

Transit Performance Audit Report Briefing, Part 1

King County Auditor's Office

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Government Accountability and Oversight Committee

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Thank You

We appreciate the assistance and cooperation of Transit leadership, management, and staff.

Transit committed a great deal of time and effort to this project and were professional and responsive.

Transit Audit General Findings

- Transit has put a strong emphasis on service quality, high ridership, regional mobility, and operator working conditions. Although Transit considers cost efficiency, there is less focus in this area.
- Transit's economic environment has shifted resulting in less revenue.
- We found many opportunities to increase Transit efficiency, generate revenues, and improve effectiveness.
- Our recommendations will take time and resources to implement and savings will be realized over time.

Areas of Discussion

1. Service Development
2. Trolley Replacement Cost Alternatives
3. Fare Policy and Revenue
4. Capital Planning
5. Financial Planning Recap

Estimated Fiscal Impacts

This table should not be understood to be an amount that could be removed from Transit's budget without impacting service.

	Annual Cost Savings	Opportunities for Increased Annual Revenue	One Time Fund Balance Available
1. Service Development	\$16 to \$23 million		
2. Trolley Replacement	\$8.7 million		
3. Fare Strategies		Up to \$51 million	
4. Capital Planning	Unquantified		
5. Financial Planning			\$105 million

1. Service Development

Key Findings:

- Transit has put a strong emphasis on dependable, timely service, and operator working conditions.
- This focus has come at a cost. There are opportunities for efficiencies and cost savings.
- Efficiencies could save \$16 to \$23 million per year.
- Savings would be realized incrementally with full savings one year after full implementation of recommended tools.

1. Service Development (continued)

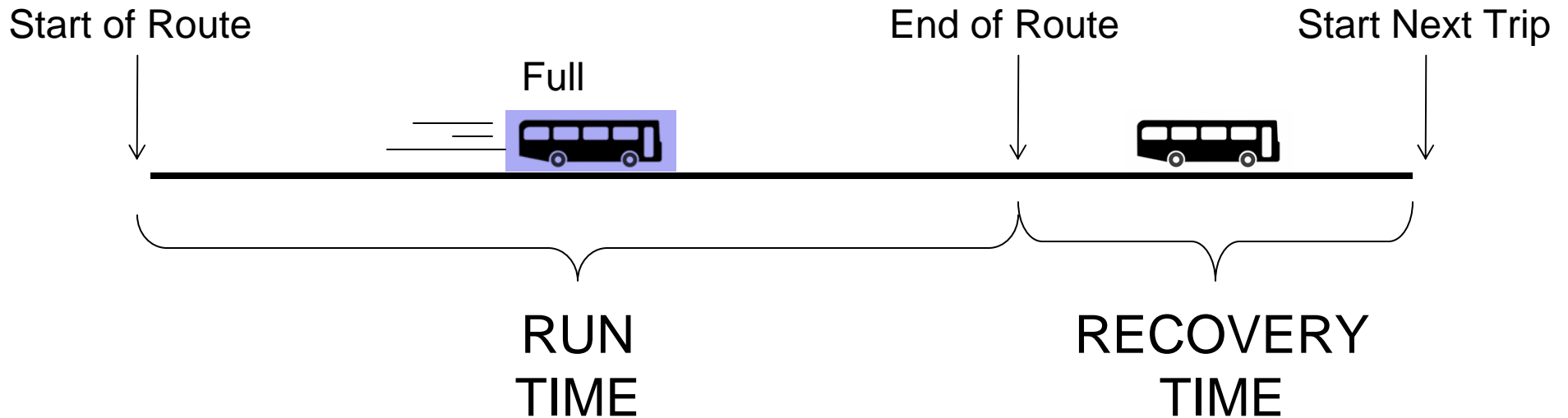
Recommendations:

- Develop a plan to implement recommended scheduling efficiency tools.
- The plan should identify targets and propose a timeline.
- Two years is an aggressive but reasonable implementation timeline.

1. Service Development (continued)

Round trip cycle time analysis could reduce amount of time the bus waits at the end of trips.

ROUND TRIP CYCLE TIME



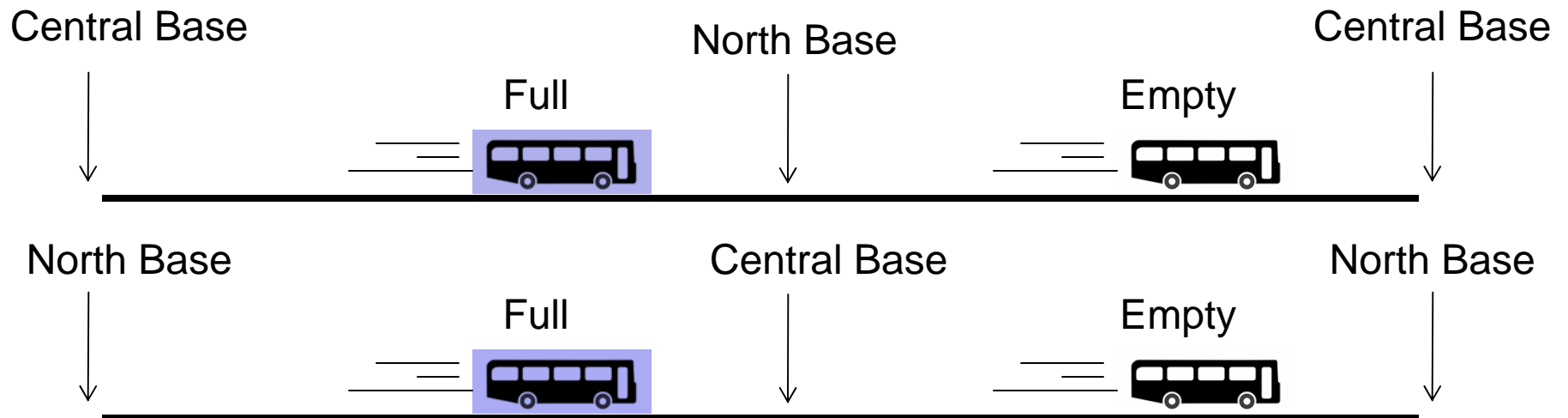
Annual Savings: Up to \$19 million

Transit Average Recovery	29.2%
Other Agency Average Recovery	21.3%

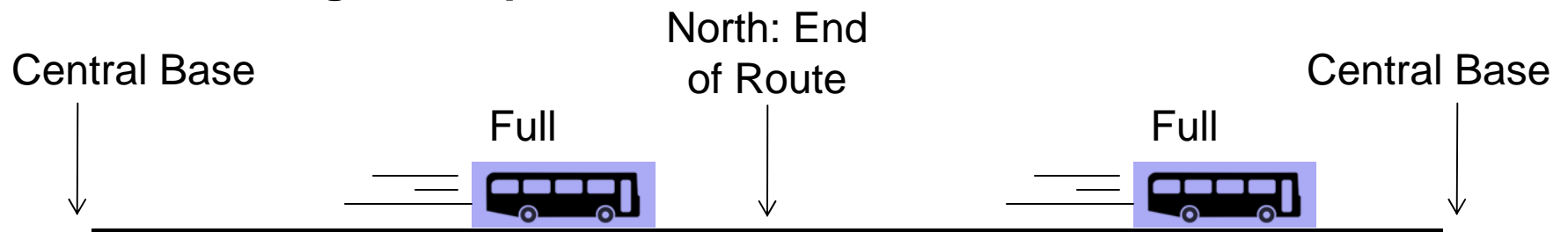
1. Service Development (continued)

Reviewing the system as a whole could identify opportunities for efficiencies.

Two buses handling two trips:



One bus handling two trips:

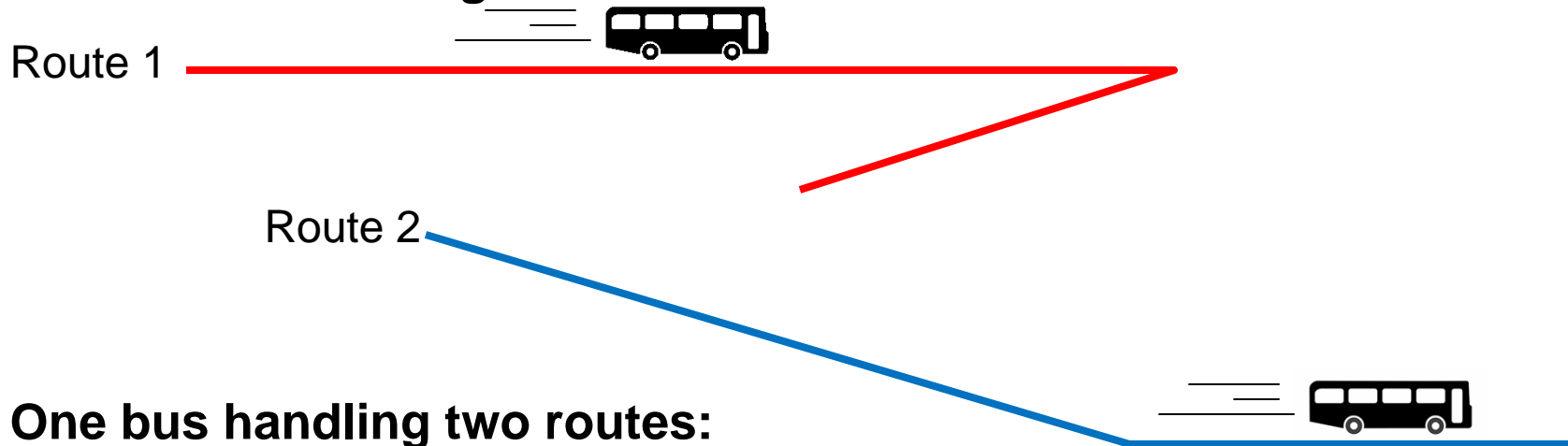


Annual Savings: \$3.7 million

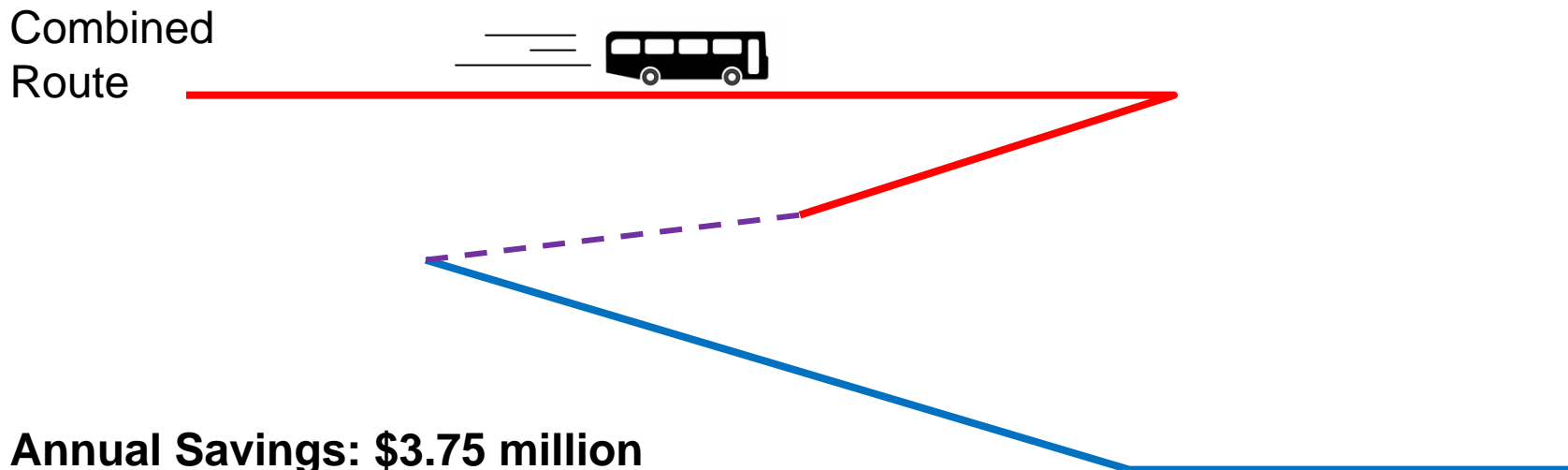
1. Service Development (continued)

Using scheduling software to assign buses to trips can identify efficiencies.

Two buses handling two routes:



One bus handling two routes:



2. Trolley Replacement Cost Alternatives

	Technology	Viability for 2014 Replacement	Annual Bus Fleet Cost	Examples of Non-Financial Factors
Trolley	Electric and overhead wires	Available	\$31.2 million	Overhead Wire
Hybrid	Electric and diesel	Available	\$22.6 million	Tailpipe Emissions, Noise
Fuel Cell	Hydrogen fuel cell	Technical, cost and range challenges	\$63.1 million	
All Battery	Chemical energy in battery packs	Technical and commercial challenges	\$32.4 million	

3. Fare Policy and Revenue

Depending on policy decisions, up to \$51 million could be generated in fare revenues.

Key Findings:

- Transit has not adopted fare policy goals.
- Transit's OR/OE ratio includes non-fare revenues.
- Opportunities exist to increase revenues and achieve other fare objectives through changes to fare policies.
- In comparison to peers, Transit's fare discounts are unusually generous.

Recommendations:

- Develop, propose, and use fare policy goals.
- Define and monitor farebox recovery ratio.
- Consider using fare policy to generate revenue for operations.
- Consider discounts in line with peers, peg discounts to base fares.

4. Capital Planning

Key Findings:

- Economic replacement analysis is not used to determine the most cost-effective point to replace vehicles.
 - Transit spends \$96 million per year buying vehicles and \$94 million per year maintaining them.
- Progress has been made implementing recommendations from previous audits, however, more can be done.

Recommendations:

- Economic vehicle replacement analysis.
 - E.g. a bus may be replaced at 12 years even if it has 2 more years of useful life.
- Economic Analysis and Asset Management Improvements.

5. Financial Planning Recap

Key Findings:

- \$105 million one-time money available from fleet fund.
- Financial planning has been conservative and prudent and substantially complies with guidance.
- Financial policies reflect an environment that has changed.
- Most forecasting has been accurate, but there has been over projection of capital spending and under projection of grant revenues.

Recommendations:

- Develop a plan to reduce fleet replacement fund balance.
- Provide an enhanced financial model to decision-makers.
- Review and update financial policies.
- Improve forecasts for capital grant revenue and capital expenditures.

Summary

Key Findings:

We found many opportunities to increase Transit's efficiency, generate revenues, and improve effectiveness.

Key Recommendations:

Transit should implement service efficiency tools.

Costs in trolley replacement should be weighed.

Fare revenue options should be considered.

Transit should fully plan capital expenditures and analyze capital data.

Transit should improve financial planning.

Fiscal Impacts:

Up to \$31.7 million in annual savings

Up to \$51 million in increased revenue

\$105 million in one-time savings

Topics for September 15

1. Common Themes: Planning and Analysis
2. Staffing
3. Paratransit
4. Vehicle Maintenance
5. Ridership Data
6. Emergency Customer Communications