

FY 2008-2010 TRIENNIAL PERFORMANCE AUDIT OF EUREKA TRANSIT SERVICE



SUBMITTED TO
HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS



MAY 2011

SUBMITTED BY



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Section I

Introduction

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

The Humboldt County Association of Governments (HCAOG) has engaged PMC to conduct a performance audit of the Eureka Transit Service (ETS) covering the most recent triennial period, fiscal years 2007-08 through 2009-10. The purpose of the performance audit is to evaluate the city'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.

Background

Eureka was initially settled in May 1850 during the Gold Rush period. The name Eureka is derived from the Greek phrase meaning "I found it," an exuberant statement surrounding the discovery of gold in the region. The city was first incorporated in April 1856 and later re-incorporated in February 1874. The city developed into a key fishing and shipping port with the expansion of salmon fisheries and the redwood timber industry. The completion of the Northwestern Pacific Railroad in 1914 and the Redwood Highway in 1922 provided the first reliable land connections with San Francisco. These developments allowed for a notable increase in population. Even with recent declines in the fishing and timber industries, Eureka remains a center for commerce, health care and tourism in the region.

As a Mayor-council form of government, the five-member City Council serves as the main legislative body. Each member serves a four-year term and elections are held every two years. The City Manager oversees the operations of City departments and services. The Finance

Department currently provides oversight and management of the transit system. ETS' fixed-route system is operated under contract by the Humboldt Transit Authority (HTA), while demand response service (dial-a-ride/dial-a-lift) is operated under a separate contract by City Ambulance of Eureka (CAE). A third contract is an agreement between the city and HTA for HTA to conduct day-to-day administration and reporting of the DAR/DAL program.

Eureka is the largest city in Humboldt County and is situated on Humboldt Bay along the U.S Highway 101 corridor. The City is also the county seat and has a total area of 14.4 square miles. Based on the 2010 California Department of Finance estimates, Eureka's population currently has 25,994 residents.

Overview of the Transit System

System Characteristics

The Eureka Transit Service (ETS) has been operating since January 1976 in conjunction with the formation of HTA. 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: ETS operates four routes Monday through Friday and three routes on Saturdays. Routes are designated by color and cover specific areas of Eureka. Most routes originate and/or terminate at the corner of H and 3rd Streets in downtown Eureka with the exception of the Green Route. All routes run every hour on the hour.

- **Gold Route:** Operates Monday through Friday from 6:15 a.m. to 7:00 p.m. and Saturdays from 10:00 a.m. to 5:00 p.m. Areas of the city served include downtown Eureka, Pine Hill, Bayshore Mall and the Henderson Center.
- **Green Route:** Operates Monday through Friday from 6:37 a.m. to 6:44 p.m. Areas of the city served include downtown Eureka, Myrtle town, Silvercrest, St. Joseph and General Hospitals as well as the Bayshore Mall.
- **Purple Route:** Operates Monday through Friday from 6:39 a.m. to 7:00 p.m. and Saturdays from 10:00 a.m. to 5:00 p.m. Areas served include 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. and serves a broad area of the city such as downtown, Broadway, Bayshore Mall, Henderson Center, Sequoia Park, St. Joseph and General Hospital and Myrtle town.
- **Red Route:** Operates Monday through Friday from 6:28 a.m. to 7:00 p.m. and serves downtown Eureka, Broadway, Bayshore Mall, Henderson Center, Cutten and Sequoia Park.

Dial-A-Ride: ETS provides demand response service within the city limits of Eureka to seniors and disabled persons who are unable to use fixed-route bus transit services or live more than a ¼ mile from a bus route. Rides are scheduled 24 hours in advance, with real time reservations accepted on a space available basis. Dial-a-Ride operates Monday through Friday between the hours of 6:00 a.m. and 7:00 p.m. and Saturday between 7:30 a.m. and 5:30 p.m. A new contract agreement for DAR slightly changes the hours to match the fixed route schedule. HTA is responsible for printing and verifying tickets, determining rider eligibility, marketing, and ticket sales. Dial-A-Ride tickets are \$2.80 each and are sold in books of six for \$16.80. Tickets are available for purchase at Eureka City Hall, HTA, and the Senior Resource Center. The ticket price increase of \$2.80 took effect in August 2009 and was implemented by all Humboldt Bay Area dial-a-ride systems to maintain a uniform cost structure.

Fares

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

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

**Table I-1
ETS Fare Schedule**

Categories	Fares		
	One Ride	Multi-Ride/ Regional Pass	Monthly Pass
Adult (Ages 18 to 62)	\$1.40	\$1.10	\$43.00
Youth (Ages 3 to 17)	\$1.10	\$0.80	\$38.00
Seniors (Ages 62 and up)	\$1.10	\$0.80	\$38.00
Disabled (with valid ID)	\$1.10	\$0.80	\$38.00

Source: ETS

On July 1, 2008 the fare was raised to the current price of \$1.40 per one-way trip. The increase was from \$1.20 that was last imposed in August 2005.

Fleet

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

**Table I-2
ETS Fleet**

Year	Make & Model	Quantity	Fuel type
2002	Gillig Phantom	1	Diesel
2003	Gillig Phantom	1	Diesel
2007	Gillig Low Floor	2	Diesel-Electric Hybrid
2009	Gillig Low Floor	2	Diesel
Total		6	

Source: Humboldt Transit Authority Vehicle Inventory

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

Section II

Operator Compliance Requirements

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

TABLE II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller. Report is due 90 days after end of fiscal year (Sept. 30), or 110 days (Oct. 20) if filed electronically (internet).	Public Utilities Code, Section 99243	Completion/submittal dates (internet filing): FY 2008: October 17, 2008 FY 2009: October 19, 2009 FY 2010: October 19, 2010 Conclusion: Complied
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 2008: November 20, 2008 FY 2009: December 2, 2009 FY 2010: October 28, 2010 Conclusion: Complied
The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator's compliance with Vehicle Code	Public Utilities Code, Section 99251 B	ETS, through HTA, participates in the CHP Transit Operator Compliance Program in which the CHP has conducted inspections within the 13

TABLE II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
Section 1808.1 following a CHP inspection of the operator's terminal.		<p>months prior to each TDA claim. Copies of certificates were submitted to the auditor for review.</p> <p>Inspection dates applicable to the audit period were: September 12, 2007, September 18, 2008, September 25, 2009, and September 2, 2010</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 are submitted in compliance with rules and regulations adopted by HCAOG. HCAOG staff provides assistance to the City as needed in completing the claim.</p> <p>Conclusion: Complied</p>
If an operator service 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.	Public Utilities Code, Section 99270.1	<p>ETS is subject to farebox requirements as an older operator, but is not subject to this specific requirement.</p> <p>Conclusion: Not Applicable</p>
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	Public Utilities Code, Sections 99266	<p>Percentage change in the ETS operating budget:</p> <p>FY 2008: 7.12% FY 2009: - 7.07%</p>

TABLE II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).		FY 2010: 1.08% Source: FY 2007-2010 City Budget, Transit Fund (non-capital outlay). Conclusion: Complied
The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.	Public Utilities Code, Section 99247	Financial reporting in the State Controller Report for ETS includes both ETS operating revenues/expenses and the city's share of the HTA assessment for the Redwood Transit System. Only ETS financial data should be reported in the Controller Report, and not RTS related activities. In addition, vehicle hours collected by HTA for the ETS service are total hours only, and not revenue hours per the PUC definitions. Conclusion: Partial 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

TABLE II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
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).	Public Utilities Code, Sections 99268.2, 99268.4, & 99268.5	<p>As an older operator, ETS' farebox recovery ratio for fixed route service is set at the ratio it had in FY 1978-79, which is 22.4 percent. Dial-A-Ride is subject to a 10 percent farebox ratio as a specialized service.</p> <p>The ETS fare ratios for fixed route and dial-a-ride service using audited data are as follows:</p> <p>Fixed Route FY 2008: 25.7% FY 2009: 32.4% FY 2010: 29.9%</p> <p>Dial-A-Ride FY 2008: 13.9% FY 2009: 20.5% FY 2010: 17.1%</p> <p>Source: Annual Fiscal and Compliance Audits.</p> <p>Conclusion: Complied</p>
The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA which will fully fund the retirement system within 40 years.	Public Utilities Code, Section 99271	The city of Eureka provides a retirement program through CalPERS to its employees. HTA, as a contractor to ETS, contributes to the CalPERS pension plan of its represented rank and file employees. According to the annual fiscal audit, HTA does not have an unfunded pension

TABLE II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		benefit obligation. Conclusion: Complied
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)	As a recipient of State Transit Assistance Funds, ETS utilizes federal funds available. FY 2008: \$40,773 FY 2009: \$150,000 FY 2010: \$242,718 Source: State Controller Reports, City Budgets. Conclusion: Complied

Findings and Observations from Operator Compliance Requirements Matrix

1. ETS has complied with 8 of 11 TDA compliance requirements. One requirement was partially in compliance relating to the reporting of TDA information in the annual State Controller Report. Only ETS financial and operating information should be reported in the fixed route report, rather than also including other data such as the HTA assessment. Two additional compliance requirements were not applicable to the transit system (urban farebox recovery ratios).
2. ETS participates in the CHP Transit Operator Compliance Program via the contract with HTA. The CHP has conducted inspections at HTA's maintenance facility within the 13 months prior to each TDA claim. The CHP inspection reports submitted for review were found to be satisfactory.
3. The operating budget was relatively stable during the triennial audit period, increasing by a small margin during the first and third years, while decreasing the second year. The level of general fund contribution to ETS diminished to zero between FYs 2008 and FY 2010, according to the fiscal year-end city budget.
4. Based on the Annual Fiscal and Compliance Audits, the farebox recovery ratio for fixed route service remained well above the required 22.4 percent, and above 10 percent for dial-a-ride. The average farebox during the triennial period was 29.3 percent for fixed route and 17.2 percent for dial-a-ride.

Section III

Prior Triennial Performance Recommendations

The City'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 the agency's efforts to implement the recommendation. Conclusions concerning the extent to which the recommendations have been adopted by the agency are then presented.

Prior Recommendation 1

The City of Eureka should work with the fixed route and demand response service providers to update data collection and reporting requirements to become compliant with required data elements.

Actions taken by the City of Eureka:

The prior recommendation included several related actions under this one recommendation. Suggested actions include 1) reporting both revenue and total hours and miles for TDA compliance; 2) accumulating total work hours for Eureka Transit; 3) excluding the HTA assessment from the State Controller Report for ETS, and; 4) verifying passenger counts for dial-a-ride.

To address each action, the following numbers correspond to the abovementioned list. 1) A review of trip logs from HTA shows that HTA records revenue miles in the driver logs for the ETS fixed route, but not revenue hours as only driver hours are provided. The CAE DAR trip summaries record hours and miles, but does not specify whether they are total or revenue data. Other trip data provided by CAE for the Arcata DAR suggest they are revenue hours and miles. 2) The accumulation of total work hours from ETS and DAR services is available from HTA and CAE for their respective contract service. As this data would provide the most accurate figure for determining full time equivalents for each transit mode, it is good practice for Eureka to have this information from the contract operators to include in the annual State Controller Report. 3) As discussed earlier, the HTA assessment is included in the State Controller Report and has not yet been removed from the income statement portion of the report. 4) The new Trapeze software helps to verify passenger pick ups and tickets collected.

Conclusion:

This recommendation has been partially implemented, and is carried forward for further implementation.

Prior Recommendation 2

The City of Eureka should evaluate transferring ownership of the Eureka Transit Service to Humboldt Transit Authority.

Actions taken by the City of Eureka:

The City has not proposed to transfer ownership of ETS to HTA. This action would create several subsequent circumstances that would not appeal to the city such as diluting the city's control of the service as it would fall under the JPA board of HTA and thus limiting Eureka to only one vote for decision-making about the service. Budgeting and other oversight provisions would also be transferred. In addition, the service would no longer benefit from receiving a subsidy from the city's general fund as a backup funding source to maintain service levels.

Conclusion:

This recommendation has not been implemented.

Section IV

TDA Performance Indicators

This section reviews ETS' performance in providing transit service in an efficient and effective manner. TDA requires that at least five specific performance indicators be reported, which are contained in the following tables. Farebox is not one of the five specific indicators, but is a requirement for continued TDA funding. Therefore, farebox calculation is also included. Graphs and findings from the analysis are contained in the section following the tables.

**Table IV-1
ETS Systemwide Performance Indicators (Fixed Route and DAR Combined)**

Performance Data and Indicators	FY 2007	Audit Period			% Change FY 2007-2010
		FY 2008	FY 2009	FY 2010	
Operating Cost	\$1,368,233	\$1,470,076	\$1,319,612	\$1,294,336	-5.4%
Total Passengers	286,684	260,252	269,991	263,933	-7.9%
Vehicle Service Hours	31,326	32,867	22,544	29,071	-7.2%
Vehicle Service Miles	310,031	318,295	306,888	265,510	-14.4%
Employee FTE's	20	19	20	20	0.0%
Passenger Fares	\$317,887	\$304,322	\$367,348	\$326,170	2.6%
Operating Cost per Passenger	\$4.77	\$5.65	\$4.89	\$4.90	2.8%
Operating Cost per Vehicle Service Hour	\$43.68	\$44.73	\$58.53	\$44.52	1.9%
Operating Cost per Vehicle Service Mile	\$4.41	\$4.62	\$4.30	\$4.87	10.5%
Passengers per Vehicle Service Hour	9.2	7.9	12.0	9.1	-0.8%
Passengers per Vehicle Service Mile	0.92	0.82	0.88	0.99	7.5%
Vehicle Service Hours per Employee	1,566.3	1,729.8	1,127.2	1,453.5	-7.2%
Average Fare per Passenger	\$1.11	\$1.17	\$1.36	\$1.24	11.5%
Fare Recovery Ratio	23.23%	20.70%	27.84%	25.20%	8.5%

**Operating Costs & Passenger Fare figures are audited data*

Source: State Controller Report, Annual Fiscal Audit, and HTA Performance Activity Report for Eureka Transit

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

Performance Data and Indicators	FY 2007	Audit Period			% Change FY 2007-2010
		FY 2008	FY 2009	FY 2010	
Operating Cost	\$749,944	\$850,380	\$818,010	\$820,856	9.5%
Total Passengers	235,898	239,166	230,856	224,284	-4.9%
Vehicle Service Hours	15,697	15,638	13,388	14,859	-5.3%
Vehicle Service Miles	154,810	153,915	160,668	158,207	2.2%
Employee FTE's	8	8	10	10	25.0%
Passenger Fares	\$214,867	\$218,376	\$264,658	\$245,395	14.2%
Operating Cost per Passenger	\$3.18	\$3.56	\$3.54	\$3.66	15.1%
Operating Cost per Vehicle Service Hour	\$47.78	\$54.38	\$61.10	\$55.24	15.6%
Operating Cost per Vehicle Service Mile	\$4.84	\$5.52	\$5.09	\$5.19	7.1%
Passengers per Vehicle Service Hour	15.0	15.3	17.2	15.1	0.4%
Passengers per Vehicle Service Mile	1.52	1.55	1.44	1.42	-7.0%
Vehicle Service Hours per Employee	1,962.1	1,954.8	1,338.8	1,485.9	-24.3%
Average Fare per Passenger	\$0.91	\$0.91	\$1.15	\$1.09	20.1%
Fare Recovery Ratio	28.65%	25.68%	32.35%	29.90%	4.3%

**Operating Costs & Passenger Fare figures are audited data*

Source: State Controller Report, Annual Fiscal Audit, and HTA Performance Activity Report for Eureka Transit

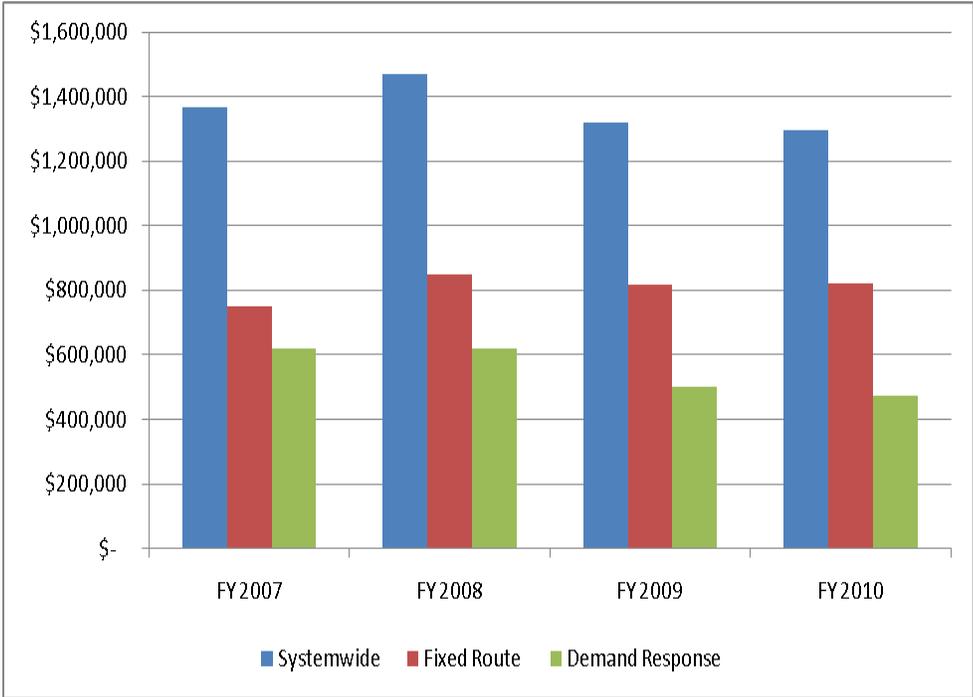
**Table IV-3
Dial-A-Ride Performance Indicators**

Performance Data and Indicators	FY 2007	Audit Period			% Change FY 2007-2010
		FY 2008	FY 2009	FY 2010	
Operating Cost	\$618,289	\$619,696	\$501,602	\$473,480	-23.4%
Total Passengers	50,786	21,086	39,135	39,649	-21.9%
Vehicle Service Hours	15,629	17,229	9,156	14,212	-9.1%
Vehicle Service Miles	155,221	164,380	146,220	107,303	-30.9%
Employee FTE's	12	11	10	10	-16.7%
Passenger Fares	\$103,020	\$85,946	\$102,690	\$80,775	-21.6%
Operating Cost per Passenger	\$12.17	\$29.39	\$12.82	\$11.94	-1.9%
Operating Cost per Vehicle Service Hour	\$39.56	\$35.97	\$54.78	\$33.32	-15.8%
Operating Cost per Vehicle Service Mile	\$3.98	\$3.77	\$3.43	\$4.41	10.8%
Passengers per Vehicle Service Hour	3.2	1.2	4.3	2.8	-14.1%
Passengers per Vehicle Service Mile	0.33	0.13	0.27	0.37	12.9%
Vehicle Service Hours per Employee	1,302.4	1,566.3	915.6	1,421.2	9.1%
Average Fare per Passenger	\$2.03	\$4.08	\$2.62	\$2.04	0.4%
Fare Recovery Ratio	16.66%	13.87%	20.47%	17.06%	2.4%

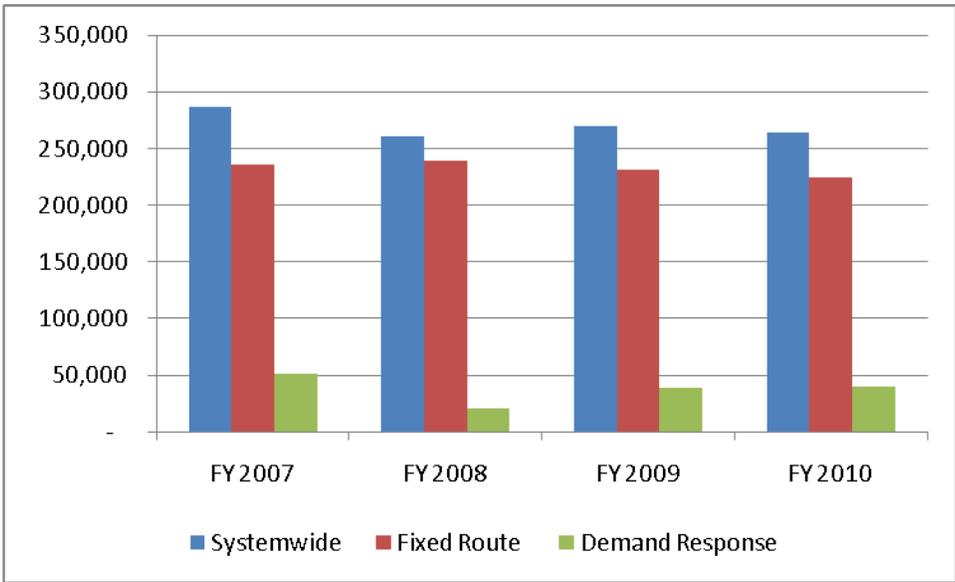
**Operating Costs & Passenger Fare figures are audited data*

Source: State Controller Report, Annual Fiscal Audit, CAE

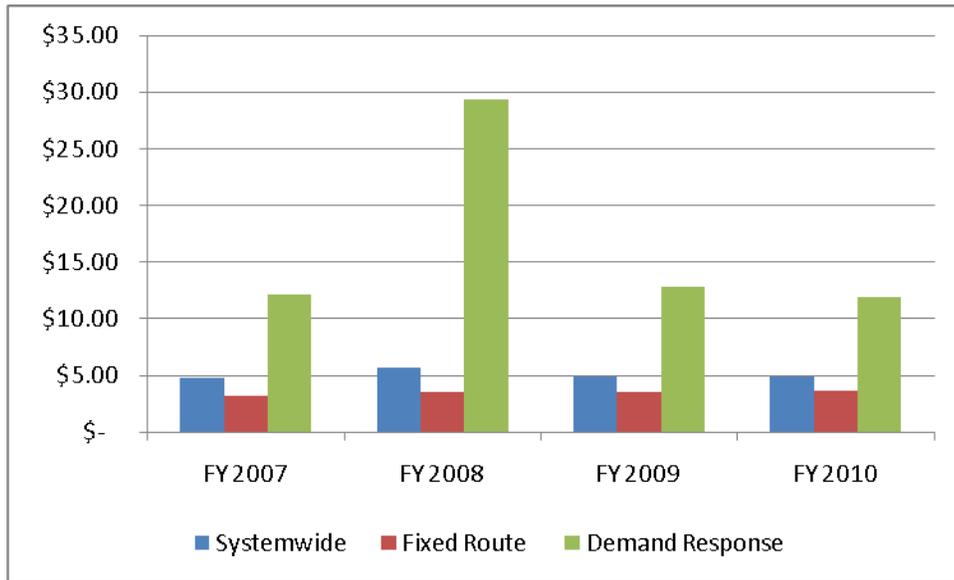
**Graph IV-1
Operating Costs**



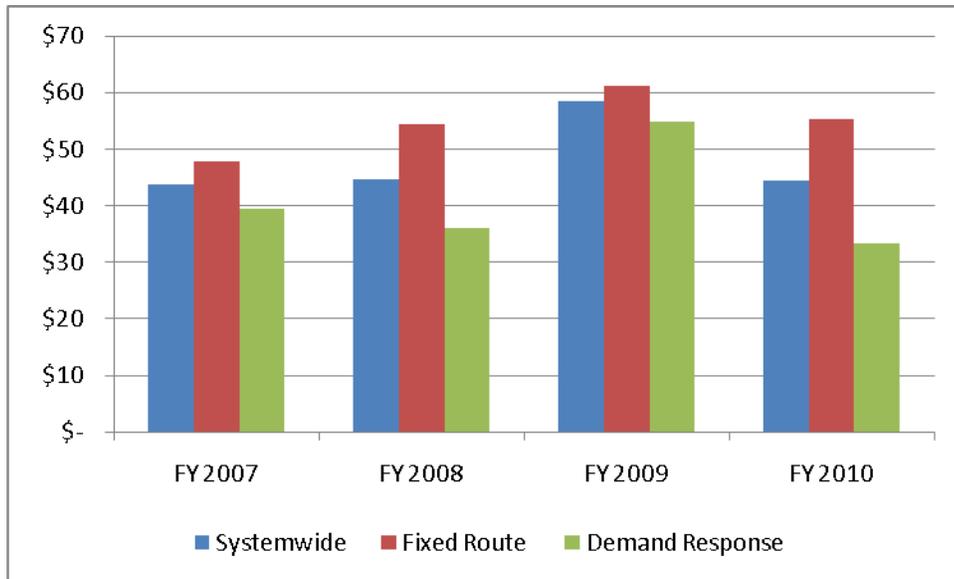
**Graph IV-2
Ridership**



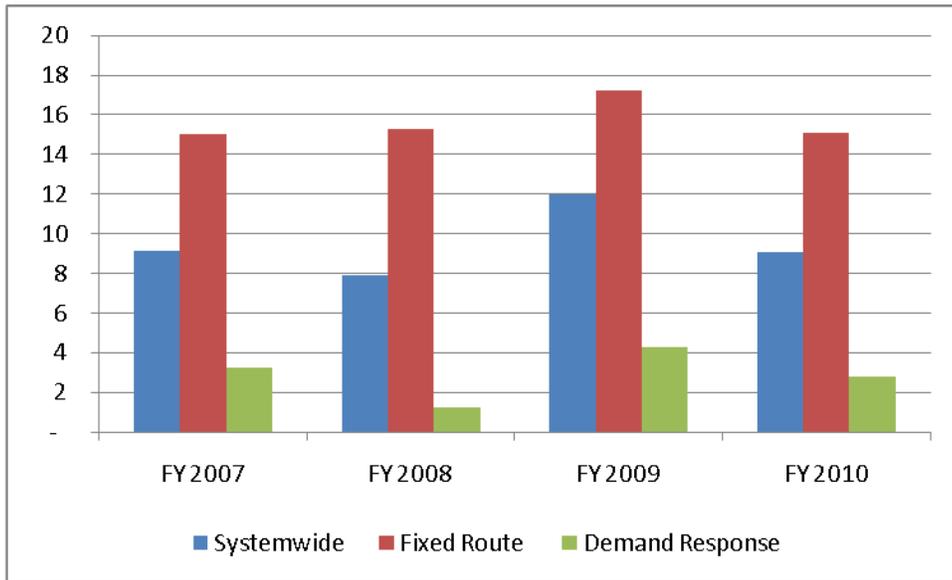
**Graph IV-3
Operating Cost per Passenger**



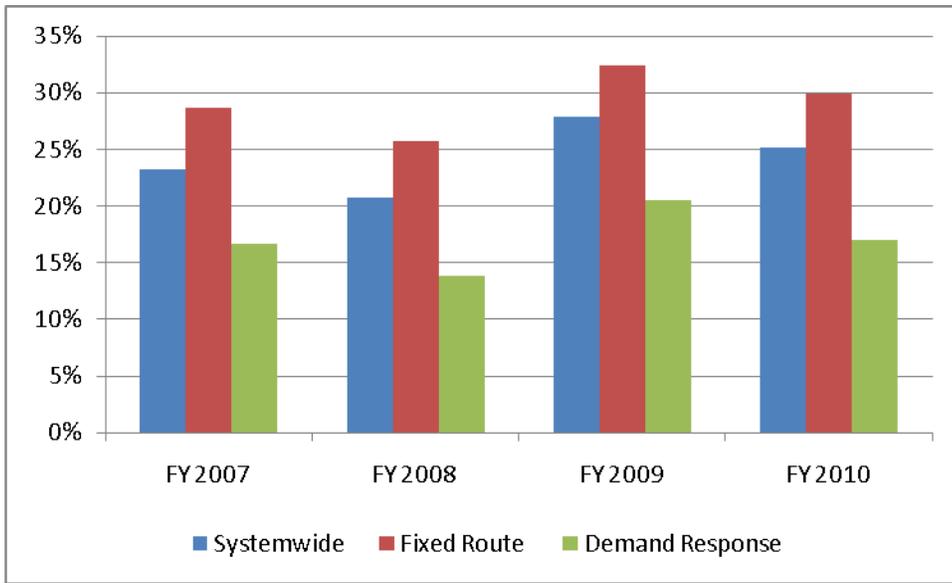
**Graph IV-4
Operating Cost per Vehicle Service Hour**



**Graph IV-5
Passengers per Vehicle Service Hour**



**Graph IV-6
Fare Recovery Ratio**



Findings from Verification of TDA Performance Indicators

1. **Operating cost per vehicle service hour**, an indicator of cost efficiency, grew by 2 percent systemwide from \$43.68 in FY 2007 to \$44.52 in FY 2010. This rate of increase was below the inflation rate of 4.2 percent during the audit period and indicating cost efficient service. The ETS fixed route operations cost per vehicle service hour increased 15.6 percent during the period from \$47.78 to \$55.24. Conversely, demand response cost per service hour decreased 15.8 percent from \$39.56 to \$33.32. Systemwide operating costs decreased 5 percent systemwide over the three year period with operating hours decreasing 7 percent.
2. **Operating cost per passenger**, an indicator of cost effectiveness, increased by 3 percent systemwide from \$4.77 in FY 2007 to \$4.90 in FY 2010. This rate of growth in cost was also below the rate of inflation and indicating cost effective service. ETS fixed route services exhibited a larger increase of 15.1 percent from \$3.18 in FY 2007 to \$3.66 in FY 2010. Demand response services saw its operating cost per passenger decrease by nearly 2 percent from \$12.17 in FY 2007 to \$11.94 in FY 2010. Ridership systemwide declined by 8 percent during the period from 286,684 passengers in FY 2007 to 263,933 passengers in FY 2010. This decline was slightly larger than the decline in operating costs.
3. **Passengers per vehicle service hour**, which measures the effectiveness of the service delivered, was fairly stable for ETS fixed route during the audit period. The measure grew by under 1 percent over the past three years, remaining at about 15 passengers per hour and peaking in FY 2009 at 17.2 passengers per hour. Passengers per hour for DAR declined by 14 percent from 3.2 passengers in FY 2007 to 2.8 in FY 2010. This performance indicator peaked in FY 2009 when 4.3 passengers per hour were served by DAR.
4. **Passengers per vehicle service mile**, another indicator of service effectiveness, declined slightly during the audit period for fixed route, going from 1.52 passengers per mile in FY 2007 to 1.42 in FY 2010. Overall, the measure was relatively stable. Passengers per vehicle mile for DAR increased by 13 percent from 0.33 passengers in FY 2007 to 0.37 in FY 2010 as the rate of decline for ridership was not as significant as the decline in revenue miles driven.
5. **Vehicle service hours per employee** for fixed route decreased 24 percent between FY 2007 and FY 2010 from 1,962 to 1,486 hours. The number of full time equivalents for fixed route increased the last two years, from 8 to 10, during the audit period, according to the State Controller Report. Vehicle service hours per employee for DAR increased by 9 percent during the audit period, remaining fairly stable with the exception of FY 2009 which had a large decline. However, the service hour data in the State Controller Report might be understated given the large variance between that particular year and the data in the other years.

6. **Farebox recovery** for fixed route continued to surpass the TDA farebox recovery requirement of 22.4 percent on an annual basis. The installation of electronic fareboxes on the ETS buses in 2008 has helped to increase the fares collected through less fare evasion and advance sales of prepaid passes and fare value cards. The DAR farebox has also exceeded its TDA requirement of 10 percent during the audit period. There was an increase in the fare for DAR to \$2.80 per ticket from \$2.40 that helped raise the farebox recovery and reduce the city's general fund subsidy for the service.

Conclusion from the Verification of TDA Performance Indicators

ETS' performance indicators reflect a relatively stable transit system during challenging recessionary times. Ridership trends remained steady with some small decrease over the last three years. Operating costs increased as fuel prices spiked in 2008 and parts of 2009, however, as fuel prices subsided, the costs decreased as well. Worker's compensation costs for the DAR contractor, CAE, were also lower during the audit period and resulting in a trend of lower DAR costs. The reduction in the city general fund subsidy to zero in FY 2010 for ETS is from a combination of factors including an increase in fares from prior years, additional efficiencies in operating the service by HTA, and operating fixed route at a cost that slightly exceeds the cumulative rate of inflation over the past three years.

Data Consistency

In a review of consistency among data reporting for ETS, fiscal year-end performance data was compared between various sources including the annual State Controller Report, the annual Fiscal and Compliance Audit, and the Performance Activity Report developed by HTA. Performance data reviewed included operating costs, fare revenue, ridership, vehicle revenue service hours, and vehicle revenue service miles. Only those sources that contain the specific information are shown. Table IV-4 shows the side-by-side comparison during the audit period (FYs 2008, 2009, and 2010).

Some discrepancies exist between the data sources. For example, operating costs are consistently higher in the State Controller Report in comparison to the fiscal audit reports for the ETS fixed route service. This is explained in part by that the State Controller Report uses unaudited data, but also that other revenues and expenses not related to ETS may be included in the Controller's Report, such as Eureka's share of the HTA assessment for providing the Redwood Transit System intercity bus service. Also, some capital revenues are reported in the operating section. The State Controller Report for fixed route should only report the ETS local fixed route service to reflect a more accurate indication of the local system. Separate sections are provided in the Controller Report for operating and capital data.

Operating statistics including unlinked passengers and vehicle hours and miles are largely consistent between the Performance Activity Report and the State Controller Report. Only minor discrepancies of under 5 percent difference exist.

**Table IV-4
Data Consistency Review**

TDA Statistic	Source	Audit Review Period					
		FY 2008		FY 2009		FY 2010	
		Fixed Route	DAR	Fixed Route	DAR	Fixed Route	DAR
Operating Costs	HTA Summary Report	\$768,191	N/A	\$791,622	N/A	\$688,637	N/A
	Annual Fiscal Audit	\$850,380	\$619,696	\$818,010	\$501,602	\$820,856	\$473,480
	State Controller Report	\$1,213,285	\$619,696	\$984,756	\$505,864	\$1,086,581	\$473,479
Unlinked Passengers	HTA Summary Report	239,411	N/A	231,033	N/A	224,284	N/A
	State Controller Report	239,166	21,086	230,856	39,135	224,284	39,649
Vehicle Service Hours	HTA Summary Report	14,122	N/A	14,639	N/A	14,859	N/A
	State Controller Report	15,638	17,229	13,388	9,156	14,859	14,212
Vehicle Service Miles	HTA Summary Report	156,711	N/A	160,674	N/A	164,014	N/A
	State Controller Report	153,915	164,380	160,668	146,220	158,207	107,303
Passenger Fares	HTA Summary Report	\$218,733	N/A	\$254,966	N/A	\$245,395	N/A
	Annual Fiscal Audit	\$218,376	\$85,946	\$264,658	\$102,690	\$245,395	\$80,775
	State Controller Report	\$218,376	\$85,946	\$254,140	\$92,179	\$247,896	\$80,776

Section V

Review of Operator Functions

This section provides an in-depth review of various functions within the Eureka Transit System. The review highlights accomplishments, issues and/or challenges that were determined during the audit period. The following departments and functions were reviewed:

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

Operations and Planning

The goals of ETS 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.

A third route was added to Saturday service beginning on September 22, 2008. The Saturday Purple Route complements the existing Rainbow and Gold Routes and runs on a one-hour headway and mirrors the weekday Purple Route. It provides key linkages along I Street and H Street into downtown Eureka and serves primarily the central portions of the city.

The installation of electronic GFI fareboxes in 2009 enables value cards and student cards to be easily and quickly swiped through the farebox upon boarding the bus. When swiped, the farebox deducts the correct discounted rate for that system. Fare revenues are credited to the transit agency for which the trip took place. This increases productivity in passenger loading and reduces the need to handle cash and fare evasion issues. The fare revenue gains during the audit period are attributed in part to these fare media advances despite a slight drop in ridership.

New transit pass products include a regional pass using stored value cards good for RTS, ETS, and A&MRTS buses. The magnetic pass can be used on any system at any time, demonstrating the coordination achieved by the major transit operators in the County.

Humboldt Transit Authority serves as the central depository of fare revenues from all public transit fixed route services, including for HTA intercity service, Eureka Transit and A&MRTS. As the buses are all parked and maintained at HTA facilities after service, the vaults are taken off the buses at night during refueling and probing of the fareboxes. HTA conducts the fare counting and then distributes the fare revenue to the appropriate agency.

Some route reconfiguration was completed by HTA on ETS fixed route to increase service efficiencies. From a review of routes between an older ETS bus map and the online version, two routes received minor adjustments. The Red Route was adjusted in the northwest section of the city to run along Fourth Street/Highway 101 instead of along Waterfront Drive before reconnecting on W. Washington Street. The Purple Route was also adjusted in downtown to run along “H” and “I” Streets all the way to 2nd instead of 8th. In addition, the Purple Route runs continuous along 3rd Street in an east/west direction starting at “I” Street instead of along Waterfront Drive.

Each year, Eureka and the other local member jurisdictions of HTA are assessed with a share of the HTA Redwood Transit System projected cost. Eureka files a TDA claim with HCAOG for this assessment plus operating funds for ETS and dial-a-ride. Any excess funds remaining from the claim for the HTA assessment are then reclassified as capital reserve funds for HTA.

The County of Humboldt contributes 27 percent of funding to the net operating costs of ETS, while the city contributes the balance of 73 percent, based on the estimated service area between the city limits and the unincorporated area. The update to the Transit Development Plan for Eureka will address this contribution agreement which has been in place for a number of years, and any modifications to be recommended.

Eligibility determination for DAR/L services was significantly changed toward the end of the audit period. ADA certification is conducted by HTA and is good for DAR trips on HTA, Eureka, and Arcata transit systems. The eligibility process was changed to reduce abuse of DAR service, address capacity issues, and require additional review of eligibility beyond a doctor’s approval.

The Trapeze software installed at City Ambulance of Eureka (CAE) can track eligible DAR riders and their conditions of eligibility. The software continues to be a work in progress for CAE in terms of meeting the original intent and function for its use. The database of certified riders is approximately 3,200. CAE installed global positioning system/automatic vehicle locator devices on-board most of its fleet at the company’s expense, including on all DAR vehicles. The GPS/AVL system complements the Trapeze scheduling software to allow dispatchers to more efficiently track the movement of vehicles in service in relative real time.

Maintenance

As part of the agreement with HTA, maintenance of the fleet is conducted at HTA’s administrative facility in Eureka. The department is staffed by the Director of Maintenance, three mechanics (now two), two technicians, a bus washer, and a cleaner. Maintenance occurs during the hours of 4:30 am and 7:30 pm, with fueling taking place through midnight. During fueling, the GFI boxes are probed for electronic mileage reading and other downloaded data.

The maintenance facility includes three bus bays plus an extra lane if needed. There is a storage bay and a separate parts room containing vehicle spare parts that are tracked via barcodes. The barcodes feed into the fleet maintenance software provided by Ron Turley and Associates and separates the maintenance labor and costs by bus and department (each transit system). The

Maintenance director indicated that the software is adequate for HTA's purpose including the ability to keep records separate by transit system.

Minor vehicle roadcalls are typically identified and handled without compromising service by the mechanic's coordination in addressing the problem. A review of maintenance service statistics conducted on ETS vehicles shows that over the three year audit period, only eleven roadcalls were recorded. When compared to the total revenue miles traveled by the ETS fleet for the three years (472,800 miles), a performance ratio that measures roadcalls per given level of miles traveled is calculated at about 2.3 roadcalls per every 100,000 miles, a positive indicator of maintenance practice. This ratio is comparable to those for the HTA and A&MRTS fleets.

Marketing

The City provides transit information on a dedicated Web site (<http://www.eurekatransit.org/>) which mirrors the format and Google trip planning capabilities as the RTS and Arcata transit 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. Eureka also issues its printed color transit schedule and fares in a pocket sized foldout.

ETS bus information is also provided in the recently published *Humboldt County Transportation Services Guide*. The guide was developed by HTA and printed in January 2010 for public transit and human service transportation. The large newspaper style guide provides maps and bus schedules for all public transportation operations in the county including for both fixed route and demand response systems. The guide is also available on-line.

General Administration and Management

The former Finance Director provided oversight and budgeting of the transit system during the audit period. The responsibility has been transferred to the part-time Assistant Finance Director who formerly provided transit management for the city. A renewed three-year operating services agreement was signed with CAE in November 2009. Some terms of the agreement were changed from the past. Days and hours of service changed from established times in the prior contract to providing service during the same hours which Eureka Transit System fixed route operates. An average number of service hours per week is provided in the contract. With DAR/L operating during the same hours as the fixed route, ADA compliance is still met.

The payment term was changed to a fixed amount indexed to annual inflation adjustments. The prior payment terms in the previous contract was based on an amount per dial-a-ride and dial-a-lift ticket collected. The amount of the payment was higher for each dial-a-lift ticket. The fixed payment structure in the new agreement, as opposed to being based on tickets sold, is similar to ones used for the DAR/L contract between HCAR and HCAOG, and the Arcata/McKinleyville DAR/L contract between HTA and CAE.

With regard to the fixed route, a fourth amendment to the operating agreement of the Eureka Transit System was signed between the city and HTA, effective for the period July 2009 through

June 2012. While the previous three-year amendment through June 2009 called for payments that adjusted for inflation on an annual basis, the new agreement holds flat the same monthly payment for the upcoming three year period through 2012. The monthly payment is the same as the amount paid in FY 2008-09.

Each of the agreements contains a specific list of performance data that the contractors submit to the city on a monthly basis. These performance measures are intended to provide a status of the systems and enable an evaluation of efficiencies and effectiveness. The HTA agreement contains the following information to be provided to the city: fare revenue by route; ridership by route; revenue hours by route; revenue miles by route; service breakdowns; complaints and compliments; accidents; vehicle condition summary; vault count summary; and any other data requested by the city. The CAE agreement contains the following information to be provided to the city: ridership; revenue hours; revenue miles; employee pay hours; validated complaints; in-service road failures; and report of missed trips and/or appointments. City staff should work with the contractors to assure that these data are provided to the city on a regular monthly basis.

Grant Administration and Funding

The city has worked with HCAOG to use State Transit Assistance Funds as a local match to federal grants for procurement of bus replacement vehicles. In FYs 2007-08 and 2008-09, \$20,000 and \$111,300, respectively, in STA was approved by the HCAOG board for the local match. Other capital projects funded by STA included hybrid bus transmission replacement, Dual Power Inverter Module (DPIM) for the 2007 Diesel/Electric Hybrid vehicles, Trapeze Software license, and bus stop improvements. Also, through the American Recovery and Reinvestment Act of 2009, the city of Eureka also received about \$150,000 for maintenance expenses. This was expended during fiscal year 2009-10.

Section VI

Findings and Recommendations

The following material summarizes the major findings obtained from this Triennial Audit covering FY's 2008 through 2010. A set of recommendations is then provided.

Triennial Audit Findings

1. ETS has complied with 8 of 11 TDA compliance requirements. One requirement was partially in compliance relating to the reporting of TDA information in the annual State Controller Report. Two additional compliance requirements were not applicable to the transit system (urban farebox recovery ratios)
2. ETS participates in the CHP Transit Operator Compliance Program in which the CHP has conducted inspections within the 13 months prior to each TDA claim. The CHP inspection reports submitted for review were found to be satisfactory.
3. The operating budget was relatively stable during the triennial audit period, increasing by a small margin during the first and third years, while decreasing the second year. The level of general fund contribution to ETS diminished to zero between FYs 2008 and FY 2010, according to the fiscal year-end city budget.
4. Based on the Annual Fiscal and Compliance Audits, the farebox recovery ratio for fixed route service remained well above the required 22.4 percent, and above 10 percent for dial-a-ride. The average farebox during the triennial period was 29.3 percent for fixed route and 17.2 percent for dial-a-ride.
5. The city partially implemented one of two prior performance audit recommendations, and did not implement the second. The prior recommendation partially implemented related to the collection and reporting of ETS performance data, while the prior recommendation not implemented related to the suggestion of transferring the responsibility of ETS to HTA. This action would create issues that would not appeal to the city such as diluting the city's control of the service.
6. The installation of electronic GFI fareboxes in 2009 on the buses enables value cards and HSU student cards to be easily and quickly swiped through the farebox upon boarding the bus. The fare revenue gains during the audit period are attributed in part to these fare media advances despite a slight drop in ridership. The vehicle fleet is fairly new with bus replacements occurring in 2007 and 2009.
7. New service agreements were signed for operations of ETS and dial-a-ride. The renewed agreement with CAE is for three-years, while the fourth amendment with HTA is also effective for three-years. Both agreements include payment based on fixed amounts per year.

Triennial Audit Recommendations

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

The local transportation fund operating revenues in the Controller Report for ETS includes ETS, the HTA assessment for intercity transit (RTS service), and capital revenues. Only ETS non-capital financial operating data should be recorded in the Operating section of the report, and should not include Eureka's share of the HTA assessment. A separate section for capital revenues is provided in the Controller Report. Subsequently, only ETS operations costs should be reported in the expense side. These modifications will provide a more accurate reflection of the ETS service data when submitting to the State.

2. Continue Efforts with Contract Operators to Collect and Report Performance Information according to TDA definitions.

A comparison of performance data contained in trip reports by the contract operators and the State Controller Report show that total hours and miles are recorded in the Controller Report. Revenue hours and miles of service, rather than total hours and miles which include deadhead and other non-revenue service, should be provided in the Controller Reports according to TDA definitions. Similarly, the full time equivalent data in the State Controller Report for ETS and DAR should be the product of dividing total work hours by 2,000 hours for each respective service. Work hours by service would include driver hours, maintenance staff time, and administration staff time. This data could be supplied by the contract operators upon request by the Eureka finance department.

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

The operating agreements that Eureka has with HTA and CAE include provisions that each contractor submit specific monthly operating data for their respective services. The monthly data provides necessary information for city staff to evaluate service productivity, efficiency and effectiveness. While some of the data is reported, not all of the data specified in the agreements appear to be 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 is available upon request. These data should be requested and consistently provided to the city by the respective contract operators, not only to fulfill the agreements, but to enable city officials to conduct a higher level of evaluation and monitoring of the Eureka Transit system.