

Report 2002-116 Summary - December 2003

Los Angeles County Metropolitan Transportation Authority:

It Is Too Early to Predict Service Sector Success, but Opportunities for Improved Analysis and Communication Exist

HIGHLIGHTS

Although it is too early to predict the success of the Los Angeles County Metropolitan Transportation Authority's (MTA) decentralization of its bus services into five service sectors, our review found the following:

- The MTA did not perform any cost-benefit analyses or fiscal projections, nor did it fully consider alternatives to sectors before implementing them.
- Despite the MTA's limited analysis, we generally did not find negative effects associated with the MTA's decentralization of bus operations.
- The MTA lacks a way to determine cost savings and ridership data accurately at the sector level.
- The MTA could provide better training to governance councils in two areas that limit their ability to make service changes: the MTA's consent decree and union contracts.
- Weaknesses in the methods the MTA uses to advertise governance council meetings could cause it to miss opportunities to use these meetings effectively as a means of improving community input into bus operations and tailoring services to local needs.

RESULTS IN BRIEF

In fiscal year 2001-02, the Los Angeles County Metropolitan Transportation Authority (MTA) began efforts to reorganize its bus service operations, decentralizing its bus operations structure by dividing it into five service sectors responsible for overseeing and delivering bus service in Los Angeles County. MTA management believed that service sectors would draw the customer closer to the transportation provider and improve planning and operating efficiencies. Shortly after the sectors began operations, the MTA board of directors (board) approved bylaws and policies to create five governance councils with the powers to collect community input on bus service and proposed changes, as well as to provide oversight for the sectors.

Before implementing service sectors, the MTA did not perform any cost-benefit analyses or fiscal projections, nor did it fully consider alternatives to sectors. In part, MTA management's directive to quickly establish sectors reduced the staff's opportunity for analysis. Further, MTA management believed that the cost of implementing sectors would not add significantly to the MTA's total expenditures and therefore did not warrant significant fiscal analysis. MTA management believed they could mitigate a lack of analysis at the outset by conducting financial analyses as part of the ongoing budget efforts after the MTA implemented the sectors. MTA management further attempted to mitigate their limited planning efforts by creating a task force of employees, some of whom had experience working in MTA's regions—the MTA's previous attempt at decentralizing bus service—with the goal of bringing lessons learned to the process. Nevertheless, the MTA's limited analysis in planning for sectors has reduced its ability to measure the effectiveness or efficiency of its sector implementation.

Service sectors are still relatively new, so it is difficult to predict whether the sectors and governance councils ultimately will increase the efficiency of and public participation in the MTA's operations. However, our review of the sector implementation and operations generally did not find negative effects associated with the MTA's decentralization of bus operations. For example, we were requested to determine whether the establishment of sectors had reduced the number of jobs at the MTA. We found that the total number of full-time equivalent positions (FTEs) within the MTA's transit operations increased by 229 FTEs, or 3 percent, from fiscal year 2000-01, before the service sector implementation, to the current fiscal year 2003-04.

The MTA reduced its administrative functions due to budgetary concerns at about the same time as the service sector implementation. The MTA prepared an analysis during this time to reconcile FTEs for its current fiscal year to those in the budget year as part of its budget process. However, the MTA's analysis was insufficient to demonstrate which staff were cut due to the administrative reorganization, which staff were transferred to service sectors, or which staff were moved for other reasons. Nevertheless, the implementation of service sectors, coupled with the administrative reorganization, appears to have flattened the MTA's management structure. Many division managers within the sectors stated that this has improved accountability and communication within the organization.

Although the MTA's implementation of service sectors does not appear to have caused negative effects, the MTA still is attempting to resolve issues that existed before it decentralized its operations. Specifically, the MTA lacks a way to determine cost savings and boarding data accurately at the sector level. The MTA's problems in calculating the actual amounts saved by

the sectors stem from its problems in assigning support costs to the divisions or sectors that actually use these services. Moreover, the MTA's methodology for computing boarding data at the sector level is inaccurate and therefore meaningless for decision making because the smaller sample sizes do not yield statistically valid conclusions. Until the MTA resolves these issues, its sector general managers will not have an adequate measure of their efforts in achieving the MTA's goals. The MTA plans to implement a new automated passenger count system by late 2004 that it hopes will give sector general managers more accurate counts of their ridership. It also is working on addressing the problems that prevent it from calculating sector cost savings.

We found that the contracts for the three unions representing most sector employees did not change after sectors were implemented and that MTA employees still are working under the same terms as they were before sectors. Additionally, although union representatives voiced some concerns with how they believe the MTA has changed its grievance resolution process since the implementation of sectors, we found that the MTA's process for handling grievances has not changed significantly.

Each service sector began operations before the start of its governance council. Although the MTA intentionally implemented service sectors first to start realizing their expected benefits, significant periods of time elapsed before most governance councils were established. We found several reasons for the delays. A key factor involved delays in establishing governance council policy and bylaws. Further, the process of nominating council members, which involves entities within a sector's boundaries reaching a consensus, caused delays. For example, staff in a city within one sector's boundaries stated that a delay has occurred primarily because the city did not agree with the others on the nominating board about the number of representatives it should have on the council. As of November 2003, this sector had operated without a governance council for 14 months. Nevertheless, the overall effect of delays in establishing councils appears to be minor. Although delays in council implementation could have delayed the collection of community input for service changes, we found that most sectors made reasonable attempts to conduct community meetings to provide information to the public. Further, during the time that sectors were without governance councils, the MTA board, or in one case a sector general manager with subsequent board approval, conducted public hearings required for major service changes.

Although the MTA provided training to the governance councils on their various responsibilities, it has not communicated adequately with the governance councils about some pertinent issues. Consequently, it risks having governance council members form incorrect assumptions about the MTA's capabilities and becoming frustrated with the MTA's seeming lack of attention to issues council members believe are important. For example, some council members we spoke with expressed their expectations that the MTA should return any cost savings to the sectors generating the savings. However, the MTA has limitations that currently prevent it from calculating these savings, and it has not communicated these limitations to the various governance councils. Further, the MTA board retains the final authority for making decisions regarding where savings will be spent, and it has not yet decided this issue. Because the MTA has not been proactive in communicating its limitations about where cost savings will be spent, governance council members could perceive the MTA as ignoring issues that are important to them.

Further, the training that the MTA provided to governance council members has omitted some of the tools the governance councils will need to oversee service changes in their sectors. Specifically, the governance councils need better training in two areas that could limit their ability to make service changes: the MTA's consent decree and union contracts. Under the MTA's consent decree, an agreement the MTA entered into in response to a civil rights lawsuit brought by various plaintiffs representing bus riders, the MTA must reduce load factors (the number of passengers in relation to the number of seats on its buses) to agreed-upon ratios by year. The MTA's central scheduling department reviews service changes proposed by sectors to ensure compliance with the consent decree. Governance council members could become frustrated if they attempt to make changes and the MTA's headquarters subsequently overturns them because they violate the consent decree. Further, one of the MTA's union contracts contains provisions limiting the MTA's ability to discontinue individual bus lines to allow municipal transit operators to operate them instead. MTA is not the sole transit operator in Los Angeles County. Fixed-route transit service also is provided by more than 40 municipal transit operators. As a result of the contract provisions, governance councils face limitations in cutting some services if they expect municipal operators to pick up these lines.

One issue identified by the MTA in its planning phase for sector implementation was a need for community input. However, weaknesses in its methods of advertising governance council meetings could cause it to miss opportunities to use these meetings effectively as a means of improving community input into bus operations and tailoring services to local needs. For example, the MTA occasionally advertises monthly governance council meetings via "Metro Briefs" in local newspapers. However, MTA staff acknowledged that the MTA does not advertise the governance council meetings in these print advertisements on a monthly basis, making it difficult for the public to know how to find out when a council meeting is about to occur. Moreover, the MTA does not provide links to its monthly governance council meeting schedules on its Web pages for service sectors or for

bus routes. Currently, the only avenue MTA bus riders have for determining the sector responsible for a given route is through a toll-free number for customer service. Callers to this number must go through several steps to reach MTA staff members who can provide this information. Further, the MTA does not publish the fact that bus riders can get sector-related information through this number.

Although resolving overlapping service issues was not a goal when the MTA developed sectors, we found that the creation of service sectors seems to have improved some coordination activities between the MTA and municipal transit operators. Further, although the Los Angeles County Regional Short-Range Transit Plan for 2003 to 2007 found that some overlap in service is necessary, it also reported that much of the duplication that does occur between transit operators results in lower productivity for one or more lines.

The issue of duplicative service is a longstanding problem that predates service sectors, and the MTA plans to address this issue by comprehensively reorganizing bus services in Los Angeles County by June 2006. The MTA only recently started its planning efforts for this reorganization and has not yet invited municipal transit operators to participate directly in its initial planning process. Additionally, the MTA's proposed scope of work for its consultant indicates that it plans to gather municipal operators' input through an indirect process. If the MTA does not effectively introduce municipal operators' views by allowing them to participate directly in the planning process, it risks formulating a plan that will not receive sufficient buy-in from municipal operators, which could be detrimental to the future success of this new network.

RECOMMENDATIONS

The MTA should ensure that it plans for future projects adequately by conducting sufficient analysis. Specifically, the MTA should consider conducting cost-benefit analyses, fiscal projections, and analyses of alternatives when implementing major changes or programs.

To ensure that the sectors have the tools they need to manage their performance, the MTA should continue its efforts to track all costs associated with sector operations and to identify the actual savings generated. Further, the MTA should continue its efforts to improve its computation of boarding data.

To alleviate concerns and prevent conflicts between the governance councils and the MTA, the MTA needs to clearly define and communicate to the governance councils all the information they need to accomplish their goals, including information on limitations related to the MTA's problems in calculating actual sector savings, as well as information on the consent decree and union contracts.

To ensure that bus riders have access to information on governance councils and sectors, the MTA should ensure that it uses appropriate and sufficient means of communicating this information. For example, the MTA should consider adding information about bus routes and their corresponding sectors to its service sector and bus route Web pages, and it should also consider adding information about its governance council meetings to these Web pages. Further, it should consider regularly advertising the meetings in newspapers.

Finally, the MTA should continue its planned efforts to focus on eliminating duplicative routes to the extent possible. Specifically, the MTA should allow stakeholders, such as municipal transit operators, to participate directly in the planning process.

AGENCY COMMENTS

The MTA states that it appreciates that our recommendations are aligned with its intent to continue to attain its objectives in facilitating community-based bus services.

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