



# San Joaquin Council of Governments

## Triennial Performance Audit for FY 2019 - FY 2021 City of Tracy

MARCH 2022  
FINAL REPORT





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## Chapter 1 | Executive Summary

In 2021, the San Joaquin Council of Governments (SJCOC) selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the seven transit operators to which it allocates State of California TDA funding.

The California Public Utilities Code requires all recipients of Transit Development Act (TDA) Article 4 funding to undergo an independent performance audit on a three-year cycle in order to maintain funding eligibility. Audits of Article 8 recipients are encouraged.

Given it receives no funding under Article 4, the City of Tracy is not statutorily required to undergo a Triennial Performance Audit, nor has it traditionally been held to the requirements of the TDA. However, the SJCOC, as the RTPA, includes the City in the Triennial Performance Audit process to provide a comprehensive and objective review to offer beneficial insights into program performance.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the City of Tracy as a public transit operator, providing operator management with information on the economy, efficiency, and effectiveness of its programs across the prior three fiscal years. In addition to assuring legislative and governing bodies (as well as the public) that resources are being economically and efficiently utilized, the Triennial Performance Audit fulfills the requirement of PUC Section 99246(a) that the RTPA designate an entity other than itself to conduct a performance audit of the activities of each operator to whom it allocates funds.

This chapter summarizes key findings and recommendations developed during the Triennial Performance Audit (TPA) of the City's public transit program for the period:

- Fiscal Year 2018/19,
- Fiscal Year 2019/20, and
- Fiscal Year 2020/21.

The City of Tracy provides bus and paratransit services within city boundaries. The City operates four regular local fixed routes and two commuter routes. Regular local routes generally operate between 7:00 a.m. and 8:00 p.m., Monday through Friday, and from 9:00 a.m. to 7:00 p.m. on Saturday. Commuter routes operate one or two morning trips and two or three afternoon trips Monday through Friday. Paratransit service, which provides door-to-door ADA complementary paratransit service to ADA-certified customers, Medicare cardholders, and seniors (65+), mirrors fixed-route service hours.

In FY 2020/21, the City introduced the Tracer Plus on-demand/microtransit service as a pilot program. The service operates outside of fixed-route and paratransit service hours: on Saturday from 5:00 a.m. to 9:00 a.m. and 6:00 p.m. to 12:00 a.m., and on Sunday from 8:00 a.m. to 10:00 p.m.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit team plans and performs the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit

objectives. Moore & Associates, Inc. concludes the evidence obtained provides a reasonable basis for our findings and conclusions.

This audit was also conducted in accordance with the processes established by the California Department of Transportation (Caltrans), as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*.

The Triennial Performance Audit includes five elements:

- Compliance requirements,
- Prior recommendations,
- Analysis of program data reporting,
- Performance Audit, and
- Functional review.

#### Test of Compliance

Based on discussions with City staff, analysis of program performance, and an audit of program compliance and function, the audit team presents no compliance findings.

#### Status of Prior Recommendations

The prior audit – completed in April 2019 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2018 – included four recommendations:

1. [Submit all future State Controller Reports on time.](#)  
**Status:** Implemented.
2. [The City should work with its TDA auditor to complete its fiscal audit on time.](#)  
**Status:** Implemented.
3. [Monitor performance measures carefully to ensure the City can meet at least two of them each year.](#)  
**Status:** Implemented.
4. [Use the TDA definition of “full-time equivalent” \(FTE\) employee for the City’s State Controller Report.](#)  
**Status:** Not implemented.

#### Findings and Recommendations

Based on discussions with City staff, analysis of program performance, and a review of program compliance and function, the audit team submits no compliance findings for the City.

The audit team has identified two functional findings. While these findings are not compliance findings, we feel they are significant enough to be addressed within this audit:

1. While the City has demonstrated use of the TDA definition of full-time equivalent (FTE) employee, this data is not being accurately reported to the State Controller.
2. The Transit Division would benefit from an additional 1.0 FTE Transit Coordinator or Transit Analyst position.

In completing this Triennial Performance Audit, we submit the following recommendations for the City’s public transit program. They have been divided into two categories: TDA Program compliance recommendations and functional recommendations. TDA program compliance recommendations are intended to assist in bringing the operator into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the triennial audit that are not specific to TDA compliance.

Given there are no compliance findings, only functional recommendations are provided.

*Exhibit 1.1 Summary of Audit Recommendations*

Functional Recommendations		Importance	Timeline
1	Ensure accurate full-time equivalent (FTE) employee data is used for reporting to the State Controller.	High	FY 2022/23
2	Fill the position of Transit Coordinator advertised in February 2022.	High	FY 2021/22

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## Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of the City of Tracy’s public transit program covers the three-year period ending June 30, 2021. The California Public Utilities Code requires all recipients of Transit Development Act (TDA) funding to complete an independent review on a three-year cycle in order to maintain funding eligibility.

In 2021, the San Joaquin Council of Governments selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the seven transit operators to which it allocates TDA funding. Moore & Associates, Inc. is a consulting firm specializing in public transportation, including audits of non-TDA Article 4 recipients. Selection of Moore & Associates, Inc. followed a competitive procurement process.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the City of Tracy as a public transit operator. Direct benefits of a Triennial Performance Audit include providing operator management with information on the economy, efficiency, and effectiveness of its programs across the prior three years; helpful insight for use in future planning; and assuring legislative and governing bodies (as well as the public) that resources are being economically and efficiently utilized. Finally, the Triennial Performance Audit fulfills the requirement of PUC Section 99246(a) that the RTPA designate an entity other than itself to conduct a performance audit of the activities of each operator to whom it allocates funds.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit team plans and performs the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. The auditors believe the evidence obtained provides a reasonable basis for our findings and conclusions.

The audit was also conducted in accordance with the processes established by the California Department of Transportation (Caltrans), as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, as well as *Government Audit Standards* published by the U.S. Comptroller General.

### Objectives

A Triennial Performance Audit (TPA) has four primary objectives:

1. Assess compliance with TDA regulations;
2. Review improvements subsequently implemented as well as progress toward adopted goals;
3. Evaluate the efficiency and effectiveness of the transit operator; and
4. Provide sound, constructive recommendations for improving the efficiency and functionality of the transit operator.

## Scope

The TPA is a systematic review of performance evaluating the efficiency, economy, and effectiveness of the transit operator. The audit of the City of Tracy included five tasks:

1. A review of compliance with TDA requirements and regulations.
2. A review of the status of recommendations included in the prior Triennial Performance Audit.
3. A verification of the methodology for calculating performance indicators including the following activities:
  - Assessment of internal controls,
  - Test of data collection methods,
  - Calculation of performance indicators, and
  - Evaluation of performance.
4. Comparison of data reporting practices:
  - Internal reports,
  - State Controller Reports, and
  - National Transit Database.
5. Examination of the following functions:
  - General management and organization;
  - Service planning;
  - Scheduling, dispatching, and operations;
  - Personnel management and training;
  - Administration;
  - Marketing and public information; and
  - Fleet maintenance.
6. Conclusions and recommendations to address opportunities for improvement based upon analysis of the information collected and the audit of the transit operator's major functions.

## Methodology

The methodology for the Triennial Performance Audit of the City of Tracy included thorough review of documents relevant to the scope of the audit, as well as information contained on the City's website. The documents reviewed included the following (spanning the full three-year period):

- Monthly performance reports;
- State Controller Reports;
- Annual budgets;
- TDA fiscal audits;
- Transit marketing collateral;
- TDA claims;
- Fleet inventory;
- Preventive maintenance schedules and forms;
- California Highway Patrol Terminal Inspection reports;
- National Transit Database reports;

- Accident/road call logs; and
- Organizational chart.

Given impacts of the ongoing COVID-19 pandemic, the methodology for this audit included a virtual site visit with City representatives on September 13, 2021. The audit team met with Ed Lovell (Transit Manager), Sara Cowell (Accounting Manager), Guadalupe Pena (Accountant), and reviewed materials germane to the triennial audit.

This report is comprised of eight chapters divided into three sections:

1. Executive Summary: A summary of the key findings and recommendations developed during the Triennial Performance Audit process.
2. TPA Scope and Methodology: Methodology of the review and pertinent background information.
3. TPA Results: In-depth discussion of findings surrounding each of the subsequent elements of the audit:
  - Compliance with statutory and regulatory requirements,
  - Status of prior recommendations,
  - Consistency among reported data,
  - Performance measures and trends,
  - Functional audit, and
  - Findings and recommendations.

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## Chapter 3 | Program Compliance

This section examines the City of Tracy’s compliance with the Transportation Development Act as well as relevant sections of the California Code of Regulations. An annual certified fiscal audit confirms TDA funds were apportioned in conformance with applicable laws, rules, and regulations. The City considers full use of funds under California Code of Regulations (CCR) 6754(a) as referring to operating funds but not capital funds. The TPA findings and related comments are delineated in Exhibit 3.1.

The City of Tracy does not use any TDA Article 4 funding for transit and is not statutorily required to be audited, nor has it traditionally been held to the requirements of the TDA. However, the San Joaquin Council of Governments, as the RTPA, requested the City be audited to support a comprehensive and objective review to provide beneficial insights into program performance.

Status of compliance items was determined through discussions with City staff as well as an inspection of relevant documents including the fiscal audits for each year of the triennium, State Controller annual filings, California Highway Patrol terminal inspections, National Transit Database reports, year-end performance reports, and other compliance-related documentation.

No compliance items were identified for the City of Tracy.

### Developments Occurring During the Audit Period

The last half of the audit period is markedly different from the first half. The impacts of the COVID-19 pandemic resulted in significant declines in ridership and revenue. In many instances, transit operators strove to retain operations staff despite adopting a reduced schedule, resulting in significant changes to many cost-related performance metrics. While infusions of funding through the CARES Act mitigated some of the lost revenues for federally funded programs, most transit operators have yet to return to pre-pandemic ridership and fare levels. As a result, the Triennial Performance Audits will provide an assessment not only of how COVID-19 impacted each organization, but how they responded to the crisis.

In addition to the COVID-19 pandemic, recent and proposed changes to the TDA may result in audit reports that look somewhat different than in prior years. In the nearly 50 years since introduction of the Transportation Development Act, there have been many changes to public transportation in California. Many operators have faced significant challenges in meeting the farebox recovery ratio requirement, calling into question whether it remains the best measure for TDA compliance. In 2018, the chairs of California’s state legislative transportation committees requested the California Transit Association spearhead a policy task force to examine the TDA, which resulted in a draft framework for TDA reform released in early 2020. The draft framework maintains the farebox recovery ratio requirement, but eliminates financial penalties and allows more flexibility with respect to individual operator targets. These changes have yet to be implemented.

Assembly Bill 90, signed into law on June 29, 2020, provided temporary regulatory relief for transit operators required to conform with Transportation Development Act (TDA) farebox recovery ratio thresholds in FY 2019/20 and FY 2020/21. While the ability to maintain state mandates and performance measures is important, AB 90 offered much-needed relief from these requirements for these years impacted by the COVID-19 pandemic while TDA reform continues to be discussed.

AB 90 included the following provisions specific to transit operator funding through the TDA:

1. It prohibited the imposition of the TDA revenue penalty on an operator that did not maintain the required ratio of fare revenues to operating cost during FY 2019/20 or FY 2020/21.
2. It required the Controller to calculate and publish the allocation of transit operator revenue-based funds made pursuant to the State Transit Assistance (STA) Program for FY 2020/21 and FY 2021/22 based on the same individual operator ratios published by the Controller in a specified transmittal memo, and authorized the Controller to revise that transmittal memo, as specified. It required the Controller to use specified data to calculate those individual operator ratios. Upon allocation of the transit operator revenue-based funds to local transportation agencies pursuant to this provision, the Controller would publish the amount of funding allocated to each operator.
3. It exempted an operator from having to meet either of the STA efficiency standards for FY 2020/21 and FY 2021/22 and authorized the operator to use those funds for operating or capital purposes during that period.
4. It required the Controller to allocate State of Good Repair (SOGR) program funding for FY 2020/21 and FY 2021/22 to recipient transit agencies pursuant to the individual operator ratios published in the above-described transmittal memo.
5. It required the Controller to allocate Low Carbon Transit Operations Program (LCTOP) funding for FY 2020/21 and FY 2021/22 to recipient transit agencies pursuant to the individual operator ratios published in the above-described transmittal memo.

Assembly Bill 149, signed into law on July 16, 2021, provided additional regulatory relief with respect to Transportation Development Act (TDA) compliance. It extended the provisions of AB 90 through FY 2022/23 as well as provided additional regulatory relief including:

1. Waiving the annual productivity improvement requirement of Section 99244 through FY 2022/23.
2. Adding a temporary provision exempting operators from farebox recovery ratio requirements provided they expend at least the same amount of local funds as in FY 2018/19.
3. Expanding the definition of “local funds” to enable the use of federal funding, such as the CARES Act or CRRSAA, to supplement fare revenues and allows operators to calculate free and reduced fares at their actual value.
4. Adjusting the definition of operating cost to exclude the cost of ADA paratransit services, demand-response and micro-transit services designed to extend access to service, ticketing/payment systems, security, some pension costs, and some planning costs.
5. Allowing operators to use STA funds as needed to keep transit service levels from being reduced or eliminated through FY 2022/23.

AB 149 also called for an examination of the triennial performance audit process, to ensure the practice continues to be effective and beneficial.

Exhibit 3.1 Transit Development Act Compliance Requirements

Compliance Element	Reference	Compliance	Comments
State Controller Reports submitted on time.	PUC 99243	In compliance	FY 2018/19: January 30, 2020 FY 2019/20: February 1, 2021 FY 2020/21: January 31, 2022
Fiscal and compliance audits submitted within 180 days following the end of the fiscal year (or with up to 90-day extension).	PUC 99245	In compliance	FY 2018/19: March 30, 2020 FY 2019/20: January 31, 2021 FY 2020/21: <i>Draft received by March 31, 2022</i>
Operator’s terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	September 13, 2017 August 2, 2018 August 15, 2019 August 12, 2020
Operator’s claim for TDA funds submitted in compliance with rules and regulations adopted by the RTPA.	PUC 99261	In compliance	
If 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.	PUC 99270.1	Not applicable	
Except as otherwise provided, the allocation for any purpose specified under Article 8 may in no year exceed 50% of the amount required to meet the total planning expenditures for that purpose.	PUC 99405	In compliance	
An operator receiving allocations under Article 8(c) may be subject to regional, countywide, or subarea performance criteria, local match requirements, or fare recovery ratios adopted by resolution of the RTPA.	PUC 99405	In compliance	In order to be judged compliant, the City of Lodi must meet at least two of three performance criteria and demonstrate at least 10 percent of its operating revenues are non-TDA.  <ul style="list-style-type: none"> <li>• Operating cost/revenue hour</li> <li>• Passengers/revenue hour</li> <li>• Subsidy/passenger</li> </ul> <p>The City met at least two of three performance criteria during FY 2018/19 and FY 2019/20. Penalties were waived for FY 2020 and FY 2021.</p> <p>See chart below (Exhibit 3.2).</p>

Compliance Element	Reference	Compliance	Comments
The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	PUC 99266	In compliance	FY 2018/19: +4.37% FY 2019/20: +38.67% FY 2020/21: +21.43%  <i>Budget increases are largely due to comparing actual expenditures to budgeted amounts. In addition, 2020 saw increased transit contract costs due to increased driver wages. Source: TDA Claims.</i>
The operator's definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	In compliance	
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating cost at least equal to one-fifth (20 percent).	PUC 99268.2, 99268.4, 99268.1	Not applicable	
If the operator serves a rural area, it has maintained a ratio of fare revenues to operating cost at least equal to one-tenth (10 percent).	PUC 99268.2, 99268.4, 99268.5	Not applicable	
For a claimant that provides only services to elderly and handicapped persons, the ratio of fare revenues to operating cost shall be at least 10 percent.	PUC 99268.5, CCR 6633.5	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 for 40 years.	PUC 99271	In compliance	
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.	CCR 6754 (a) (3)	In compliance	As a recipient of State Transit Assistance Funds, the City is making full use of federal funds available under the Urban Mass Transportation Act of 1964 as amended.

Compliance Element	Reference	Compliance	Comments
In order to use State Transit Assistance funds for operating assistance, the operator's total operating cost per revenue hour does not exceed the sum of the preceding year's total plus an amount equal to the product of the percentage change in the CPI for the same period multiplied by the preceding year's total operating cost per revenue hour. An operator may qualify based on the preceding year's operating cost per revenue hour or the average of the three prior years. If an operator does not meet these qualifying tests, the operator may only use STA funds for operating purposes according to a sliding scale.	PUC 99314.6	Not applicable	
A transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount which exceeds the claimant's capital and operating costs less the actual amount of fares received, the amount of local support required to meet the fare ratio, the amount of federal operating assistance, and the amount received during the year from a city or county to which the operator has provided services beyond its boundaries.	CCR 6634		

Exhibit 3.2 Article 8 Alternative Performance Measures

	FY 2018/19	FY 2019/20	FY 2020/21	Maximum/Minimum (+/-5%)
<b>Operating cost per revenue hour</b>				
<i>Standard (less than)</i>	\$128.80	\$143.16	\$147.32	\$154.69 (max)
<i>Actual</i>	\$116.38	\$142.07	\$117.07	(met at end of period)
<b>Passengers per revenue hour</b>				
<i>Standard (at least)</i>	4.6	4.7	4.8	4.6 (min)
<i>Actual</i>	4.8	4.1	2.3	
<b>Subsidy per passenger</b>				
<i>Standard (less than)</i>	\$18.07	\$20.77	\$21.23	\$22.30 (max)
<i>Actual</i>	\$17.39	\$10.38	-\$5.84	

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## Chapter 4 | Prior Recommendations

This section reviews and evaluates the implementation of prior Triennial Performance Audit recommendations. This objective assessment provides assurance the City of Tracy has made quantifiable progress toward improving both the efficiency and effectiveness of its public transit program.

The prior audit – completed in April 2019 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2018 – included four recommendations:

1. [Submit all future State Controller Reports on time.](#)

**Discussion:** In FY 2015/16, the deadline for submittal was October 18, 2016. The City’s report was submitted on December 22, 2016. In FY 2016/17, the deadline for submittal was January 31, 2018. The City’s report was submitted on March 19, 2018. In FY 2017/18, the State Controller Report was submitted on time.

All employees involved in the preparation of the State Controller Reports should be aware of the January 31 deadline and strive to complete and submit the report on time each year. Given the FY 2017/18 report was submitted on time, this issue may already be resolved.

**Progress:** The City hired Maze and Associates to complete and submit the State Controller’s reports in a timely and more efficient manner in conjunction with the CAFR/ACFR. All State Controller Reports submitted during the audit period were submitted on time.

**Status:** Implemented.

2. [The City should work with its TDA auditor to complete its fiscal audit on time.](#)

**Discussion:** In FY 2015/16 and FY 2016/17, TDA fiscal audits were completed nearly a year after the end of the fiscal year. While the City was granted a 90-day extension, this exceeds the stipulated deadline of 180 days following the end of the fiscal year plus the extension. While the TDA auditor is under contract to SJCOG, not the City, it is still the City’s responsibility to work with the auditor to complete its TDA audits in a timely manner, as well as request an extension if needed.

While the FY 2017/18 TDA fiscal audit was completed on time, the City should continue to work closely with its TDA auditor to ensure the TDA audit can be completed on time. If the audit cannot be completed within 180 days, an extension should be requested in writing, and documentation should be maintained for review at the next triennial performance audit. Should an audit be completed past the allowable extension period in a given fiscal year, the City should work with SJCOG and the auditor to determine the cause of the delay and strive to ensure the same delay does not happen the following year.

**Progress:** The TDA Audit is completed in conjunction with the CAFR. The FY 2018 CAFR was completed and published in December 2018. The City provided the TDA Auditors (Brown and Armstrong) with the published CAFR and the 90 extended deadline of March 31, 2018 was met. The City also completed the FY 2019 and FY 2020 audits on time. (The FY 2021 audit is still pending at the time of this report, but is on track for on-time completion.)

**Status:** Implemented.

3. Monitor performance measures carefully to ensure the City can meet at least two of them each year.

**Discussion:** Along with Manteca, Lodi, and Escalon, the City of Tracy’s performance is assessed using three performance measures. These performance measures are operating cost per revenue hour, passengers per revenue hour, and subsidy per passenger. Claimants must meet two of the three objectives or be within a five percent margin at the end of the three-year period. In FY 2016/17, the City met its performance measure with respect to subsidy per passenger, but not operating cost per revenue hour or passengers per revenue hour.

The City should monitor its performance measures on an ongoing basis so as to meet its performance goals. If, based on the anticipated operating cost, fare revenue, and/or revenue hours, it does not appear the City will meet two of three performance measures, it should address those deficiencies and determine what actions it can take to work toward compliance, at a minimum by the of the three-year goal period.

**Progress:** The City of Tracy worked with SJCOC to update the performance measures for the current audit period. Performance was monitored frequently through the monthly performance reports provided by the City’s operations contractor. In FY 2019, the City met all three performance measures; in FY 2020, it met two of the three despite the COVID-19 pandemic. Penalties for non-compliance with the farebox recovery ratio (which this is in lieu of) were waived for FY 2020 and FY 2021 under AB 90 and AB 149.

**Status:** Implemented.

4. Use the TDA definition of “full-time equivalent” (FTE) employee for the City’s State Controller Report.

**Discussion:** The City’s calculation methodology is unclear. While it is apparent the City is including contractor hours in its State Controller reporting, the City did not demonstrate how it calculated or defined those numbers.

Use payroll records from the City and the contractor to document the total amount of time spent on transit, and use that figure (divided by 2,000) to calculate FTE for reporting to the State Controller. Do not report a person-count, use a divisor of 2,080 hours, or use FTE figures used in budgeting to calculate Employees for the State Controller Report.

**Progress:** Moving forward, staff indicated it would use the TDA definition of FTE for the State Controller report. Use of the correct definition was confirmed through methodology provided during this audit. However, the data reported to the State Controller did not match that calculated using the TDA definition.

**Status:** Not implemented.

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## Chapter 5 | Data Reporting Analysis

An important aspect of the Triennial Performance Audit process is assessing how effectively and consistently the transit operator reports performance statistics to local, state, and federal agencies. Often as a condition of receipt of funding, an operator must collect, manage, and report data to different entities. Ensuring such data are consistent can be challenging given the differing definitions employed by different agencies as well as the varying reporting timeframes. This chapter examines the consistency of performance data reported by the City of Tracy both internally as well as to outside entities during the audit period.

- **Operating cost:** Data reported in the TDA fiscal audit and to the State Controller were typically consistent, but higher than that reported to the NTD. This resulted in a variance of approximately six to ten percent.
- **Fare Revenue:** Fare revenue was generally reported consistently across all three documents. However, in FY 2020/21, the NTD report included fixed-route organization-paid fares that were not included in the State Controller Report.
- **Vehicle Service Hours (VSH):** Vehicle service hours were generally reported consistently across all three reports, with slight discrepancies in FY 2018/19. This is due to a higher demand-response VSH being reported to the NTD and State Controller than appears on the monthly performance reports.
- **Vehicle Service Miles (VSM):** In FY 2018/19, vehicle service miles were consistent between the State Controller report and the NTD report, while the monthly performance report was considerably lower. This is due to VSM for September 2018 not being recorded on the monthly reports provided during this audit. The difference is generally consistent with one month's VSM.
- **Passengers:** This metric was reported consistently in FY 2018/19 and FY 2019/20, but there was a slight variance between the monthly performance reports and what was reported to the State Controller in FY 2020/21. The cause of the variance was unclear but appeared to be tied to the fixed-route service.
- **Full-Time Equivalent (FTE) Employees:** FTE was consistently reported but did not seem to reflect the TDA definition or be segregated by mode.

Exhibit 5.1 Data Reporting Comparison

Performance Measure	System-Wide		
	FY 2018/19	FY 2019/20	FY 2020/21
<b>Operating Cost (Actual \$)</b>			
<i>TDA fiscal audit</i>	\$4,094,006	\$4,572,568	\$4,349,267
<i>National Transit Database</i>	\$3,854,138	\$4,228,792	\$3,999,595
<i>State Controller Report</i>	\$4,094,607	\$4,572,568	\$4,439,080
<b>Fare Revenue (Actual \$)</b>			
<i>TDA fiscal audit</i>	\$116,784	\$102,953	\$62,390
<i>National Transit Database</i>	\$116,284	\$102,353	\$68,148
<i>State Controller Report</i>	\$116,784	\$102,953	\$61,874
<b>Vehicle Service Hours (VSH)</b>			
<i>Monthly Performance Reports</i>	35,085	32,185	28,727
<i>National Transit Database</i>	35,177	32,185	28,727
<i>State Controller Report</i>	35,178	32,186	28,728
<b>Vehicle Service Miles (VSM)</b>			
<i>Monthly Performance Reports</i>	388,582	336,599	296,326
<i>National Transit Database</i>	422,410	336,599	296,326
<i>State Controller Report</i>	422,410	336,599	311,933
<b>Passengers</b>			
<i>Monthly Performance Reports</i>	169,475	132,766	67,005
<i>National Transit Database</i>	169,475	132,766	66,231
<i>State Controller Report</i>	169,475	132,766	66,231
<b>Full-Time Equivalent Employees</b>			
<i>State Controller Report</i>	64	64	64
<i>Per TDA methodology</i>	Not provided	Not provided	43

## Chapter 6 | Performance Analysis

Performance indicators are typically employed to quantify and assess the efficiency of a transit operator's activities. Such indicators provide insight into current operations as well as trend analysis of operator performance. Through a review of indicators, relative performance as well as possible inter-relationships between major functions is revealed.

The Transportation Development Act (TDA) requires recipients of TDA funding to track and report five performance indicators:

- Operating Cost/Passenger,
- Operating Cost/Vehicle Service Hour,
- Passengers/Vehicle Service Hour,
- Passengers/Vehicle Service Mile, and
- Vehicle Service Hours/Employee.

To assess the validity and use of performance indicators, the audit team performed the following activities:

- Assessed internal controls in place for the collection of performance-related information,
- Validated collection methods of key data,
- Calculated performance indicators, and
- Evaluated performance indicators.

The procedures used to calculate TDA-required performance measures for the current triennium were verified and compared with indicators included in similar reports to external entities (i.e., State Controller and Federal Transit Administration).

### Operating Cost

The Transportation Development Act requires an operator to track and report transit-related costs reflective of the Uniform System of Accounts and Records developed by the State Controller and the California Department of Transportation. The most common method for ensuring this occurs is through a compliance audit report prepared by an independent auditor in accordance with California Code of Regulations Section 6667<sup>1</sup>. The annual independent financial audit should confirm the use of the Uniform System of Accounts and Records. *Operating cost* – as defined by PUC Section 99247(a) – excluded the following during the audit period<sup>2</sup>:

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<sup>1</sup> CCR Section 6667 outlines the minimum tasks which must be performed by an independent auditor in conducting the annual fiscal and compliance audit of the transit operator.

<sup>2</sup> Given the passage of AB 149, the list of excluded costs will be expanded beginning with FY 2021/22.

- Cost in the depreciation and amortization expense object class adopted by the State Controller pursuant to PUC Section 99243,
- Subsidies for commuter rail services operated under the jurisdiction of the Interstate Commerce Commission,
- Direct costs of providing charter service, and
- Vehicle lease costs.

#### Vehicle Service Hours and Miles

*Vehicle Service Hours* (VSH) and *Miles* (VSM) are defined as the time/distance during which a revenue vehicle is available to carry fare-paying passengers, and which includes only those times/miles between the time or scheduled time of the first passenger pickup and the time or scheduled time of the last passenger drop-off during a period of the vehicle's continuous availability.<sup>3</sup> For example, demand-response service hours include those hours when a vehicle has dropped off a passenger and is traveling to pick up another passenger, but not those hours when the vehicle is unavailable for service due to driver breaks or lunch. For both demand-response and fixed-route services, service hours will exclude hours of "deadhead" travel to the first scheduled pick-up, and will also exclude hours of "deadhead" travel from the last scheduled drop-off back to the terminal. For fixed-route service, a vehicle is in service from first scheduled stop to last scheduled stop, whether or not passengers board or exit at those points (i.e., subtracting driver lunch and breaks but including scheduled layovers).

#### Passenger Counts

According to the Transportation Development Act, *total passengers* is equal to the total number of unlinked trips (i.e., those trips that are made by a passenger that involve a single boarding and departure), whether revenue-producing or not.

#### Employees

*Employee hours* is defined as the total number of hours (regular or overtime) which all employees have worked, and for which they have been paid a wage or salary. The hours must include transportation system-related hours worked by persons employed in connection with the system (whether or not the person is employed directly by the operator). Full-Time Equivalent (FTE) is calculated by dividing the number of person-hours by 2,000.

#### Fare Revenue

*Fare revenue* is defined by California Code of Regulations Section 6611.2 as revenue collected from the farebox plus sales of fare media.

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<sup>3</sup> A vehicle is considered to be in revenue service despite a no-show or late cancellation if the vehicle remains available for passenger use.

### TDA Required Indicators

To calculate the TDA indicators for the City of Tracy, the following sources were employed:

- Operating Cost was not independently calculated as part of this audit. Operating Cost data were obtained via State Controller Reports for each fiscal year covered by this audit. Operating Cost from the reports was compared against that reported in the City's audited financial reports and appeared to be consistent with TDA guidelines. In accordance with PUC Section 99247(a), the reported costs excluded depreciation and other allowable expenses.
- Fare Revenue was not independently calculated as part of this audit. Fare revenue data were obtained via State Controller Reports for each fiscal year covered by this audit. This appears to be consistent with TDA guidelines as well as the uniform system of accounts.
- Vehicle Service Hours (VSH) data were obtained via State Controller Reports for each fiscal year covered by this audit. The City's calculation methodology is consistent with PUC guidelines.
- Vehicle Service Miles (VSM) data were obtained via State Controller Reports for each fiscal year covered by this audit. The City's calculation methodology is consistent with PUC guidelines.
- Unlinked trip data were obtained via State Controller Reports for each fiscal year covered by this audit. The City's calculation methodology is consistent with PUC guidelines.
- Full-Time Equivalent (FTE) data were obtained from State Controller Reports for each fiscal year covered by this review. Use of the TDA definition regarding FTE calculation was confirmed, but did not match what was reported to the State Controller.

### System Performance Trends

System-wide, operating cost experienced a net 8.4 percent increase during the audit period. The prior audit period was characterized by significant year-over-year increases, however, which resulted in a net increase of 105.3 percent over the six-year period. Fare revenue exhibited a similar trend, increasing during the prior audit period and declining during the current audit period. This resulted in a 46.8 percent decrease during the audit period, yet a net 35.2 percent decrease across the six-year period. It should be noted that fare revenue represented herein does not include local supplementation.

Vehicle Service Hours (VSH) began decreasing in FY 2018/19. VSH saw a net 11.1 percent decrease over the six-year period, with most of that occurring in FY 2019/20 and FY 2020/21. A similar pattern was observed with respect to Vehicle Service Miles (VSM), which had a net 27.2 percent decrease over the six-year period.

Ridership also followed the same pattern as VSH, though with a much greater decrease during the audit period. Overall, ridership experienced a net decrease of 60.9 percent during the audit period, and 57.4 percent across the six-year period.

Cost-related metrics typically provide an indicator of a system's efficiency, while passenger-related metrics offer insight into its productivity. Improvements are characterized by increases in passenger-related metrics and decreases in cost-related metrics. Operating cost per vehicle service hour, vehicle service mile, and passenger all increased significantly during the audit period, reflective of a decline in efficiency. Productivity also declined significantly, as passengers per VSH and VSM both decreased during

the audit period. Neither change is surprising, given the impact of the COVID-19 pandemic on transit operations and ridership.

**Exhibit 6.1 System Performance Indicators**

Performance Measure	System-wide					
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
<b>Operating Cost (Actual \$)</b>	\$2,162,321	\$3,258,090	\$4,613,944	\$4,094,607	\$4,572,568	\$4,439,080
<i>Annual Change</i>		50.7%	41.6%	-11.3%	11.7%	-2.9%
<b>Fare Revenue (Actual \$)</b>	\$95,470	\$113,913	\$115,124	\$116,284	\$101,898	\$61,874
<i>Annual Change</i>		19.3%	1.1%	1.0%	-12.4%	-39.3%
<b>Vehicle Service Hours (VSH)</b>	32,305	36,422	37,211	35,178	32,186	28,728
<i>Annual Change</i>		12.7%	2.2%	-5.5%	-8.5%	-10.7%
<b>Vehicle Service Miles (VSM)</b>	428,499	397,968	416,966	422,410	336,599	311,933
<i>Annual Change</i>		-7.1%	4.8%	1.3%	-20.3%	-7.3%
<b>Passengers</b>	155,635	161,694	167,702	169,475	132,766	66,231
<i>Annual Change</i>		3.9%	3.7%	1.1%	-21.7%	-50.1%
<b>Employees</b>	52	52	64	64	64	64
<i>Annual Change</i>		0.0%	23.1%	0.0%	0.0%	0.0%
<b>Performance Indicators</b>						
<b>Operating Cost/VSH (Actual \$)</b>	\$66.93	\$89.45	\$123.99	\$116.40	\$142.07	\$154.52
<i>Annual Change</i>		33.6%	38.6%	-6.1%	22.1%	8.8%
<b>Operating Cost/Passenger (Actual \$)</b>	\$13.89	\$20.15	\$27.51	\$24.16	\$34.44	\$67.02
<i>Annual Change</i>		45.0%	36.5%	-12.2%	42.5%	94.6%
<b>Passengers/VSH</b>	4.82	4.44	4.51	4.82	4.12	2.31
<i>Annual Change</i>		-7.9%	1.5%	6.9%	-14.4%	-44.1%
<b>Passengers/VSM</b>	0.36	0.41	0.40	0.40	0.39	0.21
<i>Annual Change</i>		11.9%	-1.0%	-0.2%	-1.7%	-46.2%
<b>Farebox Recovery</b>	4.4%	3.5%	2.5%	2.8%	2.2%	1.4%
<i>Annual Change</i>		-20.8%	-28.6%	13.8%	-21.5%	-37.5%
<b>Hours/Employee</b>	621.3	700.4	581.4	549.7	502.9	448.9
<i>Annual Change</i>		12.7%	-17.0%	-5.5%	-8.5%	-10.7%
<b>TDA Non-Required Indicators</b>						
<b>Operating Cost/VSM</b>	\$5.05	\$8.19	\$11.07	\$9.69	\$13.58	\$14.23
<i>Annual Change</i>		62.2%	35.2%	-12.4%	40.1%	4.8%
<b>VSM/VSH</b>	13.26	10.93	11.21	12.01	10.46	10.86
<i>Annual Change</i>		-17.6%	2.6%	7.2%	-12.9%	3.8%
<b>Fare/Passenger</b>	\$0.61	\$0.70	\$0.69	\$0.69	\$0.77	\$0.93
<i>Annual Change</i>		14.8%	-2.6%	0.0%	11.9%	21.7%

Sources: FY 2015/16 – FY 2017/18 data from prior Triennial Performance Audit.  
 FY 2018/19 – FY 2020/21 data from State Controller reports.

Exhibit 6.2 System Ridership

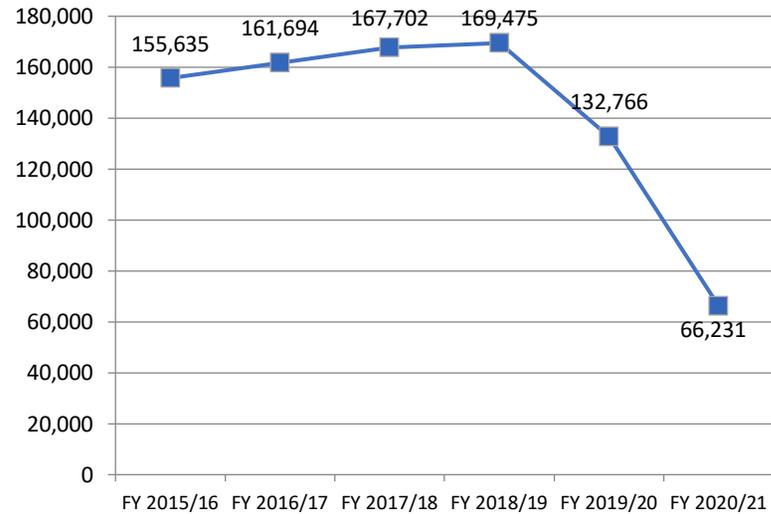


Exhibit 6.3 System Operating Cost/VSH

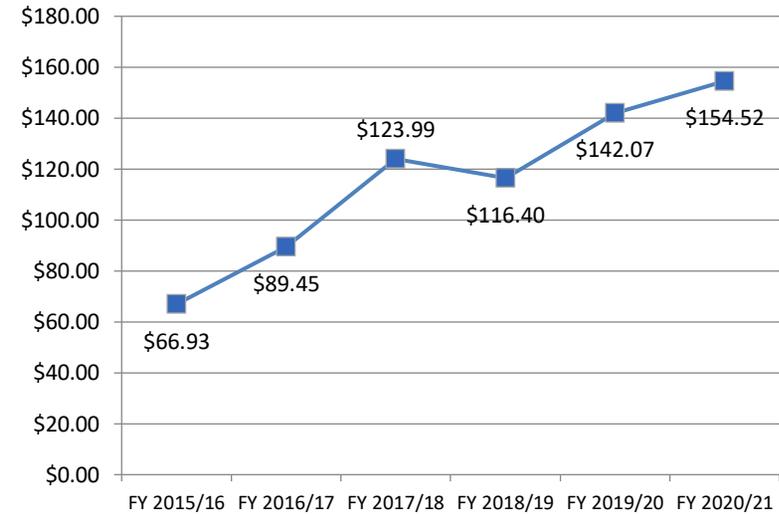


Exhibit 6.4 System Operating Cost/VSM



Exhibit 6.5 System VSM/VSH

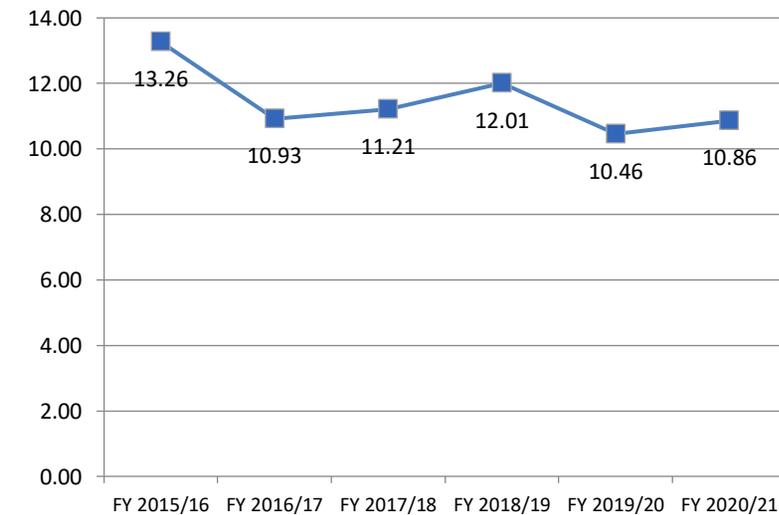


Exhibit 6.6 System Operating Cost/Passenger

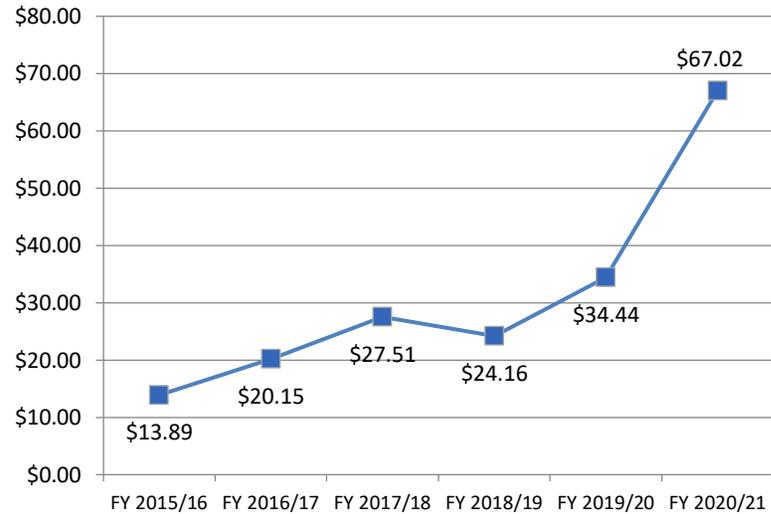


Exhibit 6.7 System Passengers/VSH

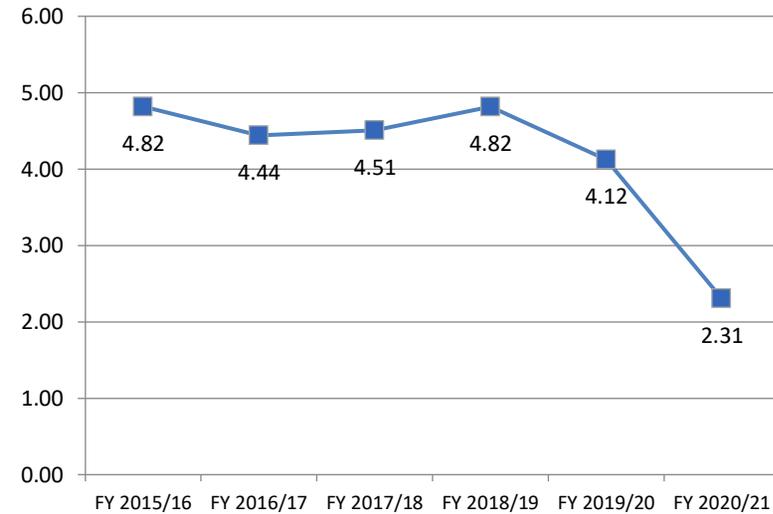


Exhibit 6.8 System Passengers/VSM

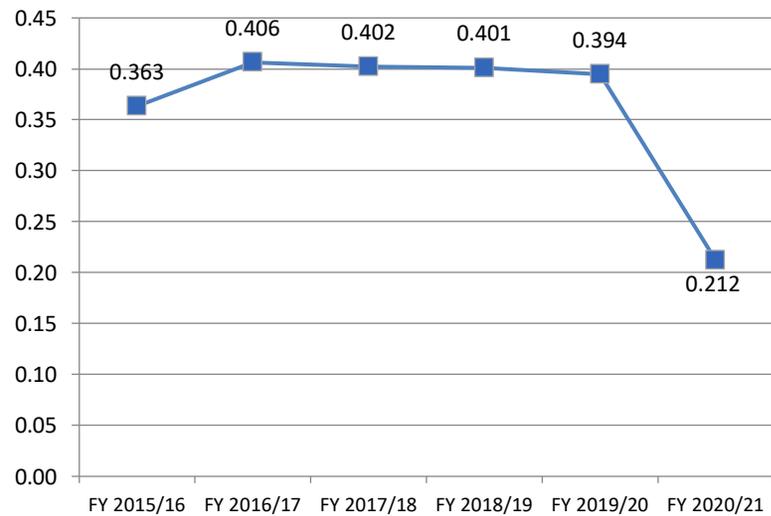


Exhibit 6.9 System VSH/FTE

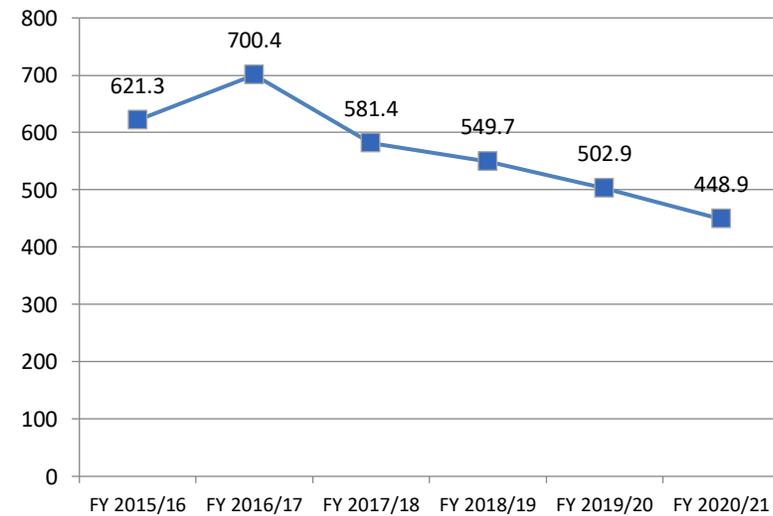


Exhibit 6.10 System Farebox Recovery

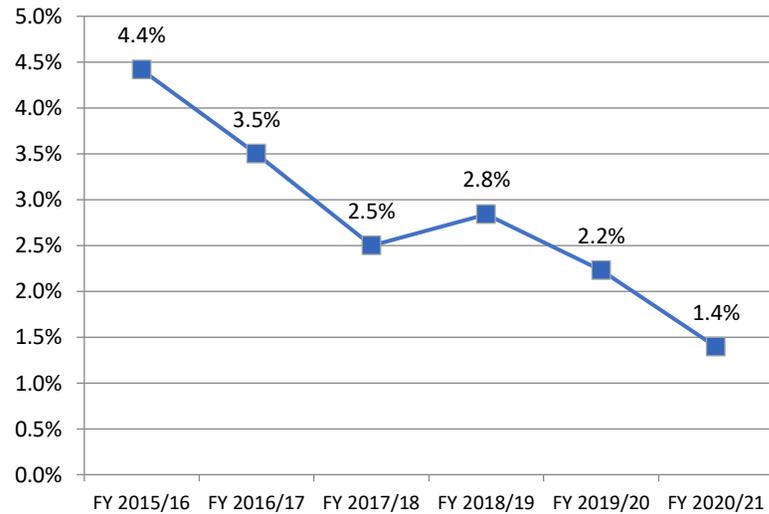
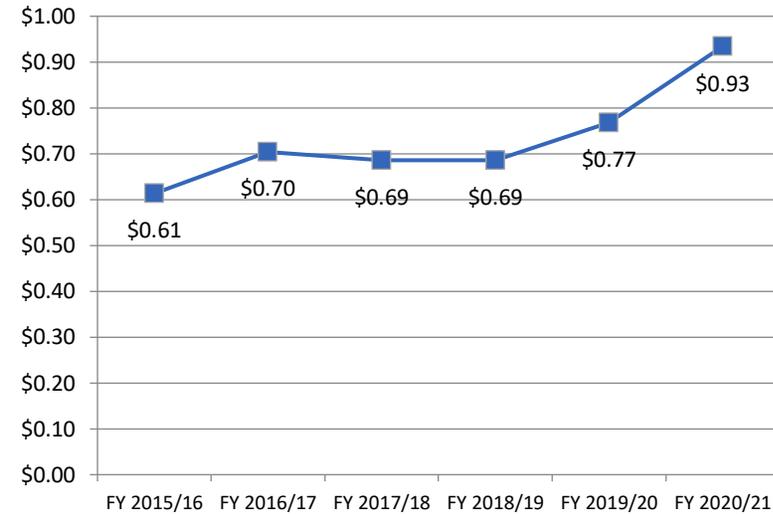


Exhibit 6.11 System Fare/Passenger



### Fixed-Route Performance Trends

Fixed-route operating cost experienced a net 9.1 percent increase during the audit period. The prior audit period was characterized by significant year-over-year increases, however, which resulted in a net increase of 109.4 percent over the six-year period. Fare revenue exhibited a similar trend, increasing during the prior audit period and declining during the current audit period. This resulted in a 56.9 percent decrease during the audit period, yet a net 40.5 percent decrease across the six-year period. It should be noted that fare revenue represented herein does not include local supplementation.

Vehicle Service Hours (VSH) began decreasing in FY 2018/19. VSH saw a net 14.4 percent decrease over the six-year period, with much of that occurring in FY 2019/20 and FY 2020/21. A similar pattern was observed with respect to Vehicle Service Miles (VSM), which had a net 25.8 percent decrease over the six-year period.

Ridership also followed the same pattern as VSM, though with a much greater decrease during the audit period. Overall, ridership experienced a net decrease of 64.5 percent during the audit period, and 62.1 percent across the six-year period.

Operating cost per vehicle service hour, vehicle service mile, and passenger all increased significantly during the audit period, reflective of a decline in efficiency. Productivity also declined significantly, as passengers per VSH and VSM both decreased during the audit period. Neither change is surprising, given the impact of the COVID-19 pandemic on transit operations and ridership.

## Exhibit 6.12 Fixed-Route Performance Indicators

Performance Measure	Fixed-Route					
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
<b>Operating Cost (Actual \$)</b>	\$2,017,735	\$2,707,502	\$4,400,100	\$3,874,689	\$4,348,324	\$4,225,951
<i>Annual Change</i>		34.2%	62.5%	-11.9%	12.2%	-2.8%
<b>Fare Revenue (Actual \$)</b>	\$64,250	\$90,993	\$87,837	\$88,738	\$73,404	\$38,211
<i>Annual Change</i>		41.6%	-3.5%	1.0%	-17.3%	-47.9%
<b>Vehicle Service Hours (VSH)</b>	25,327	26,877	27,345	25,885	23,622	21,678
<i>Annual Change</i>		6.1%	1.7%	-5.3%	-8.7%	-8.2%
<b>Vehicle Service Miles (VSM)</b>	358,405	328,253	341,126	344,724	272,622	265,926
<i>Annual Change</i>		-8.4%	3.9%	1.1%	-20.9%	-2.5%
<b>Passengers</b>	140,851	144,565	148,514	150,129	114,001	53,320
<i>Annual Change</i>		2.6%	2.7%	1.1%	-24.1%	-53.2%
<b>Employees</b>	26	26	32	32	32	32
<i>Annual Change</i>		0.0%	23.1%	0.0%	0.0%	0.0%
<b>Performance Indicators</b>						
<b>Operating Cost/VSH (Actual \$)</b>	\$79.67	\$100.74	\$160.91	\$149.69	\$184.08	\$194.94
<i>Annual Change</i>		26.4%	59.7%	-7.0%	23.0%	5.9%
<b>Operating Cost/Passenger (Actual \$)</b>	\$14.33	\$18.73	\$29.63	\$25.81	\$38.14	\$79.26
<i>Annual Change</i>		30.7%	58.2%	-12.9%	47.8%	107.8%
<b>Passengers/VSH</b>	5.56	5.38	5.43	5.80	4.83	2.46
<i>Annual Change</i>		-3.3%	1.0%	6.8%	-16.8%	-49.0%
<b>Passengers/VSM</b>	0.39	0.44	0.44	0.44	0.42	0.20
<i>Annual Change</i>		12.1%	-1.1%	0.0%	-4.0%	-52.1%
<b>Farebox Recovery</b>	3.18%	3.36%	2.00%	2.29%	1.69%	0.90%
<i>Annual Change</i>		5.5%	-40.6%	14.7%	-26.3%	-46.4%
<b>Hours/Employee</b>	974.1	1033.7	854.5	808.9	738.2	677.4
<i>Annual Change</i>		6.1%	-17.3%	-5.3%	-8.7%	-8.2%
<b>TDA Non-Required Indicators</b>						
<b>Operating Cost/VSM</b>	\$5.63	\$8.25	\$12.90	\$11.24	\$15.95	\$15.89
<i>Annual Change</i>		46.5%	56.4%	-12.9%	41.9%	-0.4%
<b>VSM/VSH</b>	14.15	12.21	12.47	13.32	11.54	12.27
<i>Annual Change</i>		-13.7%	2.1%	6.8%	-13.3%	6.3%
<b>Fare/Passenger</b>	\$0.46	\$0.63	\$0.59	\$0.59	\$0.64	\$0.72
<i>Annual Change</i>		38.0%	-6.0%	-0.1%	8.9%	11.3%

Sources: FY 2015/16 – FY 2017/18 data from prior Triennial Performance Audit.  
 FY 2018/19 – FY 2020/21 data from State Controller reports.

Exhibit 6.13 Fixed-Route Ridership

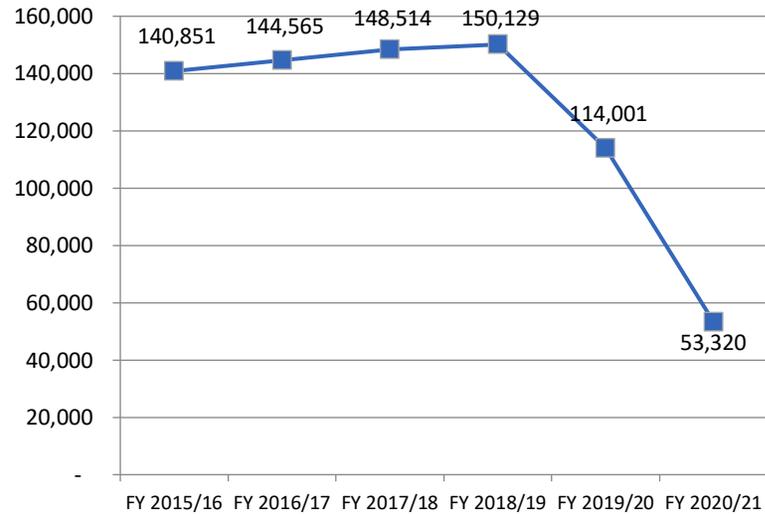


Exhibit 6.14 Fixed-Route Operating Cost/VSH

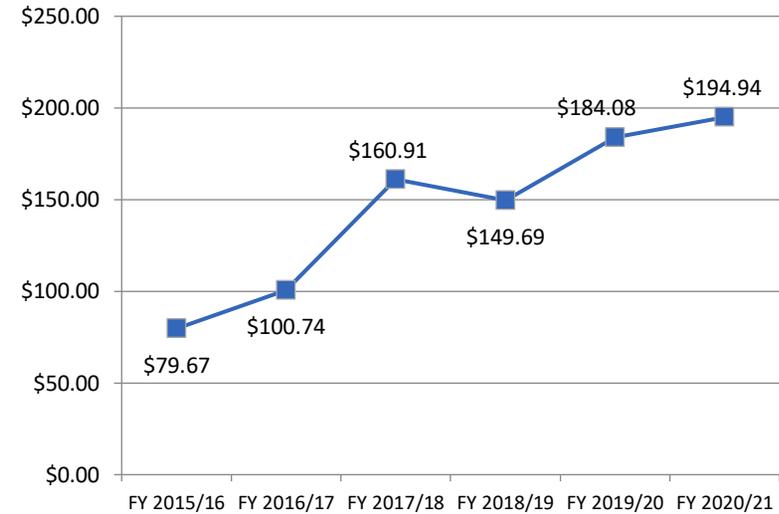


Exhibit 6.15 Fixed-Route Operating Cost/VSM

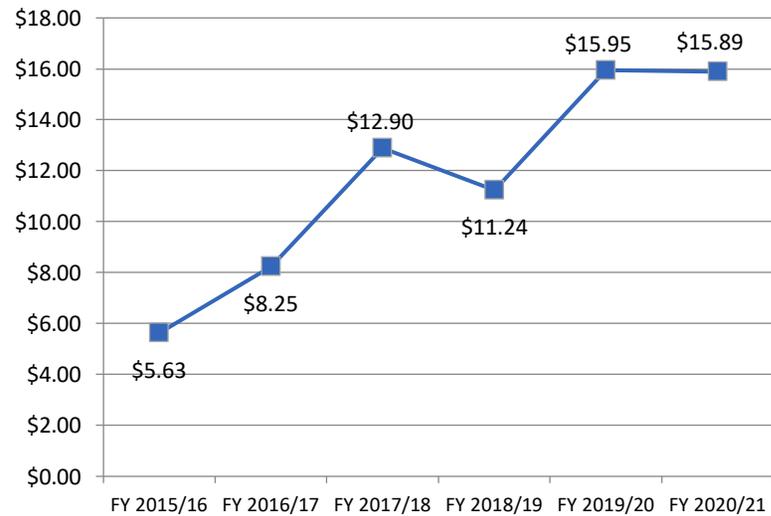


Exhibit 6.16 Fixed-Route VSM/VSH

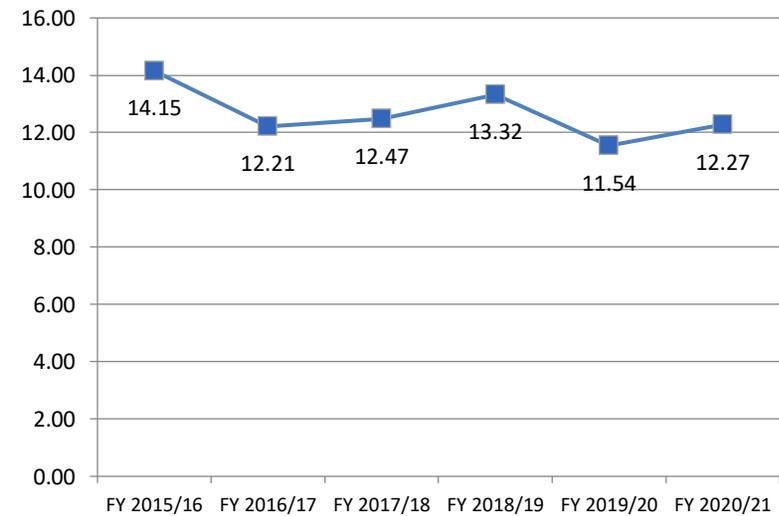


Exhibit 6.17 Fixed-Route Operating Cost/Passenger

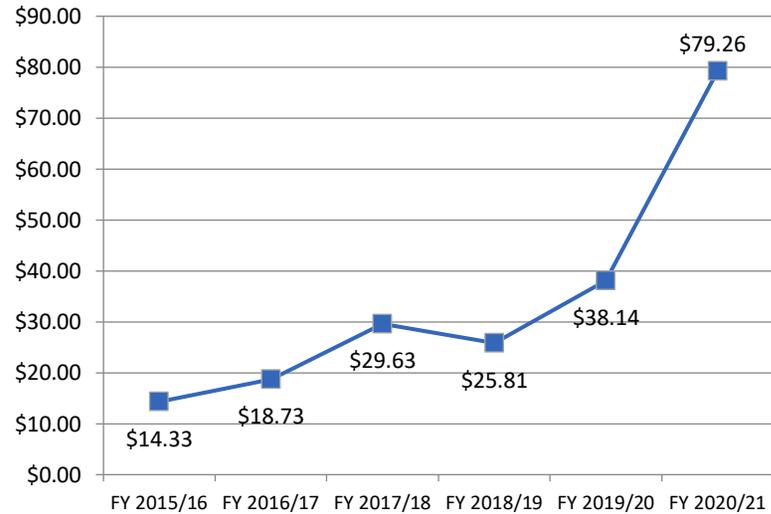


Exhibit 6.18 Fixed-Route Passengers/VSH

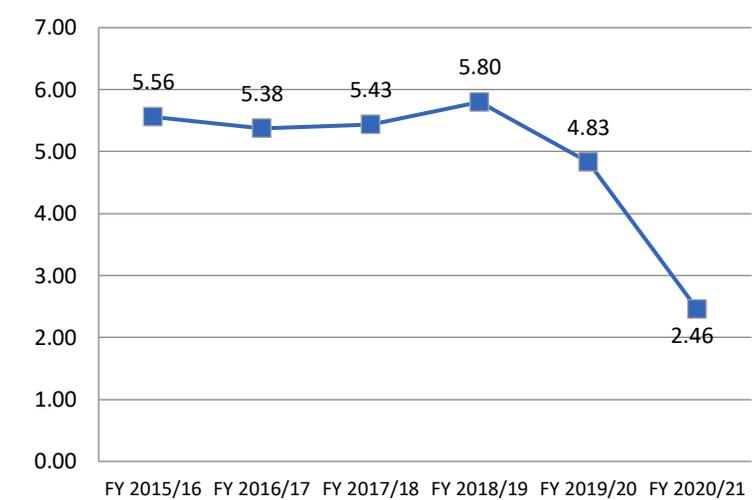


Exhibit 6.19 Fixed-Route Passengers/VSM

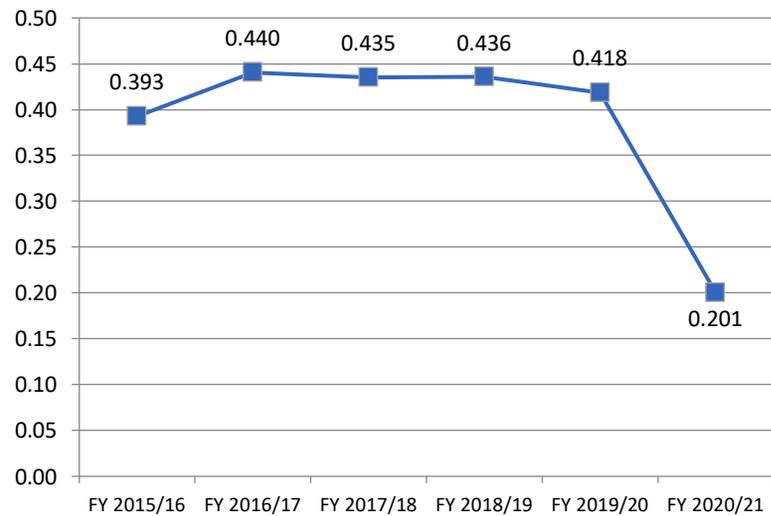


Exhibit 6.20 Fixed-Route VSH/FTE

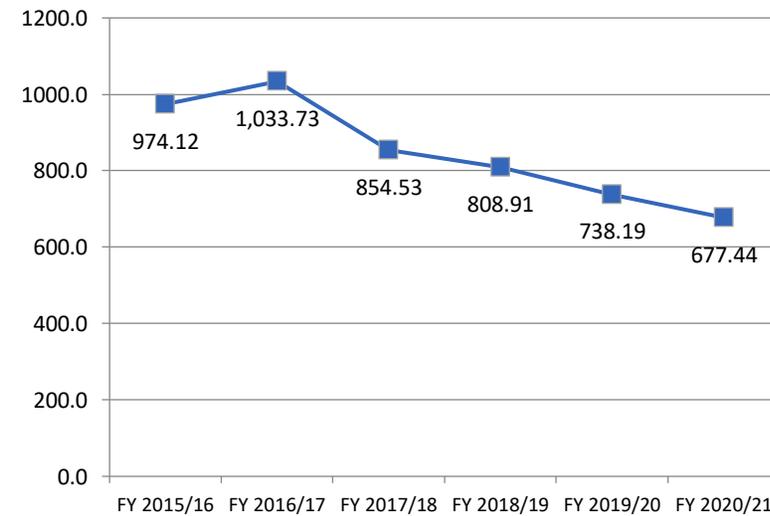


Exhibit 6.21 Fixed-Route Farebox Recovery

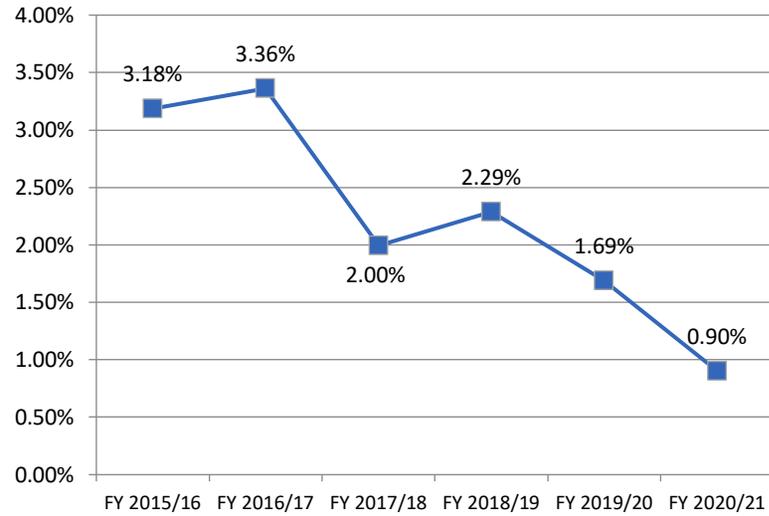
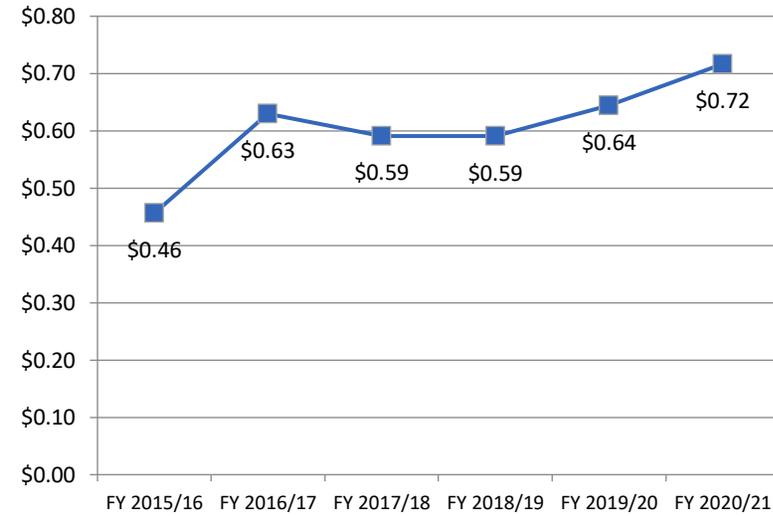


Exhibit 6.22 Fixed-Route Fare/Passenger



### Demand-Response Performance Trends

Demand-response operating cost experienced a net 3.1 percent decrease during the audit period, primarily due to FY 2020/21. The prior audit period was characterized by a nearly three-fold increase in FY 2016/17, followed by a 61.2 percent decline the next year. Ultimately, operating cost experienced a net increase of 47.4 percent over the six-year period. Fare revenue was more stable during the audit period until FY 2020/21, when it decreased 17 percent. This resulted in a 14.1 percent decrease during the audit period, yet a net 24.2 percent decrease across the six-year period. It should be noted that fare revenue represented herein does not include local supplementation.

Vehicle Service Hours (VSH) began decreasing in FY 2018/19. VSH saw a net 24.1 percent decrease during the audit period, yet had a net 1.0 percent increase over the six-year period. A similar pattern was observed with respect to Vehicle Service Miles (VSM), which had a net 40.8 percent decrease during the audit period and a 34.4 percent decrease over the six-year period.

Ridership also followed the same pattern as VSH, though with a greater decrease during the audit period. Overall, ridership experienced a net decrease of 33.3 percent during the audit period, and 12.7 percent across the six-year period.

Operating cost per vehicle service hour, vehicle service mile, and passenger all increased significantly during the audit period, reflective of a decline in efficiency. Productivity was mixed, as passengers per VSH decreased and passengers per VSM increased during the audit period.

Exhibit 6.23 Demand-Response Performance Indicators

Performance Measure	Demand-Response					
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
<b>Operating Cost (Actual \$)</b>	\$144,586	\$550,588	\$213,844	\$219,918	\$224,244	\$213,129
<i>Annual Change</i>		280.8%	-61.2%	2.8%	2.0%	-5.0%
<b>Fare Revenue (Actual \$)</b>	\$31,220	\$22,920	\$27,287	\$27,546	\$28,494	\$23,663
<i>Annual Change</i>		-26.6%	19.1%	0.9%	3.4%	-17.0%
<b>Vehicle Service Hours (VSH)</b>	6,978	9,545	9,866	9,293	8,564	7,050
<i>Annual Change</i>		36.8%	3.4%	-5.8%	-7.8%	-17.7%
<b>Vehicle Service Miles (VSM)</b>	70,094	69,715	75,840	77,686	63,977	46,007
<i>Annual Change</i>		-0.5%	8.8%	2.4%	-17.6%	-28.1%
<b>Passengers</b>	14,784	17,129	19,188	19,346	18,765	12,911
<i>Annual Change</i>		15.9%	12.0%	0.8%	-3.0%	-31.2%
<b>Employees</b>	26	26	32	32	32	32
<i>Annual Change</i>		0.0%	23.1%	0.0%	0.0%	0.0%
<b>Performance Indicators</b>						
<b>Operating Cost/VSH (Actual \$)</b>	\$20.72	\$57.68	\$21.67	\$23.66	\$26.18	\$30.23
<i>Annual Change</i>		178.4%	-62.4%	9.2%	10.6%	15.5%
<b>Operating Cost/Passenger (Actual \$)</b>	\$9.78	\$32.14	\$11.14	\$11.37	\$11.95	\$16.51
<i>Annual Change</i>		228.7%	-65.3%	2.0%	5.1%	38.1%
<b>Passengers/VSH</b>	2.12	1.79	1.94	2.08	2.19	1.83
<i>Annual Change</i>		-15.3%	8.4%	7.0%	5.3%	-16.4%
<b>Passengers/VSM</b>	0.21	0.25	0.25	0.25	0.29	0.28
<i>Annual Change</i>		16.5%	3.0%	-1.6%	17.8%	-4.3%
<b>Farebox Recovery</b>	21.6%	4.2%	12.8%	12.5%	12.7%	11.1%
<i>Annual Change</i>		-80.7%	206.5%	-1.8%	1.4%	-12.6%
<b>Hours/Employee</b>	268.4	367.1	308.3	290.4	267.6	220.3
<i>Annual Change</i>		36.8%	-16.0%	-5.8%	-7.8%	-17.7%
<b>TDA Non-Required Indicators</b>						
<b>Operating Cost/VSM</b>	\$2.06	\$7.90	\$2.82	\$2.83	\$3.51	\$4.63
<i>Annual Change</i>		282.9%	-64.3%	0.4%	23.8%	32.2%
<b>VSM/VSH</b>	10.04	7.30	7.69	8.36	7.47	6.53
<i>Annual Change</i>		-27.3%	5.2%	8.8%	-10.6%	-12.6%
<b>Fare/Passenger</b>	\$2.11	\$1.34	\$1.42	\$1.42	\$1.52	\$1.83
<i>Annual Change</i>		-36.6%	6.3%	0.1%	6.6%	20.7%

Sources: FY 2015/16 – FY 2017/18 data from prior Triennial Performance Audit.

FY 2018/19 – FY 2020/21 data from State Controller reports.

Exhibit 6.24 Demand-Response Ridership

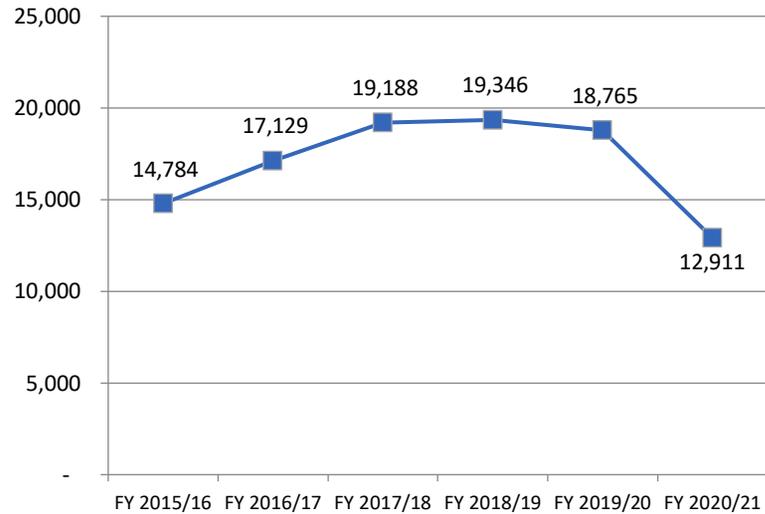


Exhibit 6.25 Demand-Response Operating Cost/VSH



Exhibit 6.26 Demand-Response Operating Cost/VSM

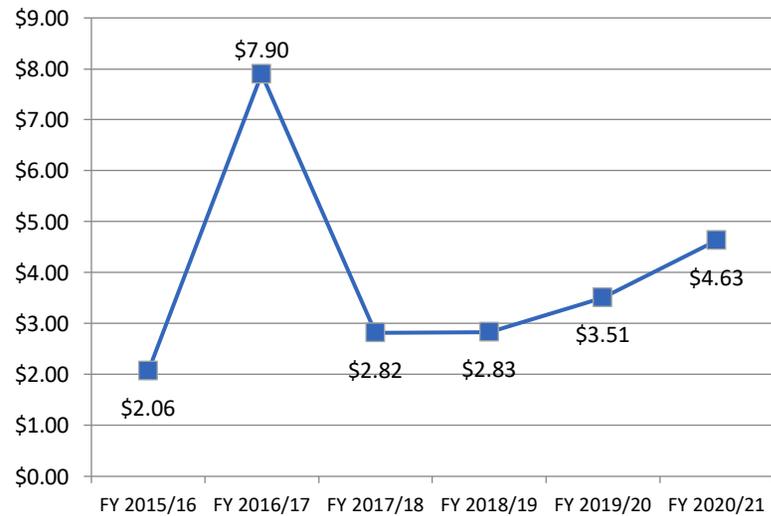


Exhibit 6.27 Demand-Response VSM/VSH

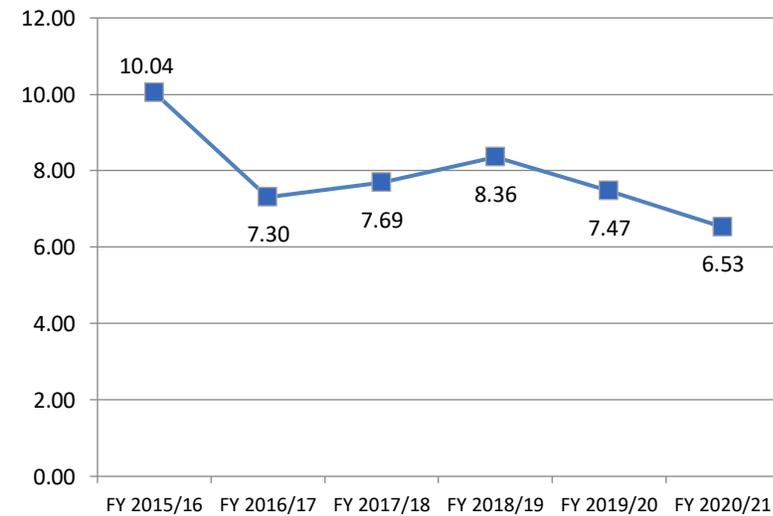


Exhibit 6.28 Demand-Response Operating Cost/Passenger

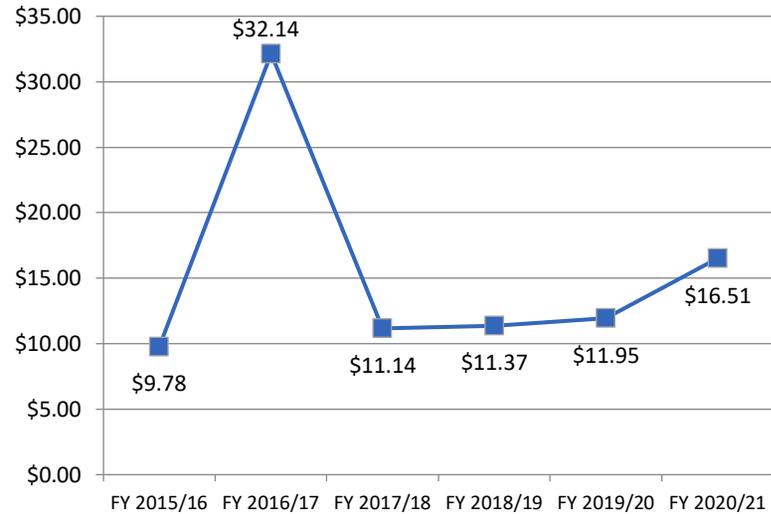


Exhibit 6.29 Demand-Response Passengers/VSH

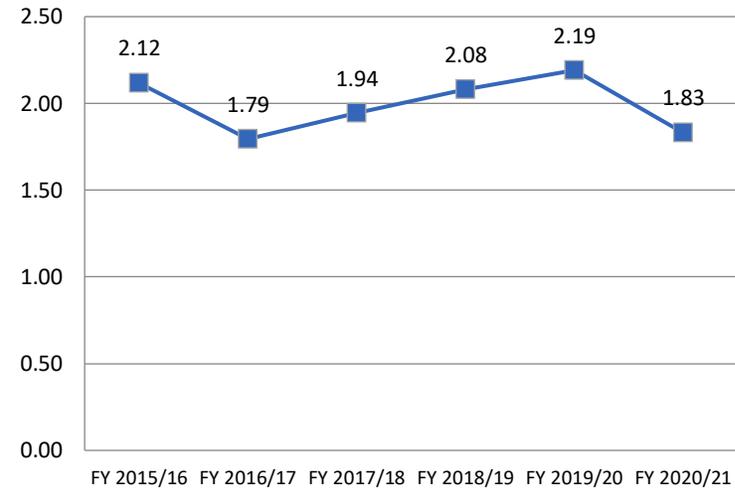


Exhibit 6.30 Demand-Response Passengers/VSM

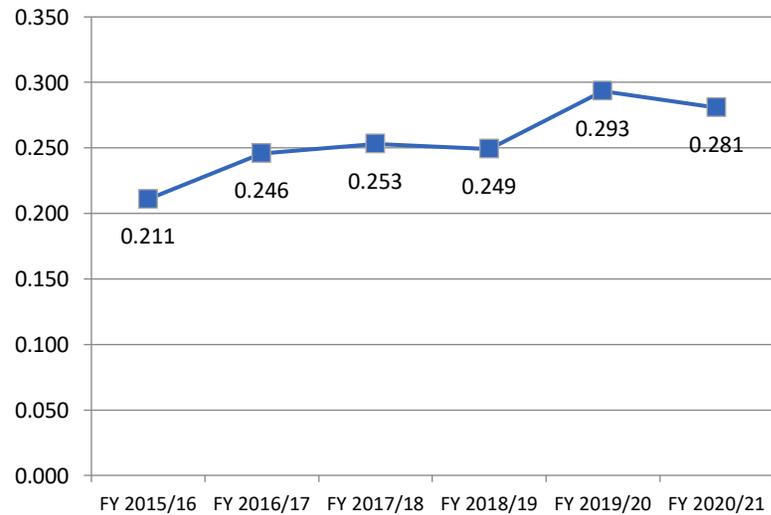


Exhibit 6.31 Demand-Response VSH/FTE

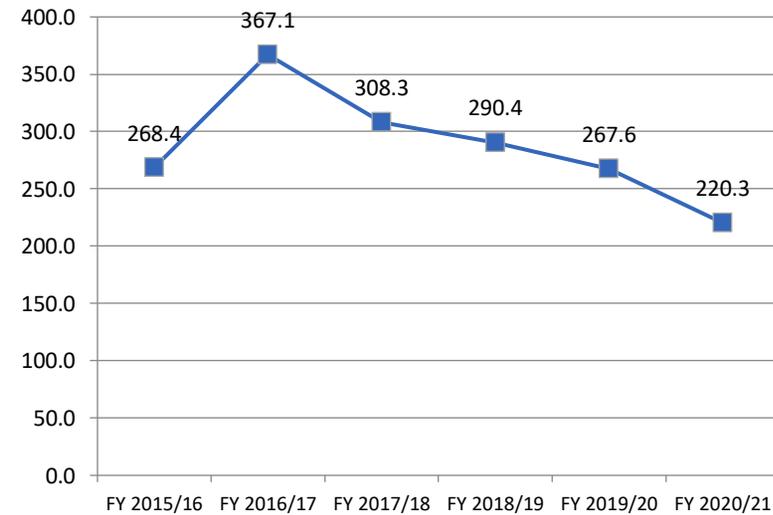


Exhibit 6.32 Demand-Response Farebox Recovery

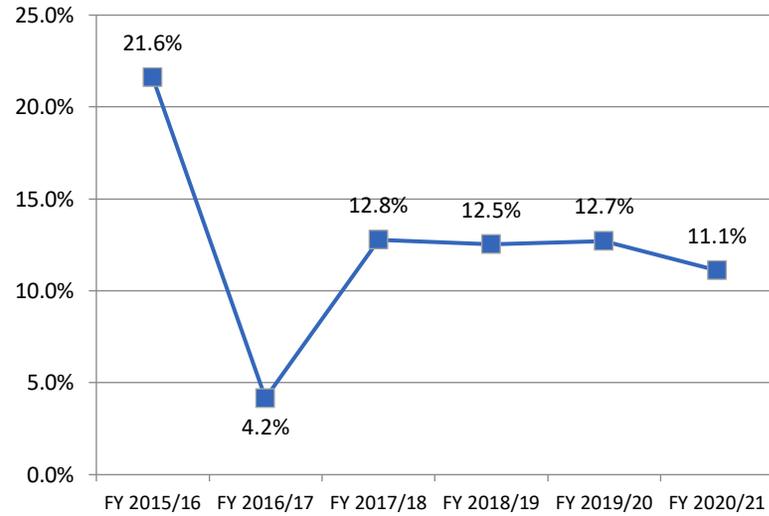
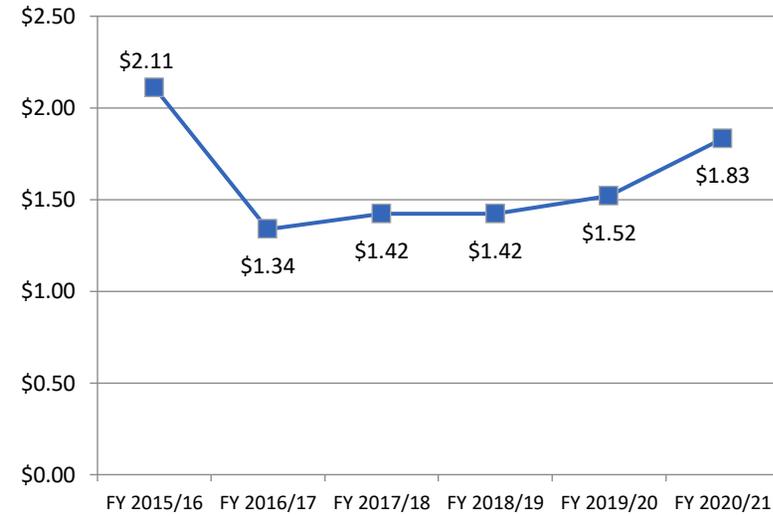


Exhibit 6.33 Demand-Response Fare/Passenger



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## Chapter 7 | Functional Review

A functional review of the City of Tracy’s public transit program is intended to assess the effectiveness and efficiency of the operator. Following a general summary of the City’s transit services, this chapter addresses seven functional areas. The list, taken from Section III of the *Performance Audit Guidebook* published by Caltrans, reflects those transit services provided by the City through its transit program:

- General management and organization;
- Service planning;
- Scheduling, dispatch, and operations;
- Personnel management and training;
- Administration;
- Marketing and public information; and
- Fleet maintenance.

### Service Overview

The City of Tracy provides bus and paratransit services within city boundaries. The City operates four regular local fixed routes and two commuter routes. Regular local routes generally operate between 7:00 a.m. and 8:00 p.m., Monday through Friday, and from 9:00 a.m. to 7:00 p.m. on Saturday. Commuter routes operate one or two morning trips and two or three afternoon trips Monday through Friday. Paratransit service, which provides door-to-door ADA complementary paratransit service to ADA-certified customers, Medicare cardholders, and seniors (65+), mirrors fixed-route service hours.



In FY 2020/21, the City introduced the Tracer Plus on-demand/microtransit service as a pilot program. The service operates outside of fixed-route and paratransit service hours: on Saturday from 5:00 a.m. to 9:00 a.m. and 6:00 p.m. to 12:00 a.m., and on Sunday from 8:00 a.m. to 10:00 p.m.

Exhibit 7.1 Fixed-Route Fare Structure

Fare category	Adult	Student (K-12)*	Reduced**	Child (6 and under)	ADA Access Pass
<b>Fixed-route fares</b>					
One-way cash fare	\$1.25	Free	\$0.50	Free	Free
Day Pass	\$3.00		\$1.25		
10-Ride Ticket or Weekly Pass	\$12.50		\$5.00		

\*Students (K-12) ride free as part of a pilot program funded through LCTOP. The normal student fare is \$1.00.

\*\*Reduced fare available for seniors (65+), persons with disabilities, ADA, and Medicare cardholders. ADA attendants ride free.

Exhibit 7.2 Paratransit Fare Structure

Fare category	Base fare	ADA Attendant with ADA-certified passenger	Guests/companions
<b>Paratransit fares</b>			
One-way fare	\$1.50	Free	\$1.75
Booklet of 10 tickets	\$15.00		
Same-day appointment surcharge	\$0.75		
Same-day reservation change surcharge	\$0.75		

Passes can be purchased on the bus, using exact cash, or at Tracy City Hall or Tracy Transit Station. Tickets and passes may also be purchased online through EZHub mobile ticketing using the Vamos Mobility app.

Exhibit 7.3 Microtransit Fare Structure

Fare category	Base fare (1-2 riders)	Base fare (3-4 riders)
<b>On-demand fares</b>		
One-way fare (cash only)	\$2.00	\$4.00

### Response to COVID-19 pandemic

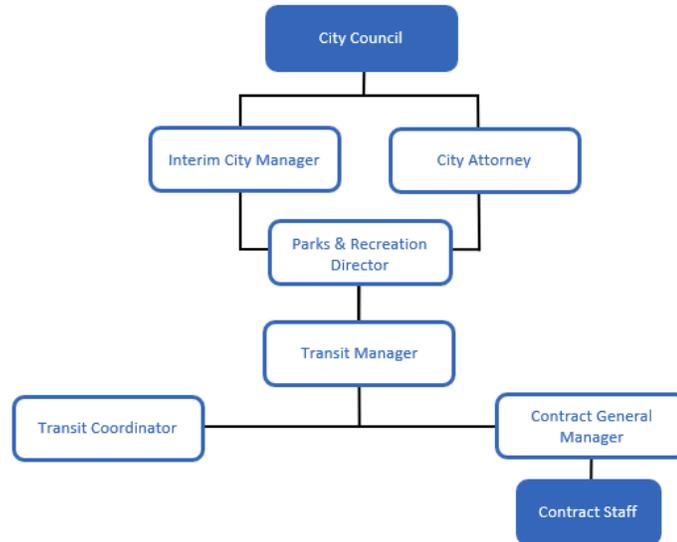
During FY 2019/20, the commuter routes (E, F, and G) were temporarily suspended as a result of state and federal stay-at-home measures. This took effect beginning in April of 2020 and continued into FY 2020/21. The temporary suspension ended in March 2021. As of September 2021, ridership was about 60 percent of its pre-pandemic level. Numbers are starting to go back up with the resumption of in-person school. At its worst, ridership was down by about 75 percent.

### General Management and Organization

The Management Analyst oversees transportation for the City and meets monthly with the contractor's General Manager. Program performance is monitored through a combination of on-site observation and reviewing daily, weekly, and monthly reports prepared by the contractor. The only major issue that arose during the audit period was on-time performance. The issue was addressed directly with the contractor and monitored each month. It was determined the issues were due to inadequate running times and timetables were adjusted accordingly.

While the line of reporting and managerial authority is clearly defined, the City could benefit from an additional staff person (at least one FTE) to assist with activities the current team lacks the time to focus on at this time. It would be beneficial to have another Transit Coordinator or Transit Analyst to assist with marketing, grants, and data analysis. The City subsequently added a Transit Coordinator to the FY 2021/22 budget in December 2021 as part of its mid-year adjustment. The open position has since been posted with a closing date of February 24, 2022.

Exhibit 7.4 Organizational Chart



The Tracy City Council is the governing body for the City’s transit service. Council meetings are held at City Hall (333 Civic Center Plaza) on the first and third Tuesdays of each month at 7:00 p.m. This location is served by Tracer routes C and F, and is in fairly close proximity to most other routes (including RTD Hopper routes). However, Tracer service only operates until 8:00 p.m., which could limit its usefulness in attending Council meetings.

The City meets with other agencies in the region on a fairly regular basis to discuss transit issues, both as part of the SJCOG and independently. As needed, local operators get together to discuss issues separate from the RTPA. The City has a good relationship with SJCOG, participating on all transit-related committees, as well as an effective relationship with the FTA. The Transit Manager generally acts as an intergovernmental liaison.

### Service Planning

The City’s current Short Range Transit Plan was approved in August 2019. Due to COVID-19, the goals set in the SRTP are no longer relevant and will need to be revised, even though the City is only in the second year of the planning horizon.

The Tracer Plus on-demand service was a recommendation arising from the SRTP. Implementation was delayed due to COVID-19. The biggest push was to provide Sunday service, which was of interest to the City Council. The City used the TransLoc mobile app (provided by the contractor) as well as telephone calls to book rides. The service has continued past the end of its first fiscal year of operation.

The City actively works to identify residential, commercial, and industrial developments that may require transportation. Planning for special transportation needs is reflected in capital as well as service planning decisions. All vehicles are wheelchair accessible. New vehicles include annunciators as well as kneeling features, and are low-floor instead of requiring lifts. Special fares are offered to seniors, persons with disabilities, and youth.

Public participation activities occur any time there is a planning effort. Tracy also has a Transportation Advisory Commission (TAC), which is comprised of seven members appointed by City Council. The Commission advises on transit as well as other transportation topics including the airport and active transportation. Commissioners serve for a four-year term. The TAC meets on the second Thursday of each month at the Tracy Transit Station (50 East 6<sup>th</sup> Street) and meetings are open to the public.

As part of the last SRTP outreach, community and rider surveys were conducted on-board the buses as well as online.

#### Administration

The transit budget is developed by the Transit Manager with input from transit staff. The budget is prepared based on the previous year's expenses, contractual obligations, and upcoming operational needs. Expenses are reviewed monthly and financial data is monitored through Tyler Munis software. If actual expenses substantially exceed budgeted expectations, an explanation is prepared detailing why expenses are higher than expected and submitted to City Council for approval. Budget reports for the City as a whole are given to City Council on a quarterly basis.

The Transit Manager is responsible for submitting and reporting on grants. Grants are evaluated based on the time and resources needed to fulfill the grant and if it meets the needs and capacity of the organization.

The City's risk management procedures include a periodic assessment of safety issues or concerns, implementation of new safety procedures as needed, and following the guidance of the Public Transit Agency Safety Plan (PTASP) for feedback and assessment. The City is insured through the Central San Joaquin Valley Risk Management Authority (CSJVRMA). Accident and injury claims are processed through the contractor first. MTM's Safety/Training Coordinator is responsible for proactive safety initiatives. Transit is also part of the City's overall disaster preparedness and response plan.

The Transit department manages the transit operations and maintenance contract as well as any transit-related capital construction or purchases. Contracts are monitored to ensure the scope of work and cost are being adhered to as submitted by the contractor. This may involve multiple departments, especially for capital contracts. Anything over \$50,000 must be approved by City Council. The City also contracts out cleaning of the Transit Station, though Transit Station maintenance is the responsibility of the Public Works' Building Maintenance staff. Other maintenance functions (such as bus stops) are the responsibility of Transit Division maintenance workers.

Depending on the size and type of purchase, the City solicits and receives bids or informal quotes, which are reviewed and approved according to guidance in the municipal code. All procurement practices conform to FTA and state/local requirements. The most recent FTA Triennial Review identified several deficiencies with respect to procurement, all of which have since been addressed.

#### Marketing and Public Information

Brochures, posters, flyers, and social media postings are the City's primary marketing tools. The brochure is available in multiple locations: the library, City hall, the Senior Center, and transit station. Posters are hung at various bus shelters and flyers are distributed throughout the local school district.

Complaints and other customer issues are resolved in 72 hours. Complaints are documented on a complaint form.

The City does not have any goals and objectives specific to marketing, and does not have a marketing plan. The public's perception of the City's program is generally neutral and/or uniformed.

### Scheduling, Dispatch, and Operations

Tracer bus service is provided under contract to MTM, Inc. As of September 2021 there were one part-time driver and 20 full-time drivers. This is about seven drivers short of being fully staffed. Drivers have been leaving but there are no replacements in the pipeline. When someone calls out, there is no one to replace them. This can result in the service running late or missing a trip.

Drivers are assigned to routes based on seniority via a bid process a minimum of twice per year and are represented by Teamsters Local 497. Drivers may be rotated between routes, but only as a result of the bid. All drivers are qualified to drive all modes. Standby drivers are available as required in the contract.

Vacation time is scheduled in advance with routes covered by providing extra work that result in the least amount of overtime. Absence and sick leave policies are clearly delineated in a driver handbook.

Vehicles are assigned to routes based on passenger load. All fixed-routes are assigned Gillig buses to the extent possible. Arboc buses are used as backups for the fixed-route service, with the Glaval buses used as a last resort.

Dispatch effectively communicates with maintenance regarding which vehicles are in good repair. Gillig buses require air-brake certifications and credentials are checked at the start of every shift.

Fares are collected by road supervisors every evening and dropped into a safe at the Transit Station. Road Supervisors, the General Manger, Maintenance staff, and dispatchers have access to cash fares. The MTM General Manager reconciles the bank deposit with farebox receipts. MTM's General Manager, Safety Coordinator, or city staff deposit the money three to four times a week.

Drivers and front office staff sell passes and the money is processed the same as cash fares. Mobile ticketing is available and the money is sent from the vendor directly to the City Finance Department.

### Personnel Management and Training

Not enough drivers are being recruited to meet the operator's needs. MTM uses online recruiting websites and sign on bonuses to recruit drivers. Existing employees can also earn referral bonuses for recommending driver candidates.

Employees are motivated by the work environment as well as an incentive program. MTM offers giveaways, birthday celebrations, potlucks, health incentives, and reward programs to motivate employees. Performance evaluations are completed regularly, with ride checks conducted at least once per week for all drivers.

Turnover occurs for a variety of reasons, including a more preferable commute, higher pay, or a better work environment. Some individuals are leaving transit altogether, while others may have difficulty integrating themselves into the established operation in Tracy.

Most recruits require full training. The General Manager, Road Supervisors, and the Safety/Training Coordinator provide training and oversee safety activities. The contractor holds monthly safety meetings and mandatory retraining if accidents or incidents occur. Additional training is provided on an as-needed basis for office staff. MTM utilizes the TAPTCO training software platform. Testing for commercial licenses is provided through the DMV.

Contractor employees receive benefits according to the collective bargaining agreement. Full-time employees are eligible for medical, dental, and vision insurance; retirement plan; employee assistance program; substance abuse and wellness programs; and employee recognition. Part-time employees receive basic life insurance and long-term disability. Drivers are subject to an absentee/sick leave policy as well as a progressive discipline policy.

### Maintenance

Preventive maintenance is conducted every 45 days or 3,000 miles, and warranty work is identified. The contractor, MTM, performs maintenance and repair work for the fleet. Compliance with this schedule can be easily judged. Maintenance does not typically conflict with regular vehicle use. If there is something MTM cannot repair, the work will be contracted out. This generally includes work that requires specialized equipment.

As of September 2021, the average age of the transit vehicles in the fleet was three years with an average mileage of 89,300. The City has a vehicle replacement program in place. Additional vehicles were expected in January 2022, though there have been some challenges in replacing buses due to supply chain issues.

MTM owns its own parts inventory, and the stock is sufficient that there is no backlog for repairs with common parts. Parts are stored in a cage, but technicians pull their own parts. Parts are entered on a work order so they can be billed out. Parts are tracked through an inventory software system and physical inventory is checked twice a year.

Every morning by 6:30 a.m., maintenance provides a down sheet with each vehicle's expected date of return. Maintenance communicates directly with dispatch. There is no backlog unless a repair is waiting on a part that is not in stock.

The maintenance facility is staffed with three mechanics and can accommodate multiple vehicles. The facility has a sufficient number of bays and one portable lift, as well as an administrative/office space. Records and replacement glass are stored above the office space.

Exhibit 7.5 City of Tracy Transit Fleet

Vehicle #	Year	Make	Model	Type	Length	Fuel	PAX	WC	Mileage as of 6/30/21
47	2010	Chevy	Arbok	Low Floor Bus	26 FT	Gasoline	15	3	288811
48	2010	Chevy	Arbok	Low Floor Bus	26 FT	Gasoline	15	3	278010
49	2010	Chevy	Arbok	Low Floor Bus	26 FT	Gasoline	15	3	265356
Van 1	2010	Dodge	Braun Entervan	Minivans	13 FT	Gasoline	5	1	145422
Van 2	2010	Dodge	Braun Entervan	Minivans	13 FT	Gasoline	5	1	131897
1701	2017	Gillig	G27B102N4	BRT Low Floor Bus	35 FT	Diesel	31	3	159708
1702	2017	Gillig	G27B102N4	BRT Low Floor Bus	35 FT	Diesel	31	3	149808
1703	2017	Gillig	G27B102N4	BRT Low Floor Bus	35 FT	Diesel	31	3	166351
1704	2017	Gillig	G27B102N4	BRT Low Floor Bus	35 FT	Diesel	31	3	147239
1705	2017	Gillig	G27B102N4	BRT Low Floor Bus	35 FT	Diesel	31	3	141854
2111	2020	Nor Cal Van	Ford Transit 350EL	Transit Van	21 FT	Gasoline	8	2	217
2112	2020	Nor Cal Van	Ford Transit 350EL	Transit Van	21 FT	Gasoline	8	2	208
2121	2020	Ford Transit	Glaval	Cutaway Bus	21 FT	Gasoline	7	2	2454
2122	2020	Ford Transit	Glaval	Cutaway Bus	21 FT	Gasoline	7	2	2404
2123	2020	Ford Transit	Glaval	Cutaway Bus	21 FT	Gasoline	7	2	2396
2124	2020	Ford Transit	Glaval	Cutaway Bus	21 FT	Gasoline	7	2	2347
2101	2021	Gillig	G27E	BRT Low Floor Bus	29 FT	Diesel	26	3	75
2102	2021	Gillig	G27E	BRT Low Floor Bus	29 FT	Diesel	26	3	59
2103	2021	Gillig	G27E	BRT Low Floor Bus	29 FT	Diesel	26	3	54
2104	2021	Gillig	G27E	BRT Low Floor Bus	29 FT	Diesel	26	3	52

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## Chapter 8 | Findings and Recommendations

### Conclusions

Moore & Associates, Inc. finds the City of Tracy to be in compliance with the requirements of the Transportation Development Act. In addition, the entity generally functions in an efficient, effective, and economical manner.

### Findings

Based on discussions with City staff, analysis of program performance, and an audit of program compliance and function, the audit team presents no compliance findings.

The audit team has identified two functional findings. While these findings are not compliance findings, the audit team believes they warrant inclusion in this report:

1. While the City has demonstrated use of the TDA definition of full-time equivalent (FTE) employee, this data is not being accurately reported to the State Controller.
2. The Transit Division would benefit from an additional 1.0 FTE Transit Coordinator or Transit Analyst.

### Program Recommendations

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the City of Tracy's public transit program. They are divided into two categories: TDA Program Compliance Recommendations and Functional Recommendations. TDA Program Compliance Recommendations are intended to assist in bringing the operator into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the audit that are not specific to TDA compliance. Each finding is presented with the elements identified within the 2011 *Government Auditing Standards* as well as one or more recommendations.

Given there were no compliance findings, only functional findings and recommendations are presented below.

#### Functional Finding 1: While the City has demonstrated use of the TDA definition of full-time equivalent (FTE) employee, this data is not being accurately reported to the State Controller.

**Criteria:** The State Controller, for its Transit Operator Financial Transaction Report, utilizes the TDA definition of full-time equivalent (FTE) employee for the reporting of employees. This definition, included as part of PUC 99247, calls for a definition of "employee" as total work hours divided by 2,000.

**Condition:** In its documentation for this audit, the City provided a methodology for calculating FTE employees that met the TDA definition (work hours divided by 2,000). The result of this calculation was 43.43 FTE. However, those figures were not used to complete the State Controller Reports. Instead, each report (general operations and specialized services) reported 32 employees, for a system total of 64 employees.

**Cause:** This disconnect between the calculation methodology and the actual reporting can occur when someone other than Transit staff (e.g., Finance) is responsible for completing the State Controller Reports. It may also be result of a lack of understanding as to how this data should be calculated.

**Effect:** Ultimately, this results in incorrect data being reported to the State Controller.

**Recommendation:** Ensure accurate full-time equivalent (FTE) employee data is used for reporting to the State Controller.

**Recommended Action:** Work with the City and contractor to document all hours worked related to transit beginning with FY 2021/22. Hours should be allocated between fixed route (general operations) and demand-response (specialized services) based on either actual work performed or a formula based on vehicle service hours by mode. Ensure the individual(s) completing the reports are aware of how to calculate this data using the TDA definition. Ensure hours are allocated between general operations and specialized services, and that full (system-wide) data is not used for each mode individually.

**Timeline:** FY 2022/23.

**Anticipated Cost:** None.

**Management Response:** Staff are currently submitting revised information for the FY 2020/21 State Controller Report to ensure that the data lines up correctly with the TDA definition of FTE.

### **Functional Finding 2: The Transit Division would benefit from an additional 1.0 FTE Transit Coordinator or Transit Analyst.**

**Criteria:** One of the components evaluated under the General Management and Organization functional area is whether the operator's internal organizational structure is effective given the operator's size and functions performed. During the site visit and discussions with the operator, the audit team determined the organization was not effectively structured and could benefit from the addition of another full-time employee. Staff indicated that, while not originally included in the budget for FY 2021/22, it was expected to be added as part of the mid-year adjustment in November 2022.

**Condition:** On December 7, 2021, the City Council approved a budget amendment that would add a Transit Coordinator position. This position, funded through Transit funds, would provide the ability to address various transit needs such as seeking additional grant funding opportunities, implementing the Bikeways Master Plan, and providing general support to the Transit Division. The position was posted on the City's Employment Opportunities page with a closing date of February 24, 2022.

**Cause:** Increased reporting and oversight requirements tied to Transit funding sources and other activities have necessitated additional staffing.

**Effect:** Failure to staff this position would result in missed opportunities for funding and/or overloading existing staff.

**Recommendation:** Fill the position of Transit Coordinator advertised in February 2022.

**Recommended Action:** Work with Human Resources to fill this position, including readvertising the position if no suitable candidate is identified following the February 24, 2022 closing date.

**Timeline:** FY 2021/22.

**Anticipated Cost:** \$128,000 annually (per Agenda Item I.J dated December 7, 2021).

**Management Response:** The Transit Coordinator position recruitment is in process and an additional staff person should be hired within the coming months.

Exhibit 8.1 Audit Recommendations

Functional Recommendations		Importance	Timeline
1	Ensure accurate full-time equivalent (FTE) employee data is used for reporting to the State Controller.	High	FY 2022/23
2	Fill the position of Transit Coordinator advertised in February 2022.	High	FY 2021/22

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