

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: November 20, 2007

To: The Honorable City Council
C/o City Clerk, Room 395, City Hall
Attention: Honorable Wendy Greuel, Transportation Committee

From: 
Rita L. Robinson, Interim General Manager
Department of Transportation

SUBJECT: PRELIMINARY PHASE I RECOMMENDATIONS TO ADDRESS THE CITY'S PROJECTED SHORTFALL IN PROPOSITION A TEN-YEAR FORECAST (05-1107-S1; 05-2057)

Summary

This is a follow-up to the Department of Transportation's (LADOT's) comprehensive report to the City Council dated August 21, 2006 concerning the City's Proposition A ten-year forecast (CF 05-1107-S1; 05-2057). The Department's revised ten-year Proposition A forecast, based on the City's adopted FY 2007-08 Budget, indicates a projected shortfall of approximately \$10 million by FY 2009-10, with significant shortfalls existing in each year thereafter through FY 2016-17. The projected shortfall in FY 2016-17 is estimated to reach approximately \$212 million (see Attachment 1). These projected shortfalls are primarily the result of significant increases in the cost of providing public transit services that have occurred in the past several years.

This report contains the Department's initial Phase I recommendations to address the City's projected Proposition A shortfall. The Department developed these recommendations in consultation with an inter-departmental working group including representatives from the Mayor's Office, CAO and CLA. The Department's Phase I cost reduction strategies include a recommendation that the Department report back to the Transportation Committee with a comprehensive set of proposed service reduction strategies designed to reduce ongoing transit operating and capital costs. The Department's goal would be to evaluate all 50 of its fixed route DASH and Commuter Express transit services on a line-by-line basis and identify potential reductions in service levels, rather than outright service cancellations, that would serve to help reduce or eliminate the projected Proposition A shortfall that occurs starting in FY 2009-10. Cost reduction strategies for the Department's Cityride and Charter Bus Programs will also be evaluated.

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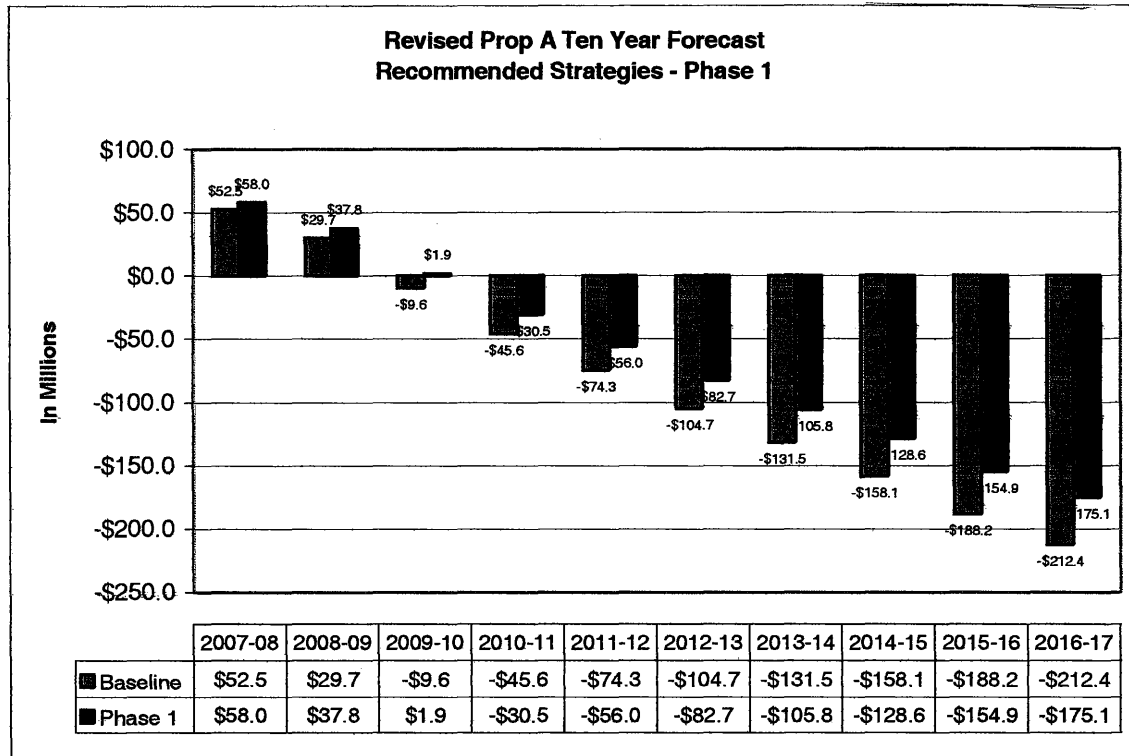
The Department is also recommending that the City postpone the implementation of all new transit services, including two planned new DASH services (DASH Van Nuys/Whitsett and DASH Sylmar/San Fernando), pending resolution of the projected Proposition A shortfall. These two new DASH services, which are budgeted as part of the current FY 2007-08 Proposition A budget but have not been implemented, are the two highest ranked potential new DASH services identified as part of the Department's recently completed Community DASH Need Assessment Study. This recommended strategy is expected to save the City approximately \$1.9 million in operating costs during FY 2007-08, and approximately \$25.8 million in total operating and capital costs through the ten-year forecast period ending FY 2016-17.

The Department's recommended Phase I revenue generation strategies include a recommendation that the City no longer accept Metro passes on the DASH Downtown service unless Metro agrees to reimburse the City for each boarding. The Department currently accepts Metro passes without reimbursement on the DASH Downtown service. This recommended strategy is estimated to generate approximately \$1.3 million per year in additional passenger revenues and subsidies by FY 2010-11, and approximately \$ 10.1 million through the ten-year forecast period ending FY 2016-17. The Department will also include in its report back to the Council potential proposals for increasing the fares on DASH and/or Commuter Express.

Recommended Phase I revenue generation strategies that are not included in the revenue estimates discussed above require actions to be taken by other agencies but have the potential to significantly increase the available funding for the City's transit program. These strategies include the adoption of a policy that the City, through its representatives on the Metro Board, aggressively pursue a fair share of the regional Formula Allocation Procedure (FAP) for all of the City's fixed route transit services (DASH and Commuter Express). The Metro Board is in the process of considering a revised FAP funding formula that may result in the allocation by Metro of additional ongoing annual regional transit operating subsidies to the City.

Further, the Department is recommending that the City include in its Annual Legislative Program the support for federal, state and regional grant funding to purchase replacement buses for the City's DASH, Commuter Express and Cityride transit programs. The Department has aggressively pursued new grant opportunities over the past year to help fund the cost of transit vehicle replacement and reduce the City's projected shortfall in Proposition A funds. During FY 2006-07 alone, the Department successfully secured approximately \$17.3 million in outside grant funding for the replacement of DASH, Commuter Express and Cityride vehicles. This grant funding is reflected in the Department's revised Proposition A ten-year forecast discussed in this report.

The Department is also recommending that a financial analysis be conducted to determine the feasibility of bonding Proposition A or another funding source for the replacement of the Department's transit fleet (estimated to cost approximately \$140 million over the next ten years).



As indicated in the table above, the Department's recommended Phase I cost reduction and revenue generation strategies (excluding pending analysis of service reduction and fare increase strategies) are estimated to eliminate the projected \$9.6 million shortfall in Proposition A funds in FY 2009-10. These recommended cost reduction and revenue enhancement strategies are also expected to reduce the estimated \$4.1 million per year structural operating deficit (excludes vehicle replacement costs) in the City's adopted FY 2007-08 Proposition A Budget. However, even if the City fully realizes the estimated cost savings and revenue increases from these Phase I recommendations, the City would still be facing a projected shortfall of around \$30.5 million starting in FY 2010-11, and a shortfall of around \$175.1 million through the ten-year forecast period ending FY 2016-17.

The Department is recommending a more modest set of service reduction and revenue generation strategies at this time to eliminate the projected short-term shortfall starting in FY 2009-10. While these proposed initial strategies are anticipated to help reduce or eliminate the projected Proposition shortfall for FY 2009-10, significant potential cuts in

transit services will likely be required in the near future unless a new, stable alternative funding source (such as Proposition C funds) is identified to supplement City Proposition A funds and support the City's transit program.

The Department will submit a separate report for consideration by the Council concerning the status of the City's Proposition C ten-year forecast.

RECOMMENDATIONS

That the Council:

1. Direct the Department of Transportation to indefinitely postpone the implementation of all new transit services, including two planned new DASH services (DASH Van Nuys/Whitsett and DASH Sylmar/San Fernando) contained in the adopted FY 2007-08 Budget, pending the identification of a new, stable funding source.
2. Direct the Department of Transportation to conduct a detailed line-by-line evaluation of its public transit services and report back to the Transportation Committee on recommended strategies to reduce service levels and adjust fares as a means to reduce the City's projected shortfall in local Proposition A funds.
3. Authorize the Department of Transportation to discontinue the acceptance of all Metro bus passes on DASH Downtown Los Angeles, effective January 1, 2008; LADOT shall continue to accept the Countywide E-Z pass and planned TAP card on all of its fixed route transit services.
4. Direct that the Department of Transportation, as part of its ongoing input to the Mayor's Office concerning the City's recommended Annual Legislative Program, provide information in support of federal, state and regional grant funding to purchase replacement buses for the City's DASH, Commuter Express and Cityride transit programs.
5. Adopt a policy that the City, through its representatives on the Metro Board, aggressively pursue a fair share of the regional Formula Allocation Procedure (FAP) funding for all of the City's fixed route transit services (DASH and Commuter Express).
6. Direct the CAO, in cooperation with LADOT, to report back on the feasibility of bonding for the purchase of replacement City transit buses.

BACKGROUND

The City's Proposition A Local Return program is funded by a ½ cent sales tax measure approved by the voters of Los Angeles County in 1980. Proposition A is projected to generate \$694.2 million for Los Angeles County in FY 2007-08. The majority of these funds are used by Metro to fund regional transit-related projects. A portion of these funds (25 percent) is returned to the 88 cities and the County (unincorporated portions) by Metro on a per capita basis. The City is estimated to receive \$65.8 million in local Proposition A Local Return funds in FY 2007-08. These funds must be used exclusively to benefit public transit. A majority of the City's Proposition A funds are used to support the City's public transit program (DASH, Commuter Express, Cityride and Charter Bus) operated by LADOT.

The Transportation Committee, at its meeting on September 27, 2006, considered a report by LADOT dated August 21, 2006 concerning the City's local Proposition A ten-year forecast (05-1107-S1). This report contained a forecast of the City's Proposition A funds for the period FY 2006-07 through FY 2015-16. The Department projected that the City would be facing a potential shortfall in its Proposition A fund of approximately \$29 million by FY 2009-10, with the projected shortfall increasing to \$200 million by FY 2015-16. This projection assumed no new expansion of City transit services beyond what is already included in the approved FY 2006-07 budget. The projection did not include the use of City Proposition C funds or other potential City funding sources to help support the City's public transit system. The Department stated that, unless alternative City funding sources such as Proposition C are utilized to supplement its Proposition A funds and support the City's transit program, there will be a need for the City to implement major reductions in its public transit services including DASH, Commuter Express, Cityride and Charter Bus.

The Department has submitted a number of reports to the City Council over the past few years discussing the status of the City's Proposition A ten-year forecast. In addition to this report and the August 21, 2006 report discussed above, the Department also submitted reports concerning the City's Proposition A fund forecast to the City Council dated November 14, 2004, July 6, 2005 and August 12, 2005.

The Transportation Committee, at its meeting on December 13, 2006, considered a report from the City Administrative Officer (CAO), with the assistance of the Chief Legislative Analyst (CLA), dated December 5, 2006, that provided an analysis of LADOT's ten-year forecasts of the City's Proposition A and C funds. The CAO report concurred with LADOT's finding in its August 21, 2006 Proposition A forecast report that the City cannot continue to maintain the existing transit services it operates without an influx of money, much less provide for an expansion of Community DASH services. However, the CAO report also states that, in an era of growing public transportation service need, reducing public transit services should be a proposal of last resort. Among

the recommendations of the CAO report, which were approved by the City Council at its meeting on December 20, 2006, was that LADOT report back to the Transportation Committee with a recommended priority list of realistic revenue-generating and cost-reduction ideas for Council consideration. These recommendations are to include discussion of necessary implementation steps and significant implications.

The City Council, at its meeting on December 20, 2006, also directed the Department to prepare one baseline Proposition C ten-year forecast that accurately reflects current Council priorities and report back to the Transportation Committee. The Department will submit a separate report concerning the Proposition C ten-year forecast. Finally, the Council directed LADOT to report back on a quarterly basis regarding any updates on the Metro 2007 Call For Projects and the implementation of the infrastructure bond monies, and their impacts on the status of the Proposition A and Proposition C fund ten-year forecasts.

DISCUSSION

The Department's August 21, 2006 report concerning the City's Proposition A ten-year forecast provided a detailed analysis of the significant projected shortfalls that the City is expected to face over the next ten years. The August 21, 2006 report also provided a comprehensive review of potential revenue generation and cost reduction strategies for consideration by the City Council and Mayor. This report summarizes the major findings from the August 21, 2006 report, and recommends initial Phase I strategies for implementation to begin the process of reducing and eliminating the projected financial shortfalls.

Proposition A Ten-Year Forecast

The Department has updated its ten-year forecast of City Proposition A funds utilizing the following two scenarios as part of the forecasting process: 1) FY 2007-08 Budget Baseline (current service) and 2) DASH Expansion (add 10 new routes over the next ten years). The Baseline Scenario assumed the continued operation of the City's existing public transit program over the next ten years, including two new Community DASH services authorized as part of the adopted FY 2007-08 Budget. The DASH Expansion Scenario assumed the operation of the City's existing transit program **and** the addition of ten new Community DASH services over the next ten years (in addition to the two new services approved as part of the FY 2007-08 Budget). A summary of the ending Proposition A fund balances for each scenario is indicated below.

PROPOSITION A TEN-YEAR FORECAST

<u>Proposition A Forecast Scenario</u>	<u>FY 2016-17 Ending Balance</u>
1. Baseline	-\$212.4 Million
2. DASH Expansion	-\$312.3 Million

A more detailed annual summary of the Department's revised ten-year Proposition A forecast (Baseline and DASH Expansion Scenarios) is provided as Attachments 1 and 2 of this report.

In terms of the Baseline Scenario, the City is projected to experience a significant shortfall of approximately \$9.6 million in FY 2009-10. Significant annual shortfalls exist in each year thereafter through FY 2016-17, where there is projected to be an annual shortfall of approximately \$212 million. The DASH Expansion Scenario results in a projected shortfall of \$23.7 million starting in FY 2009-10, with the shortfall growing to over \$312 million by FY 2016-17. These figures do not assume the use of another City funding source such as Proposition C funds to support the City's public transit program and thereby minimize the need for potential service reductions.

The projected structural deficit in the City's Proposition A funds is the result of ongoing annual operating expenses and City support costs that are greater than projected annual revenues. For FY 2007-08, the total projected Proposition A appropriations of approximately \$113 million (excludes transit vehicle capital costs) exceed the projected annual receipts of \$108.9 million (excludes one-time capital grant funds). This results in an estimated annual operating structural deficit of approximately \$4.1 million.

As is the situation with other transit operators in the region, LADOT's contracted transit operating costs (including fuel, insurance, workers compensation, wages, etc.) have increased significantly in recent years. The updated ten-year forecast reflects the increase in costs seen in recent City transit contract awards, including proposed costs received by the Department in October 2007 for the Commuter Express Program (approximate 60 percent increase in hourly rate).

In addition to ongoing operating costs, the replacement of existing transit vehicles represents a major capital expense (approximately \$140 million over the next ten years) that contributes to the significant projected shortfalls in the Proposition A ten-year forecast starting in FY 2009-10. The updated forecast also reflects approximately \$17.3 million in outside grant funding that was awarded to the Department during FY 2006-07 for the transit vehicle replacement.

Transit Performance Ranking System/Guidelines for Cancellation

As discussed in more detail in the Department's August 21, 2006 report, the Department annually ranks the performance of all of its fixed route transit services based on the City's Transit Performance Ranking System and Guidelines for the Evaluation of Marginal and Poor Performing Services. These guidelines, which were adopted by the City Council in 1999 (C.F. 98-1121), are inclusive of all LADOT fixed route services (Commuter Express and DASH). The guidelines are designed to help ensure that that the City is operating cost-effective transit services.

The City's performance ranking system, which is similar to the model subsequently adopted by Metro, compares and ranks the performance of each individual transit service relative to the system average of all LADOT transit services, and fairly and adequately considers the differences in the type of services offered by the Department. The City's performance index is comprised of three evaluation criteria: 1) service effectiveness (passengers per revenue hour); 2) cost effectiveness (subsidy per passenger mile); and 3) operating ratio (percentage of operating cost recovered from passenger fares). A score of 1.0 indicates that the individual route's performance is equal to the system average. Scores above 1.0 indicate above average performance, while scores below 1.0 indicate below average performance. The total overall performance for an individual route is an un-weighted average of the scores for the three performance criteria mentioned above.

The Council-adopted guidelines for evaluating marginal and poor performing transit services include standards to be applied by the Department based on the results of the transit performance ranking system. In general, when an overall score drops below 0.70 (but higher than 0.50), the service is categorized as "marginal performing" and should be the subject of further evaluation and possible restructuring to improve performance. Transit services that receive an overall score of 0.50 or less are considered "poor performing" and are to be considered for cancellation. Furthermore, an overall score below 0.50 indicates that the service is performing at a level that is less than half of the system average score of 1.0.

The adopted line performance ranking system discussed above can be a useful and objective tool for the City in prioritizing which routes should be considered for cancellation as a means to address the projected shortfall of approximately \$212 million in City Proposition A funds over the next ten years. Attachment 3 contains a listing of all LADOT fixed route transit services ranked based on performance (utilizing 2007 ridecheck data).

Potential Revenue-Generating and Cost-Reduction Strategies

In addition to presenting a ten-year forecast of the City's Proposition A funds, the Department's August 21, 2006 report also contained a comprehensive discussion of potential strategies that the City Council and Mayor may consider in order to address the projected \$200 million shortfall by FY 2015-16. These strategies were divided into the following two categories: 1) strategies that would generate additional revenues to the City, and 2) strategies that would reduce the City's expenditure of Proposition A funds. The following is a summary list of the potential revenue-generating and cost-reduction strategies considered by the Department:

Major potential revenue-generation strategies identified by the Department include:

- Advocate for changes to the Formula Allocation Procedure (FAP) with the Metro Board that provides the City with a fair share of regional transit subsidies.
- Increasing the fares on the City's DASH and Commuter Express services.
- Eliminating the acceptance of Metro passes on DASH Downtown Los Angeles unless fare reimbursement is received from Metro.
- Lower Commuter Express base cash fare to increase City FAP funding share.
- Pursue federal earmarks and other grant funds for transit vehicle replacement.
- Consider use of Proposition C or other alternative funding source.
- Consider feasibility of bonding Proposition A funds or alternative funding source for the purchase of replacement transit vehicles.

Major potential cost-reduction strategies identified by the Department include:

- Cancel poor and marginally performing DASH and Commuter Express services.
- Eliminate Commuter Express Program.
- Consider service reductions for all fixed route transit services, as appropriate.
- Postpone implementation of two planned new DASH services.
- Identify potential cost-efficiencies in the Cityride program, including dial-a-ride service.

Attachment 4 contains two alternative cost reduction/revenue generation options designed to significantly or completely eliminate the projected \$212.4 million shortfall in Proposition A funds over the next ten years. These two options include the Department's recommended preliminary Phase I strategies contained in this report, but also incorporate additional potential strategies to eliminate the shortfall including fare increases and the elimination of higher cost (e.g., Commuter Express) and/or poor and marginal performing transit services.

It should be noted that fare increases and/or service cancellations are subject to the City’s adopted Transit Service Notification Policy and are subject to City Council approval.

The table below contains a summary of all poor and marginal City transit services based on the most recent 2007 line performance rankings, including the estimated total net cost savings through the FY 2016-17 ten-year forecast period if the route(s) were to be cancelled by the City (assumes July 1, 2008 cancellation date). Vehicle capital replacement cost savings are included in the estimated total ten-year cost savings, while estimated passenger revenues and other non-City subsidies are also accounted for in the total savings estimate.

Existing Fixed Route Services – Poor and Marginal Performers (2007)*

Services**	Council District	Ranking	Avg. Daily Riders	FY 2007-08 Net Oper. Cost***	Est. Ten-Year Cost Savings****
DASH Warner Center	3	Poor	174	\$ 945,204	\$12,157,642
DASH Beachwood Canyon	4	Poor	298	\$ 151,221	\$ 2,287,425
DASH Fairfax	4, 5	Poor	1,041	\$ 701,335	\$ 9,480,275
DASH Hollywood/W. Holly.	4, 13	Marginal	1,025	\$ 756,531	\$10,326,961
DASH Van Nuys/Studio City	2, 5, 6	Marginal	1,792	\$1,082,123	\$14,499,575
Commuter Express 575	3	Marginal	44	\$ 219,734	\$ 3,337,337
DASH Hollywood/Wilshire	4, 13	Marginal	640	\$ 756,531	\$ 6,058,369
DASH Los Feliz	4	Marginal	367	\$ 245,478	\$ 2,646,048
DASH Pueblo del Rio	9	Marginal	453	\$ 196,429	\$ 2,463,019
Total			5,834	\$5,054,586	\$63,256,653

Notes

- * Based on 2007 independent ridecheck data.
- ** Excludes DASH Downtown Routes A, B, C and D.
- *** Less passenger revenues and non-City subsidies.
- **** Includes vehicle capital replacement cost savings. Assumes July 1, 2008 service cancellation date. Savings estimate is through FY 2016-17. Adjusted for inflation.

The Department estimates that cancellation of all poor and marginal performing transit services identified in the table above would save the City approximately \$63 million through the ten-year forecast period ending FY 2016-17 (assumes July 1, 2008 implementation date). An estimated 5,834 daily passenger trips would be impacted, out of a total of approximately 100,000 daily fixed route passenger trips system-wide on DASH and Commuter Express (5.8 percent).

The only routes that were excluded from the listing above of poor and marginal performing transit services are DASH Downtown Routes A, B, C and D. These routes generally enjoy high ridership levels, but are ranked as “marginal” (except Route C, which is ranked as “poor”) due to the existing City policy of accepting Metro passes on DASH Downtown without fare reimbursement from Metro. The Department anticipates

that resolution of the Metro pass reimbursement issue will result in improved performance and ranking for DASH Downtown Routes A, B, C and D. Further, these routes also receive ongoing regional operating and capital subsidies through Metro.

Given the magnitude of the projected Proposition A shortfall, a combination of revenue enhancement strategies and cost reduction strategies will be required in order to avoid a future funding shortfall. In addition, the Department believes that the use of an alternative funding source, such as Proposition C or a new tax, to help fund the City's transit program should be considered in order to minimize the need for cuts in transit services. The following section discusses the Department's recommended Phase I strategies for implementation to help address the City's projected Proposition A shortfall by reducing costs and increasing revenues.

**Recommended Strategies to Reduce the Projected Proposition A Shortfall:
Phase I Plan**

The Department recommends that the City implement immediate initial steps to begin the process of addressing the significant projected shortfalls in its Proposition A local transit funds. This recommended Phase I plan contains recommendations to reduce ongoing operating costs including the postponement of two planned new DASH services approved as part of the adopted FY 2007-08 Budget. Further, the Department will conduct a detailed line-by-line evaluation of all its public transit services and report back to Council with recommended strategies to reduce service levels as a means to reduce ongoing operating and capital expenditures.

The Department's recommended Phase I plan also contains strategies to generate additional revenues including a recommendation that the City no longer accept Metro bus passes on its DASH Downtown services without fare reimbursement from Metro (the countywide EZ Transit Pass and planned TAP card will be accepted on all LADOT fixed route transit services). Further, the Department is recommending that the City aggressively pursue a Formula Allocation Procedure (FAP) regional transit formula subsidy process with the Metro Board that provides the City with a "fair share" of revenues. The Department is also recommending that the City pursue federal earmarks and other grant opportunities to help fund the cost of transit vehicle replacement (estimated to exceed \$140 million over the next ten years), and that the feasibility of bonding of Proposition A funds or another funding source to purchase replacement transit vehicles also be considered. Finally, the Department will report back to the Council with recommended fare adjustment strategies for its DASH and Commuter Express services as a means to increase passenger revenues and operating subsidies.

EXHIBIT 1

**RECOMMENDED
PROPOSITION A DEFICIT REDUCTION STRATEGIES – PHASE I**

Recommended Cost Reduction Strategies	Annual Operating Cost Savings*	Total Cost Savings Thru FY 2016-17**
<i>Postpone</i> – DASH Van Nuys/Whitsett; DASH Sylmar/San Fernando	\$1,902,792	\$25,828,937
<i>Reduce</i> – Service Levels On Existing Transit Routes, As Appropriate	TBD	TBD
Subtotal	\$1,902,792	\$25,828,937
Recommended Revenue Generation Strategies	Est. Annual Revenue Increase	Total Est. Revenue Increase Thru FY 2016-17
<i>Discontinue</i> – Acceptance of Metro Passes On DASH Downtown w/o Fare Reimbursement	\$ 500,000 (Farebox) \$ 800,000 (FAP)	\$10,100,000***
<i>Adjust</i> – Fares on all DASH and Commuter Express Services	TBD	TBD
<i>Support</i> – Fair Share of FAP Funding	TBD	TBD
<i>Support</i> – Federal and State Funding For Transit Vehicle Replacement	TBD	TBD
Subtotal	\$1,300,000	\$10,100,000
TOTAL	\$3,202,792	\$35,928,937

Notes:

* Estimated FY 2007-08 net operating costs (excludes capital costs).

** Includes vehicle replacement costs.

*** Assumes January 1, 2008 implementation date. Two year FAP funding lag.

As summarized in Exhibit 1 above, the Department's recommended Phase I cost reduction and revenue generation strategies (excluding prospective recommendations by LADOT concerning service level reductions and fare increases) are estimated to reduce the City's projected \$212.4 million shortfall in Proposition A funds over the next ten years by approximately \$3.2 million annually (excludes vehicle replacement cost savings), and approximately \$35.9 million through the ten-year forecast period ending FY 2016-17. These recommended cost reduction and revenue enhancement strategies are expected to eliminate the projected \$9.6 million shortfall in FY 2009-10, and will reduce the estimated \$4.1 million structural operating deficit (excludes vehicle replacement costs) in FY 2007-08. However, even if the City fully realizes the estimated cost savings from these Phase I recommendations, the City would still be facing a projected shortfall of around \$30.5 million by FY 2010-11, and a shortfall of \$175.1 million through the ten-year forecast period ending FY 2016-17 (see Attachment 5).

While cancellation of service is deemed a strategy of last resort, the Department believes that potentially significant additional recommended transit service cuts and fare increases are likely to be required in the near future to address the City's projected Proposition A shortfall unless a new, stable alternative funding source is identified to supplement City Proposition A funds and support the City's transit program. The Department is recommending a more modest set of service reduction and revenue generating strategies at this time, with the goal of eliminating the projected \$9.6 million shortfall in FY 2009-10.

The Department will report back to the Council with recommended strategies to reduce transit service levels, rather than wholly eliminate transit routes, as a means to reduce ongoing operating and capital expenses. The Department will also report back on potential fare adjustments on its DASH and Commuter Express services as a means to increase passenger revenues and reduce operating subsidies. The following is a summary of the Department's preliminary Phase I recommendations to reduce the projected Proposition A shortfall.

Postponement of Two New Community DASH Services

The City's adopted FY 2007-08 Proposition A Budget includes funding for the implementation of the two highest ranked new Community DASH services recommended as part of the Department's recently completed Community DASH Need Assessment Study. The findings of the DASH Study identified the following proposed new routes as the two highest ranked services:

- (1) DASH Van Nuys/Whitsett (CD 2, 5)
- (2) DASH Sylmar/San Fernando (CD 7)

Given the need to cancel existing transit services in order to address the significant projected shortfalls in the City's Proposition A funds over the next ten years, the Department recommends that the City formally postpone the implementation of any new public transit services, including these two planned new DASH routes, pending the identification of a new, stable funding source.

As indicated below, the Department estimates that the City could save a total of approximately \$1.9 million per year in ongoing net operating costs (FY 2007-08 estimate), and a total of \$25.8 million (including vehicle purchase costs) over the ten-year forecast period ending FY 2016-17 by postponing implementation of these two routes until additional funding is identified.

Budgeted New (FY 2007-08) Community DASH Services

Services	Council Office	Line Ranking	FY 2007-08 Oper. Budget*	Est. Ten-Year** Cost Savings
DASH Van Nuys/Whitsett	CD 2, 5	New	\$ 951,396	\$12,914,469
DASH Sylmar/San Fernando	CD 7	New	\$ 951,396	\$12,914,496
Total			\$1,902,792	\$25,828,937

Notes:

* Estimated net operating cost.

** Includes vehicle purchase cost. Adjusted for inflation.

It is important to note that the predicted performance index (PI) scores for the planned new DASH Van Nuys/Whitsett and DASH Sylmar/San Fernando routes (1.50 and 1.55, respectively) are approximately 50-55 percent higher than the system average PI score of 1.0 for all LADOT fixed-route transit services, and rank in the top 10 percent of all 50 existing fixed route transit services operated by the Department. The predicted PI scores for these planned new routes also far exceed the current scores for the nine existing transit services previously discussed above that are identified as "poor" and "marginal" performers; by definition, these poor and marginal performing routes have PI scores of 0.70 or less. Attachment 6 includes routes maps for both proposed new DASH routes.

A policy question for the City is whether priority should be given to implement these two new recommended DASH routes, with their "predicted" high performance scores, at the expense of canceling existing transit services that are performing well below the current system average performance level. There were a total of 22 new DASH routes recommended as part of the Department's Community DASH Need Assessment Study.

Discontinue Acceptance of Metro Passes on DASH Downtown

The Department is recommending that the City discontinue the acceptance of Metro bus passes on DASH Downtown Los Angeles services unless Metro agrees to reimburse

the City \$0.25 for each adult or student pass boarding, and \$0.10 for each senior/disabled pass boarding. Based on an informal agreement between Metro and LADOT dating back to 1994, Metro bus passes have been accepted on the DASH Downtown Los Angeles system without reimbursement being paid by Metro to the City. While the initial use of Metro bus passes on DASH Downtown was sporadic, the utilization has steadily grown to the present where approximately one-third of the over eight million total annual DASH Downtown boardings involve the use of Metro passes (estimated 2.6 million pass boardings/year).

The Department estimates that the current policy of accepting Metro passes without reimbursement on DASH Downtown Los Angeles results in a loss of approximately \$650,000 per year in revenues for the City, assuming full reimbursement of \$0.25 per pass boarding by Metro. The Department estimates that the City could generate as much as \$500,000 per year in additional passenger revenues if it were to discontinue acceptance of Metro passes on DASH Downtown (this estimate assumes some ridership deflection if Metro passes are not accepted). The Department's recommendation to discontinue acceptance of the Metro pass would not apply to the current countywide E-Z pass that is accepted on all LADOT DASH and Commuter Express services. In addition to the estimated \$500,000 per year in additional passenger revenues if the City discontinues the acceptance of Metro passes on DASH Downtown without reimbursement, the Department also estimates that the City would realize an increase in its FAP allocation from Metro of approximately \$800,000 per year. There would be a two-year lag before the City would receive these additional FAP revenues.

The Department prepared a separate report to the Council dated October 25, 2007 (07-3104) concerning the Metro Fare Reimbursement agreement. Metro submitted a letter to the Department dated September 24, 2007 indicating that it intends to terminate the existing Fare Reimbursement Agreement effective January 1, 2008. The City Council, at its meeting on November 9, 2007, requested that the Metro Board delay the termination date of the agreement and adopt a position concerning this matter. As previously discussed, the DASH Downtown Los Angeles service is not contained in the existing Fare Reimbursement agreement with Metro.

Support Fair Share of FAP Funding With Metro Board

The Department receives Formula Allocation Procedure (FAP) operating subsidies and Capital Allocation Procedure (CAP) capital subsidies annually from Metro for the DASH Downtown and Commuter Express services formerly operated by SCRTD (now Metro). The Department also receives additional annual regional funding for select other Commuter Express routes and the Cityride Program. The estimated total regional funding to be received by the City from Metro in FY 2007-08 is over \$16.2 million in operating funds and approximately \$4.7million in capital funds.

The current FAP formula allocates funding shares based on a formula that is weighted 50% for fare units (passengers revenues divided by base cash fare) and 50% for revenue service miles operated. The fare units criterion is included in the FAP as a surrogate for ridership. Everything else being equal, fare units (and FAP subsidy) increases as an operator's base fare decreases. It is this characteristic of the FAP that creates a financial disincentive for Los Angeles County transit operators to raise their base fares, even at a time when operators are facing mounting operating deficits.

As discussed in the Department's August 21, 2006 report, the Department does not believe that the City is receiving its "fair share" of Formula Allocation Procedure (FAP) funding from Metro, and it has requested that Metro and the other municipal transit operators for an adjustment in how the City's funds are calculated (referred to as LADOT's "Base Fare" issue). All Included and Eligible transit operators except LADOT are allowed to use the local fare of their primary service for their FAP base fare. For LADOT, the DASH base fare (\$0.25) is its primary local fare. However, Metro staff has decided to use LADOT's Commuter Express base fare of \$0.90, rather than the \$0.25 DASH base fare, as the City's FAP base fare. This decision by Metro staff, which is not supported by any previous Metro Board action, substantially reduces the amount of FAP funding the City should be receiving.

As indicated in the table below, the Department estimates that the City would be receiving an additional \$13 million per year in FAP funding from Metro if the DASH \$0.25 base fare was used in the formula calculations rather than Metro's current use of the Commuter Express \$0.90 base fare. If the FAP funding shares for Commuter Express and DASH services were calculated separately using their respective base fares of \$0.90 and \$0.25, the City would receive an estimated \$7.3 million per year in additional FAP funding. If a single [approximate] average base fare of \$0.50 is utilized, the City would be expected to receive approximately \$4.4 million in additional FAP funding annually.

FY 2006-07 LADOT FAP* Estimates

Base Fare	Annual FAP	Annual Increase
\$0.90 (Existing)	\$12.3 million	--
\$0.50	\$16.4 million	+ \$ 4.4 million
\$0.90/\$0.25**	\$19.6 million	+ \$ 7.3 million
\$0.25	\$25.3 million	+ \$13.0 million

* Includes all fixed route regional funding sources.

** Assumes use of \$0.90 base fare for Commuter Express and \$0.25 for DASH.

Presently, the Metro Board is in the process of evaluating various proposals to modify and/or replace the existing FAP. The Department has worked closely with the Los Angeles County Municipal Operators Association (LACMOA), a group of local municipal transit operators, in developing a proposed revision to the FAP that was submitted to the Metro Board for consideration in June 2007. This LACMOA proposal would allow

LADOT to use a \$0.90 base fare to calculate its FAP share for the Commuter Express service, and a \$0.25 base fare for its eligible DASH services (actual base cash fares for the respective services). As illustrated above, resolution of LADOT's base fare issue would be expected to generate significant additional FAP funding to help address the City's Projected Proposition A shortfall. The FAP formula can only be modified by a $\frac{3}{4}$ majority vote on the Metro Board, of which the City has four members.

Another fair share issue involving LADOT transit services is the fact that most Community DASH services are fully funded using City Proposition A monies and do not receive any FAP funding. LADOT is the only Included/Eligible transit operator in Los Angeles County in which a substantial portion of its transit services are not included in the FAP. As discussed in LADOT's August 21, 2006 report, the Department estimates that the City would receive an additional \$22 million per year in FAP funding if all Community DASH services were included in the calculations.

It should be noted that LADOT's FAP allocation is funded from the Proposition A Growth over CPI account administered by Metro. Any increase in FAP funding to LADOT would likely come from this same account. It is the Department's understanding that any unspent funds from the Proposition A Growth over CPI account are transferred by Metro each year to the Proposition C Discretionary account, where the funds are used by Metro to support its transit operations. Therefore, any increase in FAP funding to the City may reduce funding for Metro to support its transit operations.

Pursue Federal Earmarks for Transit Vehicle Replacement Costs

The Department currently operates a fleet of nearly 400 transit vehicles for its DASH, Commuter Express and Cityride programs; the Department's fleet is among the 50 largest transit fleets in the country. The expected useful life for these vehicles ranges from approximately five years (Cityride vehicles) to 12 years (DASH, Commuter Express vehicles). The Department's Proposition A ten-year forecast includes the replacement of a majority of the existing fleet at an estimated cost of approximately \$140 million. This cost projection includes over \$40 million in cost to replace the City's fleet of 102 Commuter Express buses over the next four fiscal years. Given the significant projected expenditure of funds to replace the City's transit fleet, the Department is recommending that the City include in its Annual Legislative Program the support for Federal and State grant funding to purchase replacement buses for the City's DASH, Commuter Express and Cityride transit programs.

It should be noted that the Department is continuing to aggressively pursue all available grant fund sources for the purchase of replacement transit vehicles. For example, the Department was recently approved by the Metro Board to receive approximately \$8 million through the 2007 Metro Call for Projects to replace eligible DASH and Commuter Express vehicles. Similarly, the Department expects to receive approximately \$4 million

in grant funds to replace eligible DASH and Cityride vehicles through Metro's 2007 Proposition A Incentive Reserve Fund Mini Call for Projects. LADOT also received approval from Metro for \$3.9 million in FTA 5307 (15% Discretionary) funds for transit vehicle replacement. Finally, LADOT, in coordination with the City's Environmental Affairs Department (EAD), was recently awarded over \$2 million in Mobile Source Air Pollution Reduction Review Committee (MSRC) grant funds from the South Coast Air Quality Management District towards the purchase of 102 compressed natural gas (CNG) Commuter Express replacement buses (\$20,000 per vehicle).

Potential Cityride Efficiencies

The City's adopted annual Proposition A budget for the Cityride program is approximately \$25 million, including nearly \$8.5 million for the City-operated dial-a-ride service. In addition, the City's budget includes an additional \$3.6 million for the Department of Aging's Senior Multi-Purpose Center Shuttle. These programs represent a significant proportion of the City's ongoing annual Proposition A budget. The Department believes that the City Council should also consider potential cost efficiencies for these specialized transportation programs to help reduce the projected Proposition A ten year forecast. The Department will include potential options to reduce the cost of the Cityride Program as part of its recommended report back to the Transportation Committee concerning service and cost reductions.

Fare Increases

The Department believes that a comprehensive approach to addressing the significant projected Proposition A shortfall over the next ten years should include consideration of a fare increase on the City's DASH and Commuter Express services. The Department is planning to report back to the Transportation Committee with the findings of its line-by-line evaluation, including specific recommendations regarding potential reductions in service and fare increases to help address the projected shortfall.

As previously discussed, any increases in the Commuter Express and/or DASH base cash fare may negatively impact the amount of annual FAP funding received by the City. Discussions are currently taking place at the Metro Board level concerning potential changes in the FAP funding process. These potential revisions in the FAP may soon result in an operating environment where LADOT and other municipal transit can increase their base fares without suffering a reduction in FAP subsidies.

In addition, the Department's preliminary analysis from its August 21, 2006 report indicates that canceling poor and marginal performing existing transit services would have a significantly greater impact on reducing the projected Proposition A deficit while negatively impacting far fewer transit riders compared to a system-wide fare increase. The Department's analysis assumed a two-phased fare increase for both DASH and

Commuter, with the DASH fare doubled from the current \$0.25 to \$0.50. The Commuter Express fares were assumed to increase by approximately 30 percent. The combined system-wide estimated annual increase in fare revenues was approximately \$4.1 million. However, the Department estimated that such a fare increase could result in a loss of approximately 10 million of the current 30 million total annual DASH and Commuter Express passenger trips (loss of approximately one-third of all fixed route passenger trips). This translates on a daily basis to over 30,000 of the approximate 100,000 average weekday transit boardings. A significant majority of this ridership deflection would occur on the DASH system.

In comparison, canceling all existing poor and marginal performing City transit services (except selected DASH Downtown services), as discussed earlier in this report, may result in an ongoing annual operating cost savings (excluding vehicle replacement costs) of approximately \$5.1 million. This estimated cost savings is comparable to the estimated increase in revenues generated by a system-wide fare increase. However, the cancellation of poor and marginal performing services would only result in the loss of approximately 5,800 daily passenger trips, compared to the estimated loss of over 30,000 daily passenger trips with a system-wide fare increase.

Conclusion

The Department is requesting that the City Council approve a preliminary set of recommendations (Phase I) to begin addressing the projected \$212.4 million shortfall in City Proposition A transit funds. The Department's recommendations fall into two general categories, namely those that would reduce costs and those that would increase revenues. A Phase I recommendation that would have an immediate impact in terms of reducing projected transit operating costs is the postponement of all new transit services, including two planned new DASH services (DASH Van Nuys/Whitsett and DASH Sylmar/San Fernando), pending the identification of a new, stable funding source. A Phase I recommendation that would have an immediate impact in terms of increasing transit revenues is the discontinuance of the existing policy of accepting Metro passes without reimbursement of the DASH Downtown service. These two recommended strategies are expected to reduce the shortfall by approximately \$35.9 million over the next ten years, and is anticipated to eliminate the projected \$9.6 million shortfall starting in FY 2009-10.

While the initial Phase I recommended strategies are expected to eliminate the projected shortfall starting in FY 2009-10, the Department still projects a significant shortfall of approximately \$30.5 million starting in FY 2010-11, with the shortfall increasing to approximately \$175.1 million by the end of the ten year forecast period in FY 2016-17 (see Attachment 5). The Department is planning to conduct a detailed line-by-line analysis and report back to the Transportation Committee with recommended strategies to further transit service levels as a means to increase cost-effectiveness and

further reduce operating costs. The Department will also recommend potential fare increases for its transit services as a means to increase revenues.

The Department is recommending a more modest set of service reduction and revenue generation strategies at this time. The Department's focus with its planned line-by-line analysis will be to reduce service levels on a number of routes rather than to completely cancel any services outright. In the near term, the possibility of fare increases and a new FAP methodology hold promise to increase City transit revenues. Further, debt financing of City transit vehicles should be explored as an option to minimize the projected shortfall over the next several years. However, potentially significant additional recommended transit service cuts and fare increases are likely to be required in the near future to address the City's projected Proposition A shortfall unless a new, stable alternative funding source is identified to supplement City Proposition A funds and support the City's transit program.

IMPACT ON THE BUDGET

The recommendations contained in this report are expected to reduce costs and increase revenues for the City. Therefore, there is no negative impact on the Budget.

Attachments

ATTACHMENT 1

REVISED PROPOSITION A TEN YEAR FORECAST

BASELINE SCENARIO

PROPOSITION A FORECAST -- BASELINE⁽⁵⁾

		1	2	3	4	5	6	7	8	9	10
	2006-07 Estimate	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue											
Adjusted Beginning Cash Balance	\$ 110.6	\$ 51.1	\$ 52.5	\$ 29.7	\$ (9.6)	\$ (45.6)	\$ (74.3)	\$ (104.7)	\$ (131.5)	\$ (158.1)	\$ (188.2)
Prop A Sales Tax Receipts	\$ 63.4	\$ 65.8	\$ 68.3	\$ 70.9	\$ 73.5	\$ 76.3	\$ 79.2	\$ 82.3	\$ 85.4	\$ 88.6	\$ 92.0
Prop A, MTA/FTA reimbursements	25.7	49.4	30.3	30.4	34.7	34.5	31.0	31.2	31.4	31.7	31.9
Advertising Revenue	-	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Other Revenue											
Prop A, Farebox Revenue ⁽¹⁾	6.4	7.5	7.6	7.7	7.8	7.8	7.9	8.0	8.1	8.2	8.3
Prop A, Transit Scrip	1.1	1.1	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.4
Interest	3.2	3.3	1.0	0.8	0.2	-	-	-	-	-	-
Total Receipts	\$ 99.8	\$ 127.6	\$ 108.9	\$ 111.5	\$ 117.9	\$ 120.3	\$ 119.9	\$ 123.3	\$ 126.7	\$ 130.3	\$ 134.1
Total Revenue	\$ 210.4	\$ 178.7	\$ 161.4	\$ 141.3	\$ 108.3	\$ 74.7	\$ 45.6	\$ 18.6	\$ (4.8)	\$ (27.8)	\$ (54.1)
Expenditures											
City Transit Service ⁽²⁾	\$ 69.9	\$ 64.3	\$ 68.3	\$ 70.8	\$ 73.5	\$ 76.3	\$ 79.2	\$ 82.2	\$ 85.3	\$ 88.5	\$ 91.9
Specialized Transit ⁽³⁾	31.2	27.2	28.7	29.9	31.1	32.4	33.4	34.7	36.5	38.0	39.5
New/Replacement Bus Purchase	11.5	13.2	13.4	28.3	26.8	17.1	13.8	8.7	6.3	8.0	0.1
Rail Transit Facilities											
Metro Rail/Blue-Gold Line ⁽⁴⁾	12.6	3.5	3.6	3.7	3.8	3.9	4.0	4.1	4.2	4.3	4.5
Pasadena Gold Line Work Program											
Metrolink Crossing Improvements											
Support Programs	36.3	18.0	17.7	18.2	18.7	19.3	19.9	20.4	21.0	21.6	22.3
Matching Funds											
Matching Funds	-	-	-	-	-	-	-	-	-	-	-
Front Funds	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 161.5	\$ 126.2	\$ 131.7	\$ 150.9	\$ 153.9	\$ 149.0	\$ 150.3	\$ 150.1	\$ 153.3	\$ 160.4	\$ 158.3
Ending Balance	\$ 48.9	\$ 52.5	\$ 29.7	\$ (9.6)	\$ (45.6)	\$ (74.3)	\$ (104.7)	\$ (131.5)	\$ (158.1)	\$ (188.2)	\$ (212.4)

(1) Farebox revenue includes DASH, prepaid fare media and Commuter Express fares.

(2) Fixed Route and support projects

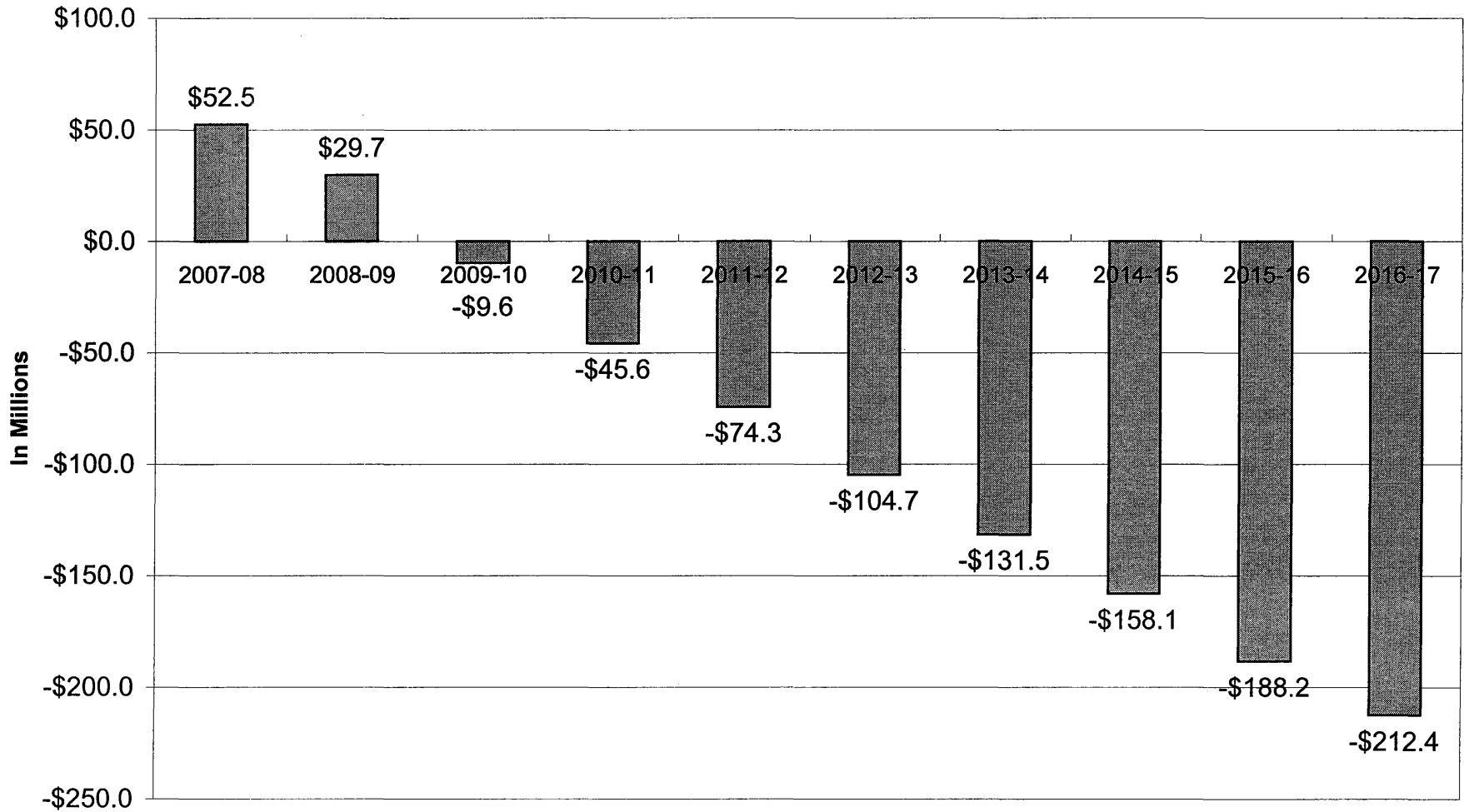
(3) Specialized Transit includes Cityride, Charter Bus and Department of Aging's Van Program.

(4) Annual work program that is fully reimbursed and is included in the MTA/FTA Reimbursement

(5) Assumes no earmarks, discretionary grant funds or expansion of transit services

(6) Transit costs increase at 3.8%

Proposition A - Baseline Ten-Year Forecast



Fiscal Year 2007-08 to 2016-17

ATTACHMENT 2

REVISED PROPOSITION A TEN YEAR FORECAST

DASH EXPANSION SCENARIO

PROPOSITION A FORECAST -- DASH EXPANSION⁽⁵⁾

		1	2	3	4	5	6	7	8	9	10
	2006-07 Estimate	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue											
Adjusted Beginning Cash Balance	\$ 110.6	\$ 51.1	\$ 52.5	\$ 24.0	\$ (23.7)	\$ (64.9)	\$ (105.1)	\$ (143.5)	\$ (185.3)	\$ (223.4)	\$ (272.6)
Prop A Sales Tax Receipts	\$ 63.4	\$ 65.8	\$ 68.3	\$ 70.9	\$ 73.5	\$ 76.3	\$ 79.2	\$ 82.3	\$ 85.4	\$ 88.6	\$ 92.0
Prop A, MTA/FTA reimbursements	25.7	49.4	30.3	30.4	34.7	34.5	31.0	31.2	31.4	31.7	31.9
Advertising Revenue	-	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Other Revenue											
Prop A, Farebox Revenue(1)	6.4	7.5	7.6	7.7	7.8	7.8	7.9	8.0	8.1	8.2	8.3
Prop A, Transit Scrip	1.1	1.1	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.4
Interest	3.2	3.3	1.0	0.8	-	-	-	-	-	-	-
Total Receipts	\$ 99.8	\$ 127.6	\$ 108.9	\$ 111.5	\$ 117.7	\$ 120.3	\$ 119.9	\$ 123.3	\$ 126.7	\$ 130.3	\$ 134.1
Total Revenue	\$ 210.4	\$ 178.7	\$ 161.4	\$ 135.5	\$ 94.0	\$ 55.4	\$ 14.8	\$ (20.2)	\$ (58.6)	\$ (93.1)	\$ (138.5)
Expenditures											
City Transit Service(2)	\$ 69.9	\$ 64.3	\$ 70.6	\$ 75.6	\$ 78.5	\$ 84.1	\$ 87.2	\$ 93.3	\$ 96.8	\$ 103.5	\$ 107.4
Specialized Transit(3)	31.2	27.2	28.7	29.9	31.1	32.4	33.4	34.7	36.5	38.0	39.5
New/Replacement Bus Purchase	11.5	13.2	16.8	31.8	26.8	20.8	13.8	12.6	6.3	12.1	0.1
Rail Transit Facilities											
Metro Rail/Blue-Gold Line(4)	12.6	3.5	3.6	3.7	3.8	3.9	4.0	4.1	4.2	4.3	4.5
Pasadena Gold Line Work Program											
Metrolink Crossing Improvements											
Support Programs	36.3	18.0	17.7	18.2	18.7	19.3	19.9	20.4	21.0	21.6	22.3
Matching Funds											
Matching Funds	-	-	-	-	-	-	-	-	-	-	-
Front Funds	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 161.5	\$ 126.2	\$ 137.4	\$ 159.2	\$ 158.9	\$ 160.5	\$ 158.3	\$ 165.1	\$ 164.8	\$ 179.5	\$ 173.8
Ending Balance	\$ 48.9	\$ 52.5	\$ 24.0	\$ (23.7)	\$ (64.9)	\$ (105.1)	\$ (143.5)	\$ (185.3)	\$ (223.4)	\$ (272.6)	\$ (312.3)

(1) Farebox revenue includes DASH, prepaid fare media and Commuter Express fares.

(2) Fixed Route and support projects

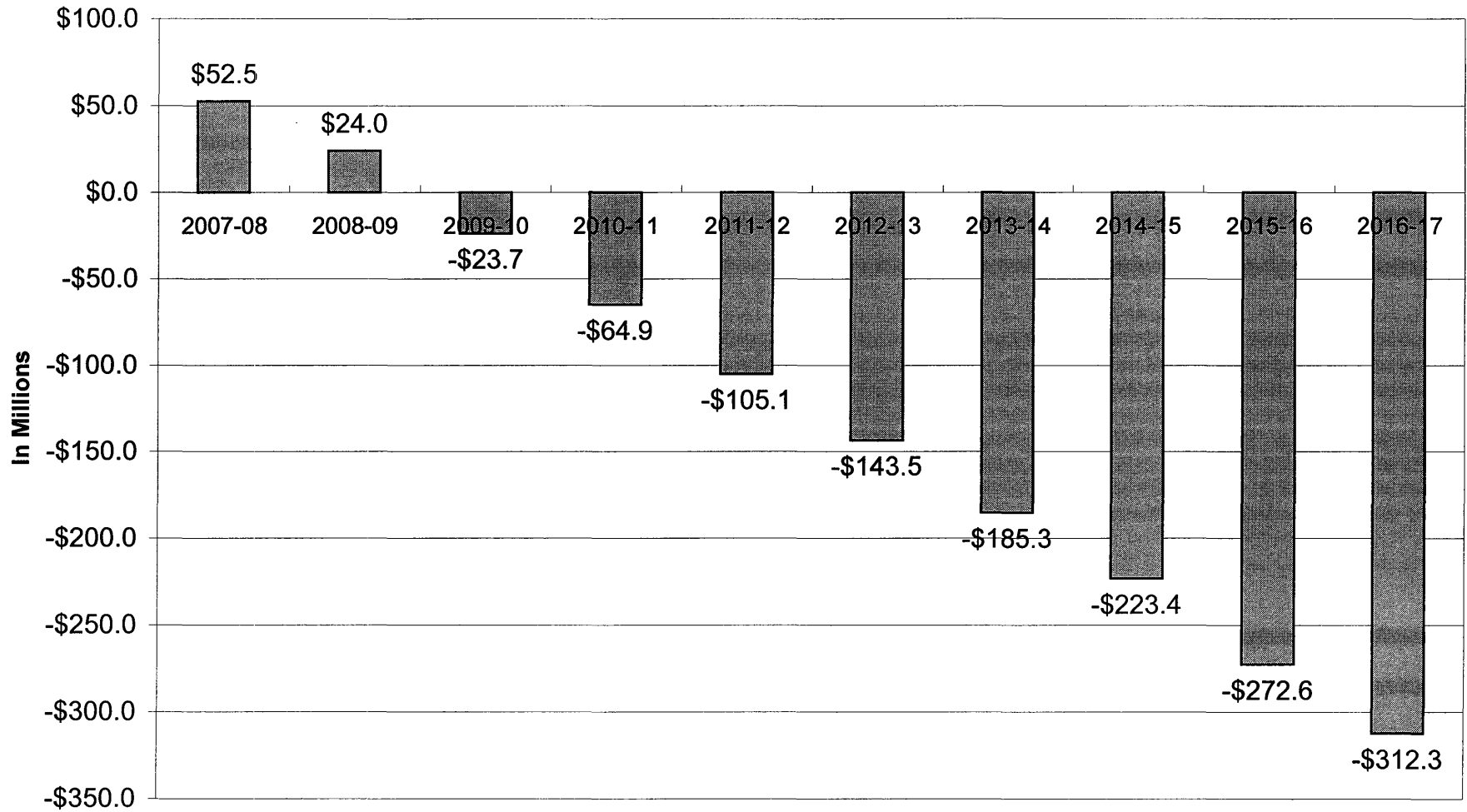
(3) Specialized Transit includes Cityride, Charter Bus and Department of Aging's Van Program.

(4) Annual work program that is fully reimbursed and is included in the MTA/FTA Reimbursement

(5) Assumes no earmarks, discretionary grant funds - 10 new DASH routes

(6) Transit costs increase at 3.8%

Proposition A - DASH Expansion Ten-Year Forecast



Fiscal Year 2007-08 to 2016-17

ATTACHMENT 3

TRANSIT LINE PERFORMANCE RANKINGS

2007 RIDECHECK DATA

2007 TRANSIT SERVICES PERFORMANCE RANKING

draft 10/19/2007

LINE	SCORE			TOTAL* SCORE	LAST RANKING (08/10/06)	UPDATED RANKING
	PASS./ REV.HR.	TOTAL SUBSIDY /PASS MI.	OPER. RATIO			
Metrolink-Bunker Hill	2.57	1.66	4.10	2.78	1	1
448 Rancho Palos Verdes-LA	0.78	1.91	3.33	2.01	2	2
DASH Pico Union-Echo Park	1.93	1.29	2.14	1.78	3	3
438 Hermosa Beach-Culver City-LA	0.78	1.71	2.25	1.58	4	4
409 Sylmar-Downtown LA	0.63	1.53	2.40	1.52	6	5
534 Downtown LA-Century City-Westwood	0.77	1.42	2.04	1.41	19	6
419 Chatsworth-Downtown LA-USC	0.44	1.60	2.11	1.38	7	7
574 Sylmar-Encino-LAX-El Segundo	0.47	1.56	2.07	1.37	8	8
DASH Chesterfield Square	1.56	1.09	1.42	1.36	17	9
DASH Vermont/Main	1.58	1.04	1.39	1.34	10	10
DASH El Sereno-City Terrace	1.21	1.22	1.36	1.26	9	11
DASH Wilmington	1.58	1.02	1.17	1.26	13	12
573 Mission Hills-Encino-Century City	0.55	1.40	1.51	1.15	14	13
437 Venice-Downtown LA	0.55	1.23	1.52	1.10	25	14
DASH Panorama City/Van Nuys	1.44	0.89	0.88	1.07	5	15
DASH Southeast	1.23	0.93	1.00	1.06	12	16
422 LA-Thousand Oaks	0.50	1.46	1.20	1.06	15	17
DASH Watts	1.07	1.04	0.97	1.02	11	18
DASH Wilshire Center/Koreatown	1.26	0.67	0.96	0.96	23	19
DASH E City West-Fashion Dist.	1.29	0.77	0.78	0.95	31	20
DASH Crenshaw	1.17	0.74	0.87	0.93	16	21
549 Encino-Burbank-Glendale-Pasadena	0.40	1.15	1.24	0.93	28	22
430 Pac Palisades-Brentwood-Westwood-LA	0.29	1.18	1.31	0.92	38	23
423 Newbury Park-LA	0.29	1.27	1.19	0.92	26	24
DASH Highland Park/Eagle Rock	1.00	0.88	0.80	0.89	21	25
DASH F Financial Dist.-Expo Park/USC	1.10	0.88	0.70	0.89	27	26
DASH Midtown	1.01	0.90	0.77	0.89	22	27
DASH Boyle Heights/East LA	0.88	0.77	0.96	0.87	30	28
DASH San Pedro	0.96	0.88	0.68	0.84	34	29
431 Westwood-Palms-Downtown LA	0.39	1.07	1.02	0.83	20	30
DASH Leimert Slauson	0.92	0.83	0.71	0.82	32	31
413 Van Nuys-Downtown LA	0.41	1.03	0.95	0.80	35	32
142 San Pedro-Long Beach	0.49	0.89	0.90	0.76	43	33
DASH Lincoln Heights/Chinatown	0.89	0.70	0.69	0.76	24	34
DASH King East	0.87	0.70	0.67	0.75	29	35
DASH Northridge	0.90	0.71	0.62	0.74	18	36
DASH Hollywood	0.82	0.67	0.64	0.71	33	37
DASH Pueblo del Rio	0.90	0.49	0.69	0.69	44	38
DASH A Little Tokyo-Convention Ctr.	0.98	0.52	0.57	0.69	45	39
DASH D Union Station-South Park	0.83	0.61	0.62	0.69	42	40
DASH Los Feliz	0.74	0.57	0.57	0.63	36	41
DASH Hollywood/Wilshire	0.64	0.49	0.49	0.54	37	42
575 Simi Valley-Warner Ctr	0.16	0.80	0.65	0.54	39	43
DASH B Chinatown-Financial Dist.	0.72	0.43	0.43	0.53	41	44
DASH Van Nuys/Studio City	0.65	0.50	0.40	0.52	40	45
DASH Hollywood/West Hollywood	0.52	0.55	0.44	0.51	47	46
DASH Fairfax	0.56	0.46	0.44	0.49	46	47
DASH Beachwood Canyon	0.54	0.31	0.45	0.43	48	48
DASH C Financial Dist.-South Park	0.34	0.08	0.17	0.20	49	49
DASH Warner Center	0.11	0.00	0.07	0.06	50	50

* Total Score=(pass./rev.hr score+subsidy/pass.mi. score+oper ratio score)/3

Note: City Hall Shuttle not included.

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ATTACHMENT 4

**REVISED PROPOSITION A TEN YEAR FORECAST
W/ ALTERNATIVE SHORTFALL REDUCTION STRATEGIES**

Attachment 4A: Option 1 (Cancel all poor/marginal performing services)

Attachment 4B: Option 2 (Eliminate Commuter Express program)

PROPOSITION A DEFICIT REDUCTION STRATEGIES

OPTION 1 – CANCEL POOR/MARGINAL SERVICES

Potential Cost Reduction Strategies	Annual Operating Cost Savings*	Total Cost Savings Thru FY 2015-16**
<i>Cancel Poor/Marginal Performing Services –</i> <u>DASH:</u> Warner Center; Beachwood Canyon; Hollywood/West Hollywood; Fairfax; Pueblo del Rio; Van Nuys/Studio City, Hollywood/Wilshire, Los Feliz <u>Commuter Express:</u> 575	\$ 4,988,695	\$ 63,256,653
<i>Postpone – DASH Van Nuys/Whitsett; DASH Sylmar/San Fernando</i>	\$ 1,902,792	\$ 25,828,937
<i>CAP – Cityride, Charter Bus, Bus Pad Programs</i>		\$ 39,239,195
Subtotal	\$ 6,891,487	\$128,324,785
Potential Revenue Generation Strategies	Est. Annual Revenue Increase	Total Est. Revenue Increase Thru FY 2015-16
<i>Discontinue – Acceptance of Metro Passes on DASH Downtown w/o Fare Reimbursement</i>	\$500,000 (Cash) \$800,000 (FAP)	\$ 10,100,000***
<i>Reduce – Commuter Express Base Cash Fare</i>	\$4,340,000	\$ 30,380,000***
<i>Fare Increase – DASH (To \$0.35 in July 2008; to \$0.50 in July 2012)</i>	\$1,600,000 - \$3,400,000	\$ 23,400,000
<i>Fare Increase – Commuter Express Freeway Zones (15% in July 2008; 15% in July 2012)</i>	\$322,000 – \$696,000	\$ 4,768,000
<i>Support – Fair Share of FAP Funding</i>	TBD	TBD
<i>Support – Federal and State Funding for Transit Vehicle Replacement</i>	TBD	TBD
Subtotal	\$ 9,736,000 (Max.)	\$ 68,648,000
TOTAL	\$ 16,627,487	\$196,972,785

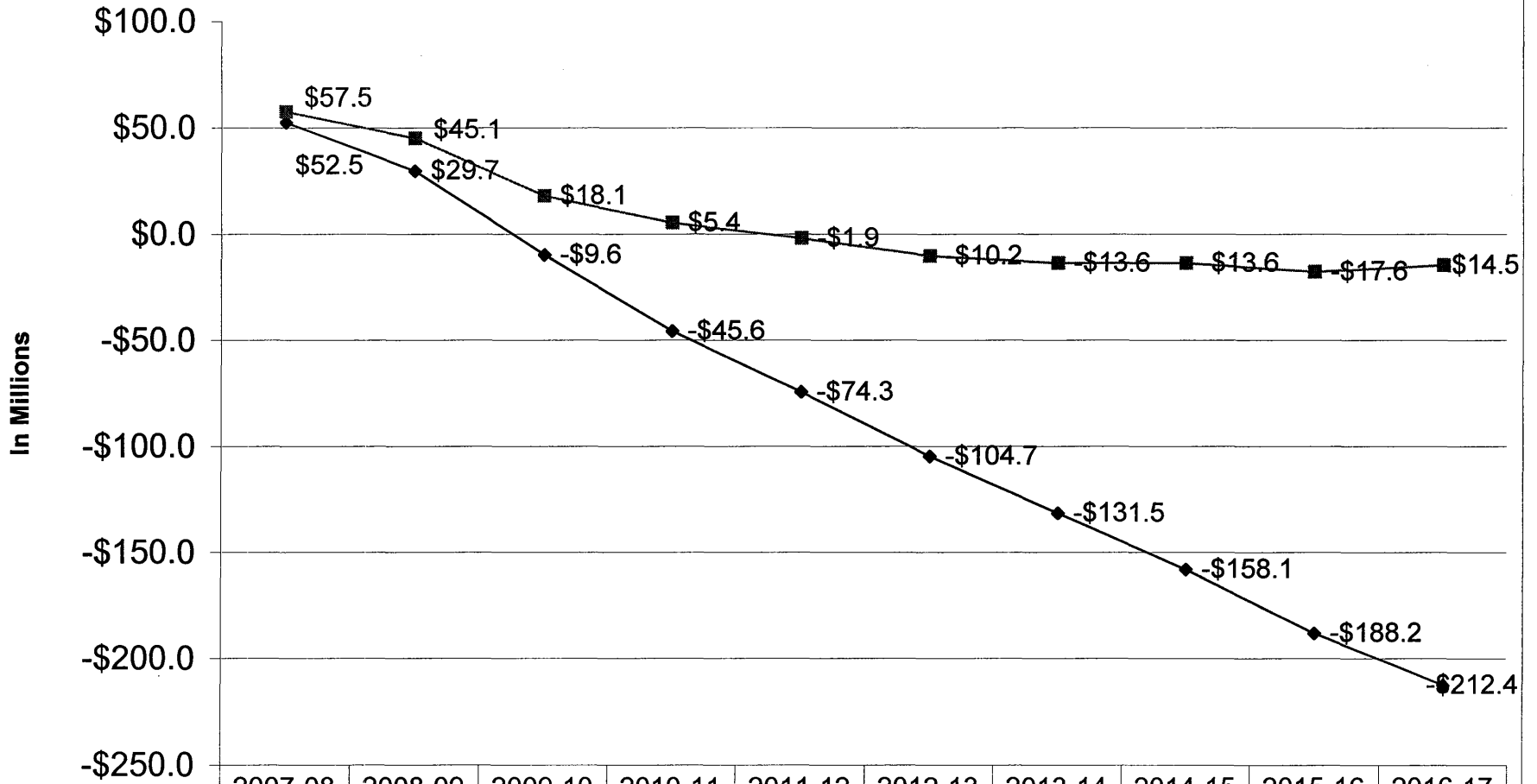
Notes:

* Estimated FY 2007-08 net operating costs.

** Includes vehicle replacement costs. Assumes July 1, 2008 implementation date.

*** Assumes July 1, 2008 implementation date. Two-year FAP funding lag.

Prop A Forecast/Option 1



	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
◆ Baseline	\$52.5	\$29.7	-\$9.6	-\$45.6	-\$74.3	-\$104.7	-\$131.5	-\$158.1	-\$188.2	-\$212.4
■ Option 1	\$57.5	\$45.1	\$18.1	\$5.4	-\$1.9	-\$10.2	-\$13.6	-\$13.6	-\$17.6	-\$14.5

PROPOSITION A DEFICIT REDUCTION STRATEGIES

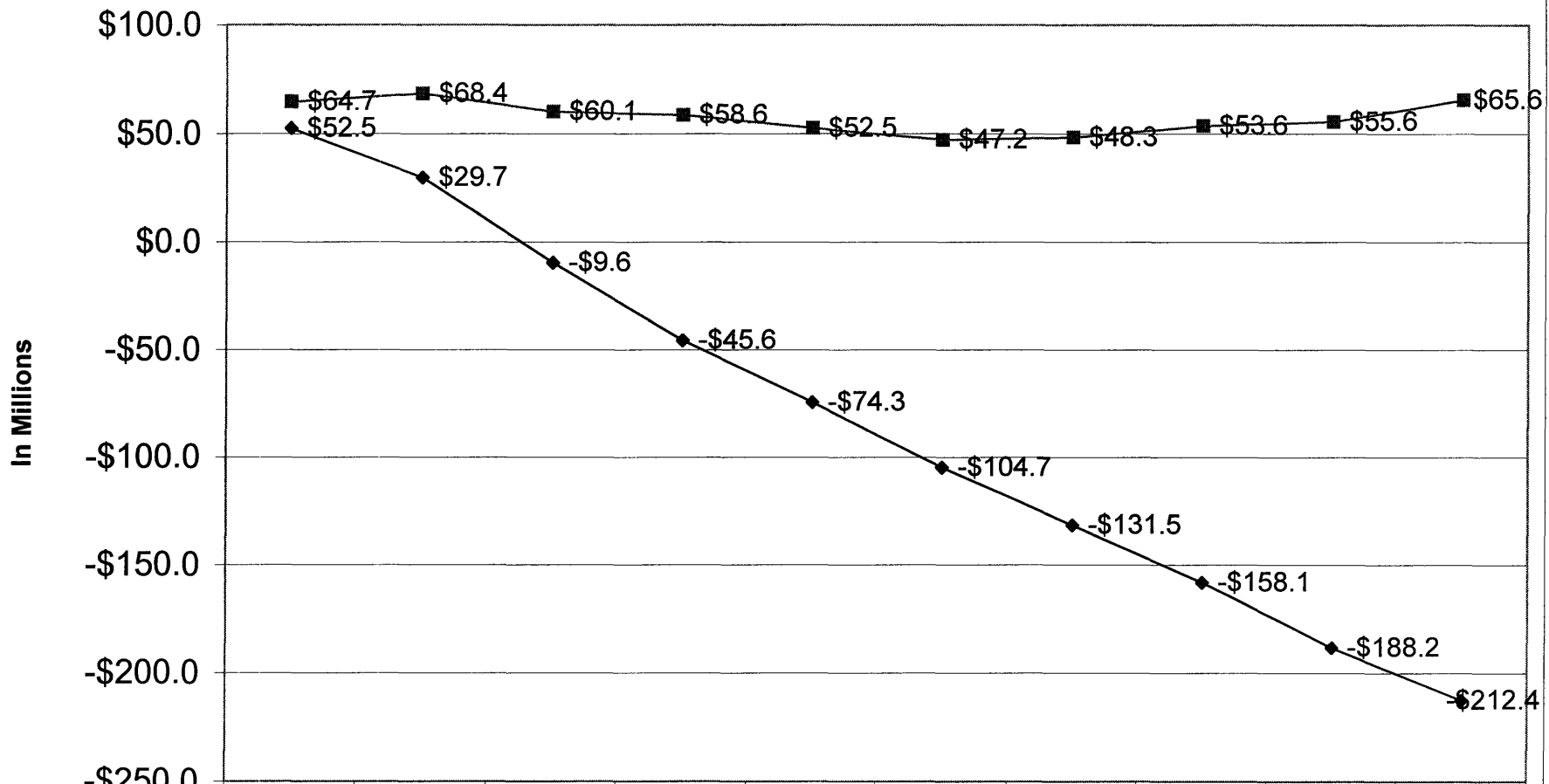
OPTION 2 – ELIMINATE COMMUTER EXPRESS PROGRAM

Potential Cost Reduction Strategies	Annual Operating Cost Savings*	Total Cost Savings Thru FY 2016-17**
<i>Eliminate</i> – Commuter Express Program	\$ 6,441,301	\$ 79,780,067
<i>Cancel</i> – DASH Warner Center	\$ 983,535	\$ 12,157,642
<i>Restructure</i> – DASH Beachwood Canyon, DASH Fairfax, DASH Hollywood/West Holly.	\$ 787,781	\$ 10,326,961
<i>Postpone</i> – DASH Van Nuys/Whitsett; DASH Sylmar/San Fernando	\$ 1,902,792	\$ 25,828,937
<i>CAP</i> – Cityride, Charter Bus and Bus Pad Programs		\$ 39,239,195
Subtotal	\$10,115,409	\$230,344,163
Potential Revenue Generation Strategies	Est. Annual Revenue Increase	Total Est. Revenue Increase Thru FY 2015-16
<i>Discontinue</i> – Acceptance of Metro Passes on DASH Downtown w/o Fare Reimbursement	\$ 500,000 (Farebox) \$ 800,000 (FAP)	\$ 10,100,000***
<i>Fare Increase</i> – DASH (To \$0.35 in July 2008; to \$0.50 in July 2012)	\$1,600,000 – \$3,400,000	\$ 23,400,000
<i>Support</i> – Fair Share of FAP Funding	TBD	TBD
<i>Support</i> – Federal and State Funding for Transit Vehicle Replacement	TBD	TBD
Subtotal	\$4,700,000 (Max.)	\$ 28,500,000
TOTAL	\$14,815,409	\$263,844,163

Notes:

- * Estimated FY 2007-08 net operating costs.
- ** Includes vehicle replacement costs. Assumes January 2008 implementation date.
- *** Assumes July 1, 2008 implementation date. Two-year FAP funding lag.

Prop A Forecast/Option 2



	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
◆ Baseline	\$52.5	\$29.7	-\$9.6	-\$45.6	-\$74.3	-\$104.7	-\$131.5	-\$158.1	-\$188.2	-\$212.4
■ Option 2	\$64.7	\$68.4	\$60.1	\$58.6	\$52.5	\$47.2	\$48.3	\$53.6	\$55.6	\$65.6

ATTACHMENT 5

**REVISED PROPOSITION A TEN YEAR FORECAST
W/ PHASE I RECOMMENDATIONS**

PROPOSITION A DEFICIT REDUCTION STRATEGIES

PHASE 1 PRELIMINARY RECOMMENDATIONS

Recommended Cost Reduction Strategies	Annual Operating Cost Savings*	Total Cost Savings Thru FY 2016-17**
<i>Postpone</i> – DASH Van Nuys/Whitsett; DASH Sylmar/San Fernando	\$ 1,902,792	\$25,828,937
<i>Restructure</i> – Line by Line Analysis	TBD	TBD
Subtotal	\$ 1,902,792	\$25,828,937
Recommended Revenue Generation Strategies	Est. Annual Revenue Increase	Total Est. Revenue Increase Thru FY 2015-16
<i>Discontinue</i> – Acceptance of Metro Passes on DASH Downtown w/o Fare Reimbursement	\$ 500,000 (Farebox) \$ 800,000 (FAP)	\$10,100,000***
<i>Fare Increase</i> – DASH and Commuter Express Freeway Zones	TBD	TBD
<i>Support</i> – Fair Share of FAP Funding	TBD	TBD
<i>Support</i> – Federal and State Funding for Transit Vehicle Replacement	TBD	TBD
Subtotal	\$ 1,300,000	\$10,100,000
TOTAL	\$ 3,202,792	\$35,928,937

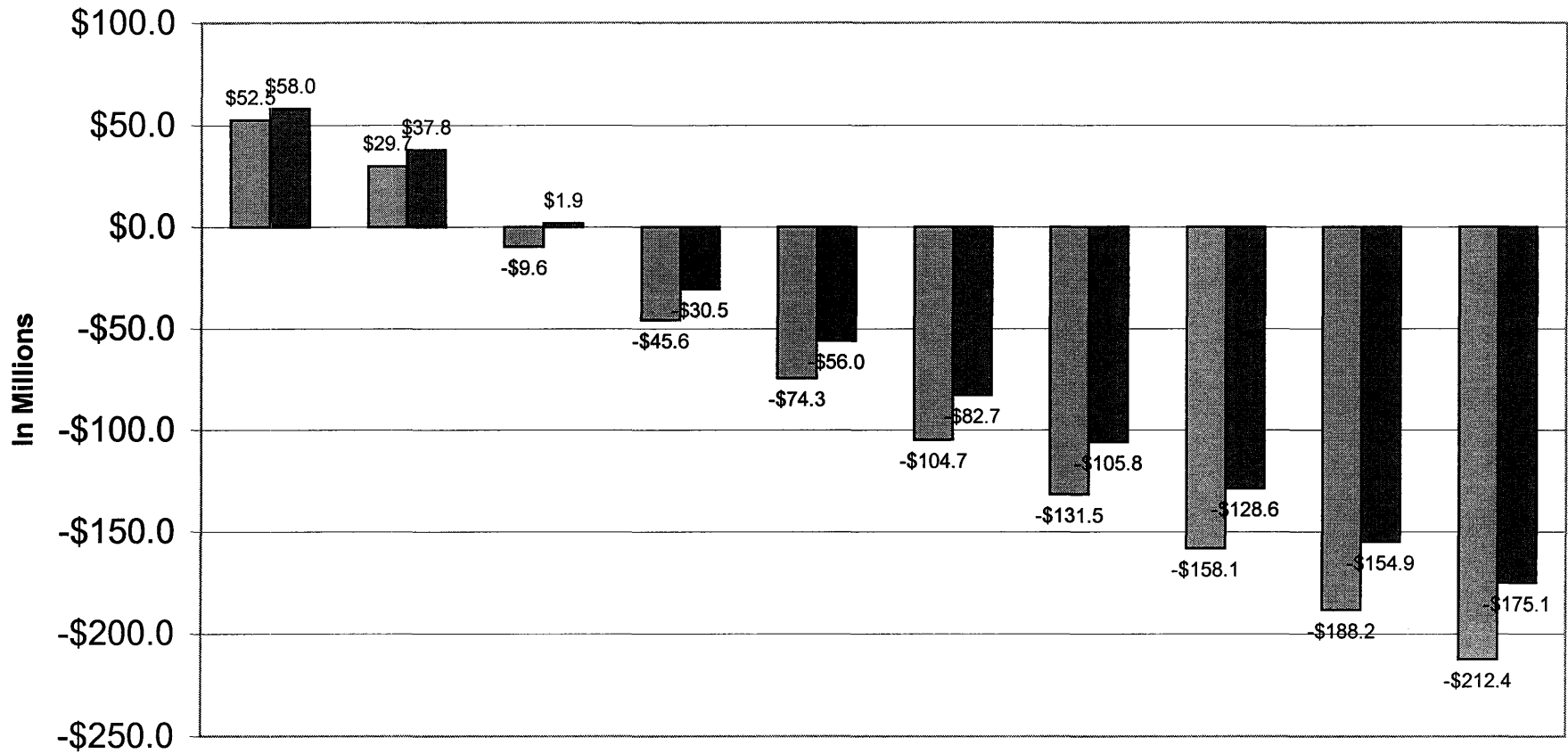
Notes:

* Estimated FY 2007-08 net operating costs.

** Includes vehicle replacement costs. Assumes July 1, 2008 implementation date.

*** Assumes July 1, 2008 implementation date. Two-year FAP funding lag.

Revised Prop A Ten Year Forecast Recommended Strategies - Phase 1



	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
■ Baseline	\$52.5	\$29.7	-\$9.6	-\$45.6	-\$74.3	-\$104.7	-\$131.5	-\$158.1	-\$188.2	-\$212.4
■ Phase 1	\$58.0	\$37.8	\$1.9	-\$30.5	-\$56.0	-\$82.7	-\$105.8	-\$128.6	-\$154.9	-\$175.1

ATTACHMENT 6

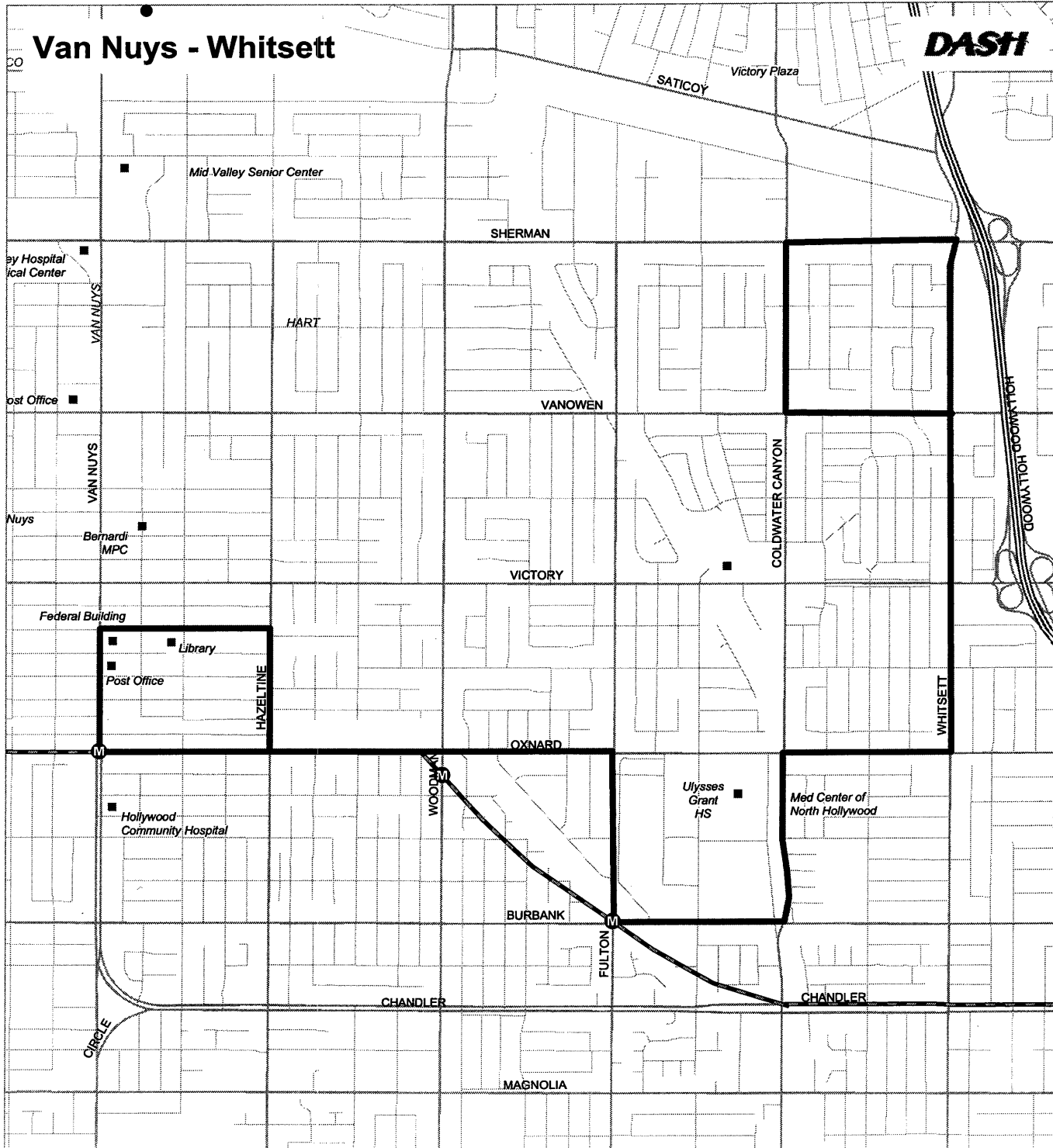
ROUTE MAPS

Attachment 6A: DASH VAN NUYS/WHITSETT

Attachment 6B: DASH SYLMAR/SAN FERNANDO

Van Nuys - Whitsett

DASH



Van Nuys - Whitsett

Route	Van Nuys / Whitsett
Council District	2/5
Community DASH Potential Index	1.29
Transit Deficit	Yes
Predicted Performance	1.50
One-Way Route Miles	6.6
Peak Vehicles	4

Symbols

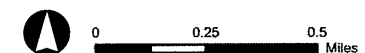
- LA City Boundary
- Featured Route
- Hospital
- Shopping Center
- School/College
- Public Facility
- Metro Station
- Metro Green Line
- Metro Blue Line
- Metro Red Line
- Metro Gold Line
- Metro Orange Line
- Metrolink Line
- Metrolink Station
- Metrolink Line

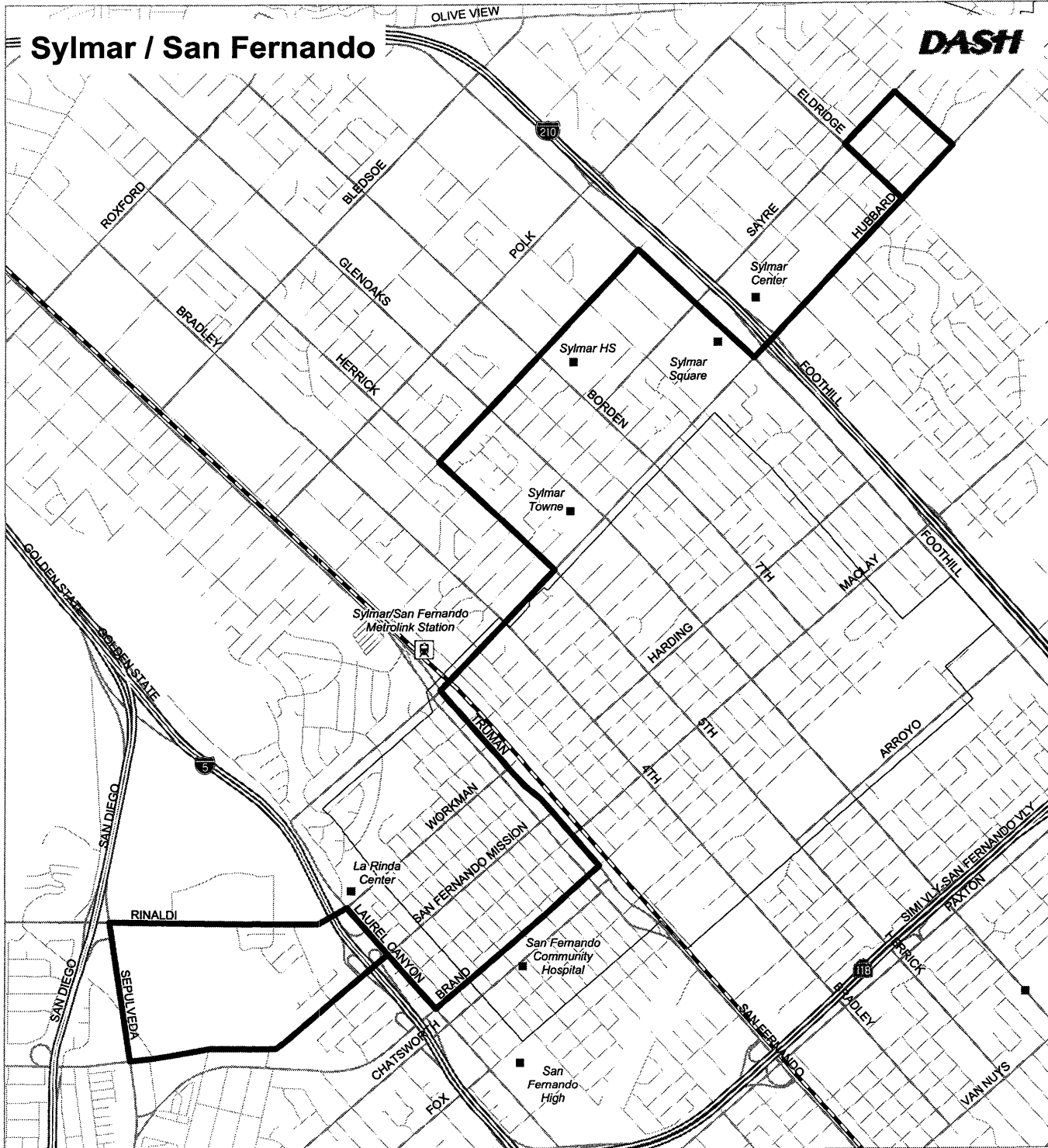
Data Sources

LADOT, MTA, SCAG,
U.S. Census 2000,
Thomas Brothers Maps

Date Prepared

March 2005





Sylmar / San Fernando

DASH

Sylmar / San Fernando

Route	Sylmar / San Fernando
Council District	7
Community DASH Potential Index	1.25
Transit Deficit	No
Predicted Performance	1.55
One-Way Route Miles	8.8
Peak Vehicles	4

Symbols

- LA City Boundary
- Featured Route
- Hospital
- Shopping Center
- School/College
- Public Facility
- Metro Station
- Metro Green Line
- Metro Blue Line
- Metro Red Line
- Metro Gold Line
- Metro Orange Line
- Metrolink Line
- Metrolink Station
- Metrolink Line

Data Sources

LADOT, MTA, SCAG,
U.S. Census 2000,
Thomas Brothers Maps

Date Prepared

March 2005

