

**TDA Triennial Performance Audit**  
**For**  
**City Of Atascadero Transit**  
FY 2003-04, FY 2004-05 and FY 2005-06

**FINAL AUDIT REPORT**

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**Submitted to:**

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**Submitted by:**

**Lawler Consulting**

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## EXECUTIVE SUMMARY

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This is the Triennial Performance Audit for Atascadero Transit covering the three years ending June 30, 2006. Performance audits are required every three years of all transit operators receiving funds under the State's Transportation Development Act (TDA). This audit was conducted consistent with the Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities published by Caltrans in 1998 (second edition). This Executive Summary presents the auditor's findings and recommendations.

The City operates both a Dial-A-Ride (DAR) service and a fixed route service. Atascadero DAR provides service within the city limits between 7:30 AM and 4:30 PM Monday through Friday. The DAR service began operation in 1979, and serves seniors, students attending the local schools, social service clients and the general public.

The fixed route service, initiated in 1998, until recently was called the El Camino Shuttle and provided service along the El Camino transportation corridor in Atascadero, from Paloma Park on the far southern edge of Atascadero to the Twin Cities Hospital on Las Tablas Road, in the Templeton community, about five miles north of the Atascadero city limits.

Fixed route service changes were implemented in August of 2006 (after the audit period) as a result of the April 2006 Atascadero Transit Short Range Transit Plan. The revised service is called North County Shuttle, a fixed route that provides service to Atascadero, Paso Robles and North Cuesta College campus combining the prior El Camino Shuttle and PRCATS Route C into a single north-south route, and replacing several legs of the Regional Transit Authority (RTA) Route 9. The North County Shuttle operates hourly from Atascadero to Paso Robles from 7:00 AM to 7:00 PM Monday through Friday, with Saturday service operating from 10:30 AM to 4:30 PM. On Saturdays the route extends north only as far as 24<sup>th</sup> and Spring Streets (i.e., does not continue further north to serve the Cuesta College campus).

*The overall finding of the performance audit is that Atascadero Dial-A-Ride provides a vital service to the community. The North County Shuttle provides a vital connection between communities. Both the Atascadero DAR and the North County Shuttle are operating effectively and efficiently. The City has been successful in controlling costs; the operating cost increased 10.6% systemwide over the period, which is below inflation (the cumulative C.P.I. change over the same period was 10.9%). There are some TDA compliance issues which the City needs to continue to work to address, which are noted below in the audit's specific findings.*

### Compliance Audit:

1. Atascadero Transit is in full compliance with 9 of the 12 TDA regulatory requirements. Areas of non-compliance are:
  - a. The submittal dates of the annual fiscal audits did not comply with the TDA time requirement in two years (FY 2003-04 and FY 2004-05).

- b. The system did not achieve the 20% farebox recovery ratio (FBR)<sup>1</sup> required of urbanized operators during the audit period. The City was designated an urbanized area in May 2002<sup>2</sup>, requiring the transit system to achieve a minimum FBR of 20% starting July 1, 2003 (FY 2003-04). The statutes allow a time extension for newly urbanized operators to meet the minimum 20% FBR, but the extension must be granted by the regional transportation planning entity (i.e., SLOCOG)<sup>3</sup>. The City on February 1, 2006 sent a letter to SLOCOG requesting the time extension allowed under the legislation. At the time of this report completion, SLOCOG had not taken action on the request, thus the system is considered out of compliance with the 20% FBR mandate.
  - c. The system was not in compliance with the 50% TDA funding limitation during the audit period (see Chapter 5, page 20). Under PUC Section 99268, funding provided through TDA must make up no more than 50% of the operating costs less fare revenues and federal operating assistance if the operator does not achieve the minimum required FBR. (If the operator is in compliance with the FBR requirement, the operator is exempt from the 50% limitation requirement). It should be noted that if SLOCOG grants the five-year extension referred to above, the 50% TDA funding limitation requirement would not be triggered until FY 2007-08, the first year after end of the five-year extension. It should be further noted that the first year of noncompliance under the statutes is deemed a grace year, with no penalty attached.
2. The data collection methods used by the contractor in compiling vehicle service miles, vehicle service hours, and passengers comply with the TDA requirements.
  3. In its reports to the State Controller, the City has reported all the required operating statistics correctly with the exception of Full-Time Employee Equivalents (FTE). The City does not include the time spent by the contracted mechanic (an employee of Atascadero Ford) in maintaining and repairing transit vehicles when calculating the annual FTE's.

### System Performance Findings:

**Ridership:** Atascadero Transit systemwide ridership increased 10.4% over the audit period. With the ridership increase, there was an associated increase in the number of passengers carried per vehicle service mile and vehicle service hour, and an increase in the fare revenues. There was a 10.6% increase in the operating cost over the period, which was below the rate of inflation, as noted above. As the increase in the operating cost exceeded the increase in the fare revenues, the FBR decreased slightly over the period. These indicators are reviewed below; in each case the audit period refers to the period since the base year (i.e., FY 2002-03 to FY 2005-06):

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<sup>1</sup> The FBR is the ratio of the fare revenue to the operating cost.

<sup>2</sup> Based on findings of the 2000 Census.

<sup>3</sup> Under Public Utilities Code (PUC) Section 99270.2, the regional transportation planning agency may grant an operator an extended time, but not more than five years from July 1 of the year following the year of the census to meet the 20% FBR minimum. According to SLOCOG staff, Caltrans staff interprets the legislation as meaning five years from the year of the urban area designation, which occurred in May 2002. Thus, if an extension were granted by SLOCOG, the five-year grace period would have extended through FY 2006-07.

1. Passengers per Vehicle Service Hour – Atascadero Transit systemwide productivity as measured by this indicator improved over the period from 7.8 to 9.3 passengers per hour (+19.7%). Atascadero Transit DAR productivity improved from 4.9 to 5.4 passengers per service hour (+12%). The fixed route shuttle's productivity as measured by this indicator also increased, from 14.3 to 15.4 passengers per vehicle service hour (+7.5%). The 1997 SRTP standard<sup>4</sup> for the fixed route (10.6 passengers per vehicle service hour) was met in all years. The 1997 SRTP standard for the DAR (6.6 passengers per vehicle service hour) was not met in any year.
2. Passengers per Vehicle Service Mile – Systemwide productivity improved from 0.48 to 0.56 passengers per mile (+16.9%) as measured by this indicator. The increase was due to the productivity improvement of the fixed route, as Atascadero DAR productivity decreased slightly (-1.1 %), from 0.37 to 0.36 passengers per vehicle service mile. The fixed route shuttle service showed a *dramatic improvement in productivity* as measured by this indicator (+29.4%), from 0.62 to 0.80 passengers per vehicle service mile.
3. Fare Revenues – The systemwide ridership gain over the period coupled with the fare increase implemented in July 2006 resulted in a 9.9% increase in the fare revenues over the period from \$51,601 to \$56,710. The Atascadero DAR fare revenues decreased 10.0%, from \$30,961 to \$27,869, while the fixed route fare revenues increased 39.7%, from \$20,640 to \$28,841.
4. Farebox Recovery Ratio (FBR) – Because the increase in the operating cost was greater than the increase in the fare revenues (10.6% vs. 9.9%), the FBR decreased slightly, from 12.6% to 12.5%. The system did not meet the state's required minimum of 20% FBR in any year. Mode specific data indicates declining performance on the DAR, and improved performance on the fixed route. *The FBR decreased from 12% to 9% on the DAR, while the fixed route exhibited a dramatic improvement in the FBR, from 13.5% to 20% (an increase of 48%).*

To address the FBR issue, as recommended in the Short Range Transit Plan adopted in 2006, the City adopted a revised fare structure for both the DAR and the fixed route, effective July 1, 2006. There was an immediate increase in fare revenues and by the second quarter of FY 2006-07, the fare revenues collected systemwide had increased 48% over the prior year's second quarter level<sup>5</sup>.

5. Operating Cost per Passenger – Over the period, the systemwide cost per passenger increased slightly, from \$6.14 to \$6.16 (+0.2%). The DAR operating cost per passenger increased significantly (30.6%), from \$8.86 to \$11.57. The increase resulted from the 20.3% increase in operating cost, while ridership decreased 7.9%. In this period, the cost of fuel and lubricants increased 69%, and administrative cost

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<sup>4</sup> Where performance in relation to the standards contained in the system's Short Range Transit Plan (SRTP) is discussed in this audit, the standards used in the comparison are from the 1997 SRTP, which was the SRTP in effect during the audit period. In April of 2006, the City adopted an update to the SRTP; the first year that the system's performance should be assessed in relation to the standards included in the 2006 SRTP is FY 2007-08, during the next TDA triennial performance audit.

<sup>5</sup> Part of this increase in fares was due to the Cuesta College contribution.

increased 14.8%. Part of the increase in administrative cost is due to assignment of the dispatcher salaries and benefits to the administrative cost category. During the prior audit period, these costs were included in the contractor cost, which changed when this function was brought in-house. The fixed route cost per passenger decreased significantly, from \$4.05 to \$3.06 per passenger, a reduction of 24.3%. This resulted from the fixed route ridership increase (+24.5%) coupled with the 5.7% reduction in operating cost.

6. Operating Cost per Vehicle Service Hour – Systemwide, cost efficiency as measured by this indicator decreased over the period, as the cost increased 19.7%, from \$47.64 to \$57.01 per vehicle service hour. The loss in efficiency was primarily due to the DAR, as the DAR operating cost per vehicle service hour increased 46%, from \$43.08 to \$63.03, while the fixed route operating cost per vehicle service hour decreased from \$58.03 to \$47.27, a drop of 18.5%.
7. Vehicle Service Hours per Full-Time Employee Equivalent (FTE) – Efficiency as measured by this indicator exhibited declining performance, as the number of vehicle service hours per FTE dropped from 1,438 to 1,329 (-7.6%).

#### **Atascadero Transit Functional Audit:**

The auditor identified and reviewed the various City functions in Administration of Atascadero Transit, as well as functions performed by the City's contractor, Laidlaw Transit Services. The findings are summarized below.

1. City's Administrative Assistant – The City's Administrative Assistant functions as the Transit Manager of Atascadero Transit and is very efficient and thorough in the oversight of the system operations and the DAR dispatchers.
2. City DAR Dispatchers – The dispatchers are well trained in use of the scheduling software and schedule rides efficiently; the dispatchers are also major assets to the City in public relations.
3. Preventive Maintenance Program (PMI) – The City has an effective preventive maintenance program, as evidenced by the fact that there were no road calls for mechanical failures during the audit period. The annual California Highway Patrol (CHP) inspection ratings were "Satisfactory", and the inspections found the PMI program and record keeping in compliance with the regulations.
4. Safety – The transit system has an excellent safety record. There were no preventable accidents during the review period.

### **Review of Prior Audit Recommendations for Atascadero Transit:**

The City has fully implemented two of the recommendations of the prior audit:

- Regularly monitor adopted performance standards; and,
- Develop strategies to achieve the new farebox recovery requirements imposed by Atascadero's small-urbanized area status.

The third recommendation, to ensure that the annual State Controller's Report is completed fully and accurately, is substantially implemented. Most of the statistics are accurately reported, however, as noted above, FTE reporting does not comply with the state's definition, and the City needs to include in the calculation the mechanic's time in maintaining the transit fleet to be in compliance, even though the mechanic is an employee of Atascadero Ford.

The fourth recommendation, to provide additional oversight of contractual arrangements for service delivery, is in process. A joint Request for Proposals released by a consortium of transit agencies for all of their operations (Regional Transit Authority, and the Cities of Atascadero, Paso Robles and Morro Bay) includes enforceable standards that will be included in the contract with the selected service provider. The RFP, developed by a consultant, was released February 9, 2007 with proposals from prospective service providers due March 23, 2007.

## **1.2 RECOMMENDATIONS**

The Audit identifies four recommendations for improvements, summarized in Table 1-1.

1. The City should take whatever steps are necessary to ensure compliance with PUC Section 99245, which requires submittal of the annual TDA fiscal and compliance audit to the State Controller and SLOCOG within 180 days of the end of the fiscal year, or within the 90-day extension beyond this date allowed by law if an extension has been requested and approved by SLOCOG.

City staff's response to this recommendation is that the City will closely monitor the progress and completion of the annual audit by the City's consultant and, if needed, will formally request an extension from SLOCOG.

2. The City should continue to closely monitor the systemwide farebox recovery ratio and take steps as necessary to ensure compliance with the 20% required minimum to avoid any loss of eligibility for TDA funds. The loss comes in two forms: The first is reduced eligibility for TDA funds (under the statutes, TDA monies shall be reduced during a subsequent penalty year by the amount of the difference between the required fare revenues and the actual fare revenues for the fiscal year that the required ratio was not achieved). The second is a reduction in the amount of total TDA the system can claim; a system which is not achieving the minimum FBR is subject to the 50% limitation requirement (*TDA may make up only 50% of the operating, capital, maintenance and debt servicing costs after federal 5307 and other federal monies are deducted; if the operator is achieving the FBR, it is exempt from this requirement and can claim up to 80% of the operating cost remaining after deducting the federal monies*). As a fare increase has already been implemented,

the City should closely scrutinize operating costs to identify and maximize potential efficiencies if necessary to ensure attainment of the minimum FBR. Alternately, the City could supplement the fare revenues with local support as allowed under the TDA to achieve the necessary FBR. The City should make all efforts possible to achieve the 20% FBR in FY 2006-07 and thus avoid TDA monetary penalty.

City staff's response to this recommendation is that the City will continue to closely monitor the FBR. City staff anticipates the required 20% FBR will be achieved in FY 2006-07.

3. The City should include the time of the contracted maintenance in calculating Full Time Equivalent (FTE) hours for the State Controller's Reports (i.e., the time of Atascadero Ford's mechanic in maintaining the transit fleet vehicles)<sup>6</sup>. The auditor explained that the FTE's should include the mechanic's time, and has been assured by City staff that the hours will be captured from the invoices and tracked along with the remaining FTE's for future reporting purposes.

City staff's response to this recommendation is that the local contractor has been directed to include the actual mechanic's time on the repair invoices, and that the information will be compiled by the Dispatch office for inclusion in the annual State Controller's Reports.

4. The City currently includes the salaries and benefits of the dispatchers as well as the City's Administrative Assistant in the administrative cost category, along with computer maintenance, department service charge and the City's general overhead allocation. The City should instead take the dispatchers' salaries and benefits, the department service charge for the dispatcher office, and computer maintenance costs out of the administrative category and list them instead with other operating costs. The remaining costs in the administrative category then would be the City's Administrative Assistant's salary and benefits and the City's general overhead allocation. The revised cost breakdown would then more closely resemble the cost breakdown of other systems, and the administrative cost as a percentage of the total operating cost would be lower.

City staff has indicated that the recommended adjustments will be made beginning July 1, 2007 (FY 2007-08).

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<sup>6</sup> For TDA purposes, Full Time Equivalent (FTE) hours are required to include all hours worked related to transit, including contractor and City personnel time, and exclude vacation, holiday and non-revenue hours such as jury duty. For Atascadero Transit this would include the City dispatchers' time and any other City personnel whose time is fully or partly charged to the transit operations, Laidlaw personnel associated with Atascadero Transit (i.e., project manager and drivers), and the contracted mechanic's time (i.e., Atascadero Ford labor in maintaining the transit vehicles).

**Table 1.1 Audit Recommendations for Atascadero Transit**

Performance Audit Recommendation	Priority	Timeframe
1. The City Finance Department should ensure compliance with PUC Section 99245, which requires submittal of the annual TDA fiscal and compliance audit to the State Controller and SLOCOG within 180 days of the end of the fiscal year, or within the 90-day extension beyond this date allowed by law if an extension has been requested and approved by SLOCOG.	High	Implement with next TDA fiscal audit (i.e., for FY 2006/07).
2. The City should continue to closely monitor the systemwide farebox recovery ratio and take steps as necessary to ensure compliance with the 20% required minimum to avoid any loss of eligibility for TDA funds. As a fare increase has already been implemented, the City should closely scrutinize operating costs to identify and maximize potential efficiencies. Alternately, the City could supplement the fare revenues with local support as allowed under the TDA to achieve the mandated 20% FBR.	High	Implement quarterly, beginning in FY 2007/08.
3. The City Finance Department should include the time of the contracted maintenance in calculating Full Time Equivalent (FTE) hours for the State Controller's Reports (i.e., the time of Atascadero Ford's mechanic in maintaining the transit fleet vehicles).	High	Implement with completion of FY 2006-07 State Controller's Report.
4. The City Finance Department should recalculate the administrative costs and take the dispatchers' salaries and benefits, the department service charge for the dispatcher office, as well as the computer maintenance costs out of the administrative category and list them with other operating costs.	High	Implement beginning July 1, 2007 (for inclusion in the annual fiscal audits).

## 2. INTRODUCTION

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Performance audits are required of all transit operators receiving funds under the TDA (California Public Utilities Code 99246). This is the performance audit report for Atascadero Transit covering the three fiscal years ending June 30, 2006. SLOCOG funded this triennial performance audit with state Transportation Development Act (TDA) monies. The audit was conducted consistent with California Department of Transportation's *Performance Audit Guidebook* (Second Edition, January 1998).

The methodology for this audit consisted of: 1) a kick-off meeting with SLOCOG and staff of the City of Atascadero 2) interviews with staff of the City of Atascadero during the site visit; 3) verification of data sources while on site; 4) analysis of operating and financial data; 5) assessment of the system's goals and objectives; 6) inspection of facilities; and 7) review of relevant planning documents prepared by the City during the audit period.

This report includes the following items:

- A description of the operator and a review of key events during the audit period, along with any significant changes that have since occurred which impact performance.
- A review of TDA code compliance and verification of the operator's methods for calculating performance indicators.
- An evaluation of the efficiency, economy and effectiveness of the operation by analysis of trends in the five TDA-required performance measures and farebox recovery ratios.
- A review of the major functional areas of the transit system, including management and control procedures.
- A review of actions taken on prior performance audit recommendations.
- Recommendations for improving performance and/or complying with TDA requirements.

## **3. DESCRIPTION OF THE OPERATOR**

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### **3.1. SERVICE AREA**

The City of Atascadero is located in the North County Subregion of San Luis Obispo County. The North County Subregion is located north and east of the crest of the Santa Lucia Mountain Range. The region contains the headwaters of the Salinas River and vast areas of agriculture and open space. The City of Atascadero is approximately 17 miles north of the City of San Luis Obispo, the County seat. Highway 101 and El Camino Real, parallel north-south routes that are constructed very close to one another, bisect the City. Residential development lies on both sides of Route 101, while commercial development spreads along the El Camino corridor to the east of 101.

The City has a low rate of growth; the population increased 14% between 1990 and 2000. The population of the City of Atascadero was 26,411 in the 2000 Census<sup>7</sup>. The findings of the 2002 Census resulted in the designation of the cities of Atascadero and Paso Robles and surrounding San Luis Obispo County unincorporated area, including Santa Margarita and Templeton, as a small-urbanized area in a Census Bureau publication in May 2002. With this designation the North County area became eligible for Federal Transit Administration (FTA) Section 5307 funds. While this brings new revenues to the region, it also poses challenges for the City of Atascadero. Located within a new urbanized area, Atascadero Transit must achieve an overall farebox recovery ratio of 20% (the TDA required minimum ratio for urbanized areas).

The City of Atascadero operates both a Dial-A-Ride (DAR) service and a fixed route service. Atascadero Dial-A-Ride (DAR) provides general public demand-responsive transit service within the Atascadero city limits. During the audit period, El Camino Shuttle provided service along the El Camino transportation corridor in Atascadero, from Paloma Park on the far southern edge of the city to the Twin Cities Hospital on Las Tablas Road, about five miles north of the city limits in the Templeton community. This service was revised at the end of the audit period, based on the recommendations from the 2004 North County Transit Study. The revised fixed route service is now called the North County Shuttle; the new shuttle connects Atascadero with Templeton, Paso Robles and North Cuesta College.

### **3.2. ORGANIZATION**

Policy direction for Atascadero DAR comes from the Atascadero City Council. The Atascadero City Council approves the DAR annual transit budgets, transit contractor contracts, major capital improvements projects, and updates of the five-year transit plans. The North County Shuttle service is provided under a Memorandum of Understanding between the Cities of Atascadero and Paso Robles. The MOU governs the sharing of joint costs, farebox revenues, and reporting of operational statistics. Under the MOU, the Cities of Atascadero and Paso Robles each fund their respective portions of the North County Shuttle service, which is provided under contract by Laidlaw Transit Services.

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<sup>7</sup> The January 2006 population estimate used for the regional allocation of LTF was 28,659. This estimate includes the Atascadero State Hospital.

Transit administration falls under the purview of the City's Public Works Department, and includes transit planning functions, analysis of ridership data, preparation of grant applications and TDA claims, participation in the Regional Transit Advisory Committee and the Social Services Transportation Advisory Council, marketing, and oversight of the transit contractor. The City's Finance Department oversees the transit budget and is responsible for payment of the invoices submitted monthly by the transit contractor. The annual State Controllers Reports are prepared and submitted to the State by an employee in this department.

The City owns and maintains the vehicles and transit yard, and provides the dispatching. The transit contractor, Laidlaw Transit Services provides driving and day-to-day management of the operations of both the Atascadero DAR and the North County Shuttle.

### **3.3. DESCRIPTION OF SERVICE**

#### **Atascadero DAR Transit Service**

The City operates a general public Dial-A-Ride (DAR) service within the city limits between 7:30 AM and 4:00 PM Monday through Friday<sup>8</sup>. The DAR service began operation in 1979, and serves seniors, students attending the local schools, and social service clients.

#### **North County Shuttle**

The fixed route service, initiated in 1998, until recently was called the El Camino Shuttle and provided service along the El Camino transportation corridor in Atascadero, from Paloma Park on the far southern edge of the City to the Twin Cities Hospital on Las Tablas Road, about five miles north of the city limits in the Templeton community. The service operated on hourly headways on weekdays from 7:00 AM to 7:00 PM, and used to connect with the Paso Robles Route C buses.

Atascadero Transit recently updated its Short Range Transit Plan (adopted in April 2006), and as a result service changes were implemented in mid-August 2006. The revised service is called North County Shuttle, a fixed route which connects Atascadero, Templeton, Paso Robles and North Cuesta College, thus combining the prior El Camino Shuttle and PRCATS Route C into a single north south route, and replacing several legs of the Regional Transit Authority bus service (in downtown Templeton and along the frontage road to Hwy 101 to the north of Templeton).

The North County Shuttle operates on hourly headways from Atascadero to Paso Robles between 7:00 AM and 7:00 PM Monday through Friday, with Saturday service operating from 10:30 AM to 4:30 PM. On Saturdays the route extends north only as far as 24<sup>th</sup> and Spring Streets and does not continue further north to serve Cuesta College on Saturdays.

Atascadero DAR does not operate on the City's holidays (Christmas and New Year's Day, Martin Luther King Jr. Birthday, Lincoln's Birthday, Washington's Birthday, Independence Day, Labor Day, Veteran's Day, Thanksgiving Day and the day after Thanksgiving).

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<sup>8</sup> Last pick up time is at 3:45 PM.

The North County Shuttle does not operate on Christmas Day, New Year's Day, Labor Day, Independence Day, Memorial Day and Thanksgiving Day.

### **3.4. DESCRIPTION OF FARE STRUCTURE**

#### **Atascadero DAR Fare Structure**

Effective July 1, 2006, one/way fares on Atascadero DAR are as follows:

##### Zone 1

Regular: \$2.50 for general public

Discount: \$1.50 for seniors (65 or older) or disabled passengers

Free: Children under 3 years of age (accompanied by fare paying adult).

##### Zone 2

Regular: \$5.00

Discount: \$3.00 for seniors (65 or older) or disabled passengers

Free: Children under 3 years of age (accompanied by fare paying adult).

#### **North County Shuttle Fare Structure**

Also effective July 1, 2006, the regular fare for the revised fixed route service was increased from \$0.75 to \$1.00. The fare for seniors (65+) remained at \$0.50. Children aged 3 and younger, and North Cuesta College students (with a Student Body Card) are free. The prior fare structure of the El Camino Shuttle was not in compliance with the FTA Section 5307 program, which requires that half-fares be offered to senior and disabled riders. The fare structure was modified to comply with this requirement.

#### Transfers:

Regional Transit Authority (RTA) Route 9 provides service from Paso Robles to San Luis Obispo. North County Shuttle passengers can transfer to or from Route 9; transfers are \$0.75, and RTA Regional Passes are accepted. The transfer locations are at the Paso Robles Transportation Center, the Las Tablas Park and Ride Lot, and several shared bus stops in Atascadero.

#### Universal Passes:

The Regional Transit Authority (RTA) offers Universal Passes that are accepted by all the transit systems in the region. The passes are sold in a book of coupons for \$30.00, with no discount fare categories. RTA reimburses Atascadero Transit quarterly for the face value of the passes collected by Atascadero Transit drivers during the quarter. The Universal Passes may be purchased at Atascadero City Hall, on all of the Atascadero Transit buses, or at the RTA office at 1150 Osos Street in San Luis Obispo. Atascadero is one of the highest users of Universal Passes in the region, as the City does not issue its own passes.

### **3.5. ATASCADERO TRANSIT EQUIPMENT AND FACILITIES**

#### **Vehicle Fleet**

The City's current transit vehicle fleet consists of five lift-equipped vehicles, four of which have a capacity of 19 passengers (18 ambulatory passengers plus one wheelchair). The 2005 El Dorado has a 22-passenger capacity (20 ambulatory plus two wheelchairs). Table 3.2 provides detail on the current fleet inventory.

**Table 3.1 Atascadero Transit Vehicle Inventory**

Year	AT#	Make	License/VIN Numbers	Date	Mileage	Status
2000	16	Champion	1051652/1FDXE5S5YHA18097	12/16/1999	175,158	Back up for DAR
2002	18	Champion	1101627/1FDXE45SX2HA76536	4/16/2002	106,396	Active
2002	19	Goshen	1130013/1FDXE45S92HB76014	11/13/2002	94,965	Active
2002	20	Goshen	1130117/1FDXE45S13HA77625	5/23/2003	141,414	Active
2005	21	El Dorado	1208657/1FDXE45S65HA36040	8/4/2005	20,131	Active

**Operations and Maintenance Facilities**

The Atascadero Transit dispatch office is located in the City building at 6907 El Camino Real. The dispatchers are City employees. The DAR and fixed route vehicles are stored at the City’s Corporation Yard, which moved to 8005 Gabarda in early 2006. The contractor, Laidlaw Transit Services, is responsible for hiring, training and supervising the drivers. The contractor’s project manager works out of their Paso Robles location at the Multi-modal Transportation Center.

**3.6. OTHER TRANSPORTATION SERVICES IN THE AREA**

The Regional Transit Authority provides intercity fixed route service throughout San Luis Obispo County. As noted above, Route 9 provides transit access from the City of San Luis Obispo to the City of Atascadero and Paso Robles, Santa Margarita, Templeton and San Miguel. RTA has assumed the responsibility of providing the Americans with Disabilities Act (ADA) required complementary demand response transportation services on behalf of all the fixed route transit services in the region: SLO Transit, South County Area Transit (SCAT, administered by RTA), Paso Robles Community Area Transit System (PRCATS), Atascadero Transit and the RTA fixed route itself, as well as the vintage trolleys in Avila Beach, Cambria and the City of Morro Bay.

The ADA paratransit service, called Runabout, is currently provided through the same contractor as the RTA fixed routes. As the ADA provider, Runabout provides service within a ¾ mile corridor along the fixed routes, operating during RTA’s service hours as well as within all of the cities and county’s fixed route service hours, which may be later than RTA’s fixed routes or on days the RTA’s fixed routes do not operate.

## 4. REVIEW OF THE AUDIT PERIOD

### Relocation of the City's Corporation Yard:

The City's Corporation Yard, where the vehicles are stored, was relocated in early 2006 from 5599 Traffic Way to 8005 Gabarda to make way for the construction of a new Youth Center. The construction of the new Youth Center had no other impact on the transit program.

### Service Changes:

The only service change during the audit period was a 22% increase in service hours on the fixed route in FY 2004-05. After the end of the audit period, the fixed route service was modified, as described in Section 3.3. The revised fixed route service (the North County Shuttle) combines the prior Atascadero fixed route (El Camino Shuttle) and PRCATS Route C into a single north-south route providing service to Atascadero, Paso Robles and North Cuesta College. The new route also replaces several legs of the Regional Transit Authority bus service to the north of downtown Templeton.

### Fare Structure Modifications:

There were no fare modifications during the audit period.

The fare structure for both the DAR and the fixed route service were changed July 1, 2006, after the end of the audit period, implementing a recommendation of the recently adopted Atascadero Short Range Transit Plan. The fares below and after the fare structure modifications are shown in Table 4.1.

**Table 4.1 Atascadero Transit Fare Structure**  
**During Audit Period**

	DAR	Shuttle
Regular	\$1.25	\$0.75
Discount (Senior/disabled/children aged 3-4 yrs.)	\$1.00	\$0.50
Children aged 2 and under.	\$0.50	Free

**Effective July 1, 2006**

	DAR Zone 1	DAR Zone 2	Shuttle
Regular	\$2.50	\$5.00	\$1.00
Discount (Senior/disabled.)	\$1.50	\$3.00	\$0.50
Cuesta College Student *			Free
Children aged 3 and under.	Free	Free	Free

\* With Student Body Card

**Changes in Rolling Stock:**

- During the audit period the 2000 Champion, placed in service 12/16/1999, was taken out of active status and placed in backup for the DAR service.
- The 2001 Champion, placed in service 6/30/2001, had complete engine failure in 2005 and was surplus by the City; a replacement vehicle is on order and delivery is expected in FY 2006-07.

## 5. COMPLIANCE AUDIT

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In compliance with the audit guidelines set forth by the State of California, the audit discusses the collection methods for the data used in the calculation of Atascadero Transit performance indicators. The methods used to measure vehicle service hours and miles, passengers, and full-time employee equivalent hours are reviewed, and compliance with relevant sections of the Public Utilities Code is evaluated.

### 5.1. VERIFICATION OF PERFORMANCE INDICATORS

The auditor conducted an independent review of the methods used to collect required non-financial data. The Local Transportation Fund Financial Statements prepared by Moss, Levy & Hartzheim, Certified Public Accountants for the audit year ending June 30, 2003, and the Financial Statements prepared by Glenn, Burdette, Phillips & Bryson for the audit years ending June 30, 2004, June 30, 2005 and June 30, 2006 were used to verify accuracy of financial information (i.e., operating cost and fare revenue) submitted in the annual State Controllers Reports.

TDA regulations specify that transit operator performance audits verify data collection and reporting procedures for the five statistics described and discussed below. The findings are summarized in Table 5.1.

**Table 5.1 Compliance With TDA Required Performance Indicator Reporting**

<b>Performance Indicators</b>	<b>In Compliance</b>
1. Vehicle Service Hours	√
2. Vehicle Service Miles	√
3. Unlinked Passengers	√
4. Full-time Employee Equivalent	Substantial compliance (need to include contracted mechanic's hours)
5. Operating Cost and Fare Box Ratio	√

## Vehicle Service Hours

Vehicle Service Hours are defined in TDA code as the total annual hours that vehicles are in revenue service available for fare-paying passengers, excluding travel time to and from storage facilities and other deadhead travel, lunches, and breaks. For demand-responsive service, a vehicle is in revenue service despite a no-show or late cancellation if the vehicle remains available for passenger use. For fixed route service, a vehicle is in service from the first scheduled stop to the last scheduled stop, whether or not passengers board or exit at these points (deleting lunch and breaks, but including scheduled layovers).

Atascadero Transit DAR drivers call the dispatcher, using the mobile radio system, and the dispatcher logs into the computer the following times:

- Pull out (i.e., bus in service)
- First passenger pick-up
- Morning break (time out and back in)
- Lunch (time out and back in)
- Afternoon break (time out and back in)
- Last passenger drop-off
- Bus pull in at the transit yard

Atascadero Transit fixed route drivers record the following times in the daily driver logs:

- Pull out (i.e., bus in service)
- First scheduled stop
- Morning break (time out and back in)
- Lunch (time out and back in)
- Afternoon break (time out and back in)
- Last scheduled stop
- Bus pull in at the transit yard

The City's transit office staff use the times entered by the drivers in determining each day's vehicle service hours for the DAR and shuttle services; the daily information is compiled in a monthly spreadsheet.

The breaks are currently handled differently than during the prior audit period; the lunch and breaks used to be combined, but now the drivers take a 45-minute lunch and two separate breaks, one in the morning and one in the afternoon.

The auditor determined that vehicle service hours are being correctly calculated, as travel to and from the terminal, lunches, and breaks are properly excluded. The methodology used to determine vehicle service hours is in full compliance with the TDA requirements. The data verification process required tracing the reported item back to its original sources on a random sample basis. The following days were chosen at random for the data verification: January 21, 2004, March 15, 2005, and February 2, 2006. The auditor found the City staff was accurate in data reporting, no errors were found.

## Vehicle Service Miles

Vehicle Service Miles are defined by TDA code as the total annual miles traveled in revenue service, excluding miles traveled to and from storage facilities and other deadhead travel. DAR drivers record in the driver log the odometer reading at the following times:

- Beginning of the daily run
- First passenger pick-up
- Last passenger drop-off
- End of the daily run
- Driver clock out

The DAR drivers also relay the odometer reading to the dispatcher at the beginning and end of the day, using the mobile radio.

The fixed route drivers record the odometer reading at the beginning of the daily run, the first and last scheduled stops, and the end of the daily run.

The office staff uses the odometer information to calculate the day's total vehicle service miles for each vehicle and for the DAR and fixed route services. This information is compiled in a monthly spreadsheet. The auditor checked the daily hand-added totals from the driver logs on the three sample days against the recorded data in the monthly spreadsheets for those days and established that the operator is correctly and accurately determining vehicle service miles according to the TDA definition.

### **Unlinked Passengers**

"Unlinked Passengers" is defined as the total annual unlinked trips (i.e., all passenger boardings, whether revenue producing or not). The daily driver logs include passenger data for all fare types by time of day. At the end of the day, the driver completes a summary by fare type. The City's office personnel verify the totals, a cash reconciliation sheet is filled out, and the passenger data is entered into the same spreadsheet used for accumulating vehicle hours and miles.

The auditor reviewed the sample daily logs against the monthly spreadsheet and verified that the spreadsheet reflected the raw data contained in the daily logs. The auditor also tallied the individual office trip tickets filled out by the dispatcher on the sample days; the totals matched those in the driver's daily log. Passenger counting and reporting to the City was carried out correctly and accurately. The auditor verified that the information entered into the monthly spreadsheets for those days reflected information reported in the daily logs. The driver's logs were also checked against the dispatcher's office records for the day. The operator's reporting of unlinked passengers is in compliance with the TDA.

### **Full-Time Employee Equivalents**

For TDA purposes, Full-Time Employee Equivalent (FTE) hours are required to be calculated as all the hours worked by the employees during the fiscal year divided by 2000. In order to comply with TDA code, this figure must include all hours worked related to transit, including contractor and City personnel time, and exclude vacation, holiday and non-revenue hours such as jury duty. For Atascadero Transit this would include the City dispatchers' time and any other City personnel whose time is fully or partly charged to the transit operations, Laidlaw personnel associated with Atascadero Transit (i.e., project manager and drivers), and the contracted mechanic's time (i.e., Atascadero Ford labor in maintaining the transit vehicles). Modification is needed for the City to be in full compliance with FTE reporting. The City currently is not including the time of the contracted maintenance (Atascadero Ford mechanic's time in maintaining the fleet vehicles). The auditor explained that the FTE's should include this time, and has been assured that the

mechanic's time will be captured from the invoices and tracked along with the remaining FTE's for future reporting purposes.

### **Operating Cost**

Operating cost for the purposes of calculating performance indicators is defined as the annual cost of running a transit operation (including purchased transportation services), exclusive of depreciation, capital expenditures, vehicle lease costs, and the direct costs of providing charter service. The auditor compared operating costs contained in the TDA annual financial audit with those reported to the State Controller and found consistency between the reports.

### **Farebox Revenue**

Fare security is in place. The locked fare vaults on the DAR and fixed route vehicles are emptied at the end of each vehicle's service day into security bags. The security bags are deposited in a safe at night at the City's wastewater treatment plant. The fare revenue is deposited daily in the bank; prior to depositing the revenues, a City staff member counts the fares and signs the deposit slip. A second person verifies the count, reviewing the fare tickets received against collected fares.

For the sample random days, the auditor tallied the trip tickets filled out by the dispatcher and the fare tickets collected by the drivers and compared the totals with the completed Daily Fare Reconciliation Reports for those days. The Daily Fare Reconciliation reports for a sample month in each of the audit years were also reviewed to verify consistency with the total reported in that month's Monthly Management Report. No inconsistencies were found.

The auditor also compared the system's farebox revenues reported in the financial audit for with those reported to the State Controller and found consistency between the documents for FY 2004-05 and FY 2005-06. There was inconsistency between the figures reported to the State in FY 2003-04 (fares were reported as \$45,865) and the fiscal audit (fares for the year were \$51,361 according to the audit). This inconsistency was due to the accrual accounting method and the later date of the fiscal audit preparation. The fiscal audit was completed on 4/28/2005, and the State Controller's Report was submitted on 12/14/2004; the SCR had been prepared and submitted three months earlier than the audit. This performance audit uses the financial audit figures for each year.

## **5.2. REGULATORY COMPLIANCE**

The Public Utilities Code and California Code of Regulations include twelve operator compliance requirements. Atascadero Transit is in full compliance with 9 of the 12 applicable PUC requirements, as shown in Table 5.2. These requirements are shown below in italics and then briefly discussed in regular font.

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

Atascadero Transit submitted the annual State Controller's Reports electronically to the state and in hard copy to the RTPE. Atascadero Transit was in compliance with the submittal deadline to the State for electronic submittals in all three fiscal years.

*2. The operator has submitted annual fiscal audits and compliance audits to its RTPE (SLOCOG) and the State Controller within 180 days following the end of fiscal year or has received the appropriate 90-day extension to March 31<sup>st</sup> from SLOCOG as allowed under PUC Section 99245.*

The City submitted the FY 2003-04 financial audit on June 16, 2005, and the FY 2004-05 financial audit on January 19, 2006. SLOCOG records indicate that extensions were not requested for the FY 2003-04 and FY 2004-05 audits, thus the City was out of compliance with the deadline submittals for those years. The City was in compliance in FY 2005-06. The City had requested an extension to March 31, 2007 for submitting the FY 2005-06 financial audit, which was granted by SLOCOG. The City submitted the fiscal audit on January 16, 2007, within the 90-day extension period.

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

The auditor reviewed the CHP Safety Compliance and Terminal Record Inspection reports. The inspection dates (see Table 5.2) are in accordance with PUC Section 99251. The terminal received a Satisfactory rating each year.

*4. The operator's TDA claims have been submitted in compliance with the rules and regulations adopted by the Regional Transportation Planning Entity.*

TDA claims for all three years were submitted to and approved by SLOCOG.

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

The auditor reviewed the City's contracts with the contractor and interviewed City staff. Only one driver operated each vehicle during revenue service.

*6. The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major fixed facilities unless the operator has reasonably supported and substantiated the change(s).*

The City's approved operating budget for the transit system decreased 8.7% in FY 2003-04, increased 2.8% in FY 2004-05, and increased 18% in FY 2005-06. The required justification for the 18% increase was supplied by the City to SLOCOG in the Annual TDA Claim for FY 2005-06. (The increase was due to the increase in cost per hour of the contracted services, as well as increases in fuel, administrative overhead, and technology overhead costs).

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

As long as an operator achieves the required minimum Farebox Recovery Ratio (FBR) for the system, this requirement is not applicable. During the audit period, Atascadero Transit did not achieve the 20% minimum FBR required of urbanized area operators. According to the annual fiscal audits, in FY 2003-04, the operating cost minus federal grants totaled \$222,568. In that year, \$190,615 in TDA was used, which is 86% of the operating cost minus federal grants. This exceeds the 50% limitation by \$79,331 or 36% (50% would be \$111,284). In FY 2004-05 the TDA exceeded the 50% limit by \$91,653 (31% over the limit). In FY 2005-06 the TDA exceeded the limit by \$88,076 (30% over the limit). It should be noted that Atascadero was under the noncompliance grace period until FY 2005-06, (see 8/9 below regarding period allowed for noncompliance following an urbanized area designation), thus the system was not required to meet the 50% TDA limitation requirement until the official year the 20% FBR mandate applied (i.e., FY 2005-06).

*8/9. Operators in urban areas must have at least a 20% ratio of fare revenues to operating costs, unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenues to operating cost of at least 15%, if so determined by the RTPE.*

The City was designated an urbanized area in May 2002 following the results of the 2000 Census. This triggered the requirement for a 20% FBR to be achieved by May 2003. The statutes allow a grace period for newly urbanized operators to meet the 20% requirement if an extension is granted by the regional transportation planning entity (i.e., SLOCOG)<sup>9</sup>. According to SLOCOG staff, Caltrans staff interprets the legislation as allowing an extension of five years from the year of the urban area designation (i.e., May 2002). Thus, if an extension were granted by SLOCOG, the five-year grace period would have extended through FY 2006-07.

The system did not achieve the 20% FBR ratio during the audit period (see Table 5.3, page 22 and Table 6.1, page 24). On November 21, 2005 SLOCOG sent a letter to the City requesting a letter in return acknowledging the FBR mandate. SLOCOG's letter asked the City to identify the proposed corrective actions to meet the higher FBR, as well as to provide a timeline for actual implementation. On February 1, 2006, the City responded with a formal request for the five-year extension allowed under the TDA. The City's letter stated that it was anticipated the 20% FBR standard would be met in FY 2006-07. As of the date of this audit, SLOCOG had not formally granted the requested time extension, thus the system is considered in noncompliance with the 20% minimum FBR. The first year of noncompliance under the statutes is deemed a grace year, with no penalty attached. After the one-time grace year, there is the potential for a reduction in future TDA eligibility in accordance with PUC Section 99268.9 and CCR Section 6633.9. Under these sections of the code, TDA allocations shall be reduced in a subsequent penalty year by the amount of difference between the required minimum and actual fare revenues.

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<sup>9</sup> Under Public Utilities Code (PUC) 99270.2, as the regional transportation planning agency, SLOCOG, may grant an operator an extended time, but not more than five years from July 1 of the year following the year of the census to meet the 20% FBR minimum.

*10. The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the Regional Transportation Planning Entity, which will fully fund the retirement system within 40 years.*

The City of Atascadero participates in the Public Employees Retirement System (PERS). Documentation supplied by the City Finance Department indicates PERS is fully funded to meet the pension requirements.

*11. If the operator receives State Transit Assistance funds, the operator is not precluded by contract from employing part-time driver, or from contracting with common carriers.*

The City's policy does not preclude employment of part-time drivers or contracting with common carriers, nor does the City's contract with the contractor. Both part-time and full-time drivers are employed to fulfill the contract with the City. *Please note that this requirement (prior Section 6754 2(b)) has been eliminated with the 2006 Regulation Package, and the compliance finding will no longer be required in future performance audits. Language in the controlling statute, PUC Section 99314.5 was revised.*

*12. If the operator receives State Transit Assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.*

Atascadero Transit's budget complies with this requirement.

### 5.3 COMPLIANCE SUMMARY

**Table 5.2 Compliance With State Public Utilities Code (PUC)**

TDA Requirements per the PUC	Compliance Finding	Verification Information
1. PUC Section 99243: Annual submittal of State Controller Report within 90 days of the end of the fiscal year or within 110 days if filing electronically. During the audit period, the dates were revised statewide as follows: FY 03-04: 11/24 mail, 12/14 electronic. FY 04-05: 9/28/05 mail; 10/18 electronic FY 05-06: 10/12 mail; 11/1 electronic	Compliance all years	Actual Submittal Dates (all were submitted electronically to the State): FY 2003-04: December 14, 2004 FY 2004-05: October 18, 2005 FY 2005-06: October 23, 2006
2. PUC Section 99245: Submit annual TDA fiscal and compliance audit to the State Controller within 180 days of the end of the fiscal year, or rec'd 90 day extension allowed by law.	Noncompliance in FY 2003-04 and FY 2004-05 Compliance in FY 2005-06, as a 90-day extension had been formally requested.	Audit Completion/Submittal Dates: FY 2003-04: June 16, 2005 FY 2004-05: January 19, 2006 FY 2005-06: January 16, 2007
3. PUC Section 99251: Submit CHP certification of compliance with Vehicle Code Section 1808.1 within the 13-month period prior to TDA claim submittal.	Compliance	CHP Terminal Inspection Dates: FY 2003-04: July 16, 2003 FY 2004-05: July 7, 2004 FY 2005-06: July 25, 2005
4. PUC Section 99261: TDA claim was submitted in compliance with rules and regulations adopted by RTPE.	Compliance	TDA Claim Submittals
5. PUC Section 99264: Operator does not routinely staff with two or more persons buses designed to be operated by one person.	Compliance	Fieldwork and interviews.
6. PUC Section 99266: Operating Budget has not increased more than 15% over prior year, unless a reasonable justification has been provided.	Compliance	Annual Operating Budgets FY 2003-04: -8.7% FY 2004-05: +2.8% FY 2005-06: +18%; justification supplied to SLOCOG in TDA claim.
7. PUC Section 99268: Funding provided through TDA makes up no more than 50% of operating, maintenance, capital and debt service requirements after federal grants are deducted, if applicable.	Noncompliance	Review of Annual Fiscal Audits, and TDA Claims. FY 2003-04: 86% FY 2004-05: 81% FY 2005-06: 80%
8/9. PUC Section 99268: Operator has maintained an FBR equal to or exceeding 20%. (10% for operators serving rural areas).	Noncompliance	Recovery Ratio: FY 2003-04: 13.0% FY 2004-05: 13.1% FY 2005-06: 12.5%
10. PUC Section 99271: Operator's retirement fund is fully funded.	Compliance	PERS fully funded– documentation supplied by City Finance from City's annual fiscal audit.
11. Section 99314.5 c: Operator is not precluded by contract from employing part-time drivers, or from contracting with common carriers (only applicable to operators receiving STA funds for operations).	Compliance. Note: this finding will not be required in the future: PUC 99314.5 has been changed, and Section 6754 (2)(b) was eliminated in the 2006 Code Package.	Contractor employs both full and part-time drivers in supplying the transit service.
12. CAC Section 6754 (a) (c): Full use of available FTA funds before TDA claims are made (applicable only if operator receives STA funds).	Compliance	Review of TDA Claims and FTA Funding By Year and Use.

## 6. PERFORMANCE TRENDS

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The Transportation Development Act requires a review and analysis of five performance indicators: operating cost per vehicle service hour, operating cost per passenger, passengers per vehicle service hour, passengers per vehicle service mile, and, vehicle service hours per employee. The systemwide performance indicators for Atascadero Transit over the past six years are tabulated in Table 6.1. In the performance indicator discussion, the performance during the audit period refers to the three-year change in the indicator over the base year used for the discussion (FY 2002-03). Tables 6.2 and 6.3 present the mode specific breakdown of the performance indicators (fixed route and dial-a-ride services, respectively). In the text, a discussion of mode specific performance follows the discussion of systemwide performance trends.

### **Trends in the systemwide base statistics are summarized below:**

Audit Period – Over the audit period, the operating cost increased 10.6% systemwide (from \$410,915, to \$454,571). The City has done an excellent job in keeping the operating cost down. The C.P.I. increase in the same period was 10.9%. It should be noted that fuel and lubrication costs rose significantly higher than the C.P.I. (the fuel costs increased 69% over the audit period). The vehicle service hours and miles decreased 7.6% and 5.6% respectively. The system ridership increased 10.4%, from 66,888 to 73,838. The total fare revenues increased 9.9%, from \$51,601 to \$56,710. With the exception of the operating cost, the trends in these base statistics echo similar trends exhibited in the prior audit period.

Prior Audit Period – Operating cost had increased only 0.7% between FY 1999-2000 and FY 2002-03, while the vehicle service hours and miles had decreased 4.9% and 4.8% respectively. The system ridership had increased 20.9% over the period, while the total fare revenues increased 11.5%.

### **Mode specific trends in the base statistics are summarized below:**

The DAR operating cost increased 20.3% (from \$258,242 to \$310,553) between FY 2002-03 and FY 2005-06, while the vehicle service hours and vehicle service miles decreased 17.8% and 7% respectively. The ridership dropped 7.9%, from 29,145 to 26,830. The fare revenues dropped 10%, from \$30,961 to \$27,869.

The fixed route operating cost decreased 5.7% over the period, from \$152,673 to \$144,018, while the number of vehicle service hours increased by 15.8% and the vehicle service miles decreased by 3.7%. The ridership increased 24.5%, and the fare revenues increased 39.7%, from \$20,640 to \$28,841.

**Table 6.1 Atascadero Transit Trends  
 Systemwide**

REQUIRED PERFORMANCE MEASURES AND INDICATORS

	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	% Change FY02-03 to FY05-06
<b>Base Statistics</b>							
Operating Cost	\$383,431	\$405,647	\$410,915	\$394,423	\$422,608	\$454,571	10.6%
Change over Previous Year:		5.8%	1.3%	-4.0%	7.1%	7.6%	
Total Passengers	69,423	69,610	66,888	66,293	73,630	73,838	10.4%
		0.3%	-3.9%	-0.9%	11.1%	0.3%	
Vehicle Service Hours	8,339	8,373	8,626	8,513	8,422	7,974	-7.6%
		0.4%	3.0%	-1.3%	-1.1%	-5.3%	
Vehicle Service Miles	141,331	140,792	140,082	130,796	135,437	132,303	-5.6%
		-0.4%	-0.5%	-6.6%	3.5%	-2.3%	
Employees	7.0	6.0	6.0	6.0	6.0	6.0	0.0%
		-14.3%	0.0%	0.0%	0.0%	0.0%	
Fare Revenue	\$47,258	\$53,478	\$51,601	\$51,361	\$55,430	\$56,710	9.9%
		13.2%	-3.5%	-0.5%	7.9%	2.3%	
<b>Performance Measures</b>							
Operating Cost per Passenger	\$5.52	\$5.83	\$6.14	\$5.95	\$5.74	\$6.16	0.2%
Change over Previous Year:		5.5%	5.4%	-3.2%	-3.5%	7.3%	
Operating Cost per Vehicle Service Hour	\$45.98	\$48.45	\$47.64	\$46.33	\$50.18	\$57.01	19.7%
		5.4%	-1.7%	-2.7%	8.3%	13.6%	
Passengers per Vehicle Service Hour	8.3	8.3	7.8	7.8	8.7	9.3	19.4%
		-0.1%	-6.7%	0.4%	12.3%	5.9%	
Passengers per Vehicle Service Mile	0.49	0.49	0.48	0.51	0.54	0.56	16.9%
		0.7%	-3.4%	6.1%	7.3%	2.7%	
Vehicle Service Hours per Employee	1,191	1,396	1,438	1,419	1,404	1,329	-7.6%
		17.1%	3.0%	-1.3%	-1.1%	-5.3%	
Farebox Recovery Ratio	12.3%	13.2%	12.6%	13.0%	13.1%	12.5%	-0.7%
		7.0%	-4.7%	3.7%	0.7%	-4.9%	
<i>C.P.I Actual</i>	3.7%	2.8%	2.1%	2.3%	3.1%	3.4%	
<i>C.P.I. Cumulative, 6 year period</i>	3.7%	6.5%	8.6%	10.9%	14.0%	17.4%	
<i>C.P.I. Cumulative from Base Year</i>				4.4%	7.5%	10.9%	
<i>Fare per Passenger</i>	\$0.68	\$0.77	\$0.77	\$0.77	\$0.75	\$0.77	

Sources:

Financial data is from the Annual Financial Statements.  
 Operating data is from the State Controller's Reports.

Note: Operating Cost excludes depreciation in all years.

**Table 6.2 Atascadero Transit Trends  
 Fixed Route**

REQUIRED PERFORMANCE MEASURES AND INDICATORS

	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	% Change FY 02-03 to FY 05-06
<b>Base Statistics</b>							
Operating Cost	\$134,409	\$152,673	\$138,048	\$131,431	\$144,018		-5.7%
Change over Previous Year:		13.6%	-9.6%	-4.8%	9.6%		
Total Passengers	24,690	28,877	37,743	39,979	47,620	47,008	24.5%
		17.0%	30.7%	5.9%	19.1%	-1.3%	
Vehicle Service Hours	3,061	2,490	2,631	2,500	3,050	3,047	15.8%
		-18.7%	5.7%	-5.0%	22.0%	-0.1%	
Vehicle Service Miles	59,400	60,686	60,682	60,353	59,288	58,432	-3.7%
		2.2%	0.0%	-0.5%	-1.8%	-1.4%	
Fare Revenue	\$14,545	\$20,640	\$23,753	\$27,068	\$28,841		39.7%
		41.9%	15.1%	14.0%	6.6%		
<b>Performance Measures</b>							
Operating Cost per Passenger	\$0.00	\$4.65	\$4.05	\$3.45	\$2.76	\$3.06	-24.3%
Change over Previous Year:			-13.1%	-14.6%	-20.1%	11.0%	
Operating Cost per Vehicle Service Hour	\$0.00	\$53.98	\$58.03	\$55.22	\$43.09	\$47.27	-18.5%
			7.5%	-4.8%	-22.0%	9.7%	
Passengers per Vehicle Service Hour	8.1	11.6	14.3	16.0	15.6	15.4	7.5%
		43.8%	23.7%	11.5%	-2.4%	-1.2%	
Passengers per Vehicle Service Mile	0.42	0.48	0.62	0.66	0.80	0.80	29.3%
		14.5%	30.7%	6.5%	21.3%	0.2%	
Farebox Recovery Ratio		10.8%	13.5%	17.2%	20.6%	20.0%	48.1%
			24.9%	27.3%	19.7%	-2.8%	
<i>Fare per Passenger</i>		<i>\$0.50</i>	<i>\$0.55</i>	<i>\$0.59</i>	<i>\$0.57</i>	<i>\$0.61</i>	

Sources:

Financial data was determined using the systemwide total fare revenues and operating costs reported in the annual fiscal audits, broken down by mode using the mode split for each fiscal year as calculated from unaudited inhouse data.

Operating data from annual State Controller's Reports

Note:

FY 2002-03 uses LSC's mode split from the 2006 SRTP, adjusted for the updated systemwide cost (\$410,915 from the fiscal audit vs. the \$418,790 used for the SRTP).

Note:

Operating Cost excludes depreciation

**Table 6.3 Atascadero Transit Trends  
 Dial-A-Ride**

REQUIRED PERFORMANCE MEASURES AND INDICATORS

	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	% Change FY02-03 to FY05-06
<b>Base Statistics</b>							
Operating Cost		\$249,618	\$258,242	\$256,375	\$291,177	\$310,553	20.3%
Change over Previous Year:			3.5%	-0.7%	13.6%	6.7%	
Total Passengers	31,680	29,631	29,145	26,314	26,010	26,830	-7.9%
		-6.5%	-1.6%	-9.7%	-1.2%	3.2%	
Vehicle Service Hours	5,708	5,873	5,995	6,013	5,372	4,927	-17.8%
		2.9%	2.1%	0.3%	-10.7%	-8.3%	
Vehicle Service Miles	80,649	80,439	79,400	70,443	76,149	73,871	-7.0%
		-0.3%	-1.3%	-11.3%	8.1%	-3.0%	
Fare Revenue		\$24,793	\$30,961	\$27,608	\$28,362	\$27,869	-10.0%
			24.9%	-10.8%	2.7%	-1.7%	
<b>Performance Measures</b>							
Operating Cost per Passenger	\$0.00	\$8.42	\$8.86	\$9.74	\$11.19	\$11.57	30.6%
Change over Previous Year:			5.2%	10.0%	14.9%	3.4%	
Operating Cost per Vehicle Service Hour	\$0.00	\$42.50	\$43.08	\$42.64	\$54.20	\$63.03	46.3%
			1.3%	-1.0%	27.1%	16.3%	
Passengers per Vehicle Service Hour	5.6	5.0	4.9	4.4	4.8	5.4	12.0%
		-9.1%	-3.6%	-10.0%	10.6%	12.5%	
Passengers per Vehicle Service Mile	0.39	0.37	0.37	0.37	0.34	0.36	-1.1%
		-6.2%	-0.4%	1.8%	-8.6%	6.3%	
Farebox Recovery Ratio		9.9%	12.0%	10.8%	9.7%	9.0%	-25.1%
			20.7%	-10.2%	-9.5%	-7.9%	
<i>Fare per Passenger</i>		\$0.84	\$1.06	\$1.05	\$1.09	\$1.04	

Sources:

Financial data above was determined using the systemwide total fare revenues and operating costs reported in the annual fiscal audits, broken down by mode using the mode split for each fiscal year as calculated from unaudited inhouse data.

Operating data from annual State Controller's Reports

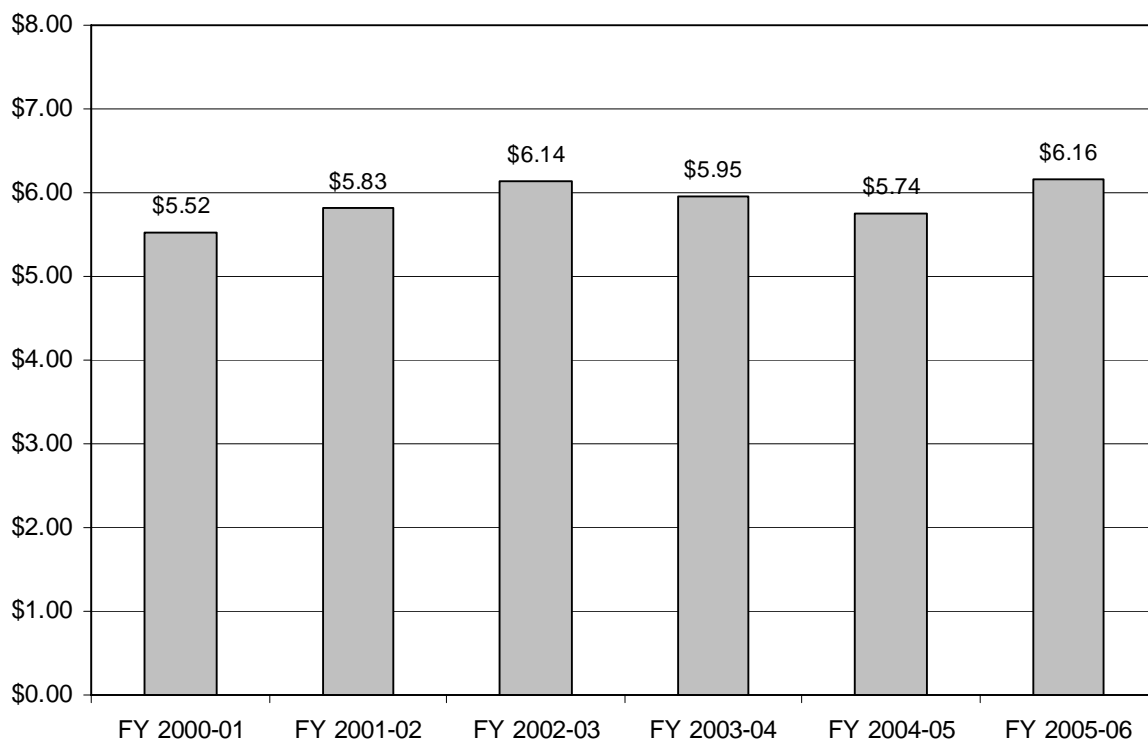
Note: FY 2002-03 uses LSC's mode split from the 2006 SRTP, adjusted for the updated systemwide cost (i.e., \$410,915 from fiscal audit vs. the \$418,790 used in the SRTP.)

Note: Operating Cost excludes depreciation

**Operating Cost per Passenger:** As noted above, systemwide, the ridership grew 10.4% while the operating cost increased 10.6%. This resulted in a slight increase (0.2%) in the cost per passenger, from \$6.14 in FY 2002-03 to \$6.16 in FY 2005-06.

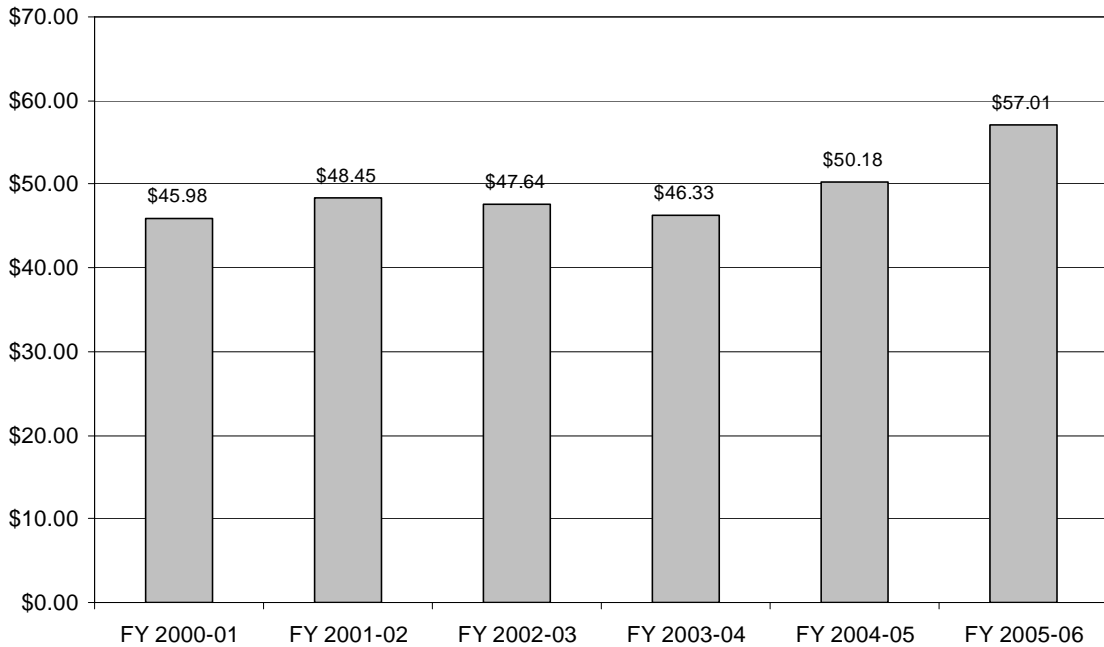
As can be seen in Figure 6.1, the largest annual change in this indicator occurred in FY 2004-05, when the operating cost per passenger dropped to \$5.74 (-3.5%). This resulted from the disparate increase in ridership (+11.1%) versus the operating cost (+7.1%). The FY 2004-05 systemwide ridership increase was due to the fixed route ridership growth in that year (19.1%), since the DAR ridership decreased 1.2% that year. The fixed route ridership increase coincided with a 22% increase in service hours (from 2,500 to 3,050) on the fixed route.

**Figure 6.1 Atascadero Transit Systemwide Operating Cost per Passenger**



**Operating Cost per Vehicle Service Hour:** There was declining performance in this indicator, as the operating cost per vehicle service hour rose 19.7% systemwide. The operating cost grew 10.6% over the period, while there was a reduction (-5.6%) in the vehicle hours of service. As can be seen in Figure 6.2, the greatest cost per vehicle service hour increase occurred in FY 2005-06, when the cost rose 13.6% to \$57.01. This resulted from the 7.6% increase in the operating cost that year, while the number of vehicle service hours decreased 5.3%.

**Figure 6.2 Atascadero Transit Systemwide Cost per Vehicle Service Hour**



The operating costs are examined in Table 6.4. The contractor’s authorized compensation increased 15% over the period, from \$168,021 to \$193,129. The City pays the contractor according to an hourly vehicle service fee as specified in the contract. The cost of fuel and lubricants increased 69% over the period, from \$34,231 in FY 2002-03 to \$58,105 in FY 2005-06. The City’s administrative costs hovered around 30% of the total operating costs over the period. While the administrative costs would normally appear to be high for a small transit system (a ratio of 20-25% is more typical), this is not a concern to the auditor as the City has shown overall good transit management and excellent cost control. In addition, the City includes the salaries and benefits of the dispatchers as well as the Administrative Assistant in this cost category, along with computer maintenance, department service charge and the City’s general overhead allocation. If instead the dispatchers’ salaries and benefits, the department service charge for the dispatcher office, and the computer maintenance costs were taken out of the administrative category and summed with the remaining operating costs, the remaining costs in the administrative category would simply be the Administrative Assistant’s salary and benefits and the City’s general overhead allocation, which would more closely resemble the cost breakdown of other systems, and the administrative costs would then be a lower percentage of the total cost.

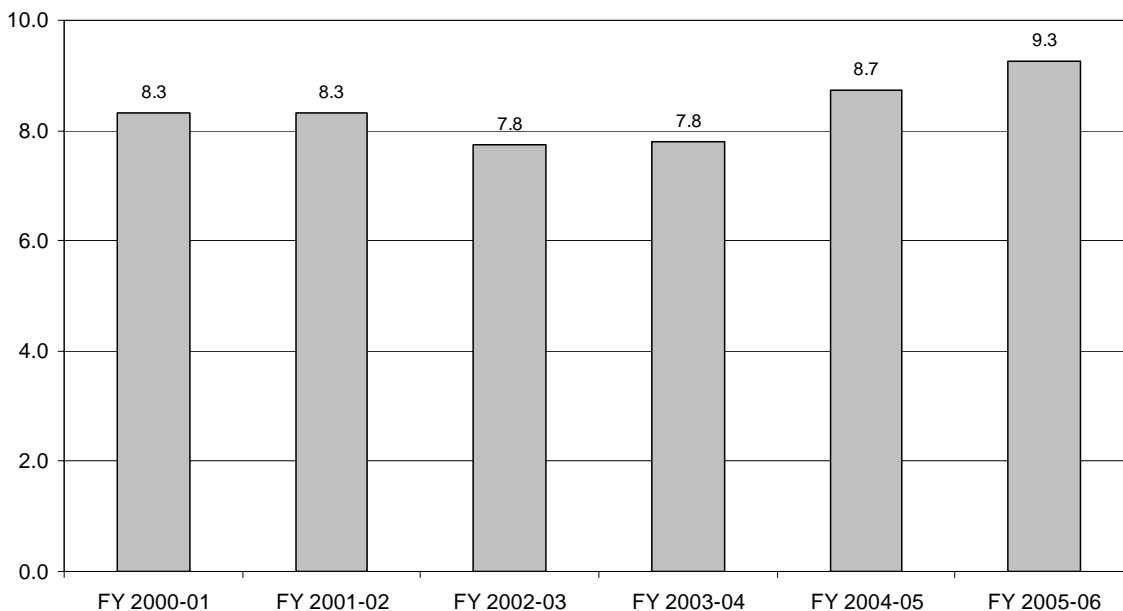
**Table 6.4 Operating Cost Breakdown by Year**

	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	% Change FY 03 to FY 06
Administrative Costs Change over Previous Year:	\$120,350	\$118,419 -1.6%	\$117,734 -0.6%	\$138,155 17.3%	14.8%
Contractor Cost (Purchased Transportation)	\$168,021	\$180,025 7.1%	\$190,982 6.1%	\$193,129 1.1%	14.9%
Vehicle Parts and Maintenance	\$39,893	\$42,646 6.9%	\$43,934 3.0%	\$43,791 -0.3%	9.8%
Fuel and Lubricants	\$34,231	\$43,611 27.4%	\$48,821 11.9%	\$58,105 19.0%	69.7%
Other Operating Costs *	\$48,420	\$9,723 -79.9%	\$21,137 117.4%	\$21,392 1.2%	-55.8%
<b>Total Operating Costs</b>	<b>\$410,915</b>	<b>\$394,424</b> -4.0%	<b>\$422,608</b> 7.1%	<b>\$454,572</b> 7.6%	10.6%

\*Other operating costs include the temporary clerical services, operating supplies and services, and cost of annual fiscal audits.  
 Source: Annual TDA Financial Statements (Fuel and vehicles parts and maintenance costs supplied by City as Audit did not break the costs out.

**Passengers per Vehicle Service Hour:** As can be seen in Figure 6.3, there was steady improvement in productivity systemwide as measured by this performance indicator. The number of passengers per vehicle service hour increased from 7.8 in FY 2002-03 to 9.3 in FY 2005-06 (a 19.4% increase). The performance improvement resulted from the systemwide reduction in vehicle service hours (-5/6%)<sup>10</sup> coupled with the increase in passengers (+10.4%).

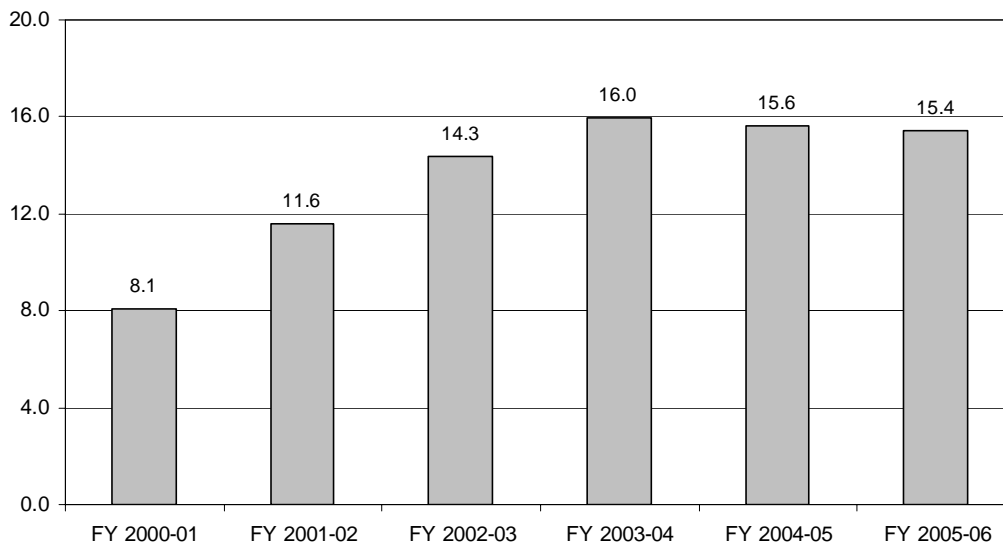
**Figure 6.3 Atascadero Transit Systemwide Passengers per Vehicle Service Hour**



<sup>10</sup> As discussed earlier, the 5.6% systemwide reduction in vehicle service hours resulted from the 17.8% reduction in DAR service hours.

Fixed Route Passengers per Vehicle Service Hour - Over the three-year review period the fixed route performance as measured by this indicator improved 7.5%, from 14.3 to 15.4 passengers per vehicle service hour. As can be seen in Figure 6.4, the greatest change was between FY 2002-03 and FY 2003-04, when the number of passengers per vehicle service hour increased from 14.3 to 16 (+11.5%). This was due to a 5% drop in the vehicle service hours that year, while the ridership increased 5.9%. There was a reduction in the number of passengers carried per vehicle service hour in each of the following years. In FY 2004-05, the fixed route ridership increased dramatically (+19.1%), however, the vehicle service hours increased by a greater amount (+22%), resulting in a 2.4% reduction in passengers carried per vehicle service hour. The decrease to 15.4 passengers per vehicle service hour in FY 2005-06 was due to a reduction in the fixed route ridership that year (-1.3%) while the service hours decreased by a smaller amount (-0.1%). The fixed route met the City's standard adopted in the 1997 Short Range Transit Plan (10.6 passengers per vehicle service hour) in each year.

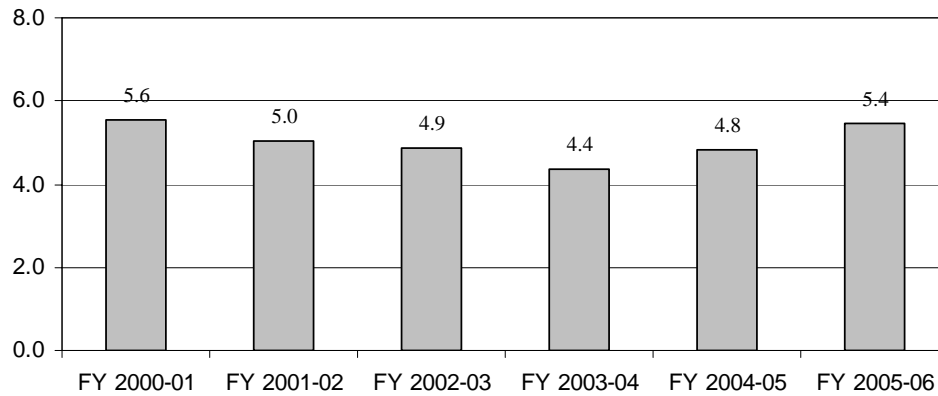
**Figure 6.4 Atascadero Transit Fixed Route (FR) Passengers per Vehicle Service Hour**



1997 SRTP Standard: 10.6 Passengers per Vehicle Service Hour

DAR Passengers per Vehicle Service Hour - Performance in this indicator on the DAR over the period is shown in Figure 6.5. Productivity improved 12% as passengers per vehicle service hour increased from 4.9 to 5.4 between FY 2002-03 and FY 2005-06. The drop to 4.4 passengers per vehicle service hour in FY 2003-04 resulted from a 9.7% reduction in passengers that year, while the vehicle service hours remained relatively constant. The DAR did not meet the standard for passengers per vehicle service hour contained in the 1997 SRTP. The 2006 SRTP projected the DAR would achieve 5.9 passengers per hour in FY 2006-07 given no changes in operations, based on an assumed ridership of 30,690, with vehicle service hours assumed at 5,159. However, the actual data indicates the DAR operated 4,927 hours in FY 2005-06 and had a ridership of 26,830, or 5.4 passengers per vehicle service hour.

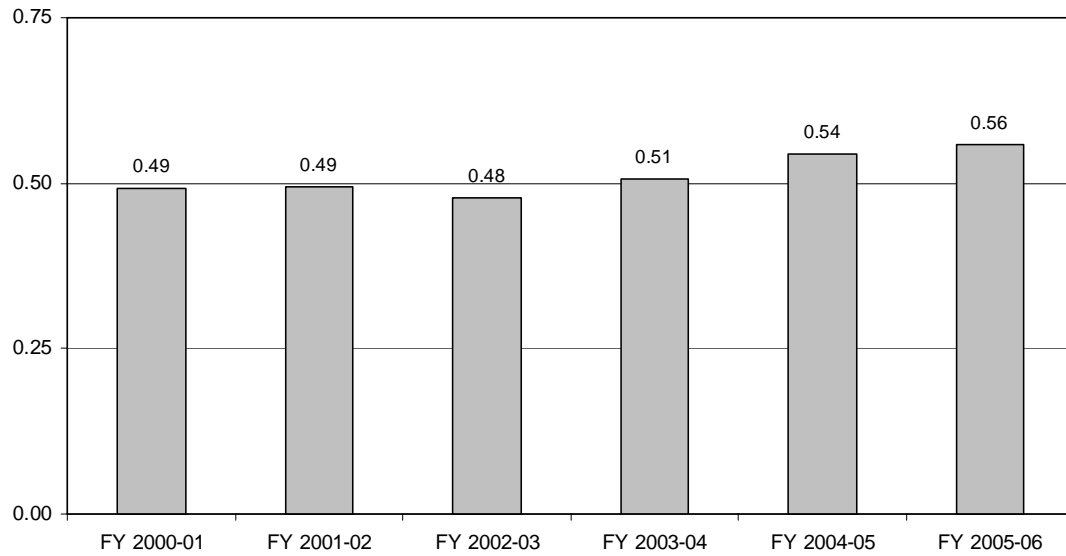
**Figure 6.5 Atascadero Transit Dial-A-Ride (DAR) Passengers per Vehicle Service Hour**



1997 SRTP Standard: 6.6 Passengers per Vehicle Service Hour

**Passengers per Vehicle Service Mile:** As can be seen in Figure 6.6, there was steady improvement systemwide in this indicator over the period, from 0.48 passengers per vehicle service mile in FY 2002-03 to 0.56 in FY 2005-06.

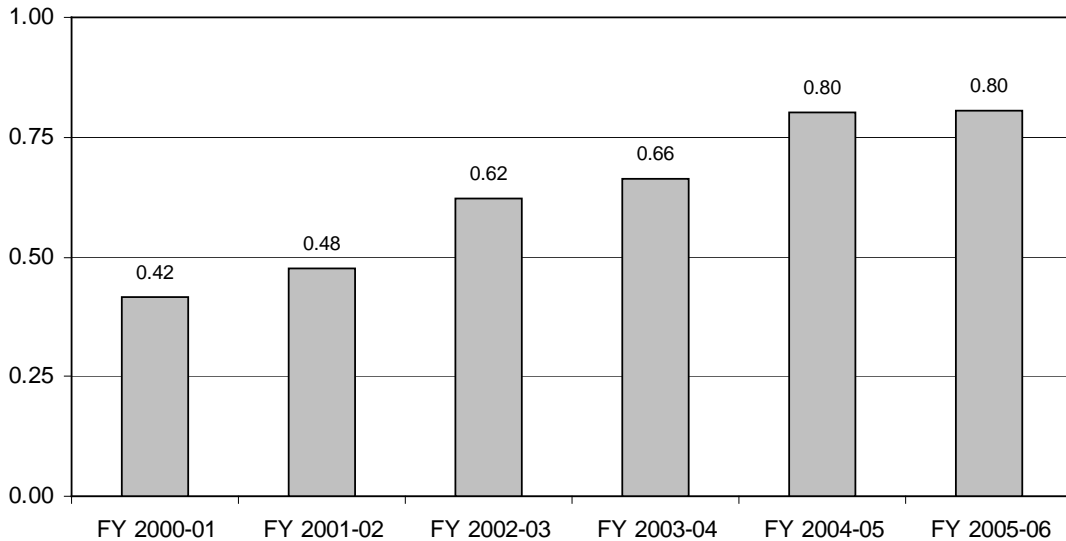
**Figure 6.6 Atascadero Systemwide Passengers per Vehicle Service Mile**



The systemwide improvement shown above is largely attributable to the improved productivity of the fixed route, as can be seen in the following figures.

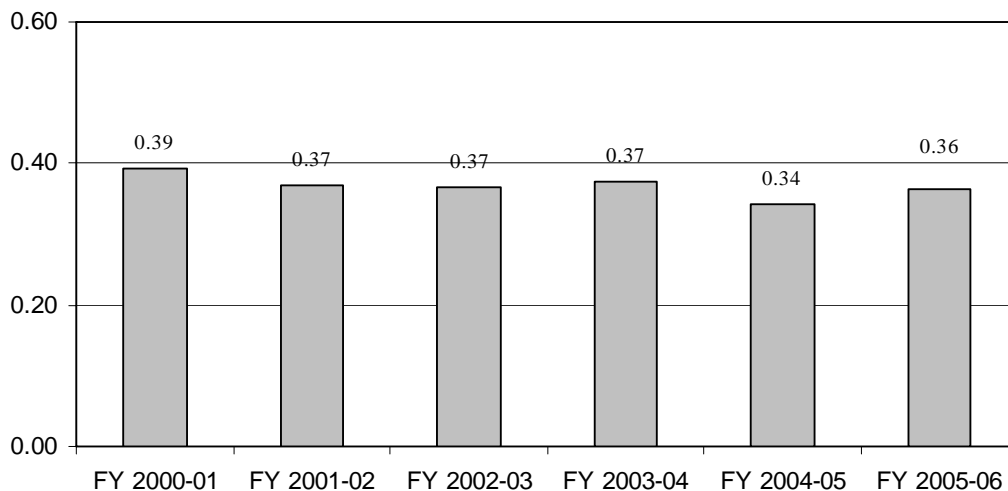
Fixed Route Passengers per Vehicle Service Mile – As shown in Figure 6.7, the fixed route productivity in passengers per vehicle service mile increased 29.3%, 0.62 to 0.80 over the audit period.

**Figure 6.7 Atascadero Transit Fixed Route (FR) Passengers per Vehicle Service Mile**



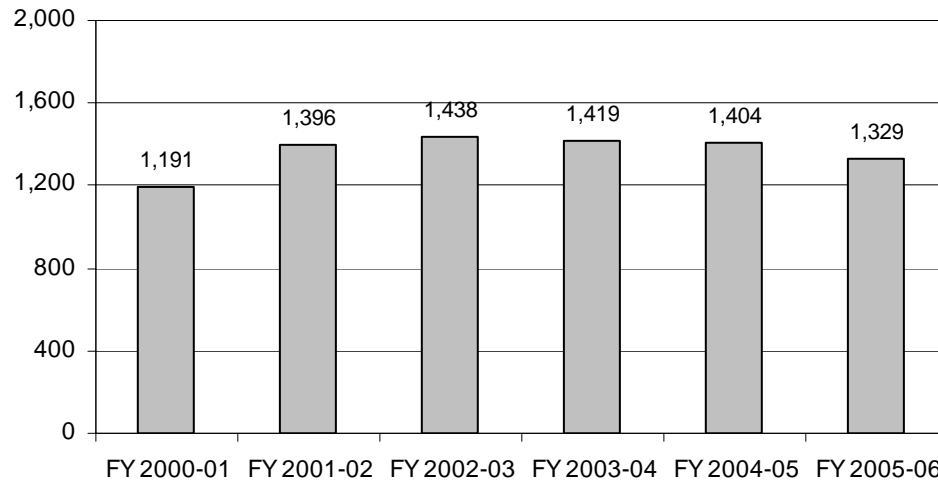
DAR Passengers per Vehicle Service Mile - As shown in Figure 6.8, DAR performance as measured by this indicator decreased slightly (-1.1%), from 0.37 to 0.36.

**Figure 6.8 Atascadero Transit Dial-A-Ride (DAR) Passengers per Vehicle Service Mile**



**Vehicle Service Hours per Full-Time Employee Equivalent (FTE):** As shown in Figure 6.9, the system's overall efficiency as measured by this performance indicator declined as the vehicle service hours per FTE decreased 7.6% over the period, from 1,438 in FY 2002-03 to 1,329 in FY 2005-06. Employee breakdown between modes was not available.

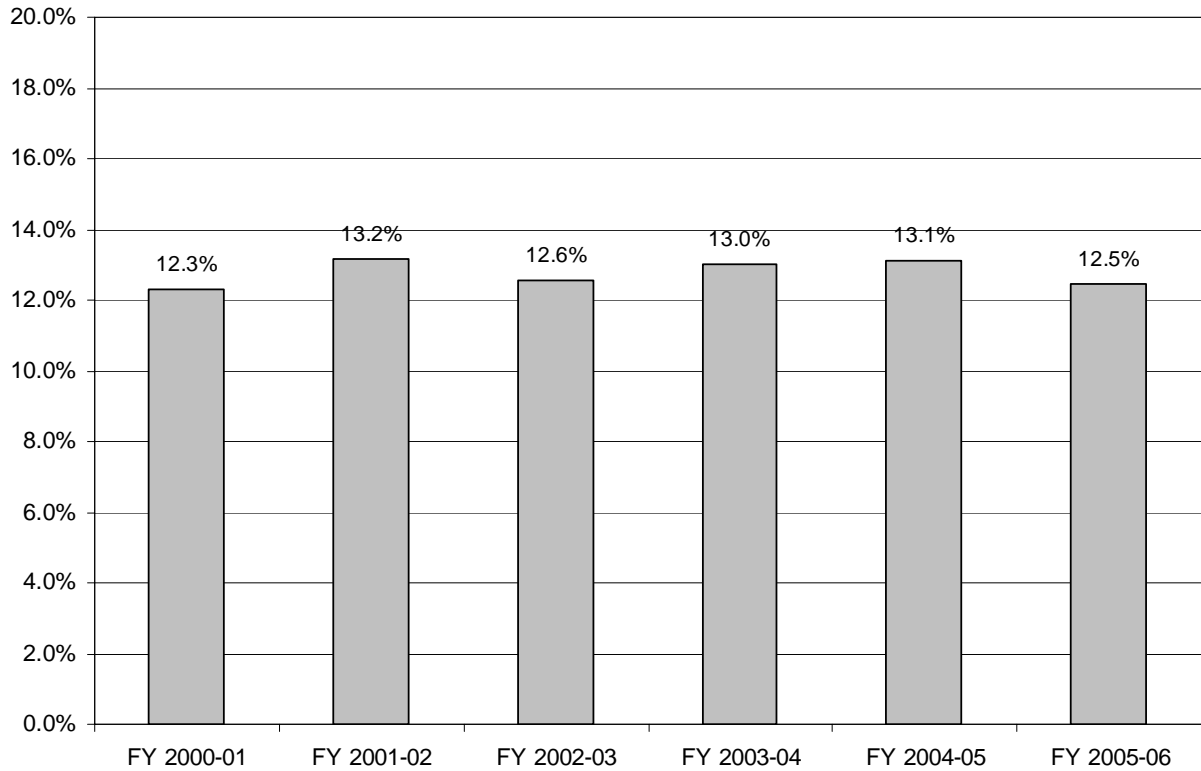
**Figure 6.9 Atascadero Transit Systemwide Vehicle Service Hours per Full-Time Employee Equivalent**



**Fare Revenues and the Farebox Recovery Ratio (FBR):**

After the audit period, on July 1, 2006 the DAR and fixed route fares were increased as recommended in the Atascadero Short Range Transit Plan to address the farebox recovery ratio (FBR) issue. As a result, **the average fare per passenger increased from \$1.01 in FY 2005-06 to \$1.38 in the first quarter of 2006-07, and to \$1.55 in the second quarter of FY 2006-07.**

**Figure 6.10 Atascadero Transit Systemwide Farebox Ratio**

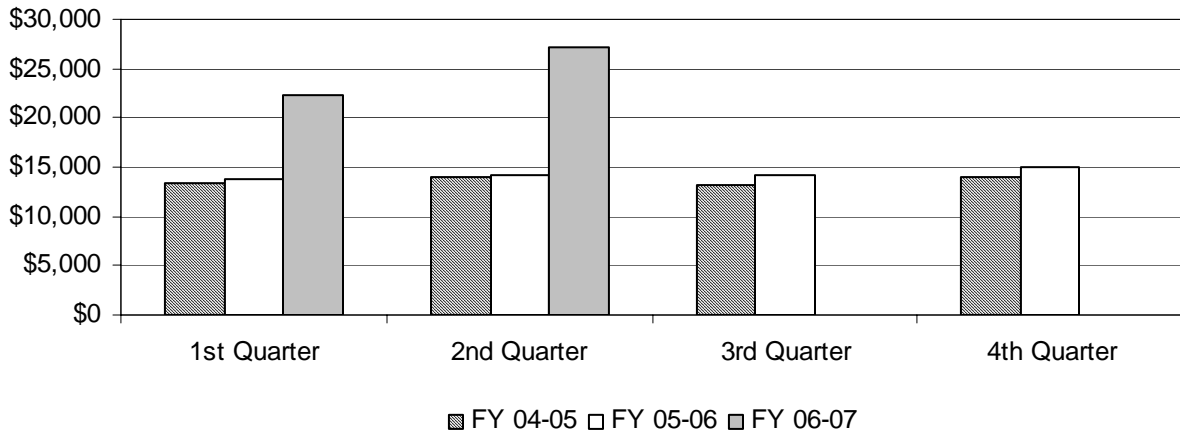


Minimum FBR required: 20%

As depicted in Figure 6.10, while the FBR increased in the first and second years of the audit period, the gains were lost by the third year, so that over the three-year period the FBR decreased slightly, from 12.6% in FY 2002-03 to 12.5% in FY 2005-06.

A comparison of Atascadero Transit systemwide fares revenues before and after the fare change is presented in Figure 6.11<sup>11</sup>. Figures 6.12 and 6.13 present the fixed route and DAR fare revenues before and after the fare change.

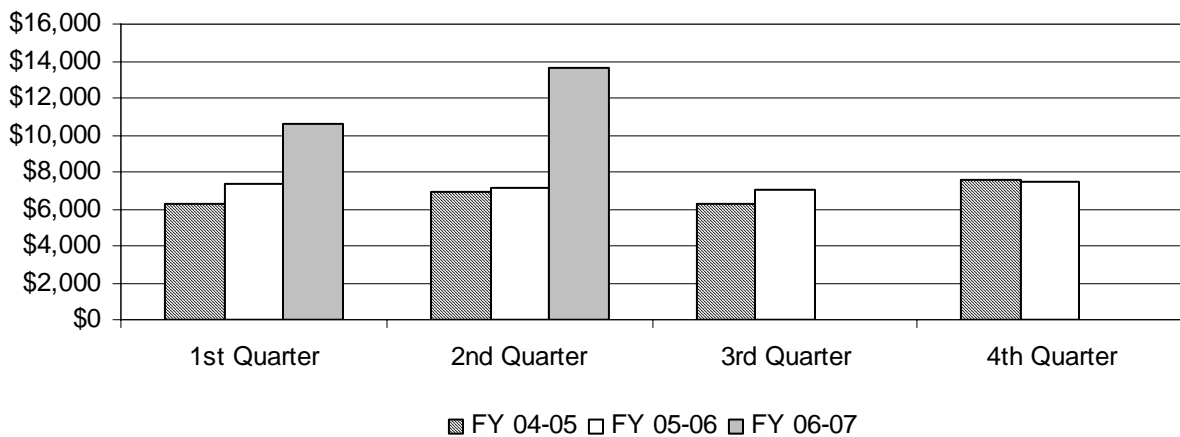
**Figure 6.11 Atascadero Systemwide Fare Revenues**



Note: The fare structure was modified July 1, 2006. The FY 2006-07 data has not been audited.

As can be seen on Figure 6.11, systemwide, the second quarter fare revenues were virtually unchanged between FY 2004-05 and FY 2005-06 (\$13,962 and \$14,192, respectively), and rose in FY 2005-06 to \$27,137 (an overall fare revenue growth of 47.7% in this quarter over the prior year).

**Figure 6.12 Fixed Route Fare Revenues**

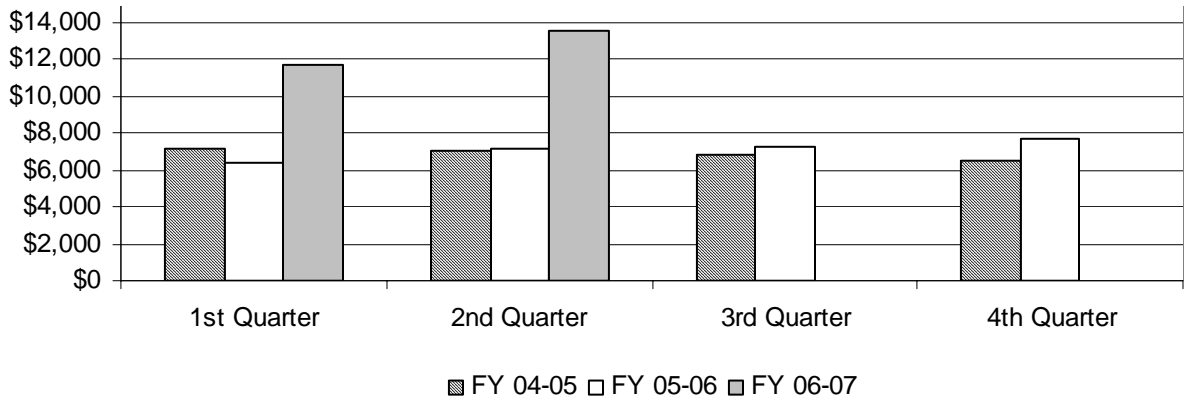


The fare revenue increase was reflected in both modes. The fixed route fare revenues are shown in Figure 6.12. The second quarter fixed route revenues totaled \$6,940 in FY 2004-

<sup>11</sup> The first and second quarter fare revenue data is from City internal files, and has not been audited. The FY 2006-07 fare revenues include the Cuesta College contribution from 8/16/06 on.

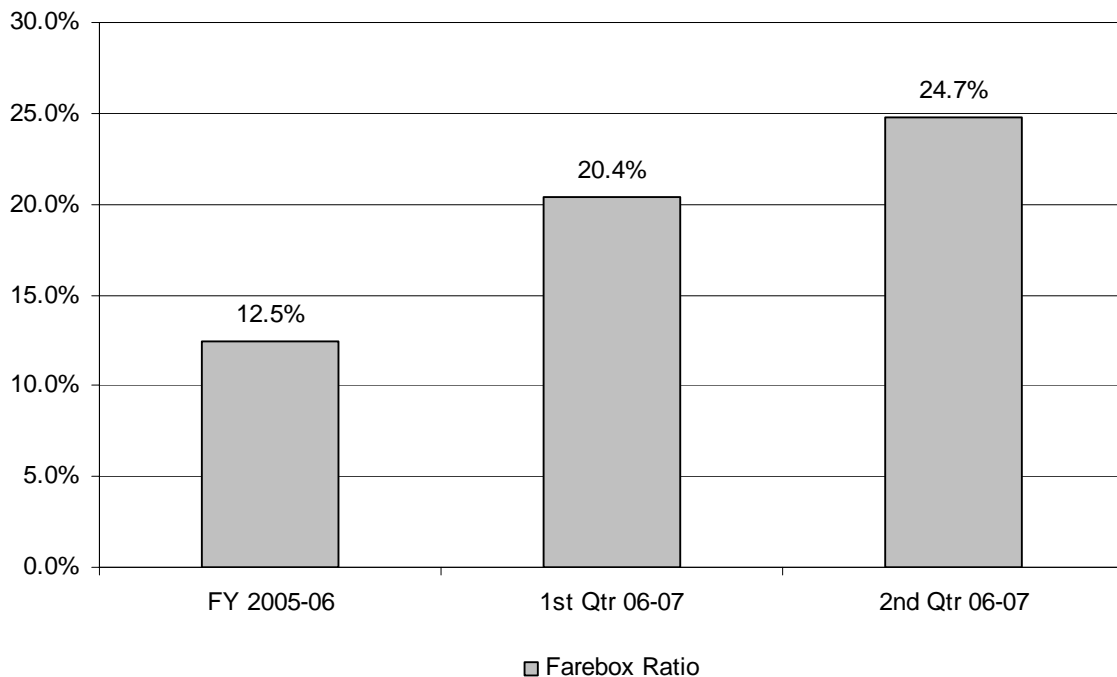
05, \$7,086 in FY 2005-06 and rose to \$13,572 in FY 2006-07, a 47.8% increase over the second quarter of FY 2005-06.

**Figure 6.13 Dial-A-Ride Fare Revenues**



A quarterly breakdown of the DAR revenues is presented in Figure 6.13 above. The second quarter DAR revenues totaled \$7,022 in FY 2004-05, \$7,107 in FY 2005-06 and rose to \$13,565 in FY 2006-07, a 47.6% increase over the second quarter of FY 2005-06.

**Figure 6.14 Atascadero Transit Systemwide Farebox Improvement After Fare Increase**



Note: The graph has been prepared using unaudited FY 2006-07 financial data provided by the operator. Source: City of Atascadero fiscal audit of FY 2005-06; FY 2006-07 1<sup>st</sup> and 2<sup>nd</sup> Quarter data from internal City files.

Figure 6.14 above depicts the FBR improvement achieved through the fare increase, *with the caveat that the FBR as presented has been calculated using unaudited financial data from the operator*. Once FY 2006-07 audited data is available, including the Cuesta College contributions, the FBR should be re-evaluated. The review at that time should also look at the average fare per passenger as an indicator of improvement.

## 7. FUNCTIONAL REVIEW

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This chapter provides a review of the following functional areas:

- Administration
- Transit Operations
- Maintenance
- Marketing
- Planning

### 7.1. ADMINISTRATION

The City's Administrative Assistant functions as the system's Transit Manager, and as such is responsible for administration of the transit system, including preparation of grant applications and annual TDA claims; administration of grants; adherence to state and federal transit program requirements; oversight of the operations contractor, Laidlaw Transit Services; vehicle procurement; marketing functions; and, transit system improvement planning. The Administrative Assistant also reviews and approves the monthly contractor invoices for payment by the Finance Department.

The Finance Department prepares the budget for the City's transit program. The City Council approves the budget annually. Expenditures are tracked via a monthly expenditure report prepared by the Finance Department. The Finance Department also prepares the TDA required annual State Controllers Reports based on the invoices and data submitted by the transit contractor.

A review of Atascadero Transit's annual Financial Statements for FY 2003-04, FY 2004-05 and FY 2005-06, prepared by Glenn, Burdette, Phillips & Bryson, revealed that no instances of material weaknesses had been identified, nor had the auditors found any instances of noncompliance that are required to be reported under *Government Auditing Standards*. The annual financial audits document two areas of noncompliance with TDA requirements, as discussed earlier in this audit report in Chapter 5.

Table 7.1 presents the performance indicators used to assess the efficiency and effectiveness of the system's general administrative function. The performance of each of these measures is described below; in each case, the growth over the audit period is in relation to the base year used for comparison purposes, FY 2002-03.

**Table 7.1 Atascadero Transit Systemwide General Performance Indicators**

	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	% Change FY02-03 to FY05-06
<b>Base Data</b>					
Operating Budget (a)	\$430,650	\$393,200	\$404,180	\$476,980	10.8%
Actual Operating Costs (b, c)	\$410,915	\$394,423	\$422,608	\$454,571	10.6%
Farebox Revenues	\$51,601	\$51,361	\$55,430	\$56,710	9.9%
Contractor Cost (Purchased Transportation)	\$168,021	\$180,025	\$190,982	\$193,129	14.9%
Administrative Costs (d)	\$120,350	\$118,419	\$117,734	\$138,155	14.8%
Peak Vehicles	5	5	5	6	20.0%
Passengers	66,888	66,293	73,630	73,838	10.4%
<b>Performance Indicators</b>					
Budget Vs Actual Variance (e)	-4.6%	0.3%	4.6%	-4.7%	2.5%
Farebox Recovery Ratio	10.8%	13.5%	17.2%	12.5%	15.3%
Average Fare Per Passenger	\$0.77	\$0.77	\$0.75	\$0.77	-0.4%
Purchased Transportation Cost Per Peak Vehicle	\$33,604	\$36,005	\$38,196	\$32,188	-4.2%
Administrative Costs Per Peak Vehicle	\$24,070	\$23,684	\$23,547	\$23,026	-4.3%

Source:

- (a) Annual Operating Budget from City's TDA claims for each year.
- (b) Actual Operating Costs from Annual TDA Financial Statements.
- (c) Operating costs exclude depreciation.
- (d) Administrative Costs from Atascadero City staff; this cost includes staff salaries, benefits, computer maintenance, occupancy, department service charge ,and general overhead allocation.
- (e) Negative indicates under budget, positive indicates above budget.

**Budgetary Control:** The City has exhibited excellent control over the budget, as evidenced by the very small variance (less than 5%) between the budget and the actual expenditures each year.

**Administrative Cost as Percentage of Total Operations:** The administrative budget is based on the DAR and fixed route expenditures by the City, exclusive of the contractor and vehicle maintenance and fuel costs. The City's overall administrative costs include a department service allocation and administrative charges. These costs increased 15% over the period, from \$120,350 to \$138,155. As a percentage of the total operations, the administrative cost increased very slightly over the period, from 29.3% to 30.4%. While an administrative cost this high would normally appear to be high for a small transit system (a ratio of 20-25% is more typical), the City has shown overall good transit management and excellent cost control. In addition, the fact that the dispatchers salaries and benefits, computer maintenance, department service charge for the dispatcher office have been included in the administrative cost category makes the administrative cost appear higher than it actually should be. A recommendation of this auditor is to revise the administrative category to include only true administrative costs, and shift the dispatcher salaries and benefits, computer maintenance and department service charges to the "other operating cost" category.

**Administrative Cost Per Peak Vehicle:** As the number of peak vehicles increased from 5 to 6 over the period, the administrative cost per peak vehicle decreased (-4.3%), which is positive performance.

## 7.2. OPERATIONS

The service contractor, Laidlaw Transit Services, is responsible for daily transit operations including driver recruitment, hiring, training, safety, road supervision, and administration associated with the contract fulfillment. The contractor’s project manager is based in Paso Robles. The drivers are cross-trained on both the Paso Robles and Atascadero services to provide vacation or illness coverage. The City’s contract with Laidlaw specifies that the City, at the sole discretion of the Administrative Assistant or her designee, may assess liquidated damages of \$250 per incident for each day that a sufficient number of drivers are not available to staff the transit service. This contract provision is in place to assure that Laidlaw will supply an on-call driver from Paso Robles to cover the shift if an Atascadero Transit driver calls in sick.

The City of Atascadero provides the dispatchers for the DAR operations. Having the dispatchers in house reporting directly to the City’s Administrative Assistant provides a mechanism for closely monitoring the day-to-day operations of the DAR.

The contractor’s cost efficiency is reviewed in Table 7.2. The table examines the changes in the purchased transportation cost per vehicle service mile and vehicle service hour over the period. The contractor cost increased 14.9%, while the vehicle service hours and miles decreased by 7.6% and 5.6% respectively. This resulted in declining cost efficiency over the period as exhibited by the 24.3% increase in contractor cost per hour of service, and the 21.7% increase in the cost per vehicle service mile.

**Table 7.2 Cost Efficiency**

	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	% Change FY 03 to FY 06
Contractor Cost (Purchased Transportation)	\$168,021	\$180,025 7.1%	\$190,982 6.1%	\$193,129 1.1%	14.9%
Vehicle Service Hours	8,626	8,513 -1.3%	8,422 -1.1%	7,974 -5.3%	-7.6%
Vehicle Service Miles	140,082	130,796 -6.6%	135,437 3.5%	132,303 -2.3%	-5.6%
Contractor Cost/Vehicle Service Hour	\$19.48	\$21.15 8.6%	\$22.68 7.2%	\$24.22 6.8%	24.3%
Contractor Cost/Vehicle Service Mile	\$1.20	\$1.38 14.8%	\$1.41 2.5%	\$1.46 3.5%	21.7%

**Training and Safety:** Laidlaw recruits new drivers through newspaper and radio ads. All new drivers, regardless of experience, are required to go through training, which includes 40 hours of classroom training as well as behind the wheel training. Driver training is supplied through trainers employed at the Paso Robles transit facility. The classroom training includes orientation and covers protocols such as drug and alcohol policies, passenger relations, various reporting requirements and bus check-out procedures, as well as safety topics such as passenger assistance (lifting) and handling of blood borne pathogens. The drivers are also trained in pre-and-post trip vehicle and wheelchair lift inspections. Every driver is trained to operate either type of vehicle (i.e., fixed route or paratransit demand-

response vehicle). The drivers are required to take a written test as well as a test behind the wheel on General Public Paratransit Vehicles to receive their GPPV driver's license.

Monthly safety meetings are held for driver safety awareness and defensive driving issues. Driver attendance is mandatory. Laidlaw has a safety awards program that provides incentives for accident-free driving. Drivers receive training on the procedures to follow in the event of an accident. Laidlaw has a thorough accident reporting procedure, which requires all accidents to be recorded, investigated, and tracked to identify trends for subsequent action. The events that follow depend on the number and type of accidents. Preventable accidents include a disciplinary component as a disincentive. If an accident is determined to be preventable, it goes on the employee's company driving records. Laidlaw protocols require termination if there are three preventable accidents within a 12 month period.

During the audit period, there were two accidents involving Atascadero Transit vehicles, but neither was the fault of the Atascadero Transit driver. Each accident involved another vehicle striking a non-moving transit vehicle: on 10/26/05 a passing truck hit the driver's side mirror, breaking the mirror; and on 1/17/06, a car backing up hit the rear end of a transit vehicle. Neither incident was considered a preventable accident.

**Complaints:** Complaints are either received by the drivers and passed to Dispatch, or directly submitted to the Dispatch office. Dispatch handles the complaints, or forwards them to the City Administrative Assistant if necessary by email. A log is maintained of all verbal and written complaints, including the person's contact information, a description of the problem, the date and time of event, the date the complaint was received, and the date and description of the response or action taken. During the site visit, a complaint was called into Dispatch from a rider who had been passed by a scheduled fixed route stop. The dispatcher investigated the incident immediately. Using the mobile radio, the dispatcher called the driver for an explanation (construction at the scheduled stop along with the traffic impacted by the construction prevented the driver from seeing the passenger), another ride was arranged for the passenger, and the Administrative Assistant authorized a free bus pass in compensation for the missed ride. The issue was resolved within minutes.

The system's productivity growth and a history of few complaints are indicative of customer satisfaction with the City's DAR service. The passengers are provided excellent service. The Administrative Assistant attributes the system's productivity improvement to the City's dispatchers, as they strive to provide quick resolution of any complaints or problems encountered by the riders; the dispatchers exhibit exemplary passenger relations.

**No Shows:** As shown in Table 7.3, the number of DAR "no shows" decreased over the period, and in FY 2004-05 and FY 2005-06 no shows comprised less than 1% of the total annual DAR ridership, which is excellent performance. No shows are important to track, as they may affect system efficiency. The Easy Ride dispatching software tracks the DAR no shows. The City of Atascadero Transit has a no show policy; if a passenger does not show up for his or her scheduled trip three times in one month, the rider is suspended for a month. According to the Administrative Assistant, the no shows are primarily students, and the parents are notified in advance regarding the no shows in an effort to avoid suspension.

**Figure 7.3 No Shows**

	<b>Total Number of No Shows</b>	<b>Total Boardings</b>	<b>No Shows as % of Annual Boardings</b>
FY 2003-04	285	26,314	1.08%
FY 2004-05	215	26,010	0.83%
FY 2005-06	176	26,830	0.66%

### 7.3. VEHICLE MAINTENANCE

Atascadero Ford, a local auto dealership, maintains the Atascadero Transit’s vehicle fleet, as well as the rest of the City’s vehicle fleet. The maintenance documentation for each transit vehicle is filed in the City’s Transit Office. The drivers inspect the vehicles daily before and after each day’s run, and complete a Daily Vehicle Inspection (DVI) Sheet. When defects or conditions are noted that need repair, the condition is flagged and noted on the sheet. The dispatcher reviews the DVI sheets each morning, and schedules any necessary repair with Atascadero Ford. The dispatcher also regularly refers to a list of the transit vehicles that indicates the current mileage and the due date of the next PMI for each vehicle to make sure PMIs are scheduled on time.

**Preventive Maintenance Program:**

The auditor reviewed the vehicle files maintained in the City dispatcher’s office, and found that regular preventive maintenance has been performed. The records of vehicle repairs and the drivers’ daily vehicle condition reports were found to be in order. The California Highway Patrol (CHP) terminal inspections conducted during the audit period on 7/16/2003, 7/06/2004, 7/25/2005 and 9/05/2006 were rated “Satisfactory”. The CHP inspections noted one violation of the 3,000-mile/45 day PMI safety interval (AT transit vehicle #16).

The number of vehicle service miles between mechanical roadcalls is usually an indicator of the effectiveness of the system’s maintenance program. During the audit period there were no recorded road calls for mechanical failures, which is excellent performance.

**Wheelchair Lifts:** If a vehicle experiences a wheelchair lift failure, whether during pre-trip or post trip inspections, or during the service day, the dispatcher is notified immediately and the vehicle is taken out of service for repair, and replaced by the back up vehicle with a working lift. The vehicle is not placed back into service until the lift is repaired.

**Average Fleet Age:** As shown in Table 7.4, the average fleet age increased from 2.2 years to 4.8 years over the period. At the end of the period there were five fleet vehicles, with one on order (delivery anticipated in December 2006). The City should plan replacement of the older vehicles following the replacement schedule in the Short Range Transit Plan (i.e., one

minibus replaced each year). The 2006 SRTP assumes six minibuses are needed to maintain the spare ratio and provide the service proposed in the plan.

**Figure 7.4 Average Fleet Age**

2002-03			2005-06		
# of buses	Year	Age of Buses	# of buses	Year	Age of Buses
1	1998	5	1	2000	7
1	2000	3	3	2002	5
1	2001	2	1	2005	2
3	2002	1			
6		13	5		24
<b>Average Fleet Age</b>		<b>2.2</b>	<b>4.8</b>		

## 7.4. MARKETING

The City markets the Atascadero Transit service. DAR brochures are available at the Chamber of Commerce, City Hall and on all fleet vehicles (both DAR and fixed route). City staff participates in the annual Senior Health Fair, distributing DAR material and answering questions. The fixed route brochures are available at City Hall, the Chamber of Commerce, and on all buses. For the fixed route, the City places a full-page advertisement in "Atascadero Magazine", which is published three times a year and is distributed to every household in Atascadero. The City also distributed white sticky post-a-note pads at Christmas with an image of a reindeer and the text "Happy Holidays from Atascadero Transit (466-7433)".

During the audit period, the City also marketed the fixed route service via mass mailing a brochure and a free ride token to every resident within ¼ mile of El Camino Real. The brochure included the El Camino Shuttle Fixed Route service map and schedule, with easy to understand graphics indicating the timed bus stops. Also during the audit period, in response to a request from the City's schools, the City produced a single page flyer specific to the DAR service. The request was for a take home product that described how the transit system serves the schools, the time of the first and last pickups of the day, the fares and scheduling protocol. The school system administration had the flyer translated into Spanish and printed the bilingual flyers, which were then distributed by the schools to the parents.

During the audit period advertisements were placed in the newspaper prior to service changes such as when the El Camino Shuttle service transitioned into the North County Shuttle service. Radio ads for the service were aired during the broadcasts of the City Council Meetings. The radio copy of the ads indicates that the tone of the ads was upbeat. Rider alerts were mailed to everyone in the Dial-A-Ride database regarding the fare changes implemented in July 2006. Information on the transit system is also posted on the City's website at [www.atascadero.org](http://www.atascadero.org).

The City produced a new colorful Rider's Guide describing the North County Shuttle service provided jointly by the cities of Paso Robles and Atascadero. The guide is user friendly. It is printed on both sides of a 17x10¾ inch sheet of paper, which is folded in half, and then

triple folded for carrying convenience. When completely unfolded, one side includes a color-coded map of the route, with the schedule presented along the side of the route broken down by service day and direction: Monday – Friday Southbound, Monday – Friday Northbound, Saturday Southbound and Saturday Northbound. The schedule lists the major bus stops in the first column, with the stop times listed in three columns to the right of the stop column. The columns identify: the first morning bus time, the hourly service time, and the last evening bus time for each identified bus stop. The map could be clearer as to where transfers to RTA are possible. The other side of the sheet (presented in bilingual format) includes North County Shuttle general information, including the fare schedule and transfer protocol. Schedule and fare information on RTA's Route 9 is also included.

In June of 2006, the City produced a new flyer for Atascadero DAR. The tri-fold flyer describes the new fare structure effective July 1, 2006, presents a map of the two zones, identifies the "Rules of the Road", the days the service does not operate, and other relevant information.

As noted in the prior audit, the system's overall ridership growth, especially on the fixed route, is a good indicator that Atascadero residents are aware of Atascadero Transit service. The fixed route ridership grew 24.5% during this audit period (see Chapter 6).

## 7.5. PLANNING

**Service Planning:** In April 2006, the City of Atascadero adopted an update to its Short Range Transit Plan covering Fiscal Years 2005-06 to 2009-10. The plan was completed October 2004 as part of the North County Transit Study, prepared by LSC Transportation Consultants, Inc. The City has already implemented many of the recommendations in this plan.

As noted in the prior audit, there appears to be good communication between the Administrative Assistant and the City's Planning Department. During the Development Review process, input is requested from the Administrative Assistant regarding the need for transit improvements (such as bus shelters and bus turnouts) specific to each proposed development. The input results in improvements required for the development as project mitigation measures.

**Public Participation:** SLOCOG holds annual Unmet Transit Needs Hearings to provide a forum for the public to comment on transit service needs. SLOCOG did not make a finding of an unmet transit need related to Atascadero Transit service during the audit period. Public input was submitted, however. During the FY 2003-04 Unmet Transit Needs Hearings, there was one request to extend service coverage on the fixed route to Saturdays, and two requests were submitted for fixed route Saturday service during the FY 2004-05 Unmet Transit Needs Hearings. In both years, SLOCOG's finding was that there was insufficient community support to make a determination of Unmet Need That Is Reasonable to Meet for fixed route Saturday service (by SLOCOG definition, sufficient broad based community support is at least 15 requests for general public service, by persons who will be likely to use the service on a routine basis). Input at the FY 2005-06 Unmet Transit Needs Hearings included 13 requests for later service hours for the DAR service, which also did not meet the 15-request threshold defining sufficient community support. The North County Transit Study (NCTS) evaluated expansion of local DAR hours.

## 8. PRIOR AUDIT RECOMMENDATIONS

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Transit Resource Center and Lawler Consulting conducted the prior TDA performance audit in 2003. It contained four recommendations. The status of these recommendations has been reviewed for this audit. The prior auditor's recommendations are listed below in bold. The auditor's rationale for making each recommendation is then summarized, followed by the current status. The findings are summarized in Table 8.1.

**Recommendation #1: Ensure that the annual State Controller's report is completed fully and accurately.**

*Prior Auditor Rationale*

The auditor noted that in completing the State Controller's Reports for each of the audit review years, the City had incorrectly reported fare revenues, vehicle service hours, vehicle service miles and employee full-time equivalents. The auditor stated that the Transit Administrator should validate samples of contractor-provided data to ensure it is correctly tabulated. The auditor also stated that a new system was needed to ensure the FTE's included a tabulation of City Staff employee hours, the contractor providing the drivers, and the contractor providing the maintenance services.

*Current Status*

This recommendation has been substantially implemented. The auditor verified that the City is correctly and accurately reporting vehicle service hours, vehicle service miles and fare revenues in the annual State Controller's Reports. A review of the FTE data indicates that the City is not including the Atascadero Ford mechanic's time spent in repairing and maintaining the vehicles.

**Recommendation #2: Regularly monitor adopted performance standards.**

*Prior Auditor Rationale*

The prior auditor noted that the 2004 Short Range Transit Plan would have goals, objectives and performance standards, and that with the acquisition of the new dispatching software and contractor reports, the City should prepare a summary table quarterly that tracked actual performance on key performance indicators. The auditor further noted that provision of the needed information to track the performance indicators should be required in new contractual agreements.

*Current Status*

This recommendation has been fully implemented. The City now requires the contractor to submit operating statistics in relation to the City's performance standards in the Short Range Transit Plan adopted in April 2006. The performance is now being tracked quarterly.

**Recommendation #3: Provide additional oversight of contractual arrangements for service delivery.**

*Prior Auditor Rationale*

The prior auditor noted that in addition to requiring and validating accurate reporting by the contractors, the Administrative Assistant needed to establish enforceable standards in its future contract with service providers. The auditor recommended that consideration be given to ensuring adequate on-site supervision and imposing penalties for driver no-shows (e.g., \$200 penalty for a regular or on-call replacement driver not showing up within X minutes of a regularly scheduled shift).

*Current Status*

This recommendation is in process. The Request for Proposals released in early 2007 includes enforceable standards that will be included in the contract with the selected service provider.

**Recommendation #4: Develop strategies to achieve the new farebox recovery requirements imposed by Atascadero’s new small-urbanized area status.**

*Prior Auditor Rationale*

The prior auditor noted that the system must achieve a minimum FBR of 20% as an urbanized area, and recommended that the issue be addressed as part of the Short Range Transit Plan process that was underway at the time of the audit.

*Current Status*

This recommendation has been fully implemented, although not within the audit period. On July 1, 2006 Atascadero increased the fares systemwide and implemented a Zone Fare system for the DAR. In the two quarters since the fare increase, preliminary unaudited City data indicates the system is achieving the required 20% FBR<sup>12</sup>.

**Table 8.1 Status of Prior Audit Recommendations**

Recommendations	Status
1. Ensure that the annual State Controller’s report is completed fully and accurately.	Substantially Implemented
2. Regularly monitor adopted performance standards.	Implemented
3. Provide additional oversight of contractual arrangements for service delivery.	In process
4. Develop strategies to achieve the new farebox recovery requirements imposed by Atascadero’s small-urbanized area status.	Implemented

<sup>12</sup> The fare revenues used in calculating the FBR include the Cuesta College contribution, which was shifted from the RTA to the North County Shuttle subsequent to the City’s SRTP, as the Shuttle provides the service which had previously been provided by the RTA.

## 9. FINDINGS AND RECOMMENDATIONS

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### 9.1 COMPLIANCE AUDIT FINDINGS

1. Atascadero Transit is in full compliance with 9 of the 12 TDA regulatory requirements. The areas of noncompliance are:
  - a. The submittal dates of the annual fiscal audits did not comply with the TDA time requirement in FY 2003-04 and FY 2004-05.
  - b. The system did not achieve the 20% farebox recovery ratio (FBR) required of urbanized operators during the audit period. The City was designated an urbanized area in May 2002<sup>13</sup>, requiring the transit system to achieve a 20% minimum FBR starting July 1, 2003 (FY 2003-04). The statutes allow a time extension (five years) for newly urbanized operators to meet the 20% FBR mandate, but the extension must be granted by the regional transportation planning entity (i.e., SLOCOG)<sup>14</sup>. The City on February 1, 2006 sent a letter to SLOCOG requesting a time extension as allowed under the legislation. At the time of this report completion, SLOCOG had not taken action on the request, thus the system is considered out of compliance with the 20% FBR mandate.
  - c. The system was not in compliance with the 50% TDA funding limitation during the audit period (see Chapter 5, page 18). Under PUC Section 99268, funding provided through TDA must make up no more than 50% of the operating costs less fare revenues and federal operating assistance if the operator does not achieve the minimum required FBR. (If the operator is in compliance with the FBR requirement, the operator is exempt from the 50% limitation requirement). It should be noted that if SLOCOG grants the five-year extension referred to above, the 50% TDA funding limitation requirement would not be triggered until the first year after end of the five-year extension (i.e., FY 2007-08). It should be further noted that the first year of noncompliance under the statutes is deemed a grace year, with no penalty attached.
2. The data collection methods used by the contractor in compiling vehicle service miles, vehicle service hours, and passengers comply with the TDA requirements.

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<sup>13</sup> Based on findings of the 2000 Census.

<sup>14</sup> Under Public Utilities Code (PUC) Section 99270.2, the regional transportation planning agency may grant an operator an extended time, but not more than five years from July 1 of the year following the year of the census to meet the 20% FBR minimum. According to SLOCOG staff, Caltrans staff interprets the legislation as meaning five years from the year of the urban area designation, which occurred in May 2002. Thus, if an extension were granted by SLOCOG, the five year grace period would have started July 1, 2003 and extended through FY 2006-07.

3. In its reports to the State Controller, the City has reported the required operating statistics correctly with the exception of Full-Time Employee Equivalents (FTE). The City does not include the time spent by the contracted mechanic (an employee of Atascadero Ford) in maintaining and repairing transit vehicles when calculating the annual FTE's.

## 9.2 SYSTEM PERFORMANCE FINDINGS

**Ridership:** Atascadero Transit systemwide ridership increased 10.4% over the audit period. With the ridership increase, there was an associated increase in the number of passengers carried per vehicle service mile and vehicle service hour, and an increase in the fare revenues. There was also an increase in the operating cost, which exceeded the increase in the fare revenues, and therefore the ratio of the fare revenue to the operating cost (known as the Farebox Recovery Ratio) decreased slightly over the period. These indicators are reviewed below, in each case the audit period refers to the increase during period over the base year (FY 2002-03):

1. Passengers per Vehicle Service Hour – Atascadero Transit systemwide productivity as measured by this indicator increased from 7.8 passengers per hour in FY 2002-03 to 9.3 in FY 2005-06 (+19.7%). Atascadero Transit DAR's productivity increased from 4.9 to 5.4 passengers per service hour (+12%). The fixed route shuttle's productivity also increased, from 14.3 to 15.4 passengers per vehicle service hour (+7.5%). The 1997 SRTP standard for the fixed route (10.6 passengers per vehicle service hour) was met in all years. The 1997 SRTP standard for the DAR (6.6 passengers per vehicle service hour) was not met in any year.
2. Passengers per Vehicle Service Mile – Systemwide productivity improved from 0.48 to 0.56 passengers per mile (+16.9%). The systemwide increase was due to the productivity improvement of the fixed route, as Atascadero DAR productivity decreased slightly (-1.1 %), from 0.37 to 0.36 passengers per vehicle service mile. In comparison, the fixed route shuttle service showed a *dramatic improvement in productivity* as measured by this indicator (+29.4%), from 0.62 to 0.80 passengers per vehicle service mile.
3. Fare Revenues – The systemwide ridership gain over the period, coupled with the fare increases implemented July 1, 2006, resulted in a 9.9% increase in the fare revenues, from \$51,601 to \$56,710. The Atascadero DAR fare revenues decreased 10% over the period, from \$30,961 to \$27,869, while the fixed route fare revenues increased 39.7%, from \$20,640 to \$28,841.
4. Farebox Recovery Ratio (FBR) – Systemwide, the FBR decreased slightly over the period, from 12.6% to 12.5%. While the fare revenues increased 9.9%, there was a slightly greater increase in the operating cost (+10.6%). The system did not meet the state's required minimum of 20% FBR in any year. Mode specific data indicates declining performance on the DAR, and improved performance on the fixed route. The FBR decreased from 12% to 9% on the DAR, while the fixed route exhibited a dramatic improvement in the FBR, from 13.5% to 20% (an increase of 48%).

Following recommendations in the Atascadero Transit Short Range Transit Plan adopted in April 2006, the City adopted a revised fare structure for both the DAR and the fixed route, effective July 1, 2006 to address the FBR issue. There was an immediate increase in fare revenues and by the second quarter of FY 2006-07, the collected systemwide fare revenues had increased 48% over the prior year's second quarter level<sup>15</sup>.

5. Operating Cost per Passenger – Over the period, the systemwide cost per passenger increased slightly, from \$6.14 to \$6.16 (+0.2%). The DAR operating cost per passenger increased significantly (30.6%), from \$8.86 to \$11.57. The increase resulted from the 20.3% increase in operating cost, while ridership decreased 7.9%. In this period, the cost of fuel and lubricants increased 69%, and administrative cost increased 14.8%. Part of the increase in administrative cost is due to assignment of the dispatcher salaries and benefits to the administrative cost category. During the prior audit period, these costs were included in the contractor cost, which changed when this function was brought in-house. The fixed route cost per passenger decreased significantly, from \$4.05 to \$3.06 per passenger, a reduction of 24.3%. This resulted from the fixed route ridership increase (+24.5%) coupled with the 5.7% reduction in operating cost.
6. Operating Cost per Vehicle Service Hour – Systemwide, cost efficiency as measured by this indicator decreased over the period, as the cost increased 19.7%, from \$47.64 to \$57.01 per vehicle service hour. The loss in efficiency was primarily due to the DAR, as the DAR operating cost per vehicle service hour increased 46%, from \$43.08 to \$63.03, while the fixed route operating cost per vehicle service hour decreased significantly, from \$58.03 to \$47.27, a drop of 18.5%.
7. Vehicle Service Hours per Employee – Efficiency as measured by this indicator exhibited declining performance, as the number of vehicle service hours per employee dropped from 1,438 to 1,329 (-7.6%).

### 9.3 FUNCTIONAL REVIEW FINDINGS

1. City's Administrative Assistant – The City's Administrative Assistant functions as the systems' Transit Manager and is very efficient and thorough in the oversight of the system operations and the DAR dispatchers.
2. City DAR Dispatchers: The dispatchers are both well trained in use of the scheduling software and schedule rides efficiently. The dispatchers are major assets to the City in public relations.
3. Preventive Maintenance Program (PMI): The City has an effective preventive maintenance program, as evidenced by the fact that there were no road calls for mechanical failures during the audit period. The annual California Highway Patrol

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<sup>15</sup> Part of this increase in fares was due to the Cuesta College contribution to the Cities of Atascadero and Paso Robles (on the order of \$20,000/year for each city).

(CHP) inspections found the PMI program and record keeping in compliance with the regulations.

4. Safety. The transit system has an excellent safety record. There were no preventable accidents during the review period.

## 9.4 RECOMMENDATIONS

A systematic review of Atascadero Transit activities was conducted for this Performance Audit. The Audit identifies four recommendations for improvements listed below.

1. The City Finance Department should take whatever steps are necessary to ensure compliance with PUC Section 99245, which requires submittal of the annual TDA fiscal and compliance audit to the State Controller and SLOCOG within 180 days of the end of the fiscal year, or within the 90-day extension beyond this date allowed by law if an extension has been requested and approved by SLOCOG.
2. The City should continue to closely monitor the systemwide farebox recovery ratio and take steps as necessary to ensure compliance with the 20% required minimum to avoid any loss of eligibility for TDA funds. The loss comes in two forms: reduced eligibility for TDA funds (under the statutes, TDA monies shall be reduced during a subsequent penalty year by the amount of the difference between the required fare revenues and the actual fare revenues for the fiscal year that the required ratio was not achieved). The second reduction is in the amount of total TDA the system can claim; a system which is not achieving the minimum FBR is subject to the 50% limitation requirement (TDA may make up only 50% of the operating, capital, maintenance and debt servicing costs after federal 5307 and other federal monies are deducted; if the operator is achieving the FBR, it is exempt from this requirement and can claim up to 80% of the operating cost remaining after deducting the federal monies). As a fare increase has already been implemented, the City should closely scrutinize operating costs to identify and maximize potential efficiencies. Alternately, the City could supplement the fare revenues with local support as allowed under the TDA to achieve the necessary FBR. The City should make all efforts possible to achieve the 20% FBR in FY 2006-07 and thus avoid TDA monetary penalty.
3. The City Finance Department should include the time of the contracted maintenance in calculating Full Time Equivalent (FTE) hours for the State Controller's Reports (i.e., the time of Atascadero Ford's mechanic in maintaining the transit fleet vehicles). The auditor explained that the FTE's should include the mechanic's time, and has been assured by City staff that the hours will be captured from the invoices and tracked along with the remaining FTE's for future reporting purposes.
4. The City Finance Department currently includes the salaries and benefits of the dispatchers as well as the Administrative Assistant in the administrative cost category, along with computer maintenance, department service charge and the City's general overhead allocation. The City should instead take the dispatchers' salaries and benefits, the department service charge for the dispatcher office, and computer maintenance costs out of the administrative category and list them with other operating costs. The remaining costs in the administrative category then would be the Administrative

Assistant's salary and benefits and the City's general overhead allocation. The revised cost breakdown would more closely resemble the cost breakdown of other systems, and the administrative cost as a percentage of the total operating cost would be lower.

**Table 9.1 Audit Recommendations for Atascadero Transit**

Performance Audit Recommendation	Priority	Timeframe
1. The City Finance Department should ensure compliance with PUC Section 99245, which requires submittal of the annual TDA fiscal and compliance audit to the State Controller and SLOCOG within 180 days of the end of the fiscal year, or within the 90-day extension beyond this date allowed by law if an extension has been requested and approved by SLOCOG.	High	Implement with next TDA fiscal audit (i.e., for FY 2006/07).
2. The City should continue to closely monitor the systemwide farebox recovery ratio and take steps as necessary to ensure compliance with the 20% required minimum to avoid any loss of eligibility for TDA funds. As a fare increase has already been implemented, the City should closely scrutinize operating costs to identify and maximize potential efficiencies. Alternately, the City could supplement the fare revenues with local support as allowed under the TDA to achieve the mandated 20% FBR.	High	Implement quarterly, beginning in FY 2007/08.
3. The City Finance Department should include the time of the contracted maintenance in calculating Full Time Equivalent (FTE) hours for the State Controller's Reports (i.e., the time of Atascadero Ford's mechanic in maintaining the transit fleet vehicles).	High	Implement with completion of FY 2006-07 State Controller's Report.
4. The City Finance Department should recalculate the administrative costs and take the dispatchers' salaries and benefits, the department service charge for the dispatcher office, as well as the computer maintenance costs out of the administrative category and list them with other operating costs.	High	Implement beginning July 1, 2007 (for inclusion in the annual fiscal audits).