

**Metro**

Metropolitan Transportation Authority

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metro.net**PLANNING & PROGRAMMING COMMITTEE**  
February 20, 2008**SUBJECT: FISCAL YEAR 2004-2006 TRIENNIAL PERFORMANCE AUDIT REPORT****ACTION: RECEIVE AND FILE****RECOMMENDATIONS**

- A. Receive and file the Fiscal Year (FY) 2004-2006 Triennial Performance Audit of Los Angeles County Transit Operators and Los Angeles County Metropolitan Transportation Authority (LACMTA) Operations, as summarized in Attachment A; and
- B. Receive and file the FY 2004-2006 Triennial Performance Audit of LACMTA as the Regional Transportation Planning Entity (RTPE), as summarized in Attachment B.

**ISSUE**

TDA provisions under California Public Utilities Code (PUC) Section 99246 require that we conduct an independent performance audit of all Los Angeles County Transit Operators receiving TDA Article 4 and Article 8 funds, as well as operators receiving Proposition A funds instead of TDA funds. The TDA also requires that RTPEs undergo an independent performance audit that focuses particularly on their planning responsibilities. The audit is conducted triennially and we must send a Certificate of Completion to the California Department of Transportation (Caltrans), so that we may receive and allocate TDA and State Transit Assistance (STA) funds for Los Angeles County. Under contract with us, the firm of Booz, Allen and Hamilton independently conducted the required audit.

**BACKGROUND****Audit of Los Angeles County Transit Operators and Metro Operations**

The FY 2004-2006 Performance Audit reviewed all areas that the State mandates. Areas audited were:

- Verification of TDA data collection and reporting requirements;
- Compliance with PUC requirements;
- Progress in implementing prior audit recommendations;

- Review of TDA performance indicator trend analysis; and
- High level functional area performance review.

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

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

In addition, the audit reviewed operators' data submitted for LACMTA's Transit Performance Measurement Program (TPM). LACMTA uses the TPM data to allocate transit subsidy funds to Los Angeles County Transit Operators, including Metro Operations. The recommendations and key findings of the FY 2004-2006 Triennial Performance Audit for Los Angeles County Transit Operators are summarized in Attachment A. All Transit Operators, including Metro Operations, are in full or partial compliance with TDA requirements for Transit Operators. Non-compliance issues for the majority of transit operators and Metro Operations relate to data collection and reporting. All Transit Operators have addressed prior performance audit recommendations. In addition, while operators have kept their cost of service delivery within inflation, the fare box recovery ratio has declined countywide.

#### Audit of LACMTA as the RTPE

The FY 2004-2006 Performance Audit of LACMTA as the RTPE also reviewed all areas that the State mandates. Areas audited were:

- Progress in implementing prior audit recommendations;
- Compliance with PUC requirements; and
- Functional review of areas relevant to LACMTA's role as the RTPE.

### Prior Year Audit Recommendation

The prior audit of LACMTA as the RTPE offered five recommendations for consideration. One recommendation regarding expanding Metro Rapid bus has been implemented. Three recommendations dealing with PUC Administration, data collection and reporting and clarification of planning and Metro Operations roles, have been partially implemented. Remaining elements have been included in the current audit's recommendations. A previous recommendation to develop a countywide transportation performance reporting program has not been implemented and is also carried forward as a recommendation of this audit.

### Compliance

Of 15 PUC requirements for RTPEs that apply specifically to LACMTA, we are in full compliance with 14, including Calderon. LACMTA is in partial compliance with one, namely although LACMTA effectively manages the TDA claim process, the criteria and guidelines for submission of claims have not been updated since 1990.

### Performance Results for LACMTA as the RTPE

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

- ▶ *Growth in federal funding and programming responsibilities* – Los Angeles County received over \$1 billion in new funds with the passage of the federal Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU), including \$530 million for highway programs and \$499 million for mass transit. Some existing federal and state funding programs increased in complexity and reporting requirements.
- ▶ *Assessing new corridor investments* – As a result of Board direction, LACMTA refocused efforts on studying new corridor investments such as the Wilshire Bus Rapid Transit (BRT), Orange Line extension, the Crenshaw-Prairie Corridor, the Eastside Transit Corridor (Phase II), the Regional Connector and the Westside Extension of the Red Line.
- ▶ *Improved coordination with external partners* – LACMTA partners throughout the region reported benefits from LACMTA leadership and participation in a broad number of regional integration programs including EZ transit pass, Metro Connections, TAP, service integration and coordination, joint passenger amenities, public outreach, and funding applications.
- ▶ *Expansion of innovative services and technologies* – LACMTA has been a leader and participant in innovative service offerings such as Metro Rapid, the Orange Line BRT, Advanced Transportation Management Systems (ATMS), automated passenger counting, smart cards, and advanced information technology solutions.

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

- Implement additional administrative actions to further strengthen and improve compliance;
- Assess and evaluate the effectiveness of the Transit Performance Measurement (TPM) program and the Formula Allocation Procedure and recent changes to them;
- Establish a countywide transit performance reporting program; and
- Evaluate staff resources in Countywide Planning and Development and opportunities that would help the agency keep pace with changing needs and workloads.

The recommendations and key findings of the FY 2004-2006 Triennial Performance Audit for LACMTA as the RTPE are summarized in Attachment B.

### **NEXT STEPS**

As required by PUC Section 99246, we will transmit the FY 2004-2006 Triennial Performance Audit to the State of California Department of Transportation (Caltrans). We will report on the progress of the audit recommendations to the Board of Directors annually.

### **ATTACHMENTS**

- A. FY 2004-2006 Performance Audit Executive Summary of Transit Operators and Metro Operations
- B. FY 2004-2006 Performance Audit Executive Summary of the LACMTA as the RTPE

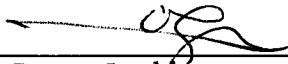
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# **Triennial Performance Audits – Executive Summary**

## **LACMTA & Sixteen Included and Eligible Operators**

Prepared by

**Booz | Allen | Hamilton**

in association with

**Frank Cardenas & Associates, Matt & Associates,  
Nancy Whelan Consulting, Schafer Consulting**

**Los Angeles, CA  
January 2008**



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# Agenda

- ▶ **Audit Scope**
- ▶ **METRO Transit Operations**
  - Compliance Findings
  - Performance Trends
  - Recommendations
- ▶ **Municipal Operators**
  - Compliance Findings
  - Performance Trends
  - Recommendations
- ▶ **Countywide Summary**

## **Performance audits are required for continued receipt of TDA funds**

- ▶ The audit covers the period July 1, 2003 through June 30, 2006 (FY04-FY06)
- ▶ The audit scope meets State requirements:
  - Progress to implement prior audit recommendations
  - Compliance with PUC requirements
  - Efficiency, effectiveness, and productivity of operations
- ▶ The audit also reviews the results of the Transportation Performance Measurement (TPM) Program
- ▶ Audits were conducted for Metro Operations and the 16 transit operators that are included in the Formula Allocation Program (FAP)



# **METRO Operations**



## **Metro Operations is in compliance with TDA requirements for transit operators**

- ▶ Metro Operations is in compliance with all PUC requirements regarding report submittals, CHP compliance, TDA claims, vehicle operation, budget growth, farebox recovery, fully funded retirement system, private contracting, and use of federal funds
  - Metro's farebox recovery ratio improved from 26.9% in FY00 to 27.2% in FY03 and then dropped to 26.7% in FY06
- ▶ Metro Operations demonstrated progress in addressing three prior performance audit recommendations:
  - Data reporting has become more consistent and accurate across both financial and operating statistics, though additional efforts are recommended
  - The creation of the service sectors brought decision making to the local level and improved communication with the municipal operators regarding service coordination
  - Metro has not yet fully established a process for determining the impact of new technologies and systems on transit system performance

## Metro showed positive performance in all TDA performance indicators

- ▶ Metro's system-wide TDA performance trends demonstrate stable cost efficiency and effectiveness, with cost per hour and per passenger growing less than CPI
- ▶ Service productivity improved as ridership increased more rapidly than service growth
- ▶ Employee productivity also improved over the period

Verified TDA Statistics & Performance Indicators	Base Year FY03	Audit Review Period		% Change FY03-FY06	
		FY04	FY05		FY06
Operating Costs (a)	\$ 909,847,623	\$ 893,042,692	\$ 978,400,076	\$ 1,051,148,010	15.5%
Unlinked Passengers	429,804,232	393,598,140	451,493,232	482,816,155	12.3%
Vehicle Service Hours	7,874,992	7,197,189	8,090,866	8,206,255	4.2%
Vehicle Service Miles	102,579,398	96,407,197	106,492,075	106,776,010	4.1%
Employee FTEs (b)	9,085	8,248	8,975	9,006	-0.9%
Operating Cost Per Vehicle Service Hour	\$115.54	\$124.08	\$120.93	\$128.09	10.9%
Operating Cost Per Passenger	\$8.87	\$9.26	\$9.19	\$9.84	11.0%
Passengers Per Vehicle Service Hour	54.6	54.7	55.8	58.8	7.8%
Passengers Per Vehicle Service Mile	4.2	4.1	4.2	4.5	7.9%
Vehicle Service Hours per Employee FTE (c)	812.6	815.6	849.9	857.5	5.5%
Percentage Change					
Consumer Price Index		2.4%	4.1%	5.0%	11.8%

Source: National Transit Database reports for FY03 through FY06

(a) Operating costs exclude depreciation, charter service and vehicle lease costs

(b) Employee work hours for directly operated service / 2,000 hours

(c) Measure calculated for directly operated service only



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## Metro fixed-route bus performance (directly-operated and contracted)...

- ▶ Cost per hour and per passenger remained well within CPI growth over the audit period
- ▶ Service productivity improved as ridership growth outpaced the growth in service levels
- ▶ Employee productivity increased as employee FTEs declined

Verified TDA Statistics & Performance Indicators	Base Year FY03	Audit Review Period			% Change FY03-FY06
		FY04	FY05	FY06	
Operating Costs (a)	\$744,313,207	\$715,559,644	\$775,904,362	\$841,209,949	13.0%
Unlinked Passengers	366,240,007	329,875,318	377,250,255	400,518,270	9.4%
Vehicle Service Hours	7,324,932	6,622,011	7,481,702	7,604,175	3.8%
Vehicle Service Miles	89,810,284	83,204,813	92,510,412	92,862,301	3.4%
Employee FTEs (b)	7,937	7,102	7,676	7,704	-2.9%
Op. Cost Per Vehicle Service Hour	\$101.61	\$108.06	\$103.71	\$110.62	8.9%
Op. Cost Per Passenger	\$2.03	\$2.17	\$2.06	\$2.10	3.3%
Passengers Per Vehicle Service Hour	50.0	49.8	50.4	52.7	5.3%
Passengers Per Vehicle Service Mile	4.08	3.96	4.08	4.31	5.8%
Veh Service Hours Per Employee FTE	860.9	866.3	914.4	924.3	7.4%
Percentage Change					
Consumer Price Index (CPI-U)	-	2.4%	4.1%	5.0%	11.8%

Source: National Transit Database Reports for FY03 - FY06

(a) Operating costs exclude depreciation, charter, vehicle lease costs

(b) Employee work hours / 2,000

## Metro light rail performance...

- ▶ Light rail cost efficiency and effectiveness indicators declined as operating costs grew more rapidly than both service levels and ridership, and exceeded the growth in the CPI
- ▶ Service productivity improved with ridership increasing more rapidly than service levels

Verified TDA Statistics & Performance Indicators	Base Year FY03	Audit Review Period			% Change FY03-FY06
		FY04	FY05	FY06	
Operating Costs (a)	\$86,200,054	\$111,654,283	\$126,122,804	\$132,396,781	53.6%
Unlinked Passengers	31,869,211	32,852,456	37,970,291	42,020,840	31.9%
Vehicle (Car) Service Hours	286,150	336,756	350,412	345,265	20.7%
Vehicle (Car) Service Miles	6,782,590	7,803,697	8,114,220	8,046,518	18.6%
Employee FTEs (b)	652	745	836	846	29.8%
Op. Cost Per Vehicle Service Hour	\$301.24	\$331.56	\$359.93	\$383.46	27.3%
Op. Cost Per Passenger	\$2.70	\$3.40	\$3.32	\$3.15	16.5%
Passengers Per Vehicle Service Hour	111.4	97.6	108.4	121.7	9.3%
Passengers Per Vehicle Service Mile	4.70	4.21	4.68	5.22	11.1%
Veh Service Hours Per Employee FTE	439	452	419	408	-7.0%
Percentage Change Consumer Price Index (CPI-U)	-	2.4%	4.1%	5.0%	11.8%

Source: National Transit Database Reports for FY03 - FY06

(a) Operating costs exclude depreciation, charter, vehicle lease costs

(b) Employee work hours / 2,000



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## Metro heavy rail performance....

- ▶ Cost increases combined with lower service levels resulted in a decline in cost efficiency, with cost per hour exceeding the CPI. Cost effectiveness improved with the growth in ridership
- ▶ Ridership growth, combined with the drop in service levels, also yielded significant improvement in service effectiveness

Verified TDA Statistics & Performance Indicators	Base Year FY03	Audit Review Period		% Change FY03-FY06	
		FY04	FY05		FY06
Operating Costs (a)	\$67,100,014	\$65,828,765	\$76,372,912	\$77,541,280	15.6%
Unlinked Passengers	31,695,014	30,870,366	36,272,686	40,277,045	27.1%
Vehicle (Car) Service Hours	263,910	238,422	258,752	256,815	-2.7%
Vehicle (Car) Service Miles	5,986,524	5,398,687	5,867,443	5,867,191	-2.0%
Employee FTEs (b)	496	402	463	456	-8.1%
Op. Cost Per Vehicle Service Hour	\$254.25	\$276.10	\$295.16	\$301.93	18.8%
Op. Cost Per Passenger	\$2.12	\$2.13	\$2.11	\$1.93	-9.1%
Passengers Per Vehicle Service Hour	120.1	129.5	140.2	156.8	30.6%
Passengers Per Vehicle Service Mile	5.29	5.72	6.18	6.86	29.7%
Veh Service Hours Per Employee FTE	532	594	558	563	5.9%
Percentage Change Consumer Price Index (CPI-U)	-	2.4%	4.1%	5.0%	11.8%

Source: National Transit Database Reports for FY03 - FY06

(a) Operating costs exclude depreciation, charter, vehicle lease costs

(b) Employee work hours / 2,000



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## **Five recommendations are offered for Metro Operations**

- ▶ Recommendation 1: Develop and implement a contingency plan to address a possible shortage of Train Operators
- ▶ Recommendation 2: Examine responsibilities and resources for operator management at divisions
- ▶ Recommendation 3: Re-evaluate overall bus and rail service levels
- ▶ Recommendation 4: Establish a process to determine the impact on transit system performance from major technological improvement initiatives (continued from prior audit)
- ▶ Recommendation 5: Examine financial and performance data collection and reporting processes to ensure more complete and accurate reporting (continued from prior audit)

# **| Municipal Operators**





## **The Municipal Operators are generally in compliance with TDA requirements, but data collection and reporting could be improved**

- ▶ Municipal Operators are in compliance with all PUC requirements regarding report submittals, CHP compliance, TDA claims, vehicle operation, budget growth, farebox recovery, fully funded retirement system, private contracting, and use of federal funds
  - The average farebox recovery ratio declined from 26.9% in FY00 to 25.5% in FY03 and 22.6% in FY06
  - During this audit period, several operators reported farebox recovery ratios below the PUC requirement of 20%, and made up the difference with Local Return subsidies
- ▶ Most Municipal Operators have addressed prior audit recommendations
- ▶ Data collection and reporting continues to be an issue of concern, particularly with respect to collection and reporting of TPM data. LACMTA simplified the TPM reporting process in FY05, which should contribute significantly to improved operator compliance over the next audit period. However, TDA reporting of FTEs has also been problematic

# Municipal Operators showed positive performance on TDA indicators

- ▶ Across the included and eligible operators (excluding Metro Operations), both ridership and service levels increased
- ▶ However, the growth in operating costs outstripped the increases in ridership and service levels. As a result, cost efficiency (cost per hour) and cost effectiveness (cost per boarding) indicators exceeded the growth in the CPI
- ▶ Because ridership growth exceeded and service levels increases, service effectiveness improved

Verified TDA Statistics & Performance Indicators	Base Year FY03	Audit Review Period			% Change FY03-FY06
		FY04	FY05	FY06	
Operating Costs (a)	\$ 259,941,312	\$ 276,466,696	\$ 293,499,673	\$ 313,566,114	20.6%
Unlinked Passengers	122,773,625	127,658,931	127,508,772	130,474,505	6.3%
Vehicle Service Hours	3,894,591	4,024,109	4,098,979	4,087,646	5.0%
Vehicle Service Miles	52,159,759	53,973,035	53,831,547	53,884,424	3.3%
Cost Per Hour	\$66.74	\$68.70	\$71.60	\$76.71	14.9%
Cost Per Passenger	\$4.98	\$5.12	\$5.45	\$5.82	16.8%
Passengers Per Hour	31.5	31.7	31.1	31.9	1.3%
Passengers Per Mile	2.4	2.4	2.4	2.4	2.9%
Percentage Change Consumer Price Index		2.4%	4.1%	5.0%	11.8%

Source: National Transit Database reports for FY03 through FY06  
(a) Operating costs exclude depreciation, charter service and vehicle lease costs



## **EZ transit pass boardings and reimbursements were reviewed for compliance with program guidelines**

- ▶ The EZ transit pass program grew significantly from FY04 through FY06: EZ transit pass operators grew from 13 to 23 (14 are included in the TDA audits)
  - Pass sales doubled, from \$8 million in FY04 to \$16.1 million in FY06
  - Boardings grew 60%, from 9 million in FY04 to 14.4 million in FY06
- ▶ The EZ transit pass *Guidelines* stipulate methodologies for recording boardings and calculating average fares for reimbursements:
  - Operators are in compliance with requirements for tracking and reporting boardings
  - For operators that were not in compliance with the requirements for calculating average fares, recommendations were provided to ensure compliance
- ▶ It was difficult to obtain average fares and the back-up data used to calculate them. LACMTA may wish to consider including the average fares on the TPM reports and verifying them annually
- ▶ The assessment reviewed only 14 of the 23 operators that are part of the EZ transit pass program. Boardings and reimbursement rates should be reviewed for all 23 operators
- ▶ If excess revenue is available in the EZ transit pass account, LACMTA may wish to consider developing another Countywide fare instrument (e.g., a Countywide day or bi-monthly pass)

# Operator recommendations focus particularly on data collection and reporting, efficiency and effectiveness, and service planning

	Torrance			X			X
	Santa Monica			X		X	X
	Santa Clarita	X		X			
	Redondo Beach			X			X
	Norwalk			X		X	X
	Montebello	X			X		X
	Metro Operations	X		X		X	X
	Long Beach					X	
	La Mirada			X		X	
	LADOT	X		X		X	
	Gardena		X	X			
	Foothill	X					
	Culver City			X			X
	Commerce			X	X		X
	Claremont	X		X			
	Arcadia		X				
	Antelope Valley	X					
Service Planning							
Fare Revenue							
Data Collection & Reporting							
Cost Allocation							
Performance Measurement							
Other Efficiency & Effectiveness Impacts							

Note: Xs reflect recommendations made in each focus area



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# Countywide Performance

## Countywide, transit experienced positive performance trends

- ▶ Countywide, operators controlled the growth in cost per hour, holding it to less than the 11.8% CPI growth
- ▶ Cost effectiveness (cost per passenger) grew just slightly more than the CPI, countywide, as a result of controlling costs and increasing ridership
- ▶ Ridership increases resulted in improved service effectiveness

Audit Period Growth (% Change, FY03-FY06)	Metro Bus	Metro Rail	Other Included & Eligible Operators	Countywide Average
Operating Costs	13.0%	36.9%	20.6%	16.7%
Unlinked Passengers	9.4%	29.5%	6.3%	11.0%
Vehicle Service Hours	3.8%	9.5%	5.0%	4.5%
Vehicle Service Miles	3.4%	9.0%	3.3%	3.8%
Operating Cost Per Vehicle Service Hour	8.9%	25.1%	14.9%	11.7%
Operating Cost Per Passenger	3.3%	5.8%	16.8%	12.4%
Passengers Per Vehicle Service Hour	5.3%	18.3%	1.3%	6.3%
Passengers Per Vehicle Service Mile	5.8%	18.8%	2.9%	6.9%

Source: National Transit Database reports for FY03 through FY06



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# **Triennial Performance Audit – Executive Summary**

## **Audit of LACMTA as the Regional Transportation Planning Entity (RTPE)**

Presented by

**Booz | Allen | Hamilton**

in association with

**Frank Cardenas & Associates, Matt & Associates,  
Nancy Whelan Consulting, Schafer Consulting**

Los Angeles, CA  
January 2008

## **Performance audits are required for continued receipt of TDA funds**

- ▶ The RTPE audit is the state-mandated independent audit of LACMTA's regional planning responsibilities as the Regional Transportation Planning Entity (RTPE)
- ▶ The RTPE audit scope meets state requirements:
  - PUC compliance findings
  - Progress to implement prior audit recommendations
  - Functional area performance review
  - Recommendations
- ▶ This audit covers the period from July 1, 2003 through June 30, 2006 (FY04-FY06)



## **LACMTA is generally in compliance with PUC requirements for RTPES**

- ▶ Of 15 PUC requirements that apply to LACMTA as the RTPE, LACMTA is in full compliance with 14, including Calderon, and in partial compliance with one:
  - Although LACMTA effectively manages the TDA claim process, the criteria and guidelines for submission of claims have not been updated since 1990, despite legislative and changes
- ▶ The prior audit offered five recommendations for LACMTA's consideration:
  - A recommendation that would leverage the success of the Rapid Bus program has been implemented
  - Three recommendations related to PUC administration, data collection and reporting, and clarification of Planning and Metro Operations roles and responsibilities were partially implemented. Aspects of these recommendations are carried forward in the current audit's recommendations
  - A recommendation to develop a countywide transportation performance reporting program has not been implemented and is carried forward as a recommendation of this audit

## **LACMTA contributed significantly to the region by executing its planning, funding, partnership and service implementation roles**

- ▶ **Growth in federal funding and programming responsibilities** – Los Angeles County received over \$1 billion in new funds with the passage of SAFETEA-LU, including \$530 million for highway programs and \$499 million for mass transit. Some existing federal and state funding programs increased in complexity and reporting requirements
- ▶ **Assessing new corridor investments** – As a result of Board direction, LACMTA refocused efforts on studying new corridor investments such as the Wilshire BRT, Orange Line extension, the Crenshaw-Prairie Corridor, the Eastside Transit Corridor (Phase II), the Regional Connector and the Westside Extension of the Red Line
- ▶ **Improved coordination with external partners** – LACMTA partners throughout the region reported benefits from LACMTA leadership and participation in a broad number of regional integration programs including EZ Transit Pass, Metro Connections, TAP, service integration and coordination, joint passenger amenities, public outreach, and funding applications
- ▶ **Expansion of innovative services and technologies** – LACMTA has been a leader and participant in innovative service offerings like Metro Rapid, the Orange Line BRT, Advanced Transportation Management Systems (ATMS), automated passenger counting, smart cards, and advanced information technology solutions



## **LACMTA's planning responsibilities include programming funding for transportation programs in Los Angeles County**

- ▶ CP&D programs federal, state and local funds to improve mobility and promote innovative and comprehensive transportation programs throughout Los Angeles County, including bikeways, pedestrian facilities, local road improvements, bus and rail transit, goods movement, demand management, ITS, and highway improvements
- ▶ During the prior audit period and continuing into this one, transportation funding was constrained by delays in reauthorizing federal funding and suspension of gasoline sales tax revenues for transportation. Funding is improving and in FY06, LACMTA estimated that \$22 billion would be available for FY05-FY09
- ▶ Over \$0.5 billion are programmed annually to jurisdictions, transit operators, and Metro Operations for transit operations and capital programs. Funds for LACMTA to administer, plan and program TDA, Prop A and Prop C dollars are also allocated
- ▶ Recent revisions to the Formula Allocation Procedure will improve access to funds and facilitate Metro Connections, help offset the impact of fuel price increases, and address concerns about declining trends in farebox recovery ratios

## **With expiration of the Consent Decree, opportunities to restructure service and fares can address the deficit and improve service**

- ▶ Service Planning led a major restructuring of the regional bus system, with the goals of achieving greater service efficiency and unit cost reductions, while providing faster, better coordinated service. Metro Operations staff worked in partnership with the other transit providers, the cities and the public to improve regional mobility and connectivity through the Metro Connections strategy
- ▶ LACMTA also implemented phased fare restructuring. In January 2004, the base fare was reduced and a day pass was introduced. In July 2007, weekly, monthly, and EZ Transit pass prices were increased, and the semi-monthly pass was eliminated. In July 2009, cash fares and pass prices are scheduled to increase
- ▶ The Board adopted a Financial Stability Policy in January 2007 to ensure that LACMTA prudently manages its financial affairs, establishes appropriate cash reserves, sets limits on the level of debt that may be incurred, and establishes business targets. The Policy provides guidance for the 10-Year Forecast, the Long Range Plan and annual budgets.

## Funding has improved, but challenges remain for planning and implementing programs

- ▶ Maintaining and asserting the clear definition and separation of responsibilities between Metro Operations, Finance and CP&D is important to the perception of LACMTA's neutrality and fairness in administering regional funds to all claimants and all modes
- ▶ Additional funding (reauthorization of federal funds, release of State funds) has created more work for CP&D, but is complicated by difficulties filling Planning positions. In June 2007, the Board added staff to work on a number of studies they had requested, but vacancies continue to be a problem
- ▶ An annual *State of Transportation in Los Angeles County* that demonstrates countywide performance against goals and objectives and identifies areas where improvements have been achieved, and on-going challenges and the reasons for them, would help stakeholders understand the County's transportation successes, on-going needs, and areas for further focus



## **Four recommendations are offered for LACMTA's consideration as the RTPE**

- ▶ Implement additional administrative actions to further strengthen and improve compliance with State PUC and California Administrative Code requirements for TDA and STA administrative functions by:
  - Updating guidelines/criteria for analyzing and evaluating claims
  - Separating LACMTA claimant functions as operator from oversight functions as RTPE
- ▶ Assess and evaluate the effectiveness of the Transit Performance Measurement (TPM) program and the Formula Allocation Procedure (FAP) and recent changes to them
- ▶ Establish a countywide transportation performance reporting program
- ▶ Evaluate staff resources in CP&D and opportunities that would help the agency keep pace with changing needs and workloads