KING COUNTY AUDITOR'S OFFICE

2018 Transit Audit Program Impact Report

Auditor Recommendation: Transit Audit Program Should Continue

The King County Auditor's Office (KCAO) has been continuously engaged in one or more in-depth reviews of Metro Transit since the King County Council established a Transit Audit Function in 2014. Over the past four years, our office has completed eight performance audits, followed up on past reviews, and established an ongoing review of Transit's capital program. Ultimately, our work is improving transit services for county residents and saving the county millions of dollars each year. Because of these findings and the importance of Metro Transit to our region, I recommend that this oversight function continue.

Transit oversight makes sense

Independent oversight is warranted because of Transit's large size, level of risk, and critical role in regional growth and development. Transit is one of the largest agencies in the country, with a significant and growing number of riders. It has an annual operating budget of nearly $800 million and plans to spend nearly $2 billion to make capital investments over the next four years. As the premier mobility provider of the region, Transit has a critical role in the economy, providing over 190 million trips in 2017 and connecting people with the places where they work, learn, and play. With over 5,000 employees, Transit is also the largest county employer, and is slated to become its own department in 2018.
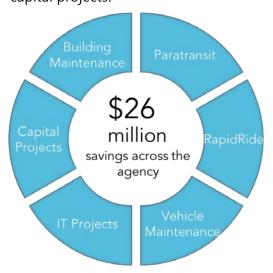
Audits have analyzed frontline services and issues behind the scenes

Transit audits covered multiple areas of Transit, including services for riders, upkeep of the fleet, and the infrastructure needed to operate one of the fastest-growing Transit networks in the nation. This comprehensive coverage—from frontline services like RapidRide to policies and processes behind the scenes—ensures we focus our oversight on the most important issues. High-risk areas that remain on our work plan include on-time performance and capital project delivery.

Transit audits save money and improve service

Since 2014, we have identified ways to save over $26 million in taxpayer money, and ultimately improve the services of Transit customers. We published 12 audit products and made 87 recommendations, many of which have already been partially or fully implemented. The recommendations include ways for Transit to:

– address equity and social justice on Access paratransit and RapidRide
– improve the efficiency and effectiveness of the $61 million Access paratransit program
– institutionalize practices to save time and money on information technology projects
– develop the capacity to complete planned capital projects.

Recommendation for continued Transit oversight function

Our work over the past several years has found ways for Transit to save millions of dollars, operate more efficiently, address risks, and deliver better services. I recommend that this oversight function continue because Transit continues to be one of the most significant expenditures and sources of risk for the county.

The information we provide helps county decisions-makers set the best course for Transit's future. By freeing up dollars we make it possible for the county to finance other priorities, and have highlighted key services that can be better aligned with county goals. We appreciate the King County Council's support for this high impact program, and Transit's openness to working together for positive change.

Transit Audit Function Timeline, 2014-2018

2014
Transit Audit Function established by King County Council, November 10th, 2014

2015
KCAO and APTA review follow up report
Transit Asset Management Plan (TAMP) audit report

2016
Component Supply Center (CSC) audit report
Transit Audit Function biennial report
Capital project oversight management letter
Second KCAO and APTA review follow up report
Access paratransit management letter

2017
Transit IT project audit report
Access paratransit audit report
Ongoing capital project oversight
TAMP follow up report

2018
RapidRide fare enforcement audit report
Home free guarantee audit report
Capital project oversight follow up letter
CSC audit follow up report*
On time performance audit report*

*in progress

Appendix I: Transit Audit Function Recommendation Status

Exhibit 1: Recommendation status summary

Status	Number
Pending	47
Progress	12
Complete or closed	28
TOTAL	**87**

Exhibit 2: Status of Transit Audit Function of recommendations that are pending or in progress

King County Metro Transit						
Year Issued /Most Recent Follow Up	**Project Name(s)**	**Rec. #**	**Auditor's Office Recommendation**	**Pending**	**Progress**	**Open**
2008/2018	Capital Project Oversight	A10	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.		X	
2008/2015	KCAO/APTA Review	E2	Transit should track and monitor planned and unplanned vehicle maintenance work and formulate a strategic approach to manage unplanned work.		X	
2008/2015	KCAO/APTA Review	3	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		X	
2012/2015	KCAO/APTA Review	1	Transit should annually update and run a vehicle replacement model as Portland State University recommended.		X	
2015/2018	KCAO/APTA Review and Capital Project Oversight	9-APTA	Review staffing levels and functions of the Metro Design and Construction group for appropriate alignment to current and projected capital program requirements.		X	

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King County Metro Transit						
2015/2016	KCAO/APTA Review	10-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."		X	
2015/2016	KCAO/APTA Review	14-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		X	
2015/2016	KCAO/APTA Review	20-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] prioritizing its performance measures,		X	
2015/2016	KCAO/APTA Review	24-APTA	...strongly recommends that Metro staff continue to place a high priority on exploring new performance measures for alternative services.		X	
2015/2016	KCAO/APTA Review	25-APTA	Continue to evaluate opportunities to revise Metro service guidelines to compare service productivity by service type...		X	
2015/2016	KCAO/APTA Review	26-APTA	...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 t		X	
2015/2016	KCAO/APTA Review	30-APTA	...encourages Metro to continue its efforts to work with labor to explore opportunities to further reduce and control health care costs.		X	
2015/2016	KCAO/APTA Review	31-APTA	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.		X	
2015/2016	KCAO/APTA Review	32-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.		X	
2015/2018	TAMP and Capital Project Oversight	1	Transit should ensure that the Capital Management and Reporting System (CMRS) is fully integrated with financial and asset management systems and is ready to manage projects in the 2017-2018 biennium.		X	
2015/2017	TAMP	2	Transit should develop and document a comprehensive strategy to resolve barriers to asset maintenance project delivery, including staffing levels, qualifications, organizational culture and structure, and develop a timeline and description of steps		X	

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2015/2017	TAMP	3c	Transit should use the opportunity presented by Performance, Strategy and Budget's CIP-5 initiative to develop and document: c. methods to reduce the risk of excessive budgeting.			X
2015/2017	TAMP	4	As we recommended in 2005 and again in 2009, Transit should complete a robust asset management plan that outlines the agency's goals, objectives, activities, roles, responsibilities, and timelines, all of which should be guided by an overarching strategy			X
2016	CSC	1a	Transit should address multiple deficiencies in the Rebuild Cost Estimating policy, including: a. providing guidance on which parts should be subject to the review, and focusing on high-value or high-volume parts	X		
2016	CSC	1b	Transit should address multiple deficiencies in the Rebuild Cost Estimating policy, including: b. ensuring that the cost of internal rebuilds is compared to both the price of new parts and the price of external rebuilds	X		
2016	CSC	1c	Transit should address multiple deficiencies in the Rebuild Cost Estimating policy, including: c. assessing life cycle cost and warranty value in cost comparisons	X		
2016	CSC	1d	Transit should address multiple deficiencies in the Rebuild Cost Estimating policy, including: d. establishing consistent documentation requirements for make vs. buy decisions, including cases where the decision is to buy new components.	X		
2016	CSC	2	After improving the Rebuild Cost Estimating policy per Recommendation 1, Transit should take steps to ensure that the policy is followed by the Component Supply Center, including the collection and retention of records.	X		
2016	CSC	3a	Transit should improve the collection and reporting of rebuild savings data by: a. developing and applying consistent overhead rates to both the rebuild cost estimates and to the price of rebuilt parts carried in inventory. At a minimum, the overhead rate	X		
2016	CSC	3b	Transit should improve the collection and reporting of rebuild savings data by: b. including the cost of externally-rebuilt parts in the analysis.	X		
2016	CSC	3c	Transit should improve the collection and reporting of rebuild savings data by: c. including all rebuilt parts in the analysis.	X		
2016	CSC	4a	Transit should develop and implement a plan for Component Supply Center. Among other plan elements, the plan should take into account: a. an analysis of which rebuild activities add the most value	X		

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2016	CSC	4b	Transit should develop and implement a plan for Component Supply Center. Among other plan elements, the plan should take into account: b. current and projected workload trends for both rebuilds and other services	X		
2016	CSC	4c	Transit should develop and implement a plan for Component Supply Center. Among other plan elements, the plan should take into account: c. trends in the future workforce. This planning effort should take place such that implementation of the plan can begin	X		
2016	CSC	5	Using information generated by implementing the improvements to the Rebuild Cost Estimating policy as discussed in Recommendations 1-3, Transit should work with organized labor to shift resources to rebuilding those parts or components that are most cost-	X		
2016	CSC	6	Transit should work with the union to incorporate changes in the next collective bargaining agreement to address instances where limits on buying new or rebuilt parts impact the efficient use of Component Supply Center resources.	X		
2017	Paratransit	1	Transit should, on an ongoing basis, conduct an analysis aimed at optimizing the mix of service between the paratransit van service and alternatives, such as taxis.	X		
2017	Paratransit	2	Transit should thoroughly review compatibility and utility before purchasing information technology products and, after purchasing, work to use them.	X		
2017	Paratransit	3	Transit should complete and execute a contract management plan for monitoring the new contracts. For each contract requirement, the plan should specify: a) the method for verifying compliance; b) frequency of review; and c) staff member responsible.	X		
2017	Paratransit	4	Transit should monitor and enforce contract incentives and disincentives for a period of one year, and based on this work: a) assess how they can more effectively improve productivity and performance; b) establish future dates to review them later in the	X		
2017	Paratransit	5	Transit should define excessively long trips in reference to fixed-route standards, regularly sample longer trips to count how many are excessively long, and take steps to make sure there is not a pattern of significant numbers of excessively long trips.	X		
2017	Paratransit	6	Transit should put in place monitoring and enforcement procedures to make sure paratransit riders are not dropped off more than 30 minutes before their appointments.	X		
2017	Paratransit	7	Transit should provide additional fare payment methods that take into account riders' needs and trip frequency.	X		

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2017	Paratransit	8	Transit should work directly with King County communities to develop activities that will address barriers to the Access paratransit program for people with limited English proficiency.	X		
2017	Paratransit	9	Transit should use language data collected during eligibility determination to provide linguistically appropriate customer service to paratransit riders and routinely collect and update information on language preference.	X		
2017	Paratransit	10	Transit should immediately take steps to implement an Equity Impact Review of the Access paratransit program.	X		
2017	Paratransit	11	Transit should use the results of the Equity Impact Review to find and engage with historically underserved populations.	X		
2017	Paratransit	12	Based on the Equity Impact Review and best practices, Transit should: a) develop community impact measures for the Access paratransit program; b) include the metrics in its Access paratransit performance monitoring plan; and c) annually report	X		
2017	Paratransit	13	Transit should follow through with its commitment to establish a customer service function that is independent of control center, service provider, or turnkey contractors.	X		
2017	Paratransit	14	Transit should gather feedback from active Access riders and prospective users on an annual basis and use this information to improve service quality.	X		
2017	Paratransit	15	Transit should use information from its 2016 Access paratransit survey to identify methods to increase the participation of historically underserved populations in future surveys, and implement them.	X		
2017	Paratransit	16	Transit should conduct nonresponse analysis following its 2017 and future surveys, and use this information to improve response rates and participation of historically underserved populations.	X		
2017	Paratransit	17	Transit should supplement customer feedback and data reporting with direct observation such as a "mystery rider program" to ensure service quality.	X		
2017	Transit IT	1	Transit should standardize its lessons learned processes in alignment with best practices and create a lessons learned knowledge base that is accessible to relevant users, including project planners and management.	X		
2017	Transit IT	2	Transit should incorporate a formal review of lessons learned from relevant projects when initiating new information technology projects.	X		
2017	Transit IT	3	Transit should track and record the duration, project phase, and cause of delays for active and future projects in the lessons learned knowledge base.	X		
2017	Transit IT	4	Transit should use information in the lessons learned knowledge base to inform schedule estimates for future projects.	X		

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2017	Transit IT	5	Transit should establish and record baseline budgets in documents accessible to the Performance Review Board and the County Council.	X		
2017	Transit IT	6	Transit should include the variance between baseline budgets and actual spending in its internal performance reports.	X		
2017	Transit IT	7	Transit should document reasons for variance between project expenditures and baseline budget estimates in the lessons learned knowledge base.	X		
2017	Transit IT	8	Transit should use information about variances to evaluate and improve the methods it uses to estimate information technology project budgets.	X		
2017	Transit IT	9	Transit should develop an ongoing process for identifying, assessing, and reporting interrelationships and dependencies across project schedules.	X		
2017	Transit IT	10	Transit should develop and document its process and criteria for selecting, advancing, and prioritizing information technology projects based on its strategic needs. The process should include Transit's ranking or prioritization of projects.	X		
2017	Transit IT	11	Transit should define and document its enterprise architecture target state, and a process for evaluating and selecting projects to implement it.	X		
2017	Transit IT	12	Transit should use the Strategic Technology Roadmap for Transit updates in 2017 and future biennia to document its framework for information technology project portfolio development and any changes to it.	X		
2018	RapidRide	1	Transit should establish a performance management system for fare enforcement, including establishing baselines, setting targets, and developing measures for outputs and outcomes.	X		
2018	RapidRide	2	Transit should conduct a rigorous fare evasion study to understand the level of fare evasion on RapidRide at least every two years.	X		
2018	RapidRide	3	Transit should review its fare enforcement model for alignment with county and agency goals and equity principles and use the results to update its model and the fare enforcement contract.	X		
2018	RapidRide	4	Transit should work with the fare enforcement team to develop and implement a system for gathering data necessary to monitor for the equity impacts of fare enforcement.	X		
2018	RapidRide	5	Transit should prioritize implementation of its stalled technology project to ensure that fare enforcement is conducted in the most efficient manner possible.	X		