



DATE: December 19, 2016

TO: Metropolitan King County Councilmembers

FROM: Kymber Waltmunson, King County Auditor

SUBJECT: Implementation of Recommendations from Auditor's Office and American Public Transportation Association Reviews of Transit

King County Metro Transit has made progress in addressing nearly all of the remaining audit recommendations made by our office in 2009 and the American Public Transportation Association (APTA) in 2015. As a result, there is increased transparency and accountability in Transit management and operations. For example, in 2016 Transit evaluated the performance of the fixed route system using methods recommended by stakeholders and approved by County Council. Transit worked with several stakeholders to review and update its financial policies, establishing targets for critical reserves. It also incorporated several of our recommendations in the development of its 2017-2018 budget, such as updating its economic vehicle replacement analysis. Additional actions are needed, however, to fully implement recommendations related to capital project management and vehicle maintenance.

Of the 17 audit recommendations:

DONE	7	Recommendations have been fully implemented Auditor will no longer monitor
PROGRESS	8	Recommendations are in progress or partially implemented Auditor will continue to monitor
OPEN	0	Recommendations remain unresolved Auditor will continue to monitor
CLOSED	2	Recommendations no longer applicable Auditor will no longer monitor

Please see below for details on the implementation status of these recommendations.

Implementation Status as of December 2016

#	Quick Status	Recommendation	Status Detail
1	PROGRESS	Transit should annually update and run a vehicle replacement model as Portland State University recommended.	Transit plans to develop or acquire a vehicle replacement module. Transit is reviewing a contract with a vendor that developed an asset replacement model. We will continue to monitor this recommendation until Transit has acquired and is using the model.
3	DONE	In conducting economic vehicle replacement analysis, federal subsidies that are received regardless of whether they are used for bus purchases should not be considered a purchase subsidy.	Transit's replacement analysis is based on condition and age. The analysis does not include federal subsidies.
4	PROGRESS	Transit should conduct and document annual retrospective processes to calculate and evaluate procurement performance measures and should develop action plans to improve outcomes; these processes should also consider the effectiveness of the measures and targets, and revisions that may make them more effective.	Transit has compiled cost data for its last four procurements, and timeliness information for most of its fleet. To complete this recommendation, Transit should use this information on an annual basis to evaluate procurement performance and improve outcomes.
6	PROGRESS	In its 2010 update to the Transit Comprehensive Plan, Transit should ensure that it fully incorporates all elements of facility master planning. This is comparable to a recommendation made in 2005.	Transit included resources in the 2017-2018 budget to support development of a countywide facility master plan. Transit estimates that this plan will be completed by the end of 2017. Having a master plan will help Transit make informed decisions about real estate acquisitions and capital projects. We will continue to monitor Transit's progress on this plan and adherence to this timeline.
9	PROGRESS (APTA)	Review staffing levels and functions of the Metro Design and Construction group for appropriate alignment to current and projected capital program requirements.	Transit has not conducted a formal staffing analysis, but is increasing staff to match growth in the capital program. To complete this recommendation, Transit should conduct and document an analysis of staffing levels and functions to meet the expected growth in capital projects.
10	CLOSED (APTA)	...encourages Metro to review its current structure and strategies for staffing the operations control center functions to functionally change from a "radio control center" to a "service management center."	Transit is no longer planning to change the operations control center to a service management center.

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11	PROGRESS	Transit should track and monitor planned and unplanned vehicle maintenance work and formulate a strategic approach to manage unplanned work.	Transit monitors vehicle maintenance work using an application called M5, and can track planned and unplanned work. Transit also uses the application to identify repeat failures in unplanned work and address maintenance issues. This recommendation will be complete when Transit sets targets for unplanned work and demonstrates that it is monitoring performance toward those targets.
12	DONE	Transit should regularly monitor adherence to vehicle maintenance productivity standards and work to ensure consistency in the standards across bases.	Transit has established productivity standards by fleet and base. Management uses reports from M5 to track the progress of work and to ensure the times are still valid and proper procedures are in place for repairs. These reports are used to identify fleet defects or staff training. Transitioning from a paper-based system to M5 has resulted in more efficient identification and reporting on fleet issues.
13	DONE	Transit should establish a systemwide vehicle maintenance productivity program, expanding on current productivity standards and performance measures.	Transit has time standards built into its vehicle maintenance management system, which establishes productivity standards by fleet and base. Management uses the reports from M5 to track the progress of work and to ensure the times are still valid and proper procedures are in place for repairs. Reports also track parts usage and repeat failures, which can identify fleet defects or staff training needs.
14	PROGRESS (APTA)	[conduct] an independent review by experienced transit maintenance professionals focusing on the overall Metro vehicle maintenance functions. Within this review...also evaluate potential opportunities to contract for basic services and in support of highly technical systems.	APTA conducted an independent review of vehicle maintenance in 2014 with 39 recommendations. In early 2016, Transit reported that it had completed or closed 11 of the recommendations and made progress on several others. This recommendation will be complete when Transit has completed or closed the remaining 28 recommendations.
20	DONE (APTA)	...encourages Metro to regularly review the amount and types of data it generates to ensure that the data is consistent with the changing needs and performance metrics of the organization. ... [Metro should also be]	Transit reviews, adjusts, and utilizes performance data to set priorities and achieve results. For example, in 2016 Transit conducted an assessment of the fixed-route system based on recommendations from the Service

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		<p>prioritizing its performance measures and ensuring compliance throughout all divisions.</p>	<p>Guidelines Task Force. Transit has identified four business drivers (service excellence, service reliably, safety, and employee engagement) and performance measures to monitor throughout the agency. Transit has set a tiered performance measurement system that is used to manage process improvement throughout the organization.</p>
24	<p>PROGRESS (APTA)</p>	<p>...strongly recommends that Metro staff continue to place a high priority on exploring new performance measures for alternative services.</p>	<p>Part of the Alternative Services program's mission is to develop, test, and evaluate new transportation services. Since the program is still in the pilot stage, we will continue to monitor this recommendation.</p>
25	<p>CLOSED (APTA)</p>	<p>Continue to evaluate opportunities to revise Metro service guidelines to compare service productivity by service type...</p>	<p>The King County Council adopted recommendations made by the Service Guidelines Task Force in June 2016. One of the principles agreed upon by the task force was that the cost and demand of different service types are inherently dissimilar.</p>
26	<p>DONE (APTA)</p>	<p>...recommends that Metro and King County re-visit its policies that prohibit advertising on transit shelters...and consider the merits of introducing an "adopt a bus shelter" program. Also evaluate whether building shelters in-house is more cost effective than buying pre-built from a supplier.</p>	<p>Rules related to advertising on transit shelters are set by local jurisdictions, and Transit works with entities that are interested in exploring this option. Transit conducted a preliminary analysis of in-house vs. prebuilt shelters and concluded that the costs of such a change would exceed benefits because it would require contract negotiations and changes in funding policy.</p>
30	<p>PROGRESS (APTA)</p>	<p>...encourages Metro to continue its efforts to work with labor to explore opportunities to further reduce and control health care costs.</p>	<p>Transit should do more to encourage higher participation in county programs that aim to reduce health care costs. We may review this issue as part of a future audit</p>
31	<p>DONE (APTA)</p>	<p>Review Transit Revenue Stabilization Reserve: There is no qualified target amount for this reserve. Typically uses of operating reserve funds requires notification to/or approval of the governing body.</p>	<p>Updates to Transit's fund management policies were approved by King County Council in July 2016. The policies contain a specific target for the revenue stabilization subfund. Transit will complete the transition to the new policy by the beginning of the 2019-2020 biennium.</p>

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32	DONE (APTA)	The panel encourages Metro to review its current revenue fleet replacement strategy and sub-fund target to ensure that it is appropriately aligned to Metro's need and effective industry practices.	Updates to Transit's fund management policies were reviewed by an interbranch workgroup, and approved by King County Council in July 2016. The review and updated policies address the fleet replacement subfund. Transit will complete the transition to the new policy by the beginning of the 2019-2020 biennium.

Sean DeBlieck, Senior Management Auditor, conducted this review. Ben Thompson, Deputy Auditor, was the project supervisor. Please contact Sean at 477-6486 if you have any questions about the issues discussed in this letter.

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