

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

0220-04589-0000

Assignment No.: 10-06-0578

Date: June 16, 2010

To: Honorable Members of the City Council
Attn: Hon. Bernard C. Parks, Chair, Budget and Finance Committee
Hon. Bill Rosendahl, Chair, Transportation Committee

From: Miguel A. Santana, City Administrative Officer *MA* Council File No.: 10-0082
Gerry F. Miller, Chief Legislative Analyst *GFM*

Subject: **2010-11 PROPOSITION A FUNDING FOR THE CHARTER BUS PROGRAM**

In 1980, the voters in Los Angeles County approved the imposition of an additional one-half cent sales tax to improve and expand existing public transit and construct and operate a rail rapid transit system. The City receives an allocation from a 25 percent share of the revenue collected, based on the City's percentage share of the population of Los Angeles County. Proposition A local return fund is currently the sole source of City funding for the Department of Transportation's (DOT's) transit services, which include the City's DASH and Commuter Express bus services, as well as the Cityride and Charter Bus programs.

Without changes to transit services and fares, a deficit in the City's Proposition A Fund of \$23 million was anticipated in FY2010-11 due to an aggressive expansion of DASH services in prior years and rising transit costs. This deficit was expected to continue to grow to approximately \$350 million over the next decade. In response to this situation, DOT prepared recommendations to address the projected shortfall through a combination of fare increases and service reductions. These recommendations, approved by the City Council on June 4, 2010 (C.F. 10-0082), included the elimination \$4.5 million for the Charter Bus Program. While the program serves a valuable function by providing recreational and educational trips to primarily senior and youth groups, DOT recommended eliminating the Proposition A funding for this program because the trips are exclusively discretionary. Additionally, support of this program is not leveraged by other funding sources, as is the case for other DOT transit programs.

As part of the City Council's approval of the changes to transit services and fares, the Office of the Chief Legislative Analyst (CLA) and City Administrative Officer (CAO) were directed to identify \$1.5 million to continue a portion of the Charter Bus Program. The intent of these funds is that each Council Office will receive \$100,000 to spend on Charter Bus trips for community groups, including senior and youth groups. The CLA was also instructed to report back with a policy to limit Charter Bus trips to those most critically needed by the City's residents.

Charter Bus Program

Since the early 1970's, DOT has contracted with private charter bus operators to provide charter bus service to community groups, primarily seniors, youths and individuals with disabilities, for recreational, educational, and cultural purposes. All trips funded through this program are open to the public with certain restrictions. The Charter Bus program has

continuously provided services through the Mayor's Office, Council Offices, the Department of Recreation and Parks, the Housing Authority, LA's Best and other agencies. The following table identifies the recipients of the City's Charter Bus funds during 2009-10:

2009-10 CHARTER BUS PROGRAM		
<u>City Entities</u>		
Council Offices (\$123,674.45 each)		\$1,855,116.75
Department of Recreation and Parks		\$736,158.72
Housing Authority		\$441,695.24
Mayor's Office		\$526,003.16
General	\$147,231.74	
LA's Best	\$331,271.42	
Gang Program	\$47,500.00	
<u>Non-City entities</u>		
Santa Monica Mountains Conservancy		\$220,847.61
ARC (Activities for Retarded Children)		\$36,806.59
<u>Other Program Categories</u>		
City (set-aside for Citywide trips that cover multiple Council offices)		\$294,463.49
Adaptive (trips for disabled individuals)		\$58,893.24
Disability (buses for disabled individuals)		\$73,615.88
Contingency		\$241,418.07
Marketing		\$14,981.25
TOTAL		\$4,500,000.00

Over the past few years, the Charter Bus Program provides about 10,000 bus trips per year, with the highest service demand occurring during the summer. To meet this demand, DOT contracted with multiple companies, offering various bus types, to ensure that an adequate supply of vehicles are available and that the City is able to have the greatest

flexibility in selecting the bus companies and vehicle types that can provide the most cost-effective service for each particular trip requested.

On December 9, 2008, the Council approved five-year contracts, effective February 1, 2009, with eight companies to provide charter bus services (C.F. 08-3087). Unlike its other transit operating contracts, DOT solicits charter bus contractors to provide trips on an as-needed basis as requests are received. As a result, DOT needs to contract with multiple contractors able to provide various bus types, including coach, transit, school bus and wheelchair accessible buses, to ensure an adequate supply of vehicles is available to meet the demands of the program.

Rates for charter bus services vary based on the type of buses provided by the eight different firms. Costs also vary depending upon duration of trip. In general, charter bus trips are approximately five hours in duration. For school buses, which are lower cost but are only available from 9am to 2pm on weekdays, a five hour trip is approximately \$355 in 2009-10. For coach buses, a five hour trip ranges from \$460 to \$635 per trip, in 2009-10.

Proposed Charter Bus Program Funding

As directed by the City Council, the Proposition A budget was reviewed and it was determined that the only funding available to reinstate part of the Charter Bus Program is from the funds reserved in the Unappropriated Balance for future transit capital and service. Assuming the \$1.5 million is provided only for 2010-11, the reduction to this reserve will not impact services over the next two fiscal years, however, it will increase the anticipated deficit in 2012-13 from \$700,000 to \$2.2 million. Since the anticipated deficits do not occur until two years in the future, there is time to make changes that would reduce, and hopefully eliminate, future deficits.

Other Changes in Proposition A Fund

The attached revised Proposition A schedule details the changes from the 2010-11 Proposition A budget, as detailed in DOT's report dated April 30, 2010, based on the transit service and fare changes approved by the Council on June 4, 2010. The current proposed schedule includes (1) the one-month delay of implementation of the transit service and fare changes adopted by the Council, and (2) an appropriation for the Charter Bus Program, as directed by the Council. Overall, the one-month delay in implementation resulted in an 8.3 percent reduction in anticipated savings. This loss of savings and the slight modifications to the various transit line items that reflect a final cost estimate for service results in a reserve for future transit service of approximately \$12.4 million. Specific changes to the schedule are highlighted in bold text.

In addition to the appropriation to the Charter Bus Program, DOT has provided updated figures that reflect the one month delay in service change implementation and fare increase. That is, transit service and fare changes will take effect on August 1, 2010, not July 1, 2010, as assumed in the 2010-11 Adopted Budget. Also, subsequent to adoption of the 2010-11 Budget, DOT has provided the updated, final estimates for transit services based on the approved transit changes.

Charter Bus Program Policy Change

As noted above, charter bus trips are arranged for various cultural, educational and recreational activities that include destinations such as beaches, amusement parks, mountains, museums, theaters and sporting events. On May 7, 2010, the Controller released a Review of Citywide Use of Contracts for Services, which included an analysis of the Charter Bus Program. The Controller recommended that the Mayor and Council re-examine the use of Proposition A funds for this program to ensure that other high priority transportation projects or programs are not underfunded. This recommendation was released prior to the recent Council actions to reduce and eliminate transit services across the City, adjust fares and significantly reduce funding for the Charter Bus program. While the Council may want to consider discouraging recreational trips to commercial establishments that are purely for entertainment purposes, these trips provide a valuable opportunity to children and seniors who may have no other opportunity to visit these destinations. The fact that the amount of funding for the Charter Bus Program has been significantly reduced in FY2010-11 will require that the Council exercise their discretion in limiting the number of trips to stay within the program's budget. It is a policy decision whether the Council wants to adopt a policy that further limits charter bus trips to specific locations.

RECOMMENDATIONS

That the City Clerk be instructed to place on the Council Agenda for July 1, 2010, or soon thereafter as possible, the following recommendation for Council action:

- 1) Approve the attached revised Schedule 26 Proposition A Local Transit Assistance Fund;
- 2) Request the Controller to implement accounts in accordance with the attached revised Schedule 26 Proposition A Local Transit Assistance Fund, with the assistance of the Department of Transportation and the City Administrative Officer; and

FISCAL IMPACT STATEMENT

The recommendations in this report will revise the budget for the City's Proposition A funding and provide funding for the City's Charter Bus Program. By providing funding to the Charter Bus Program with Proposition A funds, the anticipated deficit in the City's Proposition A fund for 2012-13 has increased from approximately \$700,000 to approximately \$2.2 million. Future year funding for the various transit programs, including the Charter Bus Program, are determined in future year Proposition A budgets and are subject to the availability of funds. There is no impact to the City's General Fund.

SPECIAL PURPOSE FUND SCHEDULES

SCHEDULE 26

PROPOSITION A LOCAL TRANSIT ASSISTANCE FUND

Public Utilities Code Section 130350 provides that the Los Angeles County Transportation Commission may adopt a sales tax within the County, provided that it is approved by a majority of the electors. In 1980, the voters in Los Angeles County approved the imposition of an additional one-half cent sales tax to (a) improve and expand existing public transit Countywide, including reduction of transit fares, (b) construct and operate a rail rapid transit system, and (c) more effectively use State and Federal funds, benefit assessments, and fares. The City receives an allocation from a 25 percent share of the revenue collected, based on the City's percentage share of the population of Los Angeles County. Thirty-five percent of the proceeds are allocated to the Los Angeles County Transportation Commission for construction and operation of a rail system and 40 percent is allocated to the Commission for public transit purposes.

2010-11 Adopted Transit and Fare Changes ¹			2010-11 Revised Final Budget ²	
REVENUE				
\$	6,452,479	Balance Available, July 1	\$	6,452,479
	55,000,000	Receipts		55,000,000
		Front Funds/Matching Funds - Reimbursement from		
	51,441,531	Other Agencies		54,091,510
	1,000,000	Rail Transit Facilities Reimbursements		1,000,000
	15,692,900	Farebox Revenue		13,453,135
	28,000	Leases and Rentals		28,000
	824,000	Transit Scrip		824,000
	--	MTA Bus Passes		--
	75,000	Miscellaneous Receipts		75,000
	2,000,000	Interest		2,000,000
\$	132,513,910	Total Revenue.....	\$	132,924,124

2010-11 Adopted Transit and Fare Changes ¹			2010-11 Revised Final Budget ²	
APPROPRIATIONS				
\$	327,534	Aging	\$	327,534
	106,405	Controller		106,405
	89,000	Council		89,000
	--	Police		--
		Public Works:		
	62,819	Board Office		62,819
	636,407	Contract Administration		636,407
	607,926	Engineering		607,926
	110,069	Street Lighting		110,069
	2,359,596	Street Services		2,359,596
	5,168,843	Transportation		5,168,843
		Unappropriated Balance		
	316,700	Early Retirement Incentive Program Staff Costs		316,700
	15,231,415	Reserve for Future Transit Service		12,369,709
		Special Purpose Fund Appropriations:		
		<u>City Transit Service</u>		
	--	Bunker Hill (Downtown Red Car) Trolley		--
	--	City Hall Shuttle		--
	17,782,064	Commuter Express		17,935,385
	--	Commuter Express - Public Works Bus		--
	243,000	Commuter Transportation Implementation Plan		243,000
	12,046,327	Dash - Central City		12,118,677
	6,126,378	Dash - Community DASH Area 1		6,126,135
	6,890,938	Dash - Community DASH Area 2		7,104,004
	5,362,389	Dash - Community DASH Area 3		5,469,897
	8,777,722	Dash - Community DASH Area 4		8,788,189
	5,876,400	Dash - Community DASH Area 5		5,892,501
	--	Hollywood Night Life Trolley		--
	--	Fuel Reimbursement		--

SPECIAL PURPOSE FUND SCHEDULES

SCHEDULE 26

PROPOSITION A LOCAL TRANSIT ASSISTANCE FUND (Continued)

2010-11 Adopted Budget		2010-11 REVISED Budget
1,500,000	Marketing - City Transit Programs	1,500,000
--	Mar Vista Transportation Pilot Project	--
\$ 1,500,000	Reimbursement for MTA Bus Pass Sales	\$ 1,500,000
85,000	Support Services for MTA	85,000
--	Transit Education	--
--	Transit Sign Production and Installation	--
550,000	Transit Store	550,000
350,000	Universal Fare System	350,000
	<u>Specialized Transit</u>	
4,924,000	Cityride	5,189,600
--	Cityride, Valley/Central LA (Areas 1 and 2)	--
--	Cityride, Crenshaw/Watts/Harbor (Area 3)	--
4,537,500	Cityride Scrip	5,471,250
3,599,500	Senior Cityride Program	3,599,500
2,100,000	Paratransit Program Coordination Services	2,100,000
--	Recreation and Parks	--
--	Senior/Youth Transportation Charter Bus Program	1,500,000
	<u>Transit Capital</u>	
--	Bus Inspection Facility	--
--	Bus Maintenance Facility Land Purchase	--
--	Commuter Express Particulate Traps	--
10,500,000	Fleet Replacement - Community DASH	10,500,000
--	Fleet Replacement - Cityride	--
6,185,025	Fleet Replacement - Commuter Express	6,185,025
--	Paratransit Vehicles	--
250,000	Third Party Inspections for Transit Capital	250,000
	<u>Rail Transit Facilities</u>	
2,000,000	Metro Rail Annual Work Program	2,000,000
--	Metrolink Crossing Improvement	--
--	Orange Line	--
	<u>Transit Facilities</u>	
60,000	Bus Stop Maintenance	60,000
300,000	Cal State Los Angeles Transit Center	300,000
1,200,000	Transit Facility Security and Maintenance	1,200,000
--	Encino Park and Ride	--
	<u>Support Programs</u>	
20,000	Office Supplies	20,000
55,000	Memberships and Subscriptions	55,000
--	Rail and Transit Work Order Tracking	--
95,000	Technology and Communications Equipment	95,000
--	Traffic Asset Management System (TAMS)	--
100,000	Transit Operations Consultant	100,000
65,000	Transit Bureau Data Management System	65,000
500,000	Transportation Grant Fund-Matching Funds	500,000
32,000	Travel and Training	32,000
3,883,953	Reimbursement of General Fund Costs	3,883,953
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\$ 132,513,910	Total Appropriations.....	\$ 132,924,124
	Ending Balance, June 30.....	\$ -

1 This schedule is based on the adopted transit and fare changes, as presented in DOT's report dated April 30, 2010 (C.F. 10-0082).

2 This schedule applies a one-month delay to the implementation of the changes to transit services and fares (from the anticipated July 1, 2010 to August 1, 2010), and an appropriation to the Charter Bus line item.