

FY 2014-2016 TRIENNIAL PERFORMANCE AUDIT OF EUREKA TRANSIT SERVICE (ETS)



SUBMITTED TO
HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS



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SUBMITTED BY

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INTERNATIONAL

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Section I

Introduction

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

The Humboldt County Association of Governments (HCAOG) engaged Michael Baker International to conduct the Transportation Development Act (TDA) triennial performance audit of the public transit operators under its jurisdiction in Humboldt County. This performance audit is conducted for the Eureka Transit Service (ETS, City) covering the most recent triennial period, fiscal years 2013–14 through 2015–16.

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

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

Overview of the Transit System

ETS has been operating since January 1976 in conjunction with the formation of the Humboldt Transit Authority (HTA). The City of Eureka provides policy direction and administration of the service, and contracts the operations, maintenance, and daily management of the fixed-route service to HTA. Demand-responsive services (Dial-a-Ride/Dial-a-Lift) are operated under a separate contract between the City and City Ambulance of Eureka (CAE). A third contract is an agreement between the City and HTA for HTA to conduct Dial-a-Ride rider screening and ticket reimbursement. The City also contributes funds toward the operation of the Redwood Transit System, a regional commuter service operated by HTA for general public use.

Eureka is the largest city and county seat of Humboldt County, situated on Humboldt Bay along the US Highway 101 (US 101) corridor. Based on the 2010 US Census, Eureka's population is 27,191, which grew 4.1 percent since the 2000 US Census. The senior citizen population, comprising residents aged 65 and over, is 11.82 percent. The 2016 population for Eureka is estimated to be 26,765 as reported by the California Department of Finance. The city covers a 9.38-square-mile land area.

The greater Eureka area has a population of approximately 45,000, which encompasses the Eureka city limits and the adjacent unincorporated communities of Bayview, Cutten, Myrtle town, Humboldt Hill, and Pine Hills. Currently, over 25 percent of all business is composed of small employers with 1 to 10 employees. The majority of Eureka's economic activity is derived from fisheries, forestry, government, health care, retail, and transportation sectors.

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

System Characteristics

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

Fixed Route

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

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

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

Dial-a-Ride/Lift

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

Fares

ETS fares are structured according to fare type and media. Free transfers are provided between ETS buses to complete a single trip. Humboldt State University (HSU) students ride ETS fare-free as part of the JackPass program by swiping their current student identification card. The JackPass is paid for through a mandatory fee each semester with every HSU student's registration. Staff and faculty can buy into the JackPass program for \$60 per semester. During the summer session, the JackPass is available for \$45.

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

**Table I-1
ETS Fare Schedule**

Categories	Fares (Effective 7/1/2012)				Fares (Effective 1/1/2014)			
	One Ride	Multi-Ride/ Regional Pass	Day Pass	Monthly Pass	One Ride	Multi-Ride/ Regional Pass	Day Pass	Monthly Pass
Adult (Ages 18 to 61)	\$1.50	\$1.20	\$3.40	\$44.00	\$1.70	\$1.40	\$3.95	\$48.00
Youth (Ages 3 to 17)	\$1.20	\$0.85	\$2.90	\$39.00	\$1.30	\$0.95	\$3.00	\$41.00
Seniors (Ages 62 and up)	\$1.20	\$0.85	\$2.90	\$39.00	\$1.30	\$0.95	\$3.00	\$41.00

Categories	Fares (Effective 7/1/2012)				Fares (Effective 1/1/2014)			
Disabled (with valid Transit ID)	\$1.20	\$0.85	\$2.90	\$39.00	\$1.30	\$0.95	\$3.00	\$41.00

Source: ETS

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

Fleet

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

**Table I-2
ETS Fixed Route and Dial-a-Ride Fleet**

Year	Make & Model	Quantity	Seating Capacity	Fuel Type	Service Mode
2007	Gillig Low Floor	2	31 (2 W/C)	Diesel-Electric Hybrid	Fixed Route
2009	Gillig Low Floor	3	31 (2 W/C)	Diesel	Fixed Route
2012	Ford E350	3	7 (2 W/C)	Gasoline	Dial-A-Ride
2014	Gillig Low Floor	2	31 (2 W/C)	Diesel	Fixed Route
2015	Ford Starcraft	2	4 (2 W/C)	Gasoline	Dial-A-Ride
Total		12			

Source: HTA Vehicle Inventory

All ETS vehicles are equipped with wheelchair lifts and tie downs, which conforms to the requirements of the Americans with Disabilities Act (ADA) in regard to accessibility. Bicycle racks are available on most buses. The City also provides the five Ford cutaway vehicles through a lease agreement to CAE, the contractor for the Dial-a-Ride/Lift service, which are maintained by CAE.

Section II

Operator Compliance Requirements

This section of the audit report contains the analysis of ETS's ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies* to assess transit operators. The guidebook contains a checklist of 11 measures taken from relevant sections of the PUC and the California Code of Regulations. Each of these requirements is discussed in the table below, including a description of the system's efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator submitted annual reports to the RTPA and to the State Controller based upon the Uniform System of Accounts and Records established by the State Controller. Report is due 90 days after end of fiscal year (Sept. 28/29), or 110 days (Oct. 19/20) if filed electronically (Internet).	Public Utilities Code, Section 99243	Completion/submittal dates: FY 2014: December 5, 2014 FY 2015: December 19, 2015 FY 2016: December 22, 2016 The City completes and submits separate Transit Operators Financial Transactions Reports for both ETS fixed route and Specialized Service. Reports were submitted to the State Controller after the statutory deadline pursuant to TDA. Conclusion: Not in compliance.
The operator has submitted annual fiscal and compliance audits to the RTPA and to the State Controller within 180 days following the end of the fiscal year (Dec. 27), or has received the appropriate 90-day extension by the RTPA allowed by law.	Public Utilities Code, Section 99245	Completion/submittal dates: FY 2014: November 21, 2014 FY 2015: January 30, 2016 FY 2016: January 12, 2016 Conclusion: Complied.
The CHP has, within the 13	Public Utilities Code,	Eureka, through its contract operator HTA,

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
months prior to each TDA claim submitted by an operator, certified the operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator's terminal.	Section 99251 B	<p>participates in the CHP Transit Operator Compliance Program in which the CHP has conducted inspections within the 13 months prior to each TDA claim.</p> <p>Inspections were conducted at HTA's maintenance facility in Eureka.</p> <p>Transit Operator Compliance Certificates and inspection dates applicable to the audit period were September 18 and 23, 2013; September 16, 18, and 24, 2014; September 14 and 15, 2015; and September 1, 2016.</p> <p>Inspections were found to be satisfactory.</p> <p>Conclusion: Complied.</p>
The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.	Public Utilities Code, Section 99261	<p>As a condition of approval, the City of Eureka's annual claims for Local Transportation Funds and State Transit Assistance are submitted in compliance with the rules and regulations adopted by HCAOG. HCAOG staff provides assistance to the City as needed in completing the claim.</p> <p>The City and HCAOG have reported issues concerning the late submittal of the annual TDA claim given the shortage of City staff to oversee the transit program. HCAOG only releases TDA funds upon approval of a submitted claim.</p> <p>Conclusion: Complied.</p>
If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating	Public Utilities Code, Section 99270.1	ETS is subject to farebox requirements as an older operator, but is not subject to this specific requirement.

Table II-1		
Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.		Conclusion: Not Applicable.
The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	Public Utilities Code, Section 99266	<p>Percentage increase in the ETS operating budget:</p> <p>FY 2014: -2.2%</p> <p>FY 2015: -6.1%</p> <p>FY 2016: +10.0%</p> <p>Source: City of Eureka Transit Budget for FYs 2013–2016</p> <p>Conclusion: Complied.</p>
The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.	Public Utilities Code, Section 99247	<p>A review of internal Dial-a-Ride and external reports compiled during the audit period indicates that performance data are not being properly collected and reported.</p> <p>Dial-a-Ride vehicle service mile data from January 2014 through October 2014 and for December 2014 were not reported by the contractor and subsequently were not reported in the Specialized Service (Dial-a-Ride) Transit Operators Financial Transactions Report submitted to the State Controller. In addition, full-time equivalent (FTE) data appear to reflect headcount in the Transit Operators Financial Transactions Reports submitted during the audit period, rather than using the methodology of dividing total number of transit labor hours by 2,000. FTEs should be inclusive of transit employees and City staff who contribute their time to the service.</p>

Table II-1		
Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		Conclusion: Not in compliance.
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating costs at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenues to operating costs of at least equal to three-twentieths (15 percent), if so determined by the RTPA.	Public Utilities Code, Sections 99268.2, 99268.3, 99268.12, 99270.1	ETS is subject to farebox requirements as an older operator, but is not subject to this specific requirement. Conclusion: Not Applicable.
If the operator serves a rural area, or provides exclusive services to elderly and disabled persons, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	Public Utilities Code, Sections 99268.2, 99268.4, 99268.5	As an older operator, ETS's farebox recovery ratio for fixed-route service is set at the ratio it had in FY 1978–79, which is 22.4 percent. Dial-a-Ride is subject to a 10 percent farebox recovery ratio as a Specialized Service. The farebox recovery ratios for ETS's fixed route and Dial-a-Ride services based on audited data are as follows: Fixed Route: FY 2014: 29.05% FY 2015: 27.74% FY 2016: 29.09% Dial-a-Ride/Lift: FY 2014: 12.64% FY 2015: 14.16% FY 2016: 11.60% Source: Annual fiscal and compliance audits. Conclusion: Complied.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA which will fully fund the retirement system within 40 years.	Public Utilities Code, Section 99271	<p>The City of Eureka makes contributions to its employees' retirement funded through the California Public Employees' Retirement System (CalPERS). For new CalPERS members or previous CalPERS members with a break in service of six calendar months or greater (2% @ 62), the current 13.5% employee contribution is paid by the employee. For CalPERS classic members (2% @ 55), the current 9% employee contribution is paid by the employee. For the 2% @ 62 formulas, the employee contribution will change each fiscal year to be at least 50% of the normal cost rate as determined by CalPERS.</p> <p>The City's fixed-route contractor, HTA, contributes to its employees' retirement funded through CalPERS. Participants are required to contribute 7% of their annual covered salary, which HTA pays on their behalf. The City's Dial-a-Ride/Lift contractor, CAE, is a private company.</p> <p>Conclusion: Complied.</p>
If the operator receives state transit assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	California Code of Regulations, Section 6754(a)(3)	<p>As a recipient of State Transit Assistance funds, ETS is making full use of available federal funds.</p> <p>FY 2014: \$47,809 (operations) FY 2015: \$75,700 (operations) \$62,478 (planning) FY 2016: \$125,000 (operations)</p> <p>Source: HCAOG FTA Section 5311 Annual Program of Projects Resolutions</p> <p>Conclusion: Complied.</p>

Findings and Observations from Operator Compliance Requirements Matrix

1. Of the compliance requirements applicable to Eureka, the operator fully complied with seven out of nine requirements. The City was not in compliance with regard to the timely submittal of the annual Transit Operator Financial Transactions Reports to the State Controller and accurate reporting of performance data and indicators. Two additional compliance requirements did not apply to Eureka (i.e., urban and blended farebox recovery ratios). Staffing constraints are attributed to the delay in submitting the Transit Operator Financial Transactions Reports.
2. Based on the annual fiscal and compliance audits, the farebox recovery ratio for the ETS fixed-route service remained above the required 22.4 percent standard, based on the 1978–79 farebox recovery. The average farebox recovery attained during the audit period was 28.63 percent. In addition, Eureka’s Dial-a-Ride farebox recovery ratio remained above the required 10 percent. The average farebox recovery attained for Dial-a-Ride was 12.8 percent. The TDA statute established the required farebox ratio at 10 percent in nonurbanized areas, with exception for an operator such as ETS that exceeded the percentage in the 1978–79 fiscal year. During the audit period, the operator is required to maintain the higher farebox ratio to remain eligible for TDA funding. The recent change in the TDA statute with passage of Senate Bill 508 eliminates the requirement for transit operators to maintain higher farebox requirements based on the 1978–79 fiscal year. Beginning in FY 2016–17, ETS is subject to a 10 percent farebox recovery ratio for the fixed route.
3. Through its contract operator, ETS participates in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period.
4. The operating budget exhibited modest fluctuations during the audit period. The budget decreased 2.2 percent in FY 2014 and 6.1 percent in FY 2015. However, the operating budget increased 10 percent in FY 2016. The increase was attributed to personnel, vehicle liability, and service contract adjustments.

Section III

Prior Triennial Performance Recommendations

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

Prior Recommendation 1

Closely monitor Dial-a-Ride performance trends.

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

Actions taken by the City of Eureka

The Dial-a-Ride/Lift service is administered by the City's finance director who makes requests for monthly performance data from the contract operator. However, there continue to be inconsistencies with how the data are formatted and reported. The performance data are compiled on Excel spreadsheets and divided between Dial-a-Ride and Dial-a-Lift. The aggregate trip totals at the bottom of the spreadsheet do not reflect the sum of the passengers carried on the two service modes. Dial-a-Ride/Lift vehicle service mile data from January 2014 through October 2014 and for December 2014 were not reported. In addition, year-to-date data and prior year comparisons are not reported for analysis. Effective FY 2017, the Dial-A-Ride/Lift contract will be administered by HTA as part of the transition of HTA as the Consolidated Transportation Services Agency. As part of the new contract provision, CAE will implement RouteMatch dispatching and scheduling software. It is anticipated that the accuracy and consistency of performance data reporting will improve with the implementation of the new software in the summer of 2017.

Conclusion

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

Prior Recommendation 2

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

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

Actions taken by the City of Eureka

While the performance data compiled by HTA for the ETS fixed route accurately report performance data in accordance with the TDA statute, Dial-a-Ride/Lift performance data compiled during the audit period continued to show discrepancies and inconsistencies. As cited previously, Dial-a-Ride/Lift vehicle service mile data from January 2014 through October 2014 and for December 2014 were not reported. In addition, year-to-date data and prior year comparisons are not reported for analysis. Effective FY 2017, the Dial-a-Ride/Lift contract will be administered by HTA. As part of the new contract provision, CAE will implement RouteMatch dispatching and scheduling software. It is anticipated that the accuracy and consistency of performance data reporting will improve with the implementation of the new software in the summer of 2017.

Conclusion

This recommendation has been partially implemented.

Prior Recommendation 3

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

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

A review of the monthly Comparative Performance Activity Reports compiled by HTA and CAE for Eureka show primarily operational performance data and not qualitative service data such as complaints, compliments, road calls, trip denials, missed trips, and ridership by route. For example, in the City's Dial-a-Ride/Lift contract with CAE, the contractor is to provide: 1) the number of passengers; 2) vehicle revenue hours; 3) vehicle revenue hours; 4) employee pay

hours; 5) number of validated complaints; 6) number of in-service road failures; and 7) monthly report of missed trips and/or appointments. The City indicated that there continue to be missing data in the contractor reports. It was suggested that these data be requested and consistently provided to the City by the respective contract operators, not only to fulfill the agreements, but to enable City officials to conduct a higher level of evaluation and monitoring of ETS and Dial-a-Ride/Lift.

Actions taken by the City of Eureka

As part of its contract with HTA, the City is provided with monthly Comparative Performance Activity Reports, which continue to show only basic operational data. The City has made a concerted effort with regard to requesting monthly performance data from CAE. The performance data, when provided by CAE, are included with the monthly invoice and are compiled on Excel spreadsheets and divided between Dial-a-Ride and Dial-a-Lift. However, the aggregate trip totals at the bottom of the spreadsheet do not reflect the sum of the passengers carried on the two service modes. Also, as indicated previously, Dial-a-Ride/Lift vehicle service mile data from January 2014 through October 2014 and for December 2014 were not reported. Further, year-to-date data and prior year comparisons are not reported for analysis. Effective FY 2017, both HTA and CAE will implement RouteMatch dispatching and scheduling software. It is anticipated that the scope and consistency of performance data reported will improve with the implementation of the new software in the summer of 2017.

Conclusion

This recommendation has been partially implemented.

Prior Recommendation 4

Calculate full time equivalents in the Transit Operators Financial Transactions Report according to the TDA definition.

Background: Full time equivalents (FTEs) are required to be reported in the annual Transit Operators Financial Transactions Report submitted to the State Controller. The State Controller Reports compiled for Eureka's fixed route and Dial-a-Ride/Lift during the prior audit period did not contain the proper FTE calculation. FTE data appeared to reflect a headcount rather than the methodology of total number of labor hours divided by 2,000. FTEs are inclusive of part-time employees and/or City staff who contribute their time to transit.

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

Actions taken by the City of Eureka

A review of FTE data reported in the Transit Operators Financial Transactions Reports compiled during the audit period show continued discrepancies and variances from the TDA methodology. For the ETS fixed route, the FY 2013 base year FTE count was 11, which increased to 25 in FY 2014 and 51 in FYs 2015 and 2016. For Dial-a-Ride, the FTE count was 18 from the FY 2013 base year through FY 2015. In FY 2016, no FTEs were reported. As was previously mentioned, FTE data appear to reflect a headcount in the Transit Operators Financial Transactions Reports, rather than using the methodology of dividing total number of transit labor hours by 2,000. FTEs are inclusive of transit employees and City staff who contribute their time to transit. It is suggested that City work with HTA and CAE to determine the annual labor hours expended on transit operations, and properly calculate FTEs according to the TDA.

Conclusion

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

Section IV

TDA Performance Indicators

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

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

**Table IV-1
Eureka TDA Performance Indicators
System-wide**

Performance Data and Indicators	Audit Period				% Change FY 2013–2016
	FY 2013	FY 2014	FY 2015	FY 2016	
Operating Cost	\$1,407,607	\$1,395,345	\$1,550,466	\$1,481,933	5.3%
Total Passengers	251,497	257,102	258,754	255,614	1.6%
Vehicle Service Hours	23,100	26,320	31,260	27,602	19.5%
Vehicle Service Miles	236,406	205,613	211,634	242,383	2.5%
Employee FTEs	29	43	69	51	75.9%
Passenger Fares	\$315,096	\$331,261	\$368,784	\$351,579	11.6%
Operating Cost per Passenger	\$5.60	\$5.43	\$5.99	\$5.80	3.6%
Operating Cost per Vehicle Service Hour	\$60.94	\$53.01	\$49.60	\$53.69	-11.9%
Operating Cost per Vehicle Service Mile	\$5.95	\$6.79	\$7.33	\$6.11	2.7%
Passengers per Vehicle Service Hour	10.9	9.8	8.3	9.3	-14.9%
Passengers per Vehicle Service Mile	1.06	1.25	1.22	1.05	-0.9%
Vehicle Service Hours per Employee	796.6	612.1	453.0	541.2	-32.1%
Average Fare per Passenger	\$1.25	\$1.29	\$1.43	\$1.38	9.8%
Fare Recovery Ratio	22.39%	23.74%	23.79%	23.72%	6.0%

Source: Annual fiscal and compliance audits, comparative Performance Activity Reports, State Controller Reports, City Ambulance of Eureka Dial-a-Ride stats

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

Performance Data and Indicators	Audit Period				% Change FY 2013–2016
	FY 2013	FY 2014	FY 2015	FY 2016	
Operating Cost	\$952,663	\$943,591	\$1,098,934	\$1,027,257	7.8%
Total Passengers	230,261	236,307	236,222	237,677	3.2%
Vehicle Service Hours	14,394	14,629	14,392	14,405	0.1%
Vehicle Service Miles	160,452	163,193	160,898	158,688	-1.1%
Employee FTEs	11	25	51	51	363.6%
Passenger Fares	\$269,430	\$274,156	\$304,836	\$298,853	10.9%
Operating Cost per Passenger	\$4.14	\$3.99	\$4.65	\$4.32	4.5%
Operating Cost per Vehicle Service Hour	\$66.18	\$64.50	\$76.36	\$71.31	7.7%
Operating Cost per Vehicle Service Mile	\$5.94	\$5.78	\$6.83	\$6.47	9.0%
Passengers per Vehicle Service Hour	16.0	16.2	16.4	16.5	3.1%
Passengers per Vehicle Service Mile	1.44	1.45	1.47	1.50	4.4%
Vehicle Service Hours per Employee	1,308.5	585.2	282.2	282.5	-78.4%
Average Fare per Passenger	\$1.17	\$1.16	\$1.29	\$1.26	7.5%
Fare Recovery Ratio	28.28%	29.05%	27.74%	29.09%	2.9%

Source: Annual fiscal and compliance audits, comparative Performance Activity Reports, State Controller Reports

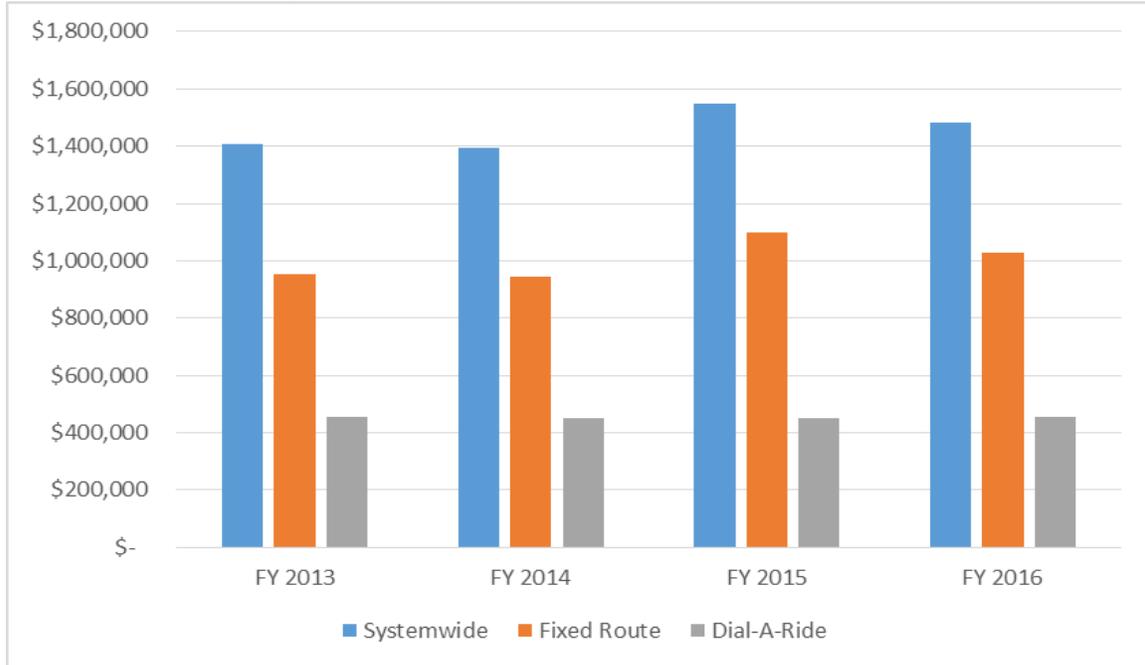
**Table IV-3
Eureka Dial-a-Ride/Lift TDA Performance Indicators**

Performance Data and Indicators	Audit Period				% Change FY 2013– 2016
	FY 2013	FY 2014	FY 2015	FY 2016	
Operating Cost	\$454,944	\$451,754	\$451,532	\$454,676	-0.1%
Total Passengers	21,236	20,795	22,532	17,937	-15.5%
Vehicle Service Hours	8,706	11,691	16,868	13,197	51.6%
Vehicle Service Miles*	75,954	42,420	50,736	83,695	10.2%
Employee FTEs	18	18	18	n/a	n/a
Passenger Fares	\$45,666	\$57,105	\$63,948	\$52,726	15.5%
Operating Cost per Passenger	\$21.42	\$21.72	\$20.04	\$25.35	18.3%
Operating Cost per Vehicle Service Hour	\$52.26	\$38.64	\$26.77	\$34.45	-34.1%
Operating Cost per Vehicle Service Mile	\$5.99	\$10.65	\$8.90	\$5.43	-9.3%
Passengers per Vehicle Service Hour	2.4	1.8	1.3	1.4	-44.3%
Passengers per Vehicle Service Mile	0.28	0.49	0.44	0.21	-23.3%
Vehicle Service Hours per Employee	483.7	649.5	937.1	n/a	n/a
Average Fare per Passenger	\$2.15	\$2.75	\$2.84	\$2.94	36.7%
Fare Recovery Ratio	10.04%	12.64%	14.16%	11.60%	15.5%

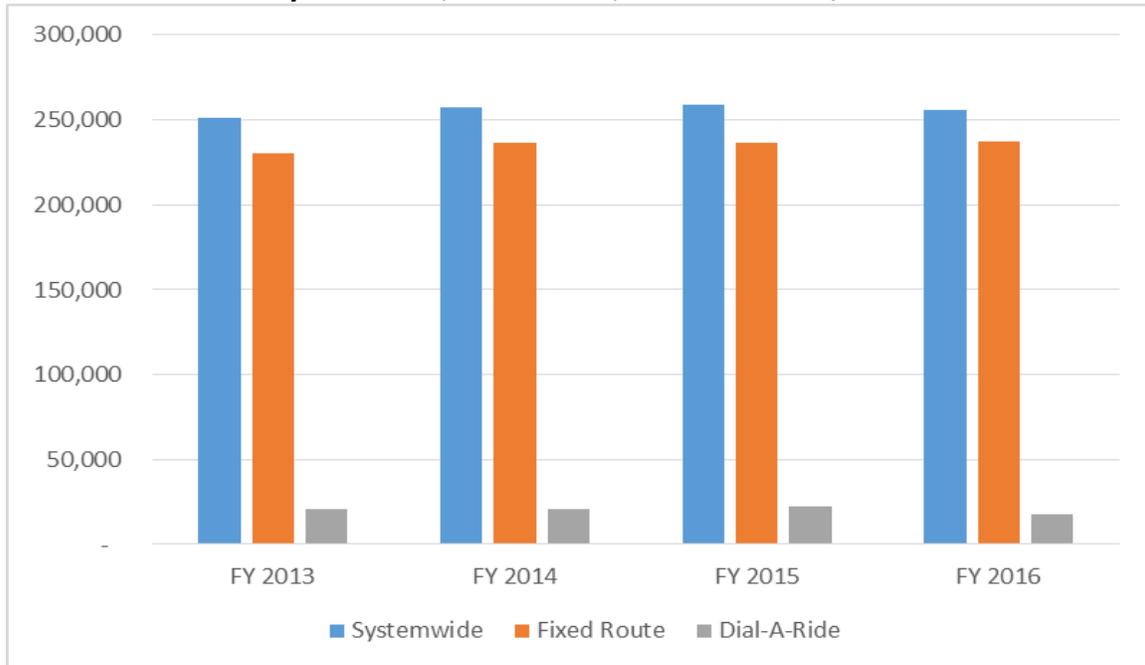
Source: Annual fiscal and compliance audits, State Controller Reports, City Ambulance of Eureka Dial-a-Ride stats

*Vehicle service mile data from January 2014 through October 2014 and for December 2014 were not reported.

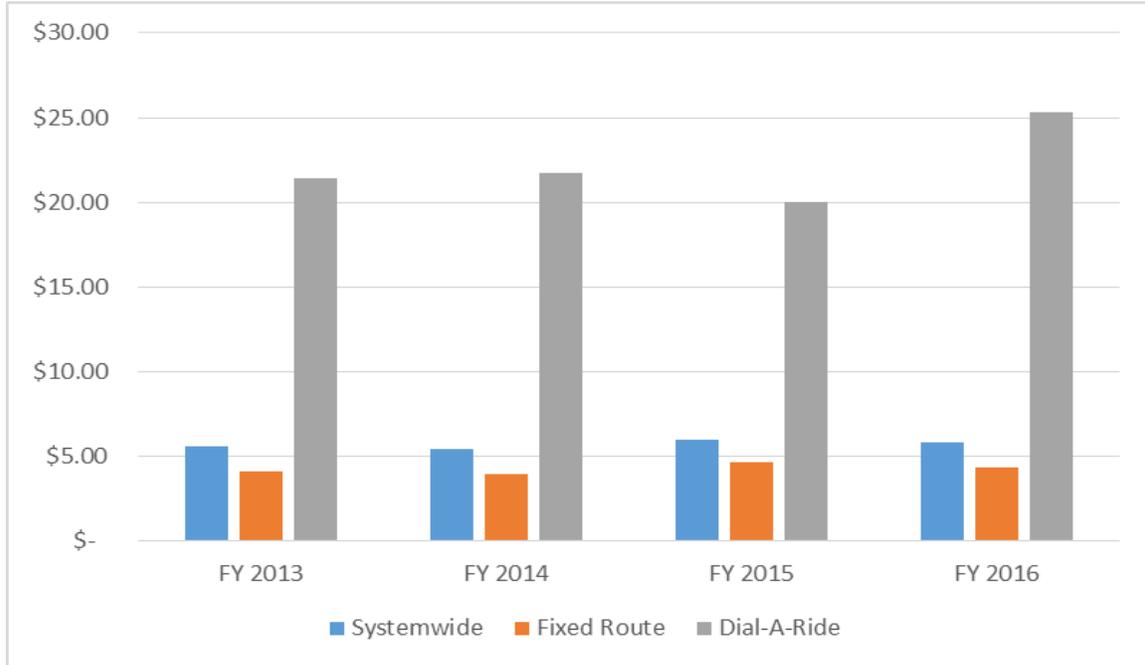
**Graph IV-1
Operating Costs
System-wide, Fixed Route, and Dial-a-Ride/Lift**



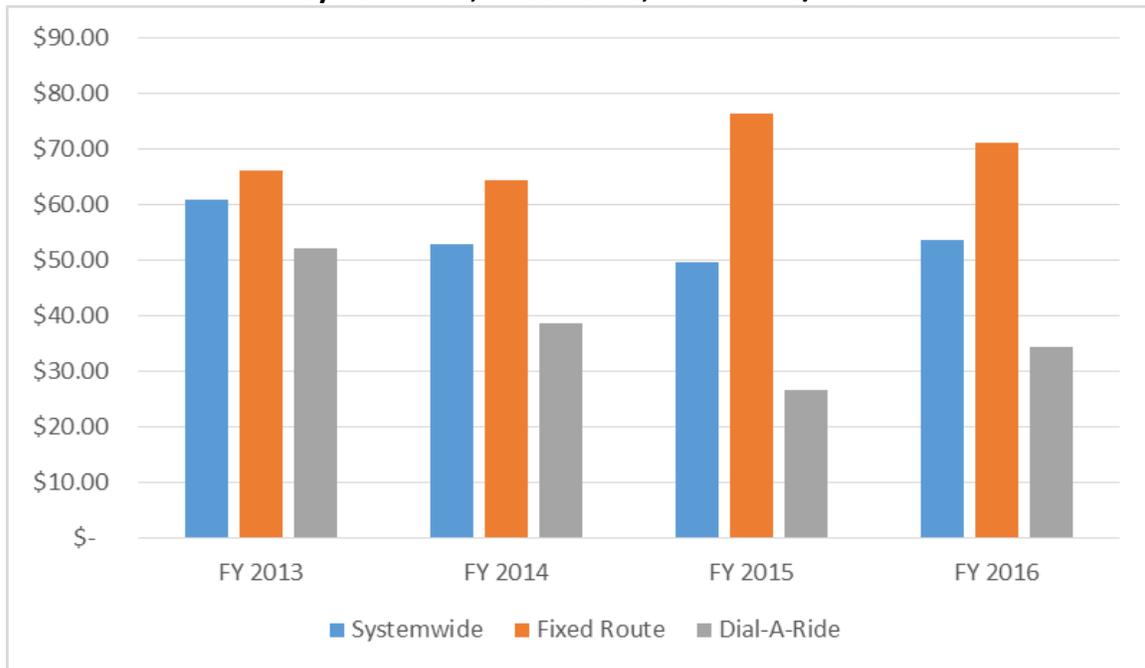
**Graph IV-2
Ridership
System-wide, Fixed Route, and Dial-a-Ride/Lift**



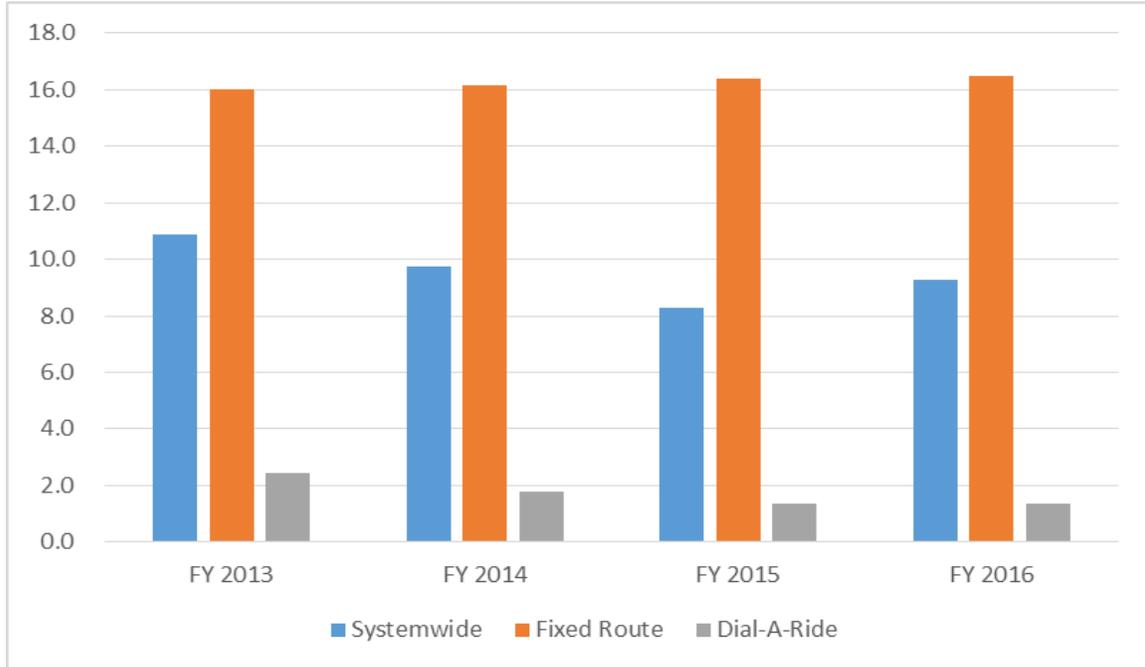
Graph IV-3
Operating Cost per Passenger
System-wide, Fixed Route, and Dial-a-Ride/Lift



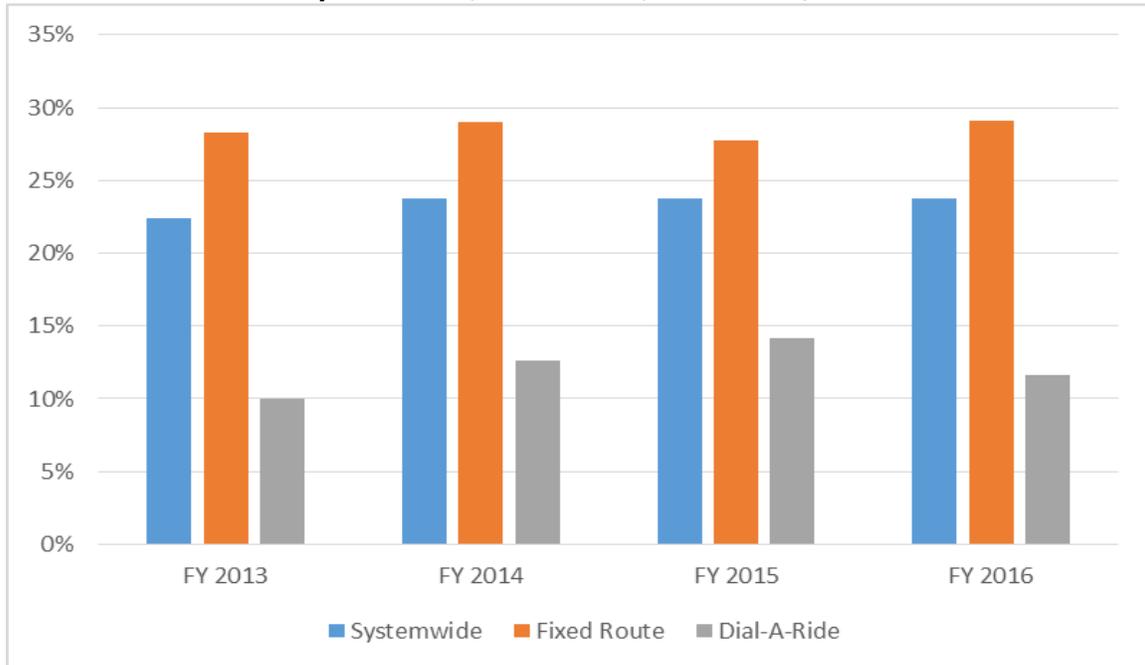
Graph IV-4
Operating Cost per Vehicle Service Hour
System-wide, Fixed Route, Dial-a-Ride/Lift



Graph IV-5
Passengers per Vehicle Service Hour
System-wide, Fixed Route, Dial-a-Ride/Lift



Graph IV-6
Fare Recovery Ratio
System-wide, Fixed Route, Dial-a-Ride/Lift



Findings from Verification of TDA Performance Indicators

- 1. Operating cost per vehicle service hour**, an indicator of cost efficiency, decreased 11.9 percent system-wide from \$60.94 in FY 2013 to \$53.69 in FY 2016. The ETS fixed-route operations cost per vehicle service hour increased 7.7 percent during the period from \$66.18 to \$71.31. Dial-a-Ride/Lift cost per service hour decreased 34.1 percent from \$52.26 to \$34.45. System-wide operating costs based on audited data increased 5.3 percent during the audit period with operating hours increasing 19.5 percent.
- 2. Operating cost per passenger**, an indicator of cost effectiveness, increased 3.6 percent system-wide from \$5.60 in FY 2013 to \$5.80 in FY 2016. ETS fixed-route services exhibited a comparable increase of 4.5 percent from \$4.14 in FY 2013 to \$4.32 in FY 2016. Dial-a-Ride/Lift saw its operating cost per passenger increase by 18.3 percent from \$21.42 in FY 2013 to \$25.35 in FY 2016. Ridership system-wide increased by a modest 1.6 percent during the period from 251,497 passengers in FY 2013 to 255,614 passengers in FY 2016. The trend in this indicator reflects the larger percentage growth in operating costs compared to the percentage increase in ridership.
- 3. Passengers per vehicle service hour**, which measures the effectiveness of the service delivered, decreased 14.9 percent system-wide from 10.9 passengers per hour in FY 2013 to 9.3 passengers per hour in FY 2016. On the ETS fixed route, the indicator grew by 3.1 percent during the period, from 16 passengers per hour in FY 2013 to 16.5 passengers per hour in FY 2016. Passengers per hour for Dial-a-Ride/Lift declined by 44.3 percent from 2.4 passengers in FY 2013 to 1.4 passengers in FY 2016.
- 4. Passengers per vehicle service mile**, another indicator of service effectiveness, decreased slightly during the audit period system-wide, going from 1.06 passengers per mile in FY 2013 to 1.05 in FY 2016. On the fixed route, this indicator exhibited a modest increase of 4.4 percent from 1.44 passengers per mile in FY 2013 to 1.50 in FY 2016. Passengers per vehicle mile for Dial-a-Ride/Lift decreased 23.3 percent from 0.28 passengers per mile in FY 2013 to 0.21 in FY 2016. Dial-a-Ride/Lift vehicle service mile data from January 2014 through October 2014 and for December 2014 were not reported, which affects the accuracy of the FY 2014 and FY 2015 data.
- 5. Vehicle service hours per employee** for fixed route decreased 32.1 percent between FY 2013 and FY 2016 from 796.6 to 541.2 hours. The number of full time equivalents (FTEs) for fixed route during the audit period exhibited notable fluctuations, increasing from 11 FTEs in FY 2013 to 51 FTEs in FY 2016 based on State Controller Report data. For Dial-a-Ride/Lift, the FTE count was 18 from the FY 2013 base year through FY 2015. In FY 2016, no FTEs were reported. Based upon these variances, FTE data in the State Controller Report likely reflect headcount rather than the number of annual employee hours divided by 2,000.
- 6. Farebox recovery** for fixed route continued to surpass the TDA farebox recovery requirement of 22.4 percent on an annual basis. Farebox recovery for fixed route saw a

modest increase of 2.9 percent partly attributed to a fare increase during the audit period effective January 2014. The Dial-a-Ride/Lift farebox continued to meet or exceed its TDA requirement of 10 percent during the audit period, exhibited by a 15.5 percent increase between FY 2013 and FY 2016.

Conclusion from the Verification of TDA Performance Indicators

ETS's performance indicators reflect a relatively stable transit system with modest increases in costs and passenger trips. Operating costs increased modestly due to maintenance, personnel, and service contract cost adjustments. Operating costs for Dial-a-Ride/Lift remained relatively unchanged during the period and could experience more cost efficiencies as the service contract comes under the administration of HTA as part of consolidation. Passenger fare revenues increased for both service modes, which offset the increases in operating costs. However, performance indicators for both service modes showed mixed trends. ETS performance indicators exhibited modest increases whereas Dial-a-Ride/Lift saw its cost per passenger increase while the other indicators decreased.

Section V

Review of Operator Functions

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

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

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

Operations

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

The service profile of the transit system remained relatively unchanged during the audit period. ETS has continued to operate its four weekday and three Saturday routes based on an hourly unidirectional loop alignment. The ETS fixed route is operated under contract by HTA, a Joint Powers Agency of which the City of Eureka is a member.

A fare increase was approved by the City Council and implemented in January 2014. General public one-way fares were raised \$0.20 whereas discounted fare categories were raised \$0.10. The increase also included multiride, day, and monthly pass categories. Other developments included the procurement of two new 2014 35-foot Gillig Low Floor buses for ETS and two new 2015 Ford Starcraft vehicles for Dial-a-Ride/Lift. In 2016, the City took steps to commission a system realignment analysis that would look at changing ETS fixed route from the current unidirectional loop configuration to a line system.

Drivers complete a trip sheet for each run; the sheet has sufficient space to record trip data for up to three runs. The trip sheet includes the driver's name, date, and day of the week at the top. Other data include the run number, start time, end time, hours, bus number, ending miles, beginning miles, total miles, and nonrevenue miles. A computer-generated paddle sheet shows all driver run assignments for the day and includes the check-in and check-out times, assigned bus number and hours worked. There are four morning runs and four afternoon runs scheduled for ETS. Drivers are cross-trained on all HTA-operated services.

HTA compiles ETS data on monthly comparative performance activity reports, which contain basic operational data such as passenger trips, vehicle service miles, vehicle service hours, days of operation, a breakdown of revenues, wheelchair trips, fare revenues, operating costs, and farebox recovery calculations. The bottom portion of the report contains performance indicator data. The data are categorized by the current month, the same month one year ago, and year-to-date statistics for both the current and prior year.

Farebox revenue handling and reconciliation are handled by HTA. At the end of the run, locked cash vaults are removed from ETS vehicles daily and the contents are counted and recorded. The fares collected are retained by HTA, which prepares a monthly reports by the 10th of each month or upon request by the City. The report contains the following information for each operating day of the month: route, cash fares collected, ticket sales, and pass sales, as well as any other type of fare collected.

Dial-a-Ride/Lift Operations

Dial-a-Ride/Lift operates as a complementary ADA paratransit service within three-quarters of a mile of fixed-route transit service. The service area is the same as that for ETS, which includes Pine Hill, Myrtle town, Bayshore Mall, and Cutten (as far out as Campton Road). Dial-a-Ride/Lift services in Eureka have been operated under contract by CAE with five City-owned vehicles leased to CAE. Subscription rides are limited to 50 percent of rides scheduled.

In July 2016, HTA released a Request for Proposals for a countywide Dial-a-Ride/Lift contractor that would include operations of Eureka Dial-a-Ride/Lift services. Because no formal proposals were submitted, the City extended its contract temporarily with CAE for continued service through June 2017 until a consolidated effort is implemented. Effective July 2017, administration of Dial-a-Ride/Lift will fall under HTA as part of its role as the designated Consolidated Transportation Services Agency for Humboldt County.

CAE has been utilizing the Trapeze NOVUS dispatching and scheduling software program, which allows for vehicle location. Mobile display terminals are installed in the Dial-a-Ride/Lift vehicles. The on-time performance standard is 95 percent within five minutes of the scheduled pick-up. There is a 30-minute pickup window. Due to recent changes in software and tracking of this data by CAE, limited performance information is available for the audit period.

CAE will implement RouteMatch dispatching and scheduling software. It is anticipated that the accuracy and consistency of performance data reporting will improve with the implementation of

the new software, which will also have geocoding capabilities to differentiate between services provided.

CAE assigns dedicated drivers to operate Dial-a-Ride/Lift services. During the audit period, there was less cross-utilization between CAE's private taxi services and its Dial-a-Ride/Lift contract services even though Dial-a-Ride/Lift drivers are also qualified taxi drivers for the City of Eureka. This has helped with distinguishing between private and public transportation and how the performance data is captured. Drivers are required to have a Class B license with a passenger endorsement. Drivers attend bimonthly safety meetings and undergo periodic sensitivity, wheelchair lift, and first aid/CPR training. In addition, drivers receive safety bonuses for zero accidents.

Pursuant to FTA Circular 4802.1B, HTA updated the ADA eligibility screening process and implemented a recertification process based on federal Department of Transportation and Department of Justice guidelines. HTA also revised its ADA application and no-show policy. Eligibility is determined on a case-by-case basis according to the following three categories:

1. Individual cannot independently use accessible fixed-route transit due to a disability either some or all of the time.
2. The fixed-route vehicles the passenger needs to use are not accessible and/or the lift cannot be deployed at needed stops.
3. Individual's specific impairment or related condition prevents him/her from getting to or from the fixed-route transit system.

The rider database is approximately 3,200, which HTA has been purging under the new program. The updated database is composed of 80 percent recertified riders and 20 percent new clients. Prior to this change, HTA had been automatically recertifying seniors aged 72 years and older. Automatic recertification was eliminated as part of the new screening process. With the implementation of RouteMatch, HTA will have the ability to download all clients into the eligibility database, which will be accessible by the City and CAE. CAE reported an increase in the number of wheelchair passengers as more ambulatory passengers are successfully transitioned to regular fixed-route services.

Maintenance

Maintenance of the fixed-route ETS fleet is contracted to HTA and is conducted at its administrative facility located at 133 V Street in Eureka. The City of Eureka covers the costs of vehicle maintenance including fuel. The City cites favorable cost and operational efficiencies with this arrangement. Budgeted expenditures for vehicle maintenance have ranged from \$150,000 in FY 2014 down to \$33,000 in FY 2016 based on audited data. Preventive maintenance inspections for Gillig vehicles are conducted every 4,000 and 8,000 miles based on oil sampling. This allows for HTA to extend the inspection intervals.

Fleet maintenance is staffed by the HTA equipment and facilities manager and three mechanics (including lead supervising mechanic), three equipment technicians, two detailers, and two

fuelers. The maintenance shop operates seven days a week from 4:30 a.m. to midnight. Maintenance generally occurs during the hours of 4:30 a.m. and 7:30 p.m., with fueling taking place through midnight. During fueling, the GFI boxes are probed for electronic mileage reading, passenger counts, fare recording, and other downloaded data.

The maintenance facility is equipped with four mechanic bays, two in-ground lifts, and two portable lifts. One of the storage bays was converted into a parts room. Most parts can be procured within one day and are tracked via barcodes, which keeps on-hand inventories low. The barcodes feed into the fleet maintenance software provided by Ron Turley and Associates. The equipment and facilities manager indicated that the software is quite adequate for HTA's purpose, and that the vendor provides good support. Cycle counts are conducted in January and July. Minor vehicle road calls are typically identified and handled without compromising service by the mechanic's coordination to address the problem.

HTA constructed a new diesel fueling station on the north side of its facility in 2016. The fueling station is equipped with four pumps and one satellite pump. Unleaded gasoline fueling is conducted at Renner Petroleum through a card lock system. HTA has plans to install unleaded gasoline fuel pumps. ETS fixed-route vehicles undergo annual inspections as part of the CHP Transit Operator Compliance Program. All inspections conducted during the audit period were rated satisfactory.

Road calls are recorded onto a vehicle repair history report maintained for each vehicle, which also serves as a work order for the maintenance department. Table V-1 provides a breakdown of road calls reported during the audit period:

Table V-1
ETS System Road calls

	FY 2014	FY 2015	FY 2016
ETS Road calls	21	17	13

Source: HTA

For the Dial-a-Ride/Lift vehicles, CAE is responsible for maintenance and storage. The CAE maintenance facility, located at 134 West 7th Street, contains two lifts racks and a limited parts inventory. Most of the parts kept on the premises are for small routine repairs. For all remaining parts, the contractor relies on vendors. Dealer parts take a couple of days for delivery. CAE's maintenance staff consists of two full-time mechanics, including a journeyman mechanic. The contractor reports no major accidents and only a few road calls. CAE is looking to contract certain maintenance work out to HTA.

Planning

Transit planning and oversight are engaged through various approaches in a coordinated effort between Eureka and HCAOG, including the annual unmet transit needs process. Transit planning has involved in-depth analysis and monitoring of ridership trends over a multiyear period. The FY 2011/12–2015/16 Transit Development Plan (TDP) update for Humboldt County Transit Systems,

adopted in May 2012, covered a five-year planning horizon and contained a series of operational recommendations for ETS.

ETS service recommendations focused primarily on increasing recovery time between trips and the formalization of a regular service monitoring and evaluation program to identify poorly performing trips and when increased capacity may be required. The TDP advocated the implementation of counterclockwise service based on offset schedules that facilitate 30-minute headways along each route.

In April 2016, the City released a Request for Proposals for the ETS Line System Feasibility Study. ETS routes are aligned in a loop configuration and the study would determine the feasibility of changing the routing to a line system. The study, which has not yet been commissioned by the City due to staff shortages, will examine and recommend alternatives realigning ETS in order to improve service for riders. Specifically, the objectives of the study are to:

- Improve ETS customers' transit experiences.
- Cut passenger trip riding times.
- Reduce unproductive service miles.
- Increase efficiency with transfers to local (ETS) and regional routes.
- Increase transit ridership.
- Increase ease of connecting to other modes (i.e., travel by foot and by bike).

In November 2016, HCAOG released a Request for Proposals for a TDP update. The Five-Year TDP and Transit Marketing Plan will cover FY 2017–18 through FY 2021–22 and encompass the five transit operators/nine transit services, including ETS. The TDP update's goals are to reconfirm or redevelop shared goals and policies, relevant data, and useful short-term plans for capital investment, financing, and operational changes. The Transit Marketing Plan component would identify concepts and implementation steps for building a unified regional transit brand (from nine distinct existing service brands), and analyze the feasibility of upgrading to a regional transit website.

Marketing

ETS uses a combination of printed and electronic methods in marketing its services to the community. One the principal marketing tools is the ETS website (<http://www.eukatransit.org/>). The website mirrors the format and Google trip planning capabilities of the Redwood Transit System and Arcata & Mad River Transit System websites. These electronic formats are developed by the same private firm, Trillium Solutions, and provide further evidence of the level of collaboration between the agencies in delivering public transit.

The Finance Department page of the City of Eureka website (<http://www.ci.eureka.ca.gov/depts/finance/default.asp>) contains general information about ETS and Dial-a-Ride/Lift but no links to HTA for more detailed service information. However, the

Guide for Visitors page on the City website does provide regional transportation links to the ETS, HTA, and Redwood Transit System websites.

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

Pursuant to the federal Civil Rights Act of 1964, the ETS contract operator, HTA, has an adopted Title VI Program. Title VI of the Civil Rights Act of 1964 requires that no person in the United States, on the grounds of race, color, or national origin be excluded from, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance. Program compliance includes Title VI notices and complaint procedures are found on the HTA website (http://www.hta.org/title_vi/). The webpage contains a Google Translate widget for a number of foreign languages. HTA has been in the process of updating the Title VI plan, which would include a public participation component and a four-factor analysis for engaging those with limited English-language proficiency.

General Administration and Management

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

The City manager oversees the operations of the 14 City departments. Administration of the ETS service contract and reporting falls under the direction of the Finance Department. The Finance Department is responsible for providing the financial management of all City funds and maintaining the fiscal integrity of the City. As such, the finance director is responsible for administrative management of ETS, which has been challenging in light of the director's many other duties.

In addition to providing oversight of the City's transit contracts, the Finance Department is responsible for the submittal of the City's annual TDA claim to HCAOG and the Transit Operators Financial Transactions Report to the State Controller. There have been some issues concerning the late submittal of the annual TDA claim and its implications on use of City funds. The City

indicates it is aware of its annual allocations and financing methods for the transit service, which are accounted for in its annual budget. Further, as was found in the operations compliance requirements matrix, the City did not submit its Transit Operators Financial Transactions Report to the State Controller within the statutory time frame.

The prior finance director resigned in July 2014 due to personal reasons and was succeeded by the deputy finance director, who eventually was made the regular director. The current finance director has been in the position for 2.5 years.

The City executed its sixth and seventh contract amendments with HTA during the audit period. The sixth amendment was for a one-year term commencing July 1, 2014, and ending June 30, 2015. The amended contract was in the amount of \$899,309 less anticipated fare revenues of \$255,000, for a monthly fixed rate payment of \$53,692. The seventh amendment was also for a one-year term, which commenced July 1, 2015, and ended June 30, 2016. The amended contract was in the amount of \$926,288 less anticipated fare revenues of \$260,000, for a monthly fixed rate payment of \$55,524. The Dial-a-Ride/Lift contract with CAE is based on an annual fixed fee that is renewed annually. The CAE chief operating officer meets with the City manager and finance director on a monthly basis to discuss the status of the operation.

Pursuant to the TDA, the City receives Local Transportation Fund (LTF) proceeds and State Transit Assistance (STA) funds. TDA funding is used for both operating and capital expenses. LTF revenues claimed during the audit period were \$954,446 in FY 2014; \$924,858 in FY 2015; and \$876,048 in FY 2016. The STA funds claimed were \$82,000 in FY 2014; \$131,837 in FY 2015; and \$134,712 in FY 2016. To catch up on the claims, the City submitted one LTF claim to request funds for both FYs 2015 and 2016. With limited staffing to remain vigilant of the claims process, the TDA funding will be challenging for the City to obtain in a timely manner.

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

Grants Management

The City of Eureka relies on a variety of grants and other funding mechanisms to support its transit system. These grant sources are derived from state and federal programs. Eureka received \$450,519 in funding through the State Proposition 1B Public Transportation Modernization, Improvement & Service Enhancement Account (PTMISEA) program for the procurement of transit vehicles. Unexpended PTMISEA proceeds at the end of FY 2016 were \$25,471.

Grants awarded by the Federal Transit Administration (FTA) have been derived from the FTA Section 5311 program for operations and some capital expenditures. Based on HCOAG's annual Program of Projects resolutions, Eureka was awarded \$47,809 for Dial-a-Ride/Lift operations in

Federal Fiscal Year (FFY) 2014; \$75,700 for operations and \$62,478 for the ETS Line System Feasibility Study in FFY 2015; and \$125,000 for operations in FFY 2016. The deadline to use grant funding for the feasibility study is approaching, which the City and HCAOG are aware of.

Section VI

Findings

The following summarizes the major findings obtained from this triennial audit covering fiscal years 2014 through 2016. A set of recommendations is then provided.

Triennial Audit Findings

1. Of the compliance requirements applicable to Eureka, the operator fully complied with seven out of nine requirements. The City was not in compliance with regard to the timely submittal of the annual Transit Operator Financial Transactions Reports to the State Controller and accurate reporting of performance data and indicators. Two additional compliance requirements did not apply to Eureka (i.e., urban and blended farebox recovery ratios). Staffing constraints are attributed to the delay in submitting the Transit Operator Financial Transactions Reports.
2. Based on the annual fiscal and compliance audits, the farebox recovery ratio for the ETS fixed-route service remained above the required 22.4 percent standard, based on the 1978–79 farebox recovery. The average farebox recovery attained during the audit period was 28.63 percent. In addition, Eureka's Dial-a-Ride farebox recovery ratio remained above the required 10 percent. The average farebox recovery attained for Dial-a-Ride was 12.8 percent. To note, the minimum required farebox ratio for fixed route is reduced to 10 percent beginning in FY 2016–17 from passage of SB 508.
3. Through its contract operator, ETS participates in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period.
4. The operating budget exhibited modest fluctuations during the audit period. The budget decreased 2.2 percent in FY 2014 and 6.1 percent in FY 2015. However, the operating budget increased 10 percent in FY 2016. The increase was attributed to personnel, vehicle liability, and service contract adjustments.
5. Eureka partially implemented two out of the four prior audit recommendations. Those recommendations partially implemented pertained to the reporting of performance data according to TDA definitions and the receipt of monthly performance reports. Two recommendations were not implemented and are carried forward in this audit for full implementation.
6. ETS fixed-route operations cost per vehicle service hour increased 7.7 percent during the audit period, while Dial-a-Ride/Lift cost per service hour decreased 34.1 percent.

7. ETS fixed route exhibited an increase of 4.5 percent in operating cost per passenger. Dial-a-Ride/Lift saw its operating cost per passenger increase by 18.3 percent. The trend in this indicator reflects the larger percentage growth in operating costs compared to the growth in ridership.
8. Passengers per vehicle service hour decreased 14.9 percent system-wide. On the ETS fixed route, the indicator grew by 3.1 percent during the period, but declined significantly (44.3 percent) for Dial-a-Ride/Lift.
9. A fare increase was approved by the City Council and implemented in January 2014. General public one-way fares were raised \$0.20 whereas discounted fare categories were raised \$0.10. The increase also included multiride, day, and monthly pass categories.
10. Two new 2014 35-foot Gillig Low Floor buses for ETS and two new 2015 Ford Starcraft vehicles for Dial-a-Ride/Lift were procured for the transit system.
11. Several efforts are under way to study the system, including the Transit Development Plan update and Line System Feasibility Study. A change in administration of Dial-a-Ride/Lift to HTA is also being implemented as part of a larger consolidation effort.
12. The City's transit contracts are administered by the Finance Department, which experienced a change in the finance director position in 2014. The finance director is responsible for administrative management of ETS, which has been challenging in light of the director's many other duties.

Recommendations

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

This recommendation is being carried forward from the prior audit. The Dial-a-Ride/Lift service is administered by the City's finance director who requests monthly performance data from the contract operator. There continue to be inconsistencies with how the data are formatted and reported by the contractor on Excel spreadsheets and divided between Dial-a-Ride and Dial-a-Lift. For example, the aggregate trip totals at the bottom of the spreadsheet do not reflect the sum of the passengers carried on the two service modes. Dial-a-Ride/Lift vehicle service mile data from January 2014 through October 2014 and for December 2014 were not reported. In addition, year-to-date data and prior year comparisons are not reported for analysis. Effective FY 2017, the Dial-a-Ride/Lift contract will be administered by HTA. As part of the new contract provision, CAE will implement RouteMatch dispatching and scheduling software. It is anticipated that the accuracy and consistency of performance data reporting will improve with the implementation of the new software in the summer of 2017. Nevertheless, it is recommended that the City closely monitor performance trends of the demand-response service using information derived from the new software.

2. Calculate full-time equivalents in the Transit Operators Financial Transactions Report according to the TDA definition.

This recommendation is being carried forward from the prior audit. A review of full-time equivalents (FTEs) data reported in the Transit Operators Financial Transactions Reports compiled during the audit period show continued discrepancies and variances from the TDA methodology. For the ETS fixed route, the FY 2013 base year FTE count was 11, which increased to 25 in FY 2014 and 51 in FYs 2015 and 2016. For Dial-a-Ride, the FTE count was 18 from the FY 2013 base year through FY 2015. In FY 2016, no FTEs were reported. As was previously mentioned, FTE data appear to reflect a head count in the Transit Operators Financial Transactions Reports, rather than using the methodology of dividing total number of transit labor hours by 2,000. FTEs are inclusive of part-time employees and/or City staff who contribute their time to transit. It is suggested that City work with HTA and CAE to determine the annual labor hours expended on transit operations, and correctly calculate FTEs.

3. Ensure that the TDA fiscal audit reflects farebox recovery standard changes, and include additional locally generated revenue in the farebox recovery pursuant to Senate Bill (SB) 508.

ETS has sustained an adequate farebox recovery ratio that meets the revised state TDA farebox standard under state SB 508 passed in October 2015. ETS was previously required to meet a higher standard under old rules based on the 1978–79 fiscal year, but now has a lower standard to meet. As an internal goal, however, ETS will strive to meet its higher farebox standard as a measure of good practice and operational control.

In addition, SB 508 allows for other locally generated revenues in the farebox ratio. Examples of possible other local support revenues may include gains on the sale of capital assets, lease revenues generated by transit-owned property, and advertising revenues. Although the system-wide farebox recovery ratio for ETS exceeds the new 10 percent minimum standard, supplemental revenues would serve in providing a local match for state and federal grants to fund transit expansion. Both revenues and operating costs are modified under the new law in deriving the farebox ratio for TDA eligibility purposes, and Eureka should work with the fiscal auditor to accurately reflect the updated farebox ratio.

4. Ensure timely submittal of TDA fund request.

The City has limited staffing to complete funding applications for Eureka Transit, with most responsibility delegated to the Finance Director. The completion and submittal of TDA claims by the City to HCAOG have been delayed in the recent past, with the City claiming some of the funding well after it is available by HCAOG, while other funding was no longer available. The HCAOG rules and regulations were updated in February 2017 and provide criteria and priorities in how State Transit Assistance funds are allocated in particular sequence. This includes for the claimants to pursue other capital funding sources and grants in addition to TDA. The updated rules also stipulate that STA requests that are submitted after the project solicitation deadline will not be considered. The City should take these new provisions into account as it schedules the necessary lead time and actions leading up to submitting its annual TDA claim in a timely manner.