

REPORT

A weekly report
from the office
of the CEO

September 26, 1994



The MTA and its predecessor agencies have a long tradition of providing balanced transportation services to everyone in our community. We are committed to equity in employment, equity in contracting, and equity in service to our diverse public.

Personally, I am offended by some of the comments and allegations that have been leveled against this agency in connection with the recent lawsuit over our new fare structure.

Here are the facts on some of the issues the plaintiffs have raised:

- Minority population in the rail corridors that we now serve or in which rail projects are under construction averages 81 percent.
- The Long Beach Blue Line, attacked in the plaintiff's papers as serving a predominantly white ridership, actually has a two-thirds minority ridership. And the Pasadena Blue Line, singled out as an example of this agency's preference for wealthy white suburbanites, is actually defined by the Federal Transportation Authority as a minority line, with a 63 percent minority within its corridor.
- The claim has been made that we could shift \$50 million from the Pasadena project to help subsidize bus and train operations. This is not only unfeasible, it is illegal. The only possible Blue Line money that could be transferred to operations is approximately \$5 million, available only if MTA defaults in its bond obligations.
- Cost of the MTA's combined rail program — this includes the cost of construction, operations, as well

as the monies we forward to the organization that runs Metrolink, is 30.9 percent of the MTA's total \$2.9 billion budget. The plaintiffs charge that we spend 79 percent.

- Metrolink gets no funding from FTA for construction or operation of its system. Funding is from local sources as a result of several voter-approved initiatives, and cannot be used for buses. Total MTA subsidy to Metrolink is \$76 million — 2.9 percent of MTA's budget.
- The plaintiffs have mixed Metrolink statistics with MTA stats, providing a very misleading and distorted picture of actual total train ridership and the cost of supporting those services. The facts are: Metrolink ridership totals 15,500 passengers. The Red Line carries 17,000 daily, and the Blue Line 39,000.

Why We Instituted the Fare Increase

Much has been said to imply that the MTA developed and instituted a fare increase without regard to other budget considerations. This is absolutely false. As I've mentioned time and time again, the fare increase was one component of a five-part program designed to allow the MTA to produce a balanced budget for this fiscal year. We are required by state law to achieve a balanced budget each year. We reduced 600 staff positions, endured a nine-day strike to reduce labor costs, cut service to reduce costs, and re-allocated monies from

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our capital program to help subsidize bus and train operations. This was done as part of a lengthy public hearing process from which the fare proposal was finally prepared. Our only other alternative was to make service cuts - the community said no.

MTA Excels in Minority Hiring

As far as charges of discrimination go, let's not only analyze conditions outside the agency, but internally, as well. Seventy-five percent of all our employees are minority and they comprise approximately one-third of our upper level (\$80K+) positions. Last year we achieved our goal of 27 percent DBE participation in all federally-supported contracting activities. We are recommending to the Board of Directors at the next meeting that this goal be increased to 29 percent.

What's Next?... A Political Question

Raising fares is always painful. However, we had a deficit of \$126 million, farebox revenue was lower than it had ever been and fares had not been raised in six years. How to finance a transit system is a public policy issue normally resolved in a political context. I believe it is more appropriate that it be resolved by the MTA Board than by a federal court.

Just so you know, we have ordered regular monthly passes for sale in October. You may have read this in the newspapers — the plaintiffs charge that the elimination of the monthly pass has caused undue hardship on the poor and minority community. I've said it before: Regular monthly pass users make up only 18 percent of MTA riders, and they earn, on average, a slightly higher annual income than does the average MTA rider. The least affluent rider could not afford to pay the \$42 a month up front! So, what we had were poorer riders paying the higher base cash fare, subsidizing the slightly more affluent monthly passholders. Our new fare structure was an attempt to equalize the taxpayer subsidy under a "pay-as-you-go" philosophy. Since we've rolled back to the old fare structure, we estimate we are losing about \$110,000 a day.

Classification/Compensation Update

I understand some employees think there will be a salary increase under the new classification/compensation system soon to be announced. That is not true. The purpose of the new system is to merge the pre-existing ones. It was never intended to be a mechanism for a generalized wage increase. Except in limited circumstances, changes in salaries are not expected from the merger process. On the other hand, discussions with the Board have been encouraging with respect to the

potential of an increase for non-contract employees for the 1995-96 fiscal year.

The proposed new classification and compensation system will be submitted for Board approval in November. The executive management committee is scheduled to receive its report on Nov. 9. If it is approved by the Board, implementation will begin in January. Soon you will be notified of your new classification, salary range and placement within the range. Stay tuned for a series of reports detailing how the new system was developed and how it will work.

Random Drug and Alcohol Testing

At last Wednesday's executive management committee meeting, members approved the new drug and alcohol policy. It requires random testing for safety-sensitive workers. Kudos to Leila Procopio, Nina Capoccia, and Mary Conforti for providing such a fine report. I detailed the policy, which goes into effect in January, in a previous *CEO Report* (see June 20 issue). There will be plenty of information sessions in the coming months about the policy. Also, EMC members approved the motion to transfer our attorneys to the county counsel's office.

Jerry Baxter to Join MTA

As many of you know, I've hired Jerry Baxter, a 34-year veteran of Caltrans, to review our rail construction program and make recommendations for improvements. Baxter, who supervised 3,000 employees and was responsible for the maintenance of 597 miles of freeways and 578 miles of conventional highways, oversaw the rebuilding of the local freeways in the aftermath of the January Northridge quake. He will assume his new post on Nov. 1.

Finally, please make our new chief administrative officer, Judith Pierce, feel welcome. Last Tuesday was Judith's first day on the job. Any queries should be directed to her administrative assistant, Liz Silva.

- 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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