

County of Los Angeles



Choices in Public Transit

— — *Creating a Transportation Zone in San Gabriel Valley*



Peter F. Schabarum
Supervisor, First District



**BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES**

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PETER F. SCHABARUM
SUPERVISOR, FIRST DISTRICT

June 6, 1985

Dear City Official:

Beginning July 1st, RTD fares will climb from 50¢ to 85¢, nearly 200 buses will be pulled from service and 300,000 people a day will stop using public transit in Los Angeles -- and that's the good news! By September of this year, RTD could be facing a budget shortfall ranging from 15 to 50 million dollars. -More fare increases and service cuts will probably be necessary to close the gap.

I would like to suggest that we take a hard look at some other alternative. In particular, how can we retain existing service and maintain low fares during a time of declining revenues? Our only opportunity is to do what is being done all over the country today, and that is to turn to the private sector. Unfortunately, RTD is strictly prohibited from doing so. For that reason I have suggested that the San Gabriel Valley consider forming a transportation zone in order to stabilize service levels, minimize fare increases and take full advantage of all the lower cost services offered by the private sector.

The enclosed documents are an indepth review on the subject of transportation zones. The real question for Elected Officials from the San Gabriel and Pomona Valleys is -- are we willing to break the cycle of fare increases and service cuts by assuming greater responsibility for transportation services in our region?

The creation of a transportation zone is the way to do that. I hope you'll agree by asking your City Council to adopt the enclosed Resolution to have a Steering Committee prepare the necessary documents and reports to formalize the San Gabriel Valley Transportation Zone.

Sincerely yours,

PETE SCHABARUM
Supervisor, First District

PS:eml

Enclosures

SUGGESTED RESOLUTION

WHEREAS, the 29 cities of the San Gabriel and Pomona Valleys share a common goal of improving the mobility for their residents within and beyond their boundaries; and

WHEREAS, these cities currently account for 17% of the Los Angeles County population, and receive only 10% of RTD's daily service, and only 7% of the dollars expended by RTD; and

WHEREAS, the RTD is facing serious constraints on their local and federal operating assistance which will cause fares to rise to 85¢ and as many as 200 buses to be cut from service; and

WHEREAS, RTD's labor contract forbids their use of lower cost private operators in order to preserve service and save their scare operating funds; and

WHEREAS, the Los Angeles County Transportation Commission has for many years had the ability to create transportation zones with subregional authority for managing transportation operations within the zone:

THEREFORE BE IT RESOLVED THAT the City Council of _____ supports the formation of a Transportation Zone Steering Committee in order to prepare an organization agreement along with a detailed plan for the phased implementation, operation and financing of a transportation zone in the 29 cities of the San Gabriel and Pomona Valleys; and

BE IT FURTHER RESOLVED THAT this Steering Committee should be comprised of 5 members: 2 Councilmembers selected by the cities within the proposed zone, 2 members determined by the Supervisors representing those cities, and one member who shall be the Corridor "D" City Selection Committee representative to the SCRTD Board.

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Public Operating Fund, and

6/6/85

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CHOICES IN PUBLIC TRANSIT --

CREATING A TRANSPORTATION ZONE IN THE SAN GABRIEL VALLEY

The public transit community in Los Angeles has had a longstanding, if somewhat, incestuous relationship with the private sector. You'd never know it based on the way they talk about each other. This love affair dates back to the very beginnings of the Red Cars system, when the private sector provided all public transportation -- not because it was the public spirited thing to do -- and not even because they could make money at it -- but because it was the only way to move folks out to their vast tracts of real estate which they could subdivide and sell for great sums of money. The same concept is still in use today by Hawaiian time share developers who, in many cases, write off the cost of the 5-day Hawaiian vacation just to get their buyers to the site of their development. The McCoullough Corporation even started an airline to serve their project in California City at Lake Havasu in the middle of nowhere.

The very practicality of these transit investments is clearly documented in the financial papers of Henry Huntington's trolley system. In 40 years of operation, the Red Cars made money in only 8 -- four of those during the war when there was almost no other means of mobility. The big money was in the real estate opportunities that those rail lines opened up.

This very same principle is being applied today, albeit in reverse, on the Wilshire Subway where the private sector is being required to pay a percentage of the capital construction cost of the system. If they don't, they run the risk of having their property

"down zoned" to a level that can be supported by the existing transportation system. Many commercial and office developers could lose millions if that were to occur: That possibility is probably the reason why you hear virtually no opposition to the recent creation of the first benefit assessment district in downtown, which by itself, will provide \$130 million for the Metro Rail Project.

I use these examples to illustrate that for someone to suggest that the private sector and public transit cannot co-exist, ignores the rich history of their relationship in building one of the finest cities in the United States.

The intertwining of the private and public sector in transit has been even more intimate since the 60's. Until then, all transit in Los Angeles was still provided almost solely by the private sector. As a competition of freeways, the mass production of autos, and a boisterous economy provided the opportunity for personal mobility, the private bus lines began a quick retreat from financial disaster. The State Legislature stepped in to create the LAMTA to buy up these failing systems with bond financing and operate them without fear of competition, in the hopes of breaking even. The rationale, of course, was -- if they didn't have to make the extra money for a profit, they could sustain the operation out of the fare box! That premise held true until 1969 when the Legislature had to impose a 6-month, one-half cent sales tax to bail out RTD because they weren't going to finish the year with a balanced budget. That generated a permanent sales tax in 1971 -- followed by federal assistance, followed by State dollars, followed by County funds, followed by a local one-half cent sales tax. For the last 15 years, we have force fed transit with public dollars assuming all along that the public sector had to do the whole job.

After 25 years of public dominance, we're now back where we started, a transit system that can't live within its means, and no real interest on the part of the riders or the taxpayers in giving it anymore means. Simply raising fares and cutting service in times of declining subsidies, if taken to its logical conclusion, will result in only those services being provided which will pay for themselves -- in other words -- what the private sector would be doing if they were allowed to.

Believing that the real solution to cost-effective transportation is to bring down the cost of providing that service. Last December I proposed that we take a serious look at the creation of a transportation zone in the San Gabriel Valley. Such a move two years ago would probably have fallen on deaf ears -- everything then was rosy, and the real problem -- the cost -- was being effectively "masked" by a 50 cent fare. That's not true today. Federal subsidies are being cut, local subsidies are being cut, and State subsidies are declining.

How much does public transit cost?

In 1984, 2,700 non-management employees at RTD made over \$30,000; 400 of them made over \$40,000. Nobody's going to tell me that there isn't some room for a substantial savings when your talking about those kinds of numbers. I think a transportation zone is one good way to find out.

Most people don't realize that the authority for creating transportation zones has existed in the LACTC authorizing legislation since the Commission was created. For a lot of reasons, the San Gabriel Valley lends itself uniquely to just such a pilot project.

1. It is comprised of 29 cities rather than dominated by one like the San Fernando Valley.

2. The few "included municipal operators" are small and have few vested rights to contend with unlike the South Bay and Mid Cities areas;
3. The availability of the busway has helped to sustain the commuter ridership which is very volatile in times of rising fares;
4. There is an extensive park-n-ride network, more so than in any other portion of the County. This service is the most costly for the RTD to provide; and
5. About half the municipalities in the San Gabriel Valley have already demonstrated their willingness to work cooperatively on the subject of transit by initiating subregional studies to coordinate and improve their community transit systems.

If you were to look at the San Gabriel Valley as a community -- without its city boundaries -- it's over 350 square miles; with 29 incorporated cities. Its population exceeds 1.4 million or nearly 17% of the County's population. The Valley's population growth for many years has consistently been greater than that of the County as a whole. From 1970-80, it was nearly double the County's growth rate. The median income is 15% higher than the Countywide median, and in 1982, retail sales exceeded \$4.1 billion. Standing alone the San Gabriel Valley would be major public transit challenge.

The 1,700 daily hours of local bus service and the 127 hours of daily express service costs the RTD \$33 million annually. Nearly 100,000 people board the 350 buses it takes to provide the service. One-third of them are students and seniors.

The concept of a transportation zone is really quite simple. It's the San Gabriel Valley saying to the County Transportation Commission -- give us our share of the transportation resources and see if we can't do better in providing the service. I doubt we could do any less. We certainly couldn't spend anymore money. I must caution you, however, that lurking just below the surface of this proposal are some very significant public policy questions which most of the transit decision makers in Southern California have tried to ignore.

1. The first is the equitable allocation of transit resources; namely, should 17% of the population only be receiving 10% of the service? Or 7% of the dollars?
2. Secondly, what role is there for the regional transit carrier (RTD) if they cannot provide cost-effective regional service?
3. Thirdly, if a bunch of charter bus operators can be knitted together to form a cost-effective network of intercommunity transit, with lower fares and no strikes, won't the pressure be on everyone else to do the same thing?
4. Finally, what about the poor commuter? His park-n-ride service is the most expensive to operate, the most costly to ride, and the most likely to be cut. On one hand, he represents 4% of RTD's ridership and 12% of their fare box revenue. On the other, he consumes 17% of their resources. Can we afford to toss him aside when he's the one we really want to keep from driving his own car to work?

If I had the answers to those questions, I could apply for the job of transportation czar.

I do know this; if for some reason the zone proposal doesn't get approved, it will probably be because of a hang-up on one of those policy questions and not because of the proposal's merits.

Just what are merits?

There is simply one -- the designation of a transportation zone will give to someone, other than RTD, the right to determine how the San Gabriel Valley's transit services are to be provided. That one determination opens the door to choices -- to competition. The choices are to have RTD continue as is, to have other public carriers provide it, to have private operators do it, or to do all or none of those.

The simple ability to choose could cut the cost of providing exactly the same service that's on the street today -- by 25% on the conservative side, and that just happens to be the same amount the passengers are putting in the fare box today. I'm not advocating a fare free system, but it sure reduces the whole issue to a level that everybody can easily understand.

How can we be so sure that the private sector can do the job cheaper?

RTD drivers earn \$13.00 an hour. In the last six years, despite a few contract gains I'm pleased with, they've gone from the 13th highest paid drivers in the nation to the 6th highest paid. They will soon be the highest paid. When the LACTC added up the cumulative effects of the RTD's labor contract terms, with such things as, spread time, recovery time, platform time, bid time, preparatory time, owl time and dead head time (that is not what it sounds like), they figured

that a bus driver was actually collecting passengers and fares only 23 minutes out of each hour. I don't know any private operator who runs his buses like that; and if he did and was working for me, he wouldn't be for very long.

The process for establishing a zone is relatively simple -- Ya' just ask.

There are some basics that would have to be decided. The geographic area will have to make some sense, and the legal arrangement--probably, though not necessarily, a joint powers authority will have to be prepared, and a governing board determined. Financial and operating plans will also be required.

The statutes also allow the Commission the option of merely designating a zone and creating an authority as well. The Transportation Commission then must bless it with 8 votes and appropriate the necessary dollars.

There are obviously a number of unanswered questions that will have to be addressed -- such things as "will the San Gabriel Valley be allowed to retain the dollars they are able to save?" And if savings can be demonstrated, "will the municipalities still be required to kick in 25% of their local return money?"

Both of these items are important to the cities and are murky at best in the Commission's policy document on transportation zones.

Probably the best way to describe what it is I'm proposing we do is to tell you what I propose we not do --

We're not going to wholesale throw the RTD out of the San Gabriel Valley.

We're not going to tinker with the other community zones being formed in the east valley and Pomona Valley.

We're not going to change the routes.
We're not going to change the fare.
We're not going to change the schedules.
We're not going to reduce the quality of service. . .
We're not going to hire a consultant to do a study.
And, we're not going to bite off more than we can chew.

What we are going to do is prove we can save money by contracting with the private sector to provide public transit.

This is the first time in Los Angeles County that such a large scale effort will have been undertaken. It is enormously important to the future of public transportation that it succeed.

In order to succeed, the transition will have to be smooth and methodical. It will have to be done with virtually no disruption or confusion amongst the bus riding public.

There are going to be plenty of skeptics who won't believe or won't want this experiment to succeed. Without the support of the political leadership in the San Gabriel Valley and the support of the 100,000 people who are riding the system, those nay sayers may have be allowed to retain the dollars they are able to save?" And if their wish.

The long term success of this zone proposal is vital to the future of the San Gabriel Valley. In the next 15 years, 1.5 to 3 million additional people will populate Southern California. One only has to glance eastward to realize that a good number of those folks will settle in the San Gabriel Valley. In San Bernardino and Riverside Counties where real estate is less expensive, and access to one of three freeway corridors to downtown is relatively easy, they are already experiencing this boom. The San Gabriel Valley will soon feel the impacts of that activity.

In these times of declining resources and growing demand for public transit, we've got to get a better bang for our transit buck. The creation of a transportation zone will give us that opportunity.

One element of all this that I have not dealt with is the ability of the private sector to do the job. I have no doubts they can do it after all they started the whole business, and there are dozens of examples throughout the nation where significant portions of the public transit activity are being handled by the private operators. There are even a few where the service is being paid for solely by the riders without public subsidy.

This is not, however, what I envision in the San Gabriel Valley. Were it possible to actually make money in the public transit business, the private sector would have run RTD out of town a long time ago.

What I do see is a series of contracts with private bus companies to provide specific services, with specific performance requirements. They would be closely monitored and could lose their contract if their service even started to deteriorate.

The benefit to the public is better control over the quality of service, as well as the ability to manage and project costs. We would be taking full advantage of the flexibility and creativity of private sector management to create a lower cost public service. It's no different than what the County and most of the cities are doing in landscape maintenance, food preparation and laundry service. Who says a public employee has to do the job as long as the person at the counter -- or in this case, at the bus stop, is able to reach his ultimate destination?

The use of the private sector in providing public transportation is hardly a new idea. In Houston, Texas, the Metropolitan Transit

Authority has private carriers operating 13 of their 17 park-n-ride lots with 112 buses carrying over 10,000 people a day. Their contracts range from \$54 to \$88 per hour, compared with \$60 to \$120 for SCRTD.

In Yolo County, they signed a five-year agreement with a private carrier for 11 buses on 6 park-n-ride routes. They saved nearly \$400,000 of the \$1.4 million Sacramento Transit was charging them to provide the service.

Right here at home private bus companies are using 140 buses to carry over 5,000 people on 132 different routes in Los Angeles County. They operate at half the cost of the public agencies.

The creation of a transportation zone would enable us to extend this same type of savings to the services currently operated by RTD.

In my view, it's about time the pendulum started to swing back in the other direction.

Achieving equilibrium between the public and private sector will benefit bus riders throughout the San Gabriel Valley.

~~The subject to the public is better control over the quality of~~
The bus riding public deserves the best service their money can buy. The taxpayers are entitled to a system that is cost-effective and offers financial stability. And the community at large deserves the assurance that free market system of choices is being utilized to guarantee those benefits to everyone.

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The end of the 50 cent fare on July 1, 1985, calls for creative and resourceful thinking by transportation policy makers in order to preserve adequate levels of service with an equitable fare.

A very simple method of achieving those goals is through the use of contracts with the private sector to provide all or part of the services currently operated by RTD. Because all of RTD's services are underpinned by one of the most costly wage rates and hourly operating costs in the industry, many of their services could be provided by the private sector at a savings of 20 - 50 percent.

Although RTD might be the best equipped to organize and manage such a contracting effort, their labor agreement prohibits such contracts. Further, RTD has made no progress on changing those prohibitions in their last two efforts.

The only options then, available to RTD to balance their budget, are fare increases and service cuts -- both of which will impact disproportionately on the suburban communities.

For over a year now efforts have been underway to redesign and fully integrate both the community funded transit and the RTD's services in the Pomona and East San Gabriel Valley areas. It is everyone's desire that these improvements can be implemented on

--M O R E--

MOTION

Schabarum	_____
Hahn	_____
Dana	_____
Antonovich	_____
Edelman	_____

July 1 at the beginning of the fiscal year. It is particularly timely to look seriously at alternative means of providing the regional and intercommunity services provided by RTD.

THEREFORE, I WOULD MOVE THAT:

1. The Road Department, with the assistance of the CAO and County Counsel, be requested to examine the feasibility of creating a transportation zone as defined in the LACTC enabling legislation encompassing the 29 cities of the San Gabriel Valley, and that this report identify but not be limited to:
 - a. The steps necessary to form such a zone and the optimal geographic size for the zone.
 - b. Suggested options for institutional arrangements.
 - c. The availability of private sector operators to provide the services.
 - d. The means of integrating these services with existing activities.
 - e. Suggested phasing for the replacement of RTD's current services.
 - f. Identification of any Federal, State or local legal or regulatory impediments to be overcome.
 - g. Preparation of a "model" RFP to be used for contracting these services.

2. That RTD be requested to provide (a) An analysis of the impacts of such a change on their existing operations; (b) A listing of services both technical and operational which they would be able to make available contractually to the San Gabriel Valley transit zone, and

3. That at meeting of the mayors and city managers of the San Gabriel Valley cities be convened in February to review these reports and determine an appropriate course of action.

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PS:eml

a. THE TERMS OF INTEGRATING these services

February 6, 1985

TO: Supervisor Pete Schabarum

Attention Michael Lewis

FROM: T. A. Tidemanson
Director of Public Works

SAN GABRIEL VALLEY TRANSIT SERVICE

In response to your motion and the Board of Supervisors' order on December 18, I have reviewed the material prepared to date and what needs to be done to establish one or more transportation zones in the San Gabriel Valley.

The attached map shows the RTD San Gabriel Valley Sector. This area encompasses 29 cities of which 22 are in the First District, 1 is in the Third District and 6 are in the Fifth Supervisorial District. In this 350 square mile area, the RTD operates 1704 bus hours of local service daily and 127 bus hours of express service each day at an estimated cost of \$33 million annually. This represents approximately 10% of the total bus hours operated by RTD.

Operating Costs

LACTC's statistics for RTD current operating costs are \$54 and \$71 for local and express services, respectively. Individual local lines in the San Gabriel Valley area vary from \$50 to \$60 per hour and express service costs vary from \$55 to \$80 per hour. LACTC's operating statistics for the three larger municipal operators (Long Beach, Torrance and Santa Monica), indicate local service could probably be provided for \$40 per hour and express service for \$46 per hour. Assuming the transportation zones could operate this service at rates similar to the municipal operators, \$9 million a year could be saved.

RTD uses about 350 buses in the San Gabriel Valley area. We have contacted 4 private operators to determine their interest and ability to provide a substitute service. Although all 4 were interested, none of them have the equipment on hand for a project of this magnitude. They would have to purchase the needed buses and the delivery schedule would dictate the rate at which RTD service could be phased out.

Available Funding

The 22 First District San Gabriel Valley Cities annually receive \$6.5 million of Proposition A local return funds and the unincorporated area receives about \$2.9 million. The 7 Cities in the other Districts (Alhambra, Monterey Park, Pasadena, San Gabriel, San Marino, Sierra Madre and South Pasadena), receive approximately \$2.9 million annually. About \$4.5 million of these funds are committed to annual

programs leaving about \$7.8 million available for other purposes. This together with the \$9 million that can be saved annually by the transit zones leaves about \$16.8 million for such purposes as: extending the El Monte Busway, building a rail service or other capital improvements, reduced fare programs or additional service.

LACTC Role

The LACTC has considerable latitude in establishing zones and distributing the Proposition A discretionary funds, the STAF funds and the TDA monies. The policy, procedures, criteria and funding formulas they adopt will have a significant impact on establishing zones and soliciting the cooperation of the local agencies. In order to provide a strong incentive for cooperation among the Cities, LACTC must provide the necessary assurances that all the existing revenues utilized in the area would remain available to the area. It is essential that the subsidies used to support RTD remain in the area, otherwise, any efficiencies realized by the San Gabriel Valley zones would benefit the general RTD service area and the incentive to form zones would be gone.

Consultant Work

Based on ball park estimates obtained from DAVE Consulting, Inc., it would take about 4 months and \$20,000 to \$35,000 to develop a conceptual level preliminary strategy document that would include zone identification, a plan to phase out RTD, problem areas and potential savings. Per DAVE a complete implementation plan would take over a year at an estimated cost of about \$200,000. This plan would include: (1) Determine zone grouping; (2) Establish criteria for retention or replacement of RTD services; (3) Screen existing RTD area services; (4) Develop zone based service plan; (5) Define transition plan; (6) Develop implementation program. The reason for this high price tag is the extensive work that would be necessary with the many political entities that make up the San Gabriel Valley.

Recommendation

As a first step, we should consult with the cities to see if there is significant interest or consensus in any given area or the entire San Gabriel Valley to pursue a transit zone in light of potential savings. The second step would be to get LACTC assurance that the area would continue to receive the same funding level. The third step would be to hire a consultant to develop the preliminary strategy document mentioned above. If there is sufficient city interest, we would follow up with the detailed fully coordinated implementation plan.

Background Material

The LACTC staff has prepared a preliminary position paper on the Commission's establishing transportation zones. The essence of the staff's paper is incorporated later in this report.

Additionally, DAVE Consulting, Inc., has studied the transit needs in the East San Gabriel Valley and also in the Pomona Valley area. Their East San Gabriel Valley report covered the Azusa, Baldwin Park, Covina, Glendora, Irwindale, La Habra Heights, La Puente, West Covina, Bassett, Hacienda Heights and Rowland Heights areas and identified several types of services the local agencies could implement individually or as a group under a possible transportation zone concept. This study considered the existing RTD service in the area, provided some ideas on which service could be provided by the RTD and which could be provided by a regional service under a Joint Powers Authority (JPA). Their Pomona Valley study covered the Claremont, La Verne, Pomona and San Dimas areas and proposed a public transportation system that included paratransit, fixed route and park-and-ride services with the RTD providing the inter-regional service. The Pomona Valley Steering Committee has explored the possibility of a transportation zone with Commission staff but has not submitted an application pending receipt and review of RTD's proposed cutbacks and fare structure for the post July 1, 1985 period and identification of funding sources.

RTD staff has given us their recommendations for balancing their budget next fiscal year through fare increases and service cutbacks. Under their proposal, the basic fare would increase from 50 cents to 75 cents with comparable increases in their special fares and zone changes. These fare increases would be in addition to an approximate 3% cutback in San Gabriel Valley service.

The service reductions would be mostly through increasing the headways on a couple of lines to 60 minutes with elimination of midday and evening service on a few low productive services. Also, portions of two San Gabriel Valley lines will be discontinued but no routes will be deleted in their entirety.

RTD staff's recommendations contemplate no cutback in Federal operating subsidies and further significant fare increases would be likely if there is any decrease in federal operating subsidies.

Authority to Establish a Transportation Zone

Under the authority of the California Public Utilities Code (PUC) Section 130261, the Los Angeles County Transportation Commission may establish "local transportation zones" where the Commission determines that the SCRTD or municipal transit operator "cannot otherwise provide adequate and responsive local transportation services in a cost-effective manner". When establishing a zone,

PUC Section 130259 requires LACTC to coordinate with the Department of Transportation, SCAG, public transit operators, the county and the cities involved. LACTC is the only agency in Los Angeles County with the authority to establish transportation zones and 8 votes are required. If created, the zones may receive state and federal transit funding and would be subject to the performance and reporting requirements mandated of other transit operators in the County.

Although the Commission can establish zones and methods of governing, PUC Section 130263 states:

"The LACTC shall not reduce by order or by reducing funding, the size of the service areas under the jurisdiction of presently existing included municipal operators,... the level of services they provide, or the scope of their operations, without first consulting with the municipal operators and securing the approval of the municipalities within which they operate."

Establishing a Transportation Zone

Commission staff has prepared a preliminary position paper on transportation zones that suggests the Commission should consider the following five steps in establishing a zone:

1. First, set needed criteria covering where a zone could be implemented and under what circumstances. This would include areas with common transit problems and goals, a unanimous commitment by local agencies in providing a basic level of service, the potential for cost savings and a regional size area with a propensity to use transit.
2. Approve guidelines for evaluating the criteria and specifying steps in creating zones. These Commission guidelines would cover the criteria for establishing zones, eligible transit service, funding mechanism, local return contribution, responsibilities of the JPA or transit authority, performance assessment, contracts and negotiations and reporting requirements.
3. Create an administrative structure for governing the zone. While there are numerous options, LACTC staff believes a Joint Powers Authority is the most preferable. The JPA would be initiated by the local agencies, consist of an elected official from each agency with a technical advisory committee of cities staff, the RTD, and private service organizations to insure coordination and proper level of service. A public transit authority could be used when local agencies are not willing to participate directly in administering the project.

4. Establish a funding mechanism for the zone. The Commission would have to work out the funding with the Joint Powers Authority and may require a significant contribution of local return money and a certain farebox return. Since the service would be eligible for State, Federal and local revenues administered by the LACTC, the LACTC would have to review its present formulas for distributing the funds and revise them as necessary to meet the public transportation goals of the LACTC.
5. Formally approve the establishment of a zone. The Commission would make the following findings: the current operator cannot otherwise provide adequate and responsive local transportation services in a cost effective manner and all of the municipalities within the zone have approved the operating and financial plan.

Eligible Transit Services

Transit services can be divided roughly into 3 categories: regional, inter-community and intra-community. Regional service generally operates on the freeways and major arterials and provides service between major regions of the County. Inter-community transportation is usually a fixed route service and operates through two or more communities. Intra-community service operates within one community only and is usually a dial-a-ride or fixed route shuttle service. While all the above service types could be administered by the zone, LACTC staff recommends that only the regional and inter-community service be eligible for regional operating subsidies. LACTC staff's preliminary position paper suggests that the Proposition A Local Return funds should be utilized to fund intra-community type services, suggesting the following guidelines be further criteria for Commission subsidy:

1. The proposed eligible service is at least 25% less expensive.
2. Participants within the zone must commit the equivalent of 50% of Proposition A Local Return funds to inter-community and regional service within the zone.
3. The intra-community or local service should be funded with Proposition A Local Return funds.
4. Farebox recovery (passenger revenue/operating cost) must exceed the ratio that was obtained prior to the formation of the zone. For formula funds, the farebox recovery must exceed 33% which is consistent with the Commission adopted Transit Performance Measurement standards.

These proposed guidelines, such as the heavy commitment of local return funds which will allow LACTC to divert money currently committed to the San Gabriel Valley area to other areas, would tend to discourage zone formation. Therefore, if the Commission wants to encourage zone formation they would have to take a different look at these proposed criteria and give assurances that all the money (local, State and Federal) currently committed to the San Gabriel Valley area remain in the area for whatever priorities that are established at the zone level.

Problem Issues

Section 13(c) of the Urban Mass Transportation Act of 1964 specifies that the operators of any transit project that receive federal funding must be responsible for adversely affecting the employees of any other surface public transportation provider in the transportation service area of the project. Since the San Gabriel Valley area represents about 10% of the RTD service, 13(c) could be complied with by a phased reduction of RTD services that could be absorbed by normal attrition. Based on the 5% attrition rate for RTD drivers, it would take only 2 years for RTD to reduce its personnel by 10% to offset their loss of serving the San Gabriel Valley area.

Another way to avoid incurring liability under 13(c) would be not to use federal funds for the transportation zone service for a period of 18 months following the last phase out of RTD services. The LACTC could give the federal funds normally spent in the zones to RTD and then reduce the RTD allocation of Proposition A discretionary funds by a like amount with the Proposition A dollars going to the zone.

RJO:lc/5B

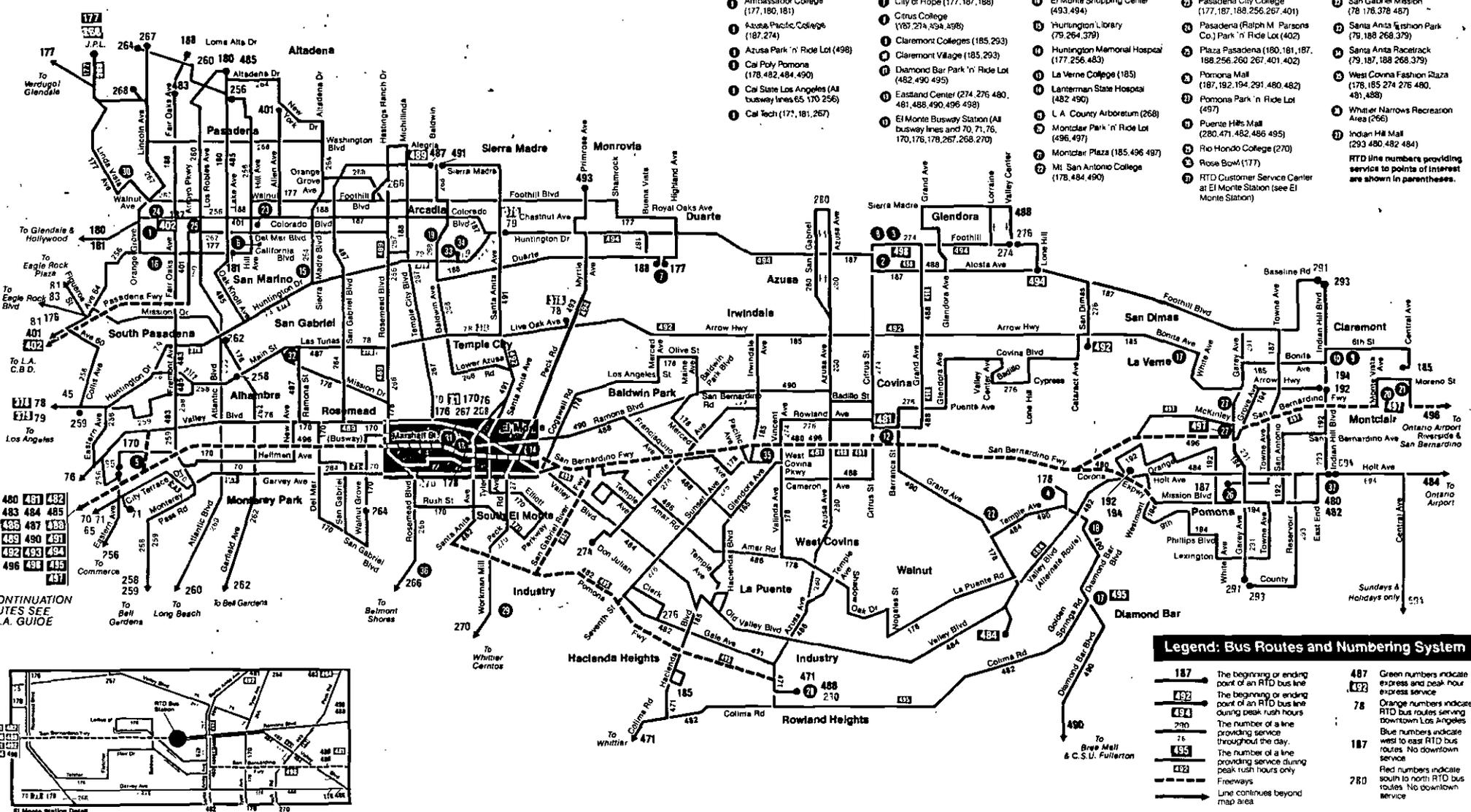
Attach.

San Gabriel Valley Bus Routes

Points of Interest

- 1 Ambassador College (177, 180, 181)
- 2 Azusa Pacific College (187, 274)
- 3 Azusa Park 'n' Ride Lot (498)
- 4 Cal Poly Pomona (178, 482, 484, 490)
- 5 Cal State Los Angeles (All busway lines 65, 170, 256)
- 6 Cal Tech (171, 181, 267)
- 7 City of Hope (177, 187, 188)
- 8 Citrus College (107, 274, 494, 498)
- 9 Claremont Colleges (185, 293)
- 10 Claremont Village (185, 293)
- 11 Diamond Bar Park 'n' Ride Lot (482, 490, 495)
- 12 Eastland Center (274, 276, 480, 481, 488, 490, 496, 498)
- 13 El Monte Busway Station (All busway lines and 70, 71, 76, 170, 176, 178, 267, 268, 270)
- 14 El Monte Shopping Center (493, 494)
- 15 Huntington Library (79, 264, 378)
- 16 Huntington Memorial Hospital (177, 256, 483)
- 17 La Verne College (185)
- 18 Lanterman State Hospital (482, 490)
- 19 L.A. County Arboretum (268)
- 20 Montclair Park 'n' Ride Lot (496, 497)
- 21 Montclair Plaza (185, 496, 497)
- 22 Mt. San Antonio College (178, 484, 490)
- 23 Pasadena City College (177, 187, 188, 256, 267, 401)
- 24 Pasadena (Ralph M. Parsons Co.) Park 'n' Ride Lot (402)
- 25 Plaza Pasadena (180, 181, 187, 188, 256, 260, 267, 401, 402)
- 26 Pomona Mall (187, 192, 194, 291, 480, 482)
- 27 Pomona Park 'n' Ride Lot (497)
- 28 Puente Hills Mall (260, 471, 482, 486, 495)
- 29 Rio Hondo College (270)
- 30 Rose Bowl (177)
- 31 RTD Customer Service Center at El Monte Station (see El Monte Station)
- 32 San Gabriel Mission (78, 178, 378, 487)
- 33 Santa Anita Fishman Park (78, 188, 268, 379)
- 34 Santa Anita Racetrack (79, 187, 188, 268, 379)
- 35 West Covina Fashion Plaza (178, 185, 274, 276, 480, 491, 488)
- 36 Whittier Narrows Recreation Area (266)
- 37 Indian Hill Mall (293, 480, 482, 484)

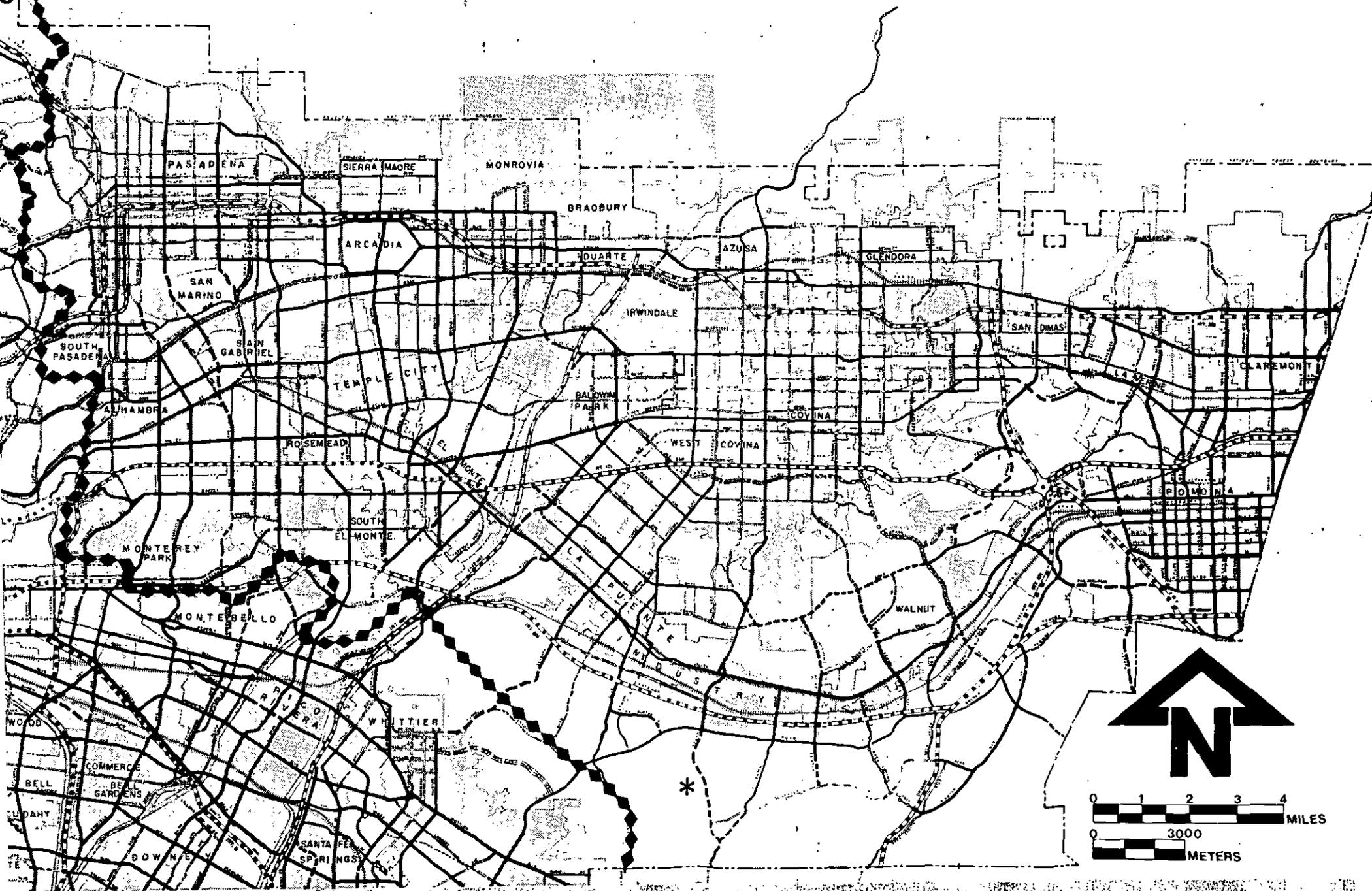
RTD line numbers providing service to points of interest are shown in parentheses.



OR CONTINUATION OF ROUTES SEE EAST L.A. GUIDE

The information presented in this brochure is subject to change without notice.

SAN GABRIEL VALLEY SECTOR



Los Angeles County
Transportation
Commission
354 South Spring Street
Suite 500
Los Angeles
California 90013



Prop. A 40% Discretionary Fund



40%



40%



40%



40%



40%



Effective

Transportation
Zones

By:

Sharon Neely
MANAGER
TRANSIT PROGRAMS

I. EXECUTIVE SUMMARY

Introduction

LACTC is authorized (PUC §130261) to form Transportation Zones when the transit operator "cannot otherwise provide adequate and responsive local transportation services in a cost-effective manner." LACTC is authorized to fund transit service provided within the zone with state and federal transit funds. To date, LACTC has not exercised this option. However, with the advent of possible service cuts and fare increases beginning July 1, 1985, staff believes that this option could help achieve the Commission's public transit goals.

This paper summarizes the application of a Transportation Zone; implementation of a zone (criteria, guidelines, administration and fund mechanism); and a proposed demonstration of the concept in Pomona Valley.

In order to fully evaluate the feasibility of a transportation zone, the advantages (potential benefits) and disadvantages (possible problems) are listed below:

Advantages

1. Reduction in the costs of delivering services.

2. Elimination of costly and low productive lines.
3. Increase ridership because of improved transit service.
4. Increase local responsibility for transit needs.

Disadvantages

1. Difficulty in service coordination because of the increased number of operators.
2. Less transit funds available for other operators.
3. Possible problem of reinstating services if transportation zone is deemed a failure.
4. Problem of defining "regional" and "local" service.

Conclusion

This issue paper describes what a transportation zone is and what goals it would serve. Based upon the recommendations contained within this issue paper, staff would propose to continue working on the Transportation Zone Guidelines for review in November. Meanwhile, staff would proceed to work with Pomona Valley communities to determine interest in proceeding with the zone concept on a demonstration basis. Key recommendations are summarized below as well as a summary of

Summary of Recommendations

1. Five criteria are proposed which would justify the Commission finding that service can be provided in a more cost effective manner by the creation of a zone:
 - Improved local control;
 - Commitment by the zone to base level of service;
 - Potential for cost savings;
 - Size of the zone; and
 - Propensity to travel.

2. Regional and inter-community service would be eligible for Commission regional subsidies. Prop. A Local Return funds should be utilized to fund local service. Staff would determine ineligible service on a case-by-case basis. Disputes would go to the Commission for disposition.

3. A operating and financial plan must be submitted before the creation of a zone can occur. The plan must identify several conditions.

4. Two administrative structures for the zone are proposed and the selected structure would be approved by the Commission. Regardless of the chosen administrative structure, the operation of the service would be contracted to a public or private operator through competitive bidding.

5. Prop. A Discretionary funds would be used for the first two years operation of a transportation zone. If the zone proves successful, after the third year of operating, the zone will be considered an operator and eligible for operating subsidies through the Formula Allocation Procedure.

6. A regional subsidy per hour will be used to determine the 'credit' of subsidy transferred from an existing operator to the zone.

Proposed Demonstration Project

With regional subsidies expected to be reduced in FY 1986, a transportation zone demonstration project in the Pomona Valley would test the viability of a zone to provide cost savings and more responsive transit services.

The Joint Powers Agreement (JPA), presently operating in the Pomona Valley, would be used to administer the project. The JPA would contract with a private or public transit provider through competitive bidding. The zone's responsibility would be to provide inter-community transportation service. However, the form of inter-community transportation services would be left to the discretion of the zone.

The role of the Commission would primarily be to allocate funds to the zone. Pending approval of the zone's operating and financial plan, the amount that would be credited to the zone from the Discretionary fund would be approximately \$4 million. The ability to transfer from the zone service to the regional service would be essential to the success of the project. Public hearings and Commission evaluation would happen throughout the project.

II. DESCRIPTION OF OPTION

This section describes what a transportation zone is; what it would do; what goals it would serve; and the experience elsewhere.

Under PUC §130261, LACTC is authorized to form Transportation Zones when the transit operator "cannot otherwise provide adequate and responsive local transportation services in a cost-effective manner." LACTC is authorized (with eight votes) to fund the transit service provided within a designated zone with federal, state and local funds.

What Is A Transportation Zone?

A transportation zone means the creation of a zone within a specified geographic area to meet specified transit needs cost effectively. The Commission would appoint a governing board to administer the provision of service. The governing board could range from existing transit boards to the creation of new boards or Joint Powers Authorities (JPA's).

What Would A Transportation Zone Do?

The PUC allows the Commission broad latitude in establishing zones as well as the method of governing a zone. However, the PUC stresses the importance of involving the county, cities and other local public agencies in establishing local transportation zones. In fact, PUC §130263 states:

The Los Angeles County Transportation Commission shall not reduce, by order or by reducing funding, the size of the service areas under the jurisdiction of presently existing included operators... the level of services they provide, or the scope of their operations, without first consulting with the operators and securing the approval of the municipalities within which they operate.

A zone would have the local decision making power to do the following:

- Provide all transit service within the zone; or
- Provide selected services within the zone (i.e., express, demand-responsive, etc.); and
- Contract these services to a public or private transit provider through competitive bidding.

The Commission could allocate Federal Section 9, State TDA and STA, and Prop. A Discretionary funds to the zone if the service is provided within guidelines established for all recipients of Formula or Discretionary subsidies.

In summary, while the Commission has broad latitude in defining and funding a transportation zone, it must first obtain the approval of the affected municipalities.

What Goals Would A Transportation Zone Serve?

A Transportation Zone is a means to provide cost-effective sub-regional transit service augmenting the regional network as operating subsidies are reduced at the end of the 50¢ Fare Reduction Program. It is not the intention of the Commission to create zones unless they are locally initiated. By creating a local board to determine service structure and allocation, transit service could be made more responsive to local needs. By contracting for transit service through competitive bidding, a zone may be able to reduce costs and provide more service under reduced subsidies than would otherwise be possible. Lastly, the zone would bring more local funding support to the zone.

Intra-community local service would not be eligible for regional subsidy but could be funded out of Local Return Funds of the localities within the zone. Therefore, the zone could also serve to coordinate and consolidate local transit services.

Experience Elsewhere

Riverside and San Bernardino Counties have limited experience with allocating countywide funds to sub-regional JPA's which have some policy control over transit service deployment. Riverside has adopted guidelines for the formation of zones and has established three zones: Riverside Transit Agency, Sunline Transit Agency, and Palo Verde Valley Transit Agency. The governing boards are the Boards of Directors as established by the Joint Powers Authorities which were in existence before the zones were established.

Although not called Transportation Zones, San Bernardino has established two (East and West County) Transportation Service Areas (TSA's) which allocate service and 'assess' TDA funds. The boards of these two TSA's constitute the Board of Omni-Trans. In the past few years, the role of the TSA's has declined in favor of the countywide agency.

Orange County has not established guidelines for the formation of zones although the County has formed a countywide Consolidated Transportation Service Agency (CTSA) under AB 120 to "promote the coordination and consolidation of social service transportation." One difference between a zone and a CTSA is that a CTSA involves only social service transportation, e.g., seniors and handicapped, developmentally disabled, and low-income pre-school. As discussed below, while a

zone could eventually act as a CTSA, the primary purpose of a zone is to provide local general public transit service.

Elsewhere in the country, there are a number of areas that have withdrawn from a transit authority to set up their own transit system. Montgomery County, Maryland, Fairfax, Virginia and Arlington, Virginia withdrew from Washington Metropolitan Area Transit Authority (WAMATA). Johnston City, Kansas withdrew from the Wichita Metropolitan Transit Authority and Plymouth, Minnesota withdrew from the Metropolitan Transit Commission in St Paul. Staff is currently in the process of determining the impacts on these communities.

III. IMPLEMENTATION

This section addresses how a zone should be implemented. Staff proposes that the Commission would:

- First set criteria for where a zone could be implemented;
- Approve guidelines for creating zones;
- Create an administrative structure for governing the zone;
- Establish a funding mechanism for the zone; and;
- Formally approve the establishment of a zone.

Criteria: has adopted guidelines for the formation of

Before the Commission can establish a transportation zone, they must make a determination that the transit operator "cannot otherwise provide adequate and responsive local transportation service in a cost-effective manner" (PUC §130261). Staff believes that the following criteria would justify that finding:

- Common Transit Problem and Goals - A factor affecting local willingness to approve a zone would be the local control resulting from establishing the zone. Therefore, a zone appears most appropriate in areas where several cities share similar transit problems and goals and have a history of cooperation. The communities should initiate the request to form a zone and they should indicate a willingness to form a Joint Powers Authority.

- Commitment to Basic Level of Service - The willingness of municipalities to approve a zone will also depend on whether there is a commitment to continue a basic level of service in their area. A clear plan for financing and operating the services provided within the zone must be available before the establishment of a zone (the requirements of the plan is discussed further in the guidelines).
- Potential for Cost Savings - A key criteria in the formation of a zone is the potential for cost savings. These cost savings would be identified in the financial plan (and would be based on fully allocated costs including depreciation). Unfortunately, cost savings are difficult to determine because the comparison is to service that is not yet in operation. It should be noted that cost comparisons must be based on fully allocated cost including depreciation. Indicators of cost savings should include at least one of the following:
 1. A minimum of 25% savings in Commission subsidy per passenger; or
 2. A minimum of 25% total cost savings; or
 3. A minimum of 25% savings in cost per passenger; or
 4. A minimum of 25% savings in cost per vehicle service hour.
- Size of the Zone - As stated earlier, the objective of a transportation zone is to provide regional and/or inter-community transit service in a more responsive and cost-effective manner. Staff does not believe that this objective could be met if 83 transportation zones were requested by the 83 cities within Los Angeles County. Staff believes that the establishment of a zone should be based upon a minimum size. Indicators for determining a minimum size of a zone would include:

A minimum of three municipalities;
and/or

A minimum of 50 square miles.

Ability to Travel - The Commission is
trying to maximize state and federal
funds by promoting the most cost-effective
community and regional transit

As a result, a zone's propensity to
use transit should be clearly identifiable in
the operating and financial plan. Indicators
of propensity to use transit would

include:
population density per square mile;
percentage of senior citizens;
percentage of lower income residents;
number of housing units with one or no
cars; and
transit trip generators (i.e., major
employers, shopping centers, schools,
etc.).

Operating Zones

The Commission is working on the Guidelines for Establishing
Operating Zones and proposes that the draft guidelines would
be included as an appendix to this issue paper. The following
issues are covered:

1. Criteria for establishing a zone;
2. Mechanism for providing transit service;
3. Funding mechanism for the zone;
4. Local Return contribution;
5. Responsibilities of the JPA or Authority;
6. Performance assessment;
7. Negotiations; and
8. Operating requirements.

Whether transit service can be provided within a zone, one of
the issues in establishing a zone is determining what transit
service is available for regional subsidies. Staff is including
this in the issue paper due to its potential for

Service - This section will discuss the types of
transportation service a zone could provide. Transportation
is divided roughly into three categories: regional,
inter-community, and intra-community. The definition of each of
these is in determining the responsibilities of the zone.
Regional transportation is the same type. Regional
transportation is further divided into peak period service operated
only or it can operate all day on freeways or on major

arterials. Skip stopping is another characteristic of regional service. Inter-community transportation is usually a fixed route service and operates through two or more communities on major or secondary arterials. Finally, there is intra-community service or service operated within one community. Examples of intra-community service include a dial-a-ride operation or community circulator fixed routes designed to serve short distance trips.

When deciding the type of service a zone should provide, one must remember that the primary goal of a transportation zone is to provide "adequate and responsive transportation services in a cost effective manner". This being the case, there can be no hard and fast rules.

Intra-community transit can consist of paratransit service or a local fixed route circulator. Paratransit can be divided into three types: general public, elderly and handicapped and social service. The transportation zone could play an integral role in general public paratransit. Many cities are presently operating some type of general dial-a-ride system. The zone could either coordinate the existing operations through designated transfer locations or create a new subregional dial-a-ride system.

Social service paratransit could be operated by the various agencies that are currently administering it. However, it is something that zones could think about administering at a future date. While social service is ineligible for Local Return funds, the combination of current social service funding sources within the zone could result in more effective use of the resources. AB 120 supports this action by requiring that social service transit system be consolidated.

No matter what type of transportation services were the responsibility of the zone, transferability to the regional system would be a key to success. The ideal set-up would consist of a transportation center where the zone services would connect with the regional lines. Even if this was not possible, a transfer agreement between the zone and the regional operator would be a necessity.

While all the above service types could be administered by the zone, staff recommends that only the regional and inter-community service be eligible for regional operating subsidies (i.e., Federal and State funds). Staff believes that the Prop. A Local Return funds should be utilized to fund intra-community type services. The regional subsidies are being reduced forcing the existing public transit operators to raise fares and/or cutback service. This being the case, there are insufficient regional subsidies to fund expansion of intra-community service countywide through the zone process. In this way, these intra-community services can be designed to meet local transit needs within the community (i.e., response time; door-to-door versus walking to a bus stop; and span of service).

ing service eligibility for Commission subsidy (i.e., intra-community) through the operating and financial aid provided by the transportation zone, the following conditions should be identified:

The criteria for establishing a zone have been met;

The proposed eligible service is at least 25% less expensive to operate than currently provided;

Participants within the zone must indicate the equivalent of a 50% minimum contribution of Prop. A Local Return funds commitment to inter-community and regional service within the zone;

The intra-community or local service should be funded with Prop. A Local Return funds; and

Farebox recovery (passenger revenue/operating cost) must exceed the ratio that was obtained prior to the formation of the zone. When the zone becomes eligible for formula funds farebox recovery must exceed 33% which is consistent with the Commission adopted Transit Performance Measurement (TPM) standards.

Staff recognizes that the previous definitions of eligible service requires more specific definitions. It is anticipated that other issue papers will aid in clarification (e.g. Mobility Issue Paper). However, it is believed that the essence of staff's recommendation concerning the inability of regional subsidys to fund intra-community service needs has been presented. As described earlier, it is anticipated that the JPA would prepare an operating and financial plan which breaks out the three types of service and the funding plan for each. The plan would also summarize the results of consultation with any affected operators. The Commission staff would review the plan and make a recommendation concerning any ineligible service for regional subsidy. Where disputes arise in clarifying ineligible service for regional operating subsidy, staff would bring a recommendation to the Commission for disposition.

Create an Administrative Structure for Governing the Zone

There are numerous options for administering a transportation zone. However, staff believes that there are two options that best facilitate an efficient operation: a Joint Powers Authority (JPA) or a Public Transit Authority. The composition of the zone would determine the administrative structure used. Regardless of the administrative structure chosen, staff recommends that the operation of service be contracted to private or public operators through competitive bidding. Contracting out service instead of operating service directly encourages lower cost through competition and avoids additional administrative cost.

Joint Powers Agreement - The most ideal structure to administer a transportation zone would be a Joint Powers Authority (JPA). A Joint Power Agreement would specify the authority that would administer the zone. The formation of a JPA is initiated by the cities and it is this local commitment that is necessary for the success of the zone. Under a JPA, cities may enter into cooperative agreements for the purpose of exercising any power (service) common to the contracting parties. The intent of the JPA is to allow local governments opportunities to exercise cost efficient management techniques while at the same time preserving local discretion and territorial boundaries.

The JPA consists of an elected official from each of the cities within the zone. Additionally, a technical advisory committee would be created in the by-laws that could consist of staff from the cities, representatives from SCRTD, and private service organizations. This would insure coordination between the zone and the rest of the region and would insure that the needs of the transit dependent were being met.

Public Transit Authority - There are some instances where a JPA cannot be set-up. For example, areas that were subsets of a city (i.e., the San Fernando Valley) or a group of cities that were willing to make a financial commitment but not willing to take the responsibility for the administration of the zone. In these cases, the LACTC has the authority to create a public transit authority. The members of the board would be one elected official or an appointee from each of the areas within the zone.

The Commission would only approve the establishment of a zone after an adequate financing and operating plan had been submitted. Upon approval of the financial plan, the Commission and representatives from the zone would then meet together and decide which of the above mentioned administrative options best suited that particular transportation zone. The Commission would then approve the formation of an administrative structure for the zone.

Establish a Funding Mechanism for the Zone

There are a number of ways in which funds could be allocated to a transportation zone. However, none are able to avoid the dilemma of a set amount of money being divided by an increased number of

operators. This problem is compounded by the fact that the supposed benefit of a transportation zone is the cost savings that result.

When the authority was given to the Commission to create zones, it was assumed in the PUC that federal and state funds would be used. These funds (Federal Section 9, State TDA and State STA funds) are allocated by the Commission through what is known as the 'Formula Allocation Procedure'. This formula is based upon distributing funds through the amount of miles operated and passengers carried by each of the operators. A percentage share is determined for each operator based upon the statistics mentioned above and funds distributed according to that percentage. The formula process is updated and approved by the Commission every two years.

The Formula Allocation Procedure will be readopted by the Commission in November, 1984 for FY 1986 and FY 1987. This approval is based upon audited operating statistics in accordance with Federal reporting practices. Since it would be unlikely to implement a transportation zone before FY 1986, it is impossible to include a zone in the Formula Allocation Procedure without any operating statistics.

While a zone could be eligible for Formula Allocation funds immediately due to the timing discussed above, staff recommends using Prop. A Discretionary funds in place of eligible formula funds for the first three years operation of a transportation zone. Further, it is recommended that, if the zone is successful in the third year of operation, the transportation zone will be considered a operator and eligible for operating subsidies from the 'Formula Allocation Procedure'. The Commission would make a determination on whether the zone is successful based upon the criteria discussed earlier. The analysis would be based upon a performance assessment after the first two years of operation (the guidelines will discuss the assessment more specifically).

Many options can be used for determining a 'credit' of subsidy which would be transferred (for eligible service) from an existing operator to the zone. Staff recommends that the most easily understood and applied methodology would be to use regional subsidy per hour. An example of the 'credit' would work as follows:

1.
$$\frac{\text{Total Operator Commission Subsidy}}{\text{Total Operator Service Hours}} = \text{Operators subsidy per hour}$$

2. Operator subsidy x # hours transferred = Credit of Commission operating
per hour to the zone funds transferred
from current operator to the zone

Formally Approve the Establishment of a Zone

The previous sections described the key aspects of how to implement a zone. Once the above sections have been set (e.g., the criteria have been met; an administrative structure has been set; and a funding mechanism established) the Commission can formally approve the establishment of a zone. The Commission would make the following findings:

- The current transit operator cannot otherwise provide adequate and responsive local transportation services in a cost-effective manner; and
- All of the municipalities within the zone have approved the operating and financial plan for the provision of transit service within the zone.

IV. IMPACTS OF OPERATIONS

The ability of a transportation zone to provide a net cost savings depends on the ability of the zone administrators to provide more responsive transit service at a lower cost. Contracting out for services should help maintain these lower costs.

While contracting should be considered on an incremental bases so that existing operators can redeploy drivers and avoid layoffs, the net effect would still be to reduce the amount of service being provided by the current operator. The amount and type of service provided by the zone will be left up to the discretion of the zone. Of course, these decisions will have significant impacts on the financial position of the zone. The goal of the Commission is to provide more responsive service, that does not necessarily equate to more service. In fact, due to the decrease in Proposition A funds available to the operators beginning in FY 1986, it is quite possible service cutbacks will be necessary. It is expected that despite the cutbacks, the service provided by the zone would be more effective and efficient than the present service and resident mobility maintained or improved.

The operator who is presently providing service in the zone area would receive less regional subsidies due to the 'credit' transfer discussed in the previous section. This change in regional subsidy should result in a minimal decrease in the subsidy the operator receives when compared to the financial burden that is eliminated since the operator no longer has to provide the high cost service. This being the case, the operator would receive less of the Discretionary fund than otherwise would have been expected (see the Formula Allocation Issue Paper for further detail). This reduction would translate into improved service to the public. After the first three years, the affected operator's subsidy impact would be reflected through the Formula Allocation Procedure. The other operators could be effected slightly because of the additional operator taking part in the Formula Allocation Procedure.

V. IMPACT ON LACTC AND RELATIONSHIP TO OTHER LACTC PROGRAMS

The creation of transportation zone could be consistent with the Commission's objective to improve the effectiveness and efficiency of public transit operations. Any changes in service structure would have the support of local communities. While the Commission would allocate funding and continue to act as a transit coordinator for Los Angeles County operators, staff recommends that the JPA for the zone would determine how to best provide transit within the zone. Once the zone receives regional subsidy through the formula allocation process, the zone would be considered a operator and would be expected to satisfy the standards identified in the Commission adopted Transit Performance Measurement Program (TPM).

No additional LACTC staff would be necessary under this program based on that existing operators will provide the

VI. OPPORTUNITIES FOR DEMONSTRATION PROJECTS

Several areas are conducive for implementation of a transportation zone (i.e., Pomona Valley, San Fernando Valley, and East San Gabriel Valley). The Pomona Valley Project Management Committee has conducted a transit needs study and had requested that the LACTC outline the financial and service implications of implementing a transportation zone. Since Pomona Valley is the farthest along in studying their transit needs, a transportation zone demonstration project could be implemented in Pomona Valley if the cities were interested (see Figure 1). The zone could be established in the Pomona Valley to provide fixed route and/or general public dial-a-ride service to augment transit service or to replace selective services currently provided by SCRTD. The following is a suggested demonstration project that could be implemented in FY 1985-86 with Prop. A Discretionary Funds. Staff proposes to discuss the following project with the Pomona Valley communities:

Administration

The Joint Powers Agency, presently operating in the Pomona Valley, would be charged with the administration of the transportation zone. A technical advisory committee could be created in the by-laws and these administrative costs would be eligible for reimbursement. It could consist of staff from the cities and representatives from private service organizations. Additionally, the County of Los Angeles could have a member on the board since the Pomona Valley includes unincorporated areas and in an attempt to coordinate the regions transportation services, the SCRTD could be represented.

Service

The Pomona Valley Project Management Committee, consisting of representatives from the cities and SCRTD, conducted a transit need study. The study recommended improvements to both the fixed route and the dial-a-ride service. The Pomona Valley Transit Steering Committee is in the process of revising the implementation plan for the recommended service improvements. It would be possible for Pomona Valley to incorporate the required operating and financial plan into this report. However, to date, pending the operating and financial plan, the Pomona Valley proposed services consist of 92,432 fixed route VSHs and 54,202 dial-a-ride VSHs.

Subsidy

Staff has attempted to summarize below how the subsidy credit could work in Pomona Valley. It is recognized that these statistics are based upon the original service plan and are subject to change; however, staff believes it is important to illustrate how the benefits would work. Using the 'credit' formula derived in Section IV, approximately \$4 million would be transferred to the zone from the Discretionary fund (see Appendix A for more details). Assuming a fixed route service cost/hour of \$31.40 (Antelope Valley's current cost), and assuming that the zone could take over all of SCRTD's service, the following calculations were made:

1.	92,432	x	\$31.40	=	\$2,902,365
	Proposed Fixed		Cost/VSH		Cost of Operating Pro-
	Route VSH in Zone				posed Fixed Route VSHs
2.	\$4,116,650	-	\$2,902,365	=	\$1,214,285
	'Credit'		Cost of Operating		Available Credit
	(see Appendix A		Proposed Fixed		Subsidy for Inter-
	for calculations)		Route VSHs		Community Dial-A-
					Ride
3.	54,202	x	50%	=	27,101
	Proposed Dial-		Assumed Percentage		Assumed Inter-Com-
	A-Ride VSHs		of Inter-Community		munity Dial-A-Ride
			Trips		VSHs
4.	27,100	x	\$41.68	=	\$1,129,528
	Assumed		Regional Subsidy		Eligible Subsidy
	Inter-Community		Per Hour		for Dial-A-Ride
	Dial-A-Ride VSHs				
	[\$1,214,285 (#2)] - [\$1,129,528 (#4)] =				\$84.757

NOTE: The above calculations do not include Local Return contribution or farebox revenue and are made only to show the order of magnitude of available credit within the zone.

Implementation

Upon Commission approval of the concept of the demonstration project in November, staff would complete the Transportation Zone Guidelines. Also, staff would assist staff in Pomona Valley with their operating and financial plan. Implementation would be pending the Pomona Valley communities interest in establishing a zone quickly; however, staff believes that the financial and operational plan for the zone could be completed by June 30, 1985. Actual transfer of service is difficult to estimate at this point. An agreement prior to the demonstration project would be made between SCRTD and the Commission to reinstate a negotiated level of service to the Pomona Valley area if the zone was deemed unsuccessful.

VII. CONCLUSION AND PRELIMINARY RECOMMENDATIONS

This issue paper describes what a transportation zone is and what goals it would serve. Based upon the recommendations contained within this issue paper, staff would propose to continue working on the Transportation Zone Guidelines for review in November. At the same time, staff would continue working with Pomona Valley communities to determine interest in proceeding with the zone concept on a demonstration basis.

In order to fully evaluate the feasibility of a transportation zone, the advantages (potential benefits) and disadvantages (possible problems) are listed below:

Advantages

1. Reduction in the costs of delivering services.
2. Elimination of costly and low productive lines.
3. Increase ridership because of improved transit service.
4. Increase local control for the delivery of transit needs.

Disadvantages

1. Possible difficulty with service coordination because of the increased number of operators.
2. Less transit funds available for other operators.
3. Possible problem of reinstating services if transportation zone is deemed a failure.
4. Problem of defining "regional" and "local" service.
5. Possible disagreement between zone and surrounding area regarding the services provided.

Summary of Recommendations

Key recommendations are summarized below as well as a summary of the proposed Pomona Valley demonstration project.

1. Five criteria are proposed which would justify the Commission finding that service can be provided in a more cost effective manner by the creation of a zone:
 - Common transit problems and goals;
 - Commitment by the zone to a basic level of service;
 - Potential for cost savings;
 - Size of the zone; and
 - Propensity to travel.

2. Regional and inter-community service is eligible for Commission regional subsidies. Prop. A Local Return funds should be utilized to fund local service. Staff will continue to better define 'regional', 'inter-community' and 'intra-community' service. The definitions will be used to determine ineligible service. Disputes would go to the Commission for disposition.
3. A operating and financial plan must be submitted before the creation of a zone can occur. The plan must identify several conditions (as discussed in Chapter III).
4. Two administrative structures for the zone are proposed and the selected structure would be approved by the Commission. Regardless of the chosen administrative structure, the operation of the service would be contracted to a public or private operator through competitive bidding.
5. Prop. A Discretionary funds would be used for the first two years operation of a transportation zone. At that time if the zone is seen as successful, it will be considered an operator and eligible for operating subsidies through the Formula Allocation Procedure.
6. A regional subsidy per hour will be used to determine the 'credit' of subsidy transferred from an existing operator to the zone.

Proposed Demonstration Project

Under the zone concept, the communities themselves would initiate the request to have a zone created, the Commission would not create a zone. However, the Pomona Valley Study recommended a zone and the cities are interested in knowing the implications and impact of a zone. With regional subsidies expected to be reduced in FY 1986, a transportation zone demonstration project in the Pomona Valley would test the viability of a zone to provide cost savings and more responsive transit services. Staff would only propose a demonstration project if the concept were supported by the cities within Pomona Valley.

The Joint Powers Agreement (JPA), presently operating in the Pomona Valley, would be used to administer the project. An addition to the board would include the County of Los Angeles since Pomona Valley consists of some unincorporated areas. The JPA would contract with a private or public transit provider through competitive bidding. The zone's responsibility would be to provide inter-community transportation service. However, the form of inter-community transportation services would be left to the discretion of the zone.

APPENDIX A

METHODOLOGY USED FOR DETERMINING THE CREDIT TO THE ZONE

SCRTD FY 84 Total Regional Subsidy ¹	\$298,349,000
SCRTD FY 84 Total VSH ²	7,157,400
SCRTD Subsidy/VSH	\$41.68
VSHs operated by SCRTD in Pomona Valley ³	98,768
Pomona Valley 'credit' = 98,768 x \$41.68 =	\$4,116,650

¹Includes STA, TDA, SEC. 9 and Fare Reduction Funds

²SCRTD's FY 1984 MOU

³Pomona Valley Transit Needs Study - Draft Final Report Table 9-8

NOTE: It should be noted that the credit is based upon the number of hours to be transferred from the existing operator to the zone. The above VSH estimate is an illustrative example which shows the maximum credit based upon the above data.

Los Angeles Times

Publishers

HARRISON GRAY OTIS, 1882-1917
 HARRY CHANDLER, 1917-1944
 NORMAN CHANDLER, 1944-1960
 OTIS CHANDLER, 1960-1980



OTIS CHANDLER
 Editor-in-Chief, Times Mirror 1980

TOM JOHNSON, *Publisher and Chief Executive Officer*

DONALD F. WRIGHT, *President and Chief Operating Officer*

WILLIAM F. THOMAS, *Editor and Executive Vice President*

VANCE L. STICKELL, *Executive Vice President, Marketing*

JAMES D. BOSWELL, *Vice President, Employee and Public Relations*

WILLIAM A. NIESE, *Vice President and General Counsel*

JAMES B. SHAFFER, *Vice President, Finance and Planning*

LARRY STRUTTON, *Vice President, Operations*

GEORGE J. COTLIAR, *Managing Editor*

ANTHONY DAY, *Editor of the Editorial Pages*

JEAN SHARLEY TAYLOR, *Associate Editor*

Transit Is in Real Trouble; Let Private Sector Play Role

By WENDELL COX

Transit is in real trouble. It was in trouble in 1976, when Los Angeles Mayor Tom Bradley appointed me to the county Transportation Commission, and it is in trouble today as I depart. The commission is responsible for allocating local transit subsidies, most of which support the Southern California Rapid Transit District.

During the last eight years the hourly costs for transit service have risen more than 75% ahead of the inflation rate in Los Angeles County, taking a heavy toll in fare increases, reduced services and increased taxes. Fares have been kept comparatively low in Los Angeles only because about \$350 million in public subsidies have been spent annually. Escalating transit costs are by no means limited to Los Angeles; they are a pervasive national problem. Competition is the only tool that has been effective in controlling these rising costs. This year it will take at least \$100 million more in inflation-adjusted dollars to operate transit in Los Angeles County than in 1976.

The problem is that public transit is beyond the cost-controlling influence of competition. It is not the fault of transit management, transit labor or public officials. Uncontrolled costs are structurally inherent in the very monopolistic nature of transit. Transit, like other monopolies, maximizes revenues, as is demonstrated by its insatiable appetite for new revenues. Whatever new transit taxes are levied, one thing is certain—they will not be enough for long. Competition did not exist under the former private transit monopolies, and its absence under public monopoly threatens the future of urban mobility.

With private contracting such a success, it might be expected that transit agencies would be clamoring to embrace it. On the contrary, there has been substantial resistance because internal interests of some public transit agencies are at odds with interests of riders and taxpayers. It has been four years since the Southern California Assn. of Governments concluded that private contracting of express service could save 97% in subsidies while implementing the conversion at a pace that would protect transit employees' jobs. If that recommendation had been implemented, Los Angeles bus riders would pay a smaller fare increase than the 70% boost that will go into effect July 1.

There is a ray of hope, particularly in initiatives by municipal and county governments. The city of Carson's new bus system is contracted to a private provider.

But there is no reason for competition to be foreign to transit. Transit agencies can contract, through competitive bidding, with private providers for some services while continuing to perform their essential role of defining the system and ensuring service to the public. Around the nation and the world, competitive contracting has reduced transit costs, controlled cost increases and improved service.

In Phoenix, big, empty public buses have been replaced on Sundays by a private system that saves taxpayers nearly 90% in subsidies and provides better service. The entire express bus system in Dallas is competitively contracted, at substantial savings. London Regional Transport is contracting 13 of its bus routes in order

to improve service and cost effectiveness for 70% less than would be required for public operation. The Los Angeles County-sponsored express service has had cost reductions for the last two years, while local public transit costs have increased well ahead of inflation. And private services have been popular. Spontaneous applause broke out at a recent Valencia hearing in appreciation of the courtesy of Antelope Valley Bus Co. drivers. There can be good service at lower costs.

Yes, transit is in real trouble. Today, as in the past, the overall prospect is for escalating fares, curtailed services and new taxes. Regrettably, the price is paid by riders and taxpayers while transit is shielded from innovation.

Change is difficult and threatening. But it also is inevitable. Other cities have reorganized transit to take advantage of competition and innovation. There comes a point at which preconceived notions must give way to approaches that work. It is time to recognize that the public-monopoly approach has failed. Basic structural changes are required.

I have no doubt that riders' and taxpayers' interests ultimately will prevail. Transit is an essential public service, but it must not continually consume a greater share of increasingly scarce public resources. We cannot afford "transit at any price."

Wendell Cox, the citizen representative for the City of Los Angeles on the Los Angeles County Transportation Commission, will leave his post March 15.

Public busing a private affair?

1/39

Proposal to replace valley RTD services offered

By BECKY BARTINDALE
Staff Writer

The prospect of higher RTD bus fares and cuts in services have given rise to a plan to bring private bus companies into the San Gabriel Valley to replace services now offered by the RTD.

The proposal, which was designed to spark public discussion, was presented late Tuesday to the county Board of Supervisors by Pete Schabarum, who represents the east San Gabriel Valley.

The proposal's architect is Mike Lewis, Schabarum's chief deputy and a member and immediate past president of the governing board of the Southern California Rapid Transit District.

Made late in the day, the proposal was tabled for a week when it became apparent that, with only four board members present, Schabarum lacked a majority.

The motion calls for studying the possibility of creating a San Gabriel Valley "transportation zone" and contracting with private bus companies for part or all of the services RTD provides. Such

a zone could be formed using a provision of state law that exists but never before has been used, Lewis said.

The motion also asks that the RTD examine how the proposal would affect its operations.

"I doubt they'd be receptive to it," Lewis said.

Schabarum said the proposal is an attempt "to offer up one other alternative I think is worthy of examination as opposed to reduced services or higher fares or both."

When the RTD's fare subsidy is cut back July 1, service to suburban areas is likely to suffer while fares rise, Lewis said.

"The suburban areas never have fared as well in the transportation services they receive as the central core of the county," he said. "My concern is that we are paying a premium price for RTD to provide the service."

Because RTD has what Schabarum calls "one of the most costly wage rates and operating costs in the industry," Lewis said, "for the same buck we could be getting more services."

Give L.A. a Lift With Private Transit

By PHILIP E. FIXLER JR.

L.A. may be "the place"—but it's getting progressively more difficult and costly to move around in it. So local officials deserve some credit for finally beginning to recognize what communities across the nation have discovered: that privatization, while not as exciting as major bureaucratic transit projects, is a significant strategy for improving public transportation.

Basically, privatization is a system whereby certain services provided by government are turned over to the private sector, often through contracting with private firms.

But recent moves by Los Angeles' city Transportation Department to contract out some business-district mini-ride and commuter-express bus service are not enough. A truly comprehensive privatization program would mean much more competition, and therefore lower transportation costs to area residents, better-quality transit with more frequent pickups, as well as service closer to the ideal door-to-door transportation that most users want.

There are a variety of other privatization techniques that, if utilized fully, would substantially improve transportation in the Los Angeles area. But, ultimately, the only reasonable way to deal with the worst problem, the daily 7 to 10 hours of freeway "rush-hour" congestion, is to institute the new, ultra-modern version of toll roads—electronic road pricing, which uses ground sensors to record signals from individual vehicles for periodic billings of highway usage. If higher rates were charged for driving during rush hour, traffic could be sufficiently reduced.

Well-documented research explains precisely why privatized transportation is

superior to bureaucratized public transit. For example, contracting out transit service entails something unfamiliar to public transit agencies: competition—at least periodically, when contracts are rebid.

Contracting out also can provide incentives to supply better service. Such incentives are virtually impossible to duplicate in the public sector because of, among other things, bureaucratic Civil Service systems and public-employee unions. Some real problems with contracting out include the difficulty of ensuring a proper bidding process and effective contract administration, but many cities have overcome these problems.

In California, San Diego's public officials have scrambled onto the bandwagon and allowed 12 companies to put as many as 40 jitneys (van-like vehicles for hire that operate on semi-fixed routes) on city streets. San Diego officials also have implemented substantial tax deregulation. The nearby suburban communities of Coronado and Imperial Beach contract for bus service with Southwest Coaches, Inc., of San Diego. At least 22 medium-to-large cities—including San Francisco, Berkeley, Chicago, Miami, Chattanooga and Pittsburgh—have deregulated sufficiently to permit at least limited jitney service and more competitive taxi service.

But the champion bus privatizer—Westchester County, N.Y.—should receive the checkered flag for its program. The county has long-term contracts with 16 companies for more than 320 buses, which carry 100,000 passengers daily. Operating costs are less than half those of New York City's public buses.

Private-subscription buses already

transport thousands of Los Angeles commuters each day. And, in light of the Southern California Assn. of Governments' finding that such buses operate at about one-half the cost of comparable RTD buses, one can only wonder why there is still *any* public express-bus service provided for upper-middle-class commuters.

The old argument of transit officials that giving up commuter bus service to the private sector would mean private firms' getting to "skim the cream" off public agencies' most profitable routes breaks down as much as their buses. Transportation economists agree that peak-hour public bus service is actually responsible for most public transit district deficits.

Thus peak-hour commuter bus service by the private sector would save money for public transit agencies. Many big cities such as Boston, Chicago, New York and San Francisco have discovered the value of the limited private-subscription bus service that they have now.

With the ever-greater likelihood that the misguided Metro Rail project may be derailed by federal mass-transit cuts and growing local resistance, it is becoming increasingly imperative to implement a comprehensive program of privatized and deregulated transit for Los Angeles City and County. The area's suburban growth and work-site dispersal will undoubtedly continue. Only privatization—with its unglamorous, "ugly duckling" techniques—can provide the decentralized, competitive transit that this city so desperately needs.

Philip E. Fixler Jr. is the director of the Reason Foundation's Local Government Center in Santa Barbara.

May 24, 1985

\$484.8-Million Budget Proposed for RTD

By VICTOR MERINA, *Times Staff Writer*

A \$484.8-million operating budget for the Southern California Rapid Transit District that would eliminate 451 jobs and remove 210 buses from service was proposed Thursday by General Manager John A. Dyer.

In submitting his "belt-tightening" spending plan, Dyer told RTD board members that no more than 100 workers would be laid off and service cuts would be kept to a minimum under his budget proposal for the 1986 fiscal year.

But Dyer warned that the RTD—faced with the loss of \$43 million in local subsidy funds and a possible cut in federal transit aid—was entering an austere period that "will be painful for policy makers, employees and the riding public."

The budget proposal, which represents a 5.6% increase from this year's estimated expenditures, would remove 210 buses from the active fleet of 2,600.

Dyer said an expected drop in the 1.7 million daily boardings when a planned fare increase goes into effect in July, will mean a need for fewer buses. RTD officials said

they expect ridership to decline from 11% to 17% when the current 50-cent fare is increased to 85 cents.

"Basically, we are going to be taking buses from selected lines where ridership will drop when fares go up," said RTD spokesman Marc Littman, who added that service would be cut 2.4%.

"We are not canceling routes . . . and in most cases, the schedule changes will result in less than three or four minutes difference in waiting time for buses," Littman said.

However, in his budget message, Dyer noted that the RTD could be in "a serious dilemma" if ridership soars despite the fare hikes. And he said cuts in the RTD's \$51 million in federal operating assistance—which is caught up in congressional budget debate—could trigger more fare hikes or service cuts this fall.

"We've gone through to the flesh

this time," said Lambertus H. Becker, the director of RTD's Office of Management and Budget. "I guess we'll go down through the bone in the next level (of cuts)."

Becker noted that the elimination of 451 employee positions—a 5% drop from current staffing levels—could be accomplished through a hiring freeze that already has left a number of jobs vacant. And he said layoffs would be "minimal."

In presenting his operating budget, Dyer also gave board members a \$242.3-million capital spending plan. That proposal includes \$137.6 million for the Metro Rail subway, whose future remains uncertain as Congress debates whether to restore funds that the Reagan Administration had cut from the subway project.

The RTD board is expected to vote on both budget proposals next month.

Speakers extol private bus service

By STEVE TAMAYA
Staff Writer

Private companies should be used for public transit service because they can provide it cheaper and more efficiently, speakers said this week at an Industry meeting of the Bus Association of Southern California.

A parade of speakers at the meeting, held at the Industry Hills & Sheraton Resort, assured the audience that private firms have the interest and financial capability to serve as public transportation operators.

Officials from several local cities, including West Covina and Rosemead, attended the meeting Thursday.

Directing some of their comments at those officials, several of the speakers endorsed Los Angeles County Supervisor Pete Schabarum's proposal to study whether the San Gabriel Valley should have its own transit sys-

tem run by a private operator.

Schabarum has said the study is necessary because the Southern California Rapid Transit District, which currently provides the Valley's transit service, is plagued by costly wage rates and escalating operating costs.

Mike Lewis, Schabarum's chief deputy and one of the speakers, said the concept of contracting private firms to perform public services has already been proven feasible in the county.

"There are any number of examples around the county where the private sector is doing the job," said Lewis, a former member of the RTD board of directors.

The most vigorous speaker advocating the use of private companies was Wendell Cox, a member of the Los Angeles Transportation Commission and a supporter of Schabarum's proposed Valley study.

Cox warned the audience that public transportation is "in real trouble," primarily because many transit agencies have forgotten who they are serving.

"There are two sets of clients, the rider and the taxpayer," he said. "Judging by the conduct of some public transit agencies, their most important clients are themselves."

The main problem is that the public agency providing transit service too often becomes a monopoly, Cox said. In a monopoly, the service is not tailored to respond to consumers' needs, but is instead imposed on the riders because there are no alternatives, he said.

Cox said allowing private companies to bid for transit service contracts will create "an element of competition," resulting in reduced operating costs and more efficient and desirable service.

"It's very clear that only one thing gets costs under control and that's competition," Cox said. "For riders, lower costs mean lower fares. For taxpayers, it means no tax increases."

According to Cox, more cities and counties are beginning to realize the advantages of contracting with private operators.

Pomona, Carson and Santa Clarita County are all using private contractors to provide transit service at a substantially lower cost than the RTD, he said.

Steve Oller, contract manager of the Riverside Transit Agency, said at the meeting that his organization has shaved operating costs by using a combination of public and private operators for its transit lines.

"It's not being done with higher fares or mirrors," Oller said.

The Bus Association of Southern California is a local organization of private transit operators.

Study authorized

1139 County considers Valley bus system

2931
By MARK C. SMITH
Staff Writer

The county Board of Supervisors Tuesday authorized a study to determine if the San Gabriel Valley could have its own bus system.

Supervisor Pete Schabarum's motion passed by a 3-1 vote, with Supervisor Ed Edelman dissenting. Schabarum's transit brainchild was supported by Supervisors Deane Dana and Mike Antonovich.

The county Road Department, the chief administrative officer and county counsel will now see if private bus operators can implement Valley routes.

The officials will also try to learn if the system, to be separate from the Southern California Rapid Transit District, can provide rides for less cost than the RTD.

Schabarum stressed that the time is right for the study because the RTD will be raising its fares July 1.

The current 50-cent charge for a general, fixed-rate ride will jump to at least 75 cents, according to transportation officials.

Schabarum noted that a separate "transportation zone" might shave costs by 20 to 50 percent. He said the RTD is plagued by "one of the most costly wage rates and hourly operating costs in the industry."

But Edelman had a distinctly different view of the proposal. He called it a "sledgehammer motion" that could "wreak havoc" on the RTD.

"This is irresponsible and could break apart the RTD," Edelman argued.

"You may meet the local needs (of Valley riders), but you won't meet the needs of the entire county. This is putting a rifle at

the head of the RTD."

Marvin Holen, the RTD's district director, said the plan would end up fragmenting the RTD and could seriously affect the system's ride program in regions outside the Valley.

The RTD could not afford to lose the Valley's share of county transit funds, he said.

"Multiple (bus) carriers would not make sense in terms of allocation of resources," said Holen.

Schabarum said he was surprised RTD officials would not support any innovative plans that might improve service and reduce costs for riders.

"Higher fare structures and reductions in service don't seem to bother him (Holen), but it bothers the heck out of me," said Schabarum.

He also noted the proposal is only in the study stage.

The study will identify several steps for program implementation, including:

- The size of the zone, incorporating the Valley's 29 cities.
- The availability of private operators.
- The ways to integrate new services with existing RTD activities.
- The federal, state and local regulations that could block the plan.

Schabarum agreed to drop a request that the county Transportation Commission hold until May the Valley's share of county transit funds for fiscal 1985.

The money would have been used to implement the Valley transportation zone if it proved feasible, but the board agreed it is impractical to freeze the fund until more project information is available.

March 28, 1985

Bus Plan Picks Up Cautious Backing

By JILL STEWART,
Times Staff Writer

Leaders of several San Gabriel Valley cities, dissatisfied with transit services in the valley, are lending cautious support to county Supervisor Pete Schabarum's controversial plan for a local bus system.

Mike Lewis, Schabarum's chief deputy, presented the plan to municipal leaders at an informal meeting last week and found "that they very much liked the general idea."

Schabarum's proposal for a separate bus system, possibly run by a private contractor or by individual municipal bus companies, stirred a hot debate in December when Southern California Rapid Transit District officials told the board that such a plan could throw the RTD's regional bus service into chaos.

Schabarum, who has been highly critical of major fare increases and route cuts planned by the RTD this year, recently stepped up his campaign for a separate system, taking the idea to valley leaders and to private bus operators at meetings last week.

Valley Gets Shorted

Schabarum has claimed that the RTD's planned cuts would hurt residents of the San Gabriel Valley more than those in other areas, and that the valley does not get a fair share of transit services.

Rosemead City Councilman Bob Bruesch, who attended one meeting, said he will not take a position on Schabarum's proposal until his questions concerning funding, administration and private contracting are answered.

However, he said, the San Gabriel Valley has gone without sufficient transit services for too long, "and this could be our first step."

"We seem to be the poor sister when it comes to transit, and this separate bus system proposal will at least get us looking at the problem," he said.

\$9-Million Saving

According to Lewis, if the valley had a separate system or municipal bus lines similar to those in Santa Monica and Long Beach, valley cities could save \$9 million a year that could be spent on other transit projects such as new park-and-ride lots and intracity bus routes. Currently, Lewis said, RTD services cost the valley about \$33 million a year.

Lewis said that if a new bus system is adopted for the valley, the changes would be gradual and would, at first, simply augment basic services provided by RTD.

"We aren't going to throw RTD out of the valley on a wholesale basis," Lewis said.

"Park and ride might be the first area we would go into, then maybe we could start handling the routes that aren't very big money-makers," he said. "We're not going to bite off more than we can chew."

However, RTD officials have warned that such a plan could disrupt the transit system.

"We don't want to turn the clock back to where we were many years ago, with a lot of little bus companies whose routes don't match up and whose schedules don't mesh," said Gary Spivack, director of planning for the RTD.

Nevertheless, municipal leaders who met with Lewis said they support Schabarum's plan to host a meeting of officials from the valley's 29 cities to discuss his proposal.

Several officials said that they have adopted a "wait and see" attitude on Schabarum's plan, and hope the discussion will lead to improved transit services in the valley.

"I was very disappointed that our cities got no primary routes on the map of the new light-rail system that RTD came up with," said Rosemead's Bruesch.

He said the valley has attracted increasing numbers of Asians, Latinos and the elderly, "who are dependent on public transportation

and not the single-family vehicle."

Charlie Storing, a La Puente city councilman and an RTD board member, said he would reserve judgment on Schabarum's plan until he sees more details on logistics, funding and its effect on the RTD.

A Transit Orphan

However, he said, "I've felt for a long time that the San Gabriel Valley has sort of been an orphan in the transportation system. It's the last to get improved service and first to get the cuts. I'd like to see that situation changed."

John Crowley, vice mayor of Pasadena, said that many special services not provided by the RTD—such as Pasadena's local dial-a-ride program for the elderly and disabled—are needed in communities across the valley.

"I think it would be self-defeating to go to a completely independent system," he said. "But we somehow need to meet transit needs here that are not being met."

The RTD offered stiff opposition to Schabarum's proposal in December, asking the Board of Supervisors not to approve feasibility studies of the plan. At that time, RTD board President Nikolas Patsouras said Schabarum's plan "would send us back to the '50s."

Plans Are Similar

But RTD officials softened their stance this week, saying Schabarum's plan is similar to their own plan to improve services in the valley.

Spivack said the RTD is discussing several improvements for the valley, including tailor-made services provided by private operators or outside bus companies who would "work under the umbrella of RTD."

A proposal to allow the RTD to contract with private operators is on the negotiating table with the district's labor unions, Spivack said, but "it's a very tough thing to call which way it will go."

"We have essentially the same concerns and we are looking at a number of ways to save money," Spivack said. "We are not dead set against Schabarum's plan, but we are concerned about avoiding fragmentation of the bus system."

RTD Pact Greeted Enthusiastically— Drivers Vote Today

By VICTOR MERINA, Times Staff Writer

Southern California Rapid Transit District bus drivers on Sunday got the first glimpse of a tentative contract settlement—which would give them an immediate wage increase and benefits for part-time drivers—and responded so enthusiastically that union leaders predicted they would “overwhelmingly” approve the pact.

The RTD's 5,000 drivers will cast their ballots today on whether to ratify the 41-month agreement between the district and the United Transportation Union, a tentative settlement that was reached last week after nearly five months of sporadic bargaining.

The contract package—which includes a 21-cent hourly wage increase this year, cost-of-living hikes and added health and retirement benefits—was outlined at a meeting of drivers at the Hollywood Palladium.

With an agreement in hand, Sunday's midnight deadline for a threatened strike lapsed without any fear of a walkout today for the RTD's 1.1 million daily riders. Although a strike could still take place if their membership refuses

to ratify the pact, union leaders were unconcerned.

“I felt good when I came here. I feel even better now,” said Earl Clark, the union's general chairman and chief negotiator, after his bargaining team received a standing ovation from the 500 drivers at the Palladium.

“If this is any indication,” Clark told reporters, “I say we're going to have a big ratification vote and it's going to be approved overwhelmingly.”

The terms of the pact, which were passed out to union members as they arrived for the closed-door meeting, included a provision making the wage increase retroactive to Feb. 1.

The top wage for a driver would climb from \$12.79 an hour to \$13 under the proposal and the average pay, now \$11.97, would be \$12.18 under the new contract. The pact also calls for yearly increases of 26 cents in 1986, 24 cents in 1987 and 5 cents in 1988, when the contract is scheduled to expire on June 30.

In addition, drivers would get a cost-of-living increase for the first

two years under a formula pegged to the Consumer Price Index. The basic wage rate would not go down if the cost of living decreases, Clark said.

In the third year of the pact, a flat 4% “annualized rate” would be used to determine cost-of-living adjustments. If that provision were in effect now, for example, drivers would add another 31 cents to their hourly wage to keep up with inflation.

In the final five months of the pact, that flat rate would not be used.

Although reporters were not allowed inside the meeting hall, Clark could be heard telling his membership that the pay structure was a sound one.

“I predict that by the end of this contract, you're going to be the highest paid (operators) in the United States, or close to it. At the end of the contract, you'll get \$14 an hour and that's a damn good settlement,” he said to applause.

Ranking of Drivers

According to an April survey by the American Public Transit Assn., RTD operators currently rank 10th among the nation's bus operators. Under the new contract, that ranking would climb to seventh.

Other contract provisions outlined by the union include:

- Allowing part-time drivers to work a maximum of 30 hours a week and permitting them to work weekend shifts. For weekend work, which is now barred, they would be paid the same as regular drivers.

- Easing pension requirements so that drivers can retire after 25 years instead of the present 30 years of service. Those now retired with 30 years of experience receive about \$1,100 in monthly pensions.

- District payment of health coverage for all employees retiring after 25 years, a move that Clark told his members “reached deep into the pockets of the district.”

One of the biggest rounds of applause greeted Clark's announcement of changes in disciplinary rules, including a requirement that “undercover (RTD) spotters,” who can now ride a bus and evaluate a driver without the operator's knowledge, must now be identified so that drivers can “face their accusers.”

Another change would allow drivers to wear sport shirts with the first two buttons open or blouse-type sports shirts—which were not allowed under the RTD's dress code.

Although the vast majority of drivers appeared to favor the contract, there were pockets of dissenters who challenged the agreement and who later confronted Clark for signing what they considered a poor agreement.

“It probably will pass but it's a weak contract,” said Franklyn Cooke, a full-time driver in the South-Central division. “What are you going to do with 5 cents in the last year of the contract? This is loaded toward the pensioners and toward the part-timers.”

James Bass, another driver, agreed and said more safeguards are needed for drivers who have

been assaulted on the buses. “I'm being treated like an animal out there,” he said. “There's still no protection for the drivers in this contract and we're out there with our lives at stake.”

But those views were largely in the minority. More typical was the reaction of Linda Movelo, whose husband is also an RTD bus driver and who showed up at the meeting with her 5-year-old son.

“I think we'll go for it. We're tired of strikes,” she said. “We never wanted to go out again; we just want a decent contract.”

Today, the drivers will vote from 8:30 a.m. to 6 p.m., according to union leaders, and the State Conciliation Service will count the ballots at union headquarters.

If the membership ratifies the agreement and if the RTD clerks—who reached a tentative agreement on Saturday—and mechanics—who resume talks this week—also settle, it would mark the first time since 1969 that the RTD has signed contracts without a strike.

But even as the mechanics prepare to resume talks, Clark said a “me too” provision in the drivers' contract means that if one of the other unions agrees to a pact that “is one penny more” than the drivers, the union has a right to review the contract once again.

Clark said he does not think that will present a problem.

The RTD board must also approve the pact. It is scheduled to vote on Thursday, and RTD President Nikolas Patsouras has expressed optimism that the board would approve the contract.

Southern California Rapid Transit District

Boarding By City

Average Weekday Boardings

<u>Corridor D Cities</u>	<u>Total</u>	<u>Seniors</u>	<u>Students</u>
Alhambra	11,060	1,811	2,477
Arcadia	2,358	433	257
Azusa	771	73	75
Baldwin Park	1,565	155	160
Bradbury	-	-	-
Claremont	758	94	323
Covina	650	122	101
Duarte	526	85	73
El Monte	14,912	1,286	2,288
Glendora	504	56	227
Industry	687	74	84
Irwindale	115	14	15
La Habra Heights	-	-	-
La Puente	632	37	52
La Verne	172	24	48
Monrovia	996	125	118
Monterey Park	9,923	1,397	2,505
Pasadena	23,705	3,697	5,398
Pomona	7,326	674	2,090
Rosemead	3,633	355	771
San Dimas	186	20	48
San Gabriel	2,874	310	883
San Marino	579	88	73
Sierra Madre	521	45	192
South El Monte	946	73	169
South Pasadena	1,118	188	169
Temple City	1,214	181	269
Walnut	773	14	356
West Covina	4,462	371	1,259
Totals	92,966	11,802	20,480

Data from checks processed through January, 1984.

CITY	(A)	(B)	(C)
	ESTIMATED PROP A LOCAL RETURN FOR FY 1984-85	ESTIMATED ANNUAL ONGOING* COSTS	ESTIMATED ANNUAL REMAINDER
Alhambra	\$ 621,000	\$ 323,000	\$ 298,000
Arcadia	427,000	160,000	267,000
Azusa	295,000	305,000	(-10,000)
Baldwin Park	506,000	70,000	436,000
Bradbury	7,700	-0-	7,700
Claremont	308,000	91,000**	217,000**
Covina	353,000	120,000	233,000
Duarte	175,000	173,000	2,000
El Monte	799,000	205,000	594,000
Glendora	360,000	154,000	206,000
Industry	6,000	-0-	6,000
Irwindale	9,000	-0-	9,000
La Habra Heights	45,000	-0-	45,000
La Puente	286,000	140,000	146,000
La Verne	232,000	95,000**	137,000**
Monrovia	287,000	245,000	42,000
Monterey Park	526,000	137,000	389,000
Pasadena	1,123,000	520,000	603,000
Pomona	942,000	502,000**	440,000**
Rosemead	406,000	205,000	201,000
San Dimas	240,000	73,000**	167,000**
San Gabriel	284,000	32,000	252,000
San Marino	122,000	100,000	22,000
Sierra Madre	97,000	20,000	77,000
South El Monte	163,000	86,000	77,000
South Pasadena	211,000	45,000	166,000
Temple City	275,000	58,000	217,000
Walnut	136,000	4,000	132,000
West Covina	796,000	77,000	719,000
TOTALS	\$10,037,700	\$3,940,000	\$6,097,700

*Includes an estimate of ongoing operating costs and excludes all capital acquisitions and projects (vans, other vehicles, related equipment, bus shelters, bus stop improvements, park-n-ride lot construction) or any planning studies.

**Claremont, La Verne, Pomona, and San Dimas will be implementing a wide variety of transit services beginning in November, 1985, which would certainly effect columns B and C.

EXPRESS SERVICE STATISTICS
FOR THE SAN GABRIEL VALLEY

LINE NO.	LINE NAME	CHECK DATE	TOTAL PASS.	TOTAL COST	REV./ COST	PASS./ REV. BUS HOUR	PASS. MILES/ REV. BUS MILE	SCHED. MAX. BUSES
LOS ANGELES TO:								
PASADENA FREEWAY								
401/402	Pasadena Fwy/ No. Allen Ave.	Thu. 5/24/84	5,395	\$ 8,807	.29	63.2	26.6	15
SAN BERNARDINO BUSWAY-EL MONTE STATION.								
480/481	El Monte- Eastland-Pomona	Wed. 4/25/84	7,566	\$16,426	.31	30.8	21.1	25
482	Colima Rd.	Thu. 3/29/84	3,648	\$ 7,663	.19	32.8	13.9	12
484 ^C	Valley Blvd.- Ontario Airport	Fri. 5/04/84	9,141	\$15,366	.26	35.8	17.2	19
486	Amar Rd.	Fri. 6/29/84	3,418	\$ 6,382	.23	45.4	21.2	11
488	Francisquito- Cameron Aves.	Fri 7/27/84	2,017	\$ 5,671	.14	26.9	10.5	9
490 ^C	Baldwin Park- Diamond Bar-Brea	Fri. 6/08/84	5,343	\$ 9,699	.22	40.6	15.2	15
492	Arrow Hwy.	Fri. 7/27/84	277	\$ 1,399	.12	32.7	19.2	3
493	Peck Rd.-Myrtle Ave.	Fri. 7/27/84	857	\$ 2,173	.14	50.0	15.1	5
494	Foothill Blvd.	Fri. 7/27/84	264	\$ 1,364	.11	33.4	17.3	3
SUB TOTAL			37,531	\$66,143				102
SAN BERNARDINO BUSWAY-LONG BEACH FWY. RAMP								
483/485	Fairoaks Ave.- Lake Ave.	Thu. 5/31/84	9,662	\$13,331	.25	56.8	20.4	18

EXPRESS SERVICE STATISTICS
FOR THE SAN GABRIEL VALLEY (CONT'D)

PAGE TWO

<u>LINE NO.</u>	<u>LINE NAME</u>	<u>CHECK DATE</u>	<u>TOTAL PASS.</u>	<u>TOTAL COST</u>	<u>REV./ COST</u>	<u>PASS./ REV. BUS HOUR</u>	<u>PASS. MILES/ REV. BUS MILE</u>	<u>SCHED. MAX. BUSES</u>
SAN BERNARDINO BUSWAY-DEL MAR AVE. RAMP								
487/489/ 491	San Gabriel Sierra Madre	Tue. 7/10/84	5,608	\$14,422	.16	33.3	11.3	24
SAN BERNARDINO FWY.-PARK/RIDE LINES								
495 ^D	Puente Hills- Diamond Bar	Thu. 3/29/84	1,413	\$ 4,920	.33	42.7	37.2	10
497 ^C	Pomona-Montclair	Wed. 6/14/84	1,157	\$ 5,677	.30	29.4	29.5	12
498 ^D	Eastland	Wed. 4/25/84	1,915	\$ 4,784	.20	52.7	40.1	10
SUB TOTAL			4,485	\$15,381				32
SAN BERNARDINO FWY.-NEIGHBORING COUNTIES CONTRACT SERVICE								
496 ^C	Riverside- San Bernardino	Thu. 6/21/84	1,313	\$ 4,517	.55	16.3	21.9	7
GRAND TOTAL			58,394	\$122,601				198

^C Contract Service
^D Double-Deck Buses Assigned

STP
Planning Department
Nov. 23, 1984

Byron

STP

S.T.P.

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT
GOVERNMENT AFFAIRS DEPARTMENT
INTERDEPARTMENTAL MEMORANDUM

JUN 07 1985

DATE: June 4, 1985
TO: Gary Spivack
FROM: Sam Olivito *SO*
SUBJECT: Establishing A Transit Zone or Zones - S
Valley Transit Service

B.L.
JUL 19 1985

Attached is the report from the L.A. County Public
Department which Supervisor Schabarum requested Dec 84.
The report shows RTD's operating costs per hour, the availability
of funding resources, and Los Angeles County Transportation
Commission's responsibilities relating to establishment of transit
zones. The recommendation is to meet with the cities and
determine if significant interest has been generated to develop
transit zones. If so, what is the next course of action. Mike
Lewis has developed a report which complies with the attached
Public Works report and adds Supervisor Schabarum's motion, a map
of the area, and revenues projected within the zone. I would like
to know if you are sending a representative to the meeting on
Thursday, June 6 and also any comments you may have about the
report.

SO:llk
Attachments
1.79

- cc: w/attachments
- J. Dyer
- J. Stubbs
- J. Smart
- L. Collier
- A. Perdon
- B. Engelberg
- P. Adler

RECEIVED
JUN 5 1985
PLANNING DEPT.



BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES
856 HALL OF ADMINISTRATION / LOS ANGELES, CALIFORNIA 90012

(213) 974-4111

PETER F. SCHABARUM
SUPERVISOR, FIRST DISTRICT

May 16, 1985

Mr. Sam Olivito
Government Affairs
Southern California Rapid
Transit District
425 South Main Street, 6th Floor
Los Angeles, California 90013

Dear Mr. Olivito:

On Thursday, June 6, I have arranged a briefing for elected officials and interested members of the public on the creation of a San Gabriel Valley transit zone. As a convenience to the many interested city officials, this meeting is being conducted just prior to the monthly meeting of the Los Angeles County division of the League of California Cities and the Southern California RTD (Corridor D) Selection Committee meeting.

The League has been gracious enough to allow us the use of their room at Luminaria's Restaurant in Monterey Park from 4:30 p.m. to 6:00 p.m.

I am confident you'll find this presentation interesting and worthwhile. If you are able to attend, please notify Liz Egan, (213) 974-4111, of my office.

I look forward to seeing you.

Sincerely yours,


PETE SCHABARUM
Supervisor, First District

PS:lml

February 6, 1985

TO: Supervisor Pete Schabarum

Attention Michael Lewis

FROM: T. A. Tidemanson
Director of Public Works

SAN GABRIEL VALLEY TRANSIT SERVICE

In response to your motion and the Board of Supervisors' order on December 18, I have reviewed the material prepared to date and what needs to be done to establish one or more transportation zones in the San Gabriel Valley.

The attached map shows the RTD San Gabriel Valley Sector. This area encompasses 29 cities of which 22 are in the First District, 1 is in the Third District and 6 are in the Fifth Supervisorial District. In this 350 square mile area, the RTD operates 1704 bus hours of local service daily and 127 bus hours of express service each day at an estimated cost of \$33 million annually. This represents approximately 10% of the total bus hours operated by RTD.

Operating Costs

LACTC's statistics for RTD current operating costs are \$54 and \$71 for local and express services, respectively. Individual local lines in the San Gabriel Valley area vary from \$50 to \$60 per hour and express service costs vary from \$55 to \$80 per hour. LACTC's operating statistics for the three larger municipal operators (Long Beach, Torrance and Santa Monica), indicate local service could probably be provided for \$40 per hour and express service for \$46 per hour. Assuming the transportation zones could operate this service at rates similar to the municipal operators, \$9 million a year could be saved.

RTD uses about 350 buses in the San Gabriel Valley area. We have contacted 4 private operators to determine their interest and ability to provide a substitute service. Although all 4 were interested, none of them have the equipment on hand for a project of this magnitude. They would have to purchase the needed buses and the delivery schedule would dictate the rate at which RTD service could be phased out.

Available Funding

The 22 First District San Gabriel Valley Cities annually receive \$6.5 million of Proposition A local return funds and the unincorporated area receives about \$2.9 million. The 7 Cities in the other Districts (Alhambra, Monterey Park, Pasadena, San Gabriel, San Marino, Sierra Madre and South Pasadena), receive approximately \$2.9 million annually. About \$4.5 million of these funds are committed to annual

programs leaving about \$7.8 million available for other purposes. This together with the \$9 million that can be saved annually by the transit zones leaves about \$16.8 million for such purposes as: extending the El Monte Busway, building a rail service or other capital improvements, reduced fare programs or additional service.

LACTC Role

The LACTC has considerable latitude in establishing zones and distributing the Proposition A discretionary funds, the STAF funds and the TDA monies. The policy, procedures, criteria and funding formulas they adopt will have a significant impact on establishing zones and soliciting the cooperation of the local agencies. In order to provide a strong incentive for cooperation among the Cities, LACTC must provide the necessary assurances that all the existing revenues utilized in the area would remain available to the area. It is essential that the subsidies used to support RTD remain in the area, otherwise, any efficiencies realized by the San Gabriel Valley zones would benefit the general RTD service area and the incentive to form zones would be gone.

Consultant Work

Based on ball park estimates obtained from DAVE Consulting, Inc., it would take about 4 months and \$20,000 to \$35,000 to develop a conceptual level preliminary strategy document that would include zone identification, a plan to phase out RTD, problem areas and potential savings. Per DAVE a complete implementation plan would take over a year at an estimated cost of about \$200,000. This plan would include: (1) Determine zone grouping; (2) Establish criteria for retention or replacement of RTD services; (3) Screen existing RTD area services; (4) Develop zone based service plan; (5) Define transition plan; (6) Develop implementation program. The reason for this high price tag is the extensive work that would be necessary with the many political entities that make up the San Gabriel Valley.

Recommendation

As a first step, we should consult with the cities to see if there is significant interest or consensus in any given area or the entire San Gabriel Valley to pursue a transit zone in light of potential savings. The second step would be to get LACTC assurance that the area would continue to receive the same funding level. The third step would be to hire a consultant to develop the preliminary strategy document mentioned above. If there is sufficient city interest, we would follow up with the detailed fully coordinated implementation plan.

Background Material

The LACTC staff has prepared a preliminary position paper on the Commission's establishing transportation zones. The essence of the staff's paper is incorporated later in this report.

Additionally, DAVE Consulting, Inc., has studied the transit needs in the East San Gabriel Valley and also in the Pomona Valley area. Their East San Gabriel Valley report covered the Azusa, Baldwin Park, Covina, Glendora, Irwindale, La Habra Heights, La Puente, West Covina, Bassett, Hacienda Heights and Rowland Heights areas and identified several types of services the local agencies could implement individually or as a group under a possible transportation zone concept. This study considered the existing RTD service in the area, provided some ideas on which service could be provided by the RTD and which could be provided by a regional service under a Joint Powers Authority (JPA). Their Pomona Valley study covered the Claremont, La Verne, Pomona and San Dimas areas and proposed a public transportation system that included paratransit, fixed route and park-and-ride services with the RTD providing the inter-regional service. The Pomona Valley Steering Committee has explored the possibility of a transportation zone with Commission staff but has not submitted an application pending receipt and review of RTD's proposed cutbacks and fare structure for the post July 1, 1985 period and identification of funding sources.

RTD staff has given us their recommendations for balancing their budget next fiscal year through fare increases and service cutbacks. Under their proposal, the basic fare would increase from 50 cents to 75 cents with comparable increases in their special fares and zone changes. These fare increases would be in addition to an approximate 3% cutback in San Gabriel Valley service.

The service reductions would be mostly through increasing the headways on a couple of lines to 60 minutes with elimination of midday and evening service on a few low productive services. Also, portions of two San Gabriel Valley lines will be discontinued but no routes will be deleted in their entirety.

RTD staff's recommendations contemplate no cutback in Federal operating subsidies and further significant fare increases would be likely if there is any decrease in federal operating subsidies.

Authority to Establish a Transportation Zone

Under the authority of the California Public Utilities Code (PUC) Section 130261, the Los Angeles County Transportation Commission may establish "local transportation zones" where the Commission determines that the SCRTD or municipal transit operator "cannot otherwise provide adequate and responsive local transportation services in a cost-effective manner". When establishing a zone,

PUC Section 130259 requires LACTC to coordinate with the Department of Transportation, SCAG, public transit operators, the county and the cities involved. LACTC is the only agency in Los Angeles County with the authority to establish transportation zones and 8 votes are required. If created, the zones may receive state and federal transit funding and would be subject to the performance and reporting requirements mandated of other transit operators in the County.

Although the Commission can establish zones and methods of governing, PUC Section 130263 states:

"The LACTC shall not reduce by order or by reducing funding, the size of the service areas under the jurisdiction of presently existing included municipal operators,... the level of services they provide, or the scope of their operations, without first consulting with the municipal operators and securing the approval of the municipalities within which they operate."

Establishing a Transportation Zone

Commission staff has prepared a preliminary position paper on transportation zones that suggests the Commission should consider the following five steps in establishing a zone:

1. First, set needed criteria covering where a zone could be implemented and under what circumstances. This would include areas with common transit problems and goals, a unanimous commitment by local agencies in providing a basic level of service, the potential for cost savings and a regional size area with a propensity to use transit.
2. Approve guidelines for evaluating the criteria and specifying steps in creating zones. These Commission guidelines would cover the criteria for establishing zones, eligible transit service, funding mechanism, local return contribution, responsibilities of the JPA or transit authority, performance assessment, contracts and negotiations and reporting requirements.
3. Create an administrative structure for governing the zone. While there are numerous options, LACTC staff believes a Joint Powers Authority is the most preferable. The JPA would be initiated by the local agencies, consist of an elected official from each agency with a technical advisory committee of cities staff, the RTD, and private service organizations to insure coordination and proper level of service. A public transit authority could be used when local agencies are not willing to participate directly in administering the project.

4. Establish a funding mechanism for the zone. The Commission would have to work out the funding with the Joint Powers Authority and may require a significant contribution of local return money and a certain farebox return. Since the service would be eligible for State, Federal and local revenues administered by the LACTC, the LACTC would have to review its present formulas for distributing the funds and revise them as necessary to meet the public transportation goals of the LACTC.
5. Formally approve the establishment of a zone. The Commission would make the following findings: the current operator cannot otherwise provide adequate and responsive local transportation services in a cost effective manner and all of the municipalities within the zone have approved the operating and financial plan.

Eligible Transit Services

Transit services can be divided roughly into 3 categories: regional, inter-community and intra-community. Regional service generally operates on the freeways and major arterials and provides service between major regions of the County. Inter-community transportation is usually a fixed route service and operates through two or more communities. Intra-community service operates within one community only and is usually a dial-a-ride or fixed route shuttle service. While all the above service types could be administered by the zone, LACTC staff recommends that only the regional and inter-community service be eligible for regional operating subsidies. LACTC staff's preliminary position paper suggests that the Proposition A Local Return funds should be utilized to fund intra-community type services, suggesting the following guidelines be further criteria for Commission subsidy:

1. The proposed eligible service is at least 25% less expensive.
2. Participants within the zone must commit the equivalent of 50% of Proposition A Local Return funds to inter-community and regional service within the zone.
3. The intra-community or local service should be funded with Proposition A Local Return funds.
4. Farebox recovery (passenger revenue/operating cost) must exceed the ratio that was obtained prior to the formation of the zone. For formula funds, the farebox recovery must exceed 33% which is consistent with the Commission adopted Transit Performance Measurement standards.

These proposed guidelines, such as the heavy commitment of local return funds which will allow LACTC to divert money currently committed to the San Gabriel Valley area to other areas, would tend to discourage zone formation. Therefore, if the Commission wants to encourage zone formation they would have to take a different look at these proposed criteria and give assurances that all the money (local, State and Federal) currently committed to the San Gabriel Valley area remain in the area for whatever priorities that are established at the zone level.

Problem Issues

Section 13(c) of the Urban Mass Transportation Act of 1964 specifies that the operators of any transit project that receive federal funding must be responsible for adversely affecting the employees of any other surface public transportation provider in the transportation service area of the project. Since the San Gabriel Valley area represents about 10% of the RTD service, 13(c) could be complied with by a phased reduction of RTD services that could be absorbed by normal attrition. Based on the 5% attrition rate for RTD drivers, it would take only 2 years for RTD to reduce its personnel by 10% to offset their loss of serving the San Gabriel Valley area.

Another way to avoid incurring liability under 13(c) would be not to use federal funds for the transportation zone service for a period of 18 months following the last phase out of RTD services. The LACTC could give the federal funds normally spent in the zones to RTD and then reduce the RTD allocation of Proposition A discretionary funds by a like amount with the Proposition A dollars going to the zone.

RJO:lc/5B

Attach.



Los Angeles County
Transportation
Commission
403 West Eighth Street
Suite 500
Los Angeles
California 90014
(213) 626-0370

AGENDA

Friday, June 7, 1985 - 2:00 p.m. - 4:00 p.m.
County of Los Angeles, LACTC, SCRTD

- | | |
|---|------------|
| I. Purpose of Meeting | LACTC |
| II. Review of SCRTD's Analysis | SCRTD |
| III. Amount of Service Reductions Necessary for Significant Reductions in Overhead Cost | Discussion |
| IV. Next Step | Discussion |

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT
GOVERNMENT AFFAIRS DEPARTMENT
INTERDEPARTMENTAL MEMORANDUM

B.L.
JUN 7 1985

DATE: June 4, 1985
TO: Gary Spivack
FROM: Sam Olivito *SO*
SUBJECT: Establishing A Transit Zone or Zones - San Gabriel Valley Transit Service

Attached is the report from the L.A. County Public Works Department which Supervisor Schabarum requested December 18, 1984. The report shows RTD's operating costs per hour, the availability of funding resources, and Los Angeles County Transportation Commission's responsibilities relating to establishment of transit zones. The recommendation is to meet with the cities and determine if significant interest has been generated to develop transit zones. If so, what is the next course of action. Mike Lewis has developed a report which complies with the attached Public Works report and adds Supervisor Schabarum's motion, a map of the area, and revenues projected within the zone. I would like to know if you are sending a representative to the meeting on Thursday, June 6 and also any comments you may have about the report.

SO:llk
Attachments
1.79

cc: w/attachments
J. Dyer
J. Stubbs
J. Smart
L. Collier
A. Perdon
B. Engelberg
P. Adler

RECEIVED
JUN 5 1985
PLANNING DEPT.



**BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES**
856 HALL OF ADMINISTRATION / LOS ANGELES, CALIFORNIA 90012

(213) 974-4111

PETER F. SCHABARUM
SUPERVISOR, FIRST DISTRICT

May 16, 1985

Mr. Sam Olivito
Government Affairs
Southern California Rapid
Transit District
425 South Main Street, 6th Floor
Los Angeles, California 90013

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I look forward to seeing you.

Sincerely yours,


PETE SCHABARUM
Supervisor, First District

PS:lml

February 6, 1985

TO: Supervisor Pete Schabarum

Attention Michael Lewis

FROM: T. A. Tidemanson
Director of Public Works

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Recommendation

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*Who pays for
\$24 million in service?*

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+ some cutbacks

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5. Formally approve the establishment of a zone. The Commission would make the following findings: the current operator cannot otherwise provide adequate and responsive local transportation services in a cost effective manner and all of the municipalities within the zone have approved the operating and financial plan.

would they be eligible? for state TDA & RTD don't think so!

Eligible Transit Services

Transit services can be divided roughly into 3 categories: regional, inter-community and intra-community. Regional service generally operates on the freeways and major arterials and provides service between major regions of the County. Inter-community transportation is usually a fixed route service and operates through two or more communities. Intra-community service operates within one community only and is usually a dial-a-ride or fixed route shuttle service. While all the above service types could be administered by the zone, LACTC staff recommends that only the regional and inter-community service be eligible for regional operating subsidies. LACTC staff's preliminary position paper suggests that the Proposition A Local Return funds should be utilized to fund intra-community type services, suggesting the following guidelines be further criteria for Commission subsidy:

1. The proposed eligible service is at least 25% less expensive.
2. Participants within the zone must commit the equivalent of 50% of Proposition A Local Return funds to inter-community and regional service within the zone.
3. The intra-community or local service should be funded with Proposition A Local Return funds.
4. Farebox recovery (passenger revenue/operating cost) must exceed the ratio that was obtained prior to the formation of the zone. For formula funds, the farebox recovery must exceed 33% which is consistent with the Commission adopted Transit Performance Measurement standards.

average of 33% operating ratio?

What will RTD's ratio be for next year?

These proposed guidelines, such as the heavy commitment of local return funds which will allow LACTC to divert money currently committed to the San Gabriel Valley area to other areas, would tend to discourage zone formation. Therefore, if the Commission wants to encourage zone formation they would have to take a different look at these proposed criteria and give assurances that all the money (local, State and Federal) currently committed to the San Gabriel Valley area remain in the area for whatever priorities that are established at the zone level.

Problem Issues

Section 13(c) of the Urban Mass Transportation Act of 1964 specifies that the operators of any transit project that receive federal funding must be responsible for adversely affecting the employees of any other surface public transportation provider in the transportation service area of the project. Since the San Gabriel Valley area represents about 10% of the RTD service, 13(c) could be complied with by a phased reduction of RTD services that could be absorbed by normal attrition. Based on the 5% attrition rate for RTD drivers, it would take only 2 years for RTD to reduce its personnel by 10% to offset their loss of serving the San Gabriel Valley area.

Another way to avoid incurring liability under 13(c) would be not to use federal funds for the transportation zone service for a period of 18 months following the last phase out of RTD services. The LACTC could give the federal funds normally spent in the zones to RTD and then reduce the RTD allocation of Proposition A discretionary funds by a like amount with the Proposition A dollars going to the zone.

RJO:lc/5B

Attach.



RTD

Nick Patsaouras
Director & President

Tom J. Parry

S. T. P.

MAY 28 1985

May 23, 1985

The Honorable Peter F. Schabarum
Supervisor - First Supervisorial District
County of Los Angeles
856 Hall of Administration
Los Angeles, California 90012

Dear Supervisor Schabarum:

Pete

I am pleased to see your office taking a keen interest in assisting SCRTD in reducing the potential short-fall in our operating budget for the upcoming fiscal year. As you noted in your May 1 letter, the LACTC has reduced the allocation to the SCRTD by \$7.6 million for FY 1986. In addition to this known funding reduction, there is uncertainty as to the future level of operating assistance that the federal government will provide. These known and potential funding reductions will require the SCRTD to consider a reduction in service levels, as well as other cost/revenue actions.

Whenever the SCRTD has found it necessary to reduce service, we have usually opted to trim those services which attract the fewest riders per net unit of cost. The goal of the SCRTD, in such undesirable situations, has been to improve our efficiency while maintaining access to the regional public transit system.

One potential method which could be used to assist in accomplishing this is through the conversion of carefully selected services to the private sector. Your May 1, 1985 letter outlines such a process for the four park-ride lines within the First Supervisorial District. A preliminary analysis of this proposal is attached for your review.

This analysis indicates that while the SCRTD could realize a marginal cost savings of nearly \$1.2 million per year, the subsidy required for private carriers to provide comparable service levels is estimated at about \$2.2 million annually. The net result of such a conversion would require an increase in transit subsidy of about \$1 million per year just to operate the same service by another carrier.

This preliminary finding is much different than the conclusion drawn by the County. The reasons for the difference in the cost estimates are:

- o There will continue to be fixed SCRTD costs which will not be reduced by the transfer of services (such as operating two bus divisions in the San Gabriel Valley).

The Honorable Peter F. Schabarum

May 23, 1985

Page 2

- o Two of the candidate lines (495 and 498) operate high capacity double-decked buses requiring much less equipment than the standard coaches operated by a private operator.
- o Buses on several of these lines are interlined to operate regular local service on other lines. The District will still continue to operate these local services, even if park-ride services are transferred. The cost for local service would be relatively increased without interlining.

The attached analysis was made based on the limited amount of information contained in the County application. For this reason the District would like to obtain the specific data that was utilized by the County Road Department for the formulation of their proposal, before the SCRTD makes a formal response to your request. Information on the type of equipment potential contractors would use, their estimated cost per unit of service, the passenger fare medium that will be utilized, whether monthly passes are to be available, where riders can purchase them, and other related material would be helpful in our final analysis and formal response. The LACTC has reduced the allocation to the SCRTD by \$7.0 million for FY 1985. The SCRTD is very interested in forming a close working association with the County of Los Angeles to improve transit in an era of reduced public subsidy. The addition of selected existing transit services to County funding may be the result of such an effort. However, great care must be taken in the selection of these services to ensure that all aspects of these transfers are understood. While such a program is done with the intent to provide as much service as possible, these specific lines may not be the best candidates as their conversion to private operation will not result in a net savings to either the SCRTD or the taxpayer.

As you are aware SCRTD will be considering the FY 1986 budget during May and June, 1985. Clearly, the budget proposed by the General Manager, a copy of which is attached, specifically deals with the issues you have raised and the need of the SCRTD Board to deal with policies and procedures to implement private sector participation in the delivery of transit services. This should be the basis for a constructive and cooperative effort with the County.

I encourage your designated person to contact Mr. Gary Spivack, Director of Planning (213) 972-6170, to initiate this cooperative effort.

Sincerely,

Nick Patsouras

Attachment

cc: John A. Dyer, SCRTD General Manager
SCRTD Board of Directors
Rick Richmond, LACTC

bc: Jack Stubbs
Leo Bevon
Al Perdon

Steve Parry ✓
Helen Bolen
Gary Spivack

ANALYSIS OF PROPOSED TRANSFER OF
PARK-RIDE LINES 466, 495, 497 & 498
TO PRIVATE CARRIERS

BACKGROUND

The County of Los Angeles has proposed to substitute private carrier service for District-operated park-ride lines 466, 495, 497 and 498. All of these lines originate in the First Supervisorial District. Based on FY 85 service and cost data, the District would experience a net cost savings of about \$2,353,000 per year if all costs (overhead, fixed and variable) associated with these four lines were in fact realized.

ESTIMATED OPERATIONAL SAVINGS

The actual realized annual savings will be less than this value because of two factors. First, certain overhead costs will not be reduced as a result of the conversion of these lines. For example, the fixed cost of operating Division 16, from which most of these lines are assigned, will not be reduced. The Division Manager, Maintenance Manager and other support positions will remain fully staffed. It is estimated that at least 25% of the fully loaded operating costs would remain to be divided among the remaining lines in the system.

Second, five trips on Line 466 and one bus on Line 497 are tied into service provided in Pasadena. These buses provide service on local bus lines either after Line 466 trips in the morning, or prior to their express trips in the afternoon. Even if Lines 466 and 497 were not served by the RTD, the buses would still be required to provide the local service.

The net effect of these cost adjustment factors is an annual anticipated actual savings to the District of about \$1.2 million or approximately 50% of maximum savings. The following summarizes this conclusion.

LINES 466, 495, 497 AND 498 ANNUAL COST

<u>Cost Item</u>	<u>Annual Cost</u>
Fully Loaded Cost	\$4,118,000
Less Passenger Revenue	<u>-1,763,000</u>
Subtotal - Annual Net Cost	\$2,353,000
Less Retained Overhead Costs	-1,030,000
Less Net Marginal Interline Retained Costs	<u>-128,000</u>
-Anticipated Realized Savings	\$1,196,000

PRIVATE CARRIER OPERATING COSTS

The County proposed an operating cost of \$50 per bus hour for private carriers plus a 10% administrative cost. While these figures may be valid as a unit cost estimate, they cannot be applied on a strict hour-for-hour comparison for the four park-ride lines. The reason for this is that lines 495 and 498 operate using double-deck buses. These buses provide 82 seats each and, on the average, about 80% of the seats offered on lines 495 and 498 are occupied. The most likely bus that a private carrier would operate on these lines would be a suburban bus with 47 seats. To provide the same service, a private carrier would have to operate two buses for each of the 16 double-deck buses operated on these two park-ride lines. Based upon the assumed cost per unit of service, the annual cost for a private carrier to provide service on all four park-ride lines would be about \$3,941,000. Deducting the current annual passenger revenue results in a net annual subsidy of \$2,177,000.

CONCLUSION

reduced. The Division Manager, Maintenance Manager and other support. The attached table illustrates the units of service and fully loaded annual cost for the District and private carriers. The private carriers can be expected to provide similar service levels at a savings of \$176,000 per year (7.5%) over the fully-loaded net cost to the District. However, when the actual cost savings that would be realized by the District are considered, the net cost results are much different.

The District would expect to receive a real cost savings of only about \$1.2 million per year by discontinuing service on Lines 466, 495, 497 and 498. A private carrier could provide this service for an annual subsidy of about \$2.2 million per year. The net result of such a service exchange would be that \$1,000,000 in additional subsidy expenditures each year for the same level of service, which is the difference between the new subsidy to a private carrier and the actual savings to RTD.

Attachment

LOS ANGELES COUNTY FIRST SUPERVISORIAL DISTRICT
PARK-RIDE LINES

Current Schedules

LINE NO.	PEAK BUSES	DAILY ONE-WAY TRIPS	CAPACITY (SEATS)	RIDERSHIP	DAILY TOTAL BUS		DAILY		ANNUAL NET COST
					MILES	HOURS	OPER. COST	PSGR. REV.	
466	7	16	752	540	857	33	\$2,428	\$413	\$513,000
495	10 ^D	25	1,910	1,507	1,441	50	3,928	1,716	564,000
497	12	32	1,504	1,506	1,663	54	4,429	2,240	558,000
498	12 ^D	33	2,426	1,915	1,988	67	5,363	2,547	718,000
TOTALS	41	106	6,592	5,468	5,949	204	\$16,148	\$6,916	\$2,353,000

0 Eight double-deck buses with 82 seats assigned to each line.
The attached table illustrates the units of service and fully loaded annual

Private Carrier Operations

LINE NO.	PEAK BUSES	DAILY ONE-WAY TRIPS	CAPACITY (SEATS)	RIDERSHIP	DAILY TOTAL BUS		DAILY		ANNUAL NET COST
					MILES	HOURS	OPER. COST*	PSGR. REV.	
466	7	16	752	540	857	33	\$1,815	\$413	\$358,000
495	18	45	2,115	1,507	2,306	80	4,400	1,716	684,000
497	12	32	1,504	1,506	1,663	54	2,970	2,240	186,000
498	20	56	2,632	1,915	3,374	114	6,270	2,547	949,000
Totals	57	149	7,003	5,468	8,200	281	\$15,455	\$6,916	\$2,177,000

* \$50 per total bus hour plus 10% administrative overhead.