

REPORT FROM THE CEO

A weekly report
from the office
of the CEO

October 2, 1995



Even though the federal government has come up with a bail-out program for Los Angeles County, it appears the MTA will still be forced to dole out \$50 million to the County.

The bill enacted in Sacramento authorizes the County Board of Supervisors to approve the transfer of up to \$150 million from the MTA. The amounts to be made available to the County would consist of \$50 million in MTA monies and up to \$100 million borrowed by the MTA, with the proceeds transferred to the County. The County would be required to pay back the \$100 million to the MTA, over a five-year period, but without interest.

The MTA would have to absorb the interest and borrowing costs, which our financial advisors estimate could run to approximately \$18 million. In other words, if the right to the additional \$100 million is exercised, the actual costs to the agency could be \$50 million, plus \$18 million in loan costs, or as much as \$68 million.

On Tuesday, September 26, the county exercised its option to take the \$50 million but not the \$100 million. At this writing, it appears that that will be the eventual outcome.

Can't Raise Fares or Reduce Service

The legislation precludes us from raising fares or reducing our operation of bus service as a consequence of the fund transfer, through Jan. 1, 1998. We would also be precluded from taking any action that would cause any other operator in the county to reduce service or raise fares during that period. We are also specifically precluded from reducing funding to the Immediate Needs Transportation Program.

This bill raises the following concerns:

- It is inconsistent with the MTA Board position which approved only a one-time \$50 million grant from the MTA.
- It diverts funds from the agency, but restricts our discretion for achieving cost efficiencies.

- It allows discretion to the County in choosing the funds from which to repay the MTA. Should those funds not be eligible for use in transit operations, the financial impacts stated above may be significantly worse.
- This is not a solution to the structural problems in the county budget. Because it only provides for one year, the MTA could potentially be targeted again in subsequent years.

Auditing Report Confirms Woes

On top of this, last week the office of the California State Auditor completed a review of the agency's financial obligations based on a set of specific questions posed by the joint legislative audit committee of the State Legislature.

The review was conducted to determine the financial capabilities of the authority in the wake of attempts to transfer the funds to the county.

The audit report described MTA's financial status in the same manner as we've portrayed it to the legislature.

Status of Federal Transportation Dollars

Meantime, we await word from Washington as to how much the federal transportation bill will provide us. The House had recommended \$125 million and the Senate \$45 million. Last week, the conference committee appointed to reconcile the House and Senate versions of the bill could not reach agreement. The committee adjourned and will continue their deliberations. We believe that the conference committee will recommend a funding level for the Red Line Segment 3 project that demonstrates a continuing federal commitment to our project.

Harbor Freeway

On motion of Chairman Larry Zarian, the Board has approved a plan to offer a six-month promotional fare

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program for all 23 MTA bus lines operating on the Harbor Freeway. The promotional fare will be available at the new Harbor Freeway/I-105 Green Line station on the Transit Way scheduled to open in mid-October. The entire Harbor Freeway Transit Way will officially open in the summer of 1997.

The 10.3 mile fixed guideway of HOV lanes will operate from Adams Boulevard to the Artesia Freeway, with nine stations and 3,000 parking spaces. Commuters using the facility are expected to save up to 20 minutes from those traveling on the Harbor Freeway in automobiles.

New Appointment

Steve Brown has been appointed to the position of acting director of transit systems integration in the countywide planning department. Steve will be responsible for interoperator transit coordination, specialized transit services and transit data analysis. His unit will have a lead or key role in several of the CEO Objectives and in the implementation of the MTA's long range transportation plan.

New Legal Document Tracking System in Place

The Board Secretary's office has proudly unveiled a new, state-of-the-art legal document tracking system. When legal papers are served on employees and employment with MTA has to be verified, the Board Secretary's office becomes involved. Here's how it works: The Board Secretary's office used to have a database clipper program and a mainframe program to track the legal documents. Although it was somewhat effective, the agency needed a faster system that could provide more detailed information. The new program, Legal Document Tracking (LDT) is easier to use, according to the staff, and includes a feature that includes historical data and provides the status of legal document activities. Included in the system is a three-day early warning report on all due cases and several audit trail reports. LDT is the first project of this magnitude to be designed in-house.

MTA's Local Transit Enterprise Program

MTA's new Local Transit Enterprise program is already lining up customers. Under the leadership of Ralph de la Cruz and Dan Ibarra, the program could, in time, earn the agency millions of dollars from customers all over Southern California who need expert work performed on their buses and other fleet vehicles.

As soon as formal documentation is complete, Foothill Transit will be rolling 102 of its buses to the Regional Rebuild Center for major bus refurbishment and other non-engine work. This three-year agreement is for about \$570,000 a year — and that could go even higher if Foothill elects to have MTA perform more work than is included in the basic package.

A second agreement is under active discussion with the Los Angeles Unified School District to paint 150 of its

buses at a cost of about \$630,000 for one year. The contract also would include engine conversion work on 11 LAUSD buses.

Especially exciting is the idea that smaller bus operators in the region may soon take advantage of MTA's fully-certified operator instruction program. Many bus companies require their operators to be trained already before they are hired, simply because they don't have the resources to train new operators. This program will give those agencies a built-in instruction arm where their operators can get top-of-the-line instruction on a contract basis.

Bus Operator Uniforms

Effective Sunday, Oct. 1, all operating personnel must be in compliance with the new MTA uniform. This new uniform represents the culmination of an enormous effort to improve the image of our operating personnel and the agency. I think the new uniform will reflect a more positive image to our customers. Should you have any questions, please see the Instruction Department at your division.

Library Temporarily Closed

Just a reminder: The MTA Library will be closed until Oct. 23 to facilitate the relocation and reorganization of the collection. The library's new location will be on the 15th floor of the Gateway Building.

On to Gateway!

Employees in the 425 Building were out of the building last Friday. General Services, Customer Relations, Payroll and Accounting, Cashiers Office, Inspector General and the Mail Room staff moved on Thursday. On Friday, the Board Secretary's Office, Human Resources, Labor Relations, and Telephone Information moved.

Please be patient and flexible. Those of you already moved have been wonderfully cooperative, as we iron out quirks in the electrical and phone systems. Photocopiers are up and running.

Also, note that you can take advantage of the cafeteria on the 8th floor. It is open from 11 a.m. until 1 p.m. and employees have said the food is both delicious and economical.

—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 my Special Assistant, Phyllis Tucker, at 244-6191. Also, employees can fax comments to 244-6014.

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