

Executive Summary

prepared for



**METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY**

on

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# **FY01-FY04 PERFORMANCE AUDIT**

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Prepared by

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in association with

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and

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## **THE FY01-FY04 PERFORMANCE AUDIT OF HOUSTON METRO MEETS STATE REQUIREMENTS AND PROVIDES A BALANCED AND OBJECTIVE ASSESSMENT OF METRO'S PERFORMANCE**

- Section 451.454 of the Texas Transportation Code mandates quadrennial performance audits of transit agencies. The purpose of the performance audit is to provide:
  - Information necessary for state and local officers to perform oversight functions
  - Information useful to improve METRO's operations efficiency and effectiveness
- The performance audit is required to review METRO's performance over four years from FY01 through FY04 (October 2000-September 2004), by assessing METRO's:
  - Data collection and measurement of specified key performance indicators
  - Compliance with applicable state laws
  - Performance in one of three areas (i.e., administration and management, transit operations, or system maintenance)
- State performance audit requirements stipulate that performance in each functional area must be addressed once every three audits. Consistent with this requirement, this audit includes a review of transit operations, METRO's transportation functions, focusing on fixed route bus and rail services
- While this audit complies with State requirements, METRO management recognizes that an accurate understanding of transit performance trends cannot be obtained by reviewing transportation functions in isolation, and that the maintenance program must also be considered to fully understand METRO's operations during the audit period
- The audit is a look back over the past four years. Since current trends and programs are more relevant as METRO moves forward, an effort has been made to recognize plans and activities that are currently underway and to articulate their relevance for METRO'S future

## **METRO'S AUDIT PERIOD ACCOMPLISHMENTS WILL ENHANCE ITS FINANCIAL AND MANAGEMENT ACCOUNTABILITY**

- Voters approved *METRO Solutions* in November 2003, paving the way to invest available funding in the transportation system, including additional rail service, bus service, park & ride lots, transit centers, and road improvements
- With voter approval in place, METRO is commissioning the studies that will deliver the \$1.8 billion dollar capital program that includes transit extensions in corridors throughout the METRO service area
- METRO initiated light rail operations in January 2004, almost ten months ahead of the scheduled start date. After eight months, METRO Rail was already attracting 32,000 riders a day, and was projected to reach seven million riders during the first full year of service
- At the end of the audit period, in FY04 and leading into FY05, METRO management took steps to begin to address declining performance trends. Specifically:
  - The \$274 million FY05 budget has been held to the same level as the FY04 budget
  - \$13 million of service cuts are being made, eliminating the most unproductive bus routes and restructuring service to yield on-going cost savings
  - Strategic planning initiatives include systemwide goals reinforced by departmental goals and objectives and by focusing managers' accountability for performance
- Organization changes have also been implemented to address audit period concerns by focusing accountability for service and manpower effectiveness: manpower planning activities are now in Operations Management Support, Labor Relations is in Human Resources, Starters and Street Supervisors report to BOF Superintendents instead of the Superintendent of Support Services, and the safety function reports to the Executive Office

## **METRO IS IN COMPLIANCE WITH STATE REQUIREMENTS FOR REPORTING DATA AND PERFORMANCE INDICATORS AND APPLICABLE LEGISLATIVE REQUIREMENTS**

- METRO is in compliance with all but one legislative requirement. Because METRO has always included the most recent fiscal year in the audit, the Authority's performance audits have not met the State's February 1 due date. The performance audit conducted during the current audit period, at the end of FY00, did not meet the February 1, 2001 due date
- Data are available to report state-mandated key performance indicators. Most of these indicators demonstrate declining performance trends:
  - Cost effectiveness/efficiency measures:
    - .. Operating cost per passenger increased 36%
    - .. Operating cost per revenue hour increased 19%
    - .. Operating cost per revenue mile increased 17%
    - .. Sales and use tax receipts per passenger increased 12%
    - .. Fare recovery rate fell 29%
  - Service quality measures:
    - .. Average vehicle occupancy declined 10%
    - .. On-time performance fell 3%
    - .. Accidents per 100,000 total miles improved 7%
    - .. Miles between mechanical roadcalls declined 22%

## **METRO IS TAKING STEPS TO CONTROL AND REDUCE COSTS; FARE REVENUE POLICIES AND RIDERSHIP TRENDS SHOULD ALSO BE EXAMINED**

- Total systemwide operating costs increased 29 percent, from \$236 million to \$304 million, over the audit period. Management proactively took steps to control spending and improve the fare recovery ratio by preparing an FY05 operating budget that holds costs at FY04 budget levels. This will be accomplished by eliminating the most unproductive bus routes and restructuring service to yield cost savings, while absorbing large increases in key transit service costs (e.g., fuel, healthcare, pension). A \$13 million service cut eliminated 29 route segments and 11 percent of METRO's service miles, without laying off operators
- To ensure that projected cost savings are realized, METRO has placed greater attention on the development, implementation and reporting of systemwide and departmental goals and objectives that hold department managers responsible for performance against and variances from budgeted goals and objectives
- METRO's fare recovery has been declining and at 15.0 percent, is low for the transit industry. Rates of 25 percent or more are common among large transit systems. METRO has not increased fares in ten years and the \$1.00 base fare and the \$0.48 systemwide average fare per boarding are also low relative to peers. METRO should examine its fare policies and rationalize its fare structure to increase farebox recovery and average fares while retaining its market-based fares

## **METRO IS TAKING STEPS TO CONTROL AND REDUCE COSTS; FARE REVENUE POLICIES AND RIDERSHIP TRENDS SHOULD ALSO BE EXAMINED (CONTINUED)**

- Systemwide, ridership fell five percent, from 100 million in FY00 to 95 million in FY04:
  - Bus ridership fell each year of the audit period and dropped 11 percent, from 99 million in FY00 to 88 million in FY04
  - The 5 million riders on the new light rail system more than offset the 3 million drop in bus riders in FY04, resulting in an increase in total METRO ridership that year
  - ADA paratransit ridership grew annually, increasing 30 percent from 1.2 to 1.5 million
- The reasons for bus ridership declines need to be examined. They have been attributed to factors such as detours to accommodate street construction, route restructuring with the introduction of light rail, and the region's economic conditions, but other factors should be considered and potential new transit markets should be targeted, especially in light of plans to implement transit extensions and service improvements throughout the region
- Service productivity and quality trends should also be examined and understood, and explained in relation to passenger complaints, which increased significantly in FY04, to almost nine per operator per year. Over the audit period, the majority of complaints identified driver behavior as the issue. METRO should be tracking and explaining variances and trends like these on a regular basis and taking into consideration a full range of factors, including those in METRO's control as well as those that are not
- In anticipation of upcoming labor negotiations, METRO should take the opportunity to identify work rule and contract changes that will enable METRO to achieve the productivity improvements needed to continue to hold the line on operating cost growth. Supervisory staff could be involved in this process, since they directly manage operating staff

## **SERVICE QUALITY MEASURES DEMONSTRATED MIXED PERFORMANCE AND PRESENT OPPORTUNITIES FOR FURTHER IMPROVEMENT**

- METRO's bus accident rate was 3.4 per 100,000 vehicle miles in FY04, down from the audit period high of 4.0 in FY01. This 15 percent improvement reflects, at least in part, METRO's focus on improving safety and the programs put in place since FY02
- Systemwide, the accident rate increased slightly in FY04 as a result of the accidents that occurred with the initiation of light rail service. Light rail accidents are occurring less frequently as the service matures and drivers in the region become accustomed to the trains
- METRO replaced 400 buses in 2001, which lowered the average fleet age and improved fleet performance. METRO reached a high of 8,700 miles between roadcalls on its bus fleet in FY02. Since that time, the interval has declined to 6,400 miles
- Average vehicle occupancy, an indicator of customer satisfaction with service quality, fell ten percent as passenger miles decreased while service levels increased. Passenger miles, which measure the length of passenger trips, also correlate with trends in passenger boardings. Over the same period, passenger complaints increased from approximately 18.5 per 100,000 boardings to over 20 per 100,000 boardings
- On-time performance and miles between service interruptions impact riders' willingness to rely on METRO services. On-time performance declined slightly, from 86 percent to 84 percent. The introduction of light rail should benefit schedule adherence, as many longer bus routes have been truncated to feed the rail service. In 2005, the implementation of Automatic Vehicle Location (AVL) and signal prioritization are expected to give METRO more direct control over on-time performance

## Recommendations

### **AUDIT RECOMMENDATIONS ARE THE RESULTS OF FINDINGS IN ALL THREE AREAS OF THE PERFORMANCE AUDIT**

- Performance audit findings are documented in the audit reports pertaining to each of the three aspects of the performance audit:
  - Operations review
  - Performance indicator results
  - Legislative compliance review
- Findings documented in each of the three audit reports indicate areas of positive performance as well as opportunities for improved effectiveness, efficiency and productivity. Recommendations offered for METRO's consideration capitalize on these improvement opportunities
- Rather than viewing the recommendations as negative, they should be evaluated as opportunities for improvement, and balanced against METRO's positive performance results and accomplishments during the performance audit review period, as noted throughout audit reports
- In total, 21 recommendations are offered as a result of the FY01-FY04 performance audit

**RECOMMENDATIONS OFFERED FOR METRO'S CONSIDERATION ARE BASED ON IDENTIFIED OPPORTUNITIES TO IMPROVE TRANSIT OPERATIONS PERFORMANCE**

- 15 recommendations result from the operations performance review. The recommendations have been grouped in six key areas. While there is overlap among the recommendations such that a recommendation in one area may also be relevant to another area (e.g., the strategic planning recommendation concerning ridership clearly has implications for revenue management), they are broadly categorized as follows:
  - Cost control
  - Strategic planning
  - Service quality
  - Manpower planning
  - Operator performance
  - Safety-related
  
- Cost control recommendations:
  - Recommendation 1: Augment the results of the review of METRO's transportation operations with an audit of the maintenance functions
  - Recommendation 2: Identify work rule and contract changes that will enable METRO to achieve the productivity improvements needed to continue to hold operating costs in line
  - Recommendation 3: Increase BOF Superintendents' responsibilities for cost performance

**RECOMMENDATIONS OFFERED FOR METRO'S CONSIDERATION ARE BASED ON IDENTIFIED OPPORTUNITIES TO IMPROVE TRANSIT OPERATIONS PERFORMANCE (CONTINUED)**

- Strategic planning recommendations:
  - Recommendation 4: Evaluate ridership trends and identify opportunities to target new transit markets
  - Recommendation 5: Implement a strategic plan based on a system of integrated goals and objectives
  - Recommendation 6: Enhance performance evaluations by aligning evaluations with systemwide success in achieving goals and objectives
  
- Service quality recommendations:
  - Recommendation 7: Formalize the bus substitution plan for rail service interruptions to minimize impacts on passengers
  - Recommendation 8: Develop a process that provides accountability and speedier resolution of complaints while relieving superintendents of routine, time-consuming complaint processing responsibilities.
  
- Manpower planning recommendations:
  - Recommendation 9: Complete refinement of extraboard calculations to consider absences and optimize cost efficiency
  - Recommendation 10: Investigate opportunities to expand the use of part time operators

**RECOMMENDATIONS OFFERED FOR METRO'S CONSIDERATION ARE BASED ON IDENTIFIED OPPORTUNITIES TO IMPROVE TRANSIT OPERATIONS PERFORMANCE (CONTINUED)**

- Operator performance recommendations:
  - Recommendation 11: Coordinate additional efforts between Operations and Risk Management to reduce worker's compensation and expedite return to work
  - Recommendation 12: Revise the employee performance code and work rules to improve progressive discipline and increase staff productivity
  - Recommendation 13: Develop indicators to provide a yardstick for measuring individual operator performance
  
- Safety-related recommendations:
  - Recommendation 14: Identify and formalize the operating procedures that currently exist throughout the Authority for managing circumstances with safety implications, and develop a process for creating additional SOPs as needs are identified
  - Recommendation 15: Review and modify the Safety Certification Program Plan to comply with FTA guidelines for transit safety and security certification

**ADDITIONAL RECOMMENDATIONS ARE BASED ON THE FINDINGS OF THE COMPLIANCE ASSESSMENT AND THE REVIEW OF PERFORMANCE INDICATOR TRENDS**

- Four recommendations are offered as a result of findings from the review of the nine state-mandated key performance indicators, as reported in the Task 2 report, *Performance Indicator Results*:
  - Recommendation 16: Review the fare structure with the intent of improving the farebox recovery ratio
  - Recommendation 17: Leverage upcoming data management capabilities to improve data collection efficiency and quality by ensuring that systems work together to provide data needed for METRO’s comprehensive reporting needs
  - Recommendation 18: Develop and use a centralized database for the preparation of internal and external performance reports
  - Recommendation 19: Continue to identify and implement opportunities to reduce operating costs and improve ridership
  
- Two recommendations are made as a result of findings from the assessment of METRO’s compliance with legislative requirements, as reported in the Task 1 report, *Legislative Compliance Review*:
  - Recommendation 20: Institute a change to the official posting location for announcement of Board and Special meetings, to ensure that notices meet required posting deadlines
  - Recommendation 21: Sponsor legislation to change the performance audit due date

## **RECOMMENDATION 1: AUGMENT THE RESULTS OF THE REVIEW OF METRO'S TRANSPORTATION OPERATIONS WITH AN AUDIT OF THE MAINTENANCE FUNCTIONS**

- **Issues/Opportunity** – METRO's management recognizes that an audit of METRO's transportation functions can only partially explain the audit period performance trends. Operating efficiency, effectiveness, productivity and service quality indicators reflect the result of decisions made in maintenance as well as in transportation

For example, late pullouts are caused by vehicle availability as well as operator availability, and to analyze this indicator of service quality without considering vehicle availability is misleading. To fully analyze performance results and provide an accurate picture of operations, METRO should augment the performance audit by examining its maintenance functions

- **Recommended Action:** METRO should undertake a review of the rail and bus maintenance functions at a level comparable to the scale and scope of the transportation audit. Overall fleet characteristics, maintenance management, SEMA capabilities and shortcomings, parts availability and inventory system accuracy, maintenance practices including use of work orders, types and numbers of roadcalls, bus cleanliness, and data recording and reporting practices should be considered as well as areas that represent both achievements and concerns for METRO maintenance staff. The review should provide sufficient detail to recognize and understand the variability in performance among METRO's five directly-operated BOFs

**RECOMMENDATION 1: AUGMENT THE RESULTS OF THE REVIEW OF METRO'S  
TRANSPORTATION OPERATIONS WITH AN AUDIT OF THE MAINTENANCE FUNCTIONS  
(CONTINUED)**

- **Expected Results:** A review of the maintenance function conducted at a level comparable to the audit of the transportation function will provide a more comprehensive assessment of the reasons for METRO's performance trends and a more conclusive basis for decision making and strategic planning as the organization moves forward

## **RECOMMENDATION 2: IDENTIFY WORK RULE AND CONTRACT CHANGES THAT WILL ENABLE METRO TO ACHIEVE THE PRODUCTIVITY IMPROVEMENTS NEEDED TO CONTINUE TO CONTROL OPERATING COSTS**

- **Issue/Opportunity:** METRO's labor contract expires in FY05. In advance of contract expiration, METRO will be identifying work rule changes necessary to provide the productivity improvements that METRO will need to continue to hold the line on operating costs. In this process, METRO should continue to involve the supervisory staff that directly manage operating staff on a daily basis
  
- **Recommended Action:** In anticipation of upcoming labor negotiations, METRO should consider involving supervisory staff in identifying work rule and contract changes. Reviewing grievance files can also provide useful information for this purpose. Other transit agencies that have used this approach have found it to be an effective means of identifying and targeting meaningful change. As part of this process, METRO should also begin to value individual work rule changes. Potential contract changes identified through this audit include:
  - making part time operator positions more attractive by increasing part time operator wages in lieu of fixed benefits for employees whose benefits are otherwise covered
  - acquiring the ability to require bus operators to run bus bridges
  
- **Expected Results:** This approach will position METRO well for negotiations by drawing on the expertise of the supervisory staff who schedule, dispatch and supervise represented operating staff on a daily basis

### **RECOMMENDATION 3: INCREASE BOF SUPERINTENDENTS' RESPONSIBILITIES FOR COST PERFORMANCE**

- **Issue/Opportunity:** Superintendents at directly operated Bus Operating Facilities are not currently responsible for the development of budgets or the management of costs. Operations Management Support staff analyze payroll and budget reports and provide operating cost information to the VP of Operations and the Senior Director of Transportation. If cost concerns are identified, they perform the analysis and provide a solution. The Superintendents are then directed to modify practices that may be causing the cost problems
- As an example, report time (time paid to operators who standby for an assignment that became open due to an operator absence) increased substantially above projected levels, Operations Management Support staff identified the problem and recommended a change in BOF practices. While this approach may improve operating efficiencies, increasing the Superintendents' responsibility for identifying and analyzing problems and recommending changes would increase their sensitivity toward costs
- During the audit period, Starters, who are responsible for dispatching work to operators, reported to the Superintendent of Support Services through a Starter Supervisor at each BOF. This approach is unusual in transit. In creating the extraboard and dispatching work, Starters can significantly impact the cost of the work performed. Most transit systems assign staff responsible for starter activities to the bus division manager (i.e., METRO's Transportation Superintendents), making the manager responsible and accountable for the cost of service. It is understood that the Starters as well as Starter Supervisors were recently transferred to report to BOF Superintendents

### **RECOMMENDATION 3: INCREASE BOF SUPERINTENDENT RESPONSIBILITY FOR COST PERFORMANCE (CONTINUED)**

- **Recommended Action:** METRO should increase BOF Superintendents' responsibility and accountability for cost performance by involving them in operator staffing, budget development, and reporting on and addressing budget variances for costs that they can control. Superintendents should receive regular detailed cost reports on operator hours expended by category and use these reports to monitor cost efficiency and manage budget variances. Cost efficiency and productivity objectives should also be established (see also recommendation 13)
- **Expected Results:** With Superintendents and Starter Supervisors responsible and accountable for cost objectives, and Starters aware of cost objectives, the focus will be on providing service efficiently. Making Superintendents part of the budgeting process and operator staffing, and responsible for cost efficiency and productivity objectives will give them the opportunity to better control their budgets

#### **RECOMMENDATION 4: EVALUATE RIDERSHIP TRENDS AND IDENTIFY OPPORTUNITIES TO TARGET NEW TRANSIT MARKETS**

- **Issue/Opportunity:** METRO's continuing drop in bus ridership over the last three years is cause for concern and indicates a need for action. Since attracting ridership is METRO's primary purpose, it is important to have a clear understanding of the causes of ridership loss.
- Although performance trends are identified in monthly Board reports, there is no discussion of the reasons behind the trends. Many transit agencies provide information such as this in the context of quarterly Board reports that provide feedback on agency goals and objectives, identify performance trends, discuss variances from performance standards, recommend adjustments to address variances, and project year-end results. In this way, the agency is well positioned to update performance targets, reallocate resources to the achievement of goals and objectives, and otherwise take the steps needed to implement the strategic plan
- **Recommended Action:** METRO staff should analyze and explain ridership patterns on a regular basis (e.g., for the monthly Board report). This includes considering a full range of possible factors (including those that are out of METRO's control as well as those that METRO can control), such as the weather, complaints, missed trips, fleet defects, staffing levels, etc., and the insights they can provide. METRO should also evaluate opportunities to target new transit markets, especially with plans to implement transit extensions and service improvements throughout the region

**RECOMMENDATION 4: EVALUATE RIDERSHIP TRENDS AND IDENTIFY OPPORTUNITIES TO TARGET NEW TRANSIT MARKETS (CONTINUED)**

- **Expected Results:** Analysis of ridership trends is expected to provide data and insights into the reasons for the recent downward trends in bus ridership and the other performance measures that are impacted by ridership, such as service consumption and farebox recovery ratios. These data will assist METRO in designing programs to attract ridership and meet targets related to ridership

## **RECOMMENDATION 5: IMPLEMENT A STRATEGIC PLAN BASED ON A SYSTEM OF INTEGRATED GOALS AND OBJECTIVES**

- **Issue/Opportunity:** Strategic planning is a long-term and future-oriented process of assessment, goal setting, and decision-making that maps an explicit path between the present and the vision of the future. METRO has a clear vision, system-wide goals, and department and division goals and objectives necessary for a sound strategic plan. Goals are currently developed at the corporate level and objectives are developed at the department and division level
- Throughout the audit period, METRO's budget documents included systemwide goals and detailed objectives for each department and division. With the cost-cutting emphasis of the FY05 budget, the process of identifying corporate goals and linking departmental objectives to them was much more intensive than in previous years. The FY05 budget also documents accomplishments against the prior year's goals and objectives, at the division and department levels. During the course of each year, monthly Board reports provide data on performance against 11 key cost effectiveness and system quality indicators, including variance from targets, but little or no explanation of variances. As part of the FY05 budget process, department directors are being held accountable for their goals and objectives through quarterly performance reviews and variance assessments
- Typically, a strategic plan would include a multi-year view of strategies for the accomplishment of METRO's systemwide goals and objectives. While METRO's strategic planning process incorporates and sets direction for all METRO operations, departmental goals and objectives are not clearly integrated across departments to ensure that they support agency-wide goals and that department/division's objectives correlate with one another's efforts where goals cross departmental lines

## **RECOMMENDATION 5: IMPLEMENT A STRATEGIC PLAN BASED ON A SYSTEM OF INTEGRATED GOALS AND OBJECTIVES (CONTINUED)**

- Directors are applying a similar approach to accountability with the managers who report to them. However, staff interviewed for this audit are unaware of a systemwide strategic plan document, how their particular goals and objectives tie in with systemwide efforts, or how their efforts relate to other work units' objectives
- **Recommended Action:** METRO should implement a strategic plan based on integrated departmental goals and objectives that provide inter-departmental support of the agency's systemwide goals. Individual department and division goals and objectives should be clearly linked with systemwide goals. The resulting strategic plan should be clearly communicated with staff. On an on-going basis, METRO should continue to report on performance against key indicators, also providing explanations of budget variances as well as variances from performance targets.
- **Expected Results:** An integrated strategic plan would enhance METRO's ability to establish systemwide direction in key policy or functional areas and ensure that individual departments and/or divisions are working with the same objectives blueprint. Such an integrated plan would document METRO's process for aligning resources in a rational, coordinated manner to address the critical issues facing it, now and in the future

## **RECOMMENDATION 6: ENHANCE PERFORMANCE EVALUATIONS BY ALIGNING EVALUATIONS WITH SYSTEMWIDE SUCCESSES IN ACHIEVING GOALS AND OBJECTIVES**

- **Issue/Opportunity:** METRO has defined annual goals and objectives with performance measures that are based on the fiscal year. Performance evaluations for management staff and compensation increases are based on the employee's anniversary date, and therefore can not be easily be tied to the attainment of fiscal year goals and objectives
- Hand in hand with an integrated strategic plan, departmental goals should be linked across divisions and departments to ensure that all are working on common goals, and where appropriate, supporting one another. Strategies for short- and long-term objectives, action plans, and functional tactics should be linked and success evaluated individually against common criteria
- **Recommended Action:** Enhance the performance evaluation and management compensation process by aligning evaluations and any salary increases with the fiscal year and successes in achieving goals and objectives
- **Expected Results:** Based on an integrated strategic plan, performance expectations would be clearly defined at the beginning of the performance year and established as a contract between the employee and supervisor. All management personnel throughout the system would be evaluated and compensated against similar criteria in achieving integrated system-wide goals and objectives. Compensation increases would be determined on a more reliable and equitable basis

## **RECOMMENDATION 7: FORMALIZE THE BUS SUBSTITUTION PLAN FOR RAIL SERVICE INTERRUPTIONS TO MINIMIZE IMPACTS ON PASSENGERS**

- **Issue/Opportunity:** A substantial portion of the public comment about service on the METRORAIL system concerns the provision of substitute bus service in the event of protracted rail service interruptions. Rail service interruptions requiring service substitution cannot be completely avoided, particularly on systems that operate in mixed traffic. During the first year of rail operations, there was a lack of coordination among the functions responsible for various aspects of implementing bus bridges. However, the impacts of extended delays on passengers can be minimized through quick response, the prioritization of service resumption, and by following a standardized plan when substitution becomes necessary
  
- **Recommended Action:** To minimize the impact on METRO's bus operations and to assure the quickest possible deployment of substitute service, it is recommended that METRO formalize and communicate its bus substitution plan for interruptions in rail service. The plan should specifically address the following considerations:
  - Passenger loads by direction and time of day
  - The availability and status of buses and operators (i.e., idle, operating out-of-service, or operating in-service on low demand routes)
  - A list of start and end times and locations
  - Electronically downloadable bus schedules, to quickly identify available buses and locations

**RECOMMENDATION 7: FORMALIZE THE BUS SUBSTITUTION PLAN FOR RAIL SERVICE INTERRUPTIONS TO MINIMIZE IMPACTS ON PASSENGERS (CONTINUED)**

- Out-of-service bus routings
- Coordination to avoid disproportionately denigrating service on individual bus routes, particularly routes with low service levels. Routes with only a few buses, and last trips on a route are poor candidates for substitution since such cancellations could strand passengers
- The completed plan could be issued to operators serving areas near the rail system, and its contents should be covered in bus operator training and refresher classes. When operational, the GPS-based AVL system will greatly enhance controllers' capability to quickly identify and deploy buses for substitute service
- **Expected Results:** The preparation, promulgation and consistent implementation of a bus substitution plan is expected to expedite response to rail service interruptions, reduce complaints and ensure that bus riders are not left stranded

**RECOMMENDATION 8: DEVELOP A PROCESS THAT PROVIDES ACCOUNTABILITY AND SPEEDIER RESOLUTION OF COMPLAINTS WHILE RELIEVING SUPERINTENDENTS OF ROUTINE, TIME-CONSUMING COMPLAINT PROCESSING RESPONSIBILITIES**

- **Issue/Opportunity:** METRO's commitment to responsive handling of customer complaints is impressive. There are detailed guidelines and a thorough understanding by staff of the importance of customer complaints. Customer complaints are received by Customer Services Representatives who record the complaint information into a Public Comment Computer System. BOF staff must respond within five calendar days to those complaints requiring a call back and seven calendar days for those complaints requiring a written response
- Nevertheless, the complaint rate has grown recently. In FY04, 11,291 complaints were received across the five directly-operated BOFs, equating to about ten complaints per BOF per day or 9.6 complaints per operator per year. Half of the complaints are attributable to operator behavior
- In addition, the complaint management process devotes sizable resources to the collection, dissemination and disposition of comments. However, the process fails to assure the timely and complete resolution of issues and does not prioritize feedback. The resolution of complaints about employee conduct through the progressive discipline process does not appear to provide a sufficient deterrent to reduce undesirable conduct

**RECOMMENDATION 8: DEVELOP A PROCESS THAT PROVIDES ACCOUNTABILITY AND SPEEDIER RESOLUTION OF COMPLAINTS WHILE RELIEVING SUPERINTENDENTS OF ROUTINE, TIME-CONSUMING COMPLAINT PROCESSING RESPONSIBILITIES (CONTINUED)**

- The responsibility for identifying the operator, discussing the complaint with the operator, and responding to the customer rests with the Superintendents and Assistant Superintendents at the BOFs. As a result of the volume of complaints, the time associated with this activity is significant
- Some comparable transit systems have improved complaint handling by improving training for customer service personnel and ensuring the availability of accurate and timely service data to customer service agents so that a greater number of complaints can be expeditiously handled without the involvement of BOF management. This reduces the amount of research required of BOF management and the number of operators that need to be interviewed. Discipline related to customer complaints continues to be handled by BOF management when warranted, but the customer service representatives can more effectively handle the complaints that are not the result of performance failure and provide meaningful and accurate responses to complainants
- **Recommended Actions:** METRO should increase training and test the competency of customer service agents in system knowledge, METRO policy, routine service management strategy and service restoration methods used at METRO. The complaint management policy should be geared toward providing quality responses to customers and ensuring that only those issues that require action or involvement of BOF management be shifted to the BOFs. All Customer service data would continue to be provided to the BOFs as management information.

**RECOMMENDATION 8: DEVELOP A PROCESS THAT PROVIDES ACCOUNTABILITY AND SPEEDIER RESOLUTION OF COMPLAINTS WHILE RELIEVING SUPERINTENDENTS OF ROUTINE, TIME-CONSUMING COMPLAINT PROCESSING RESPONSIBILITIES (CONTINUED)**

- **Expected Results:** Relieving Assistant Superintendents and Superintendents of the need to identify the operator and respond to customers will give them more time to focus on other matters associated with operating the BOF efficiently. Customers will receive meaningful and consistent responses from individuals trained to work with customers. As a result, complaints should decrease and BOF management staff should have more time to manage their operations. Individual operator performance would continue to be tracked by facility managers and persistent offenders would be disciplined accordingly. Discipline serves as a deterrent to both offenders and other operators and reduces performance problems that generate complaints.

## **RECOMMENDATION 9: REFINE EXTRABOARD CALCULATIONS TO CONSIDER ABSENCES AND OPTIMIZE COST EFFICIENCY**

- **Issue/Opportunity:** Maintaining appropriate operator staffing levels is important for controlling costs. If operator levels are too low, high levels of overtime are incurred, resulting in increased costs. On the other hand, if operator levels are too high, operators are paid according to contractual guarantees for not working, also increasing costs. The challenge is to determine the optimum staffing level that balances overtime costs with fixed (labor and benefits) costs
- Once the number of full time operators required for service is determined, the extraboard is calculated. Operators on the extraboard fill in for absent regular operators and work other open assignments. Since operators also provide relief for service supervisors when they are absent, relief requirements are included in the extraboard calculation
- Extraboard requirements are also a function of the number of trippers. Trippers are worked by part time operators, assigned to full time operators as overtime, or assigned to the extraboard. If the number of trippers is high and there are insufficient part time operators and/or full time operators to work the assignments at overtime, then the trippers must be assigned to the extraboard. In this situation more extraboard operators are necessary
- The extraboard calculation has typically been made by the Superintendent responsible for the operator signup. The responsibility for the calculation of the extraboard was recently re-assigned to the Operations Management Section and modifications to the formula are being made

## **RECOMMENDATION 9: REFINE EXTRABOARD CALCULATIONS TO CONSIDER ABSENCES AND OPTIMIZE COST EFFICIENCY (CONTINUED)**

- **Recommended Action:** METRO should refine the extraboard calculation to take the following considerations into account for each BOF: varying levels of different types of absenteeism, the number and length of trippers, the distribution of part time operators, and the cost differential between assigning work at overtime at regular time or to part time. Benefit costs must be considered in the equation, as well as the potential for service disruptions due to no operator
- **Expected Results:** Refining extraboard calculations in this manner will focus on cost efficiency and ensure that costs will be more consistent, and lower, across BOFs

## **RECOMMENDATION 10: INVESTIGATE OPPORTUNITIES TO EXPAND THE USE OF PART TIME OPERATORS**

- **Issue/Opportunity:** METRO's labor agreement allows up to 18 percent of the operator workforce to be part time operators (PTOs). PTOs may be used to fill regular runs on weekends and holidays and may work a maximum of 33 platform hours per week, but cannot be used to deprive full time operators of overtime. During the audit period, METRO reached a high of 85 PTOs in October 2001, up from 61 at the beginning of the review period. Since that time the number of PTOs has dwindled to about 56 in September 2004. As a result, PTOs account for less than 4 percent of the operator work force
- The terms of METRO's labor contract related to the use of part time operators have implications for the way METRO schedules work for both full time and part time operators. The labor agreement permits PTOs to work weekend and holiday runs. Although this would allow more full time operators to have weekends and holidays off, and provide viable solutions for individuals who have weekday jobs and are looking for weekend work. However, METRO staff indicate that there has been no effort to implement these contract provisions

## **RECOMMENDATION 10: INVESTIGATE OPPORTUNITIES TO EXPAND THE USE OF PART TIME OPERATORS (CONTINUED)**

- Additional aspects of METRO's labor agreement provide opportunities for increased cost efficiencies using PTOs:
  - METRO's contribution to the Health and Welfare Trust for part time operators is equal to the contribution for full time operators, but all other benefits (i.e., holiday, vacation, sick leave and funeral leave benefits) are pro rated
  - With PTOs, METRO is able to avoid the wage rate and progression and other guarantee time that must be paid to full time operators
- METRO staff believe that PTOs must work an assignment each weekday. This is not consistent with labor agreement provisions that allow METRO to use PTOs on weekends and there is no requirement in the labor agreement for PTOs to work a tripper every weekday. This perception is precluding METRO from using PTOs for less than a full work week or to work on weekends
- The eight-week training program for PTOs is the same as for full time operators. Because PTOs can be trained for and given a specific assignment, at least until they can select their own assignments at the next signup, it may be possible to shorten the PTO training program by eliminating the need to be familiar with all routes

## **RECOMMENDATION 10: INVESTIGATE OPPORTUNITIES TO EXPAND THE USE OF PART TIME OPERATORS TO CONTROL COSTS (CONTINUED)**

- **Recommended Action:** METRO should conduct a thorough investigation of opportunities associated with the use of PTOs. With the current positive operator staffing levels, the new Vice President of Human Resources, talented runcutting staff, and upcoming labor contract negotiations, this is an opportune time to consider increasing PTOs. METRO has the potential to achieve cost savings by cutting runs differently, creating more trippers, and increasing the number of PTOs
- METRO should consider reducing restrictions on PTOs work schedules. By allowing PTOs to work one or more weekends per month and/or less than a full five days of trippers, the work might be more attractive to potential part time operators. Shortening the PTO training program, since they typically work only one or two assignments, could also improve the efficiency of using PTOs
- For the upcoming labor contract negotiations METRO should consider eliminating medical coverage for part time operators who may be covered either under a spouse's plan or through another employer's plan, and increase the wage rate in lieu of benefits
- **Expected Results:** Implementing an aggressive program to hire part time operators can provide significant savings. However, a number of changes are necessary to attract part time employees and realize the savings, including modifying the PTO training program and offering less restrictive work schedules

## **RECOMMENDATION 11: COORDINATE ADDITIONAL EFFORTS BETWEEN OPERATIONS AND RISK MANAGEMENT TO REDUCE WORKERS' COMPENSATION AND EXPEDITE RETURN TO WORK**

- **Issue/Opportunity:** METRO is self-insured and Risk Management handles all Workers' Compensation claims in the capacity of both employer and insurer. Risk Management relies on the Texas Workers' Compensation Statute as METRO's policy and guideline. After an on-the-job injury is investigated and accepted, METRO pays all reasonable medical expenses related to the injury. Once an employee has an industrial accident that requires lost time or medical attention, Risk Management assumes all responsibility for claims management and return to work authorization. Operations staff have no further involvement with the employee until return to work is authorized
- Over the review period, hours lost on Workers' Compensation have declined 24 percent. Industrial accidents per 100,000 person hours also declined over the audit period from a high of 1.06 in FY00 to 0.72 in FY04. Nevertheless, for FY04 (based on 1,500 operators) the average time off on Workers' Compensation per operator per year was 8.2 days
- Other large systems have taken what has been referred to as a "tough love" approach to encourage injured employees to return to work more quickly. Transportation staff are urged to visit or call injured employees to look into their well-being and provide assistance wherever possible to effectuate a quicker return to work. This also encourages potential abusers to not utilize Workers' Compensation inappropriately. Staff reports that METRO did this at one time, until told by its attorneys to discontinue the practice. Other systems continue to use this practice successfully

**RECOMMENDATION 11: COORDINATE ADDITIONAL EFFORTS BETWEEN OPERATIONS AND RISK MANAGEMENT TO REDUCE WORKERS' COMPENSATION AND EXPEDITE RETURN TO WORK (CONTINUED)**

- **Recommended Action:** METRO should develop a program to further decrease the use of Workers' Compensation and expedite the return of those already on Workers' Compensation. Program development should be a coordinated effort involving Operations and Risk Management and should include a program of regular contact with employees on Workers' Compensation, offers of assistance, and active monitoring of employee rehabilitation progress
- **Expected Results:** Experiences at other large systems indicate that further coordinated efforts should reduce METRO's FY04 average of 8.2 days lost per operator per year due to time off on Workers' Compensation leave

## **RECOMMENDATION 12: REVISE THE EMPLOYEE PERFORMANCE CODE AND WORK RULES TO IMPROVE PROGRESSIVE DISCIPLINE AND INCREASE STAFF PRODUCTIVITY**

- **Issue/Opportunity:** Disciplinary actions have increased 25.6 percent over the review period with an average of 2,300 disciplinary actions per year, or 5.4 disciplinary actions per operator per year. The majority of operators receive no or very few disciplinary actions, while a much smaller group receives five or more. In FY04, about 10 percent of full time bus operators received 41 percent of the disciplinary actions
- METRO's current Employee Performance Code and Work Rules define at least 48 categories of infractions, with as many as 34 specific infractions within a category. For most individual infractions, discipline is based on the number of like infractions the employee is charged in a floating 12 month period. The performance code allows management to consider an employee's entire record when administering discipline but according to staff this happens infrequently
- Over time, employees have learned that for infractions that do not require immediate termination, multiple infractions can be incurred in the same category without resulting in termination, as long as the threshold is not exceeded. For example, an operator may be suspended for one day after the fifth miss and then go for one month and have another miss and receive another one-day suspension because one miss fell out of the 12 month period. While this approach is not uncommon in the transit industry, it becomes difficult to terminate operators who continue to stay at the margins and have learned how to manage the system

**RECOMMENDATION 12: REVISE THE EMPLOYEE PERFORMANCE CODE AND WORK RULES TO IMPROVE PROGRESSIVE DISCIPLINE AND INCREASE STAFF PRODUCTIVITY (CONTINUED)**

- **Recommended Action:** METRO should revise the Employee Performance Code and Work Rules to consolidate like infractions and hold managers accountable for considering an employee's entire record when administering discipline
- In revising the Employee Performance Code and Work Rules, METRO should consolidate like infractions, develop and apply reasonable standards, and treat like infractions as a whole, instead of considering separate infractions in a 12 calendar month period. For example, where the Reckless Operation category has 17 disciplinary categories, each with its own separate disciplinary progression, METRO should consider a violation of any one of the 17 subcategories as a Reckless Operation violation attributable to any threshold. Senior management should also hold BOF management accountable for considering the employees' whole record
- **Expected Results:** Consolidation of like infractions and consistent consideration of an employee's entire work record will allow management to effectively manage the small percentage of employees who receive the majority of disciplinary actions. Through appropriate terminations and behavior modification resulting from consistent discipline application, staff productivity will increase as a result of fewer suspensions and reducing management time required to monitor and administer discipline. As a consequence, managers should also be freed to concentrate more effectively on other concerns, such as reducing operator influenced customer complaints

### **RECOMMENDATION 13: DEVELOP INDICATORS TO PROVIDE A YARDSTICK FOR MEASURING INDIVIDUAL OPERATOR PERFORMANCE**

- **Issue/Opportunity:** At METRO, sick leave is reported in hours and misses are reported by number of incidents in the Operator Timekeeping System Reports. Accidents are reported by number of accidents per 100,000 miles and complaints are tracked by the number of complaints per 100,000 boardings
- While the current performance information is valuable and consistent with other types of reporting, some agencies, for internal purposes, also report occurrences per operator per year as a way of allowing management to compare performance across individual operators. This approach offers visibility over operator performance characteristics, and has the added advantages of providing operators an easy way to determine their standings relative to the “average” operator or to performance goals
- Indicators that are often expressed in this manner include sick occurrences or days/operator/year, preventable accidents/operator/year, misses/operator/year, complaints/operator/year, Workers’ Compensation claims or hours/operator/year

**RECOMMENDATION 13: DEVELOP INDICATORS TO PROVIDE A YARDSTICK FOR MEASURING INDIVIDUAL OPERATOR PERFORMANCE (CONTINUED)**

- **Recommended Action:** METRO should consider identifying, for internal purposes, indicators for key operator performance measures in occurrences per operator per year. Goals and objectives related to operator performance can be developed and measured in this format and posted in operator areas
- **Expected Results:** This approach has proven to provide an easy method of communicating performance targets to both the operators and management and provides operators with a means to compare their performance with the peer average

**RECOMMENDATION 14: IDENTIFY AND FORMALIZE THE OPERATING PROCEDURES THAT CURRENTLY EXIST THROUGHOUT THE AUTHORITY FOR MANAGING CIRCUMSTANCES WITH SAFETY IMPLICATIONS, AND DEVELOP A PROCESS FOR CREATING ADDITIONAL SOPS AND EOPS AS NEEDS ARE IDENTIFIED**

- **Issue/Opportunity:** METRO has established standard and emergency operating procedures for METRORail operations. In addition, procedures related to operating safety have been developed in other departments. As experience is gained in managing the system, and as contingencies are encountered, procedures for managing additional circumstances should be formalized, to assure that all desired actions are completed and that no undesirable actions are performed
  
- **Recommended Action:** It is recommended that METRO assemble and formalize existing safety-related operating procedures. Going forward, METRO should develop a procedure for creating additional SOPs as needs are identified, review its standard and emergency operating procedures on a regular basis and formalize procedures for management of potential circumstances such as the following:
  - Train and station evacuation
  - Reduced visibility operation
  - Smoke conditions
  - Threat of explosives
  - Loss of signals
  - Signal violation
  - Fatality on the system
  - Employee injury

**RECOMMENDATION 14: IDENTIFY AND FORMALIZE THE OPERATING PROCEDURES THAT CURRENTLY EXIST THROUGHOUT THE AUTHORITY FOR MANAGING CIRCUMSTANCES WITH SAFETY IMPLICATIONS, AND DEVELOP A PROCESS FOR CREATING ADDITIONAL SOPS AS NEEDS ARE IDENTIFIED (CONTINUED)**

- Hazardous material spills
  - Derailment/re-railing operations
  - Train contact with bumping block
- 
- **Expected Results:** Developing and implementing additional procedures as they are identified, and such as the ones identified here, will provide the guidelines needed for METRORail to manage circumstances that have implications for passenger, employee and system safety

## **RECOMMENDATION 15: REVIEW AND MODIFY THE RAIL SAFETY CERTIFICATION PROGRAM PLAN TO COMPLY WITH FTA GUIDELINES FOR TRANSIT SAFETY AND SECURITY CERTIFICATION**

- **Issue/Opportunity:** METRO's current Rail Safety Certification Program Plan (SCPP) was developed for Phase I of the light rail project. It is specific to Phase I and does not include guidelines that were subsequently prepared by the Federal Transit Administration (FTA) in November 2002
- **Recommended Action:** The revised SCPP should be developed with input and concurrence from the Safety & Training Division and the Operations and Planning, Engineering and Construction Departments. Each department has a role in safety and security certification. The SCPP must clearly identify certification tasks and the positions responsible for completing them. The revised SCPP should be written to be applicable to all new systems, extensions to existing systems, and all major projects. A project specific Safety Certification Plan (SCP) should be prepared for each of its major projects
- **Expected Results:** A revised Rail SCPP should follow the guidelines in the FTA Handbook and provide a standard for all new and modified systems, for verification that specified tests, analyses, design features, and contractor deliverables are complete

## **RECOMMENDATION 16: REVIEW THE FARE STRUCTURE WITH THE INTENT OF IMPROVING THE FAREBOX RECOVERY RATIO**

- **Issues/Opportunity** – Since FY00, the systemwide farebox recovery ratio has declined from approximately 21 percent to 15 percent. METRO has established a fare recovery target of 16 percent for FY05, but even that level is low compared to other large city transit systems, where fare recovery targets of 25 percent are common. METRO's last fare increase was implemented in 1994, when the base fare was increased to \$1.00. METRO's \$0.48 systemwide average fare and its \$1.00 base fare are also low compared to peer systems

Currently, fares are distinguished by service type and rider category, and a variety of fare products are available. Discounts are available for children, middle and high school students, persons with disabilities and senior citizens. Passes, tokens and transfers make discounts from the already-low base fare available to all other riders

Over the last two audit periods (since FY96), METRO has introduced new services and new fare collection equipment, and the fare structure has become increasingly complex. In addition, the fare structure has recently been complicated by the need to accommodate riders transferring between the bus system, where fares are collected on board, and the proof of payment light rail system

While these aspects of the fare system create a market-based fare structure, it is likely that there are opportunities to rationalize the fare structure and make it less complex, more effective, and easier for METRO to administer and riders to understand

## **RECOMMENDATION 16: REVIEW THE FARE STRUCTURE WITH THE INTENT OF IMPROVING THE FAREBOX RECOVERY RATIO**

- **Recommended Action:** In light of METRO's low and declining fare recovery rate and average fare, and considering its deeply discounted fares and that there has not been a fare increase for ten years, METRO should examine its fare structure and fare policies, with the intent of increasing fare recovery and average fare. As part of that review, fare system objectives should be clearly defined, and should include quantifiable objectives such as fare recovery, average fare targets, and ridership, as well as other more qualitative factors that impact ridership and fare revenue. Resulting fare policies should also rationalize the fare structure while maintaining its market-based approach
- **Expected Results:** Recommendations from the fare study will define a fare structure and fare policies that achieve METRO's objectives for its fare system, and should be designed to help METRO to recover a larger share of operating costs from fare revenues

## **RECOMMENDATION 17: LEVERAGE UPCOMING DATA MANAGEMENT CAPABILITIES TO IMPROVE DATA COLLECTION EFFICIENCY AND QUALITY**

- **Issues and Opportunities:** METRO devoted significant resources over the audit period to the procurement and installation of new technology systems, including APCs, IVOMS, and smart cards. APCs are currently in use; IVOMS is expected to be implemented during the next audit period

These new technology initiatives will provide opportunities for METRO to enhance the efficiency of data collection and the quality of the data collected and available for analysis, while minimizing redundant data entry

- **Recommended Actions:** METRO staff should consider opportunities to leverage emerging data management capabilities to improve data collection processes. Ways that the new systems will be beneficial for the development of state-mandated performance indicators and analysis of performance trends include:
  - Passenger Trips and Miles: replacement of manual counts with APC counts, supplemented eventually with data from the fare system
  - Total and Vehicle Service Hours/Miles: will be tracked in real-time with IVOMS
  - Fare Revenue: the fare system should facilitate the recording and reconciliation of fare revenue

Once changes to data collection procedures have been implemented, it should be possible for METRO to adjust the staff hours devoted to data collection

- **Expected Results:** METRO's data collection, reporting and analysis capabilities should improve significantly during the next audit period

## **RECOMMENDATION 18: DEVELOP AND USE A CENTRALIZED DATABASE FOR THE PREPARATION OF INTERNAL AND EXTERNAL PERFORMANCE REPORTS**

- **Issues and Opportunities** – METRO’s Office of Management and Budget (OMB) maintains a database of METRO service and financial data, which is updated monthly based on data received from other departments. The OMB database is used as a central database for the development of the monthly Board Reports that report METRO’s performance against eleven key performance indicators

The OMB database does not contain all of the data necessary for National Transit Database (NTD) report preparation and multiple METRO departments are involved in the preparation of METRO’s NTD reports. Some data items tracked in the OMB database are not consistent with NTD (or State) definitions, such as mechanical road calls. In addition, the OMB database was found to be incomplete with respect to the reporting of rail accidents and demand response total and revenue miles

- **Recommended Actions** – METRO should develop and use a centralized database for the preparation of its primary internal (e.g., Board Reports) and external (e.g., NTD) performance-related reports
- **Expected Results** – The content and users of METRO’s internal and external reports differ. Nevertheless, it will be valuable for METRO to use the same central data source for its primary performance reports so that reports are more consistent and the differences between reports with respect to data definitions are better understood. In addition, relying on a central database will reduce the need for manual data transfer, redundant data entry, the likelihood of making mistakes in the process, and the resources required for data-related activities

## **RECOMMENDATION 19: CONTINUE TO IDENTIFY AND IMPLEMENT OPPORTUNITIES TO REDUCE OPERATING COSTS AND IMPROVE RIDERSHIP**

- **Issues and Opportunities** – Some of METRO’s state-mandated indicators showed declining performance during the audit period. Most notably:
  - Operating Cost Per Passenger: Increased from \$2.36 in FY00 to \$3.21 in FY04 (36.1 percent increase), compared to a 10.0 percent increase in the CPI
  - Average Vehicle Occupancy: Fell from 11.1 in FY00 to 9.9 in FY04 (10.2 percent drop)
  - Fare Recovery: Fell from 21.0 percent in FY00 to 15.0 percent in FY04

These performance trends are largely the result of increasing operating costs (up 29.1 percent) in combination with declining ridership (down 5.2 percent) over the audit period

- **Recommended Actions** – METRO staff should seek ways to improve cost effectiveness, by:
  - Carefully tracking cost effectiveness performance (i.e., cost per passenger trip, cost per passenger mile) by type of service, time of day, and day of week
  - Reducing resources for unproductive bus routes (through such measures as route realignments and service hour reductions) and reallocating them to more productive services

METRO is currently taking steps to improve cost effectiveness, including service adjustments in October 2004 and January 2005. As the METRO Solutions Transit System Plan is implemented, it will be increasingly important for METRO to evaluate its performance regularly and to be proactive in improving cost effectiveness

- **Expected Results** – METRO should see operating cost growth stabilize and ridership improve over the next audit period

**RECOMMENDATION 20: INSTITUTE A CHANGE TO THE OFFICIAL POSTING LOCATION FOR ANNOUNCEMENT OF BOARD AND SPECIAL MEETINGS**

- One of the legislative requirements that applies to METRO stipulates that notices of Board and Special meetings must be posted “in a place readily accessible to the general public at all times” for at least 72 hours preceding the scheduled time of the meeting
- METRO posts meeting notices at the Courthouse and at METRO’s headquarters, and has designated the posting at the Courthouse as the one that must comply with the 72-hour requirement
- While the 72-hour advance posting is exceeded in most cases, three instances were identified when the 72-hour requirement was not met (see Open Meetings and Public Information Compliance, item 14) with the Courthouse posting. The late postings occurred as a result of traffic delays or lines at the Courthouse. As a result, the time stamps on the meetings notices were less than 72 hours before the meeting
- It is recommended that METRO designate the posting at METRO’s offices as the one that satisfies the advance posting requirement, since the Authority has greater control over the on-site postings. With METRO’s move to the new administrative facility, the postings will be readily accessible to the public

**RECOMMENDATION 21: SPONSOR LEGISLATION TO CHANGE THE PERFORMANCE AUDIT DUE DATE TO A SPECIFIED NUMBER OF MONTHS AFTER THE END OF THE AUTHORITY'S FISCAL YEAR**

- The only non-compliance finding of the current audit pertains to the completion date of audit conducted in FY01, which was not completed until METRO sent copies of the audit reports to all appropriate parties on April 16, 2001 (see Performance Audits Compliance, item 6)
- Texas Transportation Code Section 451.457 requires transit authorities to deliver copies of performance audit reports to the governor and other government officials by February 1 of every second odd-numbered year. For the prior audit, that date was February 1, 2001
- Because METRO is on an October 1st-September 30th fiscal year, audited financial data are not available in time to complete the performance audit by the February 1 deadline
- The audits conducted in FY93, FY97 and FY01 did not meet the State's February 1 due date. The last audit found METRO in non-compliance with respect to the timely completion of the performance audit conducted in FY97 and recommended that METRO consider sponsoring legislation to change the due date to a specified number of months following the end of a transit authority's fiscal year. That recommendation is reiterated by the current audit

**RECOMMENDATION 21: SPONSOR LEGISLATION TO CHANGE THE PERFORMANCE AUDIT DUE DATE (CONTINUED)**

- **Expected Results** – Changing the due date for the performance audit would provide the time needed to obtain audited financial data and complete the performance audit in a timely manner