

**METRO MANAGEMENT RESPONSES TO
FISCAL YEAR 2012 – FISCAL YEAR 2015 STATE REQUIRED PERFORMANCE AUDIT
OF THE METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY, TEXAS**

I. INTRODUCTION

Pursuant to Chapter 451, Section 451.454 of the Texas Transportation Code, METRO must have an independent auditor conduct a performance audit every four years. The audit must include three elements, as follows:

1. Examination of compliance with Chapter 451 and other state laws
2. Review of state-defined performance indicators
3. Performance audit of one of three specified areas – transit operations; system maintenance; or administration/management

Transit Operations was selected as the area for this performance audit.

Upon completion of the audit, management must prepare a written response to the report. The response must identify the recommendation status as pending, adopted or rejected. The final report for the period from Fiscal Year 2012 through Fiscal Year 2015 has been completed by an audit team headed by Milligan & Company, LLC and contained several recommendations. The attached document is the METRO management responses to these recommendations.

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II. RECOMMENDATIONS

TASK 1: COMPLIANCE

Recommendation 1 – Implement an adjusted audit schedule so that METRO is able to meet the audit deadline in the future.

Recommendation Status: Adopted.

- **Response** – The audit schedule for the FY2012 – FY2015 State Required Performance Audit was adjusted to enable METRO to meet the February 1st deadline.

Recommendation 2 – Establish procedures to ensure that METRO remains up to date with amendments to applicable state statutes.

Recommendation Status: Adopted.

- **Response** – The legislature meets every two years. The Government Affairs Office tracks proposed legislation using certain key words that track bills that have the potential to affect the Authority. General Counsel has given the Government Affairs Office additional search terms to track bills that could affect the Authority. At the end of the session, the Government Affairs Office will give a list of bills passed (legislative “round up”) to General Counsel. We expect the session to conclude on May 31, 2017 unless a special session is called.

Recommendation 3 – Establish procedures and responsible parties to ensure Board Member training is performed in a timely manner.

Recommendation Status: Adopted.

- **Response** – The Director of Board Office is responsible for ensuring that new board members complete Texas Open Meetings training. The Director of Board Office will inform the Board members in writing of the requirement and the website where on-line training and the certificate can be completed, and relevant due dates. Board members are sent reminders every two weeks until training requirements are completed. These procedures have already been established.

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Recommendation 4 – Establish procedures to ensure certified agendas include all required information.

Recommendation Status: Adopted.

- **Response** – The certified agenda has been modified to include the required statutory language.

Recommendation 5 – Establish procedures to ensure designations of Records Management Officers are properly recorded in the future.

Recommendation Status: Adopted.

- **Response** – A board action item will be initiated by the General Counsel when there is a change in records management officer and be submitted to the Director of Board Office for inclusion on the board agenda for board action. The current Records Management Officer was approved at the November 29, 2016 Board meeting.

Recommendation 6 – Update Section III,G,3 of the METRO Code of Ethics so that it is consistent with the language in Section 36.07(a) of the Texas Penal Code.

Recommendation Status: Pending.

- **Response** – The METRO Code of Ethics will be modified to be consistent with the language in Section 36.07(a) of the Texas Penal Code. This will be completed by February 1, 2017.

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TASK 2: PERFORMANCE INDICATORS

Recommendation 1 – Market METRO’s service.

Recommendation Status: Adopted.

- **Response** – On an ongoing basis, multiple METRO departments (Customer & Ridership Services, Public Affairs and Marketing & Corporate Communications) work together to promote METRO services to the local colleges and universities. These efforts involve coordination and engagement with college and university executive administration, faculty, students and staff. This approach has resulted in the support of and promotion of METRO services on numerous college and university campuses throughout the METRO service area. Examples of these efforts are listed below:
 - Worked with colleges/universities to set up on campus distribution of the discount METRO Q Fare cards by the schools;
 - Extensive promotion of discount fare card availability on campus via student portals and ID registration stations;
 - Implemented a Student Ride Sponsor program whereby the University of Houston (UH) subsidizes student fares for incoming freshmen who opt for transit vs. parking passes;
 - Hosted monthly “METRO Day” events utilizing the Discover Bus and/or METRO booth/table displays at the University of Houston, Texas Southern University (TSU) and Houston Community College;
 - In partnership with UH Student Government Association, multiple METRO departments (Client Services, Safety and Marketing) worked with students to implement the PAW project, a safe Cougar Crosswalk initiative for students;
 - Promoted a “Free Ride” campaign for students and ticket holders attending UH and TSU home football games at their respective stadiums along METRO’s Purple Line;
 - Hosted on campus METRO Q Fare card activations during orientation, homecoming and other student focused events;
 - Produced a television campaign that featured a high school student and his wish to attend TSU and using METRO to get there when he graduates.

METRO will build on the success of these efforts and continue to develop transit education initiatives and ridership promotions focused on college and universities. As noted, agreements have recently been secured with Lone Star College and TSU. These campuses will be the focus of upcoming student focused engagement activities.

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Recommendation 2 – Develop strategies to increase ridership downtown as the economy improves.

Recommendation Status: Adopted.

- **Response** – METRO, in partnership with the City of Houston and Houston-Galveston Area Council (H-GAC), has lead an important analysis that identifies opportunities for Transit Oriented Development around transit infrastructure investments. The identified opportunities are consistent with City of Houston, management district plans and neighborhood objectives. The analysis also identified areas where current ordinance and policy guidance could be changed or developed to encourage Transit Oriented Development in and around these investments. It was important to have these partners as part of this analysis as METRO cannot implement ordinances needed to effectively encourage this type of development. It is the City of Houston, various management districts and reinvestment zones that are charged with these tasks. We will continue to coordinate with management districts, reinvestment zones, and the City of Houston to pursue transit friendly development.

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TASK 3: TRANSIT OPERATIONS

Recommendation 1 – Augment the results of the review of METRO's transportation operations with an evaluation of METRO's goals and objectives.

Recommendation Status: Adopted.

- **Response:** METRO has a number of policies and practices in place to ensure resources required to deliver our service are in place. Operators and vehicle availability is a constant focus of the management team. Over the audit period Operator availability was an issue due to two driving factors:
 - General age of the operator ranks has increased attrition, especially early in the calendar year driven by accrued vacation levels.
 - Competitiveness of job market in Houston.

Staff addressed these issues as follows:

- Recent Union contract increased salaries by 3% a year for each of the three years of the contract. This has made salaries more competitive with the local job market.
- Operations and Human Resources utilized a team approach with a focus on the hiring and retention of new hire bus Operators. Human Resources (HR) staff was moved from the 1900 Main Street Headquarters and now resides at the Kashmere Bus Operating Facility. This allowed for a seamless interaction between Operations and HR in the testing, interviewing and hiring process. Results have been excellent.

Moving forward management plans to continue to focus on hiring and its team approach between HR and Operations.

Vehicle availability is continuously improving. Maintenance Operations tracks and ensures overall bus availability on a shift by shift basis. On a larger scale fleet stability and conditions are also continuing to improve. Mean Distance Between Failure performance has improved over time and METRO has delivered on a multi-year fleet replacement plan to ensure a state of good repair for its bus fleet. Basic fleet replacement goal is to replace 1/12 of the fleet annually to flatten out annual long term maintenance needs as well as to even out fleet age

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across the entire fleet. METRO will over the next two years approach an average fleet age of 6-7 years.

Over the next year management will focus on how FMLA is managed. Management has determined that education, to all levels of management, is crucial to managing FMLA. FMLA is a right employees have with a defined structure to ensure that it is fairly administered. Management will implement a training program of operations staff to ensure employees understand and administrator FMLA correctly and fairly at all levels.

Staff will also, as part of a larger bus on-time performance (OTP) initiative, review the direct correlation between vehicle and operator availability on OTP in general. Result of this review may necessitate process changes up to and including tweaking schedules to allow for recovery time between when a bus leaves the facility and when it begins service (at the first stop).

Recommendation 2 – Improve fare recovery rate.

Recommendation Status: Pending.

- **Response:** METRO's efforts to maintain a fare structure that is right for our patrons and region is ongoing. Following a study performed by Texas A&M Transportation Institute (TTI), METRO is currently examining potential changes in pricing and fare structure. In a coordinated effort with a recently completed study on Park & Ride fares and parking charges, results are anticipated to be presented for Board discussion in Spring 2017.

Recommendation 3 – Improve rail on-time performance.

Recommendation Status: Pending.

- **Response:** Management is aware of the decrease in rail on-time performance in FY 2015. The root cause for this drop is technology based. METRO has brought three new rail lines into service that tie into our legacy Main Line system. The newer lines utilize a different base technology as part of its signalization system to locate where trains are along the alignment. This base technology, called axle counters, although proven in ballasted track applications presented reliability issues used in embedded track. The majority of METRO's alignments, as they are on shared at grade roadways, are embedded track. The axle counters, manufactured by Siemens, are designed to fail safe and would indicate to the

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signalization system that trains were falsely occupying sections of track. This caused issues with the timely delivery of the service and added run time. The issues were aggravated as the device failures increased with severe temperature swings which are a common element of Houston weather.

METRO management has worked with the system provider, Houston Rapid Transit, to test and identify a replacement axle counter. This new counter, manufactured by Frauscher, is presently being installed to replace the faulty Siemens counters. As of the new year, all but one alignment has been changed out and the results can be immediately seen. Management will report results on the axle counter change out and the expected improvements to service reliability.

Recommendation 4 – Increase the number of High Occupancy Vehicle (HOV) lanes.

Recommendation Status: Pending.

- **Response:** METRO cannot implement additional HOV Lanes on its own. These lanes generally exist within the right-of-way of Texas Department of Transportation (TxDOT) and are typically funded with a combination of federal (Federal Transit Administration), state (TxDOT), and local funds. METRO has and will continue to coordinate with our regional partners (TxDOT and H-GAC) to look for opportunities to improve our existing HOV Lanes and/or build new ones as other major freeway reconstruction projects are planned and ultimately funded.

Recommendation 5 – Evaluate ridership trends and identify opportunities to target new transit markets.

Recommendation Status: Adopted.

- **Response:** METRO analyzes and evaluates ridership trends on a monthly basis.

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Recommendation 6 – Enhance ridership with an updated marketing campaign, aligning to population targets.

Recommendation Status: Adopted.

- **Response:** METRO continues to focus its marketing efforts on targeted messaging influenced by demographic trends. Marketing efforts will be focused on increasing millennial ridership with the ongoing *This Is My METRO* campaign - featuring real riders and their stories on how they use METRO services. Our marketing capitalizes on an established interest by the millennial generation that views public transit in a positive light.

Additional efforts will promote discount METRO Student Q® Fare Cards and Q Mobile Ticketing – highlighting the cost benefits and simplicity of using METRO services.

METRO has enhanced its social media presence using several platforms and developing creative and engaging content that has been effective at reaching millennials. These efforts will continue.

While METRO will continue to leverage traditional media, efforts focused on the millennial generation continue to expand towards social media and online/mobile advertising, geo fencing and other embedded styles of marketing to reach this ever-shifting market.

Recommendation 7 – Take advantage of the opportunities presented by the upcoming Super Bowl.

Recommendation Status: Pending.

- **Response:** Management historically focuses on mega events as an opportunity to reach potential riders from all over the world and more specifically the Houston region. We work to keep up our reputation of providing high quality service. It is our goal to provide a good transit experience so that someone making a choice to use METRO to get to an event will make a subsequent choice to use METRO as a regular transit choice.

This past March, Houston hosted the NCAA Final Four. Over that long weekend, METRO moved over 250,000 people to and from the various events and venues. The effort was recognized by the community as a success.

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Over the past 18 months METRO staff, from throughout the agency, have been intimately involved with the Houston Local Super Bowl Organizing Committee as well as other community partners in the planning required to host a successful Super Bowl. METRO's reach is beyond its typical transportation services as METRO has been identified as the Community Transportation Partner. The METRO Super Bowl connection network has an array of additional services being offered to allow for a complete network for both local and out of town travelers.

METRO will be ready to provide its best bus and rail services, additional staffing at key locations to provide assistance, a marketing and media push highlighting our involvement in the services provided, as well as the presence of Metro Police Department to ensure safe and secure operations.

Recommendation 8 – Formalize a plan to show the benefits of public transit.

Recommendation Status: Adopted.

- **Response:** This recommendation is consistent with METRO's current plans. We are in the middle of a campaign which showcases the very benefits experienced by real riders that use METRO, and how METRO improves their everyday lives.

Recommendation 9 – Work with the City and social service organizations to reduce the impact of vagrancy, loitering and panhandling on and around METRO transit facilities.

Recommendation Status: Adopted.

- **Response:** This recommendation is consistent with METRO's current endeavors. The City of Houston is leading the effort and METRO is working closely with them and other institutions on the issue.

Recommendation 10 – Make the area around the downtown rail line a transit-only corridor.

Recommendation Status: Pending.

- **Response:** Management understands the specific benefits that would occur if the rail lines, within the Central Business District (CBD), were made transit only

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corridors. The original design of the alignments were for an at grade, shared right of way light rail line to allow for open vehicle use. That design concept was presented to the community and that was the system design advanced through construction.

That being said, some discussions have occurred with various stakeholders, within the CBD, to allow for some treatment of the rail lines to facilitate improved rail system performance. Specific and more immediate conversations have begun to understand how we can best deal with the shared lanes on the Purple and Green lines. Closing sections on Main Street to traffic have also been discussed and specific sections of Main Street have limited vehicle traffic already. METRO hopes to continue these discussions only in cases where the change benefits both METRO and the community.