MTA Chief Executive Officer Franklin E. White's

CEO REPORT

A weekly report from the office of the CEO

March 21, 1994

METRO

I'm sure that many of you are aware that I reported last week on a plan to reduce expenditures by $25 million in operating costs and $75 million in capital expenditures.

You are aware that the agency faces a major budget shortfall next year, approximately $126 million in operating and approximately $175 million in capital costs. The plan announced last week will help to bridge the gap.

As part of that plan, 269 positions will be reduced — they are split roughly equally between contract and non-contract staff. About 60 of the non-contract positions are currently vacant. Together with the impacts of bumping, transfers and attrition, the actual number of employees who will have to be separated will be considerably less than 269. The executive officers and myself began meeting late last week to discuss a process for implementing the reductions.

The 232 positions cut in Operations are proportionate to that unit's relative size within the MTA. Because 225 of the positions previously eliminated during FY 93-94 were in Administration, no additional reductions are proposed in that unit.

Division 16 Closing in June

We intend to close Division 16 in Pomona. The division will close in June during the shake-up. We're also considering closing Division 4 in Downey this November. This absolutely ***does not*** mean that the operators, mechanics, and others who work at these divisions will lose their jobs.

Other moves announced include:

- Reducing the estimated fuel expenditures to reflect reduced prices;
- Reducing the Corporate Transit Partnership Program;
- Adjusting supervisor to bus operator ratio consistent with current service level;
- Reducing low-volume customer telephone information service hours and revising staffing assignments;
- Implement efficiencies in bus maintenance and cleaning efforts;
- Lowering Operations staff level by reducing administrative support, transit operations overhead, schedule checking, equipment maintenance, service inspection, and facilities maintenance and engineering.

We're also reducing 20 positions in Planning/Programming, eight positions in Construction, and six positions in External Affairs.

Proposed Planning/Programming Reductions

In Planning/Programming, we seek a reduction of $62.7 million, including the 20 positions. We will:

- Reduce administrative support to the Executive Officer, consolidate signal support and HOV planning, require the use of existing resources to develop Benefit Assessment Districts for Segments 2 and 3, reduce Multimodal Area Team Staff, and consolidate Advanced Technology in Operations.
- Reduce anticipated expenditures on miscellaneous consultant contracts. These reductions are the result of project cancellation by the Board of Directors

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(such as the electric trolley bus), projects with completion anticipated to be accomplished under budget, such as the Eastside Preliminary Engineering, negotiated reductions in contract scope, or work which was planned to be constructed that is now proposed to be performed in-house, such as joint development activities using existing staff.

Proposed Administration Reductions
In Administration, we will implement a $6 million reduction with the loss of no positions. We intend to:

- Use in-house staff to administer the Transit Bond Guarantee Program.
- Lower MTA contribution to pension funds consistent with current actuarial estimates. This action doesn't raid the pension funds. It lowers expenses the agency will incur in keeping the pensions fully funded.
- Other miscellaneous efficiencies, such as reductions to travel, employee training, materials and supplies, etc., will produce savings of $1,3 million.

External Affairs Reductions
In External Affairs, we will reduce by $3 million, including six positions. We intend to:

- Reduce scope and staffing of the Special Projects Section of Marketing.
- Reduce corporate advertising and promotional material, and eliminate, simplify, and or reduce marketing brochures and MTA publications.
- Other miscellaneous efficiencies will produce savings of $200,000 such as reductions to travel, employee training, materials and supplies, etc.

In the Executive Office and Board Officials area, we'll implement a $240,000 reduction, including the loss of three positions. We want to:

- Keep three clerical support positions vacant in the Executive Office, General Counsel, and Board Secretary.

TQM Material Now Available in Agency Library
Because there will be less staff with less resources to do the job, now is the time, I believe, to emphasize our total quality management (TQM) philosophy which I've earlier shared with you. At my meeting with you in the 425 Building last week, some of you wondered where you could get additional information. Our MTA librarian, Dorothy Gray, has — on hand — a bibliography on TQM material, compiled by Herb Burnham. Employees can request a copy of that bibliography from Dorothy at extension 2-4859. In addition, Dorothy has ordered some of the books from the list. Some of the material already has come in.

Incidentally, I found a definition of TQM that I particularly like. It comes from the Department of Defense and reads:

Total Quality Management is both a philosophy and a set of guiding principles that represent the foundation of a continuously improving organization. TQM is the application of quantitative methods and human resources to improve the material and services supplied to an organization, all the processes with an organization, and the degree to which the needs of the customer are met, now and in the future.

I also like the following:

Everything in an organization — as well as everything produced by it — can be improved.

Improvement is good by definition, because it results in enhanced valued or excellence.

All progress is dependent upon improvement; there will be no progress if we keep doing things exactly the same way all the time.

Public Hearing Set for April 23
Finally, the Board will be asked to approve a plan to hold a public hearing April 23 to consider fare and service changes. This hearing will be an important precursor to the budget process. As you know, we must propose a budget for approval in June. The staff reductions and other costs announced last week are the first step toward completing this difficult task.

Franklin White

*I welcome your comments and questions in response to **CEO Report,** which is designed to provide employees with direct communication with my office. Please contact either of my Special Assistants, Michael Gonzalez at 244-7476, or Phyllis Tucker at 244-6191. Also, employees can fax comments to 244-6014.*

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Editors:	*Andrea Greene, Wendy Taylor*
Art Director:	*Anne Roubideaux*
Designer:	*Terry McMahon*
Deputy Dir., Media Relations:	*Jim Smart*
Special Assistant to CEO:	*Phyllis Tucker*
Manager, Printing Services:	*Al Moore*

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