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**OPERATIONS COMMITTEE  
NOVEMBER 19, 2009**

**SUBJECT: OPERATIONAL EFFICIENCIES**

**ACTION: RECEIVE AND FILE REPORT**

**RECOMMENDATION**

Receive and file report on achieving operational efficiencies.

**ISSUE**

At the May 28, 2009 Regular Board Meeting, Directors Antonovich, Dubois and Najarian presented a motion that requires the Chief Executive Officer (CEO) to return to the Board in six months with a detailed analysis of and recommendations for “flattening” the organization. The emphasis of this analysis was on realigning the agency with statutory core functions, thereby reducing administrative costs and repositioning support functions.

Executive management is determining ways to increase organizational effectiveness and responsiveness through changes in our business processes. This report briefly discusses some of those changes considered for implementation.

**DISCUSSION**

In 2002, the MTA reorganized its bus service operations, decentralizing its bus operations structure by dividing it into five service sectors responsible for overseeing and delivering bus service in Los Angeles County. The goal was to create a community-based, locally responsive management model for bus operations. Management believed the service sectors would, in part, place management and planning staff from operations closer to our customers allowing them to better understand service needs and issues.

The service sectors have proven to be very beneficial in terms of achieving a chosen and more cooperative relationship between MTA bus operations and service design management personnel and the local host communities and the various Governance Councils. This is a very important benefit which needs to be maintained and strengthened.

At the same time, the separation of operating functions such as schedule-making, operations service planning, radio dispatch, and equipment maintenance has introduced complexity and inefficiency into these functions, has individual cooperation between the divisions, and has resulted in organizational “silos”.

Accordingly, there are major benefits to be derived from retaining the Governance Councils, but discontinuing the de-centralization of bus operations.

The effectiveness of the service sectors has been evaluated through reviews and process audits intermittently since inception including the “Three-Year Service Sectors Progress Report” (July 2005), and “Service Sector Effectiveness” report (June 2007) to the Operations Committee. Operations staff is reviewing these past reports and working with the CEO and his team on efforts to improve and streamline Operations. This includes evaluating the role of Service Sectors along with other support departments to maximize resources in core business functions of the agency.

### The Vision

Paramount to the agency’s ability to continue to serve and improve service for its patrons is effective management of resources. Additional financial constraints that have occurred as a result of the current recession and state budget reductions provide an additional burden on the agency’s financial realities. This makes maximization of resource management imperative. As a result, improving efficiency and reducing costs through work process changes and organizational effectiveness is both prudent and necessary. As management looks to realign and “flatten” the organization as a means to use resources more effectively and improve operating efficiency, the following changes are under review and are ready to initiate:

1. **Service Sectors:** When evaluating service sector effectiveness, staff considered the importance and necessity of community input for successful service delivery. The main components of the Service Sector structure are Governance Councils and management of daily Operations functions by a single General Manager. Staff recommends the centralization of Transportation, Maintenance, and Administration functions to reduce costs, enhance standardization of business processes, flatten management/administration layers, and better manage resources. Service Sector offices will be vacated by agency staff. Evaluation of additional revenue opportunities and lease savings options are under consideration for these buildings. Relocating Service Sector office staff to other MTA locations will occur as centralized staffing resources are defined. Additionally, the South Bay Sector office lease expired on October 31, 2009 and management has decided not to renew this lease as a cost cutting measure. Staff has been relocated to our headquarters building.

The cornerstone of this organizational change is the centralization of the Transportation, Maintenance, Service Development, and Administrative functions, each lead by an Executive Officer that reports to the Chief Operations Officer. These executive officers will define the most efficient organizational structure to meet the vision described above.

2. **Vehicle Operations:** Each sector has a vehicle operations unit dedicated to responding to and investigating accidents and incidents involving our vehicles, monitoring On-time Performance and making on-street service adjustments within their defined boundaries. Compared to other large transit agencies, we have a much smaller vehicle operations unit to monitor bus service and as a result, have lower standards and performance. Management will consolidate vehicle operations under the centralized Transportation function so there are no specific geographic parameters. Teams can be deployed on a system-wide basis to more effectively use the resources for initiatives to improve on time service performance
3. **Bus Operations Control:** Bus Operations Control (BOC) is a 24/7 department staffed by 67 Transit Operations Supervisors (TOS). These TOS' direct bus operators during emergencies, equipment breakdown and service delays using a computer-aided dispatch system multi-channel radio and telephone communications console. Currently, console assignments are sector specific, which can result in operating inefficiencies when calls are disproportionately distributed amongst sectors. Staff will align the BOC function under Transportation. This will eliminate sector specific support so like the vehicle operations supervisors, there are no specific geographic boundaries.
4. **Contract Services:** Contracted services manages contracts with privately-owned bus companies that provide bus service on more than twenty-two bus lines in the North, South, and East regions of MTA's service area. Management of this function currently resides in the Westside/Central Service Sector. Staff will move this within a centralized Transportation function to be better aligned, managed, and branded with MTA service.
5. **Transportation/Maintenance Instruction:** Instruction units will be aligned with the Transportation and Maintenance business unit in which they provide service. Given advanced bus technology and farebox systems, this will provide a renewed focus to provide specialized training to sustain staff skill levels.
6. **Maintenance:** Each service sector is responsible for all facets of bus operations including fleet maintenance. Separately, the Metro Services Support Center also provides maintenance support to all operating divisions for heavy maintenance and bus refurbishment, such as complete paint jobs, major accident repair, engine replacements, and mid-life overhauls/refurbishments. A realignment and consolidation of maintenance under a single chain of command will further provide renewed focus. The Maintenance consolidation will include all maintenance functions including facilities maintenance and Vehicle Technology. This change will achieve standardization of work processes, enable specialized training based on changing technology, and provide resource utilization to promote improved service reliability, improved maintenance of facilities and accountability.

7. **Governance Councils:** Irrespective of any consolidation of management or services that may take place as a result of agency flattening, the five Governance Councils will remain intact as the sub-regional, representative bodies contributing to service evaluation and changes set forth in the Governance Council bylaws. Community relations staff will be realigned to enhance coordination, liaison effort, and support to the Governance Councils. This will ensure continuity of meeting locations, schedules and agendas. These councils provide a community forum for transit riders and the general public to interact directly with MTA regarding bus service. The monthly Governance Council meetings and sub-regional public hearings for service changes have proven to be a more convenient and relevant opportunity for public input on MTA service. In addition, Governance Council representatives have been exposed to the details of bus operations. This has translated into a membership that is conversant on complex issues with the willingness to serve as a sounding board for the public. This has also provided personal communication with patrons who may not be able to attend board and committee meetings which also have only limited time allotted for public comment.
8. **Service Development:** All service planning, scheduling, and service related performance analysis is centrally aligned to enhance scheduling consistency and utilize uniform scheduling techniques. This will provide an additional tool to achieve the goal of an integrated bus and rail interface plan to reduce duplicative service and reduce costs. Stops and Zones will also move under this function.
9. **Administrative Services and Operations Support:** Budget/finance, Administration, Return to Work, and paratransit coordination currently performed at Service Sector offices will be centralized into one unit. Staff will create an organizational structure that combines and optimizes matrix management concepts with specific staff located in each function to provide day-to-day operations support.
10. **Other Organizational Realignments:** Staff has determined additional realignments to maximize coordination, support service delivery, and control costs. The following functions will be moved from Operations to other Strategic Business Units (SBU):
  - a. The Service Authority for Freeway Emergencies (SAFE) and Freeway Service Patrol (FSP) functions will move to the newly created Highway Projects department.
  - b. Management of Operations Capital construction, equipment, and mediation projects will move to the Construction SBU to augment and maximize manpower skills and other management resources/systems.
  - c. Safety activities performed in the Service Sectors by Safety Specialists will move to the centralized Corporate Safety department that reports to the Deputy Chief Executive Officer (DCEO). This will augment resources and enhance consistency with MTA's safety vision. Because of the close alignment of the safety goals and monitoring of safety related driving behaviors, the recently initiated Incident Based Surveillance System (IBSS – SmartDrive) also will be realigned with Corporate Safety.

- d. Management of the division storerooms will move from the Operating divisions to the Procurement department, reporting to the Chief Administrative Services Officer (CASO). This will augment management of parts availability, inventory reorder, and the logistical response time.

### **NEXT STEPS**

As we assess the financial situation of the Agency, we will continue to seek additional efficiencies through further evaluation of our organizational structure to determine if further consolidations and efficiencies can render work process improvements and expense reductions. We plan to start implanting this reorganization immediate in order to address the fiscal year 2011 budget deficit.

### **ATTACHMENT**

A. Bus Operations Reorganization

Prepared by: Carolyn Flowers, Chief Operations Officer

*Carolyn Flowers*

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Chief Operations Officer

*Arthur T. Leahy*

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Arthur T. Leahy  
Chief Executive Officer

# Bus Operations Reorganization

