

# Metropolitan Transportation Commission Programming and Allocations Committee

October 13, 2010

Item Number 4b

## Report on TDA Triennial Performance Audits

**Subject:** Presentation on the results of the TDA triennial performance audits of San Francisco Municipal Transportation Agency (SFMTA), San Clara Valley Transportation Authority (VTA), City of Benicia, Fairfield And Suisun Transit (FAST), Livermore-Amador Valley Transit Authority (LAVTA), and City of Union City.

**Background:** The Transportation Development Act (TDA) requires that MTC administer triennial performance audits of the region's transit operators. Operators are divided into three groups, with one group audited each year on a three-year cycle. The audits are conducted under contract by an independent auditing firm.

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). The FY 2010-11 PIP recommendations are presented in Resolution 3973 on the consent calendar for this month's Programming and Allocations Committee meeting.

In summary, service effectiveness and cost efficiency trends were mixed between FY 2003-04 and FY 2008-09. In terms of service effectiveness, the two larger operators, SFMTA and VTA, increased productivity, or passengers per hour, by decreasing or maintaining service levels as ridership increased during the audit period. Smaller operators generally experienced increases in ridership, but rate lower in productivity due to the demand for off-peak service (see below). The City of Benicia decreased in both areas because it transferred its most productive route to the City of Vallejo as part of early efforts leading to consolidation of the two transit systems.

**Passengers per Vehicle Service Hour Trends**  
*Fixed-Route Bus Service*

| Agency                       | Productivity | Ridership | Notes                                |
|------------------------------|--------------|-----------|--------------------------------------|
| SFMTA                        | ↑            | ↑         | Service decrease but increased usage |
| VTA                          | ↑            | ↑         | Service steady but increased usage   |
| Benicia                      | ↓            | ↓         | Declining service levels             |
| Fairfield And Suisun Transit | ↓            | ↑         | Service increase outpaced ridership  |
| LAVTA                        | ↔            | ↑         | Increases in service and ridership   |
| Union City                   | ↑            | ↑         | Ridership increase outpaced service  |

The attached presentation summarizes 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.

**Issues:** None.

**Attachments:** Presentation Handout



# Metropolitan Transportation Commission Programming & Allocations Committee October 2010

## FY2010 TDA Triennial Operator Performance Audits and Supplemental Performance Reviews

**SFMTA**

**VTA**

**City of Benicia**

**Fairfield And Suisun Transit (FAST)**

**LAVTA**

**Union City Transit**

**Aundt & Associates, Inc.**

# **MTC FY2010 TDA Triennial Performance Audits**

## **Audit Approach**

### **Audit Period**

FYs 2006-07, 2007-08 and 2008-09

### **Audit Activities**

Review of data collection, management and reporting methods.

Five TDA performance indicators (six year trend analysis).

Compliance with statutory and regulatory requirements.

Review of actions taken to implement prior audit recommendations.

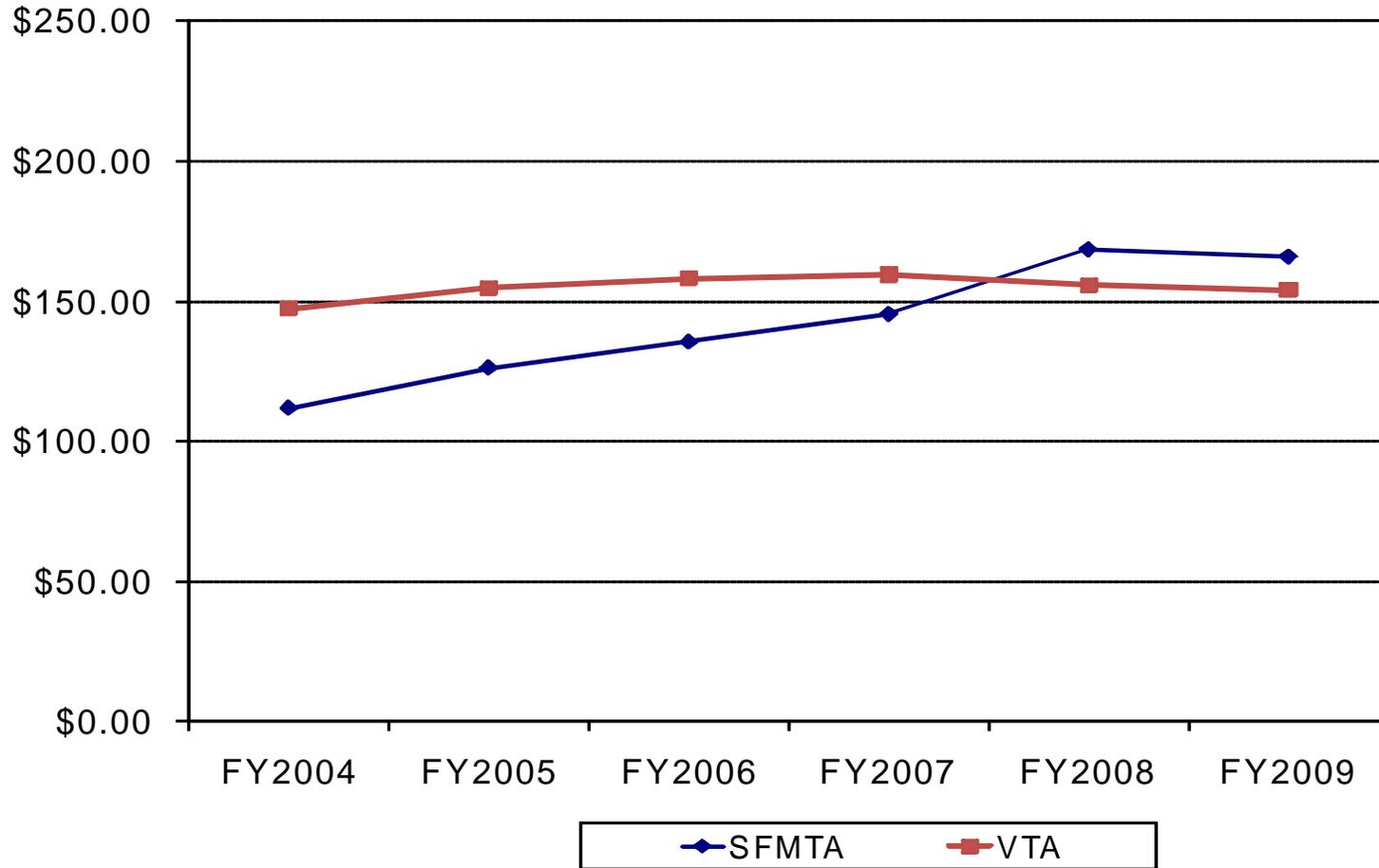
Conclusions, commentary and recommendations.

# Transit Sustainability Project (TSP) and Transit Performance

- Cost containment strategies, improved service delivery and institutional frameworks are being examined through the TSP effort
- Historically, performance audit findings have become Productivity Improvement Projects (PIP) Projects
- TSP efforts may inform future PIP projects and lead to improved performance



# Fixed-Route Bus – Larger Operators Cost per Vehicle Service Hour



| Average Annual Change (CPI = 2.5%) |          |
|------------------------------------|----------|
| SFMTA 8.2%                         | VTA 0.9% |

# Large Operators

## Reasons for Annual Cost Per Hour Increases

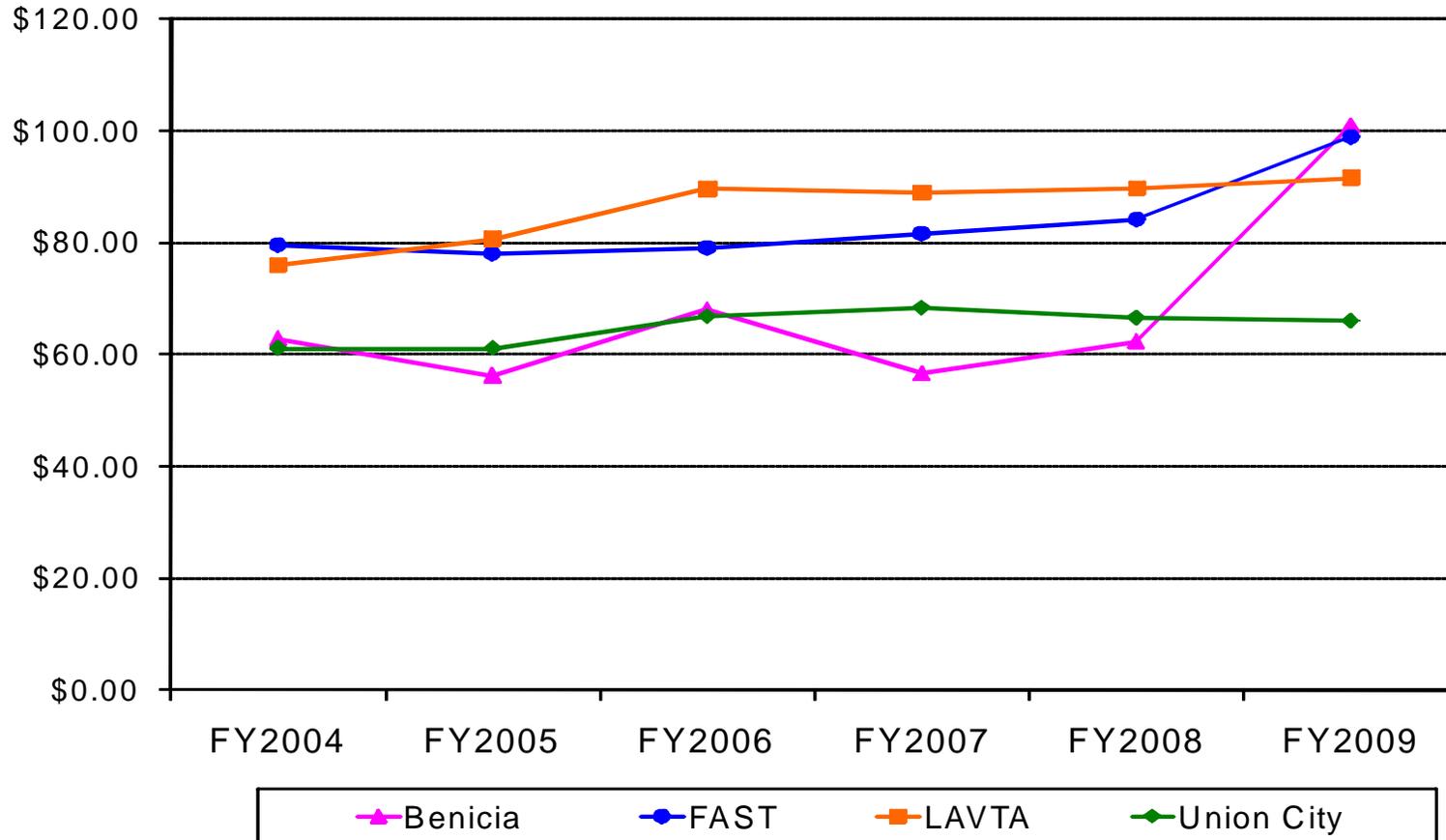
### **SFMTA**

- Systematic investments to improve quality of the customer experience.
- Labor costs increasing on average by 4 percent annually in the last 3 years.
- Casualty/liability, fuel/lubricants & miscellaneous costs increasing on average by at least 10 percent annually in the last 3 years.
- Fringe benefits costs showed major increase in FY2008, reflecting City-wide implementation of General Accounting Standards Board Statement 45.

### **VTA**

- Labor costs increasing on average by 4 percent annually in the last 3 years.
- VTA was able to decrease its cost per hour in the last 2 years.

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



| <b>Average Annual Change (CPI = 2.5%)</b> |      |       |            |
|---|------|-------|------------|
| Benicia                                   | FAST | LAVTA | Union City |
| 9.9%                                      | 4.4% | 3.8%  | 1.6%       |

# Small Operators Annual Cost Per Hour

## Most Operators Had Increases Above the CPI

- Exception was Union City, with average annual decrease when inflation factored out. (Union City was able to decrease its cost per hour in the last 2 years.)

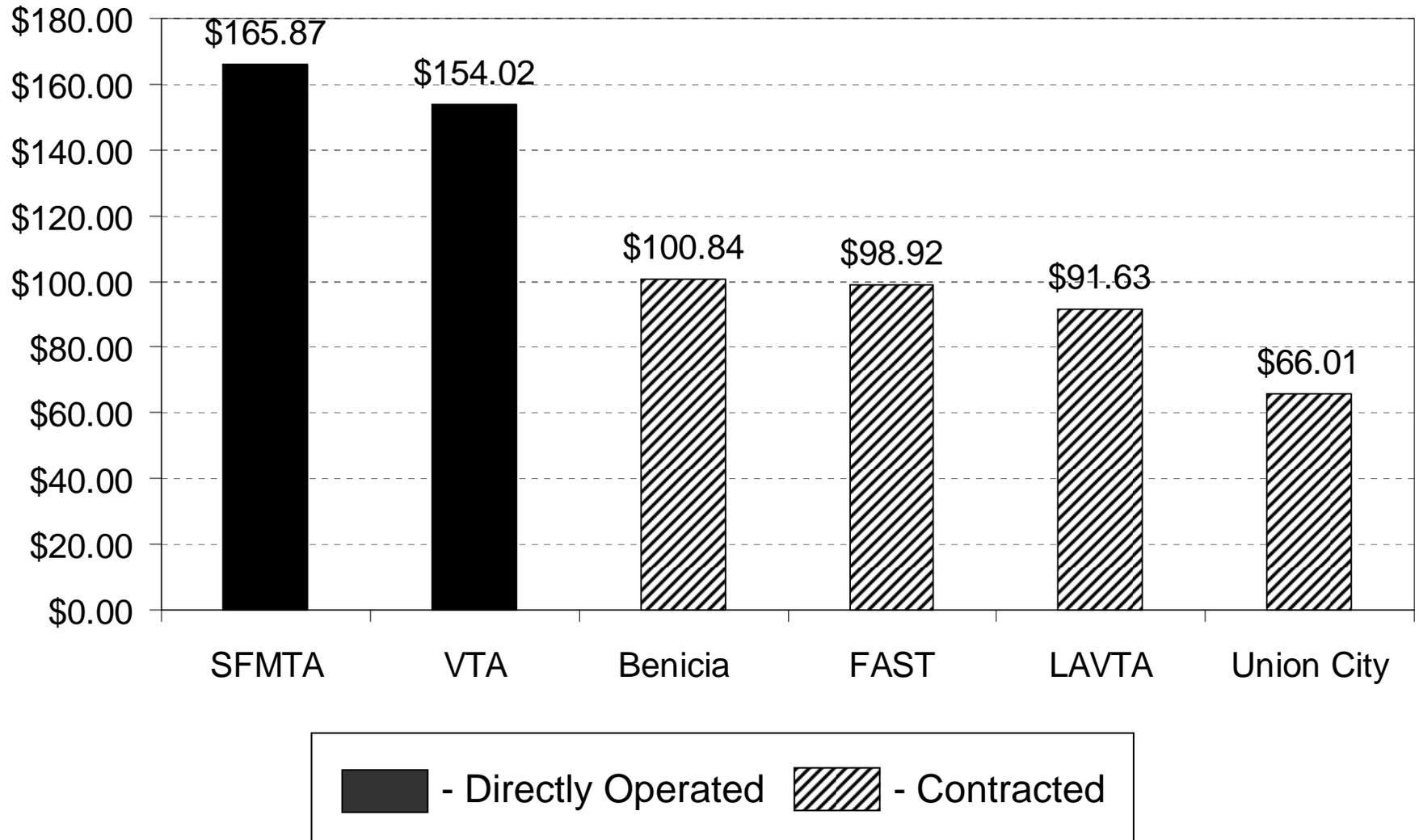
## Similar Reasons for Increases Among all Operators

- Increased purchased transportation costs based on market rates (contracted).
- Employee salary and benefit increases reflecting labor agreements or city-wide policies.

## Reasons Specific to Individual Operators

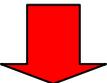
- Service restructuring in FY2009 reduced service hours more than operating costs (Benicia).
- One-time pay down to CalPERS retirement system in FY2009 (LAVTA).
- Increased purchased transportation costs in FY2009 (FAST).

# Comparison of Cost per Vehicle Service Hour – Fixed-Route Bus (FY2009)



# Passengers per Vehicle Service Hour Trends

## *Fixed-Route Bus Service*

| Agency                       | Productivity  | Ridership  | Notes                                |
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# Summary Trends

## Cost Efficiency

- 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 do face similar cost pressures as the larger operators, as indicated in the cost per hour trends.
- Operators have been impacted by factors beyond their daily control (e.g., City-wide labor cost increases and purchased transportation cost increases).

## Service Effectiveness

- Large operators have higher passenger 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 FY2004 to FY2009, annual fixed-route productivity changed by three percent or less for most operators.