

MINUTES

San Gabriel Valley Service Sector Governance Council

Regular Meeting

Metro San Gabriel Valley Sector Office
3449 Santa Anita Avenue
El Monte, CA 91731
3rd Floor, Council Chambers Room

Called to Order at 5:05 p.m.

Sector Representatives Present:

Rosie Vasquez, Chair
Roger Chandler, Vice Chair
Harry Baldwin
Henry Lopez
Sharon Martinez
Joseph Mosca
Dave Spence

Officers:

Jack Gabig, General Manager
Michele Chau, Council Secretary



Metropolitan Transportation Authority

Metro

1. Introductions.

APPROVED **Minutes** of Regular Governance Council Meeting held January 14, 2008.

2. RECEIVED **Public Comment**.

- Ken Ruben, Southern California Transit Advocates, indicated that he regularly attends the Westside/Central Service Sector Council meetings and was present at the San Fernando Valley Sector public hearing on February 6. He stated that the potential impacts of gating on the Metrolink system were discussed at a recent Metrolink Special Board Meeting. He mentioned that Metro's senior EZ pass does not have Transit Access Pass (TAP) capability. He stated that the Culver CityBus is implementing the TAP system on its fleet.
- Jose Melendez, transit user, observed that Division 9's bus fleet continues to grow. He expressed support for proposals to consolidate express services provided on the Harbor Transitway and El Monte busway, and noted that this may help decrease the number of transfers. He stated that at this time it may be difficult to gauge the potential benefits of these proposals.
- Ann Bradley, Silverlake Chamber of Commerce Green Committee, indicated that she is a long-time transit user and resident of Silverlake. She expressed support for the retention of weekend service on Lines 201 and 175. She suggested improving the headways on these lines to attract more riders.

3. RECEIVED **Chair's Remarks**.

- Grand opening ceremony for the San Gabriel Valley Division 9 Sector Offices was held Friday, January 25, 2008 at 11 a.m. The ceremony had to be moved indoors due to the rain. Metro Board Chair Pam O'Connor, Director John Fasana, and CEO Roger Snoble were present at the event. Other attendees included representatives from the offices of Mike Eng, Diane Feinstein, Barbara Boxer, Gloria Romero, and Bob Margett.
- An All-Sector Proposed Service Change public hearing was held for the first time on Saturday, February 9 at the Gateway building Board Room. Chair Vasquez and 7 other Service Sector Governance Council members were present at the hearing, which lasted 3 hours. 150 members of the public attended the hearing, and 64 individuals commented on the proposed changes. 23 individuals spoke regarding San Gabriel Valley Sector proposals, 14 in regards to Line 256 and 9 in regards to Line 620.

Chair's Remarks – Continued

- Announced that a public hearing will be held immediately following the meeting to consider comments on proposed San Gabriel Valley Sector service changes.

4. **RECEIVED report of the General Manager.**

December 2007 Performance Report

- OSHA Recordable Incidents – Mr. Gabig clarified that these refer to incidents requiring medical attention other than first aid. The blue line on the slide represents number of incidents recorded over the last 13 months. The number of incidents is below target and trending downward for the month.
- New Worker's Compensation Indemnity Claims is generally trending down. There were just under 5 claims per 200,000 exposure hours in December. Two of these 5 claims were closed within the month, one was denied, and one was delayed for further investigation.
- Bus Traffic Accidents is trending close to target. There were 2.8 accidents per 100,000 hub miles for December; 25 accidents occurred at Division 3 and 20 accidents occurred at Division 9. Most of the accidents were relatively minor, both in terms of property damage and personal injury. The bus accident severity index is below target for December.
- Miles Between Total Road Calls improved slightly, but remains below the monthly target. No-start road calls continue to be a problem. The agency is looking for a long-term battery supplier.
- On-time Performance remains static at 64%. The agency is focusing on buses that arrive earlier than scheduled.
- Complaints are slightly below target. The Sector received 20 operator commendations this month, which is higher than average. The number of operator conduct-related complaints is slightly higher at the Sector than agency-wide.
- Ridership is declining due to the fare increase implemented in July. The Sector hopes to achieve last year's ridership levels sometime in the near future.

Representative Mosca asked how staff determined that the ridership decrease is due mainly to the fare increase and not other factors such as a decrease in service.

Mr. Gabig responded that the Sector has not drastically reduced service. Staff has been cutting unproductive service and reallocating resources to higher-demand lines.

- “How You Doin’?” Results:
 - Division 9 Transportation placed 1st.
 - Division 3 Transportation placed 6th.
 - Division 9 Maintenance placed 1st.
 - Division 3 Maintenance placed 3rd.

December Financial Report (Paula Faust)

- The financial report this month continues to be favorable due to prudent financial management of staff.
- Total San Gabriel Valley (SGV) Sector year-to-date budget is \$71.5 million. Total SGV Sector year-to-date expenses are \$65.6 million.
 - Approximately \$6 million savings can be attributed to UTU labor, Worker’s Compensation, and Public Liability/Property Damage credits.
- Total Maintenance is under budget, due to a combination of UTU labor, fringe benefits, Worker’s Compensation, and a significant savings in year-to-date fuel expenses.
- Worker’s Compensation is performing well with \$2.2 million in savings year-to-date.

Representative Baldwin asked if Metro purchases fuel each fiscal year using an annual term contract.

Ms. Faust responded that the agency has purchased fuel this fiscal year at a price of \$.86 per therm using a hedging contract. The current rate for CNG is \$.90 per therm. She indicated that staff will present a comprehensive report next month on the agency’s fuel contract.

Michelle Caldwell, Executive Officer, Office of Management and Budget (OMB), indicated that the agency is negotiating a second hedge. She clarified that the agency doesn’t hedge the total fuel usage, only 95% of usage. This may explain why financial data for fuel expenses may be under budget. She added that the agency is not using as many therms as staff initially anticipated.

Representative Mosca asked how savings benefit the Sector and whether any savings are reinvested.

Mr. Gabig responded that the surplus is placed back into the agency budget the next fiscal year. Staff has engaged in ongoing discussions regarding the possibility of retaining any savings each fiscal year.

Ms. Caldwell stated that OMB budgets fringe benefits each year based on actuarial analyses, and that the estimates are conservative. Fuel is budgeted under the assumption that all 8,900 positions in the agency are being filled. She indicated that it may be difficult to determine where savings are being generated when reviewing the overall budget.

5. RECEIVED oral report on Metro's Fare Policy by Michelle Caldwell, Executive Officer, Office of Management and Budget.

Ms. Caldwell reported that the Fare Policy and proposal to increase the qualifying age for discounted senior cash fares and passes was presented to the Board in January. She noted that the adoption of the Fare Policy is a requirement of the Financial Stability Policy. The Board voted to carry over adoption of the Fare Policy for further discussion and retain age 62 as the qualifying age for all discounted senior cash fares and passes. Prior to the Board's action, a two-tier system existed whereby seniors who are age 65 and older were able to receive a discounted \$.25 cash fare during off-peak hours, and the age for regular senior pricing remained at 62. Staff estimates that the agency will lose \$500,000 in fare revenue as a result of the Board's action. Ms. Caldwell stated that the Fare Policy includes farebox recovery goals to be achieved over time. The Board recently approved circulation of the draft Long Range Transportation Plan (LRTP) for public review and comment. The draft LRTP establishes a fare recovery goal of 33%.

Representative Mosca asked for more clarification on the fare recovery goal and when it will be reached.

Ms. Caldwell responded that the fare recovery goal is included in the LRTP but not in the Financial Stability Policy. The fare recovery goal of 33% established in the LRTP is a policy statement which is planned to be attained by FY12.

Ms. Caldwell stated that the fare restructuring plan approved in May 2007 included fare changes to be effective July 1, 2007 and July 1, 2009. A third fare increase has not yet been adopted.

6. RECEIVED report on the FY08 Ten Year Forecast by Michelle Caldwell, Executive Officer, Office of Management and Budget.

Ms. Caldwell reported that the FY08 ten-year forecast was presented to the Board at the January Finance and Budget Committee. The forecast is updated every year after the fiscal year budget is adopted. Known revenues are included, costs for years beyond current commitments are escalated, and any known changes are incorporated in the forecast. The forecast was modified to include the two fare increases as approved by the Board with the next increase beginning July 1, 2009.

Ms. Caldwell stated that in last year's forecast there was a \$2 billion deficit over ten years, and that this amount has decreased by over \$1 billion for FY08 due to the fare restructuring. Currently, there is a \$975 million deficit over ten years. The deficit for FY09 is approximately \$71 million.

Ms. Caldwell stated that the projected annual deficit each year for the next ten years is listed on page 4, line 55 of the Council report.

Ms. Caldwell reviewed changes that have taken place since last year's forecast. She noted that sales taxes are not as robust for FY08 and will likely remain flat for the fiscal year. The ten-year forecast assumed a 3% growth for FY09. Staff is proposing to lower this rate to 2% and reduce the CPI from 2.6% to 1.8%.

She stated that the state budget was released in January. Metro forecasted that it would receive \$50 million in STA funds but will actually receive STA funds of \$120 million for bus and \$120 million for rail. She noted that the loss in revenues from the CPI and sales tax will be compensated by the gain in STA funding.

Representative Spence asked how the Board will adopt the LRTP given the \$1 billion deficit over ten years.

Ms. Caldwell stated that there are differences between the Financial Stability Policy and the LRTP. The LRTP assumes a regular fare increase. It also assumes that the 33% farebox recovery ratio will be achieved. The Financial Stability Policy does not assume that the farebox recovery goal will be reached. The ten-year forecast assumes that the ten-year deficit will be solved every year through Prop C 40% discretionary funding. Ms. Caldwell indicated that staff will be presenting a balanced budget in May.

Representative Spence asked about how the deficit has been handled in previous years.

Ms. Caldwell stated that staff has presented a balanced budget each year for the last five years. This has been achieved through reducing expenses (e.g., administrative costs), keeping capital program funding at minimal levels, limiting bus buys, and re-structuring service. She explained that the agency unexpectedly received CNG fuel credits last year, which ameliorated the deficit in FY08. The fare increase implemented in July 2007 also helped reduce the deficit. She noted that two years ago, an actuarial analysis indicated that Worker's Compensation costs would escalate to \$90 million by 2008. However, estimated Worker's Compensation costs for the FY09 budget are approximately \$50 million. Metro has done what no other similar public agency has accomplished with respect to reducing Worker's Compensation costs. She stated that the San Gabriel Valley Sector is a leader in minimizing Worker's Compensation costs.

7. Consideration of Items not on the Posted Agenda – None.

ADJOURNED at 5:52 P.M.


Michele Chau, Council Secretary