



City of Soledad
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 the City of Soledad's transit service covering the three years ending on June 30, 2004. Performance audits are required of all transit operators receiving funds under the Transportation Development Act (Public Utilities Code Section 99246). This audit has been conducted based on the January 1998 (second edition) 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 the City of Soledad. The scope of this performance audit covers:

- A review of actions taken on prior performance audit recommendations.
- A review of management and control procedures, including an integrated planning and budgeting process, and internal performance monitoring procedures including goals and objectives.
- Verification of methods for calculating performance indicators.
- An evaluation of the efficiency, economy, and effectiveness of the operation, including an analysis of five required performance measures and additional measures as appropriate.
- An analysis of the needs and types of passengers being served, the employment of part-time drivers, and contracting with common carriers.
- Findings concerning each area of review or analysis.
- Recommendations for improving performance and/or compliance with TDA requirements.

The methodology for this audit has consisted of interviews with City of Soledad staff, reviews of statistical and financial reports, a site visit to the City of Soledad, and a review of pertinent documents such as the Salinas Valley Short Range Transit Plan. The Salinas Valley SRTP was completed by the Association of Monterey Bay Area Government (AMBAG) in FY 2004 and covers the planning period of FY 2005/06 through FY 2009/10.

Chapter 2. Description of the Operator

The City of Soledad is located approximately 25 miles southeast of Salinas along U.S. Highway 101. The 2000 Census shows a total population of 11,263 within the city limits.

These figures exclude the population of the Soledad Correctional Training Facility (SCTF). The sole component of the City of Soledad's transit service is the Soledad Taxi, which operates as a demand responsive system serving the City of Soledad and its environs. Soledad Taxi service is open to the general public.

The Soledad Taxi is operated entirely by the City of Soledad. The operation is staffed with one part-time driver who reports directly to the Finance Officer. The Finance Officer also performs procurement function and writes grant applications. From September 2003 through February 2005 the City staffed the Soledad Taxi with a full-time driver. However, due to the loss of this driver the service has returned to its former part-time operation.

The City owns two vehicles used for Soledad Taxi service. One 1997 lift-equipped Ford van capable of holding 17 passengers is used as the primary vehicle; this vehicle was delivered in July 1998. A 1993 lift-equipped Ford van with a capacity of 10 passengers serves as a backup vehicle. The 1997 Ford van is stored at the Soledad City Hall when not in service, and the reserve vehicle is kept at the City's corporation yard on State Street.

Soledad Taxi's service area covers the City of Soledad and its environs. Service is also available between Soledad and the cities of Greenfield and Gonzales, the SCTF, and the residential community at Camphora. Trips may also be made as far south as Metz Road or Arroyo Seco Road.

Service Hours

The Soledad Taxi is operated purely as a demand responsive system; no subscription trips or standing trips are provided, and reservations are accepted only for same-day trips.

The City briefly operated an eight-hour a day, five day per week service between September 2003 through February 2005, when it was able to employ a full time driver. During that period the service operated from 8:00 AM to 4:00 PM. Due to the loss of the full time driver in February of 2005, the Soledad Taxi now operates during its former hours, from 8:00 AM to 12:45 PM per weekday. Once the City of Soledad can find another full-time driver, it would like to restore service to an 8-hour hour weekday, until 4:00 PM. No service is provided on weekends and holidays.

Fares

The City of Soledad implemented a fare increase on May 3, 2002. The base fare for the Soledad Taxi within city limits (excluding the SCTF) is now \$1.25, raised from \$0.75. For seniors, passengers with disabilities, and young children with adult supervision, the base fare within the city is \$0.50, increased from \$0.25. For service outside of city limits to a maximum of 2.5 miles, the base fare is \$4.00, increased from \$3.00, with a reduced fare of \$1.75, increased from \$1.50, for seniors and passengers with disabilities.

The fare for trips beyond the 2.5 mile perimeter from the city limits for destinations such as Greenfield, Gonzales, Metz Road, and Arroyo Seco Road is \$6.00. For trips to the SCTF, the fare is \$6.00, and for trips to Camphora the fare is \$3.00. No reduced fare is offered for these services. These fares remained unchanged from the prior audit period.

Chapter 3. Review of the Audit Period

As noted in the previous section changes during the audit period included:

- Increasing fares in FY2002 (May 3, 2002).
- Increasing service hours from four- to eight-hours a day, 5 days per week between September 2003 and February 2005.

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 for 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. Operating cost figures from audited financial statements were used for FY 2002 and FY 2003; and a draft of the City's audited financial statements for FY 2004. The City of Soledad has also not filed its FY 2004 State Controller's Report. Operating costs, as reported on the State Controller's Report and audited financial statements, were compared. Consistency among reports was reviewed, as well as appropriate use of exclusions for reporting purposes. The City's financial statements show the operating costs to be in line with that reported to the State Controller for FY 2002 and FY 2003. However, the FY 2004 State Controller's Report had not been completed at the time of this report.

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.

A review of the daily driver logs and a check of monthly as well as annual summaries did not indicate if vehicle service hours and miles were being reported correctly. The City did provide additional detail at the auditor's request, which show the City is noting service hours and miles from the first pick up to last drop off. However, the City is also excluding "down time", and corresponding mileage, which averages between two to four hours, but does not explain what that means. There is a box to check "out of service time or mileage during the day (e.g. breaks, lunch, volunteer waiting with passengers.)"

The auditor requested additional data to show what "down time" encompasses, and to make sure that the City is in fact calculating all passenger pick up and drop offs according

to TDA requirements. To date the documents provided by the City of Soledad do not show with complete detail how the calculations for total vehicle service hours and miles were arrived at.

Passengers

Passenger counts are based on the total number of passenger trips recorded on the driver's daily log sheet. As required by TDA, this includes all passenger boardings, whether they are revenue producing or not. The driver collects fares from each passenger and records the pick-up time, pick-up address, and destination. At the end of each day, the driver reconciles the cash fares with total passengers on the log sheet and then deposits them with the cashier at City Hall, who enters the amount into the transit account and gives the driver a receipt.

The auditor reviewed the driver manifests. The driver is correctly recording and summarizing the number of passengers for in town trips. However, the driver is incorrectly excluding children and passengers traveling to the Soledad Correctional Training Facility from the total passenger counts for out of town trips. There was also a discrepancy in FY 2003 between the internal data and what was reported in the State Controller Report. A review of FY 2002 shows the internal data and State Controller Report are consistent. The State Controller Report for FY 2004 has not been completed at the writing of this report.

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 City of Soledad and contract providers are to be included. Based on a review of State Controller Reports it appears that Soledad is following the TDA formula for FTE.

PUC Compliance Requirements

The Public Utilities Code and California Code of regulations includes eleven operator compliance requirements. These requirements are shown below in bold, and Soledad's compliance is 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.

The City of Soledad has submitted the Annual Report of Financial Transactions of Transit Operators to the State Controller for fiscal years 2002 and 2003 of the audit period; however, fiscal year 2004 is still outstanding. The City of Soledad 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 audits for fiscal years 2001-02 and 2002-03 were completed and submitted within the 180 days following the end of the fiscal year. The audit for fiscal year 2003-04 is still outstanding, although the City did provide a draft at the end of this audit.

- 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.**

The auditor reviewed CHP inspection reports on file at the City of Soledad maintenance department. A satisfactory rating was provided upon each site visit: October 28, 2002; October 2, 2003; and October 6, 2004.

- 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 part time driver currently staffs the Soledad Taxi.

- 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, operating costs increased by 27.5% between FY 2002 to FY 2003, and rose again by 40% in FY 2003- FY 2004. The only year operating costs did not increase was in the first year of the audit, FY 2002, when costs decreased by 25%. These changes were not substantiated in any of the City's TDA claims.

- 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 the Soledad Taxi 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 rural areas must meet a farebox recovery ratio of 10%.

Soledad Taxi barely met the farebox recovery ratio of 10% during the three audit years of the current audit period, and is in risk of not meeting the requirement in the coming year. The Soledad Taxi's farebox recovery fell by 44% between FY 2001-02 and by 4% in FY 2002-03. There was a slight recovery for farebox recovery in FY 2004 by 12.2%, due to the Taxi implementing an 8-hour day service.

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.

The City of Soledad 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; the City of Soledad currently has one part time driver who staffs the Soledad Taxi and the Taxi goes out of service if that driver is not available.

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.

As reported in the annual State Controller's Reports for FY 2002 and FY 2003, it appears that the City of Soledad does not receive any federal funding. The State Controller's Report for FY 2004 has not been completed.

Chapter 5. Performance Trends

The Transportation Development Act requires that recipients of TDA Article 4 funding report the five following performance indicators:

- Operating cost per passenger
- Operating cost per vehicle service hour
- Passengers per vehicle service hour
- Passengers per vehicle service mile
- Vehicle service hours per full-time employee equivalent (FTE)

The Act also requires achievement of a farebox recovery ratio of ten percent of operating costs for demand response services in non-urbanized rural areas.

Figure 5-1 presents the Soledad Taxi operating data and performance measures for fiscal years 1999 through 2004. The performance indicators are graphed over the six-year period to understand the trends in the data. An analysis of the performance data and trends focusing on the current audit period follows.

Operating cost per passenger and fare revenue recovery as a percentage of operating costs (farebox recovery ratio) are good measures of cost effectiveness. The prior audit noted the Soledad Taxi reduced its service during the audit period, and excluding the increase in FY2004, that trend has continued. Operating costs per passenger have varied during the current audit period, declining by almost 8.6% in FY 2002 (to \$7.71), and then rising by more than 26.3% in FY 2003 (to \$9.74), and again by 14% in FY 2004 (to \$8.38). The operating cost per passenger after a sharp increase in FY 2003, came back down in FY 2004 as well as FY 2002. The decline in operating cost per passenger, as well as operating costs overall in FY 2004 can be attributed to the Soledad Taxi having an 8-hour day service.

There has been a steady decline in the Soledad Taxi's farebox recovery ratio during the audit period. In FY 2002 the farebox recovery ratio was 11.0%, declining slightly to 10.6% in FY 2003, but increasing to 11.9% in FY 2004. This 12.2% increase from FY 2003 to FY 2004 was due to the Soledad Taxi implementing an 8-hour day service. Now that the City has returned to a 4-hour day service the farebox recovery ratio can be expected to decline, which places the City at risk of incurring penalties if it does not meet the 10% TDA requirement.

Trends in operating cost per vehicle service hour best represent cost efficiency. After declining by almost 12.5% in FY 2002 (\$72.60), operating cost per service hour increased during the remaining two years of the audit period. This indicator rose by about 12.4% in FY 2003 (to \$81.58), but declined by 10.3% in FY 2004 (to \$73.15), which again is due to the Soledad Taxi increasing its service hours in FY 2004. Even though this operating cost per service hour declined in FY 2004, now that the service has returned to a 4-hour day

service the cost can be expected to increase again. Even with increased service hours in FY 2004 this performance indicator is more than twice the average \$45.00 per service hour of similar operations for the City of Greenfield and King City. It should be noted both the City of Greenfield and King City operate full-time services, and still maintain a lower cost per service hour.

Measures that track service and labor productivity include:

- Passengers per vehicle service hour
- Passengers per vehicle service mile
- Vehicle service hours per FTE

The indicator passengers per vehicle service hour has fluctuated over the past six years, and dropped by 4.3% in FY 2002 (to 9.41), and again by 11% in FY 2003 (to 8.38), but rose slightly in FY 2004 to 4.2% (to 8.73).

Passengers per vehicle service mile, excluding FY 2003, has steadily declined during the last six years. During the current audit period the most dramatic change was between FY 2003 and FY 2004, when passengers per mile decrease by 9.4% from 0.62 to 0.56. Passengers per vehicle service mile dropped by the table says 6.8% between FY 2001 and FY 2002, from 0.65 to 0.60.

An indicator of labor productivity is vehicle service hours per FTE. However, because of imprecision in reporting of FTEs, the apparent trends have little significance.

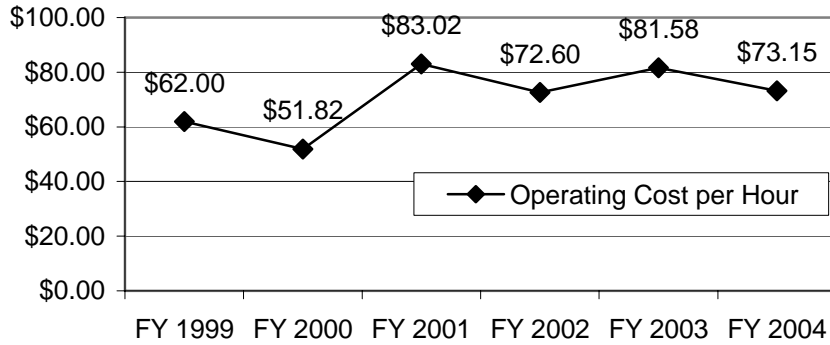
**Figure 5-1 Soledad Taxi:
TDA Performance Measures and Indicators**

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Performance Measures						
Operating Cost (1)	\$72,971	\$61,144	\$68,242	\$51,185	\$65,263	\$80,104
<i>Change over Previous Year</i>		-16.2%	11.6%	-25.0%	27.5%	22.7%
Fare Revenue	\$8,593	\$8,406	\$13,373	\$5,647	\$6,912	\$9,523
		-2.2%	59.1%	-57.8%	22.4%	37.8%
Vehicle Service Hours	1,177	1,180	822	705	800	1,095
		0.3%	-30.3%	-14.2%	2.0%	36.9%
Vehicle Service Miles	16,358	16,360	12,489	10,993	10,834	17,066
		0.0%	-23.7%	-12.0%	-1.4%	57.5%
Total Passengers	11,573	11,575	8,089	6,637	6,700	9,559
		0.0%	-30.1%	-18.0%	0.9%	42.7%
Employees	1.00	1.00	1.00	1.00	1.00	1.00
		0.0%	0.0%	0.0%	0.0%	0.0%
Performance Indicators						
Operating Cost per Hour	\$62.00	\$51.82	\$83.02	\$72.60	\$81.58	\$73.15
		-16.4%	60.2%	-12.5%	12.4%	-10.3%
Operating Cost per Passenger	\$6.31	\$5.28	\$8.44	\$7.71	\$9.74	\$8.38
		-16.2%	59.7%	-8.6%	26.3%	-14.0%
Passengers per Hour	9.83	9.81	9.84	9.41	8.38	8.73
		-0.2%	0.3%	-4.3%	-11.0%	4.2%
Passengers per Mile	0.71	0.71	0.65	0.60	0.62	0.56
		0.0%	-8.5%	-6.8%	2.4%	-9.4%
Farebox Recovery	11.8%	13.7%	19.6%	11.0%	10.6%	11.9%
		16.7%	42.5%	-43.7%	-4.0%	12.2%
Hours per Employee	1,177	1,180	822	705	800	1,095
		0.3%	-43.6%	-16.6%	11.9%	26.9%

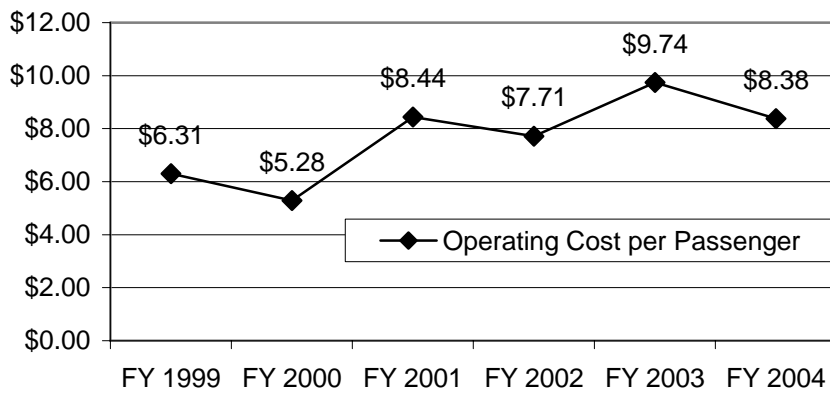
Sources: FY 1999 through FY 2001: from prior audit report.
FY2002 through FY 2003: Operating Cost and Fare Revenue from Independent Auditor's Report. FY 2004: Operating Cost and Fare Revenue from DRAFT Independent Auditor's Report.
FY2002 through FY 2003: Vehicle Service Hours, Vehicle Service Miles, Employee Full-Time Equivalents and Total Passengers from State Controller's Report.
FY 2004: Vehicle Service Hours, Vehicle Service Miles, Employee Full-Time Equivalents and Total Passengers from Driver Manifests.
(1) Operating Cost excludes depreciation.

Figure 5-2 Trends in Performance Indicators

Operating Cost Per Vehicle Service Hour



Operating Cost Per Passenger



Passengers Per Hour and Passengers Per Mile

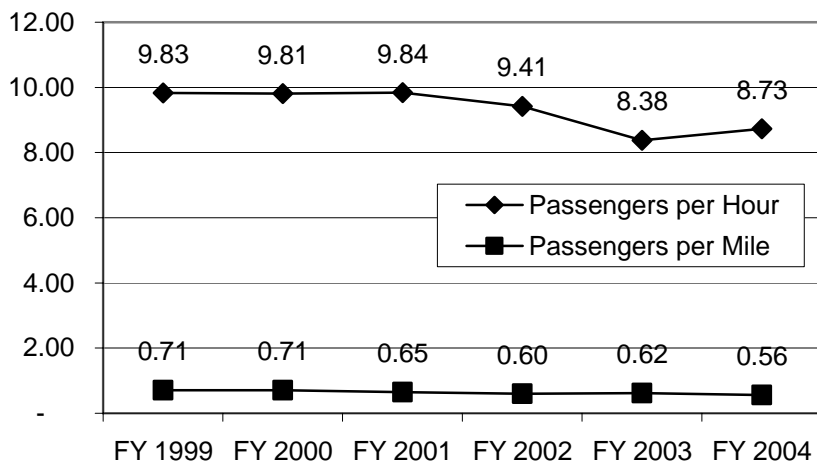
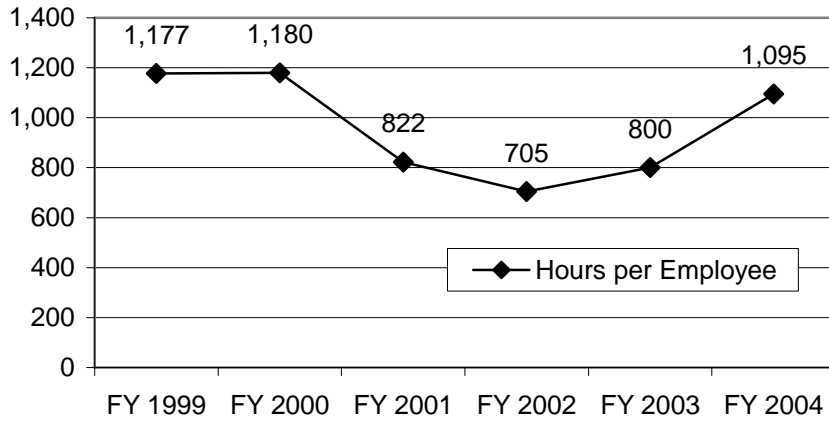
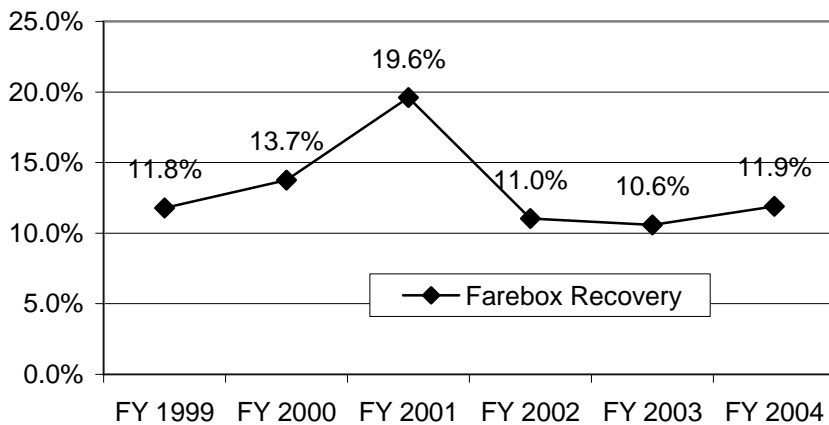


Figure 5-3 Trends in Performance Indicators (cont.)

Vehicle Service Hours Per Employee



Farebox Recovery Ratio



Chapter 6. Functional Review

This chapter provides a review of the following functional areas for the Soledad Taxi:

- Administration
- Transit Operations
- Marketing
- Planning
- Transit Goals and Objectives
- Maintenance

Administration

The Soledad Taxi is administered and operated entirely by the City of Soledad. City staff perform general administrative duties for the Soledad Taxi. The Finance Officer provides overall administration for the service, with support from the Accountant and City Hall administrative assistants. The driver reports directly to the Finance Officer. The Soledad Taxi driver is responsible for maintaining daily, monthly and annual reports on ridership, fare revenue, service mileage, service hours, trip type, and denials. The Finance Officer and Accountant prepare the annual budget and the Accountant is responsible for grant application, and procurement under direction of the Finance Officer. Aside from approving the annual budget for the Soledad Taxi, the City Council is not proactively involved in transit issues or oversight.

Both the Finance Officer and Accountant are budgeted to devote 5% of their time to transit administration. The receptionist is budgeted to devote 10% of her time to transit for administrative support. Her duties include daily fare revenue reconciliation, deposits and backup dispatch when needed. A secretary is budgeted to devote 5% of her time to assist the receptionist, and an accounting assistant is budgeted to devote 3% of her time to assist the City Accountant. Finally, one of the City's mechanics is budgeted to devote 20% of his time to transit, and the taxi driver, who works part-time only, devotes 100% of his time to transit.

Transit Operations

The City has operated the Soledad Taxi since the inception of service in November 1979. Soledad Taxi is self-dispatched by the driver using a radiotelephone on board the vehicle. When the vehicle is not providing service, the driver will normally return with the vehicle to City Hall, and telephone calls for service are redirected there.

Fare revenues are collected by the driver and stored in a money pouch during his shift. The Finance Officer or one of the secretaries reconciles these amounts against the driver's log sheet and deposit the cash the following day.

As with the prior audit, driver staffing remains a very serious issue. Although the City of Soledad has made efforts to resolve the issue of the Soledad Taxi's 4-hour a day service, this problem has persisted throughout the years. TAMC declared the Soledad Taxi's lack of an 8 hour day service, 5 days per week, as an unmet transit need. As a result, the City of Soledad implemented an eight-hour weekday service for about a year and half. However, when the City lost its full-time driver in February 2005, the Soledad Taxi returned to a 4-hour day service. The current Soledad Taxi hours are 8:00 AM to 12:45 PM, as the current part time driver is only available during the morning. At the site visit the Finance Officer commented that she felt salary might be part of the issue related to driver retention.

The current driver splits his time between operating the Taxi and working for the local school bus district, and as such, the school bus service sometimes has priority for his time. Due to Federal limitations on the number of hours the driver is allowed to be behind the wheel during one day, there have been instances where the Soledad Taxi service has been suspended because no other driver is available. There is a private taxi service in Soledad, but according to the Finance Officer, it is more expensive than the Soledad Taxi.

The current driver received his training through the local school district, which includes testing and re-certification. Typically, these activities would include a medical exam, GPPV certification, and DMV printouts. A 10-hour certification course would be conducted by a school bus instructor. However, there is no established refresher training program.

There was a decline in out of town trips from the prior audit period, and the majority of trips are within City limits. The current out of town trips are now: 6% in FY 2002; 7.3% in FY 2003; and 10% in FY 1999.

Planning

The City of Soledad transit planning activities are conducted almost entirely through the Association of Monterey Bay Area Governments (AMBAG) in its Salinas Valley Short Range Transit Plan, last updated in 2004. The five-year plan called for continuing existing levels of service, but due to strong growth trends, the focus may change to look at inter-city transit service to Salinas and King City. The report also projects that these growth trends may require instituting a more systematic passenger scheduling system over the next five years. A 1998 survey of residents showed a demand for early morning service, which could complement an inter-city service if that was implemented. AMBAG also projects that ridership on the Soledad Taxi will increase three percent every year based on FY 1999-2000 actual figures.

Plan development is primarily done by AMBAG, with input from the City where appropriate. City staff said they provided minimal input to the process, and there has not been much consideration for expansion of the service beyond what they are currently providing. AMBAG has recommended that the Soledad Taxi continue to assess the potential for improvements to the system.

Marketing

The City has not implemented any changes to its prior marketing efforts as described in the prior audit. It still distributes the Soledad Taxi tri-fold informational brochure, which is available at City Hall. The flyer gives a basic description of the Soledad Taxi service, including the telephone number, rules and regulations, and fares. The brochure is available in both Spanish and English. "Soledad Taxi" and the telephone number are also painted on the side of the vehicle. The name and telephone number are also displayed on the front of the vehicle so as to be readable in the rear view mirror of drivers in front of the taxi. In addition, Soledad Taxi information is broadcast on the local community access channel using a continuous "screen crawl".

Maintenance

Both vehicles are maintained at the City's corporation yard. The City employs two mechanics to oversee the City's fleet, which includes police cars and public works vehicles in addition to Soledad Taxi. The City owns a total of 25 vehicles. The mechanics perform basic maintenance only. Most routine maintenance procedures—such as alignments and tune-ups—are normally contracted out.

Maintenance expenses are budgeted as a transfer amount to the vehicle pool. The amount is based on the previous year's actual cost of items such as maintenance labor, fuels, lubricants, parts and contracted repairs. The transfer amounts can vary by large amounts, ranging from \$6,174 in FY 2002 to \$14,454 in FY 2004.¹ This variance can affect the total operating cost for the Soledad Taxi from year to year significantly.

During the audit period, Soledad Taxi passed all of its CHP inspections. Road calls seldom occurred, and a preventive maintenance inspection is conducted every 45 days or 3,000 miles. In addition, the driver conducts a daily check of the in-service vehicle on the Daily Taxi Condition Report. If there is a maintenance problem, the problem is noted and forwarded to the mechanic. The mechanic notes when the problem has been corrected.

Based on the fact most routine maintenance procedures are contracted out, although allocating a percentage for time is reasonable, the 20% allocation for maintenance seems excessive.

Transit Goals and Objectives

Prior to budget approval each fiscal year, the City Council receives a budget review narrative for each department that receives funding. For the Taxi, the narrative includes a Mission Statement, a summary of the functions provided by the Taxi department and a list of on-going and planned major objectives for that fiscal year.

¹ FY 2004 is un-audited operating data as the City of Soledad has not completed their fiscal audit.

For the FY 2004-05 Budget, the following “Goals & Objectives” were listed for the Soledad Taxi:

- Establish monthly passes or daily tickets.
- Consider a weekend schedule.
- Reduce per passenger cost by 50% to a reasonable amount comparable to the industry average.
- Install a fare box thereby eliminating handling of cash by the driver.
- Evaluate fare rates and propose rate increases by a minimal amount.

Chapter 7. Progress to Implement Prior Performance Audit

The previous triennial performance audit conducted by Nelson\Nygaard for FY 1999 to FY 2001 made four recommendations for Soledad Taxi:

1. Comply with TDA definitions for employee full-time equivalents.

Discussion

TDA Code requires that operators report FTEs (full time equivalents) as the number of pay hours worked by staff in a given year divided by 2000.

Progress

Although it appears that the City is correctly reporting employee full-time equivalents in the State Controller Reports, a method for calculating this should be developed that complies with the TDA definition as described above. The total labor hours budgeted to transit should include all City staff time for administration, maintenance and operation of the service.

2. Take immediate and urgent action to resolve the issue of driver staffing.

Discussion

The prior audit noted that although the Finance Officer had made great efforts to resolve the issue of driver staffing, this was still an issue at the time of the 2002 audit. The audit also noted the problem had gone on for many years, and that there was a great demand for service within the City of Soledad that was not being met. In 2003, TAMC issued a finding that the Soledad Taxi's lack of an 8-hour service day, 5 days a week, was an Unmet Transit Need that was reasonable to meet.

Progress

Although the Soledad Taxi implemented an 8-hour a day service in FY 2004 (from September 2003 through February 2005), due to the loss of the full time driver the Soledad Taxi has returned to a 4-hour a day service. Although the City is very aware of the issue and TAMC's concerns about this Unmet Transit Need, it has not resolved the issue.

3. Ensure that supplemental operating data is reported correctly to the State Controller.

Discussion

The prior audit noted that in FY 2000, there was an inconsistency between the figures reported in the City's internal documents and the State Controller's Report for total passengers, revenue service hours and revenue service miles. A contractor prepares the State Controller's Reports for the City. The Finance Officer should ensure that the operating data submitted to the State Controller matches the City's internal documents.

Progress

The City of Soledad did improve its reporting in FY 2002 and its internal documents match the figures in the State Controller's Report. However, the State Controller Report in FY 2003 was incomplete, so it appears improvements made in FY 2002 towards reporting accuracy did not continue in FY 2003. The State Controller's Report is still outstanding for FY 2004 so it is impossible to say if the City has maintained accuracy and consistency in reporting.

4. Develop goals, objectives and service standards for inclusion in the next SRTP.

Discussion

The prior audit recommended that the City of Soledad take advantage of the planning involved in the Salinas Valley Short Range Transit Plan, and develop basic goals, objectives and performance standards for the incorporation into the SRTP. These goals, objectives and service standards may build upon the Major Objectives already developed for the annual budget narrative.

Progress

The City of Soledad continues to include its Goals and Objectives in the budget narrative, which is submitted quarterly to the City Council. It is unclear, however, if and how these goals and objectives are tracked or measured. It does not appear that the City of Soledad submitted any goals to AMBAG, or that they were included in the final version of the Salinas Valley SRTP completed in the Summer of 2004.

5. Develop monthly or quarterly reports to document trends.

Discussion

The prior audit recommended the Soledad Taxi create a spreadsheet with data that monitors trends and performance of the five performance indicators required by the TDA. Although the City does collect and summarize a number of operating statistics on a monthly and yearly basis, as noted in the prior audit, it did not have any sort of spreadsheet to track performance.

Progress

The City of Soledad at the time of the site interview did not have a spreadsheet, which could monitor performance. However, after the site interview the City did request a copy of the spreadsheet (Figure 5-1) contained in this audit, which could be the template to track performance data as suggested.

6. Conduct a review of Operating Cost Per Vehicle Service Hour.

Discussion

It was noted in the prior audit that operating costs had continued to rise during the audit period, ending at \$83.02 in FY 2001. This indicator is far higher when compared to similar operations in Greenfield and King City, which average around \$35.00 per service hour. After a slight decline in FY 2002 to \$72.60, operating costs rose to \$81.58 in FY 2003, and declined in FY 2004 to \$73.15, due to the Soledad Taxi implementing an 8-hour day service.

One explanation for the high cost per service hour is the amount of staff time budgeted to transit for administration as well as maintenance, which is high compared to the number of service hours being provided by the Taxi. The Soledad Taxi's cost per service hour is more than twice the average \$45.00 charged by similar services in Greenfield and King City.

Progress

The City of Soledad continues to struggle with the operating costs per vehicle service hour. The City did have an 8-hour day service in FY 2004, which brought down costs by 10.3%. The Finance Officer is aware of the issue and said the City is trying to bring down the Soledad Taxi's operating costs.

Chapter 8. Findings and Recommendations

Findings

1. As noted in the prior audit the City of Soledad continues to struggle with the long-standing issue of inadequate driver staffing to operate the transit service. Due to driver staffing issues the Soledad Taxi operated a part time service during the prior audit period. In 2003 TAMC issued a decision that the Soledad Taxi's 4-hour day service was an unmet transit need, which TAMC felt was reasonable to meet. In September 2003 the Soledad Taxi found a full time driver and implemented an 8-hour day service. However, after losing their driver in February 2005 the Soledad Taxi is back to a 4-hour day service. It is unclear why the City of Soledad struggles with driver staffing issues more than the City of Greenfield and King City, which have similar systems.
2. Operating costs have continued to rise in the current audit period and are disproportionate in comparison to the level of service provided. As a result, the cost per vehicle hour for Soledad Taxi has been unreasonably high throughout the audit period.
3. The City of Soledad is incorrectly capturing vehicle service hours, vehicle service miles and passengers. It is impossible to conclude from the documentation provided to the auditor to the auditor how the City arrives at their calculations. There is inconsistency between the City's internal documents and the figures reported to the State Controller in FY 2003. Also, the FY 2004 State Controllers Report has still not been submitted.
4. Employee Full-Time Equivalents are reported correctly in the State Controller's Reports.
5. Staff time budgeted to administer and support the Soledad Taxi is equivalent to the staff time budgeted to operate the service and is high compared to the amount of service provided by the Taxi during the audit period.
6. The City of Soledad complied with PUC Section 99245 in FY 2002 and FY 2003 regarding submittal of fiscal audits to TAMC within the specified 180-day time frame. The fiscal audit for FY 2004, however, was submitted beyond the 180 days allotted for its completion. Further, the City's FY 2004 State Controller Report has not been completed.
7. The City of Soledad is in full compliance with PUC requirements for CHP certification of terminal compliance, no preclusion from employment of part-time drivers, and full funding of its retirement system.

8. Maintenance costs for Soledad Taxi based on vehicle pool transfers continue to exceed those of comparably sized transit operations.
9. The City of Soledad saw its productivity drop in FY 2002 to 9.4 passengers per hour and again to 8.3 in FY 2003. However, in FY 2004 this trend reversed itself with a slight increase of 4.2% to 8.73 passengers per hour, which was due to the Soledad Taxi instituting an 8-hour a day service.
10. Soledad Taxi met the 10% farebox recovery ratio mandated by the PUC for all three-audit years. However, the Soledad Taxi has seen a steady decline in its farebox recovery during the current audit period, excluding the last year. The farebox recovery ratio improved slightly in FY 2004 (to 11.9%) due to the Soledad Taxi implementing an 8-hour a day service. However, with the return of the Taxi to a 4-hour a day service, the Soledad Taxi is once again in risk of not meeting the 10% TDA requirement.

Recommendations

Four recommendations are provided below.

Recommendation #1: Take immediate and urgent action to resolve the issue of driver staffing.

Although the City found a full time driver during part of the audit period, from September 2003 to February 2005 the loss of that driver forced the service to return to a 4-hour a day service. The Finance Officer seems to understand the issue, as did her predecessor, yet no changes have taken place. This problem has severely limited service for over five years, excluding the year and half period when the service had a full time driver. The continuing high productivity of the Taxi indicates that there is a significant demand for more service. It is unclear what the issues are in retaining a full time driver as similar systems in the area, Greenfield and King City, do not seem to have struggled with this issue.

Recommendation #2: Ensure that supplemental operating data is reported correctly to the State Controller.

The City of Soledad needs to ensure consistency in its reporting, and verify the data reported to the State Controller is the same as what is contained in their internal documents. In FY 2003 the figures reported in the State Controller's Report for total passengers, revenue service hours were different than those contained in the City's internal documents. The number for revenue service miles was missing from the FY 2003 State Controller Report. A contractor prepares the State Controller's Reports for the City. The Finance Officer should ensure that the operating data submitted to the State Controller matches the City's internal documents, as well as the report being complete. Finally, the documentation provided to the auditor is inconclusive in explaining how the City arrives at its operating data calculations.

Recommendation #3: Develop monthly or quarterly reports to document trends.

This recommendation is carried forward from the two previous audits. The City should be commended for collecting and summarizing a number of operating statistics on a monthly and yearly basis. These data can be included in a simple spreadsheet that monitors trends and performance of the five performance indicators required by the TDA:

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

Recommendation #4: Conduct a review of Operating Costs.

This recommendation is carried forward from the previous audit. During the current audit period operating cost per service hour continued to rise to: \$72.60 in FY 2002, \$81.58 in FY 2003 and \$73.15 in FY 2004. This indicator continues to outpace similar operations in Greenfield and King City, which average around \$45.00 per service hour.

One explanation for the high cost per service hour is the amount of staff time budgeted to transit for administration, which is high compared to the number of service hours being provided by the Taxi at this time. Also, the City needs to review the amount of maintenance time being charged to transit as it seems excessive based on the services being provided. Since the City contracts for much its maintenance work, the City should take necessary steps to ensure that charges are reasonable and that it is obtaining the best possible rates.