



**LEGISLATIVE ANALYSIS**  
**(Revised 6/18/99)**

**TO:** Honorable Members of the Board of Supervisors

**FROM:** Clarice Duma, Sr. Legislative Analyst  
Carol Roos, Sr. Legislative Analyst

**HEARING:** Rules Committee

**HEARING DATE:** June 21, 1999

**RE:** PROPOSED CHARTER AMENDMENT CREATING A MUNICIPAL  
TRANSPORTATION AGENCY (MTA)

**EXECUTIVE SUMMARY**

The proposed Charter Amendment would consolidate within a single new agency, the Municipal Transportation Agency (MTA), the funding and functions of the Municipal Railway (Muni) and the Department of Parking and Traffic (DPT), including operations, citywide traffic flow, parking fine collection, parking garages and traffic engineering. The MTA would be largely responsible for personnel and purchasing functions now performed by other City departments such as the Human Resources and the Purchasing Departments. Specialized functions such as legal and financial matters would continue to be performed by the City Attorney and the Controller, respectively. The proposed amendments also establish service standards and accountability provisions, and modify the City's Transit First Policy.

**SUMMARY OF REQUESTED ACTION:**

This report has been prepared pursuant to a request of the Board of Supervisors (the "Board") for analysis of proposed current year Charter Amendments. Issues relating to fiscal impact are not discussed in this report.

**BACKGROUND:**

Concern about Muni service in recent years has resulted in a number of attempts to "fix" Muni. In 1994, San Francisco voters approved Proposition M, which removed Muni from the San Francisco PUC to a new Public Transportation Commission, and provided for future incorporation of DPT. During this time, Muni experienced a number of problems including operating an aging and poorly maintained fleet and infrastructure, outdated

technology, low employee morale, changes in leadership, a poorly-funded agency, and overall dissatisfaction among riders about Muni's declining service delivery.

In October 1998, Mayor Brown formed the New Muni Task Force to evaluate structural and institutional problems of Muni. In its final report, the task force recommended restructuring Muni and addressed issues of governance, structure, service standards, personnel matters, funding and budget preparation in a restructured organization. The Transportation and Land Use Committee of the Board of Supervisors subsequently heard testimony on reforming Muni by the New Muni Task Force and a coalition of SPUR, Rescue MUNI and others in March 1999.

This spring, Supervisors Ammiano, Newsom, and Yaki submitted separate Charter Amendments that sought to create a new organization, the Municipal Transportation Agency (MTA). At the same time, a coalition including SPUR, Rescue Muni, and the Environmental Organizing Committee was circulating its own petition to qualify a ballot initiative that would create a new agency. Its proposal was identical to the Newsom proposal.

After a concerted effort and negotiations by labor representatives for Muni and DPT employees, advocates for Muni reform including Rescue Muni, the San Francisco Planning and Urban Research Association (SPUR), and the Environmental Organizing Committee, staff from the Mayor's Office and other City Departments, together with staff and members of the Board of Supervisors, a compromise was reached. On June 14, 1999, the Board of Supervisors introduced the resulting Charter Amendment which is the subject of this report. This proposed Amendment, if supported by a majority of the Board, will be on the November 2, 1999 ballot.

### **SUMMARY OF PROPOSED ACTIONS:**

The proposed Charter Amendment sets forth the following provisions:

- Creates the Municipal Transportation Agency (MTA) to include the Municipal Railway and, on a phased-in basis, the Department of Parking and Traffic, as a separate but complementary division. It also provides for incorporation of the Taxi Commission.
- Establishes service standards, performance measures and other accountability provisions.
- Transfers the responsibilities of the management of the human resources program to MTA, including the responsibility for negotiations over working hours, benefits, and working conditions for "service critical" employees.
- Retains civil service merit system principles, with the Civil Service Commission acting as the appellate body.
- Establishes a stable Municipal Transportation Fund and delineates the Agency's budget process; regulates fares; and encourages development of additional sources of revenue.
- Calls for independent Municipal Transportation Quality Review and audits.
- Establishes a Citizens Advisory Council.
- Modifies the City's Transit First Policy.
- Provides for consistency with the Charter and Planning Code related to Planning and Zoning.
- Provides that the Agency continue to use the services of the City Attorney and Controller.

## **CURRENT LAW/CHARTER PROVISIONS:**

Muni currently is a Department administered like other City departments. It operates under the Public Transportation Commission, the members of which are appointed by the Mayor subject to veto by the Board of Supervisors. The Director serves at the pleasure of the Mayor. Similarly, DPT is a separate department with its own Commission and Director.

Muni's administrative functions are diffused throughout city departments including those performed by the Office of the City Attorney for legal services, the Purchasing Department for procurements, the Department of Human Resources and the Civil Service Commission for personnel and labor relations, and some transportation functions reside with DPT.

Muni's budget, fare levels, and service changes, including routes and stops are currently subject to approval by the Board of Supervisors (the "Board"). Funds for Muni come from a number of sources, including undedicated General Fund monies, farebox revenues, and dedicated revenues collected by DPT from parking meters, garages and parking fines. Other funding sources include state and federal grants, and the Transit Impact Development Fee (TIDF).

The proposed Charter amendment would, in contrast, establish a minimum funding base in the General Fund and retains dedicated monies such as those from DPT and the TDIF, as well as funds from other sources noted above. Existing set-asides in DPT monies in the General Fund, such as those for the Commission on Aging, would not be affected.

## **POLICY ANALYSIS / ISSUES ANALYSIS**

### **The Municipal Transportation Agency: Ensuring Accountability**

The proposed Charter Amendment grants the Municipal Transportation Agency ( the "MTA" or the "Agency") greater power and authority over personnel and labor relations, administration, budget and funding decisions than is currently the case. The Director would serve at the pleasure of the Board of Directors.

Section 8A.103 also establishes standards for meeting performance and service delivery goals. Under this proposed amendment, the functions and roles of the Mayor and the Board would be reduced, particularly in the budget process. Similarly, the roles and responsibilities for DHR and CSC would be modified. Staff at CSC state that, under the proposed amendments, they would not be certifying salary surveys that apply to transit employees. DHR would have a reduced role in regard to "service critical" employee classifications. According to the City Attorney, DHR would however, still administer health services for these employees. At the request of the Agency, DHR could also have involvement in negotiating contracts for "service critical" employees who are in bargaining units that represent less than 10 percent of Muni's workforce. The "service critical" workforce which would be directly managed by the MTA would include the following functions: operating and information services to the public; controlling dispatch; maintenance; as well as supervision and management of these functions. Provisions for modifying the "service critical" category are included.

As with any public agency that is granted greater authority, there are concerns over issues of oversight and accountability. Advocates for Muni reform have stated that while recognizing the need to empower a reorganized public transit agency, they also wanted to ensure sufficient accountability and controls to mitigate against misuse of power. The proposed amendments provide for a number of accountability measures and institute mechanisms for oversight. For example, the Board would still be able to review, approve or reject the Agency's budget as a whole, but could not amend it. The proposed amendments in the Preamble and Section 8A.107 also provide oversight provisions in the form of independent audits and quality reviews. The establishment of service and performance standards would also guide the Agency's activities toward ensuring that sufficient services were delivered equitably throughout the City's neighborhoods.

The requirements for public hearings and the various Sunshine provisions embodied in the plan, and the creation of the Citizen Advisory Council (CAC) ensure that the Agency maintains a level of accountability. During implementation, the MTA should consider developing a structure and process that ensure that recommendations from the CAC and public input are incorporated into the Agency's decision-making process.

### **Adopting a Comprehensive Strategy to Meet Goals/Expectations**

City staff and the advocates recognize that Muni currently suffers from a myriad of organizational and systemic problems, especially in regard to funding instability, labor issues and customer service. The remedies proposed in this Amendment provide a comprehensive approach to address these deficiencies. The amendments in Section 8A.105 create a Municipal Transportation Fund that provides a stable level of funding through General Fund dollars, parking-related revenues, and other federal and state grants to support Muni's operations, infrastructure and staffing needs. There is also recognition of the problems and public concerns associated with personnel issues and labor relations. The proposed amendments correctly provide guidelines for meeting performance and service standards while recognizing that the Charter would not be the appropriate mechanism for establishing work rules that are normally part of the City's negotiation process with various bargaining units. Also, instituting mechanisms for oversight and accountability through public hearings and a public disclosure process are necessary steps toward restoring public confidence in Muni while ensuring that the agency stays on target.

### **Restructuring and the Ability to Adjust to Changed Circumstances in the Future**

There are various provisions within the revised amendment that are intended to promote the Agency's ability to adjust to changing future circumstances. For example, the formula for a base amount, which is estimated at \$85 million by the City Controller, acknowledges the need for occasional adjustments, based on fluctuations in the economy. Revenue resulting from policy changes - such as increased revenue from parking fines and taxes, and new positions, would reduce the MTA's General Fund allocation by 50 percent of the amount of the new revenue.

In addition, there is a requirement for the MTA to adhere to established performance measures which would not be incorporated in the Charter. These performance measures, whether established by ordinance or resolution, would enable the Agency to make periodic revisions as necessary and as applicable. Not including them in the Charter itself allows them to be modified according to changed circumstances.

In the Preamble section, City departments are required to give the “highest priority” to the delivery of services to the MTA. However, given changing priorities in City government, the implementation plan could include establishing periodic checkpoints to determine whether the City needs to continue providing the same level of services and support to the Agency.

### **Level of Specificity of Proposed Charter Provisions**

The proposed Charter amendment language is most precise in proposed Section 8A.103(b) which establishes minimum standards for on-time performance and service delivery. It provides that at least 85 percent of vehicles must run on-time, 98.5 percent of scheduled service hours must be delivered, and at least 98.5 percent of scheduled vehicles must begin service at the scheduled time. Data is not available on Muni’s current performance in relation to these goals - one factor in evaluating the applicability of the goals. This section addresses a critical aspect of rider frustration with the system - the lack of reliable service. Therefore, the specific language directly addresses one of Muni’s most pressing problems. Section 8A.103 (a) allows a staged achievement of the specific goals beginning in July 1, 2000 and indicates that the goals are to be reached by 2004. Thus, the language, overall, provides a framework for achieving these goals, and indicates the City is making a commitment of policy and resources to reach them. The provisions for milestones in working toward the goals serve as the end point to which best efforts should be directed. In this way, they are “stretch goals”, rather than easy goals.

Section 4 adopts performance measures which shall *not* be part of the Charter. Such an approach allows more flexibility to adjust to changed circumstance than the detailed Charter language which would require a Charter Amendment.

The level of specificity of the different sections discussed herein appears deliberate, in order to focus in detail on items of most concern - for example, setting legislated performance goals, while allowing for some deliberation and development of standards consistent with the intent and goals of the authors of the amendments.

The proposed Charter provisions do not include parallel sections regarding performance, service standards, and employees as they would apply to DPT. Language regarding the overall goals of DPT is included in section 8A.113. As the incorporation of DPT proceeds, more specific standards could be developed and included in the Charter if desired, by subsequent amendment or some provision could be made for standards to be developed outside the Charter process, as presented in Section 8A.103(c). Any new standards for DPT must be complementary to those already established for Muni.

### **Transit-First Policy and the Department of Parking and Traffic**

The Preamble states that DPT performs functions vital to the operation of the Municipal Railway. DPT’s seven divisions are currently responsible for the following functions: the parking program, under the Parking Authority, manages public parking garages, surface lots and the parking meter program; the enforcement division provides parking enforcement, traffic control services, and the school crossing guard program; the citation division is for parking citation processing and citation review; the hearing division is for administrative hearings for parking citations and towed vehicles; the residential parking permit program administers the 23 City residential parking permit areas; traffic engineering and operations manages street engineering programs and includes traffic painting, traffic signals and traffic signs.

DPT's functions are central to the circulation of all traffic including transit, and traffic safety in the City. This Department plays a vital role in balancing the need for public safety with the City's Transit-First Policy. DPT also participates in coordinating major transportation projects such as retrofit of the Bay Bridge approach, expanded ferry service, demolition of the Central Freeway and construction of the proposed replacement boulevard, including helping guide and coordinate state and federally funded programs. For example, one of the most visible functions of DPT is the placement of Parking Control Officers at critical intersections (e.g., First to Fifth Street and Market Street to the Bay Bridge) to facilitate traffic flow during the peak commute hour. This traffic control function moves autos onto the Bay Bridge. In moving non-transit vehicles, DPT facilitates transit service by also moving transit vehicles through critical intersections during peak commute periods.

As discussed, some of DPT's responsibilities are separate from implementation of the City's Transit First Policy, implementation of which is the purpose of these Charter amendments. The proposed Charter amendments do not address the spectrum of DPT functions in the same detail as for Muni. Planning for incorporation of DPT into the Municipal Transportation Agency will need to consider them in addition to ensuring that transit vehicles move through City Streets safely and efficiently.

### **Issues Related to the Agency's Oversight of Muni and DPT**

The positive aspects of creating two divisions with DPT and Muni are clarified in the purpose and language of the proposed Charter amendments. They include eliminating redundancy in administration and improving the coordination that already exists between Muni and DPT in maintaining traffic safety and traffic flow which improve Muni's efficiency. The consolidation of policies, functions and revenues in one agency has obvious positive effects for both existing Departments. It also raises concerns about the Agency's capacity to efficiently manage two large bureaucracies.

A number of issues require resolution in order for such a merger to be successful. There are labor issues associated with a merger. For example, the Department includes nine bargaining units which would need to be merged into the Agency, some of which represent Muni employees. Another primary issue for DPT is disruption associated with relocation and reorganization. It should be noted that during the past ten years, DPT has had seven Directors and relocated about four times. This has, to some extent, destabilized the Department and affected employee morale and productivity. Like Muni drivers, DPT employees, in particular parking control officers (PCO's), work under stressful conditions and absenteeism is high.

The proposed amendments require that by July 1, 2001, the Agency and DPT prepare and submit to the Mayor and the Board a joint plan for incorporating the DPT into the Agency. The incorporation will take effect on July 1, 2002. Careful planning and timely implementation of the plan would contribute to the success of combining the two Departments.

### **CONCLUSIONS:**

The proposed Charter Amendments provide a comprehensive approach to addressing the problems facing Muni and the City's public transit system. These amendments provide direction and guidelines to achieve certain

performance standards and service delivery goals. The success of the Agency will largely be determined by its ability and capacity to implement these proposed measures in a timely and efficient manner.

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