Agenda

BUS OPERATIONS SUBCOMMITTEE
Thursday, August 8, 1991 - 9:30 a.m.
LACTC Long Beach Room, 11th Floor
818 West Seventh Street
Los Angeles, CA 90017

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1. Call to Order
2. Approval of July 11, 1991 Minutes (Item #2, Page 2)
3. RTD Line 130/Torrance Line 6 Funding (Oral Report)
4. Included Municipal Operator Status
   - Antelope Valley and Santa Clarita (Item #4, Page 4)
   - City of Los Angeles (Item #4, Page 9)
5. Private Sector Involvement Policy (Item #5, Page 29)
6. Legislative Update (Oral Report)
7. 30-Year Plan Future Bus Estimates (Oral Report)
8. UMTA/COMSIS Study: Mix of L.A. County Bus Service (Oral Report)
10. Update on Proposition C Discretionary (Item #10, Page 39)
11. FY 1991 State Transit Assistance Fund Allocations (Item #11, Page 58)
12. New Business
13. Adjournment
Minutes

JULY 11, 1991

BUS OPERATIONS SUBCOMMITTEE

MEMBERS PRESENT

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<tr>
<td>Stephanie Griffin</td>
<td>Santa Monica</td>
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<td>David Feinberg</td>
<td>Arcadia</td>
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<td>Susan Rizenman</td>
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<td>Jim McLaughlin</td>
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<td>Greg Kelly</td>
<td>L.A. Co. Dept. of Public Works</td>
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<td>John Dimario</td>
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<td>Cara Rice</td>
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<td>Steven Brown</td>
<td>SCRTD</td>
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<td>Bob Hildebrand</td>
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OTHERS PRESENT

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<tr>
<td>Dolores Buddell-Teubner</td>
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<td>Heim Geffen</td>
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<td>John Medina</td>
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<td>Mary Sue O'Melia</td>
<td>Booz-Allen &amp; Hamilton</td>
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<td>Mike Prior</td>
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<td>Barry Samsten</td>
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<td>David Stein</td>
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<td>Michael Uyeno</td>
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LACTC STAFF PRESENT

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<td>David Chan</td>
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CALL TO ORDER

The Meeting was called to order at 9:40 a.m.

APPROVAL OF JUNE 6, 1991 MINUTES

The minutes were moved, seconded, and approved as presented.

RTD/LINE 130/TORRANCE LINE 6 FUNDING

Item held over until August BOS meeting.

NORTH COUNTY INCLUDED MUNICIPAL OPERATOR STATUS

Rich DeRock, LACTC, summarized a request by the City of Santa Clarita and Antelope Valley Transit System to be designated as Included Municipal Operator. Santa Clarita is requesting eligibility for Section 9, STA, Proposition A Discretionary, and TDA Article 8 funds. Antelope Valley is requesting eligibility for STA, Proposition A Discretionary, and TDA Article 8 funds.

BOS members requested that LACTC staff delay sending this item to the Planning and Mobility Improvement Committee to allow more time for discussion of impacts on existing included operators.

CITY OF L.A. INCLUDED MUNICIPAL OPERATOR STATUS

Alan Patashnick, LATC outlined the City of Los Angeles' request to be designated as Included Municipal Operator. The City's Department of Transportation (LADOT) is requesting eligibility for Section 9, STA, Proposition A Discretionary, and TDA Article 4 funds.

BOS members requested that LACTC staff delay sending this item to the Planning and Mobility Improvement Committee to allow more time for discussion of impacts on existing included operators.

PRIVATE SECTOR INVOLVEMENT POLICY

Jim Parker, LACTC, presented the Private Sector Forum's suggested revisions to the LACTC draft guidelines for private enterprise participation. BOS members raised several concerns and asked to have the item placed on the August BOS agenda.

ON-BOARD ORIGIN AND DESTINATION SURVEY

Ray Maekawa, LACTC asked the operators to conduct on-board rider surveys before September, 1991 in order to update SCAG's 1967 data on origins and destinations. BOS members suggested some minor modifications to the proposed questionnaire and agreed to participate.
CONGESTION MANAGEMENT PROGRAM/TRANSIT ELEMENT

Mary Sue O'Melia, Booz-Allen & Hamilton, highlighted changes to the Transit Element since last discussed with the BOS. SCRTD and Long Beach Transit representatives offered comments.

FY 1992 STATE TRANSIT ASSISTANCE ALLOCATION

Dale Royal, LACTC, reviewed the efficiency standards worksheet with the members and notified the BOS that a final worksheet with allocation instructions would be available in August after revisions are completed.

LEGISLATIVE UPDATE

Deidre Heitman and Claudette Moody presented the following bills:

   AB 2056 - limits legal action on voter-approved tax increases.

   SB 2057 - allows LACTC to solicit for private bids on LAX to Palmdale and rail service.

   AB 2163 - increases the penalty for bypassing lowered railroad crossing gates.

   AB 590/SB 561 - authorizes petroleum violation fees toward SMART street projects.

PROPOSITION C DISCRETIONARY/UPDATE

Item held over until August BOS meeting.

NEW BUSINESS

None.

ADJOURNMENT

The meeting adjourned at 12:15 p.m.
July 3, 1991

MEMO TO: BUS OPERATIONS SUBCOMMITTEE - 7/11 MEETING
PLANNING AND MOBILITY IMPROVEMENT COMMITTEE - 7/17 MEETING

FROM: NEIL PETERSON

SUBJECT: INCLUDED MUNICIPAL OPERATOR STATUS FOR SANTA CLARITA TRANSIT AND THE ANTELOPE VALLEY TRANSIT SYSTEM

ISSUE

The City of Santa Clarita and the Antelope Valley Transit System have requested that they be designated Included Municipal Operators and be allocated funding beginning in FY 1993.

RECOMMENDATION

1. Designate the City of Santa Clarita as an Included Municipal Operator for the allocation of UMTA Section 9 funds, State Transit Assistance and Proposition A Discretionary funds beginning in FY 1993.

2. Designate the Antelope Valley Transit System as an Included Municipal Operator for the allocation of Proposition A Discretionary and State Transit Assistance funds beginning in FY 1993.

3. Utilize the growth over inflation in Proposition A Discretionary monies to provide the required subsidy.

RELATIONSHIP TO COMMISSION GOALS

The designation of the North County transit operators as Included Municipal Operators will improve and expand transit services in the Santa Clarita and Antelope Valleys. The direct results and benefits to North County residents will be improved mobility in a cost-effective manner, an enhanced quality of life, and an increased level of satisfaction with their transit services.
BUDGET IMPACT

The designation of the City of Santa Clarita and the Antelope Valley Transit System as Included Municipal Operators will have no direct effect on the Commission's budget as the funds these agencies receive are not included in our budget. It is recommended that the growth over inflation in Proposition A 40% Discretionary funds be utilized to keep the current included municipal operators' base whole. The North County operators would be eligible to receive UMTA Section 9, State Transit Assistance, and Proposition A Discretionary funds. The maximum impact would be approximately 0.33% of the total available regional funds or $1.4 million. This level of allocation would only be reached if the North County cities commit all other available funds to transit operations.

BACKGROUND/DISCUSSION

In April of this year, both the City of Santa Clarita and the Antelope Valley Transit System requested that the LACTC designate their transit systems as Included Municipal Operators. Both operators indicated that with the change in the Proposition A Discretionary guidelines, they wish to have their existing services included in the revised program's funding base. Both the Santa Clarita and Antelope Valley cities have requested their inclusion on the basis of equity and fairness.

As the North County is totally outside of the SCRTD's service area, it receives no direct or indirect benefit from the Proposition A 40% Discretionary fund. In fact, the North County cities have calculated that for every $1.00 paid in Proposition A sales taxes in the North County, they receive only $0.16 in return. Based on this reality and the fact that both North County operators meet the general criteria for designation as an Included Municipal Operator, they have asked to be included in the regional funding pool so that they may receive a fare share of the tax receipts.

In the case of Santa Clarita, the City is requesting eligibility to receive its proportionate share of UMTA Section 9 funds, State Transit Assistance (STA) and Proposition A Discretionary funds. The City has not requested any share of the Transportation Development Act (TDA) Article 4 funds as it currently receives a like amount of TDA Article 8 funds. Santa Clarita has submitted information to show that it has met all of the Commission's adopted criteria for designation as an Included Municipal Operator (Attachment A). In conformance with the policy, the general public commuter service has been in operation for over six years and for the last four years has achieved a 60% farebox recovery.
The system has submitted and has had approved short range transit plans and is providing a service beyond the service area of all other transit providers. Additionally, the Santa Clarita service has developed a transfer agreement with the SCRTD and has submitted Section 15 data since 1987.

The Antelope Valley Transit System is only requesting eligibility for Proposition A Discretionary and STA funds as it receives TDA Article 8 and its own allocation of UMTA section 9 funds. Similar to Santa Clarita, the Antelope Valley Transit system has submitted documentation showing that its Commuter service will meet all of the adopted criteria for designation as an Included Municipal Operator by FY 1993.

Commission staff has reviewed the requests by the North County transit operators and believe they have merit. Both transit systems are currently in the process of significant expansions and have proposed service plans which use all of their Proposition A Local Return allocations as well as other local funds. Additionally, both transit systems are the sole providers of transit services in their respective areas, provide services of regional significance and have agreed to participate in the Metro network. For these reasons, Commission staff recommends designating the City of Santa Clarita and the Antelope Valley Transit System Included Municipal Operators for the allocation of Proposition A Discretionary, STA and UMTA Section 9 funds. To insure that the included municipal operators remain financially whole, the growth over inflation in Proposition A Discretionary is recommended as a funding source.

Regulations require eight affirmative votes of the Commission for admitting new operators to Included Municipal Operator status and prior to any allocation of funds to a newly designated Included Municipal Operator.

Prepared By: RICHARD DeROCK
Project Manager
San Fernando Valley/North County Area Team

NEIL PETERSON
Executive Director

NP:RDR
RDR4a:INC2
ENTRY CRITERIA FOR ADMISSION OF NEW TRANSIT OPERATORS TO ELIGIBILITY FOR TDA FUNDING PURSUANT TO AB 103

The following criteria for admission of new operators to the status of eligibility for receipt of Transportation Development Act (SB 325) funds were adopted by the Commission, by a vote of 9-0, at its regular meeting of December 19, 1979. Such criteria are required to be adopted by at least eight votes under Sections 99207(d) and 99285(f) of the California Public Utilities Code as amended by AB 103.

A transit system seeking designation as an "included municipal operator" under Section 99207(d) of the Public Utilities Code shall be required to meet the following criteria:

1. The municipal system has been in continuous operation for a minimum period of three years.

2. The municipal system shall have been available for use by the general public during the same three-year period.

3. During this same entire three-year period, the system's operating expenses shall have been supported at least 50 percent by one or more of the following funding sources: fares, city general funds, or Federal UMTA programs. Monies received under the 25% Local Return provisions of Prop. A are not to be considered part of "city general funds" for purposes of this criterion.

4. The municipal system's Short Range Transit Plan has been approved by the Los Angeles County Transportation Commission.

5. The municipal system is reasonably meeting a transportation need that would otherwise not be met, and is providing a transit service that cannot effectively be provided by an operator that is currently receiving TDA assistance.
Entry Criteria

6. The municipal system is integrated and coordinated with intersecting or adjoining public transit systems.

7. The municipal system has management information and accounting systems adequate to meet the data gathering and reporting requirements of the Transportation Development Act and Section 15 of the Urban Mass Transportation Act, as amended.

8. Notwithstanding the criteria numbered (1), (2), and (3) above, a transit system may be made eligible for TDA funding immediately after its creation if it consists substantially of a reorganization or replacement of transit system(s) which were previously eligible for TDA funds, and provides service substantially similar to service which previously received TDA subsidies.
July 3, 1991

MEMO TO: BUS OPERATIONS SUBCOMMITTEE - 7/11 MEETING  
PLANNING AND MOBILITY IMPROVEMENT COMMITTEE - 7/17 MEETING

FROM: NEIL PETERSON

SUBJECT: INCLUDED MUNICIPAL OPERATOR STATUS FOR THE CITY OF LOS ANGELES

ISSUE

The City of Los Angeles has requested designation as an Included Municipal Operator by the Commission.

RECOMMENDATION

1. Amend criteria for designation of an Included Municipal Operator to add a ninth criterion as follows: Notwithstanding criteria #'s 1, 2, and 3 as depicted on Attachment A, an operator may be designated an Included Municipal Operator for specific services previously funded through an LACTC demonstration grant by eight affirmative votes of the Commission.

2. Designate the City of Los Angeles as an Included Municipal Operator for its Bus Service Continuation Project (BSCP) services, Downtown DASH and the Harbor Shuttle and allocate $3,021,000 for these services.

3. Provide funding from the Proposition A Incentive account during FY 1992. Beginning in FY 1993 the City would be funded from the growth over inflation in Proposition A 40% Discretionary funds. In the event there is inadequate growth in Proposition A Discretionary funds, the shortfall will be offset from Proposition A Incentive funds and/or other available funding sources.

RELATIONSHIP TO COMMISSION GOALS

The inclusion of the City of Los Angeles into the regional funding programs is consistent with several Commission goals. The establishment of a stable funding source will ensure the continuation of...
these vital services which will maximize mobility in a highly cost-effective manner and maintain the quality of life for the existing riders.

**BUDGET IMPACT**

Approving the request of the City of Los Angeles to become an Included Municipal Operator would have no direct effect on the Commission's budget as the allocated funds are not included within the budget. However, the allocation of funds to the City in excess of current allocations would reduce the availability of the funds for other transportation purposes. As these services are currently funded by the Commission in the amount of approximately $1.38 million, the net impact of the recommended action is an increase in total allocations of $1.64 million.

**BACKGROUND**

In 1977, in an effort to control allocations and to ensure adequate funding for transit operations, the LACTC sponsored a bill to limit the number of potential recipients of Transportation Development Act Article 4, State Transit Assistance and Urban Mass Transportation Administration funds (TDA, STA and UMTA). This bill, AB 103, limited the potential recipients of TDA, STA and UMTA funds to transit operators designated as "included municipal operators" as defined by Public Utilities Code (PUC) 99207. Included municipal operators are defined as any operator providing service within the service area of the SCRTD continuously since 1971 or any operator meeting criteria adopted by eight votes of the LACTC. Additionally, the statute requires eight affirmative votes of the Commission prior to any allocation of funds to a newly designated Included Municipal Operator.

In 1979 the Commission adopted criteria for the designation of transit operators as included municipal operators. These criteria require a potential recipient to: provide general public service for over three years; provide at least 50% of the operating funds from fares, city general funds or UMTA funds; meet a transit need that would not otherwise be met and coordinate service with adjoining operators; report UMTA Section 15 data and have submitted a Short Range Transit Plan to the Commission. In addition, the criteria allows an operator to be designated an included municipal operator if it provides service previously provided by a TDA recipient.
Under this criteria, (Attachment A) no operator has been designated an Included Municipal Operator since the passage of Proposition A in 1980.

DISCUSSION

Early this year, during the discussions on the revisions to the Proposition A Discretionary program, the City of Los Angeles requested that they be designated an Included Municipal Operator so that their current services could be added to any calculation of an operator's "base" service. In addition, the City of Los Angeles has requested the Commission take this action in a means which would not reduce funding to any current Included Municipal Operator. In March, staff presented an issues memo on this topic to the Commission (Attachment B) and agreed to return in June with a proposed response to the City's request. By becoming an included municipal operator, the City could begin to cultivate a relationship with UMTA and eventually assume all responsibilities for existing and future federal grants.

Over the past two months our staff has reviewed the various options and the reasonableness of including the City of Los Angeles as an Included Municipal Operator. Through this process, we have determined that it is appropriate that the City be included in the Commission's regional funding programs for providing services of regional significance if such inclusion would not affect the allocation of funds to any current regional funds recipient.

Accordingly, staff is recommending that the Commission act to amend the entry criteria to include the City of Los Angeles Bus Service Continuation Project services, Downtown Dash and the Harbor Shuttle services into the regional funding programs. These services have been partially funded by the Commission through the Incentive program for four years (BSCP and Harbor Shuttle) to five years (DASH). In June of 1990, our staff identified that the Incentive program could not provide long-term funding for these services and continue to meet its other program obligations. The Commission directed staff to develop a long-term funding mechanism for the City's transit programs by FY 1992. It is our belief that this proposal responds to the Commission's concern for a long-term funding mechanism and the City's request for a stable funding source for these services. Attachment C depicts the City's transit services recommended for funding through the regional funding programs.

Our staff is recommending that the City's inclusion in the regional funding program be limited to the services listed above. Under this recommendation, the City would continue to fund their local shuttles and dial-a-ride programs with local Proposition A monies and subregional paratransit funds. We believe that this is
consistent with the Commission's goal of maximizing mobility per dollar expended and maintaining a local involvement in local transit. Furthermore, we believe that the recently approved service expansion program provides adequate opportunity for the City to propose and acquire funding for new services of regional significance.

FUNDING

In order to avoid reductions in funding to the current Included Municipal Operators, staff is proposing that the City of Los Angeles be funded in future years from the growth over inflation in the Proposition A 40% Discretionary Program. As all of these funds have been programmed for FY 1992, we are recommending that the City be funded with Proposition A Incentive funds during FY 1992. If there is insufficient growth in Proposition A 40% Discretionary funds during FY 1993, then any shortfall for the City will be offset from Proposition A Incentive funds and/or other available sources.

Prepared by: RICHARD DeROCK ALAN PATASHNICK
Project Manager Project Manager
SFV/NC Area Team Central Area Team

NEIL PETERSON
Executive Director

NP:RDR
RDR4a:INC
ENTRY CRITERIA FOR ADMISSION OF NEW TRANSIT OPERATORS TO ELIGIBILITY FOR TDA FUNDING PURSUANT TO AB 103

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A transit system seeking designation as an "included municipal operator" under Section 99207(d) of the Public Utilities Code shall be required to meet the following criteria:

1. The municipal system has been in continuous operation for a minimum period of three years.
2. The municipal system shall have been available for use by the general public during the same three-year period.
3. During this same entire three-year period, the system's operating expenses shall have been supported at least 50 percent by one or more of the following funding sources: fares, city general funds, or Federal UMTA programs. Monies received under the 25% Local Return provisions of Prop. A are not to be considered part of "city general funds" for purposes of this criterion.
4. The municipal system's Short Range Transit Plan has been approved by the Los Angeles County Transportation Commission.
5. The municipal system is reasonably meeting a transportation need that would otherwise not be met, and is providing a transit service that cannot effectively be provided by an operator that is currently receiving TDA assistance.
6. The municipal system is integrated and coordinated with intersecting or adjoining public transit systems.

7. The municipal system has management information and accounting systems adequate to meet the data gathering and reporting requirements of the Transportation Development Act and Section 15 of the Urban Mass Transportation Act, as amended.

8. Notwithstanding the criteria numbered (1), (2), and (3) above, a transit system may be made eligible for TDA funding immediately after its creation if it consists substantially of a reorganization or replacement of transit system(s) which were previously eligible for TDA funds, and provides service substantially similar to service which previously received TDA subsidies.
March 14, 1991

MEMO TO: PLANNING AND MOBILITY IMPROVEMENT COMMITTEE - 3/20 MEETING

FROM: NEIL PETERSON

SUBJECT: IMPLICATIONS OF DESIGNATING THE CITY OF LOS ANGELES DEPARTMENT OF TRANSPORTATION AS AN INCLUDED MUNICIPAL OPERATOR

ISSUE

The City of Los Angeles Department of Transportation (LADOT) has requested consideration to become an included municipal operator. The Planning and Mobility Improvement Committee (PMIC) recently requested staff to prepare a report concerning LADOT becoming an included municipal operator.

RECOMMENDATION

This initial report is for information and discussion only. A tentative schedule setting forth consideration of the item before the Commission and its committees is included for review and comment.

RELATIONSHIP TO LACTC GOALS

The prospect of the City of Los Angeles Department of Transportation becoming an included municipal operator relates to the Commission's goals of mobility improvement, maximum mobility per dollar expended and constituent satisfaction.

BUDGET IMPACT

Budget impact will be discussed at the appropriate time when the staff recommendation is presented to the Commission.

BACKGROUND

At its February 19, 1991 meeting the PMIC requested the staff to prepare a report reviewing the ramifications of including the City of Los Angeles as an included municipal operator for the March 20
meeting. This was in response to a request made by LADOT. Presently the "included" operators in Los Angeles County, those operators receiving regional funds through the Commission, are comprised of twelve municipal operators and the Southern California Rapid Transit District (SCRTD). Of the thirteen operators, three provide only fixed-route service, four provide only dial-a-ride transportation, while the balance provide both fixed-route and dial-a-ride services. A list of the included operators is shown on Attachment A. The number of included operators has remained at the present level since 1986 when the City of Hermosa Beach withdrew from the Commission's funding program. The last transit systems admitted entry as included municipal operators occurred in the latter part of the 1970's, prior to the availability of Proposition A dollars.

Attachment B provides the definitions of the terms "included municipal operators" (Section 99207), "municipal operator" (Section 99209), and "operator" (Section 99210) as found in Chapter 4, Transportation Development Article 1, General Provisions and Definitions of the Transportation Development Act (TDA).

CRITERIA

The entry criteria for admission of new transit operators to the status of eligibility for receipt of Commission funds, e.g., TDA Article 4, State Transit Assistance (STA), Proposition A 40% Discretionary, and Urban Mass Transportation Administration (UMTA) Section 9 for operating and capital needs, is depicted on Attachment C.

Any transit system seeking designation of an "included municipal operator" under Section 99207(d) of the Public Utilities Code is required to meet specific criteria in the areas of:

1. Length of continuous operation (minimum of three years);
2. Availability for use by the general public during same three-year period;
3. Minimum 50% level of support of the system's operating expenses through fares, city general funds, or federal UMTA programs (Proposition A Local Return funds cannot be considered as part of City's general fund contribution);
4. Approval of system's Short Range Transit Plan by LACTC;
5. Meeting a need that would otherwise not be met or cannot be effectively provided by a current operator receiving TDA;
6. Integration and coordination with neighboring transit systems;

7. Meeting the requirements of TDA and Section 15 of the Urban Mass Transportation Act, as amended; and

8. Eligibility for funding if system consists of a reorganization or replacement of another transit system previously eligible for funding and provides substantially similar service which previously received TDA subsidies.

Any change in the criteria for admitting new included municipal operators or to allocate funds to any "included municipal operator" not previously receiving Commission formula funds requires eight affirmative votes of the LACTC.

LADOT TRANSIT HISTORY

Before the implementation of Proposition A in 1982, the City of Los Angeles, Department of Transportation, did not operate any fixed-route transit and had only participated in pilot paratransit projects. By contrast, the proposed 1991-92 LADOT transit budget is approximately $30 million, divided equally between fixed-route and services for the elderly and persons with disabilities. It is anticipated that by the end of the upcoming fiscal year over 300 LADOT vehicles will be operation with over 180 vehicles in fixed-route service and another 120 in paratransit operations.

Virtually all of these services will be operated through the competitive contracting process, which means LADOT has no operating personnel, but rather recommends a public or private sector entity to operate the service and maintain the vehicles based on responses to Request For Proposals. However, LADOT does plan, monitor and administer the contract service including performing maintenance monitoring with City staff.

Although several pilot projects were started in 1984, the largest projects, the DASH/Downtown service and the 11 line Bus Service Continuation Project (BSCP) were implemented in 1985 and 1987 respectively. The projects proved that competitive contracting, in general and private sector operation, in specific were viable methods to deliver service.

LADOT has expanded the current operation of DASH/Downtown from 14 to 34 vehicles on three routes with a corresponding ridership increase of approximately 160 percent, from under 3,000 passengers per day to over 8,000 daily riders. The BSCP also has achieved a ridership increase of over 100 percent.
LADOT indicates it believes that a continued competitive contracting of niche services, such as local circulation routes, including anticipated rail feeder services and commuter routes, provides an effective addition to the transit system. The City of Los Angeles presently receives $4.0 million in Commission Proposition A Incentive funding for fixed-route and paratransit service and will receive approximately $5.7 million of Transit Service Expansion funds over a two-year period for both commuter express and rail feeder services.

LADOT REQUEST

The City of Los Angeles, Department of Transportation has requested that the LACTC consider the implications of LADOT becoming an included operator with eligibility to receive Commission funding.

LADOT, like any transit operator, desires to receive a consistent level of fiscal support. Most of LADOT's support is provided from the City's Proposition A Local Return funds. Approximately $38 million was received by the City during FY 1990. However, those funds also are utilized to support a variety of transportation activities apart from the DOT transit services, including Metro Rail construction and potential cost overruns.

Additionally, LADOT has no guaranteed source of capital funding. Whenever the City requires capital financing, it utilizes its Local Return funds or becomes a participant in a federal discretionary grant program, such as UMTA Section 3 process. UMTA Section 3 monies funded the 40 bus purchase under the Bus Service Continuation Program. During the coming year, the City of Los Angeles, as well as all the other Los Angeles County jurisdictions, will receive additional funding under Proposition C.

Also, regional mobility and air quality concerns are extremely important to the City of Los Angeles. The City's six community transit programs, which provides a high level of transportation for the elderly and the disabled, will be one of the backbones of the County's response in meeting the Americans with Disabilities Act (ADA) requirements.
BOS CONCERNS

Prior to LADOT officially becoming a voting member of the Bus Operations Subcommittee (BOS) in February 1990, the City regularly attended BOS meetings. BOS granted LADOT voting privileges because it felt the level of service provided by the City, as well as its Proposition A Local Return expenditures, warranted LADOT's direct input on issues pertinent to the bus operators.

There is concern among BOS members that an additional included municipal operator would erode the share of each operator and potentially open the door for consideration of other operators. Through a formula process, the included operators each receive a share of the Commission's subsidies based upon vehicle revenue miles and fare units. A percentage share is computed and multiplied by the estimated available funds in the funding categories (Proposition A Discretionary and Section 9, TDA and STA). For FY 1992, the SCRTD will receive approximately 85% of the available subsidies while the municipal operators are allocated the 15% balance. Foothill Transit's share is allocated from the District's share of Proposition A Discretionary funds. Adding another included operator without increasing the total funds available would decrease operator shares. FY 1992 Los Angeles County transit funding estimates exceed $426 million.

LADOT has stated that it does not wish to negatively impact any of the included operators financially. DOT does not favor a reslicing of the Commission subsidy pie, but does support increasing the pie to compensate for additional included operators. As part of the process presented in this staff report, analysis of potential new funding sources will be required.

PROCESS AND SCHEDULE

Staff proposes a process and schedule to include maximum input from the BOS, Area Teams, Strategic Support and Commission committees. A proposed schedule is shown on Attachment D.

Among the issues to be analyzed and included as part of the final staff recommendation will be:

1. Extent of eligible services
2. Level of funding
3. Available Commission financial resources
4. Analysis of Included Operator Entry Criteria

5. Impact upon Commission funding programs; long-term implications

6. Relationship to LACTC Goals

Various options will be explored in evaluating the extent of eligible services. For example, one option could include only the BSCP routes while a second option would contain the BSCP routes and the DASH service. A third option might incorporate BSCP, DASH and some level of the City's paratransit program. Based upon the number of options examined, staff will determine the required level of funding and the potential impact upon any Commission programs.

It is anticipated that the issues will be increased in number and/or modified as the process unfolds.

PREPARED BY: ALAN E. PATASHNICK
Project Manager
Central Area Team

NEIL PETERSON
Executive Director

AEP:NP:mlhd
PMIC\OPERATOR.DOT
AT1
LOS ANGELES COUNTY INCLUDED OPERATORS

<table>
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<tr>
<th>OPERATOR</th>
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<td>Arcadia</td>
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<td>Torrance</td>
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NOTE: DR denotes dial-a-ride operator.
FR denotes fixed-route operator.
FR, DR denotes operator provides both fixed-route and dial-a-ride services.
"DIRECTOR"

99205.6. "Director" means the Director of Transportation.

"FARE REVENUES"

99205.7. "Fare revenues" means the revenue object classes 401, 402, and 403 as specified in Section 630.12 of Title 49 of the Code of Federal Regulations, as now or as may hereafter be amended.

"FUND"

99206. "Fund" means the local transportation fund established by a county under Article 11 (commencing with Section 29530) of Chapter 2 of Division 3 of Title 3 of the Government Code.

"HANDICAPPED PERSON"

99206.5. "Handicapped person" means any individual who by reason of illness, injury, age, congenital malfunction, or other permanent or temporary incapacity or disability, including but not limited to, any individual confined to a wheelchair, is unable, without special facilities or special planning or design, to utilize public transportation facilities and services as effectively as a person who is not so affected.

As used in this section, a temporary incapacity or disability is an incapacity or a disability which lasts more than 90 days.

"INCLUDED MUNICIPAL OPERATOR"

99207. (a) "Included municipal operator" means a city or county which is included, in whole or in part, within a transit district or which has been extended the authority to join a transit district by that district's enabling legislation, and in which city or county public transportation services have continuously been provided, since at least January 1, 1971, by the city or county, by a nonprofit corporation or other legal entity wholly owned by the city, or county, or by the University of California.

(b) "Included municipal operator" also means the City and County of San Francisco and the Counties of Alameda and Contra Costa with respect to any portion of the unincorporated area thereof, and any city in those counties, which is outside the area of the Alameda-Contra Costa Transit District and which is not receiving adequate local public transportation services, as determined by the Metropolitan Transportation Commission, from any of the transit districts which includes the county or city, taking
into consideration, among other things, the amount of such services needed in the county or city, the cost to provide such services, and the amount of such services provided in other areas of the transit district as compared to their needs.

(c) "Included municipal operator" also means any city within the County of Sacramento which (1) is outside the activated boundaries of the Sacramento Regional Transit District, (2) contracts with the district for transit services, and (3) provides local transit services within the city that the Sacramento Area Council of Governments annually determines can be better provided by the city than the district, taking into consideration, among other things, the amount and the nature of the services required in the city, the ability of the district to provide the services, the coordination of the services with district services, the remoteness of the city in relation to other district services, the cost of providing the services, the funds available to provide the services, and the amount of services provided in other areas of the district compared to their needs.

(d) "Included municipal operator" also means any city or unincorporated area within the County of Los Angeles (1) that is not receiving adequate local public transportation services, as determined by the Los Angeles County Transportation Commission, from either the Southern California Rapid Transit District or any currently "included municipal operator" as defined in this section, and (2) that meets the criteria established by the Los Angeles County Transportation Commission, taking into consideration, among other things, the cost to provide such services, the amount of such services needed in the county or city, the funds available to provide such services, and the amount of such services provided in other areas of the county as compared to their needs.

"INCLUDED TRANSIT DISTRICT"

99208. "Included transit district" means any of the following which has operated a public transportation system since at least January 1, 1971.

(a) A transit district whose boundaries are contained entirely within those of a larger transit district.

(b) A district organized pursuant to Part 3 (commencing with Section 27000) of Division 16 of the Streets and Highways Code.

"MUNICIPAL OPERATOR"

99209. "Municipal operator" means a city or county, including any nonprofit 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, in whole or in part, within an existing transit district.

COUNTY AS "MUNICIPAL OPERATOR"

99209.1 "Municipal operator" also means any county which is located in part within a transit district and which operates a public transportation system in the unincorporated area of the county not within the area of the district.

"OPERATES"

99209.5. "Operates" for purposes of Section 99209 and 99215, and "operation" for purposes of paragraph (1) of subdivision (b) of Section 99289, mean that the operator owns or leases the equipment, establishes routes and frequency of service, regulates and collects fares, and otherwise controls the efficiency and quality of the operation of the system, but does not require that operators of rolling stock be employees of a public agency.

"OPERATOR"

99210. "Operator" means any transit district, included transit district, municipal operator, included municipal operator, or transit development board.

"PUBLIC TRANSPORTATION SYSTEM"

99211. "Public transportation system" means any system of an operator which provides transportation services to the general public by any vehicle which operates on land or water, regardless of whether operated separated from or in conjunction with other vehicles.

"RIDESHARING SERVICES"

99211.5. "Ridesharing services" means a comprehensive organizational effort which is designed to reduce the number of vehicles on the highways during peak travel periods within a defined area by encouraging the planning and marketing of high-occupancy vehicle facilities, increases in the number of passengers per vehicle in vehicles used for ridesharing, alternative work schedules, and other transportation demand management strategies among employers and commuters.

"SECRETARY"

99212. "Secretary" means the Secretary of the Business, Transportation and Housing Agency.
Entry Criteria for Admission of New Transit Operators to Eligibility for TDA Funding Pursuant to AB 103

The following criteria for admission of new operators to the status of eligibility for receipt of Transportation Development Act (SB 325) funds were adopted by the Commission, by a vote of 9-0, at its regular meeting of December 19, 1979. Such criteria are required to be adopted by at least eight votes under Sections 99207(d) and 99285(f) of the California Public Utilities Code as amended by AB 103.

A transit system seeking designation as an "included municipal operator" under Section 99207(d) of the Public Utilities Code shall be required to meet the following criteria:

1. The municipal system has been in continuous operation for a minimum period of three years.

2. The municipal system shall have been available for use by the general public during the same three-year period.

3. During this same entire three-year period, the system's operating expenses shall have been supported at least 50 percent by one or more of the following funding sources: fares, city general funds, or Federal UMTA programs. Monies received under the 25% Local Return provisions of Prop. A are not to be considered part of "city general funds" for purposes of this criterion.

4. The municipal system's Short Range Transit Plan has been approved by the Los Angeles County Transportation Commission.

5. The municipal system is reasonably meeting a transportation need that would otherwise not be met, and is providing a transit service that cannot effectively be provided by an operator that is currently receiving TDA assistance.
6. The municipal system is integrated and coordinated with intersecting or adjoining public transit systems.

7. The municipal system has management information and accounting systems adequate to meet the data gathering and reporting requirements of the Transportation Development Act and Section 15 of the Urban Mass Transportation Act, as amended.

8. Notwithstanding the criteria numbered (1), (2), and (3) above, a transit system may be made eligible for TDA funding immediately after its creation if it consists substantially of a reorganization or replacement of transit system(s) which were previously eligible for TDA funds, and provides service substantially similar to service which previously received TDA subsidies.
## PROPOSED SCHEDULE

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<td>Discussion Item to LACTC</td>
<td>March 27, 1991</td>
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<tr>
<td>Progress Reports TAC, BOS, F&amp;PC and PMIC</td>
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### STAFF RECOMMENDATION TO:

#### COMMITTEES/COMMISSION

- Technical Advisory Committee                                          | June 11, 1991          |
- Finance and Programming Committee                                       | June 17, 1991          |
- Planning & Mobility Improvement Committee                               | June 19, 1991          |
- Commission                                                              | June 26, 1991          |
RECOMMENDED SERVICES OPERATED BY
THE CITY OF LOS ANGELES
FOR INCLUDED MUNICIPAL OPERATOR FUNDING

City of Los Angeles Services

DASH Downtown
Harbor Shuttle
Bus Service Continuation Program (BSCP)

Route 147 San Pedro
Route 203 Hollywood/Griffith Park Observatory
Route 413 Van Nuys
Route 419 Chatsworth
Route 423 Newbury Park/Encino
Route 430 Pacific Palisades
Route 431 Westwood
Route 437 Marina Del Rey
Route 438 Hermosa Beach
Route 448 Rancho Palos Verdes
MEMO TO: BUS OPERATIONS SUBCOMMITTEE - 7/11 MEETING
FROM: JUDY WEISS
SUBJECT: "DRAFT" POLICY FOR PRIVATE SECTOR INVOLVEMENT

ISSUE

The Private Sector Forum has requested a review of the provisions included in the Los Angeles County Transportation Commission (LACTC) draft guidelines for the Private Sector Involvement Process in keeping with the Urban Mass Transportation Administration (UMTA) Circular 7005.1. Specifically, this request relates to issues regarding development and documentation of the local process for private enterprise participation required for UMTA Sections 3 and 9 programs.

RECOMMENDATION

That the BOS take the following actions: a) review Private Sector Forum recommendations that have been consolidated with LACTC draft Private Sector Involvement Guidelines for applicability with the policy requirements of UMTA Circular 7005.1 (see Attachment #1), b) review letter from the California Bus Association (Attachment #2) for consideration of further applicability with the policy requirements of UMTA, and c) approve draft guidelines for the Private Sector Involvement Process.

RELATIONSHIP TO COMMISSION GOALS

The effectiveness of LACTC to constructively facilitate public/private service decisions, as it relates to maximum mobility per dollar expended, requires continued effort in the area of private sector participation.

BACKGROUND

The Urban Mass Transportation Administration (UMTA) published policy and guidance on involvement of the private sector in federally assisted transportation plans and programs. Circular 7005.1 "Documentation of Private Enterprise Participation Required for Sections 3 and 9 Programs," was issued December 5, 1986, for clarification of the local process for implementing private enterprise participation.
The Private Sector Forum was formed in 1987 in response to UMTA Circular 7005.1 regarding the documentation of private enterprise participation. The Forum was originally designed for: regional information exchange; regional contracting opportunity announcements; and to satisfy the consultation procedures required in the local process for implementing private enterprise participation.

The Private Sector Forum, as a regional body, has accomplished the following:

- The development of a cost comparison process between private and public sector operations.
- Assistance in conducting an analysis of all public transit lines to determine if they could be operated more efficiently by the private sector.
- A consultation process between the private sector and public sector during the development of new or significantly restructured transit service.

Currently, the Private Sector Forum continues to convene as a non-regional body under the auspices of the Los Angeles County Transportation Commission (LACTC). Also, LACTC has expanded the Private Sector Forum's role to include the following:

- Review and comment on Private Enterprise sections of the Short Range Transit Plans (SRTPs) submitted in Los Angeles County.

In keeping with this expanded role, the Private Sector Forum is required by LACTC to constructively address policy and technical issues regarding the locally developed criteria used in making public/private service decisions.

COMPLIANCE WITH LOCAL PROCESS

The Southern California Association of Governments (SCAG) is expected to certify that the local process for private enterprise participation has been followed. SCAG will base its certification on the LACTC's assessment of compliance. Therefore, private sector participation is essential to regulatory compliance with UMTA Circular 7005.1.

PREPARED BY: JAMES C. PARKER
Project Manager
Southeast Area Team

JUDY WEISS
Deputy Executive Director

JW:JCP:db
B:SE.1 - POLICY.PSF
PROPOSED
LACTC POLICY

on the
PRIVATE SECTOR INVOLVEMENT PROCESS

January 25, 1991
AUTHORITY

In 1984, the U.S. Department of Transportation, Urban Mass Transit Administration (UMTA) published a policy statement discussing ways to increase opportunities for private providers to perform mass transportation and related services. The policy provisions were addressed in the UMT ACT Sections 3 (e) and 8 (e). Then in 1986, UMTA published additional documents which provided guidance to grant applicants and recipients on developing and documenting the local process for increasing the involvement of the private sector.

PURPOSE

To address UMTA's policy, the LACTC adopted the following policy in 1986 to provide policy direction and guidelines for public transit operators in developing an appropriate private sector involvement policy process. To further protect public operators' efforts, the LACTC revised the Proposition A Discretionary Guidelines in 1988 to prohibit recipients of Proposition A Discretionary funding from being effectively precluded from contracting services in the event that an attempt is made to do so.

PROCEDURE

LACTC annually certifies that the local process has been followed based on the LACTC's assessment of the public operators' documented efforts to involve the private sector in providing service and support functions. The public operators' documentation should address the LACTC's key policy elements which are discussed in the following three sections:

(1) consultation process,
(2) cost comparison methodology,
(3) complaint procedure.

ADDED: Private Sector Forum Recommended Language is Underlined.
I. CONSULTATION PROCESS

1.1 Early Notification

Public operators must include in the locally developed process a policy to involve the private sector where service opportunities exist. As part of the policy, there must be a process to notify and to consult early with providers in plans involving new or restructured service; periodic review of existing service or major capital facilities. (See Appendix A for service definitions)

At a minimum, the LACTC requires that at the start of a technical study or the annual Short Range Transit Plan (SRTP) process, the public operator uses LACTC's list of service providers and notifies the private sector of the proposed project. The public transit agency considering new or restructured service, changes in mode or major capital facilities, should notify the private-sector during the initial stages of the Short Range Transit Planning process to afford sufficient time for consultation with all interested parties. This consultation must occur prior to final SRTP's being submitted to LACTC for review and approval. Criteria to be used in making public/private service decisions should be included in the notification sent to private providers.

Private providers responding to the public operator's interest inquiry must be provided with all the relevant background information on the operating characteristics and parameters of the proposed project to develop service comments. The private sector comments on the proposed project must be incorporated into the technical study or the Short Range Transit Plan after being reviewed and responded to by the public operator.

Any public transit provider issuing an RFP must make known in the RFP their intent to submit a proposal to operate the service. Additionally, a fully allocated cost analysis should be performed by the public agency and compared to other private sector bidders. The results of this analysis and methodology used should be made public at the time the decision is announced.

1.2 Competitive Bidding

The final determination of whether the proposed service or support functions are to be provided by the public or private provider can be arrived at through a competitive process that must be a part of the public operators' local process.

If there are impediments to holding the proposed service or support functions out for competitive bidding, the public operator must describe the impediments and measures taken to address the impact of such impediments in the technical study or the Short Range Transit Plan.
The public transit agency responsible for selecting a transit provider to operate specified service, who is also a potential provider of this service, must include a qualified third party to maximize objectivity during the selection process.

Recommendations made regarding the provision of service by a public transit agency (stemming from the competitive procurement process), must be approved by the governing board, prior to service implementation.

When a public transit agency has issued a Request for Proposal (RFP) to operate specified service and elects to perform the service within (inhouse), the service must be reconsidered by the governing board for competitive contracting prior to the end of the period specified in the original RFP.

Any agreement to exercise option clauses relating to contract extension, must be approved by the governing board (prior to the end of the contract period).

1.3 Private Sector Forum

Public operators must review the policy with the LACTC Private Sector Forum, a locally established committee with the appropriate membership to ensure that notification and early consultation with private providers are included in the implementation process.

Public operators must review all changes to policy and procedures with the LACTC Private Sector Forum before incorporating them into the locally developed process.
II. COST COMPARISON METHODOLOGY

2.1 Fully Allocated Cost

Public operators must include in the locally developed process an evaluation procedure that includes a methodology for making cost comparisons of all the fully allocated costs, excluding capital costs, which are attributable to the provision of a specific service.

The fully allocated cost policy requires that all fixed and variable costs, and all direct and shared costs associated with the specific service, i.e., total operating costs, are identified and counted in the public operator's cost comparisons. (See Appendix B for cost definitions). The intent of the policy is to effectively prohibit public or private entities from submitting bid prices lower than the actual cost of providing the specific service.

2.2 LACTC Cost Model

Public operators must select a cost model to be used in cost comparisons, which fairly states all costs associated with the specific service. The LACTC three-variable cost model is a basic example of how an accurate cost representation can be made for a particular level and type of service by fully allocating all associated operating expenses to three resources variables (vehicle miles, vehicle hours, and peak vehicles).

In addition to cost comparisons, public operators may include other factors to be considered in the evaluation process: quality, experience, fleet characteristics, management capabilities, maintenance practices, etc.

2.3 Review of Cost Model

Public operators must review the selected cost model with the LACTC Private Sector Forum for comment prior to initiating cost comparisons. Public operators must annually review any proposed changes and their potential impacts on cost representation with the LACTC Private Sector Forum for comment.
III. COMPLIANT PROCEDURE

3.1 Dispute Resolution

Responsive protests will be addressed by public operators through an adopted complaint procedure that is the initial step in the UMTA-required local dispute resolution process. (See Appendix C for definitions of the types of "responsive protests").

3.2 Type-A Protest

In the case of a Type-A protest, a private service provider who has participated in the planning and bidding process and believes that the previously approved procedures were not followed, should be required by the local procedure to submit a complaint within 30 days of occurrence. Public operators should then respond as required by the local procedure, within 30 days from the receipt of the complaint.

If the complainant finds the public operator's response unsatisfactory, then the complaint will be forwarded to the LACTC. After verifying that the local complaint procedure has been followed, the LACTC will perform a review on which a final resolution will be based. If further local appeal is sought by the complainant, the LACTC will request SCAG to review the complaint. If the local dispute resolution process has been exhausted, the unresolved complaint will be reviewed and resolved by UMTA.

3.3 Type-B Protest

In the case of the Type-B Protest, unsolicited proposals to provide service without public subsidy must be also addressed by public operators through the adopted complaint procedure. The public operator's response must be prepared on a timely basis and should describe the decision and the factors considered.

A description and status of private sector complaints must be included in public operators' documentation required annually in determining compliance with UMTA policy and requirements.

The California Bus Association (CBA) as a representative of private bus owners on issues of common interest (such as fostering contracting services and attempting to assure fair decisions on private vs. public issues), should be afforded the opportunity to file responsive protests (complaints) with public operators as it relates to the competitive procurement process (e.g., local consultation, labor provisions, cost-comparisons, award criteria, etc.).

When a private service provider and the CBA both submit complaints addressing non-compliance with the adopted local process regarding the public transit provider, the two complaints will be combined when mutually agreed upon by the three parties.
July 2, 1991

Jim Parker
Los Angeles County Transportation Commission
618 West Seventh Street, Ste. 1100
Los Angeles, CA 90017

Dear Mr. Parker:

CBA wishes to take this opportunity to briefly clarify in writing the discussions our Association has been involved in regarding aspects of the revised LACTC guidelines for the region's private sector involvement process.

The private sector forum's ad hoc subcommittee meetings have produced some meaningful input into these discussions.

Presented herewith is a summary of our comments on guideline revisions:

I. Cost Allocation Methodology

The LACTC has always upheld a common fully allocated cost formula for individual operators (TPM formula) for cost comparison purposes. This, however, does not address how operators would arrive at incremental cost increases or decreases for the service involved in competitive bidding.

In order to fairly compare actual costs to be incurred by the public operator, the guideline should require a fully allocated methodology to be used that would allow the cost for each function not contracted out to be excluded from the fully allocated price.

This method would fully disclose how the operator arrived at the "incremental cost" for the service, and policy boards would thereby be in a position to make informed decisions on awarding competitive contracts.

If this procedure is not employed, the burden of proof falls on the private sector to document that certain indirect variable costs have been disguised as "overhead" or have otherwise been excluded in the BID.
A methodology that clearly discloses a step down from the "fully allocated cost" will ensure fair disclosure in the cost allocation process.

Further, multi-year bids would also include an inflation factor for accurate comparison purposes and operators should not be allowed to submit bids, if they choose, after the bid deadline date. This process, outlined above, will avoid the controversy that surrounded Long Beach Transit's determination of its marginal or incremental costs for the downtown van shuttle service in comparison to private bids.

II. Rebidding of Service

CBA supports the recommendation that all competitive services, whether operated by the public or private sector, be regularly bid out in accordance with provisions of the RFP.

III. Private Sector Consultation

Operators in the region should review with the private sector in a timely manner (early consultation) CMP service requests so as not to delay implementation dates.

Yours truly,

CALIFORNIA BUS ASSOCIATION

cc: CBA Board of Directors

PEB:jb
August 1, 1991

TO: BUS OPERATING SUBCOMMITTEE

FROM: BRENT CARDWELL- POLICY PROJECT MANAGER

SUBJECT: PROPOSITION C 40% DISCRETIONARY GUIDELINES

Attached for the Committee's review are the draft remaining three components for the Proposition C 40% Discretionary Grant Program. I look forward to discussing the components at the August 8 meeting. In the meantime, if you have any questions don't hesitate to call me at 244-6194.

cc:
Neil Peterson
Sharon Neely
Judy Weiss
Julie Austin
Al Patashnick
Rich DeRock
Patti Holmberg
I. Statement of Funding Intent

A. Funds allocated under the Mandates Component are intended to accomplish the following primary objectives:

- Provide funding for transit operators and the LACTC to meet legislative and governmental mandates
- Implement these programs in the most cost effective and coordinated fashion
- Strengthen and improve the regional transportation system

B. Proposition C Discretionary grant funds are to be the "funds of last resort". These funds will only be provided if all other funding opportunities have been exhausted.

II. Project Eligibility

A. Eligible Projects

1. All marginal capital and operating costs associated with the implementation of the Americans with Disabilities Act.

2. Funding for LACTC's Consolidated Transit Services Agency administration of the Complementary Paratransit Program, including the development of the required annual paratransit and accessible service plans.

3. The marginal capital cost over a standard vehicle for acquisition and retrofitting of alternatively powered transit vehicles.

4. Marginal capital and operating costs associated with facility modifications that accommodate alternative fuels and power sources.
All project funding will be evaluated on a case by case basis. Priority will be given to those projects with no other available funding source and to those projects where failure to implement would endanger other funding or service operations.

Where appropriate, the first one to three years of funding for operating expenses related to improvements will be considered experimental. By providing capital funding under this component, LACTC does not commit to providing commensurate operating funds.

B. Eligible Applicants

Any Los Angeles County municipality, joint powers authority, the County of Los Angeles, the Southern California Rapid Transit District and the Long Beach Public Transportation Corporation. Other public and private non-profit organizations may receive funding under this component through the sponsorship of an eligible applicant.

C. Minimum Criteria for Project Eligibility

1. Documentation and certification that all available funding sources have been committed and are unavailable for the project(s) requested.

2. Certification of full participation in the integrated countywide transportation system.

3. Project conformance documentation with all appropriate local, state and federal rules and regulations.

4. Inclusion in the Transportation Improvement Program (TIP) and any affected short range transportation plans.

D. Funding Procedures

Clean Air and ADA Capital Projects: Projects approved in this category shall be funded for
marginal capital costs on a one time per project basis. Funding may be provided for a single project over a multi-year period if the LACTC determines that such an arrangement is in the interests of countywide mobility. Capital funds will be provided as costs are incurred. Project implementation is required within six months of funding award. If start-up exceeds six months, the LACTC can suspend, cancel or decrease project funding.

ADA Operations and Administration: Funding for these projects will be provided annually, adjusted for inflation and mandated system growth. Capital funds to support these ongoing operations will be eligible for funding.

III. Project Submittal and Approval Process

A. Applications. Allocation shall be at the discretion of the LACTC, based upon an application process. Applicants must provide the following information in a Project Description Form (see Administrative Guidelines) when applying for funds:

1. Certification of Mandated Program and legal requirements for funding and service delivery.

2. Capital project cost and proposed funding sources;

3. Implementation schedule;

4. Description of expected service increases and benefits from projects;

5. Estimated annual operating and maintenance costs and proposed funding sources.

New project proposals will compete with one another based on performance against the above noted criteria. Project applications must include adequate information to support Commission funding analysis, but should not be an excessive burden.
B. Approval Process. Approval shall be given for proposed projects meeting LACTC-adopted criteria. Projects will be evaluated in the following areas:

1. Air quality improvement
2. Paratransit mobility improvement
3. Cost effectiveness
4. Regional significance

At its discretion, The Commission may adjust and reinterpret evaluation criteria and funding levels to adapt to special funding situations and opportunities as they arise.

IV. Reporting and Auditing Requirements

All claimants will be subject to an annual audit and must comply with UMTA Section 15 reporting requirements, the ADA and Air Quality Standards. The operator must submit a project evaluation and financial review four months prior to the end of each demonstration year. Any proposed or foreseen changes to project scope, cost or schedule must be included in the evaluation. LACTC will annually review and evaluate each demonstration project based on agreed and adopted project performance criteria. The Commission will determine if the project should continue to receive demonstration funding and/or permanent funding.
LOS ANGELES COUNTY TRANSPORTATION COMMISSION
PROPOSITION C 40% DISCRETIONARY GUIDELINES

SERVICE QUALITY AND CUSTOMER CONVENIENCE IMPROVEMENTS COMPONENT

WORKING DRAFT

I. Statement of Funding Intent

A. Funds allocated under the Service Quality and Customer Convenience Improvements component are intended to accomplish the following primary objectives:

- Improve transit service quality and increase customer convenience and comfort.
- Enhance access to transit and promote easy interface with other transportation modes, including driving, walking, bicycling, and ride-sharing.
- Promote the safety and security of passengers.
- Improve the cleanliness and appearance of transit vehicles, stations, stops, and facilities.
- Promote an integrated, coordinated transportation network throughout Los Angeles County.

B. The Proposition C Discretionary grant funds are to be the "funds of last resort." They are available only after all other funding opportunities have been exhausted.

II. Project Eligibility

A. Eligible Projects

Capital expenditures to improve transit service quality and customer convenience will be eligible. Types of projects/expenditures to be funded are listed below:

1. Technological improvements such as:
   - Farebox equipment
   - Passenger counters
   - Security equipment
   - Improvements related to disabled passengers (in
PROPOSITION C 40% DISCRETIONARY GUIDELINES
SERVICE QUALITY AND CUSTOMER CONVENIENCE
August 1, 1991
Page 2

compliance with the Americans with Disabilities Act)

2. Capital and operating improvements, such as:

- Bicycle racks, lockers and in-vehicle storage racks
- Improvements to existing bikeways
- Transit stations and park-and-ride lots
- Transit security equipment
- All other projects currently eligible under Proposition C Rail and Bus Security
- Bicycle Accessibility improvements
- Graffiti prevention and removal
- Additional security personnel
- Additional costs related to service and capital improvements
- Bicycle locker administration

All project funding will be evaluated on a case-by-case basis. Priority will be given to those projects not proposed to be funded with other Proposition C funds. Projects included in Proposition A base service are not eligible. Projects co-proposed under another Proposition C component will require 25% local match. If a security project, for example, originally proposed under the Proposition C Rail and Bus Security Program was also proposed for additional Discretionary Program funding, a 25% match of local funds would be required under the Discretionary Program.

The first one to three years of funding for operating expenses related to improvements will be considered experimental. All proposed operating funding for improvements will be evaluated on a case-by-case basis. By providing capital funding under this component, LACTC does not commit to providing commensurate operating funds.

B. Minimum Criteria for Project Eligibility

1. Documentation and certification that all existing fund sources have been committed and are unavailable for the project(s) requested.
2. Certification of full participation in the integrated countywide transportation system.

3. Good faith efforts to provide local contribution are required for all project proposals. The amount desired is the systemwide average local fund contribution as a percent of operating cost equal or greater than the amount generated in FY 91. For existing included operators, a local contribution requirement (where applicable) which is equal to 5% net operating budget, or 25% of local funds, whichever is less, in addition to a Proposition A Discretionary MOE. Higher local contributions and improved cost effectiveness are encouraged and will be considered in the project evaluation. Local contribution includes the TDA and TPM definitions; including auxiliary income.

4. Financial capacity certification for all projects, as per the UMTA definitions and standards. Applicants must demonstrate current and future financial capacity to sustain all new operating costs.

C. Funding procedures

Once a project for new or expanded service is approved, the LACTC will commit to the level of funding provided for the specific project for the agreed on demonstration period (one to three years). Applicants must submit annual reports on project status prior to funding authorization for the next demonstration year. Each status report will be evaluated against the original project application. Any material deviations from the original project proposal will be evaluated on an individual project basis. Based on the project annual performance review, the LACTC can suspend or cancel any future demonstration funding (capital and operating). LACTC can also require repayment of capital funds allocated to the demonstration project.

Operating and capital funds are provided as costs are incurred. Project implementation is required within six months of agreed scheduled start-up. If project start-up exceeds six months the LACTC can suspend,
cancel or decrease project funding.

Should the Commission decide to continue operating funding for the project beyond the demonstration period funds will be provided annually, adjusted with Proposition C receipts. Capital funds supporting these ongoing services are eligible projects for funding.

III. Project Submittal and Approval Process

A. Applications. Allocation shall be at the discretion of the LACTC, based upon an application process. Applicants must provide the following information in a Project Description Form (see Administrative Guidelines) when applying for funds:

1. Capital project cost and proposed funding sources;
2. Implementation schedule;
3. Description of expected improvements to customer safety and convenience or service quality;
4. Estimated annual operating and maintenance costs and proposed funding sources.

New project proposals will compete with one another based on performance against the above noted criteria. Project applications must include adequate information to support Commission funding analysis, but should not be an excessive administrative burden.

B. Approval Process. Approval shall be given for proposed projects meeting LACTC-adopted criteria. Projects will be evaluated in the following areas:

1. Customer convenience and safety impact;
2. Cost effectiveness;
3. The amount of local contribution (as defined in TDA and TPM guidelines);

4. Regional significance.

At its discretion, the Commission may adjust and reinterpret evaluation criteria and funding levels to adapt to special funding situations and opportunities as they arise.

IV. Reporting and Auditing Requirements

All claimants will be subject to an annual audit and must comply with UMTA Section 15 reporting requirements.

The operator must submit a project evaluation and financial review four months prior to the end of each demonstration year. Any proposed or foreseen changes to project scope, cost and schedule must be included in the evaluation. LACTC will annually review and evaluate each demonstration project based on agreed project performance criteria. The Commission will determine if the project should continue to receive demonstration funding and/or permanent funding.
I. Statement of Funding Intent

A. These funds are intended to accomplish several primary objectives:
   - Implement service that is cost effective (i.e., delivers high mobility per marginal subsidy dollar expended).
   - Encourage and reward cost effective improvements to base and expansion service.
   - Strengthen and improve the regional transportation system.

B. The Proposition C Discretionary funds are to be the "funds of last resort." They are available only after all other funding opportunities have been exhausted.

II. Project Eligibility

Priority will be given to funding all existing rail operating and capital funding shortfalls prior to funding any expansion or new rail extension.

A. Eligible Projects (Light Rail and Commuter Rail):

1. Rail Operating. Projects eligible for funding under this component include new service and service expansion projects that demonstrate regional system enhancement. New service and service expansion are defined as: Rail Extensions and Base Rail Expansion, respectively.

   - Rail Extensions involve major capital expansion (i.e., additional track miles), and
   - Base Rail Expansion is confined to expanding service (e.g., headway reduction) along a fixed-length single guideway. Base Rail Expansion is defined exclusively as Metro Blue Line service.

All demonstrated relevant operating costs under either category are eligible for funding. These include: direct labor, propulsion power and overhead costs.
All Rail Extension projects under construction as of August 1991 and Commission approved future extensions (as defined in the LACTC 30 Year Transportation Plan) are eligible for funding; both capital and operating costs.

Operating and capital costs (including vehicle replacement) associated with base service are also eligible for funding under this program.

Defining the level of "Base Service" will occur every two fiscal years. As a last resort, funding will be available for operating revenue shortfalls related to an agreed level of base service. Funding will not be available for unauthorized base service increases during the two year frame.

2. Rail Capital. Projects eligible for funding under this component include expenses for both Rail Extensions and Base Rail Expansion. Eligible Rail Extension capital costs include:

a. Right-of-way acquisition
b. All EIR efforts and preliminary engineering
c. Construction
d. Rolling stock

Eligible Base Rail Expansion capital costs include additional marginal costs over and above base system capital costs, such as:

a. Station modifications
b. New stations
c. Signalization improvements at grade crossings
d. Facility modifications/expansion
e. Grade separations
f. Other capital expenses required to support increased service

Vehicle rehabilitation and replacement of expansion vehicles are eligible after all other funding sources are exhausted. Capital improvements for Metro Rail Project between Union Station and Hollywood are ineligible for funding.
From a practical standpoint, **Base Rail Expansion** represents a limited number of options: physical constraints (i.e., fixed miles of track, fixed platform dimensions) limit the level of possible expansion. However, headway reduction, increased service hours and station modifications are viable projects that can accommodate increased ridership and service demand.

Each project will be evaluated on a case-by-case basis. For **Base Rail Expansion**, priority will be given to projects not proposed to be funded with other Proposition C funds. Projects co-proposed under another Proposition C component will require 25% local match. If a Commuter

If a rail expansion project, for example, originally proposed under the Proposition C Commuter Rail and Transit Center Component was also proposed for additional Discretionary Program funding, a 25% local match would be required for Discretionary Program funding.

For **Rail Extension** projects, priority will be given to those projects that leverage the most federal, state, local and other external funding. All light rail extensions applying for federal and state subsidies must undergo a separate UMTA evaluation process for funding eligibility. The LACTC will adopt this process as their own for evaluating all proposed rail (light or commuter) extensions, federally funded or not.

The first one to three years of funding **Base Rail Expansion** projects is considered experimental. By providing capital funds, the LACTC does not commit to providing commensurate operating funds.

**B. Minimum Criteria for Project Eligibility:**

1. Certification that all existing fund sources have been committed and are unavailable for the base and expansion services requested.

2. Demonstrate that either a **Rail Extension** or **Base Rail Expansion** proposed project will exceed the farebox recovery for base rail service. Farebox recovery targets (above current base rail service) will be established on a case-by-case basis, as
well as by the timing of target achievement. The LACTC will discourage funding applications for projects that do not clearly demonstrate improved operating cost efficiencies and farebox recovery during the demonstration period.

3. Certification of full participation in the integrated countywide transportation system.

4. Proposed Base Rail Expansion should require less than the local subsidy per linked rider than base rail service (local subsidy = Proposition A and C subsidy, excluding Local Return funds). Local subsidy per linked rider targets will be established on a case-by-case basis, as well as the timing of target achievements.

5. Good faith efforts to provide local contribution is required for all project proposals. Higher local contributions, and improved cost-effectiveness will be considered in the project evaluation. Local contribution includes the TDA and TPM definitions, including auxiliary income.

6. Financial capacity certification is required for all projects, as per the UMTA requirements and process. (Applicants must demonstrate current and future financial capacity to continue operating the new/expanded service). All capital projects are subject to the TIP review and approval process.

C. Funding Procedures

Base Rail Expansion: Once expanded service is approved, the LACTC will commit to the level of capital and operating funding provided for the specific project for a demonstration period of two. Applicants must submit interim reports on results annually, prior to funding authorization for the next demonstration year. Each status report will be evaluated against the original project application. Any material deviations from the original project proposal will be evaluated on an individual basis. Based on the annual project performance review, the LACTC can suspend or cancel any future demonstration funding (capital and operating). The LACTC can also require repayment of capital funds.
allocated to the demonstration project.

Operating and capital funds are provided as costs are incurred. Project implementation is required within six months of agreed scheduled start-up. If project start-up exceeds six months the LACTC can suspend, cancel or decrease project funding.

Should the Commission decide to continue operating funding beyond the demonstration period, funding will be provided annually, adjusted with Proposition C receipts. Capital projects supporting these ongoing services are eligible for funding.

Rail Extensions: Rail extension capital funding will be provided as costs are incurred. There will be no demonstration period for rail extensions. Once approved by the Commission, all associated operating costs become permanent. All operating costs associated with the extension are eligible for funding.

III. Project Submittal and Approval Process

A. Applications. New or revised project applications will be submitted annually and approved or disapproved by the Commission policy board. Application forms, procedures and schedules will be distributed annually.

1. Base Rail Expansion. Applications must include the following information:

   Operating:

   a. Definition of headways by time of day, service hours and miles, and total estimated operating cost. Applications need not specify stop locations or specific schedule (i.e., arrival and departure time by stop).

   b. Projected new linked passengers to be carried by the proposed expansion (as defined in UMTA Section 15 reporting requirements). In the case of projects that reduce overcrowding on existing parallel bus service or replace bus service, those so called
"forced transfers" resulting from reduced or canceled bus service can be included as new linked passengers.

c. Estimated farebox recovery and other funding sources that will pay for the proposed project.

d. A worksheet calculating the minimum local contribution is desired (maintenance of effort), and an indication of the actual amount of local contribution committed to the service expansion project.

e. Final net Proposition C funding required for the service expansion request, expected net change in linked passengers, and a calculation of net linked passenger trips per additional Proposition C dollar requested is required.

f. A statement indicating that the submittal represents the agency's best estimates and that backup data is available should it be required.

g. The final application must be approved by the applicant's governing board; however, a preliminary application may be submitted if it is signed by the Chief Executive Officer or General Manager.

Capital:

All capital project applications are subject to the TIP review process and require UMTA financial capacity certification. The capital request must be paired with an operating cost request, if funding for both is necessary.

Additional information required within the application includes:

a. Total capital costs and estimated revenues by source to fund the capital request. The Proposition C Discretionary funds needed to supplement all existing revenue sources is to be specified, as well as any other Proposition C funding applications.
2. **Rail Extensions.** All transit rail start-up and extension projects applying for federal and state subsidies are required to undergo a formal and complex evaluation process set forth by UMTA. At a minimum this process involves the completion of an Environmental Impact Statement, as well as an Alternative Analysis and Preliminary Engineering report. While there are several criteria used to evaluate the social and financial viability of a rail project, a critical yardstick used by UMTA is cost per new passenger. UMTA has established thresholds for this measure to determine which projects are eligible for federal funding.

In the interest of consistency, the LACTC will adopt the UMTA general evaluation criteria in evaluating proposed rail start and extension projects, whether or not federal funds are applied.

**B. Approval Criteria**

**Base Rail Expansion:** Approval shall be given to expanded service meeting LACTC-adopted criteria. Criteria include:

1. Marginal linked riders per marginal subsidy dollar (i.e., cost effectiveness of the service proposed);

2. Farebox recovery: marginal costs (included costs as defined in UMTA Section 15 requirements) divided by marginal linked passengers;

3. System integration improvements;

4. Congestion relief (e.g., demonstrated effect on mode split);

5. Leveraging and attracting new funding into the region (e.g., new public or private funding sources);

6. Geographic coverage (e.g., completeness of the regional transportation system);
7. Regional significance of the proposed service; and

8. The amount of local contribution (as defined in TDA and TPM guidelines) committed to the proposed expansion project is a criteria for evaluation.

Criteria definitions for marginal costs and linked passengers will be mutually agreed upon by the LACTC and the applicant on a case-by-case basis.

Rail Extensions: The LACTC will base its own evaluation upon UMTA's funding guidelines and criteria for new rail starts.

After funding all base rail service funding deficits, all Rail Extension and Base Rail Expansion projects will compete with other proposed Discretionary projects based on performance against the above noted criteria. As recipients of Proposition A Discretionary funding for their "base" system, SCRTD is required to certify that the base will be maintained with existing funding sources.

Applicants must demonstrate that Proposition C Discretionary funds applied for under this category are supplemental to federal, state and existing local funding and revenue sources.

Project applications must include adequate information to support Commission funding analysis, but should not be an excessive administrative burden. Applications should be clear and concise. Operators must provide backup information if so requested by the LACTC.

IV. Reporting and Auditing Requirements

All claimants will be subject to an annual audit and must comply with federal UMTA Section 15 reporting requirements. In addition, claimants must annually submit Transit Performance Measurement (TPM) reporting forms, and annual warranties will be required, as described in the Proposition A 40% Discretionary Guidelines.

The operator must submit a service evaluation and financial
review of the service four months prior to the end of each demonstration year. Any proposed or foreseen changes to project scope, cost and schedule must be included in the evaluation. The LACTC will annually review and evaluate each demonstration project based on agreed project performance criteria. The Commission will determine if the project should continue to receive demonstration funding and/or permanent funding.
August 1, 1991

TO: BUS OPERATIONS SUBCOMMITTEE - 8/8/91 MEETING

FROM: DALE ROYAL

SUBJECT: FY 1990-91 STATE TRANSIT ASSISTANCE FUND

Because of our sluggish economy, actual receipts of State Transit Assistance (STA) funds for Fiscal Year 1990-91 are lower than estimated. $7.4 million was estimated for allocation to bus operators. Actual receipts, as confirmed by our Grants Accounting staff, are $7.33 million.

The attached worksheet shows the revised allocations by operator for FY 1990-91 STA funds. For those operators who submitted payment requests based on the estimate, your allocation amount will be adjusted by your Area Team staff person and your payment will be processed during the second week in August.

If you have any questions, please call your Area Team staff person.

Thank you.

DR: dr

Attachment
<table>
<thead>
<tr>
<th>OPERATOR</th>
<th>FORMULA SHARE (%)</th>
<th>TDA ARTICLE 4</th>
<th>STA</th>
<th>PROP A DISC. (TPM BONUS &amp; FORMULA)</th>
<th>SECTION 9 OPERATING</th>
<th>TOTAL</th>
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Note: On November 28, 1990, the LACTC authorized the use of FY 1990-91 STA funds specifically for capital expenses on buses for energy contingency purposes. SCRTD and all of the municipal bus operators are eligible to claim these funds.
MEMORANDUM

DATE: 8/7/91

TO: MEMBERS OF BUS OPERATORS SUBCOMMITTEE

FROM: ERIC N. SCHREFFLER, LORI A. DIGGINS, COMSIS CORPORATION

RE: UMTA STUDY OF EXPRESS BUS SERVICE LEVELS IN LA COUNTY

As outlined in the attached letter from UMTA to LACTC, COMSIS is performing an assessment of express bus service in Los Angeles County. We are attempting to answer the question, "Has express bus service increased, decreased, or remained the same over the past five years and why has the change occurred?" The overall purpose of the UMTA study is to determine if the mix of fixed route services has changed in response to external factors such as growth, congestion, energy costs, air quality, etc.

We can obtain TPM forms for many operators in the County from LACTC directly, but not for providers that do not report TPM data, such as LADOT, Foothill and Antelope. Therefore, we are asking for assistance from a number of operators who do or have operated express service over the past five years (1986-1990).

In addition to getting a basic "snap-shot" of the operating characteristics and environment of each property, we are interested in obtaining performance information by service type for express, local and other services. The specific data we will be requesting by service type, for each of the five years, include:

- revenue hours (vehicle service hours)
- revenue miles (vehicle service miles)
- peak vehicles
- number of routes
- boarding passengers (unlinked passengers)
- passenger miles
- farebox revenue (passenger revenue)
- operating expenses (total operating costs)

We will be discussing existing data sources and studies with LACTC and SCAG. After determining the data needed from each non-reporting operator, and any additional data required for reporting properties, we will contact you to discuss the availability of additional data and the process for obtaining the information. Our intent is to make this as painless as possible for each operator and hope to share the results of the UMTA study with LACTC and each participating property. Thank you in advance for your assistance in this important study. Please feel free to call me if you have any questions.

Eric N. Schreffler, Manager - Southern California Office (213) 372-7989
Dear Mr. Peterson:

I am writing to request the assistance of LACTC regarding a study being performed for UMTA Office of Budget and Policy by CONSIS Corporation. CONSIS manages the Section 15 reporting data base and performs analysis on the data for us. As you may know, Section 15 data does not include information on the mix of fixed route services provided by an operator (local vs express); it only reports motor bus service as a single category.

CONSIS is performing a series of case studies to determine if the mix of fixed route services has changed over the past five years in response to various changes in the local environment (growth, economy, congestion, etc.). Two of those cases studies focused on the SCRTD and Long Beach Transit. I was interested to see the changes in express service levels at SCRTD and was aware of the assumption of service by LADOT and others. I am interested in assessing the overall amount and type of service, especially express, being provided in LA County and track its change over the past five years.

Working through Rex Gephardt of your staff and the two operators, Eric Schreffler of CONSIS acquired TPM reporting forms from SCRTD and Long Beach Transit. When we inquired as to the overall level of express service in the County, Rex informed us that LACTC does not keep aggregate statistics on the overall mix of services being provided by all operators in the County. Rex suggested acquiring the information from each operator on the Bus Operations Subcommittee and compiling the data from each source.

Therefore, I would like to request your assistance in announcing and endorsing the CONSIS work at the next Bus Operators Subcommittee (BOS) and allaying any fears that members might have in use of the information. We are simply performing a national study of changes in the mix of fixed route services and not passing judgement on any issues regarding the "appropriateness" of
Updates to the Assessment of Future Transit Bus Requirements in Los Angeles County

The original Assessment of Future Transit Bus Requirements in Los Angeles County was prepared for the Los Angeles County Transportation Commission in March 1991. Since then, a number of the assumptions underlying the programs involved in the Assessment have been updated. This, in turn, has caused the bus requirements themselves to change. A comparison of the bus needs by program under the original and revised plans is shown in Exhibit 1. Brief summaries of the updates are described below.

Baseline Condition - The only change made under the revised plan is the addition of seven peak buses for Long Beach Transit (LBT), as noted by the LBT planning staff. This raises the total number of peak buses in the baseline from 2,533 under the original plan to 2,540.

Overcrowding Relief - Overcrowding Relief is eliminated as a separate program. It is assumed that overcrowding needs will be met through bus fleet expansion under the Congestion Management Plan as discussed below.

Electric Trolleybus Project - The original plan called for SCRTD to operate a total of 503 high-capacity articulated electric trolleybuses by the year 2010. The updated plan includes at least three operators -- Southern California Rapid Transit District (SCRTD), LBT, and at least one other municipal operator -- running a total of 565 trolleybuses by the year 2010. SCRTD will operate a mixture of articulated and standard coaches; the other operators will utilize articulated vehicles. As with the original plan, this remains a vehicle-for-vehicle replacement. When these estimates were completed, the distribution of buses by operator was unknown. Therefore, it is assumed that all electric trolleybuses will be operated by SCRTD.

Rail-Bus Interface - The only change to this plan is the addition of LBT service to the Green Line, as detailed by the LBT staff. This increased the
Exhibit 1

Comparison of Year 2010 Transit Bus Requirements
Original and Revised Plans

<table>
<thead>
<tr>
<th>Program</th>
<th>Original Plan</th>
<th>Revised Plan</th>
<th>Change</th>
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<tbody>
<tr>
<td>Baseline Condition</td>
<td>2,533</td>
<td>2,540</td>
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<tr>
<td>Overcrowding Relief</td>
<td>20</td>
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<td>(20)</td>
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<tr>
<td>Electric Trolleybus</td>
<td>503</td>
<td>565</td>
<td>62</td>
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<td>Rail-Bus Interface</td>
<td>158</td>
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<td>HOV/Transitway</td>
<td>513</td>
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<tr>
<td>Congested Corridors</td>
<td>149</td>
<td>185</td>
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<td>Congestion Management Plan/Overcrowding Relief</td>
<td>819</td>
<td>854</td>
<td>35</td>
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</table>

Subtotal                                       | 4,695         | 4,672        | (23)   |

Electric Trolleybus (a)                        | (503)         | (565)        | (62)   |

Total                                          | 4,192         | 4,107        | (85)   |

(a) Trolleybuses replace an equal number of buses currently in use

08/01/91
bus requirement in the year 2010 from 158 under the original plan to 171.

**HOV/Transitway Plan** - Significant revisions have been made to the planned opening dates of the HOV facilities as part of the "early implementation" program. As compared with the original plan, five HOV facilities will open earlier, seven will open later, and three will open as originally planned. The remaining facility, which was estimated to open in 1998 under the original plan, is not expected to be built at all under the current plan. These changes have resulted in the shifting of peak bus needs from year to year. In addition, some buses have been reassigned among operators within a particular corridor to fine-tune the projections. The original plan called for 513 peak buses to be needed for the HOV/Transitway Program in the year 2010; the updated plan calls for a total of 357 buses in that year.

**Congested Corridors Action Plan (CCAP)** - Some buses that had been assigned to the HOV/Transitway Plan have been retained by the CCAP under the revised plan and will continue to use HOV facilities on surface streets rather than being transferred to freeway facilities. These changes have resulted in a Year 2010 peak bus increase for CCAP from 149 under the original plan to 185.

**Congestion Management Plan (CMP)** - In the revised plan, the ratio of dispersed and concentrated employment within Central Los Angeles was reversed so that two-thirds of employment growth in this area is assumed to be in areas of concentrated employment while the remaining one-third is assumed to be in areas of dispersed employment. This change and further fine-tuning resulted in an increase of 35 peak buses by the year 2010. It is assumed that overcrowding relief will be accomplished through the overall bus needs estimated here under the CMP. Therefore, there is no separate estimate of peak buses for overcrowding relief. The revised plan calls for a total of 854 CMP peak buses in Year 2010 as compared to 819 buses under the original plan.

The number of additional peak buses by operator that will be needed in each of the years 1995, 2000, 2005, and 2010 is shown for each program in the Appendix.

08/01/91
A total of 2,162 additional peak buses are assumed to be required by the year 2010 under the original plan. Of these vehicles, the 503 electric trolleybuses are assumed to replace an equal number of buses currently in use. Therefore, a net increase of 1,659 buses would occur. When added to the 2,533 baseline buses, Los Angeles County operators would be utilizing a total of 4,192 buses in the Year 2010 under the original plan.

Under the revised plan, a total of 2,132 peak buses will be required, as shown in Exhibit 2. The 565 trolleybuses will replace an equal number of buses currently in use. Therefore, a net increase of 1,567 buses will occur. This is a decrease of 92 buses from the original plan. These buses are to be added to the 2,540 baseline vehicles for a total of 4,107 buses in service in the year 2010. This is a decrease from the original plan of 85 buses.
Exhibit 2

Total Year 2010 Transit Bus Requirements
Revised Plan

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<th>Fixed-Route Operator</th>
<th>Baseline</th>
<th>Increment</th>
<th>Total</th>
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<td>LBT</td>
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<td>SMMBL</td>
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<td>Munis (6)</td>
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<td>LADOT</td>
<td>81</td>
<td>406</td>
<td>487</td>
</tr>
<tr>
<td>Foothill</td>
<td>39</td>
<td>188</td>
<td>227</td>
</tr>
<tr>
<td>North County (2)</td>
<td>45</td>
<td>194</td>
<td>239</td>
</tr>
<tr>
<td>Other Prop. A (15)</td>
<td>108</td>
<td>115</td>
<td>223</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>2,540</td>
<td><strong>2,132</strong></td>
<td><strong>4,672</strong></td>
</tr>
<tr>
<td><strong>Electric Trolleybus (a)</strong></td>
<td>(565)</td>
<td>(565)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,540</td>
<td>1,567</td>
<td>4,107</td>
</tr>
</tbody>
</table>

(a) Trolleybuses replace an equal number of buses currently in use
## APPENDIX

### YEAR 1995 SUMMARY BY PROJECT AND OPERATOR OF ADDITIONAL PEAK BUSES

<table>
<thead>
<tr>
<th>Fixed-Route Operator</th>
<th>Elec. Trol.</th>
<th>Rail Inter.</th>
<th>HOV/Trns.</th>
<th>CCAP</th>
<th>CMP</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCRTD</td>
<td>114</td>
<td>41</td>
<td>84</td>
<td>34</td>
<td>40</td>
<td>313</td>
</tr>
<tr>
<td>LBT</td>
<td>0</td>
<td>21</td>
<td>-</td>
<td>0</td>
<td>8</td>
<td>29</td>
</tr>
<tr>
<td>SMMBL</td>
<td>-</td>
<td>-</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>18</td>
</tr>
<tr>
<td>Munis (6)</td>
<td>0</td>
<td>17</td>
<td>15</td>
<td>0</td>
<td>8</td>
<td>40</td>
</tr>
<tr>
<td>LADOT</td>
<td>-</td>
<td>66</td>
<td>3</td>
<td>112</td>
<td>44</td>
<td>225</td>
</tr>
<tr>
<td>Foothill</td>
<td>-</td>
<td>13</td>
<td>24</td>
<td>14</td>
<td>17</td>
<td>68</td>
</tr>
<tr>
<td>North County (2)</td>
<td>-</td>
<td>12</td>
<td>0</td>
<td>-</td>
<td>27</td>
<td>39</td>
</tr>
<tr>
<td>Other Prop. A (15)</td>
<td>-</td>
<td>16</td>
<td>-</td>
<td>7</td>
<td>17</td>
<td>40</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>114</td>
<td>186</td>
<td>126</td>
<td>167</td>
<td>180</td>
<td>773</td>
</tr>
</tbody>
</table>

08/01/91
## YEAR 2000 SUMMARY BY PROJECT AND OPERATOR OF ADDITIONAL PEAK BUSES

<table>
<thead>
<tr>
<th>Fixed-Route Operator</th>
<th>Electric (Trol.)</th>
<th>Rail HOV/Trns.</th>
<th>HOV/Trns.</th>
<th>CCAP</th>
<th>CMP</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCRTD</td>
<td>270</td>
<td>13</td>
<td>121</td>
<td>34</td>
<td>91</td>
<td>529</td>
</tr>
<tr>
<td>LBT</td>
<td>0</td>
<td>21</td>
<td>0</td>
<td>0</td>
<td>19</td>
<td>40</td>
</tr>
<tr>
<td>SMMBL</td>
<td>-</td>
<td>-</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>41</td>
</tr>
<tr>
<td>Munis (6)</td>
<td>0</td>
<td>22</td>
<td>20</td>
<td>10</td>
<td>19</td>
<td>71</td>
</tr>
<tr>
<td>LADOT</td>
<td>-</td>
<td>66</td>
<td>10</td>
<td>112</td>
<td>99</td>
<td>287</td>
</tr>
<tr>
<td>Foothill</td>
<td>-</td>
<td>13</td>
<td>80</td>
<td>0</td>
<td>38</td>
<td>131</td>
</tr>
<tr>
<td>North County (2)</td>
<td>-</td>
<td>12</td>
<td>25</td>
<td>-</td>
<td>60</td>
<td>97</td>
</tr>
<tr>
<td>Other Prop. A (15)</td>
<td>-</td>
<td>16</td>
<td>-</td>
<td>19</td>
<td>38</td>
<td>73</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>270</strong></td>
<td><strong>163</strong></td>
<td><strong>256</strong></td>
<td><strong>175</strong></td>
<td><strong>405</strong></td>
<td><strong>1,269</strong></td>
</tr>
</tbody>
</table>
APPENDIX
continued

YEAR 2005 SUMMARY BY PROJECT AND OPERATOR OF ADDITIONAL PEAK BUSES

<table>
<thead>
<tr>
<th>Fixed-Route Operator</th>
<th>Elec. Trol.</th>
<th>Rail Inter.</th>
<th>HOV/Trns.</th>
<th>CCAP</th>
<th>CMP</th>
<th>Total</th>
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<tr>
<td>SCRTD</td>
<td>357</td>
<td>13</td>
<td>133</td>
<td>34</td>
<td>141</td>
<td>678</td>
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<tr>
<td>LBT</td>
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<td>21</td>
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<td>5</td>
<td>29</td>
<td>55</td>
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<tr>
<td>SMMBL</td>
<td>-</td>
<td>-</td>
<td>0</td>
<td>-</td>
<td>64</td>
<td>64</td>
</tr>
<tr>
<td>Munis (6)</td>
<td>0</td>
<td>30</td>
<td>25</td>
<td>15</td>
<td>29</td>
<td>99</td>
</tr>
<tr>
<td>LADOT</td>
<td>-</td>
<td>66</td>
<td>15</td>
<td>112</td>
<td>153</td>
<td>346</td>
</tr>
<tr>
<td>Foothill</td>
<td>-</td>
<td>13</td>
<td>80</td>
<td>0</td>
<td>59</td>
<td>152</td>
</tr>
<tr>
<td>North County (2)</td>
<td>-</td>
<td>12</td>
<td>45</td>
<td>-</td>
<td>94</td>
<td>151</td>
</tr>
<tr>
<td>Other Prop. A (15)</td>
<td>-</td>
<td>16</td>
<td>-</td>
<td>19</td>
<td>59</td>
<td>94</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>357</strong></td>
<td><strong>171</strong></td>
<td><strong>298</strong></td>
<td><strong>185</strong></td>
<td><strong>629</strong></td>
<td><strong>1,640</strong></td>
</tr>
</tbody>
</table>

08/01/91
DISCUSSION PAPER

SUBJECT: "INCLUDED MUNICIPAL OPERATOR" STATUS FOR NEW TRANSIT SYSTEMS

GENERAL CONCERNS

During recent discussions regarding "Included Municipal Operator" status for the cities of Los Angeles and Santa Clarita and the Antelope Valley Transit System, participating municipal operators have voiced several concerns. This paper is intended to summarize and clarify those concerns and serve as a working paper for further discussions on this subject.

We would, first, like to make the point that we are not opposed, in concept, to new operators being included in regional funding programs, including the Formula Allocation Program (FAP) for distributing Prop. A 40% Discretionary, TDA, STA and UMTA funds.

CONSIDERATION OF ADDITIONAL "INCLUDED MUNICIPAL OPERATORS" SHOULD CONFORM TO EXISTING LAW

The stipulations set out in the TDA and AB 103 (e.g. 99207, 99280-99285) continue to be a valid and appropriate means of controlling allocations and insuring adequate funding for long-standing transit operators, many of whom have been providing "essential local transportation services" to a primarily transit dependent constituency for several decades prior to the existence of state funding assistance.

State legislators did not intend that the availability of additional state transit funds would lead to a proliferation of new transit systems. In recognition of the changing needs of the state's urban areas, however, legislation was passed which established provisions for designating additional included municipal operators. AB 103 gave the LACTC authority to add new included municipal operators, based on criteria to be established by the Commission, "taking into consideration, among other things, the cost to provide such services, the amount of services needed in the county or city, the funds available to provide such services, and the amount of such services provided in other areas of the county as compared to need.

• The clear intent of the law is to protect "essential local transportation services."

CONSIDERATION OF ADDITIONAL INCLUDED MUNICIPAL OPERATORS SHOULD BE CONDUCTED IN CONFORMANCE WITH EXISTING COMMISSION CRITERIA

The eight entry criteria adopted unanimously by the LACTC in 1979 to regulate new and replacement transit services continue to provide a solid procedural basis for decision making regarding the designation of new included municipal operators. All
operators who have been designated as included municipal operators under this statutory provision have been found to be in compliance with these guidelines.

In adopting these criteria, it was also the intent of the Commission to prevent the rapid expansion of included municipal operators, especially from among those systems that began to appear as a result of the availability of Proposition A Local Return funds. The commission attempted to regulate this type of proliferation by establishing a criteria which mandates that a prospective included operator must support at 50% of its system's operating expenses from local sources other than Prop A Local Return. With over 70 cities within L.A. County currently operating Prop A funded transit service, the Commission should continue to take precautions to prevent a potential dilution of regional funds in this regard.

- The adopted entry criteria for new included municipal operators should not be altered.

REQUESTED INFORMATION SHOULD BE PREPARED IN WRITING AND EVALUATED BY TRANSIT OPERATORS AND COMMISSION STAFF

In addition to the regionally adopted criteria, LACTC staff established a process in March, 1991 for reviewing the requests for designation as an included municipal operator. The process called for "maximum input from BOS, Area Teams, Strategic Support and Commission committees." While the process outlined six issues to be analyzed, Commission staff has not prepared the analysis necessary to produce a final recommendation of the proposals being considered.

The BOS has discussed the issues related to the designation of additional included operators at meetings held on June 28, July 11, and July 25, 1991. At the initial meeting, data was requested by operators which was deemed to be consistent with state law and the regional process for considering new operators.

Specifically, information was requested which identified the proposed new operators' cost of service; level of existing service and proposed expansions, based on three year projections identified pursuant to short range transit plans; the impact of the inclusion of these services on long-term regional funding availability; a review of transit performance based on TPM and STA efficiency indicators; and an assessment of the application of transit funds (Prop A and TDA Article 8) currently available to prospective operators. To date, none of the requested information has been provided.

To date, operators have only been assured that the Commission has made funding arrangements to "make whole" our formula based allocations for FY 1992. We remain concerned that a combination of additional demands on funding sources made by newly designated "included municipal operators," together with decreased funding
sources (caused, for example, by an economic downturn or a change in federal policies) could damage our ability to provide continuing essential, cost-effective service, even at current and projected service levels.

- Data, projections and impact analysis requested by transit operators must be provided for review prior to decision making.

We are looking to the Commission for explicit, long-term reassurance in this respect, notwithstanding our support for the Commission's effort to build new systems and significantly expand programs. This applies to both our projected capital and operating needs. These concerns are addressed below in more detail:

**Impact on Capital Needs**

We understand that the proposed bonding of the Section 9 funds in FY 1992 has solved the projected capital deficit for FY 1992. But bonding is only a short-term solution to close the capital shortfall in L.A. County. Bonding means that future Section 9 funds must be committed to repay the debt with interest which leaves even fewer funds for future capital needs. It does not change the basic fact that the inclusion of additional operators will mean that more operators will compete for the same limited Section 9 capital funding.

- Capital funding for ongoing essential bus service must be assured and protected.

**Impact on Stability of FAP Base**

We are concerned about the long-term impact of the proposed inclusion of new "included municipal operators" on the long-term stability of the FAP funding base for the existing included municipal operators. We understand that the Commission is committed to making the existing operators "whole" by increasing the Prop A Discretionary allocations by the same amount. But will this also be true in future years? A new operator could considerably increase its FAP share (and erode everybody else's) in future years by funding additional transit service temporarily through internal fund deployment or with Prop A or C Local Return reserves and then obtain funding for it after two years by folding it into the FAP formula base. While this strategy is potentially open to all FAP recipients, it is more likely when an operator joins who is likely to have access to large sources of other internal accounts or Prop A & Prop C Return. The increase of 200,000 service hours in FY 1991 by RTD proves that this is not a hypothetical concern.

- Long term stability of the FAP base for existing service must be assured and protected.
Impact on Stability of Prop A Base

Although LACTC staff has verbally agreed that Prop C funded new service would not be folded into the FAP formula, LACTC staff has requested that the Prop A Base be redefined to include services implemented in FY 1992. This recommendation was intended to allow the City of Santa Clarita and the Antelope Valley Transit System to include their proposed FY 1992 service expansions in the calculation of their Prop A funding shares, which would account for a doubling of their existing service levels.

Since the recent adoption of the revised Prop A guidelines, which established the Prop A Base service as service operated as of FY 1990, operators have been working on a process to determine when and how it would be equitable and appropriate to redefine the Prop A Base service. Operators have found this to be a complex issue, especially in light of the impacts of the availability of Prop C funds. Municipal transit operators recommend that the Prop A Base not be modified in conjunction with the designation of additional included operators, but rather involve those operators, after they become included, in the ongoing process designed to address this issue.

- New Prop A and Prop C funded service should not be folded into the FAP base. The FAP base year should be set as of FY 1990 (most current year with audited data).

With these concerns in mind, we request that the Commission spell out its long-term funding strategy regarding the participation of additional operators in regional funding programs, including the proposed financial impacts on existing operations.

In regard to the specific jurisdictions which have requested designation as "included municipal operators," we have the following comments:

CITY OF LOS ANGELES

We support immediate designation of the City of Los Angeles as an "Included Municipal Operator" for purposes of providing replacement service for transit service which was previously eligible for TDA funds and which previously received TDA subsidies (former SCRTD plus Included Municipal Operator service). This situation is addressed directly by Entry Criteria #8 for Admission of New Transit Operators.

We request clarification on how the Commission intends to define and measure service which previously received TDA subsidies—and suggest that funding representing the current cost of equivalent total vehicle miles of replacement service could be an appropriate measure.

In regard to the downtown DASH service, it is our understanding that all or most of these services were funded by funds other
than TDA subsidies, and do not qualify under the replacement
criterion. If that is the case, the LADOT downtown DASH service
would have to be funded from some source other than formula
allocations and the City of Los Angeles would not be designated
as an Included Municipal Operator for purposes of providing this
service. BSCP service, to the extent that it is replacement
service, clearly does appear to qualify, as does the Harbor
Shuttle.

Regarding LADOT funding in general, the City of Los Angeles has
effectively become the second largest transit operator in the
county and is currently planning significant service expansion to
about 400 vehicles. If, over time, the City of Los Angeles were
to become an Included Municipal Operator with equal status to
compete for limited capital funds from existing sources and
operating support from formula allocations, the SCRTD and the
other Included Municipal Operators would suffer very significant
decreases in funding levels, both for capital and operating
needs.

- LADOT should be designated as an included municipal
  operator only for providing replacement service.

CITY OF SANTA CLARITA

In that the City of Santa Clarita has submitted information to
display that it has met all of the Commission's adopted criteria
for designation as an Included Municipal Operator, we support the
Commission staff recommendation that the City of Santa Clarita be
so designated—and that the City of Santa Clarita receive its
proportionate share of all applicable formula allocations. This
support is contingent on a commitment by the City of Santa
Clarita that TDA Article 8 funds will only be used for transit
and only after other operators can review the data and plans
submitted. This would put the City of Santa Clarita in the same
position as existing TDA Article 4 recipients in respect to
commitment of TDA funds to transit.

TDA funds available to the City of Santa Clarita actually should
be included in the FAP along with those of all other participants
in the regional funding program.

- The City of Santa Clarita should be designated an included
  municipal operator when it meets the existing Commission
  criteria.

ANTELOPE VALLEY TRANSIT SYSTEM

We will support designation of the Antelope Valley Transit System
as an Included Municipal Operator at such time as that system
submits information to show that it has met all of the current
Commission-adopted criteria for designation as an Included
Municipal Operator. We will also support participation of the
Antelope Valley Transit System in receiving its proportionate
allocation of applicable formula funding at that time. Until then, we suggest that the Commission fund the Antelope Valley Transit System with other funds as it sees fit. To observe fairness between operators, we also think that the involved North County cities and Los Angeles County commit a like amount of TDA Article 8 funds to transit proportionate to what their Article 4 funding level would be and participate in the regional funding program.

- The Antelope Valley Transit System should be designated an included municipal operator when it meets the existing Commission criteria.
ENTRY CRITERIA FOR ADMISSION OF
NEW TRANSIT OPERATORS TO ELIGIBILITY
FOR TDA FUNDING PURSUANT TO AB 103

The following criteria for admission of new operators to the status of eligibility for receipt of Transportation Development Act (SB 325) funds were adopted by the Commission, by a vote of 9-0, at its regular meeting of December 19, 1979. Such criteria are required to be adopted by at least eight votes under Sections 99207(d) and 99285(f) of the California Public Utilities Code as amended by AB 103.

A transit system seeking designation as an "included municipal operator" under Section 99207(d) of the Public Utilities Code shall be required to meet the following criteria:

1. The municipal system has been in continuous operation for a minimum period of three years.

2. The municipal system shall have been available for use by the general public during the same three-year period.

3. During this same entire three-year period, the system's operating expenses shall have been supported at least 50 percent by one or more of the following funding sources: fares, city general funds, or Federal UMTA programs. Monies received under the 25% Local Return provisions of Prop. A are not to be considered part of "city general funds" for purposes of this criterion.

4. The municipal system's Short Range Transit Plan has been approved by the Los Angeles County Transportation Commission.

5. The municipal system is reasonably meeting a transportation need that would otherwise not be met, and is providing a transit service that cannot effectively be provided by an operator that is currently receiving TDA assistance.
6. The municipal system is integrated and coordinated with intersecting or adjoining public transit systems.

7. The municipal system has management information and accounting systems adequate to meet the data gathering and reporting requirements of the Transportation Development Act and Section 15 of the Urban Mass Transportation Act, as amended.

8. Notwithstanding the criteria numbered (1), (2), and (3) above, a transit system may be made eligible for TDA funding immediately after its creation if it consists substantially of a reorganization or replacement of transit system(s) which were previously eligible for TDA funds, and provides service substantially similar to service which previously received TDA subsidies.
"DIRECTOR"

99205.6. "Director" means the Director of Transportation.

"FARE REVENUES"

99205.7. "Fare revenues" means the revenue object classes 401, 402, and 403 as specified in Section 630.12 of Title 49 of the Code of Federal Regulations, as now or as may hereafter be amended.

"FUND"

99206. "Fund" means the local transportation fund established by a county under Article 11 (commencing with Section 29530) of Chapter 2 of Division 3 of Title 3 of the Government Code.

"HANDICAPPED PERSON"

99206.5. "Handicapped person" means any individual who by reason of illness, injury, age, congenital malfunction, or other permanent or temporary incapacity or disability, including but not limited to, any individual confined to a wheelchair, is unable, without special facilities or special planning or design, to utilize public transportation facilities and services as effectively as a person who is not so affected.

As used in this section, a temporary incapacity or disability is an incapacity or a disability which lasts more than 90 days.

"INCLUDED MUNICIPAL OPERATOR"

99207. (a) "Included municipal operator" means a city or county which is included, in whole or in part, within a transit district or which has been extended the authority to join a transit district by that district's enabling legislation, and in which city or county public transportation services have continuously been provided, since at least January 1, 1971, by the city or county, by a nonprofit corporation or other legal entity wholly owned by the city, or county, or by the University of California.

(b) "Included municipal operator" also means the City and County of San Francisco and the Counties of Alameda and Contra Costa with respect to any portion of the unincorporated area thereof, and any city in those counties, which is outside the area of the Alameda-Contra Costa Transit District and which is not receiving adequate local public transportation services, as determined by the Metropolitan Transportation Commission, from any of the transit districts which includes the county or city, taking
into consideration, among other things, the amount of such
services needed in the county or city, the cost to provide such
services, and the amount of such services provided in other areas
of the transit district as compared to their needs.

(c) "Included municipal operator" also means any city within
the County of Sacramento which (1) is outside the activated
boundaries of the Sacramento Regional Transit District, (2)
contracts with the district for transit services, and (3) provides
local transit services within the city that the Sacramento Area
Council of Governments annually determines can be better provided
by the city than the district, taking into consideration, among
other things, the amount and the nature of the services required
in the city, the ability of the district to provide the services,
the coordination of the services with district services, the
remoteness of the city in relation to other district services, the
cost of providing the services, the funds available to provide the
services, and the amount of services provided in other areas of
the district compared to their needs.

(d) "Included municipal operator" also means any city or
unincorporated area within the County of Los Angeles (1) that is
not receiving adequate local public transportation services, as
determined by the Los Angeles County Transportation Commission,
from either the Southern California Rapid Transit District or any
currently "included municipal operator" as defined in this
section, and (2) that meets the criteria established by the Los
Angeles County Transportation Commission, taking into
consideration, among other things, the cost to provide such
services, the amount of such services needed in the county or
city, the funds available to provide such services, and the amount
of such services provided in other areas of the county as compared
to their needs.

"INCLUDED TRANSIT DISTRICT"

99208. "Included transit district" means any of the
following which has operated a public transportation system since
at least January 1, 1971.

(a) A transit district whose boundaries are contained
entirely within those of a larger transit district.

(b) A district organized pursuant to Part 3 (commencing with
Section 27000) of Division 16 of the Streets and Highways Code.

"MUNICIPAL OPERATOR"

99209. "Municipal operator" means a city or county,
including any nonprofit corporation or other legal entity wholly
owned or controlled by the city or county, which operates a public
MEMO TO: BUS OPERATIONS SUBCOMMITTEE - 8/8 MEETING
PLANNING AND MOBILITY IMPROVEMENT COMMITTEE - 8/26 MEETING
FINANCE AND PROGRAMMING COMMITTEE - 8/26 MEETING

FROM: NEIL PETERSON

SUBJECT: IMPROVING METRO BLUE LINE FEEDER SERVICE TO ARTESIA STATION

ISSUE

To improve Blue Line patronage, SCRTD and Torrance Transit are proposing to increase bus service between the Blue Line Artesia Station and California State University Dominguez Hills (CSUDH). SCRTD is requesting $380,000 and Torrance $103,000 from LACTC for this service expansion proposal.

RECOMMENDATION

Allocate a total of $222,600 in FY 1991-92 and FY 1992-93 of Proposition A Discretionary Interest funds. Of this total, allocate $32,600 to Torrance Transit Line #6 and $190,000 for SCRTD Line #130 to expand transit service from the Artesia Station. When Proposition C clears, staff will return with a request to further fund this project from the appropriate Proposition C account.

RELATIONSHIP TO LACTC GOALS

This recommendation conforms to the LACTC's goals of constituent satisfaction and mobility improvement by increasing convenient transit access to a center for higher learning, an important employment corridor, and two major shopping areas. A high mobility improvement delivered per dollar expended is expected as fifty percent of both projects will be funded locally. The proposal promotes organizational effectiveness by promoting interagency efforts to improve transit access countywide.

BUDGET IMPACT

Total cost of the proposal is $222,600. As Transit Service Expansion funds have been completely allocated, staff is recommending the use of Proposition A Discretionary Interest funds, of which $15 million is available. Since the Proposition C lawsuit has put fiscal constraints on all transit funding sources, staff is recommending that $222,600 rather than the $483,000 requested by the operators, be allocated for this proposal at this time.
BACKGROUND

Currently, the only way for transit riders to travel the two-mile distance between CSUDH and the Artesia Station is on SCRTD Line #130. This line operates at forty-minute headways, while the Blue Line operates at ten minute peak-period and fifteen minute off-peak headways. The imbalance in transit service frequency at this bus-rail interface location discourages CSUDH students and employees, as well as workers of the 190th Street employment corridor, from using the Metro Blue Line. To assist students and employees, the CSUDH administration has requested increased transit service between the University and the Metro Blue Line. Both Torrance Transit and SCRTD responded to this request.

Torrance Transit's proposed Line #6 will provide new peak-period service with thirty-minute headways between the Del Amo Fashion Center and the Artesia Station, via the 190th Street employment corridor and CSUDH. SCRTD originally proposed peak-period service expansion for the entire Line #130, between Redondo Beach and Fullerton, to be LACTC-funded through the Transit Service Expansion Program. Staff felt that peak-period service expansion was not justified for the entire route, and the proposal was downscoped to its most cost-effective components. The revised SCRTD project, coordinated with Torrance Transit, would expand peak-period service between the South Bay Galleria and the Artesia Station via CSUDH (Attachment A). Headways would be decreased from forty minutes to thirty minutes.

COOPERATIVE TRANSIT SERVICE PROPOSAL

As part of a "new cooperative effort", Torrance Transit and the SCRTD have proposed a coordination of service for Torrance Transit Line #6 and SCRTD Line #130 between CSUDH and the Artesia Station. Attachment A is a map of the proposed service. This coordinated service includes:

- Accepting interagency fare media along the duplicated segments of both bus lines. This will be the first step towards LACTC's goal of complete fare media transferability among all transit operators in Los Angeles County.

- Coordination of both lines' operating schedules with each other and with the Metro Blue Line for greater convenience to passengers.

- Developing a joint marketing program to promote the expanded bus service.
The following table shows the net operating costs of Torrance Transit and SCRTD's Service Expansion proposals, funds requested by the two agencies and the funds recommended for allocation by LACTC:

<table>
<thead>
<tr>
<th>AGENCY REQUESTS</th>
<th>Torrance Transit</th>
<th>SCRTD</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net operating cost (FY '92 &amp; FY '93)</td>
<td>$201,800</td>
<td>$380,000</td>
<td>$581,800</td>
</tr>
<tr>
<td>Local Contribution</td>
<td>$(30,500)</td>
<td>---</td>
<td>$(30,500)</td>
</tr>
<tr>
<td>Previously approved funds</td>
<td>$(68,300)</td>
<td>---</td>
<td>$(68,300)</td>
</tr>
<tr>
<td>Funds requested</td>
<td>$103,000</td>
<td>$380,000</td>
<td>$483,000</td>
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</table>

**LACTC RECOMMENDATION**

<table>
<thead>
<tr>
<th></th>
<th>Torrance Transit</th>
<th>SCRTD</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total funds recommended</td>
<td>$100,900</td>
<td>$190,000</td>
<td>$290,900</td>
</tr>
</tbody>
</table>
[50% of net operating costs]
| Funds already approved  | $(68,300)        | ---   | $(68,300)|
| Net Funds Recommended for allocation: | $ 32,600 | $190,000 | $222,600 |

Bus ridership projections provided by SCRTD and Torrance Transit are shown in Attachment B.

A cooperative transit service expansion effort by Torrance and SCRTD is a first step toward a countywide integrated transit network and fare system. This integrated transit service will improve transit mobility and promote Metro Blue Line usage among CSUDH students and staff, as well as area employees and residents.

Staff recommends that fifty percent of the proposed expanded service net costs minus any previously approved allocations be funded by LACTC at this time.

**PREPARED BY:**

BRYCE LITTLE
Project Manager

NALINI AHUJA
Project Manager

ROBERT D. CASHIN, Director
South Bay

UrbanGreenways\TT-RTD
Attachments
SCRTD Line #130 and Torrance Transit Line #6
Proposed Enhanced Service
Blue Line Feeder Service
Ridership Estimates

<table>
<thead>
<tr>
<th></th>
<th>SCRTD Line 130</th>
<th>TORRANCE Line 6</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>*Current Annual Ridership (FY 1991)</td>
<td>112,000</td>
<td>No service</td>
<td>112,000</td>
</tr>
<tr>
<td>**Projected Annual Ridership (FY 1992)</td>
<td>224,000</td>
<td>114,000</td>
<td>338,000</td>
</tr>
</tbody>
</table>

Notes:

Above data provided by Torrance Transit and SCRTD.

* Current ridership based on SCRTD's line 130 operating at a 40 minute headway.

** Projected ridership based on the following assumptions:

1. SCRTD line 130 and Torrance line 6 each are operating at a 30 minute headway. This equals a 15 minute transit service headway on this route.

2. A joint marketing program to the local employers retail facilities and Cal State Dominguez Hills.

3. Fifteen minute headway allows the service to complement the Blue Line service.

4. SCRTD line 130 operates far beyond the Blue Line-South Bay Galleria segment. Some passengers may board line 130 within the segment and alight at points beyond.
<table>
<thead>
<tr>
<th>Percentage (%)</th>
<th>Hours</th>
<th>PM Form</th>
<th>PM Form</th>
<th>PM Form</th>
<th>PM Form</th>
<th>PM Form</th>
<th>PM Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.2%</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>6.8%</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<tr>
<td>4.6%</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<td>0.00</td>
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</tr>
<tr>
<td>2.2%</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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</tr>
<tr>
<td>1.8%</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.2%</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.2%</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.2%</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.2%</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**VARIRIO WITH ANTELOPE VALLEY, CITY OF LOS ANGELES, AND SANTA CLARITA**

**FY 1992 LACMTA TRANSIT FORMULA ALLOCATION SHARES**

(BASED ON FY 1990 FORMULA ALLOCATION SHARES)

<table>
<thead>
<tr>
<th>Percentage (%)</th>
<th>Hours</th>
<th>PM Form</th>
<th>PM Form</th>
<th>PM Form</th>
<th>PM Form</th>
<th>PM Form</th>
<th>PM Form</th>
</tr>
</thead>
</table>
Updates to the Assessment of Future Transit Bus Requirements in Los Angeles County

The original Assessment of Future Transit Bus Requirements in Los Angeles County was prepared for the Los Angeles County Transportation Commission in March 1991. Since then, a number of the assumptions underlying the programs involved in the Assessment have been updated. This, in turn, has caused the bus requirements themselves to change. A comparison of the bus needs by program under the original and revised plans is shown in Exhibit 1. Brief summaries of the updates are described below.

Baseline Condition - The only change made under the revised plan is the addition of seven peak buses for Long Beach Transit (LBT), as noted by the LBT planning staff. This raises the total number of peak buses in the baseline from 2,533 under the original plan to 2,540.

Overcrowding Relief - Overcrowding Relief is eliminated as a separate program. It is assumed that overcrowding needs will be met through bus fleet expansion under the Congestion Management Plan as discussed below.

Electric Trolleybus Project - The original plan called for SCRTD to operate a total of 503 high-capacity articulated electric trolleybuses by the year 2010. The updated plan includes at least three operators -- Southern California Rapid Transit District (SCRTD), LBT, and at least one other municipal operator -- running a total of 565 trolleybuses by the year 2010. SCRTD will operate a mixture of articulated and standard coaches; the other operators will utilize articulated vehicles. As with the original plan, this remains a vehicle-for-vehicle replacement. When these estimates were completed, the distribution of buses by operator was unknown. Therefore, it is assumed that all electric trolleybuses will be operated by SCRTD.

Rail-Bus Interface - The only change to this plan is the addition of LBT service to the Green Line, as detailed by the LBT staff. This increased the
Exhibit 1

Comparison of Year 2010 Transit Bus Requirements
Original and Revised Plans

<table>
<thead>
<tr>
<th>Program</th>
<th>Original Plan</th>
<th>Revised Plan</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline Condition</td>
<td>2,533</td>
<td>2,540</td>
<td>7</td>
</tr>
<tr>
<td>Overcrowding Relief</td>
<td>20</td>
<td>0</td>
<td>(20)</td>
</tr>
<tr>
<td>Electric Trolleybus</td>
<td>503</td>
<td>565</td>
<td>62</td>
</tr>
<tr>
<td>Rail-Bus Interface</td>
<td>158</td>
<td>171</td>
<td>13</td>
</tr>
<tr>
<td>HOV/Transitway</td>
<td>513</td>
<td>357</td>
<td>(156)</td>
</tr>
<tr>
<td>Congested Corridors</td>
<td>149</td>
<td>185</td>
<td>36</td>
</tr>
<tr>
<td>Congestion Management Plan/ Overcrowding Relief</td>
<td>819</td>
<td>854</td>
<td>35</td>
</tr>
</tbody>
</table>

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Subtotal</td>
<td>4,695</td>
<td>4,672</td>
<td>(23)</td>
</tr>
<tr>
<td>Electric Trolleybus (a)</td>
<td>(503)</td>
<td>(565)</td>
<td>(62)</td>
</tr>
<tr>
<td>Total</td>
<td>4,192</td>
<td>4,107</td>
<td>(85)</td>
</tr>
</tbody>
</table>

(a) Trolleybuses replace an equal number of buses currently in use
bus requirement in the year 2010 from 158 under the original plan to 171.

**HOV/Transitway Plan** - Significant revisions have been made to the planned opening dates of the HOV facilities as part of the "early implementation" program. As compared with the original plan, five HOV facilities will open earlier, seven will open later, and three will open as originally planned. The remaining facility, which was estimated to open in 1998 under the original plan, is not expected to be built at all under the current plan. These changes have resulted in the shifting of peak bus needs from year to year. In addition, some buses have been reassigned among operators within a particular corridor to fine-tune the projections. The original plan called for 513 peak buses to be needed for the HOV/Transitway Program in the year 2010; the updated plan calls for a total of 357 buses in that year.

**Congested Corridors Action Plan (CCAP)** - Some buses that had been assigned to the HOV/Transitway Plan have been retained by the CCAP under the revised plan and will continue to use HOV facilities on surface streets rather than being transferred to freeway facilities. These changes have resulted in a Year 2010 peak bus increase for CCAP from 149 under the original plan to 185.

**Congestion Management Plan (CMP)** - In the revised plan, the ratio of dispersed and concentrated employment within Central Los Angeles was reversed so that two-thirds of employment growth in this area is assumed to be in areas of concentrated employment while the remaining one-third is assumed to be in areas of dispersed employment. This change and further fine-tuning resulted in an increase of 35 peak buses by the year 2010. It is assumed that overcrowding relief will be accomplished through the overall bus needs estimated here under the CMP. Therefore, there is no separate estimate of peak buses for overcrowding relief. The revised plan calls for a total of 854 CMP peak buses in Year 2010 as compared to 819 buses under the original plan.

The number of additional peak buses by operator that will be needed in each of the years 1995, 2000, 2005, and 2010 is shown for each program in the Appendix.
A total of 2,162 additional peak buses are assumed to be required by the year 2010 under the original plan. Of these vehicles, the 503 electric trolleybuses are assumed to replace an equal number of buses currently in use. Therefore, a net increase of 1,659 buses would occur. When added to the 2,533 baseline buses, Los Angeles County operators would be utilizing a total of 4,192 buses in the Year 2010 under the original plan.

Under the revised plan, a total of 2,132 peak buses will be required, as shown in Exhibit 2. The 565 trolleybuses will replace an equal number of buses currently in use. Therefore, a net increase of 1,567 buses will occur. This is a decrease of 92 buses from the original plan. These buses are to be added to the 2,540 baseline vehicles for a total of 4,107 buses in service in the year 2010. This is a decrease from the original plan of 85 buses.
Exhibit 2
Total Year 2010 Transit Bus Requirements
Revised Plan

<table>
<thead>
<tr>
<th>Fixed-Route Operator</th>
<th>Number of Peak Buses</th>
<th>Increment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCRTD</td>
<td>1,889</td>
<td>961</td>
<td>2,850</td>
</tr>
<tr>
<td>LBT</td>
<td>141</td>
<td>66</td>
<td>207</td>
</tr>
<tr>
<td>SMMBL</td>
<td>106</td>
<td>87</td>
<td>193</td>
</tr>
<tr>
<td>Munis (6)</td>
<td>131</td>
<td>115</td>
<td>246</td>
</tr>
<tr>
<td>LADOT</td>
<td>81</td>
<td>406</td>
<td>487</td>
</tr>
<tr>
<td>Foothill</td>
<td>39</td>
<td>188</td>
<td>227</td>
</tr>
<tr>
<td>North County (2)</td>
<td>45</td>
<td>194</td>
<td>239</td>
</tr>
<tr>
<td>Other Prop. A (15)</td>
<td>108</td>
<td>115</td>
<td>223</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th><strong>Subtotal</strong></th>
<th></th>
<th><strong>Total</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,540</td>
<td>2,132</td>
<td>4,672</td>
</tr>
<tr>
<td>Electric Trolleybus (a)</td>
<td>(565)</td>
<td>(565)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>1,567</strong></td>
<td><strong>4,107</strong></td>
</tr>
</tbody>
</table>

(a) Trolleybuses replace an equal number of buses currently in use

08/01/91
APPENDIX

YEAR 1995 SUMMARY BY PROJECT AND OPERATOR OF ADDITIONAL PEAK BUSES

<table>
<thead>
<tr>
<th>Fixed-Route Operator</th>
<th>Elec. Trol.</th>
<th>Rail Inter.</th>
<th>HOV/Trns.</th>
<th>CCAP</th>
<th>CMP</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCRTD</td>
<td>114</td>
<td>41</td>
<td>84</td>
<td>34</td>
<td>40</td>
<td>313</td>
</tr>
<tr>
<td>LBT</td>
<td>0</td>
<td>21</td>
<td>-</td>
<td>0</td>
<td>8</td>
<td>29</td>
</tr>
<tr>
<td>SMMBL</td>
<td>-</td>
<td>-</td>
<td>0</td>
<td>-</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Munis (6)</td>
<td>0</td>
<td>17</td>
<td>15</td>
<td>0</td>
<td>8</td>
<td>40</td>
</tr>
<tr>
<td>LADOT</td>
<td>-</td>
<td>66</td>
<td>3</td>
<td>112</td>
<td>44</td>
<td>225</td>
</tr>
<tr>
<td>Foothill</td>
<td>-</td>
<td>13</td>
<td>24</td>
<td>14</td>
<td>17</td>
<td>68</td>
</tr>
<tr>
<td>North County (2)</td>
<td>-</td>
<td>12</td>
<td>0</td>
<td>-</td>
<td>27</td>
<td>39</td>
</tr>
<tr>
<td>Other Prop. A (15)</td>
<td>-</td>
<td>16</td>
<td>-</td>
<td>7</td>
<td>17</td>
<td>40</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>114</strong></td>
<td><strong>186</strong></td>
<td><strong>126</strong></td>
<td><strong>167</strong></td>
<td><strong>180</strong></td>
<td><strong>773</strong></td>
</tr>
</tbody>
</table>

08/01/91
APPENDIX
continued

YEAR 2000 SUMMARY BY PROJECT AND OPERATOR OF ADDITIONAL PEAK BUSES

<table>
<thead>
<tr>
<th>Fixed-Route Operator</th>
<th>Elec. Trol.</th>
<th>Rail Inter.</th>
<th>HOV/Trns.</th>
<th>CCAP</th>
<th>CMP</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCRTD</td>
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<td>13</td>
<td>121</td>
<td>34</td>
<td>91</td>
<td>529</td>
</tr>
<tr>
<td>LBT</td>
<td>0</td>
<td>21</td>
<td>–</td>
<td>0</td>
<td>19</td>
<td>40</td>
</tr>
<tr>
<td>SMMBL</td>
<td>–</td>
<td>–</td>
<td>0</td>
<td>–</td>
<td>41</td>
<td>41</td>
</tr>
<tr>
<td>Munis (6)</td>
<td>0</td>
<td>22</td>
<td>20</td>
<td>10</td>
<td>19</td>
<td>71</td>
</tr>
<tr>
<td>LADOT</td>
<td>–</td>
<td>66</td>
<td>10</td>
<td>112</td>
<td>99</td>
<td>287</td>
</tr>
<tr>
<td>Foothill</td>
<td>–</td>
<td>13</td>
<td>80</td>
<td>0</td>
<td>38</td>
<td>131</td>
</tr>
<tr>
<td>North County (2)</td>
<td>–</td>
<td>12</td>
<td>25</td>
<td>–</td>
<td>60</td>
<td>97</td>
</tr>
<tr>
<td>Other Prop. A (15)</td>
<td>–</td>
<td>16</td>
<td>–</td>
<td>19</td>
<td>38</td>
<td>73</td>
</tr>
<tr>
<td>TOTAL</td>
<td>270</td>
<td>163</td>
<td>256</td>
<td>175</td>
<td>405</td>
<td>1,269</td>
</tr>
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</table>
APPENDIX

continued

YEAR 2005 SUMMARY BY PROJECT AND OPERATOR OF ADDITIONAL PEAK BUSES

<table>
<thead>
<tr>
<th>Fixed-Route Operator</th>
<th>Elec. Trol.</th>
<th>Rail Inter.</th>
<th>HOV/Trns.</th>
<th>CCAP</th>
<th>CMP</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCRTD</td>
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<td>133</td>
<td>34</td>
<td>141</td>
<td>678</td>
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<td>LBT</td>
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<td>21</td>
<td>-</td>
<td>5</td>
<td>29</td>
<td>55</td>
</tr>
<tr>
<td>SMMBL</td>
<td>-</td>
<td>-</td>
<td>0</td>
<td>-</td>
<td>64</td>
<td>64</td>
</tr>
<tr>
<td>Munis (6)</td>
<td>0</td>
<td>30</td>
<td>25</td>
<td>15</td>
<td>29</td>
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<tr>
<td>LADOT</td>
<td>-</td>
<td>66</td>
<td>15</td>
<td>112</td>
<td>153</td>
<td>346</td>
</tr>
<tr>
<td>Foothill</td>
<td>-</td>
<td>13</td>
<td>80</td>
<td>0</td>
<td>59</td>
<td>152</td>
</tr>
<tr>
<td>North County (2)</td>
<td>-</td>
<td>12</td>
<td>45</td>
<td>-</td>
<td>94</td>
<td>151</td>
</tr>
<tr>
<td>Other Prop. A (15)</td>
<td>-</td>
<td>16</td>
<td>-</td>
<td>19</td>
<td>59</td>
<td>94</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>357</strong></td>
<td><strong>171</strong></td>
<td><strong>298</strong></td>
<td><strong>185</strong></td>
<td><strong>629</strong></td>
<td><strong>1,640</strong></td>
</tr>
</tbody>
</table>

08/01/91
MEMO TO:  BUS OPERATIONS SUBCOMMITTEE - 8/8/91 MEETING
FROM: JIM PARKER
SUBJECT: PRIVATE SECTOR INVOLVEMENT POLICY

In keeping with the review process involving the Los Angeles County Transportation Commission (LACTC) draft Private Sector Involvement Guidelines, the ad hoc Committee of BOS was convened by Chairman Mark Malone to consider the Private Sector Forum recommendations.

Attached is a copy of the ad hoc Committee's comments, along with a letter from the California Bus Association (CBA) which further clarifies its position on cost comparison methodology.

JP:db
B:SE.1
private.jp
Dear Mr. Parker:

The purpose of this letter is to supplement our Association's letter of July 2nd, 1991, which raised a number of points relating to the revised LACTC policy on Private Sector Involvement. This process requires all operators to use a fully allocated cost methodology in conformance with federal and LACTC policy (TPM formula) for competitive bidding purposes.

Regarding cost comparison, if an operator performs an additional cost analysis of bids, the method should be based on a fully allocated procedure, so that all costs associated with the contracted service for each year in the RFP are fully disclosed to the private sector, policy board, and the LACTC. If a cost method were used beyond the LACTC cost allocation requirement that does not include the full cost of functions to be contracted out in accordance with adopted budgets, it would be in violation of UMTA's cost allocation guidelines.

Under this approach, operators are given maximum flexibility, but would not be allowed to use a different cost allocation formula or procedure that would understated increases or decreases in short and long term cost impacts of contracted out service.

On a related matter, CBA has been informed that RTD is apparently scrapping its GPC cost model, approved by the Private Sector Forum. CBA learned this fact when we inquired as to why RTD did not use the GPC model when it conducted a separate cost comparison of routes being operated by the Foothill Transit Zone (FTZ). As you may be aware, the GPC model line by line allocation (in FY 89 dollars) of RTD operation of FTZ routes estimated a higher expenditure than the TPM model applied to the same routes.

Our Association would expect that under LACTC policy, RTD would revert to using the TPM formula for cost comparison purposes. This issue would be a most appropriate topic for discussion at the next Private Sector Forum meeting.

Yours truly,

Philip E. Boucher
President

California Bus Association
MEMORANDUM

Date: 07/18/91
To: BOS
From: Mark
Subject: BOS Revisions to Private Sector Policy

Enclosed is a revised draft private sector policy which incorporates suggestions made at our working group meeting last week.

If I have missed anything or there are additional suggestions, please give me a call and I will update this draft.

Let's nail down our proposal as soon as possible. I will then submit copies to the private sector forum and LACTC. Let's plan on meeting with the private sector to hash out our differences and maybe be done with it by the next BOS meeting.
"DRAFT" POLICY FOR PRIVATE SECTOR INVOLVEMENT

ISSUE

The Private Sector Forum has requested a review of the provisions included in the Los Angeles County Transportation Commission (LACTC) draft guidelines for the Private Sector Involvement Process in keeping with the Urban Mass Transportation Administration (UMTA) Circular 7005.1. Specifically, this request related to issues regarding development and documentation of the local process for private enterprise participation required for UMTA Section 3 and 9 programs.

RECOMMENDATION

That the BOS take the following actions: a) review Private Sector Forum recommendations that have been consolidated with LACTC draft Private Sector Involvement Guidelines for applicability with the policy requirements of UMTA Circular 7005.1 (see Attachment #1), b) review letter from the California Bus Association (Attachment #2) for consideration of further applicability with the policy requirements of UMTA, and c) approve draft guidelines for the Private Sector Involvement Process.

RELATIONSHIP TO COMMISSION GOALS

The effectiveness of LACTC to constructively facilitate public/private service decisions, as it relates to maximum mobility per dollar expended, requires continued effort in the area of private sector participation.

BACKGROUND

The Urban Mass Transportation Administration (UMTA) published policy and guidance on involvement of the private sector in federally assisted transportation plans and programs. Circular 7005.1 "Documentation of Private Enterprise Participation Required for Sections 3 and 9 Programs", was issued December 5, 1986, for clarification of the local process for implementing private enterprise participation. Circular 7005.1 superseded UMTA's original policy and guidance.

The Private Sector Forum was formed in 1987 in response to UMTA Circular 7005.1 regarding the documentation of private enterprise participation. The Forum was originally designed for: regional information exchange; regional contracting opportunity announcements; and to satisfy the consultation procedures required in the local process for implementing private enterprise participation.
The Private Sector Forum, as a regional body, has accomplished the following:

- The development review of a cost comparison processes between private and public sector operation.

- Assistance in conducting an analysis of all public transit lines to determine if they could be operated more efficiently by the private sector.

- A consultation process between the private sector and public sector during the development of new or significantly restructured transit service.

Currently, the Private Sector Forum continues to convene as a non-regional body under the auspices of the Los Angeles County Transportation Commission (LACTC). Also, LACTC has expanded the Private Sector Forum's role to include the following:

- Review and comment on Private Enterprise sections of the Short Range Transit Plans (SRTPs) submitted in Los Angeles County.

In keeping with this expanded role, the Private Sector Forum is required by LACTC to constructively address policy and technical issues regarding the locally developed criteria used in making public/private service decisions.

**COMPLIANCE WITH LOCAL PROCESS**

The Southern California Association of Governments (SCAG) is expected to certify that the local process for private enterprise participation has been followed. SCAG will base its certification on the LACTC's assessment of compliance. Therefore, private sector participation in the process is essential to regulatory compliance with UMTA Circular 7005.1.

**PREPARED BY:** JAMES C. PARKER
Project Manager
Southeast Area Team
PROPOSED
LACTC POLICY
on the
PRIVATE SECTOR INVOLVEMENT PROCESS

January 25, 1991
AUTHORITY

In 1984, the U.S. Department of Transportation, Urban Mass Transit Administration (UMTA) published a policy statement discussing ways to increase opportunities for private providers to perform mass transportation and related services. The policy provisions were addressed in the UMT ACT Section 3 (e) and 8 (e). Then in 1986, UMTA published additional documents which provided guidance to grant applicants and recipients on developing the involvement of the private sector.

PURPOSE

To address UMTA’s policy, the LACTC adopted the following policy in 1986 to provide policy direction and guidelines for public transit operators in developing an appropriate private sector involvement policy process. To further protect public operators’ efforts, the LACTC revised the Proposition A Discretionary Guidelines in 1988 to prohibit recipients of Proposition A Discretionary funding from being effectively precluded from contracting services in the event that an attempt is made to do so.

PROCEDURE

LACTC annually certifies that the local process has been followed based on the LACTC’s assessment of the public operators’ documented efforts to involve the private sector in providing service and support functions. The public operators’ documentation should address the LACTC’s key policy elements which are discussed in the following three sections:

(1) consultation process
(2) cost comparison methodology,
(3) complaint procedure.
I. CONSULTATION PROCESS

1.1 Early Notification

Public operators must include in the locally developed process a policy to involve the private sector where service opportunities exist. As part of the policy, there must be a process to notify and to consult early with providers in plans involving new or restructured service; periodic review of existing service or major capital facilities. (See Appendix A for service definitions)

At a minimum, the LACTC requires that at the start of a technical study—or the annual Short Range Transit Plan (SRTP) or Transportation Improvement Program (TIP) amendment process, the public operator uses LACTC's Private Sector Forum to notify list-of-service providers—and-notifies the private sector of the proposed project. The public transit agency considering new or significantly restructured service, changes in mode or major capital facilities, should notify to the extent possible the private-sector during the initial stages of the Short Range Transit Planning process to afford sufficient time for consultation with all interested parties. This consultation must occur prior to final SRTP's being submitted to LACTC for review and approval. Criteria to be used in making public/private service decisions should be included in the notification sent to private providers.

Private providers responding to the public operator's interest inquiry notification must be provided with all the relevant background information on the operating characteristics and parameters of the proposed project to develop service comments. The private sector comments on the proposed project must be incorporated into the technical-study—or the Short Range Transit Plan after being reviewed and responded to by the public operator.

Any public transit provider issuing an RFP should if possible must make it known in the RFP their intent to submit a proposal to operate the service. Additionally, a fully-allocated cost analysis should be performed by the public agency and compared to other private sector bidders. The results of this analysis and methodology used should be made public at the time the selection of an operator decision is announced.

1.2 Competitive Bidding

The final determination of whether the proposed service or support functions are to be provided by the public or private provider can be arrived at through a competitive process that must be a part of the public operators' local process.

If there are impediments to holding the proposed service or support functions out for competitive bidding, the public operator must describe the impediments and measures taken to address the impact of such impediments in the technical study or the Short Range Transit Plan.
The public transit agency responsible for selecting a transit provider to operate specified service, who is also a potential provider of this service, may must include a qualified third party to maximize objectivity during the selection process.

Recommendations made regarding the provision of service by a public transit agency (stemming from the competitive procurement process), must be reviewed approved by the governing board, prior to service implementation.

When a public transit agency has issued a Request for Proposal (RFP) to operate specified service and elects to perform the service within (in-house), the service must be reviewed reconsidered by the governing board for competitive contracting prior to the end of the period specified in the original RFP.

Any agreement to exercise option clauses relating to contract extension, must be reviewed approved by the governing board prior to the end of the contract period.

1.3 Private Sector Forum

Public operators must review the policy with the LACTC Private Sector Forum, a locally established committee with the appropriate membership to ensure that notification and early consultation with private providers are included in the implementation process.

Public operators must review all changes to policy and procedures with the LACTC Private Sector Forum before incorporating them into the locally developed process.

II. COST COMPARISON METHODOLOGY

2.1 Fully Allocated Cost

Public operators must include in the locally developed process an evaluation procedure that includes a methodology for making cost comparisons of all the fully allocated costs, excluding capital costs, which are attributable to the provision of a specific service.

The fully allocated cost policy required that all fixed and variable costs, and all direct and shared costs associated with the specific service, i.e., total operating costs, are identified and counted in the public operator's cost comparisons. (See Appendix B for cost definitions). The intent of the policy is to effectively prohibit public or private entities from submitting bid prices lower than the actual cost of providing the specific service.
2.2 LACTC Cost Model

Public operators must select a cost model to be used in cost comparisons, which fairly states all costs associated with the specific service. In order to fairly compare actual costs to be incurred by the public operator, costs associated with each function not contracted should be excluded from the fully allocated cost. The LACTC three-variable cost model is a basic example of how an accurate cost representation can be made for a particular level and type of service by fully allocating all associated operating expenses to three resources variables (vehicle miles, vehicle hours, and peak vehicles).

In addition to cost comparisons, public operators may include other factors to be considered in the evaluation process: quality, experience, fleet characteristics, management capabilities, maintenance practices, etc.

2.3 Review of Cost Model

If a cost model other than the LACTC three variable model is to be used, public operators must review the selected cost model with the LACTC Private Sector Forum for comment prior to initiating the comparisons. Public operators must annually review any proposed changes and their potential impacts on cost representation with the LACTC Private Sector Forum for comment.

III. COMPLAINT PROCEDURE

3.1 Dispute Resolution

Responsive protest will be addressed by public operators through an adopted complaint procedure that is the initial step in the UMTA-required local dispute resolution process. (See Appendix C for definitions of the types of "responsive protests").

3.2 Type-A Protest

In the case of a Type-A protest, a private service provider who has participated in the planning and bidding process and believes that the previously approved procedures were not followed, should be required by the local procedure to submit a complaint and suggested remedy within 10 90 days of occurrence. Public operators should then respond as required by the local procedure, within 10 90 days from the receipt of the complaint.

If the complaintant finds the public operator's response unsatisfactory, then the complaint will be forwarded to the LACTC. After verifying that the local complaint procedure has been followed, the LACTC will perform a review on which a final resolution will be based. If further local appeal is sought by the complaintant, the LACTC will request SCAG to review the complaint. If the local dispute resolution process has been exhausted, the unresolved complaint will be reviewed and resolved by UMTA.
3.3 Type-B Protest

In the case of the Type-B protest, unsolicited proposals to provide service without public subsidy must also be addressed by public operators through the adopted complaint procedure. The public operator's response must be prepared on a timely basis and should describe the decision and the factors considered.

3.4 Protest Status

A description and status of private sector complaints must be included in public operators' documentation required annually in determining compliance with UMTA policy and requirements.

3.5 CBA Protests

The California Bus Association (CBA) as a representative of private bus owners on issues of common interest such as fostering contracting services and attempting to assure fair decisions on private versus public issues, should be afforded the opportunity to may file responsive protests (complaints) with public operators as it relates to the private sector policy competitive procurement process (e.g., local consultation, labor provisions, cost-comparisons, and award criteria--etc.). Protests regarding the private sector policy must be made at the time policy is adopted. Protests regarding a specific procurement should be made only by those parties directly involved with that procurement. When a private service provider and the CBA both submit complaints addressing non-compliance with the adopted private sector policy, local process regarding the public transit provider, the two complaints will be combined when mutually agreed upon by the three parties.
The Los Angeles County Transportation Commission has contracted with Ernst & Young (E&Y) to perform an evaluation of the Foothill Transit Zone. Their report, "Evaluation of the Foothill Transit Zone, Fiscal Year 1990, Report to the Los Angeles County Transportation Commission" ("Evaluation") comes to the conclusion that FTZ's costs are considerably lower than SCRTD's. A close analysis of this document, however, produces important questions.

The evaluation is based, in large part, upon a costing methodology developed by the LACTC staff. This methodology appears to have been carefully developed for the express purpose of making SCRTD's services appear as expensive as possible and making private contract services appear as inexpensive as possible. The LACTC staff methodology does not comply with either the standards set forth by the Urban Mass Transportation Administration or common cost accounting and financial analysis practices.

There are numerous flaws in both logic and application in the LACTC staff model. We will highlight two of the most important to illustrate our contentions.
LACTC Staff Model Calculation of Foothill Transit Zone Cost Per Hour

The FTZ cost per hour of service, as calculated in accordance with the LACTC staff model, does not tie to the costs found in the FTZ audited financial statements. The FTZ audit was performed by Miranda, Strabala & Associates (MS&A), a subcontractor to E&Y. A direct comparison reveals the following:

Foothill Transit Zone
Cost Per Hour

FTZ Cost Per Hour, as per Ernst & Young $ 51.43
FTZ Cost Per Hour, as per Miranda, Strabala & Associates

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Operating Expenses Before Depreciation</td>
<td>$3,925,270²</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>744,925²</td>
</tr>
<tr>
<td>Prepayment Penalty</td>
<td>55,074²</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>4,725,269</td>
</tr>
<tr>
<td>Less: Other Income</td>
<td>(40,942)²</td>
</tr>
<tr>
<td>Less: Interest Income</td>
<td>(77,671)²</td>
</tr>
<tr>
<td>Total Expenses Less Offsetting Revenues</td>
<td>4,606,656</td>
</tr>
<tr>
<td>Divided by: Hours of Service Operated</td>
<td>65,609³</td>
</tr>
<tr>
<td>Average Cost Per Hour</td>
<td>$ 70.21</td>
</tr>
</tbody>
</table>

Even after reducing FTZ's costs by the amounts of its non-operating income, there appears to be a difference of almost $19 per hour between cost per hour computed by E&Y using the LACTC staff cost model and between a computation based on the MS&A audit. If all costs except "Total Operating Expenses Before Deprecation" are


3 Ernst & Young, page 34, Exhibit 6, "Comparison of Fiscal Year 1990 Capital Costs"
ignored, there is still a significant difference between this number and the FTZ cost per hour reporting using the LACTC staff model. In other words, many of the FTZ costs reported in their audited financial statements have not found their way into the LACTC staff costing model.

It appears that a further analysis of the calculations supporting the LACTC staff model results is justified.
On page 5 of the Executive Summary, the Evaluation states that the average FTZ subsidy per passenger is 62% lower than the average SCRTD subsidy per passenger. We have questions regarding the derivation of this result. If costs for FTZ are understated (as may be the case from the analysis shown above), costs for SCRTD are overstated, and/or SCRTD revenues are understated, then the subsidy per passenger difference can swing widely.

Since SCRTD only operated some of the lines transferred to FTZ for part of FY90, the Evaluation attempted to calculate what the subsidy per passenger would have been if SCRTD had operated all lines transferred to FTZ for the entire year. The E&Y report utilized the LACTC staff-developed models to calculate cost and subsidy per hour.

The basic formula relating cost, revenue, and subsidy is very simple:

\[
\text{Fare per passenger} = \text{Cost per passenger} - \text{Subsidy per passenger}
\]

Keeping this in mind, let us examine the Evaluation's calculation of SCRTD fares on the lines taken over by the Zone.

### Southern California Rapid Transit District
Cost, Subsidy, and Fare Per Passenger

<table>
<thead>
<tr>
<th>Line</th>
<th>Cost Per Passenger</th>
<th>Subsidy Per Passenger</th>
<th>Fare Per Passenger</th>
</tr>
</thead>
<tbody>
<tr>
<td>178</td>
<td>$1.96</td>
<td>$2.20</td>
<td>$.24</td>
</tr>
<tr>
<td>185</td>
<td>2.74</td>
<td>2.75</td>
<td>.01</td>
</tr>
<tr>
<td>274/276</td>
<td>3.01</td>
<td>3.67</td>
<td>.66</td>
</tr>
<tr>
<td>280</td>
<td>1.41</td>
<td>1.22</td>
<td>.19</td>
</tr>
<tr>
<td>Local</td>
<td>2.11</td>
<td>2.24</td>
<td>.13</td>
</tr>
<tr>
<td>495</td>
<td>4.76</td>
<td>4.66</td>
<td>.10</td>
</tr>
<tr>
<td>498</td>
<td>5.04</td>
<td>3.26</td>
<td>1.78</td>
</tr>
<tr>
<td>Express</td>
<td>4.89</td>
<td>3.87</td>
<td>1.02</td>
</tr>
<tr>
<td>Total</td>
<td>$2.71</td>
<td>$2.62</td>
<td>$.09</td>
</tr>
</tbody>
</table>

1. E&Y, Appendix A, Worksheet 8
2. E&Y, Appendix A, Worksheet 12
3. Cost Per Passenger - Subsidy Per Passenger
The "Total" line shows that the Evaluation's cost and subsidy models have concluded that SCRTD received an average fare of $.09 per passenger, compared to costs of $2.71, a farebox recovery ratio of 3.3%. Although the routes in question were not the most heavily utilized of the routes operated by SCRTD, given that our system-wide average operating ratio for FY90 was 44.1% (revenues of $249,343,814 divided by expenses of $565,137,318), we believe that our revenues should actually be shown higher than the E&Y calculation shows, and, therefore, our subsidies should be considerably lower than the Evaluation concludes. SCRTD ridership data shows that our ridership on these lines has always been far higher than a farebox recovery ratio of 3.3% would indicate.

In further support of this argument, we believe that an average fare of $.09 is not logical. The SCRTD system-wide average fare for FY90 was $.60. The two express lines in the above set of lines are four- and five-zone fares (full adult cash fares of $2.70 and $3.10, respectively), so a higher than average fare for these lines is a reasonable assumption. Finally, a negative fare for three of the four local routes implies that SCRTD is paying riders to use our service. To the best of the knowledge of the SCRTD staff, we have never had any promotional program that would, for example, pay each rider on Line 274/276 $.66 cash upon boarding.

The above cost and subsidy per passenger data was produced using the LACTC staff models. Our previous experience with these models has led us to believe that they have a tendency to produce results that are not always supported by common sense. This model was used extensively by the Commission and its consultants in the initial process of proposing the Foothill Transit. According to the results of the model at that time, the Zone would produce great savings in cost. The product of the model in producing the above data leads us to recommend that the model be closely examined and recalibrated before it is used again for any purpose. We question its ability to produce meaningful cost, revenue, and subsidy data.