

Triennial Performance Audit

of the

City of Rio Vista (Delta Breeze)

Fiscal Years 2017/18, 2018/19 and 2019/20

FINAL AUDIT REPORT

prepared for the



**METROPOLITAN
TRANSPORTATION
COMMISSION**

by



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NOTE:

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

EXECUTIVE SUMMARY

This executive summary highlights the findings from the performance audit of City of Rio Vista’s transit service (Delta Breeze). In California, a performance audit must be conducted every three years of any transit operator receiving Transportation Development Act (TDA) Article 4 funds, to determine whether the operator is in compliance with certain statutory and regulatory requirements, and to assess the efficiency and effectiveness of the operator’s services. Rio Vista operates demand-response transit service, which is the focus of this performance audit. The audit period is Fiscal Years 2018 through 2020 (from July 1, 2017 through June 30, 2020). **NOTE: Due to the COVID-19 emergency it is recognized that performance in the latter part of FY2020 is anomalous with the earlier part of the audit period. As such, trend analyses in this report do not place much emphasis on performance beyond FY2019 for the purposes of drawing conclusions and formulating recommendations.**

Performance Audit and Report Organization

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

- An assessment of data collection and reporting procedures;
- A review of performance trends in TDA-mandated indicators and component costs;
- A review of compliance with selected PUC requirements;
- An evaluation of Rio Vista’s actions to implement the recommendations from the last performance audit;

- An evaluation of functional performance indicator trends; and
- Findings, conclusions, and recommendations to further improve Rio Vista's performance based on the results of the previous sections.

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

Results and Conclusions

Review of TDA Data Collection and Reporting Methods - The purpose of this review is to determine if Rio Vista is in compliance with the TDA requirements for data collection and reporting. The review is limited to the five data items needed to calculate the TDA-mandated performance indicators. Rio Vista indicated that there have been no changes in the data collection and reporting procedures. A review of financial audits, Monthly Operations Reports, and State Controller's Reports leads to the conclusion that Rio Vista is in compliance with the reporting of operating costs, vehicle service hours, vehicle service miles and unlinked passenger trips. In addition, the statistics collected over the period appear to be consistent with the TDA definitions and indicate general consistency in terms of the direction and magnitude of the year-to-year changes across the statistics.

Performance Indicators and Trends – Rio Vista's performance trends for the five TDA-mandated indicators were analyzed by mode. A six-year analysis period was used for all the indicators. In addition, component operating costs were analyzed.

- Transit Service – The following is a summary of the TDA performance trend highlights over the six-year period of FY2015 through FY2020:

- There was an average annual increase in the operating cost per hour of 4.7 percent, which amounted to a 1.8 percent increase in inflation adjusted dollars.
- The cost per passenger increased on average by 11.1 percent per year, which amounted to an average annual increase of 8.1 percent in constant FY2015 dollars. Excluding the FY2020 reporting year, which saw a 20 percent decrease in ridership, the annual increase was approximately 6.7 percent, or 3.4 percent in constant dollars.
- Passenger productivity experienced negative trends, with passengers per vehicle service hour decreasing an average of 5.8 percent annually, and passengers per vehicle service mile decreasing an average of 4.6 percent annually. Again, the FY2020 ridership numbers skewed this figure, with performance through FY2019 averaging about a two percent annual decrease in this indicator.

The following is a summary of the component operating costs trend highlights for the transit service between FY2015 through FY2020:

- Purchased transportation costs represent the largest share of Rio Vista’s costs averaging approximately 64 percent of the total operating costs. Purchased transportation costs showed a modest 2.7 percent annual increase during the review period.
- Labor costs decreased slightly, while fringe benefits fluctuated over the six-year period, increasing an average of about 33 percent annually. Together, these two components comprised less than six percent of total operating costs during the current audit period.
- Services costs went up an average of 7.2 percent per year over the six-year review period, but decreased slightly during the current three-year audit period. Services share of total operating costs remained steady at about 20 percent.
- Materials/supplies costs remained steady at about 10 percent of the total operating costs, and increased an average of less than one percent per year over the review period.
- Casualty/liability and other costs comprised less than two percent of

total operating costs overall during the current audit period.

Compliance with Statutory Requirements – Rio Vista is in compliance with each of the seven sections of the state PUC that were reviewed as part of this performance audit. These sections included requirements concerning CHP terminal safety inspections, labor contracts, reduced fares, Welfare-to-Work, revenue sharing, and evaluating passenger needs.

Status of Prior Audit Recommendations – There were two recommendations made in Rio Vista’s prior performance audit. Rio Vista has not yet provided input for their corrective actions for both recommendations from the prior audit. A determination on implementation of the corrective actions will be made when the information is received.

Functional Performance Indicator Trends - To further assess Rio Vista’s performance over the past three years, a detailed set of systemwide and modal functional area performance indicators was defined and reviewed.

- Systemwide – The following is a summary of the systemwide functional trend highlights between FY2018 and FY2020:
 - Administrative costs fluctuated between 28 and 30 percent of total operating costs, while decreasing by about six percent the first two years and then increasing by almost eight percent to about \$44 per vehicle service hour in FY2020.
 - Rio Vista had marketing expenditures only in FY2019, and it was a small percentage of both total administrative costs and cost per passenger trip.
 - Systemwide farebox recovery ratio increased slightly (3.4 to 3.6 percent) in the first two years, before decreasing to 2.8 percent in FY2020.

- Transit Service – The following is a summary of the transit service functional trend highlights between FY2018 and FY2020:
 - Service Planning results showed vehicle miles in service and vehicle hours in service both showing modest improvements to the low 70 percent range, while passengers per vehicle service mile and hour both declined about 20 percent overall, with the largest decrease occurring in FY2020.
 - In Operations, overall vehicle operations costs increased slightly as a percentage of total operating costs, but cost per service hour increased a little more moderately at about seven percent overall during the period. Farebox recovery fluctuated, increasing slightly between FY2018 and FY2019, before decreasing to 2.8 percent in FY2020. Data for the TDA recovery rate and transit service schedule adherence was unavailable for this audit. The number of complaints and missed trips were practically non-existent in all three years.
 - Maintenance results were positive, with maintenance costs decreasing significantly overall relative to both total operating costs and on a service mile basis. The vehicle spare ratio was unchanged at 40 percent overall, and vehicle reliability was excellent, with zero mechanical failures recorded in all three years.
 - Data for the rate of preventable accidents per 100,000 vehicle miles was not available for this audit period.

Recommendations

1. CONTINUE TO EVALUATE SERVICE DELIVERY STRATEGIES TO ADDRESS THE FALLING PERFORMANCE IN PASSENGER PRODUCTIVITY AND SERVICE EFFICIENCY OBSERVED DURING THE PRIOR AND CURRENT AUDIT PERIODS. (CONTINUING RECOMMENDATION FROM PRIOR AUDIT REPORT)

[Reference Section: III. TDA Performance Indicators and Trends; V. Status of Prior Audit Recommendations; and VI. Functional Performance Indicator Trends]

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

The current audit period found passenger productivity experienced a small uptick in FY2018, and was flat or slightly decreased in FY2019 (the results for FY2020 were also negative, but are not considered here due to the disruption of the COVID pandemic on service levels and ridership in that year). The current audit functional performance analysis found the ratio of vehicle service miles to total miles improved slightly in FY2018 and FY2019; while the ratio of vehicle service hours to total vehicle hours continued to decline in those years.

The City should continue to examine alternative service delivery strategies to the one currently employed to more effectively meet the needs of the current ridership demand. An example offered in the prior audit is that the Delta Breeze service currently is a mix of fixed-route deviation and demand response service. A change in the balance between fixed-route deviation service versus demand response service may be warranted to improve productivity and service efficiency.

2. CONTINUE TO EXAMINE STRATEGIES TO ADDRESS THE DECLINING PERFORMANCE IN THE FAREBOX RECOVERY RATIO (i.e., PASSENGER FARES/OPERATING COSTS). (CONTINUING RECOMMENDATION FROM PRIOR AUDIT REPORT)

[Reference Section: V. Status of Prior Audit Recommendations; and VI. Functional Performance Indicator Trends]

During the prior audit period the farebox recovery ratio steadily declined from 6.9 percent in FY2015 to 3.8 percent in FY2017, a decrease of 45.9 percent. This trend was attributed to the loss of ridership discussed in the report, resulting in less passenger fare revenue being collected, combined with steadily increasing operating costs.

In the current audit period, farebox revenue continued to decline another 11 percent to 3.4 percent in FY2018, but saw a slight increase to 3.6 percent in FY2019 before falling again during the FY2020 pandemic year.

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

3. EXAMINE STRATEGIES TO ENSURE THAT DATA IS COLLECTED AND REPORTED CONSISTENTLY FOR DELTA BREEZE SERVICE.

[Reference Section VI. Functional Performance Indicator Trends]

During the current audit period, data for the City's on-time performance and preventable accidents were not available for the audit period for use in the functional performance indicator section. These are data categories that typically are or should be collected and reported on a regular basis by transit agencies to monitor the effectiveness and safety of their services.

The City did provide copies of the Rio Vista Delta Breeze Monthly Operations Report for June of the three years covered by the audit period. An examination of the reports found that the reports do track “Preventable Accidents” and the number and percentage of “Departures more than 5 Minutes Late” in the Service Statistics section of the monthly report. However, it appears the data is collected and reported on a month-to-month basis only. No total year summary was provided for the audit period.

The City should examine strategies to collect and report its operating statistics on a cumulative basis in addition to the current month-to-month schedule. For example, requiring the operating contractor to compile a cumulative annual summary of the Rio Vista Delta Breeze Monthly Operations Reports would be helpful for the City in examining its overall system performance, and provide a ready resource for both internal and external audits.

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I. INTRODUCTION

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

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

This report has been prepared as part of the performance audit of the City of Rio Vista's transit service (Delta Breeze). Rio Vista operates demand-response transit service, which is the focus of this performance audit. The audit period is Fiscal Years 2018 through 2020 (from July 1, 2017 through June 30, 2020). **NOTE: Due to the COVID-19 emergency it is recognized that performance in the latter part of FY2020 is anomalous with the earlier part of the audit period. As such, trend analyses in this report do not place much emphasis on performance beyond FY2019 for the purposes of drawing conclusions and formulating recommendations.**

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

Performance Audit and Report Organization

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

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

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

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

Exhibit 1: System Overview

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

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

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

Recent Changes

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

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

Response to COVID-19

As with other safety hazards, the most effective measures are layered for maximum results. Layering good hand hygiene, face coverings, ventilation, physical distancing, cleaning and disinfecting, limited time exposure, as well as passenger personal accountability provide for a safer environment than only one or two of the mitigation measures alone. The Rio Vista Delta Breeze is committed to layering safety measures along with passenger personal accountability to keep public transportation available for essential workers who are keeping the Bay Area in business and others as the region emerges from the current conditions. Listed below are eight safety measures that have been layered together to reduce the likelihood that an individual would contract COVID-19 while riding on the Rio Vista Delta Breeze.

Face Coverings

The CDC is advising the use of simple cloth face coverings to slow the spread of COVID-19 and help people who may have the virus and do not know it from transmitting it to others (CDC 2020a). With this in mind, face covering became mandatory for all Delta Breeze patrons.

Physical Distancing

COVID-19 is thought to spread mainly from person-to-person, between people who are in close contact with each other and through respiratory droplets produced when an infected person coughs, sneezes or talks (CDC 2020b). To promote physical distancing, Delta Breeze buses will allow no more than three riders per bus.

Hand Hygiene

Good hand hygiene can help slow the spread of COVID-19. This includes washing hands with soap and water for at least 20 seconds or using an alcohol-based hand sanitizer containing at least 60 percent alcohol (CDC 2020a). Hand sanitizer is available for both bus operators and riders.

A Quite Ride Campaign

Droplets expelled through talking, singing, and other verbal activities are known to contribute to virus dispersion (CNN 2020; NEJM 2020). The Rio Vista Delta Breeze will temporarily adopt the “Quiet Ride” communication campaign, requesting passengers minimize talking, singing or other verbal activities while riding public transportation to slow the spread of COVID-19. Necessary verbal activities, such as requesting a stop, are not precluded.

Vehicle and Facility Conditions-Ventilation

Increased air flow can provide for a healthier environment for transit customers and employees (CDC 2020e; APTA 2020a). The Delta Breeze doors are frequently opened to allow passengers to board or exit as well as windows that open, allowing additional ventilation. Where feasible, public transportation providers will increase ventilation and air filtration on vehicles and in facilities.

Touchless Fares

Reducing cash fare payments reduces touch and disease transmittal potential and can reduce the need for face-to-face transactions. The Rio Vista Delta Breeze is promoting touchless fare payment through monthly passes.

Personal Protective Equipment (PPE)

Employees will wear the combination of PPE defined for their job requirements to safeguard themselves and others while in the work environment. Delta Breeze bus operators have been issued PPE which they are required to use while working. Moreover, driver barriers have been added to the buses to add another line of defense.

Infected Employees/contract tracing

The Rio Vista Delta Breeze will track employees that access transit facilities or equipment, as feasible. If an employee reports an infection, or possible contact with an infected person, the Rio Vista Delta Breeze will document and maintain records of what other employees may have come into contact with the exposed or infected employee and notify other employees. The Rio Vista Delta Breeze will report any confirmed infections to the Solano County Public Health Department.

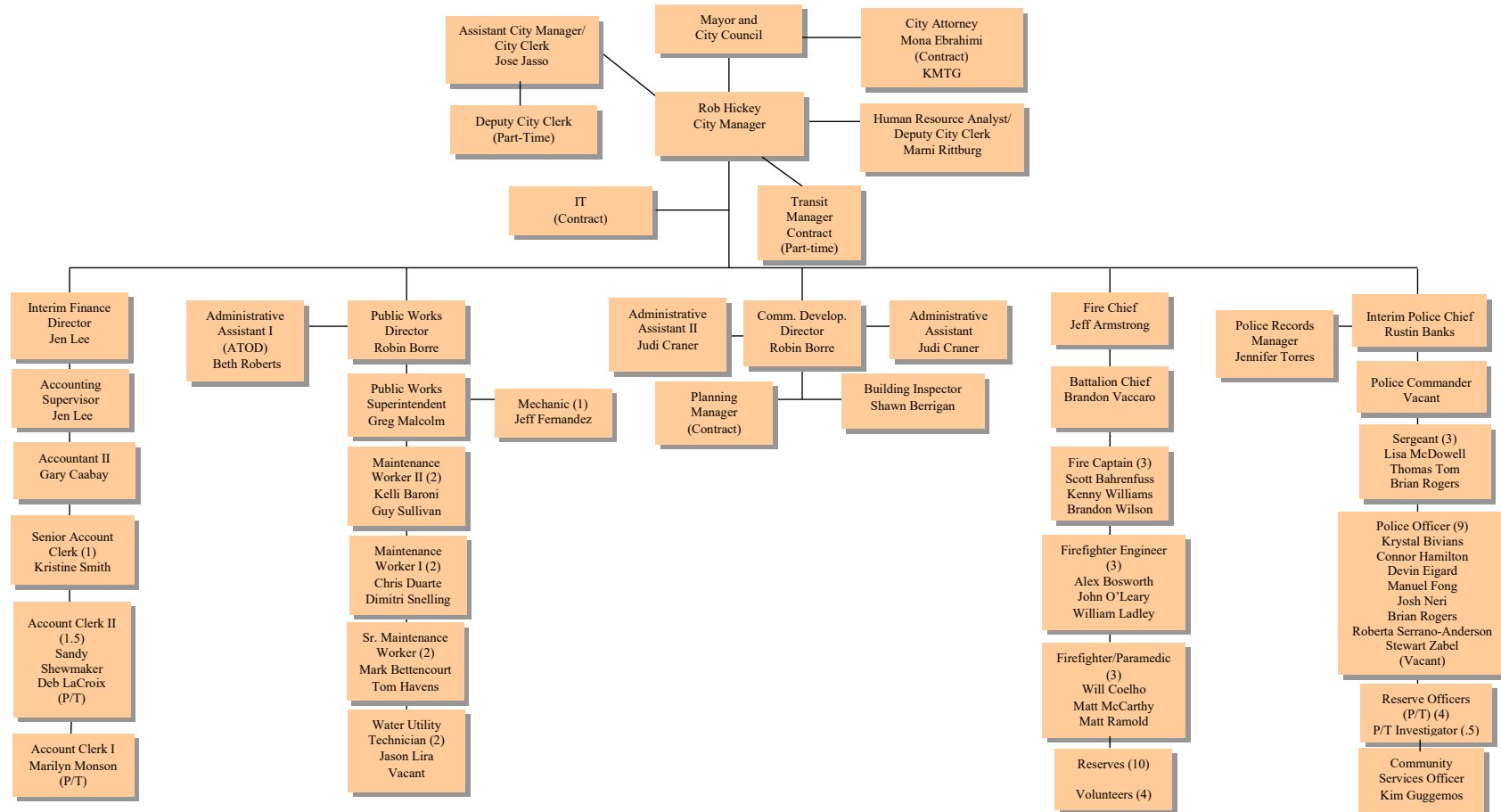
The adherence to the above eight safety measures will be reported out monthly for the Delta Breeze, along with all bay area transit operators, aligning with the baseline health measures set forth in the Riding Together: Bay Area Healthy Transit Plan.

Planned Changes Rio Vista Delta Breeze will be partnering with Uber to pilot a micro-transit option, which will replace dial-a-ride option.

Staff The STA has provided transit management and oversight services to the City through FY20. The City reports ten full time equivalent employees in its FY2018 through FY2020 State Controller's Reports.

Exhibit 2: Organization Chart

CITY OF RIO VISTA ORGANIZATIONAL CHART FISCAL YEAR 2019-2020



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II. REVIEW OF TDA DATA COLLECTION AND REPORTING METHODS

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

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

The TDA indicator analysis is based on these operating and financial statistics in the National Transit Database (NTD) reduced reporting forms submitted annually to the Federal Transit Administration (FTA). The information reported by Rio Vista covering the audit period has been reviewed. Rio Vista's NTD reports include its transit services. Consistent with FTA reporting requirements, Rio Vista does not submit employee hour information for purchased transportation service to the NTD.

Compliance with Requirements

A summary of the data collection and reporting procedures for the five TDA operating statistics presented in Exhibit 3.1. To support this review, Rio Vista was asked to confirm the data collection and reporting procedures used during the current audit period and identify changes made since the prior performance audit. Rio Vista indicated

that there have been no changes in the data collection and reporting procedures. A review of financial audits, Monthly Operations Reports, and State Controller's Reports leads to the conclusion that Rio Vista is in compliance with the reporting of operating costs, vehicle service hours, vehicle service miles and unlinked passenger trips.

Consistency of the Reported Statistics

The resulting TDA statistics for Rio Vista's transit services are shown in Exhibit 3.2. Included are statistics covering each fiscal year of the three-year audit period, plus the immediately preceding three fiscal years, resulting in a six-year trend. One inconsistency was observed with the FY2018 data. Annual operating costs increased in FY2018, while hours and miles decreased modestly. This appears to be the result of increased personnel costs due to the City transitioning from using a part-time consultant to oversee transit operations to utilizing full-time Rio Vista employees for those responsibilities. A similar trend was seen in FY2020, but can be attributed to decreased service levels and ridership due to the COVID pandemic.

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

Exhibit 3.1: Compliance with TDA Data Collection and Reporting Requirements

TDA Statistic	TDA Definition	Compliance Finding	Verification Information
Operating Cost	<p>“Operating cost” means all costs in the operating expense object classes exclusive of the costs in the depreciation and amortization expense object class of the uniform system of accounts and records adopted by the Controller pursuant to Section 99243. Also excluded are all subsidies for commuter rail services operated on railroad lines under the jurisdiction of the Federal Railroad Administration, all direct costs for providing charter services, all vehicle lease costs, and principal and interest payments on capital projects funded with certificates of participation.</p>	In Compliance	<ul style="list-style-type: none"> • The City’s financial audits completed during the audit period found that the City’s financial accounting system conforms with the generally accepted accounting principles as set by the Government Accounting Standards Board (GASB) • Consistent with the TDA definition: all costs in the operating expense object classes exclusive of depreciation, amortization, and subsidies • Transit fund is audited annually by an independent auditor.
Vehicle Service Hours	<p>“Vehicle service hours” means the total number of hours that each transit vehicle is in revenue service, including layover time.</p>	In Compliance	<ul style="list-style-type: none"> • Vehicle service hours are tracked by vehicle operators on daily dial-a-ride passenger logs and bus route logs. Hours are tracked for vehicles leaving and returning to the service yard, and the time of first pick up and last drop off. Service and deadhead hours calculated daily. Service hours tracked in contractor’s Monthly Operations Reports.
Vehicle Service Miles	<p>“Vehicle service miles” means the total number of miles that each transit vehicle is in revenue service.</p>	In Compliance	<ul style="list-style-type: none"> • Vehicle service miles are tracked by vehicle operators on daily dial-a-ride passenger logs and bus route logs. Miles are tracked for vehicles leaving and returning to the service yard, and the mileage of the first pick up and last drop off. Service and deadhead hours calculated daily. Service miles tracked in contractor’s Monthly Operations Reports.

TDA Statistic	TDA Definition	Compliance Finding	Verification Information
Unlinked Passengers	“Unlinked passengers” means the number of boarding passengers, whether revenue producing or not, carried by the public transportation system.	In Compliance	<ul style="list-style-type: none"> Passengers are tracked by vehicle operators on daily dial-a-ride passenger logs and bus route logs. Dial-a-ride logs also track type of fare and non-revenue passengers. Ridership totals tracked in contractor’s Monthly Operations Reports.
Employee Full-Time Equivalents	2,000 person-hours of work in one year constitute one employee.	In Compliance	<ul style="list-style-type: none"> The City includes both in-house and contracted personnel in its calculation of FTEs for the purposes of the State Controller’s Report. The City uses timecards to track employee work hours for both contract and City employees, using 2,000 hours as the definition of a Full-Time Equivalent employee. State Controller’s reports for the audit period indicate that the FTEs for the audit period were consistent.

Exhibit 3.2: TDA Statistics

TDA Statistic	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Operating Cost (Actual \$)	\$417,709	\$430,865	\$454,410	\$475,552	\$479,405	\$500,699
<i>Annual Change</i>	- -	3.1%	5.5%	4.7%	0.8%	4.4%
Vehicle Service Hours	3,588	3,397	3,452	3,385	3,433	3,421
<i>Annual Change</i>	- -	-5.3%	1.6%	-1.9%	1.4%	-0.3%
Vehicle Service Miles	68,505	64,973	65,333	63,947	66,085	61,374
<i>Annual Change</i>	- -	-5.2%	0.6%	-2.1%	3.3%	-7.1%
Unlinked Passengers	11,778	10,407	9,683	10,409	10,441	8,342
<i>Annual Change</i>	- -	-11.6%	-7.0%	7.5%	0.3%	-20.1%
Employee Full-Time Equivalent	(a)	(a)	(a)	(a)	(a)	(a)
<i>Annual Change</i>	- -	- -	- -	- -	- -	- -

(a) Not applicable - contracted services

Sources: FY2015 through FY2017 - Prior Performance Audit Report

FY2018 through FY2020 - NTD Reports

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III. TDA PERFORMANCE INDICATORS AND TRENDS

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

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

The performance results in these indicators were primarily developed from the information in the NTD reports filed with the FTA for the three years of the audit period. Rio Vista’s NTD reports were the source of all operating and financial statistics (except for contractor FTEs, which are not included).

In addition to presenting performance for the three years of the audit period (FY2018 through FY2020), this analysis features two enhancements:

- Six-Year Time Period – While the performance audit focuses on the three fiscal years of the audit period, six-year trend lines have been constructed for Rio Vista’s service to provide a longer perspective on performance and to clearly present the direction and magnitude of the performance trends. In this analysis, the FY2018 to FY2020 trend lines have been combined with those from the prior audit period (FY2015 through FY2017) to define a six-year period of performance.
- Normalized Cost Indicators for Inflation – Two financial performance indicators (cost per hour and cost per passenger) are presented in both constant and current dollars to illustrate the impact of inflation in the Bay Area. The inflation adjustment relies on the All-Urban Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the San

Francisco Metropolitan Area. The average CPI-W percent change for each fiscal year has been calculated based on the bi-monthly results reported on the U.S. Department of Labor – Bureau of Labor Statistics website. The CPI-W is used since labor is the largest component of operating cost in transit. Since labor costs are typically controlled through labor contracts, changes in normalized costs largely reflect those factors that are within the day-to-day control of the transit system.

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

Transit Service Performance Trends

This section provides an overview of the performance of Rio Vista’s transit service over the past six years. The trends in the TDA indicators and input statistics are presented in Exhibit 4. The six-year trends are illustrated in Exhibits 4.1 through 4.3.

- Operating Cost Per Vehicle Service Hour (Exhibit 4.1)
 - A key indicator of cost efficiency, the cost per hour of bus service increased an average of 4.7 percent annually during the six-year review period, reflecting modest increases in operating costs and mostly steady service hours during the review period.
 - The cost per hour ranged from a low of \$116.42 in FY2015 to \$139.65 in FY2019, to a high of \$146.36 in FY2020. Operating cost per hour increased in every year except FY2019.
 - In FY2015 constant dollars, there was an average annual increase in this indicator of 1.8 percent.
- Passengers per Vehicle Service Hour (Exhibit 4.2)

- A key indicator of passenger productivity, passengers per hour decreased an average of 5.8 percent annually during the six-year period.
- A 20 percent decrease in passenger trips during the COVID pandemic of FY2020 affected the decline in this indicator. From FY2015 through FY2019, the decrease in ridership only slightly outpaced the decrease in service hours.
- Passengers per hour went from 3.3 in FY2015 to 3.0 in FY2019, before dropping to 2.4 in FY2020.
- Passengers per Vehicle Service Mile (Exhibit 4.2)
 - Passengers per mile experienced a similar decline, decreasing overall, by an average of 4.6 percent annually.
 - The passengers per mile indicator was affected by almost the same data conditions as passengers per hour, with the decreased ridership in FY2020 having an oversized influence on the overall trend in this indicator, although vehicle service miles did decrease at a slightly higher rate than service hours.
 - Passengers per service mile ranged from 0.17 in FY2015 to 0.16 in FY2019, dropping to 0.14 in FY2020.
- Operating Cost per Passenger (Exhibit 4.3)
 - A key measure of cost effectiveness, the cost per passenger increased from \$35.47 in FY2015 to \$45.92 in FY2019, then to \$60.02 in FY2020.
 - As with the passenger productivity indicators, the FY2020 drop in ridership exerted a dramatic influence on this indicator, with cost per passenger increasing over 30 percent in FY2020. Similar cost per passenger increases occurred in FY2016 and FY2017 for the same reason, however, the decrease in ridership in those years was not as severe.
 - The cost increases combined with the loss of passenger trips resulted in an average annual increase in cost per passenger of 11.1 percent,

however, excluding FY2020 would bring that average down to about a 6.6 percent annual increase.

- With the impact of inflation removed from the cost side (normalization), the six-year trend results in an average annual increase of 8.1 percent (approximately 3.4 percent through FY2019).

* * * * *

The following is a summary of the transit service TDA performance trend highlights over the six-year period of FY2015 through FY2020:

- There was an average annual increase in the operating cost per hour of 4.7 percent, which amounted to a 1.8 percent increase in inflation adjusted dollars.
- The cost per passenger increased on average by 11.1 percent per year, which amounted to an average annual increase of 8.1 percent in constant FY2015 dollars. Excluding the FY2020 reporting year, which saw a 20 percent decrease in ridership, the annual increase was approximately 6.7 percent, or 3.4 percent in constant dollars.
- Passenger productivity experienced negative trends, with passengers per vehicle service hour decreasing an average of 5.8 percent annually, and passengers per vehicle service mile decreasing an average of 4.6 percent annually. Again, the FY2020 ridership numbers skewed this figure, with performance through FY2019 averaging about a two percent annual decrease in this indicator.

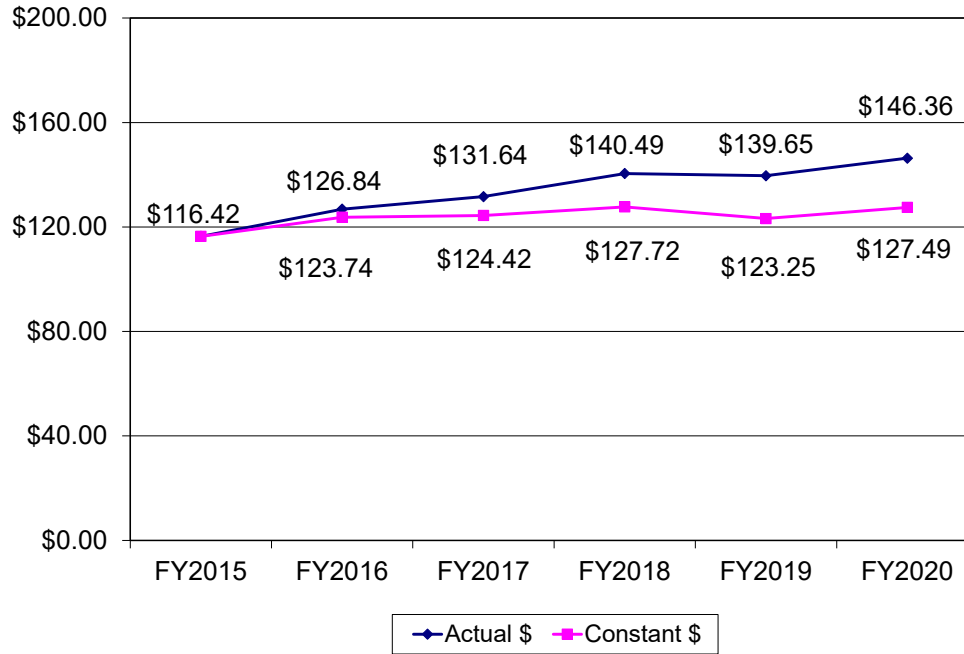
Exhibit 4: TDA Indicator Performance

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	Av. Ann. Chg.
Performance Indicators							
Op. Cost per Vehicle Svc. Hour (Actual \$)	\$116.42	\$126.84	\$131.64	\$140.49	\$139.65	\$146.36	- -
<i>Annual Change</i>	- -	8.9%	3.8%	6.7%	-0.6%	4.8%	4.7%
Op. Cost per Vehicle Svc. Hour (Constant \$)	\$116.42	\$123.74	\$124.42	\$127.72	\$123.25	\$127.49	- -
<i>Annual Change</i>	- -	6.3%	0.5%	2.6%	-3.5%	3.4%	1.8%
Passengers per Vehicle Service Hour	3.3	3.1	2.8	3.1	3.0	2.4	- -
<i>Annual Change</i>	- -	-6.7%	-8.4%	9.6%	-1.1%	-19.8%	-5.8%
Passengers per Vehicle Service Mile	0.17	0.16	0.15	0.16	0.16	0.14	- -
<i>Annual Change</i>	- -	-6.8%	-7.5%	9.8%	-2.9%	-14.0%	-4.6%
Op. Cost per Passenger (Actual \$)	\$35.47	\$41.40	\$46.93	\$45.69	\$45.92	\$60.02	- -
<i>Annual Change</i>	- -	16.7%	13.4%	-2.6%	0.5%	30.7%	11.1%
Op. Cost per Passenger (Constant \$)	\$35.47	\$40.39	\$44.36	\$41.53	\$40.53	\$52.28	- -
<i>Annual Change</i>	- -	13.9%	9.8%	-6.4%	-2.4%	29.0%	8.1%
Vehicle Service Hours per FTE	(a)	(a)	(a)	(a)	(a)	(a)	- -
<i>Annual Change</i>	- -	- -	- -	- -	- -	- -	- -
Input Data							
Operating Cost (Actual \$)	\$417,709	\$430,865	\$454,410	\$475,552	\$479,405	\$500,699	- -
<i>Annual Change</i>	- -	3.1%	5.5%	4.7%	0.8%	4.4%	3.7%
Operating Cost (Constant \$)	\$417,709	\$420,356	\$429,499	\$432,320	\$423,129	\$436,149	- -
<i>Annual Change</i>	- -	0.6%	2.2%	0.7%	-2.1%	3.1%	0.9%
Vehicle Service Hours	3,588	3,397	3,452	3,385	3,433	3,421	- -
<i>Annual Change</i>	- -	-5.3%	1.6%	-1.9%	1.4%	-0.3%	-0.9%
Vehicle Service Miles	68,505	64,973	65,333	63,947	66,085	61,374	- -
<i>Annual Change</i>	- -	-5.2%	0.6%	-2.1%	3.3%	-7.1%	-2.2%
Unlinked Passengers	11,778	10,407	9,683	10,409	10,441	8,342	- -
<i>Annual Change</i>	- -	-11.6%	-7.0%	7.5%	0.3%	-20.1%	-6.7%
Employee Full-Time Equivalents	(a)	(a)	(a)	(a)	(a)	(a)	- -
<i>Annual Change</i>	- -	- -	- -	- -	- -	- -	- -
Bay Area CPI - Annual Change	- -	2.5%	3.3%	4.0%	3.0%	1.3%	- -
- Cumulative Change	- -	2.5%	5.8%	10.0%	13.3%	14.8%	2.8%

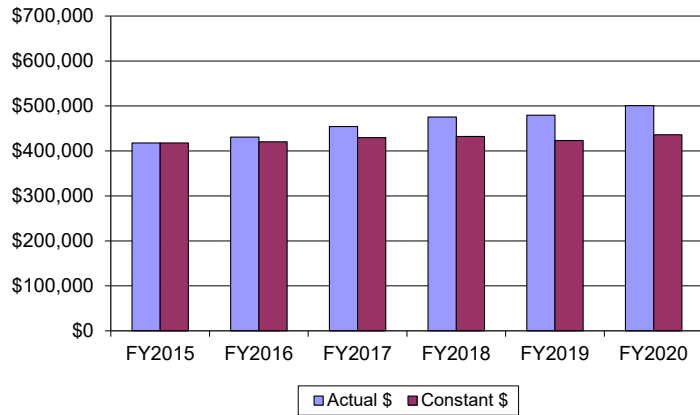
(a) Not applicable - contracted services

Sources: FY2015 through FY2017 - Prior Performance Audit Report
FY2018 through FY2020 - NTD Reports
CPI Data - U.S. Department of Labor, Bureau of Labor Statistics

Exhibit 4.1: Operating Cost per Vehicle Service Hour



Operating Cost



Vehicle Service Hours

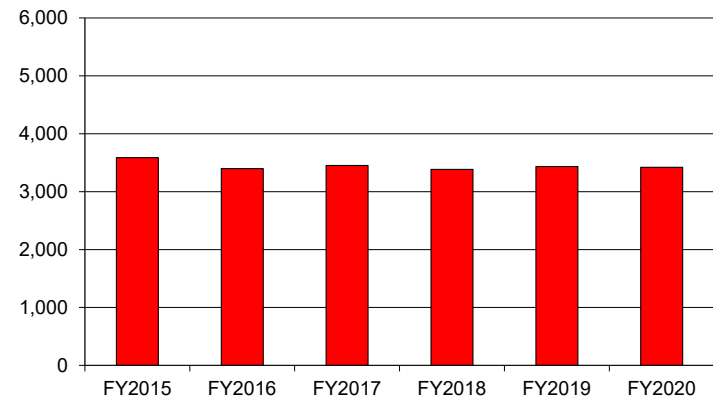
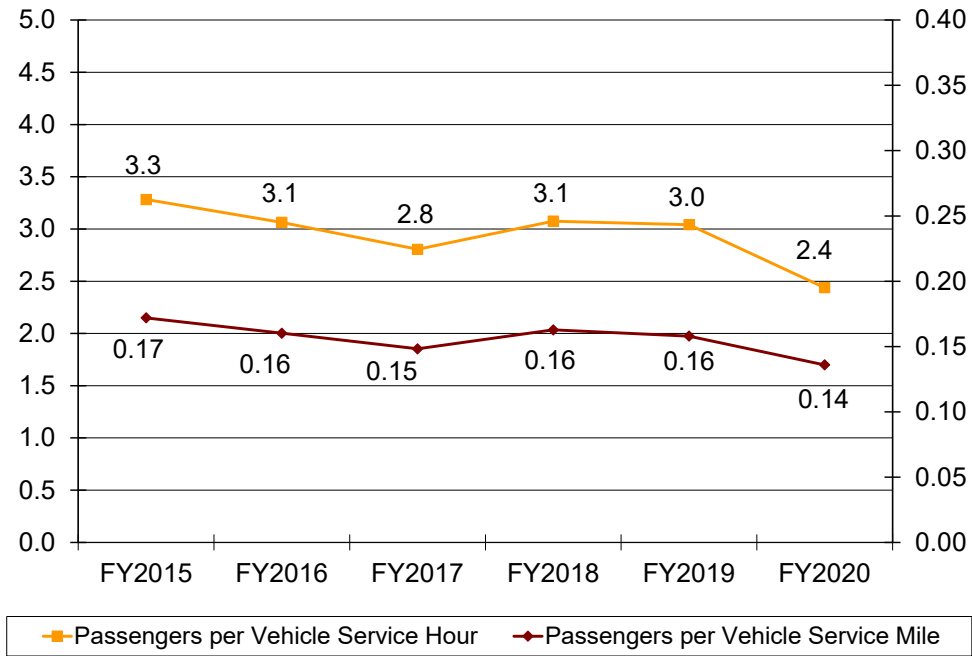
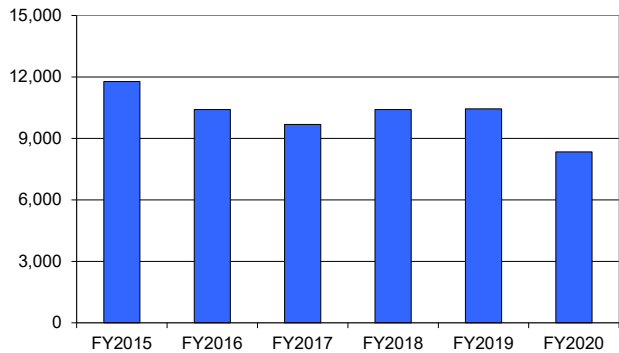


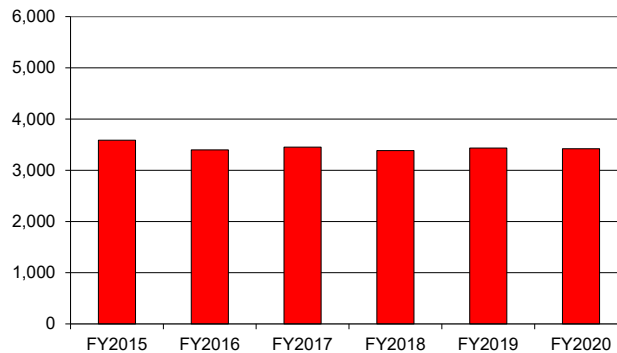
Exhibit 4.2: Passengers per Hour and per Mile



Unlinked Passengers



Vehicle Service Hours



Vehicle Service Miles

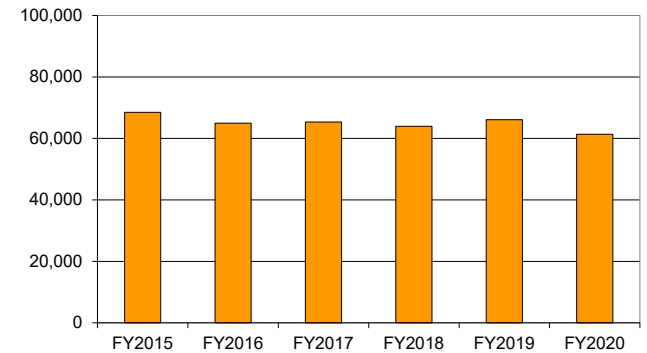
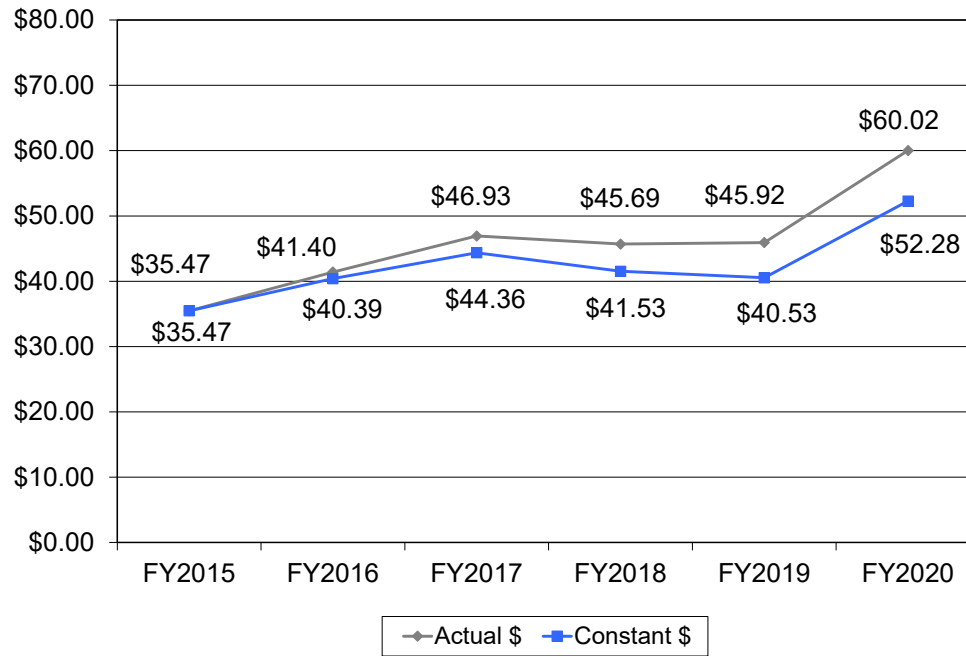
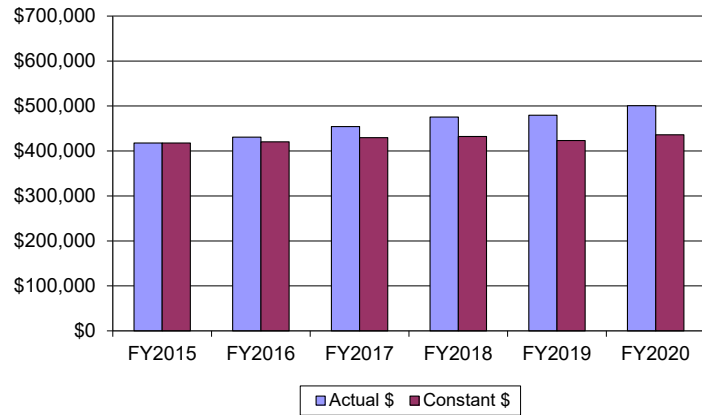


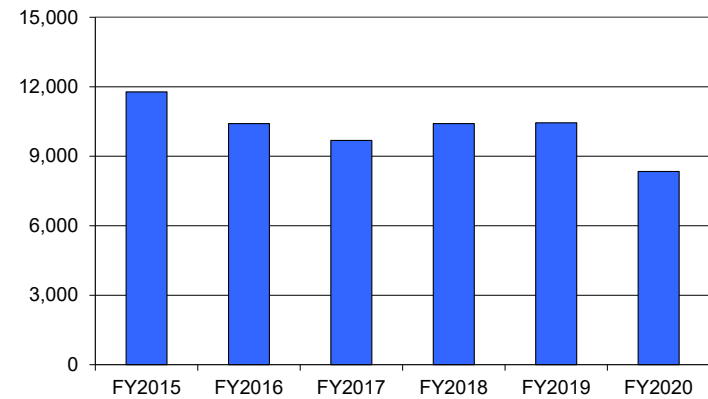
Exhibit 4.3: Operating Cost per Passenger



Operating Cost



Unlinked Passengers



Transit Service Component Costs

Year-to-year changes in selected operating cost categories over the past six years are presented in Exhibit 4.4. Examining components of operating costs (e.g., labor, fringes, fuel, and casualty/liability) may determine what components had the most significant impacts on the operating costs. Exhibit 4.4 also shows the concurrent changes in vehicle service hours, and Exhibit 4.5 illustrates the portion of the cost per vehicle service hour that can be attributed to each included cost component.

The data presented in this section of the report were taken from the State Controller's Transit Operators Financial Transactions Reports since the City submits only the reduced reporting format for NTD, and is not required to provide operating costs by object class. While the total operating costs reported in NTD are generally consistent with the State Controller's report, there were small differences (\$3,000 or less) observed in each year of the current audit period with total operating costs reported in the NTD less than those reported in the State Controller's report. Rio Vista indicated that the NTD numbers were reported prior to the submission of the State Controller's report, and the discrepancy was likely the result of a final adjustment to the numbers after the NTD report had been submitted. The small amount of the differences noted are unlikely to significantly change the overall indicators presented in this audit report.

- Labor costs decreased slightly over the six-year period, with an average annual decrease of two percent. The share of labor costs to total operating costs averaged less than five percent in most years of the review period.
- Fringe benefits costs fluctuated over the six-year period, alternating between cost increases and decreases in each year of the review period. The result was an average 33 percent annual increase in fringe costs overall, however, fringe benefits account for less than three percent of the overall operating costs.

- Services exhibited an average annual increase of 7.2 percent over the six-year period, and represented about 20 percent of total operating costs during the current audit period.
- Purchased transportation costs showed modest increases, averaging 2.7 percent annually. Purchased transportation costs continued to be the largest cost category representing approximately 64 percent of total operating costs.
- Materials/supplies costs, which include fuel and lubricant costs, remained mostly steady throughout the six-year period, averaging an almost one percent increase each year, and comprising just under 10 percent of total operating costs.
- Casualty/liability costs increased an average of almost 28 percent annually, while miscellaneous other costs increased an average of less than one percent per year. Both categories combined averaged less than two percent of total operating costs overall.

* * * * *

The following is a summary of the transit service component operating costs trend highlights between FY2015 and FY2020:

- Purchased transportation costs represent the largest share of Rio Vista’s costs averaging approximately 64 percent of the total operating costs. Purchased transportation costs showed a modest 2.7 percent annual increase during the review period.
- Labor costs decreased slightly, while fringe benefits fluctuated over the six-year period, increasing an average of about 33 percent annually. Together, these two components comprised less than six percent of total operating costs during the current audit period.
- Service costs went up an average of 7.2 percent per year over the six-year review period, but decreased slightly during the current three-year audit

period. Services share of total operating costs remained steady at about 20 percent.

- Materials/supplies costs remained steady at about 10 percent of the total operating costs, and increased an average of less than one percent per year over the review period.
- Casualty/liability and other costs comprised less than two percent of total operating costs overall during the current audit period.

Exhibit 4.4: Component Cost Trends

	FY2015	FY2016	FY2017	FY2018*	FY2019*	FY2020*	Av. Ann. Chg.
COST CATEGORIES							
Labor - (Salaries, Wages)	\$18,359	\$32,276	\$9,982	\$17,020	\$17,855	\$16,587	--
<i>Annual Change</i>	--	75.8%	-69.1%	70.5%	4.9%	-7.1%	-2.0%
Fringe Benefits	\$3,067	\$8,708	\$5,270	\$12,383	\$7,924	\$12,814	--
<i>Annual Change</i>	--	183.9%	-39.5%	135.0%	-36.0%	61.7%	33.1%
Services	\$69,065	\$66,211	\$101,985	\$99,466	\$96,511	\$97,899	--
<i>Annual Change</i>	--	-4.1%	--	-2.5%	-3.0%	1.4%	7.2%
Purchased Transportation	\$276,450	\$278,894	\$294,636	\$303,069	\$304,752	\$315,366	--
<i>Annual Change</i>	--	0.9%	5.6%	2.9%	0.6%	3.5%	2.7%
Materials/Supplies (a)	\$44,899	\$35,463	\$32,616	\$38,945	\$42,859	\$46,963	--
<i>Annual Change</i>	--	-21.0%	-8.0%	19.4%	10.1%	9.6%	0.9%
Casualty/Liability	\$1,715	\$1,311	\$1,971	\$4,462	\$4,413	\$5,799	--
<i>Annual Change</i>	--	-23.6%	50.3%	126.4%	-1.1%	31.4%	27.6%
Other Expenses (b)	\$4,155	\$8,001	\$7,950	\$2,162	\$2,058	\$4,303	--
<i>Annual Change</i>	--	92.6%	-0.6%	-72.8%	-4.8%	109.1%	0.7%
Total	\$417,710	\$430,864	\$454,410	\$477,507	\$476,372	\$499,731	--
<i>Annual Change</i>	--	3.1%	5.5%	5.1%	-0.2%	4.9%	3.7%
OPERATING STATISTICS							
Vehicle Service Hours	3,588	3,397	3,452	3,385	3,433	3,421	--
<i>Annual Change</i>	--	-5.3%	1.6%	-1.9%	1.4%	-0.3%	-0.9%

Source: FY2015 through FY2020 - State Controller's Transit Operators Financial Transactions Report

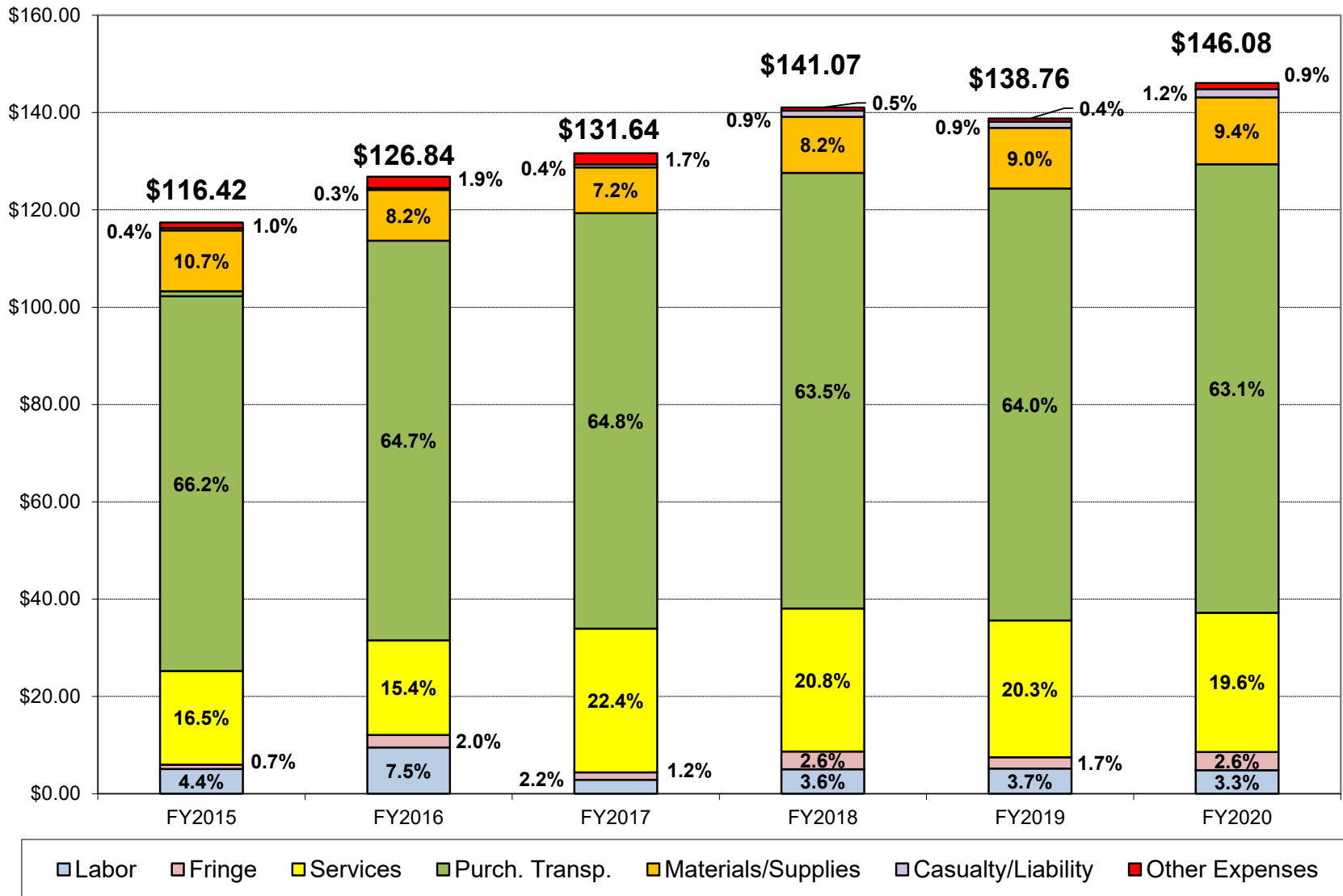
* Slight differences between total expenses reported in NTD and State Controller's Report due to adjustments made between required reporting deadlines

(a) Includes tires/tubes, fuel/lubricants, and other materials/supplies

(b) Includes utilities, taxes, and miscellaneous expenses

Exhibit 4.5: Distribution of Component Costs

Operating Cost per Vehicle Service Hour



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IV. COMPLIANCE WITH PUC REQUIREMENTS

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

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

Exhibit 5: Compliance with State PUC Requirements

Code Reference	Operator Compliance Requirements	Compliance Finding	Verification Information
PUC99251	<u>CHP Certification</u> - The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator's compliance with Vehicle Code Section 1808 following a CHP inspection of the operator's terminal	In Compliance	Satisfactory Inspections: <ul style="list-style-type: none"> • 2018: 11/07/2018 • 2019: 11/26/2019 • 2020: 12/09/2020
PUC99264	<u>Operator-to-Vehicle Staffing</u> - The operator does not routinely staff with two or more persons public transportation vehicles designed to be operated by one person	In Compliance	<ul style="list-style-type: none"> • No provision for excess vehicle staffing in the operating contract agreement with Transportation Concepts (current contractor) effective January 1, 2018.
PUC99314.5 (e)(1)(2)	<u>Part Time Drivers and Contracting</u> - Operators receiving STA funds are not precluded by contract from employing part-time drivers or from contracting with common carriers	In Compliance	<ul style="list-style-type: none"> • No provision for precluding part-time drivers in the operating contract agreement with Transportation Concepts (current contractor) effective January 1, 2018.
PUC99155	<u>Reduced Fare Eligibility</u> - For any operator who received TDA Article 4 funds, if the operator offers reduced fares to senior citizens and disabled persons, applicant will honor the federal Medicare identification card, the California Department of Motor Vehicles disability ID card, the Regional Transit Connection Discount Card, or any other current identification card issued by another transit operator that is valid for the type of transportation service or discount requested; and if the operator offers reduced fares to senior citizens, it also offers the same reduced fare to disabled patrons	In Compliance	Fare information in public information materials: <ul style="list-style-type: none"> • Fare information: https://www.riovistacity.com/fares/ • Fares are discounted for senior citizens, Medicare, or Regional Transit Connection Discount Card (RTC) cardholders, and people with disabilities. • General fare: within Rio Vista \$2.00/\$1.00 discount; to/within Fairfield, Suisun City, Antioch, and Pittsburg, \$6.00/\$3.00 discount. Intercity route deviations are \$1.00 for everyone, except Rt. 52 in Isleton (\$3.00/\$1.50 discount).

Code Reference	Operator Compliance Requirements	Compliance Finding	Verification Information
PUC99155.1 (a)(1)(2)	<u>Welfare to Work Coordination</u> - Operators must coordinate with county welfare departments in order to ensure that transportation moneys available for purposes of assisting recipients of aid are expended efficiently for the benefit of that population; if a recipient of CalWORKs program funds by the county, the operator shall give priority to the enhancement of public transportation services for welfare-to-work purposes and to the enhancement of transportation alternatives, such as, but not limited to, subsidies or vouchers, van pools, and contract paratransit operations, in order to promote welfare-to-work purposes	In Compliance	Coordinated through the Solano County Health and Social Service Department, which administers the welfare-to-work program through SolanoWORKS. Transportation services/subsidies discussed in SolanoWORKS handbook (p. 10).
PUC99314.7, Govt Code 66516, MTC Res. Nos. 3837, 4073	<u>Joint Revenue Sharing Agreement</u> - The operator has current joint fare revenue sharing agreements in place with transit operators in the MTC region with which its service connects, and submitted copies of agreements to MTC	In Compliance	<ul style="list-style-type: none"> • Direct agreements with CCCTA, ECCTA, and City of Fairfield. • Agreement with Amtrak California and to provide transfers to Delta Breeze service. • Signatory participant in Intercity Taxi Card Program Services Memorandum Of Understanding October 1, 2018. Agreement signed by: Solano County Transit, Solano Transit Authority, and the cities of Dixon, Fairfield, and Vacaville.

Code Reference	Operator Compliance Requirements	Compliance Finding	Verification Information
PUC99246(d)	<p><u>Process for Evaluation of Passenger Needs</u> - The operator has an established process in place for evaluating the needs and types of passengers being served</p>	<p>In Compliance</p>	<ul style="list-style-type: none"> • STA Coordinated Short Range Transit Plan (SRTP) 2016-2025 includes evaluations of existing service conditions, passenger demographics, service provided, performance measures, standards, and evaluations, service needs, operating and capital budgets and recommendations. • The Rio Vista Transit Service Outreach and Analysis project (March 2016) identifies existing gaps in Rio Vista Delta Breeze's service delivery and proposes solutions to better meet the transit needs of Rio Vista's residents. Passenger survey included in development of plan.

V. STATUS OF PRIOR AUDIT RECOMMENDATIONS

Rio Vista's prior performance audit was completed in May 2018. Generally, MTC has used the audit recommendations as the basis for developing the Productivity Improvement Program (PIP) projects the operator is required to complete. MTC tracks PIP project implementation as part of its annual review of the operator's TDA-STA claim application. This section provides an assessment of actions taken by TDA-STA recipients toward implementing the recommendations advanced in the prior audit. This assessment provides continuity between the current and prior audits, which allows MTC to fulfill its obligations where the recommendations were advanced as PIP projects.

This review addresses Rio Vista's responses to the recommendations made in the prior performance audit, and whether Rio Vista made reasonable progress toward their implementation. There were two recommendations made in Rio Vista's prior audit. Rio Vista did not provide a response for their corrective actions for both recommendations from the prior audit. The recommendations will be carried forward in this audit report.

A summary of the recommendations is presented in Exhibit 6. A determination of the status of the recommendations also is provided, using one of the following four evaluation categories:

- Implemented – appropriate actions have been taken and the issue has been sufficiently addressed.
- Implementation in Progress – actions have been taken to address the issue, but the recommendation remains open until further actions are completed.

- Not Implemented – no actions have been taken to address the issue, and the recommendation remains open.
- Closed – no actions have been taken to address the issue, but changes in circumstances have impacted the need to implement the recommendation.

Exhibit 6: Status of Prior Audit Recommendations

Recommendation	Actions Taken	Evaluation
1. Evaluate service delivery strategies to address the falling performance in passenger productivity and service efficiency observed during the audit period.	No corrective actions were provided by Rio Vista in response to the recommendations from the prior audit report.	Not Implemented
2. Examine strategies to address the declining performance in the farebox recovery ratio (i.e., passenger fares/operating costs).	No corrective actions were provided by Rio Vista in response to the recommendations from the prior audit report.	Not Implemented

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VI. FUNCTIONAL PERFORMANCE INDICATOR TRENDS

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

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

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

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

the highlights of performance by mode (Systemwide and Transit Service), each followed by an exhibit illustrating the indicators by function as applicable.

Systemwide

For the purposes of this review, Rio Vista’s functional indicators relating to Management, Administration and Marketing have been included on a systemwide basis. Systemwide audit period performance is discussed below and presented in Exhibit 7.

- Administrative costs decreased from about 29 percent to 27 percent of total operating costs in the first two years, followed by an increase to almost 30 percent in FY2020. Administrative costs also decreased from \$40 to \$38 per vehicle service hour, before increasing to almost \$44 per hour in FY2020.
- Rio Vista recorded marketing expenditures only in FY2019. In that year, the portion of administrative costs attributed to marketing activities was 0.3 percent. In terms of passenger trips, marketing costs comprised \$0.04 per trip that year.
- The systemwide farebox recovery ratio decreased from about 3.5 percent in the first two years to 2.8 percent in FY2020.

* * * * *

The following is a summary of the systemwide functional trend highlights between FY2018 and FY2020:

- Administrative costs fluctuated between 28 and 30 percent of total operating costs, while decreasing by about six percent the first two years and then increasing by almost eight percent to about \$44 per vehicle service hour in FY2020.

- Rio Vista had marketing expenditures only in FY2019, and it was a small percentage of both total administrative costs and cost per passenger trip.
- Systemwide farebox recovery ratio increased slightly (3.4 to 3.6 percent) in the first two years, before decreasing to 2.8 percent in FY2020.

Exhibit 7: Functional Performance Trends – Systemwide

FUNCTION/Indicator	Actual Performance		
	FY2018	FY2019	FY2020
MANAGEMENT, ADMINISTRATION & MARKETING			
Administrative Cost/Total Operating Cost	28.8%	27.3%	29.7%
<i>Annual Percent Change</i>	--	-5.2%	9.0%
<i>Three Year Percent Change</i>	--	--	3.4%
Administrative Cost/Vehicle Service Hour	\$40.43	\$38.11	\$43.53
<i>Annual Percent Change</i>	--	-5.7%	14.2%
<i>Three Year Percent Change</i>	--	--	7.7%
Marketing Cost/Total Administrative Cost	0.00%	0.31%	0.00%
<i>Annual Percent Change</i>	--	--	-100.0%
<i>Three Year Percent Change</i>	--	--	--
Marketing Cost/Unlinked Passenger Trip	\$0.00	\$0.04	\$0.00
<i>Annual Percent Change</i>	--	--	-100.0%
<i>Three Year Percent Change</i>	--	--	--
Farebox Revenue/Operating Cost	3.4%	3.6%	2.8%
<i>Annual Percent Change</i>	--	6.5%	-22.5%
<i>Three Year Percent Change</i>	--	--	-17.4%

Transit Service

Rio Vista's transit service functional area trends represent areas of cost efficiency, safety, productivity, and service reliability. Audit period performance is discussed below and presented in Exhibit 8.

- Service Planning
 - Vehicle miles travelled in service increased from 70.6 percent in FY2018 to 73.2 percent of all miles in FY2020. Vehicle hours traveled in service increased from 69.4 percent to 72.2 percent over the three years.
 - Passengers per vehicle service mile and vehicle service hour both declined overall during the audit period, with most of the decline occurring in FY2020.

- Operations
 - Vehicle operations costs remained fairly consistent, increasing from 67.1 percent in FY2018 to 68.8 percent in FY2020.
 - Vehicle operations costs per service hour increased overall, from \$94 in FY2018 to about \$100 in FY2020.
 - The bus service farebox recovery ratio increased slightly from 3.4 percent in FY2018 to 3.6 percent in FY2019, before declining to 2.8 percent in FY2020.
 - Data for calculating the TDA recovery ratio, reflecting farebox revenue plus local support less operating cost exclusions, was not available for this period. On-time performance data also was not available for the audit period.
 - The number of complaints per 10,000 passenger trips decreased from one to zero between FY2018 and FY2020, and there were no missed trips reported over the audit period.

- Maintenance
 - Total maintenance costs (vehicle plus non-vehicle) decreased from 5.4 percent of total operating costs in FY2018 to 1.5 percent by FY2020.
 - Vehicle maintenance costs per service mile also decreased from \$0.37 in the first year of the audit period to \$0.12 in the last two years.
 - The vehicle spare ratio was unchanged at 40 percent throughout the audit period.
 - There were no major or total mechanical failures recorded in all three years of the audit period.

- Safety
 - Data for the rate of preventable accidents was not available for this audit period.

* * * * *

The following is a summary of the transit service functional trend highlights between FY2018 and FY2020:

- Service Planning results showed vehicle miles in service and vehicle hours in service both showing modest improvements to the low 70 percent range, while passengers per vehicle service mile and hour both declined about 20 percent overall, with the largest decrease occurring in FY2020.

- In Operations, overall vehicle operations costs increased slightly as a percentage of total operating costs, but cost per service hour increased a little more moderately at about seven percent overall during the period. Farebox recovery fluctuated, increasing slightly between FY2018 and FY2019, before decreasing to 2.8 percent in FY2020. Data for the TDA recovery rate and transit service schedule adherence was unavailable for this audit. The number of complaints and missed trips were practically non-existent in all three years.

- Maintenance results were positive, with maintenance costs decreasing significantly overall relative to both total operating costs and on a service mile basis. The vehicle spare ratio was unchanged at 40 percent overall, and vehicle reliability was excellent, with zero mechanical failures recorded in all three years.
- Data for the rate of preventable accidents per 100,000 vehicle miles was not available for this audit period.

Exhibit 8: Functional Performance Trends – Transit Service

FUNCTION/Indicator	Actual Performance		
	FY2018	FY2019	FY2020
SERVICE PLANNING			
Vehicle Service Miles/Total Miles	70.6%	71.8%	73.2%
<i>Annual Percent Change</i>	--	1.8%	1.9%
<i>Three Year Percent Change</i>	--	--	3.7%
Vehicle Service Hours/Total Hours	69.4%	69.1%	72.2%
<i>Annual Percent Change</i>	--	-0.4%	4.4%
<i>Three Year Percent Change</i>	--	--	4.0%
Passengers/Vehicle Service Mile	0.16	0.16	0.14
<i>Annual Percent Change</i>	--	-2.9%	-14.0%
<i>Three Year Percent Change</i>	--	--	-16.5%
Passengers/Vehicle Service Hour	3.08	3.04	2.44
<i>Annual Percent Change</i>	--	-1.1%	-19.8%
<i>Three Year Percent Change</i>	--	--	-20.7%
OPERATIONS			
Vehicle Operations Cost/Total Operating Cost	67.1%	71.1%	68.8%
<i>Annual Percent Change</i>	--	6.0%	-3.2%
<i>Three Year Percent Change</i>	--	--	2.6%
Vehicle Operations Cost/Vehicle Service Hour	\$94.20	\$99.28	\$100.70
<i>Annual Percent Change</i>	--	5.4%	1.4%
<i>Three Year Percent Change</i>	--	--	6.9%
Farebox Revenue/Operating Cost	3.4%	3.6%	2.8%
<i>Annual Percent Change</i>	--	6.5%	-22.5%
<i>Three Year Percent Change</i>	--	--	-17.4%
TDA Recovery Ratio (a)	(b)	(b)	(b)
<i>Annual Percent Change</i>	--	--	--
<i>Three Year Percent Change</i>	--	--	--
Percentage of Trips On-Time	(b)	(b)	(b)
<i>Annual Percent Change</i>	--	--	--
<i>Three Year Percent Change</i>	--	--	--
Complaints/10,000 Passenger Trips	1.0	0.0	0.0
<i>Annual Percent Change</i>	--	-100.0%	--
<i>Three Year Percent Change</i>	--	--	-100.0%
Missed Trips/Total Trips	0.0	0.0	0.0
<i>Annual Percent Change</i>	--	--	--
<i>Three Year Percent Change</i>	--	--	--

FUNCTION/Indicator	Actual Performance		
	FY2018	FY2019	FY2020
MAINTENANCE			
Vehicle + Non-Veh. Maint. Cost/Total Operating Cost	5.4%	1.6%	1.5%
<i>Annual Percent Change</i>	--	-70.2%	-9.8%
<i>Three Year Percent Change</i>	--	--	-73.1%
Vehicle Maintenance Cost/Vehicle Service Mile	\$0.37	\$0.12	\$0.12
<i>Annual Percent Change</i>	--	-67.9%	1.5%
<i>Three Year Percent Change</i>	--	--	-67.4%
Spare Vehicles/Total Vehicles	40.0%	40.0%	40.0%
<i>Annual Percent Change</i>	--	0.0%	0.0%
<i>Three Year Percent Change</i>	--	--	0.0%
Mean Distance between Major Failures (Miles)	90,600	91,984	83,838
<i>Annual Percent Change</i>	--	1.5%	-8.9%
<i>Three Year Percent Change</i>	--	--	-7.5%
Mean Distance between All Failures (Miles)	90,600	91,984	83,838
<i>Annual Percent Change</i>	--	1.5%	-8.9%
<i>Three Year Percent Change</i>	--	--	-7.5%
SAFETY			
Preventable Accidents/100,000 Vehicle Miles	(b)	(b)	(b)
<i>Annual Percent Change</i>	--	--	--
<i>Three Year Percent Change</i>	--	--	--

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

(b) Not available

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VII. CONCLUSIONS AND RECOMMENDATIONS

This report has presented the findings of the compliance audit portion of the performance audit of Rio Vista's transit service. The primary focus was the three-year audit period of FY2018 through FY2020 (July 1, 2017 through June 30, 2020). It has focused on TDA compliance issues including trends in TDA-mandated performance indicators and compliance with selected sections of the state Public Utilities Code (PUC). It also provides the findings from an overview of Rio Vista's data collection activities to support the TDA indicators. Performance results from the previous three years have also been included as applicable to provide a longer perspective on performance.

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

- Data Collection – A review of financial audits, Monthly Operations Reports, and State Controller's Reports leads to the conclusion that Rio Vista is in compliance with the reporting of operating costs, vehicle service hours, vehicle service miles and unlinked passenger trips. In addition, the statistics collected over the period appear to be consistent with the TDA definitions and indicate general consistency in terms of the direction and magnitude of the year-to-year changes across the statistics.
- TDA Performance Trends

Rio Vista's performance trends for the five TDA-mandated indicators were analyzed. A six-year analysis period was used for all the indicators. In addition, component operating costs were analyzed. The following is a summary of the TDA performance trend highlights over the six-year period of FY2015 through FY2020:

- There was an average annual increase in the operating cost per hour of 4.7 percent, which amounted to a 1.8 percent increase in inflation adjusted dollars.
- The cost per passenger increased on average by 11.1 percent per year, which amounted to an average annual increase of 8.1 percent in constant FY2015 dollars. Excluding the FY2020 reporting year, which saw a 20 percent decrease in ridership, the annual increase was approximately 6.7 percent, or 3.4 percent in constant dollars.
- Passenger productivity experienced negative trends, with passengers per vehicle service hour decreasing an average of 5.8 percent annually, and passengers per vehicle service mile decreasing an average of 4.6 percent annually. Again, the FY2020 ridership numbers skewed this figure, with performance through FY2019 averaging about a two percent annual decrease in this indicator.

The following is a summary of the component operating costs trend highlights between FY2015 and FY2020:

- Purchased transportation costs represent the largest share of Rio Vista’s costs averaging approximately 64 percent of the total operating costs. Purchased transportation costs showed a modest 2.7 percent annual increase during the review period.
- Labor costs decreased slightly, while fringe benefits fluctuated over the six-year period, increasing an average of about 33 percent annually. Together, these two components comprised less than six percent of total operating costs during the current audit period.
- Service costs went up an average of 7.2 percent per year over the six-year review period, but decreased slightly during the current three-year audit period. Services share of total operating costs remained steady at about 20 percent.
- Materials/supplies costs remained steady at about 10 percent of the total operating costs, and increased an average of less than one percent per year over the review period.

- Casualty/liability and other costs comprised less than two percent of total operating costs overall during the current audit period.
- Compliance with Statutory Requirements – Rio Vista is in compliance with each of the seven sections of the state PUC that were reviewed as part of this performance audit. These sections included requirements concerning CHP terminal safety inspections, labor contracts, reduced fares, Welfare-to-Work, revenue sharing, and evaluating passenger needs.
- Status of Prior Audit Recommendations – There were two recommendations made in Rio Vista’s prior performance audit. Rio Vista has not yet provided input for their corrective actions for both recommendations from the prior audit. A determination on implementation of the corrective actions will be made when the information is received.
- Functional Performance Indicator Trends
To further assess Rio Vista’s performance over the past three years, a detailed set of systemwide and modal functional area performance indicators was defined and reviewed.

Systemwide – The following is a summary of the systemwide functional trend highlights between FY2018 and FY2020:

- Administrative costs fluctuated between 28 and 30 percent of total operating costs, while decreasing by about six percent the first two years and then increasing by almost eight percent to about \$44 per vehicle service hour in FY2020.
- Rio Vista had marketing expenditures only in FY2019, and it was a small percentage of both total administrative costs and cost per passenger trip.
- Systemwide farebox recovery ratio increased slightly (3.4 to 3.6 percent) in the first two years, before decreasing to 2.8 percent in FY2020.

Transit Service – The following is a summary of the transit service functional trend highlights between FY2018 and FY2020:

- Service Planning results showed vehicle miles in service and vehicle hours in service both showing modest improvements to the low 70 percent range, while passengers per vehicle service mile and hour both declined about 20 percent overall, with the largest decrease occurring in FY2020.
- In Operations, overall vehicle operations costs increased slightly as a percentage of total operating costs, but cost per service hour increased a little more moderately at about seven percent overall during the period. Farebox recovery fluctuated, increasing slightly between FY2018 and FY2019, before decreasing to 2.8 percent in FY2020. Data for the TDA recovery rate and transit service schedule adherence was unavailable for this audit. The number of complaints and missed trips were practically non-existent in all three years.
- Maintenance results were positive, with maintenance costs decreasing significantly overall relative to both total operating costs and on a service mile basis. The vehicle spare ratio was unchanged at 40 percent overall, and vehicle reliability was excellent, with zero mechanical failures recorded in all three years.
- Data for the rate of preventable accidents per 100,000 vehicle miles was not available for this audit period.

Recommendations

1. CONTINUE TO EVALUATE SERVICE DELIVERY STRATEGIES TO ADDRESS THE FALLING PERFORMANCE IN PASSENGER PRODUCTIVITY AND SERVICE EFFICIENCY OBSERVED DURING THE PRIOR AND CURRENT AUDIT PERIODS. (CONTINUING RECOMMENDATION FROM PRIOR AUDIT REPORT)

[Reference Section: III. TDA Performance Indicators and Trends; V. Status of Prior Audit Recommendations; and VI. Functional Performance Indicator Trends]

It was found during the prior audit that passenger productivity has steadily declined both in terms of passengers per hour (a decrease of 14.5 percent) and passengers per mile (a decrease of 13.8 percent). This decline was attributed to a

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

The current audit period found passenger productivity experienced a small uptick in FY2018, and was flat or slightly decreased in FY2019 (the results for FY2020 were also negative, but are not considered here due to the disruption of the COVID pandemic on service levels and ridership in that year). The current audit functional performance analysis found the ratio of vehicle service miles to total miles improved slightly in FY2018 and FY2019; while the ratio of vehicle service hours to total vehicle hours continued to decline in those years.

The City should continue to examine alternative service delivery strategies to the one currently employed to more effectively meet the needs of the current ridership demand. An example offered in the prior audit is that the Delta Breeze service currently is a mix of fixed-route deviation and demand response service. A change in the balance between fixed-route deviation service versus demand response service may be warranted to improve productivity and service efficiency.

2. CONTINUE TO EXAMINE STRATEGIES TO ADDRESS THE DECLINING PERFORMANCE IN THE FAREBOX RECOVERY RATIO (i.e., PASSENGER FARES/OPERATING COSTS). (CONTINUING RECOMMENDATION FROM PRIOR AUDIT REPORT)

[Reference Section: VI. Functional Performance Indicator Trends]

During the prior audit period the farebox recovery ratio steadily declined from 6.9 percent in FY2015 to 3.8 percent in FY2017, a decrease of 45.9 percent. This trend was attributed to the loss of ridership discussed in the report, resulting in less passenger fare revenue being collected, combined with steadily increasing operating costs.

In the current audit period, farebox revenue continued to decline another 11 percent to 3.4 percent in FY2018, but saw a slight increase to 3.6 percent in FY2019 before falling again during the FY2020 pandemic year.

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

3. EXAMINE STRATEGIES TO ENSURE THAT DATA IS COLLECTED AND REPORTED CONSISTENTLY FOR DELTA BREEZE SERVICE.

[Reference Section VI. Functional Performance Indicator Trends]

During the current audit period, data for the City's on-time performance and preventable accidents were not available for the audit period for use in the functional performance indicator section. These are data categories that typically are or should be collected and reported on a regular basis by transit agencies to monitor the effectiveness and safety of their services.

The City did provide copies of the Rio Vista Delta Breeze Monthly Operations Report for June of the three years covered by the audit period. An examination of the reports found that the reports do track "Preventable Accidents" and the

number and percentage of “Departures more than 5 Minutes Late” in the Service Statistics section of the monthly report. However, it appears the data is collected and reported on a month-to-month basis only. No total year summary was provided for the audit period.

The City should examine strategies to collect and report its operating statistics on a cumulative basis in addition to the current month-to-month schedule. For example, requiring the operating contractor to compile a cumulative annual summary of the Rio Vista Delta Breeze Monthly Operations Reports would be helpful for the City in examining its overall system performance, and provide a ready resource for both internal and external audits.

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

Functional Performance Inputs - Systemwide (All Modes)

Data Item	FY2018	FY2019	FY2020	Source
Total Operating Costs	\$475,552	\$479,405	\$500,699	NTD DR
Administrative Costs	\$136,840	\$130,822	\$148,906	Rio Vista MTC Claim Application Form F(a) (a)
Vehicle Service Hours	3,385	3,433	3,421	NTD DR
Marketing Costs	\$0	\$411	\$0	Rio Vista Expenditure Detail Report
Unlinked Passenger Trips	10,409	10,441	8,342	NTD DR
Farebox Revenue (All Modes)	\$16,032	\$17,216	\$13,935	State Controller Report

(a) FY18 & FY19 - actual; FY20 - current adjusted

Functional Performance Inputs – Transit Service

Data Item	FY2018	FY2019	FY2020	Source
Vehicle Service Miles	63,947	66,085	61,374	NTD DR Rio Vista MTC Claim Application Form
Total Vehicle Miles	90,600	91,984	83,838	F(b) (d)
Vehicle Service Hours	3,385	3,433	3,421	NTD DR Rio Vista MTC Claim Application Form
Total Vehicle Hours	4,878	4,967	4,741	F(b) (d)
Unlinked Passenger Trips	10,409	10,441	8,342	NTD DR
Farebox Revenue	\$16,032	\$17,216	\$13,935	State Controller Report
Total Operating Costs	\$475,552	\$479,405	\$500,699	NTD DR Rio Vista MTC Claim Application Form
Vehicle Operations Costs	\$318,858	\$340,830	\$344,488	F(a) (d)
Local Support (a)	\$18,334	\$19,283	\$8,000	Sutter Health and City Gen. Fund
TDA Oper. Cost Exclusions - PUC 99247 (b)	\$0	\$0	\$0	Rio Vista Staff
TDA Oper. Cost Exclusions - PUC 99268.17 (c)	\$0	\$0	\$0	Rio Vista Staff
Trips On-Time	(e)	(e)	(e)	
Total Trips (Booked)	3,235	3,977	2,720	Monthly reports
Complaints	1	0	0	Rio Vista Staff
Missed Trips	0	0	0	Rio Vista Staff
Trip Cancellations	0	0	0	Rio Vista Staff
Late Trip Cancellations	3	7	0	Rio Vista Staff
No Shows	0	0	0	Rio Vista Staff
Vehicle Maintenance Costs	\$23,382	\$7,753	\$7,305	Rio Vista MTC Claim Application Form F(a) (d)
Non-Vehicle/Facility Maintenance Costs	\$2,448	\$0	\$0	F(a) (d) Rio Vista MTC Claim Application Form
Spare Vehicles (Total less Maximum Service)	2	2	2	F(b) (d)
Total Vehicles	5	5	5	State Controller Report
Revenue Vehicle Mechanical System Failures - Total	0	0	0	Rio Vista Staff
Revenue Vehicle Mechanical System Failures - Major	0	0	0	Rio Vista Staff
Preventable Accidents	(e)	(e)	(e)	

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

- Auxiliary transportation revenue (406)
- Taxes directly levied (408)
- Local cash grants and reimbursements (409)
- Local special fare assistance (410)
- Subsidy from other sectors of operation (440)
- Other non-federal/non-state grant funds or other revenues

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

- depreciation and amortization expenses
- subsidies for commuter rail services operated on railroad lines under the jurisdiction of the Federal Railroad Administration
- costs for providing charter services
- vehicle lease costs
- principal and interest payments on capital projects funded with certificates of participation

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

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

(d) FY18 & FY19 - actual; FY20 - current adjusted

(e) Not available