

A weekly report
from the office
of the CEO

June 27, 1994



I know there are a lot of questions about the contract talks now underway, and I'd like to meet those issues head-on in this week's report. As we approach June 30, the expiration date of contracts with the United Transportation Union (UTU), Amalgamated Transit Union (ATU), and Transportation Communications Union (TCU), I want all MTA employees to understand our negotiating position, and the basis for it.

We would like to reach agreement with union leadership before June 30. We have a few more days to continue contract talks in order to reach a fair agreement that won't unduly impact our union-represented workers, but will allow us to contain contract costs and to continue to serve our riders.

In response to the request of two of our unions, Gov. Pete Wilson has convened a board which will begin meeting Wednesday, June 29, to evaluate and make recommendations as to whether he should order a 60-day cooling-off period.

Economy Has Taken Toll

There has been a lot of information about the MTA's FY 1994 budget, and how we must cut our operating costs in order to deal with the loss of revenues because of the economic recession. In previous contract negotiations, in 1991, 1988, and 1985, our economy was booming. Everyone expected cost of living increases — in their rents, in their salaries, in prices of goods. We have never been faced with a crisis like this one: revenues based on sales taxes are down, costs continue to soar, and we are in the middle of a voter-mandated rail expansion program.

Labor Must Do Its Part

As you know, we've already made sharp cuts in our costs

elsewhere — we eliminated more than 500 jobs, we slashed millions of dollars in outside contracts, and we have proposed raising fares and cutting some service. Since 60% of our operating budget is the cost of labor — wages, salaries, benefits, and other costs related to maintaining a 9,000-plus person work force — we must contain costs there, as well. Labor must be a part of the solution.

Wages and COLA

It is important to understand that the MTA is not asking any union-represented employees to accept a wage rate cut. We are asking that wages be held at FY '94 levels, and that the cost of living (COLA) increase be eliminated from these three contracts. We are one of only a very few transit operators in the country still offering COLA increases. Cost of living adjustments in other cities have been negotiated out of transit workers' contracts in recent years. Such agreements cause wages to spiral without any management control over costs.

The average salary, with overtime, of a bus or train operator is \$50,000. With benefits, the average total compensation is \$68,000. Under the current contract, MTA's wages are the second highest of any U.S. transit operator, the highest in California, and show the second highest wage growth rate since 1985, after New York City. We recognize that maintaining and operating a bus or

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train are demanding professions, and that our operators and mechanics do good, professional work. We must, however, contain our costs.

Benefits

In the area of benefits, we are currently paying one of the highest employer contributions towards health coverage for our union-represented employees. The MTA's health coverage contributions for its union employees are generally higher than all local government agencies and most large private employers. Currently, MTA contributes up to \$100 more a person per month towards the union health coverage than the plan actually costs.

At the bargaining table, we're seeking to bring the health plan contribution for union employees more in line with our contribution to the non-represented employee plan which would bring the MTA in line with most transit operators' health plans across the country.

Work Rules

We also are asking for some changes in work rules. The current contracts drive costs up and we need to get control of these costs. The current contract permits an operator to get time-and-a-half pay without working a 40-hour week. For example, if an operator has a regular Monday through Friday schedule, phones in sick on Friday, then volunteers to work Saturday, the MTA is required to pay the operator time and a half for that day. The current contract also requires the MTA to pay operators 45 hours pay for a 40-hour vacation week. We hope to change these work rules.

Outside Contracting

A big issue is the use of outside contractors. We have all heard a great deal about "privatization" of public services, and we know it is not a cure-all. Some things can be done more cost-effectively in-house, and we are working closely with our unions to examine every aspect of the work we currently out-source, so that we can make sure we are getting the most productivity and value from every dollar we spend.

The ATU's current contract requires the MTA to eliminate all sub-contracting of work before any ATU member can be laid off. We are in the process of laying off ATU employees; an additional number will be laid off in October assuming Board adoption of the service cuts now under consideration. To comply with this clause, we have canceled 17 contracts for services or purchase orders. This will force us to spend more money to manufacture even such minor items as dust pans. Where it costs significantly less to have an outside contractor provide the service, we need the flexibility to do so. You may be aware that the existing ATU contract has forced us to cancel our agreement with the Los Angeles County Probation Department for the cleaning of buses

by juvenile offenders. This was a very beneficial agreement, one we believe was not only in the best interest of the MTA, but to the community in general.

Contingency Plan

If, however, union leadership calls a strike, we have prepared a detailed contingency plan which calls for fielding buses on as many as 18 routes to support as many of our riders as we can. Blue and Red Line trains also will be operational. Bus and rail service would be provided Monday through Friday from 6 a.m. to 6 p.m.

Feedback, Questions?

If you have questions about the negotiations, we encourage you to call the internal hot line at 244-1799 — anonymously, if you wish. We will collect all the questions and answer them as best we can in this report and in meetings around the system.

I should also mention that four information sessions will be held Wednesday, June 29 for all non-represented staff on the MTA's work stoppage contingency planning efforts. Committee members will provide a brief update, as well as answer any planning questions. At the 425 Building, the meetings will be in the board room at 9 a.m. and 11 a.m. At the 818 Building, meetings will be at 2 p.m. and 4 p.m. in the SCAG conference room on the 12th floor. There also will be a session on Thursday, June 30, at 2 p.m. at the Central Maintenance Facility, Room 213.

Board to Vote on Budget this Week

The MTA Board will take up the proposed FY '94 budget this Wednesday. Last week, an additional workshop for the Board was scheduled, so that staff could provide members with further information.

Successful Vendor Fair

Hats off to the Vendor Relations Department which did a terrific job of putting together the largest vendor fair of its kind in the country. On June 14, more than 2,000 vendors from around the region set up shop at the L.A. Convention and Visitors Bureau. More than 800 people attended the luncheon meeting. A big thank you to all of the MTA employees who made it happen.

— Franklin White

I welcome your comments and questions in response to CEO Report, which is designed to provide employees with direct communication with my office. Please contact either of my Special Assistants, Michael Gonzalez at 244-7476, or Phyllis Tucker at 244-6191. Also, employees can fax comments to 244-6014.

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