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STATE COMPTROLLER



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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

September 25, 1997

Mr. Donald N. Nelson
President
Metropolitan Transportation Authority
Metro-North Railroad
347 Madison Avenue
New York, NY 10017

Re: Report 97-F-12

Dear Mr. Nelson:

According to the State Comptroller's authority as set forth in Article X, Section V of the State Constitution, we reviewed the actions taken by officials of the Metro-North Railroad (Metro-North), as of August 29, 1997, to implement the recommendations included in our prior audit report 94-S-93. This report, issued January 4, 1996, examined Metro-North management practices for deploying ticket sellers and using ticket vending machines (TVMs).

Background

Metro-North, a division of the Metropolitan Transportation Authority (MTA), carries about 200,000 passengers, each weekday, between New York City and suburban counties in Connecticut and New York State. Tickets are sold to passengers at 45 of Metro-North's 105 passenger stations by either ticket vending machines or ticket sellers. At the time of our prior audit, a total of 129 ticket sellers were assigned to the 45 stations, while ten TVMs were deployed at four of the stations. Tickets are also sold through the mail and on the trains. During 1996, the Metro-North incurred an operating deficit of almost \$274 million, which was financed by Federal, State, and City tax dollars, as well as MTA: Bridges and Tunnels subsidies.

Our prior audit concluded that Metro-North officials could improve the efficiency of ticket selling operations by acquiring more TVMs and reducing the number of ticket sellers assigned to ticket offices.

In our follow-up review, we found that labor agreements in place during our prior audit and this review have severely diminished Metro-North officials' ability to implement the recommendations. Officials, however, are proceeding to purchase 80 new TVMs in anticipation of revising these agreements at upcoming labor contract negotiations.

Summary of Status of Prior Audit Recommendations

Metro-North has implemented two recommendations, has partially implemented two other recommendations, and has been unable to implement one of the recommendations in our prior audit.

Follow-up Observations

Recommendation 1

Establish formal criteria for deploying ticket sellers.

Status - Partially Implemented

Agency Action - Metro-North officials informed us that implementation of our recommendation will be dependent on the result of labor-management negotiations which took place during the summer of 1997.

Auditors' Comments - Metro-North officials conducted a Revenue Collection and Ticket Sales Study that developed long range strategies to improve methods of ticket selling and revenue collection. The study recommends increasing the use of TVMs, expanding the use of part-time ticket agents, and augmenting the ticket-by-mail program. Metro-North officials stated that these actions will form the basis for the establishment of formal criteria for the deployment of ticket sellers. Also, a memorandum of understanding to install up to 150 TVMs and to establish part-time ticket seller positions had been signed by the chairman and president of the Transportation Communications International Union. Since the implementation of the actions affected this collective bargaining agreement with the ticket sellers, its union membership's acceptance was required. However, the membership overwhelmingly rejected the proposed actions.

Recommendation 2

Consider closing ticket offices or curtailing ticket selling hours at the stations that have relatively low ticket sales.

Status - Partially Implemented

Agency Action - Metro-North officials have considered curtailing ticket selling hours but have not implemented such action.

Auditors' Comments - Any change in such hours depends on deployment of TVMs and use of part-time employees which in turn depends on the results of the upcoming labor-management agreement negotiations.

Recommendation 3

Perform formal analysis to determine the optimal size of the pool of standby ticket sellers. Minimize the extent to which standby ticket sellers are assigned to stations that are already fully staffed.

Status - Not Implemented

Agency Action - Metro-North officials have not performed an analysis to determine the optimal size of the pool of standby ticket sellers.

Auditors' Comments - Management has agreed to perform a formal analysis of utilizing and staffing the extra list of standby ticket sellers after the labor agreements are completed.

Recommendation 4

Establish formal criteria for deploying TVMs on the basis of sales volume and use this criteria to formally assess the placement of TVMs. Based on this assessment, relocate the TVMs, as necessary, to help ensure that they are used in the most productive manner.

Recommendation 5

Formally assess the potential long-term benefits of expanding the use of TVMs. As appropriate, develop a formal long-term plan for expanding the Railroad's TVM program.

Status - Implemented

Agency Action - Metro-North officials have formally assessed the potential long-term benefits of expanding the use of TVMs. They plan to purchase 80 TVMs, and have sent a Request for Proposal to a number of vendors. They have also developed a long-term plan for deploying these TVMs.

Major contributors to this report were David R. Hancox, William Challice, Frank Russo, Aaron Fruchter and John Gimberlein.

We would appreciate your response to this report within 30 days. We also thank Metro-North management and staff for the courtesies and cooperation extended to our staff during this review.

Yours truly,

Carmen Maldonado
Audit Director

cc: P. Woodworth