



**Metro**

Metropolitan Transportation Authority

One Gateway Plaza  
Los Angeles, CA 90012-2952

213.922.2000 Tel  
metro.net

**DECEMBER 8, 2009**

**TO: BOARD OF DIRECTORS**

**THROUGH: ARTHUR T. LEAHY** *AL*  
**CHIEF EXECUTIVE OFFICER**

**FROM: CAROLYN FLOWERS** *CF*  
**CHIEF OPERATIONS OFFICER**

**SUBJECT: EVALUATION OF BUS RIDERS UNION (BRU) CLEAN AIR AND  
ECONOMIC JUSTICE PLAN**

**ISSUE**

On several occasions, the Bus Riders Union (BRU) has stated that MTA should consider implementing their Clean Air and Economic Justice Plan as the expenditure plan for the Measure R 20% Operations Funds anticipated over the next 12 years.

**DISCUSSION**

The BRU proposes a 2010-2016 expenditure plan for local and federal funds, including Measure R, American Recovery and Reinvestment Act, and the Federal Surface Transportation Act. This Plan is based on the notion of improved urban transportation, economic development, and environmental justice through a much larger, more affordable and more efficient bus system.

MTA's ten-year forecast assumes that from 2010 to 2016, MTA's bus operating and capital expenses will total \$9 billion. Of this \$9 billion, we have identified revenues of about \$8.4 billion leaving an approximate annual shortfall of about \$100 million per year. This shortfall was reported to the Board as part of the Long Range Transportation Plan adoption and assumes fare changes on July 1, 2010, and every two years, thereafter.

As a general guideline, MTA assigns bus revenues as follows:

Type of Revenues	Percent of Total Budget
Fare and Other Operating revenues	24%
Local Prop A40%, Prop C40%, Prop C5%	23%
Measure R 20%	8%
TDA4	19%
Federal grant formula funds	17%
Other unique grants, such as, ARRA, Prop 1B, CMAQ, bond proceeds, Homeland Security, etc.	9%
<b>Total</b>	<b>100%</b>

The BRU estimates that the Plan will add an additional \$1.4 billion in operations costs and \$700 million of capital expenditures. If the cost of the BRU Plan is added to the currently forecasted seven year deficit, the revised six-year deficit would be \$2.7 billion. The BRU has also identified potential additional revenues which may be received during the plan period of approximately \$619 million of federal funds and \$600 million of State (STA) funds. If those speculative funds were received, the projected deficit would be reduced to approximately \$1.5 billion. In addition, the Plan assumes that the first 12 years of Measure R 20% Operations Funds would be used within the first seven years and further reduces the projected deficit.

The specific elements of the BRU plan include:

- **Expand the Peak Hour Fleet by 500 Buses** – BRU estimates that expanding our fleet by 600 buses (500 plus a 20% spare ratio) would cost \$357 million. In addition, 600 additional buses would require two new divisions to be built. Based on the footnotes on page 11 of the Plan, BRU estimates that each division would cost \$67 million, or \$134 million total. The recent cost estimates we had for two new divisions were in the range of \$100 million each.
- **Expand Service by 18%** - BRU assumes a phased implementation of the service expansion with the full 18% increase implemented by the third year of the Plan. It is unclear from the Plan what the specific revenue hour increases will be per year, but BRU estimates this phased approach would cost \$1.14 billion in additional operating cost between 2010 and 2016.
- **More Night and Weekend Service** – The Plan recommends expanded night and weekend service in areas of South Los Angeles, East Los Angeles and the San Fernando Valley that BRU believes are “underserved”. Our most recent Title VI analysis in compliance with the 2006 Federal Transit Administration Triennial Audit demonstrates that our system fairly serves all geographic subareas within our service area. It is assumed that the cost to operate these services is included in the BRU-proposed 18% service expansion.
- **Create 20 New Bus Lines** - The Plan recommends five new freeway express lines, five new local lines and ten new rapid bus lines. MTA staff continues to adjust

transit services given changes in demand. These adjustments may result in changes to existing lines, implementation of new lines, or deletions of existing lines. It is assumed that the cost to operate these services is included in the 18% service expansion.

- **Create 10 New Bus-Only Lanes** - MTA staff is preparing a Bus Speed Improvement Plan which will result in recommendations for bus transit priority treatments such as bus-only lanes, queue jumpers and signal priority. BRU estimates 10 new bus-only lanes at \$150 million total.
- **Reverse 2007 Fare Increase** – The 2007 fare increase resulted in an additional \$32 million in annual fare revenue. Without this fare increase, additional measures would need to be implemented to balance the budget, including service reductions, deferred maintenance and capital projects, leading to reduced service quality and access, or additional recurring revenues will need to be secured.

The BRU estimates that reversing the fare increase between 2010 and 2016 would result in a total loss of revenues of \$291 million. This amount must also assume no further fare increases during their plan. The 10-year forecast deficit includes a fare increase on July 1, 2010 valued at \$24 million, an amount equal to the 2007 increase less \$8 million per year for frozen reduced fares, or about another \$100 million added to the deficit if the BRU's fare increase reversal were implemented.

### **NEXT STEPS**

At this time of unprecedented erosion of Metro's funding (sales tax and state assistance) it is not prudent to commit Metro's share of Measure R 20% Operations Funds towards expansion of service. Therefore, we will continue to work towards re-baselining the transit network to a sustainable level while increasing service quality for our customers. When that is achieved, we will have the opportunity to redirect the 20% funds to system enhancements.

### **ATTACHMENT**

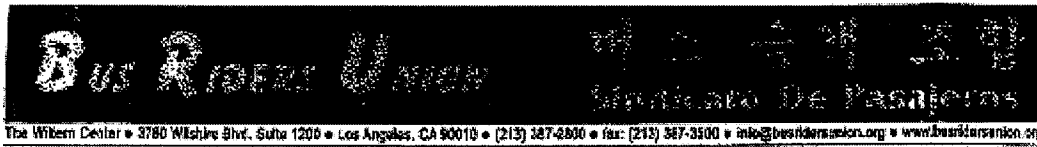
- A. Letter from Bus Riders Union to Mayor Villaraigosa dated October 26, 2009

ATTACHMENT A

10/26/2009 10:03 FAX 213 387 3500

LABOR/COMM STRAT CTR

002/003



October 26, 2009

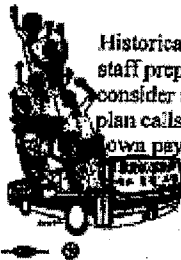
Mayor Antonio Villaraigosa  
 City of Los Angeles  
 200 North Spring Street, Room 300  
 Los Angeles, CA 90012

Dear Mayor Villaraigosa,

We are writing to thank you for the leadership you provided with the support of Chair Ara Najarian at the October 24<sup>th</sup> MTA Board Meeting in response to our request for a bus system improvement plan with as much integrity and importance as other plans. We look forward to seeing the plan developed by MTA staff in response to your request. As you may remember, in December 2008, the Board of Directors adopted a motion asking staff to prepare a Bus System Improvement Plan (BSIP) based on feedback from the public that would incorporate the following elements, to name a few:

- New clean fuel bus purchases;
- Additional fare freezes or reductions;
- Added bus lines;
- More frequent service;
- Longer hours of operation; and
- Restructuring of bus lines

We understand that this motion was introduced by you based on a commitment that we believe you share to protect the integrity of: 1) the bus system itself, which is the backbone of this agency; and 2) the civil rights of over 500,000 bus riders, 80% of whom live within the boundaries of the City Los Angeles. Your request at last Thursday's meeting was an important breakthrough given the weakness of the Bus System Improvement Plan (Receive and File Report to Measure R Committee, BSIP, March 19, 2009) report that staff produced in response to your December 2008 motion. That report was weak because it 1) lacked measurable benchmarks and a timeline; 2) included pre-existing projects where other funding sources had already been identified and 3) it had minimal expansion to current fleet and service levels. Moreover, the report did not "incorporate a plan to eliminate the current structural deficit by FY2011 without the use of Measure R operating funds," as was stated in your December 2008 motion.



Historically, you have been an important voice on the MTA Board for bus riders. We ask that as staff prepares to bring back a more detailed map for the BSIP, you direct staff to seriously consider adopting the BRU's Clean Air and Economic Justice Plan as the basis for this plan. Our plan calls for 500 expansion buses, the reversal of the 2007 fare increase, and a \$150 million down payment for a network of countywide bus only lanes. If operations dollars raided by the

State Legislature are in fact reinstated as early as 2011, we urge the Board to remove the 33% fare box recovery ratio approved in the 2009 Long Range Transportation Plan and create a real plan for bus expansion.

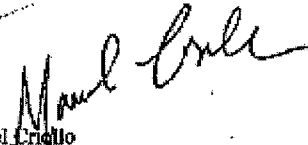
Additionally, we want to express our appreciation to Boja Leon and your staff for working with us over the last few months in raising critical issues both at the MTA Board meetings and with the MTA operations department.

We hope that this allows us to begin a conversation about working together to ensure that we are moving towards a first class bus system.

Sincerely,



Esperanza V. Martinez  
Lead Organizer  
Bus Riders Union



Manuel Criollo  
Lead Organizer  
Labor Community Strategy Center