

Metropolitan Transportation Commission Programming and Allocations Committee

October 13, 2010

Item Number 3a

Report on TDA Triennial Performance Audits

Subject: Presentation on the results of the TDA triennial performance audits of San Francisco Bay Area Rapid Transit (BART), Alameda-Contra Costa Transit District (AC Transit), County Connection (CCCTA), City of Healdsburg, City of Petaluma, City of Santa Rosa, and Sonoma County Transit (SCT).

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, Subhash Mundle and Associates.

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 2011-12 PIP recommendations are presented in Resolution 4037 on today's consent calendar. MTC's Transit Sustainability Project, which examines cost containment and service delivery strategies, may inform future PIP projects.

In summary, service effectiveness and cost efficiency trends were mixed between FY 2004-05 and FY 2009-10 as shown below:

Passengers per Vehicle Service Hour Trends
Fixed-Route Service

Agency	Productivity	Ridership	Notes
BART	↑	↑	Service steady but increased usage
AC Transit	↓	↓	Service steady but decreased usage
CCCTA	↓	↓	Declining service levels
Healdsburg	↓	↓	Service steady but decreased usage
Petaluma	↓	↔	Increased service levels
Santa Rosa	↔	↑	Increases in service and ridership
SCT	↑	↔	Declining service levels

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



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FY2011 TDA Triennial Operator Performance Audits and Supplemental Performance Reviews

BART

AC Transit

CCCTA

City of Healdsburg

City of Petaluma

City of Santa Rosa

Sonoma County Transit

Audle & Associates, Inc.

MTC FY2011 TDA Triennial Performance Audits

Audit Approach

Audit Period

FYs 2007-08, 2008-09 and 2009-10

Audit Activities

Review of data collection, management and reporting methods.

Five TDA performance indicators (six year trend analysis).

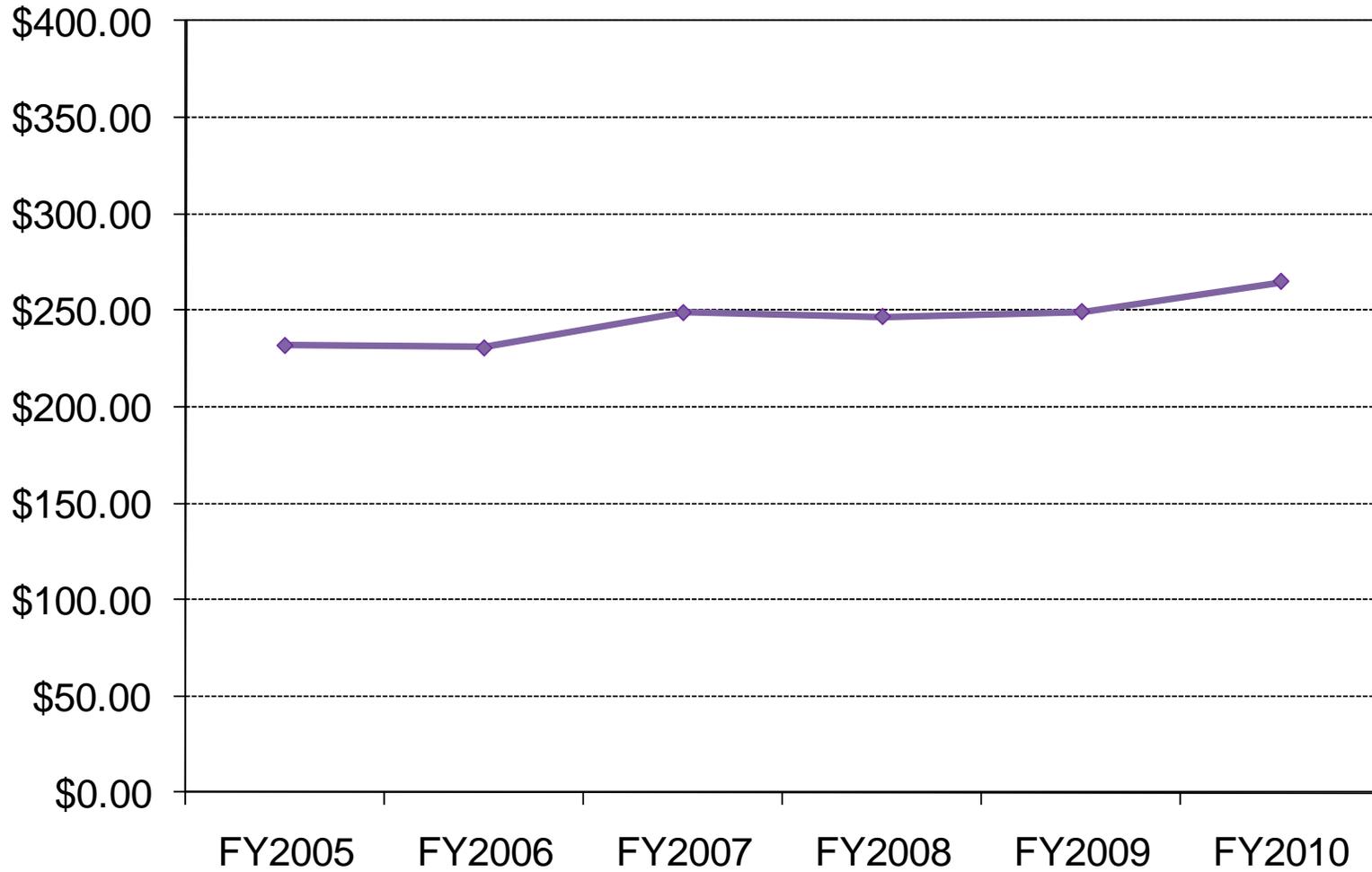
Compliance with statutory and regulatory requirements.

Review of actions taken to implement prior audit recommendations.

Conclusions, commentary and recommendations.

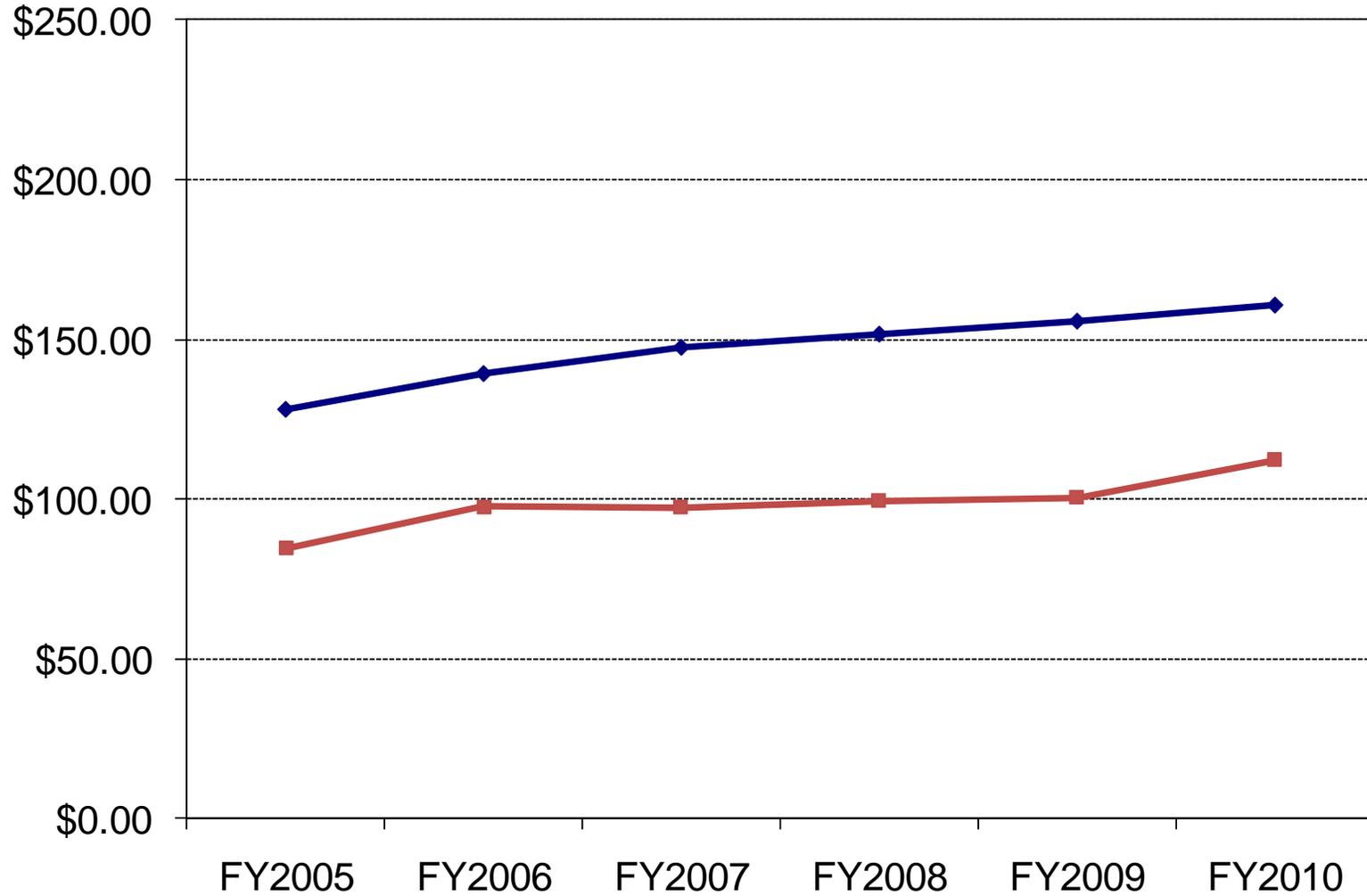
Rail Transit - BART

Cost per Car Service Hour



Average Annual Change (CPI = 2.4%)
BART 2.7%

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



Average Annual Change (CPI = 2.4%)	
AC Transit 4.7%	CCCTA 5.8%

Larger Operators

Cost Per Hour Trends – Last 3 Years

BART

- Labor costs increased on average by less than 1% annually.
- FY2010 casualty/liability costs reflect \$2.2 million increase.
- Other component costs were steady or decreased.
- Includes first year of contract negotiated Fall of 2009; BART indicated that savings could be up to \$100 million over 4 years.

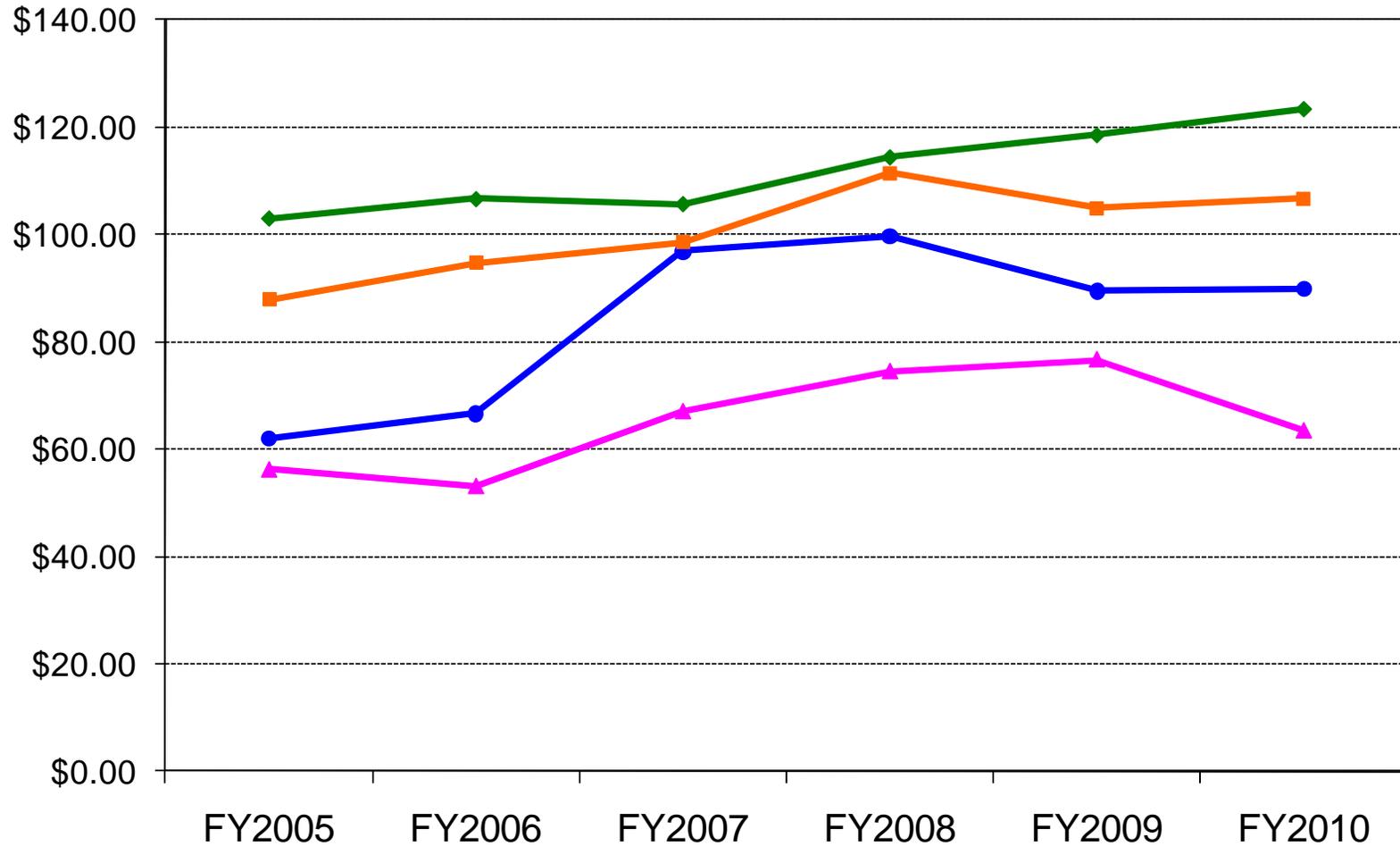
AC Transit

- Labor costs increased on average by 1.8% annually.
- Fringe benefit costs increased by 8.2% per year, reflecting increased pension contributions based on legacy labor agreements.
- Fuel/lubricant and casualty/liability costs decreased 15-20% per year.
- New contracts negotiated in 2011 may produce significant savings; impact may be reflected during the next audit period.

CCCTA

- FY2010 service restructuring reduced service hours by 20% but operating costs by just 10%.
- Labor costs decreased on average by 4% annually.
- Other component costs were steady or decreased, utilities costs increased an average 3.6% per year.

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



Average Annual Change (CPI = 2.4%)			
Healdsburg 2.5%	Petaluma 7.7%	Santa Rosa 4.0%	SCT 3.7%

Smaller Operators Cost Per Hour Trends – Last 3 years

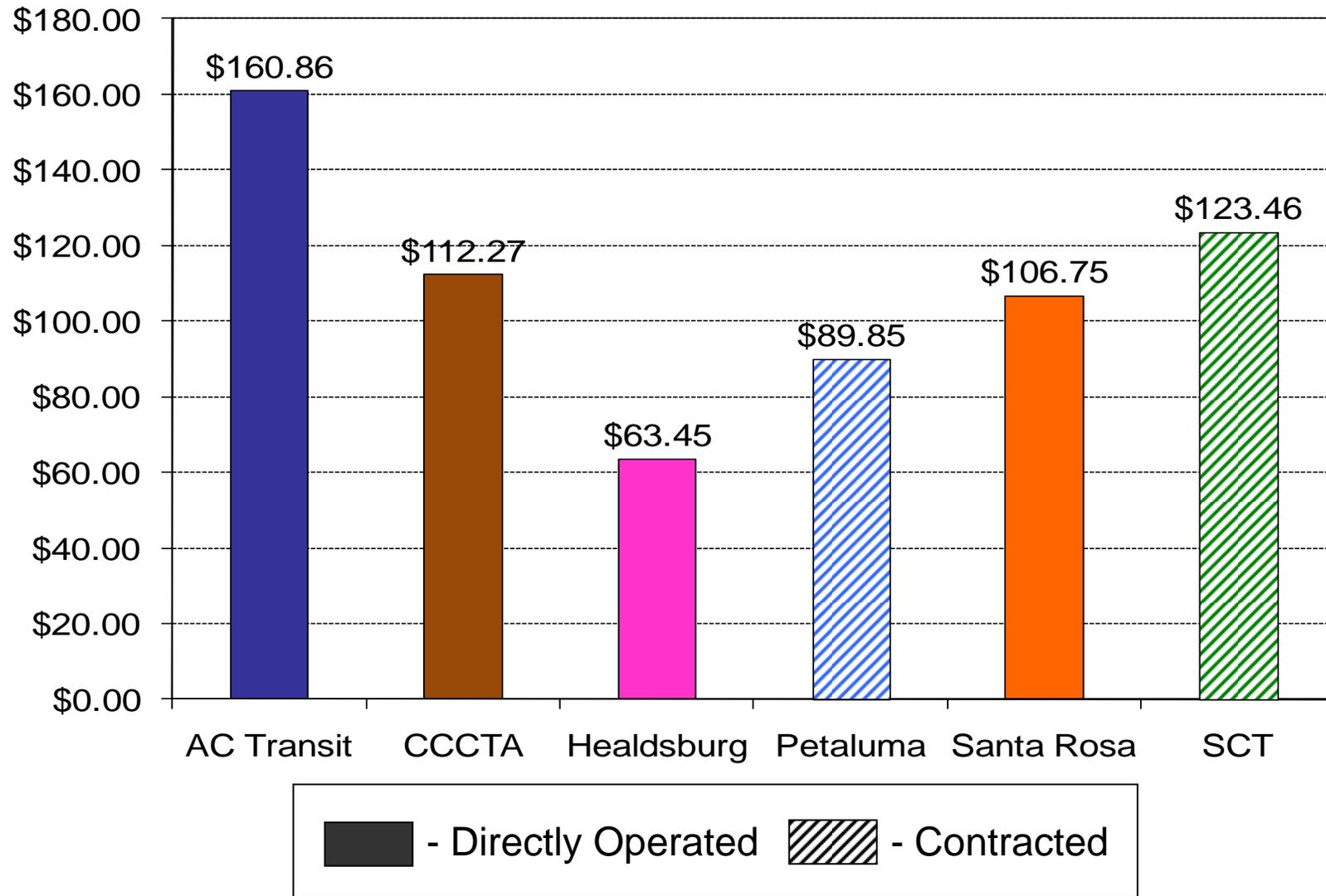
Similar Trends Among Most Operators

- Employee salary and benefit increases reflecting labor agreements or city-wide policies.
- Fuel/lubricants costs generally decreasing.

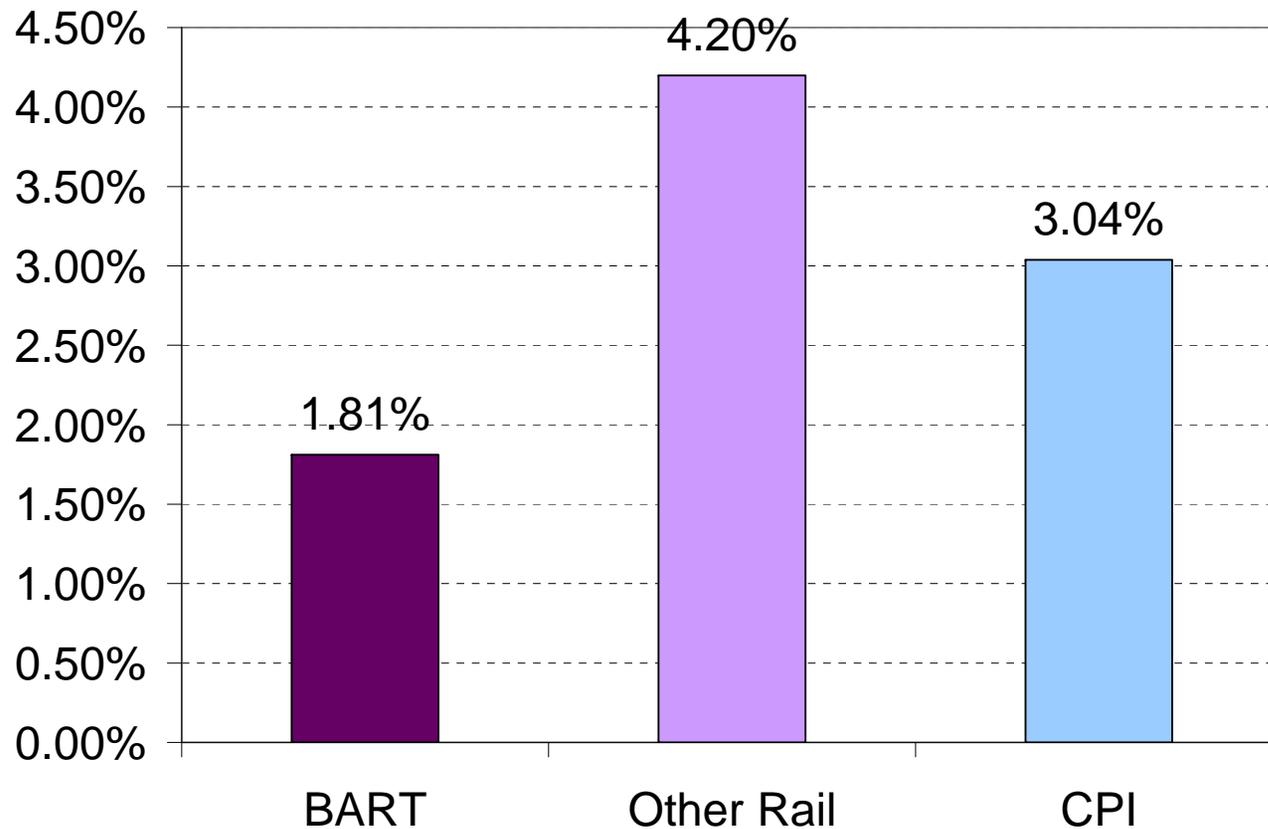
Issues Specific to Individual Operators

- Service restructuring in FY2010 reduced operating costs at more than twice the rate of service hours (Healdsburg).
- Moderately increased purchased transportation costs (Petaluma).
- Service restructuring in FY2010 reduced operating costs at slightly less than the rate of service hours (SCT).
- Accounting changes significantly impacted reported annual salary, fringe, and services cost results (SCT).

Comparison of Cost per Vehicle Service Hour – Fixed-Route Bus (FY2010)

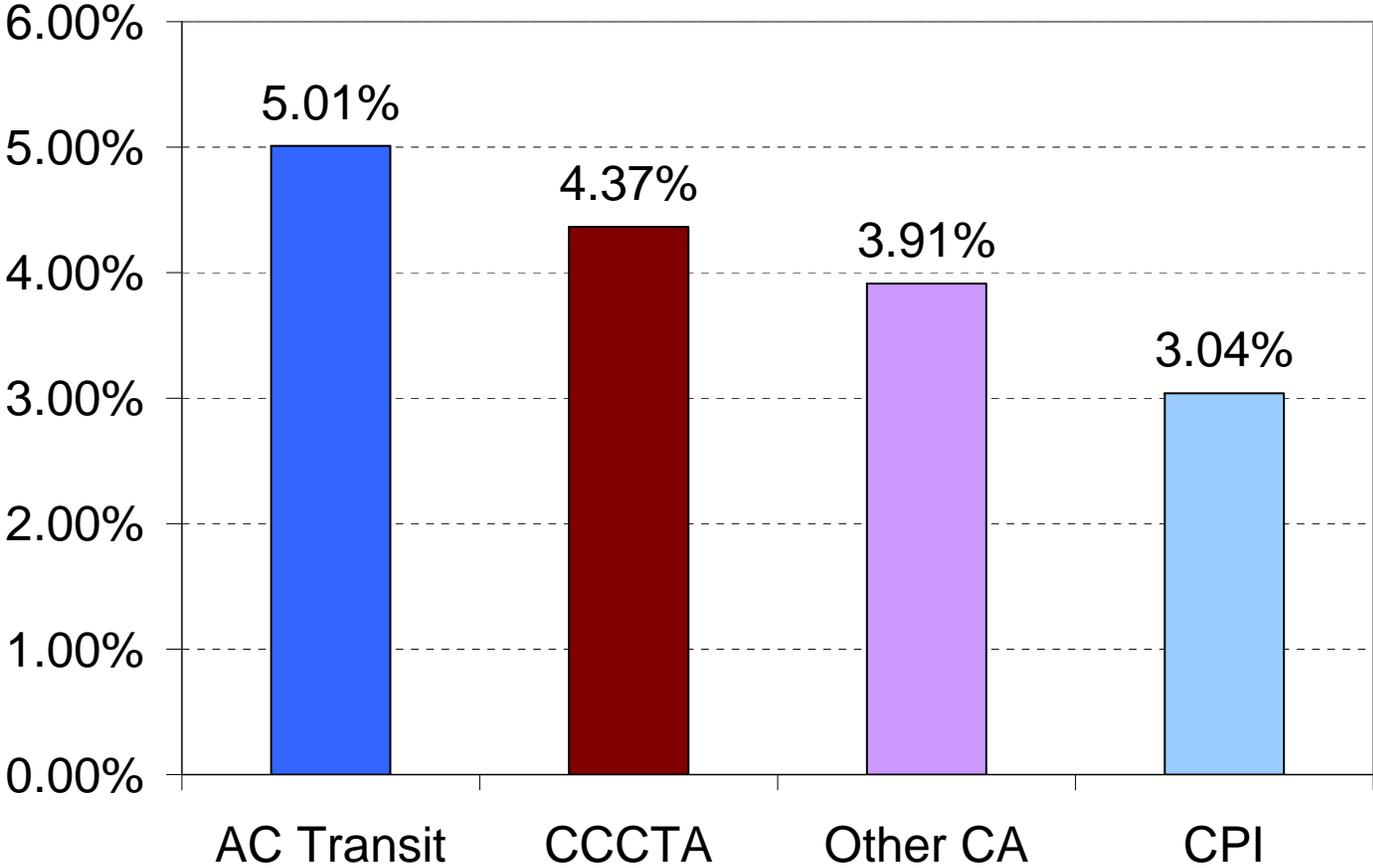


Comparison of Average Annual Change in Cost per Car Service Hour for Rail Operators (FY2005-FY2009)



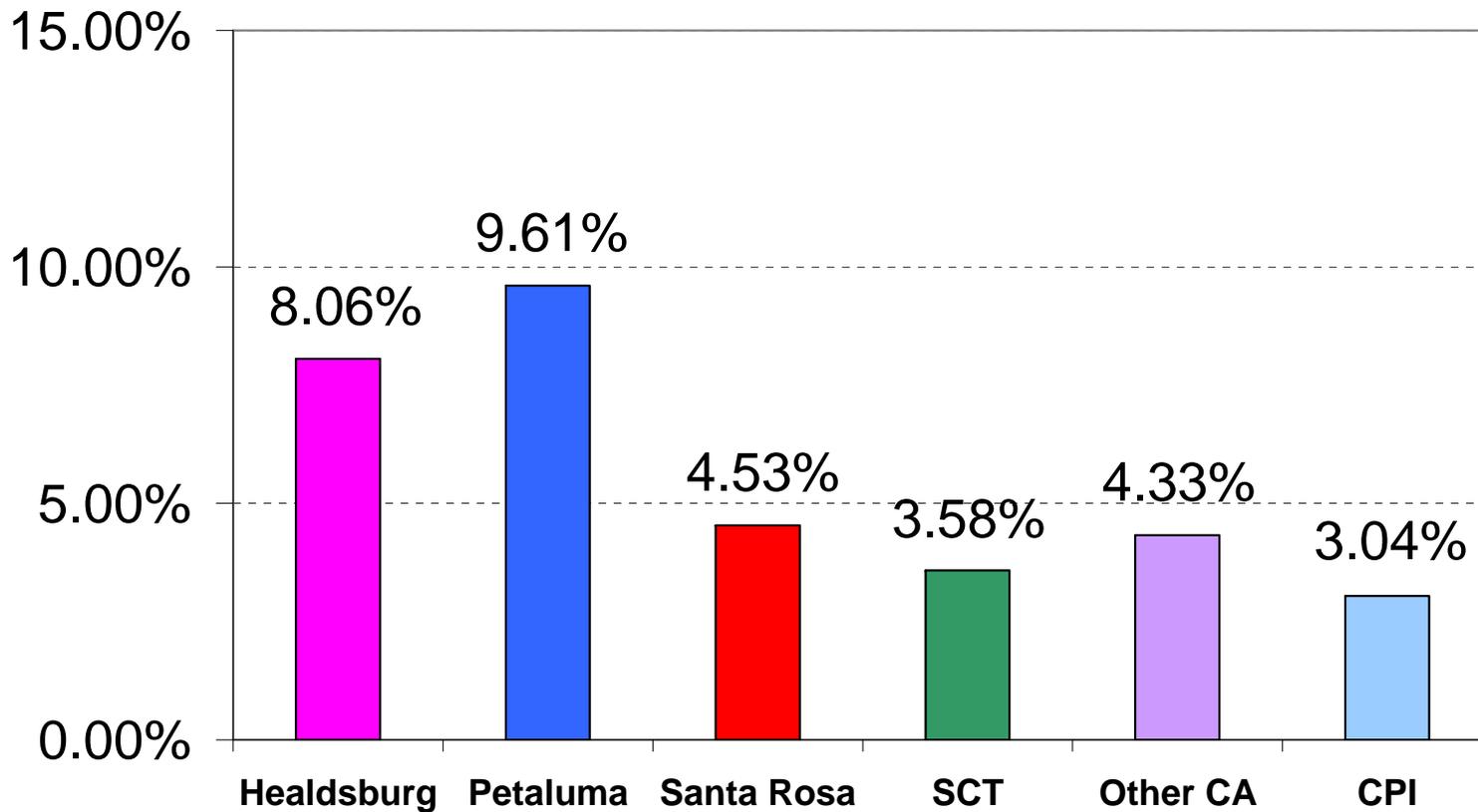
Other Rail: WMATA, MARTA, CTA, LACMTA, MBTA, and SEPTA.

Comparison of Average Annual Change in Cost per Vehicle Service Hour for Larger Bus Operators (FY2005-FY2009)



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

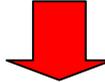
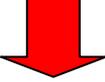
Comparison of Average Annual Change in Cost per Vehicle Service Hour for Smaller Bus Operators (FY2005-FY2009)



Other California: UC Davis (Unitrans), Antelope Valley, Culver City, City of Gardena, Modesto, City of Norwalk, Gold Coast Transit, Sunline, Victor Valley, and Yuba-Sutter.

Passengers per Vehicle Service Hour Trends

Fixed-Route 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).
- Given recent labor contract negotiations, may see positive changes in cost efficiency in the next report.

Service Effectiveness

- From FY2005 to FY2010, annual fixed-route productivity changed by less than two percent for most operators.