

FY 2008-2010 TRIENNIAL PERFORMANCE AUDIT OF HUMBOLDT TRANSIT AUTHORITY



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 Transit Authority (HTA) transit system covering the most recent triennial period, fiscal years 2007-08 through 2009-10. The purpose of the performance audit is to evaluate HTA'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 HTA's compliance with the conditions specified in the California Public Utilities Code (PUC). This task involves ascertaining whether HTA 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

The Humboldt Transit Authority (HTA) was established in 1975 under a joint-powers agreement between the cities of Arcata, Eureka, Fortuna, Rio Dell and Trinidad and the County of Humboldt. HTA is the primary intercity public transit system in the county, providing a fixed-route trunk service along the U.S. 101 Corridor as well as an extension to Willow Creek along Highway 299. HTA also provides both intercity and local transit service in the southern portions of the county. In addition, HTA operates intra-city fixed-route service in the City of Eureka, and provides maintenance service to the Arcata & Mad River Transit System (A&MRTS), both under separate contracts. Demand response services provided in Arcata, Eureka and McKinleyville are administered by and coordinated through HTA. HTA is headquartered in the county seat of Eureka.

Humboldt County is situated on the northern coast of California bordering Del Norte, Mendocino and Trinity counties. The county was established from parts of Trinity County in 1853 and has a total area of 4,052 square miles. Based on the 2010 California Department of Finance estimates, Humboldt County's population currently has 132,713 residents.

Overview of the Transit System

System Characteristics

HTA is comprised of several branded fixed-route services that operate along the U.S. 101 Highway corridor: Redwood Transit System (RTS), Eureka Transit Service (ETS), and the Southern Humboldt Transit System (SHTS). The largest of these branded services is RTS, which features north-south commuter bus service along the U.S. 101 Corridor as well as a route along the State Route (SR) 299 corridor between Arcata and Willow Creek called the Willow Creek Extension. The Southern Humboldt Transit System is comprised of an intercity service between Eureka and Garberville as well as a local deviated fixed-route service. Prior to the introduction of the Southern Humboldt Transit Service, HTA operated the Quail Senior & Disabled Bus Service, which provided lifeline service in the Garberville/Redway area as well as service to Eureka and Fortuna. The Arcata/McKinleyville & Corridor Dial-A-Ride/Lift (DAR/L) and Eureka DAR/L are administered by HTA and contracted with City Ambulance of Eureka (CAE) for operations. ETS fixed route and DAR/L operations are discussed separately in the audit report for the City of Eureka.

RTS Mainline: The RTS mainline service operates between the cities of Scotia and Trinidad. Headways range from 30 minutes in the heaviest traveled route sectors (between Humboldt State University and College of the Redwoods) to two hours. Destinations served include Scotia, Fortuna, Fernbridge, College of the Redwoods, Fields Landing, King Salmon, Eureka, Arcata, Humboldt State University (HSU), McKinleyville, Arcata-Eureka Airport and Trinidad. Hours of operation range between 6:00 a.m. and 10:00 p.m. Monday through Friday and between 8:30 a.m. to 7:30 p.m. on Saturdays. RTS 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.

RTS Willow Creek: RTS operates a lifeline commuter service between the community of Willow Creek and the Arcata Transit Center. Four westbound and three eastbound trips are operated Monday through Friday from 6:30 a.m. to 7:40 p.m. One eastbound trip originates in McKinleyville. Each trip between Arcata and Willow Creek averages one hour in duration. Once in Arcata, passengers can transfer onto local or regional buses at the transit center.

Southern Humboldt Transit System – Intercity: This service connects the southern Humboldt County communities of Garberville, Redway, Phillipsville, Miranda, Myers Flat and Weott with Eureka and provides connections to other HTA services. Five northbound and four southbound trips are operated Monday through Friday from 7:00 a.m. to 8:30 p.m.

Southern Humboldt Transit System – Local Deviated Fixed Route: This service operates between the southern Humboldt communities of Garberville, Redway, Phillipsville and Miranda. In addition, there are several stops in Garberville and Redway, one stop in Phillipsville and one stop in Miranda. Six northbound and six southbound local deviated trips are operated Monday through Friday from 7:20 a.m. to 8:30 p.m.

Dial-A-Ride: HTA administers the demand response service contract on behalf of the cities of Arcata and Eureka and the County of Humboldt. Dial-A-Ride service is provided within the city limits of Eureka and Arcata, in the unincorporated community of McKinleyville, and along the U.S. 101 corridor between Arcata and Eureka. DAR/L is available to seniors and disabled persons who are unable to use fixed-route bus transit services and live within ¼ miles from a bus route. Rides are scheduled 24 hours in advance with real time reservations accepted on a space available basis. Dial-a-Ride operates Monday through Friday between the hours of 6:00 a.m. and 7:00 p.m. and Saturday between 7:30 a.m. and 5:30 p.m. HTA is responsible for printing and verifying tickets, determining rider eligibility, marketing, and ticket sales. Dial-A-Ride tickets are \$2.80 each and are sold in books of six for \$16.80. Tickets are available for purchase at Eureka City Hall, Arcata Transit Center, HTA, and the Senior Resource Center.

Fares

HTA’s fares are structured accordingly to service type, passenger categories and fare media. Fares were previously structured based on a zonal system. 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 monthly magnetic swipe passes and stored value cards good for RTS, Willow Creek, SHTS, ETS, and A&MRTS buses. \$10 or \$20 magnetic media cards allow passengers to ride the regional transit systems for the new discounted rate.

Free transfers are provided between RTS buses to complete a single trip. HSU students ride the RTS fare-free as part of the JackPass program by swiping their current student identification card. Staff and faculty can buy into the JackPass program for \$60 per semester. College of the Redwoods eliminated its student ticket program. The fare structure is shown in Table I-1:

**Table I-1
HTA Fare Schedule**

Categories	Fares		
	Mainline RTS Service		
	One Ride	Multi-Ride/ Regional Pass	Monthly Pass
Adult (Ages 18 to 62)	\$2.50	\$1.50	\$50.00
Youth (Ages 3 to 17)	\$2.25	\$1.25	\$45.00
Seniors (Ages 62 and up)	\$2.25	\$1.25	\$45.00
Disabled (with valid ID)	\$2.25	\$1.25	\$45.00
In-town (Rides within one city)	\$1.50	n/a	n/a
Day Pass	n/a	\$4.00	n/a

Categories	Fares		
RTS Willow Creek Service			
Adult (Ages 18 to 62)	\$3.50	\$2.50	\$70.00
Youth (Ages 3 to 17)	\$3.00	\$2.00	\$65.00
Seniors (Ages 62 and up)	\$3.00	\$2.00	\$65.00
Disabled (with valid ID)	\$3.00	\$2.00	\$65.00
Southern Humboldt Transit System - Intercity			
Adult (Ages 18 to 62)	\$4.50	\$3.00	\$90.00
Youth (Ages 3 to 17)	\$4.00	\$2.50	\$80.00
Seniors (Ages 62 and up)	\$4.00	\$2.50	\$80.00
Disabled (with valid ID)	\$4.00	\$2.50	\$80.00
Southern Humboldt Transit System - Local			
Adult (Ages 18 to 62)	\$1.25	\$1.00	n/a
Youth (Ages 3 to 17)	\$1.00	\$0.75	n/a
Seniors (Ages 62 and up)	\$1.00	\$0.75	n/a
Disabled (with valid ID)	\$1.00	\$0.75	n/a

Source: HTA

Fleet

There are 19 vehicles in the transit fleet for RTS, Willow Creek and SHTS services. Three vehicles acquired in 2007 for RTS have diesel-electric hybrid engines and the remaining vehicles have primarily diesel engines. Table I-2 shows the vehicle fleet and service type.

HTA vehicles are equipped with wheelchair lifts and tie downs, which conform to the requirements of the Americans with Disabilities Act (ADA) of 1990 requirements in regards to accessibility. Bicycle racks are available on most large buses.

**Table I-2
RTS/Willow Creek /SHTS Fleet**

Year	Make & Model	Quantity	Fuel type	Service
1998	Gillig Phantom	2	Diesel	RTS
2000	Gillig Phantom	2	Diesel	RTS
2001	Gillig Phantom	1	Diesel	RTS
2002	Freightliner	2	Diesel	Willow Creek
2002	Gillig Phantom	1	Diesel	RTS
2002	Ford Goshen	1	Diesel	SHTS
2003	Gillig Phantom	1	Diesel	RTS
2004	Gillig Phantom	2	Diesel	RTS
2007	Gillig Low Floor	3	Diesel-Electric Hybrid	RTS
2009	Chevy Aerolite	2	Diesel	SHTS
2009	Chevy Aerolite	2	Gas	SHTS
Total		19		

Source: HTA fleet inventory

Section II

Operator Compliance Requirements

This section of the audit report contains the analysis of HTA’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 (internet filing): FY 2008: October 17, 2008 FY 2009: October 19, 2009 FY 2010: October 15, 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: December 22, 2008 FY 2009: December 22, 2009 FY 2010: February 22, 2011 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	HTA participates in the CHP Transit Operator Compliance Program in which the CHP has conducted inspections within the 13 months prior to each

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>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>HTA is not a direct claimant of TDA funds. Each local jurisdiction member of the JPA claims TDA for transit from their respective allocations on behalf of HTA. The local jurisdiction claims comply with the rules and regulations adopted by HCAOG.</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>HTA 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 scope of operations or capital	Public Utilities Code, Sections 99266	<p>Percentage increase in the HTA operating budget:</p> <p>FY 2008: -14.7% FY 2009: 7.2% FY 2010: 16.3%</p>

TABLE II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).		<p>The budget increase in FY 2010 was attributed to several occurrences, including the start up of the Southern Humboldt Transit system, and implementation of the new union employee contract that calls for incremental step pay increases. Unrepresented staff also received the same pay increase as the represented staff plus an extra dollar per hour due to increased workloads from the new services.</p> <p>Source: FY 2007-2010 State Controller Reports, HTA.</p> <p>Conclusion: Complied</p>
The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.	Public Utilities Code, Section 99247	<p>Revenue miles for both fixed route and DAR are correctly separated from total miles. Revenue hours are also correctly separated for DAR. However, revenue hours for fixed route are not distinguished from driver hours (total hours) in the trip sheet or the Comparative Performance Activity Report. Also, full time equivalent employees in the State Controller Reports do not capture all HTA employee hours.</p> <p>Conclusion: Partial compliance</p>

TABLE II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
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.	HTA is subject to farebox requirements as an older operator, but is not subject to this specific requirement. Conclusion: Not Applicable
If the operator serves a rural area, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	Public Utilities Code, Sections 99268.2, 99268.4, & 99268.5	As an older operator, HTA's farebox recovery ratio for RTS fixed route service is set at the ratio it had in FY 1978-79, which is 26.4 percent. The RTS fare ratios using audited data are as follows: FY 2008: 38.36% FY 2009: 47.10% FY 2010: 40.16% For rural and specialized service, the required fare ratios are 10 percent. The following ratios were calculated using audited data: Willow Creek: FY 2008: 14.15% FY 2009: 19.71% FY 2010: 20.63% Quail:

TABLE II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		FY 2008: 5.75% FY 2009: 6.30% FY 2010: 9.14% Arcata DAR/L: FY 2008: 23.69% FY 2009: 30.75% FY 2010: 27.80% Corridor DAR/L: FY 2008: 34.39% FY 2009: 31.14% FY 2010: 36.75% Source: Annual Fiscal and Compliance Audits. Conclusion: Complied for currently active services. Quail service was replaced in FY 2010.
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	HTA contributes to the CalPERS pension plan. According to the annual fiscal audit, HTA does not have an unfunded pension 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, HTA is making full use of federal funds available. FY 2008: \$0 FY 2009: \$110,840

TABLE II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		FY 2010: \$1,110,273 Source: Annual State Controller Report Conclusion: Complied

Findings and Observations from Operator Compliance Requirements Matrix

1. HTA has complied with eight of the 11 TDA compliance requirements. HTA was in partial compliance with consistency in its definitions of TDA performance measures for revenue hours and full time equivalents. Two compliance requirements were not applicable to HTA (urban farebox ratios).
2. HTA 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 grew between FYs 2009 and FY 2010 due to several occurrences, including the start up of the Southern Humboldt Transit system which included both local and intercity services, and implementation of a new union employee contract that calls for incremental step pay increases. Unrepresented staff also received a small pay increase. The pay increases for represented employees are in increments of 50 cents per hour for the first two years beginning in June 2009, then 75 cents in the third year for a total of \$1.75 per hour over three years. Unrepresented staff received the same increase plus an extra \$1.00 per hour starting in January 2010 because of the increase in workload from the addition of both Southern Humboldt transit services.
4. Based on the Annual Fiscal and Compliance Audits, the RTS service has met its TDA farebox ratio in each year of the audit period. The Willow Creek extension and the Arcata and Corridor DAR systems have also met their respective farebox ratios. The former Quail service did not meet its farebox requirement, but has since been eliminated and replaced by the new southern Humboldt County transit service.

Section III

Prior Triennial Performance Recommendations

HTA'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

HTA should work with the auditor to have the Financial Audit completed within 180 days of the end of the fiscal year.

Actions taken by HTA:

The annual fiscal and compliance audits were submitted to the State Controller's Office within the statutory dates during the FY 2008-2010 cycle. The dates the fiscal audits were completed are shown in the prior section.

Conclusion:

This recommendation has been implemented.

Prior Recommendation 2

HTA should update the trip logs and require the purchased transportation service providers to update their trip logs to capture revenue and total hours and miles as well as passenger counts.

Actions taken by HTA:

The DAR trip logs submitted by the purchased transportation service to HTA are based on Trapeze software. The summary monthly trip sheet accompanying the Trapeze print-outs show both revenue and total hour and miles. Daily and monthly passengers are also shown in the monthly sheet, including a separate count for Corridor ADA passengers in the Arcata DAR statistics. For RTS, the trips sheet identifies revenue and non-revenue miles, but only driver hours from sign-in to sign-out, which lumps together revenue and non-revenue service hours. The monthly Comparative Performance Activity Report also reports only total hours and miles, and does not distinguish between revenue and non-revenue service. While effort has been made to update the trip logs to separate the two data types, further action is warranted to fully comply with this prior recommendation.

Conclusion:

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

Prior Recommendation 3

HTA should discontinue the reporting of Eureka Transit Service data in the State Controller Report, as this data is being reported by the City of Eureka. If the City of Arcata continues to assign costs to the Arcata & Corridor service program, then HTA should include the City of Arcata administrative overhead costs in the Arcata & Corridor service reports to external agencies and for the purpose of calculating the minimum farebox recovery ratio for this service.

Actions taken by HTA:

A cross comparison between State Controller Reports and the Fiscal and Compliance Audits for the same time period shows that HTA does not report Eureka Transit Service in the HTA State Controller Report. As the HTA fiscal audits separate the revenues and costs between HTA and ETS services in a supplemental section of the audit, the cross-check of financial data shows close alignment between the revenues and costs of HTA services in the fiscal audit with those in the State Controller data. The variance between the two reports is that the SCO data is unaudited.

The Arcata/McKinleyville DAR financial data are reported in both the HTA and City of Arcata fiscal audits. The Corridor DAR is reported only in the HTA fiscal audit. The HTA fiscal audit shows the total cost of Arcata/McKinleyville DAR, while the City of Arcata fiscal audit shows only the portion of revenues and costs from DAR that are allocated to the City, per the agreement with the County for TDA allocations. In this case, the fiscal audit states that Arcata is allocated 36 percent of total expenses and revenues.

As the prior recommendation suggested that one fiscal audit show total program costs, it appears that HTA's audit provides the total costs for Arcata/McKinleyville and Corridor DAR. The HTA State Controller Report for specialized service also reports total financial and operational data for Arcata/McKinleyville, Corridor, and Quail DAR. On the other hand, the Arcata State Controller Reports do not report DAR statistics. It appears, then, that HTA is the agency to report these DAR programs in total in its State Controller Report.

Conclusion:

This recommendation has been implemented.

Prior Recommendation 4

HTA should analyze the cost and customer benefits of obtaining operating and reporting responsibility for the Dial-A-Ride programs in the County and creating one unified regional system.

Actions taken by HTA:

In response to this recommendation as well as a similar recommendation in the prior HCAOG performance audit, HCAOG retained a consultant (PMC) to study DAR consolidation options. The study's multiple objectives included providing a detailed assessment of current operating conditions and existing contract relationships; identification of consolidation efforts by the local transit operators; analysis of consolidation alternatives; case studies highlighting each alternative; financial analysis; and findings and recommendations.

The review found that the transit operators have been engaging in consolidated efforts for some time such as using a common contractor to provide dial-a-ride service, using a common fare ticket media and service branding, and contracting with HTA for many administrative duties. The appearance of a fragmented service was due to the many contracts for services between the various funding agencies on an administrative level, combined with the need to retain local control. However, on the operations side visible to the riding public, the service was more seamless throughout the Eureka/Arcata area. Several strategic recommendations were presented to improve upon the efforts already made by the operators.

Conclusion:

This recommendation has been implemented.

Section IV

TDA Performance Indicators

This section reviews HTA'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 for each mode. Graphs and findings from the analysis are contained in the section following the tables.

**Table IV-1
HTA Systemwide Performance Indicators**

Performance Data and Indicators	FY 2007	Audit Period			% Change FY 2007-2010
		FY 2008	FY 2009	FY 2010 *	
Operating Cost	\$1,926,810	\$2,192,601	\$2,269,130	\$2,793,551	45.0%
Total Passengers	393,664	479,215	559,703	595,669	51.3%
Vehicle Service Hours	30,921	32,531	35,296	38,864	25.7%
Vehicle Service Miles	683,478	752,617	808,704	806,215	18.0%
Employee FTE's	36	24	24	23	-36.1%
Passenger Fares	\$697,629	\$759,153	\$976,466	\$1,028,051	47.4%
Operating Cost per Passenger	\$4.89	\$4.58	\$4.05	\$4.69	-4.2%
Operating Cost per Vehicle Service Hour	\$62.31	\$67.40	\$64.29	\$71.88	15.4%
Operating Cost per Vehicle Service Mile	\$2.82	\$2.91	\$2.81	\$3.47	22.9%
Passengers per Vehicle Service Hour	12.7	14.7	15.9	15.3	20.4%
Passengers per Vehicle Service Mile	0.58	0.64	0.69	0.74	28.3%
Vehicle Service Hours per Employee	858.9	1,355.5	1,470.7	1,689.7	96.7%
Average Fare per Passenger	\$1.77	\$1.58	\$1.74	\$1.73	-2.6%
Fare Recovery Ratio	36.21%	34.62%	43.03%	36.80%	1.6%

Operating Costs & Passenger Fare figures are audited data

** FY 2010 operating costs and fares include unaudited SHTS data for the fiscal year. For farebox compliance purposes, SHTS data is excluded in Section II of the audit report.*

Source: State Controller Report, Comparative Performance Activity Report, Annual Fiscal Audit

**Table IV-2
RTS and Willow Creek Fixed Route Performance Indicators**

Performance Data and Indicators	FY 2007	Audit Period			% Change FY 2007-2010
		FY 2008	FY 2009	FY 2010	
Operating Cost	\$1,758,710	\$2,013,800	\$2,084,724	\$2,531,793	44.0%
Total Passengers	380,505	464,650	545,764	582,986	53.2%
Vehicle Service Hours	25,047	26,926	30,027	34,548	37.9%
Vehicle Service Miles	604,954	667,033	727,176	740,118	22.3%
Employee FTE's	33	21	21	21	-36.4%
Passenger Fares	\$660,407	\$725,211	\$935,534	\$979,953	48.4%
Operating Cost per Passenger	\$4.62	\$4.33	\$3.82	\$4.34	-6.0%
Operating Cost per Vehicle Service Hour	\$70.22	\$74.79	\$69.43	\$73.28	4.4%
Operating Cost per Vehicle Service Mile	\$2.91	\$3.02	\$2.87	\$3.42	17.7%
Passengers per Vehicle Service Hour	15.2	17.3	18.2	16.9	11.1%
Passengers per Vehicle Service Mile	0.63	0.70	0.75	0.79	25.2%
Vehicle Service Hours per Employee	759.0	1,282.2	1,429.9	1,645.1	116.8%
Average Fare per Passenger	\$1.74	\$1.56	\$1.71	\$1.68	-3.2%
Fare Recovery Ratio	37.55%	36.01%	44.88%	38.71%	3.1%

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

Source: State Controller Report, Comparative Performance Activity Report, Annual Fiscal Audit

**Table IV-3
Southern Humboldt Transit Service Performance Indicators**

Performance Data and Indicators	FY 2007	Audit Period		
		FY 2008	FY 2009	FY 2010
Operating Cost				\$98,176
Total Passengers				4,220
Vehicle Service Hours				1,822
Vehicle Service Miles				50,032
Employee FTE's				2
Passenger Fares				\$8,533
Operating Cost per Passenger				\$23.26
Operating Cost per Vehicle Service Hour				\$53.88
Operating Cost per Vehicle Service Mile				\$1.96
Passengers per Vehicle Service Hour				2.3
Passengers per Vehicle Service Mile				0.08
Vehicle Service Hours per Employee				911.0
Average Fare per Passenger				\$2.02
Fare Recovery Ratio				8.69%

Data is from January 2010 through March 2010.

Source: HTA Comparative Performance Activity Report

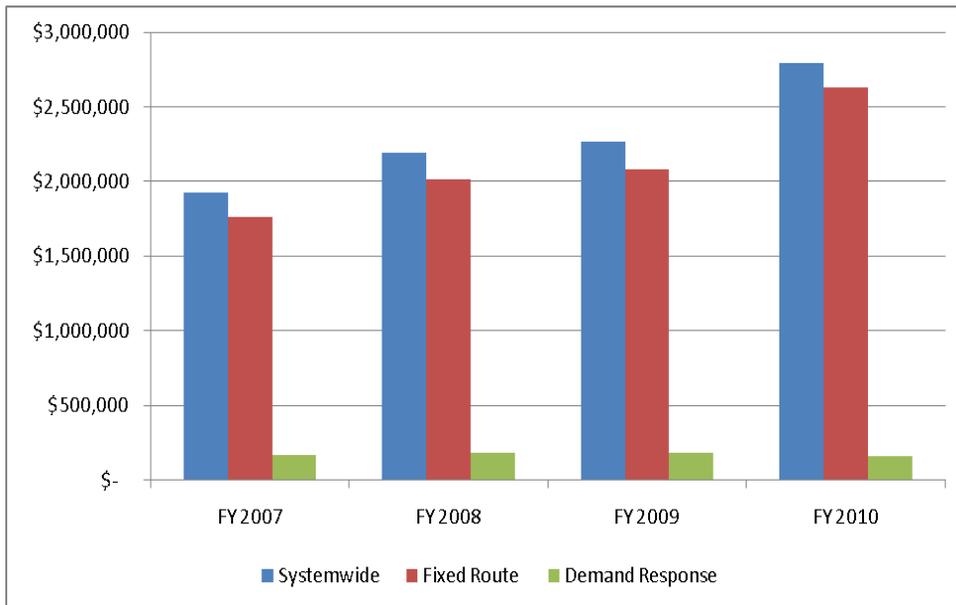
**Table IV-4
Quail, Arcata, and Corridor DAR Performance Indicators**

Performance Data and Indicators	FY 2007	Audit Period			% Change FY 2007-2010
		FY 2008	FY 2009	FY 2010	
Operating Cost	\$168,100	\$178,801	\$184,406	\$163,582	-2.7%
Total Passengers	13,159	14,565	13,939	12,683	-3.6%
Vehicle Service Hours	5,874	5,605	5,269	4,316	-26.5%
Vehicle Service Miles	78,524	85,584	81,528	66,097	-15.8%
Employee FTE's	3	3	3	2	-33.3%
Passenger Fares	\$37,222	\$33,942	\$40,932	\$39,565	6.3%
Operating Cost per Passenger	\$12.77	\$12.28	\$13.23	\$12.90	1.0%
Operating Cost per Vehicle Service Hour	\$28.62	\$31.90	\$35.00	\$37.90	32.4%
Operating Cost per Vehicle Service Mile	\$2.14	\$2.09	\$2.26	\$2.47	15.6%
Passengers per Vehicle Service Hour	2.2	2.6	2.6	2.9	31.2%
Passengers per Vehicle Service Mile	0.17	0.17	0.17	0.19	14.5%
Vehicle Service Hours per Employee	1,958.0	1,868.3	1,756.3	2,158.0	10.2%
Average Fare per Passenger	\$2.83	\$2.33	\$2.94	\$3.12	10.3%
Fare Recovery Ratio	22.14%	18.98%	22.20%	24.19%	9.2%

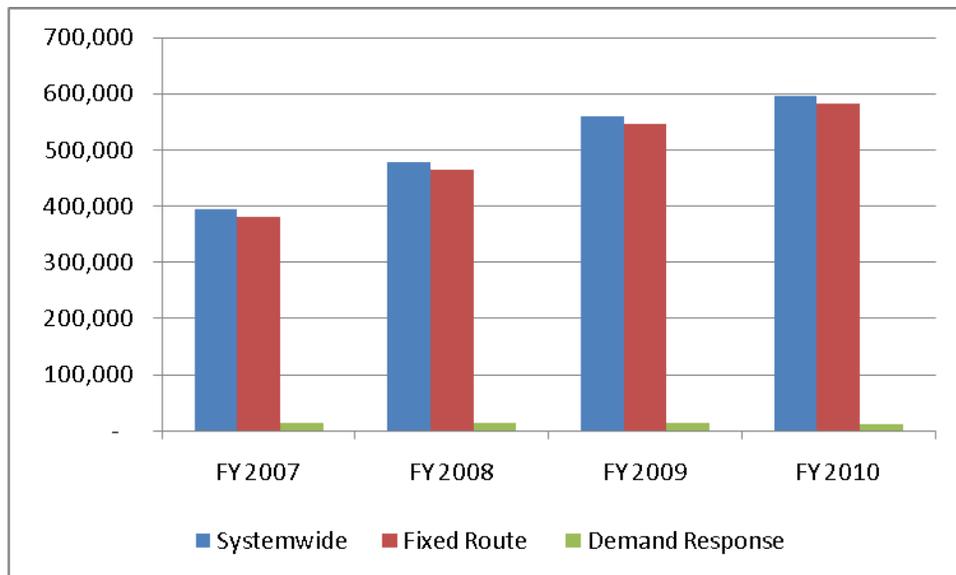
**Operating Costs & Passenger Fare figures are audited data*

Source: State Controller Report, Comparative Performance Activity Report, Annual Fiscal Audit

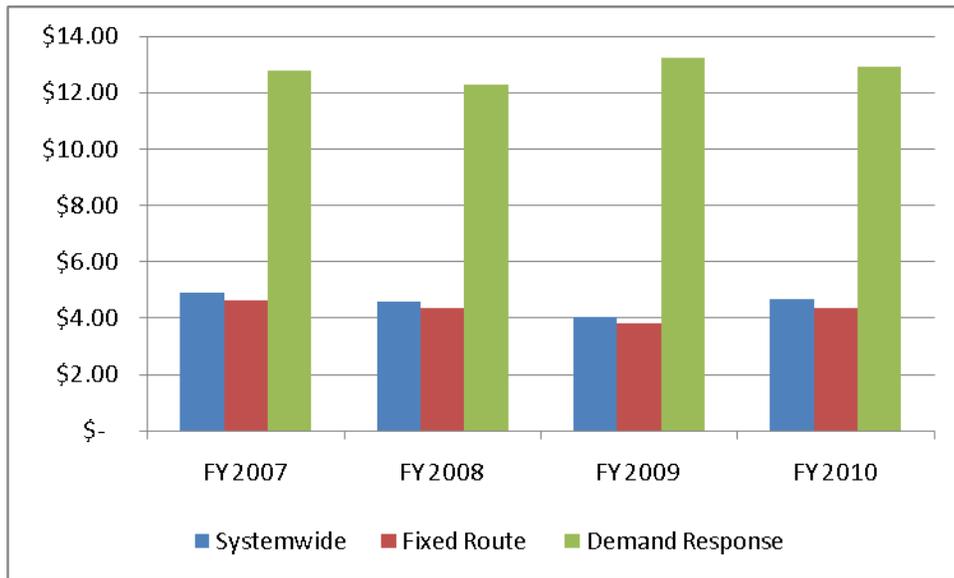
**Graph IV-1
Operating Costs**



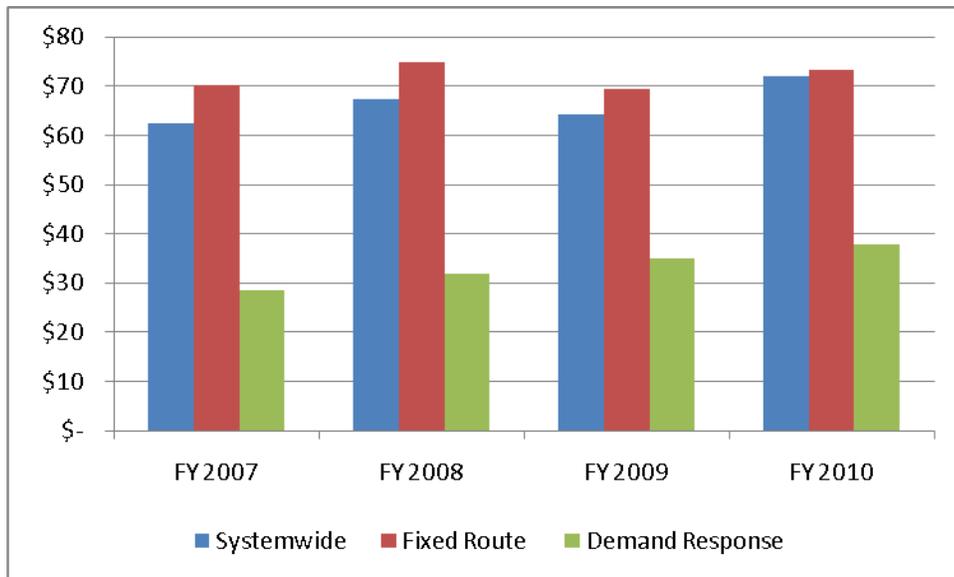
**Graph IV-2
Ridership**



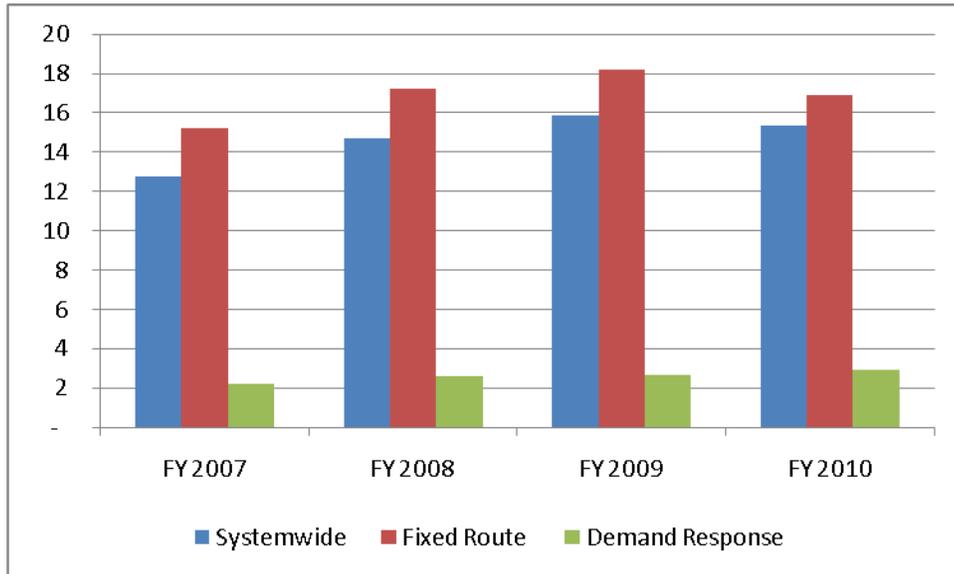
**Graph IV-3
Operating Cost per Passenger**



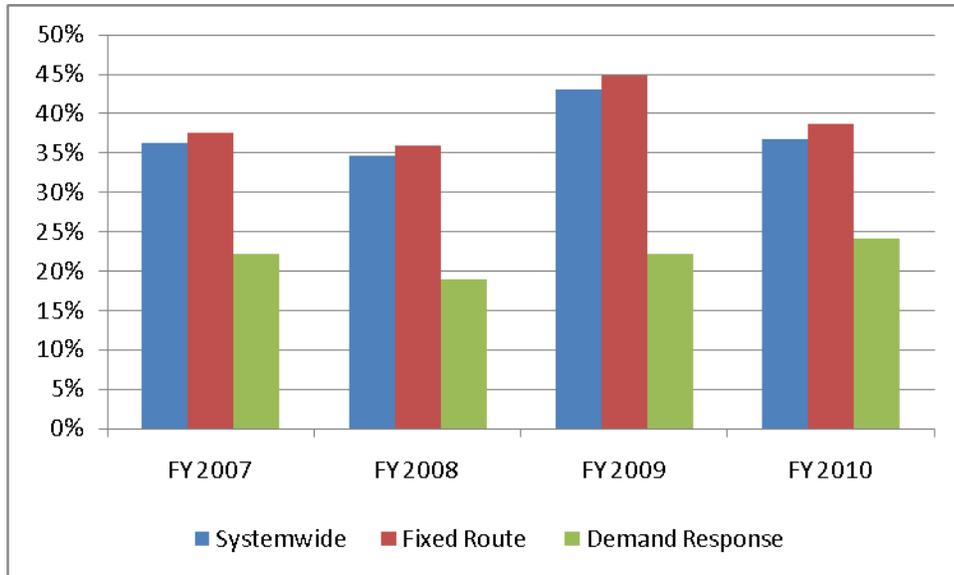
**Graph IV-4
Operating Cost per Vehicle Service Hour**



**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, increased only 4.4 percent during the period for fixed route operations (RTS and Willow Creek) from \$70.22 to \$73.28. Operating costs for fixed route increased 44 percent during the audit period along with a commensurate increase in operating hours of 48 percent, indicating a trend of cost efficiencies relative to service provision. Dial-A-Ride cost per service hour increased 32.4 percent from \$28.62 to \$37.90. Operating costs for Dial-A-Ride decreased by 3 percent during the audit period although service hours decreased at a larger rate of 27 percent. This trend had the effect of increasing DAR cost per hour.
2. **Operating cost per passenger**, an indicator of cost effectiveness, decreased by 6 percent for fixed route from \$4.62 in FY 2007 to \$4.34 in FY 2010. Similar to the growth in costs and service hours, ridership increased significantly during the audit period and resulting in the cost effective performance trend. DAR service saw its operating cost per passenger trend remain relatively flat, increasing by only 1 percent from \$12.77 in FY 2006 to \$12.90. As DAR costs decreased slightly, ridership also declined in part to the elimination of the Quail service in southern Humboldt County in 2010.
3. **Passengers per vehicle service hour**, which measures the effectiveness of the service delivered, increased over 20 percent systemwide between FY 2007 and FY 2010 from 12.7 passengers per hour to 15.3 passengers per hour. Fixed route operations exhibited an increase of 11 percent over the same period from 15.2 to 16.9 passengers per hour. DAR operations reflected the same trend with a 31 percent increase from 2.2 to 2.9 passengers per hour. As the number of passengers increased faster than hours operated by the buses, these indicators showed increased productivity.
4. **Passengers per vehicle service mile**, another indicator of service effectiveness, increased 28 percent systemwide from 0.58 in FY 2007 to 0.74 in FY 2010. For fixed route operations, the number of passengers per service mile increased 25 percent from 0.63 to 0.79. DAR services exhibited an increase of nearly 15 percent from 0.17 to 0.19 passengers per mile. As the number of passengers increased faster than miles driven by the buses, these indicators showed increased productivity.
5. **Vehicle service hours per employee**, using State Controller data, showed a large increase of 97 percent systemwide during the audit period. The SCO data showed that the number of FTE's declined from 36 to 23 between 2007 and 2010. However, based on total hours worked by all HTA employees, then divided by 2,000 hours (TDA definition), the full time equivalents in FY 2010 would be 34, which is more comparable to the FTE in 2007. Likewise, the FTEs in 2008 would be 32, and 34 in FY 2009, forming a more consistent trend. From using the revised FTE for FY 2010 and compared to FY 2007, the systemwide trend in vehicle hours per employee would show a smaller increase of 34 percent, from

759 hours to 1,016 hours per employee. Nevertheless, this indicator shows a trend of more productivity per employee when measured in growth in hours.

- 6. Farebox recovery** exhibited very positive trends, as all services except the Quail exceeded their minimum farebox recovery standards. The previous section showed the farebox ratio of each service using audited data, including RTS, Willow Creek, Quail, Arcata and Corridor DAR. For the new Southern Humboldt Transit Service, the local fixed route was achieving a farebox of 4.92 percent in FY 2010, and the intercity service was 12.86 percent. As a new service, Southern Humboldt Transit is exempt from the farebox requirements for two full fiscal years after the inaugural year.

Conclusion from the Verification of TDA Performance Indicators

HTA's performance indicators over the past three years reflect a growing and productive service despite the national recession. Although operating costs increased by 39 percent over a three year period from transition to new services and some increases in personnel compensation, offsetting revenues from continued increases in ridership and fare revenue have grown by a larger percentage than costs. As a result, performance measures including cost per passenger declined while other cost measures have grown within reasonable means. In addition, service effectiveness measures such as passengers per hour and per mile increased over the audit period. As RTS is geared as a commuter service along a major highway corridor in Humboldt County, productivity measures such as farebox recovery tend to be higher than regular fixed route service. This is the case with RTS which has achieved a relatively high farebox ratio and must meet a higher TDA farebox requirement than a traditional rural type service.

Data Consistency

In a review of consistency among data reporting for HTA, fiscal year-end performance data was compared between various sources including the annual State Controller Report, the annual Fiscal and Compliance Audit, and the Comparative Performance Activity 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-5 shows the side-by-side comparison during the audit period (FYs 2008, 2009, and 2010).

Some discrepancies exist between the data sources. In the FY 2009 State Controller Office Report, the service hour category appears to reflect ridership numbers rather than revenue hours. Also, there are differences in service miles between the State Controller and Comparative Performance Activity Reports in FYs 2009 and 2010. As the SCO report shows lower miles compared to the Comparative Performance Activity Report, the smaller data may be reflecting only revenue miles which is the correct definition. However, it can not be determined whether it is a reflection of revenue miles or some other reason for the discrepancy. Financial data including operating cost and fare revenues would differ between the fiscal audits and other reporting sources, given that the other sources do not reflect audited data. Even so, the financial data differences among the sources are not significant.

**Table IV-5
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	\$2,033,346	\$172,259	\$2,087,387	\$176,070	\$2,385,357	\$153,364
	Annual Fiscal Audit	\$2,013,800	\$178,801	\$2,084,724	\$184,406	\$2,531,793	\$163,582
	State Controller Report	\$1,976,756	\$173,818	\$2,106,670	\$199,646	\$2,517,839	\$163,507
Unlinked Passengers	HTA Summary Report	464,650	14,565	545,764	13,863	582,986	12,683
	State Controller Report	464,650	14,565	545,764	13,939	582,986	12,683
Vehicle Service Hours	HTA Summary Report	26,926	5,605	30,027	5,269	34,548	4,315
	State Controller Report	26,926	5,605	545,764	13,939	34,548	4,316
Vehicle Service Miles	HTA Summary Report	667,033	85,584	727,176	95,487	864,919	76,113
	State Controller Report	667,033	85,584	727,176	81,528	740,118	51,289
Passenger Fares	HTA Summary Report	\$722,663	\$26,195	\$912,678	\$36,257	\$966,385	\$39,552
	Annual Fiscal Audit	\$725,211	\$33,942	\$935,534	\$40,932	\$979,953	\$39,565
	State Controller Report	\$772,820	\$27,432	\$912,274	\$40,112	\$1,003,758	\$39,566

Section V

Review of Operator Functions

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

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

Operations and Planning

Fixed Route

On February 11, 2008, Redwood Transit System, Eureka Transit Service, and Arcata & Mad River Transit Service introduced new electronic GFI fareboxes. The installation of electronic fareboxes has had many beneficial components that increase efficiencies and broaden the fare media that can be offered. The advent of the swipe card as a preferred fare media using the electronic farebox has reduced the need for riders and bus drivers to handle cash and correct fare amounts, although cash is still accepted through the farebox. Electronic fare media on stored value cards, much like existing pre-paid passes, also means HTA receives upfront cash in advance for trips whether taken or not, thus improving cash flow. This is exemplified in the growth in fare revenue since 2008 when the fareboxes were installed.

New transit pass products include a regional pass using stored value cards good for RTS, Willow Creek, SHTS, ETS, and A&MRTS buses. Values of \$10 or \$20 magnetic media cards allow rides on the regional transit systems for the new discounted rate. The magnetic pass can be used on any system at any time, demonstrating the coordination achieved by the major transit operators in the County. The card is swiped through the electronic farebox when boarding the bus and it will deduct the correct discounted rate for that system. Fare revenues are credited to the transit agency for which the trip took place. The JackPass used by HSU riders is also a slide card. In addition, HTA is developing a 7-day pass to complement existing fare passes to further reduce the need for using cash on the buses.

Following the installation of the electronic fareboxes, HTA raised cash fares in August 2008 from \$1.75 to \$2.50 per ride. The increase in cash fare acted as a deterrent for riders to use cash, as the prepaid value cards and passes provided a discount for each ride. The reduction of cash handling also reduced other issues, such as the use of counterfeit dollar bills and inadequate payment. Fare revenues are counted twice a week by both the General Manager and Operations Manager,

accounting for proper handling of the revenues. Manual fare counting verifies the estimates produced by the GFI fareboxes, and staff have found only a slight deviation of less than 1 percent between the two fare counting methods.

Serving a commuter market, the RTS service primarily carries students and commuters during peak travel times. The riders and drivers engage in some level of conversation during the trip, providing a sense of customer orientation. Operations staff indicated that the main passenger loads occur between Humboldt State University in Arcata and College of the Redwoods south of Eureka. Predictability in the number of boardings at bus stops between these two points can be uncertain. Some stops have high passenger counts and therefore increase the dwell time at those stops. The long travel routes also compound the challenge for the bus to regain its schedule for the entire route if it falls behind. In addition, changes in class schedules and offerings at the colleges create some difficulties for HTA to maintain regular service patterns in ridership and matching the bus schedule. These challenges are by-products of the system's growth as ridership continues to increase from its core ridership base. The newer low-floor hybrid buses used by HTA help to offset these challenges and speed up the boardings and departures at bus stops.

The new Southern Humboldt Transit Service was implemented in January 2010 upon an approved contract agreement between the County of Humboldt and HTA for operation of those services. The two-tiered service expanded upon the prior Quail dial-a-ride program to include enhanced connectivity between southern Humboldt and along the Highway 101 corridor to Eureka and beyond. A heavy rollout of service was implemented to gauge initial demand and ridership on these routes. There are currently no bus signages or shelters identifying the bus stops, although the bus stops are identified by local landmarks along the route. Also, HTA has contracted the installation of bus signage to a vendor.

Some former Quail riders resisted switching to the new service, even gathering signatures to protest the change while expressing their displeasure with the way the transition occurred. Although the initial heavy rollout affected farebox recovery in the early stages, the service appears to be improving based on changes in the farebox using data provided by HTA. The farebox ratios for both the local deviated fixed route and intercity service increased in the month of June 2010 relative to the average for the six months since their initial rollout in January. Southern Humboldt local service increased its farebox to 6.43 percent in June 2010 from 4.92 percent over the six month period, while intercity service increased to 15.68 percent from 12.86 percent during the same time period. HTA staff indicated that the intercity farebox has recently risen to about 18 percent.

An update to the HTA Short Range Transit Plan will be undertaken in the near future to address potential service adjustments. Expansion in the future could include adding Sunday service. The current SRTP includes goals and performance objectives for the various HTA services. These objectives can provide benchmarks for staff to conduct a comparison against actual data to determine the changes in service efficiencies and effectiveness. Due to limited staff resources, a comparison of actual data against benchmarks in the SRTP is not currently undertaken. However, HTA will receive global positioning system devices and will install on the buses to begin electronic

tracking of bus location and on-time performance. In addition, drivers are required to make note on their trip sheet explaining why they are more than 7 minutes behind schedule. When the bus is more than 10 minutes behind, the driver is instructed to call the dispatcher. Reasons have included route deviation, ramp closure, or accident/incident. Vehicle breakdowns have been noted as a source of customer complaints with roadcalls made. To improve safety and reduce risk, HTA purchased new cameras for its buses using STA funds. Mounting of eight integrated cameras per bus was undertaken and replaced other cameras previously installed four years ago.

Dial-A-Ride

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.

HTA's Customer Service Representative, who has been responsible for ADA certification, received additional training from the National Transit Institute on ADA certification and has implemented a more thorough procedure to approve rider eligibility. In the past, riders generally were certified to ride DAR as long as they received a doctor's approval of their disability with no further questions asked. The new process requires applicants to complete a more comprehensive questionnaire while still obtaining a doctor's written approval. The applicant then receives an in-person interview at HTA's office using a set of questions to discuss the rider's disability. The interview serves several purposes, including validating the applicant's disability, providing travel training, and providing a deterrent for non-qualified individuals. A free ride is provided from the applicant's home to the HTA office.

Based upon HTA's assessment, eligibility can be granted in one of three ways, including a conditional eligibility, unconditional eligibility, and temporary eligibility. Conditional eligibility enables DAR/L trips to be taken at certain times or under certain conditions. The HTA General Manager reviews staff's determination before approving the application.

There is a separate ADA certification application for the Southern Humboldt deviated fixed route service that is not as stringent as the ADA application that would enable eligibility on HTA, Eureka and Arcata dial-a-rides. Former Quail riders are recertified for the transition to the new deviated service. In keeping a piece of the former Quail dial-a-ride, a medical nutrition bus was implemented at the same time the new southern service commenced. The medical bus provided service from southern Humboldt into Eureka every Tuesday for people who are over 80 years old or are disabled and can not drive to medical appointments and shopping errands in Eureka. During the trial period which lasted through the end of FY 2010, there were not enough riders to justify continued operations of this special service.

As part of the new certification process, all applicants denied certification have access to an appeals process that must be initiated by the applicant within 60 days from the date of the denial notice. A list of seven steps is undertaken during the appeals process including a filing of the

appeal, a hearing by the Ridership Appeals Committee to hear both sides, and a decision made by the committee regarding the certification. The committee's decision can be made up to 30 days after the hearing and becomes final.

The Trapeze software installed at City Ambulance of Eureka (CAE) can track eligible 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. HTA works with the senior centers from the local jurisdictions to receive new information on riders to update the database. Recertification is required every 10 years. ADA applications are available at the senior centers, city halls and the HTA website.

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.

HTA has maintained a close relationship with CAE in the provision of contract dial-a-ride service. A new three year extension for CAE services for the Arcata/McKinleyville DAR/L was enacted in August 2008 and in effect through July 2011. CAE and HTA's Customer Service staff communicate as needed to resolve issues and provide assistance. CAE submits monthly DAR performance and financial data to HTA, although it is noted that data has been submitted late. The monthly summary statistics show daily trips, passenger type, and percentage of trips that are shared. Deadhead services are shown as monthly totals. Other operations characteristics such as missed trips, denials, and no shows do not appear to be provided in the summary statistics. These measures provide another means to assess DAR provision in addition to ridership and hours and miles of service.

CAE has invested time to learn the new Trapeze software and customize the program for the DAR services. Trip logs generated by the software are separated by service and can be summed for the month. Prior to implementing Trapeze, CAE was conducting manual dispatching and scheduling. Customer comments on DAR are addressed to the CAE transportation manager.

Maintenance

Maintenance is conducted on-site at the HTA administrative facility. The department is staffed by the Director of Maintenance, two mechanics (three during the audit period), 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. Although maintenance around the clock is possible from a financial standpoint, there is no proper supervision available to handle night work issues. The hiring of qualified mechanics that have the skill to work with large vehicles is difficult in the local market.

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. The Maintenance director indicated that the software is quite adequate for HTA's purpose, and that the vendor provides good support.

Inventory cycle counts are conducted at fiscal year end in July for reporting, and then a full parts count is conducted each January. When a mechanic forgets to record a work order, an order form is generated as necessary for the out of area manufacturer, Gillig, for special parts. The Ron Turley software is cable of creating an automated email to the parts vendor to order parts based on selected inventory levels by the user. HTA will use grant funds to stock up on parts to avoid shortages. Tires are recapped and not leased. The value of spare parts at HTA is about \$350,000, although staff indicated that this overall value is less than the past due to the use of new vehicles and need for less parts.

HTA maintains not only its own fleet, but the buses for ETS and A&MRTS. Mechanics also maintained three dial-ride vehicles for CAE while the vehicles were under ownership by HTA. These vehicles have since been signed over to CAE. More recently, in November 2010, HTA contracted with the Humboldt Fire District to maintain five of the district's vehicles under a one-year trial period.

The 2007 low-floor hybrid buses have undergone warranty repairs which HTA takes advantage of. There has been transmission failure and a recall on the bearings. The Director of Maintenance and a senior mechanic received out-of-state specialized training on the hybrid buses. The transmission manufacturer, Cummins West/Allison West, provided in-house training as well.

Minor vehicle roadcalls are typically identified and handled without compromising service by the mechanic's coordination to address the problem. The roadcall is addressed either during driver relief, or when the vehicle is a few blocks from HTA offices. A review of maintenance service statistics conducted on HTA vehicles shows that over the three year audit period, 50 roadcalls were recorded. Most roadcalls were made by three vehicles in the fleet, including a 1998 and a 2000 Gillig bus, and a 2007 Gillig Hybrid. When compared to the total revenue miles traveled by the HTA fleet for the three years (over 2.3 million miles), a performance ratio that measures roadcalls per given level of miles traveled is calculated at about 2 roadcalls per every 100,000 miles, a positive indicator of maintenance practice.

Marketing

Printed schedules in folded pocket style are available for RTS and Willow Creek and are re-printed as schedules are adjusted. A separate schedule is printed for the deviated fixed route bus service in southern Humboldt County. In January 2010, HTA published the *Humboldt County Transportation Services Guide* 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. Out-of-county transit

services are also listed, as is the HTA website for online trip planning. A countywide map is shown in the front of the guide that then references specific geographic areas and more detailed maps and transit providers in those areas. The guide is produced by HTA with support from Redwood Community Action Agency Division of Natural Resources Services, and funded by the Caltrans Environmental Justice Program. It is also available on-line.

For the rollout of the Southern Humboldt Transit Service, HTA printed a full page ad in the local newspaper. HTA's home website (<http://www.hta.org/>) provides updated information on both its fixed route and DAR systems. Links are available to other transportation resources and a trip planner module on the RTS website to help riders plan their bus trips. The format and content of the RTS website is similar to those used for the Arcata and Eureka transit systems, implying continuity and coordination of services.

General Administration and Management

HTA is governed by a seven member Board of Directors comprised of one representative each from the five incorporated cities and two representatives from the County of Humboldt. The Authority is administered by the General Manager and is supported by staff including the Manager of Operations and Safety/Secretary to the Board; Director of Maintenance; Receptionist/ADA Specialist; and two Administrative Assistants.

The HTA financial system was upgraded in 2008 by the switch from a DOS based system to QuickBooks Nonprofit Accounting software. Some challenges were encountered with use of the program, as noted in the fiscal audits that stated that the software is not capable of performing accounting functions on a route level basis. HTA staff has been able to find a software patch to improve the accountability of HTA's program finances over previous versions.

Drivers and mechanics are represented by the American Federation of State, County and Municipal Employees (AFSCME) Local 1684 Humboldt County Public Employees Association. A new contract with the employees union was adopted for a three year period effective June 2009 through June 2012. The contract provisions included recognition of part time workers and a step pay increase over the three year period. As described earlier in the audit, the pay increase totals \$1.75 per hour for employees by the third year of the contract. Unrepresented staff received the same increase plus an extra \$1.00 per hour starting in January 2010 because of the increase in workload from the addition of both Southern Humboldt transit services.

HTA operations service is provided by 28 full-time and 6 part-time drivers. The rollout of the Southern Humboldt service required additional staffing, as evidenced by the increase in FTEs shown in an earlier section of the audit. Driver extraboard consists of two full time drivers on standby for duty if needed. Twenty-six drivers bid for routes and times based on the seniority system. The Operations and Safety Manager serves in a supervisory role for ground-level operations and field monitoring, in addition to administrative management duties.

When hiring drivers, Class B drivers with passenger endorsements are hard to locate in the Humboldt region. HTA provides driver training and safety courses to meet state and federal requirements, including 15 hours in the classroom and 20 hours behind the wheel training. Two certified trainers are on staff to conduct evaluations and pre-trip inspection training. A safety meeting is held over the course of a day in which three separate classes are offered to allow all drivers to attend one of them based on their driving schedule in the morning, afternoon, or late evening. Safety awards are offered as incentives including pins and gift certificates. HTA is reviewing other means of driver incentives as the system evolves.

HTA owns property adjacent to its location that houses a structure capable of being renovated and used for an additional five office spaces. Consideration has been given to using the structure to house a future mobility management coordinator, existing/future HTA staff, or other public entity.

Grant Administration and Funding

HTA participates in the HCAOG Service Coordination Committee that acts in part to coordinate grant funding opportunities. As the SCC meetings are held at HTA offices, the HTA General Manager and other transit partners discuss funding opportunities. Several grant funds are utilized by HTA primarily for capital expenses. Air quality regulations have required HTA to change its fleet composition through bus replacement. The hybrid vehicles purchased in 2007 are an example of the fleet changes to comply with Air Resources Board rules. The County of Humboldt sets aside \$200,000 per year in TDA claims for bus replacement countywide. This has helped to procure vehicles for the Southern Humboldt Transit Service. HTA also received federal American Recovery and Reinvestment Act (ARRA) stimulus funds in 2009 in the amount of about \$400,000 that was used for preventative maintenance expenditures. Eureka Transit received about \$150,000 and Arcata Transit received about \$85,000 in ARRA funding as well. State Proposition 1B funds have been used by HTA for vehicle procurement, while STA funds have recently been used to purchase video cameras that will be mounted around the HTA operating facility.

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. HTA has complied with eight of the 11 TDA compliance requirements. HTA was in partial compliance with consistency in its definitions of TDA performance measures for revenue hours and full time equivalents. Two compliance requirements were not applicable to HTA (urban farebox ratios).
2. HTA 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 grew between FYs 2009 and FY 2010 due to several occurrences, including the start up of the Southern Humboldt Transit system which included both local and intercity services, and implementation of a new union employee contract that calls for incremental step pay increases. Unrepresented administration employees also received an incremental increase in compensation following the union contract.
4. Based on the Annual Fiscal and Compliance Audits, the RTS service has met its TDA farebox ratio in each year of the audit period. The Willow Creek extension and the Arcata and Corridor DAR systems have also met their respective farebox ratios. The Quail service did not meet its farebox requirement, but has since been eliminated and replaced by the new southern Humboldt County transit service.
5. HTA fully implemented three of the four prior audit recommendations. The recommendation that was not fully implemented is carried forward for full implementation and concerns the correct reporting of service data per the TDA definitions.
6. HTA's performance indicators over the past three years reflect a growing and productive service despite the national and state recession. Although operating costs increased by 39 percent over a three year period, most notably in FY 2010 due to transition to new services, the costs have been offset by revenues from continued increases in ridership and fare revenue that have grown by a larger percentage than costs. The single ride cash fare was increased to partially influence riders to use the non-cash discounted value cards and passes.
7. In February 2008, Redwood Transit System, Eureka Transit Service, and Arcata & Mad River Transit Service introduced new electronic GFI fareboxes on the buses. The installation of electronic fareboxes has had many beneficial components that increase efficiencies and

broaden the fare media that can be offered such as the advent of the swipe card as a preferred fare media, thus reducing the handling of cash fare.

8. The new Southern Humboldt Transit Service was implemented in January 2010 upon an approved contract agreement between the County of Humboldt and HTA for operation of those services. Despite the unhappiness expressed by some former Quail riders, the two-tiered service expanded upon the prior dial-a-ride program to include enhanced connectivity between southern Humboldt and along the Highway 101 corridor to Eureka and beyond. While the initial rollout has affected farebox recovery in the early stages, the service appears to be improving based on changes in the farebox using data provided by HTA.
9. A more thorough procedure was implemented to approve ADA rider eligibility for dial-a-ride including an in-person interview at HTA offices. Eligibility determination for DAR/L services was changed to reduce abuse of DAR service, address capacity issues, and require additional HTA review of eligibility beyond a doctor's approval. Based upon HTA's assessment, eligibility can be granted in one of three ways, with an appeals process put in place to enable an applicant to challenge the decision.
10. HTA published the *Humboldt County Transportation Services Guide* for public transit and human service transportation in January 2010. 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.
11. The HTA financial system was upgraded in 2008 by the switch from a DOS based system to QuickBooks Nonprofit Accounting software. Some challenges were encountered with use of the program, as noted in the fiscal audits that stated that the software is not capable of performing accounting functions on a route level basis. HTA staff has been able to find a software patch to improve the accountability of HTA's program finances over previous versions.

Triennial Audit Recommendations

1. Continue Efforts to Report State Controller Data Using TDA Definitions.

Fixed route driver logs show driver hours, as opposed to revenue hours, that are used as inputs to the data reported in the State Controller Report. Revenue hours should be provided in the Controller Reports which are a subset of total driver hours. Similar to how non-revenue miles are recorded in the driver logs, a separate reporting of revenue and non-revenue hours should be provided in the log and used to correctly complete the State Controller Report. Full time equivalent calculations should also be conducted using total hours worked by all HTA employees and divided by 2,000 hours. Based on a comparison of total work hours provided by HTA, and FTE data in the Controller Reports, it appears the current FTEs in the Controller Reports only include drivers and not administrative or maintenance staff. Minor adjustments to both sets of data would enable full compliance.

2. Request and include additional operations data such as number of trip cancellations, trip denials, missed trips and no shows in the monthly DAR summary reports.

The provision of additional operating characteristics in the summary reports submitted by CAE to HTA could enhance the level of analysis with regard to DAR service. The suggestion of including these performance measures in the summary report follow industry standard information to help gauge operating performance. The implementation of Trapeze should simplify the collection and collation of this data as part of regular reporting. Patterns and trends from these measures would be synthesized with other data that is already being provided by DAR system such as ridership, service hours and miles, and farebox recovery.

3. Include operational performance indicators such as roadcalls and customer comments in the fixed route Comparative Performance Activity Report.

Operational data measures for fixed route service provide additional analytical tools to assess transit performance on a monthly and year-to-date basis. Service data such as on-time performance, vehicle breakdowns and roadcalls, and number of customer comments (complaints/compliments) are important features from an operational standpoint, and could be reviewed alongside existing financial performance indicators such as farebox recovery and operating costs in the Comparative Performance Activity Report. The inclusion of operational data by service (RTS, WC, and SHTS) in the performance activity report creates a wider snapshot of service productivity within one report, and could provide further explanation of performance patterns and trends.