

Interim Report

Regional Transit Diagnostic Review



Sacramento, CA
June 8, 2015

Attachment 1

The diagnostic review focuses on revenue and cost opportunities

- ▶ The review examined systemwide opportunities to increase revenue and/or decrease cost to create resources to pursue RT's priorities (e.g., safety, security, cleanliness, quality)
- ▶ The diagnostic commenced in April 2015 and results are based on:
 - Review of many documents (e.g., plans, financial statements, budgets, service reports, performance reports, policies, reserves, liabilities, staffing)
 - External review (e.g., press articles, third party audits, web searches, industry practices)
 - More than 40 interviews and small group meetings
 - Analysis of cost and revenue approaches and results
- ▶ This effort has been conducted in close cooperation with RT management and staff. All opportunities benefitted from multiple discussions and some are being pursued by RT now, some are planned for near term action, and some are under consideration
- ▶ The ideas explored in this effort came from both RT staff and the consultant. This is the result of a joint effort

The timing is right for RT to accelerate improvements

- ▶ RT is well managed, has a capable staff, and pursues improvements routinely
- ▶ The system is recovering from an economic downturn, providing both greater opportunity and incentive for improvement
- ▶ RT has been focused on implementing small improvements by getting the most out of the least resources, a common strategy when downsizing
- ▶ The Board's focus on service quality, safety, security and passenger experience is motivating to staff – they want to deliver better transit service and contribute to excellence
- ▶ RT is pursuing these priorities within limited resources (e.g., cameras in stations, partnerships with associations to improve cleanliness, contracting to increase security and cleanliness at affordable cost)
- ▶ Based on interviews and small group meetings, many staff would like to change the strategy and culture from «get the most for the least» to «pursue excellence on all fronts»

RT has significant opportunity to change business practices to capture additional revenue and cost savings opportunities

Opportunity	LOW ESTIMATE	HIGH ESTIMATE
One time revenues	\$6,220,000	\$13,138,000
Recurring annual revenues	\$12,217,000	\$34,505,000
Recurring annual cost savings	\$13,210,000	\$21,425,000

RT cannot capture all these opportunities alone. Most opportunities require participation of others, and some require concurrence of others

One time revenues focus on reducing excess spare buses, selling properties and auctioning old non-revenue vehicles

Opportunity	Low Estimate (in \$000's)	High Estimate (in \$000's)
Sell up to 10 properties RT no longer needs, and the I-5 ROW. Appraisals are required, along with advertising and bid solicitation	\$6,000	\$12,000
Generate cellular company interest in building towers on LRT ROW and connect to fiber optic capacity (see fiber optics in recurring revenue as well)	\$0	\$1,000
Sell buses beyond their useful life to reduce the active fleet to the federal maximum level of spares (sell usable buses, scrap unusable buses, sell safe CNG tanks from scrapped vehicles)	\$160	\$170
Sell non-revenue vehicles beyond their useful life	\$60	\$68

Recurring annual revenue opportunities span many different strategies

Opportunity	Low Estimate (in \$000's)	High Estimate (in \$000's)
Sell CNG to the public and commercial enterprises at McCellan facility	\$500	\$2,000
Sell federal carbon credits RT registered to earn starting 01/2014	\$260	\$900
Sell California carbon credits RT registered to earn starting 01/2014	\$228	\$775
Complete requirements to earn and sell LRT carbon credits	\$489	\$1,660
Lease fiber optic capacity to commercial enterprises in LRT ROW	\$500	\$15,000
Increase lots with charging and raise rates to manage demand	\$0	\$275
Consider adding retail concessions at lots and stations to increase security, revenue and passenger amenities	\$15	\$20
Align frequency of fare changes to fixed income benefit changes	\$2,000	\$2,200
Return RT to 28% farebox recovery over 10 years	\$7,500	\$8,000
Reduce fare evasion by increasing random inspection rate	\$1,700	\$4,100
Eliminate unlimited ride paratransit pass	\$425	\$475
Offer free Wi-Fi on LRT and bus routes with long passenger trips	\$600	\$1,100

Recurring annual cost savings opportunities also span different strategies

Opportunity	Low Estimate (in \$000's)	High Estimate (in \$000's)
Work with labor representatives to avoid Affordable Care Act penalties from excessive health benefits	\$560	\$2,000
Switch from natural gas to bio-gas and reduce CA taxes	\$140	\$340
Reduce operator unscheduled absences	\$1,000	\$1,500
Optimize the extraboard size to a lowest cost solution	\$80	\$110
Don't reward unscheduled absences with working day off OT	\$290	\$310
Change extraboard start times to reduce standby OT	\$140	\$165
Consider changing the regular run definition to 4-10's in 12	\$5,000	\$10,000
Consider using part time retirees for special event staffing	NA	NA
Consider bringing back part time operators	\$6,000	\$7,000
Consider demonstrating part time cleaners adding 23,000 annual hours of cleaning at no additional cost	NA	NA
Improve capital project funding and grants management	NA	NA

Developing and adopting key policies can guide RT's recovery and set the stage for future success

- ▶ Policies convey intent externally and guide actions internally to realize desired results
- ▶ Fiscal stewardship or financial responsibility policies could address:
 - Linking fare changes to changes in benefits for fixed income riders
 - Defining the role of fares in financial stewardship (farebox recovery)
 - Establishing a routine local contribution to capital (e.g., for local match and needs)
 - Requiring all capital projects (large and small) to consider operations and maintenance costs and responsibilities before project approval
 - Controlling RT's cost per hour/mile to inflation (e.g., CPI-W)
 - Using industry best practices to determine reserves (e.g., risk, pension) and fund them
 - Actively pursuing partnerships to advance mobility and customer experience
- ▶ Fiscal responsibility policies have proven helpful to other transit systems in generating support for local funding sources and delivering high performance

A couple of human resource policies warrant revision as well

- ▶ The Operator Attendance Policy was developed in 2005; RT and its workforce have learned a lot since then, and it's time for an update. Items to consider include: change in buy back for perfect attendance, recognition and reward for perfect attendance, eligibility for working day off overtime, kin care documentation, longer period until attendance record resets, and better employee access to their personal attendance record.
- ▶ Personnel Rules and procedures for salaried employees should be reviewed. The current policy does not provide the entire salary band for any position for new hires. New hire salaries are capped at the maximum of the highest paid staff person currently on board, without regard to education, professional certifications or experience. This has the impact of devaluing education, training and experience received outside of RT – contributing to a non-learning culture. The policy has been an effective deterrent to hiring more capable personnel with relevant industry experience that can help RT grow and improve.

This is a good time to define RT's desired culture forward and change in that direction

- ▶ RT's culture has been driven by the need to get the most for the least resources. The staff appears tired, battered and somewhat over-extended. While there are exceptions, there is an undercurrent of isolation – very low turnover coupled with restrictive hiring policies results in less knowledge and learning from industry peers
- ▶ Change is already beginning to poke through the past. The security peer review, partnerships with business and community associations, seeking new revenue opportunities, and a willingness to explore different ways of doing business are all examples of positive change
- ▶ The economic recovery, while slow, provides further fuel to reinvent the culture. Consider moving towards the best customer experience we can provide; high quality and sustainable service; pursuing excellence in all we do – these will help inspire and motivate staff in new ways
- ▶ Changing culture doesn't happen with good intentions. It takes deliberate planning, action, engagement and response to achieve enduring change

Employees have described RT's culture in a variety of ways, and express both desire and readiness for change

POSITIVE ATTRIBUTES	NEGATIVE ATTRIBUTES
<ul style="list-style-type: none">• Get the most from fewest resources• Frugal outlook / fiscally conservative• Project orientation / get it done• Great wages and benefits• People stay a long time (low turnover)• Great retirement benefits• Small enough that you can see and touch the entire system• Small back office and bureaucracy• Recent changes bring hope (e.g., Board focus on quality, security peer review, partnerships with business and community associations, economic recovery)	<ul style="list-style-type: none">• More supersedes quality, less quality is acceptable with more• Lack of focus on O&M reduces value of projects delivered• Low employee engagement• Employees don't feel valued• Few career growth / learning opportunities• Barriers to learning new approaches (not invented here)• Sense of exhaustion from doing everything with insufficient resources• Tired of trying to defend system condition to neighbors/friends• Mostly negative press

Four reasons for being inspire the heart and mind, elements essential for enduring cultural change...RT should focus on one

Helpful



*A desire to help others
(customer service excellence)*

Innovation



A desire to explore and embrace potential beyond convention

Excellence



*A desire to contribute and perform at the highest levels
(be the best we can be)*

Efficient and Effective



A desire to deliver results quickly and reliably

Reaching to the heart and mind adds impact to mission, vision, values and cultural aspirations

Fortune's annual survey of best places to work provides key insight into motivated employees, and reflects RT's staff needs

- ▶ Fortune Magazine has engaged employees globally to help them identify the 100 Best Places to Work annually since 1997
- ▶ The list contains technology, manufacturing, retail, investment, professional services, health care organizations, government and non-profits with no sector dominant
- ▶ Fortune's analysis of the program, over its history, concludes that employees want several common things from employers:
 - Employees want to be connected to something bigger and good (most often described in terms of a supported vision and goals)
 - Employees respond to leaders who solicit and listen to their ideas; they want to be involved in making their company better
 - Employees follow leaders who both expect them to perform, and demonstrate appreciation for their contributions
 - Employees like organizations that rally the troops to meet challenges (engage employees in solving problems) and celebrate successes along the way
 - Employees want to feel management cares about them, and not just as hired hands

Defining and pursuing cultural change is straight forward

1

Review Baseline (feedback, mission, vision, goals, values)

2

Identify Desired Culture/Experience by Stakeholder Group

3

Articulate Behaviors/Actions Required to Model the Culture

4

Define the Policies, Procedures and Processes to Build Culture

RT should empower a multi-disciplinary team to define and drive cultural change

This interim report is intended to provide early results and seek guidance on where to conduct detailed analysis. Another use of remaining resources is to support implementation (120-140 hours)

ADDITIONAL ANALYSIS	IMPLEMENTATION SUPPORT
<ul style="list-style-type: none">• Analyze absences for patterns and trends, resulting in tailored recommendations• Help define information required from new information systems to support extra board management• Analyze options for surge staff coverage around special event transit service• Help RT evaluate Wi-Fi opportunities and engage peers	<ul style="list-style-type: none">• Help draft fiscal responsibility policies• Help develop work plan and launch culture of the future team• Work with Board subcommittees and the private sector to build ownership in initial opportunities

Given limited resources, RT should limit focus to 2 or 3 items. Pairing RT staff with the consultant helps ensure knowledge transfer and ownership

RT should track progress on opportunity conversion

- ▶ What gets measured gets done. RT should report on progress versus opportunities to executive management and the Board of Directors at least quarterly. This will provide a strong level of oversight and expectation for results
- ▶ Opportunities should be tracked both before and after implementation. Before focuses on the critical steps and responsibilities required to execute; after on the results achieved and modifications to improve results
- ▶ RT should establish a process and mechanism to capture new revenue and cost opportunity ideas as part of continuous improvement. This can contribute to cultural change and leverages momentum of the current effort
- ▶ RT should communicate, thank contributors and celebrate successes resulting in more resources to be assigned to priorities. Celebrating successes helps re-energize the employees and demonstrate that together, we are changing for the better

APPENDIX:
POTENTIAL REVENUE SOURCES

Opportunity	Detailed Opportunity Description	Potential Benefits			Implementation		
		Description	Annual / One Time \$	Time to Realize	Responsibility	Requirements	Estimated Implement Date
Sell Compressed Natural Gas (CNG) at McClellan site	RT offers CNG fuel at cost to other public fleet owners (fuel cost plus 10% to help cover maintenance). RT is expanding its ability to sell CNG to the public, as well as to private fleet owners (e.g., waste removal, school buses) through purchase of lower volume fuel delivery systems (1000 psi versus the 5000 psi used for 40 foot buses) and plans to procure contracted fueling services for non-RT vehicle fueling. Fair trade regulations require RT to sell natural gas at market rates (which range from \$1.25 per therm at SMF to \$2.40 per therm by private suppliers in the city). RT sells to a single private fleet owner now, generating \$100k to \$150k annually. The expanded capacity for fueling small vehicles provides a market opportunity to generate additional revenue. In addition, RT can use the 1000 psi fueling station for CBS buses improving the speed and reliability of fueling. Currently, RT fuels small buses with a 5000 psi system funneled through a 1000 psi nozzle. The fueling system shuts down frequently due to pressure build up, requiring more time and delay in fueling small buses.	RT purchases natural gas at about \$0.40 per therm, and purchases futures for each of the coming five years to stabilize prices and reduce price risk to RT. Assuming RT matches the lowest market rate (i.e., that offered by SMF), at \$1.25 per therm, the new retail sales capability would produce in the range of \$500k to \$2M additional revenue annually, depending on the amount of market RT captures. Expanding small vehicle fueling capability beyond McClellan would likely increase the market further (e.g., 29th and N), with the potential to more than double those numbers.	\$500k to \$2M annually	12 months	Facilities and Business Support	RT has signed a installation contract and now needs to complete system design, install the system, hire a contract fueling operator and market the product offering.	Summer 2015
Sell Carbon Credits (federal)	RT registered with the US EPA in January 2014 to start tracking and claiming sellable carbon credits for renewable fuel use (each therm purchased earns credit). RT can now use EPA's Moderated Transaction System to sell renewable energy volume obligations it has earned to entities requiring those credits. Continued participation in the system requires RT to meet quarterly reporting requirements for all RINs (renewable identification numbers for each gallon of renewable fuel purchased) and RT is doing so.	The EPA's Moderated Transaction System connects buyers and sellers of carbon credits, and contains information on historical sales (price and volume by date). The prices fluctuate based on multiple factors that impact demand and supply of credits throughout the year. RT should adopt a sales strategy (e.g., quarterly sales to reduce risk associated with price fluctuation, or using the data available to all buyers and sellers to try to beat market averages).	\$260k to \$900k annually	3 months	Facilities and Business Support	Quarterly reporting as required by EPA on all RINs purchased. RT has credits available now and must offer carbon credits for sale on the EPA transaction website consistent with the strategy adopted.	Summer 2015
Sell Carbon Credits (California)	RT also registered with the California Air Resources Board in January 2014 to earn, track and sell Low Carbon Fuel Standard (LCFS) credits, similar to the federal approach with RINs. RT has been earning credits, estimated at 9,122 LCFS credits by June 2015, and should examine the market for sales of those credits. The California and federal databases track prices, which show substantial fluctuation (e.g., \$25.00 to \$85.00 per credit over the prior 16 months driven by supply and demand on any given day). RT should determine a policy for routine sales (e.g., quarterly to reduce risk of market fluctuation and increase predictability, or attempt to use the data available to all sellers and buyers to try and beat the market average), and commence sales.	As with federal credit markets, California carbon credits vary in price based on supply and demand. RT should develop a sales strategy, with at least annual (and likely quarterly) sales. RT estimates it will have a pool of 9,122 LCFS credits by June of 2015, with past unit prices ranging from \$25.00 to \$85.00, yielding potential revenues of \$228K to \$775k.	\$228k to \$775k annually	3 months	Facilities and Business Support	Quarterly reporting as required by CARB. RT should develop a sales strategy (e.g., quarterly) to reduce the risk of price fluctuation and maximize revenue. Initial sales should start soon.	Summer 2015

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Earn and Sell LRT Carbon Credits	RT recently began the certification process to earn LCFS credits for the light rail system. It is reasonable to believe that RT will be eligible and receive credits from January 2015 forward (the original eligibility date). These credits are earned under formulas that include system ridership and source of power used to energize the system. Over the next few months, as part of the certification process, RT will establish the actual formula that applies to our system and seek approval thereof. RT's current estimate based upon a conservative reading of the rules would deliver 19,550 LCFS credits annually. The six month period from January 2015 through June 2015 is estimated to yield 9,000 LCFS credits at a value of \$225k to \$765k using historical ranges.	Given the high degree of fluxuation in carbon credit market value (e.g., \$25 to \$85 per credit), RT should develop a sales strategy to reduce risk and maximize revenue (e.g., quarterly sales). Annual credits are conservatively estimated at 19,550, yeilding \$489k to \$1.66M annually.	\$489 to \$1.66M annually	6 months	Facilities and Business Support	RT must complete the certification process and develop its formula to earn credits, comply with quarterly reporting requirements, and develop a sales strategy (e.g., quarterly) to reduce the risk of price fluxuation and maximize revenue. This work is required now to iniate a revenue stream in 2016.	Summer 2015
Excess Property Sales	RT has identified 10 properties which it has classified as excess (e.g., plans have changed and there is no foreseeable use for the property in delivering transportation services), and market interest has already been expressed for four of those. One property, Cemo Circle, has been appraised (at \$1.79M) and is under negotiations with bidders; the others have not yet been appraised. In addition, the City of Sacramento has requested an appraisal of the I-5 ROW and discussions are underway regarding that property.	Each property need undergo an appraisal, and possibly an environmental review, to determine value. RT has placed sales signs at some properties to generate and measure potential market interest.	\$6M to \$12M one time revenue	24 months (for all ten properties)	Facilities and Business Support	RT should develop a real estate sales policy to guide sales (infrequent in past). Said policy should address trade-oofs to be evaluated (e.g., cost, revenue, risk, environmental impacts and proposed use).	Summer 2015
Fiber Optics Capacity Rental/Lease	RT installed fiber optic cable (most is high capacity 288 strand) in all LRT right of ways (ROWs). RT rents some capacity to local government and colleges, charging a modest fee to cover costs. RT plans to market the high remaining capcity to commercial and cell phone companies, coupled with the ability to build a cell tower on the ROW. The value proposition is that cell companies could capture wireless communications and serve them on the high speed fiber optic network to maximize service speed and reliability at low cost. BART, WMATA and SEPTA have similar programs and average \$500k per cell tower site (one time payment) plus monthly rental fees for use use of the fiber optics. Annual fiber optic rental fees vary widely (e.g., WMATA \$2,789 per strand mile for dark fiber, SEPTA \$2,722 for the first 72 strand miles plus \$37.80 per additional strand mile).	There is wide variability in fiber optic pricing, both in terms of one time payment for building a cell tower in a transit ROW and for leasing high capacity fiber optics. This estimate is based on discounting peer rates to 40%, and applying them to 80% of RT miles and 80% of RT fiber optic strands. It is also assumed that 0 to 5 cell towers are built in the ROW.	\$0 to \$1M one time revenue; and \$500k to \$15M annually	24 months	Facilities and Business Support	This is a new market for RT, and capacities would need to be marketed. RT should reach out to BART, WMATA and SEPTA to learn from peers. RT may want to invite cell phone operators to an industry day to both educate them on possibilities and learn from them before soliciting bids.	Fall 2015
Change Parking Fee Strategy	RT charges for parking at 6 lots (2 will be added at opening of the South line), \$1 per day or \$15 for a monthly pass with an annual yield of \$250k to \$300k. RT began charging in 2010, simultaneous with the significant service reductions. Staff analyzed the impacts of charging (parking diverted to free lots, revenue and ridership), but the results are uncertain given the large service changes. In April of 2015, a policy change allows charging at any lots in the City of Sacramento. There are four free lots in the City of Sacramento. Thinking about parking fees as a form of demand management, the three Folsom lots are all full, with unused capacity at adjacent lots. Charging at these end of line stations could increase revenue, move some parking to closer in stations with capacity, offering potential new riders parking capacity. RT should explore charging at the Folsom lots (with the City of Folsom), and the Sacramento lots, on a demonstration basis (not more than one year) and evaluate before and after demand management, revenue and ridership, to expand our knowledge base.	Adding the four stations in Sacramento is estimated to yeild an additional \$50k to \$60k per year (lots are smaller). Charging at the three Folsom stations is estimated to add \$75k to \$100k annually. Increasing fees at current lots from \$1.00 to \$1.50 daily and from \$15 to \$20 monthly would likely add \$60k to \$75k. Adding other lots and increasing the rate could yield an additional \$220k to \$275k annually and improve operations/parking availability at end of line stations. Charging for parking will likely result in some riders moving to stations with free parking, and may result in some ridership loss.	\$0k to \$275k annually	12 months	Facilities and Business Support	RT would need to discuss options with the City of Folsom, make the policy decision, communicate the intent to the market, establish the baseline data, make changes to printed materials, signs and equipment. The resulting parking patterns, revenue and ridersisp should be evaluated at least quarterly during the demonstration.	Fall 2015

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Consider Adding Retail Concessions	RT conducted a demonstration of a coffee cart and a hot dog cart at a light rail station in the past. As required, the vendors kept the station area clean, customer feedback was positive (e.g., valued amenity, cleanliness, sense of security), and RT made a little money (\$3-5k). Sales demand was low and only one vendor continued for the entire year. RT allow's sealed containers for drinks on board and is a good environment for considering concessions at park and ride lots and LRT stations. Concessions provide a service to RT customers, can increase cleanliness, provide additional security by thier pressence, and generate modest revenue streams. RT could require vendors to accept the connect card as a form of payment, and require them to distribute the card. Requiring vendors to keep the station clean and free of trash is critical. Food trucks often want access to park and ride lots during morning and evening peaks, with food/drink carts at downtown rail stations wanting access during the business day.	Assuming RT attracts food truck concessions at the largest light rail and parking facilities, and food/drink carts at four other stations, annual revenues might be \$15-20k. While revenues are small, passengers gain amenities, security is increased by physical presence, and cleanliness can be increased at stations. Raising inspection rates (a separate opportunity) helps increase enforcement of the sealed container policy on vehicles.	\$15 to \$20 annually	6 to 12 months	Facilities and Business Support	RT would need to make the policy decision, communicate the intent to the market, hold an industry day, provide passenger volume by site and demographic information to potential concessions, and negotiate and enforce terms. RT should be sensitive to vendor needs for sales demand in considering placement of food trucks and carts.	Summer 2015
Consider a Frequency of Fare Change Policy	RT should consider a policy guiding the frequency/predictability of fare increases. The last fare increase took effect 9/1/2009. Many of RT's lifeline riders are believed to be on fixed incomes, which may include public benefits (e.g., social security, welfare, unemployment, food stamps, school lunch programs). Publically provided benefits are based on the cost of a set of goods and services, including transportation, for thier consituents. Most benefits increase annually as a result of a COLA, often tied to the CPI-W average for all cities (which also has a specific transportation component). While benefits available for transportation increase with inflation each year, RT fares remain stable for many years (6 currently) and then increase substantially. Fixed income riders have made choices on how to use the annual growth in benefits, and now must undo those decisions when an RT fare change is implemented. This creates significant conflict and turmoil. Another approach is to plan to increase fares at a low level every other year (balancing the cost of a fare change with the increase in public benefits), better reflecting lifeline rider ability to pay and avoiding large fare changes.	When other transit operators moved to a predictable policy of fare increases (e.g., small, planned increases every other year), the public knows what to expect, and individual changes became less polarized. RT could gain similar benefits -- a predictable revenue stream, better results in meeting TDA farebox recovery requirements, enhanced ability to fund operating and captial priorities (e.g., security, safety, cleanliness, amenities, state of good repair), and a less charged environment around fare increases. More predictable revenues result in better fiscal planning and stewardship, and less deferral of important operating expenditures. Finally, the miracle of compound interest produces more revenue faster with more frequent small changes, than with less frequent large changes, even if fare levels are exactly the same every five years (assuming a 2.5% annual equivalent fare increase, changes every 2 years produces \$40M in additional revenue over 20 years).	\$2M to \$2.2M annually (about \$40M over 20 years)	6 months	Planning, Finance and Marketing	Develop and adopt a policy. Revise the 20 year financial plan, the SRTP, the CIP, the webiste and other materials to reflect the change. Reduce the number of documents with fares published, instead pointing to fewer documents and websites and indicate RT plans to change fares every two years. Include the date of initiation for published fares.	Fall 2015

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Consider Changing the Role of Fares	<p>California's TDA requires RT recover at least 25.5% of operating costs from passenger fares (there is a State bill to reduce the requirement to 23%). The legal requirement was established to ensure new monies were used to improve and increase transit services, rather than supplanting passenger support of the system. In 2014, RT reports its farebox recovery as 22% -- below both minimums -- which risks loss of some state subsidies. In addition, RT has desires to improve transit operations -- security, safety, cleanliness and amenities for riders. There are very few subsidies available for these purposes, and fares should play an important role in funding them. RT should consider setting a farebox recovery goal above the state minimum, and obligate the additional revenues to investments valued by riders. Note that RT funds improvement projects today as money becomes available with some success. Cameras were installed at rail stations under such a program, offering the potential to improve safety and security. Many of the cameras have been out of service for more than 8 months though, because operating and maintenance costs are scarce. Planning for ongoing operations and maintenance requires predictable revenue.</p>	<p>As an illustration, RT could set a goal of 28% of costs recovered from fares, attained over 10 years (five fare increases), with the net additional revenues applied to passenger security, safety, cleanliness, and amenities. Each passenger focused program implemented should have a total cost of ownership estimate (one time and ongoing costs), which should be funded from the net gain in fare revenue. Accountability is important. Achieving 28% farebox recovery in ten years is estimated to need annual equivalent fare increases of 4% to 5% per year for ten years, with actual fare changes occurring every other year. After ten years, fare increases reduce to an average of 2.5% per year.</p>	<p>\$7.5M to \$8M average annually, or \$150M over 20 years</p>	<p>10 years in total, with first year benefits starting this fall</p>	<p>All RT Departments</p>	<p>Develop and adopt a policy. Revise the 20 year financial plan, the SRTP, the CIP, the webiste and other materials to reflect additional financial capacity over time. Fare revenue is highly flexible and can support capital projects (as local match or more) as well as operating costs. Set aside a specific pool of funds from fare revenue for passenger security, safety, cleanliness and amenities (capital and operating) and hold RT accountable for improvements.</p>	<p>Fall 2015</p>

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Reduce Fare Evasion	<p>based on a random survey RT reports 11% fare evasion, with 1-2% citations issued during regular inspections and 4% during a blitz. About 12% of all passengers are inspected currently. Increasing the inspection rate to 20%, and changing the process to conduct at least half of the inspections on a planned random basis could reduce evasion to about 6% (based on other transit agency experience). Painting and signing a paid area on some stations (RT has identified 6 since the Peer Security Review) will help increase inspections at a low cost. Inspections are currently conducted by sworn law enforcement officers under contract to RT, by RT Transit Officers, and by contract Guards (on platforms only). Only sworn officers and RT Transit Operators are allowed to issue citations as a result of current labor agreement restrictions. Here are 5 ways to increase inspection. 1. Allow guards to cite for fare evasion and use 50% of their current time on inspection. Increases inspection rate to 19% at no additional cost, leveraging existing staff. 2. Create a new represented position: part time fare inspector paid at \$12.50 an hour and no benefits. Allow those Transit Officers who want to return to other duties to do so (say 3 do so). Use this budget along with the four vacancies to fund part time inspectors produces 30 part time positions (30 hours per week max), and a 24% inspection rate at today's cost. 3. Replace the 10 transit officers with Guards at same cost also increases inspection rates to 24% at no cost. Transit officers should be allowed to return to driving, and/or attrited out over time. Note that RT Transit Officers have the highest unscheduled absences of all employe classes at RT, averaging 33.44 days sick per year not counting vacations, holidays and protected leave. 4. Increase Transit Officers to achieve 20% inspection at an annual cost of \$1.4M. Note that high absenteeism prevents routine random sampling so inspection will be less effective than other options (i.e., expect higher evasion rates with the same inspection rate). 5. Achieve 20% inspection through increased sworn officers at a cost of \$3.7M. Note sworn officers have legal responsibilities to enforce the law and warrants, and hence have less total time available for inspections than other work groups.</p>	<p>Benefits include: increased fare revenue, increased passenger satisfaction (knowing others are held accountable for fare payment), increased security, and improved safety. Using FY14 as an example, reducing fare evasion from 11% to 6% would increase fare revenue by between \$1.7M and \$3.4M (using average versus cash fares). The annual cost of increased inspections varies by option. 1. Allow Guards to cite no cost, 19% inspection. 2. Create a new represented part time inspector position replacing Transit Officer vacancies, 24% inspection at no net cost. This could be negotiated as a one year demonstration now (to learn all implications and start without opening the entire labor agreement), and retains fare inspection as union work. 3. Replace Transit Officers with Guards, 24% inspection at no cost. 4. Add Transit Officers to achieve 20% inspection at annual cost of \$1.4M; high absenteeism reduces inspection effectiveness. 5. Add sworn officers to achieve 20% inspection at \$3.7M cost.</p>	<p>\$1.7M to \$4.1M revenues annually, cost zero to \$3.7M depending on option.</p>	<p>6 months</p>	<p>RT Operations and Police Services</p>	<p>Options 1 and 3, while free, require negotiations with ATU as issuing citations is limited to RT unionized staff work in the labor agreement. Note that law supercedes RT's labor agreements, so this rule does not impact sworn officer ability to issue citations. Option 2, creating a represented part time position, also requires negotiation with labor. This might be explored as a 12 month demonstration with the ATU and RT, to better understand how effective RT can be in recruiting, training and retaining a part time inspection work force (similar to other transit systems). RT and ATU should consider allowing Transit Officers to return to prior duties -- some have found the Transit Officer job less desirable than they imagined and may be able to return to a prior job, if allowed. Options 1, 2 and 3 can all replace Transit Officer attrition with more reliable and cost effective inspectors.</p>	<p>Fall 2015</p>

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POTENTIAL REVENUE SOURCES

Opportunity	Detailed Opportunity Description	Potential Benefits			Implementation		
		Description	Annual / One Time \$	Time to Realize	Responsibility	Requirements	Estimated Implement Date
Eliminate the Unlimited Ride Pass for Demand Responsive Services	<p>RT's unlimited ride pass for paratransit is unusual in the transit industry. Unlimited ride passes are common on fixed route bus and rail systems, with pricing reflecting the cost of weekday peak trips. Transit operators have excess capacity in off-peak periods, so allowing regular riders unlimited access using the pass has no appreciable additional cost to RT and provides a benefit to riders. This dynamic does not occur in the demand responsive service environment. Each trip costs RT over \$40, and the cost does not change with the volume of trips taken. Paratransit unlimited ride pass users average 33 trips, with some riders taking well over 100 trips in a given month. Federal regulations specify ADA paratransit fares cannot exceed twice the base fare of correlated fixed route services (\$5.00 currently for RT), and has no requirement for any payment method other than a single ride cash fare. Given the nature of the service, and its high cost for each and every trip taken, RT should consider eliminating the unlimited ride paratransit pass. This would result in additional revenue to RT, reduced cost and slightly fewer trips taken of paratransit services with a net impact of about \$450k annually. RT should also consider a graduated suspension penalty for paratransit "no shows". When a customer schedules a trip and changes his/her plans without cancelling the scheduled trip, they incur no penalty today and RT pays the cost of the driver, the vehicle operations and the vehicle fleet (ADA requires 100% fulfillment of all eligible trips, so no shows add to capacity requirements) through overhead costs. The first no show in a 24 month rolling period could result in a written warning, the second a week suspension, and the third a month suspension, as an example.</p>	<p>The elimination of the \$125 unlimited ride pass is estimated to result in a 10% reduction in travel by pass users saving \$40 per trip (a savings of \$380K annually). The use of the cash fare by former pass users would result in about \$70k additional revenue, net of trip reductions. Developing a graduated suspension policy for no shows will also have cost savings to RT, and encourage responsible scheduling of trips by customers.</p>	<p>\$425k to \$475 annually</p>	<p>12 months</p>	<p>Planning and Transit System Development, Marketing and Communications</p>	<p>RT should evaluate policy alternatives, meet with the service provider, hold a public hearing, gain input and make the Board's policy decision considering all facets.</p>	<p>Fall 2015</p>

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Offer Free WIFI at Stations and On Board LRT and Commuter Bus Routes	Consider providing free wifi at all LRT stations, on LRT trains, and on commuter (longer passenger trip) bus routes. A nationwide APTA survey reports that adults 45 and under would prefer a 50 minute transit trip with wifi to a 25 minute auto trip. US surveys on quality of life report adults 55 and younger would prefer to give up their auto before losing their smart phone or notebook. Note surprisingly, transit industry experience reported both in the US and Europe indicates ridership growth exceeds cost with wifi. Based on large, medium and small transit operator results, systemwide ridership has grown 2% to 3.5% annually as a result of wifi availability. Wifi on commuter or express bus service has a larger impact -- operators report 15% to 78% ridership growth on those services alone (San Jose VTA reports 19% growth year after year). Adding wifi at RT has additional advantage with the new high technology entertainment center opening -- it offers the opportunity for joint marketing (e.g., start your high tech experience at an LRT station where it continues throughout the night). RT should explore public and private sector grants to help pay for the initial investment (while not independently estimated it will likely cost \$1M or more). Examples of wifi grants may include: federal Broadband Technology Opportunities Program (BTOP), the Gates Foundation and Google Grants.	Free wifi is used by all economic classes and is a benefit to all RT riders. Ridership growth of 2% to 3.5% yields \$600k to \$1.1M annually in increased fare revenue. Assuming a \$1M investment and five year useful life, the estimated return on investment is 300% to 550%. Safety and security benefits are substantial -- station and on board cameras and public announcement systems link the SOC to passengers continuously. Nationally, transit operators report increased security (SOC sees issue on platform or train and announces police have been dispatched reducing crime), and improved safety (systems have reported safely guiding passengers off the train during fires or when the driver is incapacitated as the result of an accident using cameras and public announcement capabilities and saving lives).	\$600k to \$1.1M annual revenue, one time cost estimated at \$1M (grants possible)	12 months	Facilities and Business Support Services, Operations	Review results of experience with wifi at RT and the transit industry to learn. Seek grants to support wifi capital costs, and examine the potential to partner with other potential grantees. Estimate costs for broadband, and solicit bids. Develop policies and communications on internet safety and security for users (consider using US DHS Stop Think Click materials). Reach out to new entertainment center and other potential partners for joint marketing around broadband passenger amenity. Talk to peers for lessons learned.	Spring 2016

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Sell Excess and Beyond Useful Life Buses	FTA, due to its contribution to the capital cost of buses, requires all transit operators to limit spare vehicles to no more than 20% across all fleets. RT has exceeded that restriction for at least the past five years, in part due to the service reduction in 2010 and the purchase of 30 new Gillig buses. In April 2015 RT's Bus Maintenance Director released 24 Orion buses past their useful life (12 years or 500k miles) for sale. RT has had fleet safety and reliability issues with the 30 new Gillig buses it is correcting with a fleetwide fire suppression campaign. Within six months, RT believes these issues will be resolved and plans to retire another 40 buses from the fleet, bringing RT into compliance with federal limitations. Excess buses will be sold directly to smaller operators, and auctioned off on a national sales website, with the highest bidder gaining the vehicles (bidders may want to operate the buses or salvage them). Where vehicles are being sold for scrap and CNG tanks have remaining useful life, RT will remove and sell those tanks separately. RT should seek to sell parts and inventory restricted to fleets as they are retired and released for sale. Note that RT reduces parts inventory on hand for fleets nearing retirement by reducing stock minimums and replenishment levels to lower the impact of obsolescence due to fleet retirement.	Removing old vehicles from active service has many benefits including improved in service reliability, lower operating cost (e.g., seasonal campaigns, registration, inspections), lower storage costs (e.g., parking lot, fire insurance, security), and improving the look and comfort of the fleet for passengers. While these costs are real, they are also relatively small (e.g., most maintenance and operating costs are related to miles driven). Selling retired vehicles produces one time revenue for vehicles, tanks and excess parts inventory. RT's experience over the past several years indicates an average price directed sales to small operators of \$4,000 per bus, of \$1,600 per bus sold on the national website, \$300 per CNG tank, and between 40% and 90% of excess parts value. Assuming 10 direct sales, 54 website auction sales, and 132 useful CNG tank sales, results in about \$166k one time revenue in FY 2016.	\$160k to \$170k one time revenue, operating costs savings not estimated	8 months	Bus Maintenance, Facilities and Business Support Services	Put the 24 buses cleared for sale out to bid. Reach out to potential fleet operators for the buses in good operating condition to raise sale prices, and seek to sell spare parts no longer needed. Complete the Gillig campaign and then release the remaining 40 buses from active service to commence sale of these vehicles. Salvage and sell useful CNG tanks.	Summer 2015
Sell Excess and Past Useful Life Non-Revenue Vehicles	RT maintenance released 59 non-revenue vehicles for disposal in October 2014, and another 14 in April 2015, all past their useful life. RT should sell the vast majority of these vehicles, which entails posting them on a national website and accepting the highest bidder, be it for reuse or scrap. One of the reasons RT holds onto and operates non-revenue vehicles well beyond the useful life is the difficulty in finding revenues to replace them. Vehicles beyond the useful life tend to have a much higher operating cost (e.g., lower fuel efficiency, higher maintenance) and greater breakdown frequency, and also take up needed storage space. RT recently provided a pick up truck scheduled for retirement to the Midtown Business Association, who is providing labor to pick up trash along the ROW and at stops and stations. RT continues to own and license the vehicle for the association and riders benefit from cleaner stops and stations at low cost to RT. RT has a reasonable policy for non-revenue vehicle use, including take home privileges (which are restricted to staff required to respond to emergencies and service interruptions).	There are many benefits from retiring and selling non-revenue vehicles beyond their useful life -- lower operating cost (fuel, inspections and maintenance), more reliable vehicles, less storage space required. Over the past 10 years, RT has earned an average of \$875 per non-revenue vehicle sold.	\$60k to \$68k in one time revenue, operating cost savings not estimated	6 months	Bus Maintenance, Facilities and Business Support Services	Put the vast majority of the 74 non-revenue vehicles cleared for sale out to bid and sell them.	Summer/Fall 2015

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Affordable Care Act Penalties	The Affordable Care Act defines the maximum health care benefit under law and imposes penalties for employers who exceed this limit (e.g., Cadillac plans). The federal penalty is 40% of the cost in excess of \$10,200 for an individual and \$27,500 for a family annually. RT has held the employee share of health care costs to 10% of the cost of every available plan since 2009. Two of RT's health plans (both Blue Shield plans) risk penalties in calendar 2017 (based on historical plan cost growth), with a high expectation of penalties in both plans by calendar 2018. RT has limited funding sources from which to pay excessive health insurance and associated penalties (e.g., ineligible use for federal, state and local funding). A nationwide Money Magazine survey conducted in spring of 2015 reported that 88% of private sector employers in the US increased some combination of deductibles, co-pays and employee share of health insurance coverage to comply with federal law and avoid penalties. RT is part of CALPERS for health care benefits (greatly reducing RT's cost of insurance as verified by use rates provided by RT's most popular plan, Kaiser), and as such has few options to change plan benefits to avoid penalties. The primary tool RT has is the amount of the cost actually paid by RT and by its employees (a 90/10 split since 2009). Note that both RT and labor representatives acted in good faith during prior negotiations, and neither anticipated federal limits or penalties.	RT should explore options with labor representatives to avoid penalties under the Affordable Care Act. Among the options should be: 1) Limit RT's annual contribution to that offered under its most popular plans (Kaiser employee and employee plus family). Employees can still select the other two more expensive plans (Blue Shield), and simply pay the difference. 2) Change the cost sharing formula established in 2009 (pre-federal law change) to 75/25 to avoid penalties through calendar 2018. 3) Establish a maximum RT share as a fixed dollar amount within the legal limit (say \$9k for employees and \$24k for employees plus family).	\$560k to \$2M annual savings, plus avoid federal penalties for exceeding maximum employer provided health care benefits	12 months	RT Executive Management, Labor Relations, Human Resources, Legal, Labor Representatives and the Board of Directors	RT should meet with labor representatives to explore options and work out a solution well in advance of penalties (i.e., by the end of FY16). This is an issue that impacts all employees, and hence a single set of meetings and solutions converging all represented groups is desired. The federal law has changed and the current practice risks RT providing benefits in excess of the maximum allowed under law, with associated penalties. RT may not have a source of funds usable for the purpose of paying the costs of an excessive health care benefit and associated federal tax penalties.	Fall 2015
Switch from Natural Gas to Bio-Gas	Not only does bio-gas result in increased LCFSs (discussed under revenue section), it saves cost as in California bio-fuel is not taxed by the state. Natural gas tax rates vary from 7% to 17% on compressed natural gas (rate determined annually by a State board) applied to RT's cost of compressed natural gas (about \$2M annually).	RT should purchase therms produced from bio-gas to save the cost of taxes paid on compressed natural gas, also contributing to more reliance on renewable energy.	\$140k to \$340k annual savings	12 months	Facilities and Business Support Services, Operations	RT will need to purchase therms from renewable bio-fuel sources and maintain records as required by the state.	Summer 2015

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Reduce Unscheduled Absences	<p>in the 12 months from April 1, 2014 and March 31, 2015, the RT's 464 operators were available for work 202 out of 260 work days. Unscheduled absences accounted for 27 unavailable work days, vacation/holiday for 22 days, other absences (mostly administrative leave and ask offs) for 8.5 days and discipline for 0.5 days. The 58 days drivers are unavailable for work translates to 2.75 months per year. 132 of the 464 driver positions are required exclusively to cover unscheduled absences and vacation/holiday, roughly 28% of the total workforce at a cost of \$10M annually (\$7.1M in wages, \$2.3M in fixed benefits, and \$450k in absence related overtime). Unscheduled absences are the most difficult to cover, and contribute to unscheduled overtime, standby premiums and missed trips. RT should focus on reducing the 27 unscheduled absence days per employee per year down to 20 or fewer. Accomplish this by encouraging attendance improvement in every group (perfect attendance, few days absence, average days absence, high absence, excessive absence). RT's Operator Attendance Policy was first established in 2005 -- it is time to update that policy based on what we have learned.</p>	<p>Reducing unscheduled leave from 27 days to 20, and keeping all other categories of leave at the same rate, saves \$1.3M annually and reduces absence coverage staff by 20 full time drivers. Further cost savings in unscheduled OT and fewer missed trips should also ensue. Operators would still experience 51 days off work per year (2.4 months). This is an achievable goal. Both positive and negative motivators should be used to achieve this result.</p>	<p>\$1M to \$1.5M annual savings</p>	<p>12 months</p>	<p>Operations, Labor Relations, HR</p>	<p>Identify absence patterns (absences paired with OT, absences around holidays or regular days off, absences triggering progressive discipline, links to OT). Consider both positive and negative motivators (e.g., change to buy back, recognition and reward, working day off eligibility, kincaire documentation, longer period before absence record clears under progressive discipline, better employee access to attendance records). Discuss all potential changes and ideas with labor representatives; negotiate those changes requiring contract amendments.</p>	<p>Fall 2015</p>

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Optimize Extraboard Size	RT maintains an extraboard to cover planned and unplanned operator absences. If the extraboard is larger than open runs, RT incurs extra cost in the form of stand by time. If the extraboard is insufficient to cover all open runs, RT calls in volunteers to work on thier scheduled day off at overtime pay rates. If the goal is simply to fill all scheduled runs, the extraboard might be sized so that the risk of being over or under staffed is equal. If the goal is to fill all runs at the least cost, the extraboard will be sized smaller using more working day off overtime to fill runs. An extra body on the extraboard comes with significant cost -- vacation, holiday, sick leave, training costs, health care, dental care, life insurance, vision care, retiree trust, medical trust and post retirement costs are all incurred by RT, in addition to actual time worked. Working day overtime is less expensive (i.e., 0.5 overtime premium for every hour worked, increased by FICA, Medicare, and pension accruals). The financial break even for bus and LRT operators is 3 hours of working day off overtime for every 1 hour of standby time, and 3.5 hours for community bus service operators. RT's actual ratio of working day off OT to standby time for March and April 2015 was 1.89:1 -- lower cost than equal weighted, and higher than the financial break even. RT may incur modest additional missed trips while changing staffing and processes to optimize cost.	Getting to the financial break even reduces the cost of covering open runs. Optimizing at a 3 WDO OT to 1 stand by yields cost savings of \$80k to \$110k annually. RT should be sensitive to the amount of drivers volunteering to work on their day off -- if insufficient numbers volunteer, RT should adjust the ratio down to make scheduled pull out.	\$80k to \$110k annual savings	12 months	Operations	RT should take resolute steps to reduce absenteeism, thus reducing the total need for extraboard while adjusting for the low cost solution. Currently, absences are too high, and the link between overtime and high absences too strong. Reducing the extraboard size (e.g., number of biddable positions) should be executed over time with small changes quarterly, tracking with attrition, and reducing positions in consecutive picks to reduce cost.	Summer 2016

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Don't Reward Unscheduled Absence w/ WDO OT	72 operators earned working day off (WDO) OT in March 2015, and 26 operators did so with no unscheduled absences (i.e., they worked their scheduled shifts and then volunteered for OT, excellent behavior). The remaining 46 drivers volunteered for WDO OT to cover (and often exceed) the pay lost due to unscheduled absences and unpaid leave. These 46 operators averaged 3.7 unworked days in March 2015, which is 50% higher than the remaining driver average of 2.5 unworked days). While these 46 drivers worked an average of 20 hours fewer than they were scheduled in March (including OT work), they were paid more money than their scheduled run as a result of 23.5 average hours of WDO paid at OT. The current rules serve as an incentive for some operators as they can work fewer hours than scheduled while increasing their gross pay. The current policy contributes to increased unscheduled absence, higher cost to deliver scheduled service, and more potential missed trips.	RT should explore options to reduce the incentives to miss work and increase pay through use of WDO OT. High WDO OT usually results in higher unscheduled absences -- operators become are tired from extra work and they made more than their regular pay. Both are incentives to take more time off. Consider restricting eligibility for WDO OT to those with no unscheduled absences in the current month. This will contribute to reduced absenteeism, reduced overtime cost, and more predictable extraboard coverage needs. In the short term, this may risk higher missed trips as behavior changes (result of fewer WDO OT eligible drivers). Other transit systems have found missed trips actually decline after the initial three months adjustment period.	\$290k to \$310k annual savings (lowered the 46 operators absences to the average)	12 months	Operations, Labor Relations, HR	Explore restricting eligibility for voluntary WDO OT to those operators with no unscheduled absences in the most recent 30 days, or the current month. Consider modifying the Operator Attendance Program, business process rules, and/or the labor agreement itself. In any case, discuss options with labor representatives, and if the contract route is taken, negotiate. Given the short term adjustment period expected, consider changing the practice initially in lower impact service periods (e.g., summer).	Summer 2015
Change Extraboard Shifts to Reduce Standby OT	Standby overtime occurs when an extraboard operator arrives at work and waits one to four hours before picking up a run. The run is paid as scheduled, and the standby time is paid at 1.5 times the hourly rate for total hours worked over eight. Based on March and April 2015 data, 35% to 40% of all standby time is paid on overtime. RT should examine standby time paid at overtime for patterns and adjust extraboard run report times for the next pick (picks are held quarterly) to reduce overtime penalties. Moving report times later for extraboard operators based on patterns of open assignments can reduce the overtime penalty to about 20% of standby time. Schedule extraboard report times to cover patterns of open runs, and avoid shifts designed to "protect the board."	RT could reduce the amount of standby time paid at overtime from 35% to 40% of all standby hours down to about 20%. This would save about \$150k annually.	\$140k to \$165k annual savings	12 months	Operations	RT should examine the pattern of open runs, and adjust extraboard report times later for the next pick. The goal is not to eliminate standby paid at overtime, just to reduce it to about 20 percent of total standby hours.	Fall 2015

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Consider Changing the Regular Run Definition	The peaks of transit service occur in the morning before employees start their 8 1/2 hour day, and afterward to return them home. Trying to serve two peaks separated by a work day is expensive with straight eight hour shifts, resulting in significant premium pay and unproductive time. OCTA and LA MTA both defined regular runs and a workweek as four 10 hour shifts over a 12 hour period, with three consecutive days off. Employees and unions supported the change due to quality of life improvements (4 day workweeks with 3 day weekends). The agencies saved significant cost, and customers enjoyed more reliable service. Both unions and management went to the state together to gain an exemption from the overtime in 8 rule.	About 92% of RT's runs are defined as regular runs (straight 8 hour shifts). RT should explore changing to a 4-10's in 12 approach to save money and improve employee quality of life. RT should further examine off-peak service for potential reductions. Many systems add low productivity service in the mid-day because they are paying operators anyway; the two hour break in the regular run can be staggered across runs to reduce the number of paid operators during the lower demand mid-day period. RT would get the savings from the shift change, and the savings from low cost service added in the mid-day (which is no longer low cost with the new regular run definition). Employees gain a four day workweek with three consecutive days off.	Estimate based on other operator results: \$5M to \$10M annually	12 months	Operations, Labor Relations, Service Planning	RT should explore the service and scheduled cost changes possible from the change now. Socialize and share the information with labor representatives so they can speak with counterparts in other cities, and consider the impacts. It is important to address both service and runcut changes.	Fall 2015 (note ATU contract expires in March 2017)
Consider Using Part Time Retirees for Special Event Staffing	RT hires back a small number of retirees to perform speciality work. RT should consider expanding that to include staff to cover special events. Retirees cannot work more than 960 hours per year (pension restriction) to draw down pension payments and benefits. Work would be part time (with no benefits) from RT. The cost to RT is direct salary, FICA and Medicare (no health care, pension contribution, vacation, holiday or sick). The employees would go through an interview process -- and because they know the system and RT knows them, they can be invaluable in helping first time and regular riders before and after an event.	RT should consider hiring retirees on a part time, non-participaing basis to help staff special events, focusing on customer service, cleanliness and safety. As an example, RT could hire retired bus operators at \$26/hr fully loaded versus \$50/hr for full time drivers. Other employee classes could also be leveraged to provide surge capacity for events. Many other transit operators have enjoyed success with this approach (often called "double dippers").	Not estimated, as RT doesn't yet have a plan to staff events at the new facility	NA	Operations, HR	RT should explore this opportunity now and communicate intentions to labor representatives and employees. RT should be RT already has the right to hire retirees and use them in flexible roles.	Fall 2016

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Consider Bringing Back Part Time Operators	The Part Time operator clause is inactive in the current labor agreement; RT traded Community Bus Operators (CBS) for this labor category. The part time rules RT had in place (e.g., PT can only work non-biddable trippers on weekdays) made it improbable to get anywhere near the contract limits (21% of full time employees, 30 hours per week). Other transit systems with similar rules seldom filled the PT ranks and rarely got above 16-18 hours per PT per week, had high turnover and found it difficult to recruit for shifts that included a couple hours of work each weekday morning and afternoon. RT should try to limit restrictions to 21% of FT operators and 30 hours per week (many systems have moved to this). PT recruiting is helped if RT can provide reasonable shifts (e.g., ten hour shifts on weekends), and FT drivers benefit (e.g., more weekends off). Many transit systems pay PT drivers less than FT, and don't pay benefits -- RT should explore these as well.	RT should seek part time authorization and eliminate the restriction to work only unbiddable trippers on weekdays (e.g., 1-3 hours during each morning and afternoon peak period). This will improve RT's ability to recruit and retain PT employees, and allow RT the ability to realize the full potential of part timers (e.g., 21% of full timers and 30 hours per week). Full time operators can gain benefits like more FT drivers with weekends off. RT should also examine unproductive service in the off-peaks impacted by the change from FT to PT assignments -- some low productivity service might be reduced.	\$6.0M to \$7M, annually	12 months	Operations, Labor relations, HR	RT should explore this opportunity now and socialize it with labor representatives. The ATU contract expires in March 2017 and this is currently an inactive provision in the agreement. Demonstrating some level of part timers under these conditions might be appropriate and allow action before the current contract expires.	Fall 2016

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Consider Demonstrating Part Time Service Attendants	<p>RT uses FT service attendants only. Other transit systems have had success with PT servicers mostly focused on evening and weekend cleaning duties. A part time workforce would supplement the full time staff, save money, expand recruiting options, increase vehicle cleanliness and potentially improve reliability (part time staff with no benefits typically have very low absences). Consider negotiating to use the costs of the four vacant FT positions to fund part timers as a one year demonstration with labor representatives. The demonstration is to assess the potential of doing more cleaning inhouse (versus contracting some as at present). At a part time labor rate of \$12/hr and no benefits, RT gains an additional 23,000 hours of servicer work time per year by replacing the four FT vacancies. At \$12 per hour, RT would be competitive for part time employment positions. Recruiting could focus on community college students (many in a five year program, locally based, working part time at less than \$12 per hour, and prefer night work when vehicles are most available for deep cleaning), and stay at home parents where weekend work (e.g., two ten hours shifts) is attractive. The benefit to labor is less contracting and more employees working together on a common mission; management gains cleaner vehicles at a lower cost within the current budget.</p>	<p>The benefits of part time servicers focus on increasing vehicle cleanliness with the same cost, with ensuing benefits to riders. Swapping the 4 servicer vacancies for 23,000 hours of part time servicers annually increases cleaning capability at a lower cost than contracting out or performing these services with full time staff. Cleanliness is a key priority of management and deserves more resources. Labor gains less contracting out of cleaning services, in favor of an expanded workforce.</p>	<p>Maintains budgeted cost and gains 23,000 hours of servicer cleaning time annually</p>	<p>12 months</p>	<p>Operations, Labor Relations. HR</p>	<p>RT should explore this opportunity with labor representatives. The IBEW contract expires in March 2018 -- proposing this as a one year demonstration is an excellent reason to negotiate this as a potential side letter to the contract. A demonstration would allow all parties to assess and evaluate the potential of the program. Note that the intent is PT servicers would focus on cleaning and not fueling or hostling vehicles (full time servicer role only). Part timers would not recieve training on fueling or a commercial drivers liscense.</p>	<p>Summer 2015</p>

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Opportunity	Detailed Opportunity Description	Potential Benefits			Implementation		
		Description	Annual / One Time \$	Time to Realize	Responsibility	Requirements	Estimated Implement Date
Consider Improvements in Capital Programming and Grant Management	<p>RT does a good job in securing grants, estimating project cost, leveraging grants to reduce operating costs, closing out completed grants, prioritizing capital projects to achieve goals and priorities, and completing projects. Even so, improvements are achievable in several areas.</p> <p>1) Establish/enforce a grant time charging policy. The email reminders started in February 2015 are helping. 2) Require all capital project budgets to consider support required by stage of the project from all other departments. 3) Work to build more flexibility into grants applications, while maintaining adequate specificity to earn the grant (e.g., expand physical area of improvement, expand types of improvements within project area). 4) Work to establish a planned and predictable local funding contribution to a capital fund (can be used as local match -- see fare recommendations). 5) The Capital Program Committee should expand its role to include accountability for results (cost, schedule, benefits) from every capital project approved, including repurposing moneys from projects that are continuously slow in delivering results. 6) All capital projects, large and small, should include an operating and maintenance plan with resources, and a formal hand-off. Cameras in stations, for example, were installed on time and on budget, but are not maintained (many cameras have been out of service for 8 to 15 months).</p>	<p>Among the benefits are: 1) lower operating costs as a result of accurate and consistent time charging. 2) Reduced operating cost and planned availability of required support when needed. 3) Greater ability to move moneys where a project is excessively delayed or an outside entity disrupts completion, and achieve benefits sooner. 4) Local match availability increases the ability to win grants from traditional (federal and state) and non-traditional (private and non-profit) grants. 5) The Committee has the right members to hold all PMs accountable -- reducing cost and increasing speed of realizing benefits. Include in the review compliance with quarterly federal and state reports. 6) Planning for operations ensures value is derived from capital investments.</p>	TBD	12 months	Capital Programming Committee, Finance, Engineering	<p>1) Establish a formal time charging policy for grant management and support and enforce it. 2) Build a spreadsheet to support capital project cost estimating requiring PMs to interact with, and estimate, time commitments needed from all departments over the life of the project. 3) Build flexibility into grant applications. 4) Work with the Board of Directors to establish policies and local funding to support capital projects. 5) Hold quarterly capital project reviews at Committee meetings, cycling PMs through based on risk and performance. Review compliance with federal and state reporting (what gets measured gets done). 6) Require a maintenance plan for all investments, and a hand off at completion.</p>	Summer 2015