

**To:** Operations and Scheduling Committee  
**From:** Laramie Bowron, Manager of Planning

**Date:** February 27, 2014  
**Reviewed by:**

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**SUBJECT: Fixed-Route Peer Comparison**

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**Background:**

At the February 2014 Operations & Scheduling Committee meeting staff presented the draft TDA Audit Report. During the discussion the Committee commented on the audit report's mention of County Connection's declining performance on the fixed-route cost efficiency (Operating Cost per Revenue Hour) indicator.

The Committee requested additional data to provide context to the auditor's report. It is worth reiterating that the auditor found County Connection to be in full compliance with regulations and did not include any recommendations.

**Summary of Issues:**

The first attachment includes data from the Metropolitan Transportation Commission's (MTC) most recent *Statistical Summary of Bay Area Transit Operators* report. This report includes operating and financial data for Bay Area Transit operators for FY11 – FY12. This data was selected to show how other Bay Area transit operator's performed on this indicator during the two most recent post-recession fiscal years. Also attached is a chart from MTC's Transit Sustainability Project showing FY09 Cost per Revenue Hour data. This chart further breaks down the data into contracted and directly operated categories. This data illustrates that County Connection's Cost per Revenue Hour performance is below the average of the sample selected and within the range of similar sized agencies.

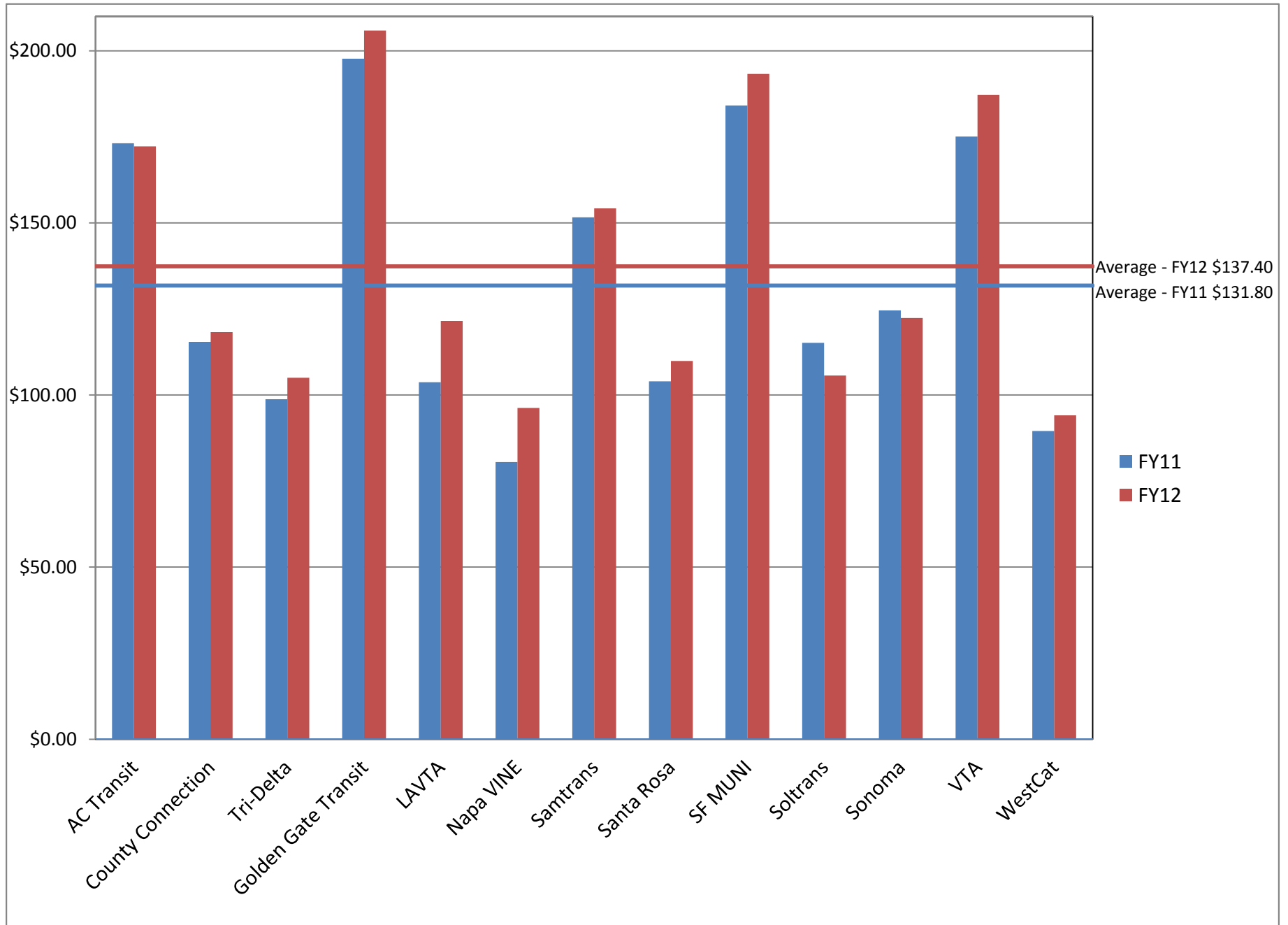
**Action:**

Information Only

**Attachments:**

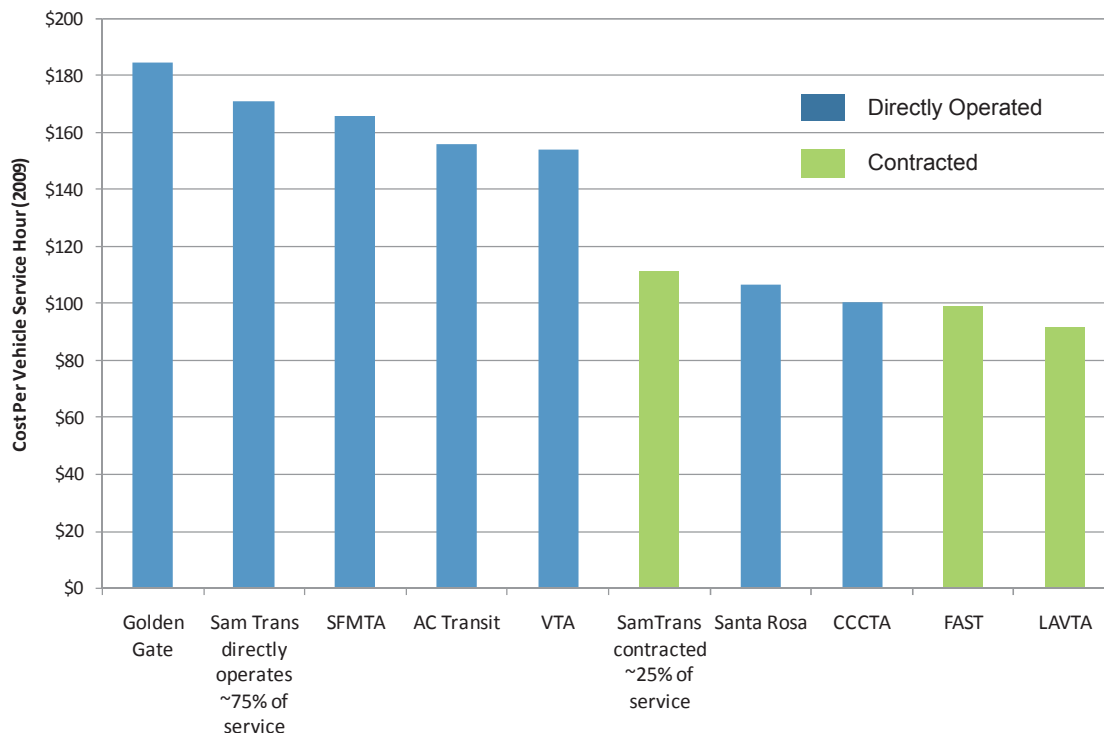
1. MTC's *Statistical Summary of Bay Area Transit Operators - Cost/Revenue Hour – FY11-FY12*
2. Chart from MTC's Transit Sustainability Project Financial Task Summary

### MTC's Statistical Summary of Bay Area Transit Operators FY11 - FY12 Cost/Revenue Hour



large agencies may include: many of the larger Bay Area agencies are older “legacy” agencies, which operate under collective bargaining agreements that have been negotiated over several decades and represent accumulated agreements made over those many years; many of the larger agencies have larger administrative staffs covering a larger number of responsibilities than smaller agencies.

**Figure 5: Cost Per Vehicle Service Hour (Bus Only, 2009)**



Source: NTD (2009)

## Cost Drivers Overview

This analysis defines major cost drivers to be either of the following:

- Cost components that represent a large portion of a transit agency’s operating cost budget; or
- Cost components of the transit agency’s operating cost budget that are growing rapidly.

As shown in Figure 65, the three largest cost components of the “Big 7’s” operations and maintenance (O&M) costs in 2008 were fringe benefits,<sup>3</sup> operators’ wages,<sup>4</sup> and other wages.<sup>5</sup> These three cost components comprise over 70 percent of the total systemwide operating costs. Additionally, after adjusting for inflation, between 1997 and 2008, operators’ wages increased by 12 percent, other wages increased by 19 percent, and fringe benefits increased by 69 percent.

<sup>3</sup> From a cost perspective, the key fringe benefits are retirement and health insurance. Other costs classified as fringe benefits include sick leave, vacation and holiday pay, workers compensation, life insurance, and dental/vision insurance.

<sup>4</sup> Wages for transit operators, i.e., bus drivers and heavy rail or light rail train operators.

<sup>5</sup> “Other wage costs” refer to wages for employees performing maintenance, operations support, administration and other support functions.