

Council Meeting of
March 29, 2011

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the City Council:

**SUBJECT: Approve Participation in the Municipal Area Express
FY 11-12 (MAX) Program
Expenditure: \$91,021**

RECOMMENDATION

Recommendation of the Transit Director that City Council approve participation in the FY 2011-2012 Municipal Area Express (MAX) Program.

Funding

The total City expenditure to participate in the FY 2011-2012 MAX program will be \$91,021. Funds are available in the Transit Department FY 2011-2012 operating budget.

BACKGROUND AND ANALYSIS

Since 1990, the City of Torrance has proudly participated in the Municipal Area Express (MAX) Program. The MAX is a commuter bus service specifically designed to address the commuting needs of South Bay residents who work in the El Segundo employment center. MAX offers three routes through the South Bay, and operates during the morning and afternoon peak commuting hours only. The service uses a fleet of twelve (12) El Dorado Transmark coaches and has two spare buses. These thirty-two (32) 1/2-foot buses seat twenty-six (26) passengers.

MAX is a cooperative program sponsored by the cities of El Segundo, Lawndale, Lomita, Los Angeles, Rancho Palos Verdes, Torrance and Los Angeles County. The City of Torrance administers MAX as the lead agency, and acts as the legal entity for contracting and acquiring goods and services. The program is funded in cooperation with the Los Angeles County Metropolitan Transportation Authority (MTA).

The City of Rancho Palos Verdes has indicated that it intends to withdraw from the program effective June 30, 2011. Staff has been requested to provide justification for the City of Torrance's continued participation in the MAX program for Fiscal Year 2011-2012. The MAX Interagency agreement requires an agency to provide notice within 90 days (April 1) of its desire to withdraw from the program. The next scheduled MAX Policy Steering Committee meeting is scheduled on April 4, 2011.

On an annual basis the MAX program provides for the City of Torrance the following benefits:

- It reduces approximately 17,000 single occupancy vehicle trips from the City streets, based upon annual boardings.
- It reduces significant maintenance and repair work on the infrastructure (roads) in the City of Torrance.
- It enhances and helps sustain the local economy by taking Torrance residents to work who then vitalize the City economy by paying property taxes and generating sales tax revenue.
- Every \$1 invested in public transportation generates \$4 in economic returns.
- It decreases the dependency on foreign oil, saves gas, reduces congestion and helps cut carbon emissions.
- It supports the City Strategic Plan KPI #173 to Maximize coordination of Regional Bus Lines and other Transportation Services.
- It assists low-income families and minorities who are transit dependent. An individual can achieve an average annual savings of more than \$9,900 by taking public transportation instead of driving and by living with one less car.
- Nationwide, costs from traffic congestion would have risen by \$19 billion without public transportation services.

At the direction of the City Manager, Transit staff have compiled the chart below which compares the passenger subsidy of the Torrance passengers on the MAX compared with the passenger subsidy on the Torrance Transit System (TTS). The City has 23.2% of the MAX boardings and 19.3% of the stops.

	FY 11-12	FY 09-10	FY 11-12 50% Per PSC
	MAX	TTS	MAX
Annual Torrance Boardings	17,000	3,544,100	17,000
Torrance Operating Cost	\$91,021	\$18,782,200	\$45,510.50
Average Passenger Fare	\$2.00	\$0.75	\$2.00
Ride Subsidy	\$3.35	\$4.55	\$.68

The MAX subsidy (**\$3.35**) compares favorably to that of the Torrance Transit System (**\$4.55**). It should be noted that for FY 2011-12, Torrance contribution will be reduced by 50% (to \$45,510.50, bringing the total subsidy to **\$0.68** per passenger) as a result of action by the MAX Policy Steering Committee's desire to utilize its current reserves to establish a fleet refurbishing capital account to extend the current fleet service-life by 5 years. For FY 2011-12, MAX reserves are available to off-set participating agency contribution. Each participating agency will be invoiced for 50% of their FY 2011-12 contribution which will be placed in a special bus refurbishing account.

Should the Council decide to withdraw from the MAX program, the disadvantages are identified as follows:

- It would result in considerable disruption to the Torrance participants and the MAX program. It would also require a complete reconfiguration of routes, adjustment of times, and removal of stops.
- It would, in a very short timeframe (April 4-June 30), require riders to make critical decisions on how to get to work.
- It would require the current contractor, MV Transportation, to re-adjust its current proposal (option) or they could chose to walk away on June 30, 2011 when it expires. Should this occur, there would be no contractor to operate the service in whatever form the MAX service would remain until another contractor could be selected. This would result in considerable disruption for the current MAX ridership in all jurisdictions.
- The City of Torrance acts as the Lead Agency and is also the legal entity for the MAX. It would present a complicated situation for the other jurisdictions, including ownership of the buses and the agreement with MV Transportation. Another jurisdiction would need to be appointed to handle the daily operations.

Based on the contributions the MAX program provides for City and South Bay region, its lower passenger subsidy compared with the City transit service, the Transit Director recommends the council approve the City's continued participation in the FY 2011-2012 MAX program and re-evaluate our participation on an annual basis.

Respectfully submitted,



Kim Turner
Transit Director

NOTED:



LeRoy J. Jackson
City Manager

for