PERFORMANCE MANAGEMENT

STRATEGIC PLAN

Figure 36

The Strategic Plan identifies and prioritizes GCRTA's goals and objectives as can be accomplished on a five year timeline to meet RTA's ten year vision. Management and implementation of the Strategic Plan assures GCRTA experiences success by seizing opportunities, leveraging advantages, and swiftly mitigating challenges within and beyond GCRTA's boundaries of control.

STRATEGIC ORGANIZATIONAL IMPROVEMENTS

GCRTA refines its long-term strategic direction through a visionary process of developing strategic objectives. As a result, four (4) Balanced Scorecard categories, nine (9) Vital Few Objectives (VFOs), and ten (10) Change Initiatives (CIs) were identified and outlined for implementation, visualized through a Strategy Map to create the GCRTA Leadership System. GCRTA is committed to its Mission, Vision, and Values (MVV), which is supported via programs like Together Everyone Achieves More (TEAM), TransitStat, Problem Identification & Corrective Action (PICA), and The Partnership for Excellence (TPE) using the Criteria for Performance Excellence. TEAM and PICA have been in place, mainly with the Operations Division, for over ten years, TransitStat deployed more than eight years, and TPE in place for the last four years. GCRTA's Leadership System consists of a Balanced Score Card (BSC) and Strategy Map. These are tools supporting Steps 2 through 4 in the Strategic Planning Process. The BSC is evidence of Planning and Aligning objectives throughout the organization to attain the MVV. The Strategy Map measures progress and success as the strategic plan is implemented and CIs are accomplished. The BSC defines four priority areas of strategic management for GCRTA. Figure X outlines these four strategic areas and they're defined purpose. These definitions serve as the basis of development of Vital Few Objectives.

The Strategy Map, outlined in Figure X, visualizes the alignment of the Balanced Scorecard and the Mission, Vision & Values of GCRTA. Included are the Scorecard Measures, Change Initiatives and Action Plans that are monitored and reported monthly and quarterly. These are linked with the Vital Few Objectives, categorized by relevance to BSC Area and relevance to GCRTA's Vision Statements. In addition, the TEAM Goals have been integrated into the Leadership System through the Scorecard Measures. The integration takes into

Balanced Scorecard	Strategic Plan Performance	2016-18
Area of Focus	**Initiatives**	**Performance Rate**
Fiscal Responsibility	1. Incr Rev/Decr Exp	2.33
	2. Enhance Fisc Resp	2.67
Voice of Customer	3. Expand Advocacy	3.50
	4. Enhance Customer Experience	2.82
	5. Increase Service Efficiency	2.75
Continual Process Improvement	6. Achieve State of Good Repair	2.00
	7. Advance & Improve Technology	4.00
Learning & Innovation	8. Achieve Safety Sulture	3.50
	9. Improve Employee Development	2.80
	Overall Performance Rating	**2.93**

Figure 37

account the applicable Vital Few Objective and the Balanced Scorecard area of focus. This alignment ensures correlation between metrics or progress firmly connected to GCRTA's 10-Year Vision of success.

FISCAL RESPONSIBILITY

GCRTA's Financial Vision encompasses growth in operating revenue and capital funding, as well as maintaining operating expenses. Another focus is on improvement of internal financial controls and systems.

This category includes the following Vital Few Objectives (VFOs):

- Increase Revenue / Decrease Expenses
- Enhance Fiscal Responsibility

INCREASE REVENUE / DECREASE EXPENSES & ENHANCE FISCAL RESPONSIBILITY

General Fund Revenue performance is made successful through management of Passenger Fares, Sales & Use Tax, and Reimbursed Expenditures. Sales & Use Tax and Passenger Fare Revenue account for over 90.2 percent of the Authority's General Fund revenue, of which, Sales & Use Tax provide for nearly 75 percent of total revenues in 2017, and are vital to establishing the operating levels of the Authority. Passenger Fares account for 16.2 percent of total revenues in 2017 and are the core implication of changes in our services.

Scorecard Metric	Performance Target
Operating Revenue	≥ 1%
Capital Revenue	≥$30 M
Total Expenses	≤2.5%
Total Overtime	≤7%of Salaries & Wages

Figure 38

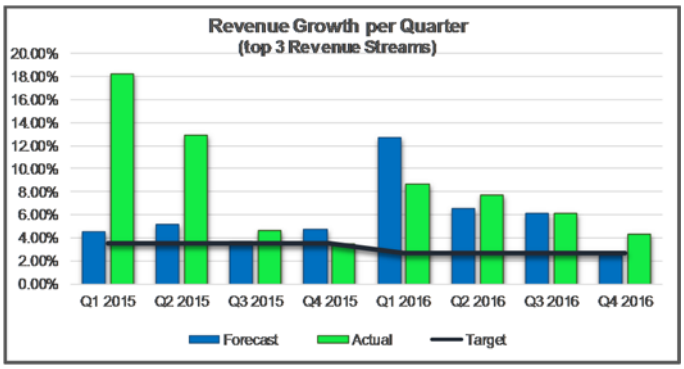

Figure 39

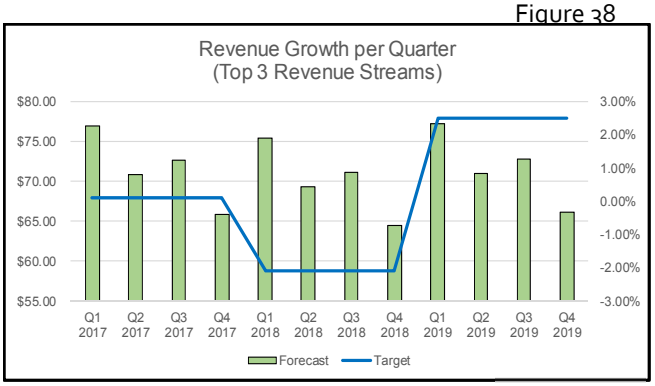

Figure 40

The growth rate is determined by the performance of the Sales & Use Tax and System-wide Ridership. These critical factors are volatile and require short and mid-term strategies to grow and sustain RTA's key revenue sources. For 2017, the growth rate is projected at 0.1 percent, mainly due to Sales & Use Tax projections. The FTA mandated that Medicaid Managed Health Care be removed from the Sales & Use Tax base. This will lower Sales & Use Tax receipts by about $4.5 million in the 4th Quarter 2017. Passenger Fare revenue is projected to grow slightly as the fare increase executed in the 3rd Quarter 2016 is annualized in 2017.

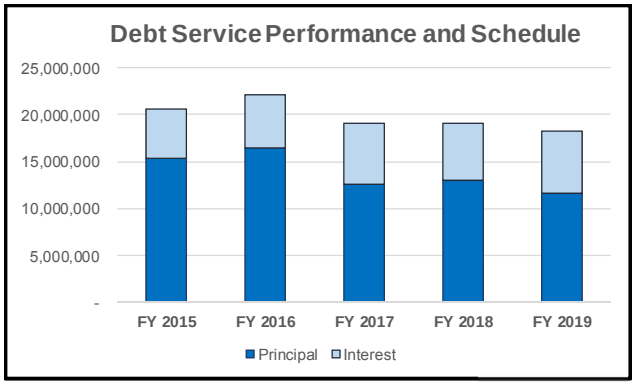

Figure 41

The growth rate for 2018 is projected at -2.1 percent as the first three quarters of 2018 will see a reduction due to the removal of the Medicaid Managed Health Care from the tax base. For 2019, a slower growth rate, at 2.5 percent is planned.

One category of performance indicators is Capital Efficiency performance, which includes metrics for Debt Service and funds allocated to capital maintenance or expansion. To support infrastructural investments driven by operational needs and ability to provide quality service, it is crucial to balance debts, assure creditors and identify and prioritize the impact of organizational expenses. Key capital efficiency performance indicators are outlined focusing on Debt Service and Investments in Maintenance vs. Expansion from Operating Revenue sources.

A financial policy goal is to contribute between 10 to 15 percent of Sales & Use Tax revenue to Capital. This indicator includes both direct contributions of Capital and the amount set-aside in the General Fund for debt service. The financial contributions to the capital programs support 100 percent locally-funded capital projects, provide the local match for projects funded by grants, and funds the Authority's debt service requirements. The contribution to capital held steady at 18.5 percent in 2015 and is projected to decline to 14.4 percent in 2016. This decline is projected to remain steady, near the 15 percent maximum, for 2017 through 2019.

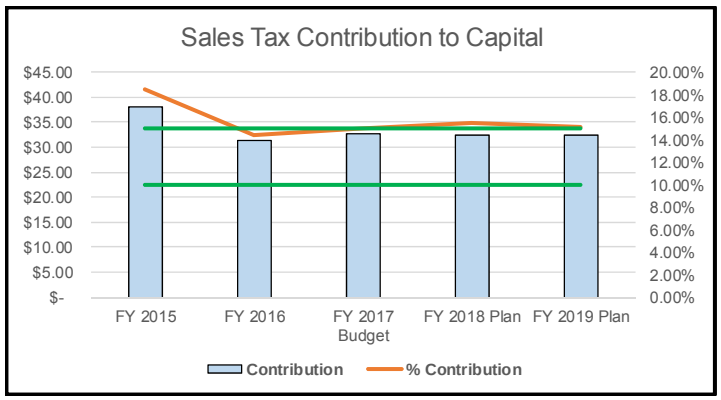

Figure 42

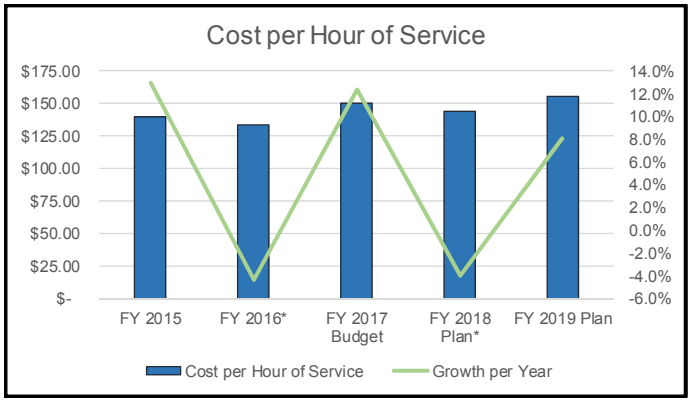

Figure 43

Cost per Hour of Service is measured against the rate of inflation to best inform allocation and use of human and financial resources. This means monitoring and managing the growth in cost to provide public transit services to RTA's service area.

Controlling expenses has a major impact on RTA's ability to establish a sustainable budget. To increase accountability and process improvements, RTA uses TransitStat. This program is a core driver of maintaining the Authority's expenses and investments. To ensure RTA is able to balance the General Fund, process improvement are also optimized to identify new revenue sources or improve use of resources by reducing waste and rework. TransitStat will be explained in more detail later in this section.

For 2017, the Budget was reduced by 7.8 percent, compared to the 2016 Budget. The VFO for Maintaining Expenses is projected to be met for FY 2018 and FY 2019, as the Budgets are planned to increase by 1.26 percent and 1.00 percent, respectively.

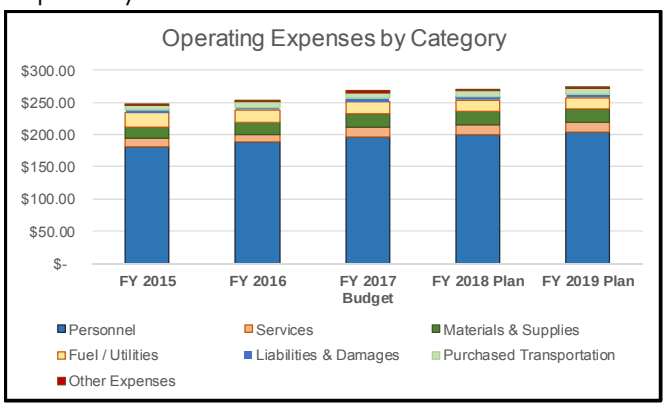

Figure 44

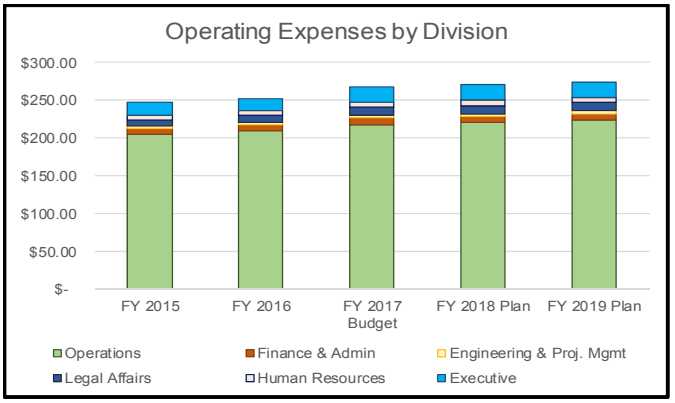

Figure 45

VOICE OF CUSTOMER

Voice of Customer emphasizes key strategies to managing advocacy and improving public transit in Northeast Ohio, as well as enhancing numerous aspects of customer experience on our system.

This category includes the following Vital Few Objectives (VFOs):

- Expand Advocacy
- Enhance Customer Experience

EXPAND ADVOCACY

Scorecard Metric	Performance Target
Advocacy Meetings	156 Meetings
Speaker's Bureau Members	≥ 12 Members

Figure 46

Advocacy as the Key Driver to Managing Growth: Financial Security, Steady Ridership, and Public Transportation Advocates. The Advocacy strategy focuses on educating constituents, decision makers, and community groups about the value of public transportation in order to gain ridership support, financial aid, and better connect RTA to the community it serves. The full list of contacts is over 320, and growing, with a variety of those being in an influential or decision-making capacity that impacts funding strategies for public transportation in the region, state, and nation. RTA leverages members of the Board of Trustees, Citizens' Advisory Group, ATU, and various community groups to support funding for public transit infrastructure to benefit RTA.

The General Manager maintains a list of over 320 contacts, which includes members of political leadership at local, state, and federal levels, civic leaders, business leaders, advocates, and members of the Citizens' Advisory Board. A majority of the contacts made are with external parties regarding Advocacy and Funding. Advocacy outreach includes the media, lobbyists, mayors, and state representatives receiving information about the benefits of public transportation. The message on funding needs are focused more toward State Senators, planning organizations, and business partners in the region.

The goal of Advocacy is to educate key stakeholder groups of the benefits of public transit. As a result, for RTA, this empowers various groups to advocate for and decide on funding availability to provide quality services. RTA established a list of contacts, with the target of meeting with 25 per quarter. The Authority has met or exceeded this target regularly, meeting with State reps, transit advocacy groups, or community leaders.

Advocacy outreach opportunities for 2016 include:

- RTA was recognized as a critical regional asset that was significant to the site selection for the Republican National Convention (RNC)
    - Provided outstanding service to over 50,000 national delegates, 15,000 visiting media, and the community
    - Coordinated with the City of Cleveland to complete public art installations (Inter-urban) along the Red Line from the Airport to Downtown and beyond
    - Facilitated receipt of ODOT's $6 million grant for 12 new Trolley Buses that were ordered, delivered, and scheduled into service in time for the RNC
    - Completed the total replacement of 4 escalators in Tower City prior to the RNC
- Worked with major influencers to promote increased funding for RTA and address funding challenges related to the Medicaid Managed Health Care Sales Tax issue
- Held successful advocacy event for National Infrastructure Week, highlighting the need for additional investments in our rail infrastructure
- Worked with GCP and NOACA to highlight need for greater transit funding as a major component of their legislative agendas
- Established a working relationship with Clevelanders for Public Transit, meeting quarterly, to assist in advocacy efforts
- Received 2 FTA demonstration grants to enhance pedestrian safety
- Published Roadway Worker Protection Manual
- Recorded 27 percent decrease in rail incidents
- Successfully led ODOT State Safety Oversight training for rail

ENHANCE CUSTOMER EXPERIENCE

Ridership is measured by Unlinked Passenger Trips, which is reported in the National Transit Database (NTD). Tracking ridership by mode informs RTA of the potential impact of customer behaviors on Fare Revenues. Bus is the largest contributor of trips, evidenced as the core of RTA's service offerings. Heavy Rail (Red Line) serves the next largest amount of riders, followed by the HealthLine. The HealthLine has been a thoroughfare of economic development and operates along Euclid Avenue, a major corridor for the Greater Cleveland area, from downtown, past Cleveland Clinic, through University Circle, and into East Cleveland.

Scorecard Metric	Performance Target
Ridership	≥ 46 Million
On-Time Performance	≥ 75%
Ride Happy or Ride Free	1 per 30,000 riders
Overall Customer Satis-faction	≥ 80%
Action Plan Progress	100%

Figure 47

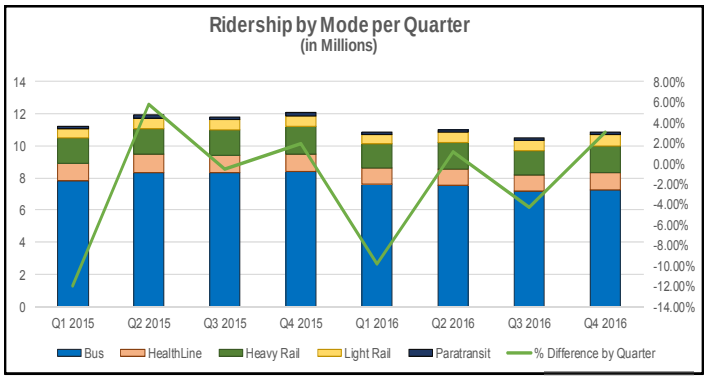

Figure 48

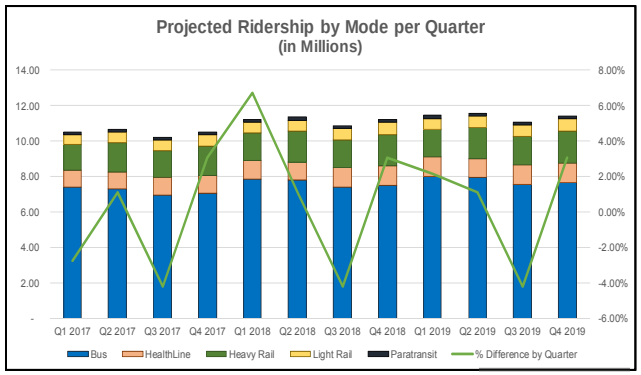

Figure 49

From 2013 through 2015, service was added to alleviate crowding on the most popular routes and enhance service in other areas. The customer satisfaction survey was being conducted the same month that public meetings were being held regarding a potential fare increase and service reductions. These meetings had a negative impact on the overall customer satisfaction. In August 2016, a 25-cent fare increase took effect and in September, a 3 percent annualized service reduction was implemented, which reduced, re-aligned, or eliminated the least populated routes, most of which had alternative service available within 0.5 miles.

RTA values feedback from its customers, as it informs key steps in designing and delivering service. Understanding the demographics of our ridership, and how they are engaged with our services is best informed through our ABBG (American Bus Benchmarking) survey results. Over 70 percent of our riders are using transit for work related commuting, about 10 percent are students, and less than 10 percent ride for leisure. Customer prioritize availability, time and security of service above all else. Our 2015 Net Promoter Score (NPS) for riders improved by 8 percent over 2014. In 2016, due to the implemented service reduction, customer satisfaction for bus service decreased significantly. The survey was conducted for a period of one month during which public meetings were being held for a potential fare increase and service reduction. These public meetings had a detrimental impact on all survey indicators.

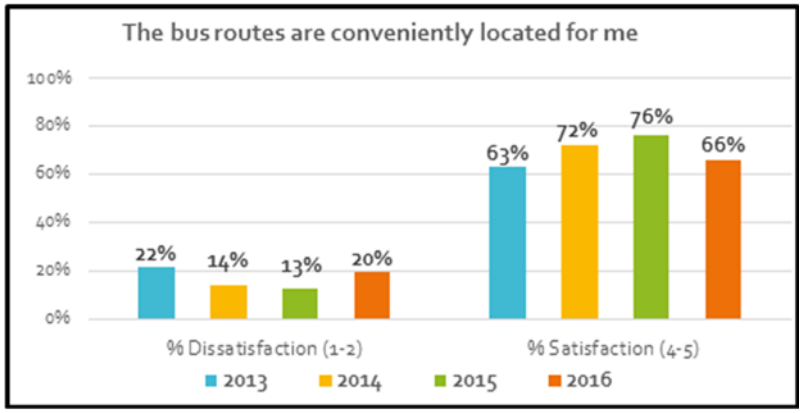

Figure 50

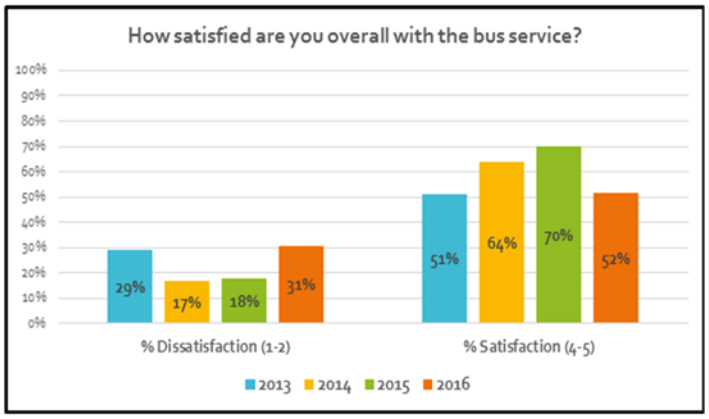

Figure 51

The customer satisfaction rating informs a variety of aspects on how RTA delivers quality transit services. Such aspects include cleanliness, safety, operator behavior and reliability and timeliness of the service. Monitoring rates of Customer Engagement is equally important as it gives reason to what drives customer loyalty, or a NPS rating. Measuring engagement means understanding what makes riders use the system frequently, safely, confidently, and how they advocate and encourage others to use our system (or possibly even public transit in general).

In 2016, the American Bus Benchmarking Group (ABBG) conducted the 4th annual Customer Satisfaction Survey for all bus customers, including transit agency employees. RTA and 19 other like-sized transit agencies measure customer satisfaction with bus service. This opportunity provides RTA with a measure of customer service, identifies areas of improvement, and allows the agency to be compared to the performance of other agencies.

Customer Satisfaction is key to RTA's mission: To Provide Safe, Reliable, Clean, and Courteous Public Transportation. Results from the Customer Satisfaction Surveys have helped to identify areas of improvement in safety and cleanliness.

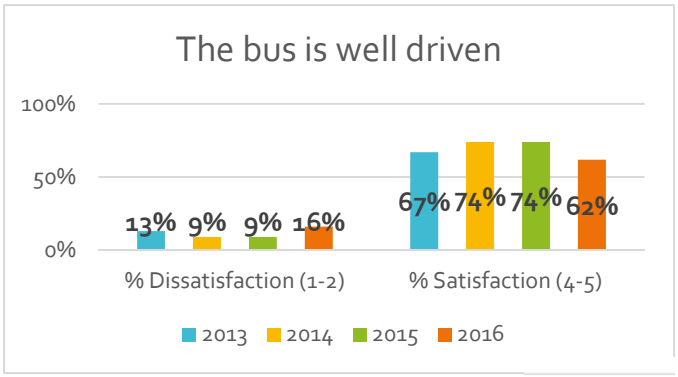

Figure 52

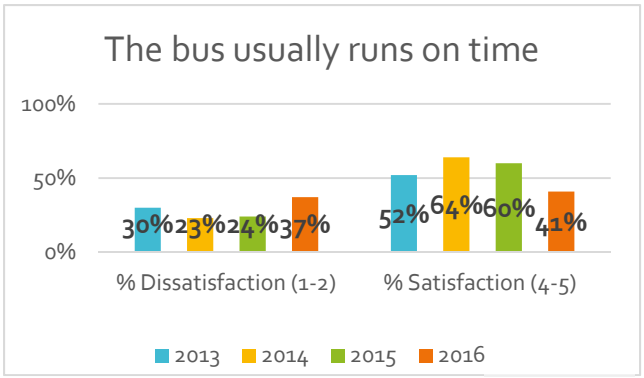

Figure 53

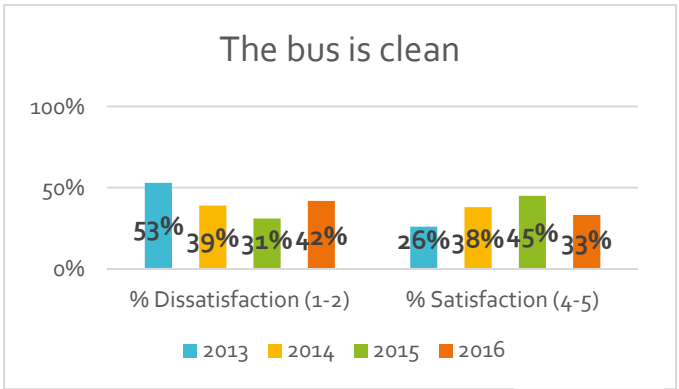

Figure 54

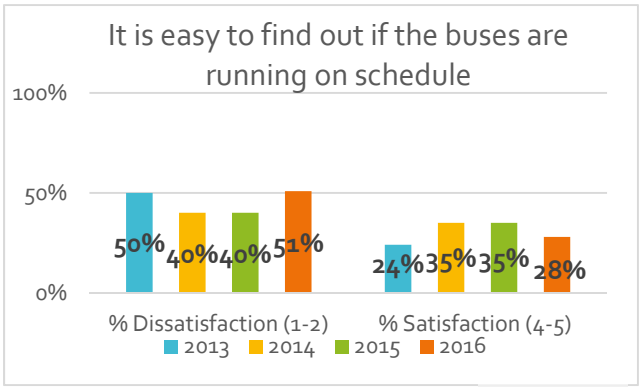

Figure 55

CONTINUAL PROCESS IMPROVEMENT

Continual process improvements establish meaningful standards for current processes and eliminate waste through innovative process improvements across RTA.

This category includes the following Vital Few Objectives (VFOs):

- Champion Sustainability
- Increase Service Efficiency
- Achieve State of Good Repair (SOGR)
- Advance & Improve Technology
- Improve Paratransit Service Efficiency

CHAMPION SUSTAINABILITY

GCRTA's strategic priorities are set in a 10-year vision addressing continual process improvements and investments in our infrastructure, developing our workforce, and ensuring our public transit system is safe. The Authority continued the Public Transit Management Academy (PTMA), added a collection of Six Sigma Green Belt projects, earned the Silver Award from the Partnership for Excellence, recognized in Northeast Ohio as one of the "50 Smartest Organizations", and updated our Mission, Vision, and Values during the 2016 Strategic Planning session. The Sustainability Strategy supports our continual improvement initiatives that meet and exceed our Mission, Vision and Values.

APTA Sustainability Commitment - Silver

Summary

This page provides an overview of progress towards achieving the goals of the Sustainability Commitment and higher

You have achieved		4	**of 4 prerequisites**
You have achieved	**2% improvement in**	2	**indicators**
	5% improvement in	1	**indicators**
	10% improvement in	5	**indicators**
You have achieved		10	**action items**
		3	**stretch goals**

Comments:

Baseline data is a complete calendar year. The follow-up data is January through August or September, including the normalization factors. An update shall be provided in April 2017 with the full Calendar Year data. Very few of the items have a projection methodology.

Figure 56

The Sustainability Program monitors a variety of material issues defining our performance as a socially and environmentally conscious member of the Greater Cleveland community. This includes items such as Public Safety, System Reliability, Responsible Fiscal Management, investments in Alternative Fuels and Energy Efficiency, and Rate of Greenhouse Gas Emissions. At the end of 2015, RTA obtained ISO 14001 ESMS Certification for the Central Bus Maintenance Facility (CBMF) and received updated requirements to move forward with the certification process for Hayden and Triskett Districts. The Program Manager uses a variety of tools from the World Resource Institute, World Business Council for Sustainable Development, Environmental Protection Agency, Greenhouse Gas Protocol, APTA Sustainability, Global Reporting Initiative, and many other sources.

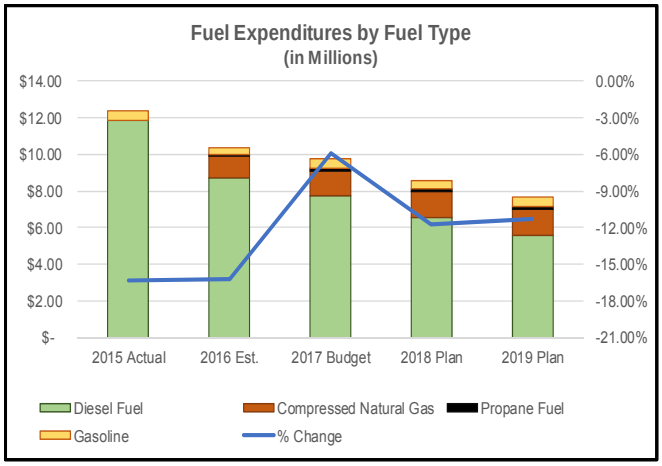

Figure 57

The Authority is helping to reduce mobile emissions by purchasing alternatively-fueled vehicles. Of the 24 BRT vehicles, 21 are hybrid-electric vehicles on the HealthLine. RTA incorporated 90 new CNG vehicles with additional buses on order for the next several years. Natural Gas prices cost 1/3 of diesel, resulting in savings of more than $200,000 for the life of each vehicle. RTA's CNG fleet will emit 30 percent

fewer greenhouses. RTA is also testing Propane vehicles in the Paratransit fleet. The 20 vehicles are expected to save money and reduce pollutants. RTA also uses all-electric trains on the Red, Blue, and Green lines across 35 miles of track, serving nearly 10 million customers each year.

INCREASE SERVICE EFFICIENCY

RTA's Service Plan seeks to balance available funds with the public's demand for transit service. Service Management defines feasible miles and hours of service based upon available human and financial resources. The Districts, with support from Fleet Management and Service Quality, implement the services as planned. RTA measures performance of design and delivery of service with a variety of operationally-focused metrics, such as On-Time Performance, Tows, Service Capacity, and rates of preventive maintenance for key assets; Facilities, Vehicles, and Equipment, such as fare boxes.

Scorecard Metric	Performance Target
Avg Cost Paratransit Trip	≤ $40
TEAM: MBSI	≥ 10,000 Miles
Prev Maint Compliance	≥ 85%
Action Plan Progress	≥ 85%

Figure 59

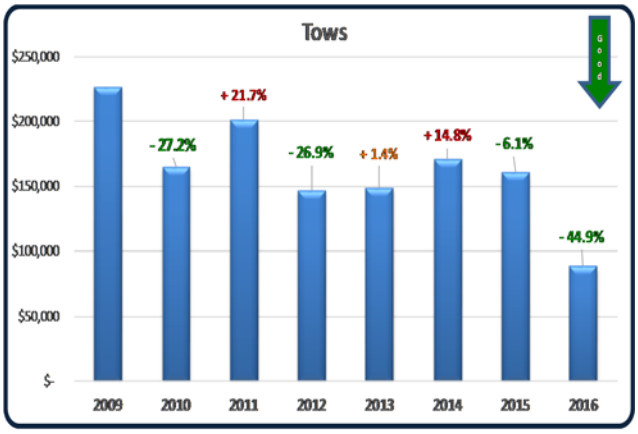

Figure 60

Other Operational indicators include Miles Between Service Interruptions (MBSI), Preventive Maintenance (PM) Compliance, and the Rate of completing Action Plans. Action Plans include implementation of Predictive Maintenance Program for Hayden, Triskett, Fleet Management, and Electronic Repair, which includes establishment of a 3-year budget program to meet program objectives. An effective Predictive Maintenance program will increase the Miles Between Service Interruptions and impact the State of Good Repair rating for fleet, equipment, and infrastructure.

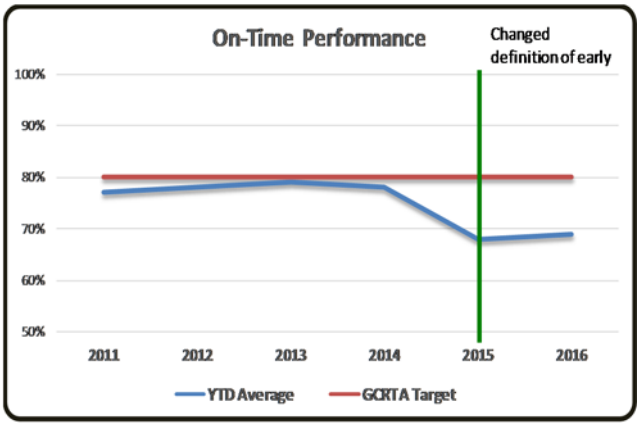

Figure 61

The aim of the Predictive Maintenance Program is to predict when equipment will fail, before it fails. In 2015, RTA started the Predictive Maintenance Program by repairing or replacing selected equipment before they fail the first time. Maintenance tasks are planned, based upon diagnostic analysis, current conditions of the equipment, trends analysis of usage, manufacturer's suggested maintenance times, or forecasting the remaining life of the equipment. In 2016, the Hayden District and Fleet Management District started overhauling the HealthLine vehicles, most of which were placed into service in 2008. The key measurement for the Predictive Maintenance Program is Miles Between Service Interruptions, or MBSI.

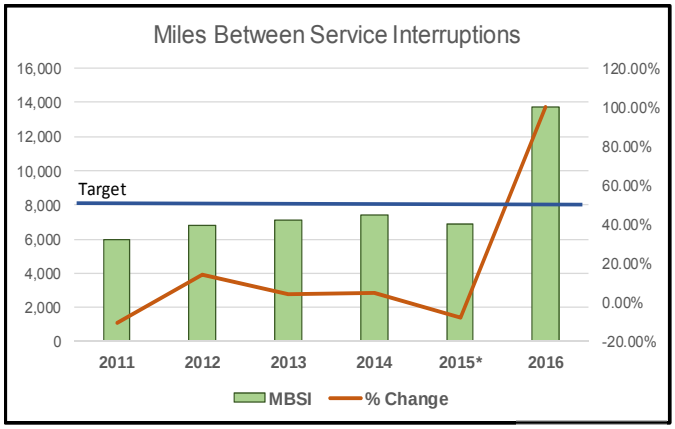

Figure 62

ACHIEVE STATE OF GOOD REPAIR

In the public transit industry, asset management and State of Good Repair (SOGR) strategies are vital. GCRTA must improve the ability to assess a SOGR rating and understand how to prioritize assets to properly invest grant funding in necessary infrastructure.

Scorecard Metric	Performance Target
SGR Rating	≥ 2.5
Action Plan Progress	100%

Figure 63

To accomplish a complete inventory with a meaningful SOGR rating, GCRTA must complete Action Plans regarding Standard Assessment of SOGR by dollar value, establish a strategy to financially prioritize projects and maintenance with a SOGR rating of 2.5 or less, and define the SOGR ratio as a factor to update the 5-year capital plan.

In 2014, RTA began implementing a process to assign all assets a SOGR rating, ranging from 1 to 5. Asset Configuration and Management planners compiled an inventory of assets and assigned each one a SOGR rating based upon their condition. These ratings will be used to help prioritize the allocation of funds for the Capital Improvement Program.

The VFO metric requires an annual improvement to the baseline GCRTA SOGR rating, which is the aggregate of all asset ratings. The Asset & Configuration Management Department finalized the baseline SOGR rating for the entire Authority.

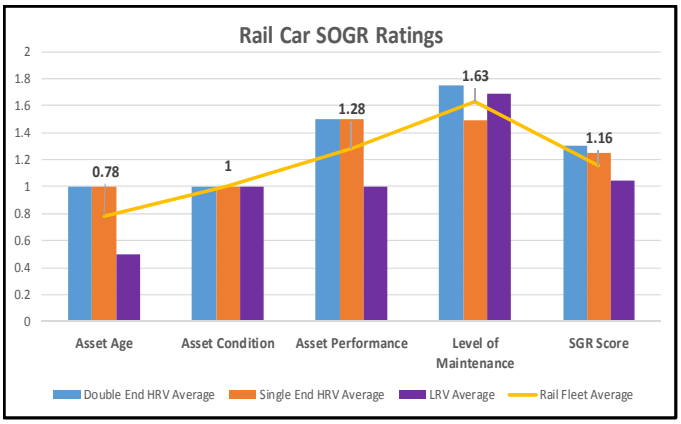

Figure 64

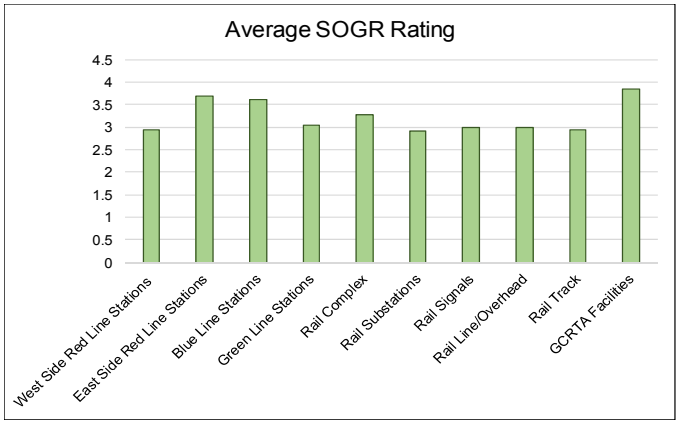

Figure 65

ADVANCE & IMPROVE TECHNOLOGY

RTA's Information Technology (IT) environment encompasses many tools and resources to support the administrative and operating departments in their daily obligations. IT has identified and prioritized a variety of initiatives to further enhance capabilities of the workforce, and build reliable processes that support those capabilities in a sustainable manner. This includes a focus on a refined 3-year Strategic Plan and governance structure, as well as updating the phone system, data center, and network redundancy. IT provided GroupWise email access to the entire workforce in 2016.

Scorecard Metric	Performance Target
IT SGR Rating	≥ 15%
Action Plan Progress	100%

Figure 66

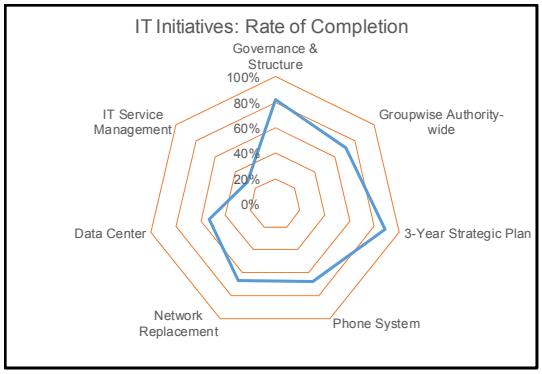

Figure 67

As with other assets and infrastructure, the IT Department is focused on maintaining a reliable information systems infrastructure, replacing necessary assets and components as dictated by various asset lifecycles. To monitor improvement, the percentage change is the indicator with a performance target of 15 percent improvement across all systems and projects.

This rate of IT-SOGR improvement includes completion of various Action Plans including the completion and reporting of Dashboard Metrics, Phone System Upgrade, Network Upgrade, Data Center Improvements, Back-up/Storage Replacement, IVR, CitrixFarm, Mobile Ticketing, and various End-User priorities.

IMPROVE PARATRANSIT SERVICE EFFICIENCY

RTA has analyzed several efficiency aspects of Paratransit's operation (ADA Demand Service). Much of the focus includes the ADA application and approval process, functional testing, and revisions to the fare structure. The VFO metric is Average Paratransit Cost per Trip, with a goal of $40 per trip. As an indicator of operating efficiency, GCRTA monitors the Average Cost per Trip taken on its Paratransit service. This strategic objective correlates with the Fiscal Responsibility initiative regarding Medicaid Reimbursement Program. The success of that program has an impact on our operating efficiency and ability to deliver quality Paratransit Service.

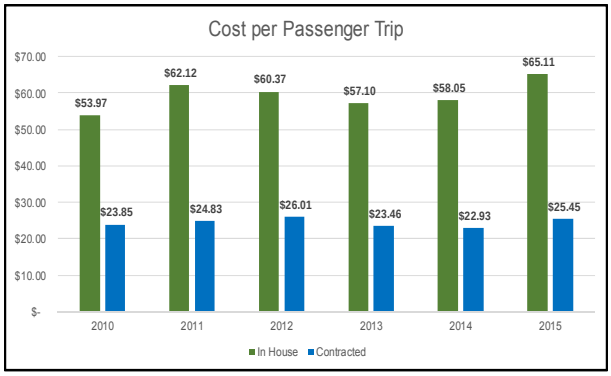

Figure 69

Scorecard Metric	Performance Target
Avg Cost Paratransit Trip	≤ $40
TEAM: MBSI	≥ 10,000 Miles
Prev Maint Compliance	≥ 85%
Action Plan Progress	≥ 85%

Figure 68

LEARNING & INNOVATION

It is imperative to invest in the development of RTA's valued workforce to grow engagement, capabilities, and improve productivity of workforce members to continue providing safe, quality transit services.

This category includes the following Vital Few Objectives (VFOs):

- Achieve Safety Culture
- Improve Employee Engagement
- Improve Performance Management

ACHIEVE SAFETY CULTURE

Safety is embedded in the organizational culture through the Mission, Vision, and Values of RTA. Safety is a critical element of every RTA employee's function in ultimately delivering quality public transit services. There are numerous performance measures that inform upon the Authority's impact on workplace and public safety and security. Within the boundaries of control, safety is measured by Preventable Collisions, On-the-Job-Injuries, successfully completed Safety Drills, and improved driver behaviors as monitored through DriveCam Risk Report Cards.

In addition to managing the aforementioned metrics, it is also of importance to complete process improvement projects through Action Plan progress. Safety-focused Action Plans include improved safety of customers and employees, compliance of external audits, conducting Culture Change Sessions with Leadership

Scorecard Metric	Performance Target
Preventable Collisions	1 per 100,000 Miles
OJIs	10 per 200,000 Hours
Completed Safety Drills	3
DriveCam: Incident Frequency	≤ 19%
DriveCam: Incident Severity	≤ 19%
DriveCam: Rule Violation Risk	≤ 19%
Action Plan Progress	100%

Figure 70

and various segments of the organization, and maintaining at least two TSSP Certified Individuals in the Safety Department Team.

The Preventable Collision Rate is an indicator of Operator Behavior. The Authority also draws upon data from the DriveCam system. The On-the-Job Injury Rates inform Management of safety decisions and behaviors that may lead to increased risk and cost in the workplace. The Authority also recognizes Champions of Safety on a monthly basis. These employees go above and beyond the normal work duties to ensure that the infrastructure, facilities, vehicles, employees, and customers are safe.

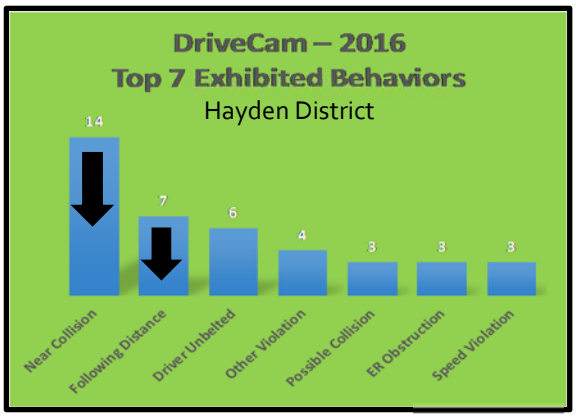

Figure 71

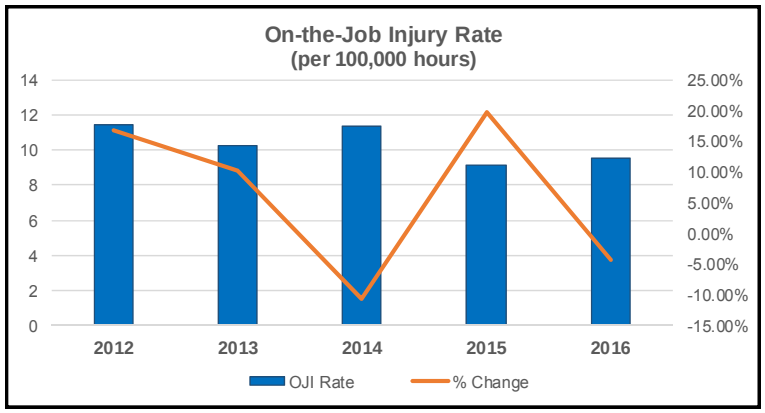

Figure 72

To help increase security for the Operators, Transit
Police Officers are now stationed at the Districts. RTA began the new Community Policing initiative in August 2015 and it has proven to be very successful. The goal is to increase and improve visibility and communication between the Operators and Transit Police. A Community Resource Officer is to assist, listen to concerns from Operators and other employees, and try to get issues resolved. The Officers report directly to and from the Districts and have the welfare of the Operators and employees. Since the inception, hundreds of issues have been successfully resolved.

IMPROVE EMPLOYEE ENGAGEMENT

RTA has implemented a variety of programs as a commitment to developing a talented and engaged workforce. These programs include Tuition Reimbursement, various skill-focused training opportunities, the Management Development Program (MDP), Greenbelt Six Sigma training, and the Public Transit Management Academy (PTMA). RTA conducted its first Employee Satisfaction Survey in January 2015 and again in January 2016. The results identify opportunities for improvement to help the Authority fulfill its mission to become an employer of choice in Northeast Ohio.

Based upon feedback from 2015, the Authority has increased communication within all work segments and between all Departments through The Reporter, a monthly update about what is happening at RTA; GM Updates, bi-monthly updates from the CEO about additional information and highlights about upcoming events posted at all Districts; and adjustments to TEAM forums.

Scorecard Metric	Performance Target
Attendance	≤ 5%
Employee Engagement	≥ 75%
Performance Management Rating	≥ 3.5
On-Time Appraisals Completed	≥ 80%
Total Hours of Training by Work Segment	?
Courses Completed by Work Segment	?
Action Plan Progress	100%

Figure 73

A total of 374 employees participated in the 2016 Employee Engagement Survey. The following are the highlights from each of the statement areas.

- Leadership & Planning: Leadership core values, feedback and long-term strategy
    - 53% agreed the leadership and planning of the Authority was positive
    - 65% understood the long-term strategy
    - 33% wanted to see more planning and Directors open to more feedback
- Corporate Culture & Communications: Communication, understanding, trust, diversity, safety, changes and cooperation
    - 58% agreed the agency and communications were positive
    - 82% liked their co-workers
    - 41% questioned adequate staffing levels
- Role Satisfaction: Job security, deadlines, and teamwork
    - 73% agreed their roles and jobs were positive
    - 91% liked the work they do
    - 26% do not feel like a part of a team
- Work Environment: safety and workplace issues
    - 71% agreed the workplace was positive
    - 76% felt safe
    - 21% thought heating and cooling could be improved
- Relationship with Supervisor: Fairness, respect, recognition, other issues
    - 73% agreed relationship with supervisor was positive
    - 81% agreed that their supervisor treats them with respect
    - 23% said their supervisor does not help them develop to their full potential

The next Employee Engagement Survey is scheduled for January 2017.

IMPROVE PERFORMANCE MANAGEMENT

RTA continues its strong focus on continuous improvement through The Partnership for Excellence (TPE) and TransitStat. In 2015, RTA received the Silver Award from The Partnership for Excellence as part of the pursuit toward the Baldrige Award. In June 2015, the Authority received a report from TPE that outlined 40 Opportunities for Improvement (OFI). Committees were established to work on the following areas:

- **Human Resources:** Improve processes for employee engagement, policies and practices, and performance evaluations
- **IT:** Upgrade data center and IT infrastructure to improve speed of data security
- Marketing: Continue customer satisfaction surveys for key market segments. Establish customer engagement metrics
- **OMB:** Establish a database to research and investigate best practices. Refine the strategic planning process
- **Operations:** Increase the number of drills to hone emergency response
- **Procurement:** Evaluate suppliers

The Authority focused attention on improving the OFIs identified above, as well as continued improvements through the Strategic Plan. A second application for The Partnership for Excellence was submitted and RTA is seeking the Gold Award for the Baldrige initiative.

As part of the continual improvement quest, the Authority completed the 2016-2018 Strategic Planning cycle and maintained ISO 14001 certification for the Central Bus Maintenance facility. RTA achieved nearly 45 percent ISO 14001 certification at both Triskett and Hayden Districts to meet the 2015 requirements. In 2016, RTA completed the first Annual Sustainability Report per Global Reporting Initiative G4 Core Standard Guidelines.

GCRTA maintains a performance management and improvement culture through TransitStat. Data is analyzed for problem identification, resulting in aptly developed solutions authorized by the TransitStat Panel. Follow-up is relentless: results are tracked until the problem is solved. Over the course of TransitStat's implementation, 2007, RTA recognized over $78.1

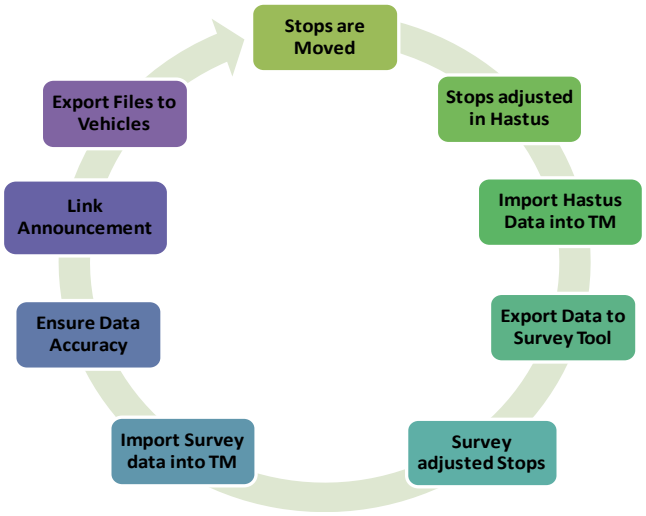

Figure 74

million in cost avoidance and savings, and reduced process waste through quality program improvements over the course of 9 years.

TransitStat has reduced costs and enhanced operational capabilities. Accountability has increased markedly, improving acceptance of a change management culture across the organization. TransitStat continually saturates the organizational culture; expanding from a financial focus to a systematic program for quality enhancements that impact RTA's ability to meet strategic objectives and the Mission, Vision, and Values.

Other improvement tools and methodologies are implemented, which include Problem Identification and Corrective Action (PICA), Lean Six Sigma, International Organization for Standardization (ISO), and Criteria for Excellence. RTA's improvement system identifies the value of continual over continuous improvement. Continual improvement is identified as ongoing cycles of learning that show progressive change in the discovery of new problems and solutions. Continuous improvement, while still beneficial, is identified as constant focus on the same issue at the same stage in its improvement cycle. Based upon the principle process cycle, RTA's performance improvement system allows for rapid deployment of solutions to ensure organizational learning and analytical agility to support continual improvement. Bus stops were surveyed to ensure the data in the database was accurate and ensure validation of the stops for each route. Stops were then compared to those in NextConnect and the Google Transit app to ensure accuracy. Processes and procedures were tracked, problems identified, improvements implemented, and continual improvement strategies continued.

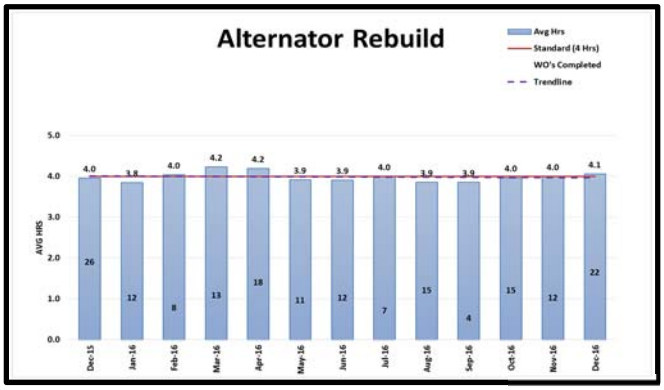

Figure 75

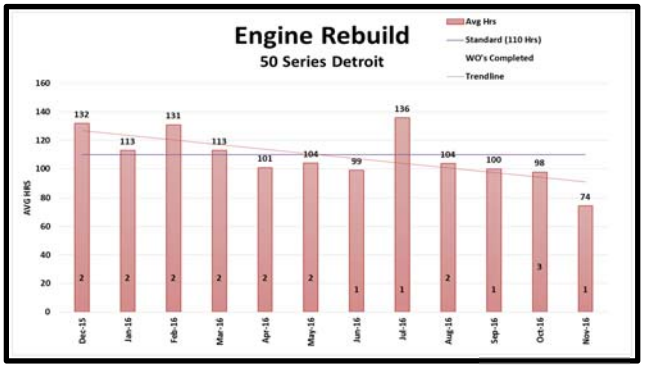

Figure 76

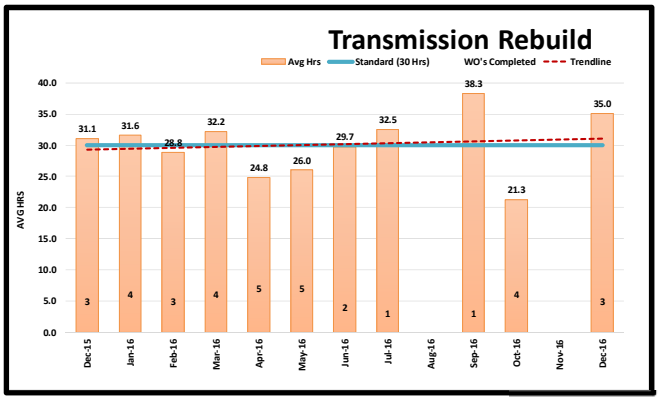

Figure 77

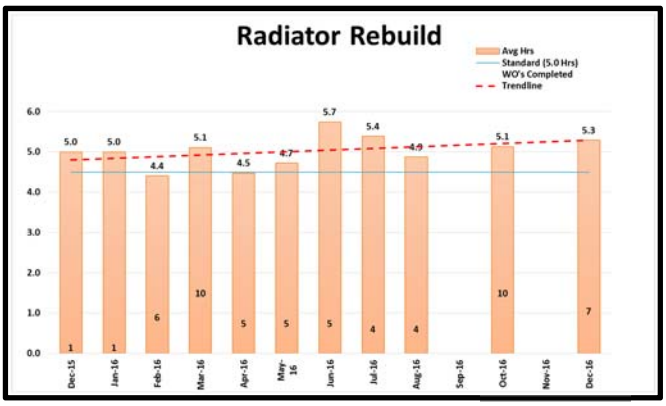

Figure 78

Throughout the year, Action Items for each TransitStat project were identified and tracked. As Action Items were completed, updates would be submitted on progress. As challenges arose, solutions would be identified and implemented. If resources were needed, they would be identified during the meeting and tracked throughout the year as well.

Scorecard Metric	Performance Target	
TRiM Unit: Pass Misreads	< 5%	
Coin Validator: Coin Misreads	< 5%	
Bill Validator: Current Bill Count	< 500	

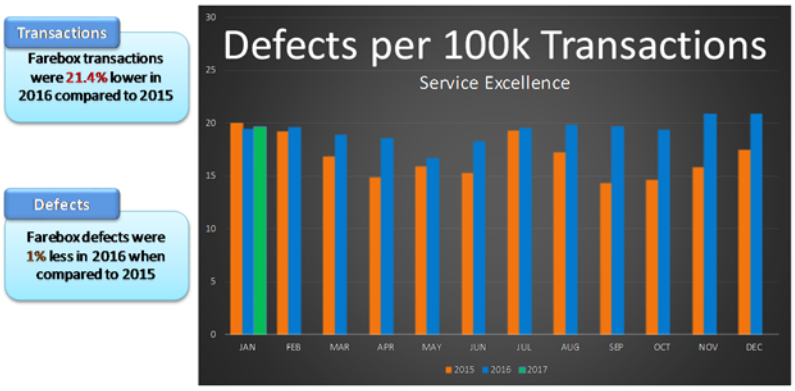

Figure 79

Electronic Repair created a Predictive Maintenance program for Farebox Repair. They tracked defects per 100,000 transactions. Total defects in 2016 were 1 percent less when compared to 2015. Total farebox transactions were 21.4 percent lower than 2015.

Farebox components were identified for the replacement program and SOPs written on how to implement the Predictive Maintenance program and the intervals for the replacements, then technicians were trained on the new procedures. Error rates and cycle counts were researched and agreed upon. Maintenance reports were developed for the fareboxes and reports created to track the errors. Reports were written on equipment that was not performing within specifications.

Action Items	Status Updates
1. Develop SOPs to help standardize processes	Completed
2. Develop QA audits from SOPs	Completed
3. Maximize training opportunities	Allison e-learning in progress, 341 modules passed so far.
4. Monitor radiator/engine rebuild hours	On-going
5. Implement 5S	Brakes & Transmission completed; Reclaim Area in progress

Resources Needed	Status Updates
1. Portable lift set needed to increase lift capacity to support Predictive Maintenance	Completed
2. CNG upgrades needed at CBM to complete heavy maintenance	Sensors and Alarms – March 2017 Exhaust – October 2016 Generator – March 2017

Figure 80

TRANSITSTAT ENGAGEMENT SURVEYS

In 9 years, TransitStat has reported on 138 new projects, has held 319 meetings, and reviewed 1,292 presentations. To ensure that TransitStat has been performing as it was designed, a survey was sent in December 2015 to all project team members. A total of 74 employees responded, a response rate of 51 percent.

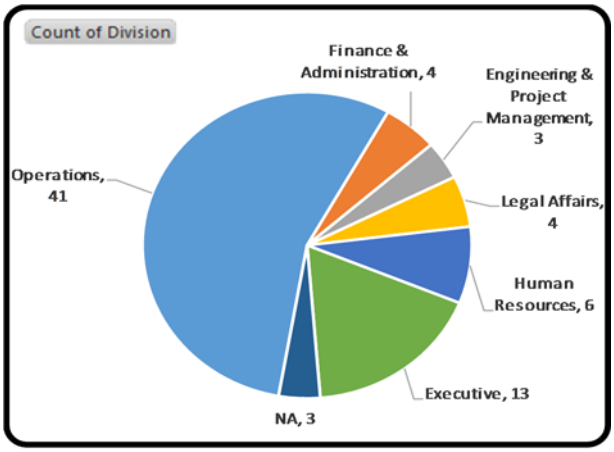

Figure 81

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

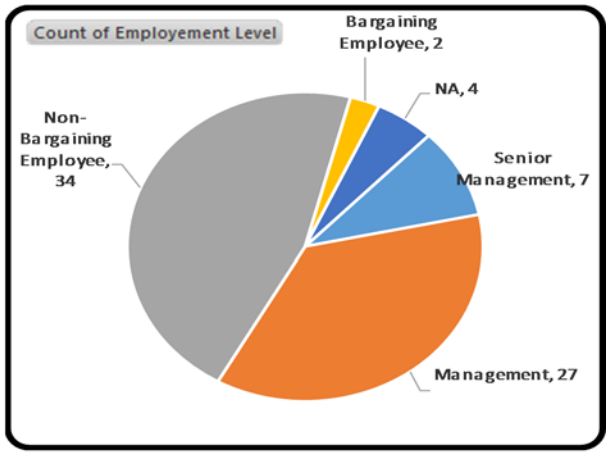

Figure 82

- 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

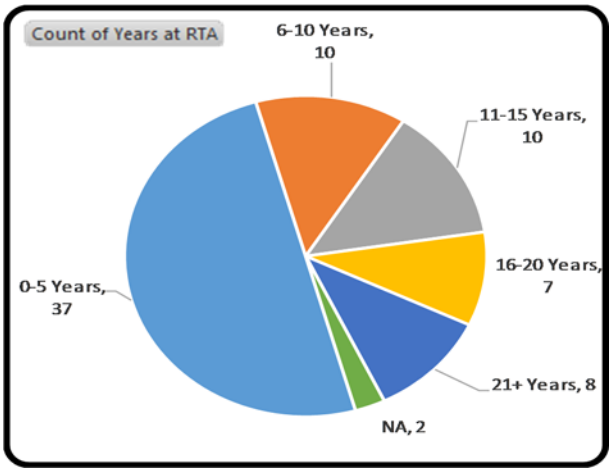

Figure 83

- 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

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.

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.

	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%

Figure 84

2016 TranstStat Engagement Survey

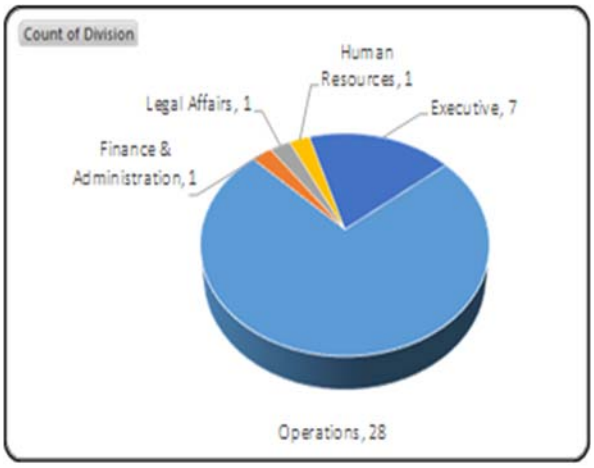

Figure 85

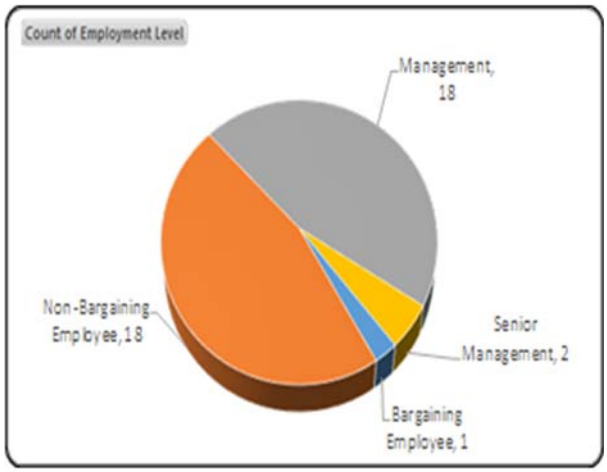

Figure 86

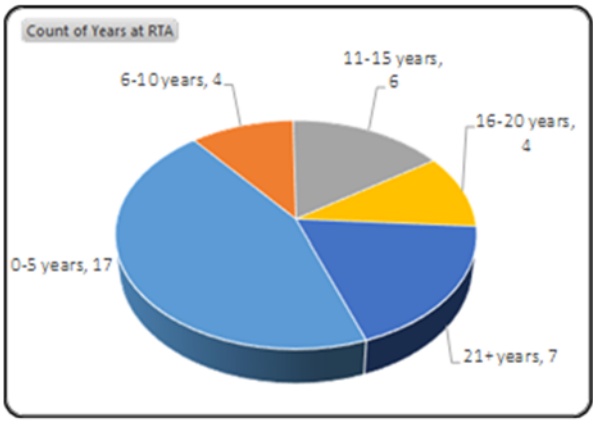

Figure 87

A second TransitStat Engagement Survey was distributed to all project teams at the end of 2016. A total of 40 employees completed the survey, a response rate of 25 percent, a 46 percent response rate decrease from 2015. Nineteen respondents completed the SWOT Analysis; 13 respondents completed a portion of the SWOT questions; 8 employees provided no information.

The average response rates per Division and Employment Level are below.

Responses to the Survey Questions and comparisons to the 2015 TransitStat Engagement Survey are below.

FY 2016 Average Division	Years at RTA: 0-5 years	6-10 years	11-15 years	16-20 years	21+ years	(blank)	Grand Total	2015
Operations	4.21	4.11	4.43	4.42	4.21	4.91	4.27	4.51
Finance & Administration	3.18						3.18	4.63
Legal Affairs				5.55			5.55	3.97
Human Resources	3.83						3.83	4.52
Executive	3.80		4.41	4.36	5.33		4.71	4.88
(blank)	4.55					3.64	4.09	4.73
Grand Total	**4.12**	**4.11**	**4.42**	**4.69**	**4.69**	**4.27**	**4.33**	**4.56**

Figure 88

FY 2016 Average Employment Level	Years at RTA: 0-5 years	6-10 years	11-15 years	16-20 years	21+ years	(blank)	Grand Total	2015
Bargaining Employee	4.36						4.36	3.31
Non-Bargaining Employee	3.96	3.95	4.41		5.27		4.23	4.59
Management	4.42	4.27	4.43	4.40	4.03	4.91	4.37	4.40
Senior Management				5.55	4.91		5.23	5.30
(blank)						3.64	3.64	4.69
Grand Total	**4.12**	**4.11**	**4.42**	**4.69**	**4.69**	**4.27**	**4.33**	**4.56**

Figure 89

Increased from 2015 | Within 5% from 2015 | Lower than 5% of 2015

Question	2016 Response	2015 Response	
TransitStat Forum is supportive of innovation and "out of the box" solutions	Agree: 87.5% Avg. Score: 4.30	Agree: 89.2% Avg. Score: 4.54	↓
The TransitStat structure & objectives are clearly communicated and performance expectations are clearly stated	Agree: 87.5% Avg. Score: 4.45	Agree: 85.1% Avg. Score: 4.62	↑
The frequency of presentations align with project progress and activity	Agree: 80.0% Avg. Score: 4.18	Agree: 79.7% Avg. Score: 4.27	↑
TransitStat provides access to repeatable process improvements from other projects and departments	Agree: 77.5% Avg. Score: 4.33	Agree: 79.7% Avg. Score: 4.42	↓
TransitStat has made a positive impact on my department / section	Agree: 82.5% Avg. Score: 4.33	Agree: 90.5% Avg. Score: 4.77	↓
The TransitStat Planning Team used the comments and suggestions from the 2015 TransitStat Engagement Survey to improve TransitStat in 2016	Agree: 87.5% Avg. Score: 4.39	N/A	
The introductory meetings at the beginning of the year helped me to understand why and how TransitStat was formed and how TransitStat has changed through the years	Agree: 87.5% Avg. Score: 4,81	N/A	
The meetings with the Improvement Action Teams were helpful in identifying the project, scope, objectives, measures, targets, and initiatives	Agree: 70.0% Avg. Score: 4.03	N/A	
My project team and I assigned a baseline metric (Industry Standard or Authority Standard) to benchmark the project's progress	Agree: 70.0% Avg. Score: 4.03	N/A	
I have / My team has seen direct impact of process improvements from TransitStat Projects	Agree: 80.0% Avg. Score: 4.39	Agree: 90.5% Avg. Score: 4.66	↓
TransitStat recognizes outstanding performance and clearly identifies when improvements are needed through access to training, tools, or resources through partner departments	Agree: 87.5% Avg. Score: 4.48	Agree: 79.7% Avg. Score: 4.32	↑

Figure 90

SWOT responses to the 2016 TransitStat Engagement Survey are below.

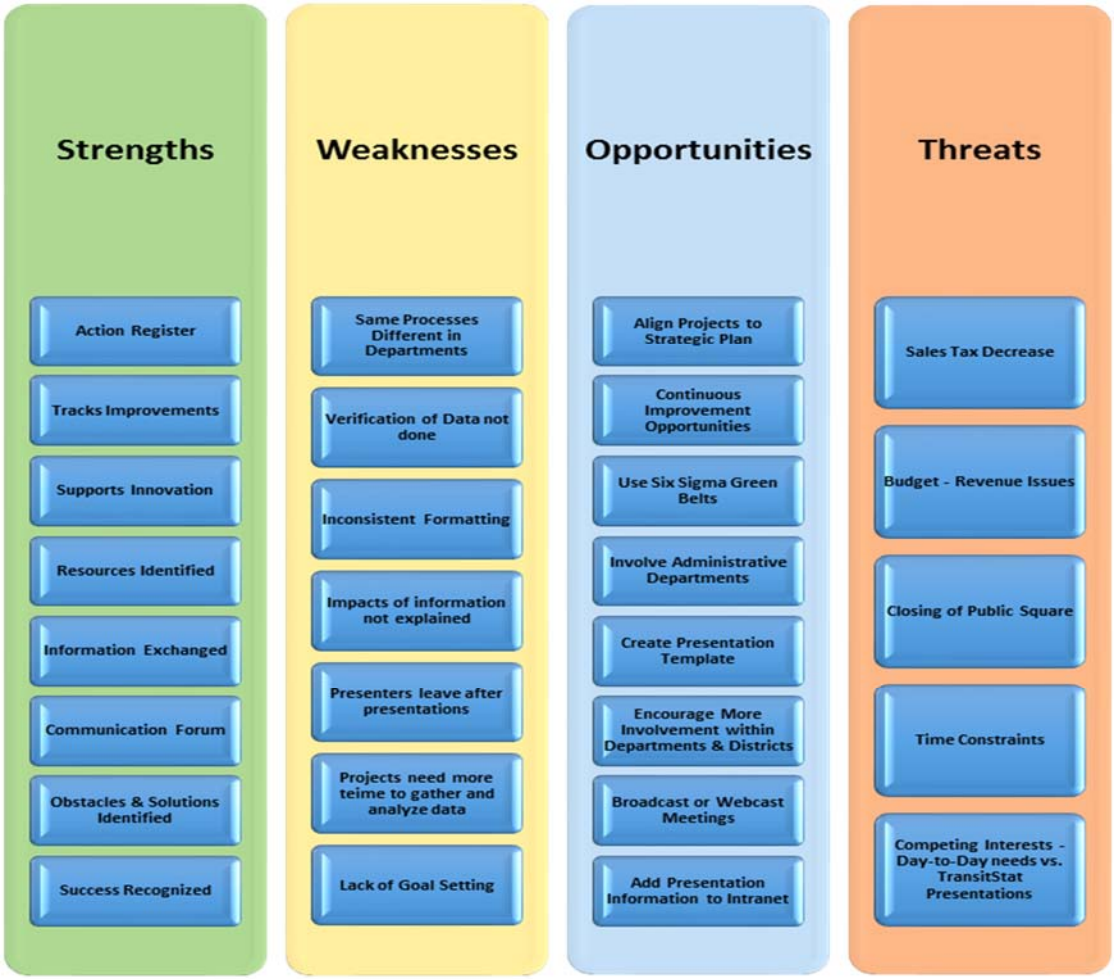

Figure 91

FUEL HEDGING

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 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 fueling 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.