SUBJECT: FISCAL YEAR 2007-2009 TRIENNIAL PERFORMANCE REVIEW REPORT

ACTION: RECEIVE AND FILE FISCAL YEAR 2007-2009 TRIENNIAL REVIEW REPORT

RECOMMENDATIONS

A. Receive and file the Fiscal Year (FY) 2007-2009 Triennial Performance Review of Los Angeles County Transit Operators and Metro Operations

B. Receive and file the FY 2007-2009 Triennial Performance Review of the Los Angeles County Metropolitan Transportation Authority (LACMTA) as the Regional Transportation Entity (RTPA)

ISSUE

The FY 2007-2009 Triennial Performance Review Report has been completed and is ready to be presented to the LACMTA Board of Directors. The Transportation Development Act (TDA) requires Triennial Performance Audits for Transit Operators and RTPAs.

BACKGROUND

The California Public Utilities Code (PUC) Section 99246, included in the Transportation Development Act (TDA), requires the MTA to conduct an independent performance audit of all Los Angeles County Transit Operators receiving TDA Article 4 and Article 8 funds, as well as operators receiving Proposition A funds in lieu of TDA funds. The TDA also requires that regional transportation planning entities (RTPAs) undergo an independent performance audit, focusing particularly on the planning roles. This audit is conducted every three years, and the LACMTA must send a Certificate of Completion to the California Department of Transportation (Caltrans), so that the LACMTA may receive and allocate TDA and State Transit Assistance (STA) funds for Los Angeles County.

Under contract to the LACMTA, the firm of Moore & Associates, Inc. independently conducted the FY 2007-2009 Performance Audit of the Transit Operators, Metro Operations and the LACMTA as the RTPA for Los Angeles County.
A. AUDIT OF LOS ANGELES COUNTY TRANSIT OPERATORS AND METRO OPERATIONS

The following Los Angeles County Transit Operators were included in this audit:

- Arcadia
- Claremont
- Commerce
- Culver City Municipal Bus Lines
- Gardena Municipal Bus Lines
- La Mirada Transit
- Long Beach Public Transportation Company
- Montebello Bus Lines
- Norwalk Transit
- City of Redondo Beach
- Santa Monica Municipal Bus Line
- Torrance Transit
- Foothill Transit
- Antelope Valley Transit Authority
- City of Los Angeles Department of Transportation
- Santa Clarita Transit
- Metro Operations

The FY 2007-2009 Performance Audit reviewed all areas that the State mandates. Areas audited were:

- Verification of TDA data collection and reporting requirements;
- Compliance with (PUC) requirements;
- Progress in implementing prior audit recommendations;
- Review of TDA performance indicator trend analysis; and
- High level functional area performance review.

In addition, the audit reviewed operators' data submitted for the LACMTA's Transit Performance Measurement Program (TPM). The LACMTA uses the TPM data to allocate transit subsidy funds to Los Angeles County Transit Operators, including Metro Operations. The recommendations and key findings of the FY 2007-2009 Transit Operators' Triennial Performance audit are summarized in Attachment A. All Transit Operators, including Metro Operations, are in full or partial compliance with TDA requirements for Transit Operators. Transit Operators have addressed the majority of recommendations included within the prior performance audit.

Also included in the scope was a review of the boardings and reimbursements of the EZ transit pass operators. Currently, in addition to the 14 municipal operators there are 10 local operators participating in the program. The review found that in general all of the operators were in compliance with the program guidelines.
B. AUDIT OF THE MTA AS THE REGIONAL TRANSPORTATION PLANNING AGENCY (RTPA)

The audit of the LACMTA as the RTPA included:
- Progress in implementing prior audit recommendations;
- Compliance with PUC requirements; and
- Functional review of areas relevant to MTA’s role as the RTPA.

Prior Year Audit Recommendation

The prior audit of the LACMTA as the RTPA offered four recommendations for LACMTA’s consideration. One recommendation has been implemented. Two were deemed irrelevant and the fourth is partially implemented. This recommendation is carried forward as an element of the current audit’s recommendation.

Compliance

Of the fifteen PUC requirements for RTPAs that apply specifically to the LACMTA, the LACMTA is in full compliance with thirteen and partial compliance with the remaining two.

Performance Results for the MTA as the RTPA

According to the audit, the LACMTA has performed its TDA responsibilities more effectively. Some of the most notable accomplishments included in the audit are:

- Fulfilled terms of the consent decree
- Completed update of Long Range Transportation Plan
- Completed construction of the Gold Line Eastside Extension
- Began construction on the Orange Line to Chatsworth
- Expansion of the Metro Rapid network
- Improved TDA claims procedures
- Shifted some corridors to local operators
- Developed programs for Measure R
- Developed procedures for allocating Measure R funds to operators, the cities, and the County
- Selected to participate in federal congestion pricing program

This audit also identified areas and opportunities to make the MTA, as the RTPA, more efficient and effective. The audit offers the following recommendations:

- Submit annual TDA audits in a timely manner
- Publish EZ transit pass program data
- Improve transit short-range planning process
- Establish criteria for BOS member representatives
- Establish objective criteria for inclusion of new operators in FAP
- Conduct independent review of TAP program
- Clarify LACMTA’s role as RTPA versus transit operator
The recommendations and key findings of the FY 2007-2009 LACMTA as RTPA Triennial Performance Review are summarized in Attachment B. The Blue Ribbon Committee set up earlier this year is the first step towards improving the short range planning and regional coordination process. An audit of the TAP program was also completed. However, these activities happened after June 2009 and hence are not covered as part of this review.

NEXT STEPS

As required by PUC §99246, staff will transmit the FY 2007-2009 Triennial Performance Audit to the State Department of Transportation. Staff will report on the progress of the audit recommendations to the LACMTA Board annually.

ATTACHMENTS

A. FY 2007-2009 Performance Audit Executive Summary of Transit Operations and Metro Operations
B. FY 2007-2009 Performance Audit Executive Summary of LACMTA as the RTPA

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Triennial Performance Review

Municipal Operators and Metro Operations

FY 2006/07 through FY 2008/09

Executive Summary

September 2010

moore & associates
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Legislative Mandate

- State mandates LACMTA hire an independent firm to review 17 operators receiving TDA Article 4 funds
  - Progress implementing prior recommendations
  - Compliance with PUC requirements
  - Efficiency, effectiveness, and productivity
  - Scope included review of 10 additional EZ transit pass participants
Munis: Findings

Compliance with PUC requirements

- Generally in compliance
  - Challenges meeting farebox recovery requirements
  - Issues related to reporting FTEs
  - Submitting annual fiscal audits past deadline
  - Issues with data reporting
Munis: Findings

Prior recommendations

- Most recommendations have been implemented
- For some, recommendations deemed no longer relevant or appropriate
- Some have been carried forward
Munis: Challenges

- Shortfall of operating revenue
- Challenges with consistent reporting
- TAP implementation
- Farebox recovery
- Service coordination/duplication
Munis: Accomplishments

- Operators resilient in the face of dramatic funding shortfalls
  - Innovative approaches to avoiding service cuts
- "Green" transit facility boom
- Movement toward alternative-fuel fleets
- Coordination among operators
  - SCRTTC
  - Procurement
Metro Operations: Findings

Compliance with PUC requirements

• In compliance except annual fiscal audit was submitted late in FY 2007/08
Metro Operations: Findings

Prior recommendations

- Three of five recommendations implemented
- Recommendation regarding evaluating efficacy of technological improvements not implemented (TAP)
- Recommendation regarding improving external reporting not implemented
Metro Operations: Observations

- Conduct independent evaluation of “overhead” cost allocation
- Continue to maximize impact of Metro marketing efforts
County-Wide Performance

Ridership:

- Muni operators experienced steady ridership increases starting in FY 2007.
- Metro Bus ridership declined from FY 2007 to FY 2008 before increasing slightly in FY 2009.
- Metro Rail ridership increased steadily each year, ultimately increasing by almost 50%.
Vehicle Service Hours:
- Muni operators have steadily increased service levels each year since FY 2004.
- Metro service levels steadily increased between FY 2004 and FY 2006 before leveling off.
County-Wide Performance

Cost/VSH:

- Cost/VSH increased significantly for transit operators county-wide (including Metro). This can be attributed to a variety of factors, including the price of fuel.
County-Wide Performance

Cost/Passenger:

- Metro has successfully limited the cost of carrying each passenger to only modest increases.

- Muni operators noted steady increases in Cost/Passenger until 2009.
County-Wide Performance

Passengers/VSH:
- Metro’s productivity increased nearly every year until FY 2006/07 before decreasing in FY 2007/08.
- Productivity among Muni operators has remained remarkably steady across the past two audit periods.
County-Wide Performance

Farebox Recovery:

- Metro’s farebox recovery ratio declined each year between FY 2004 and FY 2007, it rebounded in FY 2007/08 as a result of increased use of cash fare and increased non cash fare media prices.

- Muni farebox has declined steadily since FY 2004.
Fare/Passenger:

- Metro’s fare/passenger jumped significantly in FY 2007/08 as a result of a nearly 50% increase in cash fare usage that year as a result of an increase in the cost of non cash fare media that year.

- Muni operator subsidy remained relatively steady across the past two audit periods.
Subsidy/Passenger:

- Metro's subsidy increased slightly each year.
- Muni operator subsidy increased steadily across the audit period.
Metro Ops Recommendations

- Submit annual TDA audits in a timely manner
- Publish EZ transit pass program data
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Legislative Mandate

- State mandates LACMTA hire an independent firm to review its role as an RTPA
  - Progress implementing prior recommendations
  - Compliance with PUC requirements
  - Efficiency, effectiveness, and productivity
Metro RTPA: Findings

Compliance with PUC requirements

- In compliance except annual fiscal audit was submitted late in FY 2007/08
- Some TDA recipients did not submit annual fiscal audits on time.
Metro RTPA: Findings

Prior recommendations

- All but one recommendation completely implemented
- Two recommendations deemed no longer relevant
Metro Challenges

- Implementation of universal fare system
- Economic downturn
Metro Accomplishments

- Fulfilled terms of the consent decree
- Completed update of Long Range Transportation Plan
- Completed construction of the Gold Line Eastside Extension
- Began construction on the Orange Line to Chatsworth
- Expansion of the Metro Rapid network
Metro Accomplishments

- Improved TDA claims procedures
- Shifted some corridors to local operators
- Developed programs for Measure R
- Developed procedures for allocating Measure R funds to operators, the cities, and the County
- Selected to participate in federal congestion pricing program
Metro RTPA Recommendations

- Submit annual TDA audits in a timely manner
- Publish EZ transit pass program data
- Improve transit short-range planning process
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