



# NEWS

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## **EMPLOYEE TEAMS SUGGEST 150 WAYS MTA COULD SAVE AS MUCH AS \$100 MILLION BY THE YEAR 2000**

MTA employee teams including more than one hundred staffers have developed recommendations that are expected to trim costs by at least \$5 million in the next 12 months, and if fully implemented could save as much as \$50 million in operational costs over three years. An additional \$50 million in capital savings in FY 99 also were recommended by the employees.

The employees looked at ways of reducing costs or increasing revenues such as advertising at subway stations, flattening management of the organization, paring administrative staff, better incorporating technology, as well as ways to trim workers' compensation costs.

"What better way to develop ideas to reduce budget shortfalls than to ask the employees themselves for cost-cutting ideas," said CEO Julian Burke. "Last January, we assembled 10-cross functional teams and asked each to look at the way we do business, with an eye on attacking our operational shortfalls projected over the next few years. The teams have delivered. We plan to put many of their suggestions into effect as soon as possible."

Burke stressed that the MTA Board of Directors and executive

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management recently received the staff work and that formal recommendations to the Board will be developed over the next several months. There were some 150 recommendations made by the employees.

Burke said five specific recommendations are to be instituted immediately, for an estimated \$5 million in savings:

- better schedule routine bus maintenance while maintaining all safety standards, \$1.3 million.
- reduce centralized operator training to one day per year, \$.8 million.
- improve scheduling Metro buses, \$1 million.
- Reduce travel time for buses between assignments.
- cap promotional salary increases.
- other savings, \$.9 million.

Burke reported that an additional \$15 million in savings are expected to be implemented in FY 1999. Subject to Board approval, those savings, plus \$30 million in savings projected in the year 2000, could result in an overall \$50 million cost reduction by the year 2000.

"These recommendations address some of the structural problems at the MTA which raise our operating and administrative costs," Burke added. "We are committed to achieving a firm financial footing so that the agency can focus on its primary objectives of improving transportation opportunities in the region, especially for the transit dependent."

The recommendations now under consideration include cutting the number of automobiles assigned to managers, use of credit cards for low-cost purchases, sharing facilities with other bus operators and charging more for the use of MTA facilities by filmmakers.

Fare changes also were recommended by the staff teams, including

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adjusting the bus and rail cash and token fares for inflation based on the Consumer Price Index, improved fare collection on both bus and rail service, and implementation of machine-issued bus transfers to reduce fraud.

The earliest a fare change could be put into place is November. A public hearing would be held before any changes were made.

The Consent Decree allows the Authority to raise cash and token fares, while instituting bus service improvements. Savings from the possible elimination of duplicative lines could be applied to improving service on MTA core lines where the Authority operates the most buses. One third of Metro Bus lines carry about 80 percent of MTA's passengers.

If the recommended fare structure was put into place, it could produce \$3.5 million in revenues in FY 99 and \$30 million over five years.

Under the recommendations, the MTA's training function, now decentralized, would be coordinated within a single department and use of consultants reduced. New hires would be brought on board using simplified hiring procedures, streamlining the hiring process by as much as 26 percent.

The employees also recommended a reduction in the use of outside technical consultants and contract services. The MTA currently expends \$9 million for such services. It was estimated that these costs could be reduced by as much as 20 percent.

Implementation of recommended purchasing and accounting efficiencies also could cut costs. About 80 percent of MTA purchases are for items or services under \$6,000. Streamlined procedures could reduce paperwork and financial system tracking associated with these purchases.

"We believe that these employee recommendations provide a foundation for change at the Authority, change that will better prepare the MTA to meet its core functions in the years to come," Burke said.