

Triennial Performance Audit

of the

City of Rio Vista (Delta Breeze)

Fiscal Years 2014/15, 2015/16 and 2016/17

FINAL AUDIT REPORT

prepared for the



**METROPOLITAN
TRANSPORTATION
COMMISSION**

by



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NOTE:

All exhibits in this report are presented at the end of the associated discussion in each section.

EXECUTIVE SUMMARY

This executive summary highlights the findings from the performance audit of the City of Rio Vista's transit service (Delta Breeze). 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. Rio Vista operates demand-response transit service, which is the focus of this performance audit. The audit period is Fiscal Years 2015 through 2017 (from July 1, 2014 through June 30, 2017).

Performance Audit and Report Organization

The performance audit was 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 and reporting procedures;
- A review of performance trends in TDA-mandated indicators and component costs;
- A review of compliance with selected PUC requirements;
- An evaluation of Rio Vista's actions to implement the recommendations from the last performance audit;
- An evaluation of functional performance indicator trends; and
- Findings, conclusions, and recommendations to further improve Rio Vista's performance based on the results of the previous sections.

Comments received from Rio Vista and MTC staff regarding the draft report have been incorporated into the final report. 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 Rio Vista 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. Rio Vista indicated that there have been no changes in the data collection and reporting procedures. A review of financial audits and Monthly Operations Reports leads to the conclusion that Rio Vista is in compliance with the reporting of operating costs, vehicle service hours, vehicle service miles and unlinked passenger trips. The statistics collected in other years appear to be consistent in terms of the direction and magnitude of the year-to-year changes. For example, increases or decreases in annual operating costs are relatively proportional to increases or decreases in annual vehicle service hours and miles.

Performance Indicators and Trends – Rio Vista’s performance trends for the five TDA-mandated indicators were analyzed. A six-year analysis period was used for all the indicators. In addition, component operating costs were analyzed. The following is a brief summary of the TDA performance trend highlights over the six-year period of FY2012 through FY 2017:

- There was an average annual increase in the operating cost per hour of 5.6 percent, which amounted to a 2.9 percent increase in inflation adjusted dollars.

- The cost per passenger increased on average by 4.6 percent per year, which amounted to an average annual increase of 1.9 percent in constant FY2012 dollars. The increase was largely due to increases in operating costs and declining ridership between FY2012 and FY2017.
- Passenger productivity showed positive trends, with passengers per vehicle service hour increasing an average of one percent annually, and passengers per vehicle service mile increasing an average of 4.9 percent annually.

The following is a brief summary of the component operating costs trend highlights for the transit service between FY2012 and FY2017:

- Labor costs varied over the six-year period ranging from a low of 0.1 percent of total operating costs to a high of 7.5 percent of total operating costs.
- Service costs went up significantly in FY2015 and FY2016 largely due to the City's engagement of STA to manage its transit operations. The share of service costs in FY2017 rose to 22.4 percent of total operating costs.
- Purchased transportation costs represent the largest share of the City's costs averaging approximately 65 percent of the total operating costs during the last three years of the review period.

PUC Compliance – Rio Vista 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, Welfare-to-Work, revenue sharing, and evaluating passenger needs.

Status of Prior Audit Recommendations – There were no recommendations made in Rio Vista's prior performance audit.

Functional Performance Indicator Trends - To further assess Rio Vista's performance over the past three years, a detailed set of functional area performance indicators was defined and reviewed. The following is a brief summary of the functional trend highlights between FY2015 and FY2017:

- Administrative costs rose steadily throughout the audit period both in terms of percentage of total operating costs, which increased 19.1 percent overall, and in terms of administrative costs per vehicle service hour, which rose 34.7 percent overall.
- Service planning measures exhibited declining performance across the board with and overall decrease in farebox recovery of 45.9 percent, and declining ratios of service hours and miles to total hours and miles, 6.6 percent and 1.3 percent, respectively.
- Operations results exhibited moderate increases in vehicle operations costs per hour in each year of the audit period resulting in an overall increase of 10.8 percent. In terms of service quality, the contract reported that all trips were operated on-time, and that only one complaint was received during the audit period.
- Vehicle maintenance cost per vehicle service mile increased 27.6 percent from \$0.69 in FY2015 to \$0.87 in FY2016, and subsequently decreased to \$0.69 in FY2017. Also, there were no mechanical failures (i.e., roadcalls) reported by the contractor during the audit period.
- No preventable accidents were reported by the contractor during the audit period.

Recommendations

1. EVALUATE SERVICE DELIVERY STRATEGIES TO ADDRESS THE FALLING PERFORMANCE IN PASSENGER PRODUCTIVITY AND SERVICE EFFICIENCY OBSERVED DURING THE AUDIT PERIOD.

[Reference Section: III. TDA Performance Indicators and Trends; and VI. Functional Performance Indicator Trends]

It was found that over the audit period passenger productivity has steadily declined both in terms of passengers per hour (a decrease of 14.5 percent) and passengers per mile (a decrease of 13.8 percent). This decline is largely due to the 17.8 percent drop in unlinked passenger trips experienced during the audit period. Although the City reported the loss of an after-school service contract, this service ended in FY2013. However, ridership has continued to decline through FY2017.

Furthermore, the functional performance analysis found that the ratio of vehicle service hours to total vehicle hours, as well as the ratio of vehicle service miles to total miles both decreased significantly over the audit period, thus indicating a significant increase in the amount of deadhead being operated. Since deadhead service is neither revenue-generating, nor productive, this represents a concerning trend in the efficiency of the Delta Breeze service.

The City should examine alternative service delivery strategies to the one currently employed to more effectively meet the needs of the current ridership demand. For example, the Delta Breeze service currently is a mix of fixed-route deviation and demand response service. Perhaps a change in the balance between fixed-route deviation service versus demand response service is warranted.

2. EXAMINE STRATEGIES TO ADDRESS THE DECLINING PERFORMANCE IN THE FAREBOX RECOVERY RATIO (i.e., PASSENGER FARES/OPERATING COSTS).

[Reference Section: VI. Functional Performance Indicator Trends]

Over the audit period the farebox recovery ratio steadily declined from 6.9 percent in FY2015 to 3.8 percent in FY2017, a decrease of 45.9 percent. This trend is largely

due to the loss of ridership already discussed in this report, thus resulting in less passenger fare revenue being collected, combined with steadily increasing operating costs.

The City should evaluate ways to reduce operating costs. In addition, the City should examine the potential for increasing passenger fare revenue, either through an increase in fares and/or an increase in passenger trips.

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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 City of Rio Vista's transit service (Delta Breeze). Rio Vista operates demand-response transit service, which is the focus of this performance audit. The audit period is Fiscal Years 2015 through 2017 (from July 1, 2014 through June 30, 2017).

An overview of Rio Vista is provided in Exhibit 1. This is followed by a recent organization chart in Exhibit 2, which reflects the basic organizational structure during the audit period and beyond.

Performance Audit and Report Organization

This performance audit of Rio Vista was conducted for MTC in accordance with its established procedures for performance audits. The audit consisted of two discrete steps:

1. Compliance Audit - Activities in this phase included:
 - An overview of data collection and reporting procedures for the five TDA performance indicators;
 - Analysis of the TDA indicators; and
 - A review of compliance with selected state Public Utilities Code (PUC) requirements.

2. Functional Review - Activities in this phase included:
 - A review of actions to implement the recommendations from the prior performance audit;
 - Calculation and evaluation of functional performance indicator trends; and
 - Findings, conclusions, and the formulation of recommendations.

This report presents the findings from both phases. Comments received from Rio Vista and MTC staff regarding the draft report have been incorporated into this final report.

Exhibit 1: System Overview

Location	Headquarters: One Main Street, Rio Vista, CA 94571
Establishment	The City of Rio Vista began providing general public dial-a-ride service, known as Rio Vista Transit, in 1980. Rio Vista Transit became Rio Vista Delta Breeze, a deviated fixed-route service, in 2006. The City also implemented a Senior Shuttle service in 2006. The system was restructured again in 2007, with one route becoming a demand response circulator, and a restructuring of existing service levels to a “lifeline” operation. The transit system was the responsibility of the City’s Finance Department from 1984 to 2005, when transit was moved into the Public Works Department. In 2008, the transit program moved to the City Manager’s Office.
Board	The Rio Vista City Council is the transit system’s governing body. The Transit Manager is responsible for the overall management and financial oversight of the transit system, reporting directly to the City Manager.
Facilities	The central base of operations and storage for the Delta Breeze fleet is adjacent to the Northwest Wastewater Treatment Plant. Maintenance is outsourced to private contractors. Delta Breeze has several bus stops located throughout Rio Vista, as well as in the cities of Fairfield, Isleton, Antioch, Suisun City, Lodi and Pittsburg.
Service Data	<p>The City of Rio Vista provides deviated fixed-route transportation within the city limits of Rio Vista and to the neighboring cities of Fairfield, Isleton City, Lodi and Suisun City. The current contract operator is Transportation Concepts of Irvine, California. The City also has an agreement with the Solano Transportation Authority (STA) to provide financial and operational management of the services as well as contractual oversight of Transportation Concepts.</p> <p>Delta Breeze operates two deviated fixed-routes: Route 50 Express between Rio Vista/Isleton and Fairfield/Suisun and Route 52 Express to Antioch and the Pittsburg/Bay Point BART station. Service on Route 50 operates Monday through Friday 7:30 a.m. to 7:00 p.m. Service on Route 52 operates two runs Monday through Friday: Southbound beginning at 5:15 a.m. and Northbound beginning at 6:00 p.m. Delta Breeze also operates a demand-response service (Route 51) Monday-Friday from 10:00 am to 1:00 pm, and continuing from 3:00 pm to 4:30 am. The Route 51 service is general public door-to-door dial-a-ride service that serves the entire city limits of Rio Vista, Isleton, and Delta resort communities on Hwy 160 between the two cities. There is no service on Saturdays or Sundays.</p>

Delta Breeze fares are \$2.00 for adults and \$1.00 for seniors (age 55 and older), passengers with disabilities, and Medicare cardholders for local service. Intercity express service is \$6.00 for a one-way trip for adults and \$3.00 for seniors, persons with disabilities and Medicare card holders. Route deviations on intercity routes 50 and 52 are an additional \$1.00 for adults and \$0.50 for seniors, passengers with disabilities, and Medicare cardholders. Discounted monthly passes also are available.

The City also participates in a Taxi Scrip program for senior citizens, persons with disabilities, and Medicare cardholders. It allowed those individuals to utilize local taxi services for door to door service using Taxi Scrip purchased through the City at a discount. This service is not directly covered in this review.

Recent Changes

The City reduced service in July 2015 to the Route 50 westbound between Suisun City and Fairfield. Furthermore, the City’s partnership with the local taxi operator was discontinued in 2014 because the only taxi service in Rio Vista was disqualified from the taxi scrip program and a qualifying taxi service has not yet been identified. Rio Vista did not renew its contract for the paratransit service provided by the local nonprofit organization, Faith in Action. However, Rio Vista remains within the countywide service area for paratransit services provided by Faith in Action.

Planned Changes

Rio Vista’s ten year capital improvement plan includes project in support of the Delta Breeze public transit services. These include: Revenue Vehicle Replacement & Expansion; communications systems upgrades; and acquisition of maintenance tools and equipment.

The fleet replacements are scheduled over 10 years and is estimated to cost approximately \$897,000. The City anticipates using a combination of federal funds and local TDA and State Transit Assistance funds. In addition, the City is upgrading the radio systems on the transit fleet in FY2015-16 at and plans periodic upgrades and/or replacements in the future. Lastly, the City has included future plans to acquire and/or upgrade maintenance equipment as needs are identified.

Staff

Since May 2013, the STA has provided transit management and oversight services to the City through FY14. The City reports ten full time equivalent employees in its FY2015 through FY2017 State Controller’s Reports.

Exhibit 2: Organization Chart



Source: *Rio Vista Delta Breeze Short Range Transit Plan FY2015-16 to FY2024-25*

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 Rio Vista 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) reduced reporting forms submitted annually to the Federal Transit Administration (FTA). The information reported by Rio Vista covering the audit period has been reviewed. Rio Vista's NTD reports include its transit services. Consistent with FTA reporting requirements, Rio Vista does not submit employee hour information for purchased transportation service to the NTD. As such, full-time equivalent (FTE) data were taken from the State Controller's Transit Operators Financial Transactions Reports.

Compliance with Requirements

A summary of the data collection and reporting procedures for the five TDA operating statistics presented in Exhibit 3.1. To support this review, Rio Vista was asked

to confirm the data collection and reporting procedures used during the current audit period and identify changes made since the prior performance audit. Rio Vista indicated that there have been no changes in the data collection and reporting procedures. A review of financial audits and Monthly Operations Reports leads to the conclusion that Rio Vista is in compliance with the reporting of operating costs, vehicle service hours, vehicle service miles and unlinked passenger trips.

Consistency of the Reported Statistics

The resulting TDA statistics for Rio Vista's transit services are shown in Exhibit 3.2. Included are statistics covering each fiscal year of the three-year audit period, plus the immediately preceding three fiscal years, resulting in a six-year trend. Only one inconsistency was observed with the data. Annual operating costs increased in FY2015, while hours and miles decreased. This appears to be the result of an increase in the amounts paid to the Solano Transportation Authority (STA) for transit management and oversight services in this year.

The statistics collected in other years appear to be consistent in terms of the direction and magnitude of the year-to-year changes. For example, increases or decreases in annual operating costs are relatively proportional to increases or decreases in annual vehicle service hours and miles.

Exhibit 3.1: 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. Also excluded are all subsidies for commuter rail services operated on railroad lines under the jurisdiction of the Federal Railroad Administration, all direct costs for providing charter services, all vehicle lease costs, and principal and interest payments on capital projects funded with certificates of participation.</p>	In Compliance	<ul style="list-style-type: none"> • The City’s financial audits completed during the audit period found that the City’s financial accounting system conforms with the generally accepted accounting principles as set by the Government Accounting Standards Board (GASB) • Consistent with the TDA definition: all costs in the operating expense object classes exclusive of depreciation, amortization and subsidies • Transit fund is audited annually by an independent auditor.
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>	In Compliance	<ul style="list-style-type: none"> • Vehicle service hours are tracked by vehicle operators on daily dial-a-ride passenger logs and bus route logs. Hours are tracked for vehicles leaving and returning to the service yard, and the time of first pick up and last drop off. Service and deadhead hours calculated daily. Service hours tracked in contractor’s Monthly Operations Reports.
Vehicle Service Miles	<p>“Vehicle service miles” means the total number of miles that each transit vehicle is in revenue service.</p>	In Compliance	<ul style="list-style-type: none"> • Vehicle service miles are tracked by vehicle operators on daily dial-a-ride passenger logs and bus route logs. Miles are tracked for vehicles leaving and returning to the service yard, and the mileage of the first pick up and last drop off. Service and deadhead hours calculated daily. Service miles tracked in contractor’s Monthly Operations Reports.

TDA Statistic	TDA Definition	Compliance Finding	Verification Information
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"> Passengers are tracked by vehicle operators on daily dial-a-ride passenger logs and bus route logs. Dial-a-ride logs also track type of fare and non-revenue passengers. Ridership totals tracked in contractor’s Monthly Operations 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"> The City uses contracted personnel to provide services; the contractor does not provide employee work hours data to the City. The City contracts with STA to manage the transit operations; STA does not provide employee work hour data to the City.

Exhibit 3.2: TDA Statistics

TDA Statistic	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Operating Cost (Actual \$)	\$556,149	\$428,223	\$369,635	\$417,709	\$430,865	\$454,410
<i>Annual Change</i>	- -	-23.0%	-13.7%	13.0%	3.1%	5.5%
Vehicle Service Hours	5,551	3,822	3,942	3,588	3,397	3,452
<i>Annual Change</i>	- -	-31.1%	3.1%	-9.0%	-5.3%	1.6%
Vehicle Service Miles	127,129	77,115	76,164	68,505	64,973	65,333
<i>Annual Change</i>	- -	-39.3%	-1.2%	-10.1%	-5.2%	0.6%
Unlinked Passengers	14,804	12,929	11,714	11,778	10,407	9,683
<i>Annual Change</i>	- -	-12.7%	-9.4%	0.5%	-11.6%	-7.0%
Employee Full-Time Equivalents	(a)	(a)	(a)	(a)	(a)	(a)
<i>Annual Change</i>	- -	- -	- -	- -	- -	- -

(a) Not applicable - contracted services

Sources: FY2012 through FY2014 - Prior Performance Audit Report

FY2015 through FY2017 - NTD Reports; except FY2017 Operating Costs from State Controller's Transit Financial Transactions Report

III. TDA PERFORMANCE INDICATORS AND TRENDS

The performance trends for Rio Vista'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)

The performance results in these indicators were primarily developed from the information in the NTD reports filed with the FTA for the three years of the audit period. Rio Vista's NTD reports were the source of all operating and financial statistics except for contractor FTEs. FTE data are reported in the State Controller's Transit Operators Financial Transactions Report. However, these reports for FY2015 through FY2017 have not yet been provided by the agency. As such FTE data were not available as of the writing of this report.

In addition to presenting performance for the three years of the audit period (FY2015 through FY2017), 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 Rio Vista'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 FY2015 to FY2017 trend lines have been combined with those from the prior audit period (FY2012 through FY2014) 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.

The following discussion is organized to present an overview of Rio Vista’s performance trends in each of the five TDA performance indicators. The analysis is also expanded to include a breakdown of the various component costs that contributed to the total and hourly operating costs during the last six years.

Transit Service Performance Trends

This section provides an overview of the performance of Rio Vista’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.

- Operating Cost Per Vehicle Service Hour (Exhibit 4.1)
 - A key indicator of cost efficiency, the cost per hour of bus service increased an average of 5.6 percent annually during the six-year review period.
 - The cost per hour ranged from a low of \$93.77 in FY2014 to a high of \$131.64 in FY2017.

- In FY2012 constant dollars, there was an average annual increase in this indicator of 2.9 percent.
- Passengers per Vehicle Service Hour (Exhibit 4.2)
 - A key indicator of passenger productivity, passengers per hour increased an average of one percent annually during the six-year period.
 - Although passenger trips decreases an average of 8.1 percent, vehicle service hours decreased at a slightly higher average rate of 9.1 percent annually.
 - Passengers per hour was at its highest level at the beginning of the audit period with performance at 3.3 passengers per hour, but declined in the following two years due to a ridership loss resulting from a fare increase in FY2016, and the elimination of Route 54 service in the same year.
- Passengers per Vehicle Service Mile (Exhibit 4.2)
 - Passengers per mile also increased overall, by an average of 4.9 percent annually.
 - Performance peaked in FY2015 at 0.17 passengers per mile, and subsequently declined in the next two years finishing the audit period at 0.15 passengers per mile in FY2017.
- Operating Cost per Passenger (Exhibit 4.3)
 - A key measure of cost effectiveness, the cost per passenger increased from \$37.57 in FY2012 to \$46.93 in FY2017.
 - While cost per passenger exhibited a decrease during the prior audit period, costs during the current audit period increase substantially in every year of the current audit period.
 - The cost increases combined with the loss of passenger trips resulted in an average annual increase in cost per passenger of 4.6 percent.
 - With the impact of inflation removed from the cost side (normalization), the six-year trend results in an average annual increase of 1.9 percent.

* * * * *

The following is a brief summary of the transit service TDA performance trend highlights over the six-year period of FY2012 through FY2017:

- There was an average annual increase in the operating cost per hour of 5.6 percent, which amounted to a 2.9 percent increase in inflation adjusted dollars.
- The cost per passenger increased on average by 4.6 percent per year, which amounted to an average annual increase of 1.9 percent in constant FY2012 dollars. The increase was largely due to increases in operating costs and declining ridership between FY2012 and FY2017.
- Passenger productivity showed positive trends, with passengers per vehicle service hour increasing an average of one percent annually, and passengers per vehicle service mile increasing an average of 4.9 percent annually.

Exhibit 4: TDA Indicator Performance

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	Av. Ann. Chg.
Performance Indicators							
Op. Cost per Vehicle Svc. Hour (Actual \$)	\$100.19	\$112.04	\$93.77	\$116.42	\$126.84	\$131.64	- -
<i>Annual Change</i>	- -	11.8%	-16.3%	24.2%	8.9%	3.8%	5.6%
Op. Cost per Vehicle Svc. Hour (Constant \$)	\$100.19	\$109.20	\$88.80	\$108.30	\$115.10	\$115.67	- -
<i>Annual Change</i>	- -	9.0%	-18.7%	22.0%	6.3%	0.5%	2.9%
Passengers per Vehicle Service Hour	2.7	3.4	3.0	3.3	3.1	2.8	- -
<i>Annual Change</i>	- -	26.8%	-12.2%	10.5%	-6.7%	-8.4%	1.0%
Passengers per Vehicle Service Mile	0.12	0.17	0.15	0.17	0.16	0.15	- -
<i>Annual Change</i>	- -	44.0%	-8.3%	11.8%	-6.8%	-7.5%	4.9%
Op. Cost per Passenger (Actual \$)	\$37.57	\$33.12	\$31.55	\$35.47	\$41.40	\$46.93	- -
<i>Annual Change</i>	- -	-11.8%	-4.7%	12.4%	16.7%	13.4%	4.6%
Op. Cost per Passenger (Constant \$)	\$37.57	\$32.28	\$29.88	\$32.99	\$37.57	\$41.24	- -
<i>Annual Change</i>	- -	-14.1%	-7.4%	10.4%	13.9%	9.8%	1.9%
Vehicle Service Hours per FTE	(a)	(a)	(a)	(a)	(a)	(a)	- -
<i>Annual Change</i>	- -	- -	- -	- -	- -	- -	- -
Input Data							
Operating Cost (Actual \$)	\$556,149	\$428,223	\$369,635	\$417,709	\$430,865	\$454,410	- -
<i>Annual Change</i>	- -	-23.0%	-13.7%	13.0%	3.1%	5.5%	-4.0%
Operating Cost (Constant \$)	\$556,149	\$417,371	\$350,033	\$388,567	\$390,985	\$399,306	- -
<i>Annual Change</i>	- -	-25.0%	-16.1%	11.0%	0.6%	2.1%	-6.4%
Vehicle Service Hours	5,551	3,822	3,942	3,588	3,397	3,452	- -
<i>Annual Change</i>	- -	-31.1%	3.1%	-9.0%	-5.3%	1.6%	-9.1%
Vehicle Service Miles	127,129	77,115	76,164	68,505	64,973	65,333	- -
<i>Annual Change</i>	- -	-39.3%	-1.2%	-10.1%	-5.2%	0.6%	-12.5%
Unlinked Passengers	14,804	12,929	11,714	11,778	10,407	9,683	- -
<i>Annual Change</i>	- -	-12.7%	-9.4%	0.5%	-11.6%	-7.0%	-8.1%
Employee Full-Time Equivalents	(a)	(a)	(a)	(a)	(a)	(a)	- -
<i>Annual Change</i>	- -	- -	- -	- -	- -	- -	- -
Bay Area CPI - Annual Change	- -	2.6%	2.9%	1.9%	2.5%	3.3%	- -
- Cumulative Change	- -	2.6%	5.6%	7.5%	10.2%	13.8%	2.6%

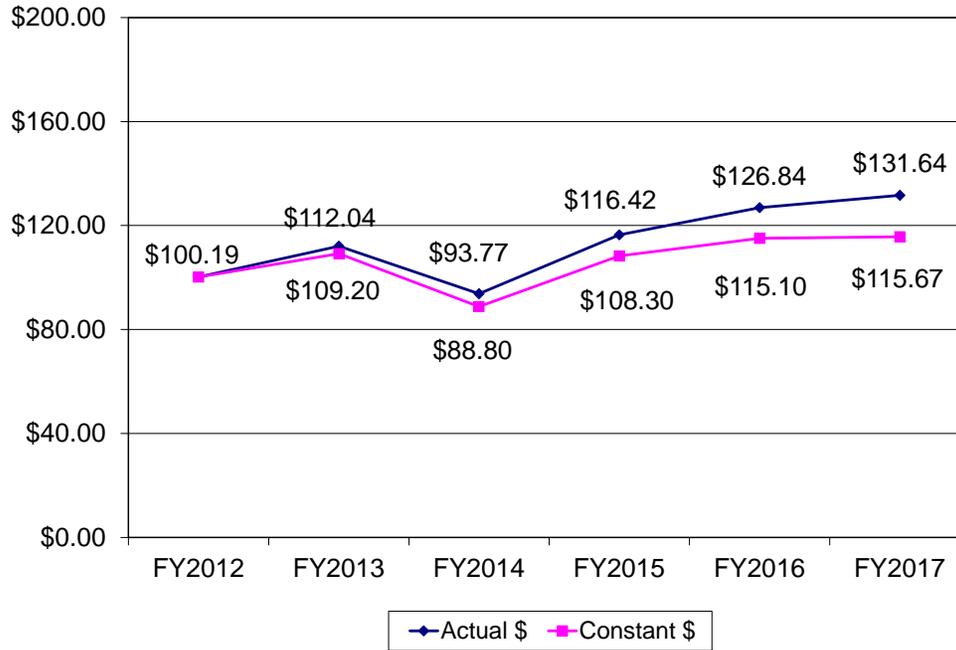
(a) Not applicable - contracted services

Sources: FY2012 through FY2014 - Prior Performance Audit Report

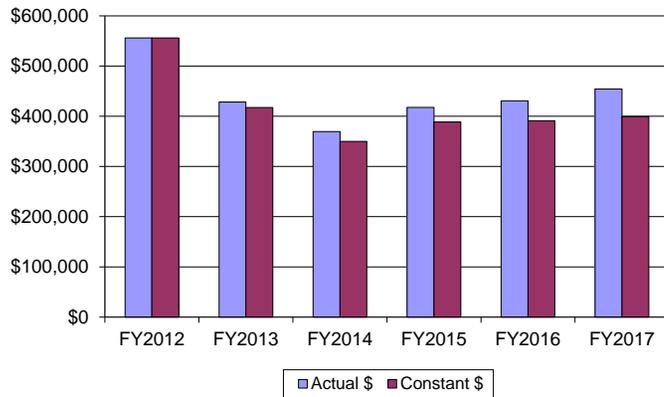
FY2015 through FY2017 - NTD Reports; except FY2017 operating cost from State Controller's Transit Financial Transactions Report

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

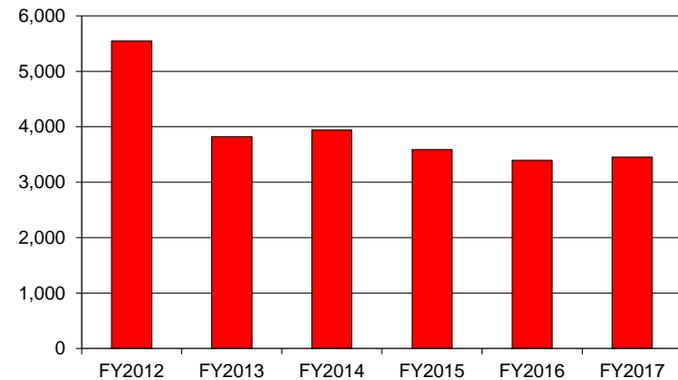
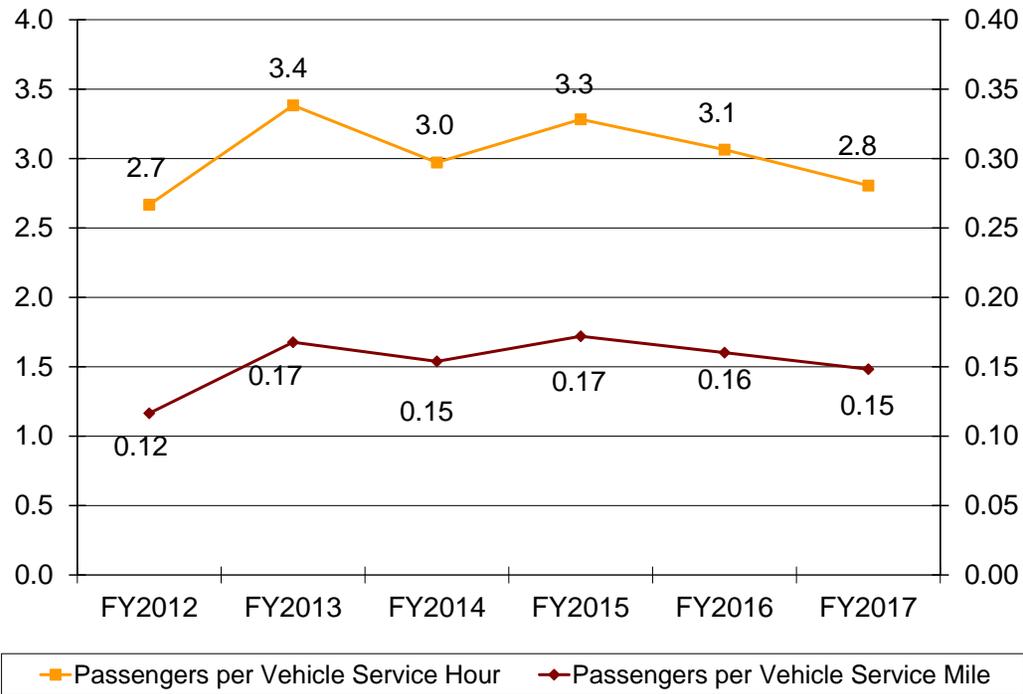
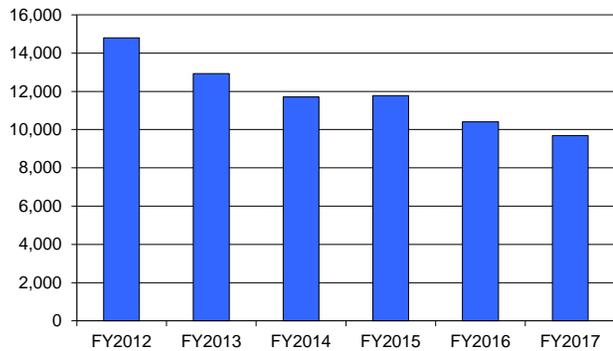


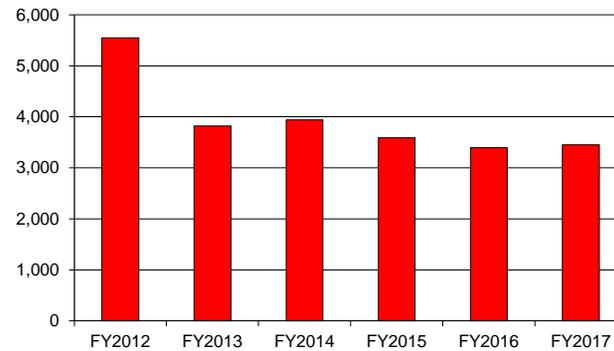
Exhibit 4.2: Passengers per Hour and per Mile



Unlinked Passengers



Vehicle Service Hours



Vehicle Service Miles

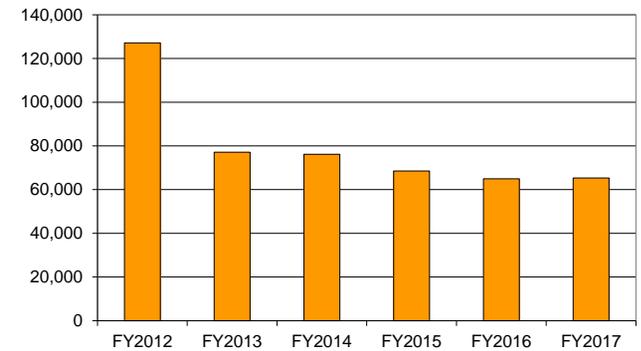
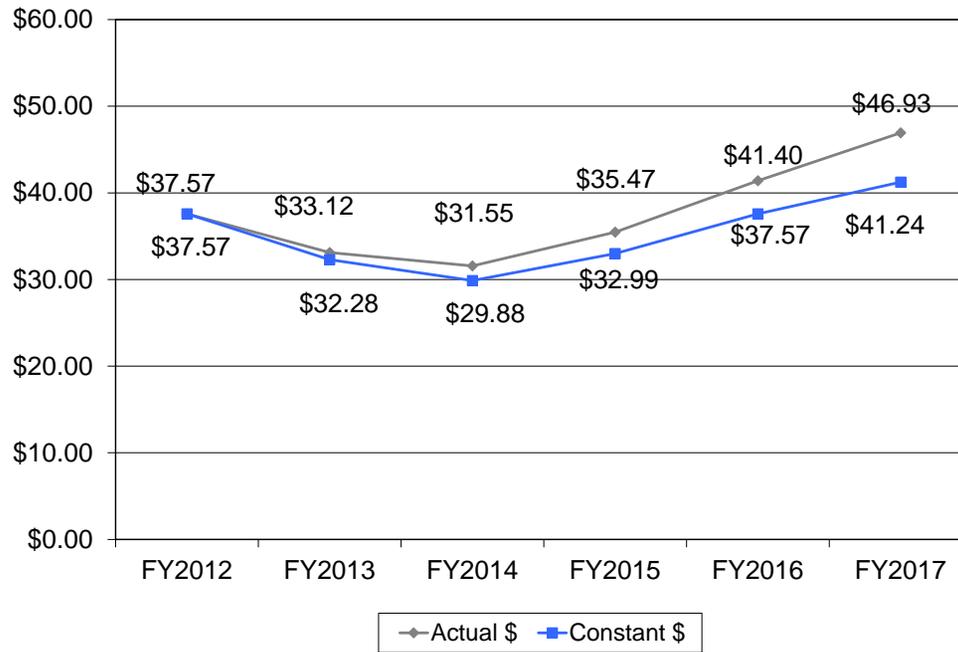
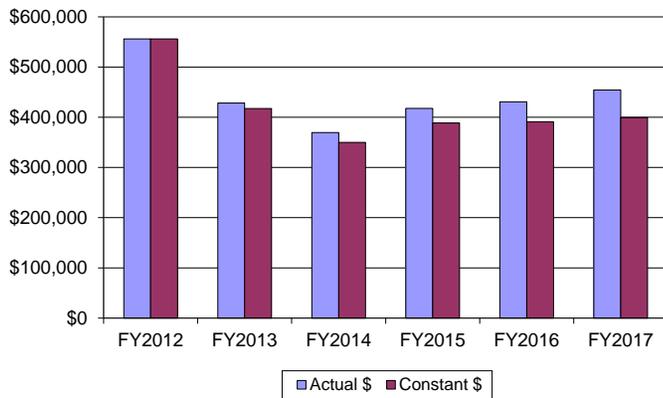


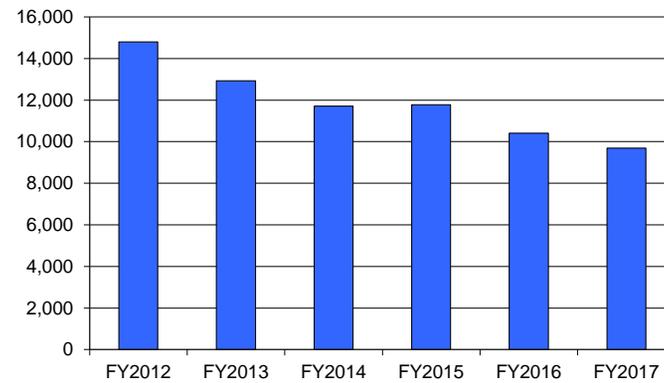
Exhibit 4.3: Operating Cost per Passenger



Operating Cost



Unlinked Passengers



Transit Service Component Costs

Year-to-year changes in selected operating cost categories over the past six years 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 Exhibit 4.6 illustrates the portion of the cost per vehicle service hour that can be attributed to each included cost component.

- Labor costs increased significantly in FY2015 and FY2016 before decreasing by nearly 70 percent in FY2017. The net result over the six-year period was an average annual decrease of 8.1 percent. The reduction was due to a shift in costs from in-house labor to the management contract with STA. The share of labor costs to total operating costs ranged from 0.1 percent in FY2014 to 7.5 percent in FY2016.
- Fringe benefits costs varied over the six-year period ranging from a low of 0.1 percent of total operating costs in FY2014 to 2.0 percent in FY2016. Annual increases and decreases effectively cancel each other resulting in virtually no average annual change.
- Services exhibited an average annual increase of 22.7 percent over the six-year period, and represented 22.4 percent of total operating costs by the end of the audit period in FY2017. It appears that the rise in this cost category is the result of the City's management agreement with the Solano Transportation Authority (STA).
- Purchased transportation costs decreased from more than \$306,316 in FY2012 to \$276,450 in FY2015. However, the share of total operating costs rose from 55.1 percent to 66.2 percent during the same timeframe. Purchased transportation costs during the last two years of the period, and continued to be the largest cost category representing approximately 65 percent of total operating costs.
- Fuels and lubricant costs declined steadily throughout the six-year period falling from nearly 15 percent of total operating costs in FY2012 to 7.1 percent of total operating costs in FY2017.

- Materials and Supplies also exhibited a sharp decrease falling from 15.7 percent of total operating costs in FY2012 to 0.1 percent of total operating costs in FY2017.
- The share of other expenses (e.g., utilities and miscellaneous expenses) ranged from 9.5 percent of total costs to less than two percent.

* * * * *

The following is a brief summary of the transit service component operating costs trend highlights between FY2012 and FY2017:

- Labor costs varied over the six-year period ranging from a low of 0.1 percent of total operating costs to a high of 7.5 percent of total operating costs.
- Service costs went up significantly in FY2015 and FY2016 largely due to the City's engagement of STA to manage its transit operations. The share of service costs in FY2017 rose to 22.4 percent of total operating costs.
- Purchased transportation costs represent the largest share of the City's costs averaging approximately 65 percent of the total operating costs during the last three years of the review period.

Exhibit 4.5: Component Cost Trends

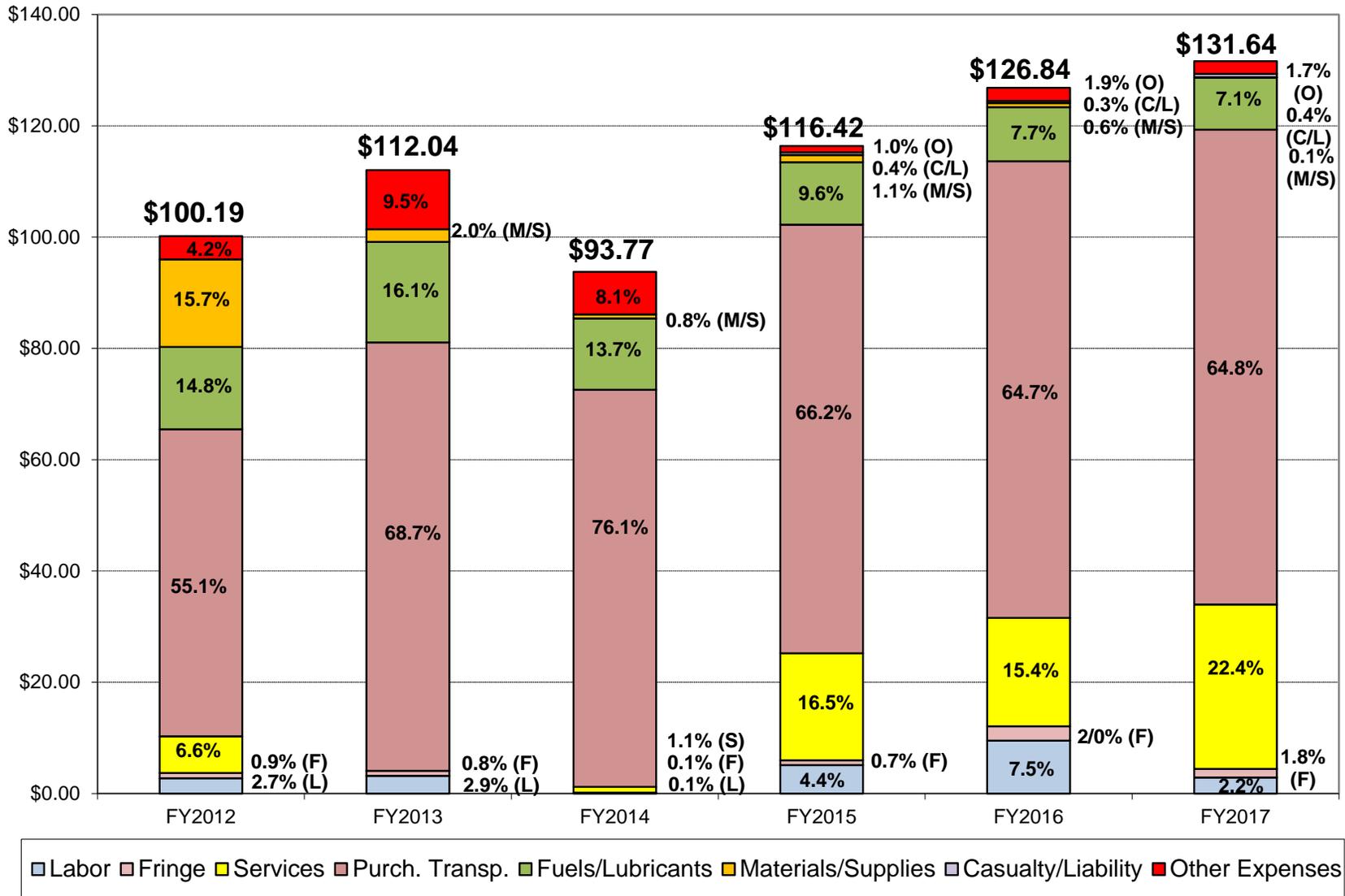
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	Av. Ann. Chg.
COST CATEGORIES							
Labor - (Salaries, Wages)	\$15,217	\$12,229	\$252	\$18,359	\$32,276	\$9,982	--
<i>Annual Change</i>	--	-19.6%	-97.9%	7185.3%	75.8%	-69.1%	-8.1%
Fringe Benefits	\$5,258	\$3,318	\$356	\$3,067	\$8,708	\$5,270	--
<i>Annual Change</i>	--	-36.9%	-89.3%	761.5%	183.9%	-39.5%	0.0%
Services	\$36,598	\$0	\$4,152	\$69,065	\$66,211	\$101,985	--
<i>Annual Change</i>	--	-100.0%	--	1563.4%	-4.1%	54.0%	22.7%
Purchased Transportation	\$306,316	\$294,360	\$281,263	\$276,450	\$278,894	\$294,636	--
<i>Annual Change</i>	--	-3.9%	-4.4%	-1.7%	0.9%	5.6%	-0.8%
Fuels/Lubricants	\$82,283	\$68,998	\$50,634	\$40,176	\$33,070	\$32,344	--
<i>Annual Change</i>	--	-16.1%	-26.6%	-20.7%	-17.7%	-2.2%	-17.0%
Materials/Supplies	\$87,346	\$8,710	\$2,873	\$4,723	\$2,393	\$272	--
<i>Annual Change</i>	--	-90.0%	-67.0%	64.4%	-49.3%	-88.6%	-68.5%
Casualty/Liability	\$0	\$0	\$0	\$1,715	\$1,311	\$1,971	--
<i>Annual Change</i>	--	--	--	--	-23.6%	50.3%	--
Other Expenses (a)	\$23,131	\$40,608	\$30,105	\$4,155	\$8,001	\$7,950	--
<i>Annual Change</i>	--	75.6%	-25.9%	-86.2%	92.6%	-0.6%	-19.2%
Total	\$556,149	\$428,223	\$369,635	\$417,710	\$430,864	\$454,410	--
<i>Annual Change</i>	--	-23.0%	-13.7%	13.0%	3.1%	5.5%	-4.0%
OPERATING STATISTICS							
Vehicle Service Hours	5,551	3,822	3,942	3,588	3,397	3,452	--
<i>Annual Change</i>	--	-31.1%	3.1%	-9.0%	-5.3%	1.6%	-9.1%

(a) Includes tires/tubes, utilities, taxes, leases and miscellaneous expenses

Sources: State Controller's Transit Operators Financial Transactions Report

Exhibit 4.6: Distribution of Component Costs

Operating Cost per Vehicle Service Hour



IV. COMPLIANCE WITH PUC REQUIREMENTS

An assessment of Rio Vista'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 Rio Vista's TDA-STA claim application.

The results from this review are detailed by individual requirement in Exhibit 5. Rio Vista is in compliance with each of the seven 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, Welfare-to-Work, revenue sharing, and evaluating passenger needs.

Exhibit 5: 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 Inspections: <ul style="list-style-type: none"> • 2015: 10/9/2015 • 2016: 10/17/2016 • 2017: 10/25/2017
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 agreement with Transportation Concepts (current contractor) dated June 9, 2012.
PUC99314.5 (e)(1)(2)	<u>Part Time Drivers and Contracting</u> - Operators receiving STA funds are not precluded by contract from employing part-time drivers or from contracting with common carriers	In Compliance	<ul style="list-style-type: none"> • No provision for precluding part-time drivers in the operating contract agreement with Transportation Concepts (current contractor) dated June 9, 2012.
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"> • Fares are discounted for riders 55 and older, Medicare or Regional Transit Connection Discount Card (RTC) cardholders, and people with disabilities. • General fare² within Rio Vista is \$2.00, while the discount fare is \$1.00. The general fare to/within Fairfield, Suisun City, Antioch, and Pittsburg, is \$6.00, while the discount fare is \$3.00. Intercity route deviations are \$1.00 for everyone.

Code Reference	Operator Compliance Requirements	Compliance Finding	Verification Information
PUC99155.1 (a)(1)(2)	<u>Welfare to Work Coordination</u> - Operators must coordinates with county welfare departments in order to ensure that transportation moneys available for purposes of assisting recipients of aid are expended efficiently for the benefit of that population; if a recipient of CalWORKs program funds by the county, the operator shall give priority to the enhancement of public transportation services for welfare-to-work purposes and to the enhancement of transportation alternatives, such as, but not limited to, subsidies or vouchers, van pools, and contract paratransit operations, in order to promote welfare-to-work purposes	In Compliance	Coordinated through the Solano County Health and Social Service Department, which administers the welfare-to-work program through SolanoWORKS.
PUC99314.7, Govt Code 66516, MTC Res. Nos. 3837, 4073	<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	In Compliance	<ul style="list-style-type: none"> • Direct agreements with CalTrans, Capital Corridor Joint Powers Authority, CCCTA, ECCTA, City of Fairfield, Sacramento County and City of Vallejo • Agreement with Amtrak California and Capitol Corridor to provide transfers to Delta Breeze service. • Signatory participant in Intercity ADA Taxi Scrip Program Agreement (undated). Agreement also includes: Solano County, various taxi companies, and the cities of Benicia, Dixon, Fairfield, Suisun City, Vallejo, and Vacaville.

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"> • STA Coordinated Short Range Transit Plan (SRTP) 2016-2025 includes evaluations of existing service conditions, passenger demographics, service needs, operating and capital budgets and recommendations. • The Rio Vista Transit Service Outreach and Analysis project (March 2016) to identify existing gaps in Rio Vista Delta Breeze's service delivery and developing solutions to better meet the transit needs of Rio Vista's residents.

V. STATUS OF PRIOR AUDIT RECOMMENDATIONS

Rio Vista's prior performance audit was completed in May 2015. 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 Rio Vista's responses to the recommendations made in the prior performance audit, and whether Rio Vista made reasonable progress toward their implementation. However, there were no recommendations made in Rio Vista's prior audit.

VI. FUNCTIONAL PERFORMANCE INDICATOR TRENDS

To further assess Rio Vista's performance over the past three years, a detailed set of functional area performance indicators was defined. This assessment consists of a three-year trend analysis of the functions in each of the following areas:

- Management, Administration and Marketing
- Service Planning
- Operations
- Maintenance
- Safety

The indicators selected for this analysis were primarily those that were tracked regularly by Rio Vista or for which input data were maintained by Rio Vista on an on-going basis, such as performance reports, contractor reports, annual financial reports and NTD reports. As such, there may be some overlap with the TDA indicators examined earlier in the audit process, but most indicators will be different. Some indicators were selected from the California Department of Transportation's Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities as being appropriate for this evaluation. The input statistics for the indicators, along with their sources, are contained in Appendix A at the end of this report.

The trends in performance are presented over the three-year audit period to give an indication of which direction performance is moving for these indicators. The remainder of this section presents the findings from this review. The discussion presents the highlights of performance, followed by an exhibit illustrating the indicators by

function as applicable. Audit period performance is discussed below and presented in Exhibit 6.

- Management, Administration and Marketing
 - Administrative costs as a percentage of total operating costs increased from 21.7 percent in FY2015 to 25.8 percent in FY2017. This was largely due to an increase in cost of the management contract between the City and STA.
 - Similarly administrative costs per vehicle service hour increased by 34.7 percent over the audit period from \$25.22 in FY2015 to \$33.96 in FY2017.

- Service Planning
 - Farebox recovery (i.e., passenger fares divided by total operating costs) declined over the audit period decreasing from 6.9 percent in FY2015 to 3.8 percent in FY2017. Data for calculating the TDA recovery ratio (farebox revenue augmented with local support and operating costs reflecting allowable exclusions) were not available for the current audit period.
 - The percentage of vehicle service miles to total vehicle miles dropped 1.3 percent over the audit period, decreasing from 71.5 percent to 70.5 percent. Similarly, the percentage of vehicle service hours to total hours dropped 6.6 percent, from 76.4 percent in FY2015 to 71.3 percent in FY2017.
 - As observed in the TDA trend analysis passenger productivity, measures relative to both vehicle service miles and vehicle service hours declined steadily over the audit period. Passengers per vehicles service mile declined 13.8 percent, while passengers per vehicle service hour declined 14.5 percent.

- Operations

- Vehicle operations costs as a percentage of total operating costs fell slightly over the audit period from 66.2 percent in FY2015 to 64.8 percent in FY2017, an increase of 3.5 percent. Vehicle operations cost per vehicle service hour increased 10.8 percent over the same period from \$77.05 in FY2015 to \$85.35 in FY2017.
- Based on the data from the contractor’s monthly operations reports, all trips operated during the audit period were on-time. Furthermore, there were no missed trips reported throughout the entire audit period.
- Only one complaint was recorded during the audit period in FY2016 resulting in a performance of 9.6 complaints per 100,000 unlinked passenger trips.
- The trip cancellation rate increase from 0.1 percent in FY2015 to 0.2 percent in FY2016, but then declined to less than 0.1 percent in FY2017.

- Maintenance

- Vehicle maintenance cost per vehicle service mile increased 27.6 percent from \$0.69 in FY2015 to \$0.87 in FY2016, and subsequently decreased to \$0.69 in FY2017.
- During the audit period there were no mechanical failures (i.e., roadcalls) reported by the contractor. As such, the mean distance between mechanical failures cannot be calculated.

- Safety

- The rate of preventable accidents was zero in each year of the audit period with no preventable accidents being reported by the contractor.

* * * * *

The following is a brief summary of the functional trend highlights between FY2015 and FY2017:

- Administrative costs rose steadily throughout the audit period both in terms of percentage of total operating costs, which increased 19.1 percent overall, and in terms of administrative costs per vehicle service hour, which rose 34.7 percent overall.
- Service planning measures exhibited declining performance across the board with and overall decrease in farebox recovery of 45.9 percent, and declining ratios of service hours and miles to total hours and miles, 6.6 percent and 1.3 percent, respectively.
- Operations results exhibited moderate increases in vehicle operations costs per hour in each year of the audit period resulting in an overall increase of 10.8 percent. In terms of service quality, the contract reported that all trips were operated on-time, and that only one complaint was received during the audit period.
- Vehicle maintenance cost per vehicle service mile increased 27.6 percent from \$0.69 in FY2015 to \$0.87 in FY2016, and subsequently decreased to \$0.69 in FY2017. Also, there were no mechanical failures (i.e., roadcalls) reported by the contractor during the audit period.
- No preventable accidents were reported by the contractor during the audit period.

Exhibit 6: Functional Performance Trends

FUNCTION/Indicator	Actual Performance		
	FY2015	FY2016	FY2017
MANAGEMENT, ADMINISTRATION & MARKETING			
Administrative Cost/Total Operating Cost	21.7%	24.9%	25.8%
<i>Annual Percent Change</i>	--	14.8%	3.7%
<i>Three Year Percent Change</i>	--	--	19.1%
Adminstrative Cost/Vehicle Service Hour	\$25.22	\$31.56	\$33.96
<i>Annual Percent Change</i>	--	25.1%	7.6%
<i>Three Year Percent Change</i>	--	--	34.7%
SERVICE PLANNING			
Farebox Recovery Ratio (Farebox Rev./Oper. Cost)	6.9%	4.1%	3.8%
<i>Annual Percent Change</i>	--	-41.3%	-7.7%
<i>Three Year Percent Change</i>	--	--	-45.9%
TDA Recovery Ratio (a)	6.9%	4.1%	3.8%
<i>Annual Percent Change</i>	--	-41.3%	-7.7%
<i>Three Year Percent Change</i>	--	--	-45.9%
Vehicle Service Miles/Total Miles	71.5%	72.6%	70.5%
<i>Annual Percent Change</i>	--	1.6%	-2.9%
<i>Three Year Percent Change</i>	--	--	-1.3%
Vehicle Service Hours/Total Hours	76.4%	75.8%	71.3%
<i>Annual Percent Change</i>	--	-0.8%	-5.9%
<i>Three Year Percent Change</i>	--	--	-6.6%
Passengers/Vehicle Service Mile	0.17	0.16	0.15
<i>Annual Percent Change</i>	--	-6.8%	-7.5%
<i>Three Year Percent Change</i>	--	--	-13.8%
Passengers/Vehicle Service Hour	3.3	3.1	2.8
<i>Annual Percent Change</i>	--	-6.7%	-8.4%
<i>Three Year Percent Change</i>	--	--	-14.5%

FUNCTION/Indicator	Actual Performance		
	FY2015	FY2016	FY2017
OPERATIONS			
Vehicle Operations Cost/Total Operating Cost	66.2%	64.7%	64.8%
<i>Annual Percent Change</i>	--	-2.2%	0.2%
<i>Three Year Percent Change</i>	--	--	-2.0%
Vehicle Operations Cost/Vehicle Service Hour	\$77.05	\$82.10	\$85.35
<i>Annual Percent Change</i>	--	6.6%	4.0%
<i>Three Year Percent Change</i>	--	--	10.8%
Trips On-Time/Total Trips	100.0%	100.0%	100.0%
<i>Annual Percent Change</i>	--	--	--
<i>Three Year Percent Change</i>	--	--	--
Complaints/100,000 Unlinked Passenger Trips	0.0	9.6	0.0
<i>Annual Percent Change</i>	--	--	-100.0%
<i>Three Year Percent Change</i>	--	--	--
Missed Trips/Total Trips	0.0	0.0	0.0
<i>Annual Percent Change</i>	--	--	--
<i>Three Year Percent Change</i>	--	--	--
Vehicle Maintenance Cost/Vehicle Service Mile	\$0.69	\$0.87	\$0.69
<i>Annual Percent Change</i>	--	27.6%	-21.1%
<i>Three Year Percent Change</i>	--	--	0.6%
Mean Dist. betw. All Failures (Miles)	(c)	(c)	(c)
<i>Annual Percent Change</i>	--	--	--
<i>Three Year Percent Change</i>	--	--	--
SAFETY			
FTA Reportable Accidents/100,000 Vehicle Miles	0.00	0.00	0.00
<i>Annual Percent Change</i>	--	--	--
<i>Three Year Percent Change</i>	--	--	--

(a) Farebox Revenue plus Local Support/Operating Cost less TDA Allowable Exclusions

(b) Not currently available.

(c) No mechanical failures reported in this year

VII. CONCLUSIONS AND RECOMMENDATIONS

The preceding sections presented a review of Rio Vista's transit service performance during the three-year period of FY2015 through FY2017 (July 1, 2014 through June 30, 2017). They focused on TDA compliance issues including trends in TDA-mandated performance indicators and compliance with selected sections of the state Public Utilities Code (PUC). They also provided the findings from an overview of Rio Vista's data collection activities to support the TDA indicators, actions taken to implement recommendations from the prior performance audit, and a review of selected key functional performance results.

Conclusions

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

- Data Collection – Rio Vista has not indicated whether there have been any changes in the data collection and reporting procedures. However, a review of financial audits and Monthly Operations Reports leads to the conclusion that Rio Vista is in compliance with the reporting of operating costs, vehicle service hours, vehicle service miles and unlinked passenger trips. The statistics collected in other years appear to be consistent in terms of the direction and magnitude of the year-to-year changes. For example, increases or decreases in annual operating costs are relatively proportional to increases or decreases in annual vehicle service hours and miles.
- TDA Performance Trends

Rio Vista's performance trends for the five TDA-mandated indicators were analyzed. A six-year analysis period was used for all the indicators. In

addition, component operating costs were analyzed. The following is a brief summary of the TDA performance trend highlights over the six-year period of FY2012 through FY2017:

- There was an average annual increase in the operating cost per hour of 5.6 percent, which amounted to a 2.9 percent increase in inflation adjusted dollars.
- The cost per passenger increased on average by 4.6 percent per year, which amounted to an average annual increase of 1.9 percent in constant FY2012 dollars. The increase was largely due to increases in operating costs and declining ridership between FY2012 and FY2017.
- Passenger productivity showed positive trends, with passengers per vehicle service hour increasing an average of one percent annually, and passengers per vehicle service mile increasing an average of 4.9 percent annually.

The following is a brief summary of the component operating costs trend highlights between FY2012 and FY2017:

- Labor costs varied over the six-year period ranging from a low of 0.1 percent of total operating costs to a high of 7.5 percent of total operating costs.
- Service costs went up significantly in FY2015 and FY2016 largely due to the City's engagement of STA to manage its transit operations. The share of service costs in FY2017 rose to 22.4 percent of total operating costs.
- Purchased transportation costs represent the largest share of the City's costs averaging approximately 65 percent of the total operating costs during the last three years of the review period.
- PUC Compliance – Rio Vista 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, Welfare-to-Work, revenue sharing, and evaluating passenger needs.

- Status of Prior Audit Recommendations – There were no recommendations made in Rio Vista’s prior performance audit.
- Functional Performance Indicator Trends

To further assess Rio Vista’s performance over the past three years, a detailed set of functional area performance indicators was defined and reviewed. The following is a brief summary of the functional trend highlights between FY2015 and FY2017:

- Administrative costs rose steadily throughout the audit period both in terms of percentage of total operating costs, which increased 19.1 percent overall, and in terms of administrative costs per vehicle service hour, which rose 34.7 percent overall.
- Service planning measures exhibited declining performance across the board with an overall decrease in farebox recovery of 45.9 percent, and declining ratios of service hours and miles to total hours and miles, 6.6 percent and 1.3 percent, respectively.
- Operations results exhibited moderate increases in vehicle operations costs per hour in each year of the audit period resulting in an overall increase of 10.8 percent. In terms of service quality, the contract reported that all trips were operated on-time, and that only one complaint was received during the audit period.
- Vehicle maintenance cost per vehicle service mile increased 27.6 percent from \$0.69 in FY2015 to \$0.87 in FY2016, and subsequently decreased to \$0.69 in FY2017. Also, there were no mechanical failures (i.e., roadcalls) reported by the contractor during the audit period.
- No preventable accidents were reported by the contractor during the audit period.

Recommendations

1. EVALUATE SERVICE DELIVERY STRATEGIES TO ADDRESS THE FALLING PERFORMANCE IN PASSENGER PRODUCTIVITY AND SERVICE EFFICIENCY OBSERVED DURING THE AUDIT PERIOD.

[Reference Section: III. TDA Performance Indicators and Trends; and VI. Functional Performance Indicator Trends]

It was found that over the audit period passenger productivity has steadily declined both in terms of passengers per hour (a decrease of 14.5 percent) and passengers per mile (a decrease of 13.8 percent). This decline is largely due to the 17.8 percent drop in unlinked passenger trips experienced during the audit period. Furthermore, the functional performance analysis found that the ratio of vehicle service hours to total vehicle hours, as well as the ratio of vehicle service miles to total miles both decreased significantly over the audit period, thus indicating a significant increase in the amount of deadhead being operated. Since deadhead service is neither revenue-generating, nor productive, this represents a concerning trend in the efficiency of the Delta Breeze service.

The City should examine alternative service delivery strategies to the one currently employed to more effectively meet the needs of the current ridership demand. For example, the Delta Breeze service currently is a mix of fixed-route deviation and demand response service. Perhaps a change in the balance between fixed-route deviation service versus demand response service is warranted.

2. EXAMINE STRATEGIES TO ADDRESS THE DECLINING PERFORMANCE IN THE FAREBOX RECOVERY RATIO (i.e., PASSENGER FARES/OPERATING COSTS).

[Reference Section: VI. Functional Performance Indicator Trends]

Over the audit period the farebox recovery ratio steadily declined from 6.9 percent in FY2015 to 3.8 percent in FY2017, a decrease of 45.9 percent. This trend is largely due to the loss of ridership already discussed in this report, thus resulting in less passenger fare revenue being collected, combined with steadily increasing operating costs.

The City should evaluate ways to reduce operating costs. In addition, the City should examine the potential for increasing passenger fare revenue, either through an increase in fares and/or an increase in passenger trips.

**APPENDIX A:
INPUT STATISTICS FOR
FUNCTIONAL PERFORMANCE MEASURES**

Functional Performance Inputs

Data Item	FY2015	FY2016	FY2017	Source
Total Operating Costs	\$417,709	\$430,865	\$454,410	NTD Reduced Reporting
Administrative Costs	\$90,491	\$107,195	\$117,237	State Controller's Report
Vehicle Operations Costs	\$276,450	\$278,894	\$294,636	State Controller's Report
Vehicle Service Miles	68,505	64,973	65,333	NTD Reduced Reporting
Total Vehicle Miles	95,877	89,464	92,643	Monthly Operations Reports
Vehicle Service Hours	3,588	3,397	3,452	NTD Reduced Reporting
Total Vehicle Hours	4,698	4,483	4,841	Monthly Operations Reports
Unlinked Passenger Trips	11,778	10,407	9,683	NTD Reduced Reporting
Farebox Revenue	\$28,975	\$17,539	\$17,064	NTD Reduced Reporting
Passenger Miles	(a)	(a)	(a)	
Local Support (TDA Article 4 services only) (b)	(a)	(a)	(a)	
TDA Oper. Cost Exclusions - PUC 99247 (c)	(a)	(a)	(a)	
TDA Oper. Cost Exclusions - PUC 99268.17 (d)	(a)	(a)	(a)	
Trips On-Time	7,344	7,047	7,209	Monthly Operations Reports
Total Trips	7,344	7,047	7,209	Monthly Operations Reports
Complaints	0	1	0	Monthly Operations Reports
Missed Trips	0	0	0	Monthly Operations Reports
Trip Cancellations	15	26	3	Monthly Operations Reports
No Shows	0	0	0	Monthly Operations Reports
Vehicle Maintenance Costs	\$46,962	\$56,822	\$45,070	Monthly Operations Reports
Non-Vehicle Maintenance Costs	(a)	(a)	(a)	
Revenue Vehicle Failures - Total	0	0	0	Monthly Operations Reports
Preventable Accidents	0	0	0	Monthly Operations Reports

(a) Not available

(b) Local Support includes the following (USOA revenue class in parentheses):

- Auxiliary transportation revenue (406)
- Taxes directly levied (408)
- Local cash grants and reimbursements (409)
- Local special fare assistance (410)
- Subsidy from other sectors of operation (440)

(c) Operating expense object classes exclusive of the following pursuant to PUC Section 99247:

- depreciation and amortization expenses
- subsidies for commuter rail services operated on railroad lines under the jurisdiction of the Federal Railroad Administration
- costs for providing charter services

- *vehicle lease costs*
- *principal and interest payments on capital projects funded with certificates of participation*

(d) *Operating expense object class exclusions pursuant to PUC Section 99268.17:*

- *additional operating costs for federally required ADA paratransit service that exceed prior year costs (CPI adjusted)*
- *cost increases beyond the CPI change for: fuel; alternative fuel programs; power (including electricity); insurance premiums/liability claims payouts; state and federal mandates*
- *start-up costs for new services (not more than two years)*