Minutes
Joint Meeting of the Executive, Finance and Public Works Committees
Monday, September 8, 2008

Chair Dwyer called the Executive Committee meeting to order at 8:35 a.m. Haukohl called the Finance Committee meeting to order at 8:35 a.m. Swan called the Public Works Committee meeting to order at 8:35 a.m.

In absence of objection, the minutes from this meeting will be approved at a future Executive Committee meeting.

Executive Committee Members Present: County Board Supervisors Jim Dwyer, Pat Haukohl, Bonnie Morris, Duane Paulson, Dave Swan, Tom Schellinger. **Absent:** Fritz Ruf

Finance Committee Members Present: Pat Haukohl, Jim Heinrich, Rob Hutton (left at 10:17 a.m.), Pamela Meyer, Jean Tortomasi (left at 10:43 a.m.), Steve Wimmer, Bill Zaborowski.

Public Works Committee Members Present: Dave Swan, Peter Gundrum (arrived at 8:46 a.m., left at 9:55 a.m.), Pauline Jaske, Walter Kolb, Pamela Meyer, John Pledl. **Absent:** Peter Wolff.

Also Present: Budget Management Specialist Linda Witkowski, Chief of Staff Mark Mader, Majic Consultant Belynda Johnson, Internal Audit Manager Lori Schubert, Director of Public Works Rich Bolte, Business Manager Betsy Crosswaite, Lee Esler, Joe Petrie, Director Administration Norm Cummings, Waukesha Metro Transit Deputy Director Andrew Johnson, Waukesha Metro Transit Director Bob Johnson, Budget Manager Keith Swartz, Chief of Staff Allison Bussler, Legislative Policy Advisor Dave Krahn, Tom Dieckelman, Mike Pjevach.

Presentation and Discussion of the Department of Public Works Transit Performance Audit
Schubert described the audit process including the scope, selection of peers and the five audit objectives. The five objectives of the audit are review of the management structure, route evaluation, marketing efforts, current reporting and types of vehicles used. Schubert introduced Belynda Johnson.

Johnson gave an overview of the audit including a peer analysis, opportunities analysis (based on objectives), findings and recommendations. She explained that Waukesha County contracts with Waukesha Metro Transit to provide services. Waukesha Metro Transit then contracts with the following companies to provide operations: Milwaukee County, Waukesha Metro, Wisconsin Coachlines and Curative. This method of providing service brings a large amount of experience and expertise to the program.

Johnson said the audit steering committee worked together to select peer communities for review that have comparable demographics and other similarities to Waukesha County. The committee also selected communities that were spread throughout the U.S. Johnson provided a brief description of each peer community including demographics and information on ridership. Johnson reviewed several tables that outlined the peer comparison, cost efficiency, productivity, cost efficiency and effectiveness, and key findings. The selected peers operate under a variety of management structures ranging from city/county operated departments to independent regional transit authorities. The peer group varies in provision of services (direct service provision or contracted operations) and vehicle ownership. Waukesha County compares favorability with these peers.

Haukohl asked why any Wisconsin communities weren't chosen as peers.Johnson said no one on the steering committee suggested using a Wisconsin community. The goal was to select a full spectrum group.

Johnson reviewed the opportunities analysis which includes management structure, performance evaluation, marketing, system reporting and fleet/vehicle analysis.

Kolb asked if Johnson reviewed if citizens should be allowed to vote on whether or not their community should have a regional transit authority. Johnson said that issue was not reviewed for the audit.

Swan asked does if Waukesha County's structure limits contract competition. Johnson said competition is limited because Waukesha County has a small system with contractors needing to supply vehicles and facilities for a short term contract. Normally she recommends having competition but Waukesha County has good management and contracts are managed effectively. Effective contract administration is key with limited competition. Contractors need to be kept honest and providing good services. She believes in rewards for contract performance.

Paulson asked if the audit reviewed Waukesha County's contract procurement procedures. Johnson said it was reviewed and found Waukesha County to be within the norm for this process. In the past there was some confusion in regards to the types of buses Waukesha County wanted for its contract. There are ways to tighten proposals but it all comes down to contract management. Some contracts she has reviewed have specifications that are too tight which can produce services that are lacking.

Johnson reviewed the performance evaluation portion of the audit including the process and reasons for cutting route nine, and route improvement processes. Johnson would like to see Waukesha County follow some process in order to determine whether or not a route is cancelled. The audit determined there are no processes in place to monitor routes. Also, there do not seem to be any established procedures to reduce costs, perform target marketing or reevaluate the routes.

Bob Johnson said at one point route nine offered services at more times. They looked at ways to make it more efficient such as eliminating route times. They worked with employers near the route to see if they could provide some subsidy for the route but it did not work. Eventually there was only one bus running on the route. Mader said the audit spells out ways Waukesha County could have improved this process in general. He also indicated that ultimately the committees would want to evaluate the need, governance and the issue of potential capital expenditure on buses.

Cummings said route nine is a great example why traditional bus service doesn't work in Waukesha County. The subsidy on that route was $5K per rider. It is also an example of why we need to find an alternative in Waukesha County targeted to our needs.

Johnson reviewed the marketing section of the analysis. She said each vendor has a budget to market their services but they do not target market specific routes. Waukesha County services are marketed within the vendor's total product offerings.

Dwyer doesn't understand why Waukesha County should pay for marketing when they provide funding to another company for services. Johnson said Waukesha County could ask contractors to allocate some of their marketing budgets to target market Waukesha County within their blanket advertising campaigns. Schubert said on average 4% to 6% of the overall budget is spent for a total marketing plan not just on Waukesha County routes. Johnson said contracts include a marketing budget. She's suggesting that Waukesha County consider including marketing plan development in the RFPs to target Waukesha County routes. The vendors may not need to increase their total marketing budget. Johnson said you run the risk of losing ridership if the marketing budget dips too low.

Paulson asked wouldn't it be better for the county to do an incentive type marketing plan where it would reap the benefits. Johnson said that would mean redoing the contracts. She has seen it done before.

Hutton asked would the increased marketing budget be recovered through increased farebox returns. Johnson said the idea of marketing is to increase ridership and farebox. The question is, are you always getting back what you invest into your marketing effort? Johnson explained that it is very difficult to do an ROI on marketing, as the return varies depending on the quality of the marketing effort. Companies can do route specific or single brand marketing. Marketing WCTS as a brand may help taxpayers to understand services provided by the county but would probably not increase ridership. She recommends marketing efforts targeted toward specific routes as being more effective at increasing ridership.

Recommendations

Management

1. Finding: The current arrangement is economical and functional. There is a conflict of interest for Waukesha Metro to bid on the contract since they administer the RFP process. Waukesha County could manage the contract or find a new contractor to administer the RFP process which would allow Metro to bid on service provision. Waukesha County provides door-through-door paratransit services even though the industry standard and ADA requirement is curb-to-curb. There is more expense and higher liability involved with door-through-door.

Haukohl said she would be concerned for citizens if services were reduced to curb-to-curb. She wouldn't want vulnerable citizens left at the curb. What are the cost differences between door-to-door and curb-to-curb service? Johnson said the cost difference wasn't analyzed. Door-to-door limits competition for bidding. Curb-to-curb provides service to the front of customers' homes but not on private property. Exceptions may be made in rural areas because of distances.

2. Finding: Multi-jurisdiction transit agencies are common for addressing area-wide transportation needs. Waukesha County should consider a multi-jurisdiction agreement. Johnson said they see benefits to Waukesha County combining with the City of Waukesha and suburban counties with similar needs and ecomomics.

3. Finding: No formal mechanism is in place for providing community input. Waukesha County should consider implementing a Citizen's Transit Advisory Board. Members could be appointed according to geographic, special needs, profession, etc. depending on what the board wants. The board could meet once a month, quarter or year to discuss such issues as fare increases, customer service and ADA issues. The board could have considerable value.

4. Finding: Transit system has evolved without clear direction. The audit recommends using the upcoming Short Range Transit Plan process to clarify the mission, vision and goals to direct future development of the system.

5. Finding: There are no formal policies and guidelines in place. It is recommended that Waukesha County affirm and adopt transit-related policies, specifically related to fares, ADA and service changes. It may mean adopting Wisconsin Metro's policies and guidelines. Johnson said this is a good way to avoid legal problems.

Marketing

6. Finding: Contractor marketing is general and does not promote WCTS routes. It is recommended to have a target marketing plan in place bythe current contractor that supports Waukesha County's routes in addition to vendor's general marketing. It is also recommended to have a strategic marketing plan to include branding if the county purchases its own vehicles. The plan would relate to the county's vision and mission statements.

System Reporting

7. Finding: Decision-making bodies need to have access to information to help them make decisions on where and when service should be provided and to support actions designed to improve performance. The public is also interested in knowing how well service is being provided. Performance reporting needs to be examined from contract administration, service management and policy oversight. Reporting should be done at least annually and included in the administrative contract.

Fleet

8. Finding: Fleet and facilities are supplied by contactors. It is recommended to consider securing funding to purchase fleet. Federal funding could be secured for 80% of the costs thus providing a good economic payback for purchasing vehicles and leasing them to contractors.

Wimmer asked did any providers increase their marketing efforts lately. Johnson said two providers hired a marketing director within the last two years and increased marketing efforts. It is too recent to tell if the efforts increased ridership. Wimmer asked Johnson how much ridership would increase based on the percentage increase in the marketing effort. Johnson said it would depend on a variety of factors such as the effectiveness of the marketing plan, cost of media in an area, etc. Wimmer said he could not recommend increased marketing if there is no proven outcome.

Morris said she is happy to see the contract is being managed well. Waukesha County is wealthy and very spread out. It is difficult to find a transit system that serves all the needs.

Heinrich asked will there be cost savings for purchasing vehicles and providing annual maintenance. What will the break even point be? Johnson said it is substantial. The information can be found on page 114 of the audit report. The audit compared the costs of the current types of vehicles leased and found significant savings would be realized if the vehicles were purchased outright with state and federal funding. A contractor would still need a facility to maintain the vehicles. The county could contract the maintenance alone or with operations. There are efficiencies in contracting for operations and maintenance together.

Paulson said the audit says we're doing a good job. Why make changes? Johnson agreed Waukesha County is doing pretty well and the current system is being effectively managed. She thinks Waukesha County's should perform a needs assessment and efficiencies could be realized with a multi-jurisdictional agreement. Paulson said advisory committee members will be advocates for the system not policy makers. Johnson said the county board could set the requirements of an advisory committee detailing the balance of people on the counsel from riders to business people to elected officials, etc.
Cummings said the audit didn't evaluate how Waukesha County is meeting citizens' needs. There has to be a needs assessment before a counsel could be formed.

Dwyer said staff response number eight in the report states the department supports the purchase of a fleet through the capital plan. Where would Waukesha County come up with the money to buy the buses? Bolte said it's a matter of choices. The concept of purchasing our own fleet makes sense and should be considered. Cummings said he would not include the purchase of vehicles and facilities in the capital budget but instead would put it into the transit budget. Cummings would like a complete analysis done to see what our needs are and the return on investment. Waukesha County has seen a savings through the purchase of the snow removal equipment at the airport and contracting out for services. Jaske said a needs assessment should be completed before any equipment is purchased. Johnson said SEWRPC is performing one. Mader said on page 44 of the audit explains that such an assessment is part of the routine services provided by SEWRPC. SEWRPC is currently performing a Short Range Transit Plan which would include transit needs. It is scheduled for completion in 2009.

MOTION: Morris moved, Paulson second, to adjourn the Executive Committee meeting at 11:33 a.m. Motion carried 6-0.

MOTION: Heinrich moved, Zaborowski second, to adjourn the Finance Committee meeting at 11:33 a.m. Motion carried 5-0.

MOTION: Meyer moved, Pledl second, to adjourn the Public Works Committee meeting at 11:33 a.m. Motion carried 5-0.

Respectfully submitted,

Bonnie J. Morris
Secretary