



King County Executive
RON SIMS

September 17, 1999

Doolittle & Associates
c/o Don Eklund
King County Auditor
Room 420
COURTHOUSE

RECEIVED

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KING COUNTY AUDITOR

Dear Mr. Eklund:

Thank you sending me a copy of the August 11, 1999, draft report *Transit Management Audit of the King County Department of Transportation*, which was conducted by the Doolittle & Associates Team (Consultants). I have reviewed this document with managers of the affected departments. We offer the following comments.

The report summarizes its findings and recommendations under three general themes: 1) the special operational and administrative needs of transit should be considered and accommodated when it makes good business sense to do so; 2) the focus of Transit Division management should be expanded to include the Division's capital program and the evaluation of its resource allocation practices; and 3) the Department of Transportation (DOT) should be reorganized.

While we generally agree with the findings and recommendations in the first two themes (minor exceptions are noted in our attached responses), we do not agree that the Department of Transportation should be reorganized. This particular recommendation appears to be based on the following factors: the sheer size of the Transit Division in relation to the County; the Division's ability to influence County administrative policy and support; and the fact that nationwide few transit agencies are part of a general-purpose government. We believe, as the Consultants state in their report, that issues relating to County administrative policy and support may be mitigated by "improved understanding and teamwork." Furthermore, we believe these factors do not warrant the fundamental change in department organization as recommended by the report. The current organization of the Department of Transportation is consistent with the national- and state-level trends towards transportation as whole system, rather than narrower modal units.

As part of the County's high performing regional government, the Department of Transportation is continually challenged to improve its business practices to provide high quality service to customers. The County has an established process for administrative policy review and comment. DOT staff will revisit its process for internal review of proposed countywide policies prior to adoption, and ensure that the impacts to the Department are communicated to the appropriate authority.

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As reported, the Transit Division has implemented the largest service expansion since the late 1970's. In fact, since 1993, transit service has expanded by 19%; ridership has grown by 15%; and costs have only increased 22% (just 9% net of inflation). In relationship to its peer group, the Transit Division compares favorably in most performance measures. The trends indicating less favorable results—e.g. bus maintenance costs and reliability—will be reviewed internally for future action. We will continue to benchmark our performance with both internal and external measures.

We generally concur with the conclusions that the financial policies for the Public Transportation fund are sound and that the strategies guiding the six-year plan implementation provide clear direction for resource allocation and intergovernmental cooperation.

DOT prepares or participates in the development of a variety of strategic, financial, budget and business plans. The Department is proceeding with the development of a Long-Range Strategic Transportation Investment and Implementation Plan that will be added to the County's Comprehensive Plan. This plan will define the broader context for the six-year transit plan efforts. The six-year plan will continue to provide the basis for the annual budget process, financial plan, and business plan. The Department will develop the new six-year plan taking into consideration the recommendations to explicitly link the capital and service elements and provide benchmarks for evaluating the plan. The plan will be evaluated and updated periodically within the next six-year cycle.

We concur with the report's conclusions that 1) the current operating program controls contribute toward performance improvements, and 2) the capital improvement program is underspent in relation to the six-year plan and requires more management attention. The oversight of the capital improvement plan is a high priority for the Department. The current processes will be reviewed, and appropriate changes will be made with added emphasis on project selection, oversight and periodic reporting. The Department will also incorporate operating and capital improvement program controls in assessing demonstration projects.

As discussed previously, we do not agree with the recommendations that propose to reorganize the Department. Specifically, we are opposed to the transfer of capital grants management and the responsibility for the Six-Year Plan and annual TDP updates from the Transportation Planning Division to the Transit Division. The intent of the King County Council was to create a transportation department to provide comprehensive transportation services in the County, with the Transportation Planning Division leading the multimodal transportation planning effort. This approach provides a system perspective to transit planning and allows the Department to effectively develop solutions for roadway congestion and increasing ridership by providing faster, more frequent and reliable service.

As a point of clarification, the Six-Year Plan provides one basis for directing County investments in the Regional Arterial Network. The Regional Arterial Network is not an organizing mechanism for the Six-Year Plan, as the report suggests. The ability to attract more transit system riders and operate more efficiently depends upon reducing congestion on heavily traveled transit routes. The Regional Arterial Network investment strategy is aimed at improving transit flow along these corridors.

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We are pleased that the report concluded that the performance of the paratransit operations is positive; service quality issues are being addressed with riders and vendors; and staff are committed to continuous improvement of service. The Department generally agrees with the recommendations, with one exception on the use of a simple formula to determine scheduled passenger per hour.

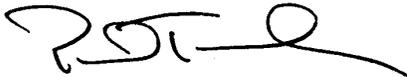
We also generally agree with the findings and recommendations in the Support Activities discussion. The one exception in the Information Systems section is the recommendation that certain generic functions that are currently performed by the Transit Division should instead be performed by another department.

The Department of Transportation was one of only three departments to undergo a major reorganization resulting from the merger of King County and former METRO. In the three years that have passed since the reorganization, the Department has enjoyed remarkable successes in the expansion of new transit service (420,000 new transit service hours in the first three years of the Six-Year Plan), road improvements (a total of \$116 million spent on road improvements in 1997 and 1998) and advancing the County Executive's and Council's mandate to create regional multimodal transportation planning. Building on these successes, the Department will continue to make progress toward full integration.

For ease of presentation, our enclosed detailed response is referenced to each of the recommendations contained in the Consultants' draft report.

We appreciate the thoroughness and professionalism of the Consultant and Audit staff. If you have any questions about this response, please let me know.

Sincerely,



Ron Sims
King County Executive

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cc: Paul A. Toliver, Director, Department of Transportation (DOT)
Rick Walsh, General Manager, Transit Division, DOT
Brad Duerr, Director, Department of Finance
Sheryl Whitney, Director, Department of Information and Administrative Services
Pat Steel, Director, Office of Budget
Robert Derrick, Interim Director, Office of Human Resources Management
David Lawson, Manager, Executive Audit Services

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1 Policy Impacts of the Merger

Recommendations

1.1 The work of the merger transition teams that produced the assessments of the policies and procedures of the County and Metro should be revisited, and teams of Metro and County administrative managers should work to determine the best means of reconciling county policies and real transit needs where they conflict.

Response:

Agree. The County Executive promotes high performing regional government through improving business practices. Executive and Department staff will begin an analysis of County policies and reconcile those policies that may be conflicting.

In addition to this analysis, Executive and Department staff will assess the various forums available for interdepartmental communications to determine the best forum for addressing operational and administrative support issues. See also the response to Recommendations 1.2 and 1.3.

1.2 The County should expand the application of the Personnel Forum model to improve interdepartmental communications on matters related to centralized administrative services.

Response:

Agree. The County intends to use the successful Personnel Forum as a model to expand to other interdepartmental matters, including those related to centralized administrative services.

1.3 The County should improve the communication of its policies to the Transit Division, by:

- **taking inventory of existing county policy documents and prepare simple summaries of the substance of relevant directives;**
- **eliminating or revising duplicative or contradictory executive orders, administrative policies, and other directives; and**
- **Preparing and publicizing brief guidelines to aid division staff in performing common administrative tasks, such as the procurement of standard goods and services.**

Response:

Agree. The Department of Transportation will review its current policy review and distribution process to ensure policies are reviewed, and the relative impacts to the Department or affected Divisions are communicated to the appropriate authority. The Department will also develop guidelines for policy implementation, where necessary.

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1.4 The County should revise its ordinance that limits purchase contracts to one year in duration, so that multi-year contracts can be let when it can be reasonably anticipated to result in cost savings.

Response:

Agree. The Department of Finance-Procurement Division, in cooperation with DOT, will consider an amendment to the ordinance to allow for multiple year contracts. Presently, King County issues contracts in excess of one year by providing for extensions for two additional one year periods when in the County's interest to do so. Also, when Federal funds are involved, we provide for up to four additional one-year extensions when it is beneficial to the County. The County has numerous three-year contracts for rentals of equipment (primarily copiers) and for five years for elevator maintenance where safe equipment operation is a consideration.

If determined to be necessary, the amendment will be presented for Council approval in 2000.

2 Peers & Trends Assessment

Recommendations

2.1 Metro Transit should establish a process for annually reviewing its performance against a peer group, using a set of performance measures similar to those used in this report.

Response:

Agree. An annual review of performance against peer group agencies might provide managers and policy makers with a useful tool in addition to the quarterly performance measures the Transit Division submits to the Regional Transit Committee and Council. However, comparisons of trends in performance measures between the Transit Division and peer agencies may be more useful, since the base levels of these measures are often strongly influenced by exogenous factors. While it seems logical to tie these measures to the Transit Division's annual objectives, peer agency data lag the "reporting year" considerably. For instance, the timing of National Transit Database reporting is such that the data for peer agency comparisons for 1998 will not be available until late 1999.

The Transit Division will select performance measures for comparison with a peer group and report the results of the comparison on an annual basis.

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3 Paratransit Operations

Recommendations

3.1 The Accessible Services staff should develop productivity performance measures and include these standards for both the operating contractors and the call center contractors.

Response:

Agree. Since the inception of the ACCESS and Transit Options programs, Accessible Services staff have collected data for use in the development of performance measures. These measures are now being incorporated in new contracts for operating and call center contractors. Accessible Services will continue to assess vendor performance and other data to continuously update performance measures in future contracts.

3.2 The call center goal for passengers per service hour scheduled should be higher than the target number for passengers per vehicle service hour (trips actually delivered) since cancellations and no shows will reduce the former.

Response:

Agree. The call center goal for passengers per service hour scheduled is typically higher than the target number for passengers per vehicle service hour. Due to the fact that the ACCESS and Transit Options services permit subscription trips as well as a seven-day reservation call in period, it is common for riders to have more rides scheduled than they can take.

Accessible Services is working to reduce the amount of excess demand scheduled. A stricter no-show policy to modify rider behavior by assessing penalties for not notifying the ACCESS program that the rider will not be taking a scheduled trip have been implemented. Other actions are also under consideration. These include policy decisions; such as the length of time prior to a pick-up during which a rider may cancel a ride; or how riders are called back prior to day of service to confirm pick-up times; and operational changes such as targeted overbooking and penalizing subscription riders who cancel too frequently with loss of their standing ride.

3.3 A simple formula should be used to determine the target for scheduled passengers per hour that will yield the desired passengers per vehicle service hour.

Response:

We agree with the intent of the recommendation to maximize the passengers per vehicle service hour, however we disagree with the simple formula approach. Accessible Services is conducting a policy review and an analysis of the distribution of demand in relationship to cancellations, no-shows, and scheduled slack time and their impacts on service productivity.

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Upon the completion of the policy review and analysis, Accessible Services will be able to set the scheduled productivity number in relationship to the delivered productivity more appropriately. This analysis and goal setting is to be completed prior to the drafting of specifications for the next round of contracts planned for 2000.

3.4 The Accessible Service staff should work with contractors and develop a solution to the conflicting impact of the 30 minute window for scheduled pickups and the five minute deadline for users to be on-board the vehicles.

Response:

Agree. Accessible Services continues to work with service providers to improve schedule reliability and individualize boarding times. In the future, the successful use of technology, i.e. automatic vehicle locator and mobile data terminal technology, coupled with interactive voice response telecommunications will make it possible to notify riders of the vehicles' arrival times. Accessible Services intends to implement the interactive voice response system before January 2000, that will allow riders to call into the computerized scheduling system to confirm the most accurate scheduled pick-up time. By late 2000 Accessible Services plans to install mobile data terminals. The terminals will provide real-time data collection of items not currently collected in the manual process and will allow providers to personalize load times, allowing for more accurate scheduling for individual riders' needs.

4 Demonstration Projects

Recommendations

4.1 The County should organize its current and future "demonstration projects" under a set of policies and definitions that gives structure and purpose to the collection of activities as a whole, and to the role of individual programs within the overall program.

Response:

Agree. The Department of Transportation will establish an interdivisional group to develop policies and a comprehensive process for managing and evaluating demonstration projects. One possible approach is to develop either a separate policy framework for Regional Transit Committee and/or Council review, or to include such a framework in the Six-Year Plan and Financial Policies. The interdivisional group will begin working on this project immediately and submit a progress report to the Director by December 1999. In developing the process, the group will consider the need for flexibility to initiate a demonstration project outside of the budget cycle, as opportunities arise.

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4.2 The County should implement a management process for the demonstration program that addresses each step in the life of a demonstration project, culminating in a decision about a project's disposition.

Response:

Agree. The Department of Transportation will establish an interdivisional group to develop and implement a management process for demonstration projects. In the development of this process, the group will consider the detailed discussion provided in the text of this recommendation. As discussed in Recommendation 4.1, the group will provide a progress report to the Director by December 1999.

4.3 The County should establish a project monitoring process that includes reports of the status of each active demonstration project.

Response:

Agree. The interdivisional group established in the Department of Transportation, will develop a process for demonstration project management, including a method of tracking the status of these projects. The interdivisional group will report its progress to the Director by December 1999.

5 Support Activities

Recommendations

5.1 The County should implement one integrated accounting system as soon as possible.

Response:

Agree. The County has operated with two separate sets of financial systems since the 1994 merger of King County and the Municipality of Metropolitan Seattle. King County's goal is to implement the SAP System to replace those two financial systems, Integrated Business Information System (IBIS) and Accounting Resource Management System (ARMS). The new financial accounting system will combine the functionality of both systems and include general ledger, accounts payable, accounts receivable, project accounting and purchasing. The County expects to implement the SAP System in May 2000.

5.2 Metro Transit should revise the presentation of the auditor's report to be more consistent with the NTD reports with regard to the presentation of general and administration expenses.

Response:

Agree. The Departments of Transportation and Finance are reviewing the elements of general and administrative expenses in the two financial reports and will reclassify certain expenses for comparable reporting. If different, a reconciliation of the general and administrative

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expenses presented in the National Transit Database report and the audited financial statements will be prepared.

5.3 Metro Transit should discuss with its external auditor the issue of materiality when the external auditors compare the operating expenses submitted in the NTD reports with audited financial data.

Response:

Agree. The Department of Transportation will discuss audit materiality thresholds related to the National Transit Database reports and audited financial data. The issue of differences in the amount of general and administrative expenses reported in the separate financial reports, National Transit Database report and audited financial statements, will be addressed by a reconciliation of the two amounts reported.

5.4 The OHRM should establish the Transit Division as one of its primary clients.

Response:

The Department of Transportation and Office of Human Resources Management *agree* that theirs' should be a close working relationship and will continue to use the Personnel Forum and other available venues to discuss the impacts of policy initiatives and develop mutually acceptable solutions. OHRM will continually seek to understand Transit's business goals and requirements and to assist Transit in meeting those goals. OHRM has a critical role in providing overall stewardship of the County's human resources systems and ensuring that the County's human resources policies and practices are consistent, fair, and legally defensible. Accordingly, OHRM will consider Transit's needs in the context of the County's overall interests with respect to initiatives and policy decisions.

5.5 The compensation-classification study should be expedited and concluded at the earliest possible date.

Response:

The Transportation Department and OHRM *agree* with this recommendation. OHRM has designated the completion of the Class-Comp Project as one of the highest priorities for 1999 and 2000

5.6 King County ITS and the Transit Division should jointly develop and maintain one document that clearly delineates the functions and responsibilities between the two organizations.

Response:

Agree. Department of Transportation, Transit Division, Management Information and Transit Technology Section (MITT) and the Department of Information and Administrative Services,

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Information and Telecommunications Services Division (ITS), will work cooperatively to define and clarify existing roles and responsibilities, performance measures, evaluation period and reporting methodology, and develop a process for future modifications. Cost considerations, the perceived benefits of economies of scale, efficiency, and consistency and quality of service will also need to be analyzed. These elements will be summarized in the written Service Level Agreement document and mutually agreed upon by both parties. Areas for discussions include desktop support, LAN/WAN support, server support, database support and help desk support. MITT proposes to immediately begin a discussion of roles and responsibilities and to submit any resulting draft policy changes through the appropriate King County policy and procedures review process. A scope, schedule and work plan will be completed by December 1999.

5.7 The County should expand its role in some generic functions currently performed by the Transit Division.

Response:

Disagree. The Transit Division believes it should retain some of the "generic" information systems functions due to their service and operating requirements and resource control. The service level agreement discussed in the response to Recommendation 5.6 will address responsibility for generic functions. ITS will be performing a benchmarking study to assess its internal work processes and staffing levels. Items detailed in the recommendation will be studied and if efficiencies can be attained by centralizing functions, ITS will collaborate with other Transit and agencies to align work plans and responsibilities with the most effective delivery models.

5.8 ITS should take a more comprehensive and active role in establishing and monitoring County-wide information technology policies and procedures.

Response:

Agree. The Department of Transportation and ITS will continue working to establish and monitor Countywide information technology policies and procedures that meet the business requirements of the Department. ITS is currently working on technology policies to move toward standardized desktop environment to achieve efficiencies. The Technology Subcommittee (which is supported by ITS and reports to the Information Resource Council) has recommended moratoriums on upgrading to Microsoft Windows 2000 and Office 2000 until a plan has been developed to accomplish a smooth, County-wide transition.

5.9 ITS and the Transit Division should establish mutually agreed upon quality and performance measures and goals for all functions provided by the County for the Transit Division.

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Response:

Agree. As discussed in the response to Recommendation 5.1, MITT and ITS will collectively develop a Service Level Agreement to identify respective roles and responsibilities, and processes. Additionally the rates for service to be provided, performance measures, evaluation period, report methodology, and review of performance will be mutually agreed upon. The evaluation results will be provided to the respective Division managers, Department directors and Executive.

5.10 The Transit Division, in cooperation with ITS, should develop a comprehensive strategic information systems plan that describes goals and direction for information technology.

Response:

Agree. In 1999 the Transit Division developed a draft strategic information systems plan. This plan will be reviewed for the elements listed in the text of the recommendations and modified accordingly. The draft plan will also be compared to the County's overall information systems strategic plan for consistency and adequacy.

5.11 The Transit Division must participate heavily in the implementation of the new financial and payroll systems to maximize the benefits of the new systems and to ensure that the Division's needs are met.

Response:

Agree. The Department of Transportation continues to provide technical support to the financial systems replacement projects. This participation began with the initial system needs assessment and will continue through the implementation of the financial systems.

**6 Financial Policies, Plans, & Controls
Recommendations**

6.1 The County should adopt a financial policy for the PTF that explicitly links the capital program in the six-year plan to the capital project appropriations process.

Response:

Disagree. The Department of Transportation will expand the new six-year plan to include a comprehensive discussion of the Capital Improvement Program (CIP) that addresses all the elements in the CIP to support the service envisioned in the plan. This will include a discussion of the timing of the expenditures and the timing of the budget request. The financial policies will be modified to highlight the differences between the timing of expenditures and the budget request.

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The Department of Transportation will implement a two-year review cycle of the six year plan that will provide reasonable opportunity to review new CIP projects and determine whether they should be included in the six year plan update. This will improve the consistency between the CIP and the Six-Year Plan.

In annual proposals, projects that were not originally included in the Six-Year Plan will be highlighted for review as to their consistency with the goals of the Six-Year Plan.

We believe that this close linkage between the annually proposed CIP and the Six-Year Plan obviates the need for an explicit financial policy.

6.2 The Council should adopt a policy for the PTF that articulates a strategy for the acquisition of capital grant funds.

Response:

Disagree with the recommendation that the Council should adopt a financial policy for grant acquisition strategy. However, we do agree that the grant acquisition strategy needs to be formalized as a Department of Transportation policy, and articulated in the Six-Year Plan document. The new six-year plan process recognizes these requirements and has incorporated significant policy linkage in its analysis and evaluation approach. In addition, the Grants Management Unit in the Transportation Planning Division has already incorporated such policy and strategy elements into their program. The plan update and Grants Program also reflect the Executive and County Council policy initiatives in this area.

6.3 Improve the value of the financial plan as a communications tool.

Response:

Agree. The Transit Division has taken action on this recommendation in the 2000 budget process by presenting expanded narrative discussions of the proposed financial plan assumptions in the plan. Staff will continue to work with Council and Executive staff to improve the presentation of the financial plan.

6.4 The Transit Division should confirm the allocation of new service subsidies, based upon the subsidy requirements of the services implemented since 1995.... To be consistent with the definition in the plan, Transit needs to compute and report the subsidy requirements for the new service by subarea.

Response:

Agree. The Transit Division will analyze new service areas and their corresponding service subsidies to measure the consistency of the service implemented. With the current farebox system, the detailed information required to assess the revenue by service area/route is not readily available. Pass sale revenue is not registered in the farebox and pass sales are not

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segregated by subarea. At this time an analysis to the detail level suggested by the consultants is not possible with current information systems, therefore no retroactive analysis is planned. In the past the Transit Division has assumed that the service subsidy is consistent between the areas. Therefore the current methodology (evaluation of service hours) is appropriate. With the implementation of most of the regional fare coordination system in 2001, such information may be available to conduct the new service subsidy allocation analysis. The new six-year plan approach and methodologies will support an improved evaluation system.

6.5 Revise the project appropriations process to include separate authorization and appropriation steps. The intent of this step is to control costs and provide more visibility over status and history of project than is possible under the current seven-year appropriation. The chief features of this recommendation include:

- **Lifetime cost authorized for each project.**
- **Appropriations made for each phase (planning & environmental, permitting & ROW, design, construction)**
- **On going projects (e.g. asset maintenance) subject to annual appropriation.**
- **Funds lapse after some period (e.g. 2 years) if not drawn.**

Response:

Agree. The Department has been working with the Office of Budget to develop a CIP budget process that is more consistent with other parts of county government. This revised approach is expected to include incremental budget (appropriation) requests. Guidelines for determining the budget requests are currently being developed.

6.6 Centralize capital program management for construction projects.

Response:

Agree with clarification that either a decentralized or a centralized model may be used to accomplish the oversight of the CIP program. Under either model, the roles, responsibilities, authority, and reporting methods need to be mutually agreed upon and followed. Accountability for the project should be clearly established. "Management" of the project may change as the project advances through the phases of planning, design and construction. As discussed in the response to Recommendation 6.7, the appropriate method for reporting and evaluation construction projects will be determined and put into practice.

6.7 Report schedule and cost adherence on a regular basis.

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Response:

Agree. The Transit Division's Budget and Finance unit will be the lead on developing an ongoing reporting process for CIP projects. This process has begun as information on CIP projects is now included in the Transit Quarterly Management Report and is being included in other documents. Internal reporting within the Department of Transportation will be finalized in 2000. During 2000, a post implementation review will be conducted on selected projects completed during the year. In addition to a review of the projects for productivity and efficiency impacts, the review will be broadened to include project management in order for other project managers to learn from previous experiences.

6.8 Perform post-implementation and in-process reviews of capital projects.

Response:

Agree. See the response to Recommendation 6.7.

6.9 Financial planning and budget functions should be consolidated in a single section within the Transit Division, under the direction of a manager. This section should be responsible for financial planning, budgeting, capital grants management, capital program review and evaluation and identifying grant funding priorities...Finally this section should be consulted about any changes to the account structure of the PTF, and should participate in the annual audit.

Response:

Agree with the following clarifications. The Transit Budget and Finance Unit in the Transit General Manager's Office currently performs financial planning, budgeting, and evaluation and identification of grant funding priorities for the Transit Division. However, the recommendation significantly expands the roles and responsibilities of this team, exceeding current resources, staff and systems, especially with the new coordination and oversight of the CIP program and increased participation in the annual audit. The Transit Division will take this opportunity to critically review existing financial planning and budget functions and propose improvements and modifications to staffing levels.

We do not agree that capital grants management should be reorganized into the Transit General Manager's Office. The Transportation Planning Division's Grants Management Unit (Grants Unit) was established by Council to develop a department wide strategy for the acquisition of grants in support of the goal to create an integrated, multimodal transportation system. The Grants Unit and Department Divisions work closely to identify grant funding priorities consistent with department objectives. The Grants Unit also works closely with other King County jurisdictions to develop strategies that target grants for regional, multimodal projects that address congestion and improve mobility.

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The Grants Unit works with Community and Administrative Services and individual project managers to acquire new grants for the department; it also monitors and reports on grant activities for all Department divisions. It has developed a grants database that the Federal Transit Administration regards as a model for other agencies across the United States. Decentralizing the grant management function would likely increase staff resources dedicated to the function and lead to a less coordinated reporting effort for the department.

The Grants Unit hired three new staff in the first half of 1999, bringing the group to budgeted staffing levels (four full time employees and one term limited temporary staff). These additional resources will enhance the unit's ability to address issues surrounding project reporting and oversight, and departmental priorities for grant fund applications. Currently the Grants Unit reviews division priorities for grant funds in light of department priorities, competitiveness of the grant proposals, partnership potential with other jurisdictions, and the extent to which the proposals represent holistic, multi-modal transportation solutions.

The fully staffed Grants Unit has already improved the coordination of grant proposals within the department and enhanced the department's ability to provide regional leadership in targeting resources strategically. In 1999, Transportation Planning helped secure \$123 million in state and federal grants for use by the Department. Additionally, \$6.6 million in federal TEA-21 grants was awarded to twelve projects on the Regional Arterial Network.

6.10 The new Financial Planning and Budget section should develop a new format for the annual operating and capital budget that links expenditures to the Six-Year Plan. This format should promote the visibility of services, costs, ridership, and other information as needed to support the evaluation of service strategies adopted with the plan.

Response:

Agree. The Budget and Finance unit will begin to incorporate the recommendations in next year's budget, CIP and financial plan documents in concert with the new Six-Year Plan. Additional research will be required to determine what information should be reported. Evaluation of service strategies is already part of the six-year plan update.

6.11 Grant administration activities should be relocated to this section from DOT'S Transportation Planning. The new financial planning and budget section should have control over grant accounting and billing, since capital grants are a material source of funds for transit capital programs...Grant administration had been placed in Transportation Planning because of perceived economies in processing transit and roads grants in a single location. In fact, the sources of grant funds are quite different, and transit grant funds predominate.

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Response:

Disagree. See the response to Recommendation 6.9.

6.12 Modify the performance controls system to measure the effectiveness of six-year plan service strategies and to report progress toward implementation of the capital program.

Response:

Agree. The Transportation Planning Division is including these evaluations in the current update of the Six-Year Plan. On an ongoing basis, the Transit Division will collect and evaluate data to measure the effectiveness of the new six-year plan strategies and its associated capital program in support of the overall evaluation of the Six-Year Plan.

6.13 Modify the Top Tier Indicators report to include additional performance measures for bus, paratransit, and vanpool services.

Response:

Agree. Management will evaluate appropriate measures for vanpool and paratransit to add to the Top Tier Indicators report.

6.14 All program-or project specific action items should be reported in a planned vs actual format, and should identify the responsible manager.

Response:

Agree. The content of the reports will be expanded to ensure a comparison of planned to actual is presented, with narrative text to discuss the results of the period that are outside predetermined thresholds.

6.15 Focus Six-Year Plan efforts on a business plan for King County Metro Transit.

Response:

Disagree. The Transit Division already creates an annual business plan as part of the Executive's budget process. For the past two years County departments have created annual business plans with a three-to-five year horizon. Transit's portion of the Department of Transportation's 2000 Business Plan describes the division's vision, mission and goals, reports on performance measures, identifies core businesses, discusses challenges and opportunities, describes business factors, and presents a financial plan. It also addresses strategic and policy issues for the transit program. Future documents will reflect additional performance measures to be developed for vanpool, paratransit and the bus program, with the bus measures to be developed as part of the Six-Year Plan update process.

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The Six-Year Plan is appropriately focused on transit service and capital issues. It is created with significant public input and requires Council approval, unlike the business plan, which is a management tool. The Transit Division and the Transportation Planning Division will work together to determine if the current scope of the Six-Year Plan needs to be expanded to make it an effective tool for Transit to manage day-to-day performance.

6.16 Expand the capital program element of the six-year plan.

Response:

Agree. As discussed in the response to Recommendation 6.1, the capital program element will be expanded in the next six-year plan. The Department will accomplish this in the new plan developed for 2001-2006.

6.17 Transfer responsibility for the six-year plan and annual TDP updates to the Transit Division.

Response:

Disagree. The responsibility for the development of the Six-Year Plan and annual Transit Development Plan updates should remain with the Transportation Planning Division. Transportation Planning is responsible for providing integrated, multimodal transportation planning for King County and brings a system perspective to transit planning. While the update of the Six-Year Plan got off to a slow start, significant progress has been made: a draft plan for 2001-2006 is scheduled for distribution this fall, and the final plan is scheduled for adoption in Spring, 2000. The current Six-Year Plan was adopted in December 1995 and covers the period from 1996 through 2001.

The Six-Year Plan update is being developed by an interdivisional team led by Transportation Planning with input from the public and other stakeholders. Transportation Planning is responsible for coordinating the overall planning process and providing technical analysis; Transit is responsible for generating data and providing technical analysis. A department Six-Year Plan Steering Committee provides direction to the staff project team, monitors progress and resolves conflicts. The Committee consists of the Transit and Transportation Planning division managers and the section managers and supervisors with direct responsibility for the Six-Year Plan implementation or development. This approach is designed to monitor progress of the plan development and ensure resolution of any key implementation issues prior to adoption of the final plan.

6.18 Integrate the service evaluation system with the geographic and service type breakdowns of the six-year plan.

Response:

Agree. See the response to Recommendation 6.4.

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7 Organizational Assessment

Recommendations

7.1 The County should create a separate Transit Department that is authorized to manage all transit programs and implement all County policies that are transit-specific.

Response:

Disagree. The interests of King County are best served with the current Department of Transportation organization. It ensures that transit investment and other decisions are made in a larger public policy context and that multimodal solutions are pursued. The success of this structure is reflected in the bottom-line system results for the Transit Division, e.g., that boardings per hour and operating costs per hour are “remarkable” and trending in the right direction.

The audit states that “Many of the issues that have arisen and persisted since the merger relating to the provision of support and administrative activities to the Transit Division can be mitigated by improved understanding and teamwork.” This conclusion allows for the current organization structure and focuses attention on developing and implementing processes to resolve interdepartmental issues. This would not suggest that the administrative issues could be better addressed by a reorganization of the Department of Transportation.

While it is relatively unique for a county to have responsibility for operating a transit system, the decision to form one countywide transportation department is consistent with the trends at the national and state levels. State highway departments have become state departments of transportation that look at a wider range of mobility solutions, rather than a narrow modal focus. And at the federal level, the Intermodal Surface Transportation Efficiency Act and the more recent Transportation Equity Act promote a holistic approach towards transportation, particularly between highways and transit.

The Department of Transportation was one of only three departments to undergo a major reorganization resulting from the merger of King County and former METRO. In the three years since reorganization, the Department has enjoyed remarkable successes in expansion of new transit service (420,000 new transit service hours in the first three years of the Six-Year Plan), of road improvements (in total \$116 million spent on road improvements in 1997 and 1998), and in advancing the County Executive’s and Council’s mandate to create regional multimodal transportation planning. Building on these successes, the Department will continue to make progress toward full integration.

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7.2 A new Finance and Budget Section should be created in the office of the General Manager, with responsibility for developing and overseeing conformance with financial plans and budgets. See also recommendations 6.9, 6.10 and 6.11

Response:

Agree with clarification. Currently, staff in the General Manager's office are responsible for the Division budget and Public Transportation Fund financial plan. The recommendation suggests that a new section be created in the Division, however this appears to be a formality, since the Budget Supervisor reports directly to the General Manager and is regarded as a member of the Transit Division's management team.

See also the responses to Recommendations 6.9, 6.10, and 6.11.

7.3 The GM and his staff should be responsible for the development and implementation of the Six-Year Plan, in partnership with other transportation department officials.

Response:

Disagree. See the response to Recommendation 6.17.

7.4 .The General Manager should be responsible for identifying and leading the resolution of interdepartmental support problems, working with the appropriate administrative division managers.

Response:

Disagree. See the responses to Recommendations 1.2 and 1.3.

7.5 The GM should have a staff assistant who is an expert in county administrative procedures, whose job should be to lead the technical effort to resolve these issues.

Response:

Disagree. See the responses to Recommendations 1.2 and 1.3.