

# Humboldt Transit Authority Triennial Performance Audit

FY2019-20 - FY2021-22

Final Report



Prepared for the  
**Humboldt County Association of Governments**

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Prepared by LSC Transportation Consultants



**Triennial Performance Audit**  
of the  
**Humboldt Transit Authority**

*Fiscal Years 2019-20 through 2021-22*

*Prepared for*

Humboldt County Association of Governments  
611 I St.  
Eureka, CA 95501  
707-444-8208

*Prepared by*

LSC Transportation Consultants, Inc.  
2690 Lake Forest Road, Ste. C  
Tahoe City, CA 96145  
530-583-4053

*July 7, 2023*

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## EXECUTIVE SUMMARY

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The California Public Utilities Code requires that all transit operators that receive funding under Article 4 of the Transportation Development Act (TDA) be subject to a performance audit every three years. This document presents the findings from the performance audit of transit operations managed by the Humboldt Transit Authority (HTA). As the Regional Transportation Planning Agency (RTPA) responsible for TDA funding in Humboldt County, these audits were performed under the authority of the Humboldt County Association of Governments (HCAOG).

This audit report covers Fiscal Years (FY) 2019-20 through FY 2021-22, and was conducted by LSC Transportation Consultants, Inc. Data collection, initial review, and on-site interviews were conducted in early 2023. The audit process follows guidelines outlined in the Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities developed by Caltrans (2008).

### BACKGROUND

Transit in Humboldt County is administered through a joint powers authority between Humboldt County and the Cities of Arcata, Eureka, Fortuna, Rio Dell and Trinidad. Fixed route services span from Trinidad, south along Highway 101 to Benbow and east on Highway 299 from Arcata to Willow Creek. Dial-A-Ride services are available for individuals physically unable to use the fixed routes in Eureka, Arcata, McKinleyville, Old Arcata Road, Manila Samoa, Humboldt Hill, King Salmon, Fields Landing, and College of the Redwoods.

### VERIFICATION AND USE OF PERFORMANCE INDICATORS

Tables 1 - 3 and Figures 1 – 16 in Chapter 2 present operating data and performance indicators for HTA fixed route services, DAR services and all services systemwide. As demonstrated in the tables and figures, the COVID 19 pandemic had a significant impact on HTA performance, particularly in FY 2020-21. During the audit period, systemwide ridership decreased by 38 percent; however ridership increased by 26 percent in the last year of the audit period as services have begun to rebound from COVID lows. HTA saw a rise in operating costs during the audit period due to increased fuel costs, pay for new staff positions, and costs incurred due to COVID, such as the purchase of personal protective equipment and more frequent vehicle cleaning. These in turn had a negative effect on cost efficiency (as measured in operating cost per vehicle service hour) which increased from \$112.53 to \$134.03. Similarly, cost effectiveness (operating cost per passenger trip) increased from \$11.92 to \$20.08. Productivity at the systemwide level also declined from 9.44 one-way passenger-trips per vehicle-hour to 6.67 passenger-trips per vehicle-hour. However, almost all HTA fixed route services are meeting minimum productivity standards recommended in the Draft 2023 TDP. Systemwide HTA farebox ratio exceeded the 10 percent minimum for rural public transit services as set forth in TDA. Farebox ratio ranged from 19.72 percent in FY 2019-20 to 17.51 percent in FY 2021-22. Any penalty for transit operators not meeting this TDA requirement, however, was suspended for FY 2019-2020 through FY 2022-23 per AB 90 (2020) and AB 149 (2021). COVID-19 had tremendous negative impacts on public transit operators nationwide during the audit period. For HTA, it is a positive indicator that systemwide farebox ratio remained above 10 percent and that ridership increased in the last year of the audit period.

HTA compiled operating statistics in accordance with TDA definitions (as presented in Appendix B of the *Performance Audit Guidebook*) with the exception of vehicle service hours and miles. As for the overall data collection and recording process, HTA employs electronic fareboxes which allow for accurate collection of detailed operating statistics. HTA produces easy to read and informative operating data reports.

## **REVIEW OF COMPLIANCE REQUIREMENTS**

The *Performance Audit Guidebook* stipulates reviewing transit operator compliance with certain TDA regulations that relate to a performance audit. Table 5 presents HTA's compliance with these requirements. HTA public transit services were found to be in compliance on all issues except for the timely submittal of the State Controller Reports for one year of the audit period, Fiscal and Compliance Audits for the first two years of the audit period and definition of vehicle service hours and miles. It should be noted that late submittals of the Fiscal and Compliance Audits are primarily due to delay at the County Auditor.

## **STATUS OF PRIOR AUDIT RECOMMENDATIONS**

The previous audit was completed by LSC Transportation Consultants, Inc. in 2020. All recommendations were completed or in progress during this audit period.

## **DETAILED REVIEW OF TRANSIT OPERATOR FUNCTIONS**

An important step in the performance audit process is to evaluate standard transit operator functions in terms of efficiency and effectiveness. This is done through interviews with transit staff. The review of transit operator functions is divided into the following categories:

- General Management and Organization
- Service Planning
- Administration
- Scheduling, Dispatch and Operations
- Marketing and Public Information
- Maintenance

In summary, organization and management of the transit operator appears to be appropriate for the size and scope of transit operations. HTA conducts effective service planning and regularly reviews operating statistics and TDA performance measures. Transit services comply with pertinent federal Americans with Disabilities Act (ADA) requirements. HTA has in place safety, operations, and training procedures which comply with applicable regulations. Sufficient marketing and public outreach efforts are conducted by HTA. There appears to have been no significant issues during the audit period with respect to vehicle maintenance. Vehicle replacement plans are in place to maintain a safe and operable fleet. HTA has been successful in obtaining grant funding to provide better intercity transit connections and transition the fleet to Zero-Emission Vehicles.

The Auditor's analysis of HTA services indicates that, in terms of operations, the system was efficiently run and well managed during the audit period.

## FINDINGS

- Although HTA systemwide ridership declined by 38 percent during this audit period (between FY 2019-20 and FY 2021-22), ridership increased by 26 percent in FY 2021-22 (the last year of the audit period), suggesting a positive trend post-pandemic. This significant drop in ridership as a result of the pandemic has negatively impacted all performance measures.
- Productivity on the fixed routes met the minimum standards identified in the most recent TDP update with the exception of Redwood Transit Mainline which was only slightly below the standard. However, performance between FY 2019-20 and FY 2021-22 should be viewed with caution due to the impacts of COVID-19. DAR productivity is on par with other demand response services, around two passenger trips per vehicle service hour.
- Operating cost per trip for fixed route services increased significantly over the audit period (69 percent), but saw a 28 percent decrease (improvement in cost efficiency) in FY 2021-22.
- All the prior audit recommendations were implemented or in progress.
- HTA has a good data and revenue collection process in place.
- During the audit period, HTA met most of the TDA requirements with the exception of:
  - Completing Fiscal and Compliance Audits on-time for all years of the audit period
  - State Controller Reports being submitted on-time in FY 2019-20
  - The operator's definition of two performance measures (vehicle service hours and miles) being consistent with PUC Section 99247.
- HTA transit services exceeded the required farebox ratio of 10 percent each year of the audit period.
- HTA maintains a sufficient operations and maintenance facility to currently meet the needs of a regional public transit operator while considering future options for expansion and reorganization to meet the charging/fueling needs of a ZEV fleet.
- HTA has begun to prepare for the eventual switch to alternative fuel technology by installing electric chargers to support A&MRTS and initiating the development of a ZEV Rollout Plan.
- In 2022, HTA was awarded \$38.7 million in funding from the Transit and Intercity Rail Capital Program (TIRCP) to purchase 11 full-sized FCEBs and to construct a new hydrogen fueling station at the maintenance yard.
- HTA added a dedicated transit planner to the staff that has had a positive impact in sharing the administrative workload.
- During this audit period, HTA performed well in its new role as the designated CTSA and manager of all the DAR services for the region. In a rural county, having one public transit operator is cost efficient and a good use of minimal resources such as the maintenance facility or administrative staff.
- HTA responded to COVID-19 in a timely and effective manner including by expanding administrative offices into a separate building for social distancing purposes, hiring additional

personnel dedicated to cleaning vehicles, installing barriers in all buses, acquiring personal protective equipment for staff, and providing hazard pay.

- HTA has done a good job of trying to consolidate fare structure for the various services it operates through the Regional Transit Pass and Token Transit App.

## RECOMMENDATIONS

Overall, the Auditor finds the HTA system to be a good example of a well-run rural transit program which is making efficient use of public resources. The auditor has the following recommendations.

Recommendations are outlined in greater detail in Section 2.

**Recommendation 1:** Report operating data and performance measures to the State Controller in accordance with definitions in Appendix B of the *Performance Audit Guidebook*.

**Recommendation 2:** If farebox recovery ratio falls below the 10 percent TDA requirement, consider allowances made by AB 149 (2021).

## TRIENNIAL PERFORMANCE AUDIT RESULTS

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### BACKGROUND

The TDA, also known as the “Mills-Alquist Deddeh Act,” provides two major sources of funding for public transportation providers in California: the Local Transportation Fund (LTF) and the State Transit Assistance (STA). The LTF is derived from 0.25 percent of the 7.25 percent retail sales tax collected statewide and can be used for a variety of transportation purposes, according to a set of priorities detailed in the Act. The State Board of Equalization returns the LTF to each county in accordance with the amount of tax collected in that county. STA funds are derived from statewide sales tax on diesel fuel and the funds are allocated to each county based on the following formula: 50 percent according to population and 50 percent according to operator revenues from the prior fiscal year. STA funds can only be used to pay for transit planning, capital projects, and operations.

The California Public Utilities Commission (PUC) requires that a Triennial Performance Audit (TPA) be conducted for all transit operators and Regional Transportation Planning Agencies (RTPAs). A performance audit is a systematic process of evaluating an organization’s effectiveness, efficiency, and economy of operations under management control. The objectives of the audit are to provide a means for evaluating an organization’s performance and to enhance the performance by making recommendations for improvements. In addition, the audit evaluates the adequacy of an organization’s systems and the degree of compliance with established policies and procedures. This TPA covers FY 2019-20 through FY 2021-22.

### PERFORMANCE AUDIT AND REPORT ORGANIZATION

The performance audit consists of the following elements:

- Initial review of transit operator functions
- Review of compliance requirements
- Follow-up review of prior performance audit recommendations
- Verification and use of performance indicators
- Detailed review of various transit operator functions
- Preparation of the Draft Audit report
- Preparation of the Final Audit report

### TRANSIT PROGRAM DESCRIPTION

The Humboldt Transit Authority (HTA) is a joint powers authority between the cities of Arcata, Eureka, Fortuna, Rio Dell and Trinidad, and the County of Humboldt. HTA is the regional public transit system in the county, providing public transit service between communities along the US 101 Corridor, as well as service between Arcata and Willow Creek along State Route (SR) 299. HTA is also responsible for overseeing and operating local fixed route service within the City of Eureka via the Eureka Transit Service (ETS) and for providing maintenance services for the Arcata & Mad River Transit System

(A&MRTS). A&MRTS provides fixed route service in the City of Arcata with a focus on transporting students to Cal Poly Humboldt. ETS operations and maintenance and A&MRTS maintenance are provided by HTA through separate contracts with each provider. HTA also administers ADA paratransit Dial-a-Ride services for eligible passengers within four designated service areas within the county. Other transit operators in the region include Blue Lake Rancheria, providing a fixed route connection for the general public between Blue Lake and Arcata. As TDA funds are not used to operate the Blue Lake Rancheria transit system, Blue Lake is not included as part of the performance audit process. HTA's administrative and operations facility is located in Eureka.

### **HTA Fixed Route Characteristics**

HTA is comprised of several fixed-route services operating along the US 101 and SR 299 corridors. These services include Redwood Transit System, Southern Humboldt Transit System, Willow Creek Intercity Transit, Eureka Transit Service, and Samoa Transit System. The current HTA fixed routes evaluated under this TPA are described below.

#### ***Redwood Transit System (RTS)***

The RTS service operates a mainline route between Trinidad and the Town of Scotia along US 101. Headways range from less than 30 minutes near Cal Poly Humboldt and College of the Redwoods to over two hours at the northern and southern termini. RTS service destinations include the communities of Eureka, Arcata, Fortuna, McKinleyville, Westhaven, Trinidad, Fields Landing, Rio Dell, Scotia, and King Salmon, as well as Cal Poly Humboldt, College of the Redwoods, Arcata Airport, and the California Redwood Coast-Humboldt County Airport. On weekdays, RTS operates from 6:18 AM until 8:46 PM and on Saturdays RTS operates with a limited schedule from 8:30 AM to 9:20 PM. RTS does not operate on Sundays.

#### ***Southern Humboldt Intercity***

The Southern Humboldt Intercity (SHI) service is a fixed route that runs north-south between Eureka and Benbow, traveling through Garberville, Rio Dell, Fortuna, Redcrest, Weott, Meyers Flat, Miranda, Phillipsville, and Redway along the way. The SHI service completes three northbound runs and two southbound runs daily, operating between 6:46 AM and 7:15 PM Monday through Friday and between 8:30 AM and 7:00 PM on Saturdays. No service is provided on Sundays.

While the Southern Humboldt Local service has been discontinued, SHI passengers traveling between Benbow and Redcrest are still eligible for the Southern Humboldt Local service fares. The Southern Humboldt Local service, discontinued during the previous audit period, was a deviated fixed route service between Benbow and Miranda.

#### ***Willow Creek Intercity (WC)***

The Willow Creek Intercity (WC) or Willow Creek/Arcata service operates between Arcata and Willow Creek, starting at the Arcata Transit Center, and making stops at Arcata High School and Valley West Boulevard in Arcata before heading to Willow Creek. WC service completes three westbound and two eastbound trips daily Monday through Friday and three roundtrips on Saturday. Weekday service begins The Willow Creek route starts at the Arcata Transit Center, then stops at Arcata High School and Valley

West Boulevard in Arcata before heading to Willow Creek. Weekday service begins at 7:15 AM and ends at 5:58 PM while Saturday service begins at 8:25 AM and ends at 7:45 PM. There is no service on Sundays. Each trip between Arcata and Willow Creek averages one hour in duration. Once in Arcata, passengers can transfer onto local or regional buses at the transit center.

### ***Eureka Transit System (ETS)***

Through an agreement with the City of Eureka, HTA operates five fixed route services within the City of Eureka. The Red, Green, and Purple routes run weekdays, the Gold route runs Monday through Saturday, and Rainbow route runs only on Saturday. Routes operate between 7:00 AM and 6:00 PM on weekdays and between 9:00 AM and 5:00 PM on Saturday.

### ***Samoa Transit System***

The Samoa Transit System began in January 2021 as a pilot program and provides service between the Phyllis Rex Apartment Complex in Samoa and 3<sup>rd</sup> and H Streets in Eureka, with stops at Vance and Rideout Streets in Samoa. The service makes seven roundtrips on weekdays between 7:05 AM and 7:00 PM and four roundtrips on Saturdays between 8:05 AM and 6:00 PM. HTA contracts with CAE Transport to provide this service.

### **Dial-A-Ride Services**

As the designated Consolidated Transportation Services Agency (CTSA), HTA provides Dial-a-Ride (DAR) services around Humboldt County for eligible ADA passengers who are unable due to a disabling condition to use fixed route public transit services. DAR operates through a contract with the City Ambulance of Eureka. Passengers must register with HTA before scheduling any rides. These paratransit services are available in four service zones, which together cover Eureka, Arcata, McKinleyville, Manila, Samoa, Humboldt Hill, King Salmon, Fields Landing, the College of the Redwoods, and along Old Arcata Road. Passengers must call to schedule a ride, and rides must be made within the same zone that the passenger was picked up in. All rides must be scheduled at least 24 hours in advance. DAR services are available Monday through Friday between 7:00 AM and 6:00 PM and between 9:00 AM and 5:00 PM on Saturday. No services are available on Sunday.

### **Discontinued Pilot Program**

The Old Arcata Road service was a pilot program that resulted from the unmet transit needs process and served the general Old Arcata Road area. This demand-response service provided on-demand transit between set pick-up and drop-off locations and required an advance reservation. This service was implemented in 2019 and discontinued at the end of FY 2020-2021 due to low ridership.

### **Fares**

The fare structure of HTA tickets varies by route, passenger demographics, and method of payment. Pass products can be purchased onboard from the driver with cash, at the HTA office in Eureka, at the HTA online store, and through the Token Transit App. Recently, credit card validators were installed on HTA buses enabling passengers to directly pay their fare with a credit or debit card by tapping their card on and off as they board/get off. Discounted multi-ride and monthly passes and discounted fares for youth,

elderly and disabled are available. Passengers can purchase weekly or monthly passes for use on RTS, SHI, or WC routes. \$10 and \$20 stored value cards are available for purchase, where the appropriate fare for the route/service is deducted from the card at the farebox. Passengers receive a discount on each one-way trip with the use of stored value cards. Since FY 2021-22, passengers can purchase a \$50 Regional Transit Pass which provides unlimited rides for a month and is valid on all HTA fixed routes as well as on A&MRTS.

Cal Poly Humboldt's Jack Pass program allows students to ride the RTS, WC, ETS and A&MRTS routes an unlimited number of times by swiping their current student identification cards through the farebox. Students pay for this service as part of their tuition fees. Staff, faculty, and Extended Education participants can buy the Jack Pass for \$60 per semester or \$45 during the summer session. Students not enrolled in classes during the summer can also buy the Jack Pass for \$45.

College of the Redwoods offers monthly bus passes at half price to currently enrolled students. These passes are sold at the College of the Redwoods bookstore at the main campus in Eureka.

DAR services are in the process of phasing out physical tickets and now accept cash at time of boarding or the use of a \$10 or \$20 prepaid transit pass. HTA DAR will continue to accept previously purchased tickets. Each zone (of which there are 4) requires the purchase of one \$3.00 ticket. A maximum of three tickets are required for a one-way trip, regardless of the number of zones crossed.

## **HTA OPERATING AND FINANCIAL STATISTICS**

The following section presents operating statistics and performance indicators for HTA fixed route services, demand response services and all HTA services systemwide, respectively. This information is based on data taken from internal operating spreadsheets provided by HTA and annual Fiscal and Compliance Audits. Generally, operating data is obtained from internal reports while financial data is obtained from Fiscal and Compliance Audits. Operating data is also reported to the State Controller annually as discussed in the compliance section. The auditor found no significant discrepancies between internal operating spreadsheets and the State Controller Reports. Tables 1 and 2 present operating data for the current audit period by type of service, while Table 3 presents systemwide operating and performance data for the past six years.

Limited operating data is available for the two HTA pilot programs in service during this audit period and is presented in Table 4. These figures are included in Table 3 in the systemwide summary, however are not discussed in detail in the performance indicator review.

As a result of the COVID-19 pandemic, year to year comparisons of performance statistics during this audit period should be viewed with caution. During FY 2019-20, FY 2020-21, and FY 2021-22 COVID-19 had tremendous impacts on performance indicators of HTA, including ridership, revenue, farebox ratio and costs per passenger and may not accurately represent a route's long-term utility or success.

**TABLE 1 : Humboldt Transit Authority Fixed Route Services Performance Measures**

Performance Measures	Redwood Transit System			Eureka Transit System			Willow Creek			Southern Humboldt Intercity			Fixed Route Summary		
	2019-20	2020-21	2021-22	2019-20	2020-21	2021-22	2019-20	2020-21	2021-22	2019-20	2020-21	2021-22	FY 2019-20	FY 2020-21	FY 2021-22
<b>One-Way Passenger-Trips</b>	363,664	169,626	214,703	162,698	86,079	106,390	11,312	4,104	9,805	22,964	10,013	12,553	560,638	269,822	343,451
% Change from Previous Year	-23.2%	-53.4%	26.6%	-20.0%	-47.1%	23.6%	-15.0%	-63.7%	138.9%	-17.7%	-56.4%	25.4%	-22.0%	-51.9%	27.3%
<b>Vehicle Service Hours</b>	29,523	28,963	29,033	12,584	10,758	11,574	2,713	2,362	2,361	6,985	3,868	3,850	51,805	45,951	46,818
% Change from Previous Year	-11.2%	-1.9%	0.2%	-11.8%	-14.5%	7.6%	-6.3%	-12.9%	0.0%	-12.4%	-44.6%	-0.5%	-11.3%	-11.3%	1.9%
<b>Vehicle Service Miles</b>	645,755	613,380	614,280	139,552	117,036	124,430	101,746	84,467	84,742	238,225	139,977	140,430	1,125,278	954,860	963,882
% Change from Previous Year	-9.9%	-5.0%	0.1%	-11.2%	-16.1%	6.3%	-4.6%	-17.0%	0.3%	-12.1%	-41.2%	0.3%	-10.1%	-15.1%	0.9%
<b>Operating Costs</b>	\$3,319,686	\$4,305,831	\$3,630,187	\$1,416,034	\$1,413,908	\$1,554,425	\$320,212	\$297,483	\$346,561	\$864,385	\$682,464	\$589,917	5,920,317	6,699,686	6,121,090
% Change from Previous Year	0.4%	29.7%	-15.7%	5.6%	-0.2%	9.9%	13.3%	-7.1%	16.5%	4.4%	-21.0%	-13.6%	2.9%	13.2%	-8.6%
<b># Employees</b>	--	--	--	--	--	--	--	--	--	--	--	--	53	50	49
% Change from Previous Year													-0.7%	-5.7%	-2.0%
<b>Fare Revenue</b>	\$719,002	\$447,812	\$699,000	\$223,702	\$138,203	\$302,032	\$40,547	\$16,753	\$95,486	\$93,497	\$44,952	\$93,721	\$1,076,748	\$647,720	\$1,190,239
% Change from Previous Year	-18.7%	-37.7%	56.1%	-7.9%	-38.2%	118.5%	-13.9%	-58.7%	470.0%	-20.0%	-51.9%	108.5%	-16.6%	-39.8%	83.8%
<b>Fare Revenues + Local Funds</b>	\$937,982	\$632,808	\$699,112	\$231,671	\$145,912	\$302,969	\$42,091	\$18,055	\$95,486	\$93,497	\$44,952	\$93,675	\$1,305,241	\$841,727	\$1,191,242
% Change from Previous Year	-16.3%	-32.5%	10.5%	-7.4%	-37.0%	107.0%	-15.0%	-57.1%	428.9%	-20.0%	-51.9%	108.5%	-15.1%	-35.5%	41.5%
<b>Operating Cost per One-Way Passenger-Trip</b>	\$9.13	\$25.38	\$16.91	\$8.70	\$16.43	\$14.61	\$28.31	\$72.49	\$35.35	\$37.64	\$68.16	\$46.99	\$10.56	\$24.83	\$17.82
% Change from Previous Year	30.9%	178.1%	-33.4%	32.1%	88.7%	-11.1%	33.4%	156.1%	-51.2%	26.8%	81.1%	-31.1%	31.8%	135.1%	-28.2%
<b>Operating Cost per Vehicle Service Hour</b>	\$112.44	\$148.67	\$125.04	\$112.53	\$131.43	\$134.30	\$118.03	\$125.95	\$146.79	\$123.75	\$176.44	\$153.23	\$114	\$146	\$131
% Change from Previous Year	13.1%	32.2%	-15.9%	19.8%	16.8%	2.2%	21.0%	6.7%	16.5%	19.1%	42.6%	-13.2%	15.9%	27.6%	-10.3%
<b>Passengers per Vehicle Service Hour</b>	12.32	5.86	7.40	12.93	8.00	9.19	4.17	1.74	4.15	3.29	2.59	3.26	10.82	5.87	7.34
% Change from Previous Year	-13.5%	-52.5%	26.3%	-9.3%	-38.1%	14.9%	-9.3%	-58.3%	139.0%	-6.1%	-21.3%	26.0%	-12.1%	-45.7%	24.9%
<b>Passengers per Vehicle Service Mile</b>	0.56	0.28	0.35	1.17	0.74	0.86	0.11	0.05	0.12	0.10	0.07	0.09	0.50	0.28	0.36
% Change from Previous Year	-14.8%	-50.9%	26.4%	-9.9%	-36.9%	16.3%	-10.9%	-56.3%	138.1%	-6.3%	-25.8%	25.0%	-13.2%	-43.3%	26.1%
<b>Vehicle Service Hours per Employee</b>	--	--	--	--	--	--	--	--	--	--	--	--	977	919	955
% Change from Previous Year	--	--	--	--	--	--	--	--	--	--	--	--	-10.6%	-6.0%	4.0%
<b>Farebox Recovery Ratio</b>	28.26%	14.70%	19.26%	16.36%	10.32%	19.43%	13.14%	6.07%	27.55%	10.82%	6.59%	15.89%	22.05%	12.56%	19.46%
% Change from Previous Year	-16.7%	-48.0%	31.0%	-12.3%	-36.9%	88.3%	-25.0%	-53.8%	354.0%	-23.4%	-39.1%	141.2%	-17.5%	-43.0%	54.9%

Source: HTA Internal Farebox Reports, FYs 2019-20, 2020-21, and 2021-22 and Fiscal Audits 2019-2022

**TABLE 2 : Humboldt Transit Authority Dial-A-Ride Services Performance Measures**

Performance Measures	Current Audit Period		
	FY 2019-20	FY 2020-21	FY 2021-22
<b>One-Way Passenger-Trips</b>	20,510	15,142	15,134
<i>% Change from Previous Year(2)</i>	-13.6%	-26.2%	-0.1%
<b>Vehicle Service Hours</b>	9,741	8,968	6,910
<i>% Change from Previous Year(2)</i>	-5.8%	-7.9%	-22.9%
<b>Vehicle Service Miles</b>	114,373	102,915	85,034
<i>% Change from Previous Year(2)</i>	-14.5%	-10.0%	-17.4%
<b>Operating Costs</b>	\$1,005,693	\$976,336	\$1,080,001
<i>% Change from Previous Year(2)</i>	-8.1%	-2.9%	10.6%
<b># Employees</b>	14.00	8.00	8.00
<i>% Change from Previous Year(2)</i>	-17.6%	-42.9%	0.0%
<b>Farebox Revenues</b>	\$60,276	\$9	\$70,011
<i>% Change from Previous Year(2)</i>	-29.7%	-100.0%	777800.0%
<b>Operating Cost per One-Way Passenger-Trip</b>	\$49.03	\$64.48	\$71.36
<i>% Change from Previous Year(2)</i>	6.3%	31.5%	10.7%
<b>Operating Cost per Vehicle Service Hour</b>	\$103.24	\$108.87	\$156.30
<i>% Change from Previous Year(2)</i>	-2.4%	5.4%	43.6%
<b>Passengers per Vehicle Service Hour</b>	2.11	1.69	2.19
<i>% Change from Previous Year(2)</i>	-8.2%	-19.8%	29.7%
<b>Passengers per Vehicle Service Mile</b>	0.18	0.15	0.18
<i>% Change from Previous Year(2)</i>	1.0%	-18.0%	21.0%
<b>Vehicle Service Hours per Employee</b>	695.8	1121.0	863.8
<i>% Change from Previous Year(2)</i>	14.3%	61.1%	-22.9%
<b>Farebox Recovery Ratio</b>	5.99%	0.00%	6.48%
<i>% Change from Previous Year(2)</i>	-23.5%	-100.0%	703132.5%

Source: HTA Internal Farebox Reports, FY's 2019-20, 2020-21, and 2021-22 and Fiscal Audits 2019-2022

**TABLE 3 : Humboldt Transit Authority Services Systemwide Operating Data Summary**

Performance Measures	Previous Audit Period			Current Audit Period		
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
<b>One-Way Passenger-Trips</b>	814,241	764,539	742,253	581,159	285,371	358,585
<i>% Change from Previous Year</i>	21.6%	-6.1%	-2.9%	-22%	-50.9%	25.7%
<b>Vehicle Service Hours</b>	62,709	68,308	68,737	61,546	54,919	53,728
<i>% Change from Previous Year</i>	23.0%	8.9%	0.6%	-10.5%	-10.8%	-2.2%
<b>Vehicle Service Miles</b>	1,303,279	1,353,331	1,385,487	1,239,651	1,057,775	1,048,916
<i>% Change from Previous Year</i>	11.6%	3.8%	2.4%	-10.5%	-14.7%	-0.8%
<b>Operating Costs<sup>(1)</sup></b>	\$6,249,224	\$7,262,185	\$7,520,023	\$6,926,256	\$7,699,255	\$7,201,091
<i>% Change from Previous Year</i>	9.2%	16.2%	3.6%	-7.9%	11.2%	-6.5%
<b># Employees in FTEs</b>	70.0	73.0	73.0	67.0	58.0	57.0
<i>% Change from Previous Year</i>	--	4.3%	0.0%	-8.2%	-13.4%	-1.7%
<b>Fare Revenues</b>	\$1,357,270	\$1,207,275	\$1,376,889	\$1,137,054	\$648,092	\$1,260,250
<i>% Change from Previous Year</i>	--	-11.1%	14.0%	-17.4%	-43.0%	94.5%
<b>Farebox Revenues + Local Funds</b>	\$1,641,232	\$1,797,717	\$1,623,279	\$1,365,547	\$842,099	\$1,261,253
<i>% Change from Previous Year</i>	16.7%	9.5%	-9.7%	-15.9%	-38.3%	49.8%
<b>Operating Cost per One-Way Passenger-Trip</b>	\$7.67	\$9.50	\$10.13	\$11.92	\$26.98	\$20.08
<i>% Change from Previous Year</i>	-10.2%	23.8%	6.7%	17.6%	126.4%	-25.6%
<b>Operating Cost per Vehicle Service Hour</b>	\$99.65	\$106.32	\$109.40	\$112.54	\$140.19	\$134.03
<i>% Change from Previous Year</i>	-11.2%	6.7%	2.9%	2.9%	24.6%	-4.4%
<b>Passengers per Vehicle Service Hour</b>	12.98	11.19	10.80	9.44	5.20	6.67
<i>% Change from Previous Year</i>	-1.1%	-13.8%	-3.5%	-12.6%	-45.0%	28.4%
<b>Passengers per Vehicle Service Mile</b>	0.62	0.56	0.54	0.47	0.27	0.34
<i>% Change from Previous Year</i>	8.9%	-9.6%	-5.2%	-12.5%	-42.5%	26.7%
<b>Vehicle Service Hours per FTE</b>	895.8	935.7	941.6	918.6	946.9	942.6
<i>% Change from Previous Year</i>	--	4.5%	0.6%	-2.4%	3.1%	-0.5%
<b>Farebox Recovery Ratio</b>	26.26%	24.75%	22.89%	19.72%	10.94%	17.51%
<i>% Change from Previous Year</i>	6.8%	-5.7%	-7.5%	-13.9%	-44.5%	60.1%

Note 1: FY 2019-20 through FY 2021-22 from Fiscal Audits. FY 2016-17 and FY 2018-19 from prior performance audit.  
 Source: FY 2016-2022 TPA and HTA Summary Reports, FY's 2019-20, 2020-21, 2021-22. Incomplete DAR data for FY 2016-17.

**TABLE 4: Humboldt Transit Authority Pilot Programs**

	Samoa Transit System			Old Arcata Road		
	2019-20	2020-21	2021-22	2019-20	2020-21	2021-22
<b>One-Way Passenger-Trips</b>	--	391	1,849	11	16	--
<b>Operating Costs</b>	--	\$22,815		\$246	\$418	--
<b>Fare Revenue</b>	--	\$335		\$30	\$28	--
<b>Fare Revenues + Local Funds</b>	--	\$335		\$30	\$28	--
<b>Operating Cost per One-Way Passenger-Trip</b>	--	\$58.35		\$22	\$26	--
<b>Farebox Recovery Ratio</b>	--	1.47%	NA	12.20%	6.70%	--

Source: HTA Internal Farebox Reports, FY's 2019-20, 2020-21, and 2021-22 and Fiscal Audits 2019-2022

### Data Collection Methods

As part of the TPA process, the auditor must collect and verify the following transit operator statistics:

- Annual Passenger Count
- Annual Vehicle Service Hours
- Annual Vehicle Service Miles
- Annual Operating Cost
- Annual Employee Hours
- Annual Fare Revenue

Passenger Count represents one-way passenger trips. Ridership data for HTA services was obtained from internal performance activity reports provided by HTA. Tables 1-3 show annual passenger counts for each transit operator as well as a systemwide count. Total systemwide HTA ridership in FY 2021-22 was 358,585 down from 581,148 in FY 2019-20. This represents a 38 percent decrease in ridership over the audit period and a 56 percent decrease over the previous six-year period. It should be noted that ridership in FY 2021-22 represents a 25 percent recovery in systemwide ridership from the heart of the pandemic.

Every HTA fixed route as well as DAR services saw an overall decline in ridership over the audit period. All fixed routes saw ridership increases between FY 2020-21 and FY 2021-22 by anywhere from 23.6 percent (ETS) to 139 percent (Willow Creek). This is most likely due to a combination of factors including:

- Cal Poly enrollment increased for the first time since 2015 in Fall 2022. The school forecasts that enrollment will continue to rise, doubling by Fall 2028.
- Ridership rebounded as COVID vaccination rates increased, quarantine and isolation guidelines became less strict, and the county-wide mask mandate was rescinded during FY 2021-22.
- The Regional Transit Pass was implemented.

**Operating Cost** data (Tables 1, 2, and 3) for HTA transit services was obtained from the annual Fiscal and Compliance Audits and include total operating expenses for each transit service, minus depreciation costs. Operating costs systemwide increased 4 percent overall during the audit period, with an 11.1 percent increase between FY 2019-20 and FY 2020-21. The increase in operating costs in FY 2020-21 may be due to a combination of factors including:

- High inflation rates during this audit period. According to the US Bureau of Labor Statistics, average inflation between July 2019 and June 2022 was 4.7 percent and was 9 percent during the last year of the audit period alone.
- Fuel costs increased dramatically over the audit period.
- COVID-19 response, including purchase of personal protective equipment for staff, installation of protective barriers in all vehicles, and more frequent vehicle cleaning.
- HTA hired a full-time Transit Planner.

**Vehicle Service Hour** data (Tables 1, 2, and 3) was obtained from internal performance activity reports. Appendix B of the Performance Audit Guidebook defines vehicle service hours as the time during which a revenue vehicle is available to carry fare-paying passengers. In other words, the time between the scheduled time of the first passenger pickup and the last passenger drop off is considered service hours. HTA still does not separate revenue and non-revenue hours (including deadhead) for fixed routes and records total vehicle hours in the report to the State Controller Office. HTA internal reports do separate revenue and non-revenue hours for DAR services, however in order to be consistent, total hours are shown for DAR as well as fixed routes. HTA systemwide vehicle service hours decreased by 13% between FY 2019-20 and FY 2021-22 from 61,546 to 53,728. This reduction in service hours is mainly due to a reduction in service due to COVID. DAR services saw a similar significant reduction in service hours, due to a decrease in DAR ridership and a decrease in fixed route service.

**Vehicle Service Mile** data (Table 1, 2, and 3) was obtained from internal reports. As with vehicle service hours, vehicle service miles represent total miles including deadhead. Table 3 shows that systemwide service miles have decreased by 15.4 percent between FY 2019-20 and FY 2021-22 (this audit period). Similar to vehicle service hours, this represents a decrease from the prior audit period.

The **Full-Time Equivalent (FTE) Employee** data (Table 1 and 3), representing annual employee hours, was obtained from State Controller Reports. The Full-Time Equivalent (FTE) definition currently used by HTA is consistent with the definition presented in Appendix B of the *Performance Audit Guidebook*. Number of employees systemwide has decreased slightly during the audit period (3 percent). State Controller reports and discussion with CAE staff indicate that the number of DAR FTE employees decreased during the audit period.

**Fare Revenue** data (Table 1, 2, and 3) was obtained from annual Fiscal and Compliance Audit reports. It should be noted that PUC Section 99205.7 states that fare revenues are defined as revenue object classes 401, 402, and 403, as specified in Section 630.12 of Title 49 of the Code of Federal Regulations:

- Object class 401 revenues include full adult, senior, student, child, handicapped, Park-and-Ride lot revenues (must be operated by transit operator), special and reduced fares collected from passengers.
- Object class 402 revenues include guaranteed revenues collected from an organization rather than a rider for rides given along special routes.
- Object class 403 revenues include revenues collected from schools for providing service to children to and from school.

Fare revenue also includes the amount of revenue received by an entity under contract for transit services not yet transferred to the claimant. Additionally, the definition of fare revenues includes fares

collected (1) for a specified group of employees, members, or clients, or (2) to guarantee a minimum revenue on a line operated especially for the benefit of the paying entity (e.g., an employer, shopping center, university, etc.), or (3) cash donations made by individual passengers in lieu of a prescribed fare.

Fare revenue differs from and does not include local support or local funds, which are any nonstate grants or other revenues generated by, or distributed to, the operator (Assembly Bill AB 149, July 2021). Local funds can be used to supplement fare revenues for farebox ratio calculation purposes if fare revenues alone are not sufficient. Charter revenue cannot be included in the fare revenue category. It should be noted that Low Carbon Transit Operations Program (LCTOP) funds acquired for the purpose of having fare – free transit service can be categorized as fare revenue under object class 402 or as local support per AB 149.

A review of internal operating reports and discussions with staff indicate that HTA calculates and reports fare revenue correctly to the State Controller. As HTA does not operate charter services, charter revenue is not included in fare revenue. Tables 1 and 3 show both fare revenues and fare revenue plus local support (figures used to calculate farebox ratio calculation) for informational purposes. The vast majority of local support funds result from contracts with the DAR contractor and A&MRTS for maintenance.

Systemwide fare revenue for this audit period fluctuated between about \$1.2 million and \$650,000, with FY 2020-21 (COVID year) falling well below either FY 2019-20 or FY 2021-22. Both fixed route and DAR farebox revenue dipped markedly during FY 2020-21. Fixed route fare revenue fell by 40 percent between FY 2019-20 and FY 2020-21. DAR fare revenue fell by 99.9 percent from \$60,274 to \$9 in FY 2020-21 due to HTA temporarily providing free fare for all passengers. Both fixed route and DAR fare revenue rebounded in FY 2021-22 to show an overall increase over the audit period of 11 and 16 percent, respectively.

In general, operating data obtained from internal spreadsheets was similar to that reported to the State Controller.

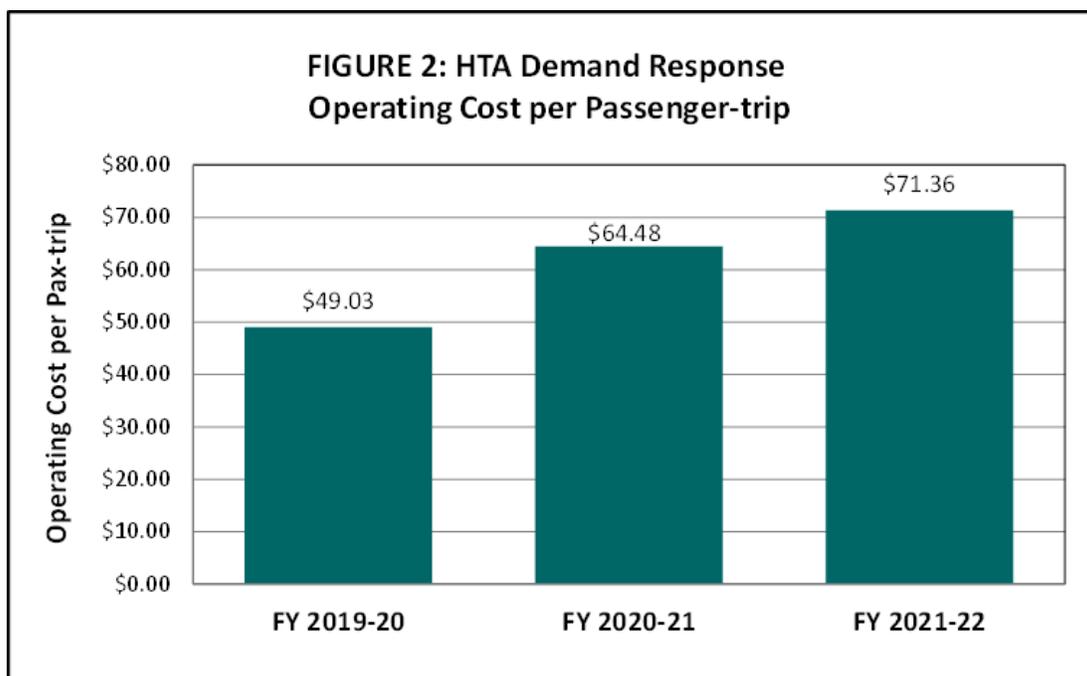
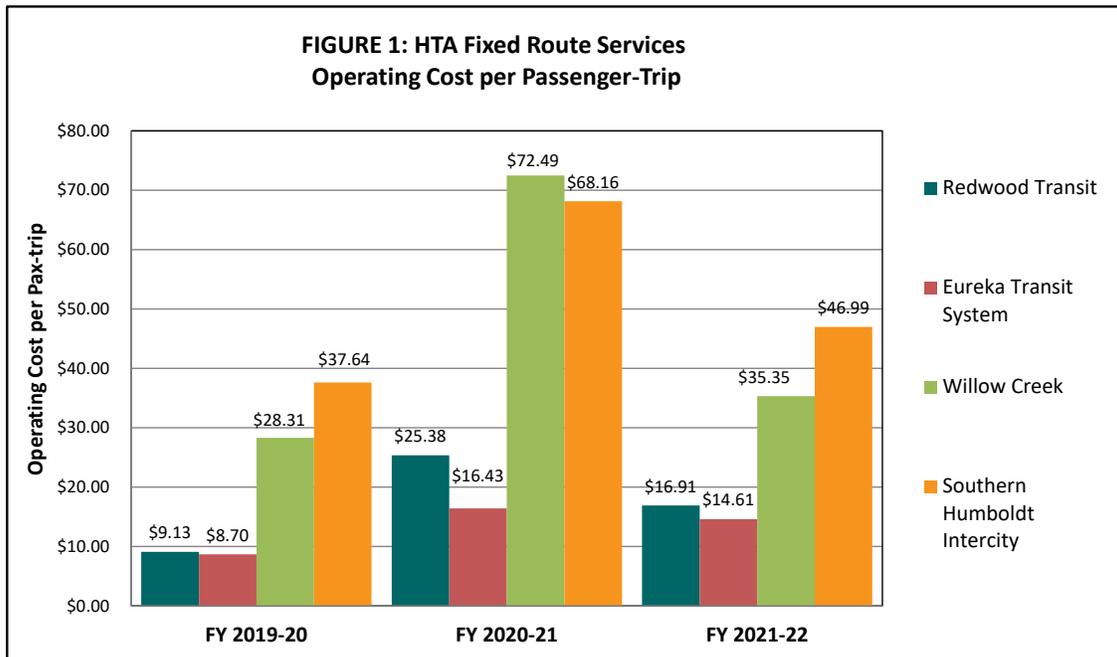
### **Calculation and Evaluation of Performance Indicators**

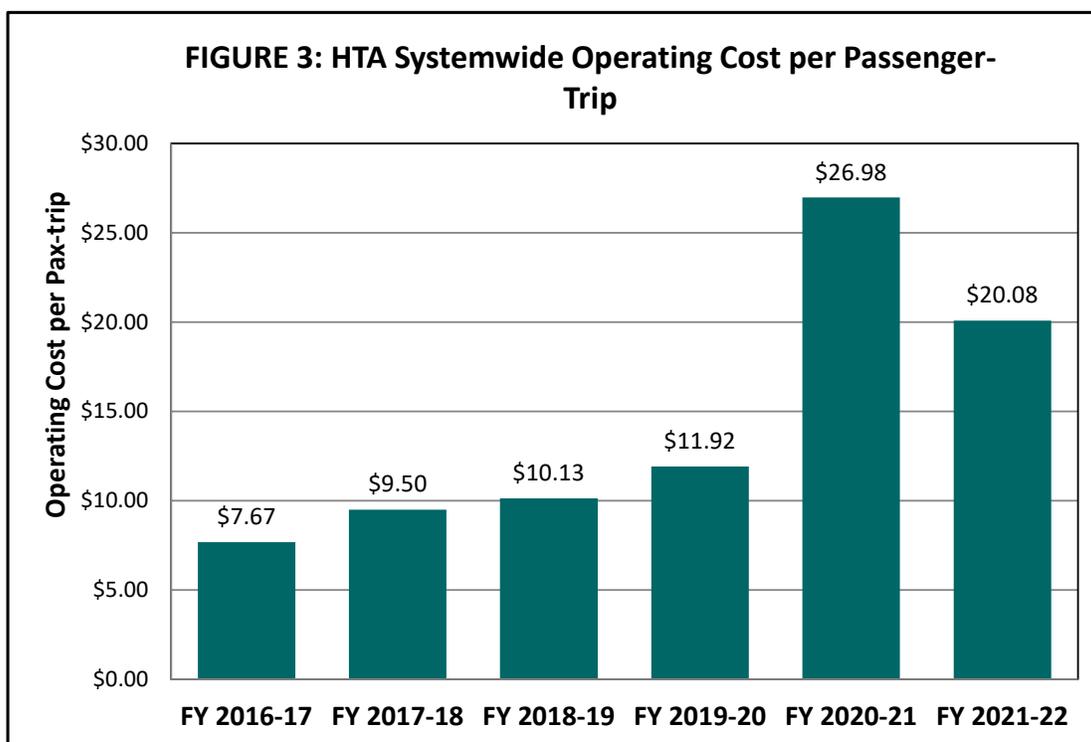
Performance indicators are frequently used to quantify and review the efficiency and effectiveness of a transit operator's activities. Such indicators can provide insight on current operations as well as on the operator's performance over a period of time. Using the data described above, the following performance indicators were calculated as required in Section 99246(d) of the Public Utilities Code:

- Operating Cost per Passenger
- Operating Cost per Vehicle Revenue Hour
- Passengers per Vehicle Service Hour
- Passengers per Vehicle Service Mile
- Vehicle Revenue Hours per Employee

In addition, the Farebox Recovery Ratio is calculated and evaluated herein, as required in Section 99268 et seq. of the Public Utilities Code.

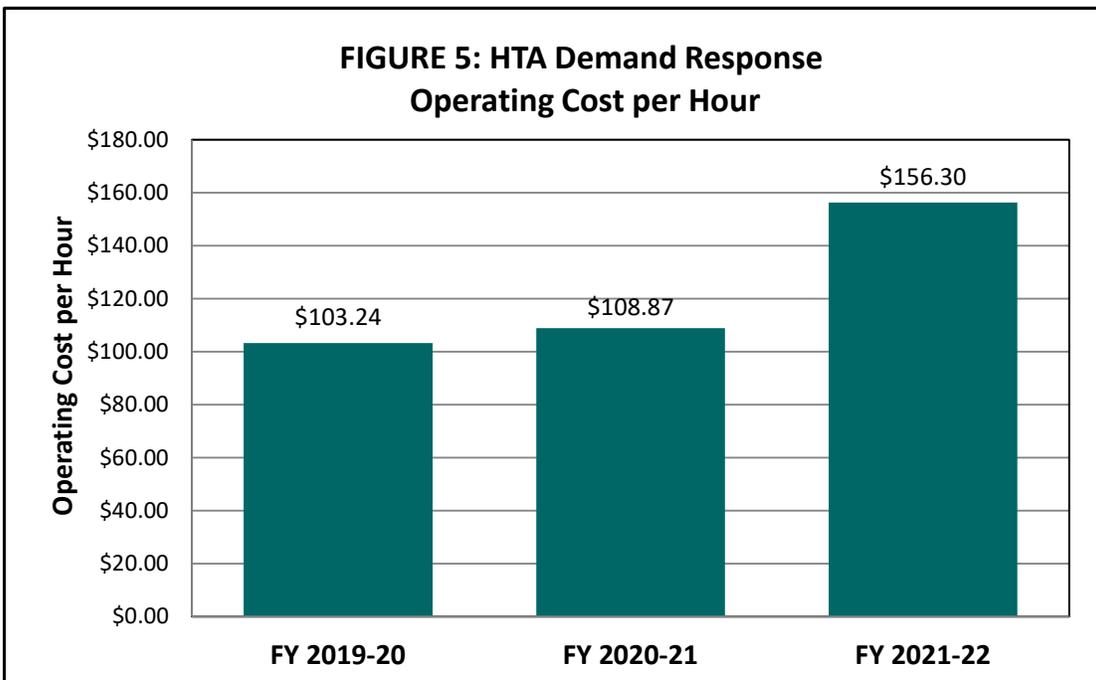
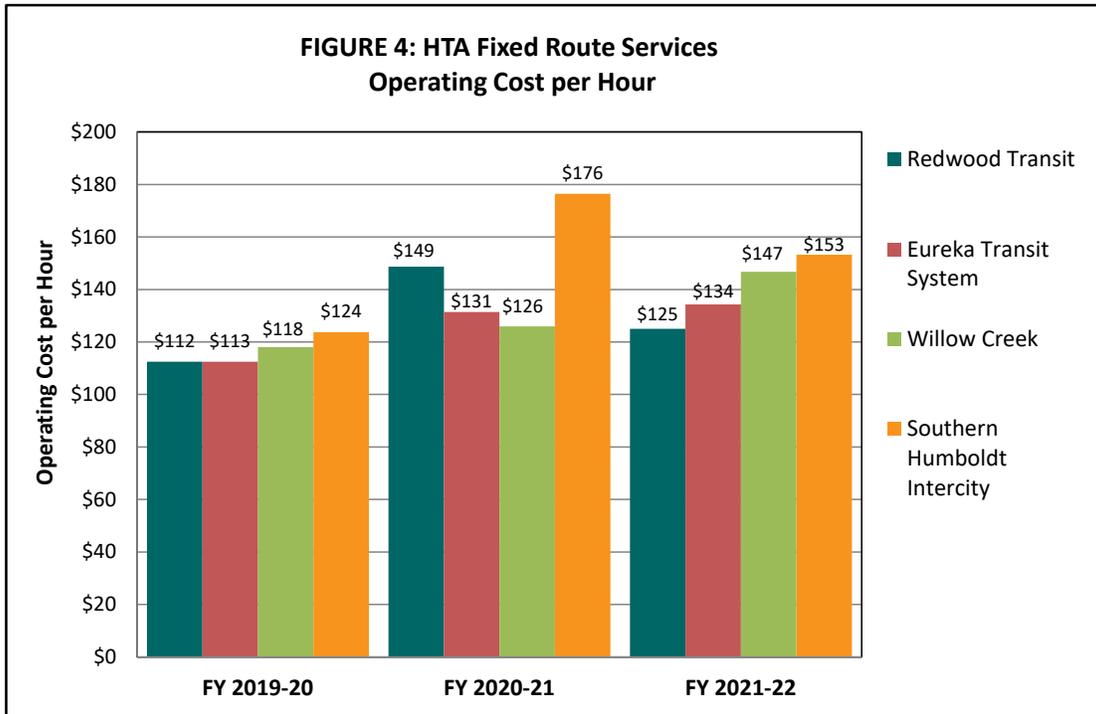
**Operating Cost per (One-way) Passenger Trip** data is presented in Tables 1, 2 and 3 and Figures 1, 2, and 3. This performance measure is a key indicator of a transit system’s cost effectiveness. Declining ridership demand in general, exacerbated by the COVID 19 pandemic, has had a significant negative impact on this performance metric for all transit agencies, HTA included. For HTA, operating cost per one-way passenger trip systemwide increased from \$11.92 in FY 2019-20 to \$20.08 in FY 2021-22 (Table 3). Comparing this metric to FY 2016-17 (\$7.67), the operating cost per one-way passenger trip is up 162 percent in six years. Figure 3 demonstrates how the most significant one-year increase in operating cost per trip occurred between FY 2019-20 and 2020-21, when it increased 127%.



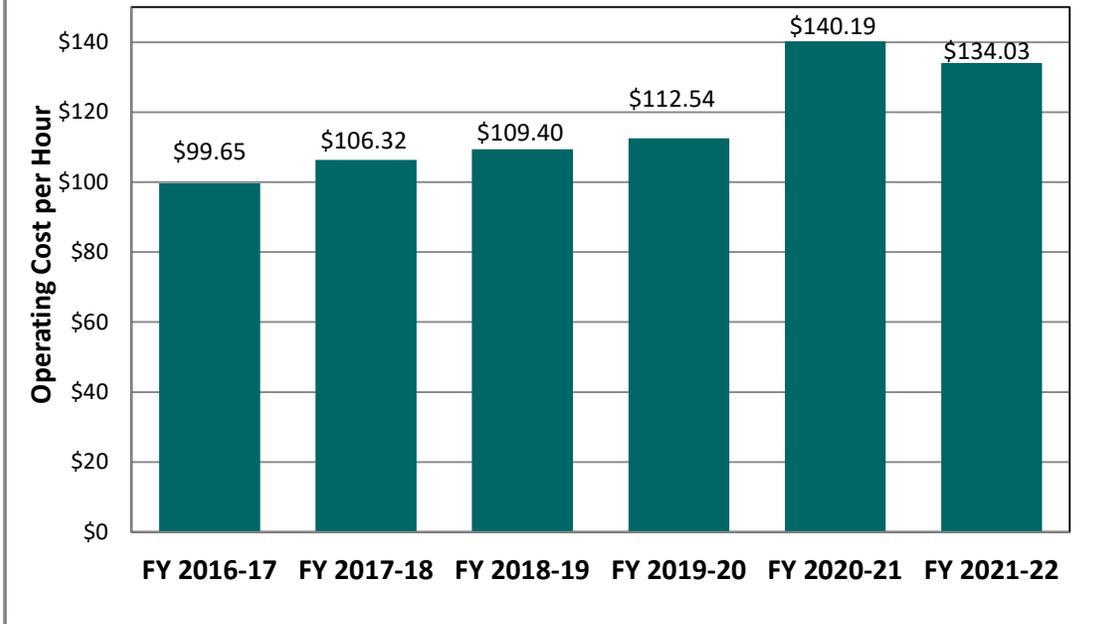


A review of Table 1 shows that fixed route operating cost per trip was \$10.56 in FY 2019-20. This cost per passenger trip increased to \$17.82 in FY 2021-22, a 69 percent increase over the audit period. All fixed routes did see a decrease in cost per passenger trip in the last year of the audit period. Eureka Transit System was the most cost-efficient fixed route, ranging from \$8.70 in FY 2019-20 to \$14.61 in FY 2021-22. Southern Humboldt Intercity was the least, ranging from \$37.64 to \$46.99 during the same period. It is reasonable that a compact route such as ETS will be more cost efficient than one that requires long distance travel such as SHI. DAR operating cost per passenger trip has increased as well, changing from \$49.03 in FY 2019-20 to \$71.36 in FY 2021-22.

**Operating Cost per Vehicle Service Hour** data is presented in Tables 1, 2, and 3 and Figures 4, 5, and 6. This performance measure is a key indicator of a transit system’s cost efficiency. Systemwide operating cost per hour increased by 19.1 percent over the audit period from \$112.53 to \$134.03; however operating costs per hour decreased by 4.4 percent in FY 2021-22 from FY 2020-21, reflecting both a small decrease in systemwide operating costs and service levels. For fixed route services (Table 1), operating cost per hour increased over the audit period (14 percent), with all routes roughly maintaining a similar cost per service hour. SHI cost per service hour was higher than the other fixed routes during all years of the audit period. RTS and SHI saw sizable decreases in cost per service hour between FY 2020-21 and 2021-22 while ETS and WC continued to trend slightly upwards. Operating cost per hour for DAR services also increased over the audit period (51.4 percent).

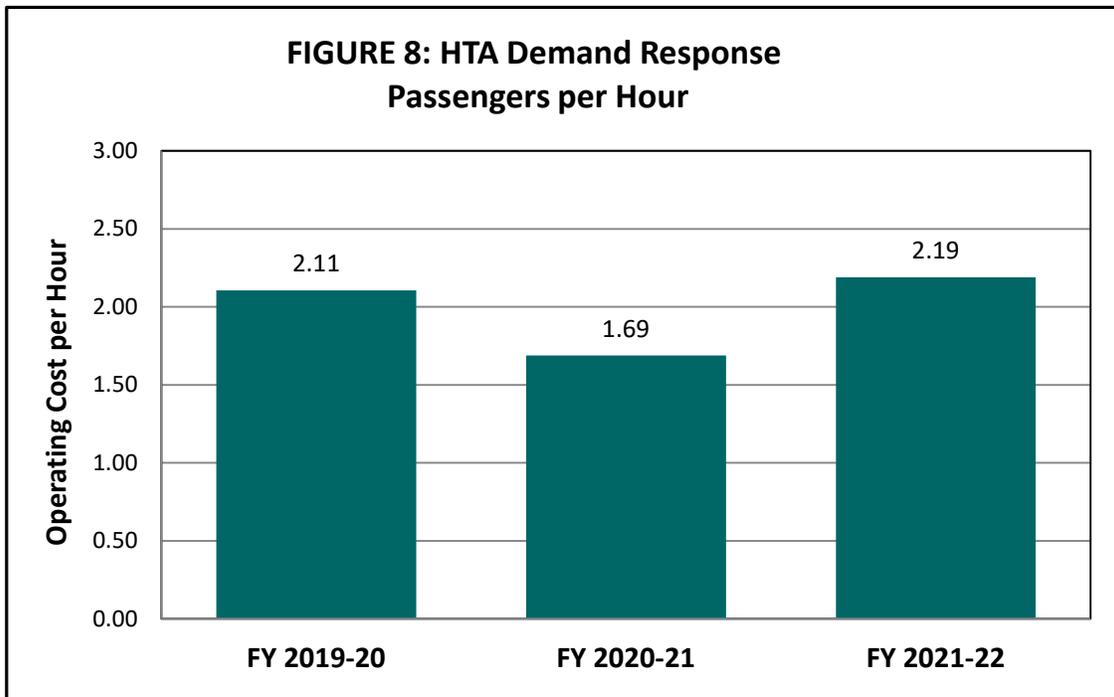
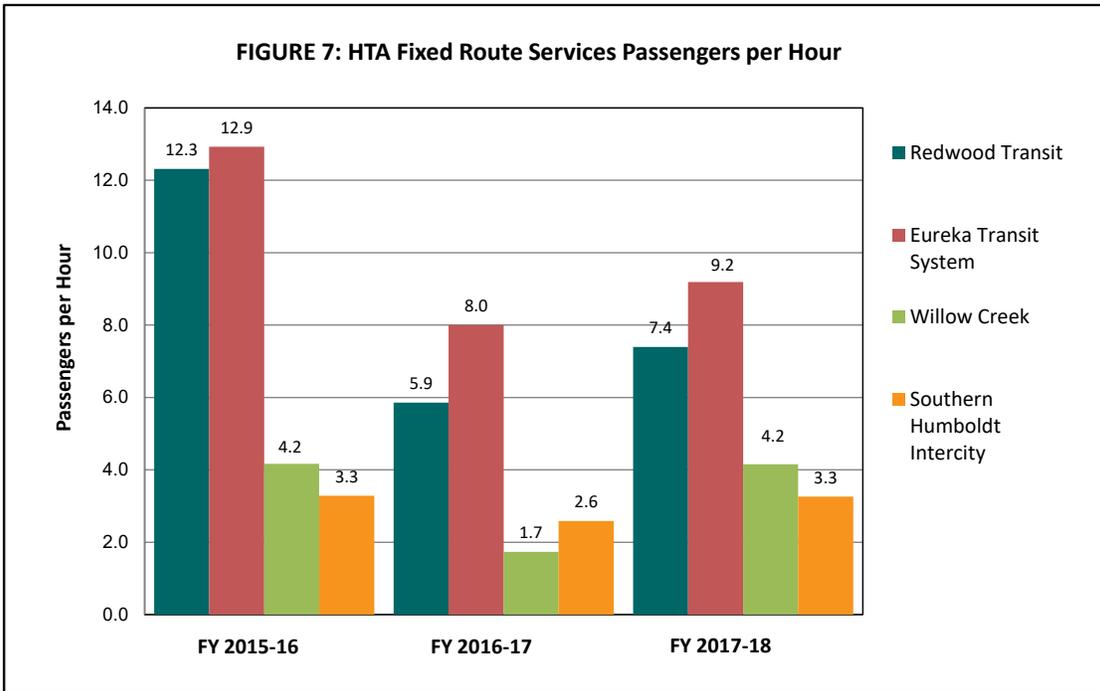


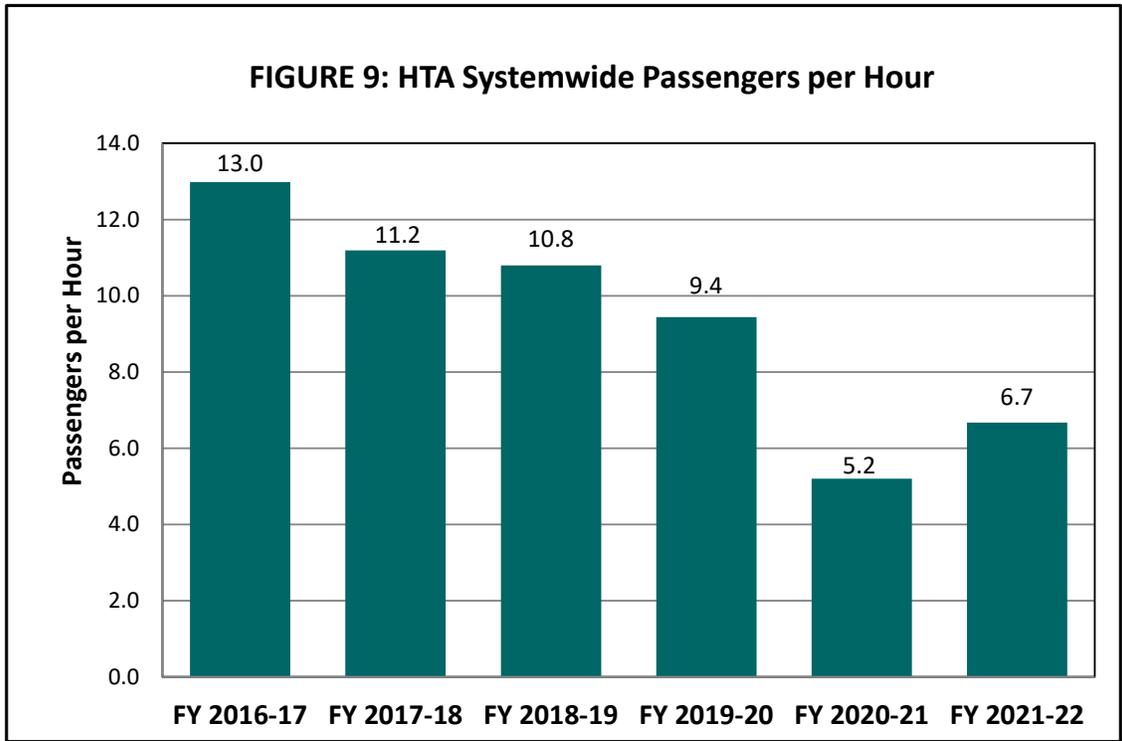
**FIGURE 6: HTA Systemwide Operating Cost per Hour**



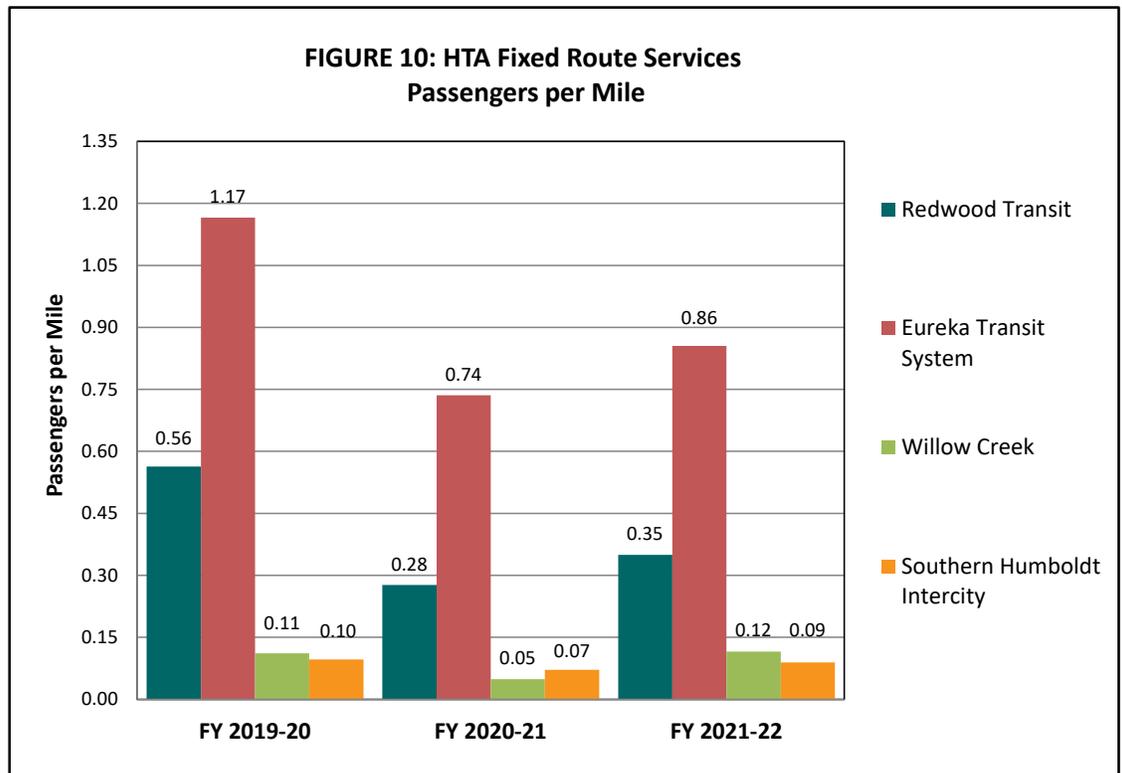
**Passengers per Vehicle Service Hour** (commonly referred to as “productivity”) is presented in Tables 1, 2, and 3 and Figures 7, 8, and 9. As presented, systemwide productivity decreased during the audit period from 9.44 passengers per hour to 6.67 passengers per hour. Overall, productivity has fallen about 49 percent since the six-year high of 12.98 in FY 2016-17. DAR services showed a slight increase in productivity over the audit period from 2.11 to 2.19 passengers per vehicle service hour. Fixed route productivity decreased from 10.82 to 7.34. By route, Redwood Transit System and Eureka Transit System remain the most productive (above 7 trips per hour in FY 2021-22) despite both showing a decrease over the audit period. Eureka Transit System carried 9.1 passenger-trips per hour the last year of the audit period which is close to the industry standard for a fixed route. This is due to the fact that Eureka is a relatively compact city which is easier to be served efficiently by public transit. Willow Creek and Southern Humboldt Intercity, despite having lower productivity, shows a rebound from FY 2020-21 to FY 2021-22. These routes travel long distances and therefore cannot be as efficient as Eureka Transit System.

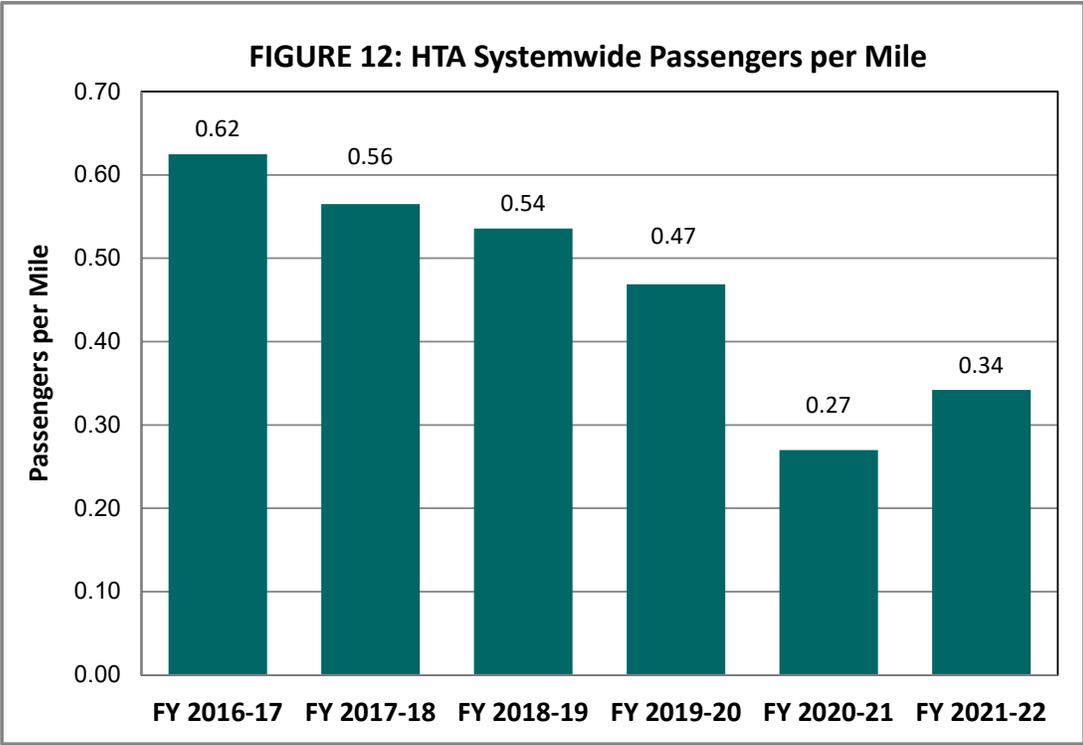
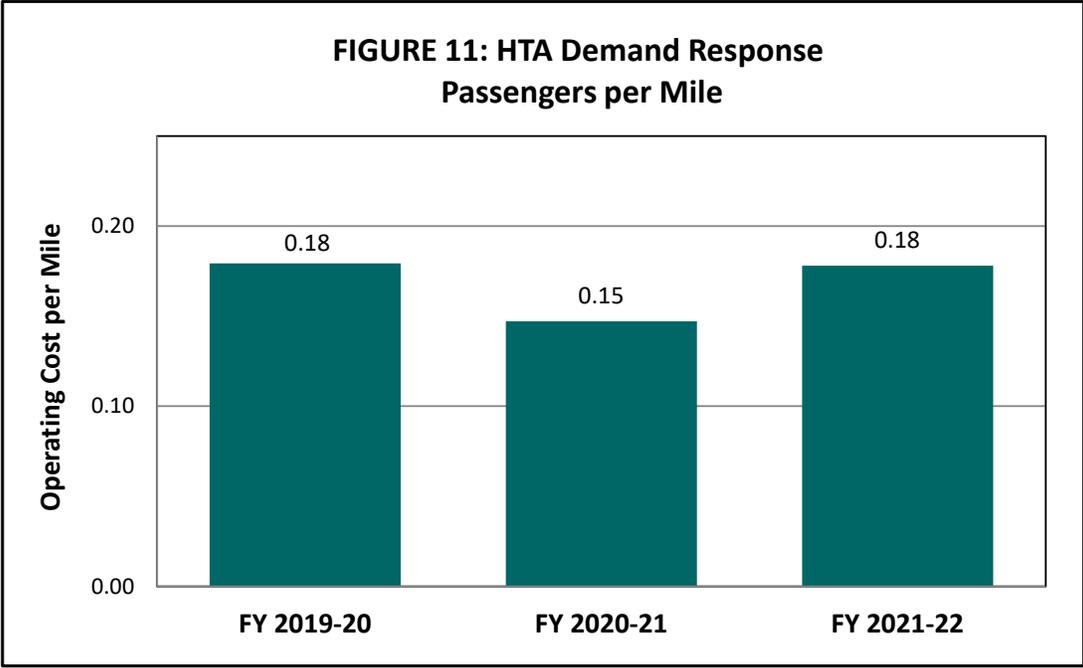
The Technical Memorandum 2 for the 2023 Humboldt County Transit Development Plan provides recommended productivity standards for each fixed route and for DAR services. These recommended standards are based on 2017 TDP standards adjusted for the reduction in ridership between FY 2019-20 and FY 2021-22. As of FY 2021-22, SHI, WC, Fortuna Transit and DAR meet the recommended minimum standard while RTS, ETS and A&MRTS fall below.



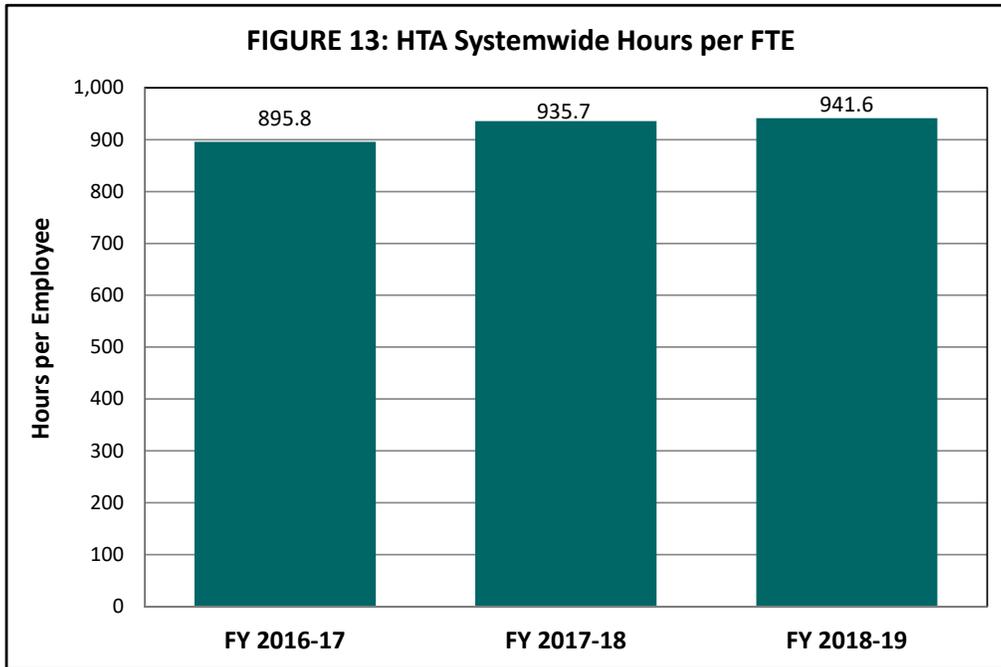


Passengers per Vehicle Service Mile data is presented in Tables 1, 2, and 3 and Figures 10, 11, and 12. As presented, passengers per vehicle service mile decreased during the audit period from 0.47 to 0.34, following a similar pattern to passengers per hour.

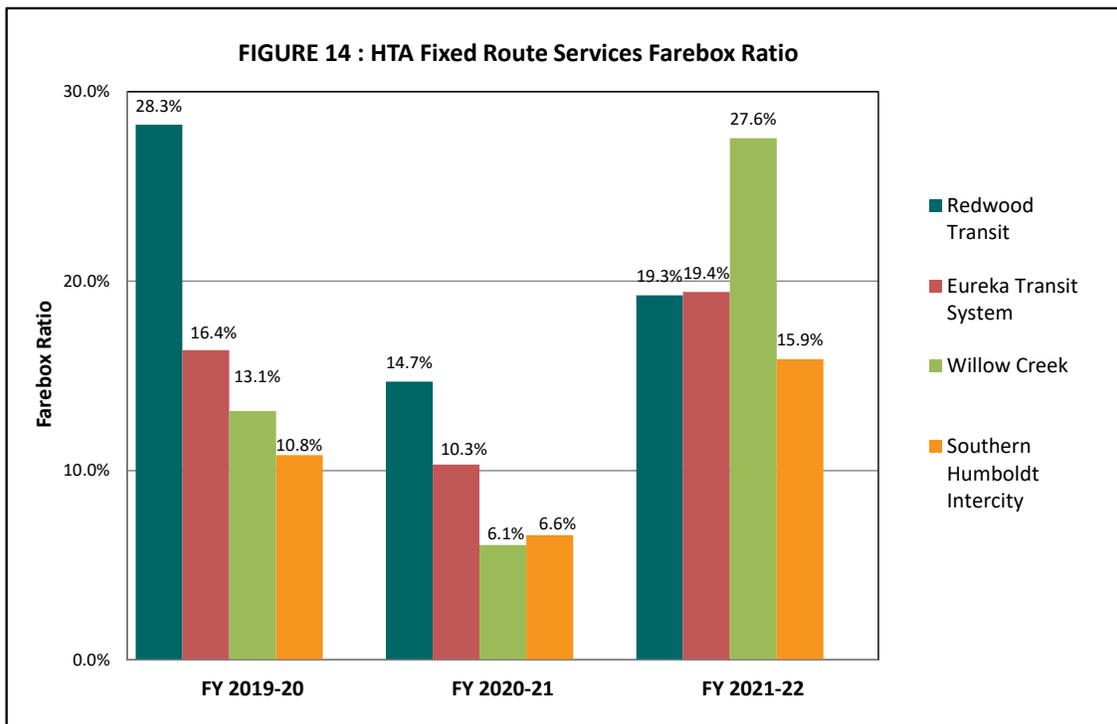


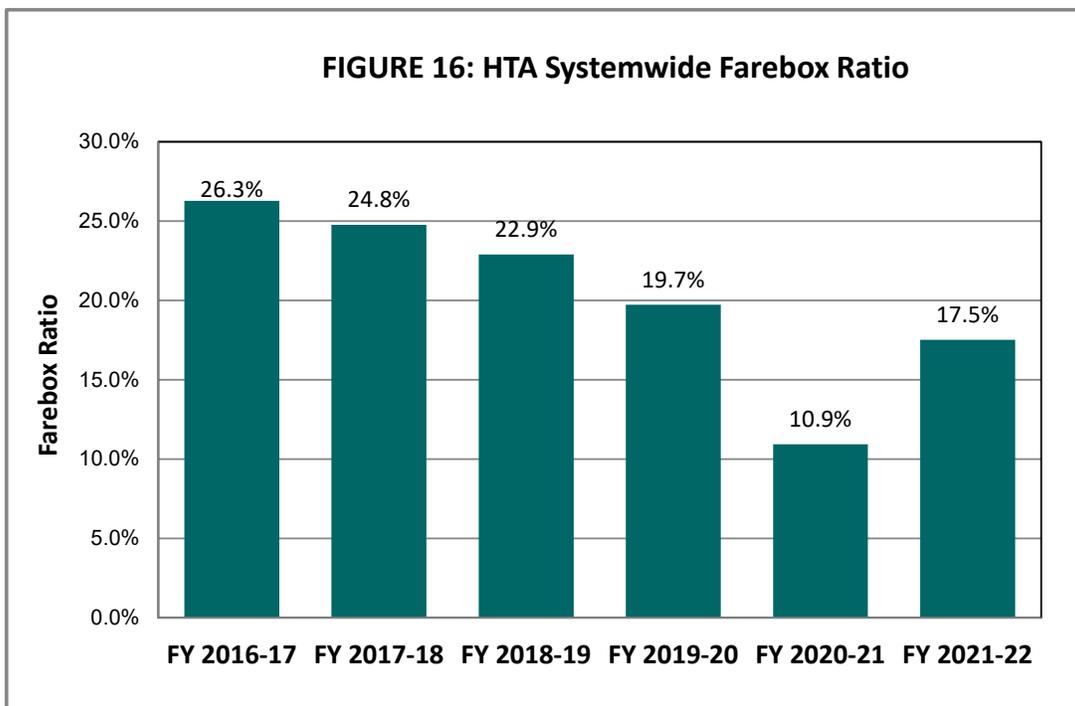
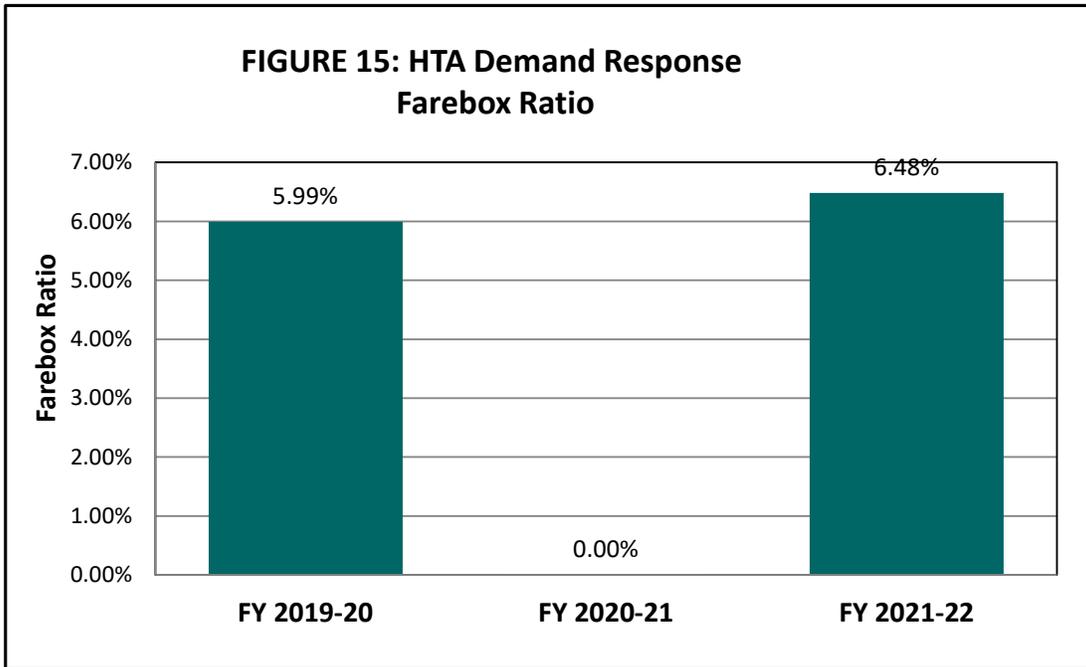


Vehicle Service Hours per Full-Time Equivalent (FTE) Employee data is presented in Tables 1 and 3 and Figure 13. The number of vehicle service hours per FTE equivalent systemwide increased by 2.6 percent, from 919 to 943 during the audit period.



The **Farebox Recovery Ratio** data is presented in Tables 1 - 3 and Figure 14, 15, and 16. The farebox ratio represents the proportion of operating costs paid for by fare revenues. Prior to the COVID-19 pandemic, the California Transportation Development Act (TDA) required rural transit agencies (such as all of those in Humboldt County) to have a farebox ratio of at least 10 percent (or to make up the difference using local funds) in order to avoid a penalty. As a result of the stay-at-home orders and the COVID 19 pandemic in FY 2019-20, transit operators who did not meet the required minimum farebox recovery ratio requirement cannot be penalized (per Assembly Bill 90). This temporary relief was extended through FY 2022-23, per Assembly Bill 149.





Although farebox ratio requirements will return next fiscal year, AB 149 outlined new operating cost exclusions as well as redefined local support so that it will be much easier for transit agencies to meet the 10 percent requirement. Per TDA, if fare revenue alone is insufficient to meet the 10 percent requirement, transit operators can use “local funds” to supplement fare revenue. Local funds are defined as, “any nonstate grant funds or other revenues generated by, earned by, or distributed to an operator.” Examples include FTA grant funds (as of July 2021), advertising revenue, lease revenue or funds provided by a local agency.

On the expense side, operating cost increases beyond the change in the Consumer Price Index for the following categories can be excluded from farebox ratio calculation:

- Complementary paratransit service
- Fuel
- Alternative fuel programs
- Power, including electricity
- Insurance premiums and payments
- State and federal mandates
- Startup costs for new services for a period of not more than two years

Beginning in FY 2021-22, operating cost increases for additional categories can also be excluded per AB 149 such as: costs associated with demand response or microtransit services that expand access beyond fixed route corridors, costs associated with improvements to payment and ticketing systems, security services, expense greater than the actuarially determined contribution associated with pensions and other post-employment benefits, integration with other operators and transitioning to zero-emission operations.

Data from Fiscal and Compliance Audits were used to calculate farebox ratio for FY 2019-20 and FY 2020-21 while unaudited data was used in FY 2021-22. As shown in Table 3, however, systemwide farebox recovery ratio (when local funds are included) has remained above the 10 percent requirement for a rural public transit system. As shown in Table 1, farebox ratio for fixed route services ranged from 6.07 percent to 28.26 percent with only two fixed routes dropping below 10 percent for a single fiscal year (FY 2020-21). DAR farebox ratio was well below 10 percent for the duration of the audit period (Table 2). Although it is important to review farebox ratio and other performance indicators on a per route level, it is not necessary for DAR services to meet the 10 percent farebox ratio for TDA eligibility purposes. HTA should be proud of maintaining a systemwide farebox recovery ratio above 10 percent. Furthermore, due to the allowances of AB 149, the farebox ratio will likely be significantly higher in the future.

### ***Assessment of Internal Controls***

To ensure that the information gathered as part of this audit is reliable and valid, a review of internal controls is necessary. A transit operator's internal controls are intended to do the following:

- Provide reasonable assurance that program goals and objectives are met
- Ensure that resources are adequately safeguarded and efficiently used
- Ensure that reliable data are obtained, maintained, and fairly disclosed in reports
- Ensure that the transit operator complies with laws and regulations

HTA appears to have a reasonably well-developed system of internal controls appropriate to the size of the transit system. This statement is echoed in the two Fiscal Auditor's Reports available at time of writing.

## REVIEW OF COMPLIANCE REQUIREMENTS

As an entity receiving TDA funds for transit purposes, HTA is required to comply with laws and statutes set forth in the Act. Below is a discussion of HTA's compliance with sections of the Public Utilities Code which relate to transit performance, as recommended in the *Performance Audit Guidebook*. Table 5 displays the results of the compliance analysis:

Requirement	PUC Reference	In Compliance?		Comments
		Yes	No	
(1) The transit operator submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller within the specified time period.	99243		x	FY 2019-2020 submitted 2/10/21
(2) The operator has submitted annual fiscal and compliance audits to its RTPA and to the State Controller within 180 days following the end of the fiscal year, or has received the 90-day extension allowed by law.	99245		x	FY 2019-20 submitted 5/25/2021 FY 2020-21 submitted 5/30/2022 FY 2021-22 extension filed 12/27/22
(3) The CHP has, within the 13 months prior to each TDA claim submitted by an operator certified the operator's compliance with Vehicle Code Section 1808.1 following CHP inspection of the operator's terminal.	99251	x		
(4) The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPE for such claims.	99261	x		
(5) If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	99270.1	NA		
(6) The operator's operating budget has not increased by more than 15 percent over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities.	99266	x		
(7) The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247.	99247		x	Exception: Vehicle service hours and miles
(8) If the operator serves an urbanized area, it has maintained a ratio of fare revenue to operating cost at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of at least three-twentieths (15 percent).	99268.2, 99268.3, and 99268.1	NA		
(9) If the operator serves a rural area, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	99268.2, 99268.4, and 99268.5	x		Per Assembly Bill 90 (2020), any penalty on transit operators for non-compliance of farebox recovery ratio requirements is prohibited in FY 2019-20 and FY 2020-21. AB 149 (2021) extended this relief through FY 2022-23.
(10) The current cost of 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 RTPA, which will fully fund the retirement system for 40 years.	99271	x		
(11) If the operator receives state transit assistance funds, the operator makes full use of funds if available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	California Code of Regulations, Section 6754 (a) (3)	x		

1. In accordance with Public Utilities Code Section 99243, HTA has submitted annual reports to the State Controller based on the Uniform System of Accounts and Records established by the State Controller. In Fiscal Year 2020-21 and 2021-22 this report was submitted within the required time period. In FY 2019-20, the report was submitted ten days after the deadline. It is important to note that the County Auditor, who is responsible for preparing these reports is critically behind schedule in completing tasks on time for multiple agencies.
2. Per the requirements set forth in PUC Section 99245, HTA submitted annual Fiscal and Compliance audits to the HCAOG and to the State Controller for the first two years of the audit period. The FY 2019-20 and FY 2020-21 audits were completed after the deadline and the FY2021-22 audit has not yet been received. A 90-day extension was filed by HCAOG in December 2022 for FY 2021-22. As with most rural counties, the County auditor is the keeper of financial information for HTA. As rural county auditors are typically short staffed and have a wide variety of funding and accounting issues to deal with for all county departments, public transit is not always at the top of that list. This can cause delays in providing financial data to the Fiscal and Compliance Auditor. During the current audit period, HTA began conducting payroll internally. Hopefully, this will alleviate the burden on the County Auditor to provide accounting services for HTA and will in turn allow HTA to submit Fiscal and Compliance Audits on time.
3. In accordance with PUC Section 99251, HTA has submitted evidence that the California Highway Patrol has certified compliance with Vehicle Code Section 1808.1 within the 13 months prior to each TDA claim submitted.
4. In accordance with PUC Section 99261, HTA's claims for TDA funds were submitted in compliance with rules and regulations adopted by the HCAOG for such claims.
5. As HTA does not serve an urbanized area, PUC Section 99270.1 does not apply.
6. PUC Section 99266 requires that HTA's operating budgets not increase by more than 15 percent over the preceding year, and no substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities be realized unless the operator has reasonably supported and substantiated the change(s). See Table 3 for actual systemwide operating costs between FYs 2019-20 and 2021-22. Annual operating costs for all HTA services increased by less than 15 percent each year of the audit period. Therefore, HTA is in compliance with PUC 99266.
7. HTA's definitions of performance measures must be consistent with PUC Section 99247. A review of HTA's definitions shows that not all performance measures are recorded and reported consistent with the requirements of the above code section. HTA reports total miles and total hours (including deadhead) to the HTA Board as well as the State Controller.
8. As the HTA service area includes only rural areas, HTA services are not subject to 20 percent fare revenue ratio requirement.
9. As the HTA service area includes only rural areas, HTA services are subject to a 10 percent farebox ratio requirement. HTA systemwide services met this requirement each year of the audit period, shown in Table 3.

In reference to PUC Section 99271, HTA offers a retirement plan to its transportation employees through the California Public Employees Retirement System (PERS). As of June 2018, reports show that the CalPERS responsibilities were only around 70 percent funded. CalPERS is taking steps to increase the funded status such as shortening the amortization period and adopting new strategic asset allocation. Additionally, as referenced above, GASB 68 and 75 now requires that employers show the pension and OPEB liabilities on their balance sheets instead of in the footnotes. This is a way of forcing employers (including cities, counties and joint powers authorities) to recognize their share of the state's unfunded liability in hopes that the employers take more interest in having these liabilities paid off.

10. Despite the changes to the balance sheets, actuarial valuations performed by CalPERS assume that the amortization period for the unfunded liability for CalPERS is 30 years or less. Therefore, the retirement system will be funded within 40 years, per PUC 99271.
11. In accordance with California Code of Regulations Section 6754(a)(3), HTA makes full use of funds available to it under the Urban Mass Transportation Act of 1964 (in particular, FTA Section 5311 Non-Urbanized Area Formula Program funds administered by Caltrans) before TDA claims are granted.

## STATUS OF PREVIOUS AUDIT RECOMMENDATIONS

The previous audit was completed by LSC Transportation Consultants, Inc. in 2020. The recommendations from that effort are enumerated below.

**Recommendation 1:** Report operating data and performance measures to the State Controller in accordance with definitions in Appendix B of the *Performance Audit Guidebook*.

**Implementation In Progress:** Performance activity reports note that miles include both revenue and non-revenue miles. Given that the miles and hours reported in the performance activity report are almost identical to those in the State Controller Reports, the auditor concludes that miles and hours are not reported to the State Controller in accordance with the definitions in Appendix B of the *Performance Audit Guidebook*. HTA recently begun implementation of this recommendation as a new driver app, Swiftly, has been used to track revenue vs. non-revenue hours as of February 2023.

**Recommendation 2:** For TDA eligibility and compliance purposes, calculate one farebox ratio for all of HTA services in the Fiscal and Compliance audit as an added performance statistic.

**Implementation Complete:** Beginning in FY 2020-21, the Fiscal Auditor calculated and reported one farebox recovery ratio for all HTA services.

**Recommendation 3:** Annually provide a performance report to the HTA board which sums all routes and services to get a better idea of overall systemwide trends and farebox ratio.

**Implementation Complete:** Beginning in FY 2021-22, HTA began including a summary of operational statistics and farebox ratio for all routes and services combined as part of the performance activity report provided to the Board.

**Recommendation 4:** HTA should prepare a Request for Proposals (RFP) to procure separate accounting services outside the County Auditor.

**Implementation In Progress:** During the audit period, HTA hired a new Finance Manager which gives HTA greater control of payroll and financial records. HCAOG also noted that delays by the Auditor Controller's office that contributed to delays in the completion of fiscal audits during the prior audit period have improved somewhat. HTA continues to seek out areas of improvement to ensure timely submittal of fiscal reports.

## **DETAILED REVIEW OF TRANSIT OPERATOR FUNCTIONS**

This section presents a review of the various functions of HTA. In general, transit operator functions can be divided into the following areas:

- General Management and Organization
- Service Planning
- Scheduling, Dispatch, and Operations
- Personnel Management and Training
- Administration
- Marketing and Public Information
- Maintenance

### **General Management and Organization**

#### ***Organizational Structure***

The HTA was established in 1975 under a joint-powers agreement between the cities of Arcata, Eureka, Fortuna, Rio Dell and Trinidad and the County of Humboldt. HTA is headquartered in the county seat of Eureka. HTA is governed by a seven-member Board of Directors, comprised of one representative each from the five incorporated cities and two representatives from the County of Humboldt. The Authority is administered by the General Manager and is supported by staff including the Operations Manager, Director of Maintenance, Finance Manager, Human Resources Manager, Administrative Assistant and ADA Specialist. Two additional personnel support the Finance Manager, while the Director of Maintenance is supported by one Shop Supervisor and nine Shop Personnel. Additionally, there is one driver trainer and 28 drivers, most of which are full-time. HTA also has a Driver Trainer and Safety Officer. The drivers, mechanics, and shop supervisors are represented by a bargaining unit.

HTA also contracts with a private transportation company (City Ambulance of Eureka) for the provision of DAR services. Given the size of the HTA program, its internal organization structure is appropriate. The managerial authority is well defined within HTA. Lines of reporting are clearly defined and appropriate.

#### ***Administrative Oversight***

The General Manager regularly receives, reviews, and acts on performance and financial information compiled internally on a monthly basis. The General Manager meets weekly with Human Resources, Administrative Coordinator, Finance, and Transit Planner. Safety meetings with the drivers occur every two months. The Safety Team and the Public Transit Agency Safety Plan Team meet monthly. The General Manager reports operating statistics and performance indicators to the board monthly.

## ***Recent Program Changes and Innovations***

There have been several changes to the HTA transit program during the audit period.

- The “Taxi-Transit” pilot program to serve Old Arcata Road was implemented in 2019, however was discontinued at the end of FY 2020-2021 due to low ridership. Table 4 shows performance indicator data for FY 2019-20 and FY 2020-21 service. Only a total of 11 trips were provided in FY 2019-20 and 16 in FY 2020-21.
- The Samoa Transit System began in January 2021, connecting Samoa and Eureka. Table 4 shows performance indicator data for FY 2020-21 and FY 2021-22 service. Ridership has improved somewhat since 2021, however the service will not continue after FY 22-23.
- Early morning and late-night service on Redwood Transit was suspended during the audit period. HTA plans to provide these services again as soon as HTA is able to recruit and retain a sufficient number of qualified drivers.
- HTA modified the Eureka Transit Service to begin Saturday service one hour earlier and end weekday service one hour earlier in the evening due to low evening weekday ridership. This change in service was implemented July 1, 2021.

New services implemented as a result of the unmet transit needs process, such as the Old Arcata Road service, continue to not meet ridership goals and are discontinued after the initial trial period. HTA continues to work with HCAOG to improve its process to evaluate new services.

On the capital side, HTA acquired and installed two DC fast electric chargers at the maintenance facility to support two electric buses that were recently purchased by A&MRTS and will be stored and maintained by HTA.

## ***Communications with Other Government Agencies***

HTA has an active and positive relationship with the applicable RTPA, HCAOG. The General Manager serves as an intergovernmental liaison with the HTA Board and other regional entities including the entities who contract with HTA for service.

## **Service Planning**

### ***Strategic Planning***

The effectiveness of a transit system is highly dependent on the continued development of short- and long-range transit plans. The HCAOG commissions regular updates of the Humboldt County Transit Development Plan (TDP), which provides financially constrained and unconstrained recommendations for improving mobility throughout Humboldt County. The most recent TDP was adopted in 2017 and is currently being updated in 2023. 2017 Plan elements relevant to HTA included:

- Provide Redwood Transit System Mainline Eureka to Arcata express services.
- Eliminate Southern Humboldt Local Service and Provide Southern Humboldt Intercity Service on Weekends
- Add stop in Blue Lake on Willow Creek Service

- Eliminate Tish Non-Village Service
- Later Saturday Service along Redwood Transit Mainline
- Earlier Weekday Service on Eureka Transit System

Potential alternative operating scenarios considered as part of the 2023 update include:

- RTS express service
- Later Saturday RTS service
- Sunday RTS service
- Samoa/Manila Microtransit service
- F/Harris Hub route structure for ETS
- EaRTH Center route structure for ETS
- Expand ETS service and explore microtransit
- Reduce or eliminate WC Saturday service
- Reroute A&MRTS services
- Expand hours/days of A&MRTS service
- Microtransit in Fortuna
- General public Dial-A-Ride in Fortuna
- Service to Mendocino County on the Redwood Coast Express

### ***Evaluation of Existing Fixed Routes***

The operator regularly reviews ridership and fare data in order to evaluate existing fixed-route services. The most recent TDP effort analyzed regional demographics, commuter patterns, fixed route boarding and alighting, and on-time performance. Stakeholder interviews, an online community survey, and onboard passenger surveys were also conducted to gain perspective on local transportation strengths and weaknesses.

### ***Planning For and Serving Special Transportation Needs***

HTA's services meet the federal and state requirements, such as ADA policies, to serve persons with disabilities. In total, there are 59 revenue vehicles for RTS, Southern Humboldt, DAR, ETS, Arcata and Mad River Transit, and Willow Creek services. All HTA vehicles are equipped with wheelchair lifts and tie downs, which conform to the requirements of the Americans with Disabilities Act (ADA) of 1990 requirements in regard to accessibility. Bicycle racks are available on most large buses. HTA is the designated Consolidated Transportation Services Agency for Humboldt County. HTA also recently updated their ADA plan.

### ***Public Participation***

Both HTA and HCAOG meetings are open to the public and are conducted in an accessible facility per the requirements of the ADA. During the audit period, HTA did not conduct much public input beyond

meetings/workshops for the SRTP update and the unmet transit needs process. HTA only implements changes when they are fiscally constrained.

### **Scheduling, Dispatch, and Operations**

This functional area concerns the short-term scheduling of routes, drivers, and vehicles, the daily coordination and assurance that each customer is served, and the specific function of providing transportation service. HTA has a Procedures Manual which outlines all operations procedures including accident procedures, radio procedures and how to receive complaints.

#### ***Assignment of Drivers to Routes***

The driver shift selection process occurs three times per year (based on seniority) and is well-defined in a Memorandum of Understanding (MOU) with the American Federation of State, County and Municipal Employees (AFSCME) Local 1684 Humboldt County Public Employees Association. The HTA drivers are appropriately certified for the types of vehicles operated by HTA.

#### ***Assignment of Passengers to Demand Responsive Routes***

As CAE maintains its own dispatch center, all requests for DAR reservations are routed through the CAE. During the audit period, CAE used RouteMatch, however recently switched to RideCo. HTA staff has not heard many complaints about the reservation process with the exception of when 24-hour notice was first required.

HTA has established a no-show/ late cancellation policy which is available on the HTA website. HTA staff reported that no-shows and late cancellations are not a significant issue.

Only ADA eligible passengers are allowed to use the DAR service. The DAR application is available on the HTA website and requires healthcare verification.

#### ***Part-Time and Cover Drivers***

HTA currently employs both full-time and part-time drivers, as well as extra board employees to help cover shifts, such as when other drivers are sick or on vacation. Benefits and vacation policies are also outlined in the MOU.

### **Personnel Management and Training**

#### ***Recruiting***

During this audit period, HTA struggled with a high turnover rate and not being able to find enough qualified drivers. During the audit period, the staff turnover rate at HTA increased from 10 percent to around 30 percent due mainly to early retirement or staff finding better opportunities. HTA recruits new drivers through social media, Craigslist, notifications on vehicles, on the HTA website, and through GovernmentJobs. The HTA training program is set up so that recruits with no experience go through the same program as those with driving experience. As such, HTA is willing to train the right candidate regardless of experience.

## ***Motivation***

HTA has not established any monetary or non-monetary incentive programs. During the beginning of the audit period, part-time drivers received a 7 percent increase in pay and mechanics received a 15 percent increase in pay. All HTA drivers received hazard pay during the audit period as a result of the COVID-19 pandemic. When hazard pay expired in December 2022, employees received a one-time \$1,750 bonus funded through the CARES Act. Job performance evaluations are not performed regularly for employees, however the General Manager conducts informal weekly meetings with employees.

HTA amended their sick and vacation policies during the audit period. Drivers now accrue sick leave at a rate of 10 days per year. Vacation leave can be requested either as primary vacation, of which up to two people can take each week, or secondary vacation, which is approved/denied depending on driver coverage.

## ***Training and Safety***

A full-time driver trainer provides initial and on-going training for drivers with the assistance of another driver who is a certified trainer. The training program involves over 100 hours of training. HTA has four different types of vehicles and drivers must spend at least 40 hours training on each type of vehicle. The Safety Coordinator tracks training hours and ensures that the program is completed. Safety meetings are also held every other month to satisfy transit driver training (VTT).

HTA developed a Public Transit Agency Safety Plan (PTASP) and adopted the Plan in 2020. This Plan sets forth guidance for establishing and reviewing safety performance targets. The PTASP Committee reviews the PTASP annually.

## **Administration**

Personnel policies regarding vacation, sick leave, benefits, and discipline are not identified in the MOU but the policy is clearly communicated to drivers upon hire.

## ***Budgeting and Management Information Systems***

HTA has a well-developed budget and reporting system that is appropriate to the size and scope of the transit program. If substantial excesses over the approved budget were to occur, they would require approval by the Board. HTA monthly reports are reviewed by the General Manager and reported to the board include a profit and loss section for each service comparing actual expenses to budgeted expenses.

## ***Financial and Grants Management***

During the audit period, the Transit Manager had primary oversight of grants management duties. During the audit period, the operator had not lost any grants or neglected grant opportunities. In 2022, HTA applied for and was awarded \$38.7 million in funding from the Transit and Intercity Rail Capital Program (TIRCP) to purchase 11 full-sized FCEBs and to construct a new hydrogen fueling station at the HTA maintenance yard and support the multimodal EaRTH Center.

## ***Risk Management and Insurance***

Humboldt County is insured through California Transit Systems Joint Powers Insurance Authority (CalTIP) insurance pool for public liability, injuries to employees, natural disasters and property damage up to \$20 million with a deductible of \$50,000 per occurrence. With respect to emergency response, the Safety Coordinator works with the California Office of Emergency Services. HTA buses are available for use in an emergency.

## ***Contract Management***

HTA employs a transit contractor, CAE, for the operation of DAR service. The current contract with CAE expires July 1, 2023. During the audit period, HTA contracted with RouteMatch to provide DAR scheduling software services. HTA staff indicated that they were not satisfied with RouteMatch customer service and will be changing to RideCo for DAR scheduling once the RouteMatch contract expires. RideCo software provides the ability to maximize rides per trip by allowing the general public to schedule last minute DAR services once all paratransit needs have been met. This is a way to increase productivity and increase use of DAR services by the general public.

## ***Revenue Collection and Cash Management***

On-vehicle fare collection mechanisms are appropriately secure on HTA buses. All buses use GFI electronic fareboxes. Cash boxes can only be removed when locked. After each shift, the farebox is “probed” which opens the door to the farebox and allows for removal of the cash box. The driver then securely deposits the cash into the vault at the HTA office (without having to handle it). Data is electronically transferred into the computer database where Excel spreadsheets track performance indicators by type of service. Once a week, the Transit Manager and the Finance Manager empty the vault, sort, and bag the cash. Brinks Security then comes and brings the cash to their secure location for counting, then deposits the money for HTA. HTA staff compare actual revenue stated in Brinks reports to projected revenue based on ridership figures. The differences are usually minimal. If there is a discrepancy, the money is recounted.

There is a different process for reconciling ticket and pass sales. One staff member at the front desk handwrites the sale. The transactions are entered into QuickBooks daily. A different staff member takes the cash from all ticket sales and deposits at the bank. A third staff member reconciles the transactions. HTA’s revenue collection and cash management process is secure and effective.

Recently after the end of this audit period, all HTA buses were equipped with credit card validators through which HTA began a Tap on/Tap off Pilot Program. This program and these validators enable passengers to directly use their credit or debit cards to pay for bus fare onboard the bus. Technological support for the GFI electronic farebox currently used by HTA, Genfare Odyssey Farebox, was discontinued in December 2022. As these fareboxes continue to age out of service, HTA will be required to replace the fareboxes with a new model, return to use of a cash box onboard, or transition to a new fare collection system. The HTA General Manager indicated that HTA is interested in exploring the possibility of going cashless systemwide. It is recommended in this report that HTA study and consider a transition to a cashless fare payment system as an option to replace the existing system.

## ***Procurement***

HTA's policies and practices ensure competitive procurement where possible. In a remote area such as Humboldt County, it is not always feasible to competitively procure items such as fuel. HTA competitively procures vehicles through the Cal Act Consortium. Purchases over \$50,000 require Board approval.

## **Marketing and Public Information**

### ***Public Information***

Schedules and service information are available to current and potential riders through the operator's website, through the Transit app, and through QR codes on passes. Paper schedules are distributed to local service agencies and other public forums when requested. The website presents a regional view of public transit. In addition to HTA operated routes, schedule information is available for Arcata & Mad River Transit and Blue Lake Transit. The website includes easy to read maps and schedules. Real-time bus arrival information is available through the Transit app application. Complaints and compliments are recorded using Track It software, as well as accidents and near misses. All complaints are checked for validity by Human Resources and are responded to individually.

### ***Marketing***

HTA has explored a wide variety of marketing strategies including radio ads, TV commercials, public outreach to schools and attending community events such as the annual parade and Electric Vehicle Expo, as well as distributed promotional material such as refrigerator magnets and post cards. HTA occasionally holds promotional events such as free transit on weekends and holidays.

HTA is interested in pursuing regional branding for all public transit services in Humboldt County. This would promote a cohesive concept of transit services in the region to the general public and may encourage increased coordination between transit operators.

### **Maintenance**

Vehicle maintenance is conducted on-site at the HTA administrative facility located at 2nd and V Streets in Eureka. The maintenance facility includes five bus bays, one bus wash station, two pit lifts, one portable lift and one above ground lift. HTA keeps a sufficient number of spare parts so that routine maintenance does not delay regular service.

The operator maintains good working relationships between dispatch and maintenance staff through constant communication that ensures all routes have been assigned vehicles that are in good repair. HTA has a good preventative maintenance plan in place and has not had an availability issue due to vehicle maintenance issues. HTA maintenance staff consists of 10 full-time and 1 part-time employees.

### ***Sufficiency of Facility***

The HTA maintenance facility is capable of completing most normal service repairs to the vehicles, except for warranty work, body damage and some windshields. HTA recently expanded the facility. The improved facility is large enough to accommodate HTA buses as well as future alternative fueling infrastructure. HTA is working on developing a circulation plan for the facility so as to optimize space. During the audit

period, HTA began leasing an administrative building located within the facility grounds as part of HTA's COVID mitigation. Now the site of Human Resources, driver break rooms, the driver training office, and accounting, HTA has had positive feedback on this expansion and plans to keep the building moving forward.

HTA has a good security camera system which allows the General Manager to view all parts of the facility from his desk.

### ***Vehicle Condition***

HTA maintains a fleet of 59 active buses. Eleven of these vehicles are owned and used by Arcata and Mad River Transit. HTA has a good vehicle replacement schedule in place. On average, HTA fleet vehicles have a mileage of 189,931 miles and an average age of 9 years. During the audit period, HTA replaced nine vehicles that had reached the end of their useful life.

HTA is currently completing a Zero-Emission Vehicle (ZEV) Rollout Plan, as required by the Innovative Clean Transit (ICT) regulation (Cal. Code Regs. Tit. 13 § 2023.1(d)), to transition the HTA vehicle fleet to ZEV. HTA is considering hydrogen fueling as the PG&E electrical grid cannot currently support new chargers south of Eureka and has secured funding for a hydrogen fueling station as part of a TIRCP grant.

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## CONCLUSIONS AND RECOMMENDATIONS

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The Auditor's analysis of the Humboldt Transit Authority indicates that, in terms of operations, the system was efficiently run and well managed during the audit period given the challenges presented by the COVID-19 pandemic. Demand for public transit significantly decreased during the pandemic, particularly for elderly, disabled and group social service trips. This has significantly impacted HTA's performance. Overall, HTA adheres to TDA laws and regulations in an efficient and effective manner and is in compliance with TDA rules and regulations with a few exceptions. The following notes the auditor's findings and recommendations:

### FINDINGS

- Although HTA systemwide ridership declined by 38 percent during this audit period (between FY 2019-20 and FY 2021-22), ridership increased by 26 percent in FY 2021-22 (the last year of the audit period), suggesting a positive trend post-pandemic. This significant drop in ridership as a result of the pandemic has negatively impacted all performance measures.
- Productivity on the fixed routes met the minimum standards identified in the most recent TDP update with the exception of Redwood Transit Mainline which was only slightly below the standard. However, performance between FY 2019-20 and FY 2021-22 should be viewed with caution due to the impacts of COVID-19. DAR productivity is on par with other demand response services, around two passenger trips per vehicle service hour.
- Operating cost per trip for fixed route services increased significantly over the audit period (69 percent), but saw a 28 percent decrease (improvement in cost efficiency) in FY 2021-22.
- All the prior audit recommendations were implemented or in progress.
- HTA has a good data and revenue collection process in place.
- During the audit period, HTA met most of the TDA requirements with the exception of:
  - Completing Fiscal and Compliance Audits on-time for all years of the audit period
  - State Controller Reports being submitted on-time in FY 2019-20
  - The operator's definition of two performance measures (vehicle service hours and miles) being consistent with PUC Section 99247.
- HTA transit services exceeded the required farebox ratio of 10 percent each year of the audit period.
- HTA maintains a sufficient operations and maintenance facility to currently meet the needs of a regional public transit operator while considering future options for expansion and reorganization to meet the changing/fueling needs of a ZEV fleet.
- HTA has begun to prepare for the eventual switch to alternative fuel technology by installing electric chargers to support A&MRTS and initiating the development of a ZEV Rollout Plan.
- In 2022, HTA was awarded \$38.7 million in funding from the Transit and Intercity Rail Capital Program (TIRCP) to purchase 11 full-sized FCEBs and to construct a new hydrogen fueling station at the recently approved EaRTH Center.

- HTA added a dedicated transit planner to the staff that has had a positive impact in sharing the administrative workload.
- During this audit period, HTA performed well in its new role as the designated CTSA and manager of all the DAR services for the region. In a rural county, having one public transit operator is cost efficient and a good use of minimal resources such as the maintenance facility or administrative staff.
- HTA responded to COVID-19 in a timely and effective manner including by expanding administrative offices into a separate building for social distancing purposes, hiring additional personnel dedicated to cleaning vehicles, installing barriers in all buses, acquiring personal protective equipment for staff, and providing hazard pay.
- HTA has done a good job of trying to consolidate fare structure for the various services it operates through the Regional Transit Pass and Token Transit App.

## RECOMMENDATIONS

**Recommendation 1:** Report operating data and performance measures to the State Controller in accordance with definitions in Appendix B of the *Performance Audit Guidebook*.

HTA compiles detailed operating data reports for each route/type of service. The DAR reports separate revenue and non-revenue hours and miles. However, fixed route reports only include total vehicle hours and miles. These figures are reported to the State Controller. To be consistent with other transit operators, HTA should report vehicle service hours and miles to the State Controller as defined in Appendix B of the *Performance Audit Guidebook*. Discussion with HTA staff suggests that separated revenue and non-revenue vehicle miles and hours are already tracked internally. The TDA definitions for reference are:

Vehicle Service Hour – That time during which a revenue vehicle is available to carry fare-paying passengers, and which includes only those times between the time or scheduled time of the first passenger pickup and the time or scheduled time of the last passenger drop-off during a period of the vehicle’s continuous availability.

Vehicle Service Mile – Those miles traveled by revenue vehicles during their vehicle service hours.

**Recommendation 2:** If farebox recovery ratio falls below the 10 percent TDA requirement, consider allowances made by AB 149 (2021). Consider the following for farebox ratio calculation purposes in the Fiscal and Compliance Audit:

- Account for any federal grants received as local funds, per AB 149 (2021).
- Exclusion of costs from the definition of “operating costs” per AB 149 (2021) which amended PUC Section 99268.17.

(a) Notwithstanding subdivision (a) of Section 99247, all of the following costs shall be excluded from the definition of “operating cost” for the purposes of calculating any required ratios of fare revenues to operating cost specified in this article:

(1) The operating costs required to provide comparable complementary paratransit service as required by Section 37.121 of Title 49 of the Code of Federal Regulations, pursuant to the federal Americans with

Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.), as identified in the operator's paratransit plan pursuant to Section 37.139 of Title 49 of the Code of Federal Regulations.

(2) Cost increases beyond the change in the Consumer Price Index for all of the following:

(A) Fuel.

(B) Alternative fuel programs.

(C) Power, including electricity.

(D) Insurance premiums and payments in settlement of claims arising out of the operator's liability.

(E) State and federal mandates.

(3) Startup costs for new services for a period of not more than two years.

(4) Costs required to operate demand-response and microtransit services that expand access to transit service beyond fixed route corridors. For purposes of this paragraph, "microtransit" has the same meaning as in Section 99314.6.

(5) Costs of funding or improving payment and ticketing systems and services.

(6) Costs of security services and public safety contracts.

(7) Any expense greater than the actuarially determined contribution associated with pensions and other post-employment benefits as required by Governmental Accounting Board Statement Numbers 68 and 75.

(8) Costs of planning for improvements in transit operations, integration with other operators and agencies, transitioning to zero-emission operations, and for compliance with state and federal mandates.