



May 9, 1997

Los Angeles County
Metropolitan
Transportation
Authority

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TO: BOARD OF DIRECTORS

FROM: LINDA BOHLINGER, INTERIM CHIEF EXECUTIVE OFFICER

SUBJECT: CHANGE OF USE OF DIVISION 12 FROM A REVENUE OPERATING DIVISION TO A SUPPORT FACILITY

A handwritten signature in cursive script, reading "Linda Bohlinger", is written over the "TO:" and "FROM:" lines of the memo.

RECOMMENDATION

Approve the change of use of Division 12 in Long Beach from a revenue bus operating location to a support facility, pending the approval of a Categorical Exemption or Negative Declaration, effective with the June 1997 shake-up. This change will relocate the service originating from that location to other operating facilities and retain the site for use as a support facility.

ORGANIZATIONAL IMPACT

Closing Division 12 as a revenue bus operating location is an important signal both internally and externally that the MTA is committed to doing all that is necessary to be fiscally responsible. Passenger service, which will be relocated to other operating locations, will continue in a seamless fashion. Retaining the site as a support facility will allow for more effective support of Metro Bus Operations and preserve MTA's ability to expand its fleet in the future at the least possible cost.

MTA staff is conducting an Environmental Impact analysis to determine the impacts of transferring Division 12 buses and service to alternate divisions. Staff believes that a Categorical Exemption or Negative Declaration, finding no impact, will be approved because these divisions will not exceed their already-approved environmental capacity with the receipt of the Division 12 service and buses. Any ancillary services assigned to Division 12, such as storage of part of the contingency fleet, will result in reduced impacts compared to existing conditions.

BUDGET IMPACT

This action will reduce annualized operating costs by \$1.5 million. Retention of the site will preclude \$1.0 - \$2.0 million one-time revenue from the sale but will allow for a potential savings of \$12.0 million in cost in the event that the building of a new operating division is needed to accommodate service expansion.

ALTERNATIVES CONSIDERED

One alternative is to keep Division 12 open as a revenue operating facility. This is not recommended because the estimated budget savings are needed to reduce MTA's operating costs. Another alternative is to sell the site. This is not recommended because the one-time revenues are far less than the cost to replace the facility in the future.

BACKGROUND

Recently staff conducted a comprehensive analysis to determine the cost-effectiveness of closing several operating divisions. The closure of Division 12 results in significant operating cost savings because the service operated from Division 12 can be operated by other divisions while decreasing deadhead costs. By contrast, closing other divisions, such as Division 6, would effect an increase in deadhead costs.

This action will result in no service changes. Buses will be relocated to other divisions which are closer to the beginning of line service. This transfer will result in operating efficiencies and save approximately \$.25 million.

An additional savings of approximately \$1.25 million will be achieved by reducing overhead, including salaries of non-represented and TCU positions. This action does not mean that employees currently working at Division 12 will lose their jobs. MTA policy for Non-Represented employees provides for merit based reduction in force within a job classification. The MTA-TCU collective bargaining agreement provides for seniority based reduction in force. However, any TCU reductions resulting from the closure of Division 12 will be achieved through attrition. No UTU and ATU position reductions are anticipated. All Bus Operators, Mechanics and Service Attendants at Division 12 will be moved to other locations along with the service they support.

Retention Of Site For Other Use

Staff plans to retain the facility to meet current and anticipated future needs:

- 1) **CURRENT NEEDS:** Division 12 is an ideal site to store and maintain our contingency fleet and is well suited for use as a maintenance facility for the Revenue Department.
 - The contingency fleet is currently stored at the East Valley Division in Sun Valley, which has insufficient space for this use.
 - We expect to move a large number of ethanol buses into the contingency fleet. Division 12 maintenance and fueling infrastructure are able to support the anticipated fleet mix.
 - Vernon Yard, which currently houses Revenue and Facilities Maintenance staff, is inadequate to support current uses. The Division 12 site is well suited to meet the needs of the Revenue Department maintenance activity. Transfer of this activity will improve conditions at Vernon Yard.

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- 2) **ANTICIPATED FUTURE NEEDS:** Compliance with the Consent Decree may result in expansion of the bus fleet to 2,000 peak buses from its current 1,732 peak buses by the year 2002. Should the associated service expansion require us to operate an additional facility, the Division 12 site could be returned to active revenue service in a short time at little or no cost. In contrast, building a new division on a new site would be extremely expensive and time consuming.

Potential Revenue From Sale

There is additional potential for one-time revenue from the sale of the site. Staff from Real Estate and Facilities Maintenance Engineering have made preliminary estimates of the potential selling price, net salvage value of equipment, and potential site clean-up costs. Attachment 1 outlines four scenarios which result in estimated net proceeds ranging from \$1.1 to \$2.0 million.

The estimated potential one-time proceeds from disposition of the Division 12 site are outweighed by the long term benefits of retaining the Division for MTA. Furthermore, it is likely that the sale would not be completed during the coming fiscal year. In that event, the resulting proceeds would be unavailable to reduce the projected Fiscal Year 1998 budget shortfall.

Prepared by: Steve Jaffe, Operations Support Manager



Ellen G. Levine
Executive Officer, Transit Operations

Attachment

ATTACHMENT 1

These four scenarios represent the most likely outcome of selling the Division 12 site.

CASE 1: Buyer will use tanks

Estimated selling price:	\$2,000,000
Equipment salvage:	5,000
Environmental assessment:	
Phase 1 subsurface investigation:	(25,000)
Full site assessment & report:	<u>(25,000)</u>
	1,955,000

CASE 2: Buyer will not use tanks, clean soil

Remove 8 tanks:	<u>(250,000)</u>
	1,705,000

CASE 3: Buyer will not use tanks, minor soil contamination

Phase 2 subsurface investigation:	(150,000)
Minor soil remediation	<u>(150,000)</u>
	1,405,000

CASE 4: Buyer will not use tanks, major soil contamination

Additional cost of major soil remediation	<u>(250,000)</u>
	1,155,000