

Los Angeles County Metropolitan Transportation Authority

ADOPTED BUDGET

FY2005

July 1, 2004 – June 30, 2005



Metro





Los Angeles County Metropolitan Transportation Authority
Office of Management and Budget
One Gateway Plaza
Los Angeles, CA 90012-2952



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Metro

Message from the Chief Executive Officer

During fiscal year 2005, Metro will continue the difficult balancing act of living within our means while moving forward with service expansion and construction of new transit projects to keep pace with growing demand.

The \$2.9 billion FY05 adopted budget is austere. Excluding mandated increases for compliance with the Consent Decree, we will cut at least 233 positions and sharply reduce administrative overhead to balance a structural operating deficit.

On the positive side, fares should remain the same. Metro also will begin construction on a six-mile extension of the Metro Gold Line to Little Tokyo and East Los Angeles and will complete the 14-mile Metro Orange Line in the San Fernando Valley. Moreover, Metro will expand bus service and implement five new Metro Rapid lines. In addition, Metro will take delivery of 130 new high-capacity buses, including 30 new buses that can seat 50 percent more passengers than a standard 40-foot bus.

We also are beefing up security on the Metro system, particularly in Metro Rail stations where additional surveillance cameras and other security devices will be installed. Sixty more fare inspectors to complement uniformed and undercover Sheriff's officers also will be hired in FY05.

Work will continue on three other multi-year capital projects: the Universal Fare Collection System (UFS), the Advanced Transportation Management System (ATMS), and the Maintenance and Materiel Management System (M3).

While these improvements will help satisfy some of the pent-up demand for more and safer service, it still will fall far short of what's needed to ensure mobility for LA County's 10 million residents. There simply are not enough resources. Compounding matters, both state and federal lawmakers are grappling with their own budget woes, and as they pull tighter on the purse strings, fewer dollars find their way to Los Angeles.

We had been forecasting the loss of \$2.3 billion in state transportation funding between FY03 and FY09; however, there are high indications that Sacramento may restore some of the funds that were cut to deal with the state budget crisis. That would be welcome news. Of course, Metro already has committed \$486 million over the next three years to backfill for state funds that are not available for critical local mass transit and highway projects, so our first priority is to get reimbursed for the monies we have advanced.

On the federal side, Metro recently secured a \$490.7 million full funding grant agreement that will cover about half the cost of building the Metro Gold Line Eastside Extension. However, federal operating funds to help offset the cost of running Metro Bus and Rail service remain scarce.

Besides funding uncertainties, there are other risks associated with the FY05 budget. These risks include the volatility of prices for fuel and electricity to power Metro's Bus and Rail fleets, fare and sales tax revenue projections, Workers' Compensation savings, Homeland Security costs, ATU arbitration, and Consent Decree service plan costs.

With respect to the Consent Decree, Metro received a Final Order on January 12, 2004, directing the agency to further expand bus service by December 2004. To comply with that Order, Metro will expand service by approximately 208,000 revenue hours in FY05. The cost of that additional service will be \$11.3 million. Next year, when the additional service will run for the full year, the cost will be in excess of \$18 million.

Despite these challenges, Metro will stay the course in FY05 and will live within its means. That has become our credo and will remain so in the years to come.

Sincerely,



Roger Snoble
Chief Executive Officer

MTA PROFILE

Formed in 1993, the Los Angeles County Metropolitan Transportation Authority (MTA), or Metro, serves as transportation planner and coordinator, designer, builder, and operator of the public transportation system for the region. Almost ten million people, nearly one-third of California's residents, live within Metro's 1,400+ square-mile service area.

Included among Metro's primary responsibilities to Los Angeles are the following:

- Operate the second largest bus system in the United States, providing over 94 million vehicle service miles annually to an average of 1.1 million boardings per weekday.
- Operate three light rail lines and one heavy rail line with over 200,000 boardings per weekday.
- Administer and distribute funds for all Los Angeles County transit providers.
- Develop and construct Rapid Bus lines and fixed guideways for buses and multi-passenger vehicles.
- Construct new light and heavy rail lines.
- Provide highway construction funding and traffic flow management.
- Research and develop alternative energy sources for transit vehicles.
- Make decisions regarding air quality, environmental impact, land use, and economic development.
- Promote the use of public transit services and rideshare programs.

Metro headquarters and the Gateway Transit Center are located adjacent to historic Union Station. The Center links Los Angeles County with neighboring counties by providing easy connections for commuters to Metro Bus and Rail, Metrolink and Amtrak.

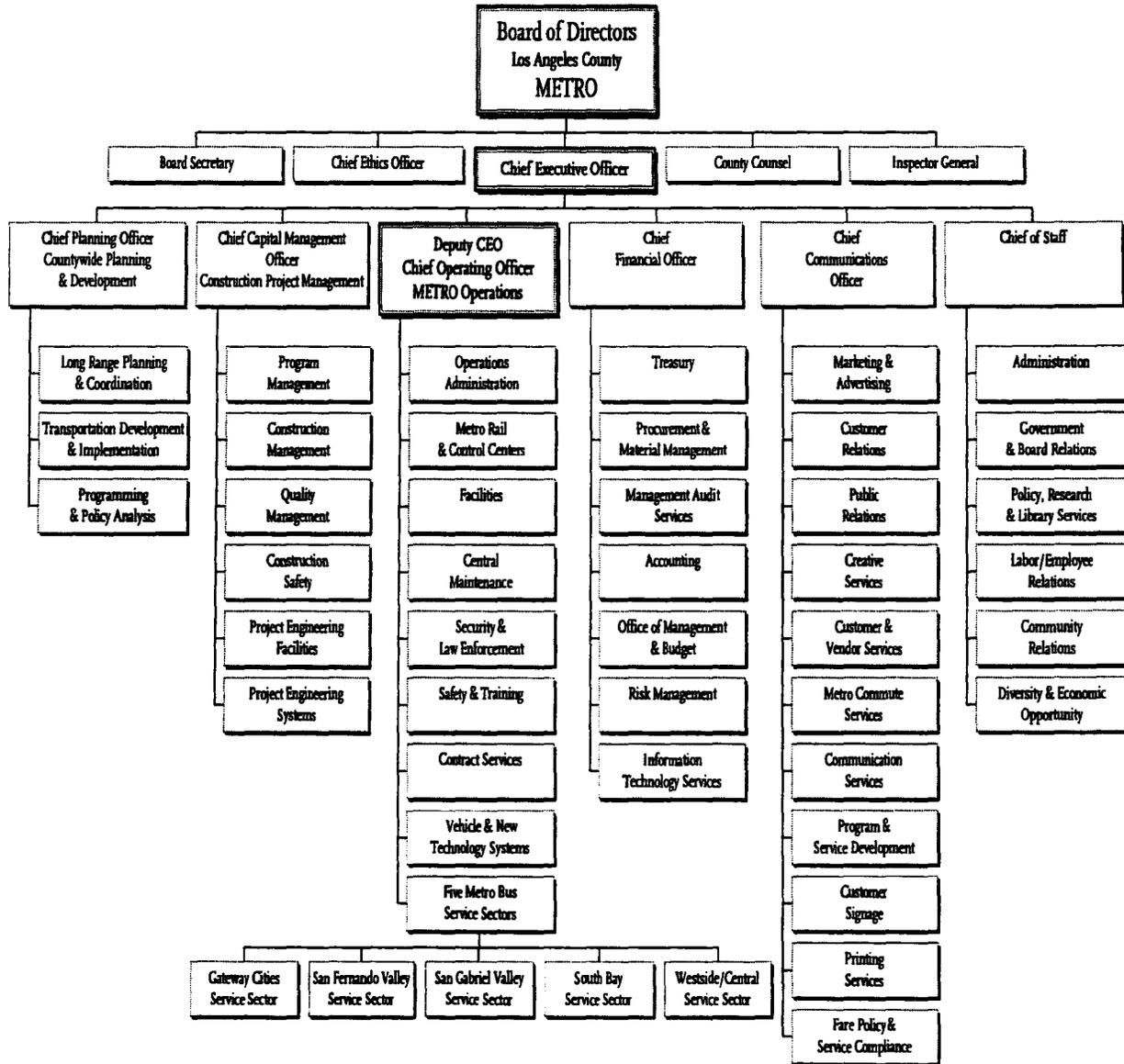
A Board of Directors governs the MTA. With 13 voting members and one non-voting member, the Board of Directors is appointed as follows:

- Five members of the Los Angeles County Board of Supervisors;
- The Mayor of the City of Los Angeles and 3 appointees;
- Four members appointed by the Los Angeles County City Selection Committee; and
- One non-voting member appointed by the Governor.

Though legally separate entities, the MTA's "blended component" units are, in substance, part of MTA's operations and are included as part of MTA's financial reporting. Accordingly, the activities of the Public Transportation Services Corporation (PTSC), the PTSC-MTA Risk Management Authority (PRMA), Service Authority for Freeway Emergencies (SAFE), two Benefit Assessment Districts (BAD), and the Advanced Technology Vehicle Consortium (ATVC) are also included in the annual budget presentation that follows.

The annual budget and additional information about the organization, programs, and services at Metro can be found on its website at metro.net.

MTA ORGANIZATION CHART



MTA BOARD OF DIRECTORS



Frank C. Roberts
MTA Board Chairman
Mayor
City of Lancaster

Mr. Roberts is the Mayor of the City of Lancaster, having been elected as the city's first elected mayor in 1996 and reelected in 1998, 2000, 2002, and 2004. Prior to his election as Mayor, Mr. Roberts served as a member of the City Council since 1992. Mr. Roberts retired from teaching at Antelope Valley College in 1996 after 38 years, the last 16 of which were as Division Chairman and Dean of Applied Academics and Technologies. In addition to his current position as MTA Board Chairman, Mr. Roberts also serves on the Boards of Antelope Valley Air Quality Management District and Antelope Valley Transit, and is director of the Los Angeles County Private Industry Council. Mr. Roberts holds a bachelor of science degree in engineering from Cal State University at Los Angeles, a master of science degree in vocational education from UCLA, and a master's in public administration from Cal State University at Northridge.



James K. Hahn
MTA Board 1st Vice Chair
Mayor
City of Los Angeles

Mr. Hahn was elected Mayor of the City of Los Angeles in June 2001. He served Los Angeles for 16 years as its elected City Attorney (1985-2001) and four years as its elected City Controller (1981-1985). He received a bachelor of arts degree in English and a law degree from Pepperdine University.



Gloria Molina
MTA Board 2nd Vice Chair
LA County Supervisor
1st Supervisorial District

Ms. Molina represents the First District on the Los Angeles County Board of Supervisors, having been first elected to this office in March 1991 and re-elected in 1994, 1998, and 2002. Prior to her election to the Board of Supervisors, Ms. Molina served as State Assemblywoman for the 56th District from 1982 to 1987. In 1987, she was elected to the Los Angeles City Council, on which she represented the First District until 1991. Before her election to public office, Ms. Molina served in the Carter White House and subsequently in the San Francisco Department of Health and Human Services. Ms. Molina continues to remain active in community issues through her memberships with numerous civil rights organizations. Ms. Molina attended East L.A. College and Rio Hondo College.



Michael D. Antonovich
LA County Supervisor
5th Supervisorial District

Mr. Antonovich is a member of the Los Angeles County Board of Supervisors and represents the Fifth Supervisorial District, having been reelected to his seventh four-year term in 2004. From 1972 to 1978, he served as a member of the California State Assembly. He also served as a member of the Board of Trustees of the Los Angeles Community College District from 1968 to 1973. Mr. Antonovich has held teaching positions with the Los Angeles School District and Pepperdine University. He holds a bachelor of arts degree and master's degree from California State University, Los Angeles.



Yvonne Brathwaite Burke
LA County Supervisor
2nd Supervisorial District

Mrs. Burke is the Los Angeles County Supervisor for the Second Supervisorial District, having been elected in 1992 and reelected in 1996 and 2000. Mrs. Burke served as a member of Congress from 1972 to 1978, and as a State Assemblywoman from 1966 to 1972. She has served on numerous boards, including the University of California Board of Regents, the Board of Trustees of the Amateur Athletic Foundation (formerly the Los Angeles Olympic Organizing Committee), and Chair of the Los Angeles branch of the Federal Reserve Bank of San Francisco. Mrs. Burke received a B.A. degree in political science from the University of California, Los Angeles, and a J.D. from the University of Southern California School of Law.



John Fasana
Mayor
City of Duarte

Mr. Fasana, a City of Duarte Councilmember, has represented the 31 San Gabriel Valley cities on the Metro Board since its inception in 1993, serving as Chair for FY02. Mr. Fasana was first elected to the Duarte City Council in November 1987 and reelected in 1991, 1995, 1999, and 2003. He currently serves as Mayor, a position he also held in 1990 and 1997, and promotes Duarte's interests in transportation, community services, and environmental protection. As Chair of the San Gabriel Valley Council of Governments Transportation Committee, Mr. Fasana has provided policy direction that has led to the creation of the Alameda Corridor East Gateway to America, the Pasadena Metro Blue Line Construction Authority, and the Gold Line Foothill Extension to Montclair. Mr. Fasana currently represents seven cities on the Foothill Transit Executive Board. He is also a member of the Transportation Committees of SCAG and the League of California Cities, Los Angeles County Division, and serves as a member of the Metro Board's Fuel Cell Consortium. Mr. Fasana has worked 24 years with Southern California Edison and is a graduate of Whittier College with a bachelor of arts degree in business and public administration.



Don Knabe
LA County Supervisor
4th Supervisorial District

Mr. Knabe is the Chairman of the Los Angeles County Board of Supervisors representing the Fourth District. Mr. Knabe was first elected to the Board in 1996 and reelected in 2000 and 2004. He was recently appointed by the White House to the State and Local Elected Officials Senior Advisory Committee to the President's Homeland Security Advisory Council. Mr. Knabe is a former Mayor and Councilman of the City of Cerritos and former Chief of Staff to County Supervisor Deane Dana. Mr. Knabe holds a bachelor's degree in business administration from Graceland College in Lamoni, Iowa.



Tom LaBonge
Council Member
City of Los Angeles

Mr. LaBonge was first elected to the L.A. City Council in October 2001 to complete the last 16 months of John Ferraro's four-year term that was vacated upon his death. In March 2003, Mr. LaBonge was reelected to serve a four-year term. Prior to his election to the City Council, Mr. LaBonge served 15 years as the late Council President John Ferraro's Chief Field Deputy. Subsequently, Mr. LaBonge was asked to join the administration of Mayor Richard J. Riordan as his Special Assistant. After seven years with the Mayor's Office, Mr. LaBonge was named Director of Community Relations for the Los Angeles Department of Water and Power.



Martin Ludlow
Council Member
City of Los Angeles

Mr. Ludlow was elected to the L.A. City Council in June 2003, representing the 10th Council District. Mr. Ludlow is Chair of the City Council's newly-formed Conventions, Tourism, Entertainment Industry and Business Enterprise Committee, and Vice Chair of the Housing, Community and Economic Development Committee. He is also a member of the Arts, Parks, Health and Aging Committee, and was appointed to the MTA Board by Mayor Hahn. Mr. Ludlow's first job in politics was as a Washington, D.C., intern with Congressman Julian Dixon. Mr. Ludlow has a B.S. degree in criminal justice from Cal State University, Los Angeles.



Pam O'Connor
Council Member
City of Santa Monica

Ms. O' Connor has served on the Santa Monica City Council since 1994 and twice has served as that city's mayor (in 1997 and 1999). She is a member of the Southern California Association of Governments' Regional Council and is on the Board of Directors of the Local Government Commission. She also serves on committees for the League of California Cities and the National League of Cities. Ms. O'Connor works as a private consultant, specializing in historic preservation. She has worked throughout Southern California on projects, including the rehabilitation of Los Angeles' City Hall and on numerous buildings at UCLA and USC. Ms. O'Connor earned a B.S. degree in journalism from Southern Illinois University and holds masters' degrees in historic preservation planning and in technology management from Eastern Michigan University.



Beatrice Proo
Councilwoman
City of Pico Rivera

Ms. Proo is Councilwoman on the Pico Rivera City Council, on which she has served since 1992. Ms. Proo is a 22-year founding chairman of Pacific Western National Bank. Ms. Proo has served as past president of the League of California Cities' Los Angeles Division and past chair of the Regional Transportation Agencies Coalition. She is a board member of the Los Angeles County Local Agency Formation Commission, the Southern California Regional Rail Authority, and the Los Angeles-San Diego-San Luis Obispo Rail Corridor Agency. She is the Chair of the Gateway Cities Council of Governments Transportation Committee. Ms. Proo is also a member of the executive board of the California Joint Powers Insurance Authority and of the Regional Council of the Southern California Association of Governments. Ms. Proo holds a B.A. degree in education from Mount St. Mary's College.



Antonio Villaraigosa
Council Member
City of Los Angeles

Mr. Villaraigosa was elected to the Los Angeles City Council in March 2003, representing the 14th Council District. In August 2003, Mayor Jim Hahn appointed Mr. Villaraigosa to the MTA Board of Directors, where he is a member of the Construction Committee. Prior to his election to the L.A. City Council, Mr. Villaraigosa served in the California State Assembly, to which he was elected in 1994. As a freshman representative he was elected Democratic Whip and two years later became Majority Leader. In 1998, he was elected Speaker of the Assembly. Mr. Villaraigosa has sponsored legislation on school funding, park funding, and water conservation, and negotiated a major transportation funding package.



Zev Yaroslavsky
LA County Supervisor
3rd Supervisorial District

Mr. Yaroslavsky, the immediate past chairman of the MTA Board, is a member of the Los Angeles County Board of Supervisors representing the Third Supervisorial District, having been elected to this office in November 1994. Mr. Yaroslavsky served as a member of the Los Angeles City Council between 1975 and 1994. The Los Angeles native earned his bachelor's degree in history and economics from UCLA in 1971 and a master's degree in history in 1972.



Ronald W. Wong
Ex-officio Member
Appointed by Governor

Mr. Wong is currently Chairman of Imprenta Communications Group, Inc., a marketing and communications firm. From 1994 to 1997, Mr. Wong served as Founding Partner of Lang, Murakawa & Wong, where he advised clients on marketing and public affairs. LMW worked with MTA on various community outreach, transit planning, and public information campaigns. In 1997, President Clinton tapped Mr. Wong to serve as the Director of External Communications for the U.S. Department of Justice, Community Relations Services. From 1998 to 2001, Mr. Wong served as the Chief Deputy Appointments Secretary to California Governor Gray Davis. Mr. Wong received a bachelor of arts degree in political science from the University of California, Los Angeles.

STRATEGIC PLANNING PROCESS UPDATE

The FY04 version of the strategic plan identified seven strategic goals and identified seven goal teams who met to discuss strategic approaches to existing agency-wide programs, projects and services. More importantly, the goal teams were charged or tasked to determine how this agency will measure its success. This open collaborative process enabled Metro's Executive Management Team an opportunity to break down departmental silos, work better together as a cross-functional and integrated team and to develop new ways of thinking.

Metro's Executive Management Team (EMT) recently met on several different occasions to update the FY05 version of the strategic plan. The Executive Management Team met to reaffirm their 2005 team commitment to continuous improvement of an efficient and effective transportation system for Los Angeles County, through the identification of five strategic goals. Each strategic goal has one or more objectives, defined by one or more implementation strategies which have been aligned to a series of recommended action steps intended to improve overall operational performance.

The updated FY05 Metro Strategic Performance Plan will continue to be used as the basis for agency-wide direction, decisions and activities. The strategic plan is designed to be a "living document" which means it is an "evolving plan" and not a rigid or fixed document. For this reason, a "quarterly review" process has been established to track and measure the achieved key performance indicators, which permits an opportunity to realign the strategic goals, objectives and strategies.

Each strategic goal has an established outcome or key performance indicator and performance measures which have been aligned to key management owners and team support partners for improved management accountability, productivity, and organizational performance.

Each year the CEO will reassess the agency's performance, goals and objectives based upon budget appropriations. The programs and resources listed in the agency-wide strategic plan will be realigned annually based on budget allocations and projections as part of Metro's ten-year forecast.

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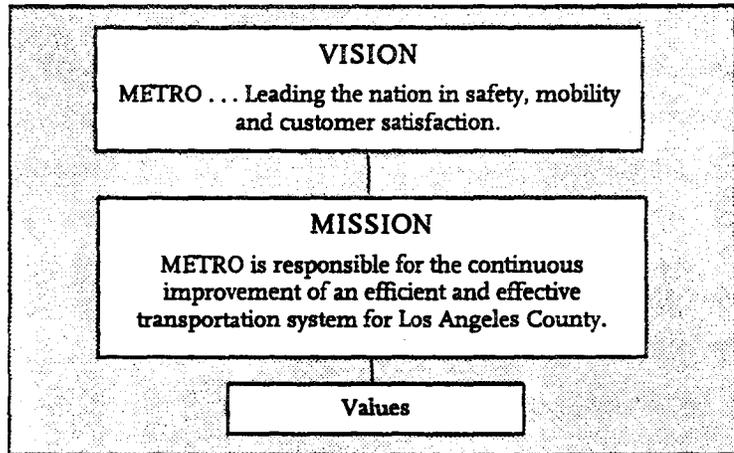
STRATEGIC PLAN FY03 – FY07 (UPDATED FY05)

Vision	METRO . . . leading the nation in safety, mobility and customer satisfaction!
Mission	METRO is responsible for the continuous improvement of an efficient and effective transportation system for Los Angeles County.
Core Business Goals	<p><u>Goal 1: Improve Transit Services</u></p> <ul style="list-style-type: none"> - Efficiently and effectively operate service sectors - Improve service quality and capacity for bus and rail systems - Maximize fleet capacity to meet service expansion - Improve, expand and add operating facilities - Implement innovative technologies - Improve transit security of bus and rail systems - Acquire and deliver cost effective materials, parts and supplies <p><u>Goal 2: Deliver quality capital projects on time and within budget</u></p> <ul style="list-style-type: none"> - Design and build quality projects - Develop Integrated Project Tracking System - Streamline Project Delivery System - Work with contractors to provide a safe work site to minimize lost time accidents <p><u>Goal 3: Exercise fiscal responsibility</u></p> <ul style="list-style-type: none"> - Manage the approved budget - Implement efficient and effective cost allocation plans - Implement an integrated performance monitoring measurement information system - Conduct monthly performance monitoring reviews to assess financial performance - Eliminate duplicate roles & responsibilities - Improve the procurement process <p><u>Goal 4: Provide leadership for the region's mobility agenda</u></p> <ul style="list-style-type: none"> - Provide quality planning, technical analysis and programming - Coordinate implementation of Multi-modal transportation programs with partner agencies - Identify, program, secure and maintain funding for projects, programs and services countywide <p><u>Goal 5: Develop an effective and efficient workforce</u></p> <ul style="list-style-type: none"> - Enhance a safety conscious culture throughout METRO, its customers and business partners - Recruit and select employees to meet job requirements - Invest in employee development - Deliver consistent communication services to each METRO market segment - Streamline internal processes - Exercise consistent application of the collective bargaining agreement - Strengthen the labor management working relationship

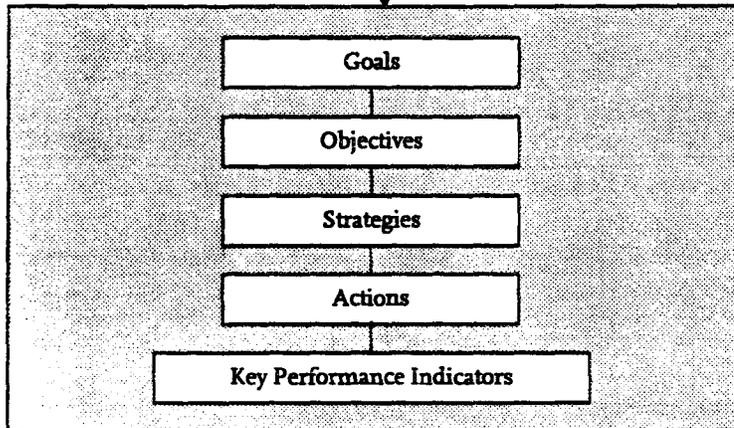
Values	<u>Safety</u>	Safety's 1st for our customers, employees and business partners. Accidents and injuries are preventable.
	<u>Employees</u>	Employees are our most valuable resource and are to be treated with mutual respect and provided opportunities for professional development.
	<u>Fiscal</u>	
	<u>Responsibility</u>	Individually and as a team, we are accountable for safeguarding and wisely spending taxpayer dollars entrusted to the METRO.
	<u>Integrity</u>	We rely on the professional ethics and honesty of every METRO employee.
	<u>Innovation</u>	Creativity and innovative thinking are valued and new ideas are welcomed.
	<u>Customer</u>	
	<u>Satisfaction</u>	We strive to exceed the expectations of our customers.
	<u>Teamwork</u>	We actively seek to blend our individual talents in order to be the best in the nation.

HOW THE STRATEGIC PLAN IMPACTS METRO EMPLOYEES – ONGOING

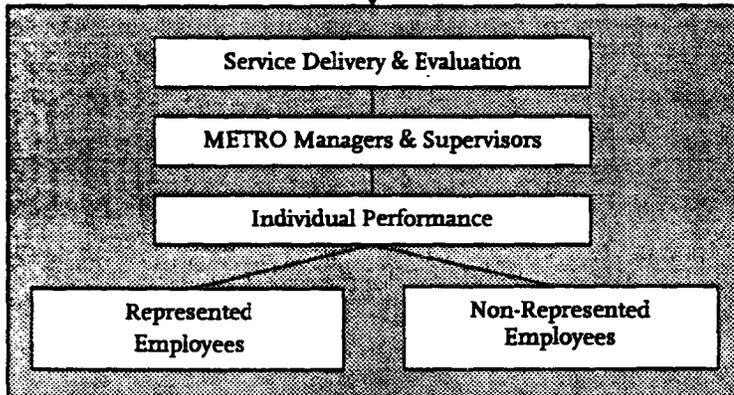
Approved by CEO



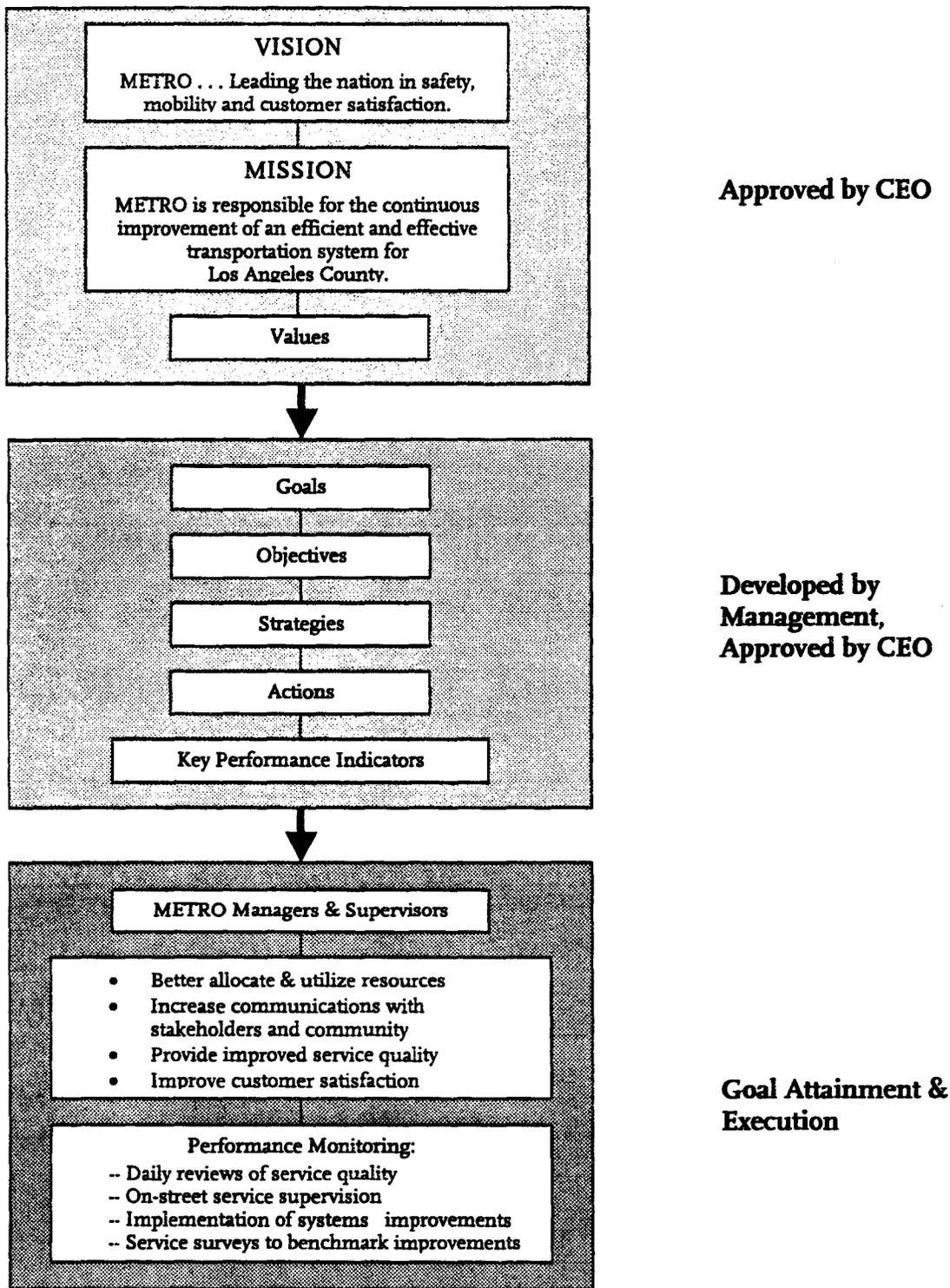
Developed by Management, Approved by CEO



Implementation, Accountability & Execution



HOW THE STRATEGIC PLAN IMPACTS METRO CUSTOMERS – ONGOING



COMMUNICATION PLAN (MODEL) – ONGOING

Overall, this agency seeks to be recognized as a leader in the national transportation industry. The vision cannot be achieved without the continued commitment, energy and hard work of each and every Metro employee. It is critical that the Metro Team Leaders communicate with one voice at every level of the organization and across every transit mode.

This is the basis for developing an agency-wide Communication Plan that “promotes and fosters open communication”. This model enables each and every employee an opportunity to articulate and communicate the new strategic agency direction. It will strive to improve communication with customers, employees, business partners and/or stakeholders.

The success of the strategic plan can only be achieved through an agency-wide communication and implementation strategy. This communication plan involves every Metro employee and the Metro Communications Department. The Communications Department will develop an agency-wide “brand” for the new strategic direction of the agency. The Communications Department will develop marketing and promotional materials to reinforce the vision, mission, core values, goals and new strategic direction of the agency. This offers every employee an opportunity to own the strategic plan as his or her own and to personally be committed to implement the strategic plan.

The Metro Operations Service Sectors’ various strategic plans (e.g., service, fleet, facilities, etc.) are to be integrated and aligned to support the agency-wide strategic plan. Metro’s Long-Range Transportation Plan has been aligned to include the short and long range Los Angeles County transportation program planning and project initiatives. The strategic goals and objectives will be updated to address the new transportation direction as recommended by the Transportation Coalition.

For your information, the diagram on the following page outlines the Leadership Model to cascade and communicate the strategic plan agency-wide.

PRACTICING LEADERSHIP MODEL

Communication & Reinforcement

Communicate
Agency-wide Vision,
Mission & Values

Cascade to Middle Management
& Frontline Supervisors

Integrate Strategic Goals & Objectives into
FY05 Budget & Performance Management
Process

Produce an integrated strategic plan for agency

Linkage to Performance Based Compensation

Develop oversight & Monitoring and coordinate action plans to
support goals & objectives

Employees – First Point of Contact with Clients & Customers

Goal Achievements

- Identification of every employee's Individual roles & responsibilities
- Responsible for implementing goals

Performance Based Compensation

- Assessment of individual contributions and attainment
towards supporting agency goals and objectives

Planning Oversight & Monitoring

Teamwork

Teamwork & Accountability

Teamwork Responsibilities

KEY PERFORMANCE INDICATORS AND THE AGENCY SCORECARD

Developing and monitoring key performance indicators is hardly a concept foreign to the MTA. In the past, we have utilized many different metrics to assess performance and monitor our plans, budgets, and goals. However, the manner in which we will keep track of key performance indicators will be greatly enhanced with the FY05 implementation of the Agency-wide Scorecard.

The Scorecard is an electronic desktop application that provides users with easy, point-and-click access to data relating to our key performance indicators. Scorecard users will be able track fare revenue, new workers' compensation claims, budget variances, bill-paying efficiency and other critical information that impacts operations. The Scorecard allows users to compare planned results against actual results as well as view the previous year's data for trending and other purposes.

The key benefit of the Scorecard is its ability to consolidate data from various databases (e.g. FIS, Valley Oaks, M3) and provide users with a common tool for viewing, tracking and reporting. By implementing the Scorecard, more people will get more information more quickly. In these challenging fiscal times, it's even more important that we identify trends early on and spot areas in need of increased attention.

The following are some of the initial key performance indicators that will be tracked via the Scorecard in FY05:

- Fare Revenue
- Operator Pay to Vehicle Hour
- Mechanic Pay to Vehicle Hour
- On-time Bill Paying Efficiency
- New Workers' Compensation Claims
- Lost Work Days
- Fuel usage and cost
- Parts usage and cost

With the rollout of M3, the Scorecard will soon be able to provide coverage of critical operational data such as Mean Miles Between Mechanical Failures and others. Similar to the M3 project, the Scorecard is just one more way the MTA is reaping the benefits of advanced technology to lead the nation in safety, mobility, and customer satisfaction.

Parts of the Agency-wide Scorecard are already in use. The full Scorecard will be implemented by year's end.

Los Angeles County Metropolitan Transportation Authority
 FY05 Adopted Budget

KEY PERFORMANCE INDICATOR	FY04 Actual	FY05 Budget
Fare Revenue *	\$223,693,691	\$282,661,150
Operator Wage Expense per Vehicle Hour	\$26.91	\$26.59
ATU Wage Expense per Vehicle Hour	\$10.94	\$10.89
AFSCME Transportation Wage Expense per Vehicle Hour	\$2.22	\$2.18
AFSCME Maintenance Wage Expense per Vehicle Hour	\$1.03	\$0.91
On-time Bill-Paying	87%	90%
New Weekly Workers' Compensation Claims per 200,000 Exposure Hours	18.79	16.57
Sector Bus Accidents per 100,000 Vehicle Hours	49	49

* Fare revenue for FY04 reflects a 35-day work stoppage and only a half-year of the Jan. 1, 2004, fare restructuring.

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Budget
Highlights

FY05 BUDGET HIGHLIGHTS AND MAJOR BUDGET ASSUMPTIONS

Metro Bus and Rail

FY05 Target Service Levels

MODE		VEHICLE REVENUE HOURS (000)	CHANGE FROM FY04
Metro Bus	MTA Operated	7,054	2.9%
	Contracted Service	512	9.2%
	Total Metro Bus	7,567	3.3%
Metro Rail	Blue Line	212	0.0%
	Green Line	88	0.0%
	Gold Line	89	-16.1%
	Red Line	270	0.0%
	Total Metro Rail	659	-2.5%
Total		8,226	2.8%

- Increase bus service by 208 thousand revenue service hours and maintain rail service at FY04 levels for the Red, Blue, and Green Lines.
- Provide for expected higher costs of fuel and propulsion power (up by \$9.6 million), which is a much greater percentage increase than the expected increase in the CPI.
- Implement five new Rapid Bus lines:
 - 1) Hawthorne
 - 2) Hollywood-Fairfax-Pasadena
 - 3) Long Beach
 - 4) Beverly
 - 5) Sepulveda (North)
- Improve the bus and rail vehicle preventive maintenance programs through scheduled mid-life overhaul programs.

- Increase Homeland Security efforts through a capital grant, increased fare checkers, and additional security equipment.

Capital Program

- Capital projects are funded in agency-wide priority using criteria developed by Executive Management: safety, customer improvements, previously committed, and mandated.
- Although all capital projects receive an annual appropriation, capital projects are controlled by the life-of-project budget which must be approved by the Board.
- Revenues in the capital program are a combination of grant and local matching funds.

- The Eastside Light Rail Extension will be entering a multi-year major construction phase in the coming year (FY05 budget of \$209 million).
- \$175 million is set aside in FY05 for continuing construction of the Orange Line.
- In FY04 UFS ticket vending machines (TVM's) became operational on the Gold Line; production of in-vehicle equipment and vehicle equipment pilot testing began.

In FY05 plans for UFS are to complete the installation of in-vehicle equipment, to install back room data collection equipment, and to begin the design and acquisition of a regional clearinghouse service center. This clearinghouse will process all fare transactions and properly distribute the revenues to Metro and our municipal partners.

- The ATMS project has replaced Metro's obsolete radio communication systems with a new integrated communications system that provides computer aided dispatch, automatic vehicle location, automatic passenger counting, automatic bus stop voice announcements, and an interface with UFS.

In FY04, all hardware installation, software integration, and testing for the ATMS project were completed, and phase I became operational system-wide. In FY05, all remaining system functionality, including the Automatic

Voice Annunciation (AVA) system, will be completed, as will Metro's database of 18,500 bus stops and transfer points.

- The new Maintenance and Materiel Management System (M3), replacing the existing Vehicle Maintenance System and Materiel Management System, will support asset management, inventory, and warehouse management as well as bus, rail, and facilities maintenance. It will be integrated with Metro's purchasing and financial systems to create an integrated environment and eliminate duplication of data. The system will reside on, and utilize, today's more powerful and reliable computer hardware accessible at all Metro locations.

Other Budget Highlights and Assumptions

- Sales tax revenues are forecast to be \$1,522 million, consistent with the Financial Standards.
- Salaries will increase according to union contracts (2.5% for all contract employees except AFSCME at 4.5%). The pay-for-performance pool for non-contract employees will increase 2.5%.
- Legislatively-programmed increases to workers' compensation costs will be offset by continued safety program initiatives.

Budget Development Schedule

Key dates and events in the Metro FY05 budget development cycle

Date	Event
February 11	Agencywide budget kick off meeting - distribution of FY05 Budget Manual
February 12	Budget system new user training course
February 17	Budget system open for budget request data entry
February 20	Legal Services and Legally Required Advertising request forms due
March 10	Budget system closes for budget request data entry
March 17	Key performance indicators (KPIs) and Strategic Business Unit accomplishments due
March 31	Executive approval of proposed budget
April 12	Special Board of Directors meeting - Budget Workshop
May 5	FY05 Proposed Budget Book distribution
May 20	Public Hearing
June 7	Budget Adoption by the Board of Directors
July 1	FY05 Adopted Budget implementation
September 3	FY05 Adopted Budget Book distribution

Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

Summary of Funding by Source

(Dollars in millions)	FY01 Actuals		FY02 Actuals		FY03 Actuals		FY04 Budget		FY05 Adopted	
Sales Tax	\$ 1,260	58.9%	\$ 1,415	64.3%	\$ 1,559	70.2%	\$ 1,572	56.7%	\$ 1,615	54.6%
Federal, State, & Local Grants	483	22.6%	438	19.9%	345	15.5%	568	20.5%	602	20.4%
Passenger Fares & Advertising	227	10.6%	256	11.6%	262	11.8%	289	10.4%	299	10.1%
Net Proceeds from Financing	59	2.8%	33	1.5%	-	0.0%	149	5.4%	314	10.6%
Other (1) (2)	109	5.1%	59	2.7%	56	2.5%	193	7.0%	126	4.3%
Total Funding Sources	\$ 2,138	100.0%	\$ 2,201	100.0%	\$ 2,222	100.0%	\$ 2,771	100.0%	\$ 2,956	100.0%

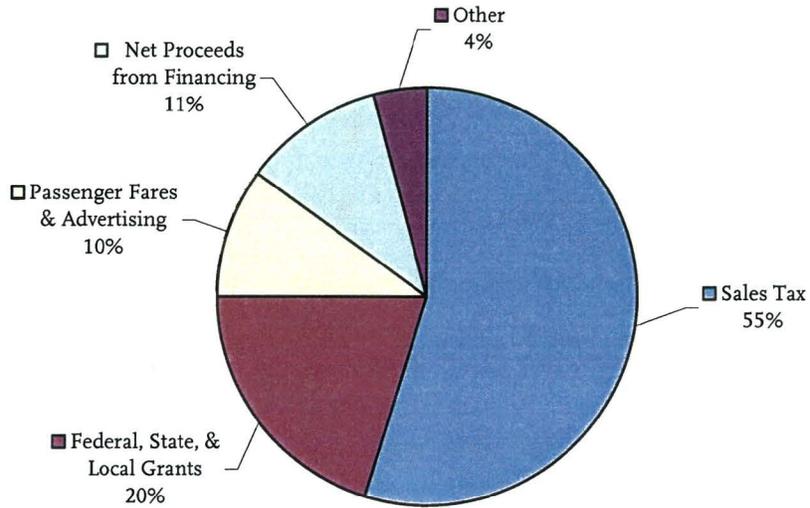
Summary of Expenditures by Program

(Dollars in millions)	FY01 Actuals		FY02 Actuals		FY03 Actuals		FY04 Budget		FY05 Adopted	
Countywide Bus										
MTA Bus										
Capital	\$ 181	8.5%	\$ 181	8.2%	\$ 77	3.5%	\$ 225	8.1%	\$ 228	7.7%
Operating	635	29.7%	733	33.3%	763	34.3%	746	26.9%	770	26.1%
Wilshire BRT/Div 10	1	0.0%	3	0.1%	2	0.1%	17	0.6%	22	0.7%
Orange Line	1	0.0%	8	0.4%	32	1.4%	113	4.1%	175	5.9%
MTA Bus Subtotal	818	38.3%	926	42.1%	874	39.3%	1,101	39.8%	1,195	40.4%
Municipal Operator and Paratransit Programs	227	10.6%	211	9.6%	254	11.4%	268	9.7%	275	9.3%
Countywide Bus Subtotal	1,045	48.9%	1,137	51.7%	1,128	50.8%	1,369	49.4%	1,470	49.7%
Countywide Rail										
MTA Rail										
Rail Construction	128	6.0%	122	5.6%	64	2.9%	125	4.5%	56	1.9%
Capital	30	1.4%	16	0.7%	20	0.9%	43	1.6%	43	1.5%
Operating	122	5.7%	143	6.5%	150	6.8%	192	6.9%	220	7.4%
LRT-Eastside/Expo	4	0.2%	25	1.1%	42	1.9%	138	5.0%	217	7.3%
MTA Rail Subtotal	284	13.3%	306	13.9%	276	12.4%	498	18.0%	536	18.1%
Metrolink	31	1.4%	45	2.0%	39	1.7%	53	1.9%	55	1.9%
Countywide Rail Subtotal	315	14.7%	351	16.0%	315	14.2%	551	19.9%	591	20.0%
Sales tax return to local jurisdictions	229	10.7%	229	10.4%	240	10.8%	245	8.8%	259	8.7%
Streets and Highways	178	8.3%	125	5.7%	147	6.6%	227	8.2%	255	8.6%
Debt Service (2)	293	13.7%	302	13.7%	309	13.9%	297	10.7%	306	10.3%
Other Governmental	78	3.7%	57	2.6%	83	3.8%	82	3.0%	75	2.6%
Total Expenditures	\$ 2,138	100.0%	\$ 2,201	100.0%	\$ 2,222	100.0%	\$ 2,771	100.0%	\$ 2,956	100.0%

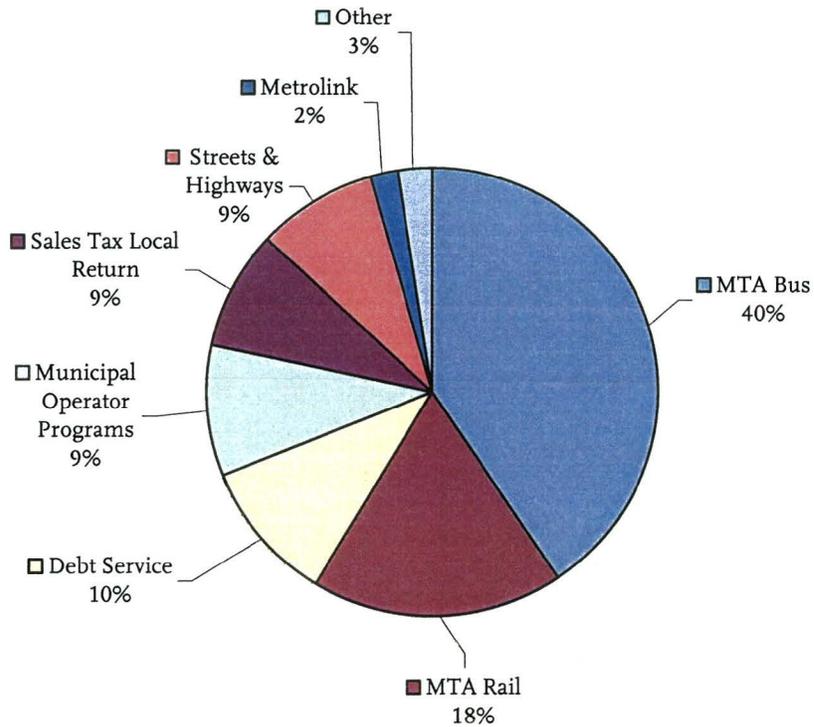
(1) Primarily investment income and/or proceeds on lease/leaseback to service.

(2) Includes principal liability payments and Benefit Assessment District debt payments, but excludes debt refunding and defeased lease. Proprietary fund includes principal reduction of \$18.2 million in FY01, \$19.3 million in FY02, \$19.8 million in FY03, \$16.3 million in FY04, and \$12.0 million in FY05.

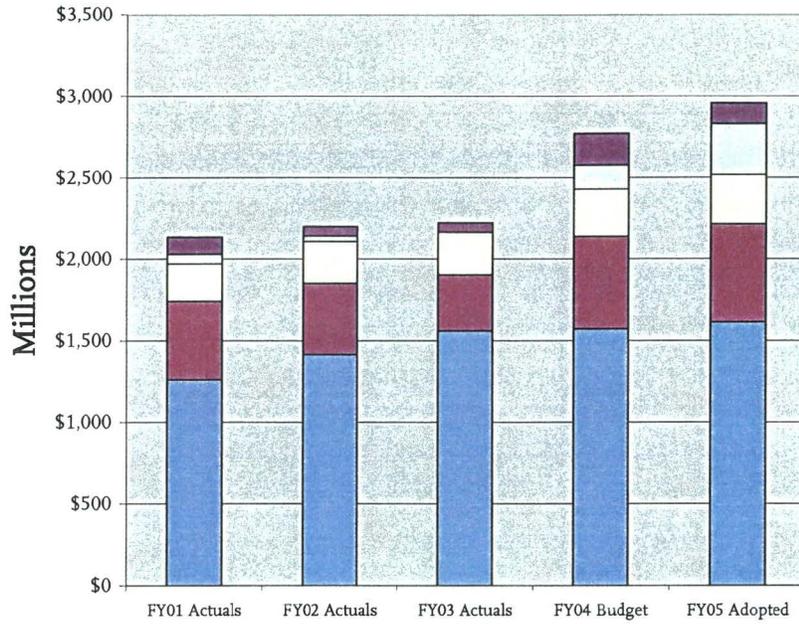
FY05 Funding by Source



FY05 Expenditures by Program

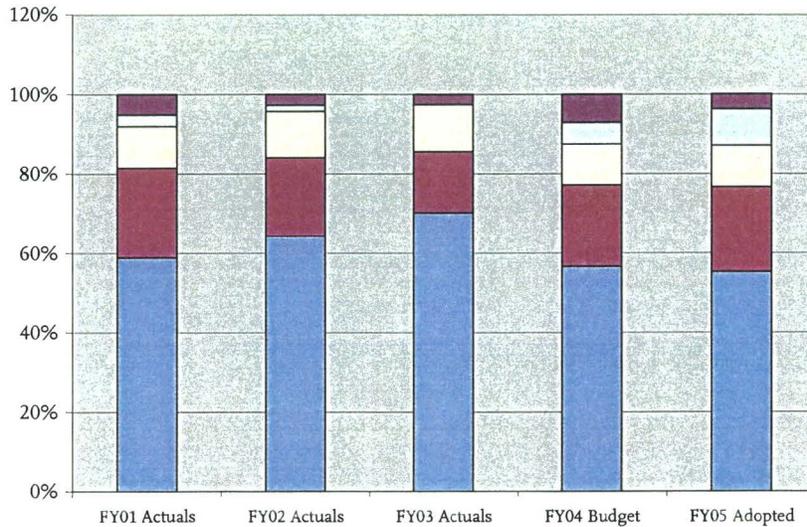


Summary of Funding by Source (\$)



■ Sales Tax ■ Federal, State, & Local Grants □ Passenger Fares & Advertising □ Net Proceeds from Financing ■ Other

Summary of Funding by Source (%)



■ Sales Tax ■ Federal, State, & Local Grants □ Passenger Fares & Advertising □ Net Proceeds from Financing ■ Other

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Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

COMBINED STATEMENT OF CHANGES IN FUND EQUITY - ALL FUNDS

For the Years Ending June 30, 2003, 2004 and 2005

(Amount in millions)

	Proprietary Funds						Governmental Funds		
	Enterprise Fund			Internal Service Fund			Special Revenue Fund		
	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted
1 Revenue:									
2 Sales tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,403.7	\$ 1,448.4	\$ 1,521.8
3 Intergovernmental grants	-	-	-	-	-	-	62.0	91.6	89.5
4 Investment income	-	-	-	-	-	-	21.3	21.4	13.2
5 Lease and rental	-	-	-	-	-	-	-	-	-
6 Proceeds on lease/leaseback to service	-	-	-	-	-	-	-	-	-
7 Licenses and fines	-	-	-	-	-	-	7.6	7.2	7.1
8 Other	-	-	-	-	-	-	0.2	-	-
9 Sub-total	-	-	-	-	-	-	1,494.8	1,568.5	1,631.6
10									
11 Operating revenues:									
12 Passenger fares	244.9	273.1	282.7	-	-	-	-	-	-
13 Route subsidies	0.5	0.4	0.5	-	-	-	-	-	-
14 Metrolink interagency agreement	2.5	2.4	2.5	-	-	-	-	-	-
15 Advertising	13.6	13.2	13.7	-	-	-	-	-	-
16 Total revenues	261.5	289.1	299.4	-	-	-	1,494.8	1,568.5	1,631.6
17									
18 Operating expenses/expenditures:									
19 Transportation	528.4	582.9	614.1	-	-	-	-	-	-
20 Maintenance	317.2	299.2	317.9	-	-	-	-	-	-
21 Capital outlay	-	-	-	-	-	-	-	-	-
22 Subsidies	-	-	-	-	-	-	618.6	710.3	783.7
23 Services	-	-	-	-	-	-	44.9	56.0	48.4
24 Debt and interest expenditures	-	-	-	-	-	-	-	-	-
25 General and administrative	64.9	54.4	58.0	-	-	-	15.7	25.0	11.2
26 Total operating expenses/expenditures	910.5	936.4	990.0	-	-	-	679.2	791.3	843.3
27									
28 Excess (deficiency) of revenues over expenditures /									
29 Operating income (loss)	(649.0)	(647.3)	(690.6)	-	-	-	815.6	777.2	788.3
30 Non-operating revenues/(expenses):									
31 Local grants	0.7	0.5	0.5	-	-	-	-	-	-
32 Federal grants	93.6	110.0	217.9	-	-	-	-	-	-
33 Charges for services	-	-	-	(252.4)	(236.8)	(155.7)	-	-	-
34 Interest revenue	2.9	8.0	1.5	(2.7)	-	-	-	-	-
35 Debt and interest expense	(7.7)	(6.0)	(2.8)	-	-	-	-	-	-
36 Gain (loss) on disposition of fixed assets	(2.9)	1.2	-	-	-	-	-	-	-
37 Other	2.5	2.3	2.7	255.1	236.8	155.7	-	-	-
38 Total non-operating revenues	89.1	115.9	219.7	-	-	-	-	-	-
39									
40 Excess (deficiency) of revenues over expenditures /									
41 Operating income (loss) before other sources	(559.9)	(531.4)	(470.9)	-	-	-	815.6	777.2	788.3
42									
43 Other financing sources (uses):									
44 Operating transfers in	560.4	531.3	470.9	-	-	-	28.3	16.5	7.0
45 Operating transfers out	-	-	-	-	-	-	(903.4)	(916.5)	(877.2)
46 Proceeds from financing	-	-	-	-	-	-	-	-	-
47 Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	-
48 Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-
49 Total other financing and sources (uses)	560.4	531.3	470.9	-	-	-	(875.1)	(900.0)	(870.2)
50									
51 Excess (deficiency) of revenues and other financing									
52 sources over expenditures and other financing uses	0.5	-	-	-	-	-	(59.5)	(122.8)	(81.9)
53									
54 Fund balances - (Deficit) beginning of year	(63.0)	(62.5)	(62.5)	-	-	-	688.5	629.0	481.5
55									
56 Fund balances - (Deficit) end of year	\$ (62.5)	\$ (62.5)	\$ (62.5)	\$ -	\$ -	\$ -	\$ 629.0	\$ 506.2	\$ 399.6

Notes:

- (1) The two Agency Funds, Benefit Assessment Districts and EZ Transit Pass Program, have been excluded from the Combined Statement; see Appendix 12 for financial data.
- (2) FY05 Beginning fund balances primarily include projected FY04 favorable revenue and expenditure variances for the Special Revenue and General Funds.
- (3) FY04 Budget includes Board approved budget amendments in the Enterprise Fund and Capital Projects Fund for Homeland Security Grant.
- (4) For a description of each fund, please see Section IV or the Glossary.

**Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget**

	Governmental Funds									Totals		
	Capital Projects Fund			General Fund			Debt Service Fund			(Memorandum Only)		
	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted
1												
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,403.7	\$ 1,448.4	\$ 1,521.8
3	180.2	381.0	291.4	4.8	4.7	0.7	3.4	4.3	2.3	250.4	481.6	383.9
4	5.5	-	-	5.4	3.8	3.6	20.6	15.0	20.0	52.8	40.2	36.8
5	-	-	-	12.7	10.1	10.5	-	-	-	12.7	10.1	10.5
6	-	-	-	13.5	0.5	-	449.9	-	-	463.4	0.5	-
7	-	-	-	-	-	-	-	-	-	7.6	7.2	7.1
8	0.0	-	-	2.1	2.9	2.6	(4.8)	-	-	(2.5)	2.9	2.6
9	185.8	381.0	291.4	38.5	22.0	17.4	469.0	19.3	22.3	2,188.1	1,990.9	1,962.7
10												
11												
12	-	-	-	-	-	-	-	-	-	244.9	273.1	282.7
13	-	-	-	-	-	-	-	-	-	0.5	0.4	0.5
14	-	-	-	-	-	-	-	-	-	2.5	2.4	2.5
15	-	-	-	-	-	-	-	-	-	13.6	13.2	13.7
16	185.8	381.0	291.4	38.5	22.0	17.4	469.0	19.3	22.3	2,449.6	2,280.0	2,262.1
17												
18												
19	-	-	-	-	-	-	-	-	-	528.4	582.9	614.1
20	-	-	-	-	-	-	-	-	-	317.2	299.2	317.9
21	263.6	683.2	754.4	-	-	-	-	-	-	263.6	683.2	754.4
22	-	-	-	0.8	1.4	0.2	-	-	-	619.4	711.7	783.9
23	-	-	-	19.0	29.7	22.1	3.7	4.8	4.8	67.6	90.6	75.3
24	-	-	-	-	-	-	319.7	269.5	332.6	319.7	269.5	332.6
25	-	-	-	34.1	30.0	32.3	-	-	-	114.7	109.3	101.4
26	263.6	683.2	754.4	53.9	61.1	54.6	323.4	274.3	337.4	2,230.6	2,746.3	2,979.6
27												
28												
29	(77.8)	(302.2)	(463.0)	(15.4)	(39.1)	(37.2)	145.6	(255.0)	(315.1)	219.0	(466.3)	(717.5)
30												
31	-	-	-	-	-	-	-	-	-	0.7	0.5	0.5
32	-	-	-	-	-	-	-	-	-	93.6	110.0	217.9
33	-	-	-	-	-	-	-	-	-	(252.4)	(236.8)	(155.7)
34	-	-	-	-	-	-	-	-	-	0.2	8.0	1.5
35	-	-	-	-	-	-	-	-	-	(7.7)	(6.0)	(2.8)
36	-	-	-	-	-	-	-	-	-	(2.9)	1.2	-
37	-	-	-	-	-	-	-	-	-	257.6	239.1	158.4
38	-	-	-	-	-	-	-	-	-	89.1	115.9	219.7
39												
40												
41	(77.8)	(302.2)	(463.0)	(15.4)	(39.1)	(37.2)	145.6	(255.0)	(315.1)	308.1	(350.4)	(497.8)
42												
43												
44	80.6	143.7	119.6	34.0	42.8	44.4	230.8	261.0	266.1	934.1	995.4	908.1
45	(0.1)	(68.2)	-	(30.5)	(13.2)	(30.9)	(0.4)	-	-	(934.2)	(995.4)	(908.1)
46	-	141.8	311.5	-	-	-	-	-	-	-	141.8	311.5
47	-	-	-	-	-	-	(639.1)	-	(165.0)	(639.1)	-	(165.0)
48	-	-	-	-	-	-	650.8	-	165.0	650.8	-	165.0
49	80.5	217.4	431.1	3.5	29.6	13.5	242.1	261.0	266.1	11.7	141.8	311.5
50												
51												
52	2.7	(84.8)	(31.9)	(11.9)	(9.5)	(23.7)	387.7	6.0	(49.0)	319.5	(208.7)	(186.4)
53												
54	120.9	123.6	38.9	153.5	141.6	118.8	436.1	823.8	829.8	1,336.0	1,655.5	1,406.5
55												
56	\$ 123.6	\$ 38.9	\$ 7.0	\$ 141.6	\$ 132.1	\$ 95.1	\$ 823.8	\$ 829.8	\$ 780.8	\$ 1,655.5	\$ 1,446.8	\$ 1,220.1

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Customer
Services

CUSTOMER SERVICES

Metro provides a wide range of customer services to increase mobility and quality of life throughout Los Angeles County. These services include bus and rail operations, ridesharing services, freeway services, and transit information.

METRO BUS AND RAIL SERVICE

Metro directly operates three modes of transit service: bus (direct and contracted), light rail, and heavy rail, averaging over 1.3 million boardings per weekday. Transit services and supporting capital expenditures make up over two-thirds of the FY05 Budget.

Metro Bus

Metro is the second largest bus operator in the United States. Metro bus service averages over 1.1 million boardings per weekday. Collectively, the buses travel 250,000 miles on 185 bus routes serving 18,500 bus stops each weekday.

The FY05 Budget includes funds for the completion of the high capacity 45 foot "Compo" bus procurement and for thirty new 60 foot high capacity articulated buses. Metro will provide 33 buses to contractors operating Metro service and will add new vehicles for the Metro Green Line shuttle.

Metro is the largest operator of alternative fueled buses. Currently 1,930 buses, or 80% of the 2,400 buses in Metro's fleet, are powered by engines using clean-burning compressed natural gas (CNG).

Service Sectors

Metro Bus is organized into five geographic areas known as Sectors. The Sectors are managed by a General Manager with planning oversight from an independent Governance Council.

The Governance Councils provide guidance and recommendations to sector general managers at the community level on improvements to bus service delivery and quality.

Sector Goals and Objectives

With about two full years of operational experience, Service Sectors have clearly demonstrated effectiveness toward achieving community input into bus service quality and delivery. The following areas of success were achieved by the Service Sectors:

- Locally based Sector Planning & Scheduling has implemented efficiencies and is more responsive to both customers and bus operators.
- The Sector Governance Councils, charged with overseeing the planning and implementation of service within their area, have been effective at improving Metro's connection and accountability to customers and local communities.
- Overall, on-time performance, road calls and accidents are improving, although at a modest pace.
- The Community Relations Programs have a more focused and visible presence in the communities and with local city officials, although Sector

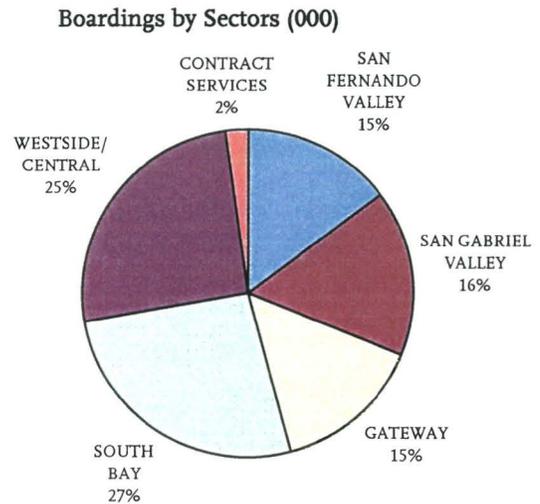
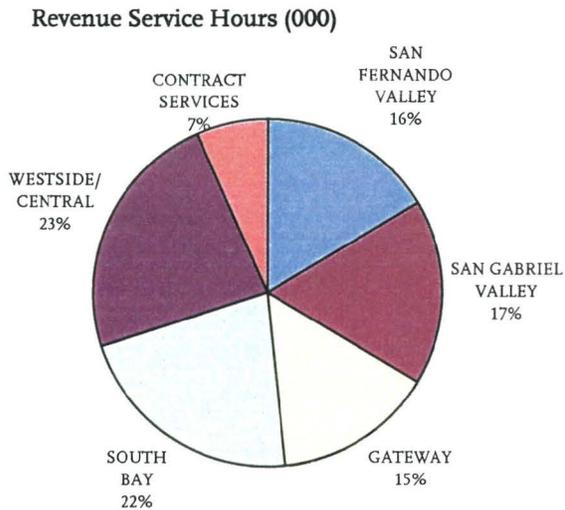
- control and direction have been problematic.
- Coordination among Sectors and other transit providers is improving.
- Metro's Board of Directors has expressed continued support of the Service Sector structure.

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FY05 Bus Operating Statistics by Service Sector

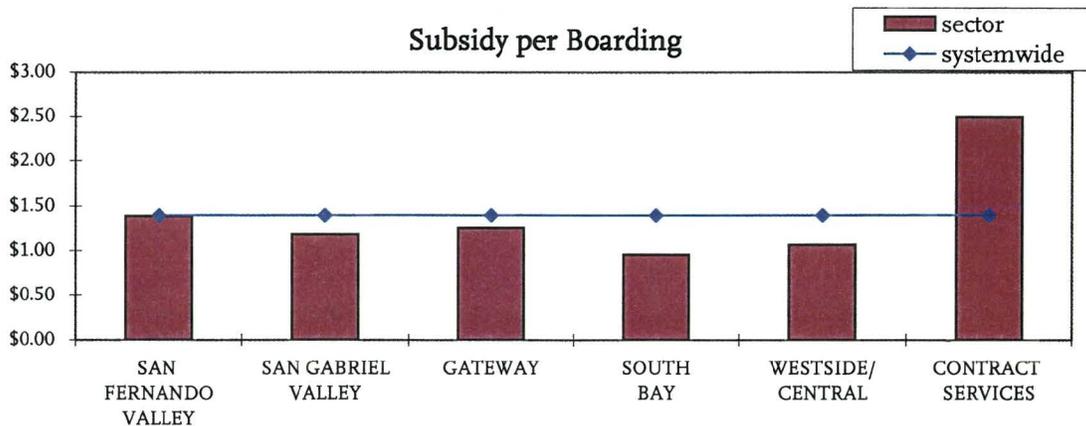
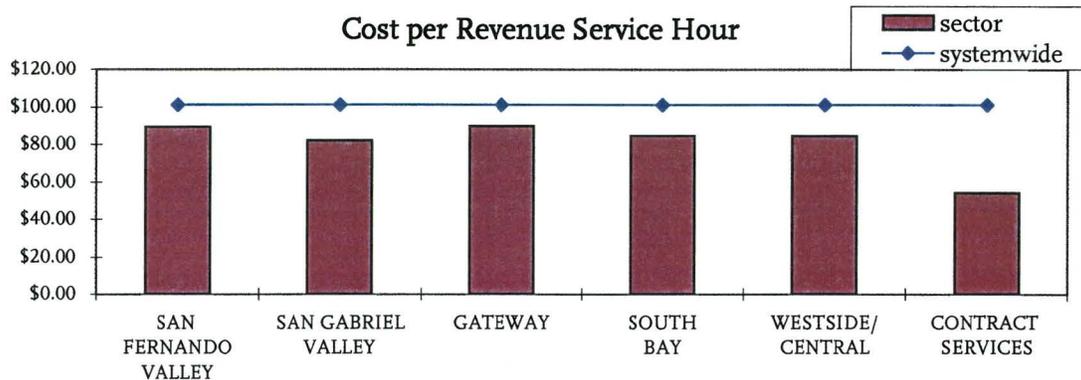
	SAN FERNANDO VALLEY	SAN GABRIEL VALLEY	GATEWAY CITIES	SOUTH BAY
BOARDINGS (000)	54,097	59,749	54,101	96,640
VEHICLE SERVICE HOURS (000)	1,246	1,290	1,128	1,638
VEHICLE SERVICE MILES (000)	17,722	16,313	12,854	20,355
HUB MILES (000)	21,624	19,298	16,045	24,761
BOARDINGS PER REVENUE SERVICE HOUR	43.4	46.3	48.0	59.0
PASSENGER MILES	210,979	233,020	210,993	376,897
COST PER REVENUE SERVICE HOUR	\$89.81	\$82.18	\$90.20	\$84.80
COST PER PASSENGER MILE	\$0.53	\$0.45	\$0.48	\$0.37
COST PER BOARDING	\$2.07	\$1.77	\$1.88	\$1.44
SUBSIDY PER BOARDING	\$1.39	\$1.18	\$1.25	\$0.96
SUBSIDY PER PASSENGER MILE	\$0.36	\$0.30	\$0.32	\$0.25
FARE RECOVERY RATIO	32.9%	33.5%	33.5%	33.4%
FARE REVENUE PER BOARDING	\$0.68	\$0.59	\$0.63	\$0.48

* Systemwide statistics include bus operating expenses from support activities not assigned directly to sector management, including, but not limited to, Central Maintenance, Central Control & Instruction, Facilities and Administrative Support.



Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

	WESTSIDE/ CENTRAL	CONTRACT SERVICES	SYSTEMWIDE *
BOARDINGS (000)	92,741	8,484	365,812
VEHICLE SERVICE HOURS (000)	1,753	512	7,567
VEHICLE SERVICE MILES (000)	20,932	6,259	94,436
HUB MILES (000)	25,313	7,607	114,648
BOARDINGS PER REVENUE SERVICE HOUR	52.9	16.6	48.3
PASSENGER MILES	361,690	33,087	1,426,667
COST PER REVENUE SERVICE HOUR	\$84.67	\$54.66	\$101.39
COST PER PASSENGER MILE	\$0.41	\$0.85	\$0.54
COST PER BOARDING	\$1.60	\$3.30	\$2.10
SUBSIDY PER BOARDING	\$1.06	\$2.50	\$1.40
SUBSIDY PER PASSENGER MILE	\$0.27	\$0.64	\$0.36
FARE RECOVERY RATIO	33.5%	24.3%	33.2%
FARE REVENUE PER BOARDING	\$0.54	\$0.80	\$0.70



Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

Bus Performance Indicators	FY02 Actual	FY03 Actual	FY04 Estimated	FY05 Target
<i>Customer Indicators</i>				
In-Service On-Time Performance	64.88%	69.23%	63.73%	70.00%
<i>Financial Indicators</i>				
Bus cost per service hour	\$98.44	\$101.23	\$101.31	\$101.39
Farebox Recovery	31.4%	30.0%	32.9%	33.2%
Subsidy per Boarding	\$1.29	\$1.44	\$1.40	\$1.40
<i>Internal Process Indicators</i>				
Mean miles between chargeable mechanical failures	5,796	6,883	6,790	7,500
<i>Safety Indicators</i>				
Vehicle accidents per 100k miles	3.91	3.86	3.74	3.50

Metro Rapid

Metro Rapid provides faster regional travel. The key features of Metro Rapid that make it faster and easier to use include simple route layout, frequent service, greater distance between stops, low-floor buses to facilitate boarding and alighting, color-coded buses and stops, and traffic signal priority at intersections.

Launched in 2000, the Metro Rapid Demonstration Program consisted of two lines - one along Ventura Boulevard in the San Fernando Valley and the other along the Wilshire/Whittier Transit Corridor. Metro Rapid reduced travel time by about 25% while increasing ridership nearly 35%, with one-third of those riders using Metro Rapid representing new riders to the system.

During FY03, the MTA Board of Directors approved the accelerated implementation of the Metro Rapid Expansion Program. In

approving the Metro Rapid Expansion Program, additional corridors were identified and prioritized into five implementation phases. By the end of FY05, 14 Metro Rapid lines will be in service. New Metro Rapid lines to be implemented in FY05 include:

- Hawthorne
- Hollywood-Fairfax-Pasadena
- Long Beach
- Beverly
- Sepulveda (North)

Metro Rail

Metro Rail operates and maintains four rail lines, including 121 light and 104 heavy rail vehicles and 65 rail stations. Rail operation includes Transportation (operations, supervision, train control, scheduling), Fleet Services (vehicle maintenance, engineering and design), Wayside Systems (track, power, stations,

signals, communication maintenance) and Safety.

Vehicle dependability is expected to improve during FY05 as rail car vehicle maintenance programs enter the second year. The effort to maintain and improve rail car and station cleanliness, including the goal to reduce vandalism, will be supported with law enforcement resources, incorporating new strategies to proactively address these as well as safety related issues systemwide. In addition, Metro Rail will work with the Los Angeles County Sheriff's Department to address Homeland Security issues on trains, stations and along the main lines.

The FY05 Budget includes resources to support the current level of service, with some adjustments to train lengths and/or headways during morning weekend service periods. The light rail vehicle procurement for 50 cars is concluding the design phase and will be closely monitored during the construction period. The first delivery of these light rail vehicles is scheduled for June 2005. Four

new traction power substations will be added to the Pasadena Gold Line. Twelve Blue Line grade crossings will be retrofitted with safety gates in cooperation with the Union Pacific Railroad to enhance protection to motorists and trains. The remaining conversion of the Rail Radio System to 160 MHz and completion of the simulcast system will be accomplished during FY05, as will the full integration and utilization of the M3 system.

The Fare Checker program begun in FY04 on the Red and Gold Lines will be expanded in FY05 to include the Green and Blue Lines. In addition to providing improved fare compliance, the fare checkers provide an additional security presence on the rail system. The MTA will have over 100 fare checkers systemwide during FY05.

Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

Rail Performance Indicators	FY02 Actual	FY03 Actual	FY04 Estimated	FY05 Target
<i>Customer Indicators</i>				
Light Rail On-Time Performance	98.92%	97.84%	98.90%	99.00%
Heavy Rail On-Time Performance	99.60%	99.15%	99.19%	99.80%
<i>Complaints per 100,000 boardings</i>				
Light Rail	1.04	1.29	1.45	0.66
Heavy Rail	0.73	1.20	1.06	0.60
<i>Financial Indicators</i>				
Light Rail cost per RVSH	\$332.52	\$300.23	\$304.41	\$374.76
Heavy Rail cost per RVSH	\$234.57	\$244.39	\$249.71	\$274.43
<i>Farebox Recovery</i>				
Light Rail	23.3%	21.0%	24.1%	17.1%
Heavy Rail	20.8%	25.8%	27.7%	26.3%
<i>Subsidy per Boarding</i>				
Light Rail	\$1.94	\$2.13	\$2.13	\$2.91
Heavy Rail	\$1.40	\$1.51	\$1.36	\$1.52
<i>Internal Process Indicators</i>				
Mean Miles Between Mechanical Failures	6,253	7,025	13,024	15,000
<i>Safety Indicators</i>				
Rail accidents per 100,000 revenue train miles				
Light Rail (MGL, MBL)	0.51	0.51	0.67	0.40
Heavy Rail (MRL)	0.22	0.07	0.00	0.05

TRANSPORTATION SERVICES

Metro Freeway Service Patrol

Metro, in partnership with the California Department of Transportation (CALTRANS) and the California Highway Patrol (CHP), manages the largest fleet of tow and service trucks in the country. This service is known as the Los Angeles County Metro Freeway Service Patrol (FSP). Private tow companies operating a fleet of almost 150 tow vehicles are contracted to patrol over 400 miles of freeways during morning and afternoon commute hours, and during midday and weekends on heavily congested freeways. The goal is to quickly repair or remove disabled vehicles to relieve freeway congestion. The program is funded through local Proposition C 25% sales tax and state highway funds.

Over 70% of motorists needing assistance wait less than five minutes for assistance. Tow truck operators change flat tires, fill radiators, tape leaky hoses, and provide jump-starts and gasoline, or, when necessary, tow the vehicle to a safe location off the freeway.

The success of the Metro Freeway Service Patrol has prompted the MTA to investigate using "Big Rig" tow trucks to assist disabled oversized vehicles and trailer trucks on the 710 Freeway. This demonstration will begin in FY05 and continue for two years.

Service Authority for Freeway Emergencies

Service Authority for Freeway Emergencies (SAFE) is a separate agency from Metro that is responsible primarily

for the maintenance and operation of the County's system of approximately 4,500 call boxes. These call boxes provide call-answering services for people with vehicle problems on busy roads. The process of privatizing the call-answering function from CHP to an outside contractor was completed in FY04 and reduced call-answering costs by over 50%.

In FY05, SAFE proposes to complete the physical accessibility improvements to the call box sites, investigate digital upgrades to the call box system, and explore the implementation of a new cellular based motorist aid service.

Paratransit Services

Access Services, Inc. (ASI) manages the Americans with Disabilities Act (ADA) paratransit service. The purpose of the paratransit service program is to improve the quality and effectiveness of transportation services to the elderly and to persons with disabilities through coordination of public transportation with social service agencies and other charitable organizations, and to provide services to persons with disabilities in accordance with the ADA.

Paratransit ridership in Los Angeles County is projected to increase by over 10% for each of the next five years.

High Occupancy Vehicle Lanes

There are 435 miles of High Occupancy Vehicle (HOV) lanes in operation in Los Angeles County. HOV lanes reduce congestion by using the capacity of the freeway system more efficiently. Caltrans

estimates that an average of approximately 702,000 persons use HOV lanes daily in Los Angeles County.

Rideshare Program

Over the past years, the five county transportation commissions (CTC's) which fund regional and local rideshare services in the Los Angeles area have been reviewing service delivery options to optimize rideshare program performance. As part of this review, the CTC's conducted studies which recommended that rideshare services should be transferred from SCAG to the CTC's to enhance program effectiveness. Consequently, SCAG transferred rideshare services to the CTC's at the end of FY03. The transfer brought about the establishment of Metro Commute Services, a one-stop shop for commute transportation services in Los Angeles County. Metro Commute Services provides a host of effective rideshare services and products to employers and their employees, including incentives and rebates, ridematching via telephone and internet, workshops, consultation, and transit pass programs.

1-800-COMMUTE

Through 1-800-COMMUTE, a statewide toll-free number, callers can access Metro information for personal transit assistance seven days a week. Callers are given route, schedule, and fare information for all public transportation providers serving the County. Rideshare assistance is also available.

Reduced Fares Program

The Reduced Fares Program provides personalized identification cards to

eligible students (grades K-12 and full time college/vocational), seniors and disabled individuals. This enables them to ride Metro trains and buses at a significantly reduced price. Student ID Cards are valid for an academic term, while persons 62 years old and above qualify for a senior ID Card. ID cards for the disabled are issued for various time periods based on an individual's disability. Applications are available at metro.net.

MetroMail Program

The MetroMail Program provides customers with the convenience of purchasing their monthly passes and stamps and tokens through the mail. Individuals, companies, schools, and public and government agencies which utilize this program submit a MetroMail Form along with the appropriate payment. Fare media is returned by mail in a timely manner. MetroMail forms are available at metro.net.

MTA Customer Centers

The six MTA Customer Centers located throughout Los Angeles County provide various transit services to Los Angeles County residents. They sell EZ Transit Passes (regional passes) and Metro passes and tokens, accept Reduced Fare applications from student and disabled customers, issue senior ID cards, display rail and bus schedules and brochures, distribute special promotional information, and provide vendor pick up services for token purchases. Some locations also sell fare media for Foothill Transit and LADOT and participate in the Cityride Scrip redemption program. Customer Center information is located at metro.net.

Metro Pass and Token Sales Vendor Network

The Metro Pass and Token Sales Vendor Network includes over 850 retail business locations at which patrons can purchase not only MTA passes and tokens, but also EZ Transit Passes which can be used on other transit buses. Vendor locations cover the Los Angeles County area; a complete directory of pass sales outlets is provided at metro.net.

metro.net

metro.net is the Metro's presence on the world wide web. Offering an interactive trip planner and comprehensive transit service information for the entire Southern California region, metro.net is accessible from anywhere in the world 24 hours a day. In 2003, well over ten million successful itineraries were made through the interactive trip planner. The site also features complete information regarding Metro's other transportation services and projects.

DESCRIPTION OF METRO'S CLIENTELE

Demographic Profile of MTA Bus Riders by Sector*						
	MTA System	San Fernando Valley	San Gabriel Valley	West Central	South Bay	Gateway
Gender						
Male	43%	44%	43%	44%	41%	43%
Female	57	56	57	56	59	57
Median Household Income	\$12,000	\$13,000	\$12,000	\$12,000	\$12,000	\$11,000
Mean Age (Years)	39.6	39.9	39.3	40.6	39.5	38.4
Ethnicity						
Hispanic/Latino	58%	56%	68%	59%	46%	64%
African-American/Black	20	10	12	16	36	25
White/Caucasian	12	22	8	14	9	5
Asian/Pacific Islander	8	9	10	9	6	4
Other(American-Indian/ Multi-Racial)	2	3	2	2	3	2

*FY2002 On-Board Bus Survey, page 4.

Summary of Survey Results - Bus

Major findings from 31,000 completed surveys for the FY2002 Bus On-Board (Weekday) Survey are as follows:

Demographic Profile

- Weekday Metro Bus riders are 57% female and 43% male, with little difference by MTA service sector.
- Median annual household income for weekday bus riders is \$12,000 per year, again with little difference by service sector.
- Latinos are the largest ethnic group among weekday riders (58%). African-Americans are 20% of the ridership, and Whites and Asians are 12% and 8%, respectively. Latino bus riders are particularly prominent in the San Gabriel Valley (68%) and Gateway (64%) sectors. African-American riders comprise 36% of the South Bay sector. White riders are most numerous in the San Fernando Valley (22%).
- The average age of weekday riders is 39.6. Whites and Asians are older than the other groups (46.5 and 45.9, respectively).

Travel Characteristics

- A large majority of weekday Metro Bus riders (74%) use more than one bus or train in the course of their one-way trip.

- Riders access their first bus or train almost entirely by walking (93%). A similar percentage (94%) walk to their final destination.
- Most riders (82%) use MTA buses 5 or more days per week.
- The home-to-work trip (and its reverse—work-to-home) constitutes 58% of all weekday trips.
- Most weekday Metro Bus riders use passes to pay their boarding fare (52%), more than 1/3 of whom use the regular monthly pass. Pass use is highest in the West Central sector (58%) and lowest in South Bay (50%).

Travel Patterns

- San Fernando Valley sector riders remain within the San Fernando Valley sector on 66% of all bus trips that originate there. This is in contrast to the San Gabriel Valley (47%) and South Bay (48%)—the only two sectors where a majority of riders travel outside of their sector.
- The major destination for riders outside of their own sector (for all sectors except West Central) is West Central. From the San Fernando Valley and South Bay, trips to West Central outnumber all other inter-sector trips combined, and from the San Gabriel Valley West Central trips are virtually equal to the total trips to all other sectors. Only from Gateway are West Central trips not so common.

Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

Demographic Profile of MTA Rail Riders by Line*				
	All Lines	Blue Line	Red Line	Green Line
Gender				
Male	55%	54%	55%	57%
Female	45	46	45	43
Median Household Income	\$22,000	\$17,000	\$25,000	\$22,000
Mean Age (Years)	39.0	37.6	39.8	38.6
Ethnicity				
Hispanic/Latino	41%	43%	39%	41%
White/Caucasian	24	15	30	18
African-American/Black	22	32	16	28
Asian Pacific Islander	9	7	11	10
Other (American Indian/ Multi-Racial)	4	3	4	3

*FY2002 On-Board Rail Survey, page 3 (before opening of Gold Line in Summer of 2003)

Summary of Survey Results - Rail

For the FY2002 Rail On-Board (Weekday) Survey, here are major findings from 12,182 completed surveys.

Demographic Profile

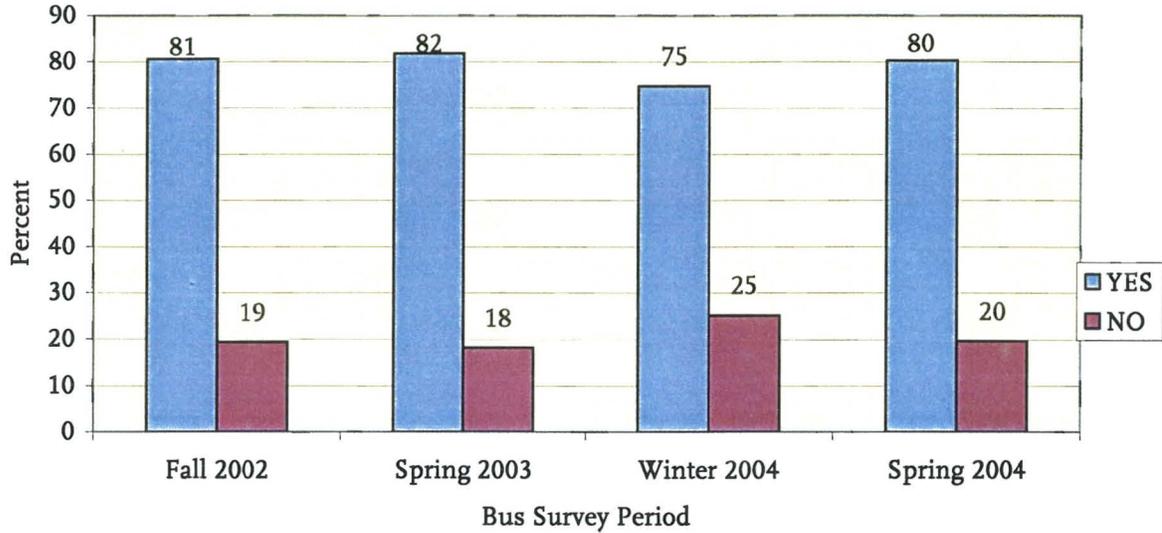
- Weekday Metro Rail riders are 55% male and 45% female, with little difference by line.
- Median annual household income is \$22,000 per year. The Red Line demonstrates the highest income (\$25,000) and the Blue Line the lowest (\$17,000).
- Latinos are the largest ethnic group of riders (41%), with only small variations by line. White riders represent 24% of the ridership for all lines but 30% for the Red Line. African-American riders comprise 32% of the Blue Line and 28% of the Green Line, but only 22% overall owing to low Red Line ridership (16%).
- Median annual household income among White riders is \$50,000 and over. African-Americans average \$21,000 and Latinos \$14,000. Median income among Asian riders is \$34,000. All four ethnic groups demonstrate their lowest median income on the Blue Line. Latino and Asian incomes are highest on the Green Line.
- The mean age of Metro Rail riders is 39.0 years. Latino riders are notably younger than other groups (34.8 years) and White riders are the oldest (45.0 years).

Travel Characteristics

- A large majority of weekday Metro Rail riders (67%) use more than one bus or train in the course of their one-way trip.
- Riders access their first bus or train mostly by walking (70%). An even larger percentage (82%) walk to their final destination.
- Most riders (72%) use Metro Rail 5 or more days per week.
- The 7th Street/Metro station (26%) and Pershing Square (9%) attract the most work trips.
- The dominant trip purpose for frequent weekday Metro Rail riders is the home-work trip (71%); the second most prevalent trip purpose is home-school (9%).
- Riders indicate that their median one-way trip consumes 65 minutes, including 35 minutes on board buses and trains and 10 minutes each for getting to, getting from, and waiting.
- Most Metro Rail riders use passes to pay their boarding fare (58%), half of whom use the regular monthly pass. Red Line pass usage is particularly high (66%) because of Metrolink riders.

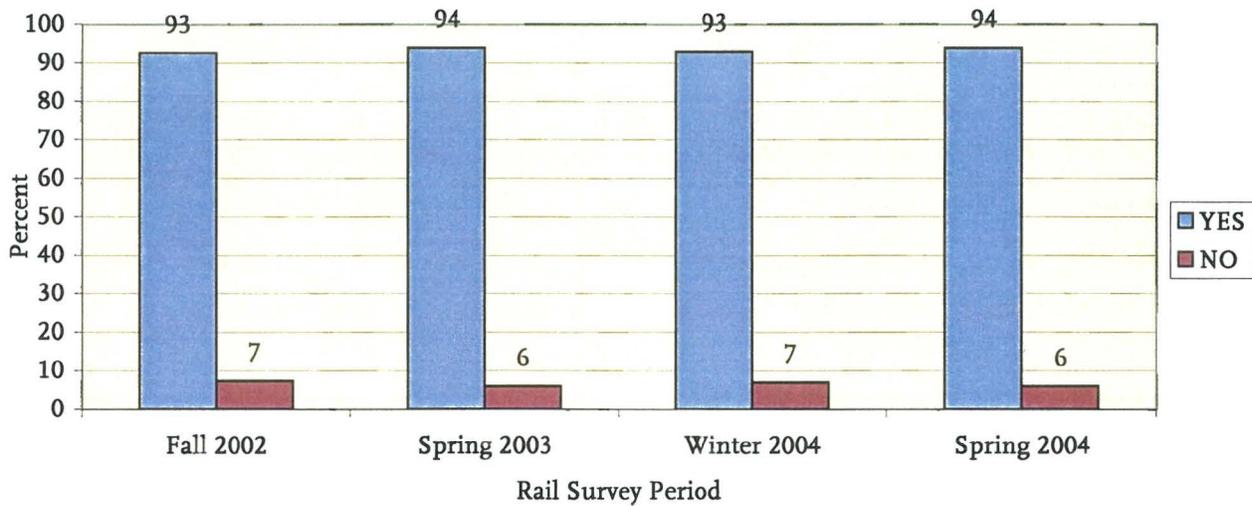
Customer Satisfaction Survey -Bus

Generally speaking, are you satisfied with Metro Bus Service?



Customer Satisfaction Survey -Rail

Generally speaking, are you satisfied with Metro Rail Service?



ENTERPRISE FUND

Fund Narrative

The Enterprise Fund accounts for transit services in a manner similar to the private sector. The transit services included within the Enterprise Fund are Metro Bus, contracted bus service, Metro Rail, and Regional Activities.

Revenues

Bus and rail operating revenues recover approximately 30% of the cost to provide transit services. The remaining 70% is funded through a combination of non-operating revenues (primarily federal grants) and transfers (Prop A & C, TDA and STA tax-based revenues).

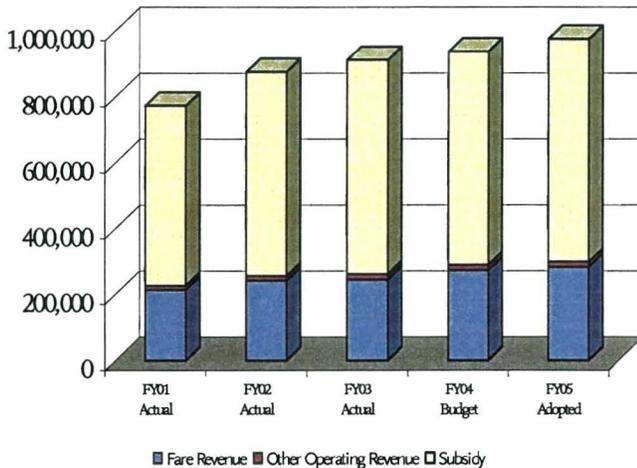
Expenses

The Enterprise Fund FY05 budgeted expenses are as follows:

	Amount in Millions	%
Bus	\$770.5	77.6
Light Rail	145.7	14.7
Heavy Rail	74.2	7.5
Regional	2.4	0.2
Total	\$992.8	100.0

Enterprise Fund expenses of \$992.8 million are composed of \$990.0 million operating expenses and \$2.8 million of non-operating interest expenses.

Enterprise Fund Revenue



Approximately 68% of the Enterprise Fund expenses are for labor and fringe benefits. Fuel and materials represents another 14% of expenses, with the remainder being comprised of contracted services (3%), security (6%), casualty and liability (4%), and debt and other expenses (5%).

(Amounts in thousands)		FY01 Actual	FY02 Actual	FY03 Actual	FY04 Budget	FY05 Adopted
1	Fare Revenue	\$213,989	\$241,144	\$244,939	\$273,099	\$282,660
2	Other Operating Revenue	12,227	14,334	16,587	16,050	16,750
3	Subsidy*	547,814	619,622	648,936	647,270	690,614
4	Total Revenue	\$774,030	\$875,100	\$910,462	\$936,419	\$990,024

* Subsidy is defined as total operating expense minus fare revenue and other operating revenue.

Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

Service Levels

Mode		Vehicle Service Hours	Vehicle Service Miles	Unlinked Passenger Trips	Passenger Miles
Bus	MTA Operated	7,054,943	88,176,343	357,328,103	1,393,579,602
	Contracted Svc	512,175	6,259,158	8,483,949	32,906,501
	Subtotal Bus	7,567,118	94,435,501	365,812,052	1,426,486,103
Rail	Blue Line	211,941	4,756,824	23,612,912	122,787,142
	Green Line	87,965	2,707,815	10,342,500	53,781,000
	Gold Line	89,000	1,800,000	7,500,000	39,000,000
	Red Line	270,299	6,603,768	35,908,175	165,177,605
	Subtotal Rail	659,205	15,868,407	77,363,587	380,745,747
Totals		8226,323	110,303,908	443,175,639	1,807,231,850

Cost Per Unit of Service

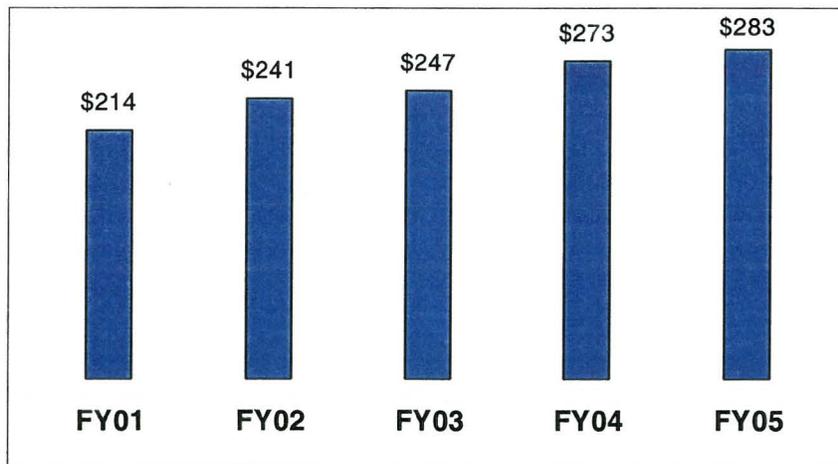
Mode		Vehicle Service Hours	Vehicle Service Miles	Unlinked Passenger Trips	Passenger Miles
Bus	MTA Operated	\$104.60	\$8.37	\$2.07	\$0.53
	Contracted Svc	\$57.13	\$4.67	\$3.45	\$0.89
	Blended Bus	\$101.39	\$8.12	\$2.10	\$0.54
Rail	Blue Line	\$304.15	\$13.55	\$2.73	\$0.52
	Green Line	\$463.18	\$15.05	\$3.94	\$0.76
	Gold Line	\$455.53	\$22.52	\$5.41	\$1.04
	Red Line	\$274.43	\$11.23	\$2.07	\$0.45
	Blended Rail	\$333.62	\$13.86	\$2.87	\$0.58
Combined	Bus & Rail	\$120.00	\$8.95	\$2.23	\$0.55

Fare Revenue

The chart below illustrates passenger fare revenue received in FY01 through FY03, plus projected receipts for FY04 and FY05. From FY01 to FY03, average annual fare revenue growth was 7.4% as service levels increased for both bus and rail modes. A

4.0% year-over-year increase in fare revenue is projected in FY05 from a combination of the relatively new Pasadena Gold Line and a fare restructuring that went into effect in January 2004.

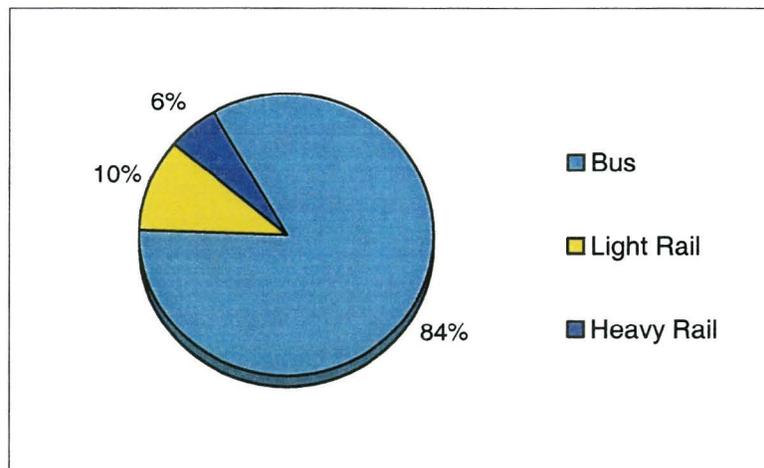
(\$'s in millions)



Fare Revenue by Mode

The chart below illustrates the estimated FY05 fare revenue shares by mode. As

shown, most of the MTA fare revenue is attributed to bus operations.



Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

Combined Statement of Revenues, Expenses and Changes in Retained Earnings

For the Years Ending June 30, 2003, 2004 and 2005

(Amounts in millions)

Enterprise Fund by Mode	Bus			Light Rail		
	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted
1 Revenue:						
2 Operating revenues						
3 Passenger fares	\$ 213.4	\$ 229.4	\$ 240.4	\$ 17.1	\$ 28.4	\$ 24.6
4 Route subsidies	0.5	0.4	0.5	-	-	-
5 Metrolink EZ Pass reimbursement	0.4	0.4	0.4	-	-	0.4
6 Advertising	12.1	11.7	13.7	1.0	1.0	-
7 Total revenues	226.4	241.9	255.0	18.0	29.4	24.9
8						
9 Operating expenses:						
10 Transportation	464.5	484.3	500.6	36.5	65.3	77.0
11 Maintenance	247.1	223.6	231.2	40.0	46.8	55.2
12 General and administrative	43.7	34.8	35.9	9.4	11.5	13.5
13 Total operating expenses	755.3	742.7	767.7	85.9	123.6	145.7
14						
15 Operating income (loss)	(528.9)	(500.8)	(512.7)	(67.9)	(94.2)	(120.8)
16						
17 Non-operating revenues/(expenses):						
18 Local operating grants	0.7	0.5	0.5	-	-	-
19 Federal operating grants	94.3	82.3	145.5	(0.4)	27.7	53.4
20 Interest revenue	2.9	6.7	1.5	-	0.7	-
21 Debt and interest expense	(7.7)	(6.0)	(2.8)	-	-	-
22 Gain (loss) on disposition of fixed assets	(2.9)	1.2	-	-	-	-
23 Other	2.0	1.0	2.7	-	0.4	-
24 Total Non-operating revenues	89.3	85.7	147.3	(0.4)	28.8	53.4
25						
26 Other financing sources (uses):						
27 Operating transfers in						
28 Prop A	132.2	132.3	132.3	26.3	12.8	31.5
29 Prop C	104.3	103.1	74.4	36.6	49.4	30.2
30 TDA	179.9	168.8	143.4	-	-	-
31 STA	2.1	10.9	4.0	3.3	3.1	5.7
32 General Fund	23.9	-	11.3	-	-	-
33 Total other financing and sources (uses)	442.4	415.1	365.3	66.2	65.4	67.4
34						
35 Increase (decrease) in retained earnings	2.8	-	-	(2.1)	-	-
36						
37 Deficit - beginning of year	(57.1)	(54.3)	(54.3)	(5.9)	(8.0)	(8.0)
38						
39 Deficit - end of year	\$ (54.3)	\$ (54.3)	\$ (54.3)	\$ (8.0)	\$ (8.0)	\$ (8.0)

Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

	Heavy Rail			Non-Modal Regional Cost			Total		
	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted
1									
2									
3	\$ 14.0	\$ 15.2	\$ 17.7	\$ 0.4	\$ -	\$ -	\$ 244.9	\$ 273.1	\$ 282.7
4		-	-	-	-	-	0.5	0.4	0.5
5	2.1	2.0	1.8	-	-	-	2.5	2.4	2.5
6	0.5	0.5	-	-	-	-	13.6	13.2	13.7
7	16.6	17.8	19.5	0.4	-	-	261.5	289.1	299.4
8									
9									
10	27.4	33.2	36.5	-	-	-	528.4	582.9	614.1
11	30.0	28.8	31.6	-	-	-	317.2	299.2	317.9
12	7.1	5.5	6.1	4.8	2.6	2.4	64.9	54.4	58.0
13	64.5	67.5	74.2	4.8	2.6	2.4	910.5	936.4	990.0
14									
15	(47.9)	(49.7)	(54.7)	(4.3)	(2.6)	(2.4)	(649.0)	(647.3)	(690.6)
16									
17									
18	-	-	-	-	-	-	0.7	0.5	0.5
19	(0.2)	-	19.0	-	-	-	93.6	110.0	217.9
20	-	0.6	-	-	-	-	2.9	8.0	1.5
21	-	-	-	-	-	-	(7.7)	(6.0)	(2.8)
22	-	-	-	-	-	-	(2.9)	1.2	-
23	0.5	1.0	-	-	-	-	2.5	2.3	2.7
24	0.3	1.5	19.0	-	-	-	89.1	115.9	219.7
25									
26									
27									
28	19.4	7.4	21.9	-	-	-	177.9	152.6	185.7
29	25.6	38.3	10.3	3.0	2.6	2.4	169.6	193.4	117.3
30	-	-	-	-	-	-	179.9	168.8	143.4
31	2.5	2.5	3.5	-	-	-	7.8	16.6	13.2
32	-	-	-	1.3	-	-	25.2	-	11.3
33	47.5	48.2	35.7	4.3	2.6	2.4	560.4	531.3	470.9
34									
35	(0.1)	-	-	-	-	-	0.5	-	-
36									
37	-	(0.1)	(0.1)	-	-	-	(63.0)	(62.5)	(62.5)
38									
39	\$ (0.1)	\$ (0.1)	\$ (0.1)	\$ -	\$ -	\$ -	\$ (62.5)	\$ (62.5)	\$ (62.5)

INTERNAL SERVICE FUND

Fund Narrative

The Internal Service Fund (ISF) accounts for the revenues and expenses related to goods and services provided to projects on a cost reimbursement basis. These expenses are allocated to all of the MTA's functional units as well as to the blended component units, Public Transportation Services Corporation (PTSC) and PTSC/MTA Risk Management Authority (PRMA).

The ISF in FY05 will operate differently than in prior years. In the past, the ISF collected (a) agency-wide allocable charges in a single cost pool and (b) dedicated allocable charges in three other cost pools. User departments then received their allocated shares of these costs according to a Federal OMB A-87 compliant allocation plan.

New Administrative Cost Allocation Methodology in FY05

Starting in FY05, administrative departments will charge their users directly wherever possible. Where not possible, they will charge one (or more) of six dedicated cost pools according to the MTA activity being benefited. Thus, the only costs that will still be charged to the original agency-wide cost pool will be items such as rent, utilities, and insurance costs associated with the Gateway Building.

The six cost pools are dedicated to the following activities:

- Bus Administration
- Rail Administration
- Subsidy and Call Project Administration
- General Planning Administration
- Capital Program Administration
- Major Construction Program Administration

Each pool will allocate its costs only to related activities. The original agency-wide cost pool will allocate its costs globally, as before.

Impact of New Administrative Cost Methodology

The sources and amounts of the various administrative charges will be clearly evident to the user departments, thus empowering them to control costs. Also, operating results will not be distorted by the migration of administrative costs among the six activities identified above.

Los Angeles County Metropolitan Transportation Authority
 FY05 Adopted Budget

Statement of Revenues, Expenses and Changes in Retained Earnings

For the Years Ending June 30, 2003, 2004 and 2005

(Amounts in millions)

Internal Service Fund	FY03 Actual	FY04 Budget	FY05 Adopted
1 Operating expenses:			
2 Services	\$ -	\$ -	\$ -
3 Total operating expenses	-	-	-
4			
5 Operating income (loss)	-	-	-
6			
7 Non-operating revenues/(expenses):			
8 Charges for services	(252.4)	(236.8)	(155.7)
9 Interest revenue	(2.7)	-	-
10 Other	255.1	236.8	155.7
11 Total non-operating revenues	-	-	-
12			
13 Increase (decrease) in retained earnings	-	-	-
14			
15 Retained Earnings(deficit)-beg. of year	-	-	-
16			
17 Retained Earnings(deficit)-end of year	\$ -	\$ -	\$ -

SPECIAL REVENUE FUND

Fund Narrative

The Special Revenue Fund accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are earmarked for specified purposes. The Special Revenue Fund reflects MTA's responsibility to administer special transportation programs as well as its duty to allocate transportation funds to local and regional agencies throughout Los Angeles County.

Revenue

The primary source of revenue is sales tax receipts: Proposition A sales tax, Proposition C sales tax, Transportation Development Act (TDA) sales tax, and State Transit Assistance (STA) sales tax on gasoline. Other sources include Service Authority for Freeway Emergencies (SAFE), Congestion Mitigation and Air Quality (CMAQ), and other funds used to account for programs with dedicated revenue.

Expenditures

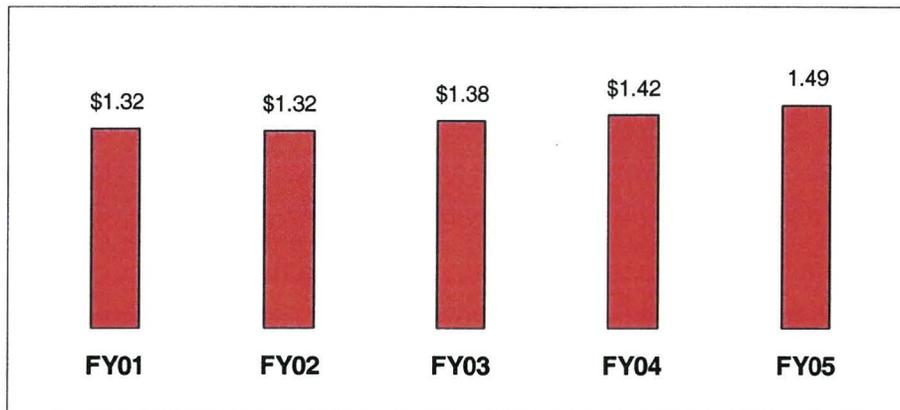
Laws, ordinances, or grants that created these funds designate their use. Regional programs detailed in the following section account for 89% of Special Revenue expenditures, while the remaining 11% go for SAFE, FSP, other contracts, and administrative costs and labor.

The chart below illustrates sales tax revenues received from Proposition A, Proposition C, and Transportation Development Act sales taxes (excluding STA, which is allocated on a discretionary

basis). Between FY01 and FY03, actual sales revenues increased at an average annual rate of 2.3%. The FY04 and FY05 Budget Revenues are projected to grow at an average annual rate of 4.1%.

Sales Tax Revenue

(Amounts in billions)

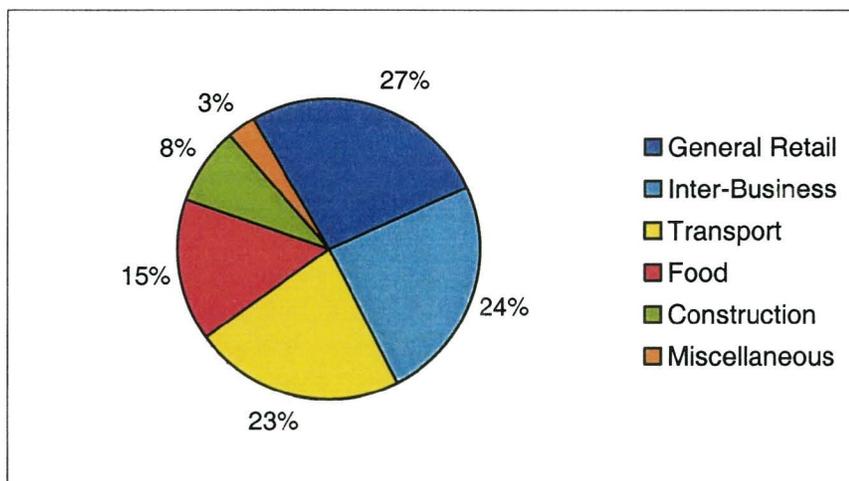


The chart below depicts Los Angeles County sales tax revenue projections for FY05 by major spending categories and is based on the share of sales tax receipts in

prior periods. General Retail, Transport, and Inter-Business sales have consistently held the largest shares of Los Angeles County's sales taxes.

Sales Tax Revenue Shares

(Projections by source for FY05)



Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

Combined Statement of Revenues, Expenditures and Changes in Fund Balances

For the Years Ending June 30, 2003, 2004 and 2005

(Amounts in millions)

	Proposition A			Proposition C			Transportation Develop. Act		
	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted
Special Revenue Funds									
1 Revenue:									
2 Sales tax	\$ 548.3	\$ 565.8	\$ 595.0	\$ 548.3	\$ 565.7	\$ 594.9	\$ 279.9	\$ 288.1	\$ 302.4
3 Intergovernmental grants	-	-	-	54.9	75.1	75.5	-	-	-
4 Investment income	2.2	3.5	1.6	13.3	12.0	8.0	3.9	4.0	2.2
5 Licenses and fines	-	-	-	0.4	-	-	-	-	-
6 Other	(0.0)	-	-	(0.1)	-	-	-	-	-
7 Total revenues	550.5	569.3	596.6	616.9	652.8	678.4	283.8	292.1	304.6
8									
9 Expenditures:									
10 Subsidies	207.3	216.2	228.1	308.9	380.7	439.3	93.8	95.4	99.3
11 Services	-	-	-	36.9	45.2	39.7	-	-	-
12 General and administrative	-	-	-	14.3	19.4	9.2	-	-	-
13 Total expenditures	207.3	216.2	228.1	360.1	445.3	488.2	93.8	95.4	99.3
14									
15 Excess (deficiency) of revenues									
16 over expenditures	343.1	353.0	368.5	256.8	207.5	190.2	190.0	196.7	205.3
17									
18 Other financing sources (uses):									
19 Operating transfers in									
20 Prop A	0.4	-	-	7.4	9.0	-	0.9	-	-
21 Prop C	-	-	-	-	5.1	-	0.9	-	-
22 TDA	-	-	-	(0.0)	-	0.9	-	-	-
23 General Fund	-	-	-	5.3	-	6.1	-	-	-
24 Other	-	-	-	11.3	-	-	-	-	-
25 Operating transfers out									
26 Prop C	(7.4)	(9.0)	-	-	(0.9)	-	(0.0)	-	(0.9)
27 TDA	(0.9)	-	-	(0.9)	-	-	-	-	-
28 General Fund	(20.0)	(28.3)	(29.5)	(8.6)	(8.5)	(8.9)	(5.3)	(6.0)	(6.0)
29 Debt Service Fund	(141.2)	(158.0)	(153.7)	(89.6)	(103.0)	(112.4)	-	-	-
30 Capital Fund	(26.9)	(8.9)	(6.3)	(22.8)	(10.8)	(18.5)	(25.7)	(36.7)	(69.7)
31 Enterprise Fund	(177.9)	(152.6)	(185.7)	(169.6)	(193.4)	(117.3)	(179.9)	(168.8)	(143.4)
32 Others	-	-	-	(0.4)	-	-	(1.6)	-	-
33 Total other financing sources (uses)	(374.0)	(356.7)	(375.2)	(267.9)	(302.6)	(250.2)	(210.7)	(211.5)	(220.0)
34									
35 Excess (deficiency) of revenue and other financing									
36 sources over expenditures/other financing uses	(30.8)	(3.7)	(6.7)	(11.2)	(95.1)	(60.0)	(20.8)	(14.8)	(14.7)
37									
38 Fund balance - beginning of year *	102.0	71.1	62.3	345.7	334.5	203.4	167.7	146.9	146.0
39									
40 Fund balance - end of year	\$ 71.1	\$ 67.4	\$ 55.6	\$ 334.5	\$ 239.5	\$ 143.4	\$ 146.9	\$ 132.1	\$ 131.3

* FY05 beginning of year fund balances include FY04 revenue and expenditure variances.

**Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget**

	State Transit Assistance-STA			SAFE			Other			Total		
	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted
1												
2	\$ 27.3	\$ 28.8	\$ 29.5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,403.7	\$ 1,448.4	\$ 1,521.8
3	-	-	-	-	-	-	7.1	16.5	14.1	62.0	91.6	89.5
4	0.9	0.9	0.5	0.9	1.0	0.9	0.1	-	-	21.3	21.4	13.2
5	-	-	-	7.2	7.2	7.0	-	-	-	7.6	7.2	7.1
6	-	-	-	-	-	-	0.3	-	-	0.2	-	-
7	28.2	29.7	30.0	8.1	8.2	7.9	7.4	16.5	14.1	1,494.8	1,568.5	1,631.6
8												
9												
10	6.3	4.4	4.4	-	-	-	2.2	13.7	12.6	618.6	710.3	783.7
11	-	-	-	7.1	9.2	7.5	1.0	1.6	1.2	44.9	56.0	48.4
12	-	-	-	1.2	1.9	1.6	0.2	3.7	0.3	15.7	25.0	11.2
13	6.3	4.4	4.4	8.3	11.1	9.1	3.4	18.9	14.1	679.2	791.3	843.2
14												
15												
16	21.9	25.3	25.6	(0.2)	(2.9)	(1.2)	4.1	(2.4)	-	815.6	777.2	788.3
17												
18												
19												
20	-	-	-	-	-	-	-	-	-	8.8	9.0	-
21	-	-	-	-	-	-	-	0.9	-	0.9	6.0	-
22	-	-	-	-	-	-	-	-	-	(0.0)	-	0.9
23	-	-	-	-	-	-	-	-	-	5.3	-	6.1
24	0.1	-	-	-	-	-	1.9	1.5	-	13.3	1.5	-
25												
26	-	-	-	-	-	-	(8.7)	-	-	(16.2)	(9.9)	(0.9)
27	-	-	-	-	-	-	-	-	-	(1.9)	-	-
28	-	-	-	-	-	-	(0.0)	-	-	(34.0)	(42.8)	(44.4)
29	-	-	-	-	-	-	-	-	-	(230.8)	(261.0)	(266.1)
30	(5.1)	(13.6)	(11.6)	-	-	-	(0.3)	-	-	(80.7)	(70.1)	(106.1)
31	(7.8)	(16.5)	(13.2)	-	-	-	-	-	-	(535.2)	(531.3)	(459.6)
32	-	(1.5)	-	-	-	-	(2.6)	-	-	(4.6)	(1.5)	-
33												
34	(12.8)	(31.6)	(24.8)	-	-	-	(9.7)	2.4	-	(875.1)	(900.0)	(870.2)
35												
36												
37	9.1	(6.3)	0.8	(0.2)	(2.9)	(1.2)	(5.6)	-	-	(59.5)	(122.8)	(81.9)
38												
39	39.9	49.0	44.8	27.4	27.2	25.0	5.7	0.1	-	688.5	629.0	481.5
40												
41	\$ 49.0	\$ 42.8	\$ 45.6	\$ 27.2	\$ 24.3	\$ 23.8	\$ 0.1	\$ 0.1	\$ -	\$ 629.0	\$ 506.2	\$ 399.6

REGIONAL PROGRAMS

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

recipient. The recipient agency is responsible for administering and managing the federal or state grant.

The FY05 Budget for local funding commitments to the Call for Projects (CFP) reflects current year cash flow. Funding for all other local programs, including Municipal Operator programs, ASI, Proposition A Incentive, Local Return, and Metrolink, reflects the FY05 programmed amounts.

FY05 Revenue Summary - Regional Programs Budget

(Amounts in thousands)		Municipal Operator Programs	ADA Funding Program	CFP Projects & Programs	Other Local Projects	Commuter Rail & Intercity Rail	Total Subsidy Budget
1	Prop A - Local Return 25%	\$ -	\$ -	\$ 141,300	\$ -	\$ -	141,300
2	Prop A - Discretionary 95% of 40%	69,648	-	-	-	-	69,648
3	Prop A - Incentive 5% of 40%	-	11,304	-	5,000	-	16,304
4	Prop C - Local Return 20%	-	-	117,200	-	-	117,200
5	Prop C - Security 5%	5,235	-	-	-	-	5,235
6	Prop C - Commuter Rail 10%	-	-	31,097	-	41,537	72,634
7	Prop C - Streets & Hwys 25%	-	-	117,216	-	-	117,216
8	Prop C - Discretionary 40%	30,681	17,474	15	2,550	-	50,720
9	Other	-	47,900	24,077	12,585	-	84,563
10	TDA	76,582	-	22,851	-	-	99,433
11	STA Formula	4,230	-	-	-	-	4,230
12	Interest (Prop A, Prop C, TDA, STA)	5,218	-	-	-	-	5,218
13	Total	\$ 191,593	\$ 76,678	\$ 453,756	\$ 20,135	\$ 41,537	\$ 783,699

Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

Regional Subsidy Program Budget Detail

(Amounts in thousands)

Regional Fund Description	FY03 Actual	FY04 Budget	FY05 Adopted
1 Municipal Operator Programs			
2 Formula Allocated Funds	\$ 153,461	\$ 162,732	\$ 158,086 *
3 Transit Security	3,165	4,335	5,235
4 Bus Service Improvement Program & MOSIP Programs	11,443	18,634	19,188
5 Transit Service Expansion	5,502	5,747	5,962
6 Base Bus Restructuring	2,782	3,046	3,122
7 Municipal Operator Programs Total	176,353	194,495	191,593
8			
9 ADA/Accessibility Funding Programs			
10 ASI - Access Services, Inc.	64,405	61,800	65,374
11 Proposition A Incentive programs	11,914	10,547	11,304
12 ADA Accessibility Funding Programs Total	76,318	72,347	76,678
13			
14 CFP Projects and Programs			
15 Proposition A and C Local Return	239,946	244,651	258,500
16 Call for Projects & Rapid Bus	60,109	117,270	173,335
17 TDA Bikeways/Transit/Streets & Hwys Pgms	20,414	20,567	21,921
18 Local Projects and Programs Total	320,469	382,487	453,756
19			
20 Other Local Projects			
21 Immediate Needs	4,639	5,000	5,000
22 SHORE/General Relief Tokens	1,046	1,050	1,050
23 Regional Grantee-FTA	2,154	13,655	12,585
24 EZ Pass Program	-	-	1,500
25 Other Local Projects Total	7,838	19,705	20,135
26			
27 Commuter Rail & Inter-City Rail Programs			
28 Metrolink	37,593	41,274	41,512
29 Intercity Rail	25	25	25
30 Commuter Rail & Intercity Rail Programs	37,618	41,299	41,537
31			
32 Total MTA Funded Programs (Special Revenue Fund only)	\$ 618,596	\$ 710,331	\$ 783,699

* Note: Represents lower interest revenue allocation and lower share of overall FAP funds.

REGIONAL PROGRAMS DESCRIPTIONS

Municipal Operator Programs

Municipal Operator Programs provide for the equitable allocation of STA, TDA, Proposition A 40% Discretionary, and Propositions A and C Interest Revenues to sixteen transit service providers in Los Angeles County. These funds are allocated based on formulas prescribed by state law and by the MTA Board of Directors.

In addition, operators receive Proposition C 40% Discretionary funds under five programs approved by the Board of Directors: Foothill Mitigation Program, Transit Service Expansion, Discretionary Bus Restructuring, Bus Service Improvement Plan (BSIP) including Overcrowding Relief, and the Municipal Operator Service Improvement Program (MOSIP).

ADA/Accessibility Funding Programs

MTA contracts with Access Services, Inc., (ASI) to provide complementary paratransit services for persons with disabilities who cannot use fixed route buses and trains, enabling the County's fixed route operators to be fully compliant with ADA requirements. ASI is also the Consolidated Transportation Services Agency (CTSA) for Los Angeles County, responsible for improving mobility options and for coordinating specialized transportation.

Paratransit Programs

The Proposition A Discretionary Incentive program provides support to many local

jurisdictions within Los Angeles County for the provision of public and private paratransit service.

Call for Projects and Other Transportation Improvement Programs

Propositions A and C Local Return

The Proposition A and Proposition C ordinances require that each of the 88 cities and Los Angeles County receives a direct share, based on population, of the total Proposition A and Proposition C sales tax revenues. Known as "local return", these funds must be used to support transit needs or other transportation related projects including paratransit and fixed route service, street and road maintenance (Prop C only) on streets heavily used by transit, and other transit-related improvements.

Transportation Improvement Program Call for Projects

The Transportation Improvement Program (TIP) Call for Projects (CFP) is a biennial process for allocating selected local, state, and federal transportation funds to cities in Los Angeles County, Los Angeles County, municipal transit operators, joint power authorities, and other public agencies. After MTA establishes funding estimates, eligible organizations submit project applications for review.

MTA staff, based on a scoring system adopted by the Board of Directors, evaluates the merits of each submittal and

develops a priority ranking. The Board of Directors reviews the staff recommendations and adopts a multi-year funding program. After adoption by the Board of Directors, the MTA programs funding based on project cash flow plans and secures written agreements with successful project sponsors.

TDA Article 3 and Article 8

TDA Article 3 funds are allocated to all cities and the unincorporated areas of Los Angeles County based on population. TDA Article 3 funds may be used for pedestrian and bicycle facilities, including retrofitting facilities, to comply with the Americans with Disabilities Act (ADA). TDA Article 8 funds may be used for transit and paratransit.

If the MTA finds that all transit needs in the jurisdiction have been met, funds may be used for the development, construction, and maintenance of local streets and roads. Eligible claimants for TDA Article 8 funds include the cities of Avalon, Lancaster, Palmdale, and Santa Clarita, and the unincorporated areas of Los Angeles County.

Other Local Programs

The MTA provides \$1.1 million in funding for Support for Homeless Re-Entry (SHORE) and the General Relief (GR) Token Program to provide tokens for transportation for homeless/indigent persons.

Regional Grantee

The MTA is acting as the grantee for federal funds on a pass-through basis. In FY05, the budgeted amount for pass-through grants is \$12.6 million.

In FY05, participants include Baldwin Park, Bell, Burbank, Compton, Cudahy, El Segundo, Glendale, Maywood, Monrovia, Monterey Park, Palmdale, Pasadena, Playa Vista, Redondo Beach, Sierra Madre, South Pasadena, and West Covina, as well as Catellus and the Los Angeles Neighborhood Initiative (LANI).

Regional Rail Program

Metrolink is a regional passenger rail system which links downtown Los Angeles to the four surrounding counties and the Antelope Valley. Average passenger trip length is 37 miles. Construction, operation, and maintenance of the Metrolink fleet, right-of-way, and facilities are performed by the Southern California Regional Rail Authority (SCRRA), a Joint Powers Authority (JPA). The MTA and the four county members of the JPA provide funding, in combination with passenger fares, state and federal grants, and other operating revenue.

CAPITAL PROJECTS FUND

Fund Narrative

The Capital Projects Fund accounts for projects to improve infrastructure, acquire equipment, and construct new bus and rail transportation facilities. The capital budget is developed concurrently and approved with the operating budget. The Capital Program is discussed in greater detail in Section V.

Revenues

Revenues for the Capital Projects Fund are primarily from intergovernmental grants for infrastructure improvements and equipment acquisition projects (capital projects) and a combination of intergovernmental grants and long-term debt for the major bus and rail projects.

The Capital Projects Fund reflects cost estimates and implementation plans for projects based on agency priorities as established by the Capital Review Committee. Funding is allocated based on plans and schedules to provide resources for project implementation.

Expenditures

The total FY05 Capital Program (CP) is \$754.4 million, of which \$447.7 million has been included for major bus and rail construction and \$306.7 million for other capital projects.

Capital Program expenditures are comprised of direct project costs for the acquisition, expansion, rehabilitation of infrastructure, and capital assets as well as staff necessary for successful design, construction, acquisition, and implementation.

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Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

Combined Statement of Revenues, Expenditures and Changes in Fund Balances

For the Years Ending June 30, 2003, 2004 and 2005

(Amounts in millions)

	Light Rail			Heavy Rail		
	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted
Capital Project Funds						
1 Revenue:						
2 Intergovernmental grants	\$ 33.0	\$ 147.9	114.8	\$ 24.2	\$ 18.4	\$ 1.7
3 Investment income	0.0	-	-	5.0	-	-
4 Other	-	-	-	0.0	-	-
5 Total revenues	33.0	147.9	114.8	29.3	18.4	1.7
6						
7 Expenditures:						
8 Capital program						
9 Bus acquisitions/ATMS/UFS	-	-	13.7	-	-	5.9
10 Bus and facilities maintenance	-	-	-	-	-	-
11 Rail vehicle and facilities maintenance	0.6	22.1	20.7	3.5	9.0	6.3
12 Wayside systems	-	10.7	11.8	-	0.6	1.3
13 Major construction	78.7	207.7	250.5	21.6	51.1	15.5
14 Non-revenue vehicles	-	4.1	1.3	-	0.8	0.5
15 IT/Communications	-	3.0	1.3	-	1.5	0.6
16 Warehouse/Other	1.0	-	0.8	-	-	1.2
17 Total expenditures	80.3	247.6	300.1	25.2	63.0	31.3
18						
19 Excess (deficiency) of revenues over expenditures	(47.3)	(99.7)	(185.2)	4.1	(44.6)	(29.6)
20						
21 Other financing sources (uses):						
22 Operating transfers in						
23 Prop A	26.9	8.2	0.7	-	0.7	-
24 Prop C	8.4	-	4.8	9.0	1.3	2.3
25 TDA	0.2	2.5	-	0.8	0.5	-
26 STA	1.3	3.1	6.5	0.2	0.9	-
27 Other /GF	-	40.2	2.5	-	-	-
28 Capital Project Fund	-	-	-	-	-	-
29 Operating transfers out						
30 Other /GF	-	-	-	-	-	-
31 Capital Project Fund	-	-	0.8	-	(68.2)	(14.8)
32 Proceeds from financing	-	61.7	143.8	-	34.4	4.1
33 Total other financing sources (uses)	36.7	115.7	159.1	9.9	(30.5)	(8.5)
34						
35 Excess (deficiency) of revenues and other financing						
36 sources over expenditures and other financing uses	(10.5)	16.0	(26.1)	14.0	(75.2)	(38.1)
37						
38 Fund balance - (deficit) beginning of year	1.2	(9.3)	6.7	105.3	119.3	44.1
39						
40 Fund balance - (deficit) end of year	\$ (9.3)	\$ 6.7	\$ (19.4)	\$ 119.3	\$ 44.1	\$ 5.9

**Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget**

	Bus Rapid Transitways			Bus Capital and Other			Total		
	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted	FY03 Actual	FY04 Budget	FY05 Adopted
1									
2	\$ 25.9	\$ 57.6	\$ 5.8	\$ 97.2	\$ 157.1	\$ 169.1	\$ 180.2	\$ 381.0	\$ 291.4
3	-	-	-	0.5	-	-	5.5	-	-
4	-	-	-	-	-	-	0.0	-	-
5	25.9	57.6	5.8	97.6	157.1	169.1	185.8	381.0	291.4
6									
7									
8									
9	-	-	-	54.1	178.4	137.1	54.1	178.4	156.7
10	-	-	-	14.9	38.2	84.2	14.9	38.2	84.2
11	-	-	-	12.7	-	-	16.8	31.1	27.0
12	-	-	-	2.0	-	-	2.0	11.3	13.1
13	36.7	131.3	174.9	-	3.7	6.8	137.1	393.8	447.7
14	-	-	-	4.8	3.1	7.4	4.8	8.0	9.2
15	-	-	-	23.3	10.6	6.1	23.3	15.1	8.0
16	0.2	-	-	9.5	7.2	6.5	10.7	7.2	8.5
17	36.9	131.3	174.9	121.2	241.3	248.1	263.6	683.2	754.4
18									
19	(11.1)	(73.7)	(169.1)	(23.6)	(84.2)	(79.0)	(77.8)	(302.2)	(463.0)
20									
21									
22									
23	-	-	-	-	-	5.7	26.9	8.9	6.3
24	-	-	11.3	3.3	5.3	0.1	20.7	6.6	18.5
25	-	-	-	24.0	36.0	69.7	24.9	39.0	69.7
26	-	-	4.3	-	9.4	0.9	1.5	13.4	11.6
27	3.1	28.0	-	3.6	7.6	11.0	6.7	75.8	13.5
28	-	-	-	-	-	-	-	-	-
29									
30	-	-	-	0.0	-	-	0.0	-	-
31	-	-	-	(0.1)	-	14.0	(0.1)	(68.2)	-
32	-	45.7	163.6	-	-	-	-	141.8	311.5
33	3.1	73.7	179.2	30.8	58.3	95.7	80.5	217.4	431.1
34									
35									
36	(7.9)	-	10.1	7.2	(26.0)	16.7	2.7	(84.8)	(31.9)
37									
38	(0.0)	(7.9)	(7.9)	14.4	21.6	(4.3)	120.9	123.6	38.9
39									
40	\$ (7.9)	\$ (7.9)	\$ 2.2	\$ 21.6	\$ (4.3)	\$ 12.3	\$ 123.6	\$ 38.9	\$ 7.0

GENERAL FUND

Fund Narrative

The General Fund includes activities associated with government that are not legally or otherwise required to be accounted for in another fund.

The General Fund provides key compliance and oversight functions, legal services, planning and development programs, and MTA communication activities with constituents and customers.

Revenues

The primary sources of revenue to the General Fund are Proposition A and Proposition C sales tax administration funds, Proposition C Discretionary funds, TDA sales tax administration funds, and Federal, State, and Local grants. MTA also collects rental and lease revenue on owned property and generates revenue from

property management functions provided by the Real Estate Department. Revenues collected from non-recurring sources also are included in the General Fund.

Expenditures

Labor expenditures in the General Fund are for Board support functions, management oversight, and regional activity functions. Professional services budgeted in FY05 include legal services, auditing, lobbyist contracts, transportation studies, and consulting services for transportation planning models. Expenditures associated with property management activities that are not directly attributable to transit operations or construction efforts are also included in the General Fund.

Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ending June 30, 2003, 2004 and 2005
(Amounts in millions)

General Fund	FY03 Actual	FY04 Budget	FY05 Adopted
1 Revenue:			
2 Intergovernmental grants	\$ 4.8	\$ 4.7	\$ 0.7
3 Investment income	5.4	3.8	3.6
4 Lease and rental	12.7	10.1	10.5
5 Proceeds from sales and leaseback	13.5	0.5	-
6 Other	2.1	2.9	2.6
7 Total revenues	38.5	22.0	17.4
8			
9 Expenditures:			
10 Subsidies	0.8	1.4	0.2
11 Services	19.0	29.7	22.1
12 General and administrative	34.1	30.0	32.3
13 Total expenditures	53.9	61.1	54.6
14			
15 Excess (deficiency) of revenues over expenditures	(15.4)	(39.1)	(37.2)
16			
17 Other financing sources (uses):			
18 Operating transfers in			
19 Prop A	20.0	28.3	29.5
20 Prop C	8.6	8.5	8.9
21 TDA	5.3	6.0	6.0
22 Operating transfers out			
23 Special Revenue Fund	(5.3)	(5.1)	(6.1)
24 Capital Project Fund	-	(8.1)	(13.5)
25 Enterprise Fund	(25.2)	-	(11.3)
26 Total other financing sources (uses)	3.5	29.6	13.5
27			
28 Excess (deficiency) of revenues and other financing			
29 sources over expenditures and other financing uses	(11.9)	(9.5)	(23.7)
30			
31 Fund balance - beginning of year *	153.5	141.6	118.8
32			
33 Fund balance - end of year	\$ 141.6	\$ 132.1	\$ 95.1

* FY05 beginning of year fund balance includes FY04 revenue and expenditure variances.

DEBT SERVICE FUND

Fund Narrative

The Debt Service Fund accounts for the accumulation and disbursement of resources related to the payment of general long-term debt principal and interest. Debt service related to the Proprietary and Agency funds is budgeted in those funds.

The Debt Policy, adopted by the Board of Directors, sets forth guidelines for the issuance and management of the MTA's debt, sets limitations on the amount of debt that may be incurred from each funding source, and specifies other factors to be considered and documented when issuing debt. Proceeds from this year's commercial paper issuance and any proceeds from long-term bond issuance will be used to fund the required local contribution to major capital projects including bus, rail and highway capital equipment and facilities.

About \$4.0 billion of debt outstanding is accounted for in the MTA Debt Service Fund as of June 30, 2004. Total MTA debt (including Proprietary Fund debt) is \$4.3 billion. The Agency Fund accounts for another \$117.2 million in Benefit Assessment District debt.

The MTA has refunded more than \$2.9 billion of its long-term debt to achieve debt service savings. Those savings exceed \$160 million on a present value basis and \$310 million on a cash basis.

Revenues

Annual revenue budgeted for the payment of debt service consists primarily of local sales tax proceeds from Proposition A and Proposition C. Additional sources of debt repayment include federal grants, monies previously set aside pursuant to lease/leaseback transactions, and other miscellaneous revenue receipts.

Expenditures

Commercial paper will be issued to provide interim funding for capital expenditures prior to the issuance of long-term bonds. If deemed appropriate during the fiscal year, long-term bonds may be issued. Otherwise, long-term bonds are anticipated to be issued in subsequent fiscal periods to retire the commercial paper and provide permanent, long-term financing.

The total FY05 debt service requirement is \$385.4 million; \$337.4 million is included in the Debt Service Fund. The remaining \$48.0 million is budgeted in the Proprietary and Agency funds. See the FY05 Debt Service Schedule for further detail.

Debt Limitations/Use Restrictions

MTA issues additional debt consistent with the Board-adopted multi-year Capital Program. Revenues are allocated in accordance with the applicable ordinances, legislation, and planning processes.

Although MTA's bonds are not subject to California constitutional debt limitations, the MTA has contractual covenants as part

of its bond indentures that limit the issuance of additional debt. The additional bond covenants restrict the percentage amount of specific revenue sources that may be used to service debt. These covenants provide protection to bondholders by limiting the amount of additional bonds that may be issued.

sound security provisions in the bond indentures, properly managing its finances, and pledging sales tax revenues to repay the bonds. MTA's senior lien sales tax revenue bonds have been assigned credit ratings of Aa3, AA-, and A+ by Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively.

MTA has been assigned high credit ratings on its bonds as a result of having

Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ending June 30, 2003, 2004 and 2005

(Amounts in millions)

Debt Service Funds	FY03 Actual	FY04 Budget	FY05 Adopted
1 Revenue:			
2 Intergovernmental grants	\$ 3.4	\$ 4.3	\$ 2.3
3 Investment income	20.6	15.0	20.0
4 Net appreciation (decline) in fair value of investments	(4.8)	-	-
5 Proceeds on lease/leaseback to service	449.9	-	-
6 Total revenues	469.0	19.3	22.3
7			
8 Expenditures:			
9 Services	3.7	4.8	4.8
10 Debt and interest expenditures	319.7	269.5	332.6
11 Total expenditures	323.4	274.3	337.4
12			
13 Excess (deficiency) of revenues over expenditures	145.6	(255.0)	(315.1)
14			
15 Other financing sources (uses):			
16 Operating transfers in			
17 Prop A	141.2	158.0	153.7
18 Prop C	89.6	103.0	112.4
19 Operating transfers out	(0.4)	-	-
20 Proceeds of refunding bonds	650.8	-	165.0
21 Payment to refunding bond escrow agent	(639.1)	-	(165.0)
22 Total other financing sources (uses)	242.1	261.0	266.1
23			
24 Excess (deficiency) of revenues and other financing			
25 sources over expenditures and other financing uses	387.7	6.0	(49.0)
26			
27 Fund balance - beginning of year	436.1	823.8	829.8
28			
29 Fund balance - end of year	\$ 823.8	\$ 829.8	\$ 780.8

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Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

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INTRODUCTION

The Capital Program (CP) is a financial plan of proposed capital projects, their costs, and schedules. The CP is designed to meet MTA infrastructure needs in a responsive and efficient manner. It incorporates the current and future needs of the MTA and is updated annually. The current year of the Capital Program is authorized with approval of the operating budget; however, life-of-project costs are presented to the Board of Directors to acknowledge that approval of the fiscal year's expenditures provides for multi-year project approval and changes to previously approved life-of-project costs.

The CP provides for the acquisition, construction, reconstruction, purchase of initial fixtures and equipment, renovation, rehabilitation, and replacement of facilities with a life expectancy of at least one year and any related costs for land acquisitions, land improvements, design, feasibility studies, engineering studies and engineering. It includes projects which are, or will become, the property of MTA.

Capital projects are planned and executed in phases. The project development phase identifies project requirements and defines the project work scope. This includes preliminary design studies, permitting requirements, data collection, public involvement, legal and technical documentation, cost estimates, and assessment of alternatives.

The design phase includes professional consultant activities, legal and technical documentation, environmental clearance, constructibility review, data collection, advertising, assessment of alternatives

related to project design, construction management services, and bid reviews.

The property acquisition phase includes the purchase of land, easements, and rights-of-way. This also includes negotiating the purchase price, surveys, appraisals, environmental audits, permitting, legal costs, maps, charts, and other costs.

The construction phase includes project construction contracts, professional and technical assistance, advertising, legal and technical documentation, inspection, testing, and permitting.

The MTA's 184 capital projects are grouped in one of the following eleven elements: Bus Acquisition, Bus Facilities Maintenance, Bus Maintenance, Rail Facilities Maintenance, Rail Vehicle Maintenance, Wayside Systems, IT/Communications, Non-Revenue Vehicles, Warehouse Projects, Other Capital Projects, and Major (Bus and Rail) Construction.

Funding

The CP is funded primarily with federal, state and local grants. Additionally, the MTA finances a portion of the capital projects with debt and short term financing. The FY05 budget includes unexpended funds authorized in FY04 and required in FY05 to complete approved projects as scheduled.

MAJOR CONSTRUCTION PROJECTS

The \$447.7 million budget for the Major Bus and Rail Construction projects in FY05 is primarily for engineering and construction of the Metro Gold Line Eastside Extension and the Orange Line. The FY05 budget also reflects costs necessary for closeout of claims and litigation related to the Metro Red Line and Green Line.

Metro Red Line Segment 2

The FY05 budget includes costs necessary for contract closeout and settlement of outstanding claims and litigation issues.

Metro Red Line Segment 3

The FY05 Budget includes costs for claims settlements, claim analysis support, auditing and legal service, and support for remaining contracts close out.

Metro Gold Line Eastside Extension

This project will connect East Los Angeles with downtown Los Angeles. The corridor will extend from Union Station to the intersection of Beverly and Atlantic Boulevards. The light rail line will operate at-grade for 5.3 miles and through tunnels in Boyle Heights for 1.7 miles.

The FY05 budget includes tunnel and station excavation, installation of station trackwork and systems, utility relocation, real estate acquisition, and final design work. Revenue operation is projected to begin in FY10.

Orange Line

The Orange Line is an exclusive 14-mile, at-grade busway from the Metro Red Line North Hollywood station to Warner Center via the Burbank/Chandler right-of-way. The full busway project will consist of a 26-foot wide busway, a bikeway, and a landscaped median. It will parallel several major streets and will have thirteen stations spaced approximately one mile apart.

Total travel time for the full length of the corridor will be approximately 30 minutes. Park and Ride facilities at five stations will provide approximately 3,250 parking spaces; there is existing parking at the North Hollywood Metro Red Line Station.

The FY05 budget includes design/build activities to complete the design and approximately 95% of construction for the busway and intersections.

San Fernando Valley Bikeway

In conjunction with the construction of the Orange Line, a bikeway will be built along the right-of-way. During FY05, the MTA will finish the design and complete about 95% of the construction of the bikeway.

Mid-City/Wilshire Bus Rapid Transit

Engineering will continue during FY05. This project builds on the success of the Metro Rapid Bus Whittier-Wilshire line to provide dedicated lanes for transit vehicles. The project includes larger capacity buses, multiple door boarding

and alighting, and pre-payment of fares in station areas. Demonstration Project No.1, a one-mile peak-period bus-lane-only, will finish early in FY05.

Mid-City/Exposition Light Rail Transit Project

Activities scheduled for FY05 include incorporating FTA's comments on the final EIS/R, preparing a revised final EIS/R for public review, obtaining the MTA Board's certification of the revised final EIS/R, and closing out the Korve and DMJM-Harris Contracts relating to environmental planning and preliminary engineering.

Los Angeles County Metropolitan Transportation Authority
 FY05 Adopted Budget

July 1, 2004 - June 30, 2005

Capital Program Project List, Continued

(Amounts in thousands)		Inception				Life	Re-
Project Title	CP#	to FY03	FY04 Forecast	FY05 Proposed	FY06+	of Project	cur- ing New
110	Other Capital Projects Continued						
111	Gibson Environmental Clean-up	\$ -	\$ -	\$ 519	\$ 2,211	\$ 2,730	
112	Transit Plaza East Portal Improvements	-	200	600	-	800	
113	Remodel Gateway Cafeteria	-	-	-	231	231	*
114	Replace Gateway Building Carpeting	-	-	-	3,760	3,760	*
115	Installation of Elevator Cameras at Gateway	-	-	-	81	81	*
116	Exterior building signage for Gateway Building	-	-	-	405	405	*
117	High Density Storage Filing System	-	-	-	41	41	*
118	Replace Gateway Building Interior Signage	-	-	-	402	402	*
119	Systems Furniture Lifting Device	-	-	-	4	4	*
120	Dry Carpet Extraction Machine	-	-	-	10	10	*
121	Cooling Tower Vacuum	-	-	46	-	46	*
122	Bus Operator Safety Monitoring System	-	-	255	-	255	*
123	Homeland Security Project	-	-	3,179	-	3,179	
124	Other Capital Projects Total	4,999	5,818	6,536	11,756	9,184,154	
125							
126	Rail Facilities Maintenance						
127	Install 14 Elevators at 7 MRL Stations	-	-	-	6,965	6,965	
128	Division 20 Expansion	-	277	765	5,234	6,276	
129	Fiber Optic Rail Communication System	363	192	203	2,254	3,011	
130	ROC Reconfiguration	655	191	375	4,165	5,387	
131	MGL Elevator and Escalator Sumps and Clarifiers	511	28	173	3	715	
132	SCADA Equipment Replacement	2,211	2,717	3,162	2,473	10,563	
133	MRL Station Canopies	45	-	117	6,424	6,586	
134	Install Outside Paving at Division 20 Warehouse	7	29	72	9	116	
135	Division 22 Expansion Program	110	(310)	1,676	162	1,638	
136	Division 11 Expansion Program	649	446	4,816	6,682	12,593	
137	MRL Uninterruptable Power Supply Replacement Project	3,592	13	3	1,034	4,642	
138	Rail Security Improvements	-	1,766	1,910	2,792	6,469	
139	Rail Facilities Maintenance Continued Next Page						

**Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget**

(Amounts in thousands)		Inception				Life	Re-
Project Title	CP#	to	FY04	FY05	FY06+	of	cur-
		FY03	Forecast	Proposed		Project	New
							ing
140	Rail Facilities Maintenance Continued						
141	Rail Communications Systems Upgrade	\$ 32	\$ 252	\$ 841	\$ 1,207	\$ 2,332	
142	MBL Long Beach Transit Mall Station Redesign	11	-	419	1,096	1,526	
143	Rail Facilities Maintenance Projects	17	389	1,982	25,148	27,536	#
144	Rail Systemwide Safety Improvements	-	234	584	1,255	2,073	
145	Multi-Modal Control Center	-	-	16	31,188	31,205	*
146	Division 11 Expansion - Phase II	-	-	-	11,364	11,364	*
147	Division 21 Expansion	-	-	-	1,488	1,488	*
148	Vermont/Santa Monica Station Underground Water Mitigation	-	-	190	1,094	1,283	*
149	PGL Midway Yard Facility Expansion	-	-	4,493	-	4,493	*
150	Vernon Yard Storage Project	-	-	630	-	630	*
151	Seg.-1 Remote Terminal Unit (RTU) Upgrade	125	274	639	1,645	2,683	
152	Metro Blue & Green Lines Custodial Operations Facility	6	84	1,310	-	1,400	
153	Completion of MBL Art Program	161	132	289	374	956	
154	Completion of MRL Art Program	62	207	64	-	333	
155	Completion of MGL Art Program	-	11	26	-	37	
156	Rail Facilities Maintenance Total	8,557	6,932	24,755	114,056	154,300	
157							
158	Rail Vehicle Maintenance						
159	Metro Blue Line Rail Vehicle Midlife Overhaul	-	1,573	754	13,297	15,624	#
160	ADA Between Car Platform Barriers - Metro Red Line	18	1,053	424	1,461	2,957	
161	Metro Green Line Vehicle Midlife Overhaul	-	-	102	8,107	8,209	#
162	Metro Red Line Vehicle Midlife Overhaul	-	-	122	9,095	9,217	#
163	Breda Rail Car Retrofit	-	900	816	2,595	4,311	
164	P2000 Vehicle Signaling Package Upgrade	-	-	-	3,364	3,364	*
165	Rail Vehicle Maintenance Total	18	3,526	2,218	37,919	43,682	
166							
167	Warehouse						
168	Purchase ASRS Automatic Guideway Vehicles	\$ 19.00	\$ -	\$ -	\$ -	\$ 19	
169	Upgrade Miniloop System	14	-	89	-	103	
170	PGL Midway Warehouse - Equipment and Storage	15	773	472	-	1,260	
171	New Storage Building for Red Line	2	1	459	-	462	
172	Covered Awning for Blue Line	16	29	103	-	147	
173	Covered Awning for Green Line	-	16	162	-	177	
174	Automate Bulk Storage Area	-	-	27	1,002	1,029	
175	Warehouse Continued Next Page						

Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

Capital Program Project List, Continued

(Amounts in thousands)		Inception				Life	Re-
Project Title	CP#	to FY03	FY04 Forecast	FY05 Proposed	FY06+	of Project	cur- New ing
176 Warehouse Continued							
177 Security Camera for All Rail Warehouses	3907201	103	26	274	-	403	
178 Dock Leveler for RRC	3908034	4	-	94	-	98	
179 Purchase EZ Tilter	3909063	-	-	14	138	152	
180 New Pallet Racking for Bus Divisions	3909078	-	-	16	83	100	
181 Install Dock Leveler Stationary Storeroom	6000004	-	-	105	-	105	*
182 New Expansion Pallet Racking at Central Warehouse	6000006	-	-	34	-	34	*
183 Equipment Safety Modification for Central Warehouse	6000008	-	-	53	-	53	*
184 Install Shipping Awning	6000010	-	-	16	-	16	*
185 Purchase Dock Collars	6000012	-	-	-	43	43	*
186 Purchase storage equipment for the Whittier Warehouse	6000018	-	-	-	788	788	*
187 Rail Warehouse Claremont	6000019	-	-	-	732	732	*
188 Acquisition of Maintenance of Way (MOW) property	6000022	-	-	-	2,623	2,623	*
189 Warehouse Total		173	845	1,918	5,409	8,344	
190							
191 Wayside Systems							
191 MBL Grade Crossing Improvements	3300001	1,373	430	1,546	773	4,122	
192 Wayside Systems Tools and Equipment	3300002	327	218	353	2,080	2,978	#
193 Wayside Systems Battery Replacement/Refurbishment	3300006	1,959	207	455	-	2,622	#
194 Crossing Gate Equipment Replacement	3300009	196	131	509	-	836	
195 Replace Guarded Rail Crossings	3300010	261	(49)	49	-	260	
196 MBL Long Beach Photo Enforcement Program	3306015	207	50	489	36	782	
197 MBL Four Quadrant Gate Program Expansion	3306017	407	558	2,579	2,111	5,655	
198 MBL Fiber Optic "TRAIN" Sign Program in Long Beach	3306018	130	730	150	-	1,010	
199 Light Rail Train Tracking Improvements	3308001	22	31	739	-	793	
200 Mobile Rail Safety Educational Program	3308003	530	423	620	174	1,747	
201 Core Capacity Enhancements to the Light Rail System	3308005	16	635	-	5,407	6,058	
202 Wayside Systems Projects 05-09	3308012	-	57	1,226	13,440	14,722	#
203 Four PGL Traction Power Substations	3308017	-	-	4,071	4,630	8,701	*
204 PGL Signal System Improvements	3308018	-	-	-	3,152	3,152	*
205 Passenger Information System	3308022	-	-	-	4,040	4,040	*
206 MRL Signal System Upgrade	3308027	-	-	395	192	587	*
207 Wayside Systems Total		5,428	3,421	13,181	36,035	58,065	
208							
209 Subtotal for Capital Program		149,544	154,727	306,655	1,158,906	1,769,773	

**Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget**

(Amounts in thousands)		Inception	FY04	FY05	FY06+	Life	Re-
Project Title	CP#	to FY03	Forecast	Proposed		of Project	cur- New ing
210	Major Construction						
211	Red Line Segment 3 North Hollywood (800082)	4002010	\$ 1,285,272	\$ 10,083	\$ 9,782	\$ 8,679	\$ 1,313,815
212	Green Line (800023)	4002012	698,809	5,909	3,952	3,615	712,285
213	L.A. Rail Car (800150)	4002013	204,016	1,344	5,653	4,267	215,279
214	Blue Line LA/LB (800001)	4002015	863,643	195	66	-	863,904
215	Pasadena Line (800005)	4002016	240,825	820	189	-	241,833
216	Imperial Grade Separation (800020)	4002017	3,888	19	67	26	4,001
217	Red Line Segment 1 (800080)	4002019	1,439,819	407	13	-	1,440,239
218	Red Line Segment 2 (800081)	4002020	1,777,089	12,938	5,734	-	1,795,761
219	Mid- City Extension - Deferred (800083)	4002021	14,331	22	88	240	14,681
220	Eastside Extension Project - Deferred (800084)	4002022	136,134	1,289	826	400	138,649
221	Light Rail Vehicle Fleet Enhancement (800151)	4005002	471	35,195	22,698	94,555	152,919
222	Mid-City-Wilshire BRT Corridor (800111)	4005005	5,835	4,700	-	94,698	105,233
223	Metro Gold Line Eastside Extension (800088)	4005006	67,427	26,497	208,916	595,920	898,759
224	Orange Line (800112)	4005007	41,339	66,805	174,933	46,346	329,423
225	Mid-City/Exposition Light Rail Corridor (800113)	4005008	3,064	5,672	8,000	-	16,736
226	SFV East-West Bikeway Project (800114)	4005013	270	1,233	5,829	767	8,099
227	Universal City Station Site Enhancement (800115)	4005014	2,617	2,267	954	-	5,838
228	Major Construction Total		6,784,849	175,395	447,700	849,513	8,257,454
229							
230	Capital Program Grand Total		\$ 6,934,393	\$ 330,122	\$ 754,355	\$ 2,008,419	\$ 10,027,227

* New project

Recurring project

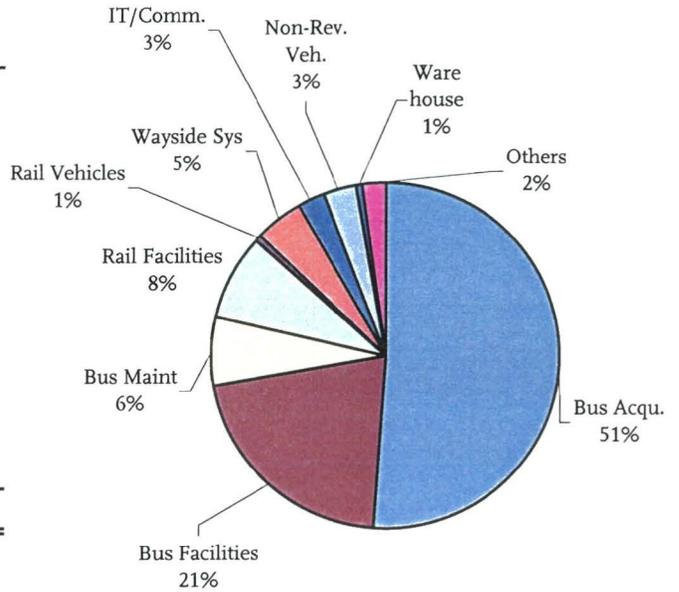
Note: "Life of Project" values for projects classified as "Recurring" are based on inception to date values and FY05-09 costs.

Life of project values for all other projects include inception to date data and all future costs, including those beyond FY09.

**Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget**

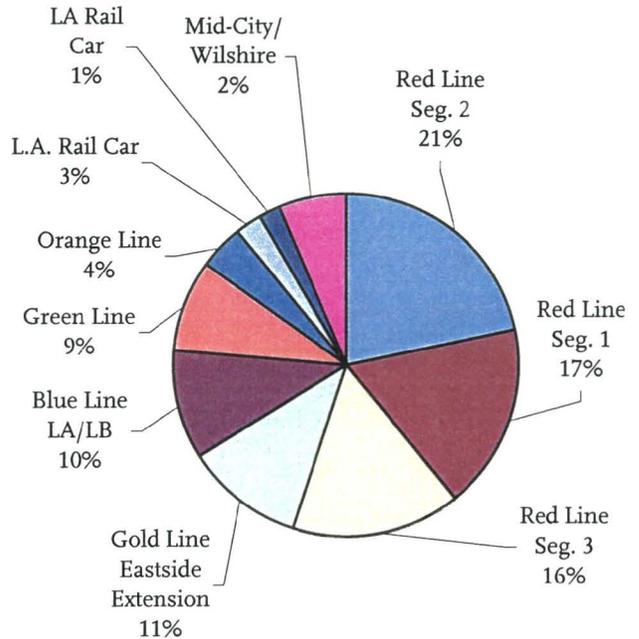
Capital Programs - Excluding Major Construction

Element (in 000 \$'s)	FY05 Adopted Budget
1 Bus Acquisition	\$156,658
2 Bus Facilities Maintenance	64,632
3 Bus Maintenance	19,536
4 Rail Facilities Maintenance	24,755
5 Rail Vehicle Maintenance	2,218
6 Wayside Systems	13,181
7 IT/Communications	7,944
8 Non-Revenue Vehicles	9,277
9 Warehouse	1,918
10 Other Capital Projects	6,536
11 Capital Program Total	\$306,655



Major Construction

Project (in 000 \$'s)	Total Life of Project Budget
12 Red Line Seg. 2	\$1,795,761
13 Red Line Seg. 1	1,440,239
14 Red Line Seg. 3	1,313,815
15 Gold Line Eastside Extension	898,759
16 Blue Line LA/LB	863,904
17 Green Line	712,285
18 Orange Line	329,423
19 L.A. Rail Car	215,279
20 P2550 Light Rail Vehicles (40)	152,919
21 Others	535,070
22 Major Construction Total	\$8,257,454



CAPITAL PROJECT OPERATING IMPACT ASSESSMENT

Each capital project included in the FY05-09 capital program has been reviewed to determine its cost impact on MTA operations. The operating cost impact assessment considers costs and/or savings related to ongoing operations, power requirements, maintenance labor and materials, training, and security.

Projects which replace existing facilities or equipment often do not change the cost of operations over the life of the asset. Functionally equivalent replacements generally require the same levels of energy to operate equipment, maintenance activities, training, and security. In those instances where a replacement asset involves a higher or lower cost to operate than the asset being replaced, the cost or saving is identified.

The cost of operations of major construction projects such as bus corridors and rail corridors is based on service levels when complete. Once in full operation such projects will be operated at a specific level of revenue service hours. The cost of operation is based on the cost per hour times the annual revenue service hours to be operated. In instances where a new project duplicates existing service, the duplicated service has been excluded from the operating cost impact.

Some projects must be monitored after implementation to determine annual operating cost impacts. In these instances future budgets will contain operating cost impact data based on a full fiscal year of operating data.

For a list of capital projects with potential operating cost impacts, please see pages V-16 through 20.

Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

FY05-09 Capital Projects with Potential Operating Cost Impacts

Element	CP#	Title	Description of cost impacts or savings	Amount of cost or (saving)
Bus Acquisition	2100014	Universal Fare Collection System	Contracted maintenance as part of original contract	FY06 - \$4,500,000 FY07 - \$5,200,000 FY08 - \$5,600,000 FY09 - \$ 722,000
Bus Acquisition	2100015	Advanced Transportation Management System (ATMS)	Three additional FTE's to support system operation	\$300,000
Bus Acquisition	2500001	Regional Service Center and Clearinghouse	Operating cost estimates will be developed during project specification.	To Be Determined
Bus Facilities Maintenance	2303043	RRC General Building Modifications	No additional cost	\$0
Bus Facilities Maintenance	2305008	Permanent Restroom Facilities at Selected Locations.	Permanent restroom facilities will save \$11,000/year instead of using the portable ones.	(\$11,000)
Bus Facilities Maintenance	2305010	Cal State and L.A. County USC Busway Station Enhancement	No additional cost	\$0
Bus Facilities Maintenance	2305020	Temple & Beaudry Layover Facility	Maintaining restroom facilities will cost \$20,000/year.	\$20,000
Bus Facilities Maintenance	2305024	LAX Terminal Improvements (BOS Funded)	No additional cost	\$0
Bus Facilities Maintenance	2305075	Division 8 & 15 Renewable Solar Energy Generation Project	Saving \$96,000 per year in each of two operating divisions in utility costs.	(\$192,000)
Bus Facilities Maintenance	2305091	Division 8 Maintenance - Install closed circuit television security system	No additional cost	\$0
Bus Facilities Maintenance	2305106	Division 15 Maintenance - Install closed circuit television security system	No additional cost	\$0
Bus Facilities Maintenance	2305125	Division 6 Relocation	Operating cost estimates will be developed during project specification.	To Be Determined
Bus Facilities Maintenance	2305133	El Monte Station Security Improvements	No additional cost	\$0
Bus Facilities Maintenance	2305136	Division 2 Maintenance - Install Digital Camera System	No additional cost	\$0
IT/Communications	3907054	Maintenance and Material Management System Replacement	When M3 is completed, the initial benefits will be increased efficiency and manageability of bus maintenance. We anticipate this will result in improved bus service and a reduction in operating maintenance costs.	To Be Determined
IT/Communications	3909119	Computer Kiosks for Bus and Rail facilities.	There will be negligible operating cost savings from this project.	To Be Determined

Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

Element	CP#	Title	Description of cost impacts or savings	Amount of cost or (saving)
IT/Communications	7000027	ITS Telecommunications Transmission Upgrade Project	Savings of about \$1,000,000 per year in telephone costs are anticipated. Other savings that cannot be empirically determined include reduced labor for maintenance and repair parts for old equipment.	(\$1,000,000)
IT/Communications	7000028	ITS Telecommunications PBX Upgrade	The operating cost impact of this project will be determined when the project is initiated.	To Be Determined
IT/Communications	7000031	ECMS Update	Completion of this project will ensure compliance with retention requirements.	\$0
IT/Communications	7000038	Storage Network for Disaster Recovery	Completion of this project will ensure compliance with mandated disaster recovery measures. No Cost Impact	\$0
IT/Communications	7000039	LTO Tape Management	This project will facilitate compliance with Disaster Recovery and tape backup requirements.	To Be Determined
Major Construction	4005005	Mid-City-Wilshire BRT Corridor (800111)	This project will replace existing service in the Mid-City Wilshire Corridor	\$0
Major Construction	4005006	Metro Gold Line Eastside Extension (800088)	Project operating cost is based on the first full year of operation following completion.	\$13,400,000
Major Construction	4005007	Orange Line (800112)	Project operating cost is based on the first full year of operation following completion.	\$11,000,000
Major Construction	4005008	Mid-City/Exposition Light Rail Corridor (800113)	Project operating cost is based on the first full year of operation following completion.	\$25,000,000
Major Construction	4005013	SFV East-West Bikeway Project (800114)	Operating costs will be determined following project completion	To Be Determined
Major Construction	4005014	Universal City Station Site Enhancement (800115)	Operating costs will be determined following project completion	To Be Determined
Non-Revenue Vehicles	5000005	Bus System Expansion Non Revenue Vehicles	The additional annual cost is \$8,175.74. With the exception of cost associated with the using departments equipment operator, these costs are based on average usage. This amount is the directly associated with fueling. The additional annual cost is \$2,728.70. This cost consists of planned preventative maintenance to include parts and non-burdened labor.	\$10,904

Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

FY05-09 Capital Projects with Potential Operating Cost Impacts, continued

Element	CP#	Title	Description of cost impacts or savings	Amount of cost or (saving)
Non-Revenue Vehicles	5000007	Rail Support Expansion Non Revenue Vehicles	The additional annual cost is \$7,984.60 With the exception of cost associated with the using departments equipment operator, these costs are based on average usage. This amount is directly associated with fueling. The additional annual cost is \$4,044.18. This cost consists of planned preventive maintenance to include parts and non-burdened labor.	\$12,029
Other Capital Projects	2303060	New Cash Room Facility	The operating cost impact of this project will be determined when the project is initiated.	To Be Determined
Other Capital Projects	2304015	Metro Rapid Program	Operating costs will be determined following project completion	To Be Determined
Other Capital Projects	3908044	Gateway Headquarters Improvement Projects	The operating cost impact of this project will be determined when the project is initiated.	To Be Determined
Other Capital Projects	3909052	Rapid Bus Art Program	Anticipated cost saving due to use of graffiti resistant seating materials	Saving to be determined following full system implementation
Other Capital Projects	3909113	High Density Storage Filing System	No additional cost	\$0
Other Capital Projects	3909116	Systems Furniture Lifting Device	The operating cost impact of this project will be determined when the project is initiated.	To Be Determined
Other Capital Projects	3909117	Dry Carpet Extraction Machine	The operating cost impact of this project will be determined when the project is initiated.	To Be Determined
Other Capital Projects	3909118	Cooling Tower Vacuum	The operating cost impact of this project will be determined when the project is initiated.	To Be Determined
Other Capital Projects	3909122	Homeland Security Project	Operating costs will be determined following project completion	To Be Determined
Rail Facilities Maintenance	2305041	Install 14 Elevators at 7 MRL Stations	The added maintenance cost for the 14 new elevators is estimated at \$750 per month per elevator or \$126,000 for total annual maintenance costs.	\$126,000
Rail Facilities Maintenance	3205004	Fiber Optic Rail Communication System	The project replaces an existing asset and will not change the immediate cost of operation. A cost savings, to the direct operating expenses, will be realized, by preventing failures of the existing equipment.	Anticipate annual savings but cannot be valued until project completion.

Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

Element	CP#	Title	Description of cost impacts or savings	Amount of cost or (saving)
Rail Facilities Maintenance	3205023	ROC Reconfiguration	Anticipate additional maintenance costs due to added equipment. Equipment enhancements and facility improvements will have a positive effect on staff productivity and safety. This has not been presently quantified and valued.	Anticipate annual savings but cannot be valued until project completion.
Rail Facilities Maintenance	3205075	MRL Station Canopies	Installing the canopies on exterior units will protect them from the elements and would result in decreased downtime, reduced maintenance costs and improved equipment availability and reliability. The savings in maintenance cost is estimated at 15%.	Anticipate annual savings but cannot be valued until project completion.
Rail Facilities Maintenance	3207014	Rail Security Improvements	Anticipate additional maintenance costs due to added equipment. CCTV cameras and related equipment is being upgraded and replaced. Improved security for the public and system operation has not been quantified.	Anticipate no annual savings but additional annual costs to be valued at project completion.
Rail Facilities Maintenance	3207059	Multi-Modal Control Center	Nominal non-contract labor budgeted to complete preliminary research on available sites for facility.	To Be Determined
Rail Facilities Maintenance	3207063	PGL Midway Yard Facility Expansion	Negligible increase in maintenance costs for additional 1300 ft storage track. Unquantifiable amount of cost avoidance during delivery and acceptance of new P2550 Light Rail Vehicles. Negative impact to Gold Line revenue service would occur without this additional storage track during P2550 delivery. Additional LRVs are beyond Division 21's current capacity and will cause unacceptable congestion in the yard.	To Be Determined
Rail Facilities Maintenance	3207064	Vernon Yard Storage Project	This project will replace an existing asset; the operational cost impact is expected to be neutral.	To Be Determined
Rail Facilities Maintenance	3308010	Metro Blue & Green Lines Custodial Operations Facility	This project will be cancelled; funds will be transferred to Division 22 Blow-Down Facility.	No cost impact
Warehouse	3105001	New Storage Building for Red Line	The new storage building will curtail the incidents of damaged and/or stolen goods.	Savings will be \$28,000 per year in warehouse leasing costs.
Warehouse	3909063	Purchase EZ Tilter.	The EZ Tilter, an ergonomic and stationary piece of equipment, will reduce the potential of industrial injuries during the unloading and moving phase of inventory at the Central Warehouse.	Savings in lost work time with the use of the EZ Tilter will be realized over a period of time.

FY05-09 Capital Projects with Potential Operating Cost Impacts, continued

Element	C.P#	Title	Description of cost impacts or savings	Amount of cost or (saving)
Warehouse	6000019	Rail Warehouse Claremont	The operating cost impact of this project will be determined when the project is initiated.	To Be Determined
Warehouse	6000022	Acquisition of Maintenance of Ways (MOW) property.	The operating cost impact of this project will be determined when the project is initiated.	To Be Determined
Wayside Systems	3300001	MBL Grade Crossing Improvements	This project will replace an existing asset; the operational cost impact is expected to be neutral. Unquantifiable amount of cost avoidance since this is a public safety improvement.	To Be Determined
Wayside Systems	3306015	MBL Long Beach Photo Enforcement Program	This project is deferred until new technology Photo-Enforcement equipment is available. The operation of this program will be by third-party law enforcement contactor and is expected to be self-sufficient.	No cost impact
Wayside Systems	3306017	MBL Four Quadrant Gate Program Expansion	Increased maintenance costs anticipated due to additional crossing gates. Unquantifiable amount of cost avoidance since this is a public safety improvement.	Operating costs to be determined when project completed and cost data collected.
Wayside Systems	3308001	Light Rail Train Tracking Improvements	Increased maintenance costs anticipated due to additional signal equipment. Decrease in operation administration costs analyzing and gathering schedule on time performance data.	(\$11,000)
Wayside Systems	3308005	Core Capacity Enhancements to the Light Rail System	Savings anticipated due to Operational efficiencies created by the enhancements. (Project not funded in FY '05)	Operating savings to be determined during project development
Wayside Systems	3308017	Four PGL Traction Power Substations	Savings anticipated due to Operational efficiencies created by the enhancements. Additional substations will ensure the capability of the system to increase service schedule headways.	Operating savings to be determined during project development
Wayside Systems	3308018	PGL Signal System Improvements	Negligible increase (if any) in maintenance costs expected.	\$0



MTA SUMMARY DESCRIPTION

Metro is the principal planner, builder, and operator of public transportation services and infrastructure improvements in Los Angeles County. Metro is organized into seven Strategic Business Units: Metro Operations, Countywide Planning & Development, Construction Project Management, Communications, Support Services, Chief of Staff, and Board of Directors.

Metro Operations manages all aspects of bus and rail service. Countywide Planning and Development is responsible for programming and administering Federal, state, and local transportation funds, preparing the Transportation Improvement Plan(TIP), and planning and coordinating regional transportation services and infrastructure improvements throughout Los Angeles County. Construction Project Management is

responsible for providing the engineering and construction oversight for major construction projects and Metro facilities improvements. Communications is responsible for the strategic evaluation, development, and implementation of agency-wide marketing and communications programs. Support Services provides essential financial and administrative support to the entire organization. The Chief of Staff coordinates and oversees key programs and provides support to the CEO. The Board of Directors establishes Metro policies and approves appropriations. The Board also manages or supervises Board meetings and Board committee meetings, ethics and lobby registration programs, and legal counsel.

Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

Summary of FY05 Budgeted FTEs by Department

	FY03 Adopted FTEs	FY04 Budget FTEs	FY05 Adopted FTEs	Change from FY04 Budget
1 Metro Operations				
2 Metro Rail	1,056	1,104	1,090	(14)
3 San Fernando Valley Service Sector	1,002	987	1,003	16
4 San Gabriel Valley Service Sector	983	951	976	25
5 Gateway Cities Service Sector	819	834	911	77
6 South Bay Service Sector	1,258	1,291	1,292	1
7 West Side/Central Service Sector	1,304	1,359	1,372	13
8 Contracted Bus Services	3	6	5	(1)
9 Bus Operations Control	81	73	73	(0)
10 Central Maintenance	422	332	318	(14)
11 Vehicle and Systems Technology	44	39	33	(6)
12 Service Planning & Development	118	90	83	(8)
13 Manpower	20	23	21	(2)
14 Operations Central Instruction	109	125	96	(29)
15 Facilities	232	195	192	(3)
16 Law Enforcement & Security	101	99	97	(2)
17 Safety	21	15	14	(1)
18 Freeway Services	8	9	8	(1)
19 Executive Office, Metro Operations	10	8	7	(1)
20 Metro Operations Total	7,591	7,540	7,590	50
21				
22 Countywide Planning & Development				
23 Transportation Dev & Implementation	65	62	52	(10)
24 Programming & Policy Analysis	35	35	31	(4)
25 Long Range Planning & Coordination	30	29	25	(4)
26 Executive Office, Reg Transp Plan & Dev	4	4	4	-
27 Countywide Planning & Development Total	134	130	112	(18)
28				
29 Construction Project Management				
30 Construction	22	34	26	(8)
31 Program Management	35	38	32	(6)
32 Engineering	76	28	17	(11)
33 Quality Management	14	14	11	(3)
34 Construction Safety	4	7	5	(2)
35 Executive Office, Construction Project Mgmt	5	14	15	1
36 Construction Project Management Total	156	135	106	(29)
37				
38 Communications				
39 Customer Relations	121	118	103	(15)
40 Customer & Vendor Services	43	43	42	(1)
41 Creative Services	20	18	15	(3)
42 Metro Commute Services	15	13	10	(3)
43 Marketing & Advertising	7	8	7	(1)
44 Printing Services	10	10	10	-
45 Public Relations	7	8	7	(1)
46 Communication Services	6	7	5	(2)
47 Program & Service Development	-	4	3	(1)
48 Customer Signage	-	2	2	-
49 Executive Office, Communications	8	6	5	(1)
50 Communications Total	237	237	209	(28)

Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

	FY03 Adopted FTEs	FY04 Budget FTEs	FY05 Adopted FTEs	Change from FY04 Budget
51 Support Services				
52 Accounting	84	83	82	(1)
53 Treasury	68	65	63	(2)
54 Office of Management & Budget	24	22	22	-
55 Office of the CFO	2	2	2	-
56 Information Technology Services	164	154	142	(12)
57 Management Audit Services	68	55	38	(17)
58 Procurement & Material Mgmt	271	258	242	(16)
59 Risk Management	58	40	39	(1)
60 Support Services Total	739	679	630	(49)
61				
62 Chief of Staff				
63 Administration	173	173	164	(9)
64 Diversity & Economic Opportunity	25	25	25	-
65 Community Relations	25	19	14	(5)
66 Labor/Employee Relations	21	22	21	(1)
67 Board Research Services	15	11	10	(1)
68 Policy, Research & Library Services	6	6	5	(1)
69 Executive Office, Chief of Staff	11	12	10	(2)
70 Chief of Staff Total	276	268	249	(19)
71				
72 Board of Directors				
73 Inspector General	32	32	24	(8)
74 Office of Board Secretary	9	12	12	-
75 Ethics Office	6	6	6	-
76 County Counsel	5	5	5	-
77 Chief Executive Office	1	1	1	-
78 Board of Directors Total	53	56	48	(8)
79				
80 Agency Total *	9,186	9,045	8,944	(100)

* FY05 Adopted budget includes 233 FTE reduction from FY04, offset by Consent Decree increases of 133 FTEs.

Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

MTA Summary Expenditures Budget

FTEs	FY03 Adopted	FY04 Budget	FY05 Adopted
1 Metro Operations	7,591	7,540	7,590
2 Countywide Planning & Development	134	130	112
3 Construction Project Management	156	135	106
4 Communications	237	237	209
5 Support Services	739	679	630
6 Chief of Staff	276	268	249
7 Board of Directors	53	56	48
8 Agency Total *	9,186	9,045	8,944

Expenditures (Amounts in thousands)	FY03 Actual	FY04 Budget	FY05 Adopted
9 Metro Operations	\$ 908,797	\$ 1,092,959	\$ 1,183,302
10 Countywide Planning & Development	643,267	757,570	814,313
11 Construction Project Management	124,132	375,101	414,045
12 Communications	29,978	33,286	31,953
13 Support Services	456,795	447,112	454,216
14 Chief of Staff	39,852	47,146	41,898
15 Board of Directors	19,634	17,957	15,841
16 Agency Total	\$ 2,222,454	\$ 2,771,131	\$ 2,955,567 **

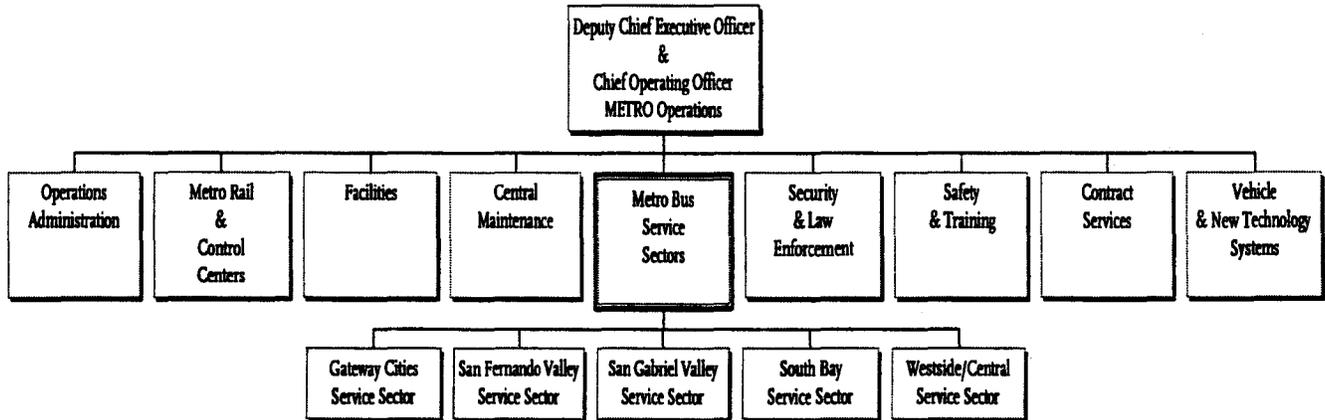
Expenditure Types (Amounts in thousands)	FY03 Actual	FY04 Budget	FY05 Adopted
17 Wages & Benefits	\$ 710,994	\$ 722,946	\$ 740,424
18 Services	254,155	272,503	265,783
19 Purchased Transportation	28,271	25,426	26,422
20 Fuel, Lubricants & Propulsion Power	48,272	45,801	56,660
21 Materials & Supplies	69,880	78,710	86,723
22 Casualty & Liability	29,599	43,884	44,782
23 Other Support	54,252	53,063	49,283
24 Acquisitions	107,695	526,327	601,682
25 Subsidies	620,764	711,731	783,849
26 Debt	298,571	290,738	299,959
27 Agency Total	\$ 2,222,454	\$ 2,771,131	\$ 2,955,567 **

* FY05 Adopted budget includes 233 FTE reduction from FY04, offset by Consent Decree increases of 133 FTEs.

** In FY05, includes principal payments of \$28.8 million, Agency Fund items of \$13.6 million, and Enterprise Fund interest of \$2.8 million; excludes \$69.0 million in defeased lease payments.

METRO OPERATIONS

Organization Chart



Strategic Business Unit

Metro Operations is responsible for providing more than 8 million hours of bus and rail transit service to more than 440 million passengers annually. Metro Operations also administers Paratransit Service, the Metro Freeway Service Patrol, and the Service Authority for Freeway Emergencies.

Metro Operations is organized into 6 service sectors (5 bus and 1 rail) and 7 major support units which are committed to provide safe, courteous, professional, dependable, clean, and efficient transit services to customers.

Metro Bus Service Sectors

The five Metro Bus service sectors include the San Fernando Valley, San Gabriel Valley, Gateway Cities, South Bay, and Westside/Central. Each service sector is responsible for all facets of bus operations:

transportation, maintenance, service planning and scheduling, and communications.

South Bay Service Sector

The South Bay Service Sector is responsible for providing transit service to the following geographic areas: Whittier (East), LAX (West), Altadena (North), South Long Beach (South) and Whittwood Center (East), Marina Del Rey/LAX (West), Hollywood (North), and Gardena (South). Extra service lines include Hollywood Bowl and Hollywood Park Race Track. The sector consists of three main functional sections:

- South Bay Service Sector Office – Works in conjunction with the Governance Council to deliver quality transportation to the community and provide support to the operating divisions.

- Arthur Winston Division – Operates 263 CNG and diesel buses, providing 730,923 revenue service hours.
- Carson Division – Operates 279 CNG and diesel vehicles, providing 907,455 revenue service hours.

Westside/Central Service Sector

Operating boundaries for the sector extend to the west as far as Malibu and to the east past downtown Los Angeles. The sector is unique because it provides service to some of the most heavily traveled lines and traverses some of the most congested streets in the Los Angeles area.

The sector includes 3 operating divisions. Division 6, located in Venice, operates 74 buses, providing 136,635 revenue service hours. Division 10, located in northeast Los Angeles, operates 282 buses, providing 882,313 revenue service hours. Division 7, located in West Hollywood, operates 265 buses providing 733,983 revenue service hours.

San Fernando Valley Service Sector

The San Fernando Valley (SFV) Service Sector provides transportation services to the cities of Agoura Hills, Calabasas, Hidden Hills, La Canada/Flintridge, Burbank, Glendale, and San Fernando, and to numerous San Fernando Valley communities within the City of Los Angeles.

The sector office, located in Chatsworth, provides administrative support for its two operating divisions to ensure the delivery of quality transportation to the community. The operating divisions are located in Sun Valley in the east San

Fernando Valley and Chatsworth in the west San Fernando Valley.

Both divisions are responsible for a fleet of 452 buses and operating 527,731 revenue service hours at Division 8 in Chatsworth and 718,146 revenue service hours at Division 15 in Sunland.

San Gabriel Valley Service Sector

The San Gabriel Valley (SGV) Service Sector is the primary provider of bus transit service to the western San Gabriel Valley, East Los Angeles, and North Los Angeles areas. Additionally, SGV provides regional service to the east San Gabriel Valley. Cities served within the west San Gabriel Valley include Alhambra, Arcadia, El Monte, Monrovia, Montebello, Monterey Park, Pasadena, Rosemead, San Gabriel, San Marino, Sierra Madre, South El Monte, South Pasadena, and Temple City.

SGV operates two divisions from facilities located in El Monte and Cypress Park. The SGV sector offices are located in El Monte adjacent to the operating facility.

For FY05 SGV will operate 660,350 revenue service hours of bus service at Division 3 and 629,174 revenue service hours at Division 9 with 409 buses traveling about 18 million miles.

Gateway Cities Service Sector

The Gateway Cities service area is comprised of 26 cities and unincorporated areas of southeast Los Angeles County.

Cities included in the Gateway Cities sector area are Artesia, Avalon, Bell, Bellflower, Bell Gardens, Cerritos,

Commerce, Compton, Cudahy, Downey, Hawaiian Gardens, Huntington Park, La Habra Heights, Lakewood, La Mirada, Long Beach, Lynwood, Maywood, Norwalk, Paramount, Pico Rivera, Santa Fe Springs, Signal Hill, South Gate, Vernon, and Whittier.

The Gateway Cities sector has two operating divisions, both located in downtown Los Angeles. The two divisions have a total of over 1,000 employees and operate 410 buses with 606,189 revenue service hours at Division 1 and 522,042 revenue service hours at Division 2.

Metro Rail

Rail transportation and maintenance is a self-contained operating unit. Metro Rail provides both light and heavy rail service. The department operates 225 light and heavy rail vehicles; maintains 65 rail stations, 146 miles of track, overhead catenaries, and heavy rail traction power systems; and oversees all facets of rail operations including transportation, wayside systems maintenance, vehicle maintenance, and rail operations control.

In FY05, Metro Rail will provide 388,906 revenue vehicle hours for light rail and 270,299 hours for heavy rail.

The following departments functionally support all of Metro Operations.

Transportation Contract Services

Contracted Bus Services ensures that the Metro and its business partners provide safe, efficient, and effective bus and paratransit operations compliant with the Americans with Disabilities Act (ADA). The Department will administer

monitoring programs for Metro bus and ADA paratransit services, consistent with court orders, Federal Transit Administration (FTA) directives, or Metro Board policies.

Freeway Services provides various motorist aid activities throughout Los Angeles County. Its programs encompass functions that result in decreased congestion along Los Angeles County freeways and highways and improved safety to motorists. The department oversees two programs: the Freeway Service Patrol and the Service Authority for Freeway Emergencies (SAFE).

Central Maintenance

Central Maintenance provides maintenance support to operating divisions. Departmental functions include the Regional Rebuild Center, Fleet Management and Support Services, and Quality Assurance, which includes direct involvement with the California Highway Patrol and Title 13 of the California Code of Regulations. Quality Assurance is also directly responsible for the management of goods and services contracts, Fare Collection Maintenance, and Non-Revenue Vehicle/Equipment. Programs cover all facets of bus and equipment maintenance: repairing and rebuilding major components and sub-systems; controlling and assigning the bus fleet; managing environmental compliance programs and closely interacting with regulatory agencies to ensure that Metro is in full compliance with the many regulations that govern waste generation; maintaining bus stops and terminal locations; and overseeing the procurement of non-revenue vehicles and equipment.

Bus Operations Control

Bus Operations Control communicates via two-way radio and telephone with Bus Operators, Field Supervisors, Field Technicians, the operating Divisions, and emergency response personnel. They monitor and control special bus movements, modify bus activity when conditions require outside interaction due to accidents, and provide failure management as needed to help meet operating goals in the areas of Safety, Customer Relations, and On-time Performance (OTP).

Service Development

Service Development works out the operating framework for the Metro bus and rail systems and Metro Rapid. It also provides timely and accurate information to operating division and sector staffs that assist in developing efficient, effective, and community-responsive service.

Operations Central Instruction

Operations Central Instruction (OCI) is responsible for implementing a defensive driving curriculum for new and veteran bus and rail operators, mechanics, and service attendants for all operating divisions. OCI provides progressive training with a cost effective approach to strengthen employee skills and meet Metro's goals in the areas of Safety, Customer Relations, and On-time Performance.

Safety and Training

The Safety Department manages the Safety's 1st program. The objective of the program is to provide leadership, guidance, technical direction, and resources to protect people, prevent mishaps, achieve regulatory compliance,

and control hazards, hazardous occupational exposures, and costs.

Facilities

Facilities provides safe and adequate facilities to enable transit customers and Metro employees to experience a world-class transit system. The department's primary function includes the development, implementation, and management of capital programs for Metro's facilities. The department is also responsible for developing and implementing energy efficiency programs that reduce utility costs and improve employee safety.

Vehicle & New Systems Technology

Vehicle Technology identifies, reviews, tests, and procures high capacity, alternatively fueled, advanced technology buses. It provides operational support and training on operations and maintenance of new vehicles, manages all bus acquisitions, and is responsible for other vehicle technology projects to increase operating efficiency and improve services provided to Metro transit passengers and employees.

New Systems Technology provides project management oversight and is responsible for the acquisition and implementation of new automated systems for Metro Operations. Systems currently under development include the Advanced Transportation Management System (ATMS), Universal Fare System (UFS), and the operating component of the Maintenance and Materiel Management System (M3).

Law Enforcement & Security

The Department of Law Enforcement and Security provides security and law enforcement services and programs for the protection of Metro's passengers, employees, properties, revenues, and assets.

Significant Changes in FY05

- Schedule additional 290,000 in-service hours for Consent Decree service compliance.
- Exercise option to purchase 75 forty-foot buses to comply with ruling by Special Master for Consent Decree service.
- Complete the final module for Automated Transit Management System (ATMS) project with the implementation of the Automated Voice Annunciation (AVA) system for buses.
- Complete in-vehicle equipment and install back-room data collection equipment for Universal Fare System (UFS) project.
- Begin design and acquisition of equipment for regional clearinghouse for UFS project.
- Implement service for five Metro Rapid lines (Hawthorne, Pasadena-Hollywood, Long Beach, Beverly, and Sepulveda).
- Increase security and fare compliance with the addition of fare inspectors on Blue and Green light rail lines.
- Enhance security systems and training through the expenditure of grants from Department of Homeland Security and State of California.
- Complete the mid-life overhaul of 190 buses.
- Complete environmental, property, and third-party coordination phase of the Division 10 expansion project.
- Complete CEQA clearance and Draft Environmental Impact clearance report for new Division 6 location. Start construction in June 2005.
- Award contract for the design/build and construction of the new transportation building for Division 9 transportation/San Gabriel sector office.
- Implement the rail facility expansion projects at Division 11 and 22.
- Complete four traction power substations for Metro Gold Line.
- Retrofit twelve Blue Line grade crossings with safety gates in cooperation with Union Pacific Railroad.
- Complete the outreach and planning phases of the bus restructuring study.
- Continue to develop methodologies to directly charge bus service sectors for transportation and maintenance support services. In FY05 chargeback of rotatable parts will commence.
- Coordinate with Communications to improve way-finding and signage at Metro bus and rail locations.

Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

Metro Operations Reports

Department FTEs	FY03 Adopted	FY04 Budget	FY05 Adopted
1 Metro Rail	1,056	1,104	1,090
2 San Fernando Valley Service Sector	1,002	987	1,003
3 San Gabriel Valley Service Sector	983	951	976
4 Gateway Cities Service Sector	819	834	911
5 South Bay Service Sector	1,258	1,291	1,292
6 West Side/Central Service Sector	1,304	1,359	1,372
7 Contracted Bus Services	3	6	5
8 Bus Operations Control	81	73	73
9 Central Maintenance	422	332	318
10 Vehicle and Systems Technology	44	39	33
11 Service Planning & Development	118	90	83
12 Manpower	20	23	21
13 Operations Central Instruction	109	125	96
14 Facilities	232	195	192
15 Law Enforcement & Security	101	99	97
16 Safety	21	15	14
17 Freeway Services	8	9	8
18 Executive Office, Metro Operations	10	8	7
19 Metro Operations Total FTEs	7,591	7,540	7,590

Expenditures (Amounts in thousands)	FY03 Actual	FY04 Budget	FY05 Adopted
20 Metro Rail	\$ 114,796	\$ 153,439	\$ 185,528
21 San Fernando Valley Service Sector	88,685	88,760	98,473
22 San Gabriel Valley Service Sector	89,366	87,836	92,380
23 Gateway Cities Service Sector	86,627	82,823	87,635
24 South Bay Service Sector	112,139	106,792	120,235
25 West Side/Central Service Sector	121,499	129,070	127,182
26 Contracted Bus Services	36,263	34,650	36,233
27 Bus Operations Control	6,523	6,920	6,539
28 Central Maintenance	57,458	60,307	61,502
29 Vehicle and Systems Technology	51,596	171,813	162,868
30 Service Planning & Development	9,968	9,603	14,320
31 Manpower	1,500	1,732	1,608
32 Operations Central Instruction	4,363	6,494	6,698
33 Facilities	38,893	50,297	69,618
34 Law Enforcement & Security	59,044	58,616	70,069
35 Safety	2,115	2,871	2,835
36 Freeway Services	25,144	31,958	32,613
37 Executive Office, Metro Operations	2,818	8,979	6,966
38 Metro Operations Total	\$ 908,797	\$ 1,092,959	\$ 1,183,302

Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

Expenditure Types (Amounts in thousands)	FY03 Actual	FY04 Budget	FY05 Adopted
39 Wages & Benefits	\$ 587,180	\$ 600,225	\$ 626,007
40 Services	134,841	118,345	123,483 *
41 Purchased Transportation	28,271	25,426	26,422
42 Fuel, Lubricants & Propulsion Power	48,271	45,772	56,660
43 Materials & Supplies	62,508	70,122	78,470
44 Casualty & Liability	98	125	115
45 Other Support	19,990	21,108	20,562
46 Acquisitions	26,887	213,354	247,592
47 Subsidies	1,032		4,778
48 Debt & Transfers	(281)	(1,518)	(787)
49 Metro Operations Total	\$ 908,797	\$ 1,092,959	\$ 1,183,302

* Includes \$59,090 in Transit Security.

Metro Operations: Key Performance Plans and Measures

Goal: Improve transit services.	FY02 Actual	FY03 Actual	FY04 Estimated	FY05 Target
Objective: Improve service quality and capacity of the bus and rail systems.				
In-service on-time performance				
Bus Systemwide	64.88%	69.23%	63.73%	70.00%
San Fernando Valley Sector	n/a	67.30%	67.12%	70.00%
San Gabriel Valley Sector	n/a	70.02%	68.45%	70.00%
Gateway Cities Sector	n/a	74.53%	67.38%	70.00%
South Bay Sector	n/a	63.67%	58.62%	70.00%
Westside/Central Sector	n/a	67.88%	62.19%	70.00%
Complaints per 100,000 Boardings				
Bus Systemwide	3.54	4.23	4.63	3.50
San Fernando Valley Sector	3.43	6.32	5.23	4.50
San Gabriel Valley Sector	3.13	3.57	3.96	3.25
Gateway Cities Sector	2.07	2.63	3.18	3.00
South Bay Sector	3.42	4.02	4.70	4.00
Westside/Central Sector	3.33	4.84	5.71	3.75
Mean Miles Between Chargeable Mechanical Failures				
Bus Systemwide	5,796	6,883	6,790	7,500
San Fernando Valley Sector	4,646	8,616	7,794	8,000
San Gabriel Valley Sector	6,708	7,696	7,018	9,000
Gateway Cities Sector	6,726	7,800	8,129	8,250
South Bay Sector	5,665	6,237	6,810	7,000
Westside/Central Sector	6,099	5,720	5,491	7,500
Bus Scheduled Revenue Hours Delivered	98.85%	97.07%	79.88%	98.90%
Bus Operating Revenue Recovery	31.4%	30.0%	33.0%	33.2%
Bus Subsidy per Boarding	\$1.29	\$1.44	\$1.40	\$1.40
Bus Fare per Boarding	\$0.59	\$0.62	\$0.69	\$0.70
Bus Cost per Revenue Hour				
Bus Systemwide	\$98.44	\$101.23	\$101.31	\$101.39
San Fernando Valley Sector	n/a	\$83.94	\$88.22	\$89.81
San Gabriel Valley Sector	n/a	\$86.68	\$89.94	\$82.18
Gateway Cities Sector	n/a	\$103.84	\$108.73	\$90.20
South Bay Sector	n/a	\$79.89	\$82.59	\$84.80
Westside/Central Sector	n/a	\$84.03	\$88.39	\$84.67

Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

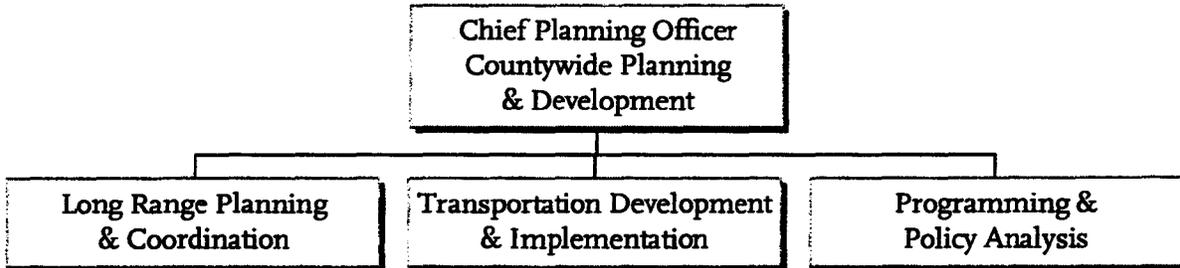
Goal: Improve transit services.	FY02 Actual	FY03 Actual	FY04 Estimated	FY05 Target
Objective: Improve service quality and capacity of the bus and rail systems.				
Rail Mean Miles Between Mechanical Failures	6,253	7,025	13,024	15,000
Complaints per 100,000 Boardings				
Heavy Rail	0.73	1.20	1.06	0.60
Light Rail	1.04	1.29	1.45	0.66
Cost per Revenue Hour				
Heavy Rail	\$234.57	\$244.39	\$249.71	\$274.43
Light Rail	\$332.52	\$300.25	\$304.41	\$374.76
Operating Revenue Recovery				
Heavy Rail	20.8%	25.8%	27.7%	26.3%
Light Rail	23.3%	21.0%	24.1%	17.1%
Subsidy per Boarding				
Heavy Rail	\$1.40	\$1.51	\$1.36	\$1.52
Light Rail	\$1.94	\$2.13	\$2.13	\$2.91
Fare per Boarding				
Heavy Rail	\$0.37	\$0.52	\$0.52	\$0.49
Light Rail	\$0.59	\$0.57	\$0.68	\$0.60
In Service On-Time Performance				
Heavy Rail	99.60%	99.15%	99.19%	99.80%
Light Rail	98.92%	97.84%	98.90%	99.00%
Scheduled vehicle revenue hours delivered				
Heavy Rail	99.65%	98.75%	99.38%	99.67%
Light Rail	99.45%	97.05%	98.18%	99.50%
Freeway Service Patrol (FSP) - Average monthly assists	28,664	29,256	28,694	28,000
SAFE - Average monthly calls answered	11,627	10,640	9,857	10,000

Metro Operations: Key Performance Plans and Measures, continued

Goal: Develop an effective and efficient workforce.	FY02 Actual	FY03 Actual	FY04 Estimated	FY05 Target
Objective: Enhance a safety-conscious culture throughout Metro and its customers and business partners.				
Vehicle Accidents per 100,000 Hub Miles				
Bus Systemwide	3.91	3.86	3.74	3.50
San Fernando Valley Sector	3.09	2.91	3.08	2.70
San Gabriel Valley Sector	3.23	3.40	3.24	3.00
Gateway Cities Sector	4.49	4.07	3.74	3.50
South Bay Sector	4.03	4.00	3.65	4.00
Westside/Central Sector	4.69	4.72	4.77	3.67
New lost work time indemnity claims reported/filed				
Bus Systemwide	1,198	1,367	606	1,200
Rail	54	109	58	89
New workers' comp indemnity claims per 200,000 exposure hrs				
Bus Systemwide	30.80	22.31	22.99	20.60
San Fernando Valley Sector	22.80	16.72	20.76	18.54
San Gabriel Valley Sector	27.80	23.15	22.78	18.00
Gateway Cities Sector	43.20	25.30	22.59	21.00
South Bay Sector	30.50	17.28	20.36	15.70
Westside/Central Sector	27.50	28.74	27.44	31.82
Rail	14.27	11.25	13.98	8.54
Passenger accidents per 100,000 boardings				
Bus Systemwide	0.18	0.21	0.20	0.15
Heavy Rail	0.01	0.02	0.04	0.02
Light Rail	0.06	0.04	0.04	0.05
Rail accidents per 100,000 revenue train miles				
Heavy Rail	0.22	0.07	0.00	0.05
Light Rail	0.51	0.51	0.67	0.40

COUNTYWIDE PLANNING & DEVELOPMENT

Organization Chart



Strategic Business Unit

Countywide Planning and Development (CP&D) is responsible for programming and administering federal, state, and local transportation funds, preparing a financially constrained TIP, and planning and coordinating regional transportation services and infrastructure improvements. It does this in partnership with the County of Los Angeles and the 88 cities and 17 municipal operators within the County.

Executive Office

The Executive Office directs the overall programs of MTA's planning and programming services, develops strategies, defines major priorities, and resolves critical transportation issues in Los Angeles County.

Long Range Planning and Coordination

The Long Range Planning and Coordination (LRP&C) department is responsible for regional transit planning, long and short range transportation planning, and transportation modeling

and technical analysis necessary to support the development of countywide and regional plans and programs. The Department is responsible for regional transit activities including planning, design, development, monitoring, and municipal operator coordination for the Metro Rapid program, and for developing the 2005 Regional Short Range Transit Plan. The Department is also responsible for developing countywide plans and programs, including the Long and Short Range Transportation Plans and the Congestion Management Program, and for regional transportation planning and air quality conformance coordination. Finally, the Department performs technical analysis in support of plans, programs, and projects, including transportation modeling, geographic information system analysis, user benefit analysis for federal New Starts funding, and freight data collection and modeling.

Transportation Development and Implementation

The Transportation Development and Implementation (TDI) department is responsible for project development,

management, and/or implementation of multiple modes of transportation within Los Angeles County, including Highway/Freeway, Arterials, TDM, Rail and Busway, Signal Synchronization, Intelligent Transportation Systems, Bicycle, Pedestrian, and others. In addition, this department approves and monitors the utilization of CFP funds by the cities and county and conducts joint development activities. This department also serves as the project planning lead in the LRTP and CFP. The department is organized into geographic teams. The area teams are Central, South Bay, Gateway Cities/Southeast, Westside, San Gabriel Valley and the San Fernando Valley/No County. Each team is responsible for project management and implementation for multiple modes of transportation within its geographic area.

Programming and Policy Analysis

Programming and Policy Analysis (P&PA) is responsible for strategic capital planning, regional and local programming, and regional grants management and administration for all fund sources that support the MTA's mission of improving mobility and promoting innovative and comprehensive transportation systems throughout Los Angeles County. P&PA also programs the Call for Projects (CFP); analyzes state, federal and local programming proposals and policies; serves as the funding lead in the LRTP and CPF; allocates local and municipal operator funding; provides policy development and guidance for regional programs; is the MTA liaison with state and federal grantor agencies; and is the MTA liaison to the cities on Proposition A and Proposition C Local Return and Discretionary funds, and TDA Article 3 and 8.

Significant Changes in FY05

- Conduct planning, design, development, and programming of five Metro Rapid lines that will open in FY05.
- Monitor performance of Metro Rapid system consistent with Metro Rapid Service Warrants.
- Initiate 2005 Regional Short Range Transit Plan.
- Initiate nexus study for countywide developer mitigation fee through Congestion Management Program.
- Initiate update of the Long Range Transportation Plan.
- Initiate user benefit analysis for Exposition Corridor New Starts funding.
- Collect data for state-of-the-art freight model.
- Complete supplemental analysis of additional Orange Line alternative.
- Conduct Rail-Volution Mobile workshops.
- Begin Arterial Master Plan.
- Implement actions resulting from FY04/05 budget reductions, including:
 - Longer lead time requirements for grant applications, State TIP amendments, local return questions, and Benefit Assessment District appeals.
 - Loss of liaison and oversight of the Metrolink and EZ pass programs.
 - Transfer to Real Estate oversight of MTA properties located in new and existing Business Improvement Districts.

Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

Countywide Planning & Development Reports

Department FTEs	FY03 Adopted	FY04 Budget	FY05 Adopted
Transportation Dev & Implementation	65	62	52
Programming & Policy Analysis	35	35	31
Long Range Planning & Coordination	30	29	25
Executive Office, Reg Transp Plan & Dev	4	4	4
Countywide Planning & Development Total FTEs	134	130	112

Expenditures (Amounts in thousands)	FY03 Actual	FY04 Budget	FY05 Adopted
Transportation Dev & Implementation	\$ 25,160	\$ 31,864	\$ 24,336
Programming & Policy Analysis	612,759	718,325	784,417
Long Range Planning & Coordination	4,912	6,682	5,038
Executive Office, Reg Transp Plan & Dev	437	700	522
Countywide Planning & Development Total	\$ 643,267	\$ 757,570	\$ 814,313

Expenditure Types (Amounts in thousands)	FY03 Actual	FY04 Budget	FY05 Adopted
Wages & Benefits	\$ 11,901	\$ 13,309	\$ 12,299
Services	20,829	30,358	21,271
Materials & Supplies	477	939	523
Other Support	253	520	350
Acquisitions	(521)	712	798
Subsidies	610,328	711,731	779,071
Countywide Planning & Development Total	\$ 643,267	\$ 757,570	\$ 814,313

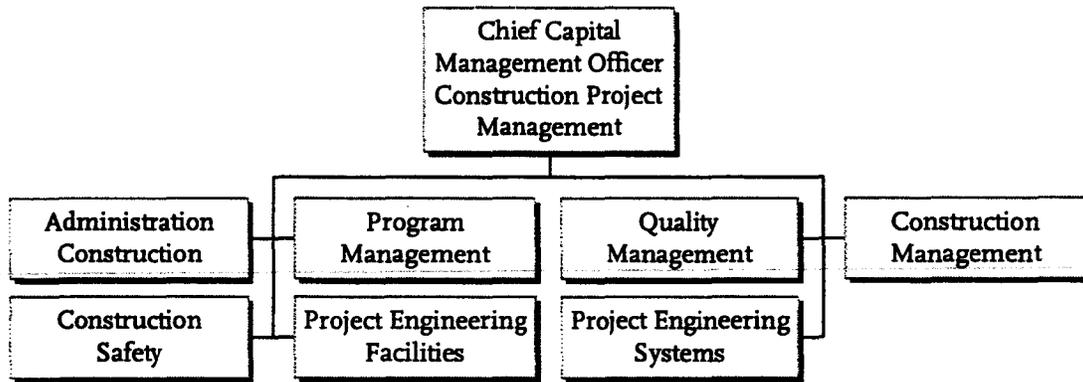
Countywide Planning & Development: Key Performance Plans and Measures

Goal: Provide leadership for the region's mobility agenda.	FY02 Actual	FY03 Actual	FY04 Estimated	FY05 Target
Objective: Provide quality planning, technical analysis, and programming.				
Transportation Development & Implementation				
MTA-sponsored plans and projects on schedule	65%	100%	80%	80%
Projects on budget	90%	100%	90%	90%
I-710 Environmental document prepared	n/a	n/a	n/a	10%
Route 57/60 technical feasibility analysis completed	n/a	n/a	25%	50%
Expo PE and final environmental work completed	10%	50%	70%	100%
I-710 Gap Closure Tunnel Feasibility Study completed	n/a	n/a	n/a	50%
Participation at COG/COG working group meetings related to transportation issues	n/a	n/a	n/a	90%
Technical Advisory Committee (TAC) meetings chaired	n/a	n/a	n/a	100%
Crenshaw Corridor enhancements technical studies completed	n/a	n/a	n/a	60%
Goods movement policy action plan developed	n/a	n/a	n/a	50%
Glendale Rte 2 Environmental Study (FEIS) prepared	n/a	n/a	n/a	30%
Long Range Planning & Coordination				
Metro Rapid corridors implemented	0	4	3	4
Congestion Management Program's annual conformity process implemented	100%	100%	100%	100%
LTRP updated in accordance with scheduled actions	100%	n/a	100%	100%
New Starts analyses performed per FTA-set submittal deadlines	100%	100%	100%	100%
Programming & Policy Analysis				
BAD assessments collected (in million \$'s)	\$14.2	\$14.3	\$18.0	\$20.0
Reassessment requests processed on schedule	n/a	100%	100%	100%
MOU's and LOA's processed on time	100%	100%	100%	100%
Local Returns forms processed within prescribed time period	99%	100%	100%	100%
STIP allocations processed	100%	100%	100%	100%
STIP time extensions completed	100%	100%	100%	100%
FAP funding allocated on schedule	100%	100%	100%	100%
LRTP forecasting models completed	2	2	2	2
Funding sources matrix updates completed	1	1	1	1
Sets of revenue demand charts completed for funding sources	1	1	1	1

Goal: Develop an effective and efficient workforce.	FY02 Actual	FY03 Actual	FY04 Estimated	FY05 Target
Objective: Enhance a safety-conscious culture throughout Metro and its customers and business partners.				
Employees trained in Safety's 1st program	n/a	97%	100%	100%

CONSTRUCTION PROJECT MANAGEMENT

Organization Chart



Strategic Business Unit

Construction Project Management is responsible for providing engineering services and construction oversight for rail projects, transit corridors, capital projects, and rail engineering service requests. The primary focus during FY05 is the completion of design activities and completion of approximately 95% of the construction of the busway, intersections, and stations for the Metro Orange Line; the continuation of tunnel excavation, station construction and installation of station trackwork and systems for the Metro Gold Line Eastern Extension; and the continuation of closeout and claim settlements on all open contracts.

Executive Office

The Executive Office for Construction Project Management is responsible for managing division and cost center activities in support of the MTA Capital Program in addition to providing technical and administrative guidance and assistance.

Quality Management

Quality Management is responsible for the implementation of administrative and control measures during design, procurement, construction, installation, testing, start-up and turnover that assure the transit system meets the expectations of our customers.

Engineering

Engineering is responsible for the cost-effective provision of design and other engineering professional services from preliminary engineering through final design and construction of bus and rail projects. These projects range from minor updates of rail facilities and wayside systems to design of major rail projects.

Engineering includes Project Engineering Facilities and Project Engineering Systems. Project Engineering Facilities' main responsibilities are to provide design reviews of major capital projects such as the Metro Orange Line, the Metro Gold Line Eastside Extension, and the Mid-City/Exposition Light Rail Transit Project.

Project Engineering Systems is responsible for the effective execution of the systems design and engineering for all major rail, Metro Rapid Transit, and Rail Capital Improvement projects.

Construction

Construction is comprised of the Construction Management, Environmental Compliance/Services, and Third Party Administration cost centers.

Construction Management is responsible for the construction management and oversight of all rail construction-related activities and construction related Rail Capital Projects.

Environmental Compliance/Services provides environmental clearance for the MTA projects and ensures compliance with the provisions of federal, state and local laws, regulations and guidelines related to impacts of the projects on the environmental and cultural resources.

It is responsible for providing the appropriate plan to mitigate contamination impacts, maintain compliance with all environmental regulations pertaining to hazardous wastes and materials, monitor environmental contractors working on projects, and provide regulatory interface to resolve MTA concerns.

Third Party Administration interfaces with Third Party agencies and utilities to design and construct any improvements to existing systems and new projects.

Construction Safety

Construction Safety is responsible to ensure the highest level of safety in the workplace on all construction projects, including the Metro Orange Line, the Metro Gold Line Eastside Extension, and Capital Projects. The staff oversees all safety related activities for the Construction Project Management Division.

Program Management

Program Management is responsible for planning, scheduling, budgeting, tracking, reporting, analyzing, and forecasting the impact of engineering, construction, and Rail Capital Projects.

Program Management applies cost and schedule management tools to various Capital Projects by developing cost and schedule baselines in order to ensure that projects are completed on time and within budget.

This department also provides timely and accurate configuration management of contract changes and all documentation in support of Construction Project Management projects.

Significant Changes in FY05

- Construction Project Management's FY05 budget increased as a result of new and significant construction activities on the Metro Gold Line Eastside Extension and the planned 95% construction completion of the Metro Orange Line.
- Metro Red Line, Segment 3 North Hollywood: The FY05 budget totals \$9.8 million, a reduction of \$10.3 million from the FY04 budget, and

includes costs for claims settlements, claims analysis support, auditing and legal services, and support for remaining contracts close out.

- Metro Orange Line: The FY05 budget totals \$174.9 million, an increase of \$61.8 million from the FY04 budget, and includes final design activities and 95% construction completion of the busway and intersections.
- Metro Gold Line Eastside Extension: The FY05 budget totals \$208.9 million, an increase of \$79.6 million from the FY04 budget, and includes final design activities, tunnel and stations construction, installation of station trackwork and systems, utility relocation, and real estate acquisition.
- Los Angeles Light Rail Car: The FY05 budget totals \$5.7 million, a decrease of \$2.5 million from the FY04 budget, and includes remaining milestone payments and contractor claims for the Siemens vehicles.
- Metro Green Line: The FY05 budget totals \$4.0 million, a reduction of \$5.7 million from the FY04 budget, and includes contract close out, claims, and legal and audit services.
- Capital Projects: The FY05 budget includes engineering design and construction activities for the Breda Rail Car Retrofit, SCADA equipment replacement, Segment 1 Remote Terminal Unit Upgrade, Underground Storage Tanks Upgrade, Environmental Inspection and Environmental Remediation Activities, and various rail facilities and wayside system upgrades.

Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

Construction Project Management Reports

Department FTEs	FY03 Adopted	FY04 Budget	FY05 Adopted
1 Construction	22	34	26
2 Program Management	35	38	32
3 Engineering	76	28	17
4 Quality Management	14	14	11
5 Construction Safety	4	7	5
6 Executive Office, Construction Project Mgmt	5	14	15
7 Construction Project Management Total FTEs	156	135	106

Expenditures (Amounts in thousands)	FY03 Actual	FY04 Budget	FY05 Adopted
8 Construction Contracts	\$ 111,785	\$ 359,537	\$ 398,652
9 Construction	2,437	3,765	2,946
10 Program Management	3,571	4,314	3,896
11 Engineering	3,985	3,236	4,458
12 Quality Management	1,299	1,521	1,234
13 Construction Safety	206	710	569
14 Executive Office, Construction Project Mgmt	849	2,018	2,289
15 Construction Project Management Total	\$ 124,132	\$ 375,101	\$ 414,045

Expenditure Types (Amounts in thousands)	FY03 Actual	FY04 Budget	FY05 Adopted
16 Wages & Benefits	\$ 12,387	\$ 14,519	\$ 11,999
17 Services	27,149	56,334	50,103
18 Materials & Supplies	320	434	429
19 Casualty & Liability	1,359	5,300	4,160
20 Other Support	105	398	684
21 Acquisitions	77,984	298,116	346,670
22 Subsidies	5,025		
23 Debt	(197)		
24 Construction Project Management Total	\$ 124,132	\$ 375,101	\$ 414,045

Construction Project Management: Key Performance Plans and Measures

Goal: Deliver quality capital projects on time and within budget.	FY02 Actual	FY03 Actual	FY04 Estimated	FY05 Target
Objective: Develop Integrated Project Tracking System.				
Red Line Segment 3: North Hollywood				
Continue to support litigation efforts	n/a	n/a	n/a	31-Jul-04
Orange Line				
Complete final design of busway, stations, and intersections	n/a	n/a	n/a	30-Sep-04
Complete construction of busway pavement	n/a	n/a	n/a	30-Mar-05
Complete construction of all stations	n/a	n/a	n/a	30-Jun-05
Implement Schedule Recovery Plan to recover 3 months' slippage	n/a	n/a	n/a	30-Sep-04
Develop and implement soil remediation scheme to support landscaping	n/a	n/a	n/a	30-Sep-04
Improve enforcement of SOJV Quality Management Program	n/a	n/a	n/a	30-Sep-04
Gold Line Eastside Extension				
Start construction of 101 Fwy. bridge overcrossing	n/a	n/a	n/a	31-Aug-04
Mid-City/Exposition Light Rail Transit				
Develop PE plan based on FTA guidelines to obtain Record of Decision	n/a	n/a	n/a	31-Jul-04
Complete Draft Operations and Maintenance Plan and Rail Fleet Management Plan	n/a	n/a	n/a	31-Jul-04
Develop Revised project Schedule	n/a	n/a	n/a	30-Sep-04
Identify in-house team with consultants augmentation	n/a	n/a	n/a	30-Sep-04
Develop and submit Project Management Plan	n/a	n/a	n/a	31-Dec-04
Define role of Construction Project Management Division vis-a-vis hand-off from Countywide Planning	n/a	n/a	n/a	30-Jun-05
Determine feasibility of using Oracle Project Management System	n/a	n/a	n/a	30-Sep-04

Goal: Develop an effective and efficient workforce.	FY02 Actual	FY03 Actual	FY04 Estimated	FY05 Target
Objective: Enhance a safety-conscious culture throughout Metro and its customers and business partners.				
Complete tunnel and underground safety training	n/a	n/a	n/a	31-Mar-05
Objective: Invest in employee development.				
Percent of staff members who have attended at least one professional training class	n/a	n/a	n/a	50%

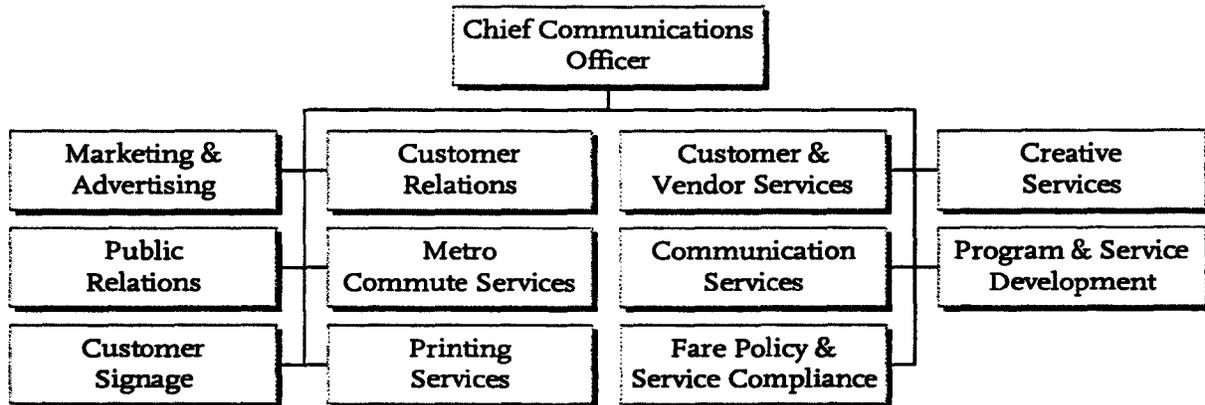
**Construction Project Management: Key Performance Plans and Measures,
 continued**

Goal: Provide leadership for the region's mobility agenda.	FY02 Actual	FY03 Actual	FY04 Estimated	FY05 Target
Objective: Provide quality planning, technical analysis, and programming.				
Gold Line Eastside Extension				
Establish Integrated Project Management Office	n/a	n/a	n/a	30-Sep-04
Conduct partnering sessions with contractor, third parties, MTA staff, and consultants	n/a	n/a	n/a	30-Sep-04

Goal: Improve transit services.	FY02 Actual	FY03 Actual	FY04 Estimated	FY05 Target
Objective: Improve, expand, and add to operating facilities.				
Division 21 Storage Tanks: issue NTP	n/a	n/a	n/a	30-Sep-04
Division 21 Storage Tanks: complete construction	n/a	n/a	n/a	30-Jun-05
Complete 100% of engineering for 32 rail capital projects	n/a	n/a	n/a	31-Mar-05
Complete 75% of construction for Division 11 Expansion	n/a	n/a	n/a	30-Jun-05
Complete 100% of construction for Division 22 Blowdown Pit	n/a	n/a	n/a	30-Jun-05

COMMUNICATIONS

Organization Chart



Strategic Business Unit

Communications is responsible for the strategic evaluation, development, and implementation of agency-wide marketing, communications, customer service and sales programs.

Executive Office, Communications

The Communications Executive Office oversees and directs the activities of the organization to increase awareness and improve public perception of Metro and its services, to create a positive image of Metro, to attract discretionary riders, and to position Metro as the recognized transportation leader both regionally and nationally.

Marketing & Advertising

Marketing & Advertising promotes awareness and use of Metro programs, projects and services through marketing, advertising, promotions, and communications. The department

manages all purchased media as well as the revenue contract for advertising on Metro buses.

Customer Relations

Customer Relations provides regional transportation information through 1-800-COMMUTE, offering route, schedule, and fare information, in addition to processing customer input and complaints.

Customer & Vendor Services

Customer & Vendor Services is responsible for providing customers and vendors with fare media and Metro information. The department is comprised of the following functional units: Customer Service Centers, Vendor Network, Metro Mail, E-Commerce, Fare Media production/ distribution, Reduced Fare Programs, Schedule Room Operation, Metro Correspondence/Email communications, and Lost & Found. Additionally, the department is

responsible for the distribution of the Regional Pass and UFS Smart Card implementation, as it relates to the Customer Service Centers, Vendor Network, and Reduced Fare Programs.

Creative Services

Creative Services provides design services (graphic design, website management, environmental graphics, print production, graphic standards), and implementation of Metro's public art policy (Metro Art), which includes community involvement and artist participation in the development of Metro's transit system.

Public Relations

Public Relations manages Media Relations, Publications, and Employee Communications and produces a series of cable television shows and videos. It informs the public and Metro employees about Metro's activities via press releases, magazines, brochures, videos, Metro's internal and external websites, media features, press events, and community speakers.

Metro Commute Services

Metro Commute Services markets a complete line of Alternative Transportation, Pass and Rideshare programs to area employers, businesses, government organizations, and educational institutions. This includes Rideshare Matching, Vanpool Formation, Car, Bus and School Pool, and other TDM programs.

Communication Services

Communication Services manages all agency special events, including ground breakings, grand openings and milestone events, joint promotions and partnerships,

the agency promotional products program, the Metro Store and employee activities. Communication Services also manages the annual countywide transportation summit, Mobility 21, participates in other industry conferences, and manages the Operations and Maintenance awards banquet, "A Night of Stars." Finally, the department oversees all filming on Metro property and vehicles, and assists with the Speakers Bureau.

Program & Service Development

The Program and Service Development (PSD) group is responsible for designing, building, and implementing new programs and services that enhance transportation options for Los Angeles County residents. These activities particularly focus on improving and expanding commute service options and existing rideshare programs offered through Metro Commute Services and other departments. PSD also directs agency-wide research and evaluation functions measuring customer satisfaction, public opinion and awareness of Metro services, and travel impacts generated by new Metro service initiatives. Finally, the group secures and manages various grants that support its functions as well as Communications Department initiatives.

Customer Signage

Customer Signage's purpose - working closely with other Communications department units, bus and rail operating groups, construction/engineering departments, security providers and various vendors - is to provide the timely procurement and implementation of appropriate wayfinding, promotional and regulatory signage throughout the existing Metro Bus and Metro Rail systems, as well as for projects under development.

Printing Services

Printing Services provides crucial information for Metro's riding public, such as timetables and route information. In addition, Printing Services also prints marketing materials to promote Metro services.

Fare Policy & Service Compliance

Fare Policy and Service Compliance directs the development, implementation and compliance of agency-wide fare policies, and manages customer response reporting, procedures and practices.

Significant Changes in FY05

- Upgrading system signage and customer amenities will be a focal point in FY05. A sign standards manual will be developed and incremental improvements will be made to the system as opportunities and funding present themselves. Metro Art will take a closer look at customer amenities and develop some standard designs of customer amenities that may be used at multiple facilities.
- New vehicles will be introduced into the system providing opportunities to attract and carry more customers. In addition, as construction continues on the Orange Line, a new rapid transit technology will be introduced into the Metro network. Education and information efforts will be the primary focus as the Orange Line nears completion.

- Rolling out the UFS/TAP smart card system will be a major educational undertaking for the agency. As the system phases in over the next two years, it will involve a complete makeover of the retail and customer service sales network as well as a huge customer communication effort.

- Following three years of program improvements, modifications and consolidations, the rideshare study will be updated to identify what impacts have been made and where additional opportunities may lie.

- With Metro now offering a complete line of transit and rideshare programs, business-to-business marketing will expand in an effort to get more local businesses to provide subsidized transit passes and rideshare incentive programs to their employees.

- Increasing awareness of available service to local communities will be a new ridership initiative for FY05. The goal is to use targeted service marketing to make more people aware of the Metro services available to them at a local level.

Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

Communications Reports

Department FTEs	FY03 Adopted	FY04 Budget	FY05 Adopted
1 Customer Relations	121	118	103
2 Customer & Vendor Services	43	43	42
3 Creative Services	20	18	15
4 Metro Commute Services	15	13	10
5 Marketing & Advertising	7	8	7
6 Printing Services	10	10	10
7 Public Relations	7	8	7
8 Communication Services	6	7	5
9 Program & Service Development	-	4	3
10 Customer Signage	-	2	2
11 Executive Office, Communications	8	6	5
12 Communications Total FTEs	237	237	209

Expenditures (Amounts in thousands)	FY03 Actual	FY04 Budget	FY05 Adopted
13 Customer Relations	\$ 6,806	\$ 7,014	\$ 6,769
14 Customer & Vendor Services	3,910	3,922	5,800
15 Creative Services	3,938	3,803	3,391
16 Metro Commute Services	1,587	3,256	2,198
17 Marketing & Advertising	5,416	6,223	5,522
18 Printing Services	1,892	1,863	2,994
19 Public Relations	1,291	1,338	1,222
20 Communication Services	1,639	1,824	1,431
21 Program & Service Development	2,702	2,701	1,337
22 Customer Signage		570	587
23 Executive Office, Communications	797	771	702
24 Communications Total	\$ 29,978	\$ 33,286	\$ 31,953

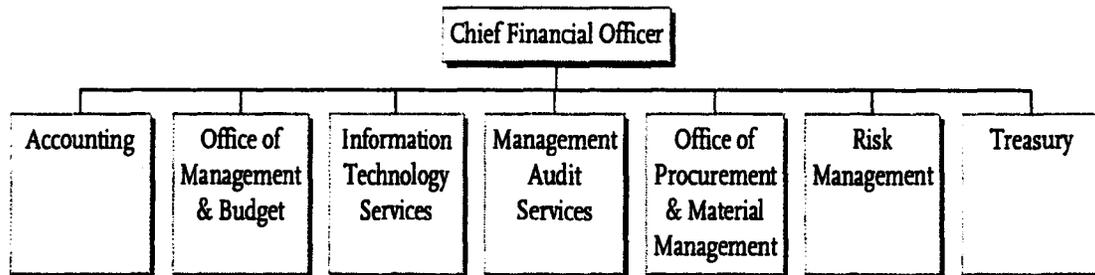
Expenditure Types (Amounts in thousands)	FY03 Actual	FY04 Budget	FY05 Adopted
25 Wages & Benefits	\$ 15,800	\$ 16,656	\$ 16,132
26 Services	7,043	9,378	9,375
27 Fuel, Lubricants & Propulsion Power		5	
28 Materials & Supplies	1,602	1,224	1,138
29 Other Support	5,377	5,352	4,493
30 Acquisitions	157	671	814
31 Communications Total	\$ 29,978	\$ 33,286	\$ 31,953

Communications: Key Performance Plans and Measures

Goal: Improve transit services.	FY02 Actual	FY03 Actual	FY04 Estimated	FY05 Target
Objective: Improve service quality and capacity for bus and rail systems.				
Average wait time on 1-800-COMMUTE (min:sec)	2:02	2:26	3:30	3:15
Value of positive news coverage	n/a	\$3,530,000	\$15,000,000	\$4,000,000
Total radio reach/frequency	n/a	89%/11.0	75%/10.5	75%/8.0
Total newspaper ad distribution per quarter (000)	n/a	56,964	60,500	58,000
Total revenue generated from film leasing	\$348,765	\$703,697	\$525,000	\$550,000
Number of active employer accounts	529	667	750	810
Passes sold through employer accounts	6,692	7,694	8,300	9,130
Number of employees in Rideshare employer accounts	342,271	422,633	450,000	475,000
Club Metro participants	1,513	5,548	6,858	15,000
Number of new transit riders	16,417	20,516	25,000	29,800
Number of vanpools	648	693	740	800

SUPPORT SERVICES

Organization Chart



Strategic Business Unit

Support Services, headed by the Chief Financial Officer, provides cross-functional administrative and financial services to support the Metro's core business units. Support Services is comprised of departments and resources that serve all operating units.

Chief Financial Officer

The Chief Financial Officer (CFO) oversees seven departments: Accounting, Management & Budget, Information Technology Services, Management Audit Services, Procurement & Material Management, Risk Management, and Treasury. The CFO also provides support for Metro's operating and capital plans.

Accounting

Accounting generates financial reports and analyses that are used to support various Metro financial activities and reporting and auditing requirements, including bond issues, billing and reporting to funding partners, and management evaluations of budget variances. Accounting also records Metro's

project accounting, capital assets, fare media, payroll, accounts payable, and accounts receivable transactions.

Management & Budget

The Office of Management & Budget (OMB) develops the annual operating, capital, and subsidy budgets; prepares revenue and expense projections; prepares the annual revision to the ten year forecast; manages operating and capital expenditure and revenue plans; and conducts special studies that analyze key business activities.

Information Technology Services

Information Technology Services (ITS) is responsible for the development, implementation, operation, maintenance, and technical support of Metro's computer systems and integrated communications network.

Management Audit Services

Management Audit Services' role is to strengthen internal controls and to

promote the economy, efficiency and effectiveness of MTA operations. The department accomplishes this mission by completing independent and objective audits and reviews. Management Audit Services assists management by ensuring that: a) MTA operates in accordance with MTA procedures and applicable laws and regulations, b) adequate and effective systems of internal control are in place, c) financial and management data are accurate and reliable, d) MTA contract and contract change order audits are conducted in a timely manner, e) MTA assets and resources are adequately safeguarded, and f) MTA operations are managed economically, efficiently, and effectively. The department also administers the MTA's pre-qualification program, performs management control self-assessments (CSA), and coordinates MTA's tracking of outside audit recommendations.

Procurement & Material Management

Procurement & Material Management's mission is to deliver efficient and cost effective services that are responsive and add value to our client's mission resulting in improved services to MTA customers.

Executive Office, Procurement & Material Management

The Executive Office of Procurement & Material Management provides oversight for the acquisition and post-award management of all goods and services for the MTA. The Executive Office oversees four basic functions: Process Management, Material Management, Contract Administration, and Client/Vendor Services. It provides for the development and implementation of strategic Procurement Initiatives designed to improve service and lower costs.

Material Management

Material Management provides planning, acquisition and control of inventory assets to achieve client service level expectations in a cost effective manner. This includes forecasting material requirements for scheduled maintenance and component rebuild programs, acquiring goods and services, and supplying chain management, inventory storage, security, and timely distribution of materials.

Contract Administration – Construction/Environmental/CP/Planning/Estimating

This department performs pre-award and post-award contract administration, claims negotiation, and contract close-out, and unencumbers physically complete contracts for Capital Projects, Construction, Creative Arts, Environmental, Planning, Management Audit Services, Office of the Inspector General, and Estimating. Estimating prepares independent cost estimates, performs technical analysis of cost proposals, and supports contract negotiations for procurement of construction and professional services.

Contract Administration – Professional Services

Contract Administration – Professional Services supports the procurement of all small purchase non-inventory requirements for Metro and all other procurements for Transit Operations, Communications, Support Services, Chief of Staff business units, and the Advance Transit Vehicle Consortium (ATVC). The department also performs all necessary actions for efficient and effective contracting to ensure contractor compliance, and safeguards the contractual relationship interests of Metro. The department advises Metro

management and program staff on contractual matters, assists in acquisition planning and in the preparation of solicitation packages (i.e., Request for Proposals (RFP) and Invitation for Bids (IFBs)), facilitates the selection process, responds to award protests, negotiates contractual agreements, executes final contract documents, conducts post award contract administration, negotiates modifications, exercises contract options, and manages contract terminations and close-out activities on completed contracts.

– *Client/Vendor Services*

Client/Vendor Services oversees and manages the administrative processes and business information systems in support of Procurement and Material Management and their clients. This includes five major functional areas: operation of the Automatic Storage and Retrieval System (40,000 random storage locations); support of the Purchase Order Module of the Financial Information System; maintenance of the vendor data base and related systems including the department's Internet and Intranet web sites; management and control of documents, reports and records; and the planning and deployment of major systems, such as M3, FIS 11i, Internet Procurement, Internet Supplier Portal, Purchasing Intelligence, e-Marketplace, and TransportMax.

Risk Management

Risk Management is responsible for protecting Metro's assets through the identification, management, and control of insurable risks. These responsibilities include management and oversight of the following: workers' compensation claims administration (including special investigations); Public Liability/Property Damage (PL/PD) claims administration; the placement and administration of appropriate insurance programs; self-insured liability reserves through risk financing techniques; and the recovery of insurance proceeds for damage to Metro property.

Treasury

Treasury forecasts, monitors, and manages cash requirements; oversees and directs the investment of available funds and debt proceeds; and administers the debt program. The Pension and Benefits unit administers all facets of group health and welfare plans, pension plans, 401(k) and 457 deferred compensation, and unemployment insurance, and provides retirement and financial counseling programs. The Revenue Administration unit collects, counts, and deposits fare revenue; inspects and monitors fare collection facilities, equipment, and procedures; participates with law enforcement to counteract counterfeit fare media; and maintains and repairs Ticket Vending Machines (TVM) fare collection equipment.

Significant Changes in FY05

Accounting

- Continue improvements in Metro's fringe benefits chargeback methodology.

Office of Management & Budget

- Implement and utilize a new cost allocation plan to more accurately report general and administrative expenses.
- Implement an integrated performance monitoring management system (MTA Scorecard).
- Enhance the Budget Information and Analysis System (BIAS) to automate manual processes within the system and reduce turnaround time.
- Develop "life of project" reporting in the Financial Information System (FIS) for capital projects.

Information Technology Services

- Budget reductions have resulted in FTE reductions from 154 in FY04 to 142 in FY05.
- Capital projects scheduled for completion in FY05 include Maintenance and Material Management (M3), Oracle HR/Benefits, and Real Estate Property Management system.
- Through the Workstation Refresh Program, 20% of Metro's desktop computer systems will be replaced.

Management Audit Services

- Reduced full-time employees and overall departmental budget by 31%.
- Relocated Contract Services staff from the Wilshire Blvd. location to Gateway Plaza.

Procurement & Material Management

- Minimize material flow disruptions with reduced transportation.
- Transition to M3 without impacting material service delivery.
- Implement an effective material provisioning plan for new equipment.
- Improve procurement cycle times.
- Implement strategic sourcing.

Risk Management

- Assume administration of 1,150 open workers' compensation claims formerly administered by Travelers Insurance Company. With proceeds from the settlement with Travelers, Metro will increase staffing by 8 employees to handle these claims. This change will result in the probability of future savings in claims administrative expense.
- Implementation of the Transitional Duty Program adopted by the Board. With the successful completion of the pilot program in FY04, Metro will expand this program Agency-wide.
- Expand the number of Key Performance Indicators on the Scorecard to include lost work days and reported workers' comp (WC) claims versus accepted WC claims.

Treasury

- Pursue additional debt refunding opportunities utilizing interest rate swaps or other financial tools.
- Perform administration for ATU Health & Welfare Trust including conducting open enrollment, verifying coverage eligibility and processing monthly premium payments, troubleshooting claims for employees, and other tasks as necessary.
- Coordinate and implement the replacement of fare collection equipment including 242 ticket vending machines, 2,700 fare boxes, and 300 stand-alone validators to facilitate transition to Universal Fare System.
- Perform pilot testing for Universal Fare System at Division 9.

Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

Support Services Reports

Department FTEs	FY03 Adopted	FY04 Budget	FY05 Adopted
1 Accounting	84	83	82
2 Treasury	68	65	63
3 Office of Management & Budget	24	22	22
4 Office of the CFO	2	2	2
5 Information Technology Services	164	154	142
6 Management Audit Services	68	55	38
7 Procurement & Material Mgmt	271	258	242
8 Risk Management	58	40	39
9 Support Services Total FTEs	739	679	630

Expenditures (Amounts in thousands)	FY03 Actual	FY04 Budget	FY05 Adopted
10 Accounting	\$ 11,707	\$ 16,593	\$ 11,183
11 Treasury	334,506	315,633	336,024
12 Office of Management & Budget	2,196	2,493	2,519
13 Office of the CFO	297	353	373
14 Information Technology Services	41,586	34,263	26,910
15 Management Audit Services	8,730	8,019	5,554
16 Procurement & Material Mgmt	23,995	26,597	26,387
17 Risk Management	33,779	43,162	45,265
18 Support Services Total	\$ 456,795	\$ 447,111	\$ 454,216

Expenditure Types (Amounts in thousands)	FY03 Actual	FY04 Budget	FY05 Adopted
19 Wages & Benefits	\$ 56,575	\$ 51,001	\$ 47,981
20 Services	41,972	36,283	42,335
21 Materials & Supplies	3,407	4,663	5,024
22 Casualty & Liability	28,088	38,459	40,507
23 Other Support	20,688	16,620	15,443
24 Acquisitions	2,605	7,831	2,180
25 Subsidies	4,356		
26 Debt & Transfers	299,104	292,255	300,746
27 Support Services Total	\$ 456,795	\$ 447,110	\$ 454,216

Support Services: Key Performance Plans and Measures

Accounting

Goal: Develop an effective and efficient workforce.	FY02 Actual	FY03 Actual	FY04 Estimated	FY05 Target
Objective: Streamline internal processes.				
Number of days to pay invoices from invoice date	30	35	30	30
Percent reduction from previous year in number of unprocessed/ unmatched invoices over 90 days outstanding	21%	95%	50%	10%
Number of days from submittal date to pay properly approved Expense Reports	10	6	6	5
Number of days from month end to submit accurate grant billings	9	8	8	7
Percent of errors in paychecks issued (including special checks)	16%	2%	2%	1%
Percent reduction from previous year-end in amount of uncol- lected accounts over 90 days outstanding	n/a	64%	10%	10%
Number of calendar days to complete the CAFR	180	180	180	150
Number of working days to complete FTA Quarterly Financial Report submittals	45	45	45	45
Number of days from year-end close to submit annual NTD Report	150	113	120	120
Number of calendar days from year-end to complete Proposi- tion A & C audit	n/a	n/a	120	120
Number of calendar days from quarter-end to submit State Controller's Report	83	83	90	90
Number of calendar days from year-end close to submit BAD Reports	n/a	n/a	150	150
Number of working days to complete month-end financial closing	10	9	8	8
Number of FIS accounting and end user reports, including service sectors, developed every quarter	n/a	4	4	2
Percent of returned fare media stock (passes/discount stamps) compared to total issued/delivered to agents/vendors	25%	34%	35%	25%
Number of months from completion of year-end audits to prepare indirect cost plan	n/a	6	6	5
Number of working days from quarter-end closing to prepare and maintain activity based costing (ABC) reports	n/a	n/a	n/a	2
Objective: Enhance a safety-conscious culture throughout Metro and its customers and business partners.				
Percent of employees sent to Safety's 1st training	25%	100%	100%	100%
Programs or materials developed to promote safety and reduce injuries in the department	1	1	1	2

Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

Office of Management & Budget

Goal: Exercise fiscal responsibility.	FY02 Actual	FY03 Actual	FY04 Estimated	FY05 Target
Objective: Manage the approved budget.				
Percent of budget expended (budget to actual)	79.8%	87.5%	75.9%	90.0%
Percent of revenue collected (forecast to actual)	95.5%	92.1%	93.2%	95.0%
Objective: Implement efficient and effective cost allocation plans.				
Cost allocation plan developed	n/a	n/a	n/a	31-Jul-04
Objective: Implement an integrated performance monitoring management system.				
MTA Scorecard with at least ten key performane indicators goes into usage	n/a	n/a	n/a	31-Dec-04
Objective: Conduct monthly performance monitoring reviews to assess financial performance.				
Maximum data error rate (based on number of KPI's) on MTA Scorecard	n/a	n/a	n/a	10%
Maximum number of hours after pay date to access updated MTA Scorecard data	n/a	n/a	n/a	48
Percent of eligible expenses allocated monthly according to cost allocation plan	n/a	n/a	n/a	100%

Goal: Develop an effective and efficient workforce.	FY02 Actual	FY03 Actual	FY04 Estimated	FY05 Target
Objective: Invest in employee development.				
Percent of OMB staff memers who have attended at least one training class per fiscal year	100%	100%	100%	100%

Support Services: Key Performance Plans and Measures, continued

Treasury

Goal: Exercise fiscal responsibility.	FY02 Actual	FY03 Actual	FY04 Estimated	FY05 Target
Objective: Conduct monthly performance monitoring reviews to assess financial performance.				
Percent of Positive Pay Exceptions resolved within 4 hours of notification	100%	100%	100%	100%
Total return of Operating Fund portfolios in comparison to market-weighted composite index of 91-day T-bills and Merrill Lynch 1 - 3 yr Govt/Corp Index (>1 = better than composite, <1 = worse than composite)	>1	>1	<1	>1
Percent of Retirement Applications processed within 60 days of receiving all required information	100%	98%	95%	95%
Percent of 401(k)/457 enrollment/payroll deductions and changes processed within the pay period submitted	95%	100%	95%	100%
Percent of Health and Welfare and benefit plan premiums paid by established due dates	100%	100%	100%	100%
Percent of Unemployment Insurance cases won (prtestable claims)	96%	96%	90%	90%
Percent of time ticket vending machines are out of service	14%	12%	9%	6%
Frequency of bus revenue collection results and comparison data by bus division	daily	daily	daily	daily
Frequency of rail revenue collection results and comparison data by line	weekly	weekly	weekly	weekly

CHIEF OF STAFF

Organization Chart



Strategic Business Unit

The Chief of Staff includes Administration, Diversity & Economic Opportunity, Community Relations, Labor/Employee Relations, Government & Board Relations, and Policy, Research, & Library Services.

Executive Office, Chief of Staff

The Executive Office of the Chief of Staff oversees key programs and coordinates all areas of the MTA, including the implementation of the Chief Executive Officer's initiatives, with the emphasis of customer focus and a commitment to safety. The Chief of Staff provides the Chief Executive Officer with the resources to manage the MTA in a professional manner. The Executive Office also provides sound, prudent policy recommendations, advice, and counsel in the development of strategies and the resolution of sensitive and complex political, business, and governmental issues. Additionally, the Executive Office directs and executes the strategic mission, vision, and values of the MTA, and provides direction toward the achievement of its annual performance goals and objectives.

Administration

Administration is responsible for four essential functions: General Services, Human Resources, Real Estate, and Organizational Development and Training (OD&T). These critical functions support agency-wide activities and projects.

Executive Office, Administration

The Executive Office provides leadership and management oversight of administrative services such as building management and real estate services, human resources, ADA Compliance, and organizational development and training activities, as well as development of agency-wide administrative policies.

General Services

General Services provides Gateway building management, records management, copy and mail services, travel coordination, and rubbish oversight.

Human Resources

Human Resources furnishes administration and guidance on all aspects of personnel management for the MTA including recruiting and staffing, compensation, job classification, leave

Los Angeles County Metropolitan Transportation Authority
FY05 Adopted Budget

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APPENDIX 1: MTA BUDGET PROCESS

Budget Overview

The annual budget, as adopted by the Board of Directors, is the legal authority to obligate and spend funds. It includes all operating, capital and debt service requirements of the MTA for the fiscal year, July 1st to June 30th. The annual budget is comprised of operating and capital budgets.

The operating budget provides a summary of the planned revenues and expenditures for the fiscal year for MTA services and programs including the following:

- All revenue and expenditure/expense assumptions and projections.
- Revenue Service Hours and miles of bus and rail service.

The operating budget includes Metro Bus and Metro Rail operations, Freeway Service Patrol (FSP), planning activities and projects, property management activities, debt service, and agency administration. The operating budget is comprised of the Enterprise, General, Special Revenue, Internal Service and Debt Service Funds.

The capital budget process has been integrated into the annual budget process. The capital budget includes all capital projects including transit corridor and rail construction projects and the Capital Program (CP). The CP consists of all activities associated with bus acquisition, bus and rail capital improvements, facility construction and other capital improvements such as information technology enhancements. When the Board of Directors approves a capital

project, it authorizes the schedule and total expenditures over the life of the project.

The annual budget authorizes the anticipated expenditures of the total project budget and the scope of work to be completed within the current fiscal year. Capital projects funding requirements extend over multiple budgetary periods. The approach to providing flexible funding over the life of the project requires the re-appropriation of unexpended carryover revenues and expenses from the prior fiscal year.

The MTA also includes in its annual budget funds provided for regional programs through grants of local funds or indirectly through allocating Federal and State grants to local agencies and transit operators throughout Los Angeles County. Funds are allocated to other governmental agencies in accordance with legislative requirements, Board of Directors policy, or through a competitive awards process known as the Call for Projects (CFP). The Board of Directors approves the projects recommended for funding through the annual budget and the competitive process.

Regional programs funded in the Special Revenue Fund include capital and operating allocations to municipal bus operators, direct disbursements to Los Angeles County municipalities for transportation programs, and services for disabled persons provided by Access Services, Inc (ASI).

MTA's financial records reflect only those funds that are actually received and directly disbursed by the MTA.

Budget Workflow

In accordance with the Financial Standards, the annual budget is adopted before July 1st to define the legal level of expenditures/expenses for the fiscal year. Budgeting for the fiscal year is divided into three phases: (1) budget formulation and preparation; (2) budget presentation and reviews; and (3) budget implementation.

Budget Formulation and Preparation

- Initial planning, development of assumptions, preparation of instructions and training materials began in January after a mid-year review of the FY04 budget.
- FY05 Budget Kickoff meetings were held with departments in mid-February 2004.
- Budget system training classes were held in February 2004.
- Preparation of the FY05 budget began in February 2004 with departments developing expense and labor requests that were submitted to their Executive Officers for approval before submittal to the Office of Management and Budget (OMB) in March.
- Capital Project (CP) expense and labor requests were submitted by departments to the assigned Project Manager for approval prior to being included in the department's budget request to their Executive Officer.

Budget Reviews

- The Capital Plan was developed concurrently with the annual operating

budget. Recommendations for the update to the Capital Plan were reviewed with the Capital Review Committee in December 2003.

- Project and department level reviews of budget requests were completed in April 2004.

Adoption Phase

- A workshop was held for the Board of Directors on April 12, 2004.
- The summary of the proposed budget was released to the Board of Directors and public on May 5, 2004.
- MTA staff briefed the Board of Directors staff on May 12, 2004.
- The public hearing was held on May 20, 2004, in conjunction with the Finance and Budget Committee meeting.
- The annual budget and the Capital Plan updates were adopted on June 7, 2004, at a special Board of Directors meeting.

Budget Implementation

- The FY05 Budget will be implemented on July 1, 2004.
- Periodic financial reports are prepared to enable management to monitor and control the budget.
- Quarterly financial reports are prepared by Finance and presented by the Chief Financial Officer to the Board of Directors. These reports monitor financial performance and ensure compliance with approved budget.

Budget Basis

The MTA is a single, integral entity for budgeting and accounting purposes. Annual budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP) for all governmental and proprietary funds, except that depreciation and amortization are not budgeted. The Governmental Accounting Standards Board (GASB) defines a fund as a *“fiscal and accounting entity with a self-balancing set of accounts that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.”*

Funds are classified and budgeted into three categories: governmental, proprietary, and fiduciary. Governmental includes the General, Special Revenue, Capital Projects, and Debt Service Funds. The proprietary category includes the Enterprise and Internal Service Funds. The fiduciary fund category includes agency funds for BAD and the EZ Pass Program. All governmental funds are accounted for using the modified accrual basis of accounting, meaning that revenue is recognized when it is both measurable and available. The proprietary and fiduciary funds use the accrual basis of accounting in which revenue is recognized when it is earned or received.

MTA uses Special Revenue funds to account for those funds that are restricted by purpose and use. The Special Revenue fund reflects MTA’s responsibility to administer special transportation programs as well as its duty to allocate transportation funds to local and regional agencies throughout Los Angeles County.

In addition, MTA is responsible for acting as a trustee for certain funds, such as pension trust funds and restricted agency funds, which are held by the MTA as an agent for individuals, private organizations, or other funds. MTA uses fiduciary funds to account for these assets. Benefit Assessment District (BAD) funds are trustee funds that MTA collects and serves as the trustee for debt payment. The outstanding debt is an obligation of the Benefit Assessment District; MTA administers the program through the collection of taxes from property owners and payments to bondholders.

The MTA also receives and disburses EZ Pass monies. EZ Pass is a regional fare medium good for passage on participating regional transit providers. All EZ Pass revenues are sent to the MTA, which distributes them to the transit providers.

Service Authority for Freeway Emergencies (SAFE) administers the Los Angeles County Call Box program, which coordinates emergency services to motorists on freeways. SAFE is an independent financial entity component unit. SAFE funding is derived from the \$1 fee collected on California annual vehicle registrations.

Budget Policies and Procedures

The annual budget is developed on the basis of the combination of two budget methodologies. Continuation level budgeting is used to develop the funding and resources necessary to sustain critical operating, special programs and previously approved capital projects. The agency uses the “zero-based budgeting” methodology to determine resources for new programs and capital projects as well as general and administrative expenses.

The MTA's Chart of Accounts is reviewed and supplemented on an annual basis.

In accordance with the Financial Standards, the Finance unit monitors revenues and budget expenditures throughout the fiscal year.

For all MTA accounting funds, budgetary oversight and control is attained through checking available funds for non-labor transactions. Available funds are identified as unspent and unencumbered. Available funds are verified for a department and project by monitoring combined budget totals for non-labor account categories or for individual acquisition-related accounts.

Budget Amendments

Budget detail is a management plan for financial activity and is prepared at the fund, project, department and account level. The legal level of control is at the fund level.

Total expenditures cannot exceed the final appropriation adopted by the Board, with the exception of unspent capital funds "carried over" from the preceding year. During the fiscal year, changes in law, economic conditions and emergencies can have an impact on budget authority. Spending authority may be increased or decreased throughout the fiscal year as unanticipated situations arise.

Management may make revisions within operational and project budgets only when there is no net dollar impact to the total appropriations at the fund level. As such, the Chief Executive Officer can approve administrative revisions to the financial plan if changes are consistent with the appropriation by fund.

MTA's source of authority to make changes is rooted in disclosure on financial policy as stated in MTA's Comprehensive Annual Financial Report (CAFR) where reference to the legal level of authority is at the fund level so that staff has the ability to make changes within that legal authority.

Capital Program Budget

The Capital Program (CP) budget process was completed as part of the FY05 budget process. Project managers are responsible for analyzing the status of their funded projects (re-forecasting of schedules, costs, etc.) throughout the fiscal year. Their estimates for the work to be completed in the current fiscal year impacts the department budget established for the next fiscal year. Project managers submitted new projects for consideration through the CP budget process in the second quarter of the current fiscal year.

The CP budget process:

- authorizes capital projects and associated funding plans,
- defines project costs in terms of labor and non-labor costs,
- estimates the operating impact of the capital investment (including cost increases),
- identifies new requirements or projects since the adoption of the prior CP, including changes to the life-of-project budget, and
- determines which prior year projects will not be completed as scheduled in the current fiscal year.

The CP is developed based on project rankings, project readiness, available agency resources, and funding. Project

managers gathered project information (current and new projects) and submitted the information to OMB in the second quarter of FY04. OMB compiled the information and disseminated the information to Element Sponsors (department executive officers, directors, etc.). Element Sponsors reviewed and ranked projects, then compiled a list of proposed projects for the next fiscal year.

OMB assembled the proposed project lists and submitted the list to Executive Management. Executive Management reviewed the list of recommended capital projects and further prioritized the projects to match available revenues. OMB submitted the approved CP to the MTA Board of Directors for review and adoption in the fourth quarter as part of the FY05 budget.

APPENDIX 2: FINANCIAL STANDARDS POLICY

Policy Statement

The Board shall review and approve a set of Financial Standards each year as part of the annual budget and financial planning process.

Purpose

The Financial Standards shall be divided into three sections:

General Financial Standards - The purpose of the general standards is to ensure that MTA prudently manages its financial affairs and establishes appropriate cash reserves to be able to meet its future financial commitments.

Debt Financial Standards - The purpose of the Debt Standards is to limit the level of debt that may be incurred and to ensure that debt assumptions used in financial planning are based on financial parameters similar to or more conservative than those that would be placed on MTA by the financial marketplace. These standards will be consistent with the Board-approved Debt Policy.

Business Planning Parameters - The purpose of the Business Planning Parameters is to provide management with a framework for developing the following year's budget and other MTA financial plans and establishes future business targets for management to achieve.

Application

This policy applies to all MTA financial plans.

1.0 Procedures

- 1.1 The Management Team will review each of the Financial Standards areas annually.
- 1.2 The MTA's performance against the Financial Standards shall be measured and reported to the CEO throughout the year on a regular cycle.
- 1.3 At least annually, a mid-term report of the MTA's financial and programmatic performance will be presented to the Board.
- 1.4 The Financial Standards may be amended or waived by the Board on a case-by-case basis.

2.0 Definition of Terms

- 2.1 **Financial Plan** – Any plan, denominated in financial terms, that represents the MTA's official intentions to external parties, including other levels of government and their agencies, stakeholders, business partners and customers of the transportation system in Los Angeles County.
- 2.2 **CEO** – The MTA's chief executive officer or designee.
- 2.3 **Management Team** – Appointed by the CEO.
- 2.4 **Budget** – The financial plan that summarizes the MTA's intentions during a fiscal year.

2.5 Capital Program – The financial plan that details the MTA’s investment in its own assets over a five-year period. The Capital Program is updated and included in each year’s budget. The current year’s expenditures are appropriated within the budget.

3.0 Responsibilities

3.1 OMB shall be responsible for conducting the periodic performance reviews required under this policy.

3.2 Based on inputs from all units of the MTA, OMB shall be responsible for presenting the updated financial standards to the Board for review and approval.

4.0 Flowchart

Not applicable.

5.0 Reference

5.1 MTA Debt Policy

5.2 MTA Investment Policy

6.0 Attachments

None.

7.0 Procedure History

7.1 Initial Action – February 2002

Adoption of this policy supersedes the following previously adopted policies that are subsumed by FIN 25 or are procedural in nature and will be administered under the authority of the CEO:

Fin 1 Fiscal Policies (General)

Fin 2 Budget Preparation and Approval

Fin 3 Budgetary Controls

Fin 4 Budget Amendments and Adjustments

Fin 5 Fiscal Monitoring & Reporting

Fin 6 Funds Programmed to Other Agencies

Fin 7 Contingency Fund

Fin 8 Chart of Accounts

Fin 9 Revenue Policies

APPENDIX 3: MTA FY04-05 FINANCIAL STANDARDS

The Financial Standards are divided into three sections: General, Debt, and Business Planning Parameters. The purpose of the General standards is to ensure that MTA prudently manages its financial affairs and establishes appropriate cash reserves. The purpose of the Debt standards is to limit the level of debt that may be incurred and to ensure that debt assumptions are based on financial parameters similar to or more conservative than those that would be placed on MTA by the financial marketplace. Actual debt covenants may differ from these standards. In accordance with the MTA's Debt Policy, where this occurs, the actual covenants will be disclosed in the Board report supporting the debt issuance. The Business Planning Parameters provide management with a framework for developing the following year's budget and other longer range financial plans and establishing future business targets for management to achieve.

Financial Standards – General

- G1. Complete and accurate accounting records shall be maintained in accordance with Generally Accepted Accounting Principles as promulgated by the Government Accounting Standards Board. MTA's fiscal year-end for financial reporting purposes shall be June 30.
- G2. An independent accounting firm shall perform an examination of MTA's consolidated financial statements (including Single Audit requirements) and MTA's retirement plan financial

statements on an annual basis. The MTA's goal is to receive an unqualified opinion on the financial statements and an opinion that MTA is in compliance with Federal Single Audit requirements in all material respects and to receive the Government Finance Officers Association (GFOA) award for excellence in financial reporting.

- G3. Funds of the MTA shall be invested within the guidelines of the Board's approved Investment Policy and in compliance with applicable State law, California Government Code Section 53600 et seq.

In accordance with the Investment Policy, the Board shall approve the Financial Institutions Resolution that designates the MTA Officials empowered to open, close, or authorize changes to accounts and authorizes MTA Officials to designate individuals as Official Signatories for the MTA's financial accounts.

- G4. An annual actuarial analysis shall be performed on all MTA self-administered retirement plans. The MTA shall make annual contributions that, when combined with employee contributions, fund actuarially computed costs as they accrue.
- G5. Appropriate insurance coverage shall be maintained to mitigate the risk of material loss. For self-insured retentions, the MTA shall

record the liabilities, including losses incurred but not reported, at 100% of the net present value.

It is the MTA's goal that restricted cash balances are maintained in amounts equal to the estimated liabilities but in no event less than the next year's projected cash outflows. An actuarial review of self-insured liabilities will be made annually.

- G6. Since sales taxes are received on a monthly basis, the allocations among the various ordinance categories shall also be recorded monthly.

Expenditures against appropriations are limited to cash actually on hand during the fiscal year.

- G7. Sales tax collections received during a fiscal year that are in excess of the sales tax budget for that year shall be reported as unreserved, designated fund balances in the Special Revenue Fund. Excess Local Return monies are disbursed when received. Any other excess balances may only be expended pursuant to Board authorization. Such funds are generally available for appropriation in the subsequent budget cycle in accordance with their ordinance designations.

- G8. The fiscal year of MTA shall end on June 30 of each year. By January of each fiscal year, the Board should review and approve a set of Financial Standards that can be

used by management as a framework for developing the following year's Budget. The Board shall approve the Budget by June 30 of each fiscal year.

- G9. The annual budget establishes the legal level of appropriation for a year. The budget shall include operating, capital, regional funding and other components necessary to implement the policy directions contained in previously Board adopted longer-term plans, i.e., LRTP, SRTP. The budget shall be prepared in a fashion to clearly describe the projects and programs contained therein and to receive the GFOA award for excellence in budgetary presentation.

- G10. The MTA shall adopt a long-range (covering at least 20 years) transportation plan for Los Angeles County at least once every five years. For interim years, staff will report on changes affecting the major financial assumptions of the plan and progress toward the implementation of new projects and programs. The plan update report shall also highlight Board approved actions taken during the interim period that affect the plan outcomes or schedules.

- G11. Annually, the MTA shall adopt a five-year (short-range) transportation plan (SRTP) for Los Angeles County. The plan will include service levels and ridership by mode for each of the years. The five-year plan will also identify the capital investment needs to support the existing regional system and regional service expansion. The

plan will also identify key performance indicators by which to measure the MTA's accomplishment of the plan's goals.

- G12. The MTA shall maintain a cost effective system of internal control to adequately safeguard the MTA's assets. In assessing the internal control system, management must weigh the cost of control against the expected benefit to be derived from its implementation.

Recommendations for improvements to the MTA's system of internal controls are requirements of the various regularly scheduled and specifically directed audits that are performed in accordance with generally accepted governmental auditing standards. These recommendations, management's action plans and progress toward implementation will be reported to the Board's Executive Management and Audit Committee on a regular basis.

Financial Standards - Business Planning Parameters

- B1. Sales tax revenue forecasts shall be based on a sales tax model developed specifically for the Los Angeles County by an independent economist, except for the initial two years, which may be based on management's best estimate. The sales tax forecast for development of the FY05 budget will be \$595.0 million for Prop A and \$594.9 million for Prop C, consistent with

the 10 Year Forecast dated July 2003.

- B2. Passenger revenue forecasts shall be derived from ridership and average fare forecasts based on the MTA's approved fare policy and fare structure.

The Board will review and update the fare policy on a regular cycle, at least each 5th year since prior review and approval. From time to time, management may propose fare modifications to achieve transit ridership improvements and subsidy per passenger targets (see B4) and to maintain MTA's financial viability.

- B3. The Board desires to steadily improve service efficiency over time. It is the MTA's long-term strategy to achieve this by reducing the subsidy per passenger ratio (operating expenses, excluding depreciation, minus operating revenues divided by passenger boardings). Subsidy per passenger for the MTA's bus and rail system may not be higher in FY05 than \$1.37 plus the additional subsidy required for load factor mitigation.

- B4. For MTA operated bus and rail service, cost per revenue vehicle service hour (measured separately for bus and rail) may not increase by more than the projected rate of inflation for the Los Angeles area, plus the incremental costs associated with the addition of new services, programs, and/or facilities as approved by the Board. The projected incremental cost impact on cost per revenue vehicle service

- hour of new services, programs, and/or facilities shall be presented to the Board for approval as part of the annual update of the SRTP each year.
- B5. Service planning assumptions for bus operations will be based on 2.1% annual ridership growth and 2.5% annual growth in rail passenger demand.
- B6. For FY05 MTA's staffing, measured in FTE's, will be held to the FY04 level adjusted for service expansion or other new scope that has been approved by the Board.
- B7. Regional programs such as local return, formula allocation procedure and Call for Projects shall be funded according to the terms of the laws, regulations and/or discretionary procedures approved by the MTA Board.
- B8. The capital plan covers MTA's assets including major transportation infrastructure projects, i.e., BRT, LRT, bus maintenance facilities, and is included in each annual budget. The capital plan shall include funding for asset replacement and expansion projects. Capital projects in excess of \$1 million shall be listed separately for approval by the Board.
- Timely replacement of assets shall be the highest priority to ensure a safe system. Accordingly, the capital plan shall include replacement reserves by major asset category to ensure adequate
- future funding. The reserve levels shall be based on management's assessment of the asset category's condition.
- Expansion projects not previously approved in the short-range plan shall be prioritized based on the project's cost, impact on ridership, return on investment, available funds, and other relevant factors. An inflation rate of 4% shall be used for expansion capital projects.
- B9. MTA applies for and receives discretionary Federal and State funding. Discretionary funding shall be requested for major system expansion projects or extraordinary transit capital needs. (e.g., BRT, LRT or new bus maintenance facilities). Discretionary funding levels shall be estimated by project based on appropriate State and Federal criteria and the likelihood of obtaining approvals.
- The Board shall approve all discretionary State and Federal funding requests by project or program each year.
- B10. Prop A and C administrative funds (Admin) are appropriated through the MTA's annual budget from the Special Revenue Fund to the General Fund to pay for activities not required to be accounted for in other funds. The following statements provide guidance for appropriation and use of Prop A and C administrative funds.

Appropriation

Based on past practice, up to 5% of Prop A may be appropriated for administrative purposes.

The Prop C ordinance allows up to 1.5% to be appropriated for administrative purposes.

Admin funds are transferred from the Special Revenue Fund to the General Fund as received, limited to the lesser of appropriations or actual sales taxes received.

Admin funds must be expended or encumbered within one year after the end of the year of appropriation. Lapsing is accounted for on the first-in, first-out basis. Lapsed Admin funds, if any, are returned to the Special Revenue Fund at the end of each year for re-appropriation through the next budget process.

Eligible Uses

Administrative activities include the planning, management, execution, use and conduct of the projects and programs funded by Prop A and C funds.

Admin funds may not be used for operating or building the transit system or regional programs that are operations-related.

Examples, not an all-inclusive listing, of eligible uses of administrative funds:

- Indirect costs that are not allowable under federal guidelines, OMB Circular A-87, i.e., lobbying, interest

expense, bad debt expense, cost of general governance.

- Indirect costs that MTA elects not to allocate through its annual FTA approved cost allocation plan (CAP) because to do so might burden projects or programs in an inequitable manner.
- Development of planning and programming documents required by federal and state regulations and MTA Board policy.
- Activities that benefit MTA projects and programs indirectly such as internships, career development, training programs, etc.
- Transportation planning activities including bus, rail, highway and other surface transportation modes.
- Consent decree oversight.

The proposed expenditure programs for these activities will be shown in detail in the annual budget. Actual expenditures will be shown in the annual comprehensive financial report.

Financial Standards - Debt

- D1. MTA may not enter into a debt or financing arrangement unless the transaction is in full compliance with all applicable provisions of applicable state and federal laws and the MTA's Debt and Interest Rate Swap Policies.
- D2. Long-term debt may be included in the budget or longer range plans; however, no such debt shall be incurred without the specific approval of the MTA Board.
- D3. Reserved

- D4. The average life of debt instruments shall not exceed the average useful lives of the assets financed.
- D5. Reserve funds that may be required by the financial markets for each debt issuance shall be maintained. Cash and securities, insurance or surety bonds may fund these reserves. For financial planning purposes, reserve requirements shall be included in the par amount of debt issued.
- D6. MTA shall maintain a legal security structure of liens, agreements, pledged revenues, and other covenants which will be sufficient to secure rating of "A" or better on sales tax backed securities and secure A1 or P1 rating on other short-term debt, and, if necessary, to secure credit enhancement from financial institution with a rating of "AA" or better.
- D7. Debt service coverage ratio minimums by sales tax ordinance categories are shown in the MTA's Debt Policy. For financial planning purposes, those ratios shall not be exceeded in the development of longer-term financial plans.

APPENDIX 4: REVENUE DETAIL - FY05 BUDGET

Fund Type	Revenues	Assumptions	Application/Uses
<i>Sales Tax Revenues</i>			
Proposition A	\$656.9 million in revenues include \$61.9 million in carryover funds and \$595.0 million in new sales tax.	The FY05 sales tax forecast was based on the average growth for period FY02 through FY04 estimated at 4.1%.	All areas of budget-operations, debt service, general fund, planning projects, rail construction, and subsidies.
Proposition C	\$793.6 million in revenues include \$198.7 million in carryover funds and \$594.9 million in new tax revenues.	The FY05 sales tax forecast was based on the average growth for period FY02 through FY04 estimated at 4.1%.	All areas of budget-operations, debt service, general fund, planning projects, bus procurement, and subsidies.
Transportation Development Act (TDA)	\$447.3 million in revenues include \$144.8 million in carryover funds and \$302.4 million in new tax revenues.	The FY05 sales tax forecast was based on the average growth for period FY02 through FY04 estimated at 4.1%.	MTA bus operations, local match to capital projects, subsidies to municipal bus operators.
State Transit Assistance (STA)	\$74.2 million in revenues include \$44.8 million carryover funds and \$29.5 million in new revenues.	Projection is based on the January 23, 2004 State Controller's Report of allocated funds to L.A. County.	MTA agency-wide capital and rail operations, subsidies to municipal bus operators.
<i>Intergovernmental Revenues</i>			
<i>Local Revenues</i>			
Access Service Inc – ASI (RSTP Federal Funds)	\$47.9 million in new revenues.	Based on Board-approved funding plan.	ADA Compliance program.
Department of Water & Power (LADWP)	\$200,000 in new revenues.	Based on estimate of work to be completed.	Reimbursement for activities on Orange Line.
Joint Development – Grand Central Market	\$2.3 million in new revenues.	Based on new schedule of anticipated cash flows as projected by developer.	Debt repayment for CRA Housing and Redevelopment.
<i>State Revenues</i>			
State Regional Improvement Funds	\$13.3 million in new revenues	Based on estimate by Countywide Planning staff of anticipated grant funds. Funds reimbursed to MTA as expenditures are incurred.	Universal Fare Collection System
State Highway Account	\$1.7 million in new revenues	Based on estimate by Countywide Planning staff of anticipated grant funds. Funds reimbursed to MTA as expenditures are incurred.	Universal Fare Collection System
Freeway Service Patrol State Grant	\$6.5 million in new revenues.	Based on State Highway Operations Dept. estimate of anticipated grant funds from Caltrans for Freeway Service Patrol project.	Freeway Service Patrol Program (FSP).

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Fund Type	Revenues	Assumptions	Application/Uses
State Other	\$209,000 in revenue for Pedestrian/Bikeway enhancements.	Based on estimate by Countywide Planning staff of anticipated grant funds. Funds reimbursed to MTA as expenditures are incurred.	Access to Job program, SCAG Employer Rideshare Service Project, and the I-710 MIS study.
<i>Federal Revenues</i>			
Section 5309 [3] Capital – New Starts	\$65.7 million in available revenues.	Assumed to average \$70 million annually through FY 2013. Funds reimbursed to MTA as expenditures are incurred.	Metro Gold Line Eastside Extension.
Section 5309 [3] Fixed Guideways	\$46.4 million in available revenues.	Assumed guaranteed level of TEA-21 and projected added eligible miles that become seven years old during the plan period. Funds reimbursed to MTA as expenditures are incurred.	Rail asset acquisition and facility improvements.
Section 5307 [9] Capital	\$66.7 million in available revenues.	Assumed at the guaranteed level of TEA-21 as determined by the federal formula and SCAG implementing formulas. Section 5307 funds reimbursed to MTA as expenditures are incurred.	Bus capital leases, bus facility improvements, and information technology improvements.
Congestion Mitigation and Air Quality (CMAQ)	\$88.7 million in available revenues.	Based on State Implementation Plan that has been approved pursuant to the Clean Air Act. Funds reimbursed to MTA as expenditures are incurred.	Universal Fare Collection System, Mid-City Wilshire BRT/ Division 10 Expansion, and alternate fuel high capacity buses.
Federal TEA	\$5.8 million in available revenues.	Based on estimate by Countywide Planning staff of anticipated grant funds. Funds reimbursed to MTA as expenditures are incurred.	SFV East/West Bikeway project.
Regional Surface Transportation Funds (RSTP)	\$21.2 million in available revenues.	Based on estimate by Countywide Planning staff of anticipated grant funds. Funds reimbursed to MTA as expenditures are incurred.	FTA Grantee pass thru subsidies program, system safety and security project, and light rail vehicle enhancements project.
Federal Homeland Security	\$3.2 million in new revenues.	Based on Department of Homeland Security grant.	Enhancements to Red Line closed circuit television system, security communication system, and acquisition of emergency response vehicles.

Appendix 4: Revenue Detail - FY05 Budget, Continued

Fund Type	Revenues	Assumptions	Application/Uses
Federal Highway Administration (FHWA) – Los Angeles County	\$1.0 million in new revenues.	Based on estimate by Countywide Planning staff of anticipated grant funds. Funds reimbursed to MTA as expenditures are incurred	Bus operating facilities.
Federal Other	\$13.1 million in available revenues includes \$12.6 million for Regional Grantee FTA and \$460,000 for Job Access Reverse Commute Rideshare Service.	Based on estimate by Countywide Planning staff of anticipated grant funds. Funds reimbursed to MTA as expenditures are incurred.	Regional Grantee FTA Pass-thru and Rideshare Service.
<i>Investment Income Revenues</i>			
Prop A Interest	\$2.0 million in available revenues include \$406,000 in carryover funds and \$1.6 million in new revenues.	New revenue estimate is based on FY03 actual revenues adjusted for lower interest yield.	MTA bus operations and Municipal Bus operators.
Prop C Interest	\$12.7 million in revenues includes \$4.7 million in carryover funds and \$8.0 million in new revenues.	New revenue estimate is based on FY03 actual revenues adjusted for lower interest yield.	MTA bus operations and Municipal Bus operators.
TDA Interest	\$3.4 million in revenues includes \$1.2 million in carryover funds and \$2.2 million in new revenues.	New revenue estimate is limited to portion of funds that is allocated through FAP.	MTA bus operations and Municipal Bus operators.
STA Interest	\$500,000 in new revenues.	New revenue estimate is limited to portion of funds that is allocated through FAP.	MTA bus operations and Municipal Bus operators.
General Fund-Interest Revenue	\$800,000 in new revenues.	New revenue estimate is based on FY03 actual revenues adjusted for lower interest yield.	General administrative expenditures.
Sales Leaseback	\$1.0 million in new revenues.	New revenue estimate is based on FY03 actual revenues adjusted for lower interest yield.	Capital Projects.
Right of way lease revenues	\$1.8 million in new revenues.	New revenue estimate is based on FY03 actual revenues adjusted for lower interest yield.	Right of way administration.
Service Authority for Freeway Emergencies (SAFE)– interest revenue	\$900,000 in new revenues.	New revenue estimate is based on FY03 actual revenues adjusted for lower interest yield.	Call boxes.
Interest earned on Debt Service Funds	\$20.0 million in new revenues.	Based on the average over last three years.	Reduce principal and interest in the Debt Service Funds.

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Fund Type	Revenues	Assumptions	Application/Uses
<i>Lease And Rental</i>			
Lease and Rental	\$56.6 million in revenues including \$46.1 million in carryover funds and \$10.5 million in new revenues.	Based on MTA's Property Management Dept. estimate and actual lease agreements.	Property management Joint Development.
<i>License And Fines</i>			
Service Authority for Freeway Emergencies (SAFE)	\$32.0 million in revenues including \$25.0 million in carryover balance and \$7.0 million in new revenues.	Based on number of registered vehicles in L.A. County at \$1 per car, FY03 actual revenues, and FY04 projected revenues.	Call box program.
HOV Lanes Fines	\$500,000 in new revenues.	Based on State Highway Operations Dept. estimate of anticipated funds.	Freeway Service Patrol (FSP) program.
<i>General Fund Revenues</i>			
Parking Fees – USG Building	\$900,000 in new revenues.	Projected revenues are based on analysis of actual monthly receipts from Catellus Corporation, and are estimated at an average of \$75,000 a month.	Transit Plaza east portal improvements.
Reserved Parking Permits at Rail Stations	\$60,000 in new revenues.	Based on CD&P's forecasted revenues.	Rail station parking.
Sales Leaseback	\$44.4 million in carryover funds.	Based on analysis of fund balance.	Bus and rail capital and other uses to be determined.
Employee Activities	\$760,000 in new revenues.	Based on projected revenues by Communications' SBU including revenues for Employee Center and Metro logo merchandise.	Employee activities related projects.
Miscellaneous Other	\$51,000 in new revenues.	Projection is based on analysis of miscellaneous cash receipts.	General administrative expenditures.
Pasadena Blue Line (Admin. Cost Reimbursement)	\$75,000 in new revenues.	Based on estimate from MTA's Property Management Dept. on projected reimbursements from Pasadena Authority.	Property Management program related to Pasadena Gold Line.
General Fund Estimated Carryover Balance	\$20.1 million in carryover funds.	Based on analysis of General Fund transactions.	Board Contingency Programs.

Appendix 4: Revenue Detail - FY05 Budget, Continued

Fund Type	Revenues	Assumptions	Application/Uses
<i>Other Revenues</i>			
FAU Cash	\$7.0 million in available funds including \$6.8 million in carryover funds and \$263,000 in new interest income funds.	Carryover based on actual Accounting records.	Countywide Planning and Development projects, all eligible Prop A Local Return projects.
Ridesharing Funds	\$1.3 million in carryover funds.	Based on actual Accounting records.	SCAG employer rideshare program, all eligible Prop A Local Return projects.
Benefit Assessment District (BAD)	\$6.0 million in new revenues.	Financing reimbursements to equal annual debt service expenditures. The assessments are collected from commercial property owners within half a mile of certain Metro Red Line stations.	Financing reimbursements for Benefit Assessment (BAD) debt service.
EZ Pass Program	\$7.5 million in new revenues.	EZ Pass program revenue is based on actual FY03 and FY04 monthly sales.	EZ Pass Program.
<i>Operating Revenues</i>			
Fare Box Revenues- Passenger fares	\$282.7 million in new revenues.	Assumes increased fares due to fare restructuring and additional boardings.	Bus and rail operations.
Route Subsidies – Hollywood Shuttle	\$500,000 in new revenues.	Based on prior year actual and estimated contract value between MTA and L.A. County and L.A. Philharmonic.	Bus operations.
Metrolink Interagency Agreement	\$2.5 million in new revenues.	Revenues are based on annual estimate of 3.1million passengers transferring from Metrolink to Metro Red Line and MTA's buses at \$.80 each. Growth rate consistent with last year's level assumption.	Bus and rail operations.
Advertising	\$13.8 million in new revenues.	Based on number of buses running during peak hours per contract with Transportation Display Incorporated.	Bus operations.
<i>Non-Operating Revenues</i>			
FTA Grant – 5307 Preventive Maintenance	\$145.9 million in new revenues.	Assumed at the guaranteed level of TEA-21 as determined by the federal formula and SCAG implementing formulas. Section 5307 funds reimbursed to MTA as expenditures are incurred.	Bus Preventive Maintenance.

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Fund Type	Revenues	Assumptions	Application/Uses
FTA Grant – 5309 Fixed Guideways	\$43.2 million in new revenues.	Assumed at the guaranteed level of TEA-21 as determined by the federal formula and SCAG implementing formulas. Section 5309 funds reimbursed to MTA as expenditures are incurred.	Blue Line, Green Line, Pasadena Gold Line, and Red Line preventive maintenance.
FTA Grant – CMAQ Pasadena Gold Line	\$28.1 million in new revenues.	Based on State Implementation Plan that has been approved pursuant to the Clean Air Act.	Operations of Metro Gold Line.
Federal – Homeland Security	\$1.1 million in new revenues.	Based on Department of Homeland Security grant.	Red Line security enhancements, anti-terrorism training and equipment, and multi-agency anti-terrorism drills and exercises.
Interest Revenues	\$1.5 million in new revenues.	Based on FY04 actual earnings.	Bus operations.
Bus Parts/Scrap Sales	\$400,000 in new revenues.	Based on MTA's Procurement Department estimate of revenues from the sale of salvaged bus parts and non-revenue vehicles.	Bus operations.
Filming Fees	\$550,000 in new revenues.	Based on MTA's Marketing Department projection and filming activity trends in Southern California.	Bus and rail operations.
County Buydown	\$492,000 in new revenues.	FY04 amount based on Customer Service Department revised cash flow assumption.	Bus operations.
Fare Violations/Fines	\$1.2 million in new revenues.	Revenue is based on MTA's Transit Security Department projected number of citations that will be issued in FY05.	Bus operations.
Miscellaneous	\$500,000 in new revenues.	Based on average FY03 and FY04 cash receipts.	Bus operations.

Appendix 4: Revenue Detail - FY05 Budget, Continued

Fund Type	Revenues	Assumptions	Application/Uses
<i>Other Financing Sources</i>			
Proposition A Rail Bonds	\$126.1 million in new bond financing.	Based on capital expenditures requirements and MTA Treasury Department debt plan.	Metro Gold Line Eastside Extension.
Proposition C – Streets & Hwys Bonds	\$184.1 million in new bond financing.	Based on capital expenditures requirements and MTA Treasury Department debt plan.	Orange Line, Green Line, PGL facilities enhancements, Mid-City Expo, and traction power substations.
Proposition C – Discretionary Bonds	\$18.0 million in revenues include \$14.8 million in carryover and \$3.2 million in new bond financing.	Based on capital expenditures requirements and MTA Treasury Department debt plan.	Universal Fare System, Eastside LRT, and Eastside extension project.

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APPENDIX 5: GENERAL FUND EXPENDITURES AND FUNDING

Project	Task Name	FY05 Budget	REVENUE SOURCE				Total Allocation
			Prop A Administration	Prop C Administration	TDA Administration	Other	
1	100002-Governmental/Overnight						
2	General overnight	\$ 13,805,520	\$ 13,805,520	\$ -	\$ -	\$ -	\$ 13,805,520
3	Legal expenses	275,000	275,000	-	-	-	275,000
4	Consent Decree	36,716	36,716	-	-	-	36,716
5	Investment/Debt Management	146,626	146,626	-	-	-	146,626
6	Investment/Cash Management	81,221	81,221	-	-	-	81,221
7	Debt Management	63,807	63,807	-	-	-	63,807
8	Total Project 100002	14,408,890	14,408,890	-	-	-	14,408,890
9							
10	100011-Employee Activities						
11	Employee Activities Program	707,545	-	-	-	707,545	707,545
12	Total Project 100011	707,545	-	-	-	707,545	707,545
13							
14	100012-Prop A & C Audit						
15	Prop A Audit	56,429	56,429	-	-	-	56,429
16	Prop C Audit	44,388	-	44,388	-	-	44,388
17	Total Project 100012	100,817	56,429	44,388	-	-	100,817
18							
19	100050-Administration-Subsidy/Call for Projects(CEP)						
20	G&A Cost for Subsidy/CFP	1,210,279	1,210,279	-	-	-	1,210,279
21	Accounting Services	512,706	512,706	-	-	-	512,706
22	Office of Management & Budget (OMB) Services	189,383	189,383	-	-	-	189,383
23	Procurement Acquisition Management Services	66,142	66,142	-	-	-	66,142
24	Total Project 100050	1,978,510	1,978,510	-	-	-	1,978,510
25							
26	100060-Admin-General Planning						
27	G & A Costs for General Planning	4,016,442	4,016,442	-	-	-	4,016,442
28	Accounting Services	534,950	534,950	-	-	-	534,950
29	General Services	1,010,936	1,010,936	-	-	-	1,010,936
30	Human Resources Services	357,296	357,296	-	-	-	357,296
31	Labor/Employee Relations - Services	201,795	201,795	-	-	-	201,795
32	Office of Management & Budget (OMB) Services	168,450	168,450	-	-	-	168,450
33	Procurement Acquisition Management Services	308,621	308,621	-	-	-	308,621
34	Total Project 100060	6,598,491	6,598,491	-	-	-	6,598,491
35							
36	330500-Industry Assistance						
37	Filming Marketing	160,569	-	-	-	160,569	160,569
38	Total Project 330500	160,569	-	-	-	160,569	160,569
39							
40	400225-System/Pedestrians/Bikeway						
41	Public Outreach	75,000	-	-	-	75,000	75,000
42	Bike Station Plan	75,000	-	-	-	75,000	75,000
43	System Preservation - Pavement Management	156,032	-	-	-	156,032	156,032
44	Total Project 400225	306,032	-	-	-	306,032	306,032
45							
46	405510-Other Planning and Programming						
47	Call/MOU Tech Services	28,915	14,458	14,458	-	-	28,915
48	Consolidated Audit Services	673,297	198,075	198,075	277,147	-	673,297
49	Triennial Audit Management	577,281	152,031	152,031	273,218	-	577,281
50	Prop A/C Administration	628,156	314,078	314,078	-	-	628,156
51	Grants Administration	440,996	220,498	220,498	-	-	440,996
52	Grants Funds Administration	653,630	326,815	326,815	-	-	653,630
53	TDA Article 3 & 8	98,423	-	-	98,423	-	98,423
54	TIP Administration	972,728	292,751	292,751	387,226	-	972,728
55	STIP PPM - FY05	1,621,782	424,554	424,554	772,675	-	1,621,782
56	Government Coordination / Outreach	410,228	205,114	205,114	-	-	410,228
57	Bus System Improvements Plan	80,077	80,077	-	-	-	80,077
58	Other P & P- ROW Property Management	-	-	-	-	-	-
59	Station Planning/Joint Develop	1,481,023	-	1,481,023	-	-	1,481,023
60	H/V Joint Development Negotiations	19,549	19,549	-	-	-	19,549
61	Bike Parking Racks & Lockers	20,000	10,000	10,000	-	-	20,000
62	Art Program	151,000	151,000	-	-	-	151,000
63	Public Outreach	47,742	23,871	23,871	-	-	47,742
64	General Planning	916,730	94,311	94,311	728,108	-	916,730
65	General Computer Program	3,301	3,301	-	-	-	3,301
66	Increase customer awareness Program	2,232,907	794,116	857,280	581,512	-	2,232,907
67	Total Project 405510	\$ 11,057,764	\$ 3,324,597	\$ 4,614,858	\$ 3,118,309	\$ -	\$ 11,057,764

Los Angeles County Metropolitan Transportation Authority
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Project	Task Name	FY05 Budget	REVENUE SOURCE				Total Allocation
			Prop A Administration	Prop C Administration	TDA Administration	Other	
68	405511-Transit Planning						
69	Long Range Plan Update	\$ 1,960,419	\$ 653,473	\$ 653,473	\$ 653,473	\$ -	\$ 1,960,419
70	Municipal Funding & Coordination.	247,207	82,402	82,402	82,402	-	247,207
71	Admin. NTD Report	146,776	48,925	48,925	48,925	-	146,776
72	SRTP Service Development	67,157	22,386	22,386	22,386	-	67,157
73	Restructuring Study	358,876	119,625	119,625	119,625	-	358,876
74	Bus Service Improvements	5,112,151	1,014,223	2,705,348	1,392,581	-	5,112,151
75	Metro Rapid Bus	881,660	293,887	293,887	293,887	-	881,660
76	Transit Service Expansion	550	-	550	-	-	550
77	Transit Planning	805,235	238,412	268,412	268,412	30,000	805,235
78	SB Traffic Signal - Western Ave.	300	-	300	-	-	300
79	BRT Research	10,000	5,000	5,000	-	-	10,000
80	Eastside Ext. Pedestrian Crossing	50,000	25,000	25,000	-	-	50,000
81	ADA Compliance	78,747	39,374	39,374	-	-	78,747
82	Social Service Transit	10,253	10,253	-	-	-	10,253
83	Research & Development	489,366	489,366	-	-	-	489,366
84	Total Project 405511	10,218,699	3,042,326	4,264,682	2,881,691	30,000	10,218,699
85							
86	405547- Rideshare Services						
87	Core Rideshare Services	1,978,376	-	-	-	1,978,376	1,978,376
88	Employer Rideshare Services (& Vanpool incentive)	612,759	-	-	-	612,759	612,759
89	Total Project 405547	2,591,135	-	-	-	2,591,135	2,591,135
90							
91	609911-Transit Academy/TOPS						
92	TOP	89,950	89,950	-	-	-	89,950
93	Total Project 609911	89,950	89,950	-	-	-	89,950
94							
95	610041-Property Management						
96	General ROW Overhead & Maintenance	3,317,098	-	-	-	3,317,098	3,317,098
97	SANBAG	96,084	-	-	-	96,084	96,084
98	Total Project 610041	3,413,182	-	-	-	3,413,182	3,413,182
99							
100	610051-Pasadena Property Management						
101	Pasadena Blue Line	65,428	-	-	-	65,428	65,428
102	Total Project 610051	65,428	-	-	-	65,428	65,428
103							
104	610061-Owned Property						
105	Property Acquisition	156,688	-	-	-	156,688	156,688
106	Administration	2,614,152	-	-	-	2,614,152	2,614,152
107	Ramirez Flyover Design Review	8,062	-	-	-	8,062	8,062
108	Total Project 610061	2,778,902	-	-	-	2,778,902	2,778,902
109							
110	Total Expenditures/Allocations	\$ 54,475,913	\$ 29,499,194	\$ 8,923,927	\$ 6,000,000	\$ 10,052,792	\$ 54,475,913

Los Angeles County Metropolitan Transportation Authority
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APPENDIX 6: SUMMARY of REVENUES and CARRYOVER by SOURCE

(Amounts in thousands)		Fiscal Year 2003			Fiscal Year 2004			Fiscal Year 2005		
Revenue Source		Carryover	Actual	Total	Carryover	Budget	Total	Carryover	Adopted	Total
1	Sales Tax Revenues									
2	Proposition A									
3	Administration	\$ -	\$ 27,412	\$ 27,412	\$ 479	\$ 28,288	28,767	\$ -	\$ 29,748	\$ 29,748
4	Local Return (25%)	4,661	130,219	134,880	4,661	134,367	139,027	4,660	141,302	145,962
5	Rail - Set Aside (35%)	39,200	182,306	221,506	8,131	188,113	196,244	18,638	197,823	216,461
6	Discretionary (95% of 40%)	30,451	197,933	228,383	32,901	204,237	237,138	20,406	214,779	235,185
7	Incentive (5% of 40%)	20,967	10,418	31,385	19,471	10,749	30,220	18,220	11,304	29,524
8	Total proposition A	95,279	548,287	643,566	65,643	565,754	631,396	61,925	594,955	656,880
9										
10	Proposition C									
11	Administration	410	8,226	8,636	556	8,575	9,131	-	8,924	8,924
12	Local Return (20%)	10,068	108,007	118,076	8,348	112,621	120,969	8,349	117,201	125,550
13	Security (5%)	(298)	27,002	84,897	31	28,155	28,186	836	29,300	30,136
14	Commuter Rail (10%)	57,896	54,004	156,987	57,704	56,310	114,014	57,327	58,600	115,927
15	Streets & Highways (25%)	102,983	135,009	237,992	125,722	140,776	266,498	125,759	146,501	272,260
16	Discretionary (40%)	63,820	216,015	279,835	44,975	225,242	270,217	6,386	234,402	240,788
17	Total proposition C	234,879	548,264	783,143	237,337	571,679	809,016	198,657	594,928	793,585
18										
19	Transportation Development Act - TDA									
20	Administration - (Fixed)	-	6,000	6,000	-	6,000	6,000	-	6,000	6,000
21	Article 3 - (2%)	13,006	5,478	18,484	14,674	5,708	20,382	14,690	5,929	20,619
22	Article 4 - (92.68%)	140,778	252,871	393,649	127,277	264,525	391,802	129,366	274,806	404,171
23	Article 8 - (5.32%)	375	15,545	15,920	1,133	15,154	16,287	778	15,712	16,489
24	Total TDA	154,159	279,893	434,052	143,083	291,387	434,470	144,833	302,446	447,279
25										
26	State Transit Assistance - STA									
27	Revenue Share - PUC 99314	34,489	13,576	48,065	35,322	14,823	50,144	34,557	15,285	49,843
28	Population Share - PUC 99313	5,388	13,730	19,118	13,687	13,989	27,677	10,202	14,200	24,401
29	Total STA	39,877	27,306	67,183	49,009	28,812	77,821	44,759	29,485	74,244
30	Total Sales Tax	524,195	1,403,750	1,927,944	495,072	1,457,632	1,952,704	450,173	1,521,815	1,971,988
31										
32	Intergovernmental									
33	Local Funds									
34	Access Service Inc - ASI (RSTP Federal Funds)	-	45,809	45,809	-	47,000	47,000	-	47,900	47,900
35	City of LA	-	130	130	-	3,049	3,049	-	-	-
36	Department of Water and Power - DWP	-	-	-	-	3,504	3,504	-	200	200
37	Joint Development - Grand Central Market	-	1,810	1,810	-	425	425	-	2,281	2,281
38	CSDA/CTFC Sub-lease agreement	-	1,584	1,584	-	1,259	1,259	-	-	-
39	Local Other	-	5,699	5,699	-	425	425	-	-	-
40	Total local funds	-	55,032	55,032	-	55,662	55,662	-	50,381	50,381
41	State Funds									
42	State Regional STIP/TCRP	-	58,300	58,300	-	26,761	26,761	-	13,280	13,280
43	State Highway Account	-	-	-	-	1,997	1,997	-	1,721	1,721
44	SB45 Administration	-	2,073	2,073	-	2,600	2,600	-	-	-
45	Freeway Service Patrol - State/Local Grant	-	6,149	6,149	-	6,057	6,057	-	6,500	6,500
46	State Other	-	1,822	1,822	-	2,640	2,640	-	209	209
47	Total state funds	-	68,344	68,344	-	40,055	40,055	-	21,709	21,709
48	Federal Funds									
49	Federal Section 5309 [3] Capital - New Starts	-	26,930	26,930	-	60,000	60,000	-	65,664	65,664
50	Federal Section 5309 [3] Fixed Guideways	-	26,160	26,160	-	58,422	58,422	-	46,394	46,394
51	Federal Section 5309 [3] Bus Facilities	-	29	29	-	10,741	10,741	-	-	-
52	Federal Section 5307 [9] Capital	-	22,216	22,216	-	83,775	83,775	-	66,681	66,681
53	Congestion Mitigation & Air Quality - CMAQ	-	49,006	49,006	-	71,054	71,054	-	88,729	88,729
54	Federal TEA	-	-	-	-	3,286	3,286	-	5,829	5,829
55	Regional Surface Transp. Funds (RSTP)	-	-	-	-	20,133	20,133	-	21,225	21,225
56	Federal STP	-	-	-	-	28,744	28,744	-	-	-
57	Federal Homeland Security	-	-	-	-	-	-	-	3,179	3,179
58	FHWA - L.A. County	-	-	-	-	-	-	-	1,001	1,001
59	Federal Other	-	2,785	2,785	-	16,705	16,705	-	13,100	13,100
60	Total federal funds	-	127,127	127,127	-	352,859	352,859	-	311,802	311,802
61	Total Intergovernmental	-	250,503	250,503	-	448,576	448,576	-	383,892	383,892
62	Balance to following page	\$ 524,195	\$ 1,654,253	\$ 2,178,447	\$ 495,072	\$ 1,906,208	\$ 2,401,279	\$ 450,173	\$ 1,905,707	\$ 2,355,880

Los Angeles County Metropolitan Transportation Authority
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(Amounts in thousands)	Fiscal Year 2003			Fiscal Year 2004			Fiscal Year 2005			
	Revenue Source	Carryover	Actual	Total	Carryover	Budget	Total	Carryover	Adopted	Total
63	Balance from previous page	\$ 524,195	\$ 1,654,253	\$ 2,178,447	\$ 495,072	\$ 1,906,208	\$ 2,401,279	\$ 450,173	\$ 1,905,707	\$ 2,355,880
64	Investment Income									
65	Prop A Interest	13,620	2,193	15,813	5,499	3,500	8,999	406	1,600	2,006
66	Prop C Interest	43,238	13,299	56,537	29,603	12,000	41,603	4,717	8,000	12,717
67	TDA Interest	13,522	3,898	17,420	3,891	4,000	7,891	1,187	2,200	3,387
68	STA Interest	-	897	897	-	850	850	-	500	500
69	General Fund - Interest Revenue	-	1,193	1,193	-	840	840	-	800	800
70	Sales Leaseback	-	1,637	1,637	-	1,068	1,068	-	1,000	1,000
71	Right of way lease revenues	-	2,065	2,065	-	1,871	1,871	-	1,800	1,800
72	SAFE - Interest Revenue	-	934	934	-	1,000	1,000	-	900	900
73	Interest Earned on Debt Service Funds	-	15,772	15,772	-	15,000	15,000	-	20,000	20,000
74	Interest Earned on Capital Projects Fund/ISF	-	5,466	5,466	-	-	-	-	-	-
75	Total investment income	70,380	47,353	117,734	38,993	40,129	79,122	6,310	36,800	43,110
76	Lease and Rental	58,965	12,172	71,137	66,030	10,125	76,155	46,105	10,500	56,605
77	License and Fines									
78	SAFE	27,445	7,159	34,604	27,215	7,165	34,380	25,000	7,000	32,000
79	HOV Lanes Fines	542	490	1,032	0	500	500	-	500	500
80	Total license and fines	27,987	7,649	35,637	27,216	7,665	34,880	25,000	7,500	32,500
81	Other									
82	General fund revenues									
83	Parking Fees - USG Building	-	731	731	-	850	850	-	900	900
84	Reserved Parking Permits At Rail Stations	-	-	-	-	-	-	-	60	60
85	Sales Leaseback	50,657	13,507	64,165	41,900	-	41,900	44,427	-	44,427
86	SCRRA Administrative Support	-	-	-	-	60	60	-	-	-
87	Employee Activities	282	626	908	219	717	936	-	760	760
88	Miscellaneous other	-	740	740	-	900	900	-	51	51
89	Pasadena B.L. (Admin costs reimbursement)	-	-	-	-	100	100	-	75	75
90	General fund estimated carryover balance	28,005	-	28,005	22,063	-	22,063	20,141	-	20,141
91	Total general fund revenues	78,944	15,605	94,549	64,182	2,627	66,809	64,568	1,846	66,414
92	FAU Cash	13,783	534	14,317	10,077	300	10,377	6,768	263	7,031
93	Ridesharing	1,276	22	1,298	1,298	-	1,298	1,320	-	1,320
94	Benefit Assessment District	8,724	15,095	23,819	8,724	6,513	15,236	-	5,997	5,997
95	EZ Pass Program	-	-	-	-	-	-	-	7,500	7,500
96	Proceeds on lease/leaseback to service - DSF	-	449,864	449,864	-	-	-	-	-	-
97	Total other	102,727	481,119	583,846	84,280	9,440	93,720	72,656	15,606	88,262
98	Operating revenues:									
99	Fare Box Revenues - Passenger fares	-	244,938	244,938	-	273,099	273,099	-	282,660	282,660
100	Route subsidies - Hollywood shuttle	-	500	500	-	400	400	-	500	500
101	MetroLink EZ Pass Reimbursement	-	2,488	2,488	-	2,400	2,400	-	2,500	2,500
102	Advertising	-	13,602	13,602	-	13,250	13,250	-	13,750	13,750
103	Total operating revenues	-	261,527	261,527	-	289,149	289,149	-	299,410	299,410
104	Non-operating revenues									
105	Local operating grants	-	186	186	-	-	-	-	-	-
106	FTA Grant - 5307 Preventive Maintenance	-	81,783	81,783	-	89,371	89,371	-	145,488	145,488
107	FTA Grant - 5309 Fixed Guideways	-	-	-	-	-	-	-	43,176	43,176
108	FTA Grant - CMAQ Rapid Bus/Pasadena Gold Line	-	12,500	12,500	-	27,700	27,700	-	28,100	28,100
109	Federal - Homeland Security	-	-	-	-	-	-	-	1,118	1,118
110	Interest revenues	-	2,943	2,943	-	8,000	8,000	-	1,500	1,500
111	Net Appreciation in fair value of investments	-	-	-	-	1,200	1,200	-	-	-
112	Other:									
113	Bus Parts/Scrap Sales	-	332	332	-	400	400	-	400	400
114	Filming Fees	-	716	716	-	550	550	-	550	550
115	County Buy down	-	548	548	-	450	450	-	492	492
116	Fare Violations/Fines	-	350	350	-	750	750	-	1,200	1,200
117	Miscellaneous	-	1,070	1,070	-	600	600	-	500	500
118	Total other	-	3,017	3,017	-	2,750	2,750	-	3,142	3,142
119	Total non-operating revenue	-	100,429	100,429	-	129,021	129,021	-	222,524	222,524
120	Total Revenues	784,254	2,564,502	3,348,756	711,591	2,391,735	3,103,326	600,244	2,498,047	3,098,292
121	Other financing Sources									
122	Proceeds from financing									
123	Proposition A Rail Bonds	-	-	-	-	62,313	62,313	-	126,144	126,144
124	Proposition C St & Hwys Bonds	50,731	-	50,731	50,731	84,038	134,769	-	184,148	184,148
125	Proposition C Discr Bonds	16,877	-	16,877	16,877	2,421	19,299	14,790	3,241	18,031
126	FTA Refunded Eastside Bonds	43,929	-	43,929	43,929	-	43,929	-	-	-
127	General revenue bonds	2,075	-	2,075	2,075	-	2,075	-	-	-
128	Capital Lease	-	-	-	14,703	-	14,703	-	-	-
129	Total proceeds from financing	113,612	-	113,612	128,316	148,772	277,088	14,790	313,533	328,323
130	Proceeds from refunding bonds	-	-	-	-	-	-	-	165,000	165,000
131	Total other financing sources	113,612	-	113,612	128,316	148,772	277,088	14,790	478,533	493,323
132	Total revenues and carryovers	\$ 897,867	\$ 2,564,502	\$ 3,462,369	\$ 839,906	\$ 2,540,508	\$ 3,380,415	\$ 615,034	\$ 2,976,580	\$ 3,591,615

NOTE: Intergovernmental funds are on reimbursement basis; therefore, no carryover balances are assumed.

Los Angeles County Metropolitan Transportation Authority
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APPENDIX 7: ACTIVITY BASED BUS COST MODEL

ACTIVITIES	FY04 Budget		FY05 Adopted		FY04 TO FY05	
	Dollars	\$/RSH	Dollars	\$/RSH	Dollars	\$/RSH
1 TRANSPORTATION						
2 WAGES & BENEFITS	\$ 267,336,429	\$ 38.98	\$ 287,375,389	\$ 40.73	\$ 20,038,959	\$ 1.75
3 OTHER	390,276	0.06	379,286	0.05	(10,990)	(0.00)
4 TRAINING	5,993,726	0.87	4,693,317	0.67	(1,300,408)	(0.21)
5 CONTROL CENTER	6,554,101	0.96	6,407,248	0.91	(146,854)	(0.05)
6 SCHEDULING AND PLANNING	3,863,680	0.56	3,352,092	0.48	(511,589)	(0.09)
7 SUB-TOTAL	284,138,213	41.43	302,207,331	42.84	18,069,119	1.40
8						
9 DIVISION MAINTENANCE						
10 WAGES & BENEFITS	97,141,955	14.17	98,109,925	13.91	967,971	(0.26)
11 FUEL	26,633,404	3.88	33,174,633	4.70	6,541,229	0.82
12 MATERIALS & SUPPLIES	36,399,184	5.31	36,398,631	5.16	(553)	(0.15)
13 OTHER	(665,534)	(0.10)	(543,681)	(0.08)	121,853	0.02
14 SUB-TOTAL	159,509,008	23.26	167,139,508	23.69	7,630,501	0.43
15						
16 RRC REGULAR MAINTENANCE						
17 WAGES & BENEFITS	6,227,396	0.91	4,663,524	0.66	(1,563,872)	(0.25)
18 MATERIALS & SUPPLIES	1,841,723	0.27	2,548,270	0.36	706,547	0.09
19 OTHER	438,252	0.06	190,089	0.03	(248,163)	(0.04)
20 SUB-TOTAL	8,507,371	1.24	7,401,884	1.05	(1,105,487)	(0.19)
21						
22 RRC PREVENTATIVE MAINTENANCE						
23 POWER PLANT ASSEMBLY	9,792,384	1.43	7,045,816	1.00	(2,746,568)	(0.43)
24 ACCIDENT REPAIR	784,716	0.11	1,717,366	0.24	932,651	0.13
25 WHEELCHAIR LIFTS	-		224,452	0.03	224,452	0.03
26 PAINTING	2,809,360	0.41	882,474	0.13	(1,926,887)	(0.28)
27 WINDOWS	15,111	0.00	18,010	0.00	2,899	0.00
28 SUB-TOTAL	13,401,571	1.95	9,888,118	1.40	(3,513,453)	(0.55)
29						
30 OTHER MAINTENANCE						
31 MAINTENANCE SUPPORT	13,660,543	1.99	12,833,968	1.82	(826,575)	(0.17)
32 NON-REVENUE VEHICLES	3,993,583	0.58	3,675,076	0.52	(318,507)	(0.06)
33 FACILITIES MAINTENANCE	25,150,658	3.67	25,806,189	3.66	655,531	(0.01)
34 TRAINING	1,473,676	0.21	1,464,438	0.21	(9,238)	(0.01)
35 SUB-TOTAL	44,278,460	6.46	43,779,670	6.21	(498,790)	(0.25)
36						
37 SUB-TOTAL MAINTENANCE	225,696,410	32.91	228,209,180	32.35	2,512,771	(0.56)
38						

Los Angeles County Metropolitan Transportation Authority
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ACTIVITIES	FY04 Budget		FY05 Adopted		FY04 TO FY05	
	Dollars	\$/RSH	Dollars	\$/RSH	Dollars	\$/RSH
39 OTHER OPERATING COSTS						
40 TRANSIT SECURITY	16,667,189	2.43	17,447,845	2.47	780,656	0.04
41 GENERAL MANAGERS	12,632,998	1.84	12,816,606	1.82	183,608	(0.03)
42 REVENUE	10,991,853	1.60	12,882,905	1.83	1,891,052	0.22
43 SERVICE DEVELOPMENT	3,042,961	0.44	3,258,805	0.46	215,843	0.02
44 SAFETY	1,488,596	0.22	1,683,373	0.24	194,778	0.02
45 CASUALTY & LIABILITY	32,796,481	4.78	34,974,229	4.96	2,177,748	0.17
46 WORKERS' COMP	50,157,093	7.31	48,876,514	6.93	(1,280,579)	(0.39)
47 TRANSITIONAL DUTY PROGRAM	2,081,851	0.30	2,001,487	0.28	(80,364)	(0.02)
48 OTHER METRO OPERATIONS	14,928,697	2.18	14,354,143	2.03	(574,554)	(0.14)
49 BUILDING COSTS	8,757,430	1.28	9,435,465	1.34	678,035	0.06
50 EMPLOYEE SUBSIDY & FRINGE	134,213	0.02	493,261	0.07	359,048	0.05
51 COPY SERVICES	1,129,630	0.16	1,529,110	0.22	399,480	0.05
52 SUB-TOTAL	154,808,993	22.57	159,753,744	22.64	4,944,751	0.07
53						
54 SUPPORT DEPARTMENT COSTS	50,704,068	7.39	47,779,198	6.77	(2,924,870)	(0.62)
55						
56 TOTAL MTA OPERATED	715,347,683	104.31	737,949,454	104.60	22,601,771	0.29
57 VEHICLE SERVICE HOURS	6,857,592		7,054,943		197,351	
58						
59 PURCHASED TRANSPORTATION						
60 CONTRACTED SERVICE	25,426,048	54.20	26,421,709	51.59	995,661	(2.62)
61 SECURITY	1,140,123	2.43	1,266,679	2.47	126,556	0.04
62 ADMINISTRATION	327,857	0.70	1,571,719	3.07	1,243,862	2.37
63 SUB-TOTAL	26,894,028	57.33	29,260,107	57.13	2,366,079	(0.20)
64 VEHICLE SERVICE HOURS	469,095	1.00	512,175	1.00	43,080	
65						
66 TOTAL EXCLUDING DEBT	742,241,711	101.31	767,209,560	101.39	24,967,850	0.08
67 VEHICLE SERVICE HOURS	7,326,687		7,567,118		240,431	
68						
69 ENTERPRISE FUND DEBT						
70 INTEREST	6,030,700		2,787,967		(3,242,733)	
71 ADMINISTRATION	483,069		465,525		(17,544)	
72 SUB-TOTAL	6,513,769		3,253,491		(3,260,278)	
73						
74 TOTAL BUS PROJECT	\$ 748,755,480		\$ 770,463,052		\$ 21,707,572	
75						

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APPENDIX 8: ACTIVITY BASED LIGHT RAIL COST MODEL

ACTIVITIES	FY04 Budget		FY05 Adopted		FY04 TO FY05	
	Dollars	\$/RSH	Dollars	\$/RSH	Dollars	\$/RSH
1 TRANSPORTATION						
2 WAGES & BENEFITS	\$ 20,781,713	\$ 51.19	\$ 21,863,349	\$ 56.22	\$ 1,081,636	\$ 5.03
3 MATERIALS & SUPPLIES	321,124	0.79	224,186	0.58	(96,938)	(0.21)
4 OTHER	84,453	0.21	24,555	0.06	(59,898)	(0.14)
5 SUB-TOTAL	21,187,290	52.19	22,112,090	56.86	924,800	4.67
6						
7 MAINTENANCE						
8 VEHICLE MAINTENANCE						
9 WAGES & BENEFITS	15,403,117	37.94	18,808,683	48.36	3,405,566	10.42
10 MATERIALS & SUPPLIES	2,476,947	6.10	5,827,500	14.98	3,350,553	8.88
11 OTHER	334,473	0.82	5,100	0.01	(329,373)	(0.81)
12 SERVICES	4,000,000	9.85	600,000	1.54	(3,400,000)	(8.31)
13 SUB-TOTAL	22,214,537	54.72	25,241,283	64.90	3,026,746	10.19
14						
15 WAYSIDE MAINTENANCE						
16 WAGES & BENEFITS	16,116,562	39.70	20,083,829	51.64	3,967,267	11.94
17 MATERIALS & SUPPLIES	1,535,708	3.78	2,323,297	5.97	787,589	2.19
18 PROPULSION POWER	11,220,000	27.64	13,220,000	33.99	2,000,000	6.36
19 OTHER	525,792	1.30	682,052	1.75	156,260	0.46
20 SUB-TOTAL	29,398,063	72.41	36,309,179	93.36	6,911,116	20.95
21						
22 OTHER MAINTENANCE						
23 MAINTENANCE SUPPORT	16,278	0.04	14,000	0.04	(2,278)	(0.00)
24 NON-REVENUE VEHICLES	951,348	2.34	1,079,574	2.78	128,226	0.43
25 FACILITIES MAINTENANCE	3,142,326	7.74	3,183,782	8.19	41,456	0.45
26 SUB-TOTAL	4,109,952	10.12	4,277,355	11.00	167,404	0.87
27						
28 SUB-TOTAL MAINTENANCE	55,722,551	137.25	65,827,817	169.26	10,105,266	32.01
29						
30 OTHER OPERATING COSTS						
31 TRANSIT SECURITY	22,758,411	56.06	26,912,566	69.20	4,154,155	13.14
32 GENERAL MANAGER	2,632,595	6.48	1,323,852	3.40	(1,308,743)	(3.08)
33 REVENUE	2,170,465	5.35	4,032,072	10.37	1,861,606	5.02
34 SERVICE DEVELOPMENT	289,242	0.71	279,027	0.72	(10,214)	0.01
35 SAFETY	1,151,528	2.84	1,346,782	3.46	195,254	0.63
36 CASUALTY & LIABILITY	2,018,409	4.97	2,571,158	6.61	552,749	1.64
37 WORKERS' COMP	1,785,656	4.40	3,906,769	10.05	2,121,113	5.65
38 TRANSITIONAL DUTY PROGRAM	0	0.00	-	-	-	-
39 OTHER METRO OPERATIONS	1,849,773	0.17	2,677,030	6.88	827,257	6.71
40 BUILDING COSTS	1,195,901	0.11	1,861,816	4.79	665,914	4.68
41 EMPLOYEE SUBSIDY & FRINGE	18,328	0.00	160,984	0.41	142,656	0.41
42 COPY SERVICES	154,261	0.01	9,642	0.02	(144,619)	0.01
43 SUB-TOTAL	36,024,569	88.73	45,081,698	115.92	9,057,129	27.18
44						
45 SUPPORT DEPARTMENT COSTS	10,650,931	26.23	12,724,935	32.72	2,074,004	6.48
46						
47 TOTAL LIGHT RAIL PROJECT	\$ 123,585,340	\$ 304.41	\$ 145,746,539	\$ 374.76	22,161,199	70.35
48 TOTAL VEHICLE SERVICE HOURS	405,982		388,906		(17,076)	

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APPENDIX 9: ACTIVITY BASED HEAVY RAIL COST MODEL

ACTIVITIES	FY04 Budget		FY05 Adopted		FY04 TO FY05	
	Dollars	\$/RSH	Dollars	\$/RSH	Dollars	\$/RSH
1 TRANSPORTATION						
2 WAGES & BENEFITS	\$ 7,439,967	\$ 27.52	\$ 7,215,179	\$ 26.69	\$ (224,788)	\$ (0.83)
3 MATERIALS & SUPPLIES	75,315	0.28	79,963	0.30	4,648	0.02
4 OTHER	19,469	0.07	8,038	0.03	(11,431)	(0.04)
5 SUB-TOTAL	7,534,751	27.88	7,303,180	27.02	(231,571)	(0.86)
6						
7 MAINTENANCE						
8 VEHICLE MAINTENANCE						
9 WAGES & BENEFITS	9,614,411	35.57	9,519,025	35.22	(95,386)	(0.35)
10 MATERIALS & SUPPLIES	2,718,832	10.06	3,274,700	12.12	555,868	2.06
11 OTHER	124,225	0.46	12,000	0.04	(112,225)	(0.42)
12 SERVICES	2,000,000	7.40	490,000	1.81	(1,510,000)	(5.59)
13 SUB-TOTAL	14,457,468	53.49	13,295,725	49.19	(1,161,743)	(4.30)
14						
15 WAYSIDE MAINTENANCE						
16 WAGES & BENEFITS	9,161,227	33.89	7,593,365	28.09	(1,567,861)	(5.80)
17 MATERIALS & SUPPLIES	1,392,814	5.15	1,150,911	4.26	(241,903)	(0.89)
18 PROPULSION POWER	5,962,000	22.06	8,062,000	29.83	2,100,000	7.77
19 OTHER	299,257	1.11	690,533	2.55	391,276	1.45
20 SUB-TOTAL	16,815,298	62.21	17,496,810	64.73	681,512	2.52
21						
22 OTHER MAINTENANCE						
23 MAINTENANCE SUPPORT	-	-	15,081	0.06	15,081	0.06
24 NON-REVENUE VEHICLES	388,751	1.44	359,858	1.33	(28,893)	(0.11)
25 FACILITIES MAINTENANCE	2,706,985	10.01	2,834,196	10.49	127,211	0.47
26 SUB-TOTAL	3,095,736	11.45	3,209,135	11.87	113,399	0.42
27						
28 SUB-TOTAL MAINTENANCE	34,368,503	127.15	34,001,670	125.79	(366,833)	(1.36)
29						
30 OTHER OPERATING COSTS						
31 TRANSIT SECURITY	12,854,057	47.55	17,762,261	65.71	4,908,204	18.16
32 GENERAL MANAGER	275,530	1.02	891,025	3.30	615,494	2.28
33 REVENUE	1,135,864	4.20	1,940,973	7.18	805,109	2.98
34 SERVICE DEVELOPMENT	96,414	0.36	93,009	0.34	(3,405)	(0.01)
35 SAFETY	173,061	0.64	232,974	0.86	59,913	0.22
36 CASUALTY & LIABILITY	3,387,199	12.53	3,495,926	12.93	108,727	0.40
37 WORKERS' COMP	843,282	3.12	1,600,192	5.92	756,910	2.80
38 TRANSITIONAL DUTY PROGRAM	-	-	-	-	-	-
39 OTHER METRO OPERATIONS	926,733	3.43	1,110,506	4.11	183,772	0.68
40 BUILDING COSTS	596,088	2.21	765,889	2.83	169,801	0.63
41 EMPLOYEE SUBSIDY & BENEFITS	9,135	0.03	66,780	0.25	57,645	0.21
42 COPY SERVICES	76,890	0.28	4,000	0.01	(72,890)	(0.27)
43 SUB-TOTAL	20,374,253	75.38	27,963,534	103	7,589,281	28.08
44						
45 SUPPORT DEPARTMENT COSTS	5,217,549	19.30	4,910,587	18.17	(306,962)	(1.14)
46						
47 TOTAL HEAVY RAIL PROJECT	\$ 67,495,056	\$ 249.71	\$ 74,178,972	\$ 274.43	\$ 6,683,916	\$ 24.73
48 TOTAL VEHICLE SERVICE HOURS	270,299		270,299		-	

APPENDIX 17: GFOA AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Los Angeles County Metropolitan Transportation Authority, California, for its annual budget for the fiscal year beginning July 1, 2003 (FY04). In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a

policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. MTA believes the current budget continues to conform to program requirements, and it will be submitted to GFOA to determine its eligibility for another award.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Los Angeles County Metropolitan Transit Authority
California**

For the Fiscal Year Beginning

July 1, 2003

President

Executive Director

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TERMS

ABC	Activity Based Cost. Methodology that measures the cost and performance of activities, resources, and cost objects. Resources are assigned to activities, then activities are assigned to cost objectives based on their use. ABC recognizes the causal relationships of cost drivers to activities.
ACCRUAL BASIS	A method of accounting that recognizes increases and decreases in economic resources as soon as the underlying event or transaction occurs. Under accrual accounting, revenues are recognized as soon as they are earned and expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash flows.
ACTUARIAL ANALYSIS	Analysis completed and submitted by an individual versed in the collection and interpretation of numerical data (especially someone who uses statistics to calculate insurance premiums).
ADA	Americans with Disabilities Act. A comprehensive civil rights measure signed into law July 1990 to ensure persons with disabilities receive equal access to transportation and other services.
ADMINISTRATIVE COSTS	Total cost of labor, materials, facilities, equipment, services, and fees allocated to general administrative or overhead functions; costs that are not directly attributable to specific projects.
AFSCME	American Federation of State County and Municipal Employees. The union representing maintenance and transportation supervisors.
ALTERNATIVE FUELS	Low-polluting fuels that are used to propel a vehicle instead of high-sulfur diesel or gasoline. Examples include methanol, ethanol, propane or compressed natural gas, liquid natural gas, low-sulfur or "clean" diesel and electricity.
ARTICULATED BUS	A high-capacity passenger bus that flexes in the middle.
ASI	Access Services Incorporated. ASI is a private non-profit corporation, which is the Consolidated Transportation Services Agency (CTSA) for Los Angeles County, and as such has the responsibility to improve and coordinate the paratransit services for 187 different social service and public paratransit operators.
ATMS	Advanced Transportation Management System. A state-of-the-art communications package to be installed in the LACMTA's active bus fleet and bus operations control center in FY04 and FY05.

ATU	Amalgamated Transit Union. The union representing mechanics and other maintenance employees.
ATVC	Advanced Technology Vehicle Consortium
BAD	Benefit Assessment District. A limited area around public transportation stations in which non-residential property owners are taxed for benefits derived from proximity to the system.
BIAS	Budget Information Analysis System. A computerized database application designed to enable departments (cost centers) to enter their budget requests and justify those requests.
BOARDINGS	Number of passengers entering a vehicle of a public transportation system. Passengers are counted each time they enter a vehicle, no matter how many vehicles are used from trip origin to destination. Also known as an unlinked passenger trip.
BOND	An interest-bearing promise to pay a specified sum of money on a specified date.
BOS	Bus Operations Subcommittee
BRT	Bus Rapid Transit – Bus service operated on exclusive rights-of-way (busway) and on short stretches of street lanes designated for bus use.
BSIP	Bus Service Improvement Program – Additional buses on existing lines for overcrowding relief.
BUDGET	A plan of financial operations for a given period including proposed expenditures and revenues, and authorized staffing levels.
CAFR	Comprehensive Annual Financial Report. LACMTA's annual financial statements.
CALTRANS	California Department of Transportation
CAPITAL ASSET	The acquisition of property, facility, or equipment whose cost exceeds \$2,500 per unit. Capital project costs include installation, delivery cost, sales and use taxes, and general & administrative overhead costs.
CAPITAL PROJECT	Major construction, acquisition, or renovation activities that add value to a government's physical assets or significantly increase their useful life.
CAPITAL PROJECTS FUND	Fund used to account for financial resources employed in the acquisition or construction of major capital assets.

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CASH BASIS	A basis for keeping accounts whereby revenue and expense are recorded on the books of account when received and paid, respectively, without regard to the period to which they apply.
CBD	Central Business District
CFP	Call for Projects. Primary process for the selection of transportation improvement projects for funding with discretionary federal, state, and local revenues.
CMAQ	Congestion Mitigation and Air Quality
CNG	Compressed natural gas
COMMERCIAL PAPER	Short-term interest-bearing promissory note secured by pledged revenues and a liquidity/credit facility. The maturity can range from 1 to 270 days.
CORRIDOR	A defined metropolitan area considered for significant transportation projects such as highway improvements, bus transitways, light rail lines, bikeways, etc.
CP&D	Countywide Planning & Development
CPI	Consumer Price Index. A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (i.e., economic inflation).
CPUC	California Public Utilities Commission
CTC	California Transportation Commission
CTSA	Consolidated Transportation Services Agency. The LACMTA has been designated as the CTSA for Los Angeles County to coordinate all paratransit services to ensure compliance with the Americans with Disabilities Act (ADA).
DBE	Disadvantaged Business Enterprise. Businesses owned and operated primarily by minorities and women.
DEBT SERVICE FUND	Fund used to account for the accumulation and disbursement of resources related to the payment of general long-term debt principal and interest.
DOT	United States Department of Transportation
EEO/AA	Equal Employment Opportunity/Affirmative Action

EIR	Environmental Impact Report. A detailed statement describing and analyzing the significant environmental effects of a project, and discussing ways to mitigate or avoid those effects.
EIS	Environmental Impact Statement. Same as EIR, except prepared under the (federal) National Environmental Policy Act.
ENCUMBRANCES	Reservations and commitments of fund balances that do not constitute an expenditure or liability until the unperformed portion of a contract for goods or services is completed.
ENTERPRISE FUND	Fund established to finance and account for the operation and maintenance of facilities and services that are entirely or predominantly self-supporting.
FAP	Formula Allocation Program. FAP is the adopted method for allocation of federal, state, and local transit operating subsidies to Los Angeles County bus operators. The current formula allocates funds as follows: 50% based on vehicle service miles and 50% based on "fare units". Allocations are made using audited performance data.
FARE	The price paid to ride public transportation such as a bus or train.
FAREBOX RECOVERY RATIO	Fare and other operating revenue divided by operating expenses.
FAU	Federal Aid Urban. Authorized by the enactment of the Federal Highway Act every five years. Cities and the county are eligible for FAU funds for projects such as street reconstruction and widening, and installation of lights and signals.
FIDUCIARY FUNDS	Financial resources held or managed in an agent or fiduciary capacity.
FIS	Financial Information System. The LACMTA's automated, integrated financial accounting and control system.
FISCAL YEAR	The period at the end of which a governmental agency determines its financial position and results of operations. The LACMTA's fiscal year begins July 1 and ends June 30 of the following calendar year.
FIXED ASSETS	Assets of long-term character that are intended to continue to be held or used, such as land, buildings, machinery, furniture, and other equipment.

FIXED GUIDEWAY SYSTEM	A system of vehicles that can operate only on its own guideway constructed for that purpose (e.g., commuter rail, light rail). Federal usage in funding legislation also includes exclusive right-of-way bus operations.
FREIGHT MOVEMENT PROGRAM	A strategic plan being developed by LACMTA to address future goods movement growth throughout the county.
FSP	Metro Freeway Service Patrol. Service financed by the LACMTA, which uses roving tow trucks to remove disabled vehicles and debris from freeways.
FTA	Federal Transit Administration
FTE	Full-Time Equivalent Position. A part-time position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time typist working for 20 hours per week would be the equivalent to a .5 of a full-time position.
FUNCTION	An activity or a group of related activities for which the reporting unit is responsible.
FUND	A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and changes in these assets and liabilities.
FY	Fiscal year
GENERAL FUND	Fund used to account for those financial resources that are not required to be accounted for in any other fund.
GOVERNMENTAL FUNDS	Four fund types are used to account for the agency's governmental-type activities: General fund, Special Revenue fund, Debt Service fund, and Capital Projects fund. See applicable description herein.
HEAVY RAIL	High-speed passenger rail cars operating singly or in trains of two or more cars on fixed rails in separate rights-of-way from which all other vehicular and foot traffic is excluded.
HOV	High Occupancy Vehicle lanes or carpool lanes on freeways dedicated for use by vehicles with multiple occupants.
IMMEDIATE NEEDS TRANSPORTATION PROGRAM	A ten-year program started after the Los Angeles riots to distribute taxi vouchers and bus tokens in Los Angeles County.

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INTERNAL SERVICE FUND	Fund used to account for the goods and services provided to LACMTA projects and funds on a cost reimbursement basis.
ITS	Information Technology Services
JOINT DEVELOPMENT	Projects that combine public and private resources to build mixed use development around transit station areas.
JPA	Joint Powers Authority
KEY PERFORMANCE INDICATOR	Indicators that measure and analyze performance in terms of quantity, effectiveness or efficiency.
LA LIGHT RAIL VEHICLE CAR	Los Angeles Light Rail Vehicle Car. The LA Light Rail Vehicle Car is a generic vehicle designed for the LACMTA for use on the Green and Gold Lines.
LACMTA	Los Angeles County Metropolitan Transportation Authority. Also referred to as MTA or METRO.
LIGHT RAIL	Lightweight passenger rail cars operating on fixed rails in right-of-way that is not separated from other traffic for much of the way. Light rail vehicles are driven electronically with power drawn from an overhead electric line (catenary).
LOCAL RETURN	Local return is a direct share, based on population, that the 88 cities and the Los Angeles County receive from the total Propositions A and C sales tax revenue. These funds are used to support transit needs or other transportation related projects, including paratransit and fixed route service, street and road maintenance and other transit related improvements.
LRT	Light Rail Transit
L RTP	Long Range Transportation Plan. A 25-year plan for multi-modal transportation needs of Los Angeles County.
LRV	Light Rail Vehicle
MAINTENANCE & MATERIAL MANAGEMENT SYSTEM (M3)	A materiel, equipment, and facilities management system that automates the control, planning, acquisition and distribution of inventory and tracking of maintenance activities.
METRO	Preferred nickname for and reference to the Los Angeles County Metropolitan Transportation Authority (LACMTA).
METRO BLUE LINE	Long Beach-Los Angeles Light Rail Transit Project. A 22-mile light rail line constructed by the LACMTA. The line opened for service July 14, 1990.

METRO EXPO LINE	Culver City-Los Angeles Mid-City/Exposition Light Rail Transit Project. A 9.6-mile light rail line currently in the planning stage.
METRO GOLD LINE	Union Station-Pasadena Light Rail Transit Project. A 13.7-mile light rail line constructed by the Metro Blue Line Construction Authority. The line opened for revenue service July 28, 2003.
METRO GOLD LINE EASTSIDE EXTENSION	A 6-mile Metro Gold Line light rail transit extension planned to provide service between Union Station and East Los Angeles. The line is scheduled to open in 2009.
METRO GREEN LINE	Norwalk-El Segundo Light Rail Transit Project. A 20-mile light rail line constructed by the LACMTA on the median of the I-105 freeway. The line opened for service August 12, 1995.
METRO ORANGE LINE	A 14-mile Metro Rapidway being built on a former Southern Pacific Railroad right-of-way between the North Hollywood Metro Rail Station and Warner Center in Woodland Hills. Service is scheduled to begin in 2005.
METRO RAPID	Bus service on arterial streets with several attributes to improve service operating speeds including traffic signal priority, level boarding and alighting with low floor buses, fewer stops, and active management of service operation.
METRO RAPIDWAY	LACMTA's BRT service on a dedicated right-of-way. See Metro Orange Line.
METRO RED LINE – SEGMENT I	Segment I of the Metro Rail project constructed by the LACMTA from Union Station to Wilshire/Alvarado (4.4 miles). Operation began in January 1993.
METRO RED LINE – SEGMENT II	Segment II includes Wilshire/Alvarado west to Wilshire/Western, which opened for service in August 1996, and Wilshire/Vermont north to Hollywood/Vine, which opened for service in June 1999.
METRO RED LINE – SEGMENT III	Segment III of the Metro Rail project includes Hollywood/Vine to North Hollywood, which opened for service in June 2000.
METROLINK	The regional commuter rail system connecting Los Angeles, Orange, Riverside, San Bernardino, and Ventura counties. Service began in October 1992.
MIS	Major Investment Study. The study is required by the FTA to obtain federal funds to proceed with any major capital improvement.

MISSION	A brief statement that summarizes an organization's purpose, intent, and commitment.
MODE	A particular form of transportation identified by the vehicle or mode used i.e. bus, light rail, heavy rail, car, bike, or foot.
MODIFIED ACCRUAL BASIS	A method of accounting that recognizes increases and decreases in financial resources only to the extent that they reflect near-term inflows or outflows of cash. Under modified accrual accounting, amounts are recognized as revenue when earned, only so long as they are collectible within the period or soon enough afterwards to be used to pay liabilities of the current period.
MOSIP	Municipal Operator Service Improvement Program
MOU	Memorandum of Understanding. A formal contractual agreement between two or more public agencies.
MOW	Maintenance of Way. Also known as Wayside Maintenance.
MTA	Metropolitan Transportation Authority. Also known as LACMTA or METRO.
MULTIMODAL	Public transportation system, which employs a combination of highway, bus, rail, HOV, bikeway, pedestrian land use, and demand management systems.
MUNICIPAL OPERATOR	A city or county (including any non-profit corporation or other legal entity wholly-owned or controlled by the city or county) which operates a public transportation system, or which on July 1, 1972, financially supported in whole or in part a privately-owned public transportation system and which is not included within an existing transit district.
NON-REVENUE VEHICLES	Vehicles that do not carry fare-paying passengers.
NTD	National Transit Database. A database consisting of financial and operational information for over 600 U.S. transit agencies that receive FTA Section 5307 grants.
OBJECTIVE	Time-phased measurable accomplishment required realizing the successful completion of a strategic goal.
OCIP	Owner Controlled Insurance Program. OCIP self-insurance coverage includes workers' compensation, employer's liability, bodily injury and property damage liability, builder's risk (property), and railroad protective liability.

OVERHEAD	Expenses not directly chargeable to a particular program, which support multiple programs of the LACMTA.
OVERHEAD CATENARY	An overhead contact wire system that supplies power from a central power source to a rail vehicle or trolley bus.
PASSENGER MILES	The cumulative sum of the distances ridden by each passenger.
PERFORMANCE INDICATORS	Specific quantitative and qualitative measure of work performed as an objective of specific departments or programs.
PERFORMANCE MEASURES	Data collected to determine how effective or efficient a department or program is in achieving its objectives.
PRMA	PTSC/MTA Risk Management Authority. Established in September 1998 is a public entity, between the LACMTA and PTSC for the purposes of establishing and operating a program of cooperative self-insurance and risk management.
PROGRAM	A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the government is responsible.
PROP A	Proposition A is a sales tax initiative approved by the Los Angeles County voters in 1980. The proposition established a one-half cent sales tax to be used for public transit.
PROP C	Proposition C is a sales tax initiative approved by the Los Angeles County voters in 1990. The proposition established a one half-cent sales tax to be used for public transportation purposes.
PROPRIETARY FUNDS	Two fund types are used to account for the agency's business-type activities (e.g., activities that receive a significant portion of their funding through user charges): Enterprise fund and Internal Service fund. See applicable description herein.
PTSC	Public Transportation Services Corporation. Created by the LACMTA in December 1996, the PTSC is a non-profit public benefit corporation organized under the laws of the State of California.
REVENUE SERVICE HOURS (RSH)	Total number of scheduled hours that a bus or train is in service. This total excludes hours spent traveling to and from storage facilities and during other non-service travel.
REVENUE VEHICLE	Vehicles that carry fare-paying passengers.
REVENUE VEHICLE HOURS (RVSH)	Total number of scheduled hours that a vehicle is in service. Excludes hours spent traveling to and from storage facilities and on other non-service travel.

REVENUE VEHICLE MILES	Total miles traveled by a revenue vehicle used to provide public transportation. Excludes miles spent traveling to and from storage facilities and on other non-service travel.
RFP	Request for Proposal. An RFP is a tool used by governments and businesses to purchase equipment and services by promoting competitive proposals among suppliers. Through this competitive process, suppliers offer a wide array of potential solutions and prices and compete with each other to win the business. Buyers evaluate the many different supplier solutions and pick the one that most closely fits their needs and budget.
ROD	Revenue Operations Date
RTAA	Regional Transit Alternatives Analysis
SAFE	Service Authority for Freeway Emergencies. Funds generated from one dollar from each vehicle registration within Los Angeles County used to provide expanded and improved emergency call box service along the highways. SAFE is a separate legal entity.
SBE	Small Business Enterprise. Businesses in which at least 51% of the business is owned and operated primarily by socially or economically disadvantaged individuals.
SBU	Strategic Business Unit
SCADA	Supervisory Control and Data Acquisition system. A system used by Rail Operations to regulate, direct, and modify train movement and monitor the functional state of rail facilities (e.g. rail signals, switches, electricity loads, station ventilation, security, etc.).
SCAG	Southern California Association of Governments functions as the Metropolitan Planning Organization for six counties: Los Angeles, Orange, San Bernardino, Riverside, Ventura and Imperial. As the designated Metropolitan Planning Organization, the Southern California Association of Governments is mandated by the federal government to research and draw up plans for transportation, growth management, hazardous waste management, and air quality.
SCAQMD	South Coast Air Quality Management District. The air pollution control agency for the four-county region including Los Angeles and Orange counties and parts of Riverside and San Bernardino counties.

SCORECARD	A system that graphically displays the status of many agency key performance indicators. The Scorecard measures plans against results and displays historical data, current totals, targets, and forecasts so users can easily assess progress, monitor trends, and identify best practices.
SCRRRA	Southern California Regional Rail Authority. A joint powers agency including Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties formed to plan, construct, and operate the regional commuter rail system known as Metrolink.
SHORE	Support for Homeless Re-entry Program. The LACMTA provides bus tokens to Los Angeles County shelters and missions.
SPECIAL REVENUE FUND	Fund used to account for specific revenue sources (other than major capital projects) that are restricted for specified purposes.
SRTTP	Short Range Transportation Plan. A five-year business plan, completed every three years, which is used for internal planning.
STA	State Transit Assistance Fund. Used to account for the revenue from the sales tax on gasoline used for transit purposes. The STA fund was created as an amendment to the Transportation Development Act of 1976.
STIP	State Transportation Improvement Program. The California Transportation Commission (CTC) adopted this program that serves as the primary vehicle for programming funds for highway projects.
TCU	Transportation Communications Union. Union representing clerical workers.
TDA	Transportation Development Act. Created by state law in 1972, the TDA authorized the use of $\frac{1}{4}$ of 1% of the state sales tax for transportation purposes. 1% of this revenue is allocated to the LACMTA for its transportation planning activities.
TEA-21	Transportation Equity Act for the 21 st Century. On June 9, 1998, the President signed the Transportation Equity Act for the 21 st Century (TEA-21) authorizing highway, highway safety, transit and other surface transportation programs for the next 6 years.
TEAMSTERS	International Brotherhood of Teamsters (IBT). Union representing security guards.

TIP	Transportation Improvement Program. The programming document, which establishes allocation of funding for Los Angeles County highways and transit.
TOTS	Transit Operating and Trend System. A system that collects and reports bus operator salary data.
TSM	Transportation Systems Management. A program of user incentives and disincentives to maximize capacity and usage of the existing transportation network.
TVM	Ticket Vending Machines
UFS	Universal Fare System
UNLINKED PASSENGER TRIP	See BOARDING

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Los Angeles County Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.6000
metro.net



Metro

04-1229TR