since its inception in 1989, Metro Art has commissioned over 175 artists in a wide variety of both temporary and permanent projects which enhance the public transit experience. Metro Art has received several design and artistic excellence awards and is recognized for its innovative and successful community outreach efforts.

By Board policy MTA dedicates .5% of overall rail construction costs to Metro Art. Artists, architects and engineers work on interdisciplinary teams to design Metro Rail stations. Metro Art also supports art projects for children, temporary art projects for construction sites and a variety of other activities specifically designed to bring the MTA’s message to the community through art and the creative process. Municipalities and corporations have contributed over \$1 million to Metro Art projects.

To enhance the transit experience for the over 1 million daily Metro Bus customers, Metro Art recently initiated a number of pilot projects including a series of photo essay bus cards depicting bus drivers, mechanics and other employees who keep the region moving. Encouraging people to take public transit to their local library, poets and artists created a series of bookmarks which were distributed on board Metro buses and at local libraries. In partnership with the Museum of Contemporary Art in downtown Los Angeles, Metro Art assisted with the production of a series of plays staged on board a real Metro Bus parked inside the museum. The plays ran for four months and were attended by over 40,000 people.

“...We visited the Metro Rail stations and flipped for the art we saw. It made us proud to live in Los Angeles ... and proud to be a part of our community.”
MTA Customer

In FY98 Metro Art will initiate projects which support MTA’s goals to improve bus service including a project featuring cultural destinations accessible by the Metro System. The Young Artists Program will continue to highlight the creative talents of Los Angeles County high school students, as exhibited on the FY98 Proposed Budget cover.

Community Education Services

Transportation Occupations Program (TOPS) - Students receive training and education in transportation related studies and are provided summer employment under this program. There are over 450 students being educated and trained in this School-To-Work program model. Eleventh and twelfth grade students are eligible to work and are placed at MTA sites, at other public agencies, and at the sites of MTA business partners. The cost of the program is shared by the MTA (125 students), the City of Los Angeles Joint Training Partnership Act program (80 students) and some business partners (20 students). Eligible students with interests in transportation careers and who have been accepted at higher education institutions, community colleges, and trade schools may compete for scholarships.

Transportation Careers Academy Program(TCAP) - This program is for the development and operation of Transportation Careers Academies at five local high schools (four in Los Angeles Unified School District, and one in Norwalk-LaMirada) and at four community colleges. It is funded by grants from the MTA, the Federal Transit Administration and the U.S. Department of Education.

Administration Intern Program - "Intern Program/Summer Youth" - The Administration Intern Program is a work experience based program that recruits and trains college students for entry level professional development. Students are placed in various departments throughout the MTA.

The Transportation Teaching Institute - A cadre of 350 plus volunteers, including MTA and external business partners, volunteer their support to the teachers and students of the transportation careers programs.

Job Development and Training Program - Funding for overseeing the Job Development and Training Policy which requires contractors and consultants who do business with the MTA to allocate 3 percent of their direct labor force dollars for individual job development and training plans.

Transportation Industry Consortium - This public-private collaborative venture among employers, transportation agencies, government agencies, and education and training providers promotes the development of skilled workers for the needs of the transportation industry in Southern California.

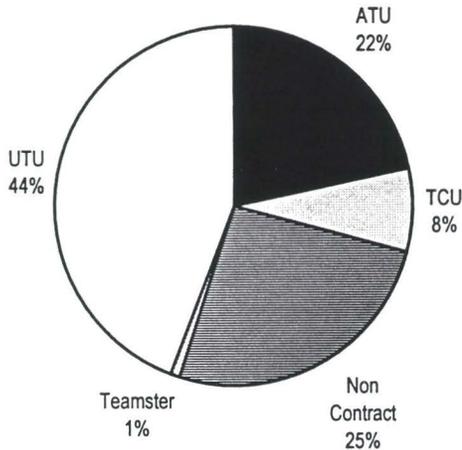
Signal Systems Synchronization Program - A Call for Projects funded program to develop curriculum and training workshops related to signal synchronization.

Summary of Programs (\$000)

	FY98 Budget
Transportation Occupations	\$479
Transportation Careers Academy	360
Administration Intern	91
Transportation Teaching Institute	99
Job Development and Training	89
Transportation Industry Consortium	48
<u>Signal Systems Synchronization</u>	<u>159</u>
Subtotal	1,324
Less Grants	643
Net MTA Cost	<u>\$681</u>

Employee Development

**MTA FY98 Budget
8,115 Employees by
Represented Group**



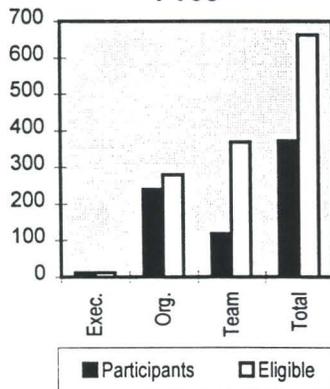
Note: Includes part-time personnel.

One of MTA's four guiding principles recognizes that "Our employees are our most valuable resource." Over the past two years and continuing in FY98 MTA will dedicate resources to training and retaining a high quality workforce. MTA's employee development programs support over 8,000 employees to obtain new knowledge and skills, learn new concepts, and exchange ideas to improve the way MTA does business.

Year round core management, professional development and software training is provided in addition to the following services:

- Educational assistance reimbursement program
- Corporate and professional membership information
- Training seminar and consultant referrals
- College-course consultation
- Employee administrative briefings and information sessions
- New Employee Orientation
- Frontline Supervision Certificate Program.

**Projected TLAMP
Participants through
FY98**



MTA will also continue its successful and innovative Transportation Leadership and Management Program academies (TLAMP). Initiated in April 1996, the program was designed with the John E. Anderson Graduate School of Management at UCLA to provide transportation managers with a sustaining basis for organizational change. The 10-day Organizational Leadership Academy and 5-day Team Leadership Academy trains MTA's current management and future leaders in core management skills, teamwork, strategic planning and problem-solving. The recent Coopers & Lybrand review recommended expanding this positive program and applying the concepts agencywide.

In FY98 MTA will offer 120 managers the opportunity to participate in the Organizational Leadership Academy and 60 supervisors to participate in the Team Leadership Academy. A 3-day Project Management Academy will be added in FY98 focused on communication, consensus building and other project management skills. By the end of FY98, of the eligible employees, 100 percent will have completed the executive training, 85 percent will have completed the organizational leadership and approximately 33 percent of those eligible will have completed the Team Leadership.

Agency Support Systems and Services

MTA's Guiding Principle, "Fiscally Responsible," emphasizes the need to optimize resources to achieve operational and regional effectiveness. Within MTA's internal administration, several initiatives are underway to better manage limited resources, increase fiscal accountability and improve service delivery.

The FY98 Proposed Budget reflects a reorganization of the Administration Department, eliminating one executive position, and reducing overall administration expenses. The consolidated Financial Information System has been completely installed and has significantly improved the Finance Department's ability to manage, account and review expenditures. Building on this, in FY98 Finance will lead the financial analysis to support the Strategic Business Plan including a cash flow and financing plan that will be integrated with the FY99 Budget process. Additionally, MTA will continue to improve revenue controls by developing a revenue collection inspection system and establishing operational inspection teams.

Technology advancements, while directly increasing short-term business costs, provide additional opportunities to reduce costs and improve staff efficiencies. MTA is continually reassessing how existing technology assets are managed and technology services delivered. In FY98 MTA will be aggressively exploring outsourcing opportunities that improve business value and customer service while reducing costs. In the next fiscal year, staff will be presenting outsourcing opportunities to the Board for consideration. Key technology projects planned for FY98 include:

- Continuing to explore partnering opportunities with the City and County of Los Angeles on technology initiatives
- Beginning implementation of the Materiel Management System-Vehicle Management System estimated at a total cost of \$13 million
- Completing the system design of the MTA Human Resources Management Information System estimated at a cost of \$6 million
- Finalizing the impact assessment and implementation strategy for the Year 2000 systems conversions.

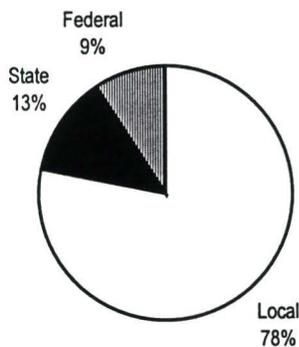
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REGIONAL AND MUNICIPAL PROGRAMS

A primary role of the MTA, as stipulated in its enabling legislation, is to serve as the regional transportation planning agency for Los Angeles County. MTA coordinates transportation projects to ensure the development of an integrated Metro System through the Long Range Transportation Plan and programs funds to various local agencies to support these projects.

FY98 Regional and Municipal Programs By Fund Source

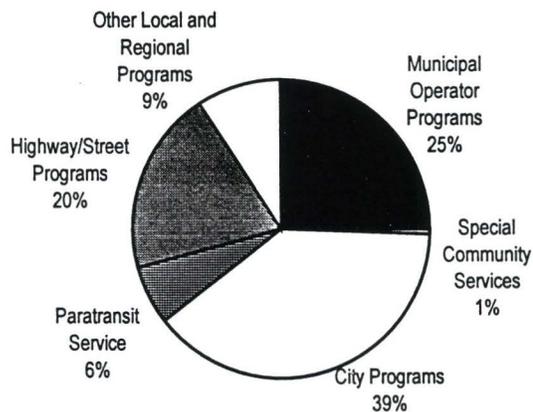


All transportation funds must be programmed by MTA through the Regional Transportation Improvement Plan (RTIP). The Regional Transportation Planning and Development unit is responsible for overseeing this critical function. Funds are allocated to other government agencies by mandated legislation, Board policy, or through a competitive awards process known as the "Call for Projects." The Board approves the projects recommended for funding through the annual budget and the Call for Projects.

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

This section summarizes the funds which MTA programs to other local agencies, including funds directly disbursed by the MTA, and funds disbursed through federal and state grants.

FY98 Regional and Municipal Programs \$595 Million



Regional and Municipal Programs
(\$000)

	FY96 Budget	FY97 Budget	FY98 Budget	FY98 Inc/(Dec) over FY97
Municipal Operator Programs				
Operating Funds	74,900	107,260	107,902	642
Capital Funds	25,100	23,091	28,174	5,083
Security Funds - Call For Projects	-	2,571	1,098	(1,473)
Bus System Improvement Program (BSIP)	-	2,552	2,552	-
Transit Service Expansion (TSE)	5,700	5,398	5,398	-
Base Bus Restructuring	3,000	2,801	2,801	-
Subtotal	108,700	143,673	147,925	4,252
Special Community Services				
Immediate Needs Transportation Program	5,000	5,000	5,000	-
Subtotal	5,000	5,000	5,000	-
City Programs				
Local Return - Prop A and C	169,900	188,167	192,960	4,793
TDA - Bicycle and Pedestrian	4,000	4,434	4,538	104
Streets and Highways	13,000	27,974	30,686	2,712
Subtotal	186,900	220,575	228,184	2,816
Paratransit Service				
ASI - Access Services Inc.	17,700	29,409	30,000	591
Proposition A Incentive Program	9,300	8,118	7,908	(210)
Subtotal	27,000	37,527	37,908	381
Highway/Street Programs				
HOV Programs	70,931	77,974	72,670	(5,304)
Smart Streets	17,000	52,974	37,340	(15,634)
TDA - Transit / Streets & Highways	9,400	10,641	11,617	976
Subtotal	97,331	141,589	121,627	(14,658)
Other Local and Regional Programs				
SCRRA - Metrolink	44,900	40,064	52,569	12,505
Wilshire Streetscape Program	-	500	1,500	1,000
Subtotal	44,900	40,564	54,069	13,505
Total For Local Programs	469,831	588,928	594,713	6,296
Funds Disbursed By Other Local State and Federal Agencies				
Transit Capital Improvement (TCI) Program	3,900	3,849	22,000	18,151
State Highway Program	109,300	158,671	67,639	(91,032)
Local Program	309,200	344,317	423,856	79,539
Call for Projects	114,569	103,175	31,699	(71,476)
Subtotal	536,969	610,012	545,194	(64,818)
Total Funds Programmed to Other Agencies	1,006,800	1,198,940	1,139,907	(58,522)

Municipal Operator Programs

Municipal Operator Programs are funds provided to the 16 city transit service providers in Los Angeles County. Funds are allocated using formulas approved by the Board using performance metrics such as vehicle service miles, passenger revenues and fares as factors. Several programs provide funding for municipal operators:

Capital and Operating Funds - All eligible operators receive a proportionate share of applicable county, state and federal funds which are used as operating subsidies and for capital needs. The formula is approved by the Board of Directors and includes such factors as passenger revenues, fare units, and vehicle service miles. Operating funds reflect special allocations approved by the Board such as the municipal operator fair share allocation and Foothill Mitigation funds.

Call for Project - Security - A proportionate share of Proposition C Security funds are available for municipal operators to supplement regional security services. Applications for funds are reviewed, evaluated and awarded by the MTA.

Bus System Improvement Plan (BSIP) - The initial BSIP was approved by MTA Board of Directors in March 1996 to provide supplemental funding to all Los Angeles County operators on a formula basis for the expansion of bus service. The FY98 Proposed Budget continues the BSIP at the same funding level of \$10.4 million; of the total amount municipal operators will receive \$2.5 million.

Base Bus Restructuring - The Base Bus Restructuring provides additional funding for expanded service by the following operators: Commerce; Foothill; Montebello; and, Torrance. The FY98 Proposed Budget continues funding at FY97 levels.

Transit Service Enhancement - This program provides funding to support expanded service by the seven operators within Los Angeles County: Culver City; Foothill; Gardena; Long Beach; Los Angeles; Torrance; and, Antelope Valley. Funding is continued at the FY97 Budget level.

Special Community Services

Special Community Services relate to projects designed to support unique transportation needs in Los Angeles County.

Immediate Needs Transportation Plan Project - Provides transportation for persons with immediate transportation needs and limited resources. Bus tokens and taxi coupons worth up to \$28 per person per month are furnished to individuals for travel to medical appointments, food-shopping, job interviews and rides to shelters. Funding is continued at the FY97 budget level of \$5 million.

Regional and Municipal Programs by Fund Source
(\$000)

	FY98 Budget	Local	State	Federal
Municipal Operator Programs				
Operating Funds	107,902	48,260	59,642	-
Capital Funds	28,174	-	-	28,174
Security Funds - Call For Projects	1,098	1,098	-	-
Bus System Improvement Program (BSIP)	2,552	2,552	-	-
Transit Service Expansion (TSE)	5,398	5,398	-	-
Base Bus Restructuring	2,801	2,801	-	-
Subtotal	147,925	60,109	59,642	28,174
Special Community Services				
Immediate Needs Transportation Program	5,000	5,000	-	-
Subtotal	5,000	5,000	-	-
City Programs				
Local Return - Prop A and C	192,960	192,960	-	-
TDA - Bicycle and Pedestrian	4,538	-	4,538	-
Streets and Highways	30,686	30,686	-	-
Subtotal	228,184	223,646	4,538	-
Paratransit Service				
ASI - Access Services Inc.	30,000	3,441	-	26,559
Proposition A Incentive Program	7,908	7,908	-	-
Subtotal	37,908	11,349	-	26,559
Highway/Street Programs				
HOV Programs	72,670	72,670	-	-
Smart Streets	37,340	37,340	-	-
TDA - Transit / Streets & Highways	11,617	-	11,617	-
Subtotal	121,627	110,010	11,617	-
Other Local and Regional Programs				
SCRRA - Metrolink	52,569	52,569	-	-
Wilshire Streetscape Program	1,500	1,500	-	-
Subtotal	54,069	54,069	-	-
Total For Local Programs	594,713	464,183	75,797	54,733
Funds Disbursed By Other Local State and Federal Agencies				
Transit Capital Improvement (TCI) Program	22,000	-	22,000	-
State Highway Program	67,639	-	67,639	-
Local Program	423,856	423,856	-	-
Call for Projects	31,699	-	8,889	22,810
Subtotal	545,194	423,856	98,528	22,810
Total Funds Programmed to Other Agencies	1,139,907	888,039	174,325	77,543

City Programs

By the enabling legislation, cities receive a direct share of the total Proposition A and C sales tax revenues to support transit needs and other transportation projects, known as "local return." Cities receive 25 percent of Prop A receipts and 20 percent of Prop C receipts. Funds can be used for paratransit and fixed route service, street and road maintenance and other transportation improvements. In FY98, cities will receive approximately \$193 million under the local return program, a 3 percent increase over the FY97 budget.

Cities receive additional funds to support local street and road projects such as bikeways, intersection improvements and traffic signalization. Projects are funded with Proposition C 25% funds and State TDA Article 3 funds and Article 8 funds. TDA Article 3 funds are allocated to all cities and the unincorporated areas of the County on a population basis. In FY98, \$4.5 million in TDA Article 3 funds will be allocated. Article 8 funds are used for road and street projects. The MTA will award an additional \$30 million to support these projects through the "Call for Projects" of Prop C 25 percent funds. Funds for the Alameda Corridor Project are included in this category. The Alameda Corridor Project will be a 20-mile rail corridor running along Alameda Street to facilitate access to and from the ports of Los Angeles and Long Beach.

Paratransit Services

MTA continues to lead the effort to be fully compliant with the federal American with Disabilities Act (ADA) by providing transit services to the disabled public.

MTA contracts with the non-profit Access Services to provide regional transit services for the disabled public. Unlike municipal programs which support intracity travel, Access Services provides travel services for travel outside of city boundaries within Los Angeles County. The FY98 Proposed Budget continues funding at \$30 million, \$600,000 more than the FY97 Budget level.

MTA will also program \$7.9 million in Proposition A Incentive for paratransit programs throughout Los Angeles County. MTA funds additional services for the disabled within the County through projects approved through the Call for Projects and "local return" projects led by cities.

Highway/Street Programs

In FY98, \$122 million will be programmed for highway and street improvements. MTA will make additional progress on constructing high-occupancy vehicle (HOV) lanes on all Los County freeways in FY98. Major highway construction efforts in FY98 include:

- Route 30
- HOV Lane on 405 from Century Boulevard to Route 90
- HOV Lane on 405 from Wilshire to Route 101.

The Smart Street program is designed to improve traffic flow on major arterials.

FY98 Regional and Municipal Programs
Allocations To Municipal Operators
(\$000)

	FY97 Operating	FY97 Capital	Total	FY98 Operating	FY98 Capital	Total	FY98 Inc/(Dec) over FY97
Included Operators							
Arcadia	565	95	659	586	102	688	29
Claremont	140	29	169	109	26	135	(34)
Commerce	309	152	461	874	171	1,045	584
Culver City	4,335	6,250	10,566	5,175	4,761	9,936	(630)
Foothill	23,882	4,226	28,108	27,507	5,441	32,947	4,839
Gardena	4,526	798	5,304	6,471	937	7,408	2,104
La Mirada	254	60	314	309	159	468	154
Long Beach	21,250	3,436	24,593	26,055	3,793	29,848	5,255
Montebello	5,609	813	6,398	7,358	929	8,287	1,888
Norwalk	1,451	1,069	2,514	1,551	743	2,294	(219)
Redondo Beach	82	22	104	97	25	121	17
Santa Monica	20,559	2,376	22,846	23,456	2,665	26,120	3,275
Torrance	6,208	1,190	7,371	7,808	1,622	9,429	2,058
Subtotal	89,170	20,516	109,407	107,354	21,372	128,726	19,319
Eligible Operators							
Antelope Valley	1,234	364	1,597	1,678	2,324	4,002	2,405
City of Los Angeles DOT	3,869	1,418	5,270	6,496	1,648	8,143	2,873
Santa Clarita	1,320	794	2,112	1,906	2,831	4,737	2,625
Subtotal	6,423	2,575	8,979	10,080	6,802	16,882	7,903
TOTAL	95,593	23,091	118,386	117,435	28,174	145,609	27,222

Notes:

Funds programmed to Other Operators are based on formula allocations approved by the Bus Operators Subcommittee in March 1997.

Funds include TDA Article 4, STA Revenue Share, Prop A Discretionary, Federal Section 9 Operating and Capital funds, Foothill Mitigation Funds and \$4.129 million in Prop A Incentive funds to Eligible Operators.

The balance of Prop A Incentive funds are allocated to paratransit operators, Avalon Ferry and Hollywood Bowl shuttle services.

Other Local and Regional Programs

In FY98, MTA will commit \$52.6 million to support commuter rail services in the Southern California region through the five-county partnership of Metrolink. Metrolink provides commuter rail services within Los Angeles County and links to Ventura, San Bernardino, Orange, Riverside and San Diego. Funds are for capital and operating expenses.

Funding is also provided to the Los Angeles Community Redevelopment Agency for continued improvements on the Wilshire Streetscape, \$1.5 million.

Federal and State Programs

Through the State Transportation Improvement Plan (STIP), the State makes commitments of federal and state funds to support local transportation initiatives. The MTA, as the regional transportation planner, works with the State to ensure that high priority projects are funded in the STIP. State and federal funding is provided for a broad range of highway, road and other transportation projects including:

- HOV lane construction
- Freeway expansion
- Interregional roads
- Soundwalls.

In total, \$545 million of federal and state funds is programmed in FY98 to support regional transportation programs through the State Highway Program, Transit Capital Improvement Program, Local Program and the other related funding programs.

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