



# 1995-1996 BUDGET



***Fiscal Year 1996 Budget***



***Los Angeles County  
Metropolitan Transportation Authority***

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MESSAGE

# MESSAGE FROM FRANKLIN E. WHITE Chief Executive Officer

## Franklin E. White

The Fiscal Year 1996 budget for The Los Angeles County Metropolitan Transportation Authority (MTA) is the foundation for a multi-year strategy to complete the merger and place the MTA on firm financial ground. The FY96 budget is far more detailed than past budgets and contains major goals and objectives designed to steer us through the difficult times ahead.

Although we have faced many challenges in the past year, MTA staff have made significant gains in improving the organization and setting a course for the future.

In FY95, we:

- Provided bus and rail transit services to over 360 million passengers.
- Prepared the 20 Year Long Range Plan for Board adoption.
- Implemented the single manager concept and regionalization in Bus Operations.
- Initiated actions to restructure routes county-wide, starting with the San Fernando Valley.
- Worked to achieve on-schedule openings of the Green Line (Summer 1995) and the Gateway Intermodal Transit Center (Fall 1995).
- Implemented the Mercer classification/compensation system and ancillary benefits programs as a further step towards a unified MTA.

Achieving a balanced budget for FY96 was a significant accomplishment. As in FY95, we expect our revenue base to continue to decline, with losses in federal subsidies and with our inability to capture last year's Board-enacted fare increase. Although the increase in sales tax-based revenues published in the last quarter is expected to continue, our revenue base is still considerably less than we require to maintain current service levels.

Overall, we began the FY96 budget process with the potential for a \$108 million operating deficit. This resulted from net reductions in one-time and discretionary revenues of \$38 million and \$61 million in increased expenses from a 1.6% salary increase for non-represented and represented employees, increasing fuel costs and other inflationary impacts. Additionally, as part of our plan for improved financial management, we targeted a \$9 million set-aside to reduce a portion of the accumulated \$27 million operating deficit.

To eliminate the budget gap and create an organization that meets the needs of our constituencies while operating within our means, we developed an aggressive set of management and financial objectives. Our strategy is two-fold: reduce internal administrative and operating costs where possible, and minimize reliance on discretionary and one-time revenues. Internal cost reductions, detailed in the Operating Budget section, have resulted in a net reduction of over 600 positions,

representing approximately \$43 million in savings. The cost reductions have been achieved through re-engineering business processes, improving our cost effectiveness, and challenging our managers to do more with less.

While we have already become a more efficient and productive organization, there is still much to be done. As reflected in our goals, during the fiscal year, staff will aggressively pursue other cost effective alternatives to improve how we do business.

Key goals for FY96 include:

- 1 Develop a fully-unified MTA with consistent policies and procedures that inspire creativity, innovation, and dedication in our workforce.
  - 2 Commence the implementation of the 20 Year Long Range Plan.
  - 3 Improve the condition of bus interiors as a follow-up to the successful anti-graffiti program.
  - 4 Increase staff and implement new procedures in rail construction to enhance contractor accountability, project safety, quality and schedule.
  - 5 Ensure that cost-effective, safe, affordable, reliable, and customer-oriented transit services are provided county-wide.
  - 6 Improve MTA's public image and reputation by building solid public support for MTA initiatives which will enhance our ability to achieve our goals.
  - 7 Develop and implement agency-wide programs and initiatives to increase MTA ridership.
  - 8 Clarify MTA's role as the regional transportation planner for Los Angeles County.
- The FY96 budget is designed to meet the transportation needs of Los Angeles County citizens.

Franklin E. White  
Chief Executive Officer

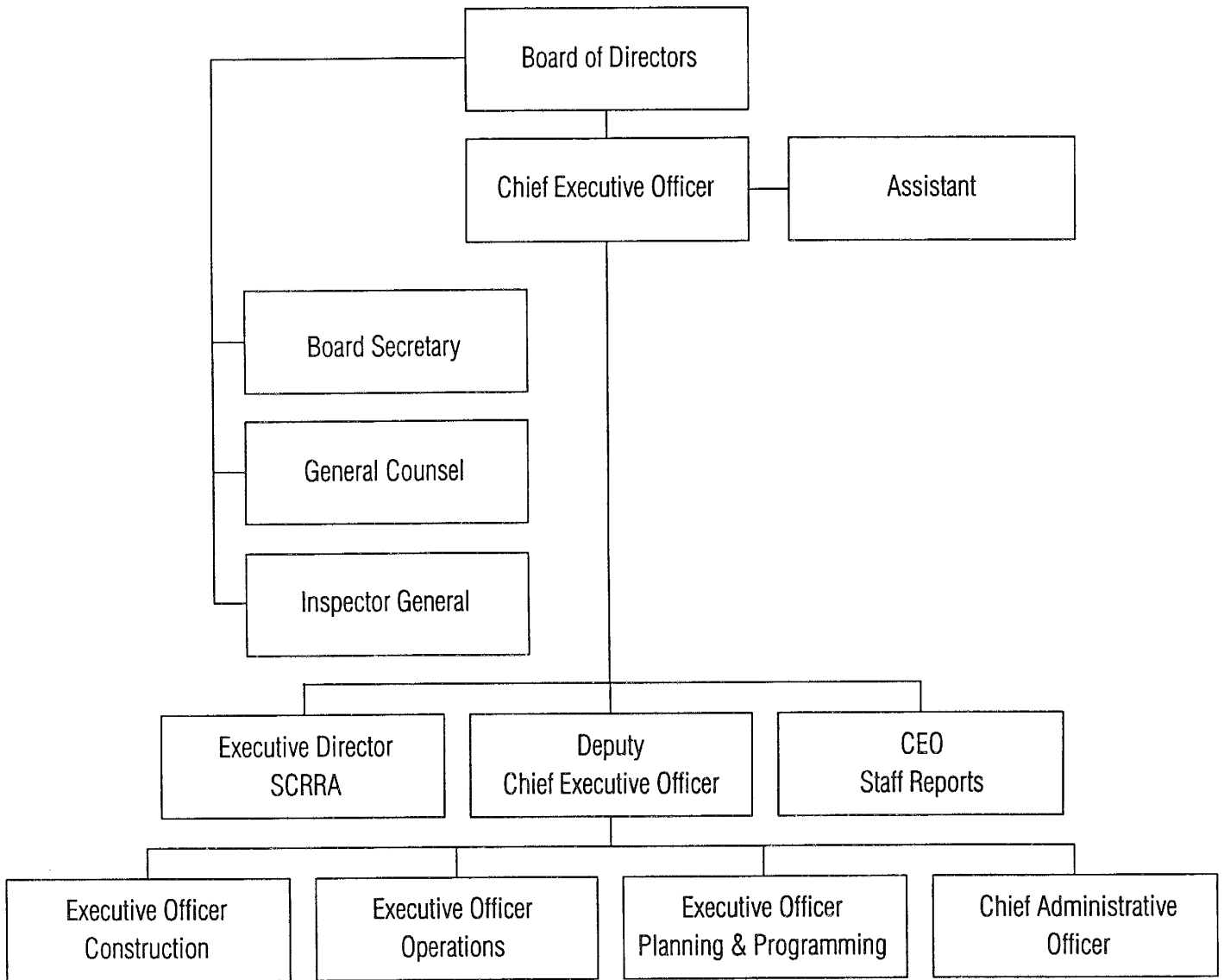


## ***Mission Statement***

*The mission of the Los Angeles County Metropolitan Transportation Authority is to design, construct, operate, and maintain a safe, reliable, affordable, and efficient transportation system that increases mobility, relieves congestion, and improves air quality to meet the needs of all Los Angeles County residents.*

MTA Board of Directors  
February 1994

# MTA Organizational Chart





# FINANCIAL SUMMARY

## Overview

The FY96 Budget format has been improved to include more extensive budgetary data as well as performance goals, to accomplish the mission of the MTA. The FY96 Budget is divided into three sections: Operating Budget, Capital Budget, and Funds Programmed to Other Agencies.

<i>(\$ in millions)</i>	<i>FY95 Budget</i>	<i>FY95 Estimate</i>	<i>FY96 Budget</i>	<i>FY96 Budget Inc (Dec) FY95 Budget</i>
Operating Budget	\$957.5	\$926.6	\$947.9	(\$9.6)
Capital Budget	1,177.3	798.3	1,140.6	(36.7)
Funds Programmed to Other Agencies	810.2	810.2	1,001.8	191.6
<b>TOTAL</b>	<b>\$2,945.0</b>	<b>\$2,535.1</b>	<b>\$3,090.3</b>	<b>\$145.3</b>

Note: Estimated FY95 Funds Programmed to Other Agencies is assumed to equal the budget since all funds were programmed during the fiscal year.

### Operating Budget

The Operating Budget outlines the operational and spending plan for the MTA. Information regarding staffing levels, expenditure levels and performance goals is presented for each department.

The Operating Budget accomplishes the following:

**Allocates Resources.** The Operating Budget provides detail regarding the authorized spending levels for MTA Executive Offices and other Departments. In addition, the Operating Budget includes the direct labor and associated overhead costs for capital projects.

**Establishes Performance Goals.** The Operating Budget sets departmental performance goals to be achieved during the fiscal year. Goals are linked to the Mission of the MTA and are the means by which the MTA will accomplish its mission.

**Reports on Operating Results.** The operating detail contains information on FY95 budgeted expenses, FY95 estimated expenses, and FY96 budgeted expenses.

**Summarizes Level of Authorized Staff.** Personnel costs are a major portion of spending for the MTA. The number of positions assigned to specific functions is included for each department.

The most significant portion of the Operating Budget is bus and rail operations which accounts for 66% of total budgeted operating expenses. In addition 29% of the Operating Budget includes expenses for other service-related personnel, materials and supplies, contractual services, utilities and other miscellaneous costs of doing business. The remaining 5% of the Operating Budget includes the personnel and associated overhead for capital programs, such as rail construction and bus rehabilitation projects. Capital Budget funds of approximately \$55 million are reimbursed to the Operating Budget.

### Capital Budget

The Capital Budget is comprised of three major components: rail construction, bus and rail infrastructure, and administrative support. All costs included in the Capital Budget are associated with a specifically approved project which is detailed in the Appendix.

Capital spending information is shown separately from the operating plan. The capital spending plan includes a brief description of major capital projects, total project costs, total expenses to date, and budgeted FY96 expenses.

## **FINANCIAL SUMMARY**

### ***Overview (continued)***

#### **Funds Programmed to Other Agencies**

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By virtue of its enabling legislation, the MTA is the regional transportation planning entity for Los Angeles County. In this role, the MTA is responsible for programming funds to support transit, highway and multimodal programs in cities and agencies throughout Los Angeles County.

The MTA is responsible for providing oversight of the development of an integrated transportation system for the County. The programming function is a critical component of that oversight responsibility.

The MTA programs funds to other agencies to cover operating and capital costs of other County transit operators; to fund Access Services, Inc. (paratransit services as mandated by the Americans with Disabilities Act); to fund highway programs; and to fund the Southern California Regional Rail Authority (SCRRA).

The budget also includes the FY96 funds programmed through the multi-year Call for Projects and Los Angeles County Transportation Improvement Program (TIP).

# ***Summary of Significant Budget Changes***

As part of the MTA's ongoing effort to improve financial reporting and accountability, several changes have been made in the treatment and presentation of budgetary data. Changes in budgetary treatment may account for significant variances between prior year budgets and the FY96 budget. Significant differences are noted and explained wherever possible.

The FY96 Budget changes include the following:

- The budget is presented as three major components: Operating, Capital and Funds Programmed to Other Agencies. All projects and expenditures of the MTA have been classified in one of these categories.
- Reimbursements from Capital Projects reflect the fully burdened cost of direct labor and administrative support charged to the capital projects.
- Fringe benefits expense category includes: health and welfare benefits; worker's compensation reserves, pensions; FICA; Medicare; and, specific employment expenses related to job responsibilities such as uniform and tool allowances and job training. Nonwork time, e.g., vacation and sick, is also considered a fringe benefit. This is a change for some former employees whose nonwork time was previously included in direct salary line items.
- With minor exceptions, all expenditures are included within department budgets. The prior year classification of nondepartmental expenses which included self-insurance reserve contributions, fringe benefits, and other expenses have been decentralized.
- Changes in the consolidation of line items from prior budget years produce some minor variances in the detail of department budgets. For example, former RTD employees' nonwork time was included in direct salary line items. All vacation, sick and other nonwork time for all MTA employees has been categorized as a fringe benefit expense in the FY96 Budget.
- Projects awarded through the Call for Projects process to the MTA are included within the department budgets. This will account for some increases in department budgets, particularly Planning and Programming.
- Continuing refinements to the allocation of overhead costs to project budgets have been made in compliance with federal guidelines and Generally Accepted Accounting Principles. This has resulted in a minimal reduction of the amount of overhead allocated to projects through the classification of some costs as nonallocable.
- Several organizational changes occurred during FY95 including the transfer of positions between Operations, Administration, and Planning and Programming. Specific transfers include the consolidation of all revenue collections under a Revenue Operations unit in Finance, the transfer of Materiel Management to Administration/Finance from Operations, and the transfer of Operations Planning to Planning and Programming from Operations. The transfer of positions accounts for some increases and decreases within department budgets.

## ***Summary of Significant Revenue Assumptions***

The MTA receives and programs capital funds from a range of Federal, State and local funding sources as well as earned revenue from farebox and other minor activities such as advertising, leases, etc. Significant assumptions in each of these revenue categories are highlighted below. Budgeted revenue is based on the amount projected to be expensed during the fiscal year.

### **Farebox and Other System Generated Revenue**

Fare revenues are projected to total \$213 million based on the following assumptions:

- The current negotiated settlement to the fare litigation including restoration of the monthly pass at \$49, cash fare of \$1.35, and \$0.90 token were used as the basis for projecting fare revenue. We have assumed that the outcome of the litigation would have no further adverse impact on the authorized fare increase.
- Ridership is assumed to stabilize and increase resulting in a 1-2% increase in total fares collected from existing service.
- Metro Green Line operations will enter fully operational revenue service in the Summer of 1995. Farebox collection is assumed to equal approximately \$1.5 million with an estimated 10,000 passengers per day.

Other operating revenues are expected to remain stable at FY95 levels. This category includes lease and rental income, advertising, contracted services, investment income from ongoing operating cash balances and other minor sources.

### **Local Revenue**

Local revenue sources include voter approved Propositions A and C which are sales tax measures dedicated to transportation improvements in Los Angeles County. New revenue from these sources are estimated to equal \$782 million in FY96. Sales tax revenue projections are based on the UCLA Business Forecasting Project's forecast for Los Angeles County released in August of 1994. A total of \$170 million will be distributed to local participating agencies and cities through the Local Return program mandates of each tax.

### **State Revenue**

State revenue, primarily from the Transportation Development Act (TDA), represents over 25% of the MTA's revenue for bus and rail operations. Assumptions related to State funds are as follows:

- TDA funds generated by a 1/4 cent statewide sales tax are dedicated to transit uses. Counties are allocated funds based on the taxable sales within their jurisdiction. Based on sales tax projections, new funds are expected to increase approximately 9.4% over the revised FY95 funding levels to \$209.3 million.
- State Transit Assistance (STA) funds are expected to remain at FY95 levels. Funds are appropriated directly by the State Legislature through the budget process to eligible operators and agencies. STA funds are comprised of a revenue base share, allocated on a formula basis, and a population share. The revenue base share is projected to equal \$10.7 million and the population share is projected at \$8.9 million.

Other State funds are assumed to remain stable. The budget assumes all committed State funds for the capital program will be available for expenditure and/or reimbursement as per grant agreements and the construction schedule.

## ***Summary of Significant Revenue Assumptions (continued)***

### **Federal Revenue**

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In FY95 we experienced a substantial decline in federal operating subsidies. The budget assumes that this revenue source will be further reduced in FY96. Specific assumptions related to Federal revenue sources include the following:

- Federal Section 9 Operating Subsidies are expected to total \$28.2 million. This represents a decline of 33% from the appropriated FY95 levels. This decline represents a direct loss of over \$12 million to the Los Angeles Metropolitan Region. Federal Section 9 Capital Subsidies are projected to total \$81.6 million which is comparable with FY95 funding levels.
- No changes are assumed in Federal funding policies and requirements. Final Federal subsidies and related policies will be available with the adoption of the Federal budget in October 1995.
- Congestion Mitigation and Air Quality Improvement program (CMAQ) funds will be used as an operating subsidy for the first two years of Green Line operations. Approximately \$24 million in FY96 will be used to fund direct Green Line operating costs and related shuttle/connector service.

The budget assumes that all previously committed federal grant and subsidy funds will be available for expenditure per grant commitments and to meet construction schedule requirements.



# Revenue by Source

(\$ in millions)

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	FY95 Budget	FY96 Budget	FY96 Budget Inc (Dec) FY95 Budget
<b>LOCAL REVENUE</b>			
<i>Proposition A</i>			
Administration	\$18.9	\$19.6	\$0.7
Local Return - 25%	90.0	93.3	3.3
Discretionary - 40%	161.7	154.3	(7.4)
Rail Set Aside - 35%	200.0	159.0	(41.0)
SB1995	61.0	63.7	2.7
Prop A Bonds	30.6	158.8	128.2
Interest	14.0	10.0	(4.0)
Commercial Paper	72.8	0.0	(72.8)
<b>Proposition A Subtotal</b>	<b>\$649.0</b>	<b>\$658.8</b>	<b>\$9.8</b>
<i>Proposition C</i>			
Administration	\$10.6	\$11.7	\$1.1
Security - 5%	36.9	23.3	(13.6)
Commuter Rail	51.9	58.2	6.3
Commuter Rail Bonds	0.6	2.4	1.8
Local Return - 20%	85.5	76.6	(8.9)
Streets & Highways - 25%	268.8	131.6	(137.2)
Streets & Highways Bonds	140.0	186.4	46.4
Discretionary - 40%	240.9	163.7	(77.2)
Discretionary Bonds	131.9	109.2	(22.7)
Interest	7.7	14.9	7.2
Commercial Paper	0.0	0.0	0.0
<b>Proposition C Subtotal</b>	<b>\$974.8</b>	<b>\$778.1</b>	<b>(\$196.7)</b>
<i>Other Local</i>			
Fare Revenues	\$241.7	\$213.0	(\$28.7)
Operating Revenues	24.2	24.5	0.3
City of Los Angeles - Metro Rail	17.7	54.3	36.6
City/County Reimbursements	18.0	12.8	(5.2)
FAU Cash	14.3	17.5	3.2
Other Local	11.2	6.0	(5.2)
95-A GR Bonds	0.0	31.5	31.5
HOV Lane Fines	0.0	0.5	0.5
<b>Other Local Revenues Subtotal</b>	<b>\$327.1</b>	<b>\$360.0</b>	<b>\$32.9</b>
<b>TOTAL LOCAL REVENUE</b>	<b>\$1,950.9</b>	<b>\$1,797.0</b>	<b>(\$153.9)</b>

# Revenue by Source

(\$ in millions)

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	<i>FY95 Budget</i>	<i>FY96 Budget</i>	<i>FY96 Budget Inc (Dec) FY95 Budget</i>
<b>STATE REVENUE</b>			
TDA	\$233.2	\$275.2	\$42.0
STA	23.2	19.6	(3.6)
STA Rail Reserve	0.0	10.0	10.0
SAFE	24.2	11.6	(12.6)
Prop 108/116	119.5	64.0	(55.5)
TCI	74.4	6.4	(68.0)
BCP	10.0	5.5	(4.5)
TSM	37.9	27.9	(10.0)
TSM Match	0.0	3.2	3.2
PVEA	2.6	1.9	(0.7)
Transportation Enhancement Revenue	0.0	4.8	4.8
<b>State Revenue Subtotal</b>	<b>\$525.0</b>	<b>\$430.1</b>	<b>(\$94.9)</b>
<b>FEDERAL REVENUE</b>			
Sec 3 Capital	\$346.6	\$350.5	\$3.9
Sec 9 - Operating	45.5	28.2	(17.3)
Sec 9 - Capital	159.6	203.4	43.8
STP	127.8	48.4	(79.4)
CMAQ	102.9	50.2	(52.7)
FTA Sec 26	1.1	6.4	5.3
Other	4.5	2.5	(2.0)
<b>Federal Revenue Subtotal</b>	<b>\$788.0</b>	<b>\$689.5</b>	<b>(\$98.5)</b>
<b>Total Operating &amp; Capital Revenue</b>	<b>\$3,263.9</b>	<b>\$2,916.6</b>	<b>(\$347.3)</b>

## NOTES:

- 1) Budgeted funds increase prior year balances as well as new revenue anticipated to be spent in FY96.
- 2) This table does not reflect all revenue sources which the MTA is responsible for programming to other agencies. For complete details see the Funds Programmed to Other Agencies section of the budget document.

# Summary of Significant Expenditure Assumptions

Significant operating activities included in the FY96 Budget include:

- Initiation of Green Line revenue operations in Summer 1995
- Revenue service hours per mode:

Bus	6,400,000
Blue Line	73,360
Red Line	19,100
Green Line	44,170
<b>Total</b>	<b>6,536,630</b>

- Total passenger boardings are projected at approximately 370 million, including an estimated 10,000 daily passengers for the Green Line
- Cost reductions implemented through the May lay-off and included in the FY96 Budget are assumed to be effective July 1, 1995, unless otherwise noted
- Salary increases for represented employees are budgeted at 1.6% as per the most recent labor agreement approved in the Summer of 1994. An equal percentage has been budgeted for increases for non-represented employees.
- Fringe benefits are calculated at 48% of total salaries. For budgeting and accounting purposes, nonwork time (vacation, holiday, sick, etc. which equals approximately 18% of total salaries is included as a fringe benefit. Health and welfare benefits equalling 30% are calculated based on total salaries, i.e. salary including nonwork time as per most recent collective bargaining agreements.

Planned capital expenditures are described in the Capital Budget and are consistent with Board-approved construction project budgets and programmed funds.

# Total Budgeted Expenditures by Program (\$ in millions)

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	LOCAL FUNDS	STATE FUNDS	FEDERAL FUNDS	TOTAL FY96 BUDGETED FUNDS
<b>TRANSIT OPERATIONS</b>				
Bus	\$378.7	\$150.6	\$28.2	\$557.5
Blue Line	34.7	10.0	0.0	44.7
Red Line	25.2	4.9	0.0	30.1
Green Line	1.5	0.0	21.1	22.6
<b>TRANSIT OPERATIONS - TOTAL</b>	<b>\$440.1</b>	<b>\$165.5</b>	<b>\$49.3</b>	<b>\$654.9</b>
<b>RAIL CONSTRUCTION PROJECTS</b>				
Red Line Segment 1	\$16.8	\$0.0	\$0.8	\$17.6
Red Line Segment 1 - Transit Enhancements	0.5	0.0	5.1	5.6
Red Line Segment 2	167.5	12.3	94.6	274.4
Red Line Segment 2 - Transit Enhancements	0.6	0.0	0.0	0.6
Red Line Segment 2 - Construction Mitigation	5.4	0.0	0.0	5.4
Red Line Segment 3 - North Hollywood	19.8	3.2	215.3	238.3
Red Line Segment 3 - Mid-City	1.9	0.0	2.7	4.6
Red Line Segment 3 - Eastern Extension	30.0	0.0	26.3	56.3
Red Line Segment 3 - Transit Enhancements	3.8	0.0	0.0	3.8
Blue Line - Pasadena	13.0	40.0	0.0	53.0
Blue Line Transit Enhancements	4.4	0.0	0.0	4.4
Green Line	17.0	24.0	0.0	41.0
LA Rail Cars	12.1	36.0	6.1	54.2
Systemwide	15.2	0.0	0.8	16.0
<b>RAIL CONSTRUCTION PROJECTS - TOTAL</b>	<b>\$308.0</b>	<b>\$115.5</b>	<b>\$351.7</b>	<b>\$775.3</b>
<b>BUS &amp; RAIL CAPITAL</b>				
Bus Capital	\$0.0	\$47.3	\$154.3	\$201.6
Minor Rail Capital	5.8	6.4	13.5	25.7
Administrative Capital	2.6	6.8	14.3	23.7
<b>BUS AND MINOR RAIL CAPITAL - TOTAL</b>	<b>\$8.4</b>	<b>\$60.5</b>	<b>\$182.1</b>	<b>\$251.0</b>
<b>RAIL PLANNING &amp; PROGRAM SUPPORT</b>				
Metro Red Line West MIS/EIS	\$2.8	\$0.0	\$0.0	\$2.8
Metro Red Line East	0.6	0.0	0.0	0.6
San Fernando Valley Line	2.4	0.0	0.0	2.4
Planning & Programming - Other	6.7	0.0	0.0	6.7
<b>RAIL PLANNING &amp; PROGRAM SUPPORT - TOTAL</b>	<b>\$12.5</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$12.5</b>

# Total Budgeted Expenditures by Program

(\$ in millions)

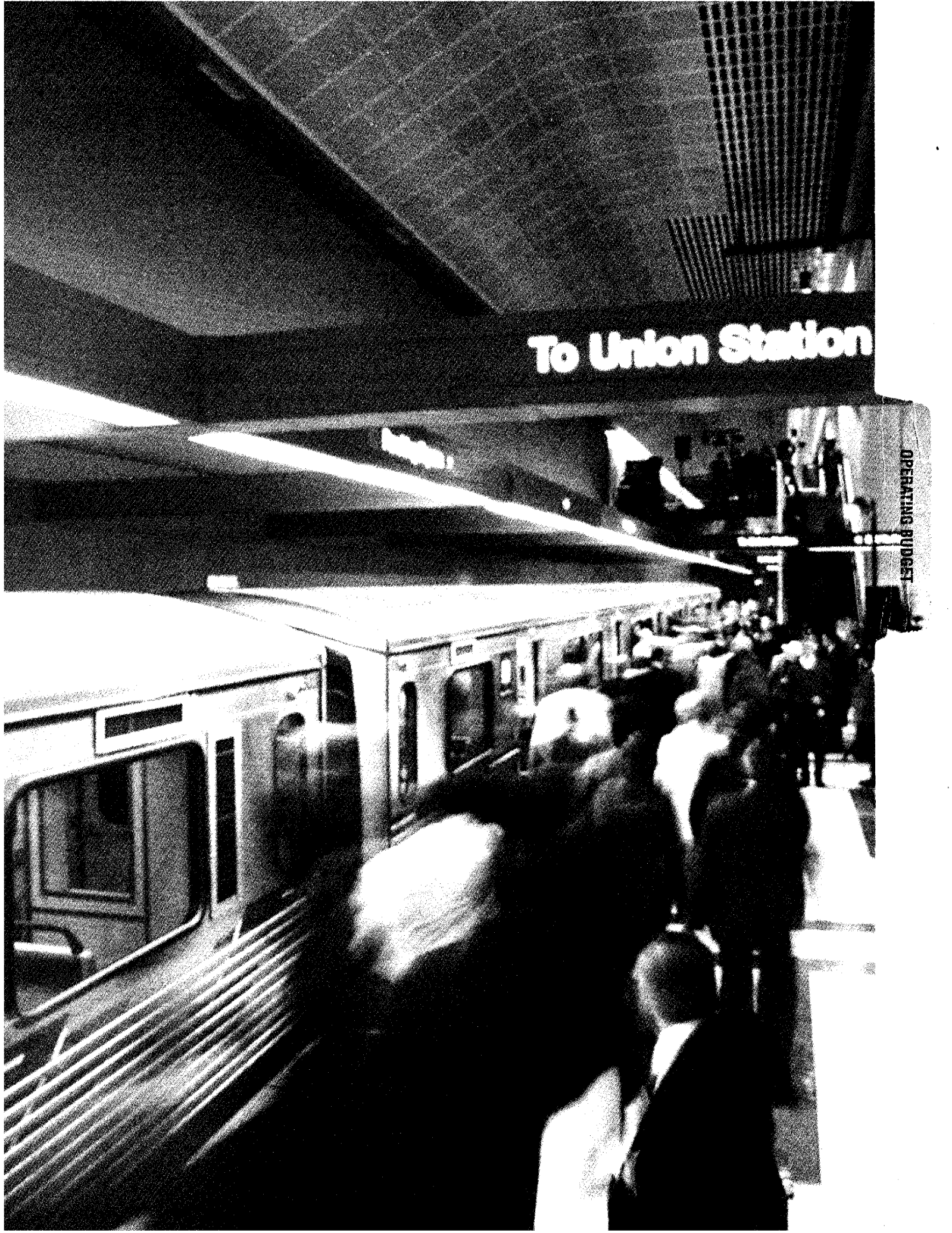
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	LOCAL FUNDS	STATE FUNDS	FEDERAL FUNDS	TOTAL FY96 BUDGETED FUNDS
<b>PLANNING STUDIES &amp; PROGRAM SUPPORT</b>				
Transit Enhancements	\$13.6	\$0.0	\$3.4	\$17.0
Commuter Rail	5.9	0.0	0.0	5.9
Highway Programs	5.6	0.0	0.0	5.6
CMP/TDM/TSM	2.9	0.0	0.0	2.9
P.V.E.A	0.0	1.8	0.0	1.8
San Fernando Valley Restructuring	0.1	0.0	0.0	0.1
Benefit Assessment Districts	0.7	0.0	0.0	0.7
Joint Development	0.2	0.0	0.0	0.2
Telecommuting Programs	0.2	0.0	0.0	0.2
Constituent Outreach	0.3	0.0	0.0	0.3
<b>PLANNING STUDIES &amp; PROGRAM SUPPORT - TOTAL</b>	<b>\$29.5</b>	<b>\$1.8</b>	<b>\$3.4</b>	<b>\$34.7</b>
<b>FREEWAY SERVICE PATROL &amp; MOTORIST ASSISTANCE</b>				
FSP/Major Incidence Response	\$25.5	\$4.1	\$0.0	\$29.6
SAFE	0.0	10.8	0.0	10.8
<b>F.S.P. &amp; MOTORIST ASSISTANCE - TOTAL</b>	<b>\$25.5</b>	<b>\$14.9</b>	<b>\$0.0</b>	<b>\$40.4</b>
<b>CAREER DEVELOPMENT AND TRAINING CENTER</b>	<b>\$1.1</b>	<b>\$0.0</b>	<b>\$0.5</b>	<b>\$1.6</b>
<b>IMMEDIATE NEEDS PROGRAM</b>	<b>\$5.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$5.0</b>
<b>DEBT SERVICE</b>	<b>\$199.5</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$199.5</b>
<b>UNION STATION GATEWAY INTERMODAL TRANSIT CTR.</b>	<b>\$52.1</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$52.1</b>
<b>AGENCY SUPPORT</b>				
Funds Administration	\$1.7	\$0.0	\$0.0	\$1.7
Union Station Gateway Building	28.8	0.0	0.0	28.8
Financial Information System (FIS)	6.6	0.0	0.0	6.6
Administrative Support	14.0	0.0	0.0	14.0
Real Estate Property Management	1.4	0.0	0.0	1.4
<b>AGENCY SUPPORT - TOTAL</b>	<b>\$52.5</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$52.5</b>
<b>TOTAL MTA OPERATING AND CAPITAL EXPENSES</b>	<b>\$1,134.2</b>	<b>\$358.2</b>	<b>\$587.0</b>	<b>\$2,079.5</b>
<b>FUNDS PROGRAMMED TO OTHER AGENCIES</b>	<b>\$635.9</b>	<b>\$222.2</b>	<b>\$143.7</b>	<b>\$1,001.8</b>

NOTE: Program Expenditures do not include the \$9 million budget deficit set-aside.

To Union Station

OPERATING BUDGET



# OPERATING BUDGET Overview

## FINANCIAL OVERVIEW

### *FY95 Key Budget Assumptions*

The FY95 Budget adopted by the Board of Directors in July 1994 assumed:

- Fare increase for the first time in seven years equalling a \$41 million annual increase in operating revenue
- Service reductions corresponding to declining ridership
- No reduction in federal operating assistance.

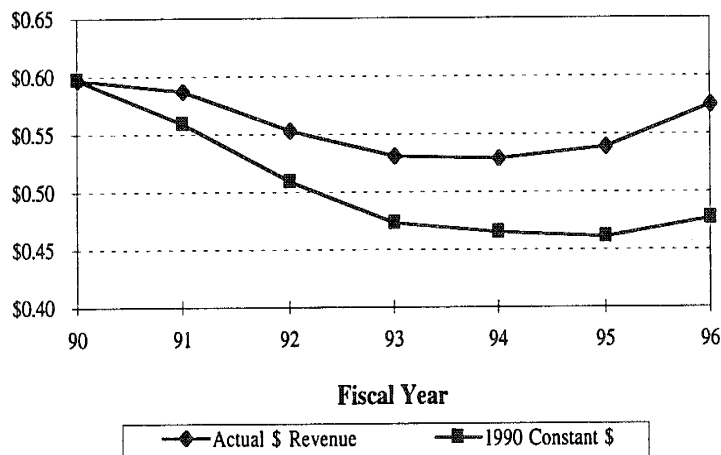
These assumptions did not materialize resulting in:

- Delay in implementing the new fare structure resulting in a revenue loss of \$31 million
- Court ordered fare structure which raised the price of a monthly pass to \$49 in place of Board action to eliminate passes
- Reduction in federal subsidies of \$5 million as a result of the federal budget adoption in October 1994
- Ridership decline estimated at 8%.

These actions, which were not within the control of the Board or management, resulted in the MTA's reliance on one-time and discretionary revenue sources as emergency stop-gap measures in order to maintain service levels.

The fare restructuring approved by the Board in July 1994 was designed to reverse the declining average fare paid by MTA customers. As shown in the table below, the average fare paid by MTA bus customers has decreased by 20% since 1990 when measured in constant dollars. The average bus passenger pays less than \$0.60 compared to the cash fare of \$1.35.

**Average Fares per Bus Boarding**



*(1990 dollars used as basis for constant dollars.)*

# OPERATING BUDGET

## *Overview (continued)*

### *FY96 Key Budget Assumptions*

The FY96 Budget assumes:

- Federal operating assistance is reduced by 30%
- Bus ridership will increase 1.5% as the result of an aggressive marketing campaign. The opening of the Green Line will result in an additional 1% increase in overall boardings.
- Aggressive cost reductions, including the elimination of over 600 positions, of which approximately 262 were filled
- A \$9 million budgeted expense to fund the first year of a three year program to eliminate the prior years' accumulated \$27 million deficit
- Reliance on one-time and discretionary revenue sources.

### *Cost Reduction Strategies*

To overcome the potential deficit, the MTA initiated several revenue enhancement and cost reduction strategies. The largest single cost reduction is the new single-manager and regional reorganization of bus operations which integrates transportation and maintenance management control at the division level, reduces reporting levels, and decentralizes decision-making. Successful implementation of the proposed cost reduction program will present significant challenges for our managers. These changes will foster improved management of our operations and make possible the achievement of various cost-saving initiatives throughout the MTA.

*Re-engineering Bus Operations through the Single-Manager and Regional Organization (272 positions; \$20.0 million):*

- Increase productivity in the Divisions and Regional Rebuild Center bus maintenance and cleaning activities
- Reduce the operator-to-assignment ratio from 1.20 to 1.16
- Downsize Division 6 to a terminal
- Reduce the ratio of supervisors-to-bus operators, bus mechanics, and bus maintenance assistants
- Reduce the size of the bus fleet with associated cost reductions by lowering the spare ratio from 20% to 18% of the peak requirement
- Reduce overtime costs.

*Reduce resources in Rail Operations (69 positions; \$3.7 million)*

- Decrease field and Central Control Facility supervisors-to-rail operator ratios,
- Lower supervisor to rail mechanic ratio
- Reduce the ratio of maintenance specialists and maintenance assistants to rail cars
- Reduce maintenance personnel required for maintenance of rail right-of-way
- Reduce staffing levels assigned to monitoring of closed circuit televisions.

*Reduce Costs of Customer Service Functions (24 positions; \$1.4 million)*

- Implement cost savings associated with new telephone information system
- Revise staffing assignments based on lower times of usage
- Restructure customer service hours based on volume.



## OPERATING BUDGET *Overview (continued)*

### *Implement Other Efficiencies Throughout Operations (54 positions; \$6.9 million)*

- Eliminate positions in bus division stock rooms and reduce staffing to 20 hours per day
- Reduce other Operations staffing in service management, bus equipment maintenance, facilities maintenance, rail operations support, vehicle engineering projects, and pollution control costs.

### *Reduce Planning and Programming Outside Contracts and Staff Positions (18 positions; \$5.0 million)*

- Reduce expenditures on multimodal planning contracts as a result of contract completion, cancellation or reduced scope of work
- Reduce one position each in Multimodal Planning, Countywide Planning, Capital Planning, and Benefit Assessment. Reduce ten positions in Operations Planning and Scheduling.
- Transfer 4 positions and related expenses from Countywide Planning to Access Services, Inc.

### *Reduce Overtime Expenditures and New Hires in Transit Police Department (54 positions; \$6.3 million)*

- Reduce overtime expenditures through the full hiring of officers for the Blue Line and filling of vacant positions
- Reduce total authorized positions by 54 without eliminating any currently filled positions.
- Staff the Green Line.

### *Eliminate One Position and Various Contractual Costs Within External Affairs (1 position; \$0.9 million)*

- Reduce advertising costs by 28%.

### *Reduce Various Non-Personnel Expenses in the Office of the CEO and in Administration/Finance (\$2.0 million)*

- Centralize and reduce discretionary expenditures such as office equipment, and other administrative support
- Capitalize computer and office-related expenses as permitted under Generally Accepted Accounting Principles
- Initiate new strategies to reduce inventory levels by \$4.2 million in FY96 and \$2.2 million in FY97.

### *Revenue Enhancement Strategies*

Discretionary revenue is *recurring* revenue which is allocated by the MTA Board of Directors. In FY94, the MTA received \$32 million of Proposition C 40% funds allocated through the regional allocation formula as a recessionary subsidy to all Los Angeles County operators. In FY95, \$16 million in Proposition C 40% funds were allocated to the MTA on this same basis. The FY96 Budget assumes that \$26 million of Proposition C 40% funds will be allocated to the MTA through the same formula. In addition, the FY96 Budget includes \$8 million of accrued Proposition A and C interest for MTA Operations.

*Non-recurring* revenue is generated from one-time revenue sources including:

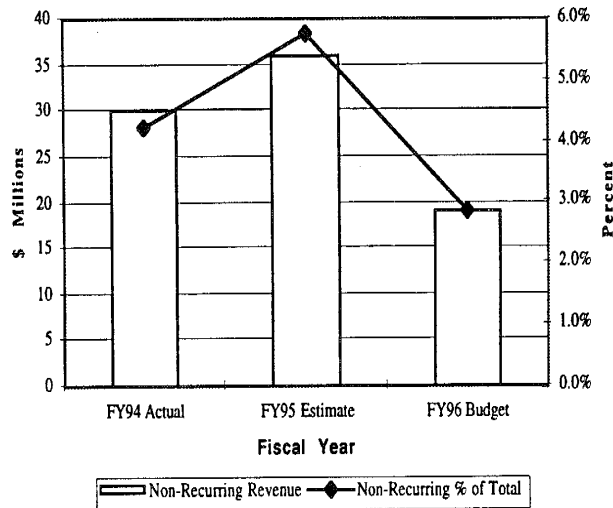
- Previously allocated monies that were not used and are available for reprogramming
- Carryover of a previous year's revenue in excess of the originally programmed level.

Non-recurring revenue budgeted for FY95 includes the unobligated balance of STA funds in the amount of \$10 million and \$9 million in FY95 excess Proposition A/TDA funds.

# OPERATING BUDGET Overview (continued)

As shown on the following graph, the FY96 Budget assumes a 47% reduction of dependence on one-time revenues compared to FY95 estimated one-time revenues.

Non-Recurring Revenues



While the FY96 Budget is balanced, the financial outcome may change due to events occurring after the adoption of the Budget and beyond the control of the MTA. These events include but are not limited to:

- Greater than anticipated reductions or elimination of federal operating and capital assistance
- Changes in ridership patterns resulting in further reductions in ridership
- Reductions in state subsidies
- Outcome of negotiations with the Social Security Administration and CalPERS.

## NEW PROGRAM HIGHLIGHTS

New programs planned for FY96 include various efforts to improve quality and expand service including:

- An aggressive campaign to upgrade the appearance and condition of bus interiors – a follow-up to the Zero Tolerance Anti-Graffiti Program
- Deployment of 196 new Compressed Natural Gas (CNG) buses
- Opening of Green Line operations
- Opening of the Gateway Intermodal Transit Center and MTA Headquarters Building
- New market research project on ridership and increased training in customer service
- Reorganization of and new investment in support services increasing revenue control, materiel, information systems, finance and human resources
- Additional staff in Construction to better control and more efficiently implement the rail construction program.

## **OPERATING BUDGET**

### ***Overview (continued)***

#### ***Bus Interior Cleaning and Upgrade Campaign***

Building on the success of the Zero Tolerance Anti-Graffiti Program, the MTA is embarking on an ambitious program to replace etched windows, install sacrificial windows to permit less expensive replacement of etched windows in the future, replace graffitied and soiled seats, and re-engineer the cleaning program to ensure clean and dust-free bus interiors for all customers. It is anticipated that approximately 1,600 buses will be upgraded by January 1997.

The goals of this program include:

- Bus floors that are clean and have a shine
- Bus windows that are clean and free of etching
- Bus seats that are clean and graffiti-free
- Light covers that are free of dust and dirt.

Bus Operations plans to reassign a portion of the 97 mechanics and maintenance assistants currently assigned to the Zero Tolerance Anti-Graffiti Program to the expanded Bus Interior Cleaning and Upgrade Campaign. Critical to the success of this program is the implementation of the new regional and single-manager structure.

#### ***Green Line Operation Begins***

By Summer 1995, service will begin on the Green Line. This 20 mile route is expected to carry 10,000 passengers a day in FY96 and include stops at 14 stations. The Green Line begins in Norwalk, connects to the Blue Line and continues west through El Segundo ending at Freeman and Marine Avenues in Redondo Beach. In preparation for this opening, the FY95 Budget included 160 employees to operate the line and 56 Transit Police to provide security on the line.

#### ***Gateway Headquarters and Transit Center Opens***

Consolidation of all MTA department staff at the new headquarters building is scheduled to begin in the Fall of 1995. The new Gateway Intermodal Transit Center will serve as a transit facility with park-and-ride, bus, rail, and commuter rail transit services.

#### ***196 New CNG Buses Put Into Operation***

In May 1995, Operations will receive the first of 196 buses powered by compressed natural gas. This is a further step in meeting the Board's directive to operate a clean-air fleet as well as meet federal environmental regulations.

#### ***Revenue Operations Function***

The FY96 Budget includes the creation of a new Revenue Operations Division which will manage the farebox cash collection operations. This function, which reports to the CFO, will be charged with reducing fare evasion, improving internal controls, and management of all cash collections.

# OPERATING BUDGET

## Overview (continued)

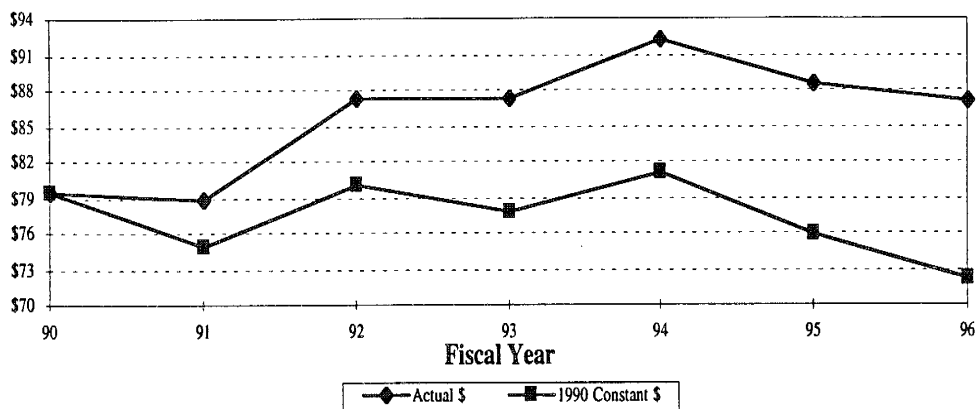
### Financial Information System

During FY96, the Financial Information System (FIS) is scheduled to be fully implemented. Initiated in FY93, this system will significantly improve our financial reporting and management capability. Moreover, this investment marks the development of an integrated financial system to address the needs of the MTA.

### OPERATING PERFORMANCE

Bus operations accounts for the largest part of the FY96 Operating Budget. It is here that the most dramatic cost reductions have been achieved. As a result of cost reductions, undertaken both last year and this year, cost per revenue service hour has dropped by \$5.62 in constant dollars, or 7% since 1993. The cost reductions are significant steps in improving the MTA's operating performance.

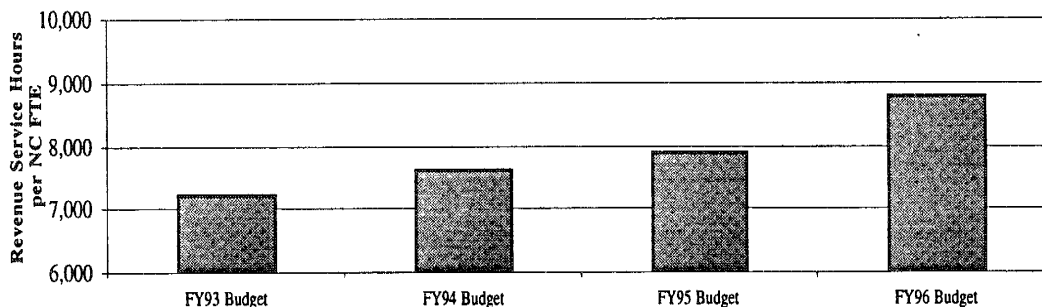
**Operating Cost Per Revenue Service Hour**  
Bus Mode



(1990 dollars used as basis for constant dollars.)

There has been a 21% increase in non-contract bus employee productivity as measured by the revenue service hours per non-contract bus employee since FY93 as shown below.

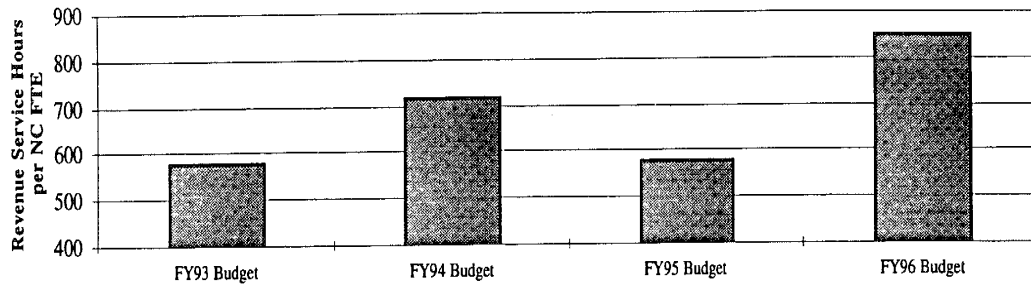
**Non-Contract Bus Employee Productivity**  
Revenue Service Hours per NC FTE



# OPERATING BUDGET *Overview (continued)*

The same analysis is presented below for rail operations. This chart shows a 47% increase since 1993 in revenue service hours per non-contract rail employee.

**Non-Contract Rail Employee Productivity**  
Revenue Service Hours per NC FTE



### *Summary Table of Expenses*

The following summary tables and charts present the FY96 Operating Budget in the following categories:

- Revenue and Expense
- Expenses by Department
- Expenses by Expense Category.

In addition, positions by department and for each executive office are presented. Comparative data of FY95 budget and estimates are also presented.

# OPERATING BUDGET

## Summary of Revenues and Expenses

(\$ in millions)

	BUS	BLUE LINE	RED LINE	GREEN LINE	OTHER OPERATING PROJECTS	CAPITAL REIMBURSEMENT	TOTAL OPERATING
<i>OPERATING REVENUES</i>							
FARES	\$202.0	\$8.8	\$0.7	\$1.5	\$0.0	\$0.0	\$213.0
INTEREST INCOME	4.5	0.0	0.0	0.0	0.0	0.0	4.5
AUXILIARY	4.3	0.0	0.0	0.0	0.0	0.0	4.3
<b>TOTAL OPERATING REVENUES</b>	<b>\$210.8</b>	<b>\$8.8</b>	<b>\$0.7</b>	<b>\$1.5</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$221.8</b>
<i>OPERATING EXPENSES</i>							
SALARIES & WAGES	\$239.3	\$17.1	\$11.1	\$8.5	\$34.6	\$24.0	\$334.6
FRINGE BENEFITS	128.9	8.9	6.1	4.7	19.8	12.6	181.0
SERVICES	20.9	3.6	1.9	1.4	72.5	0.0	100.3
MATERIAL & SUPPLIES	56.0	3.6	2.1	1.0	5.7	0.0	68.4
LEASES & RENTALS	1.6	0.1	0.1	0.0	8.5	0.0	10.3
CASUALTY & LIABILITY	22.0	2.2	3.0	1.2	0.1	0.0	28.5
UTILITIES	4.4	3.7	2.3	3.1	2.7	0.0	16.2
DEBT EXPENSE	20.6	0.8	0.6	0.4	209.2	0.0	231.6
OTHER	12.4	0.3	0.2	0.2	9.7	0.0	22.8
OVERHEAD ALLOCATION	51.4	4.4	2.7	2.1	(78.8)	18.2	0.0
<b>TOTAL OPERATING EXPENSES</b>	<b>\$557.5</b>	<b>\$44.7</b>	<b>\$30.1</b>	<b>\$22.6</b>	<b>\$284.0</b>	<b>\$54.8</b>	<b>\$993.7</b>
<i>REIMBURSEMENTS FROM CAPITAL PROJECTS</i>							
	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$54.8)	(\$54.8)
<b>NET OPERATING EXPENSES</b>	<b>\$557.5</b>	<b>\$44.7</b>	<b>\$30.1</b>	<b>\$22.6</b>	<b>\$284.0</b>	<b>\$0.0</b>	<b>\$938.9</b>
<i>DEFICIT SET-ASIDE</i>	\$9.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$9.0
<b>OPERATING REVENUES OVER/(UNDER) OPERATING EXPENSES</b>	<b>(\$355.7)</b>	<b>(\$35.9)</b>	<b>(\$29.4)</b>	<b>(\$21.1)</b>	<b>(\$284.0)</b>	<b>\$0.0</b>	<b>(\$726.1)</b>
<i>OPERATING SUBSIDIES</i>							
FEDERAL	\$28.2	\$0.0	\$0.0	\$21.1	\$3.9	\$0.0	\$53.2
STATE	150.7	10.0	4.9	0.0	20.8	0.0	186.4
LOCAL	176.8	25.9	24.5	0.0	259.3	0.0	486.5
<b>TOTAL OPERATING SUBSIDIES</b>	<b>\$355.7</b>	<b>\$35.9</b>	<b>\$29.4</b>	<b>\$21.1</b>	<b>\$284.0</b>	<b>\$0.0</b>	<b>\$726.1</b>
<b>TTL OPERATING REV OVER/(UNDER) TOTAL OPERATING EXPENSES</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
FAREBOX RECOVERY RATIOS	36.2%	19.7%	2.3%	6.6%			

# OPERATING BUDGET

## Expenses by Department

(\$ in millions)

Page 1 of 2

OFFICE/DEPARTMENT	FY95 Budget	FY95 Estimate	FY96 Budget	FY96 Budget Inc (Dec) FY95 Budget	
				Amount	%
<i>CEO'S OFFICE</i>					
CEO'S OFFICE	\$2.0	\$1.9	\$1.8	(\$0.2)	-10.0%
EQUAL OPPORTUNITY	3.2	2.3	2.6	(0.6)	-18.8%
EXTERNAL AFFAIRS	8.2	8.2	8.3	0.1	1.2%
INTERNAL AUDIT	3.2	2.0	3.0	(0.2)	-6.3%
<b>CEO'S OFFICE TOTAL</b>	<b>\$16.6</b>	<b>\$14.4</b>	<b>\$15.7</b>	<b>(\$0.9)</b>	<b>-5.4%</b>
<i>BOARD OFFICIALS</i>					
BOARD SECRETARY	\$1.2	\$1.0	\$1.2	\$0.0	0.0%
GENERAL COUNSEL	5.2	4.8	4.7	(0.5)	-9.6%
INSPECTOR GENERAL	2.2	2.1	3.1	0.9	40.9%
<b>BOARD OFFICIALS TOTAL</b>	<b>\$8.6</b>	<b>\$7.9</b>	<b>\$9.0</b>	<b>\$0.4</b>	<b>4.7%</b>
<i>ADMINISTRATION/FINANCE</i>					
CAO OFFICE/GENERAL ADMINISTRATION	\$0.5	\$0.4	\$1.0	\$0.5	100.0%
FINANCE	289.8	282.0	313.9	24.1	8.3%
GENERAL SERVICES/REAL ESTATE	28.9	27.2	25.6	(3.3)	-11.4%
HUMAN RESOURCES	9.6	17.5	9.6	0.0	0.0%
INFORMATION AND TECHNOLOGY SERVICES	15.1	13.1	15.2	0.1	0.7%
LABOR RELATIONS	0.8	0.7	1.1	0.0	0.0%
MATERIEL	4.4	4.7	10.3	5.9	134.1%
STRATEGIC PLANNING & ORG. DEVELOPMENT	1.5	0.5	1.5	0.0	0.0%
TRANSIT POLICE	35.8	32.6	34.0	(1.8)	-5.0%
<b>ADMINISTRATION/FINANCE TOTAL</b>	<b>\$386.4</b>	<b>\$378.7</b>	<b>\$412.2</b>	<b>\$25.5</b>	<b>6.6%</b>
<i>CONSTRUCTION</i>					
PASADENA LINE/LA RAIL CARS	\$1.6	\$1.4	\$1.9	\$0.3	18.8%
RED LINE - SEG 2	3.4	2.9	4.4	1.0	29.4%
RED LINE - SEG 3 (NORTH HOLLYWOOD)	2.7	2.3	4.4	1.7	63.0%
RED LINE - SEG 3 (EASTERN EXTENSION)	0.8	0.7	1.9	1.1	137.5%
RED LINE - SEG 3 (MID-CITY)	0.8	0.6	0.6	(0.2)	-25.0%
EXEC, QUALITY, SAFETY, TECH OPS	6.4	5.4	6.8	0.4	6.2%
<b>CONSTRUCTION TOTAL</b>	<b>\$15.7</b>	<b>\$13.3</b>	<b>\$20.0</b>	<b>\$4.3</b>	<b>27.4%</b>
<i>OPERATIONS</i>					
EXECUTIVE OFFICE/GENERAL ADMIN.	\$4.8	\$2.6	\$2.8	(\$2.0)	-41.7%
BUS OPERATING REGIONS	329.8	350.2	314.7	(15.1)	-4.6%
RAIL OPERATIONS & SERVICE DELIVERY	95.3	100.7	72.9	(22.4)	-23.5%
TECHNICAL SUPPORT	101.1	79.8	100.4	(0.7)	-0.7%
CUSTOMER RELATIONS	10.5	10.4	8.8	(1.7)	-16.2%
<b>OPERATIONS TOTAL</b>	<b>\$541.5</b>	<b>\$543.7</b>	<b>\$499.6</b>	<b>(\$41.9)</b>	<b>-7.7%</b>

# OPERATING BUDGET Expenses by Department

(\$ in millions)

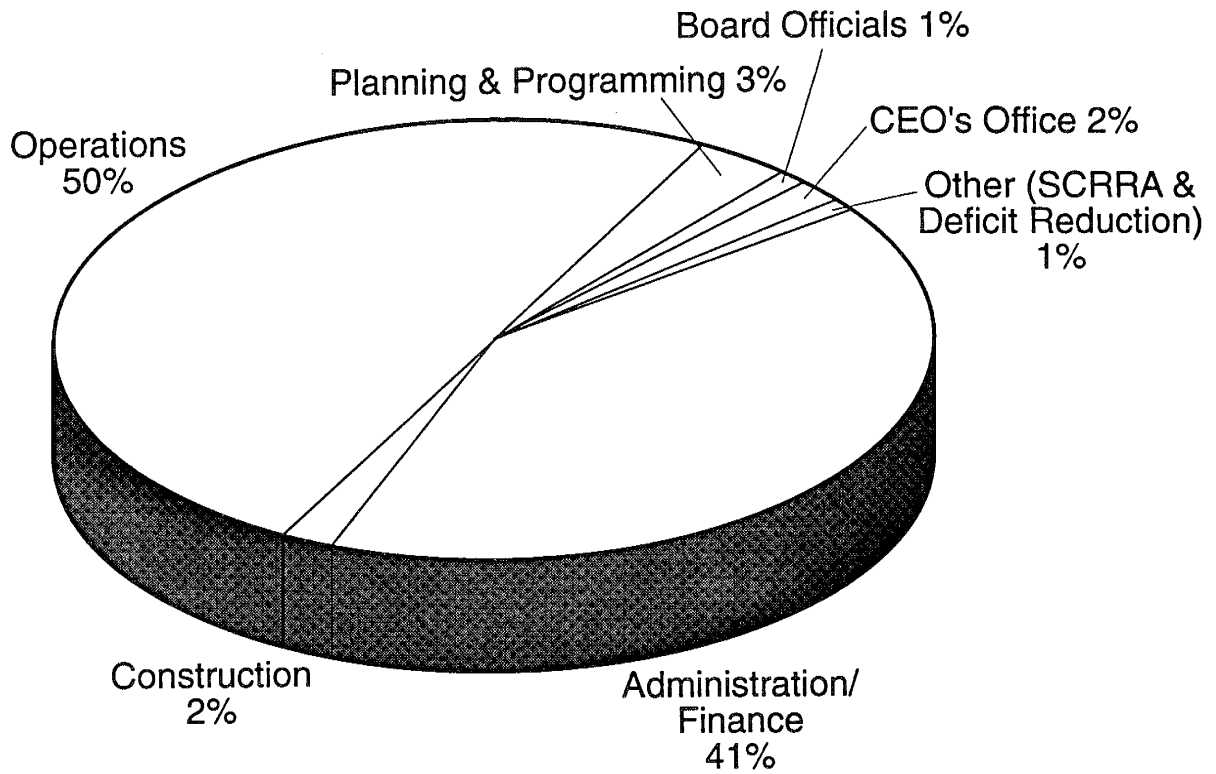
Page 2 of 2

OFFICE/DEPARTMENT	FY95 Budget	FY95 Estimate	FY96 Budget	FY96 Budget Inc (Dec) FY95 Budget	
				Amount	%
<b>PLANNING &amp; PROGRAMMING</b>					
EXECUTIVE OFFICE	\$0.6	\$0.6	\$0.5	(\$0.1)	-16.7%
COUNTYWIDE PLANNING	22.0	9.6	12.0	(10.0)	-45.5%
MULTIMODAL PLANNING	13.6	5.2	13.6	0.0	0.0%
CAPITAL PLANNING	2.1	2.2	1.9	(0.2)	-9.5%
SCHEDULING & OPERATIONS PLANNING	6.8	6.9	6.6	(0.2)	-2.9%
<b>PLANNING &amp; PROGRAMMING TOTAL</b>	<b>\$45.1</b>	<b>\$24.5</b>	<b>\$34.6</b>	<b>(\$10.5)</b>	<b>-23.3%</b>
<b>SCRRA/METROLINK</b>	<b>\$2.9</b>	<b>\$2.3</b>	<b>\$2.6</b>	<b>(\$0.3)</b>	<b>-10.3%</b>
<b>REIMBURSED FROM CAPITAL BUDGET</b>	<b>(\$59.3)</b>	<b>(\$58.2)</b>	<b>(\$54.8)</b>	<b>\$4.5</b>	<b>-7.6%</b>
<b>SUBTOTAL OPERATING EXPENSES</b>	<b>\$957.5</b>	<b>\$926.6</b>	<b>\$938.9</b>	<b>(\$18.6)</b>	<b>-1.9%</b>
<b>DEFICIT REDUCTION</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$9.0</b>	<b>\$9.0</b>	
<b>TOTAL OPERATING EXPENSES</b>	<b>\$957.5</b>	<b>\$926.6</b>	<b>\$947.9</b>	<b>(\$9.6)</b>	<b>-1.0%</b>



**OPERATING BUDGET**

***Operating Expenses by Department***



# OPERATING BUDGET

## Expenses by Expense Category

(\$ in millions)

EXPENSE CATEGORY	FY95 Budget	FY95 Estimate	FY96 Budget	FY96 Budget Inc (Dec) FY95 Budget	
				Amount	%
SALARIES & WAGES	\$371.1	\$376.9	\$334.6	(\$36.5)	-9.8%
FRINGE BENEFITS	188.3	199.6	181.0	(7.3)	-3.9%
SERVICES	117.1	67.6	100.3	(16.8)	-14.3%
MATERIAL & SUPPLIES	66.1	72.2	68.4	2.3	3.5%
LEASES & RENTALS	14.2	13.4	10.3	(3.9)	27.5%
CASUALTY & LIABILITY	26.9	22.0	28.5	1.6	5.9%
UTILITIES	14.6	14.0	16.2	1.6	11.0%
DEBT EXPENSE	209.8	209.8	231.6	21.8	10.4%
OTHER	8.7	9.3	31.8	23.1	265.5%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$1,016.8</b>	<b>\$984.8</b>	<b>\$1,002.7</b>	<b>(\$14.1)</b>	<b>-1.4%</b>
LESS CAPITAL REIMBURSEMENTS	(\$59.3)	(\$58.2)	(\$54.8)	\$4.5	-7.6%
<b>NET OPERATING BUDGET</b>	<b>\$957.5</b>	<b>\$926.6</b>	<b>\$947.9</b>	<b>(\$9.6)</b>	<b>-1.0%</b>

NOTE: Other Expenses includes the \$9 million budget deficit set-aside.

# OPERATING BUDGET

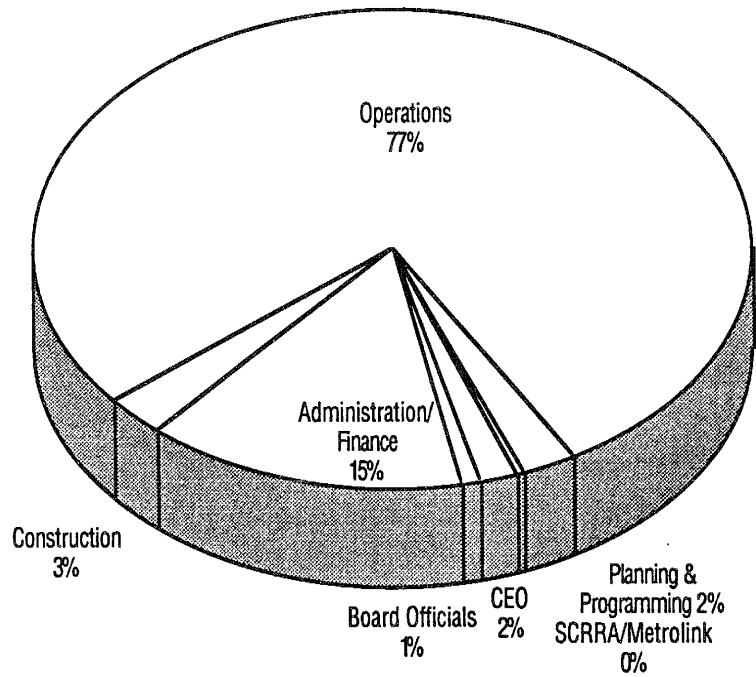
## Personnel by Department

OFFICE/DEPARTMENT	FY95 Budget	FY96 Budget	
		FY96 Budget	Inc (Dec) FY95 Budget
<i>CEO'S OFFICE</i>			
CEO'S OFFICE	15	15	0
EQUAL OPPORTUNITY	39	36	(3)
EXTERNAL AFFAIRS	76	75	(1)
INTERNAL AUDIT	21	21	0
<b>CEO'S OFFICE TOTAL</b>	<b>151</b>	<b>147</b>	<b>(4)</b>
<i>BOARD OFFICIALS</i>			
BOARD SECRETARY	13	14	1
GENERAL COUNSEL	15	7	(8)
INSPECTOR GENERAL	25	32	7
<b>BOARD OFFICIALS TOTAL</b>	<b>53</b>	<b>53</b>	<b>0</b>
<i>ADMINISTRATION/FINANCE</i>			
CAO OFFICE/GENERAL ADMINISTRATION	5	8	3
FINANCE	174	174	0
GENERAL SERVICES/REAL ESTATE	132	157	25
HUMAN RESOURCES	64	76	12
INFORMATION AND TECHNOLOGY SERVICES	112	112	0
LABOR RELATIONS	9	9	0
MATERIEL	61	175	114
STRATEGIC PLANNING & ORG. DEVELOPMENT	13	9	(4)
TRANSIT POLICE	539	485	(54)
<b>ADMINISTRATION/FINANCE TOTAL</b>	<b>1,109</b>	<b>1,205</b>	<b>96</b>
<i>CONSTRUCTION</i>			
PASADENA LINE/LA RAIL CARS	18	24	6
RED LINE - SEG 2	38	53	15
RED LINE - SEG 3 (NORTH HOLLYWOOD)	27	56	29
RED LINE - SEG 3 (EASTERN EXTENSION)	28	25	(3)
RED LINE - SEG 3 (MID-CITY)	8	7	(1)
SYSTEMWIDE/OTHER	45	69	24
<b>CONSTRUCTION TOTAL</b>	<b>164</b>	<b>234</b>	<b>70</b>
<i>OPERATIONS</i>			
EXECUTIVE OFFICE/GENERAL ADMIN.	30	22	(8)
BUS OPERATING REGIONS	0	4,798	4,798
RAIL OPERATIONS & SERVICE DELIVERY	6,197	866	(5,331)
TECHNICAL SUPPORT	769	563	(206)
CUSTOMER RELATIONS	186	155	(31)
<b>OPERATIONS TOTAL</b>	<b>7,182</b>	<b>6,404</b>	<b>(778)</b>
<i>PLANNING &amp; PROGRAMMING</i>			
EXECUTIVE OFFICE	4	3	(1)
COUNTYWIDE PLANNING	36	31	(5)
MULTIMODAL PLANNING	53	52	(1)
CAPITAL PLANNING	26	24	(2)
SCHEDULING AND OPERATIONS PLANNING	110	101	(9)
<b>PLANNING &amp; PROGRAMMING TOTAL</b>	<b>229</b>	<b>211</b>	<b>(18)</b>
<i>SCRRA/METROLINK</i>	<b>47</b>	<b>30</b>	<b>(17)</b>
<b>TOTAL PERSONNEL</b>	<b>8,935</b>	<b>8,284</b>	<b>(651)</b>

# OPERATING BUDGET

## Summary of Positions

<i>Office</i>	<i>FY95 Budget</i>	<i>FY96 Budget</i>	<i>FY96 Budget Inc (Dec) FY95 Budget</i>
CEO'S Office	151	147	-4
Board Officials	53	53	0
Administration/Finance	1,109	1,205	96
Construction	164	234	70
Operations	7,182	6,404	-778
Planning & Programming	229	211	-18
SCRRA/Metrolink	47	30	-17
<b>TOTAL</b>	<b>8,935</b>	<b>8,284</b>	<b>-651</b>



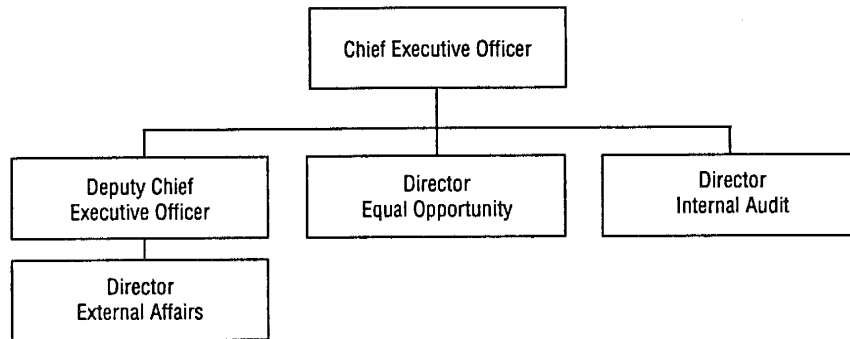
# CEO's Office— Summary

CEO's Office Budget as Percentage  
of MTA Operating Budget



The Office of the Chief Executive Officer (CEO) is responsible for planning, directing, controlling, staffing, evaluating and improving all MTA functions in order to achieve the MTA's mission and carry out Board directives.

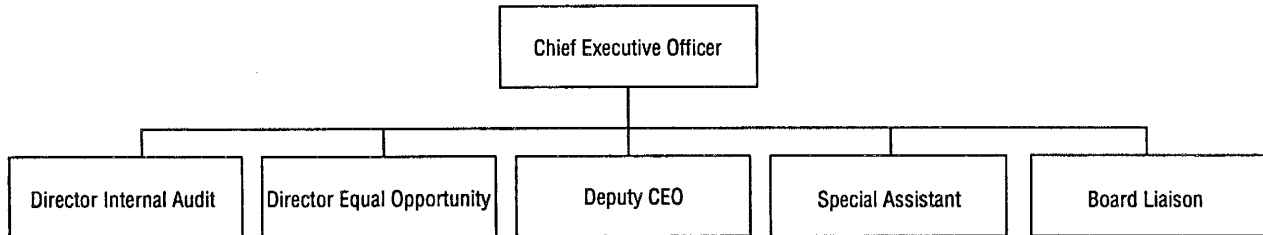
## Organizational Chart



Unit/Section	Staffing by Department		Expenses by Department		
	FY95 Budget	FY96 Budget	FY95 Budget	FY95 Estimate	FY96 Budget
CEO's Office	15	15	\$1,978,210	\$1,887,009	\$1,798,458
Equal Opportunity	39	36	3,198,374	2,324,451	2,592,533
External Affairs	76	75	8,211,399	8,154,325	8,279,248
Internal Audit	21	21	3,170,842	2,045,174	2,981,976
<b>Total</b>	<b>151</b>	<b>147</b>	<b>\$16,558,825</b>	<b>\$14,410,959</b>	<b>\$15,652,215</b>

# CEO's OFFICE CEO's Office

## Organizational Chart



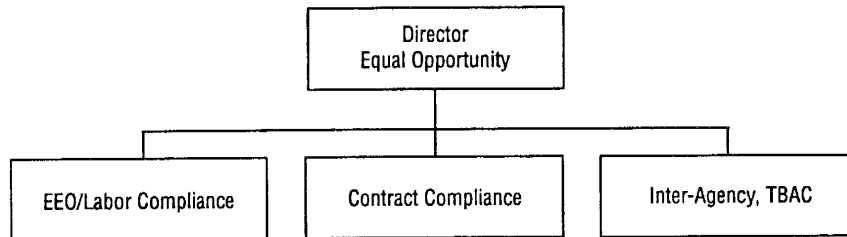
## Expenses by Expense Category

<i>Expense</i>	<i>FY95 Budget</i>	<i>FY95 Estimate</i>	<i>FY96 Budget</i>
Salary & Wages	\$771,766	\$989,791	\$815,741
Fringe Benefits	340,344	349,206	430,517
Services	677,500	410,996	405,000
Material & Supplies	11,850	22,660	21,000
Leases & Rentals	0	0	0
Casualty & Liability	0	0	0
Utilities	0	0	0
Debt Expense	1,500	0	0
Other	175,250	114,356	126,200
<b>Total</b>	<b>\$1,978,210</b>	<b>\$1,887,009</b>	<b>\$1,798,458</b>
<b>Staffing</b>	<b>15</b>		<b>15</b>

# CEO's OFFICE— Equal Opportunity

The Office of Equal Opportunity is responsible for developing, implementing and monitoring MTA's equal opportunity program; ensuring that personnel policies and procedures comply with equal opportunity laws and regulations; ensuring the maximum appropriate utilization of disadvantaged-, women- and minority-owned businesses (DBE/WBE/MBE) in all MTA contract procurement and activities; and ensuring that MTA contractors and subcontractors adhere to applicable EEO and DBE/WBE/MBE contract provisions.

## Organizational Chart



## Expenses by Expense Category

<i>Expense</i>	<i>FY95 Budget</i>	<i>FY95 Estimate</i>	<i>FY96 Budget</i>
Salary & Wages	\$1,657,169	\$1,625,521	\$1,390,501
Fringe Benefits	875,780	555,030	773,332
Services	432,000	93,178	256,500
Material & Supplies	104,550	7,047	104,500
Leases & Rentals	0	27,571	0
Casualty & Liability	0	0	0
Utilities	25,000	0	0
Debt Expense	0	0	0
Other	103,875	16,104	67,700
<b>Total</b>	<b>\$3,198,374</b>	<b>\$2,324,451</b>	<b>\$2,592,533</b>
<b>Staffing</b>	<b>39</b>		<b>36</b>

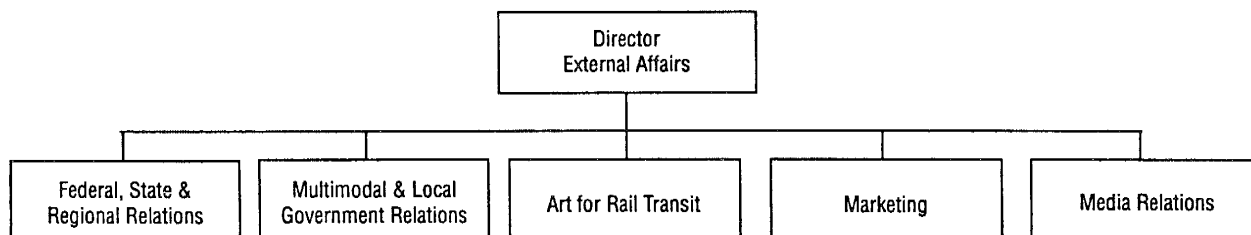
## Goals

- Complete the development of desk manuals and finalize administrative procedures for all compliance functions by August 1995.
- Complete 25 full-fledged DBE/MBE/WBE contract compliance audits by the end of FY96.
- Obtain approved memoranda of understanding (MOU) from the two regional organizations, L.A. Municipals (Muni) and Regional Certification Reciprocity Council (RCRC) by December 1995.
- Conduct quarterly DBE workshops that train internal staff, prime contractors and vendors on how to prepare bid documentation, and certification applications.
- Conduct tri-annual workshops sponsored by Intra-Agency Programs Unit to provide exposure of under-utilized minority business to the greater MTA technical and prime contracting communities.
- Finalize policy on Human Resources selection procedures to ensure the attainment of the MTA's affirmative action goals for FY96.
- Implement a Diversity Training and Sexual Harassment Training program for all MTA management. Schedule roll-out of training by August 1995.
- Automate all DBE/MBE/WBE reporting by the third quarter of FY96.

# CEO's OFFICE— External Affairs

The Office of External Affairs is responsible for planning and developing public affairs strategies which build relationships that promote effective dialogue within and between the MTA and the public.

## Organizational Chart



## Expenses by Expense Category

<i>Expense</i>	<i>FY95 Budget</i>	<i>FY95 Estimate</i>	<i>FY96 Budget</i>
Salary & Wages	\$3,375,932	\$3,659,245	\$3,543,458
Fringe Benefits	1,731,667	1,161,221	1,698,129
Services	1,751,000	2,338,153	2,204,148
Material & Supplies	1,181,600	903,134	659,423
Leases & Rentals	72,000	19,968	45,000
Casualty & Liability	0	0	0
Utilities	0	51	0
Debt Expense	6,500	86	0
Other	92,700	72,467	129,090
<b>Total</b>	<b>\$8,211,399</b>	<b>\$8,154,325</b>	<b>\$8,279,248</b>

<b>Staffing</b>	<b>76</b>	<b>75</b>
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## Goals

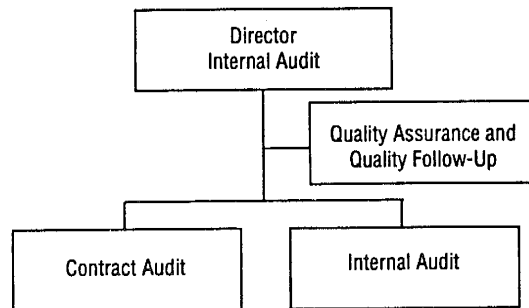
- Develop and implement a comprehensive public image strategy which establishes internal and external communications guidelines, public relations approaches, and public education and media campaign activities, including provision for timely Board notification of issues/incidences which impact the MTA, by August 1995.
- Develop and implement public affairs/government relations strategies, relationships and processes to maximize the potential of the region to receive federal or other funding by February 1996.
- Increase support for and compliance with the MTA 20 Year Long Range Plan by increasing public awareness and by informing and educating the public including transportation industry leaders, community leaders, teachers, business leaders and elected officials.
- Develop and implement external programs to enhance the MTA's ability to achieve short and long range goals and improve relationships between transit divisions and the communities they serve, including an effective legislative program, community affairs support for operations, design and construction efforts; successful openings of the Metro Green Line and Gateway Intermodal Transit Center, and campaigns to develop public understanding and support for a new transit fare and service structure.
- Participate in developing and implementing a marketing campaign to increase MTA bus and rail ridership.



# CEO's OFFICE-- Internal Audit

The Office of Internal Audit is responsible for auditing all MTA transactions in accordance with a mutually agreed upon audit plan established with the CEO. Internal Audit has primary responsibility for ensuring that funds and property acquired through programs are appropriately administered, disbursements of funds are proper, fiscal reports are accurate, and procurements and contracts are prudently administered; and that adequate internal controls are maintained, assets are safeguarded, and MTA's policies and procedures and other applicable rules are in compliance.

## Organizational Chart



## Expenses by Expense Category

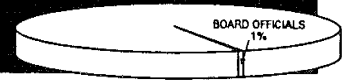
<i>Expense</i>	<i>FY95 Budget</i>	<i>FY95 Estimate</i>	<i>FY96 Budget</i>
Salary & Wages	\$997,267	\$1,143,698	\$963,218
Fringe Benefits	616,575	410,829	575,306
Services	1,480,000	427,832	1,417,452
Material & Supplies	29,000	38,047	4,000
Leases & Rentals	0	2,895	0
Casualty & Liability	0	0	0
Utilities	0	0	0
Debt Expense	0	0	0
Other	48,000	21,873	22,000
<b>Total</b>	<b>\$3,170,842</b>	<b>\$2,045,174</b>	<b>\$2,981,976</b>
<b>Staffing</b>	<b>21</b>		<b>21</b>

## Goals

- Develop an annual audit plan with risk-based prioritization of management audits, including work, schedule and budget for internal and external auditors by July 1995; ensure audits are conducted in a timely manner.
- Develop and maintain an audit follow-up system to monitor and report resolutions and outstanding issues. Report monthly to management and brief the Board quarterly by report on the audit.
- Identify areas throughout the agency needing operational and internal control improvements and make detailed recommendations, including performance audits in a variety of subjects and participation in selected corrective-action task forces.
- Institute internal administrative procedures to ensure proper tracking and filing of reports, audits and supporting materials by July 1995.
- Conduct 470 audits which comprise 298 consolidated audits including financial and compliance audits of 89 jurisdictions; 140 contract audits including 110 pre-award, close-out and interim audits and change order audits; and 30 management audits that address key vulnerabilities or respond to management requests.

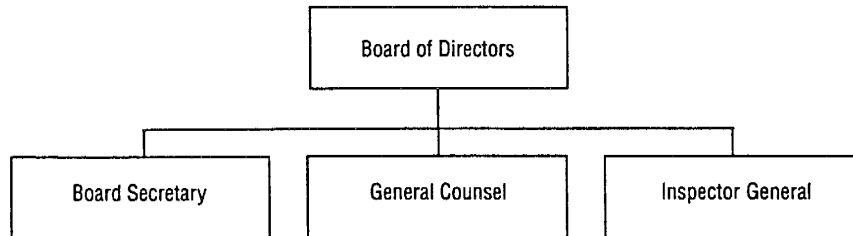
# BOARD OFFICIALS — Summary

Board Officials Budget as Percentage  
of MTA Operating Budget



The Board Secretary, General Counsel, and Inspector General report to the MTA Board and are supported by MTA staff.

## Organizational Chart

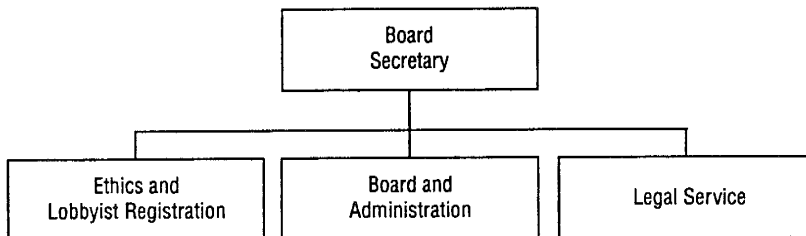


Unit/Section	Staffing by Department		Expenses by Department		
	FY95 Budget	FY96 Budget	FY95 Budget	FY95 Estimate	FY96 Budget
Board Secretary	13	14	1,196,257	1,028,381	1,212,698
General Counsel	15	7	5,193,876	4,801,799	4,696,185
Inspector General	25	32	2,209,511	2,109,602	3,095,067
<b>Total</b>	<b>53</b>	<b>53</b>	<b>\$8,599,644</b>	<b>\$7,939,782</b>	<b>\$9,003,950</b>

## BOARD OFFICIALS — Board Secretary

The Board Secretary is the official custodian of records for the MTA and has the following responsibilities: issuing notices, agendas and minutes for Board meetings and public hearings per applicable laws; keeping and updating the rules and regulations for the MTA; acting as filing officer for all Code of Conduct processes; training and monitoring employees and Board officials and members on areas of ethics; and registering lobbyists.

### Organizational Chart



### Expenses by Expense Category

<i>Expense</i>	<i>FY95 Budget</i>	<i>FY95 Estimate</i>	<i>FY96 Budget</i>
Salary & Wages	\$511,870	\$505,206	\$520,815
Fringe Benefits	246,437	205,751	268,583
Services	278,550	190,055	254,500
Material & Supplies	49,300	16,357	51,500
Leases & Rentals	0	8,392	0
Casualty & Liability	0	0	0
Utilities	0	0	0
Debt Expense	12,000	257	0
Other	98,100	102,363	117,300
<b>Total</b>	<b>\$1,196,257</b>	<b>\$1,028,381</b>	<b>\$1,212,698</b>

<b>Staffing</b>	<b>13</b>	<b>14</b>
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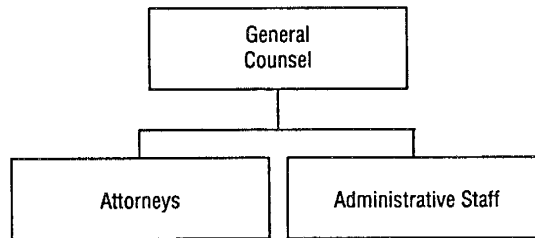
### Goals

- Develop and implement an Ethics Policy information, education and training campaign to increase board, staff and public awareness and compliance with MTA ethics rules and applicable state laws by Fall 1995.

# BOARD OFFICIALS – General Counsel

The Office of the General Counsel provides legal advice to the Board of Directors, CEO and MTA management to ensure that policies, procedures, and practices comply with applicable laws and regulations. In addition, General Counsel represents the MTA in litigation, including arbitrations and other matters, and approves all forms of contracts on behalf of the MTA.

## Organizational Chart



## Expenses by Expense Category

<i>Expense</i>	<i>FY95 Budget</i>	<i>FY95 Estimate</i>	<i>FY96 Budget</i>
Salary & Wages	\$850,697	\$548,526	\$254,507
Fringe Benefits	298,479	255,504	126,028
Services	3,941,500	3,962,125	4,269,500
Material & Supplies	23,400	4,710	5,400
Leases & Rentals	0	9,033	0
Casualty & Liability	0	0	0
Utilities	0	0	0
Debt Expense	0	0	0
Other	79,800	21,901	40,750
<b>Total</b>	<b>\$5,193,876</b>	<b>\$4,801,799</b>	<b>\$4,696,185</b>
<b>Staffing</b>	<b>15</b>		<b>7</b>

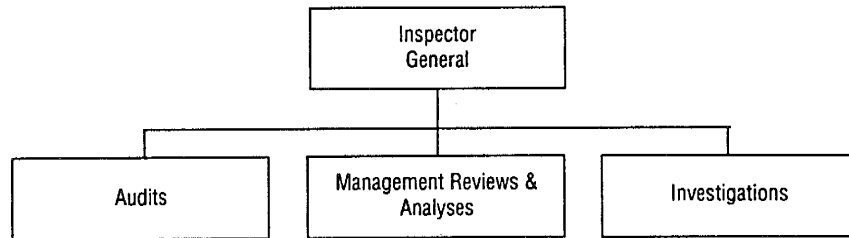
## Goals

- Support the MTA Board and management with timely and effective legal representation, advice, and counsel of the highest professional caliber.
- Provide effective legal strategy for successful resolution of disputes relating to construction and fare structure.
- Increase cost-effectiveness through consolidation of the department's resources with County Counsel.
- Increase effectiveness through automation of case log, public document requests and legal research.
- Increase MTA in-house legal training with an emphasis on Human Resources issues.
- Support development of consolidated and responsive MTA Policies and Procedures.

# BOARD OFFICIALS – Inspector General

The Office of the Inspector General is responsible for investigating allegations of fraud, waste and abuse of MTA resources; proactively identifying potential problems of fraud, waste and abuse; and monitoring the agency's compliance with the Ethics Policy.

## Organizational Chart



## Expenses by Expense Category

<i>Expense</i>	<i>FY95 Budget</i>	<i>FY95 Estimate</i>	<i>FY96 Budget</i>
Salary & Wages	\$1,273,784	\$1,365,582	\$1,583,164
Fringe Benefits	506,227	609,041	898,403
Services	351,000	39,907	526,000
Material & Supplies	35,500	9,629	8,000
Leases & Rentals	0	0	0
Casualty & Liability	0	0	0
Utilities	0	0	0
Debt Expense	0	0	0
Other	43,000	85,443	79,500
<b>Total</b>	<b>\$2,209,511</b>	<b>\$2,109,602</b>	<b>\$3,095,067</b>

<b>Staffing</b>	<b>25</b>	<b>32</b>
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## Goals

- Keep the MTA Board informed on critical compliance and performance issues.
- Provide the MTA Board with independent and timely analyses of resource utilization and procurement/contracting efficiency.
- Conduct investigations to deter and prevent fraud, waste and abuse of MTA programs and operations.
- Identify and recommend needed controls over high-risk and high-dollar areas through audits, reviews and investigations.
- Receive and investigate complaints regarding fraud, waste and abuse of MTA resources. Shorten the time for resolving OIG Hotline communications.
- Equip the OIG with updated computer hardware and software. Issue quarterly expenditure reports in the quarter following the report period. Finalize processes for oversight of audit activities.

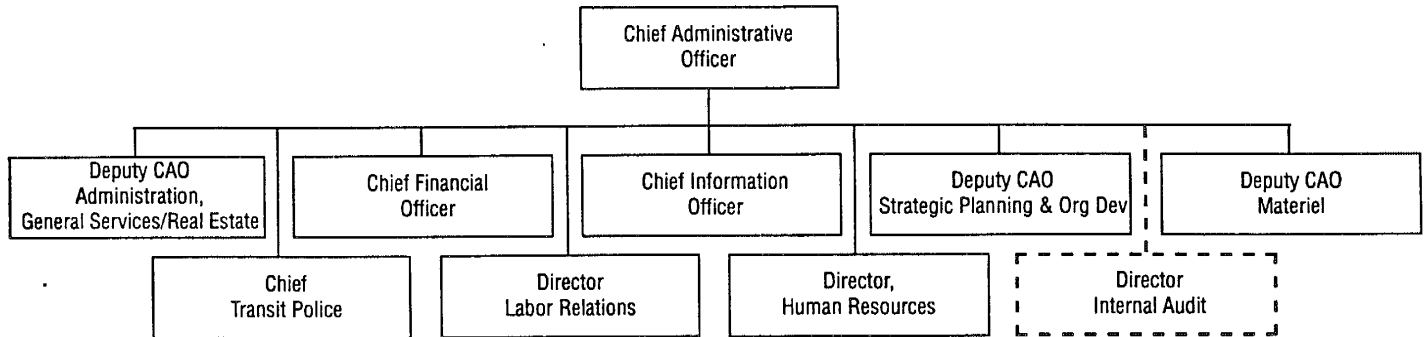
# ADMINISTRATION/FINANCE— Summary

Admin./Finance Budget as Percentage  
of MTA Operating Budget



The Chief Administrative Officer is responsible for all administrative and financial support functions throughout the agency and also oversees Transit Police.

## Organizational Chart



Unit/Section	Staffing by Department		Expenses by Department		
	FY95 Budget	FY96 Budget	FY95 Budget	FY95 Estimate	FY96 Budget
CAO Office/General Administration	5	8	\$537,231	\$390,867	\$1,017,341
Finance	174	174	289,817,318	281,980,248	313,917,094
General Services/Real Estate	132	157	28,925,918	27,190,119	25,576,853
Human Resources	64	76	9,584,158	17,494,409	9,593,233
Information and Technology Services	112	112	15,145,454	13,053,668	15,245,839
Labor Relations	9	9	769,839	731,841	1,143,845
Materiel	61	175	4,381,542	4,745,433	10,330,378
Strategic Planning & Org Dev	13	9	1,476,148	518,768	1,489,003
Transit Police	539	485	35,798,958	32,620,814	33,994,186
<b>Total</b>	<b>1,109</b>	<b>1,205</b>	<b>\$386,436,566</b>	<b>\$378,726,167</b>	<b>\$412,307,772</b>

## ADMINISTRATION/FINANCE— *Summary (continued)*

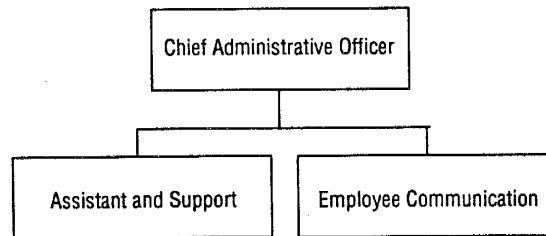
### Goals

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- Develop and implement a Two Year Tactical Plan to complete the merger, and resolve recurring budget deficits in a financially responsible manner.
- Review, revise and publish new policies and procedures for the MTA to improve agency business practices.
- Develop a strong, customer-focused Human Resources Division to ensure the right personnel are hired for the right job; streamline procedures to eliminate bureaucracy and improve recruitment.
- Develop a five-year labor relations strategy tied to organizational and county-wide multi-modal transportation plans, including public/private cooperation for an integrated bus transportation system.
- Develop interactive information, communications and advanced technology strategy and systems that use technology to ensure appropriate, accurate and timely information to plan, prioritize, provide services, manage and direct work, measure performance and improve communication.
- Review and revise all procurement and contract policies and procedures and re-engineer work practices to improve, control, reduce document turnaround time and reduce overage costs.
- Launch a company-wide strategic planning, organizational development, employee communications and re-engineering effort to stabilize the organization, reduce costs, set a course for the future, develop an MTA culture and improve how the agency conducts business.
- Enhance public safety by reducing crime on the bus and rail system.

# ADMINISTRATION/FINANCE— CAO's Office/General Administration

## Organizational Chart



## Expenses by Expense Category

<i>Expense</i>	<i>FY95 Budget</i>	<i>FY95 Estimate</i>	<i>FY96 Budget</i>
Salary & Wages	\$368,960	\$233,621	\$439,884
Fringe Benefits	149,771	138,142	251,407
Services	0	0	180,000
Material & Supplies	10,500	18,660	107,500
Leases & Rentals	0	0	0
Casualty & Liability	0	0	0
Utilities	0	0	0
Debt Expense	1,000	0	0
Other	7,000	444	38,550
Reimbursed from Capital Budget	0	0	0
<b>Total</b>	<b>\$537,231</b>	<b>\$390,867</b>	<b>\$1,017,341</b>
<b>Staffing</b>	<b>5</b>		<b>8</b>

## Goals

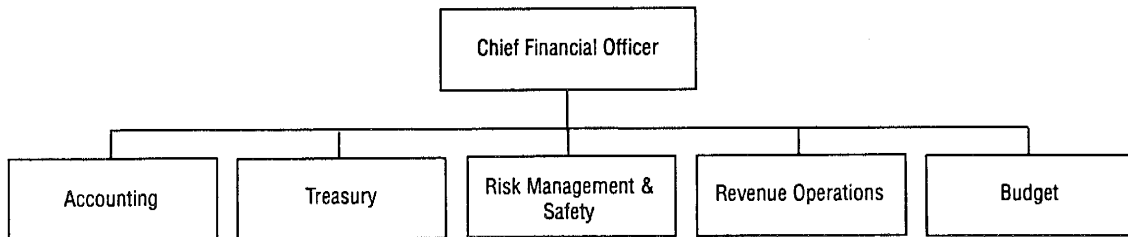
- Implement cost reduction and re-engineering efforts to improve cost effectiveness, performance, quality and customer service of Administration/Finance.
- Lead Administration/Finance team in developing a plan to initiate all support functions throughout the agency.
- Ensure development and distribution of new corporate policies and procedures to govern company-wide practices to achieve cost savings and other efficiencies.
- Improve employee morale.
- Develop a five-year labor relations strategy to improve management rights, reduce represented labor costs, re-engineer work processes, and develop specific strategies for 1997 negotiations.
- Develop and implement a corporate strategy.
- Ensure the on-time move of all employees into the Gateway Headquarters by year-end 1995.



# ADMINISTRATION/FINANCE— Finance

The Finance Department is responsible for preparing and administering the annual operating and capital budgets; collecting, tracking, and disbursing funds from all available sources; forecasting and monitoring receipt of all revenue sources; ensuring compliance with all federal and state funding statutes and bond covenants; structuring debt in a responsible and prudent manner; protecting the financial assets of the MTA; and rendering financial services and assistance to other parts of the agency in a timely and professional manner.

## Organizational Chart



## Expenses by Expense Category

<i>Expense</i>	<i>FY95 Budget</i>	<i>FY95 Estimate</i>	<i>FY96 Budget</i>
Salary & Wages	\$7,721,870	\$4,963,190	\$7,469,604
Fringe Benefits	25,047,995	23,758,582	27,269,451
Services	15,688,600	14,881,671	14,275,500
Material & Supplies	1,444,500	225,139	160,200
Leases & Rentals	742,000	325,481	0
Casualty & Liability	24,259,000	21,982,848	28,400,557
Utilities	0	62,807	0
Debt Expense	209,729,942	209,729,942	231,619,837
Other	5,183,411	6,050,588	4,721,945
<b>Total</b>	<b>\$289,817,318</b>	<b>\$281,980,248</b>	<b>\$313,917,094</b>

<b>Staffing</b>	<b>174</b>	<b>174</b>
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NOTES: Other costs in Finance include taxes on revenue vehicle fuel. Debt service is increased due to payments for the Gateway Headquarters Building and increases in debt service payment due to capitalization of interest in prior years.

## ADMINISTRATION/FINANCE— *Finance (continued)*

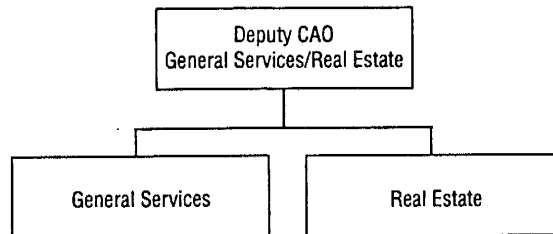
### Goals

- Implement Phase I of the Financial Information System by July 1995 and begin generating financial reports by August, 1995.
- Develop and distribute the following monthly financial reports within 30 days of month-end closing including: 1) financial statements; 2) budget variance reports and revenue and expense projections; 3) investment reports; 4) revenue and expenditure flow analysis by fund; and 5) accounts receivable and payable aging reports. Close FY95 financial records by October 1995 and distribute audited annual financial statements by December 1995.
- Develop format for monthly performance measure and benchmark reporting by December 1995.
- Improve accounts payable processes by 1) paying all invoices for goods and services within 45 days of receipt; 2) reducing late payment penalties; and 3) increasing early payment discounts. Develop and implement a schedule to reconcile all internal transfers and loans. Implement a cost allocation plan based on actual payroll costs.
- Develop and implement short and long range plans including: 1) ten-year operating, capital, revenue and expense projections, and 2) a multi-year cost containment program.
- Develop and implement financial tracking systems, including: 1) a five-year revenue and expense tracking model by account detail, reconciled monthly to general ledger and 2) a tracking and reporting system for construction and other capital projects.
- Create a Revenue Operations Division that consolidates revenue-related efforts in the Finance Department; manages passenger revenue contracts; improves the bus pass production and distribution process; develops and implements an alternative method for coin collection, counting and deposit; converts from weighing to counting cash; reviews, improves and enforces all passenger revenue collection processes, policies and procedures.
- Develop and implement plans for an innovative passenger fare collection system that uses appropriate technology and ensures adequate levels of protection.
- Develop and implement performance-based cost centers to improve interdepartmental accountability and push authority and decision-making down in the organization.
- Manage financing, investment and debt programs of the MTA to ensure safety of funds, provide adequate cash flow, liquidity, and maximize yield.
- Reorganize the Risk Management and Safety sections to reduce the number and cost of claims, improve Operations and Construction safety records and enforcement, and improve customer service.
- Develop and implement actions, policies and procedures to address all outstanding audit recommendations and improve the efficiency, effectiveness and customer service levels throughout the Department.

# ADMINISTRATION/FINANCE— General Services/Real Estate

General Services is responsible for providing graphics, print, correspondence and building services. Real Estate oversees real estate assets of the MTA.

## Organizational Chart



## Expenses by Expense Category

<i>Expense</i>	<i>FY95 Budget</i>	<i>FY95 Estimate</i>	<i>FY96 Budget</i>
Salary & Wages	\$4,865,303	\$5,265,609	\$5,326,405
Fringe Benefits	3,691,828	3,267,726	2,938,369
Services	2,213,868	1,163,812	3,618,098
Material & Supplies	2,413,823	3,442,622	2,203,283
Leases & Rentals	12,825,203	12,016,491	9,610,913
Casualty & Liability	0	0	0
Utilities	1,687,690	931,891	1,068,700
Debt Expense	1,025	28	0
Other	1,227,178	1,101,940	811,085
<b>Total</b>	<b>\$28,925,918</b>	<b>\$27,190,119</b>	<b>\$25,576,853</b>
<b>Staffing</b>	<b>132</b>		<b>157</b>

NOTE: Staffing increase includes custodial staff for Gateway Headquarters building.

## Goals

### *Facilities and General Services*

- Implement electronic imaging systems to improve document control, retrievals and processing by June 1996.
- Implement headquarters-wide voice and electronic mail by January 1996.
- Manage move into Gateway Headquarters building by December 1995.
- Develop and implement non-revenue vehicle fleet management plan reducing the number of non-revenue vehicles.

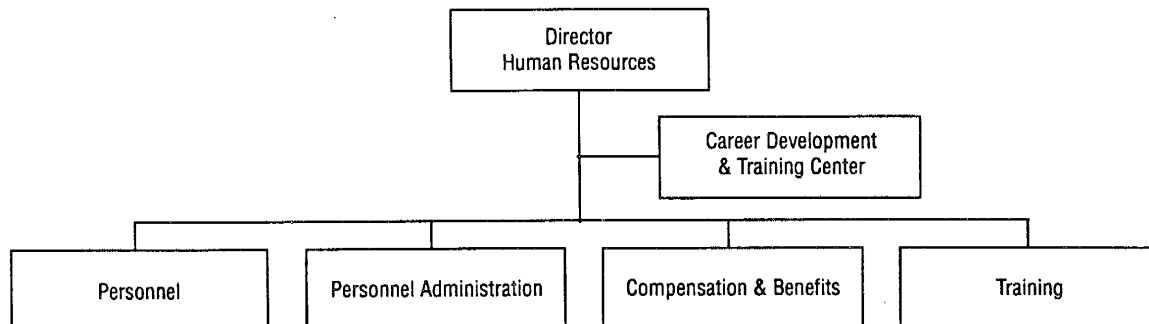
### *Real Estate*

- Maximize revenue from short term real estate assets: 1) reduce property management costs and 2) increase real estate revenues by 5% by implementing rental increases on existing leases, identifying new tenants for unused parcels and disposing of surplus real estate with no revenue potential.
- Develop and implement strategies to lease right-of-way for fiber optic opportunities.
- Complete acquisition of rights-of-way needed for rail projects on schedule and within budget.

# ADMINISTRATION/FINANCE— Human Resources

Human Resources is responsible for administering personnel and benefit functions for all MTA staff.

## Organizational Chart



## Expenses by Expense Category

Expense	FY95 Budget	FY95 Estimate	FY96 Budget
Salary & Wages	\$2,662,107	\$5,636,831	\$2,654,994
Fringe Benefits	4,886,203	9,400,960	3,931,960
Services	1,405,600	2,240,110	2,063,996
Material & Supplies	427,140	110,767	172,525
Leases & Rentals	0	6,682	105,600
Casualty & Liability	0	0	0
Utilities	0	0	0
Debt Expense	0	257	0
Other	203,108	98,802	664,158
<b>Total</b>	<b>\$9,584,158</b>	<b>\$17,494,409</b>	<b>\$9,593,233</b>
<b>Staffing</b>	<b>64</b>		<b>76</b>

NOTE: FY95 Estimate includes agency-wide costs for severance pay-outs and other fringe benefit impacts

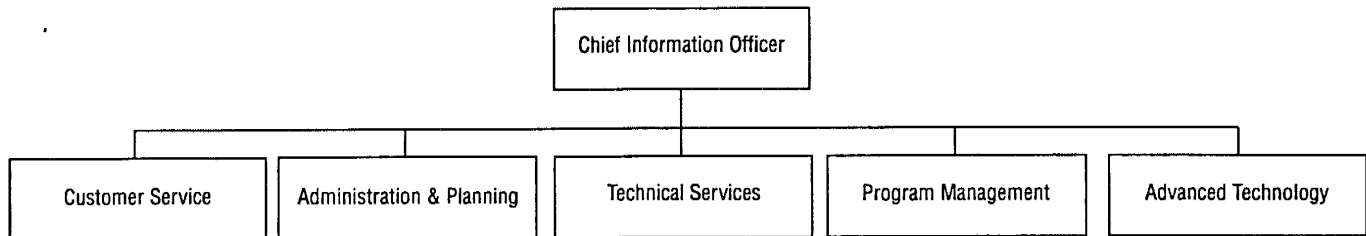
## Goals

- Develop and implement corporate policies and procedures that eliminate bureaucracy and inequities in human resource functions.
- Complete the implementation of the Mercer Classification System.
- Personnel: 1) Reduce the average time to hire, from receipt of requisition to pre-offer, from three months to 45 days. 2) Develop a new HR personnel system including centralized personnel files integrated and linked to the Financial Information System. Complete system definition phase by December 1995. 3) Improve customer service by tasking recruitment staff directly to key internal customers and including their input on annual employee evaluations.
- Training: 1) Upgrade and enhance growth of management and staff with specialized programs in management and supervision, grievance processes, labor relations, transportation management and change management. 2) Implement a revised orientation program for new employees by September 1995.

# ADMINISTRATION/FINANCE— Information and Technology Services

Information and Technology Services is responsible for delivery of information systems and technology services that support the MTA, including: 1) corporate data, video and voice communications; 2) technology services such as Geographic Information Systems, Computer-Aided Engineering, Global Positioning Systems, and chip-level technologies; 3) corporate information systems; and 4) standards and procurement for PCs, workstations, software and other technology products and services.

## Organizational Chart



## Expenses by Expense Category

Expense	FY95 Budget	FY95 Estimate	FY96 Budget
Salary & Wages	\$5,513,940	\$5,277,759	\$5,281,909
Fringe Benefits	2,095,464	2,444,222	2,911,030
Services	7,107,000	4,576,882	6,556,245
Material & Supplies	416,860	379,865	481,830
Leases & Rentals	0	350,816	0
Casualty & Liability	0	0	0
Utilities	1,650	0	0
Debt Expense	0	0	0
Other	10,540	24,124	14,825
<b>Total</b>	<b>\$15,145,454</b>	<b>\$13,053,668</b>	<b>\$15,245,839</b>

<b>Staffing</b>	<b>112</b>	<b>112</b>
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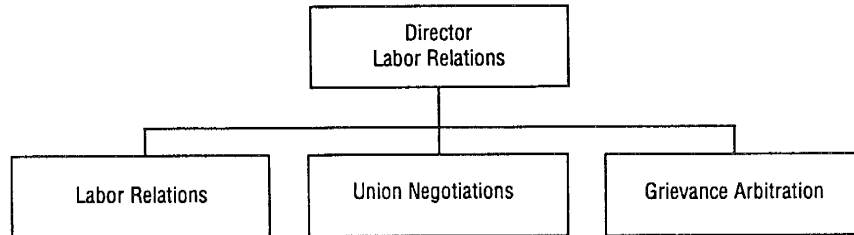
## Goals

- Reorganize the department around "core systems" essential to the business of the MTA and provide services in the short run. Specifically, support systems development in Finance, Human Resources, Procurement and Materiel Management, Revenue, and Operations Single-Manager. Implement Financial Information System by July 1995.
- Develop an Information and Technology Services strategic plan that leverages technology to ensure appropriate, accurate and timely information to provide services, manage and direct our work, measure performance and improve communication.
- Establish an Advanced Technology Steering Committee to evaluate and recommit capital investments company-wide.
- Create an integrated data base environment to support performance measures and reporting requirement of the MTA.
- Continue to improve customer service: Provide availability of mainframe on-line systems at 99%. Maintain an average uptime rating of 99.5% on the 818 Building LAN with an average disruption time rating of less than 2%. Maintain monthly error rates below 1.5% for mainframe batch jobs. Maintain an average backlog at the PC Help Desk of less than 8 calls for severity one problems, 12 for severity two, and 15 for severity three. Maintain service level agreement of 8-seconds or less response time for 86.5% of all transactions processed by the Computerized Customer Information System.

# ADMINISTRATION/FINANCE— Labor Relations

Labor Relations is responsible for promoting productive and cooperative relations with employees and the MTA's unions; negotiating and administering collective bargaining agreements; promoting cooperative labor management relations; developing policies and procedures relative to collective bargaining; and supporting management in contract interpretation and administration, communication, discipline, problem resolution and grievance processing.

## Organizational Chart



## Expenses by Expense Category

<i>Expense</i>	<i>FY95 Budget</i>	<i>FY95 Estimate</i>	<i>FY96 Budget</i>
Salary & Wages	\$461,316	\$462,633	\$419,438
Fringe Benefits	163,963	196,523	227,657
Services	106,000	4,447	478,500
Material & Supplies	4,595	17,498	3,000
Leases & Rentals	0	4,543	0
Casualty & Liability	0	0	0
Utilities	0	0	0
Debt Expense	0	0	0
Other	33,965	46,197	15,250
<b>Total</b>	<b>\$769,839</b>	<b>\$731,841</b>	<b>\$1,143,845</b>
<b>Staffing</b>	<b>9</b>		<b>9</b>

NOTE: The budgeted increase for Labor Relations includes a transfer of costs for legal services related to collective bargaining negotiations from the Legal Department.

## ADMINISTRATION/FINANCE— *Labor Relations (continued)*

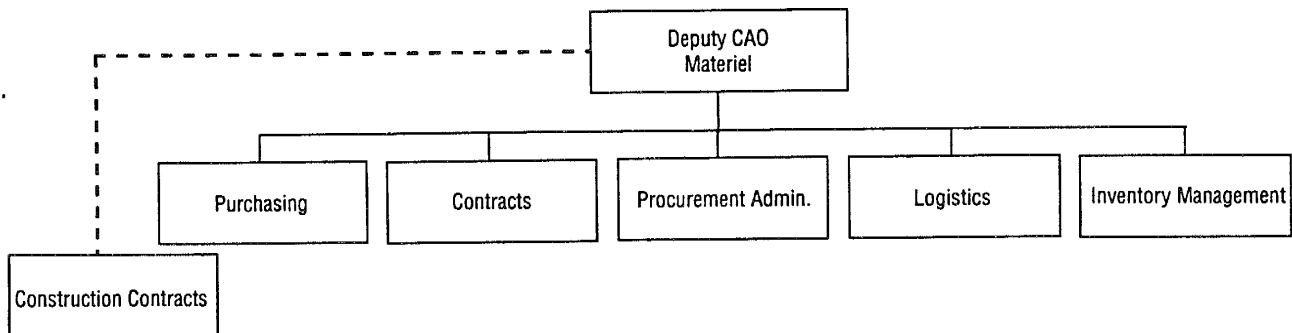
### Goals

- Develop a five-year labor relations strategy: 1) Develop specific strategies for 1997 negotiations by June 1996; 2) Evaluate management strategies in light of FTA Section 13(c), the Public Utilities Code, and other relevant statutes by December 1995; 3) Update comparisons of the MTA's collective bargaining agreements and industry peer groups practices by May 1996; 4) Support company-wide re-engineering and strategic planning efforts.
- Manage MTA labor relations: 1) negotiate a collective bargaining agreement with the TPOA by October 1996; 2) convene a joint labor-management committee with ATU representatives by September 1995 to improve productivity and competitiveness; 3) convene a joint labor-management committee with UTU representatives by September 1995 to reduce absenteeism; 4) address the items identified by Operations in the labor management subcontracting committee by October 1995.
- Improve training, communication and problem resolution: 1) implement training with Human Resources: supervisor's role in employee relations, corrective discipline, grievance resolution by June 1996; 2) develop a joint training program with supervisors, managers, stewards and other union representatives to promote open communication and avoid grievances by May 1996;
- Develop a long-term plan to reduce new level three grievances: 1) develop and implement, with support from Information and Technology Services and Operations, a detailed grievance tracking system by June 1996; 2) develop a plan to reduce the proportion of grievances that progress to level three status by June 1996.
- Ensure grievance arbitration procedures are working to resolve issues in an expeditious and effective manner: 1) reduce the 146 grievances currently pending arbitration by 30% by December 1995 and by another 10% by June 1996.

# ADMINISTRATION/FINANCE— Materiel

The Materiel Department is responsible for establishing corporate-wide procurement and contract policies and procedures and ensuring compliance with state and federal procurement rules and regulations; procuring all goods and services by competitive bid and managing the central warehouse, the distribution of goods to storerooms, and establishing appropriate inventory levels system-wide; setting policies and procedures for the storerooms; oversight of storeroom personnel and activities; and oversight for construction contracts to ensure compliance with existing regulations.

## Organizational Chart



## Expenses by Expense Category

<i>Expense</i>	<i>FY95 Budget</i>	<i>FY95 Estimate</i>	<i>FY96 Budget</i>
Salary & Wages	\$2,482,093	\$2,646,335	\$5,993,652
Fringe Benefits	1,387,749	1,410,189	3,425,126
Services	197,800	75,280	175,350
Material & Supplies	247,200	538,429	694,400
Leases & Rentals	0	38,958	4,500
Casualty & Liability	0	0	0
Utilities	800	0	0
Debt Expense	0	8,571	0
Other	65,900	27,671	37,350
<b>Total</b>	<b>\$4,381,542</b>	<b>\$4,745,433</b>	<b>\$10,330,378</b>
<b>Staffing</b>	<b>61</b>		<b>175</b>

NOTE: The increase in Materiel includes the transfer of 114 storekeeper and clerk positions from Operations.



# ADMINISTRATION/FINANCE— Materiel (continued)

## Goals

- Review and revise corporate policies and procedures for procurement and contracts by June 1996.
- Reduce the number of non-inventory purchase orders, institute blanket purchase orders, and reduce inventories. Institute risk-sharing with suppliers when appropriate.
- Reduce the average time to award contracts within the CEO's authority from 12-24 weeks to 8-12 weeks.
- Increase bus inventory turns from 1.1 to 2.0 and reduce bus inventory levels by 25%, from \$30.1 million to \$25.9 million, (based on 3/1/95 inventory levels).
- Increase use of blanket purchase orders by 20% (from 600 to 720).
- Improve support for procurement of stock commodities, rail parts, construction facilities and development: 1) implement a "just-in-time" inventory system (long-term agreements with vendors maintaining inventory on an on-call basis); 2) increase minimum amounts for inventory purchase orders to \$1,000 and develop procedures for purchases of less than \$1,000; and 3) reduce acquisition time 20% on all purchases acquisitions under \$25,000 (from 21 calendar days to 16).
- Secure training, equipment and other resources to adequately develop and support staff so they may succeed in their expanded roles.

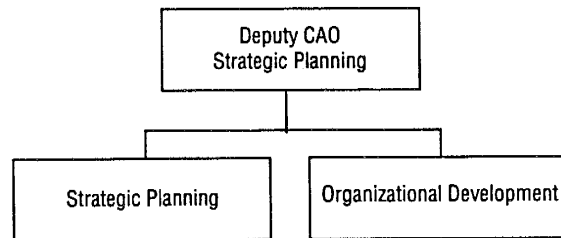
	<u>Now</u>	<u>Goal</u>
• CEO Contract Awards	12-24 wks.	8-12 wks.
• Bus Inventory Turns (3/1/95)	1.1	2.0
• Bus Inventory Level (3/1/95)	\$30.1m	\$25.9m
• Blanket Purchase Order	600	720
• Inventory Purchase	< \$1,000	> \$1,000
• Purchase Acquisitions under \$25,000	21 days	16 days

## ADMINISTRATION/FINANCE—

# Strategic Planning and Organizational Development

Strategic Planning and Organizational Development is responsible for leading the MTA's organizational assessment and planning function, facilitating the MTA's strategic planning process, leading organizational development efforts, and providing planning and analysis support to management.

### Organizational Chart



### Expenses by Expense Category

<i>Expense</i>	<i>FY95 Budget</i>	<i>FY95 Estimate</i>	<i>FY96 Budget</i>
Salary & Wages	\$619,290	\$376,315	\$489,008
Fringe Benefits	342,108	111,003	251,920
Services	500,800	0	675,000
Material & Supplies	7,900	12,015	55,825
Leases & Rentals	0	18,685	0
Casualty & Liability	0	0	0
Utilities	1,000	0	0
Debt Expense	0	0	0
Other	5,050	750	17,250
<b>Total</b>	<b>\$1,476,148</b>	<b>\$518,768</b>	<b>\$1,489,003</b>
<b>Staffing</b>	<b>13</b>		<b>9</b>

NOTE: FY95 Estimate does not reflect anticipated costs to be incurred associated with the MTA's Triannual Performance Audit.

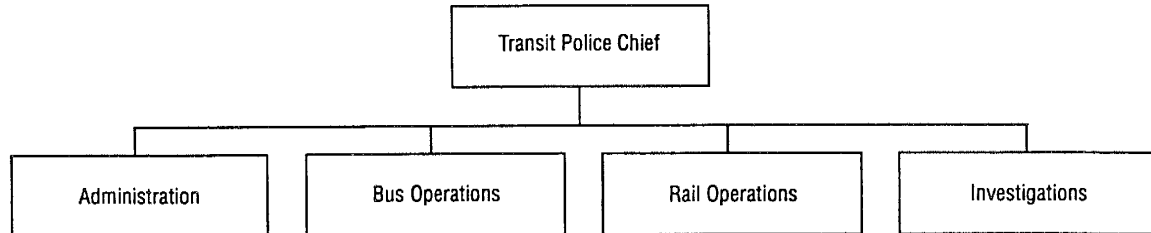
**Goals**

- Develop a plan for addressing Administration Finance critical issues by June 1995.
- Support the Budget Division to develop and implement a tracking and reporting process by August 1995.
- Help build a credible and effective organization:  
1) help define and communicate vision, identity, roles and responsibilities; 2) launch a process to create a five-year strategic plan by January 1996; 3) coordinate and align organizational planning with financial, marketing and long range transportation plans; 4) support the CEO to create a business-oriented management structure by August 1995.
- Develop organizational benchmarks and management performance measures to address FY96 budget goals by December 1995; work with the CEO and Human Resources to design and implement a pay-for-performance system by June 1996; lead research and analysis on organizational trends and market considerations with Planning and Programming; support design and implementation of a regional marketing program to increase bus and rail ridership by March 1996; conduct market and business research.
- Lead MTA re-engineering efforts, focusing on the following for FY96: organizational assessment; Board/staff processes; Human Resources recruitment, systems, employee orientation, pay-for-performance; Materiel; Operations regional manager and division manager roll-out; and Revenue. In FY96 if possible or as top priorities in FY97, also re-engineer and restructure the construction change order; safety & risk management, and worker's compensation process.
- Develop and implement an organizational development program uniting the MTA into one entity: including team building, customer service, management development, and "orientation to the new MTA" campaigns by June 1996.
- Develop and implement a total quality, work process improvement program to improve performance, encourage cross-divisional coordination, and promote excellence; begin company rollout by March 1996.
- Complete and issue relevant company-level policies and procedures by September 1995.

# ADMINISTRATION/FINANCE— Transit Police

Transit Police is responsible for providing law enforcement and security services to protect the passengers, employees, and properties of the MTA; supporting and providing mutual aid to other law enforcement agencies; and assisting in maintaining law and order in the general community.

## Organizational Chart



## Expenses by Expense Category

Expense	FY95 Budget	FY95 Estimate	FY96 Budget
Salary & Wages	\$24,306,103	\$21,176,463	\$20,858,895
Fringe Benefits	9,102,615	9,181,877	10,514,849
Services	1,931,150	1,607,729	1,956,463
Material & Supplies	327,070	574,938	527,048
Leases & Rentals	15,000	14,244	13,785
Casualty & Liability	0	0	0
Utilities	0	0	0
Debt Expense	0	0	0
Other	117,020	65,563	123,146

**Total** **\$35,798,958** **\$32,620,814** **\$33,994,186**

**Staffing** **539** **485**

## GOALS

- Reduce cost of services and increase cost effectiveness, including: 1) restructure bus patrols to focus services on higher crime, heavier transit use lines; 2) expand services to cover Green Line and TOPS program in South Central LA (transit based community-policing program funded by Department of Justice); 3) increase single officer patrols from 20% to 30%; and 4) reduce preventable traffic accidents by 5%.
- Enhance revenue collection and protection including: maintain 25% fare inspection in rail operations; enhance revenue security and fare evasion programs; in coordination with the new Revenue Director; create a special security team for the central cash counting facility.
- Improve information systems and crime reporting and analysis over the next five years by developing a Command, Control, Communication, Computing and Intelligence system. Develop interim measurable performance objectives for Transit Police by December 1995.
- Increase transit security by: 1) increasing random bus boardings by 5%; 2) fully implement transit community-based-policing programs; and 3) improve fixed site security with additional training.

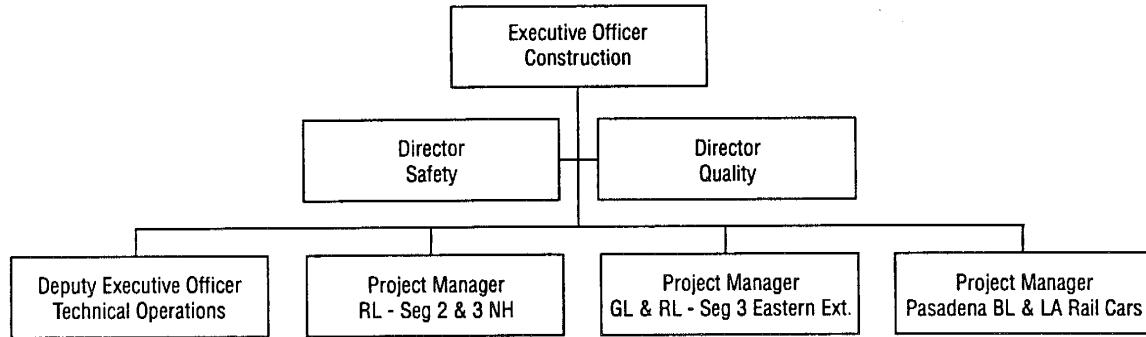
# CONSTRUCTION— Summary

Construction Budget as Percentage  
of MTA Operating Budget



The Office of Construction is responsible for designing and constructing a high quality, cost effective, reliable and safe Metro Rail System for Los Angeles County.

## Organizational Chart



Unit/Section	Staffing by Department		Expenses by Department		
	FY95 Budget	FY96 Budget	FY95 Budget	FY95 Estimate	FY96 Budget
Pasadena Line /LA Rail Cars	18	24	\$1,610,319	\$1,366,314	\$1,882,225
Red Line - Segment 2	38	53	3,441,346	2,924,282	4,410,900
Red Line - Segment 3 (North Hollywood)	27	56	2,662,987	2,261,666	4,380,847
Green Line/Red Line - Seg 3 (Eastern Ext)	28	25	832,192	705,823	1,919,838
Red Line - Seg 3 (Mid-City)	8	7	758,250	643,824	625,583
Exec., Quality, Safety, and Technical Ops.	45	69	6,402,508	5,416,955	6,836,543
<b>Total</b>	<b>164</b>	<b>234</b>	<b>\$15,707,602</b>	<b>\$13,318,864</b>	<b>\$20,055,936</b>

## Goals

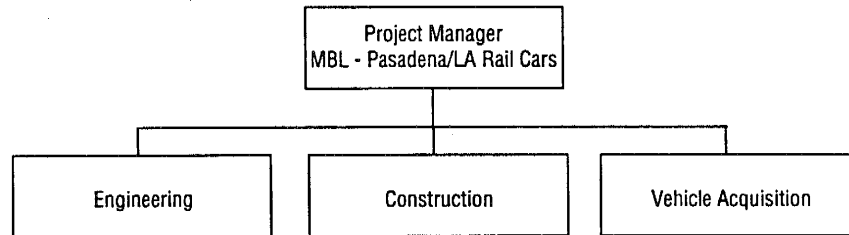
- Review and implement appropriate recommendations from the Arthur Andersen report: 1) increase staffing and reduce vacancies to less than 5% of authorized positions; 2) hire the Executive Officer of Construction; 3) improve performance in contract management and cost containment.
- Meet the targets for design and construction progress at the end of FY96:
- Hand off the Metro Green Line to revenue operations.
- Begin Wilshire Corridor pre-service operations and start-up.
- Complete tunnel excavation of the Hollywood Corridor (Segment 2 and Segment 3).

	Design	Construction
Segment 2 - Wilshire	100%	100%
Segment 2 - Vermont/Hollywood	99%	59%
Segment 3 - No. Hollywood	99%	35%
Segment 3 - Mid-City	20%	N/A
Segment 3 - Eastern Extension	50%	1%
Pasadena Blue Line	95%	3%
Light Rail Vehicles (manufacture)	90%	25%

# CONSTRUCTION— Pasadena Blue Line/LA Rail Cars

The Project Manager is responsible for overseeing all construction and related activities for the Metro Blue Line - Pasadena.

## Organizational Chart



## Expenses by Expense Category

Expense	FY95 Budget	FY95 Estimate	FY96 Budget
Salary & Wages	\$991,026	\$1,007,822	\$1,231,644
Fringe Benefits	619,293	358,492	650,581
Services	0	0	0
Material & Supplies	0	0	0
Leases & Rentals	0	0	0
Casualty & Liability	0	0	0
Utilities	0	0	0
Debt Expense	0	0	0
Other	0	0	0
<b>Total</b>	<b>\$1,610,319</b>	<b>\$1,366,314</b>	<b>\$1,882,225</b>
<b>Staffing</b>	<b>18</b>		<b>24</b>

## Goals

### Metro Blue Line - Pasadena

- Complete design contracts for stations at: Del Mar and Memorial Park by September 1995; Lake, Allen, and Sierra Madre Villa by November 1995; Chinatown, Avenue 26, French, Avenue 51, Avenue 57 and Southwest Museum, and Mission and Fillmore by June 1996.
- Complete design contracts for the following line segments: Del Mar, Memorial Park; Memorial Park; Sierra Madre Villa; Chinatown Aerial, Yard and Shops by November 1995.
- Complete construction of the Los Angeles River Bridge by August 1995.

- Start retrofit of 13 bridges along the alignment by August 1995.
- Advertise construction contract for Union Station and Los Angeles River Bridge to Arroyo Seco Bridge line section by December 1995.

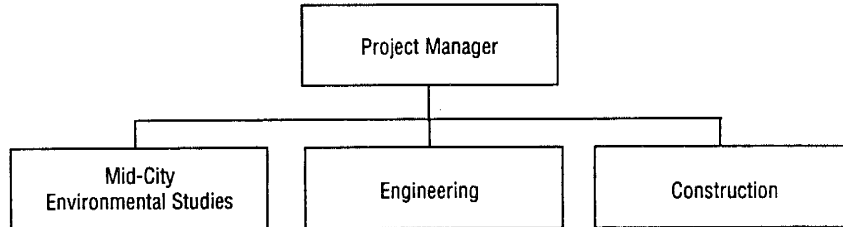
### LA Rail Cars

- Monitor consultant and car builder during design efforts and fabrication of cars.
- Arrival and testing of cars by June 1996.
- Monitor TRW/Aerojet efforts on advanced transit products development programs.

# CONSTRUCTION— Red Line – Segments 2 & 3, North Hollywood

The Project Manager is responsible for overseeing all construction and related activities for the Metro Red Line-Segments 2 and 3 - North Hollywood.

## Organizational Chart



## Expenses by Expense Category

Expense	FY95 Budget	FY95 Estimate	FY96 Budget
Salary & Wages	\$3,765,318	\$3,829,135	\$6,080,500
Fringe Benefits	2,339,015	1,356,813	3,336,830
Services	0	0	0
Material & Supplies	0	0	0
Leases & Rentals	0	0	0
Casualty & Liability	0	0	0
Utilities	0	0	0
Debt Expense	0	0	0
Other	0	0	0
<b>Total</b>	<b>\$6,104,333</b>	<b>\$5,185,948</b>	<b>\$9,417,330</b>

## Staffing

65

116

## Goals

### Metro Red Line-Segment 2

- Complete construction of all Wilshire Corridor facilities by November 1995.
- Complete tunnel concrete liner for Vermont/Hollywood Corridor by November 1995.
- Complete excavation of Vermont/Hollywood by December 1995.
- Complete Wilshire Corridor pre-revenue operations and start-up activities by March 1996.

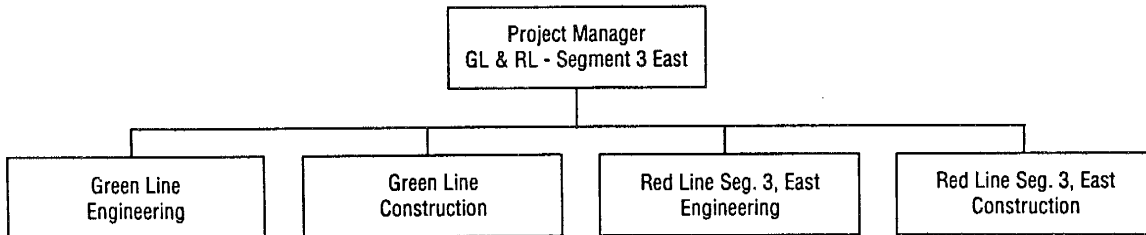
### Metro Red Line-Segment 3, North Hollywood

- Start construction of Universal City Station by August 1995.
- Complete environmental evaluation and begin design for ventilation shaft by December 1995.
- Start trackwork installation by May 1996.
- Complete Mid-City supplemental environmental impact report.

# CONSTRUCTION— Green Line & Red Line – Seg. 3, Eastern Extension

The Project Manager is responsible for overseeing all construction and related activities for the Metro Green Line and Metro Red Line-Segment 3, Eastern Extension.

## Organizational Chart



## Expenses by Expense Category

Expense	FY95 Budget	FY95 Estimate	FY96 Budget
Salary & Wages	\$511,530	\$520,200	\$1,242,644
Fringe Benefits	320,662	185,623	677,194
Services	0	0	0
Material & Supplies	0	0	0
Leases & Rentals	0	0	0
Casualty & Liability	0	0	0
Utilities	0	0	0
Debt Expense	0	0	0
Other	0	0	0
<b>Total</b>	<b>\$832,192</b>	<b>\$705,823</b>	<b>\$1,919,838</b>

<b>Staffing</b>	<b>28</b>	<b>25</b>
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## Goals

### Metro Green Line

- Complete construction of facilities and systems (except driverless aspects of contract H1100) by July 1995.
- Complete integrated testing and startup by July 1995.
- Close out contracts and work orders, including work orders to Caltrans by December 1995.

### Metro Red Line-Segment 3, Eastern Extension

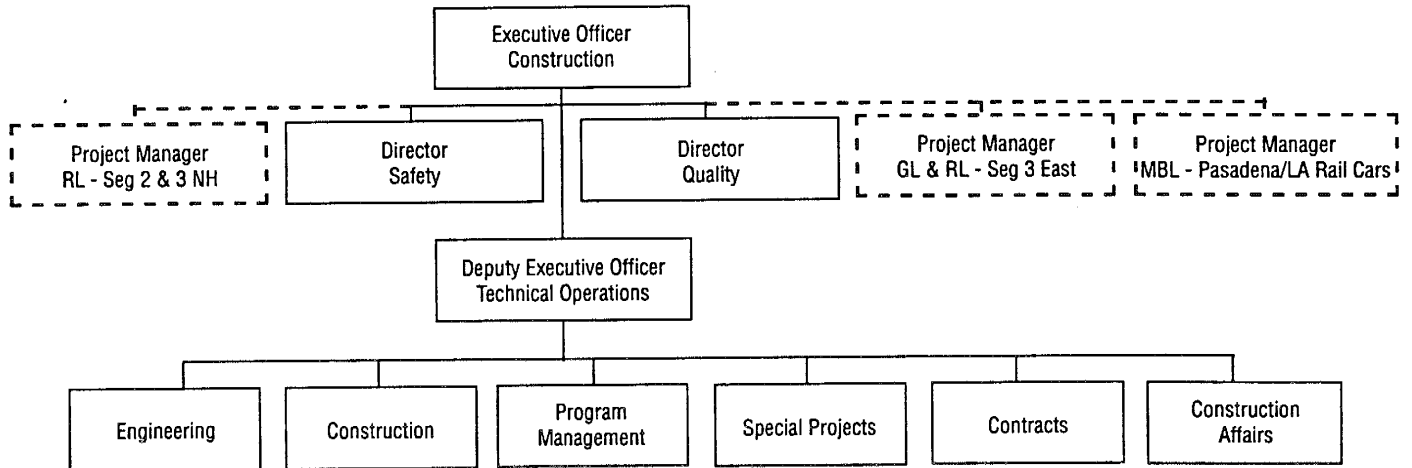
- Commence construction of the Eastern Extension by May 1996.
- Initiate Eastern Extension real estate acquisitions by May 1996.
- Award Eastern Extension construction management contract by January 1996.



# CONSTRUCTION— Executive, Quality, Safety, and Technical Ops.

The Executive Office - Construction is responsible for overseeing all aspects of construction for the Metro Rail System in LA County.

## Organizational Chart



Note: ——— Indirect reporting relationship

## Expenses by Expense Category

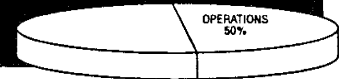
Expense	FY95 Budget	FY95 Estimate	FY96 Budget
Salary & Wages	\$3,748,651	\$3,812,185	\$3,676,345
Fringe Benefits	2,394,595	1,386,166	2,126,765
Services	97,500	178,727	220,000
Material & Supplies	62,750	11,495	607,220
Leases & Rentals	0	5,984	1,000
Casualty & Liability	0	0	0
Utilities	0	0	0
Debt Expense	14,000	0	0
Other	85,012	22,398	205,213
<b>Total</b>	<b>\$6,402,508</b>	<b>\$5,416,955</b>	<b>\$6,836,543</b>
<b>Staffing</b>	<b>45</b>		<b>69</b>

**Goals**

- Enhance communications, performance and productivity within the Construction Division: 1) enhance quality assurance and total quality management programs; 2) assure timely communications throughout the division; 3) enhance lessons learned program to reduce costs and improve reliability and maintenance.
- Maintain a safety record that meets the national average for recordable accidents.
- Maintain lost time and lost work day rates that are below the national average.
- Continue to provide OSHA 500-level training for supervisors and foremen.
- Enter into contract to provide craft level tool box meetings and safety training.
- Ensure that all rail construction projects are implemented using standard specifications for design, construction, procurement and administration
  - Use the "lessons learned" process to reduce the cost of future projects.
- Coordinate rail construction cost containment efforts with Planning and Programming and Finance.
- Award project management oversight/administration contracts by December 1995.
- Review and implement accepted recommendations made in Arthur Andersen report.
- Begin installation of variable message signs at MBL and MRL Segment 1 stations. This will complete the MTA's rail system modification as required under the Americans with Disabilities Act of 1990 by July 1995.
- Implement maintenance procedures for systemwide design criteria and standard documents by July 1995.
- Complete final design of the MRL and Imperial Station Maintenance-of-Way Facilities by July 1995.
- Implement a new work breakdown structure by August 1995.
- Implement a program interface between the MTA's Financial Information System and the Change Control System by August 1995.
- Revise 10 year construction project expenditure plan by August 1995.
- Complete "Best Management Practices" for environmental assessment and maintenance of effluent limits by October 1995.
- Implement modeling of headway improvement options on the MBL by November 1995.
- Complete Supplemental Environmental Impact Study and Supplemental Environmental Impact Report for MRL Segment 3 Mid-City by February 1996.
- Complete validation studies where critical design concerns exist by May 1996.
- Complete activities for MBL ART Program by June 1996.
- Initiate final design on MRL Segment 3 Mid-City by June 1996.
- Develop in-house a nationally recognized inspector training course tailored specifically for rail by September 1995.
- Complete hiring of Quality Assurance personnel by August 1995.

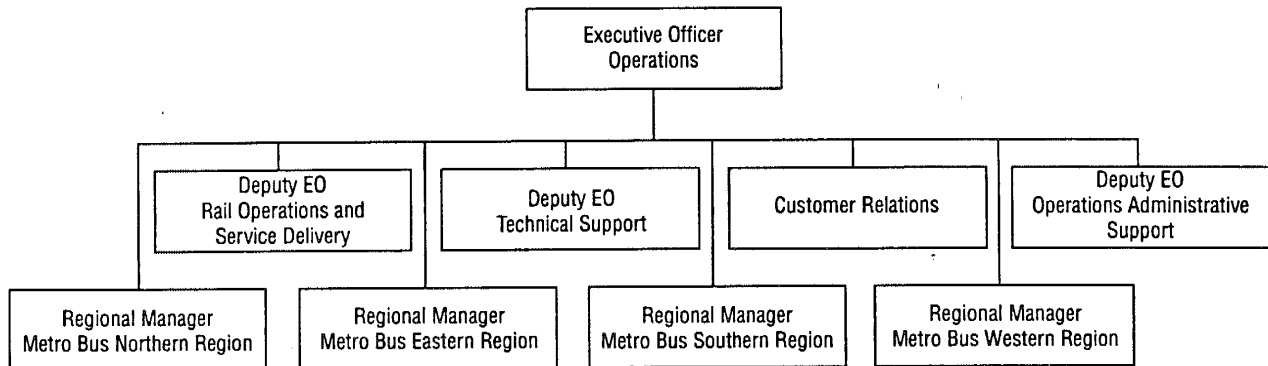
# OPERATIONS— Summary

Operations Budget as Percentage  
of MTA Operating Budget



Operations is responsible for operating and maintaining cost-effective, affordable, accessible, quality, and safe transit services.

## Organizational Chart



### Staffing by Department

### Expenses by Department

<i>Unit/Section</i>	<i>FY95 Budget</i>	<i>FY96 Budget</i>	<i>FY95 Budget</i>	<i>FY95 Estimate</i>	<i>FY96 Budget</i>
Executive Office/General Admin.	30	22	\$4,825,165	\$2,566,718	\$2,790,150
Bus Operating Regions	0	4,798	329,825,314	350,178,579	314,725,385
Rail Operations & Service Delivery	6,197	866	95,340,436	100,761,524	72,936,297
Technical Support	769	563	101,109,968	79,778,286	100,408,128
Customer Relations	186	155	10,510,965	10,415,281	8,835,868
<b>Total</b>	<b>7,182</b>	<b>6,404</b>	<b>\$541,611,848</b>	<b>\$543,700,388</b>	<b>\$499,695,828</b>

NOTE: Bus Operating Regions was created as a new unit in the FY96 Budget as part of the implementation of the single-manager concept and creation of new bus operating regions. These positions and costs were previously reflected in Bus and Operations now shown as Rail Operations and Service Delivery.

# OPERATIONS— Summary (continued)

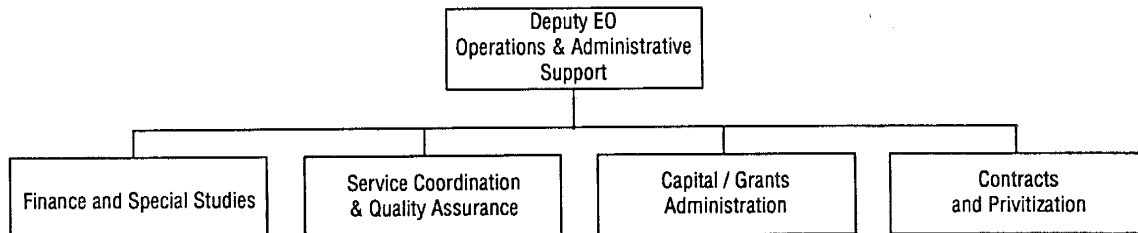
## Goals

- Provide courteous, clean, safe, and reliable bus and rail services.
- Implement cost reduction strategies including completing the implementation of the single manager concept for all bus divisions.
- Improve bus and rail service quality.
  - Launch an aggressive interior maintenance and cleaning program.
  - Continue the window replacement campaign.
  - Continue the zero tolerance graffiti removal program for bus exteriors.
  - Implement programs to increase safety and reduce work-related injuries.
  - Improve in-service schedule performance.
  - Continue 99% on-time pull-outs.
  - Increase mean distance between failure.
  - Coordinate with Transit Police to reduce crime on the system.
- Launch Metro Green Line revenue service by Summer 1995.
- Monitor and improve performance based upon the following indicators:
  - ✓ Cost per hour
  - ✓ Cost per mile
  - ✓ Cost per passenger
  - ✓ Cost per passenger-mile
  - ✓ Passengers per hour
  - ✓ Percent of on-time pull-outs
  - ✓ Percent of buses meeting zero tolerance standard
  - ✓ Customer complaints per 100,000 passengers
- In coordination with Planning and Programming, Administration/Finance and Construction, develop and implement multi-year cost containment and reduction strategy.
- Work with the Revenue Director to improve revenue protection and collection.

# OPERATIONS— Executive Office/General Administration

Executive Office/General Administration is responsible for coordinating administrative support functions within Operations.

## Organizational Chart



## Expenses by Expense Category

<i>Expense</i>	<i>FY95 Budget</i>	<i>FY95 Estimate</i>	<i>FY96 Budget</i>
Salary & Wages	\$1,373,598	\$1,386,091	\$1,116,727
Fringe Benefits	560,367	706,403	615,024
Services	2,804,000	11,794	1,017,595
Material & Supplies	50,000	50,273	17,500
Leases & Rentals	15,200	401,426	6,504
Casualty & Liability	0	0	0
Utilities	0	759	0
Debt Expense	0	0	0
Other	22,000	9,972	16,800
<b>Total</b>	<b>\$4,825,165</b>	<b>\$2,566,718</b>	<b>\$2,790,150</b>
<b>Staffing</b>	<b>30</b>		<b>22</b>

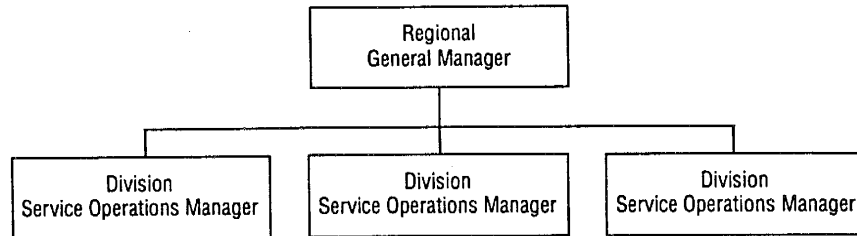
## Goals

- Optimize the availability and utility of operating and capital funds for MTA Bus and Rail Operations, and assist Operations departments in containing and reducing costs.
- Implement system-wide, regional, and division-level budget and performance management systems.
- Support the successful transition to the regionalized and single manager division structure for bus service delivery through development and administration of the Operations Management Training Program.
- Ensure that new transit services complement, rather than duplicate, MTA-operated or funded services.
- Coordinate bus and rail service quality assurance programs.

# OPERATIONS— Bus Operating Regions

Bus Operating Regions are responsible for managing regional bus operations throughout LA County.

## Organizational Chart



## Expenses by Expense Category

Expense	FY95 Budget	FY95 Estimate	FY96 Budget
Salary & Wages	\$216,862,121	\$228,617,235	\$190,142,293
Fringe Benefits	96,212,691	104,276,104	77,897,805
Services	0	681	0
Material & Supplies	16,719,502	17,092,718	39,355,962
Leases & Rentals	0	0	0
Casualty & Liability	0	0	0
Utilities	0	0	0
Debt Expense	0	0	0
Other	31,000	191,841	7,329,325
<b>Total</b>	<b>\$329,825,314</b>	<b>\$350,178,579</b>	<b>\$314,725,385</b>
<b>Staffing</b>	<b>0</b>		<b>4,798</b>

Note: Other costs include \$7.2 million associated with the contracting out of bus revenue service.

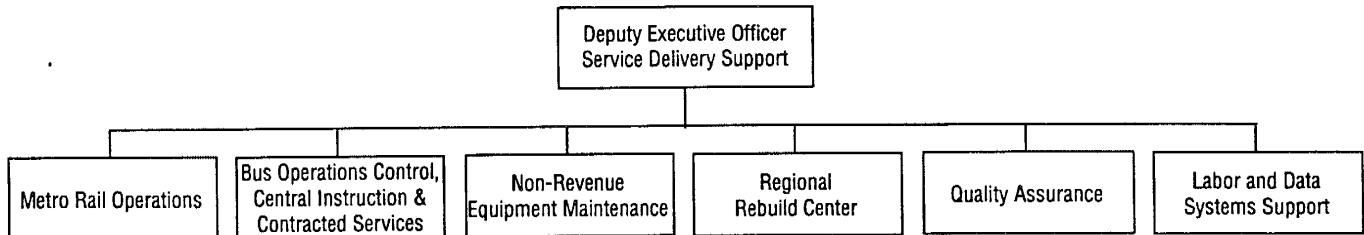
## Goals

- Improve the cleanliness and appearance of the bus fleet by implementing interior cleaning and window replacement programs, and continuing the Zero-Tolerance Program to eliminate graffiti.
- Localize decision making and increase accountability by completing implementation of the divisional, regional, and system-wide performance and budget management system.
- Monitor and improve performance based upon the following indicators:
  - Cost per hour
  - Cost per mile
  - UTU scheduled work days lost
  - Employee lost time injuries per 100,000 work hours
  - Traffic accidents per 100,000 hub miles
  - Operator pay hours per total hours
  - Percent of part-time operators to full-time operators
  - Operator full-time equivalents as a percent of total assignments
  - Voluntary and ordered call backs as percent of total pullouts
  - ATU labor cost per hour
  - NC labor cost per hour
  - TCU labor cost per hour.
  - UTU labor cost per hour

# OPERATIONS— Rail Operations & Service Delivery

Rail Operations & Service Delivery Support is responsible for managing rail operations, as well as providing service delivery support for both bus and rail operations.

## Organizational Chart



### Expenses by Expense Category – Rail Operations

<i>Expense</i>	<i>FY95 Budget</i>	<i>FY95 Estimate</i>	<i>FY96 Budget</i>
Salary & Wages	\$17,341,354	\$13,954,940	\$15,371,924
Fringe Benefits	7,026,349	7,316,438	7,348,451
Services	2,059,460	261,645	980,530
Material & Supplies	3,220,704	1,990,776	4,041,350
Leases & Rentals	0	0	0
Casualty & Liability	0	0	0
Utilities	0	0	0
Debt Expense	0	0	0
Other	66,898	22,658	79,450
<b>Total</b>	<b>\$29,714,765</b>	<b>\$23,546,457</b>	<b>\$27,821,705</b>
<b>Staffing</b>	<b>399</b>		<b>372</b>

### Expenses by Expense Category – Service Delivery Support

<i>Expense</i>	<i>FY95 Budget</i>	<i>FY95 Estimate</i>	<i>FY96 Budget</i>
Salary & Wages	\$20,406,138	\$21,671,273	\$19,726,493
Fringe Benefits	9,733,633	12,779,580	11,208,912
Services	3,343,000	2,693,602	1,845,900
Material & Supplies	31,739,200	39,916,294	11,917,811
Leases & Rentals	0	5,436	48,000
Casualty & Liability	0	0	0
Utilities	0	0	0
Debt Expense	0	0	0
Other	403,700	148,882	367,476
<b>Total</b>	<b>\$65,625,671</b>	<b>\$77,215,067</b>	<b>\$45,114,592</b>
<b>Staffing</b>	<b>5,798</b>		<b>494</b>

**Goals**

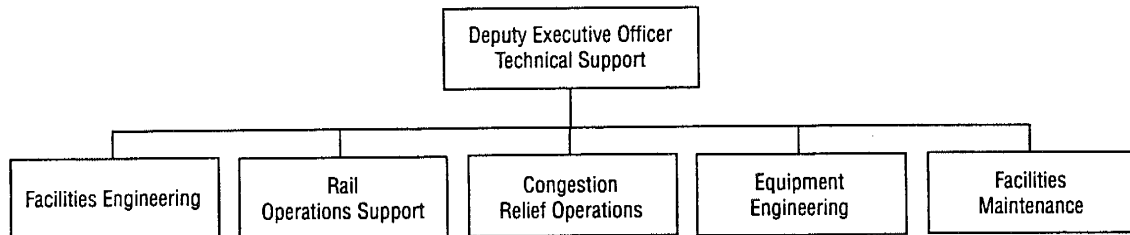
- Contribute to service reliability, safety and cost containment by coordinating and supporting on-street bus operations by applying failure management strategies from the Bus Operations Control Center.
- Ensure that bus operators, mechanics, maintenance assistants and management personnel are prepared to perform all essential job duties through comprehensive technical and management training.
- Reduce operating costs by successfully integrating contracted customer service operation into the MTA's network of coordinated services.
- Support management decision making and service delivery by successfully integrating the Transportation and Maintenance Information Systems.
- Ensure that Metro Bus Operations and the Regional Rebuild Center are in compliance with MTA and regulatory standards regarding fleet condition, and handling of hazardous waste materials.
- Support bus service delivery by performing heavy maintenance of MTA buses and aggressively pursue providing contracted heavy maintenance services for other transit operators and agencies.
- Achieve labor cost reduction objectives by effectively managing the allocation of human resources.
- Improve labor-management cooperation through effective liaison with MTA's unions, and administration of the second-level grievance and disciplinary appeal process for bus and rail operations.
- Provide clean, safe and reliable rail transit service on Metro Blue Line, Metro Green Line and Metro Red Line.
- Support division cash vaulting operations through effective general supervision and matrixing to Divisions.
- Monitor and improve performance based upon the following indicators:
  - Cost per hour
  - Cost per mile
  - ATU pay hours per total vehicle hours
  - ATU scheduled work days lost
  - Employee lost time injuries per 100,000 work hours
  - Miles per mechanic
  - ATU labor cost per hour
  - NC labor cost per hour
  - TCU labor cost per hour
  - UTU labor cost per hour



# OPERATIONS— Technical Support

Technical Support is responsible for providing technical assistance and support for bus and rail operations.

## Organizational Chart



## Expenses by Expense Category

<i>Expense</i>	<i>FY95 Budget</i>	<i>FY95 Estimate</i>	<i>FY96 Budget</i>
Salary & Wages	\$28,504,845	\$27,521,789	\$21,678,814
Fringe Benefits	8,090,979	\$9,093,513	11,700,989
Services	41,523,586	23,793,782	44,730,374
Material & Supplies	6,524,279	6,171,045	6,311,016
Leases & Rentals	459,640	18,163	475,520
Casualty & Liability	2,662,082	0	105,500
Utilities	12,892,015	13,038,538	15,099,740
Debt Expense	0	295	0
Other	452,542	141,161	306,175
<b>Total</b>	<b>\$101,109,968</b>	<b>\$79,778,286</b>	<b>\$100,408,128</b>
<b>Staffing</b>	<b>769</b>		<b>563</b>

Note: The decrease in Technical Support includes the transfer of 114 storekeeper and clerk positions to the Materiel Division in Administration/Finance.

## **OPERATIONS— Technical Support (continued)**

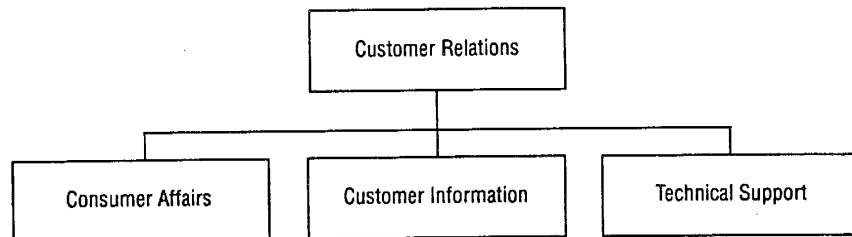
### **Goals**

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- Procure high quality, reliable buses and non-revenue vehicles, and support the procurement of high quality, reliable rail vehicles.
- Identify engineering solutions which improve the efficiency, reliability, maintainability, cost effectiveness and appearance of the current fleet of buses and rail vehicles.
- Complete major communication systems improvements including: relocating MTA telephone, radio and data communications systems to the Gateway Center; implementing the microwave radio communication system frequency transition plan; enhancing the Transit Police radio system; and implementing the Emergency Dispatch System (EDS).
- Achieve 98% service reliability of bus operations support equipment through proactive preventive maintenance and operating facility refurbishment programs. Restore all faulty equipment to operational status within 24 hours.
- Provide a safe and reliable motorist aide program by completing installation of the call-box network, ensuring compliance with ADA requirements as mandated by SAFE (Service Authority for Freeway Emergencies).
- Reduce highway congestion, motorist delays and air pollution by operating the Freeway Service Patrol and implementing the Major Incident Response program.
- Maintain optimal facilities design, construction and rehabilitation programs to support operating infrastructure requirements, and ensure safety and regulatory compliance.
- Ensure that Metro Operations' input is incorporated in the design of new rail lines during planning, design and construction, and maintain configuration control of rail operating systems.
- Develop, coordinate and implement programs for compliance with environmental and hazardous material and waste regulations.

# OPERATIONS— Customer Relations

## Organizational Chart



## Expenses by Expense Category

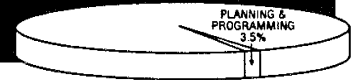
<i>Expense</i>	<i>FY95 Budget</i>	<i>FY95 Estimate</i>	<i>FY96 Budget</i>
Salary & Wages	\$5,374,863	\$5,454,477	\$4,472,435
Fringe Benefits	3,075,468	3,410,651	2,638,209
Services	1,490,132	1,120,248	1,170,272
Material & Supplies	557,502	423,067	537,452
Leases & Rentals	0	0	0
Casualty & Liability	0	0	0
Utilities	0	0	0
Debt Expense	0	0	0
Other	13,000	6,838	17,500
<b>Total</b>	<b>\$10,510,965</b>	<b>\$10,415,281</b>	<b>\$8,835,868</b>
<b>Staffing</b>	<b>186</b>		<b>155</b>

## Goals

- Maximize the availability of Telephone Information to passengers.
- Optimize utilization of Automated Voice Response System.
- Obtain maximum value from the Computerized Customer Information System (CCIS).
- Provide efficient, convenient public access to prepaid fare media.
- Provide timely, professional responses to customer and public officials' correspondence and telephone inquiries.

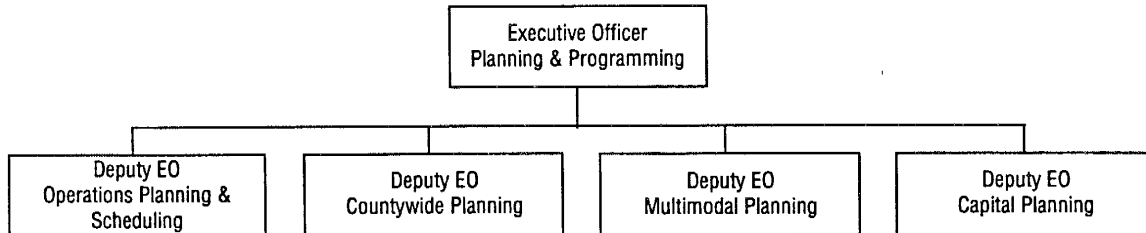
# PLANNING & PROGRAMMING— Summary

P & P Budget as Percentage  
of MTA Operating Budget



The Office of Planning and Programming is responsible for developing plans, policies, and funding programs to establish an integrated, multimodal transportation system for Los Angeles County.

## Organizational Chart



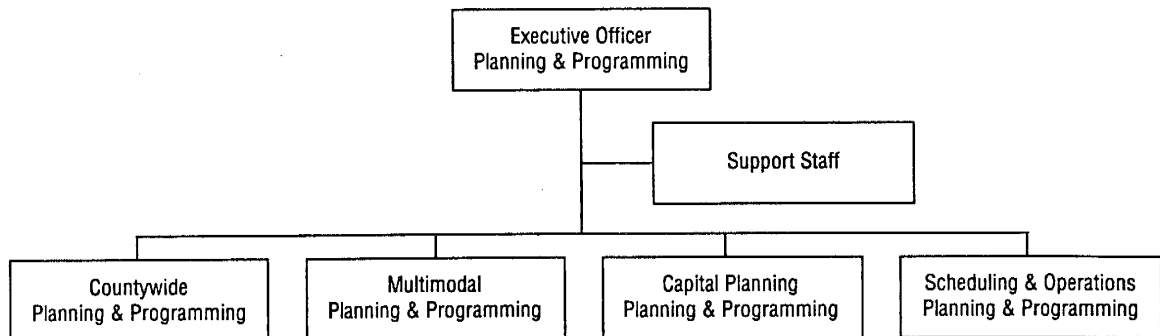
Unit/Section	Staffing by Department		Expenses by Department		
	FY95 Budget	FY96 Budget	FY95 Budget	FY95 Estimate	FY96 Budget
Executive Office	4	3	\$587,613	\$596,138	\$460,617
Countywide Planning	36	31	22,011,951	9,627,874	12,015,635
Multimodal Planning	53	52	13,565,248	5,179,980	13,596,591
Capital Planning	26	24	2,132,970	2,196,644	1,925,445
Scheduling & Operations Planning	110	101	6,846,848	6,918,484	6,580,874
<b>Total</b>	<b>229</b>	<b>211</b>	<b>\$45,144,630</b>	<b>\$24,519,120</b>	<b>\$34,579,162</b>

## Goals

- Lead and coordinate with Construction, Administration and Finance development of a multi-year cost containment program focused on design, construction and operation costs, in connection with the Long Range Plan; present for Board review by July 1995.
- Coordinate with other executive divisions and labor relations to prepare an operational proposal for rail/bus which uses strategies such as public/private partnerships, contracting out and/or turnkey agreements in the context of the Long Range Plan.
- Implement key elements of the Long Range Plan.
- Provide high quality Planning and Programming products by communicating and guiding consensus with our constituents and preparing policies and programs which further MTA goals.
- Optimize existing funding sources; build coalitions for new sources.

# PLANNING & PROGRAMMING— Executive Office

## Organizational Chart



## Expenses by Expense Category

<i>Expense</i>	<i>FY95 Budget</i>	<i>FY95 Estimate</i>	<i>FY96 Budget</i>
Salary & Wages	\$288,721	\$339,072	\$172,650
Fringe Benefits	141,792	126,470	117,967
Services	150,000	87,301	150,000
Material & Supplies	3,100	0	1,000
Leases & Rentals	0	41,859	0
Casualty & Liability	0	0	0
Utilities	0	231	0
Debt Expense	0	0	0
Other	4,000	1,205	19,000
<b>Total</b>	<b>\$587,613</b>	<b>\$596,138</b>	<b>\$460,617</b>
<b>Staffing</b>	<b>4</b>		<b>3</b>

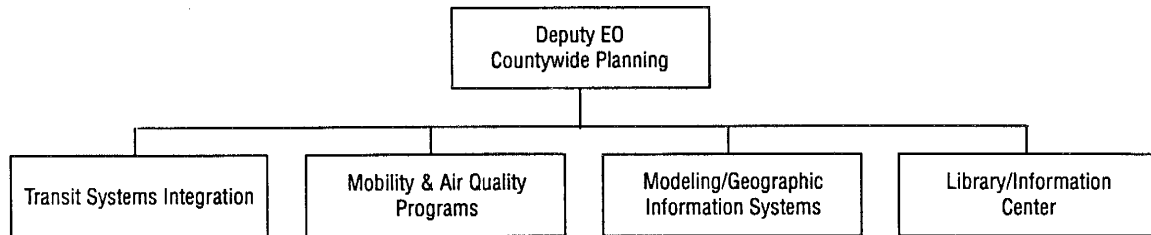
## Goals

- Host a national conference on Alternative Service Delivery.
- Bring in nationally recognized transportation experts to provide staff training in the latest planning concepts, methods and technical standards.
- Oversee implementation of key Planning and Programming goals and objectives.
- Work with executive staff to integrate and coordinate actions and programs and build a single MTA.

# PLANNING & PROGRAMMING— Countywide Planning

Countywide Planning is responsible for developing and administering countywide policies, plans and programs for the county highway and transit systems, air quality and demand management.

## Organizational Chart



## Expenses by Expense Category

<i>Expense</i>	<i>FY95 Budget</i>	<i>FY95 Estimate</i>	<i>FY96 Budget</i>
Salary & Wages	\$1,832,009	\$1,933,471	\$1,689,958
Fringe Benefits	976,557	726,680	1,070,407
Services	18,897,550	6,873,460	1,729,050
Material & Supplies	212,650	33,832	44,500
Leases & Rentals	7,850	(646)	2,250
Casualty & Liability	0	0	0
Utilities	1,200	854	0
Debt Expense	0	0	0
Other	84,135	60,223	7,479,470

**Total** **\$22,011,951** **\$9,627,874** **\$12,015,635**

**Staffing** **36** **31**

Note: Other costs for FY96 includes the cost of Green Line Shuttle services and the Immediate Needs Program. The FY95 Budget as adopted included approximately \$17 million in services for ASI paratransit cost. ASI became an independent agency during FY95 and its costs are now reflected in Funds Programmed to Other Agencies.

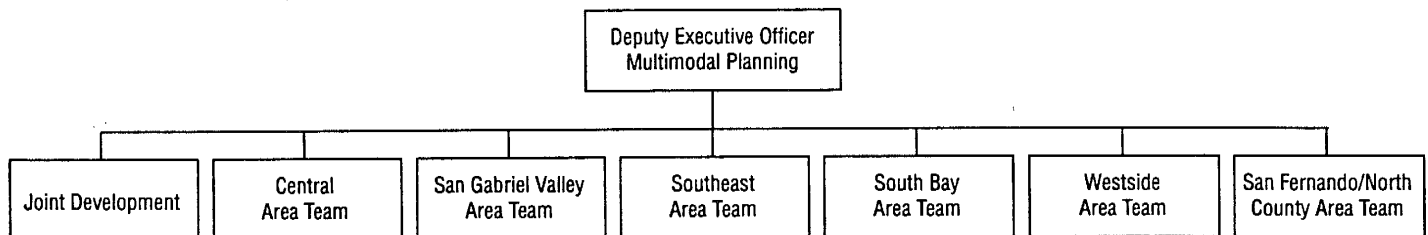
## Goals

- Complete key Long Range Plan strategies, including High Occupancy Vehicle System Integration, Countywide Parking Policy, Mobility Allowance/smart shuttle demonstration projects, transit service standards, and Transportation System Management/signal support projects.
- Ensure compliance with Section 15 (non-financial element); Title VI, Americans with Disabilities Act transition plan.
- Complete Countywide short range transit plan, congestion management plan, and Memorandums of Understanding with other agencies.
- Secure approval of 95% of the programs proposed by the MTA Board, other external agencies and advisory groups.
- Coordinate with appropriate departments to expand revenue base by \$500,000 through farebox maximization, solicitation of external source of funding from fiber optics, televillages and emission credit sales.
- Expand revenue base with other nontraditional sources of revenue from Health and Human Services (federal) and The Department of Health Services (state).

# PLANNING & PROGRAMMING— Multimodal Planning

Multimodal Planning is responsible for corridor and project planning, land use planning and real property asset development and statutory fund administration in conjunction with local jurisdictions and other agencies.

## Organizational Chart



## Expenses by Expense Category

<i>Expense</i>	<i>FY95 Budget</i>	<i>FY95 Estimate</i>	<i>FY96 Budget</i>
Salary & Wages	\$2,958,118	\$3,076,651	\$2,802,036
Fringe Benefits	1,810,455	1,087,793	1,501,645
Services	8,532,600	945,814	9,071,200
Material & Supplies	170,090	17,846	169,750
Leases & Rentals	24,650	35,474	3,050
Casualty & Liability	0	0	0
Utilities	1,750	7,355	0
Debt Expense	0	0	0
Other	67,585	9,047	48,910
<b>Total</b>	<b>\$13,565,248</b>	<b>\$5,179,980</b>	<b>\$13,596,591</b>

**Staffing** **53** **52**

Note: Multimodal Planning's budget includes approximately \$1.8 million associated with the Los Angeles Neighborhood Initiative.

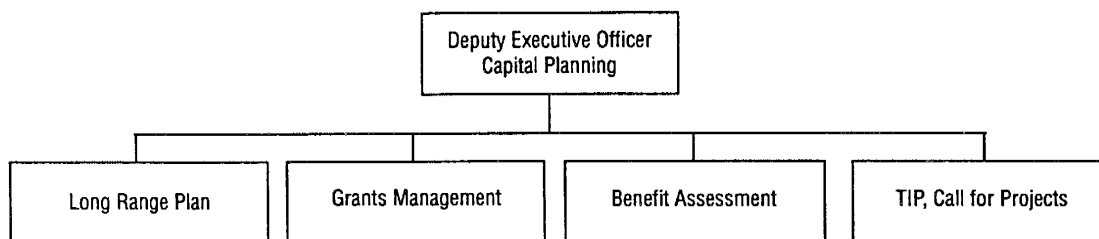
## Goals

- Initiate major investment/EIR studies required for inclusion in Federal Intermodal Service Transportation Efficiency Act (ISTEA) legislation. Complete restructuring studies. Develop plans for mobility/smart shuttle pilot programs. Complete diesel multiple unit (DMU) feasibility analysis. Develop fundable Alameda Corridor plan, and resolve San Gabriel Valley freight consolidation issues.
- Obtain city signatures on 90% of Call for Project MOU's by December 1994. Complete Multimodal planning process of 95% of Transit Development Act (TDA) Article 3,4,8, STA, Section 9, claims and funding requests within 10 days of receipt.
- Hold annual training sessions for cities in Proposition A and C administration.
- Meet or exceed FY96 Call for Projects matching goals.
- Generate at least 50% funding from non-MTA sources for key transit centers.
- As a joint goal with Real Estate, bring 20 MTA properties to revenue producing status.
- Commence negotiation for long-term ground leases at MTA-owned station sites.
- Achieve consistency in Proposition A and C funding eligibility opinions, Major Investment Study (MIS)/EIS documents, and MOU/Letter of Agreement (LOA) content.

# PLANNING & PROGRAMMING— Capital Planning

The Capital Planning Department is responsible for strategic capital planning for all fund sources that support the MTA's mission of improving mobility and promoting innovative and comprehensive systems throughout Los Angeles County.

## Organizational Chart



## Expenses by Expense Category

<i>Expense</i>	<i>FY95 Budget</i>	<i>FY95 Estimate</i>	<i>FY96 Budget</i>
Salary & Wages	\$1,210,890	\$1,388,240	\$1,146,579
Fringe Benefits	704,580	477,520	632,356
Services	100,000	286,929	50,000
Material & Supplies	64,150	6,264	36,650
Leases & Rentals	0	9,022	0
Casualty & Liability	0	0	0
Utilities	0	75	0
Debt Expense	0	0	0
Other	53,350	28,594	59,860
<b>Total</b>	<b>\$2,132,970</b>	<b>\$2,196,644</b>	<b>\$1,925,445</b>

<b>Staffing</b>	<b>26</b>	<b>24</b>
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## Goals

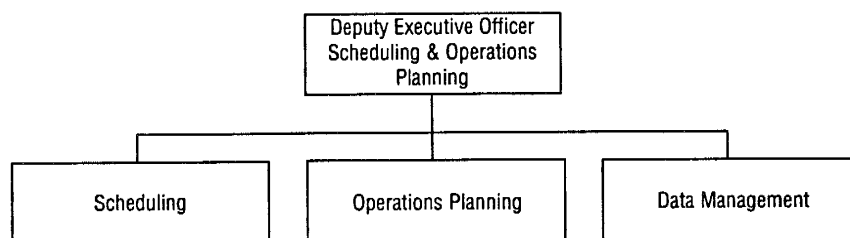
- Use Long Range Plan as strategic framework for evaluating financial trade-offs among transportation modes.
- Maximize private sector, local, state and federal funds in support of MTA's multimodal transportation projects and programs.
- Obligate \$200 million countywide of federal flexible ISTEA funds during FY96.
- Administer FY96 TIP Call-for-Projects and prepare for FY97 TIP Call-for-Projects Recertification in accordance with state and federal statutes.
- Meet state and federal grant requirements, statutes, regulations and other legislation pertaining to administering grant funding programs.
- Develop MTA's position and work with statewide coalitions to develop strategies for new revenue generating efforts for California Consensus Project and reauthorization of ISTEA.
- Initiate efforts to ensure Congress earmarks over \$725 million in the reauthorization of ISTEA for Metro Red Line and other Los Angeles County transportation projects.
- Advocate administrative and legislative changes to facilitate MTA capital planning activities.
- Develop and present two MTA funding seminars and one TIP Call-For-Projects Workshop.
- Negotiate and prepare all MTA grant requests for FY96 to secure state, federal and local funds.
- Administer and collect FY96 benefit assessment districts.



# PLANNING & PROGRAMMING— Scheduling & Operations Planning

Scheduling and Operations Planning is responsible for scheduling and routing of bus and rail services operated directly by the MTA in accordance with budget and labor agreement limitations. Data Management is responsible for collection and dissemination of operating performance data for MTA operated services.

## Organizational Chart



## Expenses by Expense Category

<i>Expense</i>	<i>FY95 Budget</i>	<i>FY95 Estimate</i>	<i>FY96 Budget</i>
Salary & Wages	\$4,643,300	\$4,343,198	\$4,378,324
Fringe Benefits	2,015,048	2,210,567	2,103,317
Services	24,500	38,798	21,900
Material & Supplies	76,000	136,930	18,833
Leases & Rentals	0	4,925	0
Casualty & Liability	0	0	0
Utilities	0	0	0
Debt Expense	0	0	0
Other	88,000	184,066	58,500
<b>Total</b>	<b>\$6,846,848</b>	<b>\$6,918,484</b>	<b>\$6,580,874</b>
<b>Staffing</b>	<b>110</b>		<b>101</b>

# PLANNING & PROGRAMMING— *Scheduling & Operations Planning (continued)*

## Goals

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- Monitor the performance of services in the San Fernando Valley Restructuring Study area.
- Provide services and performance data, and analytical support for four service restructuring studies in parts of the MTA's service area.
- Implement Phase I of Metro Green Line bus/rail interface plan including assistance with procurement of six special shuttle routes to be operated by others.
- Develop bus/rail interface plans for Metro Red Line MOS-2 and MOS-3.
- Finalize and implement operations plan for Gateway Intermodal Transit Center.
- Develop, in cooperation with other operators, an operations plan for the Harbor Freeway Transitway.
- In cooperation with Countywide Planning and Multimodal Planning, refine the Long Range Plan Mobility Allowance concept, and assist with implementation of several demonstration projects to test Smart Shuttles, checkpoint deviation, and other alternative service delivery concepts.
- Develop service plans for major special events such as the Hollywood Bowl, Fiesta On Broadway, the LA Marathon, Cinco de Mayo, and others.
- Review and update the Consolidated Transit Service Policies for MTA services consistent with the Long Range Plan, funding limitations, and the efforts of Countywide Planning to develop countywide service standards.
- Develop and produce a Management Information Report to provide periodic presentation and analysis of key operating ridership performance data to facilitate management decision-making and budgeting.
- Evaluate, with the assistance of peer staff from other large operators, scheduling methods and practices to identify opportunities for cost-effective improvements.
- Complete installation of new scheduling and run-cutting software, and provide staff training for its use.



CAPITAL BUDGET



CAPITAL BUDGET

# CAPITAL BUDGET *Overview*

The MTA's Capital Budget is comprised of the major rail construction program as well as infrastructure support for existing bus and rail service and administrative support for the agency overall. The Capital Budget represents the implementation and funding allocations planned for and approved by the Board through the Long Range Plan and other planning documents.

The FY96 Capital Budget represents an ambitious and integrated construction and service improvement agenda. The Capital Budget includes expenditures in four main areas: Rail Construction; Bus Operations; Rail Operations; and, Administrative Support. By definition, capital includes all items greater than \$5,000 with a useful life of at least one year.

Highlights of the major capital expenditures planned for FY96 include:

## *Rail Construction*

- Close-out of Green Line contracts
- Complete construction of all Wilshire Corridor facilities on Red Line Segment 2
- Initiate construction of Universal City Station for Red Line Segment 3 - North Hollywood
- Begin construction of Red Line Segment 3 - Eastern Extension
- Complete major design and bridge construction components on the Blue Line - Pasadena.

A summary of the rail program status projected as of June 1995 is presented in this section.

## *Bus Operations*

- Initiate the Bus Interior Cleaning and Upgrade Campaign
- Continue development of the Advanced Technology Transit Bus - a federally funded joint project between Northrop and the MTA to develop a more cost-efficient bus
- Continue progress on the program to replace underground storage tanks in compliance with federally mandated environmental requirements
- Upgrade the facilities at the Regional Rebuild Center and one division to accommodate new CNG buses.

## *Rail Operations*

- Provide warranty maintenance and reconditioning of rail car brake systems, gearboxes and Blue Line station canopies
- Improve grade crossing safety along the Blue Line through the installation of four-quad gate crossing systems at selected intersections
- Construction investments to mitigate tunnel seepage along Red Line Segment 1.

## *Administrative Support*

In FY96, the MTA plans to make significant investments to equip staff with improved information systems and communications equipment to support the planned cost savings and achieve more effective performance. Examples of these investments include:

- Building an integrated human resources information system
- Developing an improved materiel management system to both decrease and effectively monitor inventory levels
- Replacing outdated schedule checker hand-held data input units to permit more accurate and efficient counting of passenger loadings
- Providing up-to-date communications equipment to support transit police operations.

# **CAPITAL BUDGET**

## ***Overview (continued)***

### ***Capital Project Criteria***

In reviewing requests for capital funding, MTA staff evaluated several factors:

- Consistency with the Long Range Plan and Transportation Improvement Program
- Impact on service delivery and operating budget
- Consequences associated with not funding or delaying the project
- Cost efficiencies achieved
- Availability of funding.

### ***Link to Other MTA Programming Documents***

The Long Range Plan establishes the overall strategy to guide the MTA's transportation investments for the next twenty years. It serves as the framework in which budgeting decisions are made and executed. The MTA Capital Budget presents an "annual slice" of the multi-year capital program included in the Los Angeles County Transportation Improvement Program (TIP). The Board's adoption of the capital expenditure budget provides authorization of local matching funds to state and federal funds.

In addition to projects already underway, the Capital Budget also identifies new MTA projects for which funds are programmed for FY96 and beyond. These projects are reflected in the TIP and are presented to the Board for approval at the same time as the budget. The list of proposed new capital programming reflects new projects requesting authorization and approval by the Board.

### ***Capital Project Categories***

MTA's Capital Budget is segregated into the following major areas:

- **Rail Construction**
- **Bus Capital and Minor Rail Capital**
- **Bus and Rail Administrative Capital**
- **Rail Planning and Program Support**
- **Planning Studies and Program Support**
- **Gateway and Other Agency Support**

The following pages summarize the planned capital expenditures for FY96 by the categories identified above. Additionally, new capital programming recommended for Board approval in FY96 is also included. The new capital programming is consistent with the Transportation Improvement Plan and will be submitted separately to the Board for approval.

Following the FY96 expenditure tables are narrative descriptions of all FY96 planned capital project expenditures.

**CAPITAL BUDGET**  
**Overview (continued)**

**(\$ in millions)**

**Executive Summary—Rail Program Status**

	<b>RED LINE Segment 2</b>	<b>RED LINE Segment 3 N. Hollywood</b>	<b>RED LINE Segment 3 Mid City</b>	<b>RED LINE Segment 3 East Side</b>	<b>BLUE LINE Pasadena</b>	<b>GREEN LINE</b>	<b>Light Rail Vehicle</b>	<b>Summary</b>
Length	6.7 Miles	6.3 Miles	2.3 Miles	3.7 Miles	13.6 Miles	20 Miles	—	<b>52.6 Miles</b>
Number of Stations	8	3	2	4	14	14	72 Cars	<b>45 Stations</b>
MTA Approved Opening Date	In Phases 1996-98	August 2000	1999	November 2002	June 2002	Summer 1995	Final Car Delivery 1999	<b>Final Completion 2002</b>
Design Status	99%	90%	New Design In Preliminary Stage	5%	80%	Completed	6%	<b>1 of 7 Completed</b>
Construction Status	52%	7%	Not Started	Not Started	2%	99%	Manufacture 6%	<b>5 of 7 Active</b>
Expenditures to Date (in Mil.)	\$ 996	\$ 243	\$ 11	\$ 13	\$ 140	\$ 626	\$ 52	<b>\$ 2081</b>
Commitments to Date	\$ 1,424	\$ 716	\$ 88*	\$ 26	\$ 208	\$ 678	\$ 225	<b>\$ 3,365</b>
Remaining Commitments	\$ 94	\$ 595	\$ 403	\$ 954	\$ 790	\$ 40	\$ 33	<b>\$ 2,909</b>
MTA Approved Budget (in Mil.)	\$ 1,518	\$ 1,311	\$ 491	\$ 980	\$ 998	\$ 718	\$ 258	<b>\$ 6,274</b>
Federal Funding	44%	61%	73%	65%	0%	0%	42%	<b>39%</b>
State/Local Funding	56%	39%	27%	35%	100%	100%	58%	<b>61%</b>

\*On Hold Pending Reassessment Study

# CAPITAL BUDGET

## FY96 Capital Expenditures for New and Ongoing Projects

<i>Project</i>	<i>Total Project Cost</i>	<i>Total Expenditures to Date</i>	<i>Budgeted FY96 New Capital Programming</i>	<i>Budgeted FY96 Expenditures</i>
<b>I. Rail Construction</b>				
Metro Red Line Segment 1	\$1,450,019,000	\$1,425,889,000	\$0	\$17,615,820
Metro Red Line Segment 1 - Transit Enhancements	16,482,000	1,849,000	1,490,400	5,627,966
Metro Red Line Segment 2	1,517,657,000	996,000,000	0	274,418,630
Metro Red Line Segment 2 - Transit Enhancements	1,799,000	733,000	0	609,679
Metro Red Line Segment 2 - Construction Mitigation	16,723,000	1,921,000	6,424,000	5,416,379
Metro Red Line Segment 3 - North Hollywood	1,310,822,000	243,000,000	0	238,277,046
Metro Red Line Segment 3 - Mid-City	490,663,000	11,000,000	0	4,601,099
Metro Red Line Segment 3 - Eastern Extension	979,601,000	13,000,000	0	56,339,869
Metro Red Line Segment 3 - Transit Enhancements	17,209,000	21,000	0	3,767,264
Metro Blue Line - Pasadena	997,700,000	140,000,000	0	52,987,748
Metro Blue Line - Transit Enhancements	11,672,249	7,229,814	4,681,546	4,442,435
Metro Green Line	717,802,000	626,000,000	0	40,960,558
LA Rail Cars	257,597,000	52,000,000	0	54,187,820
Systemwide Agency Costs (Annual Cost)	43,631,535	13,731,000	13,803,100	16,029,084
<b>Subtotal</b>	<b>\$7,829,377,784</b>	<b>\$3,532,373,814</b>	<b>\$26,399,046</b>	<b>\$775,281,397</b>
<b>II. Bus Capital</b>				
Purchase Replacement Buses	\$204,474,180	\$1,915,215	\$16,165,000	\$66,000,000
ATTB	52,500,000	25,610,000	4,700,000	11,100,000
Underground Storage Tank Replacement Program	27,596,076	6,263,830	0	16,200,000
Bus Interior Cleaning and Upgrade Campaign	13,500,000	0	13,500,000	13,500,000
COP Debt Service Payment	14,984,523	0	14,984,523	14,984,523
Equipment Trust Certificate (ETCs)	3,436,200	0	3,436,200	3,436,200
Tire Lease Program	11,534,466	0	8,000,000	8,000,000
Powerplant Rebuild Program	15,605,509	0	1,420,000	8,000,797
Heavy Bus Maintenance	4,932,404	0	2,540,000	3,321,195
CNG Modification	4,500,000	0	4,500,000	4,500,000
Local Bus Contingency	3,239,262	1,890	1,000,000	3,237,372
ADA Compliance Program	1,270,000	0	1,270,000	500,000
Non-Revenue Vehicle Replacement	5,136,499	1,318,082	1,000,000	3,318,417
Division Rehabilitation and Support Equipment	1,550,000	0	1,550,000	850,000
Bus Spare Parts	13,894,627	3,418,123	0	10,476,504
Bus Tools and Equipment	1,255,382	32,154	485,000	938,228
Transit Radio System & Other Bus Radio Equipment	11,581,879	1,158,146	0	10,423,733
Transit Police Facilities and Equipment	2,625,277	207,383	0	2,417,894
Capital Labor and Allocated Overhead	2,526,009	0	0	2,526,009
Other Bus Facilities Projects	21,673,828	3,839,932	0	17,833,896
<b>Subtotal</b>	<b>\$417,816,121</b>	<b>\$43,764,755</b>	<b>\$74,550,723</b>	<b>\$201,564,768</b>



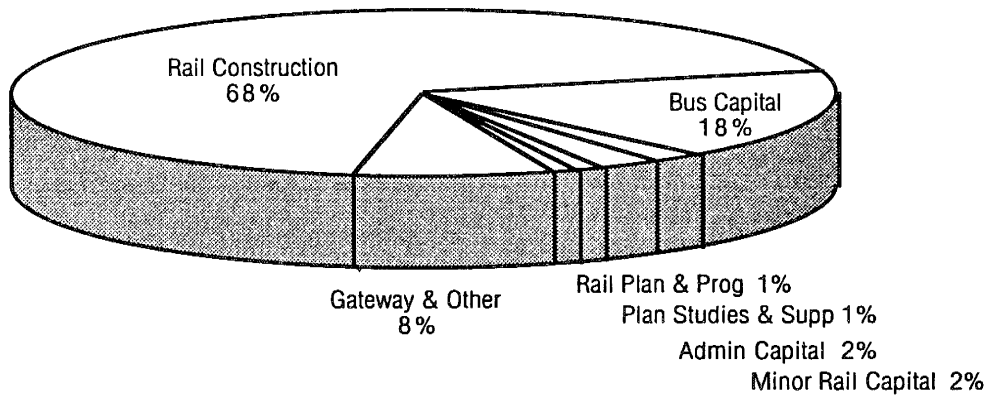
# CAPITAL BUDGET

## FY96 Capital Expenditures for New and Ongoing Projects

<i>Project</i>	<i>Total Project Cost</i>	<i>Total Expenditures to Date</i>	<i>Budgeted FY96 New Capital Programming</i>	<i>Budgeted FY96 Expenditures</i>
<b>III. Minor Rail Capital</b>				
Light Rail Maintenance-of-Way Facilities	\$8,750,000	\$0	\$1,760,710	\$1,626,841
Heavy Rail Maintenance-of-Way Facilities	5,750,000	0	547,960	1,021,694
Metro Blue Line Improvements	6,169,000	0	5,409,000	4,769,000
Light Rail Parts and Equipment	6,833,715	126,017	1,200,000	6,562,730
Heavy Rail Parts and Equipment	2,871,800	31,004	500,000	2,840,796
Local Rail Contingency	240,000	0	0	120,000
Capital Labor and Allocated Overhead	1,280,161	0	0	1,280,161
Other Minor Rail Projects	8,255,372	750,004	35,000	7,505,368
<b>Subtotal</b>	<b>\$40,150,048</b>	<b>\$907,025</b>	<b>\$9,452,670</b>	<b>\$25,726,590</b>
<b>IV. Bus and Minor Rail Administrative Capital</b>				
Customer Relations ID Card Project	\$118,150	\$0	\$118,150	\$118,150
Operations Planning and Scheduling	460,000	0	460,000	460,000
Administrative Equipment and Support	2,085,932	0	2,085,932	2,085,932
ITS Projects	23,608,375	5,017,497	4,375,000	16,190,878
Los Angeles Neighborhood Initiative (LANI)	1,856,125	0	0	1,856,125
Transit Police Vehicles, Facilities and Equipment	5,603,500	600,000	1,403,500	1,403,500
Other Administrative Capital	1,819,469	0	830,000	1,619,469
<b>Subtotal</b>	<b>\$35,551,551</b>	<b>\$5,617,497</b>	<b>\$9,272,582</b>	<b>\$23,734,054</b>
<b>V. Rail Planning and Program Support</b>				
Metro Red Line West - MIS/EIS	\$2,810,471	\$0	\$0	\$2,810,471
Metro Red Line East - Planning	635,009	0	0	635,009
San Fernando Valley East/West Line - Planning	2,437,601	0	0	2,437,601
Planning and Programming - Other	7,023,517	321,375	0	6,702,142
<b>Subtotal</b>	<b>\$12,906,598</b>	<b>\$321,375</b>	<b>\$0</b>	<b>\$12,585,223</b>
<b>VI. Planning Studies and Program Support</b>				
Transit Enhancements	\$18,221,792	\$1,187,000	\$2,646,000	\$4,439,406
Commuter Rail	5,925,954	0	0	5,925,954
Benefit Assessment Districts	745,312	0	0	745,312
Joint Development	200,000	0	0	200,000
Telecommuting Programs	163,005	0	0	163,005
<b>Subtotal</b>	<b>\$25,256,063</b>	<b>\$1,187,000</b>	<b>\$2,646,000</b>	<b>\$11,473,677</b>
<b>VII. Gateway and Other Agency Support</b>				
Debt Service Management	\$173,858	\$0	\$0	\$173,858
Union Station Gateway Intermodal Transit Center	149,500,000	97,401,569	0	52,098,431
Funds Administration	1,099,869	0	0	1,099,869
Union Station Gateway (MTA Headquarters)	144,500,000	115,727,388	0	28,772,612
Financial Information System (FIS)	11,000,000	4,367,216	0	6,632,784
Administrative Support	44,127	0	0	44,127
Real Estate Property Management	1,390,845	0	0	1,390,845
<b>Subtotal</b>	<b>\$307,708,699</b>	<b>\$217,496,173</b>	<b>\$0</b>	<b>\$90,212,526</b>
<b>MTA Total</b>	<b>\$8,668,766,864</b>	<b>\$3,801,667,639</b>	<b>\$122,321,021</b>	<b>\$1,140,578,235</b>

**CAPITAL BUDGET**  
***FY96 Capital Expenditures***

**FY96 Capital Expenditures**



# CAPITAL BUDGET

## *Project Descriptions*

### **I. Rail Construction**

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#### *Metro Red Line Segment 1*

The 4.4 mile, 5-station Red Line Segment 1 project, which connects Union Station to Westlake/MacArthur Park, opened for revenue service in January 1993. The project team will conclude contract and financial close-out on Federal and State grants and will resolve internal financial issues.

#### *Metro Red Line Segment 1 - Transit Enhancements*

Metro Red Line Segment 1 Transit Enhancements are designed to improve the quality of the facilities as well as the service provided. Construction projects will be implemented in an effort to maintain and improve the quality, safety, reliability and accessibility of the existing Metro Red Line system. The most significant aspect of the project will be a pump system to lift water to street level and then transport it to an off-site temporary storage disposal facility for treatment. The establishment of environmental mitigation "Best Management Practices" includes a tanker car with pumps to clean sumps; new sump pumps, including flow meters and automatic sampling instruments; implementation of a seepage control system; and a pump system to lift water to street level and a piped collection and treatment system.

#### *Metro Red Line Segment 2*

Currently under construction, this is a 6.7-mile, 8-station continuation of the Metro Red Line subway. Segment 2 includes two rail corridors: the Wilshire Corridor will connect Westlake/MacArthur Park to Wilshire/Western and the Vermont/Hollywood Corridor will connect Westlake/MacArthur Park to Hollywood and Vine. Major activities planned for FY96 include:

- Complete construction of all Wilshire Corridor facilities
- Complete Wilshire Corridor systems installation and integrated test
- Begin Wilshire Corridor pre-revenue operations and start-up activities
- Complete tunnel concrete liner for Vermont/Hollywood Corridor
- Complete excavation of Vermont/Hollywood.

#### *Metro Red Line Segment 2 - Transit Enhancements*

Funds in this project are to provide consultant assistance in the areas of urban design/development standards, market feasibility, traffic and transportation analysis, and financial/economic analysis needed for each station along the Metro Red Line Segment 2 route. These analyses are required to implement a work program to induce joint development transactions with the private sector.

#### *Metro Red Line Segment 2 - Construction Mitigation*

Baseline Metro Red Line Segment 2 Construction Mitigation includes several components related to improvements along the Vermont Avenue and Wilshire Boulevard sections of the Metro Red Line Segment 2 project. The project includes a mitigation program designed to minimize inconveniences to residents, commuters and businesses due to heavy construction activity.

Hollywood Construction Impact Program (HCIP) is a special enhanced mitigation program developed for the Hollywood Corridor. These mitigation measures are targeted toward enhancements that go above and beyond baseline construction mitigation efforts.

#### *Metro Red Line Segment 3 - North Hollywood*

The North Hollywood Segment of the Metro Red Line Project is a 6.4-mile project with three stations which begins just west of the Segment 2 Hollywood/Vine Station, and continues west under Hollywood Boulevard to the Hollywood/Highland Station and north under the Santa Monica mountains to its

## **CAPITAL BUDGET**

# ***Project Descriptions (continued)***

terminus in North Hollywood. The FY96 work plan includes:

- Start construction of the Universal City station
- Complete environmental evaluation and begin design for ventilation shaft
- Start trackwork installation.

### ***Metro Red Line Segment 3 - Mid-City***

This is a 2.3-mile project with two stations beginning west of the Wilshire/Western Station passing through the Crenshaw/Olympic Station and terminating at the Pico/San Vicente Station. Work on this segment has been postponed due to a hydrogen sulfide gas problem.

### ***Metro Red Line Segment 3 - Eastern Extension***

The Eastern Extension is a four mile alignment running east from Union Station to First and Lorena Street including four stations. Each station will be designed, as practical, using the modular station concepts developed on the North Hollywood and Mid-City projects. Planned activities for FY96 include:

- Complete design contract for Little Tokyo station and line segment
- Commence construction
- Initiate real estate acquisitions.

### ***Metro Red Line Segment 3 - Transit Enhancements***

This project includes the Segment 3 ART Program and the Pico/San Vicente Transit Center. The ART program consists of all artist contract costs, design, construction, construction management, and insurance costs. The Pico/San Vicente Transit Center includes the design and construction of a bus/rail transit center and a park-and-ride facility.

### ***Metro Blue Line - Pasadena***

Construction of the 13.7 mile Pasadena light rail line commenced in April 1994. The Pasadena line will run from Union Station in downtown Los Angeles to Sierra Madre Villa Avenue in Pasadena.

Construction activity in FY96 will focus on the following major design contracts:

- Memorial Park
  - Lake, Allen, and Sierra Madre Villa
  - Chinatown Aerial
  - Chinatown, Avenue 26, French
- Complete design contracts for line segments:
  - Del Mar - Memorial Park
  - Memorial Park - Sierra Madre Villa
- Complete construction of the LA River Bridge and Arroyo Seco Bridge
- Start retrofitting 13 bridges along the alignment.

### ***Metro Blue Line - Transit Enhancements***

This project includes the close-out of any outstanding Blue Line project costs and the Blue Line ART Program. Additional project efforts include ADA compliance and related agency costs.

## **CAPITAL BUDGET**

### ***Project Descriptions (continued)***

#### ***Metro Green Line***

The 20-mile, 14-station light rail project connecting the city of Norwalk with the city of El Segundo is scheduled for revenue operations beginning in the Summer of 1995. The FY96 Budget includes work associated with contract close-out and work orders, including work orders with Caltrans.

#### ***LA Rail Cars***

This project provides for the production of 72 LA standard light rail vehicles for the various light rail lines under construction throughout Los Angeles County plus two additional spare vehicles. In the upcoming fiscal year, MTA construction staff will continue to monitor consultants and the car builder during design efforts.

#### ***Systemwide Agency Costs***

The systemwide budget includes staff and consultant support for all MTA engineering, design and construction activities on rail construction projects. Support services include system design criteria and standards maintenance; baseline drawing and document control; Project Management Information Systems administration; budget and financial administration; third party agency and regulatory agency coordination and interface; insurance program administration; project management oversight and assistance and total quality management program implementation.

Capital purchases made under the Systemwide project include microcomputer hardware and software and CADD equipment. The objective of this project is to ensure that all rail construction projects are implemented using standard specifications for design, construction, procurement and administration. It also employs the "Lessons Learned" process to reduce the costs of future projects.

## **II. Bus Capital**

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#### ***Purchase Replacement Buses***

Annually, the MTA programs new capital funds for replacement of a portion of its existing bus fleet. Bus replacement is mainly funded from federal funds. The expenditures for FY96 are for the purchase of 196 CNG buses. The program is part of the Board's directive to develop an alternatively fueled bus fleet.

#### ***ATTB***

The Advanced Technology Transit Bus represents a public/private joint venture between Northrop and the MTA to develop a prototype cost- and fuel-efficient bus. The project is supported with federal funds.

#### ***Underground Storage Tank Replacement Program***

In compliance with environmental mandates, the MTA will continue its program to replace underground storage tanks at all divisions.

#### ***Bus Interior Cleaning and Upgrade Campaign***

As a result of the success of the anti-graffiti program, the MTA is embarking on an ambitious program to replace etched windows, install sacrificial windows to permit less expensive replacement of etched windows in the future, replace graffitied and soiled seats, and reengineer the cleaning program to ensure clean and dust-free bus interiors for all customers. It is anticipated that approximately 1,600 buses will be upgraded by January 1997.

#### ***COP Debt Service Payment***

In 1992, the MTA participated in a \$118.4 million issuance of California Transit Finance Corporation Certificates of Participation to finance the acquisition of 333 buses and related equipment to be operated

## **CAPITAL BUDGET**

### ***Project Descriptions (continued)***

by the MTA. The MTA makes annual lease payments funded through Federal Section 9 capital grant funds and from local matching TDA funds. The amount budgeted for FY96 is equal to the annual debt service payment requirements.

#### ***Equipment Trust Certificates (ETCs)***

Equipment Trust Certificates were issued to acquire buses and are funded by local capital grants (TDA funds). Final payments of interest and principal will be made in FY96.

#### ***Tire Lease Program***

The Revenue Tire Lease Program is an ongoing program of the MTA. By capitalizing tire leases, the MTA is able to reduce operating expenses and capitalize the costs associated with revenue vehicle tire replacement.

#### ***Powerplant Rebuild Program***

Operations estimates that 376 engines will undergo repairs or rebuilds during FY96. Repairs are normally done with the engine in the chassis and involve three cylinders or less. Only components that appear to be defective, worn or marginal are replaced. Repaired engines will be traced through the Vehicle Maintenance System (VMS) to determine if this procedure is cost effective.

Replaced parts generally include cylinder heads, blowers, turbochargers, fuel injectors, water pumps, and oil pans.

#### ***Heavy Bus Maintenance***

The Heavy Maintenance Program (HMP) is a periodic refurbishment of high mileage buses for repair and/or replacement of parts and assemblies that are marginal, defaced, worn or safety-related and/or labor-intensive. Approximately 100 buses (5% of the service fleet) are planned to undergo heavy bus maintenance in FY96.

#### ***CNG Modification***

The increasing number of Compressed Natural Gas (CNG) fueled buses will result in the Regional Rebuild Center (RRC) repairing body damage, adjusting bus systems, and rebuilding and/or repairing CNG fueled engines when they reach the engine rebuild required mileage, requiring major repairs. Additionally, the project will include making the necessary fueling modifications at one division to accommodate the new CNG buses.

#### ***Local Bus Contingency***

The MTA annually sets aside a capital contingency to fund unforeseen emergency bus capital expenditures.

#### ***ADA Compliance Program***

This project implements the ADA-mandated facility improvement. For FY96, specific facilities scheduled for modification include the USC Center Busway, Pico/Rimpau Transit Center, El Monte Station, Cal State Bus Station, and LAX Transit Center.

#### ***Non-Revenue Vehicle Replacement***

The MTA maintains a fleet of non-revenue vehicles including sedans, trucks and other support vehicles for Authority-wide use. Annually, a portion of the fleet is replaced based on their age and condition.

## **CAPITAL BUDGET**

### ***Project Descriptions (continued)***

#### ***Division Rehabilitation and Support Equipment***

This project includes various expenditures for the maintenance and rehabilitation of the MTA's operating divisions, developing material storage facilities and other divisional support needs.

#### ***Bus Spare Parts***

Funds for the purpose of purchasing bus spare parts are programmed at the same time as the decision to purchase new buses is made. As the MTA begins to take delivery of the 196 buses discussed above, spare parts will be purchased and inventoried against this account.

#### ***Bus Tools and Equipment***

Tools and equipment used in the repair and maintenance of the MTA's fleet of buses are purchased from this account. In FY96, funds have been programmed to retrofit the drivers' seats of older buses with new, ergonomic models to reduce driver back injuries.

#### ***Transit Radio System & Other Bus Radio Equipment***

A multi-year program to implement an MTA-wide Transit Radio System, integrated with the standard bus radio equipment, is funded from this account. It is anticipated that a large number of buses will be outfitted with this communications equipment during FY96.

#### ***Transit Police Facilities and Equipment***

Transit Police expenditures included in the FY96 Budget include:

- Building rehabilitation and replacement at the RRC and Gateway Headquarters
- Communication system upgrades.

#### ***Capital Labor and Allocated Overhead***

Labor provided in support of capital projects and overhead costs allocated to capital projects are budgeted here.

#### ***Other Bus Facilities Projects***

Projects in this category include work performed at MTA bus facilities that are not part of the Tank Replacement Program or Division Rehabilitation, both described above. Examples of bus facilities projects include the general upkeep and maintenance of bus facilities, facility repaving, and roof repairs.

### **III. Minor Rail Capital**

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#### ***Light Rail Maintenance-of-Way Facilities***

This project includes design and construction of Maintenance-of-Way (MOW) facilities at light rail locations. The MOW facilities will be constructed to allow efficient and effective maintenance of the light rail lines (i.e., track, traction power substations, fare collection equipment, overhead catenary systems, etc.) The facilities will accommodate staging points for personnel, maintenance vehicles and equipment, rail-borne non-revenue equipment, and any parts and material required.

Capital equipment to be purchased under this project include maintenance vehicles, non-revenue equipment, spare parts, etc. The purpose of this project is to provide the total support needed to effectively maintain the rail rights-of-way.

## **CAPITAL BUDGET**

# ***Project Descriptions (continued)***

### ***Heavy Rail Maintenance-of-Way Facilities***

This project includes the design and construction of MOW facilities at heavy rail locations. The MOW facilities will be constructed to allow efficient and effective maintenance of the heavy rail lines (i.e., track, traction power substations, fare collection equipment, etc). The facilities will accommodate staging points for personnel, maintenance vehicles and equipment, rail-borne non-revenue equipment, and any parts and material required.

Capital equipment to be purchased under this project include maintenance vehicles, non-revenue equipment, spare parts, etc. The purpose of this project is to provide the total support needed to effectively maintain the rail rights-of-way.

### ***Metro Blue Line Improvements***

As the Metro Blue Line approaches five years of revenue service, significant maintenance efforts are required. The FY96 Budget includes the following projects:

- Air brake system overhaul
- Corrosion repair
- Traction motor overhaul
- Reconditioning of gearboxes
- Station canopy replacement
- Communications equipment.

### ***Light Rail Vehicle Parts and Equipment***

The MTA has established the capital threshold for revenue vehicle parts to be \$5,000 per unit. On average, the Blue Line has required approximately \$1.2 million in stores supplied revenue vehicle parts with a per unit cost in excess of this amount. In the past, these capital eligible parts have been expended through the Operating Budget. As fiscal constraints on the Enterprise Fund have become more demanding in FY96 and beyond, Rail Operations proposes transferring those parts' expenditures to the Capital Budget to ensure proper accounting treatment.

### ***Heavy Rail Vehicle Parts and Equipment***

The MTA has established the capital threshold for revenue vehicle parts to be \$5,000 per unit. On average, the Red Line has required approximately \$425,000 in stores supplied revenue vehicle parts with a per unit cost in excess of \$5,000. In the past, these capital eligible parts have been expended through the Operating Budget. As fiscal constraints on the Enterprise Fund have become more demanding in FY96 and beyond, Rail Operations proposes transferring those parts' expenditures to the Capital Budget to ensure proper accounting treatment.

### ***Local Rail Contingency***

Similar to the bus capital contingency, the MTA annually sets aside funds to support unforeseen and emergency rail operations requirements.

### ***Capital Labor and Allocated Overhead***

Labor provided in support of capital projects and overhead costs allocated to capital projects are budgeted here.



## **CAPITAL BUDGET**

### ***Project Descriptions (continued)***

#### ***Other Minor Rail Projects***

Rail projects to be completed in FY96 include the construction of storage tracks for Green Line cars in the Blue Line storage yard and the construction of noise barriers along the Blue Line route.

#### **IV. Bus and Minor Rail Administrative Capital**

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##### ***Customer Relations ID Card Project***

This project includes the equipment necessary to process reduced fare and student identification cards in-house, instead of outsourcing the work. By having this in-house capability, Customer Relations staff will be able to maintain the database of applicants with related reporting capability and on-line access. The project will be divided into two phases: 1) Research and Development, which will involve a small-scale demonstration of the project, and 2) Implementation.

##### ***Operations Planning and Scheduling***

This project replaces the hand held data computer systems that have been in place since 1985. The current equipment utilizes an obsolete microprocessor and modem technology, with an increasing failure rate. The new equipment would provide Schedule Checking staff with reliable equipment for data collection and an improved data analysis system. The data collected by this system is mission critical for our service delivery and planning goals. The new data collection system will provide a more flexible, accurate, cost-effective and timely data collection ability.

##### ***Administrative Equipment and Support***

These projects include the purchase and installation of administrative print shop and general services equipment.

##### ***ITS Projects***

The FY96 Budget includes investments in information technology and computer system support. Major expenditure items include:

- System planning for HR systems
- PC and related equipment replacement
- Vehicle maintenance system enhancements
- CADD/GIS upgrades
- Requirements study for Material Management system
- Implementation of Rail Incident Management system.

##### ***Los Angeles Neighborhood Initiative (LANI)***

Transportation beautification projects in eight transit dependent neighborhoods including such items as bus benches, trees and other transit related improvements. The project is funded by a combination of federal, state and local grants.

##### ***Transit Police Vehicles, Facilities and Equipment***

Transit Police expenditures included in the FY96 Budget include:

- Vehicle replacement
- Building rehabilitation and replacement at the RRC and Gateway Headquarters
- Communication system upgrades.

## **CAPITAL BUDGET**

# ***Project Descriptions (continued)***

### *Other Administrative Capital*

Equipment supporting activities such as materiel handling and cash counting.

## **V. Rail Planning and Program Support**

### *Metro Red Line West-MIS/EIS*

The Red Line Western Extension project includes analysis of alternatives and preparation of a Major Investment Study/Draft Environmental Impact Statement (MIS/DEIS) for the Western Extension of the Red Line. Potential alignments to extend the Metro Red Line seven miles from Pico/San Vicente to an end point just west of the San Diego Freeway will be analyzed. The objective will be to select a preferred alternative for MOS-4 of the Red Line. This project also includes studies of the Methane Zone and hydrogen sulfide concentrations.

### *Metro Red Line East-Planning*

The Metro Red Line Eastern Extension Planning project includes the final engineering and the completion of the final Environmental Impact Report and Environmental Impact Statement. This project also includes efforts to implement the recommendations advanced by the Eastern Extension Transportation Community Linkages Program in the areas of transit connection, transit-based development, transportation community safety activities and transportation station conceptual master plans. The project includes coordination and monitoring of the environmental mitigation advanced in the planning process.

### *San Fernando Valley East/West Line-Planning*

A Major Investment Study/Draft Environmental Impact Statement/Environmental Impact Report (MIS/DEIS/EIR) must be completed in order to make this project eligible for federal matching funds. Once the MIS/DEIS/EIR is completed and the locally preferred alternative is selected, the project can compete for federal funding.

### *Other Planning and Programming*

This category includes studies directed by Board action and the staff necessary to support the studies. Major projects included in this category are the Crenshaw-Prairie Corridor Planning Environment Clearance project, the Exposition Right-of-Way Alternative Refinement and Environmental Impact Report, and Green Line Northern Extension planning activities.

## **VI. Planning Studies and Program Support**

### *Transit Enhancements*

The project includes miscellaneous non-rail planning activities such as bikeways, park-and-ride, urban greenways, and staff necessary to support the planning studies.

System safety enhancements to be performed during the upcoming year include the installation of sprinklers and seismic monitors in Red Line stations, engineering improvements of Blue Line grade crossings, and the upgrading of radio communications on the Blue Line.

### *Commuter Rail*

This project includes MTA staff activities in support of Los Angeles County commuter rail development.

## **CAPITAL BUDGET**

### ***Project Descriptions (continued)***

#### ***Benefit Assessment Districts***

Services, labor and material expenses for benefit assessment activities Downtown, on Wilshire, Vermont, Alvarado and Hollywood.

#### ***Joint Development***

Expenses required to provide environmental cleanup in order to complete the Joint Development agreement between the MTA and ES Properties.

#### ***Telecommuting Programs***

Includes capital budget for the Blue Line Televillage Project and the MTA's pilot commuting program.

## **VII. Gateway and Other Agency Support**

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#### ***Debt Service Management***

Execution, administration and oversight of bond issuances, commercial paper and other debt related activities that support capital projects.

#### ***Union Station Gateway Intermodal Transit Center***

The Union Station Gateway Intermodal Transit Center will be a major intermodal center which includes light rail, heavy rail, bus, commuter rail, and intercity rail. The facilities will include a bus plaza, a 2,500-space park-and-ride lot, and off-site improvements designed to serve the transit center. Off-site improvement include a fly-over ramp between the bus plaza and the El Monte Busway. Approximately 115,000 daily transit riders are expected to use the facility by 2010.

#### ***Funds Administration***

Administration and oversight of bank accounts, trust accounts, fund transfers and other financial relationships/activities that support capital projects.

#### ***Union Station Gateway (MTA Headquarters)***

This project covers the development of a new headquarters facility for the MTA at Union Station. The expected opening of this new facility is September 1995. Staff will be engaged in relocation and consolidation activities for the MTA headquarters project including transfer of equipment, start-up of the computer center, and development and installation of the telephone system.

#### ***Financial Information System (FIS)***

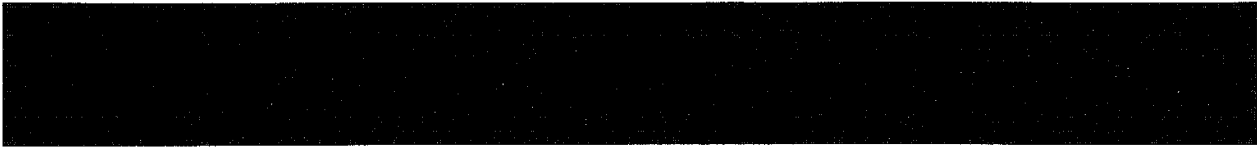
This project will incorporate the various financial and cash management systems of the agency into a single system, improve contract management and accounts payable activities, and revise the payroll reporting system.

#### ***Administrative Support***

Administrative support provided to programs such as Art in Rail, Construction Enhancement Loan Program, and State TCI.

#### ***Real Estate Property Management***

This project provides real estate planning analysis, property management, and maintenance services for MTA-owned parcels and rights-of-way.



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FUNDS PROGRAMMED

# FUNDS PROGRAMMED TO OTHER AGENCIES

## Overview

The MTA's enabling legislation designated it as the regional transportation planning entity for Los Angeles County. As such, the MTA is responsible for programming funds to support transit, highway and multimodal programs to various cities and agencies throughout the County. This programming function is a critical component of the MTA's responsibility to oversee the development of an integrated transportation system for Los Angeles County. While the MTA's authority includes project approval and funding review, it does not include project management and implementation which is the responsibility of the local entity.

### *Link to Other MTA Programming Documents*

The Long Range Plan establishes the overall strategy to guide the MTA's transportation investments for the next twenty years. It serves as the framework in which budgeting decisions are made and executed. This component represents an "annual slice" of the funds programmed through the multi-year Los Angeles County Transportation Improvement Program (TIP). The budgeted funds are based on the total amount of funds programmed for the fiscal year and are not based on expected expenditure levels.

### *Funds Programmed to Other Agencies Categories*

MTA's Programmed Funds Budget is separated into the following categories:

- I. Operating and capital funds programmed to Included and Eligible Transit Operators
- II. Other Transit Programs - Included are the Proposition A Incentive Fund Program, the Base Bus Restructuring Program, and the Transit Service Enhancement Program (TSE), funded with local revenues. Also included is the State-authorized Transit Capital Improvement program.
- III. Access Services, Incorporated (ASI) - Operating and Capital
- IV. Southern California Regional Rail Authority (SCRRA) - Operating and Capital
- V. Call for Projects
- VI. State Highway Program - Includes funds for the State Highway Operation and Protection Program (SHOPP) and capacity enhancements projects
- VII. Local Program
- VIII. Other Funding Programs
- IX. Local Return Program

# FUNDS PROGRAMMED TO OTHER AGENCIES

## *Category Descriptions*

### I. Funds Programmed to Included and Eligible Transit Operators

(a) Operating Funds: Operating funds are programmed through the Formula Allocation Procedure (FAP). The FAP is the adopted method for allocation of federal, state, and local transit operating subsidies to Los Angeles County bus operators. Allocations are made using audited performance data. Funds programmed through this allocation procedure include TDA Article 4, Proposition A Discretionary funds, State Transit Assistance funds, and FTA Section 9 funds.

Transit operator allocations (excluding MTA) for FY96 are as follows:

Arcadia	\$501,391
Claremont	143,360
Commerce	264,892
Culver City	3,820,065
Foothill	17,171,952
Gardena	3,912,590
La Mirada	236,162
Long Beach	19,394,544
Montebello	5,451,963
Norwalk	1,434,990
Redondo Beach	78,404
Santa Monica	17,478,128
Torrance	5,026,543
<b>TOTAL</b>	<b>\$ 74,914,984</b>

(b) Capital Funds: \$25.1 million in Section 9 capital funds is allocated to included and eligible bus operators. Specific operator allocations are based on the Bus Capital Allocation Formula approved by the Bus Operators' Subcommittee (BOS) and are as follows:

Antelope Valley	\$ 368,428
Arcadia	88,620
Claremont	29,533
Commerce	538,396
Culver City	2,202,505
Foothill	3,146,956
Gardena	4,569,040
La Mirada	59,446
Long Beach	3,396,973
City of Los Angeles (LADOT)	1,380,641
Montebello	1,981,142
Norwalk	3,053,442
Redondo Beach	21,483
Santa Clarita	814,965
Santa Monica	2,272,709
Torrance	1,176,925
<b>TOTAL</b>	<b>\$ 25,101,204</b>

Capital projects for transit operators are described in the Short Range Transit Plans and include bus replacement, facility rehabilitation and support equipment projects.

# FUNDS PROGRAMMED TO OTHER AGENCIES

## *Category Descriptions (continued)*

### II. Other Transit Programs

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This category includes funds programmed for the Proposition A Incentive Fund Program, Base Bus Restructuring Program, and the Transit Service Expansion (TSE) program. These programs utilize local funds to enhance the paratransit and fixed route transit system in the County.

The Transit Capital Improvements Program is a discretionary program administered by the California Transportation Commission (CTC). Projects included in the FY96 CTC funding recommendations include the Burbank Intermodal Transit Center and the Northridge and Sun Valley Metrolink station.

The fund allocations are as follows:

Proposition A Incentive Fund Program	\$ 7.5 million
Proposition A Incentive Bridge Funds	1.8 million
Base Bus Restructuring	3.0 million
Transit Service Expansion Program	5.7 million
Transit Capital Improvement Program	3.9 million
<b>TOTAL</b>	<b>\$ 21.9 million</b>

Funding for the Proposition A Incentive program is derived by formula, 5% of the total Proposition A 40% Discretionary funds. This program funds paratransit services throughout the County, in addition to funding fixed route services for Foothill Transit, City of Los Angeles, Antelope Valley, and Santa Clarita. Subsidy for the Avalon Ferry is also included in this program.

Base Bus Restructuring funds are provided to four operators (Foothill Transit, Torrance Transit, Montebello Municipal Bus Lines and Commerce Municipal Bus Lines) for services programmed in their Short Range Transit Plans which were approved by the LACTC and added between July 1, 1990 and April 24, 1991. These services are not included in the Proposition A base service level and are not eligible for Proposition A discretionary funding. The total funding level has been frozen at the FY92 level with no adjustments for inflation.

The Transit Service Expansion program was originally intended to fund additional congestion-relieving transit service, including providing connections to the Metro Blue Line. Funding for the program is allocated through the Bus System Capacity Expansion Component of the Proposition C 40% Discretionary Guidelines. Service must meet established criteria on an annual basis to receive continued funding.

### III. Access Services, Incorporated (ASI)

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The FY96 Budget includes \$17.7 million for ASI operations and capital projects. This project implements the ADA-mandated coordinated paratransit plan. The intention of the ADA mandate is that paratransit services be available to people unable to access fixed transit routes. The MTA allocates funds to ASI to provide long distance and regional services not available from local paratransit operators.



## FUNDS PROGRAMMED TO OTHER AGENCIES

### *Category Descriptions (continued)*

#### IV. SCRRRA Metrolink Services

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A total of \$44.9 million of Proposition C 10% funds are allocated for Los Angeles County's share of Metrolink services. The allocation is as follows:

Operating Subsidy	\$23.8 million
Saturday Demonstration Service (San Bernardino Line)	0.2 million
LA County ROW Security	1.0 million
Taylor Yard Improvements	0.3 million
Reserve for FEMA Disallowances	8.0 million
Capital Contribution	6.6 million
Reserve for Overruns on San Bernardino & Ventura Lines	5.0 million
<b>TOTAL</b>	<b>\$44.9 million</b>

#### V. Transportation Improvement Program (TIP) Call for Projects

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Although the FY96 TIP Call for Projects is a multi-year programming tool, the budget includes funds programmed through the Call for Projects for FY96. Included in this category are funds programmed to:

Caltrans High Occupancy Vehicle and Traffic Operations System Projects	\$ 151.6 million
Regional Surface Transportation Improvements	16.8 million
Signal Synchronization and Bus Speed Improvements	30.3 million
Transportation Demand Management Projects	6.6 million
Bikeways and Transportation Enhancements	5.8 million
Transit Capital	3.4 million
Transit Security	1.0 million
<b>TOTAL</b>	<b>\$ 215.5 million</b>

These allocations are based on the MTA staff recommendations for the FY96 Multi-Year TIP Call for Projects. The FY96 Call for Projects is anticipated to be approved by the Board in June 1995. Any revisions to the recommended TIP Call for Projects directed by the MTA Board will be reflected in the Adopted Budget.

#### VI. State Highway Program

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This category includes funds programmed for the State Highway Operation and Protection Program (SHOPP) and Capacity Enhancements projects.

## FUNDS PROGRAMMED TO OTHER AGENCIES

### *Category Descriptions (continued)*

Projects in the SHOPP are needed to maintain the safety and operational integrity of the state highway system. In FY96, the following types of projects are programmed:

Traffic Safety	\$1.3 million
Irrigation	2.3 million
Roadway Rehabilitation	34.6 million
Bridge Rehabilitation	3.9 million
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<b>TOTAL</b>	<b>\$ 42.1 million</b>

State highway projects included in the State Transportation Improvement Program (STIP) are capacity enhancing projects, which increase vehicle flow through the addition of lanes, turning movements, or grade separations. Also included are projects to mitigate the impacts of these capacity enhancements. In FY96, \$67.2 million is programmed through the State Allocation Plan for these projects.

#### **VII. Local Program**

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The Local Program includes lump sums for roadway reconstruction, rehabilitation, safety improvements, and other enhancements. Project specific listings are included in the local program of the TIP for roadway widening, signalization, and grade separations.

The Local Program includes the following programming amounts:

Federal Funds	\$ 57.7 million
State Funds	33.1 million
Local Funds	218.4 million
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<b>TOTAL</b>	<b>\$ 309.2 million</b>

#### **VIII. Other Funding Programs**

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This category includes TDA Article 3 - Pedestrians and Bikeways Funds and Article 8 Transit/Streets and Highway Funds programmed in FY96. Funding allocations are as follows:

TDA Article 3	\$ 4.0 million
TDA Article 8	\$ 9.4 million

TDA Article 3 funds are allocated by the state to the MTA for disbursement to the cities and county. These funds are to be used for the design and construction of pedestrian and bikeway facilities and for bicycle safety education programs.

85% of the TDA Article 3 funds are allocated by formula to the 89 cities and the unincorporated areas of Los Angeles County. Of the remaining 15%, 30% is allocated to the City of Los Angeles and 70% to the County of Los Angeles.

TDA Article 8 funds are used to cover the costs of public transportation services provided under contract, administrative and planning costs for contract service, vehicles and related equipment, bus shelters, benches, and communication equipment. These funds may also be used for development, construction, and maintenance of streets and roads, including facilities for exclusive use by pedestrians and bicycles.

TDA Article 8 - Transit/Streets and Highway funds are allocated to Avalon, Lancaster, Palmdale, Santa Clarita, and the unincorporated areas of Los Angeles County, based on a population-based formula.

# FUNDS PROGRAMMED TO OTHER AGENCIES

## Category Descriptions (continued)

### IX. Local Return Program

The Local Return Program includes 25% of the estimated Proposition A receipts and 20% of the estimated Proposition C funds. These funds are distributed to the county and the 89 cities throughout the county based on population estimates. In FY96 a total of \$169.9 million will be programmed through this program.

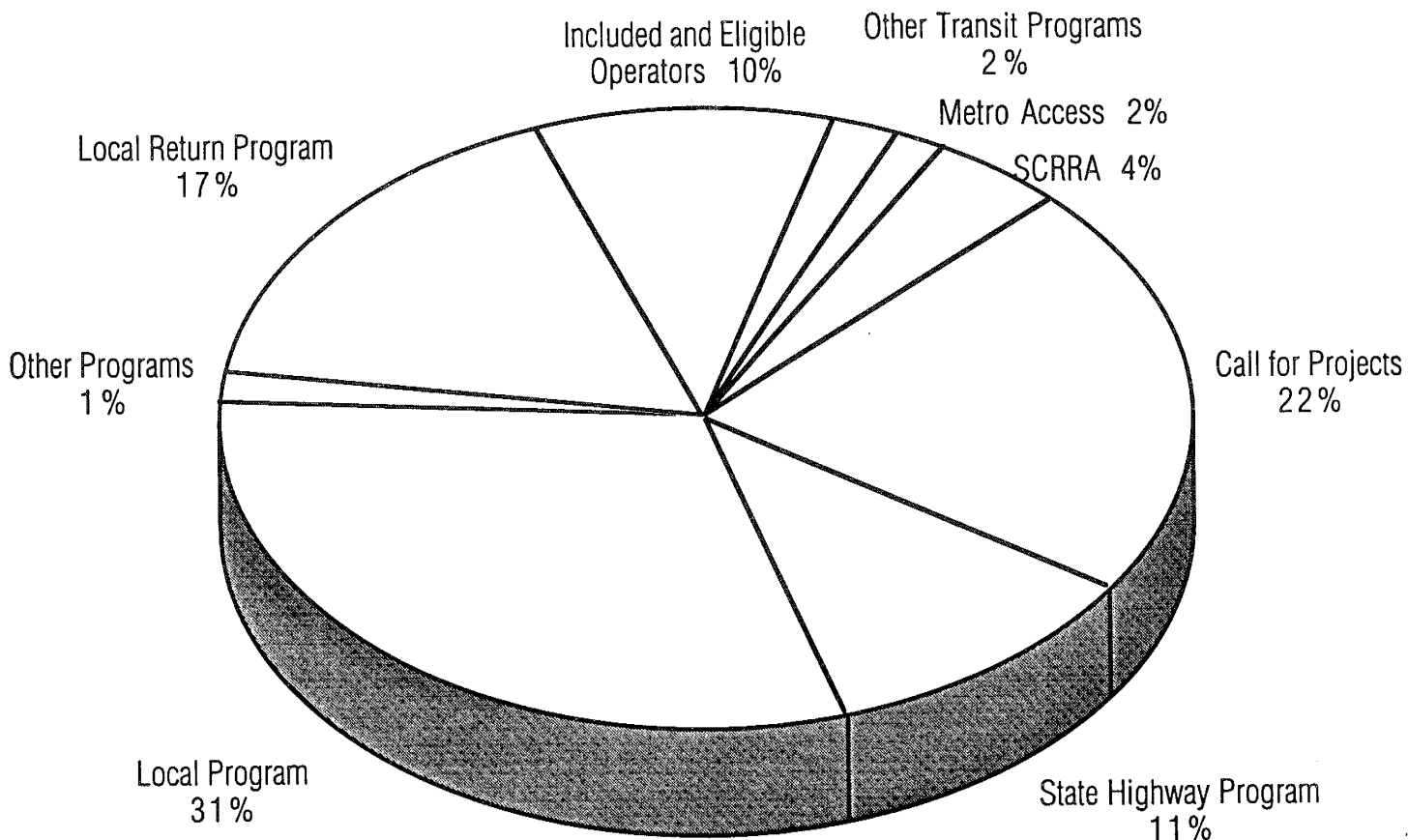
Proposition A Local Return funds are required to be spent on public transit projects. Local jurisdictions are required to submit a description for the intended use of the funds for approval. Proposition C local return funds are to be used by the cities and the county for public transit, paratransit and related services, including the improving and expanding of supplemental paratransit services to meet the requirements of the federal Americans with Disabilities Act.

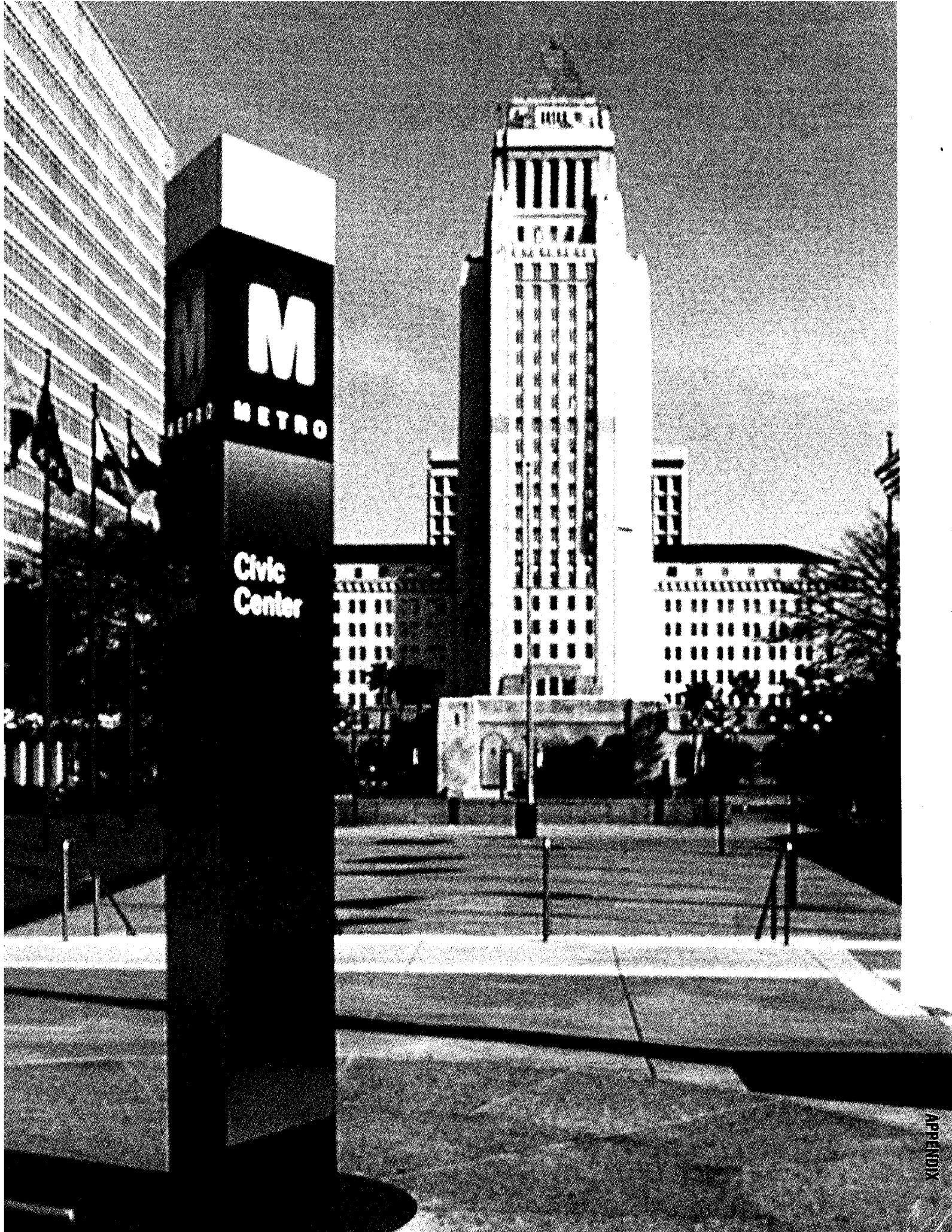
### Summary – Funds Programmed to Other Agencies

Included and Eligible Operators	\$ 100.0 million
Other Transit Programs	21.9 million
Access Services Incorporated	17.7 million
SCRRA	44.9 million
Call for Projects	215.5 million
State Highway Program	109.3 million
Local Program	309.2 million
Other Funding Programs	13.4 million
Local Return Programs	169.9 million

**Total**

**\$ 1,001.8 million**





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METRO

Civic Center

## APPENDIX A

# Description of Major Funding Sources

### LOCAL REVENUES

**Proposition A.** Proposition A funds are revenues generated from a half-cent sales tax approved in 1980 by Los Angeles County voters. Revenue projections are based on the UCLA Sales Tax forecast. After a deduction of up to 5% for MTA administration, funds are apportioned as follows:

<i>Fund Category</i>	<i>Apportionment</i>
Local Return	25%
Rail Program	35%
Discretionary	40%
<b>TOTAL</b>	<b>100%</b>

**Proposition C.** In November 1990, the voters of Los Angeles County approved an additional half-cent sales tax for transportation. The ballot guidelines for the programming of Proposition C funds, after a deduction of up to 1.5% for MTA administration, are as follows:

<i>Fund Category</i>	<i>Apportionment</i>
Security	5%
Commuter Rail and Transit Centers	10%
Local Return	20%
Transit on Highway	25%
Discretionary	40%
<b>TOTAL</b>	<b>100%</b>

**Farebox.** Fare revenue is generated by ridership from existing transit operations by means of cash in the farebox and prepaid sales (i.e., passes, tokens, etc.). MTA transit operators are expected to meet an expense recovery ratio of 38% to be eligible for regional subsidies. This ratio may be met with a combination of cash fares, Proposition A Local Return funds, and other local sources of funds, but excludes charter revenues. If a project is eligible for Proposition C Discretionary Funding, the MTA will fund up to 62%. The 38% recovery ratio is strongly encouraged for other funds.

**Special Benefit Assessment Districts.** Revenue generating Special Benefit Assessment Districts are authorized by state legislation to levy special benefit assessments for needed public rail transit facilities and/or services on the property which benefits from those facilities and/or services. Assessments are calculated annually based on either the square footage of the parcel or the square footage of the assessable improvements, whichever is larger. Benefit Assessment Districts have been established around the Metro Red Line Segment 1 station area and are planned for the Metro Red Line Segment 3 - North Hollywood extension station area.

**Public/Private (Joint Development).** Revenues generated from public/private participation in joint development of rail lines and rail stations.

## APPENDIX A

# *Description of Major Funding Sources (continued)*

**HOV Lane Violation Fund.** Penal Code 1463.26, effective January 1, 1989, entitles the MTA to collect up to one-half of fines and forfeitures collected in Los Angeles County from the violations of Vehicle Code Sections 21655.5 (Vehicle Occupancy Levels) and 21655.8 (Crossing Over Double Parallel Solid Lines). The MTA receives one-third of the fines if violations occur within city limits and one-half of the fines if violations occur in an unincorporated area of the county. The HOV Violation Fund is allocated to the freeway incident management program that includes the Freeway Service Patrol.

## STATE REVENUES

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**Proposition 111 State Gas Tax.** Many state programs are funded by the Proposition 111 state gas tax of five cents (\$.05) per gallon that became effective on August 1, 1990 and a one cent (\$.01) per gallon additional increase that became effective on January 1 of each of the next four years (1991 to 1994), for a total of a nine cent (\$.09) increase. The measure enacted a fifty-five percent (55%) increase in truck weight fees for commercial trucks over 4,000 pounds, effective August 1, 1990, and another ten percent (10%) increase effective January 1, 1995. Proposition 111 also exempts from the GANN expenditure limit the revenues generated by these increases, so that the new funding can be spent for congestion relief and mass transit.

The increases in sales tax revenues resulting from higher fuel taxes is deposited in the State Transportation Planning and Development Account and used for transportation purposes. Funds in the Transportation Planning and Development Account go towards the planning activities of the California Department of Transportation and the California Transportation Commission.

**Environmental Enhancement Mitigation Program.** These funds are generated from the Proposition 111 State Gas tax allocating \$10 million annually for 10 years to be used for projects directly or indirectly related to the environmental impact of modifying existing transportation facilities for the design, construction, or expansion of new transportation facilities. Local, state and federal agencies including nonprofit entities may apply for and receive grants not to exceed \$5 million.

**State Transportation Improvement Program (STIP).** The STIP is the adopted plan of the California Transportation Commission for the allocation of funds to specific projects in future years. Programs identified in the STIP are funded through state and federal gas taxes. The STIP serves as a programming policy for revenues in the State Highway Account and from the Passenger Rail Bond Fund. Major programs include Flexible Congestion Relief (FCR), Inter-Regional Roads, and State Highway Operation and Protection Program (SHOPP).

**Flexible Congestion Relief (FCR).** The FCR is a statewide capital program for highway and fixed guideway capacity improvements composed of state and federal gas tax revenues. Guidelines are developed by Caltrans and adopted by the California Transportation Commission. FCR funds are appropriated to fund major gap closures, backbone arterials, carpool lanes, and some fixed guideway uses.

**Retrofit Soundwall Funds.** Retrofit Soundwall Funds are a subset of Flexible Congestion Relief (FCR) revenues. At the time of the STIP adoption, the California Transportation Commission determines how much FCR funds will be made available for soundwalls based on statutory requirements and statewide need.

**Inter-Regional Road System Program.** The Inter-Regional Road System program was set up to make improvements for inter-regional traffic on state highways outside urban limit lines from revenues composed of state and federal gas taxes. Projects eligible for this program are nominated by Caltrans for the STIP. These funds count toward meeting county minimums in whatever counties they are programmed. The federal share of this revenue source is assumed to increase every five years according to the CPI through the end of the Plan. All unallocated Inter-Regional Road System revenues are transferred to the FCR fund annually.

**State Highway Operation and Protection Program (SHOPP).** The State Highway Operation and Protection Program is established for the maintenance and operational integrity and safety of the state highway system. It includes rehabilitation and safety projects, operational improvements, and other work necessary to maintain system integrity.

## APPENDIX A

# *Description of Major Funding Sources (continued)*

**State Rail Bonds.** This includes Propositions 108 and 116.

**Proposition 108.** Proposition 108 was passed by the voters in June, 1990 authorizing the state to sell \$1 billion in general obligation bonds to provide funds for rail capital outlay. Eligible projects must be located on routes and corridors specified in the measure, or future statutes enacted by the state legislature with at least 15% of the total bond funds to be spent for inter-city rail.

**Proposition 116.** Proposition 116 was passed by the voters in June, 1990 authorizing the state to sell \$1 billion in general obligation bonds to provide funds for mostly rail capital outlay, allocating certain amounts to specified state and local entities through a grant program administered by the California Transportation Commission. Funds are used primarily for passenger and commuter rail systems, with limited funds available for public mass transit guideways, paratransit vehicles, bicycle and ferry facilities, and a railroad technology museum. This program requires matching funds from local entities.

**Transportation Planning and Development (TP&D).** TP&D revenues are generated from a sales tax on diesel fuel, a sales tax due to state tax on gasoline above nine cents per gallon, and "spill over" sales tax (4.75% tax on taxable goods, including gasoline, in excess of revenue generated from 5% state sales tax on all taxable goods, except gasoline).

**State Transit Assistance Fund (STA).** The STA program is a source of funding for transportation planning and mass transportation purposes as specified by the California Legislature derived from 50% of TP&D revenues. The STA, created by an amendment to the Transportation Development Act, provides funding for transit capital and operating purposes. STA funds are derived from a sales tax on gasoline and diesel fuel. These funds are allocated to counties based on population and transit operator revenues.

**STA Population Share.** The population share of STA (PUC section 99313) is allocated by the State Controller to the MTA, based on the ratio of the population of the county to the total population of the state.

**STA Revenue Share.** The revenue share of the STA (PUC section 99314) is allocated by the State Controller to the MTA based on the ratio of the total revenue of operators under the MTA's jurisdiction during the prior fiscal year. The MTA includes STA revenue funds in the Formula Allocation Procedure claimed by transit operators.

**Transit Capital Improvements (TCI).** TCI is an annual state program funded by the California Transportation Commission with Transportation Planning & Development and Article XIX (state gas tax) funds. Eligible uses include: abandoned railroad rights-of-way acquisition, bus rehabilitation; fixed guideway/rolling stock for commuter rail, urban rail and intercity rail; grade separation; intermodal transfer stations serving various transportation modes ferry projects - ferry vessels & terminals; and short-line railroad rehabilitation. These funds are programmed at the discretion of the California Transportation Commission based upon a statewide competition.

**Traffic Systems Management Program (TSM).** TSM is a funding program for projects designed to make better use of existing transportation rights-of-way. Revenues in this program are generated from the Proposition 111 state gas tax authorizing \$1 billion for a 10-year period which is targeted for ready-to-go TSM projects on an annual basis.

**Service Authority for Freeway Emergencies (SAFE).** The Service Authority for Freeway Emergencies receives \$1.00 from the Department of Motor Vehicles for each vehicle registered in Los Angeles County, to be used for freeway call boxes and service patrols.

**The State and Local Partnership Program.** The State and Local Partnership program provides state funds to match local funds for the construction of transportation projects. Funds available are prorated over the construction cost of eligible projects statewide. Eligible highway projects must either increase capacity, extend service to a new area, or extend the useful life of the roadway by ten years for rehabilitation projects. Only construction costs are eligible for reimbursement. Projects selected for the program require a one-to-one local match to state dollars.

## APPENDIX A

# Description of Major Funding Sources (continued)

**Intermodal Surface Transportation Efficiency Act (ISTEA) Match.** ISTEA match funds are allocated to eligible projects to match federal funds programmed through the TIP Call for Projects. ISTEA match funds are targeted toward urban congestion relief and air quality improvement projects which are designed to improved upon the capacity of regional transportation systems. Typical ISTEA match funded projects include traffic signal synchronization projects, Smart Corridor improvements, peak-hour parking restrictions, and urban freeway Traffic Operations Systems. Transportation Control Measures (TCMs) are eligible for these matching funds. Transit rolling stock is not eligible.

**Freeway Maintenance.** The Freeway Maintenance Program provides capital funding for state highway rehabilitation, operation, and safety improvements by Caltrans. Revenues used to support this program are comprised of state and federal gas taxes.

**State Transportation Development Act.** The State Transportation Development Act (TDA) provides state funding to eligible operators for operating and capital purposes. Revenues are derived from 1/4 cent of the 6-cent retail sales tax collected state-wide. The 1/4 cent is returned by the State Board of Equalization to each county according to the amount of tax collected in that county. TDA is forecast to be 52% of Proposition A funds for FY96. Funds are received by the MTA as follows:

**TDA Article 3.** Article 3 of the Act dedicates 2% of the funds for bicycle and pedestrian facilities.

**TDA Article 4.** Article 4 of the Act covers the amount of funds given to municipal transit operators, transit districts, and Joint Powers Authorities. Approximately 91% of the TDA funds received by the MTA are covered by Article 4.

**TDA Article 8.** Article 8 of the Act covers funds used for transit and paratransit programs to fulfill unmet transit needs in areas outside the service area of MTA operations. Article 8 accounts for approximately 5% of the funds received by the MTA.

**Article XIX.** Article XIX (of the State Constitution) Rail Guideway Funds allow state gas tax funds to be used for rail capital projects in those counties such as Los Angeles whose voters passed Proposition 5 which allows those counties to use the state gas tax for rail capital purposes in addition to highway purposes. The statutory authorization for an Article XIX Guideway Program was discontinued after FY93 and was replaced by the Flexible Congestion Relief Program (Proposition 111). The California Transportation Commission has previously committed \$420.0 million of Article XIX funds to the Metro Red Line Project.

**Budget Change Proposal Funds.** Use of these funds for Freeway Service Patrol programs was authorized by AB 3346 in late 1992. The source of these funds is the State Highway Account used to construct and maintain freeways with revenues generated by the state gas tax. Los Angeles County should receive about 40% of the available funds. Tow truck programs are the only eligible use for these funds.

## FEDERAL REVENUES

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**Federal Highway Demonstration Projects.** These revenues include federally authorized funding for projects designated in the 1991 Intermodal Surface Transportation Efficiency Act. The funds may be used for project development, right-of-way, and construction for projects designated in the ISTEA.

**Intermodal Surface Transportation Efficiency Act (ISTEA).** ISTEA was signed by the President of the United States in December, 1991. This flexible funding is authorized for both highway and transit use and is distributed under eligible criteria for the following programs: Surface Transportation Program (STP), Minimum Allocation, Donor State Bonus, Interstate Maintenance, Bridge Replacement and Rehabilitation, National Highway System, Substitute Highway, and Congestion Mitigation and Air Quality Improvement (CMAQ) Programs.

**ISTEA - CMAQ.** Congestion Mitigation and Air Quality Improvement program (CMAQ) funds are apportioned to states which have ozone and/or carbon monoxide nonattainment areas (based on the nonattainment classification factor). Such projects are used to attain national ambient area air quality standards. Projects must contribute to the reduction of air pollutants by implementing Transportation Control Measures (TCM), such as carpool lanes, Transportation Demand Management (TDM) measures



## APPENDIX A

# *Description of Major Funding Sources (continued)*

and transit (transit-related projects or programs contained in an approved SIP). Other projects and programs may qualify if, after consultation with the Environmental Protection Agency, FHWA determines that they are likely to contribute to the attainment of a National Ambient Air Quality Standard.

**ISTEA - STP.** As part of the Intermodal Surface Transportation Efficiency Act (ISTEA of 1991), the Federal Government created the Surface Transportation Program (STP). This program is intended for use by states and localities for congestion relief in urban areas. STP is a block grant type program that may be used by the states and localities for any roads (including NHS) that are not functionally classified as local or rural minor collectors. Such roads are now collectively referred to as federal aid roads. Total funding for the STP is authorized over the 6-year period allowing the level to be augmented by the transfer of funds from other ISTEA programs and equity funds. Eligible uses include construction, reconstruction, rehabilitation, resurfacing, restoration, enhancement, and operational improvements for highways, capital costs for transit projects eligible for assistance under the Federal Transit Act, publicly owned intra-city or inter-city bus terminals and facilities, carpool projects, fringe and corridor parking facilities, bicycle and pedestrian walkways, and highway and transit safety improvements.

**Transportation Enhancements Activities (TEA).** The ISTEA of 1991 set aside 10% of Surface Transportation Program (STP) funds for Transportation Enhancements. Eligible enhancement projects include the following: Provision of facilities for pedestrians and bicycle; acquisition of scenic easements and scenic or historic sites; scenic or historic highway programs; landscaping and other scenic beautification; historic preservation; rehabilitation and operation of historic transportation building, structures, or facilities; preservation of abandoned railway corridors; control and removal of outdoor advertising; and archeological planning and research. Once such projects are ranked by the MTA, they must compete at the state level for funding commitments from the California Transportation Commission.

**ISTEA Federal Transit Act Amendments of 1991.** These revenues are generally administered by the Federal Transit Administration through transit formula and discretionary programs to achieve such objectives as transit and highway funding flexibility and identical matching shares, rail modernization funding by formula, increased use of the trust fund, and expanded research. Revenues from these programs are authorized over a 6 year period of the Act and consist of 58% from the Mass Transit Fund of the Highway Trust Fund.

**Section 3 Discretionary and Formula Capital Program.** The Section 3 program is authorized over a 6 year period. Funds are split 40% for new rail starts, 40% for rail modernization, and 20% for bus and other.

**New Rail Starts.** These discretionary funds require that projects be based on specific criteria for project justification and local financial commitment. Funds are generally earmarked by congress to specific projects and are programmed in the TIP based on current and projected congressional earmarks and FTA grant applications. In Los Angeles County, these funds are earmarked by Congress to the Metro Rail Project.

### **Rail Modernization.**

Similar to New Rail Starts, funds are used for rail transit capital improvements which are allocated by formula rather than on a discretionary basis to existing system improvements. Statutory percentages are used to allocate funds between historic rail cities and 1/2 to all cities with fixed guideways at least 7-years old on the basis of the Section 9 tier formula factors.

**SMART Streets/Intelligent Vehicle Highway Systems (IVHS) Funds.** Discretionary grants became available from the federal government for IVHS projects beginning in FY93. These new federal IVHS funds can be used in Los Angeles County for the expansion and refinement of SMART corridor technologies. Funds also provide emergency call boxes on county freeway systems.

**Federal Aid Urban Funds.** This program was abolished in the Federal 1991 ISTEA Reauthorization Act. FAU funds were replaced in FY92 with a new funding level guarantee from the new ISTEA formula funds. Local agencies receive funding equivalent to 110% of their FY91 program levels.

## **APPENDIX A**

### ***Description of Funding Major Sources (continued)***

Federal Aid Urban (FAU) funds were apportioned in the 1986 Surface Transportation Assistance Act (STAA) to local jurisdictions and Caltrans for the construction and maintenance of urban transportation systems and for air quality mitigation purposes.

**Federal Aid Urban Cash Account.** These revenues were derived from an exchange of Regional Federal Aid Urban apportionment with the cities of San Jose and Irvine. The use of the funds is programmed through the annual budget process.

**Federal Operating and Capital (FTA Section 9).** These federal formula-based transit operating and capital funds are based on population and transit operating statistics.

FY 96 Federal Operating is estimated at approximately \$28 million, a 30% drop from the FY 95 FTA Section 9 Operating actual of \$40 million. The 30% drop assumption is from DOT's Budget Proposal to Congress. When Federal Operating dollars are made available, MTA intends to swap TDA Article 4 for Federal Operating dollars with the municipal bus operators.

The capital allocation estimates for FY 96 is \$67.6 million. 85% or \$57.4 million is distributed to the bus operators through formula and 15% or \$10.1 million is discretionary. Revenues are appropriated by Congress from the General Fund which are restricted to Bus and Rail capital expenses. Funds are allocated on a formula basis to each urbanized area in the nation.

Funds may be used for highway projects in "Transportation Management Areas" (all areas over 200,000 and any other areas which the Governor requests), if all needs related to the Americans with Disabilities Act are met, the MPO approves, and there is a balanced local approach to funding highways and transit.

## APPENDIX B

# Program Descriptions

This section provides summary project descriptions for all major programs identified in the Expenditure by Program table included in the Financial Summary. Further detail of projects can be found in the Operating and Capital budget sections.

### Transit Operations

The MTA will deliver bus and rail service that is safe, reliable, courteous, convenient and accessible in cooperation with local communities, employers, and neighboring counties.

**Bus Operations** - Bus Operations will continue to operate 6.4 million revenue service hours serving over 350 million projected riders throughout Los Angeles County during FY96. These operations involve an active bus fleet of over 2,000 vehicles traveling 92 million miles.

**Blue Line Operations** - Blue Line Operations will operate 73.4 thousand revenue service hours, and anticipate serving 10.7 million passengers between Long Beach and Downtown Los Angeles. These operations involve 54 rail cars traveling 2.6 million miles.

**Red Line Operations** - Red Line Operations will operate 19.1 thousand revenue service hours, and anticipate serving 5.85 million passengers between Union Station and MacArthur Park. These operations involve 30 rail cars traveling 0.7 million miles.

**Green Line Operations** - Green Line Operations will begin providing revenue service in FY96. It will operate 44 thousand revenue service hours, and anticipate serving 2.6 million passengers between Norwalk and El Segundo. These operations involve 15 rail cars traveling 1.6 million miles.

### Rail Construction Projects

The MTA rail construction program is a long term effort to build a comprehensive urban rail system for Los Angeles County. Completion of Segment 3 - Eastern Extension in November 2002 will conclude currently scheduled construction. In total, the rail system will include over 52 miles of rail lines for Los Angeles County. Specific project descriptions, expenditures and the FY96 workplan for each rail project is presented in the Capital Budget section.

### Bus and Minor Rail Capital

Bus and minor rail capital includes capital expenditures associated with maintenance and enhancement of existing bus and rail service. Examples of expenditures include bus replacement, facilities and equipment rehabilitation and maintenance, and related tools and equipment. Administrative capital includes project costs associated with systems support, Transit Police services, and other administrative materials and equipment of the MTA. Detailed project expenditures and expenditures are presented in the Capital Budget section.

### Rail Planning and Program Support

Rail Planning and Program Support includes costs associated with planning and development of the rail system. Specific projects contained in this area include the following:

**Metro Red Line West** - The Red Line Western Extension project includes analysis of alternatives and preparation of a Major Investment Study/Draft Environmental Impact Statement (MIS/DEIS) for the Western Extension of the Red Line. Potential alignments to extend the Metro Red Line seven miles from the Pico/San Vicente to an end point just west of the San Diego Freeway will be analyzed. The objective will be to select a preferred alternative for MOS-4 of the Red Line. The project also includes studies of the Methane Zone and hydrogen sulfide concentrations.

**Metro Red Line East** - In FY95 the full funding grant agreement was completed. Budgeted funds for FY96 are to perform any additional environmental work that may be required. In addition,

## APPENDIX B

### ***Program Descriptions (continued)***

community linkage studies will be performed in coordination with the final engineering phase of this project.

**San Fernando Valley Line** - This project is a carryover from work began in FY95. A Major Investment Study/Draft Environmental Impact Statement/Environmental Impact Report (MIS/DEIS/EIRO) must be completed in order to make this project eligible for federal matching funds. Once the MIS/DEIS/EIR is completed and the locally preferred alternative is selected, the project can compete for federal funding.

**Planning and Programming - Other** - This program includes studies directed by Board action and the staff necessary to support the studies. The Major Investment Study (MIS) to make the Crenshaw Corridor eligible for funding under the 1997 ISTEA legislation is included within this program. Other projects include the Green Line Northern Extension planning activities and support for the Los Angeles Neighborhood Initiative (LANI).

### **Planning Studies and Program Support**

**Transit Enhancements** - This program includes various staff support associated with general planning activities for transit service, bikeways, park-and-ride facilities, urban greenway and related planning studies.

**Commuter Rail** - This project includes MTA staff activities in support of development of commuter rail service in Los Angeles County.

**Highway Program** - Development of an extension network of HOV lanes in currently under construction for Los Angeles County. Working with Caltrans, MTA staff is responsible for overall coordination of countywide highway planning and programming and project oversight.

**CMP/TDM/TSM** - This project includes planning efforts and staff support related to the state-mandated Congestion Management Plan (CMP). MTA is the designated Congestion Management Agency for Los Angeles County and as such must develop and biennially update the CMP. Transportation Demand Management (TDM) programs are designed to decrease the volume of traffic and vehicle miles traveled by influencing the manner in which people travel. This program was established to integrate TDM and Transportation Service Management (TSM) in the most congested Los Angeles county corridors, to assist cities in complying with the TDM element of the CMP, and to offer a comprehensive set of strategies which can be adopted by cities.

**PVEA** - The Petroleum Violation Escrow Account is a Special State Revenue Fund available to the MTA for transportation projects on a competitive basis. Program costs consist of revenue distributed by the MTA.

**San Fernando Valley Restructuring** - This project includes staff costs for Operations Planning to implement the recommendations of the San Fernando Valley Restructuring Study.

**Benefit Assessment Districts** - MTA administers benefit assessment districts located in stations along Red Line Segment 1. This project includes staff costs and related administrative expenses associated with this program.

**Joint Development** - This project includes costs for expenses required to perform the environmental cleanup in order to complete a joint development transaction between the MTA and a private property owner.

**Telecommuting Programs** - During FY96, MTA will work on the Blue Line Televillage Project. The project is aimed at increasing potential telecommuting options to reduce congestion during peak travel times.

**Constituent Outreach** - This project includes community outreach work such as regularly scheduled focus groups and city issues meetings, staff work and preparation for MTA's Citizen's Advisory Group and Technical Advisory Group.

## **APPENDIX B**

### ***Program Descriptions (continued)***

#### **Freeway Service Patrol (FSP) and Motorist Assistance**

The FSP and related programs are designed to provide assistance to disabled vehicles and motorists to reduce congestion during peak travel times.

**Freeway Service Patrol** - The FSP program was established to reduce peak hour congestion by quickly providing emergency roadside assistance to stranded motorists. Typically, 1,100 motorists are assisted every work day. Over 360 miles of freeway are patrolled by 144 roving tow trucks.

**Major Incident Response** - The Major Incident Response program is a corollary to the Freeway Service Patrol, designed to provide aerial surveillance with video camera capabilities and improved multi-jurisdictional communications and integrated computer networks.

**Service Authority for Freeway Emergencies (SAFE)** - SAFE was established to provide for the installation and operation of 4,500 cellular phone boxes located 1/4 mile apart on all Los Angeles County freeways.

#### **Career Development and Training Center**

The Career Development and Training Center is a unit within the Human Resources Division which is responsible for the strategic planning, development, and management of industry focused workforce preparation education and training programs. Six programs involved in the center include:

- Transportation Occupations Program (TOP)
- Transportation Careers Academy Program (TCAP)
- Job Development and Training Program
- MTA Administrative Internship Program
- Transportation Foundation
- Transportation Teaching Institute.

#### **Immediate Needs Program**

The Immediate Needs Program is a taxi voucher/MTA token program distributed through over 400 agencies Countywide to individuals that need transportation primarily for non-emergency health care purposes. The program is administered by 2 brokers who coordinate with agencies and taxi companies on behalf of the MTA.

#### **Debt Service**

MTA administers \$3.3 billion in outstanding debt. This program includes staff cost associated with administration of the debt service as well as principal and interest payments of previously issued various debt instruments, issued for the purposes of rail capital construction, rights-of-way acquisition, bus procurements, the MTA headquarters building and other capital uses.

#### **Union Station Gateway Intermodal Transit Center**

This project includes construction and staff costs associated with completion of the Gateway Intermodal Transit Center scheduled for operations in the Fall of 1995. The Gateway Intermodal Transit Center will be a major transit center linking light rail, heavy rail, commuter rail and bus services. The facilities include a bus plaza, a 2,500 space park-and-ride lot, and off-site improvements designed to serve the center.

## **APPENDIX B**

# ***Program Descriptions (continued)***

### **Agency Support**

**Funds Administration** - This program accounts for administrative activities associated with the processing and allocation of funding to local agencies including the disbursement and monitoring of the Proposition A and C Local Return funds.

**Union Station Gateway Headquarters** - This project includes final construction costs associated with the new MTA headquarters building and staff and project costs associated with the move, computer systems, and telephone system. All staff are expected to be relocated by the end of December 1995.

**Financial Information System (FIS)** - The new FIS will incorporate into a single system the various financial and cash management systems of the agency, improve contract management and accounts payable activities, and revise the payroll reporting system. Projects costs included in the FIS for next year include staff and consultant support and system requirements.

**Real Estate Property Management** - Real estate planning analysis, property management and maintenance service for the MTA-owned parcels and rights-of-way are included in this project.

**Administrative Support** - This project includes general overhead of the agency that is not directly allocated to project costs such as intergovernmental relations, lobbying, and other costs deemed non-allocable.

### **Funds Programmed to Other Agencies**

As the regional transportation planning entity for Los Angeles County, MTA is responsible for programming funds to support transit, highway, and multimodal programs to various cities and agencies throughout the County. A complete description of the FY96 funds programmed is contained in the Funds Programmed to Other Agencies section of the budget.

**APPENDIX C*****Cost of Adding or Reducing Hour of Service*****Cost of Adding One Hour of Bus Service**

		<i>FY96 BUDGET</i>
<b>Total Operating Expenses</b>		<b>\$938,900,000</b>
<i>Less Excludable Portion of Departments:</i>		
CEO's Office	\$1,500,000	
Board Secretary	800,000	
General Counsel	1,400,000	
Inspector General	2,600,000	
Administration	11,600,000	
Planning & Programming	29,300,000	
Rail Construction	17,000,000	
Rail Operations	<u>32,100,000</u>	
<b>Excludable Departments</b>		<b>(\$96,300,000)</b>
<i>Less Excludable Expenses:</i>		
Rail Operations	\$97,400,000	
Interest	185,600,000	
Advertising	<u>2,100,000</u>	
<b>Excludable Expenses</b>		<b>(\$285,100,000)</b>
<b>Net Billable Expenses</b>		<b>\$557,500,000</b>
<b>Total Revenue Service Hours (RSH)</b>		<b><u>6,400,000</u></b>
<b>Projected Rate per Hour (Net Expenses/RSH)</b>		<b><u>\$87.11</u></b>

**Cost of Reducing One Hour of Bus Service**

		<i>FY96 BUDGET</i>
<b>Variable Costs Only:</b>		
<i>Transportation:</i>		
Operator Wages	\$164,500,000	
Fringe Benefits & Other	<u>55,300,000</u>	
		<b>\$219,800,000</b>
<i>Maintenance:</i>		
Division & Central Maintenance	\$103,500,000	
Workers Comp & PL/PD	43,900,000	
Fuel & Lubricants	24,100,000	
Tires & Tubes	<u>8,000,000</u>	
		<b><u>\$179,500,000</u></b>
<b>Total Variable Cost</b>		<b>\$399,300,000</b>
<b>Total Revenue Service Hours (RSH)</b>		<b><u>6,400,000</u></b>
<b>Projected Rate per Hour (Variable Cost/RSH)</b>		<b><u>\$62.39</u></b>

## **APPENDIX D**

### ***Budget Amendments Addressed by the Board of Directors***

The Board of Directors submitted a number of amendments to the proposed FY96 Budget. Listed below is a summary of each amendment and its status (passed/not passed/pending). A detailed discussion of each amendment is included on the following pages.

- 1) Establishment of Contingency Fund for surplus revenue or savings after operating and construction expenses. **PASSED**
  
- 2) Proposition A and C interest noted on page 21 of the budget shall not be disbursed or encumbered until the Municipal Operator Committee for Proposition A and C interest returns to the MTA Board with recommendations. **PASSED**
  
- 3) The FY96 Budget proposed to commit \$53 million for the Pasadena Extension of the Metro Blue Line. The proposed commitment would leave \$61 million of previously and specifically identified funds (as well as Board allocated funds) in the FY96 Budget. These funds shall continue to be reserved for the Pasadena Project. **PASSED**
  
- 4) LAX/El Segundo Del Norte Metro Green Line Station to be designated an MTA Turnkey Demonstration Project; amend the budget to include \$5.9 million for completion of station. **PASSED**
  
- 5) Reinstate Transit Police functions removed from the budget and begin recruitment/replacement immediately. Freeze the added personnel positions and budgeted increases proposed for: the personnel department; strategic and organizational development; and the materiel department in order to reinstate the Transit Police positions. (Staff may return with other cost savings proposals should they identify other cost saving opportunities.) **PENDING**
  
- 6) The FY96 Budget should be adjusted as follows: (a) \$1.3 million is removed from the Planning and Programming Budget. Staff should look to the Area Teams for some or all of the reduction. Staff will report to the Board in September 1995 on the identified savings. (b) \$1.3 million is allocated at \$100,000 for each of the 13 MTA Board directors to be used for staffing and/or clerical support. By August 1, 1995, staff shall report to the Executive Management Committee with procedures that enable MTA board members to directly hire MTA employees or contract with individuals or other agencies to meet these needs. **PENDING**



## APPENDIX D

### ***Budget Amendments Addressed by the Board of Directors (continued)***

#### **Proposed Amendment 1:**

Establishment of Contingency Fund for surplus revenue or savings after operating and construction expenses.

**Author:** Heidt

**Fiscal Impact:** The credit rating of the MTA should be improved and consequently the borrowing costs associated with long term debt should be reduced.

#### ***Discussion:***

The effect of this amendment would be to allocate surplus operating and capital (construction) funds to a Contingency Fund. Distribution of funds from the Contingency Fund would require Board approval. The amendment does not identify under what circumstances funds may be appropriated from the Contingency Fund nor does it provide for funding of the Contingency Fund through the regular budget process.

#### ***Recommendation:***

It is recommended that:

1. Two funds be established, an Operating Contingency Fund and a Capital Contingency Fund. The establishment of two funds will facilitate proper accounting and protect against commingling of "different colors" of funds.
2. After retirement of the Authority's retained earnings deficit, surplus operating funds shall be used to pay for either unanticipated operating or capital expenses.
3. Surplus capital funds which are neither project specific and therefore require reprogramming through granting agency nor generated through debt financing and therefore must be used to repay debt, shall be used to pay for unanticipated capital expenses.
4. The Board may fund the Operating and Capital Contingency Funds through annual appropriation as well as through the transfer of surplus funds. Distribution of funds from the Contingency Funds would require a simple majority vote of the principal members of the Board of Directors.

Below you will find a Proposed Fiscal Policy for the establishment of an Operating and Capital Contingency Fund.

#### ***Contingency Fund Policy***

##### ***1. Purpose***

The purpose of this Policy is to establish Contingency Funds in order to ensure that the Authority can withstand local and regional economic disruptions, unanticipated expenditure demands due to natural disasters and other non-recurring expenses.

##### ***2. Operating Contingency Fund***

The Operating Contingency Fund shall be funded through annual appropriation to meet unexpected increases in operating costs such as unanticipated and unbudgeted increases in fuel costs or emergency funds for use in the event of a major calamity. This Fund will be maintained up to a maximum of 5 percent of the annual operating budget. Until such time as the maximum fund balance is achieved, it is the goal of the Board of Directors to annually budget to the Operating Contingency Fund an amount equal to one percent of unrestricted operating revenues. After retirement of the Authority's Retained Earnings deficit, any unrestricted operating surplus shall revert to the Operating Contingency Fund until such time as the maximum balance is achieved. Any allocation of funds from the Operating Contingency fund would require a simple majority vote of the principal members of the Board of Directors.

## **APPENDIX D**

### ***Budget Amendments Addressed by the Board of Directors (continued)***

#### ***3. Capital Contingency Fund***

Funded through annual appropriation to provide for unanticipated capital expenses as well as for the continuing depreciation of equipment purchased with the general funds of the Authority. It is the goal of the Board of Directors to annually budget to the Capital Contingency Fund an amount equal to one percent of unrestricted capital revenues. In addition, one time revenues from the sale of unencumbered surplus property or fixed assets and unrestricted surplus capital funds shall be credited to the Capital Contingency Fund. Any allocation of funds from the Capital Contingency Fund would require a simple majority vote of the principal members of the Board of Directors.

#### **Proposed Amendment 2:**

Proposition A and C interest noted on page 21 of the budget shall not be disbursed or encumbered until the Municipal Operator Committee for Proposition A and C Interest returns to the MTA Board with recommendations.

**Author:** Fasana (for Zarian)

**Fiscal Impact:** No immediate impact. Potential loss of \$1.6 million.

#### ***Discussion:***

Staff anticipates meeting with the Municipal Operator Committee no later than September 1995. A delay in disbursing or encumbering Proposition A and C Interest included in the FY96 budget until after that time will have no impact on the operations of the Authority.

It should be noted that \$8 million of Proposition A and C Interest is included in the FY96 Budget. If these funds were to be allocated by formula, MTA operations would receive approximately \$6.4 million, \$1.6 million less than currently proposed.

#### ***Recommendation:***

It is recommended that this Amendment be adopted.

#### **Proposed Amendment 3:**

The FY96 Budget proposed to commit \$53 million for the Pasadena Extension of the Metro Blue Line. The proposed commitment would leave \$61 million of previously and specifically identified funds (as well as Board allocated funds) in the FY96 Budget. These funds shall continue to be reserved for the Pasadena Project.

**Author:** Fasana/Antonovich

**Fiscal Impact:** None

#### ***Discussion:***

State funds in the amount of \$68 million were made available for this project during the FY95 year due to the adoption of the State Allocation Plan. Local funds programmed for the Pasadena Extension were deferred for use in future years for the Pasadena Project.

This amendment would confirm that local funds deferred for use in future years will remain with the Pasadena Project.

#### ***Recommendation:***

It is recommended that this Amendment be adopted.

## APPENDIX D

### **Budget Amendments Addressed by the Board of Directors (continued)**

#### **Proposed Amendment 4:**

LAX/El Segundo Del Norte Metro Green Line Station to be designated an MTA Turnkey Demonstration Project; amend the budget to include \$5.9 million for completion of station.

Author: Dana/Cragin

Fiscal Impact: \$5.9 million (capital funds)

#### **Discussion:**

##### Determination and Use of Surplus Project Funds

Staff has not yet determined whether there are surplus funds remaining from the Metro Green Line Project. If surplus funds are available, it is most likely that the MTA would have to request that they be reprogrammed to the MTA rather than reallocated within the project budget. Any surplus funds from the Metro Green Line require California Transportation Commission (CTC) approval for the change in project scope prior to reallocation. Additionally, there are other ancillary uses for which project surplus funds could be used, such as the construction of a maintenance of way facility (MOW) and enhanced passenger facilities.

##### Project Funding

The current MTA commitment to the Del Norte project is \$1.3 million, as identified in the approved 1990 State Transportation Improvement Plan Budget (STIP). This amount has not been budgeted nor has the source been identified. Full project funding is as follows:

State Rail Bond Money <sup>(1)</sup>	Local (MTA)	Other (Private)	Total Project Budget
\$5.2 million	\$1.3 million	\$4.1 million <sup>(2)</sup>	\$10.6 million

<sup>(1)</sup> Requires 50% local match

<sup>(2)</sup> \$1.2 million private sector commitment, \$2.9 million - source unidentified.

##### Project Timing

In 1993, the MTA Board authorized staff to proceed with Preliminary Engineering (PE) for the project. The goals of this exercise were to identify total project costs (estimated to exceed \$10.6 million as the project would be constructed on an operational rail line); and create the foundation for a full funding plan. The MTA Board and private sector partners agreed that until preliminary engineering was done, the cost of the station wouldn't be known, and neither the MTA nor private companies could write a "blank check" based on preliminary estimates which, over the past three years, have ranged from \$6 million to \$16 million. The level of PE required to obtain a refined cost estimate will take approximately 16 months. Therefore, the project will not require construction funds until FY97.

##### Other Issues

Turnkey Designation - As a result of the additional Federal requirements, the turnkey designation may result in currently unscheduled project delays.

Access to LAX - The station is not designed to provide airport access. The Aviation Station is the focal point for LAX and El Segundo Employment Area rail/bus connections.

Joint Development Activities - The MTA owns no property at the proposed station site. Therefore, MTA's role is limited to the integration of the new station with any development proposed in conjunction with the adjacent parcel.

## **APPENDIX D**

### ***Budget Amendments Addressed by the Board of Directors (continued)***

#### ***Recommendation:***

It is recommended that the Board of Directors postpone any decision with regard to reallocation or reprogramming of funding until:

1. The amount, if any, of Metro Green Line surplus funds is identified,
2. Policy recommendations for the reallocation of all surplus funds is forthcoming from the Cost Containment process. The Board will then have the full range of resources available for reallocation and be in the position of making funding decisions taking into consideration all MTA projects competing for funding.
3. The Preliminary Engineering process is completed for the Del Norte Station and sufficient cost information is available to both MTA and private sector partners to develop a full funding plan for consideration for FY97.

#### **Proposed Amendment 5:**

Reinstate Transit Police functions removed from the budget and begin recruitment/replacement immediately. Freeze the added personnel positions and budgeted increases proposed for; the personnel department; strategic and organizational development; and materiel department in order to reinstate the Transit Police positions. (Staff may return with other cost savings proposals should they identify other cost saving opportunities).

**Author:** Alatorre/Cragin

**Fiscal Impact:** \$3.3 million annually

#### ***Discussion:***

The FY96 Budget required a 15% reduction in operating expenses. Difficult programmatic and administrative decisions had to be made to achieve a balanced budget.

Notwithstanding budget considerations, the decision not to patrol those areas where there is the least demand was an appropriate management decision. By restructuring bus patrols to focus services on higher crime, heavier transit use lines, increasing single officer patrols and increasing random bus boarding, we will be providing better police coverage, at a reduced cost.

It is important to note that there will be no reduction in personnel in the FY96 Budget compared with the FY95 actual filled positions.

Staff does not recommend freezing new positions in other departments. In most instances those "new" positions are the result of a reallocation of responsibilities between departments and are offset by a commensurate reduction in positions in other departments.

#### ***Recommendation:***

It is recommended that this amendment not be approved.

#### **Proposed Amendment 6:**

The FY96 Budget should be adjusted as follows: (a) \$1.3 million is removed from the Planning and Programming Budget. Staff should look to the Area Teams for some or all of the reduction. Staff will report to the Board in September 1995 on the identified savings. (b) \$1.3 million is allocated at \$100,000 for each of the 13 MTA Board directors to be used for staffing and/or clerical support. By August 1, 1995, staff shall report to the Executive Management Committee with procedures that enable MTA board members to directly hire MTA employees or contract with individuals or other agencies to meet these needs.

**Author:** Fasana

**Fiscal Impact:** \$1.3 million reduction in Planning and Programming Budget. Equivalent to a 30% reduction in the staffing for Multimodal Planning.

## APPENDIX D

### ***Budget Amendments Addressed by the Board of Directors (continued)***

#### ***Discussion:***

It has been management's position that staff has the obligation to provide staff support to the Board as a whole. Board requests for immediate information are responded to on a priority basis. When Board requests for information require extensive staff time, those requests go through the agenda process.

It is not the industry norm for agencies to pay for Board staff, and certainly not where a substantial portion of the Board members are elected officials with sizable staffs of their own. For example:

AGENCY	STAFFING	# OF MEMBERS
BART	No	9
ACT	No	7
OCTA	Yes	15 Paid through cities/counties
AQMD	No	12
LADOT	No	7
CTC	No	8
Riverside	No	18
Santa Clara	Yes	5 Each member has secretary
DART	No	15
NYMTA	No	16
Chicago TA	No	7
WMATA	No	12

The corridor cities are in a different position than the City and County of Los Angeles neither of which has heretofore sought funding of this type. Designees of corridor cities represent cities which receive local return funds for transit purposes. Providing staff support for Board members is an eligible use of these funds.

In the period since this issue has arisen, the cities in at least one transportation corridor have chosen to pool their local return funds to pay for staffing. It is our understanding that the highest contribution any one city made was \$17,000.

If taken specifically from Multimodal Planning budget, a \$1.3 million cut would reduce staff to approximately 25 positions and would impact the delivery of key projects and performance of statutory requirements. The loss of these activities would directly impact many local jurisdictions.

Projects currently included in the Multimodal Planning Budget include:

- Transit restructuring studies and implementation in 5 sub-regions
- MIS/DEIS for Crenshaw, MOS-4 Westside, Mid-City, San Fernando Valley East-West Corridors
- Signal Synchronization Projects
- Implementation of key Long Range Plan projects such as Smart Shuttles and DMU analysis, bus priority and mobility allowance
- HOV project delivery
- Alameda Corridor Project
- LAX Ground Access and Airport Access
- Pasadena Line Station Plans
- Taylor Yard and Glendale Corridor Implementation

Statutory requirements administered for 89 cities would be impacted, including Proposition A and C project approvals and administration, TDA Articles 4 (Transit), 4 (Bikeway/Pedestrian), and 8 (Transit/Highway outside MTA service area).

Also the ability to execute agreements and manage Call for Projects would be slowed significantly.

#### ***Recommendation:***

It is recommended that this amendment not be adopted.



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