

**Metro**

Metropolitan Transportation Authority

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metro.net**FINANCE, BUDGET AND ADUIT COMMITTEE
JUNE 19, 2013****SUBJECT: FISCAL YEAR 2010-2012 TRIENNIAL PERFORMANCE REVIEW
REPORT****ACTION: RECEIVE AND FILE FISCAL YEAR 2010-2012 TRIENNIAL REVIEW
REPORT****RECOMMENDATIONS**

- A. Receive and file the Fiscal Year (FY) 2010-2012 Triennial Performance Review of Los Angeles County Transit Operators and Metro Operations
- B. Receive and file the FY 2010-2012 Triennial Performance Review of the Los Angeles County Metropolitan Transportation Authority (LACMTA) as the Regional Transportation Agency (RTPA)

ISSUE

The Transportation Development Act (TDA) requires Triennial Performance Reviews of Transit Operators and RTPAs. The FY 2010-2012 Triennial Performance Review Report has been completed and this report presents the results of the review.

BACKGROUND

The California Public Utilities Code (PUC) Section 99246, included in the Transportation Development Act (TDA), requires the LACMTA to conduct an independent performance review of all Los Angeles County Transit Operators receiving TDA Article 4 funds, as well as operators receiving Proposition A funds in lieu of TDA funds. The TDA also requires that regional transportation planning agencies (RTPAs) undergo an independent performance review, focusing particularly on the planning roles. This review 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 2010-2012 Performance Review of the Transit Operators, Metro Operations and the LACMTA, as the RTPA for Los Angeles County. The following summarizes the scope of the review:

A. REVIEW OF LOS ANGELES COUNTY TRANSIT OPERATORS AND METRO OPERATIONS

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

- 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 2010-2012 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 review 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. 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 review. An executive summary of this review including the recommendations and key

findings of the FY 2010-2012 Transit Operators' Triennial Performance Review are summarized in Attachment A.

B. REVIEW OF THE MTA AS THE REGIONAL TRANSPORTATION PLANNING AGENCY (RTPA)

The review of the LACMTA as the RTPA included:

- Progress on implementing prior cycle review recommendations;
- Compliance with PUC requirements; and
- Performance results for the LACMTA as the RTPA

Progress on Implementing Prior Cycle Review Recommendations

The prior review of the LACMTA as the RTPA offered seven recommendations for LACMTA's consideration. Six recommendations have been implemented. One was deemed partially invalid and partially implemented. The relevant portion of that recommendation is carried forward as an element of the current review's recommendation.

Compliance with PUC Requirements

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

Performance Results for the LACMTA as the RTPA

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

- Construction of the I-110 and I-10 Express Lanes (Congestion Reduction Demonstration Project) (opened in November 2012 and February 2013).
- Full implementation of the TAP (Universal Fare System) program.
- Metro's Sustainability Training program named Model Program of the Year by the National Transit Institute.
- Approval of the 2009 Long-Range Transportation Plan.
- Public Education on Air Quality Issues Award from the Air Quality Management District (AQMD) for Rideshare PlanMaker compact disk and web link.
- Continued widening of I-405 over Sepulveda Pass, including successful management of a full weekend freeway closure ("Carmageddon").
- Launched the 30/10 Initiative to accelerate transit projects and expedite highway improvements.
- Awarded a \$415,000 energy grant from the California Energy Commission to explore ways to allow electric vehicle charging at Metro stations, enabling customers to ride Metro to work while their car batteries recharge.

- Named 2010 Outstanding Project of the Year Award for Light Rail Eastside Extension Construction Project by the Underground Construction Association of the Society for Mining, Metallurgy, and Exploration (UCASME).
- Broke ground on Metro Gold Line Foothill Extension (first Measure R rail project to begin construction).
- Received South Coast AQMD Clean Air Award for 100 percent clean-air bus fleet (category: "Promotion of Good Environmental Stewardship").
- Launched the first phase of the Exposition Light Rail Line in April 2012.
- Launched the Orange Line extension to Chatsworth in June 2012.

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

- Provide a higher level of administrative support for operators regarding annual and required reporting.
- Provide a higher level of support for operators in advance of the next Triennial Performance Review cycle.
- Enhance coordination between the Office of Management and Budget (OMB) and Planning departments.

The recommendations and key findings of the FY 2010-2012 LACMTA as RTPA Triennial Performance Review are summarized in Attachment B.

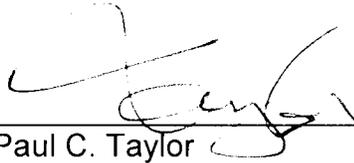
NEXT STEPS

As required by PUC §99246, staff will transmit the FY 2010-2012 Triennial Performance Review to the State Department of Transportation. Copies of these reports are available upon request. Staff will report on the progress of the recommendations to the LACMTA Board annually.

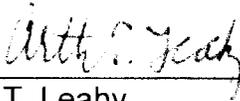
ATTACHMENTS

- A. FY 2010-2012 Performance Review, Executive Summary of Transit Operations and Metro Operation
- B. FY 2010-2012 Performance Review, Executive Summary of LACMTA as the RTPA

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Legislative Mandate

The State of California mandates LACMTA hire an independent firm to review 14 operators receiving TDA Article 4 funds. Three additional operators do not receive TDA Article 4 funds but receive their equivalent under Metro's Formula Allocation Program (FAP). These operators commit to meeting the same mandated compliance requirements as those receiving TDA funds. The mandate includes the following assessments:

- Progress implementing prior recommendations;
- Compliance with PUC requirements; and
- Efficiency, effectiveness, and productivity.

This Triennial Performance Review covers the three-year period ending June 30, 2012.

Municipal Operators

Findings

Municipal operators are generally in compliance with PUC requirements. The majority of findings relate to the following issues:

- Issues related to Full-time Equivalent metric reporting,
- Submitting State Controller reports past TDA-established deadlines,
- Submitting annual fiscal audits past TDA-established deadlines, and
- Consistency in data reporting.

Most prior recommendations have been implemented. Most of those that have not have been carried forward as recommendations in this review.

Challenges

Challenges faced by municipal operators during the review period included the following:

- Achieving ridership growth while reducing operating costs,
- Accommodating increased need with fewer resources, and
- Increasing fare revenue to the point where minimum farebox recovery can be met without relying on additional local subsidies.

Accomplishments

While each operator faced its own challenges and celebrated its own accomplishments during the review period, some of the more notable accomplishments are listed below.

- Region-wide: Continued implementation and integration of the TAP universal fare program.
- AVTA: Recovered from allegations of misconduct and misuse of funds, culminating in a clean fiscal audit in FY 2011/12.
- Commerce: Launch of the new Citadel Express in partnership with the Citadel Center.
- Culver City: Recognized for its Green Fleet by the American Public Transportation Association.
- Foothill Transit: Launched and expanded its Ecoliner program featuring zero-emissions electric buses.
- Gardena: Significantly improved performance of its maintenance group following the hire of a new Equipment Maintenance Superintendent.
- La Mirada: Completed a fuel facility at its Public Works facility.
- LADOT: Streamlined its operations procurement process through use of the Mega RFP.
- Long Beach: Rededicated the former Long Beach Transit Mall as the renovated First Street Transit Gallery.
- Montebello: Completed construction of an ARRA-funded CNG fuelling facility.
- Norwalk: Reorganized its Transit Department as part of a City-wide effort to address a projected \$5.2 million budget shortfall.
- Santa Clarita: Posted QR codes at all bus stops to facilitate real-time vehicle tracking.
- Santa Monica: Underwent a significant staffing change as several vacant management-level positions were filled and the organization was restructured.
- Torrance: Purchased gasoline-electric hybrid vehicles as part of its fleet modernization strategy.

Metro Operations

Findings

Metro Operations is in compliance with the TDA in all aspects except for calculation of the Full-Time Equivalent metric, which does not include labor hours related to purchased transportation. This finding, while not called out in the prior review, was carried forward as a recommendation in the two prior review cycles.

Of the four prior recommendations, two was implemented. One was partially implemented – it pertained to conducting a thorough review of Metro’s operations overhead. The fourth pertains to EZ Pass, which was included in the prior TPR but did not lie within the scope of this review. The EZ Pass recommendation is addressed in the RTPA review.

Challenges

Challenges faced by Metro Operations during the review period included the following:

- Agency-wide restructuring, including elimination of the Service Sector model.
- Aging fleet and infrastructure.

Accomplishments

Some of Metro's more notable operational accomplishments are listed below.

- Marked its 20th anniversary having served over one billion riders.
- Opening of extensions to the Gold Line (Eastside) and Orange Line (Chatsworth).
- Launch of the Expo Line and Silver Line.
- Introduction of new Rapid Line 733.
- First major transit agency to operate a 100-percent clean fuel fleet.
- Introduction of its monthly comprehensive Communications Report to track the effectiveness of public relations, customer service, and marketing activities.

Recommendations

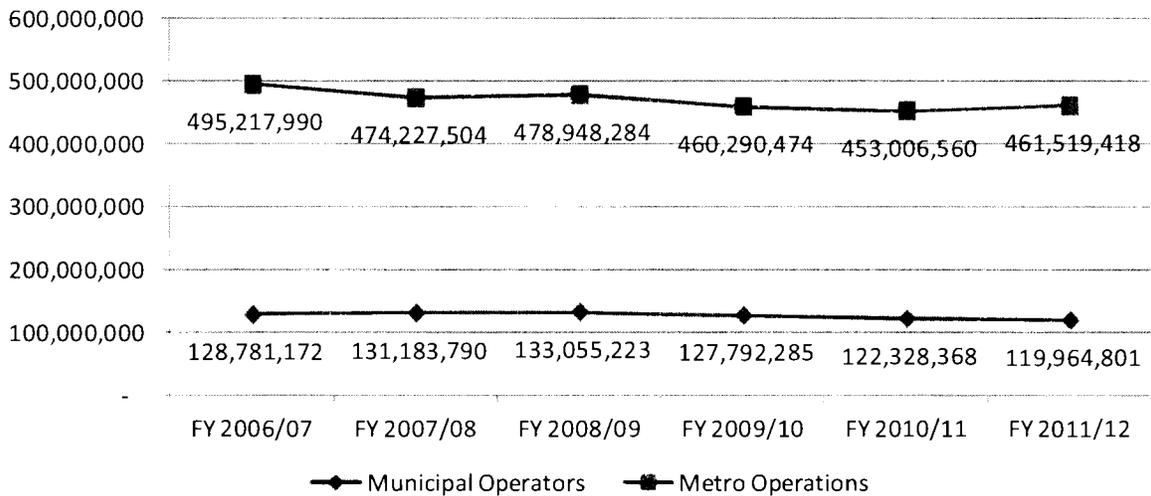
- Properly calculate FTE data (inclusive of contractor hours) for inclusion in the Transit Operators Financial Transaction Report submitted to the State Controller.
- Include representation from Accounting throughout the Triennial Performance Review process.

Countywide Performance

Exhibits on the following pages compare aggregate and average performance metrics of the municipal operators to Metro Operations. Overall, the municipal operators and Metro exhibited similar trends throughout the current and prior review periods. A six-year period (FY 2006/07 through FY 2011/12) is used to better illustrate trends.

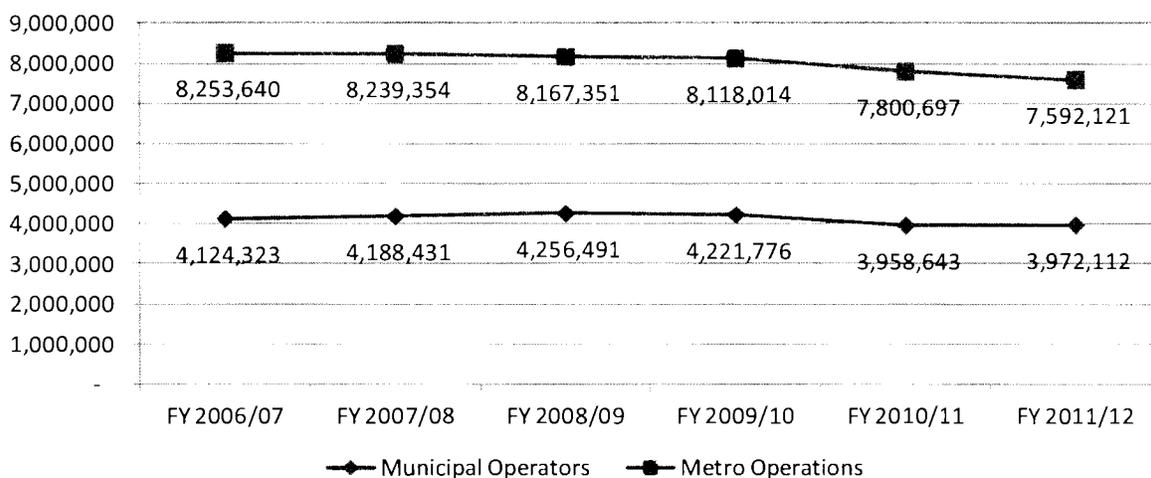
Ridership

Overall, municipal ridership dropped during the review period after peaking in FY 2008/09. At the end of the review period, aggregate ridership had dropped 6.8 percent since FY 2006/07 and 9.8 percent from its peak. Metro ridership started high and dropped through FY 2010/11, at which point it began to rebound, concluding the review period down 6.9 percent from FY 2006/07. In contrast, national transit ridership declined 9.7 percent across the six-year period.



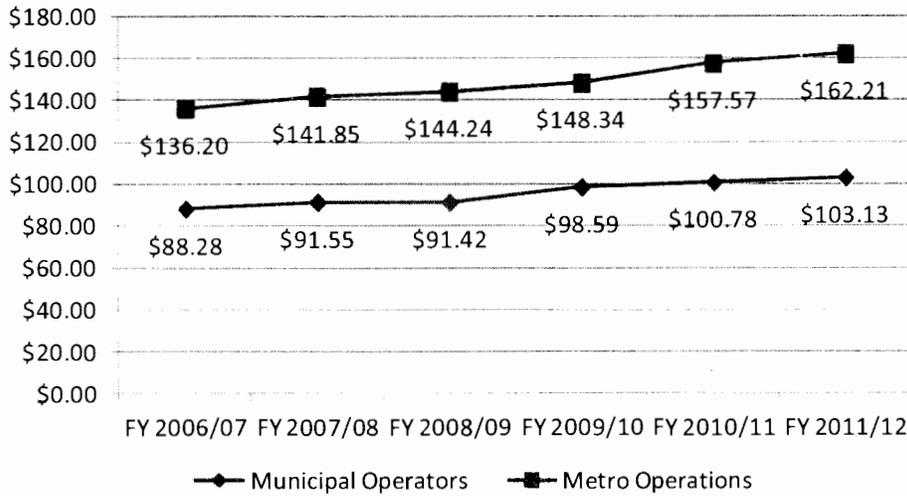
Vehicle Service Hours (VSH)

Metro VSH dropped by 8.0 percent across the six-year period, with the most dramatic decrease (6.5 percent) between FY 2009/10 and FY 2011/12. Municipal operators saw an increase in VSH through FY 2008/09 but decreased at a similar rate as Metro (5.9 percent) between FY 2009/10 and FY 2011/12.



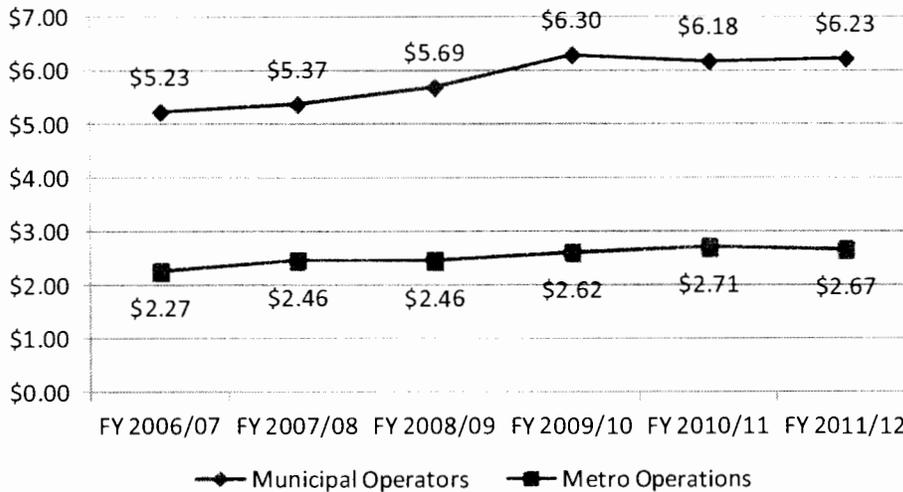
Cost per Vehicle Service Hour

Cost/VSH rose steadily and dramatically for both Metro and the municipal operators. Metro's Cost/VSH increased 19.1 percent across the six-year period, while the municipal operators saw an aggregate increase of 16.8 percent.



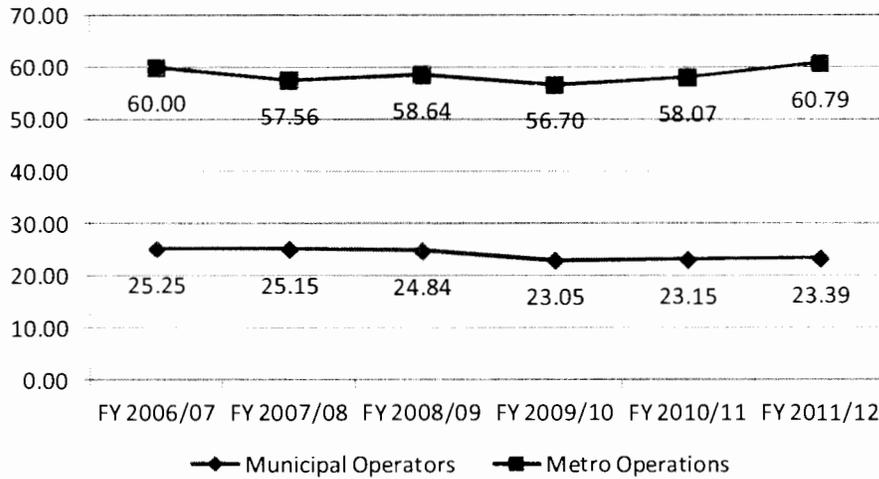
Cost per Passenger

Cost/passenger also rose during the six-year period. Metro's cost/passenger peaked in FY 2010/11 before dropping slightly in FY 2011/12 to end 19.3 percent higher than FY 2006/07. Municipal operators experienced a significant spike in FY 2009/10 (10.7 percent), which declined the following year and ended the period 19.1 percent higher than FY 2006/07.



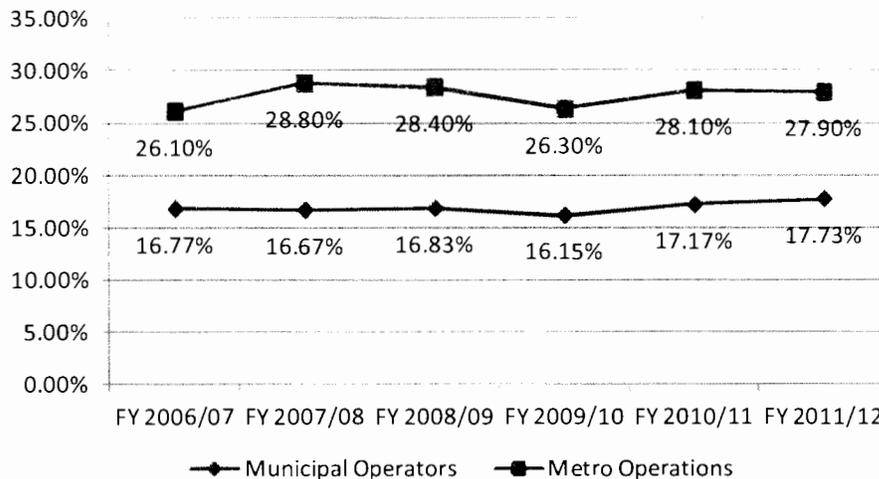
Passengers per Vehicle Service Hour

Metro's Passengers/VSH fluctuated throughout the six-year period, ending just 1.3 percent higher than FY 2006/07. Municipal operators saw similar fluctuations, yet ended the period 7.4 percent lower than FY 2006/07. The most notable decrease (7.2 percent) was between FY 2008/09 and FY 2009/10, after which the metric began trending up again.



Farebox Recovery Ratio¹

Metro's farebox recovery fluctuated as much as 7.4 percent during the six-year period. Municipal operators remained more consistent but noted overall improvement during the final two years of the most current review period.



¹ Note: Local subsidies were not included in the calculations used for this graphic. As such, the average farebox recovery ratio for municipal operators is below 20 percent. All operators were found to be in compliance with TDA after local subsidies were applied.

Summary of TDA Compliance Findings/Recommendations

The following matrix summarized the TDA compliance findings for each of the transit operators. Those with no columns marked had no compliance findings.

	On-time State Controller Reports	On-time fiscal audits	Calculation of FTE metric	Accuracy of reporting
AVTA	X	X	X	
Arcadia				
Claremont				
Commerce		X	X	
Culver City			X	
Foothill Transit				
Gardena				
LADOT	X	X		
La Mirada			X	X
Long Beach				
Metro Operations			X	
Metro RTPA		X		
Montebello		X	X	
Norwalk			X	
Redondo Beach				
Santa Clarita	X	X		
Santa Monica			X	
Torrance				

Summary of Functional Recommendations

The following matrix summarized the functional recommendations for each of the transit operators. Functional recommendations were used to address issues not relevant to TDA compliance identified through the functional review process. Those with no columns marked had no functional recommendations.

	Reporting/ data	Service planning	Marketing	Safety/ Security	Customer service
AVTA	X				
Arcadia	X	X	X	X	X
Claremont	X	X	X	X	
Commerce	X	X	X		
Culver City					
Foothill Transit	X				
Gardena	X		X		
LADOT	X				
La Mirada		X	X	X	
Long Beach					
Metro Operations	X				
Metro RTPA	X	X			
Montebello	X				
Norwalk	X	X	X		X
Redondo Beach	X		X	X	
Santa Clarita	X				
Santa Monica					
Torrance	X				



Legislative Mandate

The State of California mandates LACMTA hire an independent firm to review its role as a Regional Transportation Planning Agency (RTPA). The mandate includes the following assessments:

- Progress implementing prior recommendations;
- Compliance with PUC requirements; and
- Efficiency, effectiveness, and productivity.

This Triennial Performance Review covers the three-year period ending June 30, 2012.

Findings

The RTPA is generally in compliance with PUC requirements. The one compliance finding pertained to TDA recipients not submitting their annual fiscal audits within the stipulated timeframe (180 days following the end of the fiscal year).

Of the seven prior recommendations, six were implemented. Of the one remaining, it was deemed partially invalid and partially implemented.

Challenges

Challenges faced by Metro as the RTPA during the review period included the following:

- Agency-wide restructuring,
- Quantification of performance as the RTPA, and
- Effective coordination and communication between departments.

Accomplishments

- Construction of the I-110 and I-10 ExpressLanes (Congestion Reduction Demonstration Project) (opened in November 2012 and February 2013).
- Full implementation of the TAP (Universal Fare System) program.
- Metro's Sustainability Training program named Model Program of the Year by the National Transit Institute.

- Approval of the 2009 Long-Range Transportation Plan.
- Public Education on Air Quality Issues Award from the Air Quality Management District (AQMD) for Rideshare PlanMaker compact disk and web link.
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- Broke ground on Metro Gold Line Foothill Extension (first Measure R rail project to begin construction).
- Received South Coast AQMD Clean Air Award for 100 percent clean-air bus fleet (category: “Promotion of Good Environmental Stewardship”).
- Launched the first phase of the Exposition Light Rail Line in April 2012.
- Launched the Orange Line extension to Chatsworth in June 2012.

Recommendations

Compliance Recommendation

- Monitor operators to ensure future fiscal audits are submitted by the TDA-established deadline.

Functional Recommendations

- Provide a higher level of administrative support for operators regarding annual and required reporting.
- Provide a greater level of support for operators in advance of the next Triennial Performance Review.
- Enhance coordination between the Office of Management and Budget (OMB) and Planning departments.