

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

MINUTES/PROCEEDINGS

COMMITTEE OF THE WHOLE
Board of Directors
Thursday, May 3, 1990
District Board Room
425 South Main Street
Los Angeles

Called to order by President Swanson at 1:08 p.m.

Directors Present

Gordana Swanson, President	Nick Patsaouras
Marvin L. Holen, Vice President	Jay B. Price
Joseph S. Dunning	Charles H. Storing
Jeff Jenkins	Kenneth R. Thomas (Closed
Jerold F. Milner	Session Only)

Directors Absent

Larry Gonzalez
Don Knabe

Immediately following Roll Call the Board went into Closed Session on litigation matters, returning to Open Session at 1:45 p.m. with the same members in attendance.

Items were considered in the following order.

1. Received report on Ridership Trends.

Staff reported increases of 1% in ridership, 3.6% in passenger revenue and 136.9% in ticket boardings.

2. Received FY 1990 Third Quarterly Report on the Activities of the Marketing and Communications Department.

The three major ad programs initiated during the quarter were the "Neighborhood Bus" campaign, the "We Deliver" RTD/L.A. Kings promotion and the "Corporate Pass" campaign. Membership in the Corporate Pass Program increased 345% since last year.

Marketing also produced 100,000 brochures in support of the 1990 Census for the City of Los Angeles, and participated in the L.A. Broadway Fiesta with a Blue Line Railcar and an entertainment stage.

Director Jenkins asked how the District shows appreciation to businesses providing free advertising, tickets, etc. President Swanson reported that the L.A. Kings had been presented with a plaque in appreciation of their promotional campaign. Tony Fortuno agreed that the Directors and Vice Presidents of these firms should be invited to a Board Meeting and given commendations.

Director Patsaouras stated he felt the District and the LACTC not only should have participated in "Earth Day", but should be working to develop a professional media campaign which connects transit with the quality of life and tells people they can make a difference. He asked staff to contact Neil Peterson to make arrangements to develop such a program.

Director Dunning asked whether the District had made an attempt to recognize the Pacific Asian population and address them in a specific language. Tony Fortuno pointed out that 2 of the 9 passengers represented in the "Neighborhood Bus" campaign were Asians.

President Swanson requested that information regarding Marketing Department efforts be given to APTA and other transportation agencies.

7. Received and filed the FY 90 Third Quarter Claims Management Report which indicates a 13% reduction in claims and a 7% increase in reserves. Total number of claims for both WC and PL/PD are the lowest in three years; however, the average cost per claim is the highest in three years. Frequency rate for lost-time occupational injuries in the Transportation Department is projected to be the highest in six years -- 10.17%.

Director Storing inquired whether there is any way to determine what percentage of claims are fraudulent and if drivers are sufficiently schooled to seal their bus in case of an accident so that people in the area cannot board the bus and claim to have been injured.

Barbara Anderson responded that employees have been disciplined and/or terminated for filing fraudulent claims and Hertz's Special Analysis Department has found some people who claimed to have been aboard buses when they were actually at work.

Steve Mock, Director of Claims for Hertz reported that fraudulent claims are referred to the Transit Police.

Director Jenkins inquired about the existence of a data base containing the names of everyone who has filed claims in the past. Mr. Mock responded that HCM does have such a system for tracking bodily injury claims. Director Jenkins suggested rejecting all blind claims and forcing litigation.

Barbara Anderson announced that staff is meeting with the Risk Management Committee of APTA this month to discuss this issue.

G. Roberts reported being on a bus involved in a minor accident, and that the driver did not pass out witness cards. He expressed his opinion that drivers intimidate passengers who try to report an injury.

3. Received and filed preliminary report of a Proposal for a Workers' Compensation Self-Insurance Financing Plan.

The plan involves the issuance of tax-exempt debt for the purpose of paying for the next five years of anticipated workers' compensation claims. The objective of the Controller-Treasurer's Office is to further explore the financial benefits to the District.

4. Considered General Manager's report concerning year-to-year changes in operating revenues and expenses and Fiscal Year 1990 third quarter operating budget forecast.

Controller-Treasurer, Tom Rubin, reported that revenues are expected to exceed expenditures by \$6 million, and that most of this improvement can be attributed to changes in insurance reserving practices and increased ridership. This \$6 million surplus will be available to offset the projected \$19 million shortfall in the FY 91 Financial Plan.

Expenditures increased from FY 88 to 89 with the largest increases occurring in: Workers' Comp and PL/PD; medical costs; vehicle parts; UTU bus operators' scheduled overtime; a one-time \$4 million book entry for life insurance caused by a change in accounting standards; litigation; and a \$2.5 million increase in cost of cash counting. These expenditures caused a \$9.13 increase in operating cost per revenue hour resulting in the loss of \$12 million in TPM bonus funds for FY 91.

The District will be able in FY 91 to limit the growth in cost per hour to less than inflation, thereby qualifying for restoration of TPM bonus funds for FY 92.

In the categories of subsidy per passenger and subsidy per passenger mile the District ranks third and fifth best in the county, which in each case is 30% lower than the national average for all bus operators, making SCRTD an extremely cost-effective operator.

Another interesting statistic presented was average passenger load in 1988 for the 20 largest bus operators nationally. The District's passenger load was 178% larger than the national average with buses carrying 20% more people per hour than New York City -- the second most crowded of the large urban bus systems.

Cost per passenger mile is lower than all of the large urban bus systems in the United States.

Boardings and annual subsidy bear a very high correlation. The number of people carried is almost totally dependent on the amount of subsidy received. If new sources of transit funding are not identified over the next 10 years, subsidy is going to go down very significantly as the District will be using up to \$100 million in 1990 dollars for rail operation; the money will not be there to replace bus service.

System speed has declined one or two percent every year since 1981.

Larry Schlegel reported that SCRTD was the only operator in the county whose percentage growth in labor contracts was actually under inflation. Also reported was a continuing year-to-year improvement in days lost per employee per year for UTU and ATU.

5. Receive status report on negotiations with the Los Angeles County Sheriff's Department regarding security services on the Metro Blue Line.

A meeting is scheduled for 3 p.m. today (5-3-90) with LASD representatives and LACTC staff to discuss revised contract. Results of this meeting will be submitted in the next status report.

6. Received and filed report on 25-Cent Experimental Holiday Fare in Downtown Los Angeles.

Staff reported a 5% increase in ridership with no disruption to the system and negligible impact on revenue. The District received some good press from the 25-cent fare and plans to seek political and/or private subsidy to fund future experimental fares.

8. Public Comment

H. Watts addressed the Board regarding benefit assessment.

Adjourned at 4:07 p.m.


Recording Secretary

CONSENT CALENDAR

Items 1 through 11 on the Consent Calendar were approved in one motion with eight (8) directors present.

1. APPROVED a contract with Universal Procurement Inc., Tempe, Arizona, the lowest responsible bidder under Bid No. 04-9012 to furnish and install police surveillance equipment for an estimated cost of \$31,478; form of contract subject to approval of the General Counsel.

This procurement is funded under UMTA Grant CA-90-X329.

2. APPROVED a contract with Best Threadware, the single responsible bidder under Bid No. 02-9005 covering procurement of nuts, bolts and related items, for a total bid price of \$26,394; form of contract subject to approval of the General Counsel.

3. APPROVED Requisition No. 0-9400-111 and an option for one additional year with Flexible Corp., Loudonville, Ohio, covering ring gear and pinions, at an additional cost of \$212,800; form of option subject to approval of the General Counsel.

4. APPROVED:

- a. Requisition No. 0-0998-02 and payment of the second quarter 1990 assessment payment of \$17,919 for work on the Operating Industries, Inc. (OII) landfill site in Monterey Park; and
- b. payments for the third and fourth quarters of 1990 at an approximate cost of \$32,000 and an aggregate total expenditure not-to-exceed \$100,000;

form of documents subject to approval of the General Counsel.