Wednesday, December 13, 2006

5:00-7:00 PM

MINUTES

Westside/Central Service Sector
Governance Council

Regular Meeting

La Cienega Tennis Center
325 S. La Cienega Blvd.
Beverly Hills, CA 90211

Called to order at: 5:08 p.m.

Council Representatives present:

Brad Robinson Chair
Jerard Wright, Vice Chair
Peter Capone-Newton
Greg Fischer
Carol Gross
Anny Semonco

Officers:

Mark Maloney, General Manager
Michele Jackson, Council Secretary

1. RECEIVED Public Comment for items not on the agenda

   Wayne Wright suggested that the 60 ft. articulated buses be restricted to Lines 4, 304, 33, 333 and 20 and not used on Line 42 shuttle which is tied into the main Line 40. After 7:30 p.m. the shuttle carries very few people. The other lines have overcrowding problems at night. It doesn't make sense to assign those buses to lines that carry fewer than 10 passengers at night.

   Mr. Wright also commented that some buses do not have transit TV monitors; some don't have the automated voice annunciation system, and some don't have either.

   General Manager, Mark Maloney responded that the poppy-colored local artics have been restricted to certain lines, and only 5 are running as a test. After the December service change there will not be any of them left. He added that he will pass on to Metro Communications Mr. Wright's comments about the TV's and the AVA system, noting that by February they should all be installed.

2. CARRIED OVER Minutes from November 8, 2006

3. RECEIVED report from Council Representatives on their line rides

   Representative Fischer complimented Metro for reducing the engine whining on the older model buses, and questioned why repaving is not taking place if the County is reimbursing the City for repaving.

   Mr. Fischer also said that the total trip time on Line 720 from Beverly Glen to 6th and Main varies by as much as ten minutes based on the operator. Some are turning the Rapid bus into a local with fewer stops. Mark Maloney requested times and bus numbers so that some action can be taken.

   Representative Semonco noted that between 7:30 and 8 a.m. on Lines 780 and 217 there are either two Rapids and one local or two locals and one Rapid, so something is apparently going wrong. This scheduling has caused her to be late getting to work. Mr. Maloney said he would forward this information to the San Gabriel Valley Sector.

4. RECEIVED General Managers Report

   Mark Maloney reported on October performance. Mean miles between mechanical failures (requiring bus exchange) fell below target in October. September was better, and November also looks better. In-service, on-time performance is still well below the target. Next month will be the first full month with the new data-gathering system. The numbers still appear to be pretty close to what we have been seeing.

   Chair Robinson asked how the new system will be different. Mr. Maloney explained that under the Consent Decree, all counting was done with point checks. There are now passenger counters on the buses, counting each time a person gets on or off the bus. This will allow a closer look at specific lines.

Complaints per 100,000 boardings, bus traffic accidents per 100,000 miles and new workers' compensation indemnity claims all came in below target this month.

Representative Semonco asked how long it takes for the divisions to send someone out on a mechanical failure. Mark Maloney responded that it can be as easy as a phone call or the bus may have to be towed. Staff tries to approach it from the maintenance side to avoid breakdowns.

Representative Gross asked the status of Division 6. Mr. Maloney responded that staff is working with LAX to lease some property and working with the FAA on compliance issues. The other site is still in litigation.

5. RECEIVED report on FY07 YTD October Financials, Michael Davis, Administration and Finance Manager

   Michael Davis was unable to attend the meeting. The financial report was given by General Manager Mark Maloney.

   Non-Contract salaries are under budget by $117,926; allocated fringe benefits are under by $990,745 and fuel/lubricants are under budget by $1,008,293. However, the sector was hit hard by one public liability claim resulting in an overage of $1,501,305 in that category. October year to date the Sector has a positive variance of $754,000.

   Chair Robinson asked why fringes are under running by such a large amount. Mr. Maloney replied that sector staff is checking with corporate about that. Staff does not anticipate ending the year with that overage.

6. RECEIVED report on Structural Deficit, Terry Matsumoto, Chief Financial Services Officer and Treasurer

   Mr. Matsumoto, referring to the handout, indicated that it is an updated version of the report given to the Board prior to budget adoption.

   Metro funds its three core business units - bus and rail operations, countywide planning and construction – from its nearly $3 billion budget.

   Representative Gross asked how the agency's fiscal picture would be affected by the ending of the Consent Decree. Mr. Matsumoto replied that decision making has been returned to the agency. He noted that a poorly-performing line for Metro might be a star for a Municipal Operator. He gave the example of Airport Line 22 which was picked up by Beach Cities. They were able to put in twice the number of service hours for the same cost.

Representative Gross also asked if the funding formula issues had been addressed so that the funding follows the line. Terry Matsumoto responded affirmatively. Mr. Matsumoto noted another issue. In the San Gabriel Valley, some operators are willing to pick up some service, but they are not currently within the formula.

Representative Wright asked how the deficit is determined. Terry Matsumoto explained that staff takes the costs that are known and inflates them out over 10 years with service as the main cost driver. Metro Connections will shift service away from the Metro Operations. The plan is that at the end of the 10- year period, there will be about 500,000 fewer hours per year. No assumptions are made if the Board has made no policy statement. For example, fare revenues are shown with no increase over the 10 yrs.

Representative Capone-Newton noted that planning and construction constitute 60% of the budget. He asked how those are funded.

Mr. Matsumoto explained that 25% of Proposition C funds are dedicated to highway-related programs; the rest comes from state and federal monies in the highway category, and that is given to the cities through the Call for Projects. Major transit construction is funded through the Federal New Starts Program. That program paid nearly half of the cost of the Red Line. Metro intends to get back into that queue after the Eastside Gold Line. Local sales taxes provided only about 10% of the Red Line cost.

Representative Capone-Newton asked if the Proposition A & C fund uses were mandated in the propositions or discretionary.

Mr. Matsumoto explained that Proposition A has three major components – local return = 20% to local cities; Rail = 35%; and 40% is discretionary and used for buses. Proposition C provides 20% for local return; 5% for transit security; 10% for commuter rail, park and rides and freeway bus stops; 25% for highway; and 40% to bus and rail transit.

Representative Gross asked if the monies dedicated to bus go only to the MTA. Mr. Matsumoto said 95% of Prop A 40% goes into formula allocation to all FAP operators.

Representative Capone-Newton asked what portion of Prop C 40% goes to bus operations. Mr. Matsumoto responded that there is no formula for that. It is used for the Immediate Needs Program for transit dependent people, the ASI match, and debt service on bonds issued to pay for the Red Line, North Hollywood and Pasadena.

Chair Robinson asked how Metro compares to other municipalities in the country in terms of fares as a percentage of total cost. Mr. Matsumoto explained the fare box recovery ratio as being revenues divided by operating cost and shared the following statistics:

NYC = 60%; WMATA = 50%; Chicago = 40%; MTA = 25%

NYC charges $2/ride; Chicago $1.75; WMATA = distance based. MTA charges a flat fare of $1.25 and uses discounted passes.

The average fare per boarding for NYC is $1.26; for MTA it is 59 cents.

Proposition A was sold on the basis of keeping fares low. The formula allocation process actually penalizes an operator for raising fares.

Representative Gross asked how much of the issue is low fares vs. low ridership noting that the other cities mentioned move a lot more people. Mr. Matsumoto responded that with the exception of NYC, planners indicate that Los Angeles is the second most densely populated city. However, the L.A. network is very expansive, covering 1,400 square miles.

Representative Capone-Newton asked how much of a fare increase alone would take care of the structural deficit. Mr. Matsumoto indicated that in order to accomplish that, the fare would have to be about $2.50.

Chair Robinson asked what fare structure would be optimum. Mr. Matsumoto said if the $1.25 fare is maintained, the day pass which is used an average of six times a day, should not be $3. He also pointed out that the monthly pass was $42 in 1988; today its $52 and is used approximately 110 times per month.

Chair Robinson asked how the expenses are measured. Mr. Matsumoto responded, "Cost per hour by mode". Chair Robinson asked what other options exist aside from fares, and if we need to seek more sources of revenue. Mr. Matsumoto commented that in San Francisco they get revenue from property taxes, parking revenues, taxes on parking revenues and a taxi tax. Bus wrap advertising is the most revenue-rich source, and that would only provide another $1-2 million. There really are not other major recurring sources of revenue.

7. RECEIVED report on 10-Year Financial Forecast, Michelle Lopes Caldwell, Executive Officer of Management and Budget

   Ms. Caldwell presented the assumptions included in the forecast.

   Revenues include: Sales tax, FY07 STA windfall (programmed in FY08), MOSIP, Ridership/fare revenue increases.

   Expenses include: Wage growth, medical benefit growth, fuel, rail service increases (Eastside & Expo), UFS maintenance, and all other costs increased by CPI.

Capital Program includes: $180m/yr. for bus acquisition, rebuilds, facilities renovation and construction, and IT system developments; $20m/yr. for rail facilities, rail vehicle rebuilds, and wayside improvements; rail vehicle acquisition and rail rehabilitation.

Major construction projects include: All Board-adopted major bus and rail construction projects and highway projects.

Regional programs: ASI, Metrolink operating and capital, Municipal operator FAP, regional subsidy expenses.

The bus operating deficit is projected to be $1.8 billion over 10 years. General fund and proposition C 40% fund reserves are less than the projected deficit. Bus costs increase 23% from FY07 to FY16, while the fare box recovery ratio drops from 24% in FY08 to 22% by FY12.

Resolving the deficit must include a strategy of decreasing costs through service reshaping and increasing revenues.

Chair Robinson asked how many board meetings it might take to get to a decision on a path forward. Michelle Caldwell responded that the fare increase should take effect October 1, 2007. Terry Matsumoto added that staff will make every effort to assist the Board in making a timely decision.

Chair Robinson commented that every passenger picked up drives Metro deeper into debt. The current problem must be fixed or more ridership will not be a good thing.

Representative Gross asked if staff has looked at trying to control medical insurance cost increases. Mr. Matsumoto replied that the escalator used in the forecast is 10%. MTA unions provide the benefits to their members. MTA negotiates a per capita amount. Since the last strike, the unions have instituted employee contributions, but they are still paying a nominal amount. They contribute $50/family for PPO coverage, while the rest of the employees contribute 10% of their coverage cost.

Representative Capone-Newton asked if MTA is required to spend all Prop A & C monies. Mr. Matsumoto said, "No, the money is accumulated as fund balances to spend over some period of time. Local return monies go to the cities; but they have 3 years to spend the money or it reverts back."

Representative Gross asked about agency reserves. Mr. Matsumoto replied that there is a recent Parks/Lowenthal motion regarding a Financial Stability Policy coming back to the board in January. He noted that many properties have policies that say they will set aside reserves, but few are actually able to set the funds aside.

Representative Gross related that at the last Mobility 21 meeting, Senator Boxer said that what is spent in Iraq in one month would pay to run all the buses for one year and for all rail projects contemplated in L.A. County.

Chair Robinson asked how Metro Connections would affect the deficit. Staff replied that Metro Connections reduces service hours by 5.8% while seat capacity increases by 3.9%, and does result in a cost reduction.

Representative Wright asked if the budget includes capital for Metro Connections. Staff responded that no plan has been finalized or submitted to the agency as a proposed capital project.

8. RECEIVED FY 08 Budget Kickoff and Schedule, Michelle Lopes Caldwell, Executive Officer of Management and Budget

Ms. Caldwell presented a one-page timeline of events leading up to budget adoption in May 2007.

Representative Gross asked that next year a column be added showing a time for Service Sector review.

Public Comment

Ken Ruben suggested raising the regular pass price from $29 to $30/month; EZ pass from $58 to $60/mo.; and day pass from $3 to $5.

9. RECEIVED Report on Supervisor Antonovich's Motion regarding Sectors, Chris Gallanes, Administration and Financial Services Manager

Mr. Gallanes reported that there are five parts to the motion:

a) Original sector vision compared to what was actually implemented
b) Same comparison at a functional level
c) Productivity measurements compared to pre-sector times
d) Comparison of staff and expenditures to pre-sector times
e) Sector improvement recommendations

Suggestions received to date:

Increase bus operator participation in meetings; decentralize marketing and HR; better utilization of email, web, signage, maps, schedules; increase marketing to non transit-dependent customers; real time reporting at bus stops and transit centers; more friendly meeting and hearing times.

Chair Robinson asked Mr. Gallanes to come back to the Sector after he makes his presentation to the Board.

10. RECEIVED Report on proposed service changes for June 2007, Rogelio Gandara, Service Development Manager

    Mr. Gandara reported that the Westside/Central Sector met on November 8, 2006 and established the public hearing date of February 14, 2007 at 5 p.m. to receive public comment on the following lines and routes:

    - Route 304 (Santa Monica Blvd.)
    - Route 11 (Vermont Ave.-Beverly Blvd.)
    - Line 16-316 (W. 3rd St.)
    - Line 20-21 (Wilshire Blvd.-UCLA)
    - Line 704 (Santa Monica Rapid)
    - Line 720(Wilshire-Whittier Rapid)

    AUTHORIZED publication of the Notice of Public Hearing beginning January 7, 2007.

11. Remarks

    Representative Gross suggested being more aggressive in marketing to tourists, e.g. putting Metro materials out in hotels, providing information on how to purchase a one-week pass, etc.

Adjourned at 7:10 p.m.

Michele Jackson

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