

Metropolitan Transportation Commission Programming and Allocations Committee

October 8, 2008

Item Number 4a

Report on TDA Triennial Performance Audits

Subject: Presentation by Mundle & Associates, Inc. on the results of the TDA triennial performance audits of AC Transit, BART, County Connection, Sonoma County Transit, the City of Santa Rosa, the City of Petaluma and the City of Healdsburg.

Background: The Transportation Development Act (TDA) requires that MTC administer triennial performance audits of transit operators in the region. Because of the number of operators subject to the performance audit requirement, they are divided into three groups, with one group audited each year on a three-year cycle (the operators listed above are in the second year group). The audits are conducted under contract by an independent auditing firm, adhering to TDA requirements and an audit approach subscribed to by MTC. Mundle & Associates, Inc. is under a contract with MTC for performing the audits over the current three-year cycle.

In addition to complying with TDA requirements, the audits follow a “goals and objectives” approach, in which an operator’s performance is evaluated against its own adopted standards. MTC’s Short Range Transit Plan guidelines require that each operator maintain and publish goals and objectives, and related performance measures and standards, pertaining to key aspects of service delivery.

In accordance with TDA requirements, the performance audit recommendations serve as the basis for the operator’s development of projects that are included in MTC’s Productivity Improvement Program (PIP).

Summary of Audit Recommendations

AC Transit

1. Evaluate the District’s CBO performance monitoring program to enhance its effectiveness.
2. Expand efforts to improve schedule adherence and other service delivery performance.
3. Continue to focus on strategies for reducing operator absences.
4. Review security policies in light of the increasing rate of calls for protective services assistance.
5. Investigate the reasons for worsening road call rates despite improved preventative maintenance.
6. Take steps to reduce the call abandonment rate.

BART

1. Continue to focus efforts on improving on-time performance.
2. Expand efforts aimed toward reducing operational safety-related incidents.
3. Address the continuing perception among passengers that police presence is declining.

County Connection

1. Continue to work with the paratransit contractor to reduce the turnover rate of LINK contractor employees.

Sonoma County Transit

1. Continue to monitor fixed route farebox recovery performance.
2. Evaluate performance standards to ensure they accurately reflect the current service levels and operating environment.

City of Santa Rosa

1. Continue efforts to improve CityBus on-time performance.
2. Examine the established performance standards and revise as necessary to improve their usefulness.

City of Petaluma

1. Continue to monitor fixed route vehicle performance to improve service reliability.
2. Examine the trends in fixed route performance and develop strategies to improve performance relative to standards.
3. Evaluate the inclusion of the contract clause requiring contractors to supplement farebox revenues.
4. Provide MTC with a cost allocation plan that shows the methodology for how the City allocates its administrative costs to the transit system.

City of Healdsburg

1. Continue efforts to expand routine performance monitoring and begin assessing performance against standards.
2. Develop a strategy to improve performance in the cost per passenger, farebox recovery, average fare and subsidy per passenger.

The auditors will present their findings for the recently completed audits, focusing on each operator's six year trends for certain performance indicators, including cost per hour, cost per passenger and passengers per hour. The presentation is attached.

Issues: None.

Attachments: Presentation Handout



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**FY2008 TDA Triennial Operator Performance
Audits**

AC Transit

BART

CCCTA/County Connection

City of Healdsburg

City of Petaluma

City of Santa Rosa

Sonoma County Transit

Mundt & Associates, Inc.

MTC FY2008 TDA Triennial Performance Audits

Audit Approach

Audit Period

FYs 2004-05, 2005-06 and 2006-07

Two Phases

Compliance Audit

- Review of data collection, management and reporting methods.
- Five TDA performance indicators (six year trend analysis).
- Compliance with statutory and regulatory requirements.

Audit Survey

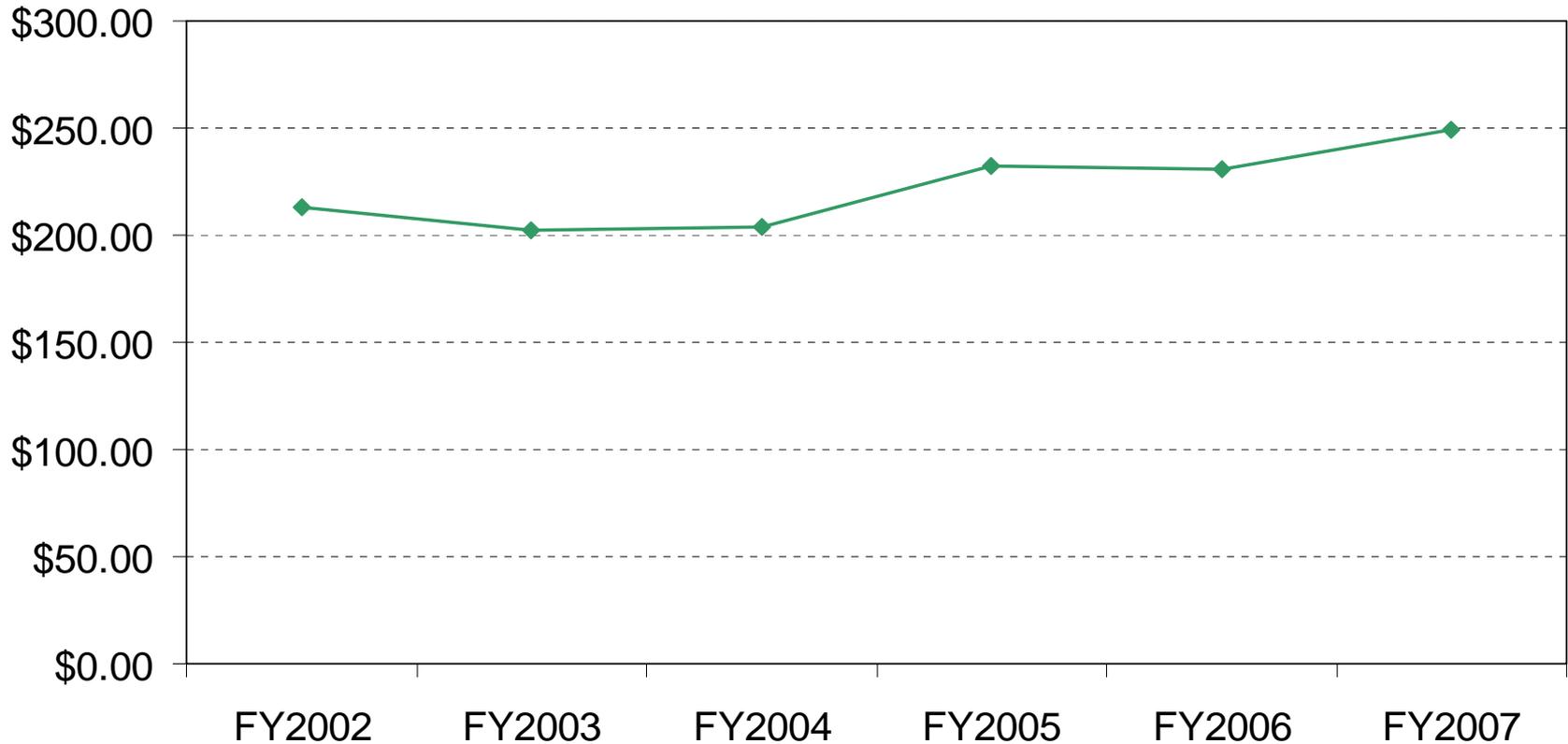
- Review of actions taken to implement prior audit recommendations.
- Review of goals, objectives and performance standards.
- Assessment of functional area performance indicator trends, and performance compared to standards.
- Conclusions, commentary and recommendations.

List of Transit Operators and Modes Operated

Agency	Fixed-Route Bus	Rail Transit	ADA Paratransit
AC Transit	X		X (EBPC)
BART		X	X (EBPC)
CCCTA	X		X
Healdsburg <i>(a)</i>	X		X
Petaluma	X		X
Santa Rosa	X		X
SCT	X		X

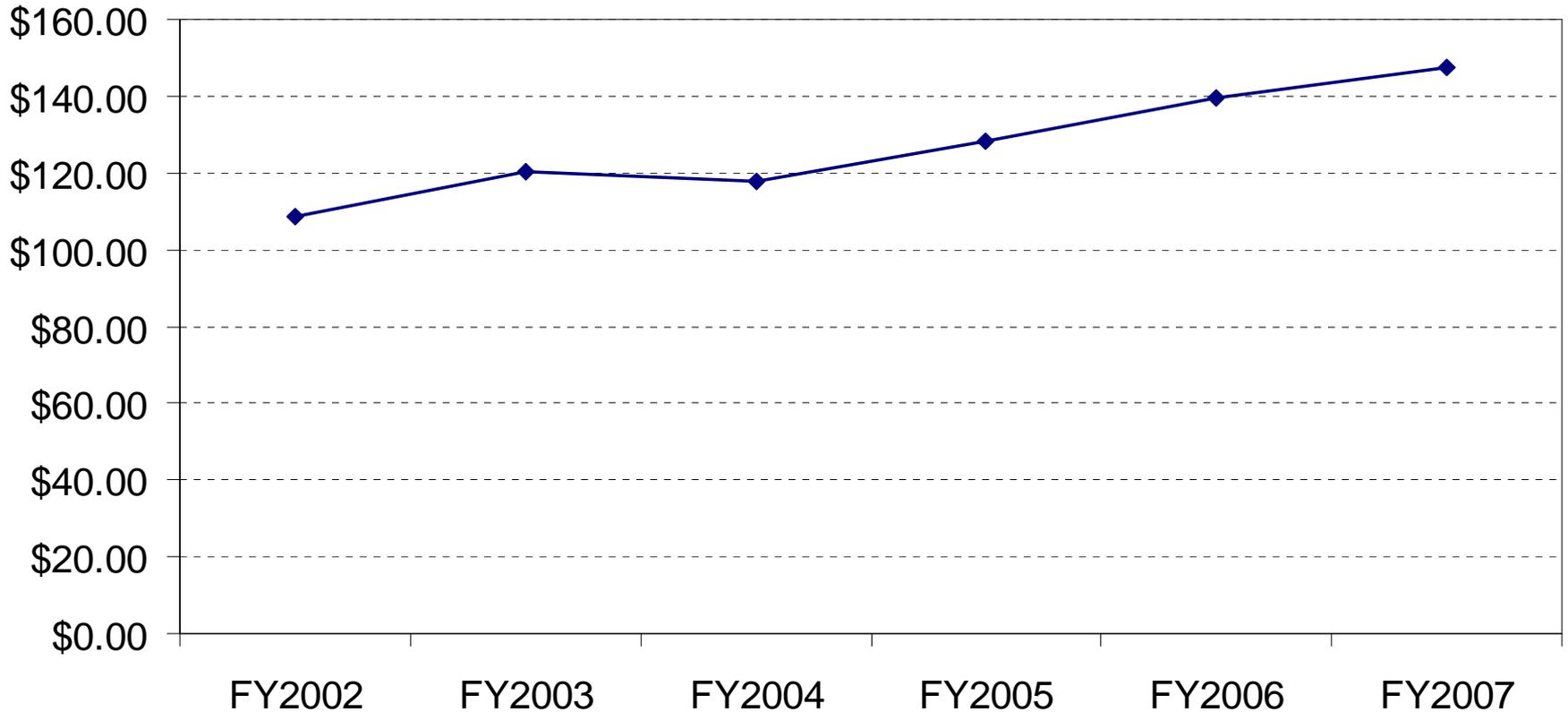
(a) Healdsburg operates route deviation and general public demand response service.

Bay Area Rapid Transit District Cost per Vehicle Service Hour



Average Annual Change (CPI = 2.2%)
BART 3.1%

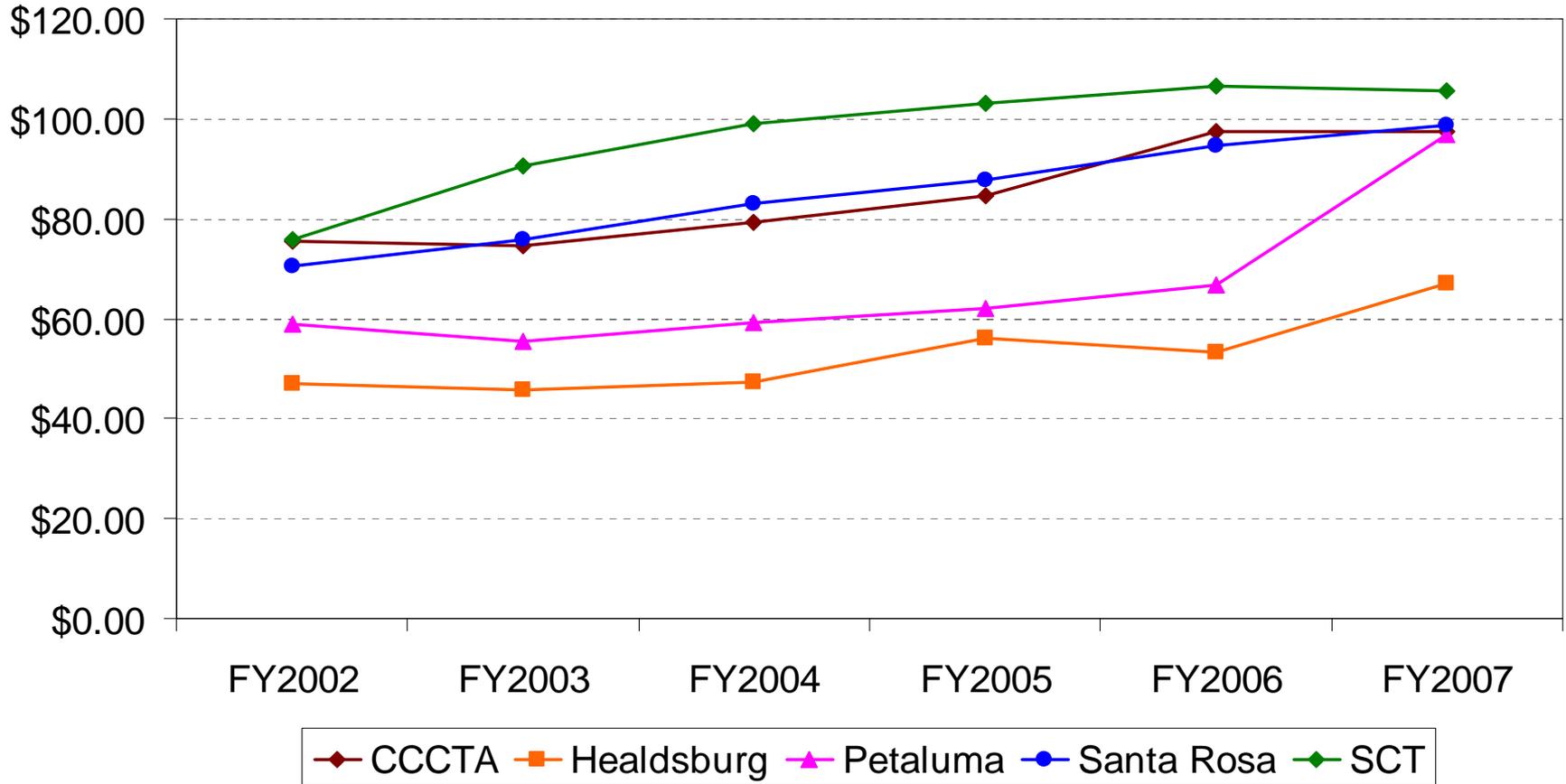
Fixed-Route Bus – AC Transit Cost per Vehicle Service Hour



Average Annual Change (CPI = 2.2%)

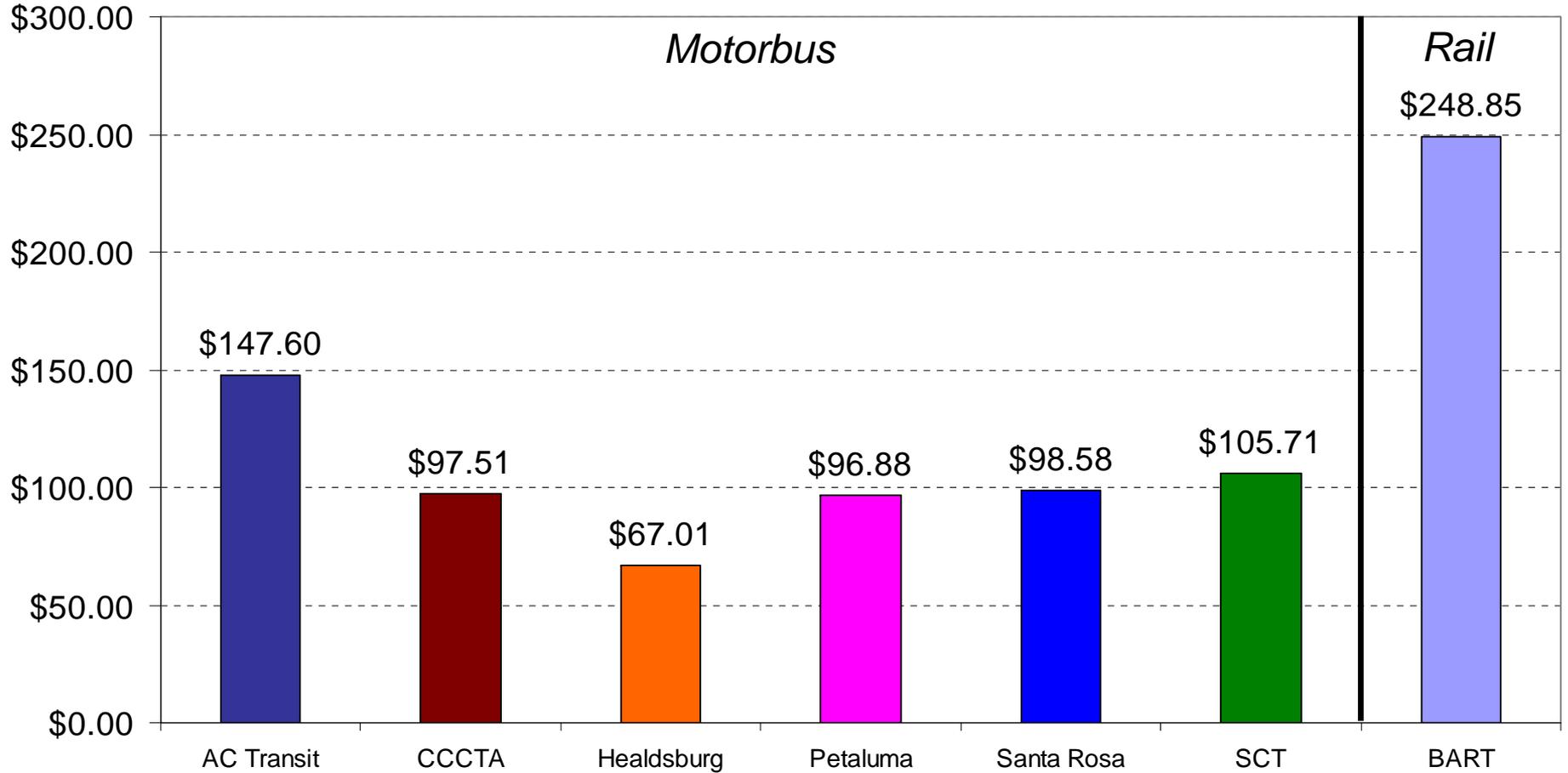
AC Transit 6.4%

Fixed-Route Bus – Small Operators Cost per Vehicle Service Hour



<u>Average Annual Change</u> (CPI = 2.2%)				
CCCTA 5.3%	Healdsburg 7.4%	Petaluma 10.5%	Santa Rosa 6.9%	SCT 6.8%

Comparison of Cost per Vehicle Service Hour (FY2007)



Reasons for Annual Cost Per Hour Increases

All Operators Had Increases Well Above the CPI

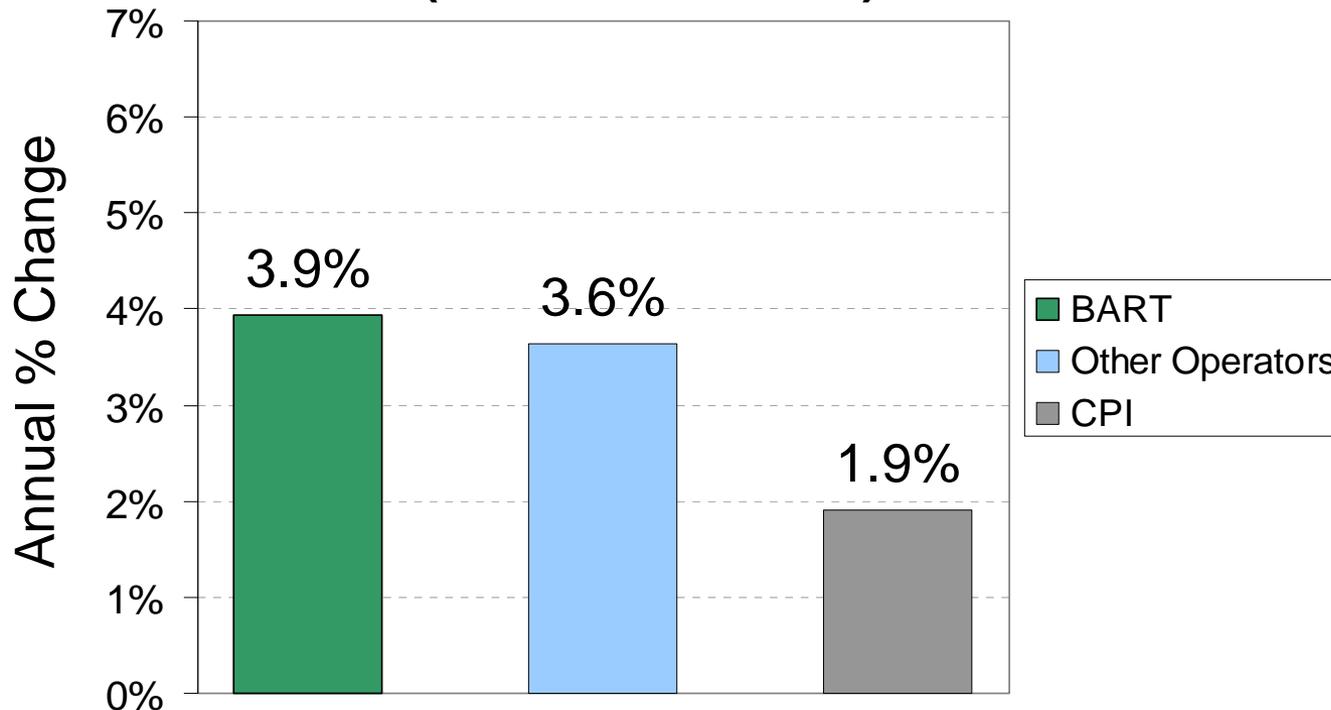
Similar Reasons Identified by Various Operators

- Notable increases in fuel and maintenance costs, and health care premiums
- Employee salary and benefit increases reflecting labor agreements or city-wide policies
- Increased purchased transportation costs based on market rates (contracted)

Other Reasons for Specific Operators

- Actuarial adjustments, insurance & workers comp (AC Transit)
- Extra costs to repair bus damaged in accident (Healdsburg)
- Increased intergovernmental fees from City (Petaluma)
- New Transit Operations Building occupied, increasing overhead & maintenance costs; daily deployment of extra buses to keep system on-time & eliminate missed trips (Santa Rosa)

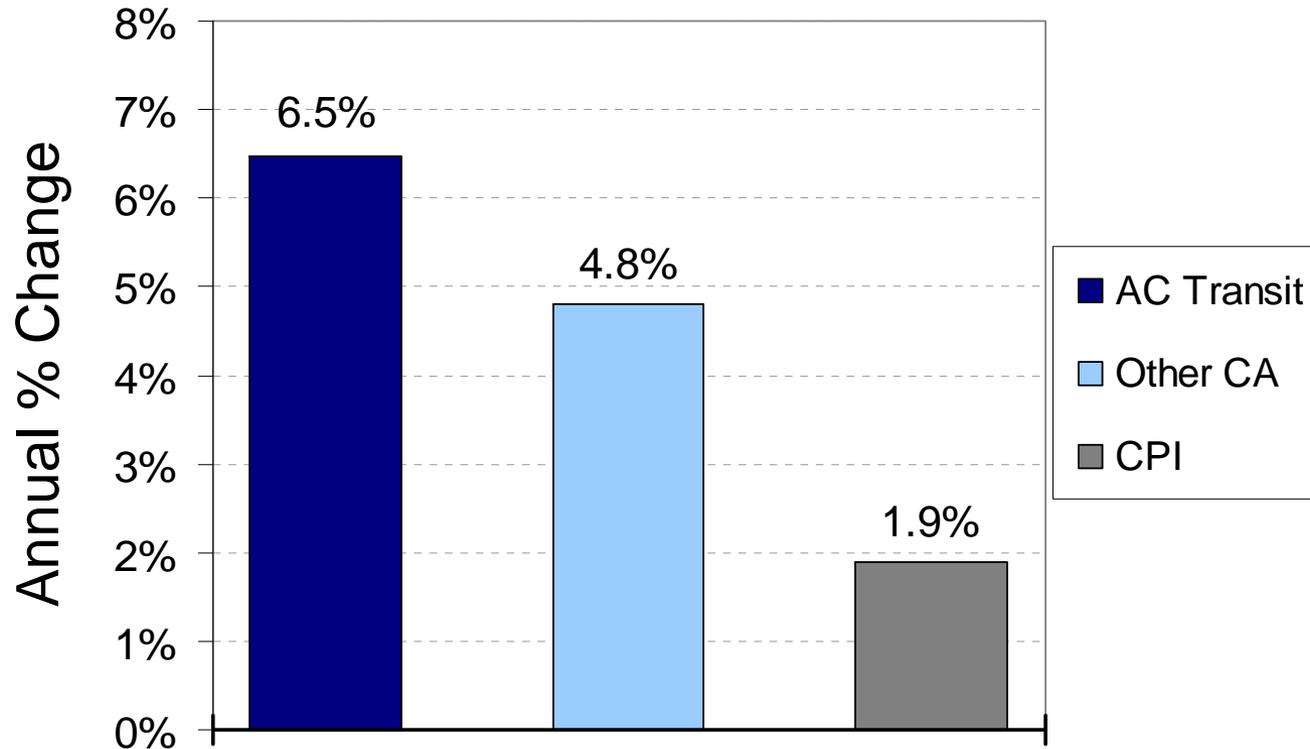
Comparison of Average Annual Change in Cost per Car Service Hour for BART (FY 2002-FY 2006)



- BART's cost growth is in line with other heavy rail systems in the country
- Both BART and its peers cost growth is greater than CPI

Peers: WMATA (Washington, DC), MARTA (Atlanta, GA), CTA (Chicago, IL), LACMTA, MBTA (Boston, MA) and SEPTA (Philadelphia, PA)

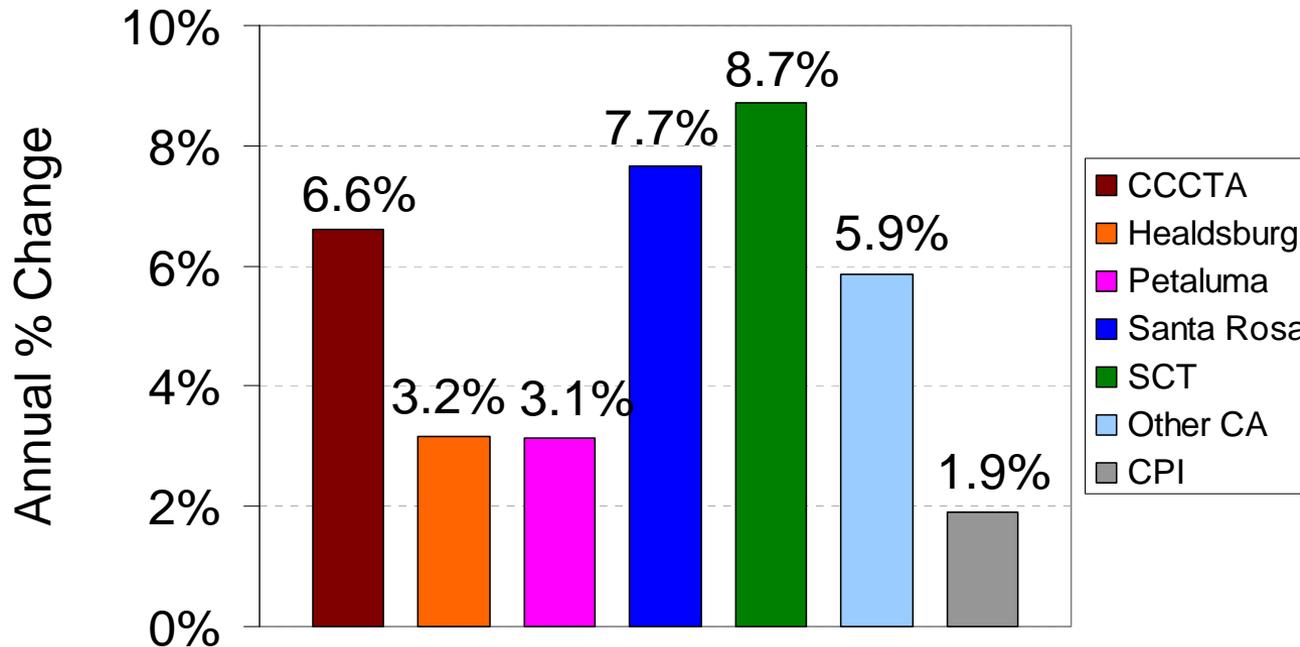
Comparison of Average Annual Change in Cost per Vehicle Service Hour for Larger Bus Operators (FY 2002-FY 2006)



- AC Transit has higher cost per hour growth than other California systems and CPI

Peers: Foothill Transit, LA DOT, LACMTA, Long Beach Transit, MTS (San Diego), OCTA, Sacramento RT, Santa Monica Big Blue Bus

Comparison of Average Annual Change in Cost per Vehicle Service Hour for Smaller Operators (FY 2002-FY 2006)



- CCCTA, Santa Rosa and SCT have higher cost per hour growth than other California operators
- Healdsburg and Petaluma are lower than the other California systems
- All operators cost per hour growth is greater than the CPI

Peers: Antelope Valley, Chico Area Transit System, Culver City, City of Gardena, Modesto, City of Norwalk, South Coast Area Transit, Sunline, Unitrans, Victor Valley, and Yuba-Sutter.

Passengers per Vehicle Service Hour Trends

Fixed Route Service

Agency	Productivity	Ridership
AC Transit	↑	↔
BART	↓	↑
CCCTA	↓	↓
Healdsburg	↔	↑
Petaluma	↔	↑
Santa Rosa	↔	↑
SCT	↓	↓

Summary Trends

Cost Efficiency

- In the past, larger operators tend to have higher cost per hour than small operators due to different cost pressures (e.g., labor, facilities and fringe benefits)
- Small operators now face similar cost pressures as the larger operators as indicated in the cost per hour trends
- All operators have been impacted by factors beyond their daily control (e.g., cost increases for fuel, insurance and health care)

Service Effectiveness

- Large operators have higher productivity due to more densely populated service areas
- Small operators face challenges of lower densities and the need for non-commute (low productivity) services
- From FY2002 to FY2007, overall fixed-route productivity changed by two percent or less for all operators

Summary of Performance Recommendations

Overall

- Recommendations generally focus on improving agencies' goals, objectives and performance standards, as well as performance monitoring
- Attempt to focus on areas under management control (e.g., on-time performance, employee absenteeism and service reliability)
- Maintenance practices were issues for some operators (AC Transit, EBPC, Petaluma)
- Safety and/or security issues were raised for larger operators (AC Transit, BART, EBPC)

Summary of Performance Recommendations, *continued*

Specific Highlights – Larger Operators

- AC Transit: evaluate the CBO performance monitoring program to enhance its effectiveness; review security policies in light of increasing rate of assistance calls; reduce the phone call abandonment rate
- BART: expand efforts aimed toward reducing operational safety-related incidents; address the continuing perception among passengers that police presence is declining

Specific Highlights – Smaller Operators

- CCCTA: continue to work with the paratransit contractor to reduce the turnover rate of LINK contractor employees
- Petaluma: evaluate inclusion of the contract clause requiring contractors to supplement farebox revenues; provide a plan that shows the methodology for how the City allocates its administrative costs to transit