

CEO REPORT

A weekly report
from the office
of the CEO

January 16, 1995



The bus versus rail argument must end.

The idea that one or the other could successfully provide the only mode for transportation in the Southland is idiocy in the extreme. The question is where rail should go and not whether rail should exist.

My commitment to both bus and rail is the cornerstone of our 20-year plan that is about to be unveiled. MTA staff has spent the last six months developing the plan, which will spell out the ever-dynamic role MTA is to play at a time when it must respond to intensifying pressure to lower costs. You may recall that when I joined the MTA, we scrapped the 30-year plan because it incorporated a number of ideas and projects that just aren't attainable. But, the bottom line was that the plan didn't begin with a demographic analysis of where the population and job growth would occur — it was a plan that emerged because of the perceived availability of money.

Vision Paper Released

Late last week we released a preview of the new proposal, one that envisions spending roughly \$65 billion on bus, rail and highways over the next 20 years. Our analysis shows that the Greater Los Angeles area will grow by three million people within two decades. The paper points out that "unless we Angelenos change our behavior, we will strangle on our own congestion," and counsels that "In the decades ahead, driving alone in rush hours must become as politically incorrect as smoking in a hospital ward."

Rail Must Be Built in Right Places

Our analysis shows me that, thus far, we are building rail in the right places and must continue to do so. Remember, we are building for the future, for 100 years from now. We're not going to get the ridership on the Green Line the first year, or even the first ten years, but our studies show that we will, down the road.

Single Manager Concept Working

The vision paper, available at your work site, also spells out management goals. Among the goals, which I've detailed in previous *CEO Reports*, is the conversion to single managers at the divisions. You usually can't do things the same way for decades. It doesn't work, particularly in Operations, where, historically, one side blamed the other for poor performance. Having two managers pointing fingers eliminated accountability.

I'm happy to say we're moving forward quickly with the single manager program. Completing the conversion program will increase efficiency and communication, empower the division manager with more control and more accountability for results.

About the Audits--Impacts Exaggerated

You may have read the story in last Friday's *L.A. Times* about an Inspector General report which concludes that internal audit recommendations were not being acted upon. The purpose of the audit was only to determine whether the internal auditor's files showed the follow action taken. Although the internal auditor's files may not show it, there was no review of whether the individual office or manager acted upon the recommendations. In some instances, action was taken and the alleged losses either did not occur or were exaggerated. Nonetheless, we're going to work very closely with managers to insure that they understand and carry out their obligations to respond promptly and to make sure the internal auditor is advised of their actions.

In addition, I have directed that the Office of Internal Audits report directly to me. I also have directed that

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all executive officers who have open audits must respond to them, and that their follow up actions must be documented and added to the auditor's files.

Deferred Compensation and Pension Funds Safe

The newspaper article also raised an issue about the safety of employee deferred compensation and pension funds. I can assure you that there are no similarities between the management of these funds to the Orange County financial debacle.

In fact, contrary to the information cited in the report, a review of the funds was requested when they were transferred from the responsibility of the retiring RTD manager to the auspices of the current Treasurer. In fact, the survey noted in the Inspector General's report was completed shortly after responsibility for the funds were transferred. The survey's findings were and are being implemented.

Facing Large Budget Deficit

We are, unfortunately, facing another large budget deficit for this next fiscal year. In January, MTA staff reported a projected FY '94-95 operating shortfall of \$57 million to the Finance, Budget and Efficiency Committee due to, among other things: inability to implement the planned fare increase; reduced farebox collections and an 11% cut in Section 9 operating assistance.

We think that the strike encouraged some riders to find alternative modes of transportation and that uncertainties over the fare injunction has significantly impacted monthly pass and corporate transit partnership sales.

Just as we did last year, we've put together a budget committee to assemble the 1995-1996 budget. We're estimating a deficit of approximately \$25 million which could grow larger depending on what happens in the face of the lawsuit and in Washington.

Benefits Confirmation Clarification

Please disregard the message that some salaries were misprinted on the benefits confirmation some of you received when you changed your insurance status during the December Open Enrollment. There was something wrong with the software from which the information was printed — and it involved only five employees. Their correct salaries were reprinted and everyone involved was notified.

Tunneling Resumes

Tunneling resumed beneath Hollywood Boulevard January 7, ending a four month hiatus that began last August. As you know, the Federal Transit Administration and the City of Los Angeles have given the green light to our plans, which call for steel struts to be substituted for

wooden wedges in stretches of tunnel already excavated beneath Hollywood Boulevard and in all newly excavated areas.

Since excavation was halted, the construction contractor Shea-Kiewit-Kenny also strengthened a 280-foot section of the north tunnel at Hudson Avenue. Steel columns were erected as temporary supports and circular steel beams were installed and the final tunnel liner has been poured.

Precautions have been taken in anticipation of tunneling near Mann's Chinese Theater and the Hollywood Roosevelt Hotel. Chemical grouting has been injected into a 450-foot section of Hollywood Boulevard between Orchid Avenue and Orange Drive North to minimize settlement. Frequent MTA surveys have shown no ground settlement near either the Chinese Theater or the Roosevelt Hotel. John Adams, MTA interim executive officer, construction, says if we experience ground settlement of 3/4th inch in front of the tunneling machine or 1 1/2 inches behind the machine, we'll call an immediate halt to tunneling.

We still hope to open Segment 2 in 1998.

Classification/Compensation Update

Many of you have wondered why you haven't heard anything about the classification/compensation study in the last couple of weeks. Just as we were going to notify non-contract employees as to their position titles and salaries, we received hundreds of questions from supervisors about specific jobs in their departments.

Vera Mae Walsh, who heads up the project, wants to make sure all the concerns have been checked carefully, so the advising of employees has taken longer than we had first thought. Be assured that after you are notified as to your position a process for review will be open to all employees.

Alice Wiggins to Leave

Best wishes to longtime agency employee Alice Wiggins, who bids us good-bye and will take her many years of marketing expertise to Atlanta's MARTA system. There, Alice will head up the Marketing Department—just in time for the Olympics. Alice has done a fantastic job for the MTA, and I hate to see her go!

- 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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