

FY 2008-2010 TRIENNIAL PERFORMANCE AUDIT  
OF HUMBOLDT COMMUNITY  
ACCESS & RESOURCE CENTER  
DIAL-A-RIDE/DIAL-A-LIFT



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 Humboldt Community Access & Resource Center (HCAR) Dial-A-Ride/Dial-A-Lift program covering the most recent triennial period, fiscal years 2007-08 through 2009-10. The purpose of the performance audit is to evaluate HCAR's effectiveness and efficiency in its use of TDA funds to provide specialized 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 HCAR's compliance with the conditions specified in the California Public Utilities Code (PUC). This task involves ascertaining whether HCAR 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 specialized 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

HCAR is a local non-profit social service agency founded in 1955 by a group of local parents seeking alternatives to the institutionalization of children with developmental disabilities. Over the years, HCAR has expanded its mission and services to local citizens with developmental and physical disabilities by promoting individual independence, community integration and function through a wide array of services and supports. Services encompass licensed day programs, career development, respite support, independent living training and transportation. HCAR receives funding support primarily from the Redwood Coast Regional Center and the State Department of Rehabilitation. Other funding support for HCAR programs includes HCAOG, the Community Benefits Network, Caltrans, the United Way of Humboldt County, and to a lesser degree through community donations and local projects.

HCAR is the designated Consolidated Transportation Services Agency (CTSA) for Humboldt County. This designation allows the agency to secure funding, provide transportation support to local hospitals, assist other vendors in obtaining vehicles through the Federal Transit Administration (FTA) Section 5310 program, and foster cooperation between the needs of disabled persons and seniors.

HCAR’s Advanced Transportation System (ATS) Care-A-Van is comprised of four transportation programs including Dial-A-Ride/Dial-A-Lift in the Humboldt Bay Region, Care-A-Van service for the entire county, day program transportation, and charter services. This audit covers only the Dial-A-Ride/Dial-A-Lift (DAR/L) program because it is supported by TDA funds.

## Overview of the Transit System

### System Characteristics

HCAR’s DAR/L transit service is for seniors and disabled persons located in the outlying unincorporated communities of the Humboldt Bay region not served by the Eureka and Arcata dial-a-ride systems. The service operates Monday through Saturday between the hours of 7:00 a.m. and 7:00 p.m. DAR/L does not operate on Sunday and the following major holidays: New Year’s Day, Independence Day, Thanksgiving and Christmas. Regular day service is provided on other holidays.

The service area is divided into eight zones, which include the communities of Bayview, Cutten, Elk River, Fields Landing, Humboldt Hill, King Salmon, Manila, Myrtle town, Old Arcata Road, Pine Hills, Ridgewood Heights, Samoa and Spruce Point. Program boundaries are generally defined to service approximately 3/4 mile from the identified roadways and/or communities. A summary of the eight service zones are shown in Table I-1:

**Table I-1  
HCAR Dial-A-Ride Service Zones**

Zone	Service Area
1	Travel between Humboldt Hill and the City of Eureka
2	Travel between Indianola Cutoff and the City of Eureka
3	Travel between Indianola Cutoff and the City of Arcata
4	Travel between the City of Arcata and Manila/Samoa
5	Travel between the City of Eureka and Manila/Samoa
6	Travel between the City of Eureka and Ridgewood Heights/Cutten
7	Travel between the City of Eureka and Elk River Road
8	Travel between the City of Eureka and Fields Landing/King Salmon

Source: HCAR

Reservations for service are accepted up to 24 hours in advance. Return trips must be made prior to 6:30 p.m. If a rider needs a ride from the City of Eureka to their home in the HCAR service area, they are provided service. The Humboldt Transit Authority (HTA) is responsible through the

contract with HCAOG for printing and verifying tickets, rider certification, marketing, and ticket sales on HCAR's behalf.

### Fares

HCAR DAR/L fares are structured on a zone and destination basis. Dial-a-Ride tickets are \$2.80 each and are sold in books of six for \$16.80. One ticket is collected per zone of travel up to a maximum of three zones. The tickets can also be used on Eureka and Arcata Dial-A-Ride systems. Riders who are certified to use the system are able to purchase tickets by mail. Drivers can accept cash payment for travel in-lieu of a ticket, but is not the preferred fare media. Tickets are available for purchase at Eureka City Hall, HTA, the Senior Resource Center or the Arcata Transit Center.

### Fleet

There are 14 vehicles in the Care-A-Van fleet, two of which are used full time for DAR/L and an additional vehicle serves as backup. The full time vehicles for DAR/L include a 2003 Ford cutaway bus with passenger capacity for 16 and accommodations for 4 wheelchairs, and a 2005 Chevy cutaway bus with capacity for 8 passengers and 2 wheelchairs. The back up vehicle is a 2001 Chevy bus with the same passenger capacities as the 2005 vehicle. The DAR/L vehicles are stored at HCAR's administrative facility while other vehicles used for its day programs are stored at off-site locations near their clients.

With the exception of three other vehicles in the full HCAR fleet that are not used for DAR/L, all HCAR vehicles are equipped with wheelchair lifts and tie downs which conform to the requirements of the Americans with Disabilities Act (ADA) of 1990 in regards to accessibility. The ADA compliant vehicles are interchangeable for the different services if needed. HCAR submitted a grant application through the FTA 5310 grant program in 2009 for procurement of a new 21-passenger vehicle that should arrive in the fall of 2011.

## Section II

### Operator Compliance Requirements

This section of the audit report contains the analysis of HCAR’s 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:  FY 2008: November 24, 2009 FY 2009: December 1, 2009 FY 2010: November 19, 2010  <b>Conclusion: Non-Compliance</b>
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: October 9, 2008 FY 2009: November 25, 2009 FY 2010: November 17, 2010  <b>Conclusion: Compliance</b>
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	HCAR participates in the CHP Transit Operator Compliance Program in which the CHP has conducted inspections within the 13 months prior to each

<b>TABLE II-1 Operator Compliance Requirements Matrix</b>		
<b>Operator Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
Section 1808.1 following a CHP inspection of the operator's terminal.		<p>TDA claim. Copies of certificates were submitted to the auditor for review.</p> <p>Inspection dates applicable to the audit period were: June 7, 2007; June 24, 2008; June 17, 2009; and June 14, 2010.</p> <p><b>Conclusion: Complied</b></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>HCAR receives State Transit Assistance from HCAOG for operations. STA funding is adopted by annual resolution by the HCAOG Board. The resolution contains findings as a condition of approving the claim. The service contract between HCAOG and HCAR stipulates the annual amount of annual STA that can be approved.</p> <p><b>Conclusion: Complied</b></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>HCAR DAR/L is a specialized service and is not subject to this requirement.</p> <p><b>Conclusion: Not Applicable</b></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 increase in the DAR/L operating budget:</p> <p>FY 2008: 3.1%</p> <p>FY 2009: 36.0%</p>

<b>TABLE II-1 Operator Compliance Requirements Matrix</b>		
<b>Operator Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).		<p>FY 2010: -0.9%</p> <p>The significant increase between FYs 2008 and 2009 is due to an expansion of the DAR/L service area through the unmet transit needs.</p> <p>Source: FY 2008-2010 TDA Fiscal Audit.</p> <p><b>Conclusion: Complied</b></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>HCAR's definitions of performance measures are consistent with Public Utilities Code, Section 99247. Revenue service hours and miles are separated from deadhead service in the daily vehicle sheet.</p> <p><b>Conclusion: Complied</b></p>
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-	Public Utilities Code, Sections 99268.2, 99268.3, 99268.12, 99270.1.	<p>This measure is not applicable to HCAR, as the agency provides specialized transportation.</p> <p><b>Conclusion: Not Applicable</b></p>

TABLE II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
twentieths (15 percent), if so determined by the RTPA.		
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 a specialized transportation system, HCAR is subject to a 10% farebox ratio. The system's fare ratios using audited data are as follows:</p> <p>FY 2008: 9.84%  FY 2009: 8.08%  FY 2010: 10.92%</p> <p>HCAR received a farebox waiver in FY 2008 due to an extension of service in February 2006 per its contract with HCAOG. In September 2008, a new contract with HCAOG further expanded the service area, allowing for additional farebox exemptions per PUC 99268.8 through FY 2010-11.</p> <p>Source: Annual Fiscal and Compliance Audits. HCAOG and HCAR service agreements.</p> <p><b>Conclusion: Not complied with farebox ratios, although farebox exemption granted due to extension of services.</b></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	Public Utilities Code, Section 99271	<p>HCAR does not offer a retirement program to its employees.</p> <p><b>Conclusion: Not Applicable</b></p>

TABLE II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
plan approved by the RTPA which will fully fund the retirement system within 40 years.		
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, HCAR does not utilize federal funding for operations. However, HCAR does apply for federal grant funding for capital procurement, including for vehicle replacement.  <b>Conclusion: Complied</b>

## Findings and Observations from Operator Compliance Requirements Matrix

1. HCAR has fully complied with 6 of the 11 TDA compliance requirements. HCAR was not in compliance with submittal of the annual State Controller Reports and meeting the farebox recovery ratios in two of the three audit years. Three compliance requirements were not applicable to DAR/L (urbanized farebox ratios and retirement program).
2. The CHP terminal and vehicle inspections conducted at the HCAR facility were found to be satisfactory. Driver records and drug and alcohol testing procedures were found to be in compliance. The 2003 vehicle was placed out of service during the inspection to have certain repairs made.
3. Operating costs increased significantly between FY's 2008 and 2009 due to the increased service area for DAR/L. Costs increased by 36 percent, although fare revenues increased by 11 percent during the same time. Salaries and wages increased by a multiple of three between these two years, according to the fiscal audits. HCAR has had to use funding from its own accounts to make up the difference in costs between the STA fund subsidy from HCAOG and total costs. HCAR has worked to reduce costs within the larger service area.
4. HCAR's farebox recovery ratio did not meet the 10 percent requirement in FYs 2008 and 2009, but was compliant in FY 2010. The service area was expanded during this period which increased total service hours and miles. As result, no penalties are assessed by HCAOG as HCAR received a farebox exemption due to extension of services provided in the two services contract with HCAOG in February 2006 and September 2008. HCAR should request exemptions from the farebox for the latest expansion for the two full fiscal year period ending FY 2010-11.

## Section III

### Prior Triennial Performance Recommendations

HCAR'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

*HCAR should seek an exemption for FY07 and FY08 regarding the required 20% farebox recovery as allowed by PUC 99268.8 for extension of service beginning in April 2006 to new areas in the County. For future years, HCAR should ask the HCAOG Board for a change in its required farebox recovery ratio from 20% to 10%, as allowed under PUC 99268.5.*

#### Actions taken by HCAR:

As the service area expanded for DAR/L from the services contract with HCAOG, HCAR was recommended to seek exemption from the farebox requirement, as allowed by TDA. In addition, the 20 percent farebox ratio initially placed on the service was not appropriate given the rural service location of most riders. As a specialized transportation provider, HCAR could instead be subject to a 10 percent farebox ratio. A request for both an exemption from the farebox recovery and a change in the required farebox ratio was submitted to the HCAOG Board in July 2008 by HCAR. In September 2008 both requests were approved by action of the HCAOG Board.

#### Conclusion:

This recommendation has been implemented.

#### Prior Recommendation 2

*The Dial-A-Ride Trip Log Summary and the Daily Inspection/Mileage Report should be updated to capture revenue service hours and revenue service miles, in addition to the currently reported total service hours and total service miles.*

#### Actions taken by HCAR:

Drivers have separated between revenue and deadhead miles and hours in the Daily Inspection/Mileage Report. The deadhead is reported as the vehicle going from the HCAR facility to the first pick up, and then from the last drop off back to the yard at the end of the day. The miles and hours in between are recorded as revenue service by the driver. HCAR has also

indicated that the separation of the data has been made on the billing summary since the last performance audit. However, the Dial-A-Ride Monthly Summary Report shows daily trip time (hours) and miles, but does not indicate if the data is either revenue hours/miles, or total hours/miles (revenue plus deadhead). This should be clarified in the header with the revenue service data included in the summary report at a minimum. Should total hours and miles be also shown separately, the depiction of both data in the monthly sheet provides further trend information regarding the trip patterns being made by the vehicles and further consistency with the daily mileage report.

Conclusion:

This recommendation has been partially implemented and is carried forward in this audit for full implementation. The separation of revenue hours and miles from total hours and miles should appear on all performance reports.

## Section IV

### TDA Performance Indicators

This section reviews HCAR's 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.

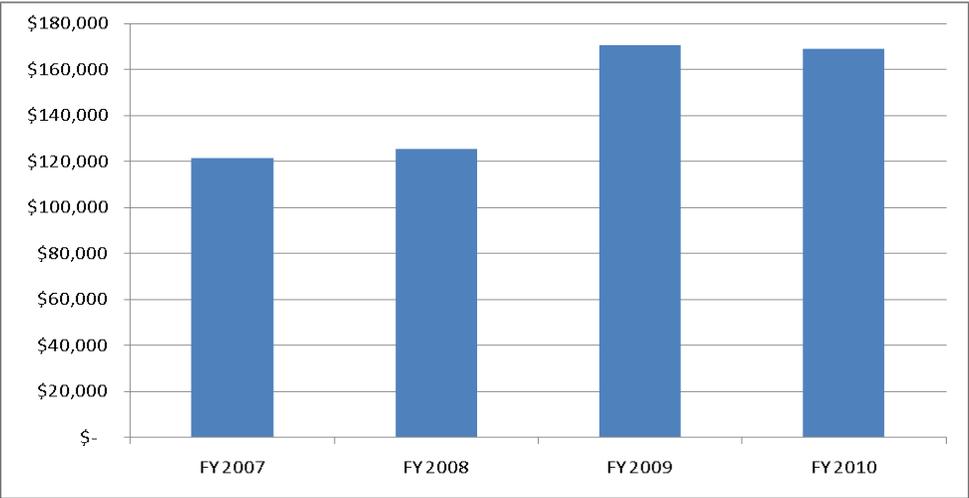
**Table IV-1  
HCAR Care-A-Van DAR/L Performance Indicators**

Performance Data and Indicators	FY 2007	Audit Period			% Change FY 2007-2010
		FY 2008	FY 2009	FY 2010	
Operating Cost	\$121,634	\$125,386	\$170,572	\$169,066	<b>39.0%</b>
Total Passengers	1,472	3,082	3,549	4,296	<b>191.8%</b>
Vehicle Service Hours	2,203	3,222	2,680	3,187	<b>44.7%</b>
Vehicle Service Miles	20,593	39,163	36,914	46,714	<b>126.8%</b>
Employee FTE's	4	4	4	5	<b>25.0%</b>
Passenger Fares	\$13,420	\$12,339	\$13,784	\$18,457	<b>37.5%</b>
Operating Cost per Passenger	\$82.63	\$40.68	\$48.06	\$39.35	<b>-52.4%</b>
Operating Cost per Vehicle Service Hour	\$55.21	\$38.92	\$63.65	\$53.05	<b>-3.9%</b>
Operating Cost per Vehicle Service Mile	\$5.91	\$3.20	\$4.62	\$3.62	<b>-38.7%</b>
Passengers per Vehicle Service Hour	0.7	1.0	1.3	1.3	<b>101.7%</b>
Passengers per Vehicle Service Mile	0.07	0.08	0.10	0.09	<b>28.7%</b>
Vehicle Service Hours per Employee	550.8	805.5	670.0	637.4	<b>15.7%</b>
Average Fare per Passenger	\$9.12	\$4.00	\$3.88	\$4.30	<b>-52.9%</b>
Fare Recovery Ratio	11.03%	9.84%	8.08%	10.92%	<b>-1.1%</b>

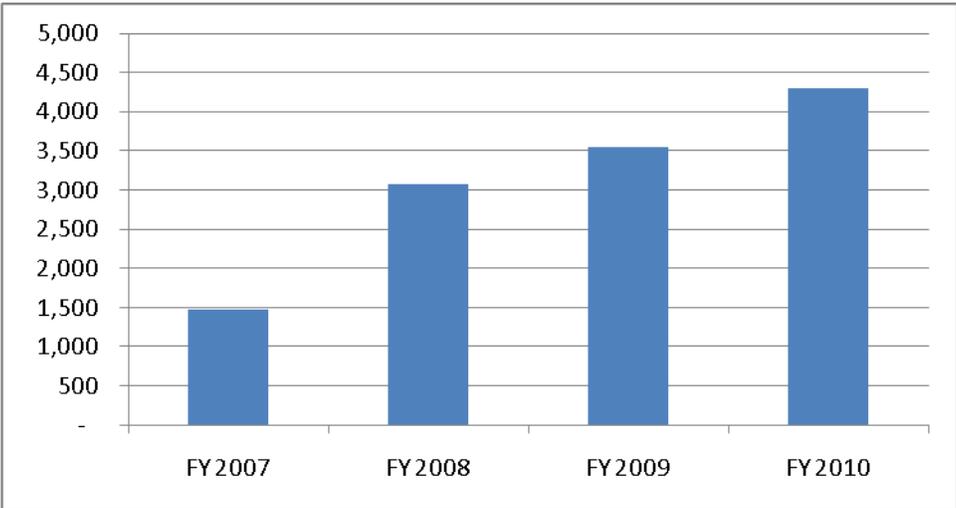
*\*Operating Costs & Passenger Fare figures are audited data*

*Source: State Controller Report, DAR Monthly Summary Report, Annual Fiscal Audit*

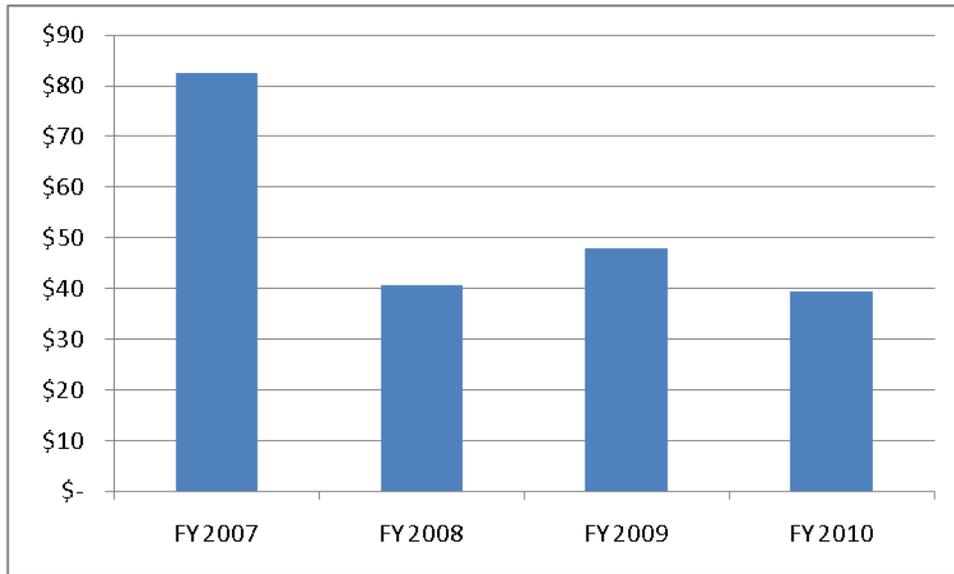
**Graph IV-1  
Operating Costs**



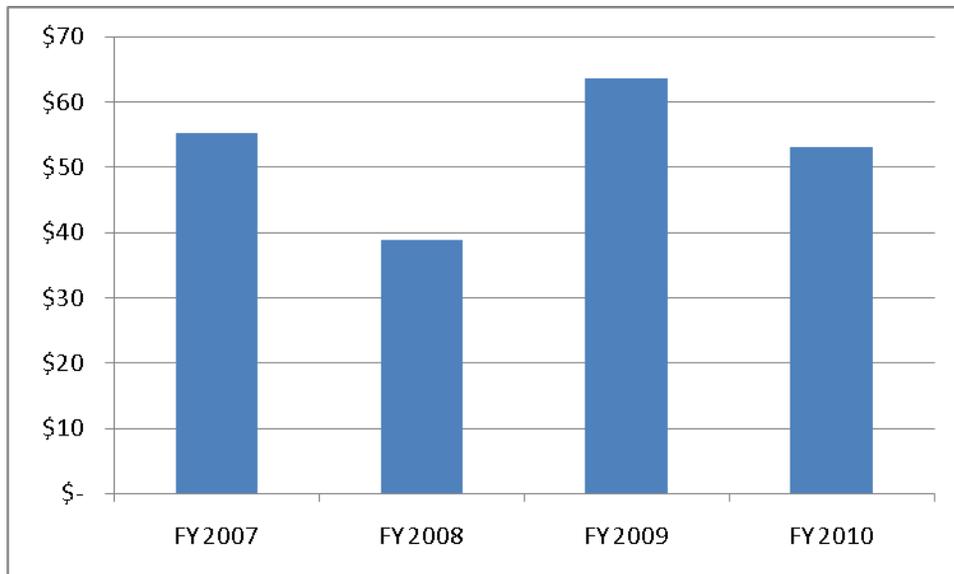
**Graph IV-2  
Ridership**



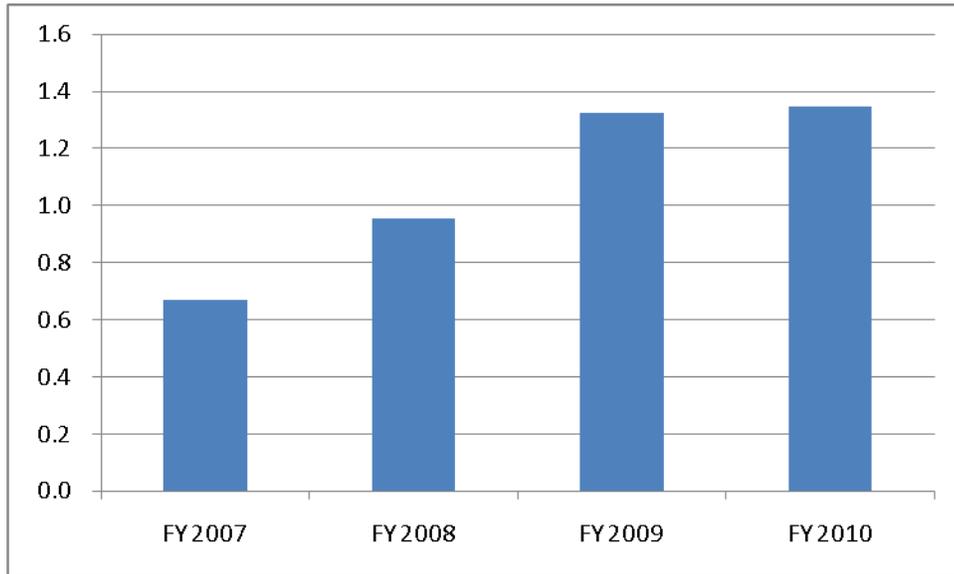
**Graph IV-3  
Operating Cost per Passenger**



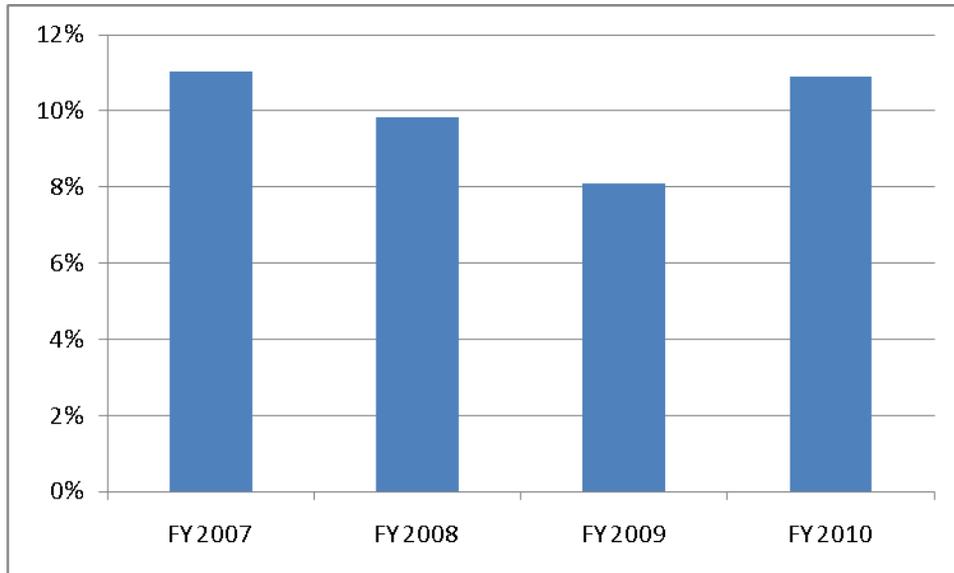
**Graph IV-4  
Operating Cost per Vehicle Service Hour**



**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, decreased 4 percent from \$55.21 in FY 2007 to \$53.05 in FY 2010. This trend indicates a more efficient service as the cost indicator declined. The cost per hour peaked in FY 2009 at \$63.65, but declined the following fiscal year. Operating costs increased 39 percent over the audit period with operating hours increasing slightly more at 45 percent.
2. **Operating cost per passenger**, an indicator of cost effectiveness, decreased by 52 percent from \$82.63 in FY 2007 to \$39.35 in FY 2010. The large decrease indicates cost effective service during the audit period. The primary factor in this trend was the ridership gains which increased by almost two-fold over the last three years, increasing from 1,472 passengers to 4,296. The service area expanded for HCAR DAR which helped to increase ridership. Although operating costs increased as well from the expansion, the increase was not as significant in percentage terms, further aiding in this trend.
3. **Passengers per vehicle service hour**, which measures the effectiveness of the service delivered, increased significantly between FY 2007 and FY 2010 from 0.7 passengers per hour to 1.3 passengers per hour. Ridership grew over the audit period as the service area expanded. This is coupled with an increase in revenue hours that did not grow at the same pace, thus resulting in a greater increase in this indicator.
4. **Passengers per vehicle service mile**, another indicator of service effectiveness, increased 29 percent from 0.07 in FY 2007 to 0.09 in FY 2010. Both ridership and miles increased significantly, with the percentage of passengers increasing at a higher rate. The rate of growth in both measures resulted in a smaller increase during the audit period compared to passengers per hour.
5. **Vehicle service hours per employee** increased 16 percent between FY 2007 and FY 2010 from 551 to 637 hours. Productivity from this indicator peaked in FY 2008 when hours per employee reached 805, the result being the highest number of hours using the same staff resources. In each successive year, the number of hours per employee declined as service hours dropped. Transportation staffing levels remained at 4 full time equivalents, including two full time drivers, 2 part time drivers and the full time Transportation Supervisor. The employee hours in the DAR Daily Summary Report tend to show lower FTEs when divided by 2,000 hours. However, the employee hours in this particular report may not be reflective of all employee time connected with the transit system, as is required by TDA.
6. **Farebox recovery** exhibited both increases and decreases between FY 2007 and 2010. The decreases resulted in the service not meeting farebox compliance. To address the decline in the farebox, two fare increases occurred over the last three years. The first was implemented in 2008 that raised the fare to \$2.50. The second fare increase to \$2.80 took

effect in August 2009 and was implemented by all Humboldt Bay Area dial-a-ride systems including Eureka and Arcata Dial-A-Rides. The fare increases were discussed at the HCAOG Service Coordination Committee meetings among the transit operators.

### **Conclusion from the Verification of TDA Performance Indicators**

The performance indicators for HCAR reflect growth in service that has stimulated increases in both operating costs and ridership. As the service contract with HCAOG calls for an expanded service area of about twice the original size, hours and miles grew which led to growth in the financial indicators. Costs increased significantly once the service area increased, and at a rate that exceeded the subsidy provided by HCAOG for this expanded service. As a result, HCAR has used its own financial account to make up the difference. The current contract with HCAOG pays HCAR an amount that is adjusted annually for inflation from the FY 2005-06 base year, whereas the previous contract payment by HCAOG to HCAR was based on a percentage of available STA funding for the year. This previous payment method was more unpredictable due to historic uncertainties with available funding from this source.

The large rural service area of HCAR DAR/L is challenging to maintain efficient passenger loads although the performance indicator of passengers per hour has remained relatively stable the last few years. This is an indicator that HCAR is finding ways to group trips where possible, even where customers are on the vehicles for quite some time en route to their destination. HCAR has indicated that some passengers prefer being on the vehicle for lengthy periods to interact with the driver and other passengers.

Given the expansion to its service area over the past several years, HCAR might benefit from the ability to benchmark its performance against a few goals to gauge its progress in improving upon meeting efficiencies and effectiveness. A few performance goals, such as exceeding the number of passengers per hour using the most recent three-year average, would provide tangible measures to a regular performance review that would be undertaken by HCAR.

### **Data Consistency**

In a review of consistency among data reporting for HCAR, fiscal year-end performance data was compared between various sources including the annual State Controller Report, the annual Fiscal and Compliance Audit, and the Monthly DAR Summary Report. Performance data reviewed included operating costs, fare revenue, ridership, vehicle service hours, and vehicle service miles. Only those sources that contain the specific information are shown. Table IV-2 shows the side-by-side comparison during the audit period (FYs 2008, 2009, and 2010).

Some discrepancies exist between the data sources. There was frequent turnover in the Finance department including the Finance Director's position which contributed to some of the data inconsistencies. After FY 2008, some data consistencies were improving such as passengers, miles and fare revenue. Gaps in data differences between the reports were narrowing. It is recommended that the Transportation Director conduct a review of the State Controller's Report

for the DAR/L prepared by the Finance Department before it is submitted to the State to assure that all required transit information (passengers, and revenue hours and miles) is documented and is consistent with the Daily Summary Report.

**Table IV-2  
Data Consistency Review**

TDA Statistic	Source	Audit Review Period		
		FY 2008	FY 2009	FY 2010
Operating Costs	DAR Summary Report	\$137,311	\$40,221	\$157,745
	Annual Fiscal Audit	\$125,386	\$170,572	\$169,066
	State Controller Report	\$83,710	\$180,714	\$169,063
Unlinked Passengers	DAR Summary Report	3,082	3,549	4,296
	State Controller Report	2,836	3,549	4,296
Vehicle Service Hours	DAR Summary Report	3,222	2,680	3,187
	State Controller Report	2,490	2,939	4,296
Vehicle Service Miles	DAR Summary Report	39,163	36,914	46,714
	State Controller Report	46,886	36,914	46,714
Passenger Fares	Annual Fiscal Audit	\$12,339	\$13,784	\$18,457
	State Controller Report	\$36,585	\$13,784	\$18,451

## Section V

### Review of Operator Functions

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

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

#### Operations and Planning

One of the more significant activities during the audit period for HCAR was the expansion of the service area per the contract renewal with HCAOG for dial-a-ride/lift. The expansion included into areas along Elk River Road, Fields Landing, Jacoby Creek Road, and Fresh Water Road. Although most ridership is generated from Humboldt Hill south of the City of Eureka, the expansion of the service area will present both opportunities and challenges for HCAR to maintain and improve upon existing efficiencies and effectiveness, as demonstrated by some of the performance indicators.

The expanded area results in lengthy trips for some passengers on-board the vehicle as HCAR makes grouped shared rides. The shared rides, combined with the rural nature of pick up locations, are reflected in the HCAR policy that riders could remain on-board for between a half hour to one-hour, depending on their location and number of zones traveled. A review of pick-up and drop-off times from a sample of daily trip sheets shows some riders have been on-board longer than one hour. However, as described previously, this may be purposeful by request of the rider for social reasons.

The fare increase was uniformly applied in part to follow the needs of the City of Eureka Dial-A-Ride, which requested a higher fare to maintain fiscal standing with its transit system. Indications by the HCAR Transportation Director are that riders have not been adversely affected by the increase in August 2009. The across-the-board fare increase by HCAR, Eureka and Arcata dial-a-rides demonstrates the uniform service that has been formed among the local jurisdictions and transit operators in the Greater Humboldt Bay Area.

DAR/L reservations are taken by the Transportation Director as well as the HCAR Administrative Assistant during normal business hours and relayed to the drivers. In October 2010, HCAR implemented an automated phone system that records some reservation information and then forwards the message to a driver's cell phone, or through an email connection. This reduces the

need for a person to be stationed at the desk to take all reservations, while also providing consistent messaging since the reservation is provided directly by the passenger. This system is geared toward advance reservations, as reservations are not taken in real time. However, if a rider needs a ride from the City of Eureka to their home in the HCAR service area, they are provided service.

Several important operational measures for DAR/L are collected and reported monthly. They include missed trips, shared trips, and no shows. A review of the data for the audit period shows that there were no missed trips by the DAR/L vehicles, and that customer no shows have not been a major issue to adversely impact overall service. The annual number of no-shows was between 11 and 13 over the last three years and comprising a very small percentage of total pick ups (less than 1 percent). The annual percentage of shared trips has trended higher in the three year period and signifying HCAR's improvement to group rides.

Eligibility certification for the service is conducted by HTA, which serves the other DAR operators as well. A relatively new certification process was implemented that is more rigorous in the past, and includes granting several types of eligibility (conditional, unconditional, and temporary). Interviews at HTA offices are also conducted. The rider database for the entire DAR/L programs kept by HTA is about 3,200 clients. Within those are passengers that use the service on a more regular basis and comprise the core ridership base.

HCAR drivers are required to maintain current CPR and first-aid certification, a Class-B driver's license (with medical card and passenger endorsement), California Highway Patrol certification, an exemplary driving record, and to maintain their proficiency behind the wheel of the Care-A-Van vehicles. Only one accident has been reported which occurred a year ago due to a rear-end collision that was the fault of the other driver.

The Transportation Director holds monthly driver meetings and conducts activities including sample DMV tests and safety training. Videos are shown for such safety measures as proper restraints and other in-vehicle measures. Ride-alongs are held as part of the performance evaluation to test driver proficiency. Consideration has been made of conducting a bus rodeo that tests driver skills. Drivers have also developed special connections with the riders which have minimized complaints while enhancing customer service.

HCAR serves as the lead transportation agency for the local Voluntary Organizations Active in Disaster (VOAD). The National VOAD is the forum where organizations share knowledge and resources throughout the disaster cycle—preparation, response and recovery—to help disaster survivors and their communities. Members of National VOAD form a coalition of nonprofit organizations that respond to disasters as part of their overall mission. HCAR has not been called upon to act in this position, but has special privileges with Federal Homeland Security to maintain communications with other local transportation organizations in the event of a disaster. HCAR indicated that their lead transportation role for VOAD fits into current efforts to develop mobility management in the County.

## **Maintenance**

Each of the radio-equipped vehicles in the fleet receives a safety check from its driver prior to pull out. The Daily Inspection/Mileage/Request for Repair Report is completed by the driver that inspects for various basic conditions in and around the vehicle. Areas needing attention are noted and submitted to the Transportation Director.

Maintenance inspections and service are conducted every 3 months/3,000 miles for the active vehicles, while the backup vehicle is checked twice a year or before it is used for service. Vehicles used for charter service are serviced 45 days prior. The annual inspection by the California Highway Patrol also checks for vehicle maintenance practices and current vehicle operating conditions.

HCAR made a significant change in maintenance by switching to a new maintenance vendor during the audit period. HCAR felt that the prior shop, Pro Pacific Auto Repair, was no longer meeting its needs and timely maintenance orders. Cost was also a factor in the gradual switch to Antich Automotive which HCAR has found to be more accommodating and able to make timely repairs. Maintenance costs have decreased due to factors such as Antich only charging HCAR for time and materials when the repair is done correctly. Body repair work is outsourced to Wonder Brothers Auto Body, also located in Eureka.

In addition to a new maintenance vendor, HCAR switched vendors for fueling about one year ago to save on fuel costs. The prior vendor was Renner Petroleum which provided some fueling discount and has diesel fuel for one of HCAR's vehicle. HCAR has switched its gasoline fleet to Costco Gas and takes advantage of the fueling discount with use of the member credit card. The Transportation Director indicated that HCAR has saved between \$500 and \$800 in the past year in fuel costs from this switch.

## **Marketing**

Communications with senior centers is part of the transportation marketing effort conducted by HCAR. A flyer describing the program is produced which is circulated to the senior centers, day programs, and at the Eureka and Arcata city halls. The new HTA eligibility certification process helps to limit clients to those who qualify and meet certain eligibility conditions. HCAR's website (<http://www.hcar.us/>) includes links to the transportation program and a PDF download of the dial-a-ride application and requirements.

## **General Administration and Management**

The Transportation Director manages the Dial-A-Ride/Dial-A-Lift program and reports to the Executive Director. The Transportation Director conducts all the scheduling and dispatching for the service. There was a shift of driver personnel during the audit period in which one of the full time drivers went on medical leave and another full time driver was changed to on-call status.

The Transportation Director is working to grow HCAR's transportation services and expand its community service in its capacity as the CTSA. This includes serving a role in the county-wide effort to establish a mobility management program. As part of this effort, the Transportation Director recently attended a Cal ACT conference with other local representatives that focused on mobility management. HCAR's attendance at the HCAR Service Coordination Committee also facilitates its relationship and coordination with HCAOG and the other transit providers in the county.

## 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. HCAR has fully complied with 6 of the 11 TDA compliance requirements. HCAR was not in compliance with submittal of the annual State Controller Reports and meeting the farebox recovery ratios. Three compliance requirements were not applicable to DAR/L (urbanized farebox ratios and retirement program).
2. The CHP terminal and vehicle inspections conducted at the HCAR facility were found to be satisfactory. Driver records and drug and alcohol testing procedures were found to be in compliance. The 2003 vehicle was placed out of service during the inspection to have certain repairs made.
3. Operating costs increased significantly between FY's 2008 and 2009 due to the increased service area for DAR/L per the new service contract with HCAOG in September 2008. HCAR has had to use funding from its own accounts to make up the difference in costs between the STA fund subsidy from HCAOG and total costs. HCAR has worked to reduce costs within the larger service area.
4. HCAR's farebox recovery ratio did not meet the 10 percent requirement in FYs 2008 and 2009, but was compliant in FY 2010. The service area was expanded during this period which provides for an exemption from the farebox requirement and potential penalties. HCAR should request exemptions from the farebox for the latest expansion for the two full fiscal year period ending FY 2011.
5. HCAR has fully implemented one of the two prior performance audit recommendations. The prior recommendation that has been partially implemented is to differentiate between revenue miles/hours and total miles/hours in the daily summary sheet.
6. The large rural service area of HCAR DAR/L is challenging to maintain efficient passenger loads although the performance indicator of passengers per hour has remained relatively stable the last few years. This is an indicator that HCAR is finding ways to group trips where possible.
7. A series of fare increases were implemented to help maintain fiscal conditions and were applied uniformly by all public transit dial-a-ride operators in the Humboldt Bay Region. HCAR reduced costs over the past few years by switching outside providers for both maintenance services and fueling. A new automated phone reservation system was also implemented to create efficiencies with scheduling.

## **Triennial Audit Recommendations**

1. Request exemptions from HCAOG for the farebox recovery standard due to extended services.

The service contract implemented in September 2008 between HCAR and HCAOG extends the service area for two additional zones. According to HCAR, the expansion essentially doubled the service area from its original size in 2006. PUC Section 99268.8 allows for the exemption from the farebox recovery for two full years after the fiscal year of implementation, or through the period ending FY 2011 (through June 30, 2011). Although the exemption period would end in the near future, HCAR would not be assessed penalties for failing to meet the farebox during this time. Beginning in FY 2011-12, the exemption no longer applies and the service would be subject to the farebox recovery requirement.

2. Separate Between Revenue and Total Service Data in the DAR Summary Report.

As part of the carryover from the prior audit recommendation, HCAR should separate data on the DAR Summary Report between revenue hours and miles, and total hours and miles. This information is currently separated in the daily trip sheets filled out by the drivers, as well as in the billing summary, and should simply transfer over into the summary sheet. New columns may need to be added to the Summary Report to enable both data sets to be shown. The purpose of showing both revenue and total hours and miles will enable analysis of vehicle productivity when in-service, as ideally deadhead service should be minimized.

3. Develop Benchmarks to Assess Performance Productivity.

The development of a few key benchmarks will enable HCAR to further assess its productivity toward meeting efficiency and effectiveness goals. As the DAR service area has been expanded, efforts to address productivity challenges could be measured through benchmarking. Suggested performance indicators that could be benchmarked include passengers per hour, operating cost per hour, and subsidy per passenger. The benchmarks developed for each indicator could be based on the prior fiscal year's data or three year's average for each indicator. While industry-wide data could also be used, it would not be as representative as local historic data for comparison purposes. The assessment against benchmarks would occur on a recurring basis such as semi-annually and/or annually to provide a check of productivity improvements.

4. Conduct check of fare revenue and operations data in the State Controller Report.

As there remain some differences in data between the State Controller Reports and the DAR Summary Report, it is recommended that the Transportation Director conduct a review of the State Controller's Report for DAR/L prepared by the Finance Department before it is submitted to the State to assure that all required transit information (fares, passengers, and revenue hours and miles) is documented and is consistent with the DAR Daily Summary

Report. As the number of passengers and service hours and miles should not change after the fiscal year-end, there should be internal consistency among the two reports.