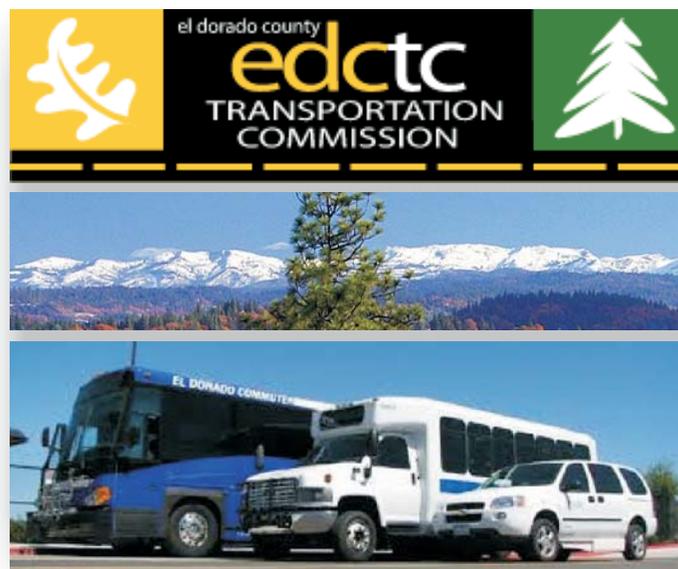

El Dorado County Transit Authority Triennial Performance Audit

for Fiscal Years 2012/13, 2013/14 and 2014/15

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Prepared for the

El Dorado County Transportation Commission

Prepared by



LSC Transportation Consultants, Inc.

TRIENNIAL PERFORMANCE AUDIT
of the
EL DORADO COUNTY TRANSIT AUTHORITY

for
Fiscal Years 2012-13 through 2014-15

Final

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LSC #167010

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The California Public Utilities Code requires all transit operators that receive funding under Article 4 of the Transportation Development Act (TDA) be subject to a performance audit every three years. This document presents the findings from the performance audit of El Dorado County Transit Authority's (EDCTA) transit operations, which include fixed-route, commuter services, and Dial-A-Ride (DAR) programs. As the Regional Transportation Planning Agency responsible for TDA funding, these audits were performed under the authority of the El Dorado County Transportation Commission (EDCTC).

This audit report covers Fiscal Year (FY) 2012-13 through FY 2014-15, and was conducted by LSC Transportation Consultants, Inc. The field reviews and data collection efforts were conducted the spring of 2016.

PERFORMANCE AUDIT REPORT AND ORGANIZATION

This Audit followed the steps recommended in the Caltrans Performance Audit Guidebook:

- ◆ A review of pertinent documents such as the prior performance audits, annual fiscal audits, internal operating reports, adopted policies and procedures, and State Controller Reports.
- ◆ On-site interviews with the EDCTA Executive Director, Operations Manager, Planning and Marketing Manager as well as other staff.

BACKGROUND

Western El Dorado County transit services are provided through a joint powers agreement between the County of El Dorado and the City of Placerville. The EDCTA is governed by a five-member board of directors, with three members appointed by the County Board of Supervisors and two members appointed by the Placerville City Council. EDCTA operates a wide range of services in the western portion of the County (with service as far east as Pollock Pines) including local deviated fixed-routes, demand response, intercity commuter service, and contracted social service transportation. EDCTA's combined operations and maintenance facility is located in Diamond Springs at 6565 Commerce Way.

EDCTA OPERATING AND FINANCIAL STATISTICS

A series of tables and figures displaying EDCTA operating data and performance indicators during this period and the prior audit period are presented in Chapter 2. The analysis shows a small decline in performance during this audit period. This is most representative of a decrease in ridership while operating costs slowly increased at a rate slightly greater than inflation. Overall, EDCTA met TDA farebox ratio minimums and most standards adopted in the most recent Short Range Transit Plan (SRTP). Performance remained relatively steady throughout the audit period.

REVIEW OF COMPLIANCE REQUIREMENTS

As an entity receiving TDA funds for transit purposes, EDCTA is required to comply with the state's financial and reporting guidelines detailed in the Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities pursuant to TDA requirements. The guidebook identifies several specific requirements in TDA regulations that concern issues treated in performance audits. Table 4 of Chapter 2 outlines these compliance requirements. EDCTA met all the requirements with one minor exception: State Controller Reports were submitted two and three days after the required deadline in FY 2013-14 and FY 2014-15.

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The prior TPA was prepared by PMC and contained the following recommendations:

- ◆ *Address the exclusion of special services costs in the audited farebox ratio.*
- ◆ *Maintain consistency in farebox ratio calculations between the fiscal audit, the State Controller Report and the Administrative Operations Report.*
- ◆ *Fully implement the prior audit recommendation pertaining to directly comparing performance data against SRTP standards by mode in the year-end Administrative Operations Report.*

EDCTA implemented all the prior audit recommendations.

DETAILED REVIEW OF TRANSIT OPERATOR FUNCTIONS

This section presents a review of the various functions of El Dorado Transit.

General Management and Organization

All operations, administration and maintenance are performed at EDCTA's facility in Diamond Springs, California. EDCTA is operated by a staff of 72 in house employees. The management team includes five personnel: the Executive Director, Operations Manager, Fiscal Administration Manager, Human Resources/Administrative Services Manager, and Planning and Marketing Manager. Transit drivers are covered by a collective bargaining Memorandum of Understanding between EDCTA and the Operating Engineers Local No. 3 Union. Given the size of the El Dorado Transit program, its internal organization structure is appropriate. Lines of reporting are clearly defined and meetings are held regularly.

EDCTA conducts sufficient administrative oversight. It regularly receives, reviews, and acts upon performance and financial information. EDCTA adopted a Personnel Policies & Procedures Manual in 2011 which clearly outlines sick leave, vacation, disciplinary actions, dress code etc.

The Executive Director keeps a close eye on the transit operating budget and makes appropriately conservative budget forecasts. The EDCTA Board must approve substantial changes in the budget and/or spending. Financial information and performance indicators are compiled in spreadsheet format and presented to the EDCTA Board and the Transit Advisory Committee (TAC) every six months as the Administrative Operations Report. The report is also submitted to EDCTC staff.

Unearned LTF revenues represent the amount of LTF allocation for operating purposes for which the transit operator is not eligible to receive, as the amount exceeds operating costs less fares, FTA grants and other adjustments. The level of unearned LTF revenues has increased during the audit period to a level where there appears to be sufficient funding available to implement operating elements of the adopted Short Range Transit Plan.

The various accounting functions such as accounts payable and accounts receivable are assigned to different employees in an effort to reduce fraud. Petty cash is maintained and appropriately secure.

During the audit period, EDCTA expanded a separate complimentary paratransit service for eligible ADA passengers needing door to door service within three-quarters of a mile of the local fixed routes. The Executive Director reviews the impact of service changes as part of the monthly operational review and compares results with previous expectations. In an effort to allow service changes to reach their full potential ridership, new services and demonstration projects are operated for one year before any necessary adjustments are made.

Discussions with both EDCTA and EDCTC staff show that there is an effective and positive relationship between the two agencies. EDCTA also maintains a good relationship with other governmental agencies.

Service Planning

The EDCTC commissioned the *Western El Dorado County Short and Long Range Transit Plan* (SR/LRTP), which was completed by LSC Transportation Consultants in July 2014. The short range element of this plan covers FYs 2014-15 through 2018-19 while the long range element recommends transit service strategies through 2035. Several of the recommended plan elements were implemented in July 2015 (after the audit period).

In terms of strategic planning, EDCTA has set clear, reasonable goals and objectives in the SRTP and LRTP. The Administrative Operations report provides the Executive Director and the Board with an easy to understand view of how EDCTA services measure up to adopted SRTP goals and standards.

El Dorado Transit's entire fleet of revenue vehicles is wheelchair accessible. In an effort to ensure compliance with the Americans with Disabilities Act (ADA), EDCTA implemented paratransit service to complement the Diamond Springs, Pollock Pines and Cameron Park routes instead of offering off-route deviations. EDCTA is in compliance with ADA requirements.

EDCTA conducts public hearings and consults the Transit Advisory Committee prior to significant changes in service or fare structure. All El Dorado Transit meetings are open to the public, and are conducted in an accessible facility per the requirements of the ADA.

Scheduling, Dispatch, and Operations

EDCTA drivers are appropriately certified for the types of vehicles operated for El Dorado Transit and are trained to operate each vehicle in the fleet. EDCTA employs part time and extra help drivers to cover shifts for drivers on vacation or sick leave.

DAR scheduling is performed using Route Match software. This software allows schedulers to easily access a database of passenger information, sort passenger-trip requests geographically, and provides several trip options for dispatchers to choose from. DAR no-show policies and subscription service forms are clearly outlined on the website. Subscription service does not present capacity constraints for DAR service.

EDCTA uses a variety of means to recruit new drivers and provides all initial and on-going driver training on-site using EDCTA staff. EDCTA's *Personnel Policies & Procedures Manual* details its formalized employee discipline program and Drug and Alcohol policy.

EDCTA is covered under the CalTIP vehicle liability insurance pool at an adequate level. Established procedures for processing and investigating accident/injury claims are currently in place. EDCTA is a component of the County Office of Emergency Services Emergency Preparedness plan.

The El Dorado Transit facility in Diamond Springs provides adequate and secure office space for administrative and dispatching functions. The fare collection system includes a system of checks and balances which limit the opportunity for theft.

Marketing and Public Information

El Dorado Transit has a robust marketing program. In 2015, El Dorado Transit completed an update of the El Dorado Transit Assessment and Marketing Plan. EDCTA has implemented several recommendations such as rebranding and updating the website. An annual summary of customer complaints and compliments is included in the Administrative Operations Report so that the EDCTA and EDCTC board are aware of the public's opinion of the transit system.

Maintenance

The EDCTA fleet ranges from 5-passenger minivans used for demand response services to 57-passenger buses for commuter services. As the EDCTA fleet ages and vehicles are no longer covered by warranty, road calls and vehicle maintenance costs per hour rise. EDCTA maintenance staff use Squarerigger® Fleet Maintenance software to track preventative maintenance repairs for the transit fleet. A preventive maintenance schedule is in place that

meets the requirements of the bus manufacturers. The operations/maintenance facility appears to be sufficient for the varied types of vehicles operated. EDCTA has procured several vehicle maintenance related technologies such as Zonar and vehicle information management software which provide maintenance staff with a greater level information pertaining to fleet management.

FINDINGS

The Auditor's analysis of EDCTA indicates that, in terms of operations, the system was efficiently run and well managed during the audit period.

- ◆ With two minor exceptions, EDCTA was found to be in compliance with all performance related sections of the TDA public utilities code, as identified in Table 4. EDCTA submitted annual reports to the State Controller less than five days after the deadline for two years of the audit period.
- ◆ Data collection has improved with Route Match software and mobile data terminals. With the ability to automatically download data and create reports, the process is less subject to human error.
- ◆ Despite a strong marketing program, ridership on EDCTA services systemwide declined during the audit period. Low gas prices decreases the attractiveness of public transit and may have attributed to the decline. In July 2015, EDCTA implemented several service changes, such as a revised US 50 Express and Cameron Park route, designed to increase frequency and better meet the needs of US 50 corridor residents.
- ◆ Transit services provided by El Dorado Transit meet all TDA-requirements including the farebox ratio requirement.

RECOMMENDATIONS

Recommendation: EDCTA should work with the Fiscal Auditor to correctly exclude the El Dorado Air Quality Grant revenue when calculating farebox ratio.

In FY 2014-15, farebox ratio was calculated differently than the first two years of the audit period. The fiscal auditor included revenue received from the El Dorado County Air Quality Grant to operate the Fair Shuttle as fare revenue. The California State Controller classifies this type of local cash grant as non-operating revenue (Class 409.01) and therefore it should not be included in farebox ratio calculation. The local match for the El Dorado Air Quality Grant provided by the Fair Association is classified as Special Transit Fares, as it is revenue given to guarantee a special route for which the Fair Association is a beneficiary of the service. Special Transit Fares can be included in farebox ratio calculation. The TDA local match provided by EDCTA is not considered fare revenue. EDCTA should work with the fiscal auditor to ensure that farebox ratio is calculated correctly. Note that other internal documents not submitted to the State Controller can address this grant income differently.

Recommendation: *If management is confident with the financial outlook for EDCTA operating requirements, EDCTA should strive to narrow the gap between the LTF allocation request for operating assistance and the maximum amount of LTF required for operating assistance.*

According to the fiscal and compliance audits, there were “unearned” LTF allocations in the amount of \$363,177 in FY 2012-13, \$817,641 in FY 2013-14 and \$1,253,413 in FY 2014-15. Unearned LTF revenues represent the amount of LTF operating allocation for which the transit operator is not eligible to receive because the allocated amount exceeds operating costs less fares, FTA grants and other adjustments (“unspent” funds). It is not unusual to have an unearned LTF balance at the end of the year. During this audit period, EDCTA was appropriately conservative with budgeting for unknown operating costs increases such as labor costs resulting from a new union contract and a salary scale adjustment. These cost increases actually occurred in a later fiscal year than budgeted; thereby contributing to a difference in the allocation request and actual operating expenses. Since July 2015, EDCTA has implemented service changes such as the El Dorado Hills Taxi Voucher program and revised US 50 Express/Cameron Park routes which will also increase the annual operating budget over the prior year.

Transit budgeting always has a degree of uncertainty. During the recession of 2007-10, for example, many transit agencies were forced to cut service due to a sudden drop in sales tax revenue. For this reason, it is prudent to maintain some level of LTF reserve. The new EDCTC LTF reserve policy will help to provide that financial cushion along with a conservative transit operating budget. However, the unearned LTF balance has grown to a level where there appears to be sufficient funding available to implement additional operating elements of the adopted SRTP. It also appears that both revenues and costs can now be estimated with a greater degree of certainty than over the past few years. In evaluating the financial outlook for EDCTA, management should consider both the operating and long term capital requirements of the system and request LTF funds in an amount which is closer to actual costs.

Chapter 2

Triennial Performance Audit Results

BACKGROUND

The Transportation Development Act (TDA), also known as the “Mills-Alquist Deddeh Act,” provides two major sources of funding for public transportation providers in California: the Local Transportation Fund (LTF) and the State Transit Assistance (STA). The LTF is derived from 0.25 percent of the 7.25 percent retail sales tax collected statewide and can be used for a variety of transportation purposes according to a set of priorities detailed in the Act. The State Board of Equalization returns the LTF to each county according to the amount of tax collected in that county. STA funds are derived from statewide sales tax on diesel fuel, and are allocated to each county based on the following formula: 50 percent according to population, and 50 percent according to operator revenues from the prior fiscal year. STA funds can only be used to pay for transit planning, capital projects, and operations.

TDA law requires that a Triennial Performance Audit (TPA) be conducted for all transit operators and Regional Transportation Planning Agencies. A performance audit is a systematic process of evaluating an organization’s effectiveness, efficiency, and economy of operations under management control. The objectives of the audit are to provide a means for evaluating an organization’s performance and to enhance the performance by making recommendations for improvements. In addition, the audit evaluates the adequacy of an organization’s systems and the degree of compliance with established policies and procedures.

PERFORMANCE AUDIT AND REPORT ORGANIZATION

This performance audit included the following steps as recommended in the Performance Audit Guidebook:

- ◆ Review of compliance with certain performance related TDA statutes and requirements
- ◆ Follow-up review of prior performance audit recommendations
- ◆ Performance indicator analysis of EDCTA services
- ◆ On site interviews with several EDCTA staff to discuss transit operator functions
- ◆ Preparation of the Draft Audit report

TRANSIT PROGRAM DESCRIPTION

Modern public transit services have been available in western El Dorado County since the late 1970s. Service was provided to the elderly and disabled population of greater Placerville until 1980, when it was opened to the general public. In recent years, a well-established public transit system has developed, serving both the Placerville area and regionally. The creation of the EDCTA in 1993 has proven to be an important milestone in the provision of an effective and well-accepted public transit system.

Western El Dorado County transit services are provided through a joint powers agreement between the County of El Dorado and the City of Placerville. The EDCTA is governed by a five-

member board of directors, three members appointed by the County Board of Supervisors and two members appointed by the Placerville City Council. Additionally, a Transit Advisory Committee (TAC), made up of nine members representing transit disadvantaged groups, human service providers, and non-profit organizations, is responsible for reviewing the operation of the transit system, monitoring levels of service as they fall within funding constraints, and providing advice to the Executive Director. Agencies and groups represented on the TAC include El Dorado County Transportation Commission, Chamber of Commerce, 50 Corridor Transportation Management Association, senior representative, disabled representative, low income representative, and commuter representative. The TAC meets every other month to provide input on transportation issues. Funds for El Dorado Transit come from many sources, including those allocated by the EDCTC, which consists of voting members from El Dorado County and the City of Placerville, and advisory members from Caltrans and the City of South Lake Tahoe.

EDCTA operates a wide range of services including local deviated fixed-routes, demand response, intercity commuter service, and contracted social service transportation. The following describes each of the existing services.

El Dorado Transit Local Routes

- **Placerville Route 20** – This route travels along the US Highway 50 (US 50) corridor in the City of Placerville between the Missouri Flat Transfer Station and the Placerville Transfer Station.
- **Diamond Springs Route 30** – The Diamond Springs route begins and ends at the Missouri Flat Transfer Center and serves a loop around Diamond Springs. Service is provided to the Folsom Lake College El Dorado Campus.
- **Cameron Park Route 40** – This route loops around Cameron Park and Shingle Springs, providing transfers to the 50 Express and Sacramento Commuter Routes.
- **50 Express Route** – This route provides hourly service between the Missouri Flat Transfer Center, Folsom Iron Point Light Rail Station and Folsom Lake College. This route recently (July 2015) replaced the previous Iron Point Connector Commuter service.
- **Pollock Pines Route 60** – The Pollock Pines route travels in an east and west direction along the US 50 corridor between the Missouri Flat Transfer Center in Diamond Springs and Pollock Pines.
- **ADA Complimentary Paratransit** – Door to door public transit service is available to qualified passengers within a ¾ mile radius of the local fixed routes: Placerville, Diamond Springs, Pollock Pines and Cameron Park. This is a new service during the audit period.

El Dorado Transit Commuter Routes

- **Sacramento Commuter** – El Dorado Transit provides weekday commuter service to downtown Sacramento during the morning and afternoon commute periods. Eleven runs are offered to Sacramento in the morning with eleven return runs in the afternoon.
- **Reverse Commuter** – Additionally, El Dorado Transit offers two roundtrips per day as “Reverse Commute” service, from Sacramento to Placerville. These are provided by Commuter buses, which would be running in the off-peak direction in any case.

El Dorado Transit Demand Response Services

- **Dial-A-Ride (DAR)** – Reservation service is offered to the general public seven days a week in the greater Placerville, Camino, Diamond Springs, and Cameron Park area, with priority service for seniors and persons with disabilities. Service to El Dorado Hills, Garden Valley, Pollock Pines, and Nashville is also available to elderly and disabled passengers. DAR uses a zone fare based system.
- **SAC-MED** – This demand response type service is a non-emergency medical transportation service for the general public with medical appointments in Sacramento County. Service is offered twice weekly.
- **Grizzly Flat Flex Route** – The Grizzly Flat Route operates a reservation service one day a week between Placerville and Grizzly Flat in rural southern El Dorado County. A minimum of five reservations two days prior are required to operate this route.
- **El Dorado Hills Taxi Voucher** – To supplement DAR in the community of El Dorado Hills, a subsidized tax voucher program is available to seniors and persons with disabilities.
- **Contracted Social Services** – EDCTA contracts with M.O.R.E. and Senior Day Care to provide subscription DAR service between program participant homes and program facilities in Placerville. Alta Regional Center provides funding for M.O.R.E clients.

Special Services

- **El Dorado County Fair Shuttle** – This service provides transportation for fair-goers between parking lots and the fair grounds and is funded through an El Dorado County Air Quality grant.
- **Apple Hill Shuttle** – In FY 2012-13 and FY 2013-14, EDCTA operated a free shuttle service from Placerville to the Apple Hill farms in the Camino area. This service was funded through an El Dorado County Air Quality grant. The Shuttle was discontinued in FY 2014-15 as traffic congestion made the shuttle ineffective.

EDCTA OPERATING AND FINANCIAL STATISTICS

The following section quantitatively analyzes the performance of EDCTA services. Operating data and financial statistics are presented in Tables 1-3 and Figures 1-16. Operating data was obtained from EDCTA annual operations reports while financial data was obtained from annual Fiscal and Compliance Audits. EDCTA data by service type is presented in Tables 1 and 2 while Table 3 presents a summary of systemwide data. Operating data from the Administrative Operations reports was compared to data reported to the State Controller. The figures in each report were generally consistent, within one percent. The only exception was for the FY 2013-14 State Controller report, it appears that the page presenting operating data for demand response services was accidentally omitted. This caused the operating data totals to be incorrect.

Data Collection Methods

As part of the TPA process, the auditor must collect and verify the following transit operator statistics are recorded in accordance with established TDA definitions:

- Passenger Counts
- Operating Cost
- Vehicle Service Hours
- Vehicle Service Miles
- Fare Revenue
- Employee Hours in Full-Time Equivalents

Passenger Counts – TDA defines passenger counts as one-way unlinked trips. EDCTA’s counting of passengers is consistent with this definition. As described in the functional review section, EDCTA employs computer tablets to record operating statistics such as passengers, hours, and miles.

Table 3 presents annual ridership data for EDCTA services during the audit period, as well as data from the previous three-year period (for purposes of comparison). Ridership steadily decreased during the audit period by a total of 9.8 percent. It is likely that the downward trend in gas prices had a negative impact on transit ridership. As can be seen in Table 1, local fixed route ridership experienced a 9.7 percent decline in FY 2013-14 while commuter ridership (which is a reflection of state worker hiring trends and housing patterns) grew by 5.7 percent during the same year. Special services ridership declined by over 70 percent during the audit period due to the discontinuation of the Apple Hill Shuttle in FY 2014-15. As shown in Table 2, DAR ridership declined along with fixed route ridership but the Sac-Med service saw an increase of 88 annual trips in FY 2014-15.

Operating Costs – Per TDA, operating costs include the annual cost of running a transit operation exclusive of depreciation, capital expenditures, vehicle lease costs, and direct costs of providing charter service. EDCTA follows this definition.

As can be seen in Table 3, systemwide operating costs increased by 5.2 percent between FY 2012-13 and FY 2014-15. This rate of increase is slightly higher than the rate of inflation during this time period as per the growth of the Consumer Price Index (3.0 percent). Operating costs for

TABLE 1 : El Dorado Transit Fixed Route Services Performance Measures

Performance Measures	Local Fixed Routes			Commuter Routes			Special Services		
	2012-13	2013-14	2014-15	2012-13	2013-14	2014-15	2012-13	2013-14	2014-15
One-Way Passenger-Trips	171,826	155,173	154,636	143,871	152,057	149,465	37,725	33,867	10,525
% Change from Previous Year	--	-9.7%	-0.3%	--	5.7%	-1.7%	--	-10.2%	-66.9%
Vehicle Service Hours	15,738	15,871	15,605	11,048	11,102	11,190	591	509	172
% Change from Previous Year	--	0.8%	-1.7%	--	0.5%	0.8%	--	-13.9%	-66.2%
Vehicle Service Miles	276,060	271,481	270,113	342,766	342,446	340,446	8,069	6,685	1,283
% Change from Previous Year	--	-1.7%	-0.5%	--	-0.1%	-0.6%	--	-17.2%	-80.8%
Operating Costs	\$1,735,772	\$1,835,347	\$1,880,061	\$1,427,434	\$1,540,497	\$1,584,096	\$109,893	\$109,467	\$31,336
% Change from Previous Year	--	5.7%	2.4%	--	7.9%	2.8%	--	-0.4%	-71.4%
Farebox Revenues	\$191,661	\$171,661	\$166,157	\$779,384	\$827,863	\$839,799	\$6,600	\$6,600	\$5,240
% Change from Previous Year	--	-10.4%	-3.2%	--	6.2%	1.4%	--	0.0%	-20.6%
Operating Cost per One-Way Passenger-Trip	10.1	11.8	12.2	9.9	10.1	10.6	2.9	3.2	3.0
% Change from Previous Year	--	17.1%	2.8%	--	2.1%	4.6%	--	11.0%	-7.9%
Operating Cost per Vehicle Service Hour	\$110.29	\$115.64	\$120.48	\$129.20	\$138.76	\$141.56	\$185.94	\$215.06	\$182.18
% Change from Previous Year	--	4.9%	4.2%	--	7.4%	2.0%	--	15.7%	-15.3%
Passengers per Vehicle Service Hour	10.9	9.8	9.9	13.0	13.7	13.4	63.8	66.5	61.2
% Change from Previous Year	--	-10.4%	1.4%	--	5.2%	-2.5%	--	4.2%	-8.0%
Passengers per Vehicle Service Mile	0.62	0.57	0.57	0.42	0.44	0.44	4.68	5.07	8.20
% Change from Previous Year	--	-8.2%	0.2%	--	5.8%	-1.1%	--	8.4%	61.9%
Farebox Recovery Ratio	11.0%	9.4%	8.8%	54.6%	53.7%	53.0%	6.0%	6.0%	16.7%
% Change from Previous Year	--	-15.3%	-5.5%	--	-1.6%	-1.4%	--	0.4%	177.4%

TABLE 3 : El Dorado Transit Services Systemwide Operating Data Summary

Performance Measures	Previous Audit Period			Current Audit Period		
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
One-Way Passenger-Trips	398,104	412,381	423,521	414,304	403,192	373,723
% Change from Previous Year	--	3.6%	2.7%	-2.2%	-2.7%	-7.3%
Vehicle Service Hours	43,851	44,441	44,412	44,968	45,581	44,567
% Change from Previous Year	--	1.3%	-0.1%	1.3%	1.4%	-2.2%
Vehicle Service Miles	996,189	1,023,239	1,027,860	1,009,071	1,000,040	968,256
% Change from Previous Year	--	2.7%	0.5%	-1.8%	-0.9%	-3.2%
Operating Costs	\$4,893,552	\$5,065,945	\$5,415,360	\$5,476,262	\$5,764,633	\$5,758,468
% Change from Previous Year	--	3.5%	6.9%	1.1%	5.3%	-0.1%
# Employees in FTEs	59	59	59	60	60	60
% Change from Previous Year	--	0.0%	0.0%	1.7%	0.0%	0.0%
Farebox Revenues	\$1,303,605	\$1,406,657	\$1,496,916	\$1,513,603	\$1,589,115	\$1,609,426
% Change from Previous Year	--	7.9%	6.4%	1.1%	5.0%	1.3%
Operating Cost per One-Way Passenger-Trip	12.3	12.3	12.8	13.2	14.3	15.4
% Change from Previous Year	--	-0.1%	4.1%	3.4%	8.2%	7.8%
Operating Cost per Vehicle Service Hour	\$111.59	\$113.99	\$121.93	\$121.78	\$126.47	\$129.21
% Change from Previous Year	--	2.1%	7.0%	-0.1%	3.9%	2.2%
Passengers per Vehicle Service Hour	9.1	9.3	9.5	9.2	8.8	8.4
% Change from Previous Year	--	2.2%	2.8%	-3.4%	-4.0%	-5.2%
Passengers per Vehicle Service Mile	0.40	0.40	0.41	0.41	0.40	0.39
% Change from Previous Year	--	0.8%	2.2%	-0.4%	-1.8%	-4.3%
Vehicle Service Hours per FTE	743	753	753	749	760	743
% Change from Previous Year	--	1.3%	-0.1%	-0.4%	1.4%	-2.2%
Farebox Recovery Ratio	26.6%	27.8%	27.6%	27.6%	27.6%	27.9%
% Change from Previous Year	--	4.2%	-0.4%	0.0%	-0.3%	1.4%

Note: Previous audit period data obtained from prior performance audit.

most EDCTA services did not increase more than 5 to 7 percent in one year with the exception of Sac-Med where service levels also increased significantly on a percentage basis.

Vehicle Service Hours – Vehicle service hours include that time during which a revenue vehicle is available to carry fare-paying passengers, and which includes only those times between the time or schedule time of the first passenger pickup and the last passenger drop-off during a period of the vehicle’s continuous availability. EDCTA records vehicle service hours correctly. Drivers are instructed to key in separate commands into the tablets for “start route” and “start run”. This allows for the proper recording of vehicle service hours and deadhead hours.

Systemwide service levels remained relatively constant throughout this audit period (Table 3). More significant changes in service levels occurred for Special Services (Table 1) as the Apple Hill Shuttle was discontinued and Demand Response Services (Table 2) where the Sac-Med service was increased.

Vehicle Service Miles – TDA defines vehicle service miles as those miles traveled by revenue vehicles during their vehicle service hours. As indicated in the Vehicle Service Hours discussion, EDCTA records vehicle service miles correctly.

Systemwide vehicle service miles decreased by around 4.0 percent during the audit period. The change reflects the service level changes identified above as well as a decrease in DAR vehicle service miles.

The **Fare Revenue** data presented in Table 3 was obtained from annual Fiscal and Compliance Audit reports. Fare revenue by service was obtained from Administrative Operations Reports. There were minor differences between fare revenue in Administrative Operations Reports and the Fiscal and Compliance audit but this is not unusual as the Administrative Operations Reports use unaudited data.

TDA PUC Section 99205.7 states that fare revenues are defined as revenue in object classes 401, 402, and 403, as specified in Section 630.12 of Title 49 of the Code of Federal Regulations:

- ◆ Object class 401 revenues include full adult, senior, student, child, handicapped, Park-and-Ride lot revenues (must be operated by transit operator), special and reduced fares collected from passengers.
- ◆ Object class 402 revenues include guaranteed revenues collected from an organization rather than a rider for rides given along special routes.
- ◆ Object class 403 revenues include revenues collected from schools for providing service to children to and from school.

Fare revenue also includes the amount of revenue received by an entity under contract for transit services not yet transferred to the claimant. Additionally, the definition of fare revenues includes fares collected (1) for a specified group of employees, members, or clients, or (2) to guarantee a minimum revenue on a line operated especially for the benefit of the paying entity (e.g. an

employer, shopping center, university, etc.), or (3) cash donations made by individual passengers in lieu of a prescribed fare. Fare revenue does not include other donations or general operating assistance, whether from public or private sources. Charter revenues can be included in the fare revenue category. EDCTA calculates and reports fare revenue correctly to the State Controller.

The **Employee Hours** data presented in Tables 1 to 3 was obtained from internal reports. The Full-Time Equivalent (FTE) definition currently used by EDCTA is consistent with the definition presented in Appendix B of the *Performance Audit Guidebook* which is the number of person hours worked by persons employed in connection with the public transit system divided by 2,000. Full-Time Equivalent employees remained constant during this audit period and increased by 1 since the prior audit period. During this audit period, the driver bid was changed to include more full time positions. Essentially, the number of drivers has stayed the same but there was an increase in the number of hours worked. EDCTA records for 2016 show that FTEs returned to 59.0 in 2016.

Calculation and Evaluation of Performance Indicators

Performance indicators are frequently used to quantify and review the efficiency and effectiveness of a transit operator's activities. Such indicators can provide insight on current operations as well as on the operator's performance over a period of time. Using the data described above, the following performance indicators were calculated as required in Section 99246(d) of the Public Utilities Code:

- Operating Cost per Passenger
- Operating Cost per Vehicle Revenue Hour
- Passengers per Vehicle Revenue Hour
- Passengers per Vehicle Revenue Mile
- Vehicle Revenue Hours per Employee

In addition, the Farebox Recovery Ratio is calculated and evaluated herein, as required in Section 99268 et seq. of the Public Utilities Code.

The **Operating Cost per (One-way) Passenger-Trip** data is presented in Tables 1 to 3 and Figures 1 to 3. This performance measure is a key indicator of a transit system's cost effectiveness. According to the available data, the operating cost per one-way passenger-trip increased steadily over the audit period from \$13.22 to \$15.41. This also represents an increase over the prior audit period. The decline in this performance indicator is largely due to a decrease in ridership while operating costs increased with inflation.

The **Operating Cost per Vehicle Revenue Hour** data is presented in Tables 1to3 and Figures 4 to 6. This performance measure is a key indicator of a transit system's cost efficiency. The operating cost per vehicle revenue hour increased from \$121.78 to \$129.21 during this audit period and is significantly greater than the operating cost per hour of \$111.59 in FY 2009-10. Since FY 2009-10 vehicle service hours only increased by 1.6 percent whereas operating costs rose at a greater rate than inflation.

The **Passengers per Vehicle Revenue Hour** (commonly referred to as “productivity”) is presented in Tables 1 – 3 and Figures 7 - 9. Although productivity experienced a decline during this audit period, it is on par with the level of decrease in ridership. The adopted Short Range Transit Plan (SRTP) includes a list of goals and standards for EDCTA services by type of service.

- Commuter services - 10.0 passenger trips per hour
- Local route services = 5.0 passenger trips her hour
- Rural services (Grizzly Flat Route) = 2.5 passenger trips per hour
- Demand response services = 2.0 passenger trips per hour

All these productivity standards were met during the audit period.

The **Passengers per Vehicle Revenue Mile** data is presented in Table 1 to 3 and Figure 10 to 12. As presented, passengers per vehicle revenue mile has remained relatively steady during the audit period with a slight decrease in FY 2014-15. This was due to a decrease in vehicle service miles for DAR, special services, and contracted services.

The **Vehicle Service Hours per Employee** data is presented in Tables 1 to 3 and Figure 13. As presented, the number of vehicle revenue hours per Full Time Equivalent (FTE) decreased slightly during the audit period from 749.5 to 742.8 but has remained relatively steady since FY 2009-10.

Farebox Recovery Ratio - Transit operators who make claims under Article 4 of the TDA in rural counties must maintain a minimum farebox recovery ratio of 10 percent, unless they achieved a higher ratio in the “base year” FY 1978-79, while transit operators in urbanized areas must maintain the greater of a 20 percent farebox ratio or the ratio attained FY 1978-79. El Dorado County includes both rural and urbanized areas as defined by the US Census Bureau. Therefore, EDCTA is subject to a “blended” farebox recovery ratio. The Sacramento Urbanized Area boundary has expanded over the past two decennial census to include a larger portion of western El Dorado County. As such, EDCTC changed the adopted blended farebox ratio from 11.5 percent to 12.22 percent in June of 2014, to be consistent with 2010 Census urbanized area boundaries.

EDCTA farebox ratio data is presented in Tables 1 to 3 and Figures 14-16. For the first two years of the audit period, EDCTA was required to meet a blended farebox ratio of 11.5 percent. EDCTA’s farebox ratio was 27.6 percent for those years. The farebox recovery ratio of 27.95 percent in FY 2014-15 far surpasses the required minimum farebox ratio of 12.2 percent for EDCTA services that year. This is largely due to high farebox ratios for the commuter services and contracted services. Over the past six years systemwide farebox ratio has remained in the 26 to 27 percent range.

The SRTP’s adopted farebox ratio standards by service type are as follows:

- Commuter Services = 50%
- Local Services = 10%

- Rural Services = 5%
- Demand Response Services = NA

Commuter Services and Rural Services met the standard but Local Services fell below the 10 percent farebox ratio in FY 2012-13 and FY 2014-15.

The Fiscal and Compliance auditor is responsible for the official farebox ratio calculation. In FY 2014-15, the fiscal and compliance auditor included revenue from the El Dorado County Air Quality Grants as fare revenue for the farebox ratio calculation. This did not occur for the other two years of the audit period. The air quality grant funds fall under the non-operating revenue category 409.01 Local Cash Grants and Reimbursements- General Operating Assistance and therefore should not be included in the farebox ratio calculation.

Performance Indicator Summary

The performance declines seen during this audit period are most representative of a decrease in ridership while operating costs slowly increased at a rate slightly greater than inflation. Trends in transit ridership can be difficult to pinpoint but are often related to gas prices, as well as shifts in population demographics. Interestingly, the commuter services experienced an increase in ridership while local fixed routes and DAR experienced decreases. With a rebound in the economy, the state has rehired some of its workforce. This may have boosted commuter service ridership. Overall, EDCTA met TDA farebox ratio minimums and most internal standards. Performance remained relatively steady throughout the audit period.

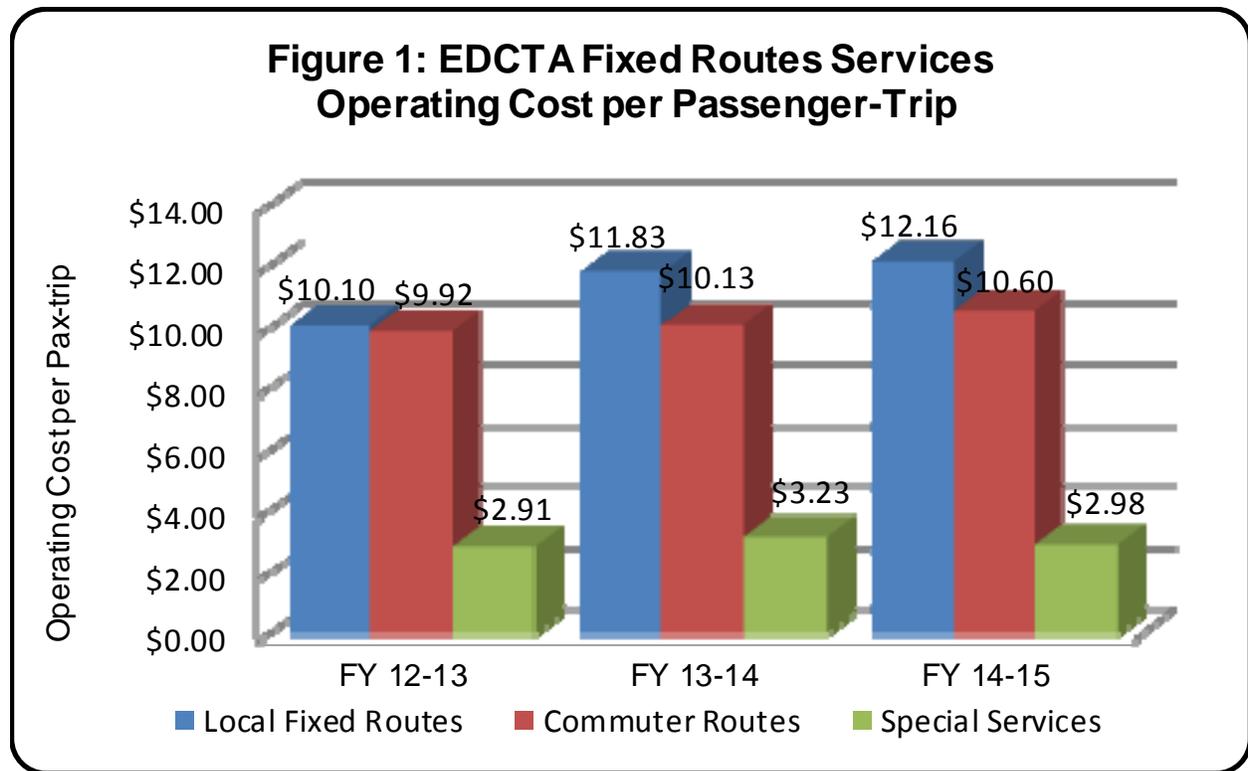


Figure 2: EDCTA Demand Response Services Operating Cost per Passenger-Trip

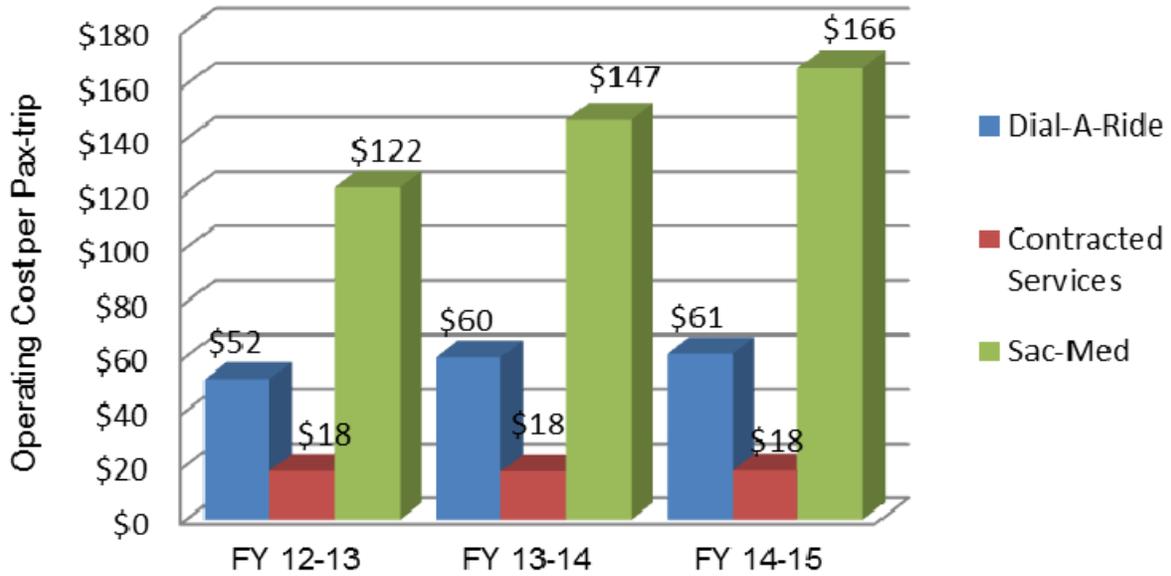
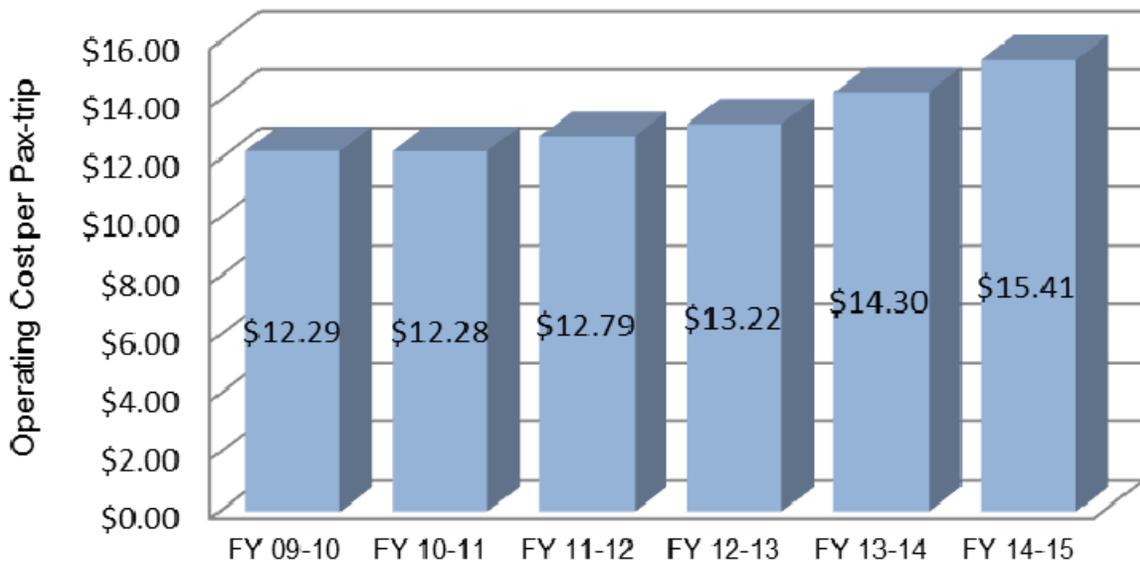
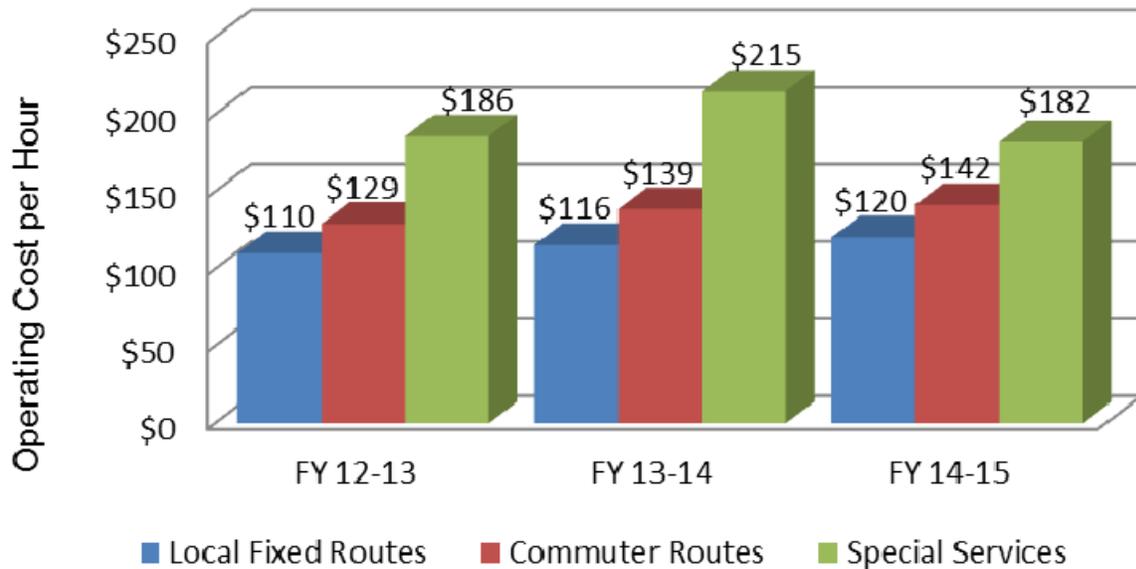


Figure 3: EDCTA Systemwide Operating Cost per Passenger-Trip



**Figure 4 : EDCTA Fixed Route Services
Operating Cost per Hour**



**Figure 5 : EDCTA Demand Response Services
Operating Cost per Hour**

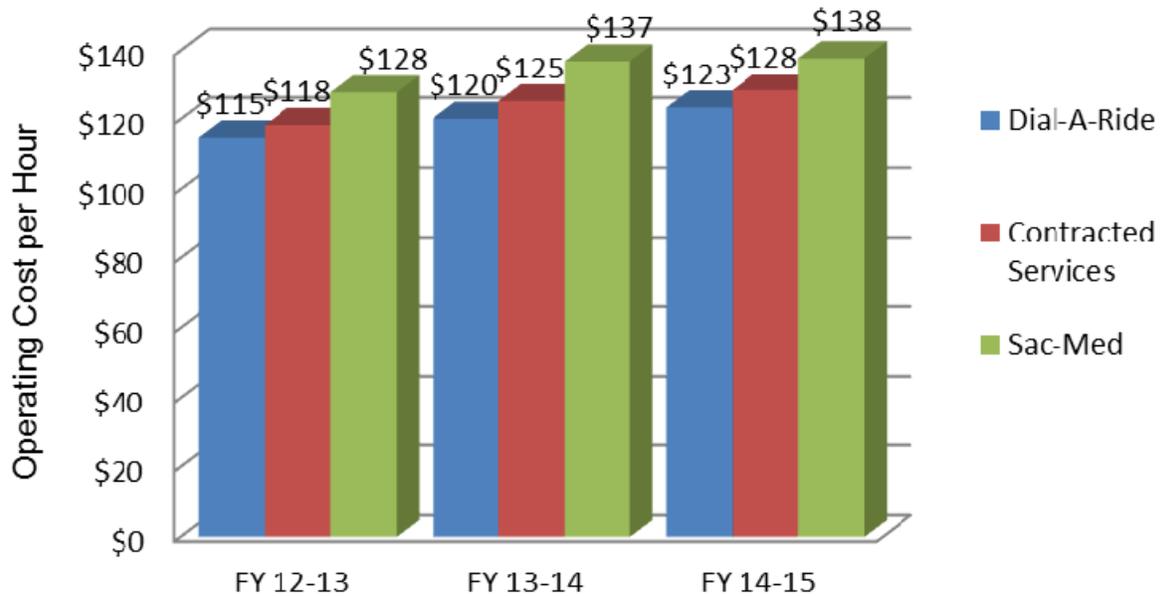


Figure 6: EDCTA Systemwide Operating Cost per Hour

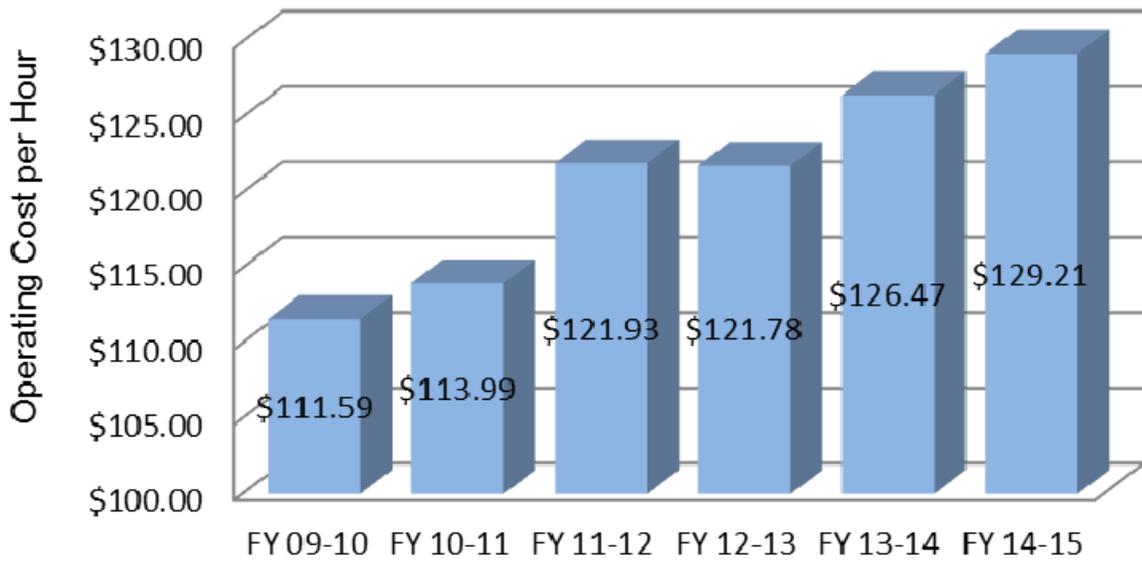
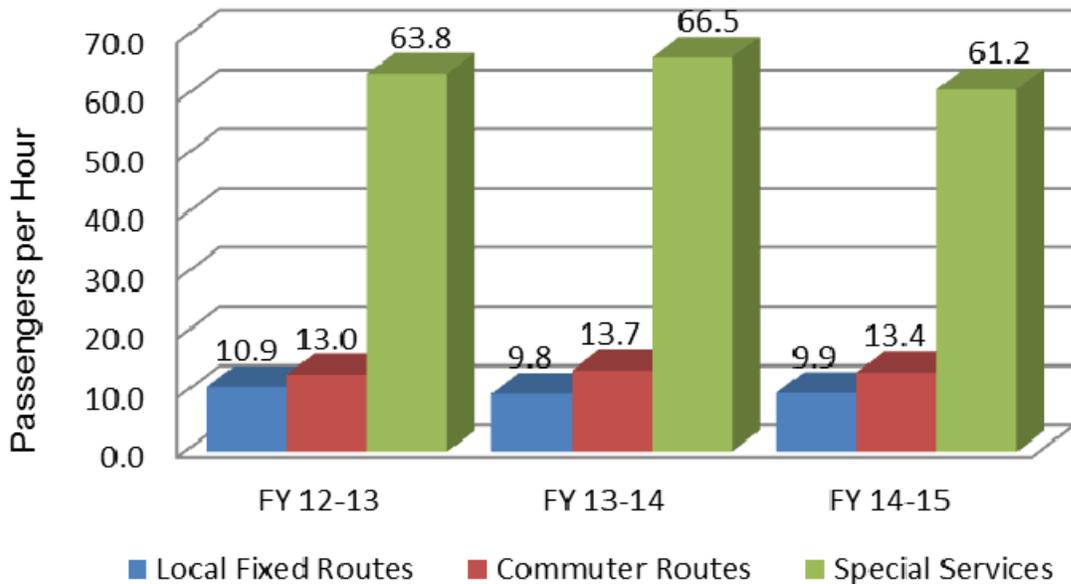


Figure 7 : EDCTA Fixed Route Services Passengers per Hour



**Figure 8 : EDCTA Demand Response Services
Passengers per Hour**

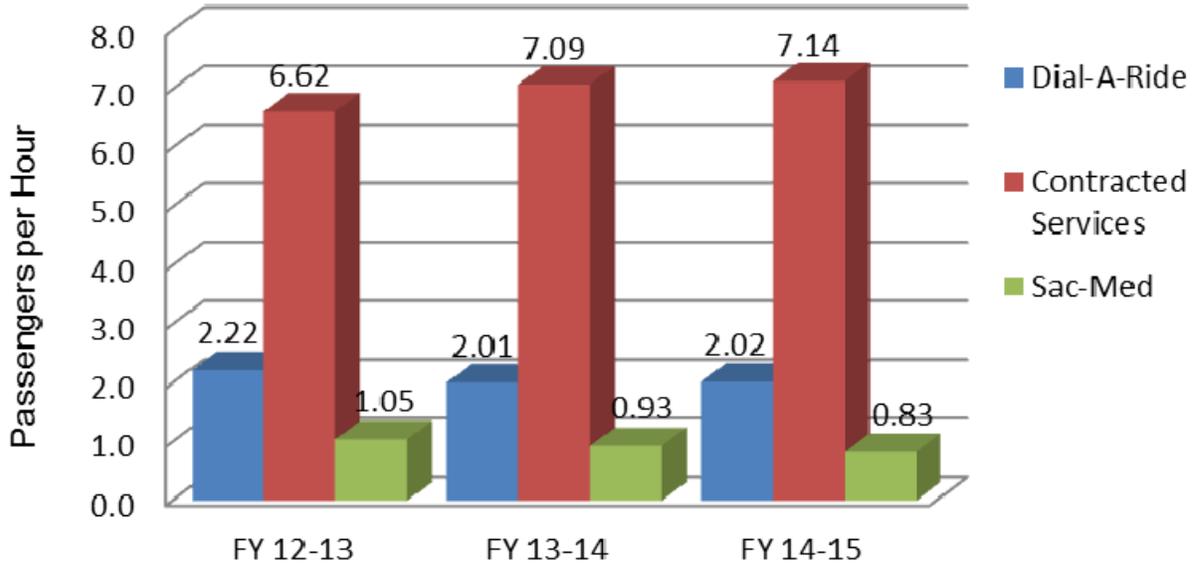
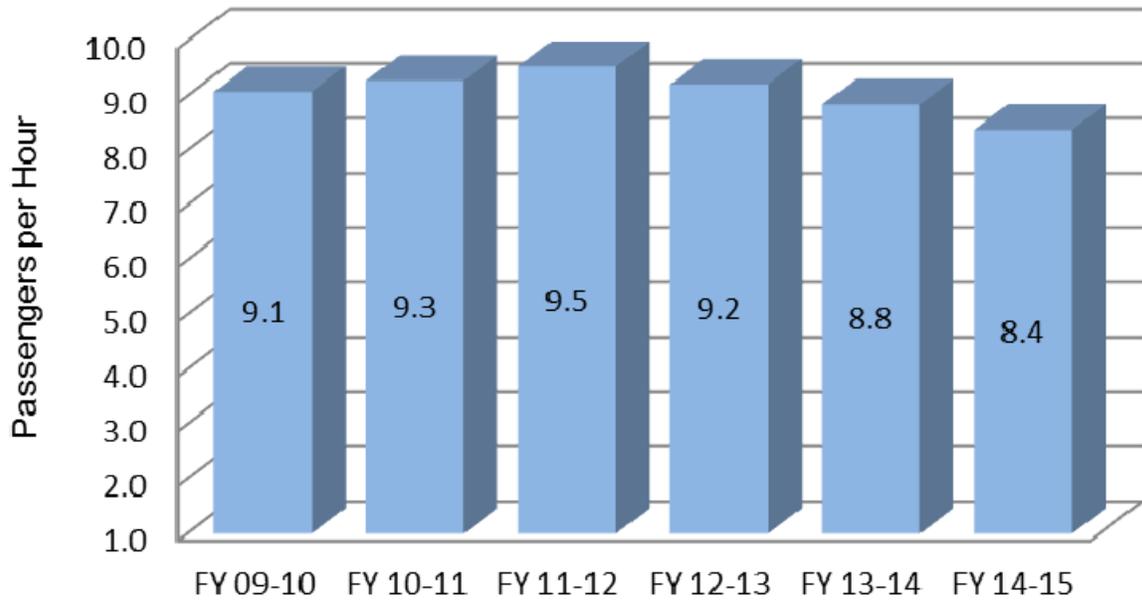
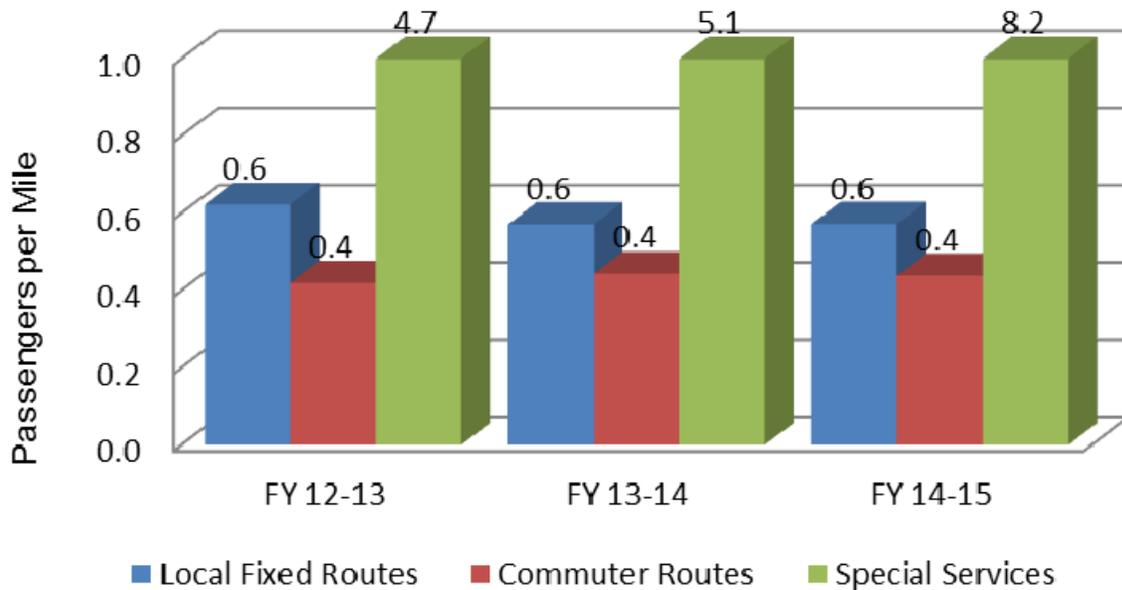


Figure 9: EDCTA Systemwide Passengers per Hour



**Figure 10 : EDCTA Fixed Route Services
Passengers per Mile**



**Figure 11 : EDCTA Demand Response Services
Passengers per Mile**

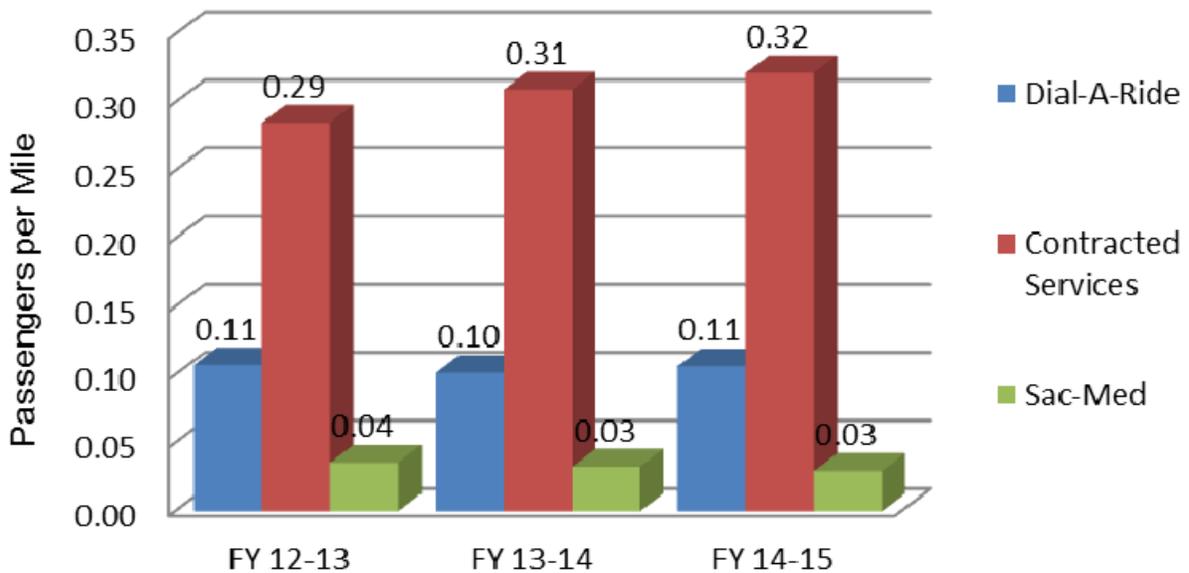


Figure 12: EDCTA Systemwide Passengers per Mile

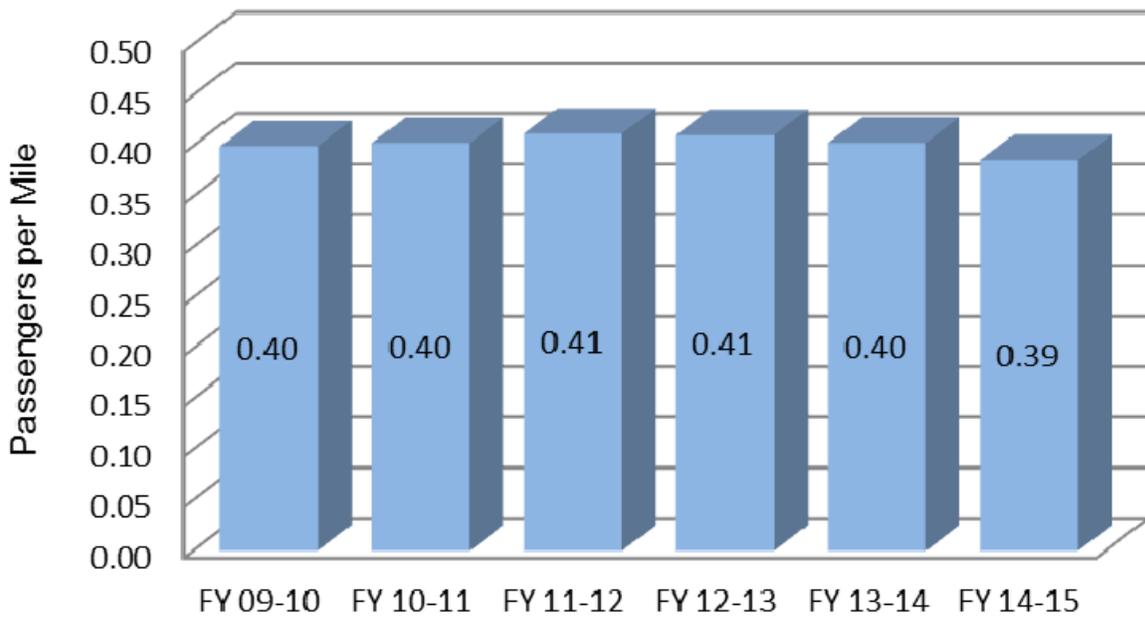
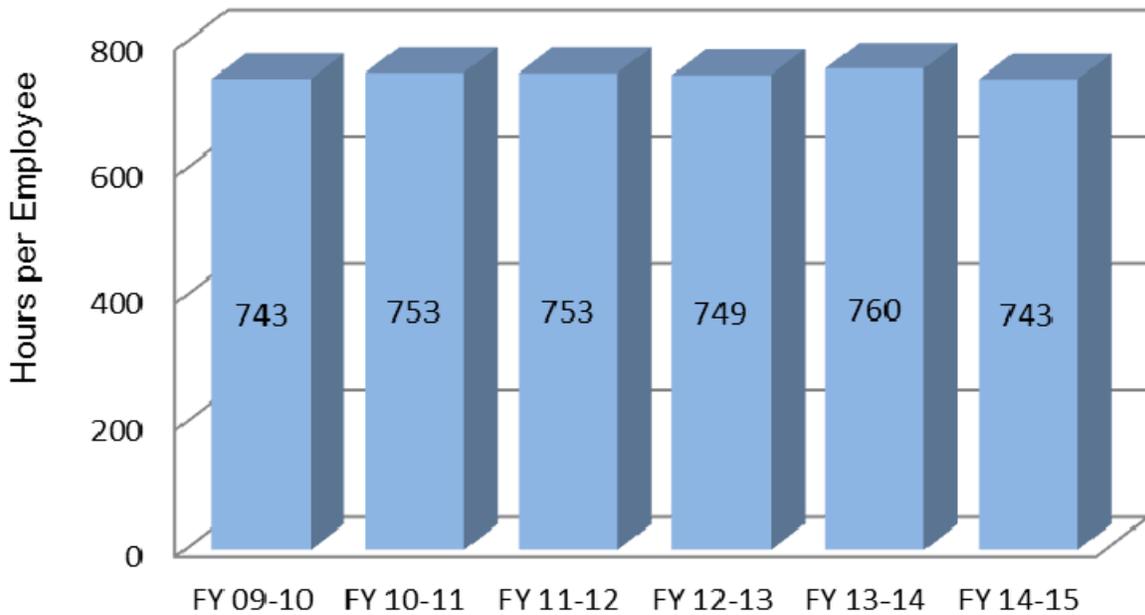
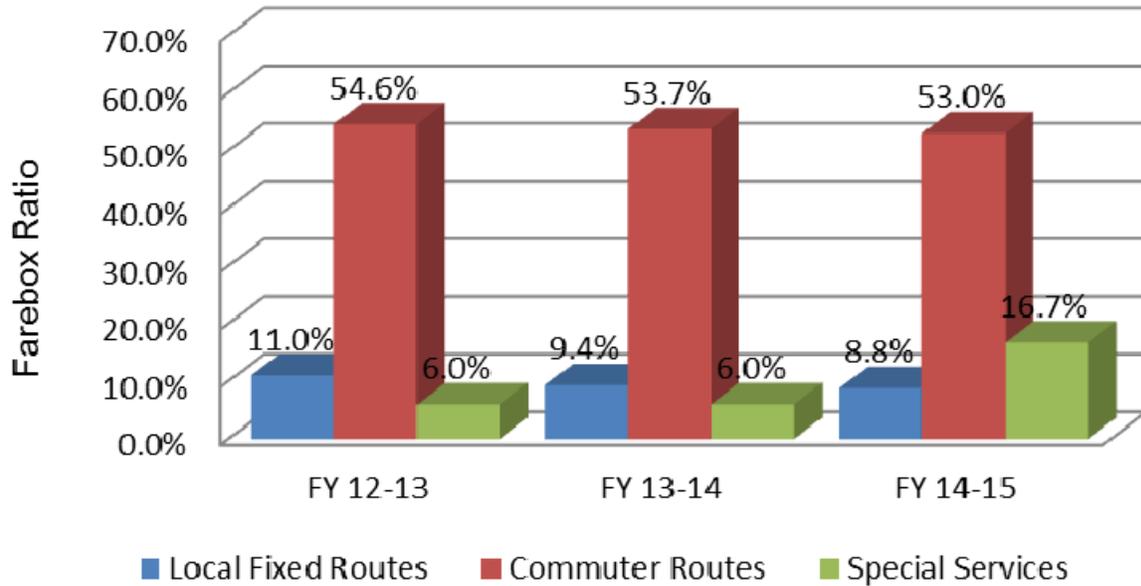


Figure 13: EDCTA Systemwide Hours per FTE



**Figure 14 : EDCTA Fixed Route Services
Farebox Ratio**



**Figure 15 : EDCTA Demand Response Services
Farebox Ratio**

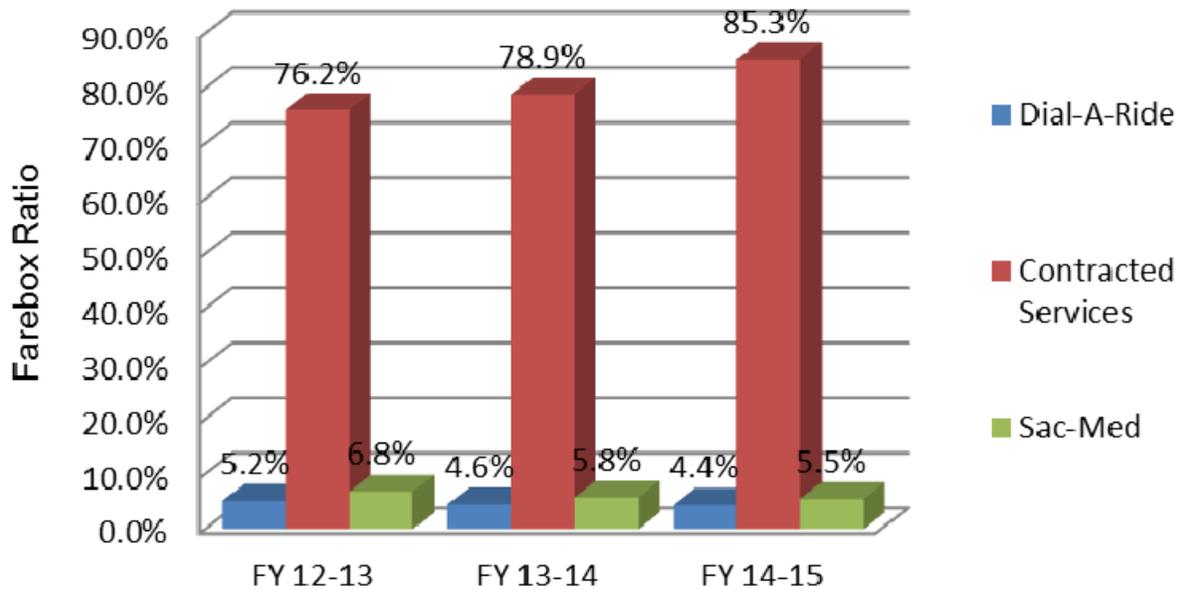
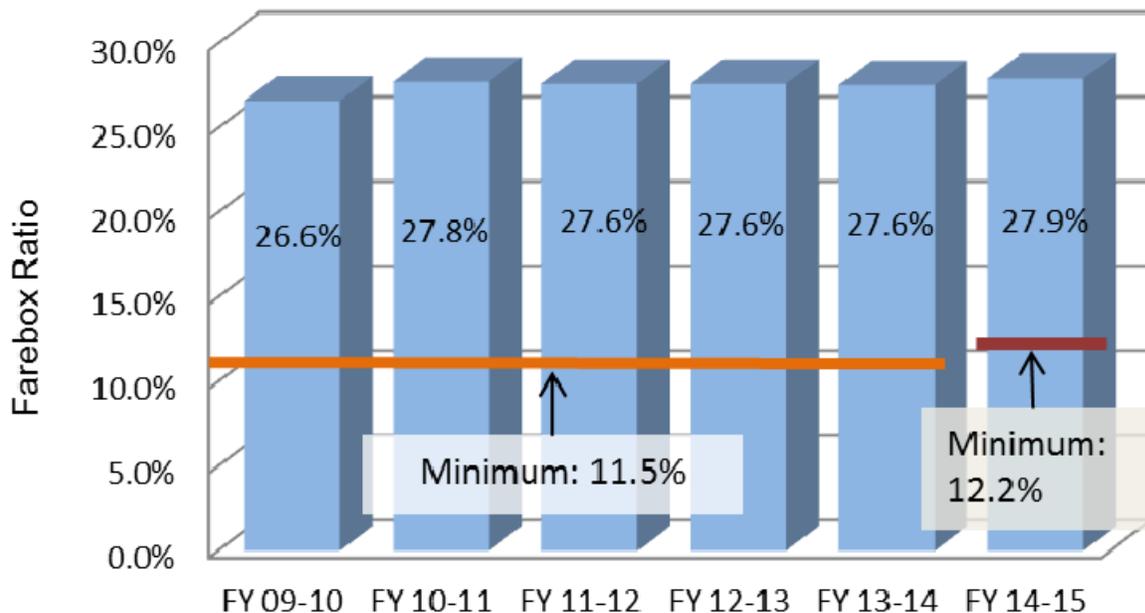


Figure 16: EDCTA Systemwide Farebox Ratio



Recommendations on Data Collection

Operating data reported to the State Controller in the Transit Operators and Non-Transit Claimants Annual Reports very closely match that found in the Annual Administrative Operations Reports. The only exception was for FY 2013-14 where it appears that the demand response input page was accidentally omitted from the report.

The overall data collection and recording process for EDCTA is good. EDCTA uses Route Match software to collect and report transit operating data. Drivers are provided with a computer tablet for recording operating data such as passengers, hours and miles. Using the tablets, the driver's record: the beginning of the route, beginning of the run, type of passenger etc. The data is automatically downloaded to the "cloud", allowing operating statistics reports by route to be easily produced. The Executive Director receives copies of these reports periodically and maintains the reports in a binder for easy reference. These reports are used by the Fiscal Administration Manager to prepare the Administrative Operations Reports.

Each day a dispatcher verifies the driver data input from the prior day in case of driver or software error. EDCTA has discovered some errors in the Route Match data collection process for the fixed routes, likely due to lost connection issues. Therefore, fixed route drivers use both the tablets and paper entry. The Route Match software allows for fewer opportunities for human error than if operating data were manually entered using a counter board or paper manifest.

Assessment of Internal Controls

To ensure that the information gathered as part of this audit is reliable and valid, a review of internal controls is necessary. A transit operator's internal controls are intended to do the following:

- Provide reasonable assurance that program goals and objectives are met
- Ensure that resources are adequately safeguarded and efficiently used
- Ensure that reliable data are obtained, maintained, and fairly disclosed in reports
- Ensure that the transit operator complies with laws and regulations

EDCTA appears to have a reasonably well developed system of internal controls appropriate to the size of the transit system. This statement is echoed in each of the three annual Independent Fiscal and Compliance Auditor's Reports. No significant deficiencies or material weaknesses were reported.

REVIEW OF COMPLIANCE REQUIREMENTS

As an entity receiving TDA funds for transit purposes, EDCTA is required to comply with the state's financial and reporting guidelines detailed in the Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities (RTPEs) pursuant to TDA requirements. Below is a discussion of each compliance section required in Public Utilities Code 99246 as part of the TPA. Table 4 displays the results of the compliance analysis:

- ◆ In accordance with Public Utilities Code Section 99243, El Dorado Transit has submitted annual reports to the EDCTC based on the Uniform System of Accounts and Records established by the State Controller. These reports must be filed with the RTPE and the State Controller 90 days from the end of the fiscal year (September 28th) for paper filing and 110 days after the end of the fiscal year (October 18th) for electronic filing. The FY 2012-13 report was filed within the specified time period; however, the FY 2013-14 and FY 2014-15 reports were filed two and three days after the deadline, respectively.
- ◆ In accordance with Public Utilities Code Section 99245, EDCTA submitted annual fiscal and compliance audits to the EDCTC and to the State Controller within 180 days following the end of the fiscal year for each audit period. An independent auditor completed these fiscal and compliance audits, as required.
- ◆ In accordance with Public Utilities Code Section 99251, El Dorado Transit has submitted evidence that the California Highway Patrol has certified compliance with Vehicle Code Section 1808.1 within the 13 months prior to each TDA claim submitted.
- ◆ In accordance with Public Utilities Code Section 99261, EDCTA's claims for TDA funds are submitted in compliance with rules and regulations adopted by the EDCTC for such claims.
- ◆ Per TDA, transit operators serving rural areas are required to maintain a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent) as detailed in Public

TABLE 4: El Dorado Transit Authority Compliance Requirements

Requirement	PUC Reference	In Compliance?	
		Yes	No
(1) The transit operator submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller within the specified time period.	99243		X
(2) The operator has submitted annual fiscal and compliance audits to its RTPA and to the State Controller within 180 days following the end of the fiscal year, or has received the 90-day extension allowed by law.	99245	X	
(3) The CHP has, within the 13 months prior to each TDA claim submitted by an operator certified the operator's compliance with Vehicle Code Section 1808.1 following CHP inspection of the operator's terminal.	99251 b	X	
(4) The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.	99261	X	
(5) If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	99270.1	X	
(6) The operator's operating budget has not increased by more than 15 percent 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.	99266	X	
(7) The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247.	99247	X	
(8) If the operator serves an urbanized area, it has maintained a ratio of fare revenue to operating cost 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 at least three-twentieths (15 percent).	99268.2, 99268.3, and 99268.1		NA
(9) If the operator serves a rural area, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	99268.2, 99268.4, and 99268.5		NA
(10) The current cost of 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 for 40 years.	99271	X	
(11) If the operator receives state transit assistance funds, the operator makes full use of funds if available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	California Code of Regulations, Section 6754 (a) (3)	X	

Utilities Code Sections 99268.2, 99268.4, and 99268.5 and transit operators serving urbanized areas must maintain a farebox ratio of 15 percent. The 2010 US Census designated the westernmost portion of El Dorado County to be part of the Sacramento Urbanized Area; therefore EDCTC developed a blended farebox ratio of 12.22 percent based on the proportion of population in the rural and urban portions of the county. As can be seen in Table 3 and Figure 16, EDCTA easily meets the blended farebox ratio requirement.

- ◆ Public Utilities Code Section 99266 requires that El Dorado Transit’s operating budgets not increase by more than 15 percent over the preceding year, and no substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities be realized unless the operator has reasonably supported and substantiated the change(s). See Table 3 for actual operating costs between Fiscal Years 2009-10 and 2014-15. During the Audit period, annual operating costs for all EDCTA services did not increase by more than 15 percent over the preceding year. In fact the greatest annual increase in annual operating costs was 5.3 percent between FY 2012-13 and FY 2013-14.
- ◆ EDCTA’s definition 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.
- ◆ EDCTA offers a retirement plan to its transportation employees through the California Public Employees Retirement System (PERS) which is full funded. EDCTA also participates in a Risk Pool as required by PERS.
- ◆ In accordance with California Code of Regulations Section 6754(a) (3), El Dorado Transit makes full use of funds if available to it under the Urban Mass Transportation Act of 1964 (in particular, FTA Section 5311 Non-Urbanized Area Formula Program funds, FTA 5307 Urbanized Area Formula Program funds, and FTA Section 5310 Elderly Individuals and Individuals with Disabilities Program funds administered by Caltrans) before TDA claims are granted.

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The previous audit was completed by PMC in May 2012. The recommendations and their status from that effort are presented below.

- ◆ *Address the exclusion of special services costs in the audited farebox ratio.*

Status: Implementation Complete –During the prior audit period, operating costs of the El Dorado County Fair Shuttle and the Apple Hill Shuttle were excluded as part of the farebox ratio calculation. For the current audit period, the only exclusion made during farebox ratio calculations were for charter expenses as allowed. During the audit period, charter services on EDCTA consisted of transportation for government agencies and non-profit organizations.

- ◆ *Maintain consistency in farebox ratio calculations between the fiscal audit, the State Controller Report and the Administrative Operations Report.*

Status: Implementation Complete –The prior auditor recommended that the method for farebox ratio calculation for Special Services be consistent for fiscal audits, Administrative Operations Reports and the State Controller Reports. As indicated in the prior recommendation, Special Services operating costs and fare revenues should be included in farebox ratio calculation as they are not charter services. Air quality grant funds used to pay for Special Services should not be included.

For FY 2012-13 and FY 2013-14, farebox ratio was calculated properly and in the same manner for the fiscal audits, State Controller Reports, and Administrative Operations Reports. In calculating farebox ratio for FY 2014-15, the fiscal auditor included the air quality grant funds and local matching funds for Special Services as fare revenue. Note that the farebox ratio calculation in Table 3 excludes this revenue and therefore shows a slightly lower farebox ratio than the fiscal audits. The State Controller reports correctly identify fare revenue for each year of the audit period. The Annual Administrative Operations reports do **not** include local grant revenue in the farebox ratio calculation in the “Systemwide” column. However, the farebox ratio calculation for the “Special Services” subtotal includes local operating grant (air quality grant) revenue. This method of calculation of farebox ratio for Special Services is useful for evaluating the level of EDCTA LTF revenue input to the service and in demonstrating that Special Services is not a drain on EDCTA operating costs. As the Administrative Operations reports are primarily for internal staff and board review, calculating farebox ratio differently for Special Services is justified. It may be worthwhile to include a footnote for the Special Services column, identifying the different farebox ratio calculation methods.

- ◆ *Fully implement the prior audit recommendation pertaining to directly comparing performance data against SRTP standards by mode in the year-end Administrative Operations Report.*

Status: Implementation Complete – As recommended in the prior TPA, El Dorado Transit now includes an Additional Performance Measures section in the Administrative Operations Report. It is here where performance measures such as operating subsidy per passenger trip and passengers per vehicle hour are compared with standards in the most recent adopted SRTP. The Administrative Operations Reports also discuss service quality goals such as on-time performance and the number of road calls.

DETAILED REVIEW OF TRANSIT OPERATOR FUNCTIONS

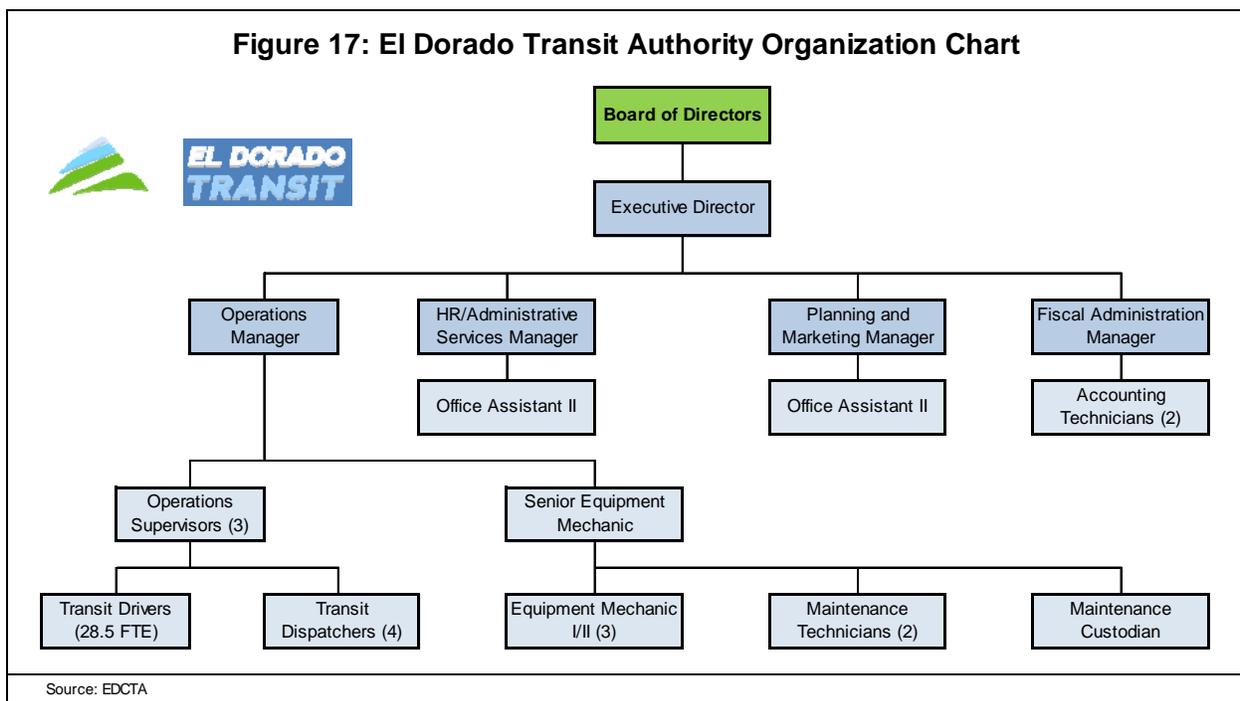
This section presents a review of the various functions of El Dorado Transit. In general, transit operator functions can be divided into the following areas:

- ◆ General Management and Organization
- ◆ Service Planning
- ◆ Scheduling, Dispatch and Operations
- ◆ Maintenance
- ◆ Personnel Management and Training
- ◆ Administration
- ◆ Marketing and Public Information

General Management and Organization

Administrative Oversight

All operations, administration and maintenance are performed at EDCTA's facility in Diamond Springs, California. EDCTA is operated by a staff of 72 in house employees, as shown in Figure 17. The management team includes five personnel: the Executive Director, Operations Manager, Fiscal Administration Manager, Human Resources/Administrative Services Manager, and Planning and Marketing Manager. The Operations Manager oversees a total of 61 employees. A Senior Equipment Mechanic and three Operations Supervisors report directly to the Operations Manager. The drivers and dispatchers directly report to the Operations Supervisors and mechanic/maintenance report directly to the Senior Equipment Manager.



Transit drivers are covered by a collective bargaining Memorandum of Understanding between EDCTA and the Operating Engineers Local No. 3 Union. Total FTE's at EDCTA increased by 1 from the previous audit period due to an increase in full-time positions in the new driver bid. Given the size of the El Dorado Transit program, its internal organization structure is appropriate. Lines of reporting are clearly defined. Staff wide meetings are held quarterly, management staff meet weekly, operations staff meet weekly to biweekly. Four hour driver training/safety meetings are held three times per year.

EDCTA has an appropriately well-defined program of administrative oversight. It regularly receives, reviews, and acts upon performance and financial information. The Executive Director reviews operations reports on a monthly basis and more frequently if prompted by passenger complaints, issues, or after new services have been implemented.

EDCTA has established an Open Door Policy. All employees are encouraged to share concerns and provide input. Supervisors and managers are encouraged to actively resolve conflicts. EDCTA adopted a Personnel Policies & Procedures Manual in 2011 which clearly outlines sick leave, vacation, disciplinary actions, dress code etc.

In 2014, EDCTA conducted a Compensation Study for all job classifications at EDCTA to ensure that staff are rewarded appropriately for the level of duties they perform and compensation is comparable to peer agencies. Salary adjustments have recently been implemented based on the results of the study.

Budget Administration

The Executive Director compares budgeted expectations with actual revenue and expenses on a monthly basis. The Fiscal Administration Manager prepares reports showing actual expenses as compared to the budget year to date, monthly, and including depreciation. The EDCTA board must approve substantial changes in the budget and/or spending. The budget includes a contingency line item in case of a sudden drop in transit revenues.

According to the fiscal and compliance audits, there were “unearned” LTF allocations in the amount of \$363,177 in FY 2012-13, \$817,641 in FY 2013-14 and \$1,253,413 in FY 2014-15.

Unearned LTF revenues represent the amount of LTF allocation for operating purposes for which the transit operator is not eligible to receive, as the amount exceeds operating costs less fares, FTA grants and other adjustments. It is not unusual to have an unearned LTF balance at the end of the year. During this audit period, EDCTA was appropriately conservative with budgeting for unknown increases in operating costs such as labor costs resulting from a new union contract and salary scale adjustment. It is also prudent to maintain some level of LTF reserve. However, the unearned LTF balance has grown to a level where there appears to be sufficient funding available to implement operating elements of the adopted SRTP.

Financial information and performance indicators are compiled in spreadsheet format and presented to the EDCTA board and TAC every six months as the Administrative Operations Report. The report is also submitted to EDCTC staff.

Accounting

Employees submit timesheets as a basis for payroll, and direct deposit is available for EDCTA employees. El Dorado Transit contracts with Paychex to process payroll. Data entry and check batching are performed by two different staff members and either the Executive Director or Operations Manager must approve the checks. For accounts payable, the receiving function is separate from the purchase authorization function and the disbursement authorization function. Petty cash is maintained and reconciled monthly. Requests for use must be signed by a supervisor and receipts are required.

Recent Program Changes

During the audit period, EDCTA began a separate complimentary paratransit service for eligible ADA passengers needing door to door service within three-quarters of a mile of the local fixed routes. With the implementation of complimentary paratransit, the local routes no longer deviate. On the capital improvements side, a new Park and Ride lot was constructed in El Dorado Hills. In FY 2014-15, EDCTA discontinued the operation of the Apple Hill Shuttle, due to traffic congestion making it an ineffective service. Several other service changes have been implemented since July 1, 2015 such as the new 50 Express route between Placerville and the Folsom Iron Point light rail, changes to the Cameron Park fixed route and a new taxi subsidy program in El Dorado Hills.

The Executive Director reviews the impact of service changes as part of the monthly operational review and compares results with previous expectations. In an effort to allow service changes to reach their full potential ridership, new services and demonstration projects are operated for one year before any necessary adjustments are made.

Communications with Other Government Agencies

Discussions with both EDCTA and EDCTC staff show that there is an effective and positive relationship between the two agencies. EDCTA also maintains a good relationship with other governmental agencies. The Executive Director serves on advisory and ad hoc committees such as the transit coordinating committee for the Sacramento Area Council of Governments (SACOG), Policy Advisory Team for EDCTC, Chamber of Commerce, County Economic Development, and County Community Development.

Service Planning

The effectiveness of a transit system is highly dependent upon the continued development of short- and long-range transit plans. The EDCTC commissioned the *Western El Dorado County Short and Long Range Transit Plan (SRTP, LRTP)*, which was completed by LSC Transportation Consultants in July 2014. The short range element of this plan covers FYs 2014-15 through 2018-19 while the long range element recommends transit service strategies through 2035. The short range plan includes an extensive list of new services and changes to existing service some of which have recently been implemented such as:

- Establish a taxi voucher program in El Dorado Hills
- Establish 50 Express service and increased Cameron Park service

Long range service recommendations include increasing transit service frequency as funding allows and demand warrants, expand DAR service as mobility needs change and coordinate with neighboring jurisdictions such as Folsom and Sacramento County.

In terms of strategic planning, EDCTA has set clear, reasonable goals and objectives in the SRTP and LRTP. The Administrative Operations report provides the Executive Director and the governing board with an easy to understand view of how EDCTA services measure up to

adopted SRTP goals and standards. The report includes comparison by type of service for TDA performance measures such as passenger-trips per hour as well as reliability performance measures such as on-time performance and road calls. Annual Administrative Operations reports are posted on the EDCTA website for review by interested parties.

In terms of short range planning, the SRTP identifies residential, retail, and other developments which may require transportation. The Executive Director is provided the opportunity to comment on local entity commercial, retail, multi-family, and low income new development projects, if the project may require public transit.

On-line surveys regarding El Dorado Transit were conducted as part of the SRTP update in 2014 to determine how services were perceived and to ascertain what shortcomings, if any, were present. A total of 250 valid responses were received. El Dorado County Human Services departments were provided with a separate survey to determine client travel modes and patterns to the various county offices. The survey showed that recommended SRTP service elements will improve access to the various county offices.

Special Service Transportation Needs

El Dorado Transit's entire fleet of revenue vehicles is wheelchair accessible. In an effort to ensure compliance with the Americans with Disabilities Act (ADA), EDCTA implemented paratransit service to complement the Diamond Springs, Pollock Pines and Cameron Park routes instead of offering off-route deviations. Several of EDCTA services focus on transportation for elderly and disabled residents. This includes contracted transportation for human service agencies and priority service on the DAR. EDCTA is in compliance with ADA requirements.

Public Participation

All El Dorado Transit meetings are open to the public, and are conducted in an accessible facility per the requirements of the ADA. EDCTA policy requires public notification for major service changes (more than 20 percent of total system square mile service area) or any fare change. A public hearing is conducted and the EDCTA TAC is consulted. The public is notified by publishing legal notices and press releases. In addition, transit service revision notices are posted on EDCTA vehicles, in passenger facilities and on the website. For detailed studies such as the DAR Zone Fare Assessment Study, focus groups were used to obtain input. The EDCTC Social Services Transportation Advisory Council (SSTAC) also acts as an important conduit for soliciting public input.

Scheduling, Dispatch, and Operations

EDCTA drivers are appropriately certified for the types of vehicles operated for El Dorado Transit. Drivers choose shifts based on seniority and are trained to operate each vehicle in the fleet. Driver bids change twice each year. EDCTA drivers are represented by the Operating Engineers Local No. 3 Union. Both part-time and full-time employees are eligible for vacation, sick leave, and any other employer-paid benefits. EDCTA's *Personnel Policies & Procedures Manual* details procedures regarding vacation, absences, and sick leave. In addition to 17 part-

time drivers, EDCTA hires “extra help” drivers to cover shifts for drivers on vacation or sick leave.

DAR scheduling is performed using Route Match software. This software allows schedulers to easily access a database of passenger information, sort passenger-trip requests geographically, and provides several trip options for dispatchers to choose from. Passengers are allowed to schedule rides up to three days in advance and subscription service is available. El Dorado Transit currently schedules an average of thirty-two subscription trips per weekday or roughly one-third of total trips. A subscription trip service application is available on the EDCTA website. EDCTA’s no show policy is also clearly outlined on the website.

Personnel Management and Training

The EDCTA *Driver Handbook* outlines a non-monetary safety incentive program that involves presentation of certificates and pins at various intervals. Driver performance evaluations are conducted by EDCTA training staff at least once a year. Each evaluation includes a ride along and a “trail check”. On occasion the CalTIP member services committee will conduct secret rider programs to evaluate the transit operator. Turnover at EDCTA is relatively low, although several new drivers were recruited during the audit period due to retirement. EDCTA recruits through a variety of means including the internet, social media and local newspapers. EDCTA also notifies Jobs One, which is connected to Employment Development Department. Most recruits do not have a Class B license.

EDCTA provides all initial and on-going driver training on-site using EDCTA staff. Drivers are trained on all aspects of each type of vehicle in the fleet, including training on first aid, accident procedures, and wheelchair procedures. EDCTA’s *Personnel Policies & Procedures Manual* details its formalized employee discipline program and conforms to labor agreements. All safety-sensitive employees are covered by the EDCTA’s Drug and Alcohol Policy outlined in the *Personnel Policies & Procedures Manual*, which appears to meet all applicable state and federal requirements.

Regarding insurance, EDCTA is covered up to \$10 million under the CalTIP insurance pool. Established procedures for processing and investigating accident/injury claims are currently in place. As per the EDCTA System Safety Program Plan (SSPP), the Operations Manager is the organization’s System Safety Advisor who oversees the implementation, maintenance and update of the transit system safety program. The program entails loss prevention initiatives and evaluation of the system. EDCTA is a component of the County Office of Emergency Services Emergency Preparedness plan. EDCTA coordinates with local community fire boards and the Sheriff SWAT team for emergency preparedness exercises.

The El Dorado Transit facility in Diamond Springs provides adequate office space for administrative and dispatching functions. The EDCTA fleet is parked outside in a secure lot at the facility. Entry into non-public areas of the facility require a key card. Security cameras have also been positioned at various entrances and in the counting room. The facility is maintained in house. Bus stops are maintained through a contract with an advertising vendor or by an EDCTA maintenance technician.

Fare Collection

Currently, EDCTA uses manual locking fareboxes for fare collection. At the end of the day, locked fareboxes are swapped with empty fareboxes by the dispatcher and placed in the vault. The following day, one EDCTA staff member completes the fare counting process and daily deposit recap. A separate staff member verifies the process and a third staffer deposits the cash into EDCTA's checking account daily. Although only one staff member is present in the counting room during the fare counting process, security cameras have been installed and only accounting staff have key card access to the vault/counting room. As an extra measure to keep employees honest, the Executive Director and Fiscal Administration Manager compare passenger counts to fare revenue collected for anomalies. If there is more than a five percent deviation, the driver's supervisor is notified.

SACOG is working with seven transit operators within the region, including EDCTA, to move to theConnect Card, a regional electronic transit fare system which will allow passengers to use one "smart card" for all participating transit systems.

Marketing and Public Information

El Dorado Transit has a robust marketing program. In 2015, El Dorado Transit completed an update of the *El Dorado Transit Assessment and Marketing Plan*. In addition to interviews with stakeholders and staff, the marketing plan included informal interviews with passengers and an on-board passenger survey. As recommended in the plan, El Dorado Transit recently implemented the following marketing strategies:

- Update the El Dorado Transit logo and vehicle graphics,
- Update printed passenger materials,
- Establish a systematic distribution network of passenger information (libraries, senior complexes, human service agencies and grocery stores.
- Redesign of the website including the ability to switch to different languages and access to Route Shout real time transit information
- Google Transit trip planning

An annual summary of customer complaints and compliments is included in the Administrative Operations Report so that the EDCTA and EDCTC board are aware of the public's opinion of the transit system. Passenger comments are tracked by date and route. It is EDCTA's policy to respond to complaints or concerns within two business days. The public's perception of El Dorado Transit's services is seemingly favorable as the number of complaints received from passengers has decreased from the prior audit period. El Dorado Transit also conducts mobility training as a way to encourage able residents to ride the fixed routes instead of DAR.

Consistent on-time performance is an important part of marketing for a transit system. EDCTC met on-time performance standards by type of service for this audit period. Overall, EDCTA staff dedicates sufficient resources to useful marketing materials, promotional campaigns, and other public outreach efforts.

Maintenance

The EDCTA fleet ranges from 5-passenger minivans used for demand response services to 45-passenger buses for commuter services. EDCTA maximizes FTA funding to procure vehicles. Overall, there were fewer road calls this audit period (55 annual average) than the prior audit period (76 annual average). However, there was a slight increase in road calls in FY 13-14 from 49 to 62. During the audit period maintenance costs per vehicle service hour increased from \$5.27 to \$6.20 with the highest maintenance cost per vehicle hour in FY 2013-14. This corresponds with the pattern of road calls. The rising costs of maintenance reflect that the EDCTA fleet is aging and most vehicles are out of warranty. The 2006 Bluebird commuter vehicles are no longer supported by the manufacturer, although they are still classified as having “useful life” remaining. EDCTA staff is in the process of writing grants to replace these vehicles.

EDCTA maintenance staff use Squarerigger® Fleet Maintenance software to track preventative maintenance repairs for the transit fleet. A preventive maintenance schedule is in place that meets the requirements of the bus manufacturers. With the exception of body work and paint, all vehicle repairs are performed by in-house mechanics. The operations/maintenance facility appears to be sufficient for the varied types of vehicles operated. All EDCTA’s staff is based in this facility, which includes administrative offices, conference room, a transit dispatch center, driver’s check-in locker room, and employee breakroom. Access to the facility is by key card entry and security cameras are placed at the various entries. The maintenance facility includes four maintenance bays, three lifts (two portable), a drive-through bus wash, a parts supply room, a mechanic’s breakroom, and the senior equipment mechanic’s office. The fully-fenced bus parking lot is striped to accommodate up to 62 vehicles.

El Dorado Transit has a fleet of 48 revenue vehicles and 10 non-revenue vehicles. The average age of the fleet is 6 years and the fleet has accumulated an average of 197,000 miles. EDCTA has a good vehicle replacement plan in place. EDCTA has used a variety of funding sources to replace aging vehicles including: FTA 5310 and 5307, ARRA funds, Proposition 1B, STIP, and STA funds.

EDCTA currently employs Zonar Electronic Vehicle Inspection Report Technology for the primary purpose of fleet maintenance management. Electronic “tags” are placed at important inspection points on each vehicle. During daily vehicle inspections, each driver places a hand-held reader near each tag and keys in the condition of that part of the vehicle. After the inspection is complete, the reader is returned to a holder mounted inside the bus where the data is transmitted wirelessly to maintenance and operations staff. This technology improves operational efficiency by allowing managers to be informed of potential maintenance issues in a timely manner. The Zonar system also ensures that pre-trip vehicle inspections are properly performed and the appropriate staff members are notified of any needed repairs. EDCTA has a good procedure in place for prioritizing repairs. There is good communication between mechanics and dispatchers with respect to maintenance. An adequate supply of parts is available to minimize vehicle downtime.

EDCTA has also equipped all the commuter buses and most of the cutaways with a vehicle logical unit and vehicle information management software. The vehicle logical unit is connected

to an automated vehicle annunciation system after the vehicle crosses through a geofence. The vehicle information management cameras and software allow maintenance staff to have continuously accessible video and fleet information. Security cameras have been installed on all buses.

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EDCTA Conclusions and Recommendations

The Auditor's analysis of EDCTA indicates that, in terms of operations, the system was efficiently run and well managed during the audit period.

FINDINGS

- ◆ With two minor exceptions, EDCTA was found to be in compliance with all performance related sections of the TDA public utilities code as identified in Table 4. EDCTA submit annual reports to the State Controller less than five days after the deadline for two years of the audit period.
- ◆ Data collection has improved with Route Match software and mobile data terminals. With the ability to automatically download data and create reports, the process is less subject to human error.
- ◆ Despite a strong marketing program, ridership on EDCTA services systemwide declined during the audit period. Low gas prices decreases the attractiveness of public transit and may have attributed to the decline. In July 2015, EDCTA implemented several service changes such as a revised US 50 Express and Cameron Park route designed to increase frequency and better meet the needs of US 50 corridor residents.
- ◆ Transit services provided by El Dorado Transit meet all TDA-requirements including the farebox ratio requirement.

RECOMMENDATIONS

Recommendation: EDCTA should work with the Fiscal Auditor to correctly exclude the El Dorado Air Quality Grant revenue when calculating farebox ratio.

In FY 2014-15, farebox ratio was calculated differently than the first two years of the audit period. The fiscal auditor included revenue received from the El Dorado County Air Quality Grant to operate the Fair Shuttle as fare revenue. The California State Controller classifies this type of local cash grant as non-operating revenue (Class 409.01) and therefore it should not be included in farebox ratio calculation. The local match for the El Dorado Air Quality Grant provided by the Fair Association is classified as Special Transit Fares, as it is revenue given to guarantee a special route for which the Fair Association is a beneficiary of the service. Special Transit Fares can be included in farebox ratio calculation. The TDA local match provided by EDCTA is not considered fare revenue. EDCTA should work with the fiscal auditor to ensure that farebox ratio is calculated correctly.

Recommendation: *If management is confident with the financial outlook for EDCTA operating requirements, EDCTA should strive to narrow the gap between the LTF allocation request for operating assistance and the maximum amount of LTF allowed for operating assistance.*

According to the fiscal and compliance audits, there were “unearned” LTF allocations in the amount of \$363,177 in FY 2012-13, \$817,641 in FY 2013-14 and \$1,253,413 in FY 2014-15. Unearned LTF revenues represent the amount of LTF operating allocation for which the transit operator is not eligible to receive because the allocated amount exceeds operating costs less fares, FTA grants and other adjustments. It is not unusual to have an unearned LTF balance at the end of the year. During this audit period, EDCTA was appropriately conservative with budgeting for unknown operating costs increases such as labor costs resulting from a new union contract and a salary scale adjustment. These cost increases actually occurred in a later fiscal year than budgeted; thereby contributing to a difference in the allocation request and actual operating expenses. Since July 2015, EDCTA has implemented service changes such as the El Dorado Hills Taxi Voucher program and revised US 50 Express/Cameron Park routes which will also increase the annual operating budget over the prior year.

Transit budget forecasting always has a degree of uncertainty. During the recession of 2007-10, for example, many transit agencies were forced to cut service due to a sudden drop in sales tax revenue. For this reason, it is prudent to maintain some level of LTF reserve. The new EDCTC LTF reserve policy will help to provide that financial cushion along with a conservative transit operating budget. However, the unearned LTF balance has grown to a level where there appears to be sufficient funding available to implement additional operating elements of the adopted SRTP. In evaluating the financial outlook for EDCTA, management should consider both the operating and long term capital requirements of the system and request LTF funds in an amount which is closer to actual costs.