

FY 2011-2013 TRIENNIAL PERFORMANCE AUDIT OF HUMBOLDT COMMUNITY ACCESS & RESOURCE CENTER (HCAR)



SUBMITTED TO
HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS



JUNE 2014

SUBMITTED BY

PMC[®]

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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 PMC to conduct the Transportation Development Act (TDA) triennial performance audit of the public transit operators under its jurisdiction in Humboldt County. This performance audit is conducted for the Humboldt Community Access & Resource Center (HCAR) covering the most recent triennial period, fiscal years 2010-11 through 2012-13.

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 management, collection and review of agency documents, data analysis, and on-site observations. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* published by the California Department of Transportation (Caltrans) was used to guide in the development and conduct of the audit.

Overview of the Transit System

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

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

HCAR's Transportation Department is 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 program because it is supported by TDA funds.

System Characteristics

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

The HCAR DAR/L service area was expanded from 8 to 12 zones, which include 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 includes the College of the Redwoods (CR). Program boundaries are generally defined by the provision of service approximately 3/4 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 are accepted by 5:00 p.m. the previous day. Return trips must be made prior to 6:30 p.m. If a rider needs a ride from the City of Eureka to their home in the HCAR service area, they are provided service. The Humboldt Transit Authority (HTA) is responsible through the contract with HCAOG for printing and verifying tickets, rider certification, marketing, and ticket sales on HCAR's behalf.

Fares

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

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

Fleet

There are 10 vehicles in the HCAR DAR/L fleet. The majority of the fleet is gasoline-powered plus two vehicles that are 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)
2001	Chevy	1	Unleaded Gasoline	8 (2 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)
Total		10		

Source: HCAR

The DAR/L vehicles are stored at HCAR's administrative facility while other vehicles used for its day programs are stored at off-site locations near their clients. With the exception of one vehicle in the full HCAR fleet that is not used for DAR/L, all HCAR vehicles are equipped with wheelchair lifts and tie downs which conform to the requirements of the Americans with

Disabilities Act (ADA) of 1990 in regards to accessibility. The ADA compliant vehicles are interchangeable for the different services if needed.

Section II

Operator Compliance Requirements

This section of the audit report contains the analysis of HCAR's ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses the guidebook, *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies, September 2008 (third edition)*, which was developed by the Department of Transportation (Caltrans) to assess transit operators. The 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 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 2011: September 28, 2011 FY 2012: August 23, 2012 FY 2013: October 10, 2013 The annual reports have been submitted to the State Controller, but not to HCAOG. Conclusion: Partial compliance.
The operator has submitted annual fiscal and compliance audits to the RTPA and to the State Controller within 180 days following the end of the fiscal year (Dec. 27), or has received the appropriate 90-day extension by the RTPA allowed by law.	Public Utilities Code, Section 99245	Completion/submittal dates: FY 2011: December 2, 2011 FY 2012: February 13, 2013 FY 2013: October 22, 2013 Conclusion: Complied.
The CHP has, within the 13 months prior to each TDA claim submitted by an	Public Utilities Code, Section 99251 B	HCAR participates in the CHP Transit Operator Compliance Program in which the CHP has

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
operator, certified the operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator's terminal.		<p>conducted inspections within 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 21, 2012 and June 12, 2013.</p> <p>Inspections were found to be satisfactory.</p> <p>Conclusion: Complied.</p>
The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.	Public Utilities Code, Section 99261	<p>HCAR receives State Transit Assistance (STA) funding from HCAOG for its operations. STA funding is adopted by annual resolution by the HCAOG Board. The resolution contains findings as a condition of approving the claim. The service contract between HCAOG and HCAR stipulates the annual amount of annual STA that can be approved.</p> <p>Conclusion: Complied.</p>
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	Public Utilities Code, Section 99270.1	<p>HCAR DAR/L is a specialized service and is not subject to this requirement.</p> <p>Conclusion: Not Applicable.</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
rules and regulations adopted by the RTPA.		
The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	Public Utilities Code, Section 99266	<p>Percentage increase in HCAR's transit operating budget:</p> <p>FY 2011:-15.0 % FY 2012: +2.3% FY 2013:+25.1%</p> <p>The fluctuation in HCAR's operating budget for FY 2013 are attributed to higher wage and benefit costs as well as fuel.</p> <p>The annual budgets have not been included with HCAR's TDA claims submitted to HCAOG. STAF has been used for Care-A-Van which is outside the scope of the service contract between HCAR and HCAOG. HCAR contends that even if only DAR costs are considered, the STAF funds allocated would not fully cover them (neither program was fully covered). If it is determined that Care-A-Van should not be included it would only lower total costs and would not impact appropriate usage of the funds; they would simply be reallocated to DAR.</p> <p>Source: Transit Operators Financial Transactions Reports</p> <p>Conclusion: Partial Compliance.</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
<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.</p>	<p>Public Utilities Code, Section 99247</p>	<p>A review of external reports compiled during the audit period indicates that performance data are not being properly collected and reported.</p> <p>FY 2011 performance data for total passengers and vehicle service hours were identically shown in the Transit Operators Financial Transactions Report submitted to the State Controller. In addition full-time equivalent data were omitted in the FY 2013 Transit Operators Financial Transactions Report. The FY 2013 FTE data was subsequently provided by the operator and reported to the State Controller.</p> <p>Conclusion: Partial Compliance.</p>
<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.</p>	<p>Public Utilities Code, Sections 99268.2, 99268.3, 99268.12, 99270.1</p>	<p>HCAR DAR/L is a specialized service and is not subject to this requirement.</p> <p>Conclusion: Not Applicable.</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
If the operator serves a rural area, or provides exclusive services to elderly and disabled persons, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	Public Utilities Code, Sections 99268.2, 99268.4, 99268.5	As a specialized transportation system, HCAR is subject to a 10% farebox recovery ratio. The system's farebox recovery ratios using audited data are as follows: FY 2011: 10.7% FY 2012: 13.2% FY 2013: 19.1% 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 State Transit Assistance Funds, HCAR does not utilize federal funds for operations. However, HCAR does apply for federal grant funding under the FTA Section 5310 program for capital expenditures, including vehicle procurement. FY 2011: \$97,540 FY 2012: \$ -0- FY 2013: \$61,575 Source: Annual Fiscal and Compliance Audits & HCAOG

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		Conclusion: Complied.

Findings and Observations from Operator Compliance Requirements Matrix

1. Of the compliance requirements applicable to HCAR, the operator fully complied with five of out eight requirements. HCAR was partially compliant with regard to external reporting of performance data including full-time employee equivalents. One figure was omitted and another number was transposed by HCAR’s accounting department. HCAR was also in partial compliance with its submittal of the annual State Controller Report; the reports were submitted to the State but not to HCAOG as well as the reporting of budget increases in excess of 15 percent. Three additional compliance requirements did not apply to HCAR (e.g. 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. The average farebox recovery attained during the audit period was 14.3 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 exhibited notable fluctuations during the audit period. The budget increased 2.3 percent in FY 2012 and 25.9 percent in FY 2011. The budget increases were attributed to wages, benefits, and fuel. During FY 2011, the budget decreased 15 percent due to lower wage costs. The annual budgets have not been included with HCAR’s TDA claims submitted to HCAOG. STAF has been used for Care-A-Van which is outside the scope of the service contract between HCAR and HCAOG. HCAR contends that even if only DAR costs are considered, the STAF funds allocated would not fully cover them (neither program was fully covered). If it is determined that Care-A-Van should not be included it would only lower total costs and would not impact appropriate usage of the funds; they would simply be reallocated to DAR.

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

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

Actions taken by HCAR

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

During the audit period, HCAR has continued to expand its service area, which would have made it eligible for another farebox exemption. Nevertheless, the agency has been meeting farebox and the average farebox recovery attained during the audit period was 14.3 percent.

Conclusion

This recommendation is no longer applicable given HCAR's ability to meet farebox recovery without requesting exemption for service expansion.

Prior Recommendation 2

Separate between revenue and total service data in the DAR summary report.

Actions taken by HCAR

As part of the carryover from a prior audit recommendation, it was suggested that HCAR separate data on the DAR Summary Report between revenue hours and miles, and total hours

and miles. This information had been separated in the daily trip sheets filled out by the drivers, as well as in the billing summary, and would have involved a simple transfer over into the summary sheet. The purpose of showing both revenue and total hours and miles would enable an analysis of vehicle productivity when in-service, as ideally deadhead service should be minimized.

In response to this recommendation, HCAR's Transportation Director has verified that data between revenue hours and miles and total hours and miles have been separated on the DAR Summary Report.

Conclusion

This recommendation has been implemented.

Prior Recommendation 3

Develop benchmarks to assess performance productivity.

Actions taken by HCAR

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

According to the Transportation Director, steps have recently been taken to develop performance benchmarks to assess productivity. Given the expansion of HCAR's service area and its role as the CTSA for Humboldt County, the development of performance benchmarks would aid the agency in more efficient service planning and better coordination with its partner agencies.

Conclusion

This recommendation has been implemented.

Prior Recommendation 4

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

Actions taken by HCAR

It was 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 audit period still showed discrepancies with regard to the performance data and the full-time employee (FTE) equivalents reported. For instance, the vehicle service hour data for FY 2011 was identical to the total number of passengers, while the vehicle service mileage data for FY 2013 was omitted. In addition, the FTE data reported in FY 2013 appear to be a headcount rather than the total amount of DAR/L employee labor hours divided by 2,000. It is recommended that the Transportation Director continue efforts to review the performance data in the report before submittal to the State Controller.

Conclusion

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

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.

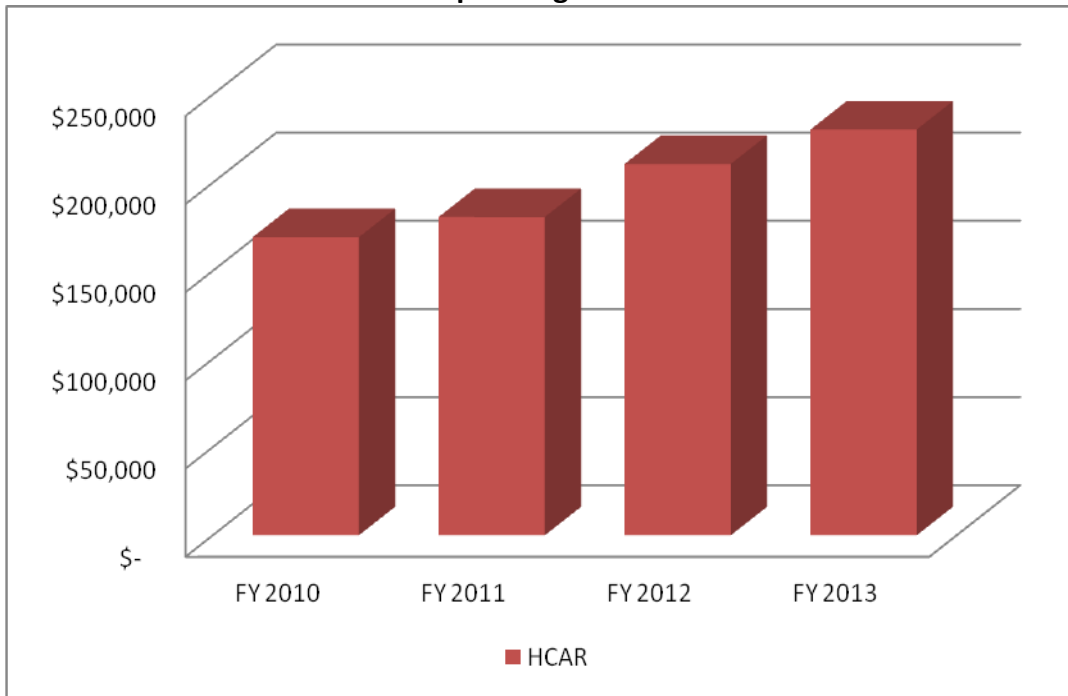
Table IV-1 provides the performance indicators for HCAR DAR/L. Charts are also provided to depict the trends in the indicators. It is noted that the systemwide operating costs and fare revenues are based on audited figures which include all operating expenses.

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

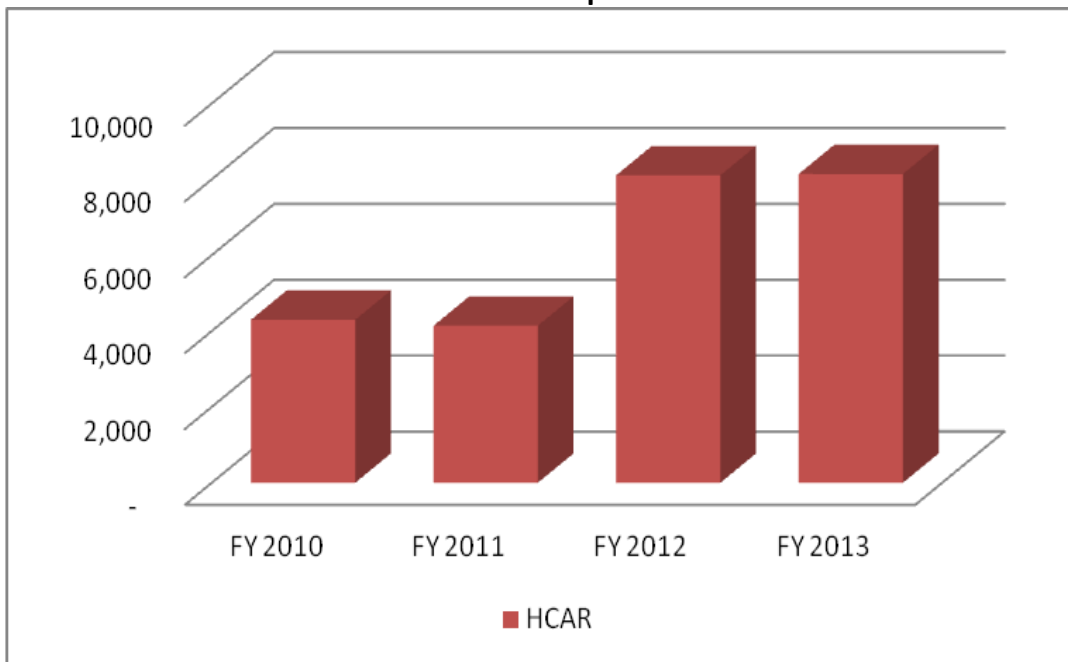
Performance Data and Indicators	Audit Period				% Change FY 2010-2013
	FY 2010	FY 2011	FY 2012	FY 2013	
Operating Cost	\$169,066	\$180,529	\$210,615	\$230,158	36.1%
Total Passengers	4,296	4,139	8,104	8,140	89.5%
Vehicle Service Hours	3,187	3,075	5,095	5,803	82.1%
Vehicle Service Miles	46,714	45,838	79,981	58,822	25.9%
Employee FTE's	5	5	5	5	0.0%
Passenger Fares	\$18,457	\$19,346	\$27,738	\$44,074	138.8%
Operating Cost per Passenger	\$39.35	\$43.62	\$25.99	\$28.27	-28.2%
Operating Cost per Vehicle Service Hour	\$53.05	\$58.71	\$41.34	\$39.66	-25.2%
Operating Cost per Vehicle Service Mile	\$3.62	\$3.94	\$2.63	\$3.91	8.1%
Passengers per Vehicle Service Hour	1.3	1.3	1.6	1.4	4.1%
Passengers per Vehicle Service Mile	0.09	0.09	0.10	0.14	50.5%
Vehicle Service Hours per Employee	637.4	615.0	1,019.0	1,160.6	82.1%
Average Fare per Passenger	\$4.30	\$4.67	\$3.42	\$5.41	26.0%
Fare Recovery Ratio	10.92%	10.72%	13.17%	19.15%	75.4%

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

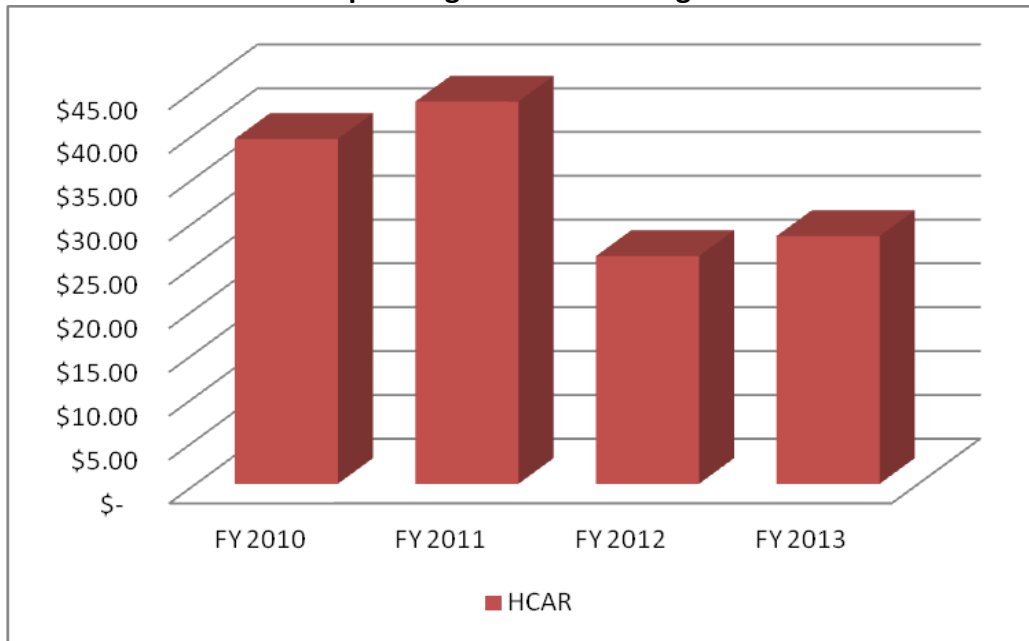
**Graph IV-1
Operating Costs**



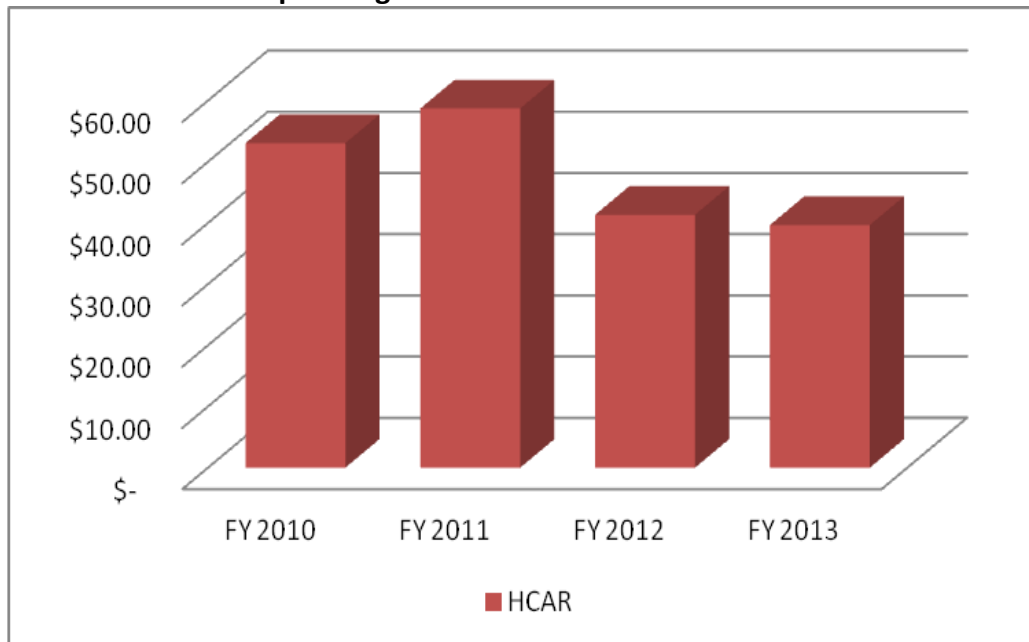
**Graph IV-2
Ridership**



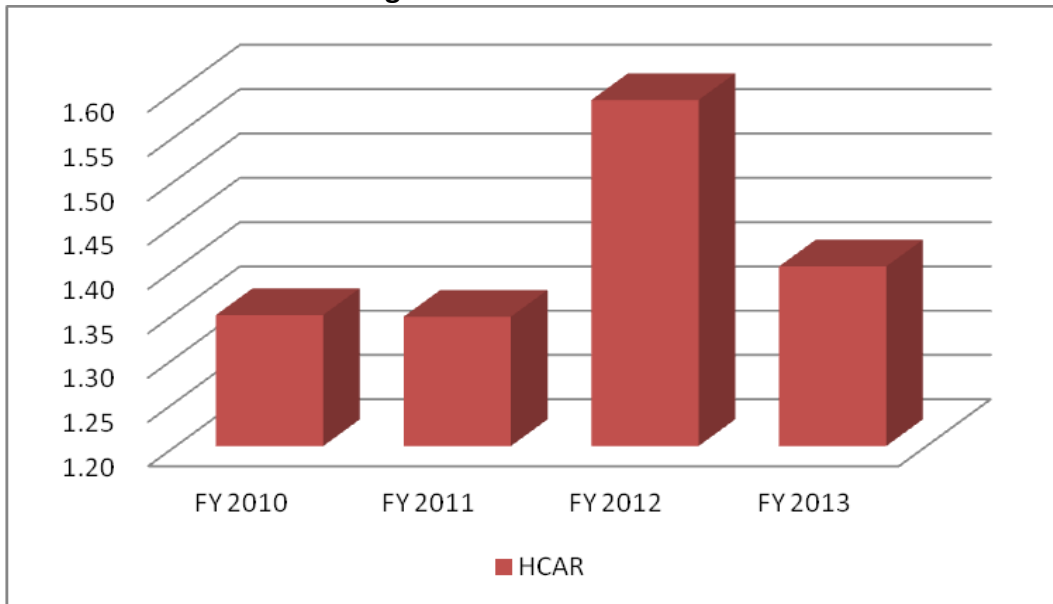
Graph IV-3
Operating Cost Per Passenger



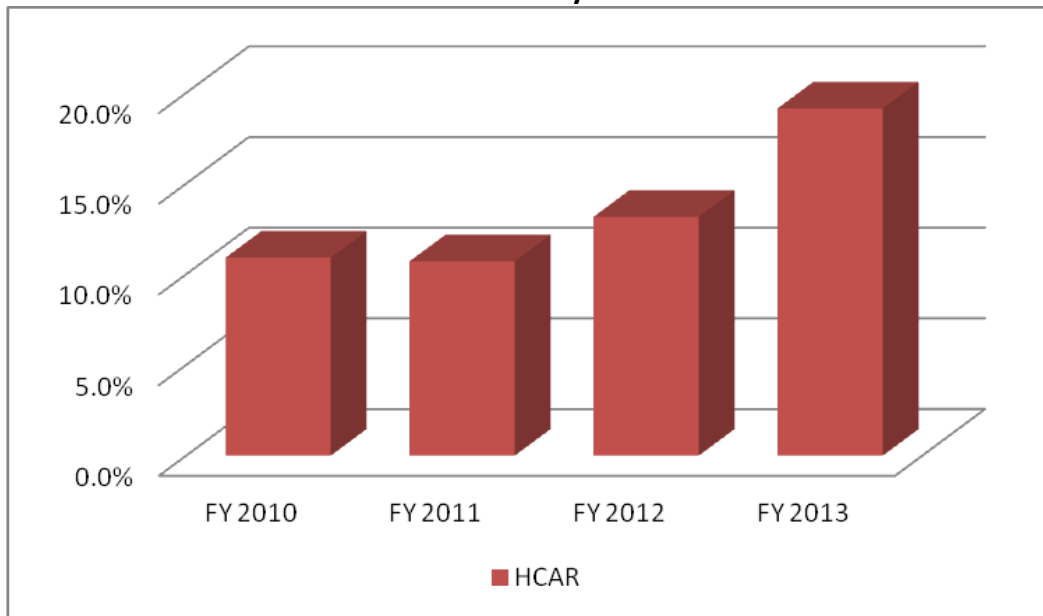
Graph IV-4
Operating Cost Per Vehicle Service Hour



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 25.2 percent from \$53.05 in FY 2010 to \$39.66 in FY 2013. This trend is consistent with the increase HCAR's DAR/L operating costs of 36.1 percent during the period (based on audited data), and the higher increase in vehicle service hours of 82.1 percent between FY 2010 and FY 2013 due to the expanded service area.
2. **Operating cost per passenger**, an indicator of cost effectiveness, decreased 28.2 percent systemwide from \$39.35 in FY 2010 to \$28.27 in FY 2013. As noted above, HCAR's operating costs increased 36.1 percent during the period; however, the DAR/L ridership increased 89.5 percent during the period from 4,296 passengers in FY 2010 to 8,140 passengers in FY 2013.
3. **Passengers per vehicle service hour**, which measures the effectiveness of the service delivered, increased 4.1 percent between FY 2010 and FY 2013 systemwide from 1.3 passengers per hour to 1.4 passengers per hour. The trend in this indicator reflects the increase in ridership on the demand response services in concert with the increase in vehicle service hours.
4. **Passengers per vehicle service mile**, another indicator of service effectiveness, increased 50.5 percent between FY 2010 and FY 2013 from 0.09 in FY 2010 to 0.14 in FY 2013. From the FY 2010 base year to FY 2013, total vehicle service miles increased 25.9 percent from 46,714 vehicle service miles to 58,822 vehicle service miles.
5. **Vehicle service hours per employee** increased 82.1 percent between FY 2010 and FY 2013. While vehicle service hours also increased 82.1 percent during the audit period, the number of employees remained fairly constant from FY 2010 through FY 2013. This measure is based on the number of employee Full-Time Equivalents (FTE) using employee pay hours from the State Controller's Report and dividing by 2,000 hours per employee.
6. **Farebox recovery** exhibited an increase of 75.4 percent between FY 2010 and FY 2013 from 10.92 percent in FY 2010 to 19.15 percent based on audited data. Farebox recovery increased 22.9 and 45.4 percent in FY 2012 and FY 2013, respectively. Passenger fare revenues increased from \$18,457 in FY 2010 to \$44,074 in FY 2013. In FY 2010, HCAR and HCAOG agreed to expand the DAR/L program including an increased level of funding. The expanded program has allowed for DAR/L to provide service to eligible passengers outside prior DAR/L service area boundaries.

Conclusion from the Verification of TDA Performance Indicators

HCAR's DAR/L performance indicators reflect the increase in service hours and mileage as well as in the number of passenger trips. Systemwide operating costs increased during the triennial period exhibiting an average annual increase of 15.2 percent. Growth in passengers trips averaged 30.9 percent annually, with the highest increase of 95.8 percent exhibited in FY 2012. The large rural service area of HCAR DAR/L is challenging to maintain efficient passenger loads although the performance indicator of passengers per hour has remained relatively stable the last few years. The increase in passenger fare revenues averaged 12.6 percent annually.

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

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 HCAR administrative offices in Eureka:

- 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 Dial-a-Ride/Dial-a-Lift (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. HCAR has provided these services under its designation as the local Consolidated Transportation Service Agency (CTSA) made by HCAOG. The HCAR DAR/L service area has since expanded to twelve zones from eight. The expanded service area includes the main campus of the College of the Redwoods (CR).

In addition to the service area expansion, HCAR has continued to focus on its role as a mobility management coordinator. HCAR is allocated \$10,000 toward travel training through HCAOG. It is looking into to the issuance of paratransit identification cards in lieu of tickets. Passenger information would be included on the card. HCAR currently has the ability to print tickets. HCAR is assessing its capability to consolidate the ADA certification process for the region, as currently HCAR does certification for Care-A-Van while Dial-A-Ride Certification is undertaken by HTA. The HCAR Transportation Director and another staff member are certified by Easter Seals Project Action. The Redwood Coast Regional Center (RCRC) contracts to provide travel training. In addition, HCAR is equipped to receive all DAR/L calls and certification requests.

Subscription and program transportation services have grown during the period. In-Home Supportive Services (IHSS) provides a number of consumers that utilize transportation services. 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 generate a number of riders. ADHC is billed per use.

DAR/L reservations are taken by the Transportation Dispatcher or Director during normal business hours and relayed to the drivers. In October 2010, HCAR implemented an automated phone system that records some reservation information and then forwards the message to a driver's cell phone, or through an email connection. This reduces the need for a person to be stationed at the desk to take all reservations while also providing consistent messaging since the reservation is provided directly by the passenger. This system is geared toward advance reservations, as reservations are not taken in real time. However, if a rider needs a ride from the City of Eureka to their home in the HCAR service area, they are provided service.

HCAR is installing tablets in all 10 vehicles utilized on the DAR/L service. The agency implemented the Route Match dispatching and scheduling software program. Since implementation, wait times have decreased and mileage and arrival data reporting has become more accurate. The Route Match database can be tied into CAE's Trapeze dispatching and scheduling program.

There are three full-time drivers, two on-call drivers and one dispatcher. HCAR drivers are required to maintain current CPR and first-aid certification, a Class-B driver's license (with medical card and passenger endorsement), California Highway Patrol certification, an exemplary driving record, and to maintain their proficiency behind the wheel of HCAR vehicles.

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

Maintenance

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

Each of the vehicles in the fleet receives a safety check from its driver prior to pull out. The Daily Inspection/Mileage/Request for Repair Report is completed by the driver that inspects for various basic conditions in and around the vehicle. Areas needing attention are noted and submitted to the Transportation Director. HCAR is in the process of procuring a lift scale. Vehicle lifts can accommodate up to 600 pounds.

Marketing

HCAR utilizes several marketing approaches in its role as a community services agency. During the audit period, the HCAR Website (<http://www.hcar.us/>) was updated during the audit period. The Website contains information regarding the various programs and services offered by the agency. Information about the DAR/L and Care-a-Van services are accessible under the Transportation link located on the left-hand margin of the main page. In addition to its Website, HCAR has a social media presence through its Facebook page.

HCAR publishes 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 has been the installation of decorative window paintings on the vehicles.

General Administration and Management

HCAR is governed by a 7 to 13 member Board of Directors comprised of a President, Vice President and Secretary/Treasurer. Based on the 2011 Annual Report posted on the HCAR Website, there were seven Board Members. 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 manages the Dial-A-Ride/Dial-A-Lift program and reports to the Executive Director. The Transportation Director conducts all the scheduling and dispatching for the service. In addition to operational oversight, the Transportation Director is working to grow HCAR's transportation services and expand its community service in its capacity as the CTSA. This includes serving a role in the county-wide effort to establish a mobility management program. HCAR's attendance at the HCAR Service Coordination Committee also facilitates its relationship and coordination with HCAOG and the other transit providers in the county. 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).

Grants Management

HCAR relies on several grants and other funding mechanisms to support its transportation programs. These grant sources are derived from state and federal programs. Pursuant to TDA, the agency receives State Transit Assistance Funds for DAR/L services.

The majority of TDA funding received is used for operating expenses. LTF revenues are claimed through the County of Humboldt under Articles 4 and 8 toward Adult Day Health Care (ADHC) and Humboldt Senior Resource Center transport services. LTF revenues claimed during the audit period were \$71,159 in FY 2011; \$73,294 in FY 2012; and \$75,493 in FY 2013. Most of the STA funds claimed have been toward supplemental DAR/L support. STA revenues claimed during the

audit period were \$120,000 in FY 2011; \$170,628 in FY 2012; and \$149,099 in FY 2013. Although HCAR was allocated \$170,628 in FY 2012, the agency received \$143,261 due to a lower STA estimate. Federal grants are primarily derived from the FTA Section 5310 program. In FY 2011, HCAR was awarded \$39,953 for a minivan; \$29,815 for computer software and \$27,772 for computer hardware and software, which were approved by California Transportation Commission (CTC) Amendment #18. In FY 2013, HCAR was awarded \$53,118 for a small bus and \$8,457 for computer software.

Section VI

Findings

The following summarizes the major findings obtained from this Triennial Audit covering fiscal years 2011 through 2013. A set of recommendations is then provided.

Triennial Audit Findings

1. Of the compliance requirements applicable to HCAR, the operator fully complied with six of out eight requirements. HCAR was partially compliant with regard to external reporting of performance data including full-time employee equivalents. One figure was omitted and another number was transposed by HCAR's accounting department. HCAR was also in partial compliance with its submittal of the annual State Controller Report; the reports were submitted to the State but not to HCAOG as well as the reporting of budget increases in excess of 15 percent. Three additional compliance requirements did not apply to HCAR (e.g. 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. The average farebox recovery attained during the audit period was 14.3 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 exhibited notable fluctuations during the audit period. The budget increased 2.3 percent in FY 2012 and 25.9 percent in FY 2011. The budget increases were attributed to wages, benefits, and fuel. During FY 2011, the budget decreased 15 percent due to lower wage costs. The annual budgets have not been included with HCAR's TDA claims submitted to HCAOG. STAF has been used for Care-A-Van which is outside the scope of the service contract between HCAR and HCAOG. HCAR contends that even if only DAR costs are considered, the STAF funds allocated would not fully cover them (neither program was fully covered). If it is determined that Care-A-Van should not be included it would only lower total costs and would not impact appropriate usage of the funds; they would simply be reallocated to DAR.
5. HCAR implemented two out of the four prior audit recommendations with one prior recommendation no longer applicable. The recommendation not implemented involves discrepancies found in the data reported in the State Controller Reports.
6. Operating cost per vehicle service hour, an indicator of cost efficiency, decreased 25.2 percent from \$53.05 in FY 2010 to \$39.66 in FY 2013. This trend is consistent with the

increase HCAR's DAR/L operating costs of 36.1 percent during the period (based on audited data), and the higher increase in vehicle service hours of 82.1 percent between FY 2010 and FY 2013 due to the expanded service area.

7. Operating cost per passenger, an indicator of cost effectiveness, decreased 28.2 percent systemwide from \$39.35 in FY 2010 to \$28.27 in FY 2013. As noted above, HCAR's operating costs increased 36.1 percent during the period; however, the DAR/L ridership increased 89.5 percent during the period from 4,296 passengers in FY 2010 to 8,140 passengers in FY 2013.
8. Passengers per vehicle service hour, which measures the effectiveness of the service delivered, increased 4.1 percent between FY 2010 and FY 2013 systemwide from 1.3 passengers per hour to 1.4 passengers per hour. The trend in this indicator reflects the increase in ridership on the demand response services in concert with the increase in vehicle service hours.
9. Farebox recovery exhibited an increase of 75.4 percent between FY 2010 and FY 2013 from 10.92 percent in FY 2010 to 19.15 percent based on audited data. Farebox recovery increased 22.9 and 45.4 percent in FY 2012 and FY 2013, respectively.
10. During the audit period, HCAR's service area was configured into eight zones and has since expanded to twelve zones. The expanded service area includes the main campus of the College of the Redwoods (CR).
11. HCAR is assessing its capability to consolidate the ADA certification process for the region, as currently HCAR does certification for Care-A-Van while Dial-A-Ride Certification is undertaken by HTA. The HCAR Transportation Director and another staff member are certified by the Redwood Coast Regional Center (RCRC) to provide travel training. In addition, HCAR is equipped to receive all DAR/L calls and certification requests.
12. HCAR relies on an outside vendor for vehicle maintenance. Vehicles undergo regular servicing at Antich Automotive in Eureka. Antich employs mechanics who are Automotive Service Excellence (ASE)-certified technicians. HCAR adheres to the CHP's preventive maintenance inspection (PMI) protocol of 3,000 miles or 45 days for standard vehicles.
13. HCAR utilizes several marketing approaches in its role as a community services agency. During the audit period, the HCAR Website (<http://www.hcar.us/>) was updated during the audit period. The Website contains information regarding the various programs and services offered by the agency.

Recommendations

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

This recommendation has been carried over from the prior audit. It is 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 audit period still showed 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 appear to be a headcount rather than the total amount of DAR/L employee labor hours divided by 2,000.

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

Given HCAR's recent service expansion and emphasis on mobility management, a survey conducted annually or bi-annually 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.

3. Coordinate Mobility Management Functions with HCAOG and Other Transit Providers.

HCAR has developed its mobility management functions during the audit period through such activities as gaining travel training certifications, and 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. HCAOG, as the regional transportation planning agency, the other public transportation operators, and HCAR should 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 is allocated \$10,000 toward travel training through HCAOG. HCAR provides specialized transportation services and also mobility management functions. HCAOG contends that any

proposed HCAOG funding for mobility management other than the \$10,000 for travel training needs to be approved by the HCAOG Board. HCAOG, through the Service Coordination Committee, and HCAR should determine the responsibilities and funding levels to continue support of both services and the benefits to the region from using STAF 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.