

JULY 13, 1998



Metropolitan  
Transportation  
Authority

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TO: BOARD OF DIRECTORS  
FROM: TERRY MATSUMOTO  
EXECUTIVE OFFICER, FINANCE  
SUBJECT: SB 1886 HAYDEN  
VALLEY TRANSPORTATION AUTHORITY  
STATE AUDITOR REPORT

ISSUE:

Recent media accounts suggest that the State Auditor's Report justifies creating a TRANSIT ZONE in the San Fernando Valley.

REPORT:

Upon introduction of this bill, Senator Hayden requested the State Auditor to audit the MTA to determine the assets, related debt and revenues that would accrue to the San Fernando Valley TRANSPORTATION AUTHORITY (VTA). As an agency carved out from the MTA, the VTA would have the same broad transportation responsibilities as the MTA, not just the bus operations as the currently envisioned transit zones would have.

The Auditor concluded that "the VTA would have net revenues...over what it needs for operating expenses and payments of principal and interest on the existing debt." **The report, however, does not indicate that these net revenues are dedicated funds earmarked for transportation capital projects and programs, such as HOV's, highway improvements, commuter rail, pedestrian improvements, bikeways, etc., that could not be used for transit operations.**

As directed by the Legislature, the Auditor focuses on assets, with related debt, that could be transferred. Accordingly, while the MTA has made investments in the freeway system in the Valley, since the freeways belong to Caltrans, these expenditures were not assessed. Since there are no asset transfers involved, administrative costs such as Board of Directors, public meeting expenses, headquarters space and staff, etc., were not addressed. In the case of the Consent Decree, programs like Immediate Needs that do not operate in the Valley were left with the MTA while the revenues that support it were prorated to the VTA.

Staff concurred that the Auditor made reasonable assumptions and calculations with respect to the specifically defined scope of the audit as described in the report. With respect to that scope, the report presents one view of a Valley Transportation Authority.

In summary, little, if any, information reported by the State Auditor has any bearing on the financial viability of a transit zone in the Valley or any other area of the County.

For further information on this report, please contact me at 213-922-2473.