

POTOMAC AND RAPPAHANNOCK
TRANSPORTATION COMMISSION

RESOLUTION

MOTION: _____

RESOLUTION NO. 09-01-_____
OFFICIAL COMMISSION MEETING
JANUARY 8, 2009

SECOND: _____

**RE: AUTHORIZATION FOR THE EXECUTIVE DIRECTOR TO EXECUTE
CHANGE ORDER NO. 11 OF THE FIRST TRANSIT BUS SERVICES
OPERATING CONTRACT**

WHEREAS, maintenance proficiency is indispensable for a well-run transit system and the proper care of the system's bus fleet, and as such has been among the incentive measures in the PRTC – First Transit contract since its inception; and

WHEREAS, the "maintenance proficiency" incentive measure has been refined over time with the Commission's approval to account for acquired experience; and

WHEREAS, a further amendment to the "maintenance proficiency" measure is needed because the past year's performance monitoring of miles-between-service-interruptions (the current "maintenance proficiency" measure) has shown that the "incentive earning" range was established based on inconsistently recorded data which underreported service interruptions and therefore resulted in an unrealistically high range for earning purposes; and

WHEREAS, "miles-between-service-interruptions" data has been consistently reported over the past year because of remedial actions taken to correct prior quality control problems; and

WHEREAS, First Transit's maintenance proficiency over the past year has been consistently lauded based on periodic independent fleet maintenance audits and PRTC management's own independent monitoring efforts; and

WHEREAS, the combination of laudable maintenance efforts over the past year and consistently reported "miles-between-service-interruptions" data makes the past year's data a reasonable basis for re-establishing the "incentive earning" range; and

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WHEREAS, PRTC management has proposed a revision to the “incentive earning” range in its accompanying staff report, which has been reviewed by the Potomac and Rappahannock Transportation Commission and judged to be well-founded; and

WHEREAS, there is no fiscal consequence to the proposed changes.

NOW, THEREFORE, BE IT RESOLVED that the Potomac and Rappahannock Transportation Commission does hereby adopt the revised incentive range as proposed.

BE IT FURTHER RESOLVED that the Executive Director is authorized to draft and execute Change Order No. 11 to the PRTC-First Transit Contract containing the approved change.

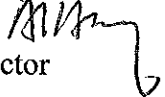


Potomac and Rappahannock
Transportation Commission

14700 Potomac Mills Road
Woodbridge, VA 22192

January 8, 2009

TO: Chairman Jones and Commissioners

FROM: Alfred H. Harf 
Executive Director

RE: Authorization for the Executive Director to Execute Change Order No. 11
of the First Transit Bus Services Operating Contract

Recommendation:

Authorize the Executive Director to execute Change Order No. 11 of the PRTC - First Transit bus services operating contract, amending the measure used to establish whether maintenance performance warrants an incentive earning.

Background:

Proficient maintenance is indispensable for a well-run transit system and the proper care of the system's bus fleet. That's why maintenance proficiency has been among the incentive measures in the PRTC - First Transit contract since its inception, though the measure itself has not been an easy one to establish. At the outset of the contract, the measure was "miles between road-calls", and that measure was found to be wanting soon after it was employed for incentive earning calculation purposes for a couple of reasons: (1) the number of road-calls is quite small so the measure is easily skewed when just a couple of unusual incidents arise; and (2) road-calls alone are just a fraction of what goes on that relates in some fashion to maintenance and has an impact on operations. Consequently, PRTC management has sought the Commission's approval to amend the measure twice to-date and, for reasons described in the balance of this staff report, a third amendment is necessary in management's judgment.

The first amendment was a simple change to the measure - substituting the measure "miles-between-service-interruptions" for the original "miles-between-road-calls" measure. The second amendment (in April 2007 - Change Order No. 7) altered the measurement range to compensate for the fact that the original measurement range was unknowingly set without accounting for one type of incident -- late pull-outs from the bus yard. Management felt that late pull-outs needed to be included in the measurement, so a change to the measurement range that accounted for such incidents was recommended and approved by the Commission.

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Just a month after Change Order No. 7 was approved, however, the last of the *annual* vehicle audits was conducted, and that audit found the maintenance practices fault-worthy in a number of respects. As a consequence of that May 2007 audit, PRTC management concluded that its fleet maintenance independent audit practices needed to be changed to multiple audits each year consisting of a random sample of the fleet (there are now three such audits annually) from once annual fleet-wide audits and, with PRTC's encouragement, First Transit replaced its senior-most maintenance management staff and changed various maintenance practices.

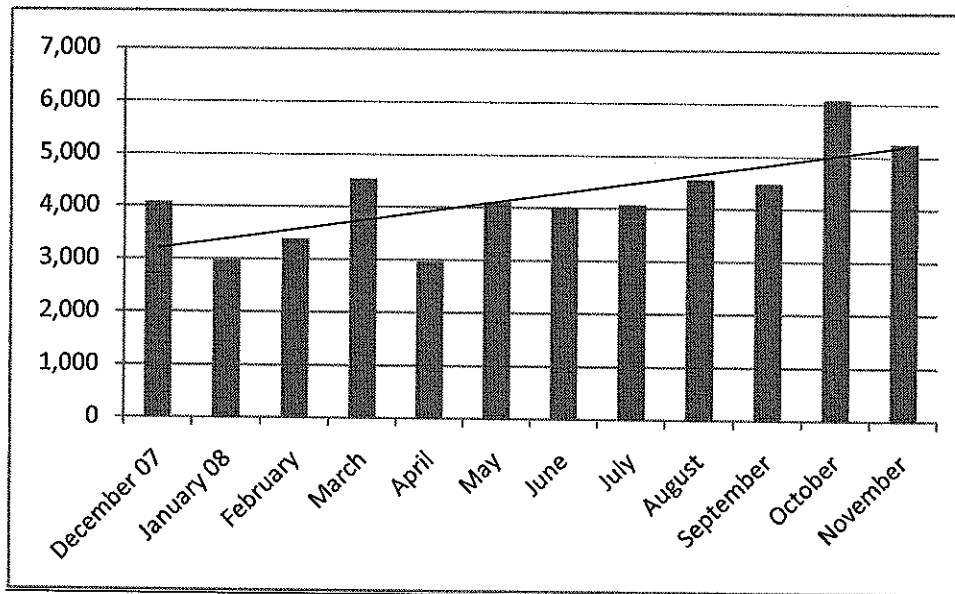
The changes resulting from the May 2007 audit have dramatically improved maintenance proficiency as evidenced by a progression of laudable periodic audit results (the most recent one of which appears elsewhere in this month's Commission package as an information item), but the audits' results have also confirmed that the measurement change approved as Change Order No. 7 was itself faulty because it was calibrated based on inconsistent recordkeeping by those responsible for such recordkeeping before the "management" and "practices" changes were made. By "inconsistent recordkeeping", I am referring to the fact that a retrospective review of what was being characterized as maintenance-related incidents confirmed the presence of variations depending on who was doing the recording because, while explicit conventions for such recording had been established, they had not been consistently practiced. Still more explicit conventions and quality control checks were established in the wake of the May 2007 audit, and these conventions/checks have been employed consistently since.

Unfortunately, the inconsistent recordkeeping prior to the May 2007 audit also had the effect of distorting incident history by understating incidents, which in turn led to unrealistically high intervals between service interruptions as an adopted range for incentive earnings. This is apparent only now, because consistent recordkeeping since that time shows that no incentive was earned this past year based on the existing range measure despite repeated, laudable audit findings.

While management is not proposing a retroactive measurement change, we are proposing a prospective measurement change based on more than a year's consistent recordkeeping. To formulate a recommended change, PRTC management has carefully re-examined two years worth of records, spanning a period where recordkeeping was inconsistent for a time and consistent thereafter.

The following chart shows “miles-between-service-interruptions” (MBSI) data for the just-completed measurement period, which clearly shows a rising (favorable) trend. The average MBSI for the period was 4,037 which, in relation to an “incentive earning” range of 5,631 to 10,514, meant that First Transit didn’t come close to even the minimal earning. As noted earlier, the present “incentive earning” range was conceived based on data when service interruptions were being underreported because of consistency issues, meaning that the range itself was unrealistically too exacting.

Since the past year’s maintenance proficiency has consistently been judged laudable by PRTC’s outside fleet maintenance auditor (and borne out further by PRTC management’s own ongoing monitoring efforts) and since there are no longer reporting consistency problems plaguing the data, PRTC management believes the past year’s results are an appropriate basis for re-establishing what the “incentive earning” range should be. Accordingly, PRTC management is recommending that last year’s annual average MBSI serve as the midpoint for a new range, with range limits set 20% higher than this average for maximum earning and 20% lower for minimum earning, resulting in a new range of 3,230 to 4,845. As before, actual payment would be on a sliding scale depending upon where within the range the average annual MBSI falls. An annual adjustment calculation for fleet average age would also continue to be made (employing the same methodology) in order to properly account for age as a factor contributing to maintenance needs.



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Fiscal Impact:

Management proposes to continue its practice of budgeting for success, meaning budgeting based on the assumption that First Transit will earn the allowable maximums. When actual performance does not result in earnings of the allowable maximums, the residual gets treated as a carry-forward, lessening the need for local subsidy going forward. While a change that reduces the range for incentive earning purposes in effect increases the likelihood of an incentive being earned, it is fair to say that there is no fiscal impact associated with the proposed change because, in either event, PRTC's practice is to budget assuming the maximum incentive is earned.