

CapMetro

# Quadrennial Performance Audit (2025)

*Public Hearing*

January 27, 2025

# Background

- Texas Transportation Code 451.454 – Performance Audit mandates an audit every four years
  - Purpose: evaluate and inform oversight functions by the state and local officers and provide information to the Agency to assist in making changes that improve efficiency and effectiveness
- CapMetro's Internal Auditor contracted with Weaver and Tidwell, LLP, to complete a performance Audit

# Scope



## Task 1:

Review state-mandated performance indicators such as fare recovery, on-time performance, number of collisions per 100,000 miles, etc.



## Task 2:

Ensure compliance with applicable state law



## Task 3:

Review administration and management, transit operations or system maintenance

**Review Period:** Fiscal Year 2020 – 2023 (October 1, 2019 – September 30, 2023)

# Summary of Review

- Task 1: CapMetro met Chapter 451 requirements for performance indicators;
- Task 2: CapMetro had one potential area of non-compliance with state law;
- Task 3: CapMetro generally operated in an efficient and effective manner despite challenges related to the COVID-19 pandemic and impact of workforce changes in the transit environment.

➔ 1 Finding and 8 Recommendations for Management

# Task 1: Review of Performance Indicators



*CapMetro appropriately calculates and reports nine key indicators required by statute.*

- Performance indicators demonstrated a decline during the review period
  - CapMetro has taken steps to address each, while managing pandemic response and industry-wide impacts
  - Example:
    - Increasing wages to attract and retain operators + slow growth in ridership during review period = negative impact on cost efficiency
    - Parts are more expensive and CapMetro is storing more parts to reduce vehicle down time = negative impact on cost efficiency
    - Fare recovery decline attributable to pandemic fare waivers, fare system changes, etc. Multiple steps taken post review period to improve fare system comprehensively.

# Task 1: Review of Performance Indicators



## Findings

No Findings

## Recommendations to Management

1. Declines in Service Reliability	<ul style="list-style-type: none"><li>• Continue to assess and improve service reliability</li><li>• Integrate safety and maintenance performance measures into current and future contracts</li><li>• Align agency KPIs with NTD and state</li></ul>	<ul style="list-style-type: none"><li>• CapMetro will continue to work collaboratively with its various service providers to improve service reliability and cost-effectiveness.</li><li>• CapMetro contracts already include safety and performance measures in service provider contracts.</li></ul>	Ongoing
2. Varying Cost Effectiveness	<ul style="list-style-type: none"><li>• Continue to assess cost effectiveness</li><li>• Continue implementation of Project Connect &amp; other initiatives</li><li>• Align agency KPIs with NTD and state</li></ul>	<ul style="list-style-type: none"><li>• CapMetro will continue to collaborate with industry partners to manage costs</li><li>• CapMetro will continue implementation of initiatives aimed at increasing ridership through improving customer experience and access</li></ul>	Ongoing

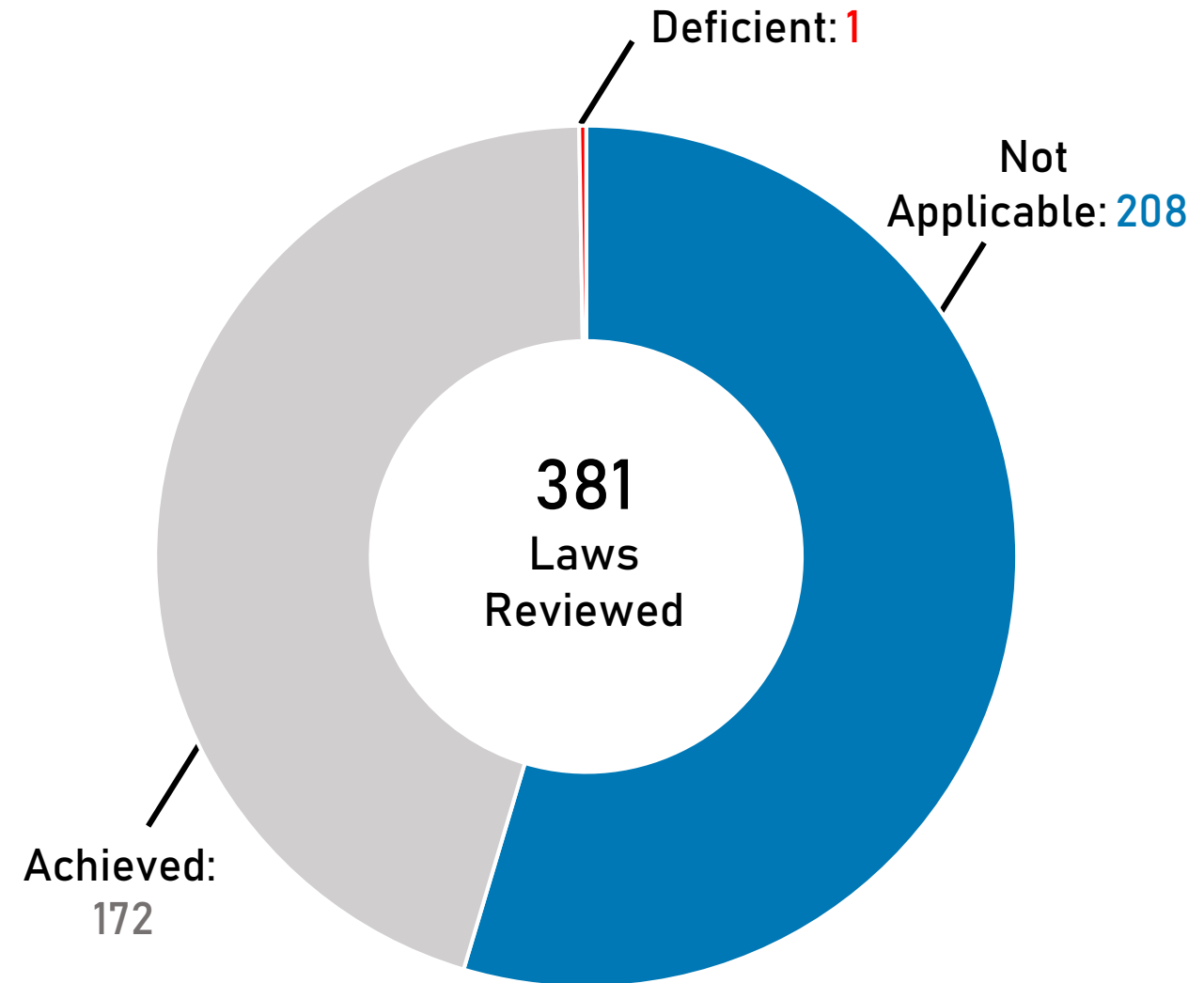
## Task 2: Compliance with State Law



CapMetro complies with all applicable state law.

- Texas Transportation Code
- Texas Local Government Code
- Texas Government Code
- Texas Property Code
- Texas Health & Safety Code
- Texas Penal Code

CapMetro was unable to produce documentation demonstrating completion of all tasks related to 2022 Quadrennial Review delivery



# Task 2: Compliance with State Law



Findings			
1. Quadrennial Performance Audit Report Delivery	<ul style="list-style-type: none"><li>Failure to provide documentation evidencing the delivery of the 2020 quadrennial report as required by Texas Transportation Code</li></ul>	<ul style="list-style-type: none"><li>CapMetro has implemented a centralized process and system to retain copies of all letters sent; utilize certified mail; and retain copies of certified mail receipt.</li></ul>	Completed
Recommendations to Management			
3. Personal Identifying Information Disclosure	<ul style="list-style-type: none"><li>CapMetro's website and privacy statement lack certain language.</li></ul>	<ul style="list-style-type: none"><li>CapMetro will update the website privacy language.</li></ul>	Completed
4. Right of Way Penalty Publication	<ul style="list-style-type: none"><li>CapMetro's website does not make clear that trespassing in the right of way is illegal and punishable by a Class C Misdemeanor.</li></ul>	<ul style="list-style-type: none"><li>CapMetro will update the website with a notation of the penalty.</li></ul>	To be completed by 1/31/2025



# Task 3: Review of Administration



The review of the administration focused on the following departments

- Demand Response Oversight
- Bus Operations & Maintenance Oversight
- Paratransit Eligibility
- Demand Response Control and Call Center
- Public Facilities
- Rail Commuter Operations
- Safety
- Public Safety and Emergency Management

Generally, CapMetro maintained appropriate personnel to achieve the mission, goals and functions of each department.

Opportunities to enhance monitoring of contracted work were identified, alongside a recommended review of recent integration of certain positions.

# Task 3: Review of Administration



## Findings

No Findings.

## Recommendations to Management

5. Authority-Wide Contract/Third Party Management	<ul style="list-style-type: none"><li>• Management should design and implement a comprehensive framework for contract management.</li></ul>	<ul style="list-style-type: none"><li>• CapMetro does actively monitor contracts</li><li>• CapMetro agrees that a refined agency-wide framework will be beneficial.</li></ul>	To be completed by 7/1/2025
6. Department Procedure Management	<ul style="list-style-type: none"><li>• CapMetro lacks centralized controls and guidance on departmental procedures.</li></ul>	<ul style="list-style-type: none"><li>• CapMetro will develop guidance for Departmental procedures.</li></ul>	To be completed by 12/31/2025

# Task 3: Review of Administration



## Findings

No Findings.

## Recommendations to Management

7. Post Integration of New Operations and FTEs	<ul style="list-style-type: none"><li>CapMetro should complete a review of activities that integrated key operations staff, and transitioned them from contracted service providers to CapMetro</li></ul>	<ul style="list-style-type: none"><li>CapMetro is in a constant state of reflection and has already integrated lessons learned into processes for new service provider contracts</li><li>Further lessons learned will be incorporated into the Rail Transit procurement process.</li></ul>	To be completed by 12/31/2025
8. Professional Development Opportunities	<ul style="list-style-type: none"><li>Management should continue current initiatives around professional development (initiatives launched after the review period)</li></ul>	<ul style="list-style-type: none"><li>CapMetro will continue to offer professional development and a comprehensive suite of programs for employees.</li></ul>	Ongoing



CapMetro leadership looks forward to the opportunity to improve outcomes and efficiencies for the community, customers and team members.

CapMetro

# Public Comment