

TRANS PORTATION 1990-

# Riding on empty



A lone passenger rides the Lighthouse route at 11 a.m. on Friday. Three riders made the trip on this leg of the route.

Dan Coyro/Sentinel

# Financial potholes challenge Metro

*Editor's Note: This is the first of two reports on the public bus system serving Santa Cruz County.*

By DENISE FRANKLIN  
Sentinel staff writer

**SANTA CRUZ** — After millions of dollars spent over two decades, the mass transit system has failed to move the masses.

The Metropolitan Transit District moves 2 percent of Santa Cruz County residents who daily use some type of transportation to get from place to place.

Stalling the bus system are:

- a drop in riders since 1989;
- expenses speeding past revenues;
- inefficient service that doesn't get many where they want to go;
- projections of a \$15.6 million deficit by 1997.

The Metro's situation mirrors what's happening nationwide, where mass transit use continues to

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fall, according to census figures, despite billions poured into the system the past 20 years.

Locally, only 3,702 workers — 3.2 percent of those employed — take the bus, down from 3.7 percent in 1980. It's no surprise bus use is down. Service has been cut by nearly a third over the past three years.

Fares cover 21 percent of the cost of a ride, less

than the state average. Taxpayers, mainly through sales taxes, foot the remainder of the bill.

Scott Galloway, Metro manager since 1976, agrees mass transit is in trouble.

"We built cities around the automobile and that is why transit has had a hard time competing and that's why we have a \$20 million budget and only carry a small percentage of total riders," he said.

Galloway realizes something must be done about the \$15.6 million deficit he projects the Metro will face over the next four years. As a public agency, the Metro cannot operate in the red.

This means either more service cuts — and an end to public transit as we know it today — or major changes in the way the Metro operates and is financed.

Out there waiting to be picked up is a potential market of commuters. Approximately 81,000 people drive alone to work in this county. The question is:

*Please see METRO SYSTEM — A10*



Running on empty: Metro Transit District faces financial crunch

# At the wheel

## Stanford grad has managed the Metro system for 17 years

By DENISE FRANKLIN  
Sentinel staff writer

SANTA CRUZ — Scott Galloway looks weary. He's just completed another grueling day of managing the \$20 million Metropolitan Transit District bus system.

Galloway, 46, has held this job since he was 29.

The position, which pays \$76,000 a year, comes with its own set of critics.

Jeff LeBlanc, a sight-impaired bus rider who heads the Metro Accessible Services Task Force, thinks Galloway is more concerned with gaining new, lucrative commuter riders at the expense of those who depend on transit.

Nora Hochman, union representative for the non-driving Metro employees, said that while Galloway could improve his management style, he has an extraordinary ability to take in and manage huge amounts of information.

"That is his strength and also his weakness. He could more effectively delegate management of certain kinds of information and authority to his managers for a more efficient operation," she said.

A graduate of Stanford University with a degree in biological science, Galloway is a veritable library of information when it comes to transit, and is happy to share it. He is less enthusiastic when it comes to talking about himself.

He learned the transit trade, he said, while serving as a military

transportation officer stateside during the Vietnam War.

He enlisted, "because there was a war on and a high degree of possibility I was going to go in anyway."

After the war, he came back to Santa Cruz County where he had graduated from San Lorenzo Valley High School.

He went to work as an aide to the Watsonville city administrator. In 1973, he came to the Metro as a public transit assistant.

Back then, the Metro contracted for service with a private carrier. In 1976, when Galloway took over as general manager, the Metro took over operating the system at Galloway's recommendation.

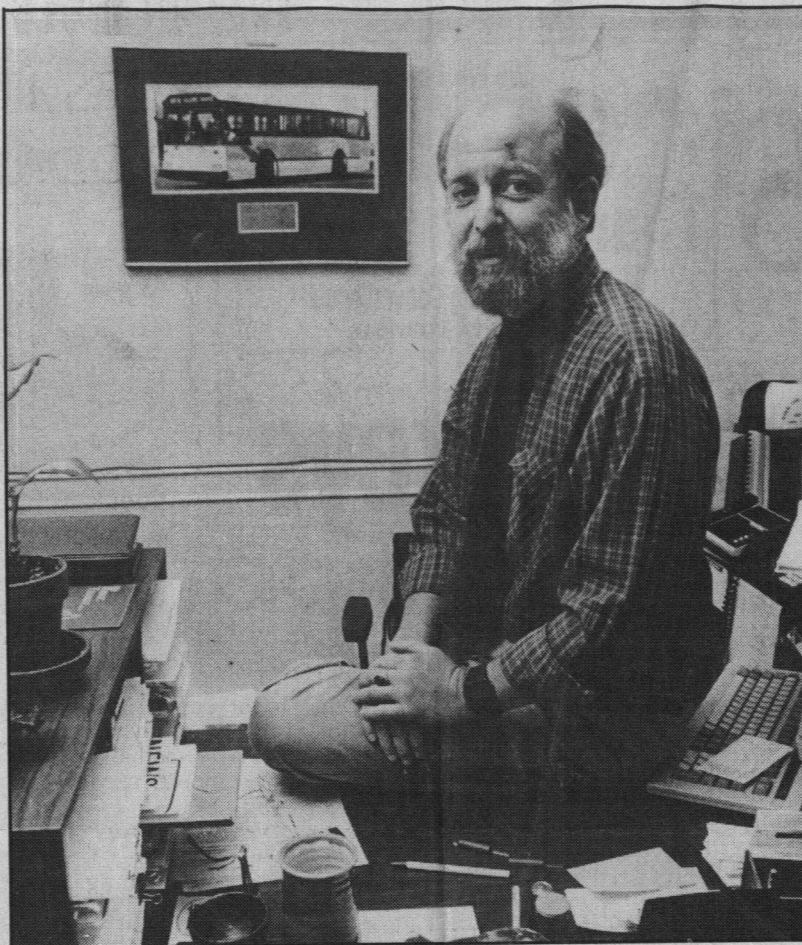
LeBlanc and others worry that Galloway is gradually leading the Metro back to a system that contracts out to a private operator, pointing out that's what was done with the Highway 17 express service.

"I don't think that is where we are headed," Galloway said. "It would be cheaper (with non-union labor)... But what people have here now is drivers who live here, have pride in the system and have security on the job."

Galloway built the system up through the '70s and '80s, and then witnessed its crash in the '90s. Since December 1990, service has been reduced by a third.

Galloway doesn't shy from reality; he's projecting a \$15.6 million deficit over the next four years.

To keep the system from



Shmuel Thaler/Sentinel

Scott Galloway, Metro's general manager, learned the transit business in the military during the Vietnam War.

shrinking further, Galloway advocates that mass transit throughout California be supported by a fee charged to automobile drivers based on the miles they drive.

"Transit doesn't compete very well," he says in his matter-of-fact way.

"The auto is a very slick invention. It sits in your garage, waiting for you, purring and looking pret-

ty. You get in it, turn the key and don't feel any initial costs until you get your bill at the end of the month."

Galloway wants to make it as painless to ride the bus as it is to drive a car.

One of the ideas he has up his sleeve is to issue bus riders a type of credit card. Once a month, they'll get their bill.

# Santa Monica offers example of efficiency

By DENISE FRANKLIN  
Sentinel staff writer

SANTA CRUZ — The Santa Cruz Metropolitan Transit District probably could learn a few things from this neighbor to the south.

The Santa Monica Municipal Bus Lines won national awards in 1987 and 1992 from the American Public Transit Association for its efficiency and effectiveness.

"The Santa Monica system has become a symbol of low cost, quality service and efficient resource management," said Louis Parsons, association president when the award was announced last year.

One measure of efficiency is how much of the cost of a ride is covered by the fare, or fare box return. In Santa Monica, fares covered 51.6 percent of the cost of a ride in 1991-92, twice the state average. The Santa Cruz Metro recovers just 21 percent.

Yet Santa Monica does not change higher-than-average fares. The regular fare is 50 cents, half of the Santa Cruz Metro's. The express service to LA costs \$1.25, a dollar less than it costs to ride the Highway 17 Express to San Jose.

Santa Monica is able to keep regular fares low, said Assistant Director Bob Ayer, because it refuses to sell unlimited-ride passes offered by other bus systems like the Santa Cruz Metro.

"The Los Angeles County MTA system is a good example why we don't. They sell an unlimited pass for \$42 and people use it for 96 rides. That comes to 44 cents a ride and regular fare is \$1.10. Who is subsidizing who?" Ayer said.

Despite the recession and cuts in

state funding, Santa Monica "is holding our own," said Ayer. It has a \$15.5 million budget this year and Ayer doesn't anticipate a deficit.

By contrast, the Santa Cruz Metro which has a \$20 million budget, is projecting a \$15.6 million deficit over the next four years.

"We watch costs very closely," said Ayer. "We also tailor our service to the numbers on the street. We don't put service out there that is not being used."

Ayer doesn't have a marketing budget or staff, but he's innovative. "I have done everything from the obvious, like giving schedules to the university, to the less obvious like making a deal with the local Catholic Church to include schedules in their missalettes."

His 106-bus system won the award for systems with 50-150 buses — putting it in the same league with the Santa Cruz Metro, with 79 buses. Both serve a university, both provide express service to commuters and both serve about the same number of people.

Nearly twice as many people live in the Santa Monica area than live here. But Santa Monica Bus Lines splits the population with the Los Angeles County MTA.

"Do they run rural services to places like Davenport, Bonny Doon and Corralitos? Do they run full weekend service and late-night service?" said Scott Galloway, general manager of the Santa Cruz Metro.

Santa Monica doesn't serve any rural areas, but it does run buses at night and on weekends.

Galloway said he liked one of Santa Monica's methods. "Church bulletins is a great idea," he said.

# Metro system

Continued from Page A1

can the Metro make the changes needed to get these commuters onto the bus?

Vicki Van Horn is among commuters who've quit using public transit.

"I work at UCSC and live near 41st Avenue, close enough to walk from the mall. For about a year, I tried riding the bus to work, but when I realized that it was taking me about an hour and a half to get home, I started to drive again," said Van Horn.

For others, it is simply impossible for them to take the bus from home to work.

Tim Garlick lives a short distance from his job at UC Santa Cruz, but the nearest bus travels away from the campus.

He can't even take the bus home from work conveniently. Garlick would have to travel three miles downtown and then transfer to a bus that goes back

cost the Metro \$107,000 a year to operate, with most of the expense recovered through the leasing of office and commercial space.

But that didn't happen. Office space remained vacant, and is now occupied by Metro employees, who once worked in a leased building. Unforeseen problems with vagrants, graffiti and trespassing necessitated 24-hour security, adding to the cost.

This year, the Metro Center will cost \$229,000 to operate.

Despite its shaky finances, the Metro plans to start construction in 1994 on a similar project, the Watsonville Transit Center.

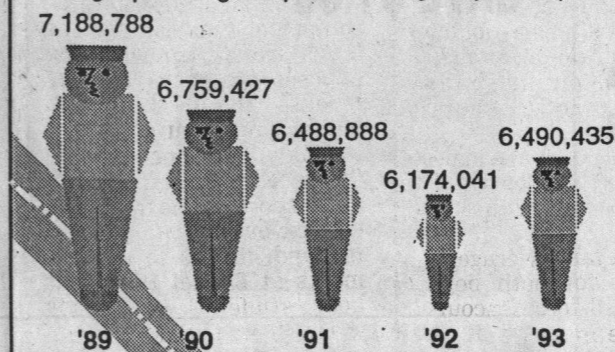
The district paid \$400,000 of its own money to buy the downtown site and will spend another \$338,000 to build it. The bulk of the \$2.6 million expense will be covered by federal grants.

The Service Employees International Union, repre-

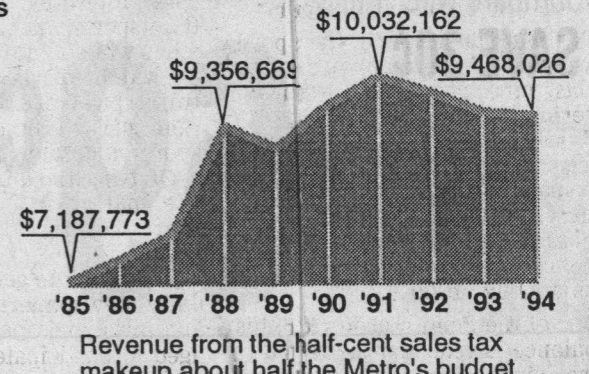
## Crunching the numbers

### Metro ridership

Single passenger trips excluding Hwy 17 express



### Sales-tax revenues



Revenue from the half-cent sales tax makeup about half the Metro's budget



up Western Drive to his home. "No thanks," said Garlick. "I don't enjoy spending an hour to get to my home, which is 10 to 15 minutes away."

This summer, Joni Martin of Ben Lomond decided to start taking the bus to her job at Odwalla in Davenport. But she found the bus couldn't get her to work. The earliest bus coming through Ben Lomond would get her to the downtown Metro station at 7 a.m., 10 minutes after the bus left for Davenport.

Martin didn't give up. She takes the bus from Ben Lomond to Santa Cruz, where she links up with a colleague who drives to work.

"There is responsibility on the part of riders," Martin said. "I love the fact I live in this rural place and work in this little village, but because of that, I have to take some responsibility for getting myself around."

## Glory days of the '70s

It wasn't always so difficult to get from place to place.

In 1968, the Metro was formed. It subsidized a private operator until 1971, when it bought the private carrier. It then contracted with another private carrier for the service until 1976, when the Metro began running the bus line with its own employees.

The Metro enjoyed its glory days in the '70s, expanding to serve most of the county seven days a week and on many routes until 10 at night.

Ridership grew. Between July 1977 and June 1979, the amount collected in fares increased 53 percent. Fares stayed the same through the decade: 25 cents for adults and 10 cents for seniors and the disabled.

Voters agreed in 1979 to change the way they supported the system from property taxes to a half-cent sales tax.

"I moved to Santa Cruz in February of '81 and the bus service was definitely one of the selling points — a day pass cost 50 cents and you could use it to ride anywhere from Davenport to Boulder Creek to Watsonville," said Tane Tachyon of Santa Cruz. "The buses also ran late at night, so they were great for riding home after concerts and movies."

Rainbow colors decorated the buses back then. "Ride the Rainbow" was the slogan and that pot of gold seemed bottomless.

But the rainbow began to fade in the mid-1980s. The money coming in from state and federal governments didn't keep up with what was being spent. Service cuts followed.

After staying the same for 13 years, fares went up in 1981, 1986, and 1989, keeping pace with inflation.

Today, the one-way regular fare is \$1; only children under 5 ride free.

"It used to be 25 cents. Now it is \$3 for a day pass and that's \$6 a day for me and my daughter or \$80 a month for me and my kid to purchase bus passes," said Arthur Brett Breitwieser of Santa Cruz.

"I can buy good bikes for the two of us for those kind of prices, or walk and save the money for food."

Riders were shocked in December 1990 when service was slashed 28 percent.

"If I had a job at the Watsonville Kmart and lived in Mid-county, it would be a lot harder for me to get to my job now than it was three years ago," said John Dougherty, a regular bus rider who works in customer service for the Metro.

## Bad times hit

The massive growth of the '80s came to a screeching halt in the recession-plagued '90s.

"In the '80s, the district got intoxicated with all the grants and federal dollars and went on a property acquisition binge. It now owns property all around the county," said David Lyall, chairman of the bus drivers' union.

From 1979 through 1986, the Metro supplemented government grants with \$4.2 million of its own money to buy five properties.

Among them was the Pacific Avenue site for the Santa Cruz Transit Center, which opened in 1985.

In the early '80s, it was estimated the center would

senting non-driving employees, and Transit District director Bruce Gabriel wanted to delay the project.

"I realize Watsonville needs a transit center and the money that will go to the project will be a federal grant, but what really concerns me is operating expenses," Gabriel said.

Echoing the same promise that was made about the Santa Cruz Transit Center, Galloway contends the Watsonville transit center will cost very little. Last week, Galloway announced a proposed lease of office and commercial space at the Watsonville site with El Pajaro Community Development Corp. With this lease, the net cost of operating the transit center would be \$30,000 a year, he said.

The proposal is under study by the Metro. In the '80s, the Metro also purchased an operations building on River Street in Santa Cruz, a maintenance and operations facility in Watsonville, a maintenance facility on Golf Club Drive in Santa Cruz, and a park and ride lot on Soquel Avenue in Live Oak.

But Galloway doesn't think the Metro's financial crisis is a result of buying property.

He blames declining sales-tax revenues and costly government mandates. Among the state and federal mandates the Metro must meet are:

- The use of the more expensive low-sulphur diesel fuel required by the Clean Air Act. This expense started in October and will cost the district a projected \$112,500 additional each year for the 750,000 gallons of fuel it consumes.

- The purchase of new buses with engines that meet strict air quality standards. With plans to buy 26 buses next year, Galloway won't know how expensive these buses will be until bids are opened.

- Providing service to disabled people who can't use a regular bus. This door-to-door service, mandated by the Americans with Disabilities Act, will cost \$451,000 this year.

Sales-tax revenues, which make up over half of the Metro's budget, are on the decline. But the situation isn't as bleak as Galloway paints it.

Sales-tax revenue has dropped slightly the past two years because of the recession and is expected to drop again this year. But since July 1980, sales tax revenues have increased faster than the inflation rate.

The problem is expenses have grown even faster.

## Higher pay

Since July 1989, the cost of operating the system has risen 31 percent.

These operating costs, Galloway said, are made up mostly of salaries and benefits for the district's 300 employees. Nearly three-quarters of the budget goes for salaries and benefits.

The Metro is known for paying its bus drivers well. Top pay is \$16.95 an hour.

"Your costs are going to be higher because you have some of the highest paid operators in the state. That is well known," said Birgit Gabig, financial manager for the Foothill Transit Zone in Los Angeles County.

The drivers also have one of the strongest unions, the United Transportation Union, she noted.

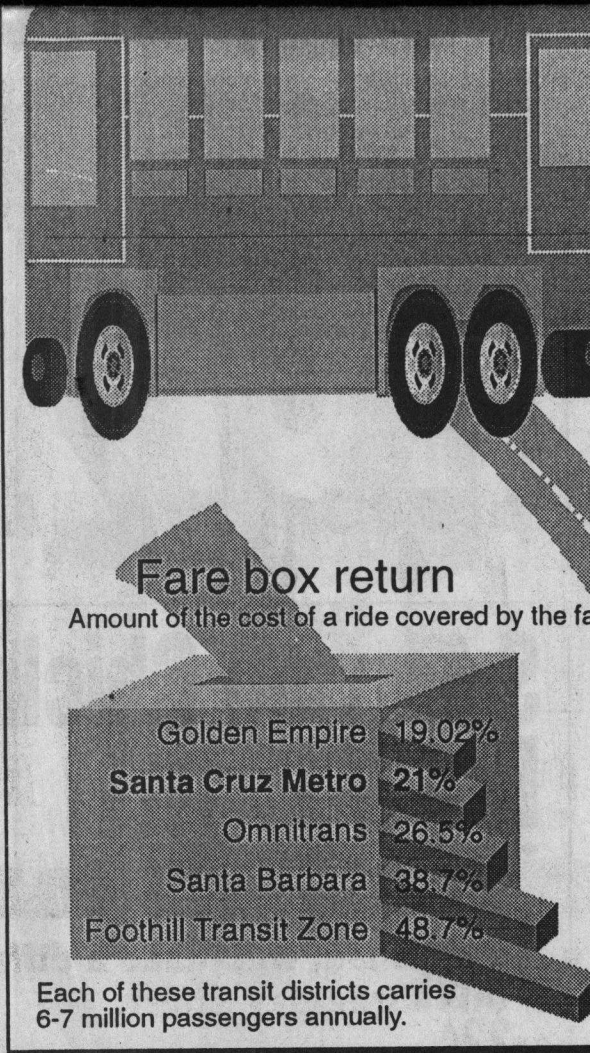
Drivers Ian McFadden and Lyall defend their salaries, noting that Santa Cruz is a very expensive place to live. It's the second least-affordable metropolitan area for homebuyers nationwide, right behind San Francisco, according to the National Association of Home Builders.

Galloway said high salaries are necessary because just over the hill in Santa Clara County, drivers make \$18.35 an hour.

"Salaries are a function of the market, not a function of how rich your agency is," he said.

Galloway said driving a bus is a "zero-tolerance job." A back injury, seizure disorder or heart condition can put a driver out of work permanently at a young age, he said.

Salary expenses have gone down slightly this year because of layoffs, less overtime, and administrators taking a 5 percent voluntary pay cut. With the pay cut, Galloway makes \$78,000 a year while other administrators make from \$43,000 to \$64,000.



## Bus driver salaries

in surrounding transit districts, 1993-94

Monterey-Salinas Transit	\$13.81
Santa Cruz Metropolitan Transit District	\$16.95
San Mateo County Transit District	\$17.20
San Francisco Municipal Railway (The Muni)	\$17.98
Santa Clara County Transportation Agency	\$18.35

## Cost per passenger

Total number of passengers divided by the cost of operations

Transit District	Cost per passenger
Santa Barbara	\$1.26
Golden Empire	\$1.77
Foothill Transit Zone	\$1.85
Golden Empire	\$2.38
Santa Cruz Metro	\$2.88

Chris Carothers/Sentinel

Salary expenses would be higher if it weren't for agreements made with employees over the past three years.

Employees agreed not to take already approved raises in exchange for the Metro paying more of their cost of retirement benefits.

As a result, the amount spent on retirement benefits has grown tremendously. The Metro spent \$1 million on retirement benefits this year, up nearly 40 percent from the previous year.

A surplus in payments by the Metro to the state Public Employees Retirement system is being used to pay for retirement benefits. When these funds run out, this cost will become part of the projected \$15.6 million deficit.

Galloway doesn't expect operating costs to shrink, saying employees won't give up anything when contracts are renegotiated. He said it was "unprecedented" when drivers this year reopened their contract and agreed to \$107,000 in compensation cuts.

## What lies ahead

The salvation of the Metro lies with commuters and voters.

The Metro has already taken steps to grab the lucrative commuter market. In December, new express lines will offer Mid-County and Westside Santa Cruz residents rides to jobs in Scotts Valley.

However, it was the drivers, not the administration that came up with the idea.

Major employers, facing a state mandate to steer 40 percent of their workers into ride-sharing or mass transit by 1996, may speed the Metro along to recovery.

Employers can choose from a variety of methods, including buying bus passes for their workers or charging them for parking, to give them an incentive to stop driving alone and to reduce air pollution.

"Having to pay for parking will get people to ride

the bus. It is the single most important thing you could do," said Linda Wilshusen, director of the county Regional Transportation Commission.

Take the case of the Tennessee Valley Authority in Knoxville. In 1975, this company began charging for parking and providing other incentives for those who didn't drive alone to work. In three years, the number of workers taking the bus rose from 4 percent to 31 percent.

This could happen here. In a survey of workers in the spring of 1992, 42 percent said that if bus service was conveniently available, they'd take it.

At UC Santa Cruz, where parking fees are charged and all students pay a fee for a bus pass, Metro use is at 40 percent.

The Metro soon will institute a system to make it easier for a company to pay for its employees to ride the bus. Under this system, employers will issue bus cards to their workers. The cards will record the number of rides taken and employers will be billed accordingly.

Even with these plans, taxpayers still will have to subsidize mass transit. No public bus system exists in which fares cover operating costs.

Statewide, mass transit faces a half-billion-dollar shortfall within the next four years, according to the California Transit Association, a trade group made up of public transit agencies.

A draft of the county's general plan proposed asking voters to continue the half-cent earthquake sales tax past 1996 to fund transit. But the Planning Commission decided Friday to drop the idea.

Two other statewide plans are in the works to raise more money for mass transit.

The California Transit Association proposes charging automobile drivers a fee based on the miles driven. The money, collected during smog checks, would go to mass transit.