Citizens Summary

Performance Management

TransitStat

Over the past decade, many organizations have embraced the use of data, statistics, and metrics as their means to exceed customer expectations, as well as achieve operational excellence. Six Sigma and the Balanced Scorecard are popular examples of proven management techniques. In government, Performance Stat programs have proven to be very effective tools.

Performance Stat programs are structured continuous management processes, which entail the frequent gathering, reviewing, and analyzing of day-to-day government performance. CompStat, credited as the first government stat program, was developed in the NYPD. Its goals were to infuse timely information and accountability into the police department's management and culture. The program used computer mapping and statistical data to capture crime trends at their lowest levels. This technique is widely credited with contributing to the dramatic reduction in New York City's crime levels.

Building on the success of CompStat, the City of Baltimore developed CitiStat. Whereas, CompStat was utilized mainly in police departments, CitiStat brought its tenets and strategies to general government. CitiStat tracks performance in waste collection, road repairs, housing enforcement, etc. The city holds bi-weekly meetings lead by the mayor's executive team to review performance, understand trends, and make necessary adjustments to ensure that immediate and long-term goals are met. Since then, other cities and states have adopted Performance Stat programs, including Atlanta, San Francisco, and Washington State. These governments have reported immediate success with their Stat programs.

In December 2007, RTA adapted the Performance Stat model to a transit environment and titled our program TransitStat. It is a critical link to achieving high-level performance directed towards our three most critical goals:

1. Maintain Financial Health
2. Improve Customer Service
3. Enhance the Image of RTA

TransitStat is characterized with bi-weekly performance monitoring forums. The TransitStat leadership team includes the Chief Executive Officer (CEO), Deputy General Manager – Operations, Deputy General Manager – Human Resources, Director of Procurement, Executive Director – Internal Audit, and Executive Director – Office of Management and Budget (OMB). The meetings are coordinated and directed by OMB. Other members with information pertaining to the topic of interest are also invited. The forum ensures that the people needed to address issues are at the table, therefore expediting action and eliminating excuses.

Performance Stat programs' center on four principles:

1. Provide timely, accurate, and relevant data.
2. Analyze data and develop effective solutions that respond to emerging issues.
3. Deploy resources quickly to address issues.
4. Relentless follow-up and assessment.

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In 2008, we implemented TransitStat in the Authority's Operation Division. We identified two initial "Target" areas:

1. Overtime (Non-Operator) and
2. Inventory Management.

By mid-year 2008, we added Service Reliability and District Scorecards to the "Target" list.

Successes

In non-operator overtime, the Authority saved $2.3 million compared to 2007. This was achieved through detailed analysis of overtime cost drivers, developing more effective way to dispense overtime, effectively managing and monitoring the times to complete tasks, and maximizing use of the UltraMain maintenance and material system. Figure PM-1 identifies the goal and actual savings for each department in the Operations Division.

The second target, Inventory Management, began with inventory accuracy as the key metric. Inventory accuracy is tracked by the frequency and value of spot checks. Compared to 2007, the authority was able to reduce the number of spot checks by 69 percent and the absolute value of all spot checks by 77 percent.

In addition, RTA pushed forward on other inventory management objectives. The following are the major accomplishments related to inventory management:

1. Expanded Drop Shipment program to reduce handling cost and inventory on hand
2. Instituted a new cycle counting program
3. Started Economic Order Quantity (EOQ) analysis of top 50 parts purchased.

In July 2008, the TransitStat team added vehicle reliability and moved to district scorecards. As such, RTA began monitoring preventive maintenance (PM) compliance, average time for PMs, and the number and reason for towed vehicles, among other issues. Figures PM–4 and 5, shows the Authority-wide monthly number and cost for vehicle tows. Since July, RTA has been able to drop the number and cost for tows by 50 percent. RTA have made it a goal to have all mobile trucks (MTs) prepared to fix on-road breakdowns and bring the coaches back to the station. With follow-up, buy-in and support of the mobile mechanics, the trend is moving in the right direction.

TransitStat Going Forward

In 2009, TransitStat will begin performance monitoring of the administrative divisions. We will use the program to focus our actions on critical initiatives that can better position RTA to address impending sales tax and other economic threats. TransitStat is our scorecard and RTA will continue to use its efforts to achieve breakthrough performance.

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TransitStat
Operations Division
Year-End Overtime Comparison
2007 vs. 2008

#	Dept	2007 (26 Pay)	2008 (26 Pay)	Proposed Reduction (2008)	Actual Difference (2008 - 2007)	% Reduction
31	Paratransit	$ 361,425.80	$ 226,094.34	$ (94,425.00)	$ (135,331.46)	-37.44%
32	Rail	$ 1,262,955.97	$ 878,594.16	$ (191,512.34)	$ (384,361.81)	-30.43%
34	TP	$ 396,973.69	$ 220,078.27	$ (87,425.00)	$ (176,895.42)	-44.56%
39	Fleet	$ 619,361.36	$ 377,300.97	$ (81,942.55)	$ (242,060.39)	-39.08%
46	Hayden	$ 651,363.80	$ 192,173.40	$ (391,694.26)	$ (459,190.40)	-70.50%
47	Harvard	$ 505,649.99	$ 179,612.18	$ (223,030.48)	$ (326,037.81)	-64.48%
49	Triskett	$ 654,931.43	$ 165,737.08	$ (274,741.20)	$ (489,194.35)	-74.69%
35	Service Mgmt	$ 77,302.38	$ 38,154.94	$ (27,500.00)	$ (39,147.44)	-50.64%
38	Service Quality	$ 331,021.81	$ 280,532.32	$ (113,945.00)	$ (50,489.49)	-15.25%
	Total	$ 4,860,986.23	$ 2,558,277.66	$ (1,486,215.83)	$ (2,302,708.57)	-47.37%

Figure PM-1: Year-End Overtime Comparison

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Performance Management

TransitStat
Inventory Accuracy
Absolute Value of Number of Spot Checks
2007 vs. 2008

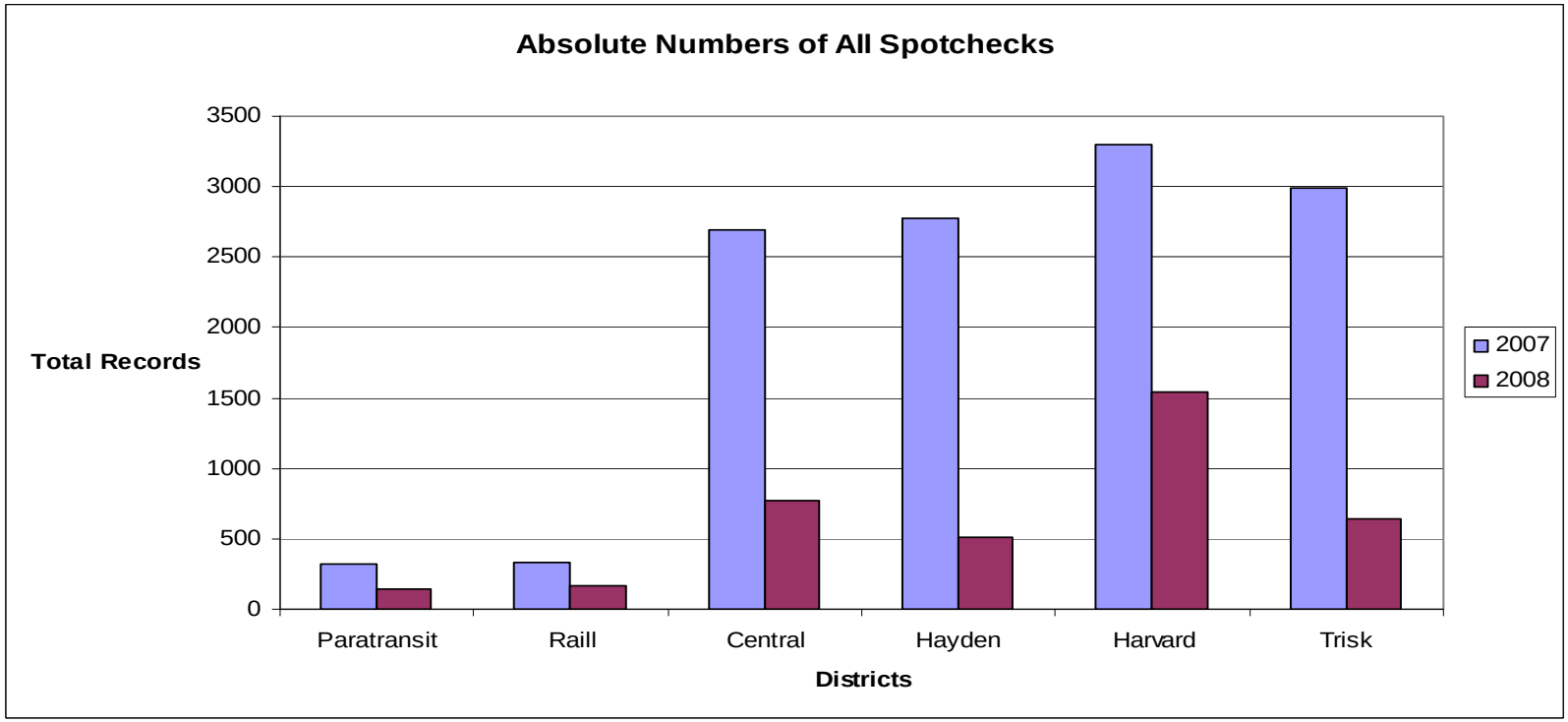

Figure PM-2: Absolute Numbers of Spot Checks

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Performance Management

TransitStat
Inventory Accuracy
Absolute Cost of Spot Checks
2007 vs. 2008

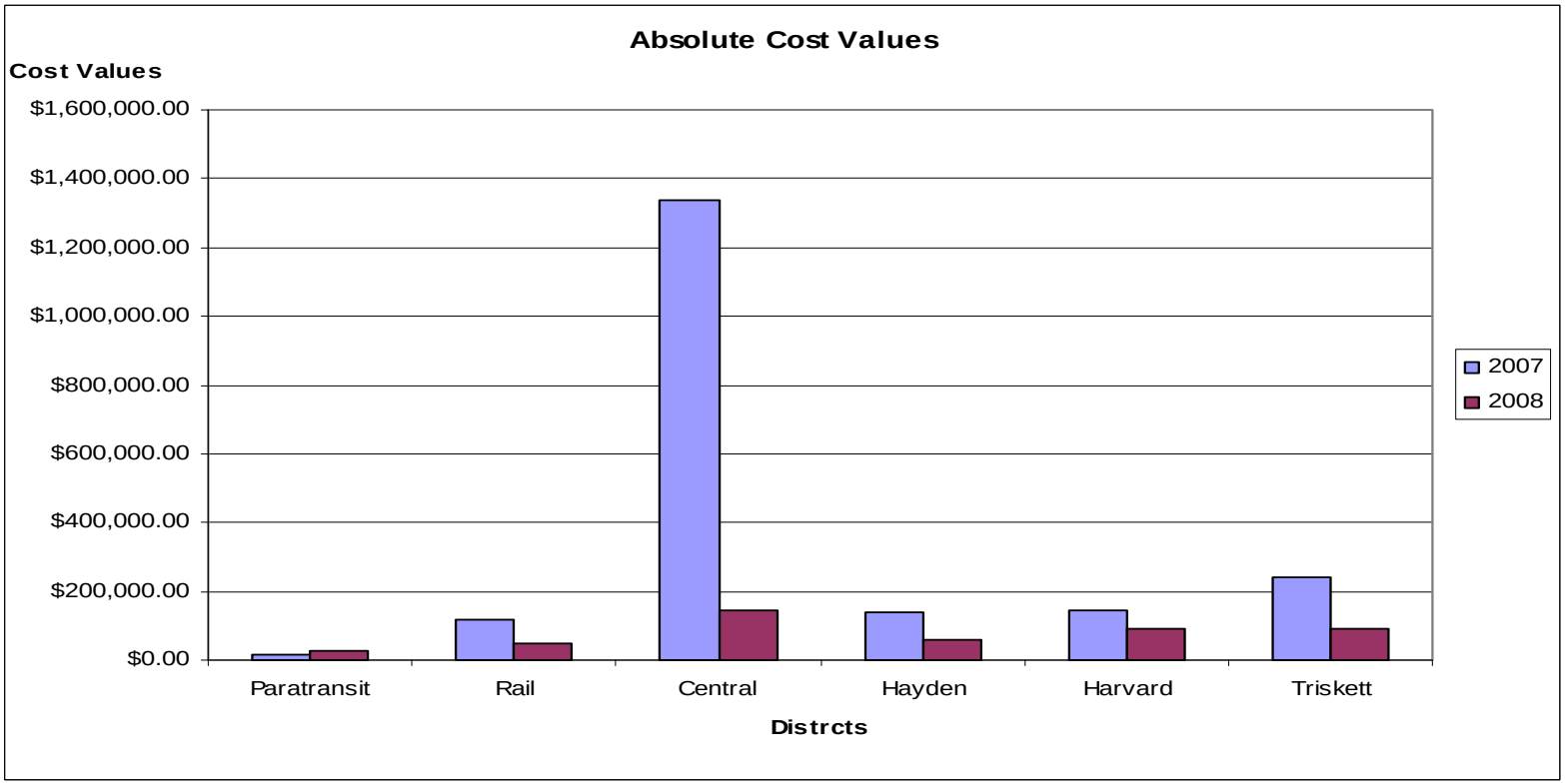

Figure PM-3: Absolute Cost of Spot Checks

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Performance Management

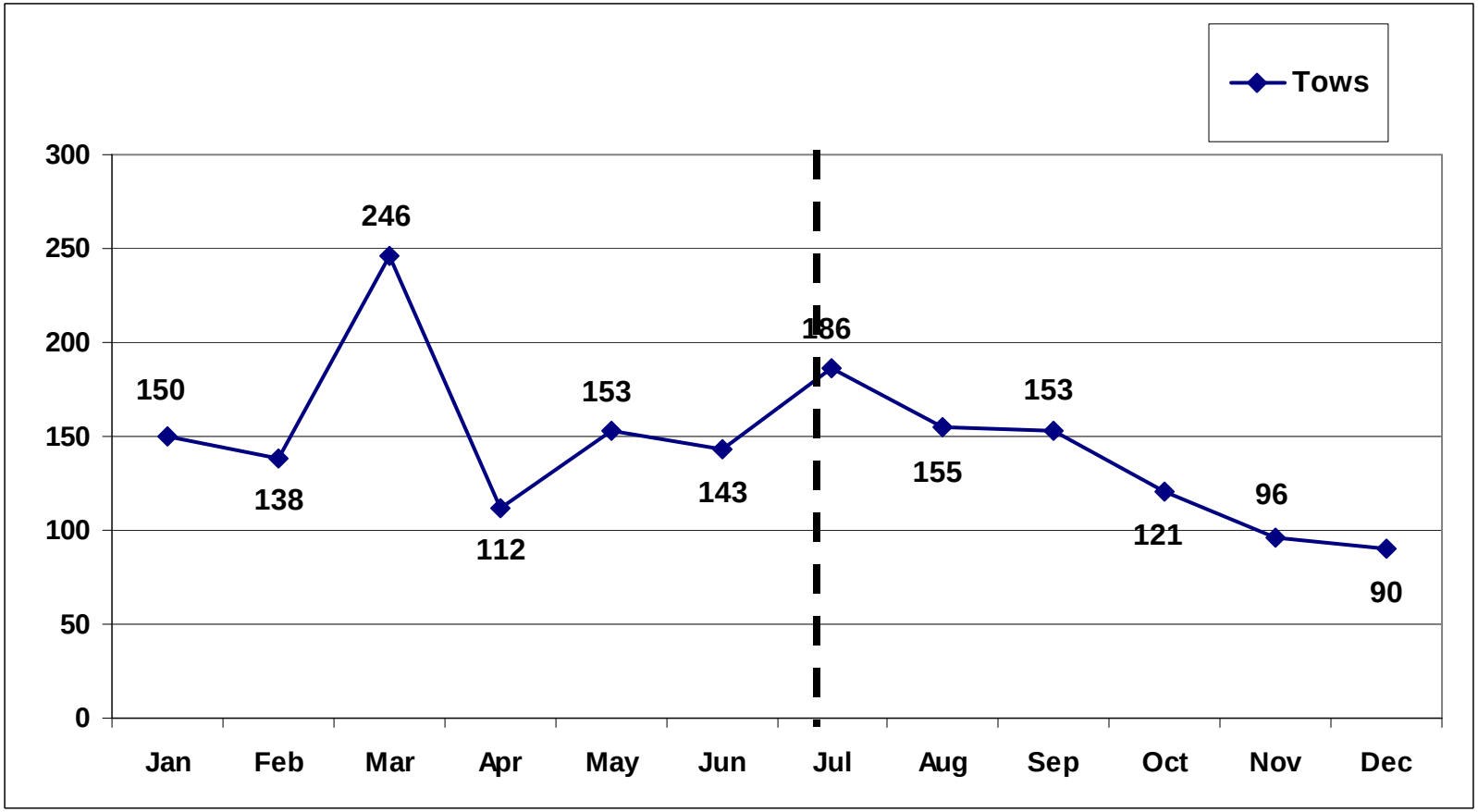

Figure PM-4: Number of Tows per Month

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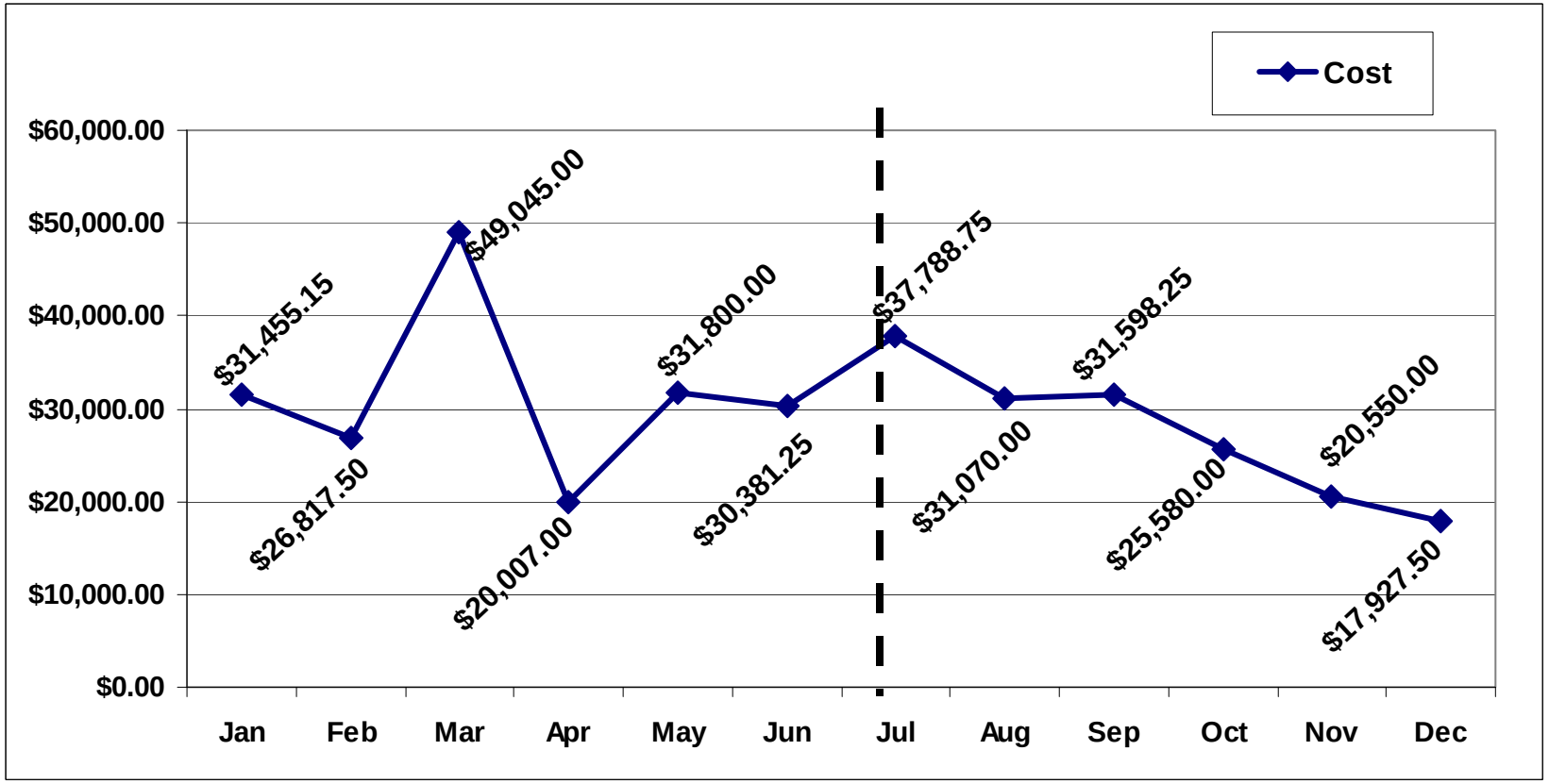

Figure PM-5: Cost of Tows per Month

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Energy Price Risk Management

In 2008, RTA experienced record highs in fuel cost as well as extreme volatility. The cost per gallon for diesel fuel ranged from $2.54 to $4.18. As a result of the high costs, our total diesel fuel expense increased by nearly $7.4 million, compared to 2007. This amount was $3.6 million above RTA's 2008 budget. With this as the new reality for fuel, the Authority sought to use tools to ensure better performance in the management of it's fuel costs, which resulted in the creation of an energy price risk management program (fuel hedging program).

The fuel hedging program's strategy will use a process:

1. That addresses market opportunities and market risk;
2. That holds the risk of exceeding budget at or below an acceptable level;
3. That uses historical pricing ranges as pricing parameters;
4. That is continuous;
5. That will a use dollar cost averaging tool;
6. That mitigates transaction timing risk by making numerous smaller volume transactions (i.e. 42,000 gallons per transaction).

The strategy will be accomplished in concert with an Advisor, who is responsible for daily execution of the program, including the execution of transactions, generating reports on the programs status and results, and monitoring the program and energy markets. The hedging instruments will include purchases of home heating oil futures (the diesel fuel correlate) traded on the Exchange, as well as, purchases of derivatives with financial institutions that are certified by the International Swaps and Derivative's Association (ISDA). The RTA policy dictates that the maximum hedge ration will not be more than 90 percent of the forecasted consumption and that hedges can only go out 24 months in advance.

The Authority will begin positioning itself in the first quarter of 2009. By April, the Authority will have nearly 3.9 million gallons of the 5 million gallon usage, purchased for 2010. The performance objective is to establish a 2010 fuel cost at or below $2.20 per gallon. Regular reports and tracking will be included in the 2009 budget execution.