# REPORT TO SHASTA COUNTY RTPA

| SUBJECT | | MEETING DATE | ITEM NUMBER |
|---|---|---|---|
| Consider Accepting the Redding Area Bus Authority (RABA) Triennial Performance Audit | | 2/22/05 | 3-4 |

RECOMMENDATION

It is recommended that the Agency accept the triennial performance audit of the Redding Area Bus Authority (RABA) for the fiscal years ending June 30, 2001, 2002 and 2003.

SUMMARY

The objective of the performance audit of the Redding Area Bus Authority is to provide an independent, high-level evaluation of RABA's overall performance. It is intended to be diagnostic, determining where performance is good and where the need for improvements in performance may be indicated. This audit has been completed for RABA for the three fiscal years ending June 30, 2003. We concur with the findings and recommendations, and recommend acceptance.

DISCUSSION

California Public Utilities Code Section 99246 requires that the RTPA designate an outside auditor to make a performance audit of each public transit operator within its jurisdictions. The Shasta County RTPA engaged the public accounting firm of D.H. Scott and Co. to perform the audit. The audit was completed for fiscal years 2000/01, 2001/02 and 2002/2003. The functions included in the audit focused on:

1. General management and organization
2. Service Planning
3. Scheduling, dispatch, and operations
4. Personnel management and training
5. Administration
6. Marketing and public information
7. Maintenance

Based on audit findings the only recommendation for the current year is that if RABA cannot submit annual fiscal and compliance audits prior to January, RABA should file for a 90-day extension. This extension is allowed by law and also referenced in the Public Utilities Code, Section 99245.

RABA agrees with the recommendation and will request a 90-day extension before the end of each year if their audits have not been completed.

OTHER AGENCY INVOLVEMENT

RABA has reviewed and accepts the audit. This item was discussed at the February 08, 2005 Technical Advisory Committee (TAC) meeting.

FINANCING

This item has no financial impact.

Daniel J. Kovacich, Executive Officer

SLC/jac

Attachment: RABA Performance Audit

# PERFORMANCE AUDIT OF THE REDDING AREA BUS AUTHORITY

## FOR THE FISCAL YEARS ENDING JUNE 30, 2001, 2002 AND 2003

PERFORMANCE AUDIT OF THE

REDDING AREA BUS AUTHORITY

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To the Board of Directors
Redding Area Bus Authority
760 Parkview Avenue
Redding, California 96001

Dear Board Members:

The objective of the performance audit of the Redding Area Bus Authority (RABA) is to provide an independent, high-level evaluation of RABA's overall performance. It is intended to be diagnostic, determining where performance is good and where the need for improvements in performance may be indicated.

The audit was conducted in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States and the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* issued by the California Department of Transportation, which requires a triennial performance audit. This audit is for the fiscal years ended June 30, 2001, 2002 and 2003.

The purpose of a performance audit is to determine compliance with laws and regulations that could significantly affect the acquisition, management and utilization of the resources of RABA (economy and efficiency) and to determine whether programs are being carried out in conformity with laws and regulations (program results).

The objective of the economy and efficiency portion of the audit is to consider whether, in carrying out its responsibilities, RABA is giving due consideration to conservation of its resources and minimum expenditure of effort. The objective of the program results portion is to consider whether the programs or activities are meeting established objectives, the adequacy of systems for measuring effectiveness and to identify factors inhibiting satisfactory performance.

The audit focused on the following:

1. Reviewing the process of establishing goals and objectives.

2. Determining goals and objectives and how well they are documented and communicated.

3. Evaluating performance relative to those goals and objectives.

4. Evaluating the efficiency and effectiveness of the major functional areas.

In connection with those items, a number of functional areas were reviewed and evaluated. Performance was evaluated and documented based on interviews with management, policymakers and employees, as well as an analysis of key documents and diagnostic indicators. Data was collected, indicators were calculated and trend analysis was performed for the three fiscal years ended June 30, 2001, 2002 and 2003.

A part of the audit involved the identification, review and evaluation of internal administrative controls in effect. Administrative controls include the organization plan and procedures concerned with operational efficiency and adherence to management policies. Comments relating to material weaknesses, if any exist, are contained in the body of the report.

This report is organized into five parts. The first part contains general information about RABA. The second part comprises findings and recommendations expressed as part of our review of RABA. The third part contains findings and recommendations expressed in the prior performance audit report. The fourth part provides our conclusions and major recommendations. The fifth part presents tables of the calculated performance indicators for the fixed route, demand response, and express service systems.

## GENERAL INFORMATION

The Redding Area Bus Authority (RABA) was formed in 1976 by a joint powers agreement (JPA) between the City of Redding and the County of Shasta to provide public transportation services within the Greater Redding area. Between 1976 and 1981, RABA conducted in-depth studies to determine the type of system which would provide the most cost effective service for the community. RABA began fixed route and demand response public transportation service in November 1981, utilizing twelve 1974 model Mercedes-Benz, 19-passenger vehicles acquired from San Diego Transit. The service provided access to shopping, residential, commercial, medical, and recreational areas in the Redding area.

In 1983, service was expanded to include a route to Shasta College, which now also serves Simpson College. A route was added in 1985 to provide service to the Central Valley, Project City, Summit City and Pine Grove areas north of Redding. (This area, incorporated in 1993, is now the City of Shasta Lake and is a member of the JPA). In 1987, RABA purchased ten 1987 (32-passenger) Gillig coaches to replace an aging fleet. The new vehicles brought to RABA a new image, which in turn has increased ridership and improved public acceptance of the service. In October 1994, expanded fixed route service was implemented, necessitating the acquisition of four transit coaches. In 1998-99 and 1999-00, eleven 35-foot coaches were purchased with Proposition 116 and Federal Transit Administration funds, replacing vehicles in RABA's aging fleet. RABA replaced 17 transit vehicles through its bus replacement schedule in 2001-2002 and another one in 2002-2003.

The Joint Powers Agreement between the City of Redding and the County of Shasta was amended effective January 1, 1998, to include the City of Anderson and City of Shasta Lake. Therefore, Route 9, which was previously under a contract with Anderson-Cottonwood Transit, is now included in RABA's service area.

Over the past ten years, RABA experienced a cumulative growth in ridership for the fixed route and express route of 30 percent. This growth was attributed to the opening of RABA's new intermodal passenger transfer facility, better known as the Downtown Transit Center. The facility provides shelter from the elements, pedestrian accessibility from the surrounding Redding downtown area, ingress and egress for buses, a safe environment for the passengers in loading and unloading, and seamless connectivity with Amtrak and other carriers.

## CURRENT YEAR FINDING AND RECOMMENDATION

In planning and performing our performance audit of the Redding Area Bus Authority (RABA) for the years ended June 30, 2001, 2002 and 2003, we considered the characteristics and functions of RABA's management. Those functions included, but were not limited to:

- General management and organization;
- Service planning;
- Scheduling, dispatch, and operations;
- Personnel management and training;
- Administration;
- Marketing and public information; and
- Maintenance.

We also examined evidence supporting RABA's compliance with the Transportation Development Act as directly related to performance audits and evaluated certain performance indicators as required by the Transportation Development Act.

Based on our audit, our finding and recommendation is as follows:

### TIMELINESS OF AUDIT SUBMITTAL

#### Finding

Public Utilities Code, Section 99245 requires that the Redding Area Bus Authority submit annual fiscal and compliance audits to its Regional Transportation and Planning Agency and to the state controller within 180 days following the end of the fiscal year. Currently, RABA submits these annual reports to the RTPA and the state controller in January. As a result, RABA is not in compliance with Section 99245 as any day in January is greater than 180 days following their fiscal year end of June 30th.

#### Recommendation

We recommend that if RABA cannot submit their annual fiscal and compliance audits prior to January, RABA should file for a 90 day extension. The extension is allowed by law and also referenced in Public Utilities Code, Section 99245.

#### Response

RABA agrees with the recommendation and will request a 90 day extension before the end of each year.

## PRIOR YEAR FINDING AND RECOMMENDATION

The previous performance audit was performed for the fiscal years ended June 30, 1998, 1999 and 2000.

Highlights of the finding and recommendation recorded within the performance report and the current status are as follows:

### SUFFICIENCY OF MAINTENANCE FACILITY

#### Recommendation

It was recommended that RABA request the Shasta County Regional Transportation Planning Agency to either hold funds available under the Transportation Development Act or obtain other funding for the installation of additional maintenance bays. The number of maintenance bays within the facility should be sufficient to ensure that preventative maintenance and major maintenance can be performed in a timely manner based on the size of the fleet. It was also recommended that the use of such funds be incorporated into, but not limited to, the following documents: Regional Transportation Plan, Regional Transportation Improvement Plan, and RABA's Capital Plan.

#### Status

RABA and the SCRTPA have worked together in identifying funding sources for the construction of additional maintenance bays. Currently, the maintenance facility expansion is in progress.

## CONCLUSION

Overall, our conclusion is that RABA is functioning in an efficient and effective manner. RABA appears to be proactive and aware of relevant laws, rules and regulations and continually attempts to improve RABA's operations. The only recommendation we have is the need to submit annual reports to its RTPA and the state controller within 180 days following the end of the fiscal year. If this is not possible, our further recommendation is to file the appropriate 90 day extension. Management has stated that a request for an extension will be made prior to the end of each year.

Respectfully submitted,

D. H. Scott & Company LLP

D. H. SCOTT & COMPANY

REDDING AREA BUS AUTHORITY

TABLE I

FIXED ROUTE

| | Fiscal Years Ending June 30 | | |
|---|---|---|---|
| | 2001 | 2002 | 2003 |
| Operating costs | $ 2,091,079 | $ 2,138,188 | $ 2,278,621 |
| Fare Revenue | 489,278 | 535,678 | 476,066 |
| Passenger Counts | 858,978 | 869,567 | 765,312 |
| Vehicle Service Hours | 47,968 | 47,802 | 48,531 |
| Vehicle Service Miles | 782,815 | 781,167 | 793,538 |
| Employee Hours | N/D | N/D | N/D |
| Operating Cost/Passenger | 2.43 | 2.46 | 2.98 |
| Operating Cost/Vehicle Service Hour | 43.59 | 44.73 | 46.95 |
| Passengers/Vehicle Service Hour | 17.91 | 18.19 | 15.77 |
| Passengers/Vehicle Service Mile | 1.10 | 1.11 | 0.96 |
| Vehicle Service Hours/Per Employee | N/D | N/D | N/D |
| Farebox Recovery Ratio | 23.40% | 25.05% | 20.89% |

N/D - Contract operation. No data available for analysis.

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TABLE II

DEMAND RESPONSE

| | Fiscal Years Ended June 30, | | |
|---|---|---|---|
| | 2001 | 2002 | 2003 |
| Operating costs | $ 968,506 | $ 988,884 | $ 1,010,639 |
| Fare Revenue | 87,171 | 85,434 | 82,134 |
| Passenger Counts | 58,216 | 60,582 | 59,565 |
| Vehicle Service Hours | 21,132 | 23,753 | 23,138 |
| Vehicle Service Miles | 362,888 | 380,209 | 358,613 |
| Employee Hours | N/D | N/D | N/D |
| Operating Cost/Passenger | 16.64 | 16.32 | 16.97 |
| Operating Cost/Vehicle Service Hour | 45.83 | 41.63 | 43.68 |
| Passengers/Vehicle Service Hour | 2.75 | 2.55 | 2.57 |
| Passengers/Vehicle Service Mile | 0.16 | 0.16 | 0.17 |
| Vehicle Service Hours/Per Employee | N/D | N/D | N/D |
| Farebox Recovery Ratio | 9.00% | 8.64% | 8.13% |

N/D - Contract operation. No data available for analysis.

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TABLE III

EXPRESS AND PILOT SERVICES

| | Fiscal Years Ended June 30, | | |
|---|---|---|---|
| | 2001 | 2002 | 2003 |
| Operating Costs | $ - | $ 177,438 | $ 157,571 |
| Fare Revenue | - | 16,974 | 12,481 |
| Farebox Recovery Ratio | - | 9.57% | 7.92% |