Monday, May 9, 2005 9:00 A.M.

2

MINUTES

Los Angeles County
Metropolitan Transportation Authority

SPECIAL BOARD MEETING (BUDGET WORKSHOP)

One Gateway Plaza
3rd Floor Boardroom

Called to order 9:54 a.m.

Directors present:

Frank Roberts, Chair
Gloria Molina, 2nd Vice Chair
Yvonne B. Burke
John Fasana
Don Knabe
Tom LaBonge
Pam O'Connor
Ed P. Reyes
Zev Yaroslavsky
Doug Failing, non-voting member

Officers

Roger Snoble, Chief Executive Officer
Michele Jackson, Board Secretary
Karen Gorman, Ethics Officer
William Waters, Inspector General
County Counsel, General Counsel

Metropolitan Transportation Authority

Metro

1. RECEIVED the **Fiscal Year 2005 - 2006 proposed budget** for review and consideration.

Chief Executive Officer Roger Snoble, reported that presenting a balanced budget was a very long and difficult process.

The proposed budget for FY2006 is $153 million less than the current amended budget and addresses the extraordinary expenses such as fuel and health and welfare, which are higher than the rate of inflation. A full year of Consent Decree service required additional people for whom no revenue was received. Ridership remains flat. Bridge financing and backfill had to be used to cover the State money that was taken away.

The agency entered this fiscal year with a $180 million deficit. Many one-time revenues such as elimination of 133 FTE's and the sale of property are being used to fill the gap along with deferred maintenance and mid-life overhaul programs. Capital projects have been scaled back to pay for bus maintenance. There is no way to sustain this level of service with current revenues. The hope is that the economy will grow and generate more sales taxes and that the State will resolve its budget issues.

Operations monies are capped at CPI while many costs have risen well above that 2.69% rate.

The agency also needs to become better at managing to its budget. Many agencies are moving to a 2-year budget, which this agency might want to pursue in the future.

Director Fasana asked how 48.4 boardings per revenue service hour compares to other large systems.

Mr. Brumbaugh responded that San Francisco is much higher. They have 60-70 boardings per revenue service hour and receive 42 cents per boarding.

Director Fasana stated that deferred maintenance is not a good alternative and that the agency should consider a fare adjustment. He also noted the operating cost of $94 per revenue service hour for the San Fernando Valley Service Sector and asked if we should be looking at make vs. buy decisions, e.g. rebuilding some equipment instead of buying new.

Director Molina inquired why there is no savings reflected for Workers Comp. Mr. Brumbaugh responded because of the rise in medical costs.

Director Molina asked if there is a way to determine if Access Services is well run, and why people are still complaining about the service regularly. Mr. Catoe responded that the increase shown in the budget refers to an increase in Prop C funding not in the cost of the services.

Access Services has made changes to the way they operate which have reduced the increase in costs. When these operators have tried to reduce services, they have been overturned by the FTA. We have gotten them to eliminate the non-required service.

Director LaBonge asked about ride alongs or audits of Access Services. Mark Maloney responded that they are the most audited operation in the country. They are audited by MTA, outside auditors and by the FTA; and quarterly updates are done to the FTA audits.

Director LaBonge also asked if MTA has multi-year fuel contracts. John Catoe said there are contracts to assure certain levels of fuel but not the cost.

Director Reyes inquired about real estate such as maintenance yards and other unused properties along transit corridors. He suggested trying to change zoning to promote housing and increase revenues. Staff responded that this has been done in the past. Director Reyes requested a presentation on the most successful scenarios.

Director Burke asked for the list of available, surplus properties, and those with ongoing negotiations.

Director Knabe asked the frequency of customer surveys and why risk management costs continue to escalate. Cozette Stark replied that surveys are conducted in spring and fall on all lines.

Mr. Snoble responded that his focus is on safety and accident reduction. The problem is the severity of the accidents. The number of accidents is declining but settlement amounts are going up. Workers' compensation is down 25%, but past claims are costing more as medical costs increase.

Director Burke said she received information that wider headways were planned on the rail lines and a restoration of some weekend service.

Mr. Catoe responded that no changes are proposed for the Blue Line because of its high ridership. There is a plan to change the late operations of the Green, Gold and Red Lines and to reduce the number of cars per train.

Responding to query from Director Burke regarding the possible restoration of some state funding, Mr. Snoble indicated there could be some highway funds, but he doesn't anticipate a positive impact on the transit side.

Director LaBonge stated that an outside property development agency should be sought through an RFP process, and asked how much money the agency receives from the Hollywood Highland development.

Carol Inge reported that MTA receives $500,000 per year, adjusted annually by CPI.

Mr. Snoble announced that he is currently recruiting for an internal property development position and has hired an outside consultant. Expected benefits are increased revenue and ridership as well as more dense developments without increasing transit.

2. RECEIVED Public Comment

3. <u>CLOSED SESSION: Conference with Legal Counsel - Existing Litigation - G.C. 54956.9(a):</u>

Labor Community Strategy Center v. MTA CV 94-5936

NO REPORT.

Prepared by: Christina Lumba-Gamboa
Recording Secretary

Michele Jackson

Michele Jackson, Board Secretary

RECAP OF PROCEEDINGS

LOS ANGELES COUNTY, METROPOLITAN TRANSPORTATION AUTHORITY

SPECIAL BOARD MEETING (BUDGET WORKSHOP)

MONDAY, MAY 9, 2005

DIRECTORS VOTING

ATTENDANCE			P	A	P	P	P	A	P	A	P	P	P	P	P	P
ITEM NO.	SUBJECT ITEM	ACTION TAKEN	O'CONNOR	LUDLOW	FASANA	MOLINA	BURKE	HAHN	ROBERTS	ANTONOVICH	YAROSLAVSKY	KNABE	REYES	LABONGE	LOWENTHAL	FAILING
1	RECEIVE THE FISCAL YEAR 2005 - 2006 PROPOSED BUDGET FOR REVIEW AND CONSIDERATION.	RECEIVED	P	A	P	P	P	A	P	A	P	P	P	P	P	P
2	PUBLIC COMMENT	RECEIVED														
3	CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION – G.C. 54956.9(A): LABOR COMMUNITY STRATEGY CENTER V. MTA CV 94-5936	NO REPORT														

LEGEND: Y-YES, N-NO, C-CONFLICT, AB-ABSTAIN, A-ABSENT, P-PRESENT