

DATE: December 5, 2014
TO: Metropolitan Council Audit Committee
FROM: *ATM* Arlene McCarthy, Director Metropolitan Transportation Services (MTS)
SUBJECT: DARTS Compliance Report – MTS Follow-Up

Background

On September 18, 2014, the Metropolitan Council's Audit Committee considered and accepted Business Item 2014-A17 DARTS Compliance Report, which included DARTS response ("DARTS Response") to the Metropolitan Council FTA Compliance Review of DARTS (the "Compliance Review") as Appendix D. The DARTS Response included detailed action steps proposed by DARTS to resolve all compliance issues identified in the Compliance Review.

The Council's Metro Mobility ADA service and Transit Link service contracts with DARTS were terminated effective November 9, 2014. During the period of contract transition, DARTS began implementing the action steps proposed in the DARTS Response. Once the contracts were terminated, Council staff worked with DARTS to identify and resolve outstanding compliance issues in the Compliance Review.

The purpose of this memorandum is to provide the Audit Committee with follow-up information regarding the MTS management responses outlined in the Compliance Review and to provide the Audit Committee with updated information on DARTS' efforts to resolve the issues identified in the FTA Compliance Report.

Status of Management Responses

Recommendation 1) (Essential) MTS management must ensure that for the remainder of the contracts with DARTS that DARTS comply with FTA regulations and our contract terms.

During the remaining term of the agreements, MTS was responsible for ensuring that DARTS was in compliance with terms of the contracts and FTA regulations. DARTS delivered uninterrupted transit services through November 9, 2014, with a partial transition of both service and fleet occurring on October 20.

The Compliance Review identified a number of fleet maintenance deficiencies. DARTS worked closely with MTS to address each identified deficiency. As a result of the Compliance Review, MTS hired a contractor to inspect the mechanical condition of each Council-owned vehicle at DARTS. After the contract inspectors identified required repairs, DARTS worked to make the repairs. Council staff remained in close contact with DARTS by conducting daily on-site visits to DARTS through the end of the contract. As directed by Council staff, DARTS addressed safety issues first, and then worked to repair all buses to be transferred to replacement contractors. In accordance with an understanding between Council staff and DARTS, DARTS did not repair buses planned to be retired after November 9, 2014.

As discussed in additional detail in the DARTS Response, DARTS also updated several policies and standard operating procedures (SOPs) to address fleet maintenance issues.

The Compliance Review also identified compliance issues related to the Americans with Disabilities Act (ADA), Drug and Alcohol program, asset control, procurement and contract compliance (the “Non-Maintenance Issues”). Upon reviewing DARTS’ cure efforts, Council staff identified and shared additional recommendations to improve SOPs to more completely address Council concerns. DARTS responded promptly to Council staff suggestions and amended several SOPs. One item was not complete by the end of the contracts and therefore was no longer correctable considering DARTS was not providing service. Council staff noted that while DARTS may have been using experienced mechanics to service Council-owned vehicles, some mechanics were not certified for the work they were performing. However, DARTS has committed to hiring ASE certified mechanics to work on Council-owned vehicles in the future.

As of December 4, 2014, DARTS has implemented the action steps described in the DARTS Response. DARTS provided an updated DARTS Response received December 4, 2014 (attached), which reflects recent compliance efforts. Council staff believes that DARTS now has the appropriate policies and procedures in place to be a successful contractor. DARTS has agreed to be subject to a 6-month probationary period under its next transit service contract with the Council to demonstrate adequate compliance with the contract requirements, implementation of DARTS SOPs, and appropriate DARTS management and oversight of the contract.

Recommendation 2) (Significant) MTS management should review, on a periodic basis, performance data edits for all contractors.

MTS is monitoring reports on a routine basis. In addition, MTS management is working with the software vendor, Trapeze, to build controls in the system that minimizes the risk of contractor staff inappropriately editing data. Some changes have been made and staff will continue to press for the implementation of additional security controls.

Attachment: DARTS Response to Compliance Audit – Received December 4, 2014

cc: Pat Born
Arleen Schilling