

REPORT CARD

A weekly report
from the office
of the CEO

May 31, 1994



As you know, we've proposed raising the base cash fare and — to make the system more efficient and fair — proposed eliminating the pass for all but the elderly, disabled, and students. Service cuts are minimal. No owl or weekend service is cut. We've reduced only high subsidy or low ridership lines or segments as well as unsubsidized event service.

Virtually anything we do to reduce the budget causes pain. We had to look for something that would cause the smallest amount of pain, but also would take the biggest bite out of the budget. The proposed fare structure will eliminate \$40 million of the deficit during fiscal year 1995, assuming implementation occurs on September 1.

Cash, Tokens, No Monthly Pass

Our proposed budget emphasizes the use of cash and tokens, the establishment of a 50-cent zone surcharge on the bus and rail system, and the elimination of the regular monthly pass and the college/vocational pass.

The fare structure is proposed as follows:

- Cash fare is \$1.35, tokens \$1, transfers 25 cents, distance-based zone surcharge of 50 cents.
- Senior and disabled cash fares are proposed to be 50 cents with senior and disabled transfers of 10-cents.
- A \$12 senior and disabled monthly pass is proposed.
- The student (K-12) pass is proposed to be \$24, valid Monday through Friday.
- Both the senior and disabled and student passes would be valid for travel on express routes without payment of the zone surcharges.

The cash fare for trips exclusively on the Red Line is proposed to remain at 25-cents, until MOS-2 opens. Three fixed zones of about seven miles in length are proposed on the Blue Line with the Red Line MOS-1 included in the most northern Blue Line zone. Three fixed zones are proposed for the Green Line. So the base cash fare would be charged for trips within the zones; travels beyond would cost an additional 50-cents per zone.

New System Eliminates Inequities

Our proposed fare system:

- Retains discounts for all riders
- Eliminates inequity between cash and pass payment.
- Establishes premium fare for premium service.
- Simplifies the fare system for user and operator.
- This would be the first fare increase in six years. L.A. is simply catching up!

Of the nine other major urban areas around the country — Atlanta, Baltimore, Chicago, Cleveland, Miami, New York, Philadelphia, and Pittsburgh — all but one (Washington) have a base fare of at least \$1.25 and most have had it for several years. San Diego has a base fare of \$1.50.

Service Cuts, but More Funds to Inner-City

The budget also includes \$21 million of service cuts, including the cancellation of three peak-hour express lines and two local service lines. The largest part of our service cuts simply adjust service levels to the fall-off in ridership and will keep passenger loads within existing MTA policy. The proposed savings also redeploy \$5 million of service to inner-city areas to relieve overcrowding on MTA's most heavily-used lines.

No Salary Increase

The budget proposes an agency-wide salary freeze for both represented and non-represented employees. The salary/hiring freeze will save \$14 million.

Budget Still Provides Strong MTA

Despite the cutbacks, the operating budget provides MTA with the resources to maintain its aggressive anti-graffiti effort, and to promote the development of clean fuel

CEO REPORT

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technologies. The proposed bus and rail capital improvements total \$941 million, which provide significant funding for alternate fuel bus replacement and maintenance, as well as rail construction and existing system maintenance and replacement. This will include the completion of the Green Line light rail project, and continued work on segments 2 and 3 of the Red line, as well as the Pasadena Line segment of the Blue Line.

I believe this budget is fiscally prudent, and most importantly, lays the groundwork for future MTA budgets to meet this region's transportation, service, construction and planning needs in a responsible manner. We have to fix the future now.

Employees Notified of Layoffs This Week

Layoff notices go out Tuesday to affected employees not represented by unions. Employees will be notified by hand delivery and by mail. Each employee will also receive an information package.

This Friday will be their final day of work. They will continue to receive their regular salary payments in accordance with the layoff policy. June 14 is the final day for these employees to choose the retirement benefit instead of the salary severance payments, to appeal his/her layoff, and to apply to be considered for a transfer in accordance with the layoff policy.

Affected UTU- and TCU-represented employees already have been notified, and that notification has triggered displacement rights, which will result in the actual layoff of different employees at a later date.

Benefits Update

At last Wednesday's Board meeting, the health and welfare package was approved. The Benefits Implementation Team is working on enrollment materials. The program will be implemented on August 1.

The ancillary benefits package was sent back to the finance and efficiency and executive management committees for further discussion. Board Director John Fasana requested that staff develop a two-tiered time-off with pay package (TOWP) package, one for existing employees and another for new hires. The BIT newsletter will have more details — the next issue is scheduled to be out in mid-June.

County Counsel Selected

The Board has selected as MTA's new general counsel the county counsel which will continue to be represented by Dave Kelsey. Many of you are familiar with him — he has been working with the agency for years. His office is on the third floor of the 818 Building. Dave will be making a

lot of changes in how we administrate our legal resources. Congratulations and best wishes to Dave.

RCC Recommendation

The MTA Board recently requested a recommendation from me on whether to adopt the proposed Metropolitan Construction Corporation (MCC), which would establish a separate transit construction organizational unit.

I recommended that the Board not adopt it, and instead, establish a construction unit of similar status to the currently existing Operations, Administration, and Planning units. Doing so, I believe, provides for a more efficient policy and administrative decision-making process. The RCC was created as an interim step in the overall consolidation of the area's planning, construction and operation. It is time to put into place a restructured construction unit. It also gives the Board greater fiscal control of the multi-billion dollar rail construction program.

The dissolution of the corporate structure will allow us to reduce administrative redundancy and eliminate the costs associated with the support of the current RCC Board and also avoid the additional expenses associated with a new MCC Board.

Most importantly, this will bring RCC and other MTA employees together, moving us away from a fragmented organizational structure, and into one seamless organization. The Board, meanwhile, has referred the matter to the executive management committee, which will come back in 30 days with a recommendation.

Alan Pegg Leaves This Week

Alan Pegg, our acting chief administrative officer, leaves us on June 3. Alan joined RTD in 1987 as chief financial officer and became general manager in 1988. He worked hard to lay the foundation of the merged organization. My appreciation to Alan for the devoted hours he put into improving transportation throughout the county for all of us. We wish him the best.

- 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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