

FY 2011-2013 TRIENNIAL PERFORMANCE AUDIT OF EUREKA TRANSIT SERVICE (ETS)



SUBMITTED TO
HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS



Draft

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SUBMITTED BY



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Section I

Introduction

California's Transportation Development Act (TDA) requires that a triennial performance audit be conducted of public transit entities that receive TDA revenues. The performance audit serves to ensure accountability in the use of public transportation revenue.

The Humboldt County Association of Governments (HCAOG) engaged PMC to conduct the Transportation Development Act (TDA) triennial performance audit of the public transit operators under its jurisdiction in Humboldt County. This performance audit is conducted for the Eureka Transit Service (ETS) covering the most recent triennial period, fiscal years 2010-11 through 2012-13.

The purpose of the performance audit is to evaluate the ETS' effectiveness and efficiency in its use of TDA funds to provide public transportation in its service area. This evaluation is required as a condition for continued receipt of these funds for public transportation purposes. In addition, the audit evaluates the City's compliance with the conditions specified in the California Public Utilities Code (PUC). This task involves ascertaining whether the City is meeting the PUC's reporting requirements. Moreover, the audit includes calculations of transit service performance indicators and a detailed review of the transit administrative functions. From the analysis that has been undertaken, a set of recommendations has been made which is intended to improve the performance of transit operations.

In summary, this TDA audit affords the opportunity for an independent, constructive and objective evaluation of the organization and its operations that otherwise might not be available. The methodology for the audit included in-person interviews with management, collection and review of agency documents, data analysis, and on-site observations. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* published by the California Department of Transportation (Caltrans) was used to guide in the development and conduct of the audit.

Overview of the Transit System

The Eureka Transit Service (ETS) has been operating since January 1976 in conjunction with the formation of Humboldt Transit Authority (HTA). The City of Eureka administers ETS, but contracts the operations and management of the fixed-route service to HTA. Demand responsive services (dial-a-ride/dial-a-lift) are operated under a separate contract by City Ambulance of Eureka (CAE). A third contract is an agreement between the City and HTA for HTA to conduct day-to-day administration and reporting of the DAR/DAL program. The City also contributes funds toward the operation of the Redwood Transit System (RTS), a regional commuter service operated by HTA for general public use.

Eureka is the largest city and county seat of Humboldt County situated on Humboldt Bay along the U.S Highway 101 (US-101) corridor. Based on the 2010 U.S. Census, Eureka's population is 27,191 which grew 4.1 percent since the 2000 U.S. Census. The senior citizen population, comprised of residents aged 65 and over, is 11.82 percent. The 2014 population for Eureka is estimated to be 26,914 as reported by the State Department of Finance. The city covers a 9.38 square mile land area.

The Greater Eureka area has a population of approximately 42,233, which encompasses the Eureka city limits and the adjacent unincorporated communities of Bayview, Cutten, Myrtle town, Humboldt Hill, and Pine Hills. The Greater Eureka area makes up the largest urban area on the Pacific Coast between San Francisco and Portland. Currently, over 25 percent of all business is comprised of small businesses with 1 to 10 employees. The majority of Eureka's economic activity is derived from the fishing, forestry, government, health care, retail and transportation sectors.

The main highway serving Eureka is US-101, also known as the Redwood Highway. US-101 is the main north-south highway connecting Eureka with the Bay Area to the south and Arcata to the north. State Route (SR) 255 connects Eureka with the communities of Manila and Samoa toward the west. Major arterial streets traversing Eureka include 4th Street, 5th Street, Broadway, Harris Street, Henderson Street, Myrtle Avenue, H Street, I Street, and Wabash Avenue.

System Characteristics

ETS operates four routes Monday through Friday and three routes on Saturdays. Routes are designated by color and cover specific areas of Eureka. Most routes originate and/or terminate at the corner of H and 3rd Streets in downtown Eureka with the exception of the Green Route. All routes run every hour on the hour. Hours of operation range between 6:00 a.m. and 7:00 p.m. Monday through Friday and between 10:00 a.m. and 5:00 p.m. on Saturdays. ETS does not operate on Sunday and the following major holidays: New Year's Day, Independence Day, Thanksgiving and Christmas. Saturday service schedules operate on other major holidays.

Fixed Route

- **Gold Route:** Operates Monday through Friday from 6:13 a.m. to 7:00 p.m. and Saturdays from 10:00 a.m. to 5:00 p.m. Starting from Utah and South and ending at H & 3rd Street, the Gold Route serves downtown Eureka, Pine Hill, Bayshore Mall and the Henderson Center.
- **Green Route:** Operates Monday through Friday from 6:52 a.m. to 6:44 p.m. Starting from Harris and F Street and ending at the same location, the Green Route serves downtown Eureka, Myrtle town, Silvercrest, St. Joseph and General Hospitals as well as the Bayshore Mall.
- **Purple Route:** Operates Monday through Friday from 6:37 a.m. to 7:00 p.m. and Saturdays from 10:00 a.m. to 5:00 p.m. Starting from H and 9th Streets and ending at the

H and 3rd Streets, the Purple Route serves downtown Eureka, the County Library, Silvercrest, General Hospital, Henderson Center and the Burre Center.

- **Rainbow Route:** Operates Saturdays from 10:00 a.m. and 5:00 p.m. Starting from H & 3rd Streets and ending at the same location, the Rainbow Route serves a broad area of the city such as downtown, Broadway, Bayshore Mall, Henderson Center, Sequoia Park, St. Joseph and General Hospital and Myrtle town.
- **Red Route:** Operates Monday through Friday from 6:28 a.m. to 7:00 p.m. Starting from H and Manzanita and ending at H & 3rd Street, the Red Route serves downtown Eureka, Broadway, Bayshore Mall, Henderson Center, Cutten and Sequoia Park.

Dial-a-Ride

ETS provides demand response service within the city limits of Eureka to seniors and disabled persons who are unable to use fixed-route bus transit services or live more than a ¼ mile from a bus route. Rides are scheduled 24 hours in advance, with real time reservations accepted on a space available basis. Dial-a-Ride operates Monday through Friday between the hours of 6:00 a.m. and 7:00 p.m. and Saturday between 7:30 a.m. and 5:30 p.m. HTA is responsible for printing and verifying tickets, determining rider eligibility, marketing, and ticket sales. Effective August 1, 2012, there was an increase in Dial-a-Ride ticket costs. Dial-A-Ride tickets are sold in books of six for \$18.00.

Fares

ETS' fares are structured accordingly to fare type and media. Free transfers are provided between ETS buses to complete a single trip. Humboldt State University (HSU) students ride the ETS fare-free as part of the JackPass program by swiping their current student identification card. The JackPass is paid for through a mandatory fee each semester with every HSU student's registration. Staff and faculty can buy into the JackPass program for \$60 per semester.

New transit pass products are available as a result of new electronic fareboxes installed on the major fixed routes of the local transit operators. Pass products include stored value cards good for RTS, ETS, and A&MRTS buses, and monthly magnetic swipe passes. \$10 or \$20 magnetic media cards allow passengers to ride the four regional transit systems for the new discounted rate. The fare structure is shown in Table I-1:

**Table I-1
ETS Fare Schedule**

Categories	Fares (Effective 7/1/2010)				Fares (Effective 7/1/2012)			
	One Ride	Multi-Ride/ Regional Pass	Day Pass	Monthly Pass	One Ride	Multi-Ride/ Regional Pass	Day Pass	Monthly Pass
Adult (Ages 18 to 61)	\$1.40	\$1.10	\$3.20	\$43.00	\$1.50	\$1.20	\$3.40	\$44.00
Youth (Ages 3 to 17)	\$1.10	\$0.80	\$2.70	\$38.00	\$1.20	\$0.85	\$2.90	\$39.00
Seniors (Ages 62 and	\$1.10	\$0.80	\$2.70	\$38.00	\$1.20	\$0.85	\$2.90	\$39.00

Categories	Fares (Effective 7/1/2010)				Fares (Effective 7/1/2012)			
up)								
Disabled (with valid Transit ID)	\$1.10	\$0.80	\$2.70	\$38.00	\$1.20	\$0.85	\$2.90	\$39.00

Source: ETS

A subsequent fare increase was implemented on January 1, 2014, which is outside the scope of the audit period. The adult fare was increased from \$1.50 per ride to \$1.70 per ride, and for the other fare categories the fare was raised by \$0.10 per ride. The adult day pass fare was increased from \$3.40 to \$3.95 and the monthly pass was increased from \$44.00 to \$48.00.

Fleet

There are seven active vehicles in the ETS fleet. Two vehicles acquired in 2007 have diesel-electric hybrid engines and the remaining vehicles have diesel engines. Table I-2 summarizes the vehicle fleet.

**Table I-2
ETS Fleet**

Year	Make & Model	Quantity	Fuel type
2002	Gillig Phantom	1	Diesel
2003	Gillig Phantom	1	Diesel
2007	Gillig Low Floor	2	Diesel-Electric Hybrid
2009	Gillig Low Floor	3	Diesel
Total		7	

Source: Humboldt Transit Authority Vehicle Inventory

All ETS vehicles are equipped with wheelchair lifts and tie downs, which conforms to the requirements of the Americans with Disabilities Act (ADA) of 1990 requirements in regards to accessibility. Bicycle racks are available on most buses. The city also provides two Ford cutaway vehicles through a lease agreement to the contractor (CAE) for the DAR/L service, and which are maintained by CAE.

Section II

Operator Compliance Requirements

This section of the audit report contains the analysis of ETS' ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses the guidebook, *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies, September 2008 (third edition)*, which was developed by the Department of Transportation (Caltrans) to assess transit operators. The guidebook contains a checklist of eleven measures taken from relevant sections of the Public Utilities Code and the California Code of Regulations. Each of these requirements is discussed in the table below, including a description of the system's efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller. Report is due 90 days after end of fiscal year (Sept. 28/29), or 110 days (Oct. 19/20) if filed electronically (Internet).	Public Utilities Code, Section 99243	Completion/submittal dates: FY 2011: October 31, 2011 FY 2012: October 19, 2012 FY 2013: November 6, 2013 Conclusion: Partial compliance.
The operator has submitted annual fiscal and compliance audits to the RTPA and to the State Controller within 180 days following the end of the fiscal year (Dec. 27), or has received the appropriate 90-day extension by the RTPA allowed by law.	Public Utilities Code, Section 99245	Completion/submittal dates: FY 2011: November 21, 2011 FY 2012: December 14, 2012 FY 2013: December 12, 2013 Conclusion: Complied.
The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator's compliance with	Public Utilities Code, Section 99251 B	ETS, through its contract operator HTA, participates in the CHP Transit Operator Compliance Program in which the CHP has conducted

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
Vehicle Code Section 1808.1 following a CHP inspection of the operator's terminal.		<p>inspections within the 13 months prior to each TDA claim.</p> <p>Inspections were conducted at HTA's maintenance facility in Eureka:</p> <p>Transit Operator Compliance Certificates and inspection dates applicable to the audit period were September 1 & 2, 2010; September 6, 2011; September 28, 2012; October 3, 2012; September 18, 2013 & September 23, 2013.</p> <p>Inspections were found to be satisfactory.</p> <p>Conclusion: Complied.</p>
The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.	Public Utilities Code, Section 99261	<p>As a condition of approval, the City of Eureka's annual claims for Local Transportation Funds and State Transit Assistance are submitted in compliance with the rules and regulations adopted by HCAOG. HCAOG staff provides assistance to the City as needed in completing the claim.</p> <p>Conclusion: Complied.</p>
If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal	Public Utilities Code, Section 99270.1	ETS is subject to farebox requirements as an older operator, but is not subject to this specific requirement.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
to the ratio determined by the rules and regulations adopted by the RTPA.		Conclusion: Not Applicable.
The operator’s operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	Public Utilities Code, Section 99266	Percentage increase in the ETS operating budget: FY 2011: -1.1% FY 2012: +6.3% FY 2013:+11.9% Source: City of Eureka Transit Budget for FYs 2010-2013 Conclusion: Complied.
The operator’s definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.	Public Utilities Code, Section 99247	A review of external reports compiled during the audit period indicates that performance data are not being properly collected and reported. FY 2013 performance data were either omitted from or incorrectly stated in the Specialized Service (Dial-a-Ride) Transit Operators Financial Transactions Report submitted to the State Controller. Also, full-time equivalent data appear to reflect headcount in the FY 2013 Transit Operators Financial Transactions Reports, rather than using the methodology of dividing total number of transit labor hours by 2,000. FTEs are inclusive of part time employees and/or city staff who contribute their time to transit.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		Conclusion: Not in compliance.
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating costs at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenues to operating costs of at least equal to three-twentieths (15 percent), if so determined by the RTPA.	Public Utilities Code, Sections 99268.2, 99268.3, 99268.12, 99270.1	ETS is subject to farebox requirements as an older operator, but is not subject to this specific requirement. Conclusion: Not Applicable.
If the operator serves a rural area, or provides exclusive services to elderly and disabled persons, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	Public Utilities Code, Sections 99268.2, 99268.4, 99268.5	As an older operator, ETS' farebox recovery ratio for fixed route service is set at the ratio it had in FY 1978-79, which is 22.4 percent. Dial-a-Ride is subject to a 10 percent farebox recovery ratio as a specialized service. The farebox recovery ratios for ETS' fixed route and Dial-a-Ride services based on audited data are as follows: Fixed Route: FY 2011: 31.7% FY 2012: 28.6% FY 2013: 28.3% Dial-a-Ride: FY 2011: 12.6% FY 2012: 11.4% FY 2013: 10.0%

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		<p>Source: Annual Fiscal and Compliance Audits.</p> <p>Conclusion: Complied.</p>
<p>The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA which will fully fund the retirement system within 40 years.</p>	<p>Public Utilities Code, Section 99271</p>	<p>The City of Eureka makes contributions to its employees' retirement funded through the California Public Employees' Retirement System (CalPERS). New CalPERS members or previous CalPERS members with a break in service of six calendar months or greater (2% @ 62). The current 13.5% employee contribution is paid by the employee. For CalPERS classic members (2% @ 55), the current 9% employee contribution is paid by the employee. For the 2% @ 62 formulas, the employee contribution will change each fiscal year to be at least 50% of the normal cost rate as determined by CalPERS.</p> <p>The City's fixed route contractor, HTA, contributes to its employees' retirement funded through CalPERS. Participants are required to contribute 7% of their annual covered salary, which HTA pays on their behalf. The City's DAR/DAL contractor, CAE, is a private company.</p> <p>Conclusion: Complied.</p>
<p>If the operator receives state</p>	<p>California Code of Regulations,</p>	<p>As a recipient of State Transit</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
transit assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	Section 6754(a)(3)	<p>Assistance Funds, ETS is making full use of federal funds available under the Urban Mass Transportation Act of 1964 as amended.</p> <p>FY 2011: \$319,226 (Operations) FY 2012: \$173,284 (Operations) \$152,442 (Capital) FY 2013: \$173,284 (Operations)</p> <p>Source: Annual Fiscal & Compliance Audits</p> <p>Conclusion: Complied.</p>

Findings and Observations from Operator Compliance Requirements Matrix

1. Of the compliance requirements applicable to ETS, the operator fully complied with seven of out nine requirements. ETS was in partial compliance with regard to the timely submittal of its Transit Operators Financial Transactions Report to the State Controller for FYs 2011 and 2013, and was in non-compliance with regard to external reporting of performance data and indicators. Two additional compliance requirements did not apply to ETS (e.g. urban & blended farebox recovery ratios). Staff constraints are attributed to the delay in submitting the State Controller Reports.
2. Based on the Annual Fiscal and Compliance Audits, the farebox recovery ratio for ETS fixed route service remained above the required 22.4 percent. The average farebox recovery attained during the audit period was 29.5 percent. In addition, Eureka’s Dial-a-Ride farebox recovery ratio remained above the required 10 percent. The average farebox recovery attained for Dial-a-Ride was 11.3 percent.
3. Through its contract operator, ETS participates in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period.
4. The operating budget exhibited modest fluctuations during the audit period. The budget increased 6.3 percent in FY 2012 and 11.9 percent in FY 2013. The budget increases were attributed to personnel, vehicle liability and service contract adjustments. During FY 2011, the budget decreased 1.1 percent.

Section III

Prior Triennial Performance Recommendations

The City of Eureka's efforts to implement the recommendations made in the prior triennial audit are examined in this section of the report. For this purpose, each prior recommendation for the agency is described, followed by a discussion of Eureka's efforts to implement the recommendation. Conclusions concerning the extent to which the recommendations have been adopted by the agency are then presented.

Prior Recommendation 1

Report only ETS financial data in the State Controller Report for the fixed route system.

Actions taken by the City of Eureka

The prior audit noted that the local transportation fund operating revenues in the Transit Operator Financial Transactions Report submitted to the State Controller for ETS includes ETS, the HTA assessment for intercity transit (RTS service), and capital revenues. It was pointed out that only ETS non-capital financial operating data should be recorded in the Operating section of the report, and should not include Eureka's share of the HTA assessment. A separate section for capital revenues is provided in the Transit Operator Financial Transactions Report. Subsequently, only ETS operations costs should be reported in the expense side. Such modifications would provide a more accurate reflection of the ETS service data when submitting to the State.

In the footnotes of the FY 2010-11 Transit Operator Financial Transactions Report, the City acknowledged that in prior years it erroneously included TDA revenue allocated towards the cost of its JPA member assessment and that it no longer includes it as revenue. In addition, the City is now only reporting relevant ETS operational cost data in subsequent years' reports submitted to the State Controller.

Conclusion

This recommendation has been implemented.

Prior Recommendation 2

Continue efforts with contract operators to collect and report performance information according to TDA definitions.

Actions taken by the City of Eureka

The prior audit included a comparison of performance data contained in trip reports by the contract operators and the Transit Operator Financial Transactions Report submitted to the State Controller Report. It was suggested that revenue hours and miles of service, rather than total hours and miles which include deadhead and other non-revenue service, be provided in the Controller Reports according to TDA definitions. Similarly, the full time equivalent (FTE) data in the State Controller Report for ETS and DAR should be the product of dividing total work hours by 2,000 hours for each respective service. Work hours by service would include driver hours, maintenance staff time, and administration staff time.

A review of performance data reported for the recent audit period shows that FY 2013 performance data were either omitted from or incorrectly stated in the Specialized Service (Dial-a-Ride) Transit Operators Financial Transactions Report submitted to the State Controller. In addition FTE data were omitted in the FY 2013 Transit Operators Financial Transactions Report for the ETS fixed route. FTE data appear to reflect a headcount rather than the methodology of total number of labor hours divided by 2,000. FTEs are inclusive of part time employees and/or city staff who contribute their time to transit.

It is suggested that the City Finance Department continue to work with the contract operators in ensuring that the correct performance data are being report in accordance with the TDA definitions.

Conclusion

This recommendation has not been implemented and is carried forward for full implementation.

Prior Recommendation 3

Ensure monthly transit operating reports are submitted to the City by the contract operators.

Actions taken by the City of Eureka

The prior audit noted that the operating agreements that Eureka has with HTA and CAE included provisions that each contractor submit specific monthly operating data for their respective services. The monthly data provides necessary information for city staff to evaluate service productivity, efficiency and effectiveness. While some of the data are reported, not all of the data specified in the agreements were submitted to the city, such as the number of complaints and compliments, vehicle failures, missed trips, and ridership by route. The contract providers indicated that the data are available upon request. It was suggested that these data be requested and consistently provided to the City by the respective contract operators, not only to fulfill the agreements, but to enable city officials to conduct a higher level of evaluation and monitoring of the Eureka Transit system.

A review of the monthly Comparative Performance Activity Reports compiled by HTA and CAE for Eureka show primarily operational performance data and not qualitative service data such as complaints, compliments, road calls, trip denials, missed trips and ridership by route. Pursuant to the City's Dial-a-Ride/Lift contract with CAE, the contractor is to provide to the City: 1) the number of passengers; 2) vehicle revenue hours; 3) vehicle revenue hours; 4) employee pay hours; 5) number of validated complaints; 6) number of in-service road failures; and 7) monthly report of missed trips and/or appointments. The City indicated that the data has not been included in the contractor reports.

Conclusion

This recommendation has not been implemented and is carried forward for full implementation.

Section IV

TDA Performance Indicators

This section reviews ETS' performance in providing transit service to the community in an efficient and effective manner. TDA requires that at least five specific performance indicators be reported, which are contained in the following tables. Farebox recovery ratio is not one of the five specific indicators but is a requirement for continued TDA funding. Therefore, farebox calculation is also included. Two additional performance indicators, operating cost per mile and average fare per passenger, are included as well. Findings from the analysis are contained in the section following the tables.

Tables IV-1 through IV-3 provide the performance indicators for ETS systemwide, fixed route and Dial-a-Ride. Charts are also provided to depict the trends in the indicators. It is noted that the systemwide and modal operating costs and fare revenues are based on audited figures.

**Table IV-1
Eureka TDA Performance Indicators
Systemwide**

Performance Data and Indicators	Audit Period				% Change FY 2010-2013
	FY 2010	FY 2011	FY 2012	FY 2013	
Operating Cost	\$1,294,336	\$1,294,668	\$1,364,519	\$1,407,607	8.8%
Total Passengers	263,933	253,839	265,100	251,497	-4.7%
Vehicle Service Hours	29,071	26,484	26,354	23,100	-20.5%
Vehicle Service Miles	265,510	253,992	248,813	236,406	-11.0%
Employee FTE's	20	38	36	29	45.0%
Passenger Fares	\$326,170	\$319,831	\$308,592	\$315,096	-3.4%
Operating Cost per Passenger	\$4.90	\$5.10	\$5.15	\$5.60	14.1%
Operating Cost per Vehicle Service Hour	\$44.52	\$48.88	\$51.78	\$60.94	36.9%
Operating Cost per Vehicle Service Mile	\$4.87	\$5.10	\$5.48	\$5.95	22.1%
Passengers per Vehicle Service Hour	9.1	9.6	10.1	10.9	19.9%
Passengers per Vehicle Service Mile	0.99	1.00	1.07	1.06	7.0%
Vehicle Service Hours per Employee	1,453.6	696.9	732.1	796.6	-45.2%
Average Fare per Passenger	\$1.24	\$1.26	\$1.16	\$1.25	1.4%
Fare Recovery Ratio	25.20%	24.70%	22.62%	22.39%	-11.2%

Source: Annual Fiscal & Compliance Audits, Comparative Performance Activity Reports, State Controller's Reports

**Table IV-2
ETS TDA Performance Indicators
Fixed Route**

Performance Data and Indicators	Audit Period				% Change FY 2010-2013
	FY 2010	FY 2011	FY 2012	FY 2013	
Operating Cost	\$820,856	\$819,987	\$888,752	\$952,663	16.1%
Total Passengers	224,284	232,738	244,016	230,261	2.7%
Vehicle Service Hours	14,859	14,691	14,584	14,394	-3.1%
Vehicle Service Miles	158,207	160,748	160,491	160,452	1.4%
Employee FTE's	10	13	11	11	10.0%
Passenger Fares	\$245,395	\$260,127	\$254,610	\$269,430	9.8%
Operating Cost per Passenger	\$3.66	\$3.52	\$3.64	\$4.14	13.0%
Operating Cost per Vehicle Service Hour	\$55.24	\$55.82	\$60.94	\$66.18	19.8%
Operating Cost per Vehicle Service Mile	\$5.19	\$5.10	\$5.54	\$5.94	14.4%
Passengers per Vehicle Service Hour	15.1	15.8	16.7	16.0	6.0%
Passengers per Vehicle Service Mile	1.42	1.45	1.52	1.44	1.2%
Vehicle Service Hours per Employee	1,485.9	1,130.1	1,325.8	1,308.5	-11.9%
Average Fare per Passenger	\$1.09	\$1.12	\$1.04	\$1.17	6.9%
Fare Recovery Ratio	29.90%	31.72%	28.65%	28.28%	-5.4%

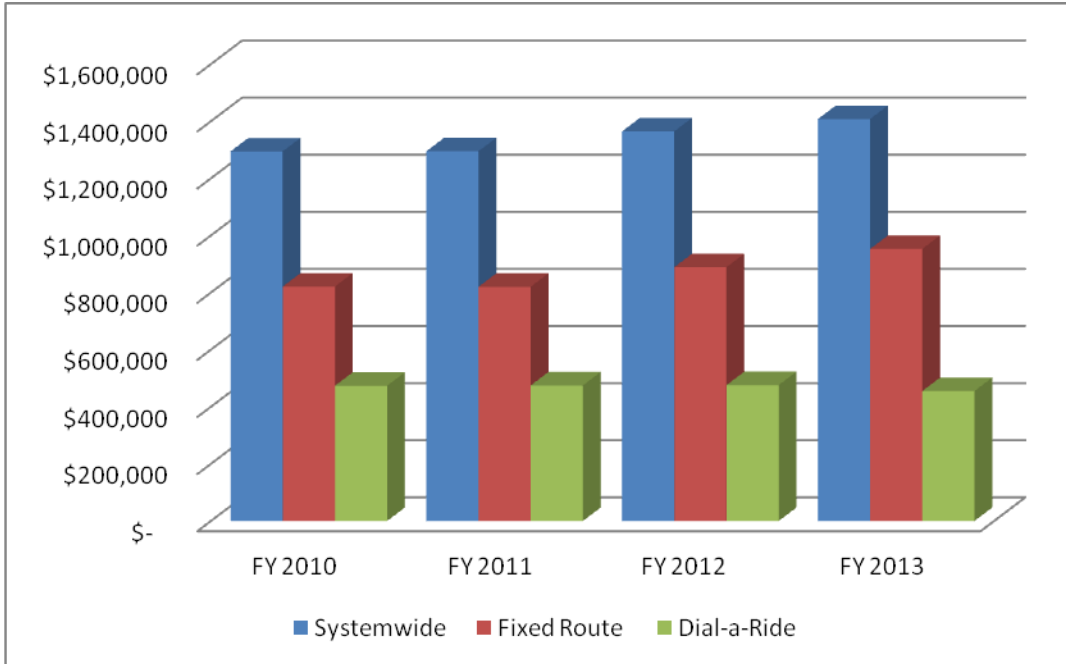
Source: Annual Fiscal & Compliance Audits, Comparative Performance Activity Reports, State Controller's Reports

**Table IV-3
Eureka Dial-a-Ride/Lift TDA Performance Indicators**

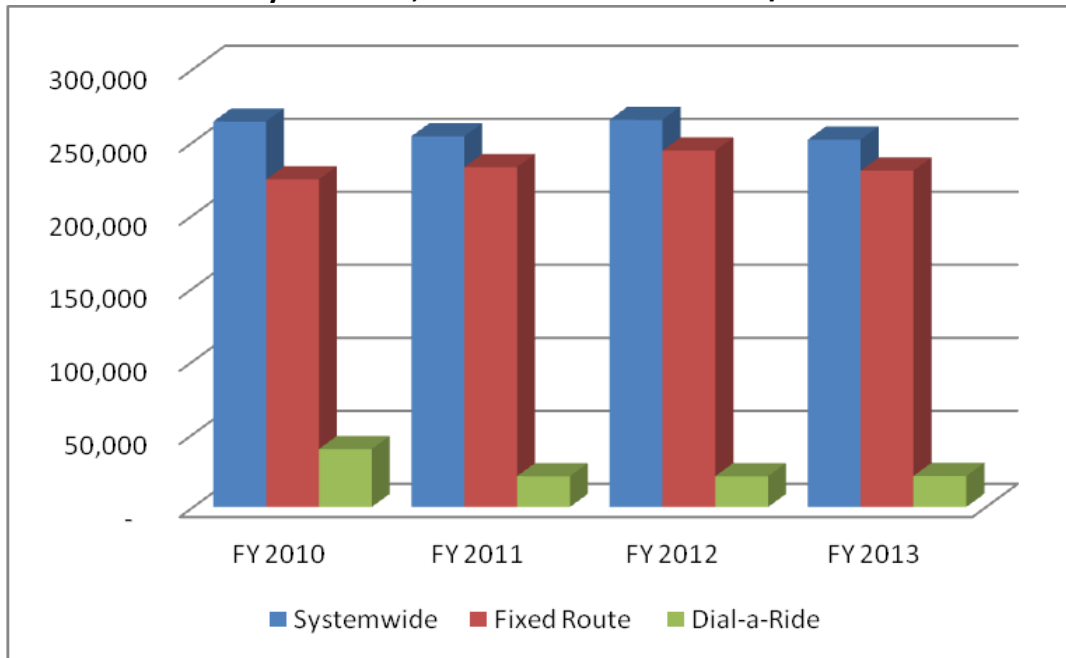
Performance Data and Indicators	Audit Period				% Change FY 2010- 2013
	FY 2010	FY 2011	FY 2012	FY 2013	
Operating Cost	\$473,480	\$474,681	\$475,767	\$454,944	-3.9%
Total Passengers	39,649	21,101	21,084	21,236	-46.4%
Vehicle Service Hours	14,212	11,793	11,770	8,706	-38.7%
Vehicle Service Miles	107,303	93,244	88,322	75,954	-29.2%
Employee FTE's	10	25	25	18	80.0%
Passenger Fares	\$80,775	\$59,704	\$53,982	\$45,666	-43.5%
Operating Cost per Passenger	\$11.94	\$22.50	\$22.57	\$21.42	79.4%
Operating Cost per Vehicle Service Hour	\$33.32	\$40.25	\$40.42	\$52.26	56.9%
Operating Cost per Vehicle Service Mile	\$4.41	\$5.09	\$5.39	\$5.99	35.7%
Passengers per Vehicle Service Hour	2.8	1.8	1.8	2.4	-12.6%
Passengers per Vehicle Service Mile	0.37	0.23	0.24	0.28	-24.3%
Vehicle Service Hours per Employee	1,421.2	471.7	470.8	483.7	-66.0%
Average Fare per Passenger	\$2.04	\$2.83	\$2.56	\$2.15	5.6%
Fare Recovery Ratio	17.06%	12.58%	11.35%	10.04%	-41.2%

Source: Annual Fiscal & Compliance Audits, Comparative Performance Activity Reports, State Controller's Reports

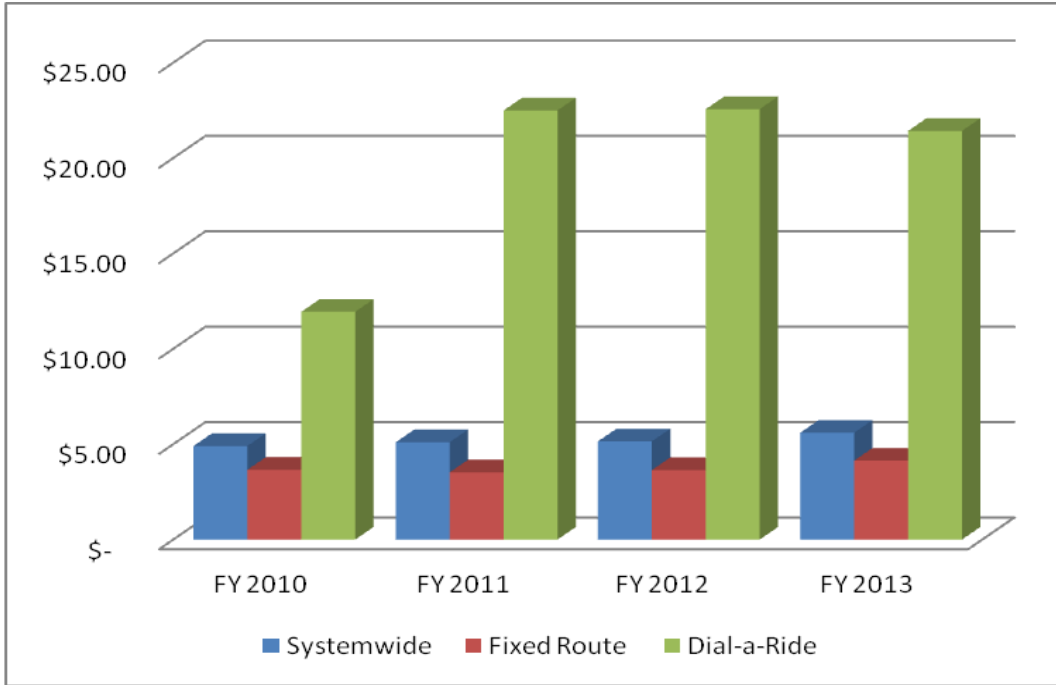
**Graph IV-1
Operating Costs
Systemwide, Fixed Route & Dial-a-Ride/Lift**



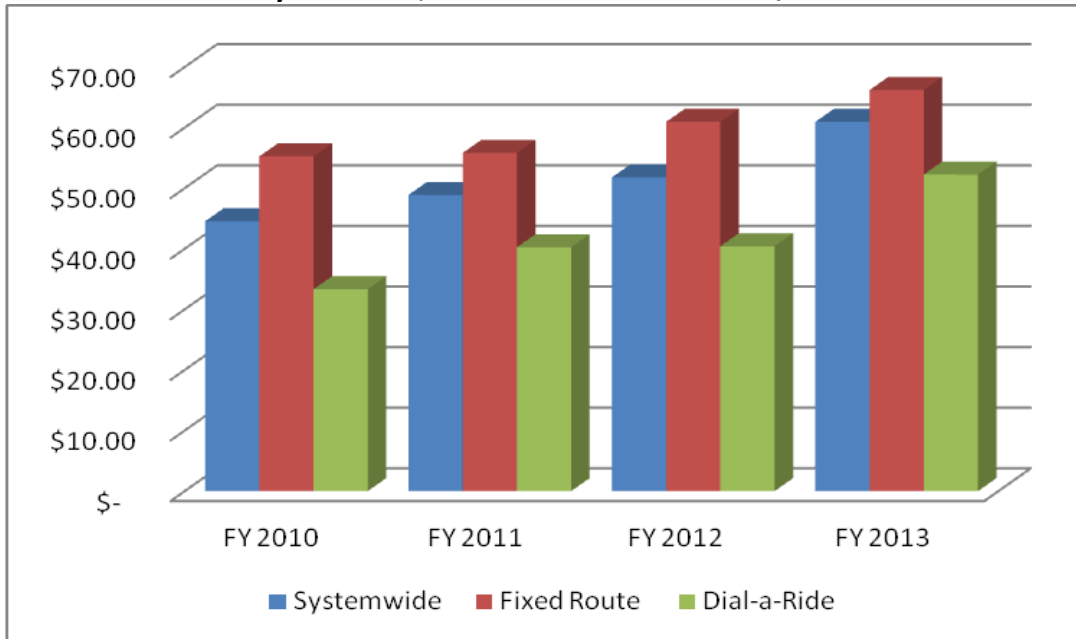
**Graph IV-2
Ridership
Systemwide, Fixed Route & Dial-a-Ride/Lift**



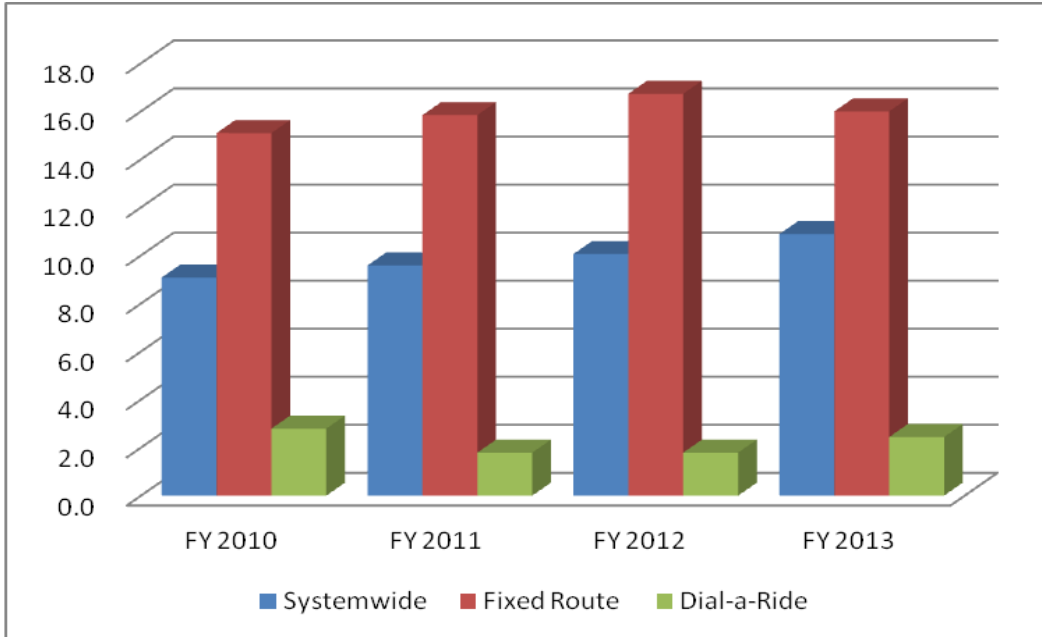
Graph IV-3
Operating Cost Per Passenger
Systemwide, Fixed Route & Dial-a-Ride/Lift



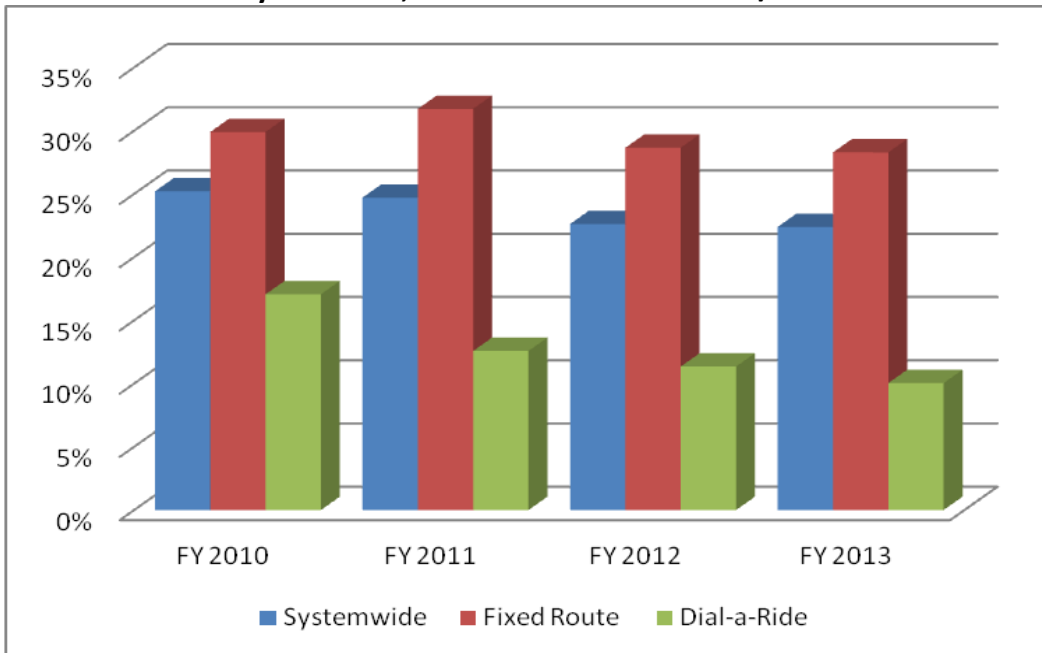
Graph IV-4
Operating Cost Per Vehicle Service Hour
Systemwide, Fixed Route & Dial-a-Ride/Lift



Graph IV-5
Passengers Per Vehicle Service Hour
Systemwide, Fixed Route & Dial-a-Ride/Lift



Graph IV-6
Fare Recovery Ratio
Systemwide, Fixed Route & Dial-a-Ride/Lift



Findings from Verification of TDA Performance Indicators

- 1. Operating cost per vehicle service hour**, an indicator of cost efficiency, grew by 36.9 percent systemwide from \$44.52 in FY 2010 to \$60.94 in FY 2013. The ETS fixed route operations cost per vehicle service hour increased 19.8 percent during the period from \$55.24 to \$66.18. Likewise, demand response cost per service hour increased 56.9 percent from \$33.32 to \$52.26. Systemwide operating costs based on audited data increased 8.8 percent systemwide over the three year period with operating hours decreasing 20.5 percent.
- 2. Operating cost per passenger**, an indicator of cost effectiveness, increased 14.1 percent systemwide from \$4.90 in FY 2010 to \$5.60 in FY 2013. ETS fixed route services exhibited a comparable increase of 13 percent from \$3.66 in FY 2010 to \$4.14 in FY 2013. Demand response services saw its operating cost per passenger increase by a significant 79.4 percent from \$11.94 in FY 2010 to \$21.42 in FY 2013. Ridership systemwide declined by 4.7 percent during the period from 263,933 passengers in FY 2010 to 251,497 passengers in FY 2013. The increase in this indicator reflects the increase operating costs in contrast with the decline in ridership.
- 3. Passengers per vehicle service hour**, which measures the effectiveness of the service delivered, increased 19.9 percent systemwide from 9.1 passengers per hour in FY 2010 to 10.9 passengers per hour in FY 2013. On the ETS fixed route, the measure grew by 6 percent over the past three years, from 15.1 passengers per hour in FY 2010 to 16 passengers per hour in FY 2013. Passengers per hour for DAR declined by 12.6 percent from 2.8 passengers in FY 2010 to 2.4 in FY 2013.
- 4. Passengers per vehicle service mile**, another indicator of service effectiveness, increased slightly during the audit period for fixed route, going from 1.42 passengers per mile in FY 2010 to 1.44 in FY 2013. Overall, the measure exhibited a modest increase of 7 percent systemwide. Passengers per vehicle mile for DAR decreased 24.3 percent from 0.37 passengers in FY 2010 to 0.28 in FY 2013 as the rate of decline for ridership exceeded the decline in revenue miles driven.
- 5. Vehicle service hours per employee** for fixed route decreased 11.9 percent between FY 2010 and FY 2013 from 1,486 to 797 hours. The number of full time equivalents (FTEs) for fixed route during the audit period remained relatively stable overall, increasing from 10 to 11, according to the State Controller Report. FTEs peaked at 13 in FY 2011. Vehicle service hours per employee for DAR decreased 66 percent during the audit period, from 1,421 to 483.7. This decline may be attributed to the adoption of a 24-hour automated reservation system. However, FTE data in the State Controller Report might reflect an actual headcount rather than the number of annual employee hours divided by 2,000.
- 6. Farebox recovery** for fixed route continued to surpass the TDA farebox recovery requirement of 22.4 percent on an annual basis. The installation of electronic fareboxes on the ETS buses in 2008 has helped to increase the fares collected through less fare

evasion and advance sales of prepaid passes and fare value cards. Farebox recovery for fixed route saw a modest decline of 5.4 percent partly attributed to a fare increase during audit period. The DAR farebox continued to meet or exceed its TDA requirement of 10 percent during the audit period despite seeing its farebox recovery ratio decline 41.2 percent. There was also an increase in the fare for DAR from \$2.80 per ticket to \$18.00 for a book of six tickets.

Conclusion from the Verification of TDA Performance Indicators

ETS' performance indicators reflect a relatively stable transit system during challenging recessionary times. Ridership trends remained steady with some small decrease over the last three years. Operating costs increased due to maintenance, personnel and service contract cost adjustments. Operational costs for the DAR contractor, CAE, were also lower during the audit period due to the implementation of an automated 24-hour reservation system and a reduction in the DAR fleet from three to two vehicles. However, performance trends for DAR/L such as operating cost per hour, operating cost per passenger, and farebox recovery, showed adverse trends. The City has expressed its intention to continue renegotiating the contract with the County for their share of transit operations, currently set at 27 percent of costs.

Section V

Review of Operator Functions

This section provides an in-depth review of various functions within the ETS. The review highlights accomplishments, issues and/or challenges that were determined during the audit period. The following functions were reviewed at the City of Eureka, CAE and HTA administrative offices:

- Operations
- Maintenance
- Planning
- Marketing
- General Administration and Management

Within some departments are sub-functions that require review as well, such as Grants Administration that falls under General Administration.

Operations

The supporting goals of the Eureka transit program are to *1) Provide safe, reliable, high quality and economical public transportation; 2) Coordinate transit system development with community planning, development efforts, land use policy, and other transportation services; and 3) Demonstrate the importance of ETS to the vitality of the community.* In concert with ETS, the supporting goal of the Dial-a-Ride/Lift (DAR/L) program is *to maintain safe, reliable, high quality and economical public transportation to that segment of the community who is physically unable to use the regular bus system.*

ETS has continued to operate its four weekday and three Saturday routes based on an hourly uni-directional loop alignment. Most routes originate and terminate at the corner of H and 3rd Streets in downtown Eureka, with the exception of the Green Route, which originates and terminates at the corner of Harris and F Streets adjacent to the Henderson Center in south Eureka. The ETS route system has remained relatively unchanged with the exception of a few minor schedule adjustments to allow for more recovery time.

The ETS fixed route continues to be operated by HTA, a Joint Powers Agency of which the City of Eureka is a member. Two fare increases were implemented on ETS at the beginning of FY 2011 and FY 2013. A subsequent fare increase was implemented outside of the audit period in January 2014. Several improvements have either been implemented or proposed for the system. Technology upgrades have included the installation of electronic fareboxes and global positioning systems (GPS) on the fixed route vehicles.

Proposed improvements include the procurement of two new 35-foot buses, the introduction of Sunday service and the realignment of the ETS route system. Although implemented after the audit review period, HTA introduced limited Sunday service in August 2013. Sunday service is also being considered for the ETS system as a finding from the unmet transit needs process. However, there have been concerns raised that Sunday service may not be sustainable from a fiscal standpoint. The proposed route realignment would be based on a hub-and-spoke configuration with timed transfers.

For the DAR/L service, a 24-hour advance reservation system was implemented which has resulted in better scheduling efficiencies and some cost savings. The reservation system, NOVUS for Demand Response, is a Trapeze software program that provides computerized scheduling and determines the vehicle location. Mobile display terminals (MDTs) are installed in the DAR/L vehicles. With the implementation of the new scheduling program, the DAR/L service has been able to increase its shared ride percentage and improve on-time performance compared to a few years ago. The on-time performance standard is 95 percent within five minutes of the scheduled pick up. There is a 30-minute pick up window.

DAR/L operations are staffed by five full-time drivers and three dispatchers. Two drivers were hired during the audit period and one dispatcher left. The five drivers are supplemented by two drivers who are normally assigned to the Redwood Coast Regional Center (RCRC). One dispatcher is assigned to DAR/L and works Monday through Friday. The remaining two dispatchers are assigned to the 24-hour ambulance service and the 18-hour taxi service. All dispatchers are cross-trained.

CAE drivers are required to have a Class B license with a passenger endorsement. Drivers undergo periodic sensitivity, wheelchair lift and First Aid/CPR training. As an incentive, drivers who pass the Class B licensing test with a score of 85 percent or higher receive a \$0.50 an hour pay incentive. DAR/L drivers are also qualified taxi drivers for the City of Eureka.

Maintenance

Maintenance of the fixed route ETS fleet is contracted to HTA and is conducted at its administrative facility located at 133 V Street in Eureka. The City of Eureka covers the costs of vehicle maintenance including fuel. The City cites greater cost and operational efficiencies with this arrangement. Budgeted expenditures for vehicle maintenance have ranged from \$135,000 to \$318,000 annually based on audited data.

Fleet maintenance is staffed by the Equipment and Facilities Manager, one shop supervisor/lead mechanic, two mechanics, three technicians, a vehicle service worker, and a cleaner/janitor. Maintenance occurs during the hours of 4:30 a.m. and 7:30 p.m., with fueling taking place through midnight. During fueling, the GFI boxes are probed for electronic mileage reading and other downloaded data.

The maintenance facility includes three bus bays plus an extra lane if needed. There is a storage bay and a separate parts room containing vehicle spare parts that are tracked via barcodes. The barcodes feed into the fleet maintenance software provided by Ron Turley and Associates. The Maintenance director indicated that the software is quite adequate for HTA's purpose, and that the vendor provides good support. Minor vehicle roadcalls are typically identified and handled without compromising service by the mechanic's coordination to address the problem.

ETS fixed route vehicles undergo annual inspections as part of the CHP Transit Operator Compliance Program. All inspections conducted during the audit period were rated satisfactory.

For the DAR/L vehicles, CAE is also responsible for maintenance and storage. The CAE maintenance facility, located at 134 West 7th Street, contains two lifts racks and a limited parts inventory. Most of the parts kept on the premises are light bulbs. For all remaining parts, the contractor relies on vendors. Dealer parts take a couple of days for delivery. CAE's maintenance staff consists of two full-time mechanics, including a journeyman mechanic. The contractor reports no major accidents and only a few roadcalls.

Planning

Transit planning has involved in-depth analysis and monitoring of ridership trends over a multi-year period. *The FY 2011/12-2015/16 Transit Development Plan (TDP) Update for Humboldt County Transit Systems*, adopted in May 2012, covers a five-year planning horizon and contains a series of operational recommendations for ETS.

ETS service recommendations focused primarily on increasing recovery time between trips and the formalization of a regular service monitoring and evaluation program to identify poorly performing trips and when increased capacity may be required. In the next TDP cycle beyond 2015/16, there may be a requirement to increase capacity midday. The TDP contends that there should be consideration to implement counterclockwise service based on offset schedules that facilitate 30-minute headways along each route.

Marketing

ETS utilizes a combination of printed and electronic methods in marketing its services to the community. One the principal marketing tools is the ETS Web site (<http://www.eurekatransit.org/>). The Web site mirrors the format and Google trip planning capabilities as the RTS and A&MRTS websites. These electronic formats are developed by the same private firm, Trillium Solutions, and provide further evidence of the level of collaboration between the agencies in delivering public transit. The City of Eureka Web site (<http://www.ci.eureka.ca.gov/depts/finance/faqs.asp>) also provides information about transit services available to residents under the Frequently Asked Questions (FAQ) page for the Finance Department. The information on the City's Web site appears to be outdated and contains a link to the HTA Web site for route and schedule information. ETS also issues its printed color transit schedule and fares in a pocket sized foldout, which was updated in March 2013.

Eureka bus information was also provided in the recently published *Humboldt County Transportation Services Guide*. The guide was developed by HTA and printed in January 2010 for public transit and human service transportation. The large newspaper style guide provides maps and bus schedules for all public transportation operations in the county including for both fixed route and demand response systems. The guide is also available online. In January 2014, HTA released another comprehensive route map and schedule brochure that includes transit information for all the major services in Humboldt County including ETS.

General Administration and Management

The City of Eureka was incorporated on April 18, 1856 and is a Charter City with a Mayor-Council form of government. The Eureka City Council serves as the City's main legislative body and is comprised of five elected members from designated wards within the city. Council members serve overlapping four-year terms and municipal elections coincide with the California State General Elections. The Mayor is directly-elected and can serve no more than two consecutive terms. The City Council meets on the first and third Tuesday of the month at 6:00 p.m. in the Eureka City Council Chambers on the 2nd floor of Eureka City Hall located at 531 K Street. Public feedback and comments about the transit system are passed on to the council members.

The City Manager as the chief administrative officer oversees the operations of the 14 City departments. Administration of the ETS service contract and reporting falls under the direction of the Finance Department. The Finance Department is responsible for providing the financial management of all City funds and maintaining the fiscal integrity of the City.

In addition to providing oversight of the City's transit contracts, the Finance Department is responsible for the submittal of the City's annual TDA claim to HCAOG and the Transit Operators Financial Transactions Report to the State Controller. There have been some issues concerning the late submittal of the annual TDA claim and its implications on use of city funds. The City contends that it is aware of its annual allocations and financing methods for the transit service which are accounted for in its annual budget. In addition, there were staffing issues involving personal family leave that affected the timely submittals of TDA claims and the FY 2013 Transit Operators Financial Transactions Report.

The City executed its fifth contract amendment with HTA during the audit period. The amendment was for a two-year term commencing July 1, 2012 and ending June 30, 2014. The contract amendment set the monthly fixed rate at \$70,984.25 for the first year and \$73,823.58 for the second year. In addition, it included a provision for the City to pay the contractor for the actual cost of vehicle liability insurance exclusive of collision coverage.

The paratransit contract with CAE is based on an annual fixed fee that is renewed annually. The contract amount was reduced with the implementation of the computerized 24-hour reservation system, which resulted in significant cost savings of over \$50,000 annually. The amount of the FY 2012-13 paratransit contract was for \$411,420. The contract language was amended to include Title VI requirements with regard to Limited English Proficiency (LEP) and accessibility.

While a separate in-depth review of the paratransit contract was not performed for this audit, the fixed fee method is one cost mechanism to pay for paratransit. Other cost models include variable cost, and a combination of fixed plus variable costs. Under the variable cost method, an operations cost per hour rate is developed by the contractor and, based on the number of revenue hours provided, the total cost would move more consistently with the amount of service. For fixed plus variable costs, the fixed cost accounts for administrative expenses of the contractor such as management, materials and supplies, and facilities for DAR/L, while variable costs include vehicle operations and driver wages.

Grants Management

The City of Eureka relies on a variety of grants and other funding mechanisms to support its transit system. These grant sources are derived from state and federal programs. Pursuant to TDA, the City receives Local Transportation Fund (LTF) proceeds and the State Transit Assistance (STA) funds. TDA funding is used for both operating and capital expenses. LTF revenues received during the audit period were \$401,523 in FY 2011; \$536,819 in FY 2012; and \$549,822 in FY 2013. The STA funds received were \$104,554 in FY 2011; \$66,713 in FY 2012; and \$238,858 in FY 2013.

The City of Eureka and the County of Humboldt have had a long-standing agreement in the sharing of revenue contribution to the net operating costs of ETS. The City contributes 73 percent of net ETS costs from its LTF apportionment while the County contributes the remaining 27 percent from its LTF. The contributions are intended to cover the areas served by the system that fall outside of the Eureka city limits and in the County's jurisdiction.

Eureka received \$268,742 in funding through the State Proposition 1B Public Transportation Modernization, Improvement & Service Enhancement Account (PTMISEA) program for the procurement of a GPS tracking system and various bus stop and shelter improvements. Unexpended PTMISEA proceeds at the end of FY 2013 were \$25,471.

Grants awarded by the Federal Transit Administration (FTA) have been derived from the FTA Section 5311 program for operations and some capital expenditures. Eureka received \$173,284 in FTA Section 5311 funds for FY 2012 and FY 2013, respectively. Procurement of demand response vehicles were obtained with \$152,429 in FTA Section 5310 funds received in FY 2012. In addition, the City received \$54,327 in funding toward operations in FY 2011 under the American Recovery and Reinvestment Act of 2009 (ARRA).

Section VI

Findings

The following summarizes the major findings obtained from this Triennial Audit covering fiscal years 2011 through 2013. A set of recommendations is then provided.

Triennial Audit Findings

1. Of the compliance requirements applicable to ETS, the operator fully complied with seven of out nine requirements. ETS was in partial compliance with regard to the timely submittal of its Transit Operators Financial Transactions Report to the State Controller for FYs 2011 and 2013, and was in non-compliance with regard to external reporting of performance data and indicators. Two additional compliance requirements did not apply to ETS (e.g. urban & blended farebox recovery ratios). Staff constraints are attributed to the delay in submitting the State Controller Reports.
2. Based on the Annual Fiscal and Compliance Audits, the farebox recovery ratio for ETS fixed route service remained above the required 22.4 percent. The average farebox recovery attained during the audit period was 29.5 percent. In addition, Eureka's Dial-a-Ride farebox recovery ratio remained above the required 10 percent. The average farebox recovery attained for Dial-a-Ride was 11.3 percent.
3. Through its contract operator, ETS participates in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period.
4. The operating budget exhibited modest fluctuations during the audit period. The budget increased 6.3 percent in FY 2012 and 11.9 percent in FY 2013. The budget increases were attributed to personnel, vehicle liability and service contract adjustments. During FY 2011, the budget decreased 1.1 percent.
5. Eureka implemented one out of the three prior audit recommendations with regard to reporting only ETS financial data in the State Controller Report for the fixed route system. The recommendations not implemented involve reporting performance data in accordance with TDA definitions and qualitative data reporting by the contractors.
6. Operating cost per vehicle service hour, an indicator of cost efficiency, grew by 36.9 percent systemwide from \$44.52 in FY 2010 to \$60.94 in FY 2013. The ETS fixed route operations cost per vehicle service hour increased 19.8 percent during the period from \$55.24 to \$66.18. Likewise, demand response cost per service hour increased 56.9 percent from \$33.32 to \$52.26. Systemwide operating costs based on audited data increased 8.8 percent systemwide over the three year period with operating hours decreasing 20.5 percent.

7. Operating cost per passenger, an indicator of cost effectiveness, increased 14.1 percent systemwide from \$4.90 in FY 2010 to \$5.60 in FY 2013. ETS fixed route services exhibited a comparable increase of 13 percent from \$3.66 in FY 2010 to \$4.14 in FY 2013. Demand response services saw its operating cost per passenger increase by a significant 79.4 percent from \$11.94 in FY 2010 to \$21.42 in FY 2013. Ridership systemwide declined by 4.7 percent during the period from 263,933 passengers in FY 2010 to 251,497 passengers in FY 2013. The increase in this indicator reflects the increase operating costs in contrast with the decline in ridership.
8. Passengers per vehicle service hour, which measures the effectiveness of the service delivered, increased 19.9 percent systemwide from 9.1 passengers per hour in FY 2010 to 10.9 passengers per hour in FY 2013. On the ETS fixed route, the measure grew by 6 percent over the past three years, from 15.1 passengers per hour in FY 2010 to 16 passengers per hour in FY 2013. Passengers per hour for DAR declined by 12.6 percent from 2.8 passengers in FY 2010 to 2.4 in FY 2013.
9. Farebox recovery for fixed route continued to surpass the TDA farebox recovery requirement of 22.4 percent on an annual basis. Farebox recovery for fixed route saw a modest decline of 5.4 percent partly attributed to a fare increase during audit period. The DAR farebox continued to meet or exceed its TDA requirement of 10 percent during the audit period despite seeing its farebox recovery ratio decline 41.2 percent.
10. Two fare increases were implemented on ETS at the beginning of FY 2011 and FY 2013. A subsequent fare increase was implemented outside of the audit period in January 2014. There was also an increase in the fare for DAR from \$2.80 per ticket to \$18.00 for a book of six tickets.
11. Several improvements have either been implemented or proposed for the system. Technology upgrades have included the installation of electronic fareboxes and global positioning systems (GPS) on the fixed route vehicles.
12. For the DAR/L service, a 24-hour advance reservation system was implemented, which has resulted in better scheduling efficiencies and some cost savings. The reservation system, NOVUS for Demand Response, is a Trapeze software program that provides computerized scheduling and determines the vehicle location.
13. *The FY 2011/12-2015/16 Transit Development Plan (TDP) Update for Humboldt County Transit Systems*, adopted in May 2012, covers a five-year planning horizon and contains a series of operational recommendations for ETS. ETS service recommendations focused primarily on increasing recovery time between trips and the formalization of a regular service monitoring and evaluation program to identify poorly performing trips and when increased capacity may be required.

14. ETS utilizes a combination of printed and electronic methods in marketing its services to the community. One the principal marketing tools is the ETS Web site (<http://www.eurekatransit.org/>). The Web site mirrors the format and Google trip planning capabilities as the RTS and A&MRTS websites.

15. The City executed its fifth contract amendment with HTA during the audit period. The amendment was for a two-year term commencing July 1, 2012 and ending June 30, 2014. The paratransit contract with CAE is based on an annual fixed fee that is renewed annually.

Recommendations

1. Closely monitor Dial-A-Ride performance trends.

Based on data provided for this audit period, performance indicators for DAR/DAL are trending in a manner that warrants attention. For the three year period, key metrics including operating cost per vehicle revenue hour, operating cost per passenger, and farebox recovery show declining trends meaning higher cost on a per hour or per passenger basis, and lower farebox recovery. A possible explanation may be the reported data that has been an issue described in this and prior performance audits, as it is either erroneous or the result of on-going adjustments to meet TDA definitions. In either case, from the performance data that is submitted to the City, and then from the City to the State, the trends should be closely monitored by City staff given the increases in cost on a per hour and per passenger basis, as well as declining farebox to where it is just meeting the minimum TDA standard.

2. Continue efforts with contract operators to collect and report performance information according to TDA definitions.

This recommendation is carried over from the prior audit. A review of performance data reported for the recent audit period shows that performance data were either omitted from or incorrectly stated in the Transit Operators Financial Transactions Report submitted to the State Controller. For example, the vehicle service miles were omitted and the vehicle service hours were erroneously reported for DAR/L for FY 2013. It is suggested that the City Finance Department continue to work with the contract operators in ensuring that the correct performance data are being report in accordance with the TDA definitions.

3. Ensure monthly transit operating reports are submitted to the City by the contract operators.

This recommendation is carried over from the prior audit. The monthly data received from the contract operators provide the necessary information for city staff to evaluate service productivity, efficiency and effectiveness. While some of the data are reported, not all of the data specified in the agreements were submitted to the City, such as the number of complaints and compliments, vehicle failures, missed trips, and ridership by route. The contract providers indicated that the data are available upon request.

A review of the monthly Comparative Performance Activity Reports compiled by HTA and CAE for Eureka show primarily operational performance data and not qualitative service data such as complaints, compliments, road calls, trip denials, missed trips and ridership by route. For example, in the City's Dial-a-Ride/Lift contract with CAE, the contractor is to provide: 1) the number of passengers; 2) vehicle revenue hours; 3) vehicle revenue hours; 4) employee pay hours; 5) number of validated complaints; 6) number of in-service road failures; and 7) monthly report of missed trips and/or appointments. The City indicated that there continues to be missing data in the contractor reports. It is suggested that these data be requested and

consistently provided to the City by the respective contract operators, not only to fulfill the agreements, but to enable city officials to conduct a higher level of evaluation and monitoring of ETS and DAR/L.

4. Calculate Full Time Equivalents in the Transit Operators Financial Transactions Report according to the TDA definition.

Full Time Equivalents (FTEs) are required to be reported in the annual Transit Operators Financial Transactions Report submitted to the State Controller. The State Controller Reports compiled for Eureka's fixed route and dial-a-ride during the audit period do not properly calculate FTEs. FTE data appear to reflect a headcount rather than the methodology of total number of labor hours divided by 2,000. FTEs are inclusive of part time employees and/or city staff who contribute their time to transit.

Employee hours should include those from the contract operators and City personnel responsible for monitoring the operating contract and preparing the State Controller Report. It is suggested that time dedicated to the transit system be tracked as reasonably as possible and tabulated properly since it feeds into the State Controller Reports. Operations data contained in the State Controller Report should be reviewed carefully for accuracy and completeness prior to submittal to the State by the Finance Department. Proper reporting of FTEs will result in more accurate performance indicators of productivity and responsiveness to the State.