

**TO THE COUNCIL OF THE
CITY OF LOS ANGELES**

Your

**BUDGET AND FINANCE
and
TRANSPORTATION Committees**

reports as follows:

BUDGET AND FINANCE and TRANSPORTATION COMMITTEES' MAJORITY REPORT relative to the Los Angeles Department of Transportation's (LADOT) final recommendations for City Transit Service reductions and fare increases.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. APPROVE the LADOT's final recommendations for City Transit Service reductions and fare increases as contained in the LADOT's report dated April 30, 2010, attached to the Council file, with the following change:
 - a. RESTORE Commuter Express Line 430 with only one evening return trip to be offset with a July 1, 2010 increase in the DASH fare to 50 cents.
2. REQUEST the City Attorney to prepare ordinances establishing fare increases for the DASH and Commuter Express services reflecting the above change.

Fiscal Impact Statement: The LADOT reports that the recommendations in this report would generate cost savings and revenue increases to help reduce a projected shortfall in the City's Proposition A local return transit fund. The City is facing a projected Proposition A shortfall of \$23 million in FY 2010-11; the cumulative projected shortfall is expected to grow to approximately \$350 million over the next ten years. LADOT's recommendations would eliminate the projected shortfalls in FY 2010-11 and FY 2011-12 and would result in a small surplus. Projected ongoing annual shortfalls are expected to return starting in FY 2012-13. There is no impact on the City's General Fund.

Community Impact Statement: None submitted

SUMMARY

At a joint meeting of the Budget and Finance and Transportation Committees on May 24, 2010, the Committees considered LADOT's final recommendations for City Transit Service reductions and fare increases. The LADOT report, dated April 30, 2010, contains the final recommendations from the comprehensive analysis of City transit services conducted by the LADOT. The LADOT states that those recommendations, which affect all LADOT transit services and include a combination of service cuts and fare increases, are necessary to address a significant projected shortfall in the City's Proposition A transit fund starting in FY 2010-11. The Department recommends that the City Council and Mayor adopt these final transit recommendations in lieu of LADOT's preliminary recommendations that were included in the Mayor's proposed FY 2010-11 Proposition A Budget. The Department's final transit recommendations are contained in Attachment 1 of the report,

attached to the Council file. The Department's recommended changes to impacted line item appropriations in the Mayor's proposed FY 2010-11 Proposition A Budget are included as Attachment 2 of the report.

The LADOT reports that, along with many transit operators across the region and country, it is facing a substantial deficit in its transit programs due to the economic downturn and the resulting loss of state and local funding. The City's Proposition A local return fund, currently the sole source of City funding for LADOT's transit services, is projected to show a deficit of \$23 million in the next fiscal year (FY 2010-11). The cumulative deficit is expected to grow to \$350 million over the next decade. The LADOT is, therefore, recommending that the City take immediate action to address this projected shortfall. A consultant's study found that LADOT is managing its transit programs in line with industry cost-effectiveness practices, including the use of competitive contracting as a means to reduce operating costs. This result indicates that addressing the projected deficit will require a reduction in service and an increase in user fees.

During the Committees discussion, representatives of LADOT, CAO, and the Mayor's Office provided an overview and additional clarification on the LADOT's final recommendations for City Transit Service reductions and fare increases and responded to related questions from Committee members. After an opportunity for public comment and further consideration, the Committee members voted on the request to restore Commuter Express Line 430 with only one evening return trip to be offset with a July 1, 2010 increase in the DASH fare to 50 cents. The vote resulted in Majority and Minority Joint Budget and Finance and Transportation Committee reports. The recommendations contained in the Majority report are reflected above. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

BUDGET AND FINANCE COMMITTEE

TRANSPORTATION COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
PARKS:	NO
SMITH:	NO
ROSENDAHL:	YES
HUIZAR:	ABSENT
KORETZ:	YES

<u>MEMBER</u>	<u>VOTE</u>
ROSENDAHL:	YES
LABONGE:	YES
ALARCÓN:	ABSENT
KORETZ:	YES
PARKS:	NO

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-NOT OFFICIAL UNTIL COUNCIL ACTS-