



Monterey-Salinas Transit  
Triennial Performance Audit  
FY 2001-02, 2002-03, 2003-04

**Approved June 22, 2005**

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## Chapter 1. Introduction

This is the Summary Audit Report of the triennial performance audit of Monterey-Salinas Transit (MST) covering the three years ending June 30, 2004. Performance audits are required of all transit operators receiving funds under the Transportation Development Act (TDA). This audit has been conducted based on the January 1991 *Performance Audit Guidebook* published by the California Department of Transportation.

### Performance Audit Scope

The performance audit is designed to serve as a high-level management letter that evaluates the effectiveness and efficiency of public transit service provided by Monterey-Salinas Transit (MST). The scope of this performance audit covers:

- Verification of compliance with TDA statutory and regulatory requirements.
- Verification of methods for calculating performance indicators.
- An evaluation of the effectiveness, efficiency, and productivity of the operation, including an analysis of five required performance measures and additional measures, as appropriate.
- Findings concerning each area of review or analysis.
- A review of actions taken on prior performance audit recommendations.
- Recommendations for improving performance and/or compliance with TDA requirements.

A high-level review of all the basic functions has been conducted, including administration, operations, marketing, maintenance and planning. In addition, a review was conducted of MST's ADA paratransit services.

The methodology for this audit was comprised of interviews with MST staff, reviews of statistical and financial reports, a site visit to the MST's main facility and the facility of MST's paratransit contractor, and a review of pertinent documents such as the agency budget, selected Board reports, and Annual Reports.

## Chapter 2. Description of the Operator

### Organization

Monterey-Salinas Transit is a joint powers agency whose members include the County of Monterey and the Cities of Carmel, Del Rey Oaks, Marina, Monterey, Pacific Grove, Salinas, and Seaside. It is governed by a Board of Directors with a representative from each member jurisdiction. Since January 2004, there has also been an ex-officio representative of the South-County cities. A General Manager appointed by the Board oversees a staff of 220 full-time and eight part-time employees (as of June 2004) who are organized into three departments:

- Maintenance and Transportation
- Customer Service, including planning, scheduling, customer service, and marketing
- Administration, including human resources, accounting, and information services

The Director of Maintenance and Transportation and the Director of Customer Service each report to the Assistant General Manager who also serves as Chief Operating Officer (COO). As COO, he directly manages the administrative functions.

### Services

#### Service Area

- 110 square miles in northern Monterey and southern Santa Cruz Counties with a population of over 270,000.

#### Fixed-route Transit

- 23 year-round routes concentrated on the Monterey Peninsula and in Salinas, with intercity service between these two urban areas.
- Two routes connecting rural cities of southern Monterey County with Salinas and Monterey.
- Three routes providing connections with the Santa Cruz Metropolitan Transit District at their Transit Center in Watsonville.
- Seasonal service to Big Sur.
- Two seasonal trolley routes serving tourist areas of Monterey and Pacific Grove.
- Special event service, including four routes to the Laguna Seca Raceway, train connections, the Monterey County Fair, the California International Air Show and First Night Monterey.

#### DART

- Two semi-demand responsive routes provide connections to the fixed route system in specified zones.

## Demand-Responsive Services (RIDES)

- ADA complementary paratransit provided throughout the urban areas and in corridors around intercity services. Eligibility is limited to those who have a disability that prevents use of MST fixed-route services.
- Service two days a month to the San Francisco Bay Area for medical appointments.
- Reimbursed taxi service for those eligible for RIDES (50% discount up to \$45 per month).
- Paratransit in South County and rural portions of North County, provided under agreement with South County cities and the County of Monterey.

## Hours

- Weekdays: the majority of lines operate Monday to Friday between 6:00 AM and 7:00 PM.
- Evenings and Saturdays: core routes operate after 9:00 PM Monday through Saturday, some as late as 1:00 AM.
- Sundays and Holidays: a more limited network provides approximately 43% of weekday service.
- Paratransit: available whenever fixed-route service is operating.

## Frequency

- The majority of lines operate on 30- to 60-minute headways. Three primary routes operate on 15-minute headways.

## Fares

MST uses a system of eight fare zones. Most trips cover one or two zones. One-way fares per zone are:

|  | <b>Effective 8/01</b>                                   |
|--|---|
| <b>Regular</b>                           | \$1.75  |
| <b>Age 4 and under</b>                   | Free  |
| <b>Day Pass</b>                          | \$3.50  |
| <b>Super Day Pass (covers all zones)</b> | \$7.00  |
| <b>Single Zone Fast Pass (monthly)</b>   | \$53.00   |
| <b>All Zone Fast Pass</b>                | \$106.00  |
| <b>Book of 20 Tickets</b>                | \$35.00   |
| <b>Transfers</b>                         | Free  |
| <b>RIDES Paratransit</b>                 | \$2.50 one zone<br>(was \$1.50 one zone, \$2 two zones) |

Discount fares are available for all fixed-route fare types for individuals aged 5 to 18 or 65 and over, and for people with disabilities. The discount fare is \$.85 per zone and about half for the various passes. The last general fare increase was in August 2001. Since the last audit, the paratransit fare was increased to its present rate from \$1.50 for one zone and \$2.00 for two zones.

## Equipment and Facilities

### Fleet

Fixed route: 84 active coaches including 17 CNG-powered buses. The fleet includes a mix of bus sizes, ranging from 31 feet to 40 feet in length and seating between 30 and 39 passengers. The fleet also includes six diesel-powered trolleys used for seasonal shuttle service. All vehicles are wheelchair accessible, including 24 low-floor buses with ramps.

- Paratransit: 25 active vehicles, including four minivans and 21 small buses. All of the vehicles are lift or ramp equipped.

### Operations Facilities

- The Thomas D. Albert Operations Facility in Monterey houses MST's administrative offices, dispatch, and Monterey Peninsula operations and maintenance.
- The Clarence "Jack" Wright Operations Facility in Salinas houses operations and maintenance for Salinas area services and provides a backup dispatcher location.

Both of these facilities are considered to be operating over capacity. An Operations, Fueling, and Maintenance Facility is being planned at Fort Ord.

### Transit Centers

- Routes meet at four transit centers, including
- Monterey Transit Plaza, in central Monterey, (15 routes as well Amtrak buses, Greyhound, Airbus, special service to Laguna Seca, and the summer Trolley).
- Salinas Transit Center in central Salinas (13 routes)
- Edgewater Transit Exchange in Sand City (9 routes)
- Marina Transit Station (5 routes)
- MST meets buses going to Santa Cruz at the Santa Cruz Metropolitan Transit District's Watsonville Transit Center.

## Chapter 3. Review of the Audit Period

The period covered by the audit, July 2001 through June 2004, a mix of service additions and retrenchment in response to revenue shortfalls.

- At the time of the previous performance audit, MST was aggressively pursuing plans to replace much of its aging bus fleet. At that time, MST had 38 vehicles over 15 years old or with over one million miles, but had not been able to identify funding to replace them. The agency explored taking advantage of the recent decline in interest rates by using debt financing to buy buses. It was anticipated that maintenance savings from retiring older vehicles would pay for the purchase. This financing plan was approved in December 2001.
- This accelerated procurement also had the advantage of purchasing buses before new California Air Resources Board (CARB) standards went into effect that bus manufacturers would have difficulty meeting. MST participated in a procurement by the Central Contra Costa Transit Authority under which MST had an option to purchase up to 57 buses. Under this procurement, MST received 16 new buses in 2002 and another 16 in 2003. Also in 2003, eight buses were received under an earlier procurement, as well as eight trolleys. MST's active diesel fleet now consists entirely of buses manufactured no earlier than 2000.

Some other events of note:

- In May 2002, Line 23 service between Salinas and King City began as a three-year demonstration using a combination of Federal 5311 and Job Access Reverse Commute funds, local Air District AB2766 funds, LTF from the County of Monterey and cities of Gonzales, Soledad, Greenfield, and King City, in addition to fares recovery to fund the service.
- In July 2002 a new North County DART route began operating using JARC funding. This route did not meet expectations and was discontinued in September 2003.
- In September 2002, two routes connecting to Caltrain in Gilroy began using CMAQ funding. These routes are scheduled for termination in September 2005 when grant funding expires.
- In October 2003 the new Intelligent Transportation System went live, providing advanced communication between operators and dispatch and greatly enhanced tracking capability for dispatchers.
- In May 2004, the MST Trolley began operation. This service, using trolley replicas, replaced the former WAVE service.
- Shortly after the end of the audit period, in July 2004, a new contract provider, MV Transportation took over operation of RIDES paratransit and in September 2004 DART service as well. Previously RIDES was operated by Pro Transportation and DART was operated by Laidlaw.

## Chapter 4. Compliance Review

### Data Collection and Reporting Compliance

The auditor reviewed the procedures used to calculate performance measures required by the TDA. In addition, the auditor compared the measures as stated in different reports and spot-checked calculations

#### **Operating Cost**

Operating costs are defined as the annual cost of running a transit operation (including purchased transportation services), exclusive of depreciation, capital expenditures, vehicle lease costs, and direct costs of providing charter service. In addition, for purposes of calculating fare box recovery ratio, the cost of providing ridesharing services and the cost service extensions which have occurred in the past two years can be excluded.

Operating cost was not independently verified as part of this audit. Operating cost figures from audited financial statements were used. However, consistency among reports was reviewed, as well as appropriate use of exclusions for reporting purposes. Operating costs, as reported on State Controller's and Federal National Transit Database (NTD) reports, were compared.

The reported costs were reasonably consistent, with one exception. Fixed route operating costs as reported to the NTD for FY 2003 are approximately \$30,000 less than the amount reported to the State Controller or determined in the financial audit after adjusting for lease and rental costs.

#### **Vehicle Service Hours and Miles**

Vehicle service hours and miles are defined as the total annual hours or miles that vehicles are in revenue service. Travel time or distance to and from storage facilities and other deadhead travel are excluded. For demand response services, deadhead is the time or distance between leaving the storage facility and the first passenger pick-up and from the last passenger drop-off back to the storage facility. Other times when drivers are unavailable (such as lunch breaks) are also excluded.

For fixed-route services, vehicle service miles and hours are calculated by a simple formula: number of miles or hours of service scheduled per day for each type of service day multiplied by the number of service days of that type. For example, the weekday vehicle hours for a given month on a certain route equal the weekday service days per month multiplied by the length of time per weekday that a bus operates on this route. Differences in service hours between regular weekday service and weekend or holiday service are accounted for. This method is in compliance because it does not include any time or mileage before or after the route, or any driver breaks in between. Also any hours or miles that differ from the normal schedule, such as missed runs or additional service

hours or miles due to special events, are accounted for in all relevant monthly and annual financial statements.

For demand response services, vehicle service hours should exclude the time between leaving the storage facility and the first passenger pick-up and from the last passenger drop-off back to the storage facility. Other times when drivers are unavailable (such as lunch breaks) are also excluded. For RIDES, MST reports "vehicle revenue hours" which it calculates from the driver manifests submitted by the contractor. The resulting measure is also reported to the State as vehicle service hours. Deadhead miles and hours and break times are excluded. The definition of vehicle revenue hours as contained in the paratransit and DART contracts corresponds to the required definition for reporting purposes.

## **Passengers**

Fixed route passengers are counted using MST's electronic registering fareboxes. This 100% count is automatically accumulated by the farebox system. As required by TDA it includes all boardings.

RIDES passengers are counted by the contractor based on the annotated daily vehicle manifest turned in by drivers, taxi invoices, and taxi reimbursement requests. MST audits this information and makes adjustments as needed. As required by TDA, all passengers, including non-paying passengers, are counted.

## **Employees**

TDA requires that employees be reported in terms of FTEs calculated by dividing total annual employee regular and overtime pay hours by 2,000. Both employees of the agency and contract providers are to be included. Based on a review of State Controller's and NTD reports it appears that MST has reported fixed-route employees correctly for 2001-02, but reported a count of people in 2002-03 and 2003-04. The calculation for 2003-04 does appear to include an adjustment for part-time employees, but does not recognize the fact that, apparently, a significant number of "full-time" employees worked less than 2,000 hours.

For RIDES, contractor employees have been included but also appear to be based on a count of people, rather than FTEs. For 2001-02, MST reported 62 employees for RIDES, which is clearly not possible. For 2002-03 the reported figure of 34 employees would present 13 additional FTEs on top of those implied by reported total vehicle hours of service for RIDES.

## PUC Compliance Requirements

The Public Utilities Code and California Code of regulations includes eleven operator compliance requirements. These requirements are shown below in italics, then briefly discussed in regular font.

**1. The transit operator submitted annual reports to the Regional Transportation Planning Entity based on Uniform System of Accounts and Records established by the State Controller.**

Monterey-Salinas Transit (MST) has submitted the Annual Report of Financial Transactions of Transit Operators to the State Controller for all three fiscal years of the audit period. For these years, the State Controller provided extended deadlines by which operators could submit report without TDA funds being withheld. All three reports were submitted within the deadlines outlined by the State Controllers Office. The MST 2002 report needed to be resubmitted due to an incompatibility between the database utilized by MST and the State. By 2003 the State had updated its program and MST regained database compatibility. MST also has certified compliance with Public Utilities Code Section 99243, which requires the Uniform System of Accounts and Records.

**2. The operator has submitted annual fiscal audits and compliance audits to its RTPE and State Controller within 180 days following the end of fiscal year or has received the 90-day extension allowed by law.**

The fiscal audits were submitted for fiscal years 2000-01, 2002-03, and 2003-04. These fiscal audits were completed within 180 days following the end of each fiscal year.

**3. The CHP has, within 13 months prior to each TDA claim, certified the operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of operator's terminal.**

MST has included copies of the required CHP inspection reports showing satisfactory ratings with each TDA claim.

**4. The operator's TDA claims have been submitted in compliance with the rules and regulations adopted by the Regional Transportation Planning Entity (RTPE), the Transportation Agency for Monterey County.**

TDA claims for all three years were submitted and approved by the Transportation Agency of Monterey County (TAMC).

**5. The operator does not routinely staff with two or more persons transit vehicles designed to be operated by one person.**

One driver staffs each vehicle designed for one person, except during training.

- 6. The operator's 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 fixed facilities unless the operator has reasonably supported and substantiated the changes.**

As stated in the TDA Claim, cost per hour did not increase by more than 15% for either the MST's fixed route or the paratransit services.

- 7. Operator funding provided through the Transportation Development Act makes up no more than 50% of operating, maintenance, capital and debt service after federal grants are deducted, if applicable.**

As long as MST maintains the required farebox recovery ratio, it is exempt from the 50% limitation. It complied in all three of the audit years.

- 8. Operators serving urbanized areas must meet the higher of the following two farebox recovery ratios: 20% or their recovery ratio in fiscal year 1979. The blended ratio for MST's two predecessor organizations in 1979 was 28.7%. Statewide, TDA Code mandates that elderly and disabled paratransit service meet a 10% farebox recovery ratio.**

MST's fixed route and paratransit services achieved these goals for the first two years of the audit period. In 2003-04, MST's farebox recovery ratio for general public service was 28.1% which falls short of the required ratio. Under the provisions of PUC Section 99268.9(b) MST, the first year in which an operator does not maintain the required ratio is considered a grace year and does not result in any penalty. MST requested that TAMC reduce its required ratio for future years as permitted by PUC Section 99268.12. RIDES paratransit exceeded the 10% farebox recovery ratio in all three audit years.

- 9. The operator's retirement system is fully funded, or the operator is implementing a plan approved by the RTPE, which will fully fund the retirement system within 40 years.**

MST belongs to the California Public Employees Retirement System (PERS). The current cost of this retirement system is fully funded with respect to the officers and employees of the public transit system.

- 10. If the operator receives state transit assistance funds, the operator is not precluded by contract from employing part-time drivers or contracting with common carriers.**

There are no such limitations; MST has both part-time drivers and contracts out for some of its services.

- 11. 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.**

MST makes full use of all formula funds available to it and aggressively pursues discretionary funding through the legislative earmark process.

## Chapter 5. Performance Trends

The Transportation Development Act requires that recipients of TDA Article 4 funding report the following five performance indicators: operating cost per passenger, operating cost per vehicle service hour, passengers per vehicle service hour, passengers per vehicle service mile and vehicle service hours per full-time employee equivalent. The Act also requires achievement of a farebox recovery ratio for both fixed route and elderly and disabled paratransit service as described in Chapter 4. Figures 5-1 and 5-3 provide six-year profiles of operating data and performance measures for MST fixed route service and RIDES service respectively. Figures 5-2 and 5-4 show trends in the indicators in graphical form. This audit discusses the results of the performance indicator analysis below in three sections: cost effectiveness, efficiency, and productivity.

### Cost Effectiveness

Cost effectiveness of the operation can be tracked through two indicators:

- Operating cost per passenger
- Fare revenue recovery as percentage of operating costs

As shown in Figure 5-2, operating cost per fixed-route and DART passenger increased during the audit period. Overall, from FY 1999 to FY 2004, operating costs per passenger rose 28.5% from \$2.54 to \$3.59. This trend appears to reflect the impact of continuously increase cost per vehicle hour combined with falling passenger productivity in FY 2002 and 2003.

Farebox recovery has been generally trending down, except for two years of stability in FY 2001 and 2002, the first apparently reflecting large ridership gains and the second the fare increase implemented in August 2001. Since then the downward trend has resumed as ridership has been flat and costs have increased.

For the paratransit service, cost per passenger has continuously increased. Overall, from FY 1999 to FY 2004, operating costs per passenger rose 49% from \$16.65 to \$24.76. This trend represents increasing contract cost per vehicle hour and falling passenger productivity, measured in boardings per van hour operated by the primary contractor. Patronage fell sharply after termination of Medi-Cal service in April 2003.

Paratransit farebox recovery is strongly influenced by Medi-Cal payments, which are included as Special Transit Fares. These peaked in FY 2002. In FY 2004, MST eliminated its arrangement with Medi-Cal, with the result that special transit fares fell to near zero and farebox recovery fell to 10.5%.

**Figure 5-1 Fixed-Route and DART System Performance**

|   | FY 1999     | FY 2000      | FY 2001      | FY 2002      | FY 2003      | FY 2004      |
|---|-------------|--------------|--------------|--------------|--------------|--------------|
| <b>Performance Measures</b>             |             |              |              |              |              |              |
| Operating Cost                          | \$9,962,225 | \$11,941,462 | \$13,248,031 | \$13,913,883 | \$15,678,182 | \$16,580,567 |
| <i>Change over Previous Year</i>        |             | 19.9%        | 10.9%        | 5.0%         | 12.7%        | 5.8%         |
| Total Passengers                        | 3,925,625   | 4,197,759    | 4,747,466    | 4,761,882    | 4,695,517    | 4,624,563    |
|   |             | 6.9%         | 13.1%        | 0.3%         | -1.4%        | -1.5%        |
| Vehicle Service Hours                   | 154,020     | 189,351      | 198,650      | 204,816      | 210,871      | 197,416      |
|   |             | 22.9%        | 4.9%         | 3.1%         | 3.0%         | -6.4%        |
| Vehicle Service Miles                   | 2,306,437   | 2,578,362    | 2,737,004    | 3,017,453    | 3,011,127    | 2,878,702    |
|   |             | 11.8%        | 6.2%         | 10.2%        | -0.2%        | -4.4%        |
| Employees                               | 161         | 220          | 235          | 219          | 236          | 213          |
|   |             | 36.5%        | 7.0%         | -6.9%        | 7.9%         | -10.0%       |
| Fare Revenue                            | \$3,869,994 | \$3,759,591  | \$4,065,259  | \$4,524,664  | \$4,586,932  | \$4,659,044  |
|   |             | -2.9%        | 8.1%         | 11.3%        | 1.4%         | 1.6%         |
| <b>Performance Indicators</b>           |             |              |              |              |              |              |
| Operating Cost per Passenger            | \$2.54      | \$2.84       | \$2.79       | \$2.92       | \$3.34       | \$3.59       |
| <i>Change over Previous Year</i>        |             | 12.1%        | -1.9%        | 4.7%         | 14.3%        | 7.4%         |
| Operating Cost per Vehicle Service Hour | \$64.68     | \$63.07      | \$66.69      | \$67.93      | \$74.35      | \$83.99      |
|   |             | -2.5%        | 5.7%         | 1.9%         | 9.4%         | 13.0%        |
| Passengers per Vehicle Service Hour     | 25.5        | 22.2         | 23.9         | 23.2         | 22.3         | 23.4         |
|   |             | -13.0%       | 7.8%         | -2.7%        | -4.2%        | 5.2%         |
| Passengers per Vehicle Service Mile     | 1.70        | 1.63         | 1.73         | 1.58         | 1.56         | 1.61         |
|   |             | -4.3%        | 6.5%         | -9.0%        | -1.2%        | 3.0%         |
| Vehicle Service Hours per Employee      | 957         | 862          | 845          | 936          | 893          | 929          |
|   |             | -10.0%       | -1.9%        | 10.8%        | -4.6%        | 4.0%         |
| Farebox Recovery Ratio                  | 38.8%       | 31.5%        | 30.7%        | 32.5%        | 29.3%        | 28.1%        |
|   |             | -19.0%       | -2.5%        | 6.0%         | -10.0%       | -4.0%        |

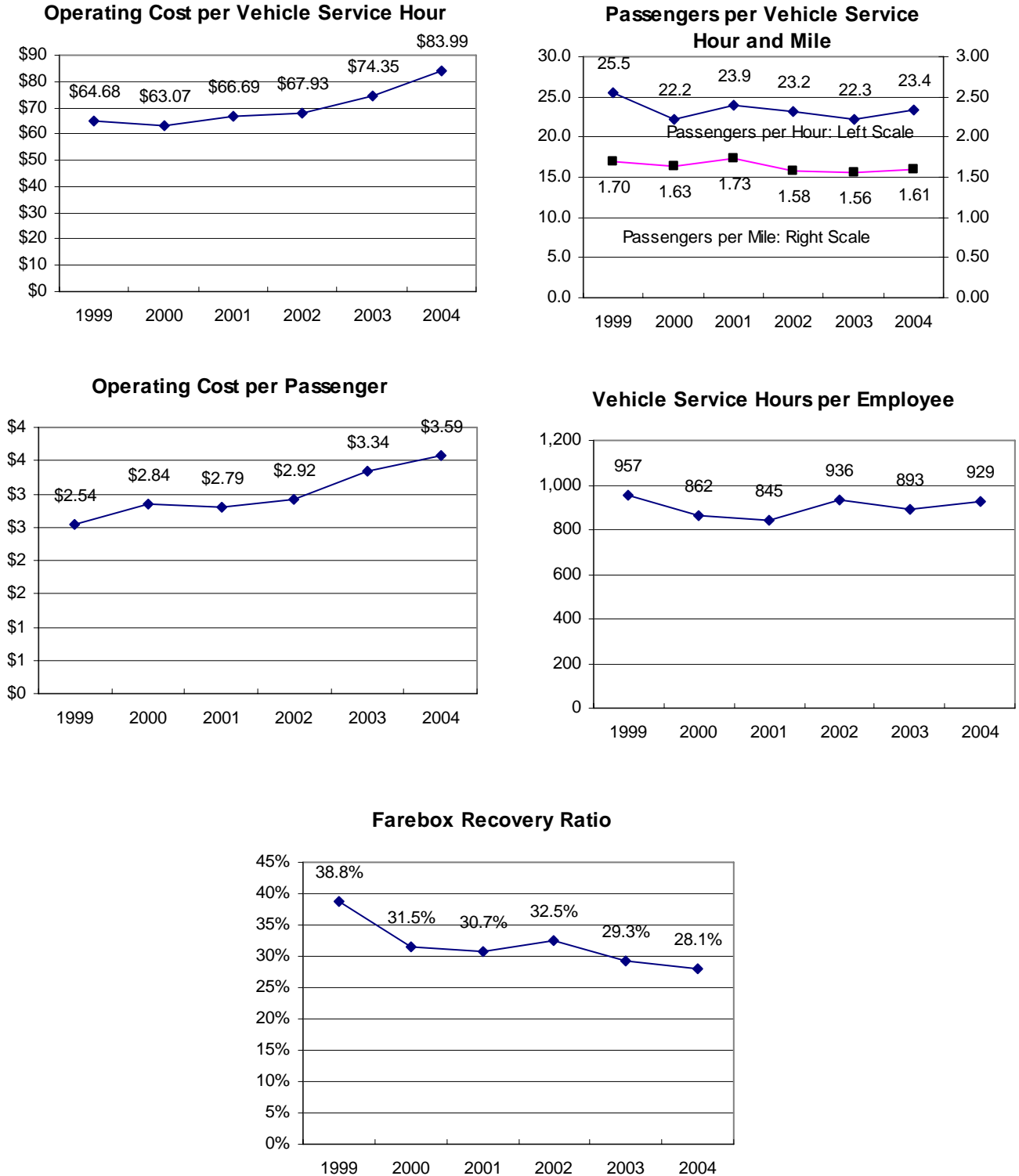
Sources:

FY 1999 through FY 2001: from prior audit report

FY 2002 through FY 2004: Operating Cost and Fare Revenue from Independent Auditor's Report

FY 2002 through FY 2004: All non-financial data from National Transit Database reports.

**Figure 5-2 Trends in Fixed-Route and DART Performance Indicators**



**Figure 5-3 RIDES System Performance**

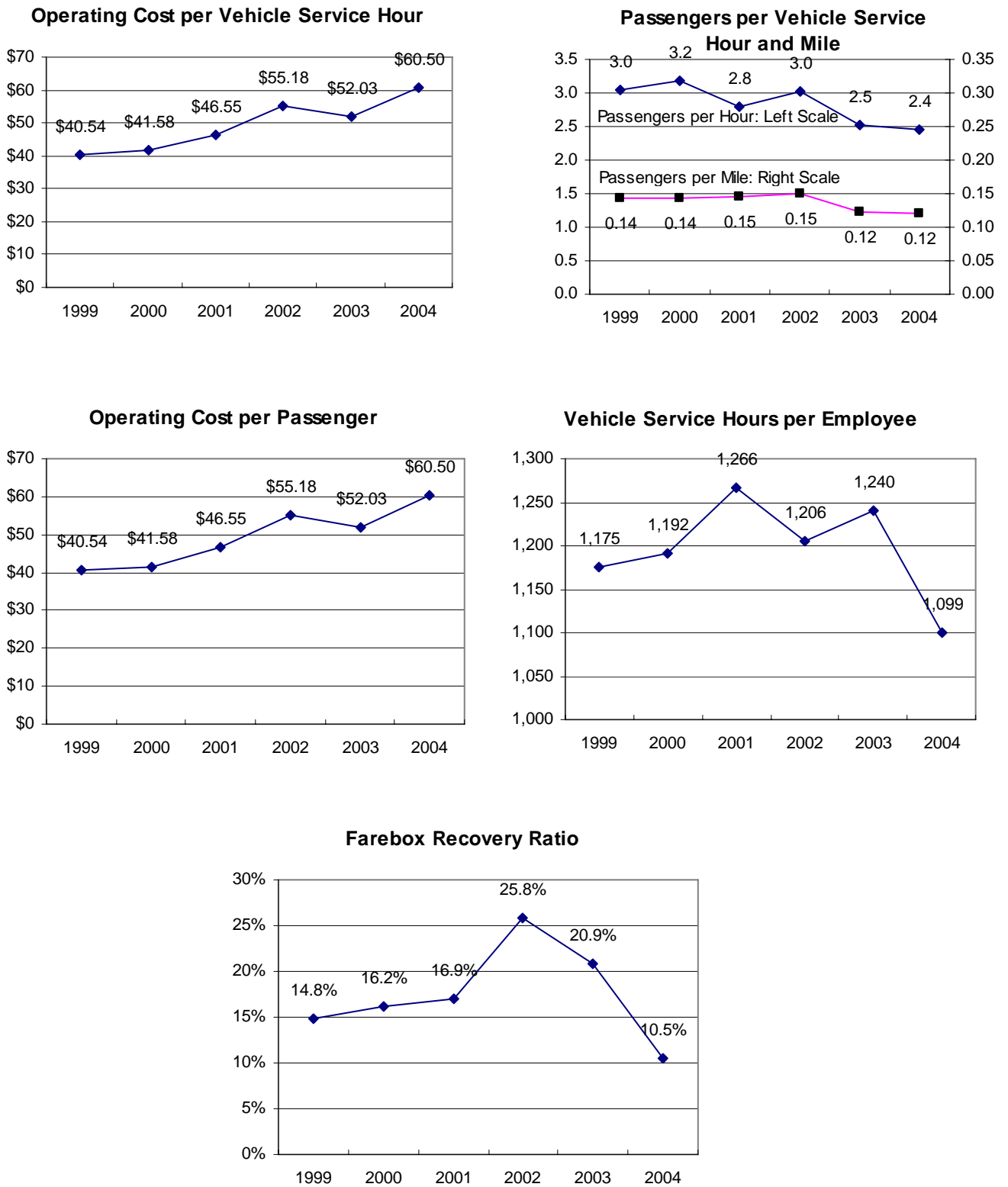
|   | FY 1999     | FY 2000     | FY 2001     | FY 2002     | FY 2003     | FY 2004     |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Performance Measures</b>             |             |             |             |             |             |             |
| Operating Cost                          | \$1,347,372 | \$1,438,279 | \$1,940,682 | \$1,974,371 | \$2,026,962 | \$1,682,055 |
| <i>Change over Previous Year</i>        |             | 6.7%        | 34.9%       | 1.7%        | 2.7%        | -17.0%      |
| Total Passengers                        | 100,995     | 110,275     | 116,540     | 108,226     | 98,057      | 67,947      |
|   |             | 9.2%        | 5.7%        | -7.1%       | -9.4%       | -30.7%      |
| Vehicle Service Hours                   | 33,234      | 34,590      | 41,688      | 35,783      | 38,957      | 27,801      |
| (Excluding taxi trips)                  |             | 4.1%        | 20.5%       | -14.2%      | 8.9%        | -28.6%      |
| Vehicle Service Miles                   | 710,347     | 776,217     | 798,585     | 721,968     | 798,765     | 563,192     |
| (Excluding taxi trips)                  |             | 9.3%        | 2.9%        | -9.6%       | 10.6%       | -29.5%      |
| Employees                               | 28.3        | 29.0        | 32.9        | 29.7        | 31.4        | 25.3        |
|   |             |             |             |             |             |             |
| Fare Revenue                            | \$199,228   | \$233,633   | \$328,312   | \$509,424   | \$423,882   | \$176,501   |
|   |             | 17.3%       | 40.5%       | 55.2%       | -16.8%      | -58.4%      |
| <b>Performance Indicators</b>           |             |             |             |             |             |             |
| Operating Cost Per Passenger            | \$13.34     | \$13.04     | \$16.65     | \$18.24     | \$20.67     | \$24.76     |
| <i>Change over Previous Year</i>        |             | -2.2%       | 27.7%       | 9.6%        | 13.3%       | 19.8%       |
| Operating Cost per Vehicle Service Hour | \$40.54     | \$41.58     | \$46.55     | \$55.18     | \$52.03     | \$60.50     |
|   |             | 2.6%        | 12.0%       | 18.5%       | -5.7%       | 16.3%       |
| Passengers per Vehicle Service Hour     | 3.0         | 3.2         | 2.8         | 3.0         | 2.5         | 2.4         |
|   |             | 4.9%        | -12.3%      | 8.2%        | -16.8%      | -2.9%       |
| Passengers per Vehicle Service Mile     | 0.14        | 0.14        | 0.15        | 0.15        | 0.12        | 0.12        |
|   |             | -0.1%       | 2.7%        | 2.7%        | -18.1%      | -1.7%       |
| Vehicle Service Hours per Employee      | 1,175       | 1,192       | 1,266       | 1,206       | 1,240       | 1,099       |
|   |             |             |             |             |             |             |
| Farebox Recovery Ratio                  | 14.8%       | 16.2%       | 16.9%       | 25.8%       | 20.9%       | 10.5%       |
|   |             | 9.9%        | 4.1%        | 52.5%       | -19.0%      | -49.8%      |

Sources:

FY 1999 through FY 2001: from prior audit report

FY 2002 through FY 2004: Operating Cost from Independent Auditor's Report. Fare revenue from State Controller's Report to include unaudited Special Transit Fares. Vehicle Service Hours, Vehicle Service Miles and Total Passengers from National Transit Database Report. Employee Full-Time Equivalentents estimated from reported vehicle service hours.

**Figure 5-4 Trends in RIDES Performance Indicators**



## Efficiency

Service Efficiency is represented by trends in operating cost per vehicle service hour. Cost per vehicle hour for general public service (i.e. for fixed route and DART) was nearly level in the first year of the audit period but has been increasing at an accelerating rate since then. MST attributes this trend to increases in the cost of labor, fuel, and insurance that have outpaced the Consumer Price Index. The current labor contract, which expired on September 30, 2004, was negotiated at a time when the labor market was tight. MST is in the process of negotiating a new contract.

In the case of paratransit, cost per vehicle service is obscured by the influence of taxi subcontracting, which is reflected in cost data but not in vehicle service hour data. The contractor's rate per hour has increased per contract terms. A dip in the use of taxis during FY 2002 produced the apparent dip in cost per vehicle hour that year.

## Service and Labor Productivity

There are two measures that track service and labor productivity:

- Passengers per vehicle service hour or service mile (passenger productivity)
- Vehicle service hours per FTE (labor productivity)

On fixed route and DART, the general trend in passenger productivity was a decrease during the first two years of the audit period, then an increase in FY2004. In FY 2002 and FY 2003 there were substantial increases in service that did not produce corresponding ridership gains. The general economic downturn has depressed ridership on MST's core routes, while several grant-funded routes have produced disappointing patronage. Even in the case of South County routes where ridership is considered good for the type of service, productivity is still below the level of MST's traditional core services.

Labor productivity, measured as vehicle service hours per full-time equivalent employee, was slightly higher this audit period than the previous one. When MST increased service in FY 2002 and FY 2003 it was able to do so while decreasing labor hours.

In the case of paratransit, apparent passengers per vehicle hour or mile are influenced by taxi subcontract trips that are included in the passenger count but not in the vehicle hour and mile counts. Sample contractor reports show that boardings per van hour have been dropping steadily during the audit period. Apparent vehicle service hours per employee decreased except in FY 2003. However, little significance can be attached to this trend since FTE employees had to be estimated from the operating data.

## Chapter 6. Functional Review

This chapter provides a review of the following functional areas for Monterey-Salinas Transit (MST).

- Administration
- Transit Operations
- Maintenance
- Marketing and Customer Service
- Planning

### Administration

Monterey-Salinas Transit is a joint powers agency governed by a Board of Directors with a representative from each member jurisdiction. The member jurisdictions are the County of Monterey and the Cities of Carmel, Del Rey Oaks, Marina, Monterey, Pacific Grove, Salinas, and Seaside. Since 2004, there has also been an ex-officio representative of the South-County cities. The Board meets monthly and receives well-organized, informative reports as described below that enable it to direct staff. There are six Board committees, but these meet only as needed. The most active committees in FY 2004 were Finance, which approves the agency budget and met four times, and Facilities, which deals with matters related to the transit centers, shelters, and bus stops, and met three times.

MST is managed by its General Manager who reports directly to the Board of Directors. During the audit period MST had three functional divisions: **operations, which included fleet operations;** **maintenance, which included both fleet and facilities maintenance;** and administration, which consisted of planning, marketing, finance and personnel. Each of these three divisions was led by a director who reports to the General Manager.

In February 2005, there was a reorganization that reduced overall staffing and took advantage of individual capabilities. When the former Director of Maintenance retired, instead of replacing him, the Director of Operations became Director of Maintenance and Transportation. Planning, marketing, and customer service, which had been part of an administration division, were placed under a Director of Customer Service with increased responsibility for selling advertising on MST buses, a function that had been performed by an outside agency. Both of these directors now report to a newly created Assistant General Manager / Chief Operating Officer, who also directly supervises the remaining administrative functions, including human resources, accounting, and information services.

Monthly and quarterly Board reports summarize key trends and problems on all aspects of the operation. The monthly Board report includes:

- The regular monthly report of the **Operations** Department. A sample report reviewed by the auditor included trend data for on-time compliance and reports of

current capacity issues (measured by standees on buses), cancelled trips, coach operating attendance issues, and RIDES operating statistics.

- The monthly Maintenance Report which provides trend data for road calls, the cost of vandalism incidents, fuel cost, maintenance cost information on CNG buses compared to diesel buses, and completion of preventive maintenance inspections.
- The Administration Department monthly report includes data about hiring, employee training, risk management (preventable and unpreventable accidents).

The quarterly Board reports include similar trend data on ridership, productivity, and cost, as well as detailed reports on performance indicators, budget performance, the status of insurance funds, and actual performance compared to the established “key business drivers.”

MST has the following comprehensive system of goals and objectives covering all aspects of its service known as “Key Business Drivers”:

1. Increase customer satisfaction (reported quarterly).
2. Strengthen employee development and satisfaction (reported annually).
3. Enhance support by MST members and other stakeholders (reported annually).
4. Operate safely, effectively, and efficiently (reported quarterly).

Each business driver has a specific set of quantifiable targets. For example, as March 2004, “increase customer satisfaction,” contained the following three elements for fixed-route bus service: 82% or more of customers delivered safely and on time; 1.4 compliments per 100,000 passengers, and 4.9 or fewer complaints per 100,000 passengers. MST updates these targets on an annual basis. The target for on-time performance had been 97% in FY 2003. The change reflected improved ability to track actual performance. As of FY 2004 on-time performance was tracked by the new automatic vehicle location system using a three-minute window. Previously it had been tracked by driver reports using a seven-minute window.

MST’s budget is comprised of four parts: Fixed Route Operations, Fixed Route Capital, RIDES Operations and RIDES Capital. Each line item of the proposed budget is compared to the actual amounts spent in the previous fiscal year as well as the amount spent to date in the current fiscal year.

The process of creating the budget proceeds in a logical and organized fashion. After mid-year financial results become available, department heads are asked to provide their proposed line item budgets. This information is consolidated and reviewed by senior management. Adjustments are made as needed to balance the budget, which then goes to the finance committee of the Board. Following their approval and revision, the budget is passed on to the full Board of Directors for final approval. The most recent budget document reviewed by the auditor gives explanations for each line item and a notification of the changes recommended by the Finance Committee.

Department managers receive automated budget reports showing the year to date revenues and expenditures for each line item. The capital section of the budget shows all grants for each year, with the amount committed and the amount still available for each project within each grant. Separate detail for each large project shows all the grants being used.

## Operations

Transit operations are overseen by a Transit Services Manager, who reports to the Director of Maintenance and Transportation. In the past, there were two Superintendents who supervised operations at the Monterey and Salinas divisions. Under the reorganization implemented in February 2005, these positions no longer exist. Instead eight Operations Supervisors, each of whom supervises about 15 coach operators, report directly to the Transit Services Manager. Other management staff include a Communications System Supervisor and a Contract Administrator who oversees the RIDES contractor. The Safety and Training Officer, formerly within the operations department, is now part of Human Resources.

### Fixed-Route Operations

MST's budgeted workforce includes 122 coach operators. At the time of the previous audit, MST was having difficulty maintaining a full driver work force. According to operations staff, the hiring situation eased in 2004 but has become difficult again. A hiring report provided to the auditor indicated only one class of 13 drivers hired during FY 2004. MST has been advertising for drivers and is considering smaller training classes to create a more even supply instead of alternating periods of surplus and shortage in the extra board.

As an indicator of staffing adequacy, MST tracks the number of drivers working their regular day off. Operations staff consider an average of 2.0 drivers working their regular day off a good value but note that this statistic has been as high as 7.0. Sample monthly reports reviewed by the auditor indicated monthly averages between 1.1 and 4.6, with daily values as high as 11.

MST's labor contract includes very lenient provisions regarding driver absences. A driver may call with as little as one hour notice to take the day off for any reason. Discipline begins only if drivers has three miss-outs in a 90-day period.

The previous audit noted a fairly high amount of driver turnover (21% in FY2001). According to termination data provided to the auditor, in FY 2002 and FY 2003 only about 10% drivers left MST employment for any reason. In FY 2004, however, of 144 operators at the beginning of the year, 15% resigned, retired, or were terminated, and another 4% (six operators) were laid off as MST reduced service.

MST uses eight supervisors and four dispatchers to oversee operations. Supervisors work at the agency's two divisions managing driver sign-in and on-the-road troubleshooting. The dispatching function has changed significantly during the audit period with

implementation of MST advanced communications system (ACS). This system enables dispatchers to monitor bus operations in real time, and send and receive text messages. All of MST's and DART vehicles are on the ACS.

Among other things, the ACS has permitted much better measurement of on-time performance than was previously possible. The new system measures the percentage of buses more than three minutes late at time points. Since this is a stricter measure than the five-minute standard used before, and since it is based on comprehensive observation rather than driver reporting, MST has established an objective of 83% on-time in place of a previous objective of 97%. Actual on-time performance (based on the three-minutes at time points standard) has been in the mid-70s and increasing.

Monitoring DART services is the function of the Contracts Manager. The contract for DART operations was awarded to a new company, MV Transportation, beginning in July 2004.

MST operators undergo an extensive six-to-eight-week training program conducted by the Safety and Training Officer and three DOT-certified trainers. The program covers vehicle operations, safety and maintenance inspections, customer relations, and dispatch procedures. It mixes lecture, videos, field work, and written materials. The training period is part of a six-month probationary period, which can be extended if needed. In addition, drivers receive mandatory annual retraining, conducted on Sundays mostly in the Spring and the Fall. Class schedules for recent annual training sessions covered a wide range of topics including workplace violence, sexual harassment, steering and turning, proper adjustment and use of mirrors, operator input on routes and schedules, and operation of the new trolleys.

MST maintains a standard of 2.70 accidents per 100,000 miles for its fixed route service, unchanged from prior years. In FY2001, during the previous audit period, MST only met this standard during one month, March 2001. In contrast, during this audit period, the standard has been met consistently.

## **Paratransit Operations**

The RIDES paratransit program provides demand responsive service for people with disabilities required by the Americans with Disabilities Act (ADA). The provider contract and the January 2005 Customer Handbook describe RIDES ADA paratransit service as follows:

**Service area:** locations within three-quarters of a mile of MST routes at all times when those routes are in operation. This has been modified since the last audit, when service hours were somewhat shorter than fixed-route hours. The ADA service area has been expanded to include the South County cities corresponding to fixed-route service that has been added there.

**Reservations:** accepted between 8:00 AM and 5:00 PM weekdays and between 9:00 AM and 5:00 PM weekends. Reservations can be made the day before the desired trip date or

up to 14 days in advance. A former 30-day advance reservation policy and a statement that riders should call at least 24 hours in advance have been eliminated. The current policy complies with ADA requirements. The Customer Handbook states that "the more notice you provide, the better your chances of getting the time slot you desire." This statement is consistent with ADA requirements as long as reservations are not negotiated by more than an hour from the times requested by customers.

**Subscriptions:** Subscriptions are available. However, a moratorium on new subscriptions was instituted with the beginning of current contract in July 2004. Staff report that subscriptions now average between 48% and 54% per month.

**Fare:** \$2.50 per zone. The fare had been somewhat less than the fixed-route fare. It is now \$0.75 more than the regular fixed-route fare per zone, still well-within ADA limits.

**Scheduling:** Vehicles are expected to arrive between 15 minutes before and 15 minutes after the schedule pick-up time at least 90% of the time. Contractor reports show on-time performance ranging between 87% and 94% during the audit period (under the former contractor). A report for January 2005, shows on-time performance having slipped to 84%.

**Curb-to-curb service:** Customers are responsible for getting between the vehicle at the curbside and the door of their residence or other location.

**Eligibility:** RIDES is limited to individuals who have been determined to be ADA eligible through a certification process conducted by MST staff. The eligibility forms explain the ADA eligibility criteria and request pertinent information for determining functional ability to use transit. MST staff follow up to obtain professional verification. The current process was implemented in 2001. During the audit period, MST conducted a comprehensive recertification process, sending notices to approximately 8,000 registered individuals explaining that recertification would be required every three years. This process took 16 months, with the result that there are now about 2,200 eligible clients in MST's database. The application form is available in English and Spanish and in accessible formats.

At the time of the prior audit, RIDES was denying about 200 trips per month. An operations report shows denials having been reduced to a total of 20 in the fourth quarter of fiscal year 2003-04, coinciding with the final months of previous provider contract. The new contractor began operation in July 2004, with a contract requirement to maintain zero denials. An operations report for January 2005 indicates that the provider complied with this requirement.

RIDES is operated using a fleet of 25 wheelchair accessible vehicles purchased by MST using federal 5310 funds. A recent fleet report shows that all but two of the vehicles have more than 100,000 miles accumulated, and 11 have more than 200,000. Five new paratransit vehicles were arriving at the time of the audit site visit. Vans are considered eligible for replacement if they have more than 100,000 miles and small buses if they have more than 200,000 miles. MST's 5310 application in 2004 was unsuccessful because

Caltrans determined that MST's documentation of coordinated use of vehicles was not adequate. The application submitted in the current cycle contains additional documentation to address this issue. It requests eight vehicles. Because of the unsuccessful application and the long lead time for receiving 5310 vehicles, there will be a gap in receiving new vehicles.

MST encourages its RIDES contractor to subcontract with local taxi companies to expand capacity when demand cannot be accommodated using the vehicles available from MST. In 2003-04, 27% of trips were carried by taxis. MST would like to reduce its use of taxi companies because of concerns about lack of effective local regulation, drug testing, and driver background checks, and because of a pattern of errors in service delivery.

MST continues to provide several paratransit services that supplement the required ADA service. A reimbursed taxi program allows riders to obtain a 50% reimbursement for taxi ride. This program helps to reduce the cost of the ADA program. Twice monthly medical trips are available to medical destinations in the Bay Area. By arrangement with the County of Monterey, service is also provided to several areas beyond the ADA service area at a fare of \$2.00 above the regular RIDES fare.

MST staff have several mechanisms for monitoring contractor operations. The manager of contract services is able to listen in on the contractor's radio transmissions and has on-line access to the Trapeze scheduling system via modem. He meets weekly with the contractor's project manager, who also attends MST Board meetings and monthly RIDES advocacy committee meetings.

A major change in RIDES operations was ending Medi-Cal service in April 2003. Since 1998 MST's contractor had billed Medi-Cal for trips provided to Medi-Cal appointments. Under Medi-Cal rules these trips were provided at no fare to the customer. With the change in policy, MST no longer paid its contractor for these trips. Although the contractor continued its relationship with Medi-Cal, it did so without support from MST. Medi-Cal trips were no longer counted in MST's RIDES passenger counts and Medi-Cal payments were no longer counted as special fare revenue. With award of the RIDES contract to a new provider, ADA and Medi-Cal service are now completely separated.

## Maintenance

The Director of Maintenance and Transportation oversees MST's Maintenance Division. This individual was formerly Director of Transit Operations, but was put in charge of maintenance after the former maintenance director retired. The Director oversees a Facilities Manager, a Fleet Manager, a Maintenance Supervisor, and a Purchasing and Inventory Control Officer. At the time of the audit site visit, the Fleet Manager appeared to be acting as director of maintenance.

Currently, MST employs 18 staff mechanics ranging in skill level from entry to master. This staff includes two specialists known as Revenue Equipment Mechanics who monitor

and repair fareboxes and on-board electronics and two Mechanic Assistants who act as support staff. At the time of the audit site visit, two of these authorized positions were open. MST does most of its own maintenance and repair work with the exception of specialty work such as painting and bodywork and some transmission rebuilds.

New mechanics go through most of the coach operator training and then work a six-month introductory period, during which they receive on-the-job training. In addition, training on the new fleet was included as part of the purchase. This included specialized training on the electronic controls in these vehicles, as well as air conditioning, lifts, and ramps.

MST received satisfactory CHP terminal inspection ratings throughout the audit period.

### General Procedures

Coach operators note vehicle defects on inspection reports and mechanics note them during preventive maintenance inspections. Since multiple operators may drive a coach in the course of a day, using the same defect card, the operators use uniquely shaped punches to note defects. A work order is created for all maintenance work. Work orders, vehicle inspection reports and inspection checklists are reviewed by the Fleet Manager for accuracy, completeness and parts usage. The Maintenance Department uses Fleet Net software to track work done on the vehicles. Detailed reports are prepared showing work done on each vehicle.

Road calls (system failures that prevent a vehicle from beginning or completing its scheduled revenue service) are tracked in the monthly operations report. According to data reported in the National Transit Database, miles between failures have increased since the last audit period, indicating less frequent service interruptions due to maintenance issues:

|  | 2000-01 | 2001-02 | 2002-03 | 2003-04 |
|--|---------|---------|---------|---------|
| Miles between Major Mechanical System Failures | 5,030   | 6,626   | 10,115  | 9,587   |
| Miles between Total Mechanical System Failures | 3,346   | 3,129   | 4,425   | 6,359   |

Source: National Transit Database Reports

The principal reason for this improvement appears to be replacement of the aging diesel fleet. Also, as described below, preventive maintenance is being performed more promptly than previously. As before, the 17 CNG buses have been much less reliable than the diesel buses. For example, sample reports provided by staff show miles between road calls in calendar year 2004 averaging 16,843 for the diesel fleet and 6,041 for the CNG fleet.

### Preventive Maintenance

The Fleet Manager tracks preventive maintenance intervals (PMIs) using an inspection forecast report created by Fleet Net. Inspections are accomplished using a checklist and recorded on a work order. Each work order is then entered into Fleet Net. MST has a goal of completing 80% of inspections within 10% of the mileage due. Previous audits have

noted difficulties in accomplishing preventive maintenance. According to MST's monthly status report for the Facilities and Maintenance Department, the percentage of preventive maintenance inspection completed improved markedly toward the end of 2002-03, and was at or near 100% during 2003-04. The inspection forecast printed on the day before the site visit showed no vehicles overdue for maintenance based on mileage intervals. The auditor reviewed the work order files for a small sample of vehicles and found documentation of completed maintenance every 6,000 miles which is the planned interval for the diesel fleet.

## **Purchasing and Parts Control**

At the time of the last audit MST contracted together with San Francisco Bay Area transit operators to purchase parts and fuels at a discounted rate. Since that arrangement was challenged in court, MST conducted its own procurement for diesel and gasoline and obtains bids from vendors for parts. Currently diesel and gasoline are purchased under a five-year contract under which the supplier receives a fixed profit and hauling costs on top of wholesale rack prices published by the Oil Price Information Service. There is only one supplier for CNG.

Parts are purchased using a weekly bid cycle. Lists of needed parts are faxed to multiple vendors and the lowest bidder is selected for each part.

Fleet Net is used to control parts inventory based on parts usage as shown in work orders. Parts are ordered weekly based on established minimum inventory levels for each part. At the time of the previous audit, MST's methods of confirming inventory control consisted of reviewing paperwork and a yearly "wall to wall" inventory of all parts. Beginning in June 2004 the annual count was replaced with a cycle count that counts certain part groups each day. When a discrepancy is found and confirmed between physical and reported inventory, the inventory in the computer is corrected and a report is created noting the probable reason, such as a part not having been entered on a work order. Compared to annual counts, the cycle counts are more likely to identify a discrepancy when it is not too late to take corrective action. According to staff, the most significant problem area has been fluid levels. To help resolve this problem, they are trying to recalibrate tanks.

Since the newer buses were covered by warranty until recently, significant effort has been devoted to recovering costs under the warranty. A warranty service manager reviews work orders and submits claims for all qualifying work. An extended warranty was purchased on the engines due to known problems with the Series 50 engines.

## **Marketing and Customer Service**

The Director of Customer Services oversees marketing. This position was vacant at the time of the prior audit site visit. In November 2003 the position was filled with a new hire with combined marketing and planning experience, enabling MST to add planning to the same person's responsibilities. In addition to planning staff, he oversees a

Marketing/Public Information specialist, four Customer Service Representatives and a Customer Service Supervisor.

MST does not currently have a formal marketing plan, but the agency does have in place the important elements of a good public information program. The lack of a formal plan appears to be related to a decision to dispense with the services of a contracted marketing agency. The most recent contracted agency was determined not to have the necessary qualifications. In view of MST's funding situation, and the fact that many of MST's own staff have marketing qualifications, it was decided to bring the marketing function entirely in-house. As of November 2004, MST began selling advertising on its buses itself. By eliminating the advertising agency, MST is finding that it can earn more with lower fees than before.

MST produces an attractive and comprehensive bi-lingual Rider's Guide which is available on every bus and at 200 locations including City Hall, libraries, and transit centers. Staff estimate that the agency distributes about 10,000 Rider's Guides each month. This information appears to be appreciated by the public: a since-cancelled effort to reduce distribution in order to save money produced a lot of complaints. A new Rider's Guide is produced three times per year, corresponding to driver sign-ups. Bus stops display the MST logo and the routes that stop there. Stops at major time points also have a map and schedule which is updated whenever schedules change.

MST's website offers complete schedule information and serves as another opportunity for patrons to ask for printed materials. The website now includes a Spanish language page with full "how to ride" information including a guide to reading the schedules. Staff report that website visits now exceed calls to customer information; a survey showed that 30% of MST's customers have access to the internet.

In January 2004, under the new Director of Customer Service, an improved complaint processing system was introduced. Customer Service Representatives fill out a database form for each customer comment; an e-mail to appropriate staff for investigation and response is generated automatically, as well as a response letter where required. Staff report that the new system captures more complaints than the previous one and avoids complaints getting lost. Complaints and compliments per 100,000 passengers are reported quarterly to the Board. Complaints jumped sharply in the first quarter of fiscal year 2003-04, apparently in response to service adjustments, substantially exceeding the established target of 4.9 complaints for 100,000 passengers for the first time in the audit period. Since then the complaint rate has trended downward.

## Planning

Service planning is the responsibility of the Director of Customer Services, who oversees one Planner, a Schedule/Planning Analyst, a Scheduling Assistant, two Planning Interns, and a GIS specialist. Planning staff prepare the operating schedules, monitor service

performance, prepare the short range transit plan, plan facilities improvements, and participate in regional planning efforts.

The most recent short range transit plan (SRTP) was completed in October 2001 and revised in January 2002. It covers the period through fiscal year 2003-04. It is a comprehensive and useful document that explains the system's goals and objectives, provides detailed information about fixed-route and paratransit performance, identifies future system needs and improvements, discusses major issues that need resolution, and maps out a five year transportation improvement program. Specific routes have been analyzed as needed. At the time of audit site visit, the planning group was working on a new SRTP with an objective of completing it by June 30<sup>th</sup>. A consultant was in the process of completing a comprehensive operations analysis for Salinas routes.

The process of monitoring service has changed dramatically with the availability of the ACS. Targeted analysis of specific routes using data from ACS has already produced significant improvements in on-time performance by making adjustments to time points. MST has developed an in-house GIS capability which is used for analysis of boarding data from the ACS and which will enable a web-based trip planning capability now under development.

MST has also been active in planning to improve accessibility for people with disabilities. In March of 2003, MST contracted with Urbitran Associates to study and evaluate the accessibility of bus stops on MST's most heavily utilized routes. Stops were evaluated using such variables as sidewalk accessibility, bench placement, curb height and curb cuts. The study helped MST to identify over \$700,000 of improvements needed on the routes surveyed.

MST planning staff participate in the work of the Transportation for Monterey County's Social Services Transportation Advisory Council, Technical Advisory Committee, and Rail Policy Committee. MST is an ex-officio member of the TAMC Board.

During the audit period MST has proceeded with plans for a new operations center on the former Fort Ord property. On January 13, 2003, MST received quitclaim deeds from the United States Department of the Army for three parcels of the former Fort Ord Military Reservation. MST is continuing to work toward acquisition of remaining parcels needed to begin development of the new operations center. In May 2001, MST purchased property for a new Marina Transit Station. The project is scheduled for completion in November 2006. MST is also working together with the City of Marina to design and construct a mixed-use transit oriented development to serve the growing Marina area.

## Chapter 7. Progress to Implement Prior Performance Audit Recommendations

The previous triennial performance audit conducted by Nelson\Nygaard Consulting Associates for FY 1999 to FY 2001 made one administrative recommendation, one recommendation for fixed-route service and seven recommendations for the RIDES program.

### **Administrative**

#### **1. Change reporting of employees to comply with TDA definitions.**

##### **Discussion**

TDA code requires that operators report full time equivalent (FTE) employees to the State. TDA code defines this value the total hours worked by agency and contractor employees for a given year divided by 2,000. At the time of the prior audit, MST only reported the total number of employees on the payroll.

##### **Progress**

Based on a review of State Controller's and NTD reports it appears that MST reported employees correctly for 2001-02, but reported a count of people in 2002-03 and 2003-04. For RIDES, contractor employees have been included but also appear to be based on a count of people, rather than FTEs.

### **Fixed-Route Recommendations**

#### **2. Take necessary steps to ensure that preventive maintenance of the fixed route fleet is performed on-time.**

##### **Discussion**

At the time of the prior audit, MST was not meeting its goal of "80% of preventive maintenance completed within 10% of time due." According to system staff, maintenance intervals were missed because vehicles are needed for revenue service.

##### **Progress**

At the time of audit site visit, staff reported that 99% of scheduled preventive maintenance had been completed on-time in the past year.

## **RIDES Paratransit Recommendations**

- 3. MST should continue giving urgent priority to its efforts to strive for a level of zero denials.**

### **Discussion**

At the time of the prior audit, RIDES was denying numerous ADA paratransit trip requests, although MST had set a goal of zero denials.

### **Progress**

The denial rate declined during the audit period, but reached zero only after a new contract provider assumed responsibility for operating the service in August 2004.

- 4. MST should modify its reservations hours and advance notice rules to conform to ADA service criteria.**

### **Discussion**

At the time of the prior audit, reservations for next-day trips were not accepted until the close of business hours, weekend reservations were only taken until 3:00 PM, and reservations were taken more than 14 days in advance.

### **Progress**

Reservations are now taken during business hours seven days a week, from 14 days in advance up to the end of business hours the day before the desired date of travel.

- 5. MST should extend RIDES hours of service to match the hours of the fixed-route system.**

### **Discussion**

At the time of the prior audit, RIDES service ended at 11:00 PM even though some MST routes operated as late as 1:00 AM.

### **Progress**

According to the RIDES Customer Handbook, "MST RIDES services are available whenever MST's regular fixed route bus services are in operation."

- 6. Continue working to reduce the percentage of subscriptions to less than 50% of service at any time of day.**

### **Discussion**

At the time of the prior audit, MST was attempting to reduce the level of subscriptions. Priorities and a waiting list had been established with a freeze on new non-priority subscriptions were having a significant impact.

### **Progress**

A moratorium on new subscriptions was instituted with the beginning of the current contract in July 2004. Staff report that subscriptions now average between 48% and 54% per month. As long as RIDES continues to maintain a zero-denial rate, it is not required to keep subscriptions below any particular level.

7. **As soon as possible, being re-certifying existing RIDES users using the new ADA eligibility screening process.**

**Discussion**

This recommendation had been carried over from the prior audit. MST had not begun this process because of its desire to begin re-certification systematically rather than on a case by case basis.

**Progress**

During the audit period, MST conducted a comprehensive recertification process, sending notices to approximately 8,000 registered individuals explaining that recertification would be required every three years. This process took 16 months, with the result that there are now about 2,200 eligible clients in MST's database.

8. **Review the methods used to report vehicle service hours to ensure that they comply with TDA and FTA definitions.**

**Discussion**

At the time of the prior audit, it appeared that MST excluded time when vehicles traveled empty between serving passengers in its reports of vehicle service hours for TDA. For purposes of reporting, vehicle service hours should include all time the vehicles are available for passengers from the first pick up to the last drop off, including time when a vehicle is traveling empty between passengers. Vehicle service hours for TDA purposes are the same as vehicle revenue hours as defined by FTA for the National Transit Database.

**Progress**

The current RIDES contract requires the contractor to report vehicle revenue hours according to a definition that corresponds to the TDA and NTD definitions.

9. **Report employees based on full-time equivalents.**

**Discussion**

Employees working on RIDES were reported to the State Controller as a count of people rather than FTEs.

**Progress**

MST appears to have continued to report RIDES employees as a count of people rather than FTEs.

# Chapter 8. Findings and Recommendations

## Findings

### Agency-Wide Issues

1. MST uses a comprehensive system of goals and targets known as “Key Business Drivers,” which it uses to compare performance to desired levels.
2. Management-level staff responsible for all key aspects of service have effective methods for tracking the efficiency and effectiveness of their activities and use this information to develop improvement strategies.
3. MST has an effective budgeting process, which is used as a planning tool for tracking and controlling costs at the agency and responsibility center level.
4. Despite staff vacancies and the need to reduce administrative costs, MST has maintained the essential elements of a good planning process by tracking service performance, coordinating with social service agencies and local governments, and projecting service and funding needs.
5. MST has found ways to reduce spending on marketing, but still conducts a full-featured marketing and public information effort which provides excellent information to riders and maintains community awareness.
6. Arrangements for Board governance are excellent. The Board is well informed and appropriately involved in decision making.
7. MST reports TDA-required performance measures in compliance with the established definitions with the following exceptions: employees, although correctly reported for fixed-route service in 2001-02, were not correctly reported for 2002-03 or 2003-04 and were incorrectly reported for RIDES paratransit in all three audit years.
8. MST is in compliance with all eleven Public Utilities Code and California Code of Regulations requirements that were reviewed with two exceptions: 1) MST was late in filing the Annual Report of Financial Transactions the State Controller in all three audit years; and 2) MST fell short of its required farebox recovery ratio for general public service in 2003-04. The agency requested that TAMC approve a reduced ratio as permitted by TDA.

### Fixed-Route Transit

1. Ridership fell slightly during the audit period while operating cost continued to climb, a total of 25%. In the last year of the audit period, MST implemented a service and staffing reduction, and adopted a budget calling for further reductions the following year.

2. MST successfully pursued financing as a way to accelerate replacement of its aging fleet, with the result that the diesel fleet has been completely replaced.
3. MST has implemented a state-of-the art communications and automatic vehicle location system which it is using effectively to improve system control, emergency response, and operations analysis.
4. When drivers are hired they undergo comprehensive training. All drivers receive required annual refresher training. However, MST is again experiencing some difficulty maintaining a sufficient driver work force to meet service needs.
5. MST has improved its safety record significantly, reducing its accident rate and meeting its own established targets.
6. The Maintenance Department has comprehensive systems for preventive maintenance and correcting defects in vehicles, including tracking and reporting performance. Department staff have been active in seeking ways to control cost. Steps have been taken to improve compliance with preventive maintenance intervals, and dramatic improvement was achieved beginning in late 2002-03.
7. Vehicle reliability, measured by miles between roadcalls, improved significantly during the audit period, reflecting acquisition of a new diesel fleet and improved preventive maintenance.
8. Methods for verifying parts inventories have been modified to enable management to respond more quickly to apparent discrepancies.

## **RIDES Paratransit Findings**

1. MST took significant actions to contain the cost of RIDES service during the audit period. Notable steps included recertification of the entire list of certified riders, increasing fares within ADA limits, and elimination of fare-free Medi-Cal service. As a result, ridership fell by 42% during the audit period. Due to reduced vehicle productivity and increasing contracted cost per vehicle hour, operating cost declined by only 13%. Operating cost per passenger, although it increased by 49%, is still not unreasonable compared to other ADA paratransit systems.
2. MST conducted a procurement for paratransit and DART contract operation, resulting in an award to a new provider at rates well-below those bid by the incumbent.
3. MST addressed ADA compliance issues, including reservations hours, advance notice rules for reservations, and service hours. Denials were reduced, reaching zero shortly after the end of the audit period. However, on-time performance has slipped and is no longer meeting the target for this key measure of service quality, which is also related to the issue of ADA-prohibited capacity constraints.
4. MST has made good use of the Section 5310 program to replace aging vehicles. However, the application in 2003-04 was unsuccessful due to insufficient documentation of coordination.

## Recommendations

*Recommendation No. 1: Revise the reporting of employees for fixed-route service and for RIDES to comply with the TDA definition.*

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As in the past, except for 2001-02, MST has reported employees based on a count of individuals rather than full-time equivalents using the formula worked hours divided by 2,000 hours per year. The calculation for 2003-04 for fixed-route service does appear to include an adjustment for part-time employees, but does not recognize the fact that, apparently, a significant number of “full-time” employees worked less than 2,000 hours.

*Recommendation No. 2: Work with the RIDES contract provider to improve on-time performance.*

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On-time performance for RIDES has slipped below MST’s target of 90% of pick-ups completed within a 30-minute window. Persistently poor on-time performance has the potential to create a prohibited capacity constraint.