



**FINAL REPORT**  
**PERFORMANCE ACTION PLAN**


**SOUTHERN CALIFORNIA**  
**RAPID TRANSIT DISTRICT**

**SEPTEMBER 10, 1987**



## TABLE OF CONTENTS

|  | <u>PAGE</u> |
|--|-------------|
| 1.0 Introduction   | 1           |
| 1.1 Background and Adoption of the Plan                    | 2           |
| 1.2 Implementation of the Plan                             | 3           |
| 1.3 The Independent Audit                                  | 3           |
| 1.4 Reporting on Plan Activities                           | 4           |
| 2.0 Financial Impacts of Implementing the Plan             | 6           |
| 2.1 Overall Costs and Savings                              | 6           |
| 2.2 Plan Element Analysis                                  | 7           |
| 2.2.1 Travel and Expenses of General Manager and Staff     | 9           |
| 2.2.2 Complaints and Corrective Action                     | 9           |
| 2.2.3 Accidents and Safety                                 | 10          |
| 2.2.4 Alcohol and Drug Abuse                               | 11          |
| 2.2.5 Driver Licensing                                     | 11          |
| 2.2.6 Absenteeism  | 12          |
| 2.2.7 Crime and Perceived Safety                           | 13          |
| 2.2.8 Service Quality, Cleanliness and Maintenance         | 13          |
| 2.2.9 Management's Emphasis on Controlling Bus Operations  | 14          |
| 2.2.10 Operating Costs                                     | 14          |
| 2.2.11 Employment Practices                                | 15          |
| 2.2.12 Internal Review and Evaluation by Inspector General | 16          |
| 2.2.13 Elderly and Disabled Transportation                 | 17          |
| 2.2.14 Bus Operations in Heavily-Traveled Corridors        | 17          |
| 2.3 Summary of Financial Impacts                           | 17          |
| 3.0 Performance of the District                            | 18          |
| 3.1 Overall Performance                                    | 18          |
| 3.2 Elements Measuring Performance of Personnel            | 21          |
| 3.3 Elements Measuring Performance of the System           | 23          |
| 3.4 Elements Measuring Performance of Management           | 25          |
| 3.5 Summary of Overall Performance                         | 28          |
| 4.0 Future Directions                                      | 30          |
| 4.1 The Fiscal Year-1988 Budgetary Impacts                 | 30          |
| 4.2 The Fiscal Year-1988 Performance Impacts               | 33          |
| 4.3 Management Initiatives                                 | 35          |
| 5.0 Conclusion   | 38          |



## 1.0 INTRODUCTION

The purpose of this report is to describe and analyze the performance of the Southern California Rapid Transit District in a series of 13 areas identified in the Performance Action Plan over the period from February 1, 1987, through July 31, 1987. The document is intended to be the final report produced by the District on the performance of the RTD over the six month period. It should be read along with the sixth and final technical report for the month of July 1987 on the performance of the District.

This report covers the background, adoption, and implementation of the Plan. The financial impacts of the Performance Action Plan are analyzed both in terms of the cost savings and the expenditures associated with implementation of the Plan. The District's overall performance is examined as are the categories relating to the performance of individuals, of the system, and of management.

The impacts on the future direction of the District as a result of the Performance Action Plan are the focus of a separate section. These impacts are analyzed in terms of their effects on the budget for Fiscal Year 1988, on improved performance for Fiscal Year 1988, and on management initiatives that are to be undertaken in Fiscal Year 1988 as a result of the Performance Action Plan.

### 1.1 Background and Adoption of the Plan

The Plan emanated from a series of criticisms directed at the District during the second half of 1986. Incidents had occurred on the street and elsewhere which resulted in an evaluation of problems by the Board and the General Manager. This resulted in an acknowledgment by the General Manager that many of the criticisms were valid, and that an aggressive plan must be prepared and implemented to overcome the criticisms and deficiencies of the District.

On January 15, 1987, the General Manager presented a draft Performance Action Plan with recommendations to the Board of Directors. After considerable discussion and comment by the Board, the Plan was substantially revised by staff and presented to the Board in a final draft form on February 5, 1987. After careful review by the members, the Board of Directors again requested the General Manager to revise the Plan and bring it back to the Board for final consideration and approval. Specifically, the General Manager was instructed to reduce the cost of the Plan by some \$567,000, rather than seeking outside funding to cover additional costs. The Plan was revised, discussed at length by the Board on February 26, 1987, and approved for implementation for a period of six months beginning as of February 1, 1987.


## 1.2 Implementation of the Plan

Implementation of the Plan began at the same time that the Plan approval process was underway. In fact, the initial stages of mobilization were occurring in the second week of February as the draft Performance Action Plan was being revised.

Implementation included four major steps which were: (1) completion of the detailed schedules and individual work plans to accomplish the results anticipated in the overall plan; (2) the development of data bases and reporting forms to record performance; (3) the assignment of responsibilities and authority to individual Assistant General Managers and department heads; and (4) the development of a system of review and reporting for the staff. At the same time, arrangements were made with the Los Angeles County Transportation Commission (LACTC) to provide for an independent performance audit of the District's efforts to achieve the Plan objectives.

## 1.3 The Independent Audit

The Plan included a provision for an independent audit of management performance in order to insure objectivity of reporting and to evaluate implementation of the Plan. The LACTC was requested to contract with an independent auditor to carry out this task. Because of the familiarity and experience that Price Waterhouse had gained performing the earlier Triennial Performance Audit of the District, that firm was selected to perform the audit of the Performance Action Plan.




On April 17, 1987, Price Waterhouse completed a technical memorandum analyzing the baseline practices and performance for each of the 13 elements in the Plan. This analysis examined the baseline data for each element, the management practices and procedures, and independently calculated the performance measures and the estimated costs and cost-savings identified by the District. Unlike the District's baseline, which reported data from July through December 1986, the Price Waterhouse baseline used data for the seven-month period from July 1986 through January 1987. In the baseline assessment by Price Waterhouse, several additional indicators of performance were suggested. The District agreed to gather the data and to include it in an appendix beginning with the May report.

The baseline assessment was accompanied by a report for the month of February 1987 which included the Price Waterhouse assessment of the data elements in the Plan. Since then, Price Waterhouse has produced monthly reports for the LACTC following the publication of the District's monthly Performance Action Plan report. The intent of these reports is to comment on performance measures, trends, and management program changes reported in the District's monthly reports. Price Waterhouse is currently gathering data and information in order to prepare their final report on the District's Performance. The final report of the auditor is expected to be published during September 1987.

#### 1.4 Reporting on Plan Activities

As described in the Plan, a series of reporting mechanisms were established. First, the Plan contained a schedule of major activities to be



undertaken to achieve desired objectives. Second, a periodic reporting system was established which included both a monthly status report and a "report card" to be used for interim evaluation of performance. Together they were intended to be monitoring tools which provided interim information on the achievement of objectives for each of the plan elements. The format of the report, as well as the data bases which support the contents of the report, was to be held constant throughout the six month program period. This was intended to enable staff, managers, and policy makers to identify trends and, where appropriate, take corrective or remedial action. In addition, within the monthly reporting system, a series of performance codes was established to indicate the status of each activity and to serve as internal milestones marking progress or the lack thereof.

The final report is the last of the reporting elements. It analyzes on a qualitative basis the importance of the objectives achieved, as well as those not achieved. It also quantifies the financial impacts of the performance of the District in each of the Plan elements. The final report is intended to focus on achievement of Plan objectives and analyze each of the plan elements in that context as well as document future directions of the District as a result of implementing the Plan.

## 2.0 FINANCIAL IMPACTS OF IMPLEMENTING THE PLAN

Implementation of the Performance Action Plan took place in an environment of scarcity. There were no new or additional funds available. It was necessary to reprogram dollars in some cases and in others simply to dig out of existing budgets the funds necessary to carry out the specific activities required to meet the stated objectives of the plan elements. This had to be done at the same time all activities related directly to on street service were maintained or expanded. In short, the District had to undergo a significant amount of "belt tightening" and at the same time strive to improve performance to achieve each of the plan element objectives.

### 2.1 Overall Costs and Savings

The overall costs and savings contained in this report relate to the 13 plan element areas. As prepared initially, these costs and savings were estimates based on available data. As approved by the Board of Directors on February 26, 1987, the projected costs and savings were balanced at \$1,353,000 after some \$567,000 and several key activities had been eliminated by the General Manager at the direction of the Board.

Subsequent to approval by the Board, the specific costs of implementing the Plan began to be accumulated. Also, the bases for accumulating and calculating the savings were established.



On the following page Figure 1 shows the actual costs of Plan implementation from February through July 1987 were \$764,000 and the savings were \$2,110,100. The actual expenses were only 57% of those originally estimated. The actual savings through the six month period were 164% of the original estimate. Thus, expenses were substantially less and savings were substantially greater than estimated, which in aggregate terms means that performance should be as good if not better than anticipated. The detailed analysis of each category of the costs and savings is included in the following paragraphs.

## 2.2 Plan Element Analysis

The Performance Action Plan identified estimated costs of implementing the 13 elements and noted projected savings associated with each element. The implementation costs were \$589,000 less than the original estimate, while actual savings exceeded the original projections by \$757,000.

In the following paragraphs comparisons are made to two baselines. The RTD baseline includes data from July through December 1986. Price Waterhouse as the independent auditor subsequently assessed the Plan in March and developed another baseline consisting of data from July 1986 through January 1987. Thus, there will be some differences in the conclusions as a result of different baselines.

FIGURE 1

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT  
PERFORMANCE ACTION PLAN  
FISCAL YEAR 1987 COSTS AND SAVINGS

| PLAN ELEMENT   | FY 1987 COSTS<br>(6 months)  |           | FY 1987 SAVINGS<br>(6 months) |                 |
|--|------------------------------|-----------|-------------------------------|-----------------|
|  | PLANNED/REVISED              | ACTUAL    | PLANNED                       | ACTUAL          |
| 1) TRAVEL EXPENSES OF GENERAL<br>MANAGER AND STAFF         | \$0                          | \$0       | \$75,000                      | \$100,100       |
| 2) COMPLAINTS AND CORRECTIVE<br>ACTION                     | \$0                          | \$0       | RE                            | RE              |
| 3) ACCIDENTS AND SAFETY                                    | \$350,000                    | \$300,000 | \$520,000 (2)                 | \$316,800 (2)   |
| 4) ALCOHOL AND DRUG ABUSE                                  | \$320,000                    | \$222,000 | \$118,000                     | \$186,000       |
| 5) DRIVER LICENSING  | \$25,000 (1)                 | \$62,000  | \$0                           | \$0             |
| 6) ABSENTEEISM   | \$150,000                    | \$0       | \$540,000 (2)                 | \$1,510,000 (2) |
| 7) CRIME AND PERCEIVED SAFETY                              | \$300,000 /<br>\$0           | \$0       | RE                            | \$0             |
| 8) SERVICE QUALITY, CLEANLINESS<br>AND MAINTENANCE         | \$300,000 /<br>\$200,000     | \$0       | RE                            | \$0             |
| 9) MANAGEMENT'S EMPHASIS ON<br>CONTROLLING BUS OPERATIONS  | \$50,000 /<br>\$0            | \$0       | NA (3)                        | NA (3)          |
| 10) OPERATING COSTS  | \$50,000 /<br>\$15,000       | \$0       | \$100,000                     | NA (4)          |
| 11) EMPLOYMENT PRACTICES                                   | \$125,000 /<br>\$75,000      | \$10,000  | \$0                           | \$0             |
| 12) INTERNAL REVIEW AND EVALUATION<br>BY INSPECTOR GENERAL | \$250,000 /<br>\$218,000     | \$170,000 | \$0                           | \$0             |
| 13) ELDERLY AND DISABLED<br>TRANSPORTATION                 | \$0                          | \$0       | \$0                           | \$0             |
| 14) IMPROVE BUS OPERATION ON<br>HEAVILY-TRAVELED CORRIDORS | \$0                          | \$0       | \$0                           | \$0             |
| TOTAL  | \$1,920,000 /<br>\$1,353,000 | \$764,000 | \$1,353,000                   | \$2,112,900     |

## NOTES:

RE: Revenue Enhancement.

(1) \$275,000 also anticipated in FY 1988 for software development.

(2) Represents 90% of the planned savings. The remaining 10% is included in Alcohol &amp; Drug Abuse savings.

(3) Included in other Performance Action Plan elements.

(4) Total reduction in operating costs was \$2.6 million for FY 1987.

### 2.2.1 Travel and Expenses of General Manager and Staff

There were no costs associated with the implementation of this element. Savings were projected to be \$75,000 during the six month period. Had the District continued to incur expenses at the RTD baseline rate, there would have been an overrun of \$108,700 on the budgeted amount of \$427,000. However, through cost reduction and containment measures, the District ended the fiscal year only \$11,400 over budget having reduced monthly costs by more than 40% and saved another \$2,800 in July 1987. It is important to note, in addition, that the Fiscal Year 1988 Budget reflects a 19.4% reduction in the travel and meetings account from the actual Fiscal Year 1987 costs and a 17.3% reduction from the Fiscal Year 1987 Budget costs.

### 2.2.2 Complaints and Corrective Action

The Plan did not identify savings or estimate additional costs for this element. The rationale was that cost savings were not anticipated. The intent of this element was to reduce the number of complaints about service through a series of actions aimed at on-street operations. The objective was achieved through a 12% to 42% reduction in complaints by major category during the six-month period.


### 2.2.3 Accidents and Safety

The implementation of the new safety program plan for bus operations cost the District \$300,000 rather than the \$350,000 originally budgeted. A total of 16 of the 17 identified positions were filled during the implementation period.

Although actual savings cannot be readily identified, a conservative figure of \$5,500 per accident has been used to estimate savings. The \$5,500 amount is based on PL/PD, Workers' Compensation and repair cost averages. Any attempt to refine this estimate would be labor intensive and would not capture all actual costs which often are not fully known until years after an accident occurs.

During the six month period, the District had 64 fewer accidents than it would have had if the RTD base period accident rate of 4.57 had been maintained and 59 fewer accidents than at the Price Waterhouse base period accident rate of 4.56. To meet the Plan objective, the District would have had to reduce the number of accidents by 95 from the RTD base or 105 from the Price Waterhouse base.

Based on the above estimate of \$5,500 per accident, the District achieved savings of \$352,000 from the RTD base or \$324,500 from the Price Waterhouse base. While significant, this did not meet the projected



savings of \$520,000. It should be noted that only 90%, or \$316,800, of the savings is included in this category. The remaining savings are attributed to a reduction in drug and alcohol abuse.


#### 2.2.4 Alcohol and Drug Abuse

The cost of reducing alcohol and drug abuse through training and educational programs was \$222,000 including \$55,000 for training, \$76,000 for program administration and rehabilitation, and \$91,000 for drug testing. The original budget estimated a cost of \$320,000 which included \$20,000 for training, \$150,000 for program administration and rehabilitation, and \$150,000 for drug testing.

Savings were originally projected to be \$118,000. This was calculated by allocating 10% of accident and safety savings, or \$58,000, and 10% of the absenteeism savings, or \$60,000, to the reduction of drug and alcohol abuse. Continuing this assumption, a total of \$186,000 was saved, \$35,000 in accident reduction savings and \$75,000 in UTU and \$76,000 in ATU absenteeism reduction savings. Thus, the original estimate was exceeded by \$68,000.

#### 2.2.5 Driver Licensing

The cost of establishing a computer-based system and procedure for monitoring all RTD driver licenses and maintaining certifications for



operators of any RTD vehicle was projected to be \$25,000. An additional \$275,000 was projected in the revised Plan to complete software development in Fiscal Year 1988. To date, \$62,000 has been spent on this project for system development and on-line connections to the DMV computer. The Plan element is completed and is in a final test mode at present which means the balance of the \$275,000, or \$238,000, will not be expended in 1988. No direct savings were expected or are attributable to this Plan element.

#### 2.2.6 Absenteeism

The cost of enhancing the existing employee incentive programs was projected to be \$150,000. Expenditures began taking place in Fiscal Year 1988 with new incentive programs in place. A total of \$121,000 has been budgeted in Fiscal Year 1988 in Transportation and \$31,000 in Equipment Maintenance for employee incentive programs. Rather than spend the money immediately in Fiscal Year 1987, it was concluded that the joint labor-management committees, which are discussed below, could assist in making major improvements in absenteeism reduction and recommend specific incentive programs which would generate additional interest among employees in all divisions.

The District exceeded its goal of a 5% reduction in absenteeism. The savings amount to at least \$1,510,000 during the six month period. This represents an increase in savings of \$970,000 over the \$540,000 estimated in the Plan. Moreover, the Fiscal Year 1988 Budget reflects an additional savings in wages of \$1,117,000 which is attributable to absenteeism reduction.

### 2.2.7 Crime and Perceived Safety

This plan element was deleted for lack of funds in the revised Plan. However, the District continued internal record keeping, monitoring, and prevention activities with no additional costs or savings attributed to the efforts.

### 2.2.8 Service Quality, Cleanliness and Maintenance

There were no additional funds authorized for the program to provide graffiti cleanup. Fortunately, an ongoing activity funded by Supervisor Hahn was allowed to continue by his office. Instead of authorizing \$200,000 to establish maintenance control teams, a reexamination of the extraordinary amounts, the location, and recurrence of graffiti led to the conclusion that the funds should be authorized for Service Attendants on overtime each night to clean buses. This approach was adopted for the six month period.

Under an earlier cost reduction plan, Equipment Maintenance had been instructed to reduce overtime. The Plan element reallocated overtime to the Department for the bus cleanliness program. The program was intended to improve the quality and cleanliness of the District's service, and no cost savings were anticipated. Since this is such a priority problem, the District created 40 new positions and allocated \$1.1 million for graffiti removal and bus cleanliness in Fiscal Year 1988.

### 2.2.9 Management's Emphasis on Controlling Bus Operations

The position of Deputy General Manager and the associated costs of \$50,000 were deleted for lack of funds from the Performance Action Plan. No additional costs were anticipated in the Plan element.


The program was intended to demonstrate active and effective management of bus operations. It was anticipated that any savings would be reflected in other elements of the Plan.

### 2.2.10 Operating Costs

The original Plan proposed to spend \$50,000 on a cost-reduction study. The cost was reduced to \$15,000 to consolidate existing cost-reduction studies. The decision was made to perform this task in-house and to focus on the Fiscal Year 1988 budget preparation since that is where cost reduction study results potentially could have an impact.

The Performance Action Plan projected \$100,000 in operating cost savings by implementing work already completed in the cost-reduction studies. The savings were to be achieved by using the study results and tools to hold operating costs per revenue service hour to \$69.89 during the six month period.






In its initial assessment of the Plan, Price-Waterhouse, the independent auditors, noted that holding costs per hour to \$69.89 or \$1.61 below budget would produce \$4.9 million in operating cost savings from February through June 1987. During the six month period, the District operated 150,000 revenue service hours over the budgeted level at a cost of \$2.6 million below budget. Thus, while the District operated below budget in Fiscal Year 1987 and at less than \$67.53 per revenue service hour for the six month period, no savings are attributed to this Plan element. However, it must be recognized savings did occur, and to a considerable extent they are the direct result of the District's performance in all Plan element areas.

The Performance Action Plan also projected an operating cost reduction during Fiscal Year 1988 of \$1.0 million to be achieved by reducing the cost per hour to \$70.53. The adopted Fiscal Year 1988 Budget reflects an operating cost per hour of \$69.03 to operate the same level of service as was budgeted in Fiscal Year 1987. At this rate, the savings from the Fiscal Year 1987 budgeted level would be approximately \$6.0 million. Again, no savings in Fiscal Year 1988 in costs per revenue service hour are attributed to individual Plan elements, but this is a positive result of implementing the overall Plan.

#### 2.2.11 Employment Practices

The Plan proposed costs of \$25,000 to develop and assess employment practices and \$100,000 to implement a new recruitment program. The



latter figure was revised to \$50,000 with the cost reductions mentioned above.

The Personnel Department expended only \$10,000 of the \$25,000 to review and assess the District's and other companies' recruiting procedures and to develop and implement a program to monitor and evaluate the quality of new hires. In total, this element was intended to reduce mandatory overtime, the savings of which are included in 2.2.10 above, and to improve the District's hiring practices.

#### 2.2.12 Internal Review and Evaluation by Inspector General

The revised Plan included costs of \$218,000 to staff and house the Office of the Inspector General (OIG). The position of Inspector General was created and filled. The audit function was transferred to the OIG. Space was leased and renovations are almost complete for the OIG's office space. Approximately \$170,000 was spent during the six month period for personnel and supplies. Additional funds have been expended for the lease, refurbishments and furniture. These cannot be totaled until the new office space is occupied sometime in September 1987.

The Plan did not include any cost savings for this element during the six month period. Savings of \$750,000 are projected for Fiscal Year 1988. The Fiscal Year 1988 Budget anticipates that the OIG will be successful in identifying ways to reduce costs through recommendations and findings in audits and investigations.

### 2.2.13 Elderly and Disabled Transportation

The Performance Action Plan did not identify additional costs for this element of the Plan. Cost savings were not anticipated since the intent was to improve the reliability and quality of service to the elderly and disabled. The plan element is related entirely to on street performance and the maintenance and inspection of equipment.

### 2.2.14 Bus Operations in Heavily-Traveled Corridors

The Plan did not identify any significant costs for implementing this element.

No cost savings were identified as a result of completing plans and policies for improved bus operations in the Los Angeles Central Business District. When the plans that are now adopted by the City and the RTD are implemented, there likely will be cost savings that can be identified in 1988 and thereafter.

## 2.3 Summary of Financial Impacts

In summary, the overall costs of implementing the Plan over the six month period were \$764,000, some \$589,000 less than had been estimated in February 1987. The savings resulting from plan implementation amounted to \$2,112,900 or \$757,000 more than was estimated. Thus, the return on investment for the six month period was 176% instead of the 0% as originally estimated.


### 3.0 PERFORMANCE OF THE DISTRICT

For the transit professional or policy maker either inside or outside the RTD, it is important to emphasize that the Performance Action Plan is intended to be an ambitious management program designed to implement corrective actions necessary to overcome problems and issues faced by the District. The measures implemented as a result of the Plan were designed to move the District to an enhanced level of performance as defined by the objectives and standards specified in the Plan contents.

The thrust of the Plan was to recognize, acknowledge, and address recent points of concern and criticism raised by external agencies and the public. The Plan was not intended to include all of the critical success factors associated with RTD operations, nor was it intended to include all significant improvement activities underway at the RTD. Within the Plan contents, certain elements carried a different level of importance to the public, the Board, and the staff. For example, staff travel expenses were not as important as reduction in alcohol and drug abuse or insuring that operators held proper driver's licenses and medical certificates.

#### 3.1 Overall Performance

The overall performance of the District as contained in this report relates to the 13 plan element areas that were implemented as part of the Performance Action Plan. It is important to recognize that full attainment



of all Plan elements should not be interpreted to mean that the RTD is performing successfully in general. Rather, it simply means that the RTD met its objectives in a particular Plan element, which were related to overcoming specific concerns identified in the Plan. Conversely, the failure to meet a stated Plan objective does not imply that the overall operations of the District are performing poorly.

On the following page, Figure 2 shows the composite final report card scores along with scores for each of the six months. It shows the District performed exceedingly well in nine Plan areas, performed above average in one area, and satisfactorily in three areas.

While the aggregate scores have some significance, analysis of the scores and the detail data leads to several important conclusions. First, it is clear that some elements such as absenteeism reduction were implemented quickly and showed meaningful results shortly after they were put in place. Second, other elements took longer to implement, and they showed mixed results for quite some time. For example, the early efforts at safety and accident reduction required enormous additional training of instructors and operators, mobilization, and attention to detail in implementing safety plans and preparing analyses. These efforts began to pay off in the fourth month, but really did not result in significant improvement until the sixth month when on street accidents fell in July from a baseline average of 4.6 to 4.1 accidents per 100,000 miles.

**FIGURE 2  
RTD PERFORMANCE ACTION PLAN  
REPORT CARD**

| ACTION PLAN ELEMENT                                     | GRADE BY MONTH |     |     |     |     |     | COMPOSITE<br>6 MONTH |
|---|----------------|-----|-----|-----|-----|-----|----------------------|
|   | FEB            | MAR | APR | MAY | JUN | JUL |                      |
| 1. TRAVEL AND EXPENSES OF GENERAL MANAGER AND STAFF     | B              | C   | A   | A   | A   | A   | A                    |
| 2. COMPLAINTS AND CORRECTIVE ACTION                     | A              | B   | B   | B   | A   | A   | A                    |
| 3. ACCIDENTS AND SAFETY                                 | C              | C   | C   | B   | B   | A   | C                    |
| 4. ALCOHOL AND DRUG ABUSE                               | A              | F   | A   | A   | A   | A   | A                    |
| 5. DRIVER LICENSING                                     | A              | A   | A   | A   | A   | A   | A                    |
| 6. ABSENTEEISM  | A              | A   | A   | A   | B   | A   | A                    |
| 7. CRIME AND PERCEIVED SAFETY                           | --             | --  | --  | --  | --  | --  | --                   |
| 8. SERVICE QUALITY, CLEANLINESS, AND MAINTENANCE        | F <sup>a</sup> | C   | F   | F   | C   | B   | C                    |
| 9. MANAGEMENT'S EMPHASIS ON CONTROLLING BUS OPERATIONS  | A              | A   | B   | A   | A   | A   | A                    |
| 10. OPERATING COSTS                                     | F              | B   | A   | C   | F   | C   | C                    |
| 11. EMPLOYMENT PRACTICES                                | A              | A   | A   | A   | A   | A   | A                    |
| 12. INTERNAL REVIEW AND EVALUATION BY INSPECTOR GENERAL | A              | A   | A   | A   | A   | A   | A                    |
| 13. ELDERLY AND DISABLED TRANSPORTATION                 | B              | B   | B   | C   | B   | A   | B                    |
| 14. BUS OPERATIONS IN HEAVILY TRAVELLED CORRIDORS       | A              | A   | C   | A   | A   | A   | A                    |

**LEGEND**


|  |              |              |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | <u>Recap</u> | <u>Recap</u> | <u>Recap</u> | <u>Recap</u> | <u>Recap</u> | <u>Recap</u> | <u>Recap</u> |
| A - ALL ASPECTS IN COMPLIANCE          | A-8          | A-6          | A-7          | A-8          | A-8          | A-11         | A-9          |
| B - MOST ASPECTS IN COMPLIANCE         | B-2          | B-3          | B-3          | B-2          | B-3          | B-1          | B-1          |
| C - SOME ASPECTS IN COMPLIANCE         | C-1          | C-3          | C-2          | C-2          | C-1          | C-1          | C-3          |
| F - FEW OR NO ASPECTS IN COMPLIANCE    | F-2          | F-1          | F-1          | F-1          | F-1          | F-0          | F-0          |
| a - Corrected per Report of March 1987 |              |              |              |              |              |              |              |

As might be expected, there were some areas where the District had limited control. For the most part, these areas did not show the desired results. For example, on the demand side of the operating cost equation, the District failed to meet its objective. The cost per passenger carried rose as the farebox revenue declined. This was due primarily to declines in ridership in May through July over the same periods of 1986. However, on the supply side of the cost equation, the cost per revenue service hour, which is controllable by management, was held well below the target. Here the District exceeded its objective.

A tier below the overall level of performance offers a much more appropriate basis for assessing fundamentally how well the District met its objectives and what the results were of that effort. A careful examination of the Plan elements discloses results which fall into three major categories related to (1) the performance of personnel, (2) the performance of the system, and (3) the performance of management. Each of these categories is of considerable significance in assessing the results -- whether positive or negative -- emerging at the conclusion of the Plan.

### 3.2 Elements Measuring Performance of Personnel

In terms of the results or conclusions of performance in the 13 Plan areas, four relate directly to the performance of individuals employed by




the District. Those are the areas of (1) Accidents and Safety, (2) Driver Licensing, (3) Alcohol and Drug Abuse, and (4) Absenteeism. To illustrate, the objectives of the Accidents and Safety Plan element were to implement a safety plan, to develop reports and reporting procedures for control purposes, and to reduce on street accidents by individual operators. The objective of the Alcohol and Drug Abuse element was to reduce the positive tests of individuals for drugs and alcohol. The objective in the Driver Licensing element was to ensure all 6,000 operators and mechanics who drive buses have valid credentials. A second objective was to get operational a computer based system to monitor the driver licenses of all District employees. Finally, the objective of the Absenteeism element was to reduce significantly the absences of individual operators and mechanics.

In each of these Plan elements the performance of individuals -- the operators, the mechanics, the professional staff developing computer programs and the like -- was exceedingly good. All targets were met or exceeded in reducing alcohol and drug abuse, in absenteeism, and in prohibiting any operators without proper credentials from driving buses.

In the area of Accidents and Safety not all targets were met. The District failed to meet its objective on reduction of on street accidents for the six month period. It took longer and more effort was required at the start for






the program to show results. But, if one analyzes the period of the last four months, the objective of 4.4 accidents per 100,000 miles was achieved with some margin to spare. Moreover, the trend is in the right direction with a reduction to 4.1 accidents per 100,000 miles in July 1987.

In these Plan areas the District scored three A's and one C. The individuals working for the District met nearly every one of their performance objectives. In fact, 11 of the 12 major objectives were achieved in these Plan areas.

### 3.3 Elements Measuring Performance of the System

In terms of the performance of the transit system, both on the street and in direct support of that effort, there are five Plan elements which indicate the quality of performance. They include the areas of (1) Complaints and Corrective Action, (2) Service Quality, Cleanliness and Maintenance, (3) Employment Practices, (4) Elderly and Disabled Transportation, and (5) Bus Operations in Heavily Travelled Corridors. In these areas the District scored three A's, one B, and one C.


Certainly one of the better indicators of on street performance is the number of complaints in key areas. Another good indicator is Employment Practices because it measured the reduction in mandatory overtime of operators, which should lead to less driver fatigue and better



performance. Also this indicator measured the number of part time operators available for work, which should lead to a reduction in required overtime and in the percentage of late and cancelled trips. Another area of importance is improving the running time and quality of bus operations in heavily travelled areas, primarily the Central Business District (CBD) of Los Angeles. In each of these areas the District met or exceeded all of its objectives.

In the Plan element of Elderly and Disabled Transportation the key indicators of performance were lift reliability, reduction in failures by operators to have keys available, and availability of working securement straps. In these areas the District met or exceeded its objectives. The District failed the indicator relating to the wrong assignment of buses to accessible lines. In the case of the District's failure to meet the objective, the cause was the shortage of spare accessible coaches. There was no failure on the part of staff in the assignment of buses, but rather the lack of available lift equipped coaches daily to meet service and/or replacement requirements. Thus, non-accessible coaches had to be assigned to accessible lines in a limited number of instances in order to meet the regular service demand on the lines.

Performance in the area of Service Quality showed mixed results throughout the six month period. The District failed to meet the objective of attaining 4,400 miles between road calls despite enormous efforts by maintenance management personnel and mechanics. While the trend was extremely promising from late May through July, the early and prolonged




hot spells in April and May during peak load weeks really precluded achievement of the objective. However, compared to the Fiscal Year 1987 budget objective of 3,300 miles, and the actual number just in excess of 3,300 miles for 1986, it is clear the District is moving in the right direction having achieved an average 4,256 miles between road calls. But, it simply has not yet attained its objective. In terms of one of the service reliability objectives -- reducing the percentage of late and cancelled trips -- the District performed exceedingly well by raising from approximately 97% to 99% the on-time pullout rate of coaches.

On balance, the performance of the District in terms of the system elements showed considerable improvement over the six month period. With complaints significantly down, with the amount of overtime significantly down, with improved service to elderly and disabled persons, with plans being developed with the City for improved operations in the CBD, and with improved pull out rates, most of the indicators show that the service to the public is improving. Not all of the objectives were achieved, and some failures did occur. Continuing attention must be given to each of these indicators if service to the public is to continue to improve over the next fiscal year.

#### 3.4 Elements Measuring Performance of Management

The elements of the Plan which measured the performance of management include (1) Travel Expenses of the General Manager and Staff, (2) Management's Emphasis on Controlling Bus Operations, (3) Operating




Costs, and (4) Internal Review and Evaluation by the Inspector General. In these areas the District scored three A's and one C.

Travel expenses were controlled effectively with the District's objective of a 20% reduction in the travel expenditure rate being exceeded. The actual reduction was 41%.

The area of management's emphasis on bus operations was much more complex. Due to the required elimination of the position of Deputy General Manager, the General Manager had to delegate more to other staff persons and to do more personally. With full support from the leadership of the UTU, special labor-management committees were created in each of the twelve divisions and a policy committee composed of the General Chairman and the Local Chairmen of the UTU and the General Manager, Assistant General Manager for Operations and the Directors of Transportation and Employee Relations. These committees addressed on a continuing basis reduction in absenteeism, schedule improvements, reduction in drug abuse, and other key areas. In addition, special teams were assigned to develop the computer system for monitoring driver's licenses and for manually analyzing operator's credentials until the computer system was fully operational. Finally, the General Manager met on numerous occasions with mechanics, service attendants, and operators individually and in groups at each of the divisions as well as with other staff persons.

The area of Operating Costs proved to be extremely difficult to control, with some successes and some failures. The area is an equation which has both a demand or user side, and a supply or service quantity side. The



demand side of the equation is driven by the monthly ridership on the system which is measured by the revenues received at the farebox. The supply side is measured by the hours of service provided monthly by buses on the street. The District failed the demand side of the Operating Cost element time and again as farebox revenues fell below projections. This, in turn, raised the cost to carry each boarding passenger. On the supply side, which is measured by the cost to provide an hour of bus service on the street, the District did quite well. As is reflected elsewhere, the costs over the six month period were \$67.53 per hour, well below the Plan objective of \$69.89.

The supply side costs per service hour are controllable by management while the demand or user side measures of costs per boarding and farebox recovery ratio are much less under the control of management in the short run. The cumulative effect of the District's efforts in this Plan element and others was quite favorable in that millions of dollars of costs were saved in Fiscal Year 1987. Thus, in Fiscal Year 1988 the same level of service was proposed and is approved to be operated at a cost less than was proposed in Fiscal Year 1987. The trend clearly is in the right direction.

The Office of the Inspector General was created, the Inspector General was hired and began staffing. In addition, the audit activity was expanded. The investigation capacity was put in place and activities got underway. Moreover, audit standards were formalized into written documents, and a formal reporting system for the Inspector General was established.

### 3.5 Summary of Overall Performance

The overall performance of the District as well as the elements measuring performance of individuals, of the system, and of management can be summarized with statements centering around three themes. First, the District made significant progress in most of the Plan elements, but did not achieve all of its objectives. Both successes and failures occurred in key areas. There were many more successes than failures.

As a second theme it is important to recognize that the performance elements are linked to each other, some directly and others indirectly, in ways that often are difficult to understand. They are quite like a series of complex equations. For example, numerous additional actions could have been taken to reduce operating costs, but the effect likely would have been higher absenteeism, reduced service quality, and more complaints. The lesson here is that before actions are taken, it is necessary in all cases to evaluate the interactions and the effects on other plan objectives. Similarly, what is important in evaluating the results is whether or not the anticipated trends moved in the right direction along a broad range of elements, not just simply whether an individual Plan area concluded by meeting the objective or failing to do so.

A final theme is that each of the major categories of effort had one or more problem areas as well as three or more areas of success. Since the problem areas remain to be successfully addressed, it is clear that continuing attention must be devoted to them over the next year if the District is going to deal positively with all the issues and criticisms it faces.

#### 4.0 FUTURE DIRECTIONS

The timing of the Performance Action Plan was unique in that it began seven months into Fiscal Year 1987 and overlapped one month into Fiscal Year 1988. The initial implementation of the Plan began at the same time that the budget preparation process for Fiscal Year 1988 was underway.

As the budget preparation process proceeded from the initial stages toward completion leading to the Fiscal Year 1988 proposed budget, the Performance Action Plan activities began to show results. Both the areas of early success and the areas that initially showed as failures, were available to management staff and supervisors as well as to the persons responsible for preparing the new budget. As a consequence, department heads and managers were encouraged to address in the budget hearings the specific ways they would continue into Fiscal Year 1988 their efforts on the Plan elements for which they had responsibility.

##### 4.1 The Fiscal Year 1988 Budgetary Impacts

The timing of the Plan in regard to the budget preparation process was extremely fortuitous. It was well known that the budget for Fiscal Year 1988 would be extremely tight for the size and diversity of the District's programs to be accomplished during that fiscal year. In addition, there was substantial pressure from the policy makers, other public agencies,



the public, and other affected parties to hold the budget at the lowest possible level of increase while improving overall performance and productivity of the District.

The proposed budget for a 53 week fiscal year totaled \$513,913,000 when it was submitted to the Board for consideration on May 28, 1987. This represented a 2.3% increase over the 52 week Fiscal Year 1987 revised budget which totaled \$502,134,000. As a result of Board review, debate, discussion, and decision making, the adopted Fiscal Year 1988 budget totals \$510,113,000.

The budgetary impact of the Performance Action Plan is best illustrated in Figure 3. It shows that the District was able to budget a reduction in overall costs of \$5,051,000 as a result of the actions, efforts, and mechanisms put into place to implement the Plan. In addition, there was a total reduction in operating costs of \$6,000,000 for Fiscal Year 1988 which are not attributed specifically to a Plan area, but which in large measure result from implementing all of the Plan elements.

The degree to which the Plan had major budgetary impacts is illustrated by the travel and expense element of the Plan. In fact, the Fiscal Year 1988 budget reflects a 19.4% reduction in travel and meetings from the actual Fiscal Year 1987 expenses. Moreover, the District was \$2,800 under

FIGURE 3  
 SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT  
 PERFORMANCE ACTION PLAN  
 FY 1988 SAVINGS

| PLAN ELEMENT   | FY 1988 SAVINGS |             |
|--|-----------------|-------------|
|  | PLANNED         | BUDGETED    |
| 1) TRAVEL EXPENSES OF GENERAL<br>MANAGER AND STAFF         | \$150,000       | \$74,000    |
| 2) COMPLAINTS AND CORRECTIVE<br>ACTION                     | RE              | RE          |
| 3) ACCIDENTS AND SAFETY                                    | \$3,118,500     | \$3,110,000 |
| 4) ALCOHOL AND DRUG ABUSE                                  | \$466,500       | *           |
| 5) DRIVER LICENSING  | \$0             | \$0         |
| 6) ABSENTEEISM   | \$1,080,000     | \$1,117,000 |
| 7) CRIME AND PERCEIVED SAFETY                              | RE              | \$0         |
| 8) SERVICE QUALITY, CLEANLINESS<br>AND MAINTENANCE         | RE              | \$0         |
| 9) MANAGEMENT'S EMPHASIS ON<br>CONTROLLING BUS OPERATIONS  | *               | *           |
| 10) OPERATING COSTS  | \$1,000,000     | **          |
| 11) EMPLOYMENT PRACTICES                                   | \$0             | \$0         |
| 12) INTERNAL REVIEW AND EVALUATION<br>BY INSPECTOR GENERAL | \$750,000       | \$750,000   |
| 13) ELDERLY AND DISABLED<br>TRANSPORTATION                 | \$0             | \$0         |
| 14) IMPROVE BUS OPERATION ON<br>HEAVILY-TRAVELED CORRIDORS | \$0             | \$0         |
| TOTAL  | \$6,565,000     | \$5,051,000 |

\* Included in other Performance Action Plan elements.

\*\* Total reduction in operating costs is \$6.0 million for FY 1988.

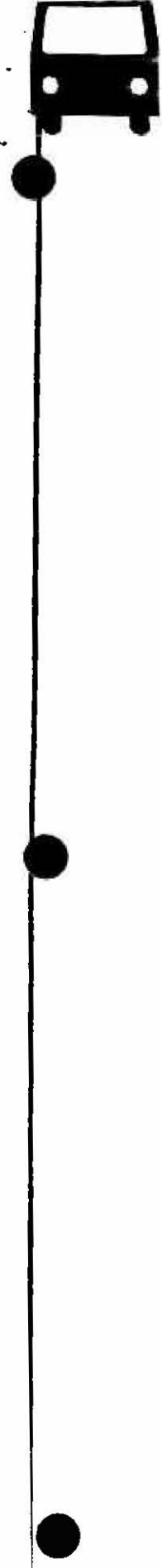
RE: Revenue Enhancement.

the budget for the month of July in travel and expenses after the 19.4% reduction had been adopted. In short, the reduction in overall travel expenses, as well as the costs associated with travel, have been implemented.

A detailed review of Figure 3 shows that as the experience of the District grew with implementation of the Plan, it was necessary to revise downward somewhat the additional savings that could be realized in Fiscal Year 1988. A total of \$5,051,000 in savings was budgeted for Fiscal Year 1988 as opposed to the estimates of February 1987, which concluded that potentially \$6,565,000 could be saved. The elements where savings have been budgeted are shown, as are the amounts, in Figure 3.

#### 4.2 The Fiscal Year 1988 Performance Impacts

The impacts of the Plan on Fiscal Year 1988 performance fall into three categories. They are the impacts associated with improved performance that resulted in budgeted savings of some \$5,051,000 which are discussed above. A second set of impacts relates to the management attention in FY-1988 that will be devoted to plan element areas that must improve to meet the original plan objectives. A third set of impacts related to the reorientation of the management staffs, supervisors, and personnel to achieving across a broader spectrum improved performance and productivity as a continuing objective.



One of the overriding results of the first five months experience with implementing the Plan was the recognition that a number of the Plan element areas would not achieve all of the desired objectives within the time frame. It was clear that the District would fail in achieving a number of the subcategory objectives. It was equally clear that continuing high level priority would have to be assigned to a number of plan elements if the District was going to perform consistently at high levels. Thus, the District has placed a high priority on key plan element areas to insure that high levels of performance are sustained and satisfactory or unsatisfactory levels of the performance are significantly improved in Fiscal Year 1988.


Analysis of the Plan elements led to the conclusion that the District would have to devote considerable attention in Fiscal Year 1988 to improving or sustaining high level performance in the Plan element areas of:

(1) Accidents and Safety, (2) Alcohol and Drug Abuse, (3) Absenteeism, (4) Service Quality, Cleanliness and Maintenance, (5) Operating Costs, and (6) Elderly and Disabled Transportation. These Plan element areas are especially sensitive to change, are difficult to control despite considerable effort, and are key indicators of ongoing District performance. As a result, these Plan elements were incorporated as continuing program activities into the Fiscal Year 1988 budget.

#### 4.3 Management Initiatives

During the course of implementing the Performance Action Plan several management initiatives were developed and implemented. Some related simply to new ways of problem solving, others focused on new communication mechanisms, and a few involved the development of new computer applications. Perhaps the most significant in terms of results was the establishment of joint labor-management committees in each of the divisions, which were composed equally of management persons and persons representing the UTU. In addition, there was a Policy Committee established with the General Chairman and Local Chairmen of the UTU along with the General Manager, Assistant General Manager for Operations, Director of Transportation, and Director of Employee Relations representing the District.


This organizational effort began with a meeting of more than 100 persons on a Saturday morning in March 1987 and has continued with periodic meetings through July and into September. The structure and process established has resulted in enormous improvements in communication and in specific attention devoted to addressing absenteeism, schedules, drug abuse and other problems in the divisions and on a systemwide basis. Much of the success in attacking the absenteeism and drug abuse problems can be attributed to the many hours spent by the leadership of the unions working with management to address these difficult issues.



In a different vein, the District established a team of technical and professional persons to develop the computer system necessary to monitor on a daily basis the credentials of bus operators and mechanics who drive buses. Solving the problem was a unique experience since it involved working directly with the Department of Motor Vehicles personnel, working with two entirely different computer systems with different hardware configurations, and involved a large number of records maintained by the Department of Motor Vehicles.

The results of the effort are that the District today has in place a computer based system for monitoring on a daily basis the exact status of driver's licenses of all District employees. The system is updated daily so that the District has an extremely current set of data. These are two of the examples of internal initiatives that were successfully implemented as part of the Performance Action Plan.

A second set of initiatives emerged from the budgeting process for Fiscal Year 1988. During the budget reviews, and in discussions with various department heads and managers, it became clear that the Plan was being used as a tool by mid and upper management to evaluate performance and to oversee their individual areas of Plan responsibility. It was equally clear, however, that the Plan did not span a broad range of additional activities that the District has ongoing in order to operate and maintain the transit system in the Los Angeles urbanized area.



As a result, the District management elected to move forward with individual departmental performance plans in Fiscal Year 1988 in order to improve performance and productivity within each District department. The preparation of the performance plans began in August and implementation will start in September 1987. The scope of the performance plans goes well beyond those objectives contained in the six-month Performance Action Plan. By institutionalizing the Plan concept, it is quite likely that individual managers will be able to focus and manage against performance and in achieving the fundamental objectives of their departments. In turn, it is hoped that all employees from operators on the street to mechanics servicing buses, to service attendants cleaning buses, to supervisors and managers will strive for improved performance on a daily, weekly, monthly and yearly basis.

As a final initiative, the Plan resulted in new and improved reporting to the Board, public officials, and the public at large. With the implementation of the performance plans for Fiscal Year 1988, the entire reporting system of the District will be consolidated. Instead of numerous reports on individual subject areas occurring on different schedules and at different intervals, the consolidated reporting system will allow monthly and quarterly reports to the Board of Directors which offer a real opportunity to measure overall performance of the District within each reporting period.


## 5.0 CONCLUSION

The Performance Action Plan was a unique experience. It emerged amid criticism and adversity. It represented in its initial stages an aggressive action program to improve performance and public confidence in the District and its ability to deliver effective public transportation service. It is in that context that four important conclusions can be drawn from the six month experience.

As a first major conclusion it is clear that implementation of the Plan was worth the effort. More than \$2,100,000 was saved. The costs were less than \$800,000, and all of the dollars were contained within the existing RTD budget. With a return on investment during the six month period of more than 176%, the cost effectiveness of the Plan implementation is well demonstrated.


As a second major conclusion it is important to note that the District achieved a large number of the objectives contained within the Plan. This should be interpreted to mean that the RTD addressed successfully those concerns as identified in the Plan. It is equally important to acknowledge that the District failed to meet its objectives in some of the Plan elements. In those cases, continuing attention must be devoted to overcoming the problems and achieving the objectives in the Plan.





In the context of the overall Plan a third conclusion is that the District is moving in the right direction, even though not all objectives were attained within the six month period. In several of the areas there were substantial risks involved in that the objectives in the Plan were driven by events and persons over which the District has limited or no control. For example, at least two out of three on street accidents occur as a result of another vehicle striking a bus which happens through no fault of the operator. Similarly, a reduction in absenteeism requires a combination of efforts, some of which are not entirely within the control of District management. Thus, any realistic assessment of the Performance Action Plan as approved by the Board in February 1987 leads one to the conclusion that no one could have reasonably expected the District to achieve within six months all of the objectives identified in the Plan. The fact that as many objectives were achieved as is the case is due primarily to the plain hard work of District employees.

A fourth major conclusion is that the reaction and response of District employees to the Performance Action Plan must be characterized as excellent. Many operators and staff persons worked in off hours with their colleagues to improve individual performance. In addition, there were many staff persons and managers who spent long hours dealing with issues, resolving problems, and striving to improve the performance of their individual departments. Moreover, the response and assistance



provided by the union leadership was excellent. By any standard, the cooperation and commitment of the employees and staff of the District was excellent. It went a long way towards the District achieving the objectives contained in the Plan.

As a final observation, it is clear that additional cost savings can be attained by continuing attention to the issues identified in the Plan. Moreover, performance can be improved over and above that shown in the six month period by continuing attention to the objectives by employees, staff, and management. In terms of the future, it is clear that by formalizing and institutionalizing the performance plan concept and broadening its focus to include additional areas, the performance of the District should continue to improve across a broad range of activity. This is presently being implemented by the District through the preparation of the performance plans for Fiscal Year 1988.

Today, there perhaps is no greater issue in Los Angeles than that of improving mobility on our surface streets and our freeways. The transit system has a major role to play in improving access and mobility of persons. Over the last six months the District has made numerous strides in organizing, deploying, and operating the surface transportation system in a fashion that improves productivity and performance. The work is not completed. Significant progress has been made, and it will continue in the future weeks and months.