Triennial Performance Audit

of the

City of Union City
Union City Transit (UCT)

Fiscal Years 2015/16, 2016/17 and 2017/18

FINAL AUDIT REPORT

prepared for the

METROPOLITAN TRANSPORTATION COMMISSION

by

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NOTE:

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

EXECUTIVE SUMMARY

This executive summary highlights the findings from the performance audit of the City of Union City – Union City Transit (UCT). In California, a performance audit must be conducted every three years of any transit operator receiving Transportation Development Act (TDA) Article 4 funds, to determine whether the operator is in compliance with certain statutory and regulatory requirements, and to assess the efficiency and effectiveness of the operator's services. The two service modes operated by UCT, bus, and paratransit, are the prime focus of this performance audit. The audit period is Fiscal Years 2016 through 2018 (from July 1, 2015 through June 30, 2018).

Performance Audit and Report Organization

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

- An assessment of data collection and reporting procedures;
- A review of performance trends in TDA-mandated indicators and component costs;
- A review of compliance with selected PUC requirements;
- An evaluation of UCT's actions to implement the recommendations from the last performance audit;
- An evaluation of functional performance indicator trends; and
- Findings, conclusions, and recommendations to further improve UCT's performance based on the results of the previous sections.

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

Results and Conclusions

Review of TDA Data Collection and Reporting Methods - The purpose of this review is to determine if UCT is in compliance with the TDA requirements for data collection and reporting. The review is limited to the five data items needed to calculate the TDA-mandated performance indicators. This review has determined that UCT is in compliance with the data collection and reporting requirements for these performance indicators. In addition, the statistics collected over the six-year review period appear to be consistent with the TDA definitions, and indicate general consistency in terms of the direction and magnitude of the year-to-year changes across the statistics. However, some exceptions in this regard are evident. Most noteworthy, in the earlier years, fixed-route hours increased while miles decreased, sometimes with significant disparity, followed by a reversal of this situation in the later years. This appears to be a function of the impact of multiple recent service changes, beginning with the major FY2014 route restructuring.

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

- Bus Service – The following is a brief summary of the TDA performance trend highlights over the six-year period of FY2013 through FY2018:

- There was an average annual increase in the operating cost per hour of 3.4 percent, or 0.5 percent in inflation adjusted dollars. The largest annual increase (more than 20 percent) occurred in FY2014, when UCT implemented a major route restructuring. The cost per hour decreased over the last two years.

- The cost per passenger increased on average by 15.8 percent per year, which amounted to an average annual increase of 12.6 percent in constant FY2013 dollars. While operating costs increased about three percent per year on average, ridership declined steadily and precipitously beginning with the FY2014 route restructuring and through FY2017. FY2018 ridership showed a slight upturn compared to the previous year.

- Passenger productivity exhibited a downward trend, driven by the ridership losses noted above. Passengers per vehicle service hour and vehicle service mile both went down by more than ten percent per year on average.

The following is a brief summary of the component operating costs trend highlights for the bus service between FY2013 and FY2018:

- The most significant overall percentage changes were an average annual increase of nearly 20 percent in the services area, and a 25 percent reduction in "other expenses". However, both categories represented only small portions of the total operating expenses.

- Total operating costs increased by 3.1 percent annually during the review period. Purchased transportation costs represented the largest portion of the total costs, at about 70 percent throughout the period.

- The portion from in-house labor costs remained at about eight percent in each year, and fringe benefits about three percent. Contribution levels from other cost categories also remained generally steady during the period.

- Paratransit – The following is a brief summary of the TDA performance trend highlights over the six-year period of FY2013 through FY2018:

- Cost efficiency declined moderately overall, with an average annual increase in the operating cost per hour of 3.7 percent. When adjusted for inflation, the increase amounted to 0.8 percent annually. The most significant annual change was a 13 percent increase (current dollars) in FY2018, when operating costs rose slightly even as service hours declined by 11 percent.

- The operating cost per passenger also showed an annual increase through the period -- 5.2 percent, or 2.3 percent when expressed in constant FY2013 dollars. The most significant annual change (a 19 percent increase in current dollars) was again in FY2018, when operating costs rose slightly even as ridership declined by nearly 16 percent.

- Passenger productivity showed a relatively small overall change, with passengers per hour declining by 1.5 percent per year on average, and passengers per mile increasing by 1.6 percent per year.

The following is a brief summary of the component operating costs trend highlights for paratransit between FY2013 and FY2018:

- The most significant overall percentage changes were an average annual increase of more than 150 percent in the services area, and a 35 percent reduction in "other expenses". However, both categories represented only small portions of the total operating expenses.

- Total annual costs increased by 3.2 percent on average, primarily reflecting an increase of three percent per year in purchased transportation costs (by far the largest component cost category).

- Purchased transportation costs increased from 71 percent to 75 percent of total costs between FY2013 and FY2017, and then dropped back to 71 percent again in FY2018.

- The portion from in-house labor costs remained between 11 and 12 percent in each year, and fringe benefits about five percent.

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

Status of Prior Audit Recommendations – There were no recommendations made in UCT's prior performance audit.

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

- Systemwide (All Modes) – The following is a brief summary of the systemwide functional trend highlights between FY2016 and FY2018:
  - Administrative costs were relatively steady at 17 percent of total operating costs and at $17 per vehicle service hour.
  - Marketing costs were relatively minor, with steady results overall when compared to total administrative costs and passenger trips.
  - The systemwide farebox recovery ratio declined steadily, from 7.7 percent in FY2016 to 6.9 percent by FY2018 (a 10.5 percent decrease).
- Bus Service – The following is a brief summary of the bus service functional trend highlights between FY2016 and FY2018:
  - Service Planning results showed the farebox recovery down from 8.3 to 7.5 percent, the TDA recovery up from 36.6 to 39.0 percent, a small decrease to 90.1 percent of vehicle miles in service but a larger increase to 94.2 percent of vehicle hours in service, and passengers per vehicle service mile and hour both declining.

- Operations results showed vehicle operations costs increasing slightly to 82 percent of total operating costs but reduced somewhat to $80 per service hour. There also were almost no missed trips, even with a slightly higher number reported by the contractor in FY2018. Audit period results for schedule adherence and complaints were not available.

- Maintenance results showed maintenance costs down moderately overall relative to total operating costs as well as on a service mile basis, and a 28 percent or higher spare ratio. In FY2017, the rate of major mechanical failures improved while the rate for all failures trended in the opposite direction. Mechanical failure information was not available for FY2018.

- Safety results showed the preventable accident rate decreasing by two-thirds overall during the audit period.

- Paratransit – The following is a brief summary of the paratransit functional trend highlights between FY2016 and FY2018:

  - Service Planning results showed the farebox recovery down from 5.5 to 4.6 percent, the TDA recovery up from 63 to 68 percent, consistently 90 percent of vehicle miles and 95 percent of hours in service, and passengers per vehicle service mile and hour both remaining relatively steady.

  - Operations results showed vehicle operations costs comprising about 75 percent of total operating costs while increasing by six percent to $68 per service hour, schedule adherence near 100 percent, no ADA trip denials in the first two years but a small number reported in FY2018 (identified by UCT staff as actually not ADA trip denials, but logged incorrectly as such following a management change), and overall improvement in ADA trip cancellations and passenger no-shows/late trip cancellations. Audit period results for complaints and missed trips were not available.

  - Maintenance results showed maintenance costs up moderately in FY2018 relative to total operating costs as well as on a service mile basis (but only reflecting periodic out-sourced maintenance which is

small in absolute dollars), and an increasing spare ratio with a very small fleet. Between FY2016 and FY2017, the rate of major mechanical failures was steady while the rate for all failures improved significantly. Mechanical failure information was not available for FY2018.

– Safety results showed no preventable accidents in FY2016 or FY2017, and one in FY2018.

Recommendations

1. ENSURE THAT OPERATING AND PERFORMANCE DATA IS COLLECTED AND REPORTED ACCURATELY, ESPECIALLY BY THE CONTRACT OPERATOR.
   [Reference Section: VI. Functional Performance Indicator Trends]

   There were a small number of ADA trip denials reported during FY2018, the last year of the audit period, on UCT's paratransit service – 24 in total. This amounted to only 0.2 percent of total ADA trips in that year, but UCT should nonetheless have no ADA service denials in accordance with the Code of Federal Regulations – 49 CFR 37.131. When reported results were brought to the attention of UCT staff, the response was that they were actually not ADA trip denials, but were Paratransit Plus denials that were logged incorrectly because of a management change.

   In another example where the accuracy of reported results could be questioned, it was found that on the bus service there was just a single missed trip recorded in FY2016 and none in FY2017. However, results for FY2018 showed 22 missed trips as reported by the contractor.

Similarly, audit period rates of complaints and paratransit missed trips were not available, reportedly due to record keeping issues with a management change, and UCT staff reported that information on mechanical system failures for FY2018 was not available for the same reason. Further, bus service schedule adherence results for the audit period were not available.

UCT should examine its data collection and reporting activities, as well as those of its contractor, to ensure that operating data and quality of service related results are being accurately collected and reported.

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List of Exhibits

I. INTRODUCTION

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

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

This report has been prepared as part of the performance audit of the City of Union City – Union City Transit (UCT). The two modes operated by UCT, bus, and paratransit, are the focus of this performance audit. The audit period is Fiscal Years 2016 through 2018 (from July 1, 2015 through June 30, 2018).

An overview of UCT is provided in Exhibit 1. This is followed by an agency organization chart in Exhibit 2, in effect throughout the audit period and beyond.

Performance Audit and Report Organization

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

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

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

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

Exhibit 1: System Overview

Location

City Offices: 34009 Alvarado-Niles Road, Union City, CA 94587
Public Works Facility: 34650 7th Street, Union City, CA 94587

Establishment

Union City Transit (UCT) fixed-route service was established in 1974, in conjunction with the opening of the BART station in Union City. The current paratransit service was introduced in 1997, and is operated in compliance with the Americans with Disabilities Act (ADA) requirements.

Board

UCT is part of the municipal government. It is governed by Union City's City Council. The UCT Transit Manager is responsible for the daily administration of the system. The Transit Manager currently reports to the City's Public Works Director, who reports to the City Manager.

Facilities

Administration is conducted at the City's Public Works Maintenance Facility, known as the Corporation Yard or CorpYard. UCT vehicles are cleaned, fueled and stored at the CorpYard. Operation and maintenance are handled by the City's contractor, currently MV Transportation, Inc. Operations are based out of the CorpYard while vehicles are maintained at MV's own off-site facility, located at 1823 Atlantic Street in Union City.

Service Data

UCT operates a network of eight fixed routes. The Union City BART Intermodal station and the Union Landing Transit Center act as transit center hubs for the fixed-route service. The intersection of Union City Boulevard and Whipple Road also serves as a destination for interlining routes. UCT operates mainly within the geographic boundaries of the City of Union City, with some limited service crossing the city limits north into neighboring Hayward. Routes are coordinated with BART, AC Transit and the Dumbarton Express to provide access to areas outside the City.

UCT currently contracts with MV to operate and maintain both the fixed-route and paratransit systems. UCT's fixed-route fleet consists of nineteen 35-foot transit coaches. Eighteen of these coaches operate in regular service and one is retained as a spare. The paratransit fleet as of March 2019 consisted of five cutaway vans, with two unmodified body vans and two cutaway vans on order. UCT operates on weekdays from 4:30 a.m. to 10:20 p.m., on Saturdays from 6:45 a.m. to 7:30 p.m., and on Sundays from 7:45 a.m. to 6:30 p.m. UCT does not operate on major holidays.

The regular cash fare is $2.00 for adults and $1.25 for children age six to seventeen. The reduced fare for senior citizens and people with disabilities is $1.00. A 31-day pass is good for unlimited rides on UCT is available for $55 for adults and $35 for youth. Reduced fare passes are available to seniors and people with disabilities for $26. 31-day passes are available through the use of the regional Clipper Card program. UCT issues free transfers, which are good on another UCT bus for 90 minutes. Transfers are also good for a discounted rate on AC Transit buses at shared stops in

the City. UCT accepts BART to Bus transfers for a reduced fare of $0.50, while transfers from AC Transit and Dumbarton Express buses are $0.25. All transfer discounts are automatically calculated when using a Clipper Card.

UCT also provides complementary ADA paratransit service called Union City Paratransit (UCP) within the City limits. Days and hours of operation are the same as UCT's fixed-route service. In addition, the City's non-ADA Paratransit Plus service offers limited coverage to major retail, medical and cultural locations in surrounding Fremont, Hayward, and Newark. Paratransit Plus trip requests are available on a limited basis and subject to denial if an ADA trip is requested. The fare for UCP service is $2.75 for each one-way trip. A 10-ride ticket sheet is available for $27.50.

Union City has partnered with the Cities of Fremont and Newark on the Ride-On Tri-City! paratransit related program services, which include taxi vouchers and transportation network company (TNC/Ride-hailing) discount codes. The program provides discounted taxi vouchers or TNC discount codes to registered UCP riders. The program helps passengers with same-day travel needs (no advanced reservations required), which UCP cannot guarantee. Ride-On Tri-City! is also a non-ADA service, but it indirectly helps the paratransit service to be "more available" for those who need a higher level of paratransit service by easing trip scheduling for ADA rides.

Recent Changes

UCT had implemented major service changes in 2013 that had unanticipated major negative impacts on ridership and service productivity. In August 2015, additional service adjustments were made in an attempt to address the situation.

UCT buses began accepting the Clipper Card in April 2017.

Planned Changes

UCP is in the process of replacing its paratransit fleet. The new fleet will be a mix of cutaway vans and unmodified body vans to serve a variety of needs. The majority of the vans will be gasoline powered. UCP also has funding for an electric van and has applied for funding for charging infrastructure.

UCT is in the process of bringing an automated vehicle location (AVL) system into service for both dispatchers and the public. UCT is also looking into solar powered vehicle prediction signs for stops with bus shelters, and a Transit Signal Priority program, both using the AVL feed.

UCT is in the process of applying for a micro-transit pilot program grant through the Bay Area Air Quality Management District (BAAQMD), to commence operation in September 2020. If micro-transit proves successful, other parts of the City may be served as well.

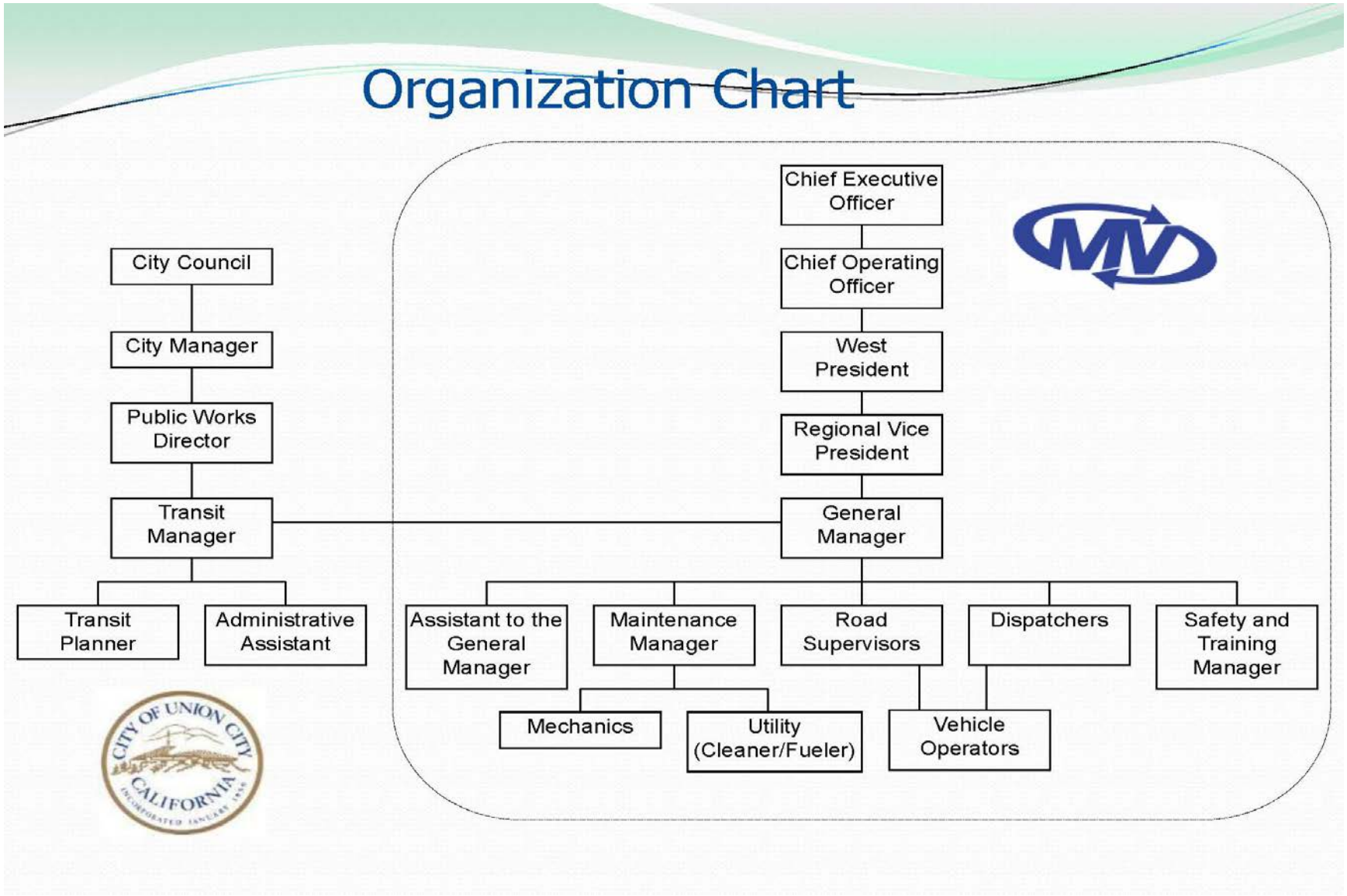
UCT plans to procure four replacement transit buses (after four older buses become age-eligible for replacement by 2022) that will be zero-emission electric vehicles of similar dimensions to the current fleet.

UCT's 2019 Short Range Transit Plan (SRTP) will include proposed streamlined routes along trunk corridors to provide frequent service through the day, while using TNC's for early morning/late night/weekend/holiday service, and micro-transit for neighborhood services.

Staff

The City has a budgeted staff of three administering its transit program: a Transit Manager, Transit Planner and an Administrative Assistant. Transit also contributes to the salaries of the Public Works Director and a member of the Finance Department. The transit staff is located at the City's CorpYard. MV provides all fixed-route bus operators, paratransit operators, dispatchers, supervisors, and maintenance personnel.

Exhibit 2: UCT Organization Chart



II. REVIEW OF TDA DATA COLLECTION AND REPORTING METHODS

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

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

The TDA indicator analysis is typically based on these operating and financial statistics in the National Transit Database (NTD) reports submitted annually to the Federal Transit Administration (FTA). The information reported by UCT covering the audit period has been reviewed. Since UCT has been granted a Small Systems Reporting Waiver by the NTD for the past several years, UCT's NTD reports include only very basic reporting information for its bus and paratransit services. Therefore, it was determined to utilize UCT's State Controller Reports (Transit Operators Financial Transaction Reports filed with the California State Controller) as the principal source of the TDA data items for the current audit period.

Compliance with Requirements

To support this review, UCT also provided information to confirm that its data collection and reporting procedures as described in the prior performance audit remain in effect. The staff provided sufficient evidence that the definitions and procedures used to derive the TDA indicator statistics generally are consistent with those used for the NTD reporting system.

Based on the information provided, as shown in Exhibit 3.1, UCT is in compliance with the data collection and reporting requirements for the TDA statistics.

Consistency of the Reported Statistics

The resulting TDA statistics for UCT's bus and paratransit services are shown in Exhibits 3.2 and 3.3, respectively. Included are statistics covering each fiscal year of the three-year audit period, plus the immediately preceding three fiscal years, resulting in a six-year trend. It should be noted that employee work hour/FTE data are not included since UCT service is provided by a private contractor.

The statistics collected over the period appear to be consistent with the TDA definitions. Further, they indicate general consistency in terms of the direction and magnitude of the year-to-year changes across the statistics. For example, increases or decreases in annual operating costs tend to be relatively proportional to increases or decreases in annual vehicle service hours and miles. However, some exceptions in this regard are evident. Most noteworthy, in the earlier years, fixed-route hours increased while miles decreased, sometimes with significant disparity, followed by a reversal of

this situation in the later years. This appears to be a function of the impact of multiple recent service changes, beginning with the major FY2014 route restructuring.

Exhibit 3.1: Compliance with TDA Data Collection and Reporting Requirements

TDA Statistic	TDA Definition	Compliance Finding	Verification Information
Operating Cost	"Operating cost" means all costs in the operating expense object classes exclusive of the costs in the depreciation and amortization expense object class of the uniform system of accounts and records adopted by the Controller pursuant to Section 99243, and exclusive of all subsidies for commuter rail services operated under the jurisdiction of the Interstate Commerce Commission and of all direct costs for providing charter services, and exclusive of all vehicle lease costs.	In Compliance	• Defined as the cost of labor, services, purchased transportation, depreciation, materials and supplies, and any other miscellaneous items.
Vehicle Service Hours	"Vehicle service hours" means the total number of hours that each transit vehicle is in revenue service, including layover time.	In Compliance	• Fixed Route service hours are based on the fixed route schedule; hours are reported by route for weekdays, Saturdays and Sundays. • The contractor is required to report hours in its Monthly Management Reports for both service modes.
Vehicle Service Miles	"Vehicle service miles" means the total number of miles that each transit vehicle is in revenue service.	In Compliance	• Fixed Route service miles are based on scheduled service miles. Adjustments are made for any service interruptions. • The contractor is required to report miles in its Monthly Management Reports for both service modes.

TDA Statistic	TDA Definition	Compliance Finding	Verification Information
Unlinked Passengers	"Unlinked passengers" means the number of boarding passengers, whether revenue producing or not, carried by the public transportation system.	In Compliance	• Actual boardings are counted by drivers. Boardings are recorded daily according to fare medium, including transfers and free boardings.
Employee Full-Time Equivalents	2,000 person-hours of work in one year constitute one employee.	In Compliance	• A full-time equivalent employee is defined as a person whose work hours are at least 2,000 hours/year.

Exhibit 3.2: TDA Statistics – Bus Service

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Operating Cost (Actual $)	$3,293,526	$3,540,743	$3,605,372	$3,754,608	$3,904,532	$3,841,301
Annual Change	- -	*7.5%*	*1.8%*	*4.1%*	*4.0%*	*-1.6%*
Vehicle Service Hours	39,634	35,352	33,905	34,487	37,514	39,027
Annual Change	- -	*-10.8%*	*-4.1%*	*1.7%*	*8.8%*	*4.0%*
Vehicle Service Miles	470,779	472,158	484,327	478,284	458,862	469,141
Annual Change	- -	*0.3%*	*2.6%*	*-1.2%*	*-4.1%*	*2.2%*
Unlinked Passengers	496,071	402,285	333,249	310,159	277,202	277,717
Annual Change	- -	*-18.9%*	*-17.2%*	*-6.9%*	*-10.6%*	*0.2%*
Employee Full-Time Equivalents	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*
Annual Change	- -	- -	- -	- -	- -	- -

Sources: FY2013 through FY2015 - Prior Performance Audit Report (FY2015 draft results confirmed per NTD Database)
FY2016 through FY2018 - State Controller Reports

(a) Not applicable as UCT service is provided by private contractor

Exhibit 3.3: TDA Statistics – Paratransit

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Operating Cost (Actual $)	$848,990	$886,478	$926,112	$948,727	$986,405	$991,566
Annual Change	- -	*4.4%*	*4.5%*	*2.4%*	*4.0%*	*0.5%*
Vehicle Service Hours	11,080	11,150	11,395	11,701	12,193	10,804
Annual Change	- -	*0.6%*	*2.2%*	*2.7%*	*4.2%*	*-11.4%*
Vehicle Service Miles	87,591	86,331	85,585	85,335	84,090	73,036
Annual Change	- -	*-1.4%*	*-0.9%*	*-0.3%*	*-1.5%*	*-13.1%*
Unlinked Passengers	19,959	19,913	21,386	20,285	21,375	18,028
Annual Change	- -	*-0.2%*	*7.4%*	*-5.1%*	*5.4%*	*-15.7%*
Employee Full-Time Equivalents	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*
Annual Change	- -	- -	- -	- -	- -	- -

Sources: FY2013 through FY2015 - Prior Performance Audit Report (FY2015 draft results confirmed per NTD Database)
FY2016 through FY2018 - State Controller Reports

(a) Not applicable as UCT service is provided by private contractor

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III. TDA PERFORMANCE INDICATORS AND TRENDS

The performance trends for UCT's bus and paratransit service modes are presented in this section. Performance is discussed for four of the five TDA-mandated performance indicators:

- operating cost per vehicle service hour
- passengers per vehicle service hour
- passengers per vehicle service mile
- operating cost per passenger

The performance results in these indicators were developed from the information in UCT's State Controller Reports for the three years of the audit period.

Performance results for the fifth TDA-mandated indicator, vehicle service hours per full-time equivalent employee (FTE), were deemed not applicable since UCT's services are provided by a private contractor.

In addition to presenting performance for the three years of the audit period (FY2013 through FY2015), this analysis features two enhancements:

- Six-Year Time Period – While the performance audit focuses on the three fiscal years of the audit period, six-year trend lines have been constructed for UCT's service to provide a longer perspective on performance and to clearly present the direction and magnitude of the performance trends. In this analysis, the FY2016 to FY2018 trend lines have been combined with those from the prior audit period (FY2013 through FY2015) to define a six-year period of performance.

- Normalized Cost Indicators for Inflation – Two financial performance indicators (cost per hour and cost per passenger) are presented in both

constant and current dollars to illustrate the impact of inflation in the Bay Area. The inflation adjustment relies on the All Urban Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the San Francisco Metropolitan Area. The average CPI-W percent change for each fiscal year has been calculated based on the bi-monthly results reported on the U.S. Department of Labor – Bureau of Labor Statistics website. The CPI-W is used since labor is the largest component of operating cost in transit. Since labor costs are typically controlled through labor contracts, changes in normalized costs largely reflect those factors that are within the day-to-day control of the transit system.

The following discussion is organized to present an overview of UCT's performance trends in the four included TDA performance indicators. The discussion is organized by service mode -- bus service is discussed first, followed by paratransit. The analysis is expanded to include a breakdown of the various component costs that contributed to the total and hourly operating costs during the last six years.

Bus Service Performance Trends

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

- Operating Cost per Vehicle Service Hour (Exhibit 4.1)
  - A key indicator of cost efficiency, the cost per hour of bus service increased an average of 3.4 percent annually during the six-year review period.
  - The cost per hour ranged from a low of $83.10 in FY2013 to a high of $108.87 in FY2016. There were increases in every year through FY2016, followed by decreases in the last two years.

- The largest increase (more than 20 percent) occurred in FY2014, when UCT implemented a major service change that included several pilot projects and rerouting service away from established trunk-line routes.

- In FY2013 constant dollars, there was an average annual increase in this indicator of 0.5 percent.

- Passengers per Vehicle Service Hour (Exhibit 4.2)

  - A key indicator of passenger productivity, passengers per hour decreased an average of 10.7 percent annually during the six-year period.

  - Passengers per hour decreased steadily from 12.5 in FY2013 to 7.1 in FY2018.

  - Decreases reflect an overall decrease in passengers combined with a much smaller decrease in service hours. There were major negative impacts on ridership from the October 2013 service changes. Further, UCT's delayed incorporation into the regional Clipper Card program apparently pushed many passengers to nearby AC Transit services.

- Passengers per Vehicle Service Mile (Exhibit 4.2)

  - The six-year trend in this indicator was also negative, decreasing by 10.9 percent annually on average.

  - There were 1.05 passengers per mile in FY2013, compared with 0.59 in FY2018.

  - Again, there were steady and substantial annual decreases, reflecting ridership losses from the October 2013 service changes and UCT's delayed acceptance of the Clipper Card.

- Operating Cost per Passenger (Exhibit 4.3)

  - A key measure of cost effectiveness, cost per passenger was $6.64 in the first year, followed by double-digit percentage increases annually to $14.09 per passenger in FY2017, with a modest leveling off in FY2018 to $13.83.

- The latter results are attributed to the above-noted ridership losses from the October 2013 service changes and UCT's delayed acceptance of the Clipper Card.

- Overall, the average annual increase during the period amounted to 15.8 percent in the cost per passenger. With the impact of inflation removed, the result was an average annual increase of 12.6 percent.

* * * * *

The following is a brief summary of the TDA performance trend highlights over the six-year period of FY2013 through FY2018:

- There was an average annual increase in the operating cost per hour of 3.4 percent, or 0.5 percent in inflation adjusted dollars. The largest annual increase (more than 20 percent) occurred in FY2014, when UCT implemented a major route restructuring. The cost per hour decreased over the last two years.

- The cost per passenger increased on average by 15.8 percent per year, which amounted to an average annual increase of 12.6 percent in constant FY2013 dollars. While operating costs increased about three percent per year on average, ridership declined steadily and precipitously beginning with the FY2014 route restructuring and through FY2017. FY2018 ridership showed a slight upturn compared to the previous year.

- Passenger productivity exhibited a downward trend, driven by the ridership losses noted above. Passengers per vehicle service hour and vehicle service mile both went down by more than ten percent per year on average.

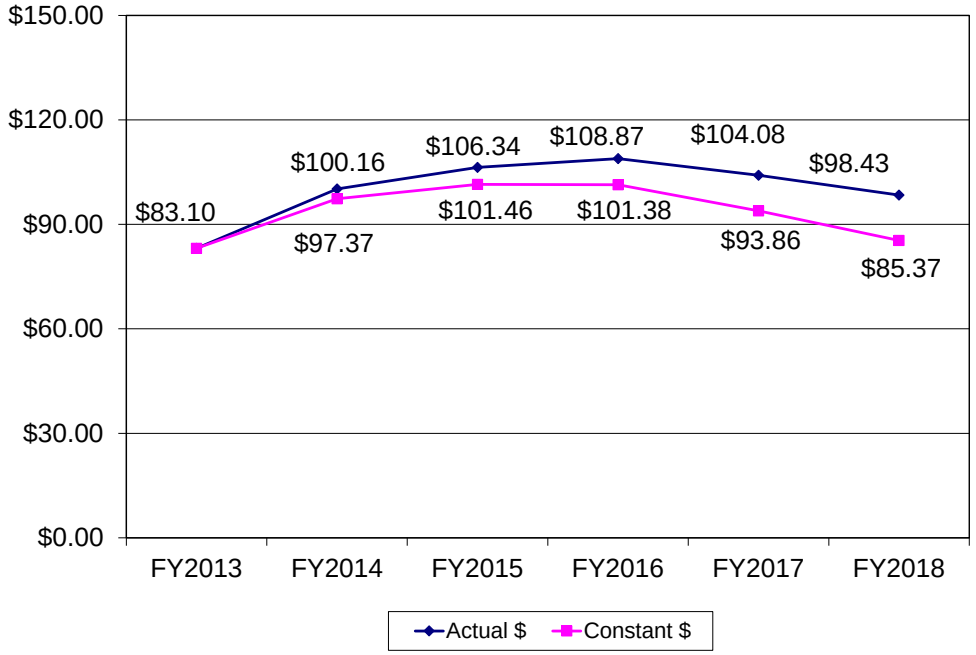
Exhibit 4: TDA Indicator Performance – Bus Service

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	*Av. Ann. Chg.*
Performance Indicators							
Op. Cost per Vehicle Svc. Hour (Actual $)	$83.10	$100.16	$106.34	$108.87	$104.08	$98.43	- -
Annual Change	- -	*20.5%*	*6.2%*	*2.4%*	*-4.4%*	*-5.4%*	*3.4%*
Op. Cost per Vehicle Svc. Hour (Constant $)	$83.10	$97.37	$101.46	$101.38	$93.86	$85.37	- -
Annual Change	- -	*17.2%*	*4.2%*	*-0.1%*	*-7.4%*	*-9.0%*	*0.5%*
Passengers per Vehicle Service Hour	12.5	11.4	9.8	9.0	7.4	7.1	- -
Annual Change	- -	*-9.1%*	*-13.6%*	*-8.5%*	*-17.8%*	*-3.7%*	*-10.7%*
Passengers per Vehicle Service Mile	1.05	0.85	0.69	0.65	0.60	0.59	- -
Annual Change	- -	*-19.1%*	*-19.2%*	*-5.8%*	*-6.8%*	*-2.0%*	*-10.9%*
Op. Cost per Passenger (Actual $)	$6.64	$8.80	$10.82	$12.11	$14.09	$13.83	- -
Annual Change	- -	*32.6%*	*22.9%*	*11.9%*	*16.4%*	*-1.8%*	*15.8%*
Op. Cost per Passenger (Constant $)	$6.64	$8.56	$10.32	$11.27	$12.70	$12.00	- -
Annual Change	- -	*28.9%*	*20.6%*	*9.2%*	*12.7%*	*-5.6%*	*12.6%*
Vehicle Service Hours per FTE	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*	- -
Annual Change	- -	- -	- -	- -	- -	- -	- -
Input Data							
Operating Cost (Actual $)	$3,293,526	$3,540,743	$3,605,372	$3,754,608	$3,904,532	$3,841,301	- -
Annual Change	- -	*7.5%*	*1.8%*	*4.1%*	*4.0%*	*-1.6%*	*3.1%*
Operating Cost (Constant $)	$3,293,526	$3,442,169	$3,440,004	$3,496,190	$3,521,247	$3,331,808	- -
Annual Change	- -	*4.5%*	*-0.1%*	*1.6%*	*0.7%*	*-5.4%*	*0.2%*
Vehicle Service Hours	39,634	35,352	33,905	34,487	37,514	39,027	- -
Annual Change	- -	*-10.8%*	*-4.1%*	*1.7%*	*8.8%*	*4.0%*	*-0.3%*
Vehicle Service Miles	470,779	472,158	484,327	478,284	458,862	469,141	- -
Annual Change	- -	*0.3%*	*2.6%*	*-1.2%*	*-4.1%*	*2.2%*	*-0.1%*
Unlinked Passengers	496,071	402,285	333,249	310,159	277,202	277,717	- -
Annual Change	- -	*-18.9%*	*-17.2%*	*-6.9%*	*-10.6%*	*0.2%*	*-11.0%*
Employee Full-Time Equivalents	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*	- -
Annual Change	- -	- -	- -	- -	- -	- -	- -
Bay Area CPI - Annual Change	- -	2.9%	1.9%	2.5%	3.3%	4.0%	- -
- Cumulative Change	- -	2.9%	4.8%	7.4%	10.9%	15.3%	*2.9%*

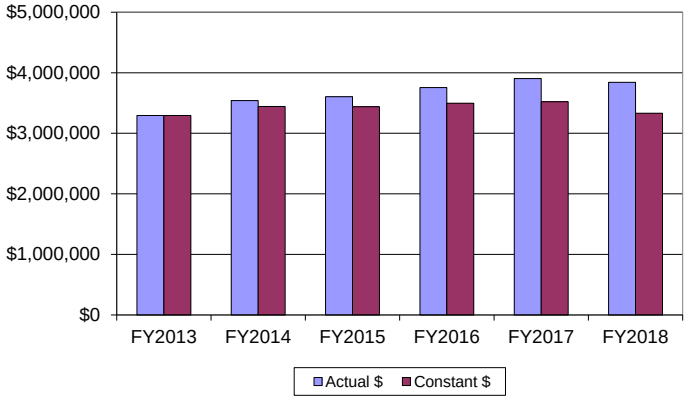
Sources: *FY2013 through FY2015 - Prior Performance Audit Report (FY2015 draft results confirmed per NTD Database)*
FY2016 through FY2018 - State Controller Reports
CPI Data - U.S. Department of Labor, Bureau of Labor Statistics

(a) Not applicable as UCT service is provided by private contractor

Exhibit 4.1: Operating Cost per Vehicle Service Hour – Bus Service



Operating Cost



Vehicle Service Hours

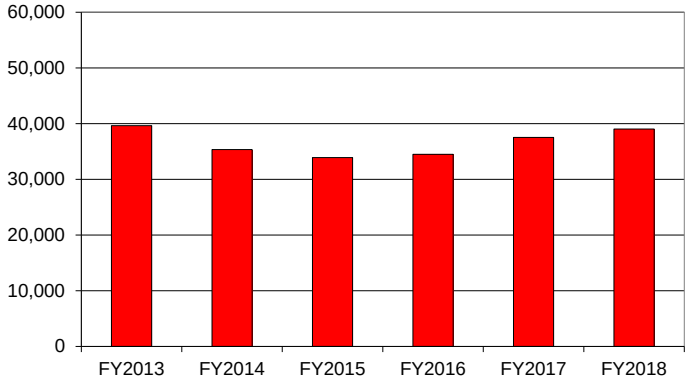
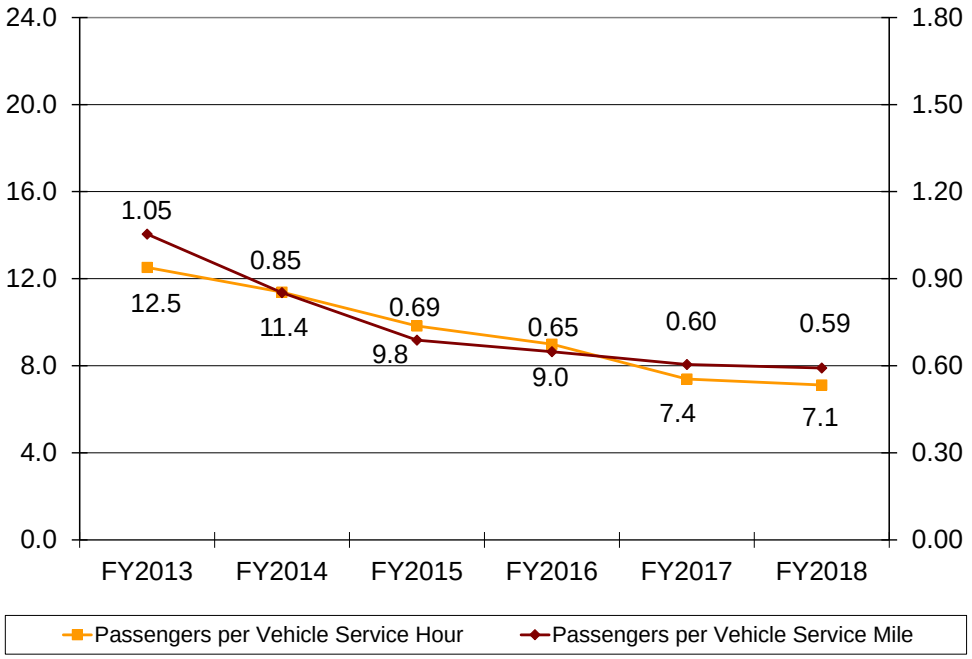
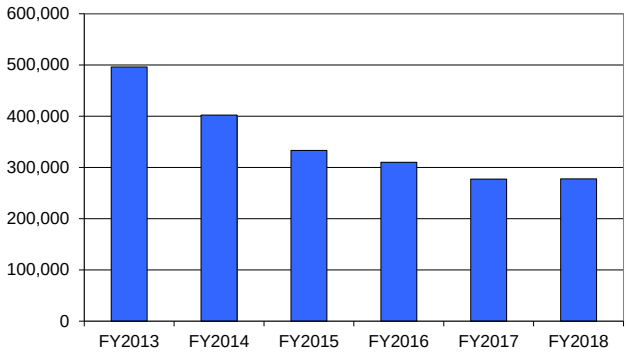


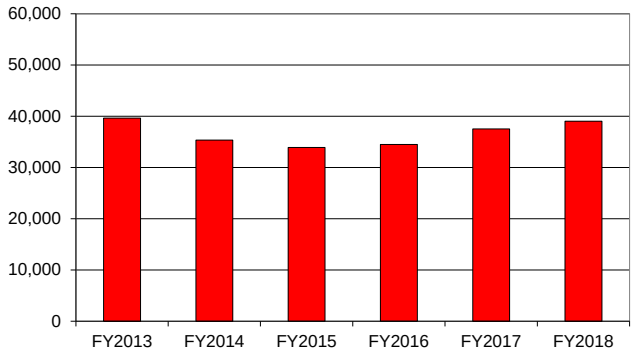
Exhibit 4.2: Passengers per Hour and per Mile – Bus Service



Unlinked Passengers



Vehicle Service Hours



Vehicle Service Miles

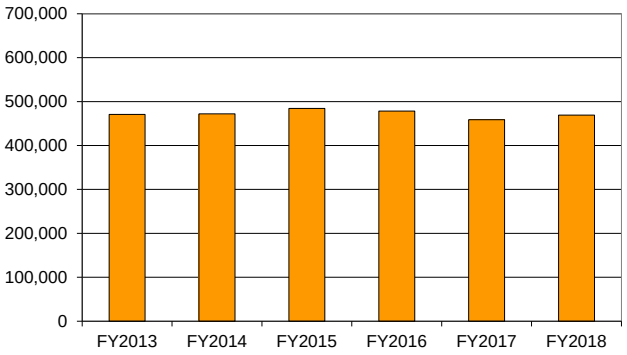
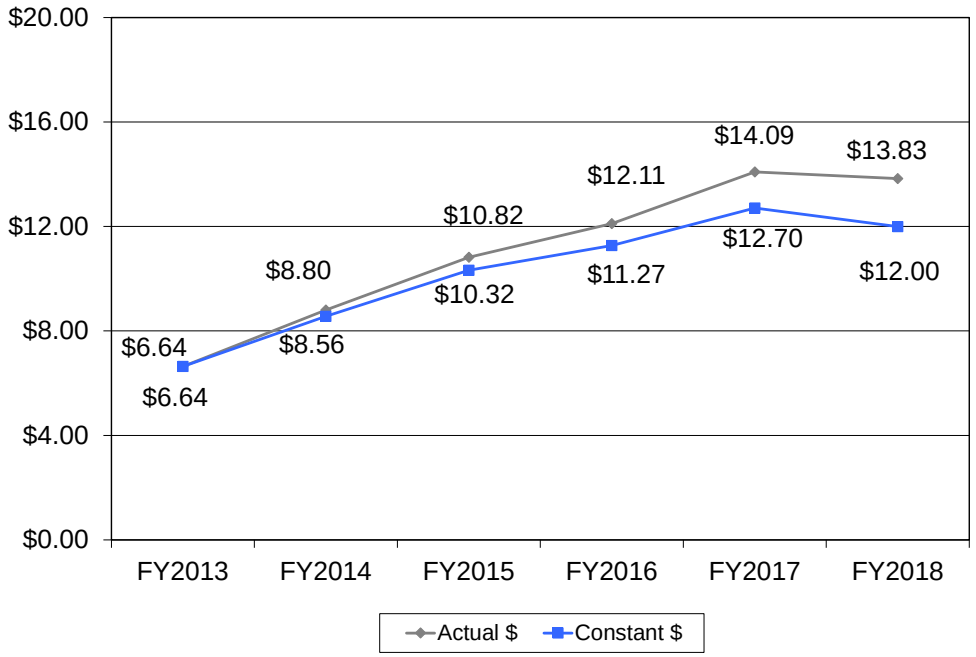
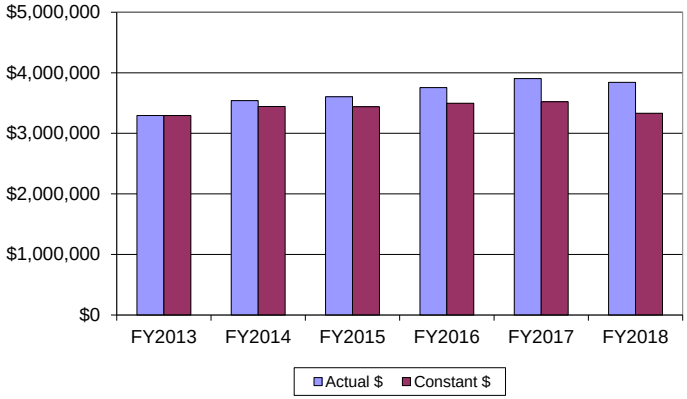


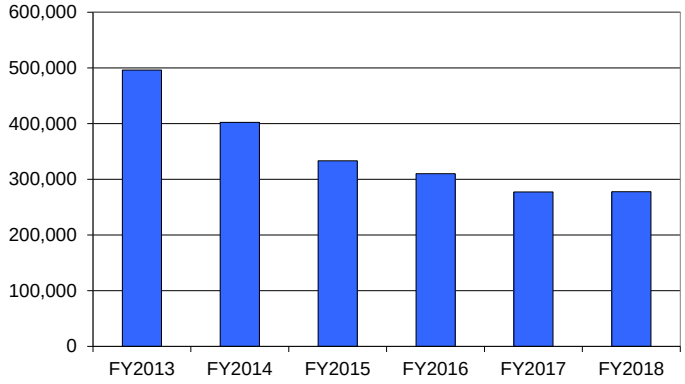
Exhibit 4.3: Operating Cost per Passenger – Bus Service



Operating Cost



Unlinked Passengers



Bus Service Component Costs

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

- Overall, operating costs increased by 3.1 percent annually, with only modest changes in most component cost categories.
- The most significant changes were an average annual increase of nearly 20 percent in the services area, and a 25 percent reduction in "other expenses".
- Both of the above categories represented only small portions of the total operating expenses.
- Purchased transportation costs represented the largest portion of the total costs, at about 70 percent throughout the review period.
- The portion from in-house labor costs remained at about eight percent in each year, and fringe benefits about three percent.
- Contribution levels from other cost categories also remained generally steady during the period.

* * * * *

The following is a brief summary of the component operating costs trend highlights between FY2013 and FY2018:

- The most significant overall percentage changes were an average annual increase of nearly 20 percent in the services area, and a 25 percent reduction

in "other expenses". However, both categories represented only small portions of the total operating expenses.

- Total operating costs increased by 3.1 percent annually during the review period. Purchased transportation costs represented the largest portion of the total costs, at about 70 percent throughout the period.

- The portion from in-house labor costs remained at about eight percent in each year, and fringe benefits about three percent. Contribution levels from other cost categories also remained generally steady during the period.

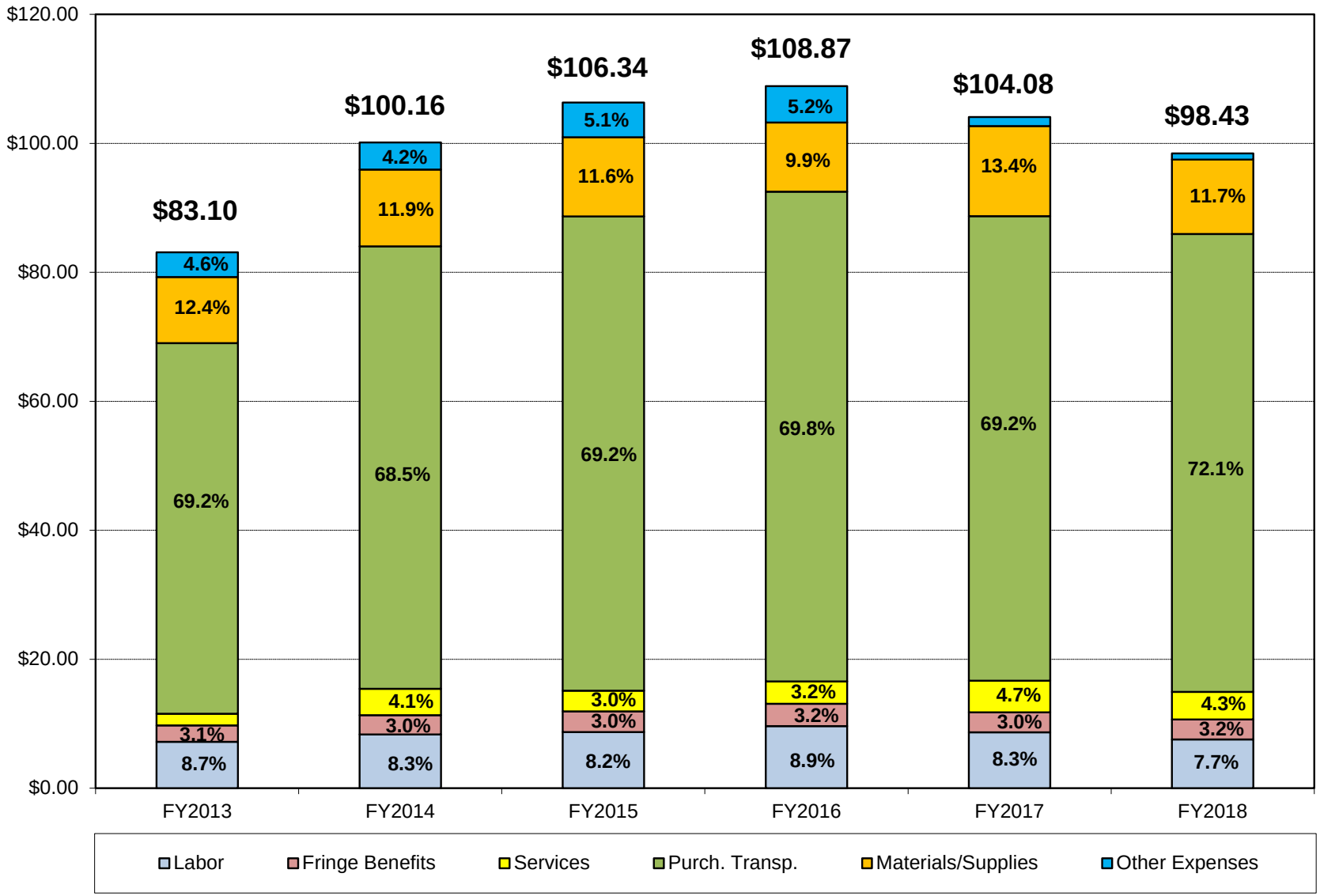
Exhibit 4.4: Component Cost Trends – Bus Service

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	*Av. Ann. Chg.*
COST CATEGORIES							
Labor (Salaries, Wages)	$285,500	$294,803	$295,453	$332,343	$324,774	$294,313	- -
Annual Change	- -	*3.3%*	*0.2%*	*12.5%*	*-2.3%*	*-9.4%*	*0.6%*
Fringe Benefits	$100,731	$105,360	$107,853	$118,594	$116,593	$121,794	- -
Annual Change	- -	*4.6%*	*2.4%*	*10.0%*	*-1.7%*	*4.5%*	*3.9%*
Services	$70,963	$144,938	$109,528	$119,974	$183,251	$166,838	
Annual Change	- -	*104.2%*	*-24.4%*	*9.5%*	*52.7%*	*-9.0%*	*18.6%*
Purchased Transportation	$2,278,025	$2,426,101	$2,493,243	$2,618,891	$2,703,200	$2,771,348	- -
Annual Change	- -	*6.5%*	*2.8%*	*5.0%*	*3.2%*	*2.5%*	*4.0%*
Materials/Supplies *(a)*	$407,228	$420,945	$416,519	$369,938	$524,270	$449,745	- -
Annual Change	- -	*3.4%*	*-1.1%*	*-11.2%*	*41.7%*	*-14.2%*	*2.0%*
Other Expenses *(b)*	$151,079	$148,596	$182,776	$194,868	$52,444	$37,263	- -
Annual Change	- -	*-1.6%*	*23.0%*	*6.6%*	*-73.1%*	*-28.9%*	*-24.4%*
Total	$3,293,526	$3,540,743	$3,605,372	$3,754,608	$3,904,532	$3,841,301	- -
Annual Change	- -	*7.5%*	*1.8%*	*4.1%*	*4.0%*	*-1.6%*	*3.1%*
OPERATING STATISTICS							
Vehicle Service Hours	39,634	35,352	33,905	34,487	37,514	39,027	- -
Annual Change	- -	*-10.8%*	*-4.1%*	*1.7%*	*8.8%*	*4.0%*	*-0.3%*

(a) Includes fuel/lubricants and other materials/supplies
(b) Includes utilities, interest and miscellaneous expenses
Sources: FY2013 through FY2015 – Prior Performance Audit; FY2016 through FY2018 – State Controller Reports

Exhibit 4.5: Distribution of Component Costs – Bus Service

Operating Cost per Vehicle Service Hour



Paratransit Performance Trends

This section provides an overview of the performance of UCT's paratransit service over the six year analysis period. The trends in the TDA indicators and input data are presented in Exhibit 5. The six-year trends are illustrated in Exhibits 5.1 through 5.3.

- Operating Cost per Vehicle Service Hour (Exhibit 5.1)
  - UCT's paratransit cost per hour increased overall from $76.62 in FY2013 to $91.78 in FY2018, an average of 3.7 percent per year.
  - There was relative stability in the cost per hour (about $81) between FY2015 and FY2017. This was followed by a sharp increase (13.4 percent) in the last year, when operating costs increased slightly even as service hours dropped significantly.
  - With the effects of inflation removed, there was an average annual increase, of 0.8 percent
- Passengers per Vehicle Service Hour (Exhibit 5.2)
  - Passengers per vehicle service hour remained relatively steady during the review period, losing 1.5 percent per year overall.
  - Passenger levels and service hours both decreased overall, by 2.0 percent and 0.5 percent per year on average, respectively.
- Passengers per Vehicle Service Mile (Exhibit 5.2)
  - Performance in passengers per vehicle service mile improved somewhat overall, by 1.6 percent per year, but remained in a range of 0.23 to 0.25 passengers.
  - Annual passenger levels decreased by two percent on average while vehicle service miles decreased by 3.6 percent.

- Operating Cost per Passenger (Exhibit 5.3)

  - Cost effectiveness declined by 5.3 percent per year on average, from $42.54 per passenger in FY2013 to $55.00 in FY2018.

  - Operating costs increased by 3.2 percent per year over the period, while passenger levels decreased by two percent per year.

  - With the impact of inflation removed, the result was an average annual decrease in the cost per passenger of 2.3 percent.

* * * * *

The following is a brief summary of the TDA performance trend highlights over the six-year period of FY2013 through FY2018:

- Cost efficiency declined moderately overall, with an average annual increase in the operating cost per hour of 3.7 percent. When adjusted for inflation, the increase amounted to 0.8 percent annually. The most significant annual change was a 13 percent increase (current dollars) in FY2018, when operating costs rose slightly even as service hours declined by 11 percent.

- The operating cost per passenger also showed an annual increase through the period -- 5.2 percent, or 2.3 percent when expressed in constant FY2013 dollars. The most significant annual change (a 19 percent increase in current dollars) was again in FY2018, when operating costs rose slightly even as ridership declined by nearly 16 percent.

- Passenger productivity showed a relatively small overall change, with passengers per hour declining by 1.5 percent per year on average, and passengers per mile increasing by 1.6 percent per year.

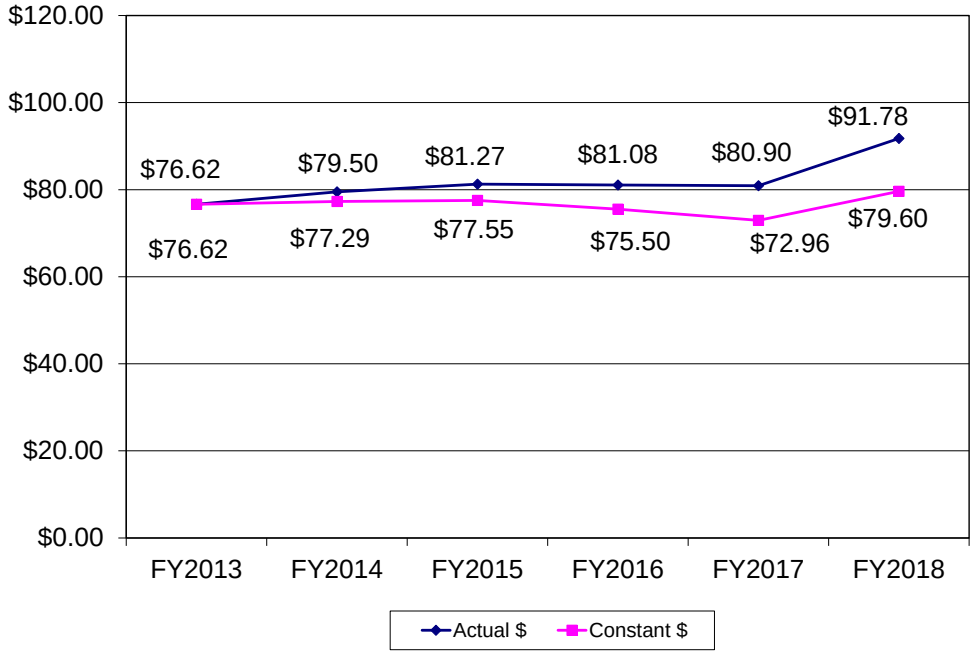
Exhibit 5: TDA Indicator Performance – Paratransit

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	*Av. Ann. Chg.*
Performance Indicators							
Op. Cost per Vehicle Svc. Hour (Actual $)	$76.62	$79.50	$81.27	$81.08	$80.90	$91.78	- -
Annual Change	- -	*3.8%*	*2.2%*	*-0.2%*	*-0.2%*	*13.4%*	*3.7%*
Op. Cost per Vehicle Svc. Hour (Constant $)	$76.62	$77.29	$77.55	$75.50	$72.96	$79.60	- -
Annual Change	- -	*0.9%*	*0.3%*	*-2.6%*	*-3.4%*	*9.1%*	*0.8%*
Passengers per Vehicle Service Hour	1.80	1.79	1.88	1.73	1.75	1.67	- -
Annual Change	- -	*-0.9%*	*5.1%*	*-7.6%*	*1.1%*	*-4.8%*	*-1.5%*
Passengers per Vehicle Service Mile	0.228	0.231	0.250	0.238	0.254	0.247	- -
Annual Change	- -	*1.2%*	*8.3%*	*-4.9%*	*6.9%*	*-2.9%*	*1.6%*
Op. Cost per Passenger (Actual $)	$42.54	$44.52	$43.30	$46.77	$46.15	$55.00	- -
Annual Change	- -	*4.7%*	*-2.7%*	*8.0%*	*-1.3%*	*19.2%*	*5.3%*
Op. Cost per Passenger (Constant $)	$42.54	$43.28	$41.32	$43.55	$41.62	$47.71	- -
Annual Change	- -	*1.7%*	*-4.5%*	*5.4%*	*-4.4%*	*14.6%*	*2.3%*
Vehicle Service Hours per FTE	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*	- -
Annual Change	- -	- -	- -	- -	- -	- -	- -
Input Data							
Operating Cost (Actual $)	$848,990	$886,478	$926,112	$948,727	$986,405	$991,566	- -
Annual Change	- -	*4.4%*	*4.5%*	*2.4%*	*4.0%*	*0.5%*	*3.2%*
Operating Cost (Constant $)	$848,990	$861,799	$883,634	$883,429	$889,575	$860,049	- -
Annual Change	- -	*1.5%*	*2.5%*	*0.0%*	*0.7%*	*-3.3%*	*0.3%*
Vehicle Service Hours	11,080	11,150	11,395	11,701	12,193	10,804	- -
Annual Change	- -	*0.6%*	*2.2%*	*2.7%*	*4.2%*	*-11.4%*	*-0.5%*
Vehicle Service Miles	87,591	86,331	85,585	85,335	84,090	73,036	- -
Annual Change	- -	*-1.4%*	*-0.9%*	*-0.3%*	*-1.5%*	*-13.1%*	*-3.6%*
Unlinked Passengers	19,959	19,913	21,386	20,285	21,375	18,028	- -
Annual Change	- -	*-0.2%*	*7.4%*	*-5.1%*	*5.4%*	*-15.7%*	*-2.0%*
Employee Full-Time Equivalents	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*	- -
Annual Change	- -	- -	- -	- -	- -	- -	- -
Bay Area CPI - Annual Change	- -	2.9%	1.9%	2.5%	3.3%	4.0%	- -
- Cumulative Change	- -	2.9%	4.8%	7.4%	10.9%	15.3%	*2.9%*

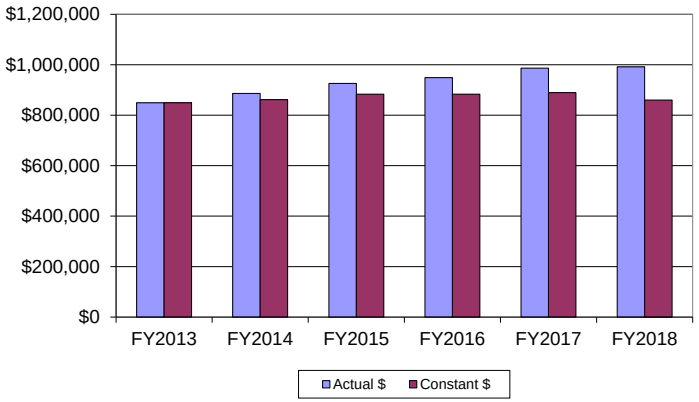
Sources: *FY2013 through FY2015 - Prior Performance Audit Report (FY2015 draft results confirmed per NTD Database)*
FY2016 through FY2018 - State Controller Reports
CPI Data - U.S. Department of Labor, Bureau of Labor Statistics

(a) Not applicable as UCT service is provided by private contractor

Exhibit 5.1: Operating Cost per Vehicle Service Hour – Paratransit



Operating Cost



Vehicle Service Hours

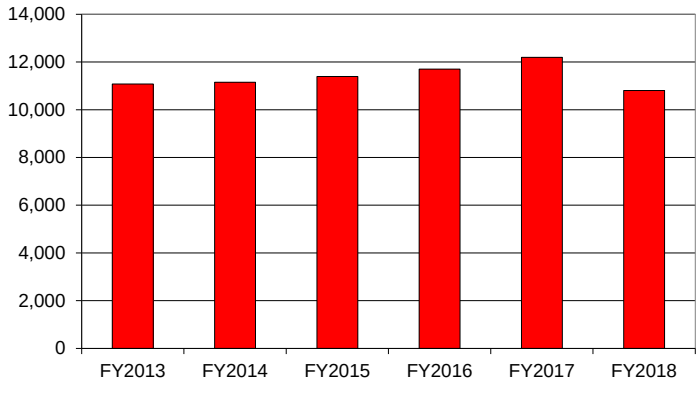
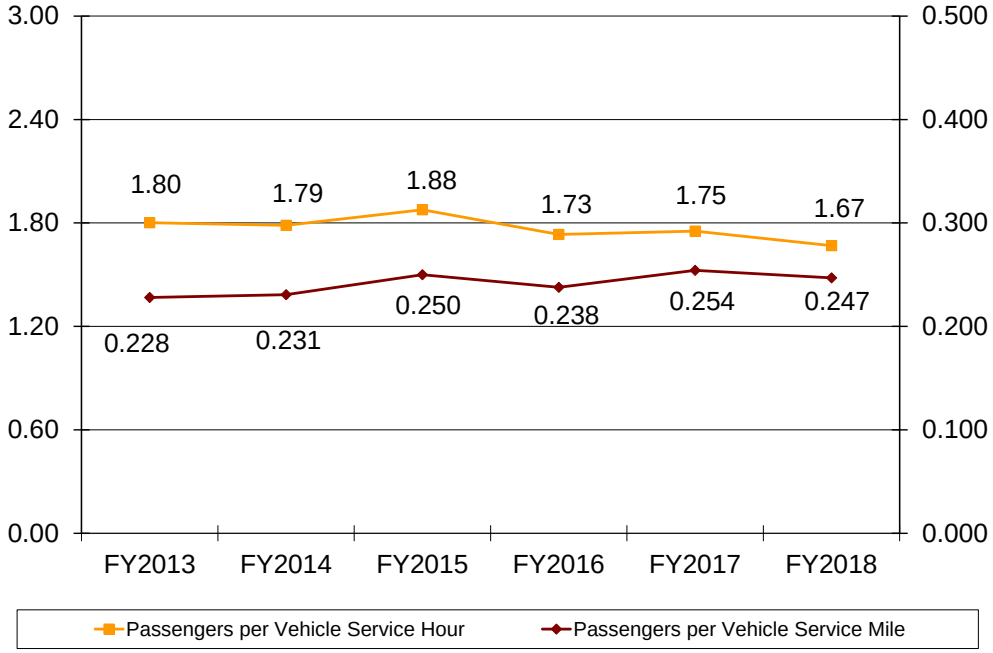
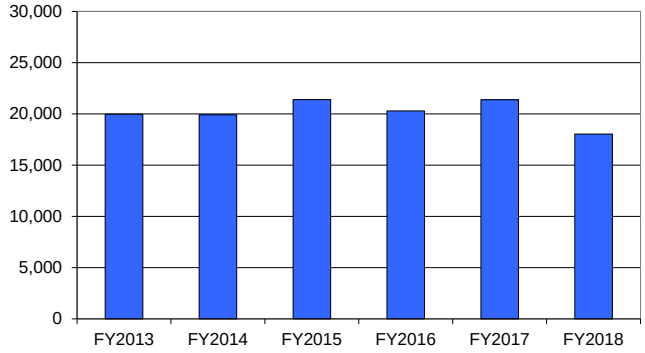


Exhibit 5.2: TDA Indicator Performance – Paratransit

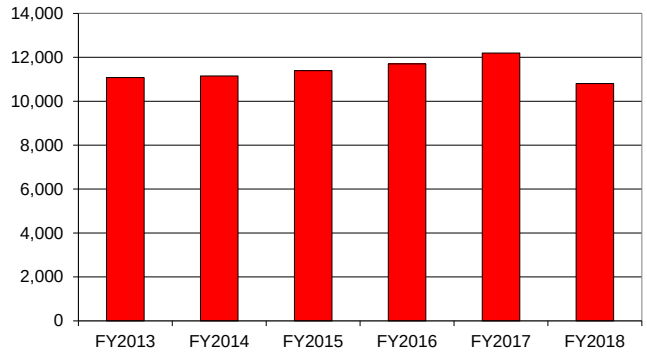
Passengers per Hour and per Mile



Unlinked Passengers



Vehicle Service Hours



Vehicle Service Miles

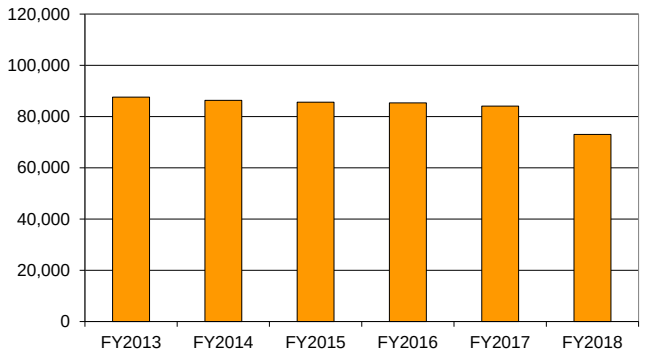
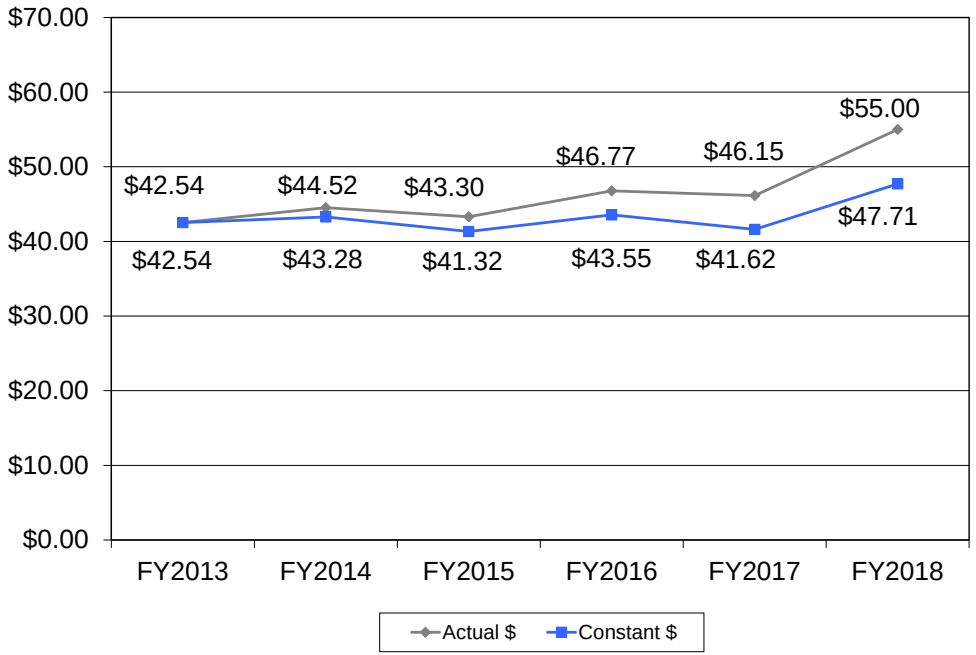
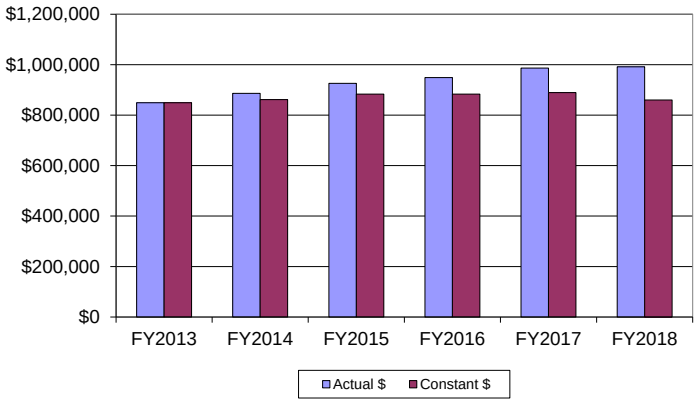


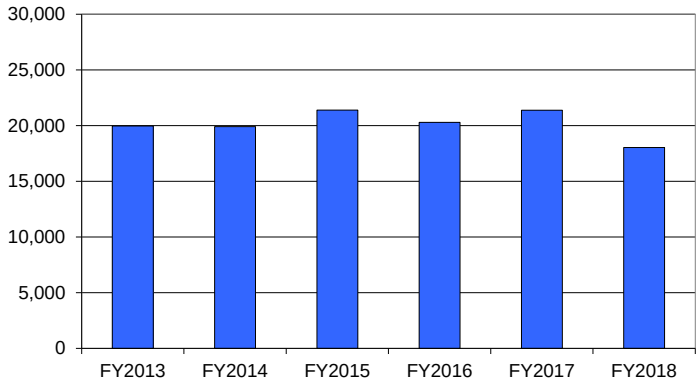
Exhibit 5.3: Operating Cost per Passenger – Paratransit



Operating Cost



Unlinked Passengers



Paratransit Component Costs

The year-to-year changes in selected operating cost categories are presented in Exhibit 5.4, along with the concurrent changes in vehicle service hours. The portions of the cost per vehicle service hour that can be attributed to each included cost component are shown in Exhibit 5.5.

- Between FY2013 and FY2018, the total annual costs increased by 3.2 percent on average. This was primarily driven by an increase of three percent per year in purchased transportation costs, by far the largest component cost category.

- The most significant overall percentage changes were an average annual increase of more than 150 percent in the services area, and a 35 percent reduction in "other expenses".

- Both of the above categories represented only small portions of the total operating expenses

- Costs in the in-house labor and fringe benefits categories increased somewhat as well.

- In-house labor costs remained between 11 and 12 percent in each year, and fringe benefits about five percent.

- Purchased transportation costs increased from 71 percent to 75 percent of total costs between FY2013 and FY2017, and then dropped back to 71 percent again in FY2018.

- There was a general decrease in the materials/supplies cost category, and its share of total costs was reduced from 7.2 percent in the first year to about four percent in the last three years.

* * * * *

The following is a brief summary of the component operating costs trend highlights between FY2013 and FY2018:

- The most significant overall percentage changes were an average annual increase of more than 150 percent in the services area, and a 35 percent reduction in "other expenses". However, both categories represented only small portions of the total operating expenses.

- Total annual costs increased by 3.2 percent on average, primarily reflecting an increase of three percent per year in purchased transportation costs (by far the largest component cost category).

- Purchased transportation costs increased from 71 percent to 75 percent of total costs between FY2013 and FY2017, and then dropped back to 71 percent again in FY2018.

- The portion from in-house labor costs remained between 11 and 12 percent in each year, and fringe benefits about five percent.

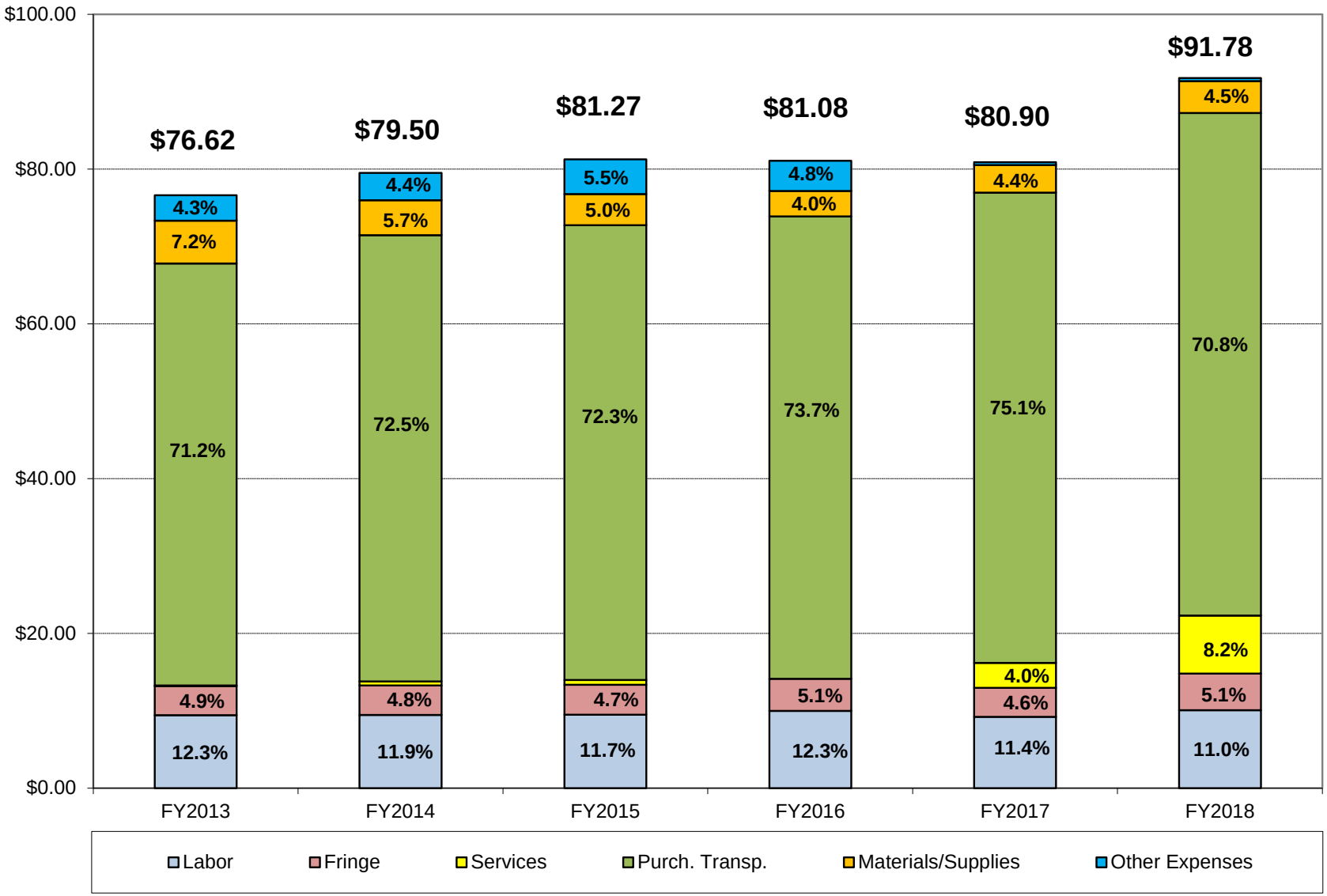
Exhibit 5.4: TDA Component Costs Trends – Paratransit

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	*Av. Ann. Chg.*
COST CATEGORIES							
Labor (Salaries, Wages)	$104,493	$105,431	$108,334	$116,807	$112,321	$108,984	- -
Annual Change	- -	*0.9%*	*2.8%*	*7.8%*	*-3.8%*	*-3.0%*	*0.8%*
Fringe Benefits	$41,698	$42,484	$43,969	$48,668	$45,857	$50,991	- -
Annual Change	- -	*1.9%*	*3.5%*	*10.7%*	*-5.8%*	*11.2%*	*4.1%*
Services	$783	$6,044	$7,041	$0	$39,321	$81,090	- -
Annual Change	- -	*671.9%*	*16.5%*	*-100.0%*	- -	*106.2%*	*153.0%*
Purchased Transportation	$604,310	$642,765	$669,821	$699,223	$741,132	$701,804	- -
Annual Change	- -	*6.4%*	*4.2%*	*4.4%*	*6.0%*	*-5.3%*	*3.0%*
Materials/Supplies *(a)*	$61,303	$50,668	$45,892	$38,366	$43,175	$44,231	- -
Annual Change	- -	*-17.3%*	*-9.4%*	*-16.4%*	*12.5%*	*2.4%*	*-6.3%*
Other Expenses *(b)*	$36,403	$39,086	$51,055	$45,663	$4,599	$4,466	- -
Annual Change	- -	*7.4%*	*30.6%*	*-10.6%*	*-89.9%*	*-2.9%*	*-34.3%*
Total	$848,990	$886,478	$926,112	$948,727	$986,405	$991,566	- -
Annual Change	- -	*4.4%*	*4.5%*	*2.4%*	*4.0%*	*0.5%*	*3.2%*
OPERATING STATISTICS							
Vehicle Service Hours	11,080	11,150	11,395	11,701	12,193	10,804	- -
Annual Change	- -	*0.6%*	*2.2%*	*2.7%*	*4.2%*	*-11.4%*	*-0.5%*

(a) Includes fuel/lubricants and other materials/supplies
(b) Includes interest and miscellaneous expenses
Sources: FY2013 through FY2015 – Prior Performance Audit; FY2016 through FY2018 – State Controller Reports

Exhibit 5.5: Distribution of Component Costs – Paratransit

Operating Cost per Vehicle Service Hour



IV. COMPLIANCE WITH PUC REQUIREMENTS

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

The results from this review are detailed by individual requirement in Exhibit 6. UCT is in compliance with each of the seven sections of the state PUC that were reviewed as part of this performance audit. These sections included requirements concerning CHP terminal safety inspections, labor contracts, reduced fares, Welfare-to-Work, revenue sharing, and evaluating passenger needs.

Exhibit 6: Compliance with State PUC Requirements

Code Reference	Operator Compliance Requirements	Compliance Finding	Verification Information
PUC99251	CHP Certification - The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator's compliance with Vehicle Code Section 1808 following a CHP inspection of the operator's terminal	In Compliance	Satisfactory Inspections: • FY2016: 03/30/2016 • FY2017: 03/22/2017 • FY2018: 03/29/2018
PUC99264	Operator-to-Vehicle Staffing - The operator does not routinely staff with two or more persons public transportation vehicles designed to be operated by one person	In Compliance	No provision for excess staffing in Transportation Contract with MV Transportation, Inc. (10/3/2009), nor Amendment 3 contract extension through FY2018 (09/21/2015).
PUC99314.5(e)(1)(2)	Part-Time Drivers and Contracting - If the operator receives STA funds, the operator is not precluded by contract from employing part-time drivers or from contracting with common carriers.	In Compliance	UCT contracts with MV Transportation, Inc. for its fixed-route and paratransit service provision.
PUC99155	Reduced Fare Eligibility - For any operator who received TDA Article 4 funds, if the operator offers reduced fares to senior citizens and disabled persons, applicant will honor the federal Medicare identification card, the California Department of Motor Vehicles disability ID card, the Regional Transit Connection Discount Card, or any other current identification card issued by another transit operator that is valid for the type of transportation service or discount requested; and if the operator offers reduced fares to senior citizens, it also offers the same reduced fare to disabled patrons	In Compliance	Fare information on UCT website notes acceptable reduced fare eligibility media.

Code Reference	Operator Compliance Requirements	Compliance Finding	Verification Information
PUC99155.1(a)(1)(2)	Welfare-to-Work - The operator coordinates with county welfare departments in order to ensure that transportation moneys available for purposes of assisting recipients of aid are expended efficiently for the benefit of that population; if a recipient of CalWORKs program funds by the county, the operator shall give priority to the enhancement of public transportation services for welfare-to-work purposes and to the enhancement of transportation alternatives, such as, but not limited to, subsidies or vouchers, van pools, and contract paratransit operations, in order to promote welfare-to-work purposes.	In Compliance	• UCT participates with the Alameda County Transportation Commission (CTC) for County Measure B/BB funds. UCT works closely with the CTC in the provision of services, and is rolled into the Countywide Transit Plan. • UCT also works with the City of Fremont in the provision of services, and participates in regional taxi-voucher and volunteer driver programs. • UCT accepts CalWorks payment vouchers for transit passes and paratransit tickets.
PUC99314.7, Govt Code 66516, MTC Res. Nos. 3837, 4073	Joint Revenue Sharing Agreement - The operator has current joint fare revenue sharing agreements in place with transit operators in the MTC region with which its service connects, and submitted copies of agreements to MTC	In Compliance	• 2016 Amended and Restated Clipper® Memorandum of Understanding (MOU), by and among MTC and the transit operators participating in the Clipper® program. • 2005 Dumbarton Bridge Express Service Cooperative Agreement, and 2006 Dumbarton Express Update. • 1991 Coordination Agreement between the City of Union City and AC Transit.

Code Reference	Operator Compliance Requirements	Compliance Finding	Verification Information
PUC99246(d)	Process for Evaluation of Passenger Needs - The operator has an established process in place for evaluating the needs and types of passengers being served	In Compliance	• Periodic Short Range Transit Plans (SRTPs). The most recent full version was adopted in May 2013 and covers FY2013-2022. It includes evaluations of existing service and facility conditions, demographic analysis, service alternatives, marketing and outreach plans, operating and capital plans and recommendations. • Union City also participates in regional transit passenger studies and surveys with MTC. • For paratransit services, Union City has an accessibility advisory committee that meets along with other paratransit providers in Southern Alameda County. • Earlier efforts included a 2010 Transit Service Plan and a 2007 Transit Alternatives Study.

V. STATUS OF PRIOR AUDIT RECOMMENDATIONS

UCT's prior performance audit was completed in June 2016. Generally, MTC has used the audit recommendations as the basis for developing the Productivity Improvement Program (PIP) projects the operator is required to complete. MTC tracks PIP project implementation as part of its annual review of the operator's TDA-STA claim application. This section provides an assessment of actions taken by TDA-STA recipients toward implementing the recommendations advanced in the prior audit. This assessment provides continuity between the current and prior audits, which allows MTC to fulfill its obligations where the recommendations were advanced as PIP projects.

This review would address UCT's responses to the recommendations made in the prior performance audit, and whether UCT made reasonable progress toward their implementation. However, there were no recommendations made in UCT's prior audit.

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VI. FUNCTIONAL PERFORMANCE INDICATOR TRENDS

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

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

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

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

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

Systemwide

For the purposes of this review, UCT's functional indicators relating to Management, Administration and Marketing have been included generally on a systemwide basis. Audit period performance is discussed below and presented in Exhibit 7.

- Administrative costs remained at about 17 percent of total operating costs and at about $17 per vehicle service hour through the audit period.

- The portion of administrative costs attributed to marketing activities was just below two percent in both FY2016 and FY2018, though it exceeded four percent in FY2017. In terms of passenger trips, marketing costs also were similar in FY2016 and FY2018, at $0.04, but reached $0.12 in FY2017.

- The systemwide farebox recovery ratio declined steadily, from 7.7 percent in FY2016 to 6.9 percent by FY2018 (a 10.5 percent decrease). This trend appears to reflect continuing ridership losses after the October 2013 service changes and UCT's delayed acceptance of the Clipper Card.

* * * * *

The following is a brief summary of the systemwide functional trend highlights between FY2016 and FY2018:

- Administrative costs were relatively steady at 17 percent of total operating costs and at $17 per vehicle service hour.

- Marketing costs were relatively minor, with steady results overall when compared to total administrative costs and passenger trips.

- The systemwide farebox recovery ratio declined steadily, from 7.7 percent in FY2016 to 6.9 percent by FY2018 (a 10.5 percent decrease).

Exhibit 7: Functional Performance Trends – Systemwide (All Modes)

FUNCTION/Indicator	Actual Performance		
	FY2016	FY2017	FY2018
MANAGEMENT, ADMINISTRATION & MARKETING			
Administrative Cost/Total Operating Cost	17.5%	16.9%	17.3%
Annual Percent Change	- -	*-3.8%*	*2.5%*
Three Year Percent Change	- -	- -	*-1.4%*
Adminstrative Cost/Vehicle Service Hour	$17.84	$16.58	$16.76
Annual Percent Change	- -	*-7.0%*	*1.0%*
Three Year Percent Change	- -	- -	*-6.1%*
Marketing Cost/Total Administrative Cost	1.7%	4.4%	1.6%
Annual Percent Change	- -	*160.9%*	*-64.3%*
Three Year Percent Change	- -	- -	*-6.9%*
Marketing Cost/Unlinked Passenger Trip	$0.04	$0.12	$0.04
Annual Percent Change	- -	*188.9%*	*-63.5%*
Three Year Percent Change	- -	- -	*5.4%*
Farebox Revenue/Operating Cost	7.7%	7.0%	6.9%
Annual Percent Change	- -	*-9.2%*	*-1.5%*
Three Year Percent Change	- -	- -	*-10.5%*

Bus Service

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

- Service Planning

  - The bus service farebox recovery ratio declined from 8.3 percent in FY2016 to about 7.5 percent in the next two years.

  - At the same time, the TDA recovery ratio, reflecting farebox revenue plus local support less operating cost exclusions, increased in each year, from 36.6 percent in FY2016 to 39.0 percent by FY2018.

  - The portion of vehicle miles traveled that were in service decreased slightly from 92.3 percent in FY2016 to 90.1 percent subsequently.

  - For vehicle hours, there was a noticeable 14 percent increase over the period in the portion in service, from 82.6 percent in FY2016 to 94.2 percent by FY2018.

  - Passengers per vehicle service mile and vehicle service hour both declined overall during the audit period, by nearly nine percent and over 20 percent, respectively.

- Operations

  - Vehicle operations costs increased from about 79 percent of total operating costs in the first two year to almost 82 percent in FY2018.

  - Vehicle operations costs per service hour were reduced from year to year, beginning at about $86 in FY2016 and ending at about $80 in FY2018.

- Schedule adherence results for the audit period were not available; UCT staff reported that statistically significant on-time performance checks for the bus service were not performed.

- The rates of complaints also were not available, reportedly due to a record keeping issue with a management change.

- The incidence of missed trips was very low, especially with a single missed trip recorded in FY2016 and none in FY2017. Results for FY2018 were moderately higher, based on 22 missed trips as reported by the contractor.

- Maintenance

  - Total maintenance costs (vehicle plus non-vehicle) went down overall from 4.1 percent to 3.2 percent of total operating costs, despite higher results in the interim year (FY2017).

  - Similarly, vehicle maintenance costs per service mile showed a net decrease (from $0.27 to $0.24) over the audit period, although in FY2017, these costs reached $0.45.

  - The vehicle spare ratio was about 28 percent in both FY2016 and FY2018, while it was 33 percent in FY2017. Such spare ratios are not unusual with smaller fleets.

  - The mean distance between major failures improved by ten percent between FY2016 and FY2017. However, when looking at all failures there was an 11 percent decline at the same time. UCT staff reported that information on mechanical system failures for FY2018 was not available due to a record keeping issue with a management change.

- Safety

  - The rate of preventable accidents decreased overall by 66 percent, to 0.19 per 100,000 miles traveled in FY2018.

* * * * *

The following is a brief summary of the bus service functional trend highlights between FY2016 and FY2018:

- Service Planning results showed the farebox recovery down from 8.3 to 7.5 percent, the TDA recovery up from 36.6 to 39.0 percent, a small decrease to 90.1 percent of vehicle miles in service but a larger increase to 94.2 percent of vehicle hours in service, and passengers per vehicle service mile and hour both declining.

- Operations results showed vehicle operations costs increasing slightly to 82 percent of total operating costs but reduced somewhat to $80 per service hour. There also were almost no missed trips, even with a slightly higher number reported by the contractor in FY2018. Audit period results for schedule adherence and complaints were not available.

- Maintenance results showed maintenance costs down moderately overall relative to total operating costs as well as on a service mile basis, and a 28 percent or higher spare ratio. In FY2017, the rate of major mechanical failures improved while the rate for all failures trended in the opposite direction. Mechanical failure information was not available for FY2018.

- Safety results showed the preventable accident rate decreasing by two-thirds overall during the audit period.

Exhibit 8: Functional Performance Trends – Bus Service

FUNCTION/Indicator	Actual Performance		
	FY2016	FY2017	FY2018
SERVICE PLANNING			
Farebox Recovery Ratio (Farebox Rev./Oper. Cost)	8.3%	7.4%	7.5%
Annual Percent Change	- -	*-11.1%*	*1.7%*
Three Year Percent Change	- -	- -	*-9.6%*
TDA Recovery Ratio *(a)*	36.6%	37.0%	39.0%
Annual Percent Change	- -	*1.1%*	*5.5%*
Three Year Percent Change	- -	- -	*6.6%*
Vehicle Service Miles/Total Miles	92.3%	90.1%	90.1%
Annual Percent Change	- -	*-2.4%*	*0.0%*
Three Year Percent Change	- -	- -	*-2.4%*
Vehicle Service Hours/Total Hours	82.6%	89.7%	94.2%
Annual Percent Change	- -	*8.5%*	*5.1%*
Three Year Percent Change	- -	- -	*14.0%*
Passengers/Vehicle Service Mile	0.65	0.60	0.59
Annual Percent Change	- -	*-6.8%*	*-2.0%*
Three Year Percent Change	- -	- -	*-8.7%*
Passengers/Vehicle Service Hour	9.0	7.4	7.1
Annual Percent Change	- -	*-17.8%*	*-3.7%*
Three Year Percent Change	- -	- -	*-20.9%*
OPERATIONS			
Vehicle Operations Cost/Total Operating Cost	79.6%	78.8%	81.7%
Annual Percent Change	- -	*-1.0%*	*3.7%*
Three Year Percent Change	- -	- -	*2.7%*
Vehicle Operations Cost/Vehicle Service Hour	$86.67	$82.00	$80.43
Annual Percent Change	- -	*-5.4%*	*-1.9%*
Three Year Percent Change	- -	- -	*-7.2%*
Trips On-Time/Total Trips	*(b)*	*(b)*	*(b)*
Annual Percent Change	- -	- -	- -
Three Year Percent Change	- -	- -	- -
Complaints/Unlinked Passenger Trip	*(b)*	*(b)*	*(b)*
Annual Percent Change	- -	- -	- -
Three Year Percent Change	- -	- -	- -
Missed Trips/10,000 Total Trips	0.2	0.0	5.4
Annual Percent Change	- -	*-100.0%*	- -
Three Year Percent Change	- -	- -	*2091.5%*

FUNCTION/Indicator	Actual Performance		
	FY2016	FY2017	FY2018
MAINTENANCE			
Vehicle + Non-Veh. Maint. Cost/Total Operating Cost	4.1%	5.5%	3.2%
Annual Percent Change	- -	*34.3%*	*-42.4%*
Three Year Percent Change	- -	- -	*-22.6%*
Vehicle Maintenance Cost/Vehicle Service Mile	$0.27	$0.45	$0.24
Annual Percent Change	- -	*67.4%*	*-46.5%*
Three Year Percent Change	- -	- -	*-10.4%*
Spare Vehicles/Total Vehicles	27.8%	33.3%	27.8%
Annual Percent Change	- -	*20.0%*	*-16.7%*
Three Year Percent Change	- -	- -	*0.0%*
Mean Distance between Major Failures (Miles)	28,801	31,834	*(b)*
Annual Percent Change	- -	*10.5%*	- -
Three Year Percent Change	- -	- -	- -
Mean Distance between All Failures (Miles)	17,876	15,917	*(b)*
Annual Percent Change	- -	*-11.0%*	- -
Three Year Percent Change	- -	- -	- -
SAFETY			
Preventable Accidents/100,000 Vehicle Miles	0.58	0.79	0.19
Annual Percent Change	- -	*35.7%*	*-75.5%*
Three Year Percent Change	- -	- -	*-66.8%*

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

(b) Not available

Paratransit

UCT's paratransit functional area trends represent mostly similar areas to the bus service. Audit period performance is discussed below and presented in Exhibit 9.

- Service Planning
  - The paratransit farebox recovery ratio declined overall from about 5.5 percent in the first two years to 4.6 percent in FY2018.
  - At the same time, the TDA recovery ratio, reflecting farebox revenue plus local support less operating cost exclusions, increased overall from 63 percent to 68 percent by FY2018.
  - About 90 percent of all vehicle miles traveled were in service, and about 95 percent of vehicle hours were in service, in all three years.
  - Passengers per vehicle service mile and vehicle service hour both remained relatively steady through the audit period.

- Operations
  - Vehicle operations costs remained in a range of 74 to 78 percent of total operating costs in all three years.
  - Vehicle operations costs per service hour increased in the last year from about $63 to $68 (six percent).
  - Schedule adherence was nearly 100 percent in all three years.
  - The rates of complaints and missed trips were not available, reportedly due to record keeping issues with a management change.
  - There were no ADA trip denials in the first two years but a small number (total of 24) reported in FY2018. However, UCT staff explained the latter were not actually ADA trip denials, but were Paratransit Plus denials that were logged incorrectly because of a management change.

- The rates of ADA trip cancellations and passenger no-shows/late trip cancellations improved overall during the period, to 4.7 percent and 1.4 percent, respectively, in FY2018.

- Maintenance

  - Zero total maintenance costs (vehicle plus non-vehicle) were reported for FY2016, while they went up from 0.8 percent to 1.2 percent of total operating costs in the next two years. These costs apparently represent only periodic "major maintenance" expenses which are paid directly to an outside vendor; all normal preventive maintenance is included in the fee that UCT pays to MV Transportation.

  - Similarly, there were no vehicle maintenance costs reported per service mile in FY2016, while they went up from $0.10 to $0.16 in the next two years.

  - The vehicle spare ratio rose steadily from 14 percent in FY2016 to 33 percent by FY2018. However, these results reflect a very small fleet (six or seven vehicles in total).

  - The mean distance between major failures was almost steady between FY2016 and FY2017. However, when looking at all failures there was a significant improvement at the same time. UCT staff reported that information on mechanical system failures for FY2018 was not available due to a record keeping issue with a management change.

- Safety

  - The trend in preventable accidents reflects that none were reported during the first two years of the audit period, and a single such accident in FY2018.

* * * * *

The following is a brief summary of the paratransit functional trend highlights between FY2016 and FY2018:

- Service Planning results showed the farebox recovery down from 5.5 to 4.6 percent, the TDA recovery up from 63 to 68 percent, consistently 90 percent of vehicle miles and 95 percent of hours in service, and passengers per vehicle service mile and hour both remaining relatively steady.

- Operations results showed vehicle operations costs comprising about 75 percent of total operating costs while increasing by six percent to $68 per service hour, schedule adherence near 100 percent, no ADA trip denials in the first two years but a small number reported in FY2018 (identified by UCT staff as actually not ADA trip denials, but logged incorrectly as such following a management change), and overall improvement in ADA trip cancellations and passenger no-shows/late trip cancellations. Audit period results for complaints and missed trips were not available.

- Maintenance results showed maintenance costs up moderately in FY2018 relative to total operating costs as well as on a service mile basis (but only reflecting periodic out-sourced maintenance which is small in absolute dollars), and an increasing spare ratio with a very small fleet. Between FY2016 and FY2017, the rate of major mechanical failures was steady while the rate for all failures improved significantly. Mechanical failure information was not available for FY2018.

- Safety results showed no preventable accidents in FY2016 or FY2017, and one in FY2018.

Exhibit 9: Functional Performance Trends – Paratransit

FUNCTION/Indicator	Actual Performance		
	FY2016	FY2017	FY2018
SERVICE PLANNING			
Farebox Recovery Ratio (Farebox Rev./Oper. Cost)	5.4%	5.6%	4.6%
Annual Percent Change	- -	*2.3%*	*-17.4%*
Three Year Percent Change	- -	- -	*-15.5%*
TDA Recovery Ratio *(a)*	63.1%	61.7%	68.0%
Annual Percent Change	- -	*-2.3%*	*10.2%*
Three Year Percent Change	- -	- -	*7.7%*
Vehicle Service Miles/Total Miles	90.3%	89.9%	89.9%
Annual Percent Change	- -	*-0.4%*	*0.0%*
Three Year Percent Change	- -	- -	*-0.4%*
Vehicle Service Hours/Total Hours	95.0%	94.8%	96.2%
Annual Percent Change	- -	*-0.2%*	*1.4%*
Three Year Percent Change	- -	- -	*1.2%*
Passengers/Vehicle Service Mile	0.24	0.25	0.25
Annual Percent Change	- -	*6.9%*	*-2.9%*
Three Year Percent Change	- -	- -	*3.8%*
Passengers/Vehicle Service Hour	1.7	1.8	1.7
Annual Percent Change	- -	*1.1%*	*-4.8%*
Three Year Percent Change	- -	- -	*-3.7%*
OPERATIONS			
Vehicle Operations Cost/Total Operating Cost	77.7%	78.8%	74.0%
Annual Percent Change	- -	*1.3%*	*-6.0%*
Three Year Percent Change	- -	- -	*-4.8%*
Vehicle Operations Cost/Vehicle Service Hour	$63.04	$63.74	$67.94
Annual Percent Change	- -	*1.1%*	*6.6%*
Three Year Percent Change	- -	- -	*7.8%*
Trips On-Time/Total Trips	99.6%	99.8%	99.9%
Annual Percent Change	- -	*0.2%*	*0.1%*
Three Year Percent Change	- -	- -	*0.3%*
Complaints/Unlinked Passenger Trips	*(b)*	*(b)*	*(b)*
Annual Percent Change	- -	- -	- -
Three Year Percent Change	- -	- -	- -
Missed Trips/Total Trips	*(b)*	*(b)*	*(b)*
Annual Percent Change	- -	- -	- -
Three Year Percent Change	- -	- -	- -

FUNCTION/Indicator	Actual Performance		
	FY2016	FY2017	FY2018
OPERATIONS (continued)			
ADA Trip Denials/Total ADA Trips	0.0%	0.0%	0.2%
Annual Percent Change	- -	- -	- -
Three Year Percent Change	- -	- -	- -
Trip Cancellations/Total ADA Trips	4.9%	4.4%	4.7%
Annual Percent Change	- -	*-10.8%*	*7.7%*
Three Year Percent Change	- -	- -	*-3.9%*
No-Shows & Late Trip Cancellations/Total ADA Trips	1.5%	1.6%	1.4%
Annual Percent Change	- -	*1.8%*	*-9.2%*
Three Year Percent Change	- -	- -	*-7.6%*
MAINTENANCE			
Vehicle + Non-Veh. Maint. Cost/Total Operating Cost	0.0%	0.8%	1.2%
Annual Percent Change	- -	- -	*45.3%*
Three Year Percent Change	- -	- -	- -
Vehicle Maintenance Cost/Vehicle Service Mile	$0.00	$0.10	$0.16
Annual Percent Change	- -	- -	*68.1%*
Three Year Percent Change	- -	- -	- -
Spare Vehicles/Total Vehicles	14.3%	28.6%	33.3%
Annual Percent Change	- -	*100.0%*	*16.7%*
Three Year Percent Change	- -	- -	*133.3%*
Mean Dist. betw. Major Failures (Miles)	31,514	31,193	*(b)*
Annual Percent Change	- -	*-1.0%*	- -
Three Year Percent Change	- -	- -	- -
Mean Dist. betw. All Failures (Miles)	9,454	31,193	*(b)*
Annual Percent Change	- -	*229.9%*	- -
Three Year Percent Change	- -	- -	- -
SAFETY			
Preventable Accidents/100,000 Vehicle Miles	0.0	0.0	1.2
Annual Percent Change	- -	- -	- -
Three Year Percent Change	- -	- -	- -

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

(b) Not available

VII. CONCLUSIONS AND RECOMMENDATIONS

The preceding sections presented a review of UCT's transit service performance during the three-year period of FY2016 through FY2018 (July 1, 2015 through June 30, 2018). They focused on TDA compliance issues including trends in TDA-mandated performance indicators and compliance with selected sections of the state Public Utilities Code (PUC). They also provided the findings from an overview of UCT's data collection activities to support the TDA indicators, actions taken to implement recommendations from the prior performance audit, and a review of selected key functional performance results.

Conclusions

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

- Data Collection – UCT is in compliance with the data collection and reporting requirements for all five TDA statistics. In addition, the statistics collected over the six-year review period appear to be consistent with the TDA definitions, and indicate general consistency in terms of the direction and magnitude of the year-to-year changes across the statistics. However, some exceptions in this regard are evident. Most noteworthy, in the earlier years, fixed-route hours increased while miles decreased, sometimes with significant disparity, followed by a reversal of this situation in the later years. This appears to be a function of the impact of multiple recent service changes, beginning with the major FY2014 route restructuring.

- TDA Performance Trends

UCT's performance trends for the five TDA-mandated indicators were analyzed by mode. A six-year analysis period was used for all the indicators. In addition, component operating costs were analyzed.

Bus Service – The following is a brief summary of the TDA performance trend highlights over the six-year period of FY2013 through FY2018:

– There was an average annual increase in the operating cost per hour of 3.4 percent, or 0.5 percent in inflation adjusted dollars. The largest annual increase (more than 20 percent) occurred in FY2014, when UCT implemented a major route restructuring. The cost per hour decreased over the last two years.

– The cost per passenger increased on average by 15.8 percent per year, which amounted to an average annual increase of 12.6 percent in constant FY2013 dollars. While operating costs increased about three percent per year on average, ridership declined steadily and precipitously beginning with the FY2014 route restructuring and through FY2017. FY2018 ridership showed a slight upturn compared to the previous year.

– Passenger productivity exhibited a downward trend, driven by the ridership losses noted above. Passengers per vehicle service hour and vehicle service mile both went down by more than ten percent per year on average.

The following is a brief summary of the component operating costs trend highlights for the bus service between FY2013 and FY2018:

– The most significant overall percentage changes were an average annual increase of nearly 20 percent in the services area, and a 25 percent reduction in "other expenses". However, both categories represented only small portions of the total operating expenses.

– Total operating costs increased by 3.1 percent annually during the review period. Purchased transportation costs represented the

largest portion of the total costs, at about 70 percent throughout the period.

– The portion from in-house labor costs remained at about eight percent in each year, and fringe benefits about three percent. Contribution levels from other cost categories also remained generally steady during the period.

Paratransit Service – The following is a brief summary of the TDA performance trend highlights over the six-year period of FY2013 through FY2018:

– Cost efficiency declined moderately overall, with an average annual increase in the operating cost per hour of 3.7 percent. When adjusted for inflation, the increase amounted to 0.8 percent annually. The most significant annual change was a 13 percent increase (current dollars) in FY2018, when operating costs rose slightly even as service hours declined by 11 percent.

– The operating cost per passenger also showed an annual increase through the period -- 5.2 percent, or 2.3 percent when expressed in constant FY2013 dollars. The most significant annual change (a 19 percent increase in current dollars) was again in FY2018, when operating costs rose slightly even as ridership declined by nearly 16 percent.

– Passenger productivity showed a relatively small overall change, with passengers per hour declining by 1.5 percent per year on average, and passengers per mile increasing by 1.6 percent per year.

The following is a brief summary of the component operating costs trend highlights for paratransit between FY2013 and FY2018:

– The most significant overall percentage changes were an average annual increase of more than 150 percent in the services area, and a 35 percent reduction in "other expenses". However, both categories represented only small portions of the total operating expenses.

- Total annual costs increased by 3.2 percent on average, primarily reflecting an increase of three percent per year in purchased transportation costs (by far the largest component cost category).

- Purchased transportation costs increased from 71 percent to 75 percent of total costs between FY2013 and FY2017, and then dropped back to 71 percent again in FY2018.

- The portion from in-house labor costs remained between 11 and 12 percent in each year, and fringe benefits about five percent.

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

- Status of Prior Audit Recommendations – There were no recommendations made in UCT's prior performance audit.

- Functional Performance Indicator Trends

  To further assess UCT's performance over the past three years, a detailed set of systemwide and modal functional area performance indicators was defined and reviewed.

  Systemwide (All Modes) – The following is a brief summary of the systemwide functional trend highlights between FY2016 and FY2018:

  - Administrative costs were relatively steady at 17 percent of total operating costs and at $17 per vehicle service hour.

  - Marketing costs were relatively minor, with steady results overall when compared to total administrative costs and passenger trips.

– The systemwide farebox recovery ratio declined steadily, from 7.7 percent in FY2016 to 6.9 percent by FY2018 (a 10.5 percent decrease).

Bus Service – The following is a brief summary of the bus service functional trend highlights between FY2016 and FY2018:

– Service Planning results showed the farebox recovery down from 8.3 to 7.5 percent, the TDA recovery up from 36.6 to 39.0 percent, a small decrease to 90.1 percent of vehicle miles in service but a larger increase to 94.2 percent of vehicle hours in service, and passengers per vehicle service mile and hour both declining.

– Operations results showed vehicle operations costs increasing slightly to 82 percent of total operating costs but reduced somewhat to $80 per service hour. There also were almost no missed trips, even with a slightly higher number reported by the contractor in FY2018. Audit period results for schedule adherence and complaints were not available.

– Maintenance results showed maintenance costs down moderately overall relative to total operating costs as well as on a service mile basis, and a 28 percent or higher spare ratio. In FY2017, the rate of major mechanical failures improved while the rate for all failures trended in the opposite direction. Mechanical failure information was not available for FY2018.

– Safety results showed the preventable accident rate decreasing by two-thirds overall during the audit period.

Paratransit – The following is a brief summary of the paratransit functional trend highlights between FY2016 and FY2018:

– Service Planning results showed the farebox recovery down from 5.5 to 4.6 percent, the TDA recovery up from 63 to 68 percent, consistently 90 percent of vehicle miles and 95 percent of hours in service, and passengers per vehicle service mile and hour both remaining relatively steady.

– Operations results showed vehicle operations costs comprising about 75 percent of total operating costs while increasing by six

percent to $68 per service hour, schedule adherence near 100 percent, no ADA trip denials in the first two years but a small number reported in FY2018 (identified by UCT staff as actually not ADA trip denials, but logged incorrectly as such following a management change), and overall improvement in ADA trip cancellations and passenger no-shows/late trip cancellations. Audit period results for complaints and missed trips were not available.

– Maintenance results showed maintenance costs up moderately in FY2018 relative to total operating costs as well as on a service mile basis (but only reflecting periodic out-sourced maintenance which is small in absolute dollars), and an increasing spare ratio with a very small fleet. Between FY2016 and FY2017, the rate of major mechanical failures was steady while the rate for all failures improved significantly. Mechanical failure information was not available for FY2018.

– Safety results showed no preventable accidents in FY2016 or FY2017, and one in FY2018.

Recommendations

1. ENSURE THAT OPERATING AND PERFORMANCE DATA IS COLLECTED AND REPORTED ACCURATELY, ESPECIALLY BY THE CONTRACT OPERATOR.
[Reference Section: VI. Functional Performance Indicator Trends]

There were a small number of ADA trip denials reported during FY2018, the last year of the audit period, on UCT's paratransit service – 24 in total. This amounted to only 0.2 percent of total ADA trips in that year, but UCT should nonetheless have no ADA service denials in accordance with the Code of Federal Regulations – 49 CFR 37.131. When reported results were brought to the attention of UCT staff, the response was that they were actually not ADA trip denials, but were

Paratransit Plus denials that were logged incorrectly because of a management change.

In another example where the accuracy of reported results could be questioned, it was found that on the bus service there was just a single missed trip recorded in FY2016 and none in FY2017. However, results for FY2018 showed 22 missed trips as reported by the contractor.

Similarly, audit period rates of complaints and paratransit missed trips were not available, reportedly due to record keeping issues with a management change, and UCT staff reported that information on mechanical system failures for FY2018 was not available for the same reason. Further, bus service schedule adherence results for the audit period were not available.

UCT should examine its data collection and reporting activities, as well as those of its contractor, to ensure that operating data and quality of service related results are being accurately collected and reported.

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APPENDIX A:
INPUT STATISTICS FOR
FUNCTIONAL PERFORMANCE MEASURES

Functional Performance Inputs - Systemwide (All Modes)

Data Item	FY2016	FY2017	FY2018	Source
Total Operating Costs	$4,703,335	$4,890,937	$4,832,867	State Controller Reports
Administrative Costs	$823,906	$824,278	$834,959	MTC 10Q/Budget Reports
Vehicle Service Hours	46,188	49,707	49,831	State Controller Reports
Marketing Costs	$13,961	$36,443	$13,176	Financial System
Unlinked Passenger Trips	330,444	298,577	295,745	State Controller Reports
Farebox Revenue (All Modes)	$363,615	$343,444	$334,296	State Controller Reports

Functional Performance Inputs – Bus Service

Data Item	FY2016	FY2017	FY2018	Source
Vehicle Service Miles	478,284	458,862	469,141	State Controller Reports
Total Vehicle Miles	518,413	509,346	520,756	TDA Application Tab F(b)
Vehicle Service Hours	34,487	37,514	39,027	State Controller Reports
Total Vehicle Hours	41,728	41,842	41,425	TDA Application Tab F(b)
Unlinked Passenger Trips	310,159	277,202	277,717	State Controller Reports
Farebox Revenue	$311,986	$288,515	$288,680	State Controller Reports
Total Operating Costs	$3,754,608	$3,904,532	$3,841,301	State Controller Reports
Passenger Miles	*(a)*	*(a)*	*(a)*	UCT Staff
Vehicle Operations Costs	$2,988,829	$3,076,248	$3,139,062	MTC 10Q/Budget Reports
Local Support *(b)*	$784,901	$819,646	$857,518	MTC 10Q/TDA Appl. Tab F(a)
TDA Oper. Cost Exclusions - PUC 99247 *(c)*	$758,984	$909,623	$904,556	MTC 10Q/TDA Appl. Tab F(a)
TDA Oper. Cost Exclusions - PUC 99268.17 *(d)*	$0	$0	$0	UCT Staff
Trips On-Time	*(a)*	*(a)*	*(a)*	UCT Staff
Total Trips	40,861	40,950	41,019	UCT Staff (Based on sched. trips)
Complaints	*(a)*	*(a)*	*(a)*	UCT Staff
Missed Trips	1	0	22	MV Monthly Mgmt Reports
Vehicle Maintenance Costs	$127,893	$205,414	$112,389	MTC 10Q/Budget Reports
Non-Vehicle Maintenance Costs	$25,118	$8,325	$8,752	MTC 10Q/Budget Reports
Spare Vehicles (Total less Maximum Service)	5	6	5	State Controller Reports
Total Vehicles	18	18	18	State Controller Reports
Revenue Vehicle Mechanical System Failures - Total	29	32	*(a)*	Alameda CTC Perf. Reports
Revenue Vehicle Mechanical System Failures - Major	18	16	*(a)*	Alameda CTC Perf. Reports
Preventable Accidents	3	4	1	MV Monthly Mgmt Reports

(a) Not available/not reported

(b) Local Support includes the following (USOA revenue class in parentheses):
- *Auxiliary transportation revenue (406)*
- *Taxes directly levied (408)*
- *Local cash grants and reimbursements (409)*
- *Local special fare assistance (410)*
- *Subsidy from other sectors of operation (440)*
- *Other non-federal/non-state grant funds or other revenues*

(c) Operating expense object classes exclusive of the following pursuant to PUC Section 99247:
- *depreciation and amortization expenses*
- *subsidies for commuter rail services operated on railroad lines under the jurisdiction of the Federal Railroad Administration*
- *costs for providing charter services*
- *vehicle lease costs*
- *principal and interest payments on capital projects funded with certificates of participation*

(d) Operating expense object class exclusions pursuant to PUC Section 99268.17:
- *additional operating costs for federally required ADA paratransit service that exceed prior year costs (CPI adjusted)*
- *cost increases beyond the CPI change for: fuel; alternative fuel programs; power (including electricity); insurance premiums/liability claims payouts; state and federal mandates*
- *start-up costs for new services (not more than two years)*

Functional Performance Inputs – Paratransit

Data Item	FY2016	FY2017	FY2018	Source
Vehicle Service Miles	85,335	84,090	73,036	State Controller Reports
Total Vehicle Miles	94,542	93,580	81,279	TDA Application Tab F(b)
Vehicle Service Hours	11,701	12,193	10,804	State Controller Reports
Total Vehicle Hours	12,311	12,860	11,233	TDA Application Tab F(b)
Unlinked Passenger Trips	20,285	21,375	18,028	State Controller Reports
Farebox Revenue	$51,629	$54,929	$45,616	State Controller Reports
Total Operating Costs	$948,727	$986,405	$991,566	State Controller Reports
Passenger Miles	*(a)*	*(a)*	*(a)*	UCT Staff
Vehicle Operations Costs	$737,589	$777,143	$733,976	MTC 10Q/Budget Reports
Local Support *(b)*	$504,055	$523,256	$568,947	MTC 10Q/TDA Appl. Tab F(a)
TDA Oper. Cost Exclusions - PUC 99247 *(c)*	$68,490	$49,054	$87,298	MTC 10Q/TDA Appl. Tab F(a)
TDA Oper. Cost Exclusions - PUC 99268.17 *(d)*	$0	$0	$0	UCT Staff
Trips On-Time	99.61%	99.82%	99.92%	MV Monthly Mgmt Reports
Total Trips (Vehicle)	18,075	19,362	12,024	MV Monthly Mgmt Reports
Complaints	*(a)*	*(a)*	*(a)*	UCT Staff
Missed Trips	*(a)*	*(a)*	*(a)*	UCT Staff
Total ADA Trips (Passengers)	18,082	19,374	13,189	MV Monthly Mgmt Reports
ADA Trip Denials	0	0	24	MV Monthly Mgmt Reports
Trip Cancellations	889	850	623	MV Monthly Mgmt Reports
No Shows/Late Trip Cancellations	276	301	186	MV Monthly Mgmt Reports
Vehicle Maintenance Costs	$0	$8,248	$12,043	MTC 10Q/Budget Reports
Non-Vehicle Maintenance Costs	$0	$0	$0	MTC 10Q/Budget Reports
Spare Vehicles (Total less Maximum Service)	1	2	2	State Controller Reports
Total Vehicles	7	7	6	State Controller Reports
Revenue Vehicle Mechanical System Failures - Total	10	3	*(a)*	MV Monthly Mgmt Reports
Revenue Vehicle Mechanical System Failures - Major	3	3	*(a)*	MV Monthly Mgmt Reports
Preventable Accidents	0	0	1	MV Monthly Mgmt Reports

(a) Not available/not reported

(b) Local Support includes the following (USOA revenue class in parentheses):
- *Auxiliary transportation revenue (406)*
- *Taxes directly levied (408)*
- *Local cash grants and reimbursements (409)*
- *Local special fare assistance (410)*
- *Subsidy from other sectors of operation (440)*
- *Other non-federal/non-state grant funds or other revenues*

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