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**ASSEMBLY SELECT COMMITTEE ON THE
LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY**

Ronald Reagan Building Auditorium
April 20, 2001

LACMTA GOVERNANCE:

**CAN THE LACMTA EFFECTIVELY HANDLE ITS
SCOPE OF RESPONSIBILITY?**

COMMITTEE MEMBERS

JENNY OROPEZA, CHAIR
JOHN DUTRA
MARCO FIREBAUGH
DENNIS MOUNTJOY
GEORGE NAKANO
ROBERT PACHECO

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**SELECT COMMITTEE ON THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY**

JENNY OROPEZA, CHAIR
ASSEMBLYMEMBER, FIFTY-FIFTH DISTRICT

I. HEARING AGENDA

Ronald Reagan Building Auditorium
April 20, 2001

**LACMTA GOVERNANCE:
CAN THE LACMTA EFFECTIVELY HANDLE ITS SCOPE OF RESPONSIBILITY?**

10 a.m. – 1 p.m.

- I. Opening Remarks – Assemblymember Jenny Oropeza, Chair,
Select Committee on the Los Angeles County Metropolitan Transportation Authority
- II. Julian Burke, CEO, Los Angeles County Metropolitan Transportation Authority
- III. Carol Herrera, President, Los Angeles County League of California Cities
- IV. Barry Broad, Legislative Advocate, Amalgamated Transit Union
- V. Jack Gabig, Director, Municipal Operators Association
- VI. Larry Jackson, President & General Manager, Long Beach Transit District
- VII. Robert Hildebrand, Consultant, Gardena Municipal Bus Lines
- VIII. Yvonne Brathwaite Burke, Chair, Los Angeles County Metropolitan Transportation
Authority; Los Angeles County Supervisor, Second District
- IX. Manuel Criollo, Organizer, Bus Riders Union
- X. Brian Taylor, Associate Professor of Urban Planning, UCLA
Associate Director, Institute of Transportation Studies
- XI. Mark Pisano, Executive Director, Southern California Association of Governments
- XII. James Jones, United Transportation Union

LACMTA GOVERNANCE:

CAN THE LACMTA EFFECTIVELY HANDLE ITS SCOPE OF RESPONSIBILITY?

II. EXECUTIVE SUMMARY

Nearly a decade has gone by since AB 152 (Katz, Chp. 60 of 1992) consolidated the Los Angeles County Transportation Commission (LACTC) and the Southern California Rapid Transit District (SCRTD), forming the Los Angeles County Metropolitan Transit Authority (LACMTA). Not only have those years been underscored with the development of the policy and structure of a single grand transportation operating agency, but in addition, the process has been disrupted with numerous conflicts of interests regarding spending, parochial Board decision, labor disputes and the ramifications of several lawsuits.

As a result of these conflicts and issues, there are questions as to whether the current structure and governance of the LACMTA Board is best suited to carry out its duties of countywide planning and development, transit operations, engineering and construction and support services. Thus, after almost a decade, a review of the LACMTA's effectiveness in meeting its governance goals in the areas of planning, funding and accountability is required to determine if Los Angeles County's transportation needs are being met.

The hearing on April 20, 2001, in Los Angeles included a diverse group of officials and interested parties who shared their opinions and suggestions of how to improve the LACMTA's effectiveness. The group attempted to identify if anything needs to be done with the current LACMTA governance structure. Witnesses included Julian Burke, the outgoing CEO of the LACMTA, Supervisor Yvonne Brathwaite Burke, Chair of the LACMTA Board, as well as representatives from unions, municipal operators and busriders.

Below is a sampling of what each witness found was a problem with the current structure of the LACMTA, as well as suggestions of how to resolve these issues and concerns.

Carol Herrera, the President of the Los Angeles Division of the League of Cities, believes that this Committee and the Legislature, "(r)ather than focusing on the governance structure of the LACMTA" should take the Task Force recommendations, which "are directed at the organizational structure of the LACMTA" as how to solve the issues surrounding the governance structure of the LACMTA (original emphasis). Specifically, Ms. Herrera pointed out that, "(c)hief among these shortcomings is that the focus of the agency's planning efforts tends to be on planning a system that the agency can operate rather than on planning a system that can meet the public's transportation needs." (original emphasis). One conclusion recommended by the Task Force for the LACMTA was, "(u)nder the organization scheme discussed by the task force, the LACMTA Board would relinquish its responsibility for oversight of transit operations and construction to several subsidiary operating units... each with its own governing Board consisting of local elected officials."

The Amalgamated Transit Union (ATU), represented by Barry Broad, considers the LACMTA to be a "colossal failure at many levels" because the current system has all the duties of the LACMTA housed within once agency for the entire County of Los Angeles. One of the main reasons the ATU believes the LACMTA is a failure is "the bus and rail operations unit, which used to have a separate Board at the SCRTD, has no separate political voice, as does every other operator in Los Angeles County" under the current LACMTA system, thus creating strife between the LACMTA's duties to itself and its municipal operators. In response to what the ATU thinks would solve the problems within the LACMTA, the ATU suggested "the LACMTA (should) look at the model in the Bay area."

Jack Gabig, the Director of the Municipal Operators Association (MOA) pointed out that "(r)egardless of the governance structure, the County's largest Transit Operator has a long history of living beyond its means, over-committing to projects that had no possibility of being fully funded (rail), bonding future revenues which crippled the ability to address other needs, and operating inefficient high cost transit services at substantial annual deficits." Thus, "(t)he inability of LACMTA's governing Board to develop a coordinated, comprehensive and realistic direction for the organization has result(ed) in abandoned planning efforts and wasteful spending." In response to the issues the MOA has with the LACMTA, they offered several recommendations for the legislators to consider:

1. Ensure that a fair and equitable distribution of all bus funding sources is provided to the Municipal Bus Operators,
2. Encourage the LACMTA and its new CEO to develop improved relationships built on openness and trust in order to regain credibility,
3. Provide mechanisms to assure that the needs of the LACMTA's Bus Operations do not conflict with the LACMTA's regional responsibilities for countywide planning and programming,
4. Encourage the LACMTA Board to actively seek opportunities to end service duplication and to allocate services to the most cost efficient and responsive service provider,
5. Decentralize the LACMTA Bus Operation or break it up into smaller operating entities. This would result in increased accountability, cost efficiency, flexibility and responsiveness to customer needs.

Laurence W. Jackson, the President & General Manager of Long Beach Transit Authority District, listed two problems the LACMTA has related to funding: "1) in its efforts to proactively develop its transit system and increase ridership in its service area, it forgets about the rest of the County; and 2) the SCRTD, and now the LACMTA, has a long history of not operating within its budget and constantly seeking additional funding." As a possible solution Mr. Jackson stated that since the municipal operators "must balance their budgets" so should the LACMTA. Despite this recommendation, Long Beach Transit also expressed "on-going concerns about the LACMTA's ability to act as transit provider and countywide planning/funding entity."

Manuel Criollo, an Organizer for the Bus Riders Union (BRU), expressed a strong belief that since the creation of the BRU the LACMTA implemented the one-minute public comment period during open Board meeting, which he stated "discourages the process of empowerment and discourages the process of accountability to this Board (the LACMTA)." Furthermore, Mr. Criollo pointed out that, "(e)ven the best speaker can not get everything out in one minute," not to mention that "many of

these riders are working class people and they would have to take a day off to even attend (a) meeting." The BRU feels that by getting only one-minute each for public comment "means that really there is no accountability" on the Board and their actions. As a possible solution to this problem, Mr. Criollo suggested that the LACMTA reinstated the three-minute public comment rule.

Brian Taylor is the Associate Professor of Urban Planning, and Associate Director of the Institute of Transportation Studies, UCLA School of Public Policy and Social Research. During his testimony Mr. Taylor explained why the creation of the LACMTA inherently caused internal conflicts. Specifically, he stated, with the creation of the LACMTA as "the principal planner and financier of the county surface transportation system, and it is the principal builder and operator of one of the country's largest public transit systems" thus "creat(ing) a new agency with internally contradictory roles and mandates; and one that suffers with inescapable conflict of interest problems as a result."

He explained that "(t)hese problems mean that, no matter how honorably and ethically LACMTA staff and Board members might conduct themselves, there will always be the appearance of conflicts of interest." Therefore, the LACMTA is "responsible for claiming funds, and allocating those funds, and spending those funds, and oversight of those funds. This is the classic definition of a conflict of interest and it is a recipe for institutional and political instability." As a solution to this conflict, Mr. Taylor advised that the LACMTA's first step toward "stabilizing transportation planning in Los Angeles County would be to separate these incompatible functions into separate and independent organizations."

Finally, he concluded by summarizing his three recommendations to help improve the LACMTA:

- 1) First, the planning and oversight functions, and transit construction and maintenance function of the LACMTA must be separated.
- 2) Second, the most effective regional transportation planning will take place at an agency that is truly regional in both scope and in representation.
- 3) Third, the research is quite clear that when it comes to public transit, small is too little, big is too large and medium sized is just right. All of the people of Los Angeles deserve the kind of high-quality, low-cost transit service operating in Long Beach, the San Gabriel Valley and Santa Monica today.

The United Transportation Union (UTU), represented by James Jones, believes there "should be a direct line of accountability to the citizens of LA County for the actions of the LACMTA Board of Directors," because currently there is a lack of accountability. He expressed this lack of accountability, was the main "factor in the collapse of the most recent collective bargaining sessions between our organization and LACMTA."

The future of the current governance structure of the LACMTA is undergoing tremendous change in the next couple of months. These concerns and issues addressed above regarding the current structure of the LACMTA, may not be an issue several months from now. The Municipal Operators feel there is a certain lack of communication and voice to express their concerns on the LACMTA Board, the Bus Riders Union believe they do not have enough time for public comment, several of the participants requested the LACMTA be required to work within its budget. However, all of these concerns may disappear with the new CEO, elected Chair of the Board and several new Board members, but only time will tell.

The only way to address these concerns are to get them out in the open. The hearing on April 20, 2001, did just that. It is now just a matter of time before these concerns are validated. Is the current governance structure of the Board the most effective way to address Los Angeles County's transportation needs? Or, will the concerns and issues raised today disappear with the new CEO, Chair and Board members? The answer to these questions and many more will be answered in the next couple of months.

II. BACKGROUND

A. INTRODUCTION

The recently published draft Los Angeles Long-Range Transportation Plan underscores the magnitude of the task the LACMTA took on almost 10 years ago. The LACMTA's mission statement which, seeks to "improve" transportation services implies that effectively serving the county's transportation needs might not be possible in a county the size and complexity of Los Angeles County. Given its diverse communities, transportation modes, and regional differences; planning and servicing the county as a whole is a challenging goal. However, when the creators of the LACMTA combined the functions of planning, capital improvements, and LACMTA transit operations under one roof, they did so with the vision that this consolidated entity would be more efficient and provide for better coordination in planning the county's future transportation needs, than the original structure. Unfortunately, since LACMTA's inception several governance concerns have arisen.

In response to these concerns, over the past five years numerous attempts by various legislators to change the LACMTA governance structure based on concerns raised by many constituent groups have been attempted. After almost a decade, a review of how effectively the LACMTA is meeting its governance goal in the areas of planning, funding and accountability is needed to determine its effectiveness in serving the transportation needs of the county.

B. BACKGROUND AND LEGISLATIVE INTENT

The LACMTA is the agency for Los Angeles County that uniquely combines transportation planning, coordination, building and operation within one mega-agency. LACMTA operates a fleet of more than 2,200 buses in a service area of 1,433 square miles. It also operates the 59.4 mile Metro Rail System and is the primary funding agency for Metrolink, the six-county, 416-mile commuter rail system. In addition, the LACMTA funds street and highway projects, bike lanes and many other transportation improvements throughout Los Angeles County.

Established in 1992 through AB 152 (Katz, Chp. 60 of 1992), the LACMTA was created by merging the Southern California Rapid Transit District (SCR TD) and the Los Angeles County Transportation Commission (LACTC). The authorizing legislation was the result of a multi-year process. The 1987 Katz legislation (AB 18) was similar to AB 152, but was vetoed by the Governor as a result of opposition from local cities. AB 1784 of 1990 required the SCR TD and the LACTC to submit a merger plan to the Legislature by January 1992. The final legislation abolished the two agencies and statutorily merged them into the LACMTA.

Throughout the legislative process, specifically in the Assembly and Senate Transportation Committee hearings, members recognized and determined that there were serious management and safety problems at the SCR TD and that there was wasteful duplication of transportation planning in Los Angeles County by several agencies. The legislation to abolish this problem was the work of several years and vetoed bills, ending in the passage of AB 152 (Katz) in 1992. The objectives of

AB 152 (Katz) were to 1) make more efficient use of scarce transportation dollars through consolidation wherever possible, 2) make those who make transportation decisions more accountable to the public and 3) eliminate confusing and costly duplication of effort to provide for coordinated and integrated planning for our future transportation needs.

The measure established a Board primarily composed of elected officials, with thirteen voting members. Serving on the Board of Directors includes the five members of the Los Angeles Board of Supervisors, the Mayor of Los Angeles and his three other appointees, and four members that are city elected officials representing four regions of the county. There are also two public members, one member of the Los Angeles City Council, and one non-voting member appointed by the Governor.

As set forth by the LACMTA, the agency's primary roles are: 1) transit operations, 2) countywide planning and development, 3) engineering and construction, and 4) support services.

The LACMTA shares transit funding with 16 county transit operators, called municipal transit operators or MUNIs, on a formula basis. Each of the MUNIs is either solely owned or operated by a municipality, or owned or governed by a group of municipalities through a joint powers authority.

C. LEGISLATIVE ACTIVITY RELATED TO THE LACMTA

Since the inception of the LACMTA, the Legislature has been very active in introducing legislation related to the LACMTA. The legislation described below, is current up to the date of the hearing, April 20, 2001.

Legislation introduced during the current 2001-2002 Legislative Session include Senator Alarcon's bill, SB 18, that would restructure the LACMTA Board to replace two of the members of the Los Angeles Board of Supervisors, one public member appointed by the Los Angeles City Council, the two of the members of city council's appointed by the Los Angeles County Selection Committee with six elected members from sectors yet to be identified in the bill. Senator Romero's SB 1195 establishes the LACMTA Labor Relations Trust Fund and, in the event of a labor action, requires the LACMTA to transfer unencumbered funds to the Fund until an agreement is reached at which point remaining moneys would be transferred back. At the time of the hearing these bills were in the Senate Transportation Committee.

Senator Murray's SB 1101 (Chp.1080 of 2000) enacted during the 1999/2000 legislative session required transportation zones to assume the obligations and liabilities from existing LACMTA collective bargaining agreements. Other legislative proposals introduced during that session imposed requirements on the LACMTA Board, prioritized funding in compliance with the consent decree, clarified "fair share" funding agreements, exempted LACMTA from state sales tax on certain transit vehicle purchases, shifted planning from the LACMTA to seven subregional boards, and created a separate agency to design and construct a fixed guideway project in Los Angeles.

During the 1997/1998 legislative session, several legislative proposals were introduced to clean-up activities of the LACMTA. These proposals dealt with the LACMTA Board, its composition and requirements, the manner in which funds are allocated and strengthening the consent decree

requirements. A Cardenas measure during this session would have created a Local Transportation Zone in San Fernando Valley, but failed to make it through the legislative process. However, four bills were enacted that session: AB 584 (Villaraigosa, Chp. 900 of 1998) establishes a code of conduct for the LACMTA Board, SB 89 (Hayden, Chp. 657, of 1998), imposed limitations on contributions to LACMTA members and employees and SB 531 (Polanco, Chp. 123 of 1998) authorized funds be transferred from the LACMTA to the County General Fund. SB 1847 (Schiff, Chp. 1021 of 1998) created the Blue Line Construction Authority in order to complete that project in response to LACMTA construction delays and a restructuring plan that reduced priority for this project.

Prior legislative sessions enacted legislation related to the LACMTA. SB 1755 (Calderon, Chp. 554, of 1996) extended indefinitely the minimum allocation formula of transit funds ("fair share agreements") to municipal operators in Los Angeles County. Several measures were introduced to revise the structure of the LACMTA Board. AB 273 (Kuykendall) would have created a 14 person Board with 3 appointees the by Board of Supervisors, the Mayor, and the Los Angeles County Selection Committee, plus a member appointed by the Governor. A Margett bill, AB 2495, would have increased the Board membership from 14 to 15. A Polanco bill (SB 1152) introduced that same session would have reorganized the LACMTA and added one more at-large non Los Angeles City member. Bills enacted during the 1993/1994 Session dealt with LACMTA contracting and other implementation issues.

D. LACMTA SNAPSHOT

1. *Budget*

The agency's total budget is \$2.5 billion per fiscal year and is derived from a wide range of federal, state and local sources in addition to fares and fees. According to the LACMTA's budget document, buses are its highest priority with forty-five and one-half percent (45.5%) of the FY 01 budget devoted to LACMTA bus operating and capital and municipal subsidies. That is up more than \$213.5 million in the last four years. Thirty-seven percent (37%) goes to LACMTA bus operations and eight and one-half percent (8.5%) goes to Municipal Operator Programs. The second major area of spending is highway and other regional programs – twenty-one percent (21%) of the FY 01 budget. The LACMTA believes these improvements are critical because ninety-seven percent (97%) of all trips made in Los Angeles County are made by private vehicles.

However, the improvements do not come without a high price. Opening nearly 60 miles of rail lines and complying with a federal consent decree to improve bus service, will push the LACMTA into a \$438 million operating deficit over the next 10 years. Operating additional rail lines to Pasadena and the Eastside, along with busways for Wilshire Blvd., and the San Fernando Valley will add an additional \$287 million to that operating deficit (Los Angeles Times, Sept. 19, 2000).

2. *Fleet and Ridership*

According to the LACMTA, by the end of FY 2002, the bus fleet will number over 2300, making the LACMTA the nation's third largest bus operator (only New York and New Jersey are larger). Each day, LACMTA rolls out over 2,000 buses, which travel more than 300,000 miles. That's

equivalent to circumnavigating the globe 12 times. Average weekday ridership is currently 1.2 million trips.

In addition to its bus fleet, LACMTA operates nearly 60 miles of Metro Rail. As of February 2001, Los Angeles' rail system ranked in the top 10 in ridership nationally, with close to 250,000 daily riders. More than half of those riders are from the Metro Red Line subway, with the rest riding either the Metro Blue or Green Line light rail.

3. *Recent Successes*

After years of bad press, the LACMTA has realized an improved image, the most notable of which points to increased ridership through better, faster service.

a. *Metro Rapid Bus*

Metro Rapid is a new LACMTA bus service designed to provide faster regional travel for patrons. The key features of Metro Rapid that make it faster and easier to use include simple route layout, frequent service, less frequent stops, level boarding and exiting, color-coded buses, stops and bus priority at intersections.

According to the LACMTA Long Range Transportation Plan's analysis of the Metro Rapid Program, "in just 90 days it appears that Metro Rapid has exceeded ridership expectations in terms of overall increased passenger use, penetration of previous non-user markets, use by longer distance travelers, meeting the needs of persons traveling between the east and west sides of Los Angeles County, and serving as an extension of the Metro Red Line in the San Fernando Valley"(2-34).

The success of the Metro Rapid Program demonstrates that increased service quality can lead to higher ridership.

b. *Metro Red Line*

The Metro Red Line subway is a 17.4-mile rail system that operates underground between Union Station and downtown Los Angeles and the San Fernando Valley through the Central Business District out to Mid-Wilshire, Hollywood, Universal City and North Hollywood. Daily ridership now tops 110,000. The new extension into the San Fernando Valley has been embraced by many commuters. However, the LACMTA has had difficulty in keeping up with the demand for parking spaces at its North Hollywood station.

c. *Metro Blue Line*

In an effort to ease overcrowding on its highly successful Long Beach Blue Line light rail line, which operates between downtown Los Angeles and Long Beach, the LACMTA has begun to expand platforms allowing it to run additional cars on trains.

d. *Metro Green Line*

The Metro Green Line light rail runs between Norwalk and Redondo Beach primarily along the median of the I-105 Freeway, with a connection to the Metro Blue Line at the Imperial/Wilmington/ Rosa Parks Station. The success of this line has already far outreached its expectations, and the LACMTA is looking to expand the parking lots along the line to meet the demand for ridership.

However, while these successes are indeed worth celebration, the LACMTA faces daunting challenges in the future. The already difficult task of serving a physically large county of 10 million with divergent interests is about to become more challenging. The coming onslaught of additional responsibilities faced by the LACMTA underscores the importance of careful oversight by the Legislature.

E. THE LACMTA'S FUTURE CHALLENGES

While future growth of Los Angeles County will increase the opportunities for its residents, as well as the entire region, this growth will provide a challenge for an organization that is recovering from difficult times.

1. *The Growth Crunch*

According to the LACMTA's Long Range Transportation Plan, the following challenges loom large:

- Los Angeles County may add up to 3.5 million additional residents in the next 20 years, the size of the City of Los Angeles.
- The increase in population will yield a 30% increase in daily trips, overloading our current transportation system.
- Increasing sprawl may make public transportation less viable.
- Los Angeles' complex travel patterns, which makes transit planning difficult, will become more so.
- By 2025, only the Long Beach area will have A.M. rush hour speeds above 25 mph.

In addition to these daunting challenges, the Los Angeles Times claims the LACMTA is over \$7 billion dollars in debt.

2. *Historical Effectiveness in Reaching Objectives*

Since its inception, the LACMTA has experienced a number of problems in meeting its objective of improving the efficiency and effectiveness of transportation services in the county. In 1996, a federal judge issued a consent decree in litigation filed by the National Association for the Advancement of Colored People (NAACP) and other bus advocacy groups to increase number and frequency of buses to reduce overcrowding. The consent decree has imposed a rider limit, which has been difficult for the LACMTA to meet. In 1999, U.S. District Court Judge Terry Hatter

ordered the LACMTA to permanently expand its fleet by 297 vehicles. Bus rider advocacy groups pushed the LACMTA to take funds from rail projects, if needed, to comply with the order.

There were significant problems with the construction of the Metro Rail Red Line and the LACMTA was chastised by the Federal Transit Administrator for failing to develop a Recovery Plan for the project. The Blue Line Project was completed through the creation of an independent construction authority in part because of LACMTA construction delays.

Various studies have examined the LACMTA and analyzed some of the problems experienced by the LACMTA. One such study conducted for the Georgia Regional Transit Authority entitled, "Realizing GRTA's Potential: Lessons from Around the Country," by the Surface Transportation Policy Project, October 1999, asserted several reasons for the agency's difficulties:

- Both Prop. A (1980) and Prop. C (1990) passed in LA County with a simple majority vote, without any structured plan for the use of the tax revenues, and without a sunset clause which led to the agency making "easy money" and forming a grandiose plan that could not be delivered.
- The Southern California economy experienced a downturn and severely impacted the local sales tax revenues in 1990 during crucial planning stages.
- Rivalry between the two agencies created institutional resistance to progress.
- Board members are not held accountable for their role with the LACMTA.
- LACMTA is missing a system of checks and balances that acknowledge financial constraints and provide accountability.
- LACMTA's consistently over budget in-house bus operation is a clear conflict of interest with the agency's role as programmer of funds for the other bus operators in LA County – in essence competing with regional neighbors for federal funds.

F. STAKEHOLDERS AND ISSUES

It takes a coalition of stakeholders to effectively address gridlock that threatens to destroy the quality of life in Los Angeles County. Stakeholders' engagement in the decision-making process will be critical to whether the LACMTA can successfully meet the challenges in the years ahead.

1. Municipal Operators

The LACMTA provides support for 16 municipal operators, some of which have been in operation since the 1920s. Their ridership patterns are similar to the LACMTA, as most of the riders tend to be people from low-income families and diverse ethnic backgrounds.

Recognizing a possible conflict of interest, resulting from an organization that is the County's primary bus transit operator, that also funds other bus operators in the County, the Legislature adopted a minimum allocation formula of transit funds ("fair share agreements") to municipal operators in Los Angeles County. SB 1755 (Calderon, Chp. 554 of 1996) indefinitely extended this formula. This approach distributes operations funds based on box fare revenue and miles traveled, making the efficiency of operations important. Systems with low fares and greater efficiency are rewarded with a higher proportion of operational dollars.

2. *Labor Relations*

The LACMTA now has a workforce of approximately 8,000 employees. The agency's most recent strike lasted 32 days. Labor has a vested interest in attempts by the Board to create a Valley transit zone, efforts to contract out service, and other efforts by the Board to increase operating efficiencies in bus operations.

Forced to make tough decisions on how to fund its deficit has created tension between taking efficiencies and meeting labor demands. Labor has resisted efforts to create greater efficiency through slashing pay or benefits, or creating transit zones where labor has less clout. The LACMTA's current relationship with its unions may make it difficult to reach the efficiencies currently enjoyed by the municipal operators.

3. *Consumers*

Consumers have also resisted attempts by the LACMTA to increase efficiency through reduced or lower quality service. Consumer groups such as the Bus Riders Union have called for a "Billions for Buses" campaign, seeking to reduce the travel times for the transit-dependent, while providing newer buses. They also want the LACMTA to create a "Curitiba-style" bus system, with dedicated bus lanes, higher-capacity buses, signal priority, and fare payment prior to boarding.

After the success of their demonstration projects in the San Fernando Valley and along the Wilshire-Whittier Corridor, the LACMTA has committed to building a number of these high-capacity buslines. The agency is also committed to operating light rail lines to Pasadena, and the Eastside, however, these improvements could add to an already large operational deficit.

The LACMTA also is in charge of maintenance of our system of highway and arterial streets. There is concern over the LACMTA 20-Year Plan's failure to reduce traffic congestion. The plan's baseline case calls for a reduction in morning peak travel speeds from 31.6 mph in 1998 to 14.7 mph in 2025. In the 2025 "constrained" plan, at a cost of an additional \$11.2 billion, speeds are only increased to 16.1 mph. The Council of Governments for Southeast Los Angeles County in a April 9, 2001, letter to LACMTA CEO Julian Burke, claims that there has been insufficient investment in the area's arterials.

4. *Regional Representation*

Is there a downtown bias in transportation planning? There is some question whether the LACMTA's focus on providing rail service from the Valley to downtown has caused it to lose sight of Los Angeles' reality of multiple activity nodes. Los Angeles differs from many East Coast cities where there is a downtown area that represents the major portion of employment in a given region.

G. SCOPE OF RESPONSIBILITY

Transportation planning, construction, operations, along with the funding of municipal bus operators is a tall order for any agency given such a charge. However, in a county with the size, diversity, and challenging growth patterns of Los Angeles, an agency with the charge of the LACMTA must be forever vigilant. The need to plan and prepare the county for future transportation needs must always be weighed against current demands of operations. With over \$7 billion in debt, and debt servicing taking a larger percentage of expenditures than municipal bus operators, and highway projects, LACMTA's options are limited. In addition to debt servicing, the Agency must abide by a consent decree, which gives it less flexibility in the expenditure of funds.

Given these operational deficits and the lack of organizational capacity for expansion, there is a conflict of interest when an agency such as the LACMTA is also asked to provide funding for municipal operators and commit resources to long-range planning.

H. SUMMARY

The creation of the LACMTA was an effort to respond to a number of problems identified in planning and building a transportation infrastructure in a county larger than many states. After almost a decade, it is critical to examine if efficiencies have been realized by the consolidation effort. Certainly, the impact of the strike, transit and project production problems have placed strains on the LACMTA. As the public examines the Long Range Plan and assesses current transit and funding issues, the question of how well the governance structure will carry the county forward is the question we must consider today.

Written by: Darnell Grisby, April 2001

Edited by: Lisa Marie Kaplan, October 2001



**SELECT COMMITTEE ON THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY**

JENNY OROPEZA, CHAIR
ASSEMBLYMEMBER, FIFTY-FIFTH DISTRICT

III. LACMTA HEARING - SUMMARY OF TESTIMONY

OPENING REMARKS:

JENNY OROPEZA, CHAIR
April 20, 2001

Today we will review one of the most important and challenging issues facing Los Angeles County. First and foremost, I want to thank all the representatives who have come here today to help us with our task. As we all know, Los Angeles County is the nation's most populated county; it is also the most diverse in terms of transportation needs.

Many feel that dense areas such as the Wilshire Corridor may need additional subway extensions; there is also a call for Eastside Lightrail; San Fernando Valley desperately needs additional busways; Southbay needs additional transit services and these are only a few of the needs in Los Angeles County.

Today's agenda illustrates the complexity of the issues and the numerous stakeholders, each with a divergent interest. We have broad representation, including those who believe the current system needs little if any change, as well as those who want major reforms. As members of this committee we are here to learn from you. While a number of issues affecting the LACMTA's performance are important, this particular hearing focuses on governance.

A strong system of governance can provide the Authority with the ability to weather challenging times. This is particularly important with the retirement of CEO Julian Burke. A strong system of governance will allow the LACMTA to continue the reforms made under Julian Burke, while eliminating the operating inefficiencies that make it difficult for the LACMTA to meet its scope of responsibilities, which include:

- The covenant it has with its workers, which will further enhance customer service,
- The trust amongst the citizens of the County that builds widespread ridership,
- The dependable, stable anchor in regional planning that promotes livable communities,
- The goal of partnership with municipal operators, which will enhance regional mobility, and
- Regional equity in funding.

I believe that the transportation challenge we face today and the potential transportation nightmare that we face tomorrow warrant swift action. The LACMTA has made some recent strides. The opening of the Metro Rapid Bus Program was widely embraced with ridership significantly higher than anticipated. The Red Line subway extension to the San Fernando Valley has been embraced with many Valley residents. The proposed Bus Rapid Transit program, with its subway style amenities and low cost, has the potential to revolutionize transit in Los Angeles.

However, any gains made, without first addressing the issue of governance, are not sustainable. In order to have the livable, desirable communities we seek; we must first look at the governance of the Agency that has one of the biggest impacts on the planning of our communities – the Los Angeles County Metropolitan Transportation Authority.

ASSEMBLYMEMBER NAKANO:*Summary of Opening Remarks:*

Assemblymember Nakano concurred with the statements made by the Chair, Ms. Oropeza, but also expressed concerns with "the fundamental structure of LACMTA Board." Specifically, Mr. Nakano believes the "small cities are grossly underrepresented" on the LACMTA Board. An example of this underrepresentation is shown by comparing the fact that the Los Angeles Division of the League of Cities "represents 87 cities in LA county, equaling about 51% of the population in LA county, but their representation on the Board is less than 31%." In response to this problem, Mr. Nakano articulated, he would like to see something done to correct this disparity so that there is equality in representation.

ASSEMBLYMEMBER ROBERT PACHECO:*Summary of Opening Remarks:*

Mr. Robert Pacheco joins in with the statements made by Ms. Oropeza and Mr. Nakano. Specifically, he questioned how the LACMTA anticipates handling the population growth in the next twenty years and how it will affect the San Fernando Valley and its five freeways and two rail lines. Moreover, Mr. Pacheco was critical of the governance of the LACMTA, where they have been going, and wishing to have its governance structure fully examined for effectiveness. Finally, Mr. Pacheco expressed concern regarding about the amount of LACMTA's debt and its possible misuse of bond funds.

SPEAKER ROBERT HERTZBERG:*Summary of Statement:*

Speaker Hertzberg expressed his belief that this committee will come to a comprehensive and strategic solution to dealing with the issues surrounding the LACMTA, as well as dealing with the different roles performed by state, LACMTA, county and all other jurisdictions affected.

B. JULIAN BURKE, CEO, LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY (LACMTA)*Summarization of Transcribed Witness Testimony:*

Julian Burke served on the LACMTA Board for the past four years (from 1997-2001). Some of his many accomplishments while serving as CEO of the LACMTA include shoring up LACMTA finances, rebuilding its credibility with its funding partners in Sacramento and Washington, overhauling the Metro Bus system, and completing the last leg of the Metro Rail Subway within budget and six months ahead of schedule. However, at the time of the hearing Mr. Burke indicated he was retiring, because "he is getting on in life" and "...the position is too much to handle being 74 years old." Specifically, Mr. Burke indicated that he loves the job, but feels the time is right to find a new CEO to lead the agency. Although Mr. Burke indicated the time was right for him to step down as the CEO of the LACMTA, he emphasized that serving as CEO of the LA LACMTA was the "most rewarding position (he) every had." Furthermore, Mr. Burke pledged to stay fully committed to the LACMTA until a successor is chosen and is willing to help the new CEO during the transition process.

Prior to serving on the Board, Mr. Burke was a successful corporate turnaround specialist with Victor Palmieri Associates for more than 20 years. While Mr. Burke sat at the helm of the LACMTA, more than 1,000 new (clean fuel) buses were put into service, with more than 1,000 more ordered, not to mention a record amount of Metro Bus Service that was put on the roads with the creation of the new Metro Rapid Buses. In addition, he negotiated new labor contracts and helped revise the agency's 25-year Long-Range Transportation Plan.

First and foremost, Mr. Burke indicated he was not at the hearing to sponsor any change in the structure of the Board of Directors, but to answer questions and give insight. Some of his insight regarding the concerns of the structure of the Board included stating that the "Board does not have (a) parochial way of decision-making," "(the) Board was frustrated with inadequate information from staff before his arrival," and "(the) lack of good advice from staff lead to very public discord." Mr. Burke also emphatically emphasized that the "Board members never trades votes, contrary to (public) perception" and the "Board tries to do the best thing for the organization it can do legally."

Furthermore, Mr. Burke stated he believes that "now is not the right time to break the LACMTA up because there needs to be a central view of countywide needs." "I think the reality of it is, there needs to be a central organization of where the money goes and how it is used." Also, Mr. Burke mentioned that "six changes in (the) makeup of the Board will occur shortly" with the election of the new Los Angeles City Mayor, thus further repeating, now is not the right time to legislatively change the makeup of the Board.

Despite concerns over the structure of the Board, Mr. Burke also stated that there have been massive improvements in the services provided, including the bus rapid transit and the extension of the subway to the Valley. One area the Board seeks to further improve is customer service and the response time to public concerns. In other areas, Mr. Burke proudly called attention to the fact that the final leg of the subway was constructed on-time and within budget, making the LACMTA better

positioned to construct fixed-guideway projects. Moreover, Mr. Burke pointed out that the revived corridor projects showed the ability of the Board to be flexible and adjust to changing budget conditions. Proudly, he stated "(t)his Board knows how to look at issues and problems and come to a reasonable conclusion."

On another note, Mr. Burke explained that for the first time in six years, the LACMTA was updating the LA County's Long-Range Transportation Plan, taking comments from different communities, non-profits, cities from every region, as well as many other venues. Mr. Burke declared the Plan should be out before the end of Summer 2001. Specifically, he pointed out that LACMTA's planning "looks at the fact that 97% of trips are made using cars, therefore highways are a top priority," however he further indicated that "there are more applications than money" to take care of all the concerns. Moreover, Mr. Burke pointed out that the "LACMTA does not have the money to fund everyone's wish-list," thus there will be "frustration, and a feelings of being cheated" by how the LACMTA distributes funding.

The LACMTA is "always struggling to find more money to meet the needs of this very complicated County." "That is the conflict of the LACMTA." But, Mr. Burke did reiterate that the system is designed so that decisions are made "in an open way with comments" by "professional standards that are not subjective" or "parochial."

During his tenure Mr. Burke also indicated there had been "a number of discussions and meetings with municipal operators" which in return has taught the LACMTA "how to become a regional transit provider, supporting municipal bus operators and not just looking to enlarge its own." However, he was quick to point out that "we are not in full agreement" with the county's sixteen municipal operators, "but we have made substantial progress" and wish to have "more discussions," "to open the lines of communication further" with the Municipal Operators.

In closing, Mr. Burke highlighted that the "hourly costs of bus operations has been reduced and the LACMTA is also looking at ways to create competition within its operations;" and he further reiterated that he "will stay until the new CEO is transitioned in."

Question & Answer:

Assemblymember Oropeza: Mr. Burke let me assure you this will not be the last opportunity you'll have to speak to the committee. This is the first hearing and you or your successor will have the ability to make additional comments, our objectives here is not to rush through legislation. Had that been the intent of this committee the legislation would have already been introduced.

I have two questions for you. First, you indicated that your intentions are to stay until your successor has been named, does that mean will you stay until your successor has been put in place? Second, what procedures have been put in place to make the transition smooth?

Mr. Burke: I have told the Board that I care about having this done as soon as possible, but I will stay for a transition period. In regards to staying and helping with the transition, I have had mixed experiences about my staying to help the new CEO, it has so much to do with style and individual

preferences, sometimes it works and sometimes it doesn't. No matter what, I will be here until the next CEO is seated.

Assemblymember Oropeza: Another question I have relates to the cost efficiency of our bus operations: can you share with us if you have any views of organizational changes that could enhance the efficiency side of what the LACMTA does?

Mr. Burke: First, we have increased the cost efficiency of the bus system. It is a constant matter that we are attending to, certainly it takes a lot of time and sometimes our performance is not what we want it to be, but the cost margin has gone down in the past three years. Now that is not to say that I think it is impossible to bring the cost rate down to \$50 - \$60 dollar cost needs, and I want to say I would support that, but it doesn't seem likely for a couple of reasons. If you compare our operating costs to major systems in this country, we are not operating at an inefficient rate.

I think that my understanding is that the reality is as follows, if your operating bus systems is as large as 2000 buses, as we operate, it is impossible to have an operating rate that is comparable to the smaller municipal operators. That makes the question in some sense why don't we have a smaller operating system, such as bus zones? I truly don't know if the zones will ever happen.

Assemblymember Oropeza: So, are you talking about a possible organizational change in regards to bus zones?

Mr. Burke: Yes that would be an organizational change, most likely not to happen by statute. If it is to proceed at all, it must not hurt the council. One other thing we are looking at is whether we are or are not creating competition within our own bus system.

Assemblymember Firebaugh: The number of delegations who are often called upon to support the LACMTA is low, that is unfortunate and I hope that it will soon change. I would like to suggest that maybe a stronger relationship between the CEO and some of us who are called upon in Sacramento to be supportive of your endeavors would be useful.

I represent South East LA County, which contains some of the most transit dependent cities in the County, and for many years, my constituents have heard about the perceived and actual disparity of service. It is not surprising although it is disappointing, especially when we have appropriated substantial resources for the purchase of natural gas burning busses, that very few have ended up serving my constituents.

And I will tell you over the last few years we have tried to work collaboratively with LACMTA on investments and studies for 710 freeways and we have had problems with working with the LACMTA. However, I am pleased to say we have worked those problems out.

Last year, I was involved in the deliberations and conversations with the bus driver strike, and I was frankly somewhat flabbergasted that a 200 million-dollar budget had a transit strike that lasted over a month costing over 21 million dollars. Further, it also struck me then that we did not have that type of relationship so that we, Members of the legislature, had the ability to reach out to members of this Board and to influence them in a meaningful way. That was problematic and continues to be problematic, and I believe that speaks very directly to the governance of the LACMTA.

Assemblymember Robert Pacheco: I share the similar feelings with Mr. Firebaugh, but maybe from a more basic premise. It does appear and there has been some criticism that the basic structural operation of the LACMTA and its accountability does not work efficiently. I am going to be looking at how accountable are the Board members to the needs of the people that they serve, and then what checks and balances are there in place to hold them accountable. That is the basic premise of governance and something I'm very concerned about.

C. CAROL HERRERA, PRESIDENT, LA COUNTY DIVISION, LEAGUE OF CA CITIES

Carol Herrera, is a council member for the City of Diamond Bar as well as the President of the Los Angeles Division of the League of California Cities.

Submitted Written Testimony Inserted Below¹:

The LA County division of the league represents the interests of the 88 incorporated cities in LA County and is engaged in the development of policy in a variety of local governmental issues. Among the issues in which the organization has been involved is the transportation planning and infrastructure of LA County. The division played a leading role in the transportation agency consolidation that resulted in the formation of the LACMTA in 1993.

In response to a growing feeling over the LACMTA, the division appointed a task force of local elected officials from throughout the county to identify and examine issues of concern. In November of last year, the task force issued an issues outline, a copy of which has been provided to the committee here today. The governance structure of the LACMTA was amongst those issues examined by the task force. The task force found that, while another form of governance structure may be appropriate based upon population equity in Los Angeles County, the governance structure should remain a product of local control and through a structure similar to that, which is in existence today. No public benefit was seen in moving toward a directly elected governing Board as has been suggested in SB 18. The existing Board of directors exists largely of local elected officials from throughout the county, and is selected in a manner that provides a level of protection from political influence, which is in the best interest of the public.

Rather than focusing on the governance structure of the LACMTA the task force recommendations are directed at the organizational structure of the LACMTA. The LACMTA is a consolidated transportation agency with a combined responsibility for planning, building and operating a public transportation system for LA County. The underlining goal of this consolidated agency was to achieve an integrated and efficient public transportation system to serve LA County by vesting all transportation responsibility and authority in one single purpose agency. However, the practical application of this concept for the past seven years has identified certain shortcomings. Chief among these shortcomings is that the focus of the agency's planning efforts tends to be on planning a system that the agency can operate rather than on planning a system that can meet the public's transportation needs. Also, the level of attention and resources needed to meet the daily demands of operating the transit system often eclipse the level of attention and resources needed to deal with long range planning.

I have provided the committee with a copy of the preliminary recommendations of the task force.² The basic recommendation of the committee is that the role of the LACMTA Board should be to function as a broad policy making body, focusing on long range planning and revenue development, establishing performance measures and service coordination standards.

Under the organization scheme discussed by the task force, the LACMTA Board would relinquish its responsibility for oversight of transit operations and construction to several subsidiary operating

¹ See Appendices

² LACMTA Task Force Issues Outline and Draft Recommendations (February 2001), attached in the appendices.

units...each with its own governingboard consisting of local elected officials. This structure was actually contemplated in the original draft of the LACMTA legislation, and it appears that the LACMTA Board could implement such an approach with within the parameters of existing legislation.

We appreciate the opportunity to address the committee concerning this important issue and urge you to review the written materials as you continue the examination of this issue.

Question & Answer

Assemblymember Oropeza: Are you suggesting that the Board of the LACMTA have subsidiary boards, not created through legislation to run the transit operation and construction functions that are currently carried out by the LACMTA Board? If so, how would the membership of the Board be composed? Would there be a commonality of Board members from the parent LACMTA Board or would there be a separate selection process?

Ms. Herrera: Yes, one of our preliminary suggestions from the task force would separate the transit and construction functions out from the current LACMTA Board. A separate governing Board would oversee each of the functions carried out by the subsidiary boards. Based on the information received by the task force, they suggest that the new members of the subsidiary board would be locally elected representatives.

Assemblymember Oropeza: Okay, so are you telling me the members of the new subsidiary board would not be the same elected officials that serve on the parent LACMTA Board?

Ms. Herrera: Yes, the new members could possibly be different or they could come from the parent LACMTA Board. As I said, these are preliminary recommendations from our task force and we are still working through these issues and we will have a final report soon...in a couple of months.

D. BARRY BROAD, LEGISLATIVE ADVOCATE FOR AMALGAMATED TRANSIT UNION*Summarization of Transcribed Witness Testimony:*

Throughout his testimony, Mr. Broad expressed concern over the current structure of the LACMTA. At the heart of his argument, Mr. Broad articulated "that the current system in which, the operation of the LACMTA's bus and rail system, the entire planning and programming for the entire county of LA with all of its municipal operators in one single agency is a colossal failure at many levels."

In his opening, Mr. Broad stated that the Amalgamated Transit Union had "for a long time wished to discuss the governance of the LACMTA." He also expressed an interest in the comments from the representative from the League of Cities. Specifically stating that "although we (Amalgamated Transit Union) don't share her (Carol Herrera's) basic mistrust of representative democracy - we do believe that elected members of the transit agencies directly elected do make sense in certain circumstances." "Where I disagree with the representative of the League of Cities is putting someone who is elected to the city council, some small city in the County of LA who got elected with 2500 votes on the LACMTA Board." Mr. Broad does not believe that is representative to the people of LA County. He believes this so, because that person may come from a small city with "a very small transit dependent population with no interest whatsoever in how the transit dependent people in the core of the cities in the County of LA" needs are met.

The Amalgamated Transit Union, believes "that there needs to be a fundamental change to the current LACMTA's governance structure because it is not working appropriately." Most importantly, Mr. Broad indicated one of the major problems is that the "bus and rail operations unit, which used to have a separate Board at the RTD, has no separate political voice, as does every other operator in LA County." He further indicated, as a result of the inability of the constituency, the riders of the LACMTA, to have a separate political voice, several lawsuits were filed. The end result of those lawsuits was the civil rights consent decree in LA ensuring that the bus and rail operation as well as the constituents had a separate political voice.

The Amalgamated Transit Union, suggested that the best solution to the governance problems with the LACMTA is to "look at the model in the Bay area, where you have a 9 county Metropolitan Transportation Commission with approximately 20 transit districts. Some of the districts are very large, like BART, which covers all 9 counties, including the County of S.F., the Golden Gate District, South Bay, San Jose, and Berkeley. All these different political fractions work very well together, and the system works. The LA LACMTA can have the same success as the Bay area."

Believing that the LACMTA would solve all its governance problems by modeling itself after the Bay Area begs the question of, "Why does the Bay Area system work?" Mr. Broad listed several reasons why modeling the LACMTA after the Bay Area might work. First, "(t)he planning and programming agency of the Bay Area is very widely representative and has a much larger membership base." Second, the representatives are from "the cities, counties, transit agencies, federal government, the state government and this is not the place where political power is manipulated." To support this reasoning, Mr. Broad stated that the Bay Area Transportation Commission is "a straightforward organization that dispassionately and fairly, because it is so well balanced, delivers services to that 9 county area." The only difference between the duties of the

Bay Area and the LACMTA is the Bay Area “doesn’t host political battles between one subdivision of government and another and try to pit winners and losers against each other.” In concluding his statements on this subject, Mr. Broad simply indicated that the Bay Area “is just a better set up – and that is the sort of set up that we think that ought to be occurring in LA.”

However, Mr. Broad recognized that if the LACMTA is not going to be modeled and run like the Bay Area it still needs to change. One of his suggestions was that the ATU favors LACMTA “going to an elected Board like BART or AC Transit in Northern California.” Reasoning that the only answer to the problem of balancing out the interests of the County of LA with the Board of Supervisors, City of LA, Municipal Operators and/or the Cities, you need to have an elected board. In particular, Mr. Broad pointed out that by going “to a system of elected officials by district (you create) representation of the population of people who are elected for the purpose of being responsible for operating the transportation system.”

In closing, Mr. Broad recommended that the LACMTA “create something like MTC with a separate board in fact elected to run what would be the actual transit operations, which is now run by the LACMTA.”

Question & Answer

Assemblymember Robert Pacheco: I was wondering if you would comment on the accountability issue regarding the LACMTA.

Mr. Broad: I think that there are significant problems. Obviously a directly elected system is the system where you create the most accountability because people are electing you, not because you are a county supervisor or city council person for your city, but they are electing you to run the transportation system.

Frankly, if you are elected to be a member of the County Board of Supervisors, representing the million of constituents that you were elected to represent, it is not likely that you need to be very responsive on transit related issues as a result of sitting on the LACMTA. Furthermore, the members of the Board of Supervisors for the County of LA, particularly over the period of the strike, were pretty unresponsive and indifferent. Moreover, we felt that a strike happened in LA because there was no accountability and there was significant indifference. I think, had there been structural changes along the lines that have been discussed today – there probably would not have been a strike in LA because things would not have gotten pushed the way they got pushed.

So, now I will say this about governance, if you look at the history of transportation in LA – it is a history of consolidation followed by devolution followed by consolidation followed by devolution. In the 1950s, there were many different private bus and private rail operators in LA, which was not economic, and people realized that transit needs delivered on a regional basis makes sense. You can not have a bunch of tiny bus systems running in an area where you need to move people regionally. And, so we moved toward a system of consolidation, culminating, in fact, in the creation of the LACMTA as we know it today. We have seen this recently, for example in our effort to address the LACMTA’s non-responsiveness to geographic constituents, especially the San Gabriel Valley and San Fernando Valley, there has been a move towards having transit zones. This is a move toward devolution. We don’t believe that the problem is you need to break up the

LACMTA into regional operating units and have a bunch of little bus operators again, because that is fundamentally inefficient and doesn't make sense in a modern society. That doesn't mean the LACMTA should not be responsive, it should be responsive to the needs of those people in the San Fernando Valley, in East LA County and the needs of people in the South Bay.

On the whole, devolution for its own sake in public transit is not a good idea. If we get there we will just be back in some future committee that looks just like this, but with different committee members that say the same things, who just put the whole thing back together again.

I think we should be careful not to equate appropriate changes of governance and accountability with breaking up systems willy-nilly to create tiny regional bus systems.

E. JACK GABIG, DIRECTOR OF MUNICIPAL OPERATORS ASSOCIATION*Submitted Written Testimony Inserted Below³:*

The Los Angeles County Municipal Operators appreciate the opportunity to speak with you at this information hearing regarding the LA LACMTA governance issues. As chair of the LA County Municipal Operators Association (LACMOA), I will share with you longstanding concerns regarding LA LACMTA's role in planning and programming funding transit operations throughout LA County.

LACMOA represents sixteen public transit operators in LA County who share regional formula funding with LALACMTA. These transit systems, some of which began operations over 75 years ago, have become known as the "MUNI's" because each is either solely owned and operated by a municipality or is owned and governed by a group of municipalities through a joint powers authority. Collectively, the MUNI's provided 27% of the County's fixed route transit service in FY 2000, for an average cost of \$60 per service hour (carrying over 1 million passengers annually). We present a system comparable in size to that of Baltimore or Miami or Dallas, it is a sizable operation – and we look at it as one collective entity. Six times over the past eight years, various LA Municipal Bus Operators have been recognized by the American Public Transit Association as the most outstanding transit system in North America.

The Municipal Operators have struggled with the LA LACMTA governance issues since its inception in 1992 with the passage of AB 152 (Katz). This legislation merged the LA County Transportation Commission (LACTC), and the Southern California Rapid Transit District (SCRTD) into a single agency. In other words, the agency responsible for countywide transportation planning, coordination and programming was consolidated with the county's largest single operator of transit services, creating opportunity for serious conflicts of interest. Recognizing this potential conflict of interest, the Municipal Operators were provided legislative protection as part of AB 152, which established reserved service areas and some funding protection.

Regardless of the governance structure, the County's largest Transit Operator has a long history of living beyond its means, over-committing to projects that had no possibility of being fully funded (rail), bonding future revenues which crippled the ability to address other needs, and operating inefficient high cost transit services at substantial annual deficits. As demands to finance the LACMTA's high cost bus service have increased, funds intended for countywide service improvements, expansion, congestion relief, and air quality improvements have been funneled to LACMTA's bus operations without adequate regard to the needs of the county as a whole. Attempts to work with agency staff and the governing board to assure countywide distribution of transit funding has developed into an ongoing perpetual battle to assure equitable access to transit resources for all bus riders in the county.

The inability of LACMTA's governing board to develop a coordinated, comprehensive and realistic direction for the organization has resulted in abandoned planning efforts and wasteful spending. Parochial concerns and commitments to special interests have limited the Board's effectiveness in

³ See Appendices

providing improved use of resources for countywide transit improvements. The Board's ineffectiveness has produced an organization lacking in consistent leadership and credibility. This is reflected in the frequent turnover in CEO's and key executive staff throughout the agency (5 CEO's in 9 years). Municipal Operators work with LACMTA staff is made even more complicated as LACMTA staff assignments are in continual flux. There is a pervasive inability to make decisions at every level in the organization, creating an overly bureaucratic structure that is slow to react or implement needed transit improvements.

We are very supportive of the recent direction that CEO Julian Burke has taken, especially in reigning in an overly ambitious rail capital program (and in moving to update the County's Long-Range Transportation Plan). However, what is missing is an authentic partnership with the Municipal Operators to provide the best quality and cost effective service to the county's residents. Instead, the agency continues to expand a regional bus operation prone to deficit spending and mediocre service.

Below we have listed a few key recommendations for your consideration:

1. Ensure that a fair and equitable distribution of all bus funding sources is provided to the Municipal Bus Operators,
2. Encourage the LA LACMTA and its new CEO to develop improved relationships built on openness and trust in order to regain credibility,
3. Provide mechanisms to assure that the needs of the LACMTA's Bus Operations do not conflict with the LACMTA's regional responsibilities for countywide planning and programming,
4. Encourage the LACMTA Board to actively seek opportunities to end service duplication and to allocate services to the most cost efficient and responsive service provider,
5. Decentralize the LACMTA Bus Operation or break it up into smaller operating entities. This would result in increased accountability, cost efficiency, flexibility and responsiveness to customer needs.

I appreciate your interest in the opinions of the Municipal Operators. We pledge our willingness to work with you and the LA LACMTA to improve bus transportation for all of our customers throughout Los Angeles County.

Question & Answer

Assemblymember Oropeza: I do have a follow-up question to your first suggestion, which related to the fair and equitable distribution of resources. Can you talk about, any ideas or suggestions you might have with going about doing this? And second, how might that be accomplished in terms of governance or structural changes?

Mr. Gabig: Our problems with the equitable allocation of funding really escalated when the LACMTA was created and the conflict between internal operational needs and those of other operators resulted in, what we believe, inequitable distribution of funds. Certainly, one solution that we would suggest would be a separation or a firewall between planning and programming and their bus operation. There are various alternative ways of doing that, but that goes back to breaking up

the agency again and setting up an independent governing boards for operation, and a separated governing board for planning and programming, as we had in the past.

Assemblymember Firebaugh: Could you please comment on the notion that perhaps the lack of leadership on a regional basis might be an inefficient way for voicing public concern and equitable representation to the various constituents. This doesn't sound to me as though it is very consistent with your view, is it?

Mr. Gabig: My personal view, which I can not state for the Operators, but my personal view is that it is not due to the governance here in LA County. For example, you might also look at what has happened in the Bay Area. Most of those elections have very low turnouts and are not representative of the City. I think you can look at better role models, especially the one right here in LA County, where Jenny worked with Long Beach, on an appointed Board with non-elected members. They did an outstanding job of providing critical needs and addressing all the needs of the constituents. Long Beach is one of the outstanding examples throughout California, and the Nation, that has been recognized several times by ACT and other organizations for its efficient, timely and cost effective service. What often happens with elected officials, not always, but having elected officials on a Board can make issues worse than they really are and the issues become politicized with the decisions controlled by fewer and fewer constituents who happen to be obligated to the elected members.

I think the most critical aspect of governance is responsiveness to needs.

Assemblymember Firebaugh: Please comment on the present composition of the Board. What are your thoughts on the existing structure?

Mr. Gabig: If you look at the evolution of the LACMTA during its 9 years of existence there has been a real focus primarily on capital investment. Where has that investment gone? That investment has been primarily focused in the center city, benefiting many of those constituents who are upset with the quality of service. So, there is a strong bias, I believe, toward LA City through the Board composition, as well as strong investment in that direction.

Take this one example, the Pasadena blue line extension required your assistance during the project to bring it back on track because funds were not sufficient to complete that project, because capitol dollars were diverted to the City of LA. There are many transit dependent, transit needy residences throughout LA County; they don't all live within the City of Los Angeles. However, the Board does not necessarily see that. If you look at the rider profile of most of the municipal operators they are very comparable to those of the LACMTA; and representation I believe, needs to be strengthened to represent all County residents. In my view the current representation of the Board is biased toward the City of LA.

Assemblymember Firebaugh: We're grappling with the question of governance of the Board and if it needs to be improved at all, and if so, in which direction. I didn't see any recommendations to that effect in your written testimony and I am wondering if you will be making a recommendation relative to the governance of the LACMTA? Its composition and otherwise?

Mr. Gabig: That is certainly something we are, and will be grappling with as your work unfolds, it is not something we have actively involved ourselves in. In fact, during the deliberations on AB

152 we chose to remain neutral, primarily because there were protections put in regard to our funding sources, but as your work unfolds and ideas surface, we are willing to take a look at all the ideas on governance.

Assemblymember Robert Pacheco: I continue to follow this line of questioning in terms of accountability. One of your paragraphs in your presentation starting out on the second page...“the inability of the LACMTA to develop a coordinated, comprehensive and realistic direction for the organization has resulting in abandoned planning efforts and wasteful spending.” I need to point to what seems to be inability on the part of the LACMTA to make decisions. Moreover, their decision making processes is also not being carried out effectively. Who are the Board members accountable to, when they fail to make decisions or for failure to make commitments that are in the benefit for the greater LA area? My question to you is how do you see that problem working out, what form of the Board structure do you see can create a form of accountability to the Board and the governing aspect of the Board?

Mr. Gabig: I would go back to my earlier suggestion that there be created a separation between the responsibility to plan, program and coordinate services regionally and the operation of the largest regional operators. Those conflicts are very hard to overcome by Board members and staff, the issues become pretty cloudy and decisions are not always made that are in the best interest of the region as a whole, because there is a responsibility to also support and direct the largest operation. So, I believe the current structure where you have an operating agency and the planning and programming function merged into one agency makes accountability rather difficult.

F. LAURENCE W. JACKSON, PRESIDENT & GENERAL MANAGER, LONG BEACH TRANSIT

Mr. Jackson has been the CEO at Long Beach Transit for approximately 25 years. Throughout his tenure at Long Beach Transit, he has had the opportunity to work with the RTD, in the 70s and go through the moves and the legislative fights Long Beach Transit had in Sacramento to insure there would be a sharing of funds to all the operators. Therefore, his involvement with the RTD, LACTC and with the LACMTA, has given him the background and knowledge of the history surrounding these agencies.

Submitted Witness Testimony Inserted Below⁴:

I appreciate the opportunity to speak to you on behalf of Long Beach Transit, and I thank you for calling this informational hearing.

Coming from Long Beach and having served on the LACMTA Board, you are familiar with our county-wide transportation network and all of those that provide transportation services in the area.

And, as a past member of the Long Beach City Council, you are aware that Long Beach Transit is the largest municipal operator in LA County in terms of riders, with approximately 28 million annual boardings in a ten-city area. We are nationally, as well as locally, recognized for our exemplary service. We are consistently ranked among the top ten transit systems in the country in a nationwide study conducted by the University of North Carolina. And, we have experienced a 30% growth in the last several years.

We anticipate a continued increase in ridership due to our changing local economy and population growth. Because of this surge in ridership, we experience reports of overcrowding at a rate of 1,200 per year, which greatly exceeds Long Beach Transit's performance standard.

Long Beach Transit has responded to our increasing number of customer boardings by adding service hours within the limits of our operating resources. However, we have reached the limit of our financial capacity to add service. In order to meet the needs of our customers and maintain the integrity of our system we should be increasing service by 15%. At present, we do not have the financial ability to add this service.

When the State Legislature created the LACMTA, we expressed our concern over combining into one agency the responsibility for programming regional transit funds and being the largest operator of service. Specifically, we were deeply concerned that the LACMTA would be tempted to consider its own operating needs at the expense of the other transit providers in LA County. Responding to this concern, the Legislature enacted certain safeguards, which have been helpful and appreciated by the municipal operators.

Unfortunately, the LACMTA has indeed allocated financial resources to its own operation without providing a fair share to the municipal operators who serve more than 100 million boarding customers each year at a cost per hour dramatically lower than the LACMTA. As a result, the municipal operators have had to continuously approach the LACMTA to request their proportional share of funding. In some cases, we were fortunate that the LACMTA Board favorably responded

⁴ See Appendices

to our request, overriding internal staff recommendations. However, the task of having to go before the Board each year creates tensions with the LACMTA, and redirects our attention from the needs of our riders who are most important to us as transit providers. We are here to ensure public transit riders can move about all of LA County in the most cost-effective, efficient and user-friendly manner possible.

We believe the LACMTA has two problems related to funding:

- 1) in its efforts to proactively develop its transit system and increase ridership in its service area, it forgets about the rest of the county; and
- 2) the SCRTD, and now the LACMTA, has a long history of not operating within its budget and constantly seeking additional funding.

The municipal operators must balance their budgets. This is not the case with the LACMTA operation. They are able to take money from other sources and give it to themselves when they have shortfalls. By providing themselves with additional funds, outside of what is their fair share, the LACMTA is able to back fill their shortfalls. We believe that just as we are asked to operate within our means, the LACMTA should also. When additional funds are allocated for bus operations they should be distributed fairly to the LACMTA and municipal operators, not just to the LACMTA.

Lately the LACMTA is attempting to reach out more to other transit providers on service issues and to begin developing a seamless public transit system for all riders. One example is collaboration on a countywide disabled rider identification card. Another example is attempts to develop a Universal Fare System, which several municipal operators actually implemented prior to LACMTA. Another example is this year's Short-Range Transit Plan for coordinated service, which we are all now just beginning to develop. We hope these are indicators of LACMTA's broader view of transportation in the county.

However, we do have on-going concerns about the LACMTA's ability to act as transit provider and countywide planning/funding entity. Long Beach Transit has experienced over many years how LACMTA's needs as an operator supercede that of the municipal operators they have agreed to work with and provide funding for.

In conclusion, we believe that until the LACMTA gives due emphasis to its responsibility as countywide transportation planning and programming agency, we cannot be successful in jointly addressing transportation issues throughout the county. Such a new perspective must come not only from LACMTA staff but also from all Board members.

LACMTA has a unique opportunity now to take a broader perspective with a new CEO coming onboard and six of the 13 Board members soon to be new.

The Board should consider various proposals that would support this new approach, such as setting up individual Boards for each of the three divisions of LACMTA: planning and programming, operations, and construction.

Again, I want to express my appreciation for your efforts to address LACMTA's governance structure, and we look forward to continuing to work with your on this matter.

Question & Answer

Mr. Jackson: I would just like to add that Long Beach is the 40th largest system in the nation and we get lost and ignored in part because of the size and magnitude of the LACMTA. But, it is too bad Julian (Burke) left because I agree with him, Long Beach does not aspire to be compared to the LACMTA and he was talking about comparisons with New York and Boston.

The costs of running things in Long Beach, we're a public non-profit corporation, wholly owned by the city of Long Beach and we don't have the ability to have overhead or any other costs moved to other departments or locations so, our costs really are more than what we say they are. They are, in fact, audited for every penny that gets spent in our operation whether it is myself or anyone else as part of our operating cost.

And what I wanted to do to supplement Jack's (Mr. Gabig's) testimony, was to bring to you the narrow perspective of a staff member. During my 25 years at Long Beach there has never been enough money so it is an annual fight that we have as an operator, and the county as a municipal operator to try and make sure that funds are shared throughout the entire county.

Today, I want to applaud Julian Burke. I am a big supporter and I think he has done a marvelous job with the Board and with the organization in bringing reality in terms of the future of that organization. But, today I think that in my mind because of the pressures on the LACMTA, whether it be the consent decree, new construction for rail or other internal costs, my personal opinion is that this is the most contentious time, the most difficult time that we have had at a staff level in my 25 years of dealing with the LACMTA and the LACTC and RTD.

I personally want the municipal operators to be a positive partner in shaping transportation solutions in the County.

I don't want us to be perceived as competitors or the enemy in trying to take money from the LACMTA, but we are at a crossroads right now in terms of our organization. It is not so much this committee, but what we have as Jack (Mr. Gabig) said – we are about to have our 5th CEO of the LACMTA in nine (9) years of its existence. I really, really hope that we get a transportation person who has transit, broad transportation experience that can provide the leadership and direction that this organization needs. Julian (Mr. Burke) stepped in to a very, very difficult situation, coming out of an industry and you heard him say that this was the most difficult challenge that he's faced in his career, this business is not an easy one. It is not one that we take lightly and I hope that the LACMTA Board's governance recognizes that, and uses this opportunity to bring in an experienced transportation professional to give the Board the advice that it needs as it moves forward.

Lastly, a parochial Long Beach comment. As you move forward, I don't have the ability to, as a staff member, to say elected vs. non-elected for you as a legislative body or for the LACMTA, but I know that speaking on behalf of Long Beach we're a city of nearly-500,000 – 1million people. Long Beach Transit serves a million in our service area, and when the LACMTA was formed, we lost the LACTC in its role as the planning and programming agency, thus Long Beach lost its representation. The City of LA kept the Board of Supervisors, kept their same representation, but Long Beach, which had to dedicate its seat – lost its seat. Thankfully, we had councilwoman

Oropeza who ran and was part of the process and served Long Beach. But, we have no direct representation for 500,000 – 1 million people and that is a purely a parochial and narrow minded comment, one that has stuck with me as a CEO of an organization that as we move forward, whether it is elected or that we have a change in governance as an organization.

I hate to be fighting and seen as the enemy or out in the Suburbs, but Long Beach is a City that has and was in the last week recognized as the most diverse city in the entire U.S. And, we have a highly transit dependent population (28 million plus) a year, and if we were in another part of the U.S. we would be recognized and have representation. Again, we are probably the 40th largest transportation system in the county so we're an agency that works hard and has been recognized positively and we look forward to the LACMTA and with you on working on solutions that you are going to craft for the governance of the LACMTA.

Assemblymember Oropeza: Mr. Jackson, your comments on direct representation is not lost on this member. How is Long Beach Transit, as the largest Municipal operator in LA County, not withstanding LA, going to deal with the growth and change in demographics that the next twenty years is going to bring?

Mr. Jackson: We are continuing to slowly grow our organization, in terms of ridership we are growing approximately in excess of 5% per year for the past 5 –10 years. When I started we were carrying something like 9-10 million people and now we are carrying 28 million people, so we have tripled in size in the years that I have been around.

One of the real difficulties that we have had, is trying to work out the latest dispute we are having with the LACMTA on funding, because the LACMTA has such tremendous pressures on itself for its' own operation, and this currently is an issue with the need to provide more services on its bus operation, because the consent decree demands it to help with the overcrowding in LA. What we are fighting for, is trying to get a portion of that money in order to deal with the overcrowding that we are having in Long Beach.

As you said Ms. Oropeza, Long Beach in terms of growth, we could expand by probably 10 or 15% tomorrow if we had the resources, and hopefully we will be finishing the discussions that have been going on for a while (over 2 years) on this latest issue, and be able to craft a solution that all of us can agree to and live with.

It is just sad that 90% of the time that I spend in my relationship with the LACMTA is with ongoing disputes about funding, rather than us looking at the future, looking at regional, looking at what are the best solutions for the County. We are mired in these fights every year and it is not good in the end for Long Beach, it is not good for the LACMTA and it certainly is not good for our blood pressure for those of us who are in the middle of it.

Assemblymember Oropeza: Would it be your feeling that, that is a function of the way the structure works, this sort of competitive kind of notion? Or is it just the players involved?

Mr. Jackson: It was an annual fight with the RTD. When LACTC was formed, it was a separate agency that could mediate those issues and disputes. With the formation of the LACMTA, which others have spoken about, we combined the planning & programming and the operation; and I testified several years ago about the potential fear that I had about the inherent conflict of interest

consolidating the agencies into one would have. My perspective is that the pressures are so great on the LACMTA on the terms of the needs of the operation, that it is very difficult not to say that my operating needs are more important than the operating needs of the customers elsewhere in the County.

That is not a criticism but a reality in trying to run a system. I would be in the same boat if I was trying to make ends meet operating under the same structure.

Assemblymember Robert Pacheco: Is the structure of your transit system pretty much the same as Foothill transit?

Mr. Jackson: We are distinctly different, Long Beach is a California Non-Profit Corporation. Thirty-five (35) years ago in their infinite wisdom they decided that we would be a corporation and not a department of the city or any other special state organization. As such, I have a seven (7) member lay person from the community board of directors appointed by the City council. In the end, we continue to run as we were from the private days as a business.

Assemblymember Oropeza: Could you please explain what Foothill Transit is in a nutshell?

Mr. Jackson: It is a conglomeration of cities that got together a JPA, to run its transit system.

Assemblymember Robert Pacheco: I used to serve as an alternate on its Board, so I know the structure. But, essentially I am trying to compare the governance aspect because obviously you are very effective in the aspect of governance and the way that your operations are actually performed, and Foothill Transit is very successful in their operation as well, low cost and very high reliability. You have the same, as far as I know, the same characteristics and you are known for the same kind of values in customers, so their governance is appointments from the local government, local city appointed to a member Board - yours is a similar process.

What I am looking for -- is an accountability aspect. How do we expand what works on a regional basis like yours does, to something like the LACMTA?

Mr. Jackson: Again, mine is a staff perspective. There is something to be said for continuity -- and hiring -- and I am not speaking for me, but having good management people. Part of the reason for the success in Long Beach is the continuity that we have. We haven't had a directional change in our organization at the staff level multiple times and this is same thing with Foothill.

However, the big difference between Long Beach and Foothill is that we are an operator, we operate, we run all of our employees from part of our corporation, but the big difference is that we are under Union organization. Barry Broad spoke with you and has been with us since the history of our existence. Furthermore, our cost as a non-profit corporation goes into the salaries and wages of our employees. We are the holding company or managing company who then contracts out with the private operators, part of the dilemma and part of the political discussion that will go on is the issue of zones and others. Our model is one that works, it is one that I don't think would be in dispute from a union point of view because we have, and always have had, full bargaining rights, the same with ATU operation that we negotiate and contract. But the issue for us is, and I personally don't know if it matters as much if you have elected or appointed officials, the key from a staff level point

of view is, you have to hire seasoned experienced visionary people to help run your organization and then you give them the support and direction.

If you can do that and keep people around for a period of time, then this organization as started under the direction of Julian Burke has come from the ashes and I think it can continue to make great strides.

Assemblymember Robert Pacheco: I'm not trying bash Mr. Burke, we're obviously looking at a resolution of a problem and what seems interesting is, the governance aspect of your organization which includes union membership and participation by the unions is similar to the LACMTA, but you are more effective than the LACMTA. What I am asking is, what do you contribute that to, the members or the composition of the Board? Is it how responsive are they to the communities and what accountability do they have that makes them more effective than the LACMTA Board members ?

Mr. Jackson: I have seven lay people whose accountability is to the City council. They can hire someone else and fire me if we do not do a good job for our community. That is where the rubber meets the road in terms of Long Beach. We don't have the same political pulls and tugs, we don't have the magnitude of operation that the LACMTA does, but for us if we're doing a good job, we don't have the lawsuits, the disputes with the outside forces that are suing us – we have an experienced staff. It is not that Long Beach is again off in another planet or in another world, Long Beach has the diversity and has the same aspects and problems as LA.

Honestly, I really don't have a governance solution for you – what I do have is a staff perspective that says you hire the best people you can. Our Board does not get involved in day to day operations, our Board does not get involved in hiring or firing, our Board gets involved in major capital expenditures and hiring me and balancing our budget, setting fares and that is the limit of our involvement. If in the end we are not doing a good job, I get fired and the organization does, but that is where we are.

G. ROBERT HILDEBRAND, GARDENA MUNICIPAL BUS LINES*Submitted Witness Testimony Inserted Below⁵:*

I also have worked in the field of municipal transit in LA County for the past 22 years participating on a number of countywide committees and working groups. We would like to thank you for providing us with this opportunity to testify on the important subject matter of LACMTA governance and structure.

The LA County LACMTA was created by the passage of AB 152 (Katz) in 1992. As your know, this legislation merged the LA County Transportation Commission and the Southern California Rapid Transit District into a single agency. This action brought the entity responsible for the allocation and distribution of transportation dollars together with the largest single operator of transit services in the county.

At the time, many feared a serious conflict of interest was being permanently institutionalized within this newly created agency. Over the past eight years this conflict has proven more serious than we had expected.

From an historical perspective, this merger took place at a time when the RTD had been unable for many years to operate within its budget without running a deficit. Time after time, the LACTC had to bail out the RTD with special emergency funding allocations. Thus, no one should be surprised that the merger of these agencies has resulted in favoritism being shown by the LACMTA towards its own operating needs.

Both the management and the LACMTA Board have appeared to have developed an ongoing practice of funding their own agency's needs first. This stems from their belief that money for which they are only a clearinghouse for is in fact their money. Some funding sources are mandated to be distributed by adopted formulas. Others, such as local return sale tax dollars, must be returned to cities based on their population. However, with all other fund sources, the LACMTA approach has been to fund their own service and projects first.

In the transit area, this has often been the case with federal CMAQ monies and with local proposition C discretionary monies. With general "call-for-projects" funds that are available to cities, the LACMTA first decides internally how much is to be made available only after taking huge amounts off the top for their own projects.

As a result, in recent years, the LACMTA has found the funds to add new services such as the metro rapid buses while still having to cover an operating deficit. Funds have also been found to study and design new fixed guideway services such as the eastside rail line and the exposition line. In contrast, municipal operators have had no funds available for new service and have felt compelled to initiate legislation simply to obtain their fair share of bus funding that should be available to all included operators. In Gardena's case, we serve 6.5 million annual passengers and experience significant overcrowding at peak periods that we are unable to address.

⁵ See Appendices

We would like to suggest that a possible alternative to such specific legislation would be the re-establishment of a county transportation system in LA County. This commission would operate independently from the LACMTA and be responsible for the allocation and distribution of all transportation funds in LA County (need unbiased money handlers – with no political affiliation). It would also be responsible for performing countywide transportation planning. It would operate neither transit services nor capital facilities, nor would it undertake construction project, although it would allocate the funding to pay for them.

Such a new agency could be easily carved out of the existing LACMTA for little or no additional cost. The resulting positive impacts on the fairness of the process for allocation of transportation dollars would be huge and could be realized within a year of passage of implementing legislation.

We have no recommendation regarding the size or composition of a governing Board for this agency, as long as it fairly represents all of the diverse entities throughout LA that provide transportation services to the public.

If the legislature should not opt to re-establish a transportation commission, how might the conflict of interest issue be addressed within the present institutional setup? How might an internal 'firewall' be constructed at the LACMTA to make the fund allocation role be independent of the rest of the organization? This is a very tough question.

We've had some suggestions this morning that possibly the LACMTA could become a multi-board agency with independent boards doing the different functions. No organizational example comes to mind that would guarantee the independence necessary to fairly allocate funding to all agencies eligible for it. The examples suggested by other testimony of three independent internal boards might be a possible solution.

Further, the conflict of interest problem contributes to the approach the LACMTA take toward countywide planning. Most recently, this is reflected in the current draft long-range transportation plan. In many portions of the plan, and particularly in the bus transit area, the LRTP is written from an LACMTA first perspective and is not operator neutral in its discussion of bus transit needs and priorities. Focus is placed first on the needs and priorities of the LACMTA ahead of all others. In conclusion, once again, I would like to thank the committee for this opportunity to provide our input. I will be available for the remainder of the hearing to answer any questions.

H. YVONNE BRAITHWAITE-BURKE, CHAIR OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY & LOS ANGELES COUNTY SUPERVISOR, SECOND DISTRICT

Summarization of Transcribed Witness Statement:

Ms. Braithwaite-Burke is the current Chair of the LA LACMTA Board as well as a County Supervisor for Los Angeles County District. She expressed her appreciation to the Committee for having the hearing to "give everyone an opportunity to have his or her input on the governance of the LACMTA." During her tenure on the LACMTA Board she has worked under both the Southern California Rapid Transit District (SCRTD), as well as the current LACMTA model of governance structure.

She explained that part of the consolidation issues on governance comes from issues that "have not even been resolved as results of bring those (SCRTD & LACTC) two agencies together." Further, she mentioned, the LACMTA still has "some of the problems as a result of having two different agencies, who have had different backgrounds and different orientations, and who look upon their duties as the most important." Therefore, Ms. Braithwaite-Burke stated that the LACMTA has been "in a process over these last seven (7) years of bringing these two entities together and try(ing) to mesh them" with "all of these kinds of issues that we have been trying to work out and put these two agencies together."

She also pointed out that "after this new agency was formed, with new responsibilities, it was also a time of tremendous recession for Los Angeles County and California." As a result of the recession in the early 1990s, very little resources were available to be put into transportation, which made it even more difficult for the new agency to meet all of its duties, Ms. Braithwaite-Burke explained. "In addition, as a result of having the lack of resources we were unable to really move forward with those projects that had been planned and those projects came to a halt." Thus, "after we were under Federal Direction to stop moving forward with any projects except for North Hollywood, the legislature determined that they wanted the Pasadena Blue Line, so another agency was established to handle the Pasadena Blue Line, even though we had been directed by the Federal Government not to go forward with any other projects."

Next, Ms. Braithwaite-Burke discussed the lack of busses. The result, as she sees it of not having enough busses is a "lack of moving forward with some of the plans that should have been moving forward because of this whole issue of lack of resources and tremendous confusion in terms of the kind of direction (one coming from the State and one coming from the Federal Government)." However, she mentioned the LACMTA is now moving forward and the "busses are being replaced."

All in all, Ms. Braithwaite-Burke believes that the LACMTA is doing very well despite its rocky past and shortage of funding. She indicated that the eastside is still moving forward, even though its intended use was stopped by an initiative and the rail is now going above the ground except where "it is absolutely necessary in order for it to be maintained" that the rail go underground. Also, the "new resources and clarity of direction has bought success with new projects," such as the Bus Rapid Transit and Metro Rapid Bus, which have exceeded anyone's expectations.

In the next couple of months the Board is going to be faced with a turnover of several new members. Ms. Braithwaite-Burke pointed out that the new mayor will have four (4) new appointees, there will be a new Board president, two new members from small cities and possibly a couple of newly appointed members. Thus, she emphasized that "(w)hat you are going to see is half or almost half of the Board being made up of absolutely brand new members in the next three months." Therefore, "(s)ome of the criticism that may have been directed at some of us in terms of goals, attention or even attempts to try to bring (this) agency into financial stability, some of those criticisms are going to have to start over because there is going to be a whole new group of people and a new CEO."

For that reason, Ms. Braithwaite-Burke explained that the LACMTA with its new members and new Mayor is going to go through a period of "new orientation, because there is just no way to avoid it." But, she does believe that the current structure of the Board that is in place is "one that does provide for the close type of representation in terms of the people." There is representation from the small cities, who are "selected by those Mayors and Council people from their area...(s) they are people who tend to have a real direct and close contact with their constituents." Each County Supervisor "represent(s) about 2 million people." But, "if you say you are going to take one or two Supervisors and put them on the new agency, you are going to have a total of 6 million people in the county of Los Angeles who will probably have no one representing them." "The Mayor of the City of Los Angeles and the appointees there, have to realize that is a City of approximately 3.5 million people and usually there is an appointment of both public and private people and there is the opportunity for private sector to be involved."

Accordingly, Ms. Braithwaite-Burke asked the question of, "What is the best structure for the LACMTA Board and how should it (the LACMTA) be governed?" Her response was to request for more time before the Legislature considers changing the structure of the Board. She indicated that it has only been 8 or so years since the LACMTA's creation and "you (the Legislature) has really not had a chance to see how it works." Furthermore, since a new mayor was elected and the Board is going to change drastically, Ms. Braithwaite-Burke wanted to give the new Board a chance to see "how it will work with a new mayor." Moreover, she believes "it's an advantage to the LACMTA to see different people, different backgrounds and different input" working together first, "rather than judging a structure on one given group of players or group of people."

However, she did acknowledge the importance of looking at the governance structure of an organization, but she also believes "it becomes not always a good idea to keep changing because then you never get a chance to see what is going to work." "In addition, I hope the changes are not in any way influenced from any of the labor disputes that have come about or any of those of those issues that have come about." Ms. Braithwaite-Burke felt very strongly that how an "agency reacts to whether it is a labor dispute or an issue in terms of a law suit, depends on those people who are serving at that time and there is tremendous change in what we will see as far as new people coming along." Thus, she requested the Committee to take a wait and see approach and to give the new members of the Board a chance to prove they are accountable.

Next, she praised the Board's work ethic over the past couple of year. Specifically, she believed that even though the LACMTA has not been able to completely meet the needs of the people who are transit dependent, "because the demand for new busses and the cost for operating those new busses is something that we have to find the resources to do that;" they are attempting to do their best. However, Ms. Braithwaite-Burke expressed her view that it is very important to her that "the

transit dependent are safe, by running an efficient system to meet their needs and is efficient and has the kind of schedule that provides the ability to move around this huge area, as efficiently and as fast as possible.”

In closing, Ms. Braithwaite-Burke indicated the LACMTA has a “challenge to get people out of their cars and into public transportation; and unless we do that our freeway system is going to be non-operating.” To show how the LACMTA has met some of the challenges, Ms. Braithwaite-Burke showed the success of the LACMTA of late.

I do think that what’s happened with the rapid bus is a tremendous success and probably one that has not been parallel anywhere but we are going to see a lot of people copying it. If you look at the Blue Line, it has more passengers than any other light rail in the country. ... (T)he Green line has been more successful than we would have ever believed. This is not the kind of place that people would really hate to get out of their cars, but we have made some small move in getting people out of their cars and into public transportation, but we have to do a great deal more.

However, she was quick to point out that the LACMTA still has a lot more to do “in terms of upgrading our busses, and ... seeking to use alternative forms of transportation other than cars.” But, “after serving as Chair for the last two years, I’ve been very pleased with the progress, but I note that we are going to have to do a lot more.”

Question & Answer

Assemblymember Oropeza: For the record here, I am a great admirer of your strength and leadership that you have shown as chair of the LACMTA, especially during some extremely difficult times last summer.

The speakers who have preceded you, have spoken about this other level we have questioned about, in terms of governance and structure. They question whether the consolidation of roles that occurred under the legislation has created enough equity around Los Angeles County in terms of perspectives relative to any one else other than the City of Los Angeles. They also feel that the bus operators do not have their own voice because it is a part of the overall LACMTA structure and therefore, does not have as the Municipal Operator’s do, their own opportunity to advocate separately.

Could you please comment on these concerns, since you came in under the old system and now have lived in this system, your views on equities, fairness and whether this is the best structure or if it merits revisiting?

Ms. Braithwaite Burke: Let me first address the issue of the Muni’s vs. the LACMTA. Every time there has been a vote relating to the Muni’s, I have found that the Muni’s win on those votes with the LACMTA. The reality is that, a majority of the members on the LACMTA represent areas that have municipal systems. A good example is the legislation, which is the Calderon bill pending at this time; every time we have taken a position vote, the vote has been consistent with the Muni’s position. Now, there is a need to have greater coordination between the Muni’s, starting with a universal fare, coordination of scheduling and a transfer system.

Now let me address the question, was the old system better? I think the reasons we have the problems right now is because the old system had great expectations and did great planning and set up a tremendous long range plan, and the people who had to carry it out had no money to do it. LACTC acquired right of way throughout this entire region for rail, but when we got over to start and try to build that rail there was not a sufficient amount of money to build. Most of that right-of-way sits vacant, will it ever be developed? I don't know, but everyone wants to continue to say at least through the Valley that the right of way will certainly be developed, if not with rail, then maybe eventually, but right now it will be with bus rapid transit.

The problem gets to be with those who have tremendous planning aspirations, but do not provide the money to carry out those aspirations. They are not required to identify the money and they're not necessarily taking into consideration that the capital is the number one consideration, with the big cost being operation and that is what we are really worried about with Pasadena. We have established an agency that is going to build a system for the Pasadena Blue Line. Now they have no real requirement or need to make sure they build a line that is going to be easy, cheap and efficient to operate. In fact, the incentive is to spend as little money as possible within your budget and not worry about the longevity because what you buy because it is not your responsibility. That responsibility is going to go over to the LACMTA who is going to have to operate it and spend the money.

So, if there is some way that you can get over what has been the result of that division, because right now we are suffering from the fact that there were all of these plans that were started and expectations of the community but no money to carry them out. However, I believe that it is very important that planning, construction and operations work hand in hand so that we don't have long-range plans where there is no ability to meet the financial needs of carrying those plans out.

Assemblymember Oropeza: Does it make sense to look at separating operations from the planning and construction and other functions?

Ms. Braithwaite Burke: If there were allocated adequate funding for those operations, because the biggest problem we have is we could go out and buy all the busses in the world, but you have to have someone to operate and maintain those busses and your major costs are in the operation and maintenance. So, some of these things look great on paper, but when you try to put it in place and you have a revenue flow that you have to establish and realizing not only is your largest cost there, but your increase in costs in operating, there are problems. Every time those bus operators get a raise, every time the maintenance operators get a raise there is an increase in the operating costs that you may have allocated in the beginning, but never assuming that it is going to be increased at the same amount. So, many concepts sound excellent, but there has to be a revenue stream that follows it and a revenue stream that has an ability to grow, just as those plans that are developed come into fruition and go into operation.

Assemblymember Robert Pacheco: I would like to follow up on a question that I have basically asked every speaker. Can you please comment on the concerns regarding the accountability aspects of the Board? How do we structure the governance of the Board to make it more accountable, not only for planning / expenditures but, for trying to make sure there is accountability not only with checks and balances, but accountability for the performances of the services. There has been criticism that the Board does not seem to be accountable, why do you think that perception exists?

Ms. Braithwaite Burke: I think that is the perception that people have for all of us, who hold elected office. But, ultimately since the majority of people are elected, I can say in terms of my experience, the calls that I get in my office, that I have to respond to, people do not distinguish between whether or not it is my duty as a Supervisor or whether it is part of my duty with the LACMTA to address their concerns. For example, there was one man who couldn't find a restroom in making his connections in going through one side of town to the other. So, he wrote to me as his Supervisor and as his representative on LACMTA.

Truthfully, the question of accountability is one that is very difficult. We have people who are on that Board who represent probably as few as 30,000 people. But that doesn't necessarily mean that they are not accountable to everyone who is part of the system. However, those of us who have larger constituencies, you can believe that every place that we go, we have to respond not only to our primary elected constituents, but certainly for the constituents of all of those appointments that we have with the LACMTA.

How do you get full accountability? Audits determine accountability, and I have been very concerned about the accountability of the LACMTA.

I was concerned about it because I believe there was inappropriate actions that had been taken in the past by LACMTA staff and LACMTA members. Unfortunately, we have seen some of that move into the criminal arena and being responded to on a criminal basis, but I believe that today there is greater financial accountability by the LACMTA than at any time over the past 10 years. Yes, it still needs to be better, and we have to have continuing questions and have the type of leadership that is willing to make sure it is accountable. This needs to come also from those people who are the staff people as well as coming from us who serve on that Board.

Assemblymember Robert Pacheco: Part of my questions come from the Georgia Regional Transit Authority Study, called "Lessons from Around the Country." It criticized the LACMTA and specifically said the LACMTA is missing the system of checks and balances that acknowledge financial constraints and provide accountability, that is the exact language.

Ms. Braithwaite Burke: I think that is very true.

Assemblymember Robert Pacheco: That is my question, where are we going to get that accountability? How do we structure the governance of the Board in such a way that there will in fact be accountability, and accountability sometimes carries with it responsibilities and also in essence not punishment, but somehow or another you have to respond to somebody when something goes wrong.

Ultimately, I don't think that the governance structure is always the cause of the lack of accountability. Lack of accountability can also come from control by a Board from those people who have the responsibility to carry out a function. Unfortunately, over the past couple of years there have been some things that happened in the LACMTA, in terms of contracts that shows a lack of accountability. Who approves those contracts?

Ms. Braithwaite-Burke: They were approved by the Board, and they were approved in some instances, inappropriately. But, the way you change this problem is that you have people who are going to be responsible.

Assemblymember Robert Pacheco: But the structure is going to remain the same? We are not suggesting any change in structure?

Ms. Braithwaite-Burke: Most of those contracts you are talking about came out of the LACTC structure. The issues that they are addressing are the ones that came out of the LACTC; we have not had a new project from LACMTA during its establishment of the new structure.

You had very few new contracts during the last 8 years, because we have been in a period of recession where we did not have any new projects. Pasadena is being developed by a whole new entity. The contracts, if you look at the contracts whether they were Red Line or Blue Line, the old Eastside issue that has been a source of tremendous embarrassment, all of those flow out of the initial structure which was the LACTC / SCRTD structure. And most of those came out of the old CRC, which was a division of LACTC that carried on for a while during LACMTA, but was eliminated because it was found that it was totally out of control.

I'll never apologize. I'm never going to say that or justify what's going to happen with LACMTA on those contracts, but I don't think it can happen today. Today you have to have independent people in procurement that look at procurements and award contracts based its merits.

Assemblymember Oropeza: Thank you again for taking the time to come and speak here today. I also want to reiterate as Chairman of this Committee, that this is the beginning of a comprehensive look at the LACMTA. We are not trying to take any kind of knee jerk response to the testimony here today, but we are here to take it all in, hear different view points and see if there is anything at the State level that can be done to assist the County of Los Angeles and its residents in delivering quality transportation services.

Ms. Braithwaite-Burke: We know that governance is something that is always dynamic, that has to be constantly reviewed at every level, federal, state, local because it is always changing. Thank you for having this hearing.

I. MANUEL CRIOLLO, ORGANIZER BUS RIDER'S UNION

Summarization of Transcribed Witness Statement:

The Bus Rider's Union (BRU) was founded in 1994, and is one of the largest multi-racial civil rights, environmental justice and mass transportation social justice union in the U.S. Mr. Criollo indicated the Union has "over 3000 dues paying members and over 50,000 self-identified members, that represents in full force the interest of 500,000 Los Angeles Bus Riders."

The Bus Rider's Union is a project for labor community strategic planning. Specifically Mr. Criollo, stated the BRU is a "non-profit membership organization that represents the mass transit and the public health needs of the transit dependent."

In terms of accountability, Mr. Criollo, spoke specifically about trends the BRU has noticed by using examples if its treatment during Board meeting that demonstrates a lack of accountability by the LACMTA Board to the BRU.

First, Mr. Criollo expressed deep concern over the one-minute public comment period that was developed at the inception of the BRU in its representation for the bus rides of Los Angeles City. He felt that the one-minute rule "discourages the process of empowerment and discourages the process of accountability to (the) Board." Further, he indicated that "even the best speaker can not get everything out in one-minute" to completely "articulate their thoughts and questions" for the Board. Another factor Mr. Criollo relied on to show that the Board lacks accountability was to point out that "many of the bus riders are working class people and they would have to take a day off to attend (a) meeting, which is held every fourth Thursday of the month." Thus, for them to only get one-minute to express their views after taking a full day off of work, "really means that there is no accountability." "And even giving more injury to insult, you have the 60 second time clock display(ed) on the Board; it is like a sprinter and you really need to speed up every time you want to speak on something," Mr. Criollo indicated.

As a possible solution, Mr. Criollo believes that the Select Committee should push the Board to reinstate the three-minute time limit for public comment which existed before the BRU became involved, and started speaking about the Board's level of accountability to the bus riders.

A second area of concern to the BRU is what they called the "quality of language in the LACMTA." Mr. Criollo explained the problem this way, "when people have to address the Board they are only given 60 seconds to express themselves," but when someone does not speak English and needs a translator they in reality "are only given 30 seconds to speak because the translation has to occur within the time frame of 60 seconds." Thus, he concluded this is close to "violating people's language rights," those rights of the Spanish, Chinese, Korean and other citizen nationalities.

Third, Mr. Criollo pointed out that another issue the BRU has with the LACMTA, is translation of environmental impact reports. When the environmental impact report with the east-side light rail came out, which is about a 500 - 600 page document, it needed time to be translated, but the public was only given a 90 day response to the report. This is a problem to the BRU, because it takes time to translate a 500-600 page document, then distribute it to the public for review. By the time this

process happens, the public might only have a week or two to review the document before there is no time left of the 90 day time period provided for public comment.

Next, Mr. Criollo spoke about the poor attendance by the Board member to public hearings. The last two large public hearings the LACMTA Board has had in the past, which are held on Saturday mornings, most Board members did not attend or even show-up to the public Board meetings. Mr. Criollo indicated the BRU had a meeting on the Ferry Creeks, and none of the Board members showed up.

In closing, Mr. Criollo stated, that "the Bus Riders Union has always supported the elective Board for the LACMTA Board, and we really believe true representation can maybe come toward an elected Board." Furthermore, he said the BRU "looked at structure suggested in the Alarcon bill" and "would be open to see if at least in the beginning how that would look."

Finally Mr. Criollo, thanked the Board for inviting the BRU to talk about issues of accountability and governance of the LACMTA Board.

Question & Answer:

Assemblymember Oropeza: Is the bus riders union active in advocacy outside of the LACMTA bus system. In other words, do you work in or with in any way with the other municipal operators?

Mr. Criollo: At this moment we really only cover the Los Angeles area, but there are many folks that come from the areas of Long Beach and Compton and even some members from Orange County that are looking at the model of the Bus Riders Union. We don't claim to speak for those organizations.

Assemblymember Oropeza: My thoughts were provoked by the comments made by Mr. Jackson when he talked about the demographic profile of a bus rider in Long Beach or Gardena or wherever, as being very similar in terms of the demographic profile of the social economic and transit dependency – those factors that you advocate for. That is why I was wondering if – but you have not really worked with any of those other municipal operators?

Mr. Criollo: Again, we have not really gone into that area, but we welcome other riders to join us.

**J. BRIAN D. TAYLOR, ASSOCIATE PROFESSOR OF URBAN PLANNING & ASSOCIATE
DIRECTOR OF THE INSTITUTE OF TRANSPORTATION STUDIES, UCLA SCHOOL OF PUBLIC
POLICY AND SOCIAL RESEARCH**

Submitted Written Testimony Inserted Below⁶:

Since I am the only speaker today who is not explicitly a representative of an organization or group with a stake in the issue deliberated here today, I want to begin by offering you a bit on my background. My research at UCLA centers primarily on exploring how the politics of public finance shapes urban transportation systems. In particular, I have examined how fiscal politics influenced the development of metropolitan freeway systems and how political struggles over resources shape both the provision and performance of public transit systems. Related to this latter work, a secondary area of my research concerns the travel patterns and needs of various subgroups of society – women, racial/ethnic minorities, the disabled, those without automobile access, and so on.

In addition to my research, my past professional experience related to my testimony today as well. During the 1980s, I was an analyst with the Metropolitan Transportation Commission in Oakland, California, where I worked on the coordination and finance of public transit systems in the East Bay. In particular, I managed a study mandated by the California Legislature to examine the potential benefits of consolidating the many Bay Area transit systems into fewer, larger operations. So both my past professional experience and my current research inform my remarks today.

The LACMTA is an enormous and complex organization, and I want to argue today that its size and complexity are the root of its problems. The LACMTA is the principal planner and financier of the county surface transportation system, and it is the principal builder and operator of one of the country's largest public transit systems. While both of these functions concern transportation they are – fundamentally – at odds with one another. In merging former LACTC and SCRTD into a single agency we have created a new agency with internally contradictory roles and mandates; and one that suffers with inescapable conflict of interest problems as a result. These problems mean that, no matter how honorably and ethically LACMTA staff and Board members might conduct themselves, there will always be the *appearance* of conflicts of interest.

Some Background: The Federal Highway Act of 1962 mandated that multiple claimants of federal transportation dollars in the same metropolitan area engage in “comprehensive, cooperative, and continuing” transportation planning for that region under the auspices of a Metropolitan Planning Organization (or MPO). While I believe that the Southern California Association of Governments (or SCAG) is the officially designated MPO for Los Angeles, the LACMTA holds most of the transportation purse strings in Los Angeles County and, as such, most of the transportation planning responsibilities mandated by the 1962 federal act are, in practice, assumed by the LACMTA.

These responsibilities include:

- 1) Developing and implementing countywide surface transportation plans for street, highways, public transit, bicycles and so on.

⁶ See Appendices

- 2) Allocating billions of federal, state, and county transportation dollars to dozens of claimants – *including itself*.
- 3) Insuring that the claimants of these transportation dollars expend them in ways consistent with transportation plans, environmental regulations, accounting ethics, and a myriad of rules governing each of dozens of funding programs.

Thus, in addition to planning and coordination, a critical role of the LACMTA is *oversight*. This oversight role means that organizations like the LACMTA are watchdogs over the efficient, effective and ethical expenditure of public tax dollars on transportation projects. This watchdog role is absolutely critical for several reasons. First, having to justify projects to another agency makes it harder – though not impossible – to develop obviously wasteful or misguided projects. Second, having an outside organization closely monitor all expenditures makes it harder – although not impossible – for corruption or graft to occur. Both of these roles are absolutely essential in maintaining public trust and support.

Now in addition to these enormous planning and oversight responsibilities, the LACMTA is also responsible for planning, building, operating, and maintaining the nation's second largest bus agency, and one of the largest overall public transit systems in the U.S. Thousands of drivers and mechanics operate and maintain over 2,000 buses, railcars, and vans operating on hundreds of routes carrying millions of passengers each day. The means that the LACMTA is, by far, the largest claimant of the transit funds it allocates around the county. It is, in other words, responsible for claiming funds, and allocating those funds, and spending those funds, and oversight of those funds. This is the classic definition of a conflict of interest and it is a recipe for institutional and political instability.

In other regions, when a large transit operator experiences major problems – such as the late delivery of defective buses or construction failures on a busway or subway project – the MPO can intervene, and if need be, hold up funding until problems are resolved. In doing so, political crises are averted, institutions remain stable, and public trust is maintained.

In Los Angeles, there is no independent oversight organization to step in when inevitable problems arise on the LACMTA (or any other Los Angeles County) transit system. Public confidence will hardly be bolstered should the LACMTA conduct a thorough inquiry of its own practices. And, further, because the LACMTA is a claimant of funds, its moral authority conflicting roles – planning and oversight, and transit construction and operations – severely handicap the organization.

Thus, no matter how talented, committed, and ethical its Board members, staff and workers might be, they are hamstrung by a badly designed and inherently unstable organization. Thus, the first and most important step toward stabilizing transportation planning in Los Angeles County would be to separate these incompatible functions into separate and independent organizations. I would also point out in research we talk about structured agency – we heard that they are good people that are doing good things with their organization of that there is absolutely no doubt – but that is really not the issue. The issue is really talented managers can make the best of a bad bargain but we want to structure things to make it easiest to do really good work and I think we should separate good work by good people as opposed to a good structure so it makes it easier to do that.

Now in making this recommendation I am not so naive as to believe that transportation problems in Los Angeles would quickly disappear, or that the County's transit system would miraculously become a well-oiled machine. But a clear arm's length relationship between the organizations spending transportation funds, and those allocating the overseeing the expenditure of those funds would be an important step in the right direction.

Let me now take the remainder of my time to talk about what the organizations that would replace the LACMTA might look like. First, the regional transportation-planning agency should be regional in scope. Quite obviously, the Southland's transportation system does not end at the Los Angeles' borders with Orange, Riverside, San Bernardino, or Ventura Counties, nor should its transportation planning. That is, a regional transportation planning agency's scope of authority should roughly match the boundaries of the greater metropolitan area. And, while SCAG might nominally be seen as the agency fulfilling this broader, inter-county transportation planning role, the real power that comes with fiscal authority over projects and expenditures resides in the county transportation agencies like the LACMTA, OCTA, and so on.

In the San Francisco Bay Area, the jurisdictions of the Association of Bay Area Governments (which similar to SCAG here in Southern California) and the Metropolitan Transportation Commission roughly correspond. But, while the diverse and often fractious Bay Area manages to have multi-county regional transportation planning and funding authority, such a multi-county agency in greater Los Angeles is, for some reason, considered by many to be simple impossible. Second, a regional transportation agency should be regional in representation. The Boards of most regional agencies in the U.S. are comprised of locally elected officials who also sit on one or more regional Boards or commissions. Most of these representatives are conscientious contributors to regional planning, but they are, after all, elected locally and thus they have a particular responsibility to represent the interests of the people who elected them. I am struck by some of the comments made here today – knowing the debates over the original 1962 Act – arguing that these local officials would be able to come together and forget their particular representation and make decisions in the regional interest. But I heard many representatives talking about making sure that my region gets fair representation on the Board which suggests actually more of geographical based representation model. It is not that one is good or bad, it is just that I noticed it was inconsistent with the original motivation.

Thus, students of regional governance in the U.S. have noted that such agencies tend to be strongly parochial in character. Board members' attention tends to be most focused on negotiating a fair geographic distribution of projects and funds. Or, put another way, making sure that the people of their home jurisdiction are getting their fair share of the pie. This means, however, that less attention is devoted to developing really good projects and more attention is focused on spreading popular projects around the region – regardless of their merit.

There have been a variety of suggestions for reducing parochialism on regional boards, most (though not all) of which involve some form of direct election of board members. Such proposals have typically been coolly received by both local and state officials, both of whom, quite understandably, are loath to relinquish planning powers to some new and uncertain regional authority. But, while such fears and concerns undoubtedly make regional representation a politically tough row to hoe, that does not mean that it is not an idea worth pursuing.

Now in arguing the merits of a truly regional transportation planning body I want to be sure to acknowledge that a far less ambitious endeavor – such as a county wide transportation planning, funding, and oversight commission comprised mostly of appointed locally elected officials and divorced from the direct management or provision of transportation services – would still be *vastly* superior to the current configuration of the LACMTA.

I would point out that if we look back at the model of the LACTC and SCRTRD the LACTC was not functioning as a typical MPO – because it got very actively involved in rail development. And so, it was many of the issues of the conflict of interest were internalized. This doesn't mean you should not pursue projects – it means the people responsible for planning and oversight should be at arms length from those who are actually implementing the projects. So the LACTC is not a fair model of that sort of independent body that we see in other parts of the U.S.

Finally, while I have tried to argue the merits of an *expanding* scope and scale of regional transportation planning in Los Angeles, I want to conclude these remarks with a recommendation for *reducing* the scope and scale of transit provision in the LACMTA service area.

There is now a fairly well established body of research on the effects of transit agency size on the efficiency and effectiveness of transit service delivery. In a nutshell, this research finds that both small transit systems and large transit systems (like the LACMTA) are less efficient than medium-sized transit systems like Foothill Transit, Long Beach Transit, or the Santa Monica Big Blue Bus. In general, transit agencies operating fewer than 50 vehicles during peak hours are less efficient because they are not able to make effective use of administrative and planning overhead. Likewise, agencies operating more than 500-peak hour vehicles are too large to function effectively with lean, flat managerial structures. Such systems usually have many layers of manager and supervisors between drivers and mechanics and senior management. In addition, such systems are usually too large to operate out of a single operations facility and often are broken up into multiple operating divisions, where interdepartmental relations are characterized by cumbersome, bureaucratic interactions. And, while the findings of these studies have differed in detail most have found systems operating between 50 and 250 peak vehicles to be the most efficient. Indeed, three of the most effective transit systems in the entire U.S. – Santa Monica, Long Beach and Foothill – are medium sized operations operating right here in Los Angeles County.

In 1999, Long Beach operated its unionized, big city bus service at a cost of \$61.06 per hour, while the cost of LACMTA service that year was *73 percent higher* at \$105.70 per hour. Also in 1999, Santa Monica spent \$1.03 to provide each unlinked passenger trip. By comparison, the LACMTA's costs were *89 percent higher* at \$1.95 per trip. (Federal Transit Administration's National Transit Database by the American Public Transit Association)

So what does 'medium is better' imply for the LACMTA? A separation of its operations into several medium-size transit agencies and divided along obvious service area geographies would almost certainly provide transit patrons in Los Angeles County with better quality, low fare transit service requiring less subsidy than today. Express, Rapid Bus, and rail service could be operated by a countywide agency responsible for trunk-line services connecting multiple local service areas or zones.

Any proposal to reorganize the LACMTA services into manageable-sized, fully-independent units will surely be met with resistance by those with interests in maintaining the current inefficient

LACMTA service. Defenders of the LACMTA's high costs often point to other very large and very inefficient transit systems around the U.S. and argue that the LACMTA operates in the same ballpark as these other big, inefficient operators. Such comparisons might carry more weight if the potential benefits of having smaller, more agile organizations were speculative.

But they are not speculative. We currently have at least three efficient and effective medium-sized systems already operating cheek-to-jowl with LACMTA service. If the LACMTA service area were served by systems as efficient as Foothill, Long Beach and Santa Monica, service could be increased by more than 50 percent, fares could be dramatically reduced and ridership would soar -- all without any increased public expenditure.

I will conclude here by summarizing my three recommendations:

- 1) First, the planning and oversight functions, and transit construction and maintenance function of the LACMTA must be separated.
- 2) Second, the most effective regional transportation planning will take place at an agency that is truly regional in both scope and in representation.
- 3) And third, the research is quite clear that when it comes to public transit, small is too little, big is too large and medium sized is just right. All of the people of Los Angeles deserve the kind of high-quality, low-cost transit service operating in Long Beach, the San Gabriel Valley and Santa Monica today.

K. MARK PISANO, SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS (SCAG)*Summarization of Transcribed Witness Testimony⁷:*

Mr. Pisano is the executive director of SCAG. During his testimony he spoke about what SCAG is, what it does, how it does it and what its relationship with the LACMTA is.

First of all, Mr. Pisano questioned what SCAG is? SCAG is "the Metropolitan Planning organization, mainly the federally designated organization that is designated to carry out the federal processes that the previous speakers spoke about." It is "also identified by the State through legislation as the regional transportation-planning agency for Southern California, which includes the six (6) counties, containing 186 cities and 16 million people that cover the economic region of Southern California." Finally, SCAG is co-designated to do the air quality plan for the Southern California region, as well as dealing with a number of other responsibilities in related areas.

Second, Mr. Pisano posed the question of what does SCAG do in the area of transportation? He responded by explaining that SCAG "develop(s) the region's transportation plan, the plan that is used to guide all funding for State and Federal sources." Moreover, "all local and private sources on regionally significant projects" must be included in SCAG's transportation plan. Finally, SCAG "must make a finding of conformity of what (they) are doing in transportation enables (them) to achieve the regions requirements in air quality."

Furthermore, Mr. Pisano explained that SCAG is responsible for the programming of federal funds in the Southern California region. They are also responsible for submitting the federal transportation improvement program to the federal government. Included in the federal transportation improvement program are "the decisions that the State Commission and Cal Trans make within the improvement program." Thus, Mr. Pisano pointed out, that "in a sense (SCAG) is responsible for overseeing, monitoring and evaluating the programming decisions that are made in the regional level for federal purposes." Lastly, he mentioned SCAG under State law is "responsible ... for coordinating and providing input to the State for the programming of those resources."

Next, Mr. Pisano identified a "few observations about the particulars of the above responsibilities." He conveyed that SCAG "look(s) for the relationship between growth and transportation" by looking at all the modes of transportation (freeways, transit, airports, ports, facilities that are required to move goods), and finally they "look at the financial plan" and asks if SCAG can "in fact accomplish these plans and programs within (what are called) fiscal constraints." Thus, the questions SCAG continuously asks, "(a)re we financially able to accomplish what we are talking about?" and "are we able to meet our air quality with those new resources?" By asking those questions while developing the regional transportation plan that was just adopted, SCAG came to the conclusion that, "there is no question that we have some difficult issues to deal with in Southern California, given our growth and given the finances that we have available to us."

Mr. Pisano highlighted several accomplishments achieved by SCAG. First, he stated that SCAG has "reduced the growth in this region by one million people and a million jobs." Specifically, "(t)hat is a 15% reduction in growth in Southern California." Second, Mr. Pisano pointed out that

⁷ See Appendices

SCAG has “redistributed how growth would occur in Southern California, which in my 25 years has been one of the most difficult political tasks that I have been confronted with.” He explained that “(t)he total amount of expenditures in the plan was \$144 billion, \$100 billion of that is known resources.”

Next, Mr. Pisano asked the question of how does SCAG do what it does. SCAG has a “Board of 76 elected officials; those elected officials are city representatives that are elected by their peers from their districts and county representatives that are appointed by the county Boards that represent the six districts.” SCAG also has several policy committees, staffed by SCAG’s partners in addition to their elected officials. The LACMTA has seats open on the SCAG Board, and on their policy committees that are limited to transportation. The Resources Board, Cal Trans, Metropolitan Water District as well as a number of other regional agencies, also sit on SCAG policy committees. One thing SCAG stated it has learned is “that if you are going to affect what other people do or organization then – they need to be involved in your process.”

What is SCAG’s relationship to the LACMTA? Mr. Pisano pointed out that a majority of Board members from LACMTA are also Board members of SCAG, thus creating policy integration between what SCAG does and what the LACMTA does. Second, Mr. Pisano indicated that “with respect to how the staff works, I’ve been given three directives by my Board.”

- 1) I and my staff are to work cooperatively with all the agencies and partners that I have identified;
- 2) We are to bring everyone’s concerns to the table; and
- 3) We are to resolve conflicts and we have set-up a whole series of mediations and committees through which we can in fact resolve conflicts at the staff level before bringing them forward to our policy structure. *

On a personal note, Mr. Pisano indicated that the “current Board and the current staff want to commend the working relationship that we have with them.” Over the past several years, Mr. Pisano stated there has been a “substantial change” in the working relationship with the LACMTA, that is mailing attributed to staff leadership. He summed up their working relationship by saying, “I will not say that we agree on every particular issue, but we in fact work cooperatively and we do solve problems.”

However, there are conflicts that SCAG has had with the LACMTA Board. Mr. Pisano explained that “(I)f in an area this large we did not have conflicts, also in an area with the resource constraints that we have, if we didn’t have priority conflicts, then we probably are not listening to all the interests with different constituencies. Are we resolving them (the problems)? Yes and No.”

Next, Mr. Pisano gave examples of several conflicts SCAG has had with the LACMTA that show how they resolve an issue. SCAG works under a financially constrained air quality conforming transit and transportation plans. Mr. Pisano mentioned one of the programs the LACMTA was working on “would not be able to be accomplished under a financial constrained structure.” Yet, they worked together cooperatively and came to an agreeable solution. On the issue of transit ways, Mr. Pisano explained, that SCAG “worked with them (LACMTA) on the area of transit restructuring, and transit restructuring has lead them from bare experimentation to the more pragmatic expressions of restructuring that we proposed.” An example of this improvement in transit restructuring is the Rapid Bus Corridor. However, Mr. Pisano mentioned “(t)here is a

longer-term issue of localized restructuring that (still) needs to be worked out," but "(t)he point is there is a plan, there is a strategy."

Subsequently, Mr. Pisano explained that another one of the "approaches that we take to decision making, in addition to financial construction, is that decisions will be based on outcomes and performance." SCAG has "developed performance standards and planned outcomes with the LACMTA, we evaluate programs that come into the longer-term transportation plan using the same performance objectives that they use." Thus, "(w)e have enough forms that if there are questions of inequity, questions of distribution or questions of performance, that I am convinced that they can in fact be resolved."

In closing, Mr. Pisano indicated that SCAG has the following recommendations for the LACMTA:

- 1) LACMTA work through subregions in developing Long-Range Transportation Plan, and
- 2) Create a funding mechanism for inter-county projects.

Unfortunately the witness' testimony from this point on was not recorded and there is no transcript or notes of the question and answer section either. We are apologize for any inconvenience this may create.

L. JAMES JONES, UNITED TRANSPORTATION UNION

Submitted Written Testimony Inserted Below⁸:

Our organization represents the drivers (bus operators) at the LACMTA. It is on behalf of these LACMTA employees that we give this presentation to the committee.

Our organization believes the current structure at LACMTA of including planning, program and development under the same body of control, which also oversees LACMTA operations (either direct or indirect operations), is inappropriate. This structure creates an internal conflict by having the governing Board make the overall transit policy decision and priorities, and at the same time having this same Board be a provider (operator) of service. This leads to a conflict of interest, which is basically flawed and counterproductive.

At a minimum, the LACMTA statutes should be amended to completely separate the programming / planning function from the operation function. Priorities and policies of transit needs in Los Angeles County should not be decided by any entity that also has operational responsibilities.

There should be a direct line of accountability to the citizen of Los Angeles County for the actions of the LACMTA Board of Directors. This accountability is lacking at the present time. Accountability or lack thereof, was a factor in the collapse of the most recent collective bargaining sessions between our organization and LACMTA. Due to lack of accountability the bargaining process saw three (3) distinct and dramatic changes in position by the LACMTA. The LACMTA moved from major economic differences in the proposals, to major policy (philosophical) differences, with no accountability to anyone for these dramatic position changes. This was a major reason for the 32-day work stoppage of last year.

Our organization appreciates the opportunity to express our views and positions on the topic of LACMTA. We look forward to future input and participation in this process as the work of the Committee develops and advances.

⁸ See Appendices



**SELECT COMMITTEE ON THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY**

JENNY OROPEZA, CHAIR
ASSEMBLYMEMBER, FIFTY-FIFTH DISTRICT

M. CLOSING REMARKS

JENNY OROPEZA, CHAIR
APRIL 20, 2001

Thank you so much for coming and testifying before this committee today. Your insight and suggestions will be taken seriously. I hope that, if anything, this hearing provides us in the Legislature, a basis to analyze and look at the governance structure of the LACMTA and determine if it needs to be changed or given more time to work out the problems. The testimony given today has been recorded and will be summarized and inserted into a report, which I will then distribute to you once completed.

I look forward to working with each and every one of you, to develop solution to the issues and concerns discussed here today. Once again, thank you for your time and testimony.

IV. APPENDICES OF SUBMITTED TESTIMONY

1. CAROL HERRERA, PRESIDENT, LOS ANGELES COUNTY DIVISION, LEAGUE OF CALIFORNIA CITIES
2. LACMTA TASK FORCE ISSUES OUTLINE AND DRAFT RECOMMENDATIONS (FEBRUARY 2001)
3. JACK GABIG, DIRECTOR OF MUNICIPAL OPERATORS ASSOCIATION
4. LAURENCE W. JACKSON, PRESIDENT & GENERAL MANAGER, LONG BEACH TRANSIT
5. ROBERT HILDEBRAND, GARDENA MUNICIPAL BUS LINES
6. BRIAN TAYLOR, ASSOCIATE PROFESSOR OF URBAN PLANNING, UCLA ASSOCIATE DIRECTOR, INSTITUTE OF TRANSPORTATION STUDIES
7. MARK PISANO, EXECUTIVE DIRECTOR, SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
8. JAMES JONES, UNITED TRANSPORTATION UNION

**ASSEMBLY SELECT COMMITTEE
ON THE
LOS ANGELES METROPOLITAN TRANSPORTATION
AUTHORITY
INFORMATIONAL HEARING ON MTA GOVERNANCE
APRIL 20, 2001**

**REMARKS BY
CAROL HERRERA, PRESIDENT
LOS ANGELES COUNTY DIVISION
LEAGUE OF CALIFORNIA CITIES**

GOOD MORNING. MY NAME IS CAROL HERRERA, COUNCILMEMBER FOR THE CITY OF DIAMOND BAR AND PRESIDENT OF THE LOS ANGELES COUNTY DIVISION OF THE LEAGUE OF CALIFORNIA CITIES.

THE LOS ANGELES COUNTY DIVISION OF THE LEAGUE REPRESENTS THE INTERESTS OF THE 88 INCORPORATED CITIES IN LOS ANGELES COUNTY AND IS ENGAGED IN THE DEVELOPMENT OF PUBLIC POLICY ON A VARIETY OF LOCAL GOVERNMENT ISSUES.

AMONG THE ISSUES IN WHICH THE DIVISION HAS BEEN INVOLVED IS THE ORGANIZATION OF THE TRANSPORTATION PLANNING AND OPERATIONS STRUCTURE FOR LOS ANGELES COUNTY. THE DIVISION PLAYED A LEADING ROLE IN THE TRANSPORTATION AGENCY CONSOLIDATION THAT RESULTED IN THE FORMATION OF THE METROPOLITAN TRANSPORTATION AUTHORITY IN 1993.

IN RESPONSE TO A GROWING FEELING OF DISSATISFACTION WITH THE MTA, THE DIVISION APPOINTED A TASK FORCE OF LOCAL ELECTED OFFICIALS FROM THROUGHOUT THE COUNTY TO IDENTIFY AND EXAMINE ISSUES OF CONCERN. IN NOVEMBER OF LAST YEAR, THE TASK FORCE ISSUED AN ISSUES OUTLINE, A COPY OF WHICH HAS BEEN PROVIDED TO THE COMMITTEE.

THE GOVERNANCE STRUCTURE OF THE MTA WAS AMONG THOSE ISSUES EXAMINED BY THE TASK FORCE. THE TASK FORCE FOUND THAT, WHILE ANOTHER FORM OF GOVERNANCE STRUCTURE MAY BE APPROPRIATE BASED UPON POPULATION EQUITY IN LOS ANGELES COUNTY, THE GOVERNANCE STRUCTURE SHOULD REMAIN A PRODUCT OF LOCAL CONTROL AND THROUGH A STRUCTURE SIMILAR TO THAT WHICH IS IN EXISTENCE TODAY. NO PUBLIC BENEFIT WAS SEEN IN MOVING TOWARD A DIRECTLY ELECTED GOVERNING BOARD, AS HAS BEEN SUGGESTED IN SENATE BILL 18. THE EXISTING BOARD OF DIRECTORS CONSISTS LARGELY OF LOCAL ELECTED OFFICIALS FROM THROUGHOUT THE COUNTY AND IS SELECTED IN A MANNER WHICH PROVIDES A LEVEL OF PROTECTION FROM POLITICAL INFLUENCE WHICH IS IN THE BEST INTEREST OF THE PUBLIC.

RATHER THAN FOCUSING ON THE GOVERNANCE STRUCTURE OF THE MTA, THE TASK FORCE RECOMMENDATIONS ARE DIRECTED TOWARD THE ORGANIZATIONAL STRUCTURE OF THE MTA.

THE MTA IS A CONSOLIDATED TRANSPORTATION AGENCY WITH THE COMBINED RESPONSIBILITIES FOR PLANNING, BUILDING AND OPERATING THE PUBLIC TRANSPORTATION SYSTEM FOR LOS ANGELES COUNTY. THE UNDERLYING GOAL OF THIS CONSOLIDATED RESPONSIBILITY WAS TO ACHIEVE AN INTEGRATED AND EFFICIENT PUBLIC TRANSPORTATION SYSTEM TO SERVE LOS ANGELES COUNTY BY VESTING ALL TRANSPORTATION RESPONSIBILITY AND AUTHORITY IN ONE, SINGLE-PURPOSE AGENCY.

HOWEVER, THE PRACTICAL APPLICATION OF THIS CONCEPT FOR THE PAST SEVEN YEARS HAS IDENTIFIED CERTAIN SHORTCOMINGS. CHIEF AMONG THESE SHORTCOMINGS IS THAT THE FOCUS OF THE AGENCY'S PLANNING EFFORT TENDS TO BE ON PLANNING A SYSTEM THAT THE AGENCY CAN OPERATE RATHER THAN PLANNING A SYSTEM TO MEET THE PUBLIC'S TRANSPORTATION NEEDS.

ALSO, THE LEVEL OF ATTENTION AND RESOURCES NEEDED TO MEET THE DAILY DEMANDS OF OPERATING A TRANSIT SYSTEM OFTEN ECLIPSE THE LEVEL OF ATTENTION AND RESOURCES NEEDED TO DEAL WITH LONG RANGE PLANNING.

I HAVE PROVIDED THE COMMITTEE WITH A COPY OF THE PRELIMINARY RECOMMENDATIONS OF THE TASK FORCE. THE BASIC RECOMMENDATION IS THAT THE ROLE OF THE MTA BOARD SHOULD BE TO FUNCTION AS A BROAD POLICY MAKING BODY, FOCUSING ON LONG-RANGE PLANNING AND REVENUE DEVELOPMENT, ESTABLISHING PERFORMANCE MEASURES AND SERVICE COORDINATION STANDARDS.

UNDER THE ORGANIZATIONAL SCHEME DISCUSSED BY THE TASK FORCE, THE MTA BOARD WOULD RELINQUISH ITS RESPONSIBILITIES FOR OVERSIGHT OF TRANSIT OPERATIONS AND CONSTRUCTION TO SEVERAL SUBSIDIARY OPERATING UNITS...EACH WITH ITS OWN GOVERNING BOARD CONSISTING OF LOCAL ELECTED OFFICIALS. THIS STRUCTURE WAS ACTUALLY CONTEMPLATED IN THE ORIGINAL DRAFT OF THE MTA LEGISLATION, AND IT APPEARS THAT THE MTA BOARD COULD IMPLEMENT SUCH AN APPROACH WITHIN THE PARAMETERS OF EXISTING LEGISLATION.

WE APPRECIATE THE OPPORTUNITY TO ADDRESS THE COMMITTEE CONCERNING THIS IMPORTANT ISSUE AND URGE YOU TO REVIEW THE WRITTEN MATERIALS WE HAVE SUBMITTED AS YOU CONTINUE YOUR EXAMINATION OF THIS ISSUE.

**LEAGUE OF CALIFORNIA CITIES
MTA TASK FORCE
ISSUES OUTLINE**

The following priority outline of issues relating to the Metropolitan Transportation Authority (MTA) we identified by the League MTA Task Force at their meeting of November 30, 2000.

**THE CONFLICT BETWEEN PLANNING, OPERATIONS, CONSTRUCTION
CONFLICT BETWEEN CURRENT DEMANDS AND LONG RANGE PLANNING**
The central question identified by the Task Force at this meeting was

“Where is the best place to vest the responsibility for transportation planning in Los Angeles County?”

MTA is a consolidated transportation agency with the combined responsibilities for planning, building and operating the public transportation system for Los Angeles County.

The underlying goal of this consolidated responsibility was to achieve an integrated and efficient public transportation system to serve Los Angeles County by vesting all transportation responsibility and authority in one, single-purpose agency. Indeed, there are efforts underway in other part of the State to achieve this same goal through similar means.

However, the practical application of this concept for the past seven years in Los Angeles County has identified certain shortcomings:

- The absence of a “check and balance” system between planning and operations; with it being “too easy” to move funding from planning or construction to deal with short term operating issues.
- The level of attention and resources needed to meet the demands of operating a system often eclipse the level of attention and resources needed to deal with long range planning.
- The focus of the planning effort tends to shift from planning for the public’s transportation needs to planning a system that the agency can operate.
- The agency finds itself with limited ability to evaluate and consider alternative forms of providing service when it is itself a service provider.

Comments from those in attendance at the Task Force meeting generally supported the concept of restructuring the MTA to create “fire walls” between the functions of transportation planning, transit operations and transportation infrastructure construction. This led to a discussion of the original approach to legislation creating the MTA; an approach, which was abandoned in favor of the current legislation. The general description of the original approach was that the function of the MTA Board would be to deal with overarching public policy related to transportation, and that there would be

three subsidiary corporations responsible for the functions of planning, operations and construction. Each of these subsidiary corporations would have a governance structure and budget.

Some attending the meeting suggested that the role of transportation planning be removed from MTA entirely, and be vested with SCAG or the sub regional COGS.

The Task Force will review the earlier legislative proposal, and will make the issue contained within this subheading their central focus.

EFFICIENCY AND COST OF OPERATION

LACK OF ADEQUATE OPERATING REVENUES

There was great concern expressed over the comparatively high cost of operation of the MTA bus system versus the operating cost experienced by other municipal and transit zone operators within the County. Concern was also expressed that bus operations continues to consume an increasing percentage of the total operating funds available to the MTA, to the detriment of other modes of transportation used by a larger population.

Concern was expressed that the MTA may be unable to meet the cost of operating the transit system at some point, and that this concern is having an effect on whether to proceed with new transit infrastructure projects.

Recent state legislation concerning the creation of new transit zones was seen as having a negative impact on efforts to reduce or control operating costs. If the State is going to make it more difficult for MTA to become efficient through legislative intervention, then perhaps the State should allocate more operating revenues to the MTA to sustain the cost of operation.

INEQUITY OF FUNDING BETWEEN TRANSIT AND ARTERIAL STREETS

The amount of funding allocated for bus operations is more than double the amount allocated for highway improvements, and the amount of funding allocated for rail operations is about equal to that allocated for highway improvements. The great majority of Los Angeles County residents use streets and highways for trips to work, while the great majority of transportation funding is used to subsidize transit operations; about 60 per cent of funding for transportation goes to transit operations, while only about two per cent of commuters use transit.

INEQUITY OF SUBREGIONAL FUNDING

The legislation creating the MTA divides the County into four "sectors" for purposes of selecting members of the governing board. There are also eight sub regional councils of government within Los Angeles County. There is a general feeling that some regions/sectors of the County are not getting a "fair share" of funds for transportation projects and services; that the amount of transportation funding related revenues being collected from within some areas falls far short of the amount of transportation expenditures being made in this areas.

REGIONAL REPRESENTATION ON THE TAC

There is an inequity in regional representation on the Technical Advisory Committee. Additional seats are needed to deal with this issue. This matter has been discussed with the MTA Board, and needs to be expedited.

GOVERNANCE STRUCTURE

The governance structure was considered to be the lowest priority issue of concern. The current governance structure was a product of the compromise, which consolidated the RTD and the County Transportation Commission in 1993. While another form of governance structure may be appropriate based upon population equity in Los Angeles County, it was generally agreed that the governance structure should remain a product of local control and through a structure similar to that which is in existence today. No public benefit was seen in moving toward a directly elected governing Board. The existing Board of Directors consists of local elected officials from throughout the County, but is selected in a manner, which provides a level of protection from political influence, which is in the best interest of the public.

DRAFT

**LEAGUE OF CALIFORNIA CITIES
LOS ANGELES COUNTY DIVISION
METROPLITAN TRANSPORTATION AUTHORITY TASK FORCE
RECOMMENDATIONS
FEBRUARY 2001**

BACKGROUND

The Los Angeles County Division, League of California Cities, formed a Task Force of local elected officials to examine the organizational structure of the Metropolitan Transportation Authority. As the Division was actively involved in the consolidation of transit agencies in the early 1990's, the Division believes that its involvement in a review of the organizational structure is appropriate. The Task Force membership consists of two elected officials from each of the seven subregional council of government areas within the membership area of the Los Angeles County Division.

The Task Force has met three times to review the current organizational structure and alternatives. Participation in the meetings included subregional coordinator staff, City of Los Angeles staff, staff from Senator Alarcon's office and other interested parties. Task Force staff has also held consultations with the management of MTA and SCAG.

BASIC FINDINGS

MTA is a consolidated transportation agency with the combined responsibilities for planning, building and operating the public transportation system for Los Angeles County.

The underlying goal of this consolidated responsibility was to achieve an integrated and efficient public transportation system to serve Los Angeles County by vesting all transportation responsibility and authority in one, single-purpose agency.

However, the practical application of this concept for the past seven years has identified certain shortcomings:

- The absence of a "check and balance" system between planning and operations.
- The level of attention and resources needed to meet the demands of operating a system often eclipse the level of attention and resources needed to deal with long range planning.
- The focus of the planning effort tends to shift from planning for the public's transportation needs to planning a system that the agency can operate.
- The agency finds itself with limited ability to evaluate and consider alternative forms of providing service when it is itself a service provider.

RECOMMENDATIONS

The following is a conceptual recommendation for reorganization of the Metropolitan Transportation Authority. It is recognized that there are many details, which will go into the development of an implementation plan for this conceptual proposal. These details should be identified and dealt with by the MTA Board and management.

ROLE OF THE MTA BOARD

The MTA Board should function as a broad policy making body, focusing on long-range planning and revenue development, establishing operations performance measures, and establishing service coordination standards.

Under the proposed organizational scheme, the MTA Board would relinquish its responsibilities for oversight of transit operations and construction to several subsidiary operating units as described below.

REGIONAL OPERATING BOARDS

The countywide transit system would be aligned into several regional operating areas, or transit zones. An operating entity would be created in each of these operating areas. A Regional Transit Operating Board, consisting of local elected officials, would be established in each of these operating areas. This Board would be responsible for short term planning and operation of the bus system serving their area.

The geographic boundaries of the regional operating areas may be coterminous with those of the subregional councils of government, the current MTA sectors, or other configurations that reflect a rational transit service area.

It is recognized that municipal transit operators exist in many of these areas, and an appropriate organizational structure will be needed to assure that all interests are represented. It is not the intent of this proposal to supplant or otherwise negatively impact municipal operators. Indeed, the Regional Transit Operating Board may seek to contract with municipal operators as an alternative to providing direct service to portions of the operating area.

It is also recognized that the capacity to and interest in assuming responsibility for developing independent transit operations varies among the local agencies that would be parties in implementing this concept. Time, perhaps several years, would be needed to develop the appropriate structures to fully implement this organizational plan countywide. In the interim, the MTA would continue to provide service, but that service would need to be operated as and meet performance measures as a stand-alone operation.

An operations coordination and integration element will be needed to assure a "seamless" transportation system between regions and transit modes.

RAIL OPERATIONS BOARD

A rail operations unit would be established to operate all transit rail systems within the County, exclusive of Metrolink. A Rail Operations Board would be established, again consisting of local elected officials representative of corridors served and planned to be served by transit rail operations.

CONSTRUCTION AUTHORITY

A Construction Authority would be established to oversee construction of all transit infrastructure projects, and may create temporary construction subunits to undertake and manage construction projects.

SB 18 (Alarcon)

The Task Force does not support the MTA Board of Directors restructuring proposal as contained in SB 18 (Alarcon). The Task Force proposes that the existing structure of the Board of Directors be retained as it is representative of the varied communities and interests in Los Angeles County. Ten of the current 13 members of the Board are local elected officials. Rather than restructure the governing board of the agency, this Task Force believes that the function of the governing board should be focused on broad transportation policy issues, long range planning for and development of adequate funding to support an integrated regional transportation system.

While another form of governance structure may be appropriate based upon population equity in Los Angeles County, the Task Force believes that the governance structure should remain a product of local control and through a structure similar to that which is in existence today. No public benefit was seen in moving toward a directly elected governing board.

NEED FOR STATE LEGISLATION

While it appears that the restructuring of the MTA organization as proposed above can be implemented by the MTA Board through exercise of its authority under California Public Utilities Code Section 130051.12, there may be a need for legislation to clarify this authority or to restructure certain other aspects of Section 13000 et sec relating to expenditure authority in order to convey adequate authority to the operating entities contemplated in this proposal.

MANAGEMENT RECOMMENDATIONS

A management change is currently in progress at the MTA, and the MTA Board should implement the recommended restructuring proposal prior to the recruitment for new management. Managing an agency whose core function is planning and financing will require a set of talents, skills and experience somewhat different than that required for management of a transit operating and construction agency.

The new management of the MTA should immediately address the following issues:

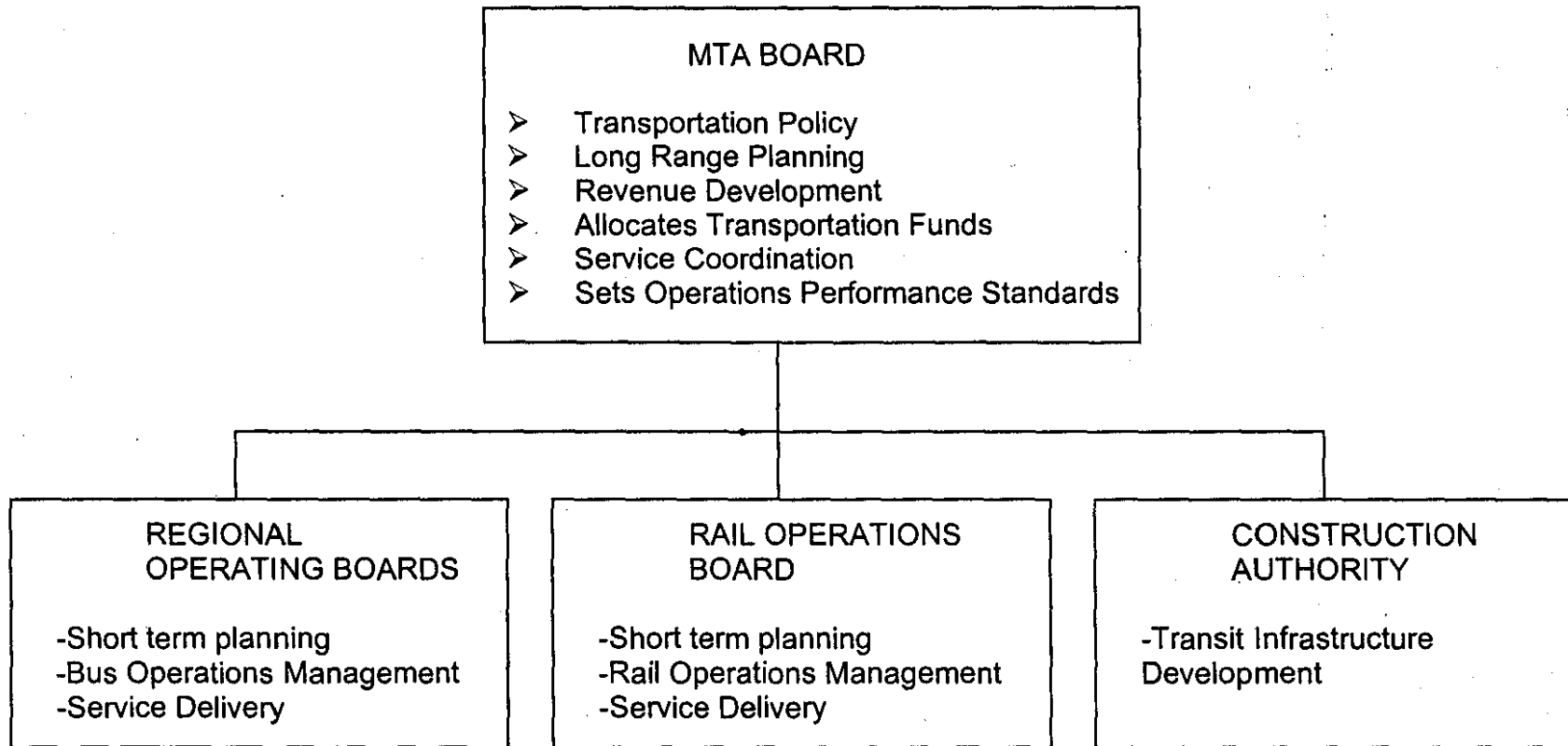
- Lack of adequate operating revenues to sustain future growth of the transit system.
- Balance in funding allocations for transit operations and highway improvements based upon public use of the two systems.
- The perceived inequity of funding allocated for transportation projects and services in the various regions of Los Angeles County; there is a perception that the amount of transportation funding being collected from within some areas falls short of the amount of transportation expenditures being made in those areas.
- Expand the membership of the Technical Advisory Committee to include one city representative from each of the subregions.

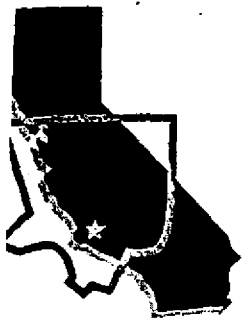
PROPOSED MOTION

The Task Force recommends that the following motion be offered and accepted by the MTA Board of Directors:

"Motion to appoint a Board subcommittee to work with staff to prepare a new organization plan and proposed schedule of implementation for the Metropolitan Transportation Authority based upon the recommendations of the League of California Cities, Los Angeles County Division, as contained in the report from the League MTA Task Force dated February, 2001, with a goal of bringing the necessary implementation actions to the Board of Directors by June, 2001"

LOS ANGELES COUNTY DIVISION
LEAGUE OF CALIFORNIA CITIES
MTA REORGANIZATION PLAN
FEBRUARY 2001





League of California Cities

Los Angeles County Division

April 9, 2001

Hon. Richard Alarcon
California State Senate
6150 Van Nuys Blvd., Suite 400
Van Nuys, CA 91401

Dear Senator Alarcon,

Thank you for your presentation at the April 5, 2001, meeting of the Los Angeles County Division, League of California Cities.

Shortly after your departure, the cities present (61 of the 88 cities were represented; total attendance at the meeting was 148) unanimously selected Beatrice Proo, of Pico Rivera, and Frank Roberts, of Lancaster, to fill two current city vacancies on the Metropolitan Transportation Authority Board of Directors. As you may know, an additional city vacancy has occurred, and we will be hosting an election to fill a South Bay Sector seat at the April meeting of the Division. Together with current Board Member John Fasana, of Duarte, we feel that the cities of Los Angeles County are well represented on the MTA Board and provide a broad-based representation of the interests of city residents from throughout Los Angeles County.

We were pleased to hear of your decision not to proceed with SB 18 at this time. We feel that restructuring the governing board of the MTA as proposed in SB 18 is not in the best interest of the public. Rather than restructure the governing board, we believe that the function of the governing board should be focused on broad transportation policy issues, long range planning for and development of adequate funding to support in integrated regional transportation system. We feel that this can be accomplished by the MTA Board through exercise of its authority under California Public Utilities Code Section 130051.12.

Our Division feels very strongly that the current method of electing the four sector city representatives through the City Selection Committee should be retained.

I have directed our staff to remain in contact with your staff concerning this matter and as the Division's recommendations concerning the MTA organization and the efforts of our city representatives to implement organizational reform progress.

President

Carol Herrera
Diamond Bar

President Elect

Edward H. J. Wilson
Signal Hill

Vice President

Bill Bogaard
Pasadena

Treasurer

Ken Blackwood
Lomita

State League Director

Bob Pinzler
Redondo Beach

Past President

Beatrice Proo
Pico Rivera

Regional Directors:

Isidro Menezes
Artesia

Suzan Smith
Claremont

Rita Walters
Los Angeles

Dennis Washburr
Calabasas

Susan Seamans
Belling Hills Estates

Edward Wolkowitz
Culver City

Again, thank you for participating in our meeting, and we look forward to working with you concerning matters of interest to city residents in the future.

Sincerely,



Carol Herrera, President
Los Angeles County Division
League of California Cities

Cc: Division Board of Directors
Los Angeles County Legislative Delegation
Senate Transportation Committee
Natasha Fooman, League of California Cities



1600 W. BEVERLY BOULEVARD
MONTEBELLO, CA 90640
(213) 887-1200

April 20, 2001

Honorable Jenny Oropeza
Chair
Assembly Select Committee on the Los Angeles MTA
State Capital
P. O. Box 94249-0056

**Re: Los Angeles County Municipal Operators Association Testimony before the
Assembly Select Committee Hearing on the LACMTA**

Dear Assemblymember Oropeza:

The Los Angeles County Municipal Operators appreciate the opportunity to speak with you at this informational hearing regarding LACMTA governance issues. As chair of the Los Angeles County Municipal Operators Association (LACMOA), I will share with you longstanding concerns regarding LACMTA's role in planning and funding transit operations throughout Los Angeles County.

LACMOA represents the sixteen public transit operators in Los Angeles County who share regional formula funding with LACMTA. These transit systems, some of which began operations over 75 years ago, have become known as "the MUNI's" because each is either solely owned and operated by a municipality or is owned and governed by a group of municipalities through a joint powers authority. Collectively, the MUNI's provided 27% of the County's fixed route transit service in FY 2000, for an average cost of \$60 per service hour. Six times over the past eight years, various Los Angeles Municipal Bus Operators have been recognized by the American Public Transit Association as the most outstanding transit system in North America.

The Municipal Operators have struggled with LACMTA governance issues since its inception in 1992 with the passage of AB 152 (Katz). This legislation merged the Los Angeles County Transportation Commission (LACTC) and the Southern California Rapid Transit District (SCRTD) into a single agency. In other words, the agency responsible for countywide transportation planning, coordination and programming was consolidated with the county's largest single operator of transit services, creating opportunity for serious conflicts of interest. Recognizing this potential conflict of interest, the Municipal Operators were provided legislative protection as part of AB 152, which established reserved service areas and some funding protection.

Regardless of the governance structure, the County's largest Transit Operator has a long history of living beyond its means, over-committing to projects that had no possibility of being fully funded (rail), bonding future revenues which crippled ability to address other needs, and operating inefficient high cost transit services at substantial annual deficits. As demands to finance the MTA's high cost bus service have increased, funds intended for countywide service improvements, expansion, congestion relief, and air quality improvements have been funneled to LACMTA's bus operations without adequate regard to the needs of the county as a whole. Attempts to work with agency staff and the governing board to assure countywide distribution of transit funding has developed into an ongoing battle to assure equitable access to transit resources for all bus riders in the county.

The inability of MTA's governing board to develop a coordinated, comprehensive and realistic direction for the organization has resulted in abandoned planning efforts and wasteful spending. Parochial concerns and commitments to special interests have limited the Board's effectiveness in providing improved use of resources for countywide transit improvements. The Board's ineffectiveness has produced an organization lacking in consistent leadership and credibility. This is reflected in the frequent turnover in CEO's and key executive staff throughout the agency (5 CEO's in 9 years). Municipal Operator work with LACMTA staff is made even more complicated as MTA staff assignments are in continual flux. There is a pervasive inability to make decisions at every level in the organization, creating an overly bureaucratic structure that is slow to react or implement needed transit improvements.

We are very supportive of the recent direction that CEO Julian Burke has taken, especially in reigning in an overly ambitious rail capital program. However, what is missing is an authentic partnership with the Municipal Operators to provide the best quality and cost effective service to the county's residents. Instead, the agency continues to expand a regional bus operation prone to deficit spending and mediocre service.

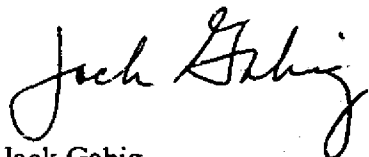
Below we have listed a few key recommendations for your consideration:

1. Ensure that a fair and equitable distribution of all bus funding sources is provided to the Municipal Bus Operators.
2. Encourage the LACMTA and its new CEO to develop improved relationships built on openness and trust in order to regain credibility.
3. Provide mechanisms to assure that the needs of MTA's Bus Operations do not conflict with MTA's regional responsibilities for countywide planning and programming.
4. Encourage the MTA Board to actively seek opportunities to end service duplication and to allocate services to the most cost efficient and responsive service provider.
5. Decentralize the MTA Bus Operation or break it up into smaller operating entities. This would result in increased accountability, cost efficiency, flexibility and responsiveness to customer needs.

Submitted Testimony of Jack Gabig

I appreciate your interest in the opinions of the Municipal Operators. We pledge our willingness to work with you and the LACMTA to improve bus transportation for all of our customers throughout Los Angeles County.

Respectfully submitted on behalf of the Los Angeles County Municipal Operators Association,

A handwritten signature in cursive script that reads "Jack Gabig". The signature is written in black ink and is positioned above the printed name and title.

Jack Gabig
Director of Transportation
City of Montebello

TESTIMONY
before the Assembly Select Committee on LACMTA
Assembly Member Jenny Oropeza, Chair

by Laurence W. Jackson
President and General Manager, Long Beach Transit

April 20, 2001

I appreciate the opportunity to speak to you on behalf of Long Beach Transit, and I thank you for calling this informational hearing.

Coming from Long Beach and having served on the MTA Board, you are familiar with our county-wide transportation network and all of those that provide transportation services in the area.

And, as a past member of the Long Beach City Council, you are aware that Long Beach Transit is the largest municipal operator in LA County in terms of riders, with approximately 28 million annual boardings in a ten-city area. We are nationally, as well as locally, recognized for our exemplary service. We are consistently ranked among the top ten transit systems in the country in a nationwide study conducted by the University of North Carolina. And, we have experienced a 30% growth in the last several years.

We anticipate a continued increase in ridership due to our changing local economy and population growth. Because of this surge in ridership, we experience reports of overcrowding at a rate of 1,200 per year, which greatly exceeds Long Beach Transit's performance standard.

Long Beach Transit has responded to our increasing number of customer boardings by adding service hours within the limits of our operating resources. However, we have reached the limit of our financial capacity to add service. In order to meet the needs of our customers and maintain the integrity of our system we should be increasing service by 15%. At present, we do not have the financial ability to add this service.

When the State Legislature created the MTA, we expressed our concern over combining into one agency the responsibility for programming regional transit funds and being the largest operator of service. Specifically, we were deeply concerned that the MTA would be tempted to consider its own operating needs at the expense of the other transit providers in LA County. Responding to this concern, the Legislature enacted certain safeguards which have been helpful and appreciated by the municipal operators.

Unfortunately, the MTA has indeed allocated financial resources to its own operation without providing a fair share to the municipal operators who serve more than 100 million boarding customers each year at a cost per hour dramatically lower than the MTA. As a result, the municipal operators have had to continuously approach the MTA to request their proportional share of funding. In some cases, we were fortunate that the MTA Board favorably responded to our request, overriding internal staff recommendations. However, the task of having to go before the Board each year creates tensions with the MTA, and redirects our attention from the needs of our riders who are most important to us as transit providers. We are here to ensure public transit riders can move about all of Los Angeles County in the most cost-effective, efficient and user-friendly manner possible.

We believe the MTA has two problems related to funding: 1) in its effort to proactively develop its transit system and increase ridership in its service area, it forgets about the rest of the county; and, 2) the SCRTD, and now the MTA, has a long history of not operating within its budget and constantly seeking additional funding. The municipal operators must balance their budgets. This is not the case with the MTA operation. They are able to take money from other sources and give it to themselves when they have shortfalls. By providing themselves with additional funds, outside of what is their fair share, the MTA is able to back fill their shortfalls. We believe that just as we are asked to operate within our means, the MTA should also. When additional funds are allocated for bus operations, they should be distributed fairly to the MTA and municipal operators, not just to the MTA.

Lately the MTA is attempting to reach out more to other transit providers on service issues and to begin developing a seamless public transit system for all riders. One example is collaboration on a countywide disabled rider identification card. Another example is attempts to develop a Universal Fare System which several municipal operators actually implemented prior to MTA. Another example is this year's Short-Range Transit Plan for

coordinated service which we are all now just beginning to develop. We hope these are indicators of MTA's broader view of transportation in the county.

However, we do have on-going concerns about the MTA's ability to act as transit provider and countywide planning/funding entity. Long Beach Transit has experienced over many years how MTA's needs as an operator supercede that of the municipal operators they have agreed to work with and provide funding for.

In conclusion, we believe that until MTA gives due emphasis to its responsibility as county-wide transportation planning and programming agency, we cannot be successful in jointly addressing transportation issues throughout the county. Such a new perspective must come not only from MTA staff but also from all Board members.

MTA has a unique opportunity now to take a broader perspective with a new CEO coming onboard and six of the 13 board members soon to be new.

The board should consider various proposals that would support this new approach, such as setting up individual boards for each of the three divisions of MTA: planning and programming, operations, and construction.

Again, I want to express my appreciation for your efforts to address MTA's governance structure, and we look forward to continuing to work with you on this matter.

**TESTIMONY OF ROBERT HILDEBRAND (REPRESENTING GARDENA MUNICIPAL BUS LINES) BEFORE THE ASSEMBLY SELECT COMMITTEE ON THE MTA
APRIL 20, 2001**

GOOD MORNING, CHAIRPERSON OROPEZA AND MEMBERS OF THE SELECT COMMITTEE. MY NAME IS ROBERT HILDEBRAND AND I AM HERE TODAY REPRESENTING GARDENA MUNICIPAL BUS LINES. ALSO, I HAVE WORKED IN THE FIELD OF MUNICIPAL TRANSIT IN LOS ANGELES COUNTY FOR THE PAST 22 YEARS PARTICIPATING ON A NUMBER OF COUNTYWIDE COMMITTEES AND WORK GROUPS. WE WOULD LIKE TO THANK YOU FOR PROVIDING US WITH THIS OPPORTUNITY TO TESTIFY ON THE IMPORTANT SUBJECT MATTER OF MTA GOVERNANCE AND STRUCTURE.

THE L.A. COUNTY MTA WAS CREATED BY THE PASSAGE OF AB 152 (KATZ) IN 1992. AS YOU KNOW, THIS LEGISLATION MERGED THE LOS ANGELES COUNTY TRANSPORTATION COMMISSION (LACTC) AND THE SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT (SCRTD) INTO A SINGLE AGENCY. THIS ACTION BROUGHT THE ENTITY RESPONSIBLE FOR THE ALLOCATION AND DISTRIBUTION OF TRANSPORTATION DOLLARS TOGETHER WITH THE LARGEST SINGLE OPERATOR OF TRANSIT SERVICES IN THE COUNTY.

AT THE TIME, MANY FEARED A SERIOUS CONFLICT OF INTEREST WAS BEING PERMANENTLY INSTITUTIONALIZED WITHIN THIS NEWLY CREATED AGENCY. OVER THE PAST EIGHT YEARS, THIS CONFLICT HAS PROVEN MORE SERIOUS THAN WE HAD EXPECTED.

FROM AN HISTORICAL PERSPECTIVE, THIS MERGER TOOK PLACE AT A TIME WHEN THE RTD HAD BEEN UNABLE FOR MANY YEARS TO OPERATE WITHIN ITS

BUDGET WITHOUT RUNNING A DEFICIT. TIME AFTER TIME, THE LACTC HAD TO BAIL OUT THE RTD WITH SPECIAL EMERGENCY FUNDING ALLOCATIONS. THUS, NO ONE SHOULD BE SURPRISED THAT THE MERGER OF THESE AGENCIES HAS RESULTED IN FAVORITISM BEING SHOWN BY THE MTA TOWARDS ITS OWN OPERATING NEEDS.

BOTH MTA MANAGEMENT AND THE MTA BOARD HAVE APPEARED TO HAVE DEVELOPED AN ONGOING PRACTICE OF FUNDING THEIR OWN AGENCY'S NEEDS FIRST. THIS STEMS FROM THEIR BELIEF THAT MONEY FOR WHICH THEY ARE ONLY A CLEARINGHOUSE IS IN FACT THEIR MONEY. SOME FUNDING SOURCES ARE MANDATED TO BE DISTRIBUTED BY ADOPTED FORMULAS. OTHERS, SUCH AS LOCAL RETURN SALES TAX DOLLARS, MUST BE RETURNED TO CITIES BASED ON THEIR POPULATION. HOWEVER, WITH ALL OTHER FUND SOURCES, THE MTA APPROACH HAS BEEN TO FUND THEIR OWN SERVICE AND PROJECTS FIRST.

IN THE TRANSIT AREA, THIS HAS OFTEN BEEN THE CASE WITH FEDERAL CMAQ

MONIES AND WITH LOCAL PROPOSITION C DISCRETIONARY MONIES. WITH GENERAL "CALL-FOR-PROJECTS" FUNDS THAT ARE AVAILABLE TO CITIES, THE MTA FIRST DECIDES INTERNALLY HOW MUCH IS TO BE MADE AVAILABLE ONLY AFTER TAKING HUGE AMOUNTS OFF THE TOP FOR THEIR OWN PROJECTS.

AS A RESULT, IN RECENT YEARS, THE MTA HAS FOUND THE FUNDS TO ADD NEW SERVICES SUCH AS THE METRO RAPID BUSES WHILE STILL HAVING TO COVER AN OPERATING DEFICIT. FUNDS HAVE ALSO BEEN FOUND TO STUDY

AND DESIGN NEW FIXED GUIDEWAY SERVICES SUCH AS THE EASTSIDE RAIL LINE AND THE EXPOSITION LINE. IN CONTRAST, MUNICIPAL OPERATORS HAVE

HAD NO FUNDS AVAILABLE FOR NEW SERVICE AND HAVE FELT COMPELLED TO INITIATE LEGISLATION SIMPLY TO OBTAIN THEIR FAIR SHARE OF BUS FUNDING THAT SHOULD BE AVAILABLE TO ALL INCLUDED OPERATORS. IN GARDENA'S CASE, WE SERVE 6.5 MILLION ANNUAL PASSENGERS AND EXPERIENCE SIGNIFICANT OVERCROWDING AT PEAK PERIODS THAT WE ARE UNABLE TO ADDRESS.

WE WOULD LIKE TO SUGGEST THAT A POSSIBLE ALTERNATIVE TO SUCH SPECIFIC LEGISLATION WOULD BE THE RE-ESTABLISHMENT OF A COUNTY TRANSPORTATION COMMISSION IN LOS ANGELES COUNTY. THIS COMMISSION WOULD OPERATE INDEPENDENTLY FROM THE MTA AND BE RESPONSIBLE FOR THE ALLOCATION AND DISTRIBUTION OF ALL TRANSPORTATION FUNDS IN LA COUNTY. IT WOULD ALSO BE RESPONSIBLE FOR PERFORMING COUNTYWIDE TRANSPORTATION PLANNING. IT WOULD OPERATE NEITHER TRANSIT SERVICES NOR CAPITAL FACILITIES. IT WOULD UNDERTAKE NO CONSTRUCTION PROJECTS, ALTHOUGH IT WOULD ALLOCATE THE FUNDING TO PAY FOR THEM.

SUCH A NEW AGENCY COULD BE EASILY CARVED OUT OF THE EXISTING MTA FOR LITTLE OR NO ADDITIONAL COST. THE RESULTING POSITIVE IMPACTS ON THE FAIRNESS OF THE PROCESS FOR ALLOCATION OF TRANSPORTATION DOLLARS WOULD BE HUGE AND COULD BE REALIZED WITHIN A YEAR OF PASSAGE OF IMPLEMENTING LEGISLATION.

WE HAVE NO RECOMMENDATION REGARDING THE SIZE OR COMPOSITION OF

A GOVERNING BOARD FOR THIS AGENCY, AS LONG AS IT FAIRLY REPRESENTS ALL OF THE DIVERSE ENTITIES THROUGHOUT LOS ANGELES THAT PROVIDE TRANSPORTATION SERVICES TO THE PUBLIC.

IF THE LEGISLATURE SHOULD NOT OPT TO RE-ESTABLISH A TRANSPORTATION COMMISSION, HOW MIGHT THE CONFLICT OF INTEREST ISSUE BE ADDRESSED WITHIN THE PRESENT INSTITUTIONAL SETUP? HOW MIGHT AN INTERNAL "FIREWALL" BE CONSTRUCTED AT THE MTA TO MAKE THE FUND ALLOCATION ROLE BE INDEPENDENT OF THE REST OF THE ORGANIZATION? THIS IS A VERY TOUGH QUESTION.

NO ORGANIZATIONAL EXAMPLE COMES TO MIND THAT WOULD GUARANTEE THE INDEPENDENCE NECESSARY TO FAIRLY ALLOCATE FUNDING TO ALL AGENCIES ELIGIBLE FOR IT. THE EXAMPLE SUGGESTED BY OTHER TESTIMONY OF THREE INDEPENDENT INTERNAL BOARDS MIGHT BE A POSSIBLE SOLUTION.

FURTHER, THE CONFLICT OF INTEREST PROBLEM CONTRIBUTES TO THE APPROACH THE MTA TAKES TOWARD COUNTYWIDE PLANNING. MOST RECENTLY, THIS IS REFLECTED IN THE CURRENT DRAFT LONG RANGE TRANSPORTATION PLAN. IN MANY PORTIONS OF THE PLAN, AND PARTICULARLY IN THE BUS TRANSIT AREA, THE LRTP IS WRITTEN FROM AN MTA FIRST PERSPECTIVE AND IS NOT OPERATOR NEUTRAL IN ITS DISCUSSION

OF BUS TRANSIT NEEDS AND PRIORITIES. FOCUS IS PLACED FIRST ON THE NEEDS AND PRIORITIES OF THE MTA AHEAD OF ALL OTHERS.

IN CONCLUSION, ONCE AGAIN, I WOULD LIKE TO THANK THE

COMMITTEE FOR THIS OPPORTUNITY TO PROVIDE OUR INPUT. I WILL BE
AVAILABLE DURING THE REMAINDER OF THE HEARING TO ANSWER ANY
QUESTIONS. THANK YOU.

Testimony by Brian D. Taylor¹ at a Hearing of the State Assembly on the Los Angeles Metropolitan Transportation Authority — 20 April 2001

I would like to thank the committee for inviting me to speak on the future of the Los Angeles Metropolitan Transportation Authority.

Since I am the only speaker today who is not explicitly a representative of an organization or group with a stake in the issue deliberated here today, I want to begin by offering you a bit on my background. My research at UCLA centers primarily on exploring how the politics of public finance shapes urban transportation systems. In particular, I have examined how fiscal politics influenced the development of metropolitan freeway systems and how political struggles over resources shape both the provision and performance of public transit systems. Related to this latter work, a secondary area of my research concerns the travel patterns and needs of various sub-groups of society -- women, racial/ethnic minorities, the disabled, those without automobile access, and so on.

In addition to my research, my past professional experience relates to my testimony today as well. During the 1980s, I was an analyst with the Metropolitan Transportation Commission in Oakland, California, where I worked on the coordination and finance of public transit systems in the East Bay. In particular, I managed a study mandated by the California Legislature to examine the potential benefits of consolidating the many Bay Area transit systems into fewer, larger operators. So both my past professional experience and my current research inform my remarks today.

The LA MTA is an enormous and complex organization, and I want to argue today that its size and complexity are at the root of its problems. The MTA is the principal planner and financier of the county surface transportation system, and it is the principal builder and operator of one of the country's largest public transit systems. While both of these functions concern transportation they are — fundamentally — at odds with one another. In merging the former LACTC and SCRTD into a single agency we have created a new agency with internally contradictory roles and mandates; and one that suffers with inescapable conflict of interest problems as a result. These problems mean that, no matter how honorably and ethically MTA staff and board

¹ Associate Professor of Urban Planning and Associate Director of the Institute of Transportation Studies in the UCLA School of Public Policy and Social Research. 3250 Public Policy Building, UCLA, Los Angeles, California 90095-1656. 310.825.7442. Btaylor@ucla.edu.

members might conduct themselves, there will always be the *appearance* of conflicts of interest.

Some background. The Federal Highway Act of 1962 mandated that multiple claimants of federal transportation dollars in the same metropolitan area engage in "comprehensive, cooperative, and continuing" transportation planning for that region under the auspices of a Metropolitan Planning Organization (or MPO). While I believe that the Southern California Association of Governments (or SCAG) is the officially designated MPO for Los Angeles, the MTA holds most of the transportation purse strings in Los Angeles County and, as such, most of the transportation planning responsibilities mandated by the 1962 federal act are, in practice, assumed by the MTA.

These responsibilities include:

1. Developing and implementing countywide surface transportation plans for streets, highways, public transit, bicycles, and so on.
2. Allocating billions of federal, state, and county transportation dollars to dozens of claimants — *including itself*.
3. Insuring that the claimants of these transportation dollars expend them in ways consistent with transportation plans, environmental regulations, accounting ethics, and a myriad of rules governing each of dozens of funding programs.

Thus, in addition to planning and coordination, a critical role of the MTA is *oversight*. This oversight role means that organizations like the MTA are watchdogs over the efficient, effective, and ethical expenditure of public tax dollars on transportation projects. This watchdog role is absolutely critical for several reasons. First, having to justify projects to another agency makes it harder -- though not impossible -- to develop obviously wasteful or misguided projects. Second, having an outside organization closely monitor all expenditures makes it harder -- though not impossible -- for corruption or graft to occur. Both of these roles are absolutely essential in maintaining public trust and support.

Now in addition to these enormous planning and oversight responsibilities, the MTA is also responsible for planning, building, operating, and maintaining the nation's second largest bus agency, and one of the largest overall public transit systems in the U.S. Thousands of drivers and mechanics operate and maintain over 2,000 buses, railcars, and vans operating on hundreds of routes carrying millions of passengers each day. This means that the MTA is, by far, the largest claimant of the transit funds it allocates around the county. It is, in other words, responsible for claiming funds, and allocating those funds, and spending those funds, and oversight of those funds. This is the classic definition of a conflict of interest and it is a recipe for institutional and political instability.

In other regions, when a large transit operator experiences major problems – such as the late delivery of defective buses or construction failures on a busway or subway project – the MPO can intervene and, if need be, hold up funding until problems are resolved. In doing so, political crises are averted, institutions remain stable, and public trust is maintained.

In Los Angeles, there is no independent oversight organization to step in when inevitable problems arise on the MTA (or any other LA County) transit system. Public confidence will hardly be bolstered should the MTA conduct a thorough inquiry of its own practices. And, further, because the MTA is a claimant of funds, its moral authority to question the practices of other claimants is compromised. Quite simply, these conflicting roles—planning and oversight, and transit construction and operations—severely handicap the organization.

Thus, no matter how talented, committed, and ethical its board members, staff, and workers might be, they are hamstrung by a badly designed and inherently unstable organization. Thus, the first and most important step toward stabilizing transportation planning in Los Angeles County would be to *separate these incompatible functions into separate and independent organizations.*

Now in making this recommendation I am not so naive as to believe that transportation problems in Los Angeles would quickly disappear, or that the County's transit system would miraculously become a well-oiled machine. But a clear arm's-length relationship between the organizations spending transportation funds, and those allocating and overseeing the expenditure of those funds would be an important step in the right direction.

Let me now take the remainder of my time to talk about what the organizations that would replace the MTA might look like. First, the regional transportation planning agency should be regional in scope. Quite obviously, the Southland's transportation system does not end at the LA's borders with Orange, Riverside, San Bernardino, or Ventura Counties, nor should its transportation planning. That is, a regional transportation planning agency's scope of authority should roughly match the boundaries of the greater metropolitan area. And, while SCAG might nominally be seem as the agency fulfilling this broader, inter-county transportation planning role, the real power that comes with fiscal authority over projects and expenditures resides in the county transportation agencies like the MTA, OCTA, and so on.

In the San Francisco Bay Area, the jurisdictions of the Association of Bay Area Governments (which similar to SCAG here in Southern California) and the Metropolitan Transportation Commission roughly correspond. But, while the diverse and often fractious Bay Area manages to have a multi-county regional transportation planning and funding authority, such a multi-county agency in greater Los Angeles is, for some reason, considered by many to be simply impossible. Second, a regional transportation

agency should be regional in representation. The boards of most regional agencies in the U.S are comprised of locally elected officials who also sit on one or more regional boards or commissions. Most of these representatives are conscientious contributors to regional planning, but they are, after all, elected locally and thus they have a particular responsibility to represent the interests of the people who elected them.

Thus, students of regional governance in the U.S have noted that such agencies tend to be strongly parochial in character. Board members' attention tends to be most focused on negotiating a fair geographic distribution of projects and funds. Or, put another way, making sure that the people of their home jurisdiction are getting their fair share of the pie. This means, however, that less attention is devoted to developing really good projects and more attention is focused on spreading popular projects around the region — regardless of their merit.

There have been a variety of suggestions for reducing parochialism on regional boards, most (though not all) of which involve some form of direct election of board members.² Such proposals have typically been coolly received by both local and state officials, both of whom, quite understandably, are loathe to relinquish planning powers to some new and uncertain regional authority. But, while such fears and concerns undoubtedly make regional representation a politically tough row to hoe, that does not mean that it is not an idea worth pursuing.

2

Some have suggested, for example, that for a nine-member board, each voter be given nine votes to allocate to candidates as he or she sees fit. Such allocative voting could allow for both spatial- and non-spatial interest-group representation. For example, a person may allocate all of his or her votes to a candidate promising to represent the interests of the Southbay (which would be similar to the current, spatially-based patterns of representation on the MTA board), or they might allocate all of their votes to an environmentally-oriented candidate who is not particularly focused on the just one part of the county. Further, one could allocate some or all votes to a candidate promising to represent the interests of geographically dispersed transit-users, or on a platform of creative congestion reduction strategies. Such allocative voting proposals, it should be noted, are fundamentally different than at-large elections, because, unlike at-large elections, the ability to allocate one's votes means that minority areas — and interests — can be represented.

Now in arguing the merits of a truly regional transportation planning body I want to be sure to acknowledge that a far less ambitious endeavor -- such as a countywide transportation planning, funding, and oversight commission comprised mostly of appointed locally elected officials and divorced from the direct management or provision of transportation services -- would still be *vastly* superior to the current configuration of the MTA.

Finally, while I have tried to argue the merits of an *expanding* scope and scale of regional transportation planning in Los Angeles I want to conclude these remarks with a recommendation for *reducing* the scope and scale of transit provision in the MTA service area.

There is now a fairly well-established body of research on the effects of transit agency size on the efficiency and effectiveness of transit service delivery. In a nutshell, this research finds that both small transit systems and large transit systems (like the MTA) are less efficient than medium-sized transit systems like Foothill Transit, Long Beach Transit, or the Santa Monica Big Blue Bus. In general, transit agencies operating fewer than 50 vehicles during the peak hours are less efficient because they are not able to make effective use of administrative and planning overhead. Likewise, agencies operating more than 500 peak hour vehicles are too large to function effectively with lean, flat managerial structures. Such systems usually have many layers of managers and supervisors between drivers and mechanics and senior management. In addition, such systems usually too large to operate out of a single operations facility and often are broken up into multiple operating divisions, where interdepartmental relations are characterized by cumbersome, bureaucratic interactions. And, while the findings of these studies have differed in detail most have found systems operating between 50 and 250 peak vehicles to be the most efficient. Indeed, three of the most effective transit systems in the entire U.S.— Santa Monica, Long Beach, and Foothill — are medium-sized operations operating right here in LA County.

In 1999, Long Beach operated its unionized, big city bus service at a cost of \$61.06 per hour, while the cost of MTA service that year was *73 percent higher* at \$105.70 per hour. Also in 1999, Santa Monica spent \$1.03 to provide each unlinked passenger trip by comparison, the MTA's costs were *89 percent higher* at \$1.95 per trip.³

So what does "medium is better" imply for the MTA? A separation of its operations into several medium-sized transit agencies and divided along obvious service area geographies would almost certainly provide transit patrons in Los Angeles County with better quality, low fare transit service requiring less subsidy than today.

³

These data were derived from the Federal Transit Administration's National Transit Database by the American Public Transit Association.

Express, Rapid Bus, and rail service could be operated by a county-wide agency responsible for trunk-line services connecting multiple local service areas or zones.⁴

Proposals to reorganize MTA services into manageably-sized, fully-independent units will surely be met with resistance by those with interests in maintaining the current, inefficient MTA service. Defenders of the MTA's high costs often point to other very large and very inefficient transit systems around the U.S. and argue that the MTA operates in the same ballpark as these other big, inefficient operators. Such comparisons might carry more weight if the potential benefits of having smaller, more agile organizations were speculative.

But they are not speculative. We currently have at least three efficient and effective medium-sized systems already operating cheek-to-jowl with MTA service. If the MTA service area were served by systems as efficient as Foothill, Long Beach, and Santa Monica, service could be increased by more than 50 percent fares could

4

I don't know of a clear agreement in the research literature regarding the "ideal" form of representation on special purpose districts or commissions. While some argue for direct, elected representation on all such boards, most others favor (1) the appointment of locally elected officials to such boards (as is currently done with the MTA) or (2) oversight by lay experts and community members appointed by elected officials. While this is not an area of research with which I am especially familiar, I believe that the consensus view favors direct elected representation to multi-purpose, policy-making bodies (like SCAG) on the one hand, and the appointment of officials or lay people to special, single-purpose authorities like planning commissions, mosquito-abatement districts, and transit operators on the other. The logic here is that, unlike multi-purpose policymaking bodies, the role of transit operator boards is to (1) hire and fire the general manager and (2) oversee the *general* conduct of the agency or authority. While there are at least three directly elected transit operator boards in the U.S. (AC Transit, BART, and Denver), observers of these systems note a tendency toward both micro-management and grandstanding by board members, who sometimes use the positions as springboards for higher office. In contrast, nearly all of the thousands of U.S. transit operators are managed by appointed boards.

dramatically reduced and ridership would soar— all without any increased public expenditure.

I will conclude here by summarizing my three recommendations:

1. First, the planning and oversight functions, and transit construction and maintenance functions of the MTA must be separated.
2. Second, the most effective regional transportation planning will take place at an agency that is truly regional in both scope and in representation.
3. And third, the research is quite clear that when it comes to public transit, small is too little, big is too large, and medium-sized is just right. All of the people of Los Angeles deserve the kind of high-quality, low-cost transit service operating in Long Beach, the San Gabriel Valley, and Santa Monica today.

Thank you.

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS (SCAG)

TESTIMONY OUTLINE FOR MARK PISANO

**ASSEMBLY SELECT COMMITTEE ON LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY**

FRIDAY, APRIL 20, 2001

Ronald Reagan State Office Building
Auditorium
300 South Spring Street
Los Angeles, CA

HEARING SCHEDULED: 10:00 A.M. – 1:00 P.M.

- SCAG Region: Six Counties / 186 Cities / 16,000,000 people
- 71 Member Regional Council (governing board) comprised of local elected officials
- Designated Metropolitan Planning Organization
- Transportation Planning in the Region:
 - Regional Transportation Plan
 - Regional Transportation Improvement Program
- SCAG: Comprehensive and coordinated planning throughout the region vs. parochial perspectives of counties, cities and county transportation commissions.
- 2001 Regional Transportation Plan adopted by Regional Council on April 12, 2001.
- RTP: Approximate 20-year vision, which looks at long-range regional transportation needs. Current plan through 2025.
- By 2025, SCAG region envisions adding approximately 7 million people and 4 million jobs:

Population growth: North Los Angeles, Riverside and San Bernardino Counties
Job Growth: Los Angeles and Orange Counties

- Regional Transportation Plan is developed through a coordinated system, led by SCAG, which includes the 6 counties and 186 cities within the region, 14 subregions, transportation commissions and other interested parties.
- For over 2 years, eight task forces have met on a monthly basis to identify key transportation issues within the region and develop response strategies:
 1. Aviation
 2. Goods Movement
 3. High Speed Rail
 4. Transit Corridors
 5. Growth
 6. Truck Lanes
 7. Regional Transit
 8. Long Range Transportation Finance
- MTA and other transportation commissions within the region have participated in the work of the task forces.
- SCAG is the regional planning agency; MTA is the transportation programming agency for Los Angeles County.
- MTA conducts planning activities through its Long-Range Transportation Plan to identify local projects and develop local priorities.
- MTA Long-Range Transportation Plan is submitted to SCAG for inclusion in the RTP so that Los Angeles County transportation projects are eligible for state and federal funding.
- Melding the local plan into the regional plan can be a flash point for disagreements between SCAG and MTA.
- SCAG looks at a six-county perspective and may see critical issues from other counties that are not issues in Los Angeles County.
- Critical SCAG role is to bring locally elected officials together in a forum to respect competing perspectives and priorities and resolve differences in a regional fashion.
- Examples of problem areas:
 - I-710 Freeway Extension between I-10 and I-210
 - Dedicated Truck Lanes (State Route 60)
 - I-5 projects in south Los Angeles County; Governor's Transportation Congestion Relief Program

Long Distance Commuting

Antelope Valley to southern parts of LA county

Riverside/San Bernardino County residents to jobs in Los Angeles and Orange counties

Inter-county connectors and improvements which stop at the county line

AB 1039 (Oropeza)

Lift \$1 million TDA Planning Cap

- **SCAG and MTA working together to resolve differences.**

RECOMMENDATIONS

- **MTA work through subregions in developing Long-Range Transportation Plan.**
- **Funding mechanism for inter-county projects.**

MPM.52138



united transportation union

CALIFORNIA STATE LEGISLATIVE BOARD

1005 - 12th STREET, SUITE 4, SACRAMENTO, CALIFORNIA 95814-3941 • (916) 441-2051 • FAX: (916) 441-2054

April 18, 2001

The Honorable Jenny Oropeza, Chair
Assembly Select Committee on the Los Angeles County Metropolitan Transportation Authority
P. O. Box 942879
Sacramento, CA 94249-0055

Dear Assemblywoman Oropeza:

**Re: April 20, 2001, Assembly Select Committee Hearing on the Los Angeles
County Metropolitan Transportation Authority**

I am enclosing herewith the presentation of our organization at the above-captioned hearing.

As stated in my letter of April 17, 2001, we regret that we are unable to formally participate in this hearing.

Very sincerely

A handwritten signature in black ink, appearing to read 'James J. Jones', is written over the typed name and title. The signature is fluid and cursive, extending to the right with a long horizontal stroke.

James (J. P.) Jones
State Legislative Director

JPJ/cqc
enclosure



united transportation union

CALIFORNIA STATE LEGISLATIVE BOARD

1005 - 12th STREET, SUITE 4, SACRAMENTO, CALIFORNIA 95814-3941 • (916) 441-2051 • FAX: (916) 441-2054

April 18, 2001

The Honorable Jenny Oropeza, Chair
Assembly Select Committee on the Los Angeles County Metropolitan Transportation Authority
P. O. Box 942879
Sacramento, CA 94249-0055

Dear Assemblywoman Oropeza:

Our organization represents the drivers (bus operators) at the Los Angeles County Metropolitan Transportation Authority (MTA). It is on behalf of these MTA employees that we give this presentation to the Committee.

Our organization believes the current structure at MTA of including planning, program and development under the same body of control which also oversees MTA operations (either direct or indirect operations) is inappropriate. This structure creates an internal conflict by having the governing board make the overall transit policy decisions and priorities, and at the same time having this same board be a provider (operator) of service. This leads to a conflict of interest which is basically flawed and counterproductive.

At a minimum, the MTA statutes should be amended to completely separate the programming/planning function from the operation function. Priorities and policies of transit needs in Los Angeles County should not be decided by any entity that also has operational responsibilities.

There should be a direct line of accountability to the citizens of Los Angeles County for the actions of the MTA Board of Directors. This accountability is lacking at the present time. Accountability, or lack thereof, was a factor in the collapse of the most recent collective bargaining sessions between our organization and MTA. Due to lack of accountability the bargaining process saw three (3) distinct and dramatic changes in position by MTA. The MTA moved from major economic differences in the proposals, to major policy (philosophical) differences, with no accountability to anyone for these dramatic position changes. This was a major reason for the 32-day work stoppage of last year.

Our organization appreciates the opportunity to express our views and positions on the topic of MTA. We look forward to future input and participation in this process as the work of the Committee develops and advances.

Very sincerely,

A large, handwritten signature in black ink, appearing to read 'James J. Jones', is written over the typed name and title.

James (J. P.) Jones
State Legislative Director

JPJ/cgs
November 2001