

REPORT DIGEST

Follow Up Report

STATUS OF RECOMMENDATIONS FROM THE 2007 PERFORMANCE AUDIT OF THE MASS TRANSIT AGENCIES OF NORTHEASTERN ILLINOIS

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SYNOPSIS

The Office of the Auditor General (OAG) released a performance audit of the Mass Transit Agencies of Northeastern Illinois in March 2007. In November 2008, the Illinois House of Representatives adopted Resolution Number 1596 directing the Regional Transportation Authority (RTA) to compile a Status Report on the performance audit's recommendations.

The RTA submitted a Status Report to the OAG. The OAG reviewed the Status Report and the supporting documents, and followed-up with the individual transit agencies as necessary.

- **2007 Audit.** The March 2007 performance audit had reviewed the RTA's governance and operations, along with the operations of Chicago Transit Authority (CTA), Commuter Rail Division (Metra), and Suburban Bus Division (Pace).
- **Recommendations in the 2007 Audit.** The audit made 47 recommendations that required over 130 actions by the transit agencies. The actions related to planning, operations, performance management, fares, services, staffing, pensions, financial management, capital program, procurement, real estate, fleet, and other related matters.
- **Implementation of Recommendations.** The four transit agencies have made significant progress in implementing the recommendations in the 2007 audit. The Status Report submitted by the RTA in February 2009 to the OAG showed that over one-half of the 47 recommendations in the audit were implemented and the others were partially implemented. After the RTA's submission of its Status Report to the OAG, the mass transit agencies have continued to implement additional audit recommendations. We followed up to determine these recommendations were implemented.

INTRODUCTION

The Office of the Auditor General (OAG) released a performance audit of the Mass Transit Agencies of Northeastern Illinois in March 2007. In November 2008, the Illinois House of Representatives adopted Resolution Number 1596 directing the Regional Transportation Authority (RTA) to compile a Status Report on the performance audit's recommendations.

- The Resolution directed the RTA to set forth each audit recommendation, the action taken by the mass transit agencies to implement the recommendation, and the supporting documentation for the action taken.
- The RTA was directed to submit its Status Report to the OAG within three months so that the OAG could then follow-up as necessary with the transit agencies, and issue a report summarizing the results of its review.

The 2007 performance audit reviewed the RTA's governance and operations, along with the operations of Chicago Transit Authority (CTA), Commuter Rail Division (Metra), and Suburban Bus Division (Pace). The audit made 47 recommendations that required over 130 actions by these transit agencies related to planning, operations, performance management, fares, services, staffing, pensions, financial management, capital program, procurement, real estate, fleet, and other related matters.

After the audit, the General Assembly adopted Public Act 95-0708 in 2008 which addressed many audit issues. For example, it made extensive revisions to the CTA's Retirement Plan, including establishing a separate entity to administer retiree health care benefits. It established a new funding mechanism and funding requirements for the CTA's Retirement Plan and Retiree Health Care Trust. It also directed the RTA to adopt a comprehensive, long-term Strategic Plan.

REPORT CONCLUSIONS

The four transit agencies have made significant progress in implementing the recommendations contained in the OAG 2007 performance audit. The Status Report submitted by the RTA in February 2009 to the OAG showed that over one-half of the 47 recommendations in the performance audit were implemented and the others were partially implemented.

After the RTA submitted its Status Report to the OAG, the mass transit agencies have continued to implement additional recommendations

More than one-half of the 47 recommendations made in the 2007 performance audit have now been implemented by the transit agencies.

in the audit. The status of recommendations as of October 1, 2009 is shown below in Digest Exhibit 1 and Exhibit 2.

Regional Transportation Authority (RTA)

Of the ten recommendations made to the RTA, six dealt with its responsibilities to govern and coordinate matters related to the Service Boards. These recommendations dealt with coordination of services, regional fares, planning, financial management, and capital programming. Some of the recommendations have been implemented while others remain in the process of being implemented. They require coordination with and cooperation by the Service Boards before they can be fully implemented (see inset below).

Digest Exhibit 1 STATUS OF 2007 PERFORMANCE AUDIT RECOMMENDATIONS		
	Fully Implemented	Partially Implemented
RTA	4	6
CTA	11	9
Metra	7	8
Pace	10	3
TOTAL*	32	26
*Total exceeds the number of audit recommendations as some recommendations were made to multiple transit agencies. Source: RTA Status Report submitted in February 2009 and subsequent follow-up by the OAG.		

Actions taken by the RTA, in conjunction with the Service Boards, to address systemwide issues identified in the 2007 performance audit include the following:

- Working with the Service Boards to develop standards and measures for evaluating new routes **(Recommendation #1)**;
- Creating a policy group to develop an implementation plan for regional fare issues. The group is examining the use of a Universal Fare Card to permit travel between the CTA, Metra, and Pace **(Recommendation #2)**;

SYSTEMWIDE PERFORMANCE ISSUES IN THE 2007 AUDIT
<ul style="list-style-type: none"> • Service Routes. No process for RTA to ensure that adequate planning and coordination of service routes occurs. • Fares. No comprehensive policy or agency responsible for coordinating fares; region lacks uniform intersystem transfers, as well as a uniform fare media. • Performance Measures. RTA should establish performance measures. • New Initiatives. Service Boards carry out planning initiatives without consulting each other, such as with "New Starts" projects. RTA should establish criteria for seeking funds and prioritize Service Boards' initiatives.
Source: OAG 2007 Performance Audit.

- Establishing a task force which has developed a performance measurement system **(Recommendation #3)**;

Digest Exhibit 2 STATUS OF 2007 PERFORMANCE AUDIT RECOMMENDATIONS				
COUNT	RECOMMENDATION NUMBER	CHAPTER	SUBJECT OF RECOMMENDATION	CURRENT IMPLEMENTATION STATUS
1.	3	2	RTA Performance Measurement	☑ Implemented *
2.	5	2	RTA Paratransit Operations	☑ Implemented
3.	6	2	RTA Call Center	☑ Implemented
4.	7	3	CTA Rail Maintenance Operations	☑ Implemented
5.	8	3	CTA Bus Maintenance Management	☑ Implemented
6.	9	3	CTA Safety Operations	☑ Implemented
7.	10	3	CTA Customer Service Operations	☑ Implemented
8.	15	4	Metra Customer Service Operations	☑ Implemented
9.	16	5	Pace Vanpool	☑ Implemented
10.	17	5	Pace Information Technology	☑ Implemented
11.	18	5	Pace Safety	☑ Implemented *
12.	19	5	Pace Customer Satisfaction	☑ Implemented *
13.	21	7	CTA Pension Plan	☑ Implemented
14.	22	7	CTA Supplemental Pension Plans	☑ Implemented
15.	23	7	RTA, Metra, & Pace: Pension Plan	☑ Implemented *
16.	24	7	Pace Pension Plans	☑ Implemented *
17.	25	8	CTA Revenues	☑ Implemented
18.	26	8	Metra Fares	☑ Implemented
19.	29	9	CTA Financial Management	☑ Implemented
20.	31	9	Pace Financial Management	☑ Implemented
21.	34	10	Metra Capital Program	☑ Implemented
22.	35	10	Pace Capital Program	☑ Implemented
23.	37	12	CTA Fleet	☑ Implemented
24.	38	12	Metra Fleet	☑ Implemented
25.	39	12	Pace Fleet	☑ Implemented
26.	41	13	Metra Headquarters	☑ Implemented
27.	43	13	CTA, Metra, & Pace Commercial Activities	☑ Implemented
28.	47	13	CTA: AECOM Recommendations	☑ Implemented
1.	1	2	RTA Coordination of Services	⊖ Partially Implemented
2.	2	2	RTA and Regional Fare Issues	⊖ Partially Implemented
3.	4	2	RTA Planning	⊖ Partially Implemented
4.	11	3	CTA Performance Improvement	⊖ Partially Implemented
5.	12	4	Metra Operations	⊖ Partially Implemented
6.	13	4	Metra Safety Operations	⊖ Partially Implemented
7.	14	4	Metra Employee Safety Operations	⊖ Partially Implemented
8.	20	6	CTA, Metra, & Pace: Staffing	⊖ Partially Implemented
9.	27	8	Pace Fares	⊖ Partially Implemented
10.	28	9	RTA Financial Management	⊖ Partially Implemented
11.	30	9	Metra Financial Management	⊖ Partially Implemented
12.	32	10	RTA Capital Program	⊖ Partially Implemented
13.	33	10	CTA Capital Program	⊖ Partially Implemented
14.	36	11	RTA, CTA, Metra, & Pace: Contracts and Procurements	⊖ Partially Implemented
15.	40	13	CTA Headquarters	⊖ Partially Implemented
16.	42	13	CTA & Metra: Surplus Real Property	⊖ Partially Implemented
17.	44	13	CTA Private Investment	⊖ Partially Implemented
18.	45	13	CTA Real Estate Management	⊖ Partially Implemented
19.	46	13	CTA & Metra: Real Estate Management	⊖ Partially Implemented

*Implemented since the RTA Status Report in February 2009.
Source: RTA Status Report submitted in February 2009 and subsequent follow-up by the OAG.

The RTA and the transit agencies may have reached an impasse regarding prioritizing capital projects.

- Prioritizing capital projects. However, the RTA reported reaching an impasse regarding prioritizing capital projects: “. . . *due to the diversity of the SBs’ [Service Boards] operations and the complexities of the interests of the four agencies, negotiations [regarding prioritizing capital projects] are still underway and perhaps **may even have reached an impasse.***” [emphasis added] (**Recommendation #4**).

Four of the ten recommendations in the 2007 performance audit were directed to RTA operations. The RTA implemented two of these recommendations (operations of its Call Center and processing of ADA certifications) and has partially implemented the remaining two recommendations (on its capital program and financial management).

Chicago Transit Authority (CTA)

The 2007 performance audit made 20 recommendations to the CTA. Of the 20 recommendations, 11 recommendations have been implemented while the remaining 9 are partially implemented. The following are examples of actions taken by the CTA to implement the recommendations:

- **Bus Maintenance and Management (Recommendation #8):** As recommended, the CTA implemented its Maintenance Management Information System (MMIS) and provided examples of the MMIS monthly reports for bus and rail to the OAG. The CTA reached an agreement with its union to implement a new program to address bus cleanliness by hiring apprentices.
- **Safety Operations (Recommendation #9):** CTA reorganized its Safety Department and added staff to improve safety. As recommended, CTA is now a participant in the American Public Transportation Association’s Bus Safety Audit program and provided documentation showing it will undergo a bus safety peer audit in 2009.
 - CTA added a Safety Communications Coordinator who is responsible for developing safety-related content that addresses key areas of identified risk, such as the most frequent causes of employee injuries-on-duty.
 - CTA provided the OAG its Bus System Safety Program Plan (April 2009) which documents its bus safety policies and procedures. CTA has also revised its safety incentive (awards) program.
- **Pension Plan (Recommendation #21):** The passage of Public Act 95-0708 in January 2008 effectively addressed the major concerns regarding CTA’s pension plan. The Act established specific funding requirements for the CTA and its employees, and required the Auditor General to annually review compliance with the Act’s provisions

related to pensions and retiree health care. The Act created a separate Retiree Health Care Trust to administer retiree health care benefits.

Commuter Rail Division (Metra)

The 2007 performance audit made 15 recommendations to Metra. Of the 15 recommendations, 7 have been implemented while the remaining 8 have been partially implemented. The following are examples of actions taken by Metra to implement the recommendations:

- **Customer Service Operations (Recommendation #15):** Metra has developed procedures for handling customer complaints and provided the OAG a report that is now prepared which shows the complaints by rail line. The newly created log is issued to management personnel for review and corrective action. The audit had found that complaint information was collected but was not readily compiled or systematically reviewed.
- **Fleet (Recommendation #38):** As recommended in the audit, Metra has assessed the operational and economic feasibility of another possible rehabilitation of its Electric District car fleet and determined that it is not a candidate for additional rehabilitation. Metra provided the OAG the RFP it issued for new electric cars in 2009.
- **Headquarters (Recommendation #41):** Metra has significantly increased the leased space in its headquarters building. The audit reported that 19 percent of its headquarters building was vacant; Metra has since found additional tenants, increasing the occupancy rate to approximately 95 percent (or 5% vacancy).

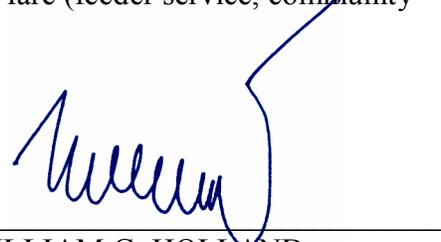
Metra has also taken action on other recommendations made in the 2007 performance audit. Metra issued an RFP for a MMIS system to monitor and track maintenance data. Proposals have been received and a contract was expected to be awarded in late 2009. Metra continues to advocate eliminating grade crossings and informed the OAG that two crossings had been closed. Metra has raised public safety awareness through programs such as Operation Life Saver and the School Safety program. Metra has installed railroad simulators for training, according to information provided to the OAG. Metra has continued to install an electronic train management system between Chicago and Joliet at a cost of over \$10 million.

Suburban Bus Division (Pace)

The 2007 performance audit made 13 recommendations to Pace. Of the 13 recommendations, 10 have been implemented while the remaining 3 have been partially implemented. The following are examples of actions taken by Pace to implement the recommendations:

- **Information Technology (Recommendation #17):** The 2007 performance audit concluded that many of the computer systems that Pace relied upon for daily operations and performance tracking were obsolete and inefficient. Therefore, a Risk Management System and a Customer Assistance System were implemented in 2007. The e-Business Suite Accounts Payable, General Ledger, Purchasing, Receiving and Requisition implementations for the Enterprise Resource Planning (ERP) Project were implemented in 2008. The Accounts Receivable, Budget and Grants, and the Enterprise Data Warehouse applications are to be implemented in 2009.
- **Capital Program (Recommendation #35):** Pace noted that in 2007 and 2008, it completed a review of its projects and closed out eight grants, addressing an issue raised in the 2007 performance audit concerning slow-moving projects. In addition, Pace reported progress to reduce unexpended balances.
- **Fleet (Recommendation #39):** With the passage of the RTA reform legislation in January 2008 (Public Act 95-708), Pace said that it now has adequate operating funds and has been able to restore the Federal 5307 funds for capital projects. In 2008 and 2009, Pace plans to replace 59 fixed route buses and 208 paratransit vehicles.

Pace has also taken action on the other recommendations. For example the 2007 performance audit concluded that Pace fares have tracked closely with inflation for over ten years, and they compare reasonably well with peer transit systems with one exception – fare revenue per passenger mile is relatively low. The audit noted that distance-based fares may allow Pace to increase its revenue with minimal ridership loss. Pace provided the OAG with documentation that it has contracted with AECOM to analyze its fare policies and technologies. Pace said it continues to be supportive of a regional fare management strategy that allows both a service based fare (feeder service, community based service) and a distance based fare.



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