



NEWS

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CONTACT: ED SCANNELL/MARC LITTMAN
MTA MEDIA RELATIONS
(213) 922-2703/922-4609

ACTION PAVES WAY FOR RELEASE OF FUNDS
**FEDERAL TRANSIT ADMINISTRATION
ENDORSES MTA RAIL PLAN, BUS IMPROVEMENT EFFORTS**

Federal Transit Administration (FTA) officials today told Congress they believe a new management team at MTA, headed by corporate turnaround specialist Julian Burke, is headed in the right direction in putting the Los Angeles County transit agency's fiscal house in order. The FTA has approved the MTA's restructuring plan for completing Metro Rail to North Hollywood in the Year 2000 while honoring a federal Consent Decree to improve Metro bus service.

The key federal endorsement comes on the eve of next week's Congressional appropriations committee deliberations on MTA's request for federal funds to complete the Metro Rail subway to North Hollywood and buy new buses.

The action also helps pave the way for release of federal funds Congress earmarked last year for completing Metro Rail to the San Fernando Valley. That money was held up until the FTA conducted a review and determined the MTA demonstrated its fiscal management of the subway project met or exceeded accepted U.S. government standards. House and Senate appropriations committees will now review the FTA findings and, if accepted, will soon release the funds.

Two previous MTA restructuring plans submitted by MTA early last year before Burke was hired were rejected by the FTA.

In approving Burke's plan, the FTA cited a number of steps the new MTA CEO and his management team have taken to tighten MTA finances and restore the agency's credibility.

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1ST Add/MTA Gets Federal Endorsement

These included a restructured rail construction program that called first for completing the subway to North Hollywood before pursuing new rail project construction elsewhere in the county; "significant efforts to comply with the Bus Consent Decree" and a commitment to enhance Metro bus service; adoption of a balanced budget for Fiscal year 1999; new budget monitoring procedures; and changes in MTA's mid and upper level management.

In addition, a statement from FTA Administrator Gordon Linton also said he was encouraged by the California Transportation Commission's recent approval of MTA's 1998 State Transportation Improvement Program which includes state monies for the Metro Rail North Hollywood extension.

"For the past 10 months Julian Burke and his team have been working hard to reform the MTA from top to bottom. The FTA's announcement today validates those efforts," said Los Angeles Mayor and MTA Board Chairman Richard Riordan. "We've come a long way in restoring our credibility with the federal government, a major transit funding partner for the City and County of Los Angeles. Even more important, this is another sign that MTA is moving in the right direction of doing a better job of serving the hundreds of thousands of transit dependent riders and others in Los Angeles County who need and deserve a public transit system that can take them to work, school and other critical destinations."

"I think the FTA's acceptance is wonderful news for Los Angeles," said Burke. "We've cleared a major hurdle in obtaining necessary funding to stay on track with Metro Rail construction, but the FTA's action far transcends that project. We need federal support to buy new buses and to help fund alternative transit projects to better serve the transit dependent and others in the Eastside, Mid-City, Pasadena, the San Fernando Valley and other key transportation corridors in Los Angeles County."

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2nd Add/MTA Gets Federal Endorsement

Burke pledged to keep the FTA updated quarterly on the MTA's progress. He agreed with Linton that much needs to be done to meet the mobility needs of Los Angeles County residents. He said MTA is working with the Bus Riders Union toward this end. He acknowledged the two parties are not always in agreement but are working with the court appointed special master to resolve differences.

The MTA CEO said the MTA now has a firm handle on its finances which include a conservative forecast for revenue growth. Likewise, the MTA is being more conservative with spending. The agency overcame a projected \$90 million operating deficit last fall to bring forward a balanced budget for Fiscal Year 1999 that calls for less spending than two years ago while still improving bus service. The budget was adopted unanimously by the MTA Board of Directors last week.

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MTA-080



U.S. Department
of Transportation
Federal Transit
Administration

Administrator

400 Seventh St., S.W.
Washington, D.C. 20590

Statement of Federal Transit Administrator Gordon J. Linton
Regarding Acceptance of Recovery Plan submitted by
Los Angeles County Metropolitan Transportation Authority
July 2, 1998

I have today accepted the Rail Recovery Plan submitted by the Los Angeles County Metropolitan Transportation Authority. After a careful and detailed review of the Board-approved plan, I have determined that it demonstrates that the MTA can complete the rapid rail segments now under construction within available and conservatively projected revenues.

I am confident that the Federal investment in MTA's restructured subway program and MTA's own firm commitment to an enhanced bus program will result in a coordinated system which enhances mobility for Los Angeles residents.

Further, I am encouraged by a number of recent developments which have confirmed our view that the MTA is heading in the right direction, including:

- ◆ Adoption of a balanced budget for fiscal year 98/99, eliminating a projected operating deficit of \$90 million,
- ◆ Approval by the California Transportation Commission of the MTA's 1998 County Regional Plan which projects funding for the North Hollywood construction and makes dollars immediately available for the project,
- ◆ MTA's significant efforts to comply with the Bus Consent Decree and the provisions in the restructuring plan for continued efforts to comply,
- ◆ Changes in the mid and upper level management team and the institution of a new, positive corporate culture, and,
- ◆ Indications that the current management team is effectively utilizing the budget monitoring procedures now in place.

With FTA's acceptance of the recovery plan, I note that much remains to be done to meet the mobility needs of the people of the Los Angeles region and continue to restore confidence in the stewardship of this public trust. At FTA we will continue to closely monitor the MTA and provide technical assistance and advice.

We have asked the MTA to provide quarterly updates to the plan and address changes in local conditions which affect its implementation. While encouraged by management's approach to making difficult decisions to bring the MTA's fiscal house in order to comply with the Bus Consent Decree, I remain concerned that the lack of clear milestones makes it difficult for compliance to be clearly established. This area might warrant revisiting by the parties to the Consent Decree.

We support continued analysis of feasible alternatives for the Mid-City and East Side corridors and applaud the strong action MTA has taken to examine and implement new strategies for serving the residents in those corridors. We recommend that the entire \$61.5 million Federal FY98 appropriation be made available for the North Hollywood extension now under construction.

In accordance with the Conference Report to the FY 1998 Department of Transportation and Related Agencies Appropriations Act, I am notifying the Congressional Committees, the Department of Transportation Inspector General and the Comptroller General of the General Accounting Office of my approval of the plan. The IG and the GAO are to provide separate analyses of the plan to the Congress following FTA's Acceptance.