

# Triennial Performance Audit

*of the*

## City of Dixon's Transit Service (Readi-Ride)

Fiscal Years 2011/12, 2012/13 and 2013/14

FINAL AUDIT REPORT

*prepared for the*

Metropolitan Transportation Commission

*by*



**Pierlott & Associates, LLC**  
Management Consulting

May 2015

## EXECUTIVE SUMMARY

This executive summary highlights the findings from the performance audit of the City of Dixon's Transit Service (Readi-Ride). In California, a performance audit must be conducted every three years of any transit operator receiving Transportation Development Act (TDA) Article 4 funds, to determine whether the operator is in compliance with certain statutory and regulatory requirements, and to assess the efficiency and effectiveness of the operator's services. Dixon operates demand-response transit service, which is the focus of the performance audit. The audit covers the period of fiscal years 2012 through 2014 (from July 1, 2011 through June 30, 2014).

### Performance Audit and Report Organization

The performance audit is being conducted for MTC in accordance with its established procedures for performance audits. The final audit report consists of these sections:

- An assessment of data collection reporting procedures;
- A review of performance trends in TDA-mandated indicators;
- A review of compliance with selected PUC requirements;
- An evaluation of Dixon's actions to implement the recommendations from the last performance audit; and
- Findings, conclusions, and recommendations to further improve Dixon's performance based on the results of the previous sections.

Comments received from Dixon and MTC staff regarding the draft report have been incorporated into the final report as applicable. Highlights from the key activities are presented in this executive summary.

### Results and Conclusions

Review of TDA Data Collection and Reporting Methods - The purpose of this review is to determine if Dixon is in compliance with the TDA requirements for data collection and reporting. The review is limited to the five data items needed to calculate the TDA-mandated performance indicators. This review has determined that Dixon is in compliance with the data collection and reporting requirements for these performance indicators.

Performance Indicators and Trends – The following is a brief summary of the TDA performance trend highlights over the six-year period of FY2009 through FY2014:

- There was an average annual increase in the operating cost per hour of 1.7 percent, equivalent to a 0.8 percent annual decrease in inflation adjusted dollars.
- The cost per passenger increased on average by 5.5 percent per year, which amounted to an average annual increase of 3.0 percent in constant FY2009 dollars. Most of this increase occurred between FY2009 and FY2010.
- Passenger productivity trends were negative overall, with passengers per vehicle service hour decreasing by 3.7 percent annually and passengers per vehicle service mile decreasing by 1.6 percent annually. This was driven by a major ridership change six years ago; recent years have seen steadier passenger and service levels.
- Employee productivity decreased an average 2.8 percent per year.

The following is a brief summary of the component operating costs trend highlights between FY2012 and FY2014:

- Total operating costs decreased by 4.1 percent per year on average, while annual labor costs increased by 1.9 percent but fringe benefit costs decreased by nearly 20 percent per year.
- Labor costs increased from 47 percent of the total cost per vehicle service hour in FY2012 to 53 percent in FY2014, while fringe benefit costs were reduced from about a 35 percent share in FY2012 to 25 percent or less, subsequently.
- The shares of other component costs varied somewhat from year to year, but each generally remained at under ten percent.

- Services, other materials/supplies and casualty/liability costs all increased overall, each by at least ten percent per year. Other component costs only showed only minor net annual increases or decreases.

Compliance with Statutory Requirements – Dixon is in compliance with the sections of the state PUC that were reviewed as part of this performance audit. The sections reviewed included requirements concerning CHP safety inspections, labor contracts, reduced fares, revenue sharing, and evaluation of passenger needs.

Status of Prior Audit Recommendations – The single recommendation has been implemented. It was suggested that Dixon develop a formal process for evaluating passenger needs, building on the informal process in effect during the prior audit period that evolved from earlier formal efforts. During the current audit period, annual passenger surveys were reinstated. In addition, the latest SRTP update (FY2013) adopted several customer focus components comprising a formal process for evaluating passenger needs.

## **Recommendations**

No recommendations are suggested for the City of Dixon based on the results of this triennial performance audit.

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## Table of Contents

	<u>Page No.</u>
Executive Summary .....	i
I. Introduction .....	1
Performance Audit and Report Organization .....	1
II. Review of TDA Data Collection and Reporting Methods .....	7
III. TDA Performance Indicators and Trends .....	10
IV. Compliance With Puc Requirements .....	21
V. Status of Prior Audit Recommendations .....	24
Conclusions .....	27
Recommendations .....	28

## List of Exhibits

Page No.

Exhibit 1: System Overview.....	3
Exhibit 2.1: Organization Chart - FY2012 .....	5
Exhibit 2.2: Organization Chart - FY2013 and FY2014.....	6
Exhibit 3: Compliance with TDA Data Collection and Reporting Requirements.....	8
Exhibit 4: TDA Indicator Performance.....	14
Exhibit 4.1: Operating Cost per Vehicle Service Hour.....	15
Exhibit 4.2: Passengers per Hour and per Mile .....	16
Exhibit 4.3: Operating Cost per Passenger .....	17
Exhibit 4.4: Vehicle Service Hours per FTE .....	18
Exhibit 4.5: TDA Component Costs Trends.....	18
Exhibit 5: Compliance with State PUC Requirements .....	22
Exhibit 6: Status of Prior Audit Recommendations.....	26

## I. INTRODUCTION

Public Utilities Code (PUC) Section 99246 requires that a performance audit be conducted every three years of each public transit operator in California. The audit requirement pertains to recipients of Transportation Development Act (TDA) funds, and is intended to assure that the funds are being used efficiently. The substance and process of the performance audit is defined by the Regional Transportation Planning Agency (RTPA).

In the San Francisco Bay Area, the Metropolitan Transportation Commission (MTC) has been designated the RTPA and has this responsibility. By statute, the audit must be conducted in accordance with the U.S. Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions" (the "yellow book"). The performance audit is a systematic review to determine the extent to which a transit operator has complied with pertinent laws and regulations, and conducted operations in an efficient and economical manner. Relative to system compliance testing, all findings are reported regardless of materiality.

This report has been prepared as part of the performance audit of the City of Dixon's transit service. Dixon operates demand-response Read-Ride transit service, which is the focus of this performance audit. The audit period is Fiscal Years 2012 through 2014 (from July 1, 2011 through June 30, 2014).

An overview of Dixon's Transit Service is provided in Exhibit 1. This is followed by organization charts in Exhibits 2 and 2.1, which reflect the changes to the basic organizational structure during the audit period.

### **Performance Audit and Report Organization**

This is the final audit report for the performance audit of the City of Dixon. Following this introduction, the report consists of these sections:

- An assessment of data collection reporting procedures;

- A review of performance trends in TDA-mandated indicators;
- A review of compliance with selected PUC requirements;
- An evaluation of Dixon's actions to implement the recommendations from the last performance audit; and
- Findings, conclusions, and recommendations to further improve Dixon's performance based on the results of the previous sections.

Comments received from City of Dixon and MTC staff regarding the draft report have been incorporated into this final report as applicable.

## Exhibit 1: System Overview

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<b>Location</b>	Headquarters: 600 East A Street, Dixon, CA 95620
<b>Establishment</b>	The City of Dixon began providing general public dial-a-ride service, known as Read-Ride, in 1983. Read-Ride was the responsibility of the City's Recreation and Community Service Department from 1995 until 2011, when it became part of the City Engineer/Public Works Department.
<b>Board</b>	The Dixon City Council is the transit system governing body. The City Engineer/Public Works Director is responsible for the overall management and financial oversight of the transit system. The Transit Supervisor is responsible for the daily management of Read-Ride. A Transportation Advisory Commission provides input to the City on transit issues. Transportation Advisory Commission members are appointed by City Council.
<b>Facilities</b>	The City Corporation Yard is the central base of operations and storage for Read-Ride's fleet. Maintenance is outsourced to private contractors, and administration functions are housed in the City Hall complex. Vehicles are fueled at local gas stations using city credit cards.
<b>Service Data</b>	<p>The City of Dixon provides curb-to-curb public dial-a-ride transportation within the city limits of Dixon, utilizing City owned vehicles operated by City employees. Service operates Monday through Friday from 7:00 a.m. to 5:00 p.m. Saturday service operates from 9:00 a.m. to 3:00 p.m. There is no service on Sundays or holidays. Ride reservations are taken weekdays from 7:00 a.m. to 5:00 p.m. and on a voice-mail system during other hours. Subscription service is also available on a space available basis, mostly for school tripper service.</p> <p>Read-Ride fares have not changed since February 2009. One-way fares are \$2.00 for adults, \$1.75 for youth (ages 5-17), \$1.50 for seniors and passengers with disabilities, and \$1.00 for children 4 and under (must be accompanied by a fare-paying adult). Exact change is appreciated, but drivers will make change for passengers. Discounted 20-ride coupon books also are available. A day pass is available for seniors and the disabled for use Monday through Friday, for \$2.50 per day.</p> <p>Read-Ride's intercity paratransit service fares are \$5.00 one way. Service is provided Monday through Friday from 7:00 a.m. to 5:00 p.m., for trips to Vacaville and Davis. No weekend or holiday service is provided.</p> <p>During the audit period, Read-Ride's fleet was comprised of nine buses and two mini-vans, with peak service requiring up to five buses. All vehicles were wheelchair accessible and all but two mini-vans have bicycle racks.</p> <p>The City also contributes financially to the regional bus service (Route 30) operated by Fairfield/Suisun Transit. Route 30 provides express bus service connecting the cities of Fairfield, Vacaville, Dixon, Davis and Sacramento. This service is not directly covered in this review.</p>

**Recent Changes**

In FY2013, the City replaced its mobile Nextel radio system.

In July 2013, the City began participation with the Solano Transportation Authority and other Solano County transit operators in a new Countywide In-Person ADA Eligibility Program.

**Planned Changes**

In FY2015, the City plans to work with local residential developers and businesses to install shelters and benches in new development locations where riders are expected to congregate.

Ridership growth is expected to range from one to two percent per year. Near-term future ridership should be able to be accommodated without service expansion, although capacity limits could be applied to peak operating periods that coincide with morning and afternoon school bell times.

The City has been contemplating converting at least some of the service to fixed-route, in order to maintain or increase capacity while keeping costs within available funding.

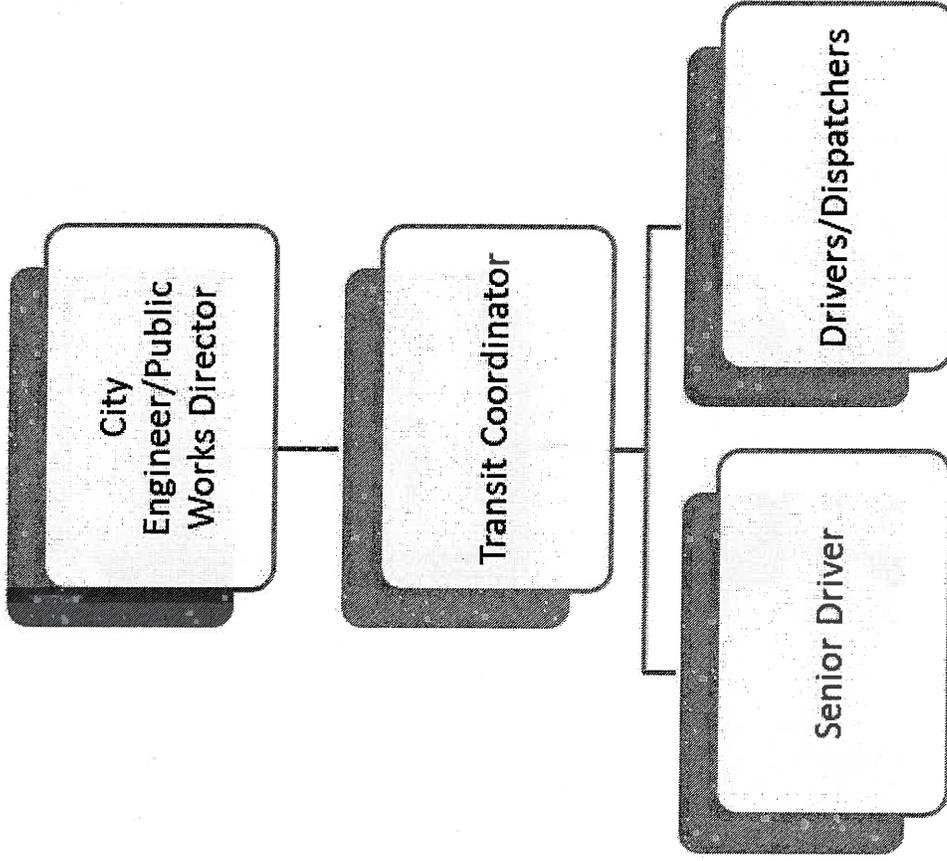
During the mid-term planning horizon, a newly constructed Capital Corridor train station and multi-modal terminal in Dixon may become operational with commencement of passenger train service. If fixed-route service is provided at that time, a stop at that location would be established.

**Staff**

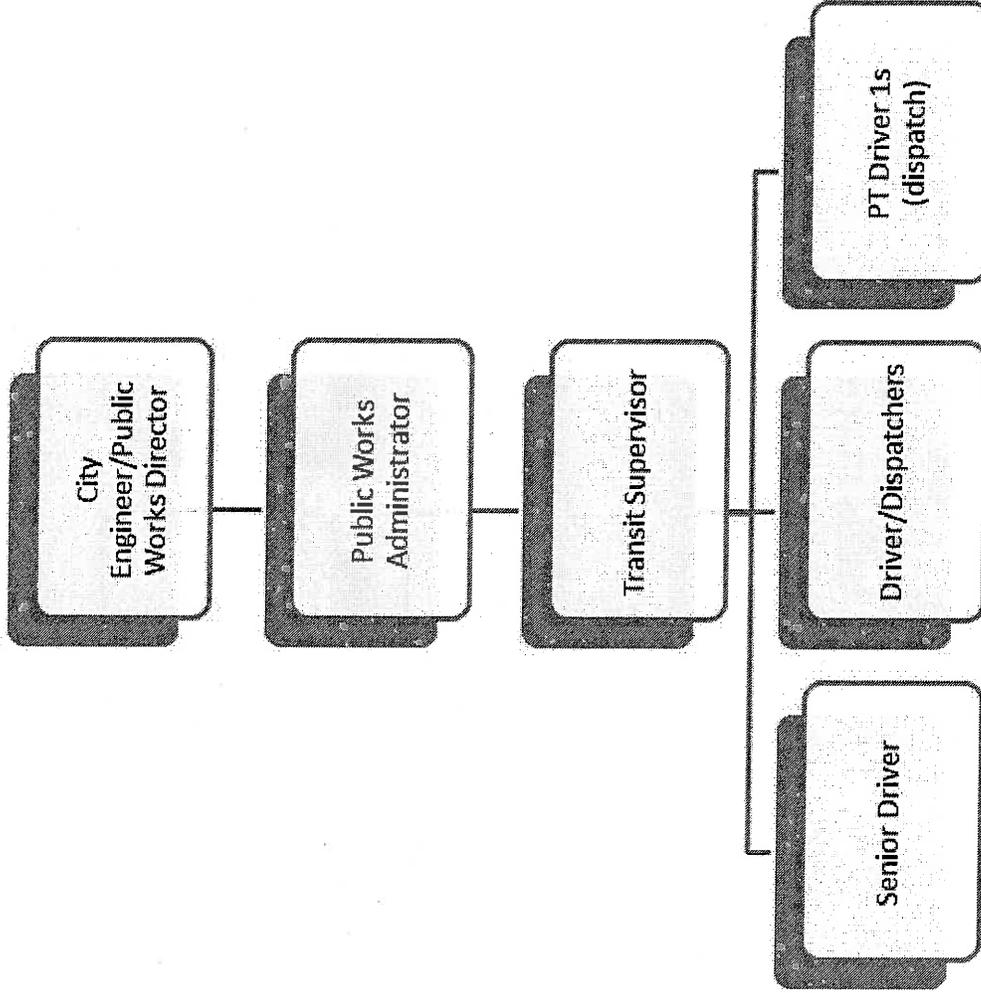
Dixon reported the following Transit staff based on the FY2015 adopted budget:

Transit Coordinator	1.00
Senior Transit Driver	1.00
Transit Drivers/Dispatchers	3.75
Part-Time Drivers/Dispatchers	1.45
 Total	 7.20

**Exhibit 2.1: Organization Chart - FY2012**



**Exhibit 2.2: Organization Chart - FY2013 and FY2014**



## II. REVIEW OF TDA DATA COLLECTION AND REPORTING METHODS

This section focuses on the five performance indicators required by TDA law. These indicators have been defined by the state PUC to evaluate the transit operator's efficiency, effectiveness and economy. The purpose of this review is to determine if the City of Dixon is in compliance with the data collection and reporting requirements necessary to calculate the TDA performance indicators. The review is limited to the data items needed to calculate the indicators:

- Operating costs
- Vehicle service hours
- Vehicle service miles
- Unlinked passengers
- Employees (full-time equivalents)

Per MTC procedures, the TDA indicator analysis typically relies on the National Transit Database (NTD) reports submitted annually to the Federal Transit Administration (FTA). However, the City did not receive funding from the FTA during the audit period, and thus is not required to file an annual NTD report. Therefore, NTD reports were not used for this analysis; instead, information and definitions provided by City staff were used to analyze TDA data collection and reporting.

To support this review, the City of Dixon also provided information to confirm and/or update its data collection and reporting procedures, using the descriptions in the prior performance audit as a reference. The staff indicated that the definitions and procedures used to derive the TDA indicator statistics remained unchanged from the prior performance audit, and generally are consistent with those used for the NTD reporting system.

Based on the information provided, as shown in Exhibit 3, the City of Dixon is in compliance with the data collection and reporting requirements for all five TDA statistics.

### Exhibit 3: Compliance with TDA Data Collection and Reporting Requirements

TDA Statistic	TDA Definition	Compliance Finding	Verification Information
Operating Cost	“Operating cost” means all costs in the operating expense object classes exclusive of the costs in the depreciation and amortization expense object class of the uniform system of accounts and records adopted by the Controller pursuant to Section 99243, and exclusive of all subsidies for commuter rail services operated under the jurisdiction of the Interstate Commerce Commission and of all direct costs for providing charter services, and exclusive of all vehicle lease costs.	In Compliance	<ul style="list-style-type: none"> <li>• Operating costs reported from audited financial statements.</li> <li>• Cost allocation model used for administrative expenses.</li> </ul>
Vehicle Service Hours	“Vehicle service hours” means the total number of hours that each transit vehicle is in revenue service, including layover time.	In Compliance	<ul style="list-style-type: none"> <li>• Collected from driver’s logs; deadhead hours tracked from garage to first pick-up and from last drop-off back to garage.</li> <li>• Calculated using average operating speed, and dividing service hours by average operating speed.</li> <li>• Data collected monthly and reported in semi-annual and annual reports.</li> </ul>
Vehicle Service Miles	“Vehicle service miles” means the total number of miles that each transit vehicle is in revenue service.	In Compliance	<ul style="list-style-type: none"> <li>• Calculated by subtracting deadhead miles from total vehicle miles.</li> <li>• Data collected monthly and reported in semi-annual and annual reports.</li> </ul>
Unlinked Passengers	“Unlinked passengers” means the number of boarding passengers, whether revenue producing or not, carried by the public transportation system.	In Compliance	<ul style="list-style-type: none"> <li>• Calculated from driver’s logs; collected monthly and reported in semi-annual and annual reports.</li> </ul>

TDA Statistic	TDA Definition	Compliance Finding	Verification Information
Employee Full-Time Equivalents	2,000 person-hours of work in one year constitute one employee.	In Compliance	<ul style="list-style-type: none"> <li>• Calculated using 2,000 working hour definition.</li> <li>• Administrative hours and other city department hours expended on transit are calculated based on cost allocation model.</li> </ul>

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### III. TDA PERFORMANCE INDICATORS AND TRENDS

The performance trends for the City of Dixon's transit service are presented in this section. Performance is discussed for each of the five TDA-mandated performance indicators:

- operating cost per vehicle service hour
- passengers per vehicle service hour
- passengers per vehicle service mile
- operating cost per passenger
- vehicle service hours per full-time equivalent employee (FTE)

Most of the performance results in these indicators were developed from the information in the City's TDA applications filed with MTC. Figures for FY2014 are "Current Adjusted Figures" taken from the FY2015 TDA application. While the final figures for FY2014 were not available, the Current Adjusted Figures are more accurate than budgeted numbers.

In addition to presenting performance for the three years of the audit period (FY2012 through FY2014), this analysis features two enhancements:

- Six-Year Time Period – While the performance audit focuses on the three fiscal years of the audit period, six-year trend lines have been constructed for Dixon's service to provide a longer perspective on performance and to clearly present the direction and magnitude of the performance trends. In this analysis, the FY2012 to FY2014 trend lines have been combined with those from the prior audit period (FY2009 through FY2011) to define a six-year period of performance.
- Normalized Cost Indicators for Inflation – Two financial performance indicators (cost per hour and cost per passenger) are presented in both constant and current dollars to illustrate the impact of inflation in the Bay Area. The inflation adjustment relies on the All Urban Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the San Francisco Metropolitan Area. The average CPI-W percent change for each fiscal year has been calculated based on the bi-monthly results reported on the U.S. Department of Labor – Bureau of Labor Statistics website. The CPI-W is used since labor is the largest component of operating cost in transit. Since labor costs are typically controlled through labor contracts, changes in normalized costs largely reflect those factors that are within the day-to-day control of the transit system.

This section provides an overview of the performance of Dixon's transit service over the past six years. The trends in the TDA indicators and input statistics are presented in Exhibit 4. The six-year trends are illustrated in Exhibits 4.1 through 4.4.

In addition, year-to-year changes in selected operating cost categories over the current audit period are presented in Exhibit 4.5. Examining components of operating costs (e.g., labor, fringe benefits, and casualty/liability) may determine what particular components had the most significant impacts on the operating costs. Exhibit 4.5 also shows the concurrent changes in vehicle service hours and illustrates the portion of the cost per vehicle service hour that can be attributed to each included cost component.

- Operating Cost Per Vehicle Service Hour (Exhibit 4.1) – Operating cost per vehicle service hour is a key indicator of cost efficiency. During the six year review period, the cost per hour of Readi-Ride service increased in each year except FY2013. The increase averaged 1.7 percent annually, as service hours decreased overall at a somewhat higher rate than operating costs. The cost per hour ranged from a low of \$89.67 in FY2009 to a high of \$101.69 in FY2012. To determine the effects of inflation, the annual results are presented in constant as well as current dollars. In FY2009 dollars, there was an average decrease in this indicator that amounted to 0.8 percent per year.

As shown in Exhibit 4.5, during the current audit period, labor costs increased overall by 1.9 percent per year, while fringe benefits costs were reduced more substantially (nearly 20 percent per year). At the same time, services, other materials/supplies and casualty/liability costs all increased, each by at least ten percent per year. Other component costs only showed only minor annual increases or decreases. There were noticeable fluctuations in expenses in certain categories that were explained by Dixon staff as one-time anomalies in FY2013. Overall, operating costs decreased by 4.1 percent per year.

Labor costs represented the largest portion of the total cost per vehicle service hour, increasing from 47 percent in FY2012 to 53 percent in FY2014. Fringe benefit costs were reduced from about a 35 percent share in FY2012 to 25 percent or less in the next two years. The shares of other component costs varied somewhat from year to year, but generally remained at under ten percent apiece.

- Passengers per Vehicle Service Hour (Exhibit 4.2) – Passengers per vehicle service hour is an indicator of passenger productivity. Passengers per hour decreased an average of 3.7 percent annually during the six-year period. This was driven by a steep decrease in FY2010 and much smaller increases in the last three years. Six years ago, Dixon experienced a major ridership change, while recent years have

seen steadier passenger and service levels. Overall, there was a moderate overall decrease in service hours combined with a larger decrease in passengers. Passengers per hour decreased overall from 9.3 in FY2009 to 7.7 in FY2014, with interim results that were slightly lower.

- Passengers per Vehicle Service Mile (Exhibit 4.2) – Another passenger productivity indicator is passengers per vehicle service mile. The six-year trend in this indicator also showed an overall decline, going down by 1.6 percent annually on average. There was a general decrease in the first part of the review period (especially between FY2009 and FY2010), followed by a general recovery of less magnitude in the latter part. There were 0.69 passengers per mile in FY2009, compared with 0.64 in FY2014.
- Operating Cost per Passenger (Exhibit 4.3) – Operating cost per passenger is a measure of cost effectiveness. The cost per passenger was \$9.69 in the first year of the review period, rose steadily to \$14.30 by FY2012, and then leveled off to about \$12.50 in the last two years. There was an average annual increase over the six years of 5.5 percent. With the impact of inflation removed from the cost side (normalization), the six-year result was an average annual increase of 3.0 percent in the cost per passenger.
- Vehicle Service Hours per Employee (FTE) (Exhibit 4.4) – Employee productivity is measured as vehicle service hours per full-time employee. This indicator decreased by an average 2.8 percent per year over the six years. Overall, vehicle service hours decreased by 2.3 percent per year over the period, while FTEs increased very slightly.

\* \* \* \* \*

The following is a brief summary of the TDA performance trend highlights over the six-year period of FY2009 through FY2014:

- There was an average annual increase in the operating cost per hour of 1.7 percent, equivalent to a 0.8 percent annual decrease in inflation adjusted dollars.
- The cost per passenger increased on average by 5.5 percent per year, which amounted to an average annual increase of 3.0 percent in constant FY2009 dollars. Most of this increase occurred between FY2009 and FY2010.
- Passenger productivity trends were negative overall, with passengers per vehicle service hour decreasing by 3.7 percent annually and passengers per vehicle service

mile decreasing by 1.6 percent annually. This was driven by a major ridership change six years ago; recent years have seen steadier passenger and service levels.

- Employee productivity decreased an average 2.8 percent per year.

The following is a brief summary of the component operating costs trend highlights between FY2012 and FY2014:

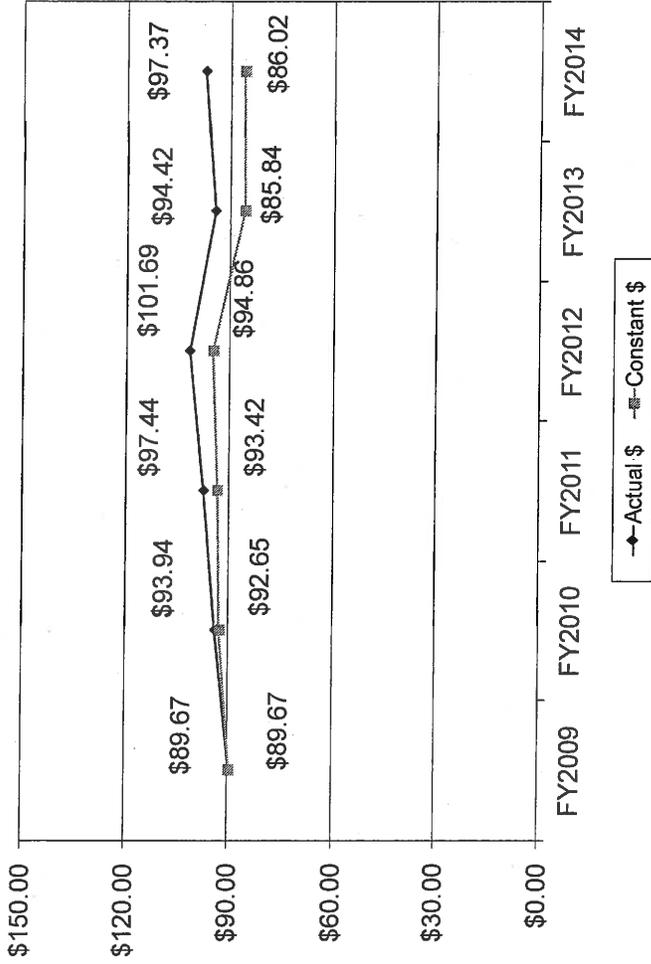
- Total operating costs decreased by 4.1 percent per year on average, while annual labor costs increased by 1.9 percent but fringe benefit costs decreased by nearly 20 percent per year.
- Labor costs increased from 47 percent of the total cost per vehicle service hour in FY2012 to 53 percent in FY2014, while fringe benefit costs were reduced from about a 35 percent share in FY2012 to 25 percent or less, subsequently.
- The shares of other component costs varied somewhat from year to year, but each generally remained at under ten percent.
- Services, other materials/supplies and casualty/liability costs all increased overall, each by at least ten percent per year. Other component costs only showed only minor net annual increases or decreases.

### Exhibit 4: TDA Indicator Performance

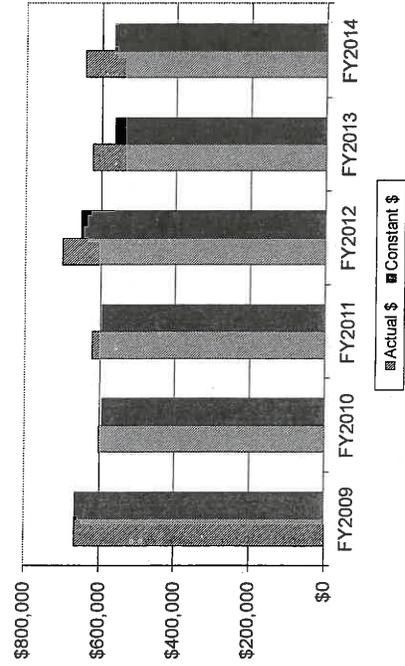
	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Av. Ann. Chg.
<b>Performance Indicators</b>							
Op. Cost per Vehicle Svc. Hour (Actual \$)	\$89.67	\$93.94	\$97.44	\$101.69	\$94.42	\$97.37	--
Annual Change	--	4.8%	3.7%	4.4%	-7.2%	3.1%	1.7%
Op. Cost per Vehicle Svc. Hour (Constant \$)	\$89.67	\$92.65	\$93.42	\$94.86	\$85.84	\$86.02	--
Annual Change	--	3.3%	0.8%	1.5%	-9.5%	0.2%	-0.8%
Passengers per Vehicle Service Hour	9.3	7.2	6.9	7.1	7.6	7.7	--
Annual Change	--	-22.7%	-3.6%	3.1%	7.6%	0.3%	-3.7%
Passengers per Vehicle Service Mile	0.69	0.59	0.57	0.61	0.63	0.64	--
Annual Change	--	-15.3%	-2.7%	7.5%	3.7%	0.4%	-1.6%
Op. Cost per Passenger (Actual \$)	\$9.69	\$13.12	\$14.12	\$14.30	\$12.34	\$12.69	--
Annual Change	--	35.5%	7.6%	1.3%	-13.7%	2.8%	5.5%
Op. Cost per Passenger (Constant \$)	\$9.69	\$12.94	\$13.54	\$13.34	\$11.22	\$11.21	--
Annual Change	--	33.6%	4.6%	-1.5%	-15.9%	-0.1%	3.0%
Vehicle Service Hours per FTE	1,059.0	915.9	910.4	989.5	948.3	916.7	--
Annual Change	--	-13.5%	-0.6%	8.7%	-4.2%	-3.3%	-2.8%
<b>Input Data</b>							
Operating Cost (Actual \$)	\$664,706	\$602,267	\$620,984	\$699,347	\$622,314	\$642,663	--
Annual Change	--	-9.4%	3.1%	12.6%	-11.0%	3.3%	-0.7%
Operating Cost (Constant \$)	\$664,706	\$593,952	\$595,383	\$652,376	\$565,740	\$567,723	--
Annual Change	--	-10.6%	0.2%	9.6%	-13.3%	0.4%	-3.1%
Vehicle Service Hours	7,413	6,411	6,373	6,877	6,591	6,600	--
Annual Change	--	-13.5%	-0.6%	7.9%	-4.2%	0.1%	-2.3%
Vehicle Service Miles	99,272	78,432	77,247	79,897	79,459	79,500	--
Annual Change	--	-21.0%	-1.5%	3.4%	-0.5%	0.1%	-4.3%
Unlinked Passengers	68,621	45,898	43,967	48,898	50,420	50,660	--
Annual Change	--	-33.1%	-4.2%	11.2%	3.1%	0.5%	-5.9%
Employee Full-Time Equivalents	7.00	7.00	7.00	6.95	6.95	7.20	--
Annual Change	--	0.0%	0.0%	-0.7%	0.0%	3.6%	0.6%
Bay Area CPI - Annual Change	--	1.4%	2.9%	2.7%	2.6%	2.9%	--
- Cumulative Change	--	1.4%	4.3%	7.2%	10.0%	13.2%	2.5%

Sources: FY2009 through FY2010 - Prior Performance Audit Report  
 FY2011 through FY2014 - Dixon MTC TDA Claim Applications (FY2014 - Current Adjusted Figures), except FTEs - Dixon Staff  
 CPI Data - U.S. Department of Labor, Bureau of Labor Statistics

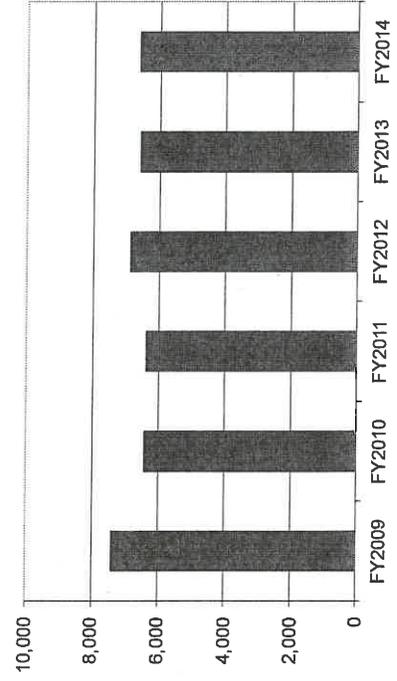
**Exhibit 4.1: Operating Cost per Vehicle Service Hour**



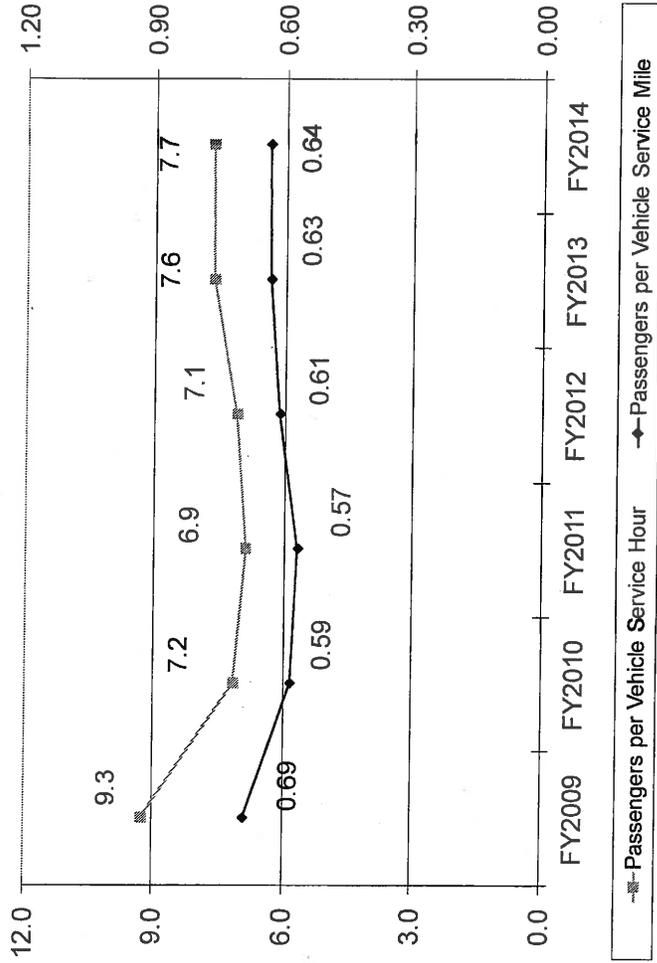
**Operating Cost**



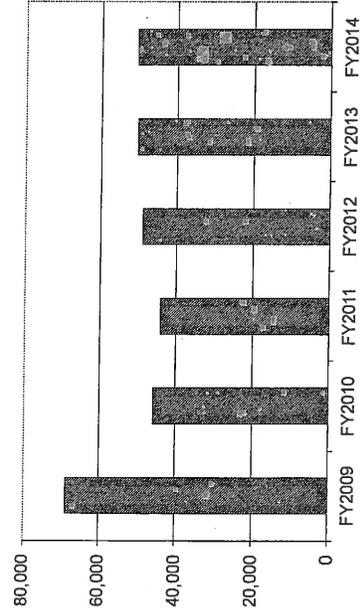
**Vehicle Service Hours**



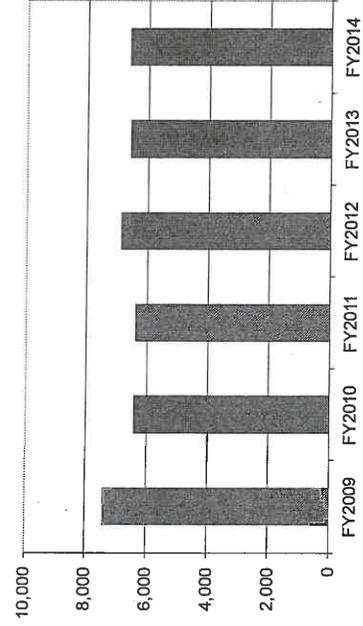
**Exhibit 4.2: Passengers per Hour and per Mile**



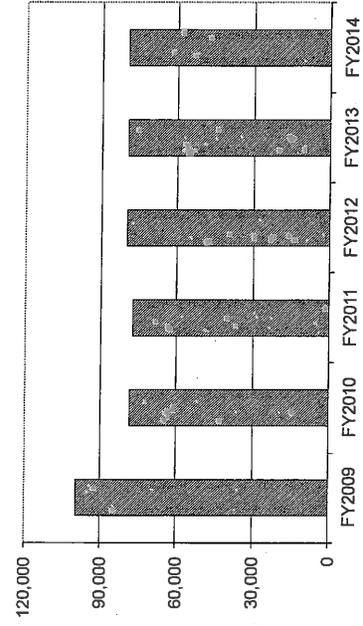
**Unlinked Passengers**



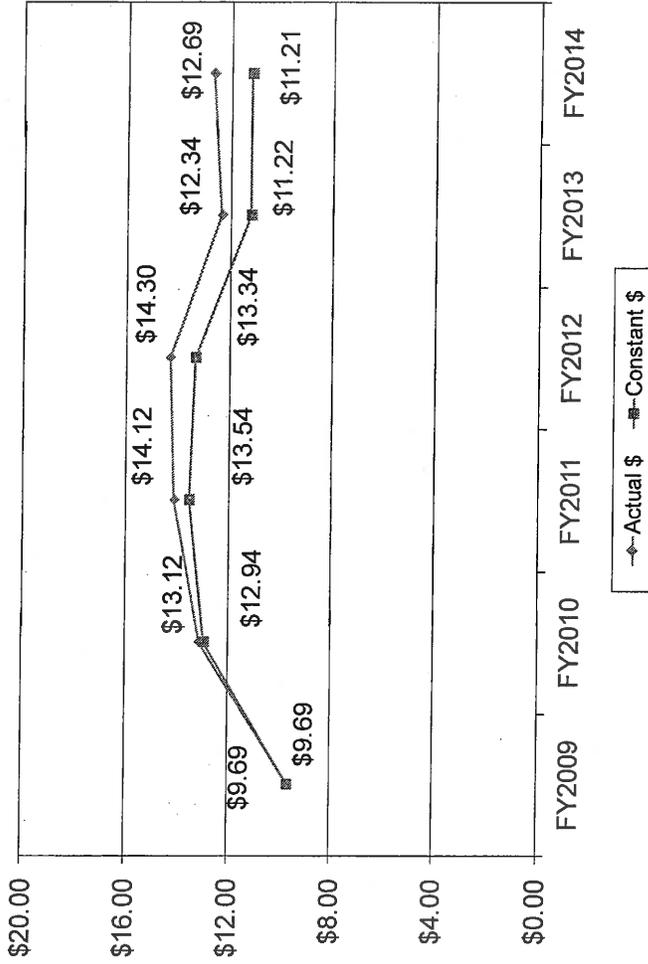
**Vehicle Service Hours**



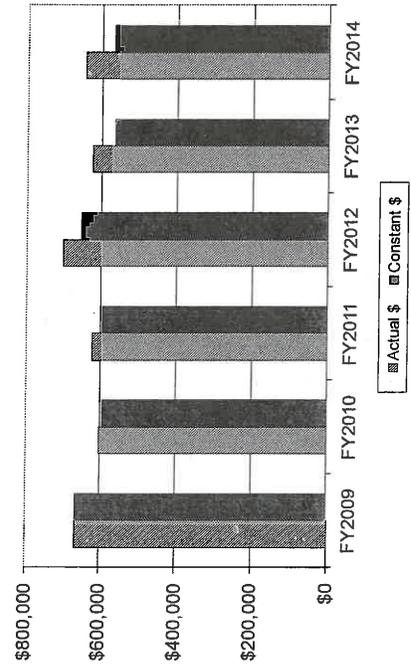
**Vehicle Service Miles**



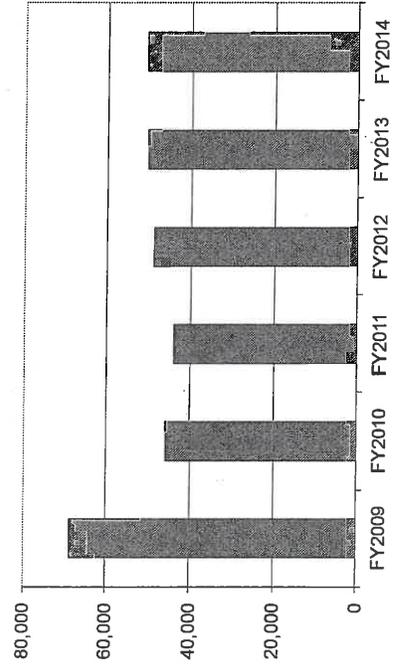
**Exhibit 4.3: Operating Cost per Passenger**



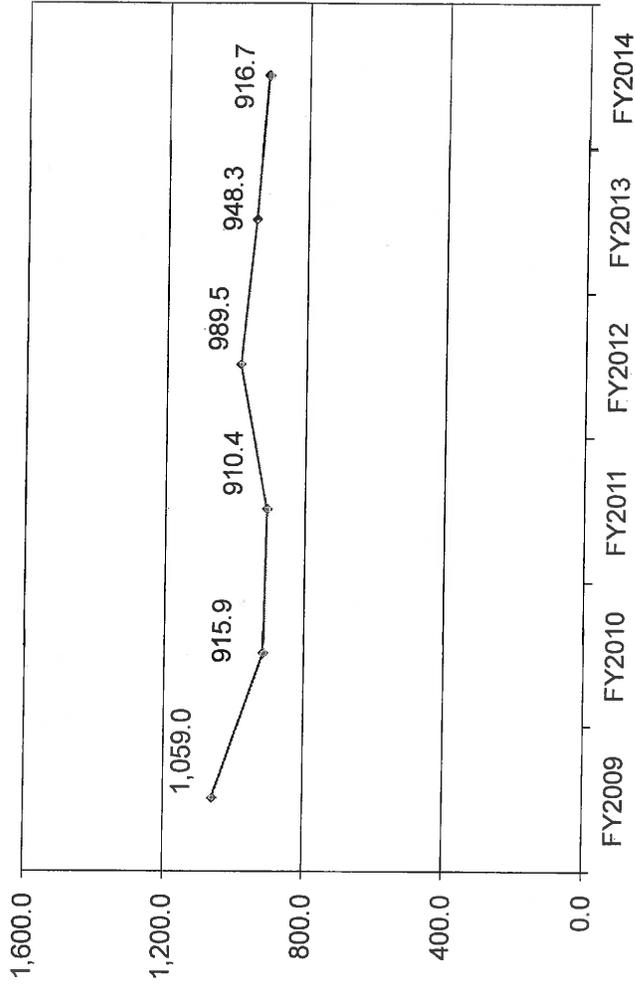
**Operating Cost**



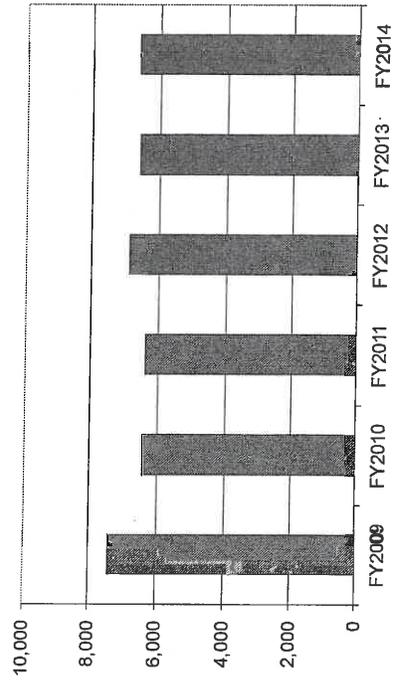
**Unlinked Passengers**



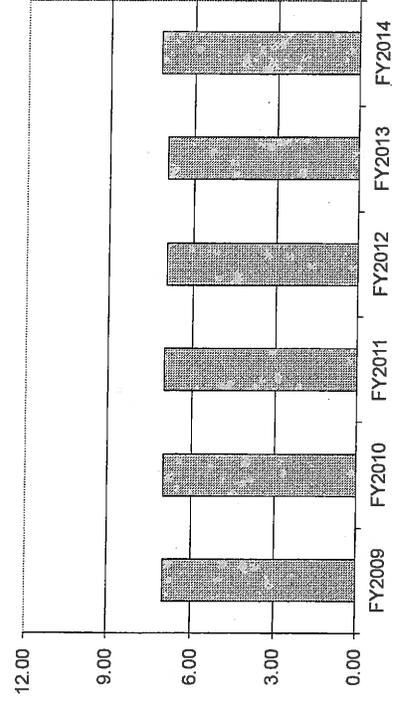
**Exhibit 4.4: Vehicle Service Hours per FTE**



**Vehicle Service Hours**



**Full-time Equivalents**

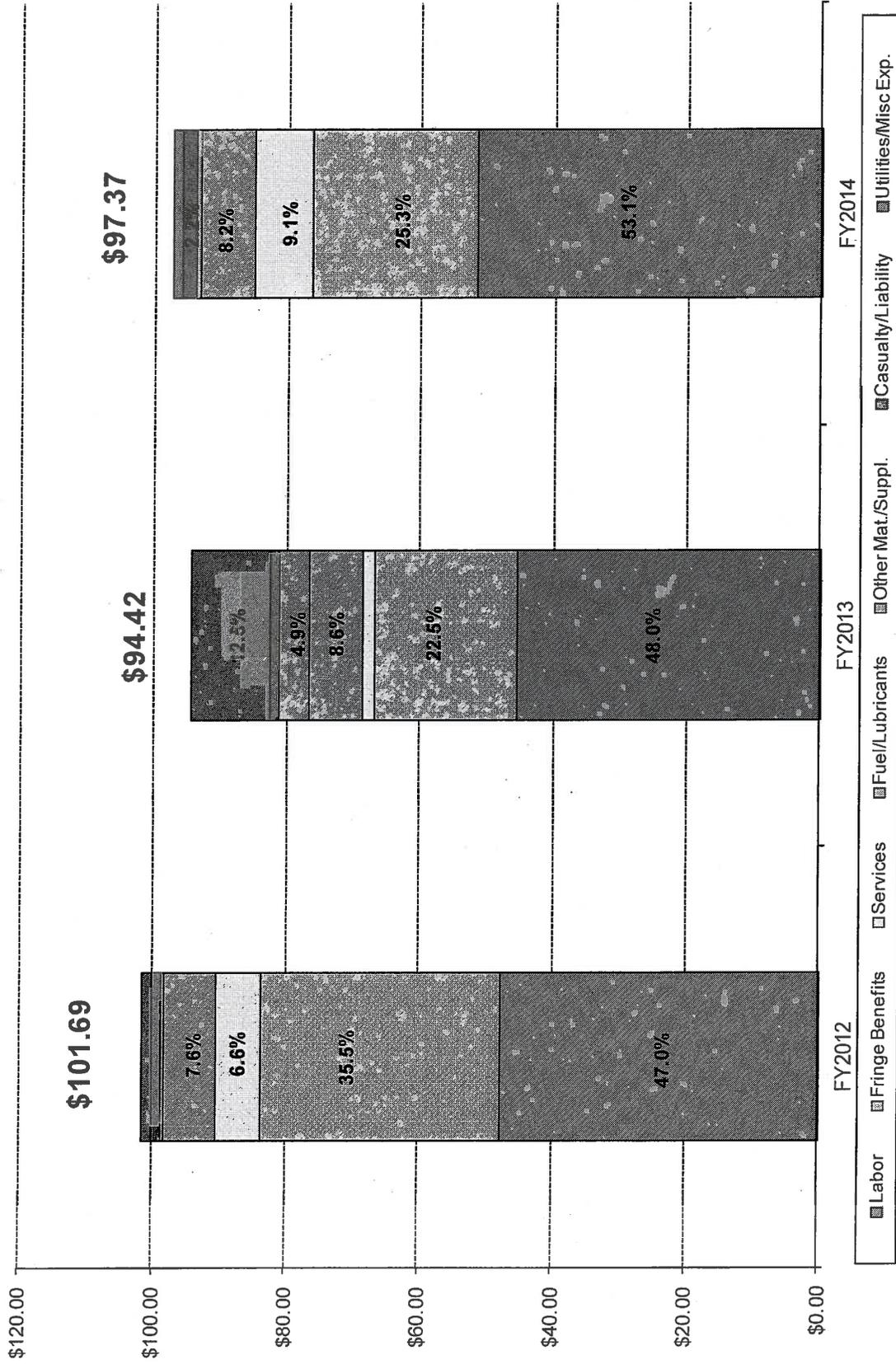


### Exhibit 4.5: TDA Component Costs Trends

	FY2012	FY2013	FY2014	Av. Ann. Chg.
COST CATEGORIES				
Labor (Salaries, Wages) Annual Change	\$328,347 --	\$298,720 -9.0%	\$341,004 14.2%	-- 1.9%
Fringe Benefits Annual Change	\$248,485 --	\$140,295 -43.5%	\$162,779 16.0%	-- -19.1%
Services Annual Change	\$46,056 --	\$12,351 -73.2%	\$58,630 374.7%	-- 12.8%
Fuel/Lubricants Annual Change	\$53,353 --	\$53,536 0.3%	\$53,000 -1.0%	-- -0.3%
Other Materials/Supplies Annual Change	\$4,066 --	\$30,693 654.9%	\$4,900 -84.0%	-- 9.8%
Casualty/Liability Annual Change	\$8,736 --	\$8,736 0.0%	\$13,850 58.5%	-- 25.9%
Utilities/Misc. Expenses Annual Change	\$10,304 --	\$77,983 656.8%	\$8,500 -89.1%	-- -9.2%
<b>Total</b> Annual Change	\$699,347 --	\$622,314 -11.0%	\$642,663 3.3%	-- -4.1%
OPERATING STATISTICS				
Vehicle Service Hours Annual Change	6,877 --	6,591 -4.2%	6,600 0.1%	-- -2.0%

Source: FY2014 and FY2015MTC TDA Claim Applications

**Exhibit 4.5: TDA Component Costs Trends, continued**  
*Operating Cost per Vehicle Service Hour*



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#### **IV. COMPLIANCE WITH PUC REQUIREMENTS**

An assessment of Dixon's compliance with selected sections of the state Public Utilities Code (PUC) has been performed. The compliance areas included in this review are those that MTC has identified for inclusion in the triennial performance audit. Other statutory and regulatory compliance requirements are reviewed by MTC in conjunction with its annual review of Dixon's TDA-STA claim application.

The results from this review are detailed by individual requirement in Exhibit 5. Dixon is in compliance with each of the five sections of the state PUC that were reviewed as part of this performance audit. These sections included requirements concerning CHP terminal safety inspections, labor contracts, reduced fares, revenue sharing, and evaluating passenger needs.

### Exhibit 5: Compliance with State PUC Requirements

Code Reference	Operator Compliance Requirements	Compliance Finding	Verification Information
PUC99251	<p><u>CHP Certification</u> - The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator's compliance with Vehicle Code Section 1808 following a CHP inspection of the operator's terminal</p>	<p style="text-align: center;">In Compliance</p>	<p>Satisfactory Inspections:</p> <ul style="list-style-type: none"> <li>• FY2012: 02/15/2012</li> <li>• FY2013: 01/24/2013</li> <li>• FY2014: 01/08/2014</li> </ul>
PUC99264	<p><u>Operator-to-Vehicle Staffing</u> - The operator does not routinely staff with two or more persons public transportation vehicles designed to be operated by one person</p>	<p style="text-align: center;">In Compliance</p>	<p>No provision for excess fixed-route vehicle staffing in: Agreements between City of Dixon and Public Employees Union Local 1:</p> <ul style="list-style-type: none"> <li>• July 1, 2010 – June 30, 2012</li> <li>• July 1, 2012 – June 30, 2014</li> </ul>
PUC99155	<p><u>Reduced Fare Eligibility</u> - For any operator who received TDA Article 4 funds, if the operator offers reduced fares to senior citizens and disabled persons, applicant will honor the federal Medicare identification card, the California Department of Motor Vehicles disability ID card, the Regional Transit Connection Discount Card, or any other current identification card issued by another transit operator that is valid for the type of transportation service or discount requested; and if the operator offers reduced fares to senior citizens, it also offers the same reduced fare to disabled patrons</p>	<p style="text-align: center;">In Compliance</p>	<p>Fare information in public information materials:</p> <ul style="list-style-type: none"> <li>• City of Dixon Read-Ride web site</li> <li>• City of Dixon Read-Ride Transit Service User's Guide</li> </ul>
PUC99314.7, Govt Code 66516, MTC Res. Nos. 3837, 4073	<p><u>Joint Revenue Sharing Agreement</u> - The operator has current joint fare revenue sharing agreements in place with transit operators in the MTC region with which its service connects, and submitted copies of agreements to MTC</p>	<p style="text-align: center;">In Compliance</p>	<ul style="list-style-type: none"> <li>• Signatory participant in Intercity Transit Funding Agreement (July 2012). Agreement also includes: Solano Transportation Authority, Solano County, SolTrans, and the cities of Fairfield, Suisun City, and Vacaville.</li> </ul>

Code Reference	Operator Compliance Requirements	Compliance Finding	Verification Information
PUC99246(d)	<p>Process for Evaluation of Passenger Needs - The operator has an established process in place for evaluating the needs and types of passengers being served</p>	<p>In Compliance</p>	<ul style="list-style-type: none"> <li>• Signatory participant in Intercity Paratransit Services Agreement (July 2013-June 2015). Agreement also includes: Solano Transportation Authority, Solano County, SolTrans, and the cities of Fairfield, Rio Vista, and Vacaville.</li> </ul>
			<p>Outreach programs:</p> <ul style="list-style-type: none"> <li>• Passenger surveys, completed in FY2013 and FY2014</li> <li>• Ongoing customer feedback solicited</li> </ul> <p>SRTP discussions (FY2013):</p> <ul style="list-style-type: none"> <li>• Public participation and Transportation Advisory Commission</li> <li>• Operations performance and service alternatives</li> <li>• Goals, objectives and performance measures</li> </ul>

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## V. STATUS OF PRIOR AUDIT RECOMMENDATIONS

Dixon's prior performance audit was completed in May 2012. Generally, MTC has used the audit recommendations as the basis for developing the Productivity Improvement Program (PIP) projects the operator is required to complete. MTC tracks PIP project implementation as part of its annual review of the operator's TDA-STA claim application. This section provides an assessment of actions taken by TDA-STA recipients toward implementing the recommendations advanced in the prior audit. This assessment provides continuity between the current and prior audits, which allows MTC to fulfill its obligations where the recommendations were advanced as PIP projects.

This review addresses Dixon's responses to the recommendations made in the prior performance audit, and whether Dixon made reasonable progress toward their implementation. There was one recommendation made in Dixon's prior audit. A summary of the recommendation and the actions taken by the City in response is presented in Exhibit 6. A determination of the status of the recommendation also is provided, using one of the following four evaluation categories:

- Implemented – appropriate actions have been taken and the issue has been sufficiently addressed.
- Implementation in Progress – actions have been taken to address the issue, but the recommendation remains open until further actions are completed.
- Not Implemented – no actions have been taken to address the issue, and the recommendation remains open.
- Closed – no actions have been taken to address the issue, but changes in circumstances have impacted the need to implement the recommendation.

The single recommendation has been implemented. It was suggested that Dixon develop a formal process for evaluating passenger needs, building on the informal process in effect during the prior audit period that evolved from earlier formal efforts. During the current audit period,

annual passenger surveys were reinstated. In addition, the latest SRTP update (FY2013) adopted several customer focus components comprising a formal process for evaluating passenger needs.

**Exhibit 6: Status of Prior Audit Recommendations**

Recommendation	Actions Taken	Evaluation
<p>1. Develop a formal process for evaluating passenger needs, building on the current informal process.</p>	<p>In the past, Dixon’s process for evaluating passenger needs included elements such as passenger surveys and public outreach meetings to gather feedback, measure customer satisfaction, and provide information to the public. During the prior audit period, Dixon had not been utilizing these elements. Dixon staff indicated that due to staff turnover, these efforts had largely become stagnant, though an informal feedback system was still available to customers.</p> <p>During the current audit period, annual passenger surveys were reinstated. In addition, the latest SRTP update (FY2013) adopted several components comprising a formal process for evaluating passenger needs. This was discussed in the SRTP sections pertaining to public participation, customer focus and the Transportation Advisory Commission; operations performance and service alternatives; and goals, objectives and performance measures.</p>	<p>Implemented</p>

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## VI. CONCLUSIONS AND RECOMMENDATIONS

The preceding sections presented a discussion of the City of Dixon's Transit Service performance during the three-year period of FY2012 through FY2014 (July 1, 2011 through June 30, 2014). They included discussions of Dixon's compliance with reporting requirements and trends in TDA-mandated performance indicators, actions taken to implement the recommendations from the prior performance audit, and a review of selected other key performance results.

### Conclusions

The key findings and conclusions from the individual sections of this performance audit are summarized below:

- Data Collection – Dixon is in compliance with the data collection and reporting requirements for all five TDA statistics.
- TDA Performance Trends - The following is a brief summary of the TDA performance trend highlights over the six-year period of FY2009 through FY2014:
  - There was an average annual increase in the operating cost per hour of 1.7 percent, equivalent to a 0.8 percent annual decrease in inflation adjusted dollars.
  - The cost per passenger increased on average by 5.5 percent per year, which amounted to an average annual increase of 3.0 percent in constant FY2009 dollars. Most of this increase occurred between FY2009 and FY2010.
  - Passenger productivity trends were negative overall, with passengers per vehicle service hour decreasing by 3.7 percent annually and passengers per vehicle service mile decreasing by 1.6 percent annually. This was driven by a major ridership change six years ago; recent years have seen steadier passenger and service levels.
  - Employee productivity decreased an average 2.8 percent per year.

The following is a brief summary of the component operating costs trend highlights between FY2012 and FY2014:

- Total operating costs decreased by 4.1 percent per year on average, while annual labor costs increased by 1.9 percent but fringe benefit costs decreased by nearly 20 percent per year.
  - Labor costs increased from 47 percent of the total cost per vehicle service hour in FY2012 to 53 percent in FY2014, while fringe benefit costs were reduced from about a 35 percent share in FY2012 to 25 percent or less, subsequently.
  - The shares of other component costs varied somewhat from year to year, but each generally remained at under ten percent.
  - Services, other materials/supplies and casualty/liability costs all increased overall, each by at least ten percent per year. Other component costs only showed only minor net annual increases or decreases.
- PUC Compliance – Dixon is in compliance with the sections of the state PUC that were reviewed as part of this performance audit. These sections included requirements concerning CHP terminal safety inspections, labor contracts, reduced fares, revenue sharing, and evaluating passenger needs.
  - Status of Prior Audit Recommendations – The single recommendation has been implemented. It was suggested that Dixon develop a formal process for evaluating passenger needs, building on the informal process in effect during the prior audit period that evolved from earlier formal efforts. During the current audit period, annual passenger surveys were reinstated. In addition, the latest SRTP update (FY2013) adopted several customer focus components comprising a formal process for evaluating passenger needs.

## Recommendations

No recommendations are suggested for the City of Dixon based on the results of this triennial performance audit.