

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

MINUTES/PROCEEDINGS

Special Meeting
Board of Directors
Thursday, May 7, 1987
District Board Room
425 South Main Street
Los Angeles

Called to order at 10:04 a.m.

Directors Present:

Jan Hall, President	Erwin N. Jones
Carmen A. Estrada, Vice-President (arrived 10:07 a.m.)	Nick Patsaouras
John F. Day	Jay B. Price
Joseph S. Dunning (arrived 10:05 a.m.)	Charles H. Storing
Nate Holden (arrived 10:30 a.m.)	Gordana Swanson

1. Considered the General Manager's report containing a recommendation to adopt a fare structure and service adjustments for Fiscal Year 1988.

General Manager Dyer recapped his five-point recommendation for a fare structure and service adjustments which should result in a balanced budget for Fiscal Year 1988. The five points are:

1. Continue cost saving actions initiated in the Performance Action Plan. Estimated \$6.8 million in savings.
2. Request the Los Angeles County Transportation Commission (LACTC) to approve the allocation of \$3.9 million in Proposition A "bonus" fund revenues.
3. Adopt a 90-cent base fare structure effective on July 1, 1987 as contained in Attachment I to the Board report, a copy of which is filed with the District Secretary.
4. Approve proposed service cancellations of high-subsidy bus lines as indicated in Attachment II, effective June 21, 1987, with available service hours resulting from these cancellations to be redeployed to other parts of the regional system. Net result would be an increase in transit service.
5. Authorize negotiations with LACTC and/or the County of Los Angeles and the City of Los Angeles to continue operation of bus lines shown in Attachment III, effective June 21, 1987.

Mr. Dyer indicated that the District is estimating an approximate operating budget of \$493 million FY 87 and is proposing an operating budget of \$513 million for Fiscal Year 1988. This is approximately a 4.3% increase. The FY 88 budget includes the 53rd week at a cost of \$6.8 million; this cost will not recur in the near term.

President Hall commented that the charge given to the General Manager was taken seriously and the proposed fare increase has been kept to a minimum. Director Patsaouras questioned the 53-week fiscal year, indicating he will not vote for an extended fiscal period. Mr. Dyer responded that unless the District schedules a 53-week year, an adverse audit report can be expected next year. Director Patsaouras, after discussion, made a motion to transfer the 53rd week to Fiscal Year 1989, which motion was seconded and more discussion followed. Upon question, General Counsel Powers indicated this is not a matter of legality, it is a matter of generally accepted accounting practices. Acting Treasurer Butler explained that a change from the 53-week fiscal year would affect the District's Revenue Anticipation notes, bonds, lending markets, etc.

General Manager Dyer also mentioned that the LACTC would be very concerned and probably would withhold the \$3.9 million recently approved for the District. He also mentioned that the District would not be consistent with the S RTP funding request. Director Holen commented that the District has always followed a path of fiscal integrity. The investment banks, etc. have always given the District high marks; to begin to impair this would not be in the best interest of the District. He concluded he would vote against the motion.

Staff commented that the 53rd week is not a net increase in cost to the District. There was discussion concerning the 52/53 week fiscal years, with staff indicating they would research when this practice was put into effect.

On a call for the question on Director Patsaouras' motion, the motion failed on a Roll Call vote as noted below:

Ayes:	Holden, Patsaouras, Storing, Swanson
Noes:	Day, Dunning, Estrada, Holen, Jones Price, Hall
Abstain:	None
Absent:	None

Director Swanson asked questions concerning various elements of the proposed fare package and about the bridge funding for operating the bus lines under contract with the LACTC, the County or the City of Los Angeles.

Director Estrada commented she will vote against staff recommendation. She continued that the Board has very few controls over staff; however, one of the major controls is the budget. Over 50% of the bus riders are poor and they are not pleased with the service provided. She indicated she wanted to see a severe belt tightening; she also mentioned the need for a "needs-based student fare" and contingent upon the schools administering the program.

Director Patsaouras made a motion to raise the fare as recommended by staff. This motion was seconded. Director Dunning stated that action on this motion would preclude discussion on the specifics. Director Patsaouras withdrew his motion and then made a motion not to raise the fares, which motion was seconded and discussion ensued.

Director Dunning indicated his preference to retain the current cash fare and pass fare for the elderly and disabled. He asked how much of the savings of the costs associated with the various elements of the fare structure have been put into the budget reductions.

Director Storing spoke to the service cuts proposed. He noted that 16 of the 18 lines proposed for cancellation have been picked up by contract by the County or the City of Los Angeles. General Manager Dyer indicated the proposed budget provides for more service on the remaining lines. Director Storing inquired if the bridge funding has been guaranteed, with Mr. Dyer responding that action is required by the LACTC and they have stated they are in favor of this proposal.

Upon inquiry, General Counsel Powers informed the Board that if no action is taken, by default the fares will remain as they currently are. He also indicated it would not be out of order to obtain a 2/3 majority vote to show support for the current fare structure.

Director Holen indicated he would support a motion to reduce Board member fees, but he would not support a salary freeze. He went on to say there is one major area of inefficiency in the operation of the District. Resources are allocated within the District itself and while it is not politically possible to reallocate resources, it should be stated that the resources are not allocated on a needs based formula. He suggested that a withdrawal of service from the suburbs and a reallocation of resources in the central city would generate substantially more income. Director Swanson indicated she would not support a transfer of service from the suburbs. The outlying areas have less service and pay higher fares because of the distance.

Director Swanson continued that she would propose that the present fare structure be continued for another year. Director Estrada mentioned that the Board has two issues before it, fares and service cuts. She asked for clarification of the motion. Director Patsaouras indicated the motion addressed just the fare structure and the service redistribution as contained in staff recommendation No. 4 and No. 5.

President Hall indicated she will not support the motion. She continued that the budget before the Board is not what the Board members want to see. The proposed five-cent increase is just 6% over a two-year period. She expressed her concern that the Board continue to function in a fiscally responsible manner. She concluded that the responsible thing to do is support the staff recommendation with the caveat that the District continue to try to secure more funding.

Director Jones spoke, indicating his agreement with President Hall. He asked about the last fare increase, learning it was two years ago. Director Jones asked about the cost-of-living over the past two years and inquired if the proposed fare structure exceeded that increase. Mr. Dyer responded yes, but in actual dollars we are below the cost of living factor. Mr. Perdon explained the funding support from the federal and state sources are reduced. Director Jones summarized his position by stating that the Board's charge is to run an effective and efficient transit system. It is irresponsible to do anything but support the staff recommendation.

In response to a call for the question, Director Patsaouras asked that the motion be separated, i.e., 1) not to raise the fares, and 2) service levels.

Mr. Hank Ramey spoke to the subject of fare levels, indicating he would file a lawsuit if fares were raised.

Mr. John Walsh spoke against a fare increase.

Mr. Greg Roberts also spoke against a fare increase.

A motion was made to split the question, which motion was seconded and carried, with Director Swanson objecting.

A Roll Call vote was taken on Director Patsaouras' motion not to raise fares. The motion failed as noted below:

Ayes:	Day, Estrada, Holden, Patsaouras, Storing
Noes:	Jones, Hall
Abstain:	Dunning, Holen, Price, Swanson
Absent:	None

Director Dunning asked that the record indicate his abstention was based on the denial of the option to piece together a fare package. Director Holen commented his vote was based on an incomplete package and a lack of policy direction for the staff.

A Roll-Call vote was then taken on Director Patsaouras' motion to accept staff recommendations No. 4 and 5 as contained in the report. This motion passed unanimously as indicated below:

Ayes:	Day, Dunning, Estrada, Holden, Holen, Jones, Patsaouras, Price, Storing, Swanson, Hall
Noes:	None
Abstain:	None
Absent:	None

The Board then discussed the selling of Proposition A funds by the LACTC. Mr. Dyer indicated, by regulation, the Commission has allowed cities to sell their local Proposition A funds for other general fund monies at a reduced rate. President Hall asked about FAU funds and the exchange for Proposition A dollars. General Counsel Powers indicated the LACTC has indicated the District cannot sell FAU funds for local Prop. A dollars. Director Holden requested that an item be placed on the next agenda to request the LACTC to waive their policy to allow the District to sell farebox revenues for local Prop. A dollars.

Director Day commented that he believes the Board wants a motion to be made to consider the General Manager's recommendation. This was subsequently stated as a motion and received a second. General Counsel Powers informed the Board that they have already rejected the recommendation of staff and fares would remain at current levels.

Director Swanson made a substitute motion to accept the recommendation of staff as contained in Attachment I to the report with the exception that the K-12 student pass be increased to \$14, the college student pass be increased to \$17 and the elderly and disabled express stamp be increased to \$2. This substitute motion was not seconded.

Director Holen presented his commentary that the Board's responsibility is to give the staff policy direction. He predicted the motion on the floor will fail. He expressed his belief that the Board has not given direction that the Board intends to have a non-balanced budget for fiscal year 1988.

Director Dunning expressed his opinion that the Board will get another opportunity to make selective changes in fares. Director Day asked when this subject could be revisited in the event the motion fails. General Counsel Powers advised that the fares recommended by staff were scheduled to become effective July 1, 1987 therefore, the Board has until July 1 to act.

Director Patsouras cautioned the Board that unless an additional \$9.6 million is found, the District should stop operating at the beginning of the 53rd week proposed for the fiscal year. He made such a motion which did not receive a second.

2. Closed Session regarding litigation matters.

Upon the advice of Counsel, the Board recessed to Closed Session at 12:44 p.m. to consider matters of litigation.

The Board returned from Closed Session at 1:24 p.m. with all Directors present. No report was made of matters discussed.

Under public comment, the Board heard from Messrs. Greg Roberts and Peter Baxter.

Meeting adjourned at 1:28 p.m.


District Secretary

PROPOSED ROUTES TO BE OPERATED UNDER CONTRACT TO LACTC

PAGE	OFFICIAL ROUTE DESCRIPTIONS
*Original Page 147	San Pedro-Park Western Plaza-Barton Hill
Original Page 192	Arroyo Avenue-North White-San Bernardino Avenue
Original Page 194	West Ninth Street-South Towne-Arrow Highway
Original Page 291	Garey Avenue-Foothill Boulevard
Original Page 293	Indian Hill Boulevard-Reservoir Street
*Original Page 413	Los Angeles-Burbank-North Hollywood-Van Nuys Exp.
*Original Page 419	Los Angeles-Mission Hills-Granada Hills-Chatsworth Exp.
*1st Revised Page 423	Los Angeles-Woodland Hills-Westlake Express
*1st Revised Page 430	Los Angeles-Sunset Boulevard Freeway Express
*1st Revised Page 431	Los Angeles-Westwood Freeway Express
*2nd Revised Page 437	Los Angeles-Marina Del Rey Express
*1st Revised Page 438	Los Angeles-Culver Blvd.-Manhattan Beach Express
*Original Page 448	Los Angeles-Palos Verdes Peninsula Express
3rd Revised Page 492	Los Angeles-El Monte-South Arcadia-San Dimas
3rd Revised Page 494	Los Angeles-El Monte-Monrovia-Glendora
*Original Page 686	(BEEP) San Pedro-Lomita-Torrance-El Segundo

*These routes are proposed for possible operation by the City of Los Angeles at a later date; all other routes may be subsequently operated by private operators under contract to Los Angeles County.