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**EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE  
FEBRUARY 19, 2004**

**SUBJECT: FINANCIAL IMPACT OF STRIKE**

**ACTION: RECEIVE AND FILE**

**RECOMMENDATION**

Receive and file report on the estimated sales tax surplus from the strike.

**ISSUE**

During the recent 35-day strike, MTA did not expend funds as planned in the FY04 budget, creating a net sales tax surplus of approximately \$7.4 million (Attachment A).

To date the Board has authorized extended use of monthly passes, a generous refund program and a week of free service beyond the strike. Even with the current fare concessions (totaling approximately \$5.8 million), an estimated net \$7.4 million remains. A final determination on the strike-related savings is likely in late January 2004, once all outstanding invoices have been received.

Earlier, the Board had directed staff to allocate all strike-related savings to be used to the benefit of the customer. Staff recommends this net \$7.4 million be set aside until the financial impacts of the Special Master's recent ruling on the Consent Decree are determined.

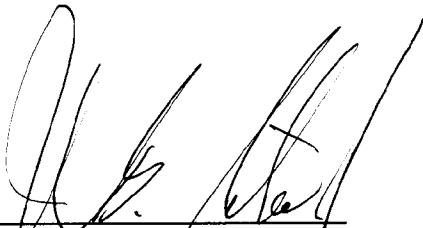
**NEXT STEPS**

If any strike-related savings remain, staff will return to the Board at a later date with a recommended list of customer-enhancement programs to be funded with the sales tax surplus.

**ATTACHMENT**

A. Estimated Impact of FY04 Strike on Revenues and Expenses

Prepared by: Carolyn Flowers, Executive Officer, Operations



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John B. Catoe, Jr.  
Deputy Chief Executive Officer



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Roger Snoble  
Chief Executive Officer

ESTIMATED IMPACT OF FY04 STRIKE ON REVENUES AND EXPENSES  
(\$THOUSANDS)

ATTACHMENT A

CATEGORY	FY04 BUDGET	\$ PER DAY	DAYS IMPACTED	STRIKE IMPACT
<b>1 Revenue Lost</b>				
2 Cash	72,983	200	40	7,998
3 Token	76,661	210	40	8,401
4 Pass-monthly	53,314	146.1	61	8,910
5 Pass-semimonthly & weekly	49,213	134.8	42	5,663
6 Contract	6,685	18.3	40	733
7 Sub-total Fares	<u>258,855</u>	<u>709.2</u>		<u>31,705</u>
8 Advertising	<u>13,250</u>	<u>36.3</u>	36	<u>1,307</u>
9 Revenue Lost	<u>272,105</u>	<u>745.5</u>		<u>33,012</u>
10 5% Fewer Boardings Dec-Feb				3,512
11				
<b>12 Expenses Saved</b>				
13 UTU	199,518	546.6	35	19,132
14 ATU	110,927	303.9	35	10,637
15 TCU	29,501	80.8	35	2,829
16 AFSCME	37,765	103.5	5	517
17 Subtotal Wages	<u>377,711</u>	<u>1,034.80</u>		<u>33,115</u>
18				
19 FICA	21,077	57.7	35	2,021
20 Medicare	5,477	15	35	525
21 Workers' Compensation	46,183	126.5	35	4,428
22 Subtotal Benefits	<u>72,736</u>	<u>199.3</u>		<u>6,975</u>
23 % wages	19%	19%		21%
24				
25 EF Services * (80%)	29,723	81.4	35	2,850
26 EF Mat'l & Supplies (80%)	53,331	146.1	35	5,114
27 EF Fuel & Propulsion Power	43,815	120	35	4,201
28 EF Casualty & Liability	34,786	95.3	35	3,336
29 Subtotal Other Savings	<u>161,657</u>	<u>442.9</u>		<u>15,501</u>
30				
31 Expenses Saved	<u>612,103</u>	<u>1,677</u>	35	<u>55,591</u>
32				
<b>33 Strike Savings Before Extraordinary Expenses</b>		<u>645.1</u>	35	<u>22,579</u>
34				
<b>35 Extraordinary Expenses</b>				
36 Municipal Service				4,000
37 Municipal Fare Reimbursement				1,700
38 Contract Shuttle Service				1,650
39 Additional Contract Service				1,490
40 Added Paratransit				1,200
41 Media/Communications/PR				900
42 Added Contract Security Guards				157
43 Non-Contract OT				192
44 Teamsters OT				147
45 Volunteer Bus Cleaning				125
46 Rail Grinding				103
47 Sub-total				<u>11,664</u>
48				
<b>49 Net Cost Savings</b>		<u>211.5</u>	35	<u>7,403</u>