

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
13	06/22/15	Open	Information	06/17/15

Subject: Diagnostic Review Report Back to the Board

## ISSUE

Provide a report back on staff's progress on the Interim Diagnostic Review Report presented by Doug Carter at the Board meeting of June 8, 2015.

## RECOMMENDED ACTION

None as a result of this action.

## FISCAL IMPACT

None as a result of this report.

## DISCUSSION

Consultant Doug Carter presented an Interim Report, Regional Transit Diagnostic Review, to the RT Board of Directors at the June 8, 2015 Board meeting. The Board received comments from the public, provided feedback to Mr. Carter, and gave direction to staff. In response to the Board's direction, staff has proceeded on a number of items as discussed below.

### 1. Reviewing and Refining Mr. Carter's Scope of Work:

Staff has conducted several discussions with Mr. Carter to identify and prioritize those activities to be included in his scope of work as we transition into the implementation and more detailed analysis phase of his work. Based on this discussion, Mr. Carter has developed the following scope of work for the next phase of his work. The remainder of the diagnostic review will focus on detailed analysis and implementation support for targeted items contained in the interim review. The targets are those with the highest potential benefits for RT and those where additional support is believed to offer high return on investments. The scope is discussed below.

#### *Draft Fiscal Responsibility Policies*

Work with RT staff to draft policies related to fiscal responsibility (e.g., frequency of fare change, farebox recovery, local contribution to capital, fiscal sustainability of service and capital investments, and unit cost control).

#### *Design and Launch Cultural Change Effort*

Develop a presentation on the approach for executive management (including recruitment of the team), develop materials for the initial workshop with a cross functional staff culture

Approved:

Presented:

Final 06/17/15

General Manager/CEO

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team, and moderate the initial workshop. RT staff will convene to complete the cultural aspirations statement subsequent to the initial workshop. Mr. Carter will review and comment on the aspiration statement prepared by staff, and prepare a power point report on strategies and tactics to guide the organization toward realizing cultural aspirations.

### *Southern California Peer Meetings*

Contact appropriate leaders at Los Angeles Metropolitan Transportation Authority (LA Metro) and Orange County Transportation Authority (OCTA) to determine interest and topics for a visit by RT (e.g., executive management, labor leaders, Board members). The visit is intended to encompass two days with an overnight stay. Topics include: labor productivity provisions (e.g., part time, four day work weeks, use of retirees, attendance, two-tier wage structure), fare inspection and fine collection (e.g., part time inspectors, administrative fine processing), and contracting out for services. Based on conversations with peers, and review of appropriate documents (e.g., labor agreements, policies, websites), prepare an outline for discussion at the proposed meetings. Participate in the meetings and capture high level findings in the form of meeting notes.

### *Support Labor Negotiations Preparations and Analysis*

Provide advanced analysis and materials to help RT prepare for discussions with labor on several topics, including part time cleaners, fare inspectors, and driver productivity. Draft materials to guide discussions with the International Brotherhood of Electrical Workers (IBEW) on designing a one year demonstration of part time cleaners (staffed temporarily during this period). Draft materials to guide discussions on lower cost fare inspection (i.e., authorizing guards to inspect and cite violations on platforms and trains; asking police contractors to provide a low cost, unarmed fare inspection work force; and negotiating for a part time and low cost inspector position represented by the Amalgamated Transit Union (ATU)). Prepare a discussion outline for four day work weeks for drivers (e.g., 4 tens over 12 hours, with overtime at 40 hours). For each of these items, discuss the approach, address questions and participate in preparatory sessions with management.

### *Review Absence Patterns and Recommend Policy Updates*

Support RT in analyzing absence patterns for operators and tailor recommendations for updating the policy. The goal is to move all cohort groups to better attendance, and not focus solely on the high absence individuals, using a combination of incentives and disincentives. This effort will be supported by RT staff proficient with detailed payroll data, human resource practices, operator supervision and the current policy. RT will also provide legal review of the draft policy. Changes may address eligibility for working day off overtime, perfect attendance buy back, recognition and rewards.

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*Coordinate with Subcommittee Work*

The RT Ad-Hoc System Improvement Committee (Ad Hoc Committee) has established four working groups to address priority improvements. Each working group has done substantial work and the expanded revenues and cost savings from this diagnostic review are intended to help fund some of those improvements. Mr. Carter will examine the work of the groups and identify linkages between the bodies of work, as well as points of coordination, create a briefing document on linkages and synergies, and be available to present this at a meeting of the Ad Hoc Committee. Mr. Carter will work with RT's staff person responsible for tracking and reporting on progress and results against revenue and cost opportunities to establish a process of monitoring and reporting. It will include four components: an ability to add/subtract initiatives, action progress planning and tracking, resource results, and use of resources to further priorities. Adding and subtracting initiatives includes formalizing a process for employees to propose new improvements. Progress tracking should be against a set of tasks, responsibilities and timeline. Results should track actual savings/revenues and allow for adjustment of activities to increase results. Use should include tracking of increases in resource allocation for RT priority improvements. Mr. Carter will work with RT's staff person to outline the process and reports; RT will be responsible for designing the process, data population and reporting, software tools and maintenance of the system. Mr. Carter will also review the process and reports designed by RT and provide comments and suggestions for improvement, if appropriate.

*Prepare Final Report*

Each task will produce the deliverables described above. In addition, Mr. Carter will prepare a final report summarizing the work performed in a power point format and will reference detailed documents provided over the course of the task work.

This remaining work will require 20 to 24 weeks to complete, with an estimated completion date of November 30, 2015. This level of effort will also require a contract budget amendment. The contract currently has \$36,000 remaining. The additional level of effort will require an additional \$113,000 to complete all tasks. Sufficient dollars remain on Mr. Carter's contract to allow work to continue through the month of July. We will return to the Board at the July 27<sup>th</sup> meeting for Board action to amend the contract.

2. Coordination of Efforts:

As requested at the last Board meeting, staff is working to consolidate the effort of the Ad Hoc Committee and the actions identified in Doug Carter's report. As can be seen in the additional scope of work, Mr. Carter will assist RT in developing a comprehensive monitoring and reporting system for these combined efforts. However, this will require the ongoing dedicated effort of RT staff. To support this effort, I am reassigning an RT staff

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person who will report directly to me to work exclusively on this effort and to be RT's point person to coordinate all of our efforts. This individual will also provide direct support to the four working groups, the Ad Hoc Committee and Mr. Carter. As requested by Chair Schenirer, this assignment will also be responsible for the report to the RT Board at each Board meeting, starting with the July 27, 2015 Board meeting. This reassignment will take effect July 1, 2015.

Staff is currently establishing a detailed implementation plan and schedule that will be combined with the work of the working groups and Ad Hoc Committee. With Mr. Carter's assistance, this document will be finalized and presented to the Board at the July 27<sup>th</sup> meeting.