

Performance Management

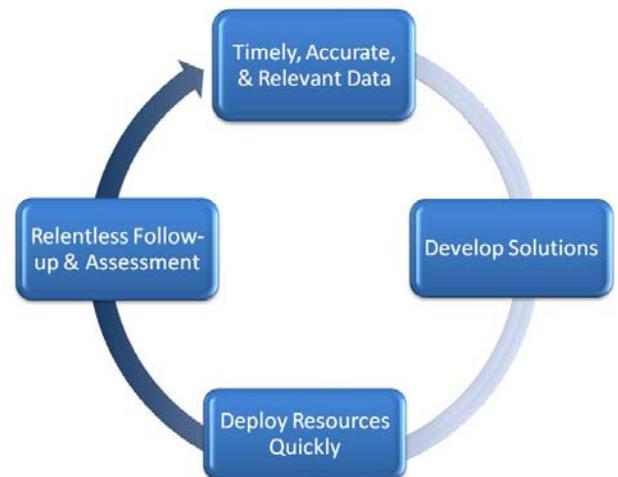
TransitStat

Over the past three decades, organizations have embraced using data metrics as a means to exceed customer expectations and achieve operational excellence. Six Sigma (6σ), Total Quality Management (TQM), Balanced Scorecard, and in the public sector, STAT programs are examples of proven management techniques. STAT programs are structured, continuous management events, which entail the frequent gathering, reviewing, and analyzing of day-to-day performance. CompStat (NYPD) and CitiStat (Baltimore, MD) are credited as the first STAT programs in government agencies. In December 2007, GCRTA adapted the STAT model to the transit environment and titled the program TransitStat.

TransitStat is characterized with bi-weekly performance monitoring forums and is a critical link to achieving high-level performance directed toward the Authority's Strategic Plan, Mission, Vision, and Values. 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.**
Begin with available data; data that is already being collected for other administrative purposes. What data is needed to determine whether the agency is or is not improving?
- 2. Analyze data and develop effective solutions that respond to emerging issues.**
A performance program requires performance data. Use the data to discuss, examine, and analyze the agency's recent performance.
- 3. Deploy resources quickly to address issues.**
The staff assigned to the Panel can affect change, foster improvement in performance, and make critical decisions.
- 4. Relentless follow-up and assessment.**
Continuous follow-up on assignments and commitments must be done in order to improve agency operations.



RTA also implemented the FAST approach (a strategic development process) when identifying areas of improvement:

- **F – Focus** - What will the Authority look like in 1-10 years?
- **A – Accelerate** - Identify 2-3 operating initiatives which would accelerate the movement toward the preferred future.
- **S – Strengthen** - What major organizational objectives might prevent the Authority from moving forward to achieve the goals?
- **T – Tie it all together** - Integrate the preceding activities and refine them.

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In 2011, fifteen employees went through the Six Sigma (6σ) Green Belt training and graduated in December of the same year. One employee has her Six Sigma Black Belt. In 2016, an additional 15 employees will receive their Six Sigma (6σ) Green Belt training from Cuyahoga Community College (Tri-C) and will graduate in June 2016. The graduates of these programs will lead several of the TransitStat projects and assist other employees in gathering, analyzing, and interpreting data and creating improvement plans based on that data.

Through the Cleveland State University, Department of Leadership Development in the Maxine Goodman College of Urban Affairs, RTA Public Transit Management Academies were created. These year-long programs consist of cohorts with 30 employees, the first three were staggered between January 2012 and June 2013. The following two cohorts will run from January 2016 through December 2017. Each cohort reviewed all aspects of a transit environment from management, including labor negotiation, crisis management, to financial management. Within each cohort, the employees divided into groups, where each group focused on a problem situation, investigated the problem, performed a root-cause analysis, identified possible solutions and submitted recommendations for improvement. At the end of the PTMA cohort program, each group presented to TransitStat their problem, analysis, recommendations or solutions, the group's implementation of the solutions, and ending results.

2015 – 2025 Strategic Plan

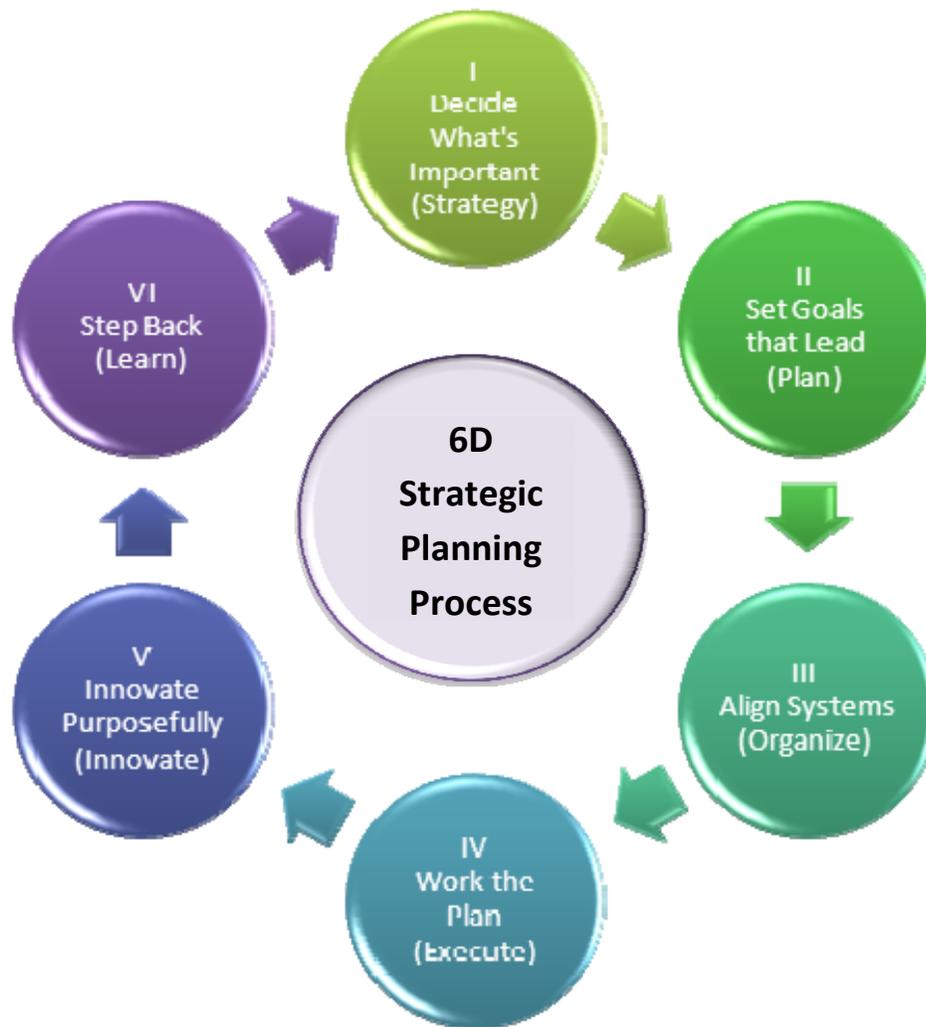
The Strategic Planning process started with a series of SWOT exercises involving key stakeholder groups, including the Board of Trustees, Citizen's Advisory Board, and internal groups from each of the different Divisions (Operations, Finance & Administration, Engineering & Project Management, Legal Affairs, Human Resources, and Executive) and a non-management employee group. Strengths, Weaknesses, Opportunities, and Threats were brainstormed using a 100-point exercise with participants voting for their top choices at the end of each session. Results for SWOT were prioritized noting the top 5 areas in each category. RTA utilized the Six-Disciplines methodology to conduct its strategic planning process (below).

Six Disciplines of Strategic Planning:

- I. **Decide What's Important (Strategy):** Answer the following questions: 'Why does this organization exist? What specific markets are we going to serve? Who are our competitors? What are we going to invest in to be distinctively different than our competitors? What are we going to "stop" doing?
- II. **Set Goals that Lead (Plan):** Where do we want to be in 10 years? 3years? 1 year? What is the growth strategy in terms of financial, customer, production process, and people perspective? What is the plan to inform and engage team members in the strategy on an on-going basis?
- III. **Align Systems (Organize):** What are the Strengths, Weaknesses, Opportunities, and Threats? Define clear outcomes, produce a schedule for each project and identify the required resources. Who is responsible? What measures and targets are required to align with strategic goals?
- IV. **Work the Plan (Execute):** What are the Vital Few Objectives (VFO) that need to get done within the next year, next quarter, next week? Are the goals on schedule? Are targets going to be met? Who are the accountability partners? When the goals are completed, were the results achieved?

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- V. **Innovate Purposefully (Innovate):** When faced with unexpected problems or opportunities, ask 7 times why the problem is occurring and look at root causes. Brain storm on how to solve the problem within the goal constraints. List to other team members and get their perspectives on the problem.
- VI. **Step Back (Learn):** Examine everything carefully. What are the external trends that affect the organization that are outside of our control? What opportunities do we have that should be addressed in our strategic plan? What internal weaknesses do we have? Where did we not meet our goal? Why? What are we going to do in the next year to develop professionally?



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The results of the SWOT Analysis were compiled by Division and identified into categories, for example, financial, leadership, innovation, support, etc. The highlights of the SWOT Analysis are below.

STRENGTHS	<ul style="list-style-type: none">➤ Performance management / drive for excellence / willingness to innovate and change➤ Financial management capabilities➤ Supportive board of trustees - allows us to focus on mission➤ Strong perception from the community - seen as a leader in the community
WEAKNESSES	<ul style="list-style-type: none">➤ Internal communication throughout the organization - vertical and horizontal➤ Succession planning, HR policies and practices➤ Rail operations and infrastructure➤ Information Technology structure; Better use of existing technology➤ We have too much of a bureaucratic mindset within our culture - we do not work at the speed of business➤ Lack of true safety culture
OPPORTUNITIES	<ul style="list-style-type: none">➤ Pursue key efficiency programs - such as predictive maintenance➤ Encourage people to develop and build where we already are; Take advantage of re-development initiatives in Greater Cleveland➤ More advocacy by a diverse group; Develop new funding sources➤ Simplify and make our system more user friendly➤ Pursue partnerships with other agencies➤ Focus on attracting millennials as a key part of ridership
THREATS	<ul style="list-style-type: none">➤ Under skilled workforce population; Pending retirements/loss of institutional knowledge➤ Inability to pursue certain funding; funding source cuts; Economic downturn➤ Unfunded mandates; Growing demand for paratransit➤ Aging infrastructure, equipment and facilities - overwhelming cost➤ Negative perception of safety and or Risk of Catastrophic safety event➤ Lack of transit knowledge and support within outside decision makers

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The Mission, Vision, and Values were then revised at a two-day retreat in August 2014:

Mission

To Provide Safe, Reliable, Clean, and Courteous Public Transportation

Vision

We Will Be...

- The transportation mode of choice
- Recognized as a transportation industry leader with first-class image.
- An employer of choice in Northeast Ohio.
- A champion for sustainability, achieving the triple bottom-line: people, profit, and planet.

Vision

We Will Have...

- A sustainable financial position with controlled expenses and a minimum 30-day operating reserve.
- An increasing impact in the region by improving efficiency and the coordination of services.

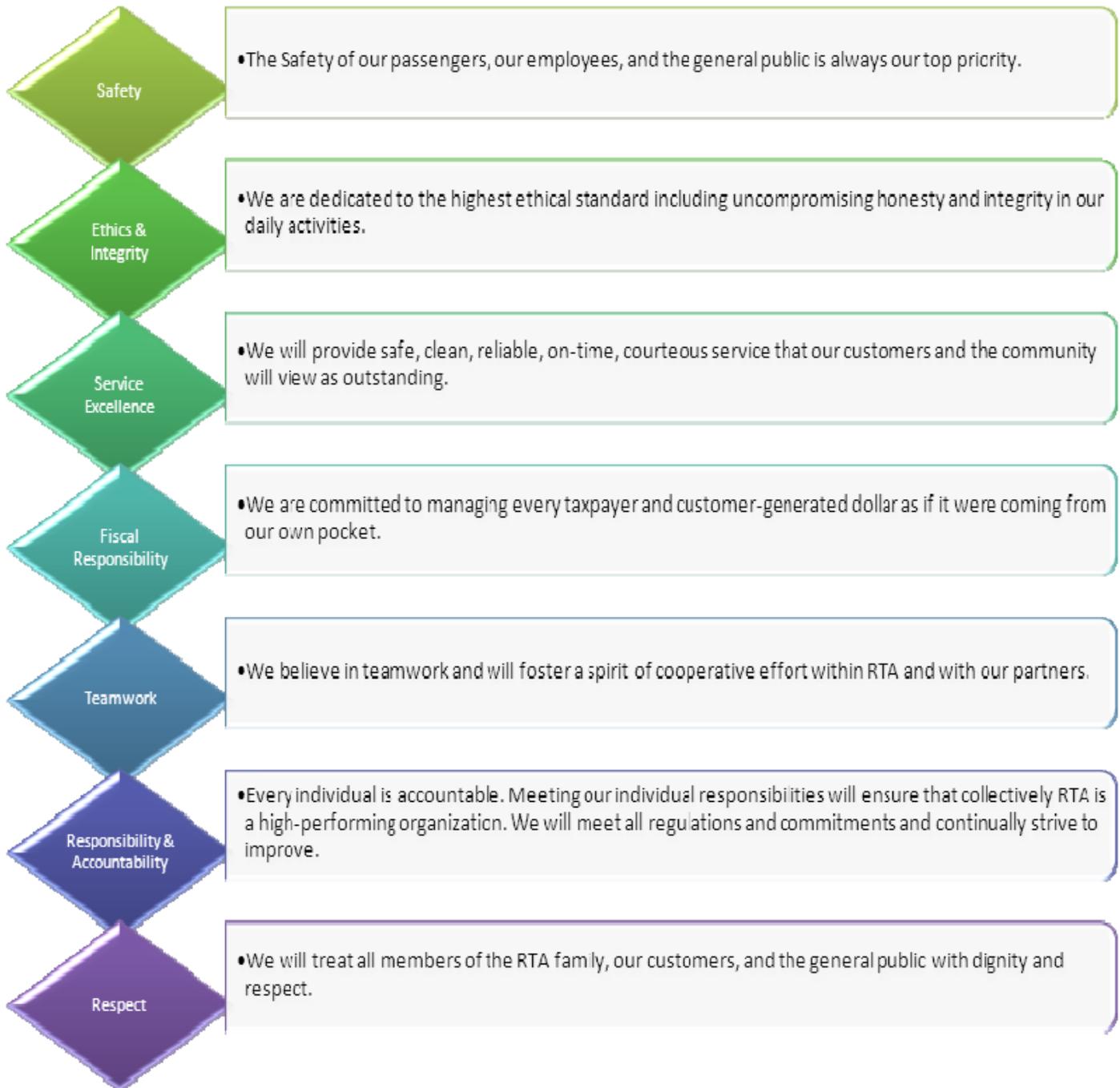
Vision

We Will...

- Upgrade and manage technology systems with increased efficiency to best serve our customers
- Achieve an infrastructure and vehicle state of good repair with an effective asset management system.
- Fund, plan, coordinate, execute and deliver quality projects on time and on budget.
- Continually improve the quality of our services and enhance the value of RTA to our community.

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Values



Performance Management

RTA leadership then developed Vital Few Objectives (VFOs) with Change Initiatives (CI) and action plans on an 18-month timeline and long-term targets on a 5-year timeline. The entire Strategic Plan, including VFOs, Change Initiatives, and Goals will be reviewed in its entirety mid-2016.

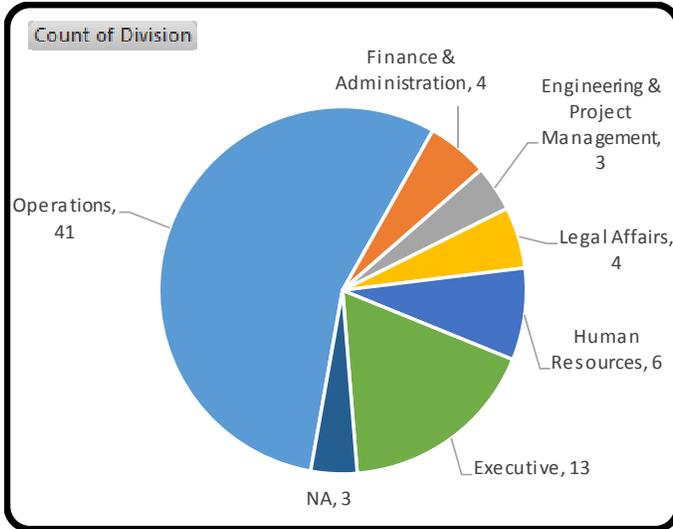
Greater Cleveland RTA Strategic Plan - Goals and Initiatives							
Vision	Measure	Division Champion(s)	Measure	2014 Target	2015 Target	2016 Target	10 Year Vision
Financial Vision							
	Operating Revenue Growth	Executive	Annual % Growth	3.5%	3.5%	3.5%	3.5%
	Capital Funding Growth	Executive	Capital Funding Dollars	\$75M	\$75M	\$75M	\$75M
	Maintain Expenses	Executive	Annual % Growth	2.5%	2.5%	2.5%	2.5%
Growth Strategy							
	Advocacy Growth	Executive	% of Identified Advocacy Groups Met with	N/A	50%	50%	50%
	Increase Service Usage	Executive	Annual Ridership	49.5M	51.25M	53.0M	2.5% Increase Annually
	Passenger Satisfaction Growth	Operations	Overall Satisfaction Rating	N/A	70%	75%	80%
Process Investments							
	Increase Service Efficiency	Operations	Miles Between Service Interruptions (MBSI); Paratransit Cost per Passenger Trip (PCPT)	6,273 (MBSI) \$42 (PCPT)	8,000 (MBSI) \$40 (PCPT)	9,000 (MBSI) \$38 (PCPT)	25,000 (MBSI) \$35 (PCPT)
	Achieve State of Good Repair (SOGR)	Engineering & Project Management	SOGR Scale 1-5	N/A	Baseline	TBD	> 3.0
	Advance Use of Technology	Executive	TBD	TBD	TBD	TBD	TBD
	Champion Sustainability	Engineering & Project Management	Emissions Reduced	5%	10%	15%	25%
People Investments							
	Achieve a Safety Culture	Legal Affairs	% Improvement of Performance Measures	Baseline	2%	5%	5% Annually
	Improve Employee Engagement	Human Resources & Executive	Engagement Rating	Baseline	TBD	TBD	TBD
	Improve Performance Management	Human Resources	Performance Evaluation Rating (TBD)	N/A	Baseline	TBD	TBD

The Strategic Plan was used as the methodology for developing the TransitStat categories, projects, and targets. Project Categories were aligned with the **Mission: Safe, Reliable, Clean, and Courteous**. Some projects continued to be monitored in 2015 (from 2014 projects) through the TransitStat program, however, more detail was required regarding the program plan, suggestions for improvements, and implementation of those improvements. Additional projects were identified through a survey of the TransitStat Planning Team. The survey identified the Strategic Plan 10 initiatives and the outcomes and activities underneath each. The Planning Team identified which initiatives were most important. Then the Planning Team identified the activities and outcomes that were most important under each initiative. The results were compiled and discussed in January at the planning meeting. The initiatives and activities/outcomes that had the most points were added to the 2015 TransitStat schedule. The other initiatives and activities/outcomes that did not make the schedule will continue to be improved and monitored throughout the year by the Champions and the team.

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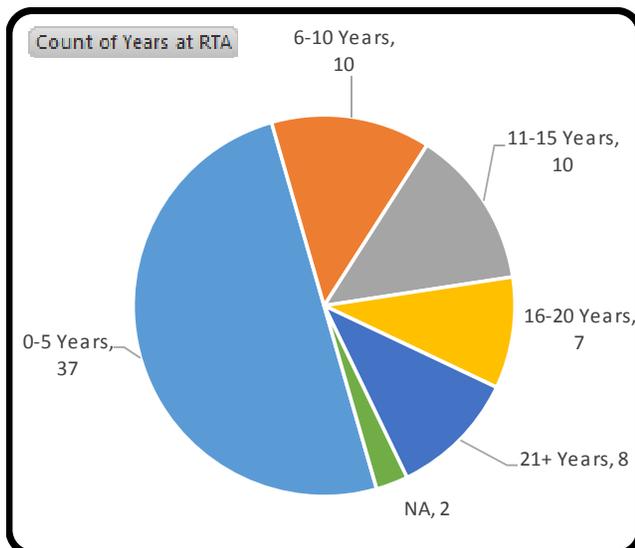
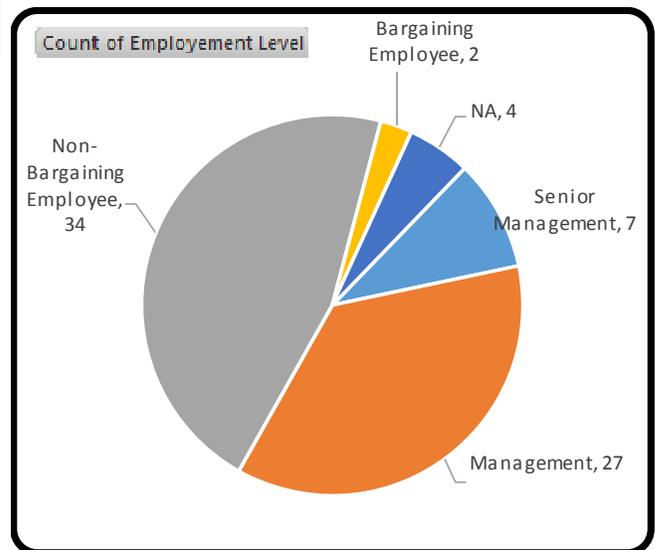
TransitStat Engagement Survey

At the end of 2015, an employee engagement survey was distributed to all members of TransitStat: planning team, project teams, special projects, and audience members. The survey response rate was 51%. The demographics of the respondents are below. (NA = No Answer)



- 88% of the Authority's employees are within the Operations Division.
- 82% of the Authority's Operating Budget is within the Operations Division

- Senior Management contains CEO, District General Managers (DGMs), and Executive Directors
- Management contains Directors, Assistant Directors, Managers, and Assistant Managers
- Non-Bargaining Employees include Supervisors, Analysts, and other non-union employees
- Bargaining Employees are those employees who are part of the ATU or FOP



- In 2015, TransitStat ended its 8th Year.
- Those employees who have been at RTA 5 years or less were not at the Authority when TransitStat began and do not have the background history of why the program started

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The first 8 questions used a likert scale: 1 – Strongly Disagree; 2 – Disagree; 3 – Somewhat Disagree; 4- Somewhat Agree; 5 – Agree; 6 – Strongly Agree. To get a better understanding of the range of responses, the Average, Mode, percent agree (percentage of scores 4 to 6) were calculated. The Average is the summation of all of the responses divided by the number of responses. The mode is the response that occurs most often. The percent agree is the percentage of all scores for the question that were from 4 to 6.

Total Respondents: 74		51% Response Rate		
Question	Scale: 1 (Strongly Disagree) to 6 (Strongly Agree)	Average Score	Mode	% Agree
1	TransitStat forum is supportive of innovation and 'out of the box' solutions	4.54	5.00	89.2%
2	TransitStat structure & objectives are clearly communicated an performance expectations are clearly stated for me and my team	4.62	5.00	85.1%
3	The frequency of presentations align with project progress and activity and holds participants accountable for completing projects on time	4.27	5.00	79.7%
4	TransitStat provides access to repeatable process improvements from other projects and departments	4.42	5.00	79.7%
5	TransitStat has made a positive financial impact on my department / the organization	4.77	6.00	90.5%
6	TransitStat has improved our organizational operations and business processes	4.86	5.00	89.2%
7	I have / My team has seen direct impact of process improvements from TransitStat projects	4.66	5.00	90.5%
8	TransitStat recognizes outstanding performance and clearly identifies when improvements are needed through access to training, tools, or resources through partner departments	4.32	5.00	79.7%

From the responses, most respondents have seen how TransitStat has impacted the Authority, department, and/or division. Communication and accountability are two areas of improvement for the TransitStat Panel and program. To address these issues, all TransitStat members were invited to attend an overview of TransitStat: what RTA was like before TransitStat was implemented; why TransitStat was created; how TransitStat was introduced to RTA; how TransitStat has helped to change the culture and the organization; and where TransitStat is leading the Authority. To assist the project teams in understanding the objective, measurements, and goals of their TransitStat projects, Improvement Action Teams were created. Each of the three teams consist of employees who are experts in their fields and understand how to gather, review, and analyze data and how to create a project scope, measurements, and action plan. Each of the project teams will meet with an Improvement Action Team in February to create the project plan for 2016.

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Scores were also reviewed by Division, Employment Level, and number of years working at RTA.

Average Score by Division	Years at RTA						NA	Grand Total
	0-5 Years	6-10 Years	11-15 Years	16-20 Years	21+ Years			
Operations	4.47	4.08	4.88	4.93	4.47		4.51	
Finance & Administration	4.50		5.38		4.31		4.63	
Engineering & Project Management	4.50		5.38		3.88		4.58	
Legal Affairs	3.38		5.75				3.97	
Human Resources	4.06	4.75	5.13	4.75		4.38	4.52	
Executive	5.08	4.75	4.63	5.13			4.88	
NA	4.50				5.25	4.43	4.73	
Grand Total	4.44	4.41	5.01	4.93	4.45	4.40	4.56	

The higher scores tend to be with those employees who have worked at the Authority between 11 and 20 years. They have worked for quite a few years and understand how the Authority was before TransitStat started. They have also seen the impact and change TransitStat has made. The lowest scores are from those employees who have worked at the Authority under 10 years. They have only experienced TransitStat at its current stage and do not have the breadth of knowledge about how TransitStat has transformed the culture of the organization.

Average Score by Employment Level	Yrs at RTA						NA	Grand Total
	0-5 Years	6-10 Years	11-15 Years	16-20 Years	21+ Years			
Bargaining Employee		2.75			3.88		3.31	
Non-Bargaining Employee	4.50	3.38	4.94	5.22	4.00		4.59	
Management	4.23	4.65	4.81	4.25	4.13	4.43	4.40	
Senior Management	5.25	5.50	5.56	5.13	5.06		5.30	
NA	4.50	4.63			5.25	4.38	4.69	
Grand Total	4.44	4.41	5.01	4.93	4.45	4.40	4.56	

The Average Score by Employment Level gave an interesting twist. Senior Management (CEO, District General Managers, and Executive Directors) has the highest average score. They like TransitStat because it has facilitated and accelerated the completion of projects. Non-Bargaining employees benefit from TransitStat as it has aided in the distribution of resources and helped make people accountable. Management (Directors, Managers, and Assistant Managers) are being held accountable for the work within their department or section, where this was not the case prior to TransitStat. Their scores are slightly lower than those of the Non-Bargaining Employees. The Bargaining Employees have the lowest scores. They are not as involved in the TransitStat presentations as TransitStat is more of a management tool. Non-Bargaining employees are being held accountable for their work and they have seen the environment changing. Change is difficult, especially when change happens after 21 or more years of doing things a certain way.

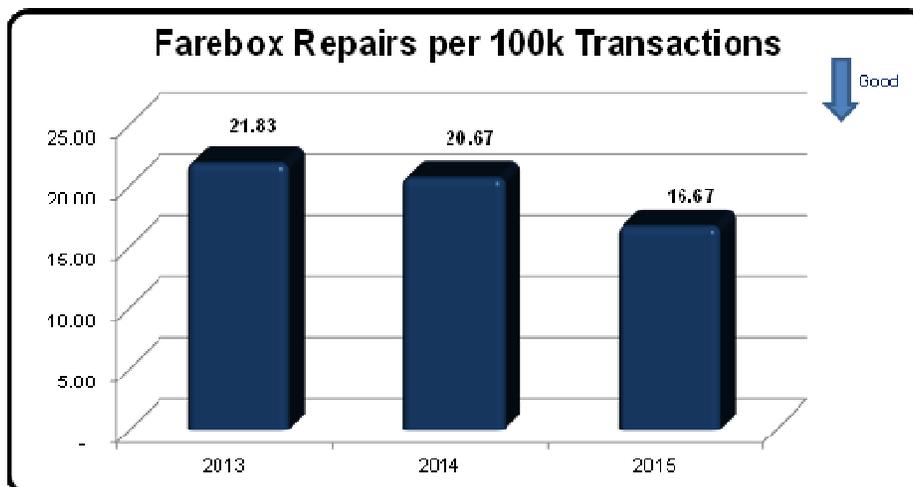
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Successes

The first year the Authority was managing through TransitStat, the Authority saved \$2.7 million, of which, \$2.3 million was from overtime reduction. This was achieved through detailed analysis of overtime cost drivers, developing more effective ways to dispense overtime, effectively managing and monitoring the times to complete tasks, and maximizing use of the UltraMain maintenance and material system. Since then, this management technique has been used with other projects such as electricity usage, utility costs, bus tows, and safety initiatives. Over the past 8 years, TransitStat has helped to reduce costs by over \$61.6 million, and enhance operational capabilities and has become the scorecard for the Authority.

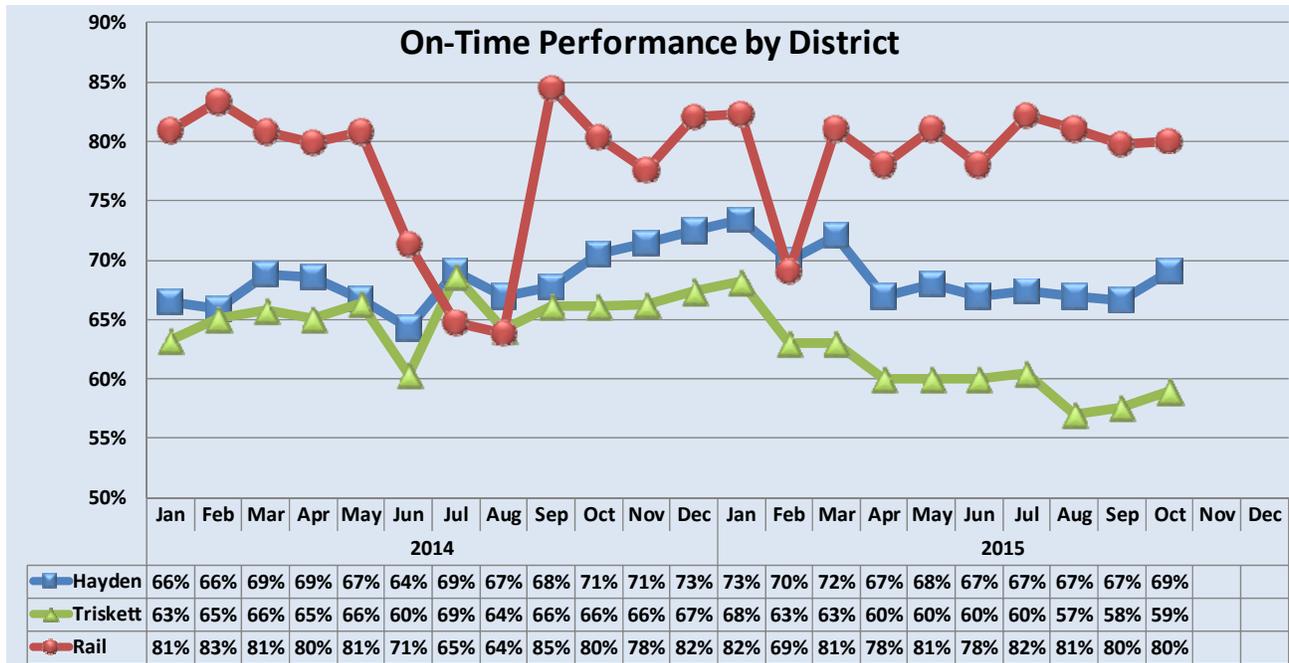
8-Year TransitStat Savings													
Year	Overtime	Inventory	Tows	Propulsion Power	Fuel Hedging	W/C Claims, Liabilities, Lawsuits	Utilities	Energy Management	P-Card	Safety Blitzes/ Initiatives	Farebox Defects	CNG	Total per Year
2008	\$ 2,300,662	\$ 433,890											\$ 2,734,552
2009	\$ 2,040,147	\$ 1,189,555	\$ 127,102										\$ 3,356,804
2010	\$ 3,380,907	\$ 2,478,111	\$ 188,802	\$ 1,027,820	\$ 9,894,237	\$ 145,444				\$ 1,532,000			\$ 18,647,321
2011	\$ 2,396,111	\$ 1,998,846	\$ 152,878	\$ 1,383,316	\$ 3,691,998	\$ 136,579	\$ 1,117,359	\$ 716,000	\$ 238,620	\$ 1,513,000			\$ 13,344,707
2012	\$ 349,746	\$ 102,417	\$ 206,989	\$ 2,144,723	\$ 2,108,072	\$ 1,007,388	\$ 2,258,017	\$ 316,499	\$ 132,675	\$ 1,613,071			\$ 10,239,596
2013	\$ 353,618	\$ (1,310,446)	\$ 204,981	\$ 2,342,114	\$ 587,769	\$ 352,292	\$ 3,044,711	\$ 667,501	\$ 94,979	\$ 807,465			\$ 7,144,984
2014	\$ (2,272,262)	\$ (970,365)	\$ 182,897	\$ 1,371,430	\$ 183,759	\$ 1,206,120	\$ 2,592,605	\$ 608,000	\$ 115,914	\$ 1,150,313	\$ 164,145		\$ 4,332,555
2015	\$ (4,683,083)	\$ (3,120,108)	\$ 193,319	\$ 1,592,091	\$ 1,387,569	\$ 2,202,363	\$ 2,015,661	\$ -	\$ 49,286	\$ 1,084,525	\$ 203,512	\$ 929,727	\$ 1,854,862
Total	\$ 3,865,846	\$ 801,900	\$ 1,256,967	\$ 9,861,493	\$ 17,853,404	\$ 5,050,186	\$ 11,028,353	\$ 2,308,000	\$ 631,474	\$ 7,700,374	\$ 367,657	\$ 929,727	\$ 61,655,381

The Electronic Repair team in the Fleet Management Department has worked with outdated equipment and facilities for many years. Through the TransitStat program, funding was identified to create a new area with updated equipment to repair fareboxes and other electrical equipment. At the end of 2015, the Electronic Repair Shop was able to reduce the number of farebox repairs by 24.5%, compared to 2014. To get an understanding of how this compares to ridership, the graph below displays the number of Farebox Repairs per 100,000 transactions (each time a customer pays the fare or swipes a farecard).



Performance Management

Assurance of quality service delivered is measured by analyzing results of miles, hours, operator and vehicle availability, and maintenance compliance. Analysis of On-time Performance reviews the frequency that the buses are at the stops at the specified times, ensuring that customers get to their destinations on time.



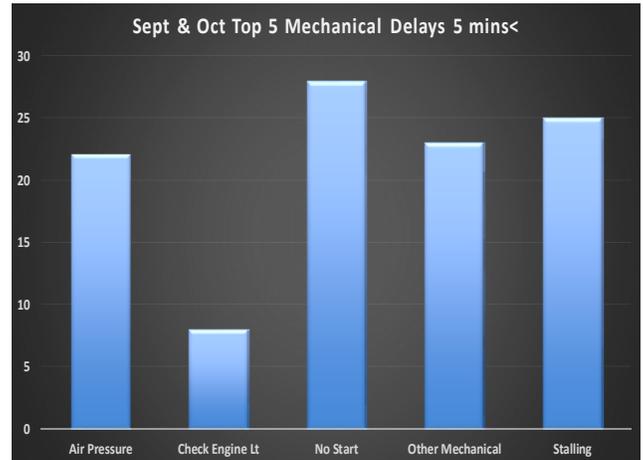
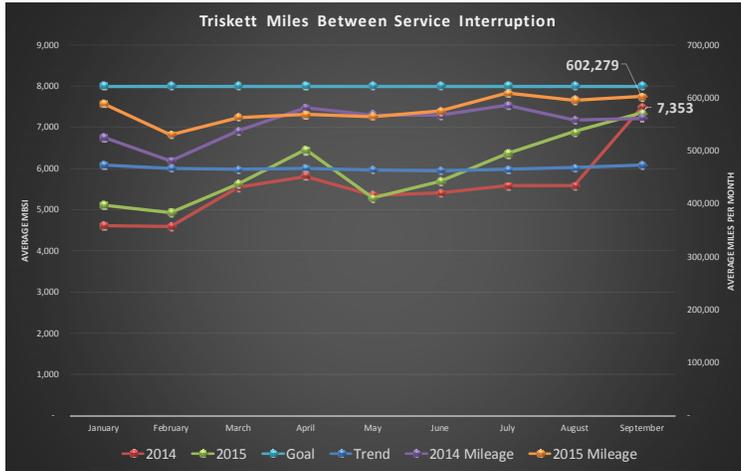
Route	On Time % Adherence Check	On Time % TransitMaster	Difference
9	79%	50%	29%
15	58%	21%	37%
20	58%	48%	10%
22	70%	67%	3%
26	60%	47%	13%
HL	78%	46%	32%

The Authority is also reviewing the stops entered in the database and where the stops are actually located. If there is a discrepancy between the two locations (the one in the database and the actual stop via Geocode), the Geocode is updated in the database.

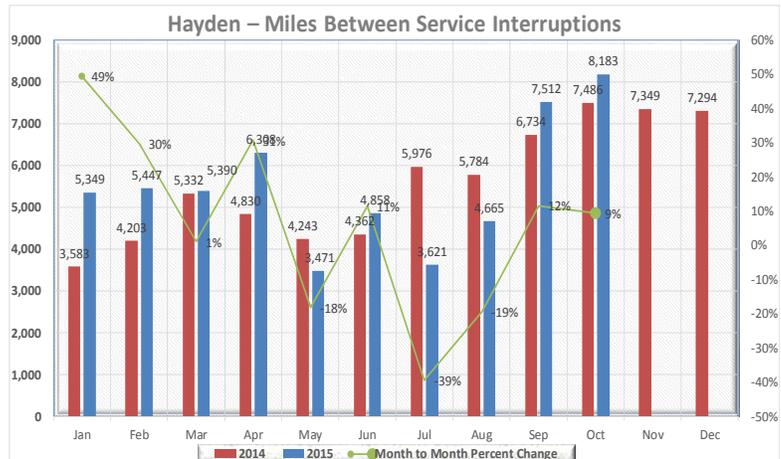
Actual on-time performance is being checked manually against the performance in the database. As discrepancies are discovered, as shown to the left, the information in the database is being reviewed and updated for increased accuracy.

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Analysis of Miles Between Service Interruptions (MBSI) provides feedback on vehicle maintenance practices and response times. Generally, service is interrupted by mechanical or electronic vehicle failures, or unexpected emergencies. Favorable trends would see an increase in miles and a decrease in service interruptions. The target for MBSI has been 8,000 miles or more from 2011 through 2015. Each of the Districts creates their graphs for MBSI and analyzes the types of failures that hinder the service to the customers. The equipment section analyzes and uses this information when maintaining service vehicles.

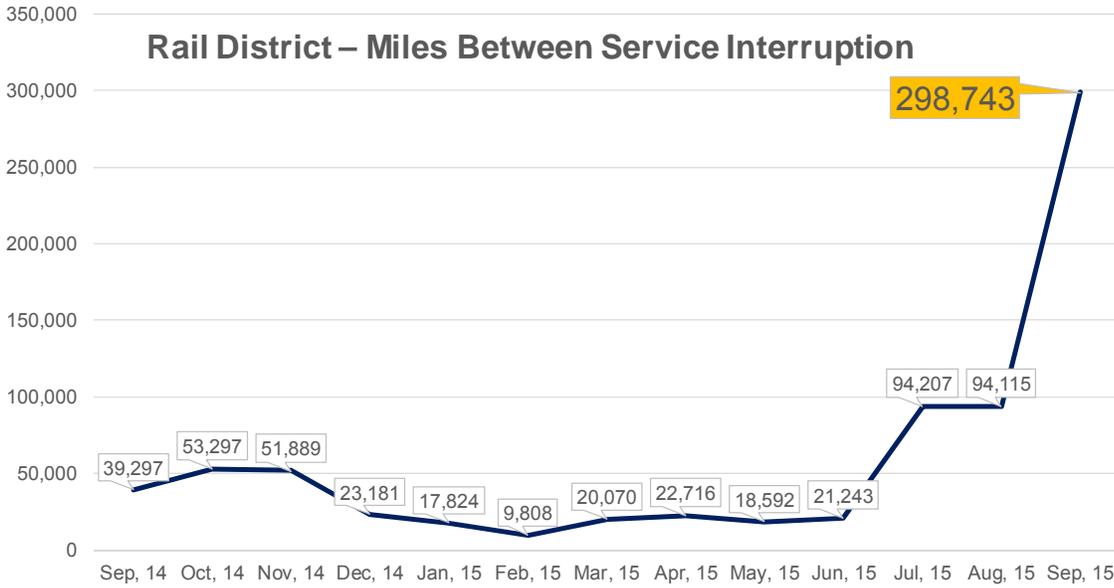


Above are two charts used by the Triskett District (bus). To the left is the chart used by the Hayden District (bus). Below is a dashboard used by the Rail District and the next page shows the graph of Miles Between Service Interruptions for the Rail District.

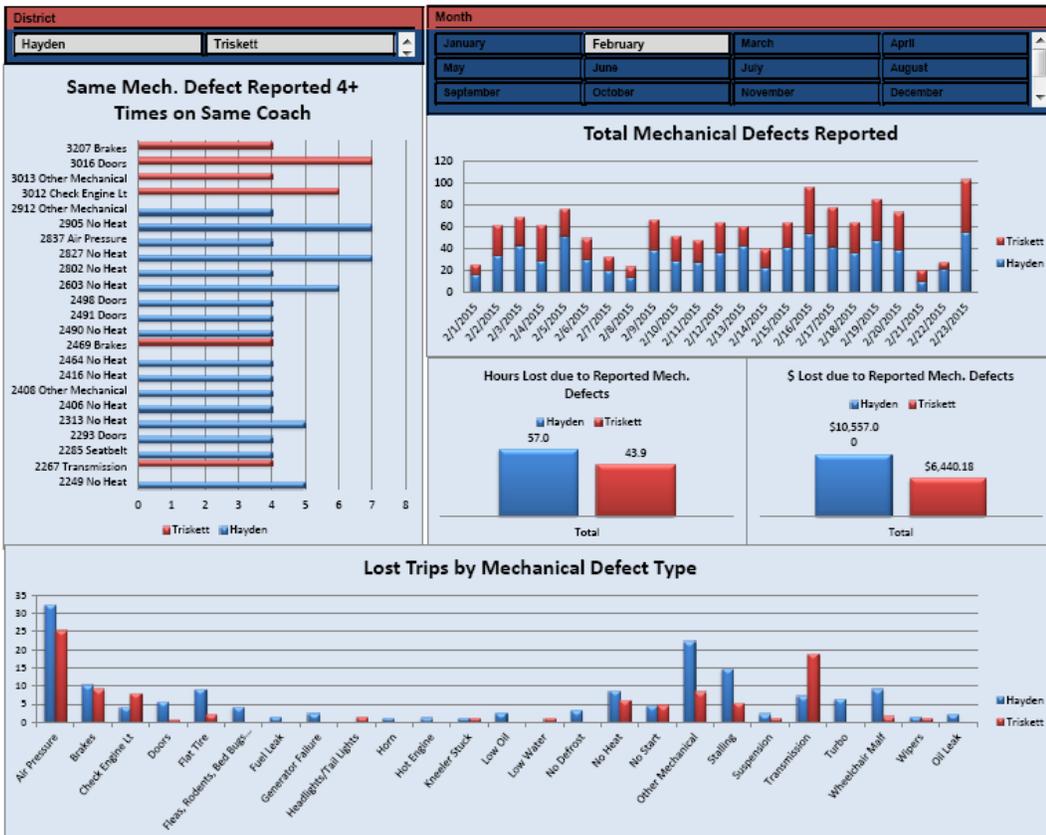


Performance Metrics	October	2015 Avg	2015 Goal
MBSI (September)	296,243	58,763	25,000
HRV "B" Inspection Compliance	79.63%	64.52%	85%
LRV "B" Inspection Compliance	73.81%	57.77%	85%
HRV Monthly Defect Calls	192	184	145
LRV Monthly Defect Calls	148	124	110
HRV Avg Days Between Wash	9.13	11.00	10
LRV Avg Days Between Wash	6.86	10.89	10
HRV Daily Service Ready Cars	30.1	28	29
LRV Daily Service Ready Cars	21.27	20	22
HRV Major Defect Turn Around Days		76	30
LRV Major Defect Turn Around Days		68.92	30

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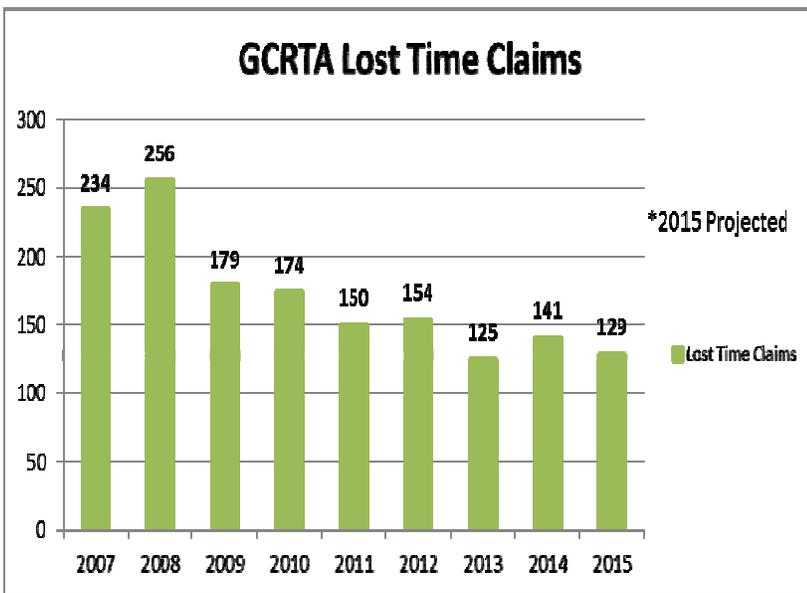
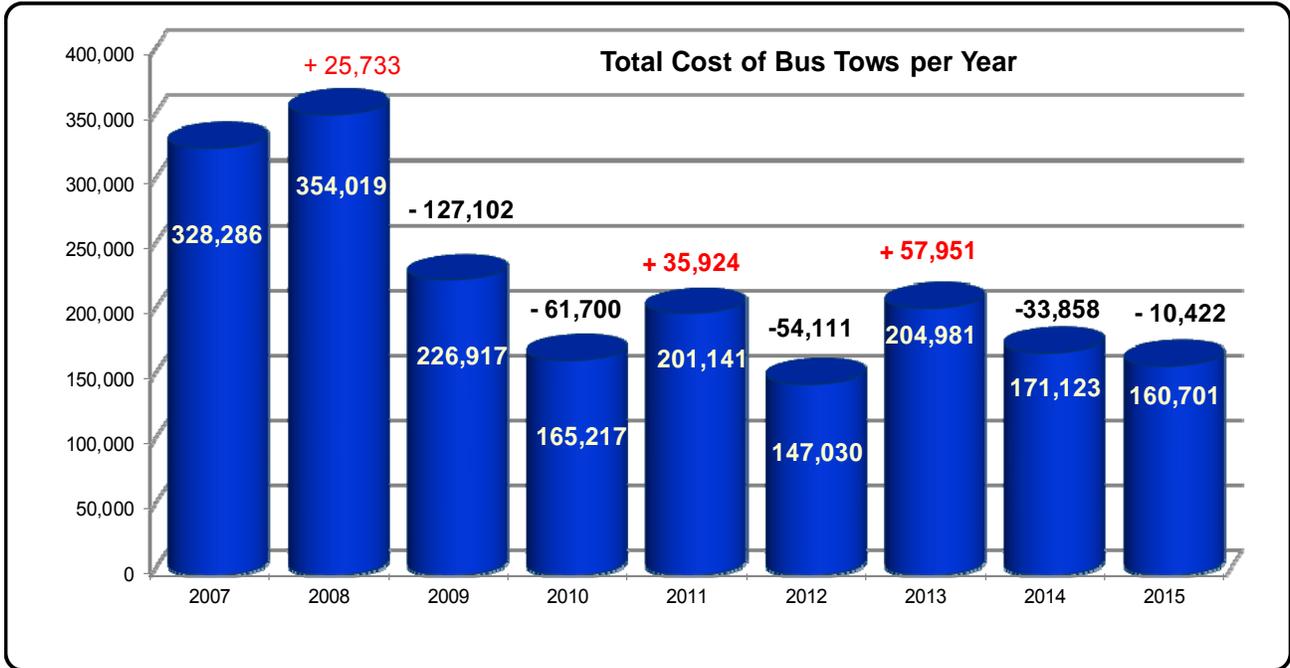
Although the target has not been met, improvements in personnel scheduling, maintenance, and inventory have helped to increase the rate from 5,980 in 2011 to just under 8,000 in 2015.



The Department of Service Quality Management created the dashboard below to monitor the mechanical defect calls received on a daily, weekly, and monthly basis. This dashboard is updated daily for the District Directors and Managers, as well as the Executive Management Team.

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The Central Bus Maintenance (CBM) District monitors the number, cost, and reasons for revenue vehicles to be towed. Since the onset of this program, towing charges have reduced over 31% each year. Towing charges for 2010 were reduced nearly 56%, compared to the total charges for 2008. In 2011, towing charges were reduced 11.4%, over \$27,700, from 2009 levels and -43.2% from 2008 levels. For the month of November 2014, the Authority had only 54 tows, an all-time low for the Agency. Over the past three years, bus tows have decreased each year. The total cost of tows for 2015 is the second lowest, lowest being 2010, since TransitStat began.



Risk Management has been monitoring the number of On-the-Job Injury (OJI) claims submitted each month, by the reason and type of claims. GCRTA encourages a stay-at-work culture, which has helped to decrease the lost time and medical only claims. Risk Management created a Transitional Work Program that helps employees to return to work sooner by providing opportunities for work outside of the employee's normal work capacity and decreasing lost work time.

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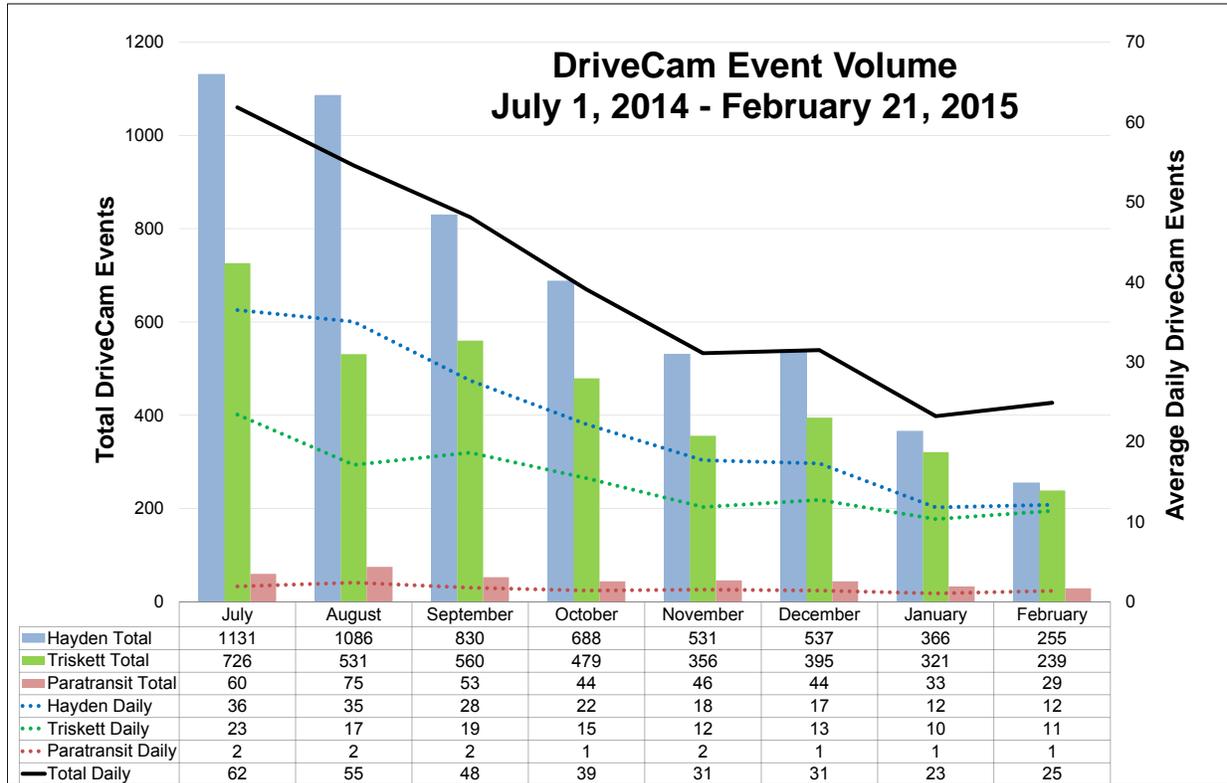
Another Safety Initiative that was implemented in 2014 was DriveCam. DriveCam is a program offered by Lytx to record driving data and provide continuous feedback. DriveCam installation has allowed for review of accidents and near accidents on all buses, and is now being added to rail vehicles. Managers are able to review video of the incident, evaluate the severity based on the video evidence, and take the appropriate follow-up action. This can include verbal coaching, training, and recognition. DriveCam has 48 standard behaviors, all of which are currently active and triggering events. Additionally, the Authority has 5 customer behaviors based on RTA policies. Operators can also manually trigger the event recorder if they feel there was something they wanted to capture on camera. Two-thirds of our Operators have never had a DriveCam incident. One Operator, Winston Borders, finished 2nd Place, out of over 400,000 Operators, in the Nationwide DriveCam/Lytx safe driving competition.

Below is the dashboard that the Operator and Transportation Manager can review. The dashboard shows the Operator how safe or unsafe was during driving over the past week. It also alerts the Operator of any issues or incidents that occurred during that time.

GCRTA GreenRoad Dashboard



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Performance is monitored daily by Green Road Technologies and events are submitted to the Transportation Managers at the Districts. Below are pictures from the Operator celebrations at the Districts highlighting those Operators who have had safe driving records.



Performance Management

The Telephone Information Center (TIC) is a section within the Marketing and Communications Department. Since 2008, the Telephone Information Center has been monitoring their performance. They have significantly decreased their Average Speed of Answer from a high of 5 minutes in 2008 to 0:30 minutes average in 2015. The goal was to answer every call within 1:30 minutes and they have consistently met their goal. As the Average Speed of Answer continues to stay within goal, the number of lost calls continues to decline, therefore, increasing the number of customers helped. This project has “graduated” from the TransitStat forum but is continually being monitored by the Department.

Energy Price Risk Management

Due to high costs of diesel fuel in 2008, GCRTA implemented an initiative to mitigate the risk of the volatility through an Energy Price Risk Management Program. In 2008, RTA experienced record highs in fuel cost as well as extreme volatility. The cost per gallon for diesel fuel jumped 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 its fuel costs, which resulted in the creation of an Energy Price Risk Management program (Fuel Hedging program).

The Fuel Hedging program’s strategy uses a process that:

1. Addresses market opportunities and market risk.
2. Holds the risk of exceeding budget at or below an acceptable level.
3. Uses historical pricing ranges as pricing parameters.
4. Is continuous.
5. Uses a dollar cost averaging tool.
6. Mitigates transaction-timing risk by making numerous smaller volume transactions (i.e. 42,000 gallons per transaction).

The strategy was accomplished with an Advisor, who is responsible for daily execution of the program, including the execution of transactions, generating reports on the program’s status and results, and monitoring the program and energy markets. The hedging instruments 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). RTA’s policy dictates that the maximum hedge ration will not be more than 90 percent of the forecasted consumption and that hedges can only extend 36 months in advance.

The Authority began positioning itself in the first quarter of 2009. Prices were at a five year low after the market crashed in the fall of 2008. By April, the Authority had nearly 3.9 million gallons of the 5 million gallon usage, purchased for 2010. The performance objective was to establish a 2010 fuel cost at or below \$2.20 per gallon. Regular reports and tracking were included in the 2009 through 2011 budget execution. The overall objective of the program is to decrease energy volatility, increase the certainty of future fuel costs, stabilize and control the budget and finally to lower overall long-term energy costs. In 2008, fuel costs were \$19.4 million. Using a firm fixed price contract for 2009, those costs were reduced to \$17.4 million. For 2010, the budgeted cost for fuel was \$9.39 million. Factoring in the shares of home heating oil that was sold, net cost of diesel fuel was \$8.0 million. Total diesel fuel costs in 2011 were budgeted at \$11.0 million and ended the year at \$9.9 million. The fuel costs for 2012 were budgeted at \$12.8 million and ended the year at \$12.6 million. For 2015, the budget was \$13.44 million but the actual cost ended at \$10.8 million. Well under budget. Fuel prices have dropped dramatically. The system is working exactly as it was

Performance Management

designed and is protecting the Authority against any dramatic rise in fuel prices. Fuel for 2016, 2017 and 2018 is fully hedged. Some hedges for 2018 fuel are as low as \$1.48/gallon. The projected cost for diesel fuel for 2016 is \$9.6 million and for 2017 is \$7.2 million. Prices are lower and usage is being reduced due to a new fleet.

In addition, RTA bought 90 new Gillig CNG buses and installed a CNG fuelling station at Hayden Garage. Those vehicles began operating in August 2015. Costs for natural gas for their propulsion has been \$.92/diesel gallon equivalent. These vehicles are also lowering the amount of diesel fuel being used. For 2016, RTA will use 1.3 million gallons less diesel than was used in 2014, a reduction from 4.4 million gallons to 3.1 million gallons.

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