

Metropolitan Transportation Commission Programming and Allocations Committee

October 9, 2013

Item Number 3a

Report on TDA Triennial Performance Audits

Subject: Results of the TDA triennial performance audits of the San Francisco Municipal Transportation Agency (SFMTA), Santa Clara Valley Transportation Authority (VTA), Livermore Amador Valley Transportation Authority (LAVTA), City of Fairfield (FAST), 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, Mundle and Associates, Inc.

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 FY2013-14 PIP recommendations are presented in MTC Resolution 4121 on today's consent calendar. PIP projects may be derived from the TDA audit process or the Transit Sustainability Project (TSP) recommendations or strategic plans (MTC Resolution 4060).

In summary, service effectiveness and cost efficiency trends were mostly positive between FY2009-10 and FY2011-12 as shown below:

Agency	Productivity	Ridership	Notes
SFMTA	↑	↑	Slight increases in both service/usage
VTA	↑	↔	Service increased, usage unchanged
LAVTA	↓	↑	Service decreased, usage up slightly
FAST	↑	↑	Service steady but increased usage
Union City	↑	↑	Service and usage both increased

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. Note that the TSP includes performance targets for large operators that must be achieved within five years, as well as an incentive program for all operators that will reward increased ridership and productivity.

Issues: None.

Attachments: Presentation Slides



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FY2013 TDA Triennial Operator Performance Audits and Supplemental Performance Reviews

SFMTA

VTA

LAVTA

FAST

Union City Transit

Mundt & Associates, Inc.

MTC FY2013 TDA Triennial Performance Audits

Audit Approach

Audit Period

- FYs 2009-10, 2010-11 and 2011-12

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.

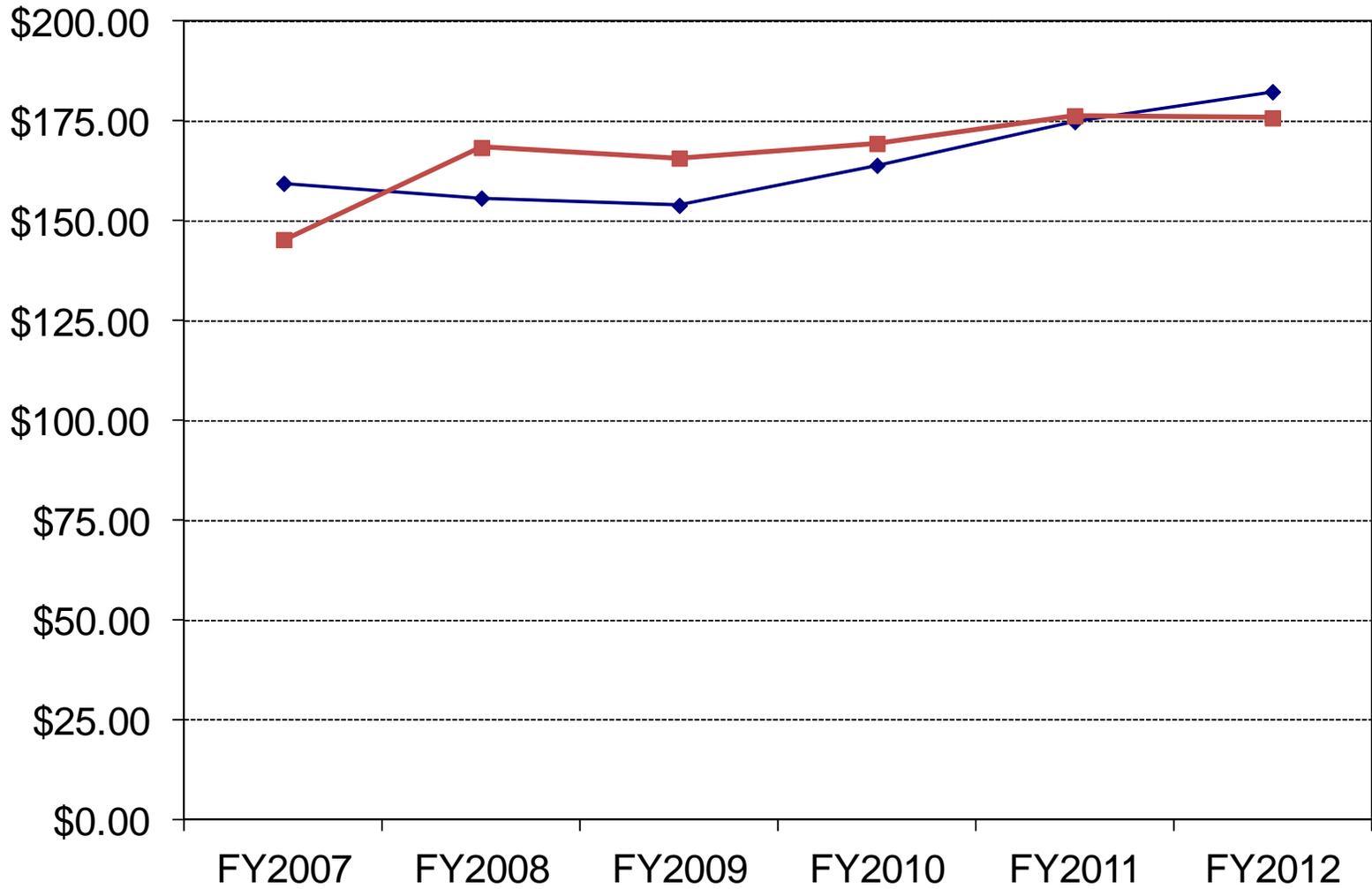
Transit Sustainability Project (TSP) and Transit Performance

MTC annually adopts Productivity Improvement Program (PIP) projects in accordance with TDA law. Future PIP projects may be derived from:

- Strategic Plans developed by the largest seven operators to achieve performance targets set forth in MTC Resolution 4060
- Service and institutional recommendations set forth in MTC Resolution 4060
- TDA performance audit findings



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



Average Annual Change (CPI = 2.3%)	
■ VTA 2.3%	◆ SFMTA 5.0%

SFMTA Fixed Route Bus Cost Per Hour Trends – Last 3 Years

SFMTA

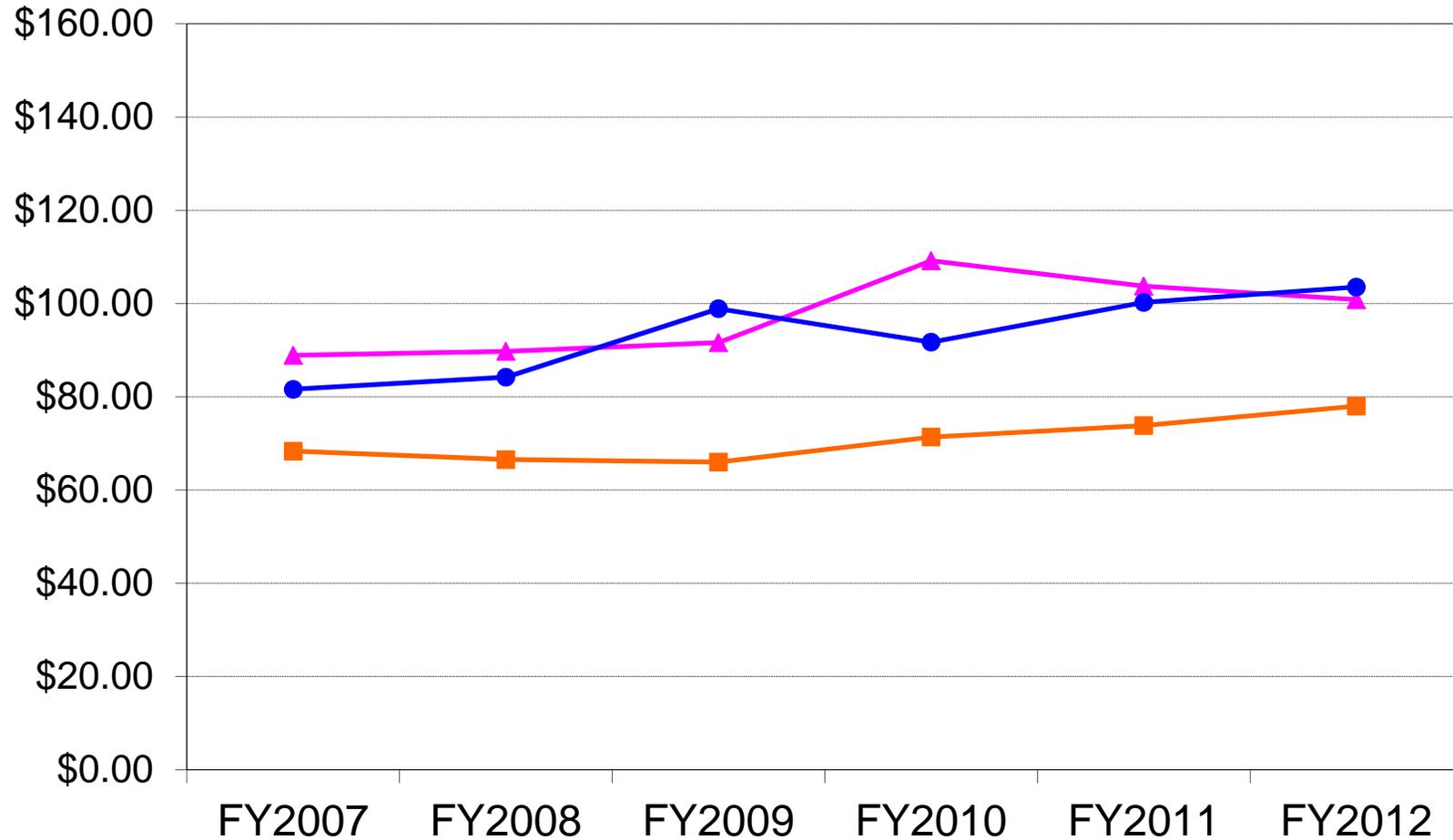
- Labor costs (the largest cost component) increased on average by almost 4% annually.
- Fringe benefit costs increased an average of 13.6% annually, largely due to accounting changes in FY2008 that required SFMTA to include and report post-employment health and non-pension costs (OPEB) as part of operating costs.
- Most other component costs increased at more than 10% annually. Utilities was the only component cost that decreased
- Labor costs decreased slightly as share of total operating costs, while fringe benefits increased their share.

VTA Fixed-Route Bus Cost Per Hour Trends – Last 3 Years

VTA

- Total operating costs increased on average by 3.8% annually.
- Labor costs increased on average by 1.8% annually.
- Fringe benefit costs increased by 3.8% per year.
- Labor and fringe costs comprise over 80% of VTA's total operating costs.
- Fuel/lubricant costs increased 14.3% per year.

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



Average Annual Change (CPI = 2.3%)		
 LAVTA 3.9%	 FAST 5.3%	 Union City 1.9%

Smaller Operators Cost Per Hour Trends – Last 3 years

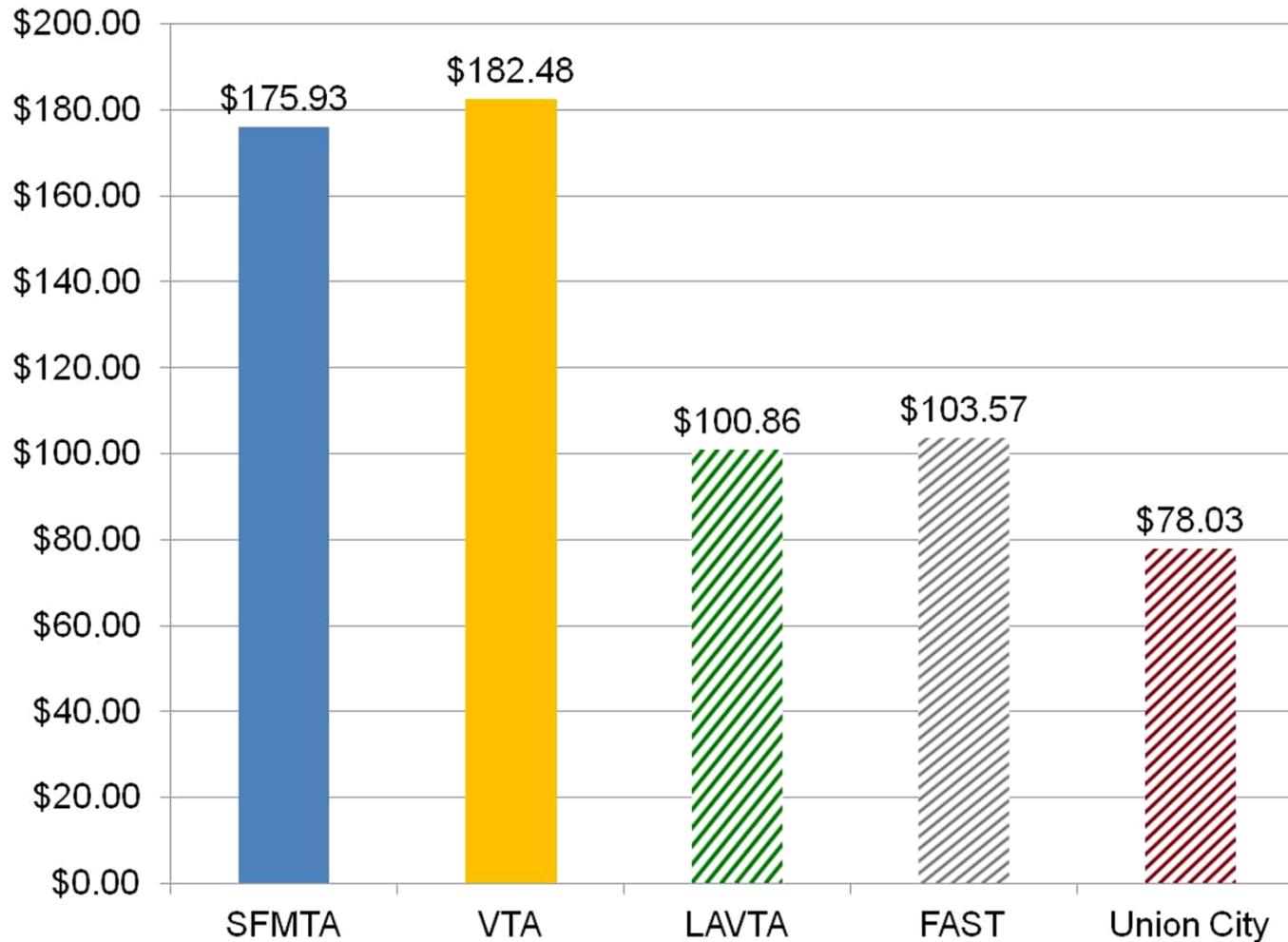
Similar Trends Among Most Operators

- Employee salary and benefit increases reflecting labor agreements or city-wide policies.
- Fuel/Lubricants costs increasing dramatically (>20%) and becoming a larger share of total costs (>10%).
- Purchased Transportation costs comprise the largest share of component costs, but average annual increases are modest (about 3%).

Trends Specific to Individual Operators

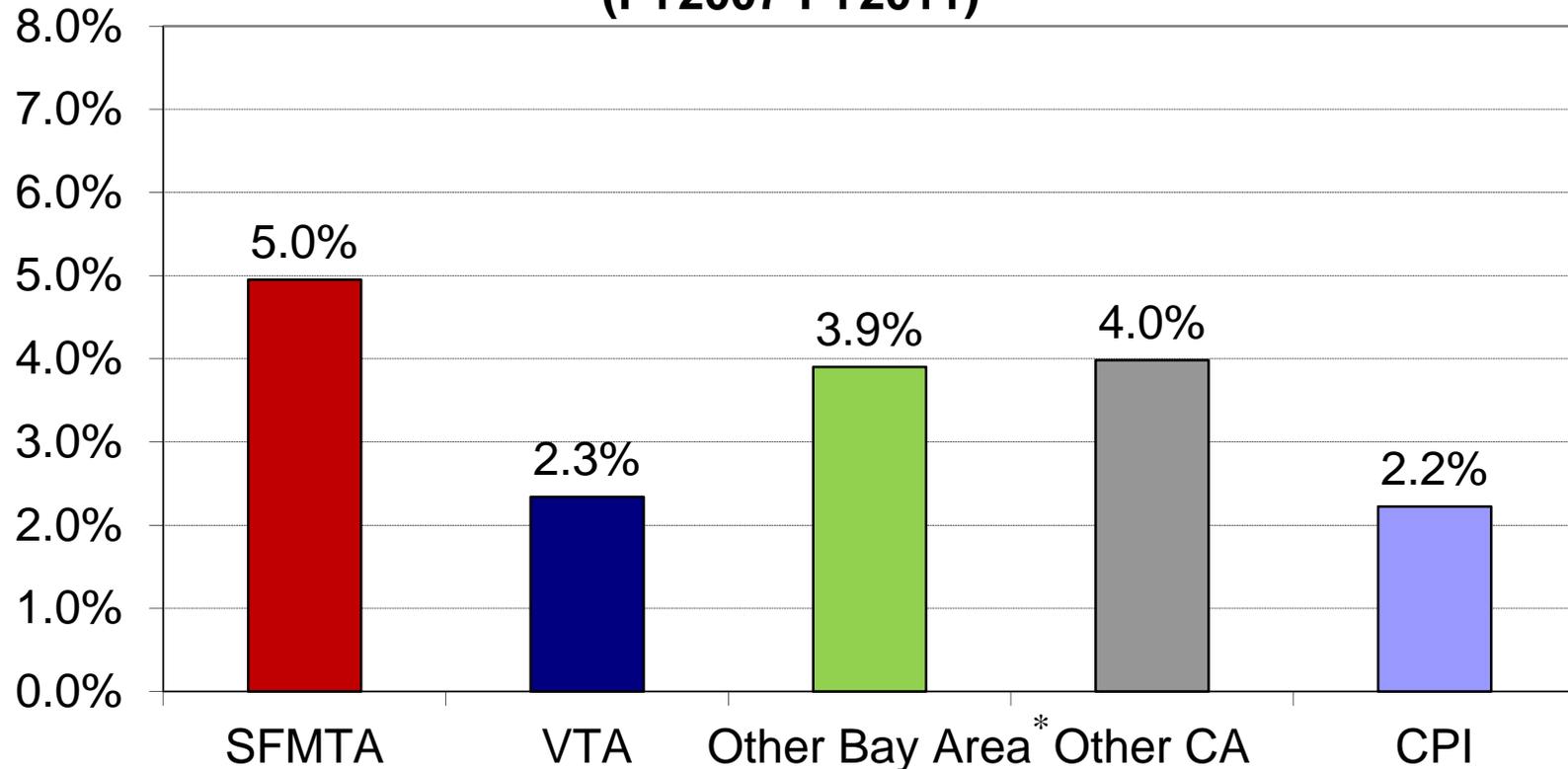
- All component costs increasing except Services (LAVTA).
- All component costs steady or decreasing except Purchased Transportation and Fuel/Lubricants (Union City).
- Significant increase (>20%) in Fringe Benefits costs (FAST).
- Direct labor costs steady or decreasing (FAST and Union City).

Comparison of Cost per Vehicle Service Hour – Fixed-Route Bus (FY2012)



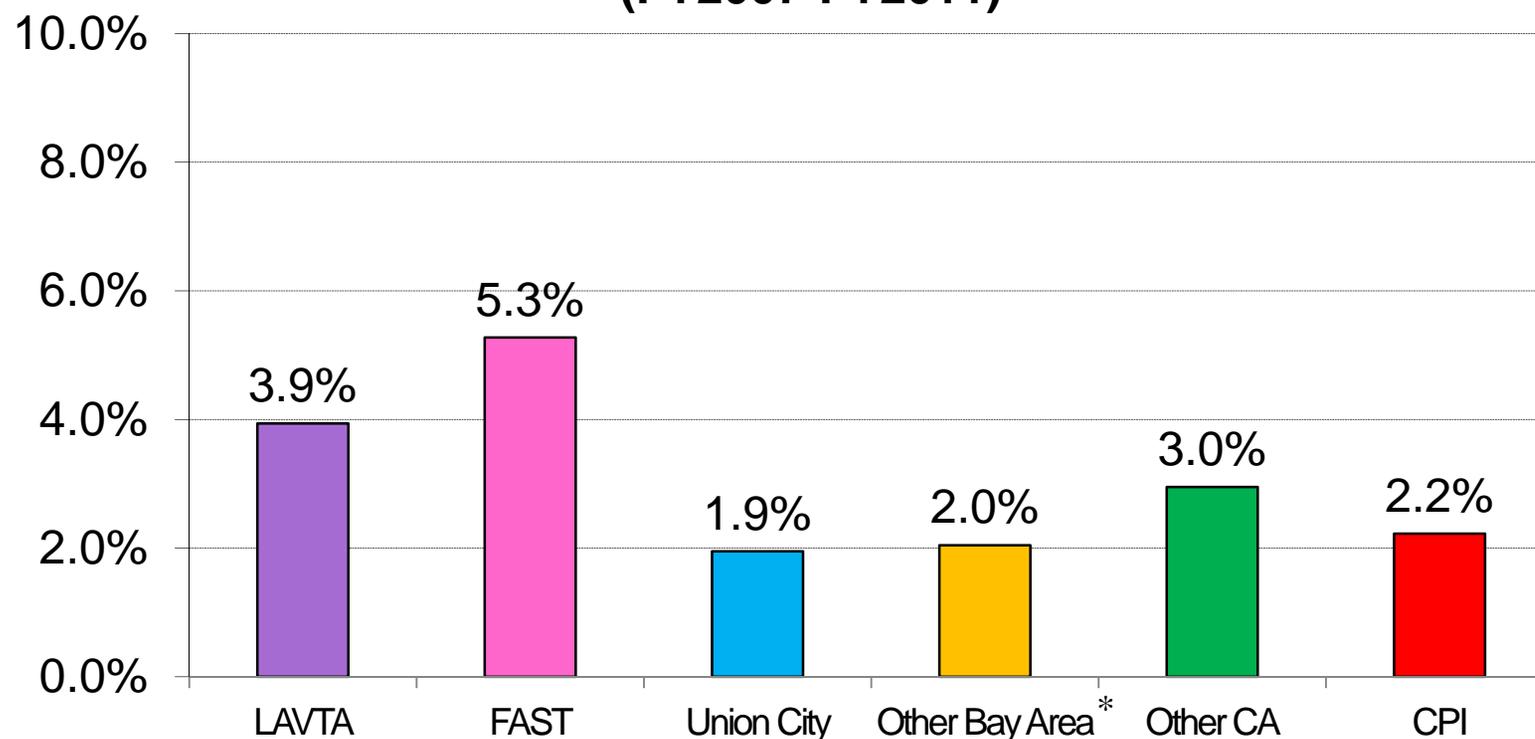
■ - Directly Operated ▨ - Contracted

Comparison of Average Annual Change in Cost per Vehicle Service Hour for Larger Bus Operators (FY2007-FY2011)



* Other Bay Area: AC Transit, CCCTA, Golden Gate, SamTrans.

Comparison of Average Annual Change in Cost per Vehicle Service Hour for Smaller Bus Operators (FY2007-FY2011)



* Other Bay Area: Petaluma Transit, Santa Rosa CityBus, Sonoma County Transit, Tri Delta Transit, Vacaville City Coach, NCTPA Vine, Vallejo Transit, WestCAT.

Passengers per Vehicle Service Hour Trends

Fixed-Route Service

Agency	Productivity	Ridership	Notes
SFMTA			Slight increases in both service/usage
VTA			Service increased, usage unchanged
LAVTA			Service decreased, usage up slightly
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Summary Trends

Cost Efficiency

- Large operators have controlled labor costs better than small operators during the past three years; fringe benefits costs have been trending higher for almost all operators.
- All operators have been impacted by significant increases in fuel/lubricants costs. Rising fuel costs impact small operators more due to fuel being a larger percentage of total operating cost.

Service Effectiveness

- Most operators experienced a decline in ridership during FY2010 and FY2011, although all operators experienced increased ridership in FY2012.
- From FY2007 to FY2012, annual fixed-route productivity was steady to slightly improved for most operators; only one experienced a decline in productivity.