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September 18, 2012

Addendum No. 1
to **Request For Proposals**

TRANSIT PERFORMANCE MONITORING PROGRAM

dated September 10, 2012

Dear Consultant:

This letter is Addendum No. 1 to the Request for Proposal for the Transit Performance Monitoring Program, dated September 10, 2012 ("RFP"). Where text is revised, deleted text is shown in strike-through format; added text is *italicized*. The RFP is revised as follows:

<u>Addendum Item</u>	<u>Reference</u>	<u>Change</u>
1.	RFP, Letter of Invitation, <u>Notice of Addenda and Requests for Clarification/Exceptions</u> , page 3	Requests for clarification or exception to RFP provisions, including to any MTC standard contract provisions, must be received no later than 4:00 p.m., September 19 21, 2012 to guarantee consideration.
2.	RFP, Letter of Invitation, Consultant Selection Timetable , page 4	Wednesday <i>Friday</i> , September 19 21, 2012, 4:00 p.m. Closing Date for receipt of requests for clarifications/exceptions
3.	RFP, Section V. Proposal Evaluation, page 6, paragraph 1	"A proposal that fails to include one or more of items requested in Section III <i>Section IV</i> , <i>Form of Proposal</i> , may be considered complete and generally responsive, if..."
4.	RFP, APPENDIX A, <u>Scope of Work</u> , page 10	Section II, <u>Scope of Work</u> , on pages 11-23, is replaced in its entirety as attached hereto.

The remaining provisions of the RFP remain unchanged. In the event of a conflict between this Addendum and the previous version(s), this Addendum takes precedence.

Any questions concerning this addendum to the RFP should be directed to Christina Verdin, Project Manager, at (510) 817-5869 or cverdin@mtc.ca.gov.

Sincerely,



Ann Flemer
Deputy Executive Director, Policy

AF:CV

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2013 Addendum No. 1 final.doc
Attachments

II. SCOPE OF WORK

TASK 1: TDA TRIENNIAL AUDIT OF MTC AND OF THE TRANSIT OPERATORS

A. General

California Public Utilities Code Section 99246 requires that transportation planning agencies, such as MTC, designate independent entities to conduct performance audits of their activities and of the activities of each transit operator to whom they allocate funds under Article 4 of the Transportation Development Act (TDA). The purpose of the audits is to systematically evaluate the efficiency, effectiveness, and economy of the operation of the entity being audited. These audits are required triennially and are to be submitted to the State of California. The performance audits will determine if the audited agency has complied with pertinent laws and regulations. Chapter VI of the MTC Transit System Performance Audit Guide, "Final Audit Report Format," provides details regarding the report preparation for transit operator performance audits, and should serve as the guide for the final MTC performance audit report. The MTC Transit System Performance Audit Guide is available online at <http://bids.mtc.ca.gov/procurements/91> or by request.

The scope of work consists of:

1. A pre-audit consultation, audit survey and detailed audit of MTC, as outlined in Tasks 1.1, 1.2 and 1.3.
2. A pre-audit consultation and Compliance Audit for all TDA eligible transit operators as outlined in Tasks 1.3 and 1.4.

The Compliance Audit is based on an analysis of the five required TDA performance indicators and the operator's compliance with various requirements of TDA law. Upon completion of the fiscal year groups of audits, the MTC Project Manager and the management of the audited operators will evaluate the Consultant activities in order to determine if any revisions should be made to the scope of work for the next fiscal year group of audits. A notice to proceed with the next fiscal year group of audits will be issued by the MTC Project Manager upon completion of the evaluation.

B. Background for the TDA Triennial Audit of MTC

An overview of MTC's organization, functions and responsibilities is included in this RFP as *Appendix A-1, Description of MTC*. Also included in *Appendix A-1* is a list of documentation to be reviewed and external entities to be contacted in the course of conducting the audit. An overview of the organization can be found in the Statistical Summary of Bay Area Transit Operators for Fiscal Years 2006-07 through 2010-2011, which can be located online at http://www.mtc.ca.gov/library/statsum/StatSumm_2011.pdf.

C. *Background for the TDA Triennial Audit of the Transit Operators*

The compliance audits of transit operators in the MTC region shall consist of a systematic review to determine the extent to which operators of public transit systems have complied with pertinent laws and regulations. The audits of the transit operators pertain to both fixed route and demand responsive operations, whether operated directly or operated under contract.

D. *References and Available Resources*

A variety of reference materials including MTC Transit System Performance Audit Guide are on reserve at the MTC-ABAG Library:

- The MTC Transit System Performance Audit Guide was developed to assist consultants conducting performance audits of transit operators in the MTC region. The Guide is available at the MTC-ABAG Library, can be found online at <http://bids.mtc.ca.gov/procurements/91>, or will be sent by mail upon request submitted to the MTC Project Manager.
- The Statistical Summary of Bay Area Transit Operators for Fiscal Years 2006-07 through 2010-2011 as well as copies of operators' Productivity Improvement Programs and prior year's Performance Audits are on reserve at the MTC-ABAG Library. The Statistical Summary of Bay Area Transit Operators for Fiscal Years 2006-07 through 2010-2011 provides a detailed profile of Bay Area transit operators.
- MTC Resolution 4060 approves performance measures and targets and recommendations of the Transit Sustainability Project completed in May of 2012. Resolution 4060 can be found at http://www.mtc.ca.gov/planning/tsp/RES-4060_approved.pdf.

Task 1.1 Audit Survey of MTC

The Consultant shall perform an Audit Survey, which is intended to provide the Consultant with a thorough overview of MTC's goals and objectives, functions, programs, activities, and management control systems. During the survey, the Consultant should identify potential issues for further evaluation during the detailed audit.

There are eight major activities that should be completed by the Consultant during the Audit Survey:

- 1) Conduct preliminary activities;
- 2) Collect documentation;
- 3) Contact external entities;
- 4) Review documentation;
- 5) Meet with MTC's Administration Committee, Executive Director, Executive Management and staff;
- 6) Determine audit focus;
- 7) Develop scope of work and tailor audit procedures; and
- 8) Define audit requirements and schedule.

Appendix A-1, Description of MTC, of this RFP includes a list of the documentation that the Consultant should collect and the external entities that the Consultant should contact as part of the Audit Survey.

The Consultant shall prepare a written report documenting its findings from the Audit Survey. The Consultant shall then make an oral presentation of its findings and present them to MTC staff and MTC's Administration Committee. Based on the findings and guidance contained in Chapter VI of the MTC Transit System Performance Audit Guide (available online at <http://bids.mtc.ca.gov/procurements/91>), "Final Audit Report Format," a scope of work and audit plan will be finalized for Task 1.2 -- Detailed Audit of MTC.

Task 1.1 Deliverables: Written Report; Written Materials for Presentation; Scope of Work and Audit Plan

Completion Date: January 2013

Task 1.2 Detailed Audit of MTC

The Consultant shall accomplish the performance audit of MTC. In analyzing MTC's past activities, the Consultant should examine four separate but related areas of agency performance:

- Compliance Did MTC accomplish the tasks it is required to accomplish? Did MTC accomplish those tasks it committed itself to accomplish?
- Work Performance How well did MTC perform these tasks? Were MTC's products effective in achieving their purpose and did they represent an efficient use of resources?
- Management Performance Did MTC's Commission and management develop an effective and efficient management plan? Were available resources effectively organized and allocated to best achieve MTC's goals and objectives?
- Regional Impact To what extent has MTC had an impact on the development and performance of the regional transportation system?

The audit should present a reasonable picture of how MTC is performing in all four areas. However, depending on findings made during the Audit Survey, the Detailed Audit may focus on certain areas more than others. Such decisions should be discussed thoroughly with the MTC Project Manager and MTC Executive Management prior to finalizing the scope of work and audit plan for the Detailed Audit.

A balanced perspective should be maintained throughout the audit process, wherein agency achievements as well as potential areas for improvement are highlighted.

The Consultant shall prepare draft and final performance audit reports.

Task 1.2 Deliverables: Draft and Final Performance Audit Reports; and any and all working papers which supply data, analyses, or other relevant information supporting the conclusions and recommendations made in the draft and final reports.

Completion Date: June 2013

Task 1.3 Pre-Audit MTC and Transit Operator Consultation

At the beginning of each audit cycle, MTC will notify in writing each of the operators to be audited during the fiscal year. Prior to the beginning of each audit, the Consultant is required to schedule and conduct an audit entrance conference with MTC and the operator's management to discuss the scope of work and the schedule for the audit; and to identify any particular areas of concern that should be addressed. The entrance conference is to be held at the operator's offices. A final work plan should be developed based on comments received at the entrance conference. The MTC Project Manager must approve the audit work plan prior to the commencement of the audit.

The audit work plan will account for the different reviews necessary to conduct audits for the largest six (6) versus the other transit operators.

Task 1.3 Deliverable: Audit Work Plan
Completion Date: January 2013

Tasks 1.4 and 1.5 TDA Compliance Audit – All Operators

The compliance audit serves to verify the following five performance indicators, as required under Public Utilities Code (PUC) Section 99246(d) and defined in PUC Section 99247 of the TDA:

1. Operating Costs Per Passenger;
2. Operating Cost Per Vehicle Service Hour;
3. Passengers Per Vehicle Service Mile;
4. Passengers Per Vehicle Service Hour; and
5. Vehicle Service Hours Per Employee.

The Consultant is required to: (a) review and assess the operator's methods for collecting and reporting input variable data (i.e., validity, reliability); and (b) calculate the five TDA-mandated performance indicators using verified input variable data. (Note: PUC Section 99246(d) requires a three year trend; however, MTC requires that the trend depict the three FY's of the audit period and the preceding three FY's using data from the prior triennial performance audit of the operator. The trend analysis applies to fixed route and demand responsive services, whether directly operated or operated under contract.) In addition to this data, MTC requires the Consultant to track the annual change in component costs (labor, services, fuel, etc.) for the last six (6) years. This data is requested to better understand the cost drivers of each operator's total annual expenditures.

Base data for computing the performance indicators should be derived from the National Transit Database reports for the operators that are federal grantees; for other operators the Consultant

should use “prior year actual” data from the MTC TDA-STA claim application submitted annually by the operator.

The Consultant is required to verify that that the operator’s financial and service records are kept in accordance with the Uniform System of Accounts, and to review and assess the operator’s compliance with each of the requirements listed in Figure 1.

The product of the Compliance Audit is a Preliminary Report on the trends in the five TDA performance indicators, and the results of the Consultant’s review and assessment of the operator’s compliance with the requirements listed in Figure 1. The Consultant is required to transmit one electronic copy and bound copies of the Compliance Audit Preliminary Report to the operator’s management (number of copies to be agreed upon by the Consultant and the operator’s management) and to the MTC Project Manager (one electronic report and one copy). The Preliminary Report should include:

- Appropriate graphic depictions of the six-year trends in the performance indicators and in the input variables (e.g., line graphs for performance indicator trends; tables for input variables). The trend analysis must reflect cost components adjusted for inflation, and also reflect cost components not adjusted for inflation, using the Bay Area Consumer Price Index for each of the six years of the trend. The intent is to identify where inflation has had an impact on performance trends;
- Appropriate graphic depictions of the annual change in component costs (labor, services, fuel, etc.) for the last six years. This data is requested to better understand the cost drivers of each operator’s total annual expenditures.
- The Consultant’s commentary and conclusions pertaining the trend analysis;
- The Consultant’s commentary and conclusions pertaining to the operator’s data collection and reporting procedures, including any of the operator’s accounting policies and practices which could materially affect the reliability of the data (e.g., capitalization of certain operating expenses);
- The Consultant’s commentary and conclusions pertaining the operator’s use of the Uniform System of Accounts; and
- The Consultant’s commentary and conclusions pertaining to the operator’s compliance with each of the requirements listed in Figure 1.

Figure 1 Performance Audit Compliance Checklist for Transit Operators
PUC 99251; The California Highway Patrol (CHP) has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator's compliance with Vehicle Code Section 1808.1 (pull notice program) following a CHP inspection of the operator's terminal.
PUC 99264; The operator does not routinely staff public transportation vehicles designed to be operated by one person with two or more persons.

Figure 1, continued Performance Audit Compliance Checklist for Transit Operators
PUC 99314.5(e)(1)(2); If the operator receives STA funds, the operator is not precluded by contract from employing part-time drivers or from contracting with common carriers.
PUC 99155; For any operator who received TDA Article 4 funds, if the operator offers reduced fares to senior citizens and disabled persons, applicant will honor the federal Medicare identification card, the California Department of Motor Vehicles disability ID card, the Regional Transit Connection Discount Card, or any other current identification card issued by another transit operator that is valid for the type of transportation service or discount requested; and if the operator offers reduced fares to senior citizens, it also offers the same reduced fare to disabled patrons.
PUC 29142.4, Govt. Code 66516, MTC Res. Nos. 2310, 2927, 3866; The operator has current SB 602 "joint fare revenue sharing agreements" in place with transit operators in the MTC region with which its service connects, and has submitted copies of agreements to MTC.
PUC 99246 (d); The operator has an established process in place for evaluating the needs and types of the passengers being served and the employment of part-time drivers and the contracting with common carriers of persons operating under a franchise or license to provide services during peak hours, as defined in subdivision (a) of Section 99260.2(a). (Consultant should provide a brief description of the process and tools an operator uses to assess passenger needs, how often the service is evaluated and the procedures by which the operator reviews the results and responds.)

As part of the Compliance Audit, the Consultant is required to review and assess the operator's response to recommendations from its most recent TDA Triennial Performance Audit report. Under the final component of this work, the Consultant shall identify any potential key issues and audit recommendations. The key issues may be formulated as a result of conversations with operator and MTC staff, and/or as a result of the Compliance Audit findings.

Upon completion of the Compliance Audit, the Consultant will prepare a Draft Audit Report that presents the combined reviews, assessments, conclusions, commentary and recommendations from the audit. The Draft Final Audit Report will serve as the basis for an audit exit conference. The Consultant is required to schedule and conduct the exit conference with the operator's management and the MTC Project Manager to discuss the conclusions and recommendations contained in the Draft Final Audit Report. The exit conference is to be held at the operator's offices. The Consultant is required to transmit one electronic and bound copies of the Draft Audit Report to the operator's management (number of copies to be agreed upon by the Auditor and the operator's management) and to the MTC Project Manager (number of copies to be agreed upon by the Auditor and the MTC Project Manager).

The Consultant is required to consider comments received from the operator's management and/or the MTC Project Manager prior to issuing the Final Audit Report. Upon request by the operator or the MTC Project Manager, the Consultant is required to make an in-person presentation of the Final Audit Report to the operator's policy board.

The Audit Report must be formatted so that it presents a logical flow of information. The report format should be consistent with Chapter VI of the MTC Transit System Performance Audit Guide, (available online at <http://bids.mtc.ca.gov/procurements/91> or by request), and shall include:

1. Cover and Title Page

The cover and title page must identify the report as: “[Draft or Final] Audit Report of the Triennial Performance Audit of [OPERATOR’S OFFICIAL NAME],” and include the three fiscal years which are covered by the audit, the name of the auditing firm, the statement “Prepared for the Metropolitan Transportation Commission,” and the month and year of publication.

2. Executive Summary

An Executive Summary of the compliance audit and audit results shall precede the formal report itself. This summary should extract the findings and recommendations of the audit and present them in such a way that their relative importance is clear. The findings and recommendations should cross-reference page numbers in the main report to enable a reader to easily locate additional information about items discussed in the summary.

3. Introduction

The main body of the report should start with an introduction, briefly stating the purpose of the audit and the content of the report. The introduction should include:

- A basic description of the operator and its services following the sample format in Figure 2, “Sample Format for the Description of a Transit Operator,” shown on page 10 (where available, an organization chart should also be attached);
- A brief description of the performance audit process, citing the legal requirements for conducting the audit; and
- A brief discussion of the structure and content of the report, including the topics covered in the Compliance Audit.

4. Results of the Compliance Audit

This section of the report should present the final TDA performance indicator analysis: both the graphic formats and the related narrative evaluation. This section should also include a narrative evaluation of the operator’s compliance with the TDA requirements, and with any other requirements specified in the audit scope of work, including conclusions, commentary and recommendations. Any recommendations must be well-substantiated by the content of this section. The report should include a statement that relative to system compliance testing, a finding must be reported regardless of materiality.

5. Results of the Review and Assessment of the Operator’s Response to Recommendations from its Most Recent TDA Triennial Performance Audit report

This section of the report should present the operator’s status in achieving its performance indicators, and the related narrative evaluation, including conclusions, commentary and

recommendations. This section should present the assessment of the operator's progress in implementing prior audit recommendations: in graphic format (if appropriate) and in narrative form, including conclusions, commentary and recommendations. Any recommendations must be well-substantiated by the content of this section.

6. Conclusions and Recommendations

This section of the report should detail the final recommendations of the performance audit. For each recommendation, reference should be made to the conclusions and commentary presented in the Compliance Audit section of the report, which forms the basis for and substantiates the recommendation. Key issues that may merit more in-depth assessment should also be identified.

The Audit Report should be written so that in final form it will be easily understood by a variety of readers, including operator policy boards and management, and the general public who wish to understand the operator's primary operational issues generally review the audit report. It is important that the performance audit report is written in such a way that persons who may not have firsthand knowledge of the subject matter can understand the technical subjects addressed.

Figure 2
Sample Format for the Description of a Transit Operator

Location	San Mateo County Transit District (SamTrans) Administrative Office: 1250 San Carlos Avenue, San Carlos, CA 94070-1306
Establishment	SamTrans was created by voter referendum in 1974 and established in 1976 as a consolidation of 11 different local city bus systems in the county.
Board	SamTrans' nine-member Board of Directors consists of two members of the County Board of Supervisors; a transportation expert from the general public selected by the Board of Supervisors; three elected city officials (one from each judicial district in the county), and three additional members of the general public selected by the other six Board members. By legislation, one general public member must be from the Pacific Coast side of the county, while the other two must represent geographically diverse portions of the county.
Facilities	The SamTrans administrative headquarters is located in San Carlos, CA. Fixed-route maintenance and operations facilities are located in San Carlos (South Base) and South San Francisco (North Base). The central base of paratransit operations is located at the Brewster Depot in Redwood City. SamTrans operates six Park and Ride facilities within the county, and one underground parking garage at Sequoia Station in Redwood City.
Service Data	<p>SamTrans provides fixed-route bus service throughout San Mateo County and into San Francisco and Palo Alto. Service consists of 48 routes, including an express route, Coast side routes, and routes providing connecting service to BART and Caltrain rail stations.</p> <p>Service is provided seven days a week. The majority of the service is operated on weekdays between 6:00 a.m. and 7:30 p.m. The base fare is \$2.00 for local trips, \$4.00 for local trips out of San Francisco, and \$5.00 for express trips. Reduced youth fares are available for children aged 5-17, and one child (four years old or younger) per adult rides for free. Seniors (age 65 and older), customers with disabilities and Medicare cardholders pay \$1.00 for local trips, \$2.00 for local trips out of San Francisco, and \$2.50 for express trips. SamTrans also offers discounted monthly transit passes for adults, seniors/customers with disabilities and youths.</p> <p>SamTrans has two Americans with Disabilities paratransit services, Redi-Wheels and RediCoast. Redi-Wheels serves the Bay side of San Mateo County east of Highway 280, as well as the towns of Woodside and Portola Valley; RediCoast serves the Coast side communities. Redi-Wheels operates seven days a week from 5:30 am to midnight and 24 hours a day in some areas. RediCoast operates weekdays from 6:30 am to 9:30 pm and weekends and holidays from 8:00 am to 9:30 pm. Phone reservations can be made up to seven days in advance. The one-way fare is \$3.75. Approved Redi-Wheels and RediCoast cardholders, as well as their personal care attendants, ride fixed-route service free at all times.</p>

- SamTrans also is involved in several programs that support regional transportation efforts. These programs are not directly included in this audit: Managing agency of the San Mateo County Transportation Authority;
- Managing agency of the Peninsula Corridor Joint Powers Board (Caltrain);
- Sponsor of employee shuttles between BART/Caltrain stations and employment sites;
- Operation and technical assistance provider for community shuttles sponsored by the City/County Association of Governments of San Mateo County; and
- Voting member of the Dumbarton Bridge Service Consortium, which provides bus service from Union City BART to Palo Alto, operated by MV Transit, Inc.

Recent Changes

- SamTrans implemented a 7.5 percent reduction in fixed-route service on December 20, 2009. The frequency on six routes also was reduced. A fare increase took effect on February 1, 2010.
- SamTrans installed new fareboxes on all buses in June 2011. The new fareboxes provide many improvements, such as counting the money as it is inserted, issuing change cards, and the ability to use magnetic strip tickets.
- SamTrans began accepting Clipper, the regional fare payment system, in December 2010. Monthly paper passes were phased out at the end of 2011, except for some institutional programs.
- SamTrans began selling Day passes on Jan. 1, 2012. Customers are able to purchase the pass from the farebox, and it's priced at three times the local fare for adults, youth and seniors/customers with disabilities.

Planned Changes

- SamTrans is anticipating additional fare increases over the next five to seven years, with increases in the fixed-route fare proposed for FY2012, FY2015 and FY2018.
- SamTrans plans to improve its paratransit service by installing call-ahead software that will alert Redi-Wheels and RediCoast riders 10 minutes ahead of their scheduled pick-up time.
- SamTrans' FY2009-FY2018 SRTP reports the following capital projects planned over the next six years:
 - Vehicle Replacement - over 300 fixed-route buses and 60 paratransit vehicles;
 - Vehicle Expansion - 10 Redi-Wheels vehicles;
 - Facility and Systems Improvements;
 - Operational Improvements and Enhancements;
 - Information Technology; and
 - Planning for TOD and the Grand Boulevard Initiative.

Staff The FY2010 NTD report lists 586 full and part-time employees. The breakdown by functional area was as follows:

Vehicle Operations	331
Maintenance	121
<u>Administration</u>	<u>134</u>
Total	586

Task 1.4 Deliverable: Preliminary Audit Report

Completion Date: Annually, with draft reports due to MTC in March/April of each year.

Task 1.5 Deliverable: Final Audit Report

Completion Date: Annually, with draft reports due to MTC in June of each year.

TASK 2 REGIONAL MEASURE 2 (RM2) OPERATING PROGRAM PERFORMANCE REVIEW

Background for Regional Measure 2 Operating Program Performance Review

The Consultant or Consultant team selected as a result of this RFP shall conduct a performance review of projects funded through the Regional Measure 2 Operating Program (RM2).

MTC has developed policies and procedures for the administration of the RM2 projects, adopted as MTC Resolution 3636, Revised. Project sponsors and/or implementing agencies are the responsible agencies for making operating decisions on the individual RM2 operating projects.

MTC's key objective for a project monitoring and reporting program for the RM2 operating program is to provide MTC and project sponsors with quantifiable measures on the performance of transit projects based on mandated performance measures. Consultant shall use the products of the project monitoring and reporting program to review project performance.

Pursuant to MTC Resolution No. 3636, Revised RM2 operating program project sponsors, transit operators, must submit Operating Assistance Proposals (OAPs). Operating program project sponsors must submit annual certifications of meeting performance objectives.

All project information required from the RM2 project sponsors to implement the program will need to be requested by the Consultant through MTC. Information made available to the Consultant may include, but is not limited to:

- Operating Assistance Proposal (OAPs)
- MTC Commission RM2 Allocation Resolutions
- Funding reimbursement data from MTC's accounting system
- Transit operator performance measure data specific to operating related allocations.
- MTC shall have access to the project data as collected, prepared, and compiled by the Consultant for this project.

All pertinent Consultant review and analysis work on the projects is to be included in the reports to MTC. The Consultant may represent progress through both textural and graphical representations with the approval of the MTC project manager. A sample of the report format is provided as *Appendix A-3*. Note that the Consultant's expertise will be primarily targeted to identifying areas of risk in the following areas:

- Significant changes to project scope, cost, and schedule;

- Progress of the service in achieving performance objectives.

The prime responsibility for developing and implementing remedies to resolve those risks resides with the project sponsor.

Tasks 2.1 and 2.2: Review and Monitoring of Transit Operations Performance Measures

The Consultant shall assist MTC staff in assembling data from the transit operator financial and performance audits as well as other appropriate sources and reviewing annual performance of transit operators receiving operating assistance. The Consultant will prepare a summary report of transit performance, with a comparison to established performance measures.

The Consultant shall review transit operator performance data. The Consultant shall summarize the performance findings annually, with special emphasis on any operators who are unable to meet performance expectations as set by MTC's RM2 policies. If corrective action plans are developed by project sponsors, the Consultant shall evaluate those plans.

Deliverable 2.1: Draft Report on Annual Transit Operator Performance on RM2 Projects
Completion Date: Annually, with draft reports due to MTC 15 working days after September 30 of each year.

Deliverable 2.2: Final Report on Annual Transit Operator Performance on RM2 Projects
Completion Date: Annually, with final reports due to MTC 25 working days after September 30 of each year.

TASK 3: OTHER PERFORMANCE REVIEW PROFESSIONAL SERVICES

MTC may request, by Task Order, additional project and program management services outside the scope of Tasks 1 and 2. MTC will contact the Consultant in advance of issuing such a task order. Payment terms (either firm fixed price or hourly rates plus expenses with a not-to-exceed amount) shall be separately negotiated and specified in the individual task orders. Potential work under Task 3 may include but not be limited to:

- Productivity Improvement Program: Pursuant to California Public Utilities Code (PUC) 99244, MTC is required to annually identify, analyze and recommend potential productivity improvements which could lower transit agency operating costs. The recommendations for improvements and productivity shall include, but not be limited to, those recommendations related to productivity made in the TDA performance audit conducted pursuant to PUC 99246.

As directed by the MTC Project Manager, for this part of the work scope, the Consultant may be asked to assist in reviewing progress in implementing or establishing Productivity Improvement Program Projects based on:

1. Agency Goals, Objectives and Standards established through Short Range Transit Plans or other agency adopted policy documents;
 2. Past TDA audits;
 3. Recommendations from the MTC Transit Sustainability Project, MTC Resolution No. 4060.
- Goals, Objective and Standards: In past audits, MTC has included a review of transit operator's goals, objectives and standards and performance measures. The Consultant may identify the operator's goals and objectives, and related performance measures and standards. The Consultant may also identify the operator's performance measures and standards relevant to sub-functional areas, such as those listed in Figure 3 below. An operator's goals and objectives, and related performance measures and standards most likely are contained in the SRTP in effect during the audit period. However, goals and objectives, and related performance measures and standards can also be reflected in the operator's internal management documents, and management reports to its governing body. The Consultant may also identify (and verify with the operator) any informal goals and objectives, and additional performance indicators used in practice.

The Consultant may evaluate the operator's performance based on an analysis of the operator's ability to meet its own internal performance standards, and on trend analyses of agreed upon functional area performance indicators, and on the basis of other information as warranted. The Consultant may investigate unfavorable trends in performance indicators, and work with the transit property to identify the likely causes.

Figure 3
Functional Areas of Transit Operators

1. TRANSPORTATION OPERATIONS

- Service Delivery
- Vehicle Utilization
- Operator Utilization
- Safety and Training

2. REVENUE VEHICLE MAINTENANCE

- Vehicle Effectiveness
- Maintenance Activity Effectiveness
- Maintenance Activity Efficiency
- Inventory Control

3. GENERAL MAINTENANCE

- Guideway and Station Maintenance (rail and trolley-bus only)
- Power Distribution Systems Maintenance (electrified systems only)
- Signal and Vehicle Control System Maintenance (rail only)
- Shop Maintenance
- Buildings, Grounds, and Equipment Maintenance
- Non-Revenue Vehicle Maintenance
- Inventory Control

4. PLANNING AND MARKETING

- Service Planning and Market Analyses
- Fare Policy
- Scheduling
- Public Relations and Advertising
- Budgeting and Financial Planning
- Capital Project Planning

5. GENERAL ADMINISTRATION

- Purchasing
- Inventory Control
- Risk Management and Insurance
- Personnel Management and Labor Relations
- Information Technologies
- Administration Services

6. MANAGEMENT AND ORGANIZATION

- Organizational Effectiveness
- Management/Decision-Making Process

- Miscellaneous: The Consultant may be asked to provide the following types of services, including but not limited to: peer group performance and/or cost comparison; best practice review and synthesis for transit efficiency; independent assessment of cost reform options and review of current standards, goals, and objectives; recommendations on region-wide performance metrics; or recommendations on specific projects or progress in implementing Productivity Improvement Program Projects and recommendations adopted in the MTC Transit Sustainability Project, MTC Resolution 4060.

Payment for work performed under task orders may be deliverables-based or time and materials, as determined by the MTC Project Manager. A sample task order form is attached hereto as Attachment A-2, Task Order Process to *Appendix D*, MTC Standard Consultant Agreement.