

FY 2014-2016 TRIENNIAL PERFORMANCE AUDIT OF HUMBOLDT COMMUNITY ACCESS & RESOURCE CENTER (HCAR)



SUBMITTED TO
HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS



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SUBMITTED BY

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INTERNATIONAL

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Section I

Introduction

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

The Humboldt County Association of Governments (HCAOG) engaged Michael Baker International to conduct the TDA triennial performance audit of the public transit operators under its jurisdiction in Humboldt County. This performance audit is conducted for the Humboldt Community Access & Resource Center (HCAR) covering the most recent triennial period, fiscal years 2013-14 through 2015-16.

The purpose of the performance audit is to evaluate the HCAR's effectiveness and efficiency in its use of TDA funds to provide public transportation in its service area. This evaluation is required as a condition for continued receipt of these funds for public transportation purposes. In addition, the audit evaluates the HCAR's compliance with the conditions specified in the California Public Utilities Code (PUC). This task involves ascertaining whether the agency 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 HCAOG and other partner agencies, collection and review of agency documents, and data analysis. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* published by the California Department of Transportation (Caltrans) was used to guide in the development and conduct of the audit.

Overview of the Transit System

HCAR is a local nonprofit 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 had 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 the Community Benefits Network, the United Way of Humboldt County, and through community donations and local projects.

During the audit period, HCAR served as the designated Consolidated Transportation Services Agency (CTSA) for Humboldt County. This designation allowed the agency to secure funding from transportation agencies such as HCAOG, provide transportation support to those residing in the greater Humboldt Bay region, develop a travel training assistance program, and foster cooperation between the needs of disabled persons and seniors.

HCAR's Transportation Department was comprised of four transportation programs including Dial-A-Ride/Dial-A-Lift (DAR/L) in the Humboldt Bay Region, Care-A-Van service for the greater Humboldt Bay area, day program transportation, and charter services. This audit covers only the Dial-A-Ride/Lift program because it was supported by TDA funds.

While outside the audit period, it is noted that effective July 1, 2016, upon designation by HCAOG, the Humboldt Transit Authority (HTA) became the CTSA for Humboldt County to provide an array of services including coordination of public transportation services and ensuring continual satisfactory compliance with applicable TDA regulations. DAR/L services operated by HCAR were discontinued as of January 2016.

System Characteristics

Prior to the discontinuance of service, HCAR DAR/L was provided for seniors and disabled persons located in the outlying unincorporated communities of the Humboldt Bay region not served by the Eureka and Arcata DAR/L systems. The service operated Monday through Saturday between the hours of 7:00 a.m. and 7:00 p.m. DAR/L did not operate on Sunday and the following major holidays: New Year's Day, Independence Day, Thanksgiving, and Christmas. Regular day service was provided on other holidays.

The HCAR DAR/L service area was composed of 12 zones, which included the communities of Bayview, Cutten, Elk River, Fields Landing, Humboldt Hill, King Salmon, Manila, Old Arcata Road, Ridgewood Heights, and Samoa. The expanded service area also included the College of the Redwoods. Program boundaries were generally defined by the provision of service approximately three quarters of a mile from the identified roadways and/or communities. A summary of the 12 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/Fields Landing/King Salmon and the City of Eureka
2	Travel between Humboldt Hill/Fields Landing/King Salmon and the City of Arcata
3	Travel between Indianola Cutoff and the City of Eureka
4	Travel between Indianola Cutoff and the City of Arcata
5	Travel between the City of Arcata and Manila/Samoa
6	Travel between the City of Eureka and Manila/Samoa
7	Travel between Ridgewood Heights and the City of Eureka
8	Travel between Ridgewood Heights and the City of Arcata
9	Travel between Elk River Community and the City of Eureka
10	Travel between Elk River Community and the City of Arcata
11	Travel between College of the Redwoods and the City of Eureka
12	Travel between College of the Redwoods and the City of Arcata

Source: HCAR

Reservations for service were accepted until 5:00 p.m. the previous day. Return trips were required to be made prior to 6:30 p.m. If a rider needed a ride from the City of Eureka to their home in the HCAR service area, for example, they were accommodated. HTA was responsible through its contract with HCAOG for printing and verifying tickets, rider certification, marketing, and ticket sales on HCAR's behalf.

Fares

HCAR DAR/L fares were structured on a zone and destination basis. Dial-A-Ride tickets were \$3.00 each and sold in books of six for \$18.00. One ticket was collected per travel zone up to a maximum of three zones. The tickets could also be used on Eureka and Arcata DAR/L systems. Riders who were certified to use the system were also able to purchase tickets by mail. Drivers accepted cash payment for travel in lieu of a ticket, which was not the preferred fare media. Tickets were available for purchase at HTA, the Senior Resource Center or the McKinleyville Senior Center at Azalea Hall.

Attendants who accompanied a person certified to have an attendant were not charged. The attendant had to be identified at the time of certification. Individuals who were not certified as needing an attendant were able to have one guest accompany them for their trip at the same cost per zone as paid by the certified individual.

Fleet

There were 10 vehicles in the HCAR DAR/L fleet. The majority of the fleet was gasoline-powered, plus one vehicle that was diesel-powered. Table I-2 summarizes the vehicle fleet.

Table I-2
HCAR DAR/L Fleet

Year	Make	Quantity	Fuel type	Seating
1999	Ford	1	Diesel	27 (0 W/C)
2002	Ford	1	Unleaded Gasoline	7 (0 W/C)
2003	Ford	2	Unleaded Gasoline	16 (3 W/C)
2003	Ford	1	Unleaded Gasoline	21 (4 W/C)
2005	Chevy	2	Unleaded Gasoline	8 (2 W/C)
2011	Chevy	1	Unleaded Gasoline	12 (4 W/C)
2013	Dodge	1	Unleaded Gasoline	5 (2 W/C)
2015	Ford	1	Unleaded Gasoline	8 (2 W/C)
Total		10		

Source: HCAR

The DAR/L vehicles were stored at HCAR's administrative facility, while other vehicles used for its day programs were stored at off-site locations near their clients. All DAR/L vehicles, with the exception of one that was not used for CTSA service, were equipped with wheelchair lifts and tie downs which conformed to the requirements of the Americans with Disabilities Act (ADA). The ADA compliant vehicles were interchangeable for the different services if needed.

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 *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies* to assess transit operators. The guidebook contains a checklist of 11 measures taken from relevant sections of the 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 and to the State Controller based upon the Uniform System of Accounts and Records established by the State Controller. Report is due 90 days after end of fiscal year (Sept. 28/29), or 110 days (Oct. 19/20) if filed electronically (Internet).	Public Utilities Code, Section 99243	Completion/submittal dates: FY 2014: October 14, 2014 FY 2015: October 21, 2015 FY 2016: October 24, 2016 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 2014: November 5, 2014 FY 2015: November 24, 2015 FY 2016: October 27, 2016 Conclusion: Complied.
The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the	Public Utilities Code, Section 99251 B	HCAR participated in the CHP Transit Operator Compliance Program in which the CHP conducted inspections within

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator's terminal.		<p>the 13 months prior to each TDA claim.</p> <p>Inspections were conducted at HCAR's facility located at 1707 E Street, Eureka.</p> <p>Transit Operator Compliance Certificates and inspection dates applicable to the audit period were June 12, 2013; June 9 & 10, 2014; and June 10, 2015.</p> <p>Inspections were found to be satisfactory.</p> <p>Post-audit, HCAR received an unsatisfactory rating during its July 1, 2016 inspection pertaining to its non-compliance with the Pull Notice program due to expiration.</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>HCAR received State Transit Assistance (STA) funding from HCAOG for its operations. STA funding was adopted by annual resolution by the HCAOG Board. The resolution contained findings as a condition of approving the claim. The service contract between HCAOG and HCAR stipulated the annual amount of annual STA that can be approved. However, the annual budgets had not been included with HCAR's TDA claims submitted to HCAOG.</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		Conclusion: Partial Compliance.
If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	Public Utilities Code, Section 99270.1	HCAR DAR/L was a specialized service and was not subject to this requirement. Conclusion: Not Applicable.
The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	Public Utilities Code, Section 99266	Percentage increase in HCAR's transit operating budget: FY 2014: -9.8% FY 2015: -1.4% FY 2016: -47.3% The change in HCAR's operating budget for FY 2016 was attributed to CTSA Dial-A-Ride operations being discontinued and transferred to another contracted service provider under the administration of HTA. HCAR provided service for the first half year in FY 2015-16. Source: Annual Fiscal and Compliance Audits Conclusion: Complied.
The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per	Public Utilities Code, Section 99247	A review of external and internal reports compiled during the audit period indicates that performance data was not being properly collected and reported.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
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.		<p>A comparison of performance data comprising passenger trips, vehicle service hours and vehicle service miles shows a wide variance in the data being reported in the State Controller Reports, HCAR Dial-A-Ride reports and the fiscal audits (for vehicle service hours).</p> <p>Conclusion: Not in compliance.</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-twentieths (15 percent), if so determined by the RTPA.	Public Utilities Code, Sections 99268.2, 99268.3, 99268.12, 99270.1	<p>HCAR DAR/L was a specialized service and was not subject to this requirement.</p> <p>Conclusion: Not Applicable.</p>
If the operator serves a rural area, or provides exclusive services to elderly and disabled persons, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	Public Utilities Code, Sections 99268.2, 99268.4, 99268.5	<p>As a specialized transportation system, HCAR was subject to a 10% farebox recovery ratio. The system's farebox recovery ratios using audited data were as follows:</p> <p>FY 2014: 22.3% FY 2015: 18.9% FY 2016: 14.7%</p> <p>Source: Annual Fiscal and Compliance Audits</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		Conclusion: Complied.
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	HCAR does not offer a retirement program to its employees. Conclusion: Not applicable.
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 STA funds, HCAR did not utilize federal funds for operations. However, HCAR applied for federal grant funding under the FTA Section 5310 program for capital expenditures, including vehicle procurement. FY 2014: \$-0- FY 2015: \$60,000 FY 2016: \$-0- Source: Annual Fiscal and Compliance Audits & HCAOG Conclusion: Complied.

Findings and Observations from Operator Compliance Requirements Matrix

1. Of the compliance requirements applicable to HCAR, the operator fully complied with six out of eight requirements. HCAR was partially compliant with regard to including a copy of its DAR/L budget with its annual TDA claim. A finding of non-compliance was made for performance data that were not being properly collected and reported. A comparison of performance data comprising passenger trips, vehicle service hours and vehicle service miles shows a wide variance in the data being reported in the State Controller Reports, HCAR Dial-A-Ride reports and the fiscal audits (for vehicle service hours). Three additional compliance requirements did not apply to HCAR (i.e., urban and intermediate farebox recovery ratios, and employee retirement).
2. Based on the Annual Fiscal and Compliance Audits, the farebox recovery ratio for HCAR DAR/L remained above the required 10 percent. Audited farebox recovery ratios attained during the period were 22.3 percent in FY 2014; 18.9 percent in FY 2015; and 14.7 percent in FY 2016. The average farebox recovery ratio attained during the audit period was 18.6 percent.
3. HCAR participated in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period.

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 HCAR'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

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

Background: The prior audit recommended that the transportation director conduct a review of the Transit Operators Financial Transactions Report for DAR/L prepared by the Finance Department before it is submitted to the State Controller 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.

A review of the Transit Operators Financial Transactions Reports prepared and submitted during the prior audit period contained discrepancies with regard to the performance data and the full-time employee (FTE) equivalents. For instance, the vehicle service hour data for FY 2011 was the same figure as the total number of passengers, while for FY 2013 the vehicle service mileage data was omitted. In addition, the FTE data reported in FY 2013 appeared to be a headcount rather than the total amount of DAR/L employee labor hours divided by 2,000.

Actions taken by HCAR

In response to this recommendation, a review of the FTE data reported in the Transit Operators Financial Transactions Reports show consistency and compliance with the TDA calculation. However, wide discrepancies remain between data reported internally and those reported externally. External and internal reports compiled during the audit period indicate that performance data are not being properly collected and reported.

A comparison of performance data comprising passenger trips, vehicle service hours and vehicle service miles shows a wide variance in the data being reported in the State Controller Reports, HCAR Dial-A-Ride reports and the fiscal audits (for vehicle service hours) as shown in the following table:

	State Controller Report			Internal Performance Data			Fiscal Audit - Note 8		
	Passenger Trips	Vehicle Service Hours	Vehicle Service Miles	Passenger Trips	Vehicle Service Hours	Vehicle Service Miles	Passenger Trips	Vehicle Service Hours	Vehicle Service Miles
FY 2014	4,463	2,612	35,487	7,140	1,687	135,287	n/a	4,826	n/a
FY 2015	9,247	2,259	84,254	9,461	2,259	48,968	n/a	3,976	n/a
FY 2016	3,796	3,698	108,404	3,477	1,066	24,570	n/a	3,698	n/a

Conclusion

This recommendation has not been implemented and is no longer applicable due to HTA being designated as the CTSA and administrator of the DAR/L service contract.

Prior Recommendation 2

Conduct regular passenger surveys to gauge customer satisfaction and service needs.

Background: Given HCAR's recent service expansion and emphasis on mobility management, the prior audit recommended that a survey be conducted annually or bi-annually that would allow HCAR to gauge passenger needs and sentiments with regard to the transit service. The survey could capture valuable demographic information on riders as well as trip patterns, thoughts on bus amenities, new service areas and further regional coordination.

Actions taken by HCAR

There has been no indication that ridership surveys were conducted by HCAR during the audit period. Ridership surveys have been conducted by HCAOG as part of the Unmet Transit Needs process although such surveys have not always been a reliable means to gauge ridership demand. HCAOG recently commissioned a Five-Year Transit Development Plan (TDP) and a Transit Marketing Plan for the regional transit network that will cover FY 2017–18 through FY 2021–22. The TDP update will include on-board and on-line ridership surveys to gauge trip patterns, travel demand and potential new services.

Conclusion

This recommendation has not been implemented and is no longer applicable due to HTA being designated as the CTSA and administrator of the DAR/L service contract.

Prior Recommendation 3

Coordinate Mobility Management Functions with HCAOG and Other Transit Providers.

Background: HCAR developed its mobility management functions during the prior audit period through such activities as gaining travel training certifications, being involved in ADA advocacy,

Title VI assistance, and emergency preparedness coordination. As mobility management is a broad term describing a strategic approach to service coordination and customer service through creation of partnerships among transportation providers, the activities developed by HCAR should be consistent with the transportation system objectives for the Humboldt Region. The prior audit suggested that HCAOG, as the regional transportation planning agency, the other public transportation operators, and HCAR continue to coordinate on the role and funding of the CTSA and the functions that mobility management should serve in the region. This includes consistency with the *Humboldt County 2013 Coordinated Public Transit-Human Services Transportation Plan*.

HCAR received an allocation of \$10,000 toward travel training through HCAOG. In addition to specialized transportation services, HCAR also provided mobility management functions. It has been HCAOG's contention that any proposed HCAOG funding for mobility management other than the \$10,000 for travel training would need to be approved by the HCAOG Board. It was suggested that HCAOG, through the Service Coordination Committee, and HCAR determine the responsibilities and funding levels to continue support of both services and the benefits to the region from using STA funds for these programs. As CTSA support functions can be funded through other possible means such as TDA Article 4.5 which places an annual funding cap, and/or FTA Section 5310 which consolidates former FTA Section 5317 New Freedom-type projects regarding seniors and people with disabilities, there could be options to the financial support for mobility management and specialized transportation.

Actions taken by HCAR

A review of TDA claims submitted during the audit period showed that HCAR received its annual \$10,000 allocation toward mobility management for FY 2014. HCAR did not receive an allocation of STA funds for mobility management during FY 2015 and FY 2016. This is attributed to changes in the administration and coordination of mobility management and DAR/L services in Humboldt County, along with HCAR deciding not to further pursue mobility management. DAR/L services operated by HCAR were discontinued as of January 2016 and HTA was designated by HCAOG as the CTSA effective July 1, 2016. Subsequently, HTA has assumed a number of mobility management functions, which has included an update of the ADA eligibility screening process and recertification process based on federal Department of Transportation and Department of Justice guidelines. HTA also revised its ADA application and no-show policy.

Conclusion

This recommendation has not been implemented and is no longer applicable due to HTA being designated as the CTSA and administrator of the DAR/L service contract.

Section IV

TDA Performance Indicators

This section reviews HCAR's DAR/L 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.

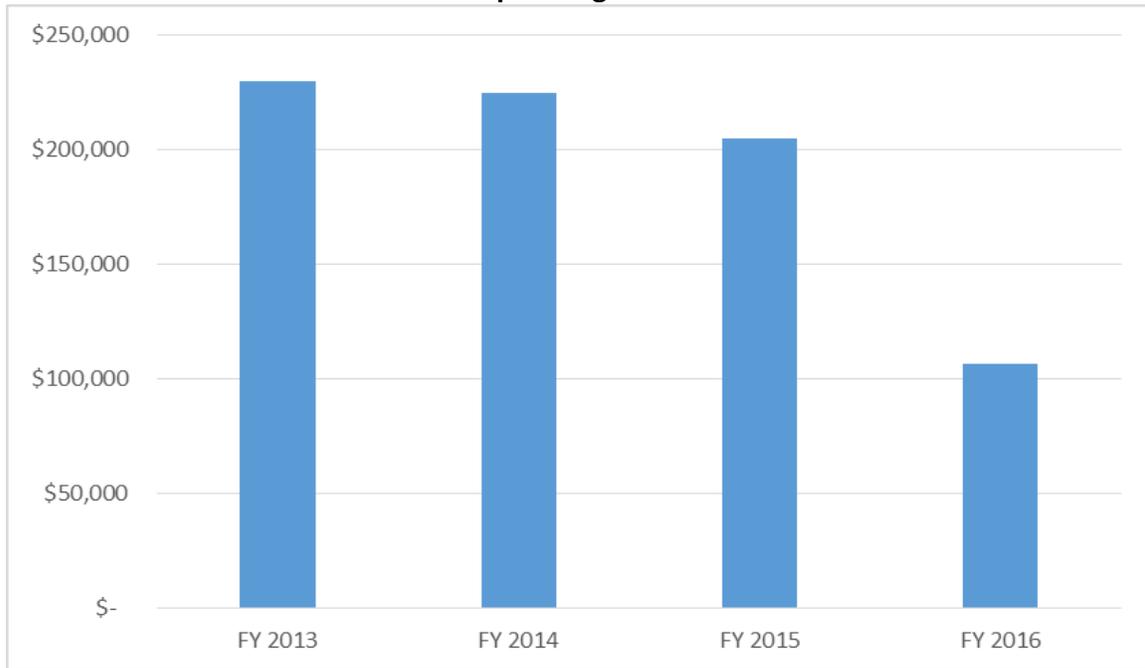
Table IV-1 provides the performance indicators for HCAR DAR/L. Charts are also provided to depict the trends in the indicators. It is noted that the systemwide operating costs, vehicle service hours and fare revenues are based on audited figures.

**Table IV-1
HCAR TDA Performance Indicators**

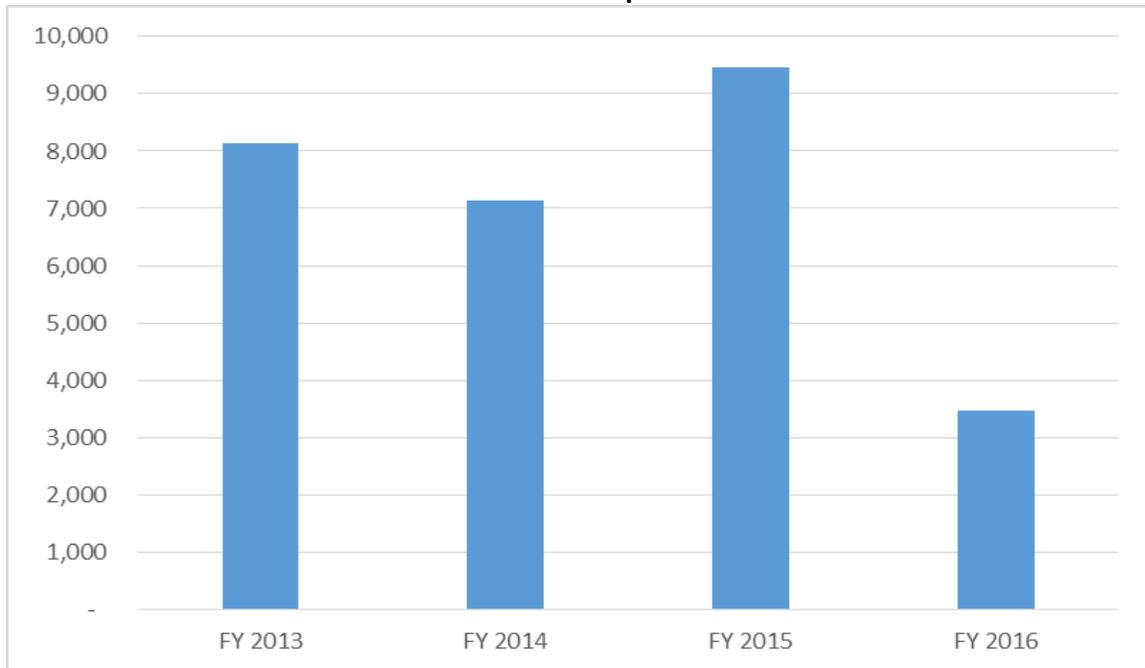
Performance Data and Indicators	Audit Period				% Change FY 2013- 2016
	FY 2013	FY 2014	FY 2015	FY 2016	
Operating Cost	\$230,158	\$224,651	\$204,908	\$106,612	-53.7%
Total Passengers	8,140	7,140	9,461	3,477	-57.3%
Vehicle Service Hours	5,803	4,826	3,976	3,698	-36.3%
Vehicle Service Miles	58,822	35,487	48,968	24,570	-58.2%
Employee FTEs	5	5	4	4	-20.0%
Passenger Fares	\$44,074	\$50,076	\$38,658	\$15,654	-64.5%
Operating Cost per Passenger	\$28.27	\$31.46	\$21.66	\$30.66	8.4%
Operating Cost per Vehicle Service Hour	\$39.66	\$46.55	\$51.54	\$28.83	-27.3%
Operating Cost per Vehicle Service Mile	\$3.91	\$6.33	\$4.18	\$4.34	10.9%
Passengers per Vehicle Service Hour	1.4	1.5	2.4	0.9	-33.0%
Passengers per Vehicle Service Mile	0.14	0.20	0.19	0.14	2.3%
Vehicle Service Hours per Employee	1,160.6	965.2	994.0	924.5	-20.3%
Average Fare per Passenger	\$5.41	\$7.01	\$4.09	\$4.50	-16.8%
Fare Recovery Ratio	19.15%	22.29%	18.87%	14.68%	-23.3%

Source: Annual Fiscal & Compliance Audits, HCAR Internal Performance Data; State Controller's Reports

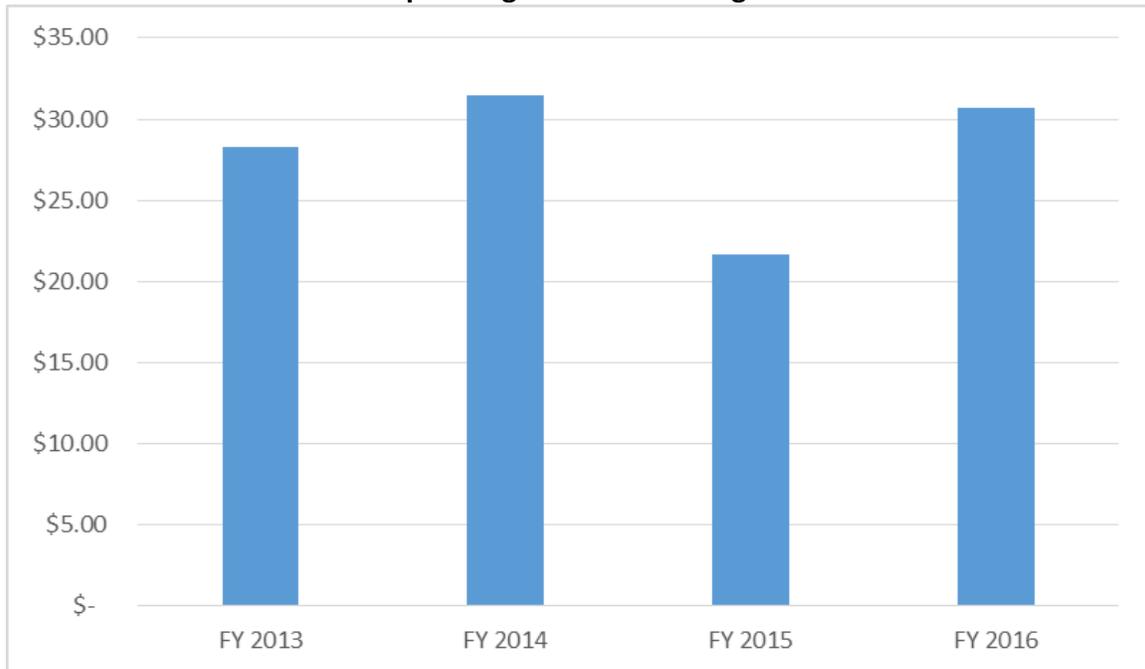
**Graph IV-1
Operating Costs**



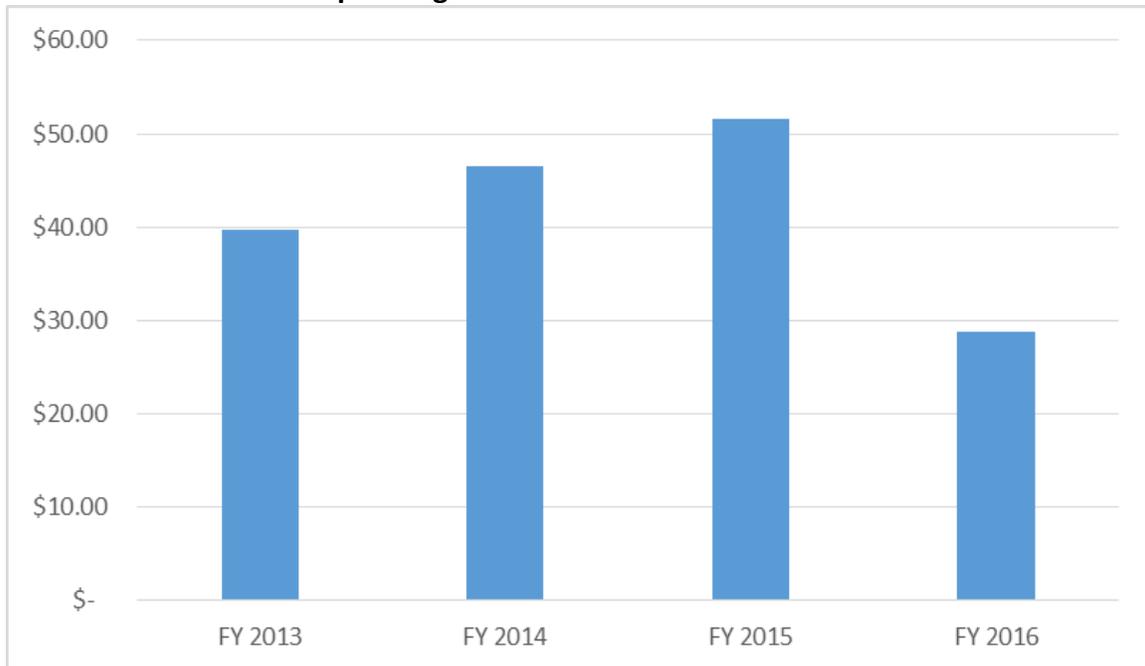
**Graph IV-2
Ridership**



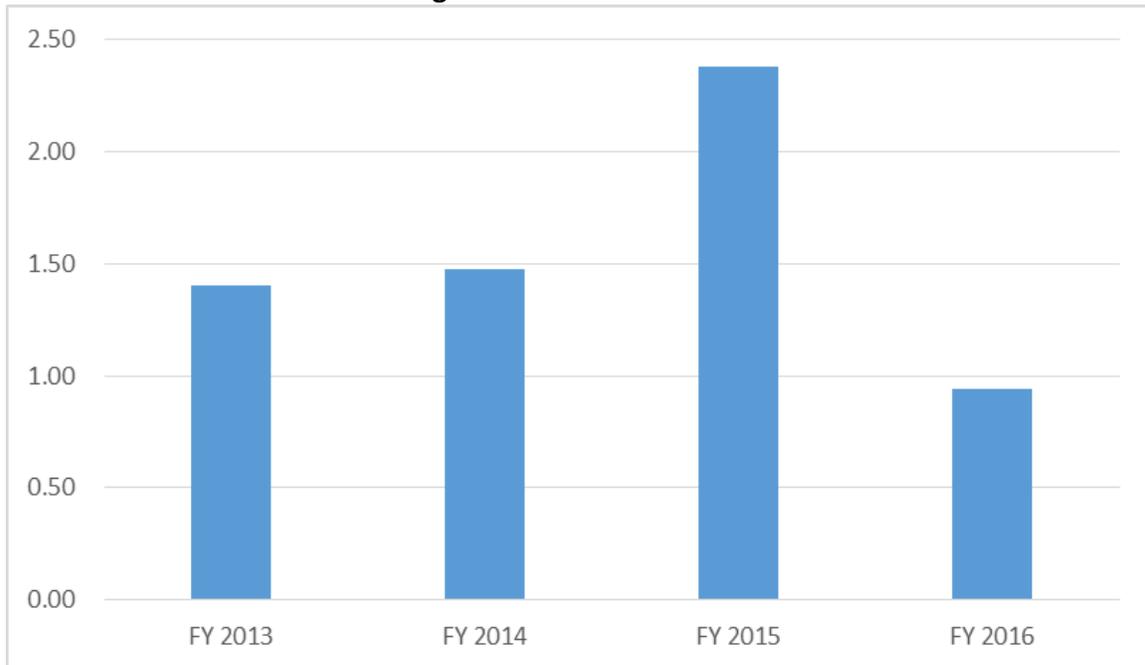
Graph IV-3
Operating Cost Per Passenger



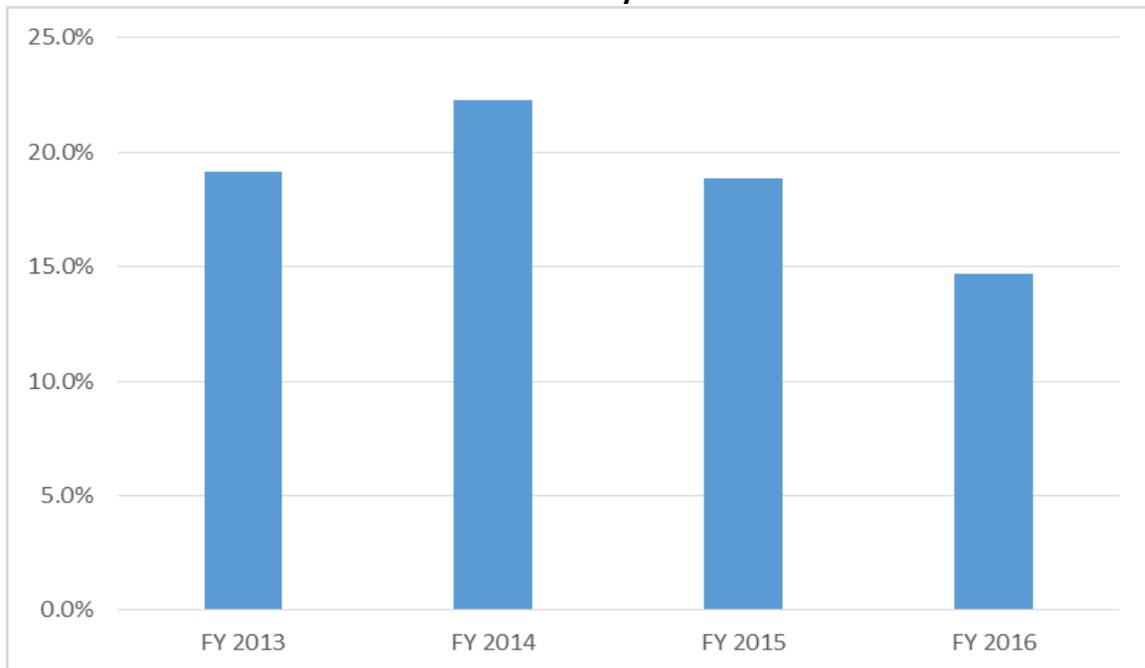
Graph IV-4
Operating Cost Per Vehicle Service Hour



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 27.3 percent from \$39.66 in FY 2013 base year to \$28.83 in FY 2016. This trend is consistent with the decrease HCAR's DAR/L operating costs of 53.7 percent during the period (based on audited data), and the decrease in vehicle service hours of 36.3 percent between FY 2013 and FY 2016.
2. **Operating cost per passenger**, an indicator of cost effectiveness, increased 8.4 percent from \$28.27 in FY 2013 to \$30.66 in FY 2016. As noted above, HCAR's operating costs decreased 53.7 percent during the period; however, the DAR/L ridership decreased at a larger rate of 57.3 percent during the period from 8,140 passengers in FY 2013 to 3,477 passengers in FY 2016.
3. **Passengers per vehicle service hour**, which measures the effectiveness of the service delivered, decreased 33 percent between FY 2013 and FY 2016 from 1.4 passengers per hour to 0.9 passengers per hour. The trend in this indicator reflects a more pronounced decrease in ridership on the CTSA DAR/L services as compared to the decrease in vehicle service hours.
4. **Passengers per vehicle service mile**, another indicator of service effectiveness, remained relatively unchanged during the audit period at 0.14 passengers per mile. From the FY 2013 base year to FY 2016, total vehicle service miles decreased 58.2 percent from 58,822 vehicle service miles to 24,570 vehicle service miles.
5. **Vehicle service hours per employee** decreased 20.3 percent between FY 2013 and FY 2016. While vehicle service hours decreased 36.3 percent during the audit period, the number of FTEs decreased slightly from 5 in FY 2013 to 4 in FY 2016. This measure is based on the number of employee full-time equivalents (FTE) using employee pay hours from the State Controller Report and dividing by 2,000 hours per employee.
6. **Farebox recovery** decreased 23.3 percent between FY 2013 and FY 2016 from 19.15 percent in FY 2013 to 14.68 percent based on audited data. Passenger fare revenues decreased from \$44,074 in FY 2013 to \$15,654 in FY 2016 (partial year total). The decline in fare revenues is in direct correlation with the decline in passenger trips. CTSA DAR/L services operated by HCAR were discontinued effective January 2016.

Conclusion from the Verification of TDA Performance Indicators

HCAR's DAR/L performance indicators show declines across all indices through FY 2016 as the last audit year only accounts for six months of operations. CTSA operating costs decreased during the audit period exhibiting an average annual rate of 19.7 percent. The decrease in passengers trips averaged 14.3 percent annually, with the highest decrease of 63.2 percent occurring in FY 2016. The large rural service area of HCAR DAR/L was challenging to maintain efficient passenger loads although the performance indicator of passengers per mile has remained relatively stable. The decrease in passenger fare revenues averaged 22.9 percent annually.

Section V

Review of Operator Functions

This section provides an in-depth review of various functions within HCAR. The review highlights accomplishments, issues and/or challenges that were determined during the audit period. The following functions were reviewed at HCAOG administrative offices in Eureka given that the HCAR DAR/L program had largely been disbanded:

- Operations
- Maintenance
- Marketing
- General Administration and Management

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

Operations

The DAR/L program was initiated by HCAR to provide for the specialized transportation service needs of residents located in the unincorporated areas of the Humboldt Bay region to access medical care and other essential services. The HCAR DAR/L service area eventually expanded to twelve zones from eight. The expanded service area included the main campus of the College of the Redwoods.

HCAR continued to discern its role as a mobility management coordinator. HCAR had been assessing its capability to consolidate the ADA certification process for the region, since HCAR conducted certification for Care-A-Van while Dial-A-Ride Certification was undertaken by HTA. HCAR was equipped to receive all DAR/L calls and certification requests while the transportation director and another staff member were certified by Easter Seals Project Action to administer ADA provisions. In addition, HCAR partnered with the Redwood Coast Regional Center to provide travel training.

HCAR provided subscription and program transportation services in conjunction with In-Home Supportive Services (IHSS) and other programs in the service area. IHSS is a program directed by the California Department of Social Services that provides aid to blind, aged, and disabled individuals who are unable to remain safely in their own home without the aid of a care provider. The Adult Day Health Care (ADHC) services in Eureka and Arcata also generated a number of riders. ADHC was billed on a per use basis.

DAR/L reservations were taken by the transportation dispatcher or director during normal business hours and relayed to the drivers. HCAR implemented an automated phone system that

records reservation information and then forwards the message to a driver's cell phone, or through an email connection. This reduced the need for a person to be stationed at the desk to take all reservations while also providing consistent messaging since the reservation was provided directly by the passenger. This system was geared toward advance reservations, as reservations were not taken in real time. However, if a rider needed a ride from the City of Eureka to their home in the HCAR service area, for example, they were provided service.

HCAR installed tablets in all 10 vehicles utilized on the DAR/L service. The agency utilized Route Match dispatching and scheduling software program. Since implementation, wait times had decreased and mileage and arrival data reporting was becoming more accurate. The Route Match database had capabilities to be tied into CAE's Trapeze dispatching and scheduling program.

There were three full-time drivers, two on-call drivers, and one dispatcher. HCAR drivers were 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 HCAR vehicles.

The transportation director held monthly driver meetings and conducted activities including sample DMV tests and safety training. Videos were shown for such safety measures as proper restraints and other in-vehicle measures. Ride-alongs were held as part of the performance evaluation to test driver proficiency. Drivers developed special connections with the riders which minimized complaints while enhancing customer service.

Maintenance

HCAR relied on an outside local vendor for vehicle maintenance. Vehicles were subject to regular servicing at Antich Automotive located at 101 2nd Street in Eureka, which employed mechanics who are Automotive Service Excellence (ASE)-certified technicians. HCAR adhered to the CHP's preventive maintenance inspection (PMI) protocol of 3,000 miles or 45 days for standard vehicles. CHP annual terminal inspections were conducted at HCAR, and satisfactory ratings were made for all inspections conducted during the audit period.

Each of the vehicles in the fleet received a safety check from its driver prior to pull out. The Daily Inspection/Mileage/Request for Repair Report was completed by the driver that inspects for various basic conditions in and around the vehicle. Areas needing attention were noted and submitted to the transportation director.

Marketing

HCAR utilized several marketing approaches in its role as a community services agency. The HCAR web site (<http://www.hcar.us/>) provided information regarding the various programs and services offered by the agency. Information about the DAR/L and Care-A-Van services were accessible under the Transportation link located on the left-hand margin of the main page. The link for transportation is no longer available. The web site has a Google Translate feature that

allows content to be translated into a myriad of languages. In addition to its web site, HCAR has a social media presence through its Facebook page.

HCAR published a tri-fold brochure featuring information on its services and role in the community. The brochure is distributed at community events. Another novel marketing approach had been the installation of decorative window paintings on the vehicles.

General Administration and Management

HCAR is governed by a 5 to 13 member Board of Directors based on its 2016 organization chart. Administrative oversight falls under the executive director, who oversees the six agency programs run by the agency. HCAR's administration also includes a fiscal director, personnel director, and an administrative assistant.

The transportation director managed the Dial-A-Ride/Dial-A-Lift program and reported to the executive director. The transportation director was responsible for scheduling and dispatching. In addition to operational oversight, the transportation director had been involved in expanding HCAR's transportation services and its CTSA role. This included a role in the county-wide effort to establish a mobility management program. HCAR's attendance at the HCAR Service Coordination Committee also facilitated its relationship and coordination with HCAOG and the other transit providers in the county. In addition, HCAR has been involved in ADA advocacy with the local business community, Title VI regulations and compliance assistance, HCAOG Social Services Transportation Advisory Committee, and emergency preparedness and coordination as part of Voluntary Organizations Active in Disaster (VOAD).

Pursuant to TDA, the agency received STA funds for DAR/L services. HCAOG authorized up to 20 percent of funds available under STA to be allocated to the CTSA for specialized transportation services. STA revenues claimed during the audit period were \$150,012 in FY 2014; \$137,505 in FY 2015; and \$71,192 in FY 2016.

In a letter dated December 15, 2015, HCAR's executive director informed HCAOG of HCAR's intention not to seek a contract extension and requested that the HCAOG Board approve application of the remaining \$10,000 set aside for CTSA duties to the outstanding balance for extended DAR/L services already provided.

The agency has historically provided a number of services to social service agencies in Humboldt County that fell within the CTSA umbrella, but the only service actually provided under paid contract had been DAR/L in the non-mandated, extended service areas. Pursuant to HCAOG TDA guidelines, this was the only CTSA function authorized for STA funding. HCAR submitted a claim for FY 2016 to fund project costs to provide DAR/L services during the interim period while HCAOG developed a Request for Proposals (RFP) for the recommended and eventual consolidation of DAR/L services under one provider. HCAOG approved the claim for a six-month period. As the term of the contract neared without a clear indication of when the RFP would be

released and due to continuing losses in its transportation department, HCAR decided not to extend the contract and discontinued DAR/L operations effective January 2016.

Grants Management

HCAR relied on several grants and other funding mechanisms to support its transportation programs. These grant sources are derived from state and federal programs. Federal grants are primarily derived from the FTA Section 5310 program. In FY 2015, HCAR was awarded \$60,000 under the FTA Section 5310 program for a 2015 eight-passenger Ford vehicle.

Section VI

Findings

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

Triennial Audit Findings

1. Of the compliance requirements applicable to HCAR, the operator fully complied with six out of eight requirements. HCAR was partially compliant with regard including a copy of its DAR/L budget with its annual TDA claim. A finding of non-compliance was made for performance data not being properly collected and reported. Three additional compliance requirements did not apply to HCAR (i.e., urban and intermediate farebox recovery ratios, and employee retirement).
2. Based on the Annual Fiscal and Compliance Audits, the farebox recovery ratio for HCAR DAR/L remained above the required 10 percent. Audited farebox recovery ratios attained during the period were 22.3 percent in FY 2014; 18.9 percent in FY 2015; and 14.7 percent in FY 2016. The average farebox recovery ratio attained during the audit period was 18.6 percent.
3. HCAR participates in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period.
4. The operating budget saw annual decreases during the audit period. Based on audited data, the budget decreased 9.8 percent in FY 2014; 1.4 percent in FY 2015; and 47.3 percent in FY 2016. The change in HCAR's operating budget for FY 2016 is attributed to CTSA Dial-A-Ride operations being discontinued and transferred to another contracted service provider under the administration of HTA.
5. The three prior audit recommendations pertaining to the accuracy of operations data reporting, passenger surveys and mobility management coordination were not implemented and are no longer applicable due to HTA being designated as the CTSA and administrator of the DAR/L service contract.
6. Operating cost per vehicle service hour, an indicator of cost efficiency, decreased 27.3 percent for the audit period, a positive trend. This trend is consistent with the decrease HCAR's DAR/L operating costs of 53.7 percent during the period (based on audited data), and the decrease in vehicle service hours of 36.3 percent between FY 2013 and FY 2016.
7. Operating cost per passenger, an indicator of cost effectiveness, increased 8.4 percent. As noted above, the DAR/L ridership decreased at a larger pace than HCAR's operating costs for the three year period, hence the increased trend.

8. Passengers per vehicle service hour, which measures the effectiveness of the service delivered, decreased 33 percent between FY 2013 and FY 2016 from 1.4 passengers per hour to 0.9 passengers per hour. The trend in this indicator reflects a more pronounced decrease in ridership on the CTSA DAR/L services as compared to the decrease in vehicle service hours.

9. In a letter dated December 15, 2015, HCAR's executive director informed HCAOG of HCAR's intention not to seek a contract extension and requested that the HCAOG Board approve application of the remaining \$10,000 set aside for CTSA duties to the outstanding balance for extended DAR/L services already provided. HCAR ceased CTSA transportation operations in January 2016.

Recommendations

There are no recommendations for HCAR due to the transfer of its CTSA designation and administration of Dial-A-Ride services to HTA as of January 2016. It is anticipated that the recent consolidation of Dial-A-Ride/Lift administration and management for the Humboldt region will result in additional efficiencies.