



TO: BOARD OF DIRECTORS

May 17, 1999

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CHIEF FINANCIAL OFFICER

SUBJECT: FY99-00 BUDGET ADDITIONAL INFORMATION

REPORT

At its Special Meeting on May 10, 1999, the Board requested additional information on the FY99-00 Budget for review prior to its consideration of the budget for adoption on May 24, 1999.

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Metropolitan
Transportation
Authority

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Attachments

Prepared by: Office of Management & Budget

Discussion of Issues from Board Briefing Budget Workshop - May 10, 1999

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A. Bus Operations

• Explanation of Bus Operating Cost per Hour Changes

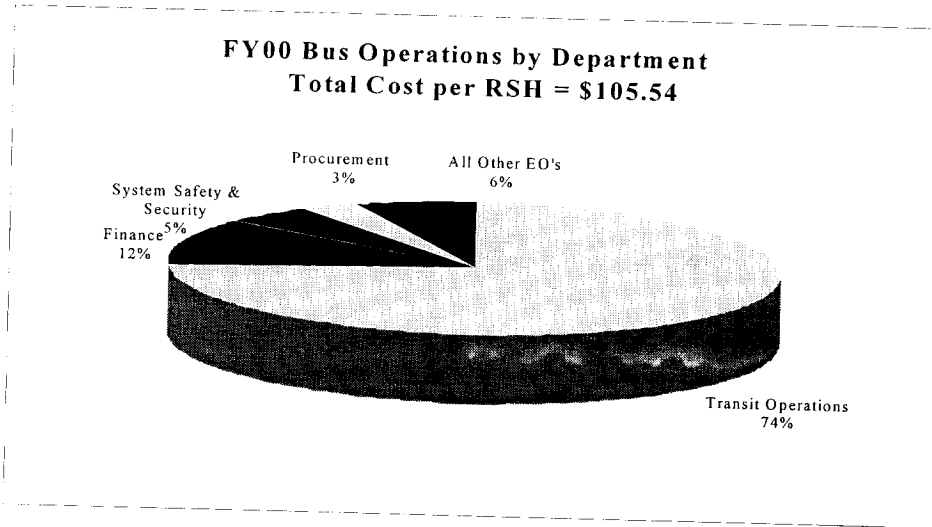
	FY98 Actual	FY99 Midyear	FY00 Proposed	FY00 - FY99	% Incr /(Decr)
1. Salaries/Wages/Fringe	\$ 68.64	\$ 67.17	\$ 68.79	\$ 1.62	2%
2. Transit Security ¹	2.29	3.60	4.86	1.26	35%
3. Maintenance	15.24	17.04	18.68	1.64	10%
4. Liability Insurance	4.06	4.09	4.24	0.15	4%
5. Overhead	10.79	9.56	9.42	(0.14)	-1%
6. Worker's Comp COP	1.71	-	1.47	1.47	na
7. Other	0.10	0.97	0.57	(0.40)	-41%
Total-Directly Operated Service	102.83	102.43	108.03	5.60	5%
8. Purchased Transportation ²	46.71	51.52	55.65	4.13	8%
9. Lease & Interest	1.11	1.23	2.75	1.52	124%
Total-All Bus Operating Expenses	\$ 100.32	\$ 99.27	\$ 105.54	\$ 6.27	6%

- Salaries/Wages/Fringe will increase 2% or \$1.62, partially due to negotiated wage increases and additional supervisory staff.
- Transit Security will increase 35% or \$1.26. \$0.35 of the increase is attributable to the change from lower staffing levels in FY99 as the LAPD and LASD recruit and fill vacancies, to the fully staffed LAPD and LASD in FY00. \$.91 of the increase is attributable to the reallocation of LAPD from the heavy rail to bus. The FY99 midyear budget estimated that 52% of the transit security cost was associated with bus service, 24% with light rail, and 24% with heavy rail. The FY00 proposed budget indicates that 65% will be associated with bus, 24% with light rail, and only 11% with heavy rail.
- Maintenance will increase 10% or \$1.64 which is primarily attributable to the CNG fuel tank replacement program, bus interior cleanliness program, and the carryover of major maintenance projects for FY99 to FY00.
- Liability Insurance will increase 4% or \$0.15 due to PL/PD increased reserve requirements.
- Total agency overhead, including certificates of participation (COP's), will increase less than 1% from \$118.0 million to \$118.3 million. Overhead cost per

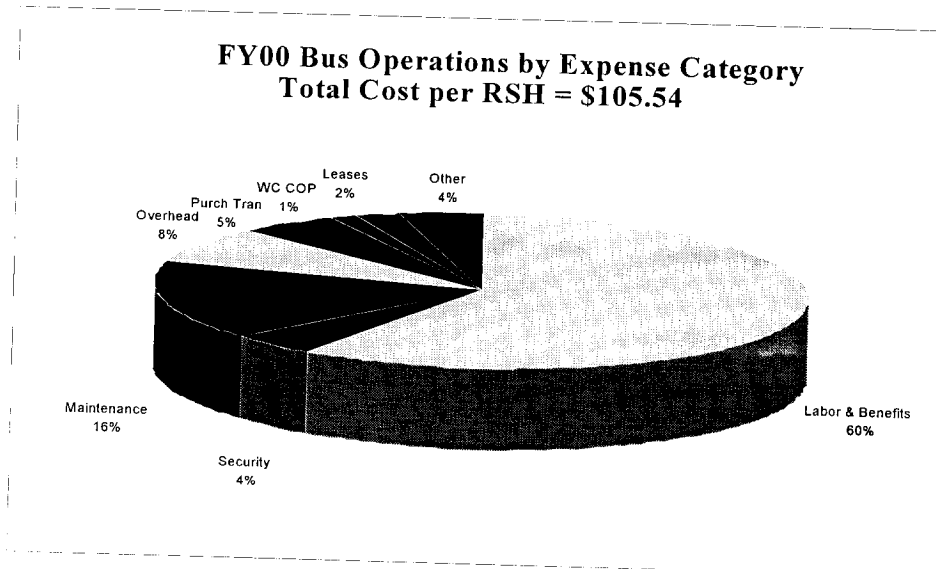
service hour decreased 1% or \$0.14. The decrease is attributable to the near constant overhead spread over increased hours.

6. Debt service expense on workers' compensation (COP's) will increase \$1.47 from zero in FY99 due to the correction of the FY99 presentation that showed this amount in the Debt Fund.
7. Other costs will decrease 41% or \$0.40 due to the reduction in equipment acquisitions.
8. Purchased Transportation will increase 8% or \$4.13 due to new higher cost contracts.
9. Leases and rentals will increase 124% or \$1.52 due to the reclassified Bus Acquisition COP's from the Debt Fund where it was incorrectly included in FY99. This increase is offset by corresponding revenues that are also reclassified.

- **MTA Bus Operating Cost/Hour by Department**

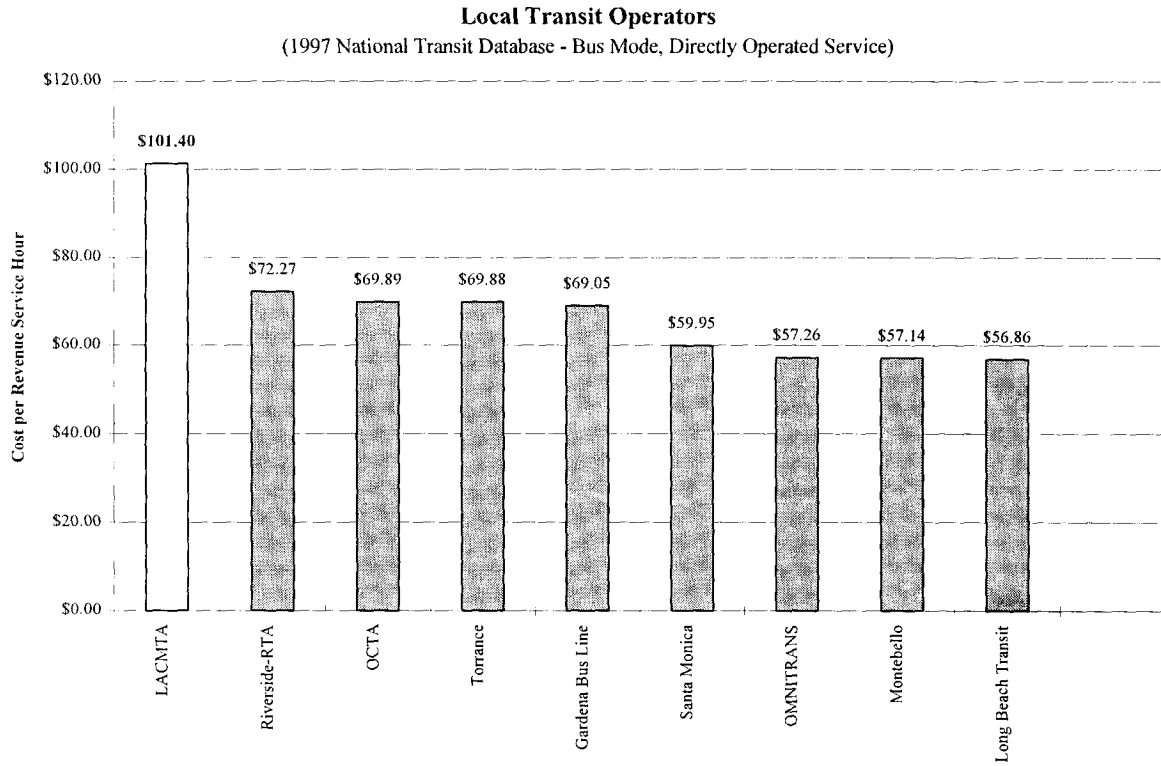


- **MTA Bus Operating Cost/Hour by Expense Category**

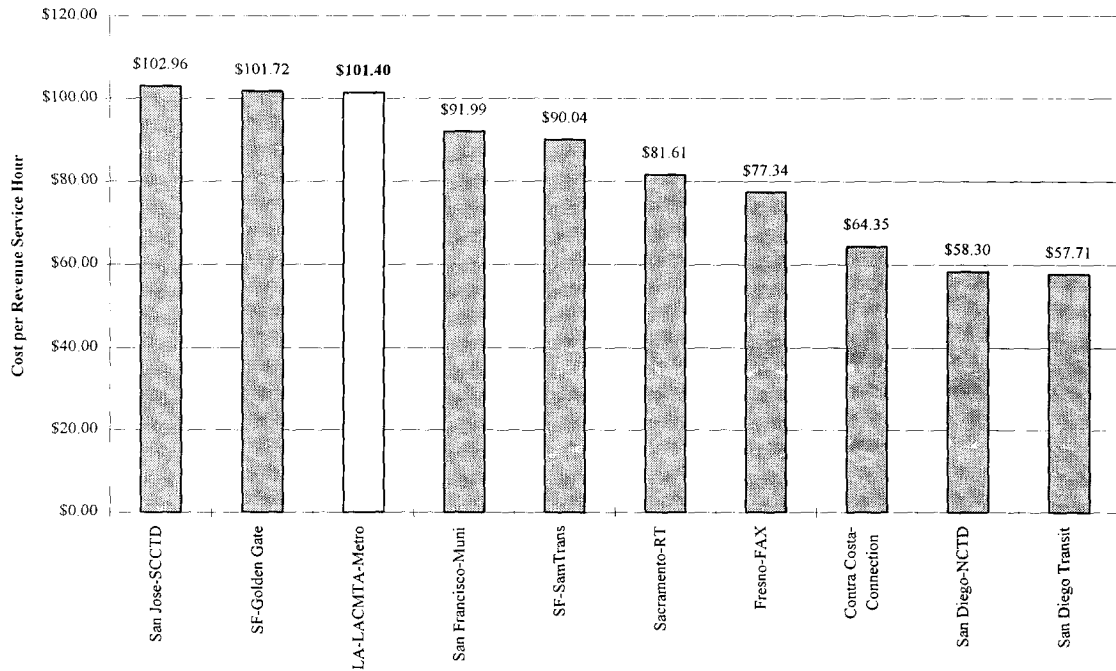


- **Comparison of MTA with Other Transit Operators**

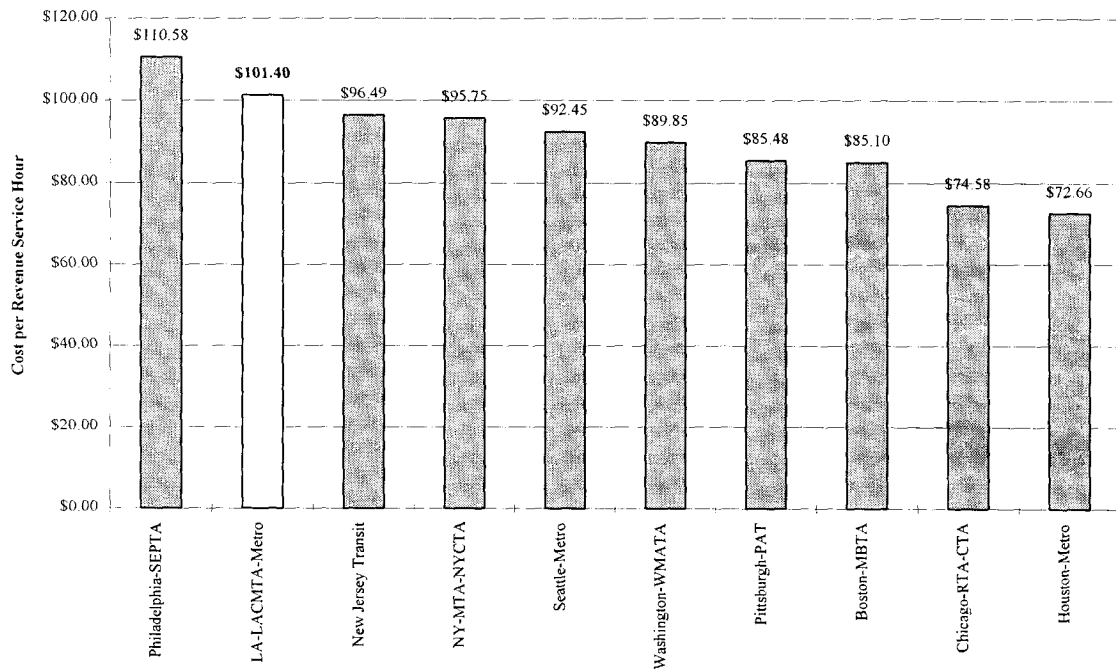
Transit Operators in Los Angeles-Riverside-Orange County - Metro Area



10 Largest Transit Operators in California
 (1997 National Transit Database - Bus Mode, Directly Operated Service)



10 Largest Transit Operators in the US
 (1997 National Transit Database - Bus Mode, Directly Operated Service)



B. Fare Increase

The MTA's proposed fare adjustments is estimated will add \$10.3 million in fare revenues during FY00. Staff conducted a survey of major and local municipal agencies to compare fares. The MTA has the most heavily discounted senior and disabled token prices of any agency contacted. The senior and disabled cash fare is only 31% of the base fare. After the proposed fare increase, the MTA will receive 60 cents for an average boarding, 41% of the base fare, an increase of one-cent per boarding.

Fare Structure Comparison - Cash Fares, Tokens, & Transfers				
	Base Fare	Senior & Disabled	Tickets/ Tokens	Transfers
	\$	\$	\$	\$
Major Metropolitan Agencies				
Philadelphia (SEPTA)	\$1.60	\$1.60*	\$1.15	\$.40
Atlanta (MARTA)	1.50	.75	1.25	Free
Chicago (CTA)	1.50	.75	None	.30
New York (MTA)	1.50	.75	None	Free
San Diego (SDTC)	1.60	.75	None	Free
LACMTA (Proposed)	1.45	.45	.95	.25
LACMTA (Current)	1.35	.45	.90	.25
Washington, DC (WMATA)	1.10	.50	1.10	.10
Dallas (DART)	1.00	.50	.91	Free
San Francisco (Muni)	1.00	.35	None	Free
Local Municipal Operators				
Foothill Transit	.90	.45	None	Free
Long Beach Transit	.90	.45	None	.10
Santa Monica Bus Lines	.50	.25	.45	Free
* Free during off-peak. Full fare reimbursed by the State.				

Fare Structure Comparison - Pass Prices					
	Monthly Pass Cost	Number of Base Fare Equivalents *	Senior & Disabled	Student	Weekly
	\$		\$	\$	\$
Major Metropolitan Agencies					
Washington, DC (WMATA)	\$100.00	91	None	None	None
Chicago (CTA)	75.00	50	35.00	None	20.00
Philadelphia (SEPTA)	64.00	40	None	None	17.25
New York (MTA)	63.00	42	31.50	None	17.00
San Diego (SDTC)	50.00	33	12.50	None	12.00
Atlanta (MARTA)	45.00	30	None	10.00	12.00
LACMTA (Proposed)	45.00	31	13.00	22.00	12.00
LACMTA (Current)	42.00	31	12.00	20.00	11.00
San Francisco (Muni)	35.00	35	8.00	8.00	9.00
Dallas (DART)	30.00	30	10.00	None	None
Local Municipal Operators					
Long Beach Transit	40.00	44	11.00	23.00	None
Foothill Transit	37.00	41	8.00	14.00	None
Santa Monica Bus Lines	None	None	None	None	None

* Base Fare Equivalents = $\frac{\text{Monthly Pass}}{\text{Base Fare}}$

Revenue & Cost Comparison - Average Fare Per Boarding			
	Avg. Fare per Brdg. \$	As % of Base Fare	Fare Box Recovery Ratio
Major Metropolitan Agencies			
Washington, DC (WMATA)	.98	89%	50%
New York (MTA)	.92	61%	66%
Philadelphia (SEPTA)	.89	56%	38%
Chicago (CTA)	.82	55%	46%
San Diego (SDTC)	.61	41%	42%
Dallas (DART)	.60	60%	14%
LACMTA (Proposed)	.60	41%	29%
LACMTA (Current)	.59	44%	29%
Atlanta (MARTA)	.53	35%	28%
San Francisco (Muni)	.45	45%	34%
Local Municipal Operators			
Foothill Transit	.78	87%	39%
Long Beach Transit	.47	52%	31%
Santa Monica Bus Lines	.36	72%	39%

Revenue & Cost Comparison - Fleet Sizes		
	Number of Buses*	Number of Rail Cars
Major Metropolitan Agencies		
Washington, DC (WMATA)	1,299	764
New York (MTA)	3,867	5,790
Philadelphia (SEPTA)	1,299	846
Chicago (CTA)	1,882	1,150
San Diego (SDTC)	509	85
Dallas (DART)	543	52
LACMTA **	2,605	99
Atlanta (MARTA)	783	238
San Francisco (Muni)	797	136
Local Municipal Operators		
Foothill Transit	259	None
Long Beach Transit	199	None
Santa Monica Bus Lines	135	None
* Total fleet includes spare buses.		
** Total fleet includes spare buses and contracted lines.		

Impact of Fare Increase on Boardings			
Boardings (000 of unlinked passenger trips)	Bus	Rail	Total
FY98 Actual	342,174	32,065	374,239
FY99 Forecast	356,846	34,344	391,190
FY00 w/out Fare Increase	367,241	46,510	413,751
FY00 w/Fare Increase	366,463	46,436	412,899
Net Impact of Fare Increase	(778)	(74)	(852)
			▼ .25% reduction of total boardings
Assumption:			
For every 1% increase in fare revenue there is a .05% reduction in boardings.			

Impact of Fare Increase to MTA's Formula Allocation Procedure (FAP) Revenue.
There is no impact on FY00 and FY01 revenues. In FY02 MTA funding level will be reduced by \$2.8 million due to a 0.71% reduction in MTA's share of the formula allocation procedure funds.

C. Prop C 40% Discretionary

Program	FY99 Midyear			FY00 Estimate		
	MTA	Muni Ops	Total	MTA	Muni Ops	Total
Proposition C Estimated Gross Receipts			\$ 452,089			\$479,940
Less: 1.5% Administration			<u>7,101</u>			<u>7,199</u>
Receipts Net of Administration			444,988			472,741
Proposition 40% Allocation			177,995			189,096
Estimated carryover			14,240			37,675
Transfer In from other funds			<u>4,991</u>			<u>9,812</u>
Total Available			<u>\$ 197,226</u>			<u>\$236,583</u>
Bus						
Consent Decree	37,182	-	37,182	44,535	-	44,535
Security Shortfall	7,492	-	7,492	21,762	-	21,762
FH Mitigation & BSIP	9,601	3,224	-	10,368	3,159	13,527
Other Subsidies	<u>-</u>	<u>7,909</u>	<u>20,735</u>	<u>-</u>	<u>8,210</u>	<u>8,210</u>
	54,275	11,133	65,409	76,665	11,368	88,033
Rail						
Security	20,342	-	20,342	49,180	-	49,180
Operating	<u>7,403</u>	<u>-</u>	<u>7,403</u>	<u>-</u>	<u>-</u>	<u>-</u>
	27,745	-	27,745	49,180	-	49,180
Debt - Rail	46,708	-	46,708	56,542	-	56,542
Debt - Bus Lease - Yen	4,653	-	4,653	1,464	-	1,464
Debt - Workers' Comp/Bus COPs	<u>16,561</u>	<u>-</u>	<u>16,561</u>	<u>-</u>	<u>-</u>	<u>-</u>
	67,922	-	67,922	58,006	-	58,006
Call For Projects	1,106	-	1,106	1,497	-	1,497
ASI - ADA Compliance	6,680	-	6,680	4,200	-	4,200
Immediate Needs Transportation	-	-	-	5,000	-	5,000
Transit Planning/Administrative Projects	3,396	-	3,396	5,132	-	5,132
Wilshire Streetscape Project	<u>650</u>	<u>-</u>	<u>650</u>	<u>341</u>	<u>-</u>	<u>341</u>
	10,726	-	10,726	14,673	-	14,673
Total Expenditures	\$ 161,775	\$ 11,133	\$ 172,908	\$200,021	\$ 11,368	\$211,389
			\$ 24,318			\$ 25,194
			<u>13,357</u>			<u>-</u>
			<u>\$ 37,675</u>			<u>\$ 25,194</u>

D. Debt

- Summary of expenditures by Program has been revised to reflect the reclassification of debt service in FY99. Debt expenditures in FY2000 are expected to decrease by \$7.1 million.

	(Dollars in millions)					
	FY98	FY99	FY00	FY98	FY99	FY00
	Actual	Midyear	Proposed	Actual	Midyear	Proposed
BUS						
MTA Capital	\$ 95.6	\$ 119.2	\$ 204.2	4.6%	4.8%	8.1%
MTA Operating	662.9	665.3	727.7	32.2%	26.9%	28.7%
	758.5	784.5	931.9	36.9%	31.7%	36.7%
RAIL						
MTA Rail Construction	413.5	391.4	292.0	20.1%	15.8%	11.5%
MTA Capital	26.4	70.8	107.7	1.3%	2.9%	4.2%
MTA Operating	83.5	109.8	120.9	4.1%	4.4%	4.8%
	523.4	572.0	520.6	25.4%	23.1%	20.5%
MUNICIPAL OPERATOR PROGRAMS	163.9	167.4	187.2	8.0%	6.8%	7.4%
METROLINK	38.8	38.6	39.4	1.9%	1.6%	1.6%
HIGHWAY & OTHER	353.5	521.4	530.2	17.2%	21.6%	20.9%
DEBT	219.4	334.3	327.2	10.7%	13.8%	12.9%
TOTAL EXPENDITURES BY PROGRAM	\$2,057.5	\$ 2,475.7	\$ 2,536.5	100.0%	100.0%	100.0%

E. Other

Capital Improvement Plan (CIP) FY2000-2004

- Proposed project # 165 - 68 Beretta Model 96 automatic pistols will be deleted from FY00 authorization request.

Metro Redline - City of Los Angeles Local Contribution

- The City of Los Angeles will contribute \$15 million local return toward Metro Rail Program, opposed to \$9 million published in the proposed FY00 budget . Revision will be reflected in the adopted budget document.