

STAFF REPORT

SUBJECT: Triennial Performance Audits for the SJCOG, Cities of Ripon, Escalon, Manteca, Lodi and the San Joaquin Regional Rail Commission and San Joaquin Regional Transit District for FY12/13, 13/14, 14/15

RECOMMENDED ACTION: Recommend the Board, Receive and Accept the Reports and Findings

DISCUSSION:

California's Transportation Development Act (TDA) requires that a triennial performance audit be conducted of public transit entities receiving TDA revenues and of the regional transportation planning agencies responsible for administering the Transportation Development Act. The purpose of the performance audit is to evaluate each recipient's effectiveness and efficiency in the use of its TDA funds.

SJCOG engaged Maze & Associates to conduct the audits of the San Joaquin Regional Transit District, the San Joaquin Regional Rail Commission, the City of Lodi, City of Manteca, City of Escalon, City of Tracy, City of Ripon and SJCOG itself.

As a result of the audits, the following recommendations were included in each report (the full report is available on request).

SAN JOAQUIN REGIONAL TRANSIT DISTRICT

Triennial Audit Findings

1. Of the compliance requirements pertaining to RTD, the operator fully complied with nine of the eleven requirements applicable to the City. Two compliance requirements are not applicable. The City was in partial compliance with one compliance requirements.
2. RTD 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.
3. The operating budget exhibited significant fluctuations during the audit period but was reflected by the RTD's completed projects.

4. RTD's farebox recovery ratios for general public service are based on the levels it had in FY 1978-79 as an older operator. The RTD farebox ratio threshold is 20.3 percent, as opposed to the urbanized ratio of 20.0 percent for newer service. Also, RTD's required fare revenue and local support ratio is 32.0 percent. In addition, its farebox requirement for elderly and disabled services is 10.0 percent. During each audit year, RTD met or exceeded these minimum farebox recovery ratios.
5. RTD has been receiving steady state transit assistance funds for various transit projects. However, during the audit period FY 13-15, a steady decrease of capital expenses using grant funds were due to completion of the Regional Transportation Center.
6. Operating costs System wide decreased 1.3 percent over the past three years based on audited data from the FY 2012 base year through FY 2015 and a 5.8 percent increase over the audit period. Operating costs for Regular Service decreased 3.4 percent from the base year however, during the audit period, there was an increase of 2.9 percent. The operating costs for Elderly and Disabled Service increased 116.9 percent from the base year and 53.4 percent during the audit period. The increase appears to be due to the increase in labor expenses.
7. Ridership increased 4.2 percent Systemwide over the past three years based on audited data from the FY 2012 base year through FY 2015 and a 3.3 percent increase over the audit period. For Regular Service, ridership increased 2.9 percent from the base year while Elderly and Disabled Service increased 41 percent. For Elderly and Disabled Service, there was a significant decrease of 35 percent from FY 2014 to FY 2015. The decrease is due to the exclusion of ridership data directly related to routes for the non-profit organization United Cerebral Palsy, as instructed by the National Transit Database.
8. Operating cost per passenger decreased 2.7 percent Systemwide from \$7.27 in FY 2012 to \$7.07 in FY 2015. While cost per passenger exhibited the same decrease on the Regular Service of 6.9 percent, the Elderly and Disabled Service increased 33.9 percent from the base year. This increasing trend for this indicator reflects a much greater rate of decline in Elderly and Disabled Service ridership than in operating costs.
9. Operating cost per vehicle service hour increased 5.4 percent Systemwide from \$152.35 in base year FY 2012 to \$160.57 in FY 2015. Cost per hour for the Regular Service mirrored the Systemwide increase (4.1 percent) from \$153.11 in FY 2012 to \$159.34 in FY 2015. Elderly and Disabled Service exhibited a 29.0 percent increase in its cost per hour.
10. Passengers per vehicle service hour Systemwide exhibited an increase of 8.4 percent which is a positive trend although it is based on service hours declining at a higher rate than ridership from the base year of FY 2012 to FY 2015. Regular service showed an 11.8 percent increase in passenger per hour while the Elderly and Disabled saw a 3.7 percent decrease.

11. The fare recover ratio by service over the past three years showed declining trends although the minimum required TDA ratio was met each year. According to the fiscal compliance audits, farebox recovery for Regular Service decreased 4.2 percent from 21.19 percent in base year FY 2012 to 20.30 percent in FY 2015. Fare revenues are comprised of passenger fares and Measure K funds as allowed by TDA. As an older operator, RTD is also subject to the fares plus local support ratio for regular services. The farebox recovery ratio that includes passenger fares, Measure K and local property taxes declined 1.1 percent from 35.03 percent in FY 2012 to 34.64 percent in FY 2015. Elderly and Disabled Service farebox recovery also decreased by 29.7 percent from 14.23 percent in FY 2012 to 10.00 percent in FY 2015.

RECOMMENDATIONS:

NONE

CITY OF RIPON

Triennial Audit Findings

1. Of the compliance requirements pertaining to Ripon, the operator fully complied with five out of the seven applicable requirements. Ripon was in partial compliance with regard to the timely submission of annual fiscal and compliance audits and to the calculation of FTE data. Four additional compliance requirements are not applicable to Ripon (e.g., CHP terminal inspections, intermediate farebox recovery ratio under PUC 99270.1, urbanized area farebox recover ratio, and federal grant utilization).
2. Ripon is exempt from the CHP Transit Operator Compliance Program as the City does not have a bus maintenance facility or a terminal, despite acquiring a Gillig bus in FY 13. As such, the City is not subject to the requirement.
3. Based on available data from the Annual Fiscal and Compliance Audits, the agency's farebox recovery ratio remained above the required 10 percent during the review period. The average farebox during the triennial period was 25.39 percent.
4. Operating costs decreased 59.5 percent over the past three years based on audited data from the FY 2012 base year through FY 2015.
5. Ridership increased during the audit period from 1,626 passenger trips in FY 2013 to 1,743 passenger trips in FY 2015. The City and Bethany Home recruited more volunteer drivers. As a result, Ripon Transit has been able to provide more service which increased ridership. The addition of the new bus service of the Blossom Express was a factor in the increase, as well.
6. Operating cost per passenger, an indicator of cost effectiveness, decreased 40.6 percent over the past three years based on audited data from the FY 2012 base year through FY

2015. This was due to the operating costs decreasing as Ripon Transit transitioned from an on-demand response service to a fixed-route system with an increase in passengers.

7. Operating cost per vehicle service hour, an indicator of cost efficiency, decreased 89.4 percent over the past three years based on audited data from the FY 2012 base year through FY 2015. The trends in this indicator show contrast between the decreases in operating costs compared to the increase in revenue service hours over the audit period.
8. Passengers per vehicle service hour, which measures the effectiveness of the service delivered, exhibited a decrease of 82.2 percent. The number of passenger per service hour decreased from 8.1 passenger in FY 2013 to 3.3 passengers in FY 2015.
9. The fare recover ratio over the past three years increased based on audited data and maintained the TDA minimum requirement. Farebox recovery increased 103.5 percent from 15.94 percent in FY 2012 and 32.42 percent in FY 2015. Audited passenger fare revenues decreased 17.5 percent from \$1,255 in FY 2012 to \$1,035 in FY 2015.

RECOMMENDATIONS:

Accurately calculate Full-Time Equivalents according to PUC guidelines.

The full time equivalent data reported in the Transit Operator Financial Transactions Reports that are submitted to the State Controller have been omitted. The FTE data are derived by dividing total annual employee hours by 2,000 according to PUC guidelines. This would be important considering the increase in the number of volunteer drivers and service hours as well as the implementation of the fixed-route service. It is recommended that the City determine the annual personnel hours spent on transit by administrative, contract and public works personnel as well as volunteers and divide the total by 2,000 annual hours to arrive at the correct FTE figure. As of the audit period, the City has not included the full time equivalent data in the Transit Operator Financial Transaction Reports. They maintain such records internally, however, and plan to include said information in the FY 16 reports and moving forward.

CITY OF LODI

Triennial Audit Findings

1. Of the compliance requirements pertaining to Lodi, the operator fully complied with eight of the eleven requirements. The City was in partial compliance with two of the requirements and one compliance requirements did not apply to Lodi.
2. To be TDA eligible, the City of Lodi is required to meet a two-step process adopted by SJCOG. The first is that TDA funds make up no more than 90 percent of total operating funds minus depreciation. This is verified in the annual financial audits. The second is to maintain a series of performance objectives in lieu of meeting the minimum farebox ratio requirement. The Lodi transit system met the 90 percent minimum of TDA funds to operating funds and the performance objectives.

3. The City of Lodi 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 significant fluctuations during the audit period but was reflected by the City's completed projects and bus purchases.
5. Lodi implemented prior audit recommendations.
6. Operating costs Systemwide increased 2.9 percent based on audited data from FY 2012 year through FY 2015.
7. Ridership increased 31.8 percent Systemwide during the audit period. Fixed route (GrapeLine) ridership increased 39.7 percent and Dial-a-Ride (VineLine) ridership decreased 8.2 percent. Ridership experienced the greatest increase in FY 2014 and 2015 due primarily to local economic factors and new service vehicles. Dial-a-Ride had a steady increase in ridership from FY 13 to FY 15.
8. The provision of revenue hours and miles exhibited increases Systemwide during the audit period as well as for all modes. Systemwide, vehicle service hours increased 8.7 percent and vehicle service miles increased 10.7 percent. Fixed route revenue hours and miles increased 23.8 and 18.5 percent, respectively during the audit period, while Dial-a-Ride revenue hours and miles decreased 11.1 and 3.5 percent, respectively during the audit period.
9. Operating cost per passenger, an indicator of cost effectiveness, decreased 21.9 percent systemwide due to the decrease in Measure K subsidy. Cost per passenger decreased 21.0 percent on the fixed route and increased 2.6 percent on Dial-a-Ride.
10. Operating cost per hour, an indicator of cost efficiency, decreased 5.3 and 10.9 percent Systemwide and fixed route, respectively. Dial-a-Ride slightly increased by 0.8 percent during the audit period.
11. Passengers per vehicle service hour, which measures the effectiveness of the service delivered, exhibited an increase of 21.3, 12.8 and 3.6 percent Systemwide, fixed route and Dial-a-Ride, respectively. This is indicated but a correlated increase in passengers and vehicle service hours for Systemwide and fixed route.
12. The fare recovery ratio over the past three years decreased 20.2 percent Systemwide with Measure K support factored in. Without Measure K support, the Systemwide farebox recovery increased 12.1 percent. Farebox recovery for fixed route increased 3.2 percent while Dial-a-Ride increased by 23.1 percent.
13. The City purchased 13 new 26-foot Chevrolet ARBOC buses for the GrapeLine.

14. The contract operator, MV Transportation, provides a monthly management report to the City that contains an invoice, ridership summary, on-time performance statistics, mileage customer service call summary, personnel activity, and staffing. City staff meets with the contractor regularly regarding operations and service changes.
15. Currently, the commercial development is under construction and a shelter/bench has been placed at the future bus stop location. The residential development is in the plan review phase, and the proposed second transit system has been postponed.

Recently, the Lodi Transit Station was remodeled to expand the restroom facilities. The City is still planning to expand the Lodi Transit Station by providing a secure parking area for the buses, however work has been delayed.

RECOMMENDATIONS:

NONE

SAN JOAQUIN REGIONAL RAIL COMMISSION

Triennial Audit Findings

1. Of the compliance requirements pertaining to the SJRRC, the operator fully complied with seven of the eight requirements. Three additional compliance requirements did not apply to the SJRRC (e.g. CHP inspections and rural farebox recovery ratios). The agency was in partial compliance with regard to the timely submittal of its TDA fiscal and compliance audits.
2. The FY 2013 & FY 2015 fiscal & compliance audits were submitted after 180 days following the end of the fiscal year and beyond the 90-day extension period, whereas the FY 2014 fiscal audit was submitted timely.
3. The SJRRC does not participate in the CHP Transit Operator Compliance Program given the rail- based nature of the ACE rail service.
4. The operating budget exhibited modest fluctuations during the audit period. The budget increased 11.61 percent in FY 2013, 6.41 percent in FY 2014 and 12.33 percent in FY 2015. The upward trend in the operating budget is reflective of increased overhead expenditures for project management, services and supplies, contracted and shuttle services.
5. SJRRC's farebox recovery ratios were steady during the audit period, attaining between 32.44 percent and 38.89 percent, whereas the minimum required TDA farebox ratio is 20 percent. As a commuter-based service with regular weekday ridership and established right-of-way, the farebox reflects the relative stability of commuter rail service.

6. SJRRC has been receiving increased FTA capital grants for major infrastructure and upgrades including the construction of the Cabral Station Track Extension Phases 1-3, equipment maintenance facility and safety projects.
7. Of the prior three audit recommendations, the SJRRC implemented one out of the three. One recommendation pertaining to raising the local match for federal funds is subject to approval from San Joaquin Council of Governments. The recommendation to consider multi-year budgeting is done internally, but the SJRRC budget is still adopted annually.
8. Operating costs increased 68.5 percent from the FY 2012 base year through FY 2015 based on audited data. Costs increased from \$14,617,007 to \$24,633,716 with the highest increase occurring in FY 2015, which amounted to 34.1 percent. The rise in operating costs is attributed to the increase in labor expense and interest expense from the consolidation of two lines of credits held by SJRRC.
9. Ridership saw a 32.3 percent increase during the audit period. Ridership experienced the greatest increase in FY 2013 due to a fourth roundtrip line addition in October 1, 2012. Systemwide ridership saw an increase from 940,774 in FY 2013 to 1,105,648 in FY 2014, a 17.5 percent increase. Ridership continued to increase in FY 2015 to 1,244,309, a 12.5 percent increase from FY 2014.
10. Operating cost per passenger, an indicator of cost effectiveness, increased 6.6 percent from \$18.57 to \$19.80 between the FY 2012 base year and FY 2015, which at this point, reached its peak during the audit period. The trend for this indicator reflects the increase in operating costs as a result of an increase in ridership.
11. Operating cost per hour, an indicator of cost efficiency increased 32.2 percent from \$743.64 in FY 2012 base year to \$982.19 in FY 2015. This is the result of the 68.5 percent increase in operating costs coupled with the 27.5 percent increase in vehicle service hours. There was a 16.1 percent decrease between FY 2012 and FY 2013 with cost per hour at \$743.64 and \$623.78, respectively. This is an indicator of cost inefficiency as there was a slight increase of 1.2 percent in operating costs as compared to the significant increase in service hours. This rebounded in subsequent years as there was a steady increase in cost per hour from \$755.85 in FY 2014, and \$982.91 in FY 2015, a 30 percent increase.
12. Passengers per vehicle service hour exhibited an increase of 24.9 percent which is a positive trend during the audit period. The number of passengers per service hour increased from 40 passengers to 49.6 passengers from the FY 2012 base year through FY 2015. The increase in passengers is reflective of changing ridership demographic and enhanced marketing efforts.
13. The fare recovery ratio increased by 2 percent from 31.80 percent in FY 2012 base year to 32.44 percent in FY 2015 based on audited figures. The average annual decrease was 4.6 percent. Farebox recovery dipped to a low of 32.44 percent in FY

2015. As shown in the performance table, SJRRC exceeded its farebox ratio requirement of 20 percent during the audit period. Fare revenues exhibited a significant increase of 71.9 percent over the same period based on audited data

RECOMMENDATIONS:

NONE

CITY OF MANTECA

Triennial Audit Findings

1. Of the compliance requirements pertaining to Manteca, the operator fully complied with six of the eleven requirements applicable to the City. Two compliance requirements are not applicable. The City was in partial compliance with three compliance requirements.
2. To be TDA eligible, the City of Manteca is required to meet a two-step process adopted by SJCOG. The first is that TDA funds make up no more than 90 percent of total operating funds minus depreciation. This is verified in the annual financial audits. The second is to maintain a series of performance objectives in lieu of meeting the minimum farebox ratio requirement. The Manteca transit system met the 90 percent minimum of TDA funds to operating funds. The City met the minimum requirement of the performance objectives set forth for FY 2013 - 2015.
3. The City of Manteca 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 significant fluctuations during the audit period but was reflected by the City's completed projects such as the Transit Center construction.
5. Manteca implemented two of the two prior audit recommendations.
6. Operating costs Systemwide increased 18.6 percent based on audited data from the FY 2012 base year through FY 2015 and 13.8 percent during the audit period. Both Fixed Route and Dial-a- Ride operating costs decreased 7.6 percent during the audit period.
7. Ridership increased 16.4 percent Systemwide during the audit period. Fixed Route and Dial-a- Ride ridership increased 18.8 percent and 10.0 percent, respectively.
8. Operating cost per passenger, an indicator of cost effectiveness, decreased 5.2 percent Systemwide from FY 2012 base year and 2.2 percent during the audit period. Cost per passenger also decreased by 22.2 percent and 16.0 percent on Fixed Route and Dial-a-Ride, respectively, during the audit period. But increased 3.5 percent on Dial-a-Ride.

9. Passengers per vehicle service hour, which measures the effectiveness of the service delivered, exhibited an increase of 21.2 percent Systemwide from FY 2012 base year and 12.2 percent during the audit period. The rate of increase in this indicator correlated with Fixed Route and Dial-a-Ride, which saw passengers per hour increase by 18.3 percent and 6.9 percent, respectively.
10. The Systemwide farebox ratio decreased 6.4 percent during the audit period. On the modal level, farebox for Fixed Route increased 21.6 percent while the Dial-a-Ride farebox recovery slightly increased 9.0 percent during the audit period.
11. The 2014 Manteca Transit Short Range Transit Plan (SRTP) has served as the principal service planning document during the audit period. Adopted in May 2014, the SRTP outlines the overview of the current transit program, its operations and marketing. The City also presented operational recommendations such as improving their farebox recovery which, during the audit period, did not meet the TDA minimum requirement of twenty percent. The SRTP discussed the focused on the discussion of rebranding.
12. Most recent FTA Triennial Review was conducted in September 2014. The City received six deficiencies in various areas. One deficiency was repeated from the prior review - *Technical Capacity – Progress reports lack required information*. Manteca has implemented and corrected all deficiencies that were identified in the 2014 FTA Triennial Review to the FTA's satisfaction. As required by FTA, all deficiencies must be addressed and closed before an agency receives additional federal grant funding.

RECOMMENDATIONS:

Provide all necessary and required information in progress reports

The City's most recent FTA Triennial Review occurred in September 2014. Manteca was found deficient in 6 areas: Financial Management, Technical Capacity, Maintenance, ADA, Disadvantaged Business Enterprise, and Safety and Security. One area was a repeat deficiency from the prior FTA Triennial review; *Technical Capacity – Progress reports lack required information*. Milestone dates were not revised to accurately reflect anticipated timeframes and narrative did not include sufficient detail to explain grant activity. The City addressed the deficiency by December 2014. It is suggested the City include, in detail, all necessary, required, and up to date information on federally funding projects.

CITY OF TRACY

Triennial Audit Findings

1. Of the compliance requirements pertaining to Tracy, the operator fully complied with five out of the seven applicable requirements. Tracy was in partial compliance with

the timely submissions of the Transit Operator Financial Transactions Reports (State Controller's Report) and annual fiscal and compliance reports for the fiscal years audited regard to the calculation of FTE data. Two additional compliance requirements are not applicable to Tracy.

2. Based on the available data, the City met the all three of the performance objectives for every fiscal year of the period being audited.
3. Operating costs Systemwide increased 24.8 percent over the past three years based on audited data from the FY 2012 base year through FY 2015. Fixed route operating costs increased 80.8 percent from the FY 2012 base year through FY 2015, while Paratransit operating costs increased by 1.5 percent based on unaudited data.
4. Ridership increased 60.5 percent Systemwide from the FY 2012 base year through FY 2015. Fixed route ridership increased 73.2 percent whereas Paratransit ridership decreased 4.3 percent.
5. Operating cost per passenger, an indicator of cost effectiveness, increased 18.4 percent Systemwide. Cost per passenger increased 4.4 percent on fixed route and increased 6.1 percent on Paratransit from the FY 2012 base year through FY 2015. The trend for this indicator reflects the increase in operating costs when compared to the decrease in passenger trips.
6. Operating cost per hour, an indicator of cost efficiency, decreased 22.3 percent Systemwide. The indicator exhibited an increase on the fixed route and Paratransit of 4.4 and 6.1percent, respectively. The trends in this indicator reflect the higher increases in Systemwide operating costs compared to the increases in service hours over the audit period.
7. Passengers per vehicle service hour, which measures the effectiveness of the service delivered, exhibited an increase of 4.2 percent Systemwide. The number of passengers per hour on the fixed route decreased by 7.9 percent from the FY 2012 base year through FY 2015. In contrast, passengers per hour on Paratransit did not exhibit any change in the same period.
8. The fare recovery ratio over the past three years increased Systemwide due to higher operating costs. The Systemwide farebox ratio increased 7.2 percent from the FY 2012 base year through FY 2015. On the modal level, farebox for fixed route decreased 23.4 percent while the Paratransit farebox recovery increased 24.9 percent.

RECOMMENDATIONS:

Timely submission of annual fiscal and compliance audits

Public Utilities Code, Section 99245 states "A report on the audit shall be submitted to the transportation planning agency, transit development board, county transportation

commission, and to the Controller within 180 days after the end of the fiscal year. However, the responsible entity may grant an extension of up to 90 days as it deems necessary.” Annual reports for FY 2013 through 2015 were submitted passed the 180 days initial deadline and the 90 day extension period. The City should implement proper financial closing procedures to ensure timely submission of required reports.

CITY OF ESCALON

Triennial Audit Findings

1. Of the compliance requirements pertaining to Escalon, the operator fully complied with all of the eight requirements. Three additional compliance requirements did not apply to eTrans (e.g. farebox recovery ratios).
2. As a contracted transit service provider, the City is required to meet a two-step process adopted by SJCOG. The first is that TDA funds make up no more than 90 percent of total operating funds minus depreciation. This is verified in the annual financial audits. The second is to maintain a series of performance objectives in lieu of meeting the minimum farebox ratio requirement. The Escalon transit system did meet the first requirement, in which TDA funds did not make up more than 90 percent of their operating funds for all fiscal years in the audit period. However, in fiscal year 2013 and 2014, the eTrans did not meet any of the performance objectives. In fiscal year 2014, they only met 1 out of 3 objectives. Exemptions have been filed to allow the City to meet the performance measures.
3. The City 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 significant increases during the audit period. The budget increased 124.7 percent in FY 2013. The FY 2013 increase was attributed to the new Measure K transit service to Modesto which added additional services. During FY 2014 and 2015, the budget increased 5.1 percent and 4.3 percent, respectively.
5. The City is still trying to implement the previously reported finding regarding performance objectives. This recommendation is repeated for this report.
6. Operating costs systemwide increased 103.6 percent over the past three years based on audited data from the FY 2012 base year through FY 2015. Dial-a-Ride operating costs increased 324.0 percent during the audit period and while fixed route operating costs increased 84.1%.
7. Ridership decreased 38.5 percent systemwide during the audit period. Fixed route ridership increased 2.8 percent and Dial-a-Ride ridership decreased 63.2 percent. On January 2, 2013, ROTA Dial-A-Ride discontinued its services and merged within the

StaRT and operates as the services individually within the City of Riverbank and City of Oakdale.

8. The provision of revenue hours and miles reflect the service changes that were implemented during the period. Fixed route revenue hours and miles increased 59.6 and 50 percent, respectively, while Dial-A-Ride revenue hours and miles increased 363.9 and 8.5 percent, respectively. Systemwide, vehicle service hours increased 102.1 percent and vehicle service miles increased 46.5 percent.
9. Operating cost per passenger increased 230.8 percent systemwide which is reflected in the fixed route indicators. Cost per passenger for the fixed route increased from \$42.34 in FY 2012 to \$108.20 in FY 2015. Dial-A-Ride saw its cost per passenger increased 1050.9 percent from \$7.40 in FY 2012 to \$85.19 in FY 2015. The trend for this indicator reflects a much greater rate of increase in operating costs relative to the decline in ridership.
10. Operating cost per hour decreased 48.8 percent systemwide which reflects the trend on the fixed route. Cost per hour on the fixed route increased from \$56.21 in FY 2012 to \$92.50 in FY 2015. Cost per hour on Dial-A-Ride decreased 8.6 percent.
11. The eTrans system operates primarily as a deviated fixed-route combined with a demand response service during non-peak hours. As of June 2012, RTD operates and maintains the City's transit service through their contract with MV Transportation Inc.
12. Local Measure K funding has allowed for increased service to Modesto, in addition, the City purchased its own fleet and rebranded the transit system in 2008. A new fare structure was adopted in October 2008, amended in October 2011 and August 2012, which included a Modesto day pass and 10-ride pass. The passes were eventually rebranded as EZPasses. In October 2011, the fare structure was amended to account for discounted senior/persons with disabilities/Medicare card passengers.

RECOMMENDATIONS:

Closely monitor performance measures

The City is subject to specific performance objectives as an Article 8 claimant in lieu of the farebox recovery ratio pursuant to TDA. The performance objectives for FYs 2013 to 2015 pertain to cost per revenue hour, passengers per revenue hour, and subsidy per passenger. Escalon must meet at least 2 out of 3 objectives. For FY 2013 and 2015, Escalon met 2 out of the 3 performance objectives, which were cost per revenue hour and subsidy per passenger. For FY 2014, Escalon only met 1 out of the 3 performance objectives, which was for cost per revenue hour. Exemptions have been filed to allow the City to meet the performance measures.

Based on this assessment, the City should remain diligent in exploring opportunities to meet these objectives through a combination of strategies including revenue enhancement, cost savings, and service/schedule adjustments that increase ridership.

The latest SRTP Update adopted in 2012, provides recommendations for enhancing the transit system. In particular, the updated TDP conducted a review and evaluation of the current service and provides a series of steps that are intended to improve the performance of the service which should generally result in improved performance measures. As the SRTP recommendations are implemented, the City should closely monitor performance measures against benchmarks from implementation of the SRTP. Furthermore, the City has set goals for 2016 which include an aggressive marketing campaign to increase ridership among students, seniors and working families. The City also is trying to move away from the larger cutaway buses in favor of smaller vehicles such as minivans.

SAN JOAQUIN COUNCIL OF GOVERNMENTS

Triennial Audit Findings

1. Of the 14 compliance requirements pertaining to SJCOG, the operator has fully complied with all but one requirement, which was not applicable. To its credit, SJCOG collaborates with the local jurisdictions and transit operators to conduct extensive outreach for the annual unmet transit needs process by holding between 16 and 18 public meetings in various locations throughout the county to take public testimony and by accepting written and other forms of correspondence. These meetings are in addition to the required public hearing held by SJCOG prior to adopting the unmet transit needs finding.
2. SJCOG was in compliance with the provision to ensure that all claimants to whom it allocates TDA funds submit to it and to the State Controller an annual certified fiscal and compliance audit within the statutory timeline (PUC Section 99245). Improvement with coordination and communication among the local jurisdictions, SJCOG and the independent accountancy firm has resulted in additional audits being completed. During the performance audit period, the City of Tracy completed the FY 2014 and 2015 past the 90-day extension period.
3. SJCOG modified the performance objective for its Article 8 claimants. Article 8 claimants for transit are subject to the performance objective adopted by the SJCOG in working with the affected jurisdictions pursuant to PUC Section 99405(c). The FY 2013 objective was to maintain an operating cost per passenger at or below a standard calculated by SJCOG. The objectives for FYs 2014 and 2015 were changed to have the claimant maintain a cost per revenue hour and subsidy per passenger at or below a standard calculated by SJCOG as well as maintain the number of passengers per revenue hour at or above a standard calculated by SJCOG. During the audit period, SJCOG determined these performance objectives on a triennial basis using the 2010/2011 baseline comparison.
4. Annually, SJCOG analyzes and determines the “unmet needs” of the participating transit jurisdictions. Any jurisdiction that appears to have unmet needs are addressed and followed up with in the subsequent year.

5. SJCOG is subject to an annual audit of their financial statements and submit the reports within 12 months of the end of each fiscal year to the State Controller's Office. During the audit period, SJCOG has submitted their annual financial audit within the specified time period.

RECOMMENDATIONS:

NONE

FISCAL IMPACT

The Triennial Performance Audit is a requirement for claiming TDA funds.

RECOMMENDATION

Recommend that the Board receives and accepts the reports.