



Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012-2952

SUBJECT: TRANSPORTATION ZONES - UPDATES AND ISSUES

ACTION: APPROVE MODIFICATIONS TO THE SAN GABRIEL VALLEY TRANSPORTATION ZONE PRE-APPLICATION

RECOMMENDATION

- A. Approve the following actions regarding modifications to the Transportation Zone Pre-Application for the San Gabriel Valley:
- 1) Recognize the San Gabriel Valley Transportation Zone Interim Joint Powers Authority (SGVTZ IJPA) as the applicant.
 - 2) Amend the Pre-Application to delete Lines 471 and 497, and add Line 260 in its entirety.
- B. Waive application of steps 2 and 4 of the Zone Application Process for the Pre-Application, as amended, since these steps dealing with notice and stakeholder briefings were already completed for the original Pre-Application and the remaining steps in the Application Process will provide ample opportunity for further notice and stakeholder briefings regarding the amendments.

ISSUE

Transportation Zone application activities for both the San Fernando Valley and San Gabriel Valley have accelerated significantly during the past few months. Staff has met with representatives from both zone applicants regarding issues and processes contained in the Local Transportation Zone Guidelines that were adopted by the Board in April 1999. These Guidelines contain a 20-step process for the creation of zones. Preliminary staff estimates presented to both zone applicants indicate a timeline that could lead to final Board review and action in March 2002.

Last month, the Board approved modifications to the San Fernando Valley Transportation Zone (SFVTZ) Pre-Application to be consistent with service changes associated with the implementation of the Metro Red Line and Rapid Bus in the San Fernando Valley. The resulting bus line changes occurred after the original pre-application was submitted in December 1998, and approved by the Board in May 1999. The June Board action also waived any requirement to repeat steps previously completed by the SFVTZ.

Staff has also received a request from the San Gabriel Valley Transportation Zone to modify its pre-application. The transmittal letter and a listing of the bus lines proposed by the SGVTZ are contained in the attachment. The revised San Gabriel Valley pre-application includes a proposed change in governance structure and several line modifications. The prior governance concept was to expand the boundaries of Foothill Transit using the existing Foothill Joint Powers Authority. The proposed governance would be a new Joint Powers Authority consisting of the San Gabriel Valley Council of Governments (SGVCOG), the County of Los Angeles, and the nine cities in the West San Gabriel Valley.

Staff believes that the application as submitted is consistent with both the Zone Guidelines and the PUC. In addition, staff recommends that the line modifications be approved as submitted. These modifications reflect some service changes that have occurred since the original pre-application and also include transfer to the proposed zone of line 260 in its entirety. Previously, staff had recommended and the Board approved denying the applicant request to only operate a portion of this line with the proviso that the Zone could operate limited stop service on the portion of the line within the Zone. However, since the application now includes operation of the entire line, staff believes that from a customer service and overall service planning perspectives that it would be more logical for the entire line to be operated by the zone.

As with the San Fernando Valley, it is recommended that the Board waive any provision of the Zone Guidelines that would require the applicant to repeat steps that have already been completed as a result of the modifications. These completed steps deal with notice and stakeholder briefings and the remaining steps provide ample opportunity for further notice and briefings.

BACKGROUND

Both the San Fernando Valley Transportation Zone and the SGVTZ as the Expanded Foothill Transit Zone submitted Pre-Applications to the MTA in December 1998. In April 1999, the Board adopted the Local Transportation Zone Guidelines and established the associated MTA Lines of Regional Significance, which identify a network of services to provide connectivity throughout the existing MTA service area where the MTA would retain the ability to make policy decisions such as fares and service frequencies. The Board approved both pre-applications in May 1999. Stakeholder briefings were held to inform and receive input from potentially impacted organizations, groups, government agencies and municipalities.

Due to a number of issues, including pending state legislation and labor negotiations, both zone applicants suspended or delayed their activities. Following the passage of SB 1101 that requires the Zone to assume union contracts, subject to specific limitations, and the completion of MTA labor negotiations, the applicants indicated an interest in renewing this process. The San Fernando Valley submitted a Draft Operational and Financial Plan to the MTA in April 2001, completing the seventh step of the evaluation process. MTA staff, with the assistance of Booz, Allen and Hamilton, (which has a contract to advise the MTA on the zone applications), has been working closely with zone representatives to assure full compliance with the zone guideline process. Most recently, staff has also met with the San Gabriel Valley Transportation Zone representatives and begun to discuss issues affecting the finalization of their draft operational and financial plan.

POLICY IMPLICATIONS

While the recommended actions in this Board Report relate only to the SGVTZ they must be considered in the context of the parallel SFVTZ formation application. If the Board approved both applications, the amount of bus service delivered by MTA Transit Operations would be reduced by approximately 28 percent. This would be a significant change and raises a number of associated policy issues, such as potential impacts on the remainder of the MTA service, probability for additional transportation zone applications and the roles of the MTA in coordinating and operating transit services.

Effect on MTA Transit Operations

~~The removal of up to 28% of the bus service provided by MTA Transit Operations would result in an increase in the cost per hour of the remaining service. This is because it is doubtful that the MTA support and overhead services will be able to reduce costs in direct proportion to the amount of service being transferred. Some examples of the potential impacts are as follows:~~

1. ~~Los Angeles Police Department and Los Angeles County Sheriffs Department~~

~~Based on bus security savings estimates provided by LAPD and LACSD in 1999 as part of the cost savings estimates, a reduction of only \$4.5 million of the \$36.5 million security contracts could be achieved with these contracts. This represents the level of bus security being provided by LAPD and LACSD within the two zones. While the zones account for 28% of the bus service provided by the MTA, the security savings would only be 12.5% of the total security contract. This is because a much higher level of security is provided outside of these two zone areas. The remaining disproportionately higher security costs would result in a higher MTA cost per bus hour of service.~~

2. ~~Regional Rebuild Center (RRC) Utilization~~

~~Currently there are 208 mechanic positions assigned to the RRC. The 1999 cost savings estimates indicated that a total of 60 mechanic positions could be reduced at the RRC if both zones were formed. While this represents 28% of the mechanics assigned to the RRC, the reduction of this many positions would make the RRC less efficient. The RRC was designed to serve a countywide bus fleet of over 3,000 vehicles. By serving a remaining fleet of only 1,500 the RRC would be significantly under utilized. One policy option would be to require implemented zones to perform all of their heavy maintenance at the RRC.~~

3. ~~Bus Debt Services~~

~~Several of the interest/debt expenses that the MTA bus system has accrued, cannot be allocated to zone operators. These include cross border bus leases, and existing workers' compensation debts and certificates of participation to fund WC claims. Worker's compensation claims and the associated costs will stay with the MTA even if the employees transfer to a zone.~~

4. ~~General and Administrative and Others~~

~~Many of the administrative support units within the MTA will be unable to proportionally reduce staffing and expenses. As an example, as part of the 1999 Zone Divestiture Analysis, the Accounting Department audited all invoices agency wide. Their findings were that only 2.8% of the total invoices processed could be attributed solely to the bus divisions in the San Fernando Valley and San Gabriel Valley. This is far less than a proportionate reduction of the Accounting cost allocation to the bus project for San Fernando and San Gabriel Valley Service. Other G & A expenses would be largely unaffected by divestitures. These include MTA Board of Directors, County Counsel, Gateway Building Services, Treasury, and Office of the CEO.~~

~~The Zone Guidelines clearly state that the formation of a transportation zone cannot significantly reduce revenues and funding in excess of expected cost savings from the transfer of services and assets to a zone. Thus the MTA and the applicant must carefully balance funding transfers, cost savings, and service for the implementation of a zone to be positive throughout the region.~~

Other Operating and Governance Issues

~~In 1998, staff presented a report on subregional governance and divestiture as requested by the Board. That report raised a number of issues that remain relevant today. Clearly, the primary goal of both current applicants is to retain local control of the service with the thought that both the customers and the localities will be better served under this model. Further, even though the potential for initial service enhancements has been reduced compared to the prior Foothill Transit experience, which provided the transfer of fully allocated costs and did not include the retention of MTA wages and benefits as required under SB1101, both applicants believe that in the longer term there will be additional cost savings and opportunities for service expansion.~~

~~The continued potential to consider decentralization, divestiture or secession is certainly not limited to the MTA and is being addressed or considered in a number of situations throughout the county and the country. Staff believes that updating the subregional governance alternatives would provide potential for a more proactive approach to the above issues.~~

OPTIONS

~~The Board could not approve or modify the San Gabriel Valley revised pre-application or not waive the steps in the zone application process. Staff believes the existing recommendation is consistent with prior Board direction to work collaboratively with the applicants.~~

~~Similarly, the Board could direct staff not to reconsider subregional governance alternatives and other policy issues regarding zone formation. However, staff believes this is a timely issue worth reevaluation and report.~~

FINANCIAL IMPACT


The recommendations in this report have no immediate financial impact. Evaluation of zone applications will include a thorough financial analysis.

NEXT STEPS

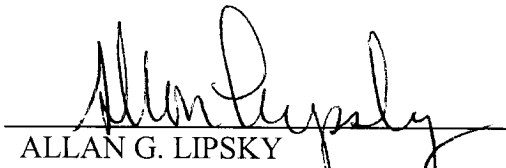
Staff will continue working with the applicants per the zone application process and begin development of the update of the subregional governance alternatives and associated policy issues for report to the Board in September.

Prepared by: Jon Hillmer
 Project Manager

Jim McLaughlin
Director, Transit Planning

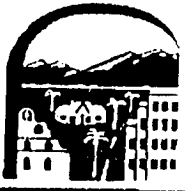


JAMES L. de la LOZA
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ATTACHMENT



San Gabriel Valley Council of Governments

June 20, 2001

Mr. Julian Burke
LACMTA
One Gateway Plaza
Los Angeles, CA 90012

Subject: San Gabriel Valley Transportation Zone IJPA request

Dear Mr. Burke:

On December 3, 1998, Foothill Transit and the San Gabriel Valley Council of Governments (SGVCOG) submitted a pre-application for expanding the current Foothill Transit zone boundary and requested consideration of transferring 31 MTA routes to the expanded zone. Due to a number of issues, Foothill Transit, in discussions with the SGVCOG, decided not to continue as the applicant entity for the new zone. The new entity (called the San Gabriel Valley Transportation Zone IJPA and is made up of the SGVCOG, the County of Los Angeles, and the Cities of Pasadena, Sierra Madre, San Marino, South Pasadena, San Gabriel, Alhambra, Rosemead, Monterey Park, and Montebello) incorporating the same jurisdictions and zone boundary, is requesting that the San Gabriel Valley Transportation Zone IJPA be the official applicant for the new zone and be allowed to proceed with the preparation of the Draft Operational and Financial Plan (Step 7 of the MTA Zone Guidelines) for review by the MTA.

On May 27, 1999, the MTA Board, based on the recommendation of the Planning and Programming Committee, approved the Foothill Transit pre-application with a number of modifications. The San Gabriel Valley Transportation Zone IJPA is requesting that the MTA reconsider the action on that date that MTA would continue to operate route 260. Route 260 would be the only major MTA route that would continue to operate in the San Gabriel Valley and it would be more cost-effective and reasonable to allow the new zone applicant to operate the service and to provide enhancements as needed. Route 260 is a regionally significant route as defined by MTA; but on May 27, 1999, the MTA also approved the regionally significant routes 70, 78/378/79/379, and 266 for transfer to the new zone. The route 260 was the only route requested at that time that was excluded. It would make sense at this to time to include route 260. All 11 regionally significant routes requested by the San Fernando Valley were approved by MTA.

The San Gabriel Valley Transportation Zone IJPA is requesting transfer of the 29 MTA bus routes as shown in Table 1. Originally, routes 471 and 497 were considered by the San Gabriel Valley Transportation Zone IJPA, but it is our understanding that these two routes are under negotiation with Foothill Transit and the San Gabriel Valley Transportation Zone IJPA is not requesting transfer of these routes.

Sincerely,

D. Barton Doyle
Chair, San Gabriel Valley Transportation Zone IJPA

Table 1

**MTA Routes for Transfer to
San Gabriel Valley Transportation Zone IJPA**

| MTA Route | Description |
|------------------|---------------------------------------------------------------------------------------------------------------------|
| 70 | LA to El Monte Bus Station via Marengo Street and Garvey Avenue |
| 76 | LA to El Monte Bus Station via Valley Blvd |
| 78/378 | LA to South Arcadia via Huntington Dr and Las Tunas Dr |
| 79/379 | LA to Arcadia via Huntington Dr |
| 170 | Cal State LA-El Monte Bus Station via Montebello Town Center |
| 176 | Glassell Park-Highland Park-South Pasadena-Alhambra-San Gabriel-Rosemead-El Monte Bus Station |
| 177 | La Canada Flintridge (JPL)-Pasadena-Arcadia-Monrovia-Duarte via Foothill Blvd |
| 188 | Altadena-N. Fair Oaks Ave-Colorado Blvd-Duarte Road-Duarte |
| 256 | Commerce-Eastern Ave-Avenue 64-North Hill Ave-Altadena |
| 258 | South Gate-Eastern Ave-Arizona Ave-Fremont Ave-Alhambra |
| 259 | South Gate-Eastern Ave-Arizona Ave-Fremont Ave-Templeton St-El Sereno |
| 260 | Artesia Blue Line Station-Pasadena via Atlantic Blvd. |
| 262 | South Gate-Alhambra/San Marino via Garfield Ave |
| 264 | Altadena/Pasadena-Altadena Dr-San Gabriel Blvd-Montebello Town Center |
| 266 | Pasadena-Rosemead Blvd-Lakewood Blvd-Lakewood Center Mall |
| 267 | El Monte Bus Station-Temple City Blvd-Del Mar Blvd-Lincoln Ave-Altadena |
| 268 | El Monte Bus Station-Baldwin Ave-Washington Blvd-JPL |
| 270 | Monrovia-El Monte Bus Station-Whittier-Santa Fe Springs-Norwalk-Cerritos-Metro Green Line I-605/I-105 Station |
| 401/402 | LA-Pasadena via Pasadena Fwy and Allen Ave (note: route 402 is being cancelled and service combined with route 401) |
| 483/485 | LA-Altadena via Fair Oaks Ave and Lake Ave |
| 484 | LA-El Monte Bus Station-La Puente-Pomona via the Busway and Valley Blvd |
| 487 | LA-San Gabriel-Sierra Madre via San Gabriel Blvd |
| 489 | LA-Temple City-Hastings Ranch via Valley Blvd and Rosemead Blvd |
| 490 | LA-El Monte Bus Station-Baldwin Park-Covina-Walnut-Cal Poly-Lanterman- Brea Mall-Cal Fullerton |
| 491 | LA-El Monte Bus Station-Arcadia-Sierra Madre via Santa Anita Ave |