

EXECUTIVE SUMMARY

This executive summary highlights the findings from the performance audit of the Golden Gate Bridge, Highway and Transportation District (GGBHTD). In California, a performance audit must be conducted every three years of any transit operator receiving Transportation Development Act (TDA) Article 4 funds, to determine whether the operator is in compliance with certain statutory and regulatory requirements, and to assess the efficiency and effectiveness of the operator's services.

GGBHTD operates bus service under the banner of Golden Gate Transit (GGT). GGBHTD also operates Golden Gate Ferry service between San Francisco and Marin County (Larkspur and Sausalito). GGBHTD provides ADA complementary paratransit through an agreement with the Marin County Transit District (MCTD). The audit covers the period of fiscal years 2003 through 2005 (from July 1, 2002 through June 30, 2005).

Performance Audit and Report Organization

This performance audit consisted of two discrete steps:

1. Compliance Audit – Activities in this phase included:
 - an overview of data collection and reporting procedures for the five TDA performance indicators;
 - analysis of the TDA indicators; and
 - a review of compliance with selected state Public Utilities Code (PUC) requirements.

2. Audit Survey – Activities in this phase included:
 - a review of actions to implement the recommendations from the prior performance audit;
 - identification, documentation and evaluation of goals and objectives;
 - calculation and evaluation of performance indicator trends; and
 - findings, conclusions, and the formulation of recommendations.

During the conduct of the performance audit, an interim report was prepared to present the findings and conclusions of the compliance audit. A draft audit report covering the entire audit also was prepared. Comments received from GGBHTD and MTC staff have been incorporated into the Final Audit Report. Highlights from the key activities are presented in this executive summary.

Compliance Audit

Review of TDA Data Collection and Reporting Methods - The purpose of this review is to determine if GGBHTD is in compliance with the TDA requirements for data collection and reporting. The review is limited to the five data items needed to calculate the TDA-mandated performance indicators. This review has determined that GGBHTD is in compliance with the data collection and reporting requirements for these performance indicators. Appropriate definitions are in place and procedures for developing base data appear to be valid.

Performance Indicators and Trends – GGBHTD's performance trends for the five TDA-mandated indicators were analyzed by mode. A six-year analysis period was used for all the indicators. Results are detailed below:

- Bus Service – There were somewhat mixed results during the six-year review period. Cost efficiency worsened, with the operating cost per vehicle service hour rising from \$121.79 in FY2000 to \$168.80 in FY2005. This was despite the service reductions implemented in FY2003 and FY2004, since the decrease in service hours was greater than the cost savings realized. Cost effectiveness, measured as operating cost per passenger, worsened in each year except FY2004. The loss in ridership generally outpaced the reduction in costs. When the effect of inflation was removed from the calculations, the cost per hour still increased by almost four percent annually, and the cost per passenger increased by 4.7 percent per year.

Passenger productivity, in terms of both passengers per hour and per mile, declined over the first four years. There was improvement in FY2004 and FY2005, however, as service levels were reduced during the systemwide service cut program. Employee productivity remained relatively stable throughout the period, with vehicle service hours per FTE increasing an average of less than one percent per year.

- Ferry Service – There were mixed performance trends during the six-year review period. Cost efficiency and cost effectiveness declined, while passenger productivity remained stable overall. The cost per hour went up by 7.4 percent per year, while the cost per passenger increased in every year except FY2004, for an overall average increase of 6.4 percent a year. Adjusted for inflation, the cost per hour increased by 4.6 percent per year, and the cost per passenger by 3.6 percent. After noticeable declines, passenger productivity improved late in the period, with passengers per hour increasing from 109.6 to 129.3 between FY2003 and FY2005, and passengers per mile improving from 8.46 to 9.51 during the same period. Employee productivity remained relatively stable.
- Paratransit Service – There was declining performance in cost efficiency and cost effectiveness over the review period. Increases in operating costs outpaced concurrent increases in vehicle service hours and unlinked passengers. The cost per vehicle service hour and cost per passenger increased on average by nine and four percent per year, respectively. When factoring out the effects of inflation, the cost per hour increased 6.2 percent annually, and the cost per passenger rose 1.2 percent per year. Meanwhile, both measures of passenger productivity improved by about five percent annually. Employee productivity was not reviewed since employee data were not available from the contractor.

Compliance with Statutory Requirements – GGBHTD is in compliance with the sections of the state PUC that were reviewed as part of this performance audit. The sections reviewed included requirements concerning CHP safety inspections, labor contracts, reduced fares, revenue sharing, and evaluation of passenger needs.

Audit Survey

Status of Prior Audit Recommendations – GGBHTD has partially implemented one and fully implemented the other of the two recommendations. For the first recommendation, GGBHTD has updated its service goals, objectives, standards and measures in the most recent Short Range Transit Plan (SRTP). Bus service monitoring has been included in a new internal reporting system named Transtat. It was anticipated that GGBHTD will include ferry performance measures in Transtat sometime during FY2006. GGBHTD does not yet have performance measures for the local bus services operated on behalf of the Marin County

Transit District (MCTD). MCTD is establishing its own set of performance measures for those services.

GGBHTD has implemented the recommendation that performance monitoring reports be prepared and made available in a timely manner. Reports for the Bus Division are prepared and distributed on a monthly basis, while the Ferry Division develops several reports (e.g., patronage reports, fare data and comparative performance reports), also on a monthly basis.

Review of Goals and Objectives – GGBHTD has established a comprehensive and well-integrated set of goals, objectives and performance measures, although the recent restructuring of the goals and objectives reduced both the number of goals and their related objectives and measures. The new goals and objectives are clear and concise, addressing the District's focus on its core services, and cover all aspects of GGBHTD's operations. Performance measures related to these goals and objectives identify some quantifiable outcomes. However, several of the new standards have either vaguely defined or no measurable outcomes. These standards are described in terms such as "reduce", "improve", "lower", or "meet", instead of having specific numerical targets.

Functional Area Indicators – To further review GGBHTD's performance over the past three years, a detailed set of performance indicators was defined. The indicators selected for this analysis were primarily those that supported GGBHTD's established goals. The set of indicators was expanded to include others that were tracked regularly by GGBHTD or for which input data were maintained by GGBHTD on an on-going basis. These indicators supplement the five TDA-mandated indicators discussed in the *Compliance Audit*.

The findings from this review are organized around GGBHTD's performance in the following areas: Bus Division, Ferry Division and Inter-County Paratransit service. Performance is viewed from two perspectives. First, the trends in performance over the three-year audit period are shown for each indicator. Second, actual performance is compared with the established standard, where standards are established. This approach permits an assessment to be made of the extent to which GGBHTD met its own goals and objectives.

- Bus Division Performance – Performance was mixed in terms of efficiency and effectiveness in the planning indicators. Farebox recovery rates and passenger revenue per passenger and passenger mile were up; however, overall cost efficiency declined. The operating deficit per passenger was lowered slightly, but the deficit per passenger mile increased. Bus-related complaints have increased, but still remained at less than one complaint per 100,000 boardings. The workers compensation claims cost rate dropped by 45 percent over the audit period. Operations performance was variable. On time performance decreased to 80 percent, while the rate of service delivery complaints increased significantly, attributed to increased customer outreach and better tracking of complaints. Labor utilization results showed operator absence rates increasing between four to six percent. Total operator absences have increased significantly from the prior audit period. Maintenance performance was steady or declined. Vehicle inspections were performed as scheduled and the bus spare ratio remained steady at 20 percent. Miles between mechanical failures declined over 50 percent. Maintenance-related complaints increased, but remained generally low. GGBHTD did not track mechanic absences during the current audit period.

Ferry Division Performance – Performance in the planning area showed improvement in efficiency and effectiveness. This was driven by higher fares and a modest increase in ridership. The complaint rate showed major increases in both total complaints and service administration complaints. Operations performance was mixed. Schedule adherence was over 99 percent in FY2003, and results for trips cancelled and accidents per year were positive. Negative trends were found in employee absence rates and service delivery complaints. The trend for these complaints is consistent with the trends observed for both the bus service and other ferry service complaint indicators, and is attributed to increased customer outreach and better tracking of complaints. Maintenance performance was varied. The percentage of trips cancelled due to mechanical failures remained low, and employee hours per vessel mile remained steady. The rate of maintenance-related complaints increased noticeably, but remained low in absolute terms.

- Paratransit Division Performance – Results were steady in terms of service effectiveness, although trends in cost efficiency and cost effectiveness worsened. Service quality performance remained somewhat steady, but did not meet the standard in two of the three years of the audit period.

Recommendations

1. ESTABLISH A SET OF QUANTIFIABLE PERFORMANCE STANDARDS FOR GGBHTD'S GOALS AND OBJECTIVES.

[Reference Sections: III. Prior Audit Recommendations; Assessment of Goals and Objectives, Functional Area Indicators]

Although GGBHTD updated its goals, objectives, performance measures and standards in its most recent SRTP, several of the standards have no measurable outcomes. Some are framed in vague terms such as "reduce", "improve", "lower", or "meet". GGBHTD needs to develop a comprehensive set of quantifiable performance indicators to support its goals and objectives, including specific numerical targets wherever possible. Quantifiable performance measures and standards will allow GGBHTD to accurately track its performance compared to the goals, objectives and standards established by the District.

2. COMPLETE THE EFFORTS TO DEVELOP A COMPREHENSIVE PERFORMANCE MONITORING SYSTEM.

[Reference Sections: III. Prior Audit Recommendations; Functional Area Indicators]

GGBHTD updated its goals, objectives, performance measures and standards in its most recent SRTP. However, GGBHTD does not have a comprehensive performance monitoring system to compare the performance of its various services against the established standards. For example, some bus service performance indicators are monitored in the new Transtat internal reporting system, but ferry and paratransit service performance is not. MCTD is establishing its own set of performance measures for local bus services operated by GGT. The Ferry Division also compiles its own set of performance monitoring reports. GGBHTD needs to develop a comprehensive and consistent performance monitoring system for all its divisions and ensure that it reflects the goals and objectives adopted in the SRTP. Linking the performance monitoring system to the goals and objectives will assist GGBHTD in ensuring that it is moving in the right direction. This recommendation is a continuation of a recommendation made in the prior Performance Audit.

3. INVESTIGATE THE DECREASE IN BUS ON-TIME PERFORMANCE AND DEVELOP AN IMPROVEMENT PLAN.

[Reference Section: III. Functional Area Indicators]

The Bus Division's on-time performance declined in each year of the audit period and was consistently below GGBHTD's standard of 90 percent. GGBHTD needs to investigate the reasons behind the decline in on-time performance and develop a plan to improve it.

4. INVESTIGATE THE INCREASE IN COMPLAINTS IN THE BUS AND FERRY DIVISIONS AND DEVELOP A PLAN TO REDUCE COMPLAINTS.

[Reference Section: III. Functional Area Indicators]

The number of complaints GGBHTD received increased dramatically during the audit period. Complaints per 100,000 boardings in the Bus Administration, Bus Operations and Ferry Operations areas more than doubled, and Ferry Administrations complaints more than tripled. While the increase has been attributed to increased customer outreach and improved tracking of complaints, GGBHTD still needs to investigate the types and substance of the increased complaints and develop a plan to reduce complaints in each of the aforementioned areas.

5. INVESTIGATE THE INCREASE IN BUS OPERATOR ABSCENCES AND DEVELOP A PLAN TO REDUCE THOSE ABSCENCES.

[Reference Section: III. Functional Area Indicators]

The percentage of all bus operator absences (scheduled, unscheduled and total) increased over the audit period. This reverses a steadily improving trend seen in the prior audit period. Overall, total operator absences (as a percentage of total operating days) increased 50 percent between FY2002 and FY2005. GGBHTD should investigate the causes of these increases and develop a plan to reduce the number of absences.

6. ESTABLISH PROCEDURES TO TRACK BUS MECHANIC ABSCENCES ON A REGULAR BASIS.

[Reference Section: III. Functional Area Indicators]

Data was not available for bus mechanic absences. It was indicated by the Bus Division Maintenance management staff that mechanic absences had been tracked in the past but the tracking report could not be duplicated on the new "Spear" maintenance tracking system. The Maintenance department does not have the manpower to develop and maintain a manual absence tracking report. Absence rates are an important measure in determining the efficiency of operations. As such, GGBHTD should re-institute the tracking of this measure.