

FISCAL 1998-1999 PROPOSED BUDGET

LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY

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May, 1998



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
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**Los Angeles Metropolitan Transportation Authority,
California**

For the Fiscal Year Beginning

July 1, 1997

Linda K. Savitky
President

Jeffrey L. Esser
Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the Office of Management and Budget for its annual budget for the fiscal year 97-98.

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 communication device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

**Los Angeles County Metropolitan Transportation Authority
FY1998-1999 Proposed Budget**

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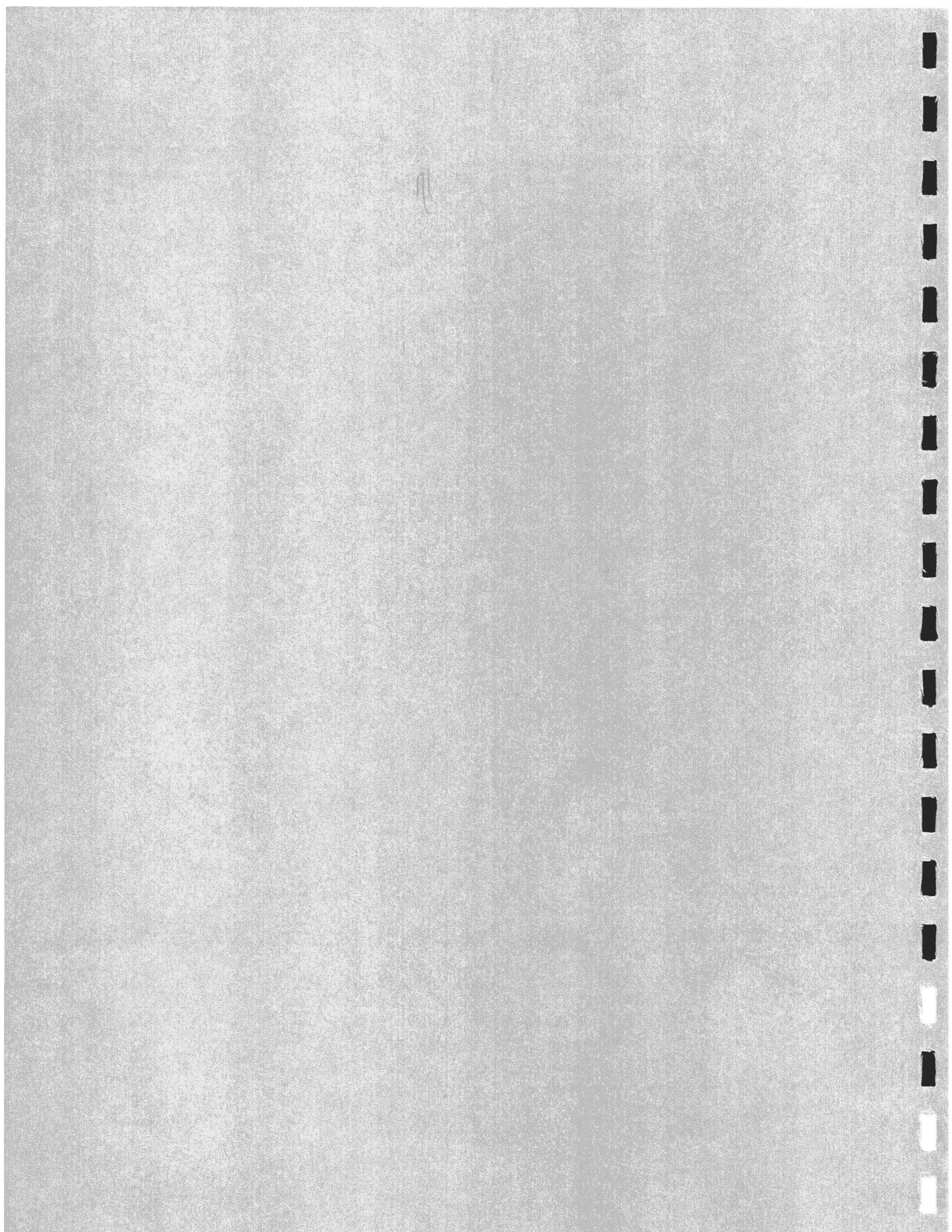
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FINANCIAL SUMMARY



FINANCIAL SUMMARY

MTA BUDGET

The annual budget includes all operating, capital and debt service requirements of the LACMTA for the fiscal year. The fiscal year is from July 1 to June 30. The annual budget is comprised of an Operating, Capital and Subsidy budget.

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 expense assumptions and projections
- Platform hours and miles of bus and rail service

The Operating Budget includes bus and rail operations, Freeway Service Patrol, planning activities and projects, property management activities, debt service, agency administration, and contingencies. The Operating Budget consists of the Enterprise, General, Special Revenue, and Debt Funds.

The Capital Budget includes all activities associated with bus acquisition, bus and rail asset maintenance and replacement projects, rail construction activities, and other capital projects, including the Year 2000 project. The Capital Budget reflects the annual amount appropriated for each capital project. The Board authorizes new capital project, total project cost and schedule. The approval of the project budget authorizes the total expenditures over the multi-year duration of the capital project. The annual budget authorizes the anticipated expenditures of the total project budget as well as the scope of work to be completed in the fiscal year.

The Subsidy Budget includes funds that MTA provides directly through grants of local funds or indirectly through allocating Federal and State grants to local agencies and transit operators through Los Angeles County. Funds are allocated to other government agencies in accordance with legislated requirements, Board policy or through a competitive awards process known as the "Call for Projects". The Board approves the projects recommended for funding through the annual budget and the competitive process.

Programs funded in the Subsidy Budget include capital and operating allocations to municipal bus operators, direct disbursements to Los Angeles County cities for transportation programs and services for the disabled provided by Access Services, Inc. MTA's financial records reflect only those funds which are actually received and directly disbursed by the agency, mainly Proposition A and C revenues.

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LINK TO OTHER PLANNING PROCESSES

The annual budget is one of a series of plans which the Board of Directors approves to set the financial and operational course for the MTA. The agency's planning horizon ranges from over 20 years in the Long Range Plan to the next fiscal year in the annual budget process. While the MTA strives for consistency in assumptions and direction, each plan serves a unique purpose in defining MTA's financial and operational goals and policies. The annual budget is the vehicle whereby the agency commits funds.

As part of the update for the Long Range Transportation Plan (LRP), a comprehensive public outreach effort to identify and prioritize the County's transportation needs was conducted in FY98. However, due to the significant financial issues facing the MTA, the LRP process was put on hold and resources were re-focused on solving the more pressing problems of improving overall bus service and developing transit alternatives for suspended rail projects while maintaining MTA's commitments to the state and federal governments on the Red Line rail construction projects.

The annual budgeting process was conducted in conjunction with the first agency-wide business planning process. In FY98, the first step in that process was taken to create an agency vision, mission and guiding principles - a document which was adopted by the Board in April, 1997. For FY99, the MTA has linked the operating and capital budgeting process to a set of objectives and strategies based on the four MTA guiding principles.

Key tasks in the strategic business planning process include:

- Establishing goals and objectives
- Crafting sensible strategies
- Allocating resources
- Implementing strategies and tactics through programs, policies and projects
- Measuring and evaluating performance through Management Action Plans and Quarterly Review Meetings.

Over time, the agency will expand the business planning process to encompass a five year horizon, providing a focus for framing important policy issues, and determining project priorities so that short and long-term trade-offs can be more fully evaluated.

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

This framework serves several purposes. It will:

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

BUDGET ACCOUNTING METHODOLOGY

MTA prepares its budget and financial statements in conformance with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. For budgeting and accounting purposes, the MTA is a single, integral entity. However, it is reported as a collection of smaller, separate accounting entities known as funds. The Governmental Accounting Standards Board (GASB) defines a fund as a fiscal and accounting entity with a self-balancing set of accounts which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Annual budgets are adopted for each of the fund groups used by the MTA including the Enterprise, General, Special Revenue, Capital Projects, and Debt Service. All funds except the Enterprise and Special Revenue Funds are accounted for using the modified accrual basis of accounting meaning revenue is recognized when it is both measurable and available. The Enterprise Fund uses 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 which are restricted by purpose and use. The Special Revenue Funds reflect MTA responsibility to administer special transportation programs as well as its duty to allocate transportation funds to local and regional agencies throughout Los Angeles County. Special revenue funds are shown in the budget summaries on a cash flow basis.

The Service Authority for Freeway Emergencies (SAFE) administers Los Angeles County's participation in the statewide callbox program which coordinates emergency services to motorists on freeways. SAFE is an independent financial entity component unit, which is administered by MTA staff. SAFE funding is restricted to the \$1 fee collected on vehicle registrations. SAFE program expenditures are reflected in the Operating Budget and Capital Budgets.

In addition, MTA is responsible for acting as a trustee for certain 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 and include pension trust funds and restricted agency funds. Benefit assessment district funds are an example of trustee funds which 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 fees from property owners and payments to bondholders. The FY99 budget and prior year's figures were restated to consolidate all expenditures for debt service and staff administration expenditures. In prior years, the Benefit Assessment debt service was shown in the debt fund.

Significant changes or notable additions to the budgetary approach are highlighted:

- Budgeted expenses are adjusted to reflect anticipated expenditures during the fiscal year with the exception of reserve accounts. Multiyear contracts included in the FY99 Budget include only that portion of the total contract planned to be expended during the fiscal year.
- Available revenues are adjusted to no longer reflect revenues which are due to other agencies but not yet disbursed. Previous budget presentations reflected carryover revenues due to cities and local agencies for projects awarded funding by the MTA. These funds are reserved by the MTA, but are no longer reflected in the carryover balances. Carry-forward revenues from prior years are shown separately.
- Estimated interest earned on Proposition A and C and TDA cash balances is included in the revenue budget.
- Federal guidelines for the use of Section 9 operating and capital subsidies are modified in recent years to allow for greater flexibility in funding some operational expenses with capital grant funds.
- Rail construction demobilization expenses are budgeted and reserved in accordance with the Board's approved plan. Demobilized expenditures are reserved in FY98 and excluded from carry-forward capital fund balances. A Board report addressing this issue will be provided.
- The Subsidy Budget includes \$26.7 million of federal RSTP funds for Access Services, Inc. (ASI), matched by Proposition C 40% funds. This funding plan is the same as in FY98.
- The FY99 Budget reflects a budget for services associated with the Public Transportation Services Corporation (PTSC), a component unit created in FY98. The budget includes the salary and fringe benefits of Teamster and Non-Contract employees of the PTSC who perform management, supervisory and security services for the MTA.

Retiree medical is budgeted on a cash basis in line with projected FY99 outlays. The non-cash liability is noted separately.

The following Funds Available Summary schedule shows beginning balances and transfers between funds, and shows FY99 planned expenditures by fund.

Funds Available Summary (\$000)

	Enterprise	Internal Service Fund	General	Special Revenue	Special Revenue Projects	SAFE	Capital	Debt Service	Benefit Assessment District	Total (Memo Only)
Estimated Beginning Available Fund Balance as of 7/1/98 [1] [2]	\$ (90,100)	\$ -	\$ 1,827	\$ 175,897	\$ -	\$ 12,594	\$ 236,929	\$ 156,101	\$ -	\$ 493,248
Estimated Revenues										
Operating Revenues	245,864	-	-	-	-	-	-	-	-	245,864
Sales Tax - Proposition A	-	-	-	449,695	-	-	-	-	-	449,695
Sales Tax - Proposition C	-	-	-	452,089	-	-	-	-	-	452,089
Transportation Development Act - TDA	-	-	-	228,667	-	-	-	-	-	228,667
State Transportation Act - STA	-	-	-	25,695	-	-	-	-	-	25,695
Intergovernmental - Local	-	-	-	216	-	-	2,222	-	-	2,438
Intergovernmental - State	-	-	1,000	221,941	-	-	-	-	-	222,941
Intergovernmental - Federal	25,886	-	-	36,720	-	-	65,469	-	-	128,074
Investment Income - Interest and other	2,700	-	-	19,045	-	-	-	-	-	21,745
Lease and Rental	-	-	9,325	-	-	-	-	-	-	9,325
Licenses and Fines	-	-	-	264	-	6,000	-	-	-	6,264
Other	-	-	1,420	650	-	-	3,442	8,186	10,654	24,352
Sub-Total Estimated Revenues	274,449	-	11,745	1,434,982	-	6,000	71,133	8,186	10,654	1,817,150
Other Financing Sources/(Uses):										
Operating Transfers from General fund	539	-	(744)	-	205	-	-	-	-	-
Operating Transfers from Special Revenue fund	438,992	346	26,700	(1,055,937)	53,806	(8,352)	294,412	250,035	-	-
Operating Transfers from Capital fund	-	-	3,492	82,664	-	-	(172,082)	85,926	-	-
Operating Transfers from Enterprise fund	-	-	-	-	-	-	-	-	-	-
Operating Transfers from Debt Service fund	5,575	-	-	-	-	-	-	(5,575)	-	-
Proceeds of Financing	-	-	-	-	-	-	402,453	-	-	402,453
Sub- Total Other Financing Sources/(Uses):	445,105	346	29,448	(973,274)	54,011	(8,352)	524,783	330,386	-	402,453
Estimated Total Funds Available	629,455	346	43,020	637,606	54,011	10,242	832,845	494,673	10,654	2,712,851
Less: FY99 Budgeted Uses of Funds										
Operating Expenses	719,555	346	40,737	-	54,011	7,971	-	338,572	10,654	1,171,845
Capital Expenditures	-	-	-	-	-	-	718,420	-	-	718,420
Subsidies to Others	-	-	-	622,991	-	-	-	-	-	622,991
Total FY99 Budgeted Uses of Fund Available	719,555	346	40,737	622,991	54,011	7,971	718,420	338,572	10,654	2,513,256
Estimated mid-year adjustment [3]	-	-	-	7,363	-	-	61,452	-	-	68,815
Estimated Ending Fund Balance @ 6/30/99	\$ (90,100)	\$ -	\$ 2,283	\$ 7,252	\$ -	\$ 2,270	\$ 52,973	\$ 156,101	\$ -	\$ 130,780

Notes:

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

[2] Prior year funds to municipal bus operators and to the \$25 million FTA reserve are considered allocated and not included in the available fund balances.

[3] Adjustments include funds anticipated for mid-year formula allocation, and reserved Section 9 bus capital funding.

MAJOR BUDGET ASSUMPTIONS

Budget assumptions specific to the operating, capital and subsidy budgets are discussed with the presentation of each budget section. Notable major assumptions related to the FY99 Budget include the following:

- Proposition A, Proposition C, and TDA revenues are conservatively forecasted to grow at 4.2 % over FY98 estimated revenues. FY98 base revenues were revised to 5% growth over FY97 receipts, based on a 6.1% growth factor through the first nine months of FY98.
- The proposed budget assumes a 10 cent fare increase on the base cash fare and tokens, effective November 1, 1998, consistent with CPI adjustments allowed in the Consent Decree provisions. The 10 cent fare increase assumes that the cumulative CPI for Los Angeles exceeds 5.5% for the 37 month period. If the low inflation for the past six months continues, the threshold may not be reached in FY99Y, representing up to a \$2.6 million revenue risk. The CPI test for a 5 cent fare increase has been achieved.
- Federal revenues are budgeted based on anticipated receipt of funds:
 - ◆ Section 3 Rail Mod and Section 9 Capital funds are budgeted at the FY99 federal appropriations level for Los Angeles County, based on estimated federal formula allocations.
 - ◆ Section 3 New Starts funds are budgeted at the FY98 appropriation level, consistent with a one-year lag from appropriation to receipt of funds.
 - ◆ The proposed budget assumes the conversion of existing Proposition C 25% bond proceeds, to Proposition C 40% bonds. A Board box item explaining the conversion is being issued.
- Significant reorganizations are implemented through the FY99 budget process resulting in substantial staff reductions. These changes are further described in the Executive Office and Department Budgets section.
- Salary increases for represented employees are consistent with the union contracts negotiated in FY97.
- A 1.7% salary increase, effective July 1, 1998, is budgeted for all non-represented staff earning less than \$100,000 per year. Probationary employees will not be eligible and increases will be limited to the maximum salary range of the grades. This salary increase is based on January, 1997 12-months' CPI from the Bureau of Labor Statistics. Non-represented employees last received an increase in July, 1996.
- A 3% attrition rate is assumed for all non-represented staff.
- The Time-off-with-Pay (TOWP) benefit for all non-represented staff assumes a reduced liability at year-end as policy changes will be implemented requiring employees to use 2 weeks TOWP in a calendar year. This policy change will lower annual compensation expense per FTE from the current level of over 54 weeks to 53 weeks annually.
- Red Line MOS-2 is scheduled to open for operation to Hollywood and Vine on May 29, 1999.

FY99 BUDGETED REVENUES

The MTA receives revenues from several major sources: farebox, local funds, sales tax generated revenues, state and federal grant funds, and proceeds from financing.

Revenue (\$ millions)	FY99 Receipts	% of Total New Revenues
Farebox revenues	\$227.2	10.2%
Other Local Revenues	76.9	3.5%
<i>Subtotal Farebox and Local Revenues</i>	<i>\$304.1</i>	<i>13.7%</i>
Sales tax-based revenues:		
Proposition A	\$449.7	20.3%
Proposition C	452.1	20.4%
TDA	228.7	10.3%
<i>Subtotal Sales Tax Revenues</i>	<i>\$1,130.5</i>	<i>51.0%</i>
State Grants	\$251.2	11.3%
Federal Grants	131.5	5.9%
<i>Subtotal State and Federal Grants</i>	<i>\$382.7</i>	<i>17.2%</i>
<i>Proceeds from Financing</i>	<i>402.5</i>	<i>18.1%</i>
Total New Revenues	\$2,219.6	
Carryover Revenues	425.4	
<i>Total Revenues</i>	<i>\$2,645.0</i>	

Farebox and Local Revenues

Farebox and local revenues are projected at \$303.7 million for FY99. Farebox revenues are projected to grow to \$227.2 million which is a 3.0% increase over FY98 levels. The increased projection of farebox revenues is due to a projected increase in boardings and a projected base fare increase, which is offset slightly by an increased switch to discounted fare media, i.e. passes and tokens. Other local revenues, including interest income, advertising, lease revenues, MTALite and service agreements, total \$76.5 million.

Sales-tax Based Revenues

Sales-tax based revenues include Proposition A, Proposition C and TDA sales tax revenues. Propositions A and C are sales tax measures approved by the Los Angeles County residents to support designated transportation projects. Each proposition dedicates one-half cent of sales tax to support transportation eligible purposes. TDA revenues are derived from one-quarter cent of the six-cent statewide sales tax generated in Los Angeles County. These revenues account for over 50% of the total new revenues for FY99. The FY99 growth rate for sales tax revenues was assumed at 4.2% over estimated FY98 revenues.

State and Federal Grants

Total new state and federal grant revenues anticipated for FY99 total \$382.7 million. This represents over 17% of the new revenue budget. The State of California provides capital and operating funds to support MTA's transit operations and rail construction program through the State Transportation Improvement Plan (STIP). The FY99 Budget assumes state revenues for projects in both the operating budget, for regional planning projects managed by MTA, and in subsidies to other agencies. Revenues received from the STIP includes Rail Bonds, Transit Capital Improvement funds, Traffic Systems Management and other funds for highway and rail construction projects.

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

Section 3 and Section 9 grant funds (now referred to as Section 5309 and 5307, respectively) are the largest federal revenues anticipated for FY99. The Budget does not assume any significant increases in federal funding that are currently being considered by Congress in the development of the ISTEA funding bills.

Federal revenues are provided to the MTA for several uses:

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

The Budget assumes that Access Services Inc. (ASI) is funded with \$26.7 million of RSTP funds and \$6.7 million of Proposition C 40% as local match.

Proceeds from Financing

Net proceeds from financing include \$402.5 million from two long-term bond issuances, one which was deferred from FY98. The assumptions for the proceeds from financing are detailed in the Debt Section.

FY99 Summary of Estimated Funds Available (\$ millions)

	FY97 Actual			FY98 Budget Reforecast			FY98 Year-end Projection			FY99 Budget		
	Carryover	New	Total	Carryover	New	Total	Carryover	New	Total	Carryover	New	Total
	\$ -	\$ 214.5	\$ 214.5	\$ -	\$ 220.6	\$ 220.6	\$ -	\$ 224.5	\$ 224.5	\$ -	\$ 227.2	\$ 227.2
Farebox Revenues												
Other Local Revenues												
Proposition A - Interest	3.0	6.4	9.4	7.5	3.5	11.0	7.5	4.0	11.5	-	3.4	3.4
Proposition C - Interest	17.0	9.6	26.6	21.5	10.0	31.5	21.5	9.1	30.6	-	7.8	7.8
TDA - Interest	-	8.4	8.4	13.1	8.0	21.1	13.1	8.4	21.5	-	7.5	7.5
STA - Interest	-	0.3	0.3	-	0.3	0.3	-	0.3	0.3	-	0.3	0.3
Enterprise Fund - Interest	-	3.7	3.7	-	3.7	3.7	-	3.7	3.7	-	2.7	2.7
Advertising	-	5.2	5.2	-	8.5	8.5	-	8.5	8.5	-	12.3	12.3
Lease Revenues	-	7.0	7.0	1.6	9.1	10.7	1.6	9.2	10.8	-	9.3	9.3
Proceeds from Sale of Real Property	-	-	-	-	-	-	-	-	-	-	3.4	3.4
Interagency Transfer Agreement	-	4.4	4.4	-	2.6	2.6	-	2.2	2.2	-	2.4	2.4
MTA Lite	-	1.0	1.0	-	1.4	1.4	-	1.4	1.4	-	0.5	0.5
Bus Parts/Equipment/Material Sales	-	0.5	0.5	-	1.1	1.1	-	0.6	0.6	-	1.0	1.0
L.A. County Pass Buydown	-	0.5	0.5	-	0.5	0.5	-	0.5	0.5	-	0.5	0.5
Hollywood Bowl Shuttle	-	0.8	0.8	-	0.8	0.8	-	0.8	0.8	-	0.7	0.7
SCRRA Administrative Support	-	-	-	-	0.7	0.7	-	0.7	0.7	-	0.2	0.2
HOV Violations	0.2	0.3	0.5	0.3	0.5	0.8	0.3	0.4	0.7	0.1	0.3	0.4
Federal Aid Urban Cash - FAU	-	1.0	1.0	1.4	1.5	2.9	1.4	0.5	1.9	-	0.7	0.7
Ridesharing Fund	-	0.1	0.1	5.6	-	5.6	5.6	-	5.6	-	-	-
Ports Access Highway	-	-	-	-	-	-	10.6	-	10.6	10.6	0.2	10.8
Board of Equalization Payback	-	-	-	-	2.1	2.1	-	2.1	2.1	-	-	-
So. Ca. Air Quality Management District	-	-	-	-	3.8	3.8	-	3.8	3.8	-	-	-
City of Los Angeles												
City of LA - Other	-	12.9	12.9	-	5.7	5.7	-	5.7	5.7	-	2.2	2.2
City of LA Contract	-	-	-	-	55.4	55.4	-	55.4	55.4	-	-	-
LA City/County Other Local	-	0.7	0.7	2.4	-	2.4	2.4	-	2.4	-	-	-
City of El Segundo	-	-	-	-	0.1	0.1	-	0.1	0.1	-	-	-
Benefit Assessment District - 1 & 2	-	12.8	12.8	-	10.3	10.3	-	10.3	10.3	-	10.7	10.7
Grand Central Redevelopment Agreement	-	1.2	1.2	-	1.8	1.8	-	1.0	1.0	-	-	-
CSDA/CTFC Sub-Lease Agreements	-	1.4	1.4	-	2.7	2.7	-	2.7	2.7	-	2.6	2.6
1992-B&C/1993-A LA Bus Lease (Dollar)	-	-	-	-	-	-	-	-	-	-	5.6	5.6
Miscellaneous	-	2.0	2.0	-	2.0	2.0	-	2.0	2.0	-	2.6	2.6
Subtotal Other Local Revenues	20.2	80.3	100.4	53.4	136.1	189.5	64.0	133.4	197.4	10.7	76.9	87.6
Subtotal Farebox & Local Revenues	20.2	294.8	314.9	53.4	356.7	410.1	64.0	357.9	421.8	10.7	304.1	314.8
Sales Tax Based Revenues												
Proposition A												
Administration - 5%	-	20.6	20.6	0.3	21.4	21.7	0.3	21.6	21.9	-	22.5	22.5
Local Return - 25%	-	97.7	97.7	-	101.5	101.5	-	102.5	102.5	-	106.8	106.8
Rail Set Aside - 35%	35.0	136.8	171.8	1.9	142.1	144.1	1.9	143.5	145.4	-	149.5	149.5
Discretionary - 95% of 40%	7.0	149.1	156.1	4.3	154.3	158.6	4.3	155.8	160.1	-	162.3	162.3
Incentive - 5% of 40%	-	7.3	7.3	-	8.1	8.1	-	8.2	8.2	-	8.5	8.5
Proposition A Total	42.0	411.5	453.5	6.5	427.5	434.0	6.5	431.6	438.1	-	449.7	449.7
Proposition C												
Administration - 1.5%	2.3	6.2	8.5	(1.9)	6.4	4.6	(1.9)	6.5	4.6	-	6.8	6.8
Local Return - 20%	-	81.0	81.0	-	84.7	84.7	-	85.5	85.5	-	89.1	89.1
Security - 5%	1.2	20.3	21.4	(1.4)	21.2	19.8	(1.4)	21.4	20.0	-	22.3	22.3
Commuter Rail - 10%	56.3	40.5	96.9	35.7	42.3	78.1	35.7	42.7	78.5	15.7	44.5	60.2
Streets & Highways - 25%	137.0	101.3	238.3	133.3	105.8	239.1	133.3	106.8	240.1	84.9	111.3	196.2
Discretionary - 40%	27.1	162.0	189.2	-	169.3	169.3	-	170.9	170.9	8.0	178.1	186.1
Proposition C Total	224.0	411.2	635.2	165.8	429.7	595.5	165.8	433.9	599.7	108.5	452.1	560.6

FY99 Summary of Estimated Funds Available (\$ millions)

	FY97 Actual			FY98 Budget Reforecast			FY98 Year-end Projection			FY99 Budget		
	Carryover	New	Total	Carryover	New	Total	Carryover	New	Total	Carryover	New	Total
Transportation Development Act - TDA												
Administration	-	4.0	4.0	1.7	4.0	5.7	1.7	4.0	5.7	-	6.0	6.0
Article 3	-	4.1	4.1	-	4.3	4.3	-	4.3	4.3	-	4.5	4.5
Article 4	60.0	190.4	250.4	73.4	198.2	271.6	73.4	200.1	273.5	25.7	206.8	232.5
Article 8	-	10.5	10.5	(2.1)	10.9	8.9	(2.1)	11.0	9.0	-	11.4	11.4
TDA Total	60.0	209.0	269.0	73.0	217.4	290.4	73.0	219.5	292.5	25.7	228.7	254.3
Subtotal Sales Tax	326.0	1,031.8	1,357.8	245.3	1,074.6	1,319.9	245.3	1,084.9	1,330.2	134.2	1,130.5	1,264.7
State Grants												
State Transportation Act - STA												
Revenue Share	-	10.3	10.3	-	12.5	12.5	-	12.5	12.5	-	13.4	13.4
Population Share	-	8.4	8.4	-	11.2	11.2	-	11.2	11.2	-	12.3	12.3
STA Total	-	18.7	18.7	-	23.7	23.7	-	23.7	23.7	-	25.7	25.7
Rail Bonds	-	14.1	14.1	-	31.9	31.9	-	31.9	31.9	-	36.2	36.2
State Highway Account	-	17.5	17.5	-	93.9	93.9	-	93.9	93.9	0.4	174.9	175.3
Transportation Systems Management - TSM	-	2.3	2.3	0.8	-	0.8	0.8	-	0.8	-	2.7	2.7
Service Authority Freeway Emergencies - SAFE	12.0	6.7	18.7	21.1	6.1	27.2	21.1	6.1	27.2	12.6	6.0	18.6
Budget Change Proposal - BCP	-	3.7	3.7	2.8	3.5	6.3	0.3	3.5	3.8	-	4.5	4.5
SB45 Administration	-	-	-	-	-	-	-	-	-	-	1.0	1.0
State Other	-	1.2	1.2	3.3	-	3.3	3.3	-	3.3	2.5	0.2	2.6
Subtotal State Grants	12.0	64.3	76.3	27.9	159.1	187.0	25.5	159.1	184.6	15.4	251.2	266.6
Federal Grants												
Section 3 New Starts	-	40.5	40.5	69.5	61.5	131.0	69.5	-	69.5	61.5	-	61.5
Section 3 Rail Modifications	-	-	-	18.1	3.0	21.1	18.1	3.0	21.1	13.1	3.5	16.6
Section 9 - Capital	89.9	274.3	364.2	175.6	57.9	233.4	175.6	79.4	254.9	146.1	86.7	232.7
Section 9 - Operating	-	21.1	21.1	-	21.1	21.1	-	3.9	3.9	-	-	-
Section 26	-	4.0	4.0	2.7	10.4	13.0	2.7	10.4	13.0	0.3	-	0.3
CMAQ	-	28.8	28.8	1.4	19.4	20.7	1.4	19.4	20.7	20.0	-	20.0
Regional Service Transp. Program - RSTP	-	-	-	-	32.5	32.5	-	-	-	6.6	36.7	43.3
Petroleum Violation Escrow Account - PVEA	-	0.2	0.2	1.1	-	1.1	1.1	0.1	1.2	1.2	-	1.2
Federal Highway Administration - FHWA	-	6.0	6.0	-	-	-	-	-	-	-	3.4	3.4
Department of Justice - DOJ	-	0.2	0.2	-	0.9	0.9	-	0.9	0.9	-	1.2	1.2
L.A. Neighborhood Initiative	-	-	-	1.5	-	1.5	1.5	0.5	2.0	2.0	-	2.0
Federal other	-	2.8	2.8	0.7	-	0.7	0.7	-	0.7	-	-	-
Subtotal Federal Grants	89.9	377.9	467.7	270.4	206.6	477.0	270.4	117.6	388.0	250.8	131.5	382.3
Subtotal Grants	101.9	442.2	544.1	298.3	365.7	664.0	295.9	276.7	572.5	266.2	382.7	648.9
Subtotal	448.1	1,768.7	2,216.8	597.0	1,796.9	2,394.0	605.2	1,719.4	2,324.6	411.1	1,817.2	2,228.3
Proceeds from Financing												
Proposition A - Proceeds from Financing	70.2	491.1	561.3	116.5	56.4	172.9	116.5	-	116.5	10.7	125.5	136.2
Proposition C - Streets & Highway Bonds	132.1	25.6	157.7	137.3	27.7	165.1	137.3	-	137.3	-	92.4	92.4
Proposition C - Discretionary 40% Bonds	-	-	-	1.3	141.1	142.3	1.3	-	1.3	-	184.6	184.6
General Revenue Bonds	-	188.8	188.8	5.4	-	5.4	5.4	-	5.4	3.6	-	3.6
Subtotal Proceeds from Financing	202.3	705.4	907.7	260.5	225.2	485.7	260.5	-	260.5	14.3	402.5	416.7
MTA TOTAL	\$ 650.4	\$ 2,474.2	\$ 3,124.6	\$ 857.6	\$ 2,022.2	\$ 2,879.8	\$ 865.6	\$ 1,719.4	\$ 2,585.0	\$ 425.4	\$ 2,219.6	\$ 2,645.0

REVENUE FUNDING DETAIL

This schedule includes detailed assumptions for all revenue sources. In addition to giving information about the amount of funds and sources of information for the assumptions, the schedule also includes information on the application of funds.

Revenue Funding Detail - FY99 Budget

FUND TYPE	REVENUES	ASSUMPTIONS	APPLICATION/USES
Farebox revenues, including cash, passes and tokens	<ul style="list-style-type: none"> \$227.2 million in new funds 	<ul style="list-style-type: none"> Based on boardings and base fare increase offset by switch from cash to tokens and passes. 	<ul style="list-style-type: none"> Bus operations Metro Blue Line operations Metro Green Line operations Metro Red Line operations
OTHER LOCAL REVENUES			
Interest Revenue	<ul style="list-style-type: none"> \$21.7 million in new funds, including <ul style="list-style-type: none"> \$3.4 million in Prop A funds \$7.8 million in Prop C funds \$7.5 million in TDA funds \$300K in STA funds \$2.7 million in EF interest 	<ul style="list-style-type: none"> Based on average yields of 3% on FY99 projected average balances. 	<ul style="list-style-type: none"> MTA bus operations Municipal bus operators subsidies
Advertising	<ul style="list-style-type: none"> \$12.3 million in new funds 	<ul style="list-style-type: none"> Based on contract with Transportation Display Incorporated for FY period. 	<ul style="list-style-type: none"> Bus operations
Lease Revenues	<ul style="list-style-type: none"> \$9.3 million in new funds 	<ul style="list-style-type: none"> Based on current lease agreements & Property Management department's projections. 	<ul style="list-style-type: none"> Property Management General Administration
Proceeds from Sale of Real Property	<ul style="list-style-type: none"> \$4.4 million in new funds 	<ul style="list-style-type: none"> Board-approved sale of property located on right-of-way owned by MTA. 	<ul style="list-style-type: none"> Property Management Administration Real Estate projects
Interagency Transfer Agreement	<ul style="list-style-type: none"> \$2.4 million in new funds 	<ul style="list-style-type: none"> Based on projected number of passengers transferring from Metrolink trains to MTA's bus and Metro Red Line during FY99. 	<ul style="list-style-type: none"> Bus operations
MTA Lite	<ul style="list-style-type: none"> \$500K in new funds 	<ul style="list-style-type: none"> Based on special events and existing contracts through 12/98. 	<ul style="list-style-type: none"> MTA Lite
Bus Parts Equipment/Material Sales	<ul style="list-style-type: none"> \$1.0 million in new funds 	<ul style="list-style-type: none"> Based on projected level of sales of bus parts & other materials. 	<ul style="list-style-type: none"> Bus operations
L.A. County Pass Buydown	<ul style="list-style-type: none"> \$500K in new funds 	<ul style="list-style-type: none"> Assumed at FY98 level. 	<ul style="list-style-type: none"> Bus operations
Hollywood Bowl Shuttle	<ul style="list-style-type: none"> \$700K in new funds 	<ul style="list-style-type: none"> Assumed at FY98 level. 	<ul style="list-style-type: none"> Bus operations
SCRRA Administrative Support	<ul style="list-style-type: none"> \$200K in new funds 	<ul style="list-style-type: none"> Based on executed MOU between MTA & SCRRA for ITS services. 	<ul style="list-style-type: none"> ITS direct charge expenditures to Commuter Rail project
HOV Violations	<ul style="list-style-type: none"> \$400K in new and carryover funds <ul style="list-style-type: none"> \$300K in new revenues \$100K in carryover revenues 	<ul style="list-style-type: none"> Based on analysis of CHP tickets issued and MTA's share of violations fines revenue by FSP staff. Based on analysis of FY98 fund balance per 3/98 trial balance report 	<ul style="list-style-type: none"> Freeway Service Patrol program
Federal Aid Urban Cash - FAU	<ul style="list-style-type: none"> \$650K in new funds 	<ul style="list-style-type: none"> Based on analysis of FY98 fund balance per 3/98 trial balance report 	<ul style="list-style-type: none"> Other planning project
Ports Access Highway	<ul style="list-style-type: none"> \$10.8 million in new and carryover funds 	<ul style="list-style-type: none"> Based on analysis of FY98 fund balance per 3/98 trial balance report 	<ul style="list-style-type: none"> Subsidy fund for Ports Access projects.

Revenue Funding Detail - FY99 Budget

FUND TYPE	REVENUES	ASSUMPTIONS	APPLICATION/USES
City of Los Angeles	<ul style="list-style-type: none"> \$2.2 million in new funds 	<ul style="list-style-type: none"> Based on capital budget assumptions & agreement between L.A. City & MTA for rail construction projects. 	<ul style="list-style-type: none"> Metro Red Line - North Hollywood construction expenses.
Benefit Assessment District	<ul style="list-style-type: none"> \$10.7 million in new funds 	<ul style="list-style-type: none"> Reimbursements to equal annual expenditures. The assessments are collected from commercial property owners within half a mile of Red Line Stations. 	<ul style="list-style-type: none"> Reimbursements for Benefit Assessment debt service and staff administration expenditures.
CSDA/CTFC Sub-Lease Agreements	<ul style="list-style-type: none"> \$2.6 million in new funds 	<ul style="list-style-type: none"> Based on Treasury's debt service schedule for CSDA and CTFC COP. 	<ul style="list-style-type: none"> Financing reimbursements for COP sub-lease debt service.
1992-B&C/1993-A LA Bus Lease (Dollar)	<ul style="list-style-type: none"> \$5.6 million in new funds 	<ul style="list-style-type: none"> Based on Treasury's debt service schedule for LA Bus Lease. 	<ul style="list-style-type: none"> Financing reimbursement for LA Bus Lease debt service.
Miscellaneous	<ul style="list-style-type: none"> \$2.6 million in new funds 	<ul style="list-style-type: none"> Miscellaneous revenues from parking fees, film fees, and misc. service fees. 	
SALES TAX REVENUES			
Proposition A	<ul style="list-style-type: none"> \$449.7 million in new tax revenue 	<ul style="list-style-type: none"> FY99 sales tax based on 4.2% growth over FY98 projected receipts. 	<ul style="list-style-type: none"> All areas of budget- operations, debt service, general fund, planning projects, subsidies
Proposition C	<ul style="list-style-type: none"> \$560.7 million in total, including <ul style="list-style-type: none"> \$452.1 million in new tax revenue \$108.6 million in carryover interest revenue. 	<ul style="list-style-type: none"> FY99 sales tax based on 4.2% growth over FY98 projected receipts. 	<ul style="list-style-type: none"> All areas of budget- operations, debt service, general fund, planning projects, subsidies
TDA	<ul style="list-style-type: none"> \$254.3 million in total, including <ul style="list-style-type: none"> \$228.7 million in new revenue \$25.7 million in carryover revenue 	<ul style="list-style-type: none"> FY99 sales tax based on 4.2% growth over FY98 projected expenditures. 	<ul style="list-style-type: none"> MTA bus and rail operations, local match to COP and capital projects, subsidies to municipal bus operators

Revenue Funding Detail - FY99 Budget

FUND TYPE	REVENUES	ASSUMPTIONS	APPLICATION/USES
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STATE & FEDERAL GRANTS

STA	<ul style="list-style-type: none"> • \$25.7 million in new revenues. 	<ul style="list-style-type: none"> • Based on FY98 State Controller's report for Los Angeles County. 	<ul style="list-style-type: none"> • MTA bus operations • MTA rail operations • Subsidies to municipal bus operators
Rail Bonds	<ul style="list-style-type: none"> • \$36.2 million in new grants 		<ul style="list-style-type: none"> • Green Line & Metro Red Line - North Hollywood.
State Highway Account	\$175.3 million in new and carryover revenues.	Based on estimated anticipated grant funds for rail construction projects.	<ul style="list-style-type: none"> • Rail construction projects
Transportation Systems Management - TSM	<ul style="list-style-type: none"> • \$2.7 million in new revenues. 	<ul style="list-style-type: none"> • Based on estimated grant from construction staff. • Based on estimated grant funds from RTP&D staff. 	<ul style="list-style-type: none"> • Red Line Segment 3-N.H • Rideshare services project
Service Authority Freeway Emergencies - SAFE	<ul style="list-style-type: none"> • \$18.6 million in total, including <ul style="list-style-type: none"> • \$6.0 million in new revenues. • \$12.6 million in carryover revenues. 	<ul style="list-style-type: none"> • Based on number of registered vehicles in L.A. County at \$1 per car and analysis of FY98 fund balance per trial balance reports. 	<ul style="list-style-type: none"> • Call Box program
Budget Change Proposal - BCP	<ul style="list-style-type: none"> • \$4.5 million in new revenues. 	<ul style="list-style-type: none"> • Based on estimate of anticipated grant funds for freeway service patrol projects and on analysis of FY98 fund balance per trial balance report 	<ul style="list-style-type: none"> • Freeway Service Patrol Program
SB45 Administration	<ul style="list-style-type: none"> • \$1.0 million in new revenues. 	<ul style="list-style-type: none"> • Estimated by Capital Planning staff, consistent with SB45 funding plan. 	<ul style="list-style-type: none"> • Planning projects
State Other	<ul style="list-style-type: none"> • \$2.6 million in total, including <ul style="list-style-type: none"> • \$200K in new revenues. • \$2.5 million in carryover revenues. 	<ul style="list-style-type: none"> • Based on estimate of anticipated grant funds from RTP&D staff. 	<ul style="list-style-type: none"> • Transit planning project
Section 3 New Starts	<ul style="list-style-type: none"> • \$61.5 million in carryover revenues. 	<ul style="list-style-type: none"> • \$61.5 million in New Start funds based on FY98 Federal appropriation deferred to FY99 	<ul style="list-style-type: none"> • Rail construction projects
Section 3 Rail Modifications	<ul style="list-style-type: none"> • \$16.6 million in total, including <ul style="list-style-type: none"> • \$3.5 million in new revenues. • \$13.1 million in carryover revenues. 	<ul style="list-style-type: none"> • \$3.5 million is the FY99 appropriations level. • Carryover revenues estimated from Capital Budget staff & RTP&D grant staff. 	<ul style="list-style-type: none"> • Rail asset maintenance capital projects.
Section 9 - Capital	<ul style="list-style-type: none"> • \$232.7 million in total, including <ul style="list-style-type: none"> • \$86.7 million in new revenues. • \$146.1 million in carryover revenues. 	<ul style="list-style-type: none"> • Based on SCAG projection of FY99 funding levels. MTA and municipal operator shares based on FY99 Funding Marks. 	<ul style="list-style-type: none"> • COP debt service • Bus capital

Revenue Funding Detail - FY99 Budget

FUND TYPE	REVENUES	ASSUMPTIONS	APPLICATION/USES
Section 26	<ul style="list-style-type: none"> \$300K in carryover revenues 	<ul style="list-style-type: none"> Carryover revenues estimated by Capital Budgeting staff & RTP&D grant staff. 	<ul style="list-style-type: none"> System safety & security project
CMAQ	<ul style="list-style-type: none"> \$20.0 million in carryover revenues. 	<ul style="list-style-type: none"> Carryover revenues estimated by Capital Budgeting staff & RTP&D grant staff. 	<ul style="list-style-type: none"> Red Line Segments - North Hollywood
Regional Service Transportation Program - RSTP	<ul style="list-style-type: none"> \$43.3 million in total, including <ul style="list-style-type: none"> \$36.7 million in new revenues. \$6.6 million in carryover revenues. 	<ul style="list-style-type: none"> New revenues programmed for FY99 for ASI (\$26.7 million) and \$10 million for bus acquisition. Carryover revenues estimated by Capital Budgeting staff. 	<ul style="list-style-type: none"> Bus acquisition Red Line Segments 2 & 3 Access Services Incorporated-ADA compliance
Petroleum Violations Escrow Account - PVEA	<ul style="list-style-type: none"> \$1.2 million in carryover revenues. 	<ul style="list-style-type: none"> Based on analysis of FY98 fund balance per trial balance report 	<ul style="list-style-type: none"> Highway Planning project
Federal Highway Administration - FHWA	<ul style="list-style-type: none"> \$3.4 million in new revenues. 	<ul style="list-style-type: none"> Based on estimate of anticipated grant funds by RTP&D staff 	<ul style="list-style-type: none"> Highway Planning project
Department of Justice - DOJ	<ul style="list-style-type: none"> \$1.2 million in new revenues. 	<ul style="list-style-type: none"> Based on estimate of anticipated grant funds. Transit Security staff. 	<ul style="list-style-type: none"> Security expenditures in Enterprise Fund
L.A. Neighborhood Initiative	<ul style="list-style-type: none"> \$2.0 million in carryover revenues. 	<ul style="list-style-type: none"> Based on estimate of carryover grant funds by RTP&D staff. 	<ul style="list-style-type: none"> LANI program in Subsidy Budget
Federal Other	<ul style="list-style-type: none"> \$50K in carryover revenues. 	<ul style="list-style-type: none"> Based on estimate of anticipated grant funds by RTP&D staff. 	<ul style="list-style-type: none"> Transportation communication pilot project (\$50K)
INTEREST/PROCEEDS FROM FINANCING			
Proposition A Proceeds from Financing	<ul style="list-style-type: none"> \$136.2 million in total, including <ul style="list-style-type: none"> \$10.7 million of carryover proceeds \$125.5 million in net proceeds from a \$138 million par value bond (planned issuance 1/99). 	<ul style="list-style-type: none"> Based on capital expenditure requirements and MTA Treasury Department debt plan. 	<ul style="list-style-type: none"> Rail capital asset maintenance and rail construction projects.
Proposition C Proceeds from Financing	<ul style="list-style-type: none"> Prop C 25% - \$92.4 million in net proceeds from \$102 million par value bond (planned for 7/98). Prop C 40% - \$184.6 million in net proceeds from a \$203 million par value bond (planned 1/99). 	<ul style="list-style-type: none"> Based on CFP and capital expenditure requirements and MTA Treasury Department debt plan. 	<ul style="list-style-type: none"> Bus and rail capital asset maintenance. Rail construction projects. HOV and major streets improvements construction projects.
General Revenue Bonds	<ul style="list-style-type: none"> \$3.6 million in carryover proceeds. 	<ul style="list-style-type: none"> Based on estimated grant from construction and RTP&D grant staff. 	<ul style="list-style-type: none"> Headquarters capital project

SUMMARY OF UNALLOCATED REVENUES

Of the \$2.7 billion in total available revenues, \$107 million is unallocated. These revenues represent the difference between the total available revenues and the expenditure budget. Of the total \$107 million, \$7 million are formula or grant funds to be allocated and \$99 million are MTA funds. Almost \$94 million of MTA funds are federal funds, which are dedicated for demobilized rail construction activities and bus procurements. Remaining proceeds from FY99 bond issuances will be used to pay FY98 unreimbursed capital expenditures of approximately \$24 million.

Revenue Source	Unallocated Revenues (\$000)	Disposition
Formula/Grant Funds		
Proposition A and C Local Return, Proposition A Incentive	\$3,418	Increase in actual revenues will be disbursed to cities by Accounting
Formula Funds: Prop. A., TDA and STA	2,479	Unallocated balance to be allocated to transit operators pending mid-year funding update
Ports Access Highway Interest & PVEA Grant Funds	<u>1,466</u>	Reserved for specific projects - not needed in FY99 based on cashflow requirements
Subtotal Formula/Grant Funds	\$7,363	
MTA Funds		
Proposition C Discretionary	633	Remaining balance to allow for unanticipated changes in FY98 revenue carryforward balance
Lease Revenues	456	Remaining balance (less than 5%) to allow for unplanned fluctuations in lease receipts
General Revenue Bonds	2,702	Reserved for Gateway capital project
SAFE Revenues	2,270	Restricted for Call Box program use
Federal	93,467	Section 3 New Starts/Rail Mod funds - deferred for demobilized projects; Section 9/RSTP reserved for FY00 bus procurement cash flow requirements
Subtotal MTA Funds	\$99,528	

FY98 Reimbursements

Proceeds from Financing	24,875	Proceeds from FY98 issuances to be used to pay FY98 unreimbursed capital expenditures
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FY99 BUDGETED EXPENDITURES

FY99 Budgeted Expenditures

The following schedules show the FY99 Budget by both program and department views. All Expenditures are budgeted by department and project. Departmental expenditures include both operating, overhead and capital elements. The project view shows the projects that comprise the operating and capital.

Budgeted Expenditures by Program

- The Enterprise Fund, consisting of bus and rail operations and LA Lease bus debt, increased by \$16 million over the FY98 Reforecast Budget. The debt expense increased by \$8 million to reflect the gross expenditures with reimbursements. These reimbursements are also reflected in revenues.
- The General Fund, which consists of Transit and Other Planning, Property Management, and Agency Administration, decreased by \$13 million. The largest reduction was agency administration expenditures, which was reduced by almost \$10 million.
- The Special Revenue included Freeway Service Patrol, SAFE, and planning projects. The planning projects include Highway Planning, Commuter Rail, Mobility and Air Quality, and Call-for-Projects (CFP) Management. For FY99, many of the MTA projects that were budgeted in the other planning projects were consolidated into CFP Management. The increase in total planning project expenditures reflects improved cashflow budget. Freeway Service Patrol and SAFE were broken out into operating and capital components in FY99. The capital components are budgeted in the capital budget.
- Benefit Assessment expenditures for debt service and staff administration expenditures are budgeted at \$10 million. These expenditures are funded by assessments collected from property owners along the Red Line.
- The Debt Service Fund increased by almost \$77 million, due to the budgeting of the accounting treatment for a planned commercial paper refunding and new issuances.
- The Capital Budget decreased by \$102 million compared to the FY98 Reforecast. Rail Construction projects decreased by \$119 million due to the demobilization of Metro Red Line Segment 3 - Eastside and Mid-City and Pasadena projects.
- The Subsidy Budget increased by \$89 million, mainly to reflect the increased cashflow requirements of prior periods Call-for-Projects awards. Municipal Operators programs reduced by \$36 million to reflect the elimination of Section 9 Operating funds. Fair-share allocations of Proposition C 40% and Interest revenues that were included in the FY98 Reforecast will be allocated to the Municipal Operators during mid-year process.

Summary of FY99 Budgeted Expenditures by Program (\$000)

	FY97 Actual	FY98 Reforecast	FY99 Budget	FY99		
				Salary & Fringe	Non Payroll	Overhead
Operating Budget						
Enterprise Fund						
Bus	612,678	609,796	615,950	400,625	160,280	55,044
Blue Line	52,806	35,671	37,397	17,493	17,028	2,875
Green Line	18,692	22,314	21,701	10,271	9,685	1,745
Red Line	31,164	29,894	33,762	15,732	15,312	2,718
MTA Lite & Bus Debt	5,159	5,349	10,757	346	10,357	54
Enterprise Fund Total	720,499	703,023	719,567	444,468	212,663	62,436
General Fund						
Transit & Other Planning	19,367	26,869	20,097	7,566	7,363	5,168
Property Management	2,279	2,734	6,073	1,301	4,251	520
Agency Administration	31,349	24,612	14,901	53,734	59,091	(97,924)
General Fund Total	52,995	54,216	41,071	62,601	70,705	(92,235)
Special Revenue Fund						
Freeway Service Patrol	18,640	25,284	19,058	400	18,542	115
SAFE	4,430	13,859	7,971	578	7,271	123
Highway Planning	7,198	13,070	7,348	3,171	1,669	2,508
Commuter Rail & Metrolink Support	3,418	1,085	2,366	251	2,001	114
Mobility & Air Quality Program	2,520	4,610	3,169	951	1,625	593
RTP&D-CFP Management	-	-	22,070	192	21,725	153
Special Revenue Fund Total	36,207	57,908	61,982	5,543	52,834	3,605
Operating Budget Total	809,701	815,146	822,620	512,612	336,202	(26,194)
Benefit Assessment	9,476	10,665	10,654	182	10,320	152
Debt Service Total	609,830	261,906	338,572	-	338,572	-
Operating & Debt Budgets Total	1,429,007	1,087,718	1,171,845	512,794	685,093	(26,042)
Capital Budget						
Bus Capital						
Bus Acquisition	58,635	109,324	67,779	1,169	66,372	238
Bus Maintenance & Equipment	45,153	50,855	50,895	10,492	38,665	1,738
Bus Facilities Maintenance	5,327	20,854	23,132	956	21,913	264
Bus Capital Total	109,115	181,033	141,806	12,617	126,949	2,240
Rail Capital						
Rail Vehicle Maintenance	5,349	9,124	8,258	1,457	6,546	256
Rail Facilities Maintenance	10,945	17,829	17,757	2,602	13,089	2,067
Maintenance-of-Way Facilities	3,598	16,006	21,038	997	19,235	806
LA Rail Car	14,917	30,066	59,615	426	58,801	388
Rail Capital Total	34,809	73,025	106,668	5,481	97,671	3,516
Rail Construction Projects						
Rail Planning	9,761	906	-	-	-	-
Red Line Segment 2	226,790	166,150	90,976	9,738	75,871	5,366
Red Line Segment 3-North Hollywood	211,369	245,896	298,917	9,084	283,822	6,012
Red Line Segment 3-Eastside	63,994	34,660	2,999	861	1,987	151
Red Line Segment 3-Mid City	250	2,049	(0)	35	(57)	22
Pasadena Blue Line	40,275	44,943	(1)	744	(968)	224
Other Rail Construction Projects	26,034	42,419	25,870	2,893	21,161	1,816
Rail Construction Projects Total	578,474	537,023	418,762	23,356	381,815	13,590
Other Capital Projects						
Intermodal Transit Center	7,637	4,267	1,672	150	1,476	46
Gateway Headquarters	(1,028)	3,219	4,276	177	3,949	150
Non-Revenue Vehicles & Equipment	3,222	8,486	2,214	56	2,130	28
Information Technology & Systems	8,619	13,305	29,880	3,963	19,910	6,008
Freeway Service Patrol/MIR	-	-	4,788	140	4,432	216
SAFE	-	-	8,352	153	7,962	237
Other Capital Projects Total	18,449	29,276	51,183	4,639	39,860	6,685
Capital Budget Total	740,847	820,357	718,419	46,093	646,296	26,030
Subsidy Budget						
Municipal Operator Programs	150,369	148,675	113,349	69	113,268	12
ADA/Accessibility Funding Programs	3,279	36,500	40,392	-	40,392	-
Local Projects and Programs	248,187	322,054	427,989	-	427,989	-
Other Local Projects	1,048	1,640	8,700	-	8,700	-
Commuter Rail & Intercity Rail	39,614	31,187	32,561	1	32,560	-
Subsidy Budget Total	442,497	540,056	622,991	70	622,909	12
MTA Total	2,612,351	2,448,131	2,513,255	558,957	1,954,298	0

FY99 Budgeted Expenditures by Department

- Total expenditures for the Board of Directors departments, which include the Board Office, Office of the Board Secretary, Ethics Office, County Counsel, and the Inspector General, remains flat from FY98 at \$21.4 million.
- The Chief Executive Office unit increases by \$3 million from FY98 Reforecast, due to increases in the Management Audit Services and the Office of Safety budgets. The Office of Safety increases expenditures for the Blue Line Telephoto Enforcement program and to provide emergency preparedness and safety training. Management Audit Services increases staff and expenditures to provide for more internal controls at the agency.
- Transit Operations increases expenditures by \$29 million due to the full-year impact of the demonstration pilot program, increase in bus painting and windows replacements, and other programs.
- RTP&D decreases costs, excluding non-subsidy expenditures, by \$2.5 million by reorganizing. Programmed subsidies increases by almost \$83 million.
- The Finance unit increases expenditures by over \$62 million from FY98 levels. The increase is primarily from two areas: Debt Service increases \$85 million due to debt service expense from two planned bond issuances and a \$65 million commercial paper refunding. The refunding is revenue-neutral and reflects the accounting treatment of the transaction. The premium expense for the OCIP program is reduced by \$15 million due to reduced construction activity. This program is managed by Risk Management.
- The Administration unit reduces expenditures by \$12 million. Staff and non-labor expenditures reductions in Employee and Labor Relations, Human Resources, Real Estate and Information & Technology Services (ITS) account for \$5 million. General Services increases staffing to comply with the union agreement for Gateway custodial maintenance services. Human Resources centralizes training, eliminates TLAMP, reduces outsourcing and eliminates the transportation education and internship program. ITS realigns staff to focus on the Year 2000 capital project.
- The Office of Procurement reduces expenditures by \$37 million, primarily due to reduction of the bus acquisition capital expenditures due to manufacturer's delivery schedules.
- The Communications unit is completely reorganized, eliminating the need for an Executive Officer of Communications. The remaining units report directly to the DCEO in the Office of the CEO. This reorganization results in a reduction of \$2.4 million.
- The Construction unit decreases \$62 million in staff and expenditures consistent with the continued demobilization of rail projects. Metro Art and Public Affairs are moved from Communications to Construction.

The major budget considerations are discussed in greater detail in the Executive Office/Department budget section.

Summary of FY99 Expenditures by Department (\$000)

		FY99					
		FY97	FY98	FY99	Salary & Fringe	Non Payroll	
		Actual	Reforecast	Budget			
Board Of Directors	Board Office	423	255	132	-	132	
	Office Of Board Secretary	615	581	528	485	43	
	Ethics Office	264	560	481	465	17	
	County Counsel	12,950	11,677	12,432	236	12,196	
	Legal Contingency	2	4,500	3,500	-	3,500	
	Inspector General	3,841	3,821	4,349	3,429	921	
	Board Of Directors Total	18,095	21,393	21,423	4,615	16,808	
	Chief Executive Office	Chief Executive Office	3,642	3,791	3,014	1,214	1,799
		Board Research Services	422	407	420	410	10
		Management Audit Services	3,328	6,670	8,275	5,781	2,494
Office Of Safety		3,192	4,364	7,068	2,939	4,129	
Government Relations		1,252	1,685	1,222	599	622	
Chief Executive Office Total		11,837	16,917	19,998	10,944	9,055	
Transit Operations		Executive Office, Transit Operations	714	521	584	448	136
	Transit Operations Support	9,253	4,821	7,259	6,339	920	
	Transit Operations Supp Non Dept	69	34,573	7,235	5,750	1,485	
	Service Delivery Support	39,040	58,149	58,357	12,814	45,543	
	Maintenance Support	82,015	92,592	99,906	40,935	58,971	
	Northern Bus Region	177,435	175,384	202,231	153,078	49,153	
	Southern Bus Region	202,119	199,578	204,617	182,254	22,363	
	Transit Rail Operations	37,662	40,564	55,444	32,917	22,527	
	Transit Operations Total	548,308	606,182	635,633	434,535	201,098	
	R T P & D	Executive Office, Reg Transp Plan	863	661	399	339	60
		Operations Planning	5,160	12,395	12,411	3,874	8,536
		Countywide Planning	4,459	4,542	4,242	2,045	2,197
		Transp Dev & Implementation	19,436	32,043	30,303	4,624	25,678
Capital Planning		2,662	2,239	2,025	1,715	310	
R T P & D Total		32,580	51,881	49,380	12,598	36,782	
Programmed Funds/Subsidies		2,549	539,564	622,449	-	622,449	
R T P & D Total		35,129	591,445	671,829	12,598	659,231	
Finance		Executive Office, Finance	796	815	780	465	315
		Accounting	5,701	5,806	5,473	4,252	1,220
	Treasury	155	2,027	1,969	816	1,153	
	Treasury Non Dept/Debt	76	284,697	369,781	-	369,781	
	Risk Management	26,364	83,948	62,729	984	61,745	
	Revenue Administration	12,716	18,337	17,681	7,322	10,359	
	Office Of Management & Budget	1,332	1,971	1,730	1,586	145	
	Finance Total	47,141	397,602	460,142	15,425	444,717	
	Administration	Transit Security	39,271	50,306	50,146	3,818	46,328
		Executive Office, Administration	444	217	397	284	113
		Employee & Labor Relations	3,139	2,011	1,565	1,299	266
Human Resources		12,083	15,520	9,672	7,246	2,426	
General Services		13,148	16,187	17,227	6,195	11,032	
Real Estate		23,197	15,680	9,105	1,555	7,550	
Information & Technology Services		43,908	39,555	39,081	10,417	28,663	
Administration Total		135,189	139,476	127,193	30,813	96,379	
Office Of Procurement		Executive Office, Procurement	-	-	583	538	45
	Material Management	8,331	12,392	17,685	10,807	6,877	
	Proc/Contract Admin	4,023	3,913	3,852	3,142	710	
	Acquisition Warranty	64,577	114,151	70,743	3,474	67,269	
	Construction Procurement	4,602	6,262	6,512	6,371	141	
	Office Of Procurement Total	81,532	136,718	99,376	24,332	75,043	
	Communications	Executive Office, Communications	657	438	-	-	-
Media Relations		1,102	1,036	591	476	115	
Marketing		4,778	3,801	2,206	817	1,389	
Customer Relations		6,584	6,499	6,576	6,452	124	
Communications Total		13,121	11,775	9,373	7,745	1,628	
Construction	Executive Office, Construction	6,123	2,657	1,403	1,307	96	
	Quality Management	1,799	1,571	1,370	1,314	56	
	Engineering	16,937	31,153	34,865	6,730	28,135	
	Construction	3,051	2,834	2,770	2,600	170	
	Construction Contracts	494,854	479,910	418,970	-	418,970	
	Program Management	4,749	3,918	3,332	3,156	176	
	Metro Art	604	852	617	406	211	
	Public Affairs	8,483	5,090	2,501	537	1,964	
	Construction Total	536,601	527,985	465,829	16,050	449,779	
	Non-Departmental Total	1,185,399	(1,362)	2,460	1,900	560	
MTA Total	2,612,351	2,448,131	2,513,255	558,957	1,954,298		

Department Expenditures by Operating/Overhead, Capital, and Grant Funds

The following schedule shows the Budget divided into major expenditure categories by department. Expenditures are categorized as operating/overhead, capital, or other. Expenditures are budgeted both by department and project and are scrutinized differently depending on the expenditure category.

- The operating/overhead category includes ongoing expenditures, including all agency overhead expenditures. Overhead is allocated from the Internal Service Fund to projects, not between departments. Therefore, the overhead is in the operating expenditures, and the capital expenditures do not include any general overhead. These operating and overhead expenditures must be rejustified every year and represent department functional expenditures.
- The grants/other category includes operating costs that are funded by grants, including Call-for-Projects funds; subsidy expenditures; and debt expenses paid from capitalized interest proceeds. In FY98, the other category also included SAFE and Freeway Service Patrol capital expenditures which are now properly set up as separate capital projects. For the most part, subsidy allocations are driven by formula or estimated cashflow requirements from prior year awards. Capitalized interest proceeds are from a prior year debt issuance.
- Capital expenditures are driven by the project multi-year budgets and are constrained by available funding on an annual basis. These expenditures represent the direct capital charges to the projects before overhead is allocated.

Department Expenditures by Operating/Overhead, Capital, and Grant Funds (\$000)

		FY98 Reforecast			FY99 Budget			
		Operating / Overhead	Grants / Others	Capital	Operating / Overhead	Grants / Others	Capital	
Board Of Directors	Board Office	255	-	-	132	-	-	
	Office Of Board Secretary	581	-	-	528	-	-	
	Ethics Office	560	-	-	481	-	-	
	County Counsel	7,860	-	3,818	6,847	-	5,585	
	Legal Contingency	4,500	-	-	2,850	-	650	
	Inspector General	3,821	-	-	4,349	-	-	
	Board Of Directors Total	17,576	-	3,818	15,188	-	6,235	
Chief Executive Office	Chief Executive Office	2,311	50	1,430	2,740	-	274	
	Board Research Services	407	-	-	420	-	-	
	Management Audit Services	2,961	-	3,708	5,390	-	2,885	
	Office Of Safety	1,250	-	3,114	2,975	-	4,093	
	Government Relations	1,645	-	41	1,222	-	-	
	Chief Executive Office Total	8,574	50	8,293	12,746	-	7,252	
Transit Operations	Executive Office, Transit Operations	521	-	-	584	-	-	
	Transit Operations Support	4,821	-	-	7,259	-	-	
	Transit Operations Support Non Dept	34,573	-	-	7,235	-	-	
	Service Delivery Support	54,149	-	4,000	42,058	-	16,299	
	Maintenance Support	34,300	13,035	45,257	48,723	-	51,183	
	Northern Bus Region	175,384	-	-	201,231	1,000	-	
	Southern Bus Region	199,578	-	-	204,582	-	35	
	Transit Rail Operations	28,754	-	11,810	43,826	-	11,619	
	Transit Operations Total	532,080	13,035	61,067	555,499	1,000	79,135	
	R T P & D	Executive Office, R T P & D	661	-	-	399	-	-
		Operations Planning	12,395	-	-	8,505	3,906	-
Countywide Planning		2,793	1,749	-	2,149	2,093	-	
Transp Dev & Implementation		9,369	21,231	1,443	7,373	21,351	1,579	
Capital Planning		2,239	-	-	1,935	-	91	
R T P & D Total		27,458	22,980	1,443	20,360	27,350	1,670	
Programmed Funds/Subsidies		0	536,564	3,000	0	619,449	3,000	
R T P & D & Subsidies Total	27,458	559,544	4,443	20,360	646,799	4,670		
Finance	Executive Office, Finance	815	-	-	780	-	-	
	Accounting	5,133	-	673	4,898	-	575	
	Treasury	2,027	-	-	1,969	-	-	
	Treasury Non Dept/Debt	261,796	22,901	-	359,090	10,691	-	
	Risk Management	42,302	-	41,646	39,196	-	23,533	
	Revenue Administration	16,850	-	1,488	16,048	-	1,633	
	Office Of Management & Budget	1,821	-	150	1,730	-	-	
	Finance Total	330,744	22,901	43,957	423,710	10,691	25,741	
Administration	Transit Security	50,306	-	-	46,574	3,458	113	
	Executive Office, Administration	217	-	-	397	-	-	
	Employee & Labor Relations	2,011	-	-	1,565	-	-	
	Human Resources	14,533	496	491	9,479	193	-	
	General Services	14,477	-	1,710	14,952	-	2,275	
	Real Estate	4,908	-	10,773	4,777	-	4,328	
	Information & Technology Services	22,983	-	16,572	15,215	-	23,866	
	Administration Total	109,434	496	29,546	92,959	3,651	30,582	
Office Of Procurement	Executive Office, Procurement	-	-	-	560	-	23	
	Material Management	10,409	-	1,983	15,101	-	2,584	
	Proc/Contract Admin	3,913	-	-	2,554	-	1,298	
	Acquisition Warranty	4,837	-	109,313	3,190	-	67,553	
	Construction Procurement	5	-	6,257	637	-	5,874	
	Office Of Procurement Total	19,164	-	117,554	22,042	-	77,333	
Communications	Executive Office, Communications	438	-	-	-	-	-	
	Media Relations	1,036	-	-	591	-	-	
	Marketing	3,458	-	344	1,709	-	497	
	Customer Relations	6,499	-	-	6,576	-	-	
	Communications Total	11,432	-	344	8,875	-	497	
Construction	Executive Office, Construction	-	-	2,657	-	-	1,403	
	Quality Management	-	-	1,571	-	-	1,370	
	Engineering	2,232	-	28,922	1,376	-	33,489	
	Construction	-	-	2,834	0	-	2,770	
	Construction Contracts	-	-	479,910	-	-	418,970	
	Program Management	8	-	3,910	12	-	3,320	
	Metro Art	400	-	452	46	83	488	
	Public Affairs	711	-	4,379	-	-	2,501	
	Construction Total	3,350	-	524,634	1,433	83	464,312	

OVERHEAD RATES

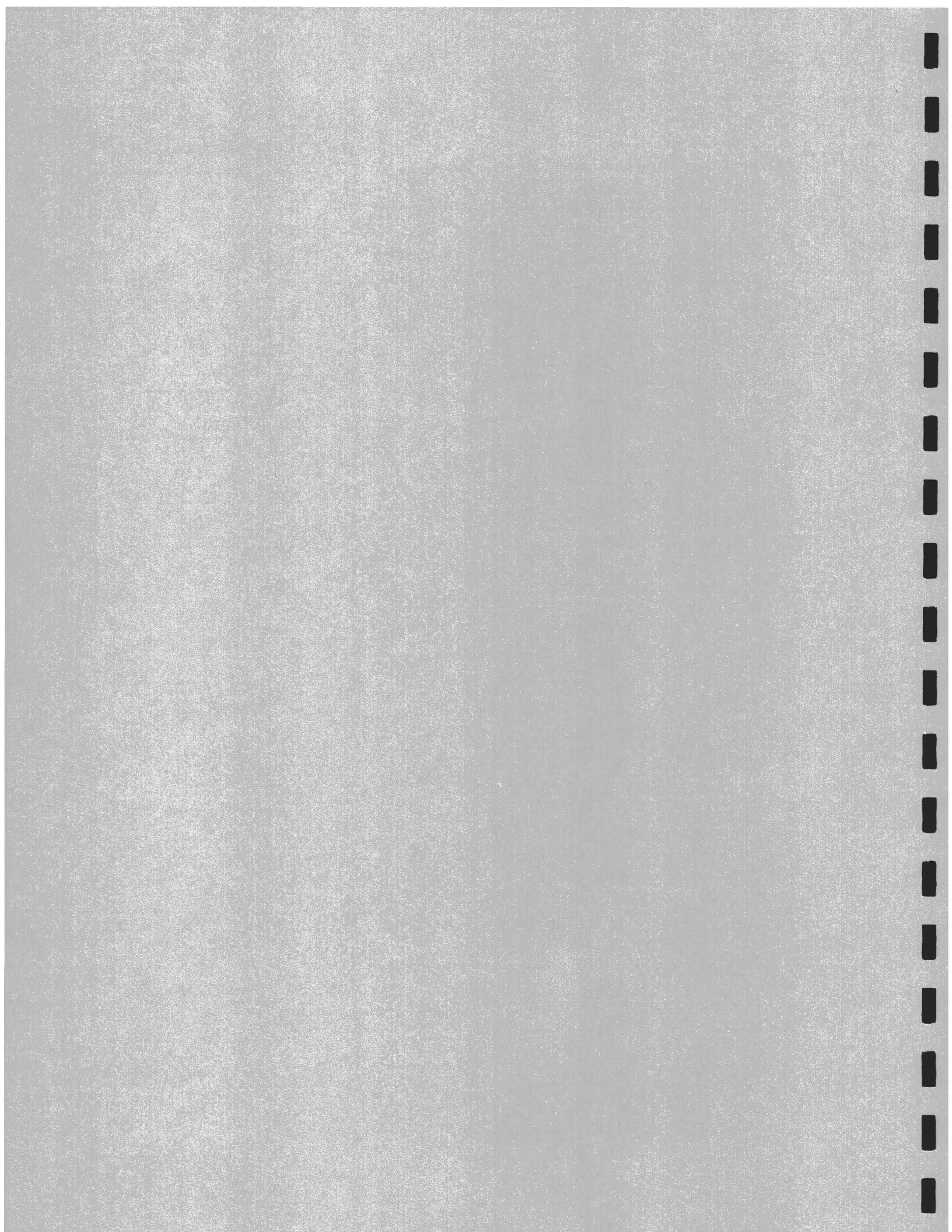
The below schedule compares the overhead rates used in the FY99 Budget with the rates used FY98 Reforecast and the FY97. The rates declined each year, and for all three major executive units. Overhead declined \$34.7 million from \$130.5 million in FY97 to \$95.8 million in FY98, and will decline another \$21 million in FY99 to \$74.8 million. Of the \$21 million reduction in FY99, 67% is due to the agency's ongoing effort to minimize overhead by eliminating positions in nearly all overhead cost centers and reducing contract services. Directly charging expenses to the appropriate project in such cost centers as Management Audit Services, Procurement and Revenue represents 33% of the FY99 reduction.

The schedule shows general and unit specific overhead rates for the three major executive units (Operations, Regional Planning and Development, and Construction). The rates reflect the overhead charged to each unit divided by the salary and fringe benefits not charged to an overhead project.

	FY97	FY98	FY99
General Overhead			
Operations	18.4%	11.9%	9.7%
RTP&D	114.1%	70.5%	63.0%
Construction	186.6%	75.8%	54.2%
Total	29.8%	16.1%	12.6%
Unit Overhead			
Operations		4.7%	2.9%
RTP&D		19.6%	12.7%
Construction		22.6%	21.2%
Total		5.8%	3.8%
Combined Overhead			
Operations	18.4%	16.6%	12.7%
RTP&D	114.1%	90.1%	75.7%
Construction	186.6%	98.4%	75.4%
Total	29.8%	21.9%	16.4%

Rates are calculated on salary and fringe benefits

*OPERATING, DEBT,
CAPITAL, AND SUBSIDY BUDGETS*



OPERATING, DEBT, CAPITAL, AND SUBSIDY BUDGETS

OPERATING BUDGET

BUDGET PROCESS AND ASSUMPTIONS

The following revenue and expenses were used to develop the FY99 operating budget.

- Bus and rail farebox revenue is estimated at \$227 million. The budget assumes the bus base cash fare will be increased consistent with CPI adjustments allowed in the Consent Decree, beginning in November 1998. The CPI change equates to a planned 10-cent increase to the base fare. The monthly pass will remain at \$42, causing patrons to switch more from a cash fare to the discounted pass fare media.
- MTA will directly operate 6.1 million revenue service hours and contract for 548,000 additional hours, for a total of 6.6 million revenue service hours. This is a 1% increase over FY98 levels.
- 150,000 rail revenue service hours are planned for FY99, a 2% decrease from FY98 service levels. This decrease is due to planned minor reductions in Green Line service, offset by the opening of the Red Line Segment 2 to Hollywood and Vine on May 29, 1999. Headways will be increased on Green Line service from 12 to 15 minutes, resulting in increased cost efficiency.
- Service levels are consistent with the Consent Decree. These amounts include the continuation of the 119 total additional buses implemented in December 1996 and December 1997 and 55 additional buses to be added in June 1997 and February 1998. More information can be found in the Consent Decree section.

Bus And Rail Service Levels

(\$000)	Revenue Service Hours	Revenue Miles	Boardings
BUS			
Directly Operated	6,099	73,120	327,540
Purchased	548	7,826	14,730
Sub-Total	6,647	80,946	342,270
RAIL			
Blue Line	75	1,605	16,120
Red Line	27	541	11,450
Green Line	48	1,443	6,560
Sub-Total	150	3,589	34,130
Total	6,797	84,535	376,400

The table above excludes 31,000 estimated revenue service hours that are part of the pilot project.

FY99 Revenues / Expenditures Summary (\$000)

Operating & Debt Budgets

	Enterprise Fund				General Fund			Special Revenue Fund						Debt		Total Operating & Debt Budgets
	Bus Operations	Rail Operations	Other Enterprise	Enterprise Fund Total	Transit & Other Planning	Property Mgmt	Agency Admin.	FSP & MIR	SAFE	Highway Planning	Comm. Rail & Metrolink Support	Mobility & Air Qualit Program	RTP&D- CFP Mgmt	Benefit Assessment	Debt Fund	
Revenue																
Farebox Revenue	208,938	18,217	-	227,155	-	-	-	-	-	-	-	-	-	-	-	227,155
Prop A - Admin 5%	-	-	12	12	2,172	-	14,225	-	-	-	-	-	-	-	-	16,410
Prop A - Local Return 25%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prop A - Rail 35%	-	21,168	-	21,168	-	-	-	-	-	-	-	-	-	-	128,355	149,524
Prop A - Discretionary 95% of 40%	118,165	-	-	118,165	-	-	-	-	-	-	-	-	-	-	-	118,165
Prop A - Incentive 5% of 40%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prop C - Admin 1.5%	-	-	-	-	6,781	-	-	-	-	-	-	-	-	-	-	6,781
Prop C - Local Return 20%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prop C - Security 5%	16,362	1,627	-	17,988	-	-	-	-	-	-	-	-	-	-	-	17,988
Prop C - Commuter Rail 10%	-	-	-	-	-	-	-	-	-	2,160	-	177	-	-	10,518	12,856
Prop C - Streets & Hwys 25%	-	-	-	-	1,093	-	-	14,160	-	5,971	-	1,529	20,100	-	30,158	73,012
Prop C - Discretionary 40%	56,334	26,801	4,653	87,788	-	-	-	-	-	-	-	-	-	-	78,301	166,089
Other Local Revenues	23,839	1,090	6,092	31,021	690	6,073	676	353	-	-	205	-	10,654	-	2,611	52,283
TDA	140,070	11,232	-	151,302	6,000	-	-	-	-	-	-	-	-	-	2,701	160,003
Other State	10,273	12,326	-	22,598	3,310	-	-	4,544	7,971	771	-	1,640	1,793	-	-	42,628
Federal	25,486	400	-	25,886	50	-	-	-	-	606	-	-	-	-	10,745	37,286
Proceeds from Financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75,181	75,181
Interest	16,484	-	-	16,484	-	-	-	-	-	-	-	-	-	-	-	16,484
Total	615,950	92,860	10,757	719,567	20,097	6,073	14,901	19,058	7,971	7,348	2,366	3,169	22,070	10,654	338,572	1,171,845
Expenditures by Category																
Contract Wages	217,721	18,930	222	236,873	740	-	7,116	-	-	549	-	-	35	-	-	245,313
Non-Contract Wages	26,957	9,223	-	36,180	4,348	882	28,673	271	384	1,599	171	638	95	124	-	73,364
Fringe Benefits	155,948	15,343	124	171,415	2,478	419	17,945	129	194	1,023	80	313	61	59	-	194,117
Professional & Tech Services	10,588	1,625	2	12,215	5,699	175	16,986	1,899	312	1,657	-	1,576	19,273	86	617	60,495
Contract Services	30,210	21,784	60	52,054	430	4,037	13,838	16,246	6,507	-	1,405	14	-	0	3,532	98,064
Purchased Transportation	29,831	-	-	29,831	-	-	-	-	-	-	-	-	2,436	-	-	32,267
Fuels & Lubricants/Utilities	23,092	10,243	4	33,339	-	12	8,477	194	50	-	-	-	0	-	-	42,071
Material & Supplies	34,980	4,583	120	39,683	1,081	6	4,605	112	61	3	-	18	1	11	-	45,580
Casualty & Liability	25,609	2,795	-	28,405	-	-	290	-	50	-	441	-	-	-	-	29,185
Debt/Interest	-	-	10,168	10,168	-	-	10,740	-	-	-	-	-	-	10,221	334,393	365,522
Acquisitions	28	-	-	28	-	-	598	-	-	-	-	-	-	-	-	625
Overhead	55,044	7,338	54	62,436	5,168	520	(97,924)	115	123	2,508	114	593	153	152	-	(26,042)
Subsidies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	5,943	995	3	6,941	153	21	3,557	91	291	9	155	17	16	2	30	11,284
Total	615,950	92,860	10,757	719,567	20,097	6,073	14,901	19,058	7,971	7,348	2,366	3,169	22,070	10,654	338,572	1,171,845
Surplus/(Deficit)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

FY99 Revenues / Expenditures Summary (\$000)

Bus and Rail Operations

(excludes Enterprise Fund debt and MTA LiTE)

	Bus			Rail		
	FY98	FY99	Inc / (Dec)	FY98	FY99	Inc / (Dec)
Revenue						
Farebox Revenue	204,772	208,938	4,166	15,816	18,217	2,401
Prop A - Admin 5%	-	-	-	-	-	-
Prop A - Local Return 25%	-	-	-	-	-	-
Prop A - Rail 35%	-	-	-	18,521	21,168	2,648
Prop A - Discretionary 95% of 40%	114,250	118,165	3,915	-	-	-
Prop A - Incentive 5% of 40%	-	-	-	-	-	-
Prop C - Admin 1.5%	-	-	-	-	-	-
Prop C - Local Return 20%	-	-	-	-	-	-
Prop C - Security 5%	11,322	16,362	5,040	7,387	1,627	(5,761)
Prop C - Commuter Rail 10%	-	-	-	-	-	-
Prop C - Streets & Hwys 25%	-	-	-	-	-	-
Prop C - Discretionary 40%	58,707	56,334	(2,373)	7,856	26,801	18,945
Other Local Revenues	9,542	23,839	14,298	160	1,090	930
TDA	133,070	140,070	7,000	8,782	11,232	2,450
Other State	9,449	10,273	824	11,200	12,326	1,126
Federal	22,009	25,486	3,476	16,851	400	(16,451)
Proceeds from Financing	-	-	-	-	-	-
Interest	31,547	16,484	(15,063)	-	-	-
Total	608,141	615,950	7,808	86,573	92,860	6,287
Expenditures by Category						
Contract Wages	220,531	217,721	(2,810)	20,089	18,930	(1,159)
Non-Contract Wages	25,301	26,957	1,656	7,780	9,223	1,443
Fringe Benefits	141,536	155,948	14,412	14,490	15,343	853
Professional & Tech Services	32,197	10,588	(21,609)	16,356	1,625	(14,731)
Contract Services	8,375	30,210	21,835	3,361	21,784	18,423
Purchased Transportation	24,646	29,831	5,185	-	-	-
Fuels & Lubricants/Utilities	27,672	23,092	(4,580)	8,921	10,243	1,322
Material & Supplies	30,828	34,980	4,152	3,764	4,583	819
Casualty & Liability	25,058	25,609	551	5,143	2,795	(2,347)
Debt/Interest	-	-	-	-	-	-
Acquisitions	17	28	10	-	-	-
Overhead	68,633	55,044	(13,588)	7,848	7,338	(510)
Subsidies	-	-	-	-	-	-
Other	5,003	5,943	940	127	995	868
Total	609,796	615,950	6,153	87,878	92,860	4,982
Surplus/(Deficit)	(1,655)	-	1,655	(1,306)	-	1,306

DIVISION SCHEDULE

The table on the following page details the budget by division in Bus Operations. The FY99 Budget for Bus Operations, as compared to the FY98 Reforecast, shows an increase in expenditures of \$7.0 million, or 1.8%.

There is an increase in labor expenses which results from a combination of an increase in division manpower combined with wage and COLA increases in all three major union groups. In maintenance operations, the manpower increase is primarily for an additional 22 Mechanics to eliminate deferred maintenance and 20 Service Attendants to improve fleet cleanliness. The increase in tools, parts, and supplies is associated with the deferred maintenance program. The implementation of BDOF, for 278,400 revenue service hours, had a positive impact of \$5.8 million positive impact upon Bus Operations costs. Non-contract labor expenses decreased slightly over prior year as a result of reducing the management span of control. There is now only now only one Senior TOS position budgeted for each division.

Another significant cost factor in Bus Operations is purchase transportation expenses. In FY98 reforecast, non-departmental budget includes \$16.8 million for purchase transportation services for contracted lines. In FY99, those expenses have been realigned to a departmental cost center to reflect the reporting relationship. Expenses are now budgeted in Northern Region Bus Operations. As compared to FY98, Purchase Transportation increased by \$8.4 million. Northern Regions has project management of the Bike Rack which shows as \$1.0 million in tools, parts and supplies. This program is funded through the MTA Call for Projects.

Reductions included in the budget are savings for elimination of duplicative bus service and reduction of deadhead hours (\$1.6 million), reduction in preventative maintenance ATU overtime and parts costs (\$1.1 million), reduced training expenses for Bus Operators (\$677,000) and reduction in utility expenses (\$150,000).

**FY99 Budget
Bus Division Expenses**

(\$000)	FY97 Actual	FY98 Refcst	UTU Wages	ATU Wages	NC & TCU Wages	Services, Other & Purchased Transport	Benefits	Fuel & Utilities	Tools, Parts, Supplies	FY99 Budget
Northern Region										
Division 1	34,789	34,365	13,328	3,541	1,586	11,535	19	2,461	2,193	34,663
Division 3	34,846	35,232	12,870	3,720	1,671	11,585	9	1,625	1,956	33,436
Division 8	26,867	26,600	9,578	3,037	1,483	9,217	11	1,523	1,707	26,556
Division 9	37,876	38,499	14,118	4,245	1,692	14,233	11	3,840	2,625	40,764
Division 15	41,162	39,475	16,164	4,181	1,690	13,012	13	2,425	2,569	40,054
Regional Office	395	979			399	192	25,159	1	1,006	26,757
Regional Total	175,935	175,150	66,058	18,724	8,521	59,774	25,222	11,875	12,056	202,230
Southern Region										
Division 2	30,286	29,487	10,475	3,174	1,573	9,792	7	1,750	2,014	28,785
Division 5	34,116	36,181	14,754	4,257	1,604	14,692	8	2,219	2,140	39,674
Division 6	6,893	7,148	2,542	749	325	2,538	3	372	304	6,833
Division 7	41,188	41,742	17,637	4,515	1,562	13,337	5	2,553	2,097	41,706
Division 10	36,715	37,437	15,530	3,917	1,582	13,710	5	1,859	2,183	38,786
Division 12	17,245	30								0
Division 18	35,988	47,030	19,812	5,356	1,693	16,595	7	2,544	2,250	48,257
Regional Office	520	696			358	173	35	1	6	573
Regional Total	202,951	199,751	80,750	21,968	8,697	70,837	70	11,298	10,994	204,614
Non-Departmental	36	21,391	(1,578)	(145)	0	(677)	0	(150)	(1,000)	(3,550)
Total Bus	378,922	396,292	145,230	40,547	17,218	129,934	25,292	23,023	22,050	403,294

Notes: The table excludes allocated overhead. Non-Departmental includes Work Out Team reductions not allocated to cost centers & FY98 Purchased Transportation. Tools include acquisitions.

OPERATING BUDGET GRANTS

MTA's Operating Budget includes a total of \$28.5 million in operating grant funds, primarily from Call for Projects awards and other state and federal grants. Highlights of these FY99 grant funds include:

- The Northern Bus Region in Operations includes \$1 million for completion of the bike racks on buses project.
- The Regional Transportation Planning and Development (RTP&D) budget includes \$27.4 million for projects for which the MTA was awarded Call funds or other grant funds. Highlights of the RTP&D projects include \$3.9 million for the automated passenger counting system, \$1.6 million for SB836 Rideshare Implementation, \$3.5 million for South Bay signal synchronization, and \$2.9 million for the Route 10 HOV project.
- Human Resources' Career Development staff will be completing grant-funded work developing a signal control systems training program and collaborating with Long Beach Transit to develop training programs, for a total of \$193,000.

These operating grants are considered one-time revenues. Total funding by project is included on the following page.

Operating Budget Grants

Department	Project Description	Total Funding
Operations	Bike Racks on Buses	1,000,000
Operations Planning	Auto Passenger Counting System	3,906,208
Countywide Planning	SB 836 Rideshare Program	1,640,000
	Bicycle Lockers at Transit Stations	99,000
	Service Planning Market Research Study	255,000
	MetroCard Continuation Project	99,000
	Subtotal Countywide Planning	2,093,000
Trans Development & Implementation (TDI)		
	Blue Line Pico/Slauson Ped. Improvements	25,000
	Transportation Community Needs Assessment	50,000
	Westlake/Macarthur Park Station Area Dev.	350,000
	Harbor Fwy. Transitway Extension Study	845,000
	Pershing Square Pedestrian Improvements	1,000,000
	Union Station Bicycle Station	60,000
	El Pueblo/Angels Walk	135,000
	LA River Bicycle Bridge	250,000
	Route 10 HOV Design	2,912,000
	Route 30 Freeway Structures	100,000
	MetroCard Contract Close out	230,000
	Route 60 HOV Design	800,000
	Project IMAJINE	1,935,000
	I-5 Corridor Major Investment Study	100,000
	I-5 Interim HOV Environmental Assessment	300,000
	MGL Lakewood Blvd. Station Shuttle #631	330,000
	Fuel Cell Buyers Consortium	395,000
	LA/Ventura ATIS Information System	1,626,000
	LA County Urban Tree Planting	100,000
	I-405 HOV Lane Design (Century to Rte 90)	50,000
	MGL El Segundo Shuttle	1,332,000
	Countywide Bus Shelter Program	200,000
	I-405 HOV Lane Design (Rte 710 to Rte 110)	110,000
	South Bay Signal Synchronization	850,000
	Trans. Foundation LA Trans Technology Institute	602,000
	TFLA Move & Improve Promotional Marketing Video	35,000
	TFLA Post Graduate Internships	150,000
	MGL Line #625 Aviation Shuttle	774,000
	South Bay Signal Coordination	3,500,000
	Smart Corridor Before & After Study	605,500
	Smart Corridor Lessons Learned Assessment	95,000
	Santa Monica Transit Pkwy. EIS/EIR	300,000
	Pedestrian Shelter @ Wilshire/Western	80,000
	Smart Corridor FIRST Software Development	302,000
	Transportation Signal Priority Pilot Project	800,000
	Chatsworth Childcare Center Signage	23,067
	Subtotal TDI	21,351,567
	Total RTP&D	27,350,775
Human Resources	Career Development projects	193,000
	Total CFP and Grant Funds	<u>28,543,775</u>

DEBT

The objectives of the Treasury department are to issue debt at the lowest cost while minimizing risk and maintaining future flexibility for its capital program and other business matters.

In order to finance capital acquisitions to support its construction and operations, the MTA and its predecessor agencies, since 1986, issued over \$6.2 billion in debt and lease financings, including refundings, of which \$3.4 billion remains outstanding as of June 30, 1998. Annual revenues to fund debt service come from local sales tax revenues, federal/state/local grants, fare collections and other operating revenues. The primary sources of revenue pledged for repayment of MTA's debt are portions of the Proposition A and Proposition C sales tax revenues. Total sales tax revenues for FY99 are projected to be in excess of \$900 million with \$660 million of that amount available to bondholders. Since actual debt service from these sources is approximately \$230 million, MTA bonds provide a high coverage ratio that is attractive to investors.

Although MTA's revenue bonds are not subject to California debt limitations, MTA is subject to covenants with its bond indentures and related documents. In addition, the MTA has established internal planning and budgetary limitations on the percentage amount of Proposition A and C revenue which can be budgeted to repayment of debt. MTA carefully manages the amount and cost of its debt service, as well as how those costs are allocated. The original sales tax ordinances, as well as subsequent MTA Board policy decisions, allocate portions of the sales tax revenue to specific categories of use. Certain external factors, such as legislation, have limited the allowed use of certain revenues to specific uses. The MTA's debt issuance program addresses these limitations.

In order to achieve the lowest cost (considering risk and future flexibility) and preserve specific revenues sources for their most appropriate uses, the MTA has selectively used various and innovative financing methods to lower its costs, preserve bonding capacity or achieve benefits through the use of certain tax advantaged leasing transactions. These efforts included the use of techniques such as the tax-exempt commercial paper program, domestic and cross border leasing transactions, and pooled equipment purchases.

Long-term obligations of the MTA consist of sales tax revenue bonds, refunding bonds, certificates of participation, and other liabilities payable from governmental and proprietary activities. Short-term obligations include the commercial paper program and revenue anticipation notes. A summary of MTA's bonds, notes, liabilities and estimated additions for FY99 follows:

MTA Estimated Debt (\$000)

	Balance June 30, 1998	Additions@ Par Value*	Estimated Balance June 30,1999
Sales Tax Revenue Bonds	\$2,730,610	\$442,670	\$3,133,037
Redevelopment and Housing Bonds	21,655		21,655
General Revenue Bonds	185,735		185,735
Lease Revenue Bonds	9,455		9,455
Total Bonded Debt	\$2,947,455	\$442,670	\$3,390,125
Commercial Paper Notes	224,210	(64,490)	159,720
Certificates of Participation	204,100		204,100
Total	\$3,375,765	\$378,180	\$3,753,945

*NOTE: As of April, 30, 1998, budget estimates only, final values will be dependent upon final capital expenditure requirements. Capital requirements are budgeted on a "best schedule" basis.

FY99 Debt Fund Summary

MTA is managing its debt program to keep debt expense from significantly increasing. The budget assumes almost \$443 million in FY99 long-term bond issuances to provide for capital requirements and to refund almost \$65 million in commercial paper. The budget assumes a favorable long-bond interest rate of 6% and debt service payments on these new issuances are estimated at almost \$28 million in FY99. MTA is also taking advantage of lower interest rates to refund prior year issuances. Savings from two FY98 refundings reduced FY99 debt service by \$3 million in FY99, and are estimated to save \$42 million in total debt service expense over the life of the bonds.

Debt service expenditures are reflected in the proposed budget both as a project expenditure and an expenditure category. As shown in the table below, the total debt expenditures total \$366 million in the proposed budget. This schedule reflects the type of expense budgeted, i.e. principal payment or interest, by debt instrument: bond, commercial paper, revenue anticipation note (RAN), or certificate of participation (COP). Although the budget increases by \$86 million, \$65 million in expenditures is budgeted to account for the commercial paper principal repayment, which is revenue-neutral. The proposed budget also reflects \$65 million in the revenue budget, per the accounting treatment of the transaction. The remaining increase is the debt expense from planned FY99 bond issuances. This view of expenditures includes principal and interest payments only, and excludes debt service fees.

Debt as an Expenditure Category (\$000)

	FY97 Budget	FY98 Reforecast	FY99 Budget	Inc/(Dec) from Reforecast
Debt Service - Bond Principal Payments	\$44,969	\$41,805	\$39,301	\$(2,504)
Debt Service - Commercial Paper Principal Re-Payments	37,084	2,742	64,490	61,748
Debt Service - COP Principal Payments	18,630	19,150	29,205	10,055
Bond Interest Expense	176,671	167,932	196,773	28,841
Commercial Paper Interest Expense	7,028	14,241	11,965	(2,276)
RAN Interest Expense	10,581	8,951	-	(8,951)
COP Interest Expense	<u>15,101</u>	<u>14,090</u>	<u>13,546</u>	<u>(544)</u>
<i>Subtotal Debt - MTA Expense Category</i>	<i>310,064</i>	<i>268,911</i>	<i>355,280</i>	<i>86,369</i>
BAD Principal and Interest	10,227	10,227	10,221	(6)
<i>Total Debt Expense Category</i>	<i>\$320,291</i>	<i>\$279,138</i>	<i>\$365,501</i>	<i>\$86,363</i>

Project debt service expenditures are consolidated into the debt service fund, which totals \$339 million. The debt service fund does not include \$10.2 million for the LA Bus Lease included in the Enterprise Fund, \$10.7 million for Gateway headquarters building debt expense which is allocated through general overhead, and \$10.2 million in Benefit Assessment District debt service. Debt fund comparisons with prior years are difficult because assumptions change from year to year. The FY99 Budget includes a bond issuance that was deferred from FY98, in addition to the commercial paper refunding transaction discussed above.

Debt as a Program (\$000)

	FY98 Adopted	FY98 Reforecast	FY99 Budget	Variance from Reforecast
Proposition A Debt	\$147,633	\$144,402	\$139,047	\$(5,355)
Proposition C Debt (1)	104,315	82,761	165,558	82,797
Other Debt in Debt Fund (2)	35,304	34,743	33,967	(776)
Subtotal Debt Fund Expense	\$287,250	\$261,906	\$338,572	\$76,660
Other Debt in Enterprise Fund (3)			10,228	
Gateway Debt Allocated through general overhead			10,759	
Total FY99 MTA Expenditures			\$359,559	
Benefit Assessment (4)	10,227	10,227	10,221	(6)
Total Program Expenditures			369,780	

Notes:

1. Commercial paper refunding is a one-time expenditure that has no net impact on total budget. Consistent with the accounting treatment of this transaction, the FY99 expenditure is included in the budget along with the revenues.
2. This figure does not include Gateway headquarters building debt expense of \$10.7 million that is allocated through general overhead.
3. LA Bus Lease debt of \$10.2 million is included in the Enterprise Fund.
4. Benefit Assessment District debt service payments are paid directly from assessments received from property owners.

The schedule on the following page shows the MTA FY99 total debt service expenditures by category. Debt expense is categorized by Proposition A, Proposition C, Other, Enterprise Fund and Benefit Assessment. This schedule includes all debt expenditures. A description of all debt instruments used by the MTA can be found in the appendix.

MTA Debt Service Schedule - Includes Proposed FY99 Debt Issuances

Fiscal Year 1999

Debt Service Expense

Transaction Name	Initial PAR Value	Principal as of 7/1/98	Pledged Revenues	Foot Notes	Debt Service Expense				
					Principal	Interest	Total D/S P&I	Fees	Total D/S Expense
1986-A New Money	707,615,000	-	Prop. A 1st	-	-	-	-	-	-
1987-A Refunding	271,550,000	-	Prop. A 1st	-	-	-	-	-	-
1988-A Refunding	112,274,129	-	Prop. A 1st	-	-	-	-	-	-
1989-A Refunding	174,303,858	-	Prop. A 1st	-	-	10,059,900	10,059,900	12,000	10,071,900
1991-A New Money	500,000,000	15,575,000	Prop. A 1st	-	4,780,000	618,768	5,398,768	40,000	5,438,768
1991-B Refunding	281,425,000	269,085,000	Prop. A 1st	-	745,000	16,928,178	17,673,178	30,000	17,703,178
1992-A Refunding	98,700,000	98,700,000	Prop. A 1st	-	-	5,783,820	5,783,820	379,250	6,163,070
1992-B Refunding	107,665,000	93,785,000	Prop. A 1st	-	11,055,000	5,436,369	16,491,369	10,000	16,501,369
1993-A Refunding	560,570,000	551,465,000	Prop. A 1st	-	2,640,000	29,086,831	31,726,831	20,000	31,746,831
1996-A New Money	110,580,000	110,580,000	Prop. A 1st	-	1,775,000	6,382,766	8,157,766	20,000	8,177,766
1997-A Refunding	256,870,000	256,870,000	Prop. A 1st	-	180,000	14,278,200	14,458,200	20,000	14,478,200
1999-A Refunding	160,205,000	160,205,000	Prop. A 1st	-	-	2,034,103	2,034,103	20,000	2,054,103
1999-B New Money	137,988,000	137,988,000	Prop. A 1st	-	-	5,146,415	5,146,415	20,000	5,166,415
1990-A Lease Rev. Bnd (CBL)	26,400,000	20,636,000	Prop. A 2nd	-	1,826,000	1,272,851	3,098,851	5,000	3,103,851
1990-A Yen Obligation (CBL)	6,600,000	5,638,354	Prop. A 2nd	-	-	29,305	29,305	5,000	34,305
1993-A CRA Housing	9,454,406	9,454,406	Prop. A 2nd	1	-	550,130	550,130	1,500	551,630
1993-A CRA Redevelopment	21,665,000	21,665,000	Prop. A 2nd	1	-	1,278,235	1,278,235	1,500	1,279,735
1996 Refunding	104,715,000	102,250,000	Prop. A 2nd	-	1,590,000	5,908,013	7,498,013	20,000	7,518,013
Tax-Exempt Commercial Paper	350,000,000	163,490,000	Prop. A 3rd	2	-	8,000,000	8,000,000	1,057,500	9,057,500
Sub-Total	3,998,580,392	2,017,386,760			24,591,000	112,793,884	137,384,884	1,661,750	139,046,634
1992-A New Money	516,855,000	96,550,000	Prop C 2nd Sr	-	8,490,000	7,275,031	15,765,031	25,000	15,790,031
1993-A Refunding	204,095,000	203,165,000	Prop C 2nd Sr	-	775,000	10,473,156	11,248,156	777,738	12,025,894
1993-B New Money	312,350,000	302,670,000	Prop C 2nd Sr	-	5,445,000	16,293,803	21,738,803	10,000	21,748,803
1995-A New Money	250,000,000	250,000,000	Prop C 2nd Sr	-	-	13,256,250	13,256,250	15,000	13,271,250
1998-A Refunding	219,710,000	219,710,000	Prop C 2nd Sr	-	-	11,234,875	11,234,875	20,000	11,254,875
1998-B New Money	203,055,000	203,055,000	Prop C 2nd Sr	-	-	15,146,403	15,146,403	20,000	15,166,403
1999-A New Money	101,628,000	101,628,000	Prop C 2nd Sr	-	-	7,580,671	7,580,671	20,000	7,600,671
Taxable Commercial Paper	150,000,000	60,720,000	Prop. C Sub.	3	64,490,000	3,965,000	68,455,000	245,400	68,700,400
Sub-Total	1,957,693,000	1,437,498,000			79,200,000	85,225,188	164,425,188	1,133,138	165,558,326
1995-A New Money (USG)	169,500,000	-	General	-	-	-	-	-	-
1996-A Refunding (USG)	185,735,000	185,735,000	General	-	-	10,739,734	10,739,734	20,000	10,759,734
1992-A Worker Comp COP	160,000,000	133,100,000	General	-	7,800,000	8,760,675	16,560,675	7,500	16,568,175
Debt Overhead Costs	-	-	General	-	-	-	-	1,341,500	1,341,500
1991-G CSDA COP	19,340,000	10,065,000	Special	4	1,615,000	581,090	2,196,090	10,000	2,206,090
1992-B CTFC COP - RTD	118,375,000	59,185,000	Special	-	9,865,000	3,565,885	13,430,885	15,000	13,445,885
1992-C CTFC COP - Torrance	3,390,000	1,750,000	Special	4	295,000	100,015	395,015	10,000	405,015
Sub-Total	656,340,000	389,835,000			19,575,000	23,747,399	43,322,399	1,404,000	44,726,399
1992-B LA Bus Lease (Dollar)	11,372,509	1,121,003	General	5	1,121,003	43,439	1,164,442	20,000	1,184,442
1992-B LA Bus Lease (Yen)	-	-	General	6	2,034,276	-	2,034,276	-	2,034,276
1992-C LA Bus Lease (Dollar)	9,477,000	1,026,077	General	5	1,026,076	39,760	1,065,837	20,000	1,085,837
1992-C LA Bus Lease (Yen)	-	-	General	6	1,841,517	-	1,841,517	-	1,841,517
1993-A LA Bus Lease (Dollar)	21,740,000	7,379,296	General	5	2,829,109	455,268	3,284,377	20,000	3,304,377
1993-A LA Bus Lease (Yen)	-	-	General	6	777,594	-	777,594	-	777,594
Sub-Total	42,589,509	9,526,375			9,629,576	538,468	10,168,043	60,000	10,228,043
Grand Total - MTA Debt	6,655,202,901	3,854,246,135			132,995,576	222,304,939	355,300,514	4,258,888	359,559,402
1992-A Bnft Assmt. Dist. A1	154,055,000	149,525,000	Asmt Dist	7	1,255,000	8,412,588	9,667,588	15,000	9,682,588
1992-A Bnft Assmt. Dist. A2	8,115,000	7,910,000	Asmt Dist	7	55,000	477,578	532,578	6,000	538,578
Sub-Total	162,170,000	157,435,000			1,310,000	8,890,165	10,200,165	21,000	10,221,165
Grand Total - All Debt	6,817,372,901	4,011,681,135			134,305,576	231,195,104	365,500,679	4,279,888	369,780,567

Foot Notes

- 1 - A portion of Prop A 40% Discr. is pledged to fund debt service for these bonds. The developer is expected to reimburse the MTA from net project revenues. Treasury should be consulted each year to determine the status of reimbursements.
- 2 - Assumes \$200mm balance @ 4%
- 3 - Assumes \$61mm balance @ 6.5%
- 4 - The MTA has issued COP's to finance the acquisition of buses and/or facilities, for which it anticipates receiving reimbursement from the user as a sublease payment.
- 5 - A dollar denominated lease payment (expense) is transferred from MTA to the Lessor, CTFC. CTFC, through an Assignment Agreement with the MTA, then forwards an amount equal to the lease payment to the MTA (Revenue). These transactions net to zero.
- 6 - This payment is converted into Yen through existing Yen currency swaps with Sumitomo Bank Capital Markets and with Barclays Bank and is then wire transferred to the Japanese lessor.
- 7 - The Benefit Assessment District debt service is solely an obligation of the respective districts and is paid from assessments received through the County Assessor's Office.

CAPITAL BUDGET

BUDGET PROCESS AND ASSUMPTIONS

Budgeting Process

The Capital Budget is the means of implementing planning and programming decisions made through the regional capital planning processes that support the State's Transportation Improvement Plan (TIP). It authorizes expenditures and appropriates funding for a variety of capital projects planned by MTA.

The Capital Budget includes funding to support bus and rail operating projects such as bus acquisition and bus maintenance programs, rail vehicle acquisition/overhaul programs, bus and rail facilities maintenance, maintenance of way, rail construction and other capital improvement and acquisition programs that support transit service delivery. A capital asset is defined as an asset valued at \$2,500 or more with a useful life of at least one year.

The Capital Budget process begins in December 1997 with the Capital Call. The Capital Call requires MTA departments to forecast their FY99 capital needs based on projected expenditures. Departments are also required to forecast their capital needs for FY00 through FY04. New capital projects are also identified during this process and are evaluated using the following criteria:

- Consistency with the Long Range Plan objectives and the TIP
- Protection of the health and safety of MTA customers, employees, and the general public
- Legal mandates, including compliance with the Consent Decree
- Improvements to service delivery
- Year 2000 compliance, hardware and software requirements
- Benefit to MTA and impact on future operating costs and revenues
- Project cost and schedule for completion
- Eligibility for available funding sources

To assist with the capital budget process, a Capital Budget and Investment Workout Team evaluates and ranks all capital budget requests and then prioritizes them based on projected FY99 funding profiles. The Office of Management & Budget (OMB) works closely with the Workout Team in reviewing and making recommendations for the proposed FY99 Capital Budget.

The methodology used by the Workout Team to evaluate capital requirements is as follows:

- Assemble capital budget submittals and supporting information
- Review unit budget requests with Executive Officers
- Probe outstanding issues and questions pertaining to cost and schedule for completion and review rationale for cost estimates
- Develop initial potential savings recommendations including less expensive options to proposed projects, project scope changes and project deferrals.
- Obtain concurrence of recommendations with Executive Officers
- Prioritize capital project submittals based on funding priorities and evaluation criteria
- Reconcile capital budget requests to estimated actual FY99 cash flow requirements which support prioritized projects.
- Develop matrix of recommended capital project budget to eligible funding sources for FY99.

Budget Assumptions

The FY99 Capital Budget is based on the following major project assumptions:

- All capital cost forecasts are based on current best case schedule, or early start and early completion implementation schedules
- Continue the design and construction of Red Line Segment 3 North Hollywood
- Open Red Line Segment 2 to Hollywood and Vine on May 29, 1999
- Complete demobilization of Red Line Segment 3 Eastside and Mid-City Extension
- Complete demobilization of Pasadena Blue Line
- Take delivery of 161 Neoplan CNG buses, including the 50 bus option
- Management pursuit and location of an additional 50 buses to be delivered in FY99
- Take delivery of first New Flyer CNG bus from the 223 bus order
- Complete development testing of 6 ATTB and receive the first article ATTB bus off of the production line
- Take delivery of 36 Los Angeles Rail Cars
- Take delivery of 14 heavy rail vehicles ordered for Red Line Segment 3 Eastside
- Implement capacity enhancement/platform extension on the Blue Line
- ITS staff assigned to specific capital projects will charge to that project in an effort to reduce operating expenses
- Implement Year 2000 system upgrades, including legacy and mainframe computer systems
- Install and upgrade CNG facilities at Divisions 3, 5, 8, 10, 18 and the Regional Rebuild Center (RRC)
- Continue major engine overhaul, specialized coach repair, bus painting, and window replacement program at the RRC
- Comply with federal, state and local mandates for replacement of underground fuel storage tanks at Divisions 1, 16, 10, 15, and 18, by December 1998
- Deem all new operating capital projects eligible for federal Section 5307 grant funding.

Revenue Assumptions

Funding for the FY99 Capital Budget is derived from local revenue and existing/anticipated federal and state grants. These funds are used to perform capitalized effort in the following project categories:

Category	FY99 Budget (Millions)
Bus Capital	\$141.8
Rail Capital	
Operating Capital	\$106.7
Rail Construction	418.8
Other Capital Projects	51.1
Total Capital	\$718.4

Funding for these projects is based on the following assumptions:

Carryover Funding:

- A review of FY98 project completion forecasts will result in \$146.1 million of Section 9 formula funds carried forward. This includes \$34.7 million of Section 9 funding from prior years that was identified by an audit and is used to fund additional bus purchases. Of the total carryover funds, \$135.8 million is allocated to FY99 capital projects
- The same analysis reveals that \$13.1 million of Section 3 funds are eligible for carryover. These funds are allocated to FY99 rail capital projects.

New Funding:

- The MTA will assume the same level of FTA appropriation of Section 9 formula funds for FY99 (\$79.6 million). Of these funds, \$21.1 million is used to fund bus operations preventative maintenance. An additional \$7.0 million is allocated for future bus purchases. Of the \$79.6 million, \$31.8 million are allocated to Certificate of Participation (COP) debt payback and bus operation preventative maintenance programs. A summary table is provided below:

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	Programmed	Appropriations	
		FY99	Future
Section 9 Funds			
New Bus Purchases	\$54,792		\$54,792
Preventative Maint. (Operations)	21,100	21,100	
COPS	<u>10,745</u>	<u>10,745</u>	
Total Section 9	\$86,637	\$31,845	\$54,792

- \$3.5 million of new Section 3 funding will be allocated by the FTA. \$2.1 million is programmed to cover FY99 expenditures. The remaining \$1.4 million will be programmed for expenditures in FY00.

- From the \$61.5 million FY98 appropriation of Section 3 New Starts funds, \$37.5 million is programmed to cover FY99 expenditures while \$24 million is being held by the FTA for use on the Segment 3 Eastern Extension project.
- The FY99 Section 3 New Starts funds will be programmed for expenditure in FY00. These funds, estimated to be \$100 million, do not impact the FY99 Budget.

Other Revenue Assumptions

- An analysis of construction project resource requirements and completion estimates assumes that \$138 million in long term bond debt (par value) funded by Proposition A 35% Rail Development sales tax revenue will be issued. \$125 million of net proceeds will be realized from this issue. \$118 million will be programmed for use in FY99. The remaining \$7 million will be allocated for future use.
- \$203 million in long term bond debt (par value) funded by Proposition C 40% Discretionary sales tax revenue will be issued. \$185 million of net proceeds will be realized from this issue. \$110 million will be programmed for use in FY99. The remaining funds will be programmed for other uses, such as refinancing short term debt.

FY99 REVENUE/EXPENDITURE SUMMARY

This section summarizes identified revenue sources that will be used to fund capital projects budgeted in FY99. The recommended programming of capital funds is consistent with the State Transportation Improvement Plan (STIP). Board authorization and approval is required for implementation of FY99 capital projects.

Capital projects are categorized into four major categories; Bus, Rail Operating, Rail Construction, and Other. These categories are made up of project groupings that are detailed below.

Category	Project Element
Bus Capital	Bus Acquisition, Bus Maintenance and Equipment, Bus Facilities Maintenance
Rail Capital (Operating)	Rail Vehicle Maintenance, Rail Facilities Maintenance, Maintenance of Way (MOW), L.A. Rail Car
Rail Capital (Construction)	Rail Planning, Red Line Segment 2, Red Line Segment 3 - North Hollywood, Red Line Segment 3 - Eastside, Red Line Segment 3 - Mid Cities, Pasadena Line, Other Rail Construction Projects
Other Capital Projects	Intermodal Transit Center, Gateway Headquarters, Non-Revenue Vehicles, Information and Technology Systems (ITS), Freeway Service Patrol (FSP)/Major Incident Response (MIR), Service Authority for Freeway Emergencies (SAFE)

MTA LIBRARY

The Revenue & Expense summary provides a detailed breakout of revenues and expenses.

In the Bus Capital category, \$58.2 million of federal grants will be used to fund the purchase of 161 new CNG buses. The remaining bus acquisition funds will come from TDA sources. Bus Maintenance and Bus Facilities maintenance will be funded with \$59.2 million of federal monies, \$10.8 million TDA, and \$4.0 million from local sources.

Rail Operating Capital will be funded from \$15.4 million of federal grants, \$3.1 million of TDA/other state funds, and \$88.1 million of debt proceeds. \$59.6 million of the debt proceed funds will be used for L.A. Rail Car commitments.

Rail Construction projects are funded with \$57.5 million federal, \$213.7 million state, and \$6.7 million of Proposition C Commuter Rail. Additional funding will come from other local sources.

Other Capital project funding will be from \$28.4 million federal, \$7.1 million TDA, and \$8.4 million of other state funds. These state funds will be used to fund the capitalized portion of the Service Authority for Freeway Emergencies (SAFE) program. \$4.8 million of Proposition C Streets and Highway funds will be used for the capitalized portion of Freeway Service Patrol (FSP)/Major Incident Response (MIR) programs.

A summary of the FY99 budget and projected revenue sources by category are shown below:

Category	FY99 Budget (Millions)	Federal	State	Local	Total
Bus Capital	\$141.8	\$117.4	\$20.4	\$4.0	\$141.8
Rail Capital					
Operating Capital	106.7	15.5	3.1	88.1	106.7
Rail Construction	418.8	57.5	213.7	147.6	418.8
Other Capital Projects	<u>51.2</u>	<u>28.4</u>	<u>15.4</u>	<u>7.4</u>	<u>51.2</u>
Total Capital	<u>\$718.4</u>	<u>\$218.7</u>	<u>\$266.2</u>	<u>\$233.6</u>	<u>\$718.4</u>

The first schedule shows FY99 revenues and expenditures by capital project category.

The second schedule shows the FY99 budgeted revenues and expenditures for specific rail construction projects.

FY99 Revenues / Expenditures Summary (\$000)
Capital Budget

	Bus Capital				Rail Capital					Other						Total Capital Budget
	Bus Acquisition	Bus Maint. & Equip.	Bus Fac. Maint.	Total Bus Capital	Rail Vehicle Maint.	Rail Fac. Maint.	MOW	LA Rail Car	Rail Const. Summary	Intermodal Transit Center	Gateway HQ	Non-Rev. Veh.	ITS	FSP/MIR	SAFE	
Revenue																
Farebox Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prop A - Admin 5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prop A - Local Return 25%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prop A - Rail 35%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prop A - Discretionary 95% of 40	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prop A - Incentive 5% of 40%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prop C - Admin 1.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prop C - Local Return 20%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prop C - Security 5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prop C - Commuter Rail 10%	-	-	-	-	-	-	-	-	6,700	-	-	-	-	-	-	6,700
Prop C - Streets & Hwys 25%	-	-	-	-	-	-	-	-	-	-	-	-	-	4,788	-	4,788
Prop C - Discretionary 40%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Local Revenues	-	-	-	-	-	-	-	-	2,222	-	-	-	-	-	-	2,222
TDA	9,560	6,211	4,626	20,397	2,028	1,065	-	-	-	677	443	5,974	-	-	-	30,584
Other State	-	-	-	-	-	-	-	-	213,688	-	-	-	-	-	8,352	222,040
Federal	58,219	40,730	18,506	117,455	6,230	9,171	53	-	57,500	2,708	1,771	23,907	-	-	-	218,795
Proceeds from Financing	-	3,954	-	3,954	-	7,522	20,985	59,615	138,662	1,672	892	-	-	-	-	233,291
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	67,779	50,895	23,132	141,806	8,258	17,757	21,038	59,615	418,762	1,672	4,276	2,214	29,880	4,788	8,352	718,419
Expenditures by Category																
Contract Wages	249	6,239	68	6,557	809	-	-	-	1,603	-	-	-	303	-	-	9,272
Non-Contract Wages	530	449	578	1,557	129	1,765	674	287	13,811	101	121	38	2,374	95	104	21,056
Fringe Benefits	390	3,804	310	4,503	519	837	323	138	7,942	49	57	18	1,285	45	49	16,765
Professional & Tech Services	2,486	-	24	2,510	400	4,252	7,207	1,800	75,445	-	25	0	17,621	420	550	110,229
Contract Services	-	-	-	-	5,346	800	-	0	6,393	95	-	-	-	4,012	7,170	23,816
Fuels & Lubricants/Utilities	-	-	-	-	-	3	-	-	516	-	-	-	-	-	-	519
Material & Supplies	-	36,429	-	36,429	0	1,451	33	1	263	-	12	-	1,045	-	212	39,444
Casualty & Liability	-	-	-	-	-	-	-	-	20,623	-	-	-	-	-	-	20,623
Acquisitions	63,675	2,236	21,889	87,800	800	6,118	11,986	56,983	292,532	1,381	3,913	2,130	1,244	-	30	464,916
Overhead	238	1,738	264	2,240	256	2,067	806	388	13,590	46	150	28	6,008	216	237	26,030
Subsidies	-	-	-	-	-	-	-	-	3,000	-	-	-	-	-	-	3,000
Other	211	-	-	211	-	466	10	17	(16,956)	-	0	-	-	-	-	(16,253)
Total	67,779	50,895	23,132	141,806	8,258	17,757	21,038	59,615	418,762	1,672	4,276	2,214	29,880	4,788	8,352	718,419
Surplus/(Deficit)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

EXECUTIVE SUMMARY - RAIL PROGRAM STATUS

The following page shows a status of design, construction, funding, and budget/expenditures-to-date for the following rail construction projects:

- Red Line Segment 1
- Red Line Segment 2
- Red Line Segment 3 - North Hollywood
- Red Line Segment 3 - Mid City
- Red Line Segment 3 - Eastside
- Blue Line Long Beach/L.A.
- Pasadena
- Green Line
- Pasadena Line
- L.A. Rail Car (Light Rail Vehicle)

This status is based on the latest construction schedule data published in the Revenue Operations Date (ROD) document, and is updated quarterly to provide program visibility.



**EXECUTIVE SUMMARY
RAIL PROGRAM STATUS**
Forecasted as of June 1998

	RED Segment 1	RED Segment 2	RED Seg 3 N. Hollywd	RED Seg 3 Mid-City	RED Seg 3 East Side	BLUE Long Beach/LA	BLUE Pasadena	GREEN	Light Rail Vehicle	Summary
Length	4.4 Mi.	6.7 Mi.	6.3 Mi.	2.3 Mi.	3.7 Mi.	22 Mi.	13.6 Mi.	20 Mi.	—	79 Mi.
Number of Stations	5	8	3	2	4	22	13	14	52 cars	71 stas.
Technology	Heavy Rail	Heavy Rail	Heavy Rail	Heavy Rail	Heavy Rail	Light Rail	Light Rail	Light Rail	Light Rail	—
MTA Approved Opening Date	Jan 1993	Wilshire Jul 1996 Vermont May 1999	May 2000	Suspend	Suspend	July 1990	Suspend	August 1995	Final Car Delivery Aug 1999	Final Completion TBD
Design Status March 98	Completed	99.1%	94.0%	Final Not Started	86.8%	Completed	80.3%	Completed	Based on Milestones 98%	3 of 9 complt.
Constr Staus March 98	Completed	93.9%	63.8%	Not Started	Not Started	Completed	11.7%	99%	Based on Milestones 60%	3 of 9 complt.
Expenditures Estimated Jun 98	\$1438	\$1532	\$852	\$15	\$129	\$860	\$232	\$688	\$122	\$5868
MTA Approved Budget (in mil.)	\$1450	\$1641	\$1314	\$491	\$1049	\$877	\$804	\$712	\$258	\$8596
Federal Funding	48%	44%	62%	39%	54%	0%	0%	0%	33%	31%
State/Local Funding	52%	56%	38%	61%	46%	100%	100%	100%	67%	69%

PROJECT DESCRIPTION

The following pages describe the scope of work that will be performed in each capital project in FY99.

Project	Name	Project Description
200001	Headquarters	<p>MTA Administrative, Real Estate, and contingency costs to complete the close out phase of the MTA Headquarters Project. FY99 Scope of Work:</p> <ul style="list-style-type: none"> • (HVAC) Heating, Ventilation, and Air Conditioning Upgrades • Transit Police Renovation • New Build Out Space • Artwork • Other Tenant Improvements
200002	Transit Center	<p>Construction and Administrative cost of Union Station Gateway Inc., closing costs, associated with construction of Patsaouras Plaza, the East Portal, Terminal 31 Improvements, and Parking Garage. Advanced funding for the Ramirez Flyover project is not included in the FY99 Budget. Specific FY99 tasks are as follows:</p> <ul style="list-style-type: none"> • Tenant Improvements - Emergency stairs, equipment signage, floor sealing, piping, shelters, lighting, landscaping, planters, seating, etc.
200003	Advanced Technology Transit Bus (ATTB)	<p>Cooperative project between FTA and MTA for development, production, and test of six (6) ATTB prototype vehicles. Specific FY99 tasks are as follows:</p> <ul style="list-style-type: none"> • Funding of remaining contractual agreement with Northrop/Grumman to include testing of prototype vehicle performance relative to extreme weather and terrain fluctuations in various U.S. cities • Development of test results and related documentation
200004	Bus Acquisition	<p>Project provides for pre-award action, procurement, fabrication, inspection, and delivery of new MTA buses per consent decree, MTA Long Range Transit Plan (LRTP), and operating/service goals and objectives. As recommended by the Capital Budget and Investment Workout Team, funds for the pending procurement of Passenger Information Systems (PIS) for retrofitting buses is not included in the FY99 budget. Also not included in the budget is funding for PIS systems on the 50 bus Neoplan option. Specific FY99 tasks are as follows:</p> <ul style="list-style-type: none"> • Remaining inspection, acceptance, and make ready effort for "250 New" bus order • Production, inspection, acceptance, and make ready effort for "50 Option" bus order

Project	Name	Project Description
		<ul style="list-style-type: none"> • Startup production/ inspection for “223 New” bus order • Pre-award effort for “215 New” bus order • Delivery of 1st Article ATTB bus • Identification, procurement, and delivery of 50 additional buses
200005	Bus Service Maintenance & Operations	<p>Completion of in-process procurements for Regional Rebuild Center (RRC) programs (RRC effort is now contained in Project 200050). Specific FY99 tasks are as follows:</p> <ul style="list-style-type: none"> • Procurement of bus window sets for installation on etched, graffiti-ridden MTA buses
200007	Light Rail Service Maintenance	<p>Project provides for all labor, material, parts, and equipment associated with inspection, maintenance, and refurbishment of MTA Light Rail Vehicles (LRV). Effort includes project management, scheduled/unscheduled maintenance, vehicle inspection overhaul of vehicle systems/components, and new vehicle make ready. Specific FY99 tasks are as follows:</p> <ul style="list-style-type: none"> • Articulation Assembly Overhaul • HVAC Motor Overhaul • Back to Back Wheel Spacing • LRV Capitalized Parts • LRV Door Mechanism Overhaul • LRV Motor/Alternator Overhaul • LRV Traction Motor Overhaul • Pantograph Overhaul • LRV Airbrake System • LRV Battery Replacement/Rehab. • LRV Coupler Overhaul • LRV Truck/Suspension Overhaul (Spherical Bearings) • LRV Graffiti Shields • SCADA System Upgrade
200009	Heavy Rail Service Maintenance	<p>Project provides for all labor, material, parts, and equipment associated with inspection, maintenance, and refurbishment of MTA Heavy Rail Vehicles (HRV). Effort includes project management, scheduled/unscheduled maintenance, vehicle inspection overhaul of vehicle systems/components, and new vehicle make ready. Specific FY99 tasks are as follows:</p> <ul style="list-style-type: none"> • HRV Brake System Overhaul • HRV Traction Motor Overhaul • HRV Capitalized Parts • HRV Wheel Bore Machine • HRV Graffiti Shields • Service Maintenance Equipment • HRV Preservation Services

Project	Name	Project Description
200010	Non Revenue Vehicles & Equipment	Contract services to overhaul/rebuild engines and transmissions for non-revenue equipment and vehicles. Non-revenue equipment acquisitions - FY99 Priority #1 listing includes: forklifts, vans & pick-ups, standardized pickups and large utility trucks.
200012	Bus Operating Facilities	<p>These projects represent FY99 programs contracted in the previous fiscal year. New tasks are aligned to the appropriate project function. Existing contracts are for the following activities:</p> <ul style="list-style-type: none"> • Soil & Groundwater remediation @ Div. 7 • Tank Replacement @ Divs.6, 8, 10, 15, & 18 • CNG Conversion projects @ Div. 3, 5 & RRC • Building modifications and renovations @ Div. 2, RRC • Equipment acquisitions
200013	Blue Line Operating Facilities	<p>Project provides for all resources associated with design, development, and installation of Blue Line facility equipment and upgrades. Specific FY99 effort consists of the following:</p> <ul style="list-style-type: none"> • Design/Installation of MBL Trip Station Circuit Power Supply • Spare Parts for MBL Facilities • Purchase of MOW Building Equipment • Washington St. Wire SAG Problem Investigation • Procurement of Emergency Evacuation Ladders and Facility Tools
200014	Green Line Operating Facilities	<p>Project provides for all resources associated with design, development, and installation of Green Line facility equipment and upgrades. Specific FY99 effort consists of the following:</p> <ul style="list-style-type: none"> • Sump Pump Maintenance • MGL Guarded Crossing Replacement • Audio Consulting Services for PA Procurement • MGL Wayside Spare Parts • MGL Overhead Catenary Rehab. • MGL Grade Crossing Improvement • MGL Station Battery Replacement
200015	Red Line Operating Facilities	<p>Project provides for all resources associated with design, development, and installation of Red Line facility equipment and upgrades. Specific FY99 effort consists of the following:</p> <ul style="list-style-type: none"> • Sump Pump Maintenance • Procurement of Grouting Gas Analyzers • Escalator/Elevator Maintenance • Wayside Spare Parts • MRL Battery Monitoring System (Old Batteries) • MRL Transformer Replacement • Yard Track Upgrade

Project	Name	Project Description
200020	System Project Administration	<ul style="list-style-type: none"> • Battery Replacement/Document Management <p>Acquisition of miscellaneous parts for mainframes, desktop computers, and peripherals. Tasks include the following:</p> <ul style="list-style-type: none"> • ATMS4 Rail Incident Mgmt System • Scheduling System Enhancements/PC Upgrades • Bus & Vault Automated Reconciliation System • Graphical User Inter-phase Project (GUI) • Automatic Storage Retrieval System Project • Material Safety Data System (MSDS) • Real Estate Property Mgmt System • Computer Equipment • Risk Management Information Systems Hardware Server & Software (RMIS) • Network Server for Ethics Department • Ticket Vending Machine Software Upgrade
200021/ 200057	VMS/MMS	<p>The antiquated Material Management System and Vehicle Maintenance System is scheduled to be replaced with a new Material Maintenance Management System (MMMS). The fully implemented MMS/VMS will incorporate all the functionalities of a vehicle maintenance system, fuel and fluid tracking, facilities maintenance, production control, material control, warranty, inventory planning and time and attendance.</p> <p>As recommended by the Capital Budget and Investment Workout team, the FY 99 Scope of Work includes funds for Year 2000 remediation only. The following work scope will be deferred to FY00:</p> <ul style="list-style-type: none"> • Design, configure, develop, integrate and implement the proposed system according to the proposed and approved specifications • Provide a systematic and thorough requirements definition process • Conduct the business process re-engineering development and documentation • Develop a work flow plan • Provide required deliverables • Assist MTA staff in implementing the work flow procedures and conversion • Design and develop user friendly documentation • Implement the interfaces • Design, develop, test, plan and control the conversion • Conduct final test • Complete and close out project.
200022/ 200058	TOTS Replacement	The Transit Operating & Trend System (TOTS) is to be migrated from the IBM Series\1 system to a client server

Project	Name	Project Description
		<p>system. The new system will contain all the equivalent functionalities as well as some basic enhancements. The new TOTS will be Year 2000 compliant. Project consists of the following effort:</p> <ul style="list-style-type: none"> • Convert existing data to enable the pilot system to function on a parallel basis for the duration of the test period • Provide a comprehensive version and inventory control of software and utilities at the test site • Provide training for both the ITS and Operations staff. • Perform analysis of all Series/1 TOTS reports to determine need, audience and length of retention of each. • Develop online content sensitive help functions throughout the system. • Provide facility for archiving and retrieval of TOTS data • Conduct final tests • Complete and close out project
200023/ 200056	Year 2000 Upgrades	<p>This project will make all basic system functions of the Payroll System along with statutory reporting Year 2000 compliant. Tasks consist of the following effort:</p> <ul style="list-style-type: none"> • Design, configure, develop, integrate and implement the proposed system according to the proposed and approved specifications • Provide a systematic and thorough requirements definition process • Conduct the business process re-engineering development and documentation • Develop a work flow plan • Provide required deliverables • Assist MTA staff in implementing the work flow procedures and conversion • Design and develop user friendly documentation • Implement the interfaces • Design, develop, test, plan and control the conversion • Complete selection of strategies to address noncompliance systems • Complete the establishment of year 2000 test requirements • Complete implementation of new ASRS including MMMS interface • Contract for additional resources needed to assist with project • Complete modification to upgrade & converted systems • Conduct unit, system and integrate testing • Implementation in production environment according to project plan schedule

Project	Name	Project Description
		<ul style="list-style-type: none"> • Conduct final tests • Complete and close out project
200024	Division LAN Cabling	<p>Design, built and install a communication infrastructure at MTA operating and maintenance facilities. Tasks include the following effort:</p> <ul style="list-style-type: none"> • Design and construct all required telecommunication rooms, closets and facilities • Provide and install all required units, components, subassemblies at the desired facilities • Conduct random test of 10% of the installation for conformance to specifications on voice, data, and fiber • Correct any noted defects in installation, practices or labeling • Call for final acceptance and close-out project
200025	Tank Replacement - Bus Operating Facilities	<p>Federal, State and Local Regulations mandate that all underground single wall fuel storage tanks be replaced by December, 1998. All new piping systems must be double-walled and equipped with proper leak monitoring devices and spill/overflow protection systems. FY99 upgrades include the following sites:</p> <ul style="list-style-type: none"> • Division 1 • Division 18 • Vernon Yard • RRC
200026	Remediation Projects - Bus Operating Facilities	<p>Phase II occurs after tank replacement: Surrounding petroleum contaminated soil and groundwater must be remediated. FY99 upgrades include the following sites:</p> <ul style="list-style-type: none"> • Division 6 • Division 10 • Division 15 • Division 18
200027	General Building Modifications - Bus Operating Facilities	<p>Primary building modifications required to preserve existing bus & rail support facilities. Such activity includes:</p> <ul style="list-style-type: none"> • Safety enhancements- facility yard lighting upgrades at Divisions 5 & 6. • Division modifications @ Division 9 to maximize utility. • Bus air conditioning and heating equipment repair at Division 10. Activity also includes construction of a roof structure. • Insulation repairs, ventilation, light upgrades and air conditioning projects are scheduled at the RRC bldgs.
200029	Equipment Purchases/ Modifications - Facilities	<p>Project provides for all resources associated with (and including) the purchase of equipment at MTA revenue facilities other than the RRC . Specific FY99 tasks are as follows:</p>

Project	Name	Project Description
		<ul style="list-style-type: none"> • Waste Water Recycling - to reduce MTA industrial waste discharge by 25% • Smoke Opacity Meters - mandated by ARB Resolution of 12/11/97 • Aqueous based heated washer parts • Contract services for bus wash refurbishment at Divisions 3,6,8,10,15 & 18 • Additional support pieces: CNG camera, laser alignment, vibration analyzer, sand blaster, telescopic light tower • Vacuum cones replacement at Divisions 2,5,8, 10 • Automatic bus undercarriage cleaning system at Division 9
200030	General Services Maintenance/ Equipment	<p>Project consists of the following FY99 effort:</p> <ul style="list-style-type: none"> • MTA security communications upgrades • Print shop and copy center equipment • Carousel system for Divisions 2, 4, 8, 10 and 22 • Chemical material storage facility • Document imaging system • Four way overhead crane-shipping
200031	Paving/ Flooring Projects	<p>Project consists of the following FY99 effort:</p> <ul style="list-style-type: none"> • Resurface or replace existing asphalt concrete pavements at Divisions 4, 6, 7, Vernon Yard and/or Terminal 40. • Repair flooring damage created by mechanical equipment robots at RRC buildings, Divisions 2 and 3.
200032	Mandated Projects Bus Operating Facilities	<p>The Americans with Disabilities Act (ADA) mandates facility improvements to accommodate access and usage by disabled persons. Non-compliance with these regulations will result in penalties and legal fees, and potentially jeopardizing federal funding for these and other MTA projects. The MTA established a multi-year program earmarking funds for facilities which interface extensively with the public as the highest priority. Sites include:</p> <ul style="list-style-type: none"> • USC Medical Center Busway Station • LAX Transit Center • Pico-Rimpau Loop • MTA Customer service sites
200033	Capital Projects Communications	<p>Cost for 100 bus stop informational cubes to be installed along line 204. Each cube cost approx. 120 each. These bus cube information signage provide enough space to list schedules, maps & connecting bus lines, token and pass sales location with important phone numbers. Fund for manufacture and installation of information racks on buses was not included in the FY99 Budget.</p>
200035/ 200053	Radios - ITS	<p>Funds are allocated to replace and purchase additional radio repeaters so as to protect and expand the utilization</p>

Project	Name	Project Description
		<p>of existing MTA radio channels. Additional funds will be used to upgrade the non-revenue radio system and to realign the system as a result of the Transit Police merger. FY99 tasks include the following:</p> <ul style="list-style-type: none"> • Radio Repeaters & Receivers
200050	Regional Rebuild Center (RRC)	<p>Project provides for labor, material, and equipment to support major rebuild of bus power plant assemblies (PPA), transmissions, and body repair that is determined to be performed in a specialized facility. Effort also consists of manufacture/rebuild of rotatable/specialized parts and components for use at MTA bus operating divisions, as well as taking a lead role in ensuring that all equipment adheres to federal laws and statutes. Specific FY99 tasks are as follows:</p> <ul style="list-style-type: none"> • Purchase of EPA engine kits • Rebuild of PPAs • Rebuild of diesel/ethanol transmissions • Procurement activities for annual bus tire lease • Drive axle assembly repairs • Paint/window change out for 350 buses • Purchase of RRC maintenance equipment • Purchase of transmissions, housings, bronze, differential housings • Purchase of 150 new bus engines • Major accident repair of buses • General body repair • Purchase of compressors • Purchase of wheelchair lift platforms <p>Based on recommendation made by the Maintenance Workout Team and the Capital Budget and Investment Workout Team, the budget incorporates reductions in the engine rebuild program and the bus painting program.</p>
200054	Microwave-ITS	<p>The Red Line Segment 1 Retrofit will provide telecommunications back-up channels between Red Line Stations and the MTA's telephone network. This will be accomplished by installing fiber optic cable and equipment between the Union Station Red Line station and the Gateway Building. Additionally, funds will be used to purchase heliax holders, tower leg clamps, hanger blocks, and associated equipment to secure heliax cables runs to secure the tower at the ROC.</p> <p>Project consists of the following effort:</p> <ul style="list-style-type: none"> • Redline Segment 1 Fiber Retrofit • Microwave Tower Renovation • Rail Operations Center Tower • Emergency Power Back-up for Hill Top

Project	Name	Project Description
200055	Telephone-Projects	<ul style="list-style-type: none"> • Battery Plant Replacement <p>The PBX's (telephone systems) at Vernon Yard and Metro Rail Line Segment 1 stations are not compatible with the new North American Dialing Plan that has greatly expanded the number of area codes available. Software must be purchased and installed to permit telephones at these locations to dial outside of MTA network where area codes have been added. Funds are also allocated to purchase telecommunication and network replacement test equipment. Current antiquated equipment is obsolete and in despair. Lack of functional test equipment results in excessive downtime during network and telecommunication failures.</p> <p>FY99 effort consists of the following:</p> <ul style="list-style-type: none"> • North American Dialing Plan • Network Telecom Test Equipment Replacement
200070	Freeway Service Patrol (FSP)	<p>Project provides for program management and fund administration for the FSP program. The FSP program is a network of 150 tow trucks that patrol LA freeways in order to assist motorists with disabled vehicles and trucks, remove vehicles from traffic, thus relieve traffic congestion. Effort is funded from a 80% operating and 20% capital allocation.</p>
200075	Major Incident Response (MIR)	<p>In conjunction with FSP, the MIR program incorporates new technology applications in an effort to reduce freeway congestion and provide real-time traffic information to emergency crews and the motoring public. Effort is funded from a 80% operating and 20% capital allocation.</p>
200209	Service Authority for Freeway Emergencies (SAFE)	<p>Project provides for the implementation, operation, maintenance, and administration of the Los Angeles County motorist aid call box system. Effort is funded from a 50% operating and 50% capital allocation.</p>
200212	Revenue Facility	<p>The Revenue Department has initiated several programs for FY99:</p> <ul style="list-style-type: none"> • Facility renovations at Vernon Yard to accommodate the revenue service technicians • Fare box refurbishment - to extend useful life of existing fare boxes • Ticket Vending Machine (TVM) hardware upgrade- to accommodate the U.S. Treasury coin replacement program • Cash Counting Facility - preliminary design and specifications to acquire a new cash counting structure. • Vault house CCTV upgrades - replacement of outdated equipment at the 11 bus operating divisions.

Project	Name	Project Description
200215	CNG Facility Upgrades	<p>In compliance with clean air mandates, the MTA Board of Directors adopted a policy to purchase only buses with alternative fuels. According to the current schedule, the MTA will purchase an average 250 CNG buses per year. Accordingly, it is necessary to modify and/or expand existing CNG stations to increase fuel capacity. FY99 modifications are as follows:</p> <ul style="list-style-type: none"> • Division 3 - maintenance modifications • Division 5 - CNG conversion • Additional compressors and/or overhaul @ Divs. 8, 10 & 18. • Slow CNG fueling station is anticipated for major bus repair work @ RRC. This facility will consist of a compressor, storage tank, and de-fueling and distribution systems.
800001	Blue Line LA/Long Beach	The City of LA has withheld its final acceptance of the work pending final as-built drawings for civil/street work at Flower/Washington and major cross streets
800005	Pasadena Line	Activities for the project were suspended January 13, 1998
800010	Management Oversight	All activities in this project ensures CM services are completed. Review by engineers of all design submittal and other related activities for all of the Construction Department. This included preparation of RFP documents and issue. Oversees construction through completion of Segment 2 sprinklers.
800020	Imperial Highway Grade Separation	Prior funding agreement with Caltrans, City of LA, & County for building the grade separation
800023	Green Line MOW	<p>FY99 effort consists of the following:</p> <ul style="list-style-type: none"> • Automatic Train Control • Construction of the maintenance facility for the Green Line Hawthorne Yard and associated facilities • Testing and startup of rail car vehicle safety and testing of automatic train system wayside equipment • Payments to Caltrans and retainage release amounts • Real estate court settlement, lease agreement, goodwill payment • Administration/other activities
800080	Red Line Segment 1	<p>FY99 effort consists of the following:</p> <ul style="list-style-type: none"> • Complete contract administration close out activities • Final payment of rail car spare parts
800081	Red Line Segment 2	<p>FY99 effort consists of the following:</p> <ul style="list-style-type: none"> • Completion of tunneling/concrete tunnel liner • Completion of stations along Vermont/Hollywood Corridor • System integration

Project	Name	Project Description
		<ul style="list-style-type: none"> • Testing/pre-operations
800082	Red Line Segment 3 North Hollywood	FY99 effort includes the following: <ul style="list-style-type: none"> • Completion of all station and tunnel contracts • Begin construction for the Universal City Station Bus Plaza & Lankershim widening completion. Installation of traction power substation/equipment, completion of track work and testing. Continuation of installation/test of automatic train control system
800083	Red Line Segment 3 Mid City	All Activities for this project were suspended in January 13 1998.
800084	Red Line Segment 3 Eastside	All Activities for this project were suspended on January 13, 1998. FY99 dollars reflect completion of Breda heavy rail vehicle delivery (14 units).
800089	Blue Line-System Safety & Security	Metro Blue Line Grade Crossing Program is designed to evaluate and implement effective safety technologies and methods aimed at reducing and minimizing train vs. Auto/pedestrian accidents. The following effort will be performed: <ul style="list-style-type: none"> • Metro Blue Line Xing - TRACS Help Monitoring System • Metro Blue Line Xing - Upgrade for Emergency Command Vehicle
800091	Metro Red Line Radio Retrofit	Revised criteria from the LA Police & Fire Departments require changeout/retrofit of the Segment 1 radio system for compatibility with Segments 2 & 3 Systems. Proposals have been received and are being evaluated
800092	Systemwide Activities	Tasks consist of the following effort: <ul style="list-style-type: none"> • Project Management Assistance on systemwide activities and federally and locally funded projects in the areas of document and data review, policy procedures, procurement standards and Contract Administration review and monitoring • Implementing Quality Training programs • Providing environmental clearances, monitoring, auditing and reporting in accordance with CEQA and NEPA regulations • Budgeting, financial management, grants administration, risk management, and contract auditing and accounting support of systemwide projects and activities • System Safety Program implementation • Management of Cost, Schedule, Change Order, and Labor management computer systems • Other support
800094	Redline MOW	FY99 effort includes the following: <ul style="list-style-type: none"> • Project Engineering administrative costs
800095	Environmental	Tunnel grouting will be performed to fill voids between

Project	Name	Project Description
	Mitigation	HDPE membrane liner and permanent concrete finish liner; contact and backfill grouting of designated cross passages.
800150	LA Rail Car	<p>Project encompasses the following effort:</p> <ul style="list-style-type: none"> • Milestone completion and delivery/acceptance of 32 cars • Consultant service • Insurance • Production development program • Administrative support
800201	Blue Line Transit Enhancements	<p>FY99 effort includes the following:</p> <ul style="list-style-type: none"> • Perform engineering and construction for extended platforms at Blue Line stations to allow berthing of 3-car trains for public use of Blue Line • Installation of storage tracks at Division 11 • administrative support
800223	Green Line Transit Enhancements	<p>Project consists of the following effort:</p> <ul style="list-style-type: none"> • Installation of storage tracks at Division 22
800275	Engineering Support	<p>FY99 effort includes the following:</p> <ul style="list-style-type: none"> • MRL ventilation air flow scenarios and testing • Support to fire/life/safety issues (includes support from rail operations support • Support for change control processing • ADA compliance support • Dig alert services • Development of inspection procedures for bridges • Add alternate entrance to Blue Line Grand Station • Programmable logic controls/facilities • Long Beach Blue Line corrosion abatement • ROS configuration management • Review of EMC closeout reports • Continuation of Lessons learned program • Implementation of MTA as-built support transition • Modification of Segment 1 TRACs system • Criteria and standards transition • Technical support to 3rd party coordination (ROS) • CAD Transition • Trackwork support • End-to-end control diagram database development • Tunnel facilities equipment and critical equipment pertaining to operating situations • Administrative support
800280	Red Line Segment 1 Transit Enhancements	<p>FY99 effort includes the following:</p> <ul style="list-style-type: none"> • Provide public area sprinkler at five Redline Segment 1 stations including the Blue Line portion of 7th & Metro Station. This includes SCADA portion, valve room changes, sprinkler heads at mezzanine, platform levels, entrances etc.

Project	Name	Project Description
		<ul style="list-style-type: none"> • Increase capacity of traction power stations, design and implementation of drainage improvements at six Segment 1 station entrances. Add emergency stops to station rollup doors at MOS 1 stations and provide bigger access doors for maintenance • Add individual battery packs in selected stations to prevent occurrence of total darkness during emergencies • Installation of 3 ft x 4 ft tactile at Red Line, BL, car door locations on the station platforms to meet ADA requirement for sight impaired passengers. A total of 444 car door locations will be serviced • Administrative support
800281	Red Line Segment 2 Transit Enhancements	<p>Provide public area sprinkler system at five Redline Stations on the Vermont and Hollywood corridor. Tasks include the following:</p> <ul style="list-style-type: none"> • Testing of SCADA portion valve room changes and sprinkler heads at mezzanine and platform levels, entrances, etc. • Removing and replacing portions of the ceiling to install sprinklers
800333	Hollywood Blvd. Mitigation	<p>HCIP is a mitigation program tailored to lessen the effects of the construction of the Red Line subway in the Hollywood area. Cost of program is for security, cleaning, Hollywood station deck removal, prior legal agreement with residents and replacement of any parking/space deleted as a result of the Rita Apt. Legal Agreement.</p>

CAPITAL PROJECTS - END PRODUCTS

As part of the Capital Budget process, a Capital Budget and Investment Workout Team is assembled . The main task objective for this team is to develop an agency-wide prioritized ranking of capital end product requests. This ranking is then used to determine which tasks (end products) will be implemented given current revenue and funding projections. Resources required to produce these end products are then budgeted in the MTA Financial Information System (FIS) so that they can be effectively managed after budget adoption.

Capital programs are divided into specific projects that produce “end-products”. For example, the program *Bus Maintenance and Equipment*, consists of Bus Service Maintenance (200005), RRC Maintenance (200050), and Equipment Purchases/Modifications (200029).

The following schedule shows the end products that will be produced given the scope of work presented in the previous section.

Capital Projects – End Products (\$000)

Capital Projects	End Product	FY99 Budget	Project Total
200001 - Headquarters	• Heating, Ventilation, Air Conditioning (HVAC)/Transit Police Upgrades, Build out Space, Artwork	\$ 892	\$ 892
200002 - Transit Center	• Emergency Related Upgrades, Building Improvements	1,672	1,672
200003 - Adv. Technology Transit Bus (ATTB)	• Project Management/Northrop Contract/Testing	2,696	2,696
200004 - Bus Acquisition	• Current Bus Orders (250/223/215)	27,048	
	• ATTB Order	759	
	• 50 Bus Option	18,829	
	• Future Order (50 Bus Challenge)	18,447	65,083
200005 - Bus Service Maintenance	• Bus Window Kits	2,700	2,700
200007 - Light Rail Vehicle (LRV) Maint.	• Supervisory Control and Data Acquisition (SCADA)	800	
	• Articulation Assembly/HVAC Motor Overhaul	596	
	• Back-to-Back Wheel Spacing	201	
	• LRV Capitalized Repair Parts	1,004	
	• LRV Door Mechanism Overhaul	385	
	• LRV Motor/Alternator/ Traction Motor Overhaul	475	
	• Pantograph Overhaul	374	
	• LRV Airbrake System/Coupler Overhaul	1,183	
	• LRV Battery Replacement/Rehab.	271	
	• LRV Truck/Suspension Overhaul (Spherical Bearings)	592	
	• LRV Graffiti Shields/Other Effort	616	6,497
200009 - Heavy Rail Vehicle (HRV) Maint.	• HRV Brake System/Traction Motor Overhaul	440	
	• HRV Capitalized Repair Parts/Graffiti Shields	836	
	• HRV Wheel Bore Machine/Service Maint. Equipment	145	
	• HRV Preservation Services/Other Effort	340	1,761
200010 - Non Rev. Vehicles/Equip.	• Engine/Transmission Overhaul Contract	414	
	• Equipment Acquisitions	1,800	2,214
200012 - Bus Operating Facilities	• Soil/Groundwater Remediation (Existing Contracts)	350	
	• Tank Replacement (Existing Contracts)	3,760	
	• CNG Fueling Conversion (Existing Contracts)	3,972	
	• Building Modifications (Existing Contracts)	1,698	
	• Equipment Acquisitions (Existing Contracts)	190	9,970
200013 - Blue Line Operating Fac.	• MOW Bldg. Tools and Equipment/Wayside Spare Parts	142	
	• Trip Station Power Supply/Wire Sag/ Other Effort	382	524
200014 - Green Line Operating Fac.	• Sump Pump Maintenance/Wayside Spare Parts	565	
	• Guarded Crossing Replacement	120	
	• Audio Consulting Services for PA System Procurement	120	
	• Overhead Catenary Refurbishment	150	
	• Grade Crossing Improvement	250	
	• Station Battery Replacement	209	1,414
200015 - Red Line Operating Fac.	• Sump Pump Maintenance/Wayside Spare Parts	110	
	• Grouting Gas Analyzers	1,250	
	• Escalator/Elevator Maintenance	800	
	• Battery/Transformer Replacements	305	
	• Battery Monitoring System (Old Batteries)	200	
	• Yard Track Upgrade	98	
	• Document Management Services	128	
	• Other Effort	498	3,389
200020 - System Project Admin.	• Computer Equipment/Network Servers	531	
	• Rail Incident Mgmt. System	1,000	
	• Scheduling Sys. Enhancement "A&B"/PC Memory Upgrade	380	
	• Bus and Vault Automated Reconciliation	200	

Capital Projects – End Products (\$000)

	End Product	FY99 Budget	Project Total
	• Graphic User Interface (GUI) Project for Year 2000 Compliance	500	
	• Automated Storage Retrieval System (ASRS) Project	573	
	• Material Safety Data System (MSDS) Project	100	
	• Real Estate Property Management System	275	
	• Risk Management Information System (RMIS) Hardware Server and Software	140	
	• Ticket Vending Machine Software Upgrade	340	
	• Project Labor	500	4,539
200021/200057 - VMS/MMS	• System Design/Integration Per Approved Specification	1,824	1,824
200022/200058 - TOTS Replacement	• Data Conversion, Config. Control, Report Dev., Testing	3,365	3,365
200023/200056 - Year 2000 Upgrades	• Design, Development, Integration, and Testing	13,779	13,779
200024 - Division LAN Cabling	• Design, Construction, Installation, Test	4,265	4,265
200025 - Tank Replacement: Bus Fac.	• Tank Replacement (Division 1/Vernon Yard)	1,130	1,130
200026 - Remediation - Bus Fac.	• Remediation Projects (Division 6,10,15,18)	1,257	1,257
200027 - Gen. Bldg. Mods.: Bus Fac.	• Yard Safety Enhancements	236	
	• Bus Division Modifications	100	
	• Air Conditioning/Heating Structure Repair	417	
	• Regional Rebuild Center (RRC) Building Upgrades	497	1,250
200029 - Equip. Purch./Mod. - Fac.	• Waste Water Recycling/Smoke Opacity Meter/Parts Washer	155	
	• Bus Washer Refurbishment	1,372	
	• Support Equipment/Vacuum Cone Replacement	140	
	• Bus Undercarriage Cleaning System	141	1,808
200030 - Gen. Services Maint./Equip.	• Guard Post Canopies/Emergency Ops. Center Build-Out	33	
	• Security Communications Upgrades	35	
	• Equipment (Including Carousel Systems)	3,316	3,384
200031 - Paving/Flooring Projects	• Pavement Resurfacing/Replacement	649	
	• Flooring Damage Repair (RRC/Division 2,3)	307	956
200032 - Mandated Projects: Bus Fac.	• USC Busway, LAX Transit Center, Pico-Rimpau Loop, MTA Cust. Services	1,333	1,333
200033 - Cap. Proj.: Communications	• Bus Stop Cube Signage	229	229
200035/200053 - Radios: ITS	• Purchase of Radio Repeaters and Receivers	1,149	1,149
200050 - Regional Rebuild Center (RRC)	• EPA Engine Kits	2,043	
	• Rebuild of Power Plant Assemblies (PPAs)	18,217	
	• Rebuild of Diesel/Ethanol Transmissions	7,153	
	• Procurement of Annual Tire Lease	3,750	
	• Drive Axle Assembly Repairs	979	
	• Painting/Window Changeout of 350 Buses	3,849	
	• RRC Maintenance Equipment Purchases	437	
	• Purchase of Transmissions and Related Components	1,999	
	• Purchase of 150 New Bus Engines	4,400	
	• Bus Major Accident Repair/General Body Repair	2,496	
	• Purchase of Compressors	140	
	• Wheelchair Lift Platforms	924	46,387
200054 - Microwave: ITS	• Red Line Segment 1 Fiber Retrofit	289	
	• Microwave Tower Renovation/Battery Plant Replacement	95	
	• Emergency Power Backup for Hill Top	155	539
200055 - Telephone: Projects	• North American Dialing Plan/Telecom Test Equipment	191	191
200070 - Freeway Service Patrol	• Program Management/Fund Administration	2,550	2,550

Capital Projects – End Products (\$000)

	End Product	FY99 Budget	Project Total
200075 - Major Incident Response	• Program Implementation/Administration	2,238	2,238
200209 - SAFE	• Program Implementation/Administration	8,352	8,352
200212 - Revenue Facility	• Facility Renovations (Vernon Yard)	336	
	• Farebox Refurbishment	726	
	• Ticket Machine Hardware Upgrades	447	
	• Cash Counting Facility Design/Specification Dev.	110	
	• Vault House CCTV Upgrades	75	1,694
200215 - CNG Facility Upgrades	• Maintenance Building Modifications	900	
	• CNG Fueling Conversion	3,038	
	• Additional Compressor Purchase/Overhaul	1,228	
	• Slow CNG Fueling Station (RRC)	375	5,541
Total Capital Operating Projects			\$ 206,572
Construction Projects			
800001 - Blue Line LA/Long Beach	• Acceptance of As-Built Drawings	\$ 789	\$ 789
800005 - Pasadena Line	• Work Suspended (Demobilization)	-	-
800010 - Management Oversight	• Consultant Services	284	284
800020 - Imperial Hwy. Grade Sep.	• Caltrans, City of L.A. Funding Agreement	618	618
800023 - Metro Green Line (MGL) Maintenance of Way (MOW)	• Automatic Train Control	2,200	
	• MGL Hawthorne Yard Maintenance Facility Construction	7,120	
	• Testing of Automatic Train System Wayside Equipment	3,000	
	• Payments to Caltrans and Retainage Release Amounts	3,000	
	• Real Estate Court Settlement and Related Costs	400	
	• Administration and Related Support	3,100	18,820
800080 - Red Line Segment 1	• Contract Closeout, Final Payment of Rail Car Spare Parts	645	645
800081 - Red Line Segment 2	• Tunneling/Liner/Station Completion, System Testing	86,079	86,079
800082 - Red Line Segment 3: NH	• Station Traction Power Construction, System Testing	298,917	298,917
800083 - Red Line Segment 3: Mid City	• Work Suspended (Demobilization)	-	-
800084 - Red Line Segment 3: Eastside	• Work Suspended (Demobilization), Breda Vehicle Delivery	2,999	2,999
800089 - MBL Sys. Safety & Security	• TRACS Help Monitoring Sys., Command Vehicle Upgrade	1,812	1,812
800091 - Metro Red Line Radio Retrofit	• Changeout/Retrofit of Segment 1 Radio System	4,194	4,194
800092 - Systemwide Activities	• Project Management and Administration	3,500	
	• Quality Training Program Implementation	200	
	• Environmental Effort for CEQA/NEPA Compliance	100	
	• System Safety Program Implementation	200	
	• Construction Computer System Management	400	
	• Other Effort	314	4,714
800094 - Red Line MOW	• Project Engineering Administrative Costs	19	19
800095 - Environmental Mitigation	• Tunnel Grouting	750	750
800150 - L.A. Rail Car	• Milestone Completion/Delivery and Acceptance of 32 Cars	59,615	59,615
800201 - MBL Transit Enhancements	• Blue Line Platform Extensions	5,179	
	• Division 11 Storage Track Installation	500	
	• Project Management and Administration	900	6,579
800223 - Green Line Transit Enhancements	• Division 11 Storage Track Installation	196	196
800275 - Engineering Support	• MRL Ventilation Air Flow Scenarios and Testing	500	
	• Fire/Life/Safety Support/Dig Alert Services	300	
	• Change Control Processing Support	200	
	• ADA Compliance Support	100	
	• Bridge Inspection Procedure Development	100	
	• Grand Station Entrance Addition/Corrosion Abatement	300	

Capital Projects – End Products (\$000)

	End Product	FY99 Budget	Project Total
	• Programmable Logic Controls & Facilities	200	
	• Rail Operations Support (ROS) Configuration Management	700	
	• EMC Closeout Report Review	100	
	• Continuation of Lessons Learned Program	700	
	• As-Built Transition Implementation	100	
	• Segment 1 TRACS System Modification	200	
	• Criteria and Standards Transition	500	
	• Technical Support to ROS 3rd Party Coordination	100	
	• Computer Aided Design Transition	200	
	• Trackwork Operation Support	400	
	• End-to-End Control Diagram Database Development	400	
	• Project Management and Administration	575	5,675
800280 - MRL Seg. 1 Transit Enhance.	• Public Area Sprinkler System at 5 Stations	5,400	
	• Traction Power Capacity and Other Station Upgrades	1,200	
	• Emergency Battery Packs at Stations	100	
	• 3x4 Ft. Tactile Installation at Various Car Door Locations	500	
	• Project Management and Administration	379	7,579
800281 - MRL Seg. 2 Transit Enhance.	• Sprinkler System Installation and Test	6,664	6,664
800333 - Hollywood Blvd. Mitigation	• Mitigation Activities	4,896	4,896
	Total Capital Construction Projects		<u>\$ 511,844</u>
	Total Capital		<u><u>\$ 718,419</u></u>

MTA BUS PROCUREMENT PLAN

A procurement plan for the purchase of buses will benefit the region's air quality by replacing diesel engines on older buses with cleaner burning, more efficient engine configurations. It will also support continuing commitments to meet consent decree requirements, and help realize a Long Range Transportation Plan (LRTP) goal of replacing buses on a twelve (12) year cycle by FY07.

The following schedule reflects the CNG bus delivery schedule that was used to build the MTA FY98 Capital Reforecast and FY99 Budget. This schedule is developed to plan future cash flow/funding needs through FY04.

The first portion of the schedule, "FY98 Reforecast", reflects the FY98 through FY04 schedule used to prepare the reforecast.

The second portion, "Current FY99 Budget", reflects the schedule used to prepare the FY99 budget, as well as update short-term funding scenarios. This schedule reflects new procurement action, as well as current manufacturer delivery commitments.

The third portion, "Change from FY98 Reforecast", reflects delivery schedule/bus order changes, annotated in order to provide an explanation of each change.

Management is reevaluating the procurement schedule in order to accelerate and maximize purchases based on funding availability. \$18.4 million is included in the FY99 budget for an additional 50 buses, over-and-above the 50 bus option exercised in FY99.

MTA Bus Procurement Plan

	FY98	FY99	FY00	FY01	FY02	FY03	FY04	Total
FY98 Reforecast								
98 Option (Neoplan CNG)	37							37
250 New (Neoplan CNG)	163	87						250
50 Option (Neoplan CNG)								-
223 Order (New Flyer CNG)		160	63					223
Future Orders (Incl. 215 Order)			145	162	164	165	167	803
Total Deliveries	200	247	208	162	164	165	167	1,313

Current FY99 Budget								
98 Option (Neoplan CNG)	37							37
250 New (Neoplan CNG)	190	60						250
50 Option (Neoplan CNG)		50						50
223 Order (New Flyer CNG)		1	222					223
Future Orders (Incl. 215 Order)		50	1	214	164	165	167	761
Total Deliveries	227	161	223	214	164	165	167	1,321

Change from FY98 Reforecast (Incr.+/ (Decr.))								
98 Option (Neoplan CNG)	-							-
250 New (Neoplan CNG)	27	(27)						-
50 Option (Neoplan CNG)		50						50
223 Order (New Flyer CNG)		(159)	159					-
Future Orders (Incl. 215 Order)		50	(144)	52				(42)
Total Deliveries	27	(86)	15	52	-	-	-	8

Delivery accelerated to FY98
Added bus order
Delivery moved to FY00 per mfg. delivery commitment
50 bus "challenge" in FY99; Updated Future Order plan

SUBSIDY BUDGET

BUDGET PROCESS AND ASSUMPTIONS

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

All transportation funds are programmed by the MTA through the Regional Transportation Improvement Program (RTIP). Funds are allocated to other government agencies by mandated legislation, Board policy, or through a competitive awards process known as the "Call for Projects." The Board approves the projects recommended for funding through the annual budget and the biennial Call for Projects.

The MTA provides funding directly to projects through grants of local funds or indirectly through allocating Federal or State grants. Local funds consist mainly of Proposition A and C funds and are directly disbursed by the MTA to agencies based on the approved spending plan. The FY99 Budget assumes a prorated share of the LAPD/LASD contract for security services for the municipal operators. Federal and state grant funds are programmed or allocated by the MTA and disbursed directly by the granting agency to the grantee, or recipient. The recipient agency is responsible for administering and managing the federal or state grant.

This section summarizes the funds that the MTA programs to other local agencies, including funds directly disbursed by the MTA, and funds disbursed through federal and state grants. The FY99 Budget local funding commitments for the Call for Projects reflect current year cash flow, rather than programming, and include estimated expenditures for prior year commitments. Funding for all other local funding programs, including Municipal Operator programs, ASI, Proposition A Incentive, Local Return, and Metrolink, and State and Federal funding programs reflect the FY99 programmed amounts.

FY99 REVENUE AND EXPENDITURE SUMMARY

The schedule shown details the revenues and expenditures by each major funding category included in the Subsidy Budget.

- Municipal Operator Programs include funding to the 16 transit service providers throughout Los Angeles County. These funds are allocated through the Formula Allocation Program (FAP) based on service parameters.
- The ADA/Accessibility Funding Program includes funding for ASI and operators granted funding in the Proposition A Incentive program, which was set up in the guidelines as 5% of 40% of the total Proposition A revenues. These revenues are used for services to help the elderly and disabled with community-based transportation services.

- Local Projects and Programs is the largest funding program category at \$428 million. This category includes funding through the Propositions A and C Local Return programs and funds allocated through the MTA's Call-for-Projects process. In addition, this funding category includes funds allocated through the TDA Article 3 and 8 programs for transit purposes.
- Other Local Projects includes subsidies awarded by the MTA Board outside of the Call-for-Projects process, to the Immediate Needs programs, Support for Homeless Re-Entry (SHORE) and General Relief, Wilshire Streetscape and Los Angeles Neighborhood Initiative (LANI).
- Commuter Rail and Intercity Rail programs fund the Southern California Regional Rail Authority's (SCRRA) Metrolink service for Los Angeles County and provides \$25,000 for Intercity Rail support.

All of these programs are discussed in greater detail in the following subsidy programs description section.

FY99 Revenues / Expenditures Summary (\$000)

Subsidy Budget

	Municipal Op. Programs	ADA Funding Programs	Local Projects & Programs	Other Local Projects	Comm. Rail & Intercity Rail	Total Subsidy Budget
Revenue						
Farebox Revenue	-	-	-	-	-	-
Prop A - Admin 5%	-	-	-	6,075	-	6,075
Prop A - Local Return 25%	-	-	105,785	-	-	105,785
Prop A - Rail 35%	-	-	-	-	-	-
Prop A - Discretionary 95% of 40%	42,629	-	-	-	-	42,629
Prop A - Incentive 5% of 40%	-	6,992	-	-	-	6,992
Prop C - Admin 1.5%	-	-	-	-	-	-
Prop C - Local Return 20%	-	-	88,213	-	-	88,213
Prop C - Security 5%	4,277	-	-	-	-	4,277
Prop C - Commuter Rail 10%	-	-	8,106	-	32,561	40,667
Prop C - Streets & Hwys 25%	-	-	118,391	-	-	118,391
Prop C - Discretionary 40%	10,956	6,680	1,106	650	-	19,392
Other Local Revenues	-	-	10,000	-	-	10,000
TDA	47,438	-	15,699	-	-	63,137
Other State	3,097	-	-	-	-	3,097
Federal	-	26,720	-	1,975	-	28,695
Proceeds from Financing	-	-	80,689	-	-	80,689
Interest	4,951	-	-	-	-	4,951
Total	113,349	40,392	427,989	8,700	32,561	622,991
Expenditures by Category						
Non-Contract Wages	47	-	-	-	1	47
Fringe Benefits	22	-	-	-	0	22
Professional & Tech Services	-	-	-	-	4	4
Contract Services	3,377	-	-	-	78	3,455
Fuels & Lubricants/Utilities	-	-	-	-	-	-
Material & Supplies	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Overhead	12	-	-	-	-	12
Subsidies	109,891	40,392	427,989	8,700	32,477	619,449
Other	-	-	-	-	1	1
Total	113,349	40,392	427,989	8,700	32,561	622,991
Surplus/(Deficit)	-	-	-	-	-	-

SUBSIDY PROGRAM DESCRIPTIONS

Municipal Operator Programs

Municipal Operator Programs are funds provided to the 16 transit service providers in Los Angeles County. The MTA allocates operating funds based on formulas approved by the Board using performance metrics such as vehicle service miles, passenger revenues and fares, in addition to other programs outside the formula funding process. Several programs provide funding for municipal operators:

- *Operating Funds* - All eligible operators receive a proportionate share of applicable local, state and federal funds that are used as operating subsidies. These funds include STA, TDA, Proposition A and Proposition C. Operating funds also include special allocations approved by the Board such as the municipal operator fair share allocation and Foothill Mitigation funds.
- *Call for Projects - Security* - A proportionate share of Proposition C 5% Security funds is available to municipal operators to supplement regional security services. The FY99 Budget assumes funding for municipal security programs consistent with SB1755, also known as the Calderon Bill. This legislation provided that 90% of the total Proposition C 5% Security Funds be allocated by formula on the basis of total passengers served. In addition, the subsidy budget includes \$253,000 for previously awarded Call for Projects funded security projects. Applications for use of these funds in FY99 will be reviewed, evaluated and approved by the MTA staff prior to award.
- *Bus Service Improvement Plan (BSIP)* - The initial BSIP was approved by the Board in March 1996 to provide supplemental funding to all Los Angeles County operators on a formula basis for the expansion of bus service. The FY99 Proposed Budget continues the BSIP at the same funding level of \$10.4 million. Municipal operators will receive \$2.5 million and the balance to MTA bus operations.
- *Transit Service Expansion* - This program provides funding to support specific services provided by the seven operators within Los Angeles County: Culver City; Foothill; Gardena; Long Beach; Los Angeles; Torrance; and, Antelope Valley. Funding is continued at the FY98 Budget level at \$5.3 million.
- *Base Bus Restructuring* - The Base Bus Restructuring provides funding for additional outside service, in addition to base service provided by the following operators: Commerce, Foothill, Montebello, and Torrance. The FY99 Proposed Budget continues funding at FY98 levels, \$2.8 million.

ADA/Accessibility Funding Programs

The MTA continues to lead the effort to be fully compliant with the federal American with Disabilities Act (ADA) by providing transit services to the disabled public. This funding category includes subsidies to Access Services Inc. (ASI) and various paratransit operators funded through the Proposition A Incentive program.

MTA contracts with the non-profit ASI to provide regional transit services for the disabled public. ASI provides Los Angeles County's complementary paratransit system designed for people with disabilities who cannot ride the fixed route bus and rail system. In 1990, the ADA federal government mandated the specialized transportation services. The service is required to be complementary to the fixed route system, meaning the service must run at similar times as the fixed route system and must serve all areas within 3/4 mile on either side of a fixed route.

ASI is also the Consolidated Transportation Services Agency (CTSA) for LA County. As the CTSA, ASI fulfills a mandate from the State of California that each County have an agency working to improve transportation accessibility and to improve coordination among social service transportation and other public transportation service providers. The FY99 Proposed Budget increases funding to \$33.4 million, \$3.4 million more than the FY98 Budget level. ASI will be funded with RSTP and Proposition C 40% consistent with the FY98 funding plan.

In addition, the MTA will program \$7.0 million in Proposition A Incentive for specific paratransit programs throughout Los Angeles County. Paratransit is a component of the public transportation network that typically uses smaller vehicles in a demand response mode. The vehicles usually do not operate on a fixed schedule or a fixed route. The service usually targets seniors and persons with disabilities although many paratransit services are also available to the general public. Many of the 89 cities in Los Angeles County operate their own paratransit systems, usually within the boundaries of one jurisdiction. A few of the jurisdictions provide service to neighboring cities or unincorporated portions of the County and some of these services are eligible for Proposition A Incentive funds. The Incentive Program is funded by 5% of the 40 percent Proposition A Discretionary funds.

The intent of the Incentive Program is to: (1) encourage coordinated paratransit systems that are regional in nature, and (2) institute performance standards that promote efficient and effective service.

Local Projects and Programs

Subsidy budget for FY99 includes funds for four programs:

- Proposition A and C Local Return Programs
- Ports Access Highway Improvements Program
- MTA's TIP Call for Projects
- TDA Bikeways/Transit/Streets & Highways Program

Proposition A and C Local Return: By the enabling legislation, the 89 cities of Los Angeles County receive a direct share based on population of the total Propositions A and C sales tax revenues to support transit needs and other transportation projects, known as "local return." Cities receive 25% of Proposition A receipts and 20 percent of Proposition C receipts. Funds can be used for paratransit and fixed route service, street and road maintenance and other transit - related improvements. In FY99, cities will receive approximately \$194 million under the local return program, a 4% increase over the FY98 budget.

Ports Access Highway Improvements Program: Port access demonstration projects are partially funded through this program established in July 1990. The MTA acts as the fund administrator whose responsibilities include facilitation and management of the account. The Ports and Cities of Los Angeles and Long Beach and Caltrans contributed to this funding program. It is estimated that \$10 million will be drawn down from this account in FY99 for project reimbursement.

TIP Call for Projects: The TIP Call for Projects is the MTA's biennial process for allocating funding to local agencies for transportation improvements of regional significance. After the MTA establishes funding estimates for each project category, local agencies are invited to submit project applications that compete for funding allocations. MTA staff evaluates the project applications and ranks the submittals in each category according to a scoring system adopted by the Board. Upon the Board's adoption of the multi-year funding programming, the MTA secures written agreements with the successful project sponsors and allocates funding to cities as agreed in the cash flow plan.

Eligible participants in the TIP Call for Projects include the cities in the county and the County of Los Angeles, municipal operators, joint powers authorities, public agencies and, in some cases, private non-profit organizations. Multiple TIP Call for Projects cycles at the MTA have resulted in significant programming to non-MTA project sponsors for FY 1998-99. Based on past experience of project delivery rates, MTA staff has estimated local funding cash expenditures for non-MTA projects as follows:

Funds by Project Categories - Modes (\$000)

Freeway Projects (HOV, TSM and Gap Closures)	\$ 68,340
Regional Surface Transportation Improvements	14,541
Transit Capital and Enhancements	9,396
Transit Enhancements	1,400
Local Traffic Systems Management	91,552
Regional Bikeways and Pedestrian Improvements	10,062
Transportation Demand Management	13,001
<i>Total Local Programmed CFP Funds</i>	<i>\$208,292</i>

The MTA, with Caltrans, will continue progress on (HOV) lanes on all Los Angeles County freeways in FY99. Major highway construction efforts in FY99 include:

- Route 14 (Sand Canyon to Escondido)
- Route 60 (Brea Canyon to Route 57)
- Route 60 (Route 57 to San Bernardino County Line)
- Route 405 (Route 710 to Route 110)

TDA Bikeways/Transit/Streets & Highways Program: This program category includes funding for TDA Article 3 and 8 funding programs. In FY99, \$4.5 million in TDA Article 3 funds and \$16 million in TDA Article 8 funds will be allocated. Article 8 funds are used for road and street projects. TDA Article 3 funds are allocated to all cities and the unincorporated areas of the County by population basis.

Other Local Projects

The subsidy budget includes funds from four programs:

- Immediate Needs
- SHORE and General Relief
- Wilshire Streetscape
- LANI

Immediate Needs Transportation Plan Project: This project provides transportation for persons with immediate transportation needs and limited resources. Bus tokens and taxi coupons worth up to \$28 per person per month are furnished to individuals for travel to medical appointments, food-shopping, job interviews and rides to shelters. Funding is continued at the FY98 budget level of \$5 million.

Support for Homeless Re-Entry (SHORE) Project and General Relief: The SHORE project is designed to provide tokens to indigents in Los Angeles County. Tokens reach case-managed homeless clients of 30 social service agencies. Annual expenditures are capped at \$350,000. In addition, the MTA provides \$725,000 annually to Los Angeles County General Relief to purchase tokens and weekly passes from MTA. This fare media helps general relief participants to find and keep jobs. There is no administration fee.

Wilshire Streetscapes: The Wilshire Streetscape improvement project consists of a variety of urban design improvements in the Wilshire Center District. Improvements include landscaped center medians, special pavement treatments at crosswalks and tree planting along the Boulevard. The funding for this project was approved by the MTA Board outside of the Call for Projects process. The total amount awarded by the Board was \$2 million. \$650,000 is planned to be expended in FY99, which was deferred from FY98. The project will be complete by fiscal year-end.

Los Angeles Neighborhood Initiative (LANI): The Los Angeles Neighborhood Initiative program was created to implement transit-related improvement projects in selected Los Angeles neighborhoods. The program is administered independently by LANI, Inc. The Federal Transit Administration granted \$5.4 million in Section 5309 federal funds as part of its Livable Communities Neighborhood Initiative Program. The MTA is the recipient of

the grant funds and serves as the pass-through agency for disbursing the federal funds to LANI. The budget includes \$2.0 million from the original grant for anticipated FY99 expenditures. The MTA provides in-kind expenses such as office space and facilities as the local match.

Commuter Rail and Intercity Rail Funding

Commuter Rail: In FY99, MTA will commit \$32.5 million to support commuter rail services in the Southern California region through the partnership with Southern California Regional Rail Authority (SCRRA). The SCRRA is a Joint Powers Authority (JPA) with five county transportation commissions as members: Los Angeles, Orange, Riverside, San Bernardino, and Ventura counties. Its mission is to plan, construct, and administer the operation of regional passenger rail lines (known as "Metrolink"). Funds are for capital and operating expenses.

Intercity Rail: MTA provides \$25,000 annually to support the Southern California Intercity Rail program administered by LOSSAN, or the Southern California Intercity Rail Interim joint powers authority, or their potential successor. This level of financial support is consistent with the level of support in prior years.

Federal and State Programs

In total, \$513 million of federal and state funds is programmed in FY99 to support regional transportation programs through the Transit State Highway Program, Capital Improvement Program, which is Section 5307 (formerly Section 9) Municipal Operators Capital funding program, and the federal and state funds programmed through the Call for Projects process.

As the Regional Transportation Planning Agency, the MTA is responsible for programming additional funds that are administered by state and federal agencies. Through the State Transportation Improvement Plan (STIP), the State of California commit federal and state funds to support local transportation initiatives. The MTA, as the regional transportation planner, works with the State to ensure that high priority projects are funded in the STIP. State and federal funding is provided for a broad range of highway, road and other transportation projects including:

- HOV lane construction;
- Freeway expansion;
- Interregional roads;
- Soundwalls;
- Alameda Corridor.

Over \$183 million in local, state, and federal funds are dedicated to the Alameda Corridor for planned FY99 expenditures. The Alameda Corridor Project will be a 20-mile rail corridor running along Alameda Street to facilitate access to and from the ports of Los Angeles and Long Beach.

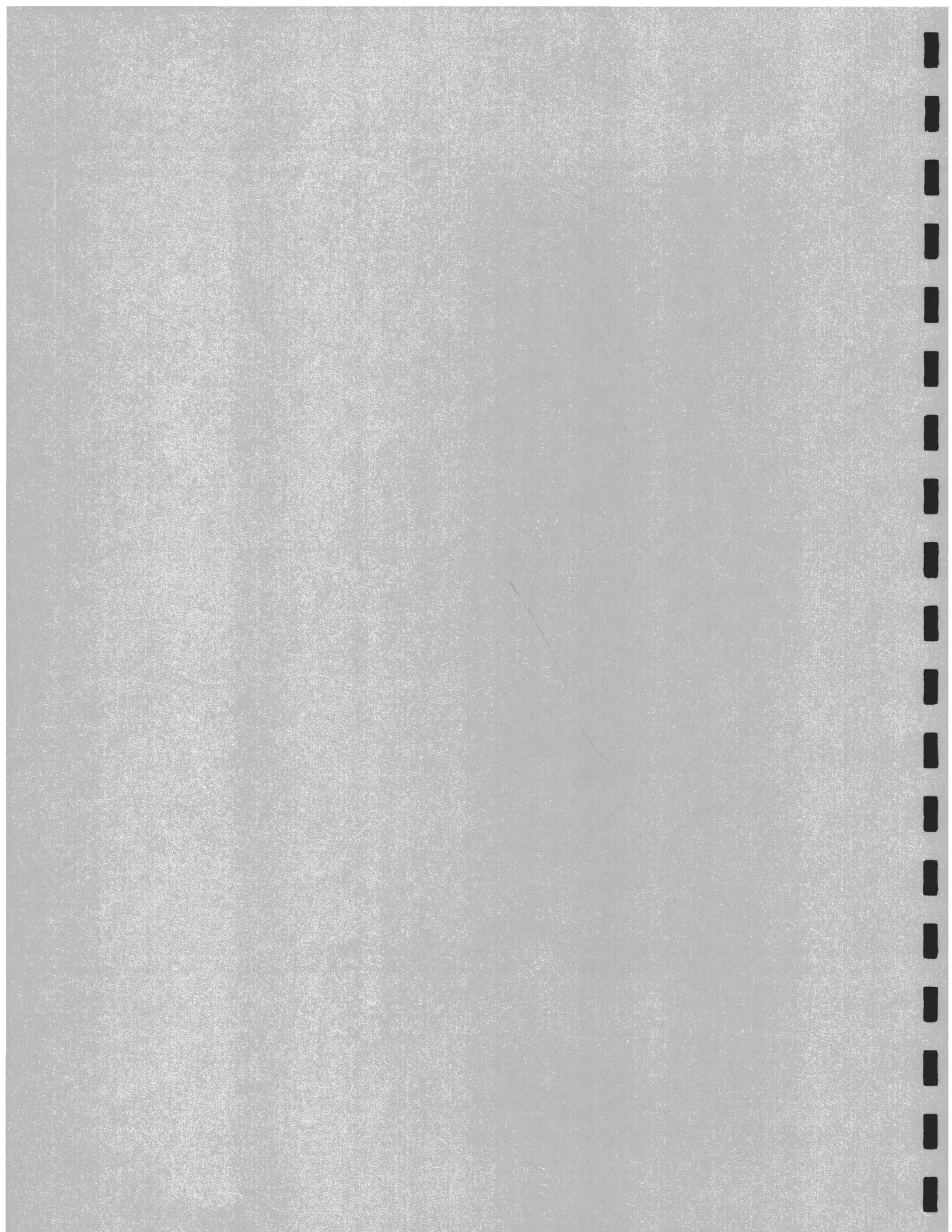
A schedule comparing the FY99 subsidy budgets with FY97 Budget and the FY98 Reforecast by the categories described above is included on the following page.

Subsidy Budget Detail (\$000)

	FY97 Budget	FY98 Reforecast	FY99 Budget
MTA Programming of MTA Funds:			
Municipal Operator Programs			
Operating funding program	107,260	105,982	98,507
Call for Projects Security funds	2,571	1,098	4,278
Bus Service Improvement Program	2,552	2,552	2,501
Transit Service Expansion	5,398	5,398	5,261
Base Bus Restructuring	2,801	2,801	2,801
Municipal Operator Programs Total	120,582	117,831	113,348
ADA/Accessibility Funding Programs			
ASI - Access Services Inc	29,409	30,000	33,400
Proposition A Incentive programs	8,118	7,620	6,992
ADA/Accessibility Funding Programs Total	37,527	37,620	40,392
Local Projects and Programs			
Proposition A and C Local Return	188,167	186,179	193,999
TDA Bikeways / Transit / Streets & Hwys Pgms	15,075	15,191	15,699
Ports Access Highway	-	-	10,000
Call for Projects	158,922	143,908	208,292
Local Projects and Programs Total	362,164	345,278	427,989
Other Local Projects			
Immediate Needs	5,000	5,000	5,000
SHORE/General Relief Tokens	-	-	1,075
Wilshire Steetscape	500	1,500	650
L.A. Neighborhood Initiative	-	1,590	1,975
Other Local Projects Total	5,500	8,090	8,700
Commuter Rail & Intercity Rail Programs			
Metrolink	40,039	31,162	32,536
Intercity Rail	25	25	25
Commuter Rail & Intercity Rail Programs	40,064	31,187	32,561
Subtotal MTA Funded Programs	565,837	540,006	622,990
MTA Programming of State & Federal Funds			
Transit Capital Improvement (TCI) Program	3,849	22,000	27,449
State Highway Program	502,988	491,495	399,518
Capital funding program	23,091	28,174	28,932
Call for Projects	103,175	31,699	57,046
State and Federal Funding Programs Total	633,103	573,368	512,945
Total Subsidy Budget Detail	1,198,940	1,113,374	1,135,935

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*EXECUTIVE OFFICE AND
DEPARTMENT BUDGETS*



EXECUTIVE OFFICE AND DEPARTMENT BUDGETS

This section of the FY99 Budget includes information on departmental budget grouped by Executive Office.

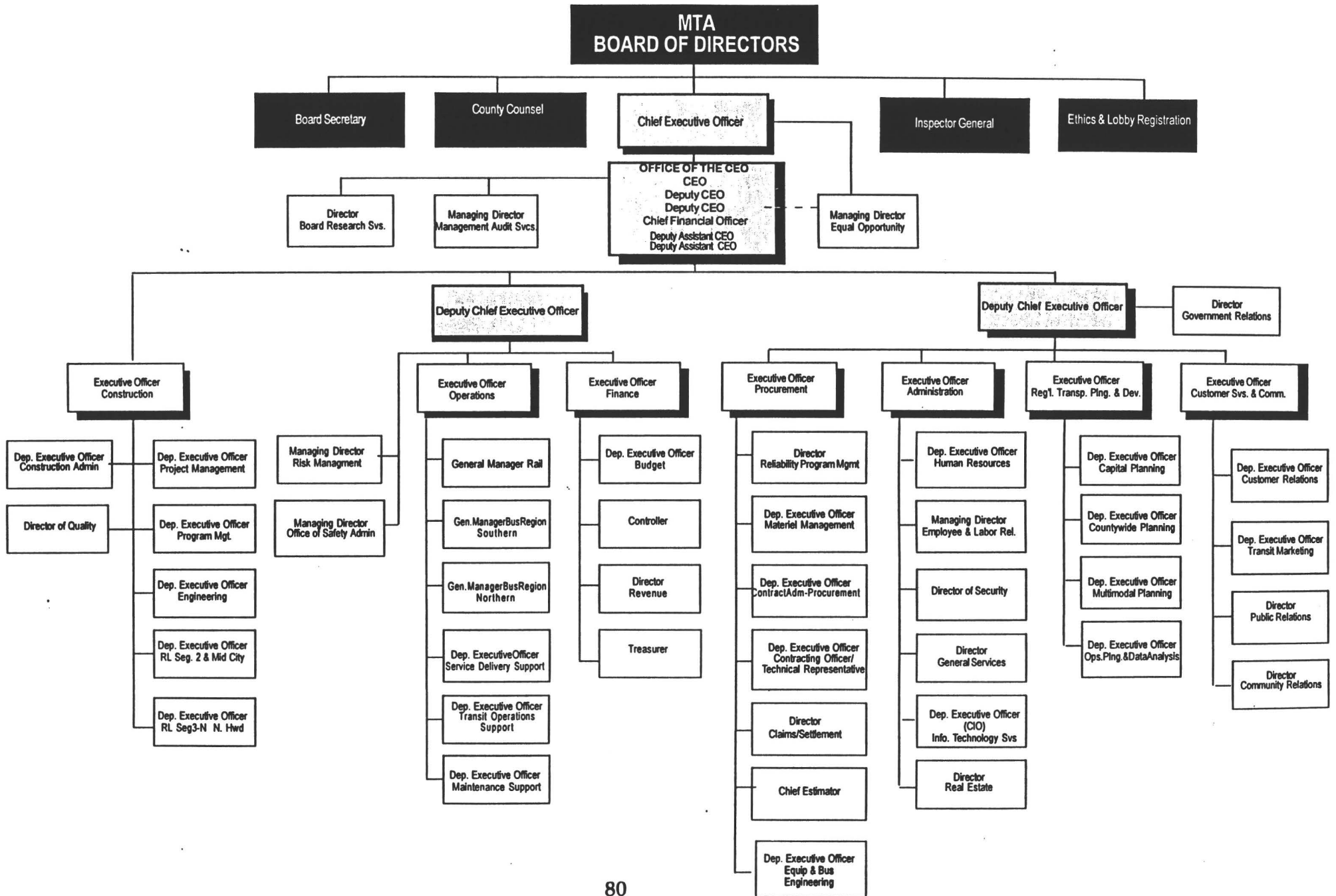
REORGANIZATION

The FY99 Budget process included significant reorganizations in the effort to streamline management and broaden the span of control. In addition, MAPs (management action plans) were developed for FY99 strategies that were based on MTA's guiding principles.

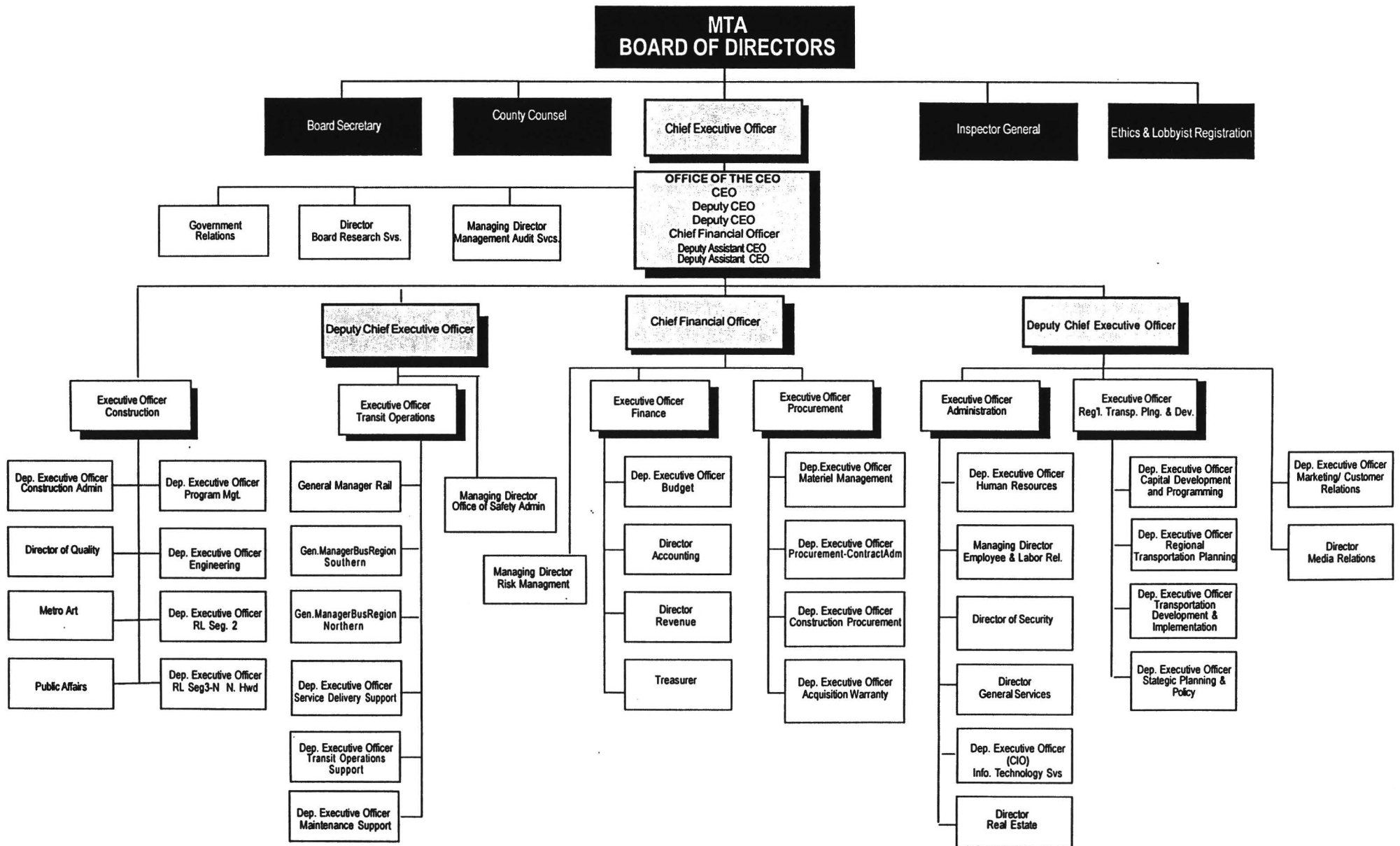
These reorganizations include:

- The Equal Opportunity department is split into its major functions, with Labor Compliance now reporting to Human Resources and Contract Compliance now reporting to Procurement.
- The Document Production unit, consisting of four staff, is reorganized with the Scheduling department in the Operations division, to better coordinate their common functions of schedule development.
- The management of the Gateway capital improvement project, which was under the Real Estate Department's responsibility, is now the responsibility of the General Services function in the Administration division.
- The training staff in the Labor Relations unit is centralized under the Training function in the Human Resources department.
- The Communications division is reorganized, eliminating the need for one Executive Officer.
 - ◆ Government Relations and Media Relations will now directly report to the Deputy Chief Executive Officer, reflecting the significance of these functions to the agency.
 - ◆ The Film Liaison function is now under Marketing with responsibility of setting rates and collecting revenues (previously in Communications, Operations, and Real Estate).
 - ◆ Marketing will be combined with Customer Relations, thereby eliminating management positions.
 - ◆ Community Relations was split and reassigned to their service units.
 - ◆ Metro Art and Public Affairs now reports to Construction.
 - ◆ Employee programs previously under Internal Communications are consolidated under Human Resources.
- Facility Engineering, previously in Operations, is consolidated under the Engineering function in the Construction Division.
- The Stores and Equipment Engineering functions previously in Operations are consolidated under the Procurement division.
- The Regional Transportation Planning and Development (RTP&D) unit is reorganized to reduce overlapping functions, consolidate management functions, and provide better modal support. The former Area Team function, which was organized on a geographic basis, is being restructured by mode, i.e., highway, bikeway, etc. This unit will retain a community planning unit. Policy development is consolidated under the Regional Transportation Planning unit. The Capital Planning unit is responsible for identifying funding solutions to implement the planned transportation system. Staffing levels by department in the following RTP&D schedules do not reflect the final reorganization. This will be reflected in the adopted budget document.

MTA FY98 BUDGET



MTA FY99 PROPOSED BUDGET



OBJECTIVES AND STRATEGIES DEVELOPMENT

Our 2020 vision is that our region will offer a better quality of life where all people can travel quickly, economically and safely in a clean environment.

The mission statement for the Los Angeles County Metropolitan Transportation Authority is to provide the leadership and resources for a safe, efficient transportation system that keeps LA County moving. A better tomorrow rides on us.

The MTA incorporated the four guiding principles developed as part of the vision and mission statements into the budget development/MAP process. The FY99 Budget was built upon measurable objectives that were communicated through the MAPs. FY99 marks the first year the MTA will have a review process that will be strategically and financially linked.

Specific objectives and strategies to implement these objectives were reviewed as part of the budget process. The principles used to develop these are included in the following section. The four guiding principles that guide how we will carry out the vision and mission are restated below:

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

MTA Summary Expenditure Budget

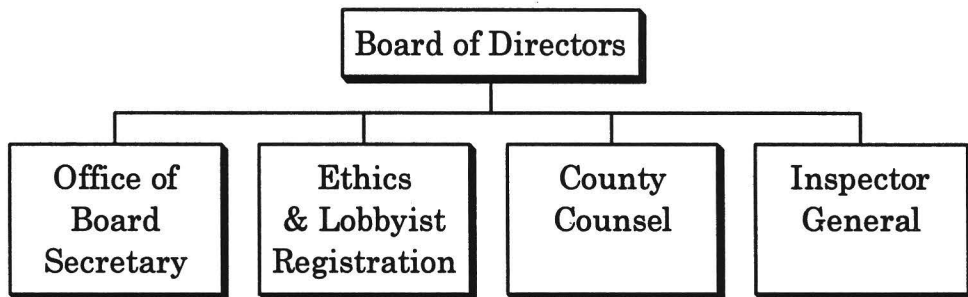
Executive Office FTE's	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Board Of Directors	62	59	62
Chief Executive Office	116	109	123
Transit Operations	6,083	6,072	6,198
R T P & D	186	183	156
Finance	260	256	249
Administration	963	664	460
Office Of Procurement	299	294	338
Communications	173	160	153
Construction	271	237	183
Total	8,413	8,034	7,920

Expenditure (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Board Of Directors	18,095	21,393	21,423
Chief Executive Office	11,837	16,917	19,998
Transit Operations	548,308	606,182	635,633
R T P & D	35,129	591,445	671,829
Finance	47,141	397,602	460,142
Administration	135,189	139,476	127,193
Office Of Procurement	81,532	136,718	99,376
Communications	13,121	11,775	9,373
Construction	536,601	527,985	465,829
Non-Departmental	1,185,399	(1,362)	2,460
Total	2,612,351	2,448,131	2,513,255

Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	273,622	258,360	254,585
Non-Contract Wages	102,022	98,467	94,468
Fringe Benefits	226,318	202,291	209,904
Professional & Tech Services	213,863	229,950	170,728
Contract Services	80,656	92,526	125,357
Purchased Transportation	16,763	24,826	32,267
Fuels & Lubricants/Utilities	44,087	45,582	42,591
Material & Supplies	78,036	70,604	85,025
Casualty & Liability	49,679	65,232	49,808
Debt/Interest	630,005	279,118	365,501
Acquisitions	432,993	531,742	465,542
Subsidies	447,845	539,564	622,449
Other	21,498	12,018	(4,968)
Sub Total	2,617,386	2,450,280	2,513,255
Overhead	(5,035)	(2,149)	0
Total	2,612,351	2,448,131	2,513,255

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Board of Directors



Board Of Directors

Department FTE's	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Office Of Board Secretary	11	10	9
Ethics Office	8	8	7
County Counsel	6	4	4
Inspector General	37	37	42
Total	62	59	62

Expenditures (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Board Office	423	255	132
Office Of Board Secretary	615	581	528
Ethics Office	264	560	481
County Counsel	12,950	11,677	12,432
Inspector General	3,841	3,821	4,349
Sub Total Department	18,093	16,893	17,923

Non-Departmental-County Counsel	2	4,500	3,500
Sub Total Non-dept.	2	4,500	3,500

Total Non-dept & Dept	18,095	21,393	21,423
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Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	1	0	0
Non-Contract Wages	2,772	2,818	3,086
Fringe Benefits	1,733	1,406	1,529
Professional & Tech Services	496	701	670
Contract Services	12,623	15,775	15,596
Fuels & Lubricants/Utilities	46	88	85
Material & Supplies	71	178	86
Acquisitions	218	208	208
Other	135	219	162
Sub Total	18,095	21,393	21,423
Overhead	0	0	0
Total	18,095	21,393	21,423

Board Of Directors Board Office

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Non-Contract Wages	124	0	0
Fringe Benefits	78	0	0
Professional & Tech Services	169	150	95
Fuels & Lubricants/Utilities	0	0	0
Material & Supplies	8	14	3
Other	44	91	34
Sub Total	423	255	132
Overhead	0	0	0
Total	423	255	132

Board Of Directors Board Office

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Non-Contract Wages	124	0	0
Fringe Benefits	78	0	0
Professional & Tech Services	169	150	95
Fuels & Lubricants/Utilities	0	0	0
Material & Supplies	8	14	3
Other	44	91	34
Sub Total	423	255	132
Overhead	0	0	0
Total	423	255	132

OFFICE OF BOARD SECRETARY

The Office of Board Secretary is responsible for the Board meeting process, including agendas, minutes, resolutions, and scheduling. The Office of Board Secretary also provides administrative support to the Board members. The Office of Board Secretary includes the Legal Services Department, which is responsible for the acceptance and processing of all legal documents on the MTA and its employees.

FY99 Objectives and Strategies

Objective	Strategy
<ul style="list-style-type: none"> • Provide convenient public access to Board information to contribute to the vitality of the region & the transportation system development. 	<ul style="list-style-type: none"> • Post Board agenda. • Distribute Board reports and minutes in person, via US mail, electronic mail & Internet. • Coordinate & convene Board meetings. • Respond to requests within one day.
<ul style="list-style-type: none"> • Act as MTA's Agent of Service of Process for all legal documents. 	<ul style="list-style-type: none"> • Accept and process all legal documents (e.g., subpoenas, summons and complaints) and claims for damages and garnishments served on MTA and its employees.
<ul style="list-style-type: none"> • Represent MTA in courts as Custodian of Records. 	<ul style="list-style-type: none"> • Appear in courts as Custodian of Records as required.

Major Budget Variances - Office of Board Secretary

- Do not restore Legal Services Manager temporarily in FY98 Reforecast Budget.
- Non-payroll expenses are reduced by \$9,000 from FY98 Reforecast based on YTD experience.

Major Budget Variances - Board Office

- Reduce Board Office cost by \$123,000 due to annualized savings for no alternates reflecting reduced travel, Board fees, food, and conference seminars.

Board Of Directors Office Of Board Secretary

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	1	0	0
Non-Contract Wages	369	347	330
Fringe Benefits	229	180	155
Professional & Tech Services	4	19	29
Contract Services	0	1	1
Fuels & Lubricants/Utilities	0	0	0
Material & Supplies	6	25	7
Other	6	8	7
Sub Total	615	581	528
Overhead	0	0	0
Total	615	581	528

FTEs	11	10	9
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ETHICS OFFICE

The Ethics Office advises the Board of Directors, Executive Management and staff on ethical principles in accordance with state laws and regulation governing campaign contributions, fund raising activities, conflicts of interest and lobby regulations.

FY99 Objectives and Strategies

Objective	Strategy
<ul style="list-style-type: none"> • Maintain ethics program 	<ul style="list-style-type: none"> • Implement a comprehensive program incorporating training, education, and raising staff awareness of ethical issues.
<ul style="list-style-type: none"> • Comply with state-mandated Lobby Registration laws 	<ul style="list-style-type: none"> • Maintain Lobby Registration program
<ul style="list-style-type: none"> • Assure the public that the MTA is conducting itself in a fair and equitable manner 	<ul style="list-style-type: none"> • Implement and monitor the Board Code of conduct and the Employee Code of Conduct
<ul style="list-style-type: none"> • Insure ethical MTA contractor job performance 	<ul style="list-style-type: none"> • Implement and monitor the Contractor Code of Conduct
<ul style="list-style-type: none"> • Encourage ethical conduct 	<ul style="list-style-type: none"> • Provide support to employees to allow them to make ethical decisions
<ul style="list-style-type: none"> • Insure free and open competition in all agency procurements 	<ul style="list-style-type: none"> • Monitor economic disclosure, conflict of interest, Lobbyist Registration laws and the MTA gift policy. Incorporate ethics and lobby registration provisions in all procurement documents
<ul style="list-style-type: none"> • Market the ethics program 	<ul style="list-style-type: none"> • Print and distribute calendars, brochures, and posters with an ethics theme

Major Budget Variances

- Eliminate one vacant position.
- FY98 Budget included \$60,000 not required in FY99 for computer systems.

Board Of Directors Ethics Office

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Recfst	FY 99 Budget
Contract Wages	0	0	0
Non-Contract Wages	153	328	311
Fringe Benefits	102	160	154
Professional & Tech Services	0	0	0
Material & Supplies	2	61	1
Acquisitions	0	0	0
Other	7	10	16
Sub Total	264	560	481
Overhead	0	0	0
Total	264	560	481

FTEs	8	8	7
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COUNTY COUNSEL

The County Counsel is responsible for providing legal advice and representation to the MTA. County Counsel provides advice on issues of governmental law, procurement law, conflict of interest laws, and Federal and State laws relating to transportation. County Counsel also provides advice and representation on construction matters, labor relations, personnel matters and administers outside legal services.

FY99 Objectives and Strategies

Objective	Strategy
<ul style="list-style-type: none">• Efficiently administer the General Counsel Office.	<ul style="list-style-type: none">• Manage outside counsel and all litigation to minimize costs and liability.• Timely respond to requests for legal advice and assistance.• Vigorously pursue false claims against MTA contractors.• Use training to identify and resolve potential disputes before they become large cases.

Major Budget Variances

- Increased costs for outside legal counsel offset by reduced contingency.

Board Of Directors County Counsel

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	0	0	0
Non-Contract Wages	141	238	159
Fringe Benefits	89	95	77
Professional & Tech Services	122	80	135
Contract Services	12,511	11,213	12,016
Material & Supplies	4	24	21
Acquisitions	51	0	0
Other	31	27	24
Sub Total	12,950	11,677	12,432
Overhead	0	0	0
Total	12,950	11,677	12,432

FTEs	6	4	4
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Non-Department Expenditure Type	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Professional & Tech Services	2	0	0
Contract Services	0	4,500	3,500
Other	0	0	0
Sub Total	2	4,500	3,500
Total	2	4,500	3,500

Comments

Non-departmental includes \$3.5 million for Legal Contingency. Non-departmental was centralized in one agency-wide department in FY97.

OFFICE OF INSPECTOR GENERAL

The Inspector General is responsible for identifying and investigating allegations of fraud, waste, and abuse of MTA resources, both from within and externally.

FY99 Objectives and Strategies

Objective	Strategy
<ul style="list-style-type: none">• To make the MTA a more difficult target for fraudulent, wasteful and abusive practices	<ul style="list-style-type: none">• Issue 10 audit reports.• Issue 5 audit policy statements.• Issue 10 inspection reports.• Promote and operate OIG HOTLINE.• Recommend cost savings of at least \$5 million through cost recoveries or cost avoidance.• Improve management of investigative staff to reduce the time it takes to bring cases to closure.

Major Budget Variances

- Restore 5 FTEs for FY99, previously budgeted in FY98 but reduced during the FY98 Reforecast.

Board Of Directors Inspector General

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	0	0	0
Non-Contract Wages	1,985	1,905	2,287
Fringe Benefits	1,235	971	1,142
Professional & Tech Services	198	452	411
Contract Services	111	61	80
Fuels & Lubricants/Utilities	46	88	85
Material & Supplies	52	54	54
Acquisitions	167	208	208
Other	47	83	83
Sub Total	3,841	3,821	4,349
Overhead	0	0	0
Total	3,841	3,821	4,349

FTEs	37	37	42
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Office of the CEO



Chief Executive Office

Department FTE's	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Chief Executive Office	23	12	11
Management Audit Services	42	43	61
Board Research Services	7	4	5
Office Of Safety	39	40	38
Government Relations	5	10	8
Total	116	109	123

Expenditures (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Chief Executive Office	3,642	3,791	3,014
Management Audit Services	3,328	6,670	8,275
Board Research Services	422	407	420
Office Of Safety	3,192	4,364	7,068
Government Relations	1,252	1,685	1,222
Sub Total Department	11,837	16,917	19,998

Sub Total Non-dept.			
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Total Non-dept & Dept	11,837	16,917	19,998
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Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	4	0	0
Non-Contract Wages	5,167	6,678	7,356
Fringe Benefits	3,677	3,420	3,588
Professional & Tech Services	1,035	4,783	6,778
Contract Services	1,424	586	13
Fuels & Lubricants/Utilities	1	0	64
Material & Supplies	293	726	432
Acquisitions	0	0	1,050
Other	236	723	717
Sub Total	11,837	16,917	19,998
Overhead	0	0	0
Total	11,837	16,917	19,998

OFFICE OF THE CEO

The Office of the CEO was organized under the new Chief Executive Officer to better implement efforts to achieve agency goals. This office consists of the agency's senior officers (the CEO, two Deputy CEOs, a Chief Financial Officer (to be named), two Deputy Assistant CEOs and support staff.)

Certain responsibilities of the CEO have been delegated to this Office to improve coordination and control of work that crosses departmental lines and to provide additional resources to staff and stakeholders.

The objectives and strategies of the Office of the CEO are to:

- stabilize MTA and restore its credibility and efficiency,
- improve Metro bus service and ease overcrowding,
- complete the Metro Rail subway,
- and gain flexibility in state and federal transit monies so that viable alternatives to the demobilized rail projects can be developed.

These programs are outlined in the Fiscal 1998-1999 Proposed Budget Summary.

Chief Executive Office Chief Executive Office

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	2	0	0
Non-Contract Wages	1,351	787	827
Fringe Benefits	847	378	388
Professional & Tech Services	410	2,417	1,624
Contract Services	809	0	0
Fuels & Lubricants/Utilities	0	0	0
Material & Supplies	110	42	21
Other	112	167	154
Sub Total	3,642	3,791	3,014
Overhead	0	0	0
Total	3,642	3,791	3,014

FTEs	23	12	11
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MANAGEMENT AUDIT SERVICES

Management Audit Services is responsible for supporting the MTA and management through Internal Audit (review internal controls, verify compliance with laws and regulations, determine whether assets are safeguarded, review the accuracy and timeliness of financial reports); Contract Audit (conduct construction and professional service contract audits according to legislature AB 1869 and FTA required interim and close-out audits); Project Audit (performs required Call-for-Projects close-out audits and administers the mandated Consolidated Audit); Contractor Pre-Qualification function (implement the audit requirements of California Assembly Bill 1869) and COSO/CSA (establish internal controls throughout MTA).

FY99 Objectives and Strategies

Objective	Strategy
<ul style="list-style-type: none"> • Direct, manage and establish audit compliance activities of the cost centers (Internal Audit, Contract Audit, Project Audit, Contractor Pre-Qualification, and COSO/CSA). 	<ul style="list-style-type: none"> • Ensure all units meet goals and objectives, set policies and procedures, and provide main support systems.
<ul style="list-style-type: none"> • Provide a liaison to the Office of the CEO. 	<ul style="list-style-type: none"> • Perform tasks requested by the Office of the CEO.
<ul style="list-style-type: none"> • Recommend improvements in safeguarding assets, operational efficiency, economy and effectiveness of MTA business units, programs and activities. 	<ul style="list-style-type: none"> • Conduct 100 internal audits of MTA business units, programs and activities. • Follow-up implementation of recommendations for 80 completed audits.
<ul style="list-style-type: none"> • Identify recoverable costs to ensure that MTA is not mischarged or over billed on contracts. 	<ul style="list-style-type: none"> • Develop cost avoidance of 6% on throughput audits, and cost savings of 7% on backlogged incurred cost audits.
<ul style="list-style-type: none"> • Provide audit oversight to the Alameda Corridor project and audit services for the Pasadena Blue Line and Eastside demobilizations. 	<ul style="list-style-type: none"> • Supplement FY98 staffing patterns with as-needed and CPA professional services.
<ul style="list-style-type: none"> • Provide litigation support to Legal Counsel to identify cost avoidance dollars. 	<ul style="list-style-type: none"> • Reallocate existing staff resources to provide required support to Legal Counsel.
<ul style="list-style-type: none"> • Identify recoverable dollars through close-out audits of Call-For-Projects. 	<ul style="list-style-type: none"> • Complete 193 additional audits of projects funded by the FY92 - FY95 Call for Projects.
<ul style="list-style-type: none"> • Complete annual financial/compliance audits mandated by funding sources of jurisdictions with LA county that receive TDA, FTA, and Prop A/C funds administered by MTA. Audit findings have averaged over \$11 million in lapsed/unspent funds per year. 	<ul style="list-style-type: none"> • Contract with CPA firm through competitive procurement to perform these audits, and provide oversight and assistance.
<ul style="list-style-type: none"> • Implement modified pre-qualification program. 	<ul style="list-style-type: none"> • Roll out new streamlined Pre-Qualification Application Program on July 1, 1998.
<ul style="list-style-type: none"> • Facilitate the systematic establishment of generally accepted internal controls throughout the MTA. 	<ul style="list-style-type: none"> • Recruit staff and consultant to install a control self assessment system.

MANAGEMENT AUDIT SERVICES

Major Budget Variances

The FY99 budget for Management Audit Services reflects a significant change in the departmental organization. The scope of audit responsibility is enhanced. The department's functions are expanding to encompass broader oversight responsibilities with new responsibility added for projects, contractor pre-qualifications, and COSO/CSA audits. Management Audit is budgeting each of these activities in discrete cost centers with staff aligned to support key functions.

- Addition of 16 FTEs for the formation of an enhanced Internal Audit unit.
- Allocate 8.75 FTEs to the Project Audit function to perform close-out audits on Call for Projects contracts and MOUs, an increase of 4.75 FTEs from FY98. Expense is primarily offset by \$1 million which was budgeted previously in Planning for outside auditing services.
- 3 FTEs are being added to support the new COSO/Control Self Assessment (CSA) function
- Increase in Professional and Technical Services is to provide technical expertise to establish a Control Self Assessment (CSA) function and to perform special internal and contract related audits
- Expense break out by function is listed below:

Function	Mgmt Audit	Internal Audit	Contract Audit	Project Audit	Contractor Pre-Qual	COSO/ CSA
FTEs	5	16	22	8.75	5.75	3
FY99 Budget	\$564	\$1,437	\$3,864	\$1,243	\$490	\$679

Chief Executive Office Management Audit Services

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Recest	FY 99 Budget
Contract Wages	1	0	0
Non-Contract Wages	1,585	3,145	3,888
Fringe Benefits	991	1,580	1,892
Professional & Tech Services	602	1,495	2,031
Contract Services	112	0	0
Fuels & Lubricants/Utilities	0	0	0
Material & Supplies	13	334	259
Acquisitions	0	0	0
Other	24	115	205
Sub Total	3,328	6,670	8,275
Overhead	0	0	0
Total	3,328	6,670	8,275

FTEs	42	43	61
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BOARD RESEARCH SERVICES

Board Research Services reviews board reports and coordinates and provides briefings with MTA Board Members and their staff on various issues to provide the Board with information to make informed decisions.

FY99 Objectives and Strategies

Objective	Strategy
<ul style="list-style-type: none"> • Link MTA stakeholders in support of MTA policies, programs & projects. 	<ul style="list-style-type: none"> • Oversee & serve as the liaison with the MTA's legislatively mandated Citizens Advisory Council.
<ul style="list-style-type: none"> • Provide leadership, identify issues and develop strategies to inform the Board of Directors and MTA staff for effective decisions. 	<ul style="list-style-type: none"> • Oversee & provide research & analytical services for the Board & Executive staff for quality, informed Board decisions. • Initiate, coordinate & participate in briefing of Board member staff on committee board reports. • Oversee MOUs w/ City of Glendale & San Gabriel Valley Council of Governments for Board support. • Review & respond to all Board member correspondence within 14 days.
<ul style="list-style-type: none"> • Improve information provided to executive & MTA staff on board reports. 	<ul style="list-style-type: none"> • Produce & distribute monthly annotated committee & Board agendas. • Provide written comments to preparers on all draft reports received for Board committees within two business days.
<ul style="list-style-type: none"> • Improve Customer Service Responses. 	<ul style="list-style-type: none"> • Report & respond to all customer inquiries & concerns promptly.

Major Budget Variances

- FY99 includes 2 FTEs for staff partially funded by MOUs.

Chief Executive Office Board Research Services

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refest	FY 99 Budget
Non-Contract Wages	256	267	278
Fringe Benefits	160	128	132
Fuels & Lubricants/Utilities	0	0	0
Material & Supplies	1	2	3
Other	4	10	8
Sub Total	422	407	420
Overhead	0	0	0
Total	422	407	420

FTEs	7	4	5
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OFFICE OF SAFETY

The Office of Safety is responsible for construction safety, operations safety, safety compliance and overall transit system safety. It is responsible for contractor job site safety inspections; monitoring contractor compliance; auditing contractor reported injuries; oversight of consultant safety audits; monitoring injury rates; reviewing and assessing the impact of Federal, State, and local or other regulatory requirements; and assisting in contract design and acceptance process; and representing the MTA in the processes used in promulgating new construction safety regulated regulations.

FY99 Objectives and Strategies

Objective	Strategy
<ul style="list-style-type: none"> • Comply with regulatory agencies' reporting requirements. 	<ul style="list-style-type: none"> • Submit annual emissions, bi-annual reports, hazardous material business plans to AQMD, EPA, local Fire and Health Departments. • Submit monthly CPUC reports and other reports as required by NTSB and FTA.
<ul style="list-style-type: none"> • Improve public safety by providing customers the information, & means to safely utilize MTA services. 	<ul style="list-style-type: none"> • Provide safety information and motivation to transit system customers through external & internal components of Safety Awareness.
<ul style="list-style-type: none"> • Improve work place safety by providing employees the knowledge, means, and motivation to perform their jobs safely. 	<ul style="list-style-type: none"> • Conduct 4 comprehensive safety inspections of Bus & Rail Operating divisions/quarter. • Conduct 1 comprehensive internal rail system audit per FTA & CPUC rules. • Conduct 20 industrial hygiene studies to determine adverse toxic substances.
<ul style="list-style-type: none"> • Develop a Loss Control/Loss Prevention plan that provides Occupational Health and Safety programs that are site sensitive and regulatory compliant. 	<ul style="list-style-type: none"> • Design & implement an integrated injury management program to return employees to work. • Implement a Workers' Compensation "Safety Analysis and Failure Evaluation" (SAFE) process.
<ul style="list-style-type: none"> • Improve current construction site safety levels to reduce injury costs & improve productivity. Insure contractors fulfill all safety related contract provisions. 	<ul style="list-style-type: none"> • Deploy adequate Construction Safety engineers to review all sites on daily. • Oversee contractor safety compliance activities with Certified Safety Professionals.
<ul style="list-style-type: none"> • Insure future construction site safety levels that will prevent significant injury costs and improve productivity. 	<ul style="list-style-type: none"> • Establish specific & objective contractor safety performance measurements for future contracts (evaluate contractor professional safety staff).
<ul style="list-style-type: none"> • Continued implementation of the Fire/Life Safety Program. 	<ul style="list-style-type: none"> • Verify Compliance with applicable Fire/Life Safety criteria, codes and standards.
<ul style="list-style-type: none"> • Reduce the number of Highway-Rail Grade Crossing Collisions on the Metro Blue Line (Motor Vehicles and Pedestrians). 	<ul style="list-style-type: none"> • Maintain Photo Enforcement Program, install medians, relocate "T" signals, & install "Train" signs. • Implement improvements in the C0360 Contract.
<ul style="list-style-type: none"> • Ensure all Rail Projects and Vehicles are Safety Certified in accordance with Safety Certification Program Plan. 	<ul style="list-style-type: none"> • Apply criteria, codes and standards during the certification process.
<ul style="list-style-type: none"> • Implement the System Safety Program Plan & Oversight Plan as mandated by the PUC. 	<ul style="list-style-type: none"> • Develop a Hazard Resolution Program to identify & mitigate Hazards. & manage PUC Oversight Plan.

OFFICE OF SAFETY

Major Budget Variances

The Office of Safety was formed in FY98 as a separate function to consolidate safety and compliance functions from Transit Operations and Construction into a single unit to provide management oversight and administration for consistent policy and procedures. The newly structured organization is responsible for enhanced awareness and compliance of regulations through improved training programs and customer information.

- Net decrease of 2 FTEs in Office of Safety as a result of demobilization of construction projects
- Reallocation of \$657K in FY99 of Blue Line Telephoto Enforcement contract from capital to operating expense budget
- Increase of \$557K in professional and technical contracts for consulting services to provide disaster training, emergency preparedness training, work place safety training, and customer safety information programs.
- Acquisitions is increasing by \$1.1 million is attributable to \$520K for ventilation testing systems for Red Line Segment 2, \$100K for technical services for ventilation procedures for Segment 3 - North Hollywood, \$150K for grade crossing safety improvement projects, \$350K to fund CPUC punch list improvements for rail systems, and \$145K for design engineering services for four quadrant gate system.

Chief Executive Office Office Of Safety

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	1	0	0
Non-Contract Wages	1,533	1,972	1,967
Fringe Benefits	1,411	1,002	972
Professional & Tech Services	23	834	2,576
Contract Services	0	12	13
Fuels & Lubricants/Utilities	0	0	64
Material & Supplies	164	290	148
Acquisitions	0	0	1,050
Other	59	255	277
Sub Total	3,192	4,364	7,068
Overhead	0	0	0
Total	3,192	4,364	7,068
FTEs	39	40	38

GOVERNMENT RELATIONS

Government Relations directs and coordinates all activities relating to legislation and elected officials which includes: budgets; board and executive staff reports; briefings; and, tours for elected officials, administrators, business and civic leaders. It acts as the principle liaison to all federal, state, and local elected officials, government agencies, commissions, and their staff. The department develops the MTA's legislative goals and objectives, obtains legislative support and monitors the legislative process for MTA impacts.

FY 99 Objectives and Strategies

Objective	Strategy
<ul style="list-style-type: none"> To ensure cohesive & coordinated Government Relations outreach, strategies & efforts according to Board & MTA policy. 	<ul style="list-style-type: none"> Develop a team environment for coordinated efforts.
<ul style="list-style-type: none"> Secure funding in the FY 1999 Appropriations Act & develop ISTEA request & strategy. 	<ul style="list-style-type: none"> Develop political & legislative strategy to obtain funding. Develop materials, schedule briefings.
<ul style="list-style-type: none"> To enhance & protect MTA authority at the state legislative level & provide political strategy, direction & advocacy. 	<ul style="list-style-type: none"> Ensure coverage of legislation important to MTA & Board of Directors & outreach to elected officials.
<ul style="list-style-type: none"> Enhance & protect MTA funding at the state legislative level & providing, political strategy, direction & advocacy. 	<ul style="list-style-type: none"> Ensuring coordination w/in the agency & communications to external entities. Coordination of federal, state & local administrative & legislative activities.
<ul style="list-style-type: none"> Maintain effective liaison with local elected officials, municipal organizations & associations to protect & enhance funding for MTA programs & projects. 	<ul style="list-style-type: none"> Regularly attend & act on items at L.A. City Council, L.A. City Council Transportation Committee, California League of Cities & California Contract Cities Association

Major Budget Variances

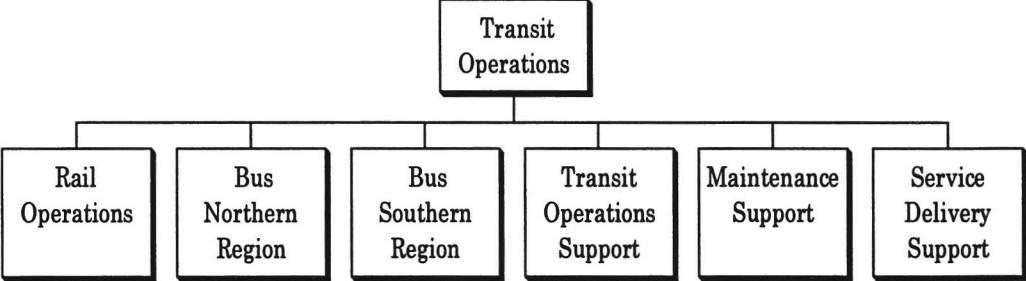
- Consolidate staff dealing with federal, state, and local governments from 3 to 2 and associated support staff
- FY99 services for lobbyist held at FY98 Budget. All other FY98 miscellaneous services and costs were eliminated.
- FY98 other expenses include promotional materials, advertising, mailing costs, and travel. FY99 budgeted is primarily travel (\$53k).

Chief Executive Office Government Relations

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	0	0	0
Non-Contract Wages	441	507	396
Fringe Benefits	267	333	204
Professional & Tech Services	0	37	547
Contract Services	503	574	0
Fuels & Lubricants/Utilities	0	0	0
Material & Supplies	4	59	2
Other	37	176	73
Sub Total	1,252	1,685	1,222
Overhead	0	0	0
Total	1,252	1,685	1,222

FTEs	5	10	8
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Transit Operations



TRANSIT OPERATIONS

Transit Operations manages all aspects of MTA bus and rail operations and related activities. Transit Operations provides clean, safe, efficient and reliable transit services to more than 1.1 million patrons per day. With more than 6,000 employees working throughout Los Angeles County's 4,400 square miles, Transit Operations is responsible for operating or managing over 180 Metro bus routes and rail lines with over 18,000 stops and stations. Utilizing 31 operating facilities, Transit Operations maintains over 2,100 transit buses, 100 rail cars and 1,500 pieces of non-revenue equipment (cars, trucks, forklifts, etc.).

FY99 Objectives and Strategies

Objective	Strategy
<ul style="list-style-type: none"> • Improve bus and rail service. 	<ul style="list-style-type: none"> • Provide clean, safe, reliable bus services. • Improve the quality & reliability of accessible services. • Station Transit Ambassadors at high-volume rail/bus interface locations to manage passenger loads on MTA buses. • Maintain systemwide and division contract staffing levels. • Ensure scheduled TOS-VO coverage is maintained throughout the fiscal year. • Implement bus/rail interface program.
<ul style="list-style-type: none"> • Improve bus service reliability. 	<ul style="list-style-type: none"> • Eliminate 37,000 hours of deferred maintenance by adding 22 mechanics.
<ul style="list-style-type: none"> • Maintain rail service reliability. 	<ul style="list-style-type: none"> • Perform scheduled inspections & repairs. • Perform Light rail car overhauls. • Implement MOS 2B. • Test and accept MOS 3B work in conjunction with construction's schedule.
<ul style="list-style-type: none"> • Provide technical training. 	<ul style="list-style-type: none"> • Provide technical training to both existing staff and new staff to ensure safe, reliable transit services.
<ul style="list-style-type: none"> • Improve appearance of bus fleet 	<ul style="list-style-type: none"> • Implement Ready-to-Roll standards. • Paint 350 buses. • Maintain zero-tolerance standard for graffiti. • Maintain service attendant staffing by back-filling LTL vacancies; & develop an aggressive LTL back-to-work program.

TRANSIT OPERATIONS

Major Budget Variances

The FY99 budget for Transit Operations is being impacted by efficiencies being implemented in FY99 which will yield cost savings. In addition, some Workout Team recommendations have also been incorporated into the budget. Increases in wages, primarily driven by COLA adjustments for all union groups, increased maintenance expenses to eliminate the deferred maintenance backlog, and the implementation of the light rail car overhaul program.

- Increase of 5 FTEs in Transit Operations Support is attributable to transfer of schedule document staff from RTP&D.
- Decrease of 2 FTEs in Transit Delivery Support is due to the elimination of 11 FTES in the MTA LiTE function which is offset by part-time staff in bus operations control.
- Decrease of 25 FTEs in Regional Rebuild Center is due to the elimination of inspect and repair as needed program (IRAN).
- Transfer out of 7 FTEs from Regional Rebuild Center to Procurement for reliability warranty and production control programs.
- The increase in FTEs in Northern and Southern Region bus operations is for mechanics to eliminate deferred maintenance backlog, service attendants for CNG bus inspections and fueling, and transfer-in of community affairs staff . The offsets are the transfer of storeroom (stock clerks and storekeepers) responsibility to Procurement and reducing divisional supervisory span of control.
- Transit Rail Operations is increasing FTEs for maintenance support to implement the light rail overhaul program, revenue service of Segment MOS-2B, and the acceptance and testing of Breda rail cars.
- \$7.4 million in contract wage efficiencies for labor utilization is offset by \$6.3 million for cost of living allowance increases for all union groups.
- Fringe benefits expenses are increasing over FY97 actual and FY98 reforecast for the annualization of worker's compensation chargebacks
- Contract services is increasing by \$1.3 million which includes \$400K for agreement with Union Pacific for maintenance of rail crossings, \$155K for environmental testing, and \$935K for outside maintenance service contracts for bus and rail facilities.
- Purchase transportation expenses are increasing by \$8.4 million; \$2.4 million for consent decree pilot service expenses and \$6.0 million for the projected rate increase to renegotiate for contracted out lines.
- Methanol to ethanol fuel conversion and diesel pricing are reducing fuel & lubricants expenses by \$5 million. The increase of \$1.5 million in propulsion power usage offsets propulsion.
- Material and supplies is increasing by \$15.5 million for expenses capitalized parts for engines, engine kits, power plants and transmissions and expenses to refurbish facilities.

Transit Operations

Department FTE's	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Executive Office, Transit Operations	3	5	5
Transit Operations Support	94	90	95
Service Delivery Support	152	194	195
Maintenance Support	717	692	653
Northern Bus Region	2,162	2,156	2,167
Southern Bus Region	2,522	2,538	2,599
Transit Rail Operations	433	397	484
Total	6,083	6,072	6,198

Expenditures (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Executive Office, Transit Operations	714	521	584
Transit Operations Support	9,253	4,821	7,259
Service Delivery Support	39,040	58,149	58,357
Maintenance Support	82,015	92,592	99,906
Northern Bus Region	177,435	175,384	202,231
Southern Bus Region	202,119	199,578	204,617
Transit Rail Operations	37,662	40,564	55,444
Sub Total Department	548,238	571,608	628,399

Non-Departmental-Operations	69	34,573	7,235
Sub Total Non-dept.	69	34,573	7,235

Total Non-dept & Dept	548,308	606,182	635,633
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Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	237,768	235,035	234,719
Non-Contract Wages	34,093	31,097	32,596
Fringe Benefits	157,610	150,901	167,221
Professional & Tech Services	1,657	4,180	5,055
Contract Services	27,515	46,755	48,087
Purchased Transportation	36	16,785	25,152
Fuels & Lubricants/Utilities	27,333	41,964	38,126
Material & Supplies	55,853	58,446	74,047
Casualty & Liability	0	100	50
Acquisitions	5,453	16,955	6,434
Subsidies	0	0	0
Other	990	3,962	4,146
Sub Total	548,308	606,182	635,633
Overhead	0	0	0
Total	548,308	606,182	635,633

Transit Operations Executive Office, Transit Operations

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	0	0	0
Non-Contract Wages	227	304	304
Fringe Benefits	214	144	143
Professional & Tech Services	0	25	15
Contract Services	91	0	0
Purchased Transportation	0	0	0
Material & Supplies	7	7	2
Other	175	42	119
Sub Total	714	521	584
Overhead	0	0	0
Total	714	521	584

FTEs	3	5	5
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Transit Operations Transit Operations Support

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	1,560	(825)	1,242
Non-Contract Wages	3,340	2,898	2,857
Fringe Benefits	3,884	1,632	2,240
Professional & Tech Services	26	63	0
Contract Services	54	6	6
Fuels & Lubricants/Utilities	12	0	0
Material & Supplies	(982)	874	841
Acquisitions	1,175	0	0
Other	184	174	72
Sub Total	9,253	4,821	7,259
Overhead	0	0	0
Total	9,253	4,821	7,259

FTEs	94	90	95
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Non-Department Expenditure Type	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	0	3,589	3,277
Non-Contract Wages	0	(810)	0
Fringe Benefits	0	1,393	2,473
Professional & Tech Services	0	1,759	0
Contract Services	0	207	25
Purchased Transportation	36	16,785	0
Fuels & Lubricants/Utilities	0	8,886	(150)
Material & Supplies	0	300	(1,000)
Subsidies	0	0	0
Other	33	2,464	2,610
Sub Total	69	34,573	7,235
Overhead	0	0	0
Total	69	34,573	7,235

FTEs	0	0	0
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Comments

Non-departmental Contract Wages, fringe benefits, Utilities and Material includes \$3.5 million of cost reductions identified by the work out teams. It also includes \$3.2 million of taxes and uniforms not allocated to divisions. Non-departmental was centralized in one agency-wide department in FY97.

Transit Operations Service Delivery Support

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	864	1,277	1,562
Non-Contract Wages	6,461	7,404	6,929
Fringe Benefits	4,538	4,392	4,323
Professional & Tech Services	655	2,033	4,289
Contract Services	22,900	37,130	34,980
Fuels & Lubricants/Utilities	4	113	243
Material & Supplies	3,889	5,088	4,734
Casualty & Liability	0	100	50
Acquisitions	(260)	30	185
Other	20	582	1,061
Sub Total	39,071	58,149	58,357
Overhead	(31)	0	0
Total	39,040	58,149	58,357
FTEs	152	194	195

Transit Operations Maintenance Support

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	22,676	21,537	21,365
Non-Contract Wages	4,408	4,284	3,885
Fringe Benefits	16,863	15,822	15,685
Professional & Tech Services	438	79	382
Contract Services	4,130	4,515	6,456
Purchased Transportation	0	0	0
Fuels & Lubricants/Utilities	531	4,447	4,422
Material & Supplies	29,271	29,170	41,346
Acquisitions	3,630	12,604	6,224
Other	68	134	140
Sub Total	82,015	92,592	99,906
Overhead	0	0	0
Total	82,015	92,592	99,906
FTEs	717	692	653

Transit Operations Northern Bus Region

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	91,977	91,117	86,486
Non-Contract Wages	7,625	6,746	6,818
Fringe Benefits	56,428	53,913	59,774
Professional & Tech Services	4	120	0
Contract Services	20	0	25
Purchased Transportation	0	0	25,152
Fuels & Lubricants/Utilities	12,539	13,427	11,875
Material & Supplies	8,387	9,804	12,029
Acquisitions	0	0	25
Other	441	257	46
Sub Total	177,420	175,384	202,231
Overhead	15	0	0
Total	177,435	175,384	202,231
FTEs	2,162	2,156	2,167

Transit Operations Southern Bus Region

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	105,800	104,785	104,524
Non-Contract Wages	8,184	6,722	6,893
Fringe Benefits	64,678	64,340	70,837
Professional & Tech Services	35	25	25
Contract Services	1	1	3
Fuels & Lubricants/Utilities	14,184	15,046	11,296
Material & Supplies	9,210	8,438	10,996
Acquisitions	0	0	0
Other	26	220	44
Sub Total	202,119	199,578	204,617
Overhead	0	0	0
Total	202,119	199,578	204,617
FTEs	2,522	2,538	2,599

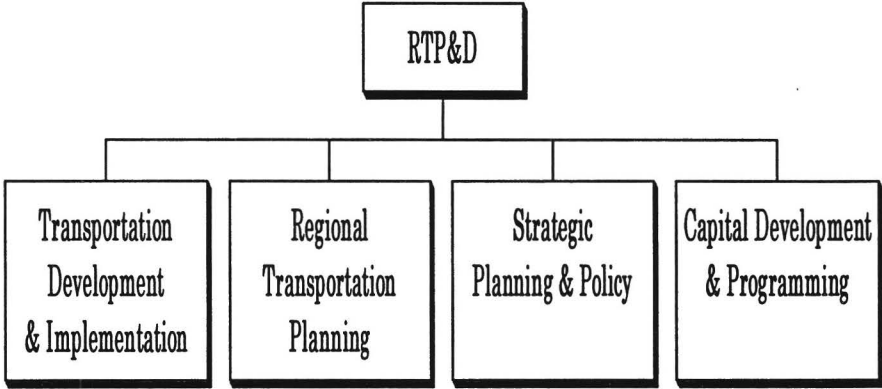
Transit Operations Transit Rail Operations

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	14,890	13,556	16,262
Non-Contract Wages	3,847	3,550	4,909
Fringe Benefits	11,005	9,266	11,746
Professional & Tech Services	499	76	345
Contract Services	320	4,897	6,591
Fuels & Lubricants/Utilities	64	45	10,440
Material & Supplies	6,071	4,765	5,099
Acquisitions	907	4,321	0
Other	44	89	53
Sub Total	37,646	40,564	55,444
Overhead	16	0	0
Total	37,662	40,564	55,444

FTEs	433	397	484
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Regional Transportation Planning & Development



REGIONAL TRANSPORTATION PLANNING & DEVELOPMENT (RTP&D)

Regional Transportation Planning & Development (RTP&D) develops plans, policies, funding programs, and implements projects across all modes, including highway/freeway, rail, signal synchronization, bicycle, pedestrian, and intelligent transportation systems. It also schedules and routes bus and rail services and provides analytical and technical service planning support for regional restructuring studies, travel demand modeling, transportation demand management. RTP&D also plans and programs for funding sources that support regional transportation systems. It approves and monitors the use of funds by cities and transit operators, Propositions A and C Local Return and Discretionary funds and TDA Article 3, 4 and 8.

FY99 Objectives and Strategies

Objective	Strategy
<ul style="list-style-type: none"> • Develop and Action plan to deliver more efficient transit services countywide. 	<ul style="list-style-type: none"> • Design and implement service improvement & economies identified through the Restructuring Studies • Evaluate options for alternative service delivery such as implementation of the three tier system • Develop, evaluate and recommend lower cost alternatives for rail corridors where projects have been temporarily suspended.
<ul style="list-style-type: none"> • Develop and implement cost effective transportation solutions. 	<ul style="list-style-type: none"> • Pursue cost efficiencies in our HOV/ TOS capital projects. • Implement a fiscally responsible Sound-wall Program that addresses the needs of the community. • With the FHWA-develop Intelligent Transportation Systems to facilitate mobility within the county. • Continue to develop multimodal solutions to our transportation problems such as implementing the TIP Call For Projects.
<ul style="list-style-type: none"> • Secure, program, manage and administer State, Federal and Local Funds for regional transportation programs and projects for the County. 	<ul style="list-style-type: none"> • Secure up to \$723 million in project earmarks from ISTE A II. • Manage and administer \$750 million in new state Transportation Improvement Program funds through SB 45. • Secure, negotiate and administer \$600 million in grants.
<ul style="list-style-type: none"> • Represent funding needs for regional transportation programs and projects 	<ul style="list-style-type: none"> • Review, negotiate and obtain Federal and State agencies consensus/approvals as needed to progress funding for regional transportation programs and projects.

REGIONAL TRANSPORTATION PLANNING & DEVELOPMENT (RTP&D)

Major Budget Variances

Regional Transportation Planning and Development (RTP&D) is projecting significant reductions in staff and support expenses as a result of focusing upon core functions and programs. Included in the FY99 budget are \$28.8 million in expenses for Call for Project programs as compared to \$22.6 million in FY98 budget. These expenses are now budgeted on a cash flow rather than project expense authorization basis. Another major factor affecting expenses is the total reduction of 27 FTEs.

- Reduction of administrative support in Executive Office.
- Operation Planning is reducing organizational focus which includes the transfer of 4 FTES to Operations for document control of schedules.
- Transportation Development and Implementation is reducing 10 FTEs
- Capital Planning is reducing staff.
- Closure of the library results in savings of \$240K in Countywide Planning.
- Joint Development responsibility is being eliminated and remaining responsibilities are being consolidated for a savings of \$869K
- Bus Service Improvement Planning function is being consolidated which reduces expenses by \$845K.
- Savings of \$1 million for transfer of Call for Projects audit responsibilities to Management Audit, offset by an increase of \$900K for accounting services to perform the Triennial audit.
- The increase in professional and technical services is attributable to realignment of Call for Project programs from contract services (in FY97 actual, Call expenses are reported in both professional and technical and contract services), offset by \$1.8 million for reducing studies and coordinating services with municipal operators.
- Contract services is decreasing due to LANI program and realigning expenses in FY99 to Call programs.
- Purchase transportation services is decreasing due to the transfer of responsibility for consent decree pilot services to Transit Operations.
- Subsidy expenses is increasing. This is further explained in the Subsidy Budget schedule.

R T P & D

Department FTE's	FY 97 Actual	FY 98 Recfst	FY 99 Budget
Executive Office, Reg Transp Plan & Dev	7	5	3
Operations Planning	61	63	54
Countywide Planning	25	25	21
Transp Dev & Implementation	67	66	56
Capital Planning	26	24	22
Total	186	183	156

Expenditures (\$000)	FY 97 Actual	FY 98 Recfst	FY 99 Budget
Executive Office, Reg Transp Plan & Dev	863	661	399
Operations Planning	5,160	12,395	12,411
Countywide Planning	4,459	4,542	4,242
Transp Dev & Implementation	19,436	31,729	30,303
Capital Planning	2,662	2,239	2,025
Sub Total Department	32,579	51,567	49,380

Non-Departmental-Capital Planning	2,549	539,564	622,449
Non-Departmental-Bus Sys Imp Plan	0	314	0
Sub Total Non-dept.	2,549	539,878	622,449

Total Non-dept & Dept	35,129	591,445	671,829
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Expenditure Type (\$000)	FY 97 Actual	FY 98 Recfst	FY 99 Budget
Contract Wages	1,250	1,467	1,336
Non-Contract Wages	7,973	8,126	7,103
Fringe Benefits	8,321	4,829	4,160
Professional & Tech Services	2,831	23,100	29,087
Contract Services	8,215	5,841	2
Purchased Transportation	0	7,861	7,114
Fuels & Lubricants/Utilities	0	1	0
Material & Supplies	263	364	268
Casualty & Liability	0	0	0
Acquisitions	12	0	0
Subsidies	5,934	539,564	622,449
Other	330	293	310
Sub Total	35,129	591,445	671,829
Overhead	0	0	0
Total	35,129	591,445	671,829

R T P & D Executive Office, Reg Transp Plan & Dev

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	0	0	0
Non-Contract Wages	314	372	229
Fringe Benefits	290	185	110
Professional & Tech Services	0	0	50
Contract Services	131	90	0
Fuels & Lubricants/Utilities	0	0	0
Material & Supplies	3	3	3
Other	124	11	7
Sub Total	863	661	399
Overhead	0	0	0
Total	863	661	399
FTEs	7	5	3

R T P & D Operations Planning

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Recfst	FY 99 Budget
Contract Wages	1,250	1,465	1,335
Non-Contract Wages	1,416	1,303	1,217
Fringe Benefits	2,255	1,476	1,322
Professional & Tech Services	22	138	4,118
Contract Services	34	672	0
Purchased Transportation	0	7,247	4,158
Fuels & Lubricants/Utilities	0	0	0
Material & Supplies	136	35	121
Other	47	59	140
Sub Total	5,161	12,395	12,411
Overhead	0	0	0
Total	5,160	12,395	12,411
FTEs	61	63	54

R T P & D Countywide Planning

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	0	0	0
Non-Contract Wages	1,395	1,452	1,368
Fringe Benefits	1,283	730	677
Professional & Tech Services	78	2,175	2,098
Contract Services	1,619	1	2
Fuels & Lubricants/Utilities	0	0	0
Material & Supplies	15	127	72
Acquisitions	0	0	0
Subsidies	20	0	0
Other	49	56	24
Sub Total	4,460	4,542	4,242
Overhead	(1)	0	0
Total	4,459	4,542	4,242
FTEs	25	25	21

R T P & D Transp Dev & Implementation

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	0	0	0
Non-Contract Wages	3,588	3,736	3,140
Fringe Benefits	3,337	1,781	1,485
Professional & Tech Services	2,682	20,554	22,614
Contract Services	6,267	5,078	0
Purchased Transportation	0	300	2,956
Fuels & Lubricants/Utilities	0	1	0
Material & Supplies	95	175	31
Casualty & Liability	0	0	0
Acquisitions	12	0	0
Subsidies	3,365	0	0
Other	89	105	77
Sub Total	19,435	31,729	30,303
Overhead	1	0	0
Total	19,436	31,729	30,303

FTEs	67	66	56
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Non-Department Expenditure Type	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Purchased Transportation	0	314	0
Fuels & Lubricants/Utilities	0	0	0
Sub Total	0	314	0
Total	0	314	0

Comments

The increase in Purchase Transportation is an increase in FY97 Call Awarded and Mobility Allowance Shuttle Services. Non-departmental was centralized in one agency-wide department in FY97.

R T P & D Capital Planning

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	0	1	1
Non-Contract Wages	1,260	1,262	1,150
Fringe Benefits	1,156	657	565
Professional & Tech Services	48	233	207
Contract Services	164	0	0
Fuels & Lubricants/Utilities	0	0	0
Material & Supplies	13	25	43
Acquisitions	0	0	0
Subsidies	0	0	0
Other	20	62	61
Sub Total	2,662	2,239	2,025
Overhead	0	0	0
Total	2,662	2,239	2,025

FTEs	26	24	22
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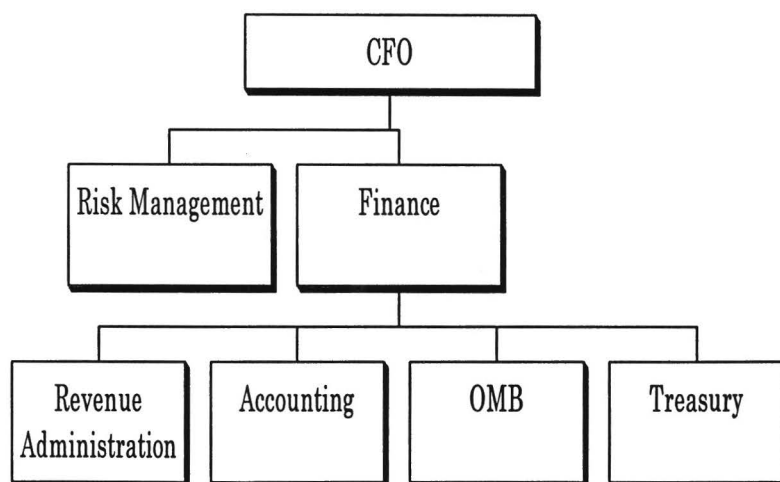
Non-Department Expenditure Type	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Subsidies	2,549	539,564	622,449
Sub Total	2,549	539,564	622,449
Total	2,549	539,564	622,449

Comments

Non-departmental contains subsidies budgeted by Capital Planning. These subsidies include Municipal Operator funding programs, Proposition A and C Local Return programs, Call-for-Projects, Metrolink, ASI and other funding programs. The FY99 Budget reflects anticipated cashflow expenditures for Call-for-Projects awards, in addition to FY99 programmed funds. Non-departmental was centralized in one agency-wide department in FY97.

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Finance



FINANCE

Finance ensures MTA's financial integrity. Accounting records all assets and liabilities, prepares monthly/quarterly financial statements; pays bi-weekly payroll; manages accounts payable and receivables. Treasury forecasts, monitors and manages MTA's cash requirements; oversees and directs the investment of available funds and debt proceeds; and administers MTA's debt program. Office of Management and Budget develops the annual operating and capital budget and subsidy budget; prepares monthly/quarterly revenue and expense projections; manages operating and capital expenditure and revenue plans; and develops business strategies. Revenue collects, counts, and deposits fare revenue; maintains and replaces fare equipment; stores, maintains, and keeps safe fare media inventory; manages the vendor sales program and collects delinquent accounts receivable.

FY99 Objectives and Strategies

Objective	Strategy
<ul style="list-style-type: none"> • Maximize MTA's cash flow 	<ul style="list-style-type: none"> • Bill funding grantors accurately and timely. • Monitor and collect MTA's receivable accounts.
<ul style="list-style-type: none"> • Timely and accurate external financial reporting. 	<ul style="list-style-type: none"> • Close 6/30/98 & generate statements by 12/98; Prepare Comprehensive Annual Financial Report .
<ul style="list-style-type: none"> • Maintain invoice payment processing efficiency. 	<ul style="list-style-type: none"> • Complete accounting of unpaid contract invoices & process payments in a timely manner. • Monitor MOU/ Subsidies payments accurately & timely with appropriate review.
<ul style="list-style-type: none"> • Maintain MTA's outstanding debt, lease and other obligations to prevent any defaults or events of default under any of the related contractual documents or agreements. 	<ul style="list-style-type: none"> • Establish & maintain records & information retention systems to centralize debt & lease related information, also ensure deliverable items are produced & reporting requirements are met.
<ul style="list-style-type: none"> • Control cash transactions. 	<ul style="list-style-type: none"> • Prepare, confirm & monitor wire transfers; deposit MTA checks, evaluate paid item exceptions; & sign & distribute payroll & operations checks.
<ul style="list-style-type: none"> • Provide financial and reporting analysis to help the agency achieve financial stability. 	<ul style="list-style-type: none"> • Provide monthly & variance financial budget analysis to management & Board and prepare FY00 operating, subsidy, & revenue budgets.
<ul style="list-style-type: none"> • Prepare fiscal year Capital Budget & updated 5-year Capital Improvement Plan that reflects agency spending priorities. 	<ul style="list-style-type: none"> • Allocate funding to capital projects based on funds programming model. • Develop capital implementation schedules.
<ul style="list-style-type: none"> • Improve business planning and managing at the MTA. 	<ul style="list-style-type: none"> • Monitor & evaluate progress on achievement of performance measures and MAPs on a quarterly. • Develop agency wide business plan for FY 2000.
<ul style="list-style-type: none"> • Improve security and reliability of the revenue system to protect fares. Fare receipts represent \$212 million annually. 	<ul style="list-style-type: none"> • Oversee & analyze over \$120 million in annual fare media sales & over 750 vendor locations; all sales, billings, accounts receivable & collections of over \$150 million annually. • Oversee receiving & safeguarding farebox currency on a 24-hr/7 days a week schedule (exceeds ≈\$96 million annually). • Monitor distribution, collection, & reconciliation of transfer media (exceeds ≈\$17 million annually). • Maintain controls of farebox equipment & assets.

FINANCE

Major Budget Variances

The Finance unit is projecting an overall reduction in all expense categories with the exception of debt. Debt expense is primarily impacted by refunding of notes.

- Accounting and Treasury are increasing management span of control.
- Treasury is decreasing administrative support staff.
- Office of Management and Budget is reducing staff to support cost centers
- Revenue Administration is increasing staff to perform ticket vending machine upgrades and for farebox refurbishment.
- Revenue Administration is increasing staff to perform fare-box maintenance.
- Revenue Administration is saving \$944K in expenses for the change in commission rates on pass sales.
- Commercial banking services is increasing by \$212K.
- Debt is being impacted by the following:
 - * \$5.4 million reduction in Prop A bond refunding for 1988 and 1989 notes
 - * Decrease of \$775K in debt service on certificates of participation
 - * Increase of \$22 million in debt service for new Prop C bonds
 - * Increase of \$8.3 million for debt service on the L. A. Bus Lease
 - * Increase of \$65 million in expenses for Prop C tax exempt commercial paper refunding

Finance

Department FTE's	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Executive Office, Finance	6	4	4
Accounting	70	65	64
Treasury	15	15	12
Risk Management	23	20	19
Revenue Administration	131	129	131
Office Of Management & Budget	15	22	19
Total	260	256	249

Expenditures (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Executive Office, Finance	796	815	780
Accounting	5,701	5,806	5,473
Treasury	155	2,027	1,969
Risk Management	26,364	42,743	1,415
Revenue Administration	12,716	18,337	17,681
Office Of Management & Budget	1,332	1,971	1,730
Sub Total Department	47,065	71,701	29,048

Non-Departmental-Treasury	76	284,697	369,781
Non-Departmental-Ops Risk Mgmt	0	41,205	38,081
Non-Departmental-Const Risk Mgmt	0	0	23,233
Non-Departmental-Rev Admin	0	0	0
Sub Total Non-dept.	76	325,902	431,094

Total Non-dept & Dept	47,141	397,602	460,142
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Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	3,574	3,562	3,799
Non-Contract Wages	6,706	6,955	6,424
Fringe Benefits	6,291	5,549	5,203
Professional & Tech Services	4,227	20,470	14,081
Contract Services	2,457	12,084	11,019
Fuels & Lubricants/Utilities	0	3	4
Material & Supplies	2,021	1,587	1,322
Casualty & Liability	20,247	65,129	49,758
Debt/Interest	0	279,118	365,501
Acquisitions	378	1,468	1,506
Other	1,242	1,679	1,527
Sub Total	47,143	397,602	460,142
Overhead	(2)	0	0
Total	47,141	397,602	460,142

Finance Executive Office, Finance

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Recfst	FY 99 Budget
Contract Wages	0	0	0
Non-Contract Wages	295	295	317
Fringe Benefits	176	164	148
Professional & Tech Services	226	309	300
Contract Services	80	0	0
Material & Supplies	3	3	3
Debt/Interest	0	0	0
Acquisitions	0	0	0
Other	16	44	12
Sub Total	796	815	780
Overhead	0	0	0
Total	796	815	780

FTEs	6	4	4
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Finance Accounting

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Recfst	FY 99 Budget
Contract Wages	613	570	634
Non-Contract Wages	2,381	2,404	2,125
Fringe Benefits	1,854	1,608	1,493
Professional & Tech Services	448	403	666
Contract Services	56	165	6
Material & Supplies	111	268	135
Acquisitions	0	0	0
Other	238	390	413
Sub Total	5,701	5,806	5,473
Overhead	0	0	0
Total	5,701	5,806	5,473

FTEs	70	65	64
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Finance Treasury

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	0	0	0
Non-Contract Wages	675	730	547
Fringe Benefits	420	359	269
Professional & Tech Services	(264)	425	578
Contract Services	(745)	408	545
Material & Supplies	(2)	30	9
Debt/Interest	0	0	0
Other	71	75	21
Sub Total	155	2,027	1,969
Overhead	0	0	0
Total	155	2,027	1,969

FTEs	15	15	12
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Non-Department Expenditure Type	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Professional & Tech Services	10	2,015	617
Contract Services	66	3,534	3,633
Debt/Interest	0	279,118	365,501
Other	0	30	30
Sub Total	76	284,697	369,781
Total	76	284,697	369,781

Comments

Non-departmental, Other, represents Debt Service & Interest. Non-departmental was centralized in one agency-wide department in FY97.

Finance Revenue Administration

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	2,960	2,992	3,165
Non-Contract Wages	1,331	1,408	1,461
Fringe Benefits	2,650	2,509	2,696
Professional & Tech Services	386	854	128
Contract Services	2,390	7,038	6,836
Fuels & Lubricants/Utilities	0	3	4
Material & Supplies	1,876	1,222	1,143
Casualty & Liability	0	0	0
Acquisitions	378	1,468	1,506
Other	744	843	742
Sub Total	12,716	18,337	17,681
Overhead	0	0	0
Total	12,716	18,337	17,681

FTEs	131	129	131
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Non-Department Expenditure Type	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Professional & Tech Services	0	0	0
Contract Services	0	0	0
Sub Total	0	0	0
Total	0	0	0

Finance Office Of Management & Budget

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	1	0	0
Non-Contract Wages	729	1,221	1,077
Fringe Benefits	454	578	508
Professional & Tech Services	120	144	125
Contract Services	9	0	0
Fuels & Lubricants/Utilities	0	0	0
Material & Supplies	7	13	8
Acquisitions	0	0	0
Other	13	15	12
Sub Total	1,332	1,971	1,730
Overhead	0	0	0
Total	1,332	1,971	1,730
FTEs	15	22	19

FINANCE – RISK MANAGEMENT

Risk Management is responsible for adjudication, payment, and management of Public Liability, Property Damage (PL/PD) and Worker's Compensation (WC) claims resulting from bus and rail operations; and purchase of Property and Liability insurance coverage for MTA Operations. In addition, it also manages and pays Public Liability, Property Damage, and WC claims generated as a result of construction; loss control; claim management; management of Owner-Controlled Insurance Program (OCIP) for construction; establishment and monitoring of actuarially determined liability accounts.

FY99 Objectives and Strategies

Objective	Strategy
<ul style="list-style-type: none"> • Reduce the cost of Workers' Compensation (WC) claims compared to FY99 program forecast. 	<ul style="list-style-type: none"> • Identify and implement a more cost-effective approach for administering WC claims by September 30, 1998.
<ul style="list-style-type: none"> • Provide internal strategic management of the dynamics of the Workers Compensation claims process. 	<ul style="list-style-type: none"> • Provide technical support and coordination to MTA management, the claims administrator/carrier and injured employees in the day-to-day management of the WC exposure.
<ul style="list-style-type: none"> • Provide appropriate insurance coverage for MTA Operations consistent with reducing the total cost of risk and the MTA's willingness to accept losses. 	<ul style="list-style-type: none"> • Market the Operations Excess Liability Insurance Coverage and the Corporate Faithful Performance Bond • Market the Operations Property and Boiler and Machinery. • Streamline the Contract Insurance Provisions Process Between Risk Management and Procurements Department
<ul style="list-style-type: none"> • Reduce the cost of Public Liability/Property Damage (PL/PD) claims. 	<ul style="list-style-type: none"> • Identify and implement a more cost-effective approach for the administration of PL/PD claims by September 1, 1998.
<ul style="list-style-type: none"> • Provide oversight to the PL/PD claims exposure. 	<ul style="list-style-type: none"> • Provide in-house supervision of Superior Court litigated claims and technical research services required for the successful defense of PL/PD claims presented against the MTA.
<ul style="list-style-type: none"> • Analysis of the cost of risk and safety reporting. 	<ul style="list-style-type: none"> • Design and Implement an agency-wide safety statistical reporting system • Design and Implement a project cost of risk reporting system • Administer the workers compensation chargeback program
<ul style="list-style-type: none"> • Reduce Owner-Controlled Insurance Program Costs. 	<ul style="list-style-type: none"> • Analysis of risk financing programs and SIR/Deductible options to minimize costs of risk. • Restructure the MR040 Contract to separate premiums from administrative contracts

FINANCE – RISK MANAGEMENT

Major Budget Variances

In FY98, the construction and operating risk management functions were consolidated into a single unit to improve oversight and cost effectiveness of services.

- Risk Management is decreasing administrative support staff.
- Risk Management is reducing \$940K in legal services expenses for associated with construction projects.
- Revenue Administration is saving \$944K in expenses for the change in commission rates on pass sales.
- Commercial banking services is increasing by \$212K.
- Risk Management is reducing expenses for third party administration of worker's compensation claims by \$1.5 million.
- Risk Management is reducing professional and technical services by \$2.7 million for OCIP broker's fees.
- Risk Management is reducing \$425K for administrative expenses of general liability claims and accident investigations.
- \$15.4 million is being reduced by Risk Management for OCIP builder's risk premium and excess liability for rail construction projects.

Finance Risk Management

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	0	0	0
Non-Contract Wages	1,296	896	895
Fringe Benefits	738	528	473
Professional & Tech Services	3,300	5,339	1
Contract Services	601	940	0
Material & Supplies	26	51	24
Casualty & Liability	20,247	34,928	0
Acquisitions	0	0	0
Other	159	61	21
Sub Total	26,366	42,743	1,415
Overhead	(2)	0	0
Total	26,364	42,743	1,415

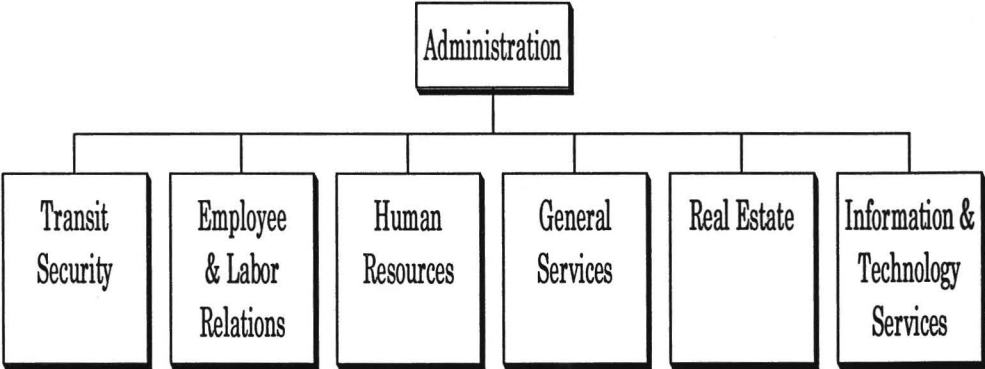
FTEs	23	20	19
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Non-Department Expenditure Type	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Fringe Benefits	0	(196)	(385)
Professional & Tech Services	0	10,980	11,666
Casualty & Liability	0	30,201	49,758
Other	0	220	275
Sub Total	0	41,205	61,314
Total	0	41,205	61,314

Comments

Non-departmental services represents third-party administrators and consultants. Other represents insurance premiums and provisions for uninsured property liability and property damage. Casualty and liability budget at \$65.1 declined primarily as a result of demobilization. Non-departmental was centralized in one agency-wide department in FY97.

Administration



ADMINISTRATION

The Administration Division is responsible for providing support services to MTA departments, and in certain respects to our public. Human Resources (HR) recruits and selects all staff and administers pension, benefits, and special programs. HR also provides staff with training programs focusing on core business skills and updated policies and procedures. Employee & Labor Relations interprets, administers, and negotiates MTA's collective bargaining agreements and administers the Employee Relations program for non-represented employees. General Services provides facility and administrative services, including building management and maintenance, records management and mail, graphic and printing services. Real Estate provides real estate appraisal, relocation and management services, environmental investigations, asset management and disposition strategies. Information and Technology Services (ITS) is responsible for the acquisition and use of information and telecommunications technologies which include customer support and technical services. ITS also bears primary responsibility for ensuring the continuing viability of the MTA's computer systems beyond the year 2000. Transit Security provides security for MTA's employees, facilities, revenues, and other assets, and manages the contracts with the Los Angeles Police Department (LAPD) and the Los Angeles Sheriff's Department (LASD) for the public's security on our bus and rail systems.

FY99 Objectives and Strategies

Objective	Strategy
<ul style="list-style-type: none"> • Attract & recruit qualified candidates to fill vacant positions & support hiring departments. 	<ul style="list-style-type: none"> • Recruit to fill open positions. • Maintain qualified candidate pools for generic classifications & those with over 50 positions. • Fill 300 bus operator (BDOF) vacancies.
<ul style="list-style-type: none"> • Administer and develop comprehensive employee benefits program. 	<ul style="list-style-type: none"> • Administer health and welfare, pension, deferred compensation plans & unemployment insurance. • Develop new & revised benefits program components. • Provide employee training programs focusing on core business skills
<ul style="list-style-type: none"> • Reduce response time to each grievance. 	<ul style="list-style-type: none"> • Respond to each 2nd & 3rd level grievance within 45 days of receipt
<ul style="list-style-type: none"> • Provide executive & line management with labor contract support and advise to achieve win-win solutions to operational problems. 	<ul style="list-style-type: none"> • Negotiate with the unions & provide consultant expertise to executives regarding labor contract interpretation, intent, & practices.
<ul style="list-style-type: none"> • Ensure that all technology used will function effectively during millenium transition. 	<ul style="list-style-type: none"> • Analyze each system for Year 2000 compliance, determine approach for remediation & implement.
<ul style="list-style-type: none"> • Provide a clean & safe building environment at the Union Station Gateway (USG) building 	<ul style="list-style-type: none"> • Maintain 15 minute response time for USG building emergencies. • Maintain cost-effective building systems & meet mandated operational safety standards.
<ul style="list-style-type: none"> • Complete appraisal, environmental, acquisition, & relocation of occupants on real estate properties required for active bus or rail projects. 	<ul style="list-style-type: none"> • Complete appraisal, environmental work, acquisition, & relocation of occupants on required parcels in a timely manner. • Develop asset management & disposition program.
<ul style="list-style-type: none"> • Manage law enforcement contracts to ensure that service is performed effectively, efficiently and within budget. 	<ul style="list-style-type: none"> • Conduct weekly contract compliance visits to each LAPD & LASD transit unit facility/function & analyze productivity. • Monitor citation program to increase revenue to the MTA and fairly enforce the law.

ADMINISTRATION

Major Budget Variances

The reduction in FTEs is primarily attributable to the merger of the Transit Police combined with organizational efficiencies. Another significant change is the realignment of the Equal Employment Department. In FY97 and FY98, the total departmental expenses are in Human Resources. In FY99, the department is splitting into two function, with Contract Compliance component reporting to Procurement.

- Transit Police merger results in FTE reduction of 131 FTEs from FY98 Reforecast and 427 FTEs compared to FY97 actuals resulting in net savings in direct and contracted labor services expenses
- Human Resources is reflecting the reduction for reorganizing Equal Opportunity Department into two functions, in FY99 Contract Compliance function is transferring to Procurement resulting in reduction of 19 FTEs
- Closure of Employee Activities store results in expense savings of \$288K
- Elimination of transportation education and internship programs results in savings of \$1.2 million
- Centralization of training functions and bringing training programs in-house yields savings of \$1.2 million
- Expense savings in Human Resources are resulting management span of control combined with reducing administrative support for decrease in projected hiring
- Transportation subsidies for unions increases expenses by \$330K
- Building Services is increasing by 14 FTEs resulting from agreement with union to perform the USG custodial maintenance for USG in-house which is partially offset by reducing janitorial contract maintenance services by \$522K. Maintenance services is also reduced by \$300k for common areas at USG and East Portal
- Graphics and Building Services administrative staff is reduced in FY99
- Maintenance services for copiers and printing equipment and printing supplies and paper are increasing to reflect FY98 run rates
- Building Services non-departmental is for electrical utilities at USG
- Real Estate is reducing 11 FTEs for demobilization of construction projects
- Maintenance services is reduced by \$300K for common areas at USG and East Portal
- Capital acquisitions for land and construction expenses associated with Transit Plaza and Gateway headquarters is reduced by \$6.1 million as compared to FY98
- Real Estate non-departmental is increasing by \$1.6 million for rental office space for EMC at the 707 Building.
- Real Estate non-departmental is for EMC's office space at 707 building
- Reduce 35 FTEs in ITS by realigning staff needs to focus on Year 2000 efforts
- Technology acquisitions are decreasing by \$10.8 million (for bus radio project, GIS/CAD upgrade, and automated scheduling) offset by \$16 million increase in technical services for Year 2000 project, TOTS, VMS/MMS, division cabling and for other system support projects
- Increase of \$332K in ITS non-departmental for telephone utility expenses

Administration

Department FTE's	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Transit Security	501	205	74
Executive Office, Administration	0	2	3
Employee & Labor Relations	19	19	17
Human Resources	126	118	81
General Services	125	117	125
Real Estate	32	30	19
Information & Technology Services	160	173	141
Total	963	664	460

Expenditures (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Transit Security	39,271	50,306	50,146
Executive Office, Administration	444	217	397
Employee & Labor Relations	3,139	2,011	1,565
Human Resources	12,083	15,292	10,524
General Services	13,148	14,341	15,078
Real Estate	23,197	12,922	4,742
Information & Technology Services	43,819	37,189	36,675
Sub Total Department	135,100	132,278	119,126

Non-Departmental-Human Resources	0	228	(852)
Non-Departmental-Building Services	0	1,846	2,149
Non-Departmental-Real Estate	0	2,758	4,363
Non-Departmental-I.T.S.	89	2,366	2,406
Sub Total Non-dept.	89	7,198	8,066

Total Non-dept & Dept	135,189	139,476	127,193
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Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	23,721	12,121	6,778
Non-Contract Wages	18,680	17,645	13,042
Fringe Benefits	27,063	18,215	10,993
Professional & Tech Services	10,785	44,752	25,179
Contract Services	10,155	10,317	49,448
Purchased Transportation	1,074	180	0
Fuels & Lubricants/Utilities	154	3,527	4,138
Material & Supplies	6,929	5,444	4,129
Acquisitions	34,618	21,933	4,848
Other	2,011	5,342	8,638
Sub Total	135,189	139,476	127,193
Overhead	0	0	0
Total	135,189	139,476	127,193

Administration Transit Security

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	19,332	8,085	1,828
Non-Contract Wages	2,768	1,238	799
Fringe Benefits	13,014	4,712	1,191
Professional & Tech Services	3,930	35,842	7
Contract Services	18	7	44,108
Purchased Transportation	36	0	0
Fuels & Lubricants/Utilities	0	0	0
Material & Supplies	94	345	171
Acquisitions	0	0	68
Other	79	78	1,974
Sub Total	39,271	50,306	50,146
Overhead	0	0	0
Total	39,271	50,306	50,146

FTEs	501	205	74
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Administration Executive Office, Administration

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refest	FY 99 Budget
Non-Contract Wages	195	95	191
Fringe Benefits	121	72	93
Professional & Tech Services	63	20	20
Contract Services	43	0	0
Fuels & Lubricants/Utilities	1	0	0
Material & Supplies	3	18	4
Other	18	12	89
Sub Total	444	217	397
Overhead	0	0	0
Total	444	217	397
FTEs	0	2	3

Administration Employee & Labor Relations

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	0	17	0
Non-Contract Wages	841	993	883
Fringe Benefits	523	474	416
Professional & Tech Services	345	256	230
Contract Services	307	3	3
Purchased Transportation	1,037	180	0
Material & Supplies	21	31	8
Other	63	58	26
Sub Total	3,139	2,011	1,565
Overhead	0	0	0
Total	3,139	2,011	1,565
FTEs	19	19	17

Administration Human Resources

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Recfst	FY 99 Budget
Contract Wages	356	317	335
Non-Contract Wages	4,708	5,661	3,956
Fringe Benefits	4,647	5,301	3,808
Professional & Tech Services	1,130	2,341	1,504
Contract Services	202	621	42
Fuels & Lubricants/Utilities	0	0	0
Material & Supplies	472	331	215
Acquisitions	0	0	105
Other	569	719	560
Sub Total	12,083	15,292	10,524
Overhead	0	0	0
Total	12,083	15,292	10,524

FTEs	126	118	81
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Non-Department Expenditure Type	FY 97 Actual	FY 98 Recfst	FY 99 Budget
Contract Wages	0	0	0
Non-Contract Wages	0	0	0
Fringe Benefits	0	228	(852)
Sub Total	0	228	(852)
Total	0	228	(852)

FTEs	0	0	0
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Comments

Non-departmental includes fringe benefits not allocated to other cost centers. Non-departmental was centralized in one agency-wide department in FY97.

Administration General Services

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	2,065	1,913	2,794
Non-Contract Wages	1,818	1,546	1,054
Fringe Benefits	2,337	2,284	2,347
Professional & Tech Services	746	587	691
Contract Services	2,257	3,187	2,905
Fuels & Lubricants/Utilities	(2)	0	0
Material & Supplies	2,811	1,896	1,880
Acquisitions	190	1,710	2,300
Other	927	1,218	1,107
Sub Total	13,148	14,341	15,078
Overhead	0	0	0
Total	13,148	14,341	15,078

FTEs	125	117	125
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Non-Department Expenditure Type	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Fuels & Lubricants/Utilities	0	1,557	1,824
Material & Supplies	0	0	0
Other	0	289	325
Sub Total	0	1,846	2,149
Total	0	1,846	2,149

Comments

Non-departmental includes \$2.1 million for Gateway Utilities and Taxes. Non-departmental was centralized in one agency-wide Department in FY97.

Administration Real Estate

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	0	0	0
Non-Contract Wages	1,776	1,565	1,053
Fringe Benefits	1,088	750	501
Professional & Tech Services	258	102	75
Contract Services	1,826	2,146	1,792
Fuels & Lubricants/Utilities	65	0	12
Material & Supplies	34	6	6
Acquisitions	17,835	8,181	1,131
Other	316	173	171
Sub Total	23,197	12,922	4,742
Overhead	0	0	0
Total	23,197	12,922	4,742

FTEs	32	30	19
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Non-Department Expenditure Type	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Other	0	2,758	4,363
Sub Total	0	2,758	4,363
Total	0	2,758	4,363

Comments

Non-departmental includes \$3.8 million for Rent for Office Space (\$2.8 million rent at 707 Wilshire Blvd. for construction projects and \$1 million in overhead for lease costs for 818 Seventh St.). In addition, \$.5 million is for bus operations for rental of passenger stations and operating yards and other general administrative facilities such as microwave sites/towers and customer service centers. Non-departmental was centralized in one agency-wide department in FY97.

Administration Information & Technology Services

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	1,968	1,789	1,822
Non-Contract Wages	6,574	6,548	5,107
Fringe Benefits	5,333	4,394	3,489
Professional & Tech Services	4,312	5,267	22,548
Contract Services	5,502	4,354	598
Purchased Transportation	0	0	0
Fuels & Lubricants/Utilities	1	0	0
Material & Supplies	3,496	2,759	1,845
Acquisitions	16,594	12,042	1,244
Other	39	37	23
Sub Total	43,819	37,189	36,675
Overhead	0	0	0
Total	43,819	37,189	36,675

FTEs	160	173	141
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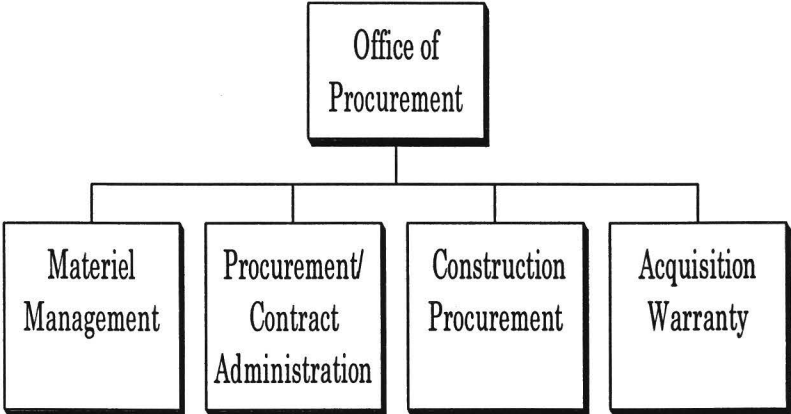
Non-Department Expenditure Type	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Professional & Tech Services	0	337	104
Fuels & Lubricants/Utilities	89	1,970	2,302
Material & Supplies	0	59	0
Other	0	0	0
Sub Total	89	2,366	2,406
Total	89	2,366	2,406

Comments

Non-departmental includes Telephone Usage (\$2.3 million also contains cell phone costs) and 100,000 for pagers. Bus cell phones are budgeted in Bus Operations. Non-departmental was centralized in one agency-wide department in FY97.

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Office of Procurement



OFFICE OF PROCUREMENT

The Office of Procurement is responsible for materiel management; storage; distribution; issuance of goods; and the execution of purchase orders, contracts, modifications, and supplemental agreements. It also directs and oversees bids, contract analysis, preparation of awards, contract administration, negotiations of contract changes, and ensures compliance with contractual terms and conditions for all rail capital projects. The department also processes warranty claims, provides education and training on basic procedures and equal opportunity compliance.

FY 99 Objectives and Strategies

Objective	Strategy
<ul style="list-style-type: none"> Acquire and maintain the quality and quantity of materials and services needed to service the customer while applying effective strategies to conserve available resources and achieve minimum inventory and operating investment. 	<ul style="list-style-type: none"> Maintain appropriate inventory availability, control & data integrity. Procure, receive, store & distribute inventory & non-inventory materials & supplies in a timely and cost effective manner. Implement a Material Sales Program to maximize the asset recovery and revenues.
<ul style="list-style-type: none"> Implement & maintain a cost effective & efficient customer focused procurement by fostering free & open competition & providing timely services on a timely basis. 	<ul style="list-style-type: none"> Achieve 80% of all procurements within the planned acquisition schedules. Oversee Contracts & Purchase Orders for timely delivery, claim & cost overrun avoidance and fair and reasonable pricing.
<ul style="list-style-type: none"> Optimize Resources 	<ul style="list-style-type: none"> Deploy staff to work alongside the Technical Managers to maintain efficient work flow. Reduce change notice backlog by 70%.
<ul style="list-style-type: none"> Control Costs of Capital Projects by pursuing cost recovery. 	<ul style="list-style-type: none"> Increase cost recovery for defective design & engineering from 5% to 25%. Recover contractor to contractor backcharges within FY99.
<ul style="list-style-type: none"> Improve the accuracy and reliability of cost estimates. 	<ul style="list-style-type: none"> Maintain & expand databases of current & historical cost data in-house.
<ul style="list-style-type: none"> Provide cost baseline to measure reasonableness in procuring services from contractors. 	<ul style="list-style-type: none"> Prepare cost analysis of all bids received for construction contracts.
<ul style="list-style-type: none"> Through contract modifications, warranty processing, parts inspection, failure trending, and negotiation ensure that the MTA receives reliable equipment, systems, and facilities from contractors and vendors. 	<ul style="list-style-type: none"> Review and make recommendations for contract modifications in the areas of warranty and reliability. Process 5,800 warranty claims for buses and equipment under warranty. Process 12,300 incident reports for potential warranty recovery for rail system equipment. Inspect or tag 10,000 (bus/rail) parts for warranty processing & rejected activity. Inspect or tag 10,000 (bus/rail) parts for warranty processing & rejected activity.

OFFICE OF PROCUREMENT

Major Budget Variances

Procurement's organizational changes are included in the FY98 Reforecast and in FY99, except for Equal Opportunity's Contract Compliance budget that is only reflected in FY99.

- FTE changes are split between non-contract FTEs and contract FTEs. FY98 Reforecast includes 187 Non-contract FTEs less a FY98 transfer of a claims manager from Construction Contract Administration to Operations leaving a revised FY98 baseline of 186 Non-contract FTEs. FY99 includes 190 Non-Contract FTEs.
- However, Non-contract FTEs were reduced by approximately 12 for FY99 before the transfer in of Equal Opportunity 's Contract Compliance Cost Center of 16 FTEs. Reductions in FTEs of Equal Opportunity are reflected in Human Resources Equal Opportunity Cost Center. Procurement's FY98 Reforecast dollars do not reflect the transfer of Equal Opportunity Contract Compliance Cost Center of 16 FTEs. FY99 includes Contract Compliance FTEs.
- Contract or Union FTEs in FY98 Reforecast were 106 FTEs and 148 FTEs in FY99. Contract FTEs increased by 39 through a transfer of the Division Storeroom Responsibility from Operations to Material's Logistics Cost Center. In addition in FY99, 3 Reliability Mechanics transferred from Operations to become Warranty Mechanics in the Reliability Program Management.
- Procurement decreases by \$37.3 million in FY99 compared to the FY98 Reforecast.
- Bus Acquisition is reduced by \$35.2 million in Equipment Engineering Cost Center (transferred from Operations) to reflect bus purchase delivery schedule and cash flow. An offset increase impacts Materiel for \$552,450 for acquisition of Capital Equipment for Bus Operating Facilities and General Services Maintenance Equipment.
- Warranty credit is an offsetting increase to the reduction in Procurement's expenses. Warranty credit for manufacturers' compensation for MTA claims in goods returned was included in the FY98 Reforecast as a credit revenue of a negative \$1.9 million offsetting expenses. That credit is removed for FY99 as its definition has changed from a revenue credit to cost avoidance or a reduction in expenditures.
- Non-Department Materiel's legally required advertising for MTA's consolidated budget decreased by \$125,100.

Office Of Procurement

Department FTE's	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Material Management	141	135	181
Proc/Contract Admin	49	49	47
Acquisition Warranty	41	47	47
Executive Office, Procurement	0	0	6
Construction Procurement	68	62	57
Total	299	294	338

Expenditures (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Material Management	8,331	10,106	13,574
Proc/Contract Admin	4,023	3,913	3,852
Acquisition Warranty	64,577	114,151	70,743
Executive Office, Procurement	0	0	583
Construction Procurement	4,602	6,262	6,512
Sub Total Department	81,532	134,432	95,265

Non-Departmental-Materiel	0	2,286	4,111
Sub Total Non-dept.	0	2,286	4,111

Total Non-dept & Dept	81,532	136,718	99,376
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Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	3,140	3,455	5,065
Non-Contract Wages	7,606	9,398	10,783
Fringe Benefits	7,395	8,004	8,485
Professional & Tech Services	14,691	11,975	4,470
Contract Services	69	208	45
Fuels & Lubricants/Utilities	5	0	127
Material & Supplies	4,752	2,484	4,211
Casualty & Liability	0	0	0
Acquisitions	43,630	100,354	65,687
Other	245	839	502
Sub Total	81,533	136,718	99,376
Overhead	0	0	0
Total	81,532	136,718	99,376

Office Of Procurement Material Management

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	2,757	2,698	4,178
Non-Contract Wages	2,036	2,206	2,671
Fringe Benefits	2,996	2,934	3,958
Professional & Tech Services	(30)	61	119
Contract Services	71	31	30
Fuels & Lubricants/Utilities	2	0	11
Material & Supplies	500	684	497
Acquisitions	(23)	1,458	2,009
Other	23	34	101
Sub Total	8,331	10,106	13,574
Overhead	0	0	0
Total	8,331	10,106	13,574

FTEs	141	135	181
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Non-Department Expenditure Type	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Fringe Benefits	0	0	0
Professional & Tech Services	0	816	681
Fuels & Lubricants/Utilities	0	0	0
Material & Supplies	0	1,470	3,430
Sub Total	0	2,286	4,111
Total	0	2,286	4,111

Comments

Non-departmental obsolescence and adjustments in material and supplies for Bus Operations Parts Inventory is \$3.4 million. The remainder \$0.7 million is for MTA's consolidated budget for legally required advertising. Non-departmental was centralized in one agency-wide department in FY97.

Office Of Procurement Proc/Contract Admin

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	208	194	191
Non-Contract Wages	1,962	2,310	1,903
Fringe Benefits	1,354	1,268	1,049
Professional & Tech Services	384	47	535
Contract Services	5	0	0
Fuels & Lubricants/Utilities	0	0	0
Material & Supplies	35	68	116
Acquisitions	0	0	0
Other	74	26	59
Sub Total	4,022	3,913	3,852
Overhead	1	0	0
Total	4,023	3,913	3,852
FTEs	49	49	47

Office Of Procurement Acquisition Warranty

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	174	563	695
Non-Contract Wages	1,254	1,591	1,579
Fringe Benefits	891	2,235	1,200
Professional & Tech Services	14,327	9,794	3,056
Contract Services	(13)	177	16
Fuels & Lubricants/Utilities	3	0	116
Material & Supplies	4,193	222	130
Acquisitions	43,653	98,896	63,678
Other	96	672	274
Sub Total	64,578	114,151	70,743
Overhead	(1)	0	0
Total	64,577	114,151	70,743
FTEs	41	47	47

Office Of Procurement Executive Office, Procurement

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Non-Contract Wages	0	0	366
Fringe Benefits	0	0	172
Professional & Tech Services	0	0	20
Material & Supplies	0	0	2
Other	0	0	24
Sub Total	0	0	583
Overhead	0	0	0
Total	0	0	583
FTEs	0	0	6

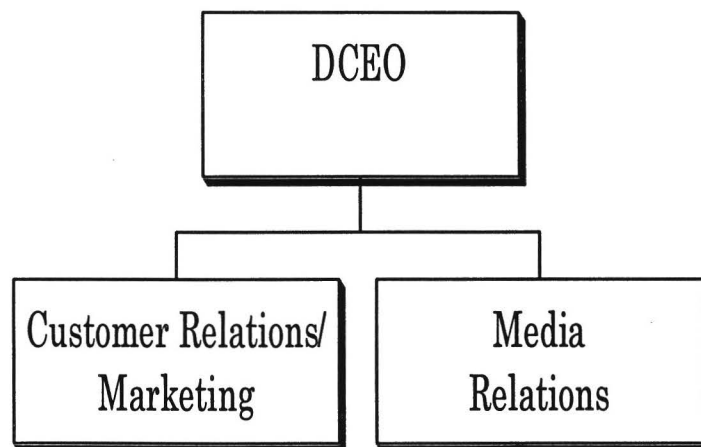
Office Of Procurement Construction Procurement

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	1	0	0
Non-Contract Wages	2,353	3,291	4,265
Fringe Benefits	2,154	1,568	2,106
Professional & Tech Services	10	1,257	60
Contract Services	7	0	0
Fuels & Lubricants/Utilities	0	0	0
Material & Supplies	25	40	37
Casualty & Liability	0	0	0
Acquisitions	0	0	0
Other	52	107	44
Sub Total	4,602	6,262	6,512
Overhead	0	0	0
Total	4,602	6,262	6,512

FTEs	68	62	57
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Communications



CUSTOMER RELATIONS / MARKETING AND MEDIA RELATIONS

Customer Relations / Marketing creates information materials and promotional programs to help customers understand MTA services. It provides Metro Information - individualized customer service to the bus and rail-riding public as well as customer information, which handles comment and complaint input from the general public. Media Relations develops and implements all press events and contact. It provides information materials to help management communicate MTA services internally and externally.

FY99 Objectives and Strategies

Objective	Strategy
<ul style="list-style-type: none"> • Manage \$12.3 million revenue producing bus advertising contract & initiate rail advertising. 	<ul style="list-style-type: none"> • Manage contract. Resolve FTA/contract issues related to advertising space on rail.
<ul style="list-style-type: none"> • Communicate all necessary Metro System information in the most efficient and cost-effective manner possible. 	<ul style="list-style-type: none"> • Inform riders of service enhancements mandated by consent decree/BRU. • Support safety awareness efforts for employees and Metro riders. • Increase website content and ease-of-use.
<ul style="list-style-type: none"> • Generate a minimum of \$650,000 from film leasing. 	<ul style="list-style-type: none"> • Coordinate all MTA leases of rail stations, facilities & buses for filming & events.
<ul style="list-style-type: none"> • Reduce and maintain Metro Information Center average customer waiting time to 4-6 minutes. 	<ul style="list-style-type: none"> • Utilize part time employees to augment staff during peak call periods & weekends. • Maintain statistical/database accuracy to expedite call research & reduce call length.
<ul style="list-style-type: none"> • Improve customer access and complaint processing. 	<ul style="list-style-type: none"> • Reduce caller wait time by directing call to action departments. • Respond to requests w/ estimated turnaround time for timetable, map & brochure mailings. • Implement new computerized complaint report input & distribution process.
<ul style="list-style-type: none"> • Expand current call volume with staff configuration. 	<ul style="list-style-type: none"> • Increase automated (self-help) access to transit information with 4 new enhancements.
<ul style="list-style-type: none"> • Bolster MTA's credibility and support from customers and other stakeholders by increasing public awareness of what MTA is doing to improve transportation in LA County. 	<ul style="list-style-type: none"> • Promote ridership on Hollywood Metro Rail extension, new buses & bus service inaugurated to meet Consent Decree, & other transportation improvements. • Improve response time to media calls during regular & off hours including emergencies. • Concentrate on servicing Hispanic & other ethnic media as well as electronic & business.
<ul style="list-style-type: none"> • Help management attain its business goals by building a bridge of communications with agency leadership, employees & stakeholders. 	<ul style="list-style-type: none"> • Publish Metro Family Newsletter, bi-monthly.

CUSTOMER RELATIONS / MARKETING AND MEDIA RELATIONS

Major Budget Variances

- Communications Division is restructured, eliminating the Executive Office, Communications Unit. The Media Relations and Customer Relations/Marketing departments will report directly to the DCEO, reducing 1 Assistant Director of Media Relations and the Deputy Executive Officer (DEO) of Marketing.
- The new Communications budget (without Government Relations, Public Affairs and Metro Art) decreases by \$2.4 million in FY99 compared to the FY98 Reforecast. Most of the decrease is made up of a reduction in non-contract FTEs, and almost \$1.5 million reductions in Services. The reduction in services was primarily in Marketing, which reduced services by \$1.3 million to FY97 actual expenditures level.
- Government Relations department reports directly to DCEO, Office of the CEO, and is not included in the Communications unit. This represents a transfer of 8 FTEs in FY99, which is a reduction of 2 FTEs from FY98 levels.
- Metro Art and Public Affairs departments are transferred to the Construction Division in FY99, which represents a transfer of 14 FTEs. The combined FTE budget for these two departments in FY98 was 33. These two departments were reduced by 19 FTEs in FY99, which were primarily caused by the demobilization of the rail projects.
- Media Relations is reduced by 4 FTEs from 11 to 7. The Media Relations department, which includes roll-ups of FY98 Internal Communications, Public Relations and Media Relations, is budgeted at 7 FTEs in FY99. This is reduced from the FY98 Reforecast budget which included 3.42 FTEs in Internal Communications, 1.42 FTE in Public Relations and 6 FTEs in Media Relations. Internal Communications is eliminated. The function will be incorporated in the Human Resources department, reducing 2 FTEs and 1 FTE is being absorbed in Media Relations.
- The Marketing Budget was reduced by 7 in FY99, from 19 to 12 FTEs, including the elimination of 1 DEO.
- Customer Relations, based on Board action, increased by 8.5 contract employees to reduce call wait times and to coordinate service with MTA's partners, other transit service providers and to reopen Metro information on Sundays. This is an increase from 102 to 110.5 Customer Information Agents.

Communications

Department FTE's	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Executive Office, Communications	7	4	0
Media Relations	12	11	7
Marketing	26	19	12
Customer Relations	128	126	134
Total	173	160	153

Expenditures (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Executive Office, Communications	657	438	0
Media Relations	1,102	1,036	591
Marketing	4,778	3,801	2,206
Customer Relations	6,584	6,499	6,576
Sub Total Department	13,121	11,775	9,373

Sub Total Non-dept.			
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Total Non-dept & Dept	13,121	11,775	9,373
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Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	2,635	2,721	2,889
Non-Contract Wages	3,556	2,912	1,898
Fringe Benefits	3,933	3,393	2,958
Professional & Tech Services	1,086	2,305	864
Contract Services	1,390	62	21
Fuels & Lubricants/Utilities	0	0	0
Material & Supplies	409	281	196
Acquisitions	0	0	0
Other	112	102	547
Sub Total	13,121	11,775	9,373
Overhead	0	0	0
Total	13,121	11,775	9,373

Communications Executive Office, Communications

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	0	0	0
Non-Contract Wages	311	248	0
Fringe Benefits	279	119	0
Professional & Tech Services	0	45	0
Material & Supplies	7	5	0
Other	59	21	0
Sub Total	657	438	0
Overhead	0	0	0
Total	657	438	0

FTEs	7	4	0
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Communications Media Relations

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	(64)	0	0
Non-Contract Wages	596	561	321
Fringe Benefits	331	273	155
Professional & Tech Services	78	130	90
Contract Services	77	11	0
Fuels & Lubricants/Utilities	0	0	0
Material & Supplies	76	42	18
Acquisitions	0	0	0
Other	8	19	7
Sub Total	1,102	1,036	591
Overhead	0	0	0
Total	1,102	1,036	591
FTEs	12	11	7

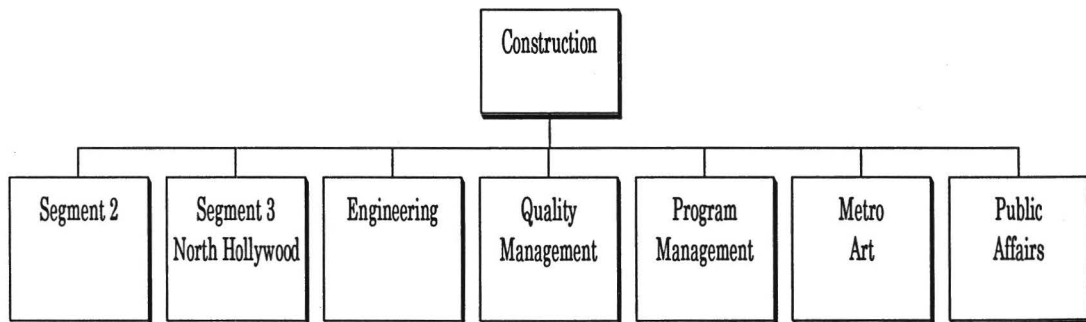
Communications Marketing

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	15	0	0
Non-Contract Wages	1,492	1,082	553
Fringe Benefits	935	543	264
Professional & Tech Services	729	2,013	744
Contract Services	1,290	0	0
Fuels & Lubricants/Utilities	0	0	0
Material & Supplies	281	135	112
Acquisitions	0	0	0
Other	35	29	534
Sub Total	4,778	3,801	2,206
Overhead	0	0	0
Total	4,778	3,801	2,206
FTEs	26	19	12

Communications Customer Relations

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	2,683	2,721	2,889
Non-Contract Wages	1,157	1,020	1,024
Fringe Benefits	2,387	2,458	2,538
Professional & Tech Services	280	117	30
Contract Services	23	51	21
Fuels & Lubricants/Utilities	0	0	0
Material & Supplies	44	100	67
Other	10	34	6
Sub Total	6,584	6,499	6,576
Overhead	0	0	0
Total	6,584	6,499	6,576
FTEs	128	126	134

Construction



CONSTRUCTION

Construction oversees all aspects of Metro Engineering and Construction projects. Quality Management implements the administration and control measures during design, procurement, construction, installation, testing, start-up, and turnover that assure the transit system meets the expectations of ultimate customers. Engineering provides full and part-time engineering support for the Metro Red Line Segment 2, Metro Red Line Segment 3, Metro Green Line, L A Rail Car projects and systemwide activities. Program Management monitors construction's impact on the financial resources of the MTA; developing and consolidating project financial status data into short range and long range cash management and strategic planning tools; evaluating and coordinating all program and project schedules and cost controls; forecasting and reporting all activities for rail transit projects; monitoring and tracking baseline, design, and contract changes; providing document controls for project records and documents; and specialized information system support.

FY99 Objectives and Strategies

Objective	Strategy
<ul style="list-style-type: none"> • Provide leadership, direction, oversight and support to MRL - Seg 2 Team, MRL - Seg 3 Team, MGL Team, LA Rail Car Team, and oversight to the Construction Division. 	<ul style="list-style-type: none"> • Establish & monitor short and long term goals and objectives towards successful project completion • Provide administrative support to project team • Review & submit accurate & timely Board reports. • Manage project scope and cost impacts. • Provide technical and administrative project management guidance and assistance.
<ul style="list-style-type: none"> • Effective management of quality requirements for Metro Projects. 	<ul style="list-style-type: none"> • Direct and Monitor Quality Management Department Staff and Resources.
<ul style="list-style-type: none"> • To assure effective modification work for MRL Seg 1,2,3 and all other projects. 	<ul style="list-style-type: none"> • Audit-Surveillance of Contractor & Construction Manager Activities.
<ul style="list-style-type: none"> • Meet engineering needs of all rail projects at minimum cost. 	<ul style="list-style-type: none"> • Provide engineering staff in cost-effective manner. • Provide programwide support functions.
<ul style="list-style-type: none"> • Coordinate, develop, & monitor relocation of utilities. 	<ul style="list-style-type: none"> • Provide staff necessary to meet all timely processing dates
<ul style="list-style-type: none"> • Provide support to MTA work on claims & work orders for projects. 	<ul style="list-style-type: none"> • Supply products in accord with project schedules
<ul style="list-style-type: none"> • Complete all FY 99 scheduled activities to support SEG 2B ROD of May 1999 	<ul style="list-style-type: none"> • Plan & coordinate rail activation activities to support SEG 2B ROD & A650 testing activities.
<ul style="list-style-type: none"> • Restore Barnsdall Park. 	<ul style="list-style-type: none"> • Complete restoration & return site to City of L.A.
<ul style="list-style-type: none"> • Complete stations. 	<ul style="list-style-type: none"> • Close-out contracts except pending litigation.
<ul style="list-style-type: none"> • Provide cost, schedule, & labor information management system support to the projects & support departments. 	<ul style="list-style-type: none"> • Develop project cashflow expenditures by funding source, develop and implement LIM System.
<ul style="list-style-type: none"> • Support baseline, design, and contract change process, status monitoring, tracking and reporting. 	<ul style="list-style-type: none"> • Coordinate with technical & procurement staff to provide process & information system tools necessary to manage change process.
<ul style="list-style-type: none"> • Minimize costs of mitigating chemical hazards during construction. 	<ul style="list-style-type: none"> • Do not allow more than 5 construction delays per year due to chemical hazards.
<ul style="list-style-type: none"> • Manage environmental compliance activities to provide environmental clearances while minimizing costs & schedule delays. 	<ul style="list-style-type: none"> • Perform non-specialty environmental work. Establish general support work orders for specialty environment work before needs are generated.

CONSTRUCTION

Major Budget Variances

- Construction encompasses the following functions: Quality Management, Engineering, Construction, and Program Management. Additionally, Metro Art, Public Affairs, and all construction engineering activities have been transferred to the Construction Division for FY99. Design and construction of Segment 3-Eastside, Mid-Cities and the Pasadena Blue Line have been suspended in the coming fiscal year.
 - Transfer in of Metro Art from Communications, focusing responsibility on completion of Segment 2 and North Hollywood art projects. In FY99, this transfer accounts for 5 FTEs and \$618K in expenses.
 - Transfer in Public Affairs functions from Communications and reduce the scope to only community outreach to support of construction projects, construction impact management for Vermont/Hollywood Metro Red Line corridors and North Hollywood, and public outreach for fulfillment of ADA Title II requirements. In FY99, this transfer accounts for 8.5 FTEs and \$1.7 million in expenses.
 - Public Affairs includes \$817K in contract services for Hollywood mitigation projects and activities.
 - Executive Office is reducing 10 FTEs for project management and administrative support due to demobilization.
 - Quality Management is decreasing 2 FTEs in audit and manager classifications.
 - Construction Engineering is reducing 23 FTEs for less engineering and field support costs for Segment 3-North Hollywood and suspended projects.
 - Transit Facilities Engineering function is being transferred to Construction to consolidate all MTA engineering activities. The FY99 budget for this function includes 17 FTEs and \$22.4 million in expenses.
 - \$58.3 million is included in FY99 Construction budget to complete Segment 2 and start-up of revenue operations.
 - \$271.6 million is budgeted in the Construction unit for Segment 3 - North Hollywood which is an increase of \$58.4 million over FY98 for engineering and design services, station construction and equipment.
 - Continue leadership and direction for rail car projects; \$3 million is included for testing and start-up of P2000 project.
 - Acquisitions includes \$5.8 million in to complete Metro Green Line Maintenance of Way facility.
 - \$5.2 million for design and acquisition expenses for automated train control.
 - \$4.8 million is included in FY99 budget to provide engineering for the Long Beach Blue Line station platform extension project.
 - \$475K is budgeted to manage the ADA Car Walkway Barriers Project
 - \$138K is included to upgrade and maintain electronic information systems such as Labor Information Management System (LIMS) and Change Order Control System (CCS).

Construction

Department FTE's	FY 97 Actual	FY 98 Recfst	FY 99 Budget
Metro Art	9	6	5
Public Affairs	45	27	9
Executive Office, Construction	26	22	12
Quality Management	19	18	16
Engineering	98	98	73
Construction	29	27	30
Program Management	45	39	38
Total	271	237	183

Expenditures (\$000)	FY 97 Actual	FY 98 Recfst	FY 99 Budget
Metro Art	604	852	617
Public Affairs	8,483	5,090	2,501
Executive Office, Construction	6,123	2,657	1,403
Quality Management	1,799	1,571	1,370
Engineering	16,937	31,153	34,865
Construction	3,051	2,834	2,770
Construction Contracts	494,854	479,910	418,970
Program Management	4,749	3,918	3,332
Sub Total Department	536,601	527,985	465,829

Sub Total Non-dept.			
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Total Non-dept & Dept	536,601	527,985	465,829
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Expenditure Type (\$000)	FY 97 Actual	FY 98 Recfst	FY 99 Budget
Contract Wages	204	0	0
Non-Contract Wages	13,848	12,838	10,281
Fringe Benefits	11,518	6,572	5,769
Professional & Tech Services	164,389	117,684	82,045
Contract Services	5,456	897	1,124
Fuels & Lubricants/Utilities	403	0	46
Material & Supplies	2,384	1,093	333
Casualty & Liability	(885)	3	0
Debt/Interest	0	0	0
Acquisitions	350,042	390,826	385,809
Subsidies	0	0	0
Other	(10,762)	(1,928)	(19,577)
Sub Total	536,597	527,985	465,829
Overhead	4	0	0
Total	536,601	527,985	465,829

Construction Metro Art

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	0	0	0
Non-Contract Wages	305	288	273
Fringe Benefits	190	139	133
Professional & Tech Services	54	96	95
Contract Services	4	296	78
Fuels & Lubricants/Utilities	0	0	0
Material & Supplies	34	5	14
Casualty & Liability	0	3	0
Debt/Interest	0	0	0
Acquisitions	1	0	0
Other	16	25	24
Sub Total	604	852	617
Overhead	0	0	0
Total	604	852	617
FTEs	9	6	5

Construction Public Affairs

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	1	0	0
Non-Contract Wages	1,497	1,099	362
Fringe Benefits	933	520	175
Professional & Tech Services	530	1,538	313
Contract Services	4,085	479	1,043
Fuels & Lubricants/Utilities	0	0	11
Material & Supplies	112	236	38
Acquisitions	52	44	0
Other	1,273	1,175	559
Sub Total	8,483	5,090	2,501
Overhead	0	0	0
Total	8,483	5,090	2,501
FTEs	45	27	9

Construction Executive Office, Construction

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	1	0	0
Non-Contract Wages	1,381	1,400	827
Fringe Benefits	1,243	696	480
Professional & Tech Services	3,066	305	0
Contract Services	102	0	0
Fuels & Lubricants/Utilities	(3)	0	0
Material & Supplies	37	78	39
Acquisitions	177	0	0
Other	119	179	56
Sub Total	6,123	2,657	1,403
Overhead	0	0	0
Total	6,123	2,657	1,403
FTEs	26	22	12

Construction Quality Management

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	1	0	0
Non-Contract Wages	920	984	884
Fringe Benefits	830	500	430
Professional & Tech Services	31	37	35
Material & Supplies	7	15	5
Other	11	34	16
Sub Total	1,799	1,571	1,370
Overhead	0	0	0
Total	1,799	1,571	1,370
FTEs	19	18	16

Construction Engineering

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	201	0	0
Non-Contract Wages	5,613	5,289	4,104
Fringe Benefits	4,537	2,801	2,626
Professional & Tech Services	1,198	925	6,547
Contract Services	32	82	3
Fuels & Lubricants/Utilities	52	0	35
Material & Supplies	1,964	195	111
Casualty & Liability	15	0	0
Acquisitions	3,259	21,668	21,328
Other	62	194	111
Sub Total	16,933	31,153	34,865
Overhead	4	0	0
Total	16,937	31,153	34,865

FTEs	98	98	73
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Construction Construction

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Recfst	FY 99 Budget
Contract Wages	0	0	0
Non-Contract Wages	1,647	1,568	1,716
Fringe Benefits	1,517	759	884
Professional & Tech Services	0	204	41
Fuels & Lubricants/Utilities	0	0	0
Material & Supplies	8	70	28
Acquisitions	(133)	0	0
Other	13	233	102
Sub Total	3,051	2,834	2,770
Overhead	0	0	0
Total	3,051	2,834	2,770
FTEs	29	27	30

Construction Construction Contracts

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Recfst	FY 99 Budget
Non-Contract Wages	0	0	0
Fringe Benefits	0	0	0
Professional & Tech Services	159,611	114,556	74,963
Contract Services	1,232	40	0
Fuels & Lubricants/Utilities	353	0	0
Material & Supplies	133	5	0
Casualty & Liability	(900)	0	0
Acquisitions	346,686	369,114	364,482
Subsidies	0	0	0
Other	(12,261)	(3,805)	(20,474)
Sub Total	494,854	479,910	418,970
Overhead	0	0	0
Total	494,854	479,910	418,970

Construction Program Management

Department Expenditure Type (\$000)	FY 97 Actual	FY 98 Recfst	FY 99 Budget
Contract Wages	0	0	0
Non-Contract Wages	2,484	2,210	2,115
Fringe Benefits	2,269	1,157	1,041
Professional & Tech Services	(100)	23	52
Contract Services	0	0	0
Material & Supplies	90	490	96
Acquisitions	0	0	0
Other	6	37	28
Sub Total	4,750	3,918	3,332
Overhead	0	0	0
Total	4,749	3,918	3,332
FTEs	45	39	38

NON-DEPARTMENTAL

Non-Departmental contains expenses not allocated to specific departments.

FY99 Objectives and Strategies

Objective	Strategy
• Not Applicable.	• Not Applicable.

Major Budget Variances

Non-Departmental contains the Board contingency, and Non-Contract salary increases.

Non-Departmental

Department FTE's	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Total			

Expenditures (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Non-Departmental	0	0	0
Sub Total Department	0	0	0

Non-Departmental	1,185,180	(1,362)	2,460
Deputy Chief Executive Office	218	0	0
Sub Total Non-dept.	1,185,398	(1,362)	2,460

Total Non-dept & Dept	1,185,399	(1,362)	2,460
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Expenditure Type (\$000)	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	1,327	0	0
Non-Contract Wages	1,621	0	1,900
Fringe Benefits	(1,223)	0	0
Professional & Tech Services	12,665	0	2,500
Contract Services	11,353	0	0
Purchased Transportation	15,653	0	0
Fuels & Lubricants/Utilities	16,145	0	0
Material & Supplies	5,062	0	0
Casualty & Liability	30,317	0	0
Debt/Interest	630,005	0	0
Acquisitions	(1,360)	0	0
Subsidies	441,911	0	0
Other	26,959	787	(1,940)
Sub Total	1,190,435	787	2,460
Overhead	(5,037)	(2,149)	0
Total	1,185,399	(1,362)	2,460

Non-Departmental Non-Departmental

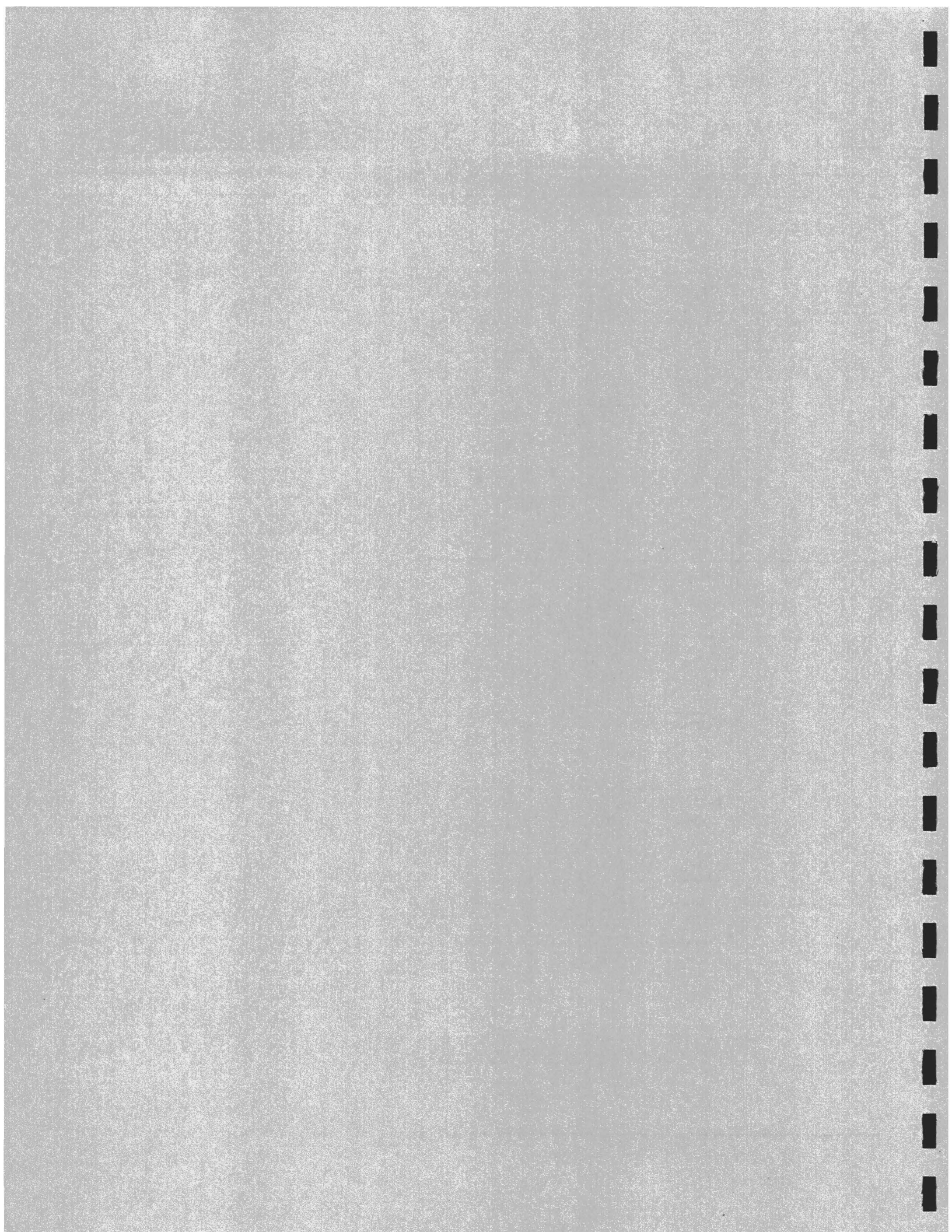
Non-Department Expenditure Type	FY 97 Actual	FY 98 Refcst	FY 99 Budget
Contract Wages	1,327	0	0
Non-Contract Wages	1,621	0	1,900
Fringe Benefits	(1,223)	0	0
Professional & Tech Services	12,665	0	2,500
Contract Services	11,353	0	0
Purchased Transportation	15,653	0	0
Fuels & Lubricants/Utilities	16,145	0	0
Material & Supplies	5,062	0	0
Casualty & Liability	30,317	0	0
Debt/Interest	630,005	0	0
Acquisitions	(1,360)	0	0
Subsidies	441,911	0	0
Other	26,959	787	(1,940)
Sub Total	1,190,435	787	2,460
Overhead	(5,037)	(2,149)	0
Total	1,185,398	(1,362)	2,460

Comments

Non-departmental contains expenses not allocated to specific departments such as the Board contingency, and Non-Contract salary increases. Non-departmental was centralized in one agency-wide department in FY97.

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APPENDICES



APPENDIX A

FY99 BUDGET AND WORKOUT TEAMS CALENDAR

<i>Date</i>	<i>Activity</i>	<i>Milestone</i>
December, 1997	Budget System preparation	Update budget input and analysis system for changes to data input and format requirements. Prepare materials for system training sessions.
	Initiate FY99 Capital Improvement Plan	Implement the process to develop capital plan for projects to be funded in FY99.
January, 1998	FY99 Budget and Business Plan Kick-off	The CEO convened a session with all management to launch FY99 and provide guiding principles for the process.
February	Kick-off of Management Work-out teams	Ten teams, consisting of internal staff and an external consultant, established to review significant cost drivers to the agency with a goal to develop cost efficiencies for the FY99 budget as well as long term business process changes.
	First-Pass Unit Reviews	Executive Officers presented their preliminary operating and capital budgets, proposed economies and strategic goals and objectives to the Executive Management Team and OMB.
March	Second-Pass Unit Reviews	Executive Officers presented their budget proposals and Management Action Plans for review and evaluation to Executive Management Team and OMB.
April	Review of recommendations for the first five workout teams	The first five Management Work-Out Teams presented their findings and proposed efficiencies to the Executive Management Team and OMB.
	Service assumptions finalized	An inter-departmental team, consisting of Operations, Planning and OMB, reviewed and finalized the key components for transit service assumptions.
	Review of recommendations for the remaining five workout teams	The remaining five Management Work-Out Teams presented their findings and proposed efficiencies to the Executive Management Team and OMB.
	Finalize Capital Improvements Plan	OMB completed funding for the FY99 capital requests based on available eligible revenue.
May	Revenue allocations finalized	Revenue sources allocated to eligible projects for FY99.
	Debt plan finalized	The Treasury Department completed the development of bonding requirements based on FY99 budgeted expenditures.
	Budget Book and Business Plan completed	FY99 Budget books completed for publication and distribution.
June	Board Briefings and workshops	Sessions with Board members held to review FY99 operating and capital budgets and revenue assumptions.
	Board votes on FY99 Budget	Board votes to adopt the FY99 Budget and Business Plan.

FY00 BUDGET AND WORKOUT TEAMS CALENDAR

<i>Date</i>	<i>Activity</i>	<i>Milestone</i>
July, 1998 - August	Continue implementation of Work-out Team recommendations	Continue the implementation of Work-out Team recommendations by obtaining the buy-in of Executive Officers of proposed efficiencies.
September - December	Capital Improvement Plan	Implement process to develop FY00 capital expenditure requirements.
November	Develop assumptions for FY00 operating budget	Update budget input and analysis system for changes to data input and format requirements. Prepare materials for system training sessions.
	Update Budget Input and Analysis system in preparation for FY00 budget process	Develop premises and base assumptions for preparation of operating expense budget.
December - January	Departments prepare FY00 budgets	FY00 budgets prepared by cost centers to include line item account and project. Consolidation and reviews at unit levels.
February	Review and revision of operating budget submittals	Review of submittals by Executive Management Team and OMB. Reviews based on alignment with core business activities, comparative analysis and funding availability.
March	Allocate Capital Improvement Plan resources	OMB to fund for the FY00 capital requests based on available eligible revenue.
April	Publish Budget	At the end of the month, complete the preparation of FY00 Budget books for publication and distribution.

APPENDIX B: SENSITIVITY ANALYSIS OF SALES TAX REVENUES

Sales tax-based revenues, Proposition A and C and TDA, are forecast at a 4.2% growth over FY98 estimated revenues. As stated previously, this growth rate was conservatively estimated.

The following schedule shows estimated increases and decreases in these sales tax revenues if the growth rate should fluctuate from the plan. Based on ordinance category for Propositions A and C and MTA's formula share for TDA, MTA's estimated share of these sales-tax based revenues is 59% of the total. It is estimated Municipal Operators and other local Agencies' share is an estimated 41% of the total of these revenues.

This analysis is only designed to show the projected increases or decreases to sales-tax based revenues should the growth rate fluctuate from plan. MTA staff will provide information on sales tax based revenues throughout the fiscal year.

Sales Tax Based Revenues
Sensitivity Analysis
(\$ millions)

	3% Under Budget		2% Under Budget		1% Under Budget		FY99 Anticipated Revenues	1% Over Budget		2% Over Budget		3% Over Budget	
	1.2%	+/- Bdgt	2.2%	+/- Bdgt	3.2%	+/- Bdgt	4.2% growth over FY98 Revenues	5.2%	+/- Bdgt	6.2%	+/- Bdgt	7.2%	+/- Bdgt
Prop A	436.7	(12.9)	441.0	(8.6)	445.3	(4.3)	449.6	453.9	4.3	458.3	8.7	462.6	13.0
Proc C	438.6	(13.0)	442.9	(8.7)	447.3	(4.3)	451.6	455.9	4.3	460.3	8.7	464.6	13.0
TDA	222.0	(6.6)	224.2	(4.4)	226.4	(2.2)	228.6	230.8	2.2	233.0	4.4	235.2	6.6
Total	1,097.3	(32.5)	1,108.1	(21.7)	1,119.0	(10.8)	1,129.8	1,140.6	10.8	1,151.6	21.8	1,162.4	32.6
MTA		(19.1)		(12.8)		(6.4)	664.5		6.3		12.8		19.1
Munis/Other		(13.4)		(8.9)		(4.5)	465.4		4.4		8.9		13.4

APPENDIX C: FARE REVENUE

The attached Fare Revenue Summary chart shows the changes in total fare revenue between the FY98 Reforecast presented to the Board in November, 1998 and the FY99 Proposed Budget.

The Reforecast, approved by the Board in November, 1997, included an estimate of \$220.6 million for FY98. Since that estimate, boardings have increased, although more patrons are using discounted fare media, i.e. passes and tokens, which results in a revised FY98 estimate of \$224.5 million.

FY99 fare revenues are projected to continue an upward trend in increased bus and rail boardings and benefit from the additional increased boardings when the Red Line begins revenue operations to Hollywood and Vine in May, 1999. This upward trend is partially reduced by a projected continuation of the switch from cash to discount fare media. In addition, MTA is anticipating a 10 cent increase to the cash base fare to be implemented in November, 1998, consistent with CPI adjustments allowed under the Consent Decree.

The second schedule separates FY99 revenues into modal category - bus and rail and reflects the anticipated changes in each fare media - cash, passes, and tokens.

FY99 Fare Revenue Summary

	\$000	COMMENTS
FY98 REFORECAST	220,588	As presented to Board in November, 1998
POSTPONE RAIL FARE INCREASE	(1,700)	Reforecast assumed FY98 implementation, delayed until November, 1998
SWITCH TO DISCOUNT FARE MEDIA	(6,315)	Ongoing switch from cash to tokens and passes, based on January YTD
INCREASED BOARDINGS	<u>11,890</u>	Increase bus 5%, and rail 17%
FY98 FORECAST	224,463	Current forecast for total FY98
FY99 BOARDINGS INCREASE	5,399	Increase bus 2%, and rail 10%
MOS-2B	220	ROD May, 1998
SWITCH TO DISCOUNT FARE MEDIA	(7,893)	Ongoing switch from cash to tokens and passes, based on January YTD
FY99 FORECAST	222,188	Consistent with D. Woodbury forecast for FY99
BASE FARE INCREASE	<u>4,967</u>	per D. Woodbury implement November, 1998
POTENTIAL FY99 FARE REVENUE	<u>227,155</u>	Preliminary FY99 recommended Budget

REVENUE SERVICE HOURS (000)				
	MTA- BUS	P.T.	TOTAL	
			BUS	RAIL
FY98 REFORECAST	6,066	529	6,595	153
FY99 BUDGET	6,099	548	6,647	150

FY99 Fare Revenue Detail
(\$000)

ITEM	FY98 REFCST	DELAY FARE INC	DISCOUNT MEDIA	BOARDINGS	FY98 FORECAST	BOARDING	MOS-2B	DISCOUN MEDIA	FY99 FCST	BASE(1) FARE INC	BASE(2) FARE INC.	FY99 WITH INC.
BUS												
CASH	94,872	0	(9,201)	4,744	90,415	1,661	(76)	(11,501)	80,499	770	734	82,003
PASSES	60,453		1,923	3,023	65,399	1,210	(55)	2,404	68,958	0	0	68,958
TOKENS	<u>50,926</u>	<u>0</u>	<u>629</u>	<u>1,646</u>	<u>53,201</u>	<u>984</u>	<u>(45)</u>	<u>786</u>	<u>54,926</u>	<u>1,378</u>	<u>1,672</u>	<u>57,977</u>
TOTAL	206,251	0	(6,649)	9,413	209,015	3,855	(176)	(8,311)	204,384	2,148	2,406	208,938
RAIL												
CASH	6,416	(1,388)	(551)	706	5,183	518	133	(688)	5,145	104	113	5,362
PASSES	5,047	(3)	723	555	6,322	632	162	904	8,019	0	0	8,019
TOKENS	<u>2,874</u>	<u>(309)</u>	<u>162</u>	<u>1,216</u>	<u>3,943</u>	<u>394</u>	<u>101</u>	<u>202</u>	<u>4,640</u>	<u>94</u>	<u>102</u>	<u>4,836</u>
TOTAL	14,337	(1,700)	334	2,477	15,448	1,544	395	417	17,804	197	215	18,216
TOTAL												
CASH	101,288	(1,388)	(9,751)	5,449	95,598	2,179	57	(12,189)	85,644	874	847	87,365
PASSES	65,500	(3)	2,646	3,578	71,721	1,842	107	3,308	76,977	0	0	76,977
TOKENS	<u>53,800</u>	<u>(309)</u>	<u>791</u>	<u>2,862</u>	<u>57,144</u>	<u>1,378</u>	<u>56</u>	<u>988</u>	<u>59,566</u>	<u>1,472</u>	<u>1,774</u>	<u>62,812</u>
TOTAL	<u>220,588</u>	<u>(1,700)</u>	<u>(6,315)</u>	<u>11,890</u>	<u>224,463</u>	<u>5,399</u>	<u>220</u>	<u>(7,893)</u>	<u>222,188</u>	<u>2,346</u>	<u>2,621</u>	<u>227,155</u>
% TOTAL												
CASH	45.9%	81.6%	154.4%	45.8%	42.6%	40.4%	25.8%	154.4%	38.5%	37.3%	32.3%	38.5%
PASSES	29.7%	0.2%	-41.9%	30.1%	32.0%	34.1%	48.6%	-41.9%	34.6%	0.0%	0.0%	33.9%
TOKENS	<u>24.4%</u>	<u>18.2%</u>	<u>-12.5%</u>	<u>24.1%</u>	<u>25.5%</u>	<u>25.5%</u>	<u>25.6%</u>	<u>-12.5%</u>	<u>26.8%</u>	<u>62.7%</u>	<u>67.7%</u>	<u>27.7%</u>
TOTAL	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Notes:

FY98 Reforecast per November, 1998 Board meeting
 FY99 forecast per D. Woodbury; except MOS2B
 MOS2B ROD May, 1999
 Base assumes fare increase rounded to nearest nickel

Blue 7,072
 Red 6,850
 Green 4,294
 Total Rail 18,216

APPENDIX D: DESCRIPTION OF DEBT INSTRUMENTS

Sales Tax Revenue and Refunding Bonds - Sales Tax Revenue Bonds consist of Proposition A and C bonds which were issued to provide funds for the acquisition and construction of major capital facilities. Sales tax revenue refunding bonds (refunding bonds) are issued to provide funds for retiring previously issued sales tax revenue bonds. Generally, refunding bonds reduce debt service costs of the MTA as a result of more favorable interest rates being available.

Redevelopment and Housing Bonds - In 1992 the MTA entered into an agreement with the Community Redevelopment Agency of the City of Los Angeles (CRA) for financing the Grand Central Square Multi-family Housing and Redevelopment Project. Under this agreement, a housing bond and a redevelopment bond were issued, secured by real property of the Grand Central Square Project. The project is completed and MTA is currently making payments for the debt service related to these bonds.

Lease Cross Border - In 1990, lease revenue bonds were issued to finance the purchase of light rail cars through a cross-border lease. Basic provision of the financing program called for the purchase price paid by the leasing agent to be paid 80% in U.S. Dollars and 20% in Japanese Yen. The lease arrangement has a purchase option equal to 10% of the original financing or (\$3,300,000) which is payable at the end of the lease term.

General Revenue Bonds - In 1996 these bonds were issued to refund the General Revenue 1995-A bonds which were used to finance the cost of the MTA headquarters building, including parking and related improvements.

Commercial Paper Notes - The MTA issues commercial paper notes (CPN), both taxable and tax exempt, with original maturity dates ranging from one to 270 days at various interest rates, currently averaging around 3.5% per annum. Under the terms of the notes, the MTA can rollover or extend the principal amounts due on the notes at each maturity. It is the intention of the MTA to pay the accrued interest and rollover or reissue the principal amounts as they mature. The proceeds from the CPNs are used to finance transit related activities, currently including rail construction related activities and land acquisitions.

Certificates of Participation (1992 Issue) - The purpose of these certificates is to provide a multiple-year worker's compensation self-insurance fund for the MTA.

Certificates of Participation (1991 Issue) - The MTA in association with the California Special Districts Association (CSDA), issued certificates of participation to provide supplementary financing for the procurement of buses and other equipment. The MTA is obligated to make lease payments to CSDA, and subsequently subleases the buses to other governmental agencies. These agencies are required to make payments to MTA that will equal the amount of the lease payments to the CSDA. In the event the amount received from the governmental agencies does not equal the lease payment to the CSDA, the MTA is required to use other available resources to make such lease payments.

Certificates of Participation (1992-B issue) - The MTA participated in the issuance of California Transit Finance Corporation Certificates of Participation 1992, Series B to finance the acquisition of 333 buses and related equipment.

Certificates of Participation (1992-C) - The MTA issued these certificates to finance the acquisition of buses and related equipment for the City of Torrance. The MTA is obligated to make lease payments to the California Transit Finance Corporation (CTFC). The City of Torrance repayment to MTA consists of its FTA Section 9 Capital Grant Funds and TDA funds. To the extent necessary to satisfy the City's obligation to MTA, its FTA and Prop A funds are also pledged for repayment.

Benefit Assessment District Revenue Bonds - The Benefit Assessment District Revenue Bonds, were issued to assist in the financing of the private sector portion of the Metro Rail Project. The A1 and A2 Bonds are solely payable from assessments paid by owners of assessable property within Districts A1 and A2, respectively, against which assessments have been or will be levied. These bonds do not constitute an indebtedness of the MTA and are payable solely from assessments levied on assessable properties. In the opinion of MTA officials, the total of this outstanding debt is not payable from any revenue or asset of the MTA. Accordingly, no liability is been recorded in MTA's financial statements nor budget allocated for debt service.

APPENDIX E: GLOSSARY OF TERMS

AA/DEIS	Alternatives Analysis/Draft Environmental Impact Statement.
ACCESSIBLE SERVICE	Transit vehicles equipped with wheelchair lifts.
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.
AFI	Alternate Fuel Initiative Bus - any fuel but diesel.
AQMD	Air Quality Management District. See SCAQMD.
ASI	Access Services Incorporated. ASI is a private non-profit corporation which is the Consolidated Transportation Services (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.
ATTB	Advanced Technology Transit Bus - A fuel cell powered, zero emissions, low floor, lightweight prototype transit bus that the LACMTA is helping to fund. It uses aerospace composite material for a curb weight 10,000 lbs. below current buses.
ATU	Amalgamated Transit Union. The union representing mechanics and other maintenance employees.
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.
BDOF OPERATORS	Business Development Operating Facility. Classification of revenue vehicle operators that have unique work and pay rules that allow the MTA to operate selected transit routes in a more cost-effective manner. Based on the UTU Collective Bargaining Agreement, BDOF Operators may only be assigned to "new service, any other service agreed upon the Authority and Union, and for the purpose of contracting directly with other transit providers, public and private, to provide service".
BOND	An interest-bearing promise to pay a specified sum of money due on a specified date.
BOS	Bus Operations Subcommittee.
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.
CALL FOR PROJECTS	Primary process for the selection of transportation improvement projects for funding with discretionary federal, state, and local revenues.
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 and Administrative overhead costs.
CLEAN FUELS	Lower polluting replacements for conventional diesel fuel. The state has mandated that all buses purchased after January 1, 1992 be clean-fueled.
CMA	Congestion Management Agency. In response to a state initiative, the LACMTA has been designated as the CMA for Los Angeles County.
CMAQ	Congestion Mitigation Air Quality. A source of federal ISTEA funds.
CMP	Congestion Management Program. A new, county-wide program enacted by the state to improve traffic congestion in California's urbanized areas.
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.
COP	Certificate of Participation. A debt obligation used to finance a capital project.
CPFF CM	Cost Plus - Fixed Fee Construction Management contract.
CPI	Consumer Price Index.
CPUC	California Public Utilities Commission.
CTC	California Transportation Commission. The state commission responsible for improving highway and transit-related capital improvements.

CTP	Corporate Transit Partnership. Program which provides transit service marketing and information to corporations and large employment centers.
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).
DAR	Dial-a-Ride. Curb-to-curb transit service provided to the general public and/or elderly or disabled persons.
DBE	Disadvantaged Business Enterprise. Businesses owned and operated primarily by minorities and women.
DEBT SERVICE FUND	Fund which accounts for those resources used to repay the principal and interest on long-term debt.
DOE	United States Department of Education
DOJ	United States Department of Justice - The LACMTA has a multi-year grant from the DOJ for community policing.
DOT	United States Department of Transportation.
ECCT	Eastside Communications Coordination Team - Comprised of representatives from cross-functional departments involved with Eastside concerns such as Real Estate, Construction, Procurement, County Counsel, Public Affairs, Government Relations, Operations and Regional Planning.
ECONOMIC IMPACT PROGRAM	The purpose of this program is to provide funds for affected individuals or entities who may be subjected to economic losses as a result of the MTA's construction program. The budget allocated for this program is for "as-needed" occurrences only.
EIR	Environmental Impact Report. A detailed statement prepared under the California Environmental Quality Act (CEQA) describing and analyzing the significant environmental effects of a project and discussing ways to avoid or mitigate the effects.
EIS	Environmental Impact Statement. Same as EIR, except prepared under the (federal) National Environmental Policy Act.
ENCUMBRANCES	Commitments related to the unperformed portion of a contract for goods or services.

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 UNITS	Passenger revenue divided by the base cash fare.
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.
FCR	Flexible Congestion Relief. A federal program of capital improvements to relieve congestion by building/enhancing highways.
FFGA	Full-Funding Grant Agreement. Agreement with the FTA for the funding of Metro Rail Segments.
FIS	Financial Information System. An 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 MTA fiscal year begins July 1 and ends June 30 of the following calendar year.
FSP	Metro Freeway Service Patrol - Service financed by the MTA which uses roving tow trucks to remove disabled vehicles and debris from freeways.
FTA	Federal Transit Administration. Formerly the Urban Mass Transportation Administration (UMTA).
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	The fund used to account for all resources not required to be reported in any other fund.
GFOA	Government Finance Officers Association.
GHQ	Gateway Headquarters building.
GIS	Geographic Information System - A technology that combines mapping and information stored as data to generate maps and reports to provide a planned and systematic approach to collecting and managing geography-based information with tabular databases linked by location.
GREENWAYS	Pedestrian, bicycle, and transit parkways often built on existing rail rights-of-way.
HCIP	Hollywood Construction Impact Program. Metro Red Line - Segment 2 construction impact mitigation. Major components are security, community outreach, and cleaning and graffiti removal.
HEAVY RAIL	A type of transit vehicle railway with the capacity for a "heavy volume" of traffic and characterized by exclusive rights-of-way, multi-car trains, high speed and rapid acceleration, sophisticated signaling, and high platform loading.
HOV LANES	High Occupancy Vehicle Lanes.
HRMIS	Human Resources Management Information System.
HSOPP	Highway Systems Operation and Protection Plan.
HUB MILES	Total miles driven by the bus fleet, including miles traveled out of service.
IMMEDIATE NEEDS PROGRAM	As a response to the L. A. riots, the LACMTA supports the First African Methodist Episcopal Church (FAME) and the International Institute of L.A. to distribute taxi vouchers and bus tokens in South Central L. A.
ISTEA	Intermodal Surface Transportation Efficiency Act of 1991.
JOB CLASSIFICATION	The official job title as assigned by the Human Resources Department.
JTPA	Job Training Partnership Act administered by the City of Los Angeles.
JOINT DEVELOPMENT	Projects which combine public and private resources to build mixed use development around transit station areas.

LA CAR	Los Angeles Car. Patterned after the Blue Line Car, the LA CAR will be a generic vehicle that will allow for upgrades in technology and automation.
LACBD	Los Angeles Central Business District.
LACMTA	Los Angeles County Metropolitan Transportation Authority.
LANI	Los Angeles Neighborhood Initiative - A non-profit corporation established by the City of Los Angeles Mayor's Office to improve transportation services, revitalize public spaces, and promote small business in Los Angeles neighborhoods.
LEVERAGE	Use of debt to match federal and state funding to expand current cash flows.
LIGHT RAIL	A type of electric transit vehicle railway with a "light volume" traffic capacity compared to "Heavy Rail". Light rail may be on exclusive or shared rights-of way, high or low platform loading, multi-car or single-car trains, automated or manually-operated (e.g., Blue Line).
LOSSAN	Los Angeles-San Diego Intercity Railway.
LRT	Light Rail Transit.
LRV	Light Rail Vehicle.
LTSS	Local Transit Systems Subcommittee
MAP	Management Action Plan.
MMS	Materiel Management System.
METRO BLUE LINE	Long-Beach-Los Angeles Light Rail Transit Project. A 22-mile electrically-powered light rail line constructed by the LACMTA and opened for service on July 14, 1990.
METRO GREEN LINE	Norwalk-El Segundo Light Rail Transit Project. A 20-mile electric rail line constructed by the LACMTA on the median of the I-105 freeway. It was opened for service August 12, 1995.
METRO RED LINE - SEGMENT 1	Segment 1 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 2	Wilshire/Alvarado west to Wilshire/Western opened for service in August of 1996. Wilshire/Vermont north to Hollywood/Vine is scheduled for completion in May, 1999.

METRO RED LINE - SEGMENT 3	Segment III of the total of the Metro Rail project under design. Segment III includes 3 branches: Branch 1 will be from Hollywood/Vine to Lankershim Blvd./Chandler Blvd.; Branch 2 will extend from Wilshire/Western to Pico/San Vicente; and Branch 3 is under study but will serve East Los Angeles.
METROLINK	The regional commuter rail system connecting Los Angeles, Orange, Riverside, San Bernardino, and Ventura counties. Service began in October 1992.
MODE	A particular form of transportation identified by the vehicle used i.e., bus, light rail, heavy rail, or automated guideway.
MOU	Memorandum of Understanding. A formal contractual agreement between two or more public agencies.
MOW	Maintenance of Way
MTA	Metropolitan Transportation Authority. Also known as LACMTA (See LACMTA).
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 which do not carry fare-paying passengers.
NTP	Notice To Proceed.
OFF-PEAK VEHICLES	Total revenue vehicles required to meet off-peak period service needs per weekday.
OVERHEAD	Expenses not directly chargeable to a particular program which support multiple programs of the LACMTA.
PERFORMANCE MEASURE	The means by which progress in meeting or attaining an objective may be demonstrated.

PHIM	Ports Highway Improvement Match. The MTA acts as an escrow agent and accumulates in this fund matching monies which are contributed by participating agencies in order to receive a Federal Demonstration Grant. Participating agencies are as follows: Caltrans, City of Los Angeles, City of Long Beach, Port of Los Angeles, and Port of Long Beach.
PORTS HIGHWAY IMPROVEMENT MATCHING FUND ACCOUNT	The Ports Highway Improvement Matching Fund Account, an escrow account, was jointly established in July, 1990 by the contributing agencies including the City and Port of Los Angeles, City and Port of Long Beach, and Caltrans for the delivery of the ports access demonstration projects. The MTA is responsible for the administration of the escrow account and facilitation of the Ports Highway Access Financial Planning Committee. It is anticipated that approximately \$10M be drawn from this account in FY99 for the projects.
PROPOSITION A	Sales tax initiative approved by Los Angeles County voters in 1980. It established one-half cent sales tax to be used for public transit.
PROPOSITION C	It established sales tax which was approved by the Los Angeles County voters in 1990. A one half-cent sales tax to be used for public transportation purposes.
PUC	Public Utilities Code or Commission.
PVEA	Petroleum Violation Escrow Account. A state Special Revenue Fund available to the LACMTA for transportation projects on a competitive basis.
RAN	Revenue Anticipation Note.
REGULATION XV	Trip Reduction Plan managed by the AQMD.
REVENUE VEHICLE	Vehicles which carry fare-paying passengers.
REVENUE VEHICLE HOURS	Total number of scheduled hours that a vehicle is in service. Excludes hours spent traveling to and from storage facilities and during other non-service travel.
REVENUE VEHICLE MILES	Total number of miles traveled by a vehicle operating on rails or tracks, bus, van trolley, ferry, cable car, or other vehicle used to provide public transportation for which a fare is collected. Excludes miles spent traveling to and from storage facilities and during other non-service travel.
ROD	Revenue Operations Date.

ROW	Right-of-Way. Land purchased for a transit system generally but not exclusively for rail.
RTIP	Regional Transportation Improvement Program. This plan is required in order for the region to qualify for federal funding, which is the basis for Los Angeles County input into the State Transportation Improvement Program (STIP).
RTP&D	Regional Transportation Planning & Development (RTP&D)
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.
SCAG	Southern California Association of Governments. The regional planning agency for Los Angeles, Imperial, Orange, Riverside, San Bernardino, and Ventura Counties.
SCAQMD	South Coast Air Quality Management District. Also known as AQMD.
SCRRA	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.
SECTION 15 OPERATING COSTS	Operating costs as defined by the FTA for reporting purposes; total operating costs less leases, rentals, and interest expense.
SFV	San Fernando Valley.
SGV	San Gabriel Valley.
SHORE PROGRAM	Support of the Homeless Re-entry Program. The LACMTA provides bus tokens to L.A. County shelters and missions.
SPECIAL REVENUE FUND	Fund used to account for resources which are legally or administratively restricted for specific purposes.
SRTP	Short Range Transit 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 was adopted by the California Transportation Commission (CTC) and serves as the primary vehicle for programming funds for highway projects.
TCM	Transportation Control Measures. Required actions under the Federal Clean Air Act; examples include bus transit, ridesharing, signal synchronization, and rail projects.
TCU	Transportation Communications Union. Union represents clerical workers.
TDA	Transportation Development Act. Created by state law in 1972, the TDA authorized the use of ¼ of 1% of the 6% state sales tax for transportation purposes. 1% of this revenue is allocated to the LACMTA for its transportation planning activities.
TDM	Transportation Demand Management. A series of programs to encourage ridesharing, reduction of air pollution, etc.
TEAMSTERS	Union representing security guards.
TIP	Transportation Improvement Program. The programming document which establishes allocation of funding for Los Angeles County highways and transit.
TOP	Transportation Occupations Program. Jointly sponsored by the LACMTA, local businesses, and school districts through which rail line pass. The program prepares young people for careers in transportation.
TPM	Transportation Performance Measurement. A program which monitors system performance of transit operators who receive federal and state formula-driven funds.
TPOA	Transit Police Officers Association. Union which represents peace officers.
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.
UTU	United Transportation Union. Union which represents bus operators, schedule makers, and schedule checkers.
VMS	Vehicle Maintenance System.

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