

Triennial Performance Audit

of the

Solano County Transit (SolTrans)

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

FINAL AUDIT REPORT

prepared for the

Metropolitan Transportation Commission

by



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EXECUTIVE SUMMARY

This executive summary highlights the findings from the performance audit of the Solano County Transit (SolTrans). 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. SolTrans' bus and paratransit modes are 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 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 SolTrans' actions to implement the recommendations from the last performance audit; and
- Findings, conclusions, and recommendations to further improve SolTrans' performance based on the results of the previous sections.

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

Results and Conclusions

Review of TDA Data Collection and Reporting Methods - SolTrans 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.

Performance Indicators and Trends – SolTrans’ performance trends for the five TDA-mandated indicators were analyzed by mode. A three-year analysis period was used for all the indicators, however, at the time this report was prepared, data for FY2014 were available only as preliminary data, due to a delay in NTD opening the reporting module. In addition, component operating costs were analyzed for the current audit period. This review of performance is for the period from FY2012 through FY2014.

- Bus Service - The following is a brief summary of the bus TDA performance trend highlights over FY2012-FY2014 period:
 - Cost efficiency decreased, with an average annual increase in operating cost per service hour of 6.5 percent. This was largely due to service reductions in 2012 that caused a decrease in vehicle service hours and ridership.
 - Passenger productivity improved, with passengers per hour increasing an annual average of 7.1 percent, and passengers per mile increasing an annual average 10.4 percent between FY2012 and FY2014.
 - While cost efficiency decreased due to the service reductions, cost effectiveness improved, with cost per passenger decreasing an annual average of 4.5 percent. This reflects the decrease in operating costs outpacing the decrease in ridership over this period.
 - Employee productivity was slightly negative, showing a decrease of 1.1 percent in vehicle service hours per FTE.

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

- Total operating costs decreased by six percent, with purchased transportation costs decreasing by 10.3 percent during this time.

- Decreases also were seen in the materials/supplies and casualty/liability cost categories, but their combined share of total operating costs was below 15 percent. The decrease in the insurance category was attributed to SolTrans eliminating redundant coverage that also was carried by the contractor.
- Purchased transportation costs represented the largest portion of the total cost per vehicle service hour, averaging between 65 to 72 percent per year.
- The direct labor, fringe benefit, services/utilities and miscellaneous expense cost categories all had increases over the period, but together their share of the component costs only accounted for about 15 to 20 percent of total operating costs. The increase in fringes were attributed to SolTrans' startup costs, as the full cost of employee benefits was not realized until January 2013.
- Paratransit Service – The following is a brief summary of the TDA performance trend highlights over FY2012-FY2014 period:
 - Cost efficiency decreased, with an annual average increase in the operating cost per hour of 7.4 percent (4.5 percent in inflation adjusted dollars) between FY2012 and FY2014.
 - Cost effectiveness also decreased but not as significantly, exhibiting a 2.4 average annual increase in operating cost per passenger and a normalized decrease of 0.3 percent in the cost per passenger.
 - Passenger productivity was mixed, with passengers per vehicle service hour increasing and annual average of 4.9 percent and passenger per vehicle service mile decreasing 2.6 percent between FY2012 and FY2014. This was due to ridership increasing at a greater rate than service hours but less than service miles during the period.
 - Employee productivity improved with an average annual 22.5 percent increase in vehicle service hours per FTE between FY2012 and FY2014.

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

- Total operating costs increased by 7.9 percent, with purchased transportation costs increasing by 4.4 percent annually during this time.
- Purchased transportation costs represented the largest portion of the total cost per vehicle service hour, averaging between 75 to 80 percent per year.

- Significant average annual increases were seen in the fringe benefits (84 percent) services/utilities (28.5 percent), casualty/liability (80.9 percent) and materials/supplies (69.7 percent) categories, with their combined share of total operating costs ranging between 15 to 20 percent. The increase in paratransit costs is attributed to Soltrans operating an extensive Regional Paratransit Program which operates beyond the ADA complementary transit requirements to make connections with six neighboring transit operators. SolTrans regularly travels out of its service area to pick-up and return passengers to a transfer location. It is estimated that 45% of the total paratransit demand was generated from passengers residing outside of the Benicia and Vallejo service area.

Compliance with Statutory Requirements – SolTrans is in compliance with all 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.

The PUC requires operators to have joint revenue sharing agreements in place with other transit operators with which their service connects and submit copies of such agreements to MTC. SolTrans has existing agreements in place with all of the Solano County and Contra Costa County operators who have connections with SolTrans. The SolTrans Board of Directors has agreed to continue the revenue sharing agreements that were in place prior to SolTrans taking over the operations of the former Vallejo Transit and City of Benicia transit services. While SolTrans has working agreements in place, SolTrans has not completed the administrative task of adopting formal revenue sharing agreements with connecting operators, which include Central Contra Costa Transit Authority, Fairfield and Suisun Transit, Golden Gate Transit, Napa County Transportation and Planning Agency, Western Contra Costa Transit Authority, Rio Vista Delta Breeze and the Water Emergency Transportation Authority. However, SolTrans is actively working on executing new agreements in accordance with a standard agreement adopted by the Board of Directors at the February 2015 Board meeting, which satisfies the requirement for revenue sharing agreements.

Status of Prior Audit Recommendations – As this is the first SolTrans TDA audit, there are no recommendations from a prior Triennial Performance Audit to review.

Recommendations

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

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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 Solano County Transit (SolTrans). The two modes operated by SolTrans, bus, and paratransit, are 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 SolTrans is provided in Exhibit 1. This is followed by an organization chart in Exhibit 2. The chart reflects the organization structure during the current audit period.

PERFORMANCE AUDIT AND REPORT ORGANIZATION

This is the final audit report for the performance audit of SolTrans. 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 SolTrans' actions to implement the recommendations from the last performance audit; and
- Findings, conclusions, and recommendations to further improve SolTrans' performance based on the results of the previous sections.

Comments received from SolTrans and MTC staff regarding the draft report have been incorporated into this final report.

Exhibit 1: System Overview

Location	Operations and Maintenance Facility - 1850 Broadway Street, Vallejo, CA 95489 Administrative Offices 7 Transit Center – 311 Sacramento Street, Vallejo, CA 94590
Establishment	Solano County Transit (SolTrans) is a Joint Powers Authority that provides public transportation to the southern Solano County cities of Vallejo and Benicia. SolTrans was created by a joint powers agreement approved in the fall of 2010 by the City of Benicia, the City of Vallejo, and the Solano Transportation Authority to build a unified public transit system in southern Solano County. On Friday, July 1, 2011, SolTrans officially took over the public transit programs from the cities of Vallejo and Benicia.
Board	SolTrans has a six member Board of Directors with four City Council members from Benicia and Vallejo and two members from regional planning agencies boards of directors, the Metropolitan Transportation Commission (MTC), and the Solano Transportation Authority (STA). The Board has two alternate members.
Facilities	The SolTrans operations and maintenance facility is located on Broadway in Vallejo. It is the central base of operations for services and houses the contractor employees. SolTrans' agency staff are located in the administrative office located at the Vallejo Transit Center at 311 Sacramento Street, in Downtown Vallejo. SolTrans services are centered around three transit centers in Vallejo: the Vallejo Transit Center, the Sereno Transit Center and the Curtola Park and Ride Hub at Curtola Parkway and Lemon Street.
Service Data	SolTrans provides local bus service to the Solano County cities of Vallejo and Benicia, with express bus service connecting to the City of Fairfield and the Contra Costa County communities of El Cerrito, Pleasant Hill and Walnut Creek with regional connections to BART. Beginning July 1, 2013, SolTrans contracts with National Express Transit Corporation to operate and maintain its fixed-route and paratransit services. Prior to July 1, 2013, SolTrans contracted with MV Transportation, Inc. Seven local fixed routes serve Vallejo, three limited service routes operate during school in-service dates within Vallejo and Benicia, and four intercity routes connect to surrounding areas, including one route that provides supplemental service to the Vallejo Ferry, which is fully funded by the Water Emergency Transportation Authority that provides ferry service between Vallejo and San Francisco. General transit within Benicia is provided through a SolTrans branded dial-a-ride service. In addition to fixed route service, SolTrans provides ADA complementary paratransit bus service, and offers

local and intercity Taxi Scrip Programs. Solano County's Intercity Taxi Scrip Program provides direct service between cities in Solano County for ambulatory ADA Paratransit qualified individuals. The Taxi Scrip service is not included in this performance audit.

SolTrans operates seven local fixed-routes with a span of service Monday through Friday from 5:30 a.m. to 8:50 p.m., Saturdays 6:30 a.m. to 7:50 p.m. and two routes on Sunday 8:30 a.m. to 7:50 p.m. Frequencies on most routes are variable and midday trips are often widely spaced, but headways generally run on 15 to 60 minute headways during the peak periods and 45 to 90 minutes off-peak. Inter-city service runs weekdays from approximately 4:15 a.m. to 11:30 p.m., Saturdays 6:00 a.m. to 11:30 p.m. and one route on Sunday from 8:00 a.m. to 8 p.m. SolTrans' current fixed-route fleet consists of 40 revenue vehicles, including diesel and diesel-electric hybrid 40-foot and 45-foot transit coaches.

The base local fare is \$1.75, while the express fares are based on a two-zone system (\$1.75 or \$5.00). Discounted fares of \$0.85 are offered to senior patrons, disabled patrons, and Medicare cardholders. Daily and monthly passes and discounted 10-ride tickets are also available.

Complimentary ADA paratransit service is provided by SolTrans Paratransit seven days a week during the same hours as the fixed route service. The fare is \$3.00 per trip within Vallejo and \$5.50 for multi-zone trips. A \$30 10-Ride Pass is also available.

SolTrans Dial-a-Ride is general public demand response service available in the City of Benicia only. Dial-a Ride replaced the Benicia fixed-route service. This service is open to the public with no application necessary for use. Reservations are required and are scheduled on a first come first served basis. Dial-A-Ride also serves ADA eligible residents within Benicia City limits. ADA eligible riders requiring a trip to Vallejo are placed on traditional paratransit. Dial-a Ride operates weekdays from 5:50 a.m. to 8:20 p.m. and Saturday 7:00 a.m. to 7:00 p.m. Cash fare is \$2.00, or \$20 for a 10-Ride Pass.

Recent Changes

SolTrans changed operations contractors from MV Transportation, Inc., to National Express Transit Corporation in July 2013.

SolTrans completed a system restructuring/reduction in July 2012. Aspects of the restructuring included:

- Elimination of Routes 21 and 22 and replacing them with Dial-a Ride service in the City of Benicia.
- Reducing the span of service on weekdays on all local routes.
- Reducing evening Saturday service hours.
- Eliminating Sunday service on Routes 5, 7, 80 and 85.

- Cutting the length of several local routes and service frequency on Route 85.

Planned Changes

SolTrans' planned changes include:

- An additional 8,600 annualized revenue hours, on the most productive local bus routes beginning January 31, 2015;
- An additional approximate 2,700 revenue hours for a fixed route pilot between Benicia and Vallejo in 2015;
- Proposed re-establishment of Sunday Route 80 service to BART within the next year which would increase service hours by approximately 1,200 revenue hours;
- Replacement of all over-the-road coaches and 9 local fixed route buses are planned within the SolTrans intercity fleet over the next ten years;
- Renovation and expansion of the existing central operations and maintenance facility on Broadway;
- Conversion to a compressed natural gas (CNG) fueling facility;
- Expansion and re-design of the Curtola Park and Ride Hub, including parking lot expansion, bus transit center re-design, facility security, maintenance, landscaping and technology upgrades;
- Purchase and installation of a new AVL-CAD system on the fixed route, demand response, and road supervisory fleet;
- Technology enhancements including security cameras, fareboxes, Clipper fare equipment and IT system improvements; and
- Planning and construction of a Benicia Intermodal Center.

Staff

SolTrans currently has eleven in-house employees. Its contractor, National Express Transit Corporation, currently has 111 transit employees.

Exhibit 2: SolTrans Organization Chart 2011-12

SolTrans Organizational Chart

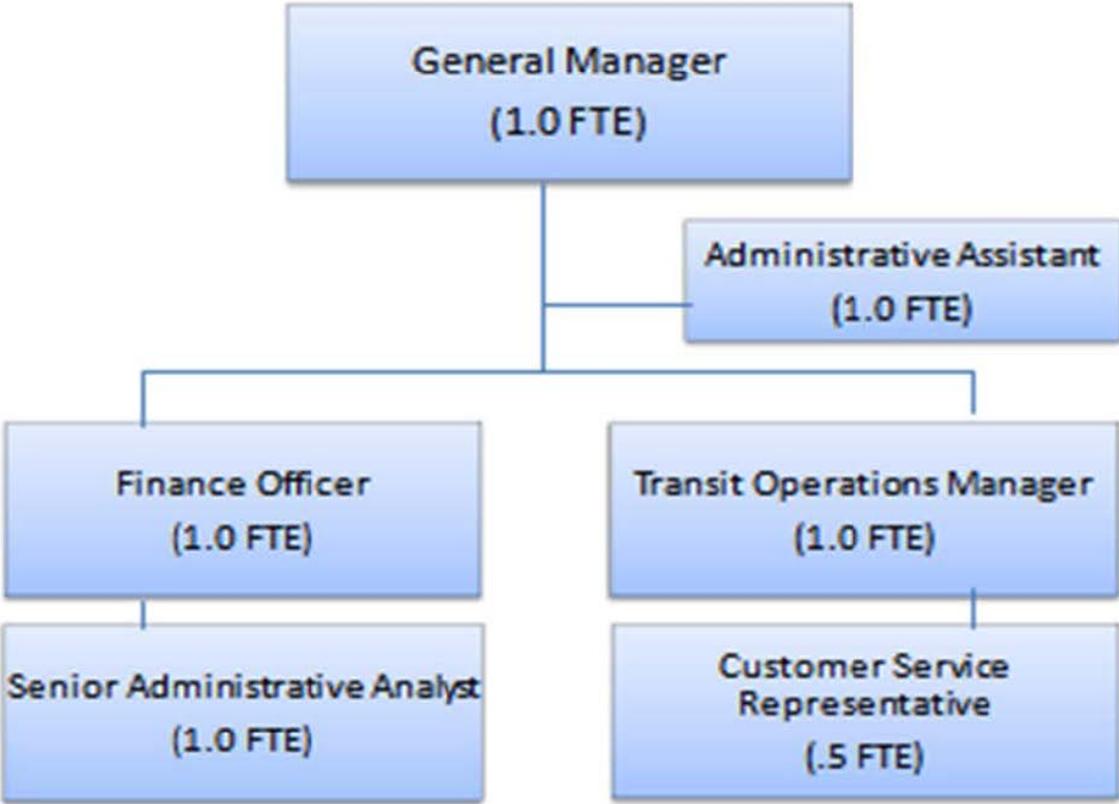


Exhibit 2.1: SolTrans Organization Chart 2012-13

SOLTRANS ORGANIZATIONAL STRUCTURE

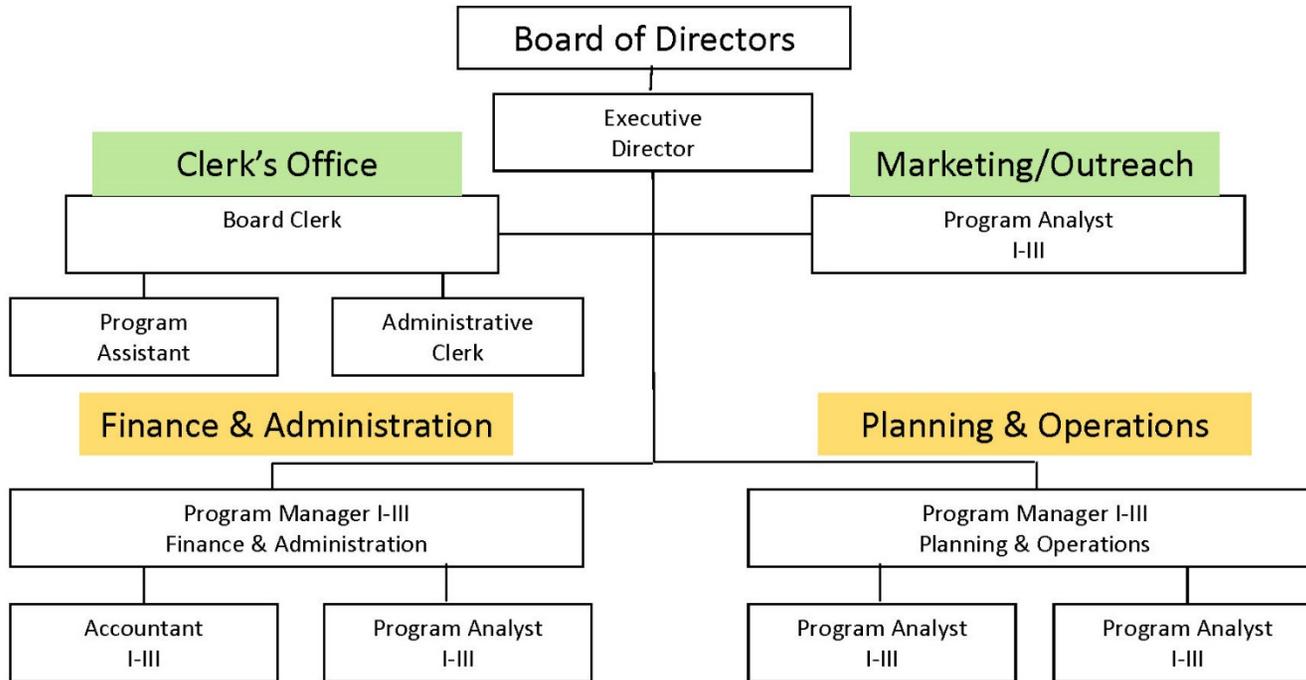
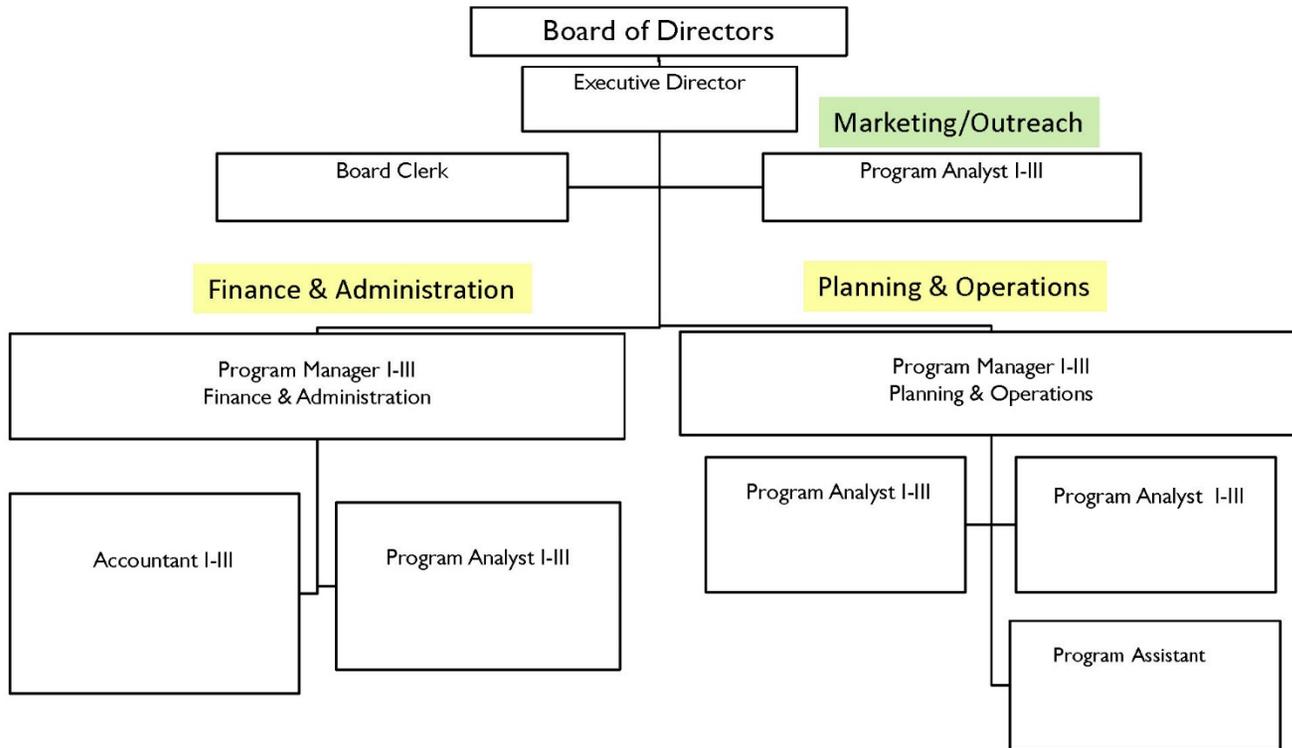


Exhibit 2.2: SolTrans Organization Chart 2013-14

SOLTRANS ORGANIZATION STRUCTURE



II. REVIEW OF TDA DATA COLLECTION AND REPORTING METHODS

This section presents 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 SolTrans 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)

The TDA indicator analysis is based on these operating and financial statistics in the National Transit Database (NTD) reports submitted annually to the Federal Transit Administration (FTA). The information reported by SolTrans covering the three years of the audit period has been reviewed. SolTrans' NTD reports include its bus and paratransit services. However, consistent with FTA reporting requirements, SolTrans does not submit employee hour information for purchased transportation service to the NTD. SolTrans provided full-time employee equivalent (FTE) information taken from both internal data and from its contractors performance reports.

To support this review, SolTrans also provided information to confirm its data collection and reporting procedures. The staff indicated that the definitions and procedures used to derive the TDA indicator statistics generally are consistent with those used for the NTD reporting system.

Based on the information provided, as shown in Exhibit 3, SolTrans 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	<p>“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.</p>	<p>In Compliance</p>	<ul style="list-style-type: none"> • Operating costs for the agency are broken down between the fixed route, demand response and taxi scrip modes. Expenses are categorized for each mode (i.e. service contract, salaries and benefits, maintenance, general administration, insurance, accounting, etc.). Expenses reported in annual TDA claim are tied to the annual audited financial statements. Depreciation and amortization are not included in the calculation of expenses.
Vehicle Service Hours	<p>“Vehicle service hours” means the total number of hours that each transit vehicle is in revenue service, including layover time.</p>	<p>In Compliance</p>	<ul style="list-style-type: none"> • Revenue Service Hours – includes all travel time from the point of the first passenger pick-up to the last passenger drop-off, excluding any meal breaks, as long as the vehicles does not return to the dispatching point. Revenue service hours include time necessary to pick up the next passenger. Deadhead hours are tracked but not included as revenue hours. • Revenue Service Hour data is tracked by the contractor through GFI and input into The Reporting Solution – the Soltrans Data Management System.

TDA Statistic	TDA Definition	Compliance Finding	Verification Information
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"> • Revenue Service Miles – includes all travel miles from the point of the first passenger pick-up to the last passenger drop-off, excluding any meal breaks, as long as the vehicle does not return to the dispatching point. Revenue service miles include the distance traveled to pick up the next passenger. Deadhead miles are tracked but not included as revenue miles. • Revenue Service Mile data is tracked by the contractor and input into The Reporting Solution – the Soltrans Data Management System.
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"> • Collected and calculated through an automated on-board GFI fare collection system. Data from the GFI system is downloaded into The Reporting Solution and presented in monthly management reports.
Employee Full-Time Equivalents	2,000 person-hours of work in one year constitute one employee.	In Compliance	<ul style="list-style-type: none"> • SolTrans defines one FTE employee as 2,000 person-hours of work during a one year period.

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III. TDA PERFORMANCE INDICATORS AND TRENDS

The performance trends for the SolTrans' bus and paratransit service modes 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)

The performance results in these indicators were developed from the information in the NTD reports filed with the FTA for the three years of the audit period. SolTrans' NTD reports were the source of all operating and financial statistics except for FTEs. Employee FTE data was provided by SolTrans from internal and contractor data. Typically, the performance indicators and trends section would be based on six-year trend lines constructed for SolTrans' service to provide a longer perspective on performance and to clearly present the direction and magnitude of the performance trends. As this is the first TDA performance audit of SolTrans as a new operator, this analysis will be confined to the current three-year audit period.

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

- 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.

The following discussion is organized to present an overview of SolTrans' performance trends in each of the five TDA performance indicators. The discussion is organized by service mode. SolTrans' bus service is discussed first, followed by paratransit. The analysis is expanded to include a breakdown of the various component costs that contributed to the total and hourly operating costs during the last three years, although it is recognized that for contracted services, the cost breakdowns generally are internal contractor issues.

Bus Service Performance Trends

This section provides an overview of the performance of SolTrans' bus service over the past three 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, fringes, fuel, 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 bus service hour that can be attributed to each included cost component.

As of this writing, SolTrans' FY2014 NTD report data was only available in preliminary form due to a delay in release of the Federal Transit Administration's (FTA's) reporting modules and final review process. The following discussion is for three-year period from FY2012 through FY2014.

- Operating Cost Per Vehicle Service Hour (Exhibit 4.1) - Operating cost per vehicle service hour is a key indicator of cost efficiency. During the 2012-2014 period, the cost per hour of bus service increased an average of 6.5 percent annually. In constant dollars, cost efficiency decreased slightly less, with annual operating cost per hour increasing 3.7 percent. Operating cost per vehicle service hour increased from \$102.85 in FY2012 to \$116.75 in FY2014. This was the result of a six percent decrease in operating costs while vehicle service hours decreased by almost 12 percent. The drop in vehicle service hours was due to a major service reduction in 2012 that eliminated two routes, reduced the weekday service span in the morning and evenings for most routes, reduced Saturday hours on local routes, eliminated

Sunday service on some routes and reduced coverage and frequency on some routes.

As shown in Exhibit 4.5, total operating costs decreased an annual average of six percent between FY2012 and FY2014. Purchased transportation, the largest cost category comprising between 65 and 72 percent of total operating costs, decreased 10.3 percent annually. Annual cost decreases were also seen in the materials/supplies (9.2 percent) and casualty/liability (71.1 percent) categories. The large decrease in the insurance category was attributed to SolTrans eliminating redundant coverage that also was carried by the contractor. Together, these five categories comprise approximately 85 percent of the total fixed-route operating costs. Cost increases were found in the direct labor (6.3 percent), fringe benefit (667.6 percent), services/utilities (28.2 percent) and miscellaneous other cost (36.6 percent) categories. The increase in fringes were attributed to SolTrans' startup costs, as the full cost of employee benefits was not realized until January 2013.

- Passengers per Vehicle Service Hour (Exhibit 4.2) - One indicator of passenger productivity is passengers per vehicle service hour. Overall, passenger productivity increased an annual average of 7.1 percent. Passengers per hour increased from 14.0 in FY2012 to 17.4 in FY2014. This is the result of vehicle service hours decreasing more (11.8 percent) than ridership (1.7 percent). Both hours and ridership decreased as a result of the service reduction.
- Passengers per Vehicle Service Mile (Exhibit 4.2) - Another passenger productivity indicator is passengers per vehicle service mile. The trend in this indicator improved more than passengers per hour. Passengers per mile increased an annual average of 10.4 percent during the period, rising from 0.76 passengers per mile in FY2012 to 0.92 passengers in FY2014. Again, this reflects a larger reduction in service miles than in ridership during the period.
- Operating Cost per Passenger (Exhibit 4.3) - Operating cost per passenger is a measure of cost effectiveness. SolTrans' cost effectiveness increased by an annual average of 4.5 percent between 2012 and 2014. With the impact of inflation removed (normalization), the result was an increase of seven percent. Cost per passenger decreased from \$7.33 in FY2012 to \$6.69 per passenger in FY2014.
- Vehicle Service Hours per Employee (FTE) (Exhibit 4.4) - Employee productivity is measured as vehicle service hours per full-time employee. This indicator decreased between 2012 and 2014. SolTrans operated with 802 hours per FTE in FY2012 and ended the period at 785 hours per FTE in FY2014. Overall, vehicle service hours per full-time employee decreased by 1.1 percent. This reflects the decrease in FTEs outpacing the decrease in vehicle service hours during this period.

The following is a brief summary of the bus TDA performance trend highlights over FY2012-FY2014 period:

- Cost efficiency decreased, with an average annual increase in operating cost per service hour of 6.5 percent. This was largely due to service reductions in 2012 that caused a decrease in vehicle service hours and ridership.
- Passenger productivity improved, with passengers per hour increasing an annual average of 7.1 percent, and passengers per mile increasing an annual average 10.4 percent between FY2012 and FY2014.
- While cost efficiency decreased due to the service reductions, cost effectiveness improved, with cost per passenger decreasing an annual average of 4.5 percent. This reflects the decrease in operating costs outpacing the slight decrease in ridership over this period.
- Employee productivity was slightly negative, showing a decrease of 1.1 percent in vehicle service hours per FTE.

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

- Total operating costs decreased by six percent, with purchased transportation costs decreasing by 10.3 percent during this time.
- Decreases also were seen in the materials/supplies and casualty/liability cost categories, but their combined share of total operating costs was below 15 percent. The decrease in the insurance category was attributed to SolTrans eliminating redundant coverage that also was carried by the contractor.
- Purchased transportation costs represented the largest portion of the total cost per vehicle service hour, averaging between 65 to 72 percent per year.
- The direct labor, fringe benefit, services/utilities and miscellaneous expense cost categories all had increases over the period, but together their share of the component costs only accounted for about 15 to 20 percent of total operating costs. The increase in fringes were attributed to SolTrans' startup costs, as the full cost of employee benefits was not realized until January 2013.

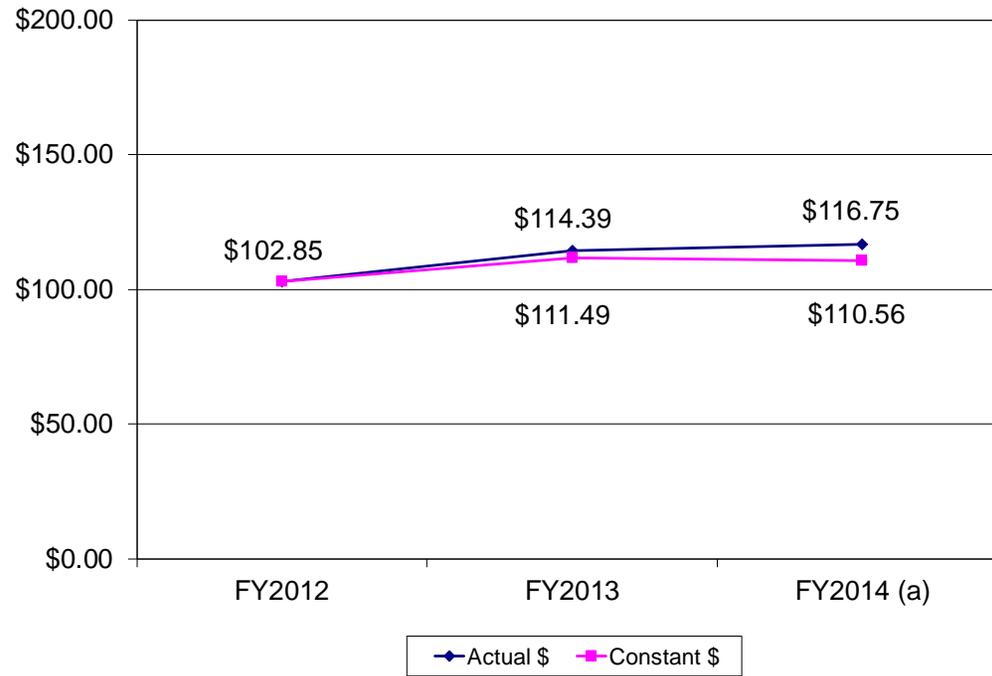
Exhibit 4: TDA Indicator Performance – Bus Service

	FY2012	FY2013	FY2014 (a)	Av. Ann. Chg.
Performance Indicators				
Op. Cost per Vehicle Svc. Hour (Actual \$)	\$102.85	\$114.39	\$116.75	- -
<i>Annual Change</i>	- -	11.2%	2.1%	6.5%
Op. Cost per Vehicle Svc. Hour (Constant \$)	\$102.85	\$111.49	\$110.56	- -
<i>Annual Change</i>	- -	8.4%	-0.8%	3.7%
Passengers per Vehicle Service Hour	14.0	16.1	17.4	- -
<i>Annual Change</i>	- -	14.7%	8.4%	7.1%
Passengers per Vehicle Service Mile	0.76	0.85	0.92	- -
<i>Annual Change</i>	- -	12.1%	8.7%	10.4%
Op. Cost per Passenger (Actual \$)	\$7.33	\$7.11	\$6.69	- -
<i>Annual Change</i>	- -	-3.1%	-5.8%	-4.5%
Op. Cost per Passenger (Constant \$)	\$7.33	\$6.93	\$6.34	- -
<i>Annual Change</i>	- -	-5.5%	-8.5%	-7.0%
Vehicle Service Hours per FTE	802.1	726.0	785.2	- -
<i>Annual Change</i>	- -	-9.5%	8.2%	-1.1%
Input Data				
Operating Cost (Actual \$)	\$10,905,717	\$9,649,801	\$9,625,507	- -
<i>Annual Change</i>	- -	-11.5%	-0.3%	-6.1%
Operating Cost (Constant \$)	\$10,905,717	\$9,405,264	\$9,115,063	- -
<i>Annual Change</i>	- -	-13.8%	-3.1%	-8.6%
Vehicle Service Hours	106,037	84,362	82,444	- -
<i>Annual Change</i>	- -	-20.4%	-2.3%	-11.8%
Vehicle Service Miles	1,963,072	1,598,638	1,557,779	- -
<i>Annual Change</i>	- -	-18.6%	-2.6%	-10.9%
Unlinked Passengers	1,487,386	1,357,683	1,438,149	- -
<i>Annual Change</i>	- -	-8.7%	5.9%	-1.7%
Employee Full-Time Equivalents	132.2	116.2	105.0	- -
<i>Annual Change</i>	- -	-12.1%	-9.6%	-10.9%
Bay Area CPI - <i>Annual Change</i>	- -	2.6%	2.9%	- -
- <i>Cumulative Change</i>	- -	2.6%	5.6%	2.8%

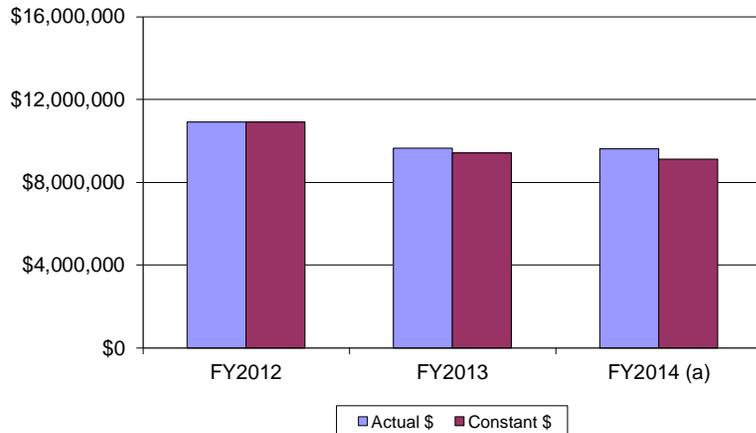
Sources: FY2012 through FY2014 - NTD Reports , except FTEs - provided by agency

(a) FY2014 NTD Report preliminary data as of this writing

Exhibit 4.1: Operating Cost per Vehicle Service Hour – Bus Service



Operating Cost



Vehicle Service Hours

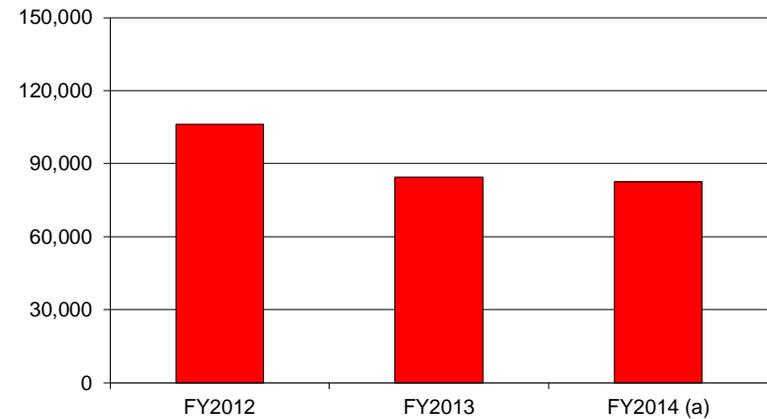
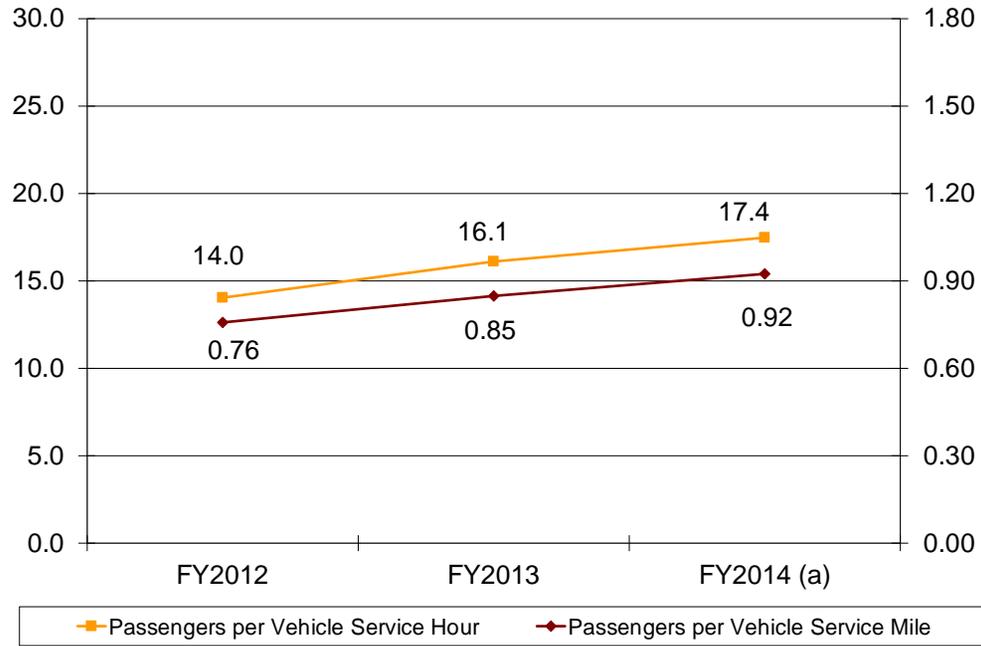
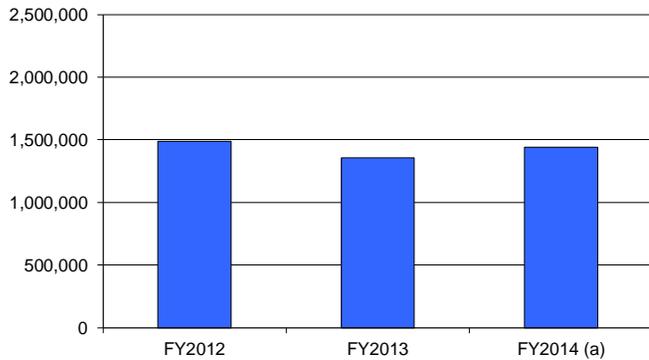


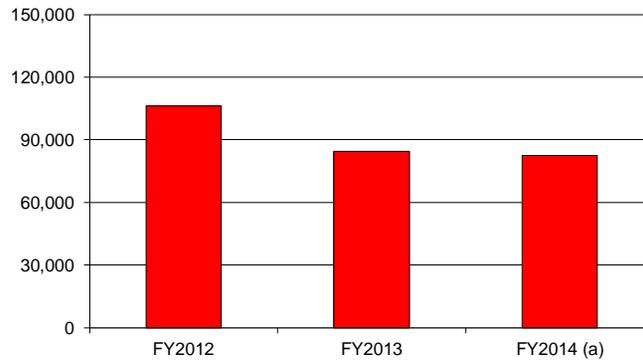
Exhibit 4.2: Passengers per Hour and per Mile – Bus Service



Unlinked Passengers



Vehicle Service Hours



Vehicle Service Miles

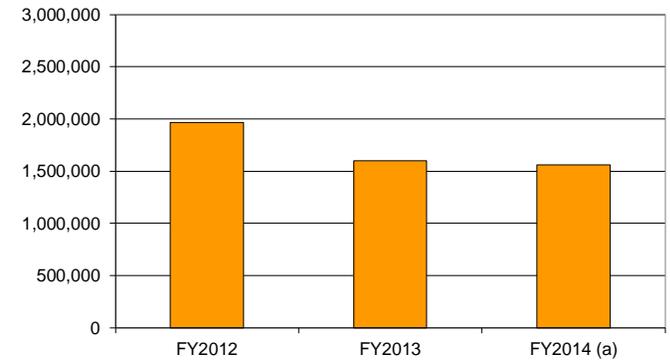
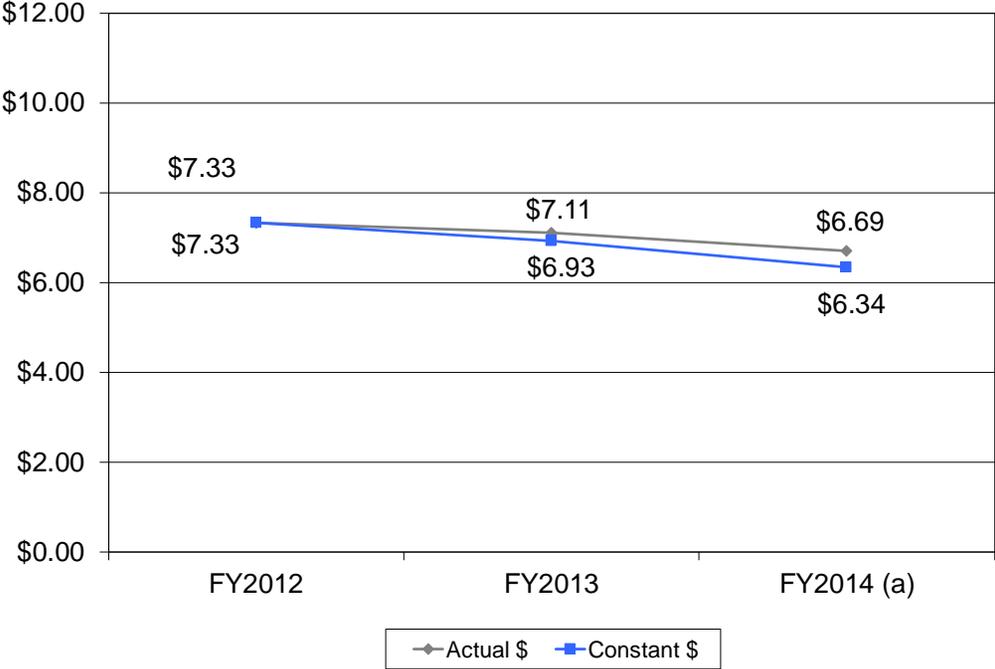
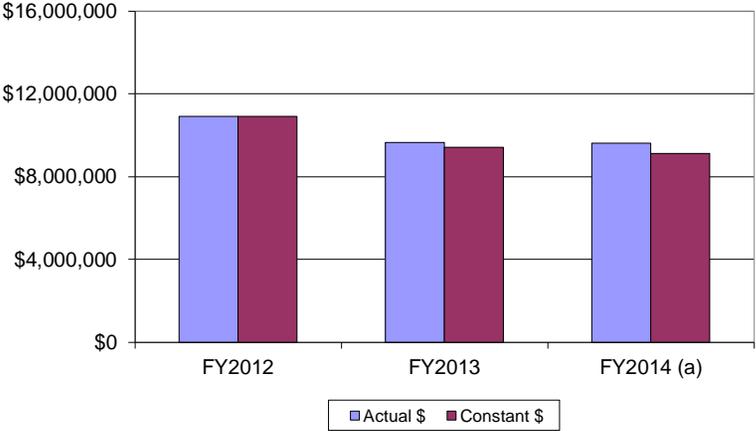


Exhibit 4.3: Operating Cost per Passenger – Bus Service



Operating Cost



Unlinked Passengers

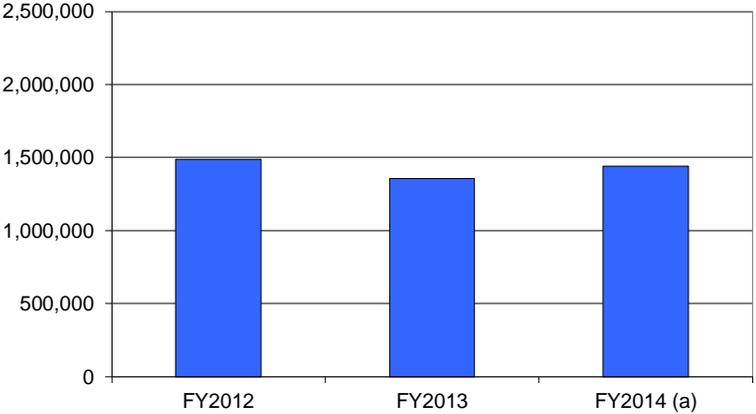
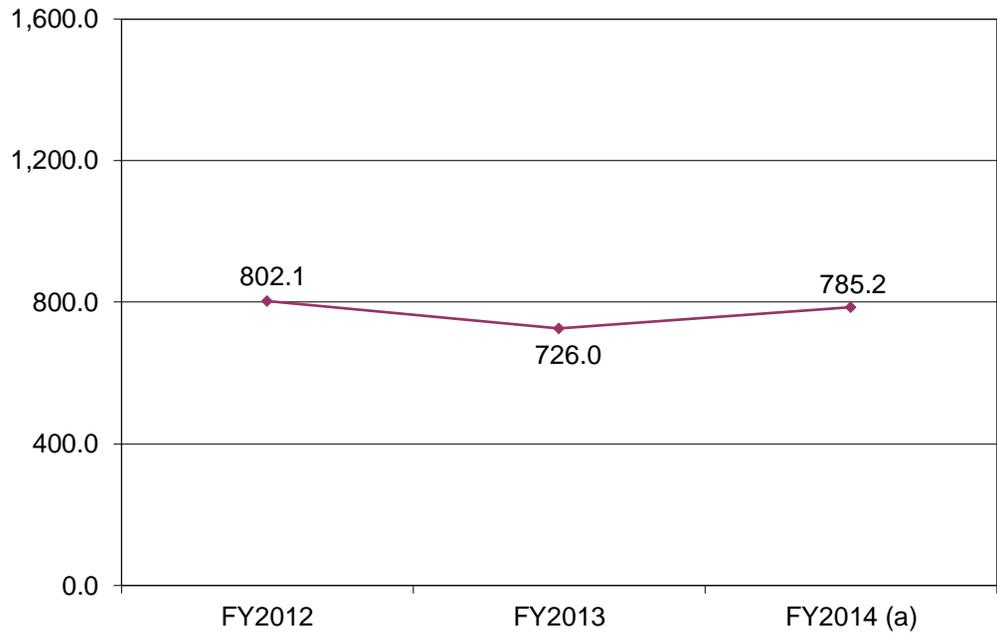
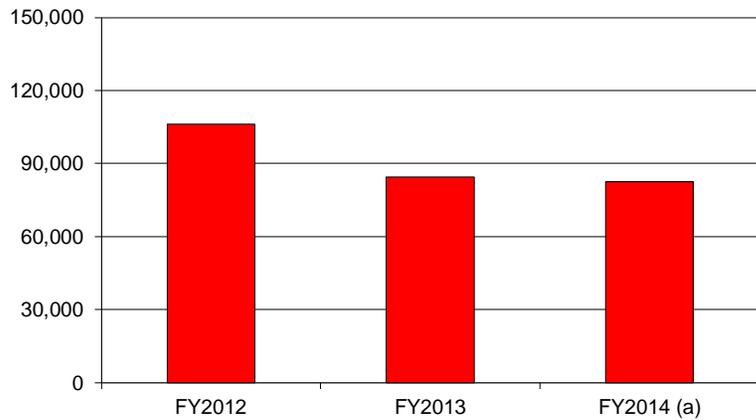


Exhibit 4.4: Vehicle Service Hours per FTE – Bus Service



Vehicle Service Hours



Full-time Equivalent

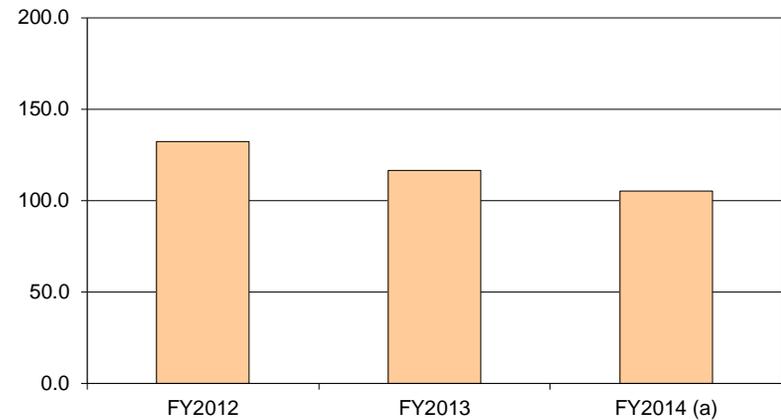
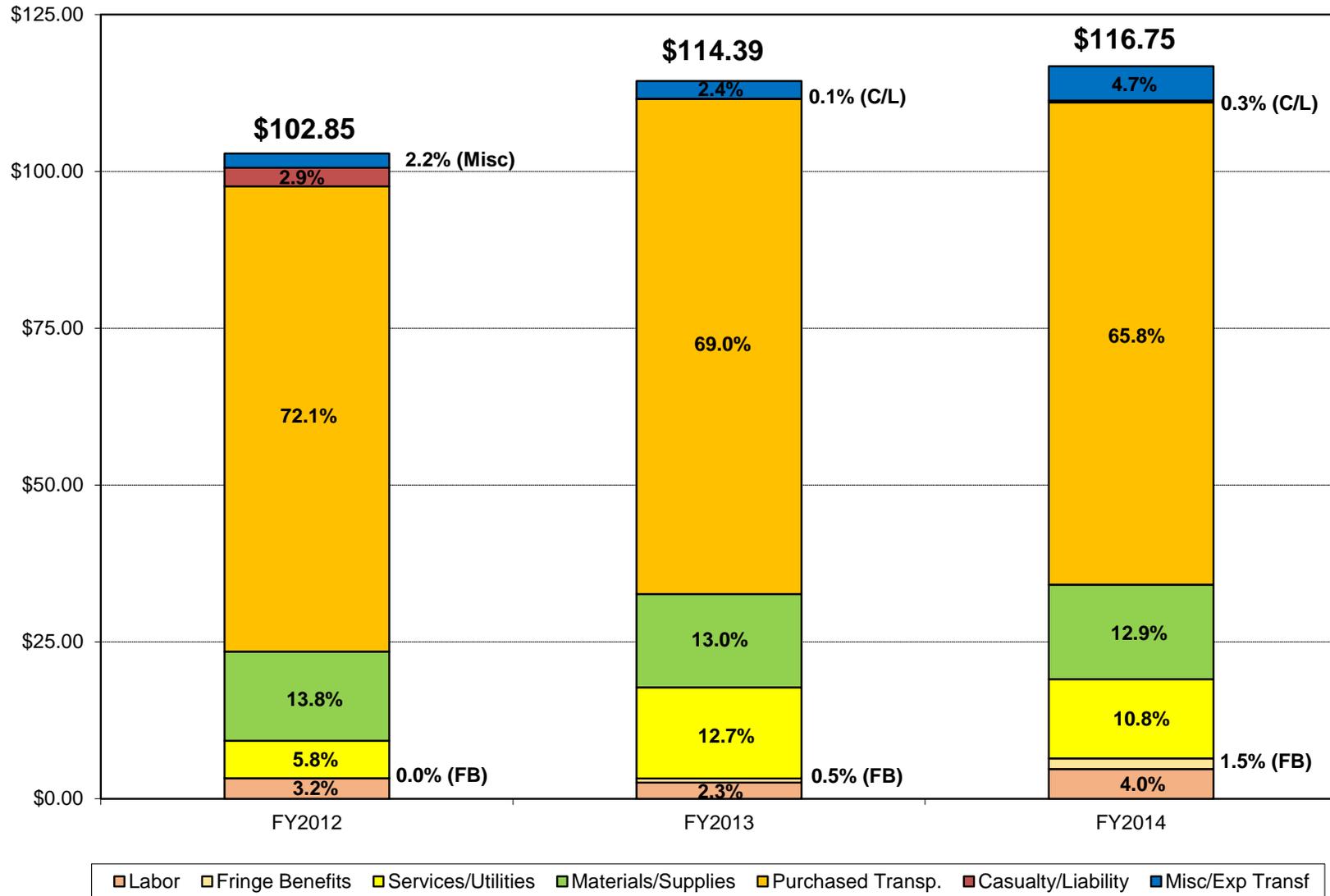


Exhibit 4.5: TDA Component Costs Trends – Bus Service

	FY2012	FY2013	FY2014	Av. Ann. Chg.
COST CATEGORIES				
Labor (Salaries, Wages)	\$343,841	\$217,993	\$388,712	--
<i>Annual Change</i>	--	-36.6%	78.3%	6.3%
Fringe Benefits	\$2,382	\$52,639	\$140,341	--
<i>Annual Change</i>	--	2109.9%	166.6%	667.6%
Services/Utilities	\$633,669	\$1,225,242	\$1,042,084	--
<i>Annual Change</i>	--	93.4%	-14.9%	28.2%
Materials/Supplies	\$1,505,135	\$1,256,349	\$1,242,117	--
<i>Annual Change</i>	--	-16.5%	-1.1%	-9.2%
Purchased Transp.	\$7,865,544	\$6,654,221	\$6,335,688	--
<i>Annual Change</i>	--	-15.4%	-4.8%	-10.3%
Casualty/Liability	\$313,661	\$8,321	\$26,274	--
<i>Annual Change</i>	--	-97.3%	215.8%	-71.1%
Misc./Expense Transfers	\$241,485	\$235,036	\$450,291	--
<i>Annual Change</i>	--	-2.7%	91.6%	36.6%
Total	\$10,905,717	\$9,649,801	\$9,625,507	--
<i>Annual Change</i>	--	-11.5%	-0.3%	-6.1%
OPERATING STATISTICS				
Vehicle Service Hours	106,037	84,362	82,444	--
<i>Annual Change</i>	--	-20.4%	-2.3%	-11.8%

Source: 2012 – 2014 NTD reports

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



Paratransit Performance Trends

This section provides an overview of the performance of SolTrans' paratransit service over the three year analysis period. The trends in the five TDA indicators and input data are presented in Exhibit 5. The six-year trends are illustrated in Exhibits 5.1 through 5.4. In addition, year-to-year changes in selected operating cost categories over the current audit period are presented in Exhibit 5.5, along with the concurrent changes in vehicle service hours and the portion of the cost per vehicle service hour that can be attributed to each included cost component.

As of this writing, SolTrans' FY2014 NTD report was only available as preliminary data, due to a delay in the release of the Federal Transit Administration's (FTA's) reporting module and final review. The following discussion is for the period from FY2012 through FY2014.

- Operating Cost per Vehicle Service Hour (Exhibit 5.1) – The paratransit cost efficiency trend exhibited a decrease in performance. Cost per vehicle service hour increased an annual average of 7.4 percent in actual dollars, and 4.5 percent in constant FY2012 dollars. This is due to operating costs increasing at a faster rate (7.9 percent) than vehicle service hours (0.5 percent), mostly due to the conversion of the Benicia local fixed-routes to demand response service. The cost per hour increased from \$89.29 in FY2012 to \$103.02 in FY2014.

As shown in Exhibit 5.5, SolTrans' overall operating costs increased 7.9 percent between FY2012 and FY2014. Purchased transportation costs increased an average of 4.4 percent annually, and comprised between 75 to 80 percent of total costs between FY2012 and FY2014. Costs increased in every other category, including significant increases in fringe benefits (84 percent), services (28.5 percent), casualty/liability (80.9 percent), and miscellaneous other costs (69.7 percent). The increase in paratransit costs is attributed to Soltrans operating an extensive Regional Paratransit Program which operates beyond the ADA complementary transit requirements to make connections with six neighboring transit operators. SolTrans regularly travels out of its service area to pick-up and return passengers to a transfer location. It is estimated that 45% of the total paratransit demand was generated from passengers residing outside of the Benicia and Vallejo service area.

- Passengers per Vehicle Service Hour (Exhibit 5.2) – Passengers per vehicle service hour increased from 2.0 in FY2012 to 2.2 in FY2014. Overall passenger productivity increased an average of 4.9 percent annually, resulting from increases in both vehicle service hours (0.5 percent) and ridership (5.4 percent) during the period. Again, the overall increase in service hours, miles and ridership is attributed to the conversion of fixed route service to demand response service in Benicia.

- Passengers per Vehicle Service Mile (Exhibit 5.2) – Performance in passengers per vehicle service mile decreased. This was the result of a larger increase (8.2 percent) in service miles combined with the smaller increase in ridership. Passengers per mile decreased from 0.18 to 0.17 between FY2012 and FY2014. Overall, the decrease in passengers per service mile was 2.6 percent.
- Operating Cost per Passenger (Exhibit 5.3) – Cost effectiveness also decreased, increasing an annual average of 2.4 percent. Cost per passenger increased from \$43.83 in FY2012 to \$45.87 in FY2014. In inflation adjusted dollars, cost per passenger decreased slightly by 0.3 annually. Cost effectiveness decreased due to a larger annual average increase in operating cost (7.9 percent) combined with a smaller increase in ridership (5.4 percent).
- Vehicle Service Hours per FTE (Exhibit 5.4) – Paratransit employee productivity also improved, increasing from 639 hours per FTE in FY2012 to 960 hours in FY2014. Overall, employee productivity increased an annual average of 22.5 percent. This was the result of a decrease in FTEs (18 percent) combined with slightly increased vehicle service hours (0.5 percent) over the period.

The following is a brief summary of the TDA performance trend highlights over FY2012-FY2014 period:

- Cost efficiency decreased, with an annual average increase in the operating cost per hour of 7.4 percent (4.5 percent in inflation adjusted dollars) between FY2012 and FY2014.
- Cost effectiveness also decreased but not as significantly, exhibiting a 2.4 average annual increase in operating cost per passenger and a normalized decrease of 0.3 percent in the cost per passenger.
- Passenger productivity was mixed, with passengers per vehicle service hour increasing and annual average of 4.9 percent and passenger per vehicle service mile decreasing 2.6 percent between FY2012 and FY2014. This was due to ridership increasing at a greater rate than service hours but less than service miles during the period.
- Employee productivity improved with an average annual 22.5 percent increase in vehicle service hours per FTE between FY2012 and FY2014.

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

- Total operating costs increased by 7.9 percent, with purchased transportation costs increasing by 4.4 percent annually during this time.
- Purchased transportation costs represented the largest portion of the total cost per vehicle service hour, averaging between 75 to 80 percent per year.
- Significant average annual increases were seen in the fringe benefits (84 percent) services/utilities (28.5 percent), casualty/liability (80.9 percent) and materials/supplies (69.7 percent) categories, with their combined share of total operating costs ranging between 15 to 20 percent. The increase in paratransit costs is attributed to Soltrans operating an extensive Regional Paratransit Program which operates beyond the ADA complementary transit requirements to make connections with six neighboring transit operators. SolTrans regularly travels out of its service area to pick-up and return passengers to a transfer location. It is estimated that 45% of the total paratransit demand was generated from passengers residing outside of the Benicia and Vallejo service area.

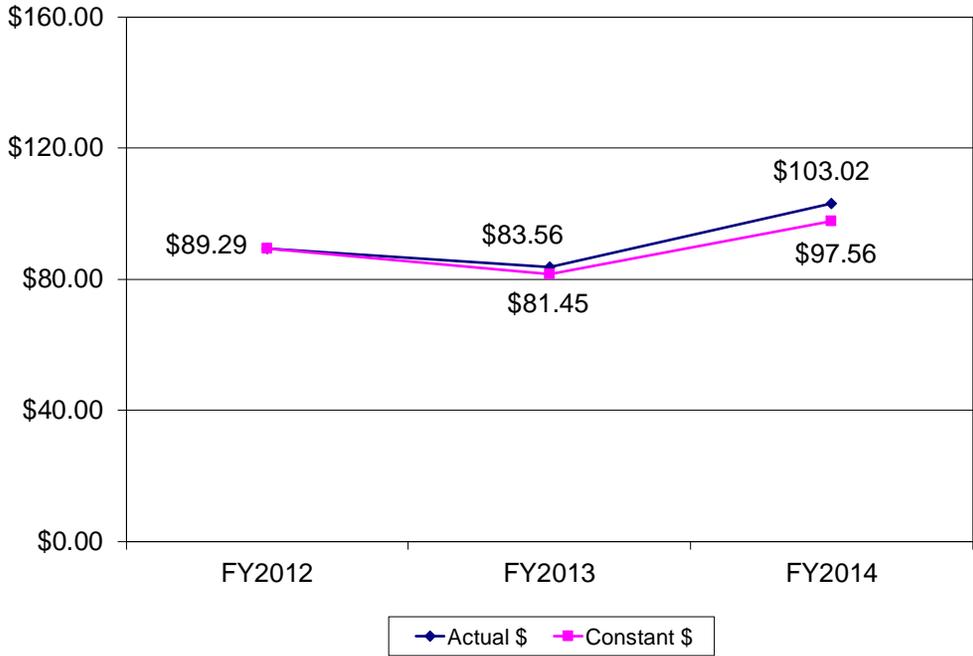
Exhibit 5: TDA Indicator Performance – Paratransit

	FY2012	FY2013	FY2014	Av. Ann. Chg.
Performance Indicators				
Op. Cost per Vehicle Svc. Hour (Actual \$)	\$89.29	\$83.56	\$103.02	- -
<i>Annual Change</i>	- -	-6.4%	23.3%	7.4%
Op. Cost per Vehicle Svc. Hour (Constant \$)	\$89.29	\$81.45	\$97.56	- -
<i>Annual Change</i>	- -	-8.8%	19.8%	4.5%
Passengers per Vehicle Service Hour	2.0	2.4	2.2	- -
<i>Annual Change</i>	- -	19.5%	-8.0%	4.9%
Passengers per Vehicle Service Mile	0.18	0.19	0.17	- -
<i>Annual Change</i>	- -	7.4%	-11.6%	-2.6%
Op. Cost per Passenger (Actual \$)	\$43.83	\$34.31	\$45.97	- -
<i>Annual Change</i>	- -	-21.7%	34.0%	2.4%
Op. Cost per Passenger (Constant \$)	\$43.83	\$33.44	\$43.53	- -
<i>Annual Change</i>	- -	-23.7%	30.2%	-0.3%
Vehicle Service Hours per FTE	639.8	966.6	960.8	- -
<i>Annual Change</i>	- -	51.1%	-0.6%	22.5%
Input Data				
Operating Cost (Actual \$)	\$1,359,650	\$1,437,722	\$1,583,647	- -
<i>Annual Change</i>	- -	5.7%	10.1%	7.9%
Operating Cost (Constant \$)	\$1,359,650	\$1,401,288	\$1,499,666	- -
<i>Annual Change</i>	- -	3.1%	7.0%	5.0%
Vehicle Service Hours	15,227	17,205	15,372	- -
<i>Annual Change</i>	- -	13.0%	-10.7%	0.5%
Vehicle Service Miles	172,366	216,832	201,648	- -
<i>Annual Change</i>	- -	25.8%	-7.0%	8.2%
Unlinked Passengers	31,021	41,903	34,453	- -
<i>Annual Change</i>	- -	35.1%	-17.8%	5.4%
Employee Full-Time Equivalents	23.8	17.8	16.0	- -
<i>Annual Change</i>	- -	-25.2%	-10.1%	-18.0%
Bay Area CPI - Annual Change	- -	2.6%	2.9%	- -
- Cumulative Change	- -	2.6%	5.6%	2.8%

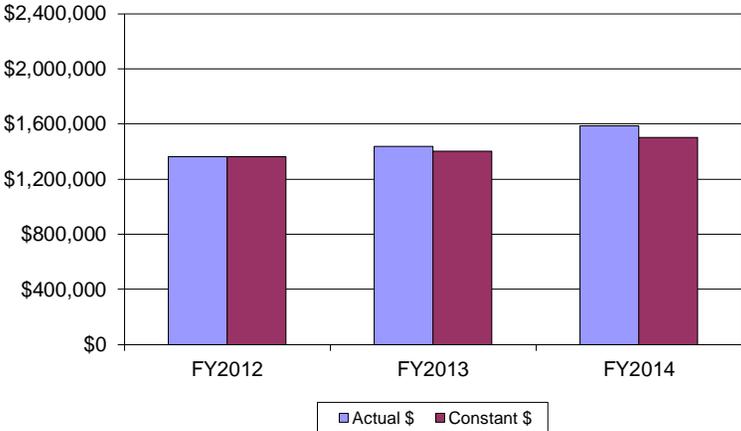
Sources: FY2012 through FY2014 - NTD Reports , except FTEs - provided by agency

(a) FY2014 NTD Report preliminary data as of this writing

Exhibit 5.1: Operating Cost per Vehicle Service Hour – Paratransit



Operating Cost



Vehicle Service Hours

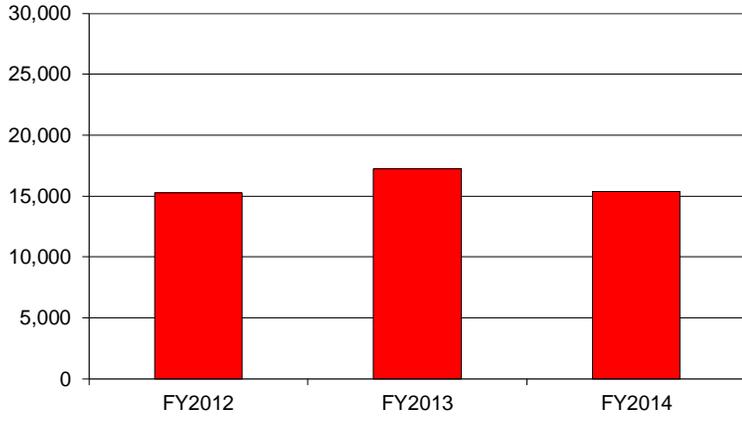
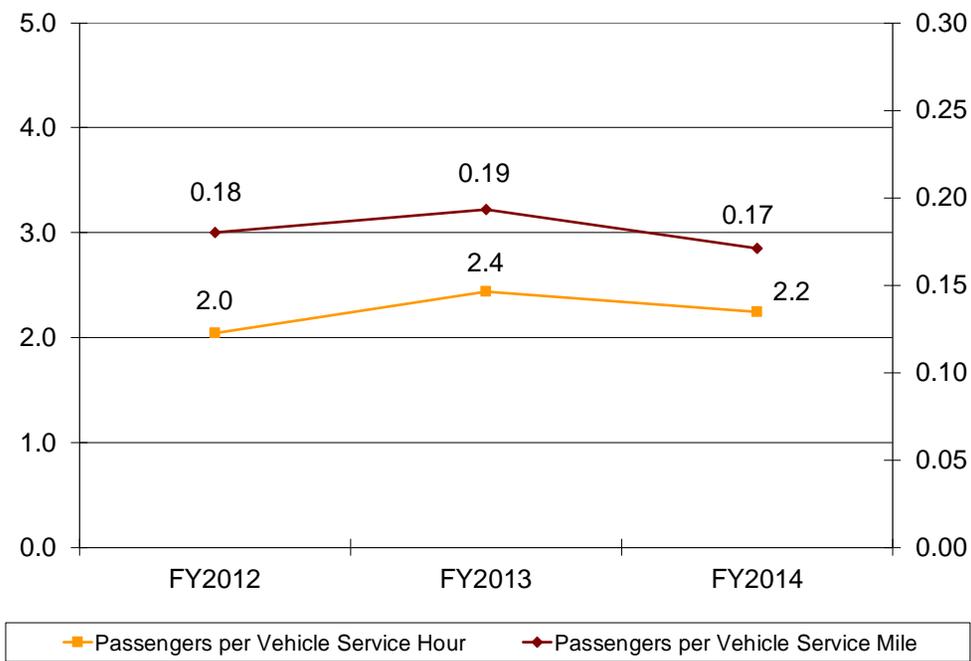
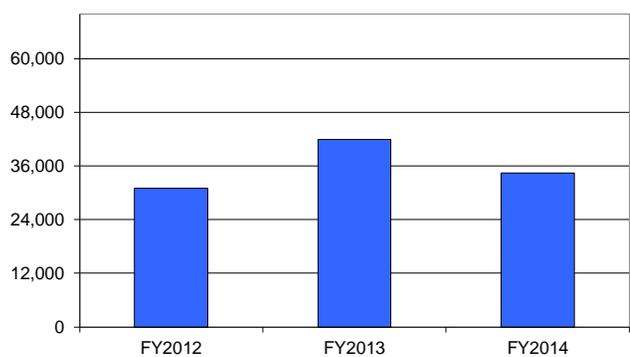


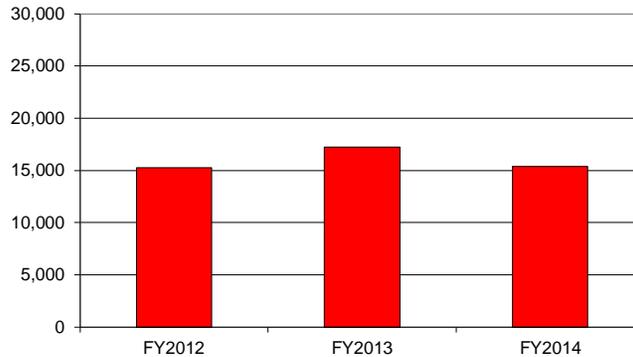
Exhibit 5.2: Passengers per Hour and per Mile – Paratransit



Unlinked Passengers



Vehicle Service Hours



Vehicle Service Miles

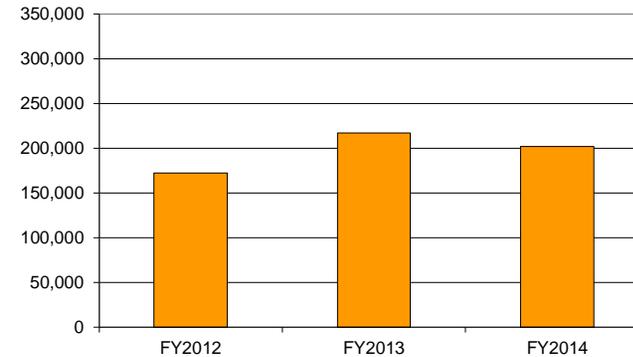
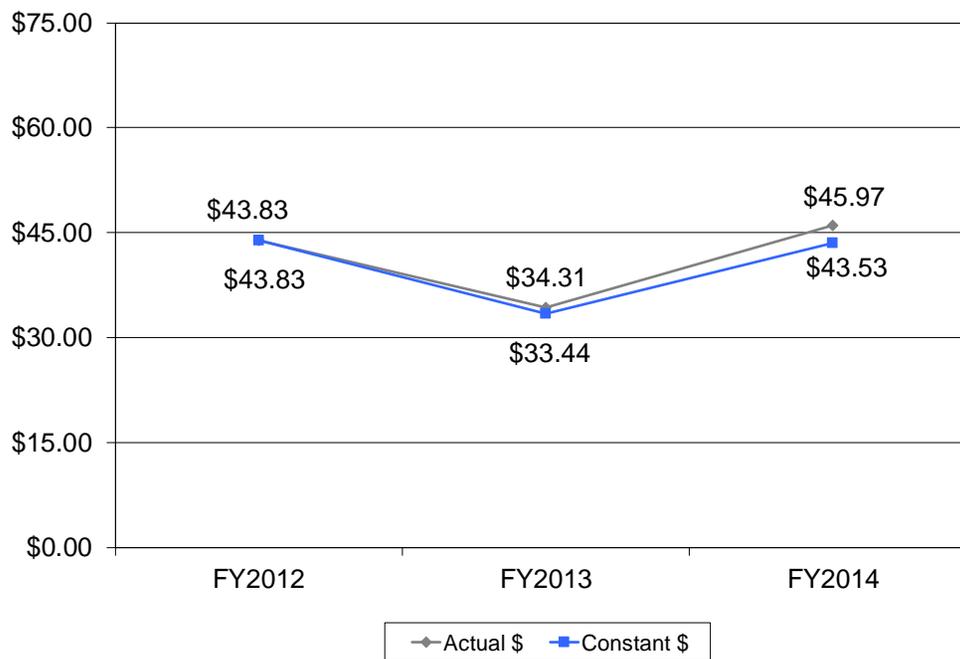
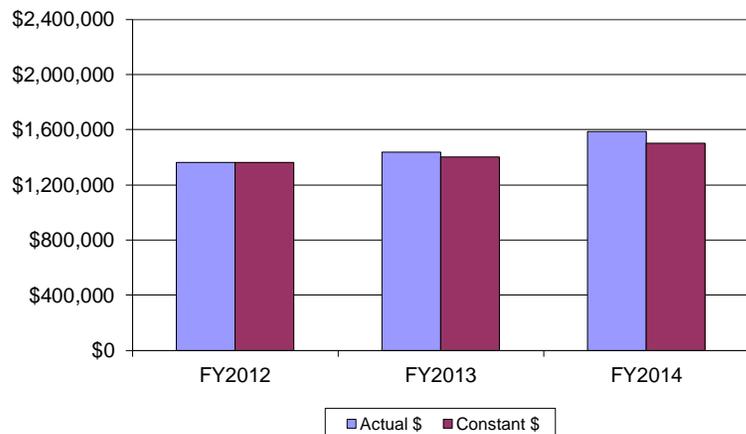


Exhibit 5.3: Operating Cost per Passenger – Paratransit



Operating Cost



Unlinked Passengers

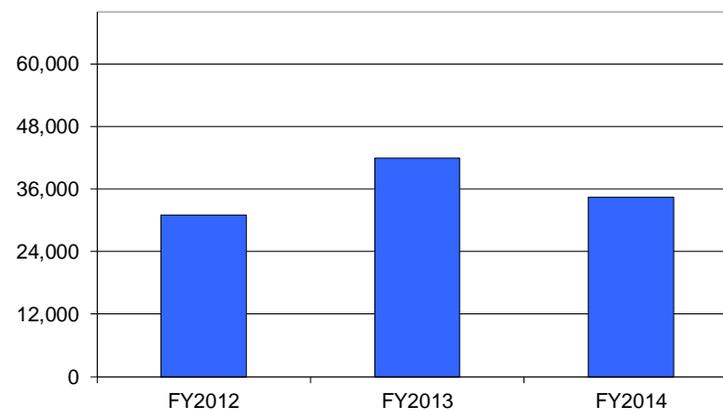
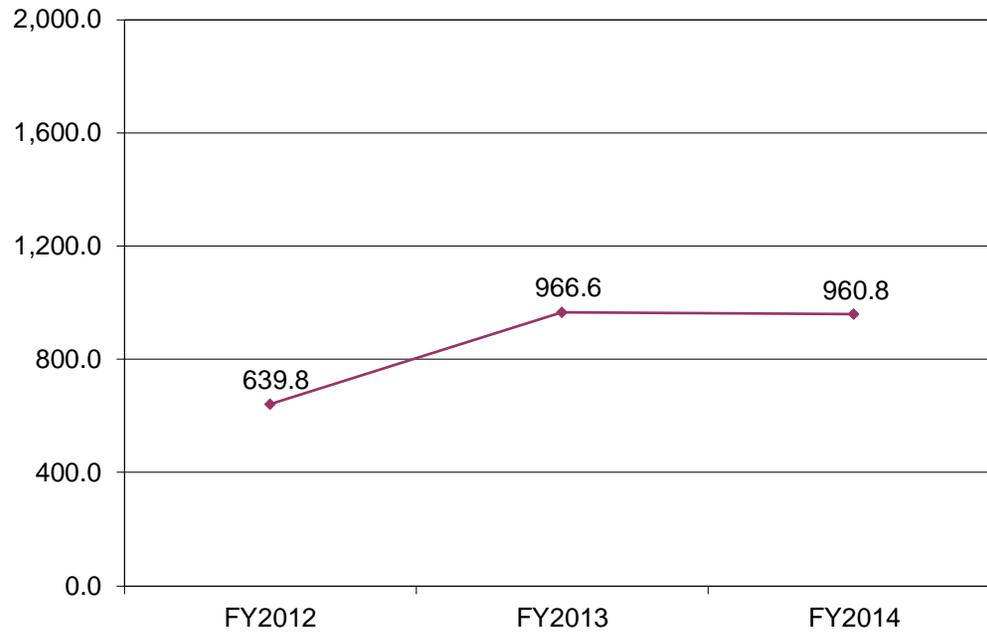
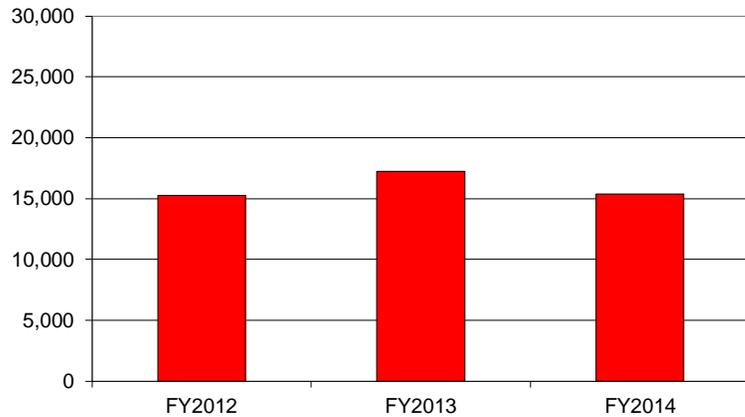


Exhibit 5.4: Vehicle Service Hours per FTE – Paratransit



Vehicle Service Hours



Full-time Equivalents

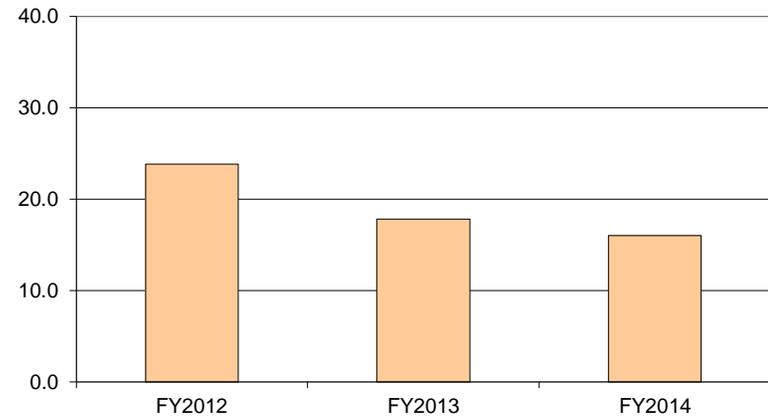
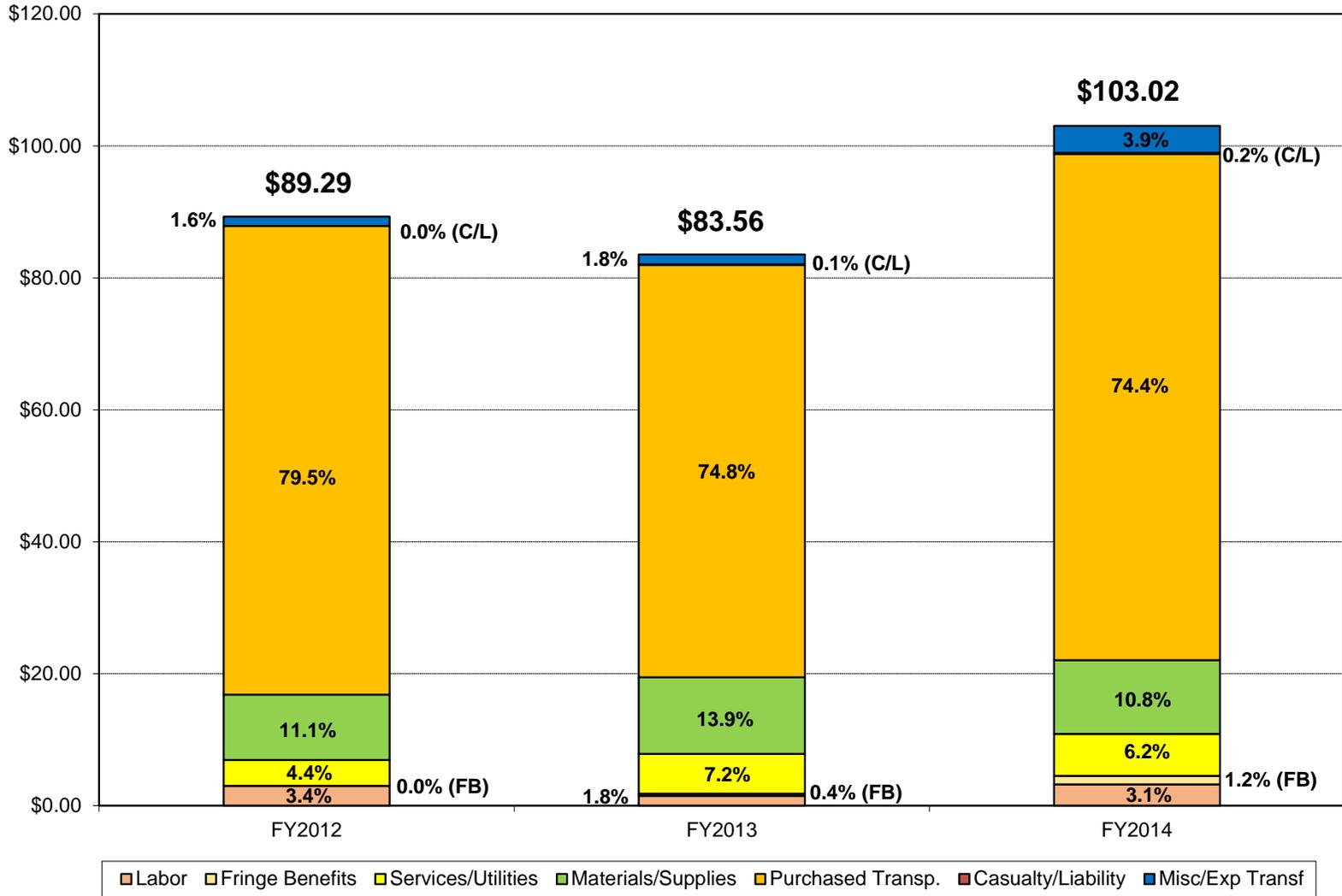


Exhibit 5.5: TDA Component Costs Trends – Paratransit

	FY2012	FY2013	FY2014	Av. Ann. Chg.
COST CATEGORIES				
Labor (Salaries, Wages)	\$45,825	\$25,519	\$49,761	--
<i>Annual Change</i>	--	-44.3%	95.0%	4.2%
Fringe Benefits	\$0	\$5,783	\$19,583	--
<i>Annual Change</i>	--	100%	238.6%	84.0%
Services/Utilities	\$59,438	\$103,885	\$98,078	--
<i>Annual Change</i>	--	74.8%	-5.6%	28.5%
Materials/Supplies	\$151,341	\$199,756	\$171,661	--
<i>Annual Change</i>	--	32.0%	-14.1%	6.5%
Purchased Transp.	\$1,081,456	\$1,075,200	\$1,178,605	--
<i>Annual Change</i>	--	-0.6%	9.6%	4.4%
Casualty/Liability	\$0	\$1,161	\$3,799	--
<i>Annual Change</i>	--	100%	227.2%	80.9%
Misc./Expense Transfers	\$21,590	\$26,418	\$62,160	--
<i>Annual Change</i>	--	22.4%	135.3%	69.7%
Total	\$1,359,650	\$1,437,722	\$1,583,647	--
<i>Annual Change</i>	--	5.7%	10.1%	7.9%
OPERATING STATISTICS				
Vehicle Service Hours	15,227	17,205	15,372	--
<i>Annual Change</i>	--	13.0%	-10.7%	0.5%

Source: 2012 – 2014 NTD reports

Exhibit 5.5: TDA Component Costs Trends – Paratransit, *continued*
Operating Cost per Vehicle Service Hour



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IV. COMPLIANCE WITH PUC REQUIREMENTS

An assessment of SolTrans' 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 SolTrans' TDA-STA claim application.

The results from this review are detailed by individual requirement in Exhibit 6. SolTrans is in compliance with all 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.

The PUC requires operators to have joint revenue sharing agreements in place with other transit operators with which their service connects and submit copies of such agreements to MTC. SolTrans has existing agreements in place with all of the Solano County and Contra Costa County operators who have connections with SolTrans. The SolTrans Board of Directors has agreed to continue the revenue sharing agreements that were in place prior to SolTrans taking over the operations of the former Vallejo Transit and City of Benicia transit services. While SolTrans has working agreements in place, SolTrans has not completed the administrative task of adopting formal revenue sharing agreements with connecting operators, which include Central Contra Costa Transit Authority, Fairfield and Suisun Transit, Golden Gate Transit, Napa County Transportation and Planning Agency, Western Contra Costa Transit Authority, Rio Vista Delta Breeze and the Water Emergency Transportation Authority. However, SolTrans is actively working on executing new agreements in accordance with a standard agreement adopted by the Board of Directors at the February 2015 Board meeting, which satisfies the requirement for revenue sharing agreements.

Exhibit 6: Compliance with State PUC Requirements

Code Reference	Operator Compliance Requirements	Compliance Finding	Verification Information
PUC99251	<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	In Compliance	Satisfactory Facility Inspections (National Express, started 07/01/13): <ul style="list-style-type: none"> • 07/18/13 • 08/27/14
PUC99264	<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	In Compliance	<ul style="list-style-type: none"> • No provision for excess vehicle staffing in the operating contract with MV Transportation (prior contractor) dated June 30, 2011, nor its First and Second Amendments of 2012. • No provision for excess vehicle staffing in the operating contract with National Express Transit Services (current contractor) dated July 1, 2013.
PUC99155	<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	In Compliance	Fare information in public information materials: <ul style="list-style-type: none"> • SolTrans web site • SolTrans Fare Card (March 2013) • SolTrans route maps/schedules

Code Reference	Operator Compliance Requirements	Compliance Finding	Verification Information
PUC99314.7, Govt Code 66516, MTC Res. Nos. 2310, 2927	<u>Joint Revenue Sharing Agreement</u> - The operator has current Govt. Code 66516 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	In Compliance	<ul style="list-style-type: none"> • Signatory participant in Intercity Paratransit Services Agreement (July 2013-June 2015). Agreement also includes: Solano Transportation Authority, Solano County, and the cities of Dixon, Fairfield, Rio Vista, and Vacaville. • Previous Vallejo and Benicia passenger transfer agreements remained in effect since the transition. SolTrans is working to formally execute new working agreements for revenue sharing with remaining operators, per Board approved February 2015 standard agreement. Agency also has existing transfer agreements programmed through the Clipper business rules, where fare products and connecting operators are part of the Clipper network.

Code Reference	Operator Compliance Requirements	Compliance Finding	Verification Information
PUC99246(d)	<p><u>Process for Evaluation of Passenger Needs</u> - 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"> • 2013-2014 Route Restructuring study, public comment forms and service proposal summary. • Public Involvement for Fare and Service Changes policy, 2011. • Title VI Complaint Procedures policy, 2011. • 2012 and 2013 Short Range Transit Plan discussions of Service Area Characteristics and Travel Demand; Service and System Performance; and Operating, Financial and Capital Plans. Included are reviews of Public Involvement/ Community Survey activities, and Community-based Transportation Plans.

V. STATUS OF PRIOR AUDIT RECOMMENDATIONS

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.

As this is the first SolTrans TDA audit, there are no recommendations from a prior Triennial Performance Audit to review. Recommendations resulting from this audit will be examined in the next audit cycle.

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VI. CONCLUSIONS AND RECOMMENDATIONS

The preceding sections presented a discussion of SolTrans' performance during the three-year period of FY2012 through FY2014 (July 1, 2011 through June 30, 2014). They included discussions of SolTrans' 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 - SolTrans 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.
- TDA Performance Trends

Bus Service - The following is a brief summary of the bus TDA performance trend highlights over FY2012-FY2014 period:

- Cost efficiency decreased, with an average annual increase in operating cost per service hour of 6.5 percent. This was largely due to service reductions in 2012 that caused a decrease in vehicle service hours and ridership.
- Passenger productivity improved, with passengers per hour increasing an annual average of 7.1 percent, and passengers per mile increasing an annual average 10.4 percent between FY2012 and FY2014.
- While cost efficiency decreased due to the service reductions, cost effectiveness improved, with cost per passenger decreasing an annual average of 4.5 percent. This reflects the decrease in operating costs outpacing the decrease in ridership over this period.
- Employee productivity was slightly negative, showing a decrease of 1.1 percent in vehicle service hours per FTE.

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

- Total operating costs decreased by six percent, with purchased transportation costs decreasing by 10.3 percent during this time.
- Decreases also were seen in the materials/supplies and casualty/liability cost categories, but their combined share of total operating costs was below 15 percent. The decrease in the insurance category was attributed to SolTrans eliminating redundant coverage that also was carried by the contractor.
- Purchased transportation costs represented the largest portion of the total cost per vehicle service hour, averaging between 65 to 72 percent per year.
- The direct labor, fringe benefit, services/utilities and miscellaneous expense cost categories all had increases over the period, but together their share of the component costs only accounted for about 15 to 20 percent of total operating costs. The increase in fringes were attributed to SolTrans' startup costs, as the full cost of employee benefits was not realized until January 2013.

Paratransit Service – The following is a brief summary of the TDA performance trend highlights over FY2012-FY2014 period:

- Cost efficiency decreased, with an annual average increase in the operating cost per hour of 7.4 percent (4.5 percent in inflation adjusted dollars) between FY2012 and FY2014.
- Cost effectiveness also decreased but not as significantly, exhibiting a 2.4 average annual increase in operating cost per passenger and a normalized decrease of 0.3 percent in the cost per passenger.
- Passenger productivity was mixed, with passengers per vehicle service hour increasing and annual average of 4.9 percent and passenger per vehicle service mile decreasing 2.6 percent between FY2012 and FY2014. This was due to ridership increasing at a greater rate than service hours but less than service miles during the period.
- Employee productivity improved with an average annual 22.5 percent increase in vehicle service hours per FTE between FY2012 and FY2014.

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

- Total operating costs increased by 7.9 percent, with purchased transportation costs increasing by 4.4 percent annually during this time.

- Purchased transportation costs represented the largest portion of the total cost per vehicle service hour, averaging between 75 to 80 percent per year.
- Significant average annual increases were seen in the fringe benefits (84 percent) services/utilities (28.5 percent), casualty/liability (80.9 percent) and materials/supplies (69.7 percent) categories, with their combined share of total operating costs ranging between 15 to 20 percent. The increase in paratransit costs is attributed to Soltrans operating an extensive Regional Paratransit Program which operates beyond the ADA complementary transit requirements to make connections with six neighboring transit operators. SolTrans regularly travels out of its service area to pick-up and return passengers to a transfer location. It is estimated that 45% of the total paratransit demand was generated from passengers residing outside of the Benicia and Vallejo service area.
- PUC Compliance - SolTrans is in compliance with all 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.

The PUC requires operators to have joint revenue sharing agreements in place with other transit operators with which their service connects and submit copies of such agreements to MTC. SolTrans has existing agreements in place with all of the Solano County and Contra Costa County operators who have connections with SolTrans. The SolTrans Board of Directors has agreed to continue the revenue sharing agreements that were in place prior to SolTrans taking over the operations of the former Vallejo Transit and City of Benicia transit services. While SolTrans has working agreements in place, SolTrans has not completed the administrative task of adopting formal revenue sharing agreements with connecting operators, which include Central Contra Costa Transit Authority, Fairfield and Suisun Transit, Golden Gate Transit, Napa County Transportation and Planning Agency, Western Contra Costa Transit Authority, Rio Vista Delta Breeze and the Water Emergency Transportation Authority. However, SolTrans is actively working on executing new agreements in accordance with a standard agreement adopted by the Board of Directors at the February 2015 Board meeting, which satisfies the requirement for revenue sharing agreements.

- Status of Prior Audit Recommendations – As this is the first SolTrans TDA audit, there are no recommendations from a prior Triennial Performance Audit to review.

RECOMMENDATIONS

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