

730 Washington Ave. • Room 304 • Racine, WI 53403 • 262-636-9166 • Fax: 262-636-9545

January 8, 2007

Mayor Gary Becker
Members of the Common Council
730 Washington Avenue
Racine, WI. 53403

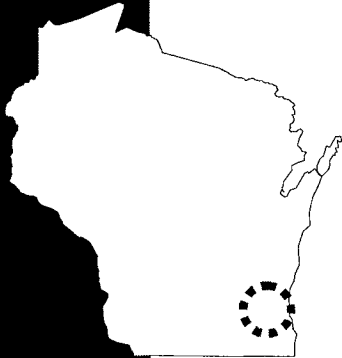
Dear Mayor Becker and Members of the Common Council:

In December 2006, the State of Wisconsin, Department of Transportation, hired a consultant to perform a Management Performance Audit on the Belle Urban System, required by State regulation every five years. The Executive Summary and a Table of Recommendations by Level of Importance is attached.

I request that this communication be referred to the Transit and Parking Commission for its review and consideration.

Sincerely,

Michael J. Glasheen, P.E.
Transit Planner



Transit System
Management Performance Audit

**Racine Belle
Urban System (Bus)**

FINAL REPORT

Prepared for

**Wisconsin Department
of Transportation**

Prepared by

Abrams-Cherwony & Associates

December 2006

EXECUTIVE SUMMARY

The Wisconsin Department of Transportation (WisDOT) is required by Wisconsin Statutes to conduct a management performance audit of all urban transit systems receiving state aid at least once every five years. This report summarizes the Management Performance Audit of Racine BUS Transit System.

This is the fifth management performance audit of the Racine Belle Urban System (BUS). The last audit was completed in 2002.

The Wisconsin Statutes indicates that the scope of the audit shall be determined by WisDOT in cooperation with the management of the transit system subject to the audit. This scope has evolved to the point where the management performance audit has three major areas of review. First, is the conduct of a peer group analysis to determine the overall system effectiveness and operating efficiency. Second, is the review of the policy and decision-making process of the system in terms of its impact on system effectiveness and operating efficiency. Finally, is the detailed audit of each of the operational functional areas.

This report summarizes the results of each of the review areas and highlights overall findings and recommendations.

Peer Group Review

One of the initial analysis tasks in this management performance audit is a comparative review of operating efficiency and effectiveness of Racine BUS through the use of selected performance indicators. Comparisons are made with a nationwide group of peers and a Wisconsin group made up of other small urban systems. A five-year trend analysis is also performed.

From the nationwide peer group analysis for FY 2004, the overall size and dimensions of the peer group indicates that Racine BUS operates in a smaller area than the peer group average. Racine BUS provides more revenue miles and revenue hours, exhibits lower operating costs, carries fewer passengers, but has higher operating revenue compared with the nationwide peers. In terms of performance, overall, the nationwide peer group results indicate that Racine BUS has lower costs and provides a much higher level of service compared with the peer average.

Overall, the Wisconsin peer group results indicate that Racine BUS is a larger system than the peer average in terms of the amount of service it provides, the number of passengers it carries, the amount of revenue it takes in and the overall cost needed to operate the system. Further, Racine BUS provides more service on a per capita basis, demonstrates higher passenger

productivity and exhibits better cost efficiency and effectiveness. This is very favorable performance.

Racine BUS performed less favorably in the trend comparison, exhibiting a declining trend compared with the nationwide and Wisconsin peer averages in four of the six indicators including cost per passenger, cost per revenue hour, passengers per capita and passengers per revenue hour. However, Racine BUS exhibited an improving trend compared with both peer averages in terms of revenue hours per capita. Additionally, Racine BUS improved relative to the nationwide peer average in terms of farebox recovery and improved relative to the Wisconsin peer average in terms of cost per revenue hour.

In summary, Racine BUS performed above the Wisconsin peer average in every indicator and performed above the nationwide peer average in every indicator except for passengers per revenue hour. Racine BUS's passengers per revenue hours were 16.31 in 2004 compared to the nationwide peer average of 19.08. Overall, this is favorable performance by Racine BUS.

Policy and Decision-Making Process

From the review of the Policy and Decision-Making Process, it was determined that no major changes are needed. The Mayor, City Administrator and Chairperson of the Transit and Parking Commission are all pleased with the current arrangement. The information obtained each month by the Commission is extensive and more than adequate to judge the performance of the system. The City is also committed to supporting the system as exhibited by their past commitment to ten new Gillig buses, a new off-street bus transit center and a rehabilitated railroad depot adjacent to the transit center.

Audit of Functional Areas

The performance review of Racine BUS was focused on the seven functional areas of a small transit system. While the review and findings in many functional areas were favorable, a number of areas were identified as a focus for further improvements and are listed below:

Planning

- § **Document Duties Performed by Transit Planner** - The Transit Planner should document the functions that he now performs to justify the fact that the Transit Planner title is insufficient and should be changed to one that represents broader responsibility such as Transit Director and provide information that can be used by the successor in this position to identify the full range of responsibilities;
- § **Route Performance Levels** - The data that is now available from the AVL/APC system should be used to establish threshold performance levels for both

passengers per hour and farebox recovery by route;

- § **Formal Service Review** - Key staff from the management company and the Transit Planner should meet at least two times per year to review service issues on a formal basis;
- § **Conduct TDP Study** - Racine BUS needs to have a TDP update study performed either by SEWRPC or by an outside transit planning consulting firm;
- § **Move the Transit Planner to BUS Facility** – Once the office space expansion at Racine BUS facility is made, the Transit Planner should be transferred to Racine BUS facility; and
- § **Data Review Process** – Racine BUS should undergo a study of what data from the AVL/APC system should be reviewed and how often.

Vehicle Maintenance

- **Replace Seven Paratransit Vehicles** - Racine BUS should focus on replacing its seven paratransit vehicles that have accrued on average over 150,000 miles and have exceeded their designed useful life; and
- **Review Maintenance Staff Levels** - With the assumption of the vehicle maintenance responsibilities of the seven paratransit vehicles, Racine BUS should carefully review its maintenance staff size to make sure that they can handle the additional work without jeopardizing the fine performance on the fixed route bus fleet.

Operations

- **Changes to Labor Agreement** – There are three recommendation made in the last audit that involve changes to the Labor Agreement. These are reiterated in this audit and include three items. First, posted rules should be moved to a side agreement outside contract bargaining so that they can be easily updated on a more frequent basis. Second, offering casual days to employees is a costly item that should be removed. Third, drivers should be willing to make passenger counts without being compensated with an additional \$0.50 per hour; and
- **Fringe Benefits** – Racine BUS should address high fringe benefit costs especially for medical insurance to determine whether the current plan can be changed to reduce the overall premium.

Finance

- § **Vendor Payment Process** - The only area that might be improved is the vendor payment process. The process should be streamlined to avoid the City and the management company both writing checks for payment to a vendor

Marketing

- § **Paratransit Brochure** – Racine BUS should prepare and publish a brochure describing its ADA paratransit service;
- § **ADA on System Map/Route Schedules** – Information on the ADA paratransit service should be noted on the Racine BUS system map and individual route schedules;
- § **Web Site Address on System Map** – The web site address on the system map should be changed to reflect the correct web site; and
- § **Marketing Plan** – Racine BUS should develop a formal marketing program each year addressing how the service should be promoted and the campaigns that should be held in the upcoming year. For example, next years campaign may focus on explaining the need for the fare increase.

Paratransit

- § **Paratransit Brochure** – From the review of the paratransit service now provided directly by Racine BUS, the only recommendation, that is also noted in the Marketing section, is to produce a paratransit brochure that summarizes the ADA transportation program.

Information Technology

- There were no recommendations made in this area.

The recommendations listed above are defined in more detail in the Functional Area Review Chapter of this report.

PEER GROUP REVIEW

One of the initial analysis tasks in this management performance audit is a comprehensive review of operating efficiency and effectiveness of the Racine Belle Urban System (The BUS) through the use of selected performance indicators. Three techniques have been employed for this purpose.

Nationwide Peer Group Analysis - comparing the performance of Racine BUS with transit systems across the nation of similar size and service characteristics;

Wisconsin Peer Group Analysis - comparing the performance of Racine BUS with Wisconsin transit systems of similar size and service characteristics; and

Time Trend Analysis - reviewing the performance of Racine BUS over time.

Nationwide Peer Group Analysis - Racine BUS operates within the City of Racine and has a service area population of 112,100 people. The data for Racine BUS and its peers was obtained from the National Transit Database (NTD) for the most recent fiscal year (FY2004). A peer group of 13 nationwide systems, which are listed in Table 1, were selected based on a number of factors including population, system size, and climate.

It should be noted that Racine BUS was not included in the nationwide peer group average.

As seen in Table 1, the overall size and dimensions of the peer group indicates that Racine BUS operates in a smaller area than the peer group average. Racine BUS provides more revenue miles and revenue hours, exhibits lower operating costs and carries fewer passengers, but has higher operating revenue compared with the nationwide peers. The performance of Racine BUS is presented in Table 2 and is summarized below;

- Racine BUS ranked fifth in terms of farebox recovery and was about 5.5 percent higher than the peer average. This performance can be attributed to higher operating revenue.
- Racine BUS was near the bottom in terms of cost per passenger ranking 10th out of 14 systems. However, its \$3.91 cost per passenger was still 2.7 percent lower than the peer average of \$4.02. This below average performance points to lower than average passenger productivity. This is confirmed by its passenger productivity level, measured as passengers per revenue hour, of 16.31 passengers per hour in 2004, which was 14.5 percent lower than the peer average of 19.08.

**TABLE 5
SUMMARY OF RECOMMENDATIONS BY LEVEL OF IMPORTANCE**

Number	Functional Area	Recommendation	Responsible Agency
VERY HIGH IMPORTANCE			
1	Maintenance	Replace seven paratransit vehicles that have exceeded useful life.	City of Racine & The BUS
2	Maintenance	Review maintenance staff levels in view of added maintenance of seven paratransit vehicles.	City of Racine & The BUS
3	Planning	Conduct TDP study.	City of Racine & The BUS
4	Planning	Monitor bus service in more detail on a route-by-route basis.	City of Racine & The BUS
5	Operations	Address high fringe benefits costs especially for medical insurance in next labor contract.	The BUS
6	Operations	Address costly labor contract provisions, especially the provision of casual days, in the next labor negotiations.	The BUS
HIGH IMPORTANCE			
1	Planning	Document duties performed by Transit Planner.	City of Racine
2	Planning	Conduct study to determine what data should be obtained from the AVL/APC system and how often.	City of Racine
3	Planning	Review service on a formal basis at least two times per year.	City of Racine & The BUS
4	Marketing	Prepare a formal marketing plan.	City of Racine & The BUS
5	Marketing & Paratransit	Prepare a paratransit brochure.	The BUS
6	Marketing	Information regarding the ADA paratransit service should be listed on the system map.	City of Racine & The BUS
7	Marketing	Correct web site address on system map.	City of Racine & The BUS
MEDIUM TO LOW IMPORTANCE			
1	Finance	Streamline vendor payment process.	City of Racine & The BUS
2	Planning	Move Transit Planner to the bus facility once office expansion project is completed.	City of Racine & The BUS