



LOS ANGELES COUNTY TRANSPORTATION COMMISSION • 311 SOUTH SPRING STREET—SUITE 1206, LOS ANGELES, CALIFORNIA 90013 • (213) 626-0370

MINUTES

April 30, 1980

A special meeting was called to order by Chairman Schabarum at 2:15 p.m. The meeting was requested as a result of the lengthy discussion yesterday before the Board of Supervisors. All members present asked that such a meeting be convened. The purpose of the meeting, as required, is here at this location for the purpose of discussing and considering the allocation of up to \$4.6 million to the Southern California Rapid Transit District.

Members in attendance were:

Supervisor Peter Schabarum
Supervisor Kenneth Hahn
Supervisor Edmund Edelman
Councilman Russell Rubley
Wendell Cox
Barna Szabo, alternate to Supervisor Burke
Eleanor Killeen, alternate to Supervisor Ward
Robert Reeves, alternate to Supervisor Hahn
Robert Geoghegan, alternate to Supervisor Edelman
Ray Remy, alternate to Mayor Bradley
Councilwoman Pat Russell, alternate to Councilman Ferraro
Heinz Heckeroth, Interim Commissioner, State of California

Staff members present:

Jerome C. Premo, Executive Director
Ronald Schneider, Principal Deputy County Counsel
Kathy Torigoe, Secretary to Executive Director

Representatives from SCRTD:

Thomas G. Neusom, President of SCRTD Board of Directors
Marvin Holen, IPP of SCRTD Board of Directors

Chairman Schabarum indicated that, for the benefit of the members of the Commission, Mr. Premo polled the total membership by phone and the status of some of the members who are not in attendance today.

Mr. Premo reported that Mayor Russ had a court appearance today and was not able to be here today. His alternate, Mrs. Reed, is likewise unable to join us. The other representative of the League of Cities, John Zimmerman, is in northern California and his alternate, Mr. Simendinger, is ill. Thus, they expressed their regrets. Both Mayor Russ and Mrs. Reed wish to express some views and have some written materials which will be read later in the session.

Chairman Schabarum introduced Thomas Neusom, President of the SCRTD Board of Directors, and Marv Holen, immediate Past President of the SCRTD Board.

Chairman Schabarum asked the Executive Director to briefly outline the question, issue, and considerations that the Commission should deal with.

MR. PREMO: The issue before the Commission is to consider a request from the Board of Supervisors by 4-to-1 vote yesterday. The Board of Supervisors took an action to request the members of the Commission to allocate, from a \$16.9 million reserve which the Commission has available to cover transit operating expenses during the next 26 months, \$4.6 million to the Southern California Rapid Transit District. These funds will be used by the District to cover operating expenses not currently funded by the District during the months of May and June. The sense and spirit of the discussion at the Board yesterday was that this time would be spent by the District giving some further consideration to the fare policy and set of fare structures adopted by the District on the 12th of April in their special meeting which was called for the purpose of making a decision on fare policy. The background is briefly summarized in materials provided to the Commissioners and I might note, Mr. Chairman and members, also available to those who are here today. We sought to establish a financial setting for any decisions which the Commission might make today. The Commission has funds available to it at this point in time from three principal sources which are one-quarter cent from the state sales tax, now set aside for transit; Federal operating assistance monies; and funds identified as SB 620. The total amount of money available from these sources in the current fiscal year is \$205 million. The combined impact of this fiscal year and each of the next two fiscal years is that approximately \$644 million will be available to the Commission for allocation. In the current fiscal year, the Commission has allocated formally at this point in time, all but \$20.6 billion of this amount. He noted further that the Commission had indicated its intent to reserve \$3.7 million of that \$20.6 million for rapid transit. The net effect of all this is that some \$16.9 million is available to the Commission for allocation. The principal reason why this happens to be available this year is that we are getting two years' worth of Federal funds from the many pots

in Washington. It is unlikely to occur again. If it weren't for this fortunate turn of events in a prior act of the Congress, we wouldn't be having the reserve that we have today. The fact is that it exists. Back in January, the Commission took an action in response to several requests of the RTD for financial assistance. The District was confronted with the reality of significant increases in fuel costs, there were a number of other increases in costs which are well documented and have been analyzed in great detail by the staff as a follow-up to the strike which occurred at the District last year. The staff has looked at the numbers that the RTD has available and has looked over the next couple of years on how much money is likely to be needed in order to continue to operate the service the RTD has on the streets today. The conclusion of the staff's analysis is (again, with some certain assumptions that have to be made about inflation rates, about likelihood of available funds) that while we have \$16.9 million available today, there appears to be an unfunded deficit at the District of some \$115 million over the next 26 months. That presumes that the Commission will allocate over \$380 million to the District next year and the year after that to help meet their operating costs. It is important in considering the action today that we face an inevitable shortfall. At current fare levels, we believe that there is in the range of \$100 to \$115 million shortfall in these 26 months ahead of us. The effect of acting on the request from the Board of Supervisors of yesterday would be essentially to require this shortfall to be dealt with in 24 months rather than 26 months.

The Commission will be making decisions on exactly how much money, not only SCRTD, but the other operators here in Los Angeles County receive as part of the Transportation Improvement Program action which is scheduled initially for discussion by the Commission in late May and then for adoption at the first meeting of the Commission in June.

The two Commissioners (Russ and Reed) were unable to be here today, given the short notice of this special meeting. They have asked that their views be made known to their fellow Commission members. Mr. Premo read the statement by Edmond J. Russ, Mayor of Gardena and Chairman of the Commission last year (attached as EXHIBIT A); and a mailgram received from Councilwoman Christine E. Reed, Councilwoman from City of Santa Monica and alternate to Mayor Russ, addressed to the Chairman and members of the Commission (attached as EXHIBIT B).

CHAIRMAN SCHABARUM: Since this is a one-item agenda, the chair will entertain a motion with respect to the item on the agenda.

COMMISSIONER COX: I move the staff's recommendation to provide the District with \$4.6 million over the next two months to avert this fare increase. Seconded by Commissioner Reeves.

Chairman Schabarum asked Mr. Cox to clarify the stated staff recommendation.

MR COX: I amend my motion to ask that the Commission approve the staff's recommendation at the request of the Board of Supervisors for a special allocation of \$4.6 million of supplemental operating subsidies to SCRTD.

SUPERVISOR EDELMAN: I realize the concerns expressed by Mayor Ed Russ and by Mrs. Reed. Certainly the RTD has the expertise in running the bus system and the Board of Supervisors does not want to interfere with the operations of the bus system except we, as elected officials, do represent the riders who have to ride the bus system and certainly the RTD has to come up with the fare increase. The concern of the Board of Supervisors was the kind of fare increase proposed. This \$4.6 million which is embodied in the motion will make time available for the RTD Board to go to another hearing on the fare increase and see if a better and more equitable fare increase can be brought about. But certainly the fare increase as it has been proposed and as it will go into effect tomorrow would raise considerable havoc among the elderly, students, and among those people who have to transfer a number of times on the RTD. It seems to me that this \$16 million we have in the Transportation Commission, that it would be wise as we have done in this motion to make available \$4.6 million to give the RTD an opportunity to see if they can come up with another set of fare increases because let it be known to the public and the riders that the RTD needs the fare increase. Mr. Premo was right and I believe him when he says that over the next 26 months there is going to be over a \$115 million deficit so the farebox has to be increased. The question is, can the farebox be increased in a more equitable and fair way. I think it can but it is worth the delay for two months to give the RTD Board another opportunity. In the long run, it seems to me, we need a permanent source of financing to further help the RTD. Certainly the farebox is one opportunity but it's not the best opportunity. We need to further subsidize our bus system and rapid transit in this county. And that is why yesterday, I proposed that the Board of Supervisors consider supporting a Commission recommendation that 1/2¢ sales tax be placed on the November ballot. I recognize the Commission ask the State Legislature to give the authority to put it on the ballot, that is to take the first step in putting that issue on the ballot. I don't think we can wait for the Legislature. I don't think we have an author yet for that bill so I will recommend at the next Commission meeting that I think the Commission itself should take the action in putting the 1/2¢ sales tax on the ballot that will raise over \$200 million a year for

the bus system and for the rapid transit system that we hope to ride in one day. I think that that will then obviate the need of this kind of financing at the last minute trying to come up with funds, we'll have a permanent source of funding to help the bus system over the years that we have not had in this county. San Francisco, the Bay area, has a 1/2¢ sales tax. There is no reason why we can't ask the voters. I think they will be willing today with the energy crisis. With the problems of transportation, they would be willing, in my judgment, to vote for a 1/2¢ sales tax. The Commission can do that and I will ask the Commission next time at the next regularly scheduled meeting, for 1/2¢ sales tax to be placed on the ballot in November. I think this action here today is justified. I don't think it's political interference and I read in a letter from one of the alternates on the Board. It's not a political interference; if it is, it's a good type of political interference because it is healthy to bring to the attention of the public the need for permanent source of financing. It is also giving the SCRTD Board of Directors an additional two months to see if they can come up with a fare increase that will be more equitable and fair. They have done the best job they can and this Commission has done the best job they can and I believe in the Commission's policy of not giving the RTD a subsidy and then having the RTD run a deficit financial operation. That is wrong, and the Commission was right when they turned this down awhile back. I think what we have now is a set of fare increases out of the farebox that are intolerable. I, therefore, suggest that we vote positively on this motion.

COMMISSIONER SZABO asked staff: If we approval this motion it is my understanding that the money for the motion would come out of the unallocated reserve of \$16.9 million which is allocated on the basis of a percentage formula. My concern here is that we have a problem here, not in terms of understanding the problems of RTD but also the municipals and they have projected amount of money coming out of this amount, that is the \$16.9 million. My concern is that if the \$4.6 million is allocated, that should be allocated from the percentage that was designated to go to RTD and the remaining 13% to the municipals should remain intact to be allocated for the municipal operators. I'm afraid that if we change the formula, we might not be acting in line with the legislation that gives us the legislative authority to allocate the money on that percentage basis.

MR PREMIO: The Commission adopted a formula last December for allocating funds among the several transit operators here in the county and that formula provides for 86.7% of the funds go to RTD and the balance to the other transit operators. Eighty-six point seven percent (86.7%) of \$16.9 million in rounded numbers is \$14.7 million. If you took the action today, the \$4.6 million would be subtracted from the \$14.7 million, thus

leaving for future allocation \$10.1 million. It would not infringe upon funds available to the other operators. That clearly in my view is in the spirit of action of last December and reflects the view, for example, shared with me by the Santa Monica Bus Line and others. It certainly will be the fair way to proceed.

COMMISSIONER SZABO: Mr. Chairman, I think that answers my question and it also illustrates a point on which I must take issue with Mrs. Reed and agree and I quote sentiments that Supervisor Edelman stated that we are a regional agency, we must recognize the needs and goals of more than just the RTD. We're talking about other municipal operators and I think it is legitimate for us to take us to take an issue like this and try to resolve it and I don't feel that it's an interference in the SCRTD matters at all. I think that it's a rightful position for us to take and a justifiable position. I hope, if anything, we take a leadership role in resolving the issue because its impact is not just on SCRTD but on a number of other municipals, as well as the general public that we are trying to serve.

SUPERVISOR HAHN: Mr. Chairman, this is an emergency meeting because we're in an emergency. If we do not vote favorably today, there will be tomorrow, or the next day, a dramatic drop of riders on the RTD because the public will not stand for the proposed rate of charging a person 50 cents every time he must transfer plus the original 50 cents for the fare. That's an outrage and there has to be a better system to protect the people that live in the inner city. We need to protect our old folks, as well as the students. This Commission had a spirit about it of unity of purpose, and that is to attempt to solve the transportation mess in Los Angeles County and to give some leadership to the various problems. We have 81 incorporated cities, various agencies that are charged with some phase of transit but it is interesting to note that the good Council member from Santa Monica, who opposes this, has a very fine Santa Monica bus system. And they're not willing to help out another major publicly-owned system, RTD, in their financial struggle to survive. This measure here is just a stop-gap, as you would put up a sandbag or two when there is a flood to protect the house. This will give the RTD two months or maybe longer to come up with some reasonable solution to this problem, including finding other sources of revenue. The Board of Supervisors, I believe, is willing to support the measure that Mr. Edelman introduced yesterday. It will be on the agenda for next Tuesday where the Board of Supervisors has been the leader in providing funds to the transit district and I resent very much the attitude of certain Board members of the SCRTD, as I heard today, that they do not even want this money. I've heard before I got to this meeting that certain Board members of the SCRTD that do not want

expensive. I think to eliminate the transfer is really to place a very heavy burden on these people, many of whom often have very limited incomes. In exchange for the transfer, the District has proposed the establishment of a \$30 pass instead and I think that it's important to recognize when you're dealing with people of limited incomes, often there isn't \$30 lying around to pay for a bus pass at the beginning of the month for each of the family members. Therefore, Mr. Chairman, I would hope that the District would very seriously reconsider its transfer policy as has been proposed and in addition, Mr. Chairman, I would suggest also that the District might want to look at the possibility of changing the transfer system which, I believe, is responsible for the fraud problem that has been indicated. Most cities, Mr. Chairman, have transfer systems that have very significant restrictions on how a transfer can be used after getting off the bus. In this community and it is one of only two communities like it in the country that have this kind of a system among major systems. That transfer is essentially a full-paid fare and can be used by the person getting off the bus to go in any direction and it is the wonder, Mr. Chairman, that people are selling these things on the street. Therefore, Mr. Chairman, I would urge that the District reconsider its transfer decision and look at possible alternatives to solve the fraud problem without greatly burdening the transit dependent for whom, Mr. Chairman, I believe the system exists.

COMMISSIONER REMY: Mr. Chairman, The Mayor strongly supports the motion that is before you. There is no question in the Mayor's mind that a fare increase is essential. It has to happen and it has to be supported by our office and others, but there is a question as to where best to allocate such an increase and what the burden of that increase should be. And the feeling that additional public input into that process may lead to a greater equity and the greater feeling on the part of the transit riders that they have had a chance to shape those policies a little more than they've had up to now. The \$4.6 million we allocate, it's my understanding, will give enough time for that additional public input process and addition suggestions received by the Board. I think it would be difficult or if we allocated the money and the District was not able or unwilling to have that additional public process, so our vote is certainly built on the assumption that the money would be allocated and the SCRTD will have that additional public input between now and July 1.

Chairman Schabarum asked Mr. Neusom for any comments based on the proposed action and the comments made by various Commissioners.

MR. NEUSOM: I would like to say that the money being made available will, on the vote of the District today, give us the opportunity over the next 60 days to get additional public input and to work with the fare structure. The allocation of the user costs for service delivery is a very difficult task because what you don't charge to one group of riders, you've got to charge to another group of riders. And it is just a matter of trying to be equitable to give everybody an opportunity and if I could say one thing that I hope you would understand, if there is anything worse than even an unreasonable fare increase, it is not to have service or to have service that you can't get on because it's overcrowded. And the one thing that I hope that we will be able to do in this process is to make sure that we are able to maintain the service on the street and to do it so that it is equitable among all the users of the service. I would like if I had just one second and I recognize that this is a special meeting but to call your attention in parts some of the problems that the District has to face. One of those problems that looms in the very immediate future is the fact that we are getting 940 buses. The current emission standards requirement for the engines on those buses for 1980 will mean that the cost of operation of those buses over the federal standards will be \$150,000 a month or over a 12-month period \$1,800,000 and there is no increase in productivity to offset that additional cost. Now, we are trying to get a waiver from the ARB so that we can use the federal standards and save that money which would in effect result in more service. But these are the kind of very difficult problems that the District is faced with, the increase in labor costs, the increase in diesel fuel, and there is no answers, no easy answers, it's just difficult choices and we'll certainly do our best to arrive at the most equitable, the fairest decision that we can. I thank you for the opportunity to speak, Mr. Chairman.

CHAIRMAN SCHABARUM: For my part, let me suggest that yesterday I did not support the proposal. Hearing the comments today, it is abundantly clear that there is sufficient support to make the authorization as is before us. I, on the other hand, heard no less than four of my colleagues on this Commission suggest that, at a minimum, all that we are doing is postponing to a time certain, namely a couple of more months, the absolute requirement for the raising of fares in some fashion insofar as it applies to the operation of the Rapid Transit District. And I think that it might be well argued that there is even a possibility of another round of fare increases that the RTD may well have to deal during the months in the next upcoming fiscal year. The fact is that there are only so many dollars around. The fact is that the relationship of rider-generated revenues in relation to the total cost of operating the District has been on the steady decline over the last eight years to the point that roughly 37% of the total operating costs of RTD is provided out of the farebox, the remainder from state and federal subsidies. Therefore, this Commission, as it has said in the past, is only able to go so far and accordingly,

I expected there will be a requirement on the part of RTD to make some decisions relative to raising fares within the next couple of months, operative I assume of the first fiscal year, namely July 1. So that is where we are, like it or not. There are couple of folks in the audience who wanted to express themselves briefly, I am sure.

Mr. Robert J. Swan, Public Transit Catalyst, Box 1866,
Long Beach.

Yvonne Tarrell, President of Cal-State LA Student Body
representing the Los Angeles Collegiate Council

Mr. Greg Roberts

CHAIRMAN SCHABARUM: On behalf of the Commission, I formally ask Mr. Neusom to, in the course of your structuring the next round of review of your fare structure, make sure that the Board of Directors of RTD provides proper forum at a reasonably convenient time for the public to have the opportunity to express their views. And, beyond that, let me also pose a request and that is, certainly for the benefit of this Commission, if not the general public, that there be provided as part of the hearing the specifics as to what various rate modifications and/or changes in the mechanics impacting on revenue are going to be discussed, therefore, be able to be commented on. And more importantly, what the financial impact of each of those elements is going to be insofar as impacting on your revenue. Do you follow my

MR. NEUSOM: I follow your comment. We will certainly do the very best we can to indicate the possible combination of fares; however, you have to remember that it's an infinite number of balances that could be affected. I simply say we will attempt to explain essentially those items that will be subject to change and what the changes are that can occur. There is no way I can anticipate what ten other people will do in terms of eight votes, not just the majority as we are talking about here today, but eight votes out of eleven to act. I will make sure and make every effort that I can that that the public is advised but I simply have to say basically everyone can go in with the knowledge that whatever the number of dollars are that we have to raise, we will be seeking to raise that by increasing in various amount the user fees because that's the whole problem. The only answer is increases.

CHAIRMAN SCHABARUM: I don't think it's unreasonable to expect that in the kinds of modifications that you propose that your staff will be able to provide the fiscal and ridership impacts as it relates to each of those alternates.

COUNCILWOMAN RUSSELL: I think it's very important. We discussed it before our Transportation Committee this morning and I don't think you can have a rational public discussion of the fare structure unless we do get the information from the RTD on what the variations and alternates would cost. So I'd like to underline that that came from our Council too.

SUPERVISOR EDELMAN: I'm wondering if we could change possibly with the substitute amendment that was agreed to, to have the RTD pay over two years rather than one year this \$4.6 million because then next year it's going to hit heavy again. If you spread it over two years, as I understand it, the RTD would not be hit as hard with fare increase necessity as if it were one year so I would just like to suggest that to Mr. Rubley to see if that would be something that he would accept. Mr. Premo, what would you think about that?

MR. RUBLEY: Well, initially, the only thing that the original idea of the motion was to protect the percentages of the munis themselves receive and it would not interfere with their allocations and that's the original idea of it and I felt that this should come if we're going to and the Board is going to take issue and really get in and do the job on this budget, then I thought that 1980-81 would be the proper year to do it. We could drag it over a 5 or 10 year period but....

MR. EDELMAN: I don't think it should be dragged beyond that but I was just wondering from the RTD's point of view without, I think they agree they don't want to jeopardize the amount of money for the municipal operators but if we could make it over two years, I think it would ease the impact.

MR. PREMO: In the yellow sheet you have on the next to the last page is material which we have received from the District. You will note in the current fiscal year we are in, it's my understanding that because of higher costs during the current fiscal year that the District needs \$4.6 million during May and June to avoid a fare increase so if any of the money were, in fact, carried over which could happen, depending on some uncertainties on fuel costs, labor costs, and others, I think it would be important to word the motion so that some of that could carry over. It keeps us out of recycling motions and effectively pushing a lot of paper for no real purpose but my sense is, though, that the District needs this money during May and June to avoid any increase.

MR. EDELMAN: That is right; there is no question about that. The question is whether it should be deducted in two year's time from the RTD allocation or one year.

MR. PREMO: Ultimately, we have \$14.7 million for the RTD from here on out and we can work some bookkeeping and figure out which is the best way to deduct it.

MR. EDELMAN: I'll leave it as it is.

MR. COX: Thank you, Mr. Chairman. If I might, I'd like to ask President Neusom a question. Presuming that this Commission takes positive action on the motion today and hoping that the District does as well, I wanted to find out will the District be considering giving refunds to those patrons who has already purchased passes at the new higher rates?

MR. NEUSOM: What would probably most likely happen for those, and I have not spoken with staff but in terms of trying to effect the simple bookkeeping, those persons who have purchased passes already will get \$10 credit toward their next month's pass so over the two months they would still be paying just the \$40 at \$20 a month, even though they've \$30 for this month's pass so that will take care of it without any problem.

Chairman Schabarum indicated that there were a few more people from the audience who wanted to speak before the Commission.

Bryan Allen commented briefly.

Marie Coffman spoke on behalf of senior citizens.

CHAIRMAN SCHABARUM: We have a motion made by Mr. Cox and seconded by Mr. Hahn. Mr. Premo, would you read the language of the motion before us.

MR. PREMO: Motion is to allocate \$4.6 million in Federal Section 5 funds interpreting as to identify the source of money in Federal Section 5 funds to the Rapid Transit District to mend the fiscal year 1980-81 Transportation Improvement Program to achieve this purpose. The \$4.6 million would come from the District's share of the \$16.9 million reserve available to the Commission. That is, \$4.6 million would be from the \$14.7 million of this total available to the District. The \$2.2 million available to the municipal operators would not be affected by this action; that is, it would be subsequently available for allocation to those operators.

Roll call vote:

Ayes: Mr. Rubley, Mrs. Killeen, Mr. Edelman,
Mr. Szabo, Mr. Hahn, Mr. Remy, Mrs. Russell,
Mr. Cox, Chairman Schabarum.

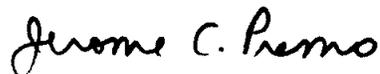
Nays: None

Motion was carried unanimously.

Meeting was adjourned at 3:20 p.m.

The next regularly scheduled Commission meeting is May 14, at 3:00 p.m., at the Department of Water and Power, Room 1555-H, 111 North Hope Street, Los Angeles.

Respectfully submitted,



JEROME C. PREMO
Executive Director

JCP:kyt
Attachments