

TRANSPORTATION COMMITTEE REPORT relative to Proposition A (Prop A) status and forecast for Transit Services.

Recommendations for Council action:

1. INSTRUCT the Los Angeles Department of Transportation (LADOT) to:
  - a. Pause further roll out of the Transit Service Analysis (TSA) Service Plan that are not obligated to be implemented under existing Funding Agreements consistent with the resources provided in the Fiscal Year (FY) 2024-24 Adopted Budget.
  - b. Report to Council with an overview of the recommendations from the TSA Service Plan approved by Council in 2018 that have been implemented to date, the recommendations that have not been implemented that will be paused and reconsidered in a revised TSA, and the criteria that will be used to analyze these outstanding commitments in the forthcoming revised TSA.
  - c. Initiate a revised TSA to identify potential service changes that would align operational expenses to the reliable revenues forecasted while still providing a core well-functioning service with said revised TSA to take into account:
    - i. Phase 1 route recommendations from the TSA Service Plan approved by Council in 2018 that have not yet been implemented, the data that identified those communities for expanded service in 2018, the data used to analyze them in the revised TSA, and any available funding that will allow the Department to launch these routes if they are identified as priority communities in the revised TSA.
    - ii. Current, and potential long-term, travel changes brought about by the COVID-19 Pandemic and related commuting and travel patterns since that time.
    - iii. Performance data, rider surveys, adopted guidelines, and performance metrics that City Council already approved pursuant to Council File No. 18-0244, as well as operational conditions imposed by the utilization of Battery Electric Buses.
    - iv. The consideration of existing and new services, or service partnerships with other agencies, that provide public transit to cultural and tourist destinations, on an ongoing basis and for upcoming major events like the 2026 FIFA World Cup and the 2028 Olympics and Paralympic Games.

- v. Sponsorship opportunities, public-private partnerships, and other service provision subsidization methods as appropriate for different services and service routes.
  - d. Report on the implementation of the pre-existing DASH fares, set to begin on January 7 , 2025, and any recommendations to revise the fare amount.
  - e. Report in six months with a status report on the effort to undertake a new TSA.
  - f. Report back in 30 days with options for providing interim transit service, including but not limited to piloting certain days or hours, in the area of the future Boyle Heights West DASH while the updated TSA is being conducted.
2. DIRECT the LADOT, with the assistance of the City Administrative Officer (CAO) to:
- a. Identify new funding sources for transit services and transit capital necessary to electrify the transit fleet and meet useful life benchmarks.
  - b. Identify additional cost savings from Prop A.

Fiscal Impact Statement: The LADOT reports that the forecast assumes that initiating the remaining service commitments under the TSA would result in a negative \$51 million funding balance in Prop A at the end of FY 2023-24 if no further adjustments were made to reduce transit programs costs. This would result in a General Fund impact of about \$51 million in FY 2023-24 to cover projected transit expenditures, plus additional General Fund impact in future budget year.

Community Impact Statement: None submitted.

**(Also referred to the Budget, Finance, and Innovation Committee)**

Summary:

On June 5, 2024, your Committee considered a March 27, 2024 LADOT report relative to Prop A status and forecast for Transit Services. According to the LADOT, Los Angeles voters approved Prop A in 1980, creating a half-cent sales tax dedicated to funding transportation projects, plans for a rail system, improved bus services, and subsidized fares across the County. LADOT is a recipient of two of the three buckets that Prop A funds that include:

- 25 percent of the sales tax allocated to jurisdictions based on their percentage share of the population.

- 40 percent of the sales tax that Metro allocates directly to select transit operators in LA County to offset costs of their transit operations.

Prop A is the primary funding source for the City's transit services, including DASH, Commuter Express, CityRide Dial-a-Ride, LA Now, and the Senior/Youth Transportation Charter Bus Program, and other related support programs including Metro Bikeshare operations and maintenance, and the local required match for regional Metro subway and rail capital projects within City limits.

The LADOT faces complex challenges in sustaining the balance of Prop A funds due the growing operational costs of the City's transit services. Rising fuel costs, increases in driver wages, and inflationary pressures on parts and supplies have contributed to a significant increase in yearly operating expenditures. In addition, the substantial costs associated with transitioning to an electric bus fleet, including the investment in charging infrastructure, and the purchase price of electric buses themselves are further increasing costs. Previous estimates of the financial trajectory for Prop A did not incorporate these increased costs, and no longer reflect the financial reality for this funding source.

In 2015, LADOT contracted services by Transportation Management and Design, Inc. (TMD), to conduct a comprehensive Transit Service Analysis of the City's DASH, Commuter Express, and Cityride Dial-a-Ride services. This analysis was conducted to respond to changes in demographics, population, land use, and new and planned bus and rail transit lines. Based on TMD's findings, the TSA recommended expanded service times and increased frequencies, as well as launching new Community DASH services in two separate packages of routes that were differentiated based on expected funding availability: Phase 1 routes: Sylmar, Pacoima, Canoga Park, and Boyle Heights West.

- Phase 2 routes: Mission Hills, Van Nuys, North Hills, Sun Valley, Elysian Park/Cypress Park, North Hollywood, and Glassell Park/Highland Park.

In 2018, Council adopted the TSA, which included a financial forecast of Phase 1 elements, such as increases in service frequencies of all DASH lines to 15-minute headways, expanding service hours, launching four new Community DASH routes (Phase 1), and launching the LA Now OnDemand demonstration pilot (TSA Service Plan). Phase 2 services were not included in the 2018 financial forecast but were planned for a later date when the City could identify another available ongoing funding source.

The TSA approved by Council in 2018 predated the City's commitment to an all-electric bus fleet by 2028 and did not contemplate the added costs associated with a complete fleet transition. Since the TSA was approved, the COVID-19 pandemic negatively impacted ridership and shifted labor relations, which has also impacted both the revenue generation and cost of operating existing transit service and expansion as identified in the TSA. These and other costs associated with the TSA plan have far outpaced the incoming revenues, and there is no longer enough projected Prop A funding to implement the remaining scope of the TSA plan while also funding other programs that currently rely on

Prop A. After further consideration and having provided an opportunity for public comment, the Committee moved to recommend a series of amendments to the recommendations contained in the LADOT report, as detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,  
Transportation Committee

**COUNCILMEMBER VOTE**

HUTT:	YES
PARK:	YES
HERNANDEZ:	YES
DE LEON:	ABSENT
RAMAN:	ABSENT

ARL  
6/5/24

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**