



Metro

August 11, 2017

TO: BOARD OF DIRECTORS

FROM: PHILLIP A. WASHINGTON PAW
CHIEF EXECUTIVE OFFICER

SUBJECT: FISCAL YEAR 2018 AGENCYWIDE PERFORMANCE MANAGEMENT

ISSUE

Each year, I report to the Board on the State of the Agency, outlining previous year's accomplishments as well as the upcoming challenges and goals for the agency. As part of this report, I require my Senior Leadership Team (SLT) members to identify three of their top priorities for next year, which are in line with the agency goals (FY18 agency goals are included in Attachment A). In order to ensure that the departments continue to deliver on their objectives, I am implementing a first-of-its-kind, ground breaking agency wide performance management system.

DISCUSSION

This performance management tool is unique in many ways:

First: While typically, the performance metrics in the transportation industry are only used to measure the performance of bus and rail operations, this measurement system goes further, and is designed to measure all functions that Metro is responsible for as a planner, builder, and operator.

Second: It takes a comprehensive approach to management by linking four measurements of performance. The four areas are, budget/fulltime employee (FTE) variance, Key Performance Indicators (KPIs) target achievement, capital project delivery and cost savings and new revenue generation through the risk allocation matrix (RAM). It is designed to measure how departments are performing compared to their budget, on their RAM initiatives and how they achieve their KPI targets for each of their top priorities on a quarterly basis.

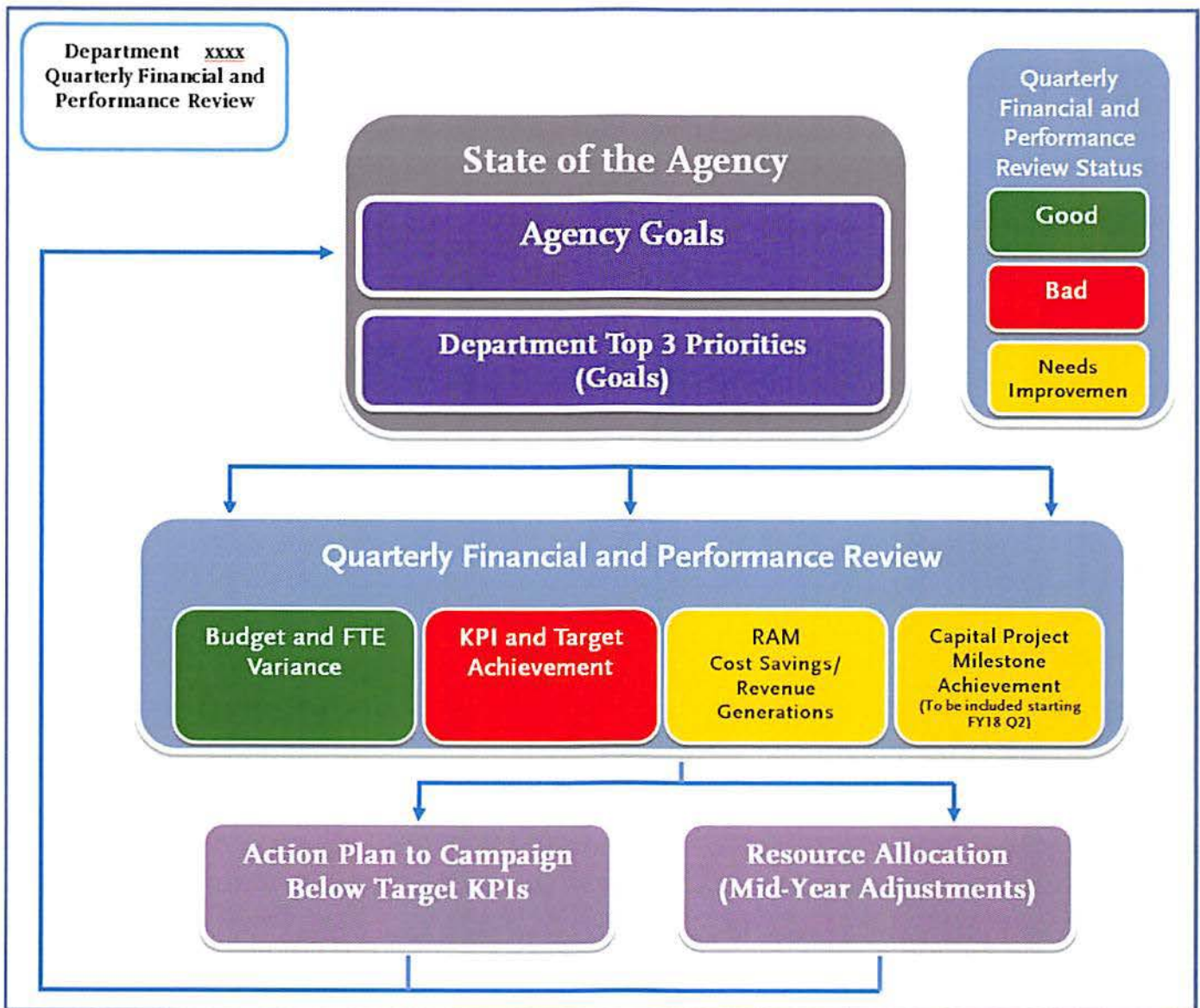
And lastly, all measurements are linked to the agency goals to ensure the whole agency is moving towards the same core mission of reducing congestion by delivering the most efficient and effective transportation system for Los Angeles.

This management tool will allow me and our SLT to focus and campaign the areas that can be improved further.

PROCESS

Currently a total of 90 KPIs have been identified by the departments to measure their top priorities in FY18. KPIs and financial data as well as RAM initiatives/ideas by each department will be collected and analyzed on a quarterly basis. Budget variance procedures and processes will also be enforced on a quarterly basis to ensure efficient allocation of resources to support our agency goals. Attachment A shows a sample of a Quarterly Performance and Financial Management report that will be developed and monitored for each department on a quarterly basis.

The diagram below illustrates how this performance management tool will be used to measure the delivery of our agency goals:



NEXT STEPS

Starting second quarter of FY18, agencywide capital projects will be included in our Quarterly Financial and Performance Review process.

ATTACHMENTS

Attachment A – Sample Quarterly Financial and Performance Report by Department

QUARTERLY FINANCIAL AND PERFORMANCE REPORT

DEPARTMENT: FINANCE AND BUDGET (9930)

Departmental Goals

Goal Description			
	1. Develop a comprehensive 10-year budget plan that incorporates financial and performance measures.	2. Ensure financial systems are in place for a seamless administration and distribution of Measure M funds.	3. Implement a TAP account-based system and integrate with services such as mobile, bikeshare, parking, electric vehicle car share and fare subsidy programs.
(corresponding) Agency Goal	2. Exercise fiscal discipline to ensure financial stability	2. Exercise fiscal discipline to ensure financial stability	2. Exercise fiscal discipline to ensure financial stability

Agencywide Goals:

1. Advance safety and security for our customers, the public, and Metro employees
2. Exercise fiscal discipline to ensure financial stability
3. Plan and deliver capital projects on time and on budget while increasing opportunities for small business development and innovation
4. Improve the customer experience and expand access to transportation options
5. Increase transit use and ridership
6. Implement an industry leading state of good repair program
7. Invest in workforce development
8. Promote extraordinary innovation
9. Contribute to the implementation of agencywide and departmental Affirmative Action and EEO Goals

Budget Variance

FTE Variance

Sub Department	YTD Budget	YTD Actual	YTD Variance	% Spent	Budgeted FTE	Actual Headcount	Est. Vacancies/ (Double-Fills)	Vacancy %
Total - Labor, WC, PLPD, Alloc OH								
ACCOUNTING								
LOCAL PROGRAMMING								
TAP OPERATIONS								
OFFICE OF MANAGEMENT AND BUDGET								
TREASURY								
AGENCYWIDE OVERHEAD								
Total - Prof Serv, Consumables, OT								
Grand Total								

Key Performance Indicators

Sub-Department	KPI	Target	Actual	Target Achievement	Notes	Dept Goal	Agency Goal
OMB	Develop 10-year budget plan	(Q1) Develop the draft 10-yr budget plan (Q2) CEO's review and approval of the 10-yr budget plan (Q3) Board adoption of 10-yr budget plan (Q4) N/A				1	2
ACCOUNTING	Number of material audit findings from financial audits	(Q1) 0 (Q2) 0 (Q3) 0 (Q4) 0				2	2
ACCOUNTING	Percentage of all bills and outside agency subsidies paid within terms (30 days)	(Q1) 95% (Q2) 95% (Q3) 95% (Q4) 95%				2	2
OMB	Update Debt Policy to incorporate Measure M debt	(Q1) >= 25% completion (Q2) >= 50% completion (Q3) >= 75% completion (Q4) >= 100 % completion				2	2
TREASURY	Internal and external operating fund portfolios total return equals or exceeds benchmark	(Q1) >= investment policy benchmark (Q2) >= investment policy benchmark (Q3) >= investment policy benchmark (Q4) >= investment policy benchmark				2	2
LOCAL PROGRAMMING	% of MOUs issued to claimants for signature within 90 days of the beginning of the fiscal year.	(Q1) 95% (Q2) N/A (Q3) N/A (Q4) N/A				2	2
LOCAL PROGRAMMING	TAPforce Next Generation Project: Account Balance, Mobile Pay, INTP Solution, New Sales Device System	(Q1) Completion of Account Balance and Loading Requirements and Design. (Q2) Integration of interfaces with Bike Share and database exchange (Q3) Development completion, final testing, and initial controlled pilot launch of all Account Balance loading techniques (cash loading, credit/debit, etc) (Q4) Testing and final deployment of Account Based Balance capabilities				3	2

RAM New Initiatives - Cost Savings and Revenue Generation

Initiative Name	Cost Savings or Additional Revenues					Comments
	FY18					
	Estimated (multi yrs)	Budget	FY18Q1	FY18Q2	FY18Q3	
CEO Approval						
1						
2						
3						
4						
5						
6						
7						
8						
Board Approval Required						
1						
2						
3						