



**FY 2010 - 2012
Triennial Performance Audit
of eTrans (Escalon)**

Submitted to:
**San Joaquin
Council of Governments**

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Submitted by:



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Section I

Introduction

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

The San Joaquin Council of Governments (SJCOG) engaged PMC to conduct the Transportation Development Act (TDA) triennial performance audit of the public transit operators under its jurisdiction in San Joaquin County. This performance audit is conducted for the City of Escalon transit services covering the most recent triennial period, fiscal years 2009-10 through 2011-12.

The purpose of the performance audit is to evaluate the City's effectiveness and efficiency in its use of TDA funds to provide public transportation in its service area. This evaluation is required as a condition for continued receipt of these funds for public transportation purposes. In addition, the audit evaluates the City's compliance with the conditions specified in the California Public Utilities Code (PUC). This task involves ascertaining whether the City is meeting the PUC's reporting requirements. Moreover, the audit includes calculations of transit service performance indicators and a detailed review of the transit administrative functions. From the analysis that has been undertaken, a set of recommendations has been made which is intended to improve the performance of transit operations.

In summary, this TDA audit affords the opportunity for an independent, constructive and objective evaluation of the organization and its operations that otherwise might not be available. The methodology for the audit included in-person interviews with management, collection and review of agency documents, data analysis, and on-site observations. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* published by the California Department of Transportation (Caltrans) was used to guide in the development and conduct of the audit.

Overview of the Transit System

Transit service in Escalon originally began operation in October 1977. The service operated under the Community Services Division with two buses and two city hired bus operators. In 1984, the City desired to reduce its direct involvement with transit. In January 1985, upon City Council approval, the Stockton Metropolitan Transit District (now known as San Joaquin Regional Transit District, or RTD) took over operations on behalf of the City.

In April, 2002, the boundaries of the dial-a-ride service were expanded to Victory Road to the east, the Stanislaus River to the South and Van Allen Road to the west. This allowed the residents who lived within the newly expanded areas to go into Escalon. In November 2002, a connection was established between Escalon Dial-A-Ride and the Riverbank-Oakdale Transit Authority (ROTA) Dial-A-Ride, allowing passengers to travel between Escalon, Riverbank and

Oakdale. The bus will drop a passenger off at Jacob Myers Park in Riverbank and ROTA Dial-A-Ride will pick up the passenger and take them wherever they want to go in their service area. The same arrangement happens in the reverse way. A series of fare increases were implemented by RTD for Escalon transit services in 2002, 2004 and 2008 to match comparable fares on the rest of the RTD system and increase farebox recovery, including for Escalon dial-a-ride and RTD Hopper deviated fixed route service.

Based on the 2010 U.S. Census, Escalon’s population is 7,132 which grew 19.6 percent since the 2000 U.S. Census. The senior citizen population, comprised of residents aged 65 and over, is 12.48 percent. The 2013 population for Escalon is estimated to be 7,208 as reported by the State Department of Finance. The city covers a 2.30 square mile area.

The main highway connection serving Escalon is State Route (SR)-120. SR-120 is the main east-west highway connecting Escalon with SR-99 in Manteca to the west and Riverbank and Oakdale to the east. McHenry Avenue, which runs north-south, connects Escalon with Modesto to the south. Major arterial streets traversing Escalon include Jackson Avenue, Main Street, McHenry Avenue, and Yosemite Avenue.

System Characteristics

Escalon transit service, branded under the name “eTrans” in 2008, provides two types of transit services - Escalon Dial-A-Ride and Route 1 fixed route. Route 1 is a deviated fixed route service between the Escalon Park and Ride Lot and Modesto at McHenry and Standiford Avenue. Connections in Modesto can be made to the Modesto Area Express (MAX) and Stanislaus Regional Transit (StaRT) buses.

eTrans operates between 7:14 a.m. and 5:13 p.m. Monday through Friday except for the following observed holidays: New Year’s Day, Dr. Martin Luther King Jr. Day, Presidents Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, and Christmas Day. Previously, demand-response service was provided to the adjacent unincorporated area. With a change to the eTrans service contractor, the service area decreased significantly to include only within the city limits and the three-quarter mile ADA service radius along Route 1 to Modesto. The eTrans fixed route services during the audit period are summarized in Table I-1.

**Table I-1
eTrans Route 1 Service**

Routing	Frequency/Operation	Key Time points
To Modesto (Southbound)	Every 1 hour (peak) to 2 hours (non-peak) Monday through Friday from 7:14 a.m. to 4:42 p.m.	<ul style="list-style-type: none"> ▪ Rite Aid Pharmacy @ Jackson ▪ Downtown Park & Ride Lot ▪ Escalon Community Center ▪ Yosemite @ Crossroads Plaza ▪ McHenry Avenue & Catherine Way ▪ Kiernan Avenue & McHenry ▪ Kaiser Permanente Medical

Routing	Frequency/Operation	Key Time points
		Center ▪ Vintage Faire Mall @ Dale/Veneman
To Escalon (Northbound)	Every 1 hour (peak) to 2 hours (non-peak) Monday through Friday from 7:44 a.m. to 5:13 p.m.	▪ Vintage Faire Mall @ Dale/Veneman ▪ Target @ McHenry & Standiford ▪ McHenry & Kiernan Avenue ▪ McHenry Avenue & Catherine Way ▪ Yosemite @ Crossroads Plaza ▪ Escalon Community Center ▪ Downtown Park & Ride Lot ▪ Rite Aid Pharmacy @ Jackson

Source: eTrans

Dial-a-Ride

General Public Dial-a-Ride is a door-to-door service that includes the entire city limits of Escalon with service to Jacob Myers Park in Riverbank where connections to StaRT and the former Riverbank-Oakdale Transit Authority or ROTA are available upon request. Dial-a-Ride operates Monday through Friday between the hours of 10:14 a.m. and 1:14 p.m. and between 2:14 p.m. and 3:14 p.m. Reservations are accepted at least 15 minutes in advance. When Dial-a-Ride is not in operation, route deviations are available on Route 1.

Fares

eTrans’ fares are structured according to service type, passenger category, and fare media. eTrans accepts cash, check or prepaid fares. Table I-2 provides a summary of eTrans’ fares and payment media.

**Table I-2
eTrans Fare Schedule**

Fare Category	Local Fares			Intercity Fares		
	Adult (Age 18-64)	Student (Age 5-17)/College with ID	Seniors, Disabled, Medicare Card	Adult (Age 18-64)	Student (Age 5-17)/College with ID	Seniors, Disabled, Medicare Card
One Way Fare	\$1.50	\$1.25	\$0.75	\$2.00	\$2.00	\$1.00
Route 1 Deviations	n/a	n/a	n/a	\$1.00	\$1.00	\$1.00
Special Events	\$2.00	\$2.00	\$2.00	n/a	n/a	n/a
EZ Day Pass	\$4.00	\$3.00	\$2.00	\$5.00	\$5.00	\$2.00
10-Ride EZ Pass	\$14.00	\$12.00	\$7.00	\$20.00	\$20.00	\$7.00
31-Day EZ Pass	\$65.00	\$40.00	\$35.00	\$75.00	\$75.00	\$35.00

Fare Category	Local Fares			Intercity Fares		
	Adult (Age 18-64)	Student (Age 5-17)/College with ID	Seniors, Disabled, Medicare Card	Adult (Age 18-64)	Student (Age 5-17)/College with ID	Seniors, Disabled, Medicare Card
Transfers to RTD	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50
Transfers to MAX, StaRT, Modesto DAR	n/a	n/a	n/a	\$0.25	\$0.25	\$0.25

Source: eTrans

Fleet

There were 3 vehicles in the eTrans fleet during the audit period. Two were acquired in 2012. All vehicles in the fleet are wheelchair accessible with tie-downs in compliance with the *Americans with Disabilities Act of 1990 (ADA)*. Table I-3 summarizes the eTrans fleet.

**Table I-3
eTrans Fleet**

Year	Make/Model	Quantity	Fuel Type	Seating Capacity
2009	Starcraft Allstar	1	Gasoline	14 (2 W/C)
2011	Starcraft Allstar	2	Gasoline	14 (2 W/C)
Total		3		

Source: eTrans

Section II

Operator Compliance Requirements

This section of the audit report contains the analysis of Escalon’s ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses the guidebook, *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies, September 2008 (third edition)*, which was developed by the Department of Transportation (Caltrans) to assess transit operators. The guidebook contains a checklist of eleven measures taken from relevant sections of the Public Utilities Code and the California Code of Regulations. Each of these requirements is discussed in the table below, including a description of the system’s efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller. Report is due 90 days after end of fiscal year (Sept. 28/29), or 110 days (Oct. 19/20) if filed electronically (Internet).	Public Utilities Code, Section 99243	Completion/submittal dates: FY 2010: December 5, 2010 FY 2011: September 30, 2011 FY 2012: October 20, 2012 The FY 2010 Transit Operator Financial Transactions Reports were submitted to the State Controller beyond the 90/110 days after the end of the fiscal year. <i>Reports were filed electronically</i> Conclusion: Partial compliance.
The operator has submitted annual fiscal and compliance audits to the RTPA and to the State Controller within 180 days following the end of the fiscal year (Dec. 27), or has received the appropriate 90-day extension by the RTPA	Public Utilities Code, Section 99245	Completion/submittal dates: FY 2010: January 10, 2011 FY 2011: December 30, 2011 FY 2012: December 31, 2012 Conclusion: Complied.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
allowed by law.		
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 1808.1 following a CHP inspection of the operator's terminal.	Public Utilities Code, Section 99251 B	<p>The City of Escalon, through its contract operators, participates in the CHP Transit Operator Compliance Program in which the CHP has conducted inspections within the 13 months prior to each TDA claim.</p> <p>Inspections were conducted at the contract operators' facilities in Modesto, Riverbank and Stockton:</p> <p>Transit Operator Compliance Certificates and inspection dates applicable to the audit period were January 16, 2009; February 3, 2009; September 15, 2010; November 18, 2010; September 13, 2011; November 3, 2011; and April 23-25, 2012.</p> <p>Inspections were found to be satisfactory.</p> <p>Conclusion: Complied.</p>
The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.	Public Utilities Code, Section 99261	<p>As a condition of approval, the City of Escalon's annual claims for Local Transportation Funds and State Transit Assistance are submitted in compliance with the rules and regulations adopted by SJCOG.</p> <p>Conclusion: Complied.</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	Public Utilities Code, Section 99270.1	<p>As a contracted transit service provider under Article 8, Escalon’s transit system is subject to a two-step process adopted by SJCOG [permitted under PUC 99405(c)]. The first is that TDA funds make up no more than 90 percent of total operating funds minus depreciation. The second is to maintain certain performance measure objectives which do not include the farebox recovery ratio.</p> <p>The FY 2010 objective was to maintain an operating cost per passenger at or below a standard calculated by SJCOG.</p> <p>The objectives for subsequent fiscal years is to maintain a cost per revenue hour and subsidy per passenger at or below a standard calculated by SJCOG as well as maintain the number of passengers per revenue hour at or above a standard calculated by SJCOG.</p> <p>Conclusion: Not Applicable.</p>
The operator’s operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed	Public Utilities Code, Section 99266	<p>Percentage increase in Escalon’s transit operating budget:</p> <p>FY 2010: +60.7% FY 2011: +34.5% FY 2012: -9.5%</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
facilities unless the operator has reasonably supported and substantiated the change(s).		<p>The FY 2010 increase is attributed to a new contract operator, service expansion and Short-Range Transit Plan update. The FY 2011 increase is attributed to personnel costs related to the Transit Coordinator and service contract.</p> <p>Source: City of Escalon Transit Budget for FYs 2009-2012</p> <p>Conclusion: Complied.</p>
The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.	Public Utilities Code, Section 99247	<p>The City of Escalon's definition of performance is consistent with Public Utilities Code Section 99247. A review of monthly reports from the contract operator during the audit period indicates that correct performance data are being collected.</p> <p>Conclusion: Complied.</p>
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating costs at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which	Public Utilities Code, Sections 99268.2, 99268.3, 99268.12, 99270.1	<p>As described earlier in this matrix, the City of Escalon is subject to a two-step process adopted by SJCOG [permitted under PUC 99405(c)]. The performance measure objectives do not include the farebox recovery ratio.</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
case it must maintain a ratio of fare revenues to operating costs of at least equal to three-twentieths (15 percent), if so determined by the RTPA.		Conclusion: Not Applicable.
If the operator serves a rural area, or provides exclusive services to elderly and disabled persons, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	Public Utilities Code, Sections 99268.2, 99268.4, 99268.5	<p>As Escalon’s transit system is not subject to the farebox recovery ratio, this requirement is not applicable. However, as a test of the system’s farebox ratios as a rural transit service, the following calculations are made using audited data:</p> <p>FY 2010: 5.56% FY 2011: 6.00% FY 2012: 4.86%</p> <p>The farebox ratios shown were extrapolated by dividing fare revenues by operating expense minus depreciation and exemptions. The annual fiscal audits do not contain a confirmation of actual farebox ratios.</p> <p>As described earlier in this matrix, the City of Escalon is subject to a two-step process adopted by SJCOG [permitted under PUC 99405(c)]. The performance measure objectives do not include the farebox recovery ratio.</p> <p>A separate table is provided after this matrix that shows the performance objectives.</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		Conclusion: Not applicable.
The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA which will fully fund the retirement system within 40 years.	Public Utilities Code, Section 99271	<p>To be eligible for TDA funds, the annual TDA claims form requires a sign-off from the transit claimant to comply with standard assurances, one of which is that the City of Escalon's retirement system is funded.</p> <p>The City contracted with a private operator, Storer Transportation, while the City staff's retirement is funded through the California Public Employees Retirement System (CalPERS).</p> <p>Conclusion: Complied.</p>
If the operator receives state transit assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	California Code of Regulations, Section 6754(a)(3)	<p>As a recipient of State Transit Assistance Funds, the City of Escalon is making full use of federal funds available under the Urban Mass Transportation Act of 1964 as amended.</p> <p>FY 2010: \$60,472 (Operations) \$12,696 (Capital)</p> <p>FY 2011: \$80,010 (Operations) \$20,904 (Capital)</p> <p>FY 2012: \$87,203 (Operations) \$76,018 (Capital)</p> <p>Source: National Transit Database</p> <p>Conclusion: Complied.</p>

Performance Objectives

Table II-2 provides the performance objectives for Article 8 claimants in lieu of the farebox recovery ratio. The performance objective for FY 2010 is based on operating cost per passenger. For the subsequent years, performance objectives are cost per revenue hour, passengers per revenue hour, and subsidy per passenger. Escalon must meet at least 2 out of 3 objectives. The performance standards for each year are compared against the calculation of actual standards attained in the annual financial audit. Certain cost exclusions and exemptions are included in the calculations.

**Table II-2
Escalon Performance Objectives**

	FY 2010		FY 2011		FY 2012	
Total Operating Costs	\$109,660		\$107,139		\$121,185	
Less TDA Eligible Exclusions						
Depreciation	\$7,539		\$9,314		\$12,005	
Net TDA Operating Costs	\$102,121		\$97,825		\$109,180	
Revenue Hours	n/a		887		1,189	
Passengers	4,085		3,925		3,627	
Fare Revenue	n/a		\$5,867		\$5,304	
Federal Operating Revenue	n/a		\$89,401		\$29,934	
Local Operating Revenue (Measure K etal)	n/a		\$0		\$0	
Total Revenues	n/a		\$95,268		\$35,238	
Performance Measures:		Objective		Objective		Objective
Cost per Revenue Hour	n/a		\$110.29	\$41.09	\$91.83	\$42.39
<i>Met Objective?</i>				No		No
Passenger per Revenue Hour	n/a		4.43	2.40	3.05	2.50
<i>Met Objective?</i>				Yes		Yes
Subsidy per Passenger	n/a		\$0.65	\$8.55	\$20.39	\$8.71
<i>Met Objective?</i>				Yes		No
Operating Cost per Passenger	\$25.00	\$10.02	n/a		n/a	
<i>Met Objective?</i>		No				

Source: City of Escalon TDA Audited Financial Statements

Findings and Observations from Operator Compliance Requirements Matrix

1. Of the compliance requirements pertaining to Escalon, the operator fully complied with seven of the eight requirements. The City was in partial compliance with the timely submittal of its Transit Operator Financial Transactions Reports to the State Controller. Three additional compliance requirements did not apply to Escalon (e.g. farebox recovery ratios).
2. As a contracted transit service provider, the City of Escalon is required to meet a two-step process adopted by SJCOG. The first is that TDA funds make up no more than 90 percent of total operating funds minus depreciation. This is verified in the annual financial audits. The second is to maintain a series of performance objectives in lieu of meeting the minimum farebox ratio requirement. The Escalon transit system did not meet the cost per passenger objective in FY 2010 as determined by the financial audit. During FY 2011, Escalon met 2 out of the 3 performance objectives, which were passengers per revenue hour and subsidy per passenger. During FY 2012, Escalon only met 1 out of the 3 performance objectives, which was for passengers per revenue hour carried.
3. The City of Escalon participates in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period.
4. The operating budget exhibited significant increases during the audit period. The budget increased 60.7 percent in FY 2010 and 34.5 percent in FY 2011. The FY 2010 increase was attributed to the retention of a new contract operator, service expansion and Short-Range Transit Plan update. The FY 2011 increase was attributed to personnel costs related to the Transit Coordinator and service contract. During FY 2012, the budget decreased 9.5 percent.

Section III

Prior Triennial Performance Recommendations

The City of Escalon's efforts to implement the recommendations made in the prior triennial audit are examined in this section of the report. For this purpose, each prior recommendation for the agency is described, followed by a discussion of Escalon's efforts to implement the recommendation. Conclusions concerning the extent to which the recommendations have been adopted by the agency are then presented.

Prior Recommendation 1

Report Passenger Fare Revenue and Full eTrans Expenditures in the Annual TDA Fiscal and Compliance Audit.

Actions taken by the City of Escalon

The prior audit found that the TDA fiscal audits for Escalon Transit did not include passenger fare information or full operating costs. As verified by the Transit Coordinator, the fiscal audits only included the contract cost to the City and represented about half of the total cost of the service. It was suggested that the City, SJCOG and the fiscal auditor work closely to monitor and ensure that all cost and fare revenues are provided in the fiscal audits. A review of Escalon's annual TDA fiscal and compliance audits conducted during the audit period shows that passenger fare revenue and expenditures have been fully reported. Expenditures have been broken out by operations, administration, vehicle maintenance and depreciation.

Conclusion

This recommendation has been implemented.

Prior Recommendation 2

Track operational performance measures in light of the change in operations contractors.

Actions taken by the City of Escalon

The transit system underwent inherent service changes when a new contract operator assumed the service from a previous long-time provider. It was suggested that performance from various perspectives be tracked to ensure the continuation of quality and customer friendly service in a cost efficient and effective manner. Storer Transit Systems was the contract operator throughout much of the audit period and provided monthly performance data in its monthly operations report to the City. The eTrans Annual Transit Report provides comprehensive tracking of performance data at the modal and systemwide level.

Conclusion

This recommendation has been implemented.

Prior Recommendation 3

Discuss and develop an agreement with RTD, in consultation with SJCOG that addresses existing transit needs originating in the unincorporated area and ending in Escalon.

Actions taken by the City of Escalon

Discussions with RTD were held with a conclusion that these decisions should not reside with the local cities. However, the Escalon Dial-A-Ride service area was changed to within the city limits at the time of selection of a new contractor to operate eTrans. As a byproduct of this, residents in the adjacent unincorporated area who wanted to travel into Escalon no longer had a seamless transit option, as separate RTD and Escalon demand response services were needed for trips that originally only required one vehicle between jurisdictions. In addition, a separate fare for each service was required upon boarding. According to the Transit Coordinator, there have been no complaints or issues raised by residents in the unincorporated area.

Conclusion

This recommendation is deemed no longer applicable.

Section IV

TDA Performance Indicators

This section reviews Escalon's performance in providing transit service to the community in an efficient and effective manner. TDA requires that at least five specific performance indicators be reported, which are contained in the following tables. Farebox is not one of the five specific indicators, but provides another important gauge of performance. Therefore, farebox calculation is also included although it is not used as a compliance measure for TDA funding per SJCOG's evaluation criteria for Article 8 transit claimants. Two additional performance indicators, operating cost per mile and average fare per passenger, are included as well. Findings from the analysis are contained in the section following the tables.

Tables IV-1 through IV-3 provide the performance indicators for Escalon systemwide, fixed route and Dial-a-Ride. Charts are also provided to depict the trends in the indicators. It is noted that the systemwide operating costs and fare revenues are based on audited figures which include all operating expenses, while fixed route and dial-a-ride costs and fare revenues are unaudited and only include contractor costs. The annual fiscal audits do not provide a modal breakdown.

**Table IV-1
Escalon TDA Performance Indicators
Systemwide**

Performance Data and Indicators	Audit Period				% Change FY 2009-2012
	FY 2009	FY 2010	FY 2011	FY 2012	
Operating Cost	\$75,844	\$102,121	\$97,825	\$109,180	44.0%
Total Passengers	4,593	4,085	3,925	3,627	-21.0%
Vehicle Service Hours	1,975	1,316	887	1,189	-39.8%
Vehicle Service Miles	22,982	18,081	16,373	26,764	16.5%
Employee FTE's	4	4	4	4	0.0%
Passenger Fares	\$5,790	\$5,675	\$5,867	\$5,304	-8.4%
Operating Cost per Passenger	\$16.51	\$25.00	\$24.92	\$30.10	82.3%
Operating Cost per Vehicle Service Hour	\$38.40	\$77.60	\$110.29	\$91.83	139.1%
Operating Cost per Vehicle Service Mile	\$3.30	\$5.65	\$5.97	\$4.08	23.6%
Passengers per Vehicle Service Hour	2.3	3.1	4.4	3.1	31.2%
Passengers per Vehicle Service Mile	0.20	0.23	0.24	0.14	-32.2%
Vehicle Service Hours per Employee	493.8	329.0	221.8	297.3	-39.8%
Average Fare per Passenger	\$1.26	\$1.39	\$1.49	\$1.46	16.0%
Fare Recovery Ratio	7.63%	5.56%	6.00%	4.86%	-36.4%

Source: Annual Fiscal & Compliance Audits; National Transit Database; State Controller's Reports

**Table IV-2
Escalon TDA Performance Indicators
Fixed Route**

Performance Data and Indicators	Audit Period				% Change FY 2009-2012
	FY 2009	FY 2010	FY 2011	FY 2012	
Operating Cost	n/a	\$20,167	\$35,201	\$57,499	185.1%
Total Passengers	1,830	1,064	1,165	1,358	-25.8%
Vehicle Service Hours	485	511	569	1,023	110.9%
Vehicle Service Miles	12,083	13,071	13,147	24,499	102.8%
Employee FTE's	2	2	2	3	50.0%
Passenger Fares	\$3,648	\$2,885	\$1,935	\$4,693	28.7%
Operating Cost per Passenger	n/a	\$18.95	\$30.22	\$42.34	123.4%
Operating Cost per Vehicle Service Hour	n/a	\$39.47	\$61.86	\$56.21	42.4%
Operating Cost per Vehicle Service Mile	n/a	\$1.54	\$2.68	\$2.35	52.1%
Passengers per Vehicle Service Hour	3.8	2.1	2.0	1.3	-64.8%
Passengers per Vehicle Service Mile	0.15	0.08	0.09	0.06	-63.4%
Vehicle Service Hours per Employee	242.5	255.5	284.5	341.0	40.6%
Average Fare per Passenger	\$1.99	\$2.71	\$1.66	\$3.46	73.4%
Fare Recovery Ratio	n/a	14.30%	5.50%	8.16%	-42.9%

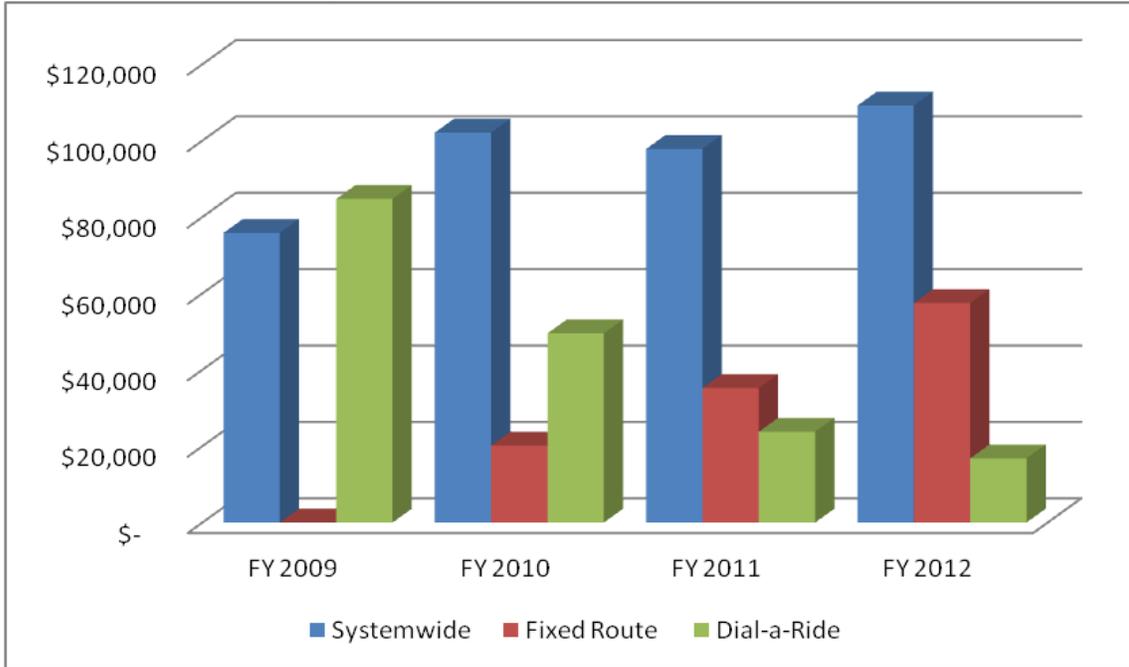
Source: eTrans Annual Report; National Transit Database; State Controller's Reports
Operating costs only include contractor costs.

**Table IV-3
Escalon TDA Performance Indicators
Dial-a-Ride**

Performance Data and Indicators	Audit Period				% Change FY 2009-2012
	FY 2009	FY 2010	FY 2011	FY 2012	
Operating Cost	\$84,729	\$49,541	\$23,772	\$16,796	-80.2%
Total Passengers	2,763	3,021	2,760	2,269	-17.9%
Vehicle Service Hours	1,490	805	318	166	-88.9%
Vehicle Service Miles	10,899	5,010	3,226	2,265	-79.2%
Employee FTE's	2	2	2	1	-50.0%
Passenger Fares	\$2,142	\$2,790	\$3,932	\$611	-71.5%
Operating Cost per Passenger	\$30.67	\$16.40	\$8.61	\$7.40	-75.9%
Operating Cost per Vehicle Service Hour	\$56.87	\$61.54	\$74.75	\$101.18	77.9%
Operating Cost per Vehicle Service Mile	\$7.77	\$9.89	\$7.37	\$7.42	-4.6%
Passengers per Vehicle Service Hour	1.9	3.8	8.7	13.7	637.1%
Passengers per Vehicle Service Mile	0.25	0.60	0.86	1.00	295.2%
Vehicle Service Hours per Employee	745.0	402.5	159.0	166.0	-77.7%
Average Fare per Passenger	\$0.78	\$0.92	\$1.42	\$0.27	-65.3%
Fare Recovery Ratio	2.53%	5.63%	16.54%	3.64%	43.9%

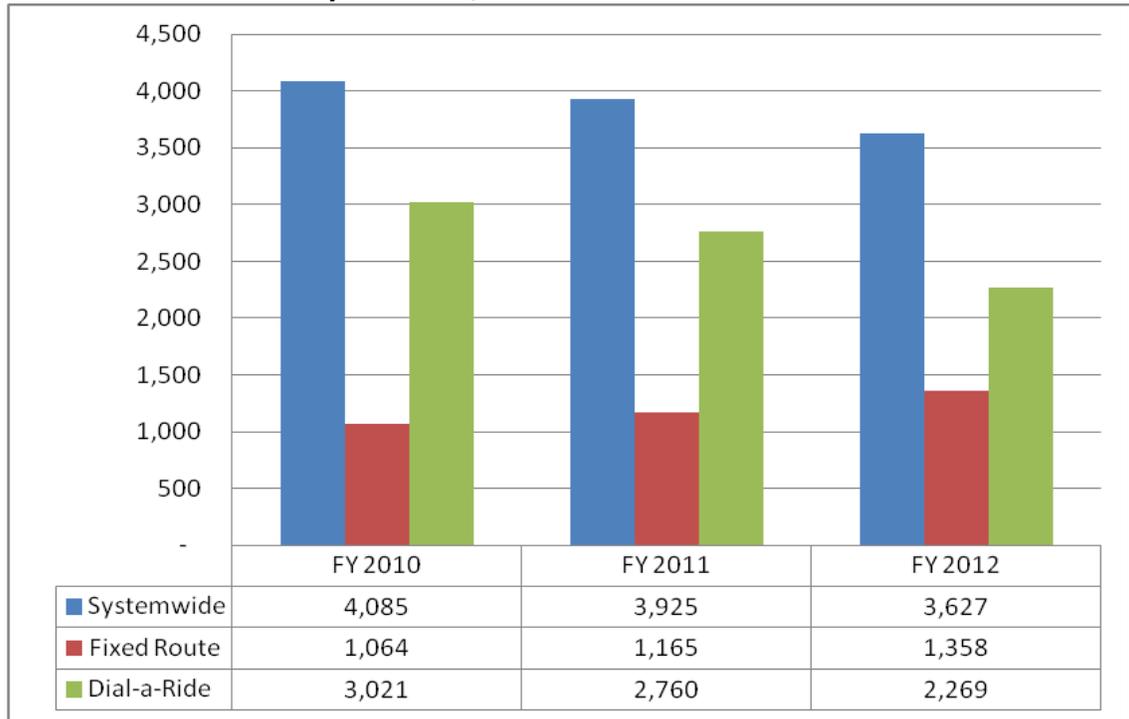
Source: eTrans Annual Report; National Transit Database; State Controller's Reports
Operating costs only include contractor costs.

**Graph IV-1
Operating Costs
Systemwide, Fixed Route & Dial-a-Ride**



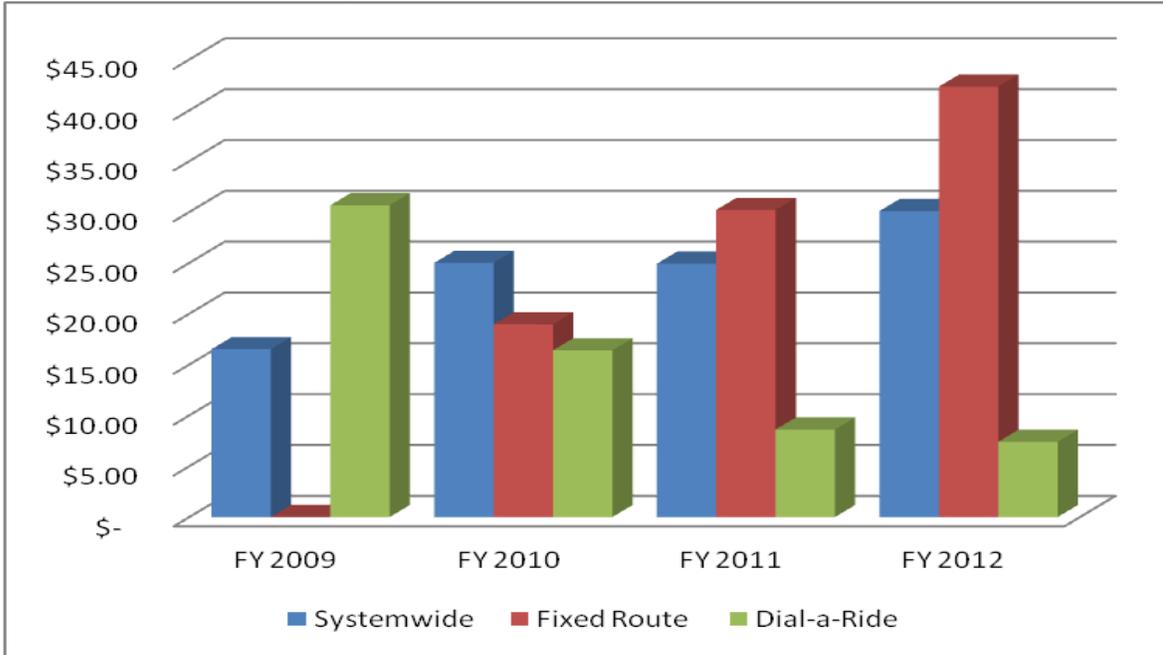
Note: Systemwide costs include all operations costs; modal costs include only contractor cost.

**Graph IV-2
Ridership
Systemwide, Fixed Route & Dial-a-Ride**



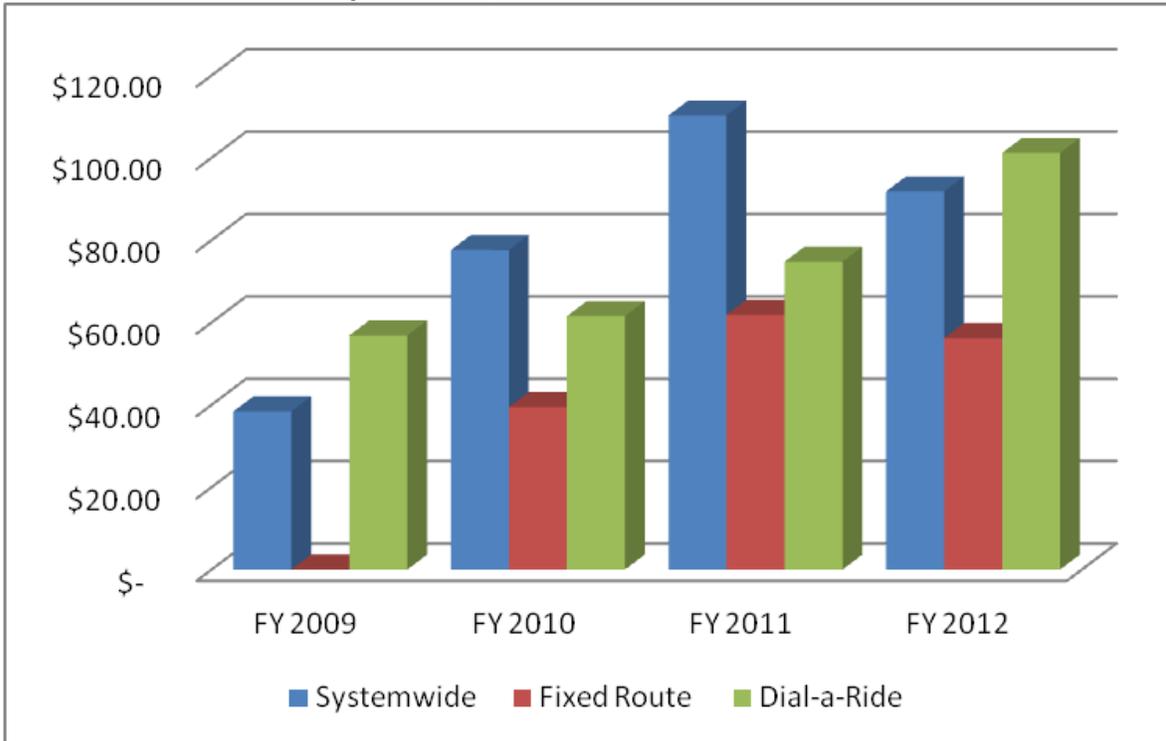
Note: Systemwide costs include all operations costs; modal costs include only contractor cost.

Graph IV-3
Operating Cost Per Passenger
Systemwide, Fixed Route & Dial-a-Ride



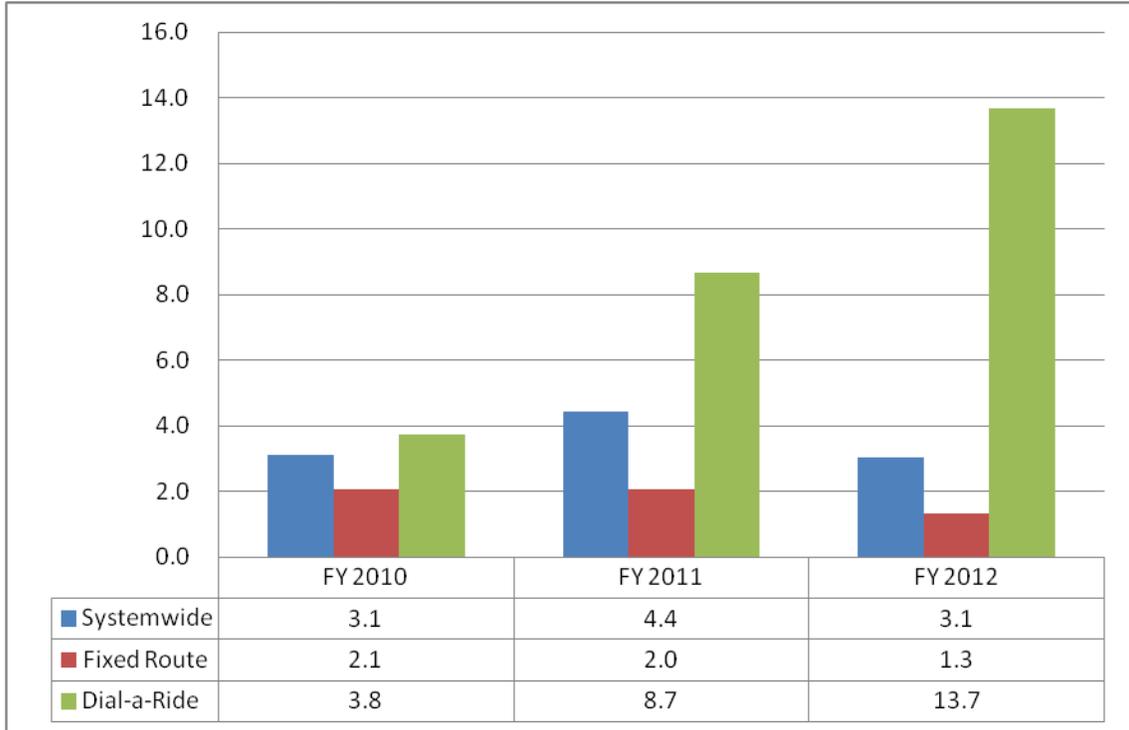
Note: Systemwide costs include all operations costs; modal costs include only contractor cost.

Graph IV-4
Operating Cost Per Vehicle Service Hour
Systemwide, Fixed Route & Dial-a-Ride

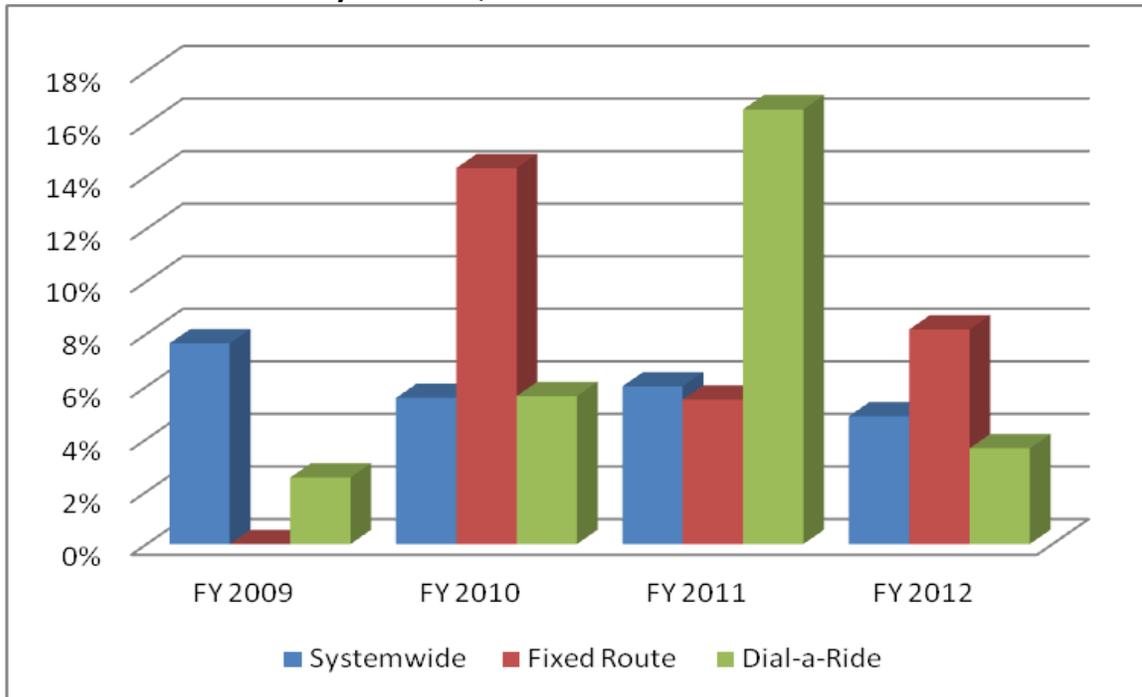


Note: Systemwide costs include all operations costs; modal costs include only contractor cost.

**Graph IV-5
Passengers Per Vehicle Service Hour
Systemwide, Fixed Route & Dial-a-Ride**



**Graph IV-6
Fare Recovery Ratio
Systemwide, Fixed Route & Dial-a-Ride**



Note: Systemwide costs include all operations costs; modal costs include only contractor cost.

Findings from Verification of TDA Performance Indicators

1. Operating costs systemwide increased 44 percent over the past three years based on audited data from the FY 2009 base year through FY 2012. Dial-a-Ride operating costs decreased 80.2 percent during the audit period while fixed route operating costs nearly doubled using unaudited data. The increase in operating costs is attributed to the change in contract operator and restructuring of the transit system into a deviated fixed-route service.
2. Ridership decreased 21 percent systemwide during the audit period. Fixed route ridership decreased 28.5 percent and Dial-a-Ride ridership decreased 17.9 percent. Ridership experienced the greatest decline in FY 2010 due primarily due to the termination of the service agreement with the RTD to the adjacent unincorporated areas. Systemwide ridership fell from 4,593 FY 2009 to 4,085 in FY 2010, an 11.1 percent decline. Other factors affecting declining ridership include reduced service hours and a fare increase that was implemented in FY 2009.
3. The provision of revenue hours and miles reflect the service changes that were implemented during the period. Fixed route revenue hours and miles increased 110.9 and 102.8 percent, respectively, while DAR revenue hours and miles decreased 88.9 and 79.2 percent, respectively. Systemwide, vehicle service hours increased 39.8 percent and vehicle service miles increased 16.5 percent.
4. Operating cost per passenger increased 82.3 percent systemwide which is reflected in the fixed route indicators. Cost per passenger for the fixed route increased from \$18.95 in FY 2010 to \$42.34 in FY 2012. Dial-a-Ride saw its cost per passenger decline 75.9 percent from \$30.67 in FY 2009 to \$7.40 in FY 2012. The trend for this indicator reflects a much greater rate of increase in operating costs relative to the decline in ridership.
5. Operating cost per hour increased 139.1 percent systemwide which reflects the trend on the fixed route. Cost per hour on the fixed route increased from \$39.47 in FY 2010 to \$56.21 in FY 2012. Cost per hour on Dial-a-Ride increased 77.9 percent.
6. Passengers per vehicle service hour systemwide exhibited an increase of 31.2 percent. The rate of increase in this indicator was primarily reflected in the Dial-a-Ride service. Dial-a-Ride saw its passengers per hour increase from 1.9 passengers to 13.7 passengers per hour. For fixed route, passengers per hour decreased 64.8 percent. Systemwide the number of passengers per service hour increased from 2.3 passengers to 3.1 passengers during the audit period.
7. The fare recovery ratio over the past three years decreased 36.4 percent systemwide. Farebox recovery for fixed route decreased 42.9 percent while farebox for Dial-a-Ride increased by 43.9 percent. Passenger fare revenues decreased 8.4 percent systemwide yet increased 28.7 percent on the fixed route. Revenues on Dial-a-Ride decreased 71.5 percent.

Section V

Review of Operator Functions

This section provides an in-depth review of various functions within the City of Escalon. The review highlights accomplishments, issues and/or challenges that were determined during the audit period. The following functions were reviewed at the City of Escalon:

- Operations
- Maintenance
- Planning
- Marketing
- General Administration and Management

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

Operations

Escalon's transit system guided by the following vision and mission statements:

Vision Statement

Transit will provide Escalon residents and visitors with basic mobility and a useful alternative to travel by motor vehicle, both within the community and connecting with nearby communities.

Mission Statement

The mission of eTrans is to provide a comprehensive transit service for the residents and visitors of Escalon that is clean, accessible, reliable, economical and safe.

The eTrans system operates primarily as a deviated fixed-route combined with a demand response service during non-peak hours. Storer Transit Systems of Modesto served as the contract operator from November 2009 through May 2012. Toward the end of the audit period, the City changed contract operators and selected the San Joaquin Rapid Transit District (RTD) in June 2012. The rationale given for contracting with RTD is related to cost. The service provided by RTD is operated by MV Transportation.

When service changed over to Storer Transit in late 2009, the dial-a-ride service was restricted to only within the city limits while RTD operates its general public dial-a-ride in the

unincorporated area. However, Escalon dial-a-ride continues to provide connections with StaRT and the former ROTA in the City of Riverbank at Jacob Myers Park.

In July 2010, the southbound bus stops on McHenry Avenue between 1st Street and Creative Water Gardens were eliminated due to lack of sidewalks and ADA accessibility. A new stop was added at McHenry and Union Avenue in Modesto to serve the new Walmart supercenter. FY 2011 was the first full fiscal year where Escalon's TDA claim reflected the City's true operating cost and the first full year of Storer Transit Systems, operating in the 2.2 square mile service area with the passengers that are truly attributed to the City's service.

Local Measure K funding has allowed for increased service to Modesto, fleet augmentation and new service branding. A new fare structure was adopted in September 2010, which included a Modesto day pass and 10-ride pass. The passes were eventually rebranded as EZPasses. In October 2011, the fare structure was amended to account for discounted senior/persons with disabilities/Medicare card passengers.

The ridership is comprised mostly of senior citizens and students. Certification under the Americans with Disabilities Act (ADA) is available for the deviated fixed-route. The Transit Manager reports that there are only three ADA-certified passengers on file, who generally transfer from eTrans to the Modesto Area Dial-a-Ride (MADAR) service.

Dispatching and scheduling are conducted manually. Under the Storer contract, dispatching was conducted in Riverbank. Since the transition to RTD, dispatching functions are conducted from the county operations facility in Stockton. Vehicles are equipped with Automatic Vehicle Locator (AVL) units and three security cameras (two interior and one exterior).

Complaints are directed to the Transit Coordinator, who follows up with the contract operator. There have been very few complaints registered and the majority of the complaints received pertained to the change in contract operator. The monthly operations report tracks the number of complaints.

Fare collection and reconciliation are handled manually. eTrans utilizes Diamond fareboxes on its vehicles, which will be replaced with electronic fareboxes in the future. The bus operator does not handle the fares. At the end of the run, the vehicle arrives at City Hall where the vault is removed by Finance Department staff. The farebox revenues are counted and reconciled with the driver trip sheet. The variances that occur are generally overages. The funds are deposit into the City's bank account.

Maintenance

Maintenance on Escalon's transit vehicles is the responsibility of the contract operator. Storer's preventive maintenance practice follows industry standards of inspections every 45 days or 3,000 miles and every 5,000 miles on the cutaway vehicles. The driver also conducts a daily vehicle inspection under state and federal law prior to revenue service. Vehicle maintenance

under RTD is conducted at its county operations facility located at 120 N. Filbert Street in Stockton. Vehicles are fueled at Wright's Petroleum located at 1512 Weiss Way in Escalon, which has a card-lock system.

When Storer operated the service, vehicles were stored at the former ROTA facility in Riverbank. With the change in contract operator, vehicles are now stored at the County facility located on Filbert Street in Stockton as well as the Escalon City Hall.

The California Highway Patrol (CHP) is responsible for certifying the transit system's maintenance facilities and for inspecting vehicles on an annual basis. eTrans vehicles have received satisfactory terminal inspections from the CHP. The last CHP inspection during the audit period was conducted in April 2012.

Planning

The City of Escalon (eTrans) 10-Year Short-Range Transit Plan (SRTP) FY 2009-10 through FY 2018-19 was commissioned during the audit period and adopted in December 2010. The SRTP included results from on-board surveys conducted in 2007 and 2009. There was a suggestion contained in the SRTP that Escalon evaluate alternative methods of meeting either the TDA 10 percent minimum standard or the SJCOG objective of meeting cost per passenger (and any other subsequent objectives). Escalon is currently held to this alternative standard in lieu of meeting farebox recovery. Nevertheless, it was hoped that eTrans would be able to attain the 10 percent farebox recovery standard with the implementation of Route 1.

A subsequent SRTP update was developed and adopted in July 2012 with a 10-year planning horizon from FY 2011-12 through FY 2020-11. It was funded in part by a FTA Section 5304 transit planning grant. The latest SRTP provides a series of transit performance standards based on following categories:

- Accessibility
- Convenience
- Reliability
- Comfort
- Performance
- Marketing
- Management

Most of the performance standards are qualitative in nature and some are not applicable due to the nature of the service provided. Nevertheless, the SRTP provides a framework for eTrans to grow into a stronger and sustainable system over time.

Marketing

Escalon's transit services are marketed in electronic and print formats. The City's website contains a dedicated page with information about the transit system. The page (<http://cityofescalon.org/departments/transit-services/>) includes information about fares, routes, service hours and tips in both English and Spanish. Brochures and schedules are available as PDF downloads. The website has a trip planner powered by Google Transit. Also contained on the website are the Title VI and ADA disclosures regarding passenger accommodation and non-discrimination.

The colored multi-fold brochure provides a service area map with fare, schedule and service hour information. EZPass outlets include the Escalon City Hall and the Vineyard Pharmacy located at 1900 McHenry Avenue.

eTrans does not utilize social media as part of its marketing strategy. Community outreach has consisted of the annual "Stuff the Bus" food drive and the Escalon Park Fête and Parade held in July. The most recent passenger survey was conducted in 2012 as part of the SRTP update.

General Administration and Management

Escalon was incorporated on March 12, 1957 as a full service General Law City and has a Council-Manager form of government. The City Council serves as the principal legislative body and each councilmember is elected for a four-year term. Regular meetings of the City Council are convened on the first and third Mondays of each month at 7:00 p.m. in the Escalon Council Chambers located at 2060 McHenry Avenue. The Mayor and Mayor Pro Tem are appointed by Council every two years.

The City Manager is responsible for administrative and budgetary oversight of city departments including Transit Services. The City's Transit Services operations are administered by the Development Services Department, Engineering Division and overseen by the part-time Transit Coordinator. The Transit Coordinator is involved with several SJCOG committees such as the Interagency Transit Committee (ITC), Social Services Transportation Advisory Committee, and Unmet Transit Needs Committee, as well as the Modesto ADA Advisory Committee, San Joaquin Coordinated Transportation Plan Committee and StanCOG Social Services Transportation Advisory Committee. The City Council is generally supportive of the transit system. The Transit Coordinator delivers a report on the transit system's performance annually before the City Council.

Grants Management

The City of Escalon relies on a variety of grants and other funding mechanisms to support its transit system. These grant sources are derived from local, state and federal programs and measures. Pursuant to TDA, the City receives Local Transportation Fund (LTF) proceeds under Article 8, Section 99400(c) and the State Transit Assistance (STA) fund. TDA funding is used for

operating expenses and as a match for local Measure K, the one-half cent sales tax that provides support toward transit services. In November 2006, voters in San Joaquin County approved the renewal of the one-half cent sales tax, extending the life of the 1990-2011 sales tax program to the year 2041. Thirty percent of the revenue from Measure K is allocated to passenger rail, bus transport and bicycle infrastructure. The majority of Measure K funding received by Escalon has been allocated towards the Modesto service, bicycle racks, congestion relief and smart growth initiatives.

Escalon received funding through the State Proposition 1B Public Transportation Modernization, Improvement & Service Enhancement Account (PTMISEA) to purchase transit vehicles, passenger amenities, and a radio system. Under Proposition 1B's Transit Security Grant Program, Escalon was awarded funding for security cameras.

The City maintains an Excel spreadsheet that tracks grants awarded by the Federal Transit Administration (FTA) and other sources. Each grant listed includes the funding source, total grant amount, federal allocation amount, local match, amount reimbursed, and the date of expiration. The City uses color-coded cells to denote funding status. Grants tracked are derived from FTA Sections 5304, 5310, 5311, 5316 & 5317 grant programs, American Recovery and Reinvestment Act (ARRA), Measure K and Proposition 1B. The ARRA funding received through the FTA Section 5311 program was applied towards preventive maintenance and an AVL system for the vehicles.

Section VI

Findings

The following summarizes the major findings obtained from this Triennial Audit covering fiscal years 2010 through 2012. A set of recommendations is then provided.

Triennial Audit Findings

1. Of the compliance requirements pertaining to Escalon, the operator fully complied with seven of the eight requirements. The City was in partial compliance with the timely submittal of its Transit Operator Financial Transactions Reports to the State Controller. Three additional compliance requirements did not apply to Escalon (e.g. farebox recovery ratios).
2. As a contracted transit service provider under TDA Article 8, the City of Escalon is required to meet a two-step process adopted by SJCOG. The first is that TDA funds make up no more than 90 percent of total operating funds minus depreciation. This is verified in the annual financial audits. The second is to maintain a series of performance objectives in lieu of meeting the minimum farebox ratio requirement.
3. The eTrans system did not meet the cost per passenger objective in FY 2010 as determined by the financial audit. During FY 2011, Escalon met 2 out of the 3 performance objectives, which were passengers per revenue hour and subsidy per passenger. During FY 2012, Escalon only met 1 out of the 3 performance objectives, which was for passengers per revenue hour carried.
4. The City of Escalon participates in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period.
5. The operating budget exhibited significant increases during the audit period. The budget increased 60.7 percent in FY 2010 and 34.5 percent in FY 2011. The FY 2010 increase was attributed to the retention of a new contract operator, service expansion and Short-Range Transit Plan update. The FY 2011 increase was attributed to personnel costs related to the Transit Coordinator and service contract. During FY 2012, the budget decreased 9.5 percent.
6. Escalon implemented two of the three prior audit recommendations. The two recommendations pertain to the full reporting of fare revenue and expenditures in the annual fiscal and compliance audits and the tracking of performance measures. The recommendation that was not implemented concerns modifying the provision of transit in the unincorporated areas, which was deemed no longer applicable.

7. Operating costs systemwide increased 44 percent over the past three years based on audited data from the FY 2009 base year through FY 2012. Dial-a-Ride operating costs decreased 80.2 percent during the audit period while fixed route operating costs increased nearly doubled using unaudited data. The increase in operating costs is attributed to the change in contract operator and restructuring of the transit system into a deviated fixed-route service.
8. Ridership decreased 21 percent systemwide during the audit period. Fixed route ridership decreased 28.5 percent and Dial-a-Ride ridership decreased 17.9 percent. Ridership experienced the greatest decline in FY 2010 due primarily to the termination of the service agreement with the RTD to the adjacent unincorporated areas. Systemwide ridership fell from 4,593 FY 2009 to 4,085 in FY 2010, an 11.1 percent decline. Other factors affecting declining ridership include reduced service hours and a fare increase that was implemented in FY 2009.
9. The provision of revenue hours and miles reflect the service changes that were implemented during the period. Fixed route revenue hours and miles increased 110.9 and 102.8 percent, respectively, while DAR revenue hours and miles decreased 88.9 and 79.2 percent, respectively. Systemwide, vehicle service hours increased 39.8 percent and vehicle service miles increased 16.5 percent.
10. Operating cost per passenger increased 82.3 percent systemwide which is reflected in the fixed route indicators. Cost per passenger for the fixed route increased from \$18.95 in FY 2010 to \$42.34 in FY 2012. Dial-a-Ride saw its cost per passenger decline 75.9 percent from \$30.67 in FY 2009 to \$7.40 in FY 2012. The trend for this indicator reflects a much greater rate of increase in operating costs relative to the decline in ridership.
11. Operating cost per hour increased 139.1 percent systemwide which reflects the trend on the fixed route. Cost per hour on the fixed route increased from \$39.47 in FY 2010 to \$56.21 in FY 2012. Cost per hour on Dial-a-Ride increased 77.9 percent.
12. The eTrans system operates primarily as a deviated fixed-route combined with a demand response service during non-peak hours. Storer Transit Systems of Modesto served as the contract operator from November 2009 through May 2012.
13. Toward the end of the audit period, the City changed contract operators and selected the San Joaquin Rapid Transit District (RTD) in June 2012. The rationale given for contracting with RTD is related to cost. The service provided by RTD is operated by MV Transportation.
14. Local Measure K funding has allowed for increased service to Modesto. Starting in 2008, fleet augmentation and new service branding occurred. A new fare structure was adopted in September 2010, which included a Modesto day and 10-ride passes. The passes were eventually rebranded as EZPasses. In October 2011, the fare structure was

amended to account for discounted senior/persons with disabilities/Medicare card passengers.

15. The City of Escalon (eTrans) 10-Year Short-Range Transit Plan (SRTP) FY 2009-10 through FY 2018-19 was commissioned during the audit period and adopted in December 2010. A subsequent SRTP update was developed and adopted in July 2012.

Recommendations

1. Closely monitor performance measures.

Escalon is subject to specific performance objectives as an Article 8 claimant in lieu of the farebox recovery ratio pursuant to TDA. The performance objectives for FYs 2011 and 2012 pertain to cost per revenue hour, passengers per revenue hour, and subsidy per passenger. Escalon must meet at least 2 out of 3 objectives. For FY 2011, Escalon met 2 out of the 3 performance objectives, which were passengers per revenue hour and subsidy per passenger. For FY 2012, Escalon only met 1 out of the 3 performance objectives, which was for passengers per revenue hour carried.

Based on this assessment, the City should remain diligent in exploring opportunities to meet these objectives through a combination of strategies including revenue enhancement, cost savings, and service/schedule adjustments that increase ridership.

The latest SRTP Update adopted in 2012, provides recommendations for enhancing the transit system. In particular, the updated TDP conducted a review and evaluation of the current service and provides a series of steps that are intended to improve the performance of the service which should generally result in improved performance measures. As the SRTP recommendations are implemented, the city should closely monitor performance measures against benchmarks from implementation of the SRTP.