OPERATIONS COMMITTEE
JUNE 21, 2007

SUBJECT: REPORT ON SERVICE SECTOR EFFECTIVENESS

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and file report on Service Sector Effectiveness.

ISSUE

Since FY03, the Agency's bus operations have been organized into five community-based service sectors. The service sector concept is based on a management model developed by an internal task force. In response to a motion from Director Antonovich, staff developed a comprehensive report to assess the effectiveness of service sector operations and adherence to the original concept. Based on staff analysis, recommendations were developed for policy changes/organizational realignments to improve service sector effectiveness. A draft was distributed internally for functional review and meetings were held with corporate functions to discuss the feasibility of implementation. This report provides a brief discussion of the policy changes and organizational realignments that are being discussed.

DISCUSSION

Staff assessment focused on the service sector perspective. It included a high level/functional comparison of the conceptual service sector model to actual implementation, comparative analysis of effectiveness measurements and resources, collection of Governance Council and staff observations and improvement recommendations, and policy changes and organizational realignments to improve service sector effectiveness. The results of this assessment show that the actual implementation of the service sector structure has met the intent of the service sector concept identified by the internal taskforce, and that all Board of Directors, Chief Executive Officer, and Governance Council policies are implemented as adopted.

Policy changes and organizational realignments are proposed to improve service sector effectiveness. They are based upon recommendations submitted by Governance Council

members and service sector staff. The recommendations include maximizing Governance Council/service sector input into the allocation of resources, improving communications/community outreach, and a necessity to provide more detailed performance and budget data to stakeholders. Specific policy changes and organizational realignments appear on page eleven of the attachment. They are also shown below along with implementation issues discussed thus far.

- SECTOR SPECIFIC REVENUE OR EXPENDITURE BUDGET ALLOCATION

  Various conceptual allocation methodologies have been developed by service sector and corporate staff. Additional discussions are needed to define non-controllable expenditures, funding sequences, and weighted service variables.

  Finalize and test the allocation methodology by October 2007. Financial standards and related policies will be revised by December 2007 and present to the Board for approval in January 2008.

- ORGANIZATIONAL REALIGNMENTS

  ❑ Communications/Community Relations

    There is a need for increased community relations support. Discussion has encompassed the possibility of a matrixed relationship between communications and the service sectors. There is also a corporate commitment to increase service sector involvement in marketing efforts.

  ❑ Non-Revenue Vehicles and Equipment

    Discussion has encompassed how to provide vehicles and equipment to the service sectors in a timely manner, as well as implementing a "hybrid" organization that has exclusive division work functions reporting to specific service sectors.

  ❑ Service Planning

    Issues discussed include a need to re-balance service planning manpower between corporate and the service sectors. A team will be formed to analyze corporate and service sector planning tasks.

  ❑ Analysis Functions

    Additional analytical support is needed to better utilize systems data and provide detailed trend analysis for service sector operations management. Operations staff has discussed the possibility of reviewing current staffing that charge to service sector projects to determine if more support can be provided.
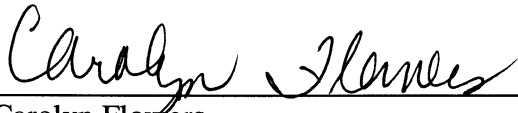
NEXT STEPS

All organizational realignments will be reviewed to determine optimal redistribution of tasks, matrixed relationships, or hybrid positions by November 2007.

Pilot programs will be defined by January 2008. Formal implementation and related policy changes will be completed by July 2008.
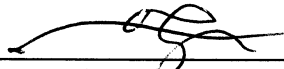
ATTACHMENT

A. Executive Summary: Report on Service Sector Effectiveness

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ATTACHMENT A

EXECUTIVE SUMMARY:
REPORT ON SERVICE SECTOR EFFECTIVENESS

In FY03, the Agency reorganized its bus service operations into five community-based service sectors that are responsible for bus service delivery to specific geographic areas of Los Angeles County. A service sector management model was developed by an internal task force that reflected a decentralized management structure with an appointed Governance Council to provide oversight and input into bus service and proposed changes. The primary goal was to draw the customer closer to the transportation provider and cultivate customer based service planning and operating improvements.

In response to a board motion, staff developed a comprehensive report to assess service sector operations. The assessment focus was on the service sector perspective. It included a high level/functional comparison of the conceptual service sector model to actual implementation, comparative analysis of effectiveness measurements and resources, collection of Governance Council and staff observations/improvement recommendations, and policy changes/organizational realignments to improve service sector effectiveness. This report summarizes the results of the assessment. A plan for Agency functional review and implementation will be submitted under separate cover.

HIGH LEVEL/FUNCTIONAL COMPARISON: SERVICE SECTOR CONCEPT VS. ACTUAL IMPLEMENTATION

Each component of the task force service sector model was analyzed to determine the degree of actual implementation. Items analyzed included bus route logistics, facility capacity, functional alignment of manpower, service change processes, and approved service sector governance policy. A summary of the results are shown below:

- Actual implementation of the service sector structure has met the intent of the service sector concept identified by the internal task force
- San Fernando Valley/San Gabriel Valley service sectors are best aligned to support the service sector concept. Route alignments in the other sectors are more complicated because of the interdependence of the systemwide route network
- Bus division capacity issues have been identified based on fleet projections required to maintain consent decree and other service commitments. These issues are being addressed by the inclusion of two additional operating facilities in the Agency capital program
- Service change process time has been reduced from 12 months to 7 months. Public input into service changes has increased
- All Board of Directors, Chief Executive Officer, and Governance Council policies are implemented as adopted
- Most business unit responsibilities are performed as initially envisioned; however, some functions were "re-centralized" (e.g. Community/Customer Relations and Human Resources) based on functional reassessments completed after initial service sector implementation. Additionally, more facilities maintenance activities have been decentralized to the service sectors

COMPARATIVE ANALYSIS OF EFFECTIVENESS MEASUREMENTS AND RESOURCES

Operations effectiveness measurements were reviewed to assess service sector performance. Each effectiveness measurement has embedded performance indicators that are in direct control of the service sectors. Given these underlying indicators, Operations staff determined that the following effectiveness measurements provide the best indicator of performance:

- Mean miles between mechanical failures (MMBMF)
- In–Service On–Time Performance (ISOTP)
- Traffic Accidents per 100,000 Miles
- Complaints per 100,000 Boardings
- New Workers' Compensation Indemnity Claims
- Ratio of Scheduled Revenue Hours to Total Vehicle Hours
- Customer Satisfaction Survey Results
- Productive route Performance Criteria

A matrix that details the underlying indicators of these effectiveness measurements is provided in Figure 1 (page 10 of this document).

The results of the effectiveness measurement review are shown below:

- There has been a 44 percent decrease (unfavorable condition) in MMBMF. This is attributed to changes to MMBMF reporting criteria and new information systems. Since service sector implementation, there has been closer oversight of this measure.
- In service on-time performance has decreased approximately 3 percent. This is mainly attributed to increased traffic congestion.
- Traffic accidents and revenue hour-to-vehicle hour ratios have remained relatively consistent.
- Complaints per 100,000 boardings have decreased from 4.39 to 2.41 (45 percent).
- New workers' compensation claims have decreased approximately 31 percent.
- There has been a significant increase in the number of positive responses on customer satisfaction surveys, as well as a 38 percent reduction in the number of routes that fall below 60 percent productivity performance criteria.

In summary, there has been an improvement in most of the effectiveness measurements that were analyzed. The improvements are a result of a cooperative effort between corporate functions and service sector staff to implement various corporate/service sector initiatives and campaigns.

To provide a profile of vital service sector operating resources, Operations staff analyzed manpower that is physically located at bus service sector facilities in relation to bus fleet size and vehicle configuration. The analysis encompassed budgeted transportation,

maintenance, and service sector office full-time equivalents (FTEs) from fiscal year 2001 through 2007. A summary of results is shown below:

- Transportation FTEs have increased 5.1 percent because of increased service.
- The number of mechanic and service attendant FTEs has remained relatively constant, although the bus fleet has increased 12 percent.
- Other maintenance shows a large FTE increase because of a redeployment of facilities maintenance staff from a centralized structure to the decentralized service sector model.
- Service sector administration FTE decreases are attributed to the recentralization of various functions (e.g. human resources, communications, and community relations) since service sector implementation.

Manpower-related staffing ratios, fleet configuration, and maintenance functions were also analyzed. The results are shown below:

- The buses-per-mechanic ratio has increased from 3.27 to 3.63 and the buses-per-service attendant ratio has increased from 5.85 to 6.19.
- Bus fleet characteristics have also changed. The makeup of the fleet (e.g. Compressed Natural Gas (CNG), diesel, and articulated buses), new technologies introduced (e.g. fareboxes and Digital Video Recorders), and increases in fleet age have all had an adverse impact on the ability to achieve 100 percent daily bus rollout.
- Additional maintenance issues identified include premature failure of bus components, engine obsolescence, and recurring maintenance on articulated buses.

Operations staff has discussed methods in which to mitigate these issues, such as service sector specific mixes of manpower/overtime allocations. These solutions will require increased flexibility in resource allocation during the annual budget cycle.

SERVICE SECTOR EFFECTIVENESS EVALUATIONS/IMPROVEMENT RECOMMENDATIONS

Governance Council members and Operations staff submitted evaluations of service sector effectiveness relative to organizational structure, community based service/outreach, attracting increased ridership, and improving service. Recommendations for improvement were also submitted relative to these criteria.

Common observations were the following:

- The service sector structure is working. It allows for more localized input into the service change process.
- Community based service/outreach resulted in the establishment of a good rapport between stakeholders.
- Although there has been improved community outreach, it was much more effective at initial service sector implementation.
- Communication with bus riders is more effective, given limited resources.

- Service is now more tailored to fit community needs and that overall, service has improved. There is a need to make routing changes known to the public in a timely manner.
- The service sector model allows for on-going review of route performance. The Governance Councils have provided an effective public forum for this effort. Service sector meeting attendance indicates that there is a higher level of public interest. Resource reallocation from low ridership to high ridership routes has increased on-time performance.

Common recommendations to improve service sector effectiveness included:

- Allowing the Governance Councils to have control of Tier 1 service, and to consider revising budget policies and processes to maximize Governance Council input and increase resource allocation flexibility.
- Providing more detailed performance and budget data to stakeholders.
- Return to the original service sector model of a communications officer and manager reporting to the service sector general manager, or develop other procedures to improve communications/community outreach.
- Allowing for more service sector input into marketing at the corporate level.

POLICY CHANGES/ORGANIZATIONAL REALIGNMENTS

Operations staff has identified a list of potential policy changes/organizational realignments to enhance the service sector model and address the above observations and recommendations. A listing of these changes and realignments is provided in Figure 2 (page 11 of this document).

Policy changes mainly consist of developing a revenue or expenditure allocation methodology that establishes service sector specific budget targets. This will enable each service sector to have the flexibility to budget its own resources to address specific needs. The corporate budget model could be revised to assume more of a "target monitoring" responsibility, rather than analysis of specific budget elements.

Organizational realignments in the communications, community relations, non-revenue vehicle equipment maintenance, service planning, and analysis functions could also increase flexibility and analytical capability. Increased involvement in marketing efforts is also a component of these potential realignments.

Further functional evaluation of these potential organizational realignments is needed to determine specific implementation details and identification of resources. Items to address include additional assessments of centralization/decentralization of tasks, the best method in which existing resources may be used (minimal budget impact), determining if "generalist" or "hybrid" job descriptions could be created, or if a matrix management reporting relationship is optimal.

FIGURE 1: EFFECTIVENESS MEASUREMENTS AND UNDERLYING INDICATORS

	Effectiveness Measurement						
	In-Service On-Time Performance (ISOTP)	Mean Miles Between Mechanical Failures (Road Calls)	Customer Complaints	Increased Ridership	Accidents	Workers' Comp Injuries/Loss Workdays	Line Performance Index
Underlying Indicators that are Controllable by the Sectors	Road Calls	PMPs	Road Calls	Marketing	Line Training	Safety Training	Service Hours
	On-Time Pullout	Proper Pre-Trip	ISOTP	Metro Connections	Scheduled Overtime	OSHA Injuries	Line Ridership
	On-Time at First Timepoint	Absenteeism	Pass-ups	Headways	VCB/OCB	FOFs	Length of Line
	Cancelled Runs (Full or Partial)	Inspection Repairs	Running Hot	Service Modifications to Meet Shifiting Populations, Economic Conditions, Density, & Demand	Run Time	Safety Committees	Headways
	OAR	Premature Failure of Components	Headways	Expanded Express Service	Article 4, Section 14 Recovery Time	Safety Posters	Directly Operated vs. Contract
	Traffic OT slips	Parts Availability	Operator Discourtesy	Bus Cleanliness	Supervisor Coverage	Health Fairs	Schedule to Demand
	Spare Ratio	Fleet Make-up	Operator Discourtesy (CR Training)		OAR	Injury & Illness Prevention Program (IIPP)	Average Trip Length
	Accidents	Mechanic Vacancies	Service Area (Graffiti)		Service Area (Congestion)	Safety Award Programs	Bus Type
	Running Hot		Module Training		Fleet Make-up		
	Too many stops too close together		Service Attendant Vacancies		Accident Prevention Programs		
	Construction Projects		Bus Cleanliness		Line Mentor Program		
	Detours						
	Movie Shoots						
	Signal Synchronization						
	Missouts						

FIGURE 2: POTENTIAL POLICY CHANGES AND ORGANIZATIONAL REALIGNMENTS

Item	Issue Addressed	Recommended Action	Next Steps
Policy Changes			
Service sector-specific revenue or expenditure budget allocation.	Maximize Governance Council Input; Increase resource allocation flexibility.	Establish service sector budget targets early in the annual budget cycle; Allocation based on expenditure classification, funding type sequence, & weighted service variables.	Finalize & test allocation methodology; Revise financial standards & related policies & procedures.

Organizational Realignments

Item	Issue Addressed	Recommended Action	Next Steps
Enhance service sector communications/community relations support.	Improve the effectiveness of community relations & outreach; Execute corporate commitment to increase service sector involvement in marketing efforts.	Establish reporting relationship, matrixed organizational structure, hybrid positions, and/or other procedures to integrate corporate & service sector goals & objectives.	Determine optimal reporting relationship & procedures; Develop pilot programs; Formal implementation of policy & organizational changes.
Enhance Non Revenue Vehicle (NRV) & equipment maintenance.	Improve resource management flexibility & timeliness of NRV availability.		
Enhance integration of service planning between corporate & the service sectors.	Improve resource management flexibility & timely preparation of service planning documentation.		
Enhance corporate/service sector analytical functions.	Better utilization of new information systems data (e.g. M3/ATMS) & provide for detailed trend analysis for management.		