File No.____106553____   Committee Item No.____3____

Board Item No._____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee **BUDGET AND FINANCE**   Date_____5/20/10_____

Board of Supervisors Meeting   Date_____

Cmte Board

Cmte	Board	
☐	☐	**Motion**
☐	☐	**Resolution**
☐	☐	**Ordinance**
☐	☐	**Legislative Digest**
☐	☐	**Budget Analyst Report**
☐	☐	**Legislative Analyst Report**
☒	☐	**Introduction Form (for hearings)**
☒	☐	**Department/Agency Cover Letter and/or Report**
☐	☐	**MOU**
☐	☐	**Grant Information Form**
☐	☐	**Grant Budget**
☐	☐	**Subcontract Budget**
☐	☐	**Contract/Agreement**
☐	☐	**Award Letter**
☐	☐	**Application**
☐	☐	**Public Correspondence**

OTHER (Use back side if additional space is needed)

☐ ☐   Limited Scope Performance Audit ✳

☐ ☐   of the MTA - Part I

☐ ☐   _____

☐ ☐   _____

☐ ☐   _____

Completed by:____Gail Johnson____   **Date**_____5/14/10_____

Completed by:_____   **Date**_____

✳ An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

INTRODUCTION FORM

By a member of the Board of Supervisors or the Mayor

I hereby submit the following item for introduction:

_____ 1. For reference to Committee:
      An ordinance, resolution, motion, or charter amendment.
_____ 2. Request for next printed agenda without reference to Committee
__X__ 3. Request for Committee hearing on a subject matter.
_____ 4. Request for letter beginning "Supervisor _____ inquires...".
_____ 5. City Attorney request.
_____ 6. Call file from Committee.
_____ 7. Budget Analyst request (attach written motion).
_____ 8. Substitute Legislation   File Nos.
_____ 9. Request for Closed Session
_____ 10. Board to Sit as A Committee of the Whole

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

☐ Small Business Commission ☐ Youth Commission
☐ Ethics Commission ☐ Planning Commission
☐ Building Inspection Commission X SF Municipal Transportation Agency

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a different form.]

Sponsor(s): Supervisor David Campos

SUBJECT: Hearing on the results of the San Francisco Municipal Transportation Agency (SFMTA) audit conducted by the Budget Analyst.

I kindly request that the Clerk of the Board's Office forward this hearing request to the Director of the SFMTA , and that this hearing be referred to the Government Audit and Oversight Committee.

Signature of Sponsoring Supervisor : _David Camp_____

For Clerk's Use Only:

Limited Scope Performance Audit
of the
San Francisco Municipal Transportation Agency
Part I

Prepared for the

Board of Supervisors
of the City and County of San Francisco

by the

Budget and Legislative Analyst

May 11, 2010

CITY AND COUNTY   OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

May 11, 2010

Honorable David Campos,
  and Members of the Board of Supervisors
City and County of San Francisco
Room 244, City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Dear Supervisor Campos and Members of the Board of Supervisors:

The Budget and Legislative Analyst is pleased to submit this *Limited Scope Performance Audit of the San Francisco Municipal Transportation Agency, Part I.* In response to a motion adopted by the Board of Supervisors on February 23, 2010 (Motion No. 10-33), the Budget and Legislative Analyst conducted this performance audit, pursuant to the Board of Supervisors powers of inquiry as defined in Charter Section 16.114 and in accordance with U.S. Government Accountability Office (GAO) standards, as detailed in the Introduction to the report.

The purpose of the audit has been to evaluate the efficiency, economy, and effectiveness of the San Francisco Municipal Transportation Agency (SFMTA). The audit scope included (1) an evaluation of the SFMTA Board of Directors governance structure and processes, and (2) transit operator scheduling practices and use of overtime.

The performance audit contains four findings and 22 recommendations. Eleven recommendations are directed to the SFMTA Board of Directors, and eleven recommendations are directed to the SFMTA Executive Director and his executive management staff.

The proper implementation of these recommendations would result in estimated salary savings to the SFMTA of at least $3,090,645 annually, including:

- $1,215,645 in reduced transit operator standby pay;

Board of Supervisors
Budget and Legislative Analyst

Honorable David Campos,
    and Members of the Board of Supervisors
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- $500,000 in reduced salary costs for six transit operators currently serving as full-time union representatives, thereby permitting one transit operator to serve as a full-time union representative; and

- $1,375,000 in estimated reduced unscheduled overtime costs.

The Executive Director of the SFTMA and the Chair of the SFMTA Board of Directors have provided a joint written response to our performance audit which is attached to this report, beginning on page 68.

In their written response, the SFMTA Executive Director and the Chair of the SFMTA agree with 17 of our 22 recommendations, or 77.3 percent, and disagree with 5 of 22 recommendations, or 22.7 percent.

- The Chair of the SFMTA Board of Directors disagrees with Recommendation 1.1 to "Adopt a written statement of governance principles modeled after best practices for governing boards", stating that governance principles are already in place. According to page 16 of the written response, "the SFMTA Board of Directors...are guided by numerous governing principles. The most prevalent governing principal is the 'City's Transit First Policy'. In addition, the City Charter Article VIIIA Section 8A.102 - Governance and Duties define other governance principles for the Agency...The SFMTA document 'Rules of Order' specify the appointments of the officers, director and secretary, their powers and duties, the meetings, voting and other rules of order and procedures. Many other governance principles include the San Francisco Administrative Code, the City Charter, the Sunshine Ordinance, the Brown Act, the Lobbyist Ordinance, the City Attorney's Handbook for Good Governance, and the Civil Service Rules..."

  However, the Budget and Legislative Analyst notes on page 12 of the performance audit report that, "While the Charter defines the duties of the SFMTA Board, the Charter and local and State codes and regulations do not define all of the duties necessary for the SFMTA Board to exercise proper oversight of the SFMTA". These additional duties not covered by the Charter or other government codes and regulations include oversight of financial reporting, responsibility for agency risk assessments, self-evaluation, and other oversight responsibilities.

- The Chair of the SFMTA Board of Directors disagrees with Recommendation 1.2 to "Develop written guidelines defining the roles and responsibilities of the Policy and Governance Committee. Furthermore, when it develops its governance principles, the SFMTA Board should re-examine the adequacy of its current committee structure", stating that roles and responsibilities of the Policy and Governance Committee are already in place.

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    and Members of the Board of Supervisors
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While page 17 of the SFMTA's written response states that the Policy and Governance Committee defined its roles and responsibilities in a memorandum, which included assisting the Board in the task of overall governance and other duties, the SFMTA did not provide this memorandum to the Budget and Legislative Analyst. Further, although the Policy and Governance Committee agenda show discussions of the function of the Committee, these discussions were never formally documented in Committee minutes or other memoranda.

● The Chair of the SFMTA Board of Directors disagrees with Recommendation 1.3 to "Develop action or business plans to address the Strategic Plan objectives. These plans should assign responsibility for completing specific strategic plan initiatives and establish a time frame for completing these plans". The Chair of the SFMTA Board of Directors also disagrees with Recommendation 1.4 to "Link tasks in the budget to the specific Strategic Plan objectives that the tasks are addressing". According to the written response, the "Strategic Plan is closely tied to other business plans and every action item brought before the board is linked to the Strategic Plan." Further, according to the written response, "Budget tasks are closely linked to the Strategic Plan and other business plans and every action item brought before the board is linked to the Strategic Plan".

We acknowledge on page 15 of the performance audit that: "The SFMTA identifies the Strategic Plan goals and objectives in the two-year operating budget and in Board actions. The quarterly service standards reports, mandated by the Charter, provide information to the SFMTA Board on how the SFMTA is meeting Strategic Plan goals." We state further on page 15 of the performance audit:

"However, neither the Strategic Plan nor the budget provide clear statements on how the strategic objectives are to be implemented.

Although the Strategic Plan identifies some more specific initiatives, the Strategic Plan does not consistently define how these initiatives will be implemented. Nor does the SFMTA have a business plan or action plan that provides a detailed implementation plan. For example, one Strategic Plan goal is to improve service and efficiency by leveraging technology. The Strategic Plan objective is to "identify, develop, and deliver the new and enhanced systems and technologies required to support SFMTA's 2012 goals". While the Strategic Plan lists four broad initiatives to achieve this objective, the SFMTA FY 2008-09 and FY 2009-10 budgets also do not specify how these four broad initiatives will be implemented.

Similarly, the operating budget lists a number of tasks for each SFMTA division that support Strategic Plan objectives. However, the budget does not specify which Strategic Plan objective is met by the task nor identify when

Honorable David Campos,
    and Members of the Board of Supervisors
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these tasks will be completed. Therefore, it is difficult to determine whether all of the Strategic Plan objectives are being addressed.

Linking the tasks in the budget document to the Strategic Plan objectives would provide greater assurance that all of the Strategic Plan goals and objectives are addressed in the budget. Furthermore, staff could better identify tasks in the budget that do not advance any of the Strategic Plan objectives. These tasks could potentially be eliminated."

- The Chair of the SFMTA Board of Directors disagrees with Recommendation 2.3 to "Work with SFMTA staff work to determine the SFMTA's audit priorities and formally communicate these priorities in writing to the Controller's Office for consideration in developing their annual work plan". According to the written response, the SFMA staff already work with the Controller's Office to discuss SFMTA audits.

As noted on page 28 of our performance audit report, the Controller's Office staff annually meets with SFMTA staff to discuss audit priorities. The intent of the Budget and Legislative Analyst's recommendation is for the Board of Directors to (1) work with SFMTA staff to develop the audit priorities; and (2) communicate audit priorities to the Controller's Office in writing. The Budget and Legislative Analyst considers SFMTA Board of Directors' written requests for audit priorities to be important because, as noted on page 28, "In developing audit priorities, the Controller places a high priority on audit requests from the Board of Supervisors and other governing boards".

Finally, on page 1 of the written response, the SFMTA Executive Director and the Chair of the SFMTA Board of Directors state that, "The SFMTA agrees in concept with the vast majority of the Budget Analyst's recommendations submitted to the SFMTA; however, the Agency would be remiss if it did not clarify some significant issues which impact the daily business practices of the SFMTA." The written response also states that, "It is the intent of the agency to perform and in-depth review and analysis of the audit findings and submit a comprehensive response no later than may 18."

We look forward to the additional written response from the SFMTA. However, we note that the SFMTA concurs with the majority of the Budget and Legislative Analyst's recommendations without concurring with all of the findings that support the recommendations.
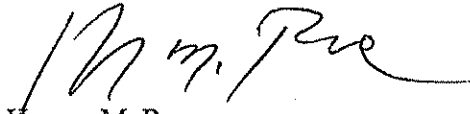
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The Executive Summary, which follows this transmittal letter, for our *Limited Scope Performance Audit of the San Francisco Municipal Transportation Agency,* summarizes the Budget Analyst's four findings and 22 recommendations.

We would like to thank the Chair and Members of the SFMTA Board of Directors, the SFMTA Executive Director, the SFMTA Director of Operations, the SFMTA Transit Service Planning Manager, and SFMTA management and their staff for their cooperation during this performance audit.

Respectfully submitted,

Harvey M. Rose
Budget and Legislative Analyst

cc: President Chiu   Supervisor Mirkarimi
    Supervisor Alioto-Pier   Clerk of the Board
    Supervisor Avalos   Cheryl Adams
    Supervisor Chu   Greg Wagner
    Supervisor Daly   Controller
    Supervisor Dufty   Chair, SFMTA Board of Directors
    Supervisor Elsbernd   Executive Director, SFMTA
    Supervisor Mar   Chair, Transportation Authority
    Supervisor Maxwell   Members, Transportation Authority
                                    Executive Director, Transportation Authority

Board of Supervisors
Budget and Legislative Analyst

Limited Scope Performance Audit
of the San Francisco Municipal Transportation Agency

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Executive Summary

The San Francisco Municipal Transportation Agency

The SFMTA was created in 1999, when San Francisco voters approved Proposition E. Proposition E established the SFMTA as an autonomous agency, combining the Municipal Railway (Muni) and the Department of Parking and Traffic into a single agency. Proposition E guaranteed a minimum level of General Fund support for public transit and established a governing board to direct the public transit system.

In 2007, the voters of San Francisco approved Proposition A, setting new performance standards for public transit and augmenting the SFMTA's autonomous functions. Proposition A also transferred the Taxi Commission to the SFMTA.

The Charter requires that the SFMTA develop a two-year budget in each even-numbered year. The Board of Supervisors does not have line item appropriation authority over the SFMTA budget. Rather, the Board of Supervisors may allow the SFMTA budget to take effect each year without any action on its part. The Board of Supervisors can not modify the SFMTA budget but can reject the budget by a seven-elevenths' vote. Also, the Board of Supervisors may allow any SFMTA revenue measures, route abandonments, or fare changes to take effect without any action on its part. The Board of Supervisors can only reject these measures or actions by the SFMTA upon a seven-elevenths' vote.

The SFMTA adopted their first two-year budget in FY 2008-09, covering FY 2008-09 and FY 2009-10. As discussed in Section 2 of this report, and shown in Table 2.1, the SFMTA approved an amended FY 2009-10 budget in April 2009 to address a $48.1 million shortfall in General Fund, Sales Tax, and other government revenues.

As shown in Table 1 below, the SFMTA budget has decreased by $15,504,884 or approximately 2.0 percent, from $784,097,086 in FY 2008-09 to $768,592,202 in FY 2009-10.

Table 1
SFMTA Budget
FY 2008-08 to FY 2009-10

	FY 2008-09 Original Budget	FY 2009-10 Original Budget	FY 2009-10 Amended Budget	Increase/ (Decrease) FY 2008-09 to FY 2009-10 (Amended)	Percent Increase/ (Decrease) FY 2008-09 to FY 2009-10 (Amended)
Revenues					
Fare Revenues	$157,248,618	$182,805,972	$195,163,421	$37,914,803	24.1%
General Fund Support	195,715,000	206,266,170	178,300,000	(17,415,000)	(8.9%)
Permits, Fees, and Fines	112,133,142	114,401,642	129,775,643	17,642,501	15.7%
Other Revenues	319,000,326	313,179,447	265,353,138	(53,647,188)	(16.8%)
Total Revenues	**$784,097,086**	**$816,653,231**	**$768,592,202**	**($15,504,884)**	**(2.0%)**
Expenditures by Program					
Muni Transit Operations	$434,273,885	$454,114,640	$445,499,098	$11,225,213	2.6%
Parking and Traffic	70,786,377	67,372,167	63,588,305	(7,198,072)	(10.2%)
Administration, Planning, Other Programs	279,036,824	295,166,424	259,504,799	(19,532,025)	(7.0%)
Total Expenditures	**$784,097,086**	**$816,653,231**	**$768,592,202**	**($15,504,884)**	**(2.0%)**

Source: Annual Appropriation Ordinance

Finding # 1: SFMTA's scheduling of Muni's light rail and bus runs results in excessive costs to the City

As is the case with most public transit agencies, demand for the San Francisco Municipal Transportation Agency (SFMTA) Municipal Railway (Muni) service is highest during peak morning and evening rush hours and declines during midday and late evenings. Muni operates 630 buses during the morning and evening peak hours and 430 buses during the rest of the day, resulting in a peak to base ratio of approximately 1.5, which is the number of vehicles in service during the peak period divided by the number of vehicles in service during the rest of the day.

Muni has seven divisions for buses, light rail, and cable cars:

- The Green division manages street cars (one route) and light rail routes (six routes);

● The Cable Car division manages the City's three cable car routes;

● The Potrero and Presidio divisions manage Muni's 16 electric trolley coach routes; and

● The Flynn, Kirkland, and Woods divisions manage Muni's 54 motor couch routes.

Each division has bus or light rail "runs", which are the schedules for each transit operator on a specific bus route or light rail line. Runs can consist of driving time, standby time, travel time (between locations), and set up time. Runs can be scheduled for more than eight hours per day, in which the transit operator is paid scheduled overtime for hours exceeding eight. Also, the total hours in the run can exceed the total *paid* hours if the run includes unpaid split time.[1] Run schedules and pay structures are included in the Memorandum of Understanding (MOU) between the SFMTA and the Transport Workers Union (TWU) Local 250A, which represents Muni's transit operators.

The MOU between SFMTA and TWU Local 250A requires that transit operators receive a minimum of eight hours work per day and a total of 40 hours over five consecutive days. Therefore, runs of more than eight hours require two drivers if overtime and or standby time are not used. Scheduled overtime is built into many bus and light rail runs to accommodate peak service demand. Scheduled overtime can minimize labor costs if the cost of paying overtime to one transit operator to complete a run of more than eight hours is less than the cost of paying more than one transit operator to complete a run of more than eight hours.

Muni has 1,278 weekday runs, of which 627 or 49.0 percent, include standby time. Standby time ranges from a few minutes to six hours. Some routes include standby hours and scheduled overtime, but require fewer total pay hours than if the route were designed without overtime. The scheduled overtime premium for a particular run is built into the run's daily pay rate and is budgeted in SFMTA's annual operating budget.

As shown in Table 2 below, the FY 2009-10 SFMTA budget includes $28.8 million in transit operators' scheduled overtime, or 19.2 percent of total transit operators' salaries of $150.4 million.

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[1] Under the Memorandum of Understanding (MOU) between the SFMTA and the Transport Workers Union (TWU) Local 250A, transit operators may be scheduled for up to two hours of split time, which is time between driving assignments for which the transit operator is not on standby and not receiving pay. According to the MOU: "The basic hours of labor shall be eight hours per day. For all hours worked in excess of eight hours, operators shall be paid one and one-half times the straight time rate. If a regular split run is not completed within a range of ten hours, time and one-half will be paid for all time in excess of ten hours...After two hours of split time, operators shall standby..."

Table 2
Scheduled and Unscheduled Overtime in
Transit Operators' Runs by Division
FY 2009-10 Budget

Division	Total Salaries	Scheduled Overtime	Unscheduled Overtime	Total Overtime	Scheduled Overtime as Percent of Total Salaries	Unscheduled Overtime as a Percent of Total Salaries	Total Overtime as a Percent of Total Salaries
Cable Car	$13,286,306	$3,457,686	$264,000	$3,721,686	26.0%	2.0%	28.0%
Green	18,397,412	4,898,389	374,000	5,272,389	26.6%	2.0%	28.7%
Presidio	19,862,543	4,033,968	308,000	4,341,968	20.3%	1.6%	21.9%
Potrero	26,128,636	4,322,108	330,000	4,652,108	16.5%	1.3%	17.8%
Kirkland	23,444,212	4,033,968	308,000	4,341,968	17.2%	1.3%	18.5%
Flynn	18,932,121	3,169,546	242,000	3,411,546	16.7%	1.3%	18.0%
Woods	30,330,587	4,898,389	374,000	5,272,389	16.2%	1.2%	17.4%
Total	$150,381,817	$28,814,054	$2,200,000	$31,014,054	19.2%	1.5%	20.6%

Source: SFMTA FY 2009-10 Budget

- **SFMTA's ratio of transit operator paid hours to actual platform (or driving) hours demonstrate that service delivery is not cost effective.** The ratio of paid hours to platform (or driving) hours is a measure of cost effectiveness used throughout the public transit industry. For Muni, it expresses all paid hours, including the straight time equivalent of overtime pay, relative to driving hours. In June 2009, Muni's ratio of transit operator paid hours to driving hours was 1.27.

Although in December 2009, after the SFMTA had implemented Muni service changes, Muni's ratio of transit operator paid hours to driving hours decreased to from 1.27 to 1.23, Muni continues to have a high ratio of paid hours to driving hours compared to other metropolitan transit agencies surveyed for this performance audit.

In fact, as shown in Table 3 below, Muni's ratio of paid hours to driving hours of 1.23 is 7.0 percent higher than the ratio of 1.15 for the Washington Metropolitan Area Transit Authority, which operates both light rail and bus service and serves an urban center, and is 10.8 percent higher than the ratio of 1.11 for King County (Washington), which services the metropolitan Seattle area.

According to King County (Washington) Metro Transit staff, their agency's ratio of paid hours to driving hours of only 1.11 compared to Muni's ratio of 1.23 is achieved through the extensive use of part time operators. In fact, all of the other comparable transit agencies surveyed for this performance audit employed part time operators. Yet Muni does not employ any part time operators.

Table 3
Ratio of Paid Hours to Platform (Driving) Hours at Comparable Transit Agencies

Agency	Ratio of Paid Hours to Platform (Driving) Hours
SF Municipal Transportation Agency	1.23
Washington Metropolitan Area Transit Authority	1.15
King County (Washington) Metro Transit	1.11
Metropolitan Atlanta Rapid Transit Authority	1.10
Chicago Transit Authority	1.09

Source: Budget and Legislative Analyst Survey

As compared to the other metropolitan transit agencies surveyed for this performance audit, Muni's high ratio of paid hours to actual driving hours results in excessive costs being incurred by the City.

Transit operators' schedules use nonproductive standby time to meet scheduling requirements

Muni uses both overtime and standby time in daily transit operators' schedules and transit runs to meet peak service demand and to comply with the current operator MOU's work rules regarding the use of part time operators.[2] Although the MOU allows for up to 220 part time operators, the MOU effectively prohibits the use of part time operators because the MOU requires that all work assignments must be at least eight hours per day. The MOU establishes the basic hours of labor at eight hours a day which in effect disallows the use of trippers, which are short blocks of work made up of one or two trips that typically serve peak periods. Instead, all work assignments must be long enough to qualify as a run or as a full day's work.

By not using any part time drivers or trippers, SFMTA must solely rely on split shifts and standby time to meet peak service demand.

---

[2] Part time operators cannot work more than 25 hours a week, five hours a day during weekdays and eight hours a day on weekends, or four days per week if working Saturday and Sunday. They cannot be assigned to vacation relief or long term sickness relief for regular operators. They cannot receive allowance for split time. The MOU requires part time operators not to exceed 220.

Two of the seven Muni divisions have a high percentage of nonproductive standby time

As noted above, Muni has 1,278 weekday runs, of which 627 or 49.0 percent, include standby time. Standby time makes up 15 percent of all scheduled time for Muni's Kirkland division weekday runs and 10 percent of all scheduled time for Muni's Flynn division weekday runs. Although transit operators on standby must remain in the report room "to accept any assignments within their competence", this time is generally not productive time. Overall, standby time for weekday runs for all Muni divisions makes up more than 6 percent of total scheduled time, with estimated annual costs of $5.5 million. The SFTMA could significantly reduce standby hours and associated costs by creating blocks of work to serve peak periods, or trippers, and employing part time drivers.

Six Muni divisions have six or more runs with a high percentage of standby time and low percentage of driving time

There are a group of 40 senior operators at six of Muni's divisions (all but the Cable Car division) who operate 40 runs with more than four hours of daily standby time. The average daily pay for these runs cost 15 percent more than the average daily pay for all other runs, as shown in Table 4 below.

Table 4
Muni Transit Operators with
Four or More Hours of Daily Standby Pay

Division	Number of Runs	Average Division Daily Pay	Average Pay for runs with 4 hours or more of standby	Percent above Average Daily Pay of runs with 4 hours standby
Kirkland	8	$261	$314	20%
Potrero	7	$272	$313	15%
Woods	7	$273	$315	16%
Presidio	6	$289	$310	7%
Flynn	6	$268	$316	18%
Green	6	$307	$344	12%
All divisions	**40**	**$276**	**$317**	**15%**

Source: SFMTA Scheduling System

As shown in Table 5 below, for those 40 runs, the transit operators are paid a daily average of 5 hours and 20 minutes to standby, and 4 hours and 9 minutes to drive, totaling 9 hours and 29 minutes. Therefore, approximately 56 percent of the paid

hours for these 40 transit operators are for non-productive standby time and only 44 percent of the paid hours are for driving time.

Table 5
Average Platform and Standby Time For Runs
With More Than Four Hours Standby

Division	Number of Runs with 4 Hours or More of Standby	Average Platform Hours	Average Standby Hours
Kirkland	8	3:44	5:49
Potrero	7	4:26	5:07
Woods	7	4:23	5:10
Green	6	3:53	5:12
Presidio	6	4:21	5:08
Flynn	6	4:08	5:27
Total	**40**	**4:09**	**5:20**

Source: Trapeze System

While these transit operators should work for special events or perform other duties during their standby time, SFMTA did not provide evidence that they do so. This percentage of nonproductive paid standby time is costly to the City.

* **Restrictions on use of part time transit operators increases non productive time and costs.** Because Muni only employs full time operators, the SFMTA's scheduling system has not been used to design schedules that take part time operators into account in calculating the least expensive weekly schedules configuration. In the fall of 2007, the Transit Effectiveness Project (TEP) Operations Review Findings made a medium term recommendation (six months to two years) to evaluate "reintroducing part time operators" to improve operator availability. This recommendation has still not been implemented.

Although most transit agencies surveyed for this performance audit place some restrictions on the use of part time operators, they all used part time operators to some extent, as shown in Table 6 below.

Table 6
Numbers and Conditions of Employment of Part Time Operators at Comparable Transit Agencies

Agency	Full Time	Part Time	Work Restrictions
SF Municipal Transportation Agency	2,172	0	Not to exceed 12% of the number of regular operators
King County (Washington) Metro Transit	1,808	1,022	Cannot work weekends. Cannot work after 8:30 PM or start prior to 3:45 AM. Cannot receive more than 7:59 hours of work in a workday
Los Angeles County Metropolitan Transportation Authority	Bus 3,288 Rail 212	Bus 968 Rail 4	May not work assignments that contain more than six hours and fifty nine minutes work time or less than two and one half hours work time Sunday through Saturday and no more than 36 hours per week. They are allowed to work in relief of Full Time Operators Friday through Monday or holidays on regular runs.
Washington Metropolitan Area Transit Authority	2,463	77	May work up to thirty hours a week. Restricted to am or pm trippers not part of a run. Permitted to work regularly scheduled runs on weekends and holidays. Not to exceed 10% of the number of full time employees. May constitute 15% of operators provided Agency employs 1,669 full time operators.
Chicago Transit Authority	3,400 Bus 1,164 Rail	834 Bus 135 Bail	Part time operators not to exceed 25% of full time operators. 30 hours a week limit for rail; 32 hours a week limit for bus operators. No restrictions on days or shifts; Not assigned to a designated work schedule due to long term illness or vacation
Metropolitan Atlanta Rapid Transit Authority	Bus 1,244 Rail 181	Bus 65 PT Rail 0	PT operator can work no more than 30 hours per week
Southeastern Pennsylvania Transit Authority	3,715	12	32 hours a week limit

Source: Budget and Legislative Analyst Survey

Part time operators should be a part of the operator work force, and MOU provisions that establish the basic hours of labor at eight hours a day and hence disallow the use

of trippers, or short blocks of work made up of one to two trips during peak hours, should be revised in order to allow Muni to reduce reliance on scheduled overtime.

The lack of part time operators and the restrictions placed on their employment limit SFMTA's ability to adjust scheduling to reduce reliance on scheduled overtime and nonproductive paid standby time. These restrictions should be lifted or modified to give SFMTA the greatest flexibility possible in using part time operators to reduce the number of split shifts and the nonproductive standby and scheduled overtime expenditures they generate.

- **The SFMTA has approved seven transit operators to serve as TWU 250A chairs at a salary cost of $608,000 annually.** The City entered into a side letter agreement with TWU Local 250A in 1991 that defines the duties and responsibilities of transit operators who serve as union chairpersons. While the MOU provides for employee representatives (or union chairpersons) to represent TWU members in work place issues, neither the MOU nor the side letter agreement specify the number of union chairpersons who are removed from driving duties to perform union work.

However, the SFMTA has authorized seven transit operators at each of Muni's seven divisions to serve as union chairpersons, with total annual salary costs of $608,625. These seven union chairpersons work 100 percent of their time on union duties, performing no driving time. The SFMTA should meet and confer with TWU Local 250A to eliminate six union chairperson positions, resulting in salary savings to the SFMTA of approximately $500,000 annually.

Finding # 2: SFMTA has not developed an effective program to manage, report to the SFMTA Board and executive management, and reduce unscheduled absenteeism and overtime

Transit operators incur overtime that is not scheduled. Unscheduled overtime can result from a variety of unforeseen factors such as traffic congestion, police incidents, accidents, demonstrations, routing changes or delays due to planned events such as street fairs. But typically, unscheduled overtime occurs when an operator works on his or her regular day off (RDO) to replace an operator who is absent due to illness or other categories of planned or unplanned leave.

Recognizing absenteeism's adverse impact on service and productivity, and the related increased costs, voters passed Proposition E in 1999, which among other things, directed Muni to develop a comprehensive plan to reduce unscheduled absences. Additionally, the current transit operator's Memoranda of Understanding (MOU) states that Muni and the Transport Workers Union (TWU) will review Muni's and on other comparable transit systems' current practices to identify potential improvements and alternative scheduling methods for use at Muni. Neither of these policies has been implemented.

SFMTA's unscheduled operator absences of 15 percent in the first quarter of FY 2009-2010 is between 15.4 percent to 275 percent higher than the absentee rates reported by other transit agencies surveyed by the Budget and Legislative Analyst, as shown in Table 7 below.

Table 7
Rate of Unscheduled Absence at SFMTA
Compared to Other Transit Agencies

Agency	Reported Absentee Rate
SF Municipal Transportation Agency	15%
Washington Metropolitan Area Transit Authority	13% (scheduled and unscheduled combined)
Southeastern Pennsylvania Transit Authority	11%
Los Angeles County Metropolitan Transportation Authority	6%
Metropolitan Atlanta Rapid Transit Authority	6% to 8%
King County (Washington) Metro Transit	4%. (1.83% for part time)
Chicago Transit Authority	not tracked

Source: Budget and Legislative Analyst Survey

- **Reporting on overtime is insufficient for management control of potential excessive overtime use.** SFMTA does not track scheduled and unscheduled overtime separately in the City's Financial and Accounting Management Information System (FAMIS). While dispatchers at Muni's rail and bus divisions input several scheduled and unscheduled overtime pay codes in the daily pay detail, all overtime is rolled into one bucket and reported to FAMIS with no distinction between the two forms of overtime.

  This practice greatly overstates the amount of spending on unscheduled overtime and obscures spending on scheduled overtime. The SFMTA Finance Division should work with the Controller to capture the SFMTA's transit operator scheduled and unscheduled overtime in the City's payroll system and in FAMIS. This would allow the SFMTA to more accurately record and report transit operators' scheduled and unscheduled overtime.

  Also, the SFMTA Finance Division does not report regularly on scheduled and unscheduled overtime hours and expenditures, either to the public or to the SFMTA Board of Directors. A review of the minutes of all Board of Directors meetings from calendar year 2008 through April 2010 disclosed that there was only one report dated April 21, 2009 to the SFMTA Board of Directors regarding use of overtime. However, the minutes for this meeting indicate that the item, which was to be part of the Executive Director's report, was removed from the agenda.

  According to SFMTA management, SFMTA implemented an overtime reduction program in October 2008. Transit Division overtime hours were 42,000 hours in the

October 17, 2008 pay period. Transit Division overtime hours for transit operators have averaged 24,000 hours a pay period inclusive of scheduled, unscheduled and regular day off (RDO) overtime from July 1, 2009 to March 5, 2010.

The SFMTA Board of Directors receives quarterly service standard reports that track unscheduled transit operator absences, which are the main cause of unscheduled overtime. The Budget and Legislative Analyst has recommended that SFMTA develop a comprehensive plan to increase transit operator availability for driving duties that includes evaluating the causes of and reducing unscheduled absences, as recommended by the Transit Effectiveness Project.

* **Reporting and tracking of leave is not linked to controlling costs of unscheduled overtime.** Dispatchers report daily on use of overtime and approved leave and absences. A report on operator absenteeism that contains information on the number of operators scheduled and available at each Muni division, the number, cause and percentages of planned and unplanned absences, and an agency wide seven day summary of absenteeism is provided to the Director of Operations twice daily. The Director of Operations states that he uses this report for both short term and long term planning.

  Although the Director of Operations and his staff track the amount and causes of absenteeism, the Budget and Legislative Analyst found no indication that data on absenteeism or overtime has been used as a tool either to limit the use of unscheduled overtime or to assess the potential savings of using part time operators instead of scheduled overtime to accommodate peak service demand. SFMTA has recently drafted a policy on sick leave and attendance that would limit unscheduled leave through progressive discipline. SFMTA plans to implement this policy on July 1, 2010 after meeting and conferring with TWU Local 250A

* **Most unscheduled overtime results from sick calls.** Unscheduled overtime makes up more than 25 percent of all transit operators' overtime use, including transit operators working on their regular day off to backfill unplanned absences and other types of unscheduled overtime. The main cause of unscheduled overtime is the unplanned use of sick leave and other unplanned absences. As shown in Table 7 above, SFMTA has a high rate of unscheduled operator absenteeism, which was 15 percent in the first quarter of FY 2009-10 up from nearly 13 percent in the first quarter of FY 2008-09.

  Absenteeism decreases system reliability by decreasing operator availability (the percent of operators on hand to deliver service each day relative to the schedule) and by increasing reliance on operators working on their regular day off, thus increasing overtime costs. FY 2009-10 overtime costs resulting from unscheduled absences are estimated to be $5.5 million.

We examined payroll data for the pay period ending March 5, 2010 from Flynn Division to determine the main sources of unscheduled absences. Table 8 below summarizes the findings.

Table 8
Municipal Railway Flynn Division Total Absences
Pay Period February 20, 2010 to March 5, 2010

Category	Operator Day Absences	Percent of Total
Sick Pay	227	26.5%
Unknown Status	198	23.2%
Leave No Medical	116	13.6%
Leave No Driver's License	42	4.9%
Vacation	41	4.8%
Family Medical Leave	39	4.6%
Claims Industrial - SP, VP	30	3.5%
Light Duty	28	3.3%
Sick Run Pay	24	2.8%
1 Day Vacation 8-Hour	18	2.1%
Claims Industrial Assault	18	2.1%
Holiday in Lieu	14	1.6%
Floating Holiday	12	1.4%
Funeral Leave	9	1.1%
Birthday	8	0.9%
Vacation Run Pay	6	0.7%
Birthday Working	5	0.6%
Military Active	5	0.6%
Trade Voluntary Pay Worked Run	4	0.5%
1 Day Vacation Run Pay	3	0.4%
Jury Duty	2	0.2%
On Loan Pay Worked Run	2	0.2%
Military Leave	2	0.2%
Joint Labor Management Board	1	0.1%
Non Driving Status	1	0.1%
Total	**855**	**100%**

Source: SFMTA

As shown in Table 8 above, for the pay period ending March 5, 2010, 583 out of 855 absences, or 68.2 percent, were for unscheduled sick pay, leave because the transit operator did not have a driver's license, other non-medical leave, or unknown leave status.

For the pay period ending March 5, 2010, the Flynn Division, which is a motor coach division, missed more than seven runs per day on average, or approximately 4.3 percent of 163 weekday runs, due to unscheduled absences. These missed runs result in reduced services to Muni riders.

<u>The MOU creates an incentive to use unscheduled leave</u>

The MOUs between the SFMTA and employee unions allow overtime based on the total number of straight time hours actually worked, with the exception of the MOU between SFMTA and TWU Local 250A for transit operators.

However, the MOU between TWU Local 250A and SFMTA allows operators to accrue overtime after 40 hours a week of either paid work or a combination of paid work and authorized absences, including sick leave for those who have accumulated 80 hours of sick leave or more. In effect operators can use sick leave or any other form of approved leave and then work on one of their regular days off at time-and-a-half within the same week.

- **Muni does not accurately calculate the number of extra transit operators needed to backfill vacant runs or of transit operators in active driving status.** Muni uses extra board transit operators to back fill vacant runs. Extra board transit operators are regularly-scheduled transit operators who are available to fill an expected number of vacant runs each day resulting from operators on their regularly-scheduled days off, planned leave, expected number of unplanned absences, and other reasons for vacant runs. Muni staff did not provide evidence of a formal method or written policy that determines the required number of extra board transit operator slots.

  Nor does Muni have accurate information on the number of filled transit operator positions that are actually available to drive buses or light rail vehicles. The Muni Transportation Quality Review 2006-2008, mandated by Proposition E reported that "Muni consistently reports a vacancy rate of 0 percent for operators but does not make a distinction between operators who are available and those who are not." The report estimated the number of transit operators on payroll but not able to drive to be between 200 and 300 a day or approximately 9 percent to 14 percent of the currently filled transit operator positions.

  During the exit conference for this performance audit, SFMTA staff estimated that up to 400 transit operators, or approximately 18.4 percent out of 2,172 total transit operators on payroll, were not available to drive.

Finding #3: The SFMTA Board should strengthen its processes to better oversee a complex transit agency

The SFMTA is governed by a seven-member Board of Directors (Board), appointed by the Mayor and confirmed by the Board of Supervisors. The Board members must be regular Muni riders and represent or have experience in non-profit management or community-based organizations, labor unions, other public transit agencies, private transportation companies, and disabilities rights. Two members of the Board of Directors were previously members of the Taxi Commission. One member of the Board of Directors served previously on the Parking and Traffic Commission.

The SFMTA Board has more autonomy and broader decision making authority than most City boards and commissions. Under the Charter, the SFMTA Board of Directors can approve the SFMTA's two-year budget, issue debt, enter into contracts, approve labor agreements, set fares and parking rates, and otherwise oversee the SFMTA.

- **The SFMTA Board has not adopted a written statement on governance principles.** The SFMTA Board has not developed a written statement on governance principles. While the Charter defines the duties of the SFMTA Board, the Charter and local and State codes and regulations do not define all of the duties necessary for the SFMTA Board to exercise proper oversight of the SFMTA, such as oversight of financial reporting responsibility for agency risk assessments, self-evaluation, and other oversight responsibilities.

  As a result, the SFMTA Board has not sufficiently defined or implemented its role in overseeing the SFMTA, including SFMTA Board responsibility for managing SFMTA performance, and identifying and planning for SFMTA operational and financial risks. Therefore, the SFMTA should develop a written statement of governance principles to establish authority and accountability for overseeing a complex, multi-faceted transit agency.

- **The SFMTA Board should define the role of its Policy and Governance Committee and re-examine the adequacy of its committee structure to assist the Board in carrying out its responsibilities.** The SFMTA combines several City functions into one agency: public transit; parking meters; the City's parking garages, traffic and parking enforcement; and taxi regulation. However, the SFMTA Board has only established one committee, the Policy and Governance Committee, to assist the SFMTA Board in considering issues within its purview. According to the Chairman of the SFMTA Board, the three-member Policy and Governance Committee was established to "troubleshoot" issues for the Board and to provide more time to adequately consider issues before the Board. However, the SFMTA Board has not established written guidelines defining the role of its Policy and Governance Committee. In interviews with the SFMTA Board, several members mentioned that they would welcome the opportunity to discuss fiscal and transportation planning issues in greater detail but are not always able to do so at Board meetings. A committee structure would allow the Board members to discuss SFMTA issues in greater detail and support the SFMTA Board in meeting its obligations to the City on major transportation planning and financial issues.

  To ensure that the SFMTA Board has an adequate committee structure, the SFMTA Board should develop written guidelines defining the roles and responsibilities of its Policy and Governance Committee. Furthermore, when it develops its written governance principles, the SFMTA Board should re-examine the adequacy of its current committee structure.

- **The SFMTA Board should better identify monitor, and evaluate implementation of the SFMTA Strategic Plan's goals and objectives.** The SFMTA Board adopted a five-year Strategic Plan in 2007 that identifies the Agency's

broad goals for what the Agency will look like in the future, and what broad actions it must take to achieve these goals. However, neither the Strategic Plan nor the annual operating budget consistently provide clear statements on how these goals are to be implemented. For example, one Strategic Plan goal is to improve service and efficiency by leveraging technology. The Strategic Plan objective is to "identify, develop, and deliver the new and enhanced systems and technologies required to support SFMTA's 2012 goals". While the Strategic Plan lists four broad initiatives to achieve this objective, the SFMTA FY 2008-09 to FY 2009-10 budget does not specify how these four broad initiatives will be implemented.

The SFMTA Board monitors the SFMTA Executive Director's progress in implementing the Strategic Plan during the SFMTA Executive Director's annual performance evaluation. Also, the SFMTA Board monitors some aspects of the Strategic Plan's implementation in its review of the quarterly service standards reports. However, the SFMTA Board has not developed a comprehensive process in which they evaluate the entire Strategic Plan with respect to what they intended to accomplish and what they have actually accomplished. Also, the SFMTA Board does not have a process to evaluate if the Strategic Plan continues to meet the long term needs of the SFMTA. Since the SFMTA has a two-year budget cycle, the SFMTA should develop a process to formally evaluate Strategic Plan implementation at the end of each two-year budget cycle and reassess the adequacy of the Strategic Plan.

- **The SFMTA Board has not established a formal process to evaluate its effectiveness as a governing board on a regular basis.** According to board members, the SFMTA Board has held several retreats to discuss broad policy issues but the SFMTA Board has not formally evaluated its effectiveness. Regular reviews would enable the SFMTA to monitor its progress toward achieving strategic goals and improve its effectiveness as a fiduciary body.

- **The SFMTA Board should enhance its training for board members.** Governing boards should provide on-going training for board members, particularly on relevant new laws, regulations, and changing risks, and their fiduciary responsibility to the agency. The SFMTA Board members receive orientation for new Board members, and annual online training on the Good Government Legal Guide published by the City Attorney. Board members also reported that they regularly attend conferences by the American Public Transportation Association. To ensure that Board members are properly trained to carry out their duties, the SFMTA Board should enhance its training for the members to not only include new member orientation and training on State and Charter requirements, but also training on governance, especially best corporate governance practices, public finance, and other areas to assist Board members in performing their responsibilities.

Finding #4: The SFMTA Board of Directors should increase its oversight over implementation of the Transit Effectiveness Project, financial reporting, and operational risks

In April 2009 the SFMTA Board declared a "fiscal emergency" which allowed the Board to consider a number of options, including service reductions and increases to fares, fees, fines, rates and charges that support transit service without undergoing a California Environmental Quality Act (CEQA) review. The SFMTA amended the FY 2009-10 budget, which was the second year of the two-year budget, to address a $48 million projected budgetary shortfall. As a result, the SFMTA increased some Muni fares and implemented Muni service changes as of December 5, 2009. These Muni service changes included eliminating certain routes or segments of routes with low ridership or alternative service nearby, modifying some route structures or increasing route frequency to minimize the impact of other proposed changes; and eliminating some late night service.

On March 30, 2010, the SFMTA Board of Directors declared that a continuing fiscal emergency exists due to a shortfall in SFMTA revenues. As of April 6, 2010 the SFMTA was projecting a June 30, 2010 year-end budget shortfall of $7.3 million. To address the projected year-end shortfall, the SFMTA Board of Directors approved increases to various fees, eliminated free parking privileges for SFMTA employees and officials, and approved an additional ten percent reduction in Muni service hours as of May 1, 2010.

- **The SFMTA Board does not routinely calendar discussion of implementation of the Transit Effectiveness Project to improve long-term system performance.** The SFMTA initiated the Transit Effectiveness Project (TEP) in 2006 to contribute to SFMTA's long-term financial stability and improve Muni reliability and performance. The TEP gathered public transit ridership data, studied best practices from other transit systems, and conducted public outreach to community stakeholders, policy makers and SFMTA employees; and developed a set of preliminary proposals designed to improve public transit reliability, reduce travel delay, and update routes to better meet current and projected travel patterns throughout the City. The SFMTA Board approved the TEP in concept in October 2008, authorizing a full environmental review under the California Environmental Quality Act (CEQA) and development of an implementation plan. Full implementation of the TEP includes completion of the CEQA review and approval of an implementation plan that incorporates measurable goals, objectives and target outcomes, a phasing plan for route updates and service changes, a detailed list of capital projects and funding strategies, and a master implementation schedule with key steps to deliver the five-year program. Full implementation of the TEP has been delayed beyond the original implementation schedule, although the December 2009 Muni service changes incorporated TEP data on Muni ridership.

  The SFMTA Board has focused on addressing the SFMTA FY 2009-10 and FY 2010-11 budgetary shortfalls. While the FY 2009-10 and FY 2010-11 budget

shortfalls require immediate attention, the SFMTA Board should continue to plan for and act on the longer term financial and operational goals contained in the TEP.

Although the SFMTA Board members and executive managers state that discussions of the TEP are regularly included in the Board's budget and service deliberations, the SFMTA Board has calendared only one formal discussion of the full TEP implementation since October 2008.

To ensure that the implementation of the TEP is adequately monitored, the SFMTA Board should require staff to provide written updates on the status of the TEP implementation, no less than once quarterly, at either a SFMTA Board meeting or meeting of the Policy and Governance Committee.The status updates should not only assist the SFMTA Board in monitoring the implementation of the TEP but would also increase transparency to the public regarding the status of the TEP. The public was significantly involved in the original TEP process and should be kept informed of the TEP implementation process.

- **The SFMTA Board should provide more oversight over financial reporting.** Although the SFMTA Board members receive SFMTA's annual financial statement, the SFMTA Board does not discuss the financial statement and related financial issues in Board meetings, although the SFMTA Board oversees the annual SFMTA operating budget of $768.6 million.

  The SFMTA Board does not have an audit committee to oversee financial and other audits of the SFMTA. By comparison, the nine transportation agencies surveyed for this performance audit have established audit committees and discuss the financial audit results with the auditors.

- **The SFMTA Board needs more audits to assist it in carrying out its oversight responsibilities.**The SFMTA does not have its own internal audit function, but rather relies on the Controller's Office, which serves as the auditor for the City under the Charter. Since 2005, the Controller's Office has conducted seven limited scope audits of the SFMTA, focusing on revenues from parking garages, parking meters, and cable car fares, and an audit of SFMTA's work orders with other departments, at the request of the Board of Supervisors. The Controller's Office assisted the SFMTA in developing the Transit Effectiveness Project (TEP), which was a comprehensive review of Muni performance. The SFMTA also has contracted for reviews required by the Charter, such as the two-year review of the quality of SFMTA operations. The Budget Analyst conducted the last comprehensive audit of the transit agency, *Management Audit of the San Francisco Municipal Railway*, in 1996, prior to the creation of the SFMTA. In addition, the Budget Analyst issued a report in 2009 on SFMTA's Proof-of-Payment Program.

  All other transit agencies surveyed for this performance audit either had their own internal audit function or have comprehensive performance audits conducted on a regular basis.

According to the Controller, the Controller's Office should be able to provide more audit resources to the SFMTA because the Controller's Office work on the TEP is concluding. To improve its oversight of the SFMTA, the SFMTA Board should work with staff to determine the SFMTA's audit priorities and formally communicate these priorities in writing to the Controller's Office for consideration in developing their annual work plan. Additionally, as noted above the SFMTA Board should establish an audit committee to ensure that SFMTA Board provides sufficient oversight for financial reporting and internal audits.

- **The SFMTA Board should ensure that major organizational risks are identified, assessed, and addressed.** The SFMTA Board has not established a process to formally identify, assess, and address major risks of the organization. An agency-wide risk assessment is an effective tool for ensuring that all of the major risk factors are considered and addressed. Several other transit agencies that we surveyed have developed agency-wide risk assessments to assist their organizations in mitigating major risks. For example, the Los Angeles County Metropolitan Transportation Authority Board of Directors requested its Chief Auditor to annually prepare an agency-wide risk assessment for the Board to review and consider. This agency-wide risk assessment is used in developing the audit priorities for the Los Angeles County Metropolitan Transportation Authority. Similarly, TriMet, in Portland, Oregon, prepares a biennial risk assessment to systematically identify and incorporate high and moderate risk areas into their audit plan.

The SFMTA's Accomplishments

The SFMTA Executive Director has provided a list SFMTA accomplishments in his written response to this performance audit, which begins on page 68 of the performance audit report.

The list of the Budget and Legislative Analyst's 22 recommendations begin on page xix of this Executive Summary. The proper implementation of these recommendations would result in estimated salary savings to the SFMTA of at least $3,090,645 annually, including:

- $1,215,645 in reduced transit operator standby pay costs;

- $500,000 in reduced salary costs for six transit operators currently serving as full-time union representatives; and

- $1,375,000 in estimated reduced unscheduled overtime costs.

The Budget and Legislative Analyst Recommendations

1. Governance Structure of the San Francisco Municipal Transportation Agency's Board of Directors

In order to ensure that SFMTA Board and SFMTA staff roles and responsibilities are well defined and reflect recommended practices in governance, the SFMTA Board of Directors should:

1.1 Adopt a written statement of governance principles modeled after best practices for governing boards.

In order to assist the SFMTA Board in effectively carrying out its policy, programmatic and fiduciary responsibilities, the SFMTA Board should:

1.2 Develop written guidelines defining the roles and responsibilities of the Policy and Governance Committee. Furthermore, when it develops its governance principles, the SFMTA Board should re-examine the adequacy of its current committee structure.

In order to implement the "2008-2012 Strategic Plan," the SFMTA Board of Directors should direct the Executive Director to:

1.3 Develop action or business plans to address the Strategic Plan objectives. These plans should assign responsibility for completing specific strategic plan initiatives and establish a time frame for completing these plans.

1.4 Link tasks in the budget to the specific Strategic Plan objectives that the tasks are addressing.

1.5 Develop a process to formally evaluate Strategic Plan implementation at the end of each two-year budget cycle and reassess the adequacy of the Strategic Plan.

To assist it in governing effectively, the SFMTA Board of Directors should:

1.6 Establish a process to annually assess its performance as a governing board. This process should include a written evaluation listing the board's strengths and weaknesses and a written plan to improve performance.

To ensure that Board members receive appropriate training, the SFMTA Board of Directors should:

1.7 Enhance its training to not only include orientation for new members and State and Charter requirements, but also training on governance.

2. The San Francisco Municipal Transportation Agency Board of Directors' Financial and Operational Oversight of Muni

In order to implement system reliability and service improvement recommendations contained in the Transit Effectiveness Project, the SFMTA Board of Directors should:

2.1   Require staff to provide written updates on status of the TEP implementation, no less than quarterly, at either a SFMTA Board meeting or meeting of the Policy and Governance Committee. These updates should include (a) the status of the TEP California Environmental Quality Act review and completion of the TEP Title VI Civil Rights Act of 1964 review; (b) the status of the FY 2011-FY 2014 TEP Five-Year Roadmap (master implementation schedule); and (c) other TEP implementation requirements.

To improve its oversight over financial reporting and operational matters, the SFMTA Board of Directors should:

2.2   Establish an audit committee to discuss the results of financial and internal audit reports, monitor the implementation any recommendations resulting from any audits, and review and approve the audit work plan.

2.3   Work with SFMTA staff work to determine the SFMTA's audit priorities and formally communicate these priorities in writing to the Controller's Office for consideration in developing their annual work plan.

To ensure that the major risk factors that could prevent the SFMTA from achieving its objectives are identified, assessed, and adequately addressed, the SFTMA Board should:

2.4   Direct staff to work with the Controller's Office staff in identifying the major risk factors of the organization, the magnitude and likelihood of those risks occurring, and proposed actions to address those risks. The SFMTA Board should also request the Controller's Office to present the results of its risk assessment on SFMTA to the SFMTA Board so that it is sufficiently informed on the major risks of the organization and so it can determine the SFMTA's audit priorities.

3. Transit Operators' Schedules

In order to provide the flexibility necessary to hire and assign sufficient part time operators to routes with long periods of paid standby and/or overtime, the SFMTA Executive Director and Executive Management Team should:

3.1   In the successor MOU to the current MOU with the Transport Workers Union, which expires June 30, 2011, negotiate for the use of part time transit operators by eliminating existing work rules that currently prohibit the use of part time transit operators, including, (a) eliminating the requirement that the basic hours of labor are at least at eight hours a day, and hence prevent the use of trippers (short blocks of work made up of one to two trips during peak hours); (b) eliminating

the work rules that prevent part time operators from being assigned to vacation relief or long term sickness relief, and (c) eliminating the work rules that limit part time operators to no more than 5 hours of work on weekdays, and no more than four days per week for part time operators scheduled on both Saturday and Sunday.

3.2   By September 30, 2010 in preparation for renegotiation of work rules outlined in recommendation 3.1, assign scheduling staff to calculate the number of part time operators necessary to operate all runs that currently have three or more hours of split time.

3.3   Negotiate in the successor MOU to the current MOU with the Transport Workers Union, which expires June 30, 2011 an increased limit on the number of part time operators that can be hired to a number sufficient to operate all runs that currently have three or more hours of split time.

In order to determine the additional cost savings of using part time operators to be realized by using part time operators in the seven Muni divisions, consistent with other comparable transit agencies surveyed for this performance audit, and to inform the SFMTA Board and the public of these potential savings, the Director of Operations should:

3.4   Instruct the scheduling staff to use the automated scheduling system, Trapeze, to develop one or more potential schedules for each of the seven transit divisions that incorporate the use of part time operators, eliminating the existing MOU requirement that the basic hours of labor be eight hours a day, to determine the savings realized by using part time transit operators.

In order to reduce non-productive standby time and scheduled overtime expenditures, the Director of Operations should, pending renegotiation of the TWU 250A MOU in July 2011, direct his scheduling and training staff to:

3.5   Identify an initial set of routes at the Kirkland Division currently scheduled as split shifts with two or more hours of standby time and begin the process of hiring and training sufficient part time operators to provide service on these routes.

3.6   Create a plan by July 2011 to hire and train the maximum number of part time operators necessary to provide service on all routes that use two or more hours of standby time and begin implementation of hiring and training in FY 2011-12.

In order to reduce cost and increase productivity, the Executive Management Team should

3.7   Meet and confer with TWU Local 250A to provide for only one full time paid union chair instead of the current seven full-time union chairs.

4. The San Francisco Municipal Transportation Agency's Management of Transit Operators' Overtime

In order to discourage absenteeism and to reduce unscheduled overtime expenditures, the Executive Director and his designees should:

4.1   Negotiate MOU provisions in the successor MOU to the current MOU with the TWU Local 250A, which expires June 30, 2011, that (a) requires transit operators to work more than eight hours in a day or forty hours in a week in order to accrue overtime, and (b) disallows authorized absences as a basis for overtime.

In order to strengthen reporting on the impact of unscheduled absenteeism on service delivery and the causes of missed trips, and to monitor and manage absenteeism, the Executive Management Team should

4.2   Develop a quarterly measurement of Scheduled Trips Delivered to be reported in addition to the current measure of hours of revenue service.

In order to increase driver availability and facilitate efficient scheduling and dispatching, the Director of Operations should:

4.3   Create and publish on a quarterly basis a measure of drivers available to work within each division and report this information to the SFMTA Board and to the divisions.

In order to achieve an average operator availability of 100 percent, the Executive Management Team should:

4.4   Develop a comprehensive transit operator availability plan including (a) analysis of root causes of absenteeism, (b) reintroduction of part time operators, (c) investigation of new training programs and methods, (d) reduction of the number of operators doing non driving work including union work, and (d) strengthening, broadening and enforcing progressive attendance discipline.