

ADOPTED BUDGET

FY2007

July 1, 2006 – June 30, 2007



Metro

FY07 Budget



Los Angeles County Metropolitan Transportation Authority
Office of Management and Budget
One Gateway Plaza
Los Angeles, CA 90012-2952

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I. Description of Metro and Strategic Plan

Message from the Chief Executive Officer

In FY 2007, Metro has once again produced a budget that will offer the citizens of Los Angeles new ways to beat traffic and the high price of gas. In spite of extreme financial constraints, this resilient agency will push forward on service improvements and major transit projects.

The adopted \$3.012 billion budget includes increased funding for local transportation projects to the 88 cities and county of Los Angeles, increased bus and rail service, and increased capital improvements for major construction projects.

Metro fares will stay the same for another year--good news for our customers and would-be transit users who can save between \$300 and \$3,000 a year riding Metro instead of commuting solo in their cars. In the coming year, there will be even more transit options as outlined below.

Metro will increase bus service by 96,000 operating hours next year for a total of 7.8 million Metro Bus and Metro Orange Line revenue service hours. The transit agency will receive and put into service an additional 94 high-capacity articulated buses that are 60-feet long compared to standard 40-foot buses. These buses will be deployed on Van Nuys Boulevard Metro Rapid Line 761 (Van Nuys Boulevard/UCLA/Westwood) and other busy bus lines. Seven new Metro Rapid Lines will debut:

- Long Beach Boulevard and Pacific Avenue
- Reseda Boulevard
- San Fernando Road and Lankershim Boulevard
- Santa Monica Boulevard
- Central Avenue between downtown Los Angeles and the Metro Blue and Green rail lines
- Pico Boulevard (operated by Santa Monica's Big Blue Bus)
- Atlantic and Fair Oaks Boulevards

This will bring the Metro Rapid total to 22 lines with six more scheduled for operation in FY08.

Metro will continue to improve security for all transit riders by installing cameras at all bus yards and at the Gateway Transit Center.

Nearly 275,000 riders board Metro Rail trains each weekday. Metro Rail ridership is up more than 10% in the past year and this budget assumes continued growth. In FY07, Metro will increase rail service by 36,000 hours and will receive and deploy 19 new light rail train cars.

A six-mile extension of the Metro Gold Line from downtown Union Station to East Los Angeles is under construction and is expected to open in late 2009. Construction of the Exposition Light Rail line from downtown Los Angeles to Culver City will begin this summer. That segment will span 8.5 miles and open in 2010. Eventually, a second phase will extend the line to Santa Monica.

While public transit is gaining more riders, most Metro customers use Los Angeles County's extensive highway and road system for their daily travels. In FY07, Metro will fund a variety of highway and other regional transportation programs such as construction of freeway carpool lanes, freeway sound walls, street widening, better traffic signal coordination, grade separations at railroad crossings, bikeways, ride-sharing incentives, shuttles, and other transportation programs. The budget also includes funding for the Metro Freeway Service Patrol to help stranded motorists.

Some of the major highway projects that will be under construction in FY07 include the following:

- Interstate 405/US 101 interchange connector gap closure (northbound 405 to eastbound 101).
- Interstate 405 northbound carpool lane Ventura Boulevard to Burbank Boulevard.
- Interstate 5 Carmenita interchange improvements.
- Interstate 5 carpool lane from Route 118 to 170 and from Route 170 to 134.
- Route 14 carpool lanes in both directions from Pearblossom to Avenue P-8.
- Interstate 5 carpool lanes in both directions from Route 14 to Route 118.
- Interstate 405 carpool lanes from Route 90 to Interstate 10.
- Interstate 405 southbound carpool auxiliary lane from Waterford Street to Interstate 10.
- US 101 realign freeway and ramps at Center Street .
- Route 60 carpool lanes both directions from Interstate 605 to Brea Canyon Road.

To provide for this ambitious program of improvements, Metro had to make difficult choices and reduce costs in many areas. The agency cut administrative expenditures such as office supplies, travel and training expenses, and professional services by 11%. Seventeen positions were eliminated and numerous capital projects were downscoped to reduce cash flow requirements during the year. The agency continues to rein in workers compensation costs and reduced the property insurance coverage.

Because costs are increasing faster than revenues, the agency faces the persistent challenge of increasing revenues to continue to meet the growing transit needs of the citizens of Los Angeles. In the upcoming months, Metro will seek new ways to generate more revenues from advertising, property development along our rail lines and through our new automated fare system.

Despite its fiscal challenges, Metro has a unique opportunity with high gas prices to get more people out of their cars and into buses, trains, carpools, and vanpools by offering better service and more commuting options. Our goal is to seize that opportunity and then create even more opportunities to improve mobility.

Sincerely,



Roger Snoble

Metro Profile

Formed in 1993, the Los Angeles County Metropolitan Transportation Authority (LACMTA), or Metro, serves as transportation planner and coordinator, designer, builder, and operator of the public transportation system for the region. Included among Metro's primary responsibilities to Los Angeles are the following:

- Operate the second largest bus system in the United States, providing over 94 million vehicle service miles annually with an average of 1.2 million boardings per weekday.
- Operate three light rail lines and one heavy rail line with over 275,000 boardings per weekday.
- Administer and distribute transportation funds for all Los Angeles County transit providers.
- Develop and construct Rapid Bus lines and fixed guideways for buses and multi-passenger vehicles.
- Construct new light and heavy rail lines.
- Provide highway construction funding and traffic flow management.
- Promote the use of public transit services and rideshare programs.

Metro headquarters and the Gateway Transit Center are located adjacent to historic Union Station. The Gateway Transit Center links Los Angeles County with neighboring counties by providing easy connections for commuters to Metro Bus and Rail, Metrolink and Amtrak.

A Board of Directors governs the LACMTA. With 13 voting members and one non-voting member, the Board of Directors is appointed as follows:

- Five members of the Los Angeles County Board of Supervisors.
- The Mayor of the City of Los Angeles and 3 appointees.
- Four members appointed by the Los Angeles County City Selection Committee.
- One non-voting member appointed by the Governor.

Though legally separate entities, the LACMTA's "blended component" units are, in substance, part of Metro's operations and are included as part of Metro's financial reporting. Accordingly, the activities of the Public Transportation Services Corporation (PTSC), the PTSC-MTA Risk Management Authority (PRMA), Service Authority for Freeway Emergencies (SAFE), two Benefit Assessment Districts (BAD), Exposition Metro Line Construction Authority (Expo), and the Advanced Technology Vehicle Consortium (ATVC) are also included in the annual budget presentation that follows.

The annual budget and additional information about the organization, programs, and services at Metro can be found on its website at metro.net.

Demographics

Los Angeles County contains 88 incorporated cities, covers 4,752 square miles, and had a 2005 population of 10,223,100. California is the nation's most populous state and 28% of the state's population lives in Los Angeles County. The County's population would make it equivalent to the eighth largest state in the nation, just behind Ohio.

A quick demographic profile of Los Angeles County from the 2000 Census shows the following: 44.6% of the population is Hispanic, 31.1% is White non-Hispanic, 12.0% is Asian-Pacific Islander, and 9.5% is Black. According to the 2000 Census, 70% of the population has a high school diploma or more, while 25% has a bachelor's degree or more. Residents of Los Angeles County include people from 140 countries. The County has the largest populations of Mexicans, Armenians, Koreans, Filipinos, Salvadorans, and Guatemalans outside of their respective countries.

Most of the workers in the County (85.6%) use autos or motorcycles to commute to their jobs while 6.6% take public transportation (vs. 4.7% for the U.S. as a whole). The remaining 7.8% walk or work at home.

Education

Higher and specialized education is a strength of Los Angeles County with 198 college and university campuses. These range from California Institute of Technology, the Claremont Colleges, UCLA, and USC, to specialized institutions such as the California Institute for the Arts, the Art Center College of Design, the Fashion Institute of Design and Merchandising, and the Otis Art Institute. Medical education is also a strong point with two medical schools, two dental schools, and two eye institutes, as well as specialized research and treatment facilities such as the City of Hope.

Economy

The gross product of Los Angeles County in 2005 was \$424.1 billion, which would make it the **17th largest national economy in the world** if the County were a country. Using 2005 average employment as a measure, Los Angeles County has a diverse economic base and is the **largest major manufacturing center in the U.S.**, with 470,400 workers in this activity in 2005. The largest manufacturing components are:

1. Apparel with 61,500 jobs, computer and electronic products with 60,500 jobs
2. Transportation products with 51,900 jobs
3. Fabricated metal products with 48,200 jobs
4. Food products with 43,400 jobs
5. Furniture with 25,500 jobs

Other leading industries in Los Angeles County are:

1. Direct international trade with 290,300 jobs
2. Tourism with 263,600 jobs
3. Motion Picture/TV production with 241,100 jobs
4. Technology with 207,300 jobs
5. Business and professional services with 165,200 jobs

The “new economy” of Los Angeles County often is technology-driven, and includes bio-medicine, digital information technology, multimedia, and advanced transportation technology. This reflects the vibrant technological research capabilities of the County and its creative resources and the growing fusion between technology and creativity.

International trade is a major component of the area's economy. The Los Angeles Customs District (including the ports of Long Beach and Los Angeles, Port Hueneme, and Los Angeles International Airport) is the nation's largest, based on value of two-way trade. In 2005, this totaled \$293.9 billion, compared with \$267.5 billion for second place New York. Major investments are being made in port and transportation facilities and there are also three foreign trade zone designations.

Transportation service in Los Angeles County is extensive. In addition to the ports and airports noted above, there are three other commercial airports: Bob Hope Airport in Burbank, Palmdale Regional Airport, and Long Beach Airport. Besides the extensive freeway system, there is an array of mass transit options including various bus operators, Amtrak, Metrolink (commuter rail), and Metro Rail (subway & light rail). Rail freight service is provided by Burlington Northern Santa Fe and the Union Pacific.

Outlook

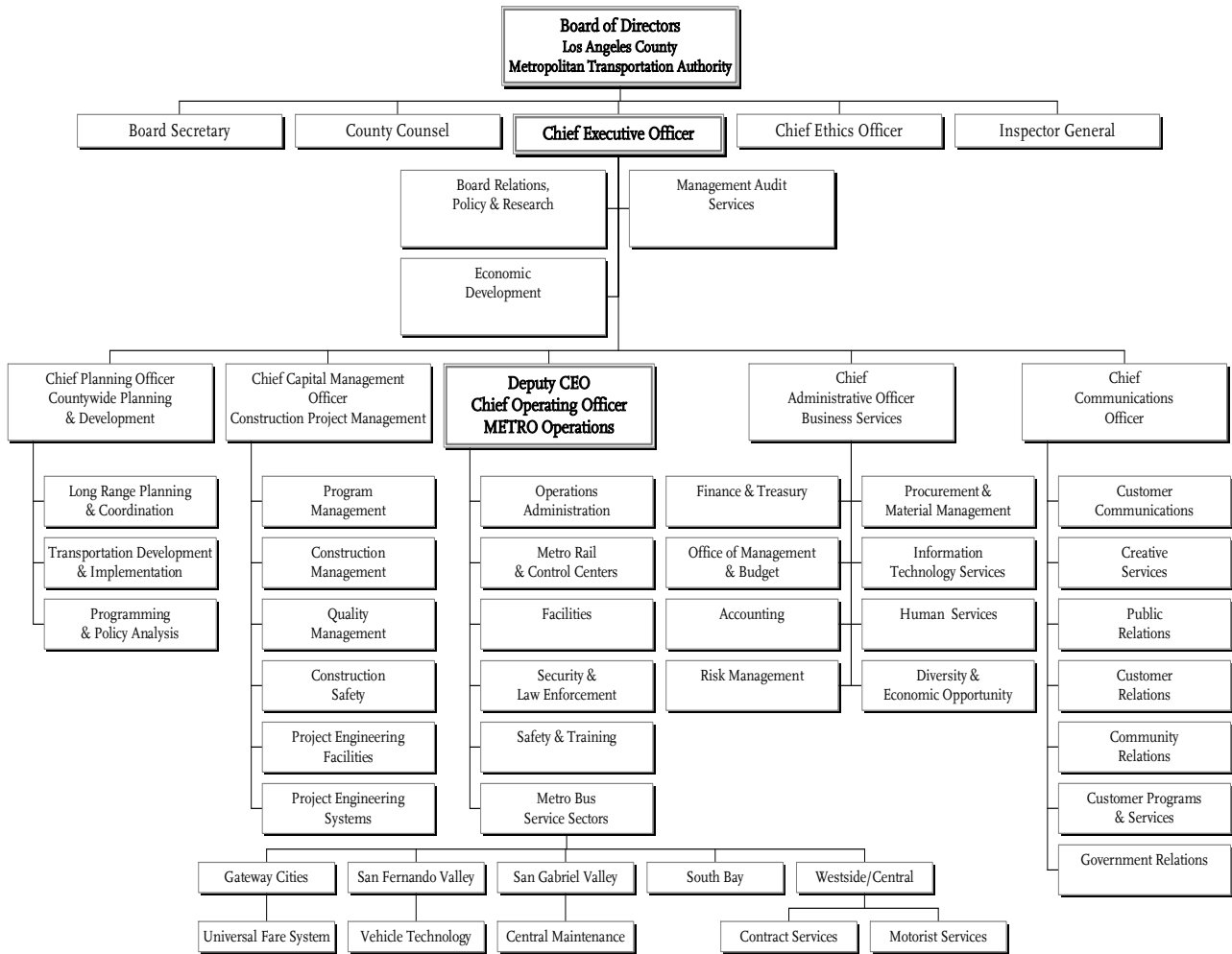
According to the LA County Economic Forecast, the economy is expected to continue growing. The County's unemployment rate is expected to drop to

5.3% in 2006, while taxable retail sales in the County in 2006 will increase 8.5%. Regional industries with favorable outlooks for 2006 include aerospace/high technology, international trade, professional business services, and tourism and travel. A variety of major construction projects currently underway will total over \$32 billion.

Challenges for Los Angeles County include businesses moving out of the area, constrained land availability and usage, and a lack of affordable housing. The motion picture and TV production industry continues to see business model changes and possible labor strife over the next few years, while the retail industry has excess capacity in the face of changing buying patterns that could result in retail mergers/acquisitions and downsizings.

Traffic congestion has long been an acknowledged problem and has become a more prominent issue. Los Angeles County presently has 7,514,243 registered vehicles and 5,870,041 registered driver licenses. Metro has been fully engaged in addressing that issue. The proposed state infrastructure bond currently has \$1.1 billion earmarked for transportation projects in Los Angeles County.

LACMTA Organization Chart



LACMTA Board of Directors



Antonio Villaraigosa

LACMTA, Chairman of the Board
Mayor,
City of Los Angeles

Mr. Villaraigosa was elected Mayor of the City of Los Angeles in 2005. He was previously elected to the Los Angeles City Council in March 2003, representing the 14th Council District. In August 2003, Mayor Jim Hahn appointed Mr. Villaraigosa to the LACMTA Board of Directors, where he was a member of the Construction Committee. Prior to his election to the L.A. City Council, Mr. Villaraigosa served in the California State Assembly, to which he was elected in 1994. As a freshman representative he was elected Democratic Whip and two years later became Majority Leader. In 1998, he was elected Speaker of the Assembly. Mr. Villaraigosa has sponsored legislation on school funding, park funding, and water conservation, and negotiated a major transportation funding package.



Gloria Molina

Board 1st Vice Chair
LA County Supervisor
1st Supervisorial District

Ms. Molina is the Chairwoman of the LA County Board of Supervisors representing the First District. Ms. Molina was first elected to this office in March 1991 and re-elected in 1994, 1998, and 2002. Prior to her election to the Board of Supervisors, Ms. Molina served as State Assemblywoman for the 56th District from 1982 to 1987. In 1987, she was elected to the LA City Council, where she represented the First District until 1991. Before her election to public office, Ms. Molina served in the Carter White House and subsequently in the San Francisco Department of Health and Human Services. Ms. Molina remains active in community issues through her memberships with numerous civil rights organizations. Ms. Molina attended East L.A. College and Rio Hondo College.



Pam O'Connor

Board 2nd Vice Chair
Mayor
City of Santa Monica

Ms. O'Connor has served on the Santa Monica City Council since 1994 and has served three terms as mayor. She is a member of the SCAG Regional Council and is on the Board of Directors of the Local Government Commission. She also serves on committees for the League of California Cities and the National League of Cities. Ms. O'Connor works as a private consultant, specializing in historic preservation. She has worked throughout Southern California on projects, including the rehabilitation of Los Angeles' City Hall and on numerous buildings at UCLA and USC. Ms. O'Connor earned a B.S. degree in journalism from Southern Illinois University and holds masters' degrees in historic preservation planning and in technology management from Eastern Michigan University.



Michael Antonovich
LA County Supervisor
5th Supervisorial District

Mr. Antonovich is a member of the Los Angeles County Board of Supervisors and represents the Fifth Supervisorial District, having been reelected to his seventh four-year term in 2004. From 1972 to 1978, he served as a member of the California State Assembly. He also served as a member of the Board of Trustees of the Los Angeles Community College District from 1968 to 1973. Mr. Antonovich has held teaching positions with the Los Angeles School District and Pepperdine University. He holds a bachelor of arts degree and master's degree from California State University, Los Angeles.



Yvonne Brathwaite Burke
LA County Supervisor
2nd Supervisorial District

Mrs. Burke is the Los Angeles County Supervisor for the Second Supervisorial District, having been elected in 1992 and reelected in 1996, 2000, and 2004. Mrs. Burke served as a member of Congress from 1972 to 1978, and as a State Assemblywoman from 1966 to 1972. She has served on numerous boards, including the University of California Board of Regents, the Board of Trustees of the Amateur Athletic Foundation (formerly the Los Angeles Olympic Organizing Committee), and Chair of the Los Angeles branch of the Federal Reserve Bank of San Francisco. Mrs. Burke received a B.A. degree in political science from the University of California, Los Angeles, and a J.D. from the University of Southern California School of Law.



John Fasana
City Council Member
City of Duarte

Mr. Fasana has served on the Duarte City Council since 1987, and served as Mayor in 1990, 1997, and 2004. Mr. Fasana has represented 30 San Gabriel Valley cities on the LACMTA Board since its inception in 1993. Mr. Fasana serves as Chair of the San Gabriel Valley Council of Governments Transportation Committee, and represents seven cities on the Foothill Transit Executive Board. Mr. Fasana has worked 25 years with Southern California Edison and is a graduate of Whittier College with a bachelor of arts degree in business administration.



David Fleming
Lawyer, Latham & Watkins
City of Los Angeles
Mayor Appointee

Mr. Fleming initiated charter reform in the City of Los Angeles. In 1997, he and Mayor Riordan co-chaired a voters' initiative to reform LA City government, culminating in the creation of a citizens' Charter Reform Commission which drafted the new charter that was adopted in 1999. In 2003, he was appointed a trustee of the James Madison Foundation by President George W. Bush. Fleming is currently the 1st Vice Chair of the LA Area Chamber of Commerce. He is a past chairman of the LA Economic Development Corporation, a past Vice-Chairman of the CTC, a former commissioner on the LA City Ethics Commission and a former President of the LA City Board of Fire Commissioners. Mr. Fleming graduated from UCLA Law School and is a member of the California State Bar.



Richard Katz
Past member, CA State Assembly
City of Los Angeles
Mayor Appointee

From 2001- 2006, Mr. Katz served on the State Water Resources Control Board. He served Governor Davis as his Senior Advisor on Energy and Water and led negotiations on the landmark Colorado River Agreement with the Federal Government, California Water Agencies, and the six other states. Mr. Katz served 16 years in the State Legislature beginning in 1980 including a term as the Democratic Leader. For 10 years, Mr. Katz Chaired the Assembly Transportation Committee. He authored Proposition 111 to raise money for mass transit/highways and created the Congestion Management Plan, requiring cities/counties to mitigate land use decisions. Mr. Katz now owns a private consulting practice.



Don Knabe
LA County Supervisor
4th Supervisorial District

Mr. Knabe is a member of the Los Angeles County Board of Supervisors representing the Fourth District. Mr. Knabe was first elected to the Board in 1996 and reelected in 2000 and 2004. He is a White House appointee to the State and Local Elected Officials Senior Advisory Committee to the President's Homeland Security Advisory Council on Homeland Security. Mr. Knabe is a former Mayor and Councilman of the City of Cerritos and former Chief of Staff to County Supervisor Deane Dana. Mr. Knabe holds a bachelor's degree in business administration from Graceland College in Lamoni, Iowa.



Bonnie Lowenthal
City Council Member
City of Long Beach

Ms. Lowenthal was elected to represent the First District of the City of Long Beach in 2001. She previously served two terms on the Unified Board of Education and currently chairs the Housing Authority and the Housing and Neighborhoods Committee. Ms. Lowenthal is Vice Chair of the Public Safety Committee and serves on the Transportation and Communications Committee as well as the Goods Movement Task Force of the Southern California Association of Governments (SCAG). She is a representative on the Gateway Cities Council of Governments (COG) where she chairs the Transportation Committee and is a former chair of the Gateway MTA Governance Council. Ms. Lowenthal holds a BS from the University of Wisconsin and an MS in Community and Clinical Psychology from CSULB.



Ara Najarian
City Council Member
City of Glendale

Mr. Najarian was elected to the Glendale City Council in April of 2005. Before being elected to the city council, he was an elected member of the Glendale Community College Board of Trustees. He served 7 years on the Glendale Transportation and Parking Commission and served two of those years as Chairman. Mr. Najarian is currently Vice Chair of the Glendale Redevelopment Agency and is the Past Chair of the Glendale Housing Authority. Mr. Najarian has been an attorney in private practice for 20 years. He attended Occidental College where he received a BA in Economics and later earned his JD from USC School of Law.



Bernard Parks
City Council Member
City of Los Angeles

Mr. Parks is a first term LA City Councilmember for the Eighth Council District. He is Chair of the Budget and Finance Committee and Vice-President of the Coliseum Commission. Councilmember Parks also sits on the Public Safety Committee, the Claims Board, the Housing and Community and Economic Development Committee, the Board of Referred Powers and the Transportation Committee where he serves as Vice Chair. Mr. Parks spent 38 years as a police officer and became Chief of Police in 1997. As Police Chief, Mr. Parks implemented an Officer Accountability Policy. Mr. Parks received his BS degree from Pepperdine University and his MS in Public Administration from the University of Southern California.



Zev Yaroslavsky
LA County Supervisor
3rd Supervisorial District

Mr. Yaroslavsky, a past chairman of the LACMTA Board, is a member of the Los Angeles County Board of Supervisors representing the Third Supervisorial District, having been elected to this office in November 1994. Mr. Yaroslavsky served as a member of the Los Angeles City Council between 1975 and 1994. The Los Angeles native earned his bachelor's degree in history and economics from UCLA in 1971 and a master's degree in history in 1972.



Douglas Failing
Ex-officio Member
Appointed by Governor

As a District Director of the California Department of Transportation, Mr. Failing is responsible for the day-to-day operation of the nearly 2,600 Caltrans employees serving District 7, which includes Los Angeles and Ventura Counties. Prior to his appointment in June 2002, he served as District 7's Chief Deputy District Director. Mr. Failing has also represented Caltrans on the Alameda Corridor Transportation Authority Governing Board. Mr. Failing is a Registered Civil Engineer in the State of California and was an Executive Board member of the Institute for the Advancement of Engineering (IAE) and past president of the IAE – College of Fellows. Mr. Failing earned his bachelor of science degree in civil engineering from Michigan Technological University.

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Strategic Planning Process Update

In the updated FY07 Strategic Plan, the CEO assigned Chief Officers to be key owners for each of the five strategic goals. Each goal team worked with Metro's Organizational Development & Training (OD&T) Department to execute their strategic planning goals, objectives, and strategies. Each strategic goal has one or more objectives, defined by one or more implementation strategies, which have been aligned to a series of recommended action steps intended to improve overall operational performance.

In July of 2004, the Executive Management Team reaffirmed their commitment to continuous improvement of an efficient and effective transportation system for Los Angeles County. In addition, the goal teams agreed to report their individual team(s) accomplishments to the CEO on a monthly basis. These monthly meetings were entitled Strategic Planning Working Group sessions and offered the Executive Management Team an opportunity to hear first-hand the team's accomplishments, challenges and opportunities. More importantly, the goal teams were tasked with working in an open and collaborative manner in order to work better together as a cross-functional and integrated team.

The updated FY07 Metro Strategic Performance Plan will continue to be used

as the basis for agency-wide direction, decisions and activities. The strategic plan is a "living document", which means it is an "evolving plan" and not a rigid or fixed document. Each strategic goal has an established outcome or key performance indicator and performance measures that have been aligned to key management owners and team support partners for improved management accountability, productivity, and organizational performance.

For this reason, the agency has continued to implement a "quarterly review" process as defined by the Office of Management & Budget (OMB). In addition, OMB has developed a balanced scorecard to monitor, track and measure the achieved key performance indicators, which permits management an opportunity to realign the strategic goals, objectives and strategies.

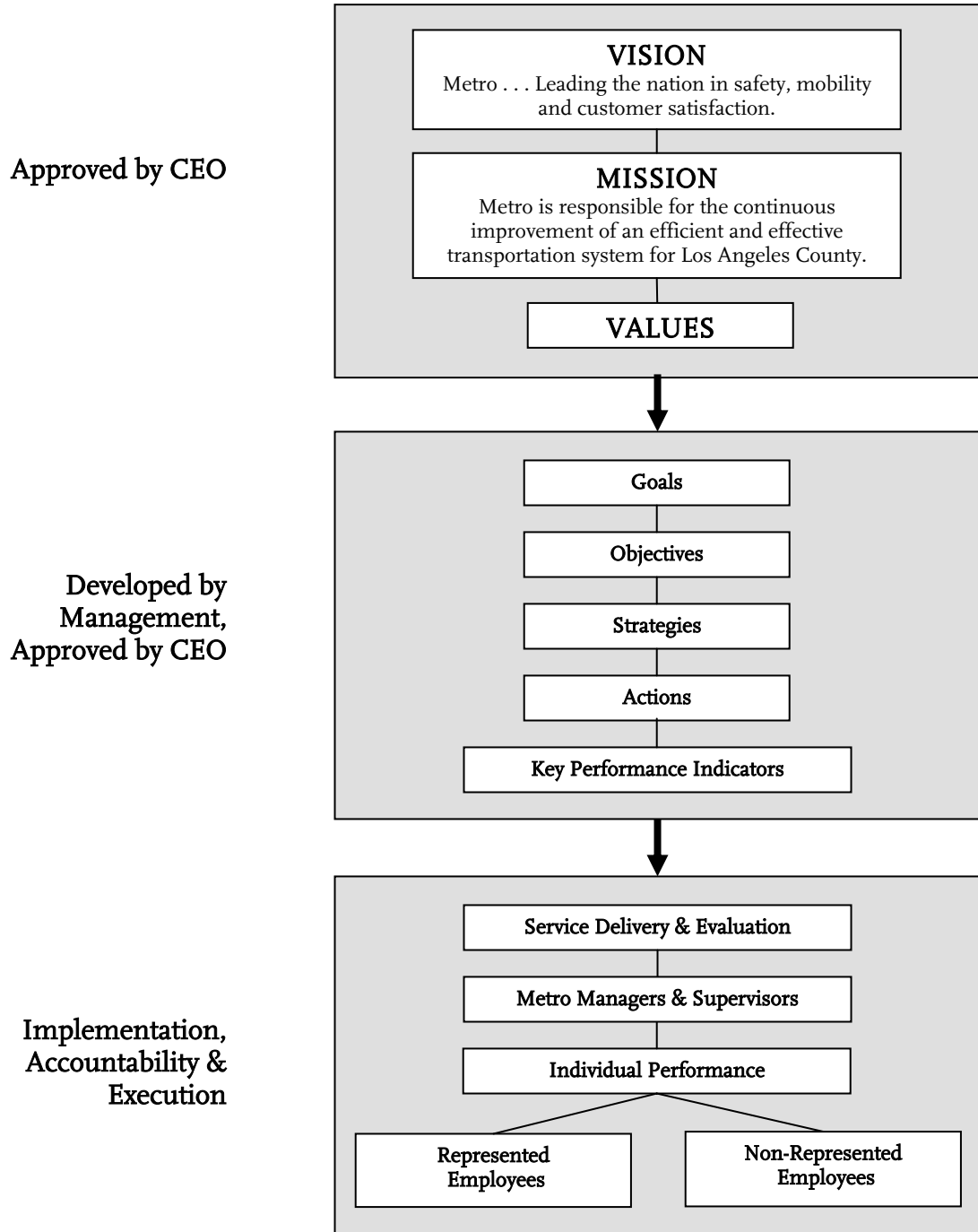
Each year the CEO will reassess the agency's performance, goals and objectives based upon budget appropriations. The programs and resources listed in the agency-wide strategic plan will be realigned annually, based on budget allocations and projections as part of Metro's Long & Short Range Transportation Plans.

Strategic Plan FY03 – FY07 (updated FY06)

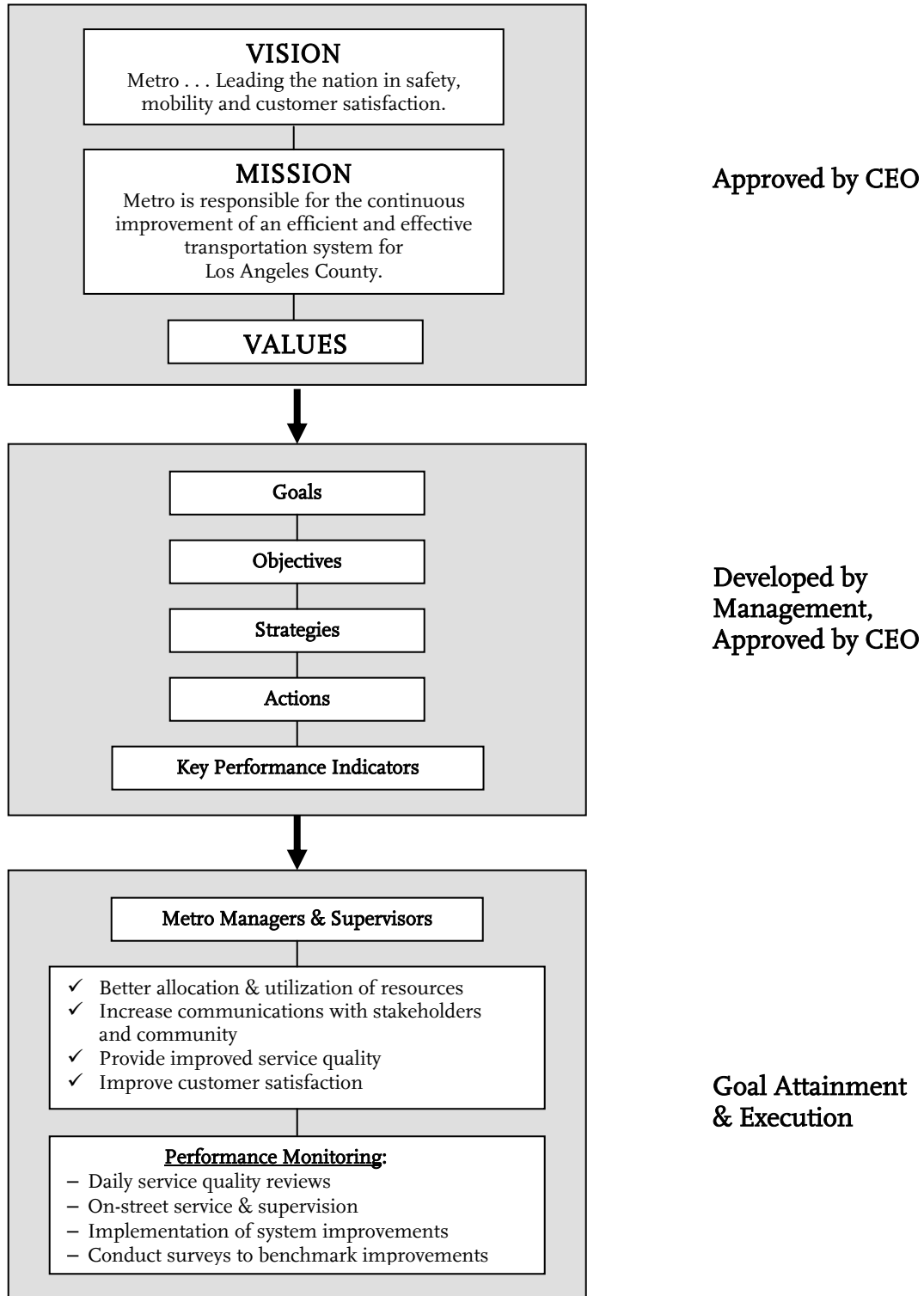
Vision	Metro . . . leading the nation in safety, mobility and customer satisfaction!
Mission	Metro is responsible for the continuous improvement of an efficient and effective transportation system for Los Angeles County.
Core Business Goals	<p><u>Goal 1: Improve Transit Services</u></p> <ul style="list-style-type: none"> – Efficiently and effectively operate service sectors – Improve service quality and capacity for bus and rail systems – Maximize fleet capacity to meet service expansion – Improve, expand and add operating facilities – Implement innovative technologies – Improve transit security of bus and rail systems – Acquire and deliver cost effective materials, parts and supplies <p><u>Goal 2: Deliver quality capital projects on time and within budget</u></p> <ul style="list-style-type: none"> – Design and build quality projects – Work with contractors to provide a safe work site to minimize lost time accidents <p><u>Goal 3: Exercise fiscal responsibility</u></p> <ul style="list-style-type: none"> – Manage the approved budget – Implement efficient and effective cost allocation plans – Implement an integrated performance monitoring management information system – Conduct monthly performance monitoring reviews to assess financial performance – Eliminate duplicate roles & responsibilities – Improve the procurement process <p><u>Goal 4: Provide leadership for the region’s mobility agenda</u></p> <ul style="list-style-type: none"> – Provide quality planning, technical analysis and programming – Coordinate implementation of multimodal transportation programs with partner agencies – Identify, program, secure and maintain funding for projects, programs and services countywide <p><u>Goal 5: Develop an effective and efficient workforce</u></p> <ul style="list-style-type: none"> – Enhance a safety conscious culture throughout Metro, its customers and business partners – Recruit and select employees to meet job requirements – Invest in employee development – Exercise consistent application of the collective bargaining agreements – Strengthen the labor management working relationship

Values	<u>Safety</u>	Safety's 1st for our customers, employees and business partners. Accidents and injuries are preventable.
	<u>Employees</u>	Employees are our most valuable resource and are to be treated with mutual respect and provided opportunities for professional development.
	<u>Fiscal Responsibility</u>	Individually and as a team, we are accountable for safeguarding and wisely spending taxpayer dollars entrusted to Metro.
	<u>Integrity</u>	We rely on the professional ethics and honesty of every Metro employee.
	<u>Innovation</u>	Creativity and innovative thinking are valued and new ideas are welcomed.
	<u>Customer Satisfaction</u>	We strive to exceed the expectations of our customers.
	<u>Teamwork</u>	We actively seek to blend our individual talents in order to be the best in the nation.

How the Strategic Plan Impacts Metro Employees – Ongoing



How the Strategic Plan Impacts Metro Customers – Ongoing



Communication Plan (Model) - Ongoing

Overall, this agency seeks to be recognized as a leader in the national transportation industry. The vision cannot be achieved without the continued commitment, energy and hard work of every Metro employee. It is critical that the Metro Team Leaders communicate with one voice at every level of the organization and across every transit mode.

This is the basis for developing an agency-wide Communication Plan (model) that promotes and fosters open communication. This model provides each employee an opportunity to articulate and communicate the new strategic agency direction. It will strive to improve communication with customers, employees, business partners and/or stakeholders.

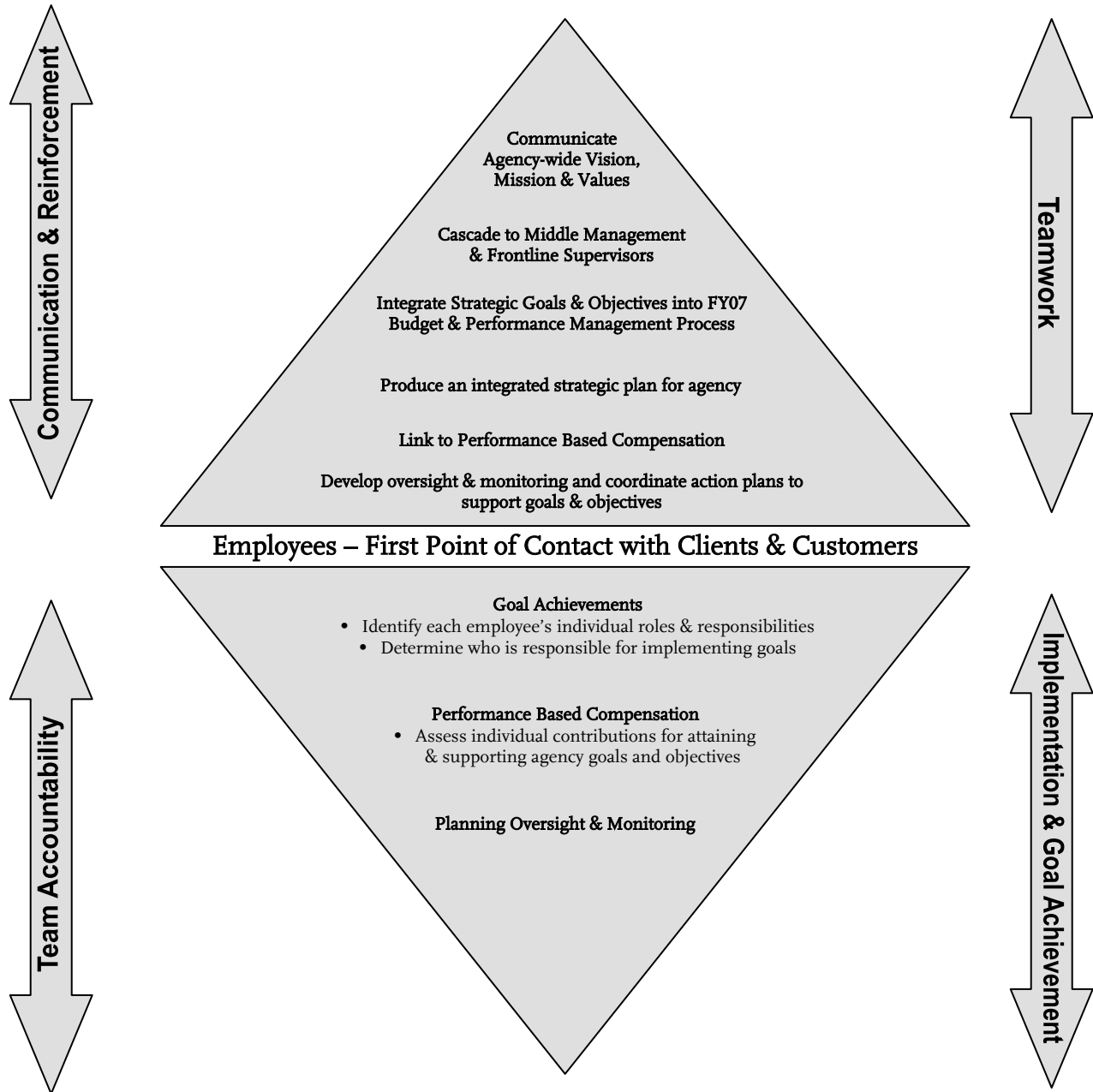
The success of the Strategic Plan can only be achieved through an agency-wide communication and implementation. This Communication Plan involves every Metro employee. The Communications Department will continue to develop

marketing and promotional materials to reinforce the vision, mission, core values, goals and new strategic direction of the agency. This offers every employee an opportunity to own the strategic plan as his or her own and to personally be committed to implement the strategic plan.

The Metro Operations Service Sectors' various strategic plans (e.g., service, fleet, facilities, etc.) are to be integrated and aligned to support the agency-wide strategic plan. Metro's Long-Range Transportation Plan has been aligned to include the short and long range Los Angeles County transportation program planning and project initiatives. The strategic goals and objectives will be updated to address the new transportation direction as recommended by the Transportation Coalition.

For your information, the diagram on the following page outlines the Leadership Model to cascade and communicate the Strategic Plan agency-wide.

Practicing Leadership Model



Key Performance Indicators and the Agency Scorecard

Like many of today's leading businesses, Metro tracks its Key Performance Indicators (KPIs) throughout the year to ensure services are provided at the proposed levels and within the approved budgets.

Metro has been using the CEO's Scorecard to track its KPIs since FY04. This desktop data-mining tool has provided Metro management with timely performance data for a wide variety of agency-critical areas such as operator and mechanic wage expense, natural gas fuel usage, workers' compensation claims, leave of absence rate, and bus accidents.

In order to give management rapid information, indicators are tracked at frequent intervals. Labor costs are reported at the end of each biweekly pay period, rather than waiting for monthly financial statements. Workers' Compensation claims are tracked weekly. All other indicators are reported monthly.

Since its inception, management has used the Scorecard to help verify the results of the Safety's First Program, identify unexpected increases in wage costs, and monitor the rapid rise in natural gas prices.

The Scorecard shows not only cost or results compared to a budget or target, it also compares current year performance to prior year performance. It also shows performance per unit of input. For example it shows operator wage expense and operator hours. Management sees performance and efficiency. Management can identify if cost is exceeding target and whether or not the variance results from more input (hours) or cost per unit (cost

per hour). For each indicator management identified a unit of input.

Not only does the scorecard identify problems, it also allows management to drill down to the mode and cost center where the problem occurs. This feature allows senior management to view how individual managers are performing.

The scorecard contains fare revenue, boardings, and fare revenue per boarding. The scorecard shows both fare revenue and boardings increasing. More significantly, it shows that boardings increased more rapidly than fares, reflected in declining fare revenue per boarding.

The scorecard contains wage cost for Metro's three largest represented labor group. It also shows cost per hour of service, thereby showing how efficiently Metro utilizes its labor force. Furthermore, each union group is disaggregated by mode, cost center and if the cost is related to transportation or maintenance. The denominator for the measure is vehicle hours. A vehicle hour is defined as the time an operator is "behind the wheel" including layover and deadhead time. This data is collected from the automated payroll system.

Because safety is Metro's top priority, there are three safety related indicators. The scorecard shows Workers' Compensation claims per exposure hour, monthly lost work days, and bus accidents per vehicle hour. All three indicators have been and are expected to continue to improve.

**Los Angeles County Metropolitan Transportation Authority
FY07 Budget**

The scorecard tracks the dollars spent on natural gas fuel, the amount of natural gas fuel (CNG), and the vehicle hours powered by natural gas. Management can tell if variances result either from using more CNG or from the price of CNG. It also allows management to see if fuel usage variances are caused by traveling more hours using CNG, or using CNG less efficiently than budgeted.

One of Metro's significant labor costs is for people on long term leave. The

Scorecard includes an indicator showing the number of people by type of leave and cost center. Since management made this a major focus, the number of people on leave has declined.

Vendors are major stakeholders in Metro. Therefore, Metro tracks whether or not invoices are paid on time. The scorecard allows each major business unit to monitor timely invoice payment.

KEY PERFORMANCE INDICATOR	FY05 Actual	FY06 Estimated (1)	FY07 Target (2)
Fare Revenue (thousands)	\$269,518	\$279,641	\$278,531
Operator Wage Expense per Vehicle Hour (WE/VH)	\$27.41	\$28.30	\$28.43
ATU WE/VH (3)	\$10.73	\$11.66	\$11.76
AFSCME Transportation WE/VH (4)	\$1.97	\$2.40	\$2.82
AFSCME Maintenance WE/VH (4)	\$0.93	\$0.95	\$0.94
Non-Sector ATU WE/VH (3)	\$2.80	\$2.62	\$2.78
Non-Sector AFSCME WE/VH (4)	\$1.29	\$1.39	\$1.37
CNG Cost per Vehicle Hour	\$5.28	\$6.70	\$7.17
New Weekly WC Claims (per 200K EH)	15.57	14.52	13.60
Lost Work Days per Month	4,776	4,393	4,174
Boardings (thousands)	447,803	482,018	466,906
Fare Revenue per Boarding	\$0.60	\$0.58	\$0.59
Bus Accidents per 100,000 Vehicle Hours	49	47	45
On-Time Bill-Paying	94%	94%	90%
Leaves of Absence	675	571	560

(1) FY06 full-year actuals not available as of publication date.

(2) FY07 Targets may be revised due to changes in budgets and resource allocations.

(3) ATU is the Amalgamated Transit Union. This group represents maintenance employees such as mechanics and service attendants.

(4) AFSCME is the American Federation of State, County and Municipal Employees. This group represents first line supervisors in transit operations.

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II. Budget Highlights

About the Budget

The Governmental Accounting Standards Board has issued Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Statement 34 requires that financial information be consolidated into either governmental activities or business-type activities. This budget document incorporates that principle and is thus consistent with the Agency’s Comprehensive Annual Financial Reports. Examples of business-type activities at Metro include transit operating and capital costs, infrastructure construction, and debt activities. These activities constitute the Enterprise Fund. Examples of governmental activities are subsidies Metro provides to other agencies, the regional planning and programming of funds, and functions of the Metro Board of Directors. These activities are reported in the Governmental Fund, which includes both the Special Revenue Fund and the General Fund. The Enterprise Fund and the Special Revenue Fund are the two major funds as defined by Governmental Standards Board Statement No. 34.

Balancing the Budget

Metro began the process of balancing the FY07 budget immediately after adoption of the FY06 budget. The first step in the process was to incorporate the assumptions in the Short Range Transportation Plan (SRTP) into the Ten-Year Forecast. The Ten-Year Forecast included revenue and expense forecasts for all funds and major programs. The Ten-Year Forecast identified potential situations where we might experience deficits.

Once we identified potential shortfalls, management began the process of reprioritizing programs, and revising the assumptions in the SRTP. We also began a search for additional recurring and one-time revenues. As part of our continuous review of budget variances, we identified additional assumptions that needed to be modified, such as fuel prices and fare revenues.

Management incorporated information from the Ten-Year Forecast and budget variances into FY07 expense targets for each fund, which would balance anticipated revenue and expenses. Management then allocated targets to each department and held the department manager responsible for meeting the target. Simultaneously, management aggressively pursued additional local, state, and federal revenue and grants.

The FY07 budget was balanced through a combination of expense reductions and a revenue infusion of sales tax funds.

Budget Controls

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The legal level of budgetary control is at the fund level. Comprehensive multi-year plans are adopted when major capital projects are approved and this provides project-length budgetary control in the capital project funds. The portion of costs expected to be incurred on each project during the fiscal year is included in annual appropriations. The MTA maintains an encumbrance accounting system as another tool of budgetary control.

Financial Trends

Metro’s annual budget is consistent with the agency’s long-term vision as described in its two principal planning documents:

- Short Range Transportation Plan for Los Angeles County (SRTP)
 - The SRTP focuses on the phasing of transportation improvements through 2009. It relies on performance-based modeling to identify the best solution for each mobility challenge. It can be found at www.metro.net/projects_plans/shortrange/srtp.htm.
- Long Range Transportation Plan for Los Angeles County (LRTP)
 - The LRTP looks ahead at transportation needs over the next twenty-five years, from 2001 through 2025. It is the blueprint for implementing future transportation improvements for Los Angeles County. It can be found at www.metro.net/project_plans/longrange/lrtp.htm.

Changes in Staffing Levels

The FY07 budget funds 8,967 full-time equivalent positions (FTEs) which is an increase of 49 from the previous year. This increase is due to Metro Rapid Service added for court-mandated Consent Decree service and implementation of the Orange Line. In addition to the increased personnel, Metro eliminated 17 FTEs. The positions eliminated were mostly general and administrative in nature. This reflects Metro’s commitment to meeting its mission with a minimum of support costs through constant productivity improvements.

Changes in Fund Equity Balances

Business-Type Activities

There will be no net impact on resources available for appropriation in the enterprise fund. This is to be expected as this fund receives federal and state grants and subsidies from the governmental funds to finance its operating loss and capital and debt commitments. It also relies to some extent on borrowing (\$156.7 million in FY07).

Governmental Activities

In FY07 the Special Revenue fund is budgeted to spend \$131.0 million from fund balance. This is mainly due to budgeting \$38.1 million of Proposition A sales tax for rail operations, and \$60.4 million of Proposition C sales tax for transit operations uses. \$17.0 million of TDA sales tax, accumulated in prior years, will be used for bus operations. SAFE will spend \$13.2 million out of fund balance for call-box upgrades. The General Fund is expected to add \$6.1 million to fund balance. \$3.1 million of STA reserves will be spent on bus and rail operations.

Local Transportation Subsidies

These comprise the transfers of general funds and sales tax from the Special Revenue Fund to the Enterprise Fund as follows:

General Fund	\$ 3.8
Proposition A	395.9
Proposition C	317.9
TDA	241.2
STA	<u>62.5</u>
Total	\$1,021.3

All transfers are made in accordance with their enabling legislation. When received into the Enterprise Fund, they are reported as local grants.

FY07 Budget Highlights and Major Budget Assumptions

Metro Bus and Rail

FY07 Target Service Levels

Mode	Revenue Service Hours (000)	Change From FY06
Metro Bus		
• Metro Operated	7,117	0.9%
• Orange Line	84	32.1%
• Purchased Transportation	550	2.0%
• Total Metro Bus	7,751	1.3%
Metro Rail		
• Blue Line	221	9.3%
• Green Line	90	7.0%
• Gold Line	77	9.0%
• Red Line	268	2.4%
• Total Metro Rail	656	5.9%
Total	8,407	1.6%

- Increase bus service by 95,749 revenue service hours.
- Increase rail service by 36,372 revenue vehicle service hours.
- Continue to increase fleet of 60-foot articulated buses.
- Open Canoga Orange Line park and ride facility.
- Provide for expected higher costs of fuel and propulsion power, which are expected to increase at a much greater rate than the expected increase in the CPI.
- Implement seven new Metro Rapid bus lines:
 1. Long Beach Boulevard and Pacific Avenue,
 2. Reseda Boulevard,
 3. San Fernando Road and Lankershim Boulevard,
 4. Santa Monica Boulevard,
 5. Central Avenue between Downtown LA and the Imperial Metro station via Central Ave.,
 6. Pico—from Downtown Santa Monica to Downtown LA via Pico Blvd.,
 7. Atlantic—from the Artesia Blue Line station to Pasadena via Atlantic and Fair Oaks Blvds.
- Improve the bus and rail vehicle preventive maintenance programs.
- Implement first phase of Universal Fare System allowing seamless countywide travel using smartcard technology.
- Increase Homeland Security efforts through a capital grant and increased fare checkers, security guard training, and additional security equipment.
- Maintain fares at current levels.
- Fare per boarding is forecasted at \$0.59 per boarding.

Capital Program

- Capital projects are funded in agency-wide priority using the following

criteria developed by management: safety, customer improvements, previously committed, and mandated.

- Although all capital projects receive an annual appropriation, capital projects are controlled by the life-of-project budget which must be approved by the Board.
- Revenues in the capital program are a combination of grant and local funds.
- The Gold Line Eastside Extension will continue a multi-year major construction phase.
- Development of Mid-City/Exposition Light Rail Transit will continue in FY07.
- Installation of in-vehicle equipment and centralized data collection equipment under the Universal Fare System project will be completed.
- The design and acquisition of equipment for a regional clearinghouse service center will commence. This clearinghouse will process all fare transactions and properly distribute the revenues to Metro and our municipal partners.
- Construction of a new transportation building and facilities will continue in FY07.
- Construction of light rail operating Division 11 improvements will continue in FY07.

Other Budget Highlights and Assumptions

- Sales tax revenues are forecast to be \$1,871 million in total.
- Salaries will increase at 2% or according to union contracts, as applicable.

Los Angeles County Metropolitan Transportation Authority
FY07 Budget

Summary of Funding by Source

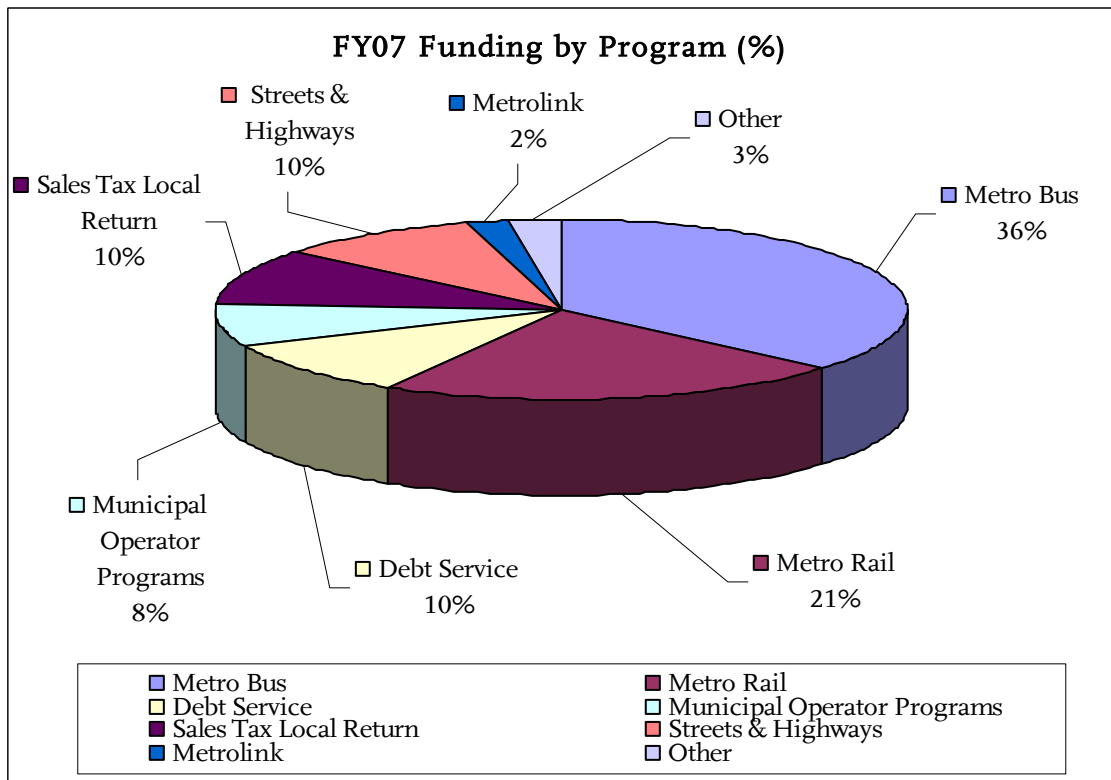
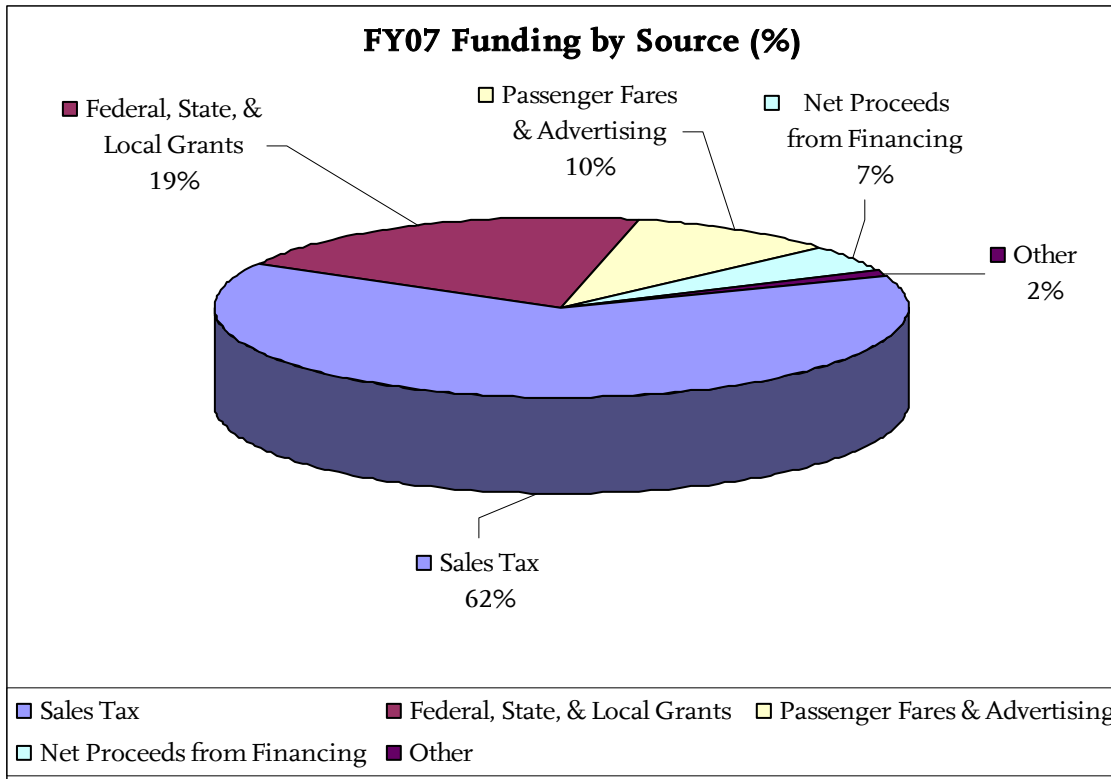
(Dollars in millions)	FY03 Actual		FY04 Actual		FY05 Actual		FY06 Budget		FY07 Adopted	
Sales Tax (1)	\$1,559.0	70.2%	\$1,514.0	66.8%	\$1,587.5	60.4%	\$1,686.1	59.1%	\$1,870.6	62.1%
Federal, State, & Local Grants	345.0	15.5%	377.2	16.6%	488.5	18.6%	602.3	21.1%	584.7	19.4%
Passenger Fares & Advertising	261.5	11.8%	233.4	10.3%	284.2	10.8%	289.9	10.2%	294.8	9.8%
Net Proceeds from Financing	-	0.0%	82.4	3.6%	185.6	7.1%	167.5	5.9%	193.5	6.4%
Other (2)	56.1	2.5%	61.0	2.7%	80.8	3.1%	109.1	3.8%	68.7	2.3%
Total Funding Sources	\$2,221.6	100.0%	\$2,268.0	100.0%	\$2,626.7	100.0%	\$2,854.8	100.0%	\$3,012.2	100.0%

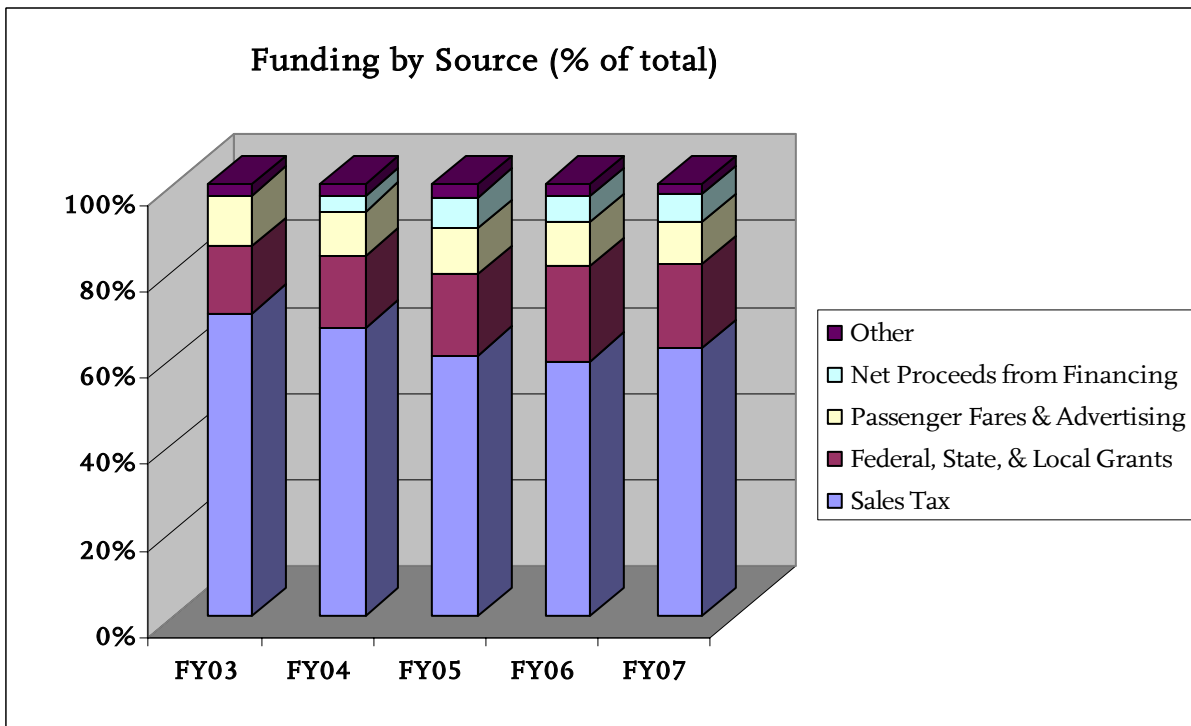
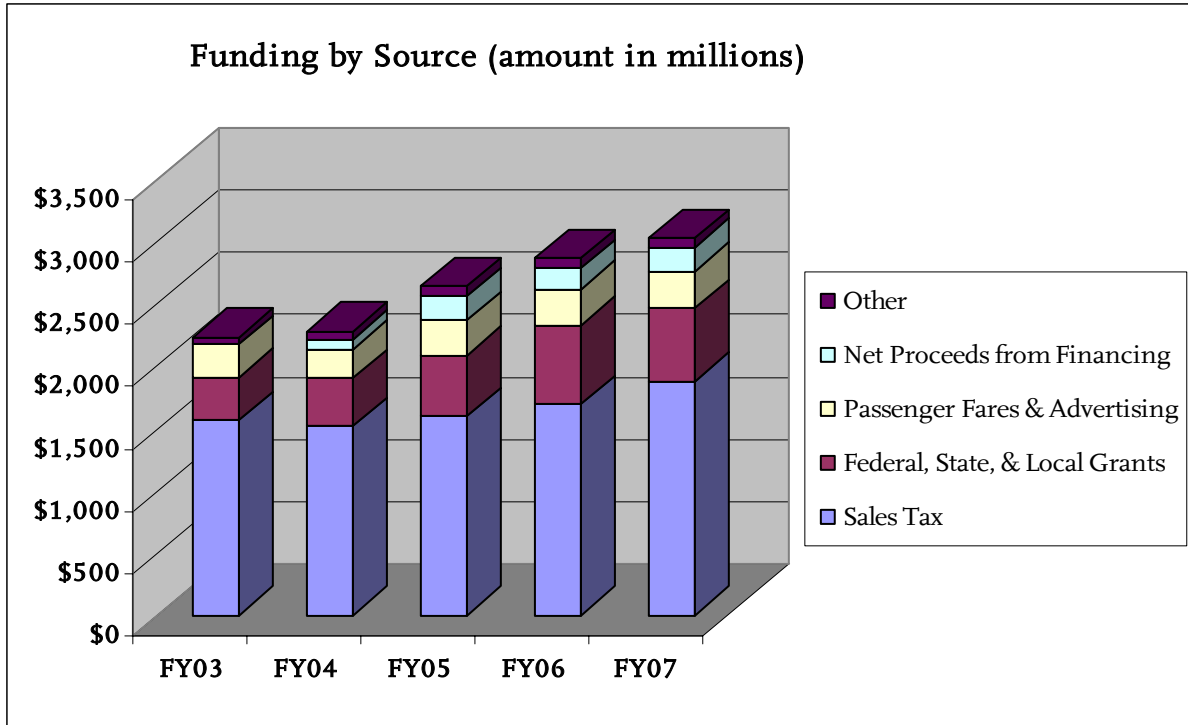
Summary of Expenses/Expenditures by Program

(Dollars in millions)	FY03 Actual		FY04 Actual		FY05 Actual		FY06 Budget		FY07 Adopted	
Countywide Bus										
Metro Bus										
Operating (3)	\$763.0	34.3%	\$725.5	32.0%	\$780.0	29.7%	\$842.4	29.5%	\$888.9	29.5%
Capital	78.8	3.5%	131.4	5.8%	178.2	6.8%	150.0	5.3%	194.1	6.4%
Orange Line	32.2	1.4%	76.0	3.4%	119.8	4.6%	70.0	2.5%	14.6	0.5%
Metro Bus Subtotal	874.0	39.3%	933.0	41.1%	1,078.0	41.0%	1,062.4	37.2%	1,097.6	36.4%
Municipal Operator and Paratransit Programs (4)	253.7	11.4%	240.9	10.6%	260.4	9.9%	230.1	8.1%	241.4	8.0%
Countywide Bus Subtotal	1,127.7	50.8%	1,173.9	51.8%	1,338.4	51.0%	1,292.5	45.3%	1,339.1	44.5%
Countywide Rail										
Metro Rail										
Operating (3)	150.4	6.8%	179.4	7.9%	207.2	7.9%	225.3	7.9%	228.5	7.6%
Capital	19.8	0.9%	15.1	0.7%	22.5	0.9%	41.5	1.5%	22.7	0.8%
Rail Construction	64.4	2.9%	42.7	1.9%	48.1	1.8%	70.3	2.5%	59.4	2.0%
LRT-Eastside/Expo	41.5	1.9%	43.2	1.9%	190.3	7.2%	273.0	9.6%	334.9	11.1%
Metro Rail Subtotal	276.1	12.4%	280.4	12.4%	468.1	17.8%	610.0	21.4%	645.4	21.4%
Metrolink	38.8	1.7%	39.6	1.7%	42.1	1.6%	57.9	2.0%	57.0	1.9%
Countywide Rail Subtotal	314.9	14.2%	320.0	14.1%	510.2	19.4%	667.8	23.4%	702.3	23.3%
Sales tax return to local jurisdictions	239.9	10.8%	249.6	11.0%	280.7	10.7%	269.1	9.4%	300.7	10.0%
Streets and Highways	146.8	6.6%	146.8	6.5%	138.7	5.3%	249.9	8.8%	289.2	9.6%
Debt Service (5)	308.8	13.9%	312.3	13.8%	286.9	10.9%	309.7	10.8%	305.6	10.1%
Other Governmental	83.5	3.8%	65.4	2.9%	71.8	2.7%	65.7	2.3%	75.3	2.5%
Total Expenditures	\$2,221.6	100.0%	\$2,268.0	100.0%	\$2,626.7	100.0%	\$2,854.8	100.0%	\$3,012.2	100.0%

- (1) Sales tax revenues include the use of carryover balances.
(2) Primarily investment income and/or proceeds on lease/leaseback to service.
(3) Details shown on pages IV 4-5.
(4) ASI Paratransit: federal amounts included in prior years have been excluded in FY06 and FY07 because ASI will receive federal funds directly.
(5) Includes principal liability payments and Benefit Assessment District debt payments, but excludes debt refunding and defeased lease. Proprietary fund includes principal payments of \$19.8 million in FY03, \$16.3 million in FY04, \$12.0 million in FY05 \$12.0 million for FY06 and \$12.1 million in FY07.

Note: Totals may not add due to rounding.





Enterprise Fund Summary of Revenues and Expenses

For the Years Ending June 30, 2005, 2006, and 2007

(Amounts in millions)

Enterprise Fund Summary	FY05 Actual	FY06 Budget	FY07 Budget
1 Operating revenues:			
2 Passenger fares	\$ 269.6	\$ 263.7	\$ 278.5
3 Route subsidies	0.5	0.5	0.5
4 Advertising	14.7	15.7	16.2
5 Total operating revenues	284.7	279.9	295.2
6 Operating expenses:			
7 Operating	826.9	877.8	919.4
8 General & administrative	160.1	189.9	198.0
9 Operating expenses, excluding depreciation:	987.1	1,067.7	1,117.4
10 Operating loss	(702.4)	(787.8)	(822.2)
11 Operating subsidies and grants (other expenses):			
12 Local operating grants	0.2	-	-
13 State operating grants	(0.1)	0.8	-
14 Federal operating grants	217.1	210.2	187.9
15 Interest revenues	6.3	3.8	0.5
16 Net appreciation (decline) in fair value of investments	(4.1)	-	-
17 Debt (expense)	(15.2)	(14.5)	(14.3)
18 Gain (loss) on disposition of fixed assets	0.6	3.9	-
19 Other revenue	5.4	4.0	2.8
20 Total operating subsidies and grants (other expenses)	210.1	208.2	176.9
21 Gain (loss) before debt and capital items	(492.3)	(579.6)	(645.3)
22 Debt service & capital grants / contributions:**			
23 Local			
24 Capital	2.2	4.7	1.9
25 Debt service other revenues	2.5	13.0	2.4
26 Proceeds from financing	185.5	167.4	156.4
27 State - capital	21.0	68.5	167.6
28 Federal - capital	221.7	269.6	189.3
29 Total debt service & capital grants / contributions	432.9	523.2	517.6
30 Capital program:			
31 Operating capital	207.1	191.5	218.3
32 Major construction	360.9	413.3	408.8
33 Total capital program	568.0	604.8	627.1
34 Debt service expenses:*			
35 Interest expense	143.2	164.4	152.3
36 Principal payments	153.9	103.8	111.9
37 Services	(2.1)	2.1	2.4
38 Total debt service expenses	295.0	270.3	266.5
39 Transfers In	922.4	931.5	1,021.3
40 Net surplus (deficit)	-	-	-

* Excludes defeased leases and includes non-cash items.

Note: Totals may not add due to rounding.

Governmental Funds Summary of Revenues and Expenditures

For the Years Ending June 30, 2005, 2006 and 2007

(Amounts in millions)

Governmental Funds	FY05 Actual	FY06 Budget	FY07 Budget
1 Revenue:			
2 Sales tax	\$ 1,587.6	\$ 1,594.3	\$ 1,741.8
3 Intergovernmental grants	20.4	50.9	50.4
4 Investment income	22.0	15.2	9.9
5 Net decline in fair value of investments	(7.0)	-	-
6 Lease and rental	10.9	10.7	10.3
7 Licenses and fines	8.1	7.5	7.5
8 Other	2.4	2.1	6.2
9 Total Revenues	1,644.4	1,680.7	1,826.1
10			
11 Expenditures:			
12 Subsidies	686.1	746.6	815.5
13 Services	49.1	80.2	98.1
14 Debt and interest expenditures			
15 Interest and fiscal charges	-	1.5	1.5
16 Bond principal & commercial paper retirement	-	0.8	0.8
17 General and administrative	45.5	45.6	48.0
18 Total expenditures	780.7	874.7	963.9
19			
20 Transfers In	50.2	123.9	90.4
21 Transfers (out)	(912.5)	(1,052.7)	(1,114.3)
22 Proceeds from Financing	-	-	36.8
23			
24 Net change in fund balances	1.4	(122.8)	(124.9)
25			
26 Fund balances - beginning of year	745.6	747.0	624.2
27			
28 Fund balances - end of year	\$ 747.0	\$ 624.2	\$ 499.3

Note: Totals may not add due to rounding.

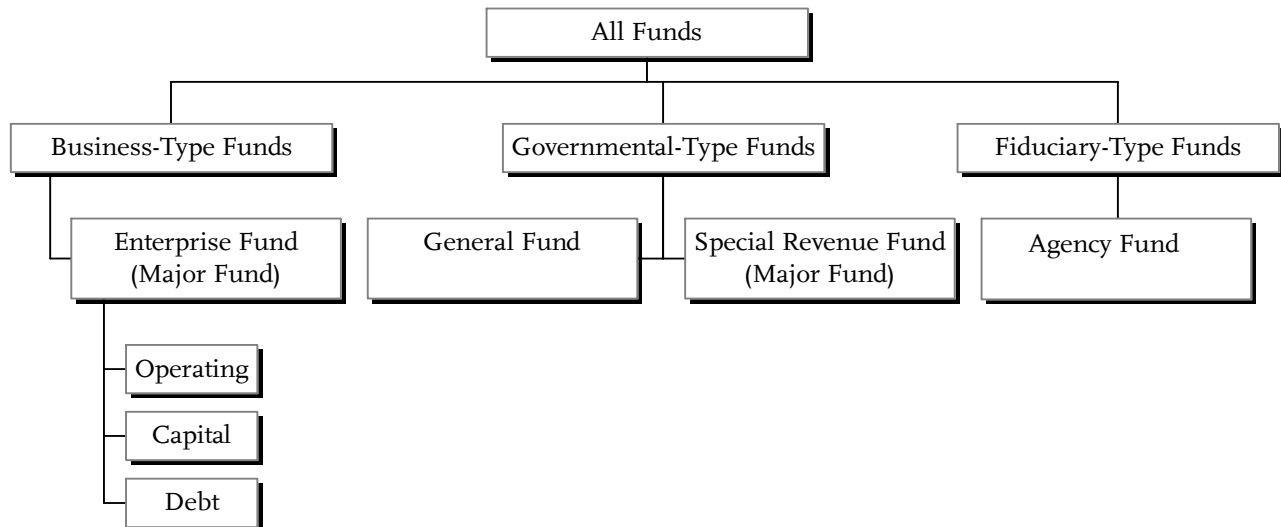
Financial Structure Comparison to Organizational Structure

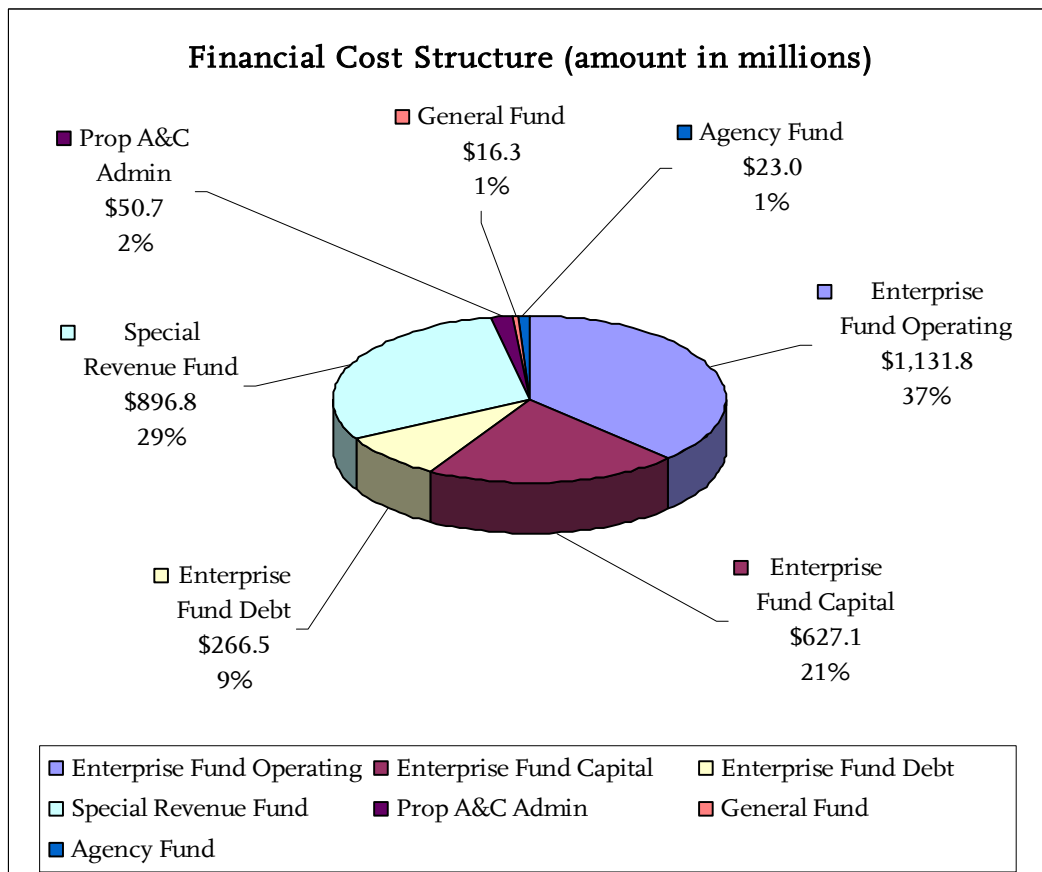
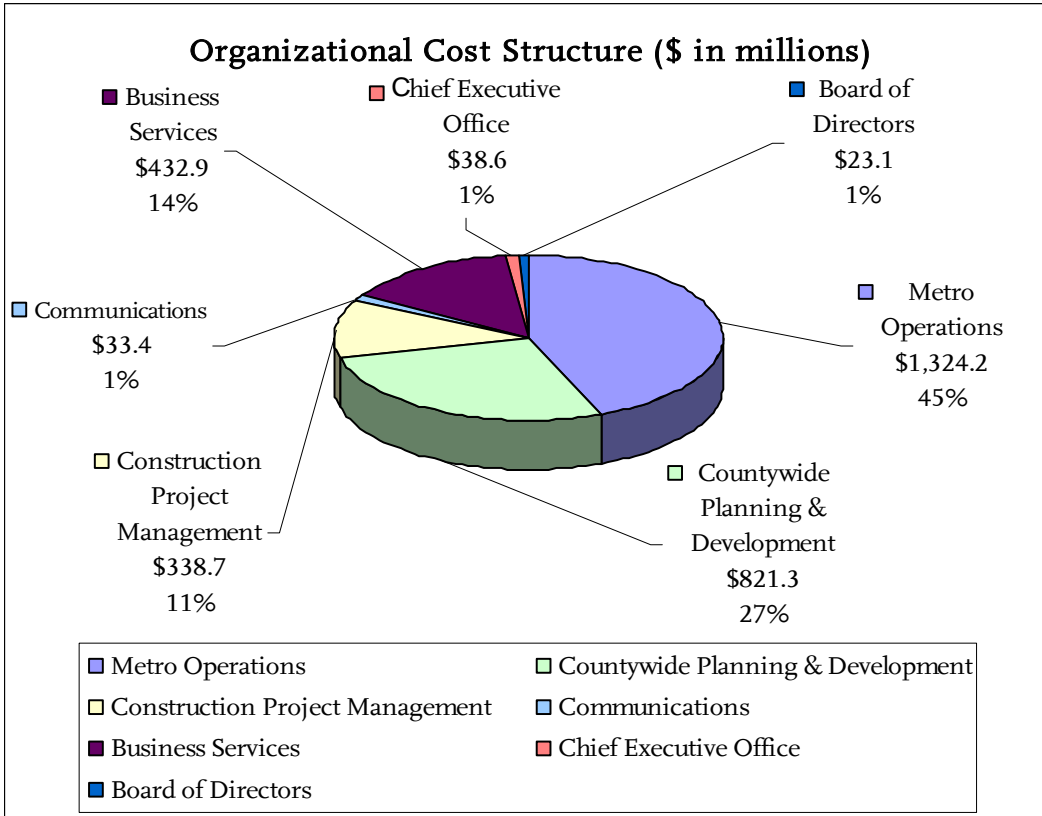
The table below shows how cost by fund discussed in the Financial Details relates to cost by Strategic Business Unit discussed in the Strategic Business Units

section. Total cost in the two sections match since they represent two ways of sorting the same detail. The chart below shows how the funds are structured.

(Amounts in millions)	Business-Type			Governmental-Type			Agency Fund	Metro Total
	Enterprise Fund Operating (1)	Enterprise Fund Capital	Enterprise Fund Debt	Special Revenue Fund(2)	Prop A & C Admin(3)	General Fund (2)		
Metro Operations	\$ 1,002.0	\$ 238.0	\$ 4.7	\$ 72.6	\$ 3.3	\$ 3.6	\$ -	\$ 1,324.2
Countywide Planning & Development	-	0.3	-	809.0	11.2	0.5	0.3	821.3
Construction Project Management (4)	1.8	336.4	-	0.3	0.2	-	-	338.7
Communications	19.6	2.4	-	1.1	7.5	2.8	-	33.4
Business Services	103.4	21.6	261.8	9.6	11.2	2.7	22.6	432.9
Chief Executive Office	2.6	21.5	-	3.9	4.7	5.9	-	38.6
Board of Directors	2.4	6.9	-	0.3	12.6	0.8	0.1	23.1
Metro Total	\$ 1,131.8	\$ 627.1	\$ 266.5	\$ 896.8	\$ 50.7	\$ 16.3	\$ 23.0	\$ 3,012.2

- (1) Includes \$14.3 million of interest in the Other Expenses section of the financial statements.
- (2) Excludes interfund subsidies shown in the financial statements (SRF: \$1,040.6 million; GF: \$5.3 million).
- (3) Included in Special Revenue Fund financial statement.
- (4) Includes Exposition Metro Line Construction Authority.





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III. Customer Services

Customer Services



Introduction

Los Angeles County Metropolitan Transportation Authority (Metro) is unique among the nation's transportation agencies. It serves as transportation planner and coordinator, designer, builder and operator for one of the country's largest, most populous counties. More than 10.2 million people – about 28% of California's residents – live, work, and play within its 1,433-square-mile service area.

Los Angeles differs from other metropolitan areas in that people here travel in all directions. They don't just travel from the suburbs to downtown. There are many centers of employment, recreation and residence, and the vast majority of residents do not use public transit. The lack of a clearly identifiable commute pattern, combined with being one of the most densely populated urban areas in the country, makes the task of planning transportation for Los Angeles County extremely complex.

Our Challenge

While often viewed by the public as solely a transit operator, Metro is also charged with planning for a countywide transportation system that meets the needs of all of the traveling public including those who travel by streets and highways, public transit, and even those who bicycle and walk.

Metro Long and Short Range Transportation Plans

Metro's efforts in FY07 will be directed to putting into place the next pieces of the transportation puzzle formulated in the twenty-five year Long Range Transportation Plan (LRTP) adopted by the Metro Board in 2001 and a more detailed Short Range Transportation Plan adopted in 2003. The LRTP will be updated in FY07 and five years added to the plan.

In formulating those plans, Metro staff employed the most sophisticated computer modeling techniques available to examine a large array of transportation options and funding scenarios. The Metro Board consulted with representatives from

many different organizations – academics, business and community leaders, labor leaders, environmentalists, government officials and our transit users – and held numerous public outreach meetings.

Customer Services

Metro provides a wide range of customer services designed to increase mobility and the quality of life throughout Los Angeles County. These services include bus and rail operations, ridesharing services, freeway services, and transit information.

In addition to operating its own service, Metro funds 16 municipal bus operators and a wide array of transportation projects including bikeways and pedestrian facilities, local roads and highway improvements, goods movement, Metrolink, and the popular Freeway Service Patrol and Freeway Call Boxes program.

Recognizing that no one form of transit can solve urban congestion problems, Metro's multimodal approach uses a variety of transportation alternatives to meet the needs of the highly diverse populations in the region. The "M" logo used throughout the Metro System is the public symbol of this fully coordinated network.

Dedicated to providing the very best customer service are approximately 9,000 Metro employees in a wide variety of technical specialties and services including Metro Bus and Metro Rail operators and mechanics, construction engineers, safety inspectors, transportation planning professionals and customer information agents.

Customer Service Facts You Might Not Know

- Metro's investment in new services and system improvements is paying major dividends. Bus and rail ridership is rising.



- Metro security has been bolstered using several grants. The U.S. Department of Homeland Security provided funding for improved security and Metro took full advantage. By adding high-tech surveillance equipment, Metro's security is at a level unsurpassed by any other U.S. transit agency.

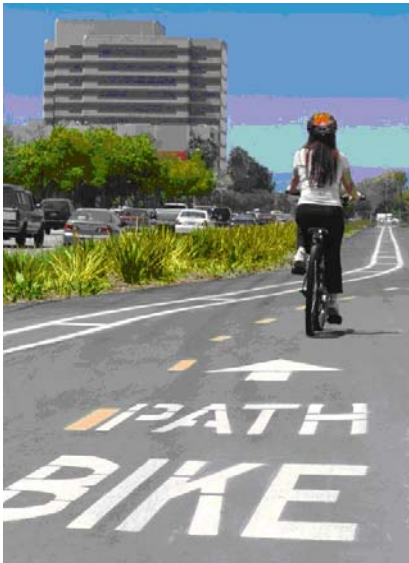


- Metro teaches safety at schools by delivering safety presentations via a 4-D 'Metro Experience' mobile theater to over 153,000 students, teachers and parents.



- Los Angeles County currently has 1,252 miles of bike paths, including 251 miles

of off-street, exclusive bike paths, which Metro plans to increase to 500 miles. There are also 481 miles of designated on-street bike lanes, which Metro's strategic bike plan envisions tripling, and 520 miles of bike routes marked by signage. As part of this program, Metro has placed 285 bike lockers and 400 racks capable of holding a total of 800 bicycles at Metro Rail and Metrolink stations throughout the county.



- Metro commissions artists to incorporate art into a wide array of transportation projects throughout Los Angeles County. From bus stops to rail stations, streetscapes to bus interiors, construction fences to poetry works, art creates a sense of place and engages transit riders. One half of one percent (0.5%) of rail construction costs is allocated to the creation of original art works.



- Metro is heavily involved in hundreds of local events and community activities.



Metro Bus

Overview

In FY07, Metro bus will handle over 386 million passenger boardings and provide approximately 1.5 billion miles of transportation for our passengers while operating over 2,000 peak-hour buses on an average weekday.

Bus Service Facts You Might Not Know

- In FY07, Metro Bus will deploy 94 new articulated buses and debut seven new Metro Rapid lines.
- Large capacity vehicles have improved productivity. Metro was able to carry more people with fewer buses thanks to the new 46-seat NABI 45-foot “Compo-Bus,” which is bigger, but significantly lighter, than a conventional steel-framed bus.



- In addition, Metro added new 60-foot articulated compressed natural gas (CNG) buses to the fleet that seat 50% more passengers than a standard 40-foot bus.



- Commemorating Earth Day last year, Metro reached a milestone receiving its 2,000th CNG bus. Metro boasts the largest clean-air fleet in the nation.

- Sleek designs and vibrant colors highlight one of the most modern fleets on the road today. Color scheme features red for Rapid buses, blue for Express buses, and orange for Local buses.



- In March 2006, the LAX FlyAway Service was initiated. Flyaway buses travel from Union Station to LAX in 45 minutes or less and utilize high-occupancy vehicle lanes on the 110 and 105 Freeways, providing a significant time savings over driving alone to the airport in rush-hour traffic. The FlyAway buses operate twenty-four hours a day, seven days a week. Secure underground parking is available at Union Station for \$6/day.



- Creating service sectors brought Metro to the community. Metro’s decentralized community approach with five local service sectors brings operating decisions to its customers.
- Reports of graffiti on the fleet are down for the first time in Metro’s history. It may be the new buses or the onboard TVs, or it could be the aggressive law enforcement that has resulted in 24 graffiti and vandalism arrests over the last year.
- Metro is as close to being 100% ADA compliant as an agency can get. All bus lines are accessible with wheelchair lifts

or ramps. All stops are now announced through a new automated audio system that was activated this year. The rail system is equipped for passengers with hearing, mobility and visual impairments. In addition, Metro is the primary funding partner of Access Services, Inc. – a regional paratransit service.



- New Transit TVs get high ratings. Metro contracted with Transit TV to provide a new customer amenity. The TVs provide news, sports and entertainment. A survey revealed that nearly 9 out of 10 customers prefer riding with the TVs onboard.



Metro Rapid

Recent studies of public bus transportation in Los Angeles have shown that half the time a bus is in service it is stopped either at a traffic signal or at a bus stop to board patrons. To improve bus speeds, the Metro Rapid Program was introduced in June 2000. Through system integration of bus signal priority, low floor buses, headway rather than timetable-

based schedules, and fewer stops, passenger travel times have been reduced by as much as 29%. As a result, ridership increased by 40% in the two demonstration corridors, with one-third of the ridership increase consisting of new riders who have never before ridden transit. Following the successful implementation of the Metro Rapid demonstration program, an expansion program identifying 26 additional corridors was developed. When completed in 2008, the Metro Rapid Program will operate 700+ vehicles over a network of 450 miles of Metro Rapid service, complementing light and heavy rail transit throughout Los Angeles County.



Metro Rapid has seven attributes which, when implemented as one program, provide fast, frequent bus service. One of the key elements of the program is the bus signal priority system, developed by the Los Angeles Department of Transportation in collaboration with Metro. This system, comprised of loops and radio transponders, is capable of extending the green phase or shortening the red phase of traffic signals. Buses requesting priority are granted priority depending on the scheduled headway of the previous Metro Rapid bus detected at the intersection. The system also provides real-time passenger information signs at each station.

Key Metro Rapid Attributes:

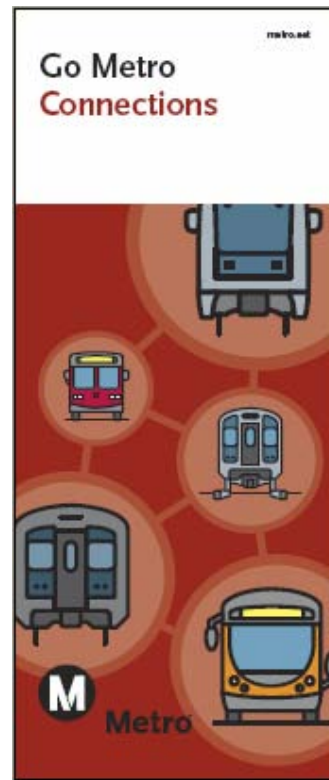
- Simple route layout: Makes it easy to find, use and remember.
- Frequent service: Buses arrive as often as every 3-10 minutes during peak commuting times.
- Fewer stops: Stops spaced about $\frac{3}{4}$ mile apart, like rail lines, at most major transfer points.
- Level boarding: Low-floor buses speed-up dwell times.
- Bus priority at traffic signals: New technology reduces traffic delay by extending the green light or shortening the red light to help Metro Rapid get through intersections.
- Color-coded buses and stops: Metro Rapid's distinctive red paint makes it easy to identify Metro Rapid stops and buses.
- Enhanced stations: Metro Rapid stations provide information, lighting, canopies and "Next Trip" displays.

- High-speed, point-to-point destination-based service.
- Increased use of the region's high-capacity, high-speed rail and transit way system.
- Improved regional service coverage and connectivity.
- Faster operating speeds on major bus routes.
- Upgraded inter-community and local service.
- Coordinated, convenient connections between services.
- Improved signage and other physical improvements designed to enhance the travel experience.

Full implementation of the restructuring plan will occur over a two-year period beginning in 2007.

Metro Connections

In the fall of 2003, Metro began a bus system restructuring study known as Metro Connections. The intent of Metro Connections is to move Metro's predominately Downtown Los Angeles-focused grid system to a hybrid grid and center-based bus service delivery, which will better reflect the region's multiple activity centers and destinations. In addition, restructuring seeks to more effectively utilize and integrate the varied strengths of each of the region's many service providers. A pilot program was implemented as part of the December 2005 Service Change. The pilot program included specific changes that focus on some of the key themes of the Metro Connections Project:



Metro Rail



Overview

Metro Rail has designed, built and now operates 73.1 miles of rail service. In FY07, Metro rail will deploy 19 new light rail vehicles and operate 261 rail cars to handle over 80 million passenger boardings at 78 stations and provide approximately 0.5 billion miles of transportation for our passengers.



Rail Service Facts You Might Not Know

- In FY07, Metro Rail is increasing rail service by 36,000 hours to reduce overcrowding and provide more capacity on the Blue Line
- Transportation to and from each Metro Rail station is available from Metro Bus and community bus lines. Connections can also be made to Metrolink commuter rail service and Amtrak at Union Station.
- Gold Line extension is now under construction. Metro initiated construction of the \$989.9 million Metro Gold Line's Eastside Extension. The six-mile line, which includes 1.8-mile twin tunnels, is slated to open in late 2009.



- Exposition Light Rail line is about to start construction. The newest extension of the 62-station Metro Rail system is scheduled to break ground this summer. It will run 8.5-miles from downtown Los Angeles to Culver City and be completed by 2010. The second phase will extend from Culver City to Santa Monica.
- Metro is a primary funding partner for Metrolink, Southern California's 495-mile commuter rail system. Metrolink has nearly 40,000 daily boardings.

Transportation Services

Metro Freeway Service Patrol

- Metro, in partnership with the California Department of Transportation (CALTRANS) and the California Highway Patrol (CHP), manages the largest fleet of tow and service trucks in the country. This service is known as the Los Angeles County Metro Freeway Service Patrol (FSP).
- The Freeway Service Patrol aids 350,000 stranded motorists a year. A fleet of 150 Metro-funded tow trucks assists stranded motorists on over 420 miles of Los Angeles County freeways. The program, operated by SAFE (see next section), assists motorists, which keeps traffic moving and reduces congestion. Last year the service expanded to include free Big Rig Tow Service for trucks traveling along the Long Beach Freeway.



- Over 70% of motorists needing assistance wait less than five minutes. Tow truck operators change flat tires, fill radiators, tape leaky hoses, and provide jump-starts and gasoline or, when necessary, tow the vehicle to a safe location off the freeway.
- FY07 will bring technological advances to the program with the new Automated Vehicle Location system that will more effectively track the location of FSP trucks, further continuing the

program's focus on safety and efficiency.

Service Authority for Freeway Emergencies

- The Los Angeles County Service Authority for Freeway Emergencies (SAFE) is responsible for providing motorist aid services throughout Los Angeles County.



- In the past, SAFE's primary service has been the operation and maintenance of the Kenneth Hahn Call Box System, which consists of approximately 4,500 call boxes installed throughout the County. The call boxes provide motorists with a means of requesting assistance.
- Last year, SAFE implemented the new #399 Mobile Call Box program, which allows motorists to utilize their cell phones to request assistance. SAFE also awarded a contract for the transition of the call box system from an analog to a digital wireless based system.
- In FY07, SAFE will implement a new Motorist Aid and Traveler Information System (MATIS) which will consolidate call center operations and provide fleet management services to Metro FSP and traveler information services to the public.

Paratransit Services

- Access Services, Inc. (ASI) manages the Americans with Disabilities Act (ADA) paratransit service. The purpose of the paratransit service program is to improve the quality and effectiveness of transportation services to the elderly and to persons with disabilities through coordination of public transportation with social service agencies and other charitable organizations, and to provide services to persons with disabilities in accordance with the ADA.
- Paratransit ridership in Los Angeles County is projected to increase by an average of 3% per year for the next five years.

High Occupancy Vehicles Lanes

- The High Occupancy Lane (HOV) system extends to over 450 lane miles. Servicing fourteen freeway corridors, the network ranks as one of the largest HOV systems in the country.



- Caltrans estimates we are approaching 1 million motorists using HOV lanes every day in Los Angeles County. It is projected that by the year 2030, 163 miles of HOV lanes will be added to the L.A. County freeway system.

Rideshare Program

- Los Angeles County is at the forefront of innovations and efforts to battle traffic and smog. Thousands of worksites throughout the region offer rideshare programs to their employees to reduce the number of cars on the road.
- Since FY03, Metro has been directly operating the countywide rideshare services. In addition, Metro has been working closely with four neighboring county transportation agencies to provide several commute programs on a regional basis.
- The new services that have been initiated since establishment of the Metro-operated rideshare program include: (1) state-of-the art web-based regional rideshare matching software and database, (2) online ridematch services for individual commuters and employers to match their employees, (3) a restructured employer commute assistance outreach program for more cost effective operations, (4) two new annual employer pass programs to help introduce commuters to transit, (5) a revamped rideshare incentive program that has vastly increased participation, and (6) a regional commute assistance website, CommuteSmart.info, and an e-newsletter, CommuteSmart.news.
- In FY07, a new regional Guaranteed Ride Home program will begin operation that helps commuters who need to get home due to emergency.
- The number of registered carpoolers continues to rise. Responding to programs such as Metro Rewards, carpool registrations have grown from 38,803 in FY02 to over 100,000.

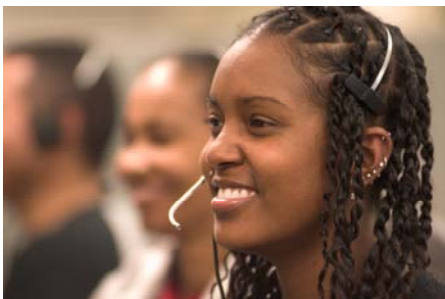


- Vanpool participation is also on the rise. Metro-organized vanpools have increased from 649 in FY02 to almost 1,000 today.



1-800-COMMUTE

- Through 1-800-COMMUTE, a statewide toll-free number, callers can access Metro information for personal transit assistance seven days a week. Callers are given route, schedule, and fare information for all public transportation providers serving the County. Rideshare assistance is also available.



Reduced Fare Program

- The Reduced Fare Program enables eligible customers to ride the Metro System at a significantly reduced price with a current monthly stamp affixed to a valid ID card. Personalized ID cards are provided to eligible full-time college or vocational students, seniors and disabled customers.
- Students in grades K through 12 participate in the reduced fare program by using a Photo-less Student Fare Card, which is valid for one school year. The cards are available at Metro Customer Centers, by mail, and through participating LAUSD and Pasadena Unified schools.
- College and vocational Student ID cards are valid for an academic term.
- Persons 62 years and older qualify for a senior ID Card. Senior ID cards are made at Customer Centers, the San Fernando Valley Sector Office and some Senior Centers.
- Personalized ID cards for the disabled are issued for various time periods based on the individual's disability.
- All other Reduced Fare applications are available at Metro Customer Centers, by mail, or on-line at our website, metro.net/reducedfares.



MetroMail Program

- The MetroMail Program provides customers with the convenience of purchasing monthly passes, stamps and tokens through the mail. Various individuals, companies, schools, non-profit organizations and government agencies use this service. They submit the MetroMail Order Form along with the appropriate payment, and the fare media is sent in a timely manner via mail or UPS. MetroMail Order Forms are available on metro.net.



E-Commerce On-Line Pass Program

- For added convenience, Metro and EZ transit passes can be purchased on-line with a credit card. Orders can be placed at metro.net/passes and will be shipped before the first of the following month.

Metro Customer Centers

- The four Metro Customer Centers serve over 400,000 customers each year, selling Metro passes and tokens and EZ transit passes; accepting Reduced Fare applications from college/vocational students and disabled customers; issuing Student Fare Cards and Senior ID cards; answering customer's questions; displaying rail/bus schedules, maps and brochures; distributing special promotional information; and providing vendor pick up and exchange services. The Centers

also support the Los Angeles County Buy-Down subsidy program by processing certifications and selling county fare media to the general public, students (grades K-12 and college/vocational), seniors and disabled residents who reside in eligible unincorporated areas of the County. Some locations also sell fare media for Foothill Transit and the Los Angeles Department of Transportation and participate in the Cityride Scrip redemption program.

- The Metro Lost and Found service is located at the Wilshire Customer Center. This operation receives, processes and returns claimed articles and disposes of unclaimed items. Customer Center and Lost and Found information is available on metro.net.

Metro Pass and Token Sales Vendor Network

- The Metro Pass and Token Sales Vendor Network includes over 600 retail business locations where patrons can purchase Metro passes and tokens and EZ regional transit passes, which can be used on participating transit bus services. Vendors are located throughout the Los Angeles County area and a complete list of sales outlets is provided on metro.net.



- Metro also offers a program for Non-Profit Community groups to increase member benefits, while supporting their community and transit services. Once approved, these groups may purchase discounted Metro passes and tokens and pass that savings on to their members. Applications are available on metro.net under Support Your Community.
- metro.net is accessible from anywhere in the world 24 hours a day. In 2005, the site had over 2 million visitors. The site also affords customers the convenience of purchasing fare media, reserved parking spaces at rail stations, or Metro apparel and merchandise online. Complete information regarding Metro's other transportation services and projects are available as well.

metro.net

- metro.net is Metro's presence on the world wide web. It offers an interactive trip planner, ridematching and comprehensive transit service information for the entire Southern California region, including maps of public transit throughout Los Angeles County.

The image shows a screenshot of the 'METRO TRIP PLANNER' interface. At the top, there are two tabs: 'METRO TRIP PLANNER' (selected) and 'ADVANCED'. Below the tabs, there are several input fields and options:

- From:** A text input field.
- To:** A text input field. Below it is an example: "Example: 101 Main St, 1st/Spring, or Union Station (Use a forward slash "/" between streets in intersection)".
- When:** A dropdown menu currently showing "Today".
- Time Type:** Two radio buttons: "Leave At" (unselected) and "Arrive by" (selected).
- Time:** Two input fields for "Hour" and "Minute", followed by two radio buttons for "AM" (selected) and "PM".
- Fare Type:** A dropdown menu currently showing "Regular".
- PLAN TRIP:** A red button with white text.

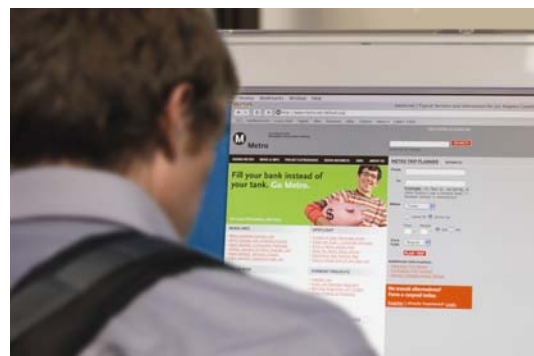
What Our Passengers Think

- Two surveys, one scanning customer satisfaction throughout the Metro system and the other focusing on the new Metro Orange Line, have found that high quality of basic services is what riders want and appreciate.
- In one of the largest customer satisfaction surveys of its kind polling nearly 18,000 riders, Metro trains and buses received high marks for innovation, as well as for quality of essential services.
- In a poll administered last fall aboard Metro buses and trains, customers said they noticed and appreciated Metro's efforts in improving basic services such as adding more buses to lines when those lines grow in popularity.
- Where basic services including seating and safety are concerned, the survey found it is getting easier to get a seat. A vast majority of customers - 80% - now find a seat, versus 69% just three years ago. Where safety is concerned, customers said they feel safe at bus stops (80%) and when riding the system (87%). In addition, 79% said drivers are courteous.



- Riders overwhelmingly approve of efforts to integrate new technology into the system.

- A prime example is customer reaction to the new Entertainment Television System on board Metro buses. Eighty-six percent of riders approve of the TV monitors that broadcast current news and sports headlines, stock quotes, word games, trivia questions and snippets of vintage television shows. The monitors were installed last year in buses throughout the system.
- Also popular were changes made to timetables. Seventy-six percent of riders approve of the redesign to make the timetables easier to read and understand.
- One area needing improvement is getting the word out about the ease and usefulness of our website, metro.net. While more people are consulting the website which contains information on how to plan bus or rail trips, join a carpool, find a Park & Ride lot near a Metro station and purchase monthly Metro passes, only 37% of the riders surveyed use the website.



- Metro's efforts to clean up graffiti as soon as it appears have also been noticed. In the prior survey, the majority of riders, 52%, thought graffiti was a problem. Now, a majority, 54%, think graffiti is not a problem.
- In the other recent customer service survey, this one focusing on Metro's

Orange Line which started service in November 2005, riders registered overwhelming approval of the service. More than 90% of respondents indicated that they normally have a seat for their trip and that they like the Metro Liner buses and the pre-paid boarding system.



- Survey results indicate the North Hollywood Metro Red Line station is the primary destination for Metro Orange Line riders, indicating that the Metro Orange Line is acting as a perfect complement to the Metro Red Line. Fifty-seven percent of riders who said they drove alone or carpooled prior to the opening of the Metro Orange Line used the 101 Freeway to complete their trip, suggesting that Metro Orange Line service may be helping to offset 101 Freeway traffic.



- Thirty-six percent of Metro Orange Line respondents said they had a car available as an alternative to make their trip (compared with 28% system wide). Also noteworthy, the survey found that 31% of Orange Line riders are new riders and riders who have used Metro for less than a year.



- Overall, more than 4 out of 5 customers think Metro's image is improving (85%) and see a continued trend toward better service (83%). Most of the riders polled (86%) use Metro bus and rail primarily for commuting.

IV. Financial Details by Fund

Business-Type Activities

Enterprise Fund

Fund Narrative

The Enterprise Fund accounts for business-type activities in a manner similar to the private sector. The business-type activities included within the Enterprise Fund are Metro Bus, contracted bus service, Metro Rail, and Regional Activities. In addition, the Enterprise Fund records capital and debt service activities related to transit operations. The Enterprise Fund is a major fund as defined by Governmental Standards Board Statement No. 34.

Revenues

Bus and rail operating revenues recover approximately 26% of the cost to provide transit services. The remaining 74% is funded through a combination of non-operating revenues (primarily federal grants) and transfers (Prop A & C, TDA

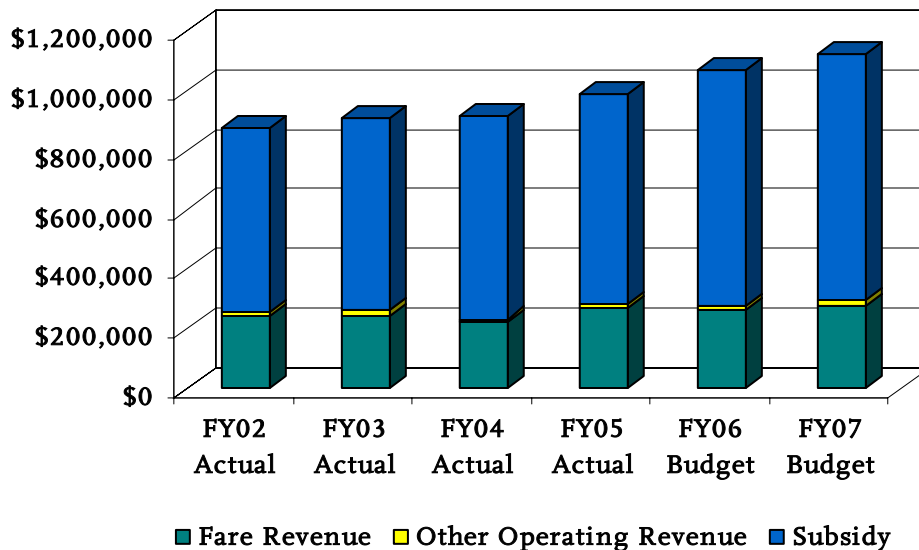
and STA tax-based revenues). The Enterprise Fund includes no one-time revenue.

Expenses

The Enterprise Fund budget of \$2,025.4 million is composed of \$1,117.5 million operating expenses, \$627.1 million for capital projects and \$280.8 million for debt service activities. These are discussed in more detail later in this section.

Approximately 66% of the operating expenses is for labor and fringe benefits. Fuel and materials represents another 15% of expenses, with the remainder being comprised of contracted services (3%), security (6%), casualty and liability (4%), and other expenses (6%). \$198 million, or 18%, of operating expenses are general and administrative in nature.

Enterprise Fund Revenue (amounts in thousands)



Service Levels

Mode		Revenue Service Hours	Revenue Service Miles	Unlinked Passenger Trips	Passenger Miles
Bus	Local & Rapid	7,116,912	87,175,141	368,481,801	1,365,079,336
	Orange Line	84,165	1,342,032	5,146,900	36,028,300
	Contracted Svc	550,285	6,652,000	12,631,000	46,608,390
	Subtotal Bus	7,751,362	95,169,172	386,259,701	1,447,716,026
Rail	Blue Line	221,197	4,845,876	25,512,575	176,956,446
	Green Line	89,850	2,755,827	10,647,776	73,188,515
	Gold Line	76,633	1,723,935	5,617,827	39,303,558
	Red Line	267,831	6,295,757	38,868,115	183,467,442
	Subtotal Rail	655,511	15,621,395	80,646,293	472,915,961
Totals		8,406,873	110,790,567	466,905,994	1,920,631,987

Cost Per Unit of Service

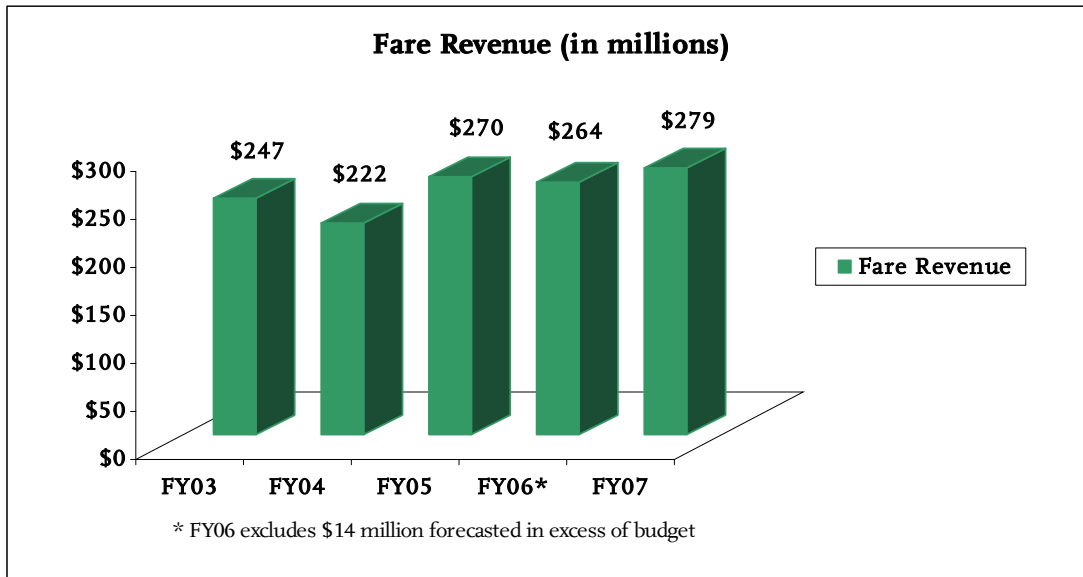
Mode		Revenue Service Hours	Revenue Service Miles	Unlinked Passenger Trips	Passenger Miles
Bus	Local & Rapid	\$116.29	\$9.49	\$2.25	\$0.61
	Orange Line	\$238.96	\$14.99	\$3.91	\$0.56
	Contracted Svc	\$68.42	\$5.66	\$2.98	\$0.81
	Subtotal Bus	\$114.23	\$9.30	\$2.29	\$0.61
Rail	Blue Line	\$280.08	\$12.78	\$2.43	\$0.35
	Green Line	\$441.18	\$14.38	\$3.72	\$0.54
	Gold Line	\$542.04	\$24.09	\$7.39	\$1.06
	Red Line	\$319.45	\$13.59	\$2.20	\$0.47
	Subtotal Rail	\$348.87	\$14.64	\$2.84	\$0.48
Combined Bus & Rail		\$132.52	\$10.06	\$2.39	\$0.58

Fare Revenue

The chart below depicts actual passenger fare revenue received in FY03 through FY05, plus budgeted receipts for FY06 and FY07. In FY04, a 35-day strike partially offset by a fare restructuring resulted in a 10% drop in fare revenue. As a consequence of the fare restructuring and uninterrupted service, FY05 fare revenue

shows growth over FY04. Fare revenue in FY07 is projected to grow by 6% due to increased boardings and continued shifts to discounted media.

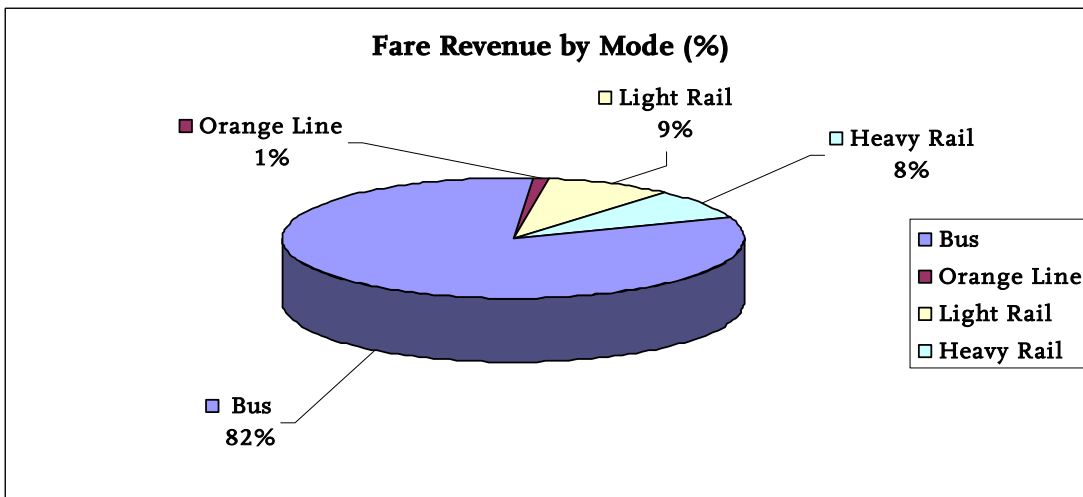
Fare revenue is allocated among modes and lines according to ridership estimates for each line.



Fare Revenue by Mode

The chart below illustrates the estimated FY07 fare revenue by mode. As shown on

the graph, most of Metro's fare revenue is attributed to bus operations.



Los Angeles County Metropolitan Transportation Authority
FY07 Budget

Enterprise Fund

Statement of Revenues and Expenses

For the Years Ending June 30, 2005, 2006, and 2007

(Amounts in millions)

Enterprise Fund by Mode	Bus Rapid Transit			Bus			Light Rail		
	FY05 Actual	FY06 Budget	FY07 Budget	FY05 Actual	FY06 Budget	FY07 Budget	FY05 Actual	FY06 Budget	FY07 Budget
1 Operating revenues:									
2 Passenger fares (1)	\$ -	\$ 1.7	\$ 3.0	\$ 233.4	\$ 219.3	\$ 226.0	\$ 19.9	\$ 21.6	\$ 24.7
3 Route subsidies	-	-	-	0.5	0.5	0.5	-	-	-
4 Advertising	-	0.2	0.1	13.1	15.5	16.1	1.0	-	-
5 Total operating revenues	-	1.9	3.1	247.0	235.3	242.6	20.9	21.6	24.7
6									
7 Operating expenses:									
8 Operating	-	12.5	17.6	652.2	696.8	732.7	109.5	108.4	103.5
9 General & administrative	-	1.5	2.5	125.6	129.3	133.2	22.1	38.7	39.6
10 Operating expenses, excluding depreciation:	-	14.0	20.1	777.8	826.1	865.9	131.6	147.1	143.1
11									
12 Operating loss	-	(12.1)	(17.0)	(530.8)	(590.8)	(623.3)	(110.7)	(125.5)	(118.4)
13									
14 Operating subsidies and grants (other expenses):									
15 Local operating grants	-	-	-	0.1	-	-	-	-	-
16 State operating grants	-	-	-	(0.1)	0.8	-	-	-	-
17 Federal operating grants	-	9.8	12.9	146.8	152.7	125.1	51.3	39.4	30.1
18 Interest revenues	-	-	-	6.3	3.8	0.5	-	-	-
19 Net (decline) in fair value of investments	-	-	-	(4.1)	-	-	-	-	-
20 Debt (expense)	-	-	-	(15.2)	(14.5)	(14.3)	-	-	-
21 Gain (loss) on disposition of fixed assets	-	-	-	0.6	3.9	-	-	-	-
22 Other revenue	-	-	-	5.4	2.6	2.6	-	0.9	0.1
23 Total operating subsidies and grants (other expenses)	-	9.8	12.9	139.8	149.3	113.9	51.3	40.3	30.2
24									
25 Gain (loss) before debt and capital items	-	(2.3)	(4.1)	(391.0)	(441.5)	(509.4)	(59.4)	(85.2)	(88.2)
26									
27 Debt service & capital grants / contributions:(2)									
28 Local									
29 Capital	-	1.0	1.9	2.1	0.7	-	-	3.0	-
30 Debt service grants/other revenues	-	-	-	0.3	10.9	0.4	1.9	1.8	1.8
31 Proceeds from financing	83.3	53.6	24.8	5.0	8.0	36.2	87.5	93.5	89.4
32 State - capital	16.6	-	-	2.0	24.7	-	2.4	43.8	167.6
33 Federal - capital	13.6	17.4	0.7	106.7	67.2	64.3	99.8	181.8	118.4
34 Total debt service & capital grants / contributions	113.6	72.0	27.4	116.1	111.5	100.9	191.6	323.9	377.2
35									
36 Capital program:									
37 Operating capital	-	-	-	186.4	155.2	194.5	19.9	29.7	13.6
38 Major construction	121.7	88.6	28.7	5.9	2.8	-	206.4	309.6	374.1
39 Total capital program	121.7	88.6	28.7	192.3	158.0	194.5	226.3	339.3	387.7
40									
41 Debt service expenses:(2)									
42 Interest expense	-	-	-	9.1	11.7	12.3	101.0	114.6	103.7
43 Principal payments	-	-	-	15.1	14.8	11.9	110.8	66.7	73.4
44 Services	-	-	-	(0.1)	0.5	0.4	(1.5)	1.4	1.6
45 Total debt service expenses	-	-	-	24.1	27.0	24.6	210.3	182.7	178.7
46									
47 Transfers In	8.2	18.9	5.4	491.3	515.0	627.6	304.4	283.3	277.4
48									
49 Net surplus (deficit)	-	-	-	-	-	-	-	-	-

(1) Intermodal allocation methodology was revised subsequent to FY05.

(2) Excludes defeased leases and includes non-cash items.

Note: Totals may not add due to rounding.

Los Angeles County Metropolitan Transportation Authority
FY07 Budget

	Heavy Rail			Non-Modal Regional			Total		
	FY05 Actual	FY06 Budget	FY07 Budget	FY05 Actual	FY06 Budget	FY07 Budget	FY05 Actual	FY06 Budget	FY07 Budget
1									
2	\$ 16.3	\$ 21.1	\$ 24.8	\$ -	\$ -	\$ -	\$ 269.6	\$ 263.7	\$ 278.5
3	-	-	-	-	-	-	0.5	0.5	0.5
4	0.5	-	-	-	-	-	14.6	15.7	16.2
5	16.8	21.1	24.8	-	-	-	284.7	279.9	295.2
6									
7									
8	63.2	57.7	62.8	2.0	2.4	2.8	826.9	877.8	919.4
9	12.5	20.4	22.7				160.2	189.9	198.0
10	75.7	78.1	85.5	2.0	2.4	2.8	987.1	1,067.7	1,117.4
11									
12	(58.9)	(57.0)	(60.7)	(2.0)	(2.4)	(2.8)	(702.4)	(787.8)	(822.2)
13									
14									
15	-	-	-	-	-	-	0.1	-	-
16	-	-	-	-	-	-	(0.1)	0.8	-
17	19.0	8.3	19.8	-	-	-	217.1	210.2	187.9
18	-	-	-	-	-	-	6.3	3.8	0.5
19	-	-	-	-	-	-	(4.1)	-	-
20	-	-	-	-	-	-	(15.2)	(14.5)	(14.3)
21	-	-	-	-	-	-	0.6	3.9	-
22	-	0.5	0.1	-	-	-	5.4	4.0	2.8
23	19.0	8.8	19.9	-	-	-	210.1	208.2	176.9
24									
25	(39.9)	(48.2)	(40.8)	(2.0)	(2.4)	(2.8)	(492.3)	(597.6)	(645.3)
26									
27									
28									
29	0.1	-	-	-	-	-	2.2	4.7	1.9
30	0.3	0.3	0.2	-	-	-	2.5	13.0	2.4
31	9.7	12.3	6.0	-	-	-	185.5	167.4	156.4
32	-	-	-	-	-	-	21.0	68.5	167.6
33	1.6	3.2	5.9	-	-	-	221.7	269.5	189.3
34	11.7	15.8	12.1	-	-	-	432.9	523.2	517.6
35									
36									
37	0.8	6.6	10.2	-	-	-	207.1	191.5	218.3
38	26.9	12.3	6.0	-	-	-	360.9	413.3	408.8
39	27.7	18.9	16.2	-	-	-	568.0	604.8	627.1
40									
41									
42	33.1	38.1	36.2	-	-	-	143.2	164.3	252.2
43	28.0	22.3	26.6	-	-	-	153.9	103.8	111.9
44	(0.5)	0.2	0.4	-	-	-	(2.1)	2.1	2.4
45	60.6	60.6	63.2	-	-	-	295.0	270.3	266.5
46									
47	116.5	111.9	108.1	2.0	2.4	2.8	922.4	931.5	1,021.3
48									
49	-	-	-	-	-	-	-	-	-

Capital Program

Description

The Capital Program includes projects to improve infrastructure, acquire equipment, and construct new bus and rail transportation facilities. The capital budget is developed concurrently and approved with the operating budget. The Capital Program is discussed in greater detail in Section V.

Capital program activity is budgeted in the Enterprise Fund.

Revenues

Revenues for the Capital Program are primarily from intergovernmental grants for infrastructure improvements and equipment acquisition projects (capital

projects) and a combination of intergovernmental grants and long-term debt for the major bus and rail projects. The Capital Program reflects cost estimates and implementation plans for projects based on agency priorities as established by the Capital Review Committee. Funding is allocated based on plans and schedules to provide resources for project implementation.

Expenditures

Capital Program expenditures are comprised of direct project costs for the acquisition, expansion, rehabilitation of infrastructure, and capital assets as well as staff necessary for successful design, construction, acquisition, and implementation.

Debt Program

Description

Debt Service activity is recorded in the Enterprise, General and Agency Funds. This is detailed in the schedule titled “LACMTA FY07 Debt Service Schedule” in Appendix 4.

Total LACMTA outstanding debt is \$4.7 billion. The Agency Fund accounts for another \$63.6 million in Benefit Assessment District debt. No debt issuance is planned for FY07.

The LACMTA has refunded more than \$4.0 billion of its long-term debt to achieve debt service savings. Those savings exceed \$274 million on a present value basis and \$378 million on a cash basis.

Revenues

Annual revenue budgeted for the payment of debt service consists primarily of local sales tax proceeds from Proposition A and Proposition C. Additional sources of debt repayment include federal grants, monies previously set aside pursuant to lease/leaseback transactions, and other miscellaneous revenue receipts.

Expenditures

Commercial paper is issued to provide interim funding for capital expenditures prior to the issuance of long-term bonds. If deemed appropriate during the fiscal year, long-term bonds may be issued. Otherwise, long-term bonds are anticipated to be issued in subsequent fiscal periods to retire the commercial paper and provide permanent, long-term financing.

The total FY07 debt service requirement is \$360.6 million; \$335.4 million is related to Transit Operations activities. The remaining \$25.2 million is budgeted in the General and Agency funds. See the FY07 Debt Service Schedule for further detail.

Debt Limitations/Use Restrictions

LACMTA issues additional debt consistent with the Board-adopted multi-year Capital Program. Revenues are allocated in accordance with the applicable ordinances, legislation, and planning processes.

Although LACMTA’s bonds are not subject to California constitutional debt limitations, the LACMTA has contractual covenants as part of its bond indentures that limit the issuance of additional debt. The additional bond covenants restrict the percentage amount of specific revenue sources that may be used to service debt. These covenants provide protection to bondholders by limiting the amount of additional bonds that may be issued.

LACMTA has been assigned high credit ratings on its bonds as a result of having sound security provisions in the bond indentures, properly managing its finances, and pledging sales tax revenues to repay the bonds. LACMTA’s senior lien sales tax revenue bonds have been assigned credit ratings of Aa3, AA-, and A+ by Moody’s Investors Service, Standard & Poor’s, and Fitch Ratings, respectively.

Debt Policy

The LACMTA’s debt policy establishes guidelines for the issuance and management of the agency’s debt. The policy’s priorities are as follows:

1. Achieve the lowest cost of capital.
2. Maintain a prudent level of financial risk.
3. Preserve future financial flexibility.
4. Maintain strong credit ratings and good investor relations.
5. Ensure that local, emerging and disadvantaged business enterprise investment banking and financial firms will be considered for, and utilized in, lead and senior manager roles when appropriate.

The policy calls for a Capital Plan of at least five years to be developed annually. The plan must indicate its debt service requirements and the effect on the agency's debt burden.

The policy prescribes that long-term debt should be used to finance essential capital facilities, projects and certain equipment where it is cost-effective and fiscally prudent. Long-term debt may not be used to fund any operational activities.

Lease financing should be used when it is advantageous to do so either financially or operationally.

Short-term debt is permissible as interim funding as long as it is replaced by permanent funding.

The level of unhedged variable rate debt is limited to 20% of all outstanding debt. The corresponding limit for the total of hedged and unhedged variable rate debt is 50%.

The policy sets target and maximum amounts of revenue that can be dedicated to debt service as percentages of the respective revenue sources. Details are shown in Appendix 4.

Issuance of long-term debt secured by Prop A and Prop C sales tax revenues is also limited by additional bond test covenants. Prior to the issuance of new bonds secured by Prop A and Prop C sales tax revenues, the LACMTA must demonstrate that sales tax revenue collected for a certain period prior to the issuance of the new bonds is sufficient to provide minimum debt service coverage levels for all debt service, including debt service related to the new bonds.

FY07 Debt Service Coverage Ratios

(Amounts in millions)

	FY05 Actual	FY06 Budget	FY07 Adopted	Foot- notes
1 Proposition A:				
2 Net Sales Tax Revenue	\$ 464.6	\$ 464.5	\$ 500.6	(1)
3 First Tier Senior Lien Annual Debt Service	130.4	139.1	140.7	
4 First Tier Senior Lien Debt Service Coverage	3.56x	3.34x	3.56x	
5				
6 Residual Net Sales Tax Revenue	\$ 334.2	\$ 325.4	\$ 359.9	
7 First Tier Second Senior Lien Annual Debt Service	3.4	3.3	5.7	
8 Debt Service Coverage	3.47x	3.26x	3.42x	
9				
10 Residual Net Sales Tax Revenue	\$ 330.8	\$ 322.1	\$ 354.2	
11 Second Tier Annual Debt Service	5.4	5.2	4.6	
12 Second Tier Debt Service Coverage	3.34x	3.15x	3.32x	
13				
14 Proposition C:				
15 Net Sales Tax Revenue	\$ 495.7	\$ 495.5	\$ 534.1	(1)
16 Second Senior Lien Annual Debt Service	99.7	100.1	100.7	
17 Debt Service Coverage	4.97x	4.95x	5.30x	
18				
19 General Revenue:				
20 Pledged Revenue	\$ 292.2	\$ 292.6	\$ 298.0	
21 Annual Debt Service	20.4	26.0	24.5	
22 Debt Service Coverage	14.32x	11.25x	12.16x	

Footnotes:

(1) - Sales tax revenue net of required allocations to local governments for transit purposes and less the administrative fee paid to the State Board of Equalization.

Projected Debt Service Requirements (FY07-FY11)

	Principal	Interest	Footnotes
1	Proposition A:		
2	\$ 66,224,035	\$ 88,567,503	1
3	70,808,000	83,531,004	1
4	73,757,000	79,920,696	1
5	77,414,000	76,090,173	1
6	81,348,000	71,876,408	1
7	369,551,035	399,985,783	1
8			
9	Proposition C:		
10	42,385,000	64,522,942	1
11	46,655,000	62,182,378	1
12	50,303,000	59,627,497	1
13	50,450,000	57,519,815	1
14	52,780,000	55,315,393	1
15	242,573,000	299,168,025	1
16			
17	General Revenue:		
18	15,840,000	8,666,268	
19	16,430,000	8,117,069	
20	17,190,000	7,473,415	
21	18,050,000	6,753,176	
22	19,020,000	5,941,197	
23	86,530,000	36,951,125	
24			
25	Grant Revenue:		
26	-	4,157,388	2
27	25,175,000	9,145,013	
28	23,025,000	8,301,513	
29	42,325,000	7,157,888	
30	65,605,000	5,289,459	
31	156,130,000	34,051,260	
32			
33	Benefit Assessments:		
34	18,935,000	3,387,445	3
35	20,105,000	2,271,698	
36	21,365,000	1,289,813	
37	22,170,000	443,950	
38	-	-	
39	82,575,000	7,392,905	
40			
41	Capitalized Leases:		
42	4,049,012	634,856	
43	3,367,421	446,701	
44	2,792,013	319,953	
45	2,602,961	209,005	
46	2,313,235	123,731	
47	\$ 15,124,642	\$ 1,734,246	
48			
49	Other Debt:		
50	36,135,667	3,203,148	4
51	45,003,085	4,096,155	
52	14,214,519	3,872,932	
53	67,699,716	12,460,880	
54	83,325,832	5,444,047	
55	\$ 246,378,820	\$ 29,077,162	

Footnotes:

- 1 - Includes projected debt service for the Commercial Paper programs.
- 2 - Interest expense for the Grant Revenue Bonds is net of capitalized interest and earned from the Debt Service Reserve Fund.
- 3 - The Special Revenue debt service is solely an obligation of two Benefit Assessment Districts and is paid from assessments levied within each District.
- 4 - Other Debt represents outstanding leveraged leases. Principal and interest payments on leveraged leases are made from restricted funds on deposit, not from future revenue.

Governmental Activities

Governmental activities are budgeted in the Governmental funds comprised of the Special Revenue fund and the General fund. They contain Metro's non-proprietary activities. The Special Revenue fund budget includes the

administration of special transportation programs and the pass-through funding to other agencies in Los Angeles County. Most of the General fund budget is made up of Metro's real estate activities.

Statement of Revenues, Expenditures and Changes in Fund Balances For the Years Ending June 30, 2005, 2006 and 2007

(Amounts in millions)

Governmental Funds	Governmental Funds						Total		
	Special Revenue Fund			General Fund			FY05 Actual	FY06 Budget	FY07 Budget
	FY05 Actual	FY06 Budget	FY07 Budget	FY05 Actual	FY06 Budget	FY07 Budget			
1 Revenue:									
2 Sales tax	\$ 1,587.6	\$ 1,594.3	\$ 1,741.8	\$ -	\$ -	\$ -	\$ 1,587.6	\$ 1,594.3	\$ 1,741.8
3 Intergovernmental grants	20.3	48.0	48.6	0.1	2.9	1.8	20.4	50.9	50.4
4 Investment income	16.3	13.0	5.8	5.7	2.2	4.1	22.0	15.2	9.9
5 Net decline in fair value of investments	(5.6)	-	-	(1.4)	-	-	(7.0)	-	-
6 Lease and rental		-		10.9	10.7	10.3	10.9	10.7	10.3
7 Licenses and fines	7.6	7.0	7.0	0.5	0.5	0.5	8.1	7.5	7.5
8 Other	-	-		2.4	2.1	6.2	2.4	2.1	6.2
9 Total Revenues	1,626.2	1,662.3	1,803.2	18.2	18.4	22.9	1,644.4	1,680.7	1,826.1
10									
11 Expenditures:									
12 Subsidies	685.9	746.5	815.5	0.2	0.1	-	686.1	746.6	815.5
13 Services	40.0	70.8	88.5	9.1	9.4	9.6	49.1	80.2	98.1
14 Debt and interest expenditures									
15 Interest and fiscal charges		-	-		1.5	1.5	-	1.5	1.5
16 Bond principal & commercial paper retirement		-	-	-	0.8	0.8	-	0.8	0.8
17 General and administrative	43.3	41.8	43.6	2.2	3.8	4.4	45.5	45.6	48.0
18 Total expenditures	769.2	859.1	947.6	11.5	15.6	16.2	780.7	874.7	963.8
19									
20 Transfers In	46.3	119.2	85.6	3.9	4.7	4.8	50.2	123.9	90.4
21 Transfers (out)	(855.4)	(1,002.1)	(1,109.0)	(57.1)	(50.6)	(5.3)	(912.5)	(1,052.7)	(1,114.3)
22 Proceeds from Financing			36.8				-	-	36.8
23									
24 Net change in fund balances	47.9	(79.7)	(131.0)	(46.5)	(43.1)	6.1	1.4	(122.8)	(124.8)
25									
26 Fund balances - beginning of year	602.8	650.7	571.0	142.8	96.3	53.2	745.6	747.0	624.2
27									
28 Fund balances - end of year	\$ 650.7	\$ 571.0	\$ 440.0	\$ 96.3	\$ 53.2	\$ 59.3	\$ 747.0	\$ 624.2	\$ 499.3

Note: Totals may not add due to rounding.

Special Revenue Fund

Fund Narrative

The Special Revenue Fund (SRF) accounts for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, other governments, or major capital projects) that are earmarked for specified purposes. The SRF reflects Metro's responsibility to administer special transportation programs as well as its duty to allocate transportation funds to local and regional agencies throughout Los Angeles County. The SRF is the other major fund as defined by the Governmental Accounting Standards Board Statement No. 34.

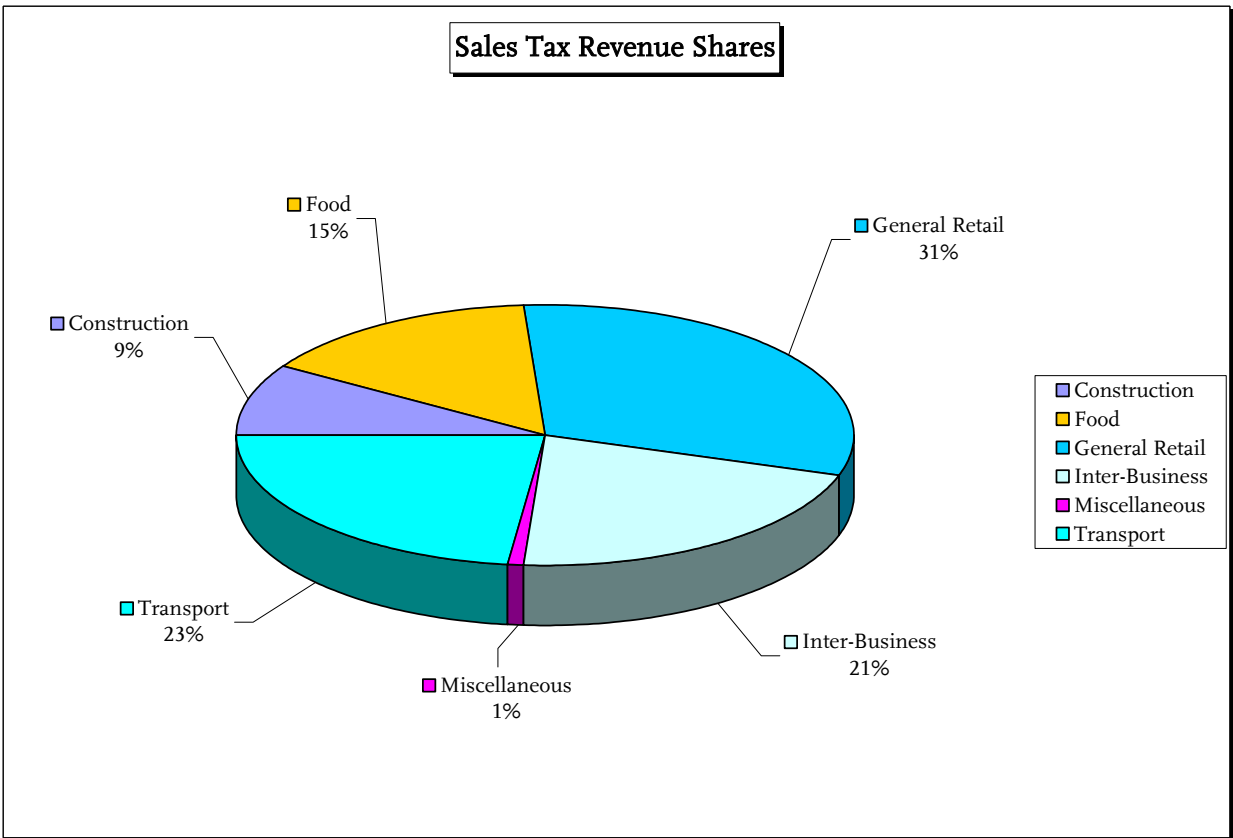
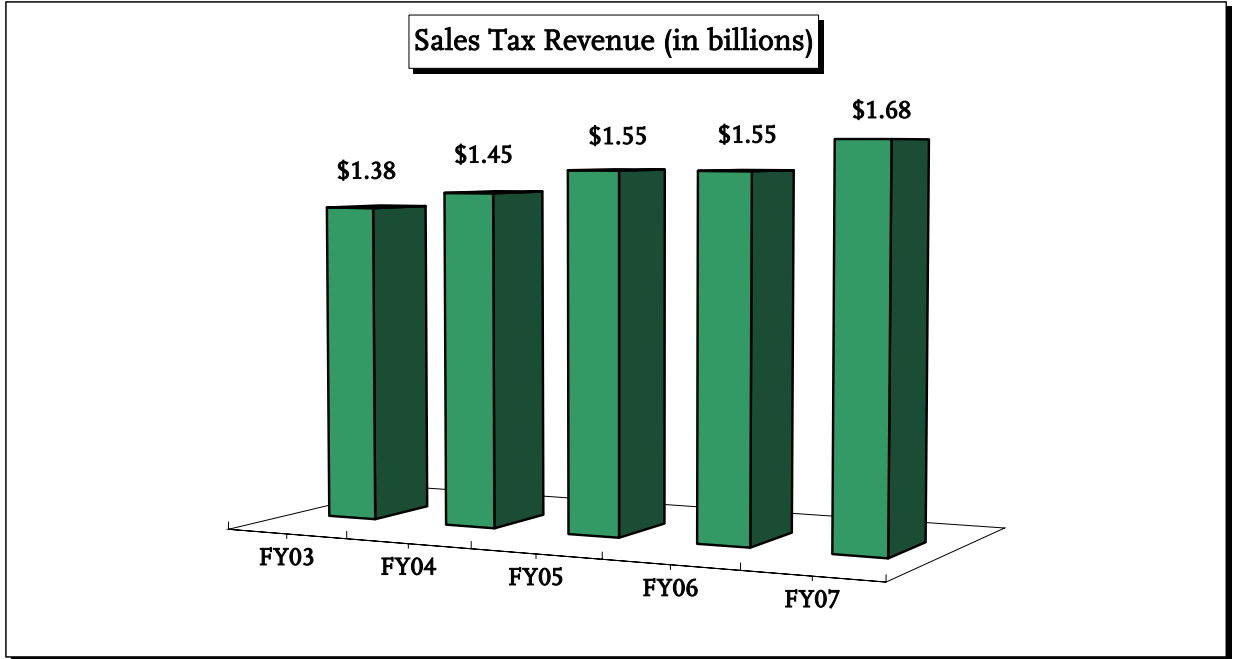
Revenue

The primary source of revenue is Proposition A sales tax, Proposition C

sales tax, Transportation Development Act (TDA) sales tax, and State Transit Assistance (STA) sales tax on gasoline. Other sources include Service Authority for Freeway Emergencies (SAFE), Congestion Mitigation and Air Quality (CMAQ), and other funds used to account for programs with dedicated revenue.

Expenditures

Laws, ordinances, or grants that created these funds designate their use. Regional programs detailed in the following section account for 86% of Special Revenue expenditures. The remaining 14% goes for SAFE, FSP, other contracts, administrative costs and labor.



Description of Revenue

Proposition A

Revenue is generated from a 0.5% sales tax in Los Angeles County pursuant to the Prop A Ordinance of 1980. The Ordinance specifies that funds must be used exclusively to improve transit in Los Angeles County.

Metro is responsible for administering Prop A funds and the interest earned. It uses 5% of Prop A it receives for administration.

The rest (95%) of Prop A is apportioned:

- 25% Local Return program
- 35% Rail Development Program
- 40% Discretionary

Proposition C

Revenues are generated from Los Angeles County's 0.5% sales tax for "public transit purposes" pursuant to the Prop C Ordinance of 1990. specifically, eligible uses are:

- The maintenance, improvement and expansion of public transit
- Congestion Reduction
- Increase of Mobility

Metro uses 1.5% of overall funds for administrative purposes. The remaining 98.5% is apportioned as follows:

- 5% rail and bus security
- 10% commuter rail/transit centers
- 20% local return
- 25% transit-related improvements to streets, highways, and fixed guideways on railroad rights-of-way
- 40% discretionary

Transportation Development Act

Revenues are derived from the 0.25% of the 7.25% retail sales tax collected statewide. The 0.25% is returned by the State Board of Equalization to each county according to the amount of tax collected in that county.

TDA Article 4: Public Transportation Systems

Up to 93% of total TDA funds are allocated to municipal transit operators, Transit Districts and Joint Power Authorities. Allocation is subject to the Formula Allocation Procedure (based on vehicle services miles and fare revenue).

State Transit Assistance

These are revenues derived from sales and use taxes on diesel fuel and gasoline as follows:

- 4.75% sales tax on diesel fuel.
- 4.75% sales tax on \$0.09 of the gasoline state excise tax on gasoline.
- "spillover": a potential source of additional revenue that applies when the growth in sales tax revenue on all sales (including gas) exceeds the growth in sales tax revenue on all sales (excluding gas).

Population Share

50% is allocated to counties based on the ratio of each county's population to the state's population. This is eligible for transit operations or roads.

Operator Revenue Share

50% is allocated to counties based on the ratio of the total transit operator's revenues to the total revenues of transit operators in the state. This is eligible for transit operations or capital.

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Los Angeles County Metropolitan Transportation Authority
FY07 Budget

Special Revenue Fund

Combined Statement of Revenues, Expenditures and Changes in Fund Balances

For the Years Ending June 30, 2005, 2006 and 2007

(Amounts in millions)

Special Revenue Funds	Proposition A & C, TDA Administration			Proposition A			Proposition C			Transportation Devel. Act		
	FY05 Actual	FY06 Budget	FY07 Budget	FY05 Actual	FY06 Budget	FY07 Budget	FY05 Actual	FY06 Budget	FY07 Budget	FY05 Actual	FY06 Budget	FY07 Budget
1 Revenue:												
2 Sales tax	\$ -	\$ -	\$ -	\$ 619.5	\$ 619.3	\$ 667.5	\$ 619.6	\$ 619.3	\$ 667.6	\$ 314.5	\$ 314.8	\$ 338.8
3 Intergovernmental grants	-	-	3.7	-	-	-	16.5	28.2	25.8	-	-	-
4 Investment income	-	-	-	3.1	2.0	1.2	8.0	7.6	3.0	2.9	2.0	-
5 Net (decline) in fair value of investments	-	-	-	(1.6)	-	-	(3.5)	-	-	-	-	-
6 Licenses and fines	-	-	-	-	-	-	-	-	-	-	-	-
7 Other	-	-	-	-	-	-	-	-	-	-	-	-
8 Total revenues	-	-	3.7	621.0	621.3	668.7	640.6	655.1	696.4	317.4	316.8	338.8
9												
10 Expenditures:												
11 Subsidies	0.2	0.1	0.1	237.0	228.2	243.7	307.3	391.5	435.8	134.2	100.7	109.3
12 Services	11.2	14.9	17.0	-	-	-	24.1	42.8	54.2	-	-	-
13 General and administrative	36.0	32.3	33.7	-	-	-	5.9	7.6	7.4	-	-	-
14 Total expenditures	47.3	47.3	50.7	237.0	228.2	243.7	337.3	441.9	497.4	134.2	100.7	109.3
15												
16 Transfers In	44.7	57.5	49.4	-	-	-	1.6	61.3	35.5	-	-	0.6
17 Transfers Out	(4.2)	(0.9)	(1.6)	(359.6)	(434.1)	(463.1)	(276.4)	(305.0)	(331.6)	(187.8)	(213.1)	(247.2)
18 Proceeds from Financing			-			-			36.8			-
19												
20 Net change in fund balance	(6.9)	9.3	0.8	24.4	(41.0)	(38.1)	28.5	(30.6)	(60.4)	(4.6)	3.1	(17.0)
21												
22 Fund balance - beginning of year	3.9	(3.0)	6.3	112.5	136.9	96.0	258.9	287.3	256.8	143.0	138.4	141.5
23												
24 Fund balance - end of year	\$ (3.0)	\$ 6.3	\$ 7.1	\$ 136.9	\$ 96.0	\$ 57.9	\$ 287.3	\$ 256.8	\$ 196.4	\$ 138.4	\$ 141.5	\$ 124.5

* Other includes regional EZ Transit Pass Program.
Note: Totals may not add due to rounding.

Los Angeles County Metropolitan Transportation Authority
FY07 Budget

	State Transit Assistance			SAFE			Other*			Total		
	FY05 Actual	FY06 Budget	FY07 Budget	FY05 Actual	FY06 Budget	FY07 Budget	FY05 Actual	FY06 Budget	FY07 Budget	FY05 Actual	FY06 Budget	FY07 Budget
1												
2	\$ 34.0	\$ 40.8	\$ 67.9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,587.6	\$ 1,594.3	\$ 1,741.8
3	-	-	-	-	-	-	3.8	19.8	19.0	20.3	48.0	48.6
4	1.3	0.5	0.9	1.0	-	0.7	-	-	-	16.3	13.0	5.8
5	-	-	-	(0.5)	-	-	-	-	-	(5.6)	-	-
6	-	-	-	7.6	7.0	7.0	-	-	-	7.6	7.0	7.0
7	-	-	-	0.0	-	-	-	-	-	-	-	-
8	35.3	41.3	68.8	8.1	7.0	7.7	3.8	19.8	19.0	1,626.2	1,662.3	1,803.2
9												
10												
11	4.2	7.8	9.4	-	-	-	3.0	18.2	17.2	685.9	746.5	815.5
12	-	-	-	4.5	11.4	15.7	0.2	1.7	1.6	40.0	70.9	88.5
13	-	-	-	1.2	1.6	2.2	0.2	0.3	0.4	43.3	41.8	43.6
14	4.2	7.8	9.4	5.7	13.0	17.9	3.4	20.2	19.2	769.2	859.2	947.6
15												
16	-	-	-	-	-	-	0.1	0.4	0.1	46.3	119.2	85.6
17	(27.4)	(49.1)	(62.5)	-	-	(3.0)	-	-	-	(855.4)	(1,002.1)	(1,109.0)
18												36.8
19												
20	3.7	(15.6)	(3.1)	2.4	(6.0)	(13.2)	0.5	-	-	47.9	(79.7)	(131.0)
21												
22	58.4	62.1	46.5	26.6	29.0	23.9	(0.5)	-	-	602.8	650.7	571.0
23												
24	\$ 62.1	\$ 46.5	\$ 43.4	\$ 29.0	\$ 23.0	\$ 10.7	-	-	-	\$ 650.7	\$ 571.0	\$ 440.0

Regional Programs

Metro provides funding directly to projects through grants of local funds or indirectly through allocated federal or state grants. Local funds consist mainly of Proposition A and Proposition C funds which are disbursed by Metro to agencies based on an approved spending plan. Federal and state grant funds are programmed or allocated by Metro and disbursed directly by the granting agency or disbursed by Metro to the grantee or recipient. The recipient agency is responsible for

administering and managing the federal or state grant.

The FY07 Budget for local funding commitments to the Call for Projects (CFP) reflects current year cash flow. Funding for all other local programs, including Municipal Operator programs, ASI, Proposition A Incentive, Local Return, and Metrolink, reflects the FY07 programmed amounts.

FY07 Revenue Summary – Regional Programs Budget

Funding Category	Transit Operator Programs	ADA/ Accessibility Funding Program	CFP Projects & Programs	Other Local Projects	Commuter Rail & Intercity Rail	Other Planning Projects	Total Subsidy Budget
Prop A - Local Return 25%	\$ -	\$ -	\$ 164,360	\$ -	\$ -	\$ -	\$ 164,360
Prop A - Discretionary 95% of 40%	210,549						210,549
Prop A - Incentive 5% of 40%		13,149					13,149
Prop C - Local Return 20%			136,370				136,370
Prop C - Security 5%	30,195						30,195
Prop C - Commuter Rail 10%			12,376		52,302		64,678
Prop C - Streets & Hwys 25%			150,730			40	150,770
Prop C - Discretionary 40%	151,602	25,059	1,670	6,050			184,381
Other (Federal, FAU Cash, & CMAQ)			12,890	9,739			22,628
Other (EZ Pass)				7,500			7,500
TDA	324,219		25,617				349,836
STA Formula	38,074						38,074
Administration (Prop A, Prop C, TDA)	630					65	695
Interest (Prop A, Prop C, TDA, STA)	400						400
Total	\$ 755,670	\$ 38,208	\$ 504,013	\$ 23,289	\$ 52,302	\$ 105	\$ 1,373,585

Regional Subsidy Program Budget Detail

(Amounts in thousands)

Regional Fund Description	FY05 Actual	FY06 Budget	FY07 Adopted
1			
2 Transit Operator Programs			
3 Formula Allocated Funds - other agencies	\$ 186,496	\$ 155,532	\$ 159,924
4 Formula Allocated Funds - MTA portion	340,329	363,677	414,599
5 Transit Security	4,023	5,600	5,341
6 Transit Security - MTA portion	23,431	25,653	24,853
7 BSIP & MOSIP Programs	23,921	19,755	20,335
8 BSIP & MOSIP Programs - MTA portion	49,395	50,713	107,931
9 Foothill Mitigation	1,896	1,783	1,523
10 Foothill Mitigation - MTA portion	6,282	5,893	5,591
11 Transit Service Expansion	5,954	6,123	6,282
12 Base Bus Restructuring	3,121	3,205	3,289
13 Fuel-Inflation allocation (FY07 only)	-	-	6,000
14 Transit Operator Programs total	644,848	637,935	755,669
15			
16 ADA/Accessibility Funding Programs			
17 ASI - Access Services, Inc.	17,342	25,031	25,059
18 Proposition A Incentive programs	13,579	11,768	13,149
19 ADA Accessibility Funding Programs total	30,921	36,799	38,208
20			
21 CFP Projects and Programs			
22 Proposition A and C Local Return	280,652	269,101	300,730
23 Call for Projects & Rapid Bus	67,291	147,360	177,666
24 TDA Bikeways/Transit/Streets & Hwys Pgms	23,316	22,981	25,617
25 CFP Projects and Programs total	371,260	439,442	504,013
26			
27 Other Local Projects			
28 Immediate Needs	4,622	5,000	5,000
29 SHORE/General Relief Tokens	904	1,050	1,050
30 Regional Grantee-FTA	2,929	13,794	9,739
31 EZ Pass Program	4,324	4,350	7,500
32 Other Local Projects total	12,780	24,194	23,289
33			
34 Commuter Rail & Intercity Rail Programs			
35 Metrolink	41,249	52,503	52,277
36 Intercity Rail	25	25	25
37 Commuter Rail & Intercity Rail Programs total	41,274	52,528	52,302
38			
39 Other Planning Projects			
40 Other P&P Planning	100	65	65
41 Transit Planning	50	-	-
42 Pedestrian/Bikeway Enhancements & Rideshare Svcs	186	85	40
43 Pasadena MBL disbursement	8,400	-	-
44 Other Planning Projects total	8,736	150	105
45 Total MTA Funded Programs	\$ 1,109,819	\$ 1,191,048	\$ 1,373,585

Regional Programs Descriptions

Transit Operator Programs

Transit Operator Programs provide for the equitable allocation of STA, TDA, Proposition A 40% Discretionary, and Propositions A and C interest revenues to 17 transit service providers in Los Angeles County. These funds are allocated based on formulas prescribed by state law and by the LACMTA Board of Directors.

In addition, operators receive Proposition C 40% Discretionary funds under five programs approved by the LACMTA Board of Directors: Foothill Mitigation Program, Transit Service Expansion, Discretionary Bus Restructuring, Bus Service Improvement Plan (BSIP) including Overcrowding Relief, and the Municipal Operator Service Improvement Program (MOSIP). In FY07 an additional Proposition C 40% allocation was made to the Municipal Operators for fuel inflation.

ADA/Accessibility Funding Programs

Metro contracts with Access Services, Inc., (ASI) to provide complementary paratransit services for persons with disabilities who cannot use fixed route buses and trains, enabling the County's fixed route operators to be fully compliant with ADA requirements. ASI is also the Consolidated Transportation Services Agency (CTSA) for Los Angeles County, responsible for improving mobility options and for coordinating specialized transportation.

Paratransit Programs

The Proposition A Discretionary Incentive program provides support to many local jurisdictions within Los Angeles County

for the provision of public and private paratransit service.

Call for Projects and Other Transportation Improvement Programs

Propositions A and C Local Return

The Proposition A and Proposition C ordinances require that each of the 88 cities and Los Angeles County receives a direct share, based on population, of the total Proposition A and Proposition C sales tax revenues. Known as "local return," these funds must be used to support transit needs or other transportation related projects including paratransit and fixed route service, street and road maintenance (Prop C only) on streets heavily used by transit, and other transit-related improvements.

Transportation Improvement Program Call for Projects

The Transportation Improvement Program (TIP) Call for Projects (CFP) is a biennial process for allocating selected local, state, and federal transportation funds to cities in Los Angeles County, Los Angeles County, municipal transit operators, joint power authorities, and other public agencies. After Metro establishes funding estimates, eligible organizations submit project applications for review.

Metro staff, based on a scoring system adopted by the LACMTA Board of Directors, evaluates the merits of each submittal and develops a priority ranking. The LACMTA Board of Directors reviews the staff recommendations and adopts a multi-year funding program. After adoption by the LACMTA Board of

Directors, Metro allocates funding based on project cash flow plans and secures written agreements with successful project sponsors.

TDA Article 3 and Article 8

TDA Article 3 funds are allocated to all cities and the unincorporated areas of Los Angeles County based on population. TDA Article 3 funds may be used for pedestrian and bicycle facilities, including retrofitting facilities, to comply with the Americans with Disabilities Act (ADA). TDA Article 8 funds may be used for transit and paratransit.

If Metro finds that all transit needs in the jurisdiction have been met, funds may be used for the development, construction, and maintenance of local streets and roads. Eligible claimants for TDA Article 8 funds include the cities of Avalon, Lancaster, Palmdale, and Santa Clarita, and the unincorporated areas of Los Angeles County.

Other Local Programs

Metro provides \$1.1 million in funding for Support for Homeless Re-Entry (SHORE) and the General Relief (GR) Token Program to provide tokens for transportation for homeless/indigent persons.

Regional Grantee

Metro is acting as the grantee for federal funds on a pass-through basis. In FY07, the budgeted amount for pass-through grants is \$9.6 million.

FY07 participants include Baldwin Park, Bell, Burbank, Compton, Cudahy, El Segundo, Glendale, Maywood, Monrovia, Monterey Park, Palmdale, Pasadena, Playa Vista, Redondo Beach, Sierra Madre, South Pasadena, and West Covina, as well as Catellus Development Corporation and the Los Angeles Neighborhood Initiative (LANI).

EZ Transit Pass Program

The EZ transit Pass Program is a regional pass program that allows patrons to transfer among various transit providers. Currently, twenty operators participate in the program. The program provides seamless travel for patrons who use the EZ Pass to access different transit systems.

Metro administers the program by collecting all revenues (\$8.0 million in FY07) and distributing them to the participating operators upon receipt of their requests for reimbursement.

Regional Rail Program

MetroLink is a regional passenger rail system which links downtown Los Angeles to the four surrounding counties and the Antelope Valley. Average passenger trip length is 37 miles.

Construction, operation, and maintenance of the MetroLink fleet, right-of-way, and facilities are performed by the Southern California Regional Rail Authority (SCRRA), a Joint Powers Authority (JPA). Metro and the four county members of the JPA provide funding, in combination with passenger fares, state and federal grants, and other operating revenue.

General Fund

Fund Narrative

The General Fund includes activities associated with government that are not legally or otherwise required to be accounted for in another fund.

The General Fund provides legal services, planning and joint development programs, and Metro rideshare communication activities with constituents and customers.

Revenues

The primary sources of revenue to the General Fund are HOV fines, various interest income, employee activities, and Federal, State, and Local grants. Metro also collects rental and lease revenue on owned property and generates revenue from property management functions provided by the Real Estate Department. Revenues collected from non-recurring

sources also are included in the General Fund.

Expenditures

The General Fund records expenditures for joint development administration, Homeland Security training, coordinated Human Services transportation plan, and needs assessment survey of all local jurisdiction public roads.

Professional services budgeted in FY07 include legal services, employee activities, bikeway and pedestrian planning studies, joint development, rideshare services, Homeland Security programs, and debt expenditures and retirement.

Expenditures associated with property management activities that are not directly attributable to transit operations or construction efforts are also included in the General Fund.

Statement of Revenues, Expenditures and Changes in Fund Balances For the Years Ending June 30, 2005, 2006, and 2007

(Amounts in millions)

General Fund	FY05 Actual	FY06 Budget	FY07 Budget
1 Revenue:			
2 Intergovernmental grants	\$ 0.1	\$ 2.9	\$ 1.8
3 Investment income	5.6	2.2	4.1
4 Net decline in fair value of investments	(1.4)		
5 Lease and rental	10.9	10.7	10.3
6 Proceeds on lease/leaseback to service	-	-	-
7 Licenses and fines	0.5	0.5	0.5
8 Other	2.4	2.1	6.2
9 Total Revenues	18.2	18.4	22.9
10 Expenditures:			
11 Subsidies	0.2	0.1	0.0
12 Services	9.0	9.4	9.6
13 Debt and interest expenditures	-	1.5	1.5
14 Bond principal & commercial paper retirement	-	0.8	0.8
15 General and administrative	2.2	3.8	4.4
16 Total expenditures	11.4	15.5	16.3
17 Transfers In	3.9	4.5	4.8
18 Transfers Out	(57.1)	(50.6)	(5.3)
19 Net change in fund balance	(46.4)	(43.2)	6.2
20 Fund balances - beginning of year	142.8	96.3	53.2
21 Fund balances - end of year	\$ 96.3	\$ 53.2	\$ 59.3

Note: Totals may not add due to rounding.

Fund Balances

For the Years Ending June 30, 2005, 2006, and 2007.

(Amounts in millions)

Fund	FY05 Actual	FY06 Estimated (1)	FY07 Estimated (1)
1 Special Revenue Funds:			
2 Proposition A:			
3 Administration	\$ 2.2	\$ -	\$ -
4 Local Return	5.8	5.8	-
5 Rail Set Aside	38.7	35.0	1.6
6 Discretionary	36.1	(0.4)	-
7 Incentive	19.3	19.3	18.8
8 Interest	(2.9)	(1.3)	(0.1)
9 Proposition C:			
10 Administration	1.1	-	-
11 Local Return	4.9	4.9	-
12 Commuter Rail	49.6	17.4	6.5
13 Discretionary	36.2	62.6	35.8 (2)
14 Street & Highways	52.3	23.0	-
15 Security	5.5	3.6	5.7
16 Interest	(9.9)	(2.3)	0.7
17 Transportation Development Act:			
18 Administration	-	-	-
19 Article 3	3.7	3.6	3.4
20 Article 4	9.4	16.1	(0.0)
21 Article 8	1.8	1.6	1.0
22 Interest	3.4	-	-
23 State Transit Assistance:			
24 Revenue Share	6.9	(2.4)	(5.2)
25 Population Share	7.1	0.8	-
26 Interest	-	-	0.5
27 SAFE	29.0	23.9	10.7
28 Prop. A, C, TDA Administration	(3.0)	6.3	7.1
29 General Fund:			
30 Sales/leaseback	22.8	3.9	0.2
31 Right-of-Way Lease	26.9	11.3	12.7
32 HOV Fines	0.0	-	-
33 Interest	-	0.2	4.1
34 Employee Activities	(0.0)	-	0.1
35 FAU	6.3	1.1	-
36 Ridesharing	1.3	1.3	1.3
37 General	39.1	35.2	40.9
38 Other:			
39 Debt Service	970.1	982.4	987.8 (3)
40 Benefit Assessment Districts (1)	102.9	102.9	102.9 (3)
41 Pension Plans (Jointly Administered) (1)	653.1	653.1	653.1 (3)

(1) FY05 ending balance used for budgeting purposes.

(2) \$12.4 million programmed for Eastside Enhancements.

(3) Fully committed.

V. Capital Program

Introduction

The Capital Program (CP) is a financial plan of proposed capital projects, their costs, and schedules. The CP is designed to meet Metro's infrastructure needs in a responsive and efficient manner. It incorporates the current and future needs of Metro and is updated annually.

Appropriations for the capital budget are approved on a life-of-project basis and thus do not lapse at the end of the fiscal year.

The CP provides for the acquisition, construction, reconstruction, purchase of initial fixtures and equipment, renovation, rehabilitation, and replacement of facilities with a life expectancy of at least one year and any related costs for land acquisitions, land improvements, design, feasibility studies, engineering studies and engineering. It includes projects which are, or will become, the property of Metro.

Capital projects are planned and executed in phases. The project development phase identifies project requirements and defines the project work scope. This includes preliminary design studies, permitting requirements, data collection, public involvement, legal and technical documentation, cost estimates, and assessment of alternatives.

The design phase includes professional consultant activities, legal and technical documentation, environmental clearance, constructability review, data collection, advertising, assessment of alternatives related to project design, construction management services, and bid reviews.

The property acquisition phase includes the purchase of land, easements, and rights-of-way. This also includes negotiating the purchase price, surveys, appraisals, environmental audits, permitting, legal costs, maps, charts, and other costs.

The construction phase includes project construction contracts, professional and technical assistance, advertising, legal and technical documentation, inspection, testing, and permitting.

Metro's 93 capital projects for FY07 are grouped in one of the following eleven elements: Bus Acquisition, Bus Facilities Improvements, Bus Maintenance, Rail Facilities Maintenance, Rail Vehicle Improvements, Wayside Systems, IT/Communications, Non-Revenue Vehicles, Warehouse, Other Capital, and Major Construction.

Each element is managed by a subject matter expert known as an "Element Sponsor." The Element Sponsors are responsible for validating project need, approving the scope, ranking the projects and monitoring the project managers to ensure project completion on schedule and within budget.

Funding

The CP is funded primarily with federal, state and local grants. Additionally, Metro finances a portion of the capital projects with debt and short term financing.

Major Construction Projects

The FY07 Construction Program includes funds for engineering and construction of the Metro Gold Line Eastside Extension, close out activities for the Orange Line, construction completion of the Canoga Station Park and Ride facility, and completion of Mid-City/Exposition Light Rail Transit preliminary engineering, design, and real estate acquisition.

Metro Gold Line Eastside Extension

This project will connect East Los Angeles with downtown Los Angeles. The corridor will extend from Union Station to the intersection of Beverly and Atlantic Boulevards. The light rail line project is 6 miles and will operate at-grade for 4.3 miles and through tunnels in Boyle Heights for 1.7 miles. Revenue operation is projected to begin in FY10.

The FY07 project includes: completing final design; starting construction of both underground stations; completing tunnel mining; starting at-grade station construction; completing tunnel cross passages; starting tunnel finishes (trackwork, lighting and walkways); constructing the East and West portals; procuring systems equipment; strengthening the girders on the 1st Street Bridge and making modifications necessary to include rail tracks, and completing the US 101 Freeway overcrossing structure.

Orange Line

The Orange Line is an exclusive 14-mile, at-grade busway from the Metro Red Line North Hollywood station to Warner Center via the Burbank/Chandler right-of-way.

The full busway project consists of a 26-foot wide busway, a bikeway, and a landscaped median. It parallels several major streets and has thirteen stations spaced approximately one mile apart.

Total travel time for the full length of the corridor is approximately 40 minutes. Park and Ride facilities at five stations provides approximately 3,200 parking spaces and there is existing parking at the North Hollywood Metro Red Line Station.

The FY07 project includes costs for contract close out activities, completion of landscaping and installation of safety enhancements.

Canoga Station Park & Ride

This project includes funds for completing construction which will include a new station, surface park and ride spaces, and extending the Orange Line busway by one-third mile.

Mid-City/Exposition Light Rail Transit Project

Activities scheduled for FY07 include completion of the Preliminary Engineering Design, third party utility relocations, real estate acquisitions, and award of the design build/contract.

Light Rail Vehicle Fleet

This project will provide a total of 50 new light rail cars for use on all Metro light rail lines. Nineteen of the cars will be delivered in FY07.

Infrastructure Improvement and Acquisition Capital Projects

The infrastructure improvement and acquisition projects are sorted by the following elements: Bus Acquisition, Bus Facilities Improvements, Bus Maintenance, Rail Facilities Improvements, Rail Vehicle Maintenance, Wayside Systems, IT/Communications, Non-Revenue Vehicles, Warehouse Projects, and Other Capital Projects.

Bus Acquisitions

In FY07, Metro will receive most of the 94 articulated bus order, begin initial proposal development on the FY08 bus procurement, purchase six hybrid electric articulated buses, and retrofit four Metro vehicles with HCNG engines.

Bus Facilities Improvements

FY07 Bus Facilities Improvements projects include construction work at bus divisions to replace and refurbish equipment and facilities, expansion of buildings and facilities, and storage tank replacement. Preliminary engineering work will continue on development of a new bus operating division.

Bus Maintenance

The FY07 budget includes funding to rebuild 200 CNG buses which have reached their mid-life.

Rail Facilities Improvements

FY07 Rail Facilities Improvements projects cover facility expansion, safety improvements, radio system upgrades, and support equipment.

Rail Vehicle Maintenance

The FY07 Rail Vehicle Maintenance program includes retrofitting brake components on the heavy rail cars and upgrading the Green Line light rail vehicle signaling package.

Wayside Systems

Wayside Systems projects for FY07 include funds for upgrading of stations and operating facilities, safety improvements, and maintenance and refurbishment of traction power, signals, facilities and track.

IT/Communications

IT/Communications projects for FY07 support development of communications and information systems and replacement of obsolete computer equipment. Specific efforts include replacement of telecommunications transmission equipment, replacement of work stations, and technology upgrades. A new project in FY07 is the Transit Operator Activity Scheduling and Tracking for tracking operator payroll.

Non-Revenue Vehicles

The FY07 Non-Revenue Vehicles capital program includes purchase of replacement and expansion vehicles to support bus and rail operations and general Metro functions.

Warehouse Projects

Warehouse projects for FY07 include upgrading materials handling systems, constructing storage facilities, and acquiring equipment for the central warehouse.

Other Capital Projects

Other Capital projects for FY07 include completion of Gateway headquarters improvements and implementation of Metro Connection Customer Service

Improvements. Other FY07 expenditures in this element are for the Universal Fare System (UFS) and the Regional Service Center and Clearinghouse. For a complete list of capital projects, please see pages V-6 through 9.

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Los Angeles County Metropolitan Transportation Authority
FY07 Budget

Capital Program Project List

(Amounts in thousands)		Prior Year	FY07	FY08 and Future	Life of Project	New
Project Title	CP#	Authorization				
1 Bus Acquisition						
2	ATV Bus Purchase (Hybrid Vehicles)	200044	\$ 24	\$ 4,244	\$ 335	\$ 4,603
3	100 QTY 45' NABI Compo Buses	201004	48,217	13	-	48,230
4	94 CNG Articulated Buses	201011	-	82,646	354	83,000 Y
5	HCNG Demonstration Project	201033	-	1,143	115	1,258 Y
6	Study: 100 45' Composite Buses for 2008	201034	-	506	-	506 Y
7 Bus AcquisitionTotal			48,241	88,553	804	137,598
8						
9 Bus Facilities Improvements						
10	Union Division (T31-Formerly Division 10 Expansion)	202001	309	3,947	692	4,947
11	RRC General Building Modifications	202006	319	743	56	1,118
12	In-Ground Bus Hoist Replacement	202007	5,507	2,774	-	8,281
13	FY06 Division Lighting Program	202009	987	209	2	1,198
14	New Div. 9 Transportation Bldg. and Facilities	202014	7,950	8,536	14	16,500
15	Temple & Beaudry Layover Facility	202016	524	1,156	12	1,692
16	Division 7 Facility Improvements	202017	4,478	411	212	5,100
17	Division 2 Maintenance - Maintenance Bldg.	202018	1,620	30	-	1,650
18	El Monte Transit Station Enhancements	202021	-	115	-	115
19	FY07 UST Replacement	202026	-	2,460	-	2,460 Y
20	FY07 Bus Facility Contingency Projects	202036	-	2,579	-	2,579 Y
21	FY07 Bus Division Maintenance Equip.	202041	-	2,155	-	2,155 Y
22	FY07 Bus Division Amenity Improvement Project	202056	-	1,149	-	1,149 Y
23	Articulated Bus Facility Modifications	202065	5,397	1,230	14	6,641
24	Division 1 Expansion	202066	10,559	1,009	6	11,574
25	Division 6 Relocation	202076	365	860	11,272	12,497
26	Division 4 Expansion & Pavement Project	202092	1,951	563	7	2,521
27	Division 5, 10, & 18 Renovations	202181	-	18,333	-	18,333 Y
28	Articulated Bus Facility Modifications -- Phase II	202204	-	2,183	1,197	3,380 Y
29	490 Bauchet St. Storage Building Construction	202205	-	2,708	-	2,708 Y
30	Metro Bus Division CCTC System	202206	-	390	-	390 Y
31	Kiosks for Orange Line and Other Locations	202207	-	250	-	250 Y
32	LASD Data Network for Kiosks	202208	-	61	-	61 Y
33	ATMS Bus GPS for LASD Dispatch-ROC	202209	-	300	-	300 Y
34 Bus Facilities ImprovementsTotal			39,967	54,149	13,484	107,600
35						
36 Bus Maintenance						
37	FY07 Bus Midlife Program	203004	-	17,063	-	17,063 Y
38	FY07 Replace Regional Rebuild Center Shop Equipment	203010	-	574	-	574 Y
39 Bus MaintenanceTotal			-	17,637	-	17,637

Los Angeles County Metropolitan Transportation Authority
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(Amounts in thousands)		Prior Year Authorization	FY07	FY08 and Future	Life of Project	New	
Project Title	CP#						
40 IT/Communications							
41	ITS Telecommunications Transmission Replacement Proj.	207010	\$ 451	\$ 1,033	\$ 8,057	\$ 9,541	
42	FY07 ApplicationPlatform Upgrade	207018	-	598	-	598	Y
43	FY07 Workstation and Network Technology Refresh Program	207023	-	466	-	466	Y
44	Transit Operator Activity Scheduling and Tracking	207061	-	2,283	5,398	7,681	Y
45	Purchase ATMS SQL Servers and Software	207063	-	212	-	212	Y
46	Additional Digital Voice Loggers for BOC	207064	-	116	-	116	Y
47 IT/Communications Total			451	4,708	13,455	18,615	
48							
49 Non-Revenue Vehicles							
50	FY07 Bus System Support Replacement Non-Revenue Vehicles	208006	-	2,949	1	2,950	Y
51	FY07 Rail Support Replacement Non Revenue Vehicles	208016	-	867	67	934	Y
52 Non-Revenue Vehicles Total			-	3,817	68	3,884	
53							
54 Other Capital Projects							
55	Universal Fare Collection System	200225	85,438	11,989	180	97,607	
56	Regional Service Center and Clearinghouse	200351	8,255	11,759	58	20,072	
57	Gateway Headquarters Improvement Projects	210008	2,811	23	-	2,834	
58	East Portal and Parking Garage Upgrades	210062	-	500	-	500	Y
59	Metro Connections Customer Service Improvements	210078	-	910	21	931	Y
60 Other Capital Projects Total			96,504	25,182	259	121,944	
61							
62 Rail Facilities Improvements							
63	ROC Reconfiguration	204004	2,323	555	2,509	5,387	
64	MRL Station Canopies	204006	121	1,309	5,156	6,586	
65	Division 11 Improvements	204009	17,069	263	63	17,396	
66	MBL Long Beach Transit Mall Station Redesign for 3-Car Train Operation	204010	1,353	91	83	1,526	
67	Vermont/Santa Monica Sta. Underground Water Mitigation	204016	403	409	472	1,283	
68	FY '07 Rail Facilities Improvements Contingency Projects	204030	-	706	-	706	Y
69	MRL Seg-2 & 3 Station PLC and EMP Upgrade	204035	37	176	914	1,126	
70	Division 22 Improvements - Phase II	204037	2,584	1,146	1,166	4,895	
71	Division 20 Carwash & Cleaning Platform	204047	4	228	15,168	15,400	
72	FY '07 Rail Systemwide Safety Improvements	204052	-	259	-	259	Y
73	Division 21 Improvements - Phase II	204053	-	905	4,095	5,000	Y
74	Division 20 Additional Vehicle Hoists	204054	-	1,000	3,251	4,250	Y
75	Installation of Barricades	204060	-	225	-	225	Y
76	Pan/Tilt/Zoom Cameras for Gateway Center	204061	-	120	-	120	Y
77	Upgrade MRL Variable Message Signs	204062	-	1,250	-	1,250	Y
78	ROC Security Enhancements	204063	-	348	-	348	Y
79 Rail Facilities Improvements Total			23,892	8,990	32,875	65,758	

Capital Program Project List (continued)

(Amounts in thousands)		Prior Year Authorization	FY07	FY08 and Future	Life of Project	New
Project Title	CP#					
80 Rail Vehicle Maintenance						
81	Breda Rail Car Retrofit	206004	\$ 1,388	\$ 860	\$ 95	\$ 2,342
82	P2000 Vehicle Signaling Package Upgrade	206005	295	748	2,321	3,364
83	FY '07 Metro Red Line Vehicle Midlife Overhaul	206019	-	538	-	538 Y
84	FY '07 RFS Tools and Equipment	206023	-	288	4	292 Y
85 Rail Vehicle Maintenance Total			1,683	2,434	2,420	6,537
86						
87 Warehouse						
88	Metro Red Line Storage Building	209004	766	62	116	944
89	Automate Bulk Storage Area	209007	34	36	959	1,029
90	Security Camera for All Rail Warehouses	209008	195	306	-	501
91	Division 3 - Replace Warehouse Facility	209027	-	170	724	894 Y
92	Replace Unitload Crane Controllers and Positioning System- RRC	209032	-	1,124	-	1,124 Y
93	Sprinkler System for Blue Line Storage Building	209044	-	222	-	222 Y
94 Warehouse Total			995	1,919	1,799	4,714
95						
96 Wayside Systems						
97	Fiber Optic Rail Communication System	205001	754	649	1,608	3,011
98	Light Rail SCADA System Upgrade	205002	9,622	97	844	10,563
99	Rail Security Improvements	205004	3,630	2,239	601	6,469
100	Rail Communications Systems Upgrade	205005	940	305	1,087	2,332
101	MBL Grade Crossing Improvements	205006	3,457	1,349	5,795	10,600
102	MBL Four-Quadrant Gate Program Expansion	205012	2,751	1,366	1,539	5,655
103	Light Rail Train Tracking Improvements	205014	340	269	347	956
104	MRL Seg-1 Remote Terminal Unit (RTU) Upgrade	205017	1,071	1,511	63	2,645
105	FY07 Wayside Systems Tools and Equipment	205020	-	307	-	307 Y
106	FY07 Wayside Systems Contingency Projects	205030	-	707	-	707 Y
107	New PGL Traction Power Substations	205034	6,670	1,626	406	8,701
108	MRL Signal System Upgrade	205037	213	460	65	738
109 Wayside Systems Total			29,446	10,885	12,354	52,685
110 Subtotal for Capital Program			241,180	218,274	77,517	536,971

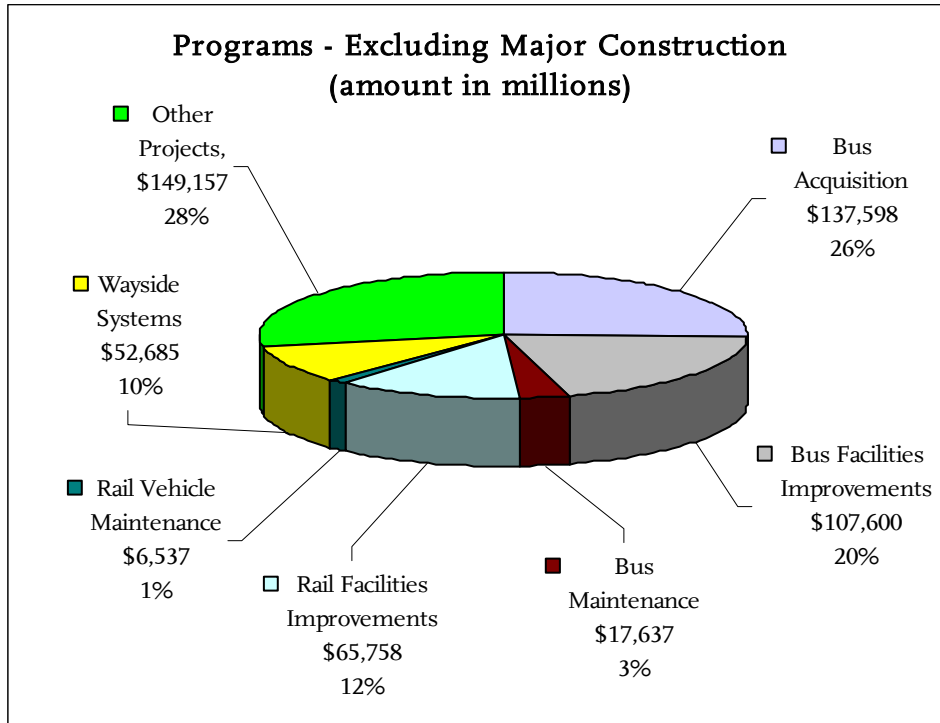
Los Angeles County Metropolitan Transportation Authority
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(Amounts in thousands)						
Project Title	CP#	Prior Year Authorization	FY07	FY08 and Future	Life of Project	New
111	Major Construction					
112	Metro Gold Line Eastside Extension	\$ 442,760	\$ 213,969	\$ 242,086	\$ 898,814	
113	Orange Line	271,991	14,610	26,398	313,000	
114	SFV East-West Bikeway Project	9,782	856	-	10,638	
115	Canoga Station Park and Ride Project	14,013	11,979	8	26,000	
116	Lankershim Depot Restoration Project	90	1,312	2,198	3,600	
117	Light Rail Vehicle Fleet Enhancement	83,345	39,053	30,521	152,919	
118	MGL Eastside Extension Enhancements	2,750	1,784	13,466	18,000	
119	Green Line Closeout	53	155	77	286	
120	MRL Seg. 2 Closeout	10,684	4,355	268	15,307	
121	MRL Seg. 3 NH Closeout	1,670	1,647	322	3,639	
122	Mid-City/Exposition Light Rail Corridor*	36,814	119,121	484,065	640,000	
123	Major Construction Total	873,953	408,840	799,409	2,082,202	
124	Capital Program Grand Total	1,115,133	627,114	876,926	2,619,173	

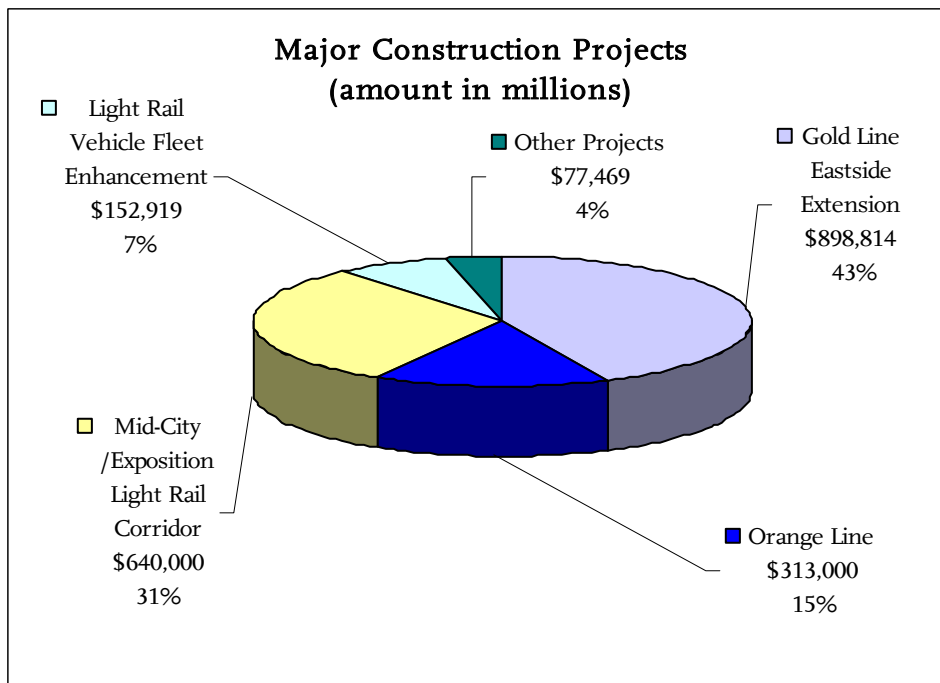
* CP 890001 includes Metro costs for CP 800113 - Mid-City/Exposition Light Rail Corridor.

Capital Programs – Expenditures by Element

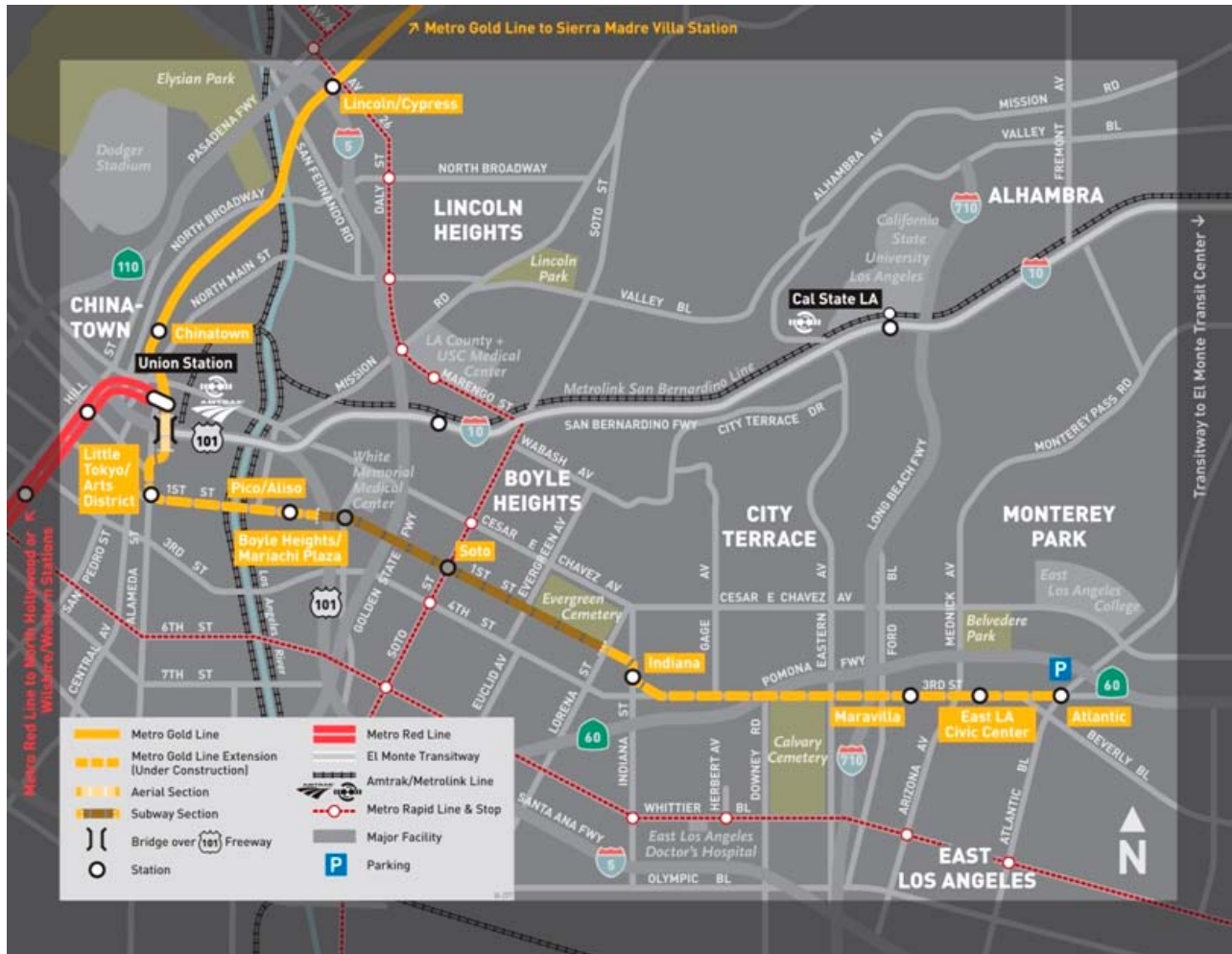
Capital Programs - Excluding Major Construction



Major Construction



Gold Line Eastside Extension Project



Gold Line Eastside Extension Project – Route Map



Gold Line Eastside Extension Project - utilizing two German-manufactured tunnel boring machines



Gold Line Eastside Extension Project – boring a 21-foot, 4-inch-wide tunnel under East Los Angeles



Gold Line Eastside Extension – West Portal excavation



**Gold Line Eastside Extension – West Portal entrance
Gold Line Eastside Extension – excavation of utility trench under US 101**



Gold Line Eastside Extension – excavation for south row of piles at Soto Station



Gold Line Eastside Extension – Project Rendering: Little Tokyo/Arts District Station



Gold Line Eastside Extension – Project Rendering: Pico Aliso Station



Gold Line Eastside Extension – Project Rendering: Mariachi Plaza Station



Gold Line Eastside Extension – Project Rendering: Soto Station



Gold Line Eastside Extension – Project Rendering: Maravilla Station



Gold Line Eastside Extension – Project Rendering: East LA Civic Center Station



Gold Line Eastside Extension – Project Rendering: Atlantic Station

Mid-City Exposition Light Rail Transit Project



Mid-City / Exposition LRT Project - Route Map



Mid-City / Exposition LRT Project - Project Rendering: Gateway Stations
Gateway Stations are stations located near major destinations along the alignment.
These stations anticipate high boardings and may include extensive pedestrian linkages within the station's vicinity to major destinations nearby.



Mid-City / Exposition LRT Project - Project Rendering: Neighborhood Stations
Neighborhood Stations are smaller scaled stations located in smaller neighborhoods along the alignment.
Pedestrian linkages would typically include enhancements to a station site area.

Exposition Transit Parkway

The Exposition Light Rail line features an urban design concept for the alignment called the Exposition Transit Parkway. The goal of this concept is to establish a multi-

modal transit corridor combining a light rail transit alignment, a bikeway, streets and pedestrian linkages in a safe, balanced and cohesive parkway setting.



Mid-City / Exposition LRT Project - Project Rendering: Transit Parkway



Mid-City / Exposition LRT Project - Project Rendering: Transit Parkway

Capital Project Operating Impact Assessment

Capital projects in the FY07-11 capital program with a life-of-project (LOP) cost in excess of \$5.0 million have been reviewed to determine the cost impact on Metro operations. The operating cost impact assessment considers costs and/or savings related to ongoing operations, power requirements, maintenance labor and materials, training, and security.

Projects which replace existing facilities or equipment often do not change the cost of operations over the life of the asset. Functionally equivalent replacements generally require the same levels of energy to operate equipment, maintenance activities, training, and security. In those instances where a replacement asset involves a higher or lower cost to operate than the asset being replaced, the cost or saving is identified.

The cost of operations of major construction projects such as bus corridors and rail corridors is based on service levels when complete. Once in full operation such projects will be operated at a specific level of revenue service hours. The cost of operation is based on the cost per hour times the annual revenue service hours to be operated. In instances where a new project duplicates existing service, the duplicated service has been excluded from the operating cost impact.

Some projects must be monitored after implementation to determine annual operating cost impacts. In these instances future budgets will contain operating cost impacts based on data for a full fiscal year of operations.

For a list of capital projects with potential operating cost impacts, please see pages V-22 and 23.

FY07-11 Capital Projects with Potential Operating Cost Impacts

Element	CP#	Title	Description of cost impacts or savings	Annual amount of cost or (saving)
Bus Acquisition	200225	Universal Fare Collection System	Contracted maintenance as part of original contract	\$0 No change to existing farebox maintenance costs.
Bus Acquisition	200351	Regional Service Center and Clearinghouse	Operating cost estimates will be developed during project specification.	Estimated \$6 million
Bus Facilities Improvements	202066	Division 1 Expansion	Cost of operating an expanded division will likely be offset by a reduction in deadhead mileage and other operational savings.	\$0
Bus Facilities Improvements	202007	In-Ground Bus Hoist Replacement	No additional costs will be incurred. Savings will be realized based on significantly reduced consumption of hydraulic fluid.	\$0
Bus Facilities Improvements	202014	Div. 9 Transportation Building and Facility Improvements	No additional costs will be incurred. Savings may be realized due to decreased building maintenance costs and improved efficiency.	(\$100,000)
Bus Facilities Improvements	202065	Articulated Bus Facility Modifications	No additional costs will be incurred by this project.	\$0
Bus Facilities Improvements	202017	Division 7 Facility Improvements	No additional costs will be incurred by this project.	\$0
Bus Facilities Improvements	202079	Division 6 Relocation	Savings maybe realized due to operational efficiencies created by building a new division. However, they maybe offset by incurred labor costs.	\$0
Bus Facilities Improvements	202181	Divisions 5, 10, and 18 Renovations	Savings maybe realized due to operational efficiencies created by division improvements. However, they maybe offset by incurred labor costs.	\$0
Bus Maintenance	203004	FY07 Bus Midlife Program	The Bus Mid-Life program is a proactive plan to replace major components before they reach failure mileage. The consolidated replacement and repair program minimizes out of service time by avoiding reactive major component replacement due to catastrophic failure. The program contributes to lower maintenance costs by minimizing field repairs and lost productivity.	\$0 Prevents maintenance costs from increasing with age.
IT / Communications	700027	ITS Telecommunications Transmission Upgrade Project	Savings of about \$1,000,000 per year in telephone costs are anticipated. Other savings that cannot be empirically determined include reduced labor for maintenance and repair parts for old equipment.	(\$1,000,000)
IT / Communications	207061	Transit Operator Activity Scheduling and Tracking	Project costs include data collection and processing and staffing.	\$193,000
Major Construction	800088	Metro Gold Line Eastside Extension	Project operating cost is based on the first full year of operation following completion.	\$25,500,000
Major Construction	800112	Orange Line	Project operating cost is based on the first full year of operation following completion.	Included in FY07 Operating Budget. See Appendix 9.
Major Construction	800113	Mid-City/Exposition Light Rail Corridor	Project operating cost is based on the first full year of operation following completion.	\$25,000,000
Major Construction	800114	SFV East-West Bikeway Project	Project operating cost is based on the first full year of operation following completion (included in Orange Line cost).	Included in FY07 Operating Budget. See Appendix 9.
Major Construction	800117	Canoga Station Park and Ride Facility	Project operating cost is based on the first full year of operation following completion (included in Orange Line cost).	Included in FY07 Operating Budget. See Appendix 9.
Major Construction	800151	LRV Fleet Enhancement Project	These rail cars will be assigned to the Metro Gold Line and will replace existing vehicles which will be reallocated to the rail lines as maintenance spares	Included in Eastside Extension and Gold Line operating costs
Major Construction	800288	Metro Gold Line Eastside Extension Enhancements	The operating impact of this project will be included in the Metro Gold Line Eastside Extension project (800088).	Included in Eastside Extension operating costs.

Los Angeles County Metropolitan Transportation Authority
FY07 Budget

Element	CP#	Title	Description of cost impacts or savings	Annual amount of cost or (saving)
Rail Facilities Improvements	204004	ROC Reconfiguration	The Rail Operation Control (ROC) Reconfiguration consist of replacing existing dispatch consoles and displays, BARCO, carpet, lighting and construction of a Break area. Replacement of existing BARCO is 40K and repairs of BARCO, by vendor, cost 5K. Due to the age of the BARCO replacement parts are limited. The replacement of BARCO with LCD will save MTA about 10-20K a year in maintenance costs. New consoles will decrease escalating equipment failure with existing consoles, resulting in a decrease in maintenance cost. Equipment preventive maintenance is required. Replacement of carpet and lighting will improve visibility and decrease the possibility of a tripping hazard. This is a safety issue. Standard maintenance required. No impact to Operating Budget. Due to the size of the break area, no impact on operating budget.	(\$125,000)
Rail Facilities Improvements	204006	Metro Red Line Station Canopies	This project will reduce escalator maintenance costs on 16 entrance escalators.	(\$120,000)
Rail Facilities Improvements	204009	Division 11 Improvements	The Division 11 Expansion will provide adequate space to maintain the fleet to its required level, allow easier and safer access to the rail cars thereby reducing injuries, reduce the amount moves required to be made, and will increase RFS efficiency by not having to wait for the extra moves to be made.	(\$137,000).
Rail Facilities Improvements	204074	Division 20 Carwash and Cleaning Platform	The new vehicle wash will improve the cleanliness of the heavy rail fleet. The improved design will result in less spotting and hard-water build-up eliminating the need for hand-washing. With an ever-increasing population adjacent to the Division-20 site, noise issues are becoming an increasing concern. This new vehicle wash includes an enclosure building, reducing noise issues that may result in litigation. The new cleaning platform is expected to reduce injuries by providing a safe and level-working environment. The present process wastes man-power with employees boarding rail-cars along with their equipment from the ground level, resulting in numerous injuries.	(\$130,000)
Rail Facilities Improvements	204053	Division 21 Improvements - Phase II	Current shop and facility does not provide the baseline minimum amenities to support the revenue fleet size required for the current Gold-Line Phase-I and Eastside extension project. An example is brake overhauls, since existing shop does not properly support exchange process to transport rail-car to another location to properly perform the work. This example costs \$5,500 each way in shipping fees to include keeping the rail-car out of revenue service for a minimum of 3-weeks. Based on required OEM equipment cycles to properly maintain equipment, shipping expenses alone will exceed \$500,000 on an annual basis.	Anticipate substantial annual maintenance savings, but cannot be valued until project completion.
Wayside Systems	205002	SCADA Equipment Replacement	There is no impact as a result of the operation of the new capital assets as they are a replacement/upgrade to existing assets. Operational considerations of these assets are already factored into the applicable department FTE and acquisition budgets. Training costs will be incurred in the Rail Communications and Wayside Systems Engineering departments for	No impact. Replacement system and existing HARRIS system should have same level of reliability per contract.
Wayside Systems	205004	Rail Security Improvements	Anticipate additional maintenance costs (0.25 FTE) due to added equipment. CCTV cameras and related equipment is being upgraded and replaced. Improved security for the public and system operation will not required additional staff to monitor the intrusion.	\$17,000
Wayside Systems	205006	Metro Blue Line Crossing Improvements	Upgrades of grade crossings is a requirement to replace all crossings that have outlived their design effectiveness. If no installation occurs, negative financial impact would develop from unsafe conditions that would reoccur, requiring temporary maintenance repairs, negative impact to train schedules and public safety.	(\$150,000)
Wayside Systems	205012	MBL Four Quadrant Gate Program Expansion	Expected cost savings due to expected decrease in accidents at crossing (train vs. vehicles) which average \$500,000 per incident (damage to the LRV, delays in schedule, bus bridge, man-hours, litigation costs). Maintenance costs for each intersection runs approximately \$3,000 per year.	\$18,000 Indeterminate amount of savings may offset the above cost.
Wayside Systems	205034	Four PGL Traction Power Substations	Unquantifiable savings anticipated due to operational efficiencies. The two new Traction Power Substations will ensure the capability of the system to increase service schedule headways and will enhance reliability and efficiency of PGL traction system. Estimated annual operational cost increase \$125,000 due to the additional energy costs and maintenance labor.	\$125,000

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VI. Strategic Business Units

Metro Summary Description

Metro is the principal planner, builder, and operator of public transportation services and infrastructure improvements in Los Angeles County. Metro is organized into seven Strategic Business Units: Metro Operations, Countywide Planning & Development, Construction Project Management, Communications, Business Services, Office of the CEO, and Board of Directors.

Metro Operations manages all aspects of bus and rail service.

Countywide Planning and Development is responsible for programming and administering federal, state, and local transportation funds, preparing the Transportation Improvement Plan (TIP), and planning and coordinating regional transportation services and infrastructure improvements throughout Los Angeles County.

Construction Project Management is responsible for providing the engineering and construction oversight for major construction projects and Metro facilities improvements.

Communications is responsible for the strategic evaluation, development, and implementation of agency-wide marketing and communications programs.

Business Services, which is comprised of Accounting, Treasury, Office of Management and Budget, Risk Management, Information Technology Services, Procurement and Material Management, and Human Services, provides essential financial and administrative support to the entire organization.

The Office of the CEO coordinates and oversees key programs and provides support to the Board of Directors.

The Board of Directors establishes Metro policies and approves appropriations. The Board also manages or supervises Board meetings and Board committee meetings, ethics and lobby registration programs, the Inspector General, and legal counsel.

Summary of FY07 Budgeted FTEs by Department

	FY05 Budget	FY06 Budget	FY07 Budget	Change from FY06
1 Metro Operations				
2 Metro Rail & Control Centers	1,163	1,174	1,184	10
3 San Fernando Valley Service Sector	1,014	1,071	1,114	43
4 San Gabriel Valley Service Sector	972	961	1,071	109
5 Gateway Cities Service Sector	975	1,027	1,030	3
6 South Bay Service Sector	1,220	1,206	1,182	(24)
7 Westside/Central Service Sector	1,367	1,371	1,307	(64)
8 Contract Services	5	4	4	-
9 Central Maintenance	323	328	332	4
10 Vehicle Technology	29	15	15	-
11 Universal Fare System	3	3	3	-
12 Facilities	192	159	158	(1)
13 Security & Law Enforcement	97	97	97	-
14 Safety & Training	110	112	110	(2)
15 Motorist Services	8	9	9	-
16 Operations Administration	113	104	86	(18)
17 Metro Operations Total	7,591	7,641	7,701	60
18				
19 Countywide Planning & Development				
20 Transportation Dev & Implementation	52	48	48	-
21 Programming & Policy Analysis	31	30	30	-
22 Long Range Planning & Coordination	23	22	22	-
23 Executive Office, Reg Transp Plan & Dev	4	4	4	-
24 Countywide Planning & Development Total	110	104	104	-
25				
26 Construction Project Management				
27 Construction Management	26	21	21	-
28 Program Management	33	27	25	(2)
29 Project Engineering	17	13	14	1
30 Quality Management	11	9	8	(1)
31 Construction Safety	5	5	5	-
32 Executive Office, Construction Project Mgmt	14	13	13	-
33 Construction Project Management Total	106	88	86	(2)
34				
35 Communications				
36 Customer Communications	26	30	29	(1)
37 Creative Services	14	14	14	-
38 Public Relations	12	10	10	-
39 Customer Relations	102	103	103	-
40 Community Relations	19	16	16	-
41 Customer Programs & Services	44	28	28	-
42 Government Relations	7	6	6	-
43 Executive Office, Communications	11	8	8	-
44 Communications Total	235	215	214	(1)

Los Angeles County Metropolitan Transportation Authority
FY07 Budget

	FY05 Budget	FY06 Budget	FY07 Budget	Change from FY06
45 Business Services - Finance				
46 Accounting	82	79	78	(1)
47 Office of Management & Budget	22	19	19	-
48 Pension & Benefits	10	10	10	-
49 Risk Management	47	47	47	-
50 Treasury	55	52	52	-
51 Executive Office, Finance	2	2	2	-
52 Business Services - Procurement				
53 Diversity & Economic Opportunity	25	22	22	-
54 Human Services	166	168	166	(2)
55 Information Technology Services	142	132	130	(2)
56 Procurement & Material Management	237	226	224	(2)
57 Business Services Total	788	757	750	(7)
58				
59 Office of the Chief Executive Officer				
60 Board Relations, Policy, Research & Library	14	12	11	(1)
61 Economic Development	23	24	26	2
62 Management Audit Services	38	30	29	(1)
63 Chief Executive Office	1	1	1	-
64 Office of the Chief Executive Officer Total	76	67	67	-
65				
66 Board of Directors				
67 Inspector General	24	23	23	-
68 Office of Board Secretary	12	12	11	(1)
69 Ethics Office	6	7	7	-
70 County Counsel	5	4	4	-
71 Board of Directors Total	47	46	45	(1)
72				
73 Agency Total	8,954	8,918	8,967	50

Summary Expenditures

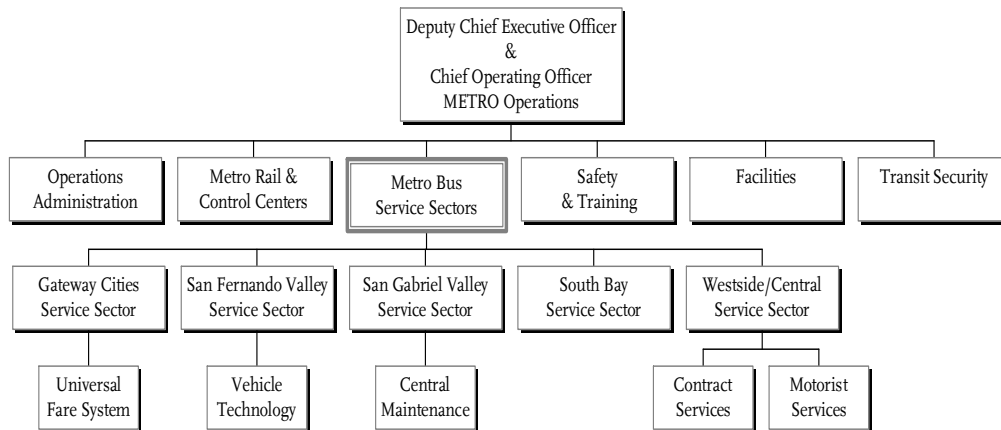
FTEs	FY05 Budget	FY06 Budget	FY07 Budget
1 Metro Operations	7,591	7,641	7,701
2 Countywide Planning & Development	110	104	104
3 Construction Project Management	106	88	86
4 Communications	235	215	214
5 Business Services - Finance	218	209	208
6 Business Services - Procurement	570	548	542
7 Office of the Chief Executive Officer	76	67	67
8 Board of Directors	47	46	45
9 Agency Total	8,954	8,918	8,967

Expenditures (Amounts in thousands)	FY05 Actual	FY06 Budget	FY07 Budget
10 Metro Operations	\$ 1,087,334	\$ 1,240,345	\$ 1,324,299
11 Countywide Planning & Development	712,437	772,532	821,243
12 Construction Project Management	319,396	340,770	242,434
13 Communications	31,348	32,764	33,378
14 Business Services - Finance	363,111	355,486	360,176
15 Business Services - Procurement	79,557	70,504	72,696
16 Office of the Chief Executive Officer	15,233	18,600	38,568
17 Board of Directors	18,301	23,770	23,107
18 Agency Total	\$ 2,626,717	\$ 2,854,772	\$ 2,915,901*

Expenditure Types (Amounts in thousands)	FY05 Actual	FY06 Budget	FY07 Budget
19 Wages & Benefits	\$ 770,081	\$ 774,783	\$ 801,169
20 Services	194,329	260,407	256,109
21 Purchased Transportation	26,707	33,442	35,585
22 Fuel, Lubricants & Propulsion Power	62,054	70,539	85,323
23 Materials & Supplies	81,038	84,373	87,917
24 Casualty & Liability	64,186	47,856	49,449
25 Other Support	20,009	46,579	43,498
26 Acquisitions	445,503	500,820	439,766
27 Subsidies	686,069	742,262	820,611
28 Debt	276,742	293,711	296,473
29 Agency Total	\$ 2,626,717	\$ 2,854,772	\$ 2,915,901*

* Excludes \$96.3 million for Exposition Metro Line Construction Authority: \$7.8 mil in Services, \$4.1 mil in Materials & Supplies, and \$84.4 mil in Acquisitions.

Metro Operations



Introduction

Metro Operations is responsible for providing more than eight million hours of bus and rail transit service that support over 440 million boardings each year. Metro Operations also administers Paratransit Service, the Metro Freeway Service Patrol, and the Service Authority for Freeway Emergencies.

Metro Operations is organized into six service sectors (five bus and one rail) and seven major support units which are committed to provide safe, courteous, professional, dependable, clean, and efficient transit services to customers.

Metro Bus Service Sectors

The five Metro Bus service sectors include the San Fernando Valley, San Gabriel Valley, Gateway Cities, South Bay, and Westside/Central. Each service sector is responsible for all facets of bus operations: transportation, maintenance, service planning and scheduling, and communications.

South Bay Service Sector

The South Bay Service Sector is responsible for providing transit service to the following geographic areas: Norwalk (East) to LAX and the Beach Cities (West), Hollywood (North) to San Pedro (South) and Downtown Los Angeles. South Bay Sector's East/West Service connects with the Blue Line, and the North/South service connects with the Green Line. The Sector consists of three functional locations: South Bay Service Sector Office, Arthur Winston Division, and Carson Division.

The South Bay Service Sector Office, located in Torrance, works in conjunction with the Governance Council to deliver quality transportation to the community and provide support to the operating divisions.

The Arthur Winston Division, located in South Los Angeles, operates 217 CNG and diesel buses, providing 619,378 revenue service hours. The Carson Division operates 293 CNG and diesel vehicles, providing 839,345 revenue service hours.

Westside/Central Service Sector

Operating boundaries for the sector extend to the west as far as Malibu and to the east past downtown Los Angeles. The Westside/Central sector is unique because it provides service to some of the most heavily traveled lines and traverses some of the most congested streets in the Los Angeles area.

The sector includes three operating divisions: Division 6, located in Venice, operates 82 buses, providing 148,264 revenue service hours; Division 10, located in northeast Los Angeles, operates 258 buses, providing 794,241 revenue service hours; and Division 7, located in West Hollywood, operates 239 buses providing 679,527 revenue service hours.

San Fernando Valley Service Sector

The San Fernando Valley Service Sector provides transportation services to the cities of Agoura Hills, Calabasas, Hidden Hills, La Canada/Flintridge, Burbank, Glendale, and San Fernando, and to numerous San Fernando Valley communities within the City of Los Angeles. This sector also operates the Orange Line.

The sector office, located in Chatsworth, provides administrative support for its two operating divisions to ensure the delivery of quality transportation to the community. The operating divisions are located in Sun Valley in the east San Fernando Valley and Chatsworth in the west San Fernando Valley.

Both divisions are responsible for a fleet of 478 buses and operating 1,371,028 revenue service hours at Division 8 in Chatsworth and 744,872 revenue service hours at Division 15 in Sunland.

San Gabriel Valley Service Sector

The San Gabriel Valley Service Sector is the primary provider of bus transit service to the western San Gabriel Valley, East Los Angeles, and North Los Angeles areas. Additionally, the San Gabriel Valley Service Sector provides regional service to the east San Gabriel Valley. Cities served within the west San Gabriel Valley include Alhambra, Arcadia, El Monte, Monrovia, Montebello, Monterey Park, Pasadena, Rosemead, San Gabriel, San Marino, Sierra Madre, South El Monte, South Pasadena, and Temple City.

The San Gabriel Valley Service Sector operates two divisions from facilities located in El Monte and Cypress Park. The San Gabriel Valley Service Sector offices are located in El Monte adjacent to the operating facility.

For FY07 the San Gabriel Valley Service Sector will operate 669,435 revenue service hours of bus service at Division 3 and 777,001 revenue service hours at Division 9 with 470 buses traveling about 21.1 million miles.

Gateway Cities Service Sector

The Gateway Cities Service Sector is comprised of 26 cities and unincorporated areas of southeast Los Angeles County.

Cities included in the Gateway Cities sector are Artesia, Avalon, Bell, Bellflower, Bell Gardens, Cerritos, Commerce, Compton, Cudahy, Downey, Hawaiian Gardens, Huntington Park, La Habra Heights, Lakewood, La Mirada, Long Beach, Lynwood, Maywood, Norwalk, Paramount, Pico Rivera, Santa Fe Springs, Signal Hill, South Gate, Vernon, and Whittier.

The Gateway Cities sector offices are located in Downey, which provide planning and administrative support to two operating divisions, both located in downtown Los Angeles. The two divisions have a total of over 1,100 employees and operate 456 buses with 718,184 revenue service hours at Division 1 and 584,674 revenue service hours at Division 2.

Metro Rail

In FY07, Metro Rail will provide 387,680 revenue vehicle hours for light rail and 267,831 hours for heavy rail. The budget includes resources to support this level of service, with some adjustments to train lengths, hours of service, and/or headways during weekend service periods. Also, this budget includes resources for Metro Rail to support the Orange Line with communication, facilities maintenance and custodial services.

In addition to the operations and maintenance of all rail lines, Metro Rail is responsible for all Rail related capital projects.

Metro Rail will continue its effort to maintain and improve rail vehicles and station cleanliness, including the goal to reduce vandalism. This effort will be supported with law enforcement resources, incorporating new strategies to proactively address these as well as safety related issues system-wide.

Contract Services

The Transportation Contract Services Department is responsible for three main programs; Purchased Transportation, Motorist Services, and Paratransit Services.

Purchased Transportation contracts with privately-owned bus companies to provide

bus service on more than 20 bus lines in the north, south and east regions of Metro's service area. The FY07 boardings under these purchased transportation contracts is projected to be over 12.63 million.

Motorist Services is chiefly responsible for two programs, the Freeway Service Patrol (FSP) and the Service Authority for Freeway Emergencies (SAFE). The FSP's fleet of roving tow trucks mitigates freeway congestion by promptly assisting disabled motorists and removing debris. The SAFE program supports the network of freeway call boxes used by motorists in need of assistance. For a more detailed description of the Motorist Services programs, please refer to page III-8 of this book.

The Paratransit program, managed by Access Services, Inc. (ASI), provides public transportation services to the elderly and disabled. For a more detailed description of these contract services, please refer to page III-9 of this book.

Central Maintenance

Central Maintenance provides maintenance support to operating divisions. Departmental functions include the Regional Rebuild Center, Fleet Management and Support Services, and Quality Assurance, which includes direct involvement with the California Highway Patrol and Title 13 of the California Code of Regulations. Quality Assurance is also directly responsible for the management of goods and services contracts, Fare Collection Maintenance, Radio Equipment Maintenance, and Non-Revenue Vehicle/Equipment. Programs cover all facets of bus and equipment maintenance: repairing and rebuilding major components and sub-systems; and controlling and assigning the bus fleet.

Bus Operations Control

Bus Operations Control communicates via two-way radio and telephone with bus operators, field supervisors, field technicians, operating divisions, and emergency response personnel. They monitor and control special bus movements, coordinate, develop and implement all special event services and bus leases, modify bus activity when conditions require outside interaction due to accidents and detours, monitor ADA compliance and serious customer complaints through undercover rides and field observations and provide failure management as needed to help meet operating goals in the areas of safety, customer relations, and on-time performance.

Service Development

Service Development works out the operating framework for the Metro bus and rail systems and Metro Rapid system. The department provides timely and accurate information to operating division and sector staffs that assist in developing efficient, effective, and community-responsive service. Service Development is also responsible for development of the Metro Connections program. Metro Connections is designed to restructure the Metro bus and rail system to improve operational efficiency and expand regional transit ridership.

Operations Central Instruction

Operations Central Instruction (OCI) is responsible for implementing a defensive driving curriculum for new and veteran bus and rail operators, mechanics, and service attendants for all operating divisions. OCI provides progressive training with a cost-effective approach to strengthen employee skills and meet Metro's goals in the areas of safety,

customer relations, and on-time performance.

Corporate Safety

Corporate Safety manages the Safety's 1st program that was established to reduce injuries and accidents. The objective of the program is to provide leadership, guidance, technical direction, and resources to protect people, prevent mishaps, achieve regulatory compliance, and control hazards, hazardous occupational exposures, and costs. The department collects, analyzes, and audits accident and injury data on a computerized tracking system called TransitSafe. Injury and accident trends are reviewed with General Managers during monthly Tactical Safety Meetings to quickly identify root causes of problems and improve overall performance.

Facilities

Department functions include Facilities & Property Maintenance, Facilities Engineering, Contract Services, and Stops & Zones. The department's primary function includes the development, implementation, and management of capital programs for Metro's facilities. In addition, the department is also responsible for developing and implementing energy efficiency programs that reduce utility costs and improve employee safety. The Department also provides support to all Metro operating divisions by maintaining terminals, stations, bus stops, layover zones, landscape, and inactive right-of-ways. Facilities strives to provide safe, efficient and world-class facilities to enable transit customers and Metro employees to experience an efficient and effective transit system.

Vehicle Technology

Vehicle Technology identifies, reviews, tests, and procures high-capacity, alternative fueled, advanced technology buses. It provides operational and technical support and training on operations and maintenance of new vehicles, manages all bus acquisitions, and is responsible for other vehicle technology projects to increase operating efficiency and improve services provided to Metro transit passengers and employees.

Law Enforcement & Security

The Department of Law Enforcement and Security provides security and law enforcement services and programs for the protection of Metro's passengers, employees, properties, revenues, and assets.

Universal Fare System & Transit Access Pass Operations

Universal Fare System (UFS) and Transit Access Pass (TAP) Operations provides project management oversight on a new bus and rail automated fare collection system based on an electronic smart card branded as TAP. TAP is also responsible for the oversight of the design-build-operations and maintenance of the regional TAP program. UFS & TAP Operations has responsibility for the acquisition and implementation of both capital equipment and TAP services for Metro and the region to ensure seamless interoperability across all transit operators.

Significant Events in FY07

Bus Operating Sectors

- Complete Bus & Rail UFS installations at all bus operating divisions and rail system.

- Complete smart card In-Service Qualification Testing for limited public deployment.
- Complete design-build of TAP contract.
- Begin TAP testing for regional implementation.
- Introduce 94 articulated buses to local and Rapid services.
- Complete the new Division 9 Sector office and transportation building.
- Implement 7 new Metro Rapid lines.
- Complete development of systemwide Bus Service Improvement Program/Metro Connections.

Metro Rail

During FY07, Metro Rail will complete the following major capital projects:

- Complete the Light Rail Vehicles design phase and schedule 19 vehicles for delivery in FY07.
- Complete Light Rail facility expansion project at Division 11.
- Complete Light Rail Supervisory Control and Data Acquisition System Replacement (SCADA) Upgrade.
- Complete Blue Line's Long Beach Transit Mall Station redesign for 3-car train operation.
- Complete the Red Line's Storage Building.
- Complete the Blue Line's Crossing Gate Equipment Replacement.
- Further enhance security systems and training through the expenditure of grants from the Department of Homeland Security.

Facilities

- Complete the environmental phase for Terminal 31/Union Division Project.

Vehicle Technology

- Complete the acquisition of six hybrid electric articulated buses.
- Initiate the HCNG Demonstration Project, co-sponsored by ATVC, which will attempt to demonstrate potential zero emissions vehicle technology.
- Oversee procurement of 100 45-foot lightweight composite buses for delivery in FY08.

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Metro Operations Reports

Department FTEs	FY05 Budget	FY06 Budget	FY07 Budget
1 Metro Rail & Control Centers	1,163	1,174	1,184
2 San Fernando Valley Service Sector	1,014	1,071	1,114
3 San Gabriel Valley Service Sector	972	961	1,071
4 Gateway Cities Service Sector	975	1,027	1,030
5 South Bay Service Sector	1,220	1,206	1,182
6 Westside/Central Service Sector	1,367	1,371	1,307
7 Contract Services	5	4	4
8 Central Maintenance	323	328	332
9 Vehicle Technology	29	15	15
10 Universal Fare System	3	3	3
11 Facilities	192	159	158
12 Security & Law Enforcement	97	97	97
13 Safety & Training	110	112	110
14 Motorist Services	8	9	9
15 Operations Administration	113	104	86
16 Metro Operations Total FTEs	7,591	7,641	7,701

Expenditures (Amounts in thousands)	FY05 Actual	FY06 Budget	FY07 Budget
17 Metro Rail & Control Centers	162,399	212,081	202,429
18 San Fernando Valley Service Sector	99,450	115,348	124,948
19 San Gabriel Valley Service Sector	94,976	107,133	125,132
20 Gateway Cities Service Sector	90,650	110,072	115,968
21 South Bay Service Sector	117,103	124,445	133,217
22 Westside/Central Service Sector	130,453	151,017	145,110
23 Contract Services	36,157	42,727	62,520
24 Central Maintenance	48,574	55,925	59,550
25 Vehicle Technology	111,739	107,708	89,020
26 Universal Fare System	28,264	8,174	23,179
27 Facilities	55,253	62,887	88,727
28 Security & Law Enforcement	60,842	75,910	78,355
29 Safety & Training	8,262	11,543	10,359
30 Motorist Services	22,329	36,408	44,816
31 Operations Administration	20,884	18,969	20,967
32 Metro Operations Total	\$ 1,087,334	\$ 1,240,345	\$ 1,324,299

Los Angeles County Metropolitan Transportation Authority
FY07 Budget

Expenditure Types (Amounts in thousands)	FY05 Actual	FY06 Budget	FY07 Budget
33 Wages & Benefits	\$ 625,966	\$ 662,455	\$ 683,736
34 Services	105,599	145,083	158,247
35 Purchased Transportation	26,707	33,442	35,585
36 Fuel, Lubricants & Propulsion Power	62,053	70,539	85,323
37 Materials & Supplies	72,717	77,096	82,513
38 Casualty & Liability	101	41,227	43,574
39 Other Support	23,424	18,260	16,639
40 Acquisitions	173,407	194,449	195,927
41 Subsidies	-	-	25,245
42 Debt	(2,639)	(2,207)	(2,490)
43 Metro Operations Total	\$ 1,087,334	\$ 1,240,345	\$ 1,324,299

Metro Operations: Key Performance Plans and Measures

Goal: Develop an effective and efficient workforce	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
Objective: Enhance a safety-conscious culture throughout Metro and its customers and business partners				
Vehicle Accidents per 100,000 Hub Miles				
Bus Systemwide	3.65	3.50	3.48	3.40
San Fernando Valley Sector	2.99	2.67	3.06	2.93
San Gabriel Valley Sector	2.91	2.96	2.79	2.75
Gateway Cities Sector	3.86	4.29	3.78	3.50
South Bay Sector	3.68	3.57	3.67	3.50
Westside/Central Sector	4.61	4.03	4.00	3.65
New lost work time indemnity claims reported/filed				
Bus Systemwide	888	918	716	825
Rail	43	104	115	80
New workers' comp indemnity claims per 200,000 exposure hrs				
Bus Systemwide	17.64	13.61	12.26	11.70
San Fernando Valley Sector	15.15	14.45	11.05	10.02
San Gabriel Valley Sector	16.12	10.14	12.69	11.79
Gateway Cities Sector	20.19	14.11	11.13	9.64
South Bay Sector	14.84	16.12	13.57	12.91
Westside/Central Sector	21.52	18.80	14.46	13.40
Rail	11.59	9.32	11.60	9.88
Passenger accidents per 100,000 boardings				
Bus Systemwide	0.21	0.22	0.20	0.22
Heavy Rail	0.05	0.02	0.01	0.02
Light Rail	0.03	0.06	0.03	0.04
Rail accidents per 100,000 revenue train miles				
Heavy Rail	0.00	0.22	0.24	0.14
Light Rail	0.66	0.32	0.44	0.37

Los Angeles County Metropolitan Transportation Authority
FY07 Budget

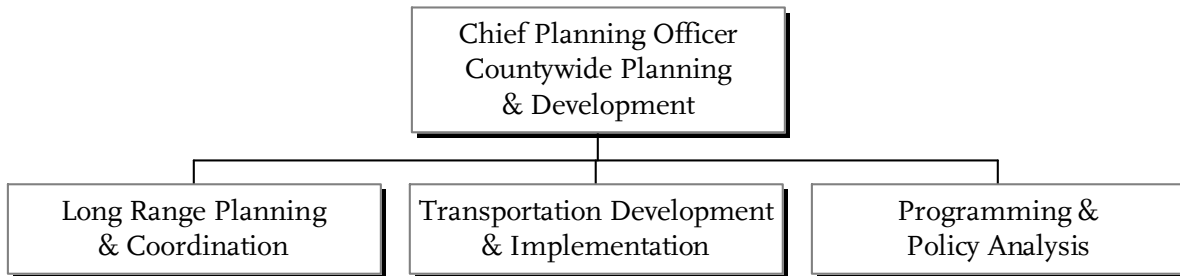
Goal: Improve transit services	FY04	FY05	FY06	FY07
	Actual	Actual	Estimated	Target
<u>Objective: Improve service quality and capacity of the bus and rail systems</u>				
In-service on-time performance				
Bus Systemwide	65.43%	66.50%	64.58%	70.00%
San Fernando Valley Sector	67.47%	68.54%	65.00%	70.00%
San Gabriel Valley Sector	69.98%	70.10%	68.68%	75.00%
Gateway Cities Sector	69.34%	71.20%	72.07%	72.00%
South Bay Sector	61.74%	64.31%	59.37%	70.00%
Westside/Central Sector	63.31%	63.39%	61.07%	65.00%
Complaints per 100,000 Boardings				
Bus Systemwide	4.51	3.54	2.45	2.50
San Fernando Valley Sector	5.45	4.39	3.30	4.13
San Gabriel Valley Sector	3.08	2.95	2.21	2.50
Gateway Cities Sector	4.63	2.58	1.70	2.50
South Bay Sector	5.30	3.61	2.54	4.25
Westside/Central Sector	5.30	4.10	2.55	3.25
Bus Scheduled Revenue Hours Delivered				
Bus Systemwide	88.55%	99.37%	98.90%	100.00%
Bus Farebox Revenue Recovery	25.7%	28.7%	26.3%	25.7%
Bus Subsidy per Boarding	\$1.60	\$1.43	\$1.63	\$1.67
Bus Fare per Boarding	\$0.57	\$0.59	\$0.60	\$0.59
Bus Cost per Revenue Hour				
Bus Systemwide *	\$109.40	\$102.80	\$109.66	\$112.86
Orange Line	n/a	n/a	\$217.65	\$238.96
San Fernando Valley Sector	\$102.46	\$88.72	\$96.59	\$95.57
San Gabriel Valley Sector	\$99.53	\$84.25	\$89.73	\$92.21
Gateway Cities Sector	\$112.55	\$84.10	\$94.40	\$95.89
South Bay Sector	\$93.67	\$88.44	\$93.79	\$97.93
West Central Sector	\$98.57	\$86.33	\$86.08	\$96.97

* excludes Orange Line

Metro Operations: Key Performance Plans and Measures

Goal: Improve transit services	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Budget
<u>Objective: Improve service quality and capacity of the bus and rail systems</u>				
Complaints per 100,000 Boardings				
Heavy Rail	1.17	1.13	0.68	0.80
Light Rail	1.43	1.33	1.12	1.00
Cost per Revenue Hour				
Heavy Rail	\$227.70	\$292.22	\$297.67	\$319.45
Light Rail	\$333.71	\$375.61	\$412.53	\$369.20
Fare Revenue Recovery				
Heavy Rail	24.9%	21.6%	27.0%	28.7%
Light Rail	16.5%	15.1%	14.7%	17.1%
Subsidy per Boarding				
Heavy Rail	\$1.66	\$1.62	\$1.62	\$1.58
Light Rail	\$2.83	\$2.91	\$3.47	\$2.87
Fare per Boarding				
Heavy Rail	\$0.53	\$0.45	\$0.60	\$0.64
Light Rail	\$0.56	\$0.52	\$0.60	\$0.59
In Service On-Time Performance				
Heavy Rail	99.04%	98.66%	98.83%	99.20%
Light Rail	98.77%	98.12%	98.50%	99.00%
Scheduled revenue vehicle hours delivered				
Heavy Rail	98.59%	99.32%	98.22%	99.67%
Light Rail	97.58%	97.94%	95.32%	99.50%
Freeway Service Patrol (FSP) - Average monthly assists	27,507	24,302	25,669	25,000
SAFE - Average monthly calls answered	9,658	7,846	5,781	5,000

Countywide Planning & Development



Strategic Business Unit

Countywide Planning and Development (CP&D) is responsible for programming and administering federal, state, and local transportation funds, preparing a financially constrained Transportation Improvement Plan (TIP), and planning and coordinating regional transportation services and infrastructure improvements. It does this in partnership with the County of Los Angeles and the 88 cities and 17 municipal operators within the County.

Executive Office

The Executive Office directs the overall programs of Metro's planning and programming services, develops strategies, defines major priorities, and resolves critical transportation issues in Los Angeles County.

Long Range Planning and Coordination

The Long Range Planning and Coordination (LRP&C) department is responsible for regional transit planning, long and short range transportation planning, and transportation modeling and technical analysis necessary to support the development of countywide and regional plans and programs. The

Department is responsible for transit activities including planning, design, development, monitoring, and municipal operator coordination for the Metro Rapid program and other regional transit planning activities. The Department is also responsible for developing countywide plans and programs, including the Long and Short Range Transportation Plans and the Congestion Management Program, and for regional transportation planning and air quality conformance coordination. Finally, the Department performs technical analysis in support of plans, programs, and projects, including transportation modeling, geographic information system analysis, user benefit analysis for federal New Starts funding, and freight data collection and modeling.

Transportation Development and Implementation

The Transportation Development and Implementation (TDI) department is responsible for project development, management, and/or implementation of multiple modes of transportation within Los Angeles County, including Highway/Freeway, Arterials, TDM, Rail and Busway, Signal Synchronization, Intelligent Transportation Systems, Bicycle, Pedestrian, Goods Movement and

others. In addition, this department approves and administers the utilization of Call for Projects (CFP) funds by the cities and county and provides assistance on joint development activities. This department also serves as the project planning lead in the LRTP and CFP. The department is organized into geographic teams. The area teams are Central, South Bay, Gateway Cities/Southeast, Westside, San Gabriel Valley and the San Fernando Valley/No County. Each team is responsible for project management and implementation for multiple modes of transportation within its geographic area.

Programming and Policy Analysis

Programming and Policy Analysis (P&PA) is responsible for strategic capital planning, regional and local programming, and regional program management for all fund sources that support Metro's mission of improving mobility and promoting innovative and comprehensive transportation systems throughout Los Angeles County. P&PA also manages the Transportation Improvement Program (TIP); analyzes state, federal and local programming proposals and policies; programs the Call for Projects (CFP); serves as the funding lead in the LRTP and CFP; allocates local and municipal operator funding; provides policy development and guidance for regional programs; is Metro's liaison with state and federal grantor agencies; and is Metro's liaison to the cities on Proposition A and Proposition C Local Return, Discretionary funds, and TDA Articles 3, 4 and 8.

Significant Events in FY07

- Conduct planning, design, development, and programming for new Metro Rapid lines.
- Monitor performance of Metro Rapid system consistent with Metro Rapid Service Warrants.
- Conduct nexus study for countywide developer mitigation fee through Congestion Management Program.
- Conduct update to the Long Range Transportation Plan.
- Initiate 2007 Call for Projects process, recertification and deobligation activities.
- Continue to develop state-of-the-art freight model.
- Review federal, state and local legislative initiatives and policy issues (i.e. SAFETEA-LU, Proposition 42, SB 45, etc); support federal, state and local legislative requests (e.g. FY2007 and FY2008 USDOT Appropriations, State Infrastructure Bond proposals).
- Coordinate Metro department efforts and prepare submittals for the FTA 2006 Triennial Audit.
- Initiate new federal, Human Services Transportation Planning provisions required under the SAFETEA-LU bill.
- Prepare FY07 Countywide Funding Sources Guide that provides descriptive array of key financial resources for Metro and Los Angeles County.
- Conduct EIS/EIR for SR2 Southern Freeway terminus and transportation efficiency improvements to Glendale Blvd.

- Complete multi-county Goods Movement Action Plan.
- Continue deployment for bus signal priority on Metro Rapid corridors outside of the City of Los Angeles.
- Initiate construction for a Design/Build Soundwall on SR-134.
- Extend Wilshire bus lane.
- Design Crenshaw Corridor enhancements.
- Continue SFV North-South Corridor enhancements.
- Conduct Route 57/60 Technical Feasibility Analysis.
- Award contract for alternative analysis/draft DEIS/EIR & conceptual engineering for Exposition LRT Phase II to Santa Monica.

Countywide Planning & Development Reports

Department FTEs	FY05 Budget	FY06 Budget	FY07 Budget
1 Transportation Dev & Implementation	52	48	48
2 Programming & Policy Analysis	31	30	30
3 Long Range Planning & Coordination	23	22	22
4 Executive Office, Reg Transp Plan & Dev	4	4	4
5 Countywide Planning & Development Total FTEs	110	104	104

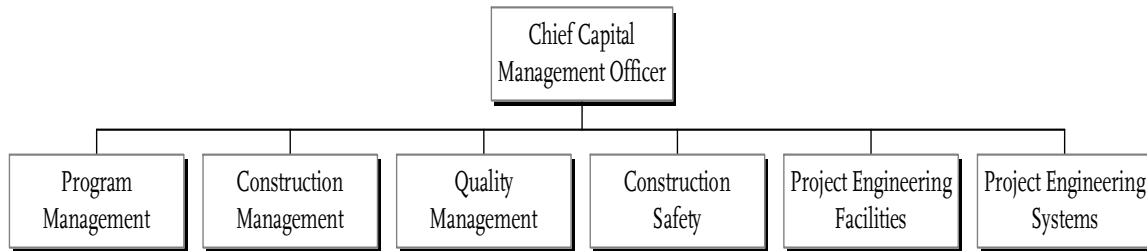
Expenditures (Amounts in thousands)	FY05 Actual	FY06 Budget	FY07 Budget
6 Transportation Dev & Implementation	\$ 17,444	\$ 20,822	\$ 22,255
7 Programming & Policy Analysis	690,890	746,931	793,654
8 Long Range Planning & Coordination	3,504	4,237	4,804
9 Executive Office, Reg Transp Plan & Dev	600	543	530
10 Countywide Planning & Development Total	\$ 712,437	\$ 772,532	\$ 821,243

Expenditure Types (Amounts in thousands)	FY05 Actual	FY06 Budget	FY07 Budget
11 Wages & Benefits	\$ 12,148	\$ 12,133	\$ 12,408
12 Services	11,725	17,034	18,064
13 Other Support	1,732	310	189
14 Acquisitions	669	625	2,540
15 Subsidies	686,066	742,262	787,866
16 Debt	(73)	-	-
17 Countywide Planning & Development Total	\$ 712,437	\$ 772,532	\$ 821,243

Countywide Planning & Development: Key Performance Plans and Measures

Goal: Provide leadership for the region's mobility agenda	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Provide quality planning, technical analysis and programming.</u>				
Update the LRTP in accordance with scheduled actions	100%	100%	100%	100%
Implement the Congestion Management Program's annual conformity process	100%	100%	100%	100%
Conduct transportation demand modeling to support major plans, programs, and projects	100%	100%	100%	100%
Complete planning, design, and development of new Metro Rapid corridors to meet implementation schedule.	100%	100%	100%	100%
% of draft EIS/EIR for environmental clearance of Glendale Corridor/Route 2 terminus completed.	n/a	13%	20%	80%
% of Multi-County Goods Movement Action Plan completed.	5%	30%	50%	100%
% of participation at COG/COG working group meetings related to transportation issues.	90%	95%	90%	90%
% of plans developed to extend dedicated bus lane in West Los Angeles from Federal Bldg. To I-405 Freeway.	n/a	n/a	50%	100%
% of work for I-710 South Corridor EIR/EIS completed.	0%	0%	0%	25%
% of Harbor Subdivision technical feasibility study completed.	0%	0%	40%	100%
% of STIP allocation requests received	100%	100%	100%	100%
% of FAP Program funding allocated on schedule	100%	100%	100%	100%
# of financial forecasting model runs completed (complete at least 2 model runs)	2	2	2	2
% of Local Return forms turned around within prescribed time period	100%	100%	100%	100%
% of grant applications needed to be filed for MTA projects and programs	100%	100%	100%	100%
% of MOUs and LOAs developed and submitted for processing	100%	100%	100%	100%
\$ received from the Benefit Assessment Districts	\$18M	\$20M	\$20M	\$21M

Construction Project Management



Strategic Business Unit

Construction Project Management is responsible for providing engineering services and construction oversight for rail projects, transit corridors, capital projects, and rail engineering service requests. The primary focus during FY07 is the Metro Orange Line closeout of construction and systems contracts and activities; Metro Gold Line Eastside Extension completion of the underground station base excavations, the start of tunneling operations, and the completion of the 101 Freeway overcrossing structure; the Canoga Station Park and Ride Construction completion and closeout activities; the Mid-City Exposition LRT completion of preliminary engineering design, real estate acquisition, and award of the design/build contracts; and the continuation of closeout and claims settlements on all open contracts.

Executive Office

The Executive Office for Construction Project Management is responsible for managing division and cost center activities in support of the Metro Capital Program in addition to providing technical and administrative guidance and assistance.

Quality Management

Quality Management is responsible for the implementation of administrative and quality control measures during design, procurement, construction, installation, testing, start-up and turnover that ensure the transit system meets the expectations of our customers.

Engineering

Engineering is responsible for the cost-effective provision of design and other engineering professional services from preliminary engineering through final design and construction of bus and rail projects. These projects range from minor updates of rail facilities and wayside systems to design of major rail projects.

Engineering includes Project Engineering Facilities and Project Engineering Systems. Project Engineering Facilities' main responsibilities are to provide design reviews of major capital projects such as the Metro Gold Line Eastside Extension and the Mid-City/Exposition Light Rail Transit Project.

Project Engineering Systems is responsible for the effective execution of the systems design and engineering for all major rail, Metro Rapid Transit, and Rail Capital Improvement projects.

Construction

Construction is comprised of the Construction Management, Environmental Compliance/Services, and Third Party Administration cost centers.

Construction Management is responsible for the construction management and oversight of all rail construction-related activities and construction related Rail Capital Projects.

Environmental Compliance/Services provides environmental clearance for the Metro projects and ensures compliance with the provisions of federal, state and local laws, regulations and guidelines related to impacts of the projects on the environmental and cultural resources.

It is responsible for providing the appropriate plan to mitigate contamination impacts, maintain compliance with all environmental regulations pertaining to hazardous wastes and materials, monitor environmental contractors working on projects, and provide regulatory interface to resolve Metro concerns.

Third Party Administration interfaces with Third Party agencies and utilities to design and construct any improvements to existing systems and new projects.

Construction Safety

Construction Safety is responsible to ensure the highest level of safety in the workplace on all construction projects, including the Metro Gold Line Eastside Extension and Capital Projects. The staff oversees all safety related activities for the Construction Project Management Division.

Project Management

Project Management is responsible for planning, scheduling, budgeting, tracking, reporting, analyzing, and forecasting the impact of engineering, construction, and Rail Capital Projects.

Project Management applies cost and schedule management tools to various Capital Projects by developing cost and schedule baselines in order to ensure that projects are completed on time and within budget.

This department also provides timely and accurate configuration management of contract changes and all documentation in support of Construction Project Management projects.

Significant Events in FY07

- Close-out the Metro Orange Line contract activities.
- Complete construction for the Canoga Station, which will include a new station, surface park and ride spaces and one-third mile extension of the busway.
- Execute the following Metro Gold Line Eastside Extension activities:
 - complete the final design.
 - start construction of both underground stations.
 - complete tunnel mining.
 - start at-grade station construction.
 - complete tunnel cross passages.
 - start tunnel finishes (trackwork, lighting and walkways).
 - construct the East and West portals.
 - procure systems equipment.

- strengthen the girders on the 1st Street Bridge and make modifications necessary to include rail tracks.
- complete the US 101 Freeway overcrossing structure.
- Complete Mid-City Exposition Project preliminary engineering design, third party relocations, real estate acquisitions, and award of the design/build contract.
- The FY07 budget includes engineering design and construction activities SCADA equipment replacement, upgrade of underground storage tanks, environmental inspection and environmental remediation activities, and various rail facilities and wayside system upgrades.

Construction Project Management Reports

Department FTEs	FY05 Budget	FY06 Budget	FY07 Budget
1 Construction Management	26	21	21
2 Program Management	33	27	25
3 Project Engineering	17	13	14
4 Quality Management	11	9	8
5 Construction Safety	5	5	5
6 Executive Office, Construction Project Mgmt	14	13	13
7 Construction Project Management Total FTEs	106	88	86

Expenditures (Amounts in thousands)	FY05 Actual	FY06 Budget	FY07 Budget
8 Construction Management	\$ 4,117	\$ 2,237	\$ 2,523
9 Program Management	5,500	3,383	3,222
10 Project Engineering	2,877	1,548	1,676
11 Quality Management	1,528	1,125	981
12 Construction Safety	651	460	553
13 Construction Contracts	301,682	329,213	231,156
14 Executive Office, Construction Project Mgmt	3,043	2,804	2,323
15 Construction Project Management Total	\$ 319,396	\$ 340,770	\$ 242,434

Expenditure Types (Amounts in thousands)	FY05 Actual	FY06 Budget	FY07 Budget
16 Wages & Benefits	\$ 11,962	\$ 10,433	\$ 10,824
17 Services	19,480	28,451	16,477
18 Materials & Supplies	357	623	170
19 Casualty & Liability	13,621	-	-
20 Other Support	7,572	349	116
21 Acquisitions	269,233	300,914	214,846
22 Debt	(2,829)	-	-
23 Construction Project Management Total	\$ 319,396	\$ 340,770	\$ 242,434

Construction Project Management: Key Performance Plans and Measures

Goal: Deliver quality capital projects on time & within budget	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Design and build quality projects.</u>				
Orange Line				
Closeout C0675 Design/Build Contract with exception of Milestone No. 5 Systems Reliability Testing and Landscape Warranty and Maintenance	n/a	n/a	n/a	31-Dec-06
Complete C0675 Design/Build Contract Milestone No. 5 Systems Reliability Testing	n/a	n/a	n/a	31-Mar-07
Closeout all contracts within Project 800112 except Landscape Warranty and Maintenance portion of C0675 Design/Build Contract and C0789 Indefinite Delivery/Indefinite Quantity Contract	n/a	n/a	n/a	30-Jun-07
Canoga Station/Park and Ride				
Substantially complete Contract C0739	n/a	n/a	n/a	31-Dec-06
Closeout all contracts within Project 800117	n/a	n/a	n/a	30-Jun-07
Gold Line Eastside Extension				
Complete final design and issue all design packages as Approved for Construction (AFC)	n/a	n/a	n/a	31-Jan-07
Begin procurement of systems equipment	n/a	n/a	n/a	31-Aug-06
Complete tunnel mining including construction of crosspassages	n/a	n/a	n/a	30-Jun-07
Begin structural construction of two underground stations	n/a	n/a	n/a	30-May-07
Complete construction of West Portal	n/a	n/a	n/a	31-Dec-06
Begin construction on five at-grade stations	n/a	n/a	n/a	31-May-07
Begin mainline guideway site preparation and civil work	n/a	n/a	n/a	31-Jul-06
Complete girder strengthening of the 1st Street Bridge	n/a	n/a	n/a	30-May-07
Completion of the US 101 Freeway overcrossing structure by CalTrans contractor	n/a	n/a	n/a	28-Feb-07
Mid-City/Exposition Light Rail Transit				
Provide administrative support	n/a	n/a	n/a	30-Jun-07

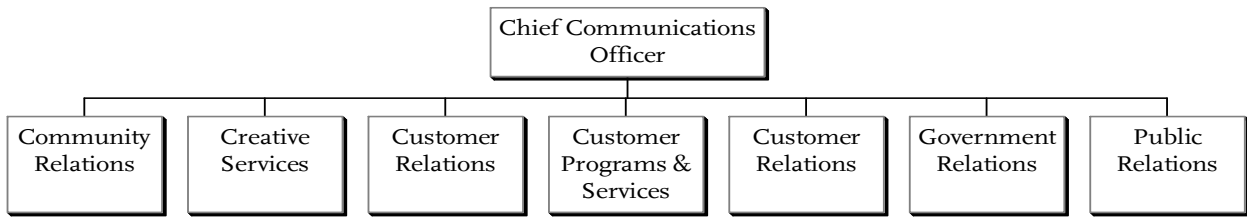
Los Angeles County Metropolitan Transportation Authority
FY07 Budget

Goal: Improve Transit services	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Design and build quality projects.</u>				
Division 11				
Substantial completion of construction and start of contract closeout	n/a	n/a	n/a	30-Sep-06
Division 21 Phase II Expansion				
Complete design package	n/a	n/a	n/a	30-Aug-06
Award contract	n/a	n/a	n/a	1-Mar-07
Highway 134 Soundwall Project				
Complete design submittals	n/a	n/a	n/a	31-Dec-06
Start soundwall construction	n/a	n/a	n/a	31-Dec-06
PGL Traction Power Substations				
Complete design submittals	n/a	n/a	n/a	30-Sep-06
Start construction	n/a	n/a	n/a	30-Sep-06
Complete construction and start contract closeout	n/a	n/a	n/a	31-Dec-06
MRL Stations Canopy				
Select A&E consultant to prepare Red Line Station Portal Canopy D/B design & bid documents for escalator protection	n/a	n/a	n/a	8-Aug-07
MGL Wheel Truing Machine Pit				
Prepare D/B/B design package for bid	n/a	n/a	n/a	28-Apr-06
Award Construction Contract	n/a	n/a	n/a	30-Jun-06

Construction Project Management: Key Performance Plans and Measures (continued)

Goal: Work with contractors to provide a safe work site to minimize lost time accidents	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Provide Occupational Safety & Health services to Contractors and other Metro Divisions</u>				
Occupational Safety & Health Services				
Each Metro Construction Safety employee will attend a minimum of one professional development course during the fiscal year. Information learned will be shared with the department through an "After Action Report".	n/a	n/a	n/a	On going
Safety Employees will complete annual requirements to maintain current certifications.	n/a	n/a	n/a	On going
Safety Employees not yet Board Certified as CSP's will complete one preparatory course and at least one attempt to pass the appropriate certification exam.	n/a	n/a	n/a	On going
Metro Managers & Directors will make time available to their staff to attend the appropriate training as offered through the Construction Safety Department.	n/a	n/a	n/a	On going
Incident Statistics				
Monthly publication of injury and incident summary reports for each Major Capital Project and smaller operations Capital Projects as a whole.	n/a	n/a	n/a	On going
Use monthly reports to monitor and respond to (through various interventions) developing negative trends in the incident data.	n/a	n/a	n/a	On going
Use monthly reports to monitor and reward/recognize developing positive trends in the incident data	n/a	n/a	n/a	On going

Communications



Introduction

Communications is responsible for the strategic evaluation, development and implementation of agency-wide marketing, communications, constituent relations, revenue and customer service programs.

Executive Office, Communications

The Communications Executive Office oversees and directs the activities of the organization to increase awareness and support and to improve the public perception of Metro and its services. The goals are to increase patronage, raise revenues and create a positive image of Metro, as well as, to position Metro to attract discretionary riders, and be recognized as the transportation leader both regionally and nationally. Another function performed by the group is to conduct research to gauge customer satisfaction, general public opinion on transportation services and feedback on new services implemented or under development. In addition, the group is responsible for developing and implementing new programs and services that enhance transportation options for Los Angeles County residents.

Creative Services

Creative Services provides design services (graphic design, environmental graphics,

graphic standards, photography and illustration), production management (procurement and trafficking), website management (design and coordination) and implementation of Metro's public art policy (Metro Art), which includes community involvement and artist participation in the development of Metro's transit system and provides free docent-guided tours.

Customer Communications

Customer Communications promotes awareness and use of Metro programs, projects and services through informational materials, signage, advertising and corporate sales promotion. Working with the Service Sectors, the department markets existing routes and service enhancements as well as a complete line of alternative transportation, pass and rideshare programs to area employers, educational institutions, current and potential riders, and the general public. The group includes internal printing services, manages all purchased media as well as revenue contracts for advertising on Metro buses, and handles internal employee communications.

Customer Relations

Customer Relations is the Agency's communication link with customers and provides various options for the public to

be served and heard. One-on-one regional transportation information is provided through 1-800-COMMUTE. There customers receive route, schedule and fare information for Metro services in addition to transit services for the adjacent four counties. Customers may also route themselves by utilizing Metro's Trip Planner, which is located on our website at www.metro.net. This department also serves as the centralized contact point to handle and process customer complaints received via the telephone, email and over-the-counter. The unit also handles official correspondence written on behalf of Board members and Metro executive staff, manages customer response systems analysis, and operates the Metro Customer Information Distribution Center and Agency switchboard (Centrex) System.

Customer Programs & Services

Customer Programs & Services operates Metro's four Customer Centers that serve over 400,000 patrons each year. The department also administers the reduced fare programs for students, seniors and the disabled, manages the centralized lost and found operation, oversees fare media production and distribution to Metro bus divisions, Customer Centers and over 650 vendor outlets in Los Angeles County. The unit manages the Metro Passes by Mail program and e-commerce sales of passes on-line and leads the Tariff Committee, maintaining and updating the tariff regulations for the agency.

Public Relations

Public Relations manages media relations, special events and promotions, production of Metro cable shows and videos, commercial filming, the Metro Store and employee activities. It informs the public about Metro's activities via press releases, media features, broadcast media, community speakers and Metro's internal and external websites.

Community Relations

Community Relations is responsible for public liaison and stakeholder programs throughout Los Angeles County to ensure that the objectives of the agency are communicated and implemented through local governance, construction of major capital projects, management of outreach for corridor and project consensus, public campaigns for bus and rail safety education and service changes.

Government Relations

Government Relations serves as the principal liaison to all federal and state elected officials, government agencies, commissions, and their staff. The department develops Metro's legislative goals and objectives, advances the agency's agenda in Sacramento and Washington, crafts and implements strategies to accomplish Metro's legislative priorities, and builds relationships with federal and state legislators.

Significant Events in FY07

- Complete targeted service marketing and ridership promotions in FY07. The goal is to continue the trend of ridership and revenue growth.
- Support construction efforts through quarterly update programs and through community outreach and construction mitigation.
- Enhance community marketing in FY07. Metro staff will be recruited to reach out to their communities to make more people aware of the Metro services available at a local level. Increasing awareness of available service to local communities will continue to be a major focus during FY07.
- UFS/TAP smart card system will be a major educational undertaking for the agency. As the system phases in over the next three years, it will involve a complete makeover of the retail and customer service sales network as well as a huge customer communication effort.
- With Metro now offering a complete line of transit and rideshare programs, business-to-business marketing will expand in an effort to get more local businesses to provide subsidized transit passes and rideshare incentive programs to their employees. In addition, a new regional Guaranteed Ride Home program for commuters that rideshare will begin implementation in FY07.
- Government relations will be a major focus in FY07. Opportunities for increased funding exist at state and federal levels. Metro will position itself to capitalize on as many opportunities as possible and move the region closer to attaining its fair share of funding.
- Following three years of program improvements, modifications and consolidations, an update of the rideshare study will be initiated to identify what impacts have been made and where additional opportunities may lie.
- Survey research activities to measure customer satisfaction, general public opinion and impacts from new Metro services initiatives will be streamlined to improve cost effectiveness.
- Coordination of Mobility 21 activities will continue to aid Metro in its endeavors. The organization is looking to expand its scope and Metro will continue its active role to advance regional transportation and gain more funding for mass transit, highway, and other mobility programs in Los Angeles County.
- Develop and implement e-mail update system for customer communications, allowing for timely service announcements, notices about construction, new programs, job openings, special offers, etc.
- Host two million visitors to metro.net and update content to ensure current and accurate information.
- Upgrade Metro's customer centers in preparation for TAP as well as to improve the customer environment. The Wilshire Customer Center is the first and will be unveiled with significant upgrades and enhancements.
- Complete five major permanent art projects and 18 temporary art projects.
- Following the successful model initiated for the Major Corridor Study, which developed consensus for a Locally Preferred Strategy for the nationally significant I710 Freeway serving 15 communities, two ports and burgeoning goods movement activities. Community Relations will manage the outreach for the Environmental Impact Report and

Environmental Impact Statement for this infrastructure challenge critical to air quality and the economy.

- Conducting construction mitigation and public outreach will support continued success for the project team as tunneling and other major milestones are achieved for the Metro Gold Line Eastside Extension. Safety education efforts will saturate those communities near the Orange Line, Gold Line, and Blue Line to keep the public alert and alive.
- Expanding service options for customers through “self-help” enhancements added to the Trip Planner should provide greater flexibility for patrons to better meet their specific transit needs. These could range from providing a simple schedule to delivering more complex itineraries.

Communications Reports

Department FTEs	FY05 Budget	FY06 Budget	FY07 Budget
1 Customer Communications	26	30	29
2 Creative Services	14	14	14
3 Public Relations	12	10	10
4 Customer Relations	102	103	103
5 Community Relations	19	16	16
6 Customer Programs & Services	44	28	28
7 Government Relations	7	6	6
8 Executive Office, Communications	11	8	8
9 Communications Total FTEs	235	215	214

Expenditures (Amounts in thousands)	FY05 Actual	FY06 Budget	FY07 Budget
10 Customer Communications	\$ 9,170	\$ 10,240	\$ 10,773
11 Creative Services	2,768	2,563	2,606
12 Public Relations	2,279	2,303	2,157
13 Customer Relations	5,628	7,339	7,226
14 Community Relations	2,357	2,371	2,242
15 Customer Programs & Services	5,444	4,049	4,548
16 Government Relations	1,461	1,551	1,596
17 Executive Office, Communications	2,240	2,348	2,228
18 Communications Total	\$ 31,348	\$ 32,764	\$ 33,378

Expenditure Types (Amounts in thousands)	FY05 Actual	FY06 Budget	FY07 Budget
19 Wages & Benefits	\$ 16,923	\$ 17,567	\$ 18,171
20 Services	7,966	9,267	9,878
21 Materials & Supplies	1,188	1,187	1,074
22 Other Support	4,750	4,418	4,255
23 Acquisitions	521	324	-
24 Communications Total	\$ 31,348	\$ 32,764	\$ 33,378

Communications: Key Performance Plans and Measures

Goal: Improve transit services	FY04 Actual	FY05 Actual	FY06 Estimate	FY07 Target
<u>Objective: Improve service quality and capacity for bus and rail systems</u>				
Average wait time on 1-800-COMMUTE (min:sec)	3:48	5:50	5:15	5:00
Value of positive news coverage in print and broadcast media, as equivalent value of advertising	\$15,762,074	\$8,041,429	\$5,000,000	\$6,000,000
Total radio reach/frequency (percentage of targeted audience that heard radio ad/number of times ads were heard)	77%/11.0	75%/8.0	75%/6.0	75%/6.0
Total newspaper ad distribution per quarter, in 000's (total distribution of newspapers that carried ad times # of ads run in qtr)	59,278	58,000	54,000	54,000
Total revenue generated from film leasing	\$606,676	\$533,610	\$550,000	\$550,000
Number of active employer worksites using Metro Commute	n/a	n/a	1,075	1,200
Passes sold monthly through employer accounts	7,694	9,130	10,043	13,000
Rideshare Incentive participants (mainly new Rideshare participants at employer worksites)	n/a	n/a	20,000	25,000
Number of vanpools in LA County	945	1,008	975	975 *

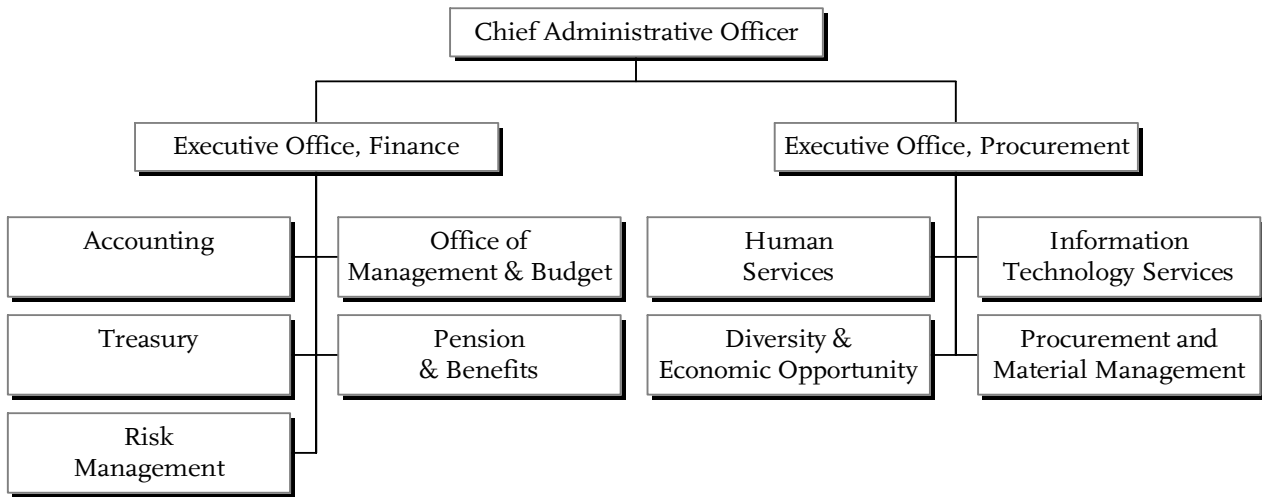
* = Assumes no additional vanpool efforts, pending Board approval of the enhanced vanpool program.

Goal: Improve transit services	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Create a safety-conscious culture throughout Metro and its customers and business partners</u>				
Number of individuals reached through safety tours, presentations, community outreach and community events	250,000	300,000	1,500,000	2,000,000

Goal: Deliver quality capital projects on time and within budget	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Conduct Construction mitigation and community outreach</u>				
Complete Construction mitigation for impacted businesses	n/a	n/a	n/a	36

Goal: Develop an effective and efficient workforce	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Develop an effective and efficient workforce</u>				
Number of legislator and aide contacts established through briefings, meetings, and hosting events to communicate Metro's position on legislative matters of interest to the agency	75	75	200	300
Percent of federal and state legislative programs accomplished	85%	100%	100%	100%

Business Services



Introduction

Business Services provides cross-functional administrative and financial services to support Metro’s core business units. Business Services has a Finance component and a Procurement component. Each component is comprised of departments and resources that serve all operating units.

FINANCE

Accounting

Accounting generates financial reports and analyses used to support Metro’s financial activities and reporting and auditing requirements. This encompasses bond issues, billing and reporting to funding partners, and management evaluations of budget variances. Accounting also records Metro’s project accounting, capital assets, fare media, payroll, accounts payable, and accounts receivable transactions through the Financial Information System (FIS).

Office of Management & Budget

The Office of Management & Budget (OMB) develops the annual operating, capital, and subsidy budgets; prepares revenue and expense projections; prepares the annual revision to the 10-Year Forecast; maintains the CEO’s Scorecard, manages operating and capital expenditure and revenue plans; and conducts special studies that analyze key business activities.

Treasury

Treasury forecasts, monitors, and manages cash requirements; oversees and directs the investment of available funds and debt proceeds; and administers the debt program. The Revenue Administration unit collects, counts, and deposits fare revenue; inspects and monitors fare collection facilities, equipment, and procedures; participates with law enforcement to counteract counterfeit fare media; and maintains and repairs Ticket Vending Machines (TVMS) fare collection equipment.

Pension & Benefits

The Pension and Benefits unit administers all facets of group health and welfare plans, pension plans, 401 (k) and 457 deferred compensation, unemployment insurance, and provides retirement and financial counseling programs.

Risk Management

Risk Management is responsible for protecting Metro's assets through the identification, management, and control of insurable risks. These responsibilities include management and oversight of the following: workers' compensation claims administration (including special investigations); general liability claims administration; the placement and administration of appropriate insurance programs; self-insured liability reserves through risk financing techniques; and the recovery of insurance proceeds for damage to Metro property.

PROCUREMENT

Human Services

The Human Services unit is comprised of two sections: Administration and Labor and Employee Relations. These functions support essential agency-wide activities and projects.

The Administration section is responsible for the essential functions of General Services, ADA Compliance, Agency-wide policy development and special projects assigned by the Office of the CEO. The Executive Office provides leadership and management oversight of business services such as policy development, building management and ADA compliance, and chairs the Gateway Tactical Safety Committee and Pre-Qualification Appeals Panel.

Human Resources

Human Resources furnishes administration and guidance on all aspects of personnel management for Metro including recruitment and staffing, job classification and compensation, leave programs, drug and alcohol compliance programs, employee assistance program, transportation subsidy/rideshare program, and automated recordkeeping.

Organizational Development & Training

The Organizational Development & Training (OD&T) department functions as the agency-wide internal consultant services unit whose purpose is to facilitate and integrate organizational best practices, increase individual and team performance, improve cycle time, increase financial and operational effectiveness, meet or exceed client/customer requirements and facilitate agency-wide strategic planning outcomes. OD&T designs and develops customized agency-wide employee, management and leadership development training programs to enhance the knowledge, skills and abilities of the workforce and prepares employees for the changing demands of the workplace.

Labor and Employee Relations

Labor and Employee Relations section directs the areas of Labor Management, Human Resources and Organizational Development & Training (OD&T). Labor Management negotiates and administers Metro's collective bargaining agreements, manages grievances arising out of interpretation and administration of the labor agreements, serves as advocates for Metro management during arbitrations related to labor agreements, provides

contract interpretation and due process advice to Metro management, and manages grievances of non-represented employees.

Procurement & Material Management

Procurement & Material Management's mission is to deliver efficient, cost effective, value-added services that are responsive to and supportive of our clients. Procurement & Material Management includes Material Management, Contract Administration, and Client/Vendor Services.

Material Management

Material Management provides planning, acquisition and control of inventory assets to achieve client service level expectations in a cost effective manner. This includes forecasting material requirements for scheduled maintenance and component rebuild programs, acquiring goods and services, and providing supply chain management, inventory storage, security, and timely distribution of materials.

Contract Administration

Contract Administration performs acquisition planning, coordinates Agency pre-award actions to produce executable contracts and then performs post-award contract administration, claims/change order processing/ negotiation, contract close-out, and unencumbers physically complete contracts for the Agency's strategic business units. It also supports the procurement of all small purchase non-inventory requirements and administers the Metro purchasing card program. Within Contract Administration, the Estimating unit develops independent cost estimates (ICE) in support of establishing a fair and reasonable price for Metro's procurement

transactions including new procurements and contract modifications. It also provides support in performing price analysis, cost analysis, value engineering review and contract price negotiations.

Client/Vendor Services

Client/Vendor Services oversees and manages the administrative processes and business information systems in support of Procurement and Material Management and their clients. This includes five major functional areas: operation of the Automatic Storage and Retrieval System (40,000 random storage locations); M3 Maintenance and Material Management System; TransportMax; support of the Purchase Order Module of the Financial Information System; maintenance of the vendor data base and related systems including the department's Internet and Intranet web sites; management and control of documents, reports and records; and the planning and deployment of major systems, such as Electronic Content Management System (ECMS), FIS 11i, Internet Procurement, Internet Supplier Portal, Purchasing Intelligence, and e-Marketplace.

Information Technology Services

Information Technology Services (ITS) is responsible for the development, implementation, operation, maintenance, and technical support of Metro's computer systems and integrated communications network.

Diversity & Economic Opportunity

The Diversity and Economic Opportunity Department (DEOD) is responsible for developing and implementing Contract Compliance, Small Business Certification, Small Business Outreach, Equal Employment Opportunity, and Labor

Compliance programs. The DEOD promotes diversity and economic development in the community through proactive and inclusive monitoring, mentoring, training, and outreach activity. DEOD is responsible for ensuring that decisions affecting employment practices and contracting are made without regard to sex (including sexual orientation), race, color, ancestry, religious creed, national origin, physical and mental disability, HIV and AIDS, medical conditions (e.g., cancer), age (over 40), marital status, veteran status, or any other status protected by applicable federal or state statutes.

Significant Events in FY07

FINANCE

Accounting

- Implement the cash management system to improve work processes.
- Implement the accounting for the Exposition Metro Line Construction Authority (EXPO) and for Metro's joint development projects.
- Implement GASB 43 & 45 - Accounting for Post-Employment Benefits other than pension.
- Implement an electronic AP invoicing system for selected large volume vendors to reduce manual processes.
- Upgrade the existing Payroll-Garnishment System to streamline work processes.

Office of Management & Budget

- Refine ten-year forecast models to include more detail related to non-enterprise fund activities.
- Implement additional components in the integrated performance

monitoring management system (CEO's Scorecard).

- Continue enhancement of the Budget Information and Analysis System (BIAS) to automate manual processes within the system and reduce turnaround time.
- Improve capital projects management to improve annual cash flow projections.
- Make recommendations through the update of the 10-year forecast to solve the operating deficit.

Treasury

- Manage the development of the retiree medical liability valuation required to implement GASB 45.
- Outstanding long-term debt will not increase during the fiscal year. Sufficient bond proceeds are currently available to meet the FY2007 bond proceeds funding requirements of the Metro Gold Line Eastside Extension, the Metro Exposition Line and other capital projects.
- Part of the Proposition C taxable commercial paper program will be converted to lower cost tax-exempt commercial paper. This will both provide a lower cost alternative to finance highway related capital costs and facilitate refunding a portion of the acquisition costs from the Harbor Subdivision, saving an estimated \$400,000 per year in interest expense.
- The volume of currency received in the fare boxes and TVMs has significantly increased since the implementation of the Day Pass with the following effects:
 - One-dollar bill processing costs will increase 40% over FY06 for the currency "sold" to the contracted vendor.
 - Large bill (\$2-\$100) processing expenses will increase since these

- bills are manually counted in-house.
- The Revenue Administration unit will integrate the following tasks without increasing staff:
 - Supply administrative support for the new Transit Access Pass (TAP) smart card program.
 - Provide project implementation support and maintain the new UFS fare boxes on buses and new TVMs at rail stations.
 - Introduction of new fare collection equipment that has increased functionality, including the acceptance of credit and debit cards as form of payment.

Pensions & Benefits

- The Pensions & Benefit unit will manage the implementation of the Oracle Advanced Benefit system (OAB) including the design, build, test and implementation phases.

Risk Management

- Eliminate four contract employee positions in the Workers' Compensation area by reducing the claims inventory. This reduction is possible as a result of more aggressive claims handling procedures and successful closures.
- Reallocate staff in the Workers' Compensation Program to create an internal Quality Assurance Unit.
- Begin integration of a Payroll and Workers' Compensation system interface.
- Implement procedures to enhance the collection of restitution payments from individuals convicted of fraudulent Workers' Compensation or General Liability claims.

- Expand the Special Investigation Unit (SIU) scope of investigation to include General Liability fraud and fraudulent non-occupational injuries.

PROCUREMENT

Human Services

- Commencement of two ADA programs aimed at older and disabled adults: the first program to improve bus services for individuals with disabilities and the second to increase mobility of senior citizens.

Human Resources

- Conduct recruitment activities to generate further employment applications for Bus Operator hiring needs.
- Manage non-occupation leaves of absence in compliance with state law, human resources policy and collective bargaining agreements to support employee needs and minimize lost work time.

Organizational Development and Training (OD&T)

- The department will implement the updated FY07 strategic planning process to achieve agency-wide milestones.
- OD&T has partnered with the Los Angeles County Sheriff's Department to provide Metro terrorism-training sessions for law enforcement and non-law enforcement employees.
- The department will meet supervisory training demand by increasing front-line training classes: Pre-supervisory, First-time Supervision, Mandatory Management Programs and Exceptional Customer Service Training.

- OD&T plans to roll out new bachelors and masters degree program classes to Metro employees through educational partnerships with Cal State Long Beach, Cal State Los Angeles, Cal Poly Pomona, Cal State Dominguez Hills, and the Mineta Institute.

General Services

- Installation of an optical turnstile system in the Gateway Headquarters Building to enhance safety and security for Metro's customers, employees and business partners.
- Modify the space allocation at USG Headquarters Building based on data received from USG Space Survey.
- Begin new contract for rubbish services to efficiently and effectively operate service sectors, bus and rail divisions, and Gateway Headquarters.
- Finalize Phase 1 & 2 of USG Building Security Hardening.

Labor and Employee Relations

- Implementation of successor collective bargaining agreements with two unions: United Transportation Union (UTU) and Amalgamated Transit Union (ATU).
- Negotiation of successor collective bargaining agreement with the Transportation Communications Union (TCU).
- Negotiation of successor collective bargaining agreement with the International Brotherhood of Teamsters.

Procurement & Material Management

- Make strategic sourcing a reality.
- Consolidate procurement support to all Strategic Business Units under one Deputy Executive Officer.
- Minimize risk of Metro Purchase Card Program (P-Card) activities.
- Establish a "Statement of Work" certification program to improve Agency efficiency and effectiveness.
- M3 Image Manager Deployment to provide electronic parts catalog management and technical and maintenance documents on-line.
- M3 Material Forecasting Module Deployment to project mid/long term inventory requirements.
- Conduct research and assess software market for contract administration system, including requirements definition.

Information Technology Services

- ITS will provide support to 20 capital projects.
- Launch a new capital initiative called the Transit Operator Activity Schedule and Tracking system.
- The Telecommunications Transmission Project will be in its second year of development, completion scheduled in FY09.
- The department is focusing increased resources towards the agencies disaster recovery services.

Business Services Reports

FINANCE

<u>Department FTEs</u>	FY05 Budget	FY06 Budget	FY07 Budget
1 Accounting	82	79	78
2 Office of Management & Budget	22	19	19
3 Pension & Benefits	10	10	10
4 Risk Management	47	47	47
5 Treasury	55	52	52
6 Executive Office, Business Services	2	2	2
7 Business Services - Finance Total FTEs	218	209	208

<u>Expenditures (Amounts in thousands)</u>	FY05 Actual	FY06 Budget	FY07 Budget
8 Accounting	\$ 9,461	\$ 10,325	\$ 9,785
9 Office of Management & Budget	2,431	2,446	2,340
10 Pension & Benefits	849	878	1,098
11 Risk Management	54,594	11,550	10,713
12 Treasury	295,417	329,894	335,861
13 Executive Office, Business Services	358	392	379
14 Business Services - Finance Total	\$ 363,111	\$ 355,486	\$ 360,176

<u>Expenditure Types (Amounts in thousands)</u>	FY05 Actual	FY06 Budget	FY07 Budget
15 Wages & Benefits	\$ 37,761	\$ 11,050	\$ 12,643
16 Services	20,799	28,035	21,643
17 Materials & Supplies	242	381	438
18 Casualty & Liability	50,464	6,629	5,875
19 Other Support	(28,631)	13,474	13,114
20 Subsidies	-	-	7,500
21 Debt	282,476	295,918	298,962
22 Business Services - Finance Total	\$ 363,111	\$ 355,486	\$ 360,176

PROCUREMENT

Department FTEs	FY05 Budget	FY06 Budget	FY07 Budget
1 Diversity & Economic Opportunity	25	22	22
2 Human Services	166	168	166
3 Information Technology Services	142	132	130
4 Procurement & Material Management	237	226	224
5 Administrative Services - Procurement Total FTEs	570	548	542

Expenditures (Amounts in thousands)	FY05 Actual	FY06 Budget	FY07 Budget
6 Diversity & Economic Opportunity	\$ 2,248	\$ 2,145	\$ 2,229
7 Human Services	22,480	20,484	22,156
8 Information Technology Services	26,700	23,228	22,541
9 Procurement & Material Management	28,129	24,648	25,770
10 Administrative Services - Procurement Total	\$ 79,557	\$ 70,504	\$ 72,696

Expenditure Types (Amounts in thousands)	FY05 Actual	FY06 Budget	FY07 Budget
11 Wages & Benefits	\$ 52,761	\$ 49,079	\$ 51,506
12 Services	11,215	8,494	7,792
13 Fuel, Lubricants & Propulsion Power	1	-	-
14 Materials & Supplies	6,252	4,817	3,461
15 Other Support	8,011	7,030	6,842
16 Acquisitions	1,511	1,084	3,095
17 Debt	(194)	-	-
18 Administrative Services - Procurement Total	\$ 79,557	\$ 70,504	\$ 72,696

Business Services: Key Performance Plans and Measures

FINANCE

Accounting

Goal: Exercise fiscal responsibility	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Conduct monthly performance monitoring reviews to assess financial performance</u>				
% of invoices paid within 30 days from the invoice date	87%	93%	94%	90%
% reduction in number of unprocessed/unmatched invoices over 30 days outstanding from previous year	N/A	N/A	N/A	20%
# of days to pay properly approved Expense Reports from submittal date	6	6	2	3
# of days from month end to submit accurate grant billings	7	7	6.5	7
% of errors in total paychecks, including special checks issued	1%	1%	0.07%	0.09%
% reduction from previous year-end in the amount of uncollected accounts over 90 days outstanding	34%	38%	22%	10%
# of calendar days audited CAFR report was late (with 31-Dec-200X GFOA submission date)	0	0	0	0
# of working days to complete FTA Quarterly Financial Report submittals (45 days at regular quarter and 60 days at year end)	45/60	45/60	45/60	45/60
# of working days annual NTD Operations & Planning were late (with 28-Oct-200X FTA submission date)	0	0	0	0
# of calendar days audit Proposition A & C financial report was late (with 31-Dec-200x submission date)	0	0	0	0
# of calendar days State Controller's Report were late (with 31-Mar-200X Federal Clearinghouse submission date)	0	0	0	0
# of calendar days A133 Single Audit Report was late (with 31-Mar-200X SCO submission date)	0	0	0	0
# of working days to complete month-end financial closing	12	9	10.5	7
% of returned fare media stock (passes/discount stamps) compared to total issued/delivered to agents/vendors	45%	36%	22%	25%
# of working days to prepare GASB 34 format, and fund financial statements (including supporting auditor's trial balance) after quarter-end GL close	n/a	n/a	5	5

Goal: Develop an effective and efficient workforce	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Create a safety conscious culture throughout Metro and its customers and business partners</u>				
% of employees sent to Safety Training	100%	100%	100%	100%
# programs developed to promote safety and reduce injuries in the department, per quarter	1	1	1.5	1.5

Office of Management & Budget

Goal: Exercise fiscal responsibility	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Manage the approved budget.</u>				
Percent of budget expended (budget to actual)	81.0%	75.9%	77.5%	80.0%
Percent of sales tax and fare revenue collected (forecast to actual)	93.2%	103.7%	109.5%	100.0%

Goal: Exercise fiscal responsibility	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Implement an integrated performance monitoring management system.</u>				
Number of key performance indicators in Metro Scorecard	2	13	14	16

Goal: Exercise fiscal responsibility	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Conduct monthly performance monitoring reviews to assess financial performance.</u>				
Number of work days after pay date to access updated Metro Scorecard data	3.00	3.00	3.00	2.75

Goal: Develop an effective and efficient workforce.	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Invest in employee development.</u>				
Percent of OMB staff members who have attended at least one training class in the fiscal year	100%	100%	100%	100%

Treasury

Goal: Exercise Fiscal Responsibility	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Conduct monthly performance monitoring reviews to assess financial performance.</u>				
% of Positive Pay Exceptions resolved within 4 hours of notification	100%	100%	100%	100%
Operating Fund portfolios total return will equal or exceed the market weighted composite index of the 91 day T-Bill and the Merrill Lunch 1-3 year Govt/Corp Index	1.01	1.04	>=1.0	>=1.0
% of bond proceeds investments reviewed each quarter and adjusted as appropriate	90%	100%	100%	100%
% of bond issues reviewed each quarter to identify refunding opportunities meeting the targets defined in the Debt Policy	100%	100%	100%	100%
% of deliverable items provided in compliance with covenants related to debt and lease agreements	85%	90%	95%	95%
% of system hours TVMs are out of service	9%	6%	5%	4%

Goal: Develop an effective and efficient workforce	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Implement an integrated performance monitoring management information system.</u>				
% of Retirement Applications processed within 30 days of receiving all required documentation	98%	95%	97%	98%
% of 401(k)/457 enrollment/payroll deductions and changes processed within the pay period submitted	100%	95%	98%	100%
% of Health and Welfare and benefit plan premiums paid by established timeframe	100%	100%	97%	100%

Risk Management

Goal: Develop an effective and efficient workforce	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Create a safety-conscious culture throughout Metro, its customers and business partners</u>				
Number of new reported Workers' Compensation claims	1,607	1,432	1,266	1,203
Number of new Workers' Compensation claims per 200,000 exp. hours	19.79	16.26	14.52	13.60
Total number of lost work days	111,260	57,308	52,719	50,083
Number of lost work days per 200,000 exp. hours	1,370	651	605	566
Number of new bus traffic accident claims	2,189	2,156	2,105	2,000
Number of new bus traffic accident claims per 100K hub miles	2.44	2.07	2.02	1.92

Goal: Exercise fiscal responsibility	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Manage the approved budget</u>				
Workers' Compensation Subrogation Recoveries	\$14,566	\$443,701	\$319,182	\$150,000
Public Liability/Property Damage Subrogation Recoveries	\$462,371	\$649,917	\$312,903	\$350,000
Workers' Compensation Chargeback per 100 employees	\$607,066	\$647,307	\$660,017	\$616,265

PROCUREMENT

Human Resources

Goal: Develop an effective and efficient workforce	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Enhance a safety conscious culture throughout Metro, its customers and business partners</u>				
Minimize the total number of employees on leave of absence	702	588	570	570
<u>Objective: Recruit and select employees to meet job requirements</u>				
Identify, project and address the future staffing needs of 50% of Agency's 200 cost centers by June 30, 2007	N/A	N/A	50%	100%
Maintain existing turnover rate at a level of 9% or less (excluding RIFs) throughout FY07 by providing total compensation information to employees.	8%	10%	9%	9%
Number of Bus Operator applications processed	2,786	2,598	2,600	2,700
<u>Objective: Streamline internal processes</u>				
Increase employee participation in the agency wide rideshare program by 10%	18%	24%	28%	28%

Organizational Development & Training

Goal: Develop an effective and efficient workforce	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Invest in employee development</u>				
Client satisfaction rating for Signal Synch classes	N/A	4.36	4.0	4.2
Signal Technicians completing onsite training	140	173	300	300
Client Satisfaction rating for training and development sessions (1 to 5 scale)	4.48	4.60	4.30	4.30
Cost per training participant	\$46.78	\$45.45	\$53.35	\$53.35
Employees completing formal in-house training	7,170	6,484	3,000	3,000
Employees/trainees completing training by non-Metro personnel, but hosted onsite	112	1,479	200	200

General Services

Goal: Develop an effective and efficient workforce	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Create a safety conscious culture throughout Metro, its customers and business partners</u>				
Percent of safety work orders responded to and completed within 30 minutes of notification	100%	100%	100%	100%
Percent of public records requests provided in compliance with policies	98%	98%	97%	98%
Percent of staff record requests completed by time requested	n/a	100%	100%	98%

Goal: Develop an effective and efficient workforce	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Streamline internal processes</u>				
Percent of mail distributions completed on-time	97%	98%	98%	98%
Percent of internally-generated, tracked packages delivered within 12 hours of pickup	n/a	100%	99%	100%
Percent of externally-generated packages delivered within six hours	n/a	99%	99%	100%
Percent of Copy Center jobs delivered on-time	98%	100%	97%	95%

Labor and Employee Relations

Goal: Improve the efficiency and effectiveness of the agency	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Target
<u>Objective: Implement ITS project delivery system.</u>				
Improve response time to UTU grievances after hearings: respond within 45 days of hearing	94%	95%	95%	100%
Maintain current level of response time to ATU greviances after hearings: 100% response within 22 days	100%	100%	100%	100%
Maintain current level of service response time: Injured Worker Advocate to respond to requests within 1 business day	99%	99%	99%	99%

Information Technology Services

Goal: Improve the efficiency & effectiveness of the agency	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Implement ITS project delivery system.</u>				
Complete all ITS Work Order tickets promptly, professionally, and courteously. (customer service scale: 1-low to 5 high)	4.25	4.40	4.50	4.55
Mission Critical Application Availability to the agency	95.0%	96.6%	98.0%	98.5%

Goal: Deliver quality capital projects on time & within budget	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Develop Integrated Project Tracking System</u>				
Capital project schedule adherence	95.0%	98.0%	98.1%	98.0%

Procurement & Material Management

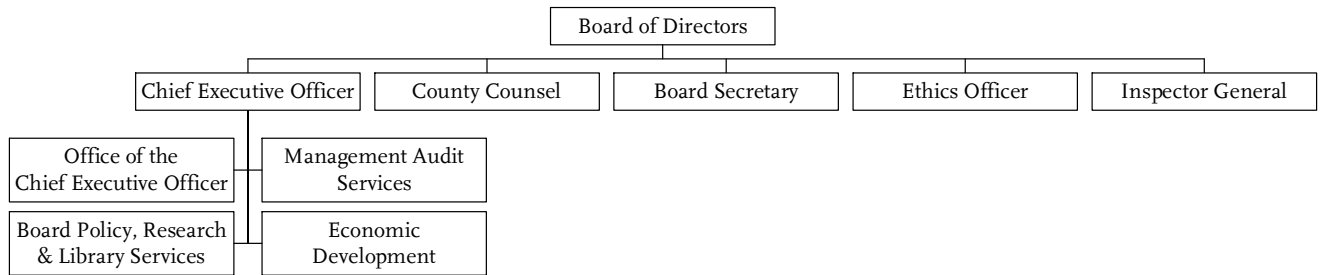
Goal: Improve transit systems	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Acquire and deliver cost effective materials, parts and supplies</u>				
Quarterly average No-stock hold as a percent of active fleet	0.83%	0.13%	<1.0%	<1.0%

Goal: Exercise fiscal responsibility	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Improve the procurement process</u>				
Percentage of invoices paid within 30 days	90%	95%	95%	95%
Average inventory material procurement cycle time (days)	8.92	8.18	9.00	9.00
Average non-inventory material/services procurement cycle time for IFB (days)	28.37	27.14	26.00	26.00
Average non-inventory material/services procurement cycle time for RFP (days)	40.75	36.04	45.00	45.00
Client Feedback (scale: 1-low to 3-high)	2.91	2.90	2.00	2.00
Percentage of cost estimates that are at or below the Estimating Department's stated standard cycle time	75%	80%	70%	80%

Goal: Deliver quality capital projects on time and within budget	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Develop integrated project tracking system</u>				
Evaluate and establish Disadvantaged Business Enterprise (DBE) goals on federally-assisted procurements over 25K for construction and over 40K for services and commodities where subcontracting opportunities exist and contract goals are needed to meet the agency's annual goal	100%	100%	100%	100%

Goal: Provide leadership for the region's mobility agenda	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Provide quality planning, technical analysis and programming</u>				
Track 100% of certified payroll reports to identify wage underpayments on MTA Public Works projects per Federal and State prevailing wage regulations	100%	100%	100%	100%
Provide thorough and prompt processing of internal discrimination complaints within 60 days to increase customer service to MTA employees	78 days	62 days	60 days	60 days
Complete 100% of submitted certification applications within 90 days of receiving all required documentation per Federal Regulations	88%	90%	100%	100%

Board of Directors



Introduction

The Board of Directors establishes policies and authorizes appropriations of Metro. Reporting directly to the Board of Directors are the Chief Executive Officer, Board Secretary, County Counsel, Chief Ethics Officer, and Inspector General.

Office of the Chief Executive Officer

The Office of the Chief Executive Officer manages Metro, which is the third-largest transportation agency in the United States. The Office of the Chief Executive Officer directs the operations of a multi-modal transit system, construction improvements, and regional transportation planning and programming functions.

The Office of the Chief Executive Officer oversees key programs and initiatives, emphasizes a customer focus, a commitment to safety, and allocates resources efficiently. It works with staff, elected officials, and the community to bring consensus on key projects while at the same time improving the mobility and livability of Los Angeles County. The Office of the Chief Executive Officer also provides policy recommendations, research, advice, and counsel in the development of strategies and the resolution of complex political, business, and governmental issues. The Office

serves as a liaison between Metro's Board of Directors and executive management.

Management Audit Services

Management Audit Services' mission is to provide highly reliable, independent, objective assurance and consulting services, designed to add and improve Metro's operations. The department accomplishes this by bringing a systematic, disciplined approach to evaluating and recommending improvement to the effectiveness of risk management, controls and governance processes.

Management Audit Services assists the Office of the Chief Executive Officer and his management team by providing the following services: (a) evaluate internal controls throughout the agency, (b) conduct compliance reviews to applicable laws and regulations, (c) review financial and management data for accuracy, completeness and reliability, (d) conduct performance audits of operations and processes to ensure agency resources are managed economically, efficiently, and effectively, (e) perform management control self assessments (CSA), (f) perform contract and contract change order audits as required by law and Board adopted policy, (g) perform audits of grantees in accordance with grants and

MOUs, (h) prequalify vendors in compliance with law and Board adopted policy and (i) track and resolve all external and internal audit findings as required by OIG policy and Generally Accepted Government Auditing Standards.

Board Secretary

The Board Secretary is responsible for coordinating and overseeing Board meeting and Sector Governance Council processes including agendas, minutes, resolutions, and scheduling. The Secretary also oversees the Legal Services function, which is responsible for accepting and processing all legal documents served on LACMTA and its employees.

County Counsel

As general counsel to LACMTA, County Counsel provides legal representation and advice.

County Counsel attorneys attend Board and committee meetings and provide advice on issues of governmental law such as the Brown Act, procurement law, eminent domain, Public Records Act, conflict of interest laws, and federal and state laws relating to transportation.

Additionally, County Counsel provides advice and representation on construction matters and employee relations and personnel matters. County Counsel also drafts and reviews contracts, represents the LACMTA in litigation and arbitration, and oversees legal services provided by outside law firms.

Chief Ethics Officer

The Ethics Office advises the Board of Directors, executive management, and staff on ethical, financial disclosure, and

conflict of interest issues. It also administers the LACMTA's Statement of Economic Interest Disclosure and Lobby Registration reporting programs, and conducts ethics training. The Ethics Office also researches state laws and regulations governing campaign contributions, fund raising activities, conflicts of interest, and lobby regulations, and serves as the Agency's Disadvantaged Business Enterprise Reconsideration Officer.

Inspector General

The Office of Inspector General (OIG), which was created under legislation that also created the LACMTA, reports directly to the Board.

The OIG provides objective reports to the Board of Directors and LACMTA management.

The OIG conducts analyses, evaluations, and appraisals of performance effectiveness as well as of the accuracy of information systems. It is charged with the responsibility to detect, investigate, deter, and prevent fraud, waste, and abuse in Metro programs, operations, and resources.

The OIG also maintains liaison with law enforcement officials, district attorneys, and the U.S. attorney for appropriate referral, coordination, and cooperation in civil or criminal matters.

Significant Events FY07

Management Audit Services

- Implementation of Continuous Monitoring.
- Implementation of Business Process Improvement Audits.

Board of Directors Reports

Department FTEs	FY05 Budget	FY06 Budget	FY07 Budget
1 Inspector General	24	23	23
2 Office of Board Secretary	12	12	11
3 Ethics Office	6	7	7
4 County Counsel	5	4	4
5 Board of Directors Total FTEs	47	46	45

Expenditures (Amounts in thousands)	FY05 Actual	FY06 Budget	FY07 Budget
6 Inspector General	\$ 2,693	\$ 2,908	\$ 2,878
7 Office of Board Secretary	1,042	1,102	950
8 Ethics Office	612	668	697
9 County Counsel	13,753	18,941	18,282
10 Board Office	201	151	300
11 Board of Directors Total	\$ 18,301	\$ 23,770	\$ 23,107

Expenditure Types (Amounts in thousands)	FY05 Actual	FY06 Budget	FY07 Budget
12 Wages & Benefits	\$ 4,431	\$ 4,578	\$ 4,435
13 Services	13,525	18,874	18,440
14 Materials & Supplies	70	57	46
15 Other Support	275	228	156
16 Acquisitions	-	34	30
17 Board of Directors Total	\$ 18,301	\$ 23,770	\$ 23,107

Office of the Chief Executive Officer Reports

Department FTEs	FY05 Budget	FY06 Budget	FY07 Budget
1 Board Relations, Policy, Research & Library	14	12	11
2 Economic Development	23	24	26
3 Management Audit Services	38	30	29
4 Chief Executive Office	1	1	1
5 Chief Executive Office Total FTEs	76	67	67

Expenditures (Amounts in thousands)	FY05 Actual	FY06 Budget	FY07 Budget
6 Board Relations, Policy, Research & Library	\$ 2,927	\$ 2,772	\$ 2,166
7 Economic Development	7,459	11,151	32,049
8 Management Audit Services	4,378	4,186	3,868
9 Chief Executive Office	469	490	485
10 Chief Executive Office Total	\$ 15,233	\$ 18,600	\$ 38,568

Expenditure Types (Amounts in thousands)	FY05 Actual	FY06 Budget	FY07 Budget
11 Wages & Benefits	\$ 8,128	\$ 7,488	\$ 7,446
12 Services	4,022	5,168	5,567
13 Materials & Supplies	45	45	39
14 Other Support	2,876	2,508	2,188
15 Acquisitions	162	3,390	23,328
16 Chief Executive Office Total	\$ 15,233	\$ 18,600	\$ 38,568

Board of Directors: Key Performance Plans and Indicators

Board Library Services

Goal: Exercise fiscal responsibility	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Implement an integrated performance monitoring management system.</u>				
Percent of newly-acquired research materials catalogued and shelved within 5 days of receipt	N/A	N/A	N/A	95%
Percent of reference and research questions answered within 48 hours	N/A	N/A	N/A	95%
Percent of reference and research questions answered within 48 hours	N/A	N/A	N/A	100%
Number of documents downloaded from web pages for research needs	N/A	N/A	N/A	3,000
Percent of MTA Board adopted policies summarized and published within 30 days of adoption	N/A	N/A	N/A	95%
Percentage of incoming correspondence responded to within 10 days from the date received	N/A	N/A	N/A	90%

Management Audit Services

Goal: Exercise Fiscal Responsibility	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Manage the approved budget, conduct performance reviews to assess financial performance, implement efficient and effective cost allocation plans.</u>				
Percentage of Internal Audit Recommendations implemented	n/a	n/a	n/a	90%
Percentage of costs questioned, sustained	70%	76%	80%	80%
Percentage of audit plan completed	74%	80%	80%	90%

Ethics

Goal: Develop an effective and efficient workforce	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: To promote compliance with Ethics related laws and the MTA Code of Conduct to demonstrate integrity.</u>				
Percent of annual Statements of Economic Interest received by 4/1/07 that are processed by 4/7/07 to comply with the law for Board and Sector Council members, employees and consultants	100%	100%	100%	100%
Goal: Improve the efficiency and effectiveness of the agency	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Process quarterly and annual Lobbyist Registration filings promptly.</u>				
Percent of all Lobbyist Registration filings received by the due date that are processed within 15 days of receipt to comply with the law for Lobbying regulations	100%	100%	100%	100%
Goal: Create a positive image of the MTA	FY04 Actual	FY05 Actual	FY06 Estimated	FY07 Target
<u>Objective: Promptly Complete All Inquiries Requesting Advice</u>				
Percentage of inquiries received in FY07 closed within 30 days	86%	86%	90%	92%

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VII. Appendix

Appendix 1: Metro Budget Process

Budget Overview

The annual budget, as adopted by the Board of Directors, is the legal authority to obligate and spend funds. It includes all operating, capital and debt service requirements of the LACMTA for the fiscal year, July 1st to June 30th. The annual budget is comprised of the operating budget, the capital program, subsidies to other agencies, and debt programs.

The operating budget provides a summary of the planned revenues and expenditures for the fiscal year for Metro services and programs including the following:

- All revenue and expenditure/expense assumptions and projections.
- Revenue service hours and miles of bus and rail service.

The operating budget includes Metro Bus and Metro Rail operations, Freeway Service Patrol (FSP), planning activities and projects, property management activities, debt service, and agency administration. The budget is comprised of two funds. The Enterprise fund includes all business-type activities such as bus and rail operations, capital projects, and debt service. The Governmental fund includes activities such as Special Revenue administration, Propositions A and C and TDA (sales tax) administration, and other General fund activities.

The capital budget process is integrated into the annual budget process. The capital budget includes all capital projects including transit corridor and rail construction projects and the Capital Program (CP). The CP consists of all activities associated with bus acquisition,

bus and rail capital improvements, facility construction and other capital improvements such as information technology enhancements. When the Board of Directors approves a capital project, it authorizes the schedule and total expenditures over the life of the project.

Appropriations for the capital budget are approved on a life-of-project basis and thus do not lapse at the end of the fiscal year. The approach to providing flexible funding over the life of a project authorizes staff to reappropriate unexpended revenues and expenses from the prior year.

Metro's annual budget includes funds provided for regional programs through grants of local funds or indirectly through allocating federal and state grants to local agencies and transit operators throughout Los Angeles County. Funds are allocated to other governmental agencies in accordance with legislative requirements, Board of Directors policy, or through a competitive awards process known as the Call for Projects (CFP). The Board of Directors approves the projects recommended for funding through the annual budget and the competitive process.

Regional programs funded in the Special Revenue Fund include capital and operating allocations to municipal bus operators, direct disbursements to Los Angeles County municipalities for transportation programs, and services for disabled persons provided by Access Services, Inc. (ASI).

Metro's financial records reflect only those funds that are actually received and directly disbursed by Metro.

Budget Workflow

In accordance with the Financial Standards, the annual budget is adopted before July 1st to define the legal level of expenditures/expenses for the fiscal year. Budgeting for the fiscal year is divided into four phases: (1) budget formulation and preparation, (2) budget reviews, (3) budget adoption, and (4) budget implementation.

Budget Formulation and Preparation

- Initial planning, development of assumptions, preparation of instructions and training materials began in December after a mid-year review of the FY06 budget.
- FY07 budget kickoff meetings were held with departments in mid January 2006.
- Departments completed and submitted a budget planning document in January. The document provided executive management with an early look at summary level budget requests. The planning document was used by executives to direct departments to reduce expenses consistent with expected revenue.
- Budget system training classes were held in early February 2006.
- Departments revised their budget requests in February 2006 based on direction from executive management. They submitted revised requests to the Office of Management and Budget (OMB) in March.
- Capital Program expense and labor requests were submitted by departments to the assigned Project Manager for approval prior to being

included in the department's budget request to their Executive Officer.

Budget Reviews

- The Capital Program was developed concurrently with the annual operating budget. Recommendations for the update to the Capital Program were reviewed with Executive Management in January 2006.
- Project and department level reviews of budget requests were completed in March 2006.

Budget Adoption

- The budget document was released to the Board of Directors and public on May 2, 2006.
- A workshop was held for the Board of Directors on May 8, 2006.
- The public hearing was held on May 17, 2006, in conjunction with the Finance and Budget Committee meeting.
- The annual budget and the Capital Program were adopted at the May 25, 2006 meeting of the Board of Directors, and substantially modified on June 22, 2006.

Budget Implementation

- The FY07 Budget will be implemented on July 1, 2006.
- Periodic financial reports are prepared to enable management to monitor and control the budget.
- Quarterly financial reports are prepared by Finance and presented by the executive management to the Board of Directors. These reports monitor financial performance and ensure compliance with the approved budget.

Budget Basis

The LACMTA is a single entity for budgeting and accounting purposes. Annual budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP) for all governmental and proprietary funds, except that depreciation and amortization are not budgeted. The Governmental Accounting Standards Board (GASB) defines a fund as a *“fiscal and accounting entity with a self-balancing set of accounts that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.”*

Funds are classified and budgeted into three categories: governmental, proprietary, and fiduciary. Governmental includes the General and Special Revenue funds. The proprietary category includes the Enterprise fund. The fiduciary fund category includes agency funds for the Benefit Assessment Districts (BADs). All governmental funds are accounted for using the modified accrual basis of accounting, meaning that revenue is recognized when it is both measurable and available. The proprietary and fiduciary funds use the accrual basis of accounting in which revenue is recognized when it is earned or received.

Metro uses Special Revenue funds to account for those funds that are restricted by purpose and use. The Special Revenue fund reflects Metro’s responsibility to administer special transportation programs as well as its duty to allocate transportation funds to local and regional agencies throughout Los Angeles County.

In addition, Metro is responsible for acting as a trustee for certain funds, such

as pension trust funds and restricted agency funds, which are held by Metro as an agent for others. Metro uses fiduciary funds to account for these assets. BAD funds are trustee funds that Metro collects and serves as the trustee for debt payment. The outstanding debt is an obligation of the Benefit Assessment District; Metro administers the program through the collection of taxes from property owners and payments to bondholders.

Metro also receives and disburses Regional EZ Pass monies. Regional EZ Pass is regional fare media good for passage on participating regional transit providers. All Regional EZ Pass revenues are sent to Metro, which distributes them to the transit providers.

Service Authority for Freeway Emergencies (SAFE) administers the Los Angeles County Call Box program, which coordinates emergency services to motorists on freeways. SAFE is an independent financial entity. SAFE funding is derived from the \$1 fee collected on California annual vehicle registrations.

The Exposition Metro Line Construction Authority (Expo) is an independent agency created by State legislation to administer the design and construction contracts awarded to build the Exposition light rail line. For budgeting purposes all revenues and expenditures for Expo are included in the capital program budget.

Budget Policies and Procedures

The annual budget is developed on the basis of the combination of two budget methodologies. Continuation level budgeting is used to develop the funding and resources necessary to sustain critical operating, special programs and previously approved capital projects. The

agency uses the zero-based budgeting methodology to determine resources for new programs and capital projects as well as general and administrative expenses. Metro's chart of accounts is reviewed and supplemented on an as-needed basis. In accordance with the Financial Standards, the Finance unit monitors revenues and budget expenditures throughout the fiscal year.

For all Metro accounting funds, budgetary oversight and control is attained through checking available funds for non-labor transactions. Available funds are identified as unspent and unencumbered. Available funds are verified for a department and project by monitoring combined budget totals for non-labor account categories or for individual acquisition-related accounts.

Budget Amendments

Budget detail is a management plan for financial activity and is prepared at the fund, project, department and account level. The legal level of control is at the fund level.

Total expenditures cannot exceed the final appropriation adopted by the Board, with the exception of unspent capital funds from the preceding year. During the fiscal year, changes in law, economic conditions and emergencies can have an impact on budget authority. Spending authority may be increased or decreased throughout the fiscal year as unanticipated situations arise. Management may make revisions within operational and project budgets only when there is no net dollar impact to the total appropriations at the fund level. As such, the Chief Executive Officer can approve administrative revisions to the financial plan if changes are consistent with the appropriation by fund.

The LACMTA's source of authority to make changes is rooted in disclosure on financial policy as stated in LACMTA's Comprehensive Annual Financial Report (CAFR) where reference to the legal level of authority is at the fund level so that staff has the ability to make changes within that legal authority.

Capital Program Budget

The Capital Program (CP) budget is adopted on a life-of-project basis. Thus, annual re-appropriations are not required. Changes to the life-of-project budget over \$1 million must be approved by the Board. The CP budget process was completed as part of the FY07 budget process. Project managers analyze the status of their funded projects (reforecasting schedules, costs, etc.). Estimates for the work to be completed in the current fiscal year impact the life-of-project budget. Project managers submit new projects for consideration through the CP budget process in the second quarter of the current fiscal year.

The CP budget process:

- determines which prior year projects will not be completed as scheduled in the current fiscal year,
- identifies new requirements or projects since the adoption of the prior CP, including changes to the life-of-project budget,
- defines project costs in terms of labor and non-labor costs,
- authorizes capital projects and associated funding plans, and
- estimates the operating impact of the capital investment (including cost increases).

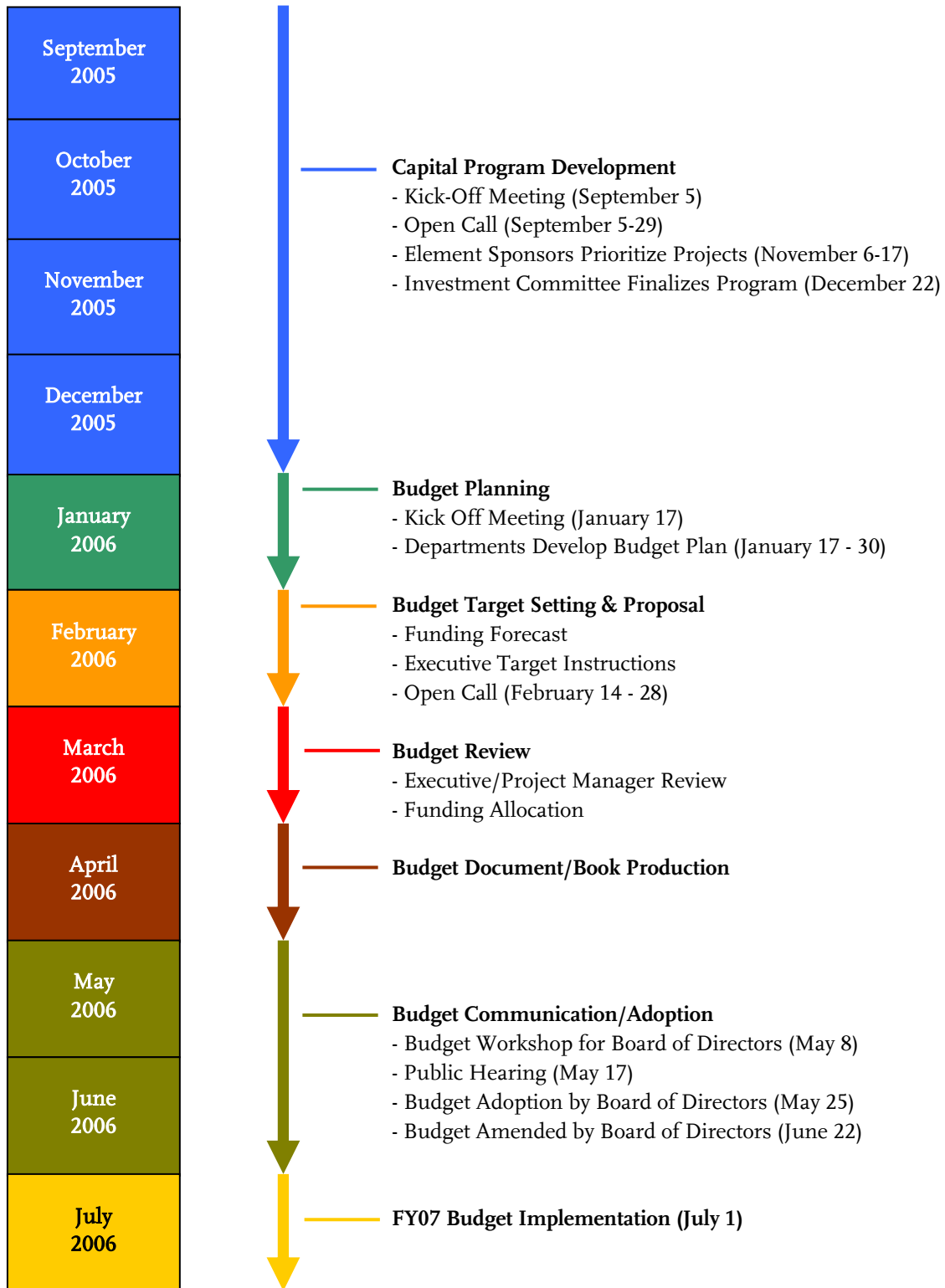
The CP is developed based on project rankings, project readiness, available

agency resources, and funding. Project managers gather project information (current and new projects) and submit the information to OMB in the first quarter of the current fiscal year. OMB compiles the information and disseminates the information to Element Sponsors (department executive officers, or deputy executive officers, etc.). Element Sponsors review and rank projects, then compile a list of proposed projects for the next fiscal year.

OMB assembles the proposed project lists and submits the list to Executive Management. Executive Management reviews the list of recommended capital projects and further prioritizes the projects to match available revenues. OMB submits the approved CP to the LACMTA Board of Directors for review and adoption in the fourth quarter of FY06 as part of the FY07 budget process.

Metro FY07 Budget Development Schedule

Key events and dates in the budget development cycle



Appendix 2: Financial Standards Policy

Policy Statement

The Board shall review and approve a set of Financial Standards each year as part of the annual budget and financial planning process.

Purpose

The Financial Standards shall be divided into three sections:

General Financial Standards - The purpose of the general standards is to ensure that Metro prudently manages its financial affairs and establishes appropriate cash reserves to be able to meet its future financial commitments.

Debt Financial Standards - The purpose of the Debt Standards is to limit the level of debt that may be incurred and to ensure that debt assumptions used in financial planning are based on financial parameters similar to or more conservative than those that would be placed on Metro by the financial marketplace. These standards will be consistent with the Board-approved Debt Policy.

Business Planning Parameters - The purpose of the Business Planning Parameters is to provide management with a framework for developing the following year's budget and other Metro financial plans and establishes future business targets for management to achieve.

Application

This policy applies to all Metro financial plans.

1.0 *Procedures*

- 1.1 The Management Team will review each of the Financial Standards areas annually.
- 1.2 Metro's performance against the Financial Standards shall be measured and reported to the CEO throughout the year on a regular cycle.
- 1.3 At least annually, a mid-term report of Metro's financial and programmatic performance will be presented to the Board.
- 1.4 The Financial Standards may be amended or waived by the Board on a case-by-case basis.

2.0 *Definition of Terms*

- 2.1 Financial Plan – Any plan, denominated in financial terms, that represents Metro's official intentions to external parties, including other levels of government and their agencies, stakeholders, business partners and customers of the transportation system in Los Angeles County.
- 2.2 CEO – Metro's chief executive officer or designee.
- 2.3 Management Team – Appointed by the CEO.
- 2.4 Budget – The financial plan that summarizes Metro's intentions during a fiscal year.

2.5 Capital Program – The financial plan that details Metro’s investment in its own assets over a five-year period. The Capital Program is updated and included in each year’s budget. The current year’s expenditures are appropriated within the budget.

3.0 Responsibilities

- 3.1 OMB shall be responsible for conducting the periodic performance reviews required under this policy.
- 3.2 Based on inputs from all units of Metro, OMB shall be responsible for presenting the updated financial standards to the Board for review and approval.

4.0 Flowchart

Not applicable.

5.0 Reference

- 5.1 LACMTA Debt Policy
- 5.2 LACMTA Investment Policy

6.0 Attachments

None

7.0 Procedure History

7.1 Initial Action – February 2002
Adoption of this policy supersedes the following previously adopted policies that are subsumed by FIN 25 or are procedural in nature and will be administered under the authority of the CEO:

- Fin 1 Fiscal Policies (General)
- Fin 2 Budget Preparation and Approval
- Fin 3 Budgetary Controls
- Fin 4 Budget Amendments and Adjustments
- Fin 5 Fiscal Monitoring & Reporting
- Fin 6 Funds Programmed to Other Agencies
- Fin 7 Contingency Fund
- Fin 8 Chart of Accounts
- Fin 9 Revenue Policies

Appendix 3: Financial Standards

FY 2006-07 Financial Standards

The Financial Standards are divided into three sections: General, Debt, and Business Planning Parameters. The purpose of the General standards is to ensure that LACMTA prudently manages its financial affairs and establishes appropriate cash reserves. The purpose of the Debt standards is to limit the level of debt that may be incurred and to ensure that debt assumptions are based on financial parameters similar to or more conservative than those that would be placed on LACMTA by the financial marketplace. Actual debt covenants may differ from these standards. In accordance with the Debt Policy, where this occurs, the actual covenants will be disclosed in the Board report supporting the debt issuance. The Business Planning Parameters provide management with a framework for developing the following year's budget and other longer range financial plans and establishing future business targets for management to achieve.

Financial Standards – General

- G1. Complete and accurate accounting records shall be maintained in accordance with Generally Accepted Accounting Principles as promulgated by the Government Accounting Standards Board. The fiscal year-end for financial reporting purposes shall be June 30.
- G2. An independent certified public accounting firm shall perform an examination of LACMTA's consolidated financial statements (including Single Audit

requirements) and retirement plan financial statements on an annual basis. The goal is to receive an unqualified opinion on the financial statements and an opinion that LACMTA is in compliance with Federal Single Audit requirements in all material respects and to receive the Government Finance Officers Association (GFOA) award for excellence in financial reporting.

- G3. Funds shall be invested within the guidelines of the Board's approved Investment Policy and in compliance with applicable State law, California Government Code Section 53600 et seq.

In accordance with the Investment Policy, the Board shall approve the Financial Institutions Resolution that designates the LACMTA Officials empowered to open, close, or authorize changes to accounts and authorizes LACMTA Officials to designate individuals as Official Signatories for financial accounts.

- G4. An annual actuarial analysis shall be performed on all LACMTA self-administered retirement plans. The LACMTA shall make annual contributions that, when combined with employee contributions, fund actuarially computed costs as they accrue.
- G5. Appropriate insurance coverage shall be maintained to mitigate the risk of material loss. For self-insured retentions, the LACMTA shall record the liabilities,

including losses incurred but not reported, at 100% of the net present value.

The goal is to maintain restricted cash balances in amounts equal to the present value of estimated liabilities but in no event less than the next year's projected cash outflows. An actuarial review of self-insured liabilities will be made annually.

- G6. Since sales taxes are received on a monthly basis, the allocations among the various ordinance categories shall also be recorded monthly.

Expenditures against appropriations are limited to cash actually on hand during the fiscal year.

- G7. Sales tax collections received during a fiscal year that are in excess of the sales tax budget for that year shall be reported as unreserved, designated fund balances in the Special Revenue Fund. Excess Local Return monies are disbursed when received. Any other excess balances may only be expended pursuant to Board authorization. Such funds are generally available for appropriation in the subsequent budget cycle in accordance with their ordinance designations.

- G8. The fiscal year shall end on June 30 of each year. By January of each fiscal year, the Board should review and approve a set of Financial Standards that can be used by management as a framework for developing the following year's

Budget. The Board shall approve the Budget by June 30 of each fiscal year.

- G9. The annual budget establishes the legal level of appropriation. The budget shall include operating, capital, regional funding and other components necessary to implement the policy directions contained in previously Board adopted longer-term plans, i.e., Long Range Transportation Plan (LRTP), Short Range Transportation Plan (short range plan), and Short Range Transit Plan (SRTP). Appropriations for the operating budget lapse at the end of one year. Appropriations for the capital and regional funding budgets are approved on a life of project basis. The budget shall be prepared in a fashion to clearly describe the projects and programs contained therein and to receive the GFOA award for excellence in budgetary presentation.

- G10. The LACMTA shall adopt a regional long-range (covering at least 20 years) transportation plan for Los Angeles County at least once every five years. For interim years, staff will report on changes affecting the major financial assumptions of the plan and progress toward the implementation of new projects and programs. The plan update report shall also highlight Board approved actions taken during the interim period that affect the plan outcomes or schedules.

- G11. Annually, the LACMTA shall adopt a five-year (short-range) transit plan (SRTP) for Los Angeles County.

The plan will include service levels and ridership by mode for each of the years. The five-year plan will also identify the capital investment needs to support the existing regional system and regional service expansion.

The plan will also identify key performance indicators by which to measure accomplishment of the plan's goals.

- G12. The LACMTA shall maintain a cost-effective system of internal control to adequately safeguard assets. In assessing the internal control system, management must weigh the cost of control against the expected benefit to be derived from its implementation.

Management will develop a risk assessment and an audit plan each year prior to the adoption of the annual budget. The Board's Executive Management and Audit Committee (EMAC), as the audit committee for LACMTA will provide input and approve the audit plan. Furthermore, completed internal audits will be submitted to the Board under separate cover as they are distributed to the Chief Executive Officer.

Recommendations for improvements to the system of internal controls are requirements of the various regularly scheduled and specifically directed audits that are performed in accordance with generally accepted governmental auditing standards, the Institute of Internal Auditors Standards for the Professional Practice of Internal

Auditing and Information Systems Audit and Control Association Information Systems Auditing Standards where appropriate. These recommendations, management's action plans and progress toward implementation will be periodically reported to the Board under separate cover.

Financial Standards - Business Planning Parameters

- B1. Sales tax revenue forecasts shall be based on the 20 year historical growth in Los Angeles County taxable sales, which is currently 3.8%.
- B2. Passenger revenue forecasts shall be derived from historical actual revenues. During periods affected by actual or proposed fare structure changes, the impacts on ridership and average fare forecasts shall be estimated conservatively.

The Board will review and update the fare policy on a regular cycle, at least each 5th year since prior review and approval. From time to time, management may propose fare modifications to achieve transit ridership improvements and to maintain financial viability.

- B3. It is our long-term strategy to maintain a reasonable subsidy per passenger ratio (operating expenses, excluding depreciation, minus operating revenues divided by passenger boardings). However, with the additional consent decree costs with no corresponding increase in passengers, subsidy per passenger has grown as follows:

Subsidy Per Passenger	
FY02 Actual	\$1.43
FY03 Actual	\$1.51
FY04 Actual	\$1.70
FY05 Actual	\$1.55
FY06 Budget	\$1.78
FY07 Projected	\$1.80

B4. The Board desires to steadily improve service efficiency over time. For LACMTA operated bus and rail service, cost per revenue vehicle service hour (measured separately for bus and rail) may not increase by more than the projected rate of inflation for the Los Angeles area plus the incremental costs associated with the addition of new services, programs, and/or facilities as approved by the Board.

The projected incremental cost impact on cost per revenue vehicle service hour of new services, programs, and/or facilities shall be presented to the Board for approval as part of the annual update of the SRTP each year.

B5. Service planning assumptions for bus operations will be based upon demonstrated needs as defined through the 5 Year Short Range Plan.

B6. Staffing for FY07, measured in FTE's, will be held to or below the FY06 level, adjusted for service expansion or other new scope that has been approved by the Board.

B7. Regional programs such as local return, formula allocation procedure and Call for Projects shall be funded according to the

terms of the laws, regulations and/or discretionary procedures approved by the Board.

B8. The capital plan covers LACMTA's assets including major transportation infrastructure projects, i.e., BRT, LRT, bus maintenance facilities and is included in each annual budget. The capital plan shall include funding for asset replacement and expansion projects. Capital projects in excess of \$5 million shall be presented separately for life-of-project approval by the Board. Capital projects with life-of-project budget changes that cause the project to exceed \$1 million or if the change exceeds \$1 million shall be presented to the Board for approval.

B9. LACMTA applies for and receives discretionary Federal and State funding. Discretionary funding shall be requested for major system expansion projects or extraordinary transit capital needs. (e.g., Bus Rapid Transit, Light Rail Transit or new bus maintenance facilities). Discretionary funding levels shall be estimated by project based on appropriate State and Federal criteria and the likelihood of obtaining approvals.

The Board shall approve all discretionary State and Federal funding requests by project or program each year.

B10. Prop A and C administrative funds are appropriated through the annual budget to pay for activities not required to be accounted for in other funds. The following

statements provide guidance for appropriation and use of Prop A and C administrative funds.

Appropriation

Up to 5% of Prop A may be appropriated for administrative purposes.

The Prop C ordinance allows up to 1.5% to be appropriated for administrative purposes.

All sales tax funds are deposited initially into Special Revenue Funds then transferred to the funds designated for expenditure. The Administrative fund is within the Special Revenue Fund. Administrative Funds are limited to the lesser of appropriations or actual sales taxes received.

Administrative funds must be expended or encumbered within one year after the end of the year of appropriation. Lapsing is accounted for on the first-in, first-out basis. Lapsed Administrative funds, if any, are returned to the Special Revenue Fund at the end of each year for re-appropriation through the next budget process.

Eligible Uses

Administrative activities include the planning, management, execution, use and conduct of the projects and programs funded by Prop A and C funds. Administrative funds may not be used for operating or building the transit system or regional programs that are operations-related.

Following are examples, not an all-inclusive listing, of eligible uses of administrative funds:

- Indirect costs that are not allowable under federal guidelines, OMB Circular A-87, i.e., lobbying, interest expense, bad debt expense, cost of general governance.
- Indirect costs that LACMTA elects not to allocate through its annual FTA approved cost allocation plan (CAP) because to do so might burden projects or programs in an inequitable manner.
- Development of planning and programming documents required by federal and state regulations and Board policy.
- Activities that benefit LACMTA projects and programs indirectly such as internships, career development, training programs, etc.
- Transportation planning activities including bus, rail, highway and other surface transportation modes.
- Consent decree oversight.

The proposed expenditure programs for these activities will be shown in detail in the annual budget. Actual expenditures will be shown in the comprehensive annual financial report.

Financial Standards - Debt

- D1. LACMTA may not enter into a debt or financing arrangement unless the transaction is in full compliance with all applicable provisions of applicable state and federal laws and the Debt Policy.
- D2. Long-term debt may be included in the budget or longer range plans; however, no such debt shall be incurred without the specific approval of the Board.
- D3. Reserved.

- D4. The average life of debt instruments shall not exceed the average useful lives of the assets financed.
- D5. Reserve funds that may be required by the financial markets for each debt issuance shall be maintained. Cash and securities, insurance or surety bonds may fund these reserves. For financial planning purposes, reserve requirements shall be included in the par amount of debt issued.
- D6. LACMTA shall maintain a legal security structure of liens, agreements, pledged revenues, and other covenants which will be sufficient to secure rating of "A" or better on sales tax backed securities and secure A1 or P1 rating on other short-term debt, and, if necessary, to secure credit enhancement from financial institution with a rating of "AA" or better.
- D7. Debt service coverage ratio minimums by sales tax ordinance categories are shown in the Debt Policy. For financial planning purposes, those ratios shall not be exceeded in the development of longer-term financial plans

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Los Angeles County Metropolitan Transportation Authority
FY07 Budget

Appendix 4: FY07 Debt Service Schedule

Transaction Name	Initial PAR Value	Principal Balance As of 6/30/06	Interim Commercial Paper Financing	Principal Adjustments			Principal Pmt FY07	Accreted Interest	Principal Bal. as of 6/30/07
				New Financing	New Financing Cost	Commer. Paper Refunding			
1 1991-B Refunding	281,425,000	65,510,000	-	-	-	-	-	-	65,510,000
2 1992-A Refunding	98,700,000	82,500,000	-	-	-	-	21,300,000	-	61,200,000
3 1996-A New Money	110,580,000	2,470,000	-	-	-	-	2,470,000	-	-
4 1997-A Refunding	256,870,000	58,875,000	-	-	-	-	4,380,000	-	54,495,000
5 1999-A Forward Refunding	160,205,000	147,590,000	-	-	-	-	7,335,000	-	140,255,000
6 1999-B New Money	150,340,000	31,935,000	-	-	-	-	2,680,000	-	29,255,000
7 1999-C Refunding	170,495,000	168,355,000	-	-	-	-	485,000	-	167,870,000
8 2001-A New Money	55,685,000	16,515,000	-	-	-	-	1,090,000	-	15,425,000
9 2001-B Refunding	191,215,000	180,045,000	-	-	-	-	1,625,000	-	178,420,000
10 2003-A Forward Refunding	273,505,000	250,425,000	-	-	-	-	11,800,000	-	238,625,000
11 2003-B Refunding	243,795,000	243,795,000	-	-	-	-	-	-	243,795,000
12 2005-A New Money	242,795,000	242,795,000	-	-	-	-	4,450,000	-	238,345,000
13 2005-B Refunding	43,655,000	43,655,000	-	-	-	-	-	-	43,655,000
14 2005-C Refunding	265,825,000	265,825,000	-	-	-	-	-	-	265,825,000
15 1990-A Lease Rev. (CBL)	26,400,000	2,332,000	-	-	-	-	-	-	-
16 1990-A Yen Obligation (CBL)	6,600,000	3,169,802	-	-	-	-	2,332,000	-	-
17 1996 Refunding	104,715,000	2,315,000	-	-	-	-	2,315,000	-	-
18 Tax-Exempt Commercial Paper	350,000,000	109,948,000	-	-	-	-	-	-	109,948,000
19 Prop A Debt Sub-Total	3,032,805,000	1,918,054,802	-	-	-	-	65,431,802	-	1,852,623,000
20									
21 1992-A New Money	516,855,000	26,090,000	-	-	-	-	12,640,000	-	13,450,000
22 1993-A Refunding	204,095,000	196,775,000	-	-	-	-	1,125,000	-	195,650,000
23 1995-A New Money	250,000,000	19,915,000	-	-	-	-	6,260,000	-	13,655,000
24 1998-A Refunding	219,710,000	219,710,000	-	-	-	-	-	-	219,710,000
25 1999-A New Money	124,805,000	111,450,000	-	-	-	-	2,800,000	-	108,650,000
26 2000-A New Money	161,995,000	148,410,000	-	-	-	-	3,095,000	-	145,315,000
27 2003-A Refunding	94,840,000	77,620,000	-	-	-	-	8,785,000	-	68,835,000
28 2003-B Refunding	170,775,000	168,425,000	-	-	-	-	350,000	-	168,075,000
29 2003-C Refunding	221,850,000	216,450,000	-	-	-	-	1,600,000	-	214,850,000
30 2004-A New Money	176,345,000	174,240,000	-	-	-	-	3,205,000	-	171,035,000
31 Taxable Commercial Paper	150,000,000	77,609,000	-	-	-	-	355,000	-	77,254,000
32 Local Allocation - City of Los Angeles	21,700,000	6,510,000	-	-	-	-	2,170,000	-	4,340,000
33 Prop C Debt Sub-Total	2,312,970,000	1,443,204,000	-	-	-	-	42,385,000	-	1,400,819,000
34									
35 2000 Breda Lease (Norwest)	64,882,355	51,761,616	-	-	-	-	1,980,504	-	49,781,112
36 2000 Breda Lease (CIBC)	13,780,433	11,524,670	-	-	-	-	431,143	-	11,093,527
37 2000 Breda Lease (Comerica)	87,396,529	69,766,410	-	-	-	-	2,658,622	-	67,107,788
38 2001 Agilent Lease	264,054,348	41,711,377	-	-	-	-	-	2,613,290	44,324,667
39 2001 Comerica Lease	75,742,288	90,458,759	-	-	-	-	3,263,595	6,302,092	93,497,256
40 2002 Textron Lease	114,779,263	19,585,645	-	-	-	-	-	1,206,889	20,792,535
41 2002 Philip Morris Lease	384,088,739	333,134,530	-	-	-	-	21,958,197	17,070,311	328,246,643
42 2002 First Hawaiian Lease	65,774,837	75,273,926	-	-	-	-	2,535,893	4,810,747	77,548,781
43 2003 Fleet Lease	89,632,800	100,902,137	-	-	-	-	3,307,713	6,600,950	104,195,373
44 Capitalized Leases	96,848,132	17,944,720	-	-	-	-	4,049,012	-	13,895,708
45 Debt Overhead Costs	-	-	-	-	-	-	-	-	-
46 Other Debt Sub-Total	1,256,979,725	812,063,790	-	-	-	-	40,184,679	38,604,278	810,483,389
47									
48 2005 Capital Grant Revenue	264,885,000	264,885,000	-	-	-	-	-	-	264,885,000
49 Grant Revenue Debt Sub-Total	264,885,000	264,885,000	-	-	-	-	-	-	264,885,000
50									
51 2003 Workers Comp	88,485,000	64,105,000	-	-	-	-	12,065,000	-	52,040,000
52 1996-A Refunding (USG)	185,735,000	-	-	-	-	-	-	-	-
53 2004-A Refunding (USG)	197,050,000	192,125,000	-	-	-	-	3,775,000	-	188,350,000
54 General Revenue Debt Sub-Total	471,270,000	256,230,000	-	-	-	-	15,840,000	-	240,390,000
55									
56 Enterprise Fund Debt Total	7,338,909,725	4,694,437,592	-	-	-	-	163,841,481	38,604,278	4,569,200,389
57									
58 1993-A CRA Housing	9,454,406	8,679,767	-	-	-	-	222,233	-	8,457,534
59 2002-A CRA Redevelopment Refunding	20,920,000	19,575,000	-	-	-	-	570,000	-	19,005,000
60 Prop A General Fund Debt Sub-Total	30,374,406	28,254,767	-	-	-	-	792,233	-	27,462,534
61									
62 MTA Debt Total	7,369,284,130	4,722,692,359	-	-	-	-	164,633,714	38,604,278	4,596,662,923
63									
64 1992-A Bnft Assmt. Dist. A1	154,055,000	36,680,000	-	-	-	-	17,775,000	-	18,905,000
65 2001-A Bnft Assmt. Dist. A1 Refunding	42,465,000	41,735,000	-	-	-	-	175,000	-	41,560,000
66 2001-A Bnft Assmt. Dist. A2 Refunding	6,705,000	4,160,000	-	-	-	-	985,000	-	3,175,000
67 Agency Fund Sub-Total	203,225,000	82,575,000	-	-	-	-	18,935,000	-	63,640,000
68									
69 Total	7,572,509,130	4,805,267,359	-	-	-	-	183,568,714	38,604,278	4,660,302,923

Footnotes

- (1) - A portion of Prop A 40% Discretionary Sales Tax Revenue is pledged to fund debt service for these bonds. The debt service is to be reimbursed from net revenues of the project.
- (2) - Interest expense is calculated using a 3.5% interest rate.
- (3) - Interest expense is calculated using a 4.5% interest rate.

Los Angeles County Metropolitan Transportation Authority
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	Principal	Interest	Total D/S P&I	Misc. Fees*	Total D/S Expense	Enterprise Fund	General Fund	Agency Fund	Foot Notes
1	-	4,258,150	4,258,150	14,673	4,272,823	4,272,823	-	-	
2	21,300,000	3,586,320	24,886,320	278,781	25,165,101	25,165,101	-	-	
3	2,470,000	-	2,470,000	9,293	2,479,293	2,479,293	-	-	
4	4,380,000	3,038,206	7,418,206	9,293	7,427,499	7,427,499	-	-	
5	7,335,000	7,120,575	14,455,575	9,293	14,464,868	14,464,868	-	-	
6	2,680,000	1,433,299	4,113,299	9,293	4,122,592	4,122,592	-	-	
7	485,000	8,291,910	8,776,910	9,293	8,786,203	8,786,203	-	-	
8	1,090,000	668,781	1,758,781	9,293	1,768,074	1,768,074	-	-	
9	1,625,000	9,360,238	10,985,238	9,293	10,994,531	10,994,531	-	-	
10	11,800,000	10,904,794	22,704,794	(1,079,126)	21,625,668	21,625,668	-	-	
11	-	11,308,950	11,308,950	(674,394)	10,634,556	10,634,556	-	-	
12	4,450,000	11,679,531	16,129,531	(453,184)	15,676,347	15,676,347	-	-	
13	-	2,182,750	2,182,750	(62,033)	2,120,717	2,120,717	-	-	
14	-	9,246,723	9,246,723	1,422,504	10,669,227	10,669,227	-	-	
15	2,332,000	85,998	2,417,998	4,891	2,422,889	2,422,889	-	-	
16	3,169,802	78,373	3,248,175	4,891	3,253,066	3,253,066	-	-	
17	2,315,000	-	2,315,000	9,293	2,324,293	2,324,293	-	-	
18	-	3,848,180	3,848,180	736,079	4,584,259	4,584,259	-	-	(2)
19	65,431,802	87,092,778	152,524,580	267,426	152,792,006	152,792,006	-	-	
20	-	-	-	-	-	-	-	-	
21	12,840,000	874,250	13,514,250	4,891	13,519,141	13,519,141	-	-	
22	1,125,000	10,085,758	11,210,758	684,724	11,895,482	11,895,482	-	-	
23	6,260,000	805,645	7,065,645	4,891	7,070,536	7,070,536	-	-	
24	-	11,234,875	11,234,875	4,891	11,239,766	11,239,766	-	-	
25	2,800,000	5,133,888	7,933,888	4,891	7,938,779	7,938,779	-	-	
26	3,095,000	7,476,675	10,571,675	4,891	10,576,566	10,576,566	-	-	
27	8,785,000	3,473,738	12,258,738	(928,961)	11,329,777	11,329,777	-	-	
28	350,000	5,990,613	6,340,613	563,879	6,904,492	6,904,492	-	-	
29	1,600,000	7,525,967	9,125,967	666,967	9,792,934	9,792,934	-	-	
30	3,205,000	8,243,593	11,448,593	(157,883)	11,290,710	11,290,710	-	-	
31	355,000	3,492,405	3,847,405	407,411	4,254,816	4,254,816	-	-	(3)
32	2,170,000	185,535	2,355,535	-	2,355,535	2,355,535	-	-	
33	42,385,000	64,522,942	106,907,942	1,260,592	108,168,534	108,168,534	-	-	
34	-	-	-	-	-	-	-	-	
35	1,980,504	1,260,295	3,240,799	-	3,240,799	3,240,799	-	-	
36	431,143	242,249	673,392	-	673,392	673,392	-	-	
37	2,658,622	1,700,604	4,359,226	-	4,359,226	4,359,226	-	-	
38	-	-	-	-	-	-	-	-	
39	3,263,595	-	3,263,595	-	3,263,595	3,263,595	-	-	
40	-	-	-	-	-	-	-	-	
41	21,958,197	-	21,958,197	-	21,958,197	21,958,197	-	-	
42	2,535,893	-	2,535,893	-	2,535,893	2,535,893	-	-	
43	3,307,713	-	3,307,713	-	3,307,713	3,307,713	-	-	
44	4,049,012	634,856	4,683,868	-	4,683,868	4,683,868	-	-	
45	-	-	-	833,407	833,407	833,407	-	-	
46	40,184,679	3,838,004	44,022,683	833,407	44,856,090	44,856,090	-	-	
47	-	-	-	-	-	-	-	-	
48	-	4,157,388	4,157,388	(360,773)	3,796,615	3,796,615	-	-	(4)
49	-	4,157,388	4,157,388	(360,773)	3,796,615	3,796,615	-	-	
50	-	-	-	-	-	-	-	-	
51	12,065,000	2,072,134	14,137,134	146,195	14,283,329	14,283,329	-	-	
52	-	-	-	500,606	500,606	500,606	-	-	
53	3,775,000	6,594,134	10,369,134	604,481	10,973,615	10,973,615	-	-	(6)
54	15,840,000	8,666,268	24,506,268	1,251,282	25,757,550	25,757,550	-	-	
55	-	-	-	-	-	-	-	-	
56	163,841,481	168,277,380	332,118,861	3,251,934	335,370,795	335,370,795	-	-	
57	-	-	-	-	-	-	-	-	
58	222,233	499,199	721,432	978	722,410	722,410	-	-	(1)
59	570,000	975,526	1,545,526	978	1,546,504	1,546,504	-	-	(1)
60	792,233	1,474,725	2,266,958	1,956	2,268,914	2,268,914	-	-	
61	-	-	-	-	-	-	-	-	
62	164,633,714	169,752,105	334,385,819	3,253,890	337,639,709	335,370,795	2,268,914	-	
63	-	-	-	-	-	-	-	-	
64	17,775,000	1,630,870	19,405,870	376,672	19,782,542	-	19,782,542	(5)	
65	175,000	1,613,788	1,788,788	252,910	2,041,698	-	2,041,698	(5)	
66	985,000	142,788	1,127,788	30,920	1,158,708	-	1,158,708	(5)	
67	18,935,000	3,387,446	22,322,446	660,502	22,982,948	-	22,982,948		
68	-	-	-	-	-	-	-	-	
69	183,568,714	173,139,551	356,708,265	3,914,392	360,622,657	335,370,795	2,268,914	22,982,948	

(4) - The interest expense budgeted for the 2005 Capital Grant Revenue Bonds is net of capitalized interest and earnings from the Debt Service Reserve Fund.
(5) - The Benefit Assessment District debt service is solely an obligation of the respective Districts and is paid from assessments levied within each district.
(6) - Debt service for the 2004 Union Station Gateway bonds is treated as rent and is reimbursed to the Enterprise Fund through the overhead allocation process.
* Includes amortized issuance costs, bond discounts & premiums.

Proposition A Sales Tax Revenue Debt Affordability Targets		
<i>Category</i>	<i>Allowable Uses & Status</i>	<i>Debt Policy Maximum</i>
Prop A Rail 35%	<i>Rail Operations & Capital.</i> Is currently committed to debt service in an amount close to the Policy Maximum.	87% of Prop A 35% Rail revenues.
Discretionary 40%	<i>Any transit purpose.</i> Current state law directs these funds to bus subsidies and incentives.	No further issuance.
Local Return 25%	<i>Any transit purpose.</i> Distributed to localities based on population.	N/A

Tests for Issuance of Additional Bonds:

First Tier Senior Prop A Bonds

For 12 consecutive months out of the 15 consecutive months immediately preceding the issuance of new bonds, 35% of Prop A revenues collected must equal at least 115% of maximum annual debt service for all First Tier Senior Prop A Bonds that will be outstanding immediately following the issuance of the new bonds.

First Tier Second Senior Prop A Bonds

For 12 consecutive months out of the 15 consecutive months immediately preceding the issuance of new bonds, 75% of all Prop A revenues collected must equal at least 115% of maximum annual debt service for all First Tier Second Senior Prop A Bonds that will be outstanding immediately following the issuance of the new bonds.

Second Tier Prop A Bonds

For 12 consecutive months out of the 15 consecutive months immediately

preceding the issuance of new bonds, 75% of all Prop A revenues collected must equal at least 115% of maximum annual debt service for all Prop A Bonds that will be outstanding immediately following the issuance of the new bonds. In addition, for 12 consecutive months out of the 15 consecutive months immediately preceding the issuance of new bonds, 40% of Prop A revenues collected must equal at least 125% of maximum annual debt service for all Prop A Bonds issued for non-rail purposes that will be outstanding immediately following the issuance of the new bonds.

Third Tier Prop A Obligations

For 12 consecutive months out of the 18 consecutive months immediately preceding the issuance of bonds subordinate to the Third Tier Prop A Obligations, 75% of all Prop A revenues collected must equal at least 100% of maximum annual debt service for all Prop A Bonds that will be outstanding immediately following the issuance of the new bonds.

All Prop A Bonds

For 12 consecutive months out of the 18 consecutive months immediately preceding the issuance of new bonds, 75% of all Prop A revenues collected must

equal at least 130% of maximum annual debt service for all Prop A Bonds that will be outstanding immediately following the issuance of the new bonds.

Proposition C Sales Tax Revenue Debt Affordability Targets		
Category	Allowable Uses & Status	Debt Policy Maximum
Discretionary 40%	Bus & Rail, Capital & Operating.	40% of Prop C 40% Discretionary revenues.
Highway 25%	Streets, Highways and Fixed Guideway Projects on Railroad Right-of-Way.	60% of Prop C 25% Highway.
Commuter Rail 10%	Commuter Rail and Park and Ride. Operations or capital.	40% of Prop C 10% Commuter Rail.
Security 5%	Transit Security. Operations or capital.	No debt issuance.
Local Return 20%	Any transit purpose and certain roadways heavily used by transit. Distributed to localities based on population.	N/A

First Senior Prop C Bonds

For 12 consecutive months out of the 18 consecutive months immediately preceding the issuance of new bonds, pledged Prop C revenues collected must equal at least 400% of maximum annual debt service for all First Senior Prop C Bonds and 130% of maximum annual debt service for all Prop C Bonds that will

be outstanding immediately following the issuance of the new bonds.

Second Senior Prop C Bonds

For 12 consecutive months out of the 18 consecutive months immediately preceding the issuance of new bonds, pledged Prop C revenues collected must equal at least 130% of maximum annual debt service for all Second Senior Prop C

Bonds that will be outstanding immediately following the issuance of the new bonds.

Subordinate Lien Prop C Obligations

For 12 consecutive months out of the 18 consecutive months immediately preceding the issuance of new bonds or debt obligations, pledged Prop C revenues collected must equal at least 130% of maximum annual debt service for all Second Senior and Subordinate Lien Prop C debt and obligations that will be

outstanding immediately following the issuance of the new bonds or debt obligations. In addition, for 12 consecutive months out of the 18 consecutive months immediately preceding the issuance of bonds subordinate to the Subordinate Lien Prop C obligations, pledged Prop C revenues collected must equal at least 100% of maximum annual debt service for all Prop C Bonds and Obligations that will be outstanding immediately following the issuance of the new bonds.

Appendix 5: Revenue Detail – FY07 Budget

Fund Type	Revenues	Assumptions	FY07 Uses
<i>Sales Tax Revenues</i>			
Proposition A	\$733.5 million in revenues include \$66.0 million in carryover balance \$667.5 million in new sales tax. \$676.0 million programmed.	The FY07 sales tax forecast is based on FY05 actual escalated by 3.8% for FY06 and FY07 respectively.	All areas of budget-operations, debt service, general fund, planning projects, rail construction, and subsidies.
Proposition C	\$779.0 million in revenues include \$111.4 million in carryover balance and \$667.6 million in new sales tax. \$761.0 million programmed.	The FY07 sales tax forecast is based on FY05 actual escalated by 3.8% for FY06 and FY07 respectively.	All areas of budget-operations, debt service, general fund, planning projects, bus procurement, and subsidies.
Transportation Development Act (TDA)	\$360.2 million in revenues include \$21.4 million in carryover balance and \$338.8 million in new sales tax. \$355.8 million programmed.	The FY07 sales tax forecast is based on FY05 actual escalated by 3.8% for FY06 and FY07 respectively.	MTA bus operations, local match to capital projects, subsidies to municipal bus operators.
State Transit Assistance (STA)	\$66.3 million in revenues include (\$1.6) million carryover balance and \$67.9 million in new revenues. \$71.5 million programmed.	The FY07 sales tax is based on January 18, 2006 State Controller's office 2006-2007 fiscal year fund allocation estimate for LA County.	MTA agency-wide capital and rail operations, subsidies to municipal bus operators.
<i>Intergovernmental Revenues</i>			
<i>Local Funds</i>			
City of Los Angeles	\$4.3 million in new revenues. \$4.3 million programmed.	Based on Debt Service schedule and other project costs.	\$2.4 million in Debt repayment for City of Los Angeles debt funded bus buy, \$1.7 million advance payment for Canoga avenue widening project & \$0.2 million for SFV East/West Bikeway project.

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Fund Type	Revenues	Assumptions	FY07 Uses
Misc. Revenue	\$0.1 million in new revenues. \$0.1 million programmed.	Based on activities which must be reimbursed by the agency procuring the service.	Regional grantee programs.
<i>State Funds</i>			
STIP(State Transportation Improvement program Fund)	\$71.0 million in new revenues. \$71.0 million programmed.	Based LA County's share of federal & state fuel tax revenue.	Gold Line Eastside Extension, Light Rail Vehicle Procurement Subsidy & FTA Grantee pass through programs.
SHA (State highway Account)	\$0.2 million in new revenues. \$0.2 million programmed.	Based LA County's share of federal & state fuel tax revenue.	MBL Four – Quadrant Gate Program Expansion Project (Light Rail), etc.
Traffic Congestion Relief (TCRP) Program	\$98.8 million in new revenues. \$98.8 million programmed.	Awarded by state legislature.	Mid-City/Exposition Light Rail Project.
STIP – (PPM) Planning, Programming & Monitoring	\$3.7 million in new revenues. \$3.7 million programmed.	Based on state formula.	Labor related grants for Countywide Planning Projects.
(FSP) Freeway Service Patrol State Grant	\$9.5 million in new revenues. \$9.5 million programmed.	Allocated by state legislature.	Free Tow Truck service on freeways during weekday peak hours and weekends on selected freeways.
<i>Federal Revenues</i>			
Section 5309 [3] Capital – New Starts	\$100.0 million in new revenues. \$100.0 million programmed.	Based on full funding grant agreement.	Metro Gold Line Eastside Extension project.
Section 5309 [3] Fixed Guideways	\$47.2 million in new revenues. \$47.2 million programmed.	Based on FTA'S capital program formula and grants awarded.	\$40.3 million for Blue, Green, Red and Gold lines preventive maintenance. \$6.9 million for various qualifying Rail capital projects.

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Fund Type	Revenues	Assumptions	FY07 Uses
Section 5309 [3] Bus Facilities	\$12.0 million in new revenues. \$12.0 million programmed.	Based on grants awarded	\$5.8 million for Purchase of 94 CNG Artic Buses & \$6.2 million for FTA Regional Grantee pass through subsidy.
Federal Section 5307 [9]. Preventive Maintenance & Capital	\$134.2 million new revenues. \$134.2 million programmed.	Preventive Maintenance funds appropriated by Congress annually and allocated on Urbanized Area Formula basis . Capital projects are based on grants awarded.	\$123.6 million for bus preventive maintenance & \$10.6 million for Metro Connections, Universal Fare Collection System and other bus related projects.
FTA Grant – CMAQ	\$93.2 million new revenues. \$93.2 million programmed.	Based on formula using population and severity of pollution.	\$15.3 million for operation of Metro Gold and Orange Line. \$46.8 million for CNG Artic and Hybrid buses purchase and UFS Regional Clearing House. \$14.2 million Light Rail Vehicle Enhancement. \$15.5 million for Metro Rapid Bus Phase II. \$1.4 million for Grantee Pass through and MTA sponsored projects.
Federal TEA	\$0.2 million in new revenues. \$0.2 million programmed.	Based on grant awarded and Board adopted funding plan.	SFV East/West Bikeway project.
Regional Surface Transportation Funds (RSTP)	\$0.5 million new revenues. \$0.5 million programmed.	Based on grant awarded and Board adopted funding plan.	SFV East/West Bikeway project.

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Fund Type	Revenues	Assumptions	FY07 Uses
Federal STP	\$1.5 million new revenues. \$1.5 million programmed.	Based on grant awarded and Board adopted funding plan.	\$1.2 million for MBL Four - Quadrant Gate Program Improvement on the blue line in Compton and \$0.3 million Regional Grantee FTA, West Covina.
FTA Grant 5340 Growing States & High Density States Formula	\$6.4 million in new revenues. \$6.4 million programmed.	Funds appropriated by congress annually and allocated based on population.	Rail Preventive Maintenance.
Federal – Homeland Security	\$6.7 million new revenues. \$6.7 million programmed.	Based on grants awarded.	\$2.3 million for Bus and Red Line security enhancements, non capital equipment and multi-agency anti-terrorism drills and exercises. \$4.4 million for Rail security enhancement, CCTV system, Zoom Camera installation, barricade at Gateway and development of training system.
Job Access Reverse Commute (JARC) S3035	\$0.07 million in new revenues. \$0.07 million programmed.	Based on FTA'S formula program.	Rideshare service.
New Freedom S5316, S5317	\$0.2 million in new revenues. \$0.2 million programmed	Based on grants awarded	Job access staff and professional services.
Federal Other	\$1.6 million in revenues. \$1.6 million programmed.	Based on congressional approval and discretionary grant awarded.	Highway planning & MTA sponsored projects.

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Fund Type	Revenues	Assumptions	FY07 Uses
<i>Investment Income Revenues</i>			
Prop A Interest	(\$0.07) million in revenues include (\$1.3) in carryover funds and \$1.2 million in new revenues. \$0.0 programmed.	Stable interest rates.	None.
Prop C Interest	\$0.7 million in revenues includes (\$2.3) million in carryover funds and \$3.0 million in new revenues. \$0.0 programmed.	Stable interest rates.	None.
STA Interest	\$0.9 million new revenues. \$0.4 million programmed.	Stable interest rates.	MTA bus operations and Municipal Bus operators.
General Fund Interest Revenue	\$2.7 million in new revenue includes \$0.2 million carryover balance and \$2.5 new revenue. \$0.2 million programmed.	Stable interest rates.	Property management.
Sales Leaseback Interest Revenue	\$0.6 million in new revenues. \$0.0 programmed.	Stable interest rates.	Various bus projects.
Right of way lease interest revenues	\$0.8 million in new revenues. \$0.0 programmed.	Stable interest rates.	None.
Service Authority for Freeway Emergencies (SAFE) – Interest revenue	\$0.7 million in new revenues. \$0.7 million programmed.	Stable interest rates.	Call box maintenance.
FAU Cash Interest	\$0.2 million in new revenues. \$0.0 programmed.	Stable interest rates.	Countywide Planning and Development projects & public transit project.
Interest Revenues (EF)	\$0.5 million in new revenues. \$0.5 million programmed.	Stable interest rates.	Bus operations.

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Fund Type	Revenues	Assumptions	FY07 Uses
<i>Lease and Rental</i>			
Lease and Rental	\$21.7 million in revenue includes \$11.3 million in carryover balance and \$10.3 million in new revenues. \$9.0 million programmed.	Based on current property management leases.	Property management, Joint Development projects, Eastside mitigation revolving loan, economic development.
<i>License and Fines</i>			
Service Authority for Freeway Emergencies (SAFE)	\$30.9 million in revenues including \$23.9 million in carryover balance and \$7.0 million in new revenues. \$20.2 million programmed.	Estimated revenues are generated from a \$1.0 annual registration fee on vehicles in LA County.	Call boxes maintenance upkeep and freeway service patrol.
HOV Lanes Fines	\$0.5 million in new revenues. \$0.5 million programmed.	Based on State Highway Operations Dept. estimate of anticipated funds.	Freeway Service Patrol (FSP) program.
<i>Other Revenues</i>			
Parking Fees – USG Building	\$1.0 million in new revenues. \$0.0 programmed.	Estimated revenue is based on Real Estate Administration analysis.	Transit Plaza east portal improvements.
Sales Leaseback	\$3.9 million in carryover balance. \$0.0 in new revenues. \$3.8 million programmed.	No new transactions in FY07.	Bus operating capital.
Employee Activities	\$0.6 million in revenues including (\$0.01) million in carryover balance and \$0.6 million in new revenues. \$0.5 million programmed.	Based on revenues for Employee Center and Metro logo merchandise.	Employee activities related projects.
Miscellaneous Other	\$0.1 million in new revenue. \$0.0 programmed.	Based on labor reimbursement from PBLCA, City of LA and SANBAG.	None.
Surplus Property Sales	\$4.5 million in new revenues. \$0.0 programmed.	Based on expected real estate transactions.	None.

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Fund Type	Revenues	Assumptions	FY07 Uses
Cafeteria Vending at Stations	\$0.08 million in new revenue. \$0.0 programmed.	Based on expected vending machine activity.	None.
General Fund.	\$35.2 million in carryover funds. \$0.0 programmed.	No new revenues in FY07.	None.
FAU Cash	\$1.1 million in carryover balance. \$1.1 million programmed.	Prior year grant funds. No new revenues in FY07.	Economic development.
Ridesharing Funds	\$1.3 million in carryover balance. \$0.0 programmed.	Prior year grant funds. No new revenues in FY07.	None.
Benefit Assessment District (BAD)	\$23.0 million in new revenues. \$23.0 million programmed.	Commercial property assessment to equal annual debt service expenditures.	Financing reimbursements for Benefit Assessment (BAD) debt service.
EZ Pass Program	\$8.1 million in new revenues. \$8.1 million programmed.	Based on growing participation	EZ Pass Program (excluding MTA portion).
<i>Operating Revenues</i>			
Fare Box Revenues- Passenger fares	\$275.9 million in new revenues. \$275.9 million programmed.	Expected FY07 boarding at \$0.59 per boarding.	Bus and rail operations.
Route Subsidies – Hollywood Shuttle	\$0.5 million in new revenues. \$0.5 million programmed.	Based on prior year actual and estimated contract value between MTA, L.A. County and L.A. Philharmonic.	Bus operations.
Metrolink Interagency Agreement	\$2.7 million in new revenues. \$2.7 million programmed.	Expected FY07 boarding at \$0.59 per boarding.	Bus and rail operations.
Advertising	\$16.2 million in new revenues. \$16.2 million programmed.	2,088 peak hour buses noted per contract with Transportation Display Incorporated.	Bus operations.

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Fund Type	Revenues	Assumptions	FY07 Uses
<i>Non – Operating Revenues</i>			
Bus Parts/Scrap Sales	\$0.5 million in new revenues. \$0.5 million programmed.	Based on expected sale of salvaged bus parts and non-revenue vehicles.	Bus operations.
Filming Fees	\$0.6 million in new revenues. \$0.6 million programmed.	Based on filming activity trends in LA.	Bus operations.
County Buy-down	\$0.5 million in new revenues. \$0.5 million programmed.	Based on Customer Service Department revised cash flow assumption.	Bus operations.
Fare Violations/Fines	\$0.8 million in new revenues. \$0.8 million programmed.	Based on projected citations that will be issued in FY07.	Bus operations.
Miscellaneous	\$0.5 million in new revenues. \$0.5 million programmed.	Historical experience.	Bus operations.
<i>Other Financing Sources</i>			
Proposition A 35% Rail Bonds	\$57.0 million in bond financing. \$57.0 million programmed.	Based on Board adopted funding plan.	MGL Eastside Extension, Universal Fare Collection System, MRL Segment II and Segment III NH closeout.
Proposition A 40% Discretionary Bonds	\$8.5 million in bond financing. \$8.5 million programmed.	Based on Board adopted funding plan.	New Div. 9 Transportation Bldg and Facilities improvement.
Proposition C 10% Commuter Rail Bonds	\$12.0 million in bond financing. \$12.0 million programmed.	Based on Board adopted funding plan.	Canoga Station Park & Ride, GL East-side ext. enhancement.

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Fund Type	Revenues	Assumptions	FY07 Uses
Proposition C 40% Discretionary Bonds	\$25.4 million in bond financing. \$25.4 million programmed.	Based on Board adopted funding plan.	Regional Service Center & Clearing House, Union Division (T31 – Formerly Division 10 Expansion), BOS Funded Bus Facilities Project Div. 5, 10 & 18 Renovation, and 490 Bauchet St Storage Building Construction.
Proposition C 25% Street & Hwys Bonds	\$73.3 million in bond financing. \$73.3 million programmed.	Based on Board adopted funding plan.	Orange Line, Mid- City/Exposition Light Rail Corridor project and Freeway projects.
FFGA Financing instrument	\$15.7 million in financing. \$15.7 million programmed.	Based on Board adopted funding plan.	Metro Gold Line Eastside Extension project.
General Revenue Bonds	\$1.3 million General Revenue Bonds (leftover from USG). \$1.3 million programmed.	Based on Board adopted funding plan.	Gateway Headquarters Improvement Project, 490 Bauchet St. Storage Building construction and East Portal & Parking Garage Upgrade.

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Appendix 6: Summary of Revenue & Carryover by Source

(Amounts in thousands)													
Revenue Source	Fiscal Year 2005				Fiscal Year 2006				Fiscal Year 2007				
	Carryover	Actual	Total	Spent	Carryover	Amended	Total	Programmed	Carryover	Budget	Total	Programmed	
1 Sales Tax Revenues													
2 Proposition A													
3 Administration	\$ 4,933	\$ 30,975	\$ 35,908	\$ 29,748	\$ (719)	\$ 30,967	\$ 30,249	\$ 32,872	\$ 6,345	\$ 33,375	\$ 39,720	\$ 32,606	
4 Local Return (25%)	5,005	147,130	152,136	152,136	5,828	147,095	152,923	147,095	5,828	158,532	164,360	164,360	
5 Rail - Set Aside (35%)	30,322	205,983	236,304	197,565	38,739	205,933	244,673	209,695	34,978	221,944	256,922	255,364	
6 Discretionary (95% of 40%)	53,288	223,638	276,927	197,376	36,114	223,585	259,699	205,469	(428)	240,968	240,540	210,549	
7 Incentive (5% of 40%)	24,986	11,770	36,757	17,486	19,271	11,768	31,038	11,768	19,270	12,683	31,953	13,149	
8 Total proposition A	118,534	619,497	738,031	594,311	99,234	619,348	718,582	606,899	65,993	667,502	733,495	676,028	
9													
10 Proposition C													
11 Administration	721	9,294	10,014	8,923	1,090	9,290	10,380	9,290	-	10,014	10,013	10,014	
12 Local Return (20%)	8,945	122,056	131,001	131,001	4,855	122,006	126,861	122,006	4,855	131,515	136,370	136,370	
13 Security (5%)	2,469	30,514	32,983	27,454	5,529	30,502	36,031	32,429	3,602	32,879	36,480	30,736	
14 Commuter Rail (10%)	72,052	61,028	133,080	83,486	49,649	61,003	110,652	93,205	17,447	65,757	83,204	76,690	
15 Streets & Highways (25%)	149,642	152,570	302,212	130,103	52,297	152,508	204,804	181,835	22,969	164,393	187,363	187,363	
16 Discretionary (40%)	27,743	244,186	271,929	221,083	36,181	244,012	280,193	272,291	62,561	263,029	325,590	319,772	
17 Total proposition C	261,571	619,648	881,220	602,050	149,601	619,321	768,922	711,056	111,434	667,587	779,020	760,944	
18													
19 Transportation Development Act - TDA													
20 Administration	-	6,000	6,000	6,000	-	6,000	6,000	6,000	-	6,000	6,000	6,000	
21 Article 3 - (2%)	14,192	6,169	20,362	7,368	3,698	6,177	9,875	6,236	3,639	6,656	10,296	6,897	
22 Article 4 - (92.68%)	124,958	285,818	410,776	290,537	9,405	286,085	295,490	282,731	16,118	308,100	324,219	324,219	
23 Article 8 - (5.32%)	1,284	16,470	17,755	15,948	1,806	16,585	18,391	16,745	1,646	18,068	19,715	18,720	
24 Total TDA	140,435	314,457	454,892	319,853	14,009	314,847	329,756	311,712	21,404	338,825	360,229	355,836	
25													
26 State Transit Assistance - STA													
27 Revenue Share - PUC 99314	45,193	17,600	62,793	16,373	6,919	21,618	28,537	30,934	(2,396)	35,259	32,863	38,074	
28 Population Share - PUC 99313	13,244	16,387	29,631	15,182	7,099	19,169	26,268	25,475	793	32,631	33,424	33,424	
29 Total STA (2)	58,437	33,987	92,424	31,555	14,018	40,787	54,805	56,408	(1,603)	67,890	66,287	71,498	
30 Total Sales Tax	578,977	1,587,590	2,166,567	1,547,769	277,762	1,594,302	1,872,065	1,686,075	197,227	1,741,803	1,939,030	1,864,306	
31													
32 Intergovernmental													
33 Local Funds													
34 City of LA	-	2,170	2,170	2,170	-	7,111	7,111	7,111	-	4,277	4,277	4,277	
35 Local (I)	-	2,788	2,788	-	-	-	-	-	-	133	133	133	
36 Total local funds	-	4,958	4,958	2,170	-	7,111	7,111	7,111	-	4,410	4,410	4,410	
37 State Funds													
38 State Regional STIP	-	31,434	31,434	31,434	-	69,130	69,130	69,130	-	70,991	70,991	70,991	
39 State Highway Account	-	-	-	-	-	237	237	237	-	157	157	157	
40 TCRP AB 2928 (State Traffic Congestion Relief Program)	-	-	-	-	-	854	854	854	-	98,808	98,808	98,808	
41 STIP - PPM	-	-	-	-	-	605	605	605	-	3,687	3,687	3,687	
42 Freeway Service Patrol - State/Local Grant	-	-	-	-	-	9,000	9,000	9,000	-	9,500	9,500	9,500	
43 State - Homeland Security	-	-	-	-	-	785	785	785	-	-	-	-	
44 State Other	-	117	117	117	-	165	165	165	-	-	-	-	
45 Total state funds	-	31,551	31,551	31,551	-	80,777	80,777	80,777	-	183,142	183,142	183,142	
46 Federal Funds													
47 Federal Section 5309 [3] Capital - New Starts	-	97,386	97,386	97,386	-	80,000	80,000	80,000	-	100,000	100,000	100,000	
48 Federal Section 5309 [3] Fixed Guideways	-	43,176	43,176	43,176	-	39,755	39,755	35,052	-	47,254	47,254	47,254	
49 Federal Section 5309 [3] Bus Facilities	-	-	-	-	-	15,960	15,960	15,960	-	11,952	11,952	11,952	
50 Federal Section 5307 [9]	-	241,174	241,174	241,174	-	174,888	174,888	159,370	-	134,257	134,257	134,257	
51 Congestion Mitigation & Air Quality - CMAQ	-	64,680	64,680	64,680	-	153,646	153,646	145,856	-	93,202	93,202	93,202	
52 Federal TEA	-	-	-	-	-	1,992	1,992	1,992	-	207	207	207	
53 Regional Surface Transp. Funds (RSTP)	-	-	-	-	-	68,090	68,090	68,090	-	492	492	492	
54 Federal STP	-	-	-	-	-	(320)	(320)	(320)	-	1,484	1,484	1,484	
55 Growing State Rail Prev. Maint. Sec. 5340	-	-	-	-	-	-	-	-	-	6,400	6,400	6,400	
56 Federal Homeland Security	-	539	539	539	-	4,091	4,091	2,940	-	6,731	6,731	6,731	
57 Job Access Reverse Commute (JARC) S3035	-	-	-	-	-	-	-	-	-	68	68	68	
58 New Freedoms S5316, S5317	-	-	-	-	-	-	-	-	-	208	208	208	
59 Federal Other	-	-	-	-	-	5,479	5,479	5,479	-	1,554	1,554	1,554	
60 Total federal funds	-	446,955	446,955	446,955	-	543,580	543,580	514,418	-	403,809	403,809	403,809	
61 Total Intergovernmental	-	483,464	483,464	480,676	-	631,468	631,468	602,306	-	591,361	591,361	591,361	
62 Balance to following page	\$ 578,977	\$ 2,071,054	\$ 2,650,031	\$ 2,028,445	\$ 277,762	\$ 2,225,770	\$ 2,503,532	\$ 2,288,381	\$ 197,227	\$ 2,333,165	\$ 2,530,391	\$ 2,455,667	

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(Amounts in thousands)												
Revenue Source	Fiscal Year 2005				Fiscal Year 2006				Fiscal Year 2007			
	Carryover	Actual	Total	Spent	Carryover	Amended	Total	Programmed	Carryover	Budget	Total	Programmed
62 Balance from previous page	\$ 578,977	\$ 2,071,054	\$ 2,650,031	\$ 2,028,445	\$ 277,762	\$ 2,225,770	\$ 2,503,532	\$ 2,288,381	\$ 197,227	\$ 2,333,165	\$ 2,530,391	\$ 2,455,667
63 Investment Income	-	-	-	-	-	-	-	-	-	-	-	-
64 Prop A Interest	(2,097)	1,545	(552)	2,313	(2,865)	2,000	(865)	402	(1,267)	1,200	(67)	-
65 Prop C Interest	(2,723)	4,537	1,814	4,463	(9,942)	7,600	(2,342)	-	(2,342)	3,000	658	-
66 TDA Interest	2,599	2,934	5,533	2,173	3,360	2,000	2,000	2,000	-	-	-	-
67 STA Interest	-	1,263	1,263	-	-	500	500	500	-	900	900	400
68 General Fund - Interest Revenue	-	1,540	1,540	1,540	-	791	791	791	184	2,500	2,684	150
69 Sales Leaseback	-	1,513	1,513	1,513	-	630	630	617	-	600	600	-
70 Right of way lease revenues	-	1,223	1,223	1,223	-	606	606	606	-	800	800	-
71 SAFE - Interest Revenue	-	568	568	-	-	950	950	950	-	685	685	685
72 FAU Cash Interest	-	123	123	123	-	185	185	13	-	150	150	-
73 Interest Earned on Debt Service Funds	-	7,469	7,469	-	-	-	-	-	-	-	-	-
74 Interest revenues Transit Operations	-	2,152	2,152	2,152	-	3,800	3,800	3,800	-	500	500	500
75 Interest Earned on Capital Projects Fund/ISF	-	5,405	5,405	-	-	-	-	-	-	-	-	-
76 Total investment income	(2,221)	30,272	28,051	15,500	(9,448)	19,062	9,614	9,679	(3,425)	10,335	6,910	1,735
77 Lease and Rental	48,443	12,303	60,746	32,521	26,882	10,652	37,534	21,844	11,339	10,325	21,664	8,942
78 License and Fines	-	-	-	-	-	-	-	-	-	-	-	-
79 SAFE	26,574	7,577	34,151	5,738	28,982	7,000	35,982	12,114	23,868	7,000	30,868	20,197
80 HOV Lanes Fines	2	510	512	500	13	500	513	513	-	500	500	500
81 Total license and fines	26,576	8,087	34,663	6,238	28,995	7,500	36,495	12,627	23,868	7,500	31,368	20,697
82 Other	-	-	-	-	-	-	-	-	-	-	-	-
83 General fund revenues	-	-	-	-	-	-	-	-	-	-	-	-
84 Parking Fees - USG Building	-	-	-	-	-	-	-	-	-	973	973	-
85 Sales Leaseback	50,168	210	50,378	28,703	22,768	-	22,768	16,461	3,928	-	3,928	3,751
86 Employee Activities	(79)	369	290	369	(10)	568	558	568	(10)	569	558	467
87 Miscellaneous other	-	2,549	2,549	-	-	-	-	-	-	100	100	-
88 Surplus Property	-	-	-	-	-	-	-	-	-	4,500	4,500	-
89 Cafeteria, Vending at station	-	181	181	112	-	-	-	-	-	80	80	-
90 General fund	35,536	-	35,536	-	39,057	1,512	40,569	5,325	35,244	-	35,244	-
91 Total General Fund Revenues	85,625	3,309	88,934	29,184	61,814	2,080	63,895	22,354	39,162	6,222	45,384	4,218
92 FAU Cash	7,394	-	7,394	13	6,264	-	6,264	3,994	1,121	-	1,121	1,121
93 Ridesharing	1,317	27	1,344	-	1,344	-	1,344	-	1,344	-	1,344	-
94 Benefit Assessment District	-	21,704	21,704	21,704	-	22,841	22,841	22,841	-	22,983	22,983	22,983
95 EZ Pass Program	-	4,306	4,306	4,306	-	4,852	4,852	4,852	-	8,073	8,073	8,073
96 Total other	94,335	29,346	123,681	55,207	69,422	29,774	99,196	54,042	41,627	37,277	78,904	36,395
97 Operating revenues:	-	-	-	-	-	-	-	-	-	-	-	-
98 Fare Box Revenues - Passenger fares	-	266,846	266,846	266,846	-	271,551	271,551	271,551	-	275,880	275,880	275,880
99 Route subsidies - Hollywood shuttle	-	480	480	481	-	500	500	500	-	500	500	500
100 Metrolink	-	2,793	2,793	2,793	-	2,650	2,650	2,650	-	2,650	2,650	2,650
101 Advertising	-	14,683	14,683	14,683	-	15,675	15,675	15,675	-	16,225	16,225	16,225
102 Total operating revenues	-	284,802	284,802	284,803	-	290,376	290,376	290,376	-	295,255	295,255	295,255
103 Non-operating revenues	-	-	-	-	-	-	-	-	-	-	-	-
104 Other:	-	-	-	-	-	-	-	-	-	-	-	-
105 Bus Parts/Scrap Sales	-	614	614	614	-	530	530	530	-	530	530	530
106 Filming Fees	-	577	577	577	-	550	550	550	-	550	550	550
107 County Buy down	-	428	428	428	-	439	439	439	-	450	450	450
108 Fare Violations/Fines	-	-	-	-	-	2,000	2,000	2,000	-	750	750	750
109 Proceeds from Sales of Surplus Property	-	-	-	-	-	3,900	3,900	3,900	-	-	-	-
110 Miscellaneous	-	4,364	4,364	4,364	-	500	500	500	-	500	500	500
111 Total other	-	5,983	5,983	5,983	-	7,919	7,919	7,919	-	2,780	2,780	2,780
112 Total non-operating revenue	-	5,983	5,983	5,983	-	7,919	7,919	7,919	-	2,780	2,780	2,780
113 Total Revenues	746,110	2,441,847	3,187,957	2,428,697	393,613	2,591,053	2,984,666	2,684,868	270,635	2,696,637	2,967,272	2,821,471
114 Other financing sources	-	-	-	-	-	-	-	-	-	-	-	-
115 Proceeds from financing	-	-	-	-	-	-	-	-	-	-	-	-
116 Proposition A Rail Bonds/CP	-	104,210	104,210	104,210	-	26,991	26,991	26,512	-	57,001	57,001	57,001
117 Proposition A Disc Bonds/CP	-	-	-	-	-	4,424	4,424	4,424	-	8,536	8,536	8,536
118 Proposition Commuter Rail Bond/CP	-	-	-	-	-	-	-	-	-	11,998	11,998	11,998
119 Proposition C Discretionary Bonds/CP	-	203	203	203	-	3,558	3,558	3,558	-	25,409	25,409	25,409
120 Proposition C St & Hwys Bonds/CP	-	88,423	88,423	88,423	-	58,685	58,685	57,288	-	73,310	73,310	73,310
121 Bridge/FFGA Financing Bonds	-	-	-	-	-	-	-	-	-	15,669	15,669	15,669
122 General Revenue Bond	-	-	-	-	-	299	299	-	-	1,302	1,302	1,302
123 Total proceeds from financing	-	192,835	192,835	192,836	-	93,957	93,658	91,782	-	193,225	193,225	193,225
124 Proceeds from refunding bonds	-	-	-	-	-	75,673	75,673	75,673	-	-	-	-
125 Total other financing sources	-	192,835	192,835	192,836	-	169,630	169,630	167,455	-	193,225	193,225	193,225
126 Total revenues and carryovers	\$ 746,110	\$ 2,634,682	\$ 3,380,793	\$ 2,621,533	\$ 393,613	\$ 2,760,683	\$ 3,154,296	\$ 2,852,322	\$ 270,635	\$ 2,889,862	\$ 3,160,497	\$ 3,014,696

NOTE: Intergovernmental funds are on reimbursement basis; therefore, no carryover balances are assumed.

- (1) Includes non-cash items
- (2) State Sales Tax

Los Angeles County Metropolitan Transportation Authority
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Appendix 7: Prop A, C & TDA Admin Expenditures & Funding

Project	Task Name	REVENUE SOURCE					Total Allocation
		FY07 Adopted	Prop A Administration	Prop C Administration	TDA Administration	TDA Planning and Programming	
1	Transfers						
2	Beginning Fund Balance	\$ -	\$ 6,344,591	\$ -	\$ -	\$ -	\$ 6,344,591
3	Revenues for the year - Actual		\$ 33,375,106	\$ 10,013,800	\$ 2,491,647	\$ 3,508,353	\$ 53,075,539
4	Available funds		\$ 39,719,697	\$ 10,013,800	\$ 2,491,647	\$ 3,508,353	\$ 59,420,130
5							
6	<u>100002-Governmental/Oversight</u>						
7	General Oversight	20,830,942	20,830,942	-	-	-	20,830,942
8	Legal Expenses	166,000	166,000	-	-	-	166,000
9	Transportation Foundation	41,503	41,503	-	-	-	41,503
10	Treasury Oversight	206,467	206,467	-	-	-	206,467
11	Total Project 100002	21,244,912	21,244,912	-	-	-	21,244,912
12							
13	<u>100012-Prop A & C Audit</u>						
14	Prop A & C Audit	85,149	42,575	42,575	-	-	85,149
15	Total Project 100012	85,149	42,575	42,575	-	-	85,149
16							
17	<u>100050-Administration-Special Revenue Planning</u>						
18	G&A Costs	5,254,063	3,247,930	2,006,133	-	-	5,254,063
19	Total Project 100050	5,254,063	3,247,930	2,006,133	-	-	5,254,063
20							
21	<u>100060-Admin.-General Planning</u>						
22	G & A Costs	6,176,296	2,764,770	3,411,526	-	-	6,176,296
23	Total Project 100060	6,176,296	2,764,770	3,411,526	-	-	6,176,296
24							
25	<u>405510-Other Planning and Programming - Admin.</u>						
26	Consolidated Audit Services	631,492	158,675	204,058	268,758	-	631,492
27	Triennial Audit Management	1,012,562	-	-	1,012,562	-	1,012,562
28	HOV Administration	14,638	-	-	-	14,638	14,638
29	Prop A/C Administration	185,480	92,740	92,740	-	-	185,480
30	Grants Administration	1,121,578	-	200,000	280,117	-	1,121,578
31	TDA Article 3 & 8	160,571	-	-	160,571	-	160,571
32	TIP Administration	1,410,569	201,014	201,014	-	1,008,541	1,410,569
33	STIP PPM	1,181,962	-	-	-	1,181,962	1,181,962
34	Government Coordination / Outreach.	400,227	-	400,227	-	-	400,227
35	Bus System Improvements Plan	108,048	108,048	-	-	-	108,048
36	Station Planning/Joint Develop	432,685	-	-	-	432,685	432,685
37	Bike Parking Racks & Lockers	43,649	-	-	-	43,649	43,649
38	Art Program	183,097	-	183,097	-	-	183,097
39	Public Outreach	22,502	-	22,502	-	-	22,502
40	General Planning	884,154	-	-	-	884,154	884,154
41	MTA / OCTA Commuter Rail Plan	65,000	-	65,000	-	-	65,000
42	General Commuter Program	3,301	3,301	-	-	-	3,301
43	Increase customer awareness Program	2,053,038	113,491	1,939,546	-	-	2,053,038
44	Total Project 405510	9,914,551	677,269	3,308,183	1,722,008	1,375,125	9,914,551

Los Angeles County Metropolitan Transportation Authority
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Project	Task Name	REVENUE SOURCE					Total Allocation	
		FY07 Adopted	Prop A Administration	Prop C Administration	TDA Administration	TDA Planning and Programming		PPM (Planning and Programming Monitoring)
45	<u>405511-Transit Planning - Admin.</u>							
46	LA County Token Program	\$ 37,915	\$ -	\$ 37,915	\$ -	\$ -	\$ -	\$ 37,915
47	Long Range Plan Update	893,434	-	-	-	443,333	450,101	893,434
48	Smart Shuttle	11,903	11,903	-	-	-	-	11,903
49	Municipal Funding & Coordination.	331,184	110,395	110,395	110,395	-	-	331,184
50	Admin. NTD Report - Local Cities	88,632	29,544	29,544	29,544	-	-	88,632
51	Restructuring Study	356,779	-	-	-	356,779	-	356,779
52	Bus Service Improvements	3,598,783	3,259,292	339,491	-	-	-	3,598,783
53	Metro Rapid Bus	496,224	-	442,723	-	53,501	-	496,224
54	(BSP) Bus Service Efficiency & Effectiveness	536,433	256,117	280,315	-	-	-	536,433
55	Transit Planning	761,986	-	-	-	761,986	-	761,986
56	Rapid Bus Planning (BRT) Research	5,000	-	5,000	-	-	-	5,000
57	Eastside Ext. Pedestrian Crossing	48,909	-	-	-	48,909	-	48,909
58	ADA Compliance	37,064	-	-	-	37,064	-	37,064
59	Research & Development	483,223	-	-	-	307,920	175,303	483,223
60	Metro Access - South Bay - Pedestrian/Bicycle	107,601	-	-	-	107,601	-	107,601
61	GIS Work for Planning Studies	245,399	-	-	-	16,135	229,264	245,399
62	Total Project 405511	8,040,468	3,667,251	1,245,383	139,939	2,133,228	854,668	8,040,468
63								
64	<u>410053-TDA Subsidy (SCAG & LA County Auditor/Controller)</u>							
65	SCAG & LA County Auditor/Controller	629,700	-	-	629,700	-	-	629,700
66	Total Project 410053	629,700	-	-	629,700	-	-	629,700
67								
68	<u>609911-Transit Academy/TOPS</u>							
69	TOP	20,390	20,390	-	-	-	-	20,390
70	Total Project 609911	20,390	20,390	-	-	-	-	20,390
71								
72	<u>610340-Investment & Debt Management</u>							
73	Investment & Debt Management	940,645	940,645	-	-	-	-	940,645
74	Total Project 610340	940,645	940,645	-	-	-	-	940,645
75								
76	<u>Total Expenditures/Allocations</u>	52,306,175	32,605,742	10,013,800	2,491,647	3,508,353	3,686,633	52,306,175
77								
78	Remaining balance at June 30, 2007	\$ -	\$ 7,113,954	\$ -	\$ -	\$ -	\$ -	\$ 7,113,954

Appendix 8: Activity Based Bus Cost Model

Activities	FY06 Budget		FY07 Budget		FY06 to FY07	
	Dollars	\$/RSH	Dollars	\$/RSH	Dollars	\$/RSH
Transportation						
Wages & Benefits	\$ 303,865,755	\$ 43.09	\$ 315,577,825	\$ 44.34	\$ 11,712,070	\$ 1.26
Materials & Supplies	390,138	0.06	262,298	0.04	(127,840)	(0.02)
Training	5,303,984	0.75	5,221,384	0.73	(82,601)	(0.02)
Control Center	6,785,411	0.96	7,490,495	1.05	705,084	0.09
Scheduling & Planning	3,409,472	0.48	3,568,421	0.50	158,950	0.02
Sub-Total	319,754,760	45.34	332,120,423	46.67	12,365,663	1.33
Division Maintenance						
Wages & Benefits	103,378,061	14.66	106,573,330	14.97	3,195,269	0.32
Fuel	45,721,652	6.48	59,369,686	8.34	13,648,034	1.86
Materials & Supplies	37,069,718	5.26	40,600,502	5.70	3,530,784	0.45
Fueling Contractor Reimb.	(1,721,575)	(0.24)	(2,489,580)	(0.35)	(768,005)	(0.11)
Sub-Total	184,447,857	26.15	204,053,939	28.67	19,606,082	2.52
RRC Regular Maintenance						
Wages & Benefits	6,293,948	0.89	5,875,611	0.83	(418,337)	(0.07)
Materials & Supplies	2,871,153	0.41	3,794,443	0.53	923,290	0.13
Maintenance Services	194,718	0.03	193,000	0.03	(1,718)	(0.00)
Sub-Total	9,359,819	1.33	9,863,054	1.39	503,235	0.06
RRC Preventive Maintenance						
Power Plant Assembly	7,692,604	1.09	5,568,971	0.78	(2,123,633)	(0.31)
Accident Repair	1,790,970	0.25	1,774,199	0.25	(16,771)	(0.00)
Wheelchair Lifts	275,640	0.04	262,935	0.04	(12,705)	0.01
Painting	838,196	0.12	800,966	0.11	(37,230)	(0.01)
Windows	18,010	0.00	19,387	0.00	1,377	0.00
Sub-Total	10,615,419	1.51	8,426,457	1.18	(2,188,962)	(0.32)
Other Maintenance						
Maintenance Support	12,045,828	1.71	15,724,736	2.21	3,678,907	0.50
Non-Revenue Vehicles	4,135,940	0.59	4,484,566	0.63	348,626	0.04
Facilities Maintenance	27,958,214	3.96	30,442,792	4.28	2,484,578	0.31
Training	1,585,099	0.22	1,627,485	0.23	42,387	0.00
Sub-Total	45,725,081	6.48	52,279,579	7.35	6,554,498	0.86
Sub-Total Maintenance	\$ 250,148,176	\$ 35.47	\$ 274,623,030	\$ 38.59	\$ 24,474,853	\$ 3.12

Note: RSH = Revenue Service Hour

Los Angeles County Metropolitan Transportation Authority
FY07 Budget

Activities	FY06 Budget		FY07 Budget		FY06 to FY07	
	Dollars	\$/RSH	Dollars	\$/RSH	Dollars	\$/RSH
39 Other Operating Costs						
40 Transit Security	\$ 19,323,799	\$ 2.74	\$ 19,940,707	\$ 2.80	\$ 616,908	\$ 0.06
41 General Managers	14,316,071	2.03	17,941,570	2.52	3,625,498	0.49
42 Revenue	12,509,556	1.77	12,924,897	1.82	415,341	0.04
43 Service Development	2,860,380	0.41	2,511,527	0.35	(348,852)	(0.05)
44 Safety	2,037,346	0.29	1,834,106	0.26	(203,240)	(0.03)
45 Casualty & Liability	45,376,147	6.43	47,047,986	6.61	1,671,839	0.18
46 Workers' Comp	53,686,576	7.61	47,660,701	6.70	(6,025,874)	(0.92)
47 Transitional Duty Program	2,248,862	0.32	2,226,965	0.31	(21,897)	(0.01)
48 Other Metro Operations	11,578,911	1.64	12,831,309	1.80	1,252,398	0.16
49 Building Costs	5,072,567	0.72	7,337,931	1.03	2,265,364	0.31
50 Employee Subsidy & Fringe	792,118	0.11	799,838	0.11	7,720	0.00
51 Copy Services	980,759	0.14	984,270	0.14	3,512	(0.00)
52 Sub-Total	170,783,092	24.22	174,041,808	24.45	3,258,716	0.24
53						
54 Support Department Costs	48,242,242	6.84	46,857,362	6.58	(1,384,880)	(0.26)
55						
56 Total Local & Rapid	788,928,271	111.86	827,642,623	116.29	38,714,352	4.43
57 Revenue Service Hours	7,052,542		7,116,912		64,370	
58						
59 Purchased Transportation						
60 Contracted Service	33,441,758	62.00	35,585,306	64.67	2,143,548	2.66
61 Security	1,478,491	2.74	1,541,831	2.80	63,340	0.06
62 Administration	758,765	1.41	522,977	0.95	(235,788)	(0.46)
63 Sub-Total	35,679,014	66.15	37,650,114	68.42	1,971,099	2.27
64 Revenue Service Hours	539,345		550,285		10,940	
65						
66 Total Excluding Debt	824,607,285	\$ 108.62	865,292,737	\$ 112.86	40,685,452	\$ 4.24
67 Revenue Service Hours	7,591,887		7,667,197		75,310	
68						
69 Enterprise Fund Debt						
70 Interest	2,555,149		2,209,036		(346,113)	
71 Administration	469,203		432,408		(36,795)	
72 Sub-Total	3,024,352		2,641,444		(382,908)	
73						
74 Total Bus Project	\$ 827,631,637		\$ 867,934,181		\$ 40,302,544	

Appendix 9: Activity Based Orange Line Cost Model

Activities	FY06 Budget		FY07 Budget		FY06 to FY07	
	Dollars	\$/RSH	Dollars	\$/RSH	Dollars	\$/RSH
1 Transportation						
2 Wages & Benefits	\$ 2,013,097	\$ 31.59	\$ 3,407,634	\$ 40.49	\$ 1,394,537	\$ 8.90
3 Materials & Supplies	2,823	0.04	527,509	6.27	524,686	\$ 6.22
4 Control Center	264,010	4.14	242,027	2.88	(21,983)	\$ (1.27)
5 Sub-Total	2,279,930	35.78	4,177,170	49.63	1,897,240	13.85
6						
7 Division Maintenance						
8 Wages & Benefits	314,579	4.94	1,599,649	19.01	1,285,070	\$ 14.07
9 Fuel	702,974	11.03	671,160	7.97	(31,814)	\$ (3.06)
10 Materials & Supplies	323,501	5.08	666,700	7.92	343,199	\$ 2.84
11 Sub-Total	1,341,055	21.04	2,937,509	34.90	1,596,454	13.86
12						
13 Other Maintenance						
14 Facilities Maintenance	1,635,243	25.66	3,113,612	36.99	1,478,369	\$ 11.33
15 Sub-Total	1,635,243	25.66	3,113,612	36.99	1,478,369	11.33
16						
17 Sub-Total Maintenance	2,976,298	46.71	6,051,121	71.90	3,074,823	25.19
18						
19 Other Operating Costs						
20 Transit Security	6,567,984	103.07	6,064,291	72.05	(503,693)	\$ (31.02)
21 General Managers	248,659	3.90	563,421	6.69	314,762	\$ 2.79
22 Revenue	251,478	3.95	1,013,250	12.04	761,772	\$ 8.09
23 Casualty & Liability	486,753	7.64	723,363	8.59	236,610	\$ 0.96
24 Workers' Compensation	422,548	6.63	672,126	7.99	249,578	\$ 1.36
25 Other Metro Operations	143,580	2.25	207,314	2.46	63,734	\$ 0.21
26 Building Costs	1,254	0.02	118,558	1.41	117,304	\$ (0.02)
27 Employee Subsidy & Fringe			12,923	0.15	12,923	\$ 0.15
28 Copy Services	12,162	0.19	15,903	0.19	3,741	\$ (0.00)
29 Sub-Total	8,134,417	127.65	9,391,149	111.58	1,256,732	(16.07)
30						
31 Support Department Costs	478,835	7.51	492,927	5.86	14,092	(1.66)
32						
33 Total	\$ 13,869,480	\$ 217.65	\$ 20,112,368	\$ 238.96	\$ 6,242,888	\$ 21.32
34 Revenue Service Hours	63,725		84,165		20,440	

Appendix 10: Activity Based Blue Line Cost Model

Activities	FY06 Budget		FY07 Budget		FY06 to FY07	
	Dollars	\$/RSH	Dollars	\$/RSH	Dollars	\$/RSH
1 Transportation						
2 Wages & Benefits	\$8,803,564	\$ 43.52	\$9,095,483	\$ 41.12	\$ 291,918.68	\$ (2.40)
3 Materials & Supplies	58,596	0.29	46,327	0.21	(12,269)	(0.08)
4 Other	8,105	0.04	12,635	0.06	4,530	0.02
5 Sub-Total	8,870,265	43.85	9,154,445	41.39	284,180	(2.46)
6						
7 Maintenance						
8 Vehicle Maintenance						
9 Wages & Benefits	10,160,667	50.23	10,695,177	48.35	534,510	(1.88)
10 Materials & Supplies	3,049,296	15.07	3,937,322	17.80	888,027	2.73
11 Other	4,029	0.02	4,134	0.02	105	(0.00)
12 Services	469,266	2.32	40,821	0.18	(428,445)	(2.14)
13 Sub-Total	13,683,258	67.64	14,677,455	66.35	994,197	(1.29)
14						
15 Wayside Maintenance						
16 Wages & Benefits	7,161,135	35.40	5,630,852	25.46	(1,530,283)	(9.94)
17 Materials & Supplies	485,011	2.40	789,747	3.57	304,736	1.17
18 Propulsion Power	6,791,563	33.57	6,791,563	30.70	-	(2.87)
19 Other	476,446	2.36	417,854	1.89	(58,592)	(0.47)
20 Sub-Total	14,914,155	73.72	13,630,015	61.62	(1,284,140)	(12.11)
21						
22 Other Maintenance						
23 Non-Revenue Vehicles	286,058	1.41	296,272	1.34	10,214	(0.07)
24 Facilities Maintenance	1,159,170	5.73	1,298,035	5.87	138,866	0.14
25 Sub-Total	1,445,227	7.14	1,594,307	7.21	149,080	0.06
26						
27 Sub-Total Maintenance	30,042,641	148.51	29,901,778	135.18	(140,863)	(13.33)
28						
29 Other Operating Costs						
30 Transit Security	11,568,646	57.19	11,609,369	52.48	40,723	(4.70)
31 General Manager	587,089	2.90	741,563	3.35	154,474	0.45
32 Revenue	1,876,381	9.28	1,197,949	5.42	(678,432)	(3.86)
33 Service Development	89,224	0.44	94,947	0.43	5,723	(0.01)
34 Safety	886,888	4.38	304,274	1.38	(582,615)	(3.01)
35 Casualty & Liability	1,182,476	5.85	962,661	4.35	(219,814)	(1.49)
36 Workers' Comp	1,851,584	9.15	1,571,802	7.11	(279,782)	(2.05)
37 Other Metro Operations	933,728	4.62	950,877	4.30	17,149	(0.32)
38 Building Costs	334,716	1.65	404,619	1.83	69,903	0.17
39 Employee Subsidy & Fringe	125,814	0.62	121,067	0.55	(4,748)	(0.07)
40 Copy Services	73,328	0.36	68,170	0.31	(5,158)	(0.05)
41 Sub-Total	19,509,874	96.44	18,027,297	81.50	(1,482,577)	(14.94)
42						
43 Support Department Costs	5,088,416	25.15	4,869,043	22.01	(219,373)	(3.14)
44						
45 Total Light Rail Project	\$ 63,511,195	\$ 313.95	\$ 61,952,563	\$ 280.08	\$ (1,558,632)	\$ (33.87)
46 Total Revenue Service Hours	202,296		221,197		18,901	

Appendix 11: Activity Based Green Line Cost Model

Activities	FY06 Budget		FY07 Budget		FY06 to FY07	
	Dollars	\$/RSH	Dollars	\$/RSH	Dollars	\$/RSH
Transportation						
Wages & Benefits	\$6,433,645	\$ 76.60	\$6,454,439	\$ 71.84	\$ 20,793.66	\$ (4.77)
Materials & Supplies	56,177	0.67	44,319	0.49	(11,858)	(0.18)
Other	8,038	0.10	12,635	0.14	4,598	0.04
Sub-Total	6,497,859	77.37	6,511,393	72.47	13,534	(4.90)
Maintenance						
Vehicle Maintenance						
Wages & Benefits	5,052,226	60.15	5,332,801	59.35	280,574	(0.80)
Materials & Supplies	1,878,181	22.36	1,650,412	18.37	(227,770)	(3.99)
Other	2,829	0.03	3,174	0.04	345	0.00
Services	345,938	4.12	50,821	0.57	(295,116)	(3.55)
Sub-Total	7,279,175	86.67	7,037,208	78.32	(241,967)	(8.35)
Wayside Maintenance						
Wages & Benefits	6,990,644	83.23	5,536,076	61.61	(1,454,568)	(21.62)
Materials & Supplies	339,021	4.04	314,353	3.50	(24,668)	(0.54)
Propulsion Power	3,623,492	43.14	3,373,492	37.55	(250,000)	(5.60)
Other	479,906	5.71	290,086	3.23	(189,820)	(2.49)
Sub-Total	11,433,063	136.13	9,514,007	105.89	(1,919,056)	(30.24)
Other Maintenance						
Non-Revenue Vehicles	286,058	3.41	296,272	3.30	10,214	(0.11)
Facilities Maintenance	1,527,337	18.19	1,865,284	20.76	337,947	2.57
Sub-Total	1,813,394	21.59	2,161,556	24.06	348,162	2.47
Sub-Total Maintenance	20,525,632	244.39	18,712,770	208.27	(1,812,862)	(36.12)
Other Operating Costs						
Transit Security	6,043,889	71.96	6,227,968	69.32	184,079	(2.65)
General Manager	507,339	6.04	660,291	7.35	152,952	1.31
Revenue	1,168,883	13.92	1,110,270	12.36	(58,613)	(1.56)
Service Development	89,224	1.06	94,942	1.06	5,719	(0.01)
Safety	323,513	3.85	295,714	3.29	(27,799)	(0.56)
Casualty & Liability	361,633	4.31	387,029	4.31	25,396	0.00
Workers' Comp	1,247,910	14.86	1,047,045	11.65	(200,866)	(3.21)
Other Metro Operations	678,153	8.07	669,363	7.45	(8,790)	(0.62)
Building Costs	278,544	3.32	284,829	3.17	6,285	(0.15)
Employee Subsidy & Fringe	91,377	1.09	85,224	0.95	(6,153)	(0.14)
Copy Services	53,257	0.63	47,988	0.53	(5,269)	(0.10)
Sub-Total	10,843,722	129.11	10,910,663	121.43	66,941	(7.68)
Support Department Costs	3,663,499	43.62	3,505,275	39.01	(158,224)	(4.61)
Total Light Rail Project	\$ 41,530,712	\$ 494.49	\$ 39,640,101	\$ 441.18	\$ (1,890,611)	\$ (53.31)
Total Revenue Service Hours	83,987		89,850		5,863	

Appendix 12: Activity Based Gold Line Cost Model

Activities	FY06 Budget		FY07 Budget		FY06 to FY07	
	Dollars	\$/RSH	Dollars	\$/RSH	Dollars	\$/RSH
1 Transportation						
2 Wages & Benefits	\$6,126,127	\$ 87.16	\$6,552,259	\$ 85.50	\$ 426,131.71	\$ (1.66)
3 Materials & Supplies	62,625	0.89	50,832	0.66	(11,793)	(0.23)
4 Other	8,413	0.12	541,981	0.55	33,568	0.43
5 Sub-Total	6,197,165	88.18	6,645,072	86.71	447,907	(1.46)
6						
7 Maintenance						
8 Vehicle Maintenance						
9 Wages & Benefits	4,833,829	68.78	5,050,953	65.91	217,124	(2.87)
10 Materials & Supplies	1,137,447	16.18	1,037,812	13.54	(99,636)	(2.64)
11 Other	2,829	0.04	3,174	0.04	345	0.00
12 Services	322,296	4.59	30,819	0.40	(291,477)	(4.18)
13 Sub-Total	6,296,402	89.59	6,122,758	79.90	(173,644)	(9.69)
14						
15 Wayside Maintenance						
16 Wages & Benefits	7,010,497	99.75	5,468,992	71.37	(1,541,505)	(28.38)
17 Materials & Supplies	503,696	7.17	514,249	6.71	10,553	(0.46)
18 Propulsion Power	2,139,821	30.45	1,889,821	24.66	(250,000)	(5.79)
19 Other	491,800	7.00	453,557	5.92	(38,243)	(1.08)
20 Sub-Total	10,145,814	144.36	8,326,619	108.66	(1,819,195)	(35.70)
21						
22 Other Maintenance						
23 Non-Revenue Vehicles	286,058	4.07	296,272	3.87	10,214	(0.20)
24 Facilities Maintenance	1,287,868	18.32	1,386,818	18.10	98,950	(0.23)
25 Sub-Total	1,573,925	22.39	1,683,090	21.96	109,165	(0.43)
26						
27 Sub-Total Maintenance	18,016,141	256.34	16,132,467	210.52	(1,883,674)	(45.82)
28						
29 Other Operating Costs						
30 Transit Security	8,537,401	121.47	8,715,408	113.73	178,007	(7.74)
31 General Manager	439,834	6.26	587,163	7.66	147,329	1.40
32 Revenue	886,597	12.61	1,103,262	14.40	216,665	1.78
33 Service Development	89,224	1.27	94,946	1.24	5,723	(0.03)
34 Safety	359,558	5.12	342,166	4.47	(17,392)	(0.65)
35 Casualty & Liability	621,501	8.84	1,050,279	13.71	428,778	4.86
36 Workers' Comp	1,216,701	17.31	1,017,021	13.27	(199,680)	(4.04)
37 Other Metro Operations	641,868	9.13	648,195	8.46	6,327	(0.67)
38 Building Costs	263,600	3.75	275,821	3.60	12,222	(0.15)
39 Employee Subsidy & Fringe	86,488	1.23	82,529	1.08	(3,959)	(0.15)
40 Copy Services	50,407	0.72	46,470	0.61	(3,937)	(0.11)
41 Sub-Total	13,193,179	187.72	13,963,261	182.21	770,082	(5.51)
42						
43 Support Department Costs	4,645,458	66.10	4,797,156	62.60	151,698	(3.50)
44						
45 Total Light Rail Project	\$ 42,051,943	\$ 598.33	\$ 41,537,956	\$ 542.04	\$ (513,987)	\$ (56.29)
46 Total Revenue Service Hours	70,282		76,633		6,351	

Appendix 13: Activity Based Heavy Rail Cost Model

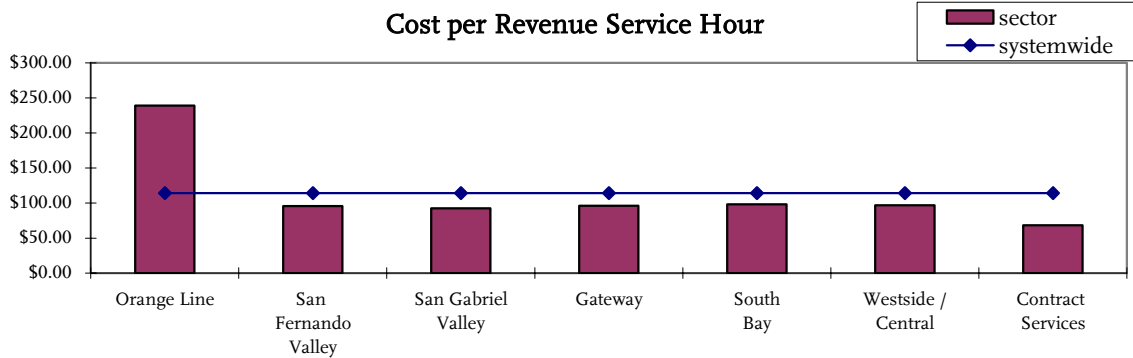
Activities	FY06 Budget		FY07 Budget		FY06 to FY07	
	Dollars	\$/RSH	Dollars	\$/RSH	Dollars	\$/RSH
Transportation						
Wages & Benefits	\$ 8,308,087.97	\$ 31.64	\$ 8,670,424.95	\$ 32.37	\$ 362,336.98	\$ 0.73
Materials & Supplies	73,259	0.28	50,693	0.19	(22,566)	(0.09)
Other	8,038	0.03	12,635	0.05	4,598	0.02
Sub-Total	8,389,384	31.95	8,733,753	32.61	344,369	0.66
Maintenance						
Vehicle Maintenance						
Wages & Benefits	10,421,053	39.69	10,555,287	39.41	134,234	(0.28)
Materials & Supplies	2,968,181	11.30	3,745,941	13.99	777,760	2.68
Other	18,529	0.07	11,134	0.04	(7,395)	(0.03)
Services	735,668	2.80	109,728	0.41	(625,940)	(2.39)
Sub-Total	14,143,431	53.86	14,422,091	53.85	278,660	(0.02)
Wayside Maintenance						
Wages & Benefits	7,524,862	28.66	12,838,655	47.94	5,313,793	19.28
Materials & Supplies	1,033,899	3.94	1,068,541	3.99	34,642	0.05
Propulsion Power	9,238,600	35.18	9,238,600	34.49	-	(0.69)
Other	1,098,011	4.18	1,118,722	4.18	20,711	(0.00)
Sub-Total	18,895,372	71.96	24,264,518	90.60	5,369,146	18.63
Other Maintenance						
Non-Revenue Vehicles	286,058	1.09	296,272	1.11	10,214	0.02
Facilities Maintenance	3,943,351	15.02	5,440,408	20.31	1,497,058	5.29
Sub-Total	4,229,408	16.11	5,736,680	21.42	1,507,272	5.31
Sub-Total Maintenance	37,268,212	141.93	44,423,290	165.86	7,155,078	23.93
Other Operating Costs						
Transit Security	17,061,749	64.98	17,596,217	65.70	534,468	0.72
General Manager	1,077,362	4.10	1,283,177	4.79	205,815	0.69
Revenue	1,864,532	7.10	1,198,665	4.48	(665,867)	(2.63)
Service Development	89,224	0.34	94,946	0.35	5,723	0.01
Safety	343,716	1.31	389,069	1.45	45,353	0.14
Casualty & Liability	3,524,678	13.42	2,907,503	10.86	(617,175)	(2.57)
Workers' Comp	1,844,357	7.02	1,878,878	7.02	34,521	(0.01)
Other Metro Operations	956,673	3.64	1,175,491	4.39	218,819	0.75
Building Costs	244,578	0.93	98,780	0.37	(145,798)	(0.56)
Employee Subsidy & Benefits	128,906	0.49	551,082	2.06	422,176	1.57
Copy Services	75,130	0.29	84,273	0.31	9,143	0.03
Sub-Total	27,210,905	103.63	27,258,083	101.77	47,178	(1.86)
Support Department Costs	5,291,921	20.15	5,142,341	19.20	(149,580)	(0.95)
Total Heavy Rail Project	\$ 78,160,422	\$ 297.67	\$ 85,557,467	\$ 319.45	\$ 7,397,045	\$ 21.78
Total Revenue Service Hours	262,574		267,831		5,257	

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Appendix 14: Bus Operating Statistics

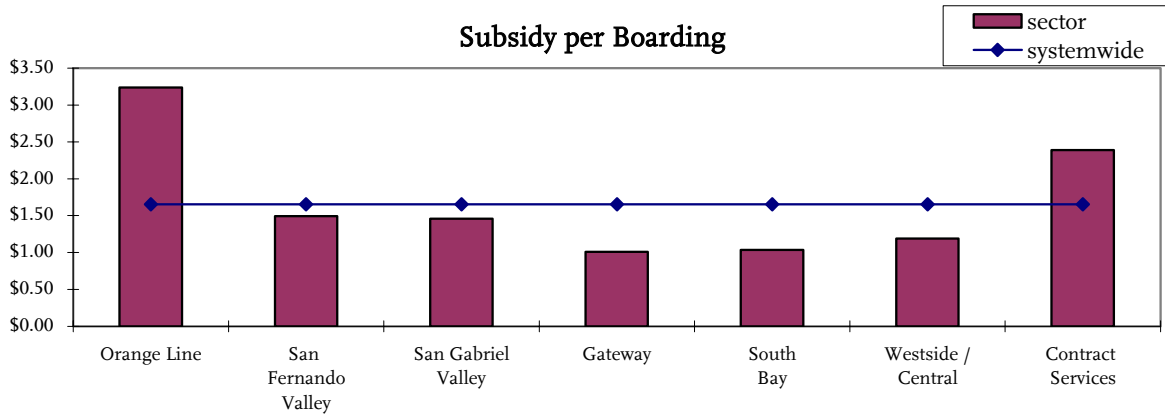
	Orange Line	San Fernando Valley	San Gabriel Valley	Gateway Cities
Boardings (000)	5,147	57,794	63,388	75,773
Revenue Service Hours (000)	84	1,287	1,446	1,303
Revenue Service Miles (000)	1,342	17,749	17,822	14,316
Hub Miles (000)	1,465	21,601	21,069	17,773
Boardings Per Revenue Service Hour	61.2	44.9	43.8	58.2
Passenger Miles (000)	36,028	199,999	237,704	284,148
Cost Per Revenue Service Hour	\$238.96	\$95.57	\$92.21	\$95.89
Cost Per Passenger Mile	\$0.56	\$0.61	\$0.56	\$0.44
Cost Per Boarding	\$3.91	\$2.13	\$2.10	\$1.65
Subsidy Per Boarding	\$3.24	\$1.49	\$1.46	\$1.01
Subsidy Per Passenger Mile	\$0.46	\$0.43	\$0.39	\$0.27
Fare Recovery Ratio	15.1%	27.8%	28.1%	36.3%
Fare Revenue per Boarding	\$0.59	\$0.59	\$0.59	\$0.59

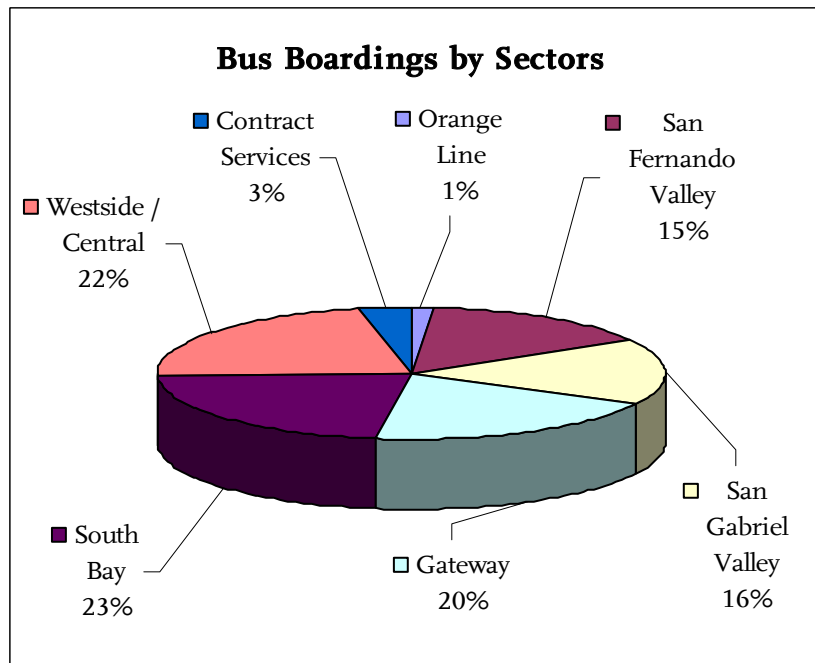
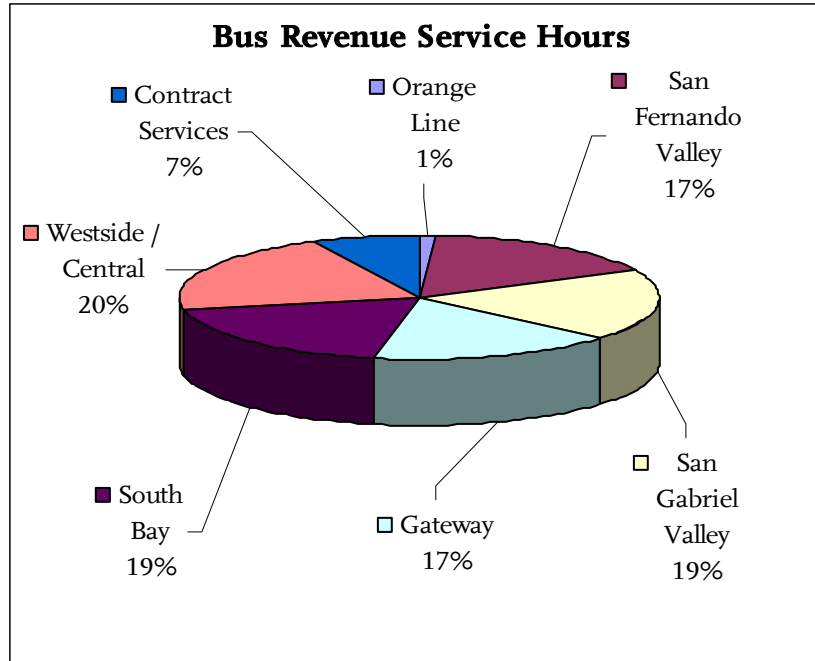
* Systemwide statistics include bus operating expenses from support activities not assigned directly to sector management, such as in Central Maintenance, Central Control & Instruction, Facilities, and Administrative Support.



Los Angeles County Metropolitan Transportation Authority
FY07 Budget

	South Bay	Westside/ Central	Contract Services	Systemwide *
Boardings (000)	85,725	85,803	12,631	386,260
Revenue Service Hours (000)	1,459	1,622	550	7,751
Revenue Service Miles (000)	18,065	19,224	6,652	95,169
Hub Miles (000)	22,477	23,531	-	107,917
Boardings Per Revenue Service Hour	58.8	52.9	23.0	49.8
Passenger Miles (000)	321,468	321,760	46,608	1,447,716
Cost Per Revenue Service Hour	\$97.93	\$96.70	\$68.42	\$114.23
Cost Per Passenger Mile	\$0.44	\$0.49	\$0.81	\$0.61
Cost Per Boarding	\$1.67	\$1.83	\$2.98	\$2.29
Subsidy Per Boarding	\$1.04	\$1.19	\$2.39	\$1.66
Subsidy Per Passenger Mile	\$0.28	\$0.32	\$0.65	\$0.44
Fare Recovery Ratio	35.5%	32.5%	19.8%	25.9%
Fare Revenue per Boarding	\$0.59	\$0.59	\$0.59	\$0.59





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Appendix 15: Modal Operating Statistics

Bus excluding Orange Line	Notes	FY05 Actual	FY06 Budget	FY07 Budget	Inc/(Dec) Budget
1 Fares (\$000)		\$ 223,428	\$ 219,266	\$ 225,983	\$ 6,717
2 Other Operating Revenue (\$000)		\$ 13,609	\$ 15,971	\$ 16,631	\$ 660
3 Expenses (\$000)	(1)	\$ 777,305	\$ 824,607	# \$ 865,293	\$ 40,685
4 Boardings (000)		377,250	367,650	381,113	13,462
5 Farebox Recovery Ratio		28.7%	26.6%	26.1%	-0.5%
6 Vehicle Service Hours (000)	(2)	7,561	7,592	7,667	75
7 Cost Per Hour		\$ 102.80	\$ 108.62	\$ 112.86	\$ 4.24
8 Cost Per Passenger Mile		\$ 0.55	\$ 0.58	\$ 0.61	\$ 0.04
9 Vehicle Service Miles (000)	(2)	92,062	93,992	93,827	(165)
10 Passenger Miles (000)	(3)	1,414,292	1,426,870	1,411,688	(15,182)
11 Fare Revenue Per Boarding		\$ 0.59	\$ 0.60	\$ 0.59	\$ (0.01)
12 Subsidy Per Boarding		\$ 1.43	\$ 1.60	\$ 1.63	\$ 0.03
13 Subsidy Per Passenger Mile		\$ 0.38	\$ 0.41	\$ 0.44	\$ 0.03
14 Vehicles Operated		2,188	2,221	2,218	(3)

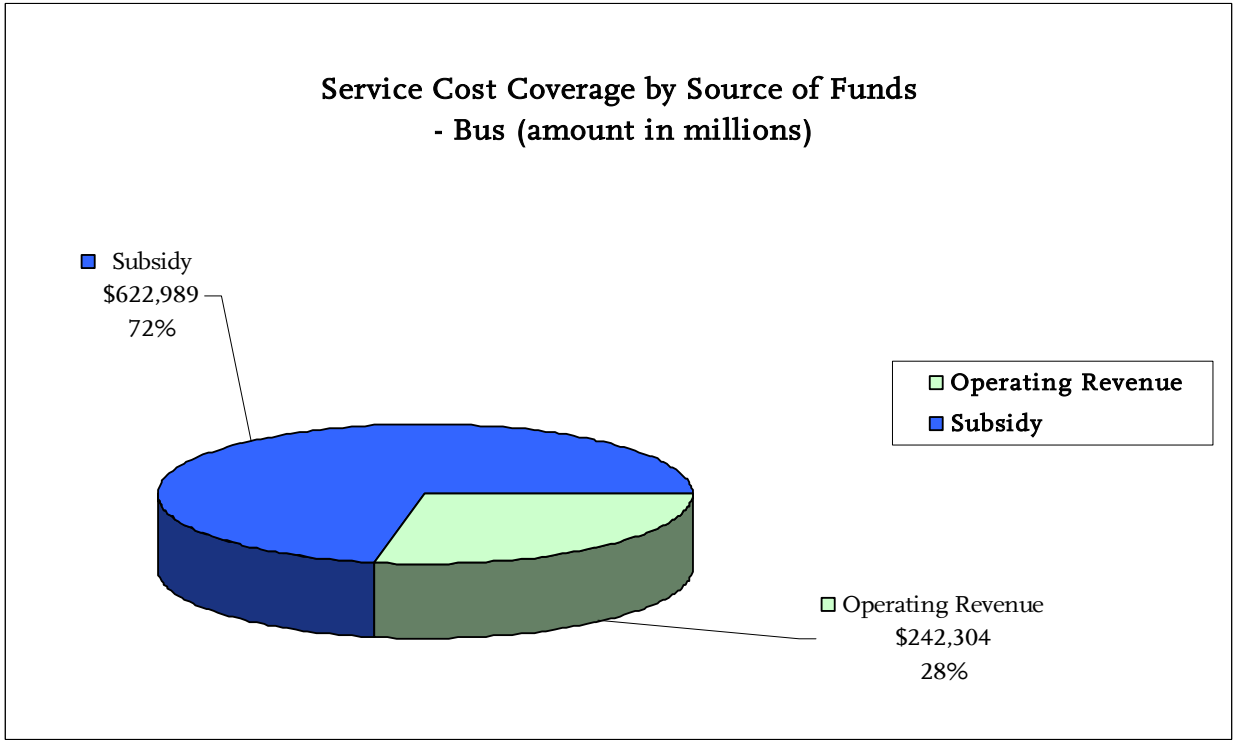
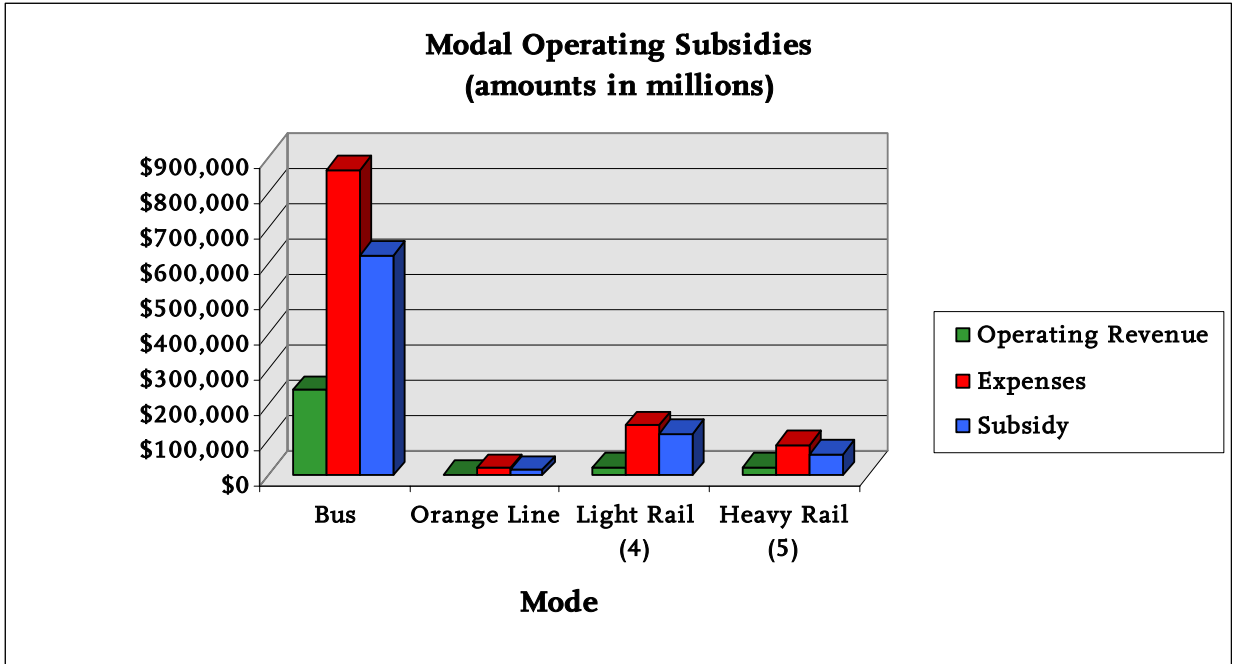
Orange Line	Notes	FY05 Actual	FY06 Budget	FY07 Budget	Inc/(Dec) Budget
15 Fares (\$000)		NA	\$ 1,711	\$ 3,041	\$ 1,330
16 Other Operating Revenue (\$000)		NA	\$ 204	\$ 94	\$ (110)
17 Expenses (\$000)	(1)	NA	\$ 13,869	\$ 20,112	\$ 6,243
18 Boardings (000)		NA	2,246	5,147	2,901
19 Farebox Recovery Ratio		NA	12.3%	15.1%	2.8%
20 Vehicle Service Hours (000)	(2)	NA	64	84	20
21 Cost Per Hour		NA	\$ 217.65	\$ 238.96	\$ 21.32
22 Cost Per Passenger Mile		NA	\$ 0.88	\$ 0.56	\$ (0.32)
23 Vehicle Service Miles (000)	(2)	NA	975	1,342	367
24 Passenger Miles (000)	(3)	NA	15,725	36,028	20,304
25 Fare Revenue Per Boarding		NA	\$ 0.76	\$ 0.59	\$ (0.17)
26 Subsidy Per Boarding		NA	\$ 5.32	\$ 3.30	\$ (2.02)
27 Subsidy Per Passenger Mile		NA	\$ 0.76	\$ 0.47	\$ (0.29)
28 Vehicles Operated		NA	20	21	1

Los Angeles County Metropolitan Transportation Authority
FY07 Budget

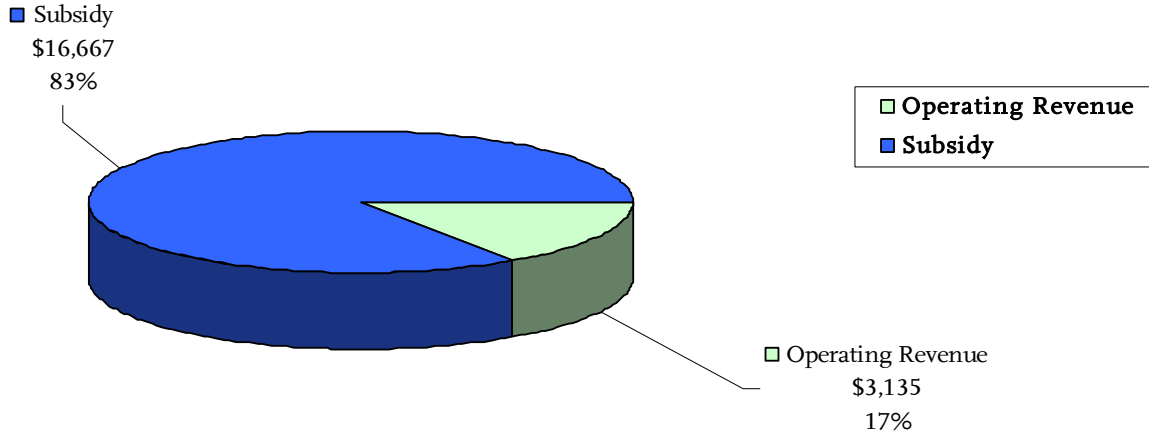
Light Rail (4)	Notes	FY05 Actual	FY06 Budget	FY07 Budget	Inc/(Dec) Budget
29 Fares (\$000)		\$ 19,912	\$ 21,601	\$ 24,685	\$ 3,084
30 Other Revenue (\$000)		\$ 1,037	-	-	-
31 Expenses (\$000)	(1)	\$ 131,620	\$ 147,094	\$ 143,131	\$ (3,963)
32 Boardings (000)		37,970	36,159	41,778	5,619
33 Farebox Recovery Ratio		15.1%	14.7%	17.2%	2.6%
34 Vehicle Service Hours (000)	(2)	350	357	388	31
35 Cost Per Hour		\$ 375.61	\$ 412.53	\$ 369.20	\$ (43.33)
36 Cost Per Passenger Mile		\$ 0.49	\$ 0.78	\$ 0.49	\$ (0.29)
37 Vehicle Service Miles (000)	(2)	8,114	8,468	9,326	858
38 Passenger Miles (000)		268,981	188,024	289,449	101,424
39 Fare Revenue Per Boarding		\$ 0.52	\$ 0.60	\$ 0.59	\$ (0.01)
40 Subsidy Per Boarding	(3)	\$ 2.91	\$ 3.47	\$ 2.84	\$ (0.64)
41 Subsidy Per Passenger Mile	(3)	\$ 0.41	\$ 0.67	\$ 0.41	\$ (0.26)

Heavy Rail (5)	Notes	FY05 Actual	FY06 Budget	FY07 Budget	Inc/(Dec) Budget
42 Fares (\$000)		\$ 16,298	\$ 21,102	\$ 23,187	\$ 2,085
43 Other Revenue (\$000)		\$ 518	-	1,634	1,634
44 Expenses (\$000)	(1)	\$ 75,612	\$ 78,160	\$ 85,557	\$ 7,397
45 Boardings (000)		36,273	35,323	38,868	3,545
46 Farebox Recovery Ratio		21.6%	27.0%	27.1%	0.1%
47 Vehicle Service Hours (000)	(2)	259	263	268	5
48 Cost Per Hour		\$ 292.22	\$ 297.67	\$ 319.45	\$ 21.78
49 Cost Per Passenger Mile		\$ 0.43	\$ 0.48	\$ 0.47	\$ (0.01)
50 Vehicle Service Miles (000)	(2)	5,876	6,030	6,296	266
51 Passenger Miles (000)		173,935	162,486	183,467	20,981
52 Fare Revenue Per Boarding		\$ 0.45	\$ 0.60	\$ 0.59	\$ (0.01)
53 Subsidy Per Boarding	(3)	\$ 1.62	\$ 1.62	\$ 1.56	\$ (0.05)
54 Subsidy Per Passenger Mile	(3)	\$ 0.34	\$ 0.35	\$ 0.33	\$ (0.02)

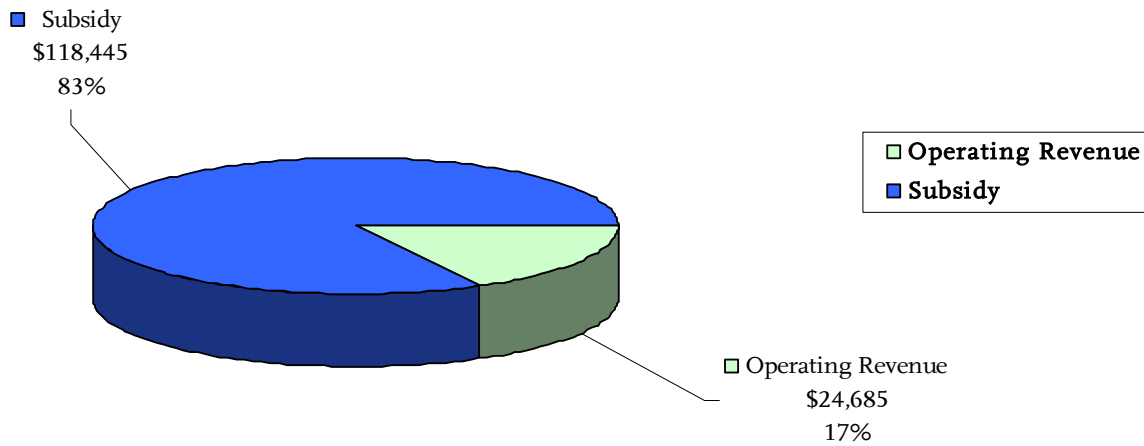
- (1) Expenses include Transitional Duty Program but exclude interest and debt administration.
(2) Reflect revenue vehicle hours & miles.
(3) Subsidy excludes all operating revenue.
(4) Light Rail includes Blue, Green and Gold Lines.
(5) Heavy Rail is the Red Line.

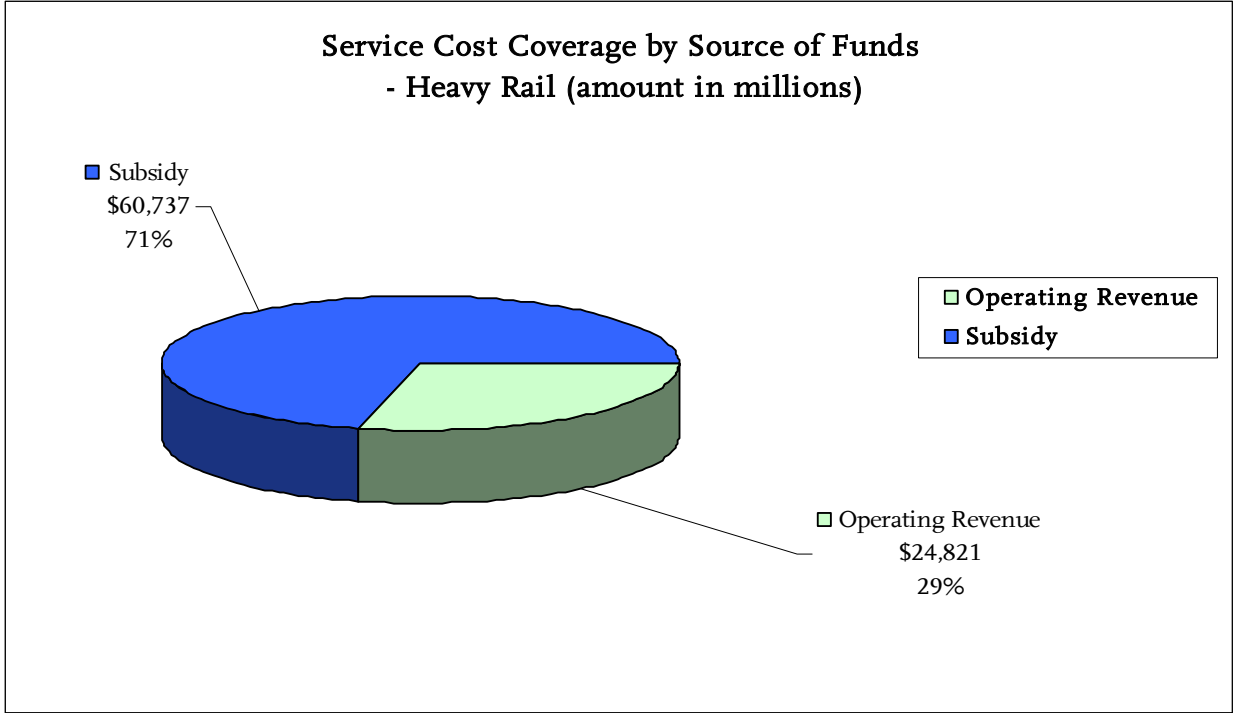


**Service Cost Coverage by Source of Funds
- Orange Line (amount in millions)**



**Service Cost Coverage by Source of Funds
- Light Rail (amount in millions)**





Appendix 16: Metro's Clientele

Demographic Profile of Metro Bus Riders by Sector*						
Characteristic	MTA System	San Fernando Valley	San Gabriel Valley	West Central	South Bay	Gateway
Gender (Percent):						
Male	43	44	43	44	41	43
Female	57	56	57	56	59	57
Median Household Income	\$12,000	\$13,000	\$12,000	\$12,000	\$12,000	\$11,000
Mean Age (Years)	39.6	39.9	39.3	40.6	39.5	38.4
Ethnicity (Percent):						
Hispanic/Latino	58	56	68	59	46	64
African-American/Black	20	10	12	16	36	25
White/Caucasian	12	22	8	14	9	5
Asian/Pacific Islander	8	9	10	9	6	4
Other (American-Indian/ Multi-Racial)	2	3	2	2	3	2

*FY2002 On-Board Bus Survey, page 4.

Summary of Survey Results - Bus

Major findings from 31,000 completed surveys for the FY2002 Bus On-Board (Weekday) Survey are as follows:

Demographic Profile

- Weekday Metro Bus riders are 57% female and 43% male, with little difference by Metro service sector.
- Median annual household income for weekday bus riders is \$12,000 per year, again with little difference by service sector.
- Latinos are the largest ethnic group among weekday riders (58%). African-Americans are 20% of the ridership, and Whites and Asians are 12% and 8%, respectively. Latino bus riders are particularly prominent in the San Gabriel Valley (68%) and Gateway (64%) sectors. African-American riders comprise 36% of the South Bay sector. White riders are most

numerous in the San Fernando Valley (22%).

- The average age of weekday riders is 39.6. Whites and Asians are older than the other groups (46.5 and 45.9, respectively).

Travel Characteristics

- A large majority of weekday Metro Bus riders (74%) use more than one bus or train in the course of their one-way trip.
- Riders access their first bus or train almost entirely by walking (93%). A similar percentage (94%) walk to their final destination.
- Most riders (82%) use Metro buses 5 or more days per week.
- The home-to-work trip (and its reverse work-to-home) constitutes 58% of all weekday trips.
- Most weekday Metro Bus riders use passes to pay their boarding fare (52%), more than 1/3 of whom use the

regular monthly pass. Pass use is highest in the West Central sector (58%) and lowest in South Bay (50%).

Travel Patterns

- San Fernando Valley sector riders remain within the San Fernando Valley sector on 66% of all bus trips that originate there. This is in contrast to the San Gabriel Valley (47%) and South Bay (48%)—the only two sectors

where a majority of riders travel outside of their sector.

- The major destination for riders outside of their own sector (for all sectors except West Central) is West Central. From the San Fernando Valley and South Bay, trips to West Central outnumber all other inter-sector trips combined, and from the San Gabriel Valley West Central trips are virtually equal to the total trips to all other sectors. Only from Gateway are West Central trips not so common.

Demographic Profile of Metro Rail Riders by Line*				
Characteristic	All Lines	Blue Line	Red Line	Green Line
Gender (Percent):				
- Male	55	54	55	57
- Female	45	46	45	43
Median Household Income	\$22,000	\$17,000	\$25,000	\$22,000
Mean Age (Years)	39.0	37.6	39.8	38.6
Ethnicity (Percent):				
- Hispanic/Latino	41	43	39	41
- White/Caucasian	24	15	30	18
- African-American/Black	22	32	16	28
- Asian Pacific Islander	9	7	11	10
- Other (American Indian/Multi-Racial)	4	3	4	3

*FY2002 On-Board Rail Survey, page 3 (before opening of Gold Line in Summer of 2003)

Summary of Survey Results - Rail

For the FY2002 Rail On-Board (Weekday) Survey, here are major findings from 12,182 completed surveys.

Demographic Profile

- Weekday Metro Rail riders are 55% male and 45% female, with little difference by line.
- Median annual household income is \$22,000 per year. The Red Line demonstrates the highest income (\$25,000) and the Blue Line the lowest (\$17,000).
- Latinos are the largest ethnic group of riders (41%), with only small variations by line. White riders represent 24% of

the ridership for all lines but 30% for the Red Line. African-American riders comprise 32% of the Blue Line and 28% of the Green Line, but only 22% overall owing to low Red Line ridership (16%).

- Median annual household income among White riders is \$50,000 and over. African-Americans average \$21,000 and Latinos \$14,000. Median income among Asian riders is \$34,000. All four ethnic groups demonstrate their lowest median income on the Blue Line. Latino and Asian incomes are highest on the Green Line.
- The mean age of Metro Rail riders is 39.0 years. Latino riders are notably younger than other groups (34.8 years) and White riders are the oldest (45.0 years).

Travel Characteristics

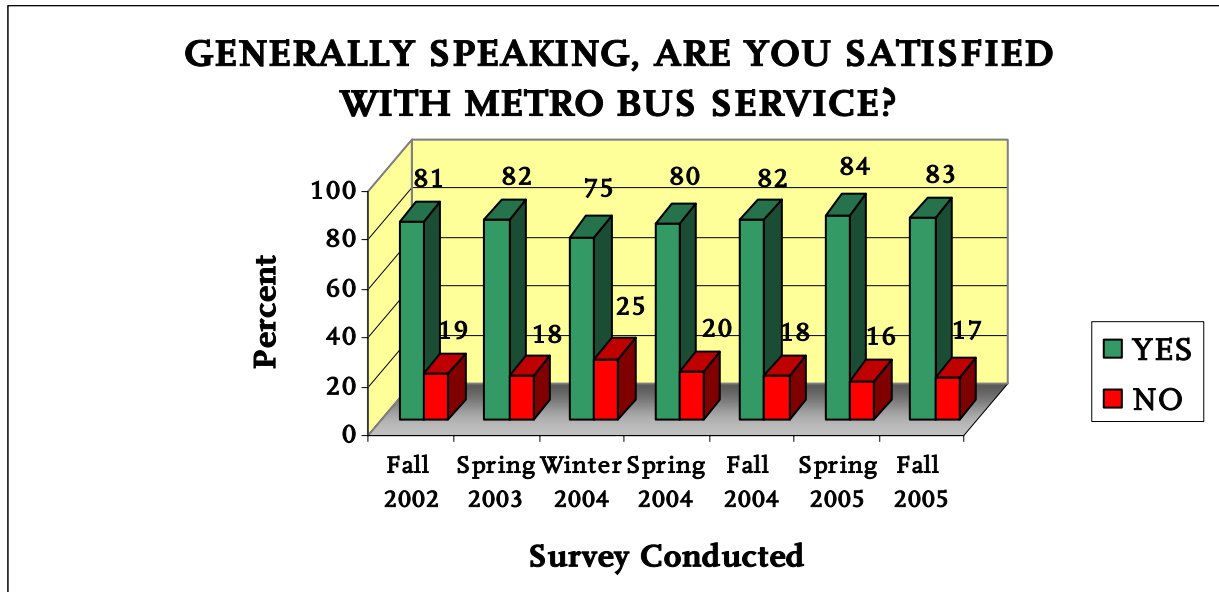
- A large majority of weekday Metro Rail riders (67%) use more than one bus or train in the course of their one-way trip.
- Riders access their first bus or train mostly by walking (70%). An even larger percentage (82%) walk to their final destination.
- Most riders (72%) use Metro Rail 5 or more days per week.

- The 7th Street/Metro station (26%) and Pershing Square (9%) attract the most work trips.
- The dominant trip purpose for frequent weekday Metro Rail riders is the home-work trip (71%); the second most prevalent trip purpose is home-school (9%).
- Riders indicate that their median one-way trip consumes 65 minutes, including 35 minutes on board buses and trains and 10 minutes each for getting to, getting from, and waiting.
- Most Metro Rail riders use passes to pay their boarding fare (58%), half of whom use the regular monthly pass. Red Line pass usage is particularly high (66%) because of Metrolink riders.

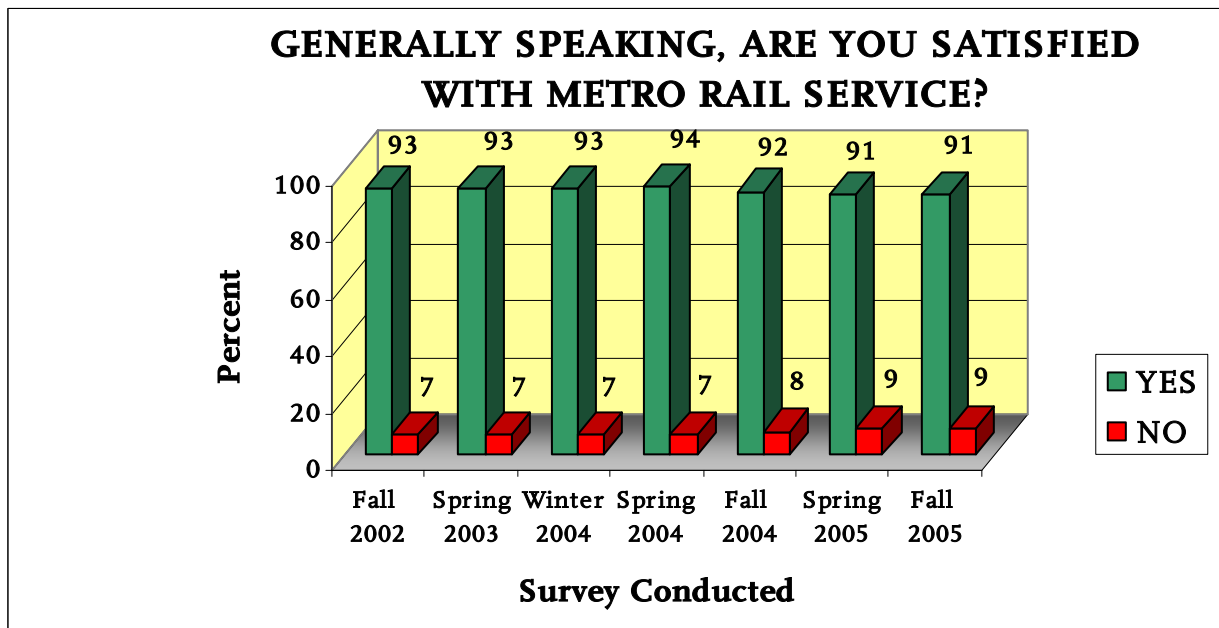
Clientele and Economic Conditions

Metro has seen an increase in ridership that is attributed to soaring gasoline prices. Ridership on the Red Line jumped 10% in the first nine months of FY06 compared to the same period in FY05. Boardings rose 15% on the Green Line and 13% on the Blue Line. Bus boardings, including the Orange Line, increased 8%.

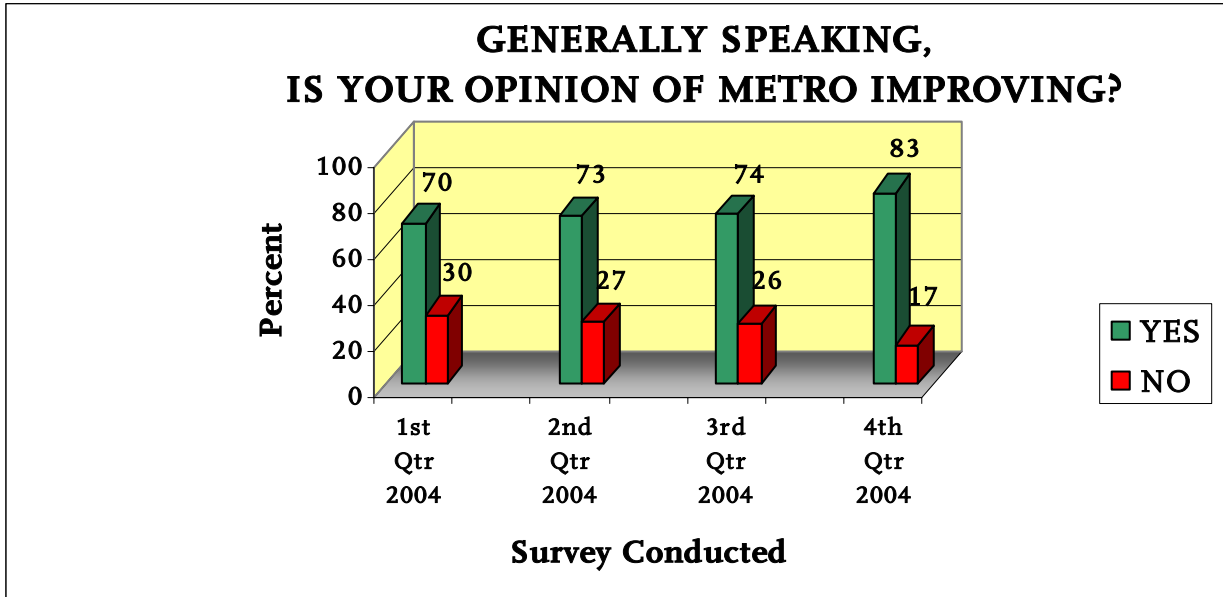
Customer Satisfaction Survey – Bus



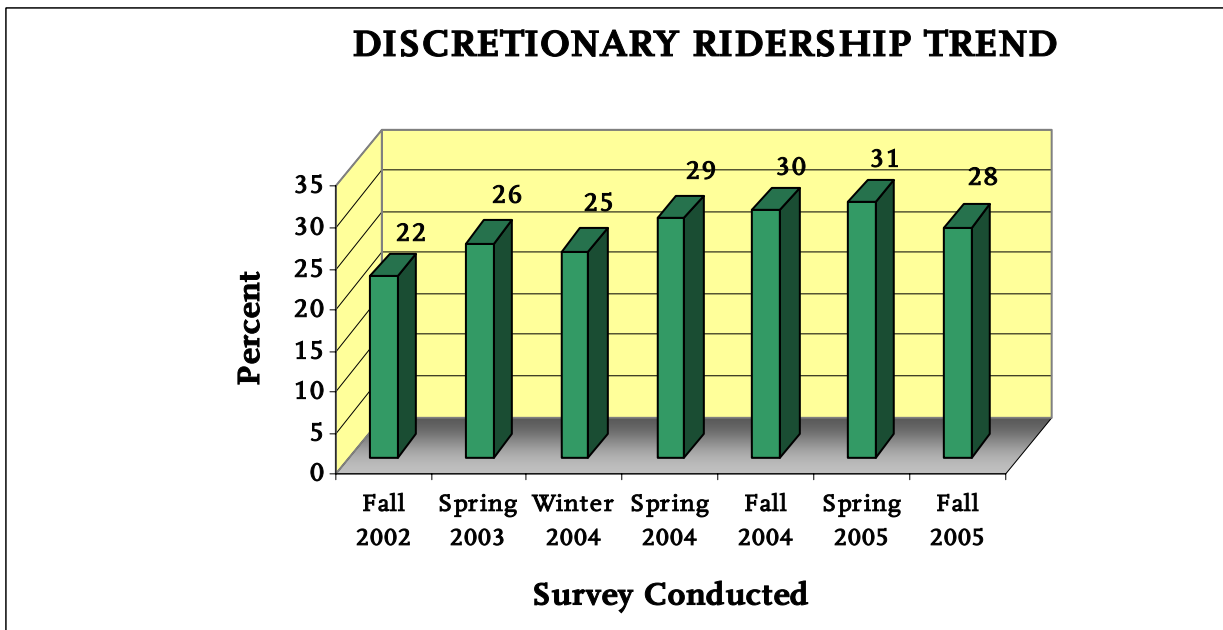
Customer Satisfaction Survey – Rail



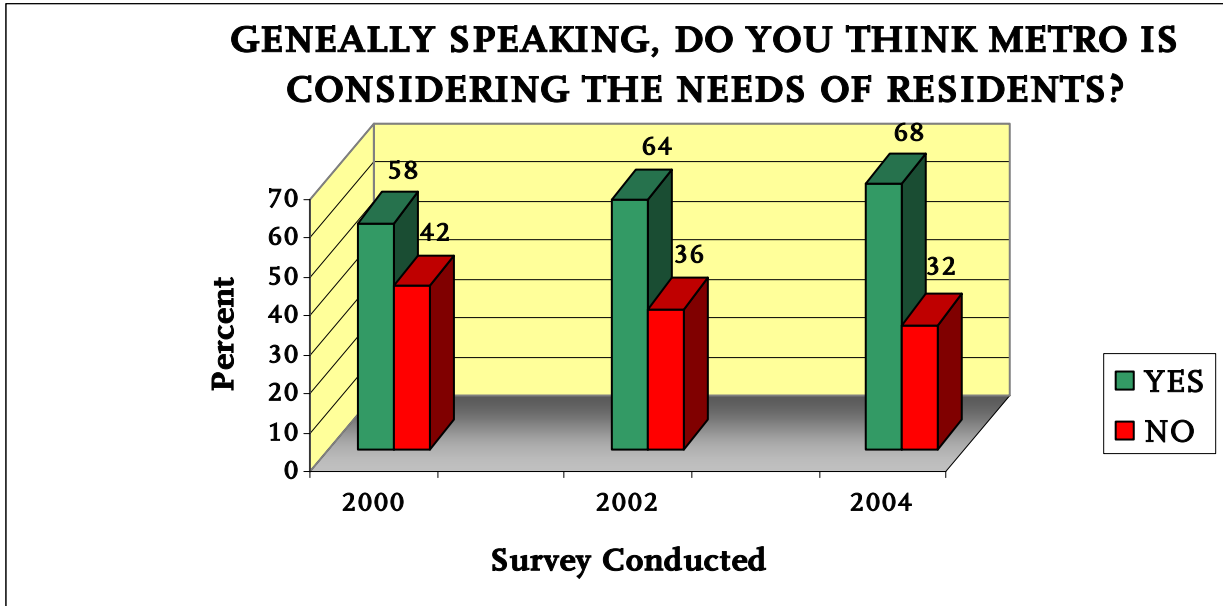
Opinion of Metro Survey



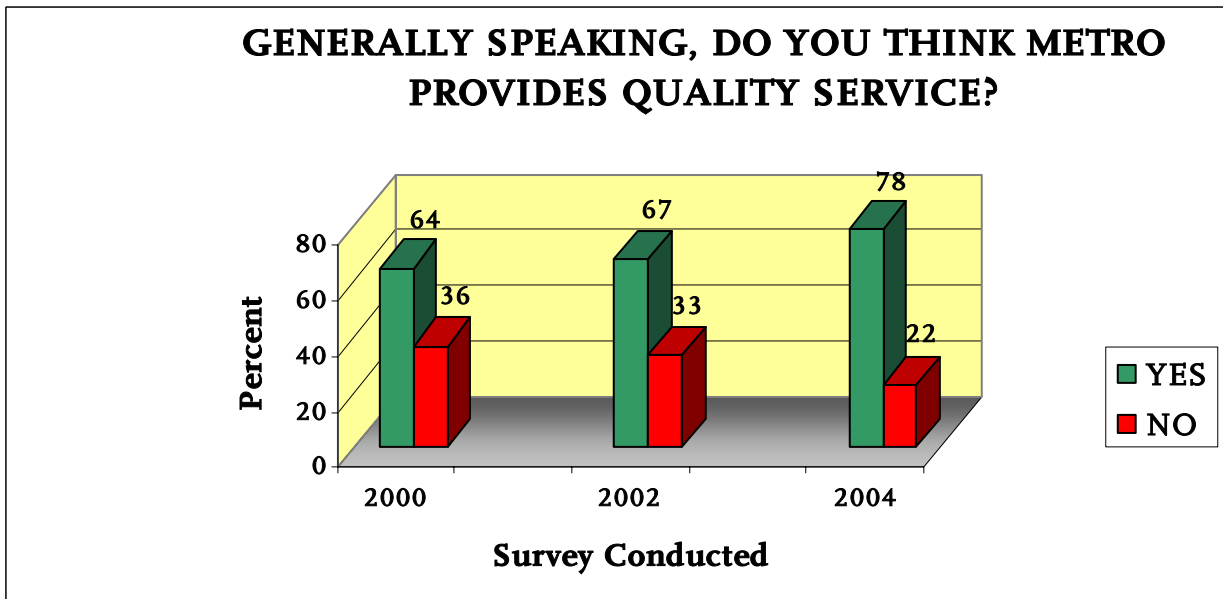
Discretionary Ridership Survey



Needs of Residents Survey



Service Quality Survey



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Appendix 17: Consent Decree

On October 28, 1996, a consent decree was agreed to between the LACMTA and the class action plaintiffs. The consent decree provides for the LACMTA to:

- Reduce its load factor (i.e. the number of people who stand on a bus) to certain targets.
- Expand bus service improvements by making available a net of 102 additional buses by June 1997.
- Implement a pilot project to facilitate access to countywide job, education and health care centers.
- Maintain the price of cash fares for two years and pass fares for three years beginning December 1, 1996, after which the LACMTA may raise fares subject to certain conditions of the Consent Decree. This element of the Consent Decree ended November 1, 2003.
- Introduce a weekly pass and an off-peak discount fare on selected lines.

The LACMTA is also obligated to create a joint working group with representatives from the plaintiff's class and the LACMTA to implement the Consent Decree. The Consent Decree is scheduled to expire on October 29, 2006.

Load Factor Standards

The Consent Decree contains specific targets for reducing loading standards by the year 2002. The LACMTA is required to reduce the target load factor on buses operating during peak periods from 1.45 (19 standees) to 1.35 (15 standees) by December 31, 1997; to 1.25 (11 standees) by June 30, 2000; and to 1.20 (9 standees) by June 30, 2002.

Pursuant to its remediation plan, the LACMTA added a total of 130 buses to peak hour service between June 1999 and December 1999. The peak bus fleet was increased by 96 buses between December 1998 and June 1999, with an additional 64 buses added in December 1999.

The addition of these buses enabled the LACMTA to meet a required peak period load factor target of 1.25 (11 standees) by June 30, 2000.

The final load factor target required by the Consent Decree is a peak period load factor of 1.20 (9 standees) by June 30, 2002. In compliance with the Special Master and court order, the LACMTA added 91 buses into service in October 2001.

In compliance with a ruling received in January 2003, the LACMTA has agreed to add extra service to reduce overcrowding on specific lines. This service was added in June 2003.

Five-Year New Service Plan

The Consent Decree requires the LACMTA to develop and implement a five-year plan of improvements to the bus system to expand mobility for the transit-dependent community in the greater Los Angeles area. In September 2005, the LACMTA submitted a comprehensive New Service Plan to the Special Master which included two primary elements:

- A Pilot Program of new bus service implemented between 1997 and 2000. A new freeway express

service, Line 577, was added to the Pilot Program in December 2005.

- An expansion plan for the Metro Rapid network through 2008.

This comprehensive New Service Plan was accepted by the Special Master in November 2005.

Fares

The LACMTA did not increase fares from the beginning of the Consent Decree in 1996 through December 2003. Sale of the weekly pass began in December 1996. A base off-peak discount fare of \$0.75 was introduced in 1997 on Line 40 and all lines operating late night/early morning (9pm-5am) service.

Appendix 18: Public Transportation Services Corporation

In December 1996, LACMTA created the Public Transportation Services Corporation (PTSC), a nonprofit public benefit corporation organized under the laws of the state. PTSC was created in order to transfer certain functions, currently performed by the LACMTA, and the employees related to those functions, to this new corporation. The PTSC conducts essential public transportation activities including but not limited to the following: (a) coordinates multi-modal multi-jurisdictional transportation planning, (b) programs Federal, state and local funds for transportation projects county-wide within Los Angeles County,

(c) oversees construction, (d) provides certain business services to the County's Service Authority for Freeway Emergencies (SAFE) and the Southern California Regional Rail Authority (SCRRA), (e) provides security services to the operation of the Metro Bus and Rail systems, and (f) provides other activities and services as it deems necessary. One advantage of the PTSC is that it allows the employees of the corporation, including those transferred from the LACMTA, to participate in the California Public Employees Retirement System (PERS).

**Statement of Revenues, Expenses and Changes in Retained Earnings
For The Years Ending June 30, 2005, 2006, and 2007.**

(Amounts in millions) PTSC Only	FY05 Actual	FY06 Budget	FY07 Budget
1 Revenue:			
2 Reimbursement for support services	\$ 154.0	\$ 168.5	\$ 177.1
3 <u>Total revenue</u>	154.0	168.5	177.1
4			
5 Operating expenses:			
6 Salaries, wages & fringe	153.5	168.1	176.9
7 Services, leases, taxes & misc	0.6	0.4	0.3
8 <u>Total expenses</u>	154.0	168.5	177.1
9			
10 <u>Increase(decrease) in retained earnings</u>	-	-	-
11			
12 <u>Retained earnings - beginning of year</u>	-	-	-
13			
14 <u>Retained earnings - end of year</u>	\$ -	\$ -	\$ -

Appendix 19: Agency Fund

The Agency Fund is used to report Benefit Assessment financial activity.

A Benefit Assessment is a fee used to pay part or all of the cost of capital improvements enhancing the value of property receiving service from, or located near and benefiting from, those capital improvements. Metro's Benefit Assessment is a levy on properties within one-half mile of downtown Metro Red Line stations and one-third mile of the Westlake/ MacArthur Park Station.

Metro's Benefit Assessment Districts (BAD) A1 and A2 were created pursuant to a resolution adopted by the former Southern California Rapid Transit District's Board of Directors on July 11, 1985 to pay for a portion of the construction costs of the Metro Red Line Segment 1 stations. BAD A1 includes the

downtown area of Los Angeles. The boundary is set at one-half mile from the centers of the Metro Red Line Union, Civic Center, Pershing Square, and 7th Street Metro Stations. BAD A2 includes the MacArthur Park area. The boundary is set at one-third mile from the center of the Westlake/MacArthur Park Station.

The purpose of the BAD Program is threefold: (1) to ensure that assessments are levied at a rate high enough to repay the A1 and A2 Assessment Districts' bonded indebtedness and administrative costs, (2) to implement the property owner appeals process, and (3) to maintain a current inventory of assessable properties. The A1 and A2 Districts' bonds do not constitute an indebtedness of the Metro and are payable solely from payments received on assessments against the levied properties.

**Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ending June 30, 2005, 2006 and 2007**

(Amounts in millions)		Benefit Assessment District		
Agency Fund	FY05 Actuals	FY06 Budget	FY07 Budget	
1 Revenue:				
2 Other	\$ 22.4	\$ 22.8	\$ 23.0	
3 Total revenues	22.4	22.8	23.0	
4				
5 Expenditures:				
6 Debt and interest expenditures	22.2	22.5	22.6	
7 General and administrative	0.2	0.3	0.4	
8 Total expenditures	22.4	22.8	23.0	
9				
10 Net change in fund balances	-	-	-	
11				
12 Fund balances - beginning of year	-	-	-	
13				
14 Fund balances - end of year	\$ -	\$ -	\$ -	

Appendix 20: Exposition Metro Line Construction Authority

The Exposition Metro Line Construction Authority was created by the State Legislature under Public Utilities Code Section 132600, et seq. for the purpose of awarding and overseeing final design and construction contracts for completion of the Los Angeles-Exposition Metro Line light rail project from the Metro Rail Station at 7th Street and Flower Street in the City of Los Angeles to the downtown of the City of Santa Monica.

The Authority is governed by a board consisting of seven voting members, who are appointed as follows: 1) two members appointed by the City Councils of the Cities of Santa Monica and Culver City, 2) two members appointed by the Los Angeles County Board of Supervisors, 3) one member appointed by Metro, and 4) two members appointed by the City Council of the City of Los Angeles. The CEO of Metro also serves as an ex officio, non-voting member.

**Statement of Revenues, Expenditures and Changes in Fund Balances
For The Years Ending June 30, 2005, 2006, and 2007.**

(Amounts in millions)

Exposition Metro Line Construction Authority	FY05 Actual *	FY06 Amended	FY07 Budget
1 Revenue:			
2 Reimbursement from Metro		\$ 43.8	\$ 119.1
3 Total revenue		43.8	119.1
4			
5 Expenditures:			
6 Expo & Metro Staff & Administration		4.4	6.6
7 Professional Services & Consultants		6.8	10.7
8 Real Estate Acquisition		15.3	20.3
9 Utility Relocation		2.8	4.0
10 Design/Build Contract		14.5	77.4
11 Total expenditures		43.8	119.1
12			
13 Increase(decrease) in retained earnings		-	-
14			
15 Retained earnings - beginning of year		-	-
16			
17 Retained earnings - end of year		\$ -	\$ -

* FY06 was first year of program.

Appendix 21: Service Authority for Freeway Emergencies

The Los Angeles County Service Authority for Freeway Emergencies (SAFE) was established in Los Angeles County in 1988. SAFE is a separate legal authority created under state law and is responsible for providing motorist aid services in Los Angeles County. SAFE currently operates, manages and/or funds:

- The Los Angeles County Kenneth Hahn Call Box System
- #399 – Mobile Call Box program
- Metro Freeway Service Patrol (FSP) Big Rig Demonstration Project
- The expansion of the Metro Freeway Service Patrol.

In FY07, SAFE will continue the operation and management of the call box system and the #399 program. SAFE will also continue its funding of the Metro FSP Big Rig Demonstration Project and the expansion of the Metro FSP program. SAFE also plans on completing an evaluation of the entire

call box system and obtaining authorization to proceed with implementing the recommendations regarding the placement and number of call boxes throughout the County.

Another item on SAFE's agenda for FY07 is the implementation of a new Motorist Aid and Traveler Information System (MATIS). This new system will consolidate all call center operations, provide Metro FSP fleet monitoring services and provide comprehensive traveler information services via the web and phone (511). SAFE plans on having a contract awarded during the first quarter of FY07 and beginning the operation of MATIS during the third quarter of FY07.

SAFE receives its funding from a dedicated \$1 surcharge assessed on each vehicle registered within Los Angeles County. SAFE's annual budget is developed and approved separately from Metro's budget by the SAFE Board of Directors.

**Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ending June 30, 2005, 2006 and 2007**

(Amounts in millions)

Service Authority for Freeway Emergencies	FY05 Actual	FY06 Budget	FY07 Budget
1 Revenue:			
2 Investment income	\$ 0.6	\$ 1.0	\$ 0.7
3 Licenses and fines	7.6	7.0	7.0
4 Other	-	-	-
5 Total revenues	8.1	8.0	7.7
6 Expenditures:			
7 Services	4.5	11.4	15.7
8 General and administrative	1.2	1.6	2.2
9 Total expenditures	5.7	13.1	17.9
10 Excess (deficiency) of revenue over			
11 expense before transfers	2.4	(5.1)	(10.2)
12 Other Financing Sources (Uses)			
13 Operating Transfers in			-
14 Operating Transfer (out)			(3.0)
15 Total other financing and sources (uses)	-	-	(3.0)
16 Fund balances - beginning of year	26.6	29.0	23.9
17 Fund balances - end of year	\$ 29.0	\$ 23.9	\$ 10.7

Appendix 22: Advanced Technology Vehicle Consortium

The Advanced Technology Vehicle Consortium (ATVC) is an advisory body organized and funded by Metro, LA City, LA County, and the Air Quality Management District (AQMD) as a working unit to promote clean-fuel vehicles and technologies, outside Metro's normal operating structure.

The ATVC is an independent non-profit California public corporation with its own independent Board of Directors that includes A. Villaraigosa, Y. Burke, J. Fansana, Z. Yaroslavsky, M. Antonovich, and B. LaPisto-Kirtly.

The ATVC is responsible for the continued development and commercialization of the Advanced Technology Bus and has been instrumental in identifying and recommending new transit technologies that include composite "Compo" buses, high capacity CNG articulated vehicles, and gasoline hybrid buses.

The ATVC monitors emissions standards and recommends technologies that will meet those standards. It also identified technologies that leverage capital funds to reduce operating costs and improve performance, safety, and passenger comfort.

Appendix 23: GFOA Award

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Los Angeles County Metropolitan Transportation Authority, California, for its annual budget for the fiscal year beginning July 1, 2005 (FY06). In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy

document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. LACMTA believes the current budget continues to conform to program requirements, and it will be submitted to GFOA to determine its eligibility for another award.



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VIII. Glossary

Terms

ABC Cost Models	Activity-based cost. Methodology that measures the cost and performance of activities, resources, and cost objects. Resources are assigned to activities, then activities are assigned to cost objectives based on their use. ABC cost models recognize the causal relationships of cost drivers to activities.
ACCREDITED INTEREST	Accumulated or accrued interest.
ACCRUAL BASIS	A method of accounting that recognizes increases and decreases in economic resources as soon as the underlying event or transaction occurs. Under accrual accounting, revenues are recognized as soon as they are earned and expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash flows.
ACTUARIAL ANALYSIS	Analysis completed and submitted by an individual versed in the collection and interpretation of numerical data (especially someone who uses statistics to calculate insurance premiums).
ADA	Americans with Disabilities Act. A comprehensive civil rights measure signed into law on July 1990 to ensure persons with disabilities receive equal access to transportation and other services.
AFSCME	American Federation of State, County and Municipal Employees. The union representing maintenance and transportation supervisors.
ALTERNATIVE FUELS	Low-polluting fuels that are used to propel a vehicle instead of high-sulfur diesel or gasoline. Examples include methanol, ethanol, propane or compressed natural gas, liquid natural gas, low-sulfur or "clean" diesel and electricity.
ARTICULATED BUS	An extra long (54 ft. to 60 ft.), high-capacity bus with two connected passenger compartments. The rear body section is connected to the main body by a joint mechanism that allows the vehicle to bend when in operation for sharp turns and yet has a continuous interior.
ARTICULATED RAIL VEHICLE	A rail vehicle with two or more bodies connected by joint mechanisms that allow bending in curves yet provide a continuous interior.
ASI	Access Services, Incorporated. ASI is a private non-profit corporation, which is the Consolidated Transportation Services Agency (CTSA) for Los Angeles County and, as such, has the responsibility to improve and coordinate the paratransit services for 187 different social service and public paratransit operators.

ATMS	Advanced Transportation Management System. A state-of-the-art communications package being installed in Metro's active bus fleet and at the bus operations control center.
ATU	Amalgamated Transit Union. The union representing mechanics and other maintenance employees.
ATVC	Advanced Technology Vehicle Consortium. An independent non-profit California public corporation organized and funded by Metro, City of Los Angeles, Los Angeles County, and Air Quality Management District as a working unit to promote clean air vehicles and advanced technologies.
BAD	Benefit Assessment District. A limited area around public transportation stations in which non-residential property owners are taxed for benefits derived from proximity to the system.
BIAS	Budget Information Analysis System. A computerized database application designed to enable departments (cost centers) to enter their budget requests and justify those requests.
BIG RIG	A common reference to a commercial semi truck, tractor-trailer, or eighteen-wheeler used to haul freight on public highways.
BOARDINGS	Number of passengers entering a vehicle of a public transportation system. Passengers are counted each time they enter a vehicle, no matter how many vehicles are used from trip origin to destination. Also known as an unlinked passenger trip.
BOND	An interest-bearing promise to pay a specified sum of money on a specified date.
BOS	Bus Operations Subcommittee. A subcommittee of the Technical Advisory Committee (TAC). BOS is composed of the 17 bus-operating agencies within Los Angeles County.
BRT	Bus rapid transit. Bus service operated on exclusive rights-of-way (busway) and on short stretches of street lanes designated for bus use.
BSIP	Bus Service Improvement Program. Program to provide additional buses on existing lines to relieve overcrowding.
BUDGET	A plan of financial operations for a given period including proposed expenditures and revenues, and authorized staffing levels.
CAFR	Comprehensive Annual Financial Report. LACMTA's annual financial statements.

CALTRANS	California Department of Transportation. Caltrans is responsible for the design, construction, maintenance, and operation of the California State Highway System, as well as that portion of the Interstate Highway System within the state's boundaries.
CAPITAL ASSET	The acquisition of property, facility, or equipment whose cost exceeds \$2,500 per unit. Capital project costs include installation, delivery cost, sales and use taxes, and general & administrative overhead costs.
CAPITAL PROGRAM (CP)	A portfolio of capital projects and their funding.
CAPITAL PROJECT	Major construction, acquisition, or renovation activities that add value to a government's physical assets or significantly increase their useful life.
CASH BASIS	A basis for keeping accounts whereby revenue and expense are recorded on the books of account when received and paid, respectively, without regard to the period to which they apply.
CBD	Central Business District. An area of high land valuation characterized by a high concentration of retail businesses, service businesses, offices, hotels, and theaters, as well as by a high traffic flow.
CFP	Call for projects. Primary process for the selection of transportation improvement projects for funding with discretionary federal, state, and local revenues.
CMAQ	Congestion Mitigation and Air Quality. Federal funds available for either transit or highway projects that contribute significantly to reducing automobile emissions that cause air pollution.
CNG	Compressed natural gas. Natural gas in high-pressure surface containers that is highly compressed (though not to the point of liquefaction). CNG is used extensively as a transportation fuel for automobiles, trucks and buses.
COMMERCIAL PAPER	Short-term interest-bearing promissory note secured by pledged revenues and a liquidity/credit facility.
CORRIDOR	A defined metropolitan area considered for significant transportation projects such as highway improvements, bus transitways, light rail lines, bikeways, etc.

CP&D	Countywide Planning & Development. Metro department responsible for providing Metro with nationally-recognized leadership, expertise and capability in program development, policy planning and technical analysis in the implementation of transportation system improvements and in the management of travel demand.
CPI	Consumer Price Index. A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living.
CPUC	California Public Utilities Commission. The Commission regulates privately owned electric, telecommunications, natural gas, water and transportation companies, in addition to household goods movers and rail safety.
CTC	California Transportation Commission. The Commission is responsible for the programming and allocating of funds for the construction of highway, passenger rail and transit improvements throughout California.
CTSA	Consolidated Transportation Services Agency. The LACMTA has been designated as the CTSA for Los Angeles County to coordinate all paratransit services to ensure compliance with the Americans with Disabilities Act (ADA).
DBE	Disadvantaged Business Enterprise. Businesses owned and operated primarily by minorities and women.
DEBT PROGRAM	Activities related to current and planned debt service requirements and their funding.
DEDICATED FUNDING SOURCE	A source of monies which by law is available for use only to support a specific purpose, and cannot be diverted to other uses.
DEFEASED LEASE	A lease for which all the scheduled rental payments and the purchase option payment are fully funded from amounts provided at the lease closing. The invested amounts are held by the lease trustee and applied to make the scheduled payments.
DOT	United States Department of Transportation. A Federal department responsible for ensuring a fast, safe, efficient, accessible and convenient national transportation system.
EEO/AA	Equal Employment Opportunity/Affirmative Action. Federal laws prohibiting job discrimination.
EIR	Environmental Impact Report. A detailed statement describing and analyzing the significant environmental effects of a project, and discussing ways to mitigate or avoid those effects.

EMERGENCY MANAGEMENT PANEL	Command panel installed on a wall in public areas of each passenger rail station for coordination of fire/rescue and emergency response forces.
ENCUMBRANCES	Commitments related to unperformed contracts for goods or services.
ENTERPRISE FUND	Fund established to finance and account for the operation and maintenance of facilities and services that are entirely or predominantly self-supporting. Includes related capital and debt activity.
EXPOSITION METRO LINE CONSTRUCTION AUTHORITY	Authority established by the State Legislature for oversight and management of final design and construction of the Exposition Light Rail Transit Project.
EZ PASS	The regional EZ Pass is a monthly pass offered to customers that provides seamless riding among Los Angeles County's sixteen Municipal transit operators and Metro bus and rail services.
FAP	Formula Allocation Program. FAP is the adopted method for allocation of federal, state, and local transit operating subsidies to Los Angeles County bus operators. The current formula allocates funds as follows: 50% based on vehicle service miles and 50% based on "fare units." Allocations are made using audited performance data.
FARE	The price paid to ride public transportation such as a bus or train.
FAREBOX RECOVERY RATIO	Farebox revenue divided by operating costs.
FASB	Financial Accounting Standards Board. The Board establishes and improves standards of financial accounting and reporting for the guidance and education of the public, including issuers, auditors, and users of financial information.
FAU	Federal Aid Urban. Authorized by the enactment of the Federal Highway Act every five years. Cities and the county are eligible for FAU funds for projects such as street reconstruction and widening, and installation of lights and signals.
FEIS	Federal Environmental Impact Statement. A comprehensive study of likely environmental impacts resulting from major federally assisted projects; the National Environmental Policy Act (NEPA) requires these statements.
FIDUCIARY FUNDS	Financial resources held or managed in an agent or fiduciary capacity.

FIS	Financial Information System. The LACMTA's automated, integrated financial accounting and control system.
FISCAL YEAR	The period at the end of which a governmental agency determines its financial position and results of operations. The LACMTA's fiscal year begins July 1 and ends June 30 of the following calendar year.
FIXED ASSETS	Assets of long-term character that are intended to continue to be held or used, such as land, buildings, machinery, furniture, and other equipment.
FIXED GUIDEWAY SYSTEM	A system of vehicles that can operate only on its own guideway constructed for that purpose (e.g., commuter rail, light rail). Federal usage in funding legislation also includes exclusive right-of-way bus operations.
FREIGHT MOVEMENT PROGRAM	A strategic plan being developed by LACMTA to address future goods movement growth throughout the county.
FSP	Metro Freeway Service Patrol. Funded by LACMTA, these contracted towing services remove stalled vehicles from peak period congested freeways. The service is managed by Metro in conjunction with the California Highway Patrol and Caltrans.
FTA	Federal Transit Administration. The Federal government, through the FTA, provides financial assistance to develop new transit systems and improve, maintain, and operate existing systems.
FTE	Full-time equivalent position. A part-time position is converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time typist working for 20 hours per week would be the equivalent to a 0.5 of a full-time position.
FULL FUNDING GRANT AGREEMENT	The federal government's commitment to support a transit project over the course of several fiscal years, contingent upon the availability of funds.
FUNCTION	An activity or a group of related activities for which the reporting unit is responsible.
FUND	A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and changes in these assets and liabilities.
FUND BALANCE	Fund equity in governmental funds - the difference between fund assets and liabilities.

FY	Fiscal year. The period at the end of which a governmental agency determines its financial position and results of operations. The Metro fiscal year begins July 1 and ends June 30.
GASB	Governmental Accounting Standards Board. The Board establishes and improves standards of state and local governmental accounting and financial reporting, resulting in useful information for users of financial reports, and educates the public, including issuers, auditors, and users of those financial reports.
GENERAL AND ADMINISTRATIVE (G&A) COSTS	All activities associated with general administration of the transit agency, including transit service development, injuries and damages, safety, personnel administration, legal services, insurance, data processing, finance and accounting, purchasing and stores, engineering, real estate management, office management and services, customer services, promotion, market research and planning.
GENERAL FUND	Fund used to account for those financial resources that are not required to be accounted for in any other fund.
GOVERNMENTAL FUNDS	Two fund types are used to account for the agency's governmental-type activities: the General Fund, and the Special Revenue Fund. See applicable descriptions herein.
GR	General Relief Token Program. Metro program that provides tokens for transportation of homeless/indigent persons.
HEADWAY	The amount of time separation between scheduled vehicles traveling on the same route and in the same direction.
HEAVY RAIL	High-speed passenger rail cars operating singly or in trains of two or more cars on fixed rails in separate rights-of-way from which all other vehicular and foot traffic is excluded.
HEDGING	Any method of minimizing the risk of price change (for example, hedged variable rate debt or fuel contract hedging).
HOV	High occupancy vehicle lanes or carpool lanes on freeways dedicated for use by vehicles with multiple occupants.
HUB MILES	The mileage operated by each bus based on the reading of the bus odometer, located on the hub of a rear axle, which usually is read during the daily fueling of the bus. This is the mileage data used to schedule the preventive and planned maintenance.
IFB	Invitation for bids. An advertised competitive solicitation for fixed price bids. Awards are made to the responsive, responsible bidder that submits the lowest price.

IMMEDIATE NEEDS TRANSPORTATION PROGRAM	A program started after the Los Angeles riots to distribute taxi vouchers and bus tokens in Los Angeles County.
ITS	Information Technology Services. The department that provides the computer services function at Metro.
JARC	Job Access/Reverse Commute Grant Program. A program enacted through the Personal Responsibility and Work Reconciliation Act of 1996 that provides transportation access to suburban employment for urban residents.
JOINT DEVELOPMENT	Projects that combine public and private resources to build mixed use development around transit station areas.
JPA	Joint Powers Authority. A voluntary association of government entities formed into a special purpose agency to deal with a common problem or problems, carry out a specific project, or provide a specific service, for example, the operation of a regional transit system.
KEY PERFORMANCE INDICATORS (KPI)	Indicators that measure and analyze performance in terms of quantity, effectiveness or efficiency.
LA LIGHT RAIL VEHICLE CAR	Los Angeles Light Rail Vehicle Car. The LA Light Rail Vehicle Car is a generic vehicle designed for the LACMTA for use on light rail lines.
LACMTA	Los Angeles County Metropolitan Transportation Authority. Serves as transportation planner and coordinator, designer, builder and operator for one of the country's largest counties. Also referred to as MTA or METRO.
LEASE	A contract, written or oral, by which possession of land and/or building space is given by owner (lessor) to another (tenant) for a specified period of time (lease term) and for a specified consideration (rent).
LOA	Letter of agreement. A written agreement.
LIGHT RAIL	Lightweight passenger rail cars operating on fixed rails in right-of-way that is not separated from other traffic for much of the way. Light rail vehicles are driven electronically with power drawn from an overhead electric line (catenary).
LOCAL RETURN	Local return is a direct share, based on population, that the 88 cities and the Los Angeles County receive from the total Propositions A and C sales tax revenue. These funds are used to support transit needs or other transportation related projects, including paratransit and fixed route service, street and road maintenance and other transit related improvements.

LONG-TERM DEBT	Financial obligations lasting over one year. For example, debt obligations such as bonds and notes which have maturities greater than one year are considered long-term debt.
LRT	Light rail transit. Modern-day term for a streetcar-type of transit operation.
L RTP	Long Range Transportation Plan. A 25-year plan for multi-modal transportation needs of Los Angeles County.
LRV	Light rail vehicle. Electrically propelled passenger carrying rail vehicle.
M3	Maintenance & Material Management System. A materiel, equipment, and facilities management system that automates the control, planning, acquisition and distribution of inventory and tracking of maintenance activities.
METRO	Preferred nickname for and reference to the Los Angeles County Metropolitan Transportation Authority (LACMTA).
METRO BLUE LINE	Long Beach-Los Angeles Light Rail Transit Project. A 22-mile light rail line constructed by the LACMTA. The line opened for service July 14, 1990.
METRO EXPOSITION LINE	Culver City-Los Angeles Mid-City/Exposition Light Rail Transit Project. An 8.5-mile light rail line currently on an accelerated schedule to begin construction in July 2006. The line is projected to open in 2010.
METRO GOLD LINE	Union Station-Pasadena Light Rail Transit Project. A 13.7-mile light rail line constructed by the Metro Blue Line Construction Authority. The line opened for revenue service July 28, 2003.
METRO GOLD LINE EASTSIDE EXTENSION	A 6-mile Metro Gold Line light rail transit extension planned to provide service between Union Station and East Los Angeles. The line is scheduled to open in late 2009.
METRO GREEN LINE	Norwalk-El Segundo Light Rail Transit Project. A 20-mile light rail line constructed by the LACMTA on the median of the I-105 freeway. The line opened for service August 12, 1995.
METRO ORANGE LINE	A 14-mile Metro Rapidway operating on a dedicated right-of-way between the North Hollywood Metro Rail Station and Warner Center in Woodland Hills. The line opened October 29, 2005.
METRO RAPID	Bus service on arterial streets with several attributes to improve service operating speeds including traffic signal priority, level boarding and alighting with low floor buses, fewer stops, and active management of service operation.
METRO RAPIDWAY	LACMTA's BRT service on a dedicated right-of-way. See Metro Orange Line.

METRO RED LINE – SEGMENT I	Segment I of the Metro Rail project constructed by the LACMTA from Union Station to Wilshire/Alvarado (4.4 miles). Operation began in January 1993.
METRO RED LINE – SEGMENT II	Segment II includes Wilshire/Alvarado west to Wilshire/Western, which opened for service in August 1996, and Wilshire/Vermont north to Hollywood/Vine, which opened for service in June 1999.
METRO RED LINE – SEGMENT III	Segment III of the Metro Rail project includes Hollywood/Vine to North Hollywood, which opened for service in June 2000.
METROLINK	The regional commuter rail system connecting Los Angeles, Orange, Riverside, San Bernardino, and Ventura counties. Service began in October 1992.
MIS	Major Investment Study. The study is required by the FTA to obtain federal funds for any major capital improvement.
MISSION STATEMENT	A brief statement that summarizes an organization’s purpose, intent, and commitment.
MODE	A particular form of transportation identified by the vehicle or mode used, i.e., bus, light rail, heavy rail, car, bike, or foot.
MODIFIED ACCRUAL BASIS	A method of accounting that recognizes increases and decreases in financial resources only to the extent that they reflect near-term inflows or outflows of cash. Under modified accrual accounting, amounts are recognized as revenue when earned, only so long as they are collectible within the period or soon enough afterwards to be used to pay liabilities of the current period.
MOSIP	Municipal Operator Service Improvement Program. The program was created in 1999 to provide Los Angeles County's transit operators with funding from Proposition C 40% discretionary to alleviate overcrowding on their transit systems.
MOU	Memorandum of Understanding. A formal contractual agreement between two or more public agencies.
MOW	Maintenance of Way. Also known as Wayside Maintenance. The maintenance of rail operations fixed plant and equipment other than transit vehicles.
MTA	Metropolitan Transportation Authority. Also known as LACMTA or METRO.
MULTIMODAL	Public transportation system, which employs a combination of highway, bus, rail, HOV, bikeway, pedestrian land use, and demand management systems.

MUNICIPAL OPERATOR	A city or county (including any non-profit corporation or other legal entity wholly-owned or controlled by the city or county) which operates a public transportation system, or which on July 1, 1972, financially supported in whole or in part a privately-owned public transportation system and which is not included within an existing transit district.
NEW START	Federal funding granted under section 3(i) of the Federal Transit Act. These discretionary funds are made available for construction of a new fixed guideway system or extension of any existing fixed guideway system, based on cost-effectiveness, alternatives analysis results and the degree of local financial commitment.
NON-REVENUE VEHICLES	Vehicles that do not carry fare-paying passengers.
NTD	National Transit Database. A database consisting of financial and operational information for over 600 U.S. transit agencies that receive FTA Section 5307 grants.
OBJECTIVE	Time-phased measurable accomplishment required realizing the successful completion of a strategic goal.
OCIP	Owner-controlled insurance program. OCIP self-insurance coverage includes workers' compensation, employer's liability, bodily injury and property damage liability, builder's risk (property), and railroad protective liability.
OMB	Office of Management and Budget. Metro department that develops and coordinates the agency budget activities.
OVERHEAD	Expenses not directly chargeable to a particular program, which support multiple programs of the LACMTA.
OVERHEAD CATENARY	An overhead contact wire system that supplies power from a central power source to a rail vehicle or trolley bus.
P-CARD	Metro's Purchase Card Program is designed to streamline and simplify the requisitioning, purchase and payment process for small dollar transactions. The P-Card may be used to purchase goods and limited services in person, over the phone or on the internet.
PARATRANSIT	Flexible forms of transportation services that are not confined to a fixed route. Paratransit is generally used to provide service for people with disabilities in compliance with the Americans With Disabilities Act of 1990 (ADA).
PASSENGER MILES	The cumulative distance ridden by passengers.

PERFORMANCE INDICATORS	Specific quantitative and qualitative measure of work performed as an objective of specific departments or programs.
PERFORMANCE MEASURES	Data collected to determine how effective or efficient a department or program is in achieving its objectives.
PRE-QUALIFICATION PROGRAM	A program that assures that Metro enters into contracts only with qualified firms.
PROGRAM	A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the government is responsible.
PROP A	Proposition A is a sales tax initiative approved by the Los Angeles County voters in 1980. The proposition established a one-half cent sales tax to be used for public transportation purposes.
PROP C	Proposition C is a sales tax initiative approved by the Los Angeles County voters in 1990. The proposition established a one half-cent sales tax to be used for public transportation purposes.
PROPRIETARY FUND	A fund type that is used to account for business-type activities, i.e., activities that receive a significant portion of their funding through user charges. See Enterprise Fund.
PTSC	Public Transportation Services Corporation. Created by the LACMTA in December 1996, the PTSC is a non-profit public benefit corporation organized under the laws of the State of California.
REVENUE SERVICE HOURS (RSH)	Total number of scheduled hours that a bus or train is in service. This total excludes hours spent traveling to and from storage facilities and during other non-service travel. Also referred to as Revenue Vehicle Service Hours (RVSH).
REVENUE SERVICE MILES	Total miles traveled by a revenue vehicle used to provide public transportation. Excludes miles spent traveling to and from storage facilities and on other non-service travel.
REVENUE VEHICLE	Vehicles that carry fare-paying passengers.
REVENUE VEHICLE MILES	Total miles traveled by a revenue vehicle used to provide public transportation. Excludes miles spent traveling to and from storage facilities and on other non-service travel.
RFP	Request for proposal. The competitive proposal method of procurement. Award is made on a negotiated fixed price or cost reimbursement basis.
ROD	Revenue operations date. The date revenue operations begin.
RTAA	Regional Transit Alternatives Analysis. A projection that identifies future funding availability through fiscal year 2010.

SAFE	Service Authority for Freeway Emergencies. One dollar from each vehicle registration within Los Angeles County is used to provide expanded and improved emergency call box service along the highways. SAFE is a separate legal entity.
SAFETEA-LU	Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users. Authorizes the Federal surface transportation programs for highways, highway safety, and transit for the 5-year period 2005-2009.
SANBAG	San Bernardino Associated Governments. The council of governments and transportation planning agency for San Bernardino County.
SBE	Small Business Enterprise. Businesses in which more than 50% of the business is owned and operated primarily by socially or economically disadvantaged individuals.
SBU	Strategic Business Unit. Metro is organized into seven strategic business units: Board of Directors, Chief of Staff, Communications, Construction Project Management, Countywide Planning & Development, Support Services, and Transit Operations.
SCADA	Supervisory Control and Data Acquisition system. A system used by Rail Operations to regulate, direct, and modify train movement and to monitor the functional state of rail facilities (e.g. rail signals, switches, electricity loads, station ventilation, security, etc.).
SCAG	Southern California Association of Governments. SCAG is mandated by the federal government as the Metropolitan Planning Organization (MPO) for six counties (Los Angeles, Orange, San Bernardino, Riverside, Ventura and Imperial). Its mission is to research and develop plans for transportation, growth management, hazardous waste management, and air quality.
SCAQMD	South Coast Air Quality Management District. The air pollution control agency for the four-county region including Los Angeles and Orange counties and parts of Riverside and San Bernardino counties.
SCORECARD	A system that graphically displays the status of many agency key performance indicators. The Scorecard (also referred to as the CEO Scorecard) measures plans against results and displays historical data, current totals, targets, and forecasts so users can easily assess progress, monitor trends, and identify best practices.

SCRRA	Southern California Regional Rail Authority. A joint powers agency including Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties formed to plan, construct, and operate the regional commuter rail system known as Metrolink.
SERVICE SECTOR	Five geographic bus service areas of Metro managed by a General Manager with oversight from an independent, appointed local council. The five sectors are known as Metro San Fernando Valley, Metro San Gabriel Valley, Metro South Bay, Metro Gateway Cities, and Metro Westside-Central.
SHORE	Support for Homeless Re-entry Program. The LACMTA provides bus tokens to Los Angeles County shelters and missions.
SHORT-TERM DEBT	Financial obligations lasting one year or less. For example, T-bills and commercial papers are considered short-term debt since their maturities are typically shorter than one year.
SPECIAL REVENUE FUND	Fund used to account for specific revenue sources (other than major capital projects) that are restricted for specified purposes.
SRTP	Short Range Transportation Plan. A planning document with five-year projections that describes goals and objectives of each transit operator in the county, provides estimates of ridership, services and expenses, and outlines proposed service modifications.
STA	State Transit Assistance fund. Used to account for the revenue from the sales tax on gasoline used for transit purposes. The STA fund was created as an amendment to the Transportation Development Act of 1976.
STIP	State Transportation Improvement Program. The California Transportation Commission (CTC) adopted this program that serves as the primary vehicle for programming funds for highway projects.
TAC	Technical Advisory Committee. Composed of agency staff that meet to discuss technical transportation policy issues.
TAP	Transit Access Pass. A thin plastic card the size of a credit card with an embedded microprocessor commonly referred to as a “smart card.” Used as fare media in stored-value collection systems for multi-modal transit operations.
TCU	Transportation Communications Union. The union representing selected clerical office employees, telephone information clerks, custodial staff, and stores personnel.

TDA	Transportation Development Act. Created by state law in 1972, the TDA authorized the use of ¼ of 1% of the state sales tax for transportation purposes. 1% of this revenue is allocated to the LACMTA for its transportation planning activities.
TEA-21	Transportation Equity Act for the 21 st Century. On June 9, 1998, the President signed the Transportation Equity Act for the 21 st Century (TEA-21) authorizing highway, highway safety, transit and other surface transportation programs for the next six years.
TEAMSTERS	International Brotherhood of Teamsters (IBT). Union representing security guards.
TIP	Transportation Improvement Program. The programming document, which establishes allocation of funding for Los Angeles County highways and transit systems.
TOTS	Transit Operating and Trend System. A system that collects and reports bus operator salary and hours data.
TSM	Transportation Systems Management. A program of user incentives and disincentives to maximize capacity and usage of the existing transportation network.
TVM	Ticket Vending Machine. Vending machines located at transit station entrances for the purchase of tickets.
UFS	Universal Fare System. Fare collection equipment that will enable the region's customers to travel seamlessly and ensure compatibility with other transit systems within Los Angeles County.
UNLINKED PASSENGER TRIP	The boarding of one passenger on a transit vehicle in revenue service.
UTU	United Transportation Union. Union representing bus and rail operators and other operations employees.
WAYFINDING	The orderly presentation of information needed to let people comfortably and successfully navigate in an environment. While signage is the primary tool used to communicate that information, it is not the only one.
WAYSIDE EQUIPMENT	A system for automatically controlling train movement, enforcing train safety, and directing train operations by computers.

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IX. Abbreviations

Abbreviations

ABC	Activity-based costing
ADA	Americans with Disabilities Act
AFSCME	American Federation of State, County, and Municipal Employees
AQMD	Air Quality Management District
ASI	Access Services, Incorporated
ATMS	Advanced Transportation Management System
ATU	Amalgamated Transit Union
ATVC	Advanced Technology Vehicle Consortium
BAD	Benefit Assessment District
BIAS	Budget Information Analysis System
BOC	Bus Operations Control
BOS	Bus Operations Subcommittee
BRT	Bus Rapid Transit
BSIP	Bus Service Improvement Program
CAFR	Comprehensive Annual Financial Report
CALTRANS	California Department of Transportation
CBD	Central Business District
CCIP	Contractor-controlled insurance program
CCTC	Closed circuit television camera
CFP	Call for projects
CHP	California Highway Patrol
CMAQ	Congestion Mitigation and Air Quality
CNG	Compressed natural gas
CP	Capital Program
CP&D	Countywide Planning and Development
CPI	Consumer Price Index
CPUC	California Public Utilities Commission
CTC	California Transportation Commission
CTSA	Consolidated Transportation Services Agency
DBE	Disadvantaged Business Enterprise
DOT	Department of Transportation (United States)

EEO/AA	Equal Employment Opportunity/Affirmative Action
EF	Enterprise Fund
EIR	Environmental Impact Report
EMP	Emergency Management Panel
FAP	Formula Allocation Program
FASB	Financial Accounting Standards Board
FAU	Federal Aid Urban
FEIS	Federal Environmental Impact Statement
FFGA	Full Funding Grant Agreement
FIS	Financial Information System
FSP	Freeway Service Patrol
FTA	Federal Transit Administration
FTE	Full time equivalent
FY	Fiscal year
GASB	Governmental Accounting Standards Board
GF	General Fund
GPS	Global positioning system
GR	General Relief Token Program
HCNG	Hydrogen-Compressed Natural Gas
HOV	High occupancy vehicle
IBT	International Brotherhood of Teamsters
IFB	Invitation for bids
ITS	Information Technology Services
JARC	Job Access/Reverse Commute Grant Program
JPA	Joint Powers Authority
KPI	Key Performance Indicator
LACMTA	Los Angeles County Metropolitan Transportation Authority
LASD	Los Angeles Sheriffs Department
LOA	Letter of agreement
LRT	Light rail transit
LRTP	Long Range Transportation Plan
LRV	Light rail vehicle
M3	Maintenance and Material Management System

MATIS	Motorist Aid & Traveler Information System
MBL	Metro Blue Line
METRO	Los Angeles County Metropolitan Transportation Authority
MGL	Metro Gold Line
MIS	Major Investment Study
MOSIP	Municipal Operator Service Improvement Program
MOU	Memorandum of Understanding
MOW	Maintenance of way
MRL	Metro Red Line
MTA	Metropolitan Transportation Authority
NC	Non-Contract
NTD	National Transit Database
OCIP	Owner-controlled insurance program
OMB	Office of Management and Budget
OTP	On-time performance
PBLCA	Pasadena Blue Line Construction Authority
PERS	California Public Employees Retirement System
PGL	Pasadena Gold Line
PLC	Programmable Logic Controller
PRMA	PTSC-MTA Risk Management Authority
PROP A	Proposition A
PROP C	Proposition C
PTSC	Public Transportation Services Corporation
RFP	Request for proposal
RFS	Rail Fleet Services
ROC	Rail Operations Control
ROD	Revenue operations date
RRC	Regional Rebuild Center
RSH	Revenue service hours
RSM	Revenue service miles
RTAA	Regional Transit Alternatives Analysis
RVSH	Revenue vehicle service hours
SAFE	Service Authority for Freeway Emergencies

SAFETEA-LU	Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users
SANBAG	San Bernardino Associated Governments
SBE	Small Business Enterprise
SBU	Strategic Business Unit
SCADA	Supervisory Control and Data Acquisition system
SCAG	Southern California Association of Governments
SCAQMD	South Coast Air Quality Management District
SCRRA	Southern California Regional Rail Authority
SHORE	Support for Homeless Re-entry Program
SRF	Special Revenue Fund
S RTP	Short Range Transportation Plan
STA	State Transit Assistance Fund
STIP	State Transportation Improvement Program
TAC	Technical Advisory Committee
TAP	Transit Access Pass
TCU	Transportation Communications Union
TDA	Transportation Development Act
TEA-21	Transportation Equity Act for the 21 st Century
TIP	Transportation Improvement Program
TOTS	Transit Operating and Trend System
TSM	Transportation Systems Management
TVM	Ticket vending machine
UFS	Universal Fare System
USG	Union Station Gateway
UST	Underground storage tank
UTU	United Transportation Union
WE	Wage expense

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