



Metro

April 22, 2004

TO: BOARD OF DIRECTORS

THROUGH: ROGER SNOBLE
CHIEF EXECUTIVE OFFICER

FROM: RICHARD BRUMBAUGH
CHIEF FINANCIAL OFFICER

SUBJECT: RESPONSES TO QUESTIONS REGARDING FY05 PROPOSED BUDGET

ISSUE

The Board of Directors requested follow-up information at the April 12, 2004, special board workshop on the FY05 proposed budget.

DISCUSSION

The questions posed by the Board of Directors and respective answers are included on the attached report.

NEXT STEPS

The FY05 proposed budget will be presented to the Board of Directors for consideration and public hearing at the Finance and Budget Committee meeting on May 20, 2004. If you have any questions about this report, please contact Michelle Caldwell, Deputy Executive Officer, OMB at (213) 922-2452.

Attachment

**APRIL 12, 2004 BUDGET WORKSHOP
BOARD OF DIRECTORS QUESTIONS AND ANSWERS**

1. Provide a break down of MTA salaries. (Molina)
The complete list of MTA job titles with estimated salaries and fringe benefits will accompany the budget adoption board report.
2. Provide a description of each Strategic Business Unit (SBU). (Proo)
A detailed description of each SBU will be included in the FY05 budget book.
3. Provide a physical demonstration of how the fare inspectors work. (LaBonge)
A video of the fare inspectors will be presented to the Operations committee by LASD at the May meeting.
4. Provide a break down of the account titled "Miscellaneous Costs" totaling \$23 million. (Burke)

**Table 4-1:
Proposed Budget Other Miscellaneous Accounts**
(Dollars in thousands)

	FY04 Budget	FY05 Proposed	Changes (FY05-FY04)
1 Other Miscellaneous Budget			
2 Utility & Postage	\$13,815	\$12,658	(\$1,157)
3 Uniform/Training/Tuition	5,190	5,234	44
4 Advertising	4,569	4,335	(234)
5 Books, Periodical & Subscriptions	1,024	899	(125)
6 Total Other Miscellaneous Budget	\$24,599	\$23,127	(\$1,472)

5. What is the implication of rising fuel and energy costs on the 10-year forecast? (O'Connor)

**Table 5-1:
Impact Of Fuel Increase On 10-Year Forecast**
(Dollars in thousands)

	Current 10-Year Forecast For Fuel	10-Yr Forecast For Fuel With Increase	Fuel Cost Increase Over 10 Years
1 BUS	\$8,534,000	\$8,593,000	\$59,000
2 LIGHT RAIL	1,466,000	1,487,000	21,000
3 HEAVY RAIL	779,000	813,000	34,000
4 TOTAL	\$10,779,000	\$10,893,000	\$114,000

6. Provide a break down of the Bus Acquisition element in the Capital Program. (Burke)

**Table 6-1:
Funded FY04-09 Bus Acquisition Projects**
(Dollars in thousands)

	Project	FY04	FY05	FY06	FY07	FY08	FY09
1	370 NABI Bus Order	\$372	-	-	-	-	-
2	70 High Capacity Bus Order	12,172	30,156	2,100	-	-	-
3	30 High Capacity Bus Order	15,455	6,091	-	-	-	-
4	200 Articulated Bus Base Order	14,219	27,149	93,071	-	-	-
5	Bus Leases	8,677	7,920	7,921	7,814	5,836	81
6	Advanced Transit Vehicle	2,548	4,866	-	-	-	-
7	Subtotal Bus Acquisition	53,443	76,182	103,092	7,814	5,836	81
8							
9	Universal Fare System	65,884	37,808	1,740	-	-	-
10	Regional Service Center	-	2,894	6,524	-	-	-
11	Advanced Transportation Management System	59,106	14,744	1,780	-	-	-
12	Subtotal Other Projects	124,990	55,446	10,044	-	-	-
13							
14	Grand Total	\$178,433	\$131,628	\$113,136	\$7,814	\$5,836	\$81

7. Provide an analysis of security costs; what is the level of service we are receiving; include escalation for next five years. (Molina)

**Table 7-1:
Operations Security FY04 Budget to FY05 Proposed Budget**
(Dollars in thousands)

		FY04 Adopted Budget	FY05 Proposed Budget	Change	Notes
1	Contract Wages	\$2,982	\$3,308	\$326	(a)
2	Non-Contract Salaries	881	918	37	(b)
3	Allocated Fringe Benefits	2,195	2,186	(9)	
4	Uniforms, Tools & Other Benefits	135	146	11	(c)
5	Acquisitions	-	2,891	2,891	(d), (e)
6	Materiel & Supplies	61	39	(22)	
7	Services	51,005	58,678	7,673	(f), (g)
8	Miscellaneous	37	36	(1)	(h), (i)
9	Leases & Rentals	-	33	33	(j)
10	Workers Compensation	26	-	(26)	
11	Grand Total	\$57,323	\$68,236	\$10,913	

Notes:

- (a) Includes increases for regular Teamster salary and overtime should unanticipated events necessitate additional coverage.
- (b) Includes regular non-contract salary increase.
- (c) Includes changes for increased uniform allowance (720 to 900 annually) for officers per new Teamster contract.
- (d) Covers acquisition of equipment required by the Homeland Security grant including CCTVs, gas monitors, air vents and other related items.
- (e) Covers acquisition of non-revenue anti-terrorism vehicles.

- (f) Includes \$0.3 million required for Metro trainer and staff for training drills and for professional staff required for planning and related functions for Homeland Security grant-funded purchase and installation of CCTV and gas monitors in subway and for professional services required to produce training video (45,000).
- (g) Includes several adjustments for LASD, private security and related contract services, specifically for LASD the addition of 60 security assistants and related supervisory personnel (1 team leader and 2 sergeants) and the addition of a permanent deputy team at the USG complex (10 deputy generalists and 4 sergeants)--total estimated increase \$4.5 million; reduction in 2 private security posts--savings \$0.3 million; and minor reduction in funding for LASD Metrolink deputies patrolling MTA right-of-ways to reflect lower cost of living adjustments.
- (h) Includes increase in expense should terrorism-related conferences be held in Los Angeles or elsewhere.
- (i) Reflects decrease in travel expense consistent with actual to date expenses.
- (j) Full amount is attributable to payment for lease of a trailer used by LASD at San Fernando Valley sector headquarters.

**Table 7-2:
LASD Staffing Levels**

	FY04 Budget	FY05 Proposed
1 Sworn	342	359
2		
3 Civilian		
4 Fare Inspectors--		
5 Red Line	32	32
6 Gold Line	18	18
7 Green Line	-	24
8 Blue Line	-	36
9 Other--		
10 Clerical Support	46	46
11 Civilian Total	96	156
12		
13 Canines	2	2

**Table 7-3:
Operations Security Projected Expenses FY04-FY10
(Dollars in thousands)**

	Budget Amount	Change	
		Dollars	%
1 FY04 Adopted	\$57,323	-	-
2 FY05 Proposed	68,236	10,913	19.04%
3 FY06 Projected	70,044	1,808	2.65%
4 FY07 Projected	71,795	1,751	2.50%
5 FY08 Projected	73,590	1,795	2.50%
6 FY09 Projected	75,467	1,877	2.55%
7 FY10 Projected	77,391	1,924	2.55%

Notes:

FY05 Proposed Budget includes Homeland Security grant funds and increased deployment of fare inspectors and supervision on the Blue and Green lines.

Projected FY06-FY10 budget increases are based on UCLA Consumer Price Index (CPI) projections.

8. How do the support departments contribute to the 3 core missions of the MTA?
(Fasana)
See attached Table 8-1.
9. Provide a break down of the intern/as-needed budget. (Ludlow)
See attached Table 9-1.
10. Show the cost of operating bus operations before the sectors and after the sectors.
(Knabe, Fasana)
See attached Table 10-1 Activity Based Cost models for FY00 through FY05.
This report compares the cost per revenue service hour for each major activity.
11. Provide a detailed explanation of the Immediate Needs Program; the basis of the program and how it works; have any audits been conducted? Explore other options for funding the Immediate Needs Program; look at similar programs funded with Local Return funds. (Burke, Yaroslavsky, Fasana, Molina)
See Attachment 11-1: Immediate Needs Program.

**Table 8-1:
FY05 Proposed Core Business FTE Support by Department**

Department	Core Data								Total FY04	Total FY05 4-13
	Bus & Rail Operations		Major Construction		Planning Activities		Agency non allocable activi			
	FY04	FY05 4-13	FY04	FY05 4-13	FY04	FY05 4-13	FY04	FY05 4-13		
1 COUNTY COUNSEL							5.00	5.00	5.00	5.00
2 ETHICS OFFICE							6.00	6.00	6.00	6.00
3 INSPECTOR GENERAL							32.00	24.00	32.00	24.00
4 OFFICE OF BOARD SECRETARY							9.00	12.00	9.00	12.00
5 CHIEF EXECUTIVE OFFICE	0.72	0.40	0.12	0.40	0.16	0.20			1.00	1.00
6 BOARD RESEARCH SERVICES							14.00	10.00	14.00	10.00
7 COMMUNITY RELATIONS	12.90	5.90	7.40	6.00	2.50	1.40	1.20	0.70	24.00	14.00
8 DIVERSITY & ECONOMIC OPPORTUNITY	17.55	14.15	4.60	10.71	2.85	0.14			25.00	25.00
9 EXECUTIVE OFFICE, CHIEF OF STAFF	5.79	2.80	0.93	2.80	1.28	4.40	4.00		12.00	10.00
10 LABOR/EMPLOYEE RELATIONS	21.22	19.04	0.27		0.51	1.96			22.00	21.00
11 POLICY, RESEARCH & LIBRARY SERVICES (PRLS)	4.34	2.25	0.70	0.75	0.96	1.50		0.50	6.00	5.00
12 EXECUTIVE OFFICE, ADMINISTRATION	2.89	2.55	0.47	0.35	0.64	0.80		0.30	4.00	4.00
13 GENERAL SERVICES	60.76	63.90	9.80	11.76	13.44	7.84		0.50	84.00	84.00
14 HUMAN RESOURCES	40.38	38.99	4.86	4.49	6.76	3.52			52.00	47.00
15 Organizational Development and Training	9.11	5.64	1.47	1.69	2.42	1.68			13.00	9.00
16 REAL ESTATE	0.83	1.35	5.77	2.23	0.39	0.56	13.03	15.86	20.01	20.00
17 COMMUNICATION SERVICES	2.88	2.10	0.09		2.83	2.20	1.20	0.70	7.00	5.00
18 CREATIVE SERVICES	9.55	9.15	3.39	2.70	1.56	0.20	3.50	2.95	18.00	15.00
19 CUSTOMER & VENDOR SERVICES	43.00	42.00							43.00	42.00
20 CUSTOMER RELATIONS	114.50	100.00					3.00	3.00	117.50	103.00
21 EXECUTIVE OFFICE, COMMUNICATIONS	2.17	2.15	0.35		0.48	0.35	3.00	2.50	6.00	5.00
22 MARKETING/ADVERTISING	4.30	4.29			3.20	2.21	0.50	0.50	8.00	7.00
23 METRO COMMUTE SERVICES	0.15	0.15			12.85	9.85			13.00	10.00
24 PRINTING SERVICES	7.23	8.66	1.17		1.60	1.34			10.00	10.00
25 PROGRAM & SERVICE DEVELOPMENT					3.80	2.70	0.20	0.30	4.00	3.00
26 PUBLIC RELATIONS							8.00	7.00	8.00	7.00
27 SIGNAGE AND DISTRIBUTION	2.00	2.00							2.00	2.00
28 CONSTRUCTION	15.33	14.17	18.63	11.33	0.04	0.40		0.10	34.00	26.00
29 CONSTRUCTION SAFETY	1.34	0.84	5.66	4.16					7.00	5.00
30 ENGINEERING	3.50	7.06	24.46	9.55	0.04	0.35		0.05	28.00	17.01
31 EXECUTIVE OFFICE, CONST	0.23		13.72	14.00	0.05				14.00	14.00
32 PROGRAM MANAGEMENT	6.41	6.33	30.95	26.67	0.14				37.50	33.00
33 QUALITY MANAGEMENT	0.90	1.15	13.03	9.85	0.07				14.00	11.00
34 EXECUTIVE OFFICE REG TRANS PLAN & DEV	0.02		0.13		3.85	4.00			4.00	4.00
35 LONG RANGE PLANNING & COORDINATION	0.00		0.03		28.97	25.00			29.00	25.00
36 PROGRAMMING & POLICY ANALYSIS	2.07		1.09	0.40	31.85	30.60			35.00	31.00
37 TRANSP DEV & IMPLEMENT	0.02		7.08	5.10	54.90	46.90			62.00	52.00
38 MANAGEMENT AUDIT SERVICES	6.61	7.36	17.00	10.93	8.11	7.15	23.40	21.57	55.12	47.00
39 Pension & Benefit	5.79	8.00	0.93		1.28				8.00	8.00
40 Revenue	44.00	42.00							44.00	42.00
41 Treasury	4.94	4.84	0.38		0.52	0.90	7.16	7.26	13.00	13.00
42 OFFICE OF THE CFO	1.45	1.44	0.23	0.16	0.32	0.40			2.00	2.00
43 ACCOUNTING	60.06	61.82	11.24	8.50	11.40	10.95	0.30	0.73	83.00	82.00
44 RISK MANAGEMENT	37.17	38.60	1.77	0.40	1.06				40.00	39.00
45 OFFICE OF MANAGEMENT & BUDGET	15.94	15.57	2.56	1.70	3.50	3.73			22.00	21.00
46 CLIENT/VENDOR SERVICES	14.32	12.60	1.60	2.18	2.08	0.67		0.56	18.00	16.00
47 CONTRACT ADMIN - OPS/ROLLING STOCK/FSP/SRV SECT	13.23	13.93	3.23	3.07	0.32		0.23		17.02	17.00
48 CONTRACT ADMIN - PLANG/MASD/OIG/CREATIVE SRVS	2.79	0.85	1.78	1.23	5.13	6.77	0.30	1.15	10.00	10.00
49 CONTRACT ADMIN - PROF SERVICES	10.39	11.22	1.32	0.22	2.46	0.76	1.84	1.80	16.01	14.00
50 CONTRACT ADMIN-CONSTRUCTION/CP/ENVIRONMENTA	9.89	11.70	15.21	11.10	0.41	0.10		0.10	25.50	23.00
51 ESTIMATING	2.88	4.25	6.53	4.07	0.54	0.55	0.05	0.13	10.00	9.00
52 EXECUTIVE OFC, PROCUREMENT & MAT MGMT	7.81	6.85	1.56	2.30	1.62	0.81		0.30	11.00	10.25
53 MATERIEL	149.57	143.00	0.49		0.67				150.73	143.00
54 INFORMATION MANAGEMENT	41.51	37.16	4.70	2.41	4.80	4.42			51.01	44.00
55 ITS ADMINISTRATION	9.51	11.04	1.47	0.24	2.02	0.72			13.00	12.00
56 OPERATIONS AND SERVICE DELIVERY	60.74	57.19	1.49	2.63	2.77	7.18			65.00	67.00
57 SYSTEMS ARCHITECTURE AND TECHNOLOGY INTEGRA	20.90	17.89	1.71	0.28	2.39	0.83			25.00	19.00
58 BUS OPERATIONS CONTROL	73.20	73.00							73.20	73.00
59 OPERATIONS CENTRAL INSTRUCTION	125.00	96.00							125.00	96.00
60 CENTRAL MAINTENANCE	330.96	319.00	0.59						331.55	319.00
61 CONTRACT SERVICES	6.00	5.00							6.00	5.00
62 EXECUTIVE OFFICE, TRANSIT OPERATIONS	7.94	7.00	0.06						8.00	7.00
63 FACILITIES	189.90	190.99	3.68	0.90			1.20	0.10	194.78	191.99
64 FREEWAY SERVICES	9.00	8.00							9.00	8.00
65 SERVICE PLANNING AND DEVELOPMENT	89.97	82.50	0.03						90.00	82.50
66 MANPOWER-TRANSIT OPS	23.00	21.00	0.00						23.00	21.00
67 NEW TECHNOLOGY	15.99	12.20	0.01	0.30					16.00	12.50
68 VEHICLE TECHNOLOGY	22.75	20.00							22.75	20.00
69 OPERATIONS SECURITY	96.74	97.00	2.26						99.00	97.00
70 SAFETY	14.73	13.90	0.27	0.10					15.00	14.00
71 GATEWAY CITIES SERVICE SECTOR	833.42	833.00							833.42	833.00
72 SAN FERNANDO VALLEY SERVICE SECTOR	986.22	983.00							986.22	983.00
73 SAN GABRIEL VALLEY SERVICE SECTOR	949.94	948.00							949.94	948.00
74 SOUTH BAY SERVICE SECTOR	1,290.16	1,293.00							1,290.16	1,293.00
75 WEST SIDE/CENTRAL SERVICE SECTOR	1,358.11	1,364.00							1,358.11	1,364.00
76 METRO RAIL	1,100.06	1,089.47	3.95	0.53					1,104.04	1,090.00
77 Total	8,434.71	8,320.37	242.20	178.16	229.52	196.06	138.11	125.66	9,044.54	8,820.25

**Table 9-1:
FY05 Proposed Intern & As Needed Budget Detail**

	(Dollars in thousands)	FY04 Budget	FY05 Proposed	Changes (FY05-FY04)	Activities
1	As Needed	\$1,393.5	\$887.4	(\$506.1)	
2	Intern	1,562.7	1,175.9	(386.8)	
3	Total	2,956.2	2,063.3	(892.9)	
4					
5					
6					
7					
8	Department Detail				
6	ACCOUNTING	50.0	50.0	-	Temp accountant/assistant
7	CENTRAL MAINTENANCE	43.2	-	(43.2)	
8	COMMUNICATION SERVICES	88.3	88.3	-	Employee Center
9	COMMUNITY RELATIONS	155.0	75.0	(80.0)	Safety message program for Metro Rail
10	CREATIVE SERVICES	204.7	199.7	(5.0)	Metro tour training docent, vonservation technician for artworks on Metro facilities
11	DIVERSITY & ECONOMIC OPPORTUNITY	40.0	40.0	-	General administration
12	EXECUTIVE OFFICE REG TRANS PLAN & DEV	15.0	-	(15.0)	
13	EXECUTIVE OFFICE, ADMINISTRATION	-	18.6	18.6	ADA compliance support
14	EXECUTIVE OFFICE, CHIEF OF STAFF	10.0	-	(10.0)	
15	EXECUTIVE OFFICE, COMMUNICATIONS	10.0	10.0	-	General administration
16	EXECUTIVE OFFICE, TRANSIT OPERATIONS	12.0	-	(12.0)	
17	FACILITIES	(11.5)	-	11.5	
18	FREEWAY SERVICES	81.0	-	(81.0)	
19	GATEWAY CITIES SERVICE SECTOR	-	-	-	
20	GENERAL SERVICES	16.6	17.1	0.4	CAD drawings for facilities & buildings
21	HUMAN RESOURCES	92.0	117.5	25.5	Recruitment background check, Medical records, and long term leave records
22	INFORMATION & TECHNOLOGY SERVICES	545.0	145.0	(400.0)	System support, HASTUS, TOTS servers, etc.
23	LABOR/EMPLOYEE RELATIONS	15.0	15.0	-	General administration
24	LONG RANGE PLANNING & COORDINATION	84.0	56.0	(28.0)	General administration
25	MANAGEMENT AUDIT SERVICES	50.0	10.5	(39.5)	General administration
26	MARKETING/ADVERTISING	24.0	24.0	-	General administration
27	MATERIEL	7.5	-	(7.5)	
28	METRO COMMUTE SERVICES	-	24.0	24.0	Rideshare and Vanpool telephone assistance. 100% reimbursed by grant
29	METRO RAIL	60.8	-	(60.8)	
30	OFFICE OF MANAGEMENT & BUDGET	80.0	85.0	5.0	Capital piloting system and annual budget monitoring/reporting system
31	OPERATIONS CENTRAL INSTRUCTION	6.0	313.1	307.1	UTU training & instructions
32	Organizational Development and Training	127.4	119.8	(7.7)	Metro intern program, TCAP, etc
33	POLICY, RESEARCH & LIBRARY SERVICES (PRLS)	44.5	43.3	(1.2)	Part time Archivist, desk circulation
34	PROGRAM & SERVICE DEVELOPMENT	42.0	42.0	-	Metro commute & Rideshare. 100% reimbursed by grant
35	PROGRAMMING & POLICY ANALYSIS	110.0	97.0	(13.0)	Grant management, TIP & STIP database, MOU's coordination
36	PUBLIC RELATIONS	40.0	40.0	-	Employee publication writing
37	REAL ESTATE	55.0	28.1	(26.9)	Property Management system
38	SAFETY	-	-	-	
39	SAN GABRIEL VALLEY SERVICE SECTOR	12.5	12.5	-	General administration
40	SERVICE PLANNING AND DEVELOPMENT	535.6	170.0	(365.6)	Consent Decree monitoring
41	SOUTH BAY SERVICE SECTOR	16.0	-	(16.0)	
42	TRANSP DEV & IMPLEMENT	276.0	222.0	(54.0)	Records keeping for Call for Project, Streets & Highway, LRTP, etc
43	WEST SIDE/CENTRAL SERVICE SECTOR	18.7	-	(18.7)	
44	Grand Total	\$2,956.2	\$2,063.3	(\$892.9)	

**Table 10-1:
Activity Based Cost models for FY00 through FY05**

		BUS \$/RSH					
		FY00	FY01	FY02	FY03	FY04	FY05
ACTIVITIES		Actual	Actual	Actual	Actual	Budget	Proposed
1	TRANSPORTATION (300011)						
2	UTU WAGES & BENEFITS	\$ 35.50	\$ 35.92	\$ 36.81	\$ 37.45	\$ 37.27	\$ 38.58
3	SERVICES	-	0	0	0	0	0
4	DIVISION MGT & ADMIN	1.63	1.73	1.68	2.46	2.47	2.56
5	TRAINING	0.69	0.66	0.64	0.63	0.83	0.64
6	CONTROL CENTER	1.03	1.09	1.08	1.00	0.91	0.88
7	SCHEDULING AND PLANNING	0.54	0.40	0.33	0.28	0.26	0.27
8	UNIFORMS	0.14	0.15	0.15	-	-	-
9	DEO	0.27	0.20	0.28	-	-	-
10	SUB-TOTAL	39.80	40.15	40.97	41.82	41.73	42.93
11							
12	MAINTENANCE						
13	DIVISION MAINTENANCE						
14	SERVICE ATTENDANT	2.76	2.86	3.11	3.40	3.55	3.43
15	MECHANIC	7.82	7.83	8.42	9.33	8.91	9.71
16	FUEL	3.19	4.82	3.19	4.24	3.88	4.69
17	TIRES	0.59	0.58	0.78	0.54	0.67	0.69
18	MATERIALS & SUPPLIES	4.72	4.64	4.61	4.44	5.56	5.73
19	SERVICES	-	0.00	0.00	0.00	0.01	0.01
20	DIVISION MGT & ADMIN	1.29	1.36	1.37	2.37	1.59	1.62
21	UNIFORMS	0.15	0.16	0.17	-	-	-
22	SUB-TOTAL	20.50	22.27	21.65	24.33	24.18	25.88
23							
24	INVENTORY/REVENUE MAINTENANCE						
25	INVENTORY MANAGEMENT	0.53	0.39	0.98	0.36	0.28	0.29
26	LOGISTICS	1.33	0.98	1.07	0.68	0.60	0.62
27	REVENUE ADMINISTRATION	2.73	2.02	2.07	1.88	2.06	1.88
28	SUB-TOTAL	4.59	3.40	4.12	2.92	2.95	2.79
29							
30	RRC REGULAR MAINTENANCE						
31	ATU	0.65	0.79	0.92	1.15	0.69	0.69
32	MATERIALS & SUPPLIES	0.52	0.64	0.46	0.48	0.28	(0.38)
33	RRC MGT & ADMIN	0.24	0.33	0.34	0.24	0.22	0.19
34	SUB-TOTAL	1.41	1.76	1.72	1.86	1.19	0.50
35							
36	RRC PREVENTATIVE MAINTENANCE						
37	POWER PLANT ASSEMBLY	2.75	2.02	1.81	1.95	1.32	1.01
38	ACCIDENT REPAIR	0.27	0.08	0.08	0.09	0.11	0.24
39	ETHANOL CONVERSION	0.50	-	-	-	-	-
40	WHEELCHAIR LIFTS	0.32	0.37	0.06	0.01	-	-
41	PAINTING	0.50	0.31	0.36	0.19	0.39	0.13
42	WINDOWS	0.23	0.10	0.10	0.03	0.00	-
43	RRC MGT & ADMIN	-	0.04	0.04	0.12	0.06	0.06
44	SUB-TOTAL	4.58	2.92	2.45	2.39	1.89	1.44
45							
46	OTHER MAINTENANCE						
47	MAINTENANCE SUPPORT	0.18	0.59	0.50	1.78	1.26	0.44
48	NON-REVENUE VEHICLES	0.61	0.45	0.45	0.44	0.56	0.52
49	FACILITIES MAINTENANCE	1.97	2.54	2.72	2.57	3.20	3.30
50	TRAINING	0.19	0.19	0.19	0.05	0.22	0.22
51	DEO	0.27	0.20	0.16	-	-	-
52	SUB-TOTAL	3.23	3.97	4.01	4.77	5.23	4.48
53							
54	SUB-TOTAL MAINTENANCE	34.30	34.31	33.94	36.26	35.43	35.10
55							

**Table 10-1:
Activity Based Cost models for FY00 through FY05**

		BUS \$/RSH					
		FY00	FY01	FY02	FY03	FY04	FY05
ACTIVITIES		Actual	Actual	Actual	Actual	Budget	Proposed
56	OTHER OPERATING COSTS						
57	TRANSIT SECURITY	3.15	4.35	3.94	3.76	2.41	2.55
58	SAFETY	0.38	0.28	0.36	0.08	0.21	0.25
59	CASUALTY & LIABILITY	4.12	4.74	4.52	4.05	4.78	4.98
60	WORKERS' COMP	5.94	5.83	7.65	7.28	7.31	6.90
61	TRANSITIONAL DUTY PROGRAM	0.35	0.36	0.43	0.32	0.30	0.29
62	SERVICE DEVELOPMENT	1.25	0.65	0.90	0.34	0.17	0.48
63	GENERAL MANAGERS	-	-	-	2.12	1.40	1.78
64	OTHER METRO OPERATIONS	-	2.12	2.01	1.69	2.18	2.19
66	GATEWAY BUILDING COSTS	-	-	-	1.56	1.26	1.32
67	COPY SERVICES	-	-	-	0.30	0.16	0.22
68	CUSTOMER INFORMATION	-	-	-	0.69	0.69	0.71
69	LABOR RELATIONS	-	-	-	0.01	0.03	0.05
70	OTHER LEASES	-	-	-	0.08	0.16	0.16
71	EMPLOYEE SUBSIDIES & FRINGE	-	-	-	0.17	0.01	0.02
72	OTHER	3.99	0.02	0.01	-	-	-
73	SUB-TOTAL	19.19	18.36	19.81	22.44	21.10	21.91
74							
75	SUPPORT DEPARTMENT COSTS						
76	BOARD OVERSIGHT	0.01	0.01	0.02	0.09	0.01	0.09
77	CEO/COS	0.47	0.45	0.46	0.71	0.68	0.32
78	MASD	0.20	0.19	0.12	0.11	0.09	0.03
79	OTHER PROCUREMENT	0.56	0.53	0.65	0.73	0.67	0.79
80	COMMUNICATIONS	0.23	0.22	0.82	0.40	0.23	0.32
81	OTHER FINANCE	1.70	1.62	1.94	0.56	0.95	0.73
82	PLANNING	-	-	0.29	0.01	-	-
83	HUMAN RESOURCES	0.61	0.58	0.83	0.85	0.62	0.53
84	ITS	-	-	-	1.30	1.74	1.88
85	ADMINISTRATION	2.68	2.55	2.30	0.57	1.06	1.40
86	ENGINEERING & CONSTRUCTION	0.14	0.13	0.08	0.03	-	-
87	SUB-TOTAL	6.60	6.27	7.51	5.36	6.05	6.09
88							
89	TOTAL MTA OPERATED	99.89	99.10	102.23	105.88	104.31	106.02
90							
91	PURCHASED TRANSPORTATION						
92	CONTRACTED SERVICE	61.62	50.11	41.36	45.60	54.20	48.16
93	SECURITY	-	4.33	3.94	3.76	2.43	2.55
94	ADMINISTRATION	-	0.74	0.31	0.81	0.70	3.35
95	SUB-TOTAL	61.62	55.19	45.61	50.17	57.33	54.07
96							
97	TARGET ADJUSTMENT	0	0	0	0	0	0
98							
99	TOTAL EXCLUDING DEBT	\$ 97.20	\$ 95.93	\$ 97.44	\$ 101.24	\$ 101.31	\$ 102.69
100							
101	ENTERPRISE FUND DEBT						
102	INTEREST (610709)	1.93	2.39	1.23	1.04	0	0
103	ADMINISTRATION (300076)	0	0.07	0.08	0.10	0	0
104	SUB-TOTAL	1.93	2.46	1.31	1.14	0	0
105							
106	EF FUNDED BUS TOTAL	\$ 99.13	\$ 98.39	\$ 98.75	\$ 102.38	\$ 101.31	\$ 102.69
107	% INCREASE	-	-0.7%	0.4%	3.7%	-1.0%	1.4%

Attachment 11-1: IMMEDIATE NEEDS PROGRAM

Introduction

The Immediate Needs Program (INTP) was initiated in February 1993 to provide subsidized taxi service for those who have an immediate transportation need that other modes of transportation cannot meet. To administer the program, MTA has awarded formal contracts with two non-profit agencies (called administrators) – the First African Methodist Episcopal Church (FAME) and the International Institute of Los Angeles (IILA). MTA staff, within the Countywide Planning and Development division, is responsible for oversight of the INTP.

The INTP serves the entire county, with FAME and IILA each responsible for administering the program within an assigned geographic area of Los Angeles County. Each administrator works through over 400 non-profit agencies to distribute taxi vouchers with a face value of \$7, variable taxi vouchers, and bus tokens to eligible individuals. INTP has a broad eligibility requirement and provides vouchers and tokens for a wide-range of trip purposes. More than 300 of the non-profit agencies involved with INTP are within the City of Los Angeles and the others are located in the cities of Long Beach, Inglewood, Lancaster, Pasadena, Glendale, El Monte, Compton, Pomona and in the unincorporated areas of the County. Many of the cities and the county also have programs providing some type of transportation subsidy that are limited to residents of the jurisdiction and often have other limitations (most often, age and/or disability, and trip destinations).

Program Funding and Costs

Since the first full year of the program, MTA has funded the program at \$5 million annually. Since FY94, MTA has authorized each of the two administrators to spend \$2.5 million annually for the INTP. The \$2.5 million is comprised of the pass-through subsidy distributions (e.g., taxi vouchers, bus tokens, etc.) and administrative costs incurred by FAME and IILA. Up through FY96, the administrative cost limit for each administrator was \$375,000 or 15% of the total \$2.5 million. In FY97, the administrative cost limit was increased to \$437,500 or 17.5% of the total program costs. In FY99, the administrative cost limit was raised again to \$500,000 or 20%. The total number of trips provided under the program has increased from less than 500,000 in FY96 to more than 1.2 million in FY03.

Audits and Reviews Completed

Internal Audit

Two reports were issued in 1994; one report dealt with FAME and the other report with IILA. These reports found deficiencies concerning controls over vouchers and taxi company's billings and administrative costs incurred by the two administrators.

Office of the Inspector General (OIG)

The OIG completed a review of the INTP on November 1, 2000. The report made the following findings:

1. Prior audit findings were resolved
2. The two Administrators were generally following operating procedures.
3. MTA oversight of the program needs improvement
4. MTA operating procedure was not up-to-date
5. Increased oversight of administrative costs is needed
6. Allocation of administrative costs needed to be updated
7. Total program costs were exceeded

All issues identified in the audit have been resolved.

Management Audit Services

MASD completed an audit of INTP in September 2001. Countywide Planning requested this audit in response to the recommendation by OIG that periodic audits be completed. The report made the following findings:

1. Lack of written policies and procedures for oversight of the INTP by Countywide Planning and Development department.
2. MTA has not updated the INTP operating manual.
3. FAME is unable to furnish the MTA with its basis for allocating indirect costs to the INTP.

As a result of the audit, written oversight policies were prepared, the operating manual was updated, and FAME provided the requested information to the satisfaction of the MASD auditor.

Countywide Planning and Development (CP&D)

CP&D has completed two reports on the status of the INTP. Both studies were completed by Nelson/Nygaard Consulting Associates. The first report is titled the Existing Conditions Report and was completed in February 2001. The second report is titled the Strategic Business Plan and was completed in June 2001. These two reports recommended changes to the program to improve the efficiency and effectiveness of the program to allow it to continue to serve emerging needs.

Duplicative Programs

Research conducted by Programming and Policy Analysis in April 2004 indicates that 51 of the total 89 jurisdictions use Local Return funds for User Subsidy or Subsidized Taxi Services programs. These programs are budgeted at approximately \$13.5 million annually, are limited to residents of each city, and often have trip-purpose and destination limitations.

The City of Los Angeles budgets \$6.3 million annually for the CityRide Program to provide transportation and transportation subsidies to seniors and persons with disabilities within LA. Additionally, the County of Los Angeles budgets \$3.9 million each year for its user subsidy program.

In 2001, Nelson/Nygaard recommended that the INTP minimize duplication with other programs, specifically citing “three programs that have substantial overlap with INTP: Calworks, Shelter Partnership and Ryan White funding.” The Ryan White funding program is provided through the County of Los Angeles Department of Health Services. From March 2003 to February 2004, this program provided \$1.2 million in transportation subsidies to its clients (this amount is above the \$3.9 million budgeted by the County of Los Angeles).

Alternative Funding Sources

One alternative fund source for the Immediate Needs program would be for the City of Los Angeles to allocate additional Local Return funds for this use. As stated previously, the city provides \$6.3 million annually for a transportation subsidy program. If FAME and IILA could determine the amount of INTP that provides service to city residents, the city could use reserved Local Return funds to make up the funding shortfall. The current unused fund balance for the City of Los Angeles Local Return funds is approximately \$131 million.

Another alternative fund source would be for the MTA to program unused “Incentive Program” (Proposition A Discretionary) funds for this use. The Incentive Program was created by the MTA in 1987-88 to fund coordinated paratransit and transit services provided by the smaller cities of Los Angeles County. It is also used to provide funding to the operators of these services so that they may keep and report on federal National Transit Database (NTD) operating statistics. The NTD statistics are used to help support the amount of federal formula funding that Los Angeles County receives for transit (Section 5307 Urban Formula and Section 5309 Fixed Guideway Modernization). The Incentive Program is currently spending approximately \$11 million per year, leaving an unused fund balance of Proposition A Incentive funds of \$18.2 million that could be programmed to fund some or all of the INTP.

Another Board approved discretionary program with a current unspent fund balance is the Municipal Operator Service Improvement Program (MOSIP). MOSIP was created in 1999 to provide the Municipal Operators with funds to alleviate overcrowding on their transit systems. There is currently an unspent fund balance of MOSIP funds (Proposition C 40% Discretionary funds) of approximately \$25 million. The Municipal Operators are scheduled to receive an additional \$17 million in FY05.

The above options for policy changes to programming funds require approval by the Board of Directors. The funding options identified in this Board report are also eligible and recommended sources of funding for the added consent decree service that MTA must implement in FY05. The consent decree recommendation will be presented to the

MTA Board for action in May. Past practice has also been to present such programming modifications to the Board Subcommittees, in this case, LTSS, BOS, and TAC for their review.