



Jack R. Gilstrap  
General Manager

**S.C.R.T.D. LIBRARY**

January 9, 1979

TO: Board of Directors  
FROM: Jack R. Gilstrap  
SUBJECT: General Manager's Annual State-of-the-District Report

It is traditional that the beginning of a new year is an appropriate time for assessing past performance and charting future action. In the spirit of this tradition, I am pleased to bring you this report on the status of the District and of our program for 1979.

The year just ended was one of significant success in the face of troublesome difficulty because of the continuing squeeze on funding. Our difficulties were intensified by the unrelieved aging of our fleet and by reliability problems with new buses.

As to success, our ridership has increased steadily in the wake of rising public demand. We hit an all time high in October when we recorded 1,150,000 average weekday boardings after reaching 1,090,000 in May. This is an additional 60,000 passenger boardings a day in October--which means we added about 1200 busloads of people a day on top of an already high level of operations.

Passenger revenues also climbed to new peaks. Passengers paid \$82.6 million to ride the RTD in Fiscal Year 1978, up from \$62.9 million in the previous fiscal year. An increase of five cents in the basic fare to 45 cents posted on July 1, brought practically no loss in ridership, and with the present increased level of patronage, we are forecasting passenger revenues of approximately \$94 million for the fiscal year ending June 30, 1979.

Our passenger revenues are now running at a rate of approximately 45 percent of operating costs, which places the District in the company of the better performing transit properties throughout the country. To give you some idea of operating ratio performance at other transit agencies, the latest figures available to us show Atlanta running at 20 percent; Boston, 25 percent; Denver, 26 percent; Minneapolis, 33 percent; New York bus operations, 62 percent; Portland, 28 percent; and Seattle, 28 percent.

In addition to our farebox-to-operating cost ratio, there have been other important advancements in productivity. Our cost per unlinked passenger trip is now running at 63.4 cents, compared with 63.3 cents in fiscal 1978, and 64.9 cents in fiscal year 1977.

Board of Directors:

January 9, 1979

This is an important accomplishment in the face of the continuing inflationary trend.

Ironically, the absence of any legislated local funding source for the RTD proved for once to have its advantages. Because the RTD was not directly dependent upon local property tax sources, the passage of Proposition 13 did not bring the dislocation here that it did in some California properties.

Generally speaking, the cost improvement and productivity measures applied beginning in the fall of 1976 had prepared us for the fall-out from Proposition 13 and had positioned us on a course that enabled us to be responsive to the cost-conscious sentiment expressed in the landslide endorsement of the Jarvis-Gann Amendment.

As we face the future, we are confronted with several important uncertainties regarding our anticipated operating costs and revenues.

- o We can expect an increase in the price of diesel fuel as the result of the announced policy of the OPEC nations. It is possible this increased cost may be offset to some extent by fares from riders who will be persuaded by increasing costs of fuel to leave their cars in the garage and ride the bus.
- o Proposed organizational changes announced by the Department of Transportation can be expected to bring changes in the delivery process for grants. Changes in any large, complex organization often mean delays, even though the changes may eventually bring improvement.
- o Our financial projections are subject to action by the Los Angeles County Transportation Commission. Our schedule for improving service to meet growing demand may not coincide with Commission allocations.

In the light of these uncertainties, I suggest that we may wish to consider a fare increase as a means of providing the additional funds we will need to meet increased demand, if tax sources are not forthcoming. I emphasize that I am not now proposing a fare increase, but I would point out we may be called upon to struggle with the question whether it is better to pass up riders because our buses are full, or to raise our fares so we can put more service on the streets.

As we enter 1979, we are faced with a formidable list of challenges:

Board of Directors:

January 9, 1979

## I. RELIEF OF OVERCROWDING AND RESTORATION OF SERVICE

The staff shares your Board's deep concern about the overcrowding of buses on many of our lines. We deplore conditions that generate crush loading and overloading of buses and that make it necessary for our operators to pass up waiting passengers because they have no room.

This problem of overcrowding must have first call on our resources. Improved passenger revenues in the last few months plus an additional sales tax allotment from the Transportation Commission have enabled us to put 95 additional buses on the streets. By the end of next month, we will have placed 140 additional buses in peak service.

We now have 27 of the new, higher capacity articulated buses in service, and the remaining three will be placed in service as they are accepted for operation. These have been assigned to the overcrowded 83 line on a one-to-one basis, thus easing the situation somewhat.

The Service Economics Program caused us to reduce the frequency of service or eliminate service altogether on many of our low patronage lines. Service on an annual mileage basis, was reduced from 114 million miles at the peak in 1976, to 101 million miles in 1978, a 12 percent service reduction. This represented about \$20 million in reduced costs. We feel it is imperative that a portion of any additional revenue be employed to restore service on some lines, particularly those that were serving more than 20 passengers per bus hour when service was curtailed and those that have continued to increase in productivity since the reductions. If operating revenues remain strong, we will recommend to your Board that we restore in March about 20 percent of the service that was eliminated in the economy program. This, of course, is short of what we would like to restore.

## II. REPLACEMENT OF OUR AGING BUS FLEET

The District's pressing need for new buses is well-known to you. We have the oldest fleet of any large transit operator in the United States. Aging equipment is prone to mechanical failure, despite the best efforts of our maintenance department. Our high percentage of road calls is directly traceable to the age of our fleet. Equipment breakdowns alienate customers, increase our operating costs, cause freeway traffic jams, and harm our reputation.

We have funding assured for 300 new buses--consisting of 230 standard-size, advance design buses, 50 intermediate-size buses, and 20 double-decked buses.

Bids for the 230 buses will be opened on this Friday, January 12. The bidding for these buses has been affected by the issue of wheelchair lifts, about which the District faces a most difficult decision that may affect our system for years to come.

Bids for the 50 intermediate buses will be advertised soon.

There are no qualified domestic manufacturers of the double-decked buses, and therefore requests for bids have been directed to a number of European manufacturers for a scheduled bid opening on March 16. Realistically, however, none of these buses can be expected to enter our inventory until calendar year 1980.

More on the plus side, we do hope to have all 200 of the AMG buses in operation soon, and if the mechanical locking device proposed a few days ago by AMG works, the wheelchair lifts could be operational this spring.

As we all are aware, to support our ridership projections and to cope with replacement of old buses, we have an urgent need for at least 1500 new buses--1200 more than those for which we have authorized funding. Our most pressing task, then, in replenishing our fleet is to obtain funding for 1200 buses. Financing of these buses will depend upon approval of the necessary grants by UMTA--(recent signals from UMTA are disquieting)-- and the obtaining of the necessary local matching funds through the sale of equipment trust certificates.

There is no doubt Los Angeles has its work cut out for it in competition with other metropolitan areas for federal dollars in spite of the clear cut case we can make based on need, equity, or any other basis. We are ultimately going to have to muster strong political pressure to be successful. The sooner we get on with this task, the better chances are going to be.

In speaking of a 1200-bus procurement program, I have not included an order for 230 Transbus units that we have placed as a member of a consortium with Philadelphia and Miami transit agencies. The Transbus program is a developmental one subject to resolution by federal agencies and the manufacturers. The indications are that it will be five to seven years before the Transbus units will be available, and we consequently are not counting on them for relief of our present needs.

Board of Directors:

January 9, 1979

### III. LABOR CONTRACT PLANNING AND NEGOTIATION

The progress we, as a public agency, have made in the past year in the areas of ridership, transit and fiscal performance, and productivity have been achieved by an organization working in concert and without interruption to achieve a common goal.

In making our plans for the calendar year that lies ahead, we must take into account the fact that our present labor contracts with all three of our unions expire May 31.

We believe that we share with the Union membership a strong desire to avoid another work stoppage, such as those in the past that have been so costly in terms of hardships and disruptions.

I think it is a fair assessment to state that each party will enter the negotiations fully aware of the facts of labor/employer life as they apply to the other.

- o We at RTD understand fully that the union membership will expect some improvement in pay and benefits and that the union leadership is motivated to deliver a package to which it can point with pride.
- o We both recognize that inflation is a continuing factor. The President has established a lid for wage increases, and the RTD, as an agency dependent upon federal sources for a substantial portion of its income, must heed these guidelines.
- o We must improve productivity as an avenue of mutual benefit.
- o RTD will call for amendment of our more archaic work rules to free the District of costly inefficiencies, so that savings thereby achieved can be translated into equitable pay and benefits. Some transit agencies are successfully utilizing part-time employees as a means of controlling operating costs. We intend to seek this provision in our labor agreements.

### IV. CAPITAL INVESTMENT IN FIXED FACILITIES

We are proceeding with the long range plan for upgrading our fixed facilities as a means of providing more and better service to the riding public.

A major project is the Central Maintenance and Administrative Headquarters Facility on which we are scheduled to complete the site selection and environmental documentation this year.

Board of Directors:

January 9, 1979

In addition, we expect in 1979 to acquire sites and complete design of the East San Fernando Valley and West San Fernando Valley Divisions, to complete construction of a new fueling facility and bus washer at Division 3, to complete remodeling of the Transportation Building at Division 2, and to begin construction of a new maintenance building at Division 5.

#### V. RAPID TRANSIT

The rail rapid transit starter line program will be coming to a head in 1979. We have completed and delivered to UMTA our final report containing an analysis of the various alternatives and of the required environmental information.

We have discussed the alternatives in detail with community leaders, and we have established that a strong consensus favors a starter line that would run west beneath Wilshire Boulevard to the Fairfax Avenue area and then north to the San Fernando Valley. The financial feasibility of this line in terms of potential passenger revenues appears to be better than that of any of the new rail systems funded by Washington, including those completed in recent years.

Following public hearings, the intent is to obtain UMTA funding to proceed into preliminary engineering. We also must identify a source of local funding for the construction phase. In this regard, we suggest the financing effort could benefit from the advice and counsel of a financial advisory committee composed of business and financial leaders of the community.

Based on informal discussions, we believe this approach offers an untapped source for valuable guidance and support.

#### VI. SERVICE IMPROVEMENTS AND INNOVATIONS

Planning for the North and West Sector Improvement Programs, delayed because of the Service Economies Program, is now in an advanced stage.

We are now pointing for full implementation of this program in 1980. These improvements could apply to 58 percent of our system, embrace 1317 buses, and impact 880,000 boarding passengers a day. A total of 117 routes will be revised, including 27 express routes, 15 limited service routes, and 76 local routes. For the vast majority of riders the improvement program will eliminate service voids and provide a basically better service in the heart of our service area.

Board of Directors:

January 9, 1979

In addition to this major improvement program, we are conducting a number of innovations designed to provide new services to the transit riding public.

These projects include the project to provide bus service for families wishing to visit the new parklands in the Santa Monica Mountains, the special transportation requirements anticipated for the Olympic Games in 1984, and the UMTA-funded Bus Express Employee Program (BEEP) which in its pilot stage provides commuter services for persons employed in the El Segundo industrial area.

#### VII. LEGISLATION AND FUNDING

Your Board recently adopted an ambitious, much needed program for the 1979-80 Legislative Session.

Of paramount importance is the need for the District to have a voice on the Los Angeles County Transportation Commission. The Commission is charged with the responsibility of apportioning both TDA and federal Section 5 operating funds to transit operators in Los Angeles County. At the present time two included municipal operators and one non-included municipal operator sit as full members of the Commission and one included operator holds an alternate seat. Taken together, municipal operators provide approximately twelve percent of regular transit service in the County. It is patently unfair that the District as the representative of more than one million daily riders and the provider of more than eighty-five percent of the regular transit service has no direct voice in the affairs of the Commission. To correct this inequity, you have approved sponsoring legislation that will enable the County Supervisor, Mayor of Los Angeles, and the County Division of the League of California Cities to appoint or elect alternates and representatives without restriction. The staff intends to vigorously pursue this legislative change.

Another serious deficiency in the present code is the provision guaranteeing protection of their lines to municipal operators and the lack of equal protection of District lines. This has existed since SB-325 was enacted several years ago. It allows included municipal operators to expand over District service, but prohibits the District from extending its lines into municipal areas when travel demands indicate extensions would better serve the public. We shall seek to correct this problem during the coming session.

Since the inception of SB-325, the seven included municipal operators have been guaranteed that they can receive no less than fifteen percent of available TDA funds. History has

Board of Directors:

January 9, 1979

shown that many of these operators are not utilizing these funds as fast as they become available and some have been building reserves to use for capital projects, in one instance a moving sidewalk. This does not appear to be a prudent use of area resources in a period in which the District is forced to operate hundreds of overcrowded peak period buses that are loaded to such a capacity that passengers are left standing at bus stops by two or three buses before there is room for them to take even a standing ride. In accordance with your action, we will endeavor to delete the fifteen percent guarantee so that the Commission will be free to use TDA funds where the needs are greatest.

Non-included municipal operators have sprung up in the County, largely as the result of federal revenue sharing, the CETA program and federal Section 5 funding. Some are now seeking TDA funds. Your Board has agreed to support the opening of TDA funds to municipal operators provided certain conditions are met: 1) the District be granted service area protection similar to that now enjoyed by the included municipal operators; 2) the fifteen percent guarantee be abolished; 3) and the newly included municipal operators must have provided regular transit service continuously for a period of three years and have attained and continue to maintain at least a 33-1/3% farebox operating ratio.

Rapid transit financing will be a high priority. We will seek legislation permitting Caltrans to pledge future TDA funds for the payment of debt service incurred to provide the local matching funds for construction of a rapid transit system. We also will seek legislation to permit Caltrans to pay 100% of the acquisition costs of abandoned rights-of-way and easements for rapid transit purposes.

UMTA is mandated by the Congress to report back to it on the needs of transit and make recommendations for a formula for distribution of funds by January 1, 1980. After an uphill battle, the District was able to keep the population - population density formula in the 1978 bill. This worked to the advantage of many western and mid-western cities. The larger, old eastern cities are pressing for a new formula in 1980 which would give them a greater share of federal funds. We shall be working to hold the line. However, because the Los Angeles County Transportation Commission seems intent on stretching this year's dollars into next year, much of this region's argument for need will be blunted. The eastern cities will be able to make the case that Los Angeles does not need money as urgently as they to keep its system going. It is your staff's view that this area should utilize all funds as they become available by relieving overcrowding and restoring some service cuts to demonstrate the continued need of this area for federal support.



Board of Directors

January 9, 1979

VII. HUMAN RESOURCES AND INFRA-STRUCTURE

We have elevated the Training function to Department status as a means of applying more emphasis and momentum to this important activity.

We are employing Training in a vigorous effort to advance the capabilities and skills of our people throughout the organization, and we are strengthening our infra-structure through training, as well as acquisition of a few key personnel.

IX. NEW TECHNOLOGY PROJECTS

The District is continuing to pursue a number of innovative New Technology Projects as a means of delivering to the transit-using public the benefits of technological advances.

Of major importance is our participation in the Transbus program. While it will be several years before we will be able to place this type of bus in service, we expect them eventually to literally fill the role of the "bus of the future."

Other special projects, most of which depend upon new applications of the electronics technologies, include RUCUS, the Computerized Information System, the Maintenance Information System, Computerized Inventory Control, Automatic Vehicle Monitoring System, continuing utilization of radio equipment for dispatching and security purposes, and automatic passenger counting.

X. CONCLUSION

In concluding my report, I am compelled to state that I feel the most pressing challenge to the District is the continuing erosion of the Board's authority. We already are at the point that we cannot be certain that we have touched base with all the agencies and individuals not directly responsible to the public who feel they should have a role in our decision-making process.

- o We are operating more and more in an environment that can only be described as an institutional morass. When improvements are delayed because of conflicting bureaucratic requirements, it is the District that gets the letters of complaint.

The Board's authority is under constant siege. Today we must go with hat in hand to ask for more

Board of Directors:

January 9, 1979

of the funds rightfully the regional carrier's so we can provide more, needed service to the transit dependent people who live and work in the heart of the County, while other, lesser systems bank roll surpluses. If our elected officials do not correct this situation, our Board of Directors soon will find itself without adequate authority to set fares, select routes, and determine schedules.

In other words the Board will not be able to make the policy decisions necessary to run a \$250 million a year public corporation.

As politically distasteful and upsetting as it may be, we are urging that the District come to grips with this threat. We have professional and moral obligations to the hundreds of thousands who depend upon the RTD for service and the many millions more whose taxes support our operations to operate efficiently and with attention to economy. We cannot continue to operate effectively in an environment that encourages and thrives on a concept of further diffusion of authority and the decision making process.

- o A final area of concern is the growing uncertainty regarding the reasonableness and feasibility of meeting all of the demands of the handicapped. Significantly, UMTA, in its recent survey of handicapped needs and desires, has raised some very serious issues regarding the cost effectiveness and affordability of full accessibility. The UMTA survey indicates the handicapped may not want line haul accessibility. There are indications very few will take advantage of line haul service. No matter how accessible the bus may be for boarding and discharging, there is still the matter of the trip from home to the bus stop and from the alighting point to the final destination. The handicapped pressure groups and experts seem to ignore these considerations in their preoccupation with legal issues and lobbying.

It is possible that RTD's best role, if the law were to permit, would be one of providing some line haul capability plus functioning as an effective coordinator of the numerous, in fact, thousands of, door-to-door, demand/responsive services for the handicapped and the elderly already operating in the area and already being paid for by the taxpayers. This too is a politically difficult issue on which to take a firm stand, but it cries out for some common sense and rational thinking by our elected officials nonetheless.

Board of Directors:

January 9, 1979

In conclusion, our District is serving more passengers than ever before and, we are performing this service in an efficient and economical manner despite the age of our equipment. I again assure the Board that your staff will continue to do its utmost to carry out your Board policies and directives in a diligent and professional manner.

Respectfully,

A handwritten signature in cursive script, appearing to read "Jack R. Gilstrap", written in dark ink. The signature is fluid and somewhat stylized, with a large initial 'J' and 'G'.

Jack R. Gilstrap