



July 20, 1994

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TO: MTA BOARD MEMBERS AND ALTERNATES  
FROM: FRANKLIN E. WHITE *Few*  
SUBJECT: INITIAL REACTIONS TO THE  
FOOTHILL TRANSIT PROPOSAL

213.623.1194

Foothill Transit has submitted a proposal to assume responsibility for the operation of 12 MTA bus routes serving the San Gabriel Valley. The proposal estimates that this action will generate net annual MTA savings of \$9.7 million. Foothill suggests that the MTA employ these savings to offset its deficit, maintain service levels, lower fare increases, and expand service on overcrowded lines.

Realistically, the Foothill Transit proposal will generate no savings during the first year. This should be expected, as the MTA will need to grapple with attrition of drivers and mechanics, elimination of facilities, and reductions in support functions. These changes will present major logistical and management challenges. Obviously, if the 230 drivers affected were reassigned to increase service in other areas there would be no savings at all.

This lack of front-end savings does not mean we should reject the idea. However, the MTA should not transfer large amounts of service without a well-thought out plan. Haphazard transfers of service will not result in promised cost savings or in coordinated transit services in Los Angeles County. Cost savings will be driven largely by the MTA's ability to reduce or redeploy its labor force within contractual provisions and its ability to streamline or avoid fixed costs of existing facilities and support functions.

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In any case, decisions concerning which operator will provide transit services in any county area ought to be preceded by a discussion of the MTA's long-term role in local transit. The Foothill proposal is but one of several that will undoubtedly be forthcoming in FY '95. The MTA needs to determine if it wishes to have subregional transit operators rather than a large countywide primary service provider, and, if so, how such a transit network would be implemented. A policy framework which answers these questions should be established in conjunction with the reassessment of the Long-Term Plan. To this end, I recommend we initiate a strategic planning process under the Board's guidance, which establishes our ultimate objectives. Then we will be in a position to evaluate various restructuring proposals with an understanding of how they will contribute to an effective countywide transit system.

I recommend that the Board establish an Ad Hoc Service Restructuring Committee reporting to the Planning and Programming Committee and Operations Committees. Staff would present a workplan at the September meeting.