



STATE PERFORMANCE AUDIT SERVICES REVIEW – FINAL AUDIT REPORT

FOR

METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY

Ms. Andrea Dennis, CIA, MBA
Vice President & Chief Auditor
Metropolitan Transit Authority
1900 Main Street, 2nd Floor, Houston Texas, 77002

January 6, 2025



McConnell Jones



McConnell
Jones

TRANSMITTAL LETTER

January 6, 2025

Ms. Andrea Dennis, CIA, MBA
Vice President & Chief Auditor
Metropolitan Transit Authority
1900 Main Street, 2nd Floor
Houston Texas, 77002

Dear Ms. Dennis:

McConnell & Jones LLP (the “MJ Team” or “MJ”) is pleased to present the results of performance audit services provided to the Metropolitan Transit Authority of Harris County (METRO) in connection with the requirements of Section 451.454 of the Texas Transportation Code (the Code). MJ partnered with Olivier, Incorporated on this engagement. Under the provisions of the Code, METRO is required to undergo a performance audit every four (4) years to include an examination of (1) compliance with applicable state law; (2) review of nine (9) performance indicators defined in the Code; and (3) an examination of administration, operations, or maintenance at least once every third audit.

This report encompasses the FY 2020 (October 1, 2019 - September 30, 2020) through FY 2023 (October 1, 2022 - September 30, 2023) quadrennial and is divided into the following three (3) tasks consistent with the requirements of the Code.

Task 1 – Assessed compliance with Chapter 451 of the Transportation Code and other applicable state law provisions. We noted three (3) instances of partial compliance or noncompliance with regulatory requirements.

Task 2 – Reviewed the nine (9) performance indicators required by the Code and determined that METRO staff compiled the underlying data and calculated the measures accurately in accordance with CODE provisions.

Task 3 – Performed an examination of two (2) administrative divisions and selected departments as follows: (1) Human Resources Department- *Staffing and Organization Development Divisions*; (2) Communications Department- *Digital Marketing, Marketing, Press Office, and Corporate Communications Divisions*. We determined that most research subtasks were met overall.

We appreciate the cooperation of METRO staff who worked with us during this review, particularly the audit staff. Without their cooperation and support, it would not have been possible to complete the project successfully. We appreciate the opportunity to conduct this review and look forward to serving METRO again in the near future.

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EXECUTIVE SUMMARY

TASK 1 – Chapter 451 Statutory Compliance Review

The purpose of Task 1 is to examine METRO's compliance with Chapter 451 and other applicable state law, pursuant to Section 451.454 of Chapter 451, Texas Transportation Code, and to document METRO's compliance with the laws and identify any discrepancies. Chapter 451 of the Texas Transportation Code (Code) requires METRO to be in compliance with all applicable elements of the Code, including the following statutes:

- Texas Government Code
- Texas Local Government Code
- Texas Property Code
- Texas Health and Safety Code
- Texas Penal Code
- Relevant legislation as adopted by the 87th and 88th Texas Legislatures

Based on the procedures performed, we validated that METRO achieved compliance with most of the applicable Texas state laws as prescribed by Chapter 451 of the Texas Transportation Code. The Quadrennial Performance Review performed identified a few instances of partial compliance or noncompliance with existing and new provisions of Texas Transportation Code 451 and other relevant Texas legislation. **Figure ES-1** summarizes the audit findings.

Compliance Status	Subject	Finding	Recommendation
<i>Non-Compliant</i>	Energy Management	<ul style="list-style-type: none"> • An standard operating procedure (SOP) or other energy management guideline was not provided which documented that METRO's energy reduction goal was 5 percent annually. • SB 898 Reporting form (82R) is required to be filed every year with the State Energy Conservation Office (SECO). However, the last report on file is for 2019 and signed on October 29, 2020. Facilities staff indicated that the 2019 form was sent to SECO in September 2023. • The energy manager has been vacant for over one (1) year. METRO's job posting states that one (1) of the responsibilities is to assists the Director of Operating Facilities in analyzing current energy usage and developing the authority's energy management plan to provide cost effective energy utilization. 	Develop and implement an energy management SOP to document roles and responsibilities to ensure compliance with regulatory requirements including filing forms with SECO and documenting METRO's energy reduction goals and action plans. Also, fill the energy manager's position so that the duties required for the position can be implemented immediately.

Compliance Status	Subject	Finding	Recommendation
Non-Compliant	Review of Annual Financial Audit	<ul style="list-style-type: none"> METRO provided proof of delivery of the annual financial audit reports to the designated agencies for FY 2020, but not for FY 2021, FY 2022 and FY 2023. 	Establish a process to ensure that assigned staff verify and maintain documentation that appropriate parties receive the reports by the due date.
Partially Compliant	Delivery of Report and Response	<ul style="list-style-type: none"> The agency provided verification that the 2021 performance audit report was emailed to the appropriate government recipients. However, the performance audit report was submitted after the February 1, 2021, deadline. 	Implement a procedure to ensure that the performance audit report is delivered by the due date.

FIGURE ES-1: Summary of Audit Findings.

Source: Compliance review results per Appendix A.

TASK 2 – Performance Indicator Reviews

The purpose of Task 2 is to examine Metropolitan Transit Authority of Harris County’s (METRO) computation of nine (9) key performance indicators in accordance with Texas Transportation Code Section 451.454 statutory requirements (the Code).

We determined that METRO collects information to calculate performance indicators based on the Code’s definitions and reports the performance indicators to the Federal Transportation Agency (FTA) through the National Transportation Database (NTD). Accordingly, during the FY 2020 through FY 2023 quadrennial, METRO complied with the performance indicator provisions of the Code. MJ noted no exceptions.

One (1) fact is glaringly obvious however: the COVID-19 pandemic, which hit the United States in late February/early March 2020, six (6) months into METRO’s fiscal year, had a profound and pervasive impact on METRO’s operations across all transportation modes during the quadrennial. Demand for transit services fell dramatically during the pandemic due to the sharp increase in remote work and the temporary closure of non-essential businesses. Ridership rebounded during FY 2022 and FY 2023 as passengers returned to work in person and businesses reopened.

The MJ Team used FY 2019 as the base year for trend analysis because, although outside the quadrennial, it highlights the impact of COVID-19 during the quadrennial particularly during FY 2020 and FY 2021, which were the peak years of the pandemic.

To illustrate, total system boardings declined 31 percent from FY 2019 to FY 2020 and 53 percent from FY 2019 to FY 2021. Moreover, passenger miles traveled across all modes fell 33 percent and 56 percent from FY 2019 to FY 2020 and FY 2021, respectively.

Figure ES-2 summarizes FY 2019 through FY 2023 trends for each performance indicator and underscores the COVID-19 impact between FY 2019 and FY 2021. FY 2021 saw a full year of the pandemic. The performance indicators include all transportation modes, except van pool because van pool costs are funded by users. **Figure ES-3** provides a visual illustration of these trends.

Performance Indicator	Type of Measure	FY 2019 through 2023 Trends
1. Operating Cost per Passenger	Cost Effectiveness: How cost effectively are people being transported?	<ul style="list-style-type: none"> • 16% average annual increase per year • 80% increase FY 2019 to FY 2023 • 49% decrease in passenger trips FY 2019 to FY 2021 (COVID-19 impact)
2. Operating Cost per Revenue Mile	Cost Efficiency: How efficiently are services being provided with available resources?	<ul style="list-style-type: none"> • 12% average annual increase per year • 57% increase FY 2019 to FY 2023 • 26% decrease in revenue miles FY 2019 to FY 2021 (COVID-19 impact)
3. Operating Cost per Revenue Hour	Cost Efficiency: How efficiently are services being provided with available resources?	<ul style="list-style-type: none"> • 10% average annual increase per year • 46% increase FY 2019 to FY 2023 • 21% decrease in revenue hours FY 2019 to FY 2021 (COVID-19 impact)

Performance Indicator	Type of Measure	FY 2019 through 2023 Trends
4. <i>Sales & Use Tax Receipts per Passenger</i>	Cost Effectiveness: How well is service demand being met with existing resources?	<ul style="list-style-type: none"> 15% average annual increase per year 75% increase FY 2019 to FY 2023 119% increase 2019 to FY 2021 (COVID-19 impact)
5. <i>Fare Recovery Rate</i>	Cost Effectiveness: How balanced is keeping service affordable with riders covering as much of the cost as possible?	<ul style="list-style-type: none"> 18% average annual decline per year 56% decrease FY 2019 to FY 2023 62% decrease 2019 to FY 2021 (COVID-19 impact)
6. <i>Average Vehicle Occupancy</i>	Productivity Effectiveness: How many passengers are being moved through the transportation system?	<ul style="list-style-type: none"> 5% average annual decline per year 18% decrease FY 2019 to FY 2023 21% decrease 2019 to FY 2021 (COVID-19 impact)
7. <i>On-time performance</i>	Service Reliability: What is the on-time performance of combined motor bus and light rail?	<p>Combined Motor Bus</p> <ul style="list-style-type: none"> 0.1% average annual decline per year 0.4% decrease FY 2019 to FY 2023 1.6% decrease 2019 to FY 2021 (COVID-19 impact) <p>Light Rail</p> <ul style="list-style-type: none"> 0.21% average annual increase per year 0.05% increase FY 2019 to FY 2023 1.0% increase 2019 to FY 2021 (COVID-19 impact)
8. <i>Number of collisions per 100,000 miles</i>	Safety: What is the accident rate based on the number of accidents that occur per 100,000 miles?	<p>Combined Motor Bus</p> <ul style="list-style-type: none"> 3.3% average annual decrease per year 13% decrease FY 2019 to FY 2023 21% decrease 2019 to FY 2021 (COVID-19 impact) <p>Light Rail</p> <ul style="list-style-type: none"> 0.13% average annual increase per year 0.5% increase FY 2019 to FY 2023 5% decrease 2019 to FY 2021 (COVID-19 impact)
9. <i>Number of miles between mechanical road calls</i>	Vehicle Reliability: How well are breakdowns kept to a minimum?	<p>Combined Motor Bus</p> <ul style="list-style-type: none"> 8% average annual decrease per year 28% decrease FY 2019 to FY 2023 11% decrease FY 2019 to FY 2021 (COVID-19 impact) <p>Light Rail</p> <ul style="list-style-type: none"> 9% average annual decrease per year 31% increase FY 2019 to FY 2023 56% decrease FY 2019 to FY 2021 (COVID-19 impact)

FIGURE ES-2: FY 2019 through FY 2023 performance indicator types and trends.
Source: Data in appendices 1 through 16.

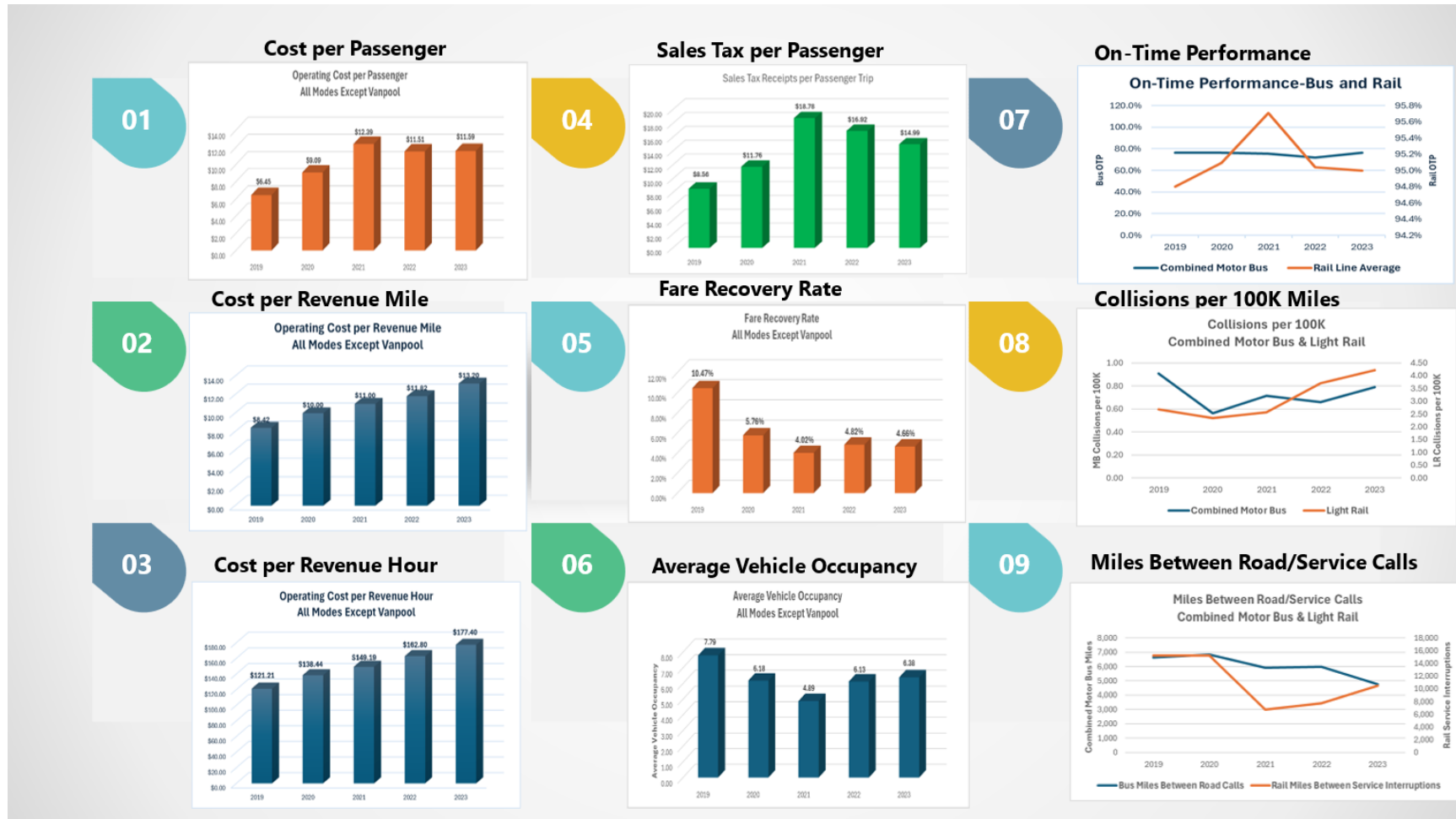


FIGURE ES-3: METRO calculated all nine (9) performance indicators in accordance with the Transportation Code.
Source: Data in appendices 1 through 16.

TASK 3 – Administration and Management Review

The purpose of Task 3 Review of Administration and Management Authority was to review administration and management areas of the Authority to determine if METRO's public transit services are being provided in an effective and efficient manner. The review included the following:

1. Review of staffing levels and the administrative organization of each department.
2. Review of department functionality.
3. Review of cost elements for each department.

The following section presents results of this review by subtask.

RESEARCH TASK 3.1 Staffing – Review of staffing levels and the administrative organization of each department

Finding Summary: Overall, the selected divisions in the Human Resources and Communications Departments met Task 3.1.

The divisions all have organizational structures with clearly defined units, minimizing overlapping functions and excessive administrative layers, and have lines of authority that minimize administrative costs. Additionally, these divisions demonstrated a span of control, vacancy rate, and turnover rate that are in line with accepted industry standards and best practices. Therefore, the MJ Team determined that the overall rating for staffing levels has been met.

FIGURE ES-4
SUMMARY OF METRO RESEARCH RESULTS

RESEARCH RESULTS									
3.1 Staffing									
Research Subtask	Staffing	Organization Development	Overall Conclusion	Digital Marketing	Marketing	Press Office	Corp. Comm.	Overall Conclusion	Recommendation
3.1.1 Span of Control	Met	Met	Met	Met	Met	Met	Met	Met	None
3.1.2 Vacancy/ Turnover Rate	Met	Met	Met	Met	Met	Met	Met	Met	None
3.1.3 Monitor Staffing Levels	Met	Met	Met	Met	Met	Met	Met	Met	None

RESEARCH TASK 3.2 Functionality – Review of department functionality.

Finding Summary: Overall, selected divisions in the Human Resources partially met Task 3.2 while selected divisions in Communications Department met Task 3.2.

For the Staffing Division, recruiting outreach efforts and incentives were effectively executed and for Organization Development, course offerings, training records, and learning management systems were managed appropriately. However, the majority of Human Resources’ policies and procedures provided were not updated on a timely basis in accordance with METRO’s internal review schedule. The Communications Department maintains planning documents including strategic plans and a crisis communication plan.

FIGURE ES-5
SUMMARY OF METRO RESEARCH RESULTS

RESEARCH RESULTS									
3.2 Department Functionality									
Research Subtask	Staffing	Organization Development	Overall Conclusion	Digital Marketing	Marketing	Press Office	Corp. Comm.	Overall Conclusion	Recommendation
3.2.1 Processes and Policies	Partially Met	Partially Met	Partially Met	Met	Met	Met	Met	Met	Review and update Staffing and OD Division policies and procedures timely every three (3) to five (5) years) or based on the required review period to ensure management practices are relevant and effective.
3.2.2 Planning/Mgmt. Rpt./ Performance Measures	Met	Met	Met	Met	Met	Met	Met	Met	None

RESEARCH TASK 3.3 Cost Elements: Review of cost elements for each department.

Finding Summary: Overall, the selected divisions in Human Resources and Communications Departments partially met Task 3.3.

The divisions maintain documented reports to effectively monitor budget versus actual expenses. However, the divisions experienced a trend of significant budget variances which recurred annually although the variances were monitored and reported.

Figure ES-6
SUMMARY OF METRO RESEARCH RESULTS

RESEARCH RESULTS									
3.3 Cost Elements									
Research Subtask	Staffing	Organization Development	Overall Conclusion	Digital Marketing	Marketing	Press Office	Corp. Comm.	Overall Conclusion	Recommendation
3.3.1 Report budget versus actual expenses	Met	Met	Met	Met	Met	Met	Met	Met	None
3.3.2 Mgmt. Report to monitor and explain variances	Met	Met	Met	Met	Met	Met	Met	Met	None

CHAPTER 451 STATUTORY COMPLIANCE REVIEW

TASK 1.0 – Chapter 451 Statutory Compliance Review

The purpose of Task 1 was to examine METRO's compliance with Chapter 451 and other applicable state law, pursuant to Section 451.454 of Chapter 451, Texas Transportation Code, and to document METRO's compliance with the laws and identify any discrepancies. Chapter 451 of the Texas Transportation Code (Code) requires METRO to be in compliance with all applicable elements of the Code, various state statutes, and relevant legislation as adopted by the 87th and 88th Texas Legislatures.

Based on the procedures performed, we validated that METRO achieved compliance with most of the applicable Texas state laws as prescribed by Chapter 451 of the Texas Transportation Code. The Quadrennial Performance Review performed identify a few instances of partial compliance or noncompliance with provisions of Texas Transportation Code 451 and other relevant Texas legislation.

1. Approach

The task included identifying and cataloging each compliance requirement as stated within Chapter 451 of the Texas Transportation Code, along with applicable statutes and laws as prescribed in the following:

- Texas Government Code
- Texas Local Government Code
- Texas Property Code
- Texas Health and Safety Code
- Texas Penal Code

Each compliance requirement, along with the validation procedure to be performed, was documented into a compliance matrix which was used to verify achievement by the Authority. *Refer to Appendix A for the Task 1 –Detailed Compliance Results for Chapter 451 Statutory Compliance Review.*

In addition, we evaluated and documented applicable updates to Texas legislation to verify compliance. In order to validate legislative compliance, we reviewed legislative amendments that were enrolled by the 87th (2021) and 88th (2023) Texas Legislature along with:

- The previous Quadrennial Performance Review that assessed METRO's compliance with new legislation from previous Texas Legislature sessions and if all issues raised in that review had been thoroughly addressed. No compliance issues were identified in the previous review.
- Validating that METRO did not regress in its policies or practices that would negatively impact the authority's ability to satisfy all relevant enacted legislation.

2. Sources of Information

In order to validate METRO's compliance with the applicable statutes, the following sources of information were collected and reviewed:

- Texas Legislature Online, at <http://www.capitol.state.tx.us/>,
- Publicly available information on the Authority's website, at <http://www.ridemetro.org/>,
- U.S. Census, at <https://www.census.gov/>,
- Internal policy manuals and memoranda provided by METRO staff,

- Interviews with METRO personnel, and
- Observed policies and practices in use, where relevant.

3. Metrics

To validate compliance, we utilized the following metrics to evaluate and determine whether METRO is meeting the applicable Texas statutes:

- **Compliant** – An area is considered “achieved” if the audit procedures identified no findings with the authority’s implementation of statute.
- **Noncompliant** – An area is considered “fully deficient” if any of the requirements of a statute were not met by the authority.
- **Partially Compliant** – An area is considered “deficient” if any of the requirements of a statute were not met by the authority.
- **Not Applicable** – An area is deemed “not applicable” if it was determined that the authority does not conduct activities relevant to the statute and are therefore not required to be met.

Detailed Audit Procedures and Results

1. Legislative Chapter 451 Changes

To identify the applicable legislation enrolled in the 85th (2017) and 86th (2019) Texas Legislature that were relevant to METRO, we reviewed all amendments made to the Texas Transportation Code, Section 451 through an online search of the Texas Legislature Online. Next, we researched amendments in all other code areas in the two (2) Texas Legislature sessions by identifying topics that have direct relevance to METRO. **Figure 1** lists the key words and phrases that were used for the search.

Figure 1 Key Search Terms

▪ Alcoholic beverage	▪ Competitive bidding	▪ Emissions tax payment	▪ Public records
▪ Assessment of damages	▪ Conflict of interest	▪ Fare enforcement	▪ Records management
▪ Board matters	▪ Depository	▪ HIPAA compliance	▪ Sales and use tax
▪ Board terms	▪ Drug testing	▪ Marijuana	▪ System security
▪ Chapter 451	▪ Electric consumption	▪ Minimum wage	▪ Terminal complex
▪ Commuter rail		▪ Occupational safety	▪ Train maintenance
		▪ Open meeting	▪ Transportation safety

1. Legislative Chapter 451 Compliance and Other State Statutes

We also conducted interviews with METRO’s process owners, determined applicability, and reviewed relevant data and documents to validate the authority’s compliance with each of the identified statutes. We reviewed METRO’s website to ensure compliance with statutes that require transparency with the public. We verified that METRO maintained supporting documents for transactions that occurred during the quadrennial review. We reviewed METRO by-laws and policies and procedures to ensure compliance with Texas Transportation Code Chapter 451 and other applicable state statutes.

2. Prior Compliance Efforts

The Quadrennial Performance Audit also considered past compliance efforts that took place during the scope period. The results of the prior quadrennial review did not identify any findings.

Results

The procedures performed resulted in the following findings that were determined to be applicable to the Authority during the FY 2020 through FY 2023 audit period.

Findings and Recommendations for Management

From the procedures performed, we identified the following areas of non-compliance with Chapter 451 of the Texas Transportation Code, or a lack of effective controls and oversight, or where performance did not meet established expectations.

Subject	Energy Management
Compliance Status	Non-Compliant
State Requirement	<p><i>Texas Health and Safety Code 388.005(b), 388.005(c), 388.005(d) (e)</i></p> <ul style="list-style-type: none"> Each political subdivision, institution of higher education, or state agency shall implement all energy efficiency measures that meet the standards established for a contract for energy conservation measures under Section 302.004(b) Local Government Code, in order to reduce electricity consumption by the existing facilities of the entity. Each political subdivision, institution of higher education, or state agency shall establish a goal to reduce the electric consumption by the entity by at least 5 percent each state fiscal year for seven (7) years, beginning September 1, 2019. A political subdivision, institution of higher education, or state agency annually shall report to the State Energy Conservation Office, on forms provided by that office, regarding the entity's goal, the entity's efforts to meet the goal, and progress the entity has made under this section.
Finding	<ul style="list-style-type: none"> An SOP or other energy management guideline was not provided which documented that METRO's energy reduction goal was 5 percent annually. SB 898 Reporting form (82R) is required to be filed every year with the State Energy Conservation Office (SECO). However, the last report on file is for 2019 and signed on October 29, 2020. Facilities staff indicated that the 2019 form was sent to SECO in September 2023. The energy manager has been vacant for over one (1) year. METRO's job posting states that one (1) of the responsibilities is to assist the Director of Operating Facilities in analyzing current energy usage and developing the authority's energy management plan to provide cost effective energy utilization.
Recommendation	Develop and implement an energy management SOP to document roles and responsibilities to ensure compliance with regulatory requirements including filing forms with SECO and documenting METRO's energy reduction goals and action plans. Also, fill the energy manager's position so that the duties required for the position can be implemented immediately.

Subject	Review of Annual Financial Audit
Compliance Status	Non-Compliant
State Requirement	<p>Texas Trans Code 451.451(a); 451.452(a)</p> <ul style="list-style-type: none"> The board of an authority to which this section applies shall have prepared a financial audit of the affairs of the authority by an independent certified public accountant or a firm of independent certified public accountants. The board of the authority shall deliver a copy of the report of an audit performed under this section to: (1) the governor; (2) the lieutenant governor; (3) the speaker of the house of representatives; (4) the state auditor; (5) the county judge of each county having territory in the authority; and (6) the presiding officer of the governing body of each municipality having territory in the authority.
Finding	<ul style="list-style-type: none"> METRO provided proof of delivery of the annual financial audit reports to the designated agencies for FY 2020, but not for FY 2021, FY 2022 and FY 2023.
Recommendation	Establish a process to ensure that assigned staff verify and maintain documentation that appropriate parties receive the reports by the due date.

Subject	Delivery of Report and Response
Compliance Status	Partially Compliant
State Requirement	<p>Texas Trans Code 451.457</p> <ul style="list-style-type: none"> A copy of each report of a performance audit conducted under this section and the response of the authority shall be delivered to the governor, the lieutenant governor, the speaker of the house of representatives, the state auditor, the presiding officer of the governing body of each county and municipality having territory included within the authority, and each member of the state legislature whose district includes territory within the authority. The copies shall be delivered before February 1, of every second odd-numbered year.
Finding	<ul style="list-style-type: none"> The agency provided verification that the 2021 performance audit report was emailed to the appropriate recipients. However, the performance audit report was submitted after the February 1, 2021, deadline.
Recommendation	Implement a procedure to ensure that the performance audit report is delivered by the due date.

TASK 2
PERFORMANCE INDICATOR REVIEW

TASK 2.0 – Performance Indicator Review

BACKGROUND

This section of this report satisfies the requirements of the Texas Transportation Code, Chapter 451.454 Performance Audit (the Code) related to the evaluation of transit authority performance indicators. The MJ Team determined that METRO staff compiled the underlying data for the following nine (9) performance measures and calculated them accurately for the FY 2020-2023 quadrennial in accordance with CODE provisions:

1. Operating cost per passenger
2. Operating cost per revenue mile
3. Operating cost per revenue hour
4. Sales and use tax receipts per passenger
5. Fare recovery rate
6. Average vehicle occupancy
7. On-time performance
8. Number of collisions per 100,000 miles
9. Number of miles between mechanical road calls

Performance indicators demonstrate how efficiently and effectively an organization, such as METRO, is achieving its operational goals and objectives. In the context of METRO's quadrennial review, these indicators facilitate the evaluation of operational costs, revenue efficiency, service reliability, and safety standards. The following section provides an overview of METRO's services and operations.

METRO'S SERVICE MODES

METRO's purpose is to develop, operate, and maintain a mass transit system to serve residents and visitors to its service area. METRO achieves these goals through five (5) transportation modes: (1) motor bus; (2) commuter bus; (3) light rail; (4) demand response; and (5) van pool.

METRO also participates in the High Occupancy Vehicle/Toll (HOV/HOT) Lane program, which is a cooperative effort with the Texas Department of Transportation (TxDOT). This program is funded through a combination of federal, state, and local resources. With the addition of 7.4 miles of HOV lanes on US 290 in FY 2020, there are 192.5 miles of HOV lanes in Houston freeways. METRO operates 105.3 or approximately 55 percent of the 192.5 miles.

Figure 2-1 presents information related to METRO’s five (5) transportation modes.

Mode	Features
<i>Local Bus or Motor Bus</i>	<ul style="list-style-type: none"> Fleet consisting of 1,167 total buses comprised of: <ul style="list-style-type: none"> 684 diesel buses 341 40/45 foot hybrid buses 83 compressed natural gas buses 39 alternative service vehicles 20 electric buses 86 local bus routes Over 9,000 active bus stops Three (3) color-coded routes denoting run times <ul style="list-style-type: none"> Red routes - run at least every 15 minutes Blue routes - run every 16-30 minutes Green routes - run every 30-60 minutes
<i>Commuter Bus (Park & Ride)</i>	<ul style="list-style-type: none"> Express bus service for suburban communities 27 Park & Ride routes Routes are assigned to four (4) zones (1 through 4) across seven (7) geographical sectors (North, East, West, Northeast, Northwest, Southeast, Southwest).
<i>Demand Response</i>	<ul style="list-style-type: none"> On-demand, shared-ride curb-to-curb transportation within four specific zones. Passengers board at specific anchor points or schedule a pickup at their location. Passengers can schedule rides to other destinations within the service zone or to connections with local and Park & Ride buses within the service zone. Includes METROLift, a paratransit mode that provides curb-to-curb service for disabled people.
<i>Light Rail</i>	<ul style="list-style-type: none"> 22.7 miles of light rail service Three (3) color-coded lines of service: <ul style="list-style-type: none"> Red Line - travels along Main Street connecting downtown Houston and the Texas Medical Center. Green Line - travels along Harrisburg Boulevard connecting downtown Houston and the historic East End. Purple Line - connects downtown Houston to both Texas Southern University and the University of Houston.

Mode	Features
Commuter Vanpool (METRO STAR)	<ul style="list-style-type: none"> Commuter vanpool program serving an eight (8) county region. Provides transportation for commuters not served by fixed-route transit services. Riders share the cost of the leased vans and fuel and use METRO's HOV/HOT lane network at no charge.

FIGURE 2-1: METRO provides services through five (5) transportation modes.

Source: FY 2025 Business Plan and Budget and METRO's website.

The COVID-19 pandemic hit the United States in late February/early March 2020, six (6) months into METRO's fiscal year. The virus severely impacted METRO operations during the quadrennial. Demand for transit services fell sharply at the outset of the pandemic due to the increase in remote work and the temporary closure of non-essential businesses. Ridership rebounded as passengers returned to work in person and businesses reopened.

For example, between FY 2019-2020 and FY 2021, the peak years of the pandemic, boardings declined 31 and 53 percent, respectively as shown in **Figure 2-2**. Ridership rebounded in FY 2022 and FY 2023. FY 2019, although outside the current quadrennial, is used as a baseline to emphasize COVID-19's impact.

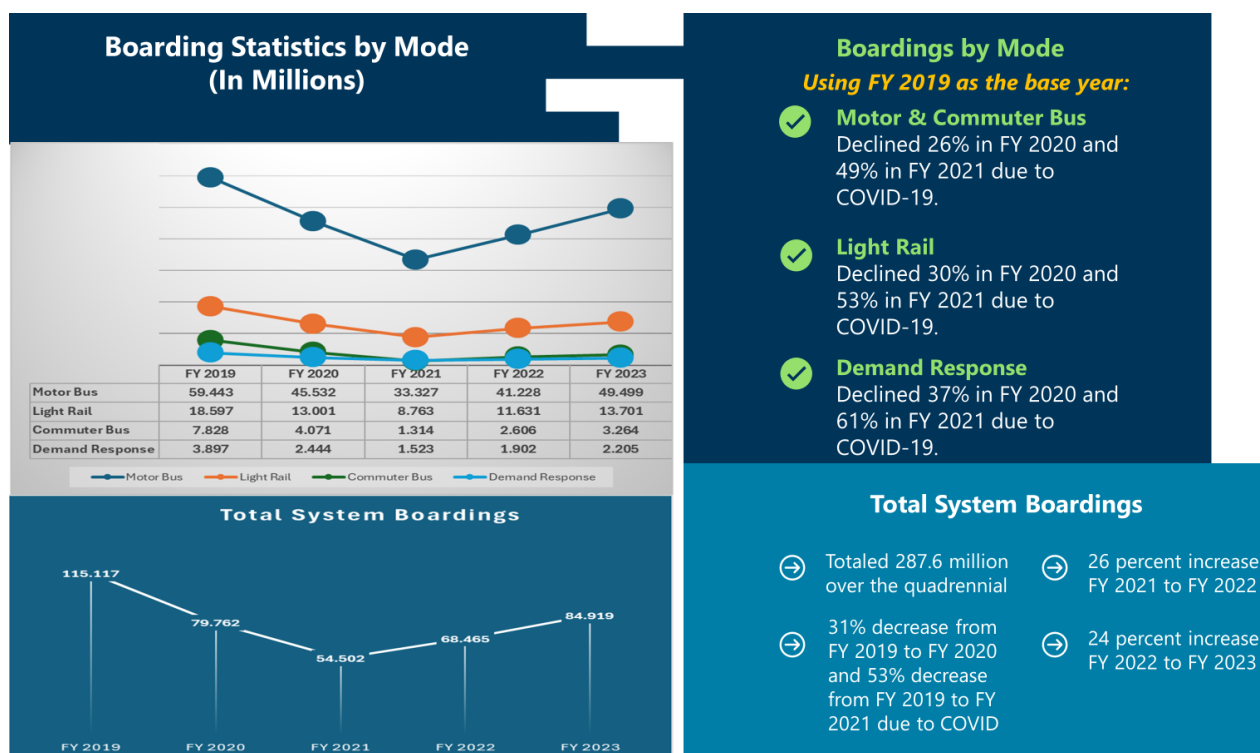


FIGURE 2-2: COVID-19 significantly impacted METRO's boardings across all modes during the quadrennial.

Source: METRO's Monthly Performance Reports for each Fiscal Year.

The 2023 National Transportation Database Policy Manual defines passenger miles traveled (PMT) as the sum of the distances each passenger traveled during the year. METRO's PMT across all transportation modes declined 33 percent between FY 2019 and FY 2020 due to the COVID-19 pandemic. The drop in PMT between FY 2019 and FY 2021 was even more pronounced at 56 percent.

Figure 2-3 presents PMT for combined motor bus, light rail, and all modes during the quadrennial.

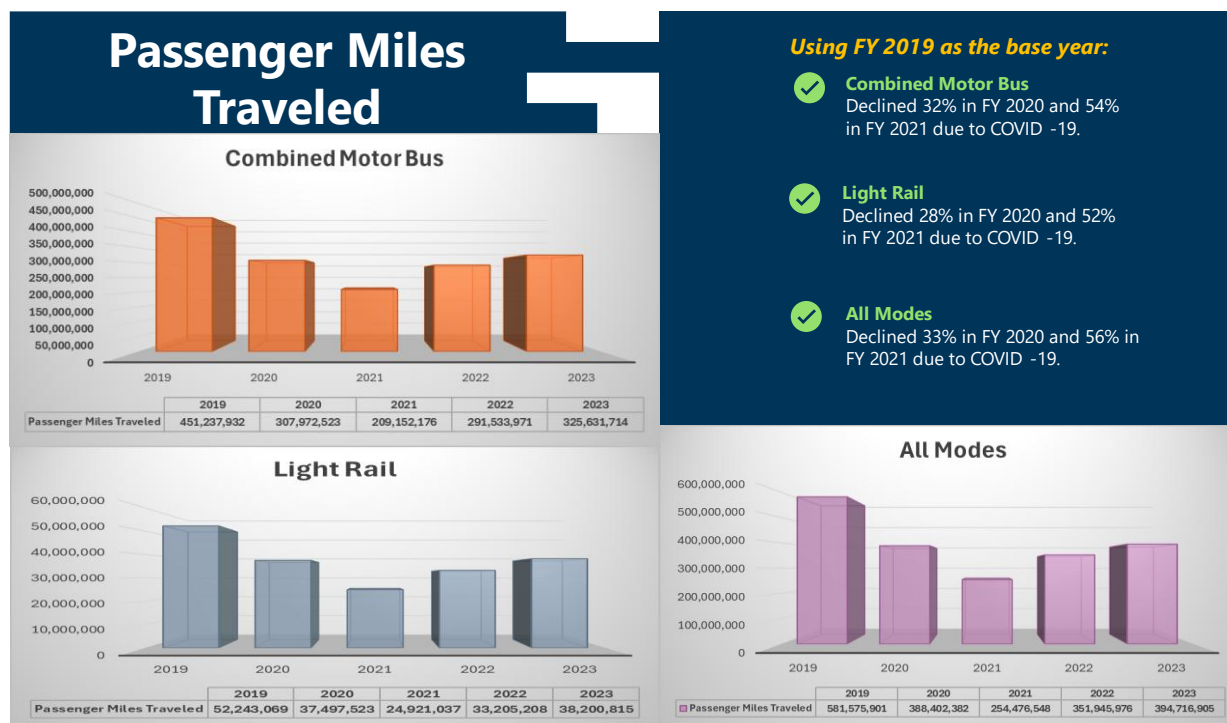


FIGURE 2-3: COVID-19 significantly impacted passenger miles traveled across all of METRO's modes during the quadrennial.

Source: METRO's Monthly Performance Reports for each Fiscal Year.

FINANCIAL OVERVIEW

METRO derives the bulk of its revenue from two (2) sources: sales taxes and federal grants. Cumulative revenue over the quadrennial totaled approximately \$5 billion of which 72 percent was from sales taxes and 24 percent consisted of federal grants from the Federal Transportation Administration (FTA). Only 3 percent of METRO revenue is derived from passenger fares.

Operating grant funding declined precipitously during FY 2022 due to higher grant dollars being reported in prior fiscal years when METRO received significant Coronavirus Aid, Relief and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) funding from the FTA.

FTA also provides capital grant monies that METRO uses to fund the design, construction, purchase, and enhancement of capital assets. Capital grants funds are contingent on appropriations from the federal government and subsequent award of grant dollars by the FTA. Amounts reported each year vary based on the timing of allowable expenditures and when funds become available for reimbursement to METRO.

Approximately 55 percent of METRO’s operating expenditures during the entire quadrennial were in five (5) areas: (1) bus and rail operations; (2) preventative maintenance; (3) METROLift-non-scheduled services; (4) contract services; and (5) facilities maintenance. Operating expenditures grew at a compounded annual rate of 4 percent during the quadrennial although dipping slightly between FY 2020 and FY 2021 due to the impact of the COVID-19 pandemic. **Figures 2-4** and **2-5** provide an overview of METRO’s revenues and expenditures during the quadrennial.

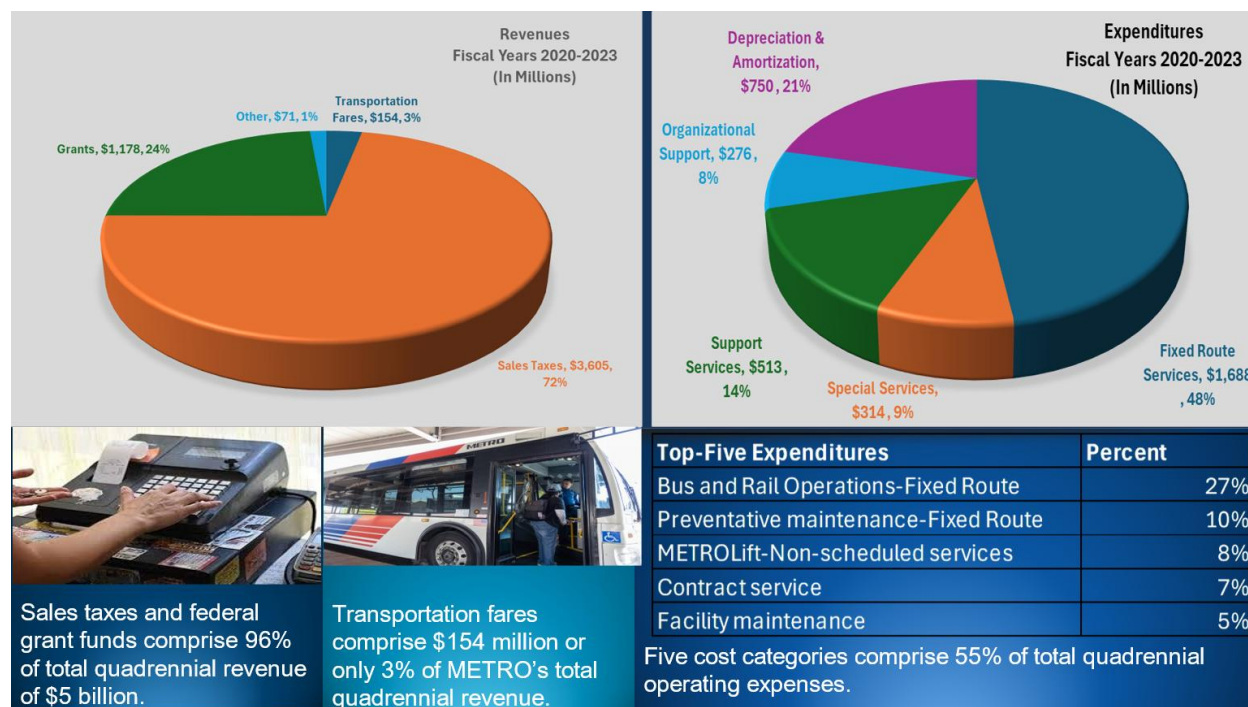


FIGURE 2-4: METRO’s primary revenue sources are sales taxes and grants. Bus and rail fixed route expenditures are the largest cost category.

Source: Annual Comprehensive Financial Reports for FY 2020 through FY 2023.

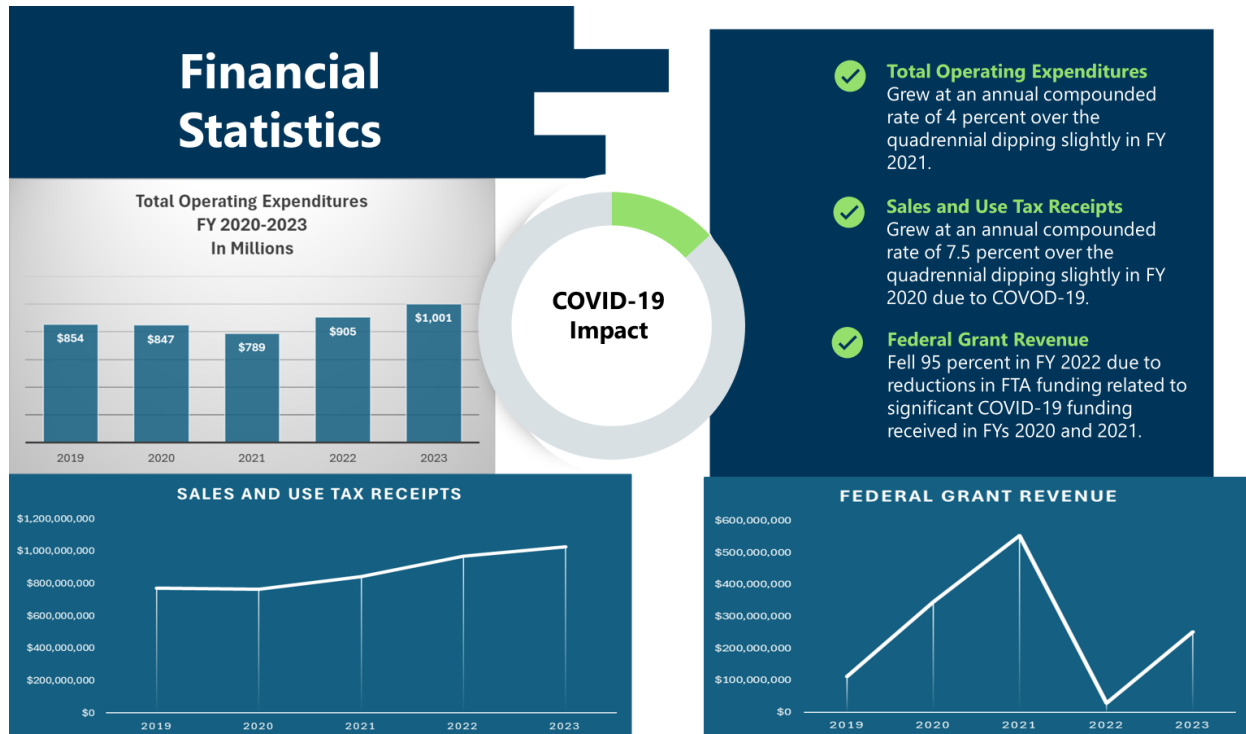


FIGURE 2-5: While sales and uses taxes increased during the quadrennial, federal grant revenue declined significantly during FY 2022 due to COVID-19 relief funding received in prior years.
 Source: Annual Source: Annual Comprehensive Financial Reports for FY 2020 through FY 2023.

SERVICE DELIVERY STRUCTURE

METRO’s service delivery structure consists of two (2) components: Directly Operated (DO) and Purchased Transportation (PT). Under the DO structure, METRO owns, operates, and maintains its transportation vehicles, and bus drivers are METRO employees. Conversely, METRO contracts PT services to transportation service providers as shown in **Figure 2-6**. Of the 13 contracts that existed during the quadrennial, two (2) were in effect one (1) month before the end of the quadrennial (pink highlight) and three (3) are still in effect as of the date of this report (blue highlight). The three (3) contracts still in effect expire between October 2025 and June 2028.

Contractor	Service Description	Start Date	End Date
AFC Transportation Company	Park & Ride service	05/13/2022	08/31/2023
	Emergency METROLift van services	06/29/2021	09/28/2021
Fiesta Cab Company	METROLift Subsidized Program	03/01/2013	02/28/2020
First Class Transportation	Park & Ride service	07/11/2022	08/31/2023
First Transit	METROLift paratransit van service	11/16/2015	12/31/2022
	Northwest Bus Operating Facility fixed route service	02/01/2013	10/31/2020
First Transit/ Transdev	METROLift paratransit van service	01/01/2023	06/30/2028

Contractor	Service Description	Start Date	End Date
	Northwest Bus Operating Facility fixed route service	11/01/2020	10/31/2025
Greater Houston Transportation Company	METROLift Subsidized Program	03/03/2020	07/31/2021
	Taxicab backup service	12/07/2015	07/31/2021
	METROLift paratransit minivan service	11/18/2015	03/31/2021
	METROLift Subsidized Program	03/01/2013	02/28/2020
MV Transportation	METROLift paratransit minivan service	04/01/2021	03/31/2026

FIGURE 2-6: During the FY 2020 through FY 2023 quadrennial, METRO had 13 transportation contracts of which three (3) were active as of the date of this report.

Source: Purchase Transportation Contract Documents.

PERFORMANCE INDICATORS

This section of the report provides the definition, calculation method, data sources, and calculation results for each of the nine (9) performance indicators required by the Code.

Transportation agencies report data to the FTA through the National Transportation Database (NTD) for all public transportation services they provide, including complementary paratransit services required by the Americans with Disabilities Act of 1990. All agencies must conform to uniform reporting standards. This includes timely reporting, accurate data collection, and uniform accounting systems.

FTA collects annual financial, asset, and operating information from public transportation agencies across the country and uses the information to apportion funding to urbanized and rural areas. FTA apportions funds using data from two (2) years before the apportionment year. For example, FY 2023 data are used for FY 2025 apportionment.

The MJ Team obtained the source data used to calculate the performance indicators from either the NTD or directly from METRO staff. Data obtained directly from METRO staff related to information that is not reported to NTD or for which there is no NTD equivalent such as on-time performance (OTP) and collisions per 100,000 miles.

The NTD data validation process ensures that reporting requirements are met and that the reported data are reasonable. FTA assigns an NTD validation analyst to each agency to support the validation process and assists transit agency personnel in understanding reporting requirements and terminology. As such, there is confidence in NTD data. To further enhance confidence in the underlying data used to calculate the performance indicators, MJ compared and validated all of the information reported to NTD against METRO's source data.

All performance indicators provided in this section reflect a four-year scope period beginning October 1, 2019, and ending September 30, 2023. The MJ Team used FY 2019 as the base year for calculating compound annual growth rates (CAGR) over the quadrennial. **Appendix B** contains the source data used to calculate each of the nine (9) performance indicators presented and discussed below.

1. Operating Cost per Passenger		
Type of Measure	Cost Effectiveness: Evaluates a transit system's ability to transport people cost effectively.	
Calculation Formula	<u>Operating Cost</u> Passenger Trips	See Tables 1, 5, and 10 in the appendices for operating costs and passenger trip data
Transportation Code Definition	<p>Operating Cost: The authority's costs of providing public transit service, including purchased transit service not performed by the authority, but excluding costs associated with depreciation, amortization and capitalized charges, charter bus operations, and coordination of carpool and vanpool activities.</p> <p>Passenger Trips: The number of passengers is equivalent to the number of all trips, including transfers, but excludes charter passengers and carpool and vanpool passengers whose trips are only coordinated by the authority.</p>	
METRO's Methodology	<p>Operating Cost: METRO maintains a computerized chart of accounts suitable to capture expenses and revenues by object class including wages and salaries, fringe benefits, temporary help and other services, materials and supplies, fuel and utilities, and miscellaneous. Direct expenses are entered into appropriate expense accounts for each Fund Center/Cost Center (RC). Labor and parts that are attributed to capital expenses are allocated to capital costs and are not included in operating costs. Most FC/CCs are specific to a particular mode (bus, light rail, paratransit). For FC/CCs that cover multiple modes, such as administrative labor, costs are allocated between METRO's service modes based on service quantities that include ridership, vehicle hours, and vehicle miles.</p> <p>Passenger Trips:</p> <p>Motor Bus: Since FY 2007, 100 percent of METRO's fixed-route bus fleet has been equipped with automatic passenger counters (APCs). FTA approved the use of APCs for preparing METRO's ridership data, starting in FY 2008. METRO samples trips based on a minimum of 23 days of each month. A methodology is used to fill in data gaps (such as when operators do not log in correctly) and to extrapolate data to the full month. APCs tend to undercount ridership. METRO uses a process to reconcile for APC undercounting, as determined in cooperation with the APC manufacturer. A series of point checks are conducted at major locations on an annual basis to verify boarding and alighting on individual buses. For other METRO services, the methodology to collect ridership data is as follows:</p> <p>Light Rail: APCs count passengers as they board and alight from each car using a 100 percent count. On an annual basis, METRO performs manual counts of sample trips in order to calibrate the automated system. METRO then compares the manual counts to the same trip counts done by the APCs.</p> <p>Paratransit: Passenger trips are derived from a 100 percent count, which is obtained from the scheduling system and adjusted for cancellations and no-shows.</p>	
NTD Data Source	<p>Operating Cost: Operating Expenses Summary-Form F40</p> <p>Passenger Trips: Service Non-Rail by Mode-S-10 and Service Rail-Form S-10</p>	

FIGURE 2-7: Operating Cost Per Passenger Profile.

Sources: Transit Cooperative Research Program Report 88 (Type of Measure), METRO staff, Transportation Code, and NTD forms.

OPERATING COST PER PASSENGER-ALL MODES EXCEPT VANPOOL

At the end of Fiscal 2019, operating cost per passenger was \$6.45. At the end of FY 2023, that figure had risen 80 percent to \$11.59 per passenger. Over the 2020-2023 quadrennial, operating cost per passenger (OCP) grew at a compounded rate of approximately 16 percent per year as shown in **Figure 2-8**.

Operating costs excludes costs unrelated to transportation operations such as depreciation, amortization, interest, leases and rentals, vanpool activities, and special or extraordinary items. Vanpool costs are excluded because riders share the cost of vanpool services.

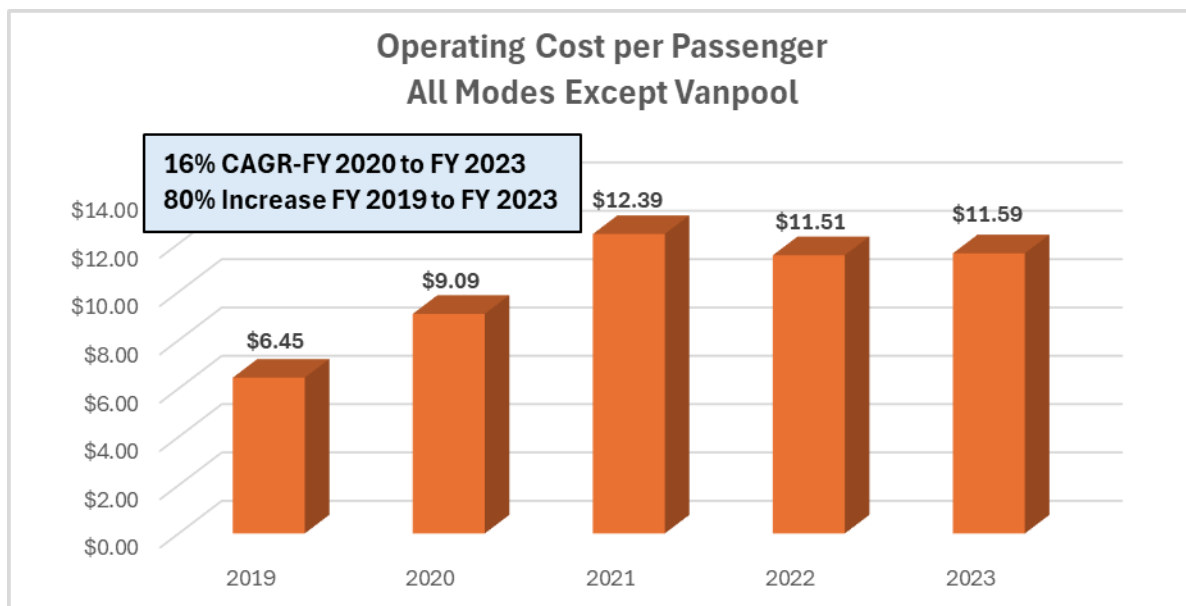


FIGURE 2-8: Operating Cost per Passenger grew annually at approximately 16 percent over the quadrennial and increased 80 percent from FY 2019 to FY 2023.

Source: Appendices Table 1 Operating Cost, Table 5 Passenger Trips, and Table 10 Cost per Passenger.

The 80 percent increase in OCP, from \$6.45 in FY 2019 to \$11.59 in FY 2023, resulted from the combined impact of a 39 percent increase in operating costs coupled with a 23 percent decrease in passenger trips. The top five (5) cost increase categories were: (1) salaries & wages; (2) services; (3) purchased transportation; (4) fuel/lube; and (5) other materials/supplies. These data are illustrated in **Figure 2-9**.

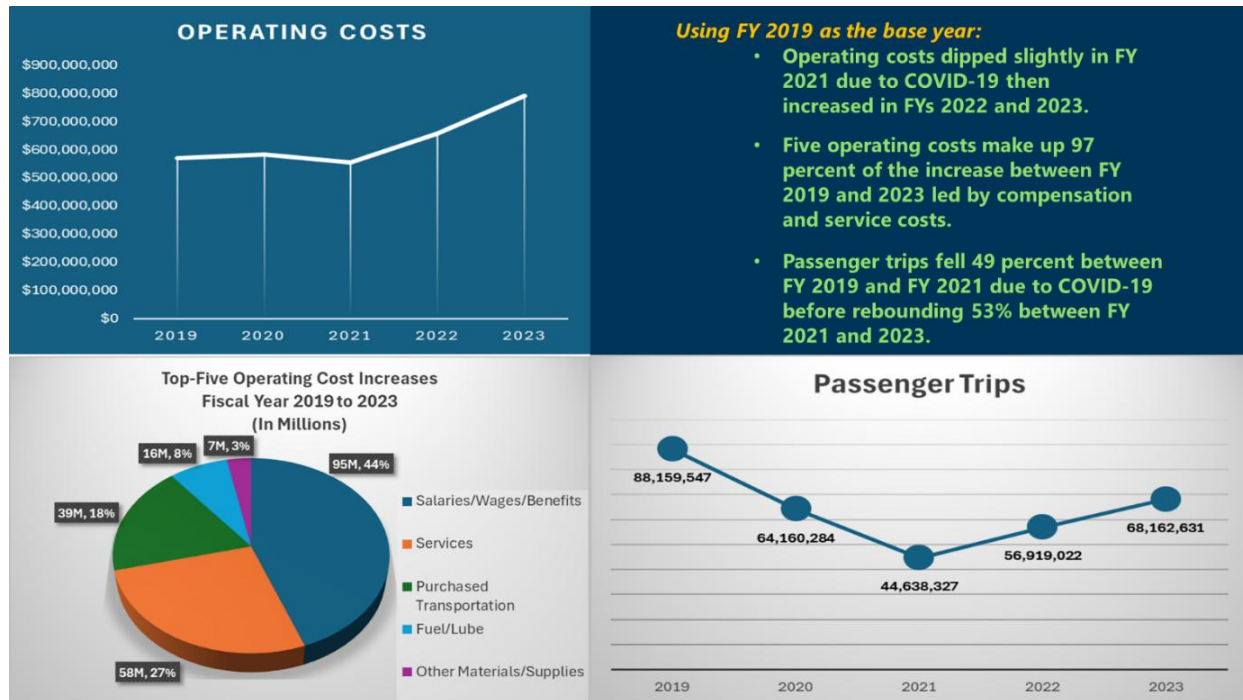


FIGURE 2-9: Increases in operating costs coupled with a decrease in passenger trips between FY 2019 and FY 2023, resulted in an 80 percent increase in operating costs per passenger over the quadrennial.
Source: Appendices Table 1-Operating Expense by Mode and Table 5-Passenger Trips.

OPERATING COST PER PASSENGER BY MODE

Staff in METRO’s Office of Management and Budget (OMB) produce cost data from METRO’s accounting system. OMB works with a cost consultant contracted to allocate operating costs by mode. Over the quadrennial, operating costs per passenger grew at a compounded annual growth rate (CAGR) of approximately 15 percent for combined motor bus, 17 percent for light rail, and 16 percent for demand response. These increases were driven by increases in operating costs coupled with decreases in passenger trips.

Figure 2-10 presents operating cost per passenger for combined motor bus, light rail, and demand response as well as the percentage change in costs and passenger trips between FY 2019 and FY 2023.

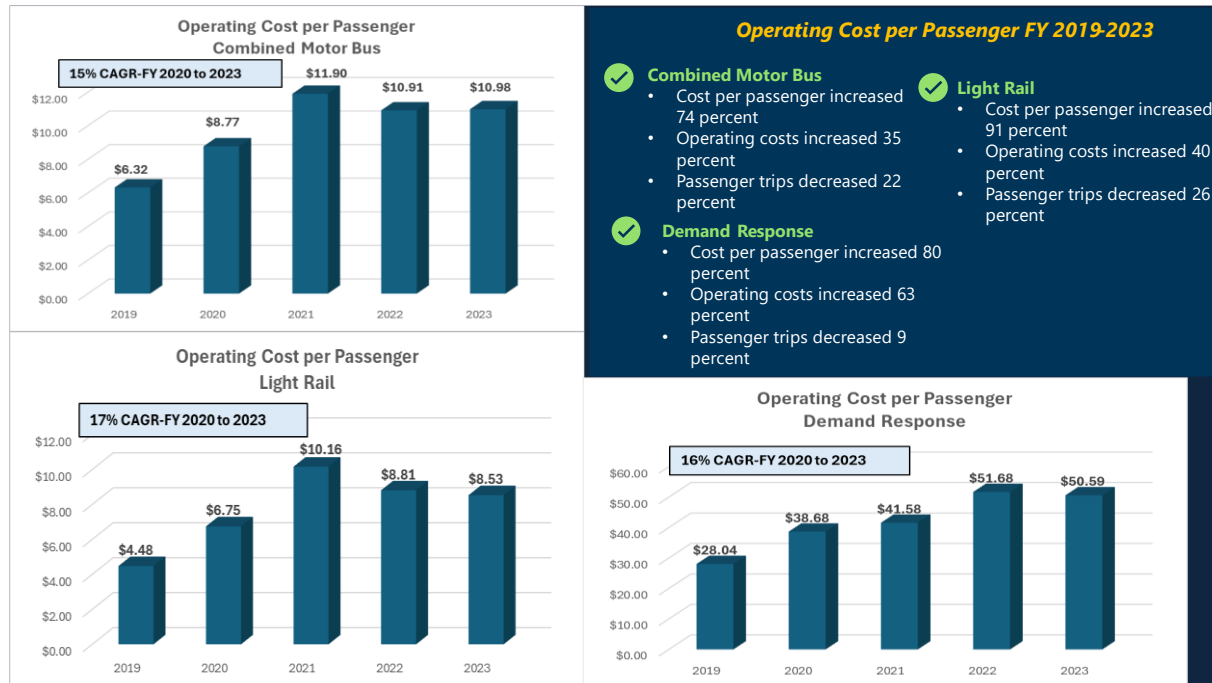


FIGURE 2-10: Increases in operating costs coupled with decreases in passenger trips resulted in increased operating costs per passenger across all modes during the quadrennial.

Source: Appendices Table 1-Operating Expense by Mode, Table 5-Passenger Trips, and Table 10 Cost per Passenger.

2. Operating Cost per Revenue Mile 3. Operating Cost per Revenue Hour			
Type of Measure	Cost Efficiency: Evaluates a transit system's ability to provide service outputs within the constraints of service outputs (e.g., labor, capital, etc.)		
Calculation Formulas	$\frac{\text{Operating Cost}}{\text{Revenue Miles}}$	$\frac{\text{Operating Cost}}{\text{Revenue Hours}}$	See Tables 1, 3, 4, 11, and 12 in the appendices for operating cost, revenue hour, and revenue mile data
Transportation Code Definition	Operating Cost: See Performance Indicator #1 profile. Revenue Miles: The number of miles traveled by authority revenue vehicles while in revenue service for the same period. Revenue vehicle means a vehicle that is used to carry paying passengers and is operated by an authority or as a purchased service. Revenue Hours: The total of scheduled hours that authority revenue vehicles are in revenue service for the same period. Revenue service means the time an authority revenue vehicle is in service to carry passengers other than charter passengers.		
METRO's Methodology	METRO uses different methodologies to collect revenue miles and hours for each mode: Bus: Revenue vehicle miles and hours are derived from METRO's scheduling system, Trapeze. Dispatchers record adjustments for missed service or detours on a daily basis. Quality Assurance (QA) staff verify data on a monthly basis. Light Rail: Revenue vehicle miles and hours are based on scheduled daily revenue trips also provided by Trapeze. Adjustments are made for variations to the schedule. Paratransit: Drivers track the time that passengers are on a vehicle, and this is reported as revenue vehicle hours. Revenue vehicle miles are recorded from odometers and adjusted to exclude deadhead.		

2. Operating Cost per Revenue Mile 3. Operating Cost per Revenue Hour	
<i>NTD Data Source</i>	Operating Cost: See Performance Indicator #1 profile Revenue Miles and Hours: Service Non-Rail by Mode-Form S-10 and Service Rail-Form S-10

FIGURE 2-11: Operating Cost Per Revenue Mile and per Revenue Hour Profile.

Sources: Transit Cooperative Research Program Report 88 (Type of Measure), METRO staff, Transportation Code, and NTD forms.

OPERATING COST PER REVENUE MILE-ALL MODES EXCEPT VANPOOL

At the end of the previous quadrennial in FY 2019, operating cost per revenue mile (OCRM) was \$8.42. OCRM increased 57 percent to \$13.20 in FY 2023 due to the combined impact of increased operating costs and declining revenue miles. In addition, OCRM grew at a compounded annual rate of approximately 12 percent per year as depicted in **Figure 2-12**.

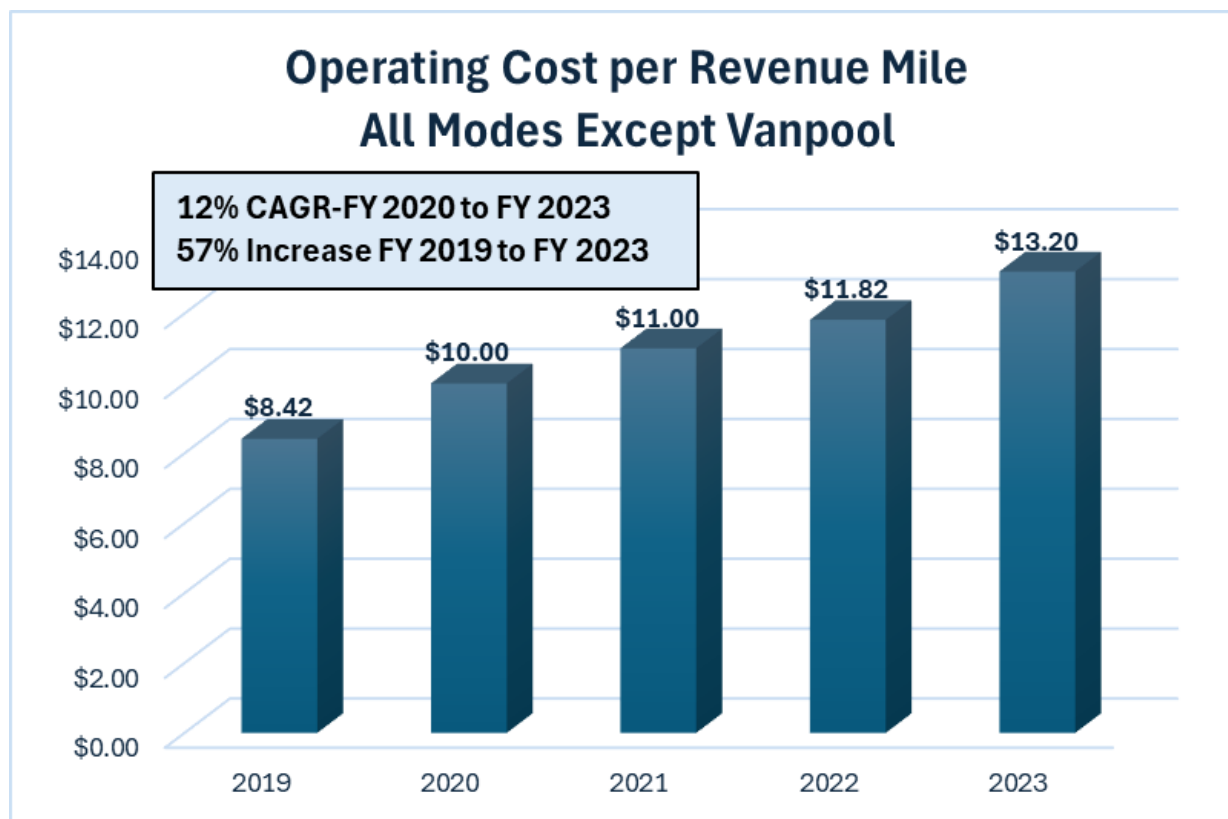


FIGURE 2-12: Operating Cost per Revenue Mile grew annually at approximately 12 percent per year over the quadrennial and increased 57 percent from FY 2019 to FY 2023.

Source: Appendices Table 1 Operating Cost, Table 4 Revenue Miles, and Table 12-Cost per Revenue Mile.

Revenue miles declined 26 percent between FY 2019 and FY 2021 due to COVID-19 before rebounding 19 percent between FY 2019 and FY 2023. The overall decline between FY 2019 and FY 2023 was 11 percent as illustrated in **Figure 2-13**.



FIGURE 2-13: Increases in operating costs coupled with an 11 percent decrease in revenue miles between FY 2019 and FY 2023, resulted in a 57 percent increase in cost per revenue mile over the quadrennial.
 Source: Appendices Table 4-Revenue Miles.

OPERATING COST PER REVENUE MILE BY MODE

OCRM grew annually at approximately 10 percent for combined motor bus, 11 percent for light rail, and 19 percent for demand response. **Figure 2-14** presents OCRM for combined motor bus, light rail, and demand response as well as the percentage change in costs and revenue miles between FY 2019 and FY 2023. These increases were driven by increases in operating costs and decreases in revenue miles across all modes.

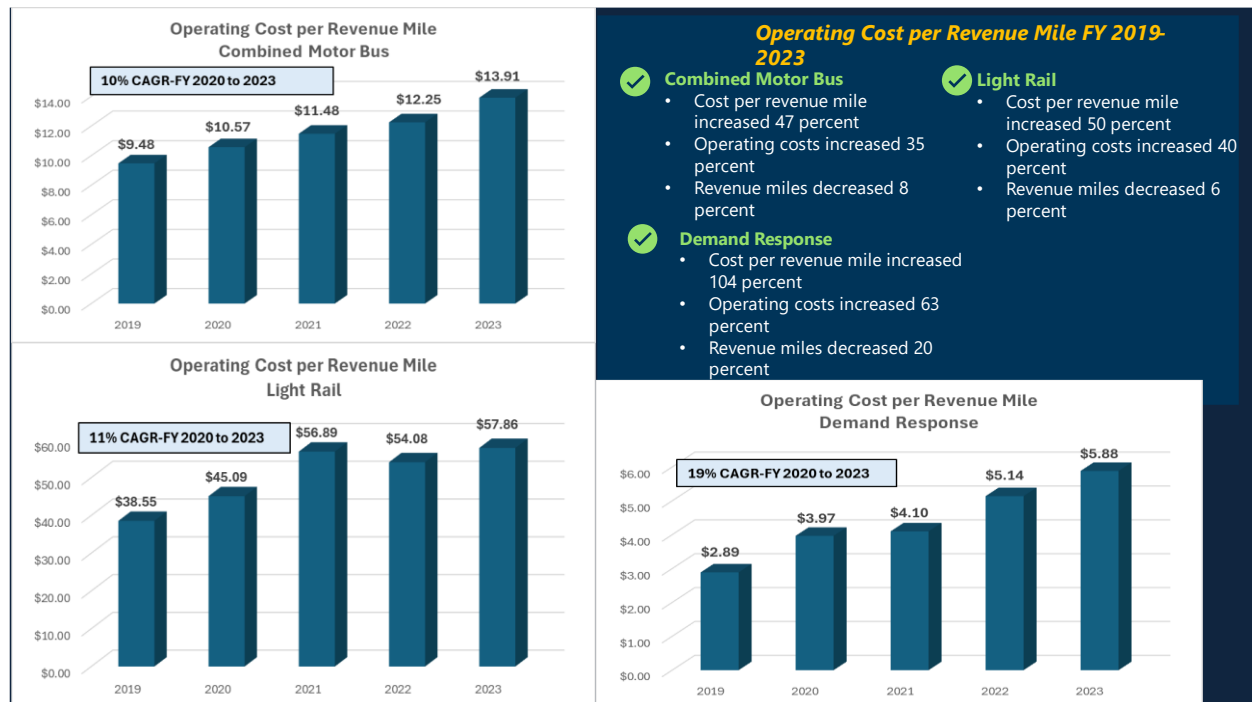


FIGURE 2-14: Increases in operating costs coupled with decreases in revenue miles resulted in increased operating costs per revenue mile across all modes during the quadrennial.

Source: Appendices Table 1-Operating Expense by Mode and Table 4-Revenue Miles.

OPERATING COST PER REVENUE HOUR-ALL MODES EXCEPT VANPOOL

At the end of the previous quadrennial in FY 2019, operating cost per revenue hour (OCRH) was \$121.21. OCRH increased 46 percent to \$177.40 in FY 2023 due to the combined impact of increased operating costs and declining revenue hours. In addition, OCRH grew at a compounded annual rate of approximately 10 percent per year as shown in **Figure 2-15**.

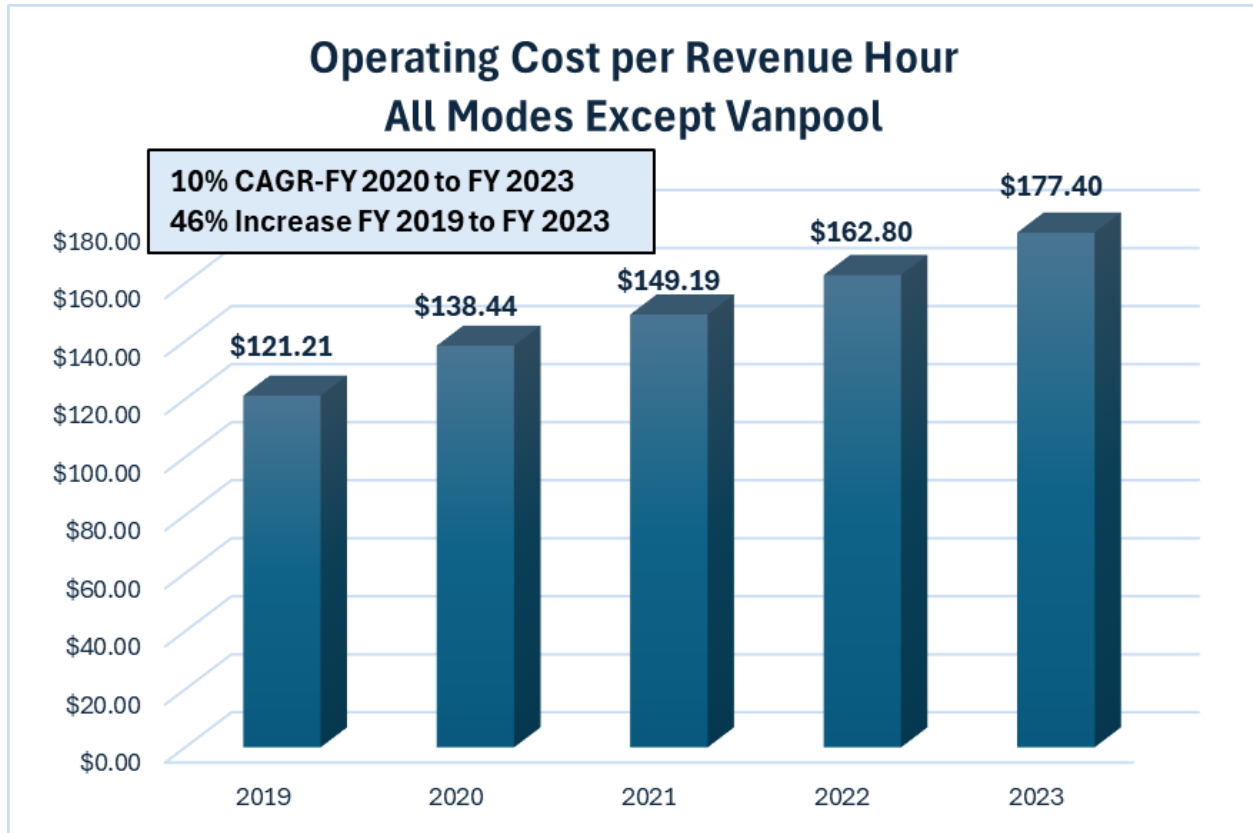


FIGURE 2-15: Operating Cost per Revenue Hour grew at approximately 10 percent per year over the quadrennial and increased 46 percent from FY 2019 to FY 2023.

Source: Appendices Table 1 Operating Cost, Table 3 Revenue Hours, and Table 11-Cost per Revenue Hour.

Revenue hours declined 21 percent between FY 2019 and FY 2021 due to COVID-19 before rebounding 20 percent between FY 2019 and FY 2023. The overall decline between FY 2019 and FY 2023 was 5 percent as illustrated in **Figure 2-16**.



FIGURE 2-16: Increases in operating costs coupled with a 5 percent decrease in revenue hours between FY 2019 and FY 2023, resulted in a 46 percent increase in operating costs per revenue hour over the quadrennial.
 Source: Appendices Table 3-Revenue Hours.

OPERATING COST PER REVENUE HOUR-BY MODE

OCRH grew annually at approximately 10 percent for combined motor bus, 11 percent for light rail, and 12 percent for demand response. **Figure 2-17** presents OCRH for combined motor bus, light rail, and demand response as well as the percentage change in costs and revenue miles between FY 2019 and FY 2023.

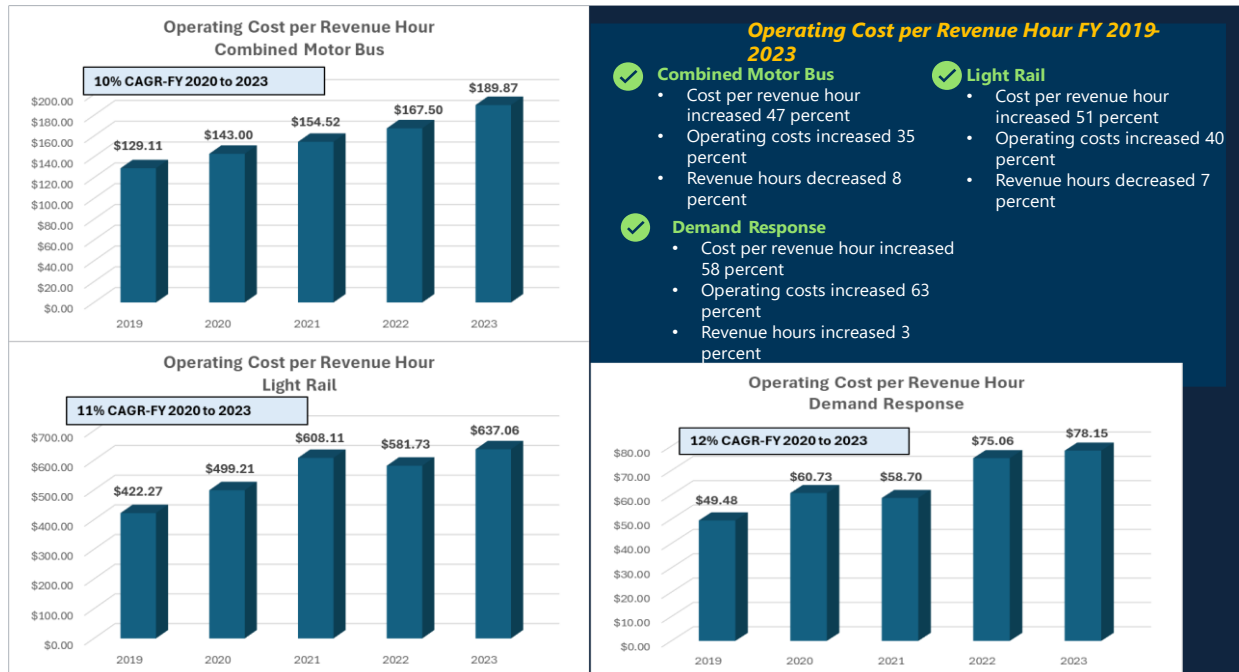


FIGURE 2-17: Increases in operating costs coupled with decreases in revenue hours, for all modes except demand response, resulted in increased operating costs per revenue hour across all modes during the quadrennial.
 Source: Appendices Table 1-Operating Expense by Mode and Table 3-Revenue Hours.

4. Sales and Use Tax Receipts per Passenger		
Type of Measure	Cost Effectiveness: Measures the ability to meet the demand for transit services with existing resources.	
Calculation Formula	<u>Sales and Use Tax Receipts</u> Passenger Trips	See Tables 5 and 7 in the appendices for sales and use tax receipts and passenger trip data
Transportation Code Definition	Sales and Use Tax Receipts: The authority's annual sales and use tax receipt revenue. Passenger Trips: See Performance Indicator #1 profile.	
METRO's Methodology	Sales and Use Taxes: Harris County, the City of Houston, and 14 cities that comprise the METRO service area collect a one-cent sales tax that is used to fund public transportation and associated improvements. The sales tax applies to certain consumer items and is collected by the state and allocated to METRO on a monthly basis. Allocations occur two (2) months after the month of sale. Passenger Trips: See Performance Indicator #1	
NTD/METRO Data Source	Sales and Use Taxes: METRO Annual Comprehensive Financial Report Passenger Trips: Service Non-Rail by Mode-Form S-10 and Service Rail-Form S-10	

FIGURE 2-18: Sales and Use Tax Receipts Profile.
 Sources: Transit Cooperative Research Program Report 88 (Type of Measure), METRO staff, Transportation Code, and NTD forms.

SALES AND USE TAX RECEIPTS PER PASSENGER

The combined impact of higher sales tax receipts and lower passenger trips due to COVID-19, resulted in sales and use tax receipts per passenger growing 15 percent per year during the quadrennial. Sales and use taxes grew approximately 34 percent between FY 2019 through FY 2023 while passenger trips on all modes fell 23 percent. **Figure 2-19** presents sales and use tax receipts from FY 2019 through FY 2023.

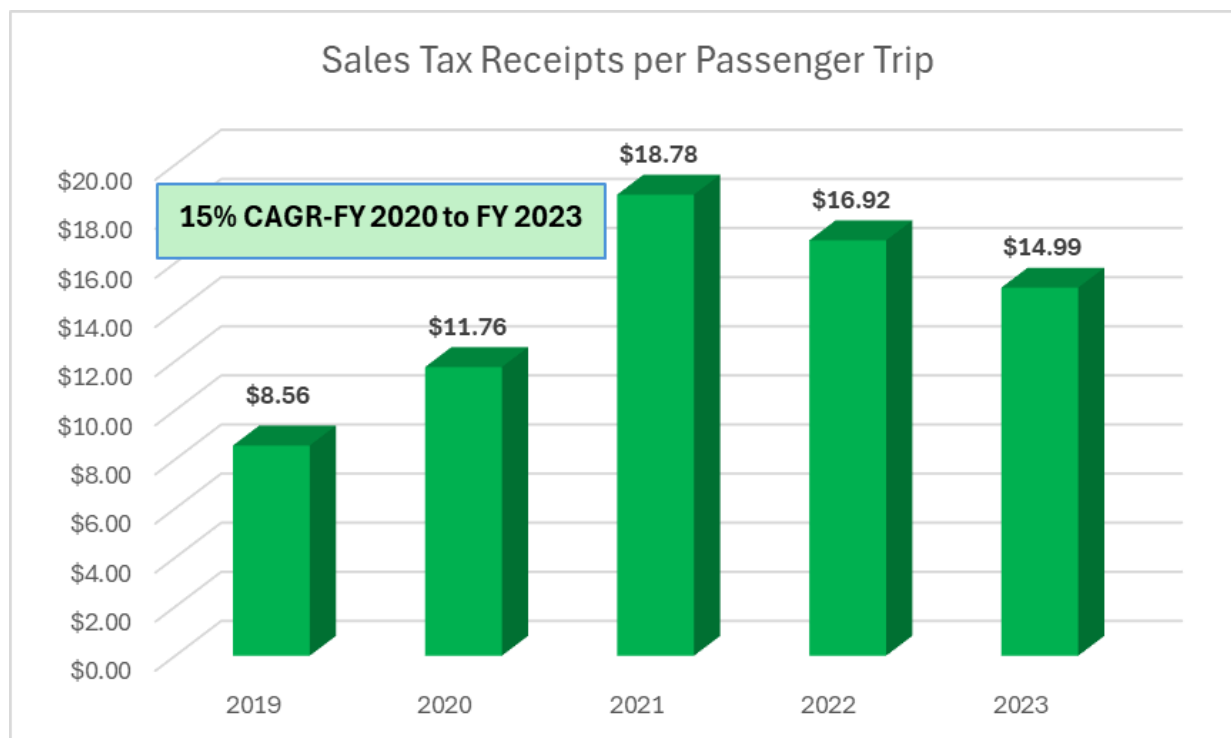


FIGURE 2-19: *Increases in sales tax receipts coupled with decreases in passenger trips due to COVID-19 resulted in increased tax receipts per passenger trips. Passenger trips includes all modes.*

Source: Appendices Table 7-Tax Receipts and Table 5-Passenger Trips.

METRO’s sales and use tax receipts grew at a compounded annual rate of 7.5 percent during the quadrennial. Sales tax receipts declined in FY 2020 due to COVID-19. However, they rebounded in FY 2022 and FY 2023 as businesses and individuals spent money received from the federal government related to COVID-19 stimulus programs and inflation.

A 10-year analysis of METRO’s sales tax revenue trends demonstrates that it tracks with the state. **Figure 2-20** compares the state’s tax collections on retail, accommodations, food services, arts, entertainment, and recreation sales to METRO’s sales and use tax collections for 2014 through 2023. METRO and the state both experienced dips in sales tax revenue in 2020 due to COVID-19. Sales tax receipts rebounded in FY 2021 through FY 2023 due to higher spending of COVID-19 government assistance funds.

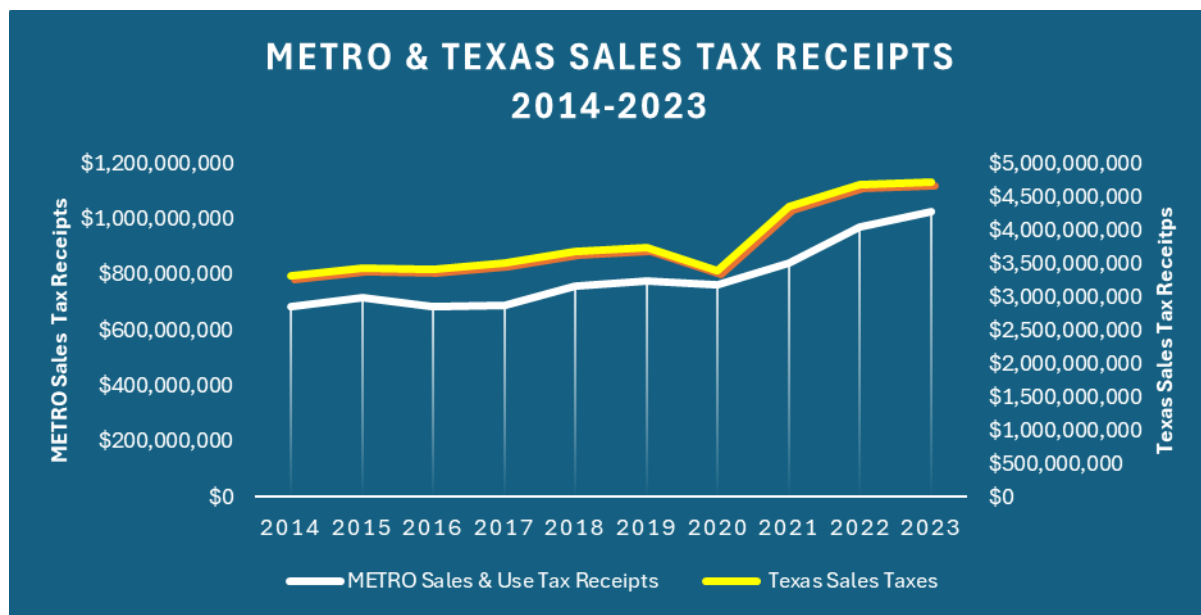


FIGURE 2-20: METRO’s sales tax collections tracks with that of the State of Texas dipping in 2020 and rebounding in 2021 through 2023.

Source: METRO Annual Comprehensive Financial Reports; Texas State Comptroller Website.

Note: MJ estimated Texas sales taxes by applying the sales tax rate of 6.25 percent to the tax base for retail, accommodations, food services, arts, entertainment, and recreation sales obtained from the comptroller’s website.

5. Fare Recovery Rate

Type of Measure	Cost Effectiveness: Measures the ability to meet the demand for transit services with existing resources. The farebox recovery rate and operating ratio are used to strike a balance between keeping transit service affordable and having riders cover as much of the costs as possible.	
Calculation Formula	$\frac{\text{Fare Revenue}}{\text{Operating Cost}}$	See Tables 1 and 8 in the appendices for fare revenue and operating cost data.
Transportation Code Definition	<p>Fare Revenue: The fare recovery rate is computed by dividing the annual revenue, including cash and electronic fares, passes, tickets, and route guarantees, provided by passengers and sponsors of passengers of revenue vehicles, by the operating cost for the same period. Charter revenue, interest income, advertising income, and other operating income are excluded from revenue provided by passengers and sponsors of passengers.</p> <p>Operating Cost: See Performance Indicator #1 profile.</p>	
METRO’s Methodology	<p>METRO collects, counts, and reports fare revenue on a daily basis. On buses, fareboxes collect cash revenue. For METRORail, cash revenue is collected from ticket vending machines (TVMs) located in rail stations. Paratransit fares are purchased prior to the trip using paper and electronic per-ride tickets, monthly passes, and annual passes. Revenues are recognized when the fare media is purchased, and year-end adjustments are made to defer revenue from the unused portion of annual passes.</p> <p>METRO Q® stored value fare can be purchased and reloaded at fare card retailers, METRO Ride Stores, or METRO’s website. METRO Q® fare cards can also be reloaded at rail TVMs, credit vending machines at Park & Ride lots, and at on-board METRO Q® fare card reloader</p>	

5. Fare Recovery Rate

	machines on buses. In all cases, funds loaded to Q Cards are placed in unearned revenue upon loading. Revenue is recognized once fare payments have been made.
NTD Data Source	Fare Revenue: Sources of Funds-Funds Expended & Funds Earned-Form F-10 Operating Cost: See Performance Indicator #1 profile

FIGURE 2-21: Fare Recovery Rate Profile.

Sources: Transit Cooperative Research Program Report 88 (Type of Measure), METRO staff, Transportation Code, and NTD forms.

FARE RECOVERY RATE-ALL MODES EXCEPT VANPOOL

At the end of FY 2019, METRO was recovering about 10.5 cents of every operating dollar through fare revenue. By the end of FY 2023, fare recovery had fallen 56 percent to approximately 4.7 cents on the dollar. When analyzed by year, fare recovery declined 18 percent per year over the quadrennial. This decrease was driven by a 39 percent increase in operating costs combined with a 38 percent drop in fare revenue over the four-year period. **Figure 2-22** illustrates the fare recovery rate over the quadrennial.

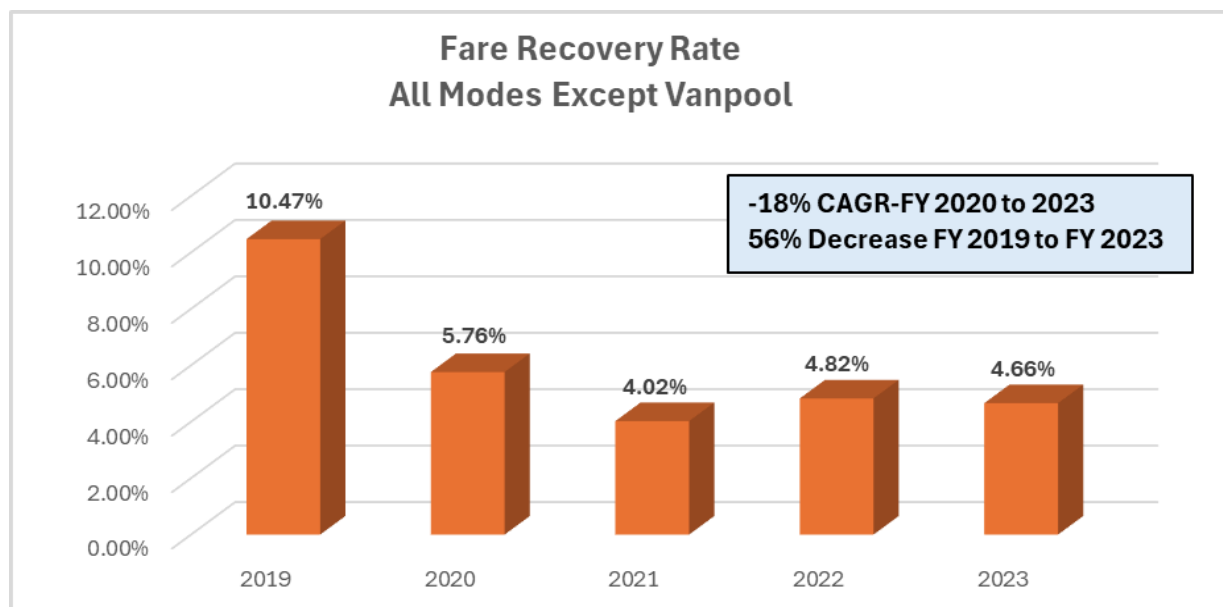


FIGURE 2-22: Increases in operating costs coupled with decreases in fare revenue resulted in decreases in fare recovery between FY 2019 and FY 2023.

Source: Appendices Table 1-Operating Costs, Table 8-Fare Revenue, and Table 9-Fare Recovery.

The decline in fare revenue between FY 2019 and FY 2023 can be clearly seen in **Figure 2-23**, which also reflects the COVID-19 impact from FY 2019 to FY 2021. Fare revenue fell nearly 63 percent during this period before rebounding 65 percent between FY 2021 and FY 2023. METRO did not charge fares between March and July 2020.

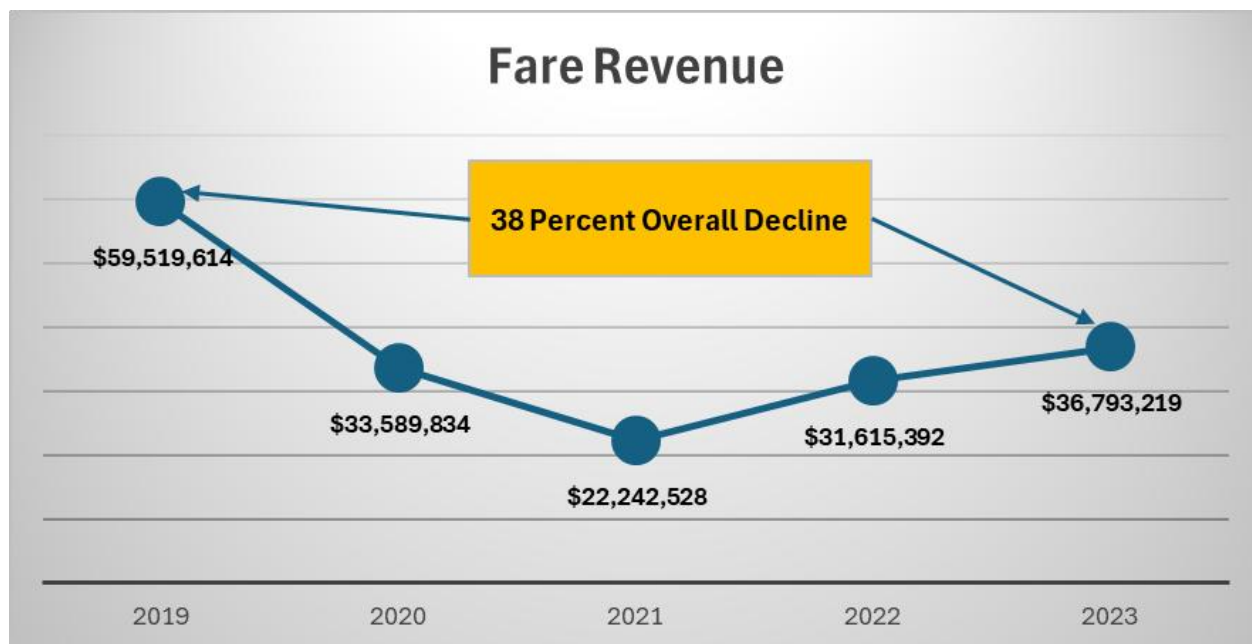


FIGURE 2-23: COVID-19 resulted in fewer passengers and fare revenue between FY 2019 and FY 2021. Fares rebounded as the impact of the pandemic began to subside.

Source: Appendices Table 8-Fare Revenue.

FAIR RECOVERY RATE BY MODE

At the end of FY 2019, combined motor bus fares covered 12.3 cents of every operating dollar. By FY 2023, cost recovery had fallen to 5.6 cents per operating dollar. During this period, light rail recovery went from 5.8 cents to 2.2 cents while demand response recovery fell from 3.7 cents to almost 2 cents per operating dollar.

Figure 2-24 presents fare recovery rates for combined motor bus, light rail, and demand response as well as the percentage change in operating costs and fare revenue between FY 2019 and FY 2023. The impact of COVID-19 during FY 2020 and FY 2021 is evident across all three (3) transportation modes.

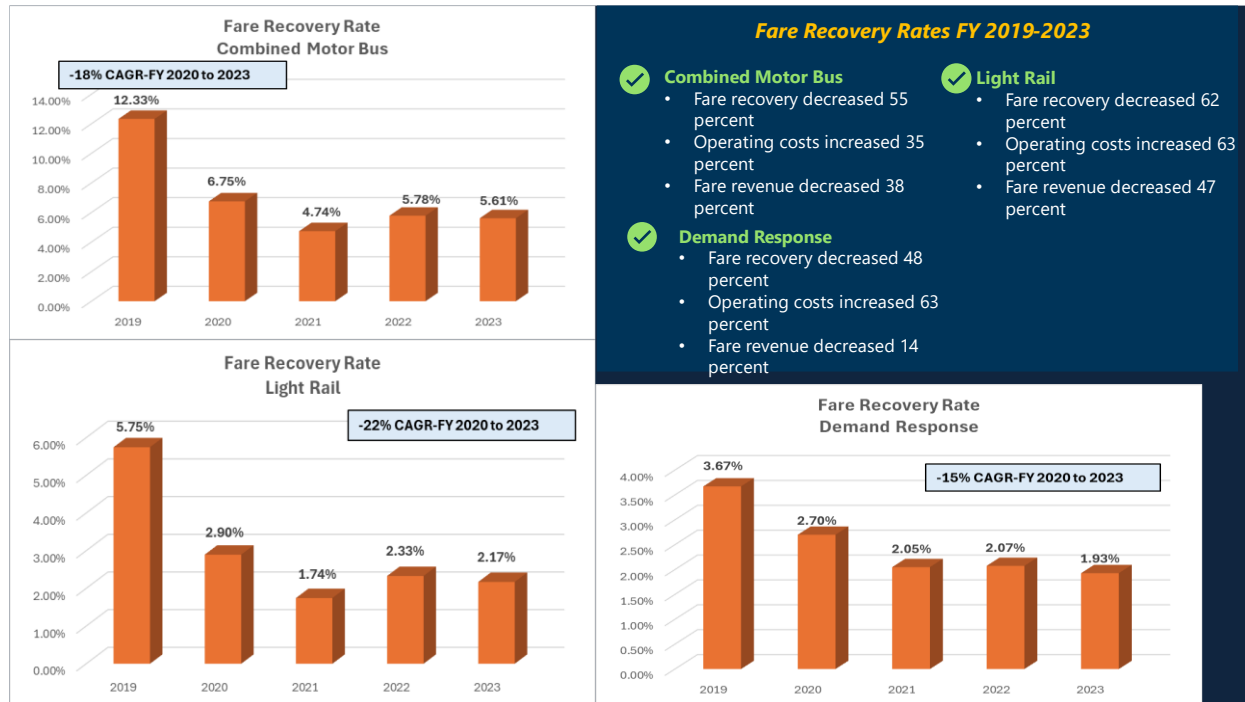


FIGURE 2-24: Fare revenue across all modes contributed less to operating costs at the end of FY 2023 than at the end of the previous quadrennial in FY 2019. This trend results from increases in operating costs coupled with decreases in fare revenue over the four-year period.

Source: Appendices Table 1-Operating Expense by Mode and Table 8-Fare Revenue.

6. Average Vehicle Occupancy

Type of Measure	Productivity Effectiveness: Measures the number of passengers moved through the transportation system.	
Calculation Formula	<div> <u>Passenger Miles Traveled</u> Revenue Miles </div>	See Tables 4, 6, and 13 in the appendices for passenger miles traveled and revenue mile data.
Transportation Code Definition	Average vehicle occupancy is computed by dividing the annual passenger miles by the number of miles traveled by authority revenue vehicles while in revenue service for the same period. The annual passenger miles are computed by multiplying the annual passenger trips and the average distance ridden by passengers during the same period. See Performance Indicator #2 and #3 profiles for the definition of revenue miles.	
METRO's Methodology	<p>Passenger Miles Traveled: METRO reports passenger mile information through procedures specified by NTD requirements as follows:</p> <p>Motor Bus Trips are sampled on a random basis. For the sampled trips, ride checkers determine average passenger trip lengths. The average trip length is multiplied by the number of passenger boardings for each service category to calculate passenger miles. These calculations meet FTA requirements for sampling accuracy.</p> <p>Light Rail Passengers are counted using automatic passenger counters and passenger miles are calculated by multiplying the number of passengers by the average trip length, which is</p>	

6. Average Vehicle Occupancy	
	<p>determined by ride checkers who ride the line from end to end. Passenger miles are regularly compared to historical data.</p> <p>Paratransit Passenger miles are calculated by multiplying the actual number of passengers (100 percent count) by the average trip length, which is determined from the scheduling database.</p> <p>Revenue Miles: See Performance Indicators #2 and #3 profiles.</p>
NTD Data Source	<p>Passenger Miles Traveled: Service Non-Rail by Mode-Form S-10</p> <p>Revenue Miles: See Performance Indicator #2 profile</p>

FIGURE 2-25: Average Vehicle Occupancy Profile.

Sources: Transit Cooperative Research Program Report 88 (Type of Measure), METRO staff, Transportation Code, and NTD forms.

AVERAGE VEHICLE OCCUPANCY-ALL MODES EXCEPT VANPOOL

At the end of Fiscal 2019, METRO vehicles carried about 7.8 passengers per revenue mile, also described as average vehicle occupancy (AVO). By FY 2023, that number had fallen to 6.4 passengers per revenue mile, a drop of 18 percent or 5 percent per year on average.

The COVID-19 impact was felt when AVO fell 21 percent between FY 2019 and FY 2020 and 37 percent between FY 2019 and FY 2021. AVO rebounded in FY 2022 and FY 2023 from FY 2021 levels. These trends are illustrated in **Figure 2-26**.

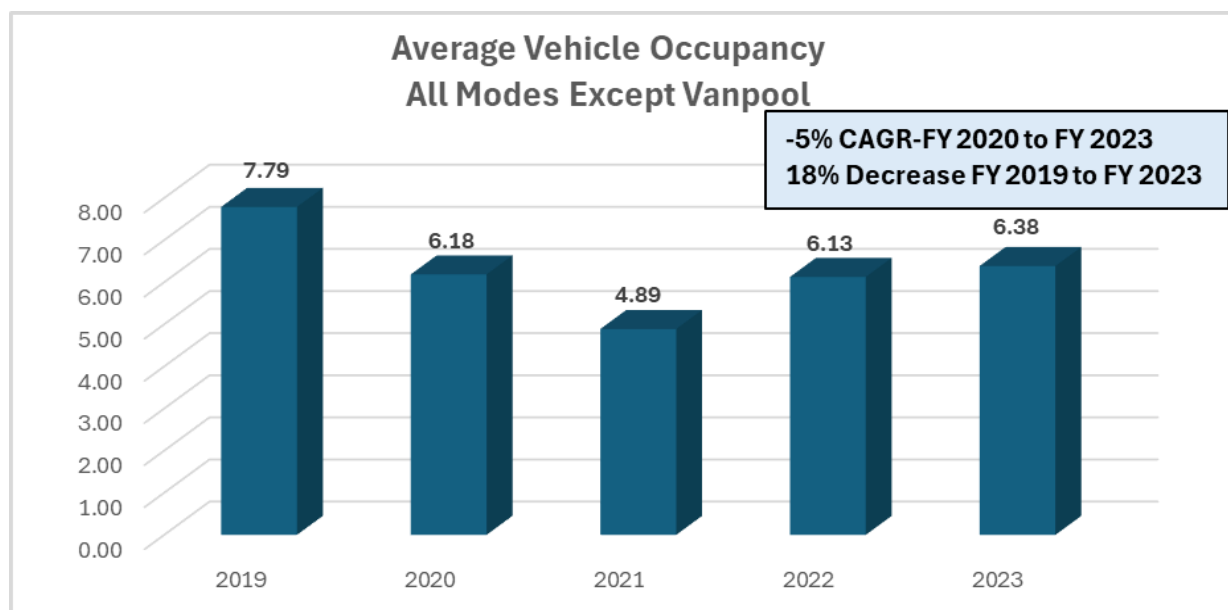


FIGURE 2-26: Average Vehicle Occupancy Passenger declined about 5 percent per year over the quadrennial and decreased 18 percent from FY 2019 to FY 2023.

Source: Appendices Table 6-Passenger Miles Traveled and Table 4-Revenue Miles.

The decline in AVO was driven by lower passenger miles traveled coupled with fewer revenue miles. The 11 percent decline in revenue miles between FY 2019 and FY 2023 was illustrated in **Figure 2-13**. The decrease in passenger miles traveled is illustrated in **Figure 2-27**. The COVID-19 impact in FY 2020 and FY 2021 is clearly evident.



FIGURE 2-27: A 27 percent decline in passenger miles traveled coupled with an 11 percent decline in revenue miles between FY 2019 and FY 2023, resulted in an 18 percent decrease in average vehicle occupancy over the quadrennial.

Source: Appendices Table 6-Passenger Miles Traveled.

AVERAGE VEHICLE OCCUPANCY-BY MODE

AVO fell for all modes during the quadrennial. The most severe decline occurred during the height of the COVID-19 pandemic in FY 2021. AVO fell 42 percent from FY 2019 levels for combined motor bus, 32 percent for light rail, and 16 percent for demand response.

All modes rebounded during FY 2022 and FY 2023. **Figure 2-28** presents AVO by mode as well as the percentage change in passenger miles traveled and revenue miles between FY 2019 and FY 2023.

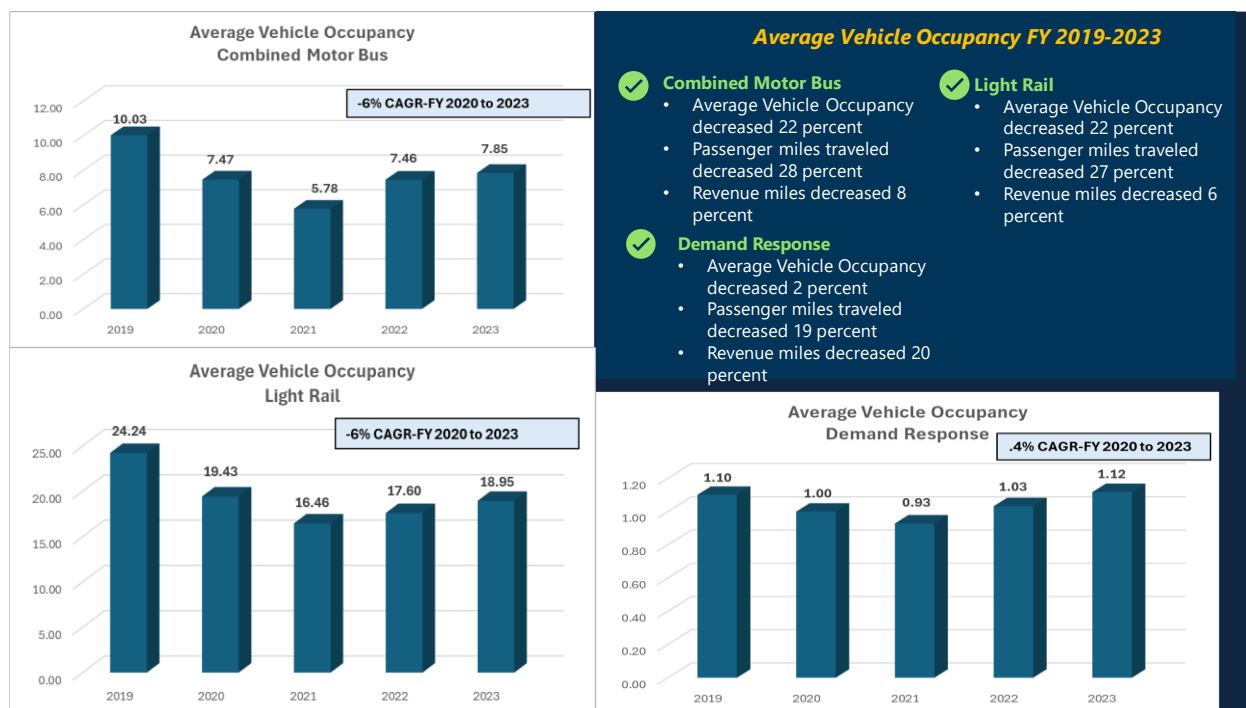


FIGURE 2-28: Average vehicle occupancy fell across all modes especially during the peak of the COVID-19 pandemic in FY 2021. Since 2019, passenger miles traveled and revenue miles declined, which accounts for the drop in average vehicle occupancy across all modes during the quadrennial.

Source: Appendices Table 6-Passenger Miles Traveled and Table 4-Revenue Miles.

7. On-time Performance		
Type of Measure	Service Reliability: A fixed route transit vehicle is considered “on time” if it departs from a location within a certain number of minutes after and/or before the scheduled time. Many agencies consider an early departure not to be on time.	
Calculation Formula	Motor bus on-time performance (OTP) is the weighted average of local bus and Park & Ride bus. Light rail OTP is the weighted average of the Red, Green, and Purple rail lines.	See Table 14 in the appendices for combined motor bus and light rail on-time performance percentages.
Transportation Code Definition	On-time performance is computed by determining an annual percentage of revenue vehicle trips that depart from selected locations at a time not earlier than the published departure time and not later than five (5) minutes after that published time.	
METRO’s Methodology	Motor Bus: For fixed-route bus service, METRO calculates on-time performance using the Integrated Vehicle Operations Management System (IVOMS). IVOMS measures on-time performance at designated time points listed in the bus schedules based on Automatic Vehicle Location (AVL) software. IVOMS data provide the time that every bus passes a designated time point, calculating data to the second, and generating hundreds of thousands of data points per month. A local bus is considered on-time if it does not leave early and leaves within a five-minute window after the scheduled departure time. A commuter bus is considered on time if it does not depart early (except in the morning when a bus can leave from a Park & Ride lot when full) and is within a five-minute window after the scheduled departure time, during peak service.	

7. On-time Performance

	Light Rail: Scheduled departure times are not published for the light rail system. METRO calculates on-time performance based on actual times from either end of the line versus scheduled departure.
METRO Data Source	METRO publishes OTP statistics in monthly performance reports, which are the data sources for motor bus and light rail OTP. NTD does not have an OTP reporting requirement.

FIGURE 2-29: On-time Performance profile.

Sources: Transit Cooperative Research Program Report 88 (Type of Measure), METRO staff, Transportation Code, and METRO's monthly performance reports.

ON-TIME PERFORMANCE

Combined Motor Bus OTP

Since FY 2019, the last year of the previous quadrennial, combined motor bus OTP decreased during FY 2020, 2021, and 2022 before rebounding in FY 2023. Between FY 2019 and FY 2023, combined motor bus OTP dropped 0.39 percent. This represents an average drop of 0.10 percent per year of the quadrennial. **Figure 2-30** compares actual combined motor bus OTP to goal for FY 2019 through FY 2023.

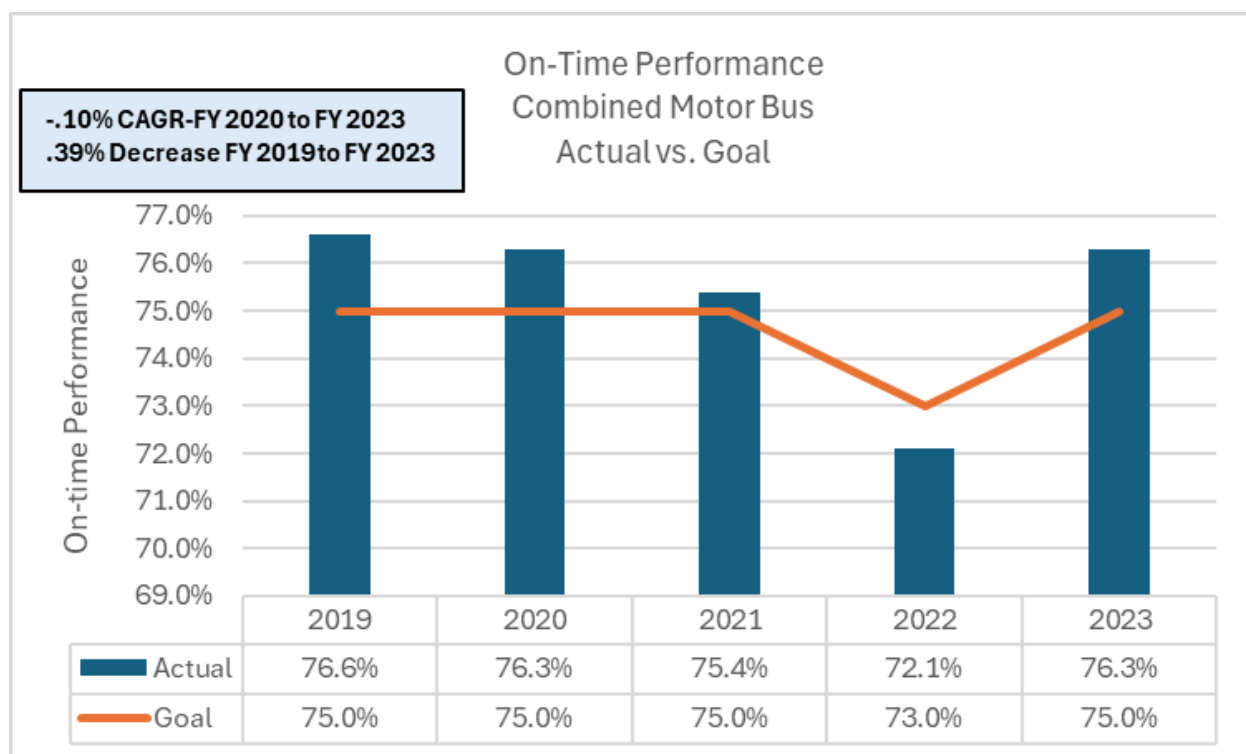


FIGURE 2-30: Combined motor bus OTP fell one-tenth of a percent on average during each year of the quadrennial. Between FY 2019 and FY 2023, OTP dropped 0.39 percent. However, METRO met combined motor bus OTP performance goals for each year of the quadrennial except FY 2022.

Source: Appendices Table 14-On-time Performance.

When compared to goal, METRO met its combined motor bus OTP goal in each year of the quadrennial except FY 2022. This outcome resulted from local bus missing its FY 2022 OTP goal as shown in **Figure 2-31**.

Mode	FY 2022 OTP Goal	FY 2022 Actual OTP	Result
Local Bus	71%	68.2%	Missed
Park & Ride	77%	81.6%	Met
*Combined Motor Bus	73%	72.1%	Missed

FIGURE 2-31: The FY 2022 OTP goal for combined motor bus was missed because local bus missed its goal.

Source: September 2022 Monthly Performance Report.

*This is the weighted average of local bus and Park & Ride.

Light Rail OTP

Light rail OTP improved over FY 2019 levels during each year of the quadrennial. During FY 2020 and FY 2021, OTP improved 0.3 and 1.0 percent, respectively over FY 2019 light rail OTP. In addition, actual OTP exceeded goal during each year of the quadrennial. **Figure 2-32** presents actual rail OTP compared to goal for FY 2019 through FY 2023.

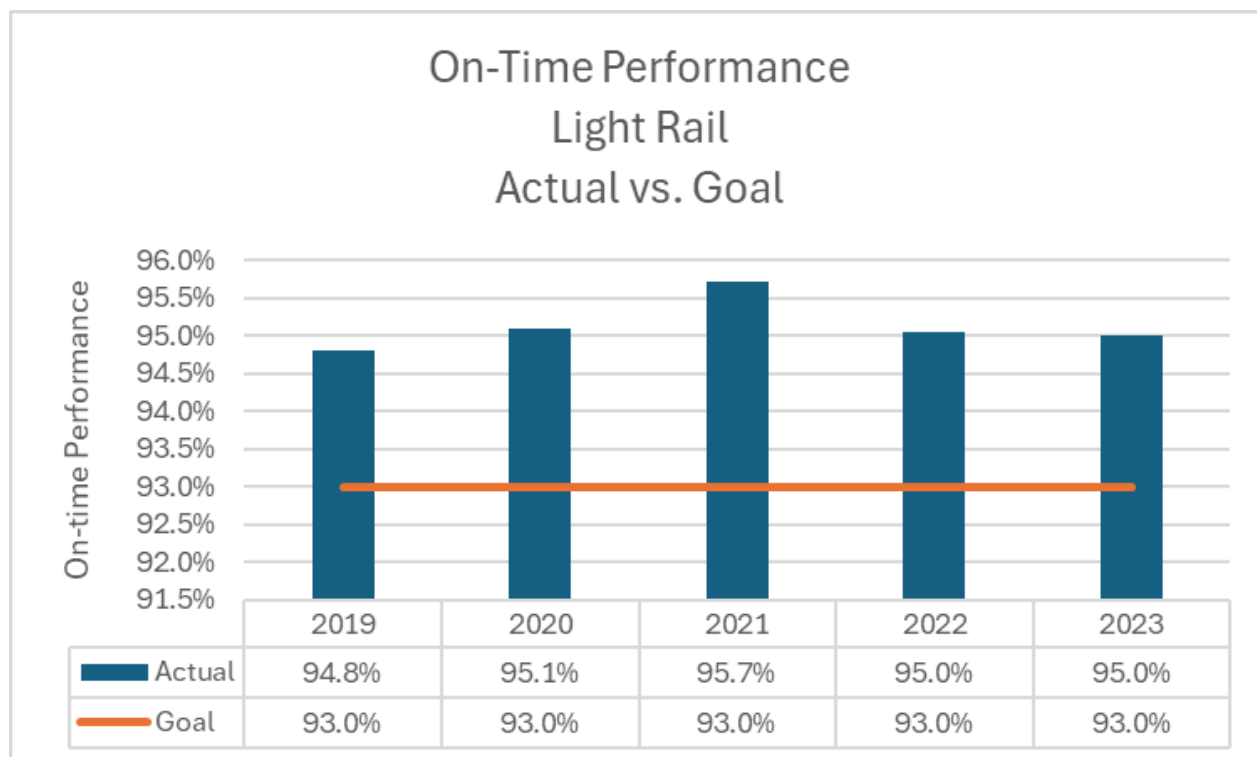


FIGURE 2-32: Actual light rail OTP exceeded goal during each year of the quadrennial.

Source: Appendices Table 14-On-time Performance.

8. Number of Collisions per 100,000 Miles	
Type of Measure	Safety: Accident rate is the number of accidents that occur per a specified number of miles driven, hours of service provided, or period of time. Accidents can occur on transit vehicles, at stops and stations, or between transit vehicles and other elements of the transportation system.

8. Number of Collisions per 100,000 Miles			
Calculation Formula	<div>Accident Rate</div> <div>= 100,000 X</div> <div><div>Number of Accidents</div><div>Service Miles</div></div>		See Table 15 in the appendices for combined motor bus and light rail collision data and service mile data.
Transportation Code Definition	The number of collisions per 100,000 miles is computed by multiplying the annual number of collisions by 100,000 and dividing the product by the number of miles for all service, including charter and nonrevenue service, directly operated by the authority for the same period. “Collision” includes: (1) a collision that involves an authority's revenue vehicle, other than a lawfully parked revenue vehicle, and that results in property damage, injury, or death; and (2) an incident that results in the injury or death of a person on board or boarding or alighting from an authority's revenue vehicle.		
METRO’s Methodology	Initial accident data and information are based on reports filed by operators of revenue vehicles and supervisors. These reports are supplemented by reports received from witnesses and claimants. Accidents are divided into collision and non-collision categories with details by accident location, types of collision accidents, and results in terms of personal injuries/deaths and property damage. The final report information is based on the investigations and assessments of METRO's claims representatives and safety personnel. METRO maintains records on accidents for directly operated services according to the state definition (including all accidents, regardless of the amount of damage) as well as the Texas Department of Transportation safety oversight definition (specific defined thresholds pertaining to fatalities, injuries, property damage, evacuations, mainline derailments, vehicle collisions, and at-grade crossing collisions).		
NTD/METRO Data Sources	Number of accidents: METRO bus and rail accident reports Service Miles: Service Non-Rail by Mode-Form S-10 and Service Rail-Form S-10		

FIGURE 2-33: Number of Collisions per 100,000 miles profile.

Sources: Transit Cooperative Research Program Report 88 (Type of Measure), METRO staff, Transportation Code, and METRO's monthly performance reports.

Service miles is the number of miles for all services, including charter and nonrevenue service, directly operated by METRO. Since the definition includes only directly operated service, miles reported for purchased transportation and vanpool are not counted, and only combined motor bus and light rail modes are evaluated.

COMBINED MOTOR BUS ACCIDENT RATE

The accident rate for combined motor bus fluctuated considerably during the quadrennial. It fell from 0.91 accidents per 100,000 miles (APM) in FY 2019 to 0.56 APM in FY 2020 before rising to 0.71 APM in FY 2021. Then it fell to 0.66 APM in FY 2022 before rising to 0.79 APM in FY 2023.

APM for combined motor bus decreased nearly 13 percent from FY 2019 to FY 2023 from 0.91 to 0.79 APM, respectively. This represents a decrease of approximately 3 percent per year on average. **Figure 2-34** illustrates these trends from FY 2019 through FY 2023.

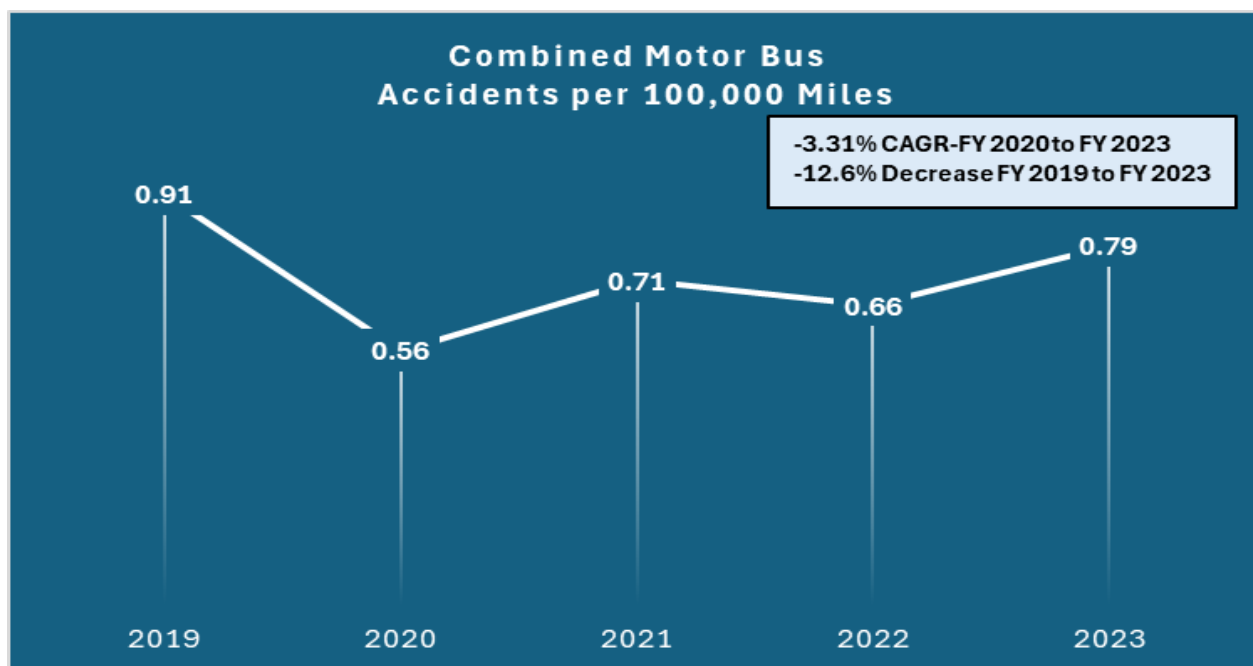


FIGURE 2-34: The combined motor bus accident rate fluctuated each year from FY 2019 through FY 2023.
 Source: Appendices Table 15-Number of Collisions per 100,00 Miles.

The year-over-year fluctuations in the combined motor bus APM were driven by changes in the underlying components: the number of accidents and total vehicle miles. **Figure 2-35** presents the changes in the underlying components from year to year. For example, between FY 2019 and FY 2020, the number of accidents fell 45.5 percent while vehicle miles fell 12 percent during FY 2020 and 15.6 percent during FY 2021 due to COVID-19.

Year	Combined Motor Bus			
	Accidents	Total Vehicle Miles	Change in Accidents	Change in Vehicle Miles
2019	389	42,953,867	-	-
2020	212	37,803,778	(45.5%)	(12.0%)
2021	228	31,898,413	7.5%	(15.6%)
2022	227	34,336,393	(0.4%)	7.6%
2023	283	35,748,260	24.7%	4.1%

FIGURE 2-35: The underlying components of the combined motor bus accident rate resulted in fluctuations each year from FY 2019 through FY 2023.
 Source: Appendices Table 15-Number of Collisions per 100,000 Miles.

Figure 2-36 provides a graphic illustration of changes in the underlying components of combined motor bus APM.

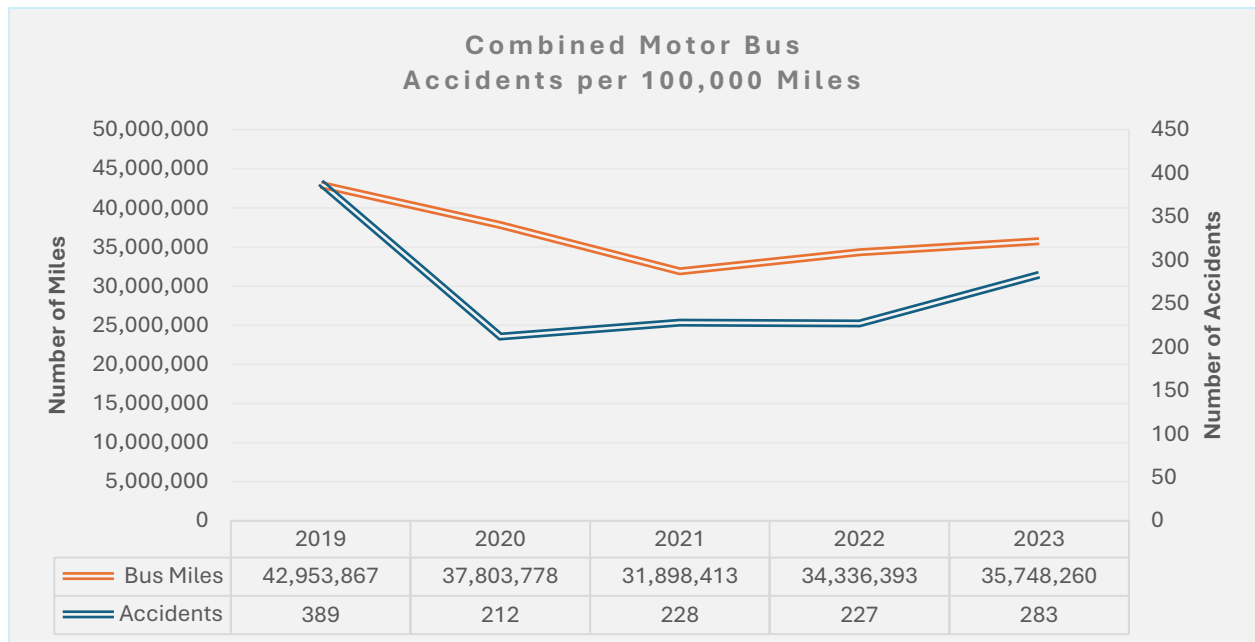


FIGURE 2-36: *The underlying components of the combined motor bus accident rate combined to cause fluctuations in the rate from FY 2019 through FY 2023.*

Source: Appendices Table 15 Number of Collisions per 100,000 Miles.

LIGHT RAIL ACCIDENT RATE

APM for light rail increased nearly 57 percent between FY 2019 and FY 2023 from 2.69 to 4.21 accidents per 100,000 miles, respectively. This increase represents an increase of approximately 12 percent per year. **Figure 2-37** presents this trend and illustrates that the rail accident rate increased each year during the quadrennial.

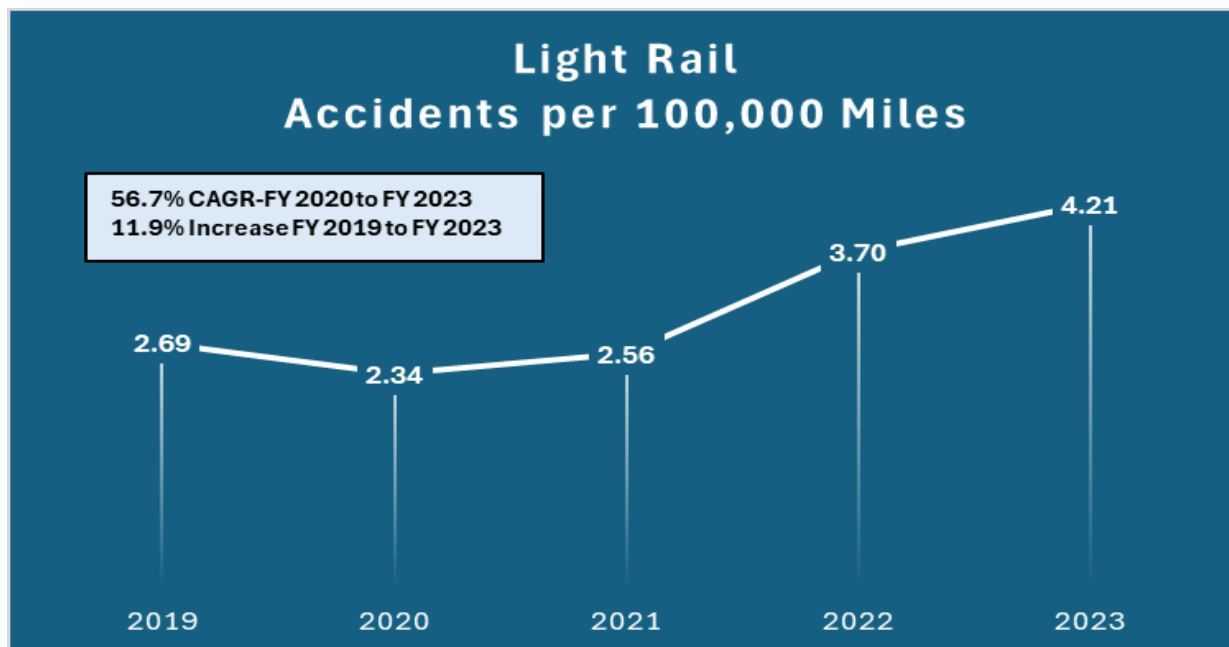


FIGURE 2-37: The light rail accident rate increased each year from FY 2019 through FY 2023.
 Source: Appendices Table 15 Number of Collisions per 100,000 Miles.

Changes in the underlying components of the light rail accident rate drove increases in the overall rate. Light rail accidents and miles decreased between FY 2019 and FY 2021, primarily due to COVID-19. The number of accidents and miles increased 59.7 percent and 10.7 percent, respectively between FY 2021 and FY 2022 and 23.4 percent and 8.3 percent, respectively between FY 2022 and FY 2023.

Figure 2-38 presents changes in the number of rail accidents and total miles from FY 2019 to FY 2023.

Year	Light Rail			
	Accidents	Total Vehicle Miles	Change in Accidents	Change in Vehicle Miles
2019	94	3,496,709		
2020	76	3,247,125	(19.1%)	(7.1%)
2021	67	2,614,997	(11.8%)	(19.5%)
2022	107	2,893,754	59.7%	10.7%
2023	132	3,132,724	23.4%	8.3%

FIGURE 2-38: The underlying components of the light rail accident rate resulted in an increase of nearly 12 percent in the rate between FY 2019 to FY 2023.
 Source: Appendices Table 15 Number of Collisions per 100,000 Miles.

Figure 2-39 provides a graphic illustration of changes in the underlying components of the accident rate.

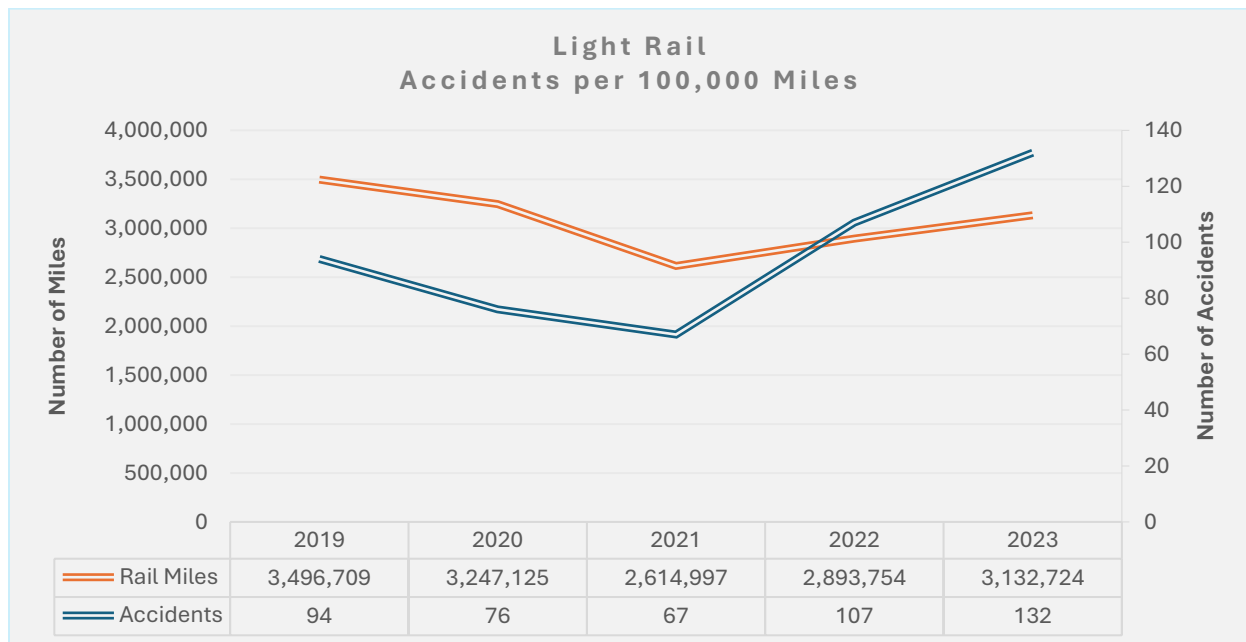


FIGURE 2-39: Rail miles and accidents fell during FY 2020 and FY 2021 due to COVID-19 before increasing in FY 2022 and FY 2023.

Source: Appendices Table 15 Number of Collisions per 100,000 Miles.

9. Number of Miles Between Mechanical Road Calls

Type of Measure	Transit Vehicle Reliability: Vehicle breakdowns are a measure of vehicle reliability used by transit agencies to monitor trends in vehicle breakdowns. It is defined as the vehicle-miles traveled during a defined period, divided by the number of breakdowns. Mean distance between failures, defined as total revenue miles divided by the total number of mechanical failures resulting in delays, is a similar measure.	
Calculation Formula	<u>Service Miles</u> Road Calls	See Table 16 in the appendices for combined motor bus and light rail number of miles between road calls.
Transportation Code Definition	The number of miles between mechanical road calls is computed by dividing the annual number of miles for all service directly operated by an authority, including charter and nonrevenue service, by the number of mechanical road calls for the same period. In this subsection, "mechanical road call" means an interruption in revenue service that is caused by revenue vehicle equipment failure that requires assistance from a person other than the vehicle operator before the vehicle can be operated normally.	
METRO's Methodology	Motor Bus For bus services, when an operator reports a vehicle problem, dispatch goes through a step-by-step process to diagnose the nature of the problem. If the operator is unable to resolve the issue, a repair truck is sent out. The dispatcher captures the information in the SAP software, including time of failure, location, and lost time incurred. When the bus goes back to the garage, the maintenance foreman prints out this information and provides it to the mechanic. The mechanic makes repairs and documents the repair work. This information is faxed back to the Quality Assurance Department each morning to code road calls by type and by vehicle.	

9. Number of Miles Between Mechanical Road Calls

	<p>METRO's road call information is comprehensive and categorized by type, including road calls for mechanical problems, fleet defects, and warranty issues. The categorization of road calls assists METRO management. For example, the data is used to compare performance across individual garages using road calls for mechanical problems but excluding road calls such as fleet defects that are not necessarily under the control of a garage and do not provide a good basis for comparing garage performance.</p> <p>Light Rail</p> <p>For light rail service, the rail operator reports any vehicle problem to the Operations Control Center (OCC) to diagnose the nature of the problem. If the operator is unable to continue running the vehicle in revenue service, then the vehicle is taken out of service, appropriate personnel are sent out to remedy the situation, and the OCC initiates a work request for repair work. The rail vehicle maintenance superintendent reviews the work requests and determines which of the service interruptions qualify as mechanical road calls.</p>
<i>NTD Data Source</i>	<p>Service Miles:</p> <p>Service Non-Rail by Mode-Form S-10 and Service Rail-Form S-10</p> <p>Road Calls:</p> <p>Maintenance Performance-Revenue Vehicle Mechanical System Failures (R-20)</p>

FIGURE 2-40: Miles between mechanical road calls profile.

Sources: Transit Cooperative Research Program Report 88 (Type of Measure), METRO staff, Transportation Code, and NTD forms.

Auditors made, and METRO management responded to, the following recommendation in the previous quadrennial report (FY 2016 through FY 2019) with respect to the number of miles between mechanical road calls for light rail. During the current quadrennial, MJ noted no discrepancies with respect to light rail mechanical failures and that METRO management had resolved the issue.

FY 2016-2019 Quadrennial Report Recommendation

Recommendation: We recommend that METRO ensure the policy and procedure on reporting of Service Interruptions from mechanical failures aligns with Chapter 451 and NTD definitions to ensure accurate reporting for light rail.

Management's Response: METRO's new Maintenance Management Systems, within SAP, has a module that was designed specifically for NTD reporting of Mechanical Failures as defined in the latest NTD Reporting Policy Manual. Monthly Reports will no longer use the "NONE" category for reporting Miles Between Road Calls. The Monthly Reporting now aligns with both definitions of Chapter 451 and the latest NTD Reporting Policy Manual.

FIGURE 2-41: METRO management addressed and resolved prior quadrennial report recommendations.

Source FY 2016 through FY 2019 Quadrennial Performance Audit Report Date: February 1, 2021.

MILES BETWEEN MECHANICAL ROAD CALLS-COMBINED MOTOR BUS

METRO defines system failures as mechanical problems that affect a vehicle such that it does not complete its scheduled revenue trip or does not start its next scheduled revenue trip. METRO classifies

system failures as “major” and “other” defined below. However, the analysis in this section makes no distinctions.

Major Mechanical System Failure

Failures of some mechanical element of the revenue vehicle not caused by a collision, natural disaster, or vandalism and a vehicle from completing or starting a scheduled revenue trip because actual movement is limited or because of safety concerns. Examples of major bus failures include breakdowns of brakes, doors, engine cooling systems, steering, axles, and suspension. Failure is considered major if it results in a safety hazard or if the vehicle is disabled. Major mechanical system failure does not have to be expensive or difficult to repair in order to meet the definition; it could be inexpensive or easy to repair, such as a flat tire.

Other Mechanical System Failure

Failures of some other mechanical element of the revenue vehicle that, because of METRO policy, prevents the revenue vehicle from completing a scheduled revenue trip or from starting the next scheduled revenue trip even though the vehicle is physically able to continue in revenue service. Examples of other bus failures include breakdowns of fareboxes, wheelchair lifts, heating, ventilation and air conditioning (HVAC) systems and other problems not included as major mechanical systems failure.

Combined motor bus miles between mechanical road calls (MRC) declined 28 percent from 6,613 miles in FY 2019 to 4,758 miles in FY 2023. Over the quadrennial, MRC declined approximately 8 percent per year. These trends represent an erosion of vehicle reliability meaning that vehicles are traveling fewer miles between mechanical failures. **Figure 2-42** illustrates these trends from FY 2019 through FY 2023.

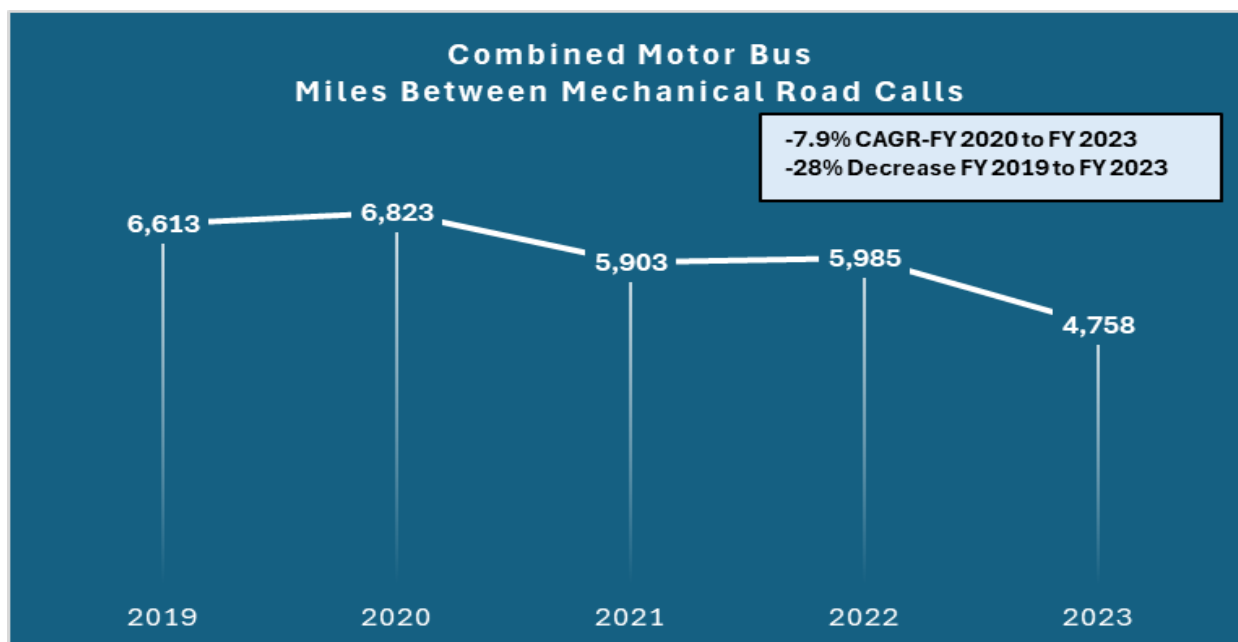


FIGURE 2-42: Vehicle reliability declined 28 percent between FY 2019 and FY 2023 at an overall compounded annual rate of nearly 8 percent over the quadrennial.

Source: Appendices Table 16-Miles Between Mechanical Road Calls.

Service miles and road calls are the factors that comprise MRC for METRO’s combined motor bus mode. Changes in these factors drove the decrease in MRC between FY 2019 and FY 2023. Service miles decreased 12 percent and 15.6 percent in FY 2020 and FY 2021, respectively, from FY 2019 levels due to COVID-19. Road calls declined 14.7 percent and 2.5 percent, respectively, over the period. Both factors rebounded during FY 2022 and FY 2023 as shown in **Figure 2-43**.

Year	Combined Motor Bus			
	Total Actual Service Miles	Total Road Calls	Change in Service Miles	Change in Road Calls
2019	42,953,867	6,495		
2020	37,803,778	5,541	(12.0%)	(14.7%)
2021	31,898,413	5,404	(15.6%)	(2.5%)
2022	34,336,393	5,737	7.6%	6.2%
2023	35,748,260	7,513	4.1%	31.0%

FIGURE 2-43: The underlying components of service miles and road calls drove the overall decline in MRC during the quadrennial.

Source: Appendices Table 16- Miles Between Mechanical Road Calls.

Figure 2-44 provides a graphic illustration of changes in the underlying components of combined motor bus MRC.

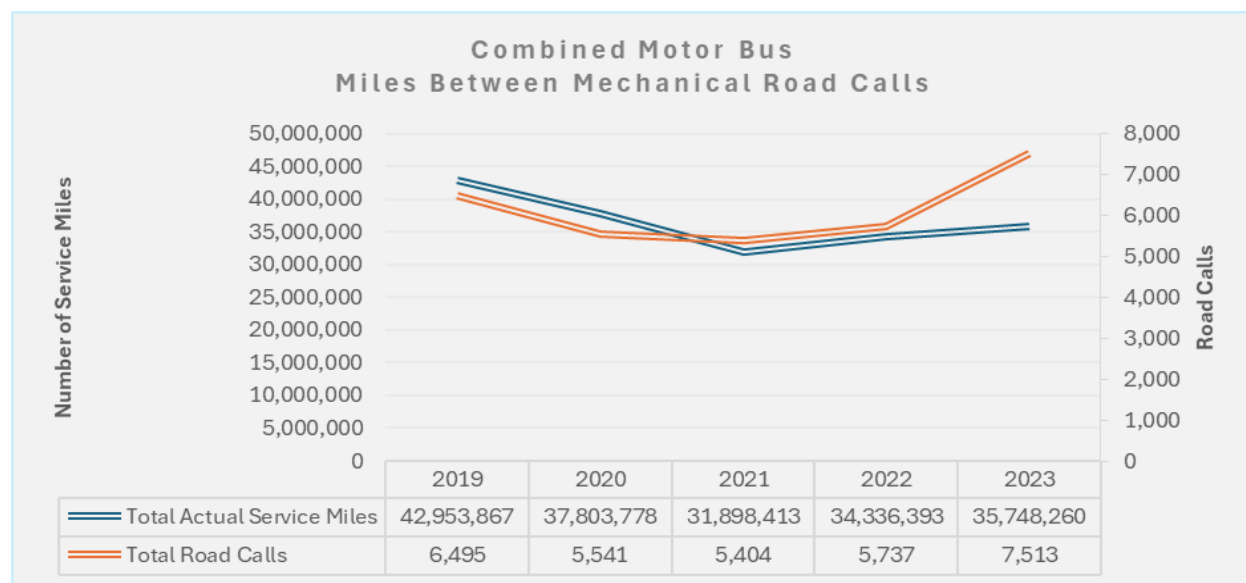


FIGURE 2-44: Combined motor bus reliability declined 28 percent between FY 2019 and FY 2023 at an overall compounded annual rate of nearly 8 percent per year during the quadrennial.

Source: Appendices Table 16-Miles Between Mechanical Road Calls.

LIGHT RAIL SERVICE INTERRUPTIONS

Light rail service reliability is expressed in terms of miles between service interruptions. Between FY 2019 and FY 2023, light rail miles between service interruptions declined 31 percent, or an average of 8.9 percent per year. The decline in light rail service reliability (LRSR) was most pronounced in FY 2021 due to COVID-19 as shown in **Figure 2-45**.

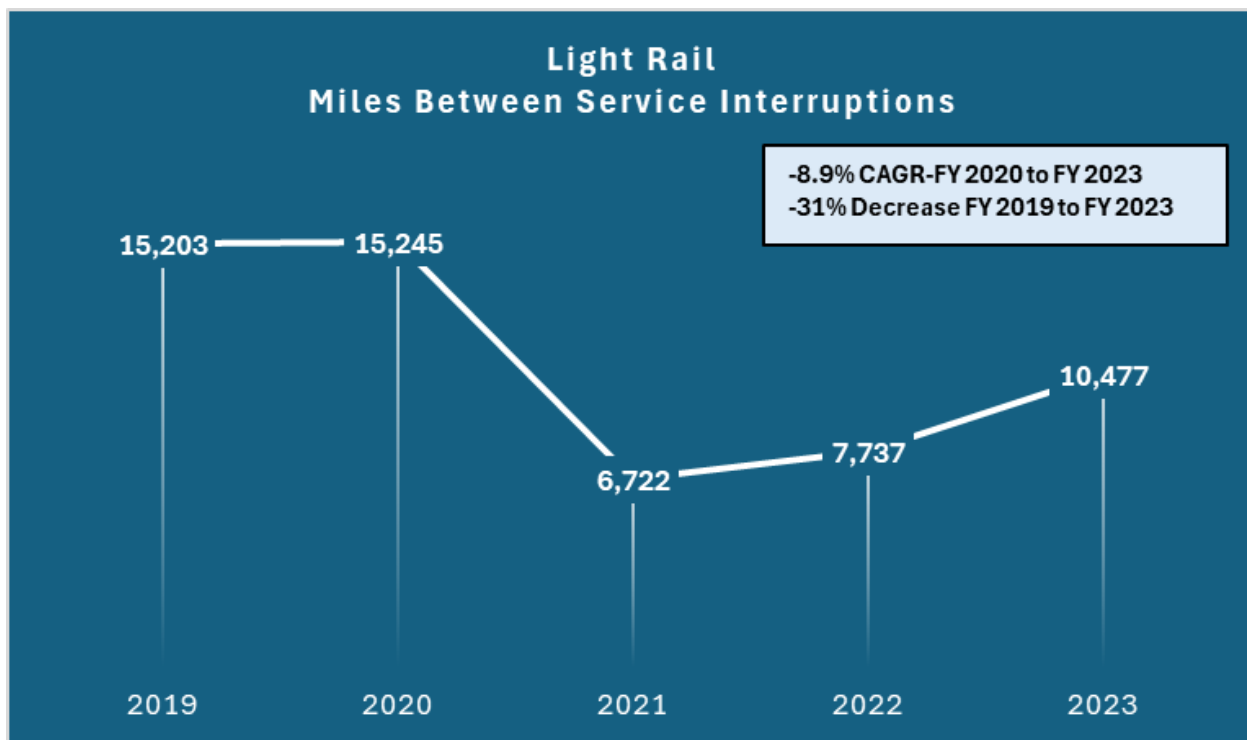


FIGURE 2-45: LRSR declined 31 percent between FY 2019 and FY 2023 at an overall compounded annual rate of nearly 9 percent over the quadrennial.

Source: Appendices Table 16-Miles Between Mechanical Road Calls.

Service interruptions and service miles are the factors that comprise LRSR. Changes in these factors drove the decrease in LRSR between FY 2019 and FY 2023. Service miles decreased 7.1 percent and 19.5 percent in FY 2020 and FY 2021, respectively, from FY 2019 levels due to COVID-19. Service miles rebounded 10.7 percent and 8.3 percent in FY 2022 and FY 2023, respectively.

METRO has an aging rail fleet. Per rail operations management analyst staff, from FY 2022 to FY 2023, rail experienced an excessive number of breakdowns in brake calipers as well as propulsion faults due to leaking roofs on the H1 fleet, which is the first rail fleet METRO received. This situation resulted in an 18.6 percent increase in major failures in FY 2023 over FY 2022.

A brake overhaul campaign is in process currently to mitigate brake caliper failures moving forward. To mitigate leaking roof and propulsion issues, METRO solicited vendors in FY 2024 for a roof overhaul campaign.

Service interruptions declined 7.4 percent in FY 2020 from FY 2019 levels before increasing 82.6 percent from FY 2020 to FY 2021. Service interruptions declined 3.9 percent FY 2022 and 20.1 percent in FY 2023.

These trends are presented in **Figure 2-46**.

Year	Light Rail			
	Service Miles	Total Service Interruptions	Change in Service Miles	Change in Service Interruptions
2019	3,496,709	230		
2020	3,247,125	213	(7.1%)	(7.4%)
2021	2,614,997	389	(19.5%)	82.6%
2022	2,893,754	374	10.7%	(3.9%)
2023	3,132,724	299	8.3%	(20.1%)

FIGURE 2-46: The underlying components of service miles and service interruptions drove the overall decline in LRSR during the quadrennial.

Source: Appendices Table 16- Number of Miles Between Mechanical Road Calls.

Figure 2-47 provides a graphic illustration of changes in the underlying components of LRSR.

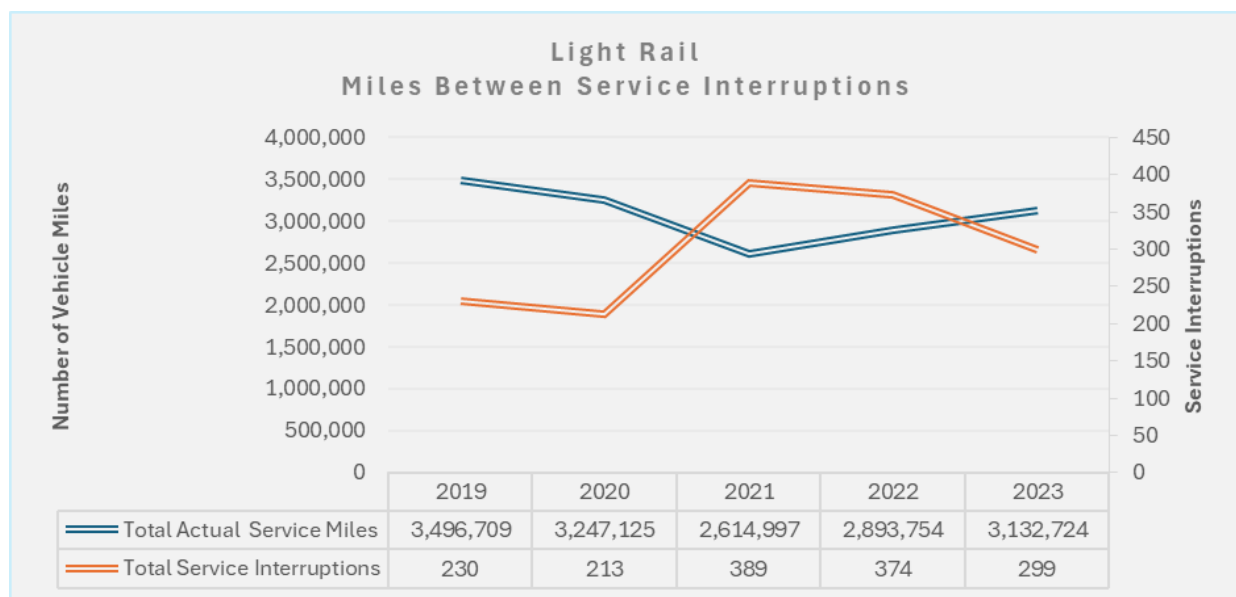


FIGURE 2-47: Light rail service miles and service interruptions drove the overall decline in LRSR during the quadrennial.

Source: Appendices Table 16- Number of Miles Between Mechanical Road Calls.

TASK 3
ADMINISTRATION AND MANAGEMENT

TASK 3.0 – ADMINISTRATION AND MANAGEMENT REVIEW

SCOPE

The purpose of Task 3 is to review administration and management areas of the Authority to determine if METRO's mass transit services are being provided in an effective and efficient manner.

This review was conducted on a sample basis and included six (6) divisions within two (2) of METRO's departments. The selection of Human Resources and Communications Departments was conducted by the MJ Team in conjunction with the Vice President of Audit covering FY 2020 through FY 2023. Division selections were based on those departments that were considered to bring the most value to METRO. The review of administration and management included the following:

- Subtask 3.1 Review staffing levels and the administrative organization of each department.
- Subtask 3.2 Review department functionality.
- Subtask 3.3 Review cost elements for each department.

The MJ Team documented recommended improvements and indicated the intended impacts related to the efficiency and effectiveness of the Authority's operations. The emphasis was to highlight potential areas where efficiencies may be increased with minimal impact to service quality.

SUBTASK 3.1A STAFFING: HUMAN RESOURCES

SUBTASK CONCLUSIONS, ANALYSIS AND RECOMMENDATIONS

SUBTASK 3.1.1 – Review divisions organizational structure to ensure each division has clearly defined units, minimizes overlapping functions and excessive administrative layers, and has lines of authority that minimize administrative costs and appropriate span of control.

CONCLUSION – HR STAFFING AND ORGANIZATION DEVELOPMENT

HR Staffing and Organization Development divisions met expectations for Subtask 3.1.1. The organizational structure was designed such that each division has clearly defined units, minimizes overlapping functions and excessive administrative layers, and has lines of authority that minimize administrative costs and appropriate span of control.

ANALYSIS

The organizational structure reflects the framework of how tasks are assigned, managed, and coordinated to ensure programs are executed efficiently and cost-effectively. The organizational structure also determines the duties and responsibilities of various employees as well as its information flow and decision-making procedures. In addition, the MJ Team compared METRO's Human Resources function structure to two (2) other transit agencies. The MJ Team noted that the Capital Metropolitan Transportation Authority (CAP Metro) and Dallas Area Rapid Transit (DART) organizational charts for the Human Resources function both include divisions that are compatible with METRO's organizational structure.

The MJ Team used nationally recognized human resource industry guidelines to determine span of control indicators as an assessment resource.

We compared the recommended span of control ratio for directors, managers, lower-level managers, and supervisory levels using industry guidelines. The recommended span of control ratio for higher-level directors and managers is between 1:2 and 1:9. The span of control ratio for lower-level managers and supervisors is 1:15 to 1:20. Several factors influence the span of control guidelines including organizational size, workforce skill level and director's and manager's responsibilities. Large departments tend to have a narrow span of control, whereas smaller departments often have a wider span of control. This difference is usually due to the costs involved with more managers and financial resources available to an organization.

ORGANIZATION STRUCTURE

Using industry span of controls guidelines, we reviewed the management span of control to determine if the number of direct reports to management is appropriate and if the layers of management are reasonable. We assessed the staffing for each division as follows.

HUMAN RESOURCES DEPARTMENT

To address the requirements of this subtask, the MJ Team interviewed the Executive Vice President & Chief Human Resources Officer, as well as the Director of Staffing. Using industry span of controls guidelines, we reviewed the management span of control to determine if the number of direct reports

to management is appropriate and if the layers of management are reasonable. We assessed staffing for each division as follows.

Span of Control

The MJ Team obtained the division’s organizational chart in **Figure 3-1** and **Figure 3-2** to review the organization structure and span of control.

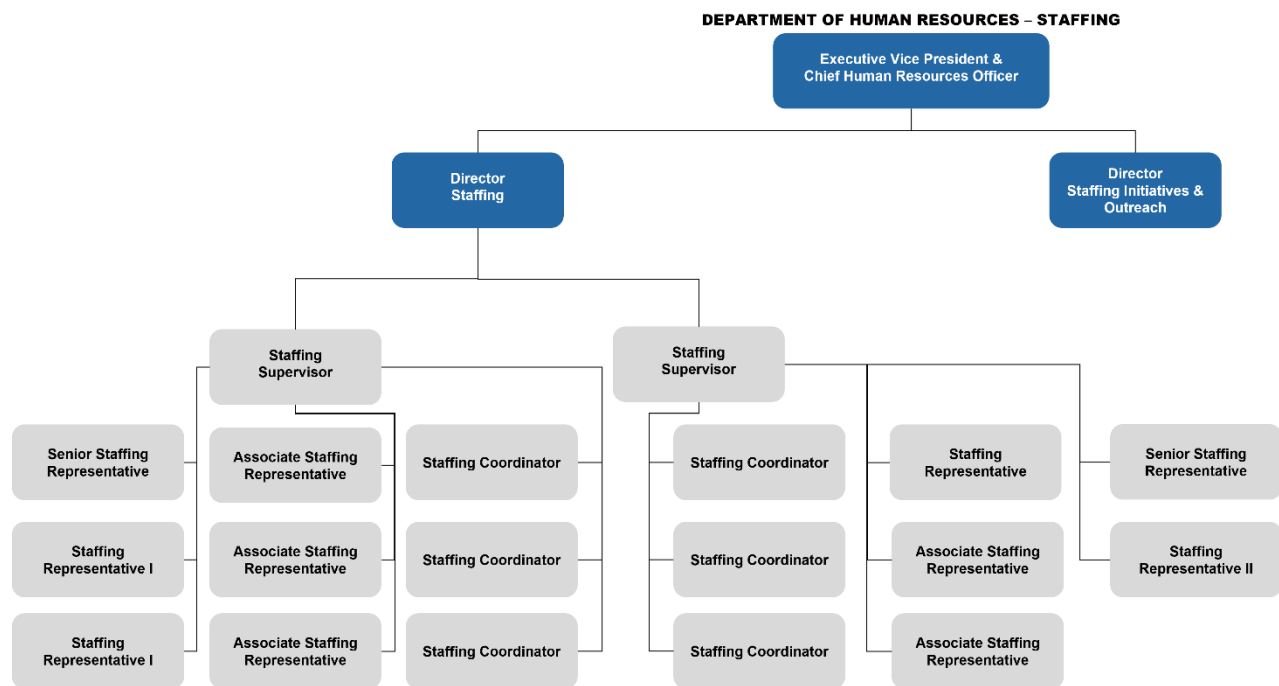


FIGURE 3-1: Staffing Division Organizational Chart, FY 2023.

Source: METRO Human Resources Department

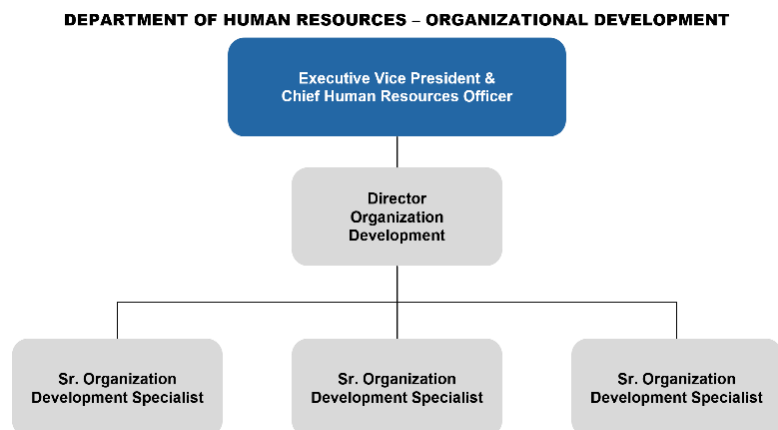


FIGURE 3-2: Organization Development Division Organizational Chart, FY 2023.

Source: METRO Human Resources Department.

Based on the organizational chart in **Figures 3-1** and **3-2**, current staff reporting relationships meet industry span-of-control guidelines.

STAFFING DIVISION

Two (2) supervisors report to the director and eight (8) to nine (9) staff report to each supervisor. This staffing ratio aligns with industry standards and best practices guidelines.

ORGANIZATION DEVELOPMENT DIVISION

Three (3) staff report to the director. This staffing ratio aligns with industry standards and best practices guidelines.

Key Personnel Primary Job Functions and Department Tenure

In addition to reviewing each of the division's organizational structure, we developed a summary of selected staff in the division's primary job functions tenure with METRO and tenure in their current position. Based on our review, there are no overlapping functions and limited administrative functions that result in excessive cost. **Figure 3-3** shows that division staff demonstrate stability and continuity in their respective management and staff positions, as follows:

- **Staffing Division** – management level staff have been employed with METRO for an average of 12 years and have been in their current position for an average of four (4) years including the Executive Vice President & Chief Human Resources Officer (CHRO) with 21 years tenure with METRO and 11 years in the current role.
- **Organization Development Division** – the director's position is currently vacant; therefore, there is no tenure to analyze.

Position Title	Tenure with METRO	Tenure in Current Role	Major Position Responsibilities	Span of Control
Staffing Division				
<i>Executive Vice President & Chief Human Resources Officer (CHRO)</i>	21 years	11 years	<ul style="list-style-type: none"> • Oversees HR operations, including HR information systems, payroll, and employee records. • Ensures compliance with all federal, state, and local labor laws and regulations. • Develops and implements workforce planning strategies to ensure METRO has the right talent in place to meet current and future needs. • Oversees employee benefits administration and ensure programs meet the needs of the workforce. 	1:2
<i>Director of Staffing</i>	6 years	2 years	<ul style="list-style-type: none"> • Directs the management of the recruitment, candidate testing/assessment and interview/selection strategies and processes to ensure retention and diverse workforce composition. • Constructs strategic planning to ensure current and future staffing goals of the organization are met. 	1:2

Position Title	Tenure with METRO	Tenure in Current Role	Major Position Responsibilities	Span of Control
<i>Staffing Supervisor Administration (Downtown)</i>	3 years	3 months	<ul style="list-style-type: none"> Oversees recruitment activities to ensure the recruitment process is conducted efficiently and in accordance with METRO's policies and standards. Evaluates and analyzes employment data for trends to improve hiring needs, recruiting activities and strategies. Establishes hiring criteria and develops selection and recruiting competency profiles by analyzing job requirements with hiring managers. 	1:9
<i>Staffing Supervisor Operations (Kashmere)</i>	18 years	2 years	<ul style="list-style-type: none"> Oversees recruitment activities to ensure the recruitment process is conducted efficiently and in accordance with METRO's policies and standards. Provides supervision and direction and performs personnel administrative functions of direct support staff for maintaining necessary staffing goals, enhancing productivity of staff, and ensuring necessary department outcomes are achieved. 	1:8
<i>Average Tenure</i>	12 years	4 years		
Organization Development Division				
<i>Director of Organization Development</i>	Vacant Position	N/A	<ul style="list-style-type: none"> Provides primary managerial direction and performs personnel administrative functions of direct report staff (e.g., training, supervising, work assignments, timesheets, performance evaluations, etc.) for the purpose of maintaining necessary staffing, enhancing productivity of staff, and ensuring necessary department outcomes are achieved. Directs, develops, and delivers organizational effectiveness and training programs to improve work performance and meet METRO's business objectives. 	N/A Vacant

FIGURE 3-3: Division direct reports and primary job functions.
 Source: Department management.

SUBTASK CONCLUSIONS, ANALYSIS AND RECOMMENDATIONS

SUBTASK 3.1.2 – Assess the reasonableness of current staffing levels given the nature of the services provided and accepted industry standards and best practices.

CONCLUSION – HUMAN RESOURCES DEPARTMENT

The Human Resources Department met expectations for Subtask 3.1.2. Turnover and vacancy rates reported aligned with industry standards. This data led the MJ Team to arrive at our conclusion that this subtask met expectations. Our analysis follows.

ANALYSIS

HR DEPARTMENT OVERALL

To address the requirements of this subtask, the MJ Team interviewed the Executive Vice President & Chief Human Resources Officer, Director of Staffing, and both Staffing Supervisors.

The MJ Team also reviewed vacancy and turnover data to determine the department’s productivity, effectiveness, and efficiency. Human Resources did not provide the data at the division level; therefore, the MJ Team analyzed the department level data.

Turnover and Vacancies

The HR Department had an average turnover rate of 9.8% and an average vacancy rate of 9.5% and align with general HR industry guidelines of 10-15%, pre- and post-pandemic respectively, as shown in **Figure 3-4**. In FY 2023, the turnover and vacancy rates were significantly below 10%, indicating the implementation of effective mitigation strategies. Low turnover and vacancy rates typically demonstrate a stable workforce. Therefore, the MJ Team assessed that turnover and vacancy rates for this program were met.

Fiscal Year	Turnover Rate	Vacancy Rate	Turnover/Vacancy Rates are within 10% to 15% Range?
<i>FY 2020</i>	12.5%	12.5%	Yes
<i>FY 2021</i>	12.5%	14.6%	Yes
<i>FY 2022</i>	9.40%	7.5%	Yes
<i>FY 2023</i>	4.80%	3.3%	Yes
AVERAGE TURNOVER/VACANCY RATE FOR THE REVIEW PERIOD	9.8%	9.5%	Yes

FIGURE 3-4: Human Resources Department’s FTE Count, Vacancies, and Vacancy Rates.

Source: METRO Human Resources Department, FY 2023.

SUBTASK 3.1.3 – Review the department’s periodic assessment of its organizational structure and staffing to ensure staffing levels are appropriate and to monitor the status of vacant positions.

CONCLUSION – HUMAN RESOURCES DEPARTMENT

The Human Resources Department met expectations for Subtask 3.1.3 based on the formal quarterly report developed and reviewed by management to ensure staffing levels are appropriate and to monitor the status of vacant positions.

ANALYSIS

The HR Department’s Quarterly Management Report includes staffing analysis. Based on the MJ Team’s review and analysis, the department monitors the staffing levels and the status of vacancies in its quarterly management reports as follows in **Figures 3-5 and 3-6**.

METRO FY2023 3rd Quarter Review Human Resources Workforce Summary as of June 30, 2023				
Department Divisions	Year End Auth.	Auth.	Third Quarter Actual	Variance
Human Resources	62	62	58	4
Subtotal Union	0	0	0	0
Subtotal Non-Union	62	62	58	4
Total Workforce	62	62	58	4

FIGURE 3-5: Department Workforce Summary and Staff Levels.

Source: Human Resources Department FY 2023 Third Quarter Review Report.

METRO FY2023 3rd Quarter Review Human Resources Vacancies as of June 30, 2023					
Division	Position	#	Cost Center	Grade	Status
Non - Union					
VP Human Resources	Employee Relations Specialist	1	2449	11	Candidate Selected - start date 7/17/23
Benefits & Wellness	Benefits Representative	1	2443	9	Interviewed, Making an Offer
VP Human Resources	Human Resources Communications Specialist	1	2411	9	Interviewing
VP Human Resources	Human Resource Assistant	1	2411	7	Finalizing Job Description
Union					
Non-Union		4			
Union		0			
Total		4			

FIGURE 3-6: HR Vacancies, June 2023.

Source: Human Resources Department FY 2023 Third Quarter Review Report.

SUBTASK 3.1B STAFFING: COMMUNICATIONS

SUBTASK CONCLUSIONS, ANALYSIS AND RECOMMENDATIONS

SUBTASK 3.1.1 – Review the divisions’ organizational structure to ensure each division has clearly defined units, minimizes overlapping functions and excessive administrative layers, and has lines of authority that minimize administrative costs and appropriate span of control.

CONCLUSION – COMMUNICATIONS DEPARTMENT

Digital Marketing, Marketing, the Press Office, and Corporate Communications met expectations for Subtask 3.1.1. The organizational structure is designed such that each division has clearly defined units, minimizes overlapping functions and excessive administrative layers, and has lines of authority that minimize administrative costs and appropriate span of control. Our analysis follows.

ANALYSIS

The organizational structure reflects the framework of how tasks are assigned, managed, and coordinated to ensure programs are executed efficiently and cost-effectively. The organizational structure also determines the duties and responsibilities of various employees as well as its information flow and decision-making procedures. In addition, the MJ Team compared METRO’s Communications function structure to two (2) other transit agencies. The MJ Team noted that the Capital Metropolitan Transportation Authority (CAP Metro) and Dallas Area Rapid Transit (DART) organizational charts for the Communications function both include divisions that are compatible with METRO’s organizational structure.

The MJ Team used the nationally recognized human resource industry guidelines to determine span of control indicators as an assessment resource.

We compared the recommended span of control ratio for directors, managers, lower-level managers, and supervisory levels using industry guidelines. The recommended span of control ratio for higher-level directors and managers is between 1:2 and 1:9. The span of control ratio for lower-level managers and supervisors is 1:15 to 1:20. Several factors influence span of control guidelines including organizational size, workforce skill level and director’s and manager’s responsibilities. Large departments tend to have a narrow span of control, whereas smaller departments often have a wider span of control. This difference is usually due to the costs involved with more managers and the financial resources available to an organization.

ORGANIZATION STRUCTURE

FY 2020 THROUGH FY 2024 REORGANIZATIONS

In 2024 the agency began the evaluation and restructuring of its organizational structure and continued the restructuring during the execution of the performance audit.

During the quadrennial audit period of FY 2020 through FY 2023, the Communications Department had several divisions including Digital Marketing & Communications Services, which included Printing

Services and the Mail Room, Marketing, Press Office, Public Engagement, and Corporate Communications.

In FY 2024, significant changes occurred: Public Engagement moved to Government & Public Affairs, Communications Services (Printing Services and the Mail Room) , moved to Administration, and Partnership Promotions was dissolved.

Post-reorganization, the Communications Department is now Strategic Communications and Media Relations and consists of the Press Office and Social Media. Digital Marketing, Marketing and Corporate Communications are now part of a new department - Marketing and Corporate Communications.

Digital Marketing, Marketing, Press Office, and Corporate Communications divisions were analyzed for each subtask.

The following **Figure 3-7** presents Marketing Department and Strategic Communications Department Org Charts as of December 2024.

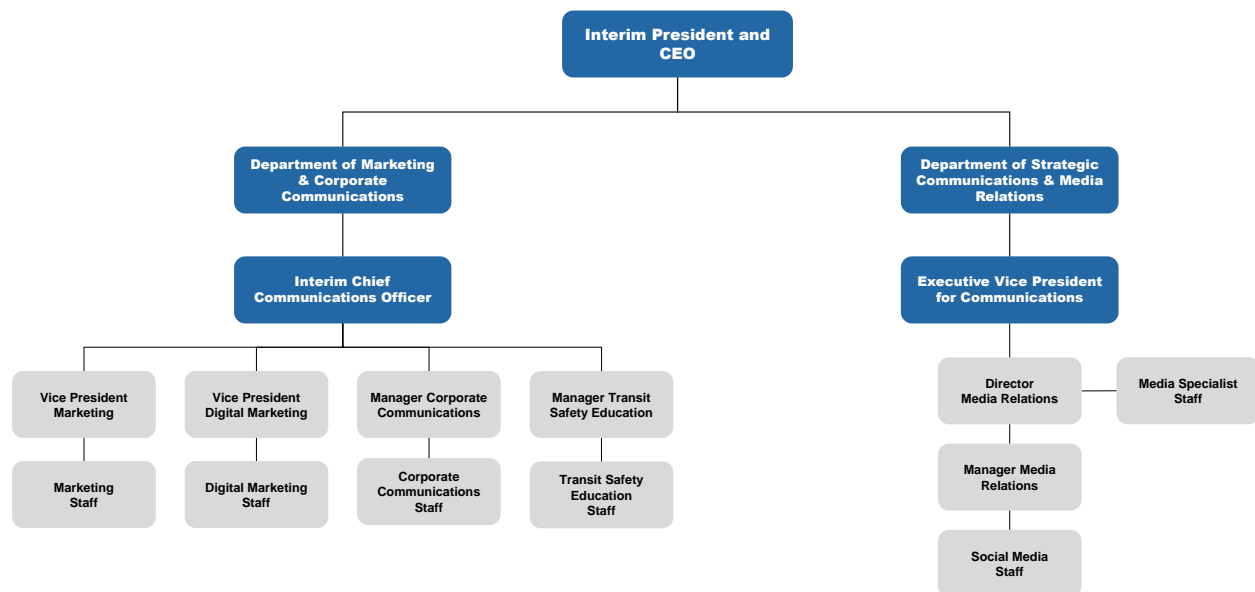


FIGURE 3-7: Communications Department Organizational Overview Chart as of December 2024.

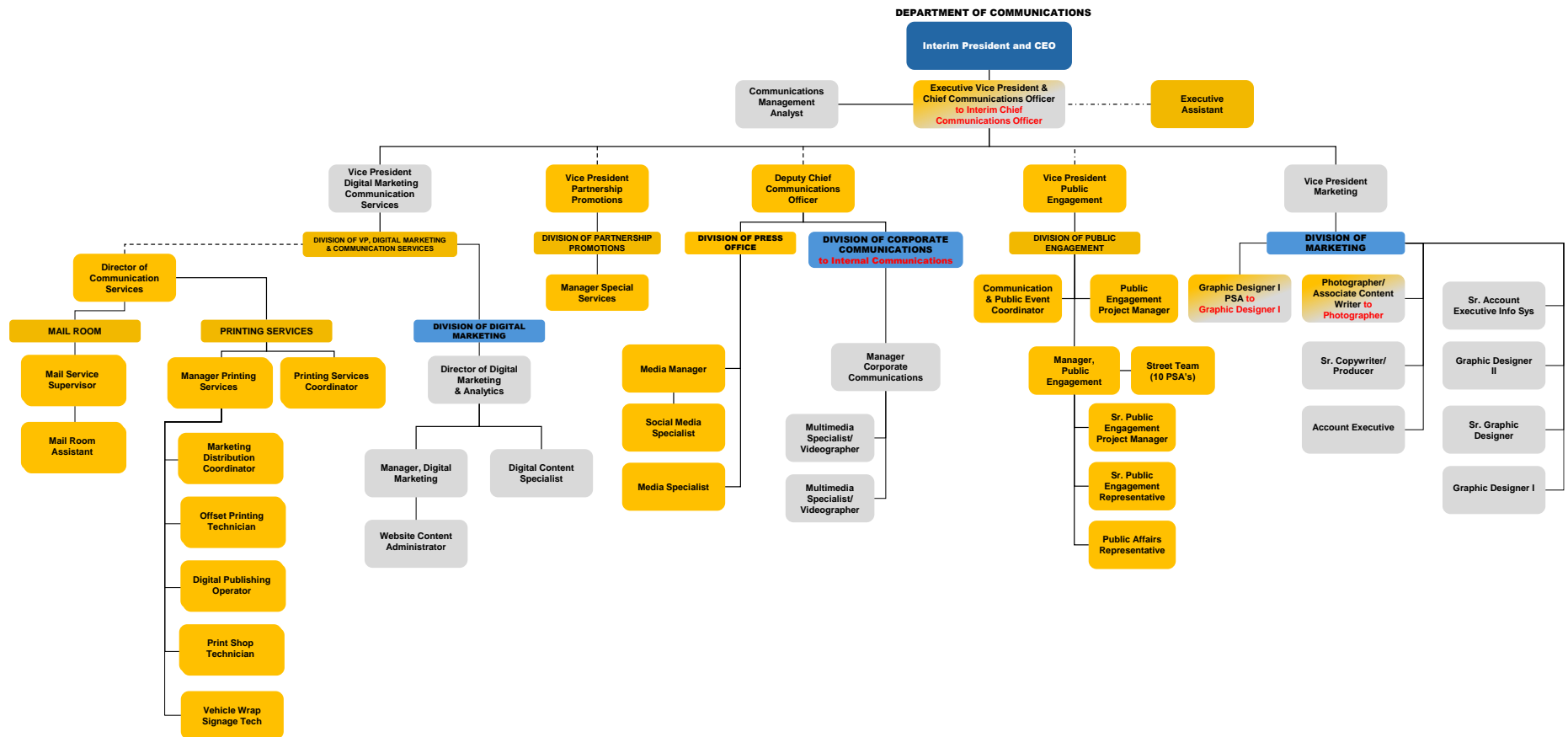
Source: Communications Department.

FY 2020 THROUGH FY 2023

To address the requirements of this subtask, the MJ Team interviewed the Interim Chief Communications Officer. Using industry span of controls guidelines, we reviewed the management span of control to determine if the number of direct reports to management is appropriate and if the layers of management are reasonable. We assessed the staffing for each division as follows.

Span of Control

The MJ Team obtained the division's organization chart in **Figure 3-8** to review the organization structure and span of control as of FY 2023 and the first reorganization in FY 2024.



Legend:

First reorganization of division and/or position realigned in FY2024. Public Engagement moved to Government & Public Affairs; Communications Services (Printing Services and the Mailroom) moved to Administration and Partnership Promotions Division was dissolved.

Position changed name in 2024. Red text indicates the position's revised name in 2024.

Second reorganization of division and positions added in FY2024. Communications is now Strategic Communications and Media Relations (Press Office and Social Media). Marketing & Corporate Communications includes Marketing, Digital Marketing and Internal Communications.

FIGURE 3-8: Communications Department Organizational Overview Chart as of FY 2023 and First Reorganization in FY 2024.
 Source: Communications Department.

Based on the organizational chart in **Figure 3-8**, current staff reporting relationships met industry span-of-control guidelines.

DIGITAL MARKETING

To address the requirements of all subtasks related to this division, the MJ Team conducted a joint interview with the Digital Marketing Manager, Digital Content Specialist, and Website Content Specialist. Communication's Digital Marketing Division Organization indicates two (2) staff reporting to the director.

MARKETING

To address the requirements of all subtasks related to this division, the MJ Team conducted a joint interview with the Vice President of Marketing, Senior Account Executive, Senior Graphic Designer, Account Executive, Graphic Designer II, Account Executive, and Photographer.

The MJ Team also reviewed the lower-level organizational charts and found them all to be in line with industry span of control guidelines. The current director level organization chart shows a span of control is one (1) to eight (8), which is within the industry guidelines. Communication's Marketing Division indicates ten (10) staff reporting to the VP of Marketing.

PRESS OFFICE

To address the requirements of all subtasks related to this division, the MJ Team conducted a joint interview with the Media Manager and the Social Media Specialist. Communication's Press Office Division indicates two (2) staff reporting to the Deputy Chief Communications Officer and one (1) staff reporting to the Media Manager.

CORPORATE COMMUNICATIONS

To address the requirements of all subtasks related to this division, the MJ Team conducted a joint interview with the Corporate Communications Manager and the Multimedia Specialists. Communication's Corporate Communication Division indicates two (2) staff reporting to the Manager.

Key Personnel Primary Job Functions and Department Tenure

In addition to reviewing each of the division's organization structure, we reviewed a summary of the division's primary job functions and tenure with METRO in the current position. Based on our review, there are no overlapping functions and there are limited administrative functions that would result in excessive administrative cost. **Figure 3-9** shows that division staff demonstrate stability and continuity in their respective management and staff positions, as follows:

- **Digital Marketing Division** – management level staff have been employed with METRO for an average of five (5) years and have been in their current position for an average of three (3) years.
- **Marketing Division** – management level staff have been employed with METRO for an average of 17 years and have been in their current position for an average of two (2) years.
- **Press Office** – management level staff have been employed with METRO for an average of six and a half (6.5) years and have been in their current position for an average of three (3) years.

- **Corporate Communication Division** – management level staff have been employed with METRO for an average of eight (8) years and have been in their current position for an average of three and one-half (3.5) years.

Position Title	Tenure w/ METRO	Tenure in Current Role	Major Position Responsibilities	FY 2023 Span of Control
Digital Marketing Division				
<i>VP Digital Marketing & Communication Services</i>	6 years	6 years	<ul style="list-style-type: none"> • Implements and develops comprehensive digital marketing and communication strategies to enhance METRO's brand and service awareness. • Oversees the creation and management of digital content across various platforms, ensuring it aligns with METRO's goals. • Coordinates and executes online advertising campaigns to promote METRO services, special events, and initiatives. 	1:2 (includes former Communications Service Director position)
<i>Director of Digital Marketing and Analytics</i>	4 years	2 years	<ul style="list-style-type: none"> • Develops and manages digital marketing and communication strategies to drive engagement and optimize performance across web properties, web applications, and mobile platforms. • Oversees content creation and ensures a consistent experience across all digital platforms. • Analyzes web and social media performance to continually improve digital content and campaigns. • Coordinates web content updates across departments, maintaining quality control and consistency. • Leads graphic design efforts for web and digital properties, including social media and digital advertising. 	1:2
<i>Manager Digital Marketing</i>	5 years	2 years	<ul style="list-style-type: none"> • Provides primary managerial direction and performs personnel administrative functions of direct report staff for the purpose of maintaining necessary staffing, enhancing productivity of staff, and ensuring necessary department outcomes are achieved. • Collaborates with cross-departmental stakeholders to position and present 	1:1

Position Title	Tenure w/ METRO	Tenure in Current Role	Major Position Responsibilities	FY 2023 Span of Control
			content, increasing organic search traffic with strategic optimization of all content. <ul style="list-style-type: none"> • Leverages best practices, data, and analytics to develop superior user experience design for METRO's website. • Develops a comprehensive, integrated digital content marketing strategy across multiple digital communications channels, to maximize consumer engagement with digital initiatives and loyalty programs. 	
<i>Average Tenure</i>	5 years	3 years		
Marketing Division				
<i>VP of Marketing</i>	17 years	2 years	<ul style="list-style-type: none"> • Oversees the METRO brand identity, ensuring consistency in messaging and visual representation across all marketing materials, digital platforms, and communication channels. • Creates and supports messaging utilizing customer-facing assets and working with strategic media partners to raise awareness about and promote METRO services and initiatives. • Leads the creation and execution of impactful marketing campaigns across various channels to grow ridership and position METRO favorably in the broader marketplace. • Oversees and manages in-house design and advertising for the agency. 	1:8
<i>Average Tenure</i>	17 years	2 years		
Press Office Division				
<i>Deputy Chief Communication Officer</i>	10 years	3 years	<ul style="list-style-type: none"> • Maintains and improves relations and communications between METRO, the public and the media. • Serves as Authority spokesperson and primary contact with the media. • Develops and executes the overall public relations/press strategy. • Responsible for management oversight and setting goals for Press Office, Social 	1:2

Position Title	Tenure w/ METRO	Tenure in Current Role	Major Position Responsibilities	FY 2023 Span of Control
			Media, and Corporate Communications divisions.	
<i>Media Manager</i>	3 years	3 years	<ul style="list-style-type: none"> Oversees the creation of media content, ensuring it meets quality standards and brand guidelines. Oversees the company's social media presence and ensure consistent messaging across all platforms. 	1:3
<i>Average Tenure</i>	6.5 years	3 years		
Corporate Communication Division				
<i>Deputy Chief Communications Officer</i>	10 years	3 years	<ul style="list-style-type: none"> See Figure 3.1b-3 Press Office 	1:1 ##
<i>Manager Corporate Communications</i>	6 years	4 years	<ul style="list-style-type: none"> Oversees internal communication efforts to ensure employees are informed and engaged, includes the development of newsletters, intranet updates, and internal announcements. Manages video development for use across all internal and external communication channels and platforms. Implements corporate communication strategies to support METRO's goals and enhance its public image. 	1:2
<i>Average Tenure</i>	8 years	3.5 years		

FIGURE 3-9: Division direct reports and primary job functions.
 Source: Department management.

SUBTASK 3.1.2 – Assess the reasonableness of current program staffing levels given the nature of the services provided and accepted industry standards and best practices.

CONCLUSION

The Communications Department met expectations for Subtask 3.1.2. Turnover and vacancy rates reported aligned with industry standards. This data led the MJ Team to arrive at our conclusion that this subtask met expectations. Our analysis follows.

ANALYSIS

COMMUNICATIONS DEPARTMENT

To address the requirements of all subtasks, the MJ Team interviewed the Corporate Communications Manager and the Multimedia Specialists.

The MJ Team also reviewed vacancy and turnover data to determine the department’s productivity, effectiveness, and efficiency. Communications did not provide the data at the division level; therefore, the MJ Team analyzed the department level data.

Turnover and Vacancies

The Communications Department had an average turnover rate of 8.3% and an average vacancy rate of 8.7% which align with general HR industry guidelines of 10-15%, pre- and post-pandemic respectively, as shown in **Figure 3-10**. In FY 2023, the turnover and vacancy rate were below 10%, indicating the implementation of effective mitigation strategies. Low turnover and vacancy rates typically demonstrate a stable workforce. Therefore, the MJ Team assessed that turnover and vacancy rates for this program were met.

	Turnover Rate	Vacancy Rate	Turnover/Vacancy Rates are within 10% to 15% Range?
<i>FY 2020</i>	8.1%	8.1%	Yes
<i>FY 2021</i>	12.5%	8.3%	Yes
<i>FY 2022</i>	10.9%	10.9%	Yes
<i>FY 2023</i>	1.9%	7.7%	Yes
<i>AVERAGE TURNOVER/VACANCY RATE FOR THE REVIEW PERIOD</i>	8.3%	8.7%	Yes

FIGURE 3-10: Communications Department’s FTE Count, Vacancies, and Vacancy Rates.
 Source: METRO Communications Department.

SUBTASK CONCLUSIONS, ANALYSIS AND RECOMMENDATIONS

SUBTASK 3.1.3 – Review the department’s periodic assessment of its organizational structure and staffing to ensure staffing levels are appropriate and to monitor the status of vacant positions.

CONCLUSION

The Communications Department met expectations for Subtask 3.1.3 based on the formal quarterly report developed and reviewed by management to ensure staffing levels are appropriate and to monitor the status of vacant positions.

ANALYSIS

The Communications Department’s Quarterly Management Report includes staffing analysis. Based on the MJ Team’s review and analysis, the department monitors the staffing levels and status of vacancies in its quarterly management reports as follows in **Figures 3-11** through **3-12**. In addition, **Figures 3-13** through **3-14** demonstrates that management implements action plans to ensure staffing levels are appropriate such as by requests to add new positions or to upgrade current positions.

METRO			
FY2023 Third Quarter Review			
Communications Department Summary			
► Workforce:			
■ FY2023 Authorized Year End Headcount			54
Union	0		
Non-Union	54		
■ FY2023 Q3 Authorized			54
■ FY2023 Q3 End Actuals			52
Union	0		
Non-Union	52		
■ FY2023 Q3 End Vacancies			2
Union	0		
Non-Union	2		

FIGURE 3-11: Department Workforce Summary and Staff Level.

Source: Communications Department FY 2023 Third Quarter Review Report.

FIGURE 3-12: Communications Vacancies, March 2023.

Source: Communications Department FY 2023 Second Quarter Review Report.

FY2024 Budget Request for NEW Salaried Positions

Division / Fund Center	Position	Grade
Press Office / 1000002371	Social Media Specialist	10
Public Engagement/ 1000002521	Public Engagement Representative (a)	10
Public Engagement/ 1000002521	Public Engagement Representative (b)	10
EVP / 1000002372	Communications Specialist	10
Marketing / 1000002531	Manager, Graphic Design	13
Marketing / 1000002531	Manager, Marketing Accounts	13
Marketing / 1000002531	Copywriter	9

FIGURE 3-13: Department Request for New Positions Based on Monitoring Staff Level.
 Source: Communications Department FY 2023 Third Quarter Review Report.

FY2024 Budget Request for Salaried Position Upgrade

Division / Fund Center	Current Position	Grade	Proposed Position	Grade
Printing Svcs / 1000002432	Printing Assistant	4	Wide Format Technician	7
Printing Svcs / 1000002432	Distribution Marketing Coordinator	6	Coordinator Wide Format & Distribution	8
Public Engagement/1000002521	Senior Public Engagement Project Manager	12	Senior Public Engagement Project Manager	12
Public Engagement/1000002521	Senior Public Engagement Representative	11	Senior Public Engagement Representative	11
Marketing / 1000002531	Photographer/Associate Content Writer	8	Photographer / Resource Management Specialist	10
Marketing / 1000002531	Account Executive	10	Senior Account Executive	12

FIGURE 3-14: Department Request to Upgrade Current Positions Based on Monitoring Staff Level
 Source: Communications Department FY 2023 Third Quarter Review Report.

SUBTASK 3.2A FUNCTIONALITY: HUMAN RESOURCES

SUBTASK CONCLUSIONS, ANALYSIS AND RECOMMENDATIONS

METRO’s Human Resources (HR) Department is responsible for the administration and management of recruitment, employee training, and employee benefits. HR provides support in the following areas: Employee Relations/EEO, Staffing, Organization Development, Labor Relations, Benefits, Pension & Wellness, Compensation and Human Resources Information Systems. **Figure 3-15** presents the department overview.

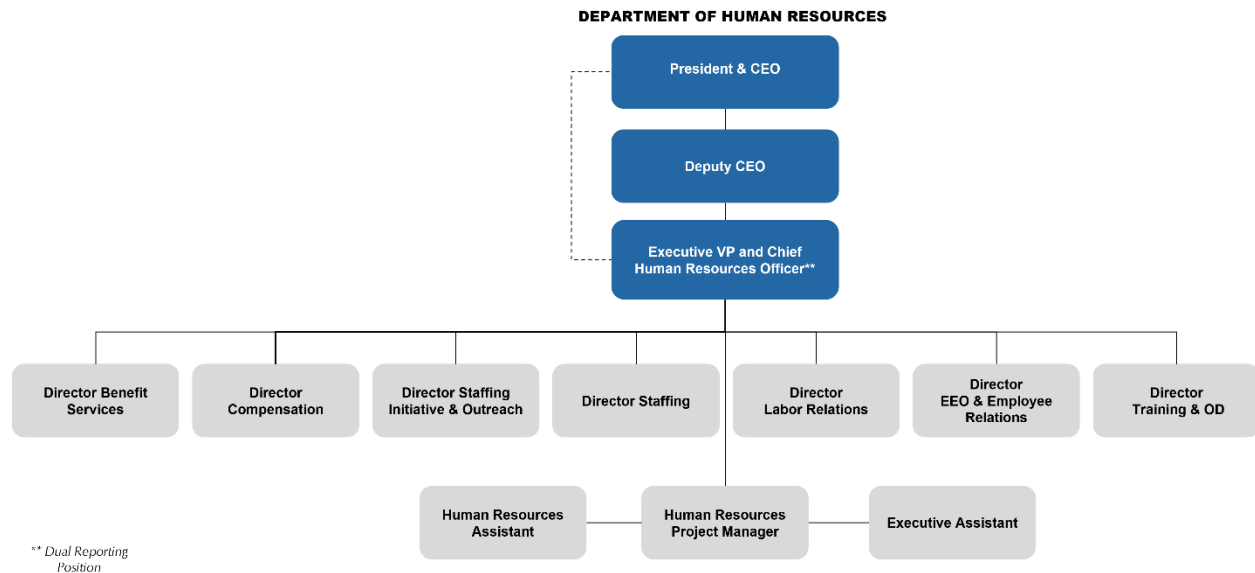


FIGURE 3-15: *Human Resources Organizational Chart.*
 Source: METRO FY 2023 Business Plan and Budget.

Based on a review of the departmental risk assessment and other factors, the MJ Team selected the Staffing and Organization Development divisions for our administration and management assessment.

SCOPE

HUMAN RESOURCES – STAFFING AND ORGANIZATION DEVELOPMENT DIVISIONS

The METRO Human Resources Department provides direction and guidance to all departments on hiring, benefits, wellness, employee training, legal compliance and more.

METRO’s Staffing Division is responsible for recruiting, hiring, and supporting employees across various roles within the organization. Staffing controls METRO’s employment practices, including but not limited to recruiting, pre-screening, hiring, and testing.

METRO’s Organization Development (OD) Division provides a wide range of training opportunities, including leadership and management development programs. OD’s focus is enhancing employee engagement with programs and initiatives. OD offers professional development courses, including some

Federal Transit Authority (FTA) mandated training and promotes a diverse and inclusive workplace, aligning with METRO's mission and goals.

The MJ Team evaluated subtasks 3.2.1 Key Business Functions and 3.2.2 Management Reports and Performance Measures for both HR divisions.

SUBTASK 3.2.1. – Review the business processes for key functions including hiring, recruiting, and training.

CONCLUSION

Both the Staffing and the Organization Development (OD) Divisions partially met the requirements for 3.2.1. For the Staffing Division, recruiting outreach efforts and incentives were effectively executed and for OD, course offerings, training records, and learning management systems were managed appropriately. However, for both divisions, most policies and procedures which drive key business processes were either not provided, had not been updated recently, or lacked the last review date. The analysis for each relevant area follows.

STAFFING

ANALYSIS

To address the requirements of this subtask, the MJ Team interviewed the Executive Vice President & Chief Human Resources Officer, the Director of Staffing and both Staffing Supervisors.

The Staffing Division uses multiple strategies to recruit and hire diverse qualified candidates. The Employment Hiring Practices Policy and Staffing Procedures Manual include the following requirements.

- Staffing will pre-screen applicants for employment including reviewing the resume and/or application against the job description skills, competencies, and requirements.
- Only qualified applicants will be referred to the hiring department.
- The method for the applicant selection process must be documented prior to the beginning of the selection process with the hiring manager (e.g., panel interview, one-on-one, etc.).
- Selection will be based on job-related qualifications such as education, experience, skills, and training.

Recruiting Outreach Efforts and Incentives

METRO's Staffing personnel uses a variety of recruiting efforts such as holding job/career fairs within the Houston area and on military bases within Texas and conducting hiring outreach on social media channels. A sampling of these recruiting fairs and outreach efforts is shown below:

- Pride Celebration Career Development Fair
- Workforce Solutions Southeast
- Battalion Army Reserve Career Fair & Resource Expo
- Lone Star Academy Presentation and Employment Table
- UHD Academy Visit Job Fair

- Red, White and New Career Fair

To improve hiring outcomes, METRO offered employee incentives and bonuses for referrals totaling over \$1.8 million paid from January 2020 through December 2023, mainly consisting of signing bonuses and other recruitment incentives.

METRO also uses non-traditional methods such as podcasts to expand and attract quality candidates. METRO’s website provides information regarding different job functions, job listings.

Policies and Procedures

The Human Resources Department provided the following policies and procedures used by the Staffing Division as shown in **Figure 3-16**. Best practices for documenting policies and procedures suggest that they be reviewed and or updated every three (3) to five (5) years to remain effective and relevant. **Figure 3-16** shows that some policies and procedures had no date and the scheduled review date to update several policies and procedures had passed. The Staffing Division received a “partially met” rating for policies and procedures for this reason.

Policy Name	Description	Effective Date	Scheduled Review Date	Policy Reviewed Timely?
Policies				
Equal Employment Opportunity Policy	METRO is an equal employment opportunity employer	February 2020	February 2025	N/A; Not Due
Anti-Harassment Policy	Maintain environment free from unlawful harassment	September 2022	September 2027	N/A not due for review
Staffing Procedures Manual	Policy and procedures for recruiting, hiring, and testing	January 2018	January 2023 or earlier	No; reviewed in October 2023
Nepotism Policy	Employment of family members	June 2019	May 2023	No
Panel Interviews Procedure	Establish standard method when selecting applicants	May 2019	May 2020	No
Rehiring Former METRO Employees Policy	Employee rehiring fairness and equity	May 2019	May 2024	No
Employment Hiring Practices Policy	Establish employment practices	April 2019	May 2023	No
Conflict Resolution Guideline	To facilitate workplace conflicts	January 2022	January 2026	N/A; Not Due

FIGURE 3-16: Staffing Division’s Policies and Procedures and Example Forms.

Source: The MJ Team’s Tabulation from Policies/Forms Provided by Human Resources.

ORGANIZATION DEVELOPMENT DIVISION

ANALYSIS

To address the requirements of this subtask, the MJ Team interviewed the Executive Vice President & Chief Human Resources Officer, the Director of Staffing and both Staffing Supervisors.

Courses Offerings and Training Records

OD has identified three (3) learning tracks – professional, management and leadership development – to support the employees’ career objectives. OD provided a comprehensive list of training opportunities both internally and externally for the audit period. The list includes various training and development courses, covering topics such as effective use of MS PowerPoint, networking, goal setting, mindset

improvement, conflict resolution, stress and time management, unconscious bias and microaggressions, and leadership for women. These courses aim to enhance various skills, including leadership, communication, emotional intelligence, and technical proficiency in Microsoft Office tools. Additionally, OD provided the evaluation records for courses offered during the audit period, providing valuable feedback to improve the program.

Figure 3-17 presents an example of excerpts from an employee’s training records.

User	Active User	First Name	Last Name	Middle Name	Entity ID	Item Type	Entity Type	Item Revision Date	Revision Number	Entity Title	Class ID	Completion Date	Grade	Completion Status ID	Completion Status
22714	Yes				1255	COURSE	Item	1/2/2022 04:00 AM CST	1	Exceptional Leadership Communication: Bala	3/6/2023 09:23 PM CST	100	Online Complete	E-learning Course Complete	
22714	Yes				1256	COURSE	Item	1/2/2022 04:00 AM CST	1	Exceptional Leadership Communication: Buili	3/6/2023 09:30 PM CST	100	Online Complete	E-learning Course Complete	
22714	Yes				1257	COURSE	Item	1/2/2022 04:00 AM CST	1	Exceptional Leadership Communication: Buili	3/6/2023 09:38 PM CST	100	Online Complete	E-learning Course Complete	
22714	Yes				1258	COURSE	Item	1/2/2022 04:00 AM CST	1	Exceptional Leadership Communication: Buili	3/6/2023 09:53 PM CST	100	Online Complete	E-learning Course Complete	
22714	Yes				1259	COURSE	Item	1/2/2022 04:00 AM CST	1	Exceptional Leadership Communication: Con	3/6/2023 11:14 PM CST	100	Online Complete	E-learning Course Complete	
22714	Yes				1260	COURSE	Item	1/2/2022 04:00 AM CST	1	Exceptional Leadership Communication: Defi	3/6/2023 10:09 PM CST	100	Online Complete	E-learning Course Complete	
22714	Yes				1261	COURSE	Item	1/2/2022 04:00 AM CST	1	Exceptional Leadership Communication: Effe	3/6/2023 10:23 PM CST	100	Online Complete	E-learning Course Complete	
22714	Yes				1262	COURSE	Item	1/2/2022 04:00 AM CST	1	Exceptional Leadership Communication: Hov	3/6/2023 10:38 PM CST	100	Online Complete	E-learning Course Complete	
22714	Yes				1263	COURSE	Item	1/2/2022 04:00 AM CST	1	Exceptional Leadership Communication: Hov	3/6/2023 11:00 PM CST	100	Online Complete	E-learning Course Complete	
22714	Yes				1264	COURSE	Item	1/2/2022 04:00 AM CST	1	Exceptional Leadership Communication: Intri	3/6/2023 09:02 PM CST	100	Online Complete	E-learning Course Complete	
22714	Yes				1265	COURSE	Item	1/2/2022 04:00 AM CST	1	Exceptional Leadership Communication: Psyc	3/6/2023 11:10 PM CST	100	Online Complete	E-learning Course Complete	
22714	Yes				1266	COURSE	Item	1/2/2022 04:00 AM CST	1	Exceptional Leadership Communication: The	3/6/2023 09:15 PM CST	100	Online Complete	E-learning Course Complete	
22714	Yes				1495	COURSE	Item	1/2/2022 04:00 AM CST	1	PowerPoint 2016: Creating Graphics & Dia	7/31/2023 08:51 PM CST	87	Online Complete	E-learning Course Complete	
22714	Yes				1986	COURSE	Item	1/2/2022 04:00 AM CST	1	Legal Updates for Managers - 2023	9/6/2023 08:30 PM CST	100	ILC Complete	Instructor-led Course complete	
22714	Yes				1990	COURSE	Item	1/2/2022 04:00 AM CST	1	IT Mobile Computing Device Policy Review	8/11/2023 01:01 PM CST		Online Complete	E-learning Course Complete	
22714	Yes				3053	COURSE	Item	1/2/2023 04:00 AM CST	1	Code of Ethics at METRO	6/5/2023 08:37 PM CST	87.5	Online Complete	E-learning Course Complete	
22714	Yes				3137	COURSE	Item	1/2/2023 04:00 AM CST	1	Manager Mid-Year Appraisal Refresher E-Lea	4/11/2023 09:40 PM CST		Online Complete	E-learning Course Complete	
22714	Yes				3336	COURSE	Item	1/2/2023 04:00 AM CST	1	Records Management Awareness Training - 2	2/27/2023 12:11 AM CST		Online Complete	E-learning Course Complete	
22714	Yes				3415	COURSE	Item	1/2/2023 04:00 AM CST	1	Safety Management System (SMS) Training	1/7/16/2023 06:19 PM CST	100	Online Complete	E-learning Course Complete	
22714	Yes				3415	COURSE	Item	11/8/2023 11:00 AM CST	2	Safety Management System (SMS) Training	1/7/16/2023 06:19 PM CST		COURSE_SUB	Course completed via substitute credit	
22714	Yes				4063	COURSE	Item	1/2/2023 04:00 AM CST	1	Essential Leadership Communication Skills	1/3/21/2023 09:30 PM CST	100	ILC Complete	Instructor-led Course complete	
22714	Yes				4229	COURSE	Item	1/2/2023 04:00 AM CST	1	Microsoft PowerPoint - Getting Started	8/31/2023 05:00 PM CST	100	ILC Complete	Instructor-led Course complete	
22714	Yes				4316	COURSE	Item	1/2/2023 04:00 AM CST	1	Power of Goals	1/18/2023 06:30 PM CST	100	ILC Complete	Instructor-led Course complete	
34740	Yes				1848	COURSE	Item	1/2/2022 04:00 AM CST	1	Records Management Training - 2021	12/5/2022 03:39 PM CST		Online Complete	E-learning Course Complete	
34740	Yes				1986	COURSE	Item	1/2/2022 04:00 AM CST	1	Legal Updates for Managers - 2023	8/24/2023 09:00 PM CST	100	ILC Complete	Instructor-led Course complete	
34740	Yes				1990	COURSE	Item	1/2/2022 04:00 AM CST	1	IT Mobile Computing Device Policy Review	8/24/2023 02:51 PM CST		Online Complete	E-learning Course Complete	
34740	Yes				3053	COURSE	Item	1/2/2023 04:00 AM CST	1	Code of Ethics at METRO	12/5/2022 11:40 PM CST	87.5	Online Complete	E-learning Course Complete	
34740	Yes				3336	COURSE	Item	1/2/2023 04:00 AM CST	1	Records Management Awareness Training - 2	2/20/2023 09:41 PM CST		Online Complete	E-learning Course Complete	
34740	Yes				3415	COURSE	Item	1/2/2023 04:00 AM CST	1	Safety Management System (SMS) Training	1/6/26/2023 08:16 PM CST	100	Online Complete	E-learning Course Complete	
34740	Yes				3415	COURSE	Item	11/8/2023 11:00 AM CST	2	Safety Management System (SMS) Training	1/6/26/2023 08:16 PM CST		COURSE_SUB	Course completed via substitute credit	
33729	Yes				1071	COURSE	Item	1/2/2022 04:00 AM CST	1	Be Assertive, Not Aggressive	3/30/2023 07:29 PM CST	80	Online Complete	E-learning Course Complete	
33729	Yes				1076	COURSE	Item	1/2/2022 04:00 AM CST	1	Being a Remarkable Long-Distance Teammat	3/30/2023 06:52 PM CST	100	Online Complete	E-learning Course Complete	
33729	Yes				1077	COURSE	Item	1/2/2022 04:00 AM CST	1	Being a Remarkable Long-Distance Teammat	3/30/2023 06:40 PM CST	100	Online Complete	E-learning Course Complete	
33729	Yes				1078	COURSE	Item	1/2/2022 04:00 AM CST	1	Being a Remarkable Long-Distance Teammat	3/30/2023 06:29 PM CST	0	Online Complete	E-learning Course Complete	
33729	Yes				1079	COURSE	Item	1/2/2022 04:00 AM CST	1	Being a Remarkable Long-Distance Teammat	3/22/2023 03:15 PM CST	100	Online Complete	E-learning Course Complete	
33729	Yes				1096	COURSE	Item	1/2/2022 04:00 AM CST	1	Change Survival Toolkit: Communicating Com	2/17/2023 03:25 PM CST	88	Online Complete	E-learning Course Complete	
33729	Yes				1236	COURSE	Item	1/2/2022 04:00 AM CST	1	Excel 2016: Using the Power Pivot Add-in	2/3/2023 08:31 PM CST	95	Online Complete	E-learning Course Complete	

FIGURE 3-17: Training Records for HR Staff.

Source: METRO Organization Development Division.

Learning Management System (LMS) Remote Access

Division management also indicated that they expanded the Learning Management System (LMS) to e-learning to be more accessible for all shifts. Furthermore, departments adapted to building their own curriculum within that system. For the future, more training will be on-the-go and accessible on their own devices.

Policies and Procedures

Organization Development provides the guidelines for the retention of training documentation for METRO. **Figure 3-18** presents the OD policies and procedures provided for review to the MJ Team. The policy related to maintenance of employee training records is now current and not due for review and/or update until July 2025. However, the policy was not reviewed from April 2017 through June 2023 (six (6) years) because the Records Management group, which is part of the Legal Department, was establishing and updating the requirement for records management authority-wide during that time period. Therefore, the OD Division received a “partially met” rating for policies and procedures for this reason.

Policy Name	Description	Effective Date	Scheduled Review Date	Policy Reviewed Timely?
Policies				
Maintenance of Employee Training Records Guidelines	Ensure all departments maintain proper training records.	April 2017	No date	No. Reviewed July 2023
Same as above		July 2023	July 2025	N/A; Not Due

FIGURE 3-18: Organization Development Division’s Policies and Procedures and Example Forms.

Source: The MJ Team Tabulation from Policies/Forms Provided by Human Resources.

RECOMMENDATION 3.2.1 – Review and update Staffing and OD Division policies and procedures timely every three (3) to five (5) years) or based on the required review period to ensure management practices are relevant and effective.

SUBTASK 3.2.2. – Management Reports and Performance Measures

CONCLUSION

Both the Staffing and the Organization Development (OD) Divisions met the requirements for 3.2.2. The Staffing Division maintains management reports outlining the number of applicants and internal and external hires, as well as the average number of days required to fill positions. Both the Staffing and OD divisions prepared performance measures and met targeted versus actual expectations for each quarter.

STAFFING DIVISION

ANALYSIS

The MJ Team reviewed the Staffing Division’s sample demographic applicant internal and external hiring results for September 2020 and September 2023.

Management Reporting

The Staffing Division prepares and submits workforce and staffing reports and workforce comparison charts in the monthly Board packages presented during the Administration and Human Resources Committee Meetings. As shown in the staffing reports in **Figure 3-19**, the Staffing Division monitors and reports the number of applicants and internal and external hires and related demographic analysis. The Board reports do not indicate the average length of time to complete the hiring process; however, Staffing runs reports through SuccessFactors and monitors this metric. Using the SuccessFactors reports, examples of the time required to complete the hiring process were provided for all four (4) fiscal years the MJ Team reviewed. Therefore, the Staffing Division received a “met” rating for management reporting.

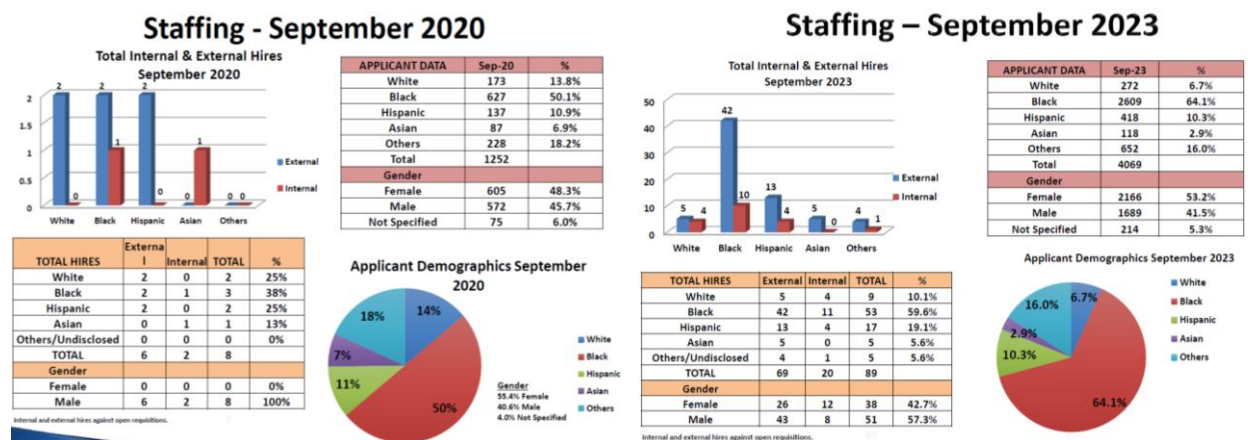


FIGURE 3-19: Staffing Report included in the monthly Board Package.

Source: HR Monthly Metrics Report.

STAFFING AND ORGANIZATION DEVELOPMENT

Performance Measures

The Department reports the outcomes of its performance measures in its quarterly management report as shown in **Figure 3-20**.

FY 2023 GOALS AND OBJECTIVES											
Dept	Initiative/ Objective	Measurement	Q1		Q2		Q3		Q4		Status
			Target	Actual	Target	Actual	Target	Actual	Target	Actual	
HR STAFFING	Recruit and hire all METRO personnel. Expand the use of virtual technology for processes such as recruiting events, new hire orientation, interviewing and testing, etc.	Fill Non-Union positions within a median sixty business days with active participation of hiring departments. Partner with Operation & community organizations on recruiting and retention strategies. Implement and provide quarterly Success Factors hiring manager training on creating requisitions.	25%	25%	50%	50%	75%	75%	100%		↑
HR ORGANIZATION DEVELOPMENT	Design and implement training and development programs for METRO, and provide other services such as succession planning, coaching, management development programs, customized programs, etc.	Develop and distribute a calendar of class-offerings. Other services provided as requested throughout the year. Host interns and Hire Houston Youth program. Provide ongoing training, coaching, leadership development and OD programs.	25%	25%	50%	50%	75%	75%	100%		↑

FIGURE 3-20: Excerpts from Quarterly Management Report, Q3 FY 2023.

Source: METRO Human Resources Department.

Staffing Organizational Survey

In addition to the quarterly performance measures reporting, Human Resources management provided a presentation of its April 2023 Organizational Initiative Survey Report, as shown in **Figure 3-21**, which analyzed how METRO can improve internal operations to meet future needs. This was accomplished partly with employee engagement surveys focused on key indices of the employment experience at METRO.

Houston METRO Organizational Initiative

Survey & Engagement Insights Report

April 2023



FIGURE 3-21: METRO Survey & Insights Report.
Source: METRO Human Resources Department.

Some key findings included:

- There is opportunity to clearly communicate role expectations in the interview process and adapt recruiting methods for key roles to reduce time to hire. (Staffing).
- While employees are satisfied with benefits, they desire a wider range of support, such as childcare and additional incentives for retention and wellness.(Benefits). HR management indicated that METRO began providing childcare benefits in 2023 and implemented a parental leave program in 2024 and recently made changes to the defined contribution and defined benefits plans.
- Employees want succession planning that is supported by career tracks and performance management that provides fair access to open positions. (Organization Development).
- The Organization Development Division management indicated that they are identifying initiatives to address these issues during FY 2024.

SUBTASK 3.2B FUNCTIONALITY: COMMUNICATIONS

SUBTASK CONCLUSIONS, ANALYSIS AND RECOMMENDATIONS

SCOPE

During the quadrennial, the Communications Department had several divisions including Digital Marketing & Communications Services, which included Printing Services and the Mail Room, Marketing, Press Office, and Corporate Communications.

In FY 2024, significant changes occurred: Public Engagement moved to Government & Public Affairs, Communications Services, Printing Services and the Mail Room moved to Administration, and Partnership Promotions was dissolved.

Post-reorganization, the Communications Department is now Strategic Communications and Media Relations and consists of the Press Office and Social Media. Digital Marketing, Marketing and Corporate Communications are now part of a new department - Marketing and Corporate Communications. Digital Marketing, Marketing, Press Office, and Corporate Communications divisions were analyzed for each subtask.

DIGITAL MARKETING

The Digital Marketing division focuses on content development and reimagining the METRO enterprise website. Key functions include marketing services, improving customer experience, and planning for the future.

MARKETING

The Marketing Division provides advertising and marketing services, with goals aligned with the strategic plan developed by the Vice President of Marketing. Key functions include marketing services, improving safety and customer experience, ensuring universal accessibility, maintaining good repair, and planning for the future.

Marketing supports targeted campaigns to boost ridership across the entire METRO system.

PRESS OFFICE

The Press Office enhances METRO's visibility and manages communications with journalists and media professionals. It also manages social media platforms, generates original content, and facilitates responses to customer inquiries.

The Press Office supports METRO in a variety of ways from proactively pitching interviews on a wide variety of agency news and developments, to responding to press queries, conducting media interviews, coordinating interviews with agency experts, organizing press conferences/media briefings, monitoring media coverage, and creating original content for the Authority's social media platforms.

CORPORATE COMMUNICATIONS

Corporate Communications supports the Authority's business goals by communicating with internal and external audiences through various platforms, including newsletters, TV shows, board meetings, and digital bulletin boards.

The MJ Team evaluated Subtasks 3.2.1 Planning and Execution of Key Department Functions and 3.2.2 Management Reports and Performance Measures for all four (4) Communications Divisions.

SUBTASK 3.2.1 – PLANNING AND EXECUTION OF KEY DEPARTMENT FUNCTIONS**CONCLUSION – ALL DIVISIONS**

The divisions within the Communications Department met expectations for Subtask 3.2.1, with detailed analysis provided for Digital Marketing, Marketing, Press Office, and Corporate Communications divisions. A comprehensive digital marketing plan was prepared in FY 2020 with clear goals and objectives. Marketing performs a complete situational assessment of METRO transit and rail ridership. The Press Office regularly monitors media coverage related to the transit system; analyzes news articles, and social media posts. Corporate Communications provides primary support for video and graphics presentations.

ANALYSIS

The MJ Team reviewed each division of the Communications Department to reach its conclusion. Our analysis follows below.

DIGITAL MARKETING

To address the requirements of this subtask related to the Digital Marketing Division, the MJ Team interviewed the Digital Marketing Manager, the Digital Content Specialist, and the Website Content Administrator.

Effective digital marketing contributes to positive brand perception, enhanced communication between the transit authority and potential riders, and increased ridership.

METRO provided MJ with its FY 2020 Digital Marketing plan for review. The MJ Team determined that the plan was comprehensive and contained the following:

- An assessment of current state via industry trends, regulatory considerations, and a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis.
- An Assessment of available resources through METRO's overall budget.
- Clearly stated goals and objectives.
- Segmentation of target audiences.

The MJ Team reviewed METRO's website, RideMETRO.org and its two (2) mobile apps, RideMETRO and QTicketing. Our evaluation found each app to be useful and provide the relevant features below:

- User friendly
- Accessible
- Mobile optimized
- Visible on search engines

Additionally, METRO successfully executed a customer feedback process through its use of Qualtrix. Qualtrix is a customer experience management platform used for creating and deploying customer surveys, event registrations, and other interactive engagements managed on behalf of METRO. The software collects and displays associated data in modular widgets and dashboards.

MARKETING

To address the requirements of this subtask related to the Marketing Division, the MJ Team interviewed the Vice President of Marketing, the Senior Account Executive, Graphic Designer, Account Executive, and Photographer.

Key functions for an effective marketing division include:

- Developing a marketing plan that:
 - assesses the current situation and resources;
 - states clear goals and objectives: and,
 - identifies target markets.
- Implementing fundamental strategies that:
 - establish a consistent brand identity with clear, accessible rider information;
 - build awareness and image, promoting transit, and creating a positive perception; and
 - generating support through engaging stakeholders.

The Marketing division provided its Strategic Plan for the MJ Team to review. The MJ Team analyzed the strategic plan and determined its content included a complete situational assessment through research, survey results and SWOT analysis; outlined available staff, budget, and historical spend; identified internal and external KPIs; targeted local bus and rail riders; and generated support from the community and leaders through measuring the impact of website traffic.

PRESS OFFICE

To address the requirements of this subtask related to the Press Office Division, the MJ Team interviewed the Media Manager and the Social Media Specialist.

An effective press office plays a crucial role in managing the public image and external communications strategies of a transit agency. Key functions include:

- Media Monitoring and Analysis
- Crisis Communication Preparedness
- Press Releases and Media Events
- Social Media Strategy

During our interview process, the Press Office team disclosed they regularly monitor media coverage related to the transit system; analyze news articles, social media posts, and broadcast segments; and assess sentiment, accuracy, and overall impact on METRO's reputation.

The MJ Team also reviewed the division's 2023 Crisis Communication Plan. The Communications Plan outlined:

- Members of the Crisis Communication Team
- Roles & Responsibilities
- Crisis Planning Overview
- Nature of the Crisis
- Media Relations Policies and Procedures

The Press Office emphasizes the following key elements of its strategic effort to promote METRO's transit services and safety initiatives across digital, broadcast, and print media through effective communications, such as:

- Press releases
- Publication of METRO Connections newsletter
- Postings “The Next Stop Podcasts”

METRO’s Press Office maintains a strong online presence and communicates through modern digital channels via its social media strategy. Through the analysis of these channels, METRO demonstrated that they contained relevant content and engaged with the public. The Social Media Specialists manage the following channels:

- LinkedIn
- X (formerly Twitter)
- Instagram
- Facebook
- YouTube

CORPORATE COMMUNICATIONS

The MJ Team interviewed the Manager of Corporate Communications and Multimedia Specialists.

Corporate Communications for METRO is responsible for a wide range of activities aimed at managing and enhancing the organization's public image and internal communication. The division provides primary support for video and graphics presentations affecting every aspect of the organization. Division initiatives designed to meet this purpose include:

- Inside Track e-newsletter
- METRO Matters TV show
- Boardroom support

SUBTASK 3.2.2. – Management Reports and Performance Measures

CONCLUSION – ALL DIVISIONS

Overall, all divisions prepared management reports that were reported to department leadership on a quarterly basis and performance measures met targeted versus actual expectations for each quarter. For the Press Office, although all performance targets were met, the actual results significantly exceeded the targets indicating METRO could consider increasing the targets to make them more challenging for the division.

ANALYSIS

The MJ Team reviewed each division’s performance management reports, issued quarterly to senior level management. The report evaluates performance measures for each division, highlighting the quarterly review process and the achievement of targets.

DIGITAL MARKETING AND MARKETING

Figure 3-22 provides an example of the division performance measures and targets extracted from the FY 2023 Third Quarter Review management report. All performance targets were met for FY 2023.

FY 2023 COMMUNICATIONS DEPARTMENTAL GOALS											
Dept	Initiative/ Objective	Measurement	Q1		Q2		Q3		Q4		Status
			Target	Actual	Target	Actual	Target	Actual	Target	Actual	
DIGITAL MARKETING	Maintain METRO websites	Manage ongoing updates to enterprise website, Careers website and METRO online RideStore.	25%	25%	25%	25%	25%	25%	25%		↑
	Grow METRO customer databases	Leverage opportunities for riders and non-riders to subscribe for electronic communication (e.g., METRO Connections e-newsletter, METRO Feedback Loop, etc.).	25%	25%	25%	25%	25%	25%	25%		↑
	Support web accessibility	Maintain accessibility of RideMETRO.org.	25%	25%	25%	25%	25%	25%	25%		↑
	Increase awareness of METRO initiatives through website	Collaborate with Marketing to identify opportunities to increase awareness and drive key conversions.	25%	25%	25%	25%	25%	25%	25%		↑
	Grow engagement with METRO smartphone apps	Identify opportunities to promote METRO's apps in various communication channels.	25%	25%	25%	25%	25%	25%	25%		↑

FY 2023 COMMUNICATIONS DEPARTMENTAL GOALS											
Dept	Initiative/ Objective	Measurement	Q1		Q2		Q3		Q4		Status
			Target	Actual	Target	Actual	Target	Actual	Target	Actual	
MARKETING	Promote ridership/Drive Less. Do More.	Position METRO as an alternative to driving, which offers tangible quality of life, environmental and convenience benefits.	25%	25%	25%	25%	25%	25%	25%		↑
	Ridership/Now Hiring Campaign	Increase awareness of METRO career opportunities across multiple marketing platforms to boost operational employment.	25%	25%	25%	25%	25%	25%	25%		↑
	Promotion of METRONext Moving Forward Plan	Educate the public by advertising across media channels including owned media for METRORapid Inner Katy, METRORapid University, BOOST, and Universal Accessibility.	25%	25%	25%	25%	25%	25%	25%		↑


FY 2023 COMMUNICATIONS DEPARTMENTAL GOALS											
	METRO Safety	Define and promote METRO as a "safe" system across multiple platforms as necessitated by Authority and stakeholders.	25%	25%	25%	25%	25%	25%	25%		

FIGURE 3-22: Excerpts from Quarterly Management Report, Q3 FY 2023.
 Source: METRO Communications Department.

PRESS OFFICE

Figure 3-23 provides an example of the division performance measures and targets extracted from the FY 2023 Third Quarter Review management report. All performance targets were met for FY 2023. Although all targets were met and significantly exceeded, METRO could consider increasing the targets for the Press Office to make them more challenging for the division.








FY 2023 COMMUNICATIONS DEPARTMENTAL GOALS											
Dept	Initiative/ Objective	Measurement	Q1		Q2		Q3		Q4		Status   
			Target	Actual	Target	Actual	Target	Actual	Target	Actual	
PRESS OFFICE	The METRO Press Office aims to enhance the visibility of METRO on digital, broadcast and print media while promoting the agency's first-class transit services as well as safety and security initiatives through effective communications.	Issue two (2) press releases per month.	6	18	6	10	6	15	6		
		Have a minimum of 1,000 social media posts on METRO digital channels per quarter.	1000	5600	1000	8200	1000	7100	1000		
		Publish a minimum of four (4) METRO Connections newsletters per year.	1	3	1	3	1	3	1		
		Post a minimum of four (4) "The Next Stop Podcasts" per year.	1	3	1	3	1	3	1		

FIGURE 3-23: Excerpts from Quarterly Management Report, Q3 FY 2023.
 Source: METRO Communications Department.

Based on the MJ Team's review and analysis, the Press Office reviews progress towards prescribed initiatives quarterly and that the targets were achieved. The goals are clearly defined and measurable. Additionally, the division provided more detailed metrics in its 2023 Management Report, shown below in **Figure 3-24**.



FIGURE 3-24: Excerpt from Management Report 2023.
 Source: METRO Communications Department.

The 2023 Management Report provides more context for the quarterly report as well as metrics that address key functions of the division, including:

- Media monitoring – media mentions
- Stakeholder engagement – total impressions, METRO Connections subscribers
- Message development – press releases issued; messages sent
- Social media management – fans and followers, social audience growth

The Press Office also issues a comprehensive monthly metrics update. This report shows trends by month and fiscal quarter, providing additional information to make informed decisions, identify patterns or threats, and add value to future strategic planning. A snapshot is shown in **Figure 3-25** below.

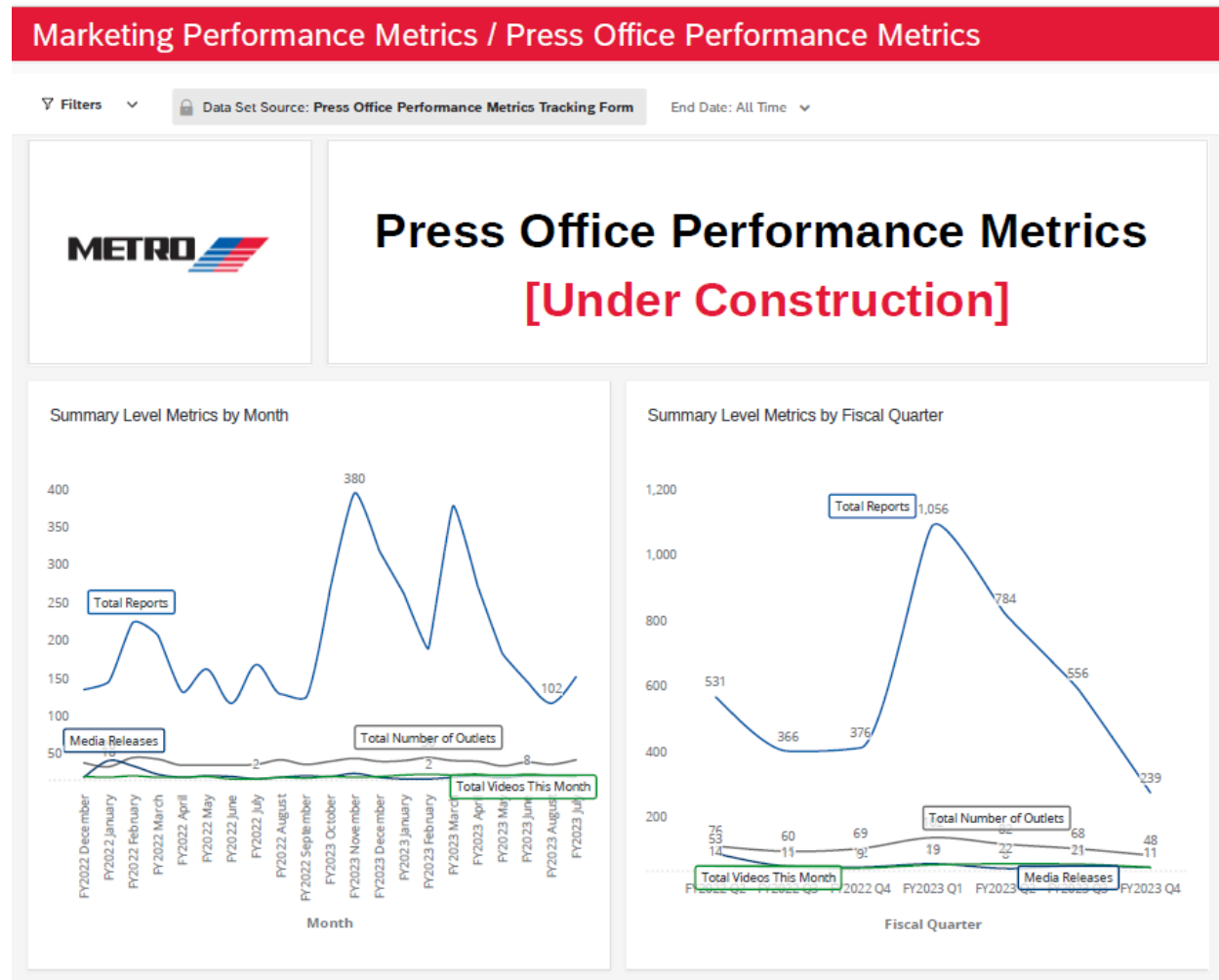


FIGURE 3-25: Excerpt from Monthly Press Office Performance Metrics, September 2023.
 Source: METRO Communications Department.

CORPORATE COMMUNICATIONS

Figure 3-26 provides an example of the division performance measures and targets extracted from the FY 2023 Third Quarter Review management report. All performance targets were met for FY 2023.

FY 2023 COMMUNICATIONS DEPARTMENTAL GOALS											
Dept	Initiative/ Objective	Measurement	Q1		Q2		Q3		Q4		Status
			Target	Actual	Target	Actual	Target	Actual	Target	Actual	
CORPORATE COMMUNICATIONS	Inside Track e-newsletter	Production and distribution of 12 e-newsletters annually, with corresponding printed versions.	3	3	3	3	3	3	3		↑
	Digital bulletin boards	Post relevant content to engage and inform employees.	25%	25%	25%	25%	25%	25%	25%		↑
	METRO Matters TV show	Produce one (1) new show per quarter, featuring agency leaders, to inform employees and members of the general public about timely and relevant METRO initiatives.	1	1	1	1	1	1	1		↑
	METRO intranet	Post relevant content to engage and inform employees.	25%	25%	25%	25%	25%	25%	25%		↑
	Boardroom support	Provide audio/visual support for all committee and board meetings (in-person or virtual), ensuring they are live-streamed and recorded.	15	15	15	21	15	15	15		↑

FIGURE 3-26: Excerpts from Quarterly Management Report, Q3 FY 2023.
 Source: METRO Communications Department.

SUBTASK 3.3A COST ELEMENTS: HUMAN RESOURCES

SUBTASK CONCLUSIONS, ANALYSIS AND RECOMMENDATIONS

SCOPE

This section evaluates the following:

- 3.3.1 – Processes to report and monitor cost elements including variances between budget versus actual expenses.
- 3.3.2 – Management reports including the analysis and explanation for budget versus actual variances.

Authority Role

HR Department leadership is primarily responsible for monitoring their respective operating budgets and administering operations to ensure funds are used consistent with the strategic plan's goals and objectives.

- Section 451.102 of the Texas Transportation Code states that a board shall adopt an annual operating budget of all major expenditures by type and amount. The board shall adopt the budget before the beginning of the fiscal year to which the budget applies and before the authority may conduct any business in the fiscal year.
- Section 451.103 of the Texas Transportation Code states that an authority may not spend for operations in excess of the total amount specified for operating expenses in the annual budget. As a result, METRO maintains budget control at the departmental level for purposes of operational spending.

Office of Management and Budget and Departments Role

Management indicated that departments follow METRO's Office of Management & Budget's (OMB) reporting requirements for explanations of budget variances. The OMB group does not require detailed explanations for budget variances included in the Quarterly Management Report (QMR). The OMB's budget analyst monitors the departments' budgets and determine if the trends warrant budget adjustments.

In addition, HR departmental staff include budget analysts who monitor and analyze budget variances monthly. However, while OMB does not require detailed explanations of HR budget variances, HR staff should provide them for the department's own enlightenment since it is ultimately responsible for its operations.

Departments typically meet regularly to discuss potential budget impacts, changes in spending trends and any invoicing delays. This internal department review occurs throughout the year and not just during the QMR period.

For each selected department, the MJ Team analyzed the budget to actual operating expenses for each fiscal year within the scope period (FY 2020 through FY 2023). The MJ Team identified specific primary cost centers for further review based on their significant impact to METRO's primary operations.

Additionally, the MJ Team obtained budget-to-actual variance reports submitted to department leadership by the Finance Department. For the primary cost centers selected, we reviewed budget-to-actual variances identified during the scope period and verified that the variances were appropriately monitored and addressed by department leadership and the Finance Department.

The MJ Team also analyzed the type of contract services and support services provided to the department to determine the reasons for contracting certain services.

SUBTASK CONCLUSIONS, ANALYSIS AND RECOMMENDATIONS – HUMAN RESOURCES DEPARTMENT

SUBTASK 3.3.1 – Review the divisions’ processes to report and monitor elements including variances between budget versus actual expenses.

CONCLUSION

The HR Department met expectations for Subtask 3.3.1 based on its documented reports to effectively monitor budget versus actual expenses. Our analysis follows.

STAFFING AND ORGANIZATION DEVELOPMENT

ANALYSIS

Based on the MJ Team’s review and analysis, the department reports and monitors budget versus actual operating expenses including account variances. **Figures 3-27** and **3-28** show a summary of the variance amounts by category.

Based on the provided information, both Staffing and Organization Development have each operated under budget by over \$700,000 for the audit period (FY 2020 – FY 2023). This situation is attributable to budget underruns in materials and supplies for Staffing. Organization Development budget underruns were driven by both payroll and benefits and materials and supplies expenditures. FY 2022 was the only observed year where the two (2) divisions did not operate under budget.

STAFFING DIVISION

See **Figure 3-27** for budget-to-actual comparisons over the quadrennial.

ORGANIZATION DEVELOPMENT DIVISION

See **Figure 3-28** for budget-to-actual comparisons over the quadrennial.

The department reports this data during their quarterly management reviews. The MJ Team determined that budget variances are reported and monitored. Thus, Human Resources has met the requirements for this subtask.

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Budget Versus Actual Variances



FIGURE 3-27: Summary of Variance Amounts by Division. FY 2020 to FY 2023.

Source: METRO Human Resources Department.

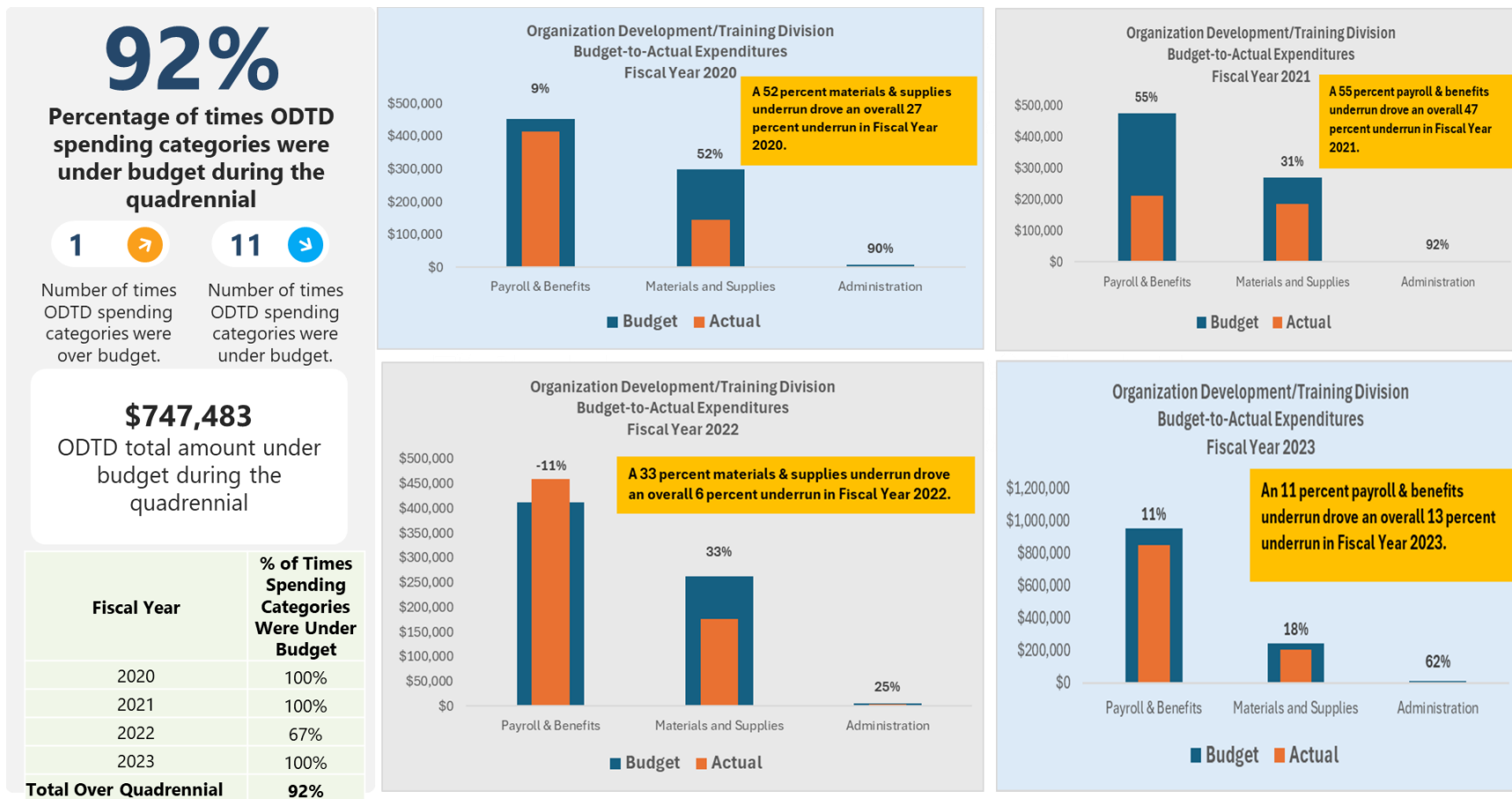


FIGURE 3-28: Summary of Variance Amounts by Division. FY 2020 to FY 2023.
 Source: METRO Human Resources Department.

SUBTASK 3.3.2. – Review the department’s management reports including the analysis and explanation for budget versus actual variances.

CONCLUSION

The HR Department met expectations for Subtask 3.3.2. The HR Department does not provide detailed explanations for budget variances in its Quarterly Management Reports, However, MJ noted that METRO’s Office of Management and budget provides such explanations in monthly reports to the executive leadership team. The reports and explanations provide sufficient evidence that budget variance analysis is being performed albeit at METRO’s executive/governance level rather than at the departmental level. **Figure 3-29** shows variances for HR materials and supplies expenses that are not explained in detail at the departmental level. Such variances are included in explanations provided at the executive/governance level.

Division - Organization Development/Training	510 - Materials & Supplies			
	Annual Budget	Annual Actual	Annual Variance- Under Budget	% Variance
FY 2020	\$298,575	\$144,511	(\$154,064)	(51.60%)
FY 2021	\$268,720	\$186,241	(\$82,479)	(30.69%)
FY 2022	\$262,370	\$175,485	(\$86,885)	(33.12%)
FY 2023	\$245,252	\$202,048	(\$43,204)	(17.62%)

FIGURE 3-29: Example of Accounts with Recurring Variances.

Source: METRO Human Resources Department Budget versus Actual Analysis.

Our analysis follows.

HUMAN RESOURCES

Cost elements were not subdivided by division for the Human Resources Department because the data for each division was combined.

ANALYSIS

The department reports and monitors budget versus actual operating expenses including account variances. **Figure 3-30** presents an excerpt from the department’s quarterly management report.

METRO FY2023 3rd Quarter Review Human Resources Budget Status & Variance Items			
<u>Expense Type</u>	<u>YTD Budget</u>	<u>YTD Actual</u>	<u>Third Quarter Year-to-Date \$ Variance (favorable) / unfavorable</u>
Union Labor	\$ 11,881,780	\$ 9,926,464	\$ (1,955,317)
Benefit Trust Contribution - Fewer retirees that anticipated (In-service retirement)	(664,000)		
Retirees Fringes	(63,000)		
Childcare Subsidy - Fewer enrollees than anticipated	(13,000)		
Non-Union Labor	8,497,816	7,797,575	(700,241)
Healthcare driven by savings in retiree health benefits	(367,000)		
Savings due to vacancies	(161,000)		
Post 65 Retiree Medical Savings - Lower than anticipated claims	(96,000)		
Educational Assistance - Timing and fewer reimbursement requests than anticipated	(54,000)		
Childcare Subsidy - Fewer enrollees than anticipated	(13,000)		
Services	1,746,500	789,228	(957,272)
Contract Services - COVID, Temp Agency bus oper hiring - limited referrals, timing of invoices	(541,000)		
Education & Training - timing and lower than anticipated request for reimbursement	(104,000)		
Promotion - Timing of invoices	(16,000)		
Healthcare Administration - Timing of invoices	(17,000)		
Physical/Medical Exams - Timing of invoices	(12,000)		
Background Search - BCR pending	21,000		
Materials & Supplies	6,738	4,945	(1,792)
Fuel & Utilities	3,578	6,209	2,631
Leases, Rentals and Miscellaneous	95,786	33,814	(61,972)
Discretionary (Travel, Subscriptions, Memberships) - Timing of invoices	(24,000)		
Other Misc - Timing of invoices	(23,000)		

FIGURE 3-30 *Excerpt from QMR FY 2023 Q3, Human Resources.*

Source: METRO HR Department.

The figure shows that METRO’s HR Department is overbudgeting across labor (both union and non-union), contracted services and leases, rentals, and miscellaneous spending. HR exceeded its budget for fuel and utilities; however, HR has no control over these expenses as the contracts, such as phone, fuel for operators, etc. are monitored by other departments, such as IT and Operations.

“Timing of invoices” was overwhelmingly the explanation for the under-budget condition for all services, leases, rental, and miscellaneous expenses. No other details were provided within the quarterly management report. Furthermore, the MJ Team saw neither trend analyses to evaluate changes year-over-year, nor any actions taken to resolve future variances. This situation is the result of the level at which METRO manages its budget.

METRO has chosen to control its budget at the organizational level through the OMB. Consequently, variance analysis occurs at the executive management/governance level. This practice is consistent with budgeting best practices promoted by the Government Finance Officers Association (GFOA), which indicates that roles and responsibilities for budget development, monitoring, reporting, and variance analysis and explanations be clearly established and communicated.

SUBTASK 3.3B COST ELEMENTS: COMMUNICATIONS

SUBTASK CONCLUSIONS, ANALYSIS AND RECOMMENDATIONS

SUBTASK 3.3.1 – Review the divisions’ processes to report and monitor cost elements including variances between budget versus actual expenses.

CONCLUSION – COMMUNICATIONS DEPARTMENT

The Communications Department met expectations for Subtask 3.3.1. based on its documented reports to monitor budget versus actual expenses for Digital Marketing, Marketing, the Press Office, and Corporate Communications. Our analysis follows.

Cost elements were not subdivided for the Communications Department because the data provided for each division was combined.

ANALYSIS

Based on the MJ Team’s review and analysis, the department reports and monitors budget versus actual operating expenses including account variances. **Figure 3-31** shows a summary of the variance amounts by division.

When analyzing contracted services, the MJ Team observed that they were consistently under budget for the quadrennial. An exception to this was Support Services, which exceeded its budget in FY 2020 and FY 2022. Additionally, all contracted services were under budget during FY 2021, with two (2) categories - Education & Training and Advertising - underspent by 98 and 89 percent, respectively.

The Communications Department reports this data during their quarterly management reviews. The MJ Team determined that this process is reported and monitored for variance analysis. Thus, the Communications Department has met the requirements for this subtask.

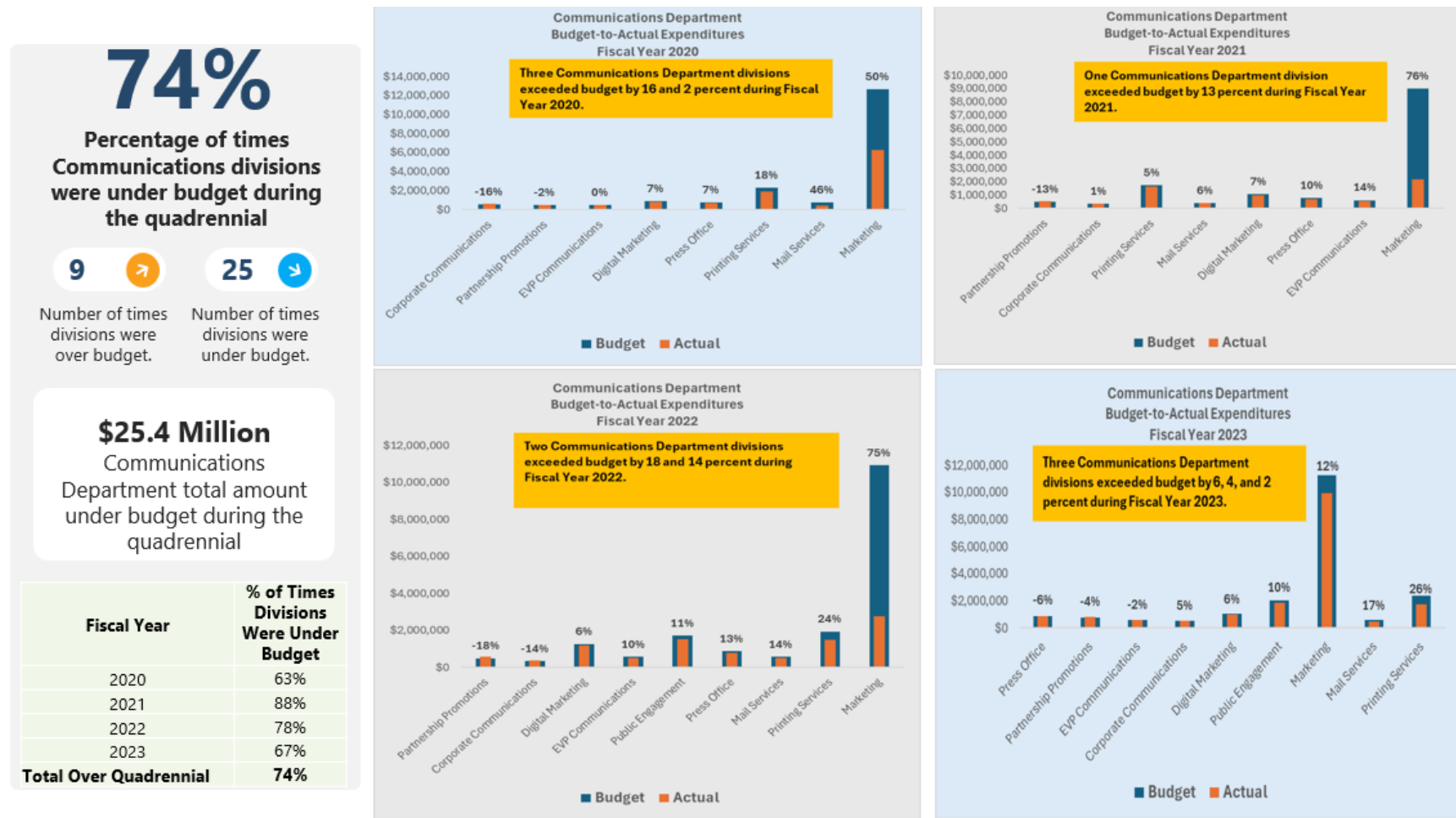


FIGURE 3-31: Summary of Variance Amounts by Division. FY 2020 to FY 2023.
 Source: METRO Communications Department.

These figures demonstrate that the Communications Department was significantly under budget during the audit period of FY 2020 through FY 2023. Partnership Promotions, now dissolved, was the only division that was over budget during the quadrennial.

Selected Cost Elements Review

Based on the variance analysis, the MJ Team conducted further review of expenses with significant variances and expenses for contracted services. **Figure 3-32** provide an overview of the analysis.

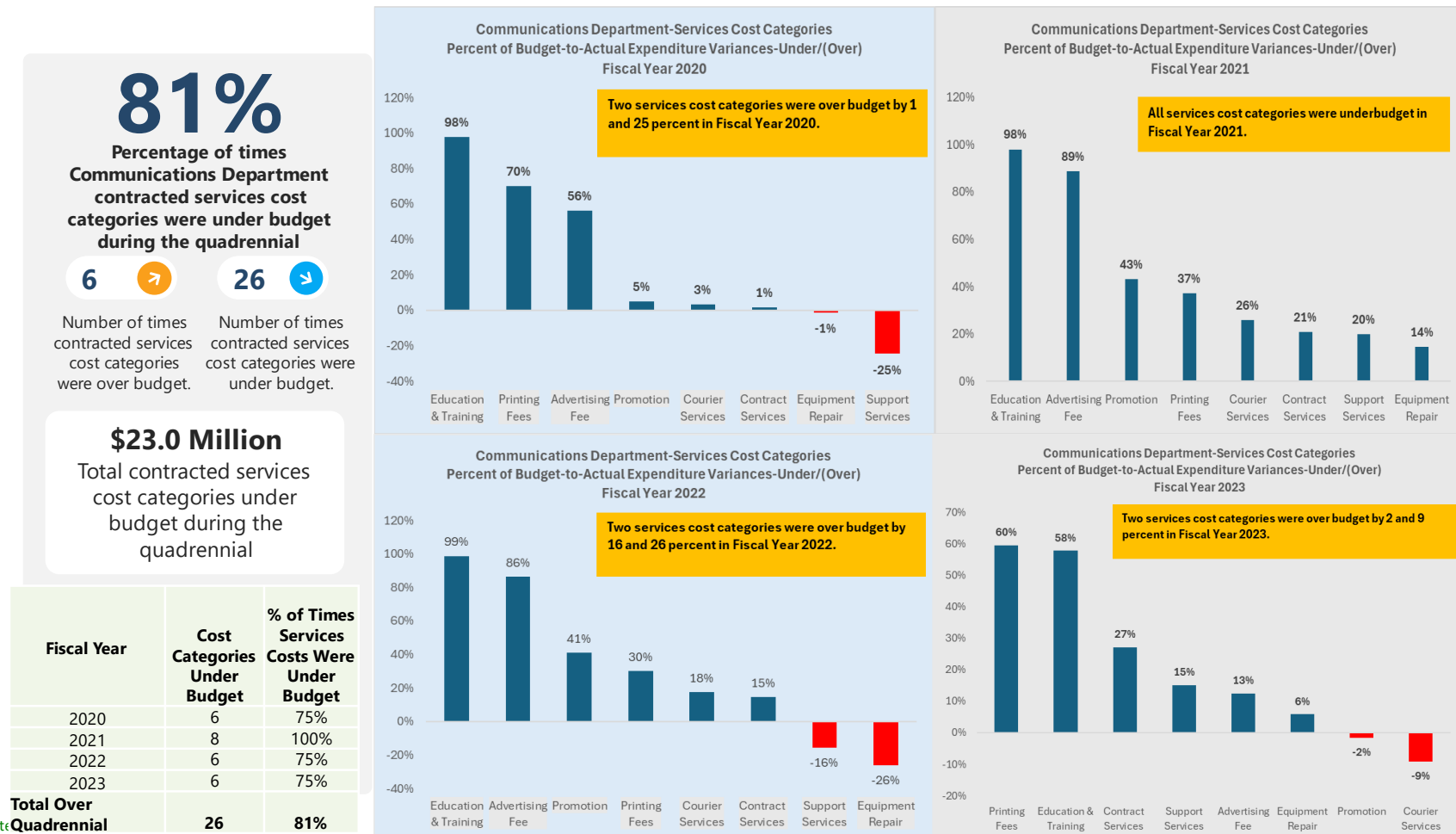


FIGURE 3-32: Summary of Variance Amounts by Division. FY 2020 to FY 2023.

Source: METRO Communications Department.

SUBTASK 3.3.2. – Review the department’s management reports including the analysis and explanation for budget versus actual variances.

CONCLUSION

The Communications Department met expectations for Subtask 3.3.2. The Communications Department does not provide detailed explanations for budget variances in its Quarterly Management Reports, However, MJ noted that METRO’s Office of Management and budget provides such explanations in monthly reports reported to executive management and at the governance level. The reports and explanations provide sufficient evidence that budget variance analysis is being performed albeit at METRO’s executive/governance authority level rather than at the departmental level. **Figure 3-33** shows variances for advertising expenses that are not explained in detail at the departmental level but rather included in variance explanations provided at METRO’s executive/governance team level.

Year	Advertising Expenses			
	Annual Budget	Annual Actual	Annual Variance- Under Budget	% Variance
FY 2020	\$11,069,600	\$4,852,894	(\$6,216,706)	(56.16%)
FY 2021	\$7,333,225	\$830,109	(\$6,503,116)	(88.68%)
FY 2022	\$9,197,269	\$1,259,876	(\$7,937,393)	(86.30%)
FY 2023	\$9,339,600	\$8,171,140	(\$1,168,460)	(12.51%)

FIGURE 3-33: Example of Accounts with Recurring Variances.

Source: METRO Communications Department Budget versus Actual Analysis.

ANALYSIS

Based on the MJ Team’s review and analysis, the department reports and monitors budget versus actual operating expenses including account variances. **Figure 3-34** presents excerpts from the department’s quarterly management report that shows Communications under budget for the quarter due to a vacancy within the department (Marketing Account Executive) and timing of payments for several services, leases, and rentals. Communications also provided an explanation for falling short of budget for materials and supplies.

METRO FY2023 Third Quarter Review OpVariances-Communications All Areas Budget Status & Variance Items			
<u>Expense Type</u>	<u>YTD Bud</u>	<u>YTD Act</u>	<u>Q3 Year-to-Date \$ Variance (favorable) / unfavorable</u>
Union Labor	\$ 5,905	\$ -	\$ (5,905)
Workers Comp -	(5,905)		
Non-Union Labor	5,175,107	5,035,894	(139,213)
Salaries - PE Manger vacancy Acc Executive	(139,213)		
Services	8,463,013	5,985,063	(2,477,951)
Advertising Fees - Underrun due to advertising invoicing lag and timing of marketing campaigns.	(1,993,783)		
Promotions - Payment timing to a contract agreement within Partnership Promotion. Payment was scheduled for Q3.	(91,768)		
Contract Services - PmtSrvs bus window wrap vendor selection delay, Mktg commercial timing, and PE invoice delay resulted in an underrun	(149,379)		
Support Services - PE timing of ridership promotional outreach activities. Pmt Srvs timing of signage mngt sys payment. Digital research tracking study invoice delay.	(97,453)		
Materials & Supplies	719,025	442,622	(276,403)
Supplies - Special Office - Underrun due to a decrease of bus window wrap plotter supplies in Print Srvs	(171,610)		
Postage - METRONext postage mailout delay in Mail Srvs	(67,346)		
Supplies Other Office - Fleet paper supply surplus	(23,807)		
Fuel & Utilities	18,790	13,658	(5,132)
Casualty & Liability	-	-	-
Purchased Transportation	-	-	-
Leases, Rentals and Miscellaneous	113,175	61,482	(51,693)
Membership Dues - Timing of membership payment renewals	(9,951)		
Out-of-Town Travel - Underrun due to the timing of travel dates	(9,287)		
Community Mtng/Functn - Timing of scheduled public meeting and events in PE	(29,724)		

FIGURE 3-34: Excerpt from Quarterly Department Review Report – Budget versus Actual Variances, FY 2023 Q3.
 Source: METRO Communications Department.

Internal Department Monitoring of Budget Variances

The Communications Department’s budget analyst monitors budget variances regularly and provides a monthly variance analysis by division and by account type such as advertising and contract services. Management indicated that the budget analyst shares the analysis shown in **Figure 3-35** with the management team. They meet regularly to discuss potential budget impacts, changes in spending

trends, and any invoicing delays. Monthly budget reviews have been a practice of the Communications Department since the end of FY 2022.

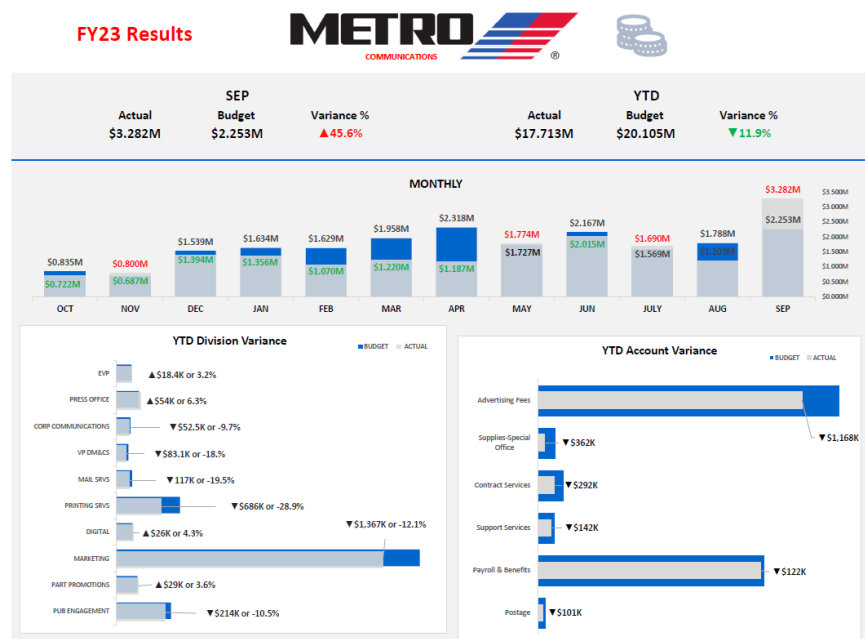


FIGURE 3-35: Example of Communications' Budget Monitoring and Analysis.
 Source: METRO Communications Department.

APPENDIX A
TASK 1 – DETAILED RESULTS FOR CHAPTER 451
COMPLIANCE

APPENDIX A – TASK 1-DETAILED RESULTS FOR CHAPTER 451 COMPLIANCE

SECTION 1: INTRODUCTION

Pursuant to Section 451.454 of the Texas Transportation Code, metropolitan rapid transit authorities in which the principal municipality's population is over 1.9 million are required to have a performance audit conducted every four (4) years.

This appendix summarizes the results of the assessment of METRO's compliance with applicable state law for FY 2020, 2021, 2022, and 2023, which consist of the period from October 1, 2019, through September 30, 2023.

The compliance matrices address requirements in the following areas:

- **Authority:** Creation and operation of a transit system, authority to tax and contract
- **Board Matters:** Board membership, responsibility, meetings, resolutions, and authority
- **Conflicts of Interest:** Disclosure statements and requirements, determination of affinity and bribery
- **Contract Compliance:** Procurement and competitive bidding requirements, determining prevailing wages, and performance bond requirements
- **Energy Efficiency Standards:** Establishment of goals to reduce electric consumption, reporting requirements, and energy savings performance contracts
- **Finance and Administration:** Investment policies, investment strategies, designated investment officer, budget, and audit requirements
- **Open Meetings and Public Information:** Public meeting notices, training requirements, and executive session
- **Real Estate:** Land acquisition, sale, and eminent domain requirements
- **Records Management:** Establishment of records management officer and records management plan

METRO's compliance with each requirement in each of these areas is assessed as follows:

- **Compliance:** METRO has complied with the actions required by the State Code
- **Partial Compliance:** in instances where a sample of records was reviewed, METRO has complied in most but not all instances
- **Non-Compliant:** METRO has not complied with the requirement of the State Code
- **Not Applicable:** The requirement does not apply to METRO

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
Section 2. Authority Compliance		
ORDER TO CREATE AGENCY AUTHORITY: 1. If the votes cast are such that the authority will continue to exist, the board shall enter the results on its minutes and adopt an order declaring that the creation of the authority is confirmed and describing the territory which comprises the authority. 1a. The order shall also include the date of the election, the proposition voted on, the number of votes cast for and against the proposition in each election unit, and the number of votes by which the proposition was approved in each election unit in which it was approved and shall be accompanied by a map of the authority clearly showing the boundaries of the authority. 1b. A certified copy of the order and map shall be filed with the Texas Department of Transportation or its successor, and with the comptroller of public accounts, and in the deed records of each county in which the authority is located.	Texas Trans Code 451.661(b)(1)-(2) 451.661(b)(3)-(6) 451.661(c) 451.661(d)(1)-(3)	Compliance.
ELECTION TO CREATE AGENCY AUTHORITY: 2. An election shall be conducted so that votes are separately tabulated and canvassed and that the result is declared in each unit of the election.	Texas Trans Code 451.660	Compliance.
ROLLING STOCK ACQUISITION: 3. The authority may acquire rolling stock or other property under a contract or trust agreement, including a conditional sales contract, lease, and equipment trust certificate.	Texas Trans Code 451.057	Compliance.
ESTABLISHMENT OF AGENCY GOVERNANCE: 4. The board by resolution may make all rules governing the use, operation, and maintenance of the system and the regulation of privileges on property owned, leased, or otherwise controlled by the authority. The authority shall determine all routings and change the same whenever it is deemed advisable by the authority.	Texas Trans Code 451.107(a) 451.056(d)	Compliance.
CONSTRUCTION AGENCY AUTHORITY: 5. An authority may not (construct, reconstruct or maintain any highway, road, thoroughfare, or arterial or local street...) in a municipality without: (1) the consent of the governing body of the municipality; or (2) a contract with the municipality that specifies the actions the authority may take in the municipality.	Texas Trans Code 451.065(d)(1)-(2) 451.065(b) 451.066(a)	Compliance.

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
<p>5a. An authority confirmed before 1985 may, in the authority: (1) construct or maintain a sidewalk, hiking trail, or biking trail; (2) install or maintain streetlights, and (3) in performing an activity under Subdivision (1) or (2), make drainage improvements and take drainage-related measures as reasonable and necessary for the effective use of the transportation facility being constructed or maintained.</p> <p>5b. An authority confirmed before 1980 in which the principal municipality has a population of more than 1.9 million may not spend, during any five-year period, more than seven percent of its revenue from sales and use taxes and interest income during that period for all items described by Section 451.065(b).</p>		
<p>INTERLOCAL CONTRACTS:</p> <p>6. An inter-local contract must: (1) be authorized by the governing body of each party to the contract; (2) state the purpose, terms, rights, and duties of the contracting parties; and (3) specify that each party paying for the performance of governmental functions or services must make those payments from current revenues available to the paying party.</p>	Texas Gov't Code 791.011(d)	Compliance.
<p>INTERLOCAL CONTRACT PAYMENTS:</p> <p>7. An inter-local contractual payment must be in an amount that fairly compensates the performing party for the services or functions performed under the contract.</p>	Texas Gov't Code 791.011(e)	Compliance.
<p>AGENCY EMERGENCY ASSISTANCE:</p> <p>8. A local government may provide emergency assistance to another local government, whether or not the local governments have previously agreed or contracted to provide that kind of assistance, if:</p> <p>a) in the opinion of the presiding officer of the governing body of the local government desiring emergency assistance, a state of civil emergency exists in the local government that requires assistance from another local government and the presiding officer requests the assistance; and before the emergency assistance is provided, the governing body of the local government that is to provide the assistance authorizes that local government to provide the assistance by resolution or other official action.</p>	Texas Gov't Code 791.027(a)	Compliance.
<p>AGENCY BOND ISSUANCE:</p> <p>9. An authority may issue bonds at any time for any amounts it considers necessary. The board, by resolution, may authorize the issuance of bonds payable solely from revenue. Bonds that are payable from taxes must be authorized by a majority of the votes received in an election.</p>	Texas Trans Code 451.353(b)	Compliance.
<p>SYSTEM LEASE AUTHORITY:</p> <p>10. The authority may lease the system or any part thereof to, or contract for the use or operation of the system or any part thereof by, any operator; provided, however, that a lease of the entire system shall be subject to the written consent and approval of the governing body of the principal municipality of the authority.</p>	Texas Trans Code 451.056(a)(3) 451.056(b)	Compliance.

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
CONTRACT PUBLIC TRANSPORTATION SERVICES: 11. The authority may contract with a municipality, county, or other political subdivision for the authority to provide public transportation services outside the authority.	Texas Trans Code 451.056(a)(2)	Compliance.
AUTHORITY BOUNDARY CHANGE NOTICE: 12. If an authority in which a local sales and use tax has been imposed changes or alters its boundaries, the presiding officer of the board shall forward to the comptroller of public accounts by United States registered mail or certified mail a certified copy of the order adding territory to the authority or of the order canvassing the returns and declaring the result of the election.	Texas Trans Code 451.555(b)(1) 451.555(c) 451.555(b)(2) 451.555(d)	Compliance.
12. (Continued) The order shall reflect the effective date of the tax and shall be accompanied by a map of the authority clearly showing the territory added or detached.		Compliance.
AD VALOREM TAX IMPOSITION: 13. An authority may impose any kind of tax except an ad valorem property tax. An authority may not impose a tax or increase the rate of an existing tax unless a proposition proposing the imposition or rate increase is approved by a majority of the votes received at an election held for that purpose.	Texas Trans Code 451.401 451.402(a)v	Not applicable. METRO did not impose a tax.
MOTOR VEHICLE TAX IMPOSITION: 14. The board shall, on or before November 1 of each year, certify to the county assessor-collector of each county having territory in the authority the motor vehicle emissions tax rate for each class of motor vehicles for the succeeding tax year. The board shall furnish to the county assessor-collector motor vehicle emissions tax receipts in triplicate.	Texas Trans Code 451.418(d)	Not applicable. METRO did not impose a motor vehicle tax.
MOTOR VEHICLE TAX RATE: 15. Each year that a board imposes a motor vehicle emissions tax, the board shall set the motor vehicle emissions tax rate as a percentage of the maximum tax rate specified for each class of vehicles in the following table: Table goes here The rate of the tax may not exceed 100 percent of the amount specified by the table and applies equally and uniformly to all classes and to all members of each class.	Texas Trans Code 451.414(a) 451.414(b)	Not applicable. METRO did not set a motor vehicle tax rate.
TAX RATE INCREASE AUTHORITY: 16. An authority may not impose a tax or increase the rate of an existing tax unless a proposition proposing the imposition or rate increase is approved by a majority of the votes received at an election held for that	Texas Trans Code 451.402(a)-(c)	Not applicable. METRO did not impose a tax increase.

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
<p>purpose.</p> <p>A separate proposition must be submitted for each kind of tax proposed, and propositions may be submitted in the alternative with provision for the method of determining the results of the election.</p> <p>Each proposition must include a brief statement of the nature of the proposed tax.</p> <p>The notice of the election must include a statement or description of the basis of or rate at which the tax is proposed to be levied.</p> <p>Any subsequent increase in a tax must also be approved at an election.</p>		
<p>TAX IMPOSITION RULES AND REGULATION:</p> <p>17. Prior to an election to authorize a tax other than motor vehicle emission taxes or a sales and use tax, the board shall adopt a complete tax code and rules and regulations providing for the nature and amount of any tax with provisions for complete administration and enforcement, including the time and manner of payment, exemptions, liens, interest, penalties, discounts for advance payment, refunds for erroneous payment, fees for collection, collection procedures, manner of enforcement, required returns, registration and reports of taxpayers, the duties and responsibilities of tax officers and taxpayers, the delegation to tax officers to make additional rules and regulations and determination as and to obtain records as may be appropriate, and every other provision which may be determined to be desirable, including incorporation of any tax laws and remedies for the administration and enforcement that are available to the state or any political entities under general law.</p>	Texas Trans Code 451.403(a)- (b)	<p>Not applicable.</p> <p>METRO did not impose any taxes during the audit period.</p>
<p>ELECTION TAX APPROVAL:</p> <p>18. The board, after an election approving the tax, may amend the tax code and rules. The board may not increase the amount of the tax by amendment unless the increase is approved at an election.</p>	Texas Trans Cod 451.403(c)	<p>Not applicable.</p> <p>METRO did not amend the tax code nor rules.</p>
<p>BOARD AUTHORITY TO ORDER AN ELECTION FOR TAX INCREASE:</p> <p>19. The board may order an election or the registered voters of an authority, by petition, may require an election to increase the authority's sales and use tax rate.</p>	Texas Trans Code 451.408(a)-(b)	<p>Not applicable.</p> <p>METRO did not order an election for a tax increase.</p>
<p>PETITION TO INCREASE TAX RATE:</p> <p>20. After receiving a petition, the board shall submit the petition to the secretary of state for validation.</p>	Texas Trans Code 451.409(b) 451.409(d)	<p>Not applicable.</p> <p>METRO did not</p>

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
<p>If the secretary of state finds the petition valid or fails to act within the time allowed, the board shall call an election to increase the tax rate.</p> <p>The authority shall pay the costs of determining the validity of a petition, if any, and of the election.</p>	451.409(e)	petition to increase the tax rate.
<p>BALLOT LANGUAGE TO CHANGE TAXES:</p> <p>21. At the election, the ballots shall be prepared to permit voting for or against the following proposition: “The increase (decrease) of the local sales and use tax rate to (percentage).”</p> <p>A notice of the election and a certified copy of the order canvassing the election results shall be sent to the Texas Department of Transportation and the comptroller. The authority shall file a notice and a certified copy of the order in the deed records of each county in which the authority is located in the same manner as the results of a confirmation election are filed.</p>	Texas Trans Code 451.410 451.41(b)	Not applicable. METRO did not hold an election to change taxes.
<p>TAX INCREASE CANNOT EXCEED 2%:</p> <p>22. An authority may not adopt a sales and use tax or increase the rate of its sales and use tax under this section if as a result of the adoption of the tax or the tax increase the combined rate of all sales and use taxes imposed by the authority and other political subdivisions of this state having territory in the authority would exceed two percent at any location in the authority.</p>	Texas Trans Code 451.405(a)	Not applicable. METRO did not increase taxes.
<p>GUIDELINES FOR TAX INCREASES PERCENTAGES:</p> <p>23. The board, subject to Section 451.402, may impose for an authority a sales and use tax at the rate of: (1) one-quarter of one percent; (2) one-half of one percent; (3) three-quarters of one percent; or (4) one percent.</p> <p>Chapter 322, Tax Code, applies to an authority's sales and use tax.</p> <p>In an election ordered by a board:</p> <p>a) the board shall give notice of the election by publication in a newspaper of general circulation in the authority at least once each week for three consecutive weeks, with the first publication occurring at least 21 days before the date of the election; and a resolution ordering the election and the election notice must show, in addition to the requirements of the Election Code, the hours of the election and polling places in election precincts.</p>	Texas Trans Code 451.404(a)-(b) 451.407 451.070(a)(1)-(2)	Not applicable. METRO did not increase taxes.
<p>NATURE OF AGENCY AUTHORITY:</p> <p>24. Nature of Authority. (a) An authority:</p> <p>(1) is a public political entity and corporate body;</p> <p>(2) has perpetual succession; and</p> <p>(3) exercises public and essential governmental functions.</p> <p>(b) The exercise of a power granted by this chapter, including a power relating to a station or terminal complex, is for a public purpose and is a matter of public necessity.</p>	Texas Trans Code 451.052	Compliance.

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
(c)An authority is a governmental unit under Chapter 101, Civil Practice and Remedies Code, and the operations of the authority are not proprietary functions for any purpose, including the application of Chapter 101, Civil Practice and Remedies Code."		
ENFORCEMENT OF FARES AND OTHER CHARGES: 25. (a) A board by resolution may prohibit the use of the public transportation system by a person who fails to possess evidence showing that the appropriate fare for the use of the system has been paid and may establish reasonable and appropriate methods to ensure that persons using the public transportation system pay the appropriate fare for that use. (b) A board by resolution may provide that a fare for or charge for the use of the public transportation system that is not paid incurs a penalty, not to exceed \$100. (c) The authority shall post signs designating each area in which a person is prohibited from using the transportation system without possession of evidence showing that the appropriate fare has been paid.	Texas Trans Code 451.0611	Compliance.
FARE ENFORCEMENT OFFICERS: 26. An authority may employ persons to serve as fare enforcement officers to enforce the payment of fares for use of the public transportation system by: (1) requesting and inspecting evidence showing payment of the appropriate fare from a person using the public transportation system; and (2) issuing a citation to a person described by Section 451.0611 .	Texas Trans Code 451.0612	Compliance.
TAX EXEMPTION: 27. The property, revenue, and income of an authority are exempt from state and local taxes.	Texas Trans Code 451.063	Compliance.
GENERAL AUTHORITY TO CALL ELECTION: 28. Board shall specify the ballot proposition for an election called under this section to be approved if favored by the majority.	Texas Trans Code 451.072	Compliance.
PROHIBITION OF CONSUMPTION OF ALCOHOLIC BEVERAGES: 29. Board may prohibit consumption of alcoholic beverages on the authority property.	Texas Trans Code 451.1075	Compliance.
APPROVAL OF MUNICIPALITY: 30. Location of station/terminal complex must be approved by the governing body of the municipality.	Texas Trans Code 451.153	Compliance.

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
Section 3. Board Matters Compliance		
FILLING A BOARD VACANCY: 1. A vacancy on a board is filled by the person or entity that appointed the member who was in the position that is vacant. If confirmation of the previous position was required , confirmation of the vacancy appointment is required in the same manner.	Texas Trans Code 451.504	Compliance.
BOARD EXPENSES REIMBURSAL: 2. Each member of the board shall be reimbursed for his necessary and reasonable expenses incurred in the discharge of his duties. Each member of a board is entitled to \$50 for each meeting of the board attended, not to exceed five meetings in a calendar month.	Texas Trans Code 451.519(a) 451.519(b)	Compliance.
BOARD RESIDENCY AND NECESSARY OFFICERS: 3. A member of the board must be a qualified voter residing in the authority. 3a. The board shall elect from among its membership a presiding officer, an assistant presiding officer, and a secretary. This subsection does not apply to the selection of a presiding officer who is appointed under Section 451.502(e)(3). 3.b. The board may appoint one or more assistant secretaries, who are not required to be members. 3.c. The secretary and assistant secretaries shall keep a permanent record of the proceedings and transactions of the board and perform other duties required by the board.	Texas Trans Code 451.507 451.520(a)-(c)	Compliance.
BOARD REMOVAL CRITERIA: 4. The grounds for removal of a member of a board are: <ol style="list-style-type: none"> inefficiency in office; nonfeasance or malfeasance in office; does not have at the time of appointment or does not maintain during service on the board the qualifications required by Section 451.507 of this Act; violates a prohibition established by Chapter 171, Local Government Code or Section 451.112 of this Act; cannot discharge the member's duties for a substantial part of the term for which the member is appointed because of illness or disability; or 	Texas Trans Code 451.510	Not applicable. No requests to remove a board member were made.

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
g) is absent from more than half of the regularly scheduled board meetings that the member is eligible to attend during a calendar year unless the absence is excused by majority vote of the board.		
<p>BOARD MEETING REQUIREMENTS:</p> <p>5. The board shall hold at least one regular meeting during each month for the purpose of transacting the business of the authority.</p> <p>Upon written notice, the presiding officer of the board or the general manager may call special meetings as may be necessary.</p> <p>5a. The board, when organized, shall by resolution recorded in the minutes, set the time, place and day of the regular meetings, and shall likewise adopt rules and bylaws as it may deem necessary for the conduct of its official meetings.</p> <p>5b. A majority of the members shall constitute a quorum of the board for the purpose of conducting its business and exercising its powers and action may be taken by the authority upon a vote of a majority of the board members present unless the bylaws require a larger number for a particular action.</p> <p>5c. In addition to notice required by Chapter 551, Government Code, a board shall post a board meeting notice in the authority's administrative offices and at the courthouse of the most populous county in which the principal municipality of the authority is located, each on a bulletin board at a place convenient to the public.</p>	<p>Texas Trans Code 451.514(a) 451.514(b) 451.517 451.515(a)</p> <p>Texas Trans Code 451.518</p>	<p>Compliance.</p>

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
<p>BOARD MEMBER TERMS:</p> <p>6. Each member shall serve a term of two years.</p> <p>A person may not serve more than eight years on the same board and may not be appointed to a term for which service to the completion of the term would exceed this limitation.</p> <p>A term limitation provided by this section does not apply to service on the board by a holdover pending the qualifications of a successor.</p>	<p>Texas Trans Code 451.505(a)</p> <p>451.506(b)</p> <p>451.506(d)</p>	<p>Not applicable.</p> <p>Board members served more than eight (8) years with no holdover on record. However, METRO indicated that they cannot control actions by appointing agencies.</p>

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
<p>BOARD MEMBER COMMITTEES:</p> <p>7. A board may establish one or more advisory committees to make recommendations to the board or the general manager on the operation of the authority.</p> <p>A member of an advisory committee may not be compensated by the authority for committee service but is entitled to reimbursement for actual and necessary expenses incurred in the performance of committee service.</p>	<p>Texas Trans Code 451.109(a)</p> <p>451.109(c)</p>	<p>Not applicable.</p> <p>No advisory committees were established.</p>

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
BOARD MEMBER COMMITTEE APPOINTMENTS: 8. The board shall appoint members to an advisory committee who are selected from a list provided by the general manager; and have knowledge about and interest in, and represent a broad range of viewpoints about, the work of the committee.	Texas Trans Code 451.109(b)	Not applicable. No advisory committees were established.
BORD MEMBER ADVISORY COMMITTEE RESPONSIBILITY: 9. The board shall specify the purpose, powers, duties, and manner of reporting the results of the work of an advisory committee established under this section.	Texas Trans Code 451.109(a)	Not applicable. No advisory committees were established.
BOARD MEMBER AUTHORITY OVER AGENCY PROPERTY: 10. Except as provided by Section 451.106, the responsibility for the management, operation and control of the properties belonging to an authority shall be vested in its board.	Texas Trans Code 451.053	Compliance.
BOARD MEMBER GENERAL MANAGER AND DEPOSITORY APPOINTMENT: 11.a. The board may: (1) employ a general manager and other persons necessary for the conduct of the affairs of the authority, including operating or management companies; (2) prescribe the duties, compensation, and tenure of persons employed; (3) remove an employee; (4) adopt a seal of the authority; (5) set the fiscal year for the authority; (6) establish a complete system of accounts for the authority; (7) invest funds of the authority in direct or indirect obligations of the United States, the state, or any county, city, school district or other political subdivision of the state; (8) purchase, with funds of the authority, certificates of deposit of state or national banks or savings and loan associations in this state if	Texas Trans Code 451.101 451.105(a)	Compliance.

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
<p>the certificates are secured in the same manner that the funds of a county of this state are required to be secured; (9) the board, by resolution, may provide that an authorized representative of the authority may invest the funds of the authority and provide for money to be withdrawn from the authority accounts for investments; (10) designate by resolution an authorized representative of the authority to supervise the substitution of securities pledged to secure authority funds.</p> <p>b. A board shall designate one or more banks as depositories for authority funds.</p>		
<p>APPOINTING A GENERAL MANAGER FOR DAILY OPERATIONS:</p> <p>12. The board of an authority in which the principal municipality has a population of less than 850,000 or more than 1,900,000, shall employ a general manager to administer the daily operations of the authority. The general manager may employ persons to conduct the affairs of the authority and may prescribe their duties and compensation, subject to board approval of the budget of the authority and in accordance with personnel policies adopted by the board.</p> <p>Subject to those policies, only the general manager may remove any employee.</p> <p>With the approval of the board, the general manager may contract with others for the performance of work or provision of materials for the authority.</p>	Texas Trans Code 451.106(a)-(c)	Compliance.
<p>BOARD POLICIES AND PROCEDURES IMPLEMENTATION:</p> <p>13. The board of an authority in which the principal city has a population of less than 850,000 or more than 1,900,000, shall develop and implement policies that clearly define the respective responsibilities of the board and the staff of the authority.</p>	Texas Trans Code 451.106(d)	Compliance.
<p>ESTABLISHMENT OF PROGRAMS FOR THOSE WITH PPHYSICAL DISABILITIES:</p> <p>14. The board of an authority to which this section applies shall establish a program to promote the availability and use of the transportation services of the authority by persons who have physical disabilities.</p> <p>14a, The program must address the specific transportation problems and establish mechanisms by which transportation services are to be provided to those individuals.</p> <p>14.b Before establishing the program, the board shall hold public hearings relating to the establishment and operation of the program.</p>	Texas Trans Code 451.254(a) 451.254(b)	Compliance.
<p>BOARD RULES AND REGULATIONS ADOPTION:</p> <p>15. The board may adopt and enforce reasonable rules and regulations: (1) to secure and maintain safety and efficiency in the operation and maintenance of its system; (2) governing the use of the authority's system and services by the public and the payment of fares, tools and charges; (3) and regulating privileges</p>	Texas Trans Code 451.107 451.420	Not applicable. No new rules and regulations were

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
<p>on any land, easement, right-of-way, rolling stock or other property owned, leased, rented or otherwise controlled by the authority.</p> <p>The Board may adopt rules relating to the collection and payment of the authority's motor vehicle emissions taxes.</p>		adopted.
<p>NOTICE OF RULES AND REGULATIONS:</p> <p>16. A notice of the rules and regulations shall be published after adoption once a week for two consecutive weeks in a newspaper with general circulation in the area in which the authority is located, which notice shall advise that the full text of the rules and regulations is on file in the principal office of the authority where it may be read by any interested person.</p>	Texas Trans Code 451.107(b)	Not applicable. No new rules and regulations were adopted.
<p>EMPLOYMENT OF PEACE OFFICERS:</p> <p>17. An authority may employ and commission its own peace officers.</p>	Texas Trans Code 451.108(a)	Compliance.

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
<p>PEACE OFFICER POWERS:</p> <p>18. A peace officer who holds a commission under this section from an authority in which the principal municipality has a population of more than 1.9 million and who has filed with the authority the oath of a peace officer has all the powers, privileges, and immunities of peace officers in the counties in which the transit authority system is located, provides services, or is supported by a general sales and use tax.</p>	<p>Texas Trans Code 451.108(d)</p>	<p>Compliance.</p>
<p>WRITTEN REMOVAL REQUESTS FOR BOARD MEMBERS:</p> <p>19. The person or entity proposing to remove a board member shall give the member a written statement of the grounds for removal. The member is entitled to a hearing before the board or entity if, before the 11th day after the date the statement is received, the member requests a hearing. The member may be represented by counsel at the hearing.</p> <p>After any such hearing, if the board by a majority vote finds that the charges are true, it shall confirm its decision to remove the member.</p>	<p>Texas Trans Code 451.511</p>	<p>Not applicable.</p> <p>There were no written removal requests for board members.</p>
<p>APPOINTER AUTHORITY TO REMOVE A BOARD MEMBER:</p> <p>20. In an authority in which the principal municipality has a population of more than 850,000, a member of the board may be removed for any ground described by Section 451.510 by the person or entity that appointed the member. If the person who appointed the member is the mayor of the principal municipality, the removal is by recommendation of the mayor and confirmation by the municipality's governing body. If</p>	<p>Texas Trans Code 451.509(c)</p>	<p>Not applicable.</p> <p>There were no board members subject to recall.</p>

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
the member to be removed was appointed by the mayor of the principal municipality, the statement required by Section 451.511(a) shall be given by the mayor, and confirmation of removal by the governing body of the municipality is necessary.		
VOTER AUTHORITY TO REMOVE A BOARD MEMBER: 21. A board member of an authority that has a . principal municipality with a population of more than 850,000 may be removed, as provided by this section, on a petition for the recall of the member submitted by the registered voters of the authority. Recall of a member under this section is in addition to any other method for removal under this subchapter. A petition is valid if: (1) it states that it is intended to require a reconsideration on the question of removing an identified board member; (2) it is signed by registered voters of the authority in a number equal to or greater than 10 percent of the number of votes cast in the authority in the preceding gubernatorial election; (3) if the signatures are collected within a period of 90 days prior to the date on which the petition is presented to the entity, and it is submitted to the entity before the first day of the final six months of the term of the member whose removal is sought.	Texas Trans Code 451.513(a) Texas Trans Code 451.513(c)	Not applicable. There were no petitions from registered voters to remove a board member.
REMOVAL PETITION TIMELINE: 22. After receiving a petition, the appointing political subdivision shall submit it to the secretary of state, who, not later than the 10 th day after the day he or she receives the petition, shall determine. If the secretary of state fails to act within the time allowed, the petition is treated as if it had been found valid.	Texas Trans Code 451.513(d)	Not applicable. There were no petitions from registered voters to remove a board member.
REMOVAL PETITION CONSIDERATION: 23. If the appointing political subdivision receives notice from the secretary of state that the petition is valid or if the secretary of state has failed to act within the time allowed, the appointing political subdivision shall reconsider such appointment and take action to either remove or reconfirm such appointee.	Texas Trans Code 451.513(b)	Not applicable. There were no petitions from registered voters to remove a board member.
VACANCY FILL TIMELINE: 24. The appointing authority that appointed the member removed by recall shall fill the vacancy not later	Texas Trans Code 451.513(e)	Not applicable.

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
than the 30th day after the day of removal.		There were no petitions from registered voters to remove a board member.
RECALLED BOARD MEMBER ELIGIBILITY: 25. A member removed by recall is not eligible for reappointment to fill the vacancy and is not eligible for appointment to any other position on the board for a length of time after the day of removal equal to the length of a normal term of a member of the board.	Texas Trans Code 451.513(e)	Not applicable. There were no petitions from registered voters to remove a board member.
GENERAL MANAGER REQUIREMENTS FOR REMOVAL PETITION: 26. If the general manager of the authority has knowledge that a potential ground for removal exists, the general manager shall notify the chairman of the board of the ground. The chairman shall then notify the appointing agency that a potential ground for removal exists.	Texas Trans Code 451.509(d)	Not applicable. The general manager did not receive notifications or requests regarding potential grounds to remove a board member.
REMOVAL BY BOARD: 27. A board member may be removed from office by the other members of the board because of a ground for removal described by Section 451.510	Texas Trans Code 451.508	Not applicable. No requests were made to remove a board member.

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
Section 4. Conflict of Interest Compliance		
SURETY STANDARD OF CONDUCT: 1. A local public official commits an offense if the official knowingly violates Section 171.004; acts as surety for a business entity that has work, business, or a contract with the governmental entity; or acts as surety on any official bond required of an officer of the governmental entity.	Texas Local Government Code 171.003	Compliance.
BUSINESS OR PROPERTY CONFLICT OF INTEREST: 2. If a local public official has a substantial interest in a business entity or in real property, the official shall file, before a vote or decision on any matter involving the business entity or the real property, an affidavit stating the nature and extent of the interest and shall abstain from further participation in the matter if: (1) in the case of a substantial interest in a business entity the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or (2) in the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public. The affidavit must be filed with the official record keeper of the governmental entity. If a local public official is required to file and does file an affidavit under Subsection (a), the official is not required to abstain from further participation in the matter requiring the affidavit if a majority of the members of the governmental entity of which the official is a member is composed of persons who are likewise required to file and who do file affidavits of similar interests on the same official action.	Texas Local Government Code 171.004	Compliance.
VOTING ON A BUDGET GUIDELINES WITH A CONFLICT OF INTEREST: 3. The governing body of a governmental entity shall take a separate vote on any budget item specifically dedicated to a contract with a business entity in which a member of the governing body has a substantial interest. Except as provided by Section 171.004(c), the affected member may not participate in that separate vote. The member may vote on a final budget if: (1) the member has complied with this chapter; and (2) the matter in which the member is concerned has been resolved.	Texas Local Government Code 171.005	Compliance.
OFFICER RESPONSIBILITY AND GUIDELINES WHEN DEALING WITH A VENDOR WHERE THERE IS A PRIOR RELATIONSHIP 4. A local government officer shall file a conflicts disclosure statement with respect to a vendor if: a) the vendor enters into a contract with the local governmental entity or the local governmental entity is considering entering into a contract with the vendor; and b) the vendor: has an employment or other business relationship with the local government officer or a family member of	Texas Local Government Code 176.003(a) 176.003(a-1)	Compliance.

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
<p>the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that:</p> <ul style="list-style-type: none"> a) a contract between the local governmental entity and vendor has been executed; or b) the local governmental entity is considering entering into a contract with the vendor; has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that: c) a contract between the local governmental entity and vendor has been executed; or d) the local governmental entity is considering entering into a contract with the vendor; or e) has a family relationship with the local government officer. <p>A local government officer is not required to file a conflicts disclosure statement in relation to a gift accepted by the officer or a family member of the officer if the gift is a political contribution as defined by Title 15 or food accepted as a guest.</p>		
<p>FILING OF CONFLICTS DISCLOSURE:</p> <p>5. A local government officer shall file the conflicts disclosure statement with the records administrator of the local governmental entity not later than 5 p.m. on the seventh business day after the date on which the officer becomes aware of the facts that require the filing of the statement under Subsection (a).</p>	<p>Texas Local Government Code 176.003(b)</p>	<p>Compliance.</p>
<p>VENDOR QUESTIONNAIRE REQUIREMENTS:</p> <p>6. A vendor shall file an updated completed questionnaire with the appropriate records administrator not later than the seventh business day after the date on which the vendor becomes aware of an event that would make a statement in the questionnaire incomplete or inaccurate.</p>	<p>Texas Local Government Code 176.006(d)</p>	<p>Compliance.</p>
<p>VENDOR CONFLICT OF INTEREST GUIDELINES:</p> <p>7. A vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and:</p> <ul style="list-style-type: none"> a) has an employment or other business relationship with a local government officer of that local governmental entity, or a family member of the officer, described by Section 176.003(a)(2)(A); <ul style="list-style-type: none"> (1) has given a local government officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section 176.003(a)(2)(B), excluding any gift described by Section 176.003(a-1); or (2) has a family relationship with a local government officer of that local governmental entity. <p>The commission shall adopt a conflict of interest questionnaire for use under this section that requires disclosure of a vendor's business and family relationships with a local governmental entity.</p>	<p>Texas Local Government Code 176.006(a)-(b)</p>	<p>Compliance.</p>
<p>CONFLICT OF INTEREST QUESTIONNAIRE AVAILABILITY ON AGENCY WEBSITE:</p>	<p>Texas Local Government Code</p>	<p>Compliance.</p>

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
8. A local governmental entity that maintains an Internet website shall provide access to the statements and to questionnaires required to be filed under this chapter on that website. This subsection does not require a local governmental entity to maintain an Internet website.	176.009	
RECORDS ADMINISTRATOR RESPONSIBILITY FOR CONFLICT OF INTEREST QUESTIONNAIRES: 9. A records administrator shall: a) maintain a list of local government officers of the local governmental entity and shall make that list available to the public and any vendor who may be required to file a conflict of interest questionnaire under Section 176.006; and maintain the statements and questionnaires that are required to be filed under this chapter in accordance with the local governmental entity's records retention schedule.	Texas Local Government Code 176.0065	Compliance.
PROHIBITED BENEFITS: 10. A person commits an offense if he intentionally or knowingly offers, confers, or agrees to confer on another, or solicits, accepts, or agrees to accept from another: a) any benefit as consideration for the recipient's decision, opinion, recommendation, vote, or other exercise of discretion as a public servant, party official, or voter; b) any benefit as consideration for the recipient's decision, vote, recommendation, or other exercise of official discretion in a judicial or administrative proceeding; (1) any benefit as consideration for a violation of a duty imposed by law on a public servant or party official; or any benefit that is a political contribution as defined by Title 15, Election Code	Texas Penal Code 36.02(a)	Compliance.
TIMING OF IMPROPER BENEFIT RELEVANCY: 11. It is no defense to prosecution under this section that the benefit is not offered or conferred or that the benefit is not solicited or accepted until after: a) the decision, opinion, recommendation, vote, or other exercise of discretion has occurred; or b) the public servant ceases to be a public servant	Texas Penal Code 36.02(c)	Compliance.
HONORARIUM GUIDELINES FOR PUBLIC SERVANT: 12. A public servant commits an offense if the public servant solicits, accepts, or agrees to accept an honorarium in consideration for services that the public servant would not have been requested to provide but for the public servant's official position or duties.	Texas Penal Code 36.07(a)	Compliance.
TRANSPORTATION AND LODGING BENEFITS FOR A PUBLIC SERVANT: 13. This section does not prohibit a public servant from accepting transportation and lodging expenses in connection with a conference or similar event in which the public servant renders services, such as addressing an audience or engaging in a seminar, to the extent that those services are more than merely perfunctory, or from accepting meals in connection with such an event.	Texas Penal Code 36.07(b)	Compliance.

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
PUBLIC SERVANT DISCRETION: 14. A public servant who exercises discretion in connection with contracts, purchases, payments, claims, or other pecuniary transactions of government commits an offense if he solicits, accepts, or agrees to accept any benefit from a person the public servant knows is interested in or likely to become interested in any contract, purchase, payment, claim, or transaction involving the exercise of his discretion.	Texas Penal Code 36.08(d)	Compliance.
APPROVAL GUIDELINES FOR PUBLIC OFFICIALS 15. A public official may not appoint, confirm the appointment of, or vote for the appointment or confirmation of the appointment of an individual to a position that is to be directly or indirectly compensated from public funds or fees of office if: a) the individual is related to the public official within a degree described by Section 573.002; or the public official holds the appointment or confirmation authority as a member of a state or local board, the legislature, or a court and the individual is related to another member of that board, legislature, or court within a degree described by Section 573.002.	Texas Gov't Code 573.041(a)	Compliance.
NEPOTISM GUIDELINES: 16. An individual's relatives within the third degree by consanguinity are the individual's: a) parent or child (relatives in the first degree); b) brother, sister, grandparent, or grandchild (relatives in the second degree); and c) great-grandparent, great-grandchild, aunt who is a sister of a parent of the individual, uncle who is a brother of a parent of the individual, nephew who is a child of a brother or sister of the individual, or niece who is a child of a brother or sister of the individual (relatives in the third degree).	Texas Gov't Code 573.023(c)	Compliance.
AFFINITY GUIDELINES: 17. Two individuals are related to each other by affinity if: a) they are married to each other; or b) the spouse of one of the individuals is related by consanguinity to the other individual. The ending of a marriage by divorce or the death of a spouse ends relationships by affinity created by that marriage unless a child of that marriage is living, in which case the marriage is considered to continue as long as a child of that marriage lives. Subsection (b) applies to a member of the Board of Trustees of or an officer of a school district only until the youngest child of the marriage reaches the age of 21 years.	Texas Gov't Code 573.024(a) 573.024(b) 573.024(c)	Compliance.
NEPOTISM PROHIBITION: 18. A nepotism prohibition prescribed by Section 573.041 or by a municipal charter or ordinance does not apply to an appointment, confirmation of an appointment, or vote for an appointment or confirmation of an appointment of an	Texas Gov't Code 573.062(a) Texas Gov't Code	Compliance.

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
<p>individual to a position if:</p> <ul style="list-style-type: none"> a) the individual is employed in the position immediately before the election or appointment of the public official to whom the individual is related in a prohibited degree; and b) that prior employment of the individual is continuous for at least: <ul style="list-style-type: none"> 1. 30 days, if the public official is appointed; 2. six months, if the public official is elected at an election other than the general election for state and county officers; or 3. one year, if the public official is elected at the general election for state and county officers. <p>If, under Subsection (a), an individual continues in a position, the public official to whom the individual is related in a prohibited degree may not participate in any deliberation or voting on the appointment, reappointment, confirmation of the appointment or reappointment, employment, reemployment, change in status, compensation, or dismissal of the individual if that action applies only to the individual and is not taken regarding a bona fide class or category of employees.</p>	573.062(b)	

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
Section 5. Contract Compliance		
<p>ESTABLISHMENT OF A MWBE PROGRAM WITHIN THE AGENCY:</p> <p>1. An authority that does not have an up-to-date disadvantaged business enterprise program, as defined by 49 C.F.R. Part 23 and 49 C.F.R. Part 26, to assist minorities and women in participating in authority contracts should establish goals for that participation. The recommended contract goals are:</p> <ul style="list-style-type: none"> a) 17 percent for construction, 11 percent for purchasing, and 24 percent for professional services; or b) the weighted average equivalent of the categories in Subdivision (1). <p>The board of an authority to which this section applies shall establish a program to encourage participation in contracts of the authority by businesses owned by minority or disadvantaged individuals.</p>	<p>Texas Trans Code 451.251 451.252(a)</p>	<p>Compliance.</p>
<p>AGENCY RELATIONSHIP WITH THE TEXAS DEPARTMENT OF HUMAN SERVICES (DHS):</p> <p>2. An authority shall contract with the Texas Department of Human Services (DHS) to provide transportation services to a person who:</p> <ul style="list-style-type: none"> a) resides in the area served by the authority; b) is receiving financial assistance under Chapter 31, Human Resources Code; and c) is registered in the jobs opportunities and basic skills training program under Part F, Subchapter IV, Social Security Act (42 U.S.C. Section 682). <p>The contract must include provisions to ensure that:</p> <ul style="list-style-type: none"> a) the authority is required to provide transportation services only to a location: <ul style="list-style-type: none"> 1. to which the person travels in connection with participation in the jobs opportunities and basic skills training program; and 2. that the authority serves under the authority's authorized rate structure and existing services; b) the authority provides directly to the Texas DHS trip vouchers for distribution by the department to a person who is eligible under this section to receive transportation services; c) the Texas DHS reimburses the authority for costs, at the applicable federal matching rate; and d) the Texas DHS may return undistributed trip vouchers. 	<p>Texas Trans Code 451.255(a) 451.255(b)</p>	<p>Not applicable</p> <p>Management indicated that the Texas Department of Human Services (DHS) has not requested METRO to provide services or trip vouchers for the jobs opportunities and basic skills training program.</p>
<p>COMPETITIVE BIDDING FOR PURCHASES:</p> <p>3. Purchases: Competitive Bidding- Except as provided by Subsection (c) and by Subchapter Q, a board may not contract for the construction of an improvement or the purchase of any property, except through competitive bidding after notice of the contract proposal. The notice must be published in a newspaper of general circulation in the area in which the authority is located at least once each week for two</p>	<p>Texas Trans Code 451.110(a) 451.110(b)</p> <p>Texas Trans Code</p>	<p>Compliance.</p>

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
<p>consecutive weeks before the date set for receiving the bids. The first notice must be published at least 15 days before the date set for receiving bids.</p> <p>The board may adopt rules on:</p> <ol style="list-style-type: none"> the taking of bids; the awarding of contracts; and the waiver of the competitive bidding requirement: <ol style="list-style-type: none"> if there is an emergency; if there is only one source for the purchase; or except for a contract for construction of an improvement on real property, if: <ol style="list-style-type: none"> competitive bidding is inappropriate because the procurement requires design by the supplier and if competitive negotiation, with proposals solicited from an adequate number of qualified sources, will permit reasonable competition consistent with the procurement; or it is ascertained after solicitation that there will be only one bidder. <p>Subsection (a) does not apply to a contract for:</p> <ol style="list-style-type: none"> \$50,000 or less; the purchase of real property; personal or professional services; or the acquisition of an existing transit system. <p>Purchases: Notice of Noncompetitive Bid Proposals - Except as provided by Subchapter Q, unless the posting requirement in Subsection (b) is satisfied, a board may not let a contract that is:</p> <ol style="list-style-type: none"> for more than \$50,000; and for: <ol style="list-style-type: none"> the purchase of real property; or consulting or professional services. <p>An announcement that a contract to which this section applies is being considered must be posted in a prominent place in the principal office of the authority for at least two weeks before the date the contract is awarded.</p> <p>This section does not apply to a contract that must be awarded through competitive bidding or for the purchase of an existing transit system.</p>	<p>451.110(c) 451.111(a)</p>	

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
	Texas Trans Code 451.111(b) 451.111(c)	
PROFESSIONAL SERVICES PROVIDER SELECTION: 4. A governmental entity may not select a provider of professional services or a group or association of providers or award a contract for the services on the basis of competitive bids submitted for the contract or for the services, but shall make the selection and award: a) on the basis of demonstrated competence and qualifications to perform the services; and b) a fair and reasonable price. The professional fees under the contract may not exceed any maximum provided by law.	Texas Gov't Code 2254.003(a) 2254.003(b)	Compliance.
In procuring architectural, engineering, or land surveying services, a governmental entity shall: a) first select the most highly qualified provider of those services on the basis of demonstrated competence and qualifications; and b) then attempt to negotiate with that provider a contract at a fair and reasonable price.	Texas Gov't Code 2254.004(a)	Compliance.
CONTRACT NEGOTIATIONS: 5.If the entity is unable to negotiate a satisfactory contract with the most highly qualified person, the entity shall formally end negotiations with that person and begin negotiations with the second most highly qualified person. Negotiations shall be undertaken in this sequence until a contract is made.	Texas Gov't Code 2254.004(b) Texas Gov't Code 2254.004(c)	Compliance.

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
<p>PUBLIC OFFICIALS AND COLLECTIVE BARGAINING:</p> <p>6.An official of the state or of a political subdivision of the state may not enter into a collective bargaining contract with a labor organization regarding wages, hours, or conditions of employment of public employees.</p> <p>A contract entered into in violation of Subsection 617.002(a) is void.</p> <p>An official of the state or of a political subdivision of the state may not recognize a labor organization as the bargaining agent for a group of public employees.</p>	<p>Texas Gov't Code 617.002</p>	<p>Compliance.</p>
<p>BOND AGREEMENTS WITH PRIME CONTRACTORS:</p> <p>7.A governmental entity that makes a public work contract with a prime contractor shall require the contractor, before beginning the work, to execute to the governmental entity:</p> <ol style="list-style-type: none"> a performance bond if the contract is in excess of \$100,000; and a payment bond if: <ol style="list-style-type: none"> the contract is in excess of \$25,000, and the governmental entity is not a municipality or a joint board created under Subchapter D, Chapter 22, Transportation Code; or the contract is in excess of \$50,000, and the governmental entity is a municipality or a joint board created under Subchapter D, Chapter 22, Transportation Code. <p>The performance bond is:</p> <ol style="list-style-type: none"> solely for the protection of the state or governmental entity awarding the public work contract; in the amount of the contract; and conditioned on the faithful performance of the work in accordance with the plans, specifications, and contract documents. <p>The payment bond is:</p> <ol style="list-style-type: none"> solely for the protection and use of payment bond beneficiaries who have a direct contractual relationship with the prime contractor or a subcontractor to supply public work labor or material; and in the amount of the contract. A bond required by this section must be executed by a corporate surety in accordance with Section 1, Chapter 87, Acts of the 56th Legislature, Regular Session, 1959 (Article 7.19-1, Vernon's Texas Insurance Code). <p>A bond executed for a public work contract with the state or a department, board, or agency of the state must be payable to the state and its form must be approved by the attorney general. A bond executed for a public</p>	<p>Texas Gov't Code 2253.021(a)</p> <p>Texas Gov't Code 2253.021(b) 2253.021(c) 2253.021(d) 2253.021(e) 2253.021(f) 2253.027(a)</p>	<p>Compliance.</p>

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
<p>work contract with another governmental entity must be payable to and its form must be approved by the awarding governmental entity.</p> <p>A bond required under this section must clearly and prominently display on the bond or on an attachment to the bond:</p> <ul style="list-style-type: none"> a) the name, mailing address, physical address, and telephone number, including the area code, of the surety company to which any notice of claim should be sent; or b) the toll-free telephone number maintained by the Texas Department of Insurance under Subchapter B, Chapter 521, Insurance Code, and a statement that the address of the surety company to which any notice of claim should be sent may be obtained from the Texas Department of Insurance by calling the toll-free telephone number. <p>If a governmental entity fails to obtain from a prime contractor a payment bond as required by Section 2253.021:</p> <ul style="list-style-type: none"> a) the entity is subject to the same liability that a surety would have if the surety had issued a payment bond and if the entity had obtained the bond; and b) a payment bond beneficiary is entitled to a lien on money due to the prime contractor in the same manner and to the same extent as if the public work contract were subject to Subchapter J, Chapter 53, Property Code. 		
<p>WAGE REQUIREMENTS FOR AN AWARDED CONTRACT:</p> <p>8. For a contract for a public work awarded by a political subdivision of the state, the public body shall determine the general prevailing rate of per diem wages in the locality in which the public work is to be performed for each craft or type of worker needed to execute the contract and the prevailing rate for legal holiday and overtime work by:</p> <ul style="list-style-type: none"> a) conducting a survey of the wages received by classes of workers employed on projects of a character similar to the contract work in the political subdivision of the state in which the public work is to be performed; or b) using the prevailing wage rate as determined by the United States Department of Labor in accordance with the Davis- Bacon Act (40 U.S.C. Section 276a et seq.), and its subsequent amendments. c) The public body must determine the general prevailing rate of per diem wages as a sum certain, expressed in dollars and cents. d) A public body shall specify in the call for bids for the contract and in the contract itself, the wage rates determined under this section. 	<p>Texas Gov't Code 2258.022(a)</p> <p>Texas Gov't Code 2258.022(c) 2258.022(d)</p>	<p>Compliance.</p>

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
GRANTS AND LOANS: 9. May contract with any person. May accept a grant or loan from any person.	Texas Trans Code 451.055 (a) (b)	Compliance.
UTILITIES AND CARRIER AGREEMENTS: 10. An authority may agree with any other public or private utility, communication system, common carrier, or transportation system for: (1) the joint use of the property of the agreeing entities in the authority; or (2) the establishment of through routes, joint fares, or transfers of passengers	Texas Trans Code 451.060	Compliance.

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
Section 6. Energy Efficiency Compliance		
IMPLEMENTATION OF ENERGY EFFICIENT STANDARDS: a) Each political subdivision, institution of higher education, or state agency shall implement all energy efficiency measures that meet the standards established for a contract for energy conservation measures under Section 302.004(b) Local Government Code, in order to reduce electricity consumption by the existing facilities of the entity.	Texas Health and Safety Code 388.005(b)	Partial Compliance. Energy measures were implemented, yet supporting documentation verifying compliance with state standards was not provided.
IMPLEMENTATION OF ENERGY EFFICIENCY GOALS: b) Each political subdivision, institution of higher education, or state agency shall establish a goal to reduce the electric consumption by the entity by at least five percent each state fiscal year for seven (7) years, beginning September 1, 2019.	Texas Health and Safety Code 388.005(c)	Not Compliant. Documentation to confirm the goal for reduction in electric consumption was not provided.
ANNUAL REPORTING OF GOALS, EFFORTS AND PROGRESS TO THE STATE ENERGY CONSERVATION OFFICE: c) A political subdivision, institution of higher education, or state agency that does not attain the goals established under Subsection (c) must include in the report required by Subsection (e) justification that the entity has already implemented all available cost-effective measures. An entity that submits a report under this subsection indicating that the entity has reviewed its available options, has determined that no additional measures are cost-effective, and has already implemented all available cost-effective measures is exempt from the annual reporting requirement of Subsection (e) if a subsequent report would indicate no change in status. An entity may be required to provide notice that it is exempt to the State Energy Conservation Office. A political subdivision, institution of higher education, or state agency annually shall report to the State Energy Conservation Office, on forms provided by that office, regarding the entity's goal, the entity's efforts to meet the goal, and progress the entity has made under this section. The State Energy Conservation Office shall provide assistance and information to the entity to help the entity meet goals established under this section. The office must develop and make available a standardized form for	Texas Health and Safety Code 388.005(d)-(e)	Not Compliant. METRO has not submitted annual reports to the State Energy Conservation Office regarding their goal to reduce electrical consumption by five percent each fiscal year.

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reporting purposes.		
ENERGY SAVINGS PERFORMANCE CONTRACTS:		
d) An energy savings performance contract shall contain provisions requiring the provider of the energy or water conservation or usage measures to provide a guarantee. If the term of the contract exceeds one year, the local government's contractual obligations in any one year during the term of the contract beginning after the final date of installation may not exceed the total energy and water savings, the net operating cost savings, and the stipulated or agreed upon increase in billable revenues resulting from the estimated increase in meter accuracy, divided by the number of years in the contract term.	Texas Local Government Code 302.004(b)	Not Applicable. METRO has not executed an energy savings performance contract.

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
Section 7. Finance and Administration Compliance		
AUTHORITY BOND ISSUANCE:	Texas Trans Code 451.352(a)	Compliance.
1. An authority may issue bonds at any time and for any amounts, it considers necessary or appropriate for the acquisition, construction, repair, equipping, improvement, or extension of its transit authority system.		
IMPOSITION OF CHARGES TO COVER EXPENSES AND BOND OBLIGATIONS:	Texas Trans Code 451.061(a)	Compliance.
2. An authority shall impose reasonable and nondiscriminatory fares, tolls, charges, rents, and other compensation for the use of the transit authority system sufficient to produce revenue, together with tax revenue received by the authority, in an amount adequate to: a) pay all the expenses necessary to operate and maintain the transit authority system; b) pay when due the principal of and interest on, and sinking fund and reserve fund payments agreed to be made with respect to, all bonds that are issued by the authority and payable in whole or part from the revenue; and c) fulfill the terms of any other agreement with the holders of bonds described by Subdivision (2) or with a person acting on behalf of the bondholders.		
TAXES LEVIED CANNOT BE IN EXCESS	Texas Trans Code 451.061(b)	Compliance.
3. Taxes levied and the rates, fares, tolls, charges, rents and other compensation for the use of the facilities of the system shall not be in excess of what may be necessary to fulfill the obligations imposed upon the authority by this Act.		
BONDS ARE FULLY NEGOTIABLE AND MAY BE REDEEMED EARLY	Texas Trans Code 451.353(a)	Compliance.
4. An authority's bonds are fully negotiable. An authority may make the bonds redeemable before maturity at the price and subject to the terms and conditions that are provided in the authority's resolution authorizing the bonds. An authority's bonds may be sold at a public or private sale as determined by the board to be the more advantageous.	451.354	
SUBMISSION OF BONDS TO ATTORNEY GENERAL EXAMINATION:	Texas Trans Code 451.355(a)	Compliance.
5. Prior to delivery thereof, all bonds and notes authorized to be issued hereunder and the records relating to their issuance shall be submitted to the Attorney General of Texas for examination.	451.362(b)–(c)	
REFUNDING BONDS ISSUANCE:	Texas Trans Code 451.359	Compliance.
6. Refunding bonds or notes may be issued for the purposes and in the manner provided by general law,		

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including, chapter 1207, government code.		
ISSUANCE OF BONDS CRITERIA 7. The board, by resolution, may authorize the issuance of bonds payable solely from revenue. Bonds, any portion of which is payable from taxes, may not be issued until authorized by a majority of the votes received in an election ordered and held for that purpose.	Texas Trans Code 451.352(b)-(c)	Compliance.
BOARD ISSUANCE OF SHORT-TERM BONDS: 8. Notwithstanding other provisions of this chapter and except as provided by Subsections (c) and (d), the board, by order or resolution, may issue bonds that are secured by revenue or taxes of the authority if the bonds: (1) have a term of not more than 12 months; and (2) are payable only from revenue or taxes received on or after the date of their issuance and before the end of the fiscal year following the fiscal year in which the bonds are issued. In an authority in which the principal municipality has a population of 1.5 million or more, bonds may have a term of not more than five years. The bonds are payable only from revenue on taxes received on or after the date of their issuance.	Texas Trans Code 451.362(a) Texas Trans Code 451.362(c)	Not Applicable. Bonds issued were voter approved and were not short term.
BOARD ORDER OF ELECTION TO INCREASE TAX RATE: 9. The board of an authority by order may decrease the local sales and use tax rate or may call an election to increase or decrease the local sales and use tax rate. The board may order an election to increase the authority's sales and use tax rate. If the board has reduced the rate of the authority's sales and use tax without election, the board, by order, may increase the rate to a rate not in excess of the rate before the ordered decrease.	Texas Trans Code 451.407 451.408(a) 451.408(c)	Not Applicable. METRO did not increase or decrease the local sales and use tax rate during the audit period.
DEPOSITORY BANK REQUIREMENTS: 10. All funds of the authority shall be deposited in the depository bank or banks unless otherwise required by orders or resolutions authorizing the issuance of the authority's bonds or notes. To the extent that funds in the depository bank or banks are not insured by the Federal Deposit Insurance Corporation, they shall be secured in the manner provided by law for the security of funds of counties of the State of Texas. The board by resolution may authorize a designated representative to supervise the substitution of securities	Texas Trans Code 451.105(b) 451.105(c) 451.101(10)	Compliance.

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<p>pledge to secure the authorities funds.</p> <p>BOARD BUDGET CRITERIA:</p> <p>11. A board shall adopt an annual operating budget of all major expenditures by type and amount. The board shall adopt the budget before the beginning of the fiscal year to which the budget applies and before the authority may conduct any business in the fiscal year.</p> <p>11.a The board shall hold a public hearing on a proposed annual operating budget before adopting the budget and shall, at least 14 days before the date of the hearing, make the proposed budget available to the public.</p> <p>11.b The board after public notice and a hearing may by order amend an annual operating budget.</p> <p>11.c An authority may not spend for operations money in excess of the total amount specified for operating expenses in the annual operating budget.</p>	<p>Texas Trans Code 451.102(a) 451.102(b) 451.102(c) 451.103</p>	<p>Compliance.</p>
<p>FINANCIAL AUDIT GUIDELINES:</p> <p>12. The board of an authority to which this section applies shall have prepared a financial audit of the affairs of the authority by an independent certified public accountant or a firm of independent certified public accountants.</p> <p>12a. The board of the authority shall deliver a copy of the report of an audit performed under this section to: (1) the governor; (2) the lieutenant governor; (3) the speaker of the house of representatives; (4) the state auditor; (5) the county judge of each county having territory in the authority; and (6) the presiding officer of the governing body of each municipality having territory in the authority.</p>	<p>Texas Trans Code 451.451(a) 451.452(a)</p>	<p>Non-compliant.</p> <p>METRO provided proof of delivery of the annual financial audit reports to the designated agencies for FY 2020, but not for FY 2021, FY 2022 and FY 2023.</p>
<p>QUADRENNIAL PERFORMANCE AUDIT COMPLIANCE REQUIREMENT:</p> <p>13. The board of an authority in which the principal city has a population of more than 1,900,000 or less than 850,000 shall contract at least once every four years for a performance audit of the authority to be conducted by a firm that has experience in reviewing the performance of transit agencies.</p>	<p>Texas Trans Code 451.454(a)</p>	<p>Compliance.</p>
<p>QUADRENNIAL PERFORMANCE AUDIT SUBJECT DETERMINATION:</p> <p>14. The board shall determine one or more subjects for a particular audit from among the subjects of management of the authority, transit operations, and system maintenance. Each of those subjects must be examined at least once in every third performance audit.</p>	<p>Texas Trans Code 451.454(c)(1) 451.454(d)</p>	<p>Compliance.</p>

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PERFORMANCE AUDIT CRITERIA: 15. Each performance audit must include an examination of the authority's compliance with this Chapter and other applicable state law and of the following performance indicators: (1) operating cost per passenger, per revenue mile, and per revenue hour; (2) sales and use tax receipts per passenger; (3) fare recovery rate; (4) average vehicle occupancy; (5) on-time performance; (6) the number of accidents per 100,000 miles; and (7) the number of total miles between mechanical road calls.	Texas Trans Code 451.454(c)(2) 451.454(c)(3)	Compliance.
AUTHORITY WRITTEN RESPONSE TO PERFORMANCE AUDIT: 16. An authority for which a performance audit is conducted under this section shall prepare a written response to the report of the performance audit. The response must include each proposal for action relating to recommendations included in the report, whether the proposal for action is pending, adopted, or rejected.	Texas Trans Code 451.456(a)	Compliance.
PUBLIC HEARING REQUIREMENT FOR PERFORMANCE AUDIT: 17. The authority shall conduct a public hearing on each performance audit report conducted under this section and the authority's response. The authority shall publish notice of the hearing in a newspaper with general circulation in the area included within the authority 14 days before the date of the hearing. The authority also shall make copies of the report and response available for public inspection at authority offices.	Texas Trans Code 451.456(b)(c)	Compliance.
DISTRIBUTION OF PERFORMANCE AUDIT REPORT: 18. A copy of each report of a performance audit conducted under this section and the response of the authority shall be delivered to the governor, the lieutenant governor, the speaker of the house of representatives, the state auditor, the presiding officer of the governing body of each county and municipality having territory included within the authority, and each member of the state legislature whose district includes territory within the authority. The copies shall be delivered before February 1, of every second odd-numbered year.	Texas Trans Code 451.457	Partial Compliance. METRO provided verification that the 2021 performance audit report was emailed to the appropriate government recipients. However, the performance audit report was submitted after the February 1, 2021,

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		deadline.
<p>WRITTEN INVESTMENT POLICY REQUIREMENTS:</p> <p>19. The governing body of an investing entity shall adopt by rule, order, ordinance, or resolution, as appropriate, a written investment policy regarding the investment of its funds and funds under its control. The investment policies must:</p> <ul style="list-style-type: none"> a) be written; b) primarily emphasize safety of principal and liquidity; c) address investment diversification, yield, and maturity and the quality and capability of investment management; and d) include: <ul style="list-style-type: none"> 1. a list of the types of authorized investments in which the investing entity's funds may be invested; 2. the maximum allowable stated maturity of any individual investment owned by the entity; 3. for pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio; 4. methods to monitor the market price of investments acquired with public funds; 5. a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis; and 6. procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provisions of Section 2256.021. <p>(i) An investment officer of an entity who has a personal business relationship with a business organization offering to engage in an investment transaction with the entity shall file a statement disclosing that personal business interest. An investment officer who is related within the second degree by affinity or consanguinity, as determined under Chapter 573, to an individual seeking to sell an investment to the investment officer's entity shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the governing body of the entity. For purposes of this subsection, an investment officer has a personal business relationship with a business organization if:</p> <p>(1) the investment officer owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;</p>	<p>Texas Gov't Code 2256.005(a)-(d), (i), (m)</p>	<p>Compliance.</p>

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<p>(2) funds received by the investment officer from the business organization exceed 10 percent of the investment officer's gross income for the previous year; or</p> <p>(3) the investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer.</p> <p>(m) An investing entity other than a state agency, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the entity's established investment policies.</p>		
<p>INVESTMENT OFFICER REQUIREMENTS:</p> <p>20. The treasurer, the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of a local government shall:</p> <p>a) attend at least one training session from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government and containing at least 10 hours of instruction relating to the treasurer's or officer's responsibilities under this subchapter within 12 months after taking office or assuming duties; and</p> <p>b) except as provided by Subsections (b) and (e), attend an investment training session not less than once in a two- year period that begins on the first day of that local government's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than 10 hours of instruction relating to investment responsibilities under this subchapter from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government.</p>	<p>Texas Gov't Code 2256.008(a)</p>	<p>Compliance.</p>
<p>WRITTEN INVESTMENT REPORT REQUIREMENTS:</p> <p>21. Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of investment transactions for all funds covered by this chapter for the preceding reporting period.</p>	<p>Texas Gov't Code 2256.023(a)</p>	<p>Compliance.</p>
<p>INVESTMENT SECURITY REQUIREMENTS FOR PUBLIC FUNDS DEPOSITS:</p> <p>22. A deposit of public funds shall be secured by eligible security to the extent and in the manner required by this chapter.</p>	<p>Texas Gov't Code 2257.021 2257.023</p>	<p>Compliance.</p>

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<p>In accordance with a written policy approved by the governing body of the public entity, a public entity shall determine if an investment security is eligible to secure deposits of public funds.</p> <p>The written policy may include:</p> <ul style="list-style-type: none"> a) the security of the institution that obtains or holds an investment security; b) the substitution or release of an investment security; and c) the method by which an investment security used to secure a deposit of public funds is valued. 		
<p>RECORD REQUIREMENT FOR INVESTMENT SECURITIES AND PUBLIC FUNDS:</p> <p>23. A public entity's depository shall maintain a separate, accurate, and complete record relating to a pledged investment security, a deposit of public funds, and a transaction related to a pledged investment security.</p> <p>A depository for a state agency shall deposit with a custodian a security pledged to secure a deposit of public funds. The custodian and the state agency shall agree in writing on the terms and conditions for securing a deposit of public funds.</p>	<p>Texas Gov't Code 2257.025(a) 2257.041(c)</p>	<p>Compliance.</p>
<p>PAYMENT GUIDELINES FOR CONTRACTS:</p> <p>24. A payment by a governmental entity under a contract executed on or after September 1, 1987, is overdue on the 31st day after the later of:</p> <ul style="list-style-type: none"> a) the date the governmental entity receives the goods under the contract; b) the date the performance of the service under the contract is completed; or c) the date the governmental entity receives an invoice for the goods or service. <p>A payment under a contract executed on or after September 1, 1993, owed by a political subdivision whose governing body meets only once a month or less frequently is overdue on the 46th day after the later event described by 2251.021 Subsections (a)(1) through (3).</p>	<p>Texas Gov't Code 2251.021(a)-(b)</p>	<p>Compliance.</p>
<p>INVOICE ERROR REMEDIATION GUIDELINES:</p> <p>25. A governmental entity shall notify a vendor of an error in an invoice submitted for payment by the vendor not later than the 21st day after the date the entity receives the invoice. If a dispute is resolved in favor of the vendor, the vendor is entitled to receive interest on the unpaid balance of the invoice submitted by the vendor beginning on the date under Section 2251.021 that the payment for the invoice is overdue.</p>	<p>Texas Gov't Code 2251.042</p>	<p>Compliance.</p>

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<p>If a dispute is resolved in favor of the governmental entity, the vendor shall submit a corrected invoice that must be paid in accordance with Section 2251.021. The unpaid balance accrues interest as provided by this chapter if the corrected invoice is not paid by the appropriate date.</p>		
<p>COMPUTATION OF PERFORMANCE INDICATORS:</p> <p>26. (a) An authority's operating cost per passenger is computed by dividing the authority's annual operating cost by the passenger trips for the same period.</p> <p>1. (b) The sales and use tax receipts per passenger are computed by dividing the annual receipts from authority sales and use taxes by passenger trips for the same period.</p> <p>2. (c) The operating cost per revenue hour is computed by dividing the annual operating cost by the total of scheduled hours that authority revenue vehicles are in revenue service for the same period.</p> <p>3. (d) The operating cost per revenue mile is computed by dividing the annual operating cost by the number of miles traveled by authority revenue vehicles while in revenue service for the same period.</p> <p>4. (e) The fare recovery rate is computed by dividing the annual revenue, including fares, tokens, passes, tickets, and route guarantees, provided by passengers and sponsors of passengers of revenue vehicles, by the operating cost for the same period. Charter revenue, interest income, advertising income, and other operating income are excluded from revenue provided by passengers and sponsors of passengers.</p> <p>5. (f) The average vehicle occupancy is computed by dividing the annual passenger miles by the number of miles traveled by authority revenue vehicles while in revenue service for the same period. The annual passenger miles are computed by multiplying the annual passenger trips and the average distance ridden by passengers during the same period.</p> <p>6. (g) On-time performance is computed by determining an annual percentage of revenue vehicle trips of revenue vehicles that depart from selected locations at a time not earlier than the published departure time and not later than five minutes after that published time.</p> <p>7. (h) The number of collisions per 100,000 miles is computed by multiplying the annual number of collisions by 100,000 and dividing the product by the number of miles for all service, including charter and nonrevenue service, directly operated by the authority for the same period. In this subsection, "collision" includes:</p> <p>8. (1) a collision that involves an authority's revenue vehicle, other than a lawfully parked revenue vehicle, and that results in property damage, injury, or death; and</p> <p>9. (2) an incident that results in the injury or death of a person on board or boarding or alighting from an authority's revenue vehicle.</p> <p>10. (i) The number of miles between mechanical road calls is computed by dividing the annual number of miles for all service directly operated by an authority, including charter and nonrevenue service, by the number of mechanical road calls for the same period. In this subsection, "mechanical road call" means</p>	<p>Texas Trans Code 451.455</p>	<p>Compliance.</p>

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an interruption in revenue service that is caused by revenue vehicle equipment failure that requires assistance from a person other than the vehicle operator before the vehicle can be operated normally.		
BONDS INCONTESTABILITY: 27. Bonds are incontestable after they are: (1) approved by the attorney general; (2) registered by the comptroller; and (3) sold and delivered to the purchaser	Texas Trans Code 451.356	Compliance.
SECURITY PLEDGED: 28.a) To secure the payment of an authority's bonds, the authority may: (1) pledge all or part of revenue realized from any tax that the authority may impose; (2) pledge all or part of the revenue of the transit authority system; and (3) mortgage all or part of the transit authority system, including any part of the system subsequently acquired. (b) Under Subsection (a)(3) an authority may, subject to the terms of the bond indenture or the resolution authorizing the issuance of the bonds, encumber a separate item of the transit authority system and acquire, use, hold, or contract for the property by lease, chattel mortgage, or other conditional sale including an equipment trust transaction. (c) An authority may not issue bonds secured by ad valorem tax revenue. (d) An authority is not prohibited by this subchapter from encumbering one or more transit authority systems to purchase, construct, extend, or repair one or more other transit authority systems.	Texas Trans Code 451.357	Compliance.
PLEDGE OF REVENUE LIMITED BONDS: 29. The expenses of operation and maintenance of a transit authority system, including salaries, labor, materials, and repairs necessary to provide efficient service and every other proper item of expense, are a first lien and charge against any revenue of a transit authority system that is encumbered under this chapter.	Texas Trans Code 451.358	Compliance.
BONDS AS AUTHORIZED INVESTMENTS: 30. (a) An authority's bonds are authorized investments for: (1) a bank; (2) a savings bank; (3) a trust company; (4) a savings and loan association; and (5) an insurance company. (b) The bonds, when accompanied by all appurtenant, unmatured coupons and to the extent of the lesser of	Texas Trans Code 451.360	Compliance.

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their face value or market value, are eligible to secure the deposit of public funds of this state, a political subdivision of this state, and any other political corporation of this state.		
EXCHANGE OF BONDS FOR EXISTING SYSTEM: 31. An authority's revenue bonds may be exchanged, in lieu of cash, for the property of all or part of an existing transit authority system to be acquired by the authority. If the property is owned by a corporation that will dissolve simultaneously with the exchange, the authority may acquire the stock of the corporation.	Texas Trans Code 451.361	Compliance.

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Section 8. Open Meetings and Public Information Compliance		
OPEN MEETING MINUTES REQUIREMENTS: 1. A governmental body shall prepare and keep minutes or make a tape recording of each open meeting of the body. The minutes must: a) state the subject of each deliberation; and b) indicate each vote, order, decision, or other action taken.	Texas Gov't Code 551.021	Compliance.
AVAILABILITY OF OPEN MEETING MINUTES: Minutes and tape recordings of open meeting: public record. The minutes and tape recordings of an open meeting are public records and shall be available for public inspection and copying on request to the governmental body's chief administrative officer or the officer's designee.	Texas Gov't Code 551.022	Compliance.
WEBSITE POSTING REQUIREMENT FOR PUBLIC MEETINGS: 2. This section applies only to a governmental body or economic development corporation that maintains an Internet website or for which an Internet website is maintained. In addition to the other place at which notice is required to be posted by this subchapter, the following governmental bodies and economic development corporations must also concurrently post notice of a meeting on the Internet website of the governmental body or economic development corporation: (6) a regional mobility authority included within the meaning of an "authority" as defined by Section 370.003, Transportation Code. The following governmental bodies and economic development corporations must also concurrently post the agenda for the meeting on the Internet website of the governmental body or economic development corporation: (6) a regional mobility authority included within the meaning of an "authority" as defined by Section 370.003, Transportation Code.	Texas Gov't Code 551.056(a) 551.056(b)(6)	Compliance.
EXCEPTIONS TO OPEN MEETING REQUIREMENT: 3. This chapter does not require a governmental body to conduct an open meeting: a) to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or	Texas Gov't Code 551.056(c)(6) Texas Gov't Code 551.074(a)	Compliance.

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b) to hear a complaint or charge against an officer or employee.		
UNLAWFUL RECORDING OF A CLOSED MEETING: 4. An individual, corporation, or partnership that without lawful authority knowingly discloses to a member of the public agenda or tape recording of a meeting that was lawfully closed to the public under this chapter: a) commits an offense; and b) is liable to a person injured or damaged by the disclosure for: 1. actual damages, including damages for personal injury or damage, lost wages, defamation, or mental or other emotional distress; 2. reasonable attorney fees and court costs; and 3. at the discretion of the trier of fact, exemplary damages.	Texas Gov't Code 551.146(a)	Compliance.
TRAINING REQUIREMENT FOR PUBLIC OFFICIALS: 5. Each elected or appointed public official who is a member of a governmental body subject to this chapter shall complete a course of training of not less than one and not more than two hours regarding the responsibilities of the governmental body and its members under this chapter not later than the 90th day after the date the member (takes oath or starts working)	Texas Gov't Code 551.005(a)	Compliance.
COMPLETION OF TRAINING CERTIFICATE REQUIREMENT: 6. The office of the attorney general or any other entity providing the training shall provide a certificate of course completion to persons who complete the training required by this section. A governmental body shall maintain and make available for public inspection the record of its members' completion of the training.	Texas Gov't Code 551.005(c)	Compliance.
ELIGIBLE PUBLIC OFFICIALS 7. This section applies to an elected or appointed public official who is: a) a member of a multimember governmental body; b) the governing officer of a governmental body that is headed by a single officer rather than by a multimember governing body; or c) the officer for public information of a governmental body, without regard to whether the officer is elected or appointed to a specific term.	Texas Gov't Code 552.012(a)	Compliance.
TRAINING REQUIREMENT FOR ELIGIBLE PUBLIC OFFICIALS: 8. Each public official shall complete a course of training of not less than one and not more than two hours regarding the responsibilities of the governmental body with which the official serves and its officers and employees under this chapter not later than the 90th day after the date the public official: a) takes the oath of office, if the person is required to take an oath of office to assume the person's duties as a	Texas Gov't Code 552.012(b)	Compliance.

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public official; or b) otherwise assumes the person's duties as a public official, if the person is not required to take an oath of office to assume the person's duties.		
PUBLIC INFORMATION COORDINATOR DESIGNATION: 9. A public official may designate a public information coordinator to satisfy the training requirements of this section for the public official if the public information coordinator is primarily responsible for administering the responsibilities of the public official or governmental body under this chapter. Designation of a public information coordinator under this subsection does not relieve a public official from the duty to comply with any other requirement of this chapter that applies to the public official. The designated public information coordinator shall complete the training course regarding the responsibilities of the governmental body with which the coordinator serves and of its officers and employees under this chapter not later than the 90th day after the date the coordinator assumes the person's duties as coordinator.	Texas Gov't Code 552.012(c)	Compliance.
EXCEPTIONS TO OPEN MEETING REQUIREMENT: 10. Except as otherwise provided in this Act or specifically permitted in the Constitution, every regular, special, or called meeting or session of every governmental body shall be open to the public. 11a. If a closed meeting is allowed under this chapter, a governmental body may not conduct the closed meeting unless a quorum of the governmental body first convenes in an open meeting for which notice has been given as provided by this chapter and during which the presiding officer publicly: a) announces that a closed meeting will be held; and b) identifies the section or sections of this chapter under which the closed meeting is held.	Texas Gov't Code 551.002 551.101	Compliance.
EXCLUSION OF WITNESSES 11. A governmental body may exclude any witness or witnesses from a hearing during examination of another witness in the matter being investigated.	Texas Gov't Code 551.084	Not Applicable. No witnesses were excluded from any public hearings.
PRIVATE CONSULTATION ALLOWANCES: 12. Private consultations between a governmental body and its attorney are not permitted except in those instances in which the body seeks the attorney's advice with respect to pending or contemplated litigations, settlement offers and matters where the duty of a public body's counsel to his client, pursuant to the Code of Professional Responsibility of the State Bar of Texas, clearly conflicts with this Act.	Texas Gov't Code 551.071	Compliance.
CLOSED MEETING REQUIREMENTS: 13. A governmental body may conduct a closed meeting to deliberate the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position	Texas Gov't Code 551.072	Compliance.

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
<p>of the governmental body in negotiations with a third person.</p> <p>A governmental body may conduct a closed meeting to deliberate a negotiated contract for a prospective gift or donation to the state or the governmental body if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.</p>	551.073	
<p>RECORDING OF OPEN MEETINGS:</p> <p>14. A person in attendance may record all or any part of an open meeting of a governmental body by means of a recorder, video camera, or other means of aural or visual reproduction.</p> <p>A governmental body may adopt reasonable rules to maintain order at a meeting, including rules relating to</p> <ul style="list-style-type: none"> a) the location of recording equipment; and b) the manner in which the recording is conducted. <p>A rule adopted under Subsection (b) may not prevent or unreasonably impair a person from exercising a right granted under Subsection (a).</p>	Texas Gov't Code 551.023	Not Applicable. METRO board did not adopt new rules or regulations.
<p>DECISIONS ON CLOSED MEETINGS DURING AN OPEN MEETING:</p> <p>15. A final action, decision, or vote on a matter deliberated in a closed meeting under this chapter may only be made in an open meeting that is held in compliance with the notice provisions of this chapter.</p>	Texas Gov't Code 551.102	Compliance.
<p>CERTIFIED AGENDA FOR CLOSED MEETINGS:</p> <p>16. For each of its meetings that are closed to the public, except for consultations in accordance with Section 551.071 of this Act, a governmental body shall keep a certified agenda of the proceedings.</p> <p>The presiding officer must certify that the agenda kept under Subsection (a) of the section is a true and correct record of the proceedings.</p> <p>The certified agenda shall include a statement of the subject matter of each deliberation; a record of any further action taken; and an announcement by the presiding officer at the beginning and the end of the meeting indicating the date and time.</p> <p>A tape recording made under Subsection (a) must include announcements by the presiding officer at the beginning and the end of the meeting indicating the date and time.</p>	Texas Gov't Code 551.103	Compliance.

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
<p>CERTIFIED AGENDA AVAILABILITY:</p> <p>17. The certified agenda or tape shall be available for in camera inspection by the judge of a district court if litigation has been initiated involving an alleged violation of this Act.</p> <p>The district court may admit all or part of the certified agenda or tape as evidence, on entry of a final judgment.</p> <p>The district court may grant legal or equitable relief it considers appropriate, including an order that the governmental body make available to the public the certified agenda or tape of any part of a meeting that was required to be open under this chapter.</p> <p>The certified agenda of closed or executive sessions shall be made available for public inspection and copying only upon court order in an action brought under this Act.</p>	<p>Texas Gov't Code 551.104(b) 551.104(c)</p>	<p>Compliance.</p>
<p>PRESERVATION OF CERTIFIED AGENDAS:</p> <p>18. The governmental body shall preserve the certified agenda or tape for at least two years after the date of the meeting.</p> <p>If an action involving the meeting is commenced during the required preservation period, the certified agenda or tape shall be preserved pending the outcome of the action.</p>	<p>Texas Gov't Code 551.104(a)</p>	<p>Compliance.</p>
<p>19. No member of a governmental body shall participate in a meeting of the governmental body closed to the public knowing that a certified agenda of the meeting is not being kept or tape recording is not being made. (A person who violates this subsection commits a Class C misdemeanor).</p> <p>An action taken by a governmental body in violation of Chapter 551 is voidable.</p>	<p>Texas Gov't Code 551.145 551.141</p>	<p>Compliance.</p>
<p>PROPER MEETING DOCUMENTATION AND REPORTING:</p> <p>20. A governmental body shall give written notice of the date, hour, place, and subject of each meeting held by the governmental body.</p> <p>If, at a meeting of a governmental body, a member of the public or of the governmental body inquires about a subject for which notice has not been given as required by this subchapter, the notice provisions of this subchapter do not apply to:</p> <p>a) a statement of specific factual information given in response to the inquiry; or</p> <p>b) a recitation of existing policy in response to the inquiry.</p>	<p>Texas Gov't Code 551.041 551.042</p>	<p>Compliance.</p>

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
Any deliberation of or decision about the subject of the inquiry shall be limited to a proposal to place the subject on the agenda for a subsequent meeting.		
PHYSICAL POSTING OF MEETING NOTICE: 21. The governing body of a water district or other district or political subdivision that extends into fewer than four counties shall: a) post notice of each meeting at a place convenient to the public in the administrative office of the district or political subdivision; and b) either provide notice of each meeting to the county clerk of each county in which the district or political subdivision is located or post notice of each meeting on the district's or political subdivision's Internet website.	Texas Gov't Code 551.054(a)	Compliance.
GUIDELINES FOR THE PHYSICAL POSTING OF MEETING NOTICE: 22. Notice of a meeting must be posted in a place readily accessible to the general public at all times for at least 72 hours before the scheduled time of the meeting. If this chapter specifically requires or allows a governmental body to post notice of a meeting on the Internet: a) the governmental body satisfies the requirement that the notice must be posted in a place readily accessible to the general public at all times by making a good-faith attempt to continuously post the notice on the Internet during the prescribed period; b) the governmental body must still comply with any duty imposed by this chapter to physically post the notice at a particular location; and c) if the governmental body makes a good-faith attempt to continuously post the notice on the Internet during the prescribed period, the notice physically posted at the location prescribed by this chapter must be readily accessible to the general public during normal business hours. In addition to notice required by Chapter 551, Gov't Code, the and shall post a board meeting notice in the authority's administrative offices and at the courthouse of the most populous county in which the principal municipality of the authority is located, each on a bulletin board at a place convenient to the public. In case of emergency or urgent public necessity, which shall be clearly identified in the notice, it shall be sufficient if the notice is posted two hours before the meeting is convened. Cases of emergency and urgent public necessity are limited to imminent threats to public health and safety or reasonably unforeseeable	Texas Gov't Code 551.043(a) 551.043(b) Texas Trans Code 451.518 Texas Gov't Code 551.045	Compliance.

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
situations requiring immediate action by the governmental body.		
<p>REQUEST TO THE ATTORNEY GENERAL FOR DISCLOSURE OF EXEMPT INFORMATION:</p> <p>23. If a governmental body determines that information covered by a special right of access under section 552.023 is exempt from disclosure under any other exception under Subchapter C, the governmental body shall, before disclosing the information, submit a written request for a decision to the attorney general under the procedures of this subchapter.</p> <p>If a decision is not so requested, the governmental body shall release the information to the person with a special right of access under this section within 10 days of receiving the request for information.</p>	<p>Texas Gov't Code 552.307(a) 552.307(b)</p>	<p>Compliance.</p>
<p>GUIDELINES FOR TIME SENSITIVE PUBLIC INFORMATION REQUESTS:</p> <p>24. On application of public information to the officer for public records in a governmental body by any person, the officer for public records shall promptly produce such information for inspection or duplication, or both, in the offices of the governmental body or sending copies by first class U.S. mail if so requested and the requestor pays the postage and any other applicable charges accrued under Subchapter F.</p> <p>If the information is in active use or in storage and, therefore, not available at the time a person asks to examine it, the officer for public records shall certify this fact in writing to the applicant and set a date and hour within a reasonable time when the record will be available for the exercise of the right given by this Act.</p> <p>If an officer for public information cannot produce public information for inspection or duplication within 10 business days after the date the information is requested under Subsection (a), the officer shall certify that fact in writing to the requestor and set a date and hour within a reasonable time when the information will be available for inspection or duplication.</p>	<p>Texas Gov't Code 552.221</p>	<p>Compliance.</p>
<p>EXTENSION FOR PUBLIC INFORMATION REQUEST:</p> <p>25. The officer for public information shall extend the initial examination period by an additional 10 business days if, within the initial period, the requestor files with the officer for public information a written request for additional time. The officer for public information shall extend an additional examination period by another 10 business days if, within the additional period, the requestor files with the officer for public information a written request for more additional time.</p>	<p>Texas Gov't Code 552.225(b)</p>	<p>Not Applicable.</p> <p>A random pool of written requests for information reviewed indicated that METRO did not extend the examination period or</p>

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
		request for additional time to respond to a request.
<p>INFORMATION REQUEST INTERRUPTION EXCEPTION:</p> <p>26. The time during which a person may examine information may be interrupted by the officer for public records if the information is needed for use by the governmental body.</p>	Texas Gov't Code 552.225(c)	<p>Not Applicable.</p> <p>A random pool of written requests for information reviewed indicated that METRO did not interrupt the examination of records or request additional time.</p>
<p>ESTABLISHMENT OF THE OFFICER OF PUBLIC RECORDS:</p> <p>27. The chief administrative officer of the governmental body shall be the officer for public records.</p> <p>It shall be the duty of the officer for public records, subject to penalties provided in this Act, to see that the public records are made available for public inspection and copying; that the records are carefully protected from deterioration, alteration, mutilation, loss, or unlawful removal; and that public records are repaired, renovated, or rebind when necessary to maintain them properly.</p> <p>When records are no longer currently in use, it shall be within the discretion of the governmental body to determine a period of time for which said records will be preserved subject to state laws governing the destruction and other disposition of state and local government records.</p>	Texas Gov't Code 552.201(a) 552.203 552.004	Compliance.
<p>CRITERIA FOR THE GRANTING OF PUBLIC REQUESTS:</p> <p>28. The officer for public information and the officer's agent may not make an inquiry of a requestor except to establish proper identification or except as provided by 552.222 Subsection (b), (c), or (c-1).</p> <p>If what information is requested is unclear to the governmental body, the governmental body may ask the requestor to clarify the request. If a large amount of information has been requested, the governmental body may discuss with the requestor how the scope of a request might be narrowed, but the governmental body may not inquire into the purpose for which information will be used.</p>	Texas Gov't Code 552.222(a)-(b) 552.224	Compliance.

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<p>The officer for public records or his agent shall give, grant, and extend to the person requesting public records all reasonable comfort and facility for the full exercise of the right granted by this Act.</p>		
<p>UNIFORM TREATMENT OF PUBLIC REQUEST:</p> <p>29. The officer for public records or the officer's agent shall treat each request for information uniformly without regard to the position or occupation of the person making the request or the person on whose behalf the request is made or because the individual is a member of the media.</p>	<p>Texas Gov't Code 552.223</p>	<p>Compliance.</p>
<p>WRITTEN REQUEST GUIDELINES FOR THE RELEASE OF INFORMATION:</p> <p>30. If a governmental body receives a written request, including email and fax, for information which it considers within one of the exceptions stated in Subchapter C, but there has been no previous determination that it falls within one of the exceptions, the governmental body within a reasonable time, no later than ten calendar days, after receiving a written request must request a decision from the attorney general to determine whether the information is within that exception.</p> <p>If a governmental body does not request an attorney general decision as provided by Section 552.301 and provide the requestor with the information required by Sections 552.301(d) and (e-1), the information requested in writing is presumed to be subject to required public disclosure and must be released unless there is a compelling reason to withhold the information.</p>	<p>Texas Gov't Code 552.301(a)-(c) 552.302</p>	<p>Compliance.</p>
<p>EXCEPTIONS TO DECLINE A WRITTEN REQUEST:</p> <p>31. In cases in which a third party's privacy or property interest may be implicated, including but not limited to Sections 552.101, 552.104, 552.110, or 552.114, the governmental body may decline to release the information in order to request an attorney general opinion.</p> <p>The governmental body that requests an attorney general decision under Section 552.301 shall make a good faith attempt to notify that person of the request for the attorney general decision.</p> <p>The governmental body shall send a copy of that letter, memorandum, or brief to the person who requested the information from the governmental body. If the letter, memorandum, or brief submitted to the attorney general contains the substance of the information requested, the copy of the letter, memorandum, or brief may be a redacted copy.</p> <p>The governmental body may, but is not required to, submit its reasons why the information should be withheld or released.</p>	<p>Texas Gov't Code 552.305(a)</p> <p>552.305(d)</p> <p>552.305(e)</p> <p>552.305(c)</p>	<p>Compliance.</p>
<p>AVAILABILITY OF PUBLIC RECORDS:</p>	<p>Texas Gov't Code</p>	<p>Compliance.</p>

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<p>32. It shall be the policy of all governmental bodies to provide suitable copies in paper or electronic form, when available, of all public records within a reasonable period of time after the date copies were requested.</p> <p>Every governmental body is hereby instructed to make reasonably efficient use of each page of public records so as not to cause excessive costs for the reproduction of public records.</p>	<p>552.228 552.268</p>	
<p>COST OF PUBLIC RECORDS REQUESTS:</p> <p>33. Public records shall be furnished without charge or at a reduced charge if the governmental body determines that waiver or reduction of the fee is in the public interest because furnishing the information can be considered as primarily benefiting the general public.</p> <p>If the cost to the governmental body of processing collection of a charge exceeds the amount of the charge for providing a copy, the charge may be waived.</p>	<p>Texas Gov't Code 552.267(a) 552.267(b)</p>	<p>Compliance.</p>
<p>VIOLATION OF CONFIDENTIALITY OF INFORMATION:</p> <p>34. A person commits an offense if the person distributes information considered confidential under the terms of this chapter.</p> <p>(a-1) An officer or employee of a governmental body who obtains access to confidential information under Section 552.008 commits an offense if the officer or employee knowingly:</p> <ul style="list-style-type: none"> a) uses the confidential information for a purpose other than the purpose for which the information was received or for a purpose unrelated to the law that permitted the officer or b) employee to obtain access to the information, including solicitation of political contributions or solicitation of clients; permits inspection of the confidential information by a person who is not authorized to inspect the information; or c) discloses the confidential information to a person who is not authorized to receive the information. 	<p>Texas Gov't Code 552.352(a)</p>	<p>Compliance.</p>
<p>35. An officer for public information or the officer's agent may require a deposit or bond for payment of anticipated costs for the preparation of a copy of public information if:</p> <ul style="list-style-type: none"> a) the officer for public information or the officer's agent has provided the requestor with the written itemized statement required under Section 552.2615 detailing the estimated charge for providing the copy; and b) the charge for providing the copy of the public information specifically requested by the requestor is estimated by the governmental body to exceed: <ul style="list-style-type: none"> A. \$100, if the governmental body has more than 15 full- time employees. 	<p>Texas Gov't Code 552.263(a)</p>	<p>Not Applicable.</p> <p>A random pool of written requests for information reviewed indicated that METRO did not require the issuance of a bond for expenses related to preparing</p>

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		public information.
RULES OF PUBLIC RECORD REVIEW: 36. Each governmental body may promulgate reasonable rules of procedure by which public records may be inspected efficiently, safely, and without delay.	Texas Gov't Code 552.230	Not Applicable. METRO has not adopted new rules of procedure for public record inspection.

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
Section 9. Real Estate Compliance		
APPRAISAL REQUIREMENT FOR PROPERTY TRANSACTION: 1. An authority may hold, use, sell, lease, dispose of, and acquire, by any means, property and licenses, patents, rights, and other interests necessary, convenient, or useful to the exercise of any power under this chapter. Before an authority acquires an interest in real property for more than \$20,000, the board of the authority shall cause the property to be appraised by two appraisers working independently of each other.	Texas Trans Code 451.054(d)	Compliance.
GUIDELINES FOR PROPERTY MODIFICATION WITH EMINENT DOMAIN EXCEPTION: 2. For an act authorized by Subsection (a)(2), an authority may contract with the owner of the property to allow the owner to make the relocation, rerouting, or alteration by the owner's own means or through a contractor of the owner. The contract may provide for reimbursement of the owner for costs or payment to the contractor. Unless the power of eminent domain is exercised, an authority may not begin an activity authorized under Subsection (a) to alter or damage the property of this state, a political subdivision of this state, or a person providing a public service, inconvenience the owners of property of this state, a political subdivision of this state, or a person providing a public service, or disrupt the provision of a public service without having first received written permission from the owner of the property.	Texas Trans Code 451.058(b) 451.058(e)	Not Applicable. METRO did not execute any contracts per Director of Real Estate.
AUTHORITY COSTS DUE TO CHANGE IN INFRASTRUCTURE: 3. If an authority, through the exercise of a power under this chapter, makes necessary the relocation or rerouting of, or alteration of the construction of, a road, alley, overpass, underpass, railroad track, bridge or associated property, an electric, telegraph, telephone, or television cable line, conduit, or associated property, or a water, sewer, gas, or other pipeline or associated property, the relocation or rerouting or alteration of the construction must be accomplished at the sole cost and expense of the authority, and damages that are incurred by an owner of the property must be paid by the authority.	Texas Trans Code 451.058(d)	Not Applicable. METRO did not relocate, reroute or alter any infrastructure per Director of Real Estate.
RIGHT OF EMINENT DOMAIN: 4. An authority may acquire by eminent domain any interest in real property, including a fee simple interest and the use of air or subsurface space. The exercise of the right of eminent domain may not unduly interfere with interstate commerce or authorize the authority to run an authority vehicle on a railroad track that is used to transport property.	Texas Trans Code 451.058(c)	Not Applicable. METRO did not utilize eminent domain to acquire interest in real property per Director

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		of Real Estate.
<p>ADOPTION OF EMINENT DOMAIN:</p> <p>5. An eminent domain proceeding by an authority is initiated by the adoption by the board of a resolution that: (1) describes the property interest to be acquired by the authority; (2) declares the public necessity for and interest in the acquisition; and (3) states that the acquisition is necessary and proper for the construction, extension, improvement, or development of the transit authority system.</p> <p>At least 30 days before adopting a resolution under this subsection, however, a board shall hold a public hearing on the question of acquisition of the property or interest for which eminent domain proceedings are being considered.</p> <p>The board shall hold the hearing at a place convenient to residents of the area in which the property is located.</p> <p>The board shall cause notice of the hearing to be published in a newspaper of general circulation in the county in which the property is located at least once each week for two weeks before the date of the hearing.</p> <p>Except as otherwise provided by this chapter, Chapter 21, Property Code, applies to an eminent domain proceeding by an authority.</p>	<p>Texas Trans Code 451.059(a)-(c) 451.059(e)</p>	<p>Not Applicable.</p> <p>METRO did not utilize eminent domain to acquire interest in real property per Director of Real Estate.</p>
<p>AUTHORITY TO TRANSFER PROPERTY RIGHTS:</p> <p>6. The authority may sell, lease, convey or otherwise dispose of any of its rights, interests or properties, which are not needed for, or, if a lease, is inconsistent with, the efficient operation and maintenance of the system.</p> <p>It may sell, lease, or otherwise dispose of, at any time, any surplus materials or personal or real property not needed for its requirements or for the purpose of carrying out its power under this Chapter.</p>	<p>Texas Trans Code 451.054(e)(1) 451.054(e)(2)</p>	<p>Compliance.</p>
<p>PROHIBITION OF PROPERTY ACQUISITION THAT IS NOT INCLUDED IN AN APPROVED TRANSIT PLAN:</p> <p>7. An authority may not acquire an interest in real property for a station or terminal complex unless the station or terminal complex is included in the transit authority system in a comprehensive transit plan approved by a resolution of the board. A mass transit facility of an authority is not a station or terminal complex under this subchapter unless the facility is included in the authority's comprehensive transit plan under this section.</p> <p>A station or terminal complex may not be included in a transit authority system unless the board first finds that the station or complex:</p> <p>a) will encourage and provide for efficient and economical mass transit;</p>	<p>Texas Trans Code 451.151(a) 451.151(b) Texas Trans Code 451.151(c)</p>	<p>Not Applicable</p> <p>No stations or terminal complexes acquired during per Director of Real Estate.</p>

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<ul style="list-style-type: none"> b) will facilitate access to mass transit and provide for other mass transit purposes; c) will reduce vehicular congestion and air pollution in the metropolitan area; and d) is reasonably essential to the successful operation of the transit authority system. <p>The board may amend its comprehensive transit plan to include other station or terminal complexes upon making these findings.</p>		
<p>STATION OR TERMINAL COMPLEX PASSENGER TRANSFER PROVISIONS:</p> <p>8. Any station or terminal complex shall include adequate provisions for the transfer of passengers between the various modes of transportation available to the complex.</p> <p>A complex may include provisions for commercial, residential, recreational, institutional, and industrial facilities.</p> <p>An interest in real property may not be acquired for station or terminal complex facilities described by Section 451.152(2) unless the property:</p> <ul style="list-style-type: none"> a) is 1,500 feet or less from the center point of the station or terminal complex; or b) if farther than 1,500 feet from the center point of the station or terminal complex, is included in a master development plan adopted by the board and not acquired by eminent domain. 	<p>Texas Trans Code 451.152(1) 451.152(2) 451.154(a)</p>	<p>Not Applicable.</p> <p>No stations or terminal complexes acquired per Director of Real Estate.</p>
<p>9. An authority may transfer to any person by any means, including a sale or lease, an interest in real property in a station or terminal complex and may contract with respect to it, in accordance with the comprehensive transit plan approved by the board and subject to terms:</p> <ul style="list-style-type: none"> a) the board finds to be in the public interest or necessary to carry out this section; and b) the instrument transferring the title or right of use specifies. c) A transfer must be at the fair value of the interest transferred considering the use designated for the real property in the authority's comprehensive transit plan. <p>However, if the authority offers the property for sale, the original owner from whom the property was acquired by eminent domain proceedings or through threat of eminent domain proceedings has the first right to repurchase at the price at which it is offered to the public.</p>	<p>Texas Trans Code 451.155(a) 451.155(b) 451.155(c)</p>	<p>Compliance.</p>
<p>PROPERTY SURVEY RIGHTS AND GUIDELINES:</p> <p>10. Engineers, employees, and representatives of an authority may go on any land within the authority boundaries to make surveys and examine the land with reference to the location of works, improvements, plants, facilities, equipment or appliances and to attend to any business of the authority; provided that two weeks' notice be given to the owners in possession and that if any of the authority's activities cause damage to the land or property, the land or property shall be restored as nearly as possible to the original</p>	<p>Texas Trans Code 451.062</p>	<p>Compliance.</p>

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state at the sole expense of the authority.		
<p>REMEDATION GUIDELINES FOR AN AUTHORITY THAT EXERCISED EMINENT DOMAIN:</p> <p>11. If an entity with eminent domain authority wants to acquire real property for public use but is unable to agree with the owner of the property on the amount of damages, the entity may begin a condemnation proceeding by filing a petition in the proper court.</p> <p>The petition must:</p> <ul style="list-style-type: none"> a) describe the property to be condemned; b) state with specificity the public use for which the entity intends to acquire the property; c) state the name of the owner of the property if the owner is known; d) state that the entity and the property owner are unable to agree on the damages; e) if applicable, state that the entity provided the property owner with the landowner's bill of rights statement in accordance with Section 21.0112; and f) state that the entity made a bona fide offer to acquire the property from the property owner voluntarily as provided by Section 21.0113. 	Texas Property Code 21.012(a)-(c)	<p>Not Applicable.</p> <p>ETRO did not acquire property through eminent domain.</p>
<p>12. Except for the types of land and interests covered by Subsection(b), (g), (h), (i), or (j) and by Section 253.008 before land owned by a political subdivision of the state may be sold or exchanged for other land, notice to the general public of the offer of the land for sale or exchange must be published in a newspaper of general circulation in either the county in which the land is located or, if there is no such newspaper, in an adjoining county.</p> <p>The notice must include a description of the land, including its location, and the procedure by which sealed bids to purchase the land or offers to exchange the land may be submitted.</p> <p>The notice must be published on two separate dates and the sale or exchange may not be made until after the 14th day after the date of the second publication.</p> <p>The notice and bidding requirements of Subsection (a) do not apply to the types of land and real property interests described by this subsection and owned by a political subdivision.</p> <p>That land and those interest may not be conveyed, sold, or exchanged for less than the fair market value of the land or interest unless with one or more abutting property owners who own the underlying fee simple.</p> <p>The fair market value is determined by an appraisal obtained by the political subdivision that owns the</p>	Texas Local Government Code 272.001(a)-(b)	Compliance.

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<p>land or interest, and the appraisal is conclusive of the fair market value of the land or interest. This subsection applies to:</p> <ul style="list-style-type: none"> a) narrow strips of land, or land that because of its shape or small area cannot be used independently under its current zoning or under applicable subdivision or other development control ordinances; b) streets or alleys, owned in fee or used by easement; c) land or a real property interest originally acquired for streets, rights-of-way, or easements that the political subdivision chooses to exchange for other land to be used for streets, rights-of-way, easements, or other public purposes, including transactions partly for cash; d) land that the political subdivision wants to have developed by contract with an independent foundation; e) a real property interest conveyed to a governmental entity that has the power of eminent domain; f) a municipality's land that is located in a reinvestment zone designated as provided by law and that the municipality desires to have developed under a project plan adopted by the municipality for the zone; or g) a property interest owned by a defense base development authority established under Chapter 378, Local Government Code, as added by Chapter 1221, Acts of the 76th Legislature, Regular Session, 1999. 		

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Section 10. Records Management Compliance		
DESIGNATION OF A RECORDS MANAGEMENT OFFICER (RMO): 1. On or before June 1, 1990, the governing body of each local government shall designate a records management officer by: a) designating an individual; or b) designating an office or position, the holder of which shall be the records management officer.	Texas Local Government Code 203.025(a)	Not Applicable. METRO Records Management Policy GCL-POL-001 defines the role of RMO. Form 504 filed January 2016 that designates role was prior to audit period..
NEW RMO OFFICIAL RECORD: 2. The name, office, or position of the records management officer shall be entered on the minutes of the governing body. The designation of a new individual or a new office or position shall be entered on the minutes and reported by the records management officer to the director and librarian in the same manner as the original designation.	Texas Local Government Code 203.025(b) 203.025(d)	Not Applicable. The RMO was appointed prior to the audit period and has remained in this position.
DOCUMENTATION OF NEW RMO: 3. The name or the name and office or position of the records management officer shall be filed by the records management officer with the director and librarian within 30 days after the date of the designation. 3a.If the order designating a records management officer designates an office or position rather than an individual, a new holder of that office or position must file the holder's name with the director and librarian within 30 days after the date of assuming the office or position.	Texas Local Government Code 203.025(c) 203.025(e)	Not Applicable. The RMO was appointed on December 15, 2015 and the corresponding Form SLR 504 was filed with the State Librarian on January 14, 2016, prior to the audit

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
		period.
<p>ESTABLISHMENT OF POLICIES AND PROCEDURES FOR RECORDS MANAGEMENT:</p> <p>4. The governing body of a local government, including a commissioner's court with regard to non-elective county offices, shall:</p> <ul style="list-style-type: none"> a) establish, promote, and support an active and continuing program for the efficient and economical management of all local government records; b) cause policies and procedures to be developed for the administration of the program under the direction of the records management officer; c) facilitate the creation and maintenance of local government records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the local government and designed to furnish the information necessary to protect the legal and financial rights of the local government, the state, and persons affected by the activities of the local government; d) facilitate the identification and preservation of local government records that are of permanent value; e) facilitate the identification and protection of essential local government records; and f) cooperate with the commission in its conduct of statewide records management surveys. 	Texas Local Government Code 203.021	Compliance.
<p>ESTABLISHMENT OF RECORDS CONTROL SCHEDULE:</p> <p>5. On or before January 4, 1999, the records management officer shall prepare and file with the director and librarian:</p> <ul style="list-style-type: none"> a) a records control schedule listing the following records and establishing a retention period for each as provided by Section 203.042: <ul style="list-style-type: none"> 1. all records created or received by the local government or elective county office; 2. any record no longer created or received by the local government or elective county office that is still in its possession and for which the retention period on a records retention schedule issued by the commission has not expired; and 3. any record no longer created or received by the local government or elective county office that is still in its possession and for which the retention period on a records retention schedule issued by the commission has expired but which will not be destroyed as provided by Section 203.044; or b) the records management officer, in lieu of filing a records control schedule, may file with the director and librarian a written certification of compliance that the local government or the elective county office has adopted records control schedules that comply with the minimum requirements established on records retention schedules issued by the commission. 	Texas Local Government Code 203.041(a)	Compliance.

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
<p>DESTRUCTION OF RECORDS GUIDELINES:</p> <p>6. Before the filing of a records control schedule or a written certification of compliance as provided by Section 203.041, a local government record may be destroyed only with the prior approval of the director and librarian.</p> <p>After the filing of a records control schedule, amended schedule, written certification of compliance as provided by Section 203.041(a)(2), or amended written certification of compliance as provided by Section 203.041(c), a record that does not appear on a records control schedule or amended schedule may be destroyed only with the prior approval of the director and librarian.</p> <p>Requests for authorization to destroy unscheduled records shall be submitted by the records management officer or under the officer's direction. However, if the request is submitted before the filing of a records control schedule or a written certification of compliance as provided by Section 203.041 and a records management officer has not yet been designated as provided by Section 203.025, the request shall be submitted by the custodian.</p> <p>If the director and librarian or the designee of the director and librarian approves the request, the records listed on it may be destroyed. If the director and librarian or the designee disapproves the request, the director and librarian or the designee shall state in writing within a reasonable time to then records management officer or custodian the record or records on the list that must be retained by the government or transferred to the custody of the commission.</p> <p>The director and librarian shall determine the form and manner of submission of requests to destroy unscheduled records.</p>	<p>Texas Local Government Code 203.045(a) 203.045(b)</p> <p>Texas Local Government Code 203.045(c) 203.045(d) 203.045(e)</p>	<p>Compliance.</p>
<p>RECORDS RETENTION SCHEDULE GUIDELINES:</p> <p>7. A retention period for each record on the records control schedule shall be determined by the governing body or under its direction or by the elected county officer, as applicable.</p> <p>A retention period may not be less than:</p> <p>a) a retention period prescribed by a state or federal law, regulation, or rule of court; or</p> <p>b) a retention period for the record established on a records retention schedule issued by the commission.</p>	<p>Texas Local Government Code 203.042(a) 203.042(b) 203.042(c)</p>	<p>Compliance.</p>

ACTION	LEGAL REFERENCE	COMPLIANCE RESULTS
<p>If at the time a records control schedule is filed by a local government or elected county officer with the director and librarian as provided by Section 203.041, a records retention schedule for the records of that type of local government or elective county office has not been issued by the commission, the records control schedule filed with the director and librarian must be amended to conform with the commission schedule when it is issued to the extent that any retention period on a records control schedule is less than a retention period for the same record on the commission schedule.</p>		
<p>RECORDS DISPOSITION LOG:</p> <p>8. As the governing body may require, the records management officer shall keep accurate lists of records destroyed, their volume, and other information of records management activities.</p>	<p>Texas Local Government Code 203.046</p>	<p>Compliance.</p>

APPENDIX B
Task 2 – FY 2020 to FY 2023 Performance Indicator
Review Data Tables

APPENDIX B – TASK 2-FY 2020 TO FY 2023 PERFORMANCE INDICATOR REVIEW DATA TABLES

Table 1: Operating Expense by Mode

Fiscal Year	Directly Operated				Purchased Transportation				Combined Motor Bus	Demand Response + Taxi	All Modes Excluding Vanpool	Vanpool	Total
	Motor Bus	Light Rail	Commuter Bus	Rapid Bus	Motor Bus	Demand Response	Taxi DR	Commuter Bus					
2019	\$305,824,660	\$83,097,579	\$55,472,370	\$0	\$53,373,690	\$54,944,297	\$3,908,615	\$11,785,438	\$426,456,158	\$58,852,912	\$568,406,649	\$5,891,475	\$574,298,124
2020	\$320,750,592	\$86,998,626	\$44,158,583	\$636,511	\$62,553,757	\$56,239,572	\$3,766,843	\$7,918,077	\$436,017,520	\$60,006,415	\$583,022,561	\$4,572,534	\$587,595,095
2021	\$310,469,794	\$86,144,802	\$26,227,648	\$6,525,856	\$68,329,645	\$49,452,604	\$2,041,221	\$3,918,382	\$415,471,325	\$51,493,825	\$553,109,952	\$3,358,821	\$556,468,773
2022	\$353,945,277	\$102,044,777	\$35,392,535	\$5,487,124	\$74,687,906	\$74,361,271	\$0	\$9,391,160	\$478,904,002	\$74,361,271	\$655,310,050	\$3,907,780	\$659,217,830
2023	\$431,300,493	\$116,651,568	\$38,224,706	\$5,968,506	\$86,334,976	\$96,135,109	\$0	\$15,559,075	\$577,387,756	\$96,135,109	\$790,174,433	\$4,902,623	\$795,077,056
CAGR 2020-2023	8.97%	8.85%	-8.89%	74.99%	12.78%	15.01%	-100.00%	7.19%	7.87%	13.05%	8.58%	-4.49%	8.47%
CAGR 2016-2019	4.71%	13.08%	2.78%	-	-1.11%	1.20%	-10.31%	5.20%	3.65%	0.18%	4.38%	0.00%	4.06%
CAGR DELTA	↑ 4.26%	↓ -4.23%	↓ -11.67%	↑ 74.99%	↑ 13.89%	↑ 13.81%	↓ -89.69%	↑ 1.99%	↑ 4.22%	↑ 12.87%	↑ 4.20%	↓ -4.49%	↑ 4.41%
% DELTA 2019-2023	↑ 41.03%	↑ 40.38%	↓ -31.09%	↑ 837.69%	↑ 61.76%	↑ 74.97%	↓ -100.00%	↑ 32.02%	↑ 35.39%	↑ 63.35%	↑ 39.02%	↓ -16.78%	↑ 38.44%

Table 2: Operating Costs by Function/Expense Line Item

Cost by Function (All Transit Modes)	Cost					\$ Change (2019-2023)	% Change (2019-2023)	CAGR (2019-2023)
	2019	2020	2021	2022	2023			
Vehicle Operations	\$291,777,791	\$302,478,992	\$278,099,744	\$316,505,922	\$386,968,875	\$95,191,084	32.62%	7.31%
Vehicle Maintenance	106,894,984	110,039,714	101,972,731	116,687,682	135,178,562	28,283,578	26.46%	6.04%
Nonvehicle Maintenance	40,470,860	48,754,402	45,646,617	50,018,500	58,620,091	18,149,231	44.85%	9.70%
General Administrative	135,154,489	126,321,987	130,749,681	176,005,726	214,309,528	79,155,039	58.57%	12.22%
Total	\$574,298,124	\$587,595,095	\$556,468,773	\$659,217,830	\$795,077,056	\$220,778,932	38.44%	8.47%
Cost by Expense Line Item	Cost					\$ Change (2019-2023)	% Change (2019-2023)	CAGR (2019-2023)
	2019	2020	2021	2022	2023			
Operator Salaries/Wages	\$86,720,986	\$99,966,348	\$89,282,157	\$99,406,885	\$115,916,615	\$29,195,629	33.67%	7.52%
Other Salaries/Wages	123,822,920	153,991,240	149,004,373	169,313,061	197,772,507	73,949,587	59.72%	12.42%
Fringe Benefits	158,279,095	128,931,452	126,068,545	131,760,417	150,063,001	(8,216,094)	-5.19%	-1.32%
Services	48,646,547	43,185,572	48,952,956	80,122,832	106,251,610	57,605,063	118.42%	21.57%
Fuel/Lube	28,820,217	27,273,788	22,486,999	27,875,257	45,080,906	16,260,689	56.42%	11.83%
Tires/Tubes	3,184,482	2,826,684	2,480,204	2,832,392	3,015,162	(169,320)	-5.32%	-1.36%
Other Materials/Supplies	27,630,169	28,526,006	26,382,400	29,596,834	34,275,941	6,645,772	24.05%	5.54%
Utilities	7,719,894	7,925,677	7,885,597	8,748,189	9,778,074	2,058,180	26.66%	6.09%
Casualty/Liability Costs	4,931,636	6,927,836	5,364,610	8,360,677	9,359,732	4,428,096	89.79%	17.37%
Taxes	2,824,058	2,525,644	2,219,289	2,780,955	2,912,557	88,499	3.13%	0.77%
Purchased Transportation	79,901,856	84,007,004	75,481,860	96,982,881	119,062,239	39,160,383	49.01%	10.49%
Miscellaneous Expenses	1,816,264	1,507,844	859,783	1,437,450	1,588,712	(227,552)	-12.53%	-3.29%
Total	\$574,298,124	\$587,595,095	\$556,468,773	\$659,217,830	\$795,077,056	\$220,778,932	38.44%	8.47%

Table 3: Revenue Hours

Fiscal Year	Directly Operated				Purchased Transportation				Combined Motor Bus	Demand Response + Taxi	All Modes Except Vanpool	Vanpool
	Motor Bus	Light Rail	Commuter Bus	Rapid Bus	Motor Bus	Demand Response	Taxi DR	Commuter Bus				
2019	2,444,491	196,789	276,472	0	500,930	1,114,519	74,887	81,209	3,303,102	1,189,406	4,689,297	216,522
2020	2,242,956	174,271	188,296	5,721	559,191	936,407	51,699	52,839	3,049,003	988,106	4,211,380	124,059
2021	1,938,398	141,659	94,857	53,467	580,652	854,463	22,705	21,339	2,688,713	877,168	3,707,540	57,550
2022	2,043,688	175,417	127,302	43,178	598,453	990,721	0	46,572	2,859,193	990,721	4,025,331	67,136
2023	2,184,436	183,108	118,429	41,530	618,278	1,230,147	0	78,255	3,040,928	1,230,147	4,454,183	74,639
CAGR 2020-2023	-2.77%	-1.79%	-19.10%	93.63%	5.40%	2.50%	-100.00%	-0.92%	-2.05%	0.85%	-1.28%	-23.38%
CAGR 2016-2019	4.59%	10.43%	3.45%	-	-2.64%	2.10%	-0.93%	2.49%	3.17%	1.90%	3.09%	0.00%
CAGR DELTA	-7.36%	-12.22%	-22.55%	93.63%	8.04%	0.40%	-99.07%	-3.41%	-5.22%	-1.05%	-4.37%	-23.38%
% DELTA 2019-2023	-10.64%	-6.95%	-57.16%	625.92%	23.43%	10.37%	-100.00%	-3.64%	-7.94%	3.43%	-5.01%	-65.53%

Table 4: Revenue Miles

Year	Directly Operated				Purchased Transportation				Combined Motor Bus	Demand Response + Taxi	All Modes Except Vanpool	Vanpool	All Modes
	Motor Bus	Light Rail	Commuter Bus	Rapid Bus	Motor Bus	Demand Response	Taxi DR	Commuter Bus					
2019	29,884,017	2,155,329	6,865,294	0	6,012,988	18,197,637	2,179,219	2,244,714	45,007,013	20,376,856	67,539,198	7,941,973	75,481,171
2020	28,041,592	1,929,524	4,715,348	42,514	6,942,328	13,691,291	1,433,641	1,510,271	41,252,053	15,124,932	58,306,509	4,555,756	62,862,265
2021	25,261,079	1,514,152	2,382,427	401,492	7,430,470	11,947,051	614,767	714,615	36,190,083	12,561,818	50,266,053	2,055,043	52,321,096
2022	26,366,843	1,886,818	3,257,278	352,915	7,721,021	14,469,361	0	1,403,423	39,101,480	14,469,361	55,457,659	2,351,354	57,809,013
2023	27,849,772	2,016,117	3,063,051	343,399	7,991,041	16,338,892	0	2,254,291	41,501,554	16,338,892	59,856,563	2,602,653	62,459,216
CAGR 2020-2023	-1.75%	-1.66%	-18.27%	68.58%	7.37%	-2.66%	-100.00%	0.11%	-2.01%	-5.37%	-2.97%	-24.34%	-4.62%
CAGR 2016-2019	3.21%	9.53%	2.82%	-	-4.53%	4.14%	-1.38%	2.22%	1.88%	3.47%	2.56%	-	1.48%
CAGR DELTA	↓ -4.96%	↓ -11.19%	↓ -21.09%	↑ 68.58%	↑ 11.90%	↓ -6.80%	↓ -98.62%	↓ -2.11%	↓ -3.89%	↓ -8.84%	↓ -5.53%	↓ -24.34%	↓ -6.10%
% DELTA 2019-2023	↓ -6.81%	↓ -6.46%	↓ -55.38%	↑ 707.73%	↑ 32.90%	↓ -10.21%	↓ -100.00%	↑ 0.43%	↓ -7.79%	↓ -19.82%	↓ -11.38%	↓ -67.23%	↓ -17.25%

Table 5: Passenger Trips

Year	Directly Operated				Purchased Transportation				Combine d Motor Bus	Demand Response + Taxi	All Modes Except Vanpool	Vanpool	All Modes
	Motor Bus	Light Rail	Commuter Bus	Rapid Bus	Motor Bus	Demand Response	Taxi DR	Commuter Bus					
2019	50,413,144	18,556,589	6,082,446	0	9,130,881	1,786,410	312,184	1,877,893	67,504,364	2,098,594	88,159,547	1,791,670	89,951,217
2020	37,441,758	12,888,105	3,258,516	25,836	8,135,334	1,261,873	289,350	859,512	49,720,956	1,551,223	64,160,284	887,217	65,047,501
2021	26,759,617	8,476,224	1,005,810	231,412	6,624,832	1,065,398	172,892	302,142	34,923,813	1,238,290	44,638,327	275,998	44,914,325
2022	32,772,899	11,583,177	1,806,386	254,999	8,252,915	1,438,798	0	809,848	43,897,047	1,438,798	56,919,022	397,674	57,316,696
2023	38,937,809	13,670,607	2,001,717	298,750	10,085,751	1,900,277	0	1,267,720	52,591,747	1,900,277	68,162,631	413,153	68,575,784
CAGR 2020-2023	-6.25%	-7.35%	-24.26%	84.40%	2.52%	1.56%	-100.00%	-9.36%	-6.05%	-2.45%	-6.23%	-30.70%	-6.56%
CAGR 2016-2019	1.71%	5.03%	-1.55%	-	-4.33%	2.14%	4.65%	-1.63%	0.38%	2.49%	1.32%	0.00%	1.10%
CAGR DELTA	↓ -7.96%	↓ -12.38%	↓ -22.71%	↑ 84.40%	↑ 6.85%	↓ -0.58%	↓ -104.65%	↓ -7.73%	↓ -6.43%	↓ -4.94%	↓ -7.55%	↓ -30.70%	↓ -7.66%
% DELTA 2019-2023	↓ -22.76%	↓ -26.33%	↓ -67.09%	↑ 1056.33%	↑ 10.46%	↑ 6.37%	↓ -100.00%	↓ -32.49%	↓ -22.09%	↓ -9.45%	↓ -22.68%	↓ -76.94%	↓ -23.76%

Table 6: Passenger Miles Traveled

Year	Directly Operated				Purchased Transportation				Combined Motor Bus	Demand Response + Taxi	All Modes Except Vanpool	Vanpool	All Modes
	Motor Bus	Light Rail	Commuter Bus	Rapid Bus	Motor Bus	Demand Response	Taxi DR	Commuter Bus					
2019	266,982,461	52,243,069	108,607,395	0	39,149,156	19,904,973	2,530,583	36,498,920	451,237,932	22,435,556	525,916,557	55,659,344	581,575,901
2020	195,130,824	37,497,523	61,060,629	94,162	33,621,284	13,514,183	1,610,543	18,065,624	307,972,523	15,124,726	360,594,772	27,807,610	388,402,382
2021	149,710,975	24,921,037	19,572,512	742,596	32,700,273	10,976,718	691,034	6,425,820	209,152,176	11,667,752	245,740,965	8,735,583	254,476,548
2022	188,633,815	33,205,208	37,386,141	829,307	45,840,723	14,940,524	0	18,843,985	291,533,971	14,940,524	339,679,703	12,266,273	351,945,976
2023	205,905,166	38,200,815	38,956,602	872,790	54,318,223	18,263,111	0	25,578,933	325,631,714	18,263,111	382,095,640	12,621,265	394,716,905
CAGR 2020-2023	-6.29%	-7.53%	-22.61%	74.49%	8.53%	-2.13%	-100.00%	-8.50%	-7.83%	-5.01%	-7.68%	-30.99%	-9.23%
CAGR 2016-2019	1.75%	6.33%	1.01%		-5.45%	2.12%	-2.31%	-0.79%	0.63%	1.57%	1.17%	0.00%	0.35%
CAGR DELTA	↓ -8.04%	↓ -13.86%	↓ -23.62%	↑ 74.49%	↑ 13.98%	↓ -4.25%	↓ -97.69%	↓ -7.71%	↓ -8.46%	↓ -6.58%	↓ -8.85%	↓ -30.99%	↓ -9.58%
% DELTA 2019-2023	↓ -22.88%	↓ -26.88%	↓ -64.13%	↑ 826.90%	↑ 38.75%	↓ -8.25%	↓ -100.00%	↓ -29.92%	↓ -27.84%	↓ -18.60%	↓ -27.35%	↓ -77.32%	↓ -32.13%

Table 7: Sale and Use Tax Receipts







Year	Sales and Use Tax Receipts	Unlinked Passenger Trips All Modes	Tax Receipts per Passenger Trip
2019	\$770,235,626	89,951,217	\$8.56
2020	\$764,679,590	65,047,501	\$11.76
2021	\$843,425,291	44,914,325	\$18.78
2022	\$969,533,523	57,316,696	\$16.92
2023	\$1,027,963,765	68,575,784	\$14.99
CAGR 2020-2023	7.48%	-6.56%	15.03%
CAGR 2016-2019	1.76%	1.10%	0.65%
CAGR DELTA	 5.72%	 -7.66%	 14.38%
% DELTA 2019-2023	 33.46%	 -23.76%	 75.06%

Table 8: Fare Revenue

Year	Directly Operated				Purchased Transportation				Combined Motor Bus	Demand Response + Taxi	All Modes Except Vanpool	Vanpool
	Motor Bus	Light Rail	Commuter Bus	Rapid Bus	Motor Bus	Demand Response	Taxi DR	Commuter Bus				
2019	\$25,780,652	\$4,774,238	\$16,689,313	\$0	\$4,600,559	\$1,842,477	\$318,088	\$5,514,287	\$52,584,811	\$2,160,565	\$59,519,614	\$6,364,414
2020	\$15,136,348	\$2,519,274	\$8,594,833	\$2,134	\$2,945,131	\$1,325,467	\$294,226	\$2,772,421	\$29,450,867	\$1,619,693	\$33,589,834	\$3,715,388
2021	\$12,599,512	\$1,501,981	\$2,677,077	\$25,188	\$3,465,213	\$886,979	\$168,010	\$918,568	\$19,685,558	\$1,054,989	\$22,242,528	\$1,135,688
2022	\$16,064,934	\$2,377,280	\$5,051,286	\$39,498	\$4,350,008	\$1,542,369	\$0	\$2,190,017	\$27,695,743	\$1,542,369	\$31,615,392	\$1,961,315
2023	\$18,779,440	\$2,533,590	\$5,489,292	\$38,176	\$4,763,301	\$1,853,159	\$0	\$3,336,261	\$32,406,470	\$1,853,159	\$36,793,219	\$1,634,394
CAGR 2020-2023	-7.62%	-14.65%	-24.27%	161.54%	0.87%	0.14%	-100.00%	-11.81%	-11.40%	-3.76%	-11.33%	-28.81%
CAGR 2016-2019	0.58%	-0.29%	-7.90%	0.00%	-1.92%	2.72%	-2.08%	-5.34%	-3.33%	1.93%	-2.94%	0.00%
CAGR DELTA	↓ -8.20%	↓ -14.36%	↓ -16.37%	↑ 161.54%	↑ 2.79%	↓ -2.58%	↓ -97.92%	↓ -6.47%	↓ -8.07%	↓ -5.69%	↓ -8.39%	↓ -28.81%
% DELTA 2019-2023	↓ -27.16%	↓ -46.93%	↓ -67.11%	-	↑ 3.54%	↑ 0.58%	↓ -100.00%	↓ -39.50%	↓ -38.37%	↓ -14.23%	↓ -38.18%	↓ -74.32%

Table 9: Fare Recovery

Fiscal Year	Directly Operated				Purchased Transportation				Combined Motor Bus	Demand Response + Taxi	All Modes Excluding Vanpool	Vanpool
	Motor Bus	Light Rail	Commuter Bus	Rapid Bus	Motor Bus	Demand Response	Taxi DR	Commuter Bus				
2019	8.43%	5.75%	30.09%	-	8.62%	3.35%	8.14%	46.79%	12.33%	3.67%	10.47%	108.03%
2020	4.72%	2.90%	19.46%	0.34%	4.71%	2.36%	7.81%	35.01%	6.75%	2.70%	5.76%	81.25%
2021	4.06%	1.74%	10.21%	0.39%	5.07%	1.79%	8.23%	23.44%	4.74%	2.05%	4.02%	33.81%
2022	4.54%	2.33%	14.27%	0.72%	5.82%	2.07%	0.00%	23.32%	5.78%	2.07%	4.82%	50.19%
2023	4.35%	2.17%	14.36%	0.64%	5.52%	1.93%	0.00%	21.44%	5.61%	1.93%	4.66%	33.34%
CAGR 2020-2023	-15.22%	-21.59%	-16.88%	24.03%	-10.55%	-12.93%	-100.00%	-17.72%	-17.86%	-14.87%	-18.34%	-25.47%
CAGR 2016-2019	-3.94%	-11.82%	-10.39%	-	-0.82%	1.47%	9.17%	-10.02%	-6.74%	1.71%	-7.02%	0.00%
CAGR DELTA	↓ -11.28%	↓ -9.77%	↓ -6.49%	-	↓ -9.73%	↓ -14.40%	↓ -109.17%	↓ -7.70%	↓ -11.12%	↓ -16.58%	↓ -11.32%	↓ -25.47%
% DELTA 2019-2023	↓ -48.35%	↓ -62.20%	↓ -52.27%	-	↓ -35.99%	↓ -42.52%	↓ -100.00%	↓ -54.17%	↓ -54.48%	↓ -47.49%	↓ -55.53%	↓ -69.14%

Table 10: Cost per Passenger

Year	Directly Operated				Purchased Transportation				Combine d Motor Bus	Demand Response + Taxi	All Modes Except Vanpool	Vanpool	All Modes
	Motor Bus	Light Rail	Commuter Bus	Rapid Bus	Motor Bus	Demand Response	Taxi DR	Commuter Bus					
2019	\$6.07	\$4.48	\$9.12	\$0.00	\$5.85	\$30.76	\$12.52	\$6.28	\$6.32	\$28.04	\$6.45	\$3.29	\$6.38
2020	\$8.57	\$6.75	\$13.55	\$24.64	\$7.69	\$44.57	\$13.02	\$9.21	\$8.77	\$38.68	\$9.09	\$5.15	\$9.03
2021	\$11.60	\$10.16	\$26.08	\$28.20	\$10.31	\$46.42	\$11.81	\$12.97	\$11.90	\$41.58	\$12.39	\$12.17	\$12.39
2022	\$10.80	\$8.81	\$19.59	\$21.52	\$9.05	\$51.68	-	\$11.60	\$10.91	\$51.68	\$11.51	\$9.83	\$11.50
2023	\$11.08	\$8.53	\$19.10	\$19.98	\$8.56	\$50.59	-	\$12.27	\$10.98	\$50.59	\$11.59	\$11.87	\$11.59
CAGR 2020-2023	16.24%	17.49%	20.29%	-6.75%	10.01%	13.25%	-	18.26%	14.82%	15.89%	15.80%	37.83%	16.09%
CAGR 2016-2019	2.97%	7.70%	4.39%	-	3.39%	-0.91%	-14.29%	6.95%	3.25%	-2.26%	3.05%	0.00%	2.90%
CAGR DELTA	↑ 13.27%	↑ 9.79%	↑ 15.90%	-	↑ 6.62%	↑ 14.16%	-	↑ 11.31%	↑ 11.57%	↑ 18.15%	↑ 12.75%	↑ 37.83%	↑ 13.19%
% DELTA 2019-2023	↑ 82.59%	↑ 90.55%	↑ 109.38%	-	↑ 46.44%	↑ 64.48%	-	↑ 95.56%	↑ 73.78%	↑ 80.40%	↑ 79.80%	↑ 260.87%	↑ 81.60%

Table 11: Cost per Revenue Hour

Year	Directly Operated				Purchased Transportation				Combined Motor Bus	Demand Response + Taxi	All Modes Except Vanpool	Vanpool
	Motor Bus	Light Rail	Commuter Bus	Rapid Bus	Motor Bus	Demand Response	Taxi DR	Commuter Bus				
2019	\$125.11	\$422.27	\$200.64	\$0.00	\$106.55	\$49.30	\$52.19	\$145.12	\$129.11	\$49.48	\$121.21	\$27.21
2020	\$143.00	\$499.21	\$234.52	\$111.26	\$111.86	\$60.06	\$72.86	\$149.85	\$143.00	\$60.73	\$138.44	\$36.86
2021	\$160.17	\$608.11	\$276.50	\$122.05	\$117.68	\$57.88	\$89.90	\$183.63	\$154.52	\$58.70	\$149.19	\$58.36
2022	\$173.19	\$581.73	\$278.02	\$127.08	\$124.80	\$75.06	-	\$201.65	\$167.50	\$75.06	\$162.80	\$58.21
2023	\$197.44	\$637.06	\$322.76	\$143.72	\$139.64	\$78.15	-	\$198.83	\$189.87	\$78.15	\$177.40	\$65.68
CAGR 2020-2023	12.08%	10.83%	12.62%	8.91%	6.99%	12.21%	-	8.19%	10.12%	12.10%	9.99%	24.65%
CAGR 2016-2019	0.11%	2.40%	-0.64%	-	1.58%	-0.88%	-9.46%	2.65%	0.46%	1.68%	1.25%	0.00%
CAGR DELTA	↑ 11.97%	↑ 8.43%	↑ 13.26%	-	↑ 5.41%	↑ 13.09%	-	↑ 5.54%	↑ 9.66%	↑ 10.42%	↑ 8.74%	↑ 24.65%
% DELTA 2019-2023	↑ 57.82%	↑ 50.87%	↑ 60.86%	-	↑ 31.05%	↑ 58.52%	-	↑ 37.00%	↑ 47.06%	↑ 57.94%	↑ 46.35%	↑ 141.40%

Table 12: Cost per Revenue Mile

Year	Directly Operated				Purchased Transportation				Combined Motor Bus	Demand Response + Taxi	All Modes Except Vanpool	Vanpool
	Motor Bus	Light Rail	Commuter Bus	Rapid Bus	Motor Bus	Demand Response	Taxi DR	Commuter Bus				
2019	\$10.23	\$38.55	\$8.08	-	\$8.88	\$3.02	\$1.79	\$5.25	\$9.48	\$2.89	\$8.42	\$0.74
2020	\$11.44	\$45.09	\$9.36	\$14.97	\$9.01	\$4.11	\$2.63	\$5.24	\$10.57	\$3.97	\$10.00	\$1.00
2021	\$12.29	\$56.89	\$11.01	\$16.25	\$9.20	\$4.14	\$3.32	\$5.48	\$11.48	\$4.10	\$11.00	\$1.63
2022	\$13.42	\$54.08	\$10.87	\$15.55	\$9.67	\$5.14	-	\$6.69	\$12.25	\$5.14	\$11.82	\$1.66
2023	\$15.49	\$57.86	\$12.48	\$17.38	\$10.80	\$5.88	-	\$6.90	\$13.91	\$5.88	\$13.20	\$1.88
CAGR 2020-2023	10.91%	10.68%	11.48%	-	5.04%	18.15%	-	7.08%	10.08%	19.47%	11.91%	26.23%
CAGR 2016-2019	1.44%	3.24%	-0.03%	-	3.60%	-2.85%	-9.08%	2.91%	1.73%	-3.19%	1.80%	-
CAGR DELTA	↑ 9.47%	↑ 7.44%	↑ 11.51%	-	↑ 1.44%	↑ 21.00%	-	↑ 4.17%	↑ 8.35%	↑ 22.66%	↑ 10.11%	-
% DELTA 2019-2023	↑ 51.33%	↑ 50.07%	↑ 54.44%	-	↑ 21.72%	↑ 94.87%	-	↑ 31.46%	↑ 46.83%	↑ 103.72%	↑ 56.86%	↑ 153.93%

Table 13: Average Vehicle Occupancy

Year	Directly Operated				Purchased Transportation				Combined Motor Bus	Demand Response + Taxi	All Modes Except Vanpool	Vanpool	All Modes
	Motor Bus	Light Rail	Commuter Bus	Rapid Bus	Motor Bus	Demand Response	Taxi DR	Commuter Bus					
2019	8.93	24.24	15.82	#DIV/0!	6.51	1.09	1.16	16.26	10.03	1.10	7.79	7.01	7.70
2020	6.96	19.43	12.95	2.21	4.84	0.99	1.12	11.96	7.47	1.00	6.18	6.10	6.18
2021	5.93	16.46	8.22	1.85	4.40	0.92	1.12	8.99	5.78	0.93	4.89	4.25	4.86
2022	7.15	17.60	11.48	2.35	5.94	1.03	-	13.43	7.46	1.03	6.13	5.22	6.09
2023	7.39	18.95	12.72	2.54	6.80	1.12	-	11.35	7.85	1.12	6.38	4.85	6.32
CAGR 2020-2023	-4.62%	-5.97%	-5.31%	-	1.08%	0.54%	-	-8.60%	-5.94%	0.38%	-4.85%	-8.79%	-4.83%
CAGR 2016-2019	-1.43%	-2.92%	-1.77%	-	-0.97%	-1.96%	-1.05%	-2.94%	-1.23%	-1.95%	-1.33%	-	-1.14%
CAGR DELTA	↓ -3.19%	↓ -3.05%	↓ -3.54%	-	↑ 2.05%	↑ 2.50%	-	↓ -5.66%	↓ -4.71%	↑ 2.33%	↓ -3.52%	-	↓ -3.69%
% DELTA 2019-2023	↓ -17.24%	↓ -21.83%	↓ -19.61%	-	↑ 4.40%	↑ 2.19%	-	↓ -30.22%	↓ -21.74%	↑ 1.52%	↓ -18.02%	↓ -30.80%	↓ -17.98%

Table 14: On - time Performance

















	Combined Motor Bus		Rail Line Average	
Fiscal Year	Actual	Goal	Actual	Goal
2019	76.6%	75.0%	94.8%	93.0%
2020	76.3%	75.0%	95.1%	93.0%
2021	75.4%	75.0%	95.7%	93.0%
2022	72.1%	73.0%	95.0%	93.0%
2023	76.3%	75.0%	95.0%	93.0%
CAGR 2020-2023	-0.10%		0.05%	
CAGR 2016-2019	1.81%		2.74%	
CAGR DELTA	 -1.91%		 -2.69%	
% DELTA 2019-2023	 -0.39%		 0.21%	

Table 15: Number of Collisions per 100,000 miles

Year	Motor Bus (Directly Operated)			Light Rail		
	Accidents	Total Actual Vehicle Miles	Accidents per 100,000 miles	Accidents	Total Actual Vehicle Miles	Accidents per 100,000 miles
2019	389	42,953,867	0.91	94	3,496,709	2.69
2020	212	37,803,778	0.56	76	3,247,125	2.34
2021	228	31,898,413	0.71	67	2,614,997	2.56
2022	227	34,336,393	0.66	107	2,893,754	3.70
2023	283	35,748,260	0.79	132	3,132,724	4.21
CAGR 2020-2023	-7.65%	-4.49%	-3.31%	8.86%	-2.71%	11.89%
CAGR 2016-2019	2.75%	2.76%	0.00%	1.95%	10.35%	-7.61%
CAGR DELTA	 -10.40%	 -7.25%	 -3.31%	 6.91%	 -13.06%	 19.50%
% DELTA 2019-2023	 -27.25%	 -16.78%	 -12.59%	 40.43%	 -10.41%	 56.74%

NOTE:

Accidents are not reported to NTD. METRO data is the source.

Table 16: Number of Miles Between Mechanical Road Calls

Year	Motor Bus (Directly Operated)					Light Rail				
	Total Actual Vehicle Miles	Major Road Calls	Other Road Calls	Total Road Calls	Miles Between Road Calls	Total Actual Vehicle Miles	Major Service Interruptions	Other Service Interruptions	Total Service Interruptions	Miles Between Service Interruptions
2019	42,953,867	3,764	2,731	6,495	6,613	3,496,709	34	196	230	15,203
2020	37,803,778	3,988	1,553	5,541	6,823	3,247,125	50	163	213	15,245
2021	31,898,413	3,747	1,657	5,404	5,903	2,614,997	37	352	389	6,722
2022	34,336,393	4,086	1,651	5,737	5,985	2,893,754	59	315	374	7,737
2023	35,748,260	5,136	2,377	7,513	4,758	3,132,724	70	229	299	10,477
CAGR 2020-2023	-4.49%	8.08%	-3.41%	3.71%	-7.90%	-2.71%	19.79%	3.97%	6.78%	-8.89%
CAGR 2016-2019	2.76%	7.18%	2.89%	9.58%	-6.23%	10.35%	-1.84%	-7.31%	12.23%	-1.67%
CAGR DELTA	↓ -7.25%	↑ 0.90%	↓ -6.30%	↓ -5.87%	↓ -1.67%	↓ -13.06%	↑ 21.63%	↑ 11.28%	↓ -5.45%	↓ -7.22%
% DELTA 2019-2023	↓ -16.78%	↑ 36.45%	↓ -12.96%	↑ 15.67%	↓ -28.05%	↓ -10.41%	↑ 105.88%	↑ 16.84%	↑ 30.00%	↓ -31.08%