



Los Angeles County
Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012

213.922.6000

Mailing Address:
P.O. Box 194
Los Angeles, CA 90053

March 14, 1997

TO: BOARD OF DIRECTORS

FROM: TERRY MATSUMOTO, INTERIM DEPUTY
CHIEF EXECUTIVE OFFICER

SUBJECT: FISCAL 1997 SECOND QUARTER FINANCIAL
UPDATE

ISSUE

This report is intended to present highlights of the MTA's budget performance at interim points throughout the year. We are planning to make reports on a quarterly basis.

REPORT

The FY97 enterprise fund (bus and rail operations) is currently forecasted at a \$17 million deficit.

\$21 M	Fare Revenue Shortfall
5 M	Expense Overage
\$26 M	Total Gross Deficit
(9 M)	Less additional revenue - mid-year formula allocation
\$17 M	Net Deficit

The deficit will be eliminated through the use of \$17 million of one-time revenue. The use of these funds will result in a \$5 million increase in formula funds allocated to the municipal operators due to the existing Board policy for the allocation of formula funds. Staff will present a Board report in May on the allocation of these funds.

As noted in the above chart, MTA fare revenues are forecasted at \$21 million below budget. Four major variances account for this shortfall.

- Fiscal 1997 budget was based on the fiscal 1996 budget which was not achieved, creating a shortfall carryover.
- A greater percentage of passengers are buying discount fare media, lowering our average fare.
- The fiscal 1997 budget assumption for increased system passenger ridership has not been realized. It is down 4.3% from budget assumption.

**FISCAL 1997 SECOND QUARTER FINANCIAL
UPDATE
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- The revenue forecast includes the impact of weekly passes as well as the roll back of monthly pass prices from \$49 to \$42 in accordance with the consent decree.

FY97 expenses are forecasted to be \$5 million over budget as the result of several material events that have occurred after the budget was developed.

- FY96 actuals resulted in a deficit, and FY97 Budget was partially based on FY96.
- CNG tank ruptured and resulted in unbudgeted maintenance costs to ensure system safety.
- Consent decree was approved.

Operations has committed to managing their annual direct costs at budget levels through the following actions that are already in place:

- The CNG-related problems that occurred in the fall are resolved.
- As of January, all 13 of the contracted bus lines are in operation compared to seven lines last fall, further reducing costs for the balance of the fiscal year.
- Expenditures required to comply with the consent decree are incorporated in budget in conjunction with BSIP.
- Retiring operators and additional service plans have enabled Operations to hire new staff and optimize the ratio of full-time to part-time operators.
- Executive Officer approval is required for all support, non-contract personnel hires.
- Operations has instituted strict reviews of all professional and contract services expenditures, and these expenditures are tracking below budget.

In addition, measures implemented to reduce General Overhead costs include Executive Officer review and approval of hiring and of professional services contracts.

Schedules detailing enterprise fund revenues and expenditures as well as year-to-date schedules on total agency revenues and expenditures are attached.

Attachments

Prepared by: Barbara Long, Director, Budget

LACMTA

December YTD FY97 Financial Update

- Enterprise Fund – Forecasted Annual FY97
 - * Bus and Rail Operations
 - * FY97 Fare Forecast
 - * Bus Mode
 - * Rail Mode
- YTD Total Agency Revenues
- YTD Total Agency Expenditures by Expense Category
- YTD Total Agency Expenditures by Program
- Projection by Major Fund Type
- FY97 Total Agency Revisions

LACMTA
Enterprise Fund FY97 Budget
Bus & Rail Operations

\$ millions

	Annual Budget	Dec. YTD (1)	Annual (2) Forecast	Annual Diff. B/M (3)	Comments
Revenue					
Fares/System	228	105	207	(21)	Boardings, Fare Structure & Consent Decree
Prop A	157	77	157	0	
Prop C	93	46	93	-	
TDA	142	70	143	1	Revised Funding Marks -- Mid-year Update
Other State	20	10	22	2	Revised Funding Marks -- Mid-year Update
Federal	41	20	47	6	Revised Funding Marks -- Mid-year Update
Local	13	6	13	-	On budget at end of year
Debt/Interest	40	2	40	-	On budget at end of year
Total	734	337	722	(12)	
Expenditures					
Salaries & Wages (3)	285	154	304	(15)	CNG & delay in contracting out 6 lines
Fringe	161	87	176	(15)	Based on salary projections; rate on budget after adjusting for social security
Services	44	13	26	18	Usage reduced to offset salaries
Fuels & Utilities	36	18	34	1	Reduced fuel prices
Supplies (4)	35	23	30	5	CNG & delay in contracting out 6 lines
Purchased Transportation	18	3	15	2	Delay contracting 6 lines
Non-operating expenses (5)	35	15	35	(0)	On budget by end of year
General Overhead	86	45	84	2	
RAN	35	-	35	-	On budget by end of year
Total	735	357	739	(5)	
Net Revenue/(Expenditures)	(0)	(21)	(17)	(17)	

Notes:

- (1) Based on YTD December reporting
- (2) Annual Projection equals twice YTD unless noted in comments
- (3) Assumes CNG overruns in fall are offset by operating efficiencies in Spring
- (4) Assumes maintenance costs fully capitalized per FTA guidelines
- (5) Non-operating expenses include rent, leases, interest, debt, and taxes

FY 97 FARE FORECAST

\$000

	FY97 BUDGET	FY98 ACTUAL VS BUDGET	FARE STRUCTURE	BOARDINGS	FY97 FORECAST	COMMENTS
FAREBOX						
BUS	\$ 114	\$ (6)	\$ (12)	\$ (2)	\$ 94	Less than expected annual base revenue, fewer passenger, switch to prepaid fare media & consent decree
BLUE	4	(1)			4	Less than expected annual base revenue
RED	9		(5)	(3)	1	Less than expected added revenue resulting from fare increase & MOS-2
GREEN					-	
Sub-Total Fare Box	127	(7)	(17)	(5)	99	
PASSES						
BUS	51	-	2	-	52	Switch from cash fare to passes
BLUE	2	-		-	2	
RED	2	-		-	2	
GREEN	1	-		-	1	
Sub-Total Passes	56	-	2	-	57	
TOKENS						
BUS	42	-	7	-	48	Switch from cash fare to tokens
BLUE	0	-		-	0	
RED	2	-		-	2	
GREEN	1	-		-	1	
Sub-Total Tokens	45	-	7	-	52	
TOTAL FARES	\$ 228	\$ (7)	\$ (9)	\$ (5)	\$ 207	

LACMTA
Enterprise Fund FY97 Budget
Bus Operations

\$ millions

	Annual Budget	Revised Budget	Dec YTD (1)	Annual (2) Forecast	Annual Post (B)(P) (Plan Budget)	Comments
Revenue						
Fares/System	204	204	99	191	(13)	Boardings, Fare Structure & Consent Decree
Prop A	116	116	57	116	0	
Prop C	77	77	38	77	-	
TDA	142	142	70	143	1	Revised Funding Marks -- Mid-year Update
Other State	18	18	9	20	2	Revised Funding Marks -- Mid-year Update
Federal	18	18	8	24	6	Revised Funding Marks -- Mid-year Update
Local	13	13	6	13	-	On budget at end of year
Debt/Interest	40	40	2	40	-	On budget at end of year
Total	628	628	290	624	(3)	
Expenditures						
Salaries & Wages (3)	249	253	133	261	(9)	CNG & delay in contracting out 6 lines
Fringe	138	138	75	147	(9)	Based on salary projections; rate on budget after adjusting for social security
Services	34	35	9	19	16	Usage reduced to offset salaries
Fuels & Utilities	29	28	13	25	3	Reduced fuel prices
Supplies (4)	31	31	19	23	8	CNG & delay in contracting out 6 lines
Purchased Transportation	18	15	3	15	2	Delay contracting 6 lines
Non-operating expenses (5)	28	28	12	28	-	On budget by end of year
General Overhead	73	72	38	70	2	
RAN	30	30	-	30	-	On budget by end of year
Total	629	630	302	619	11	
Net Revenue/(Expenditures)	(2)	(2)	(12)	6	7	

Notes:

- (1) Based on YTD December reporting
- (2) Annual Projection equals twice YTD unless noted in comments
- (3) Assumes CNG overruns in fall are offset by operating efficiencies in Spring
- (4) Assumes maintenance costs fully capitalized per FTA guidelines
- (5) Non-operating expenses include rent, leases, interest, debt, and taxes

LACMTA
Enterprise Fund FY97 Budget
Rail Operations

\$ millions

	Annual Budget	Revised Budget	Dec. YTD(1)	Annual (2) Forecast	Annual Forecast(2) than Budget	Comments
Revenue						
Fares/System	25	25	6	16	(9)	Boardings, Fare Structure
Prop A	41	41	20	41	-	
Prop C	16	16	8	16	-	
TDA	-	-	-	-	-	
Other State	2	2	1	2	-	
Federal	23	23	12	23	-	
Local	-	-	-	-	-	
Debt/Interest	-	-	-	-	-	
Total	107	107	47	98	(9)	
Expenditures						
Salaries & Wages	36	36	22	43	(7)	Facilities & Other support staff
Fringe	22	22	12	29	(7)	Based on salary projections; rate on budget after adjusting for social security
Services	10	10	3	7	2	Usage reduced to offset salaries
Fuels & Utilities	8	8	4	9	(2)	Reduced utility usage
Supplies (3)	4	4	4	7	(3)	Revenue vehicle parts
Purchased Transportation	-	-	-	-	-	
Non-operating expenses (4)	7	7	3	7	-	On budget by end of year
General Overhead	14	14	7	14	-	On budget by end of year
RAN	5	5	-	5	-	On budget by end of year
Total	105	105	56	121	(17)	
Net Revenue/(Expenditures)	1	1	(9)	(23)	(24)	

Notes:

- (1) Based on YTD December reporting
- (2) Annual Projection equals twice YTD unless noted in comments
- (3) Assumes maintenance costs fully capitalized per FTA guidelines
- (4) Non-operating expenses include rent, leases, interest, debt, and taxes

REVENUES
DECEMBER YEAR-TO-DATE FY97
(\$000)

Revenue Category	FY 96 Actuals	FY 97 Budget	DEC YTD	Comments
Fares	\$ 207,370	\$ 228,630	\$ 105,329	See enclosed schedule for fare revenue detail.
Fees & Other System	26,234	16,956	10,819	
Sales Tax	823,219	866,100	424,148	
Benefit Assessment District	7,405	-	-	No revenue anticipated for FY97.
Local	92,514	91,658	7,373	L.A. City funds for Red Line Project have not been received.
State	266,220	362,394	106,472	Approximately \$20M in invoices to state pending for Pasadena Line.
Federal	493,722	496,347	198,325	FY96 includes \$174 million proceeds received in June 96 from refinancing general revenue bonds.
Proceeds from Financing	583,167	400,300	217,178	
Prior Year Carry-over	495,776	502,442	481,423	Original budget \$623.8 million
Total	\$ 2,995,627	\$ 2,964,827	\$ 1,551,067	

Total Expenditures by Expense Category
December YTD FY 97
(\$000)

EXPENSE CATEGORY	FY96 ACTUAL	FY97 BUDGET	DEC YTD
SALARY			
<u>CONTRACT</u>			
REGULAR	210,409	210,976	123,841
O/T	59,713	45,515	13,807
TOTAL CONTRACT	270,122	256,491	137,648
<u>NON-CONTRACT</u>			
REGULAR	90,338	105,163	48,988
O/T	2,050	1,211	125
TOTAL NON-CONTRACT	92,388	106,374	49,113
TOTAL SALARY	362,510	362,865	186,761
FRINGE	209,780	215,418	106,900
TOTAL SALARY & FRINGE	572,290	578,283	293,661
SERVICES	442,176	408,178	111,707
FUELS & LUBRICANTS	25,947	26,822	12,390
MATERIAL & SUPPLIES	67,492	79,651	40,451
LEASES & RENTALS	7,914	4,854	1,765
CASUALTY & LIABILITY	61,921	89,166	21,115
UTILITIES	18,736	16,412	7,852
DEBT EXPENSE	243,407	320,271	314,931
TAXES	3,350	3,056	1,886
PURCHASED TRANSPORTATION	3,646	17,500	3,023
ACQUISITIONS	321,222	750,394	200,216
TRANSFERS & ALLOCATIONS	(9,948)	(10,027)	(5,319)
SUBSIDIES	459,330	561,208	170,325
OTHER	28,468	12,014	303
TOTAL NON-PAYROLL	1,673,661	2,279,500	880,645
MTA TOTAL	2,245,951	2,857,782	1,174,306

Total Expenditures by Program
December YTD FY 97
(\$000)

PROGRAM	FY98 BUDGET	FY98 ACTUAL	FY97 BUDGET	DEC YTD	COMMENTS
TRANSIT OPERATIONS					
BUS	\$ 561,408	\$ 642,855	\$ 594,847	\$ 303,555	
BLUE LINE	44,700	47,117	39,954	30,782	
RED LINE	30,100	16,754	32,221	15,117	
GREEN LINE	22,600	24,772	28,664	9,479	
TOTAL TRANSIT OPERATIONS	658,808	731,498	695,686	358,933	
RAIL CONSTRUCTION PROJECTS					
RED LINE SEGMENT 1	17,616	2,284	11,285	1,248	
RED LINE SEGMENT 2	274,419	220,973	279,638	100,666	
RED LINE SEGMENT 2 CONST. MITIGATION	5,416	1,715	9,958	4,780	
RED LINE SEGMENT 3 NORTH HOLLYWOOD	238,277	208,287	334,449	85,655	
RED LINE SEGMENT 3 MID-CITY	4,601	2,107	1,365	27	
RED LINE SEGMENT 3 EASTERN EXTENSION	56,340	25,918	86,863	32,934	
BLUE LINE PASADENA	52,988	33,217	79,747	16,744	
LA CAR	54,188	19,693	58,214	911	
GREEN LINE	40,961	29,359	28,865	9,024	
NORTH COAST EXTENSION	-	1	6,000	7,470	
BLUE LINE-LONG BEACH	-	1,005	3,606	481	
MAINTENANCE OF WAY FACILITIES	-	49	3,735	1,004	
ENVIRONMENTAL MITIGATION	-	177	6,350	382	
ENGINEERING DESIGN SERVICES	-	-	6,269	706	
TRANSIT ENHANCEMENTS	14,447	2,033	6,073	1,272	
SYSTEMWIDE	16,029	21,850	18,810	5,935	
TOTAL RAIL CONSTRUCTION PROJECTS	775,282	568,668	941,227	269,239	Construction currently projects annual expenditures at \$773,144
RAIL PLANNING & PROGRAM SUPPORT					
METRO RED LINE WEST	2,810	478	2,710	449	Invoices have start coming in. Part (final EIS) will be carried over to FY98
METRO RED LINE EAST	635	145	665	83	
SAN FERNANDO VALLEY EAST/WEST LINE	2,437	890	5,565	471	Preliminary engineering will start after EIS is completed.
SYSTEM SAFETY & SECURITY	-	1,714	3,763	1,528	(to Board in Spring)
OTHER PROGRAM SUPPORT	6,703	22	2,177	149	
TOTAL RAIL PLANNING & PRGRM SUPPORT	12,585	3,249	14,880	2,680	

Total Expenditures by Program
December YTD FY 97
(\$000)

PROGRAM	FY96 BUDGET	FY96 ACTUAL	FY97 BUDGET	DEC YTD	COMMENTS
BUS, MINOR RAIL, & ADMIN CAPITAL					
BUS ACQUISITION	66,000	41,951	62,433	16,014	Buses delivery slowed because of CNG problems
BUS SERVICE MAINTENANCE AND OPERATIONS	82,766	25,878	37,776	12,420	Delivery expected according to schedule now.
BUS OPERATING FACILITIES	20,250	14,738	26,771	2,104	
ADVANCED TECHNOLOGY TRANSIT BUS	11,100	11,015	11,682	4,774	
COMPUTERS & RELATED EQUIPMENT	6,633	16,341	8,056	2,604	
GATEWAY TRANSIT PLAZA	52,098	34,404	17,577	4,536	
RAIL OPERATIONS CAPITAL	25,727	1,881	6,019	3,929	
ALL OTHER BUS, MINOR RAIL & ADMIN CAPITAL	73,454	27,951	26,971	9,337	
TOTAL BUS, MINOR RAIL, & ADMIN CAPITAL	338,028	174,159	197,285	55,719	
PLANNING STUDIES & PROGRAM SUPPORT					
TRANSIT PLANNING	31,700	14,465	25,024	3,723	
HIGHWAY PLANNING	5,600	2,748	16,321	2,898	
DEMAND MANAGEMENT PLANNING	2,900	1,927	3,805	1,450	
JOINT DEVELOPMENT	2	170	2,083	563	
COMMUTER RAIL	5,900	-	1,435	275	
OTHER PLANNING & PROGRAMMING PROJECTS	3,291	195	4,611	1,271	
BENEFIT ASSESSMENT DISTRICT ADMIN	7	480	762	197	
TOTAL PLANNING STUDIES & PROGRM SUPPT	49,400	19,985	54,041	10,377	Contracts are being implemented now.
FREEWAY SERVICE & MOTORIST ASSISTANCE					
FREEWAY SERVICE PATROL	29,600	14,276	25,177	5,801	
SERVICE AUTHORITY FOR FREEWAY EMERGENCIE	10,800	4,958	16,713	1,662	
MAJOR INCIDENCE RESPONSE	-	102	5,547	29	
TOTAL FREEWAY SVCE & MOTRIST ASSIST	40,400	19,336	47,437	7,492	YTD revenues and expenses are lagging.
DEBT SERVICE	199,500	224,864	300,741	307,977	Expenses included \$170M in refinancing bond principal (USG)
IMMEDIATE NEEDS	5,000	5,000	5,000	2,237	budgeted in FY96, closed July 3, 1996 (FY97)
CAREER DEVELOPMENT AND TRAINING	1,600	1,523	1,538	711	
ADMINISTRATION AND SUPPORT	52,500	36,394	35,593	(14,826)	
L. A. NEIGHBORHOOD INITIATIVE (LANI)	-	1,945	1,600	1,048	
LOCAL TRANSPORTATION ENTERPRISE (LITE)	-	-	1,546	274	
SUB TOTAL OTHER FUNDS	258,600	269,726	346,018	297,422	
FUNDS PROGRAMMED TO OTHER AGENCIES	605,222	459,330	561,208	172,444	
TOTAL MTA BUDGETED EXPENDITURES	2,173,325	2,245,951	2,857,782	1,174,306	

LACMTA

FY97 PROJECTION BY MAJOR FUND TYPE

(\$000)

	<u>General</u>	<u>Enterprise</u>	<u>Special Revenue</u>	<u>Capital</u>	<u>Debt Service</u>	<u>Agency</u>	<u>Subsidy Trust Fund</u>	<u>Total (Memo Only)</u>
Fund Balance @ 06/30/96	\$ 6,623	\$ (85,357)	\$ 481,423	\$ 468,927	\$ 211,505	\$ 138,327	\$ -	\$ 1,221,448
Estimated Revenues and Other Financing Sources								
Operating Revenues	1,050	208,430	-	-	-	-	-	209,480
Proposition A	-	-	412,800	-	-	61	-	412,861
Proposition C	-	-	415,000	-	-	1,354	-	416,354
TDA Revenues	-	-	216,016	-	-	-	-	216,016
STA Revenues	-	-	23,451	-	-	-	-	23,451
SAFE Fund	-	-	6,600	-	-	-	-	6,600
HOV Fines	-	-	-	-	-	-	-	-
PVEA	-	-	-	-	-	-	-	-
Surface Transportation (ISTEA)	-	-	-	-	-	-	-	-
BCP	-	-	-	-	-	-	-	-
Proceeds of Financing	7,322	35,000	3,569	294,622	40,487	-	-	381,000
Intergovernmental - Local	-	5,360	-	81,684	-	10,938	-	97,982
Intergovernmental - State	-	-	8,951	98,651	-	-	-	107,602
Intergovernmental - Federal	-	21,100	166,941	290,565	-	-	-	478,606
Interest and other	-	13,106	14,000	8,100	15,552	-	-	50,758
Operating Transfers - In/(Out)	130,171	439,368	(1,464,770)	162,007	172,016	-	561,208	-
Sub-Total	138,543	722,364	(197,442)	935,629	228,055	12,353	561,208	2,400,710
Estimated Total Funds Available	145,166	637,007	283,981	1,404,556	439,560	150,680	561,208	3,622,158
Budgeted Uses of Funds								
Direct Fund Expenditures	138,108	738,959	-	998,754	266,033	12,353	561,208	2,715,415
Total Uses of Fund Resources	138,108	738,959	-	998,754	266,033	12,353	561,208	2,715,415
Estimated Ending Fund Balance @ 6/30/97	\$ 7,058	\$ (101,952)	\$ 283,981	\$ 405,802	\$ 173,527	\$ 138,327	\$ -	\$ 906,743

Notes:

Agency funds include Benefit Assessment District Activities, and Transportation Foundation.

This schedule does not include Fiduciary Trust Funds such as Pension Funds and other funds held in trust by the LACMTA as fiscal agent.

Due to a reorganization of the Authority's financial structure resulting from the implementation of a new financial information system (FIS), fund balances and expenditures may not be directly comparable to previous Financial Statements

General fund includes Safe Funds, HOV Fines, PVEA, BCP, and Federal DOE Funds.

Amounts reflect revised FY 97 budget adjusted December YTD projections.

FY97 BUDGET REVISIONS

\$ millions

Original FY97 Budget	\$ 2,831
o Operations (Bus seats & windows; non-replacement vehicles) FY96	
Capital carry-forward (September 1996 Board Action)	16
o Foothill MTA LiTE offset by Revenue (September 1996 Board Action)	2
o Call for Projects Audit (November 1996 Board Action)	1
o Gateway close out of programmed grant	
o Funds	8
Revised FY97 Budget	\$ 2,858