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OFFICE OF THE STATE COMPTROLLER

September 20, 2004

Mr. David M. Stackrow  
Chairman  
Capital District Transportation Authority  
110 Watervliet Avenue  
Albany, New York 12206

Mr. Vincent A. Cook  
Chairman  
Central New York Regional  
Transportation Authority  
200 Cortland Avenue  
Syracuse, NY 13205-0820

Mr. William R. Nojay  
Chairman  
Rochester-Genesee Regional  
Transportation Authority  
1372 East Main Street  
PO Box 90629  
Rochester, NY 14609

Mr. Luiz F. Kahl  
Chairman  
Niagara Frontier Transportation  
Authority  
181 Ellicott Street  
Buffalo, NY 14203

Re: Report 2004-F-19

Dear Messrs. Cook, Kahl, Nojay and Stackrow:

Pursuant to the State Comptroller's authority as set forth in Article X, Section 5 of the State Constitution, we have followed up on the actions taken by officials of the Capital District Transportation Authority (Albany), the Central New York Regional Transportation Authority (Syracuse), the Rochester-Genesee Regional Transportation Authority (Rochester), and the Niagara Frontier Transportation Authority (Buffalo) to implement the recommendations contained in our audit report, *Commuter Choice Programs At Four Upstate Public Transportation Authorities* (Report 2000-S-30).

**Background, Scope and Objectives**

In an effort to reduce air pollution, traffic congestion and energy use, the United States Congress has established tax incentives, commonly referred to as the Commuter Choice Program (Program), whereby employers may deduct from their taxes the cost of fringe benefits that promote the use of mass transit by their employees. The incentives, which may include deductions for the cost of providing employees with transit passes, are intended to reduce employee commuting costs as well as the single-occupancy use of vehicles. According to the Federal Environmental Protection Agency, a reduction in the number of vehicle miles traveled will have a positive effect on air quality, traffic congestion, and energy consumption. The subsidized fares can also help mass transit

providers compete with the free or low-cost parking privileges some commuters receive from their employers. This can also result in increased ridership and higher fare revenues.

Our initial audit report, which was issued on December 17, 2002, examined the effectiveness of the Program at four upstate public transportation authorities - Albany, Buffalo, Rochester and Syracuse (the Authorities). We found that the Authorities had not made sufficient efforts to assess the effectiveness of the Program. They had neither set ridership goals for the Program, nor developed methods for measuring increases in ridership resulting from the Program, both of which we had recommended. We had also recommended that the Authorities market the Program more effectively, because many of the employers we contacted in the Authorities' ridership areas were not aware of it. The objective of our follow-up, which was conducted in accordance with Generally Accepted Government Auditing Standards, was to assess the extent of implementation, as of July 14, 2004, of the seven recommendations included in our initial report.

### **Summary Conclusions and Status of Audit Recommendations**

We found that the Authorities have made progress in correcting the problems we identified. Buffalo and Syracuse have implemented the six recommendations we directed to them. However, Albany and Rochester need to make additional improvements. Of the six recommendations directed to them, Albany has implemented four recommendations, but has not implemented the remaining two recommendations. Rochester has implemented two recommendations; three have not been implemented; and one has been partially implemented.

### **Follow-up Observations**

#### **Recommendation 1**

*Establish specific, measurable Program goals that are focused on increasing the number of participating employees and the number of transit commuting trips.*

Status - Implemented by Buffalo and Syracuse and Not Implemented by Albany and Rochester

Agency Action - Buffalo and Syracuse have established specific ridership goals and maintain data on retention and sales to track participation in the Program. In addition, both Buffalo and Syracuse use surveys to identify participating employees and also to evaluate the effectiveness of their efforts to sell the Program to employers. Albany and Rochester have not established specific measurable goals for the Program; nor have they developed methods for measuring Program-related trends in ridership. Although both Albany and Rochester can determine Program ridership through sales data, neither Authority collects data on commuter trends. Nor are they able to tell how successful their Program has been in encouraging employees to use mass transit.

### **Recommendation 2**

*Work with one another and with the New York State Department of Transportation to establish common Program goals, to develop consistent Program performance measures, and to share Program best practices that can enhance ridership.*

Status - Implemented

Agency Action - The four Authorities and the New York State Department of Transportation are members of the New York Public Transit Association (NYPTA). NYPTA meets twice a year to discuss transit issues, including Program goals, performance measures, and to share best practices. For example, one topic scheduled for discussion at NYPTA's fall meeting in November 2004 is the development of a Statewide tracking system for the Program.

### **Recommendation 3**

*To Buffalo:*

*Continue efforts to measure increased ridership attributable to the Buffalo program. Expand measurement efforts to include the identification of new transit users, a quantification of increased transit use, and a measurement of rider retention.*

Status - Implemented

Agency Action - Data maintained for Buffalo's Program distinguishes between new riders and those who are current users. Collection of this data allows Buffalo to quantify the portion of the increase in ridership that can be attributed to the Program.

### **Recommendation 4**

*To Albany, Rochester and Syracuse:*

*Develop a formalized performance measurement and reporting system to evaluate Program effectiveness and to focus marketing resources. Consider the studies identified above to develop a mechanism for measuring performance.*

Status - Implemented by Syracuse and Not Implemented by Albany and Rochester

Agency Action - Syracuse has established a formalized performance measurement and reporting system for evaluating the effectiveness of its Program. It uses a combination of sales information and employer surveys to identify and track Program ridership. Syracuse annually surveys employers participating in its Program to assess employer interest and quantify the number of employees participating in the Program. The next survey is planned for July 2004. In addition, Syracuse surveys its general ridership population every two years, including riders who participate in the Program. The information gathered from these

surveys provides a more specific profile of its ridership, indicating, for example, whether they are regular or occasional transit users.

Rochester and Albany have not established formalized performance measurement and reporting systems. Although both Authorities maintain information on the number of employers registered in the Program, and Albany maintains additional data on the number of employees enrolled in its Program, neither Authority uses this information to evaluate Program effectiveness and to focus its marketing resources. Rochester arranged for a focus group to help determine what riders and non-riders like or dislike about the transit system; however, the results of the focus group did not specifically identify commuters who are taking the transit system because of the Program. Without more detailed information about their riderships' commuting practices, these Authorities cannot determine whether the Program is achieving the desired goal of attracting and retaining new transit users.

### **Recommendation 5**

*Require marketing staff to regularly follow up with prospective Program participants.*

Status - Implemented

Agency Action - The Authorities maintain lists of employers they have contacted or may contact. Although each Authority may use this information differently, all of them are generally proactive, rather than reactive, when making contact and following up with employers. In most cases, the records include the date of the first contact, the name of the contact person, the dates marketing materials were sent, etc. However, some Authorities gather and maintain more detailed information. For example, Buffalo's contact records also include the date the employer first responded to the marketing material or initial contact; the employer's response to the Program (accept or decline); the reason for declining (if applicable); the date of first follow-up contact (if applicable); the number of employee participants; and information on ridership habits, such as whether participants are new or prior transit users.

### **Recommendation 6**

*Allocate sufficient staff to maintain complete records of all contacts made with employers, including when employers receive marketing material, when follow-up contacts are made, and whether the employers accept or reject enrollment in the Programs.*

Status - Implemented by Albany, Buffalo, and Syracuse and Partially Implemented by Rochester

Agency Action - The Authorities have allocated staff for the marketing of their individual Programs. In the cases of Buffalo, Syracuse, and Albany, full-time staff are dedicated to that function. Rochester officials reported that, because the staff resources available to market their Program are limited, they have assigned a staff person to spend about six hours a week tracking employer contacts and making Program presentations. Although the Authorities maintain records of their contacts, Rochester does not record the names of employers that

reject the Program; instead, it maintains a list of non-registered employers who are routinely contacted.

**Recommendation 7**

*Document why employers reject the Program and follow up with the employers to identify ways to improve the acceptability of the Programs.*

Status - Implemented by Albany, Buffalo and Syracuse and Not Implemented by Rochester

Agency Action - The Authorities maintain some record of their efforts to market the Program. However, we found that Rochester does not record the reasons why employers reject the Program, thus hindering its ability to evaluate its marketing efforts effectively. In contrast, Syracuse periodically scans its files of employers who have rejected the Program to get a sense of some of the concerns both employers and employees have about its possible benefits. Through this analysis, Syracuse officials have recognized a pattern in the lack of participation by small businesses. This has resulted in a marketing focus that could eventually result in increased Program participation by this group.

Major contributors to this report were John Buyce, Joel Biederman and Don Wilson.

We would appreciate your response to this report within 30 days, indicating any actions planned to address any unresolved issues discussed in this report. We also thank management and staff at each of the Authorities for the courtesies and cooperation extended to our auditors during this process.

Very truly yours,

Frank J. Houston  
Audit Director

cc: Robert Barnes, Division of Budget