

RIT Center for Quality and Applied Statistics
 Rochester Genesee Regional Transportation Authority
 Lean Six Sigma Project

Assessing Cost Recovery Methodology



Background

RGRTA's current methodology of cost recovery does not include all revenue, nor does it include a complete breakdown of all costs. Consequently, it does not provide accurate data to make sound decisions.. Among the factors contributing to this problem are:

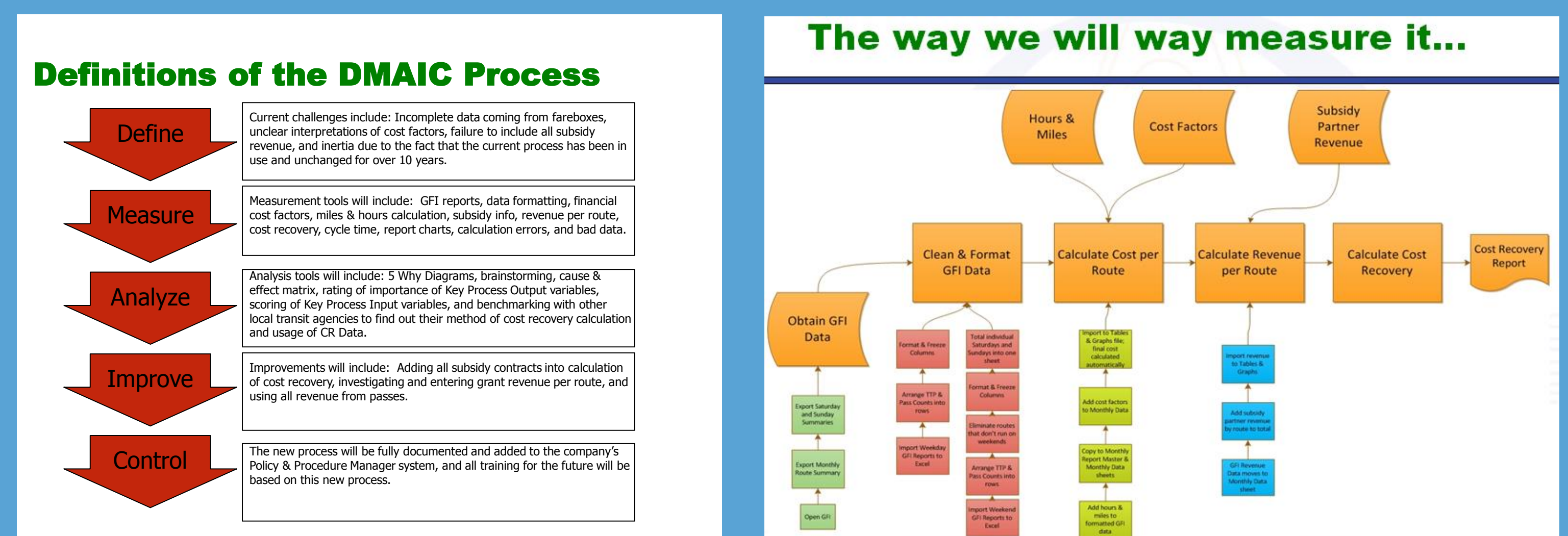
1. Incomplete data coming from fareboxes.
2. Cost factors and their meaning are unclear.
3. Not all subsidy revenue is included.

Although the current process has been in use and unchanged for over 10 years, it is clear that significant improvements are needed.

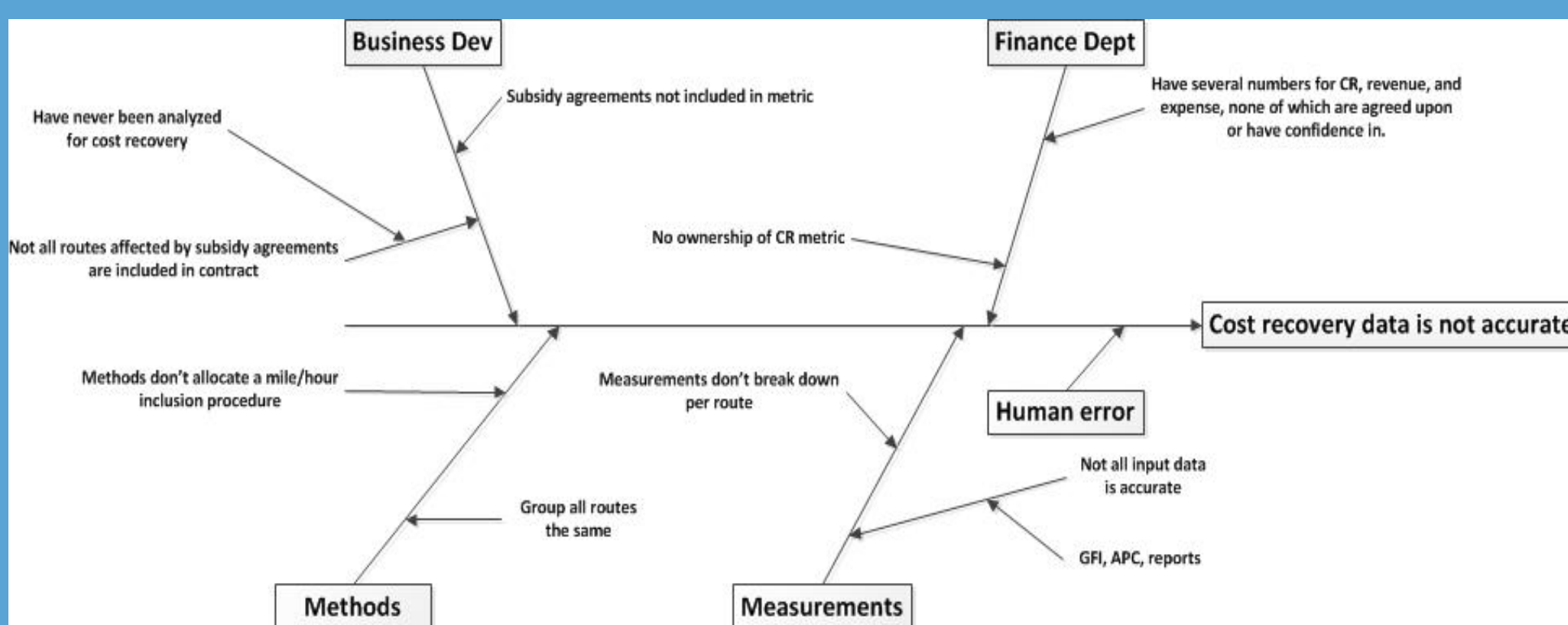
Project Goal

The project goal is to provide a more complete understanding and agreement on costing, usage of subsidy partner data, and application of previously unused revenue, in order to yield a much more accurate cost recovery figure. With the use of more accurate cost recovery information, the Authority will have a better understanding of the health of its routes.

Method



Root Cause Analysis



Conclusions

To calculate a better, more efficient form of cost recovery, the Business, Finance, and Operations departments should include all subsidy contracts, investigate and enter grant revenue per route, and use all revenue from passes. New cost recovery figures will be significantly different than historical data and there will be a re-emphasis on accuracy and completeness of the new process. These changes will enable planners to make better decisions, and ultimately lead to more efficient service for passengers.