Summary of Policy

The purpose of the policy is to create a decentralized, community-based and locally responsive management model for agency Bus Operations. This structure features business units the size of municipal operators and located in each of the major geographic sectors in which we operate transit. The decentralized model permits decision makers to be more familiar with their customers and the areas they serve.

Under this policy, the Board of Directors (Board) retains all mandated responsibilities in accordance with our enabling legislation under Public Utilities Code 130051 et seq. For example, the Board retains hiring of the Chief Executive Officer and other Board appointees; approval of the agency budget and capital plan; negotiation of collective bargaining agreements; setting fare and service policies; establishing and monitoring agency programs; conducting public hearings for fare changes and service changes to corporate bus lines, Rapid Bus and rail service; conducting major procurements; managing construction projects, setting regional policies and having ultimate responsibility for resolving disputes regarding agency matters. Lastly, Finance will be responsible for administering all banking, investing and debt issuance.

A Council governs each of the sectors, and the Board confirms and appoints each of the Council’s members. Councils are responsible for approving recommendations to the Board regarding policies and programs that affect their sectors. They may hold public hearings for sector bus lines and implement service changes. They participate in the Sector General Manager’s performance review and must ensure that their sectors comply with collective bargaining agreements and the Consent Decree.

Service Sector business units are responsible for delivering, monitoring, and improving the safety and performance of all bus services operated by the divisions assigned to each of the sectors. They must also develop efficient operator work assignments and service schedules. And they are responsible for making changes to bus service that benefit customers and increase ridership.

In its September 2005 meeting, the Board approved to modify the Article VII and the Policy Statement of the Service Sector Governance Council Bylaws and Policy to clarify the service change process as follows:

1. Bylaw Article VII - Authority, Paragraph C: Call public hearings pertaining to all Tier 1, 2, and 3 bus route changes within the Sectors, including Rapid Bus, following State and Federal law and with policy pertaining to public hearings; and

2. Policy Statement: Under this policy, the Board of Directors shall retain mandated responsibilities in accordance with the LACMTA enabling legislation under Public Utilities Code 130051 et seq. For example, the Board will retain hiring of the Chief Executive Officer and other Board appointees; approval of the agency budget and capital plan; negotiation of collective bargaining agreements; setting fare and service policies; establishing and monitoring agency programs; conducting public hearings for fare changes and service changes to corporate bus lines, Rapid Bus, and rail service; conducting major procurements; managing construction projects, setting regional policies and having ultimate responsibility for
Service Sector Governance

resolving disputes regarding agency matters. Lastly, the agency’s Finance will be responsible for administering all banking, investing and debt issuance.

The Sector Governance Councils shall oversee the planning and implementation of service within their area. Their responsibilities include: approval of the sector General Manager’s budget proposal for the Chief Executive Officer’s consideration and recommendation to the Board; calling and conducting public hearings for sector bus lines all Tier 1, 2, and 3 bus route changes within the Sectors, including Metro Rapid; approval and evaluation of sector programs; implementing service changes; reviewing and developing policy recommendations for Board approval; ensuring compliance with all agency policies and procedures and legal agreements (e.g. collective bargaining agreements, Consent Decree); providing input into the Sector General Manager’s performance review; and participating in annual meetings with the agency’s Chief Executive Officer, Deputy Chief Executive Officer, the other Sector Governance Councils, and General Managers.

The Chief Executive Officer is responsible for ensuring the policy is converted to an action plan, budgeted for appropriately, and implemented by staff.

Tier 1 bus lines are the busiest bus routes in the system. Before this modification, Tier 1 bus lines were required to be reviewed and approved by the Board of Directors prior to implementation. In practice, the Service Sector Governance Councils have taken the responsibility for changes and operation of Tier1 services, including Metro Rapid. Requiring the Tier 1 proposed changes to be approved by both the Service Sectors and Board of Directors resulted in overlapping responsibilities and a layered approval process. Under the modified Service Sector Governance bylaws, the Board will continue to receive information on proposed service changes as well as those approved by the Governance Councils. Basically, the policy change realigned the bylaws with current practice.

Historical Perspective

Metro Bus Operations was first decentralized from 1994-1998 through a north-south-east-west oriented regionalization plan. The goal of the restructuring was directed at creating management and operating efficiencies. It did not incorporate any element of local control or input. Service performance under regionalization, however, faced some challenges from internal competition for resources. Under the increased service demands of the Consent Decree, Operations was reoriented to its previous structure with two main departments: Transportation and Maintenance. While service performance improved, cost and direct community input increasingly became an issue. Efforts to exert more local control resulted in bus service divestiture studies and applications to the Board of Directors for the formation of privatized transportation zones. An Interim San Fernando Valley Transportation Zone formed to study the feasibility of forming a locally responsive Joint Powers Authority transportation zone carved out of current agency bus service.

The collective bargaining units of the agency successfully lobbied the State of California on passage of AB1101 to
enhance the protection of their interests should the Board approve any transportation zones.

In November 2001, an internal working group began exploring a decentralized, community-based and locally responsive management model for Bus Operations. At its April 2002 meeting, the Board endorsed a proposal calling for the creation of Service Sector governance councils to which the Board would delegate specific authority. Four months later, on August 7, 2002, staff presented at an Ad Hoc Service Sector Committee meeting the draft Service Sector Governance Council policy and the Service Sector Council Bylaws. The Board adopted the Service Sector Policy in September 2002 after approving an amendment that required at least 50 percent of Council members to be consumers of transit services and residents or employees in the area in which they serve.

At the December 2002 Board meeting, staff presented the revised Service Sector Council nominations process for approval that defined the roles and responsibilities for the Coalition and the Board for selecting Service Sector Council nominees.

Also in December 2002, the California Bureau of State Audits released its report “Los Angeles County Metropolitan Transportation Authority: It Is Too Early to Predict Service Sector Success, but Opportunities for Improved Analysis and Communication Exist” that found no negative effects associated with the decentralization of bus service and highlighted several areas for improved communications and performance analysis.

A year later, the Board adopted a motion that amended the bylaws of the Service Sector Governance Councils, to cap the annual travel allowance for Service Sector Councils at $7,500. The motion also directed staff to return in 60 days to the Board with a report on the costs associated with the Service Sectors and Service Sector Governance Councils, and recommendations on additional changes to the bylaws that would lead to further savings.

Large federal and state deficits and concerns for our financial health led to agency wide cost reduction efforts in anticipation of the FY05 budget. The Board requested and received a report on costs associated with Sector Governance Councils that included policy and bylaws changes to reduce administrative costs.

Changes to the Bylaws adopted in May 2004 include clarifying that: Sector Governance Council Members have no direct individual authority over agency operations; a simple majority vote of the Board may remove or replace a Council Member or amend Sector Bylaws; councils will meet six times annual or incur total annual meeting costs equivalent to six meetings. After much discussion of travel costs and budgetary constraints, annual travel costs for all sectors combined was capped at $7,500 annually.

Last Board Action

September 29, 2005 - Service Sector Governance

The Board approved as amended by Director Villaraigosa:

A. service changes to Tier 1 bus lines to be implemented in December 2005; and

B. modifying the Service Sector Governance Council Bylaws and Policy to clarify the service change process as follows:
1. **Bylaw Article VII – Authority, Paragraph C** – add language to clarify that Sector Governance Councils will call public hearings pertaining to all Tier 1, 2, and 3 bus route changes within the Sectors, including Rapid Bus; and

2. **Policy Statement** – delete existing language that the Board retains responsibility for conducting public hearings for service changes to corporate bus lines, Metro Rapid and replace with language that the responsibilities of Sector Governance Councils include calling and conducting public hearings for all Tier 1, 2, and 3 bus route changes within the Sectors, including Metro Rapid.

**Amendment:** Include language that any proposed changes to Tier 1 services, which include Rapid Bus, come back to the Board before they are implemented.

**Attachment**

Service Sector Governance Policy

**See Related**

- Minor Route Modification
- Service Sector By-Laws
- Service Sector Nomination Process
- Transit Service
- Transit Zone Guidelines
SERVICE SECTOR GOVERNANCE POLICY

PURPOSE:

The purpose of the Service Sector is to improve bus service; increase agency accessibility and responsiveness; promote greater coordination; maintain an employee supportive work environment and create a more efficient and customer focused management structure for the delivery of bus service. Key principles are to localize control; maintain a single point of contact for route level service issues; balance responsibility with authority; streamline the decision making process; and support agency policies, plans and safety initiatives.

POLICY STATEMENT:

Under this policy, the MTA Board of Directors shall retain all mandated responsibilities in accordance with MTA enabling legislation under Public Utilities Code 130051 et seq. For example, the Board will retain hiring of the Chief Executive Officer and other Board appointees; approval of the agency budget and capital plan; negotiation of collective bargaining agreements; setting fare and service policies; establishing and monitoring agency programs; conducting public hearings for fare changes and service changes to corporate bus lines, Rapid Bus, and rail service; conducting major procurements; managing construction projects, setting regional policies and having ultimate responsibility for resolving disputes regarding agency matters. Lastly, MTA Finance will be responsible for administering all banking, investing and debt issuance.

The Sector Governance Councils shall oversee the planning and implementation of service within their area. Their responsibilities include: approval of the sector General Manager’s budget proposal for the Chief Executive Officer’s consideration and recommendation to the MTA Board; calling and conducting public hearings for sector bus lines all Tier 1, 2 and 3 bus route changes within the Sectors, including Metro Rapid; approval and evaluation of sector programs; implementing service changes; reviewing and developing policy recommendations for MTA Board approval; ensuring compliance with all MTA policies and procedures and legal agreements (e.g. collective bargaining agreements, Consent Decree); providing input into the Sector General Manager’s performance review; and participating in annual meetings with the MTA Chief Executive Officer, Deputy Chief Executive Officer, the other Sector Governance Councils and General Managers.

The Chief Executive Officer is responsible for ensuring that the policy is converted to an action plan, budgeted for appropriately and implemented by staff.
1. The MTA Board of Directors shall confirm and appoint members of the Service Sector Councils based on nominations submitted through a locally adopted process by a coalition comprised of Council of Governments, Interim Joint Powers Authority, and any cities and unincorporated county areas. As much as possible, members of the Councils shall be selected to reflect a broad spectrum of interests and geographic areas of the Sector. Members of the Councils may be elected officials and/or private citizens and shall include consumers of the service. MTA Board members may not serve as a member of the Council. Members of the Councils must reside or work within the Service Sector boundaries. Membership on the Council is not transferable or assignable. Council vacancies will be filled in the same manner as appointments are made.

2. The MTA Board of Directors shall establish parameters of the overall administrative functions for the Service Sector governing body consistent with MTA enabling legislation, mandated federal, state and local laws, rules and regulations, and MTA Board adopted policies and procedures. These include, but are not limited to:
   - Adopt bylaws governing the Service Sector councils,
   - Establish funding for implementing Councils to cover costs associated with holding public meetings, stipends and travel. Examples include:
     - Public Meetings - Mailing, printing and translation
     - Stipends - Attend up to two meetings per month
     - Travel – Service Sectors shall be subject to an annual travel allowance cap of $7,500 per year for all five Governance Councils. Sector Council members shall comply with the provisions of Travel Policy, FIN #14.

3. The MTA Board of Directors shall adopt funding levels and the annual capital plan for Service Sectors during the annual budget process of each fiscal year, as well as short and long-range transit plans covering all Sectors proposed by the MTA Chief Executive Officer. The Service Sectors shall administer operating budgets within Board approved funding levels. Responsibilities shall include, but are not limited to:
   - Provide input on key operating parameters such as service hours, miles and schedules by tier of service and priorities for capital investments in Sector facilities and rolling stock.
   - Review the Sector’s financial performance with their General Manager on a regular basis, at least quarterly
   - Utilize MTA Finance, who keeps the official books and records as the sole source of financial and budgetary data
   - Coordinate with MTA Finance who will make all disbursements for Sector goods, services, salaries, wages and employee benefits in accordance with MTA’s established system of internal controls.

4. The Councils will hold regularly scheduled meetings. Scheduled meetings should not conflict with regularly scheduled MTA Committee and Board meetings. Council meetings are limited to no more than two meetings a month and shall be conducted pursuant to Robert’s Rules of Order. All meetings of the Council shall be called,
noticed and conducted in the manner prescribed by the Ralph M. Brown Act as amended from time to time. Members of the Service Sector Councils shall adhere to the MTA Code of Conduct and all other relevant State and Federal laws.

5. The Councils will meet and confer with the MTA Chief Executive Officer, Deputy Chief Executive Officer and other Sector Governance Councils on an annual basis to discuss the overall effectiveness of the Sectors and other related matters including the Sector General Manager’s performance.

6. Members of the Service Sector Councils will be paid a stipend in the amount of $100 per meeting, up to a maximum of $200 per month which may be used to supplement transportation costs.

7. Service Sector business units are charged with the delivery, monitoring, and improvement of the safety and performance of all bus service operated by the divisions assigned to each sector. Responsibilities will include:
   - Develop and administer an annual operating budget for the sector.
   - Ensure budgeted service and projects are delivered as planned.
   - Prepare monthly performance reports using MTA operational goals.
   - Ensure that services are operated in compliance with applicable statutory and regulatory requirements.
   - Manage the maintenance and transportation functions at the divisions assigned to the sector.
   - Comply with the provisions of MTA collective bargaining agreements.
   - Procure goods and services, in accordance with agency procurement guidelines.
   - Develop and implement programs to improve service performance, operating efficiency and service quality, including but not limited to: field supervision and maintenance campaigns, service demonstrations, fleet and employee safety programs and contracting for service.
     - Develop route planning studies to better route and schedule Tier 2 and 3 services operated within the sector and those Tier 1 routes that are so designated.
     - Develop efficiency studies to identify ways to decrease the unit cost of services provided in the sectors.
     - Call public hearings pertaining to all Tier 1, 2 and 3 bus route changes within the sectors, including Metro Rapid Bus.
     - Make changes to bus service within MTA Board adopted performance standards and make efficiency changes to changes to operations as appropriate.
     - Contract with planning, business, consultants and other transit operators and any other contracting needs unique to the Sector.
     - Recommend a Sector budget proposal to the Chief Executive Officer for review and recommendation for final approval by the MTA Board.
• Work with MTA planning staff and local transit operators to ensure coordination of services.

8. Service Sector business units are responsible for the development of efficient coach operator work assignments, and service schedules that are responsive to customer needs and existing service resource allocations. Responsibilities will include:

• Monitor and manage coach operator staffing and service levels in accordance with the sector budget.
• Update and revise schedules, coach operator work assignments and scheduling documents as part of the service change process.
• Develop and maintain all schedule documents and records necessary to manage the operation and support the public notification process.
• Conduct coach operator bids in June and December and anytime there are major changes to operating schedules, as outlined in the current coach operator agreement.

9. Service Sector business units are responsible for the development and implementation of changes in bus service that improve service quality, ridership, and operational efficiency. Responsibilities will include:

• Modify, cancel or initiate services assigned to their sector, in accordance with agency service policies, the sector budget and fleet availability.
• Participate in regularly scheduled Sector General Manager and Sector Council coordination meetings with corporate staff and representatives from the other sectors.
• Make temporary or interim changes in service by implementing detours or temporary schedule changes at the staff level, in an annual cumulative amount not to exceed the Chief Executive Officers authority for all sectors combined.
• Maintain, add, delete or relocate bus stops.
• Support the planning and implementation of key corporate initiatives, including: Rapid Bus Expansion, Consent Decree Service Improvements, and the MTA and Regional Short Range Transit Plans.
• Coordinate with other local transit operators serving the sector.

10. Service Sector business units are responsible for the development and implementation of a planning and public communication process that elicits and responds to the community and the customer. Responsibilities will include:

• Call and conduct public hearings in accordance with Board adopted guidelines
• Conduct community outreach and stakeholder meetings to elicit input to proposed changes and to identify service needs.
• Track, monitor and respond to customer comments and complaints.
• Conduct monthly public meetings of the council.
• Provide customers and stakeholders with advance public notification of changes in service.