

# Secretary of State Audit Report

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## TriMet: General Management Review and Issues Deserving Additional Attention

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### Summary

In response to 2013 legislation requiring an audit of TriMet, we conducted a high-level examination of TriMet's financial condition, transparency, and efforts related to its operational structure, practices, and functions. Our examination of TriMet describes management efforts and areas where additional attention should be considered. We conducted this performance audit in accordance with generally accepted government auditing standards; however, due to the large scope of the request and short timeframe, we could not fully develop and verify findings.

#### ***Governance and management***

TriMet operates under the governance of a seven-member Board of Directors (board) appointed by the Governor. The board is actively involved in a variety of issues such as fare and transfer policies, employee compensation, service restoration, and TriMet's Strategic Financial Plan.

TriMet management has developed and followed Five-Year Action Plans to establish budgets, priorities, and changes. Action items include focusing on customer needs, ensuring financial stability, and building partnerships for transit growth. Managers review monthly district performance reports and flag issues needing attention.

#### ***Financial condition***

TriMet faces significant financial challenges, and the transit district has taken actions to begin addressing them. In response to recession-weakened revenues, TriMet reduced the frequency of many bus routes, delayed vehicle replacement, eliminated the free rail zone, and increased fares across the system.

The most serious and looming concerns are the health benefit costs of employees, and the \$852 million unfunded liability to pay these benefits for current and future retirees, as well as their beneficiaries. TriMet also needs to fund an additional \$274 million liability to pay retirees in its defined benefit plans, now closed to new hires. TriMet's current contract, which needed binding interest arbitration and is under appeal, requires Union

members to begin contributing to their medical costs, and changed the retirement age.

### ***Internal communication and labor-management relations***

We found that strained relations between TriMet management and the Union are adversely affecting the organization and its operations. We also heard from frontline employees as well as management that communication needs to be improved. Because TriMet has more than 1,200 bus and MAX operators across 5 locations, communications can be challenging. However, some frontline employees indicated they have a limited understanding of management decisions and limited opportunities to provide feedback, and that they do not know whether their suggestions or concerns are heard or taken seriously by TriMet managers.

### ***External communication and relations***

In contrast, TriMet has extensive collaborative relationships and outreach efforts with partner agencies, committees, and nonprofit organizations, and is working to improve its relationships with business groups. For example, TriMet solicits rider views, conducts public surveys, and actively seeks public comments on route changes. It also works closely with various groups to serve riders with special transportation needs.

TriMet provides considerable information on its website, with plans to improve accountability. In response to judicial criticism, it is also evaluating tools for electronic records retention and retrieval to better respond to information requests.

### ***Managing operations***

TriMet takes considerable effort to plan routes and schedule operators, though operator feedback could be more routinely considered. TriMet planners use ridership data, forecasts of underserved areas, and community outreach to assess routes. Computer programs convert the routes into work shifts for operators. However, we heard from some operators that schedules are unrealistic, and operators feel pressure to forgo lunches and bathroom breaks to stay on time.

Bus operator scheduling occurs four times a year and is spread across two-week periods. Based on seniority, operators appear at a facility to choose work shifts for the quarter. Currently, bus operators work an average of 9.3 hours, with shifts ranging from 8 hours to more than 14-hours. TriMet also schedules extra operators to fill in for absences and respond to breakdowns.

TriMet seems to make a reasonable effort to manage a fleet of more than 700 buses and MAX vehicles that, on average, travel about 37,000 and 61,000 miles per year, respectively. Regular vehicle inspections and service occur, and TriMet's efforts result in buses that continue to operate beyond their required minimum life. However, TriMet has fallen behind in its efforts to maintain some of its MAX infrastructure, particularly signals and

tracks. TriMet recently reorganized its executive team to better focus on its vehicles and track systems, and to provide more reliable service.

### ***Hiring, training, and evaluations***

TriMet hiring efforts appear to be reasonable, although barriers could discourage qualified applicants for maintenance positions. For example, the contract between TriMet and the Union requires that mechanics can only be promoted from entry-level employees, such as service workers who clean buses. Those promoted personnel are then provided training to become mechanics.

TriMet provides considerable training, observation, and feedback to newly-hired operators, but after probation, communication with supervisors generally occurs only in response to complaints. Annual evaluations for operators consist of a personal profile form that contains data on absences, classes attended, on-time performance, accidents, and a comparison to peers. Evaluations for non-union employees were suspended between 2009 and 2012, which management ascribed to salary freezes.

### ***Safety***

After a 2010 bus accident resulted in two fatalities and three other injured persons, TriMet reviewed and revised its safety practices, elevated the safety department so that the director reports directly to the General Manager, and developed a new online reporting mechanism for identified safety risks for bus and MAX operators, among other actions. However, some employees may be reluctant to express safety concerns because they have lost trust that management will address their concerns.

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## Recommendations

We recommend TriMet management consider additional efforts to address its financial condition and to improve transparency, communication with the Union and frontline employees, route planning and scheduling, and hiring and performance evaluation practices. See *Recommendations* at end of report for a detailed list of considerations.

### Agency Response

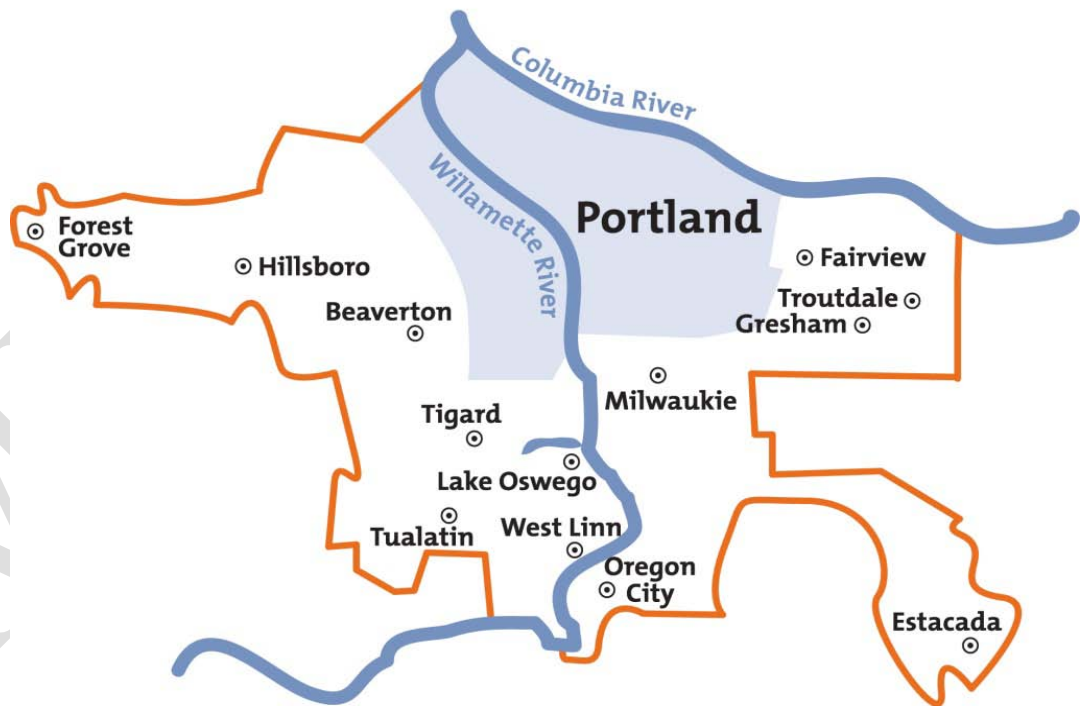
The district response is attached at the end of the report.

## Background

In 1969, the Oregon Legislature passed House Bill 1808, which allowed for the creation of transportation districts in Oregon and the ability to fund them through payroll taxes. That same year, TriMet (formally known as the Tri-County Metropolitan Transportation District) was created to provide transit service in the Portland region. TriMet operates buses and light rail (known as Max) in the Portland area. It also operates a commuter rail service called WES that connects the four cities of Beaverton, Tigard, Tualatin, and Wilsonville using existing freight rail tracks. In addition, TriMet provides operators for, and maintains, the streetcar that serves downtown Portland and nearby locations.

TriMet's service area covers 570 square miles and includes the urban portions of Multnomah, Washington and Clackamas counties in the greater Portland area in Oregon.

Figure 1: TriMet Service Area



Source: TriMet

TriMet has 79 bus lines with about 6,800 stops, and 4 MAX lines that cover 52 miles and have 85 stations. A fifth MAX line is currently under development. Figure 2 provides service summaries for fixed route buses and MAX. Fixed route buses averaged about 1.16 million boardings per week, while MAX averaged 756,525 weekly boardings.

**Figure 2: Bus and Max Service Summaries for Fiscal Year 2013**

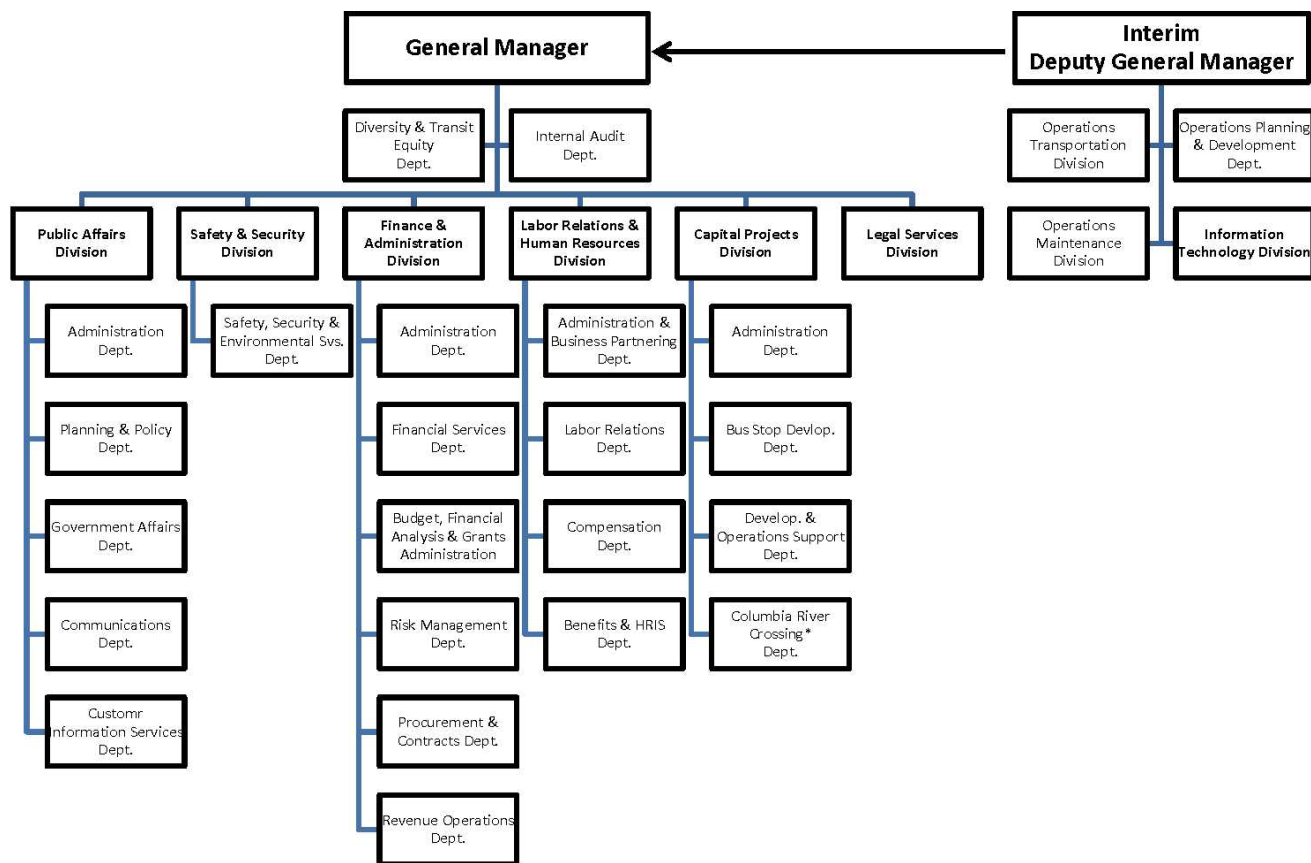
	Fixed Route Bus	Light Rail (MAX)
Active Fleet (Buses/Rail Cars)	597	127
Operators	1080	154
Average Weekly Boardings	1,160,199	756,525
Total FY 2013 Boardings	59.7 million	39.1 million

### **TriMet organization**

TriMet's organizational structure is depicted in Figure 3. Two departments and six divisions report directly to the General Manager – Diversity and Transit Equity, Internal Audit, Public Affairs, Safety and Security, Finance and Administration, Labor Relations & Human Resources, Capital Projects, and Legal Services. An additional three divisions and one department report to the Interim Deputy General Manager who in turn reports to the General Manager – Operations: Transportation, Operations: Planning & Development; Operations: Maintenance, and Information Technology.

The Operations: Transportation Division includes all of the employees who operate TriMet's buses and rail lines. It also includes the LIFT paratransit service. LIFT provides transportation for people with disabilities that prevent them from using TriMet's regular bus or MAX light rail service. LIFT service operates during the same hours and covers the same geographic area as regular TriMet service.

Figure 3: TriMet Organizational Chart



Source: TriMet

As of June 2013, TriMet had a total of 2,544 employees. About half of these (1,226) were bus and light rail operators. The remaining employees worked in such areas as field operations, bus and rail maintenance, rail maintenance of way, commuter rail, facilities management, Portland streetcar, other operations, and administrative support. Of the 2,544 employees, 2,121 were union employees.

The Amalgamated Transit Union Local 757 represents TriMet's union employees. The contract the union has with TriMet covers many aspects of TriMet's operations, including:

- Wages and benefits, including health and retirement benefits;
- Scheduling for employees, including bus and rail operators and maintenance workers;
- Overtime, vacations, paid holidays and sick pay;
- Filling positions; and
- Discipline and grievances.

TriMet is currently in negotiations with the union regarding the contract that starts December 1, 2012.

TriMet has 18 facilities serving various purposes in its service area. These include three locations where the bus fleet is garaged, operated and maintained - two in southeast Portland and one in Beaverton. MAX is garaged, operated and maintained in two additional facilities, one in Gresham and one in Beaverton. The WES commuter rail facility is located in Wilsonville. Other facilities include administrative offices at Harrison Square in downtown Portland; a facility in northwest Portland where the LIFT fleet is garaged, operated and maintained; and the TriMet ticket office in downtown Portland where riders can purchase tickets and passes, and obtain trip planning assistance.

### ***Governance***

TriMet is governed by a seven-member Board of Directors (board). Each member represents, and must live in, a specified geographic district. The term of office for a board member is four years, but board members serve at the pleasure of the Governor. The board sets district policy, enacts legislation (taxing and police related ordinances), and reviews certain contracts. The board also appoints the General Manager who reports directly to the board and is in charge of managing TriMet. The General Manager has no definite term, but can be removed by the board.

TriMet is subject to various state laws, including laws governing public records and open meetings, conflict of interest and ethics, public bidding and procurement, public employee collective bargaining, budget development, power of eminent domain, and TriMet's police powers. In addition, because TriMet receives both formula and discretionary funds from the Federal Transit Administration, it must comply with the terms and conditions of various federal grant agreements.

### ***Planning efforts***

TriMet works with Metro, the federally designated metropolitan planning organization for the Portland area. Metro is responsible for maintaining and updating the Regional Transportation Plan (RTP), a 25-year blueprint for the transportation system serving the Portland region. Metro is currently working on the 2014 update to the RTP. In this capacity, Metro is responsible for long range transit planning in the region, and TriMet is responsible for implementing the transit service component of the RTP. TriMet does this through annual updates and expansions to its Transit Investment Plan (TIP). The TIP lays out TriMet's strategies and programs to meet regional transportation and livability goals through investments in transportation service, capital projects, and customer information. The TIP is a rolling five-year plan that is updated annually.

In addition, TriMet develops other key plans to guide its activities including its annual budget, Capital Asset Management and Investment Program, System Safety Program Plan, Five Year Action Plan, and Strategic Financial Plan. The Capital Asset Management and Investment Plan identifies capital asset condition, and establishes future repair and replacement schedules and investment priorities. The System Safety Program Plan includes



technical and managerial strategies for identifying, assessing, and controlling safety risks to TriMet customers, employees, the public and others who come into contact with the system. The Five Year Action plan, which covers the years 2010 – 2015, includes initiatives developed by TriMet’s executives and serves as the basis for budgets and work priorities. Action items include focusing on customers, enhancing financial stability, and building partnerships for transit growth. Last, the Strategic Financial Plan, under development as of November 2013, establishes policies and guidelines for making both short-term and long-term financial decisions in light of TriMet’s current financial challenges. The plan deals with both revenues and expenditures, and addresses the following overriding questions:

- What is required to ensure current revenues are adequate in perpetuity to maintain current service?
- How does TriMet pay for the system growth required to meet regional transit expectations?

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## Audit Results

### ***Audit requirement***

During the 2013 regular session, the Oregon Legislature passed House Bill 3316, requiring the Secretary of State to conduct a performance audit of TriMet. The bill specified that the audit examine TriMet's governance; immediate and long term operational structure, practices and functions; and its immediate and long term fiscal condition. The bill required that the audit report be submitted no later than January 30, 2014.

We performed broad scale audit work to address TriMet's transparency, financial condition, and operations, examining its efforts to manage significant aspects of the transit district.

Because of the broad scale and time constraints, we could not fully develop and verify findings across all these areas. Where we saw the possibility of further improvement, we suggest additional consideration by TriMet. The district may need to do additional work to determine the extent of these problems and whether a cost-effective solution exists. In some cases, TriMet had recently undertaken changes in its practices and we obtained evidence of progress, but could not assure completion. In addition, given the broad scale of the audit work, there may be additional opportunities for improvement that we could not verify during this audit.

### **Administrative and Oversight Functions Can Assist in Addressing Change and Improving Results**

#### ***General Manager and leadership team oversee day-to-day operations***

TriMet's general manager is appointed by the Board of Directors (board) and is broadly charged with managing the district. The general manager has no definite term, but may be removed by the board. Among other duties, the general manager is responsible for the acquisition, construction, maintenance, and operation of the transit system; administering the personnel system adopted by the board; and keeping the board informed of the district's finances and administrative activities.

The general manager may enter into personal services contracts that do not exceed \$150,000 and other contracts that do not exceed \$500,000. The general manager is also responsible for publishing internal administrative policies and procedures to guide TriMet staff, and providing a monthly report to the board on TriMet's major activities.

Oregon law delegates authority for day-to-day operations of TriMet to the general manager. The general manager's leadership team consists of an interim deputy general manager and executive directors of safety and security, operations, legal, labor relations and human resources, capital projects, public affairs, and finance and administration.

The Five-Year Action Plan drives budgets, priorities, and changes at TriMet for the period 2010-2015. TriMet has stated that the goals of the Five-Year Action Plan are informed by its understanding of Metro's Regional Transportation Plan (RTP). For example, the RTP identifies key corridors of high-capacity transit and the Five-Year Action Plan includes building and operating the Portland-Milwaukie Light Rail line (PMLR). Action items include focusing on customers, enhancing financial stability, and building partnerships for transit growth. Work plans for achieving goals and objectives have been developed and executive and project leads have been assigned.

TriMet management reviews monthly performance reports and operating statements, Five-Year Action Plan progress, bus and MAX operations information, performance measures for particular initiatives, and the PMLR monthly report. If something appears out of alignment, it is flagged and discussed by the leadership, which develops a plan of action that may result in new programs or investments. For example, the general manager recently reorganized TriMet's ticket vending machine function to improve reliability and to centralize responsibility and authority. As a result, more than half of TriMet's 213 ticket machines have been replaced and ticket machine complaints have dropped 50%.

TriMet regularly reviews and evaluates its progress toward established goals and objectives. A Five-Year Action Plan Team meets at least once a month to provide status updates, share results, identify additional resources and next steps, and acknowledge milestones. The general manager also meets with individual project teams on a monthly basis, while executive management dedicates time on its agenda to discuss the plan. A recent review of the plan shows progress on every action item, but reveals few measurable outcomes. An update of the plan is currently underway to ensure it is responsive to evolving needs and opportunities.

#### ***Board adopts policies, oversees financial objectives***

TriMet is governed by a seven-member board of directors. Board members represent geographic districts in the transit region. They are appointed by the Governor and confirmed by the Senate. Board membership is voluntary and generally limited to two four-year terms. At this time, there is a board vacancy in District 3 (SW Portland), which has been open since January 10, 2013.

The board sets district policy, enacts legislation, and reviews and approves contracts above certain thresholds. The board also sets meeting agendas, ensures minutes are prepared and posted, and develops procedures regarding public testimony and other opportunities for public input. Recent topics for discussion include fare and transfer policies, employee compensation, service restoration, and TriMet's Strategic Financial Plan.

Board members and TriMet management are currently developing the Strategic Financial Plan to provide a set of financial guidelines TriMet can use to make annual budget decisions and ensure long-term financial

stability. A draft of the plan, which TriMet has posted on its website for public comment, proposes using a portion of payroll tax and fare revenue growth for service restoration and expansion, expanding TriMet's operating revenue base while controlling operating costs, maintaining and replacing capital assets, and fully funding pension plans in 15-20 years.

Board members either compose or serve as liaisons to various committees that advise TriMet and Metro on diverse aspects of transit planning and operations. Current board appointments include: Finance and Audit Committee, Pension Trust Committee, Transit Equity Advisory Committee, Committee on Accessible Transportation, Metropolitan Policy Advisory Committee, and Budget Task Force.

***Internal audit department assists management with operational improvements***

TriMet's Internal Audit Department is housed within the General Manager's Division and consists of an audit manager and a senior auditor. Internal Audit reports directly to the general manager and independently reports to the board by updating the Finance and Audit Committee (which consists of three Board members) on the status of audits. In addition, TriMet's management and board are briefed on the internal audit plan, which is based on a risk assessment process that is updated every two years or when significant change occurs. Internal Audit also conducts testing to confirm that audit recommendations have been implemented. Audit reports are available to the public by request only. TriMet does not publicize the internal audit schedule or internal audit results.

Recent Internal Audit work includes follow-up reviews on preventative maintenance and contract compliance for ticket vending machines, and hours of service violations for MAX and bus operators. We noted that Internal Audit identified and reported that TriMet does not have a formal hotline mechanism for employees to report fraud, waste, or abuse of district resources. TriMet should consider implementing a hotline or other function to enable employees to make such reports.

The Internal Audit reports we reviewed do not state whether Internal Audit follows any auditing standards, though the Internal Audit Manager told us they follow some of The Institute of Internal Auditors' international standards when possible. In addition, Internal Audit has not undergone an external peer review, a requirement under the international standards.

TriMet undergoes various periodic reviews conducted by the Federal Transit Administration and the Oregon Department of Transportation, and contracts with Moss-Adams, a public accounting firm, to audit its financial statements, internal controls, and compliance with major federal programs. Single audit reports issued by Moss-Adams and Oregon Department of Transportation's safety and security reviews are available via TriMet's Accountability web page, but audit reports conducted by the Federal Transit Administration are not. TriMet should consider publishing the

results of internal and external reviews and audits (both performance and financial) on its website.

## TriMet Faces Significant Financial Challenges

Financial trends indicate that TriMet worked through the difficulties of the recession but will continue to face serious challenges. During the recession, TriMet's main source of revenue, payroll taxes, dropped even as its expenses continued to climb. As a result, TriMet initiated substantial changes to its service by reducing the frequency on many bus routes and light rail lines, delaying vehicle replacement, eliminating the free rail zone, and increasing fares across the system. During the same period, TriMet continued to increase the payroll tax to help fund system expansions, including the Green Line to Clackamas and the forthcoming Portland-Milwaukie Light Rail line.

TriMet's long-term challenges stem from health benefit costs that have grown considerably, particularly costs related to retirees. TriMet's unfunded liability for future retiree medical costs was recently estimated at \$852 million. Recent shifts toward shared health benefit costs will help address these challenges. TriMet's Management and board have also started work on a Strategic Financial Plan that will guide key financial decisions. However, it is uncertain whether these steps will sufficiently address this challenge without the need for additional revenue increases, cost reductions, or service cuts in the future.

### **Revenues**

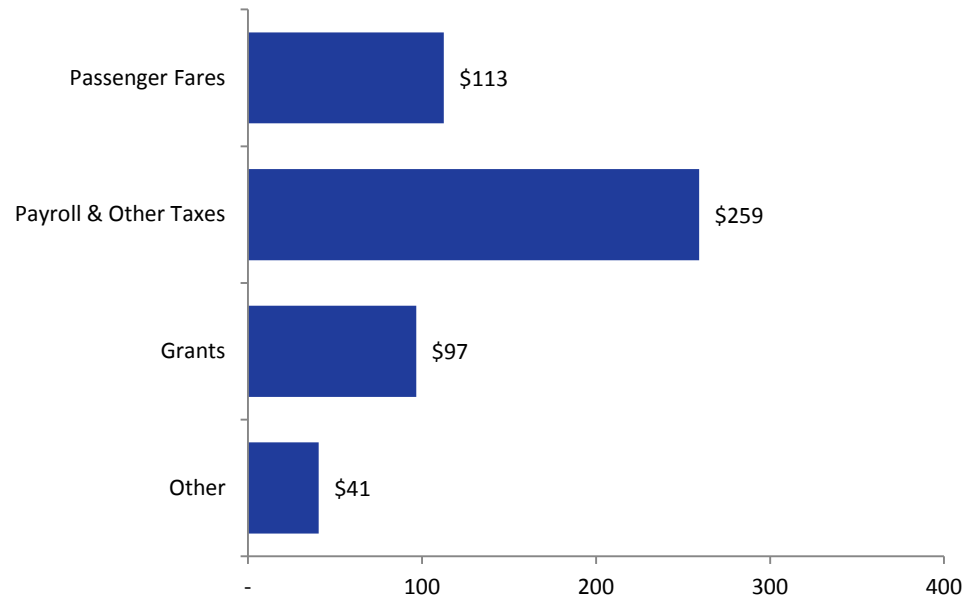
Revenues from payroll taxes, other taxes, and passenger fares comprise 73% of TriMet's revenues. TriMet also receives federal operating grants, much of which support maintenance, capital investments, and planning activities. Adjusting for inflation, these grants have grown by 63% over the past 10-years, though they are often restricted to a specific purpose.

TriMet's revenues show overall growth since fiscal year (FY) 2004, increasing by 42% when adjusted for inflation. However, more than half of TriMet's revenues come from payroll and self-employment taxes, which dipped by \$12 million, or 5%, from FY 2008 to 2010, due to the recession.

As of January 2013, the payroll tax rate was 0.7137% of the gross payrolls of most businesses and municipalities within the district. Starting in 2005, TriMet increased the payroll tax rate by 0.01% each year to help cover the cost of system expansion; a final increase is scheduled to take place in January 2014. The Oregon Legislature has also given TriMet's board the authority to raise the payroll tax rate an additional 0.1% over 10-years to fund service increases and capital investments. However, because of impacts on businesses, the board must first determine the economy has recovered sufficiently.

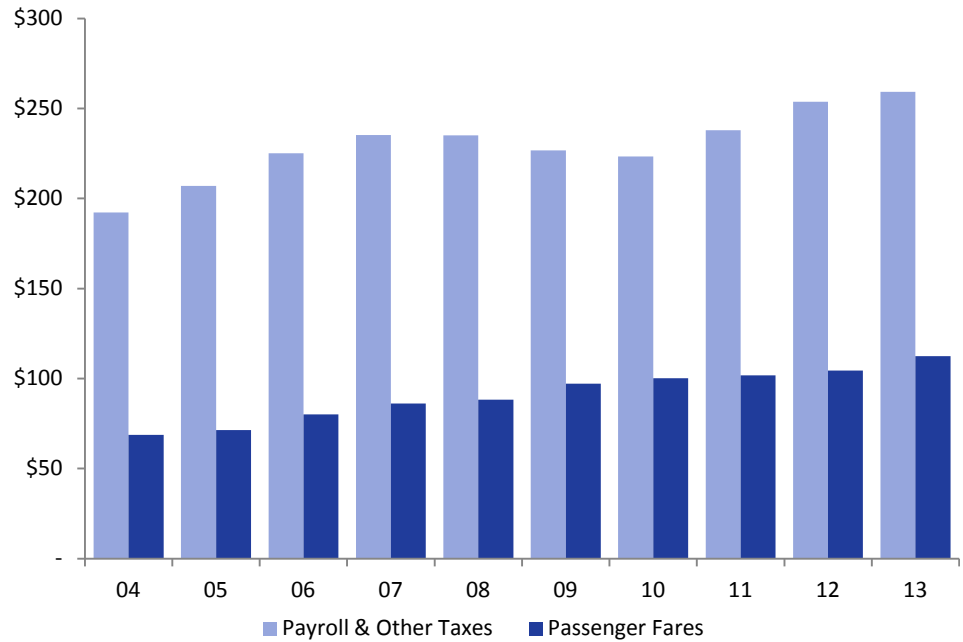
Passenger fares represent almost one-quarter of TriMet's revenues and have increased 64% since FY 2004, after adjusting for inflation.

**Figure 4: Total Revenue by Source in FY 2013 (in millions)**



In September 2012, TriMet made significant changes to its fare structure. The zone fare system, including the free rail zone, was eliminated. In place of the \$2.10 two-zone fare and \$2.40 all-zone adult fares that included a two-hour MAX transfer, but a varying time period for bus transfers, TriMet implemented a flat \$2.50 two-hour adult fare and \$5.00 all-day adult fare on both MAX and buses that are valid throughout the system.

**Figure 5: Revenue from Taxes and Fares, Adjusted for inflation (in millions)**

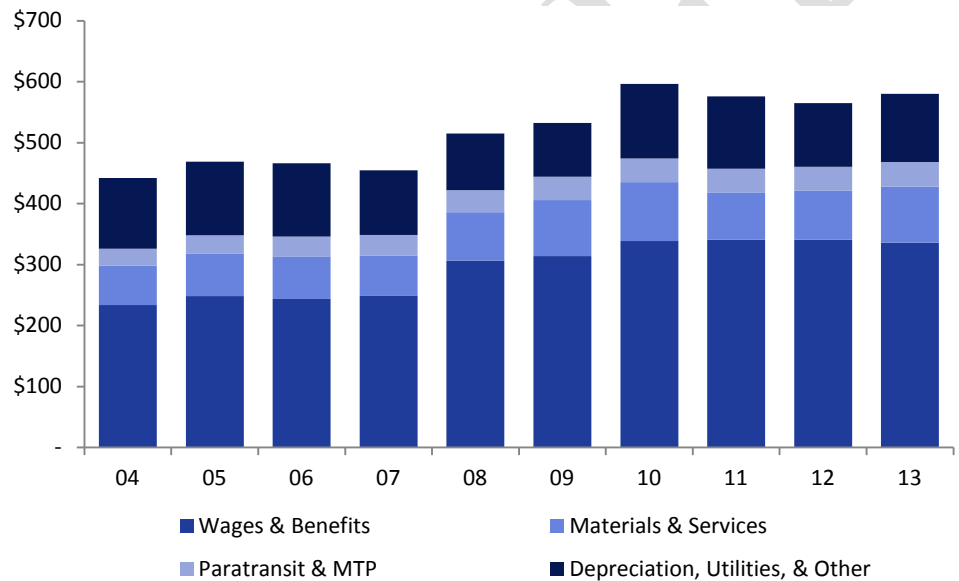


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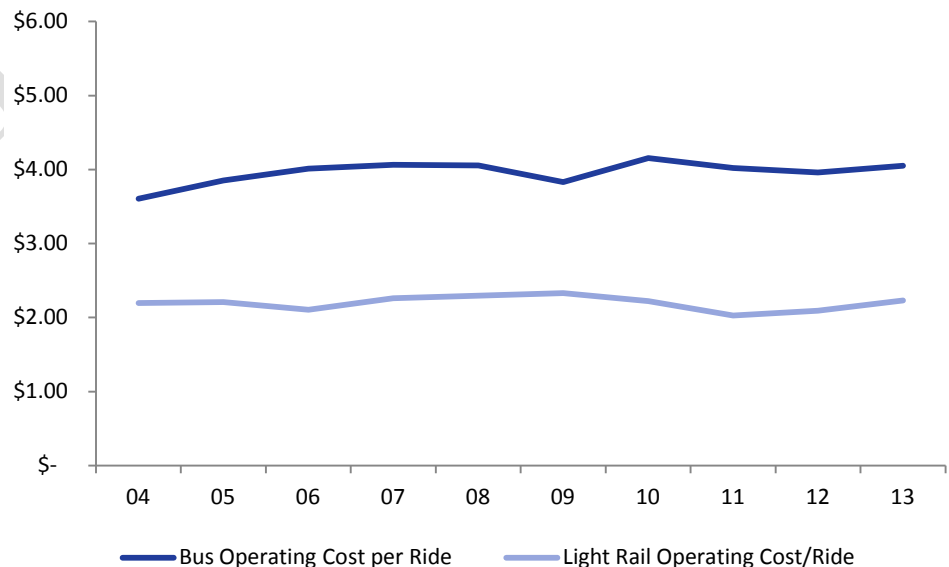
### Expenditures

Overall, expenses have grown by 33% in the last 10-years, after adjusting for inflation. TriMet's expenses were relatively steady before the recession and have stabilized since FY 2010. However, the district's wages and benefits costs increased substantially from FY 2007 to 2010. Expenses for materials and services (including diesel fuel and security), and the LIFT Paratransit and Medical Transportation programs have each grown by about 45% since FY 2004, while depreciation, utility, and other costs have declined slightly.

**Figure 6: Total Expenses, Adjusted for inflation (in millions), FY ended June 30**



**Figure 7: Operating Cost per Ride for Bus and Rail, Adjusted for inflation, FY ended June 30**





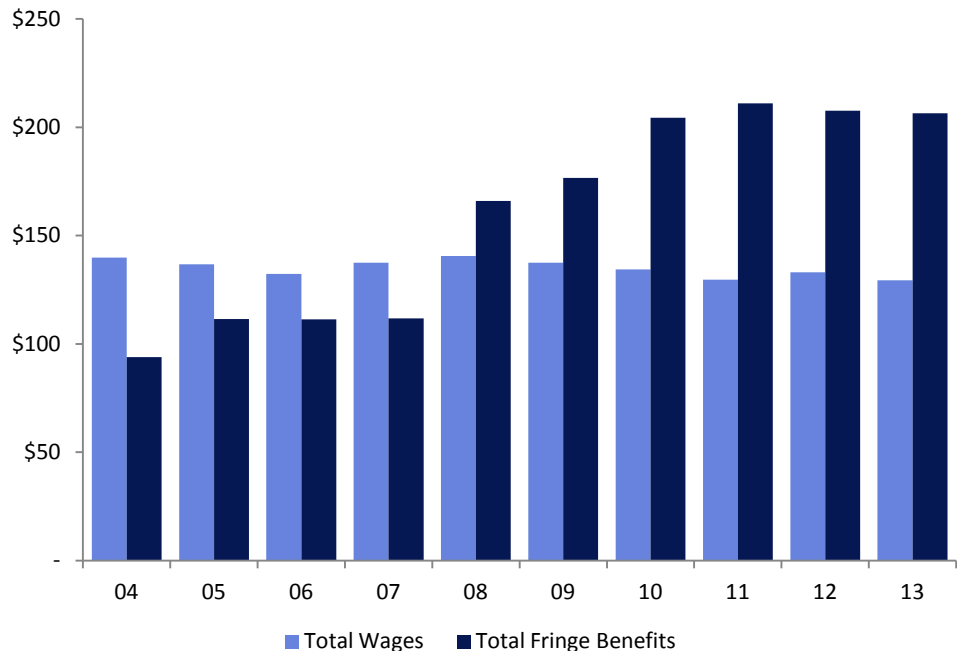
### **Personnel expenditures**

Total wages have fallen slightly, while fringe benefit costs have grown by 120% over the last 10-years, adjusting for inflation.

Changes to government accounting standards required TriMet to include the costs of other post-employment benefits (OPEB) liabilities in its fringe benefit expenses starting in FY 2008. These OPEB liabilities largely consist of medical benefits provided to current and future TriMet retirees. Union retirees still receive the same medical benefits as current union employees for the rest of their lives, and their spouses continue to receive those benefits for up to 16 years after the retired employee's death. As a result, TriMet's fringe benefit expenses have grown by 85% just since FY 2007, adjusting for inflation.

TriMet's most recent union contract introduced some significant changes to benefits for union employees that should help address the District's financial issues. The contract currently in effect, which was awarded by an arbitrator in 2012 after negotiations failed, increased the retirement age, replaced the union defined benefit pension plan with a defined contribution plan for union employees hired after July 2012, and required employees to contribute more to medical costs through increased co-pays and deductibles.

**Figure 8: Total Wages and Benefit Expenses, Adjusted for inflation (in millions), FY ended June 30**

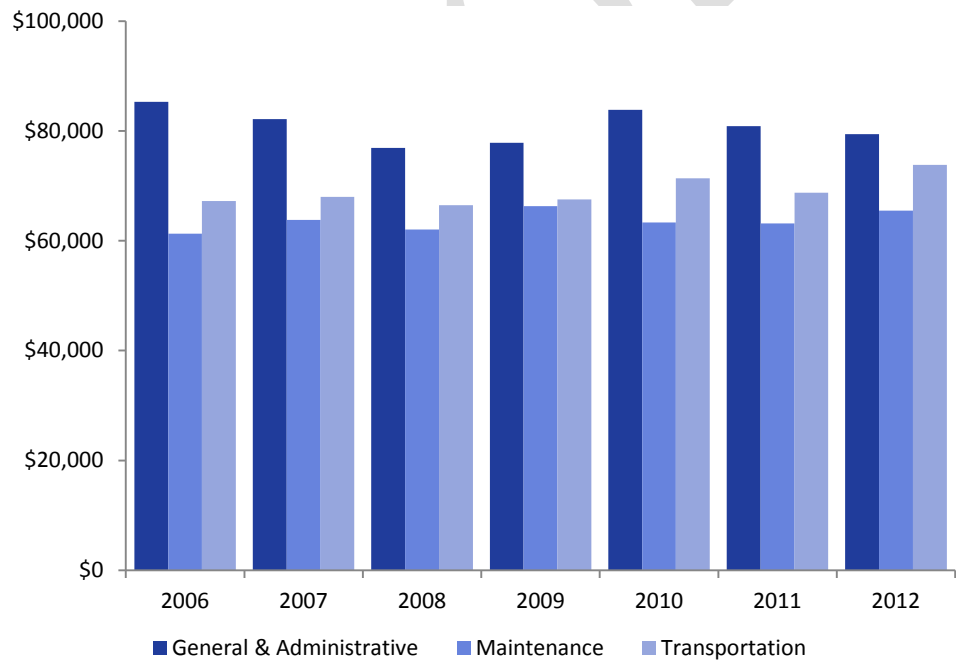


### **Average employee earnings**

The average earnings for General & Administrative employees has fallen by 7% since calendar year (CY) 2006, adjusting for inflation, while the average for Maintenance employees has grown by 7% and the average for Transportation employees has increased by 10%, according to data provided by TriMet.

Maintenance and Transportation employees comprise 86% of TriMet's workforce, and most are represented by the Amalgamated Transit Union, Local 757. The number of union employees has fallen by 2% since CY 2006, while general fund non-union positions have remained steady and grant funded positions have increased.

**Figure 9: Average Salaries for Transportation, Maintenance, and General & Administrative employees, Adjusted for inflation, Calendar Year (CY) ended December 31**

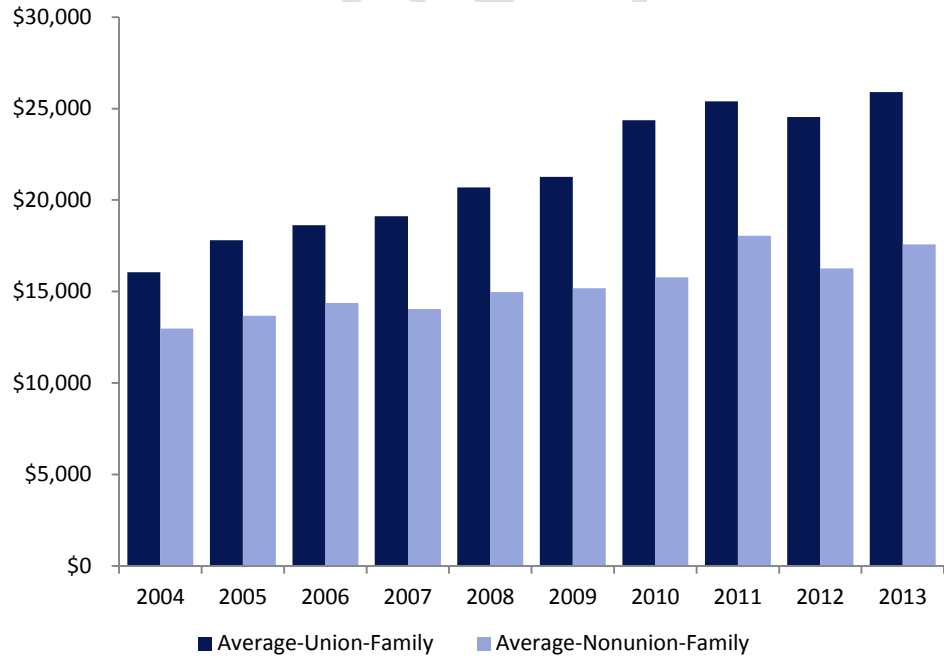


### **Medical and dental expenses**

According to TriMet data, the District's medical costs for employees and retirees have increased by 65%, or about \$30 million, since FY 2004, after adjusting for inflation. However, the increase in costs varies greatly among its employees and retirees. Medical costs paid by TriMet for retirees, in particular, have increased substantially in the last 10 years, growing by 130% over that time, from \$7.5 million to \$17 million. Retiree medical costs now make up 27% of TriMet's total medical expenses, up from 20% in FY 2004.

Medical costs for non-union employees have risen by 19% in 10-years, as compared to growth of 55% for union employees during the same time span. The average premiums for a family medical plan for union employees grew from \$16,052 in CY 2004 to \$25,910 in CY 2013.

**Figure 10: Average of Annual Premiums for TriMet's Family Medical Plans, Adjusted for inflation, CY ended December 31**



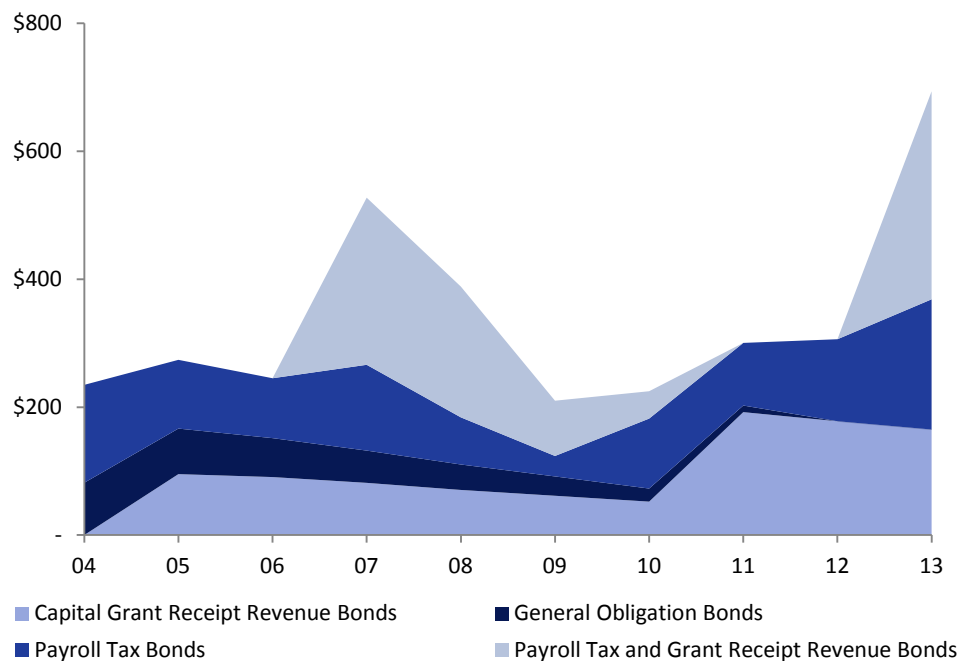
### Long-term debt

TriMet generally relies on bonds to finance major capital construction projects, such as new light rail projects, though some bond funds have been used to purchase major assets like new buses. TriMet's board authorizes all debt and TriMet's debt management policy must be reviewed and approved by the board no less than every two years.

Some revenue bonds are secured by pledges from federal grants TriMet receives and are used to fund a project in advance of receiving federal grants. By policy, anticipated grants must be sufficient to meet the debt service requirements for these bonds. Payroll tax bonds are backed by pledges of employer payroll and self-employment taxes TriMet collects. TriMet policy limits debt service costs for these bonds to below 7.5% of TriMet's continuing revenues. TriMet's last remaining general obligation bonds, which rely on property taxes and must be approved by a vote of the public, were paid in full in FY 2013.

TriMet issued payroll tax and grant receipt bonds in FYs 2007 and 2013 to finance major light rail projects. These bonds are used to finance construction in advance of receiving federal grant funds. For example, the bonds issued in 2013 consist of \$325 million for the Portland-Milwaukie project, which will be repaid upon receipt of federal grant funds and \$93 million to cover TriMet's share of the project and other capital projects.

Figure 11: Long-term Debt, Adjusted for inflation (in millions), FY ended June 30



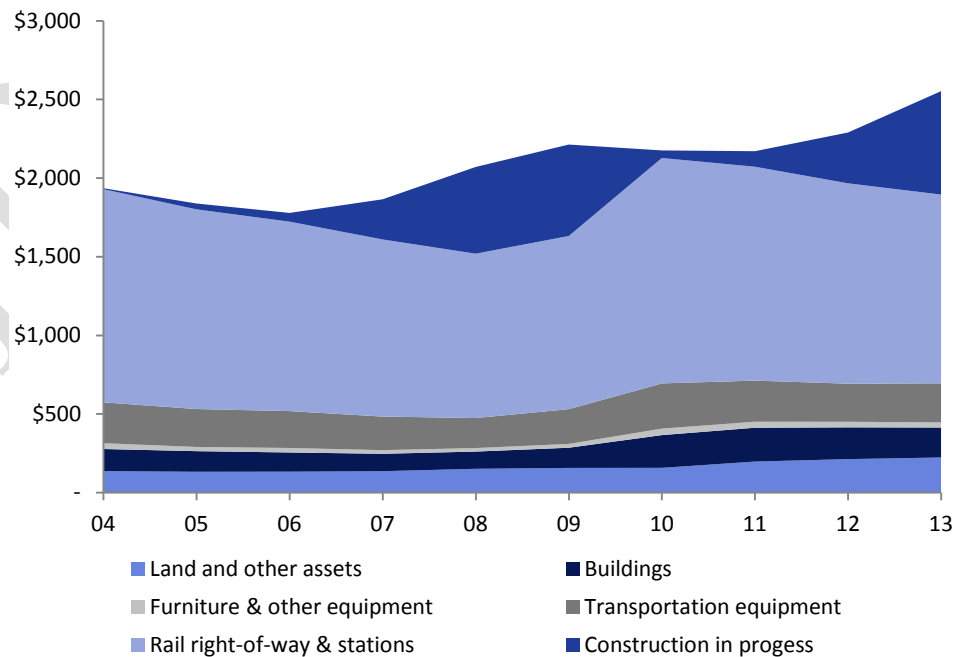
**Capital assets**

Capital Assets consist of the stations, buses, light rail vehicles, equipment, land, and other assets TriMet owns, as well as construction in progress. The slight peak in capital assets in FY 2009 is related to the I-205/Portland Mall Light Rail Project that opened in 2009. It expanded TriMet’s light rail system by adding 6.5 miles of track and 8 stations along Interstate 205, and extending light rail through downtown Portland. Capital Assets grew again in FY 2013, as TriMet started construction on the Portland-Milwaukie Light Rail project.

TriMet delayed replacing buses in recent years because of its financial situation. While TriMet has begun to increase bus purchases, adding 125 new buses from 2012 to 2013, the average age of its bus fleet still increased from 8.1 years in 2002, to 11.7 years in 2013. To begin returning its fleet to an average age of 8 years, which would bring it closer to the national average of 7.5 years, TriMet plans to purchase 60 new buses each year from FY 2014 to 2016, at an average estimated cost of \$27.5 million per year, or \$458,000 per bus. TriMet then plans to obtain 40 buses each of the next 2 fiscal years, at which point the district estimates the bus fleet age will roughly match the 8-year average.

TriMet’s light rail vehicles have an expected life of 36-41 years, so MAX vehicle replacements are not planned until FY 2027.

**Figure 12: Capital Assets, Adjusted for inflation (in millions), FY ended June 30**

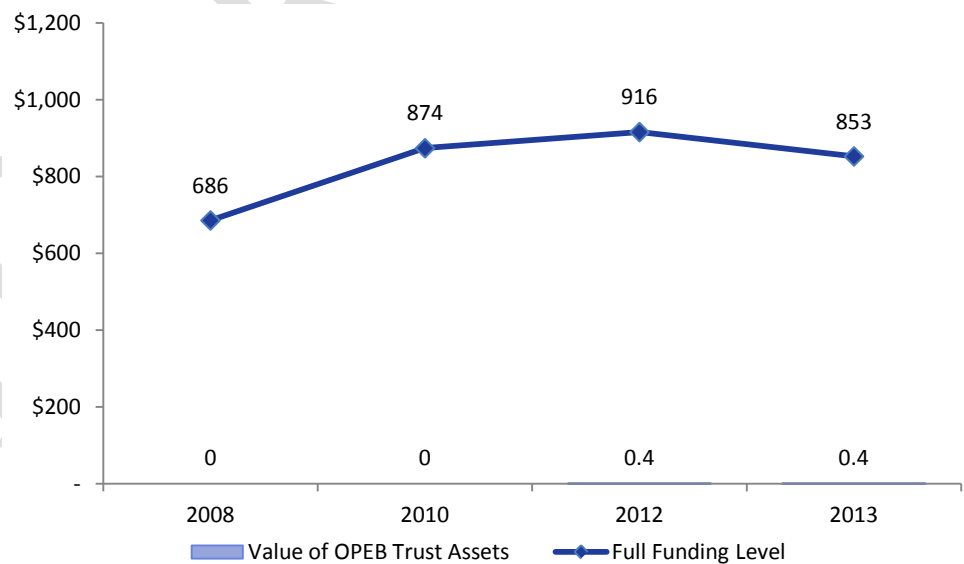


### **Other post employment benefits (OPEB) liabilities**

TriMet's OPEB liabilities were substantial in FY 2008, the first year the district was required to report them, and have grown since. TriMet currently funds its OPEB costs on a pay-as-you-go basis, covering only the actual costs for providing the benefits and not funding any future liabilities. Financial experts advise against unfunded liabilities because they defer current costs to future generations. The Unfunded Actuarial Accrued Liability is the estimated value of TriMet's future OPEB liabilities not covered by any trust fund assets. It reached \$916 million in 2012, adjusted for inflation, but dropped to \$852 million in 2013, about 7% less, which TriMet management and actuaries attribute to a new health care plan design with an employee pickup of some medical costs, and eliminating the ability of union workers to retire prior to age 55.

Actuaries also estimate how much TriMet would need to pay on an annual basis to cover its normal OPEB costs and to begin eliminating the unfunded liability over a 30-year period. In 2013, actuaries estimated that TriMet would have to pay about \$80 million per year, with roughly half to cover their normal annual costs and the other half going into a trust fund. The district has not made those payments and had only \$400,680 in the OPEB trust fund as of December 2012.

**Figure 13: OPEB Unfunded Liability, Adjusted for inflation (in millions)**



### **Pension liabilities**

TriMet currently manages four retirement plans - two defined benefit plans, one each for its union and non-union employees and two defined contribution plans for newer employees who are not eligible for the defined benefits plans. TriMet closed the non-union defined benefit plan to new members in 2003 and the union defined benefit plan in 2012. All employees hired after those dates are placed into a defined contribution plan similar to a 401(k) plan, with TriMet contributing 8% of an employee's eligible

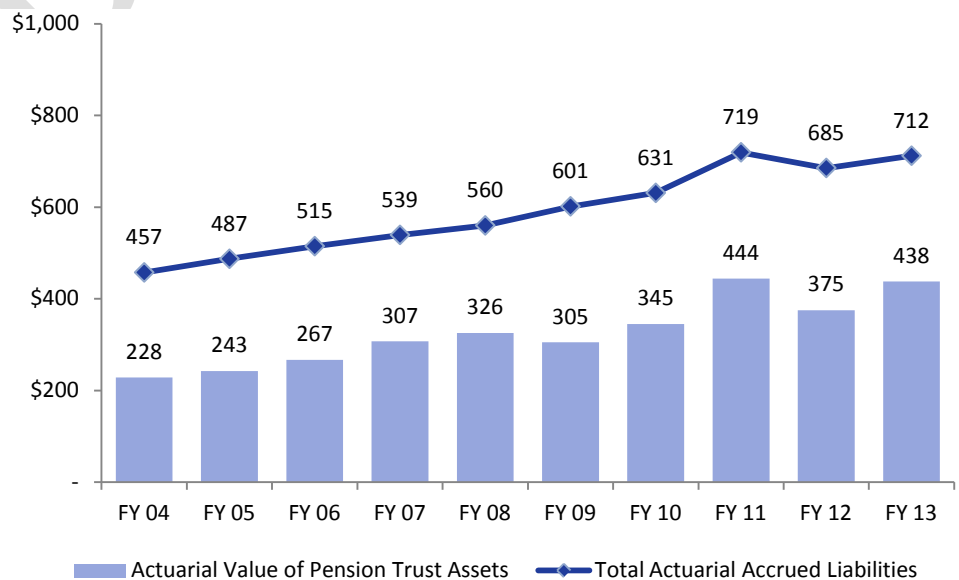
compensation into the plan each year. Importantly, these defined contribution plans have no future liabilities.

Under the defined benefit plan for the non-union employees, the pension amount is based on final average salary, job classification, and hire date. Under the union defined benefit plan, employees receive monthly pension benefits for each year of employment at TriMet. For example, union employees retiring after February 1, 2012 under the defined benefit plan receive \$78.97 per month for each year of service, adjusted annually for inflation, or \$2,369 a month for a 30-year employee. As of FY 2013, there were 3,478 employees and retirees in the union defined benefits plan and 413 employees and retirees in the non-union plan.

TriMet has trust funds for both the union and non-union defined benefit plans that, taken together, held assets with an actuarial value of \$438 million as of June 2013. However, the total accrued liabilities calculated by actuaries amounted to \$712 million, leaving an unfunded liability of \$274 million for 2013. While TriMet has contributed to both plans on a regular basis over the last 10-years, the pensions have never been more than 62% funded at any point during this period. TriMet has set a goal of fully funding the plans within the next 15 to 20 years by making additional contributions to the pension trust funds each year.

While TriMet's pension liabilities are sizable, future pension liabilities are likely to decrease as employees retire or otherwise leave the district and new employees are placed in the defined contribution plan. For example, since the non-union defined benefits plan closed in 2003, the number of active employees in that plan dropped from 413 to 165 in FY 2013, while the number of active employees in the defined contribution plan increased from 30 to 257 during the same period. Nonetheless, the prior plans must continue to pay benefits until the last beneficiary dies.

**Figure 14: Pension Unfunded Liability, Adjusted for inflation (in millions)**



### ***Long-term financial planning***

To improve TriMet's long-term financial stability, TriMet's board and management team are drafting a strategic financial plan to help guide the district's annual budget decisions. Some of the plan's draft guidelines include:

- dedicating tax and fare revenue growth from increased employment and ridership to expanding service;
- holding growth of current service costs to inflation;
- keeping appropriate financial reserves;
- balancing fare policy among growth in ridership and passenger revenue, improving customer service, and mitigating costs for low-income riders; and,
- properly maintaining and replacing capital assets consistent with TriMet's Debt Policy.

The draft guidelines also include a plan to reduce the OPEB liability by 50% and to fully fund the pension trust fund within the next 15-20 years, dedicating funding to the OPEB liability once the pension is fully funded. TriMet should continue to consider including a specific strategy for addressing the OPEB and pension liabilities in the strategic financial plan.

## **Strained Labor-Management Relationship Poses Barriers to Resolving Financial and Operational Challenges**

### ***Issues between union leadership and TriMet executive management***

The contract between TriMet and the Union addresses significant operational issues affecting TriMet, including safety, scheduling, hiring and benefits, and has an impact on TriMet's financial obligations. Since 2009, contract negotiations have been challenging with both TriMet and the Union contesting terms of the contract through negotiation, arbitration, and appeal.

In 2003, the Union's leadership and TriMet's General Manager signed a working and wage contract that had a term of six years. During those six years, TriMet's financial condition worsened as the recession hit, and health care costs increased.

In 2007, the Oregon legislature passed a bill that prohibited the Union from striking and required that contract disputes be settled through binding interest arbitration. Binding interest arbitration goes into effect when an agreement on a contract has not been reached. In TriMet and the Union's case, this was after 150 days of direct bargaining, unsuccessful mediation, and a declared "impasse" by both parties. In this situation, each side's last offer is considered by an independent arbitrator who selects one offer as the new contract.



Since the contract expired in 2009, TriMet executive management has stated that reducing employee and retiree health care benefits is necessary to improve the district's financial stability. Union leadership questions TriMet's financial management. Negotiations continued for more than three years after the contract expired, during which time the prior contract terms remained in effect. In 2012, the state arbitrator ruled in favor of TriMet's last best offer. However, it took another year, following complaints from both parties with the Employment Relations Board (ERB), before the ERB ruled on the contract that expired in 2012. That decision primarily upheld the arbitrator's 2012 decision, but did not allow retroactive implementation of the health care plan. Due to subsequent legal appeals, the matter is still pending. TriMet executive management and Union leadership began negotiations on the new contract in September 2013 and have held several negotiation sessions since then, but both sides continue to be at odds.

TriMet management and the Union leadership have carried their issues out into the public. Press releases, advertisements in weekly newspapers, and general comments to our audit team from both parties point to differences in opinion concerning operational and financial challenges. Each side has expressed distrust of the other. Interviews with TriMet employees indicate these public expressions may be adversely affecting TriMet's relationship with its frontline employees.

Outside of contract negotiations, there is little formal communication between the Union and TriMet management. The 2009 contract called for a Joint Labor Relations Committee, with monthly meetings between the Union and TriMet management. The primary purpose of this Committee was to improve communication and understanding on issues of common interest to both parties, as well as to be a source for agreements outside of the contract and for resolving grievances. TriMet management told us the Committee was not productive under prior Union leadership and, as a result, it has not met since 2009. This is the case despite new Union leadership, interest on the part of the Union, and language in the contract to do otherwise. In 2013, some meetings took place between the Union and TriMet management regarding Hours of Service policy and security, which TriMet management stated have been positive. TriMet should reconsider holding formal meetings with the Union outside of contract negotiations to help address ongoing financial and operational challenges.

### ***Communication challenges between management and frontline employees***

TriMet has acknowledged that internal communication has a direct impact on the relationship between management and frontline employees, and on customer satisfaction and the quality of service. Both frontline employees and managers acknowledge a need to improve their relationship. Management also acknowledges that morale is low among frontline employees. Employees report that communication is limited, and that they feel unsupported by management. Both employees and management agree

that employees could do their job better if internal communication were improved.

With more than 1,200 bus and MAX operators across 5 facilities, communicating with frontline staff is challenging. For example, most operators first report to a bus or MAX facility to pick up their vehicle, and then spend the majority of work hours out on the road or track. In addition, about 30% of bus operators do not report to a facility, but rather pick up their bus on its route. Consequently, opportunities for interaction between operators and supervisors are limited.

Communication between operators and supervisors is typically only as needed and often when there is a problem or issue that needs to be addressed. In interviews, operators indicated they often heard from their supervisor only when there was a complaint from a customer. Operators also noted that they found the lack of opportunity to address complaints against them discouraging and unfair.

Currently, TriMet provides information on operations to employees through a variety of means: emails, information fliers in their pre-trip pouch, an internal website, bulletins at bus and MAX facilities, and word-of-mouth; all are deployed to inform operators of route changes, new initiatives, safety protocols, and organizational changes; yet TriMet acknowledges that the message to employees is not always clear.

Frontline employees have indicated a desire for improving two-way communication, including receiving more information about daily operations and management decisions, and having more opportunities to provide information and feedback to management. A 2012 employee survey and our interviews with employees indicate employees have a limited understanding of TriMet management decisions, particularly those concerning TriMet's financial situation.

Employees also indicated there are limited opportunities to provide information to management on a wide range of issues that affect their jobs, including safety concerns, vehicle issues, and route changes. Management stated they have methods for receiving feedback from employees, but interviews with employees suggest these methods are not adequate. For example, some employees noted that after they provided feedback to management, they were unaware whether management received their concerns and took them seriously. Also, while some frontline employees indicated they were not consulted about new bus purchases, management stated they solicited feedback from operators by taking a pilot bus to the three bus garages and asking for comments.

TriMet has acknowledged the need to improve its internal communication with frontline employees, and has drafted a plan intended to provide "straight-forward" factual information to employees. The plan emphasizes the importance of internal communications to motivate employees and improve customer service. The communication plan is also focused on disseminating information to frontline employees in a consistent and

effective manner. Though the plan is not entirely in place, TriMet stated it has established a communication team and is working on addressing these issues.

A recent report TriMet commissioned also points to the need for improving the relationship between management and frontline employees, particularly face-to-face communication. TriMet's internal communication plan, however, does not focus on how TriMet can engage its frontline employees in two-way communication. The plan does not specifically address how TriMet can better receive information and feedback from its frontline employees on operational issues, answer their questions, and use this information in decision-making. In contrast, the Metropolitan Transportation Authority (MTA) in New York City has focused on engaging its workforce and improving labor-management relations. It has identified ways to engage employees in collaborative problem-solving, and elicit ideas and input from staff in the field.

TriMet should consider identifying strategies for improving two-way communication and the relationship between TriMet management and frontline employees. TriMet should also consider employing strategies other transit agencies, such as the MTA, have identified to better communicate and engage with its frontline employees.

## **TriMet Efforts Underway to Address Outreach, Access, and Transparency**

### ***Government should be transparent, participatory, and collaborative***

On January 21, 2009, President Obama signed the Memorandum on Transparency and Open Government. The memorandum outlined three principles of open government: transparency, public participation, and collaboration. In addition to demonstrating these principles, federal agencies are expected to solicit public input to identify further improvements in all three areas. With these expectations in mind, we assessed TriMet's efforts, in place or underway, toward greater openness and transparency. We also identified areas for consideration as TriMet implements its plans.

### ***TriMet publishes information online***

TriMet's website includes all relevant items required by Oregon's laws relating to transparency and recommended by the Sunshine Review, whose content was recently acquired by the Lucy Burns Institute. In addition to its mission, function, and program categories, TriMet publishes information online about its budget, public meetings, administrative officials, contracts, select audits, requesting public records, revenue, and ridership.

On November 13, 2013, the board adopted an accountability policy, which included the launch of an Accountability Web Page to centralize existing information in one location that is accessible from TriMet's home page.

### ***TriMet takes steps to improve its public records request and litigation discovery practices***

TriMet commissioned an external review by a Portland law firm following a federal judge's criticism of its failure to produce documents to plaintiffs suing over a 2010 bus crash. The firm's report recommended that the district increase its investment in the process for tracking and managing printed and electronic documents in response to public records and litigation discovery requests.

TriMet plans to update its written policies by the end of 2013 and eventually move to an electronic data management system. The district also plans to deliver annual training on public records laws and responding to litigation requests beginning in 2014.

Other steps TriMet has taken to improve its litigation discovery practices include having managers work with their employees to identify and locate documents, and informing department directors of the additional time employees need to collect documents. TriMet also plans to issue a Request For Proposal to create a document mapping and preservation system and has developed new guidance for retaining records related to incidents that become claims or go to litigation.

### ***TriMet offers public engagement opportunities***

TriMet solicits public input through various public engagement and outreach opportunities, including surveys, board meetings, public hearings, advisory groups and committees, community forums, and open houses. These efforts are generally managed by the Public Affairs Division and carried out by staff in various divisions, depending on the topic. In addition, in January 2013, TriMet developed a public engagement and outreach framework to guide its interaction with stakeholders. The district now requires a public engagement plan for any significant district changes, including fare and fare policy changes, service changes, and budget decisions.

Information gathered from various public engagement and outreach efforts is shared across relevant divisions during weekly meetings. Public comments received online, over the phone, and in person are also compiled and delivered to key decision-makers at TriMet through email updates and written reports.

Some stakeholders we interviewed, with whom TriMet has engaged in its outreach efforts, noted that the district could do better in terms of following up and explaining final outcomes and decisions after they have been made. They also noted that the extent to which stakeholder input is considered by TriMet is not always clear. To ensure public engagement throughout the decision-making process, TriMet should consider identifying ways to communicate to participants how their input affected the decision and explaining the decision in a clear and timely fashion.

TriMet surveys riders and the general public regarding their satisfaction with, preferences for, and use of the transit system. TriMet administers surveys on the street, at stops, on board buses and trains, electronically, and over the phone. Diversity and transit equity needs are considered by including demographic items on surveys. The results of these efforts provide TriMet with insights into the interests, needs, expectations, and behaviors of its customers, as well as its service and performance. Survey data also help support service planning activities and fare analysis, satisfy federal reporting requirements, guide district priorities, and inform managerial decision-making.

TriMet's board briefings and meetings are open to the public and publicized on TriMet's website. Regular board meetings generally take place the fourth Wednesday of the month. Meeting agendas, handouts, and past meeting minutes are available online. Board meeting notices and agendas are also available via email by request. Interpreters and communication aids are also provided with advance notice.

The board accepts public comments during regular board meetings. The procedure for presenting public testimony to the board is outlined on TriMet's website. Information gathered from board meetings is summarized and shared with TriMet's leadership team in weekly email updates. Efforts to increase board outreach are also underway. The Public Affairs Division is implementing plans for board members to gain an understanding of key transit issues within their districts by assembling and engaging diverse stakeholders in roundtable discussions. The board began rotating meeting locations throughout the district in 2012 and is exploring the use of remote participation at board meetings.

TriMet is required by law to conduct public hearings for service changes of more than 25% of the number of miles on a particular route. According to TriMet, public hearings are generally held in auditoriums or public spaces that are accessible by transit. TriMet has also indicated that hearing locations are ADA accessible and equipped with audiovisual equipment to accommodate presentations and interpreters. TriMet has said it gathers public input through this process to develop its initial proposals for the routes in question. Staff keeps participants informed of route changes with written summaries of, and responses to, open houses and public hearing proceedings.

TriMet also convenes multiple committees with varying levels of public input. Members may be appointed by TriMet's board or the general manager to advise them on plans, policies, and programs related to transit equity, accessibility, safety, and the budget. Some committee meetings are open to the public and allow public testimony, while others do not. TriMet's steering committees consisting of elected and appointed officials, and citizen advisory committees consisting of community and business representatives, help guide the implementation of specific high-capacity transit projects. The Finance & Audit Committee, which assists with oversight of TriMet's financial strategy and management practices, is

comprised exclusively of board members. To increase public awareness and understanding of opportunities for membership, TriMet recently made the roles, responsibilities, and compositions of all advisory groups and committees available on its website.

TriMet's newly adopted accountability policy directs the general manager to establish an Accountability Committee that includes appropriate staff and one current board member. The Committee shall have primary responsibility for the Accountability Web Page, investigating new technologies to permit remote access to board meetings, and reporting its recommendations to the general manager. While the approved Accountability Resolution outlines these proposals, it does not include soliciting feedback from the public. As the Committee continues to develop the web page, it should consider soliciting public feedback to identify additional information of interest to the public.

***TriMet collaborates across public, private, and nonprofit sectors***

TriMet cooperates with federal, regional, and local government; nonprofit organizations; schools and employers; and the private sector through planning and project development activities, low-income fare programs, transit pass programs, and special presentations to the board.

TriMet coordinates with Metro to meet the region's transportation needs by developing and implementing capital projects. Through participation in Metro's advisory committees, TriMet helps identify and select projects that encourage transit accessibility across the region. TriMet also interacts with planning and zoning agencies at the municipal level to develop transportation plans and policies for local jurisdictions.

TriMet commits resources to more general community goals by offering two low-income fare programs to help mitigate the impact of the 2012 fare increase on low-income individuals. The Fare Assistance Program offers qualified nonprofit organizations a 20% discount on fares purchased for low-income recipients, while the Fare Relief Program awards grants of up to \$25,000 to increase the assistance nonprofit and community-based organizations can provide to low-income clients. TriMet estimates its commitment to these programs will reduce passenger revenue by \$1.3 million in FY 2014.

TriMet reaches out to schools and employers to promote its student and employer pass programs, safety awareness, and congestion mitigation. For example, it works with Transit Management Associations (TMAs) to reduce traffic congestion and pollution by improving commuting options for employees of local businesses and public agencies in the transit district.

TriMet also identified the need to conduct corporate outreach. TriMet's 2013-2015 Outreach & Advocacy Program seeks to build relationships with key stakeholders and payroll taxpayers through various means, including peer-to-peer meetings, conversations with TriMet's General Manager, and roundtable discussions. In addition, the district recently began coordinating

meetings between board members and business leaders to discuss service needs.

TriMet's board also welcomes special presentations relating to transit from individuals in the private and nonprofit sector. Recent presenters and topics include representatives from Portland State University (aging population), Bonneville Environmental Foundation (climate change), and Organizing People Activating Leaders (bus stop prioritization).

TriMet has also made resources available to software developers to promote the use of transit and transit-related information. A number of tools developed using TriMet's resources are listed on its website. The district has also created a glossary of commonly used transit terms and definitions to assist developers in using TriMet's data.

### ***TriMet responds to inquiries over the phone and online***

TriMet's call center employs four customer service agents and four trip planners that manage about 870 calls a day that include complaints, questions, and inquiries about lost items. Issues that cannot be resolved at intake are entered into a database and forwarded to the appropriate department.

TriMet measures the annual performance of its call center in terms of the percentage of customer complaints closed at intake, completed within five days, completed within one month, and not completed within one month. TriMet also tracks the number of commendations, comments/suggestions, complaints, and service requests per year. Complaints are broken down further by category per year, including those related to equipment, the fare system, information/sales, public relations skills, safety, security, and service quality.

### ***TriMet conducts various marketing initiatives***

TriMet publishes and distributes schedules and descriptions of service to potential and current riders on its website and at retail outlets. Schedules and arrival times also appear in print and digital display at bus shelters and MAX Light Rail Stations. Trip planning information is also available over the phone at 503-238-RIDE. Information on how to ride TriMet is translated into five languages, in addition to English, on TriMet's website.

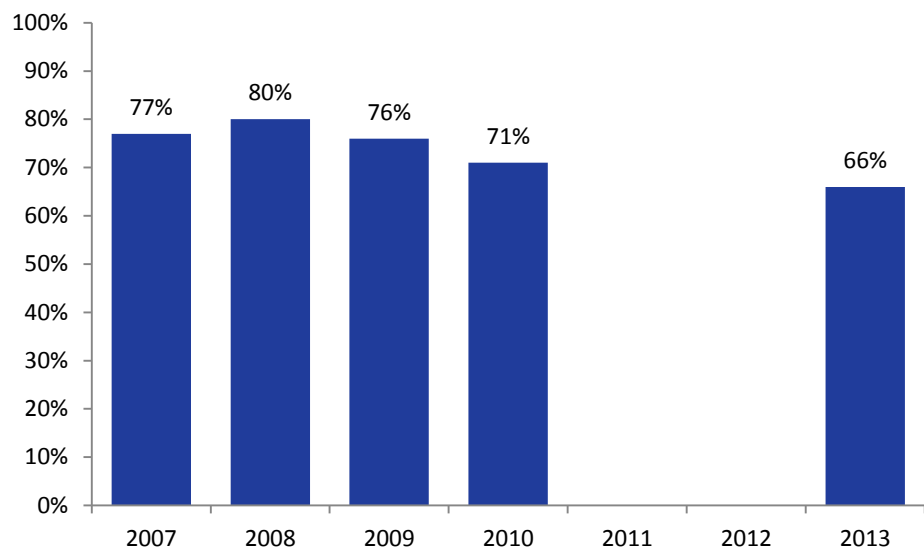
TriMet informs the public about planned and unplanned service disruptions and changes using various communication tools and channels, including in-person, on-street, and printed brochures, as well as electronically through its website, email, text message, and Twitter. TriMet has shifted away from print publication to a more dynamic trip planning system via TransitTracker, which uses Geographic Information System (GIS) to track bus locations and arrivals and digital information displays for scheduling and emergency purposes. The Customer Information Services department focuses on giving customers what they need when they need it by making trip planning information available pre-trip and arrival times available from the point of access.

In addition to publishing schedules, TriMet conducts advertising and promotion campaigns based on district priorities, opportunities, and the need to market features, advantages, and benefits of their products and services to diverse audiences. Examples include information about frequent service, new lines of service, safety, trip planning, and ticketing technology. According to TriMet, performance and survey data are analyzed to develop goals and target markets for specific campaigns.

**Public perception of TriMet has generally been positive, but declining in recent years**

TriMet has been gauging the public’s perception and opinion of the district through its Attitude & Awareness Survey. Historically, TriMet has administered the survey annually, except for 2011 and 2012 when no survey was conducted. One thousand adults 16 years of age and older participated in the 2013 survey, the results of which were preliminary as of December. The public’s general perception and opinion of TriMet has been positive but approval rates for the MAX system, bus system, and the overall job TriMet is doing have declined since 2008. In 2008, 85% either strongly or somewhat approved of the MAX system, compared to 69% in 2013; 77 % either strongly or somewhat approved of the bus system, versus 65% in 2013; and, as shown in Figure 15, overall approval rates declined from 80% in 2008 to 66% in 2013. Results from the two most recent years of the survey show that the decline in overall approval between 2010 and 2013 was due primarily to non-riders’ lower opinions of TriMet. TriMet should consider conducting the Attitude & Awareness Survey every year to better track satisfaction with its services.

**Figure 15: TriMet Overall Performance Approval by year, 2007 to 2013\***



\*2013 results were preliminary as of December 2013.



***TriMet's communications plan guides the district's communications and corporate outreach work***

TriMet's Communications Plan outlines the district's key communication objectives, which include: building credibility, educating on their cost structure, inspiring with their vision, and instilling public and employee confidence in the management of the district. It also highlights questions for staff to ask themselves and identifies external and internal audiences. In addition, the Plan describes objectives, strategies, tactics, and performance metrics to guide media relations, corporate outreach, employee communications, and key messaging and outreach-related responsibilities across the district. The Plan emphasizes the importance of coordinating communication efforts with improvements in TriMet's Operations Division to satisfy customer expectations

## Considerable Efforts to Plan Routes, Though Staying on Schedule Can be Difficult

### ***Short-range planning***

TriMet has a complex network of MAX and bus lines that have been created over decades. In that time, the tri-county region surrounding Portland has seen an increase in population, employers, and land development that has expanded public transit beyond trips to and from downtown Portland.

Given the number of changes to the region, in 2012, TriMet began to take a fresh look at the overall structure of its system by creating Service Enhancement Plans. TriMet aims to create a plan for each of five regions in the tri-county area that will project future service needs and act as a vision for the type of service regional partners want. In its recent efforts on the west side of Portland, TriMet worked with businesses, social service providers, neighborhood associations, and chambers of commerce. It also looked at census data, ridership data, and business expansion plans for companies like Nike and Intel, to identify areas for future service. TriMet's goal is for the Service Enhancement Plan to serve as a guiding document for future service changes and expansion, but it acknowledges that changes will be incremental.

### ***Creating and evaluating routes and schedules***

TriMet analyzes and projects future service needs based on existing utilization and forecasts of future transportation needs. To do this, TriMet uses results from Metro's regional forecast model and household survey to identify underserved areas. TriMet also uses a wide array of population and employment data and Metro's data on travel patterns for all modes of travel. Using this information, TriMet creates and adjusts bus routes, and the schedules for those routes, which may include frequent service or peak service. However, TriMet states that service levels ultimately depend on their budget and the level of funding allocated.

TriMet evaluates an existing bus route's viability primarily by reviewing ridership numbers. TriMet runs models with the data to project how a change in the route or schedule would affect ridership and determine whether more or less frequent service is needed. Before a route change is proposed, TriMet reaches out to neighborhood groups, holds open houses, and rides the route to better understand why people are taking the route, and how changes may affect those people.

Unlike other transit agencies, including King County Metro in the Seattle region, TriMet does not have a set of service guidelines to make decisions about expanding, reducing, and managing service, or to evaluate service productivity. TriMet has developed its Transit Investment Plan, which guides its investments in bus and MAX service, capital projects and customer information. However, this plan does not help TriMet prioritize bus routes, locations, and schedules. TriMet's Director of Service Delivery

has begun to develop service guidelines to help structure TriMet's bus and MAX scheduling, but it is unclear whether these guidelines will be adopted. TriMet should consider formally adopting service guidelines to ensure consistency in how it identifies and executes service changes. Service guidelines like those used by King County Metro would help TriMet prioritize its service delivery.

Reliability in meeting bus and MAX schedules varies throughout the year, month, and day. For buses, each line is subject to different operator skills, traffic nuances, ridership, and possible service disruptions. TriMet stated that bus schedules are written so that 80% of operators can meet the schedule. We noted that average on-time performance for all bus routes was approximately 80% for FY 2013, a drop of nearly 2% compared to the prior year. However, average on-time performance can vary considerably across all bus and MAX routes. For example, in fall 2013, average on-time performance varied considerably from about 60% to 93%. TriMet noted that on-time performance is also affected when service is reduced. With less frequent service, ridership may remain constant overall but increase at certain bus stops, thus slowing down the system and making the schedule less reliable.

#### ***Creating operator work shifts***

Once bus routes and level of frequency have been determined, TriMet must create operator work shifts. To do this, TriMet codes parameters into software that cuts the runs into work shifts. The contract between TriMet and the Union sets many parameters for an operator's work shift, including, for example, the percentage and length of runs that occur for full-time operators during the week. Most part-time bus operators work two shorter shifts within one day that cover morning and evening peak service hours, known as a split shift.

Given the current contract between TriMet and the Union, any time worked over 8 hours in a given day is paid as overtime. Currently, bus operators work an average of 9.3-hours, with shifts ranging from 8 hours to more than 14-hours. From October 2012 through September 2013, there were 590 out of 259,508 instances where a bus or MAX operator worked more than 14-hours in a 24-hour period. While shifts are not scheduled this long, overtime or delays lengthen the hours worked. Research has shown, and management acknowledges, that long shifts can lead to fatigue and therefore can be a safety concern. While management would like to shorten operators' run lengths, they point out the added labor cost of doing so.

Interviews with bus operators indicate many concerns regarding bus routes. Some bus operators indicate schedules are too tight, and they feel pressure to be on-time, at times forgoing their breaks and rushing meals. Other operators brought up concerns over the lack of adequate bathroom facilities on certain routes. TriMet states it is looking at the issue of adequate restrooms and layovers for operators, but that such decisions, including schedules, have associated costs. TriMet should consider

reexamining current processes for determining work shifts to ensure adequate time for operator breaks. TriMet should also consider working with its operators to address the adequacy of its bathroom facilities.

While TriMet meets with the Union officials before each sign-up, it acknowledges that it is difficult to engage and receive feedback from operators. TriMet staff in its scheduling department travel to bus garages monthly to talk with operators about the schedule, but that process is informal and ad hoc. TriMet also has a system for operators to fill out a scheduling concern on a hard-copy form and pass it on to their supervisor, but sometimes the form is lost, and the operator has no assurance whether or how the issue was addressed. Further, scheduling concerns are often not addressed immediately, but rather during a future sign-up period, which occurs every three months. TriMet should consider improving its method for receiving scheduling feedback from operators, and communicating to operators whether it can address the issue.

## Complexity of Scheduling Operators

### ***Assigning operators to runs***

Once TriMet has developed the bus routes and created the run schedules, operators must be assigned to work shifts. The contract between TriMet and the Union guides some of the process for how operators sign up for routes and runs. Full-time and part-time bus operators have their own sign up period, which occurs every three months and is held in one of the garages.

Sign-ups are based on seniority and occur over two weeks. Full-time operators can choose their workdays and sign up for a scheduled weekly route. Full-time operators can also choose instead to work what is known as the extraboard (see *extraboard operators*), covering routes whose operators have short-term planned and unplanned absences, and other service needs. Union representatives are present in the bus garages during the sign up process.

For the sign up period, each bus run is printed out and operators are given a time within those two weeks to show up in person and sign up for a run. If an operator's given sign up time occurs during their scheduled run, their route needs to be covered by another operator, often incurring additional costs for the district.

TriMet management believes the quarterly signup periods are inefficient and would like to create a more streamlined system. TriMet should consider working with the Union to identify and evaluate alternative strategies to reduce the complexity and cost of bus operator signups.

### ***Extraboard operators***

There are many instances when TriMet needs to supplement the bus operators assigned to a route, such as when an operator has a planned or

unplanned absence or when a bus breaks down or is involved in a collision and another bus is sent to continue service. Similarly, when a MAX line has a system failure, TriMet may send out extra buses to carry passengers further down the line.

The extraboard provides coverage to respond to these situations. During the sign up period, full-time operators may choose to work the extraboard, a dynamic list of full and partial bus runs in need of a bus operator. Routes, hours, and schedules differ daily for operators on the extraboard.

For bus operators, attendance directly affects the operation of the extraboard. In 2013, average bus operator attendance was approximately 90%, with absences due primarily to family and sick leave. Given the effect that absences have on TriMet's operations, TriMet management has expressed an interest in improving bus and MAX operator attendance.

Determining the number of extraboard operators involves balancing service needs with the costs of operators, particularly overtime costs. When many operators are absent or when a bus or MAX vehicle breaks down, TriMet needs extraboard operators who are already at the garage and can cover a run in order to minimize lost service. Some days, however, an operator may report to work for the extraboard when the need is low. Yet, the contract stipulates that operators are paid for at least 8 hours each day, regardless of whether they work all of those hours.

## **TriMet Programs Serving Those with Special Transportation Needs**

TriMet offers reduced fares to riders who are 65 and over, on Medicare or who have a disability. Riders ages 7 to 17 and students in high school or pursuing a GED also pay reduced fares, and children ages 6 and under ride free with a paying passenger. All buses, trains, transit centers, and stations are fully accessible to people who use mobility devices. Buses are equipped with either a boarding ramp or a power lift, and about half have the ability to lower the first step closer to the curb for easier boarding. All buses and trains also have priority seating areas by the door for seniors and riders with limited mobility, as well as space for mobility devices.

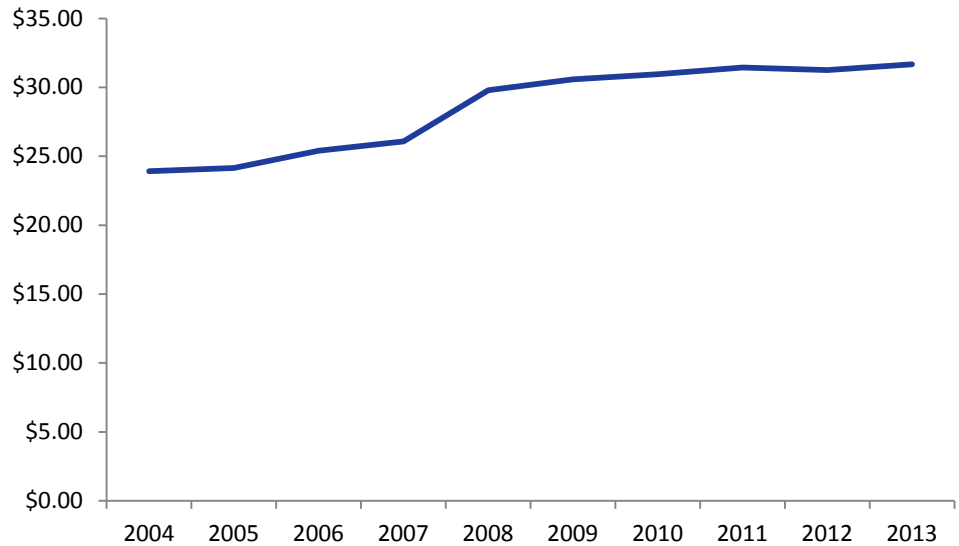
TriMet provides the LIFT Paratransit service to people who are not able to ride regular buses and trains due to a disability or disabling health condition. The Americans with Disabilities Act (ADA) requires that transit districts provide curb-to-curb service and charge no more than twice the normal fare per ride. TriMet noted that LIFT exceeds these requirements by offering door-to-door service and a fare (currently \$2.45) that is lower than its standard fare. The LIFT Rider's Guide, posted on TriMet's website, provides complete information on the LIFT reservation process.

LIFT service is provided with a combination of TriMet-owned vehicles, and taxicabs. According to TriMet, the use of taxis allows the district to meet the ADA standard of zero turndowns for LIFT service and better satisfy customers' needs. TriMet contracts with two Portland-based companies to

provide some LIFT trips. All LIFT providers are required to comply with TriMet's legal and quality standards.

The operating cost per ride on LIFT was \$31.67 in FY 2013. Figure 16 shows LIFT operating cost per ride over the last 10 years.

**Figure 16: LIFT operating cost per ride by FY, Adjusted for inflation, 2004 to 2013**



TriMet also partners with Ride Connection, a nonprofit community service organization that provides individual and group travel training for seniors and people with disabilities through its RideWise program. TriMet also coordinates transportation for low-income Oregon Health Plan Plus members who need rides to medical appointments and have no other transportation options available.

TriMet's Committee on Accessible Transportation (CAT) advises the board and TriMet staff on plans, policies, and programs for seniors and people with disabilities. CAT was formed in 1985 and is composed of 15 community members, including one local government representative and one member of TriMet's board. All CAT members are appointed by the general manager for a two-year term.

Previously, eligibility for LIFT services involved a self-certification process. In April 2010, TriMet implemented a new application process to:

- educate applicants on the appropriate use of LIFT service;
- develop appropriate eligibility determinations consistent with the ADA;
- work with applicants to identify the right mode of transportation based on their abilities; and
- increase their knowledge of other resources to grow independently.

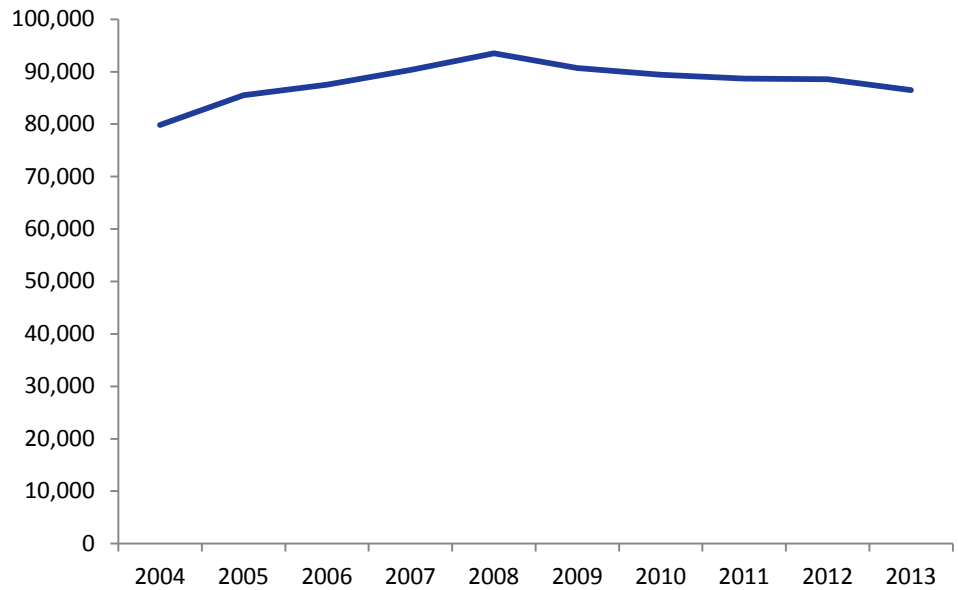
The application process applies to new and existing applicants and requires a signed medical release form, a professional verification, an in-person

interview, and a functional and/or cognitive assessment as needed to determine eligibility and recertification every three years.

TriMet recently adjusted the LIFT service boundaries to restrict service to within three-fourths of a mile of regular bus and MAX service, which still meets ADA regulations. Effective September 2, 2012, TriMet created six LIFT service boundaries to correspond with fixed route service on weekdays, weekends, and evenings. Consequently, some LIFT trips previously provided are no longer available.

Monthly LIFT and cab ridership has declined since recent program changes were implemented (see Figure 17). This is consistent with TriMet's goal of reducing LIFT program costs.

**Figure 17: Monthly LIFT and cab ridership by FY, 2004 to 2013**



## Vehicle Maintenance System Appears Reasonable, but Light Rail Infrastructure May Need More Attention

TriMet's Maintenance Division oversees the maintenance of all the District's buses and light rail vehicles, as well as its light rail infrastructure, such as tracks, signals, and substations. Maintenance efforts in most of these areas seem reasonable, but TriMet appears to be falling behind on preventive maintenance of light rail tracks and signals.

### ***Preventive maintenance of bus and MAX vehicles seems ample***

TriMet's fleet includes more than 700 buses and MAX vehicles. Buses travel an average of about 37,000 a year, while MAX vehicles travel about 61,000 miles. TriMet uses information systems and schedules to track and organize maintenance for its vehicles and aligns its preventive maintenance schedules to the manufacturers' recommendations. Recommended maintenance schedules are loaded into TriMet's maintenance tracking information system. When a vehicle approaches a scheduled maintenance interval, the information system automatically notifies TriMet maintenance staff and prioritizes the vehicle for servicing, with the priority level tied to the importance of the repair and whether the vehicle has surpassed the recommended maintenance interval. TriMet also uses a database to track warranties on vehicle parts, in case a part under warranty has to be repaired or replaced. The district claims tracking warranties has allowed it to save \$1 million in repair costs.

To ensure that vehicles are in working order, TriMet operators inspect their vehicles prior to departing on their routes. Vehicles are also serviced every night when they return to the garage, which includes fueling the vehicle, testing the wheelchair ramp, and other service checks. Any issues noted by an operator or service worker are flagged for follow up. During each shift, maintenance workers create a schedule of vehicles they want to hold for maintenance the following day. Staff who assign vehicles to routes check this schedule to avoid assigning vehicles that need maintenance.

According to TriMet, its maintenance system prevents maintenance needs from conflicting with regular vehicle use and allows the district to exceed federal minimum useful life requirements for buses. Under Federal Transit Administration rules, buses must have a minimum life of 12-years. TriMet stated that its average bus life is about 16-years. The district also asserts that both maintenance personnel and vehicles are efficiently utilized, so there is no idle time for staff or vehicles. Moreover, overtime hours for maintenance workers are relatively low. However, TriMet also states that while vehicle maintenance was not deferred during the recession, the district had to delay hiring service workers, which resulted in a delay in workers entering the mechanic apprentice program. Some employees we interviewed noted that more preventive maintenance should be conducted; others noted that more maintenance staff should be hired.



### **Maintenance of MAX tracks and signals falling behind schedule**

TriMet's maintenance responsibilities extend to the infrastructure for its MAX service. This includes signals, tracks, substations, communications equipment, bridges and structures, and the overhead catenary system that provides power to the MAX vehicles. In each of these areas, TriMet identifies and repairs defects, overhauls components, and performs recommended preventive maintenance, including regular inspections, testing, and cleaning. Maintenance technicians also respond to breakdowns and other immediate issues and provide support for contractors working along the MAX tracks.

On-time completion of preventive maintenance for tracks and signals appears to have decreased significantly since FY 2004. Over the last 10-years, the percentage of track maintenance completed on time has dropped from about 92% to about 53%, and on-time signals maintenance declined from about 100% to about 72%. Figure 18 shows the percentage of preventive maintenance that was completed on time for buses, MAX vehicles, and MAX infrastructure in FY 2004 and FY 2013.

**Figure 18: Percentage of Preventive Maintenance Completed On Time**

	<b>FY 2004</b>	<b>FY 2013</b>
Buses	95.9%	97.3%
MAX Vehicles	99.6%	93.1%
Tracks	91.6%	52.9%
Substations	83.3%	79.4%
Overhead Catenary System	100.0%	89.2%
Signals	99.8%	71.8%

TriMet stated that the drop in track maintenance is due to six unfilled track maintainer positions. The District noted that three to four apprentices will complete the two-year track maintenance apprenticeship program by the end of 2013, which it says will help improve performance in this area. For signals, TriMet asserted that it is completing a much higher percentage of maintenance on time, but that a delay in recording this information in the information system is causing the on-time completion percentage to appear lower. TriMet indicates it is looking at business process improvements to address this reporting issue.

Additionally, TriMet announced a reorganization of its executive team in November 2013 to better focus on its vehicles and track systems, and to provide more reliable service. Along with the reorganization, the district pledged to spend more than \$3 million in combined TriMet and federal grant funds on track improvements and other MAX system upgrades over the following two and a half years. TriMet noted that parts of the MAX system are more than 30-years-old and in need of increased investment to maintain a state of good repair. TriMet also launched an outside review of its MAX vehicles and trackway in December 2013.

### ***Contract allows some maintenance work to be contracted out***

Under its contract with the union, TriMet is able to contract out some repairs for buses and light rail vehicles. For example, TriMet contracts for some brake repairs for its buses. TriMet has more flexibility to contract for bus repairs than repairs of MAX vehicles. For buses, TriMet has discretion to contract for repairs, but must send a quarterly report to the Union that discloses the dollar amount of the repairs contracted out. In contrast, contracts for MAX repairs must be agreed to by a committee comprised of Union and TriMet representatives. If the committee reaches an impasse, the decision goes to the Union president and TriMet's labor relations director, or their designees. If they cannot agree, the dispute is resolved through arbitration.

### **Hiring and Retention Appear Reasonable, Though Barriers May Deter Some Applicants**

TriMet Management states that it recruits frontline employees primarily from within the Portland metro region. An internal workforce planning group forecasts hiring needs based on expected attrition rates. TriMet posts job openings on its website, and works with about 60 district partners, such as nonprofit organizations and government agencies, to share job announcements. TriMet management indicates that it is able to adequately fill its recruitment needs. Front-line bus and rail employee attrition rates over the past 10-years have fluctuated between 3% and 8%.

We noted that the hiring process for some classifications may deter experienced workers from applying to work at TriMet. For example, due to the contract, TriMet cannot hire experienced maintenance workers directly into such positions unless there are no qualified, current employees in the Maintenance Division. In addition, the career path for mechanics who work within the Maintenance Division, first requires working as an entry-level, non-mechanic employee, such as a service worker who cleans buses. Since they have no prior experience, personnel promoted to a mechanics position must be trained to perform the job. TriMet has discussed with the Union the issue of hiring experienced workers directly into maintenance positions, but no changes have been made yet. TriMet should continue to work with the Union to consider ways to change entry-level hiring practices for maintenance employees that allow for hiring applicants with prior training or experience.

## Training Programs for Frontline Employees Appear to be Extensive

With approximately 1,900 bus and MAX operators, maintenance workers, and field operations staff, training is an important component of TriMet's operations. TriMet has one trainer at each garage to help train bus and MAX operators. Additionally, mechanics and other maintenance technicians must successfully complete lengthy apprenticeships or training programs to become journey-level workers.

### ***Bus and MAX operators receive initial training and annual recertification***

TriMet's entry-level bus operators are required to have a clean driving record for five years but do not need prior experience driving a bus. New bus operators receive a little more than six weeks of initial training: two weeks of training to pass Oregon's commercial driver's license test, three days of training exercises in the bus yard, another two weeks of classroom lessons and on-the-road training, and a final two weeks of in-service training, during which a line trainer accompanies the new operator in driving a route and picking up passengers. According to TriMet, each new operator is fully trained to drive all types of buses TriMet uses.

Once the initial training is successfully completed, the new operator begins a six-month probationary period that includes additional monthly classroom training and in-service checks by a supervisor. Each new operator is also evaluated by management and provided with feedback on all key areas, such as customer service. During this period, a new operator generally works a daily shift of six hours, split between morning and evenings to cover peak hours, with additional hours devoted to training.

To become a MAX operator, an applicant must first have experience as a bus operator. Training for MAX operators is more technical in nature and requires more classroom training and exercises in the yard. Trainees also take the MAX vehicles out on the tracks in the evening, after the end of the service day. TriMet is considering incorporating simulations into MAX operator training, to better prepare trainees for the environment and circumstances they will face.

Prior to 2011, bus operators were not required to go through a recertification process each year. Based on recommendations from a consultant, TriMet implemented annual bus operator recertification in 2011, in which operators receive additional classroom training and a 20-30 minute driving skills test. However, we noted that the bus recertification process has not been documented in the district's standard operating procedures, in contrast to the MAX recertification process. TriMet should consider formally documenting its bus operator recertification program by adding it to the standard operating procedures.

Bus operators may also receive retraining. For example, TriMet may require retraining after an operator is involved in an accident and conducts "refresher" training whenever an operator is away from the job for more

than 30 days, regardless of the reason for the absence. Management may also conduct in-service evaluations of operators in response to customer complaints, an issue observed by a supervisor, or other concerns. If an in-service evaluation is performed, the operator receives a written report of the results, ideally within a week, and a copy is kept in the employee's file.

### ***Maintenance employees complete multiyear apprenticeships or training programs***

Journey-level maintenance employees at TriMet receive initial training through TriMet's apprenticeship programs. TriMet has apprenticeships for heavy duty bus mechanics, MAX mechanic technicians, signal maintainers, traction substation technicians, and overhead traction electrification maintainers, and has a comparable training program for track maintainers. These programs are outlined in TriMet's contract with the Union.

Applicants for apprenticeships must successfully pass a mechanical aptitude test and either possess a Class A commercial driver's license (CDL) or be able to obtain a CDL within a certain period after beginning the program. Programs last from two to four years and generally include formal classroom instruction, self study courses, and on-the-job training that reinforces practices learned in the classrooms. The heavy duty bus mechanic program also includes a job rotation in which the apprentice spends time working in each bus garage and on every shift. Apprentices are evaluated at least every 90-days and must pass all hands-on and written tests with at least a 70% score in order to complete the program.

## **Evaluations Provide an Incomplete Picture of Employee Performance**

Bus and rail operators receive annual personal profile forms that contain data on absences, classes attended, on-time performance, accidents, and a comparison to peers on these metrics. Personal profiles are provided in printed form, with in-person conversations regarding the data only at the request of the employee. New operators are on probation for six months and during this time receive monthly in-service check rides, where an evaluator rides the bus and provides immediate coaching and performance feedback. Operators also receive immediate and direct feedback regarding customer complaints and commendations through the use of the Service Improvement Process. Such complaints and commendations are called SIPs.

SIPs are a permanent addition to an employee's file. Serious complaints are investigated through review of bus camera footage and interviews with customers and operators. SIPs are used to help identify operator performance issues and trends, as well as to better understand service delivery issues unrelated to operators. Managers work with employees who have received numerous SIPs about a certain issue to resolve the problem through either coaching and training, or discipline.

Non-operator frontline employees, such as mechanics and rail maintenance workers, do not receive an annual, written profile or evaluation. Performance feedback regarding attendance, rule violations, and commendations is provided verbally, and managers work with employees on coaching or corrective action following identification of a problem.

TriMet provides positive recognition through annual, district-wide, and operator-specific awards programs. However, some frontline employees indicated that the performance evaluation process lacks positive feedback as well as constructive feedback on how performance can be improved. TriMet should consider developing a formal evaluation process for all frontline employees that includes written constructive and positive feedback when warranted.

### ***Gap in performance evaluations for non-union employees***

Formal performance evaluations for non-union employees were suspended from 2009 to 2012 as a result of a freeze on merit salary increases. TriMet recently created a new performance evaluation process for non-union employees. This process, which began November 2013, includes annual goal and objective setting, ongoing feedback and coaching from managers, competency assessment, and a follow-up meeting at year-end to discuss performance results.

## **Discipline and Grievance Policies Exist to Address Job Performance Concerns**

### ***Discipline***

TriMet has employee policies that provide for disciplinary actions for violating the district's respectful workplace, employee conduct and work schedule policies. Further, its union contract outlines causes for immediate suspension or discharge for union employees, including working under the influence of liquor or illegal drugs, mishandling TriMet cash, deliberate destruction of TriMet property, or posing an immediate or potential danger to public safety.

TriMet's drug and alcohol policy applies to all district employees, including those holding safety-sensitive and non-safety positions. It follows Federal Transit Administration and United States Department of Transportation drug and alcohol policies and compliance with the policy is a condition of employment. For operators, TriMet administers drug tests at random, post-accident and when there is reasonable suspicion of drug use based on a checklist dispatchers complete.

Cases in which employees believe they have received unjust discipline are referred in writing to TriMet management, beginning the grievance process. According to TriMet management, all communications regarding a discipline issue are documented.

### ***Grievance process***

TriMet's grievance process for frontline employees is outlined in the Union contract and includes four steps. The process begins with an attempt to resolve the issue through a meeting with the employee, employee's supervisor, and a Union representative. Discipline issues that could result in a financial impact to the employee, such as suspension or discharge, are initially addressed in a pre-discipline meeting. Non-discipline grievances, such as a potential contract violation regarding sick leave or seniority, are initially addressed by a pre-filing conference. Both the pre-discipline meeting and pre-filing conference are referred to in the contract as step one.

If the issue is not resolved during step one, the process moves to step two, where the employee files a formal grievance. Discipline issues that would not result in a financial impact to the employee, such as a warning or reprimand, can move directly to step two without first having a pre-discipline meeting. There were 150 disciplines issued in 2012; of those, 54 cases moved forward to formal grievances.

Step three in the process involves a decision to sustain or reject the grievance by majority vote of a committee consisting of at least two Union representatives and two non-union employees of TriMet. The committee's decision is binding; however, if the committee is deadlocked, the process moves to step four. Step four involves submitting the grievance to an impartial arbitrator chosen by TriMet and the Union. The arbitrator's decision is final and binding.

## **TriMet Has Taken Action to Identify Safety Risks, Though More Work Needed to Track and Communicate Resolutions**

### ***Changes resulting from 2010 accident***

In April 2010, there was a fatal accident in Portland involving a TriMet bus and pedestrians in a crosswalk that left two individuals dead and three injured. The accident prompted TriMet to review its safety policies and practices throughout the organization. An external consultant was brought in to review safety rules and procedures. While the consultant's report commended TriMet for its "many safe and secure operating practices and procedures," the report also recommended that TriMet clarify and/or change certain rules and procedures. In response to the report, TriMet has made a number of changes, including clarifying preference and priority for bus stop locations, and expanding rail operator training by one week.

One of the safety concerns following the 2010 accident was possible sight obstruction caused by the bus operator's left side rear view mirror. TriMet has noted that every vehicle has vision barriers, and that operators are trained to make visual adjustments to eliminate those barriers. TriMet also received complaints from operators that the mirror configuration on new buses purchased in 2012 caused a sight obstruction. TriMet conducted its

own analysis of the mirror placement and ordered replacement mirrors for the new buses. However, TriMet has continued to receive complaints of sight obstructions from mirrors, and recently arranged for a peer review of mirror configurations for its entire fleet, as well as a review of how it trains operators to make visual adjustments. This report is due in January 2014.

TriMet also initiated a review of the organization's safety culture. The resulting Safety and Service Excellence Task Force Report recommended broad changes to the organization, including making safety a core value and changing TriMet's organizational structure to elevate the importance of safety. The Task Force Report also recommended that TriMet increase employee engagement surrounding issues of safety and develop metrics for measuring risk and outcomes related to safety. TriMet has taken steps to address these recommendations. For example, the Request for Safety Assessment process described below was created in direct response to the Task Force recommendations. However, there are indications that some issues may still need to be addressed, such as the need for employees to engage in conversations with management about safety, and the ability of the safety committees to effect change. TriMet should consider whether it has adequately addressed all of the recommendations in the Task Force Report.

#### ***Efforts in place to mitigate safety risks***

TriMet management acknowledges that safety risks are inherent to public transit and that its job is to mitigate and reduce these risks. In its attempt to institutionalize safety across the organization, TriMet has a variety of efforts to identify and reduce safety risks. Some are proactive, such as relying on frontline employees to identify risks to both themselves and the public. Others occur after an accident or when a news story brings an issue to TriMet's attention, prompting changes to policies or the training curriculum. Other safety policies and procedures result from state requirements, union negotiations, and committee reviews.

TriMet's Safety, Security, and Environmental Services Division (Division) manages safety and security risks. As a result of a recommendation from the Task Force Report, the Division's Executive Director now reports directly to the General Manager. The Safety Department within the Division focuses on safety risk management and safety training. Additionally, department staff is involved in a host of efforts across the organization to identify and help resolve safety risks.

TriMet's System Safety Program Plan is overseen by the Oregon Department of Transportation and contains strategies for managing safety risks for bus and MAX, as well as the paratransit system. The plan describes methods for identifying and resolving hazards pertaining to TriMet operations, its customers, and those who come in contact with the transit system. It establishes accountability for safety and outlines safety policies and goals throughout the organization. The plan also identifies an internal

audit process to verify compliance with the plan. The results of these audits are then submitted to the Oregon Department of Transportation.

### ***Safety committees and requests for safety assessment***

There are several safety committees throughout TriMet facilities to help solicit and address reports of safety concerns from TriMet employees. These committees represent various operations, including bus and rail transportation, maintenance, and facilities. Committees are comprised of employees, managers, Union officers and Safety Division staff who meet monthly to discuss safety issues, including those brought to their attention by fellow employees. While TriMet management points to the safety committees as a resource for identifying and resolving safety risks, some operators perceive the committees to be ineffective. TriMet should consider evaluating the safety committees to ensure that they are effective and better communicating their purpose to frontline employees.

TriMet also solicits safety concerns from employees through the Request for Safety Assessment (RSA) process. The RSA process was a recommendation from the Task Force Report. Prior to 2011, employees could report a safety concern on a hard-copy form and pass it on to their supervisor, but there was no assurance that the issue was addressed, and employees were not always told if or how the concern was resolved. In contrast, the RSA process is online, with concerns tracked by a Safety Division staff member who works with the respective division within TriMet or other jurisdiction, such as the City of Portland's Bureau of Transportation, to mitigate the safety concern or explain to the employee filing the concern why the risk cannot be addressed. Also, employees can track their concern online throughout the process. According to TriMet, since 2011, it has received 452 safety concerns through the RSA process and has addressed all but 16.

Despite these improvements, there are indications that TriMet could better communicate the purpose and effectiveness of the RSA process to employees. Through interviews with TriMet's frontline employees, we learned that the RSA process may still be confused with the previous hard-copy system and that some employees are reluctant to express safety concerns because they have lost trust that they will be addressed by management. TriMet should consider further communications with frontline employees to explain the RSA process, including its purpose and merits.

### ***Accident investigations***

TriMet investigates incidents that result in death or injury, or damage to a vehicle. Field operations staff responds to the scene of an accident, interviews people involved, photographs the scene, and submits a report. An Accident Review Committee, made up of Safety Department staff, frontline employees, and a bus or rail trainer, reviews all collisions, including assessing whether the incident was preventable and whether the operator's actions were appropriate.



If a major safety or security incident occurs, the Transit Change Review Committee, which is comprised of managers across operations, including bus, rail, facilities, maintenance, field operations, and the Safety Division, reviews the report in order to determine whether changes to TriMet procedures, employee training, and/or equipment are necessary. The committee can also review and address safety concerns that are brought to its attention through other means, including by employees.

In addition to investigating accidents and collisions, TriMet tracks incidents over time. TriMet staff analyzes incident trends, including route location, type of collision and operator experience, and reports these trends to management. Figure 19 shows recent bus collision incidents by type.

**Figure 19: Bus Collision for 2012 and 2013**

Bus collisions	Nov. 2011 – Oct. 2012	Nov. 2012 – Oct. 2013
Accident involving vehicle	309	312
Accident involving mirror	229	285
Accident involving fixed object	177	128
Accident involving Pedestrian	8	9
Accident involving Bike	10	14
Accident – other	19	12

### ***Hours of service policies***

A known safety risk at TriMet and other transit agencies is bus and MAX operator fatigue. Policies to address hours of service, including hours worked in a 24-hour period, the span of the workday, and time off between shifts, are aimed at limiting operator fatigue. The American Public Transportation Association (APTA) has recommended hours of service policies for rail transit operators, but not currently for bus operators, that include a maximum of 14-hours worked in a 24-hour period, shifts that span no more than 16-hours in a 24-hour period, and a minimum of 10-hours off between shifts.

TriMet and the Union have had a policy in place since 2000 that addresses some concerns regarding hours of service. For example, the policy sets a maximum of 17-hours that employees in safety sensitive positions, including bus and MAX vehicle operators, can work in a 24-hour period. The policy also sets the maximum hours that employees can work within a 7-day period, and limits the number of consecutive days they can work. In contrast to the APTA recommendations, TriMet does not have a policy regarding the span of the workday.

In 2010 and 2011, TriMet and the Union discussed various aspects of hours of service, but there was little progress. Discussions in 2013 included reducing the maximum hours worked in a service day to the APTA-recommended 14-hours, limiting the span of the workday to 12-hours for operators working a split shift, and setting a minimum for hours off between shifts for bus operators. In February 2013, TriMet and the Union

signed a temporary agreement that covered bus operators only. The agreement requires a minimum of 10-hours off between shifts for bus operators not working the extraboard, and 9-hours for bus extraboard operators. This agreement applies until a new collective bargaining agreement is in place. Meanwhile, TriMet and the Union have continued to meet to discuss the Hours of Service policy. TriMet should consider continuing to work with the Union to establish a comprehensive hours of service policy that covers all safety sensitive positions.

### ***Fitness for duty policies***

Fitness for duty is another safety issue among bus and rail operators. Consistent with APTA recommendations for rail, TriMet has a fitness for duty policy in place for rail operators whereby a supervisor engages the operator in a discussion and observes their attentiveness and behavior to determine if there is any condition that indicates that the operator may not be sufficiently fit and prepared for service. Fitness for duty checks are not required for bus operators at TriMet. TriMet estimates roughly 30% of operators begin their shifts in the field, making it difficult for supervisors to conduct fitness for duty checks. If a customer complains to TriMet about an operator's fitness for duty, TriMet can send a supervisor out in the field to check on the operator. TriMet should consider working with the union to develop a policy for bus operators to ensure they are fit to operate a vehicle before their shift.

### ***Operator perceptions of safety risks***

Recent interviews indicate some employees believe safety concerns reported to the safety committees or through the RSA process may not be adequately addressed by TriMet management. These perceptions may have an impact on whether an employee bothers to report a safety concern to management in the future

A survey of operators by Portland State University and our interviews indicate that frontline employees think many safety risks still exist. These include fatigue due to long hours worked and long split shifts, stress related to the schedule, and blind spots within the bus or at a given location.

In addition, a recent report by an outside consultant who interviewed TriMet employees identified face-to-face interactions with employees as a critical component to ensuring safety and improving service delivery. The report recommended that TriMet hold periodic small group discussions between employees and management to discuss safety issues. TriMet should consider discussions with employees to address their perceptions about safety and communicating practices TriMet is working on to mitigate safety risks.

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## Recommendations

The following recommendations relate to areas where we saw the possibility of further improvement. TriMet may need to do additional work to determine the extent of the problem in these areas and whether a cost-effective solution exists.

To improve its administration and oversight functions, TriMet should consider:

- implementing a hotline or other function to enable employees to make reports of fraud, waste, or abuse of district resources; and
- publishing the results of internal and external reviews and audits (both performance and financial) on its website.

To address its financial challenges, TriMet should continue to consider including a specific strategy for addressing the OPEB and pension liabilities in the strategic financial plan.

To address its strained labor-management relationship, TriMet should consider the following items:

- holding formal meetings with the Union outside of contract negotiations in order to help address ongoing financial and operational challenges;
- identifying strategies for improving two-way communication and the relationship between TriMet management and frontline employees; and
- employing strategies other transit agencies, such as the MTA, have identified to better communicate and engage with its frontline employees.

To improve its transparency and engagement policies and practices, TriMet should consider the following items:

- identifying ways to communicate to participants how their input affected the decision and explaining the decision in a clear and timely fashion; and
- conducting the Attitude & Awareness Survey every year to better track satisfaction with its services.

As the Accountability Committee continues to develop the Accountability Center web page, it should consider soliciting public feedback to identify additional information of interest to the public.

To improve its efforts to plan routes, TriMet should consider the following items:

- formally adopting service guidelines to ensure consistency in how it identifies and executes service changes;
- reexamining current processes for determining work shifts to ensure adequate time for operator breaks;
- working with its operators to address the adequacy of its bathroom facilities; and

- improving its method for receiving scheduling feedback from operators, and communicating to operators whether TriMet can address the issue.

To address the complexity of scheduling operators, TriMet should consider working with the Union to identify and evaluate alternative strategies to reduce the complexity and cost of bus operator signups.

To improve hiring practices, TriMet should continue to work with the Union to consider ways to change entry-level hiring practices for maintenance employees to allow for hiring applicants with prior training or experience.

TriMet should consider formally documenting its bus operator recertification program by adding it to the standard operating procedures.

TriMet should consider developing a formal evaluation process for all frontline employees that includes written constructive and positive feedback when warranted.

To improve safety and accountability, TriMet should consider the following items:

- whether it has adequately addressed all of the recommendations in the Task Force Report;
- evaluating the safety committees to ensure that they are effective and better communicating their purpose to frontline employees;
- further communications with frontline employees to explain the RSA process, including its purpose and merits;
- continuing to work with the Union to establish a comprehensive hours of service policy that covers all safety sensitive positions;
- working with the union to develop a policy for bus operators to ensure they are fit to operate a vehicle before their shift; and
- discussions with employees to address their perceptions about safety and communicating practices TriMet is working on to mitigate safety risks.

The audit report documents several initiatives TriMet has already undertaken. We recommend TriMet successfully complete these initiatives.

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## Scope and Methodology

This audit engagement was initiated in response to House Bill 3316 passed in July 2013, which required the Secretary of State to conduct a performance audit of TriMet. Our audit objective was to examine TriMet's immediate and long-term financial condition; its organizational transparency; and efforts related to its operational structure, practices and functions. Our audit was intended to identify areas that warrant further consideration and our recommendations are limited, to reflect the degree of uncertainty in the extent of evidence obtained. We excluded from our review TriMet's capital construction function.

To address our audit objective, we reviewed TriMet's financial data for a ten-year period from 2004 to 2013, highlighting financial data trends for this period. We generally expressed financial data in constant dollars by adjusting dollar amounts for each prior year to equal the purchasing power of money in FY 2013. We used the Consumer Price Index for Portland, Oregon, as reported by the Bureau of Labor Statistics, U.S. Department of Labor. Charts that have been adjusted for inflation are so indicated in their title.

Nearly all financial information was obtained from TriMet Financial Statements and Supplemental Data reports. We did not audit the accuracy of source documents or the reliability of the data in computer-based systems. Our review of data was not intended to give absolute assurance that all information was free from error. Rather, our intent was to provide reasonable assurance that the reported information presented a fair picture of TriMet's financial condition. In addition, while the report offers financial highlights, it does not thoroughly determine the reasons for negative or positive performance. More analysis may be needed to provide such explanations.

Further, we compared TriMet transparency practices to those documented in Oregon laws and established by the Sunshine Review. We also identified actions TriMet has either taken or plans to take to improve its public records and discovery practices. In addition, we documented TriMet's practices for collaborating with other public and private sectors, engaging and informing the public, and responding to its customers.

We also conducted interviews of TriMet managers and reviewed TriMet policies and other documents to gain an understanding of the high-level management controls over the district's financial, transparency, and operational practices. In addition, we interviewed 78 frontline employees as well as representatives from the Amalgamated Transit Union Local 757, Organizing People Activating Leaders, East Portland Action Plan, Immigrant and Refugee Community Organization, and Westside Transportation Alliance to gain their perspective on TriMet practices.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained and reported provides a reasonable basis to achieve our audit objective.

EMBARGOED



January 27, 2014

The Honorable Kate Brown  
Oregon Secretary of State  
136 State Capitol  
Salem, OR 97310-0722

Dear Secretary Brown,

TriMet would like to thank you and your audit team for the diligence exhibited during the audit process. The guiding legislation outlined an exceptionally big job and broad task and the result has been a comprehensive and thorough review of our organization.

TriMet is a complex organization that touches everyone in our community, even if they don't ride transit. We are an organization that does everything from helping a commuter get to his job to building a bridge across the Willamette River to making sure one of our LIFT passengers gets to her doctor's appointment on time. We believe your report captures this complexity in an informative and understandable way.

We are also an organization that embraces the concept of continuous improvement, recognizing there is always the opportunity to do better. That is why we welcomed your assessment.

Your report suggests the need for improvements in our communication and relationship with our frontline employees. We know that to be successful, our employees must feel connected, valued and consulted. This is especially true on the topic of safety.

Safety has been and remains our core value. We have made significant progress on this front, but there is more to do. As you report, we have updated our training, re-energized our Safety Committees and created a new process where employees can identify safety concerns through our Request for Safety Assessment (RSA). We did learn from the audit, that although the Committees and RSA process are in place, there are still some employees who are skeptical about their effectiveness. This audit helped us better understand we have to do more to ensure employees are hearing back from us about their concerns, especially on safety related topics.

The audit did a notable job capturing the status of our fiscal condition and the need for continued reform in the area of union benefits. It also noted the improvements we have made to be a more transparent organization, our collaboration with our partners and stakeholders, and our external outreach efforts.

You highlighted some of the issues where we agree there are opportunities to be more cost-effective and efficient. You recommended we work with the Union on streamlining operational issues such as the ability to directly hire experienced maintenance workers that under the current labor agreement requires that they first be hired as bus cleaners.

Below you will find responses to each of your recommendations. We agree with all of them. Our first focus will be on those items that further the delivery of safe and dependable service. As the audit notes, we already have many safety initiatives underway to ensure our equipment and infrastructure are safe.

I have asked our Interim Deputy General Manager to lead an effort to ensure the audit's recommendations are implemented and to regularly report to the TriMet Board and the public on our progress. If resources are needed, these recommendations will be a priority as we prepare our FY15 Budget.

It is important to note that some recommendations require joint agreements between Amalgamated Transit Union (ATU) and TriMet. We know that they are as committed as we are to delivering safe and dependable service and I am hopeful we will be able to find common ground in these areas.

We have a workforce committed to delivering high quality service. A strong transit system is a critical element of a healthy and vibrant community. The audit findings help shape the work ahead of us as we continue to meet our mission of delivering safe, reliable service.

## **AUDIT RECOMMENDATIONS AND RESPONSE**

**From Audit Report: The following recommendations relate to areas where we saw the possibility of further improvement. TriMet may need to do additional work to determine the extent of the problem in these areas and whether a cost-effective solution exists.**

### **Administration and Oversight**

**Audit Recommendation: To improve its administration and oversight functions, TriMet should consider:**

- **implementing a hotline or other function to enable employees to make reports of fraud, waste , or abuse of district resources**

*Yes. As the Audit notes, late last year the TriMet Board passed a resolution creating an Accountability Committee. The Committee will include a TriMet Board Member, TriMet's General Counsel, and at least one member of TriMet's web services staff. The Committee will convene its first meeting in February 2014, and will discuss the Audit's findings related to improving transparency and oversight functions. The Committee will determine the best way to implement a hotline or other function to enable employees to make reports of fraud, waste or abuse. This recommendation is likely to require resources and will be included in the FY 2015 Budget which we are now preparing.*



- **publishing results of internal and external reviews and audits (both performance and financial) on its website**

*Yes. Final reports will be posted on the Accountability web page. If a specific report contains sensitive material, such as information about TriMet's safety or security systems, it will be submitted for review to the Accountability Committee to determine appropriateness for posting.*

### **Financial Challenges**

**Audit Recommendation: To address its financial challenges, TriMet should continue to consider including a specific strategy for addressing the OPEB and pension liabilities in the strategic financial plan.**

*Yes. We recognize that we have a significant unfunded pension and Other Post Employment Benefits (OPEB) liability and the TriMet Board continues to develop a Strategic Financial Plan to address these liabilities. These legacy benefits have their genesis when TriMet was first formed in December 1969. Employer paid retiree medical benefits were introduced in 1971.*

*As we address these issues, we believe there is a fundamental difference between our pension liability and other OPEB liability. Pensions are a funding issue. OPEB (primarily retiree medical) is both a benefit design and eligibility issue and a funding issue.*

*TriMet has taken several steps in recent years to reduce its OPEB liability. In 2009, TriMet closed retiree medical to all new non-union employees. Medical benefits for non union active and retired employees were scaled back and premium contributions added. With the 2012 Interest Arbitration award some union employee and retiree benefits were scaled back. The combined effect of these changes reduced TriMet's OPEB liability from approximately \$900 million to \$850 million.*

*TriMet believes that its current contract proposal to the Amalgamated Transit Union (ATU) to bring union retiree medical benefits in line with non-union retiree medical benefits will reduce TriMet's OPEB liability by 50% over the next 15 years while TriMet continues pay-as-you-go premium payments during this same time period.*

*Regarding pensions, in 1985, an irrevocable pension trust was established, jointly administered by the Amalgamated Transit Union (ATU) and TriMet. Since the trust's inception TriMet has always funded the full Annual Required Contribution (ARC) determined by certified independent actuaries.*

*With the July 2012 interest arbitration award TriMet's defined benefit pension plan for union employees was closed to new hires. The defined benefit pension plan for non-union management and staff employees was closed to new hires in April 2003. All new TriMet employees are now covered by defined contribution pension plans. TriMet believes pension benefits are now in line with our peers and sustainable for the long-term. Because both defined benefit pension plans are now closed to new hires TriMet has an objective of fully funding both plans.*

*The TriMet Board is scheduled to consider in February 2014 adopting pension funding plans for each defined benefit plan that would shorten the current funding amortization schedule to approximately match the average remaining working life of active participants (estimated to be six years for the management and staff plan and 11 years for the union plan.)*

### **Labor-Management Relationship**

**Audit Recommendation: To address its strained labor-management relationship, TriMet should consider the following items:**

- **holding formal meetings with the Union outside of the contract negotiations in order to help address ongoing financial and operational challenges**

*Yes. TriMet's contract proposal suggests that there be periodic labor/management meetings. Under that provision, either party may call for these meetings as needed for the purpose of discussing the relationship of the parties, improving communication and addressing problems of mutual interest. TriMet originally proposed this language and the ATU's counter proposal has incorporated TriMet's proposed language.*

*TriMet's relationship with ATU is largely defined by the Public Employee Collective Bargaining Act (PECBA). Under PECBA, the parties' relationship is for the "purpose of negotiations concerning mandatory subjects of bargaining, to meet and confer in good faith in accordance with law with respect to any dispute concerning the interpretation or application of a collective bargaining agreement, and to execute written contracts incorporating agreements that have been reached." Given this, we must be careful about interpreting the recommendation that TriMet engage in formal meetings outside of contract negotiations with the ATU regarding financial and operational issues that properly would be considered mandatory subjects of bargaining. If we interpret the recommendation to engage with the ATU on financial and operations matters as an important stakeholder, the same as we do with other stakeholders, then there should be no conflict.*

- **identifying strategies for improving two-way communication and the relationship between TriMet management and frontline employees**

*Yes. In March 2013, we commissioned consultant, Barbara Ramirez Spencer, to assess four areas in daily operations where improvements might be warranted. One of those areas was how to better communicate and engage frontline employees. Her findings suggested implementation of the draft Operations Communication Plan which identified a number of ways to better communicate with the frontline. Committees have been formed to review the plan, set priorities and develop an appropriate work plan.*

*Part of this effort includes my directive to put in place a process to engage frontline employees on specific topics. These topics cannot involve items related to terms and conditions of employment as described in the before mentioned PECBA regulations, but can focus on other issues and areas of concern for which the agency can gain a broader perspective from those closest to the work. This process is intended to support the agency's overall continuous improvement business model by forming teams comprised of impacted employees from specific*

*work groups and assembled as needed to discuss issues pertinent to the work group and to obtain employee feedback.*

*As an example, later this year our renovated Operations Center at our Center Street facility will include a remodeled Operator Report Room designed to make managers more accessible to frontline employees. Under the direction of a consulting team, this design was developed with input from operators and other users of the space. Over the next few years, the other four Operator Report Areas will undergo the same operator involvement process to determine their final design.*

*Middle management and frontline supervisors direct the activities of frontline employees and are the day-to-day communicators of work related information. To ensure consistency, of communication, we will provide training to managers and supervisors on effective communication techniques and behaviors including ways to solicit feedback.*

- **employing strategies other transit agencies, such as the MTA, have identified to better communicate and engage with its frontline employees**

*Yes. We have obtained a copy of the MTA's report, dated November 2007 and entitled "Engaging, Recognizing, and Developing the MTA Workforce" prepared by the Blue Ribbon Panel on Workforce Development. We have learned that most of the report's recommendations were not implemented and the report is no longer being used as a framework for moving forward, but will consider the report along with the findings of our consultant, Barbara Ramirez Spencer. Her report, "Measuring Up" compared TriMet in four selected areas to peer transit properties: DART (Dallas), Metro Transit (Minneapolis), RTD (Denver), SDMTSD (San Diego), UTA (Utah), and MARTA (Atlanta). The report delineated six (6) specific recommendations that captured the best practices of the peer transit properties related to improving frontline communication.*

*A cross-functional TriMet work group was formed to review the recommendations and devise an implementation plan. That work is ongoing and will be augmented by any relevant recommendations contained in the MTA report.*

#### **Transparency and Engagement**

**Audit Recommendations: To improve its transparency and engagement policies and practices, TriMet should consider the following items:**

- **identifying ways to communicate to participants how their input affected the decision and explaining the decision in a clear and timely fashion**

*Yes. Last year, TriMet updated its Public Outreach and Engagement Framework to incorporate the best practices of the International Association for Public Participation. These include an explicit consideration of stakeholder participation including ways to inform stakeholders how their input was used in a decision-making. We will continue to adhere to this policy and look for opportunities to communicate it in all of our public engagements.*

- **conducting the Attitude & Awareness Survey every year to better track satisfaction with its services**

*Yes. In the fall of 2013 the Attitude & Awareness Regional Survey was resumed and will once again serve the agency with useful public and rider feedback. Going forward, this survey will become a priority budgeted line item to ensure a timely, consistent review of customer perceptions. In alternate years, we may tag onto other organization's surveys as we have been doing, to save costs.*

**As the Accountability Committee continues to develop the Accountability Center web page, it should consider soliciting public feedback to identify additional information of interest to the public.**

*Yes. TriMet's Accountability Committee will develop a formal process for gaining public feedback. This will include reaching out to our riders and other key stakeholders online and through our other outreach venues over the next several months to determine what additional information should be included in TriMet's Accountability Center web page. This targeted effort will be concluded by September, 2014, but there will be ongoing channels for stakeholders to suggest further additions to the page.*

### **Route Planning**

**Audit Recommendations: To improve its efforts to plan routes, TriMet should consider the following items:**

- **formally adopting service guidelines to ensure consistency in how it identifies and executes service changes**

*Yes. We have used a consistent approach for service changes for many years, but have more recently begun focusing on formalizing and updating the approach. Planning staff have drafted a set of service planning guidelines intended to better explain the decision-making process including regular opportunities for stakeholder input on how we identify and execute service changes. As part of this effort, we have also been enhancing our analytic tools to better understand the level of demand in different areas and to strengthen our up-front analysis of transit equity needs to inform service change proposals. We will seek stakeholder input on the framework and seek to finalize a set of service guidelines over the next year.*

- **reexamining their current processes for determining work shifts to ensure adequate time for operator breaks**

*Yes. Currently, the agency's schedule writers go to the operating locations monthly to visit with operators and to receive feedback on the route structure. Schedule writers will often ride along with an operator on their route to observe firsthand the conditions that the operator faces, and then will make such schedule adjustments in future schedules to the extent allowed through the collective bargaining agreement. As part of a recent reorganization, a new department called "Service Delivery" was created. By July 2014, a more formal operator engagement process will*

*be in place to receive feedback on schedule performance and ensure there is a communication loop back to operators on actions taken on scheduling issues, including time in the schedule for operator breaks.*

▪ **working with its operators to address adequacy of its bathroom facilities**

*Yes. There is a long-standing cross-divisional Operator Restroom Committee. This committee meets regularly to identify appropriate restroom locations for operators and works with the zoning departments of the various jurisdictions to obtain approval to site TriMet operated restroom facilities for its operators. Close attention is given to the security of the site and the adequacy of the design. We will add an operator from each bus garage to the committee by February 2014.*

▪ **improving its method for receiving scheduling feedback from operators, and communicating to operators whether TriMet can address the issue**

*Yes. In addition to our robust external outreach efforts as noted in the audit, obtaining feedback from operators about route structure and viability is a key component of the agency's continuous improvement business model. As described above, the new Service Delivery department's employee engagement process that will be in place in July will provide another avenue to gain feedback from operators about schedules.*

**To address the complexity of scheduling operators, TriMet should consider working with the Union to identify and evaluate alternative strategies to reduce the complexity and cost of bus operator signups**

*Yes. Our current method of operators signing for their work is a long-standing practice that is common in the industry. As part of contract negotiations, discussions have occurred about ways to simplify some aspects of the operator sign-up process that better manages time and costs. Since this is a mandatory subject of bargaining, we cannot make unilateral change; agreement by the ATU is required. Additionally, these changes may have a financial impact and need to be accomplished in a way that does not adversely affect TriMet's already challenged financial situation.*

**To improve hiring practices, TriMet should work with the Union to consider ways to change entry-level hiring practices for maintenance employees to allow for hiring applicants with prior training or experience.**

*Yes. As the audit team recognized, virtually all of our maintenance positions must be filled by promoting current employees up from entry level service worker positions and into multi-year apprentice training programs that currently are the sole source of our journey-level workforce. Our initial contract offer dated November 30, 2012, proposed hiring experienced applicants from the outside, including provisional journey workers. After lengthy discussion at the bargaining table, the ATU rejected our proposal.*

*Our most recent counter offer modifies its original proposal by limiting our right to hire from the outside to apprentices only – not journey workers – and to circumstances only when specified levels of attrition have been exceeded. We have communicated to the ATU that our proposal is intended not only to maintain service commitments and maintenance standards, but also to facilitate building partnerships with veterans groups, community colleges, and other entities involved with promoting employment opportunities in our region. While our proposal would give TriMet the right to hire experienced maintenance workers from outside of TriMet, those new hires would have to be part of our apprentice program at the appropriate level.*

**TriMet should consider formally documenting its bus operator recertification program by adding it to the standard operating procedures**

*Yes. As noted in your report, our annual training and recertification program is in the third year. We will document our bus operator recertification program in the form of a Standard Operating Procedure (SOP) by February 1, 2014.*

**TriMet should consider developing a formal evaluation process for all frontline employees that includes written constructive and positive feedback when warranted.**

*Yes. We will review best practices within the industry as part of an effort to redesign the current operator personal profile evaluation process. We will pilot this program for our operators in July 2014. Upon evaluation of the pilot, we will make any adjustments necessary and extend the program to include other frontline supervisors and frontline maintenance employees.*

**To improve safety and accountability, TriMet should consider the following items:**

- **whether it has adequately addressed all of the recommendations in the Task Force Report**

*Yes. Our development and implementation of a Safety Management System was designed to ensure the recommendations from the Safety and Service Excellence Task Force are sustainable. An updated review of the actions already taken in response to the Task Force report will be completed by June 2014, and improvements will be made if there are any gaps.*

- **evaluating the safety committees to ensure that they are effective and better communicating their purpose to frontline employees**

*Yes. We reenergized and reconstituted our Safety Committees as part of our response to the Safety Task Force recommendations. They received some initial training and have worked to develop committee charters. We agree that it is time to re-evaluate these efforts and will do so by May of this year. Part of that review will include obtaining best practices from other organizations that have developed comprehensive safety programs and training like UPS. Recommendations that come from this evaluation will be implemented. This evaluation will ask for ways to train and engage members and to ensure better communication of the Committees' purpose, processes, and outcomes.*

- **further communications with frontline employees to explain the RSA process, including its purpose and merits**

*Yes. As noted in the audit, we put the RSA process in place with a transparent mechanism for employees to receive feedback about their safety concerns. Even so, audit results indicated some employees may have some reservations about the effectiveness of the program. By April 2014, all Safety Committees will be asked to review and evaluate the current ways we communicate the Request for Safety Assessment (RSA) process, its purpose, merits and outcomes. The recommendations of the Safety Committees will then be implemented along with a communication plan to better communicate the process.*

- **continuing to work with the Union to establish a comprehensive hours of service policy that covers all safety sensitive positions**

*Yes. We have had in place an Hours of Service (HOS) policy since 2000 covering all safety sensitive positions. In 2013, our agreement with ATU put in place an Interim HOS policy that enhanced safety and accountability for bus operators. We agreed to meet regularly with ATU for the purpose of refining and making a permanent change to the HOS labor contract provisions. Those meetings have been taking place and progress has been made. We are optimistic that a final agreement regarding bus operators can be moved forward during the bargaining process. As part of its November 2012 contract offer, we proposed enhancements to the HOS provisions that align with American Public Transportation Association (APTA) standards for train operators, and expanded the standards to cover all safety sensitive positions.*

- **working with the union to develop a policy for bus operators to ensure they are fit to operate a vehicle before their shift**

*Yes. The majority of our frontline operators report to an operating facility before they begin work. There are supervisors and managers in the facility to provide observations of an operator's fitness for duty. We also have supervisors available in the field who periodically interface with operators and can observe operator behavior and take the appropriate actions. Pursuant to the Department of Transportation (DOT) drug and alcohol regulations, managers and supervisors receive periodic training on techniques to employ while observing the behavior, speech, and appearance of their employees. Such observations occur regularly in bus operations, and although not formally tracked, are an effective tool in ensuring that bus operators are fit for duty while reporting to work and during an employee's work shift. However, we will explore a more formalized 'fit for duty' observation program for bus operators and deliver a recommendation for a pilot program to augment and strengthen this practice by September 2014.*

- **discussions with employees to address their perceptions about safety and communicating practices TriMet is working on to mitigate safety risks**

*Yes. Continuous improvement teams are in the process of being organized to examine specific safety concerns. These teams will have frontline representation from the work group closest to the issue or concern. Initial teams will work on a review of the new buses and examine right-of-*

*way worker safety. Recommendations flowing from these teams will be evaluated and final actions will be communicated to the workforce.*

*As the elements of the Safety Management System (SMS) are implemented, each will be communicated to employees. Additionally, employee training sessions will take place first for directors, managers and supervisors and will begin for all frontline employees in 2015. This training will include an overview of the SMS components and the role of each employee. Safety risks and control measures will be communicated during these sessions and through other communication channels.*

Your audit has been very helpful in both acknowledging the work in progress and identifying where we can improve. I hope our responsiveness during the audit process and our response to your recommendations reflects the value we have gained from the report.

Sincerely,



Neil McFarlane  
General Manager

C: Gary Blackmer, Director, Oregon Audits Division  
William Garber, MPA, CGFM, Deputy Director  
Andrew Love, Principal Auditor



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## About the Secretary of State Audits Division

The Oregon Constitution provides that the Secretary of State shall be, by virtue of her office, Auditor of Public Accounts. The Audits Division exists to carry out this duty. The division reports to the elected Secretary of State and is independent of the Executive, Legislative, and Judicial branches of Oregon government. The division audits all state officers, agencies, boards, and commissions and oversees audits and financial reporting for local governments.

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The courtesies and cooperation extended by officials and employees of TriMet during the course of this audit were commendable and sincerely appreciated.