



San Joaquin Council of Governments

Triennial Performance Audit of
the City of Tracy for the period
FY 2021/22 - FY 2023/24



SAN JOAQUIN
COUNCIL OF GOVERNMENTS
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Chapter 1 | Executive Summary

In 2024, the San Joaquin Council of Governments (SJCOG) selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the seven transit operators to which it allocates TDA funding.

The California Public Utilities Code requires all recipients of Transit Development Act (TDA) Article 4 funding to undergo an independent performance audit on a three-year cycle in order to maintain funding eligibility. Audits of Article 8 recipients are encouraged.

Given it receives no funding under Article 4, the City of Tracy is not statutorily required to undergo a Triennial Performance Audit, nor has it traditionally been held to the requirements of the TDA. However, the SJCOG, as the RTPA, includes the City in the Triennial Performance Audit process to provide a comprehensive and objective review to offer beneficial insights into program performance.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the City of Tracy as a public transit operator, providing operator management with information on the economy, efficiency, and effectiveness of its programs across the prior three fiscal years. In addition to assuring legislative and governing bodies (as well as the public) that resources are being economically and efficiently utilized, the Triennial Performance Audit fulfills the requirement of PUC Section 99246(a) that the RTPA designate an entity other than itself to conduct a performance audit of the activities of each operator to whom it allocates funds.

This chapter summarizes key findings and recommendations developed during the Triennial Performance Audit (TPA) of the City's public transit program for the period:

- Fiscal Year 2021/22,
- Fiscal Year 2022/23, and
- Fiscal Year 2023/24.

The City of Tracy provides fixed-route bus and paratransit services within city boundaries. The City operates four regular local fixed routes, four commuter routes, and three shuttle routes. Regular local routes generally operate between 7:00 a.m. and 7:00 p.m., Monday through Friday, and from 9:00 a.m. to 7:00 p.m. on Saturday. Commuter routes operate one or two morning trips and two or three afternoon trips Monday through Friday. Paratransit service, which provides door-to-door ADA complementary paratransit service to ADA-certified customers, Medicare cardholders, and seniors (65+), operates from 7:00 a.m. to 6:30 p.m., Monday through Friday, and from 9:00 a.m. to 6:30 p.m. on Saturday.





The City operates three shuttle services: ACE Shuttle, South Tracy Shuttle, and the Arbor Shuttle. The ACE Shuttle operates three morning trips and three afternoon trips, Monday through Friday. The South Tracy Shuttle operates one morning trip and two afternoon trips, Monday through Saturday. The Arbor Shuttle operates four outbound trips from the Transit Station to Arbor Avenue and four inbound trips in the opposite direction, Monday through Saturday. Fares for the shuttle services are the same as the fixed-route service.

Additionally, the City runs the Tracer Plus curb to curb, on-demand/microtransit service. The service operates outside of fixed-route and paratransit service hours: on Monday through Thursday from 4:00 a.m. to 7:00 a.m. and 6:30 p.m. to 10:00 p.m.; on Friday from 4:00 a.m. to 7:00 a.m. and 6:30 p.m. to 11:00 p.m.; on Saturday from 6:00 a.m. to 9:00 a.m. and 6:30 p.m. to 11:00 p.m.; and on Sunday from 8:00 a.m. to 10:00 p.m. Rides are reserved on a first come, first served basis. Riders are able to make reservations up to two days in advance.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit team plans and performs the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. Moore & Associates believes the evidence obtained provides a reasonable basis for our findings and conclusions.

This audit was also conducted in accordance with the processes established by the California Department of Transportation (Caltrans), as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*.

The Triennial Performance Audit includes five elements:

- Compliance requirements,
- Prior recommendations,
- Analysis of program data reporting,
- Performance Audit, and
- Functional review.

Test of Compliance

Based on discussions with City staff, analysis of program performance, and an audit of program compliance and function, the audit team presents two compliance findings:

1. State Controller Reports were submitted after the January 31 deadline for all years of the audit period.
2. The TDA fiscal audit for FY 2021/22 was submitted after the March 31 extended deadline.

Status of Prior Recommendations

The prior audit – completed in March 2022 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2021 – included two recommendations:



1. Ensure accurate full-time equivalent (FTE) employee data is used for reporting to the State Controller.
Status: Implementation in progress.
2. Fill the position of Transit Coordinator advertised in February 2022.
Status: Implemented.

Findings and Recommendations

Based on discussions with City staff, analysis of program performance, and a review of program compliance and function, the audit team submits the aforementioned compliance findings for the City of Tracy.

1. State Controller Reports were submitted after the January 31 deadline for all years of the audit period.
2. The TDA fiscal audit for FY 2021/22 was submitted after the March 31 extended deadline.

The audit team has identified one functional finding. While these findings are not compliance findings, we feel they are significant enough to be addressed within this audit:

1. The City would benefit from the addition of a Transit Analyst position to assist with marketing, grants, and data analysis.

In completing this Triennial Performance Audit, we submit the following recommendations for the City's public transit program. They have been divided into two categories: TDA Program compliance recommendations and functional recommendations. TDA program compliance recommendations are intended to assist in bringing the operator into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the triennial audit that are not specific to TDA compliance.

Exhibit 1.1 Summary of Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Work with the City and TDA auditors to ensure audits are completed sufficiently early to ensure on-time submittal of the State Controller Reports.	Medium	FY 2024/25
2	Work with City and TDA auditors to ensure the TDA fiscal audit can be completed no later than March 31.	Medium	FY 2024/25
Functional Recommendations		Importance	Timeline
1	Include a new Transit Analyst position in the budget for FY 2025/26.	Medium	FY 2025/26



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Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of the City’s public transit program covers the three-year period ending June 30, 2024. The California Public Utilities Code requires all recipients of Transit Development Act (TDA) funding to complete an independent review on a three-year cycle in order to maintain funding eligibility.

In 2024, the San Joaquin Council of Governments selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the seven transit operators to which it allocates TDA funding. Moore & Associates is a consulting firm specializing in public transportation, including audits of non-TDA Article 4 recipients. Selection of Moore & Associates followed a competitive procurement process.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the City of Tracy as a public transit operator. Direct benefits of a Triennial Performance Audit include providing operator management with information on the economy, efficiency, and effectiveness of its programs across the prior three years; helpful insight for use in future planning; and assuring legislative and governing bodies (as well as the public) that resources are being economically and efficiently utilized. Finally, the Triennial Performance Audit fulfills the requirement of PUC Section 99246(a) that the RTPA designate an entity other than itself to conduct a performance audit of the activities of each operator to whom it allocates funds.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit team plans and performs the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. The auditors believe the evidence obtained provides a reasonable basis for our findings and conclusions.

The audit was also conducted in accordance with the processes established by the California Department of Transportation (Caltrans), as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, as well as *Government Auditing Standards* published by the U.S. Comptroller General.

Objectives

A Triennial Performance Audit (TPA) has four primary objectives:

1. Assess compliance with TDA regulations;
2. Review improvements subsequently implemented as well as progress toward adopted goals;
3. Evaluate the efficiency and effectiveness of the transit operator; and
4. Provide sound, constructive recommendations for improving the efficiency and functionality of the transit operator.



Scope

The TPA is a systematic review of performance evaluating the efficiency, economy, and effectiveness of the transit operator. The audit of the City included five tasks:

1. A review of compliance with TDA requirements and regulations.
2. A review of the status of recommendations included in the prior Triennial Performance Audit.
3. A verification of the methodology for calculating performance indicators including the following activities:
 - Assessment of internal controls,
 - Test of data collection methods,
 - Calculation of performance indicators, and
 - Evaluation of performance.
4. Comparison of data reporting practices:
 - Internal reports,
 - State Controller Reports, and
 - National Transit Database.
5. Examination of the following functions:
 - General management and organization;
 - Service planning;
 - Administration;
 - Marketing and public information;
 - Scheduling, dispatching, and operations;
 - Personnel management and training; and
 - Maintenance.
6. Conclusions and recommendations to address opportunities for improvement based upon analysis of the information collected and the audit of the transit operator's major functions.

Methodology

The methodology for the Triennial Performance Audit of the City included thorough review of documents relevant to the scope of the audit, as well as information contained on the City's website. The documents reviewed included the following (spanning the full three-year period):

- Monthly performance reports;
- State Controller Reports;
- Annual budgets;
- TDA fiscal audits;
- Transit marketing collateral;
- TDA claims;
- Fleet inventory;
- Preventive maintenance schedules and forms;
- California Highway Patrol Terminal Inspection reports;
- National Transit Database reports;



- Accident/road call logs; and
- Organizational chart.

The methodology for this review included a site visit to the City of Tracy City Hall (333 Civic Center Plaza, Tracy) on September 25, 2024. The audit team met with Ed Lovell (Transit Manager), Robert Harmon (Accounting Manager), and Michael Raithel (Senior Accountant), and reviewed materials germane to the triennial audit. The audit team also toured the Tracy Transit Station (50 East 6th Street), the City’s Public Works Facility (520 S. Tracy Road), and MTM Transit’s maintenance facility (503 W. Larch Road).

This report is comprised of eight chapters divided into three sections:

1. Executive Summary: A summary of the key findings and recommendations developed during the Triennial Performance Audit process.
2. TPA Scope and Methodology: Methodology of the review and pertinent background information.
3. TPA Results: In-depth discussion of findings surrounding each of the subsequent elements of the audit:
 - Compliance with statutory and regulatory requirements,
 - Status of prior recommendations,
 - Consistency among reported data,
 - Performance measures and trends,
 - Functional audit, and
 - Findings and recommendations.



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Chapter 3 | Program Compliance

This section examines the City of Tracy’s compliance with the Transportation Development Act as well as relevant sections of the California Code of Regulations. An annual certified fiscal audit confirms TDA funds were apportioned in conformance with applicable laws, rules, and regulations. The City considers full use of funds under California Code of Regulations (CCR) 6754(a) as referring to operating funds but not capital funds. The TPA findings and related comments are delineated in Exhibit 3.1.

The City of Tracy does not use any TDA Article 4 funding for transit and is not statutorily required to be audited, nor has it traditionally been held to the requirements of the TDA. However, the San Joaquin Council of Governments, as the RTPA, requested the City be audited to support a comprehensive and objective review to provide beneficial insights into program performance.

Status of compliance items was determined through discussions with City staff as well as an inspection of relevant documents including the fiscal audits for each year of the triennium, State Controller annual filings, California Highway Patrol terminal inspections, National Transit Database reports, year-end performance reports, and other compliance-related documentation.

Two compliance issues were identified for the City of Tracy:

1. State Controller Reports were submitted after the January 31 deadline for all years of the audit period.
2. The TDA fiscal audit for FY 2021/22 was submitted after the March 31 extended deadline.

Developments Occurring During the Audit Period

For many operators, the FY 2021/22 – FY 2023/24 audit period reflected both the acute impacts of and recovery from the COVID-19 pandemic. By the end of the audit period – even earlier in some cases – most operators had exhausted federal relief funds, even though penalties for non-compliance with farebox recovery ratios continued to be waived. Many operators, even more than four years after the onset of the pandemic, still struggle with ridership that has yet to recover to pre-pandemic levels.

Given this is not the first Triennial Performance Audit to be conducted since the COVID-19 pandemic, this report will not focus on actions taken as a result of the health crisis. Instead, the compliance review, functional review, and resulting recommendations will focus on ensuring program sustainability once penalty waivers and other emergency legislation have ended.

Assembly Bill 90, signed into law on June 29, 2020, provided temporary regulatory relief for transit operators required to conform with Transportation Development Act (TDA) farebox recovery ratio thresholds in FY 2019/20 and FY 2020/21. Assembly Bill 149, signed into law on July 16, 2021, provided additional regulatory relief by extending the provisions of AB 90 through FY 2022/23 and adjusting definitions of eligible revenues and operating costs. Most recently, Senate Bill 125, signed into law on July 10, 2023, extended protections provided via earlier legislation through FY 2025/26. While this means the audit period covered by this audit is fully exempt from penalties for non-compliance with the farebox recovery ratio, for example, it also means that transit operators will likely need to be in compliance by the last year of the next audit period.

While the ability to maintain state mandates and performance measures is important, these measures enable transit operators to adjust to the impacts of COVID while continuing to receive their full allocations of funding under the TDA.

Together, these three pieces of legislation include the following provisions specific to transit operator TDA funding under Article 4 and Article 8:

1. Prohibits the imposition of the TDA revenue penalty on an operator that did not maintain the required ratio of fare revenues to operating cost from FY 2019/20 through FY 2025/26.
2. Expands the definition of “local funds” to enable the use of federal funding to supplement fare revenues and allows operators to calculate free and reduced fares at their actual value.
3. Adjusts the definition of operating cost to exclude the cost of ADA paratransit services, demand-response and microtransit services designed to extend access to service, ticketing/payment systems, security, some pension costs, and some planning costs.
4. Allows operators to use STA funds as needed to keep transit service levels from being reduced or eliminated through FY 2025/26.

SB 125 calls for the establishment of the Transit Transformation Task Force to develop policy recommendations to grow transit ridership and improve the transit experience for all users. In the 50-plus years since introduction of the Transportation Development Act, there have been many changes to public transportation in California. Many operators have faced significant challenges in meeting the farebox recovery ratio requirement, calling into question whether it remains the best measure for TDA compliance. In 2018, the chairs of California’s state legislative transportation committees requested the California Transit Association spearhead a policy task force to examine the TDA, which resulted in a draft framework for TDA reform released in early 2020. The Transit Transformation Task Force is required to submit a report of its findings and policy recommendations to the State Legislature by October 31, 2025. This report is expected to include recommendations for TDA reform, which may impact the next Triennial Performance Audit period.



Exhibit 3.1 Transit Development Act Compliance Requirements

Compliance Element	Reference	Compliance	Comments
State Controller Reports submitted on time.	PUC 99243	Finding	FY 2021/22: February 6, 2023 FY 2022/23: February 22, 2024 FY 2023/24: February 3, 2025
Fiscal and compliance audits submitted within 180 days following the end of the fiscal year (or with up to 90-day extension).	PUC 99245	Finding	FY 2021/22: May 11, 2023 FY 2022/23: March 29, 2024 FY 2023/24: <i>Pending</i>
Operator’s terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	08/12/2020 09/13/2021 09/01/2022 09/09/2023 09/30/2024
Operator’s claim for TDA funds submitted in compliance with rules and regulations adopted by the RTPA.	PUC 99261	In compliance	
If 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.	PUC 99270.1	Not applicable	
Except as otherwise provided, the allocation for any purpose specified under Article 8 may in no year exceed 50% of the amount required to meet the total planning expenditures for that purpose.	PUC 99405	Not applicable	Does not apply to contracted operations subject to performance criteria.
An operator receiving allocations under Article 8(c) may be subject to regional, countywide, or subarea performance criteria, local match requirements, or fare recovery ratios adopted by resolution of the RTPA.	PUC 99405	In compliance	The City did not calculate standards for performance criteria during the audit period due to penalty waivers provided under AB 90, AB 149, and SB 125.
The operator’s definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	In compliance	
The operator does not routinely staff with two or more persons a vehicle for public transportation purposes designed to be operated by one person.	PUC 99264	In compliance	
The operator’s operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	PUC 99266	In compliance	FY 2021/22: +41.13% FY 2022/23: +42.68% FY 2023/24: +21.25% <i>Source: TDA Claims, FY 2022 – FY 2024. The majority of the budget is the transit contract. That is not always reached, but it has to be budgeted. This is why there is such a large increase between actual and budget.</i>



Compliance Element	Reference	Compliance	Comments
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating cost at least equal to one-fifth (20 percent).	PUC 99268.2, 99268.4, 99268.1	Not applicable	
If the operator serves a rural area, it has maintained a ratio of fare revenues to operating cost at least equal to one-tenth (10 percent).	PUC 99268.2, 99268.4, 99268.5	Not applicable	
For a claimant that provides only services to elderly and handicapped persons, the ratio of fare revenues to operating cost shall be at least 10 percent.	PUC 99268.5, CCR 6633.5	Not applicable	
The current cost of the operator’s retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA, which will fully fund the retirement system for 40 years.	PUC 99271	In compliance	
If the operator receives State Transit Assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	CCR 6754 (a) (3)	In compliance	
In order to use State Transit Assistance funds for operating assistance, the operator’s total operating cost per revenue hour does not exceed the sum of the preceding year’s total plus an amount equal to the product of the percentage change in the CPI for the same period multiplied by the preceding year’s total operating cost per revenue hour. An operator may qualify based on the preceding year’s operating cost per revenue hour or the average of the three prior years. If an operator does not meet these qualifying tests, the operator may only use STA funds for operating purposes according to a sliding scale.	PUC 99314.6	Not applicable	This requirement was waived through FY 2025/26 under AB 90, AB 149, and SB 125.
A transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount which exceeds the claimant's capital and operating costs less the actual amount of fares received, the amount of local support required to meet the fare ratio, the amount of federal operating assistance, and the amount received during the year from a city or county to which the operator has provided services beyond its boundaries.	CCR 6634	In compliance	



Chapter 4 | Prior Recommendations

This section reviews and evaluates the implementation of prior Triennial Performance Audit recommendations. This objective assessment provides assurance the City of Tracy has made quantifiable progress toward improving both the efficiency and effectiveness of its public transit program.

The prior audit – completed in March 2022 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2021 – included two recommendations:

1. Ensure accurate full-time equivalent (FTE) employee data is used for reporting to the State Controller.

Discussion: The State Controller, within its Transit Operator Financial Transaction Report, utilizes the TDA definition of full-time equivalent (FTE) employee for the reporting of employees. This definition, included as part of PUC 99247, calls for a definition of “employee” as total work hours divided by 2,000.

In its documentation for the prior audit, the City provided a methodology for calculating FTE employees that met the TDA definition (work hours divided by 2,000). The result of this calculation was 43.43 FTE. However, those figures were not used to complete the State Controller Reports. Instead, each report (general operations and specialized services) reported 32 employees, for a system total of 64 employees.

This disconnect between the calculation methodology and the actual reporting can occur when someone other than Transit staff (e.g., Finance) is responsible for completing the State Controller Reports. It may also be result of a lack of understanding as to how this data should be calculated.

The prior auditor recommended working with the City and contractor to document all hours worked related to transit beginning with FY 2021/22. Hours should be allocated between fixed route (general operations) and demand-response (specialized services) based on either actual work performed or a formula based on vehicle service hours by mode. The City should ensure the individual(s) completing the reports are aware of how to calculate this data using the TDA definition. It should also ensure hours are allocated between general operations and specialized services, and that full (system-wide) data is not used for each mode individually.

At the time of the prior audit, staff were submitting revised information for the FY 2020/21 State Controller Report to ensure that the data lined up correctly with the TDA definition of FTE.

Progress: During the current audit, the City demonstrated it is calculating FTE using the TDA definition. However, in FY 2021/22 and FY 2022/23, it still reported the full number of FTE for both modes, rather than allocating FTE by mode. The City is working to remedy this in its FY 2023/24 report.

Status: Implementation in progress.



2. Fill the position of Transit Coordinator advertised in February 2022.

Discussion: One of the components evaluated under the General Management and Organization functional area is whether the operator’s internal organizational structure is effective given the operator’s size and functions performed. Increased reporting and oversight requirements tied to Transit funding sources and other activities have necessitated additional staffing. During the prior audit, the audit team determined the organization was not effectively structured and could benefit from the addition of another full-time employee. Staff indicated that, while not originally included in the budget for FY 2021/22, it was expected to be added as part of the mid-year adjustment in November 2022.

The prior auditor recommended City transit staff work with Human Resources to fill this position, including readvertising the position if no suitable candidate is identified following the initial posting. At the time of the prior audit, the Transit Coordinator position recruitment was in process and the City noted it expected the additional staff person to be hired shortly thereafter.

Progress: On December 7, 2021, the City Council approved a budget amendment that would add a Transit Coordinator position. This position, funded through Transit funds, would provide the ability to address various transit needs such as seeking additional grant funding opportunities, implementing the Bikeways Master Plan, and providing general support to the Transit Division. The position was posted on the City’s Employment Opportunities page with a closing date of February 24, 2022. A new Transit Coordinator was hired in May 2022.

Status: Implemented.



Chapter 5 | Data Reporting Analysis

An important aspect of the Triennial Performance Audit process is assessing how effectively and consistently the transit operator reports performance statistics to local, state, and federal agencies. Often as a condition of receipt of funding, an operator must collect, manage, and report data to different entities. Ensuring such data are consistent can be challenging given the differing definitions employed by different agencies as well as the varying reporting timeframes. This chapter examines the consistency of performance data reported by the City of Tracy both internally as well as to outside entities during the audit period.

Operating data (Vehicle Service Hours, Vehicle Service Miles, and Ridership) was reported consistently among all three reports reviewed. The sole exception was demand-response VSM, which was higher in the NTD report than anywhere else. Variances in other data are discussed below.

- **Operating cost:** In FY 2021/22, operating cost was consistently reported in the TDA fiscal audit and State Controller Report. That reported to the NTD was 6.2 percent lower. In FY 2022/23, different amounts were reported to the three entities, with the highest (State Controller Report) 23.5 percent higher than the lowest (NTD report). It appears that in FY 2022/23, depreciation was not claimed in the State Controller Report but was factored into the TDA fiscal audit. If the amount of depreciation in the TDA fiscal audit were subtracted from the operating cost in the State Controller Report, that amount drops much closer to the amount in the NTD report. In FY 2023/24, the amount reported to the State Controller was 2.4 percent higher than that reported to the NTD.
- **Fare Revenue:** In FY 2021/22 and FY 2022/23, fare revenue was consistently reported in two of the three reports. However, in FY 2021/22, the TDA fiscal audit and State Controller Report were consistent, while in FY 2022/23 the NTD report and State Controller Report were consistent. In FY 2021/22, the difference appeared to be organization-paid fares being counted as fare revenue in the NTD report but not in the TDA fiscal audit or State Controller Report. This appeared to be the cause of the variance between the NTD report and the State Controller report in FY 2023/24 as well.
- **Full-time Equivalent (FTE) Employees:** While it was determined that FTE was calculated using the TDA definition, the full number of employees was reported for both modes in FY 2021/22 and FY 2022/23. This resulted in double the number of employees being reported each year. The total number of employees should be allocated between the modes. In FY 2023/24, employees were allocated between modes, but this still resulted in more employees being reported to the State Controller than had been calculated by the City.



Exhibit 5.1 Data Reporting Comparison

Performance Measure	System-Wide		
	FY 2021/22	FY 2022/23	FY 2023/24
Operating Cost (Actual \$)			
<i>TDA fiscal audit</i>	\$4,966,027	\$6,141,938	
<i>National Transit Database</i>	\$4,674,266	\$5,564,951	\$6,029,938
<i>State Controller Report</i>	\$4,966,026	\$6,870,965	\$6,176,460
Fare Revenue (Actual \$)			
<i>TDA fiscal audit</i>	\$74,421	\$74,801	
<i>National Transit Database</i>	\$103,352	\$126,885	\$186,008
<i>State Controller Report</i>	\$74,067	\$126,106	\$74,828
Vehicle Service Hours (VSH)			
<i>Monthly Performance Reports</i>	31,791	34,852	38,994
<i>National Transit Database</i>	31,790	34,852	38,994
<i>State Controller Report</i>	31,791	34,852	38,994
Vehicle Service Miles (VSM)			
<i>Monthly Performance Reports</i>	344,415	371,564	434,795
<i>National Transit Database</i>	344,415	371,564	444,052
<i>State Controller Report</i>	344,415	371,564	434,795
Passengers			
<i>Monthly Performance Reports</i>	99,010	121,148	157,109
<i>National Transit Database</i>	99,010	121,148	157,109
<i>State Controller Report</i>	99,010	121,273	157,109
Full-Time Equivalent Employees			
<i>State Controller Report</i>	86	100	66
<i>Per TDA methodology</i>	43	50	60



Chapter 6 | Performance Analysis

Performance indicators are typically employed to quantify and assess the efficiency of a transit operator's activities. Such indicators provide insight into current operations as well as trend analysis of operator performance. Through a review of indicators, relative performance as well as possible inter-relationships between major functions is revealed.

The Transportation Development Act (TDA) requires recipients of TDA funding to track and report five performance indicators:

- Operating Cost/Passenger,
- Operating Cost/Vehicle Service Hour,
- Passengers/Vehicle Service Hour,
- Passengers/Vehicle Service Mile, and
- Vehicle Service Hours/Employee.

To assess the validity and use of performance indicators, the audit team performed the following activities:

- Assessed internal controls in place for the collection of performance-related information,
- Validated collection methods of key data,
- Calculated performance indicators, and
- Evaluated performance indicators.

The procedures used to calculate TDA-required performance measures for the current triennium were verified and compared with indicators included in similar reports to external entities (i.e., State Controller and Federal Transit Administration).

Operating Cost

The Transportation Development Act requires an operator to track and report transit-related costs reflective of the Uniform System of Accounts and Records developed by the State Controller and the California Department of Transportation. The most common method for ensuring this occurs is through a compliance audit report prepared by an independent auditor in accordance with California Code of Regulations Section 6667¹. The annual independent financial audit should confirm the use of the Uniform System of Accounts and Records. *Operating cost* – as defined by PUC Section 99247(a) – excluded the following during the audit period²:

¹ CCR Section 6667 outlines the minimum tasks which must be performed by an independent auditor in conducting the annual fiscal and compliance audit of the transit operator.

² Given the passage of AB 149, the list of excluded costs will be expanded beginning with FY 2021/22.



- Cost in the depreciation and amortization expense object class adopted by the State Controller pursuant to PUC Section 99243,
- Subsidies for commuter rail services operated under the jurisdiction of the Interstate Commerce Commission,
- Direct costs of providing charter service, and
- Vehicle lease costs.

Vehicle Service Hours and Miles

Vehicle Service Hours (VSH) and *Miles* (VSM) are defined as the time/distance during which a revenue vehicle is available to carry fare-paying passengers, and which includes only those times/miles 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.³ For example, demand-response service hours include those hours when a vehicle has dropped off a passenger and is traveling to pick up another passenger, but not those hours when the vehicle is unavailable for service due to driver breaks or lunch. For both demand-response and fixed-route services, service hours will exclude hours of "deadhead" travel to the first scheduled pick-up, and will also exclude hours of "deadhead" travel from the last scheduled drop-off back to the terminal. For fixed-route service, a vehicle is in service from first scheduled stop to last scheduled stop, whether or not passengers board or exit at those points (i.e., subtracting driver lunch and breaks but including scheduled layovers).

Passenger Counts

According to the Transportation Development Act, *total passengers* is equal to the total number of unlinked trips (i.e., those trips that are made by a passenger that involve a single boarding and departure), whether revenue-producing or not.

Employees

Employee hours is defined as the total number of hours (regular or overtime) which all employees have worked, and for which they have been paid a wage or salary. The hours must include transportation system-related hours worked by persons employed in connection with the system (whether or not the person is employed directly by the operator). Full-Time Equivalent (FTE) is calculated by dividing the number of person-hours by 2,000.

Fare Revenue

Fare revenue is defined by California Code of Regulations Section 6611.2 as revenue collected from the farebox plus sales of fare media.

³ A vehicle is considered to be in revenue service despite a no-show or late cancellation if the vehicle remains available for passenger use.



TDA Required Indicators

To calculate the TDA indicators for the City of Tracy, the following sources were employed:

- Operating Cost was not independently calculated as part of this audit. Operating Cost data were obtained via State Controller Reports for each fiscal year covered by this audit. Operating Cost from the reports was compared against that reported in the City's audited financial reports and appeared to be consistent with TDA guidelines. In accordance with PUC Section 99247(a), the reported costs excluded depreciation and other allowable expenses.
- Fare Revenue was not independently calculated as part of this audit. Fare revenue data were obtained via State Controller Reports for each fiscal year covered by this audit. This appears to be consistent with TDA guidelines as well as the uniform system of accounts.
- Vehicle Service Hours (VSH) data were obtained via NTD reports submitted to the FTA for each fiscal year covered by this audit. The City calculates VSH using driver trip sheets. The City's calculation methodology is consistent with PUC guidelines.
- Vehicle Service Miles (VSM) data were obtained via NTD reports submitted to the FTA for each fiscal year covered by this audit. The City calculates VSM by subtracting deadhead and out-of-service miles from total vehicle mileage (as noted on each vehicle's odometer). This methodology is consistent with PUC guidelines.
- Unlinked trip data were obtained via NTD reports submitted to the FTA for each fiscal year covered by this audit. The City's calculation methodology is consistent with PUC guidelines.
- Full-Time Equivalent (FTE) data were obtained from State Controller Reports for each fiscal year covered by this review. Use of the TDA definition regarding FTE calculation was confirmed.

System Performance Trends

Systemwide, operating cost increased steadily between FY 2018/19 and FY 2023/24, except for a modest decrease in FY 2020/21, resulting in a net 50.8 percent increase over the six-year period. Fare revenues declined during the prior audit period but increased during the first two years of the current audit period. This resulted in a 35.7 percent net decrease across the six-year period and a 1.0 percent increase during the audit period. (The decrease in FY 2023/24 is due primarily to organization-paid fixed-route fares not being reported as fare revenue on the State Controller Report, from which the financial data was taken.)

Vehicle service hours (VSH) steadily increased during the audit period, ultimately ending 10.8 percent higher than in FY 2018/19. A 22.7 percent net increase during the audit period helped to offset declines experienced during the COVID-19 pandemic. Vehicle service miles (VSM) experienced a similar pattern, ultimately ending 2.9 percent higher than in FY 2018/19. A 26.2 percent net increase during the audit period helped to offset declines experienced during the COVID-19 pandemic.

Ridership declined during the prior audit period but increased every year of the current audit period. Overall, ridership increased by 58.7 percent during the audit period, but decreased a net 7.3 percent across the six-year period. Double-digit percentage ridership increases in every year of the current audit period led to this significant improvement.

Cost-related metrics typically provide an indicator of a system's efficiency, while passenger-related metrics offer insight into its productivity. Improvements are characterized by increases in passenger-



related metrics and decreases in cost-related metrics. Operating cost per vehicle service hour increased during the audit period, while operating cost per vehicle service mile and passenger declined. Passenger-related metrics both rose, with passengers per VSH and passengers per VSM increasing by 29.4 percent and 25.7 percent, respectively, during the audit period.

Exhibit 6.1 System Performance Indicators

Performance Measure	System-wide					
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
Operating Cost (Actual \$)	\$4,094,607	\$4,572,568	\$4,439,080	\$4,966,026	\$5,693,114	\$6,176,460
Annual Change		11.7%	-2.9%	11.9%	14.6%	8.5%
Fare Revenue (Actual \$)	\$116,284	\$101,898	\$61,874	\$74,067	\$126,106	\$74,828
Annual Change		-12.4%	-39.3%	19.7%	70.3%	-40.7%
Vehicle Service Hours (VSH)	35,178	32,186	28,728	31,791	34,852	38,994
Annual Change		-8.5%	-10.7%	10.7%	9.6%	11.9%
Vehicle Service Miles (VSM)	422,410	336,599	311,933	344,415	371,564	434,795
Annual Change		-20.3%	-7.3%	10.4%	7.9%	17.0%
Passengers	169,475	132,766	66,231	99,010	121,273	157,109
Annual Change		-21.7%	-50.1%	49.5%	22.5%	29.5%
Employees	64	64	64	43	50	60
Annual Change		0.0%	0.0%	-32.8%	16.3%	20.0%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$116.40	\$142.07	\$154.52	\$156.21	\$163.35	\$158.40
Annual Change		22.1%	8.8%	1.1%	4.6%	-3.0%
Operating Cost/Passenger (Actual \$)	\$24.16	\$34.44	\$67.02	\$50.16	\$46.94	\$39.31
Annual Change		42.5%	94.6%	-25.2%	-6.4%	-16.3%
Passengers/VSH	4.82	4.12	2.31	3.11	3.48	4.03
Annual Change		-14.4%	-44.1%	35.1%	11.7%	15.8%
Passengers/VSM	0.40	0.39	0.21	0.29	0.33	0.36
Annual Change		-1.7%	-46.2%	35.4%	13.5%	10.7%
Farebox Recovery	2.8%	2.2%	1.4%	1.5%	2.2%	1.2%
Annual Change		-21.5%	-37.5%	7.0%	48.5%	-45.3%
Hours/Employee	549.7	502.9	448.9	739.3	697.0	649.9
Annual Change		-8.5%	-10.7%	64.7%	-5.7%	-6.8%
TDA Non-Required Indicators						
Operating Cost/VSM	\$9.69	\$13.58	\$14.23	\$14.42	\$15.32	\$14.21
Annual Change		40.1%	4.8%	1.3%	6.3%	-7.3%
VSM/VSH	12.01	10.46	10.86	10.83	10.66	11.15
Annual Change		-12.9%	3.8%	-0.2%	-1.6%	4.6%
Fare/Passenger	\$0.69	\$0.77	\$0.93	\$0.75	\$1.04	\$0.48
Annual Change		11.9%	21.7%	-19.9%	39.0%	-54.2%

Sources: FY 2018/19 – FY 2020/21 data from prior Triennial Performance Audit. FY 2021/22 – FY 2022/23 data from State Controller Reports (with depreciation as reported in the TDA fiscal audit excluded from fixed-route operating cost in FY 2022/23). FTE data for FY 2021/22 – FY 2023/24 from City-provided calculations.

Exhibit 6.2 System Ridership

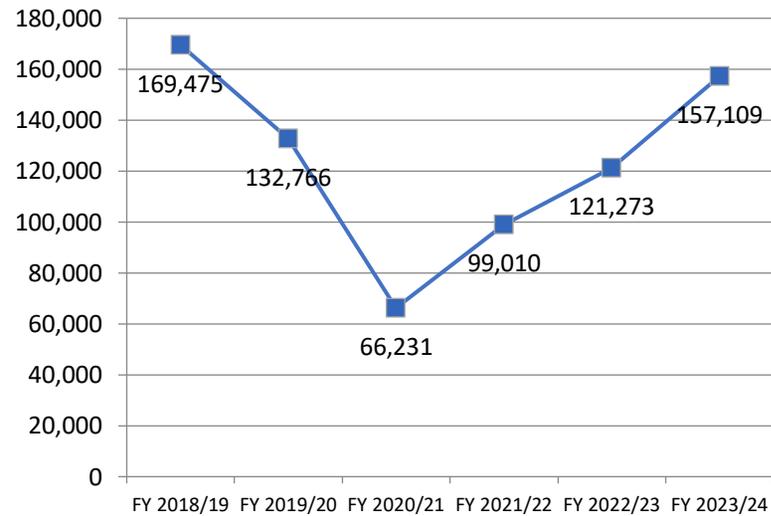


Exhibit 6.3 System Operating Cost/VSH

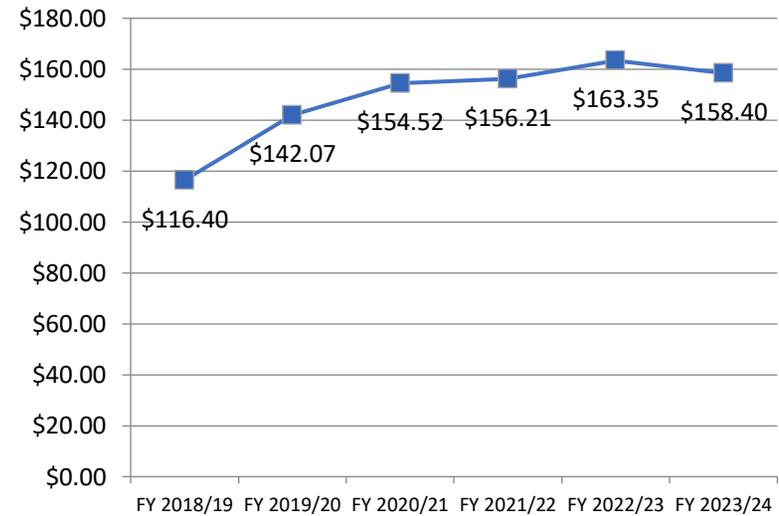


Exhibit 6.4 System Operating Cost/VSM

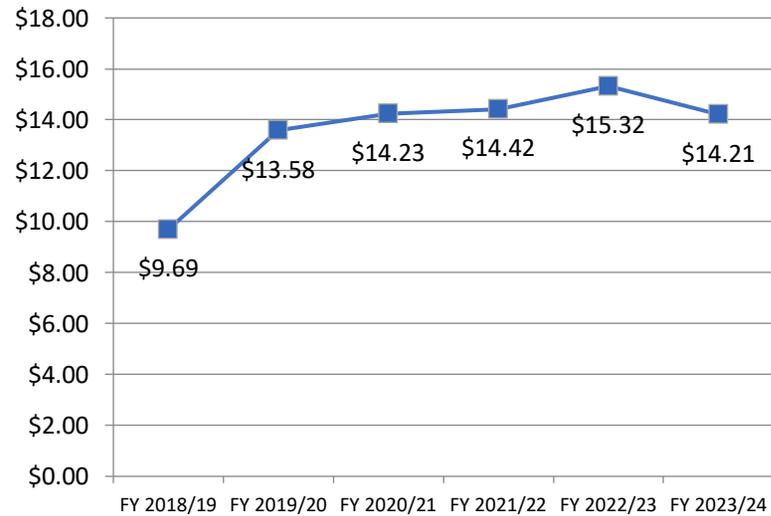


Exhibit 6.5 System VSM/VSH

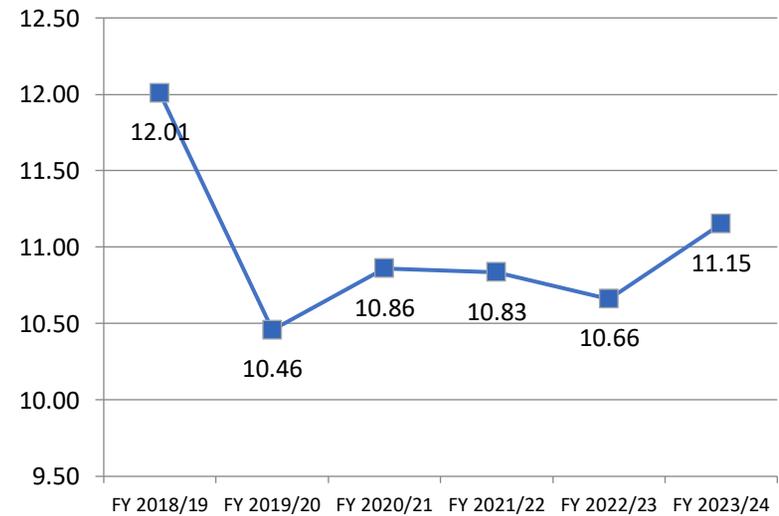


Exhibit 6.6 System Operating Cost/Passenger

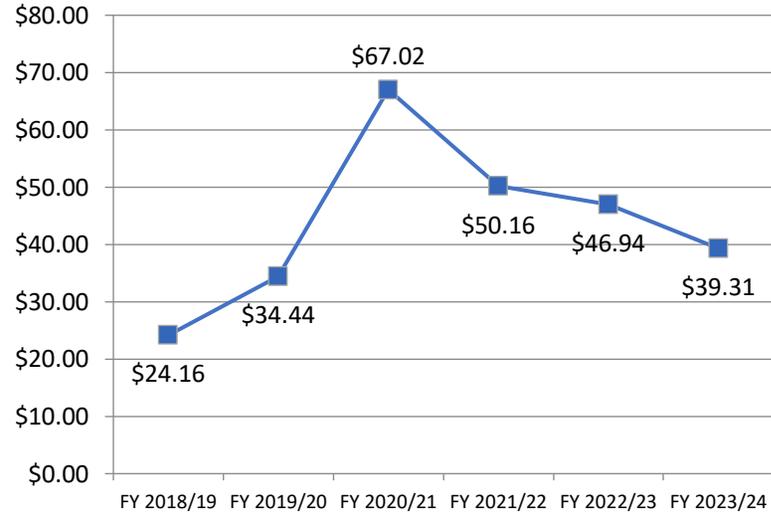


Exhibit 6.7 System Passengers/VSH

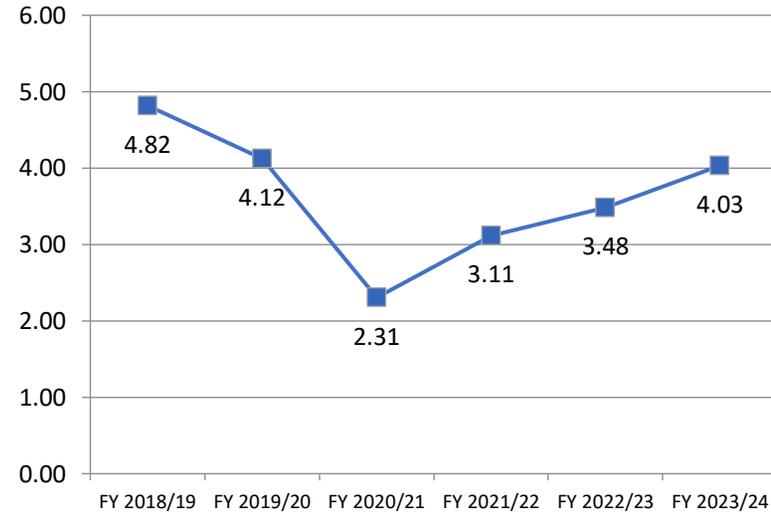


Exhibit 6.8 System Passengers/VSM

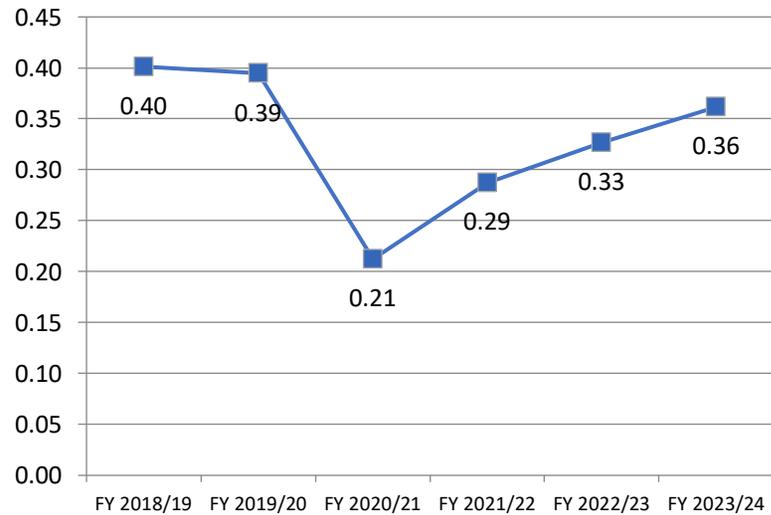


Exhibit 6.9 System VSH/FTE

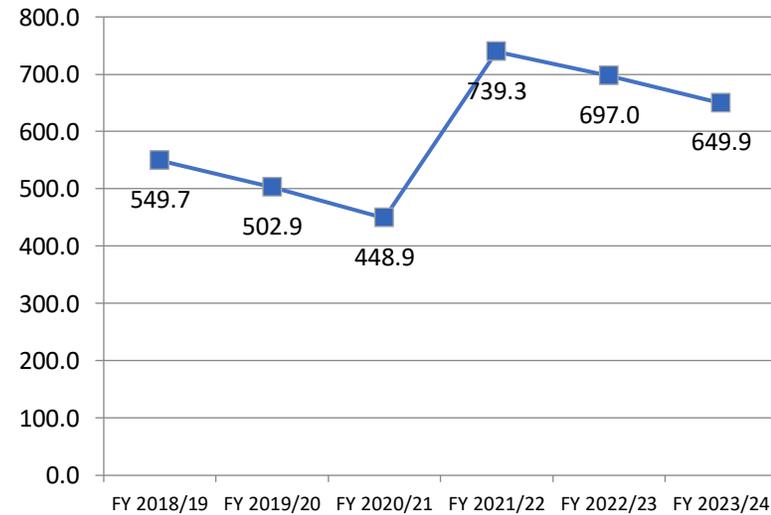


Exhibit 6.10 System Farebox Recovery

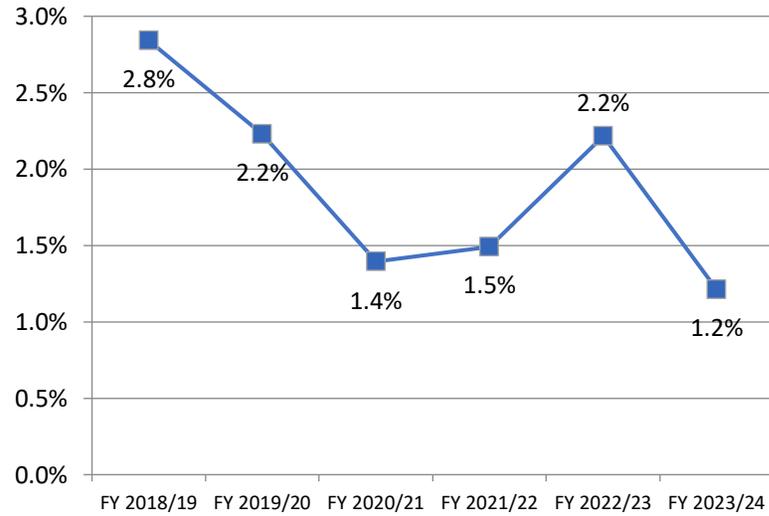
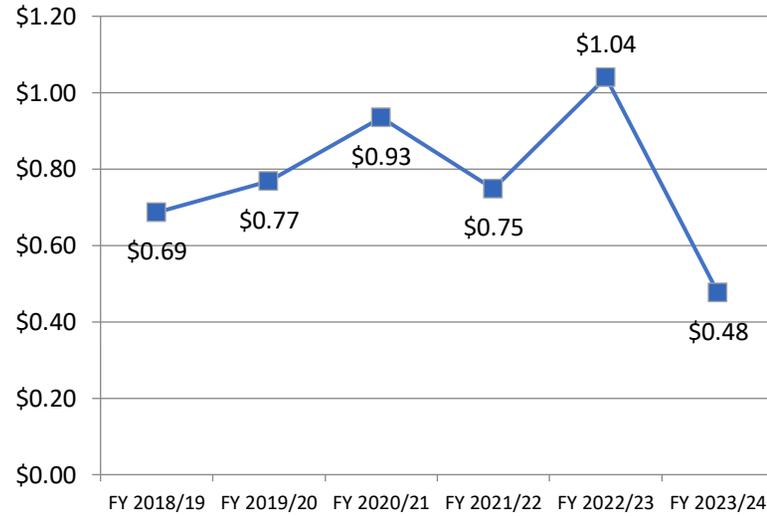


Exhibit 6.11 System Fare/Passenger





Fixed-Route Performance Trends

Fixed-route operating cost increased steadily between FY 2018/19 and FY 2023/24, except for a modest decrease in FY 2020/21, resulting in a net 41.9 percent increase over the six-year period. Fare revenues declined during the prior audit period but increased during the first two years of the current audit period. This resulted in a 41.6 percent net decrease across the six-year period and an 8.4 percent increase during the audit period. (The decrease in FY 2023/24 is due primarily to organization-paid fixed-route fares not being reported as fare revenue on the State Controller Report, from which the financial data was taken.)

Vehicle service hours (VSH) steadily increased during the audit period, ultimately ending 6.8 percent lower than in FY 2018/19. A 5.6 percent net increase during the audit period helped to offset some of the declines experienced during the COVID-19 pandemic. Vehicle service miles (VSM) experienced a similar pattern, ultimately ending 10.7 percent lower than in FY 2018/19. A 16.5 percent net increase during the audit period helped to offset some of the declines experienced during the COVID-19 pandemic.

Ridership declined during the prior audit period but increased every year of the current audit period. Overall, ridership increased by 51.6 percent during the audit period, but decreased a net 15.4 percent across the six-year period. Double-digit percentage ridership increases in every year of the current audit period led to this significant improvement.

Operating cost per vehicle service hour and operating cost per vehicle service mile both increased between the first two years of the audit period, while operating cost per passenger declined. Passenger-related metrics both rose, with passengers per VSH and passengers per VSM increasing by 43.6 percent and 30.1 percent, respectively, during the audit period.



Exhibit 6.12 Fixed-Route Performance Indicators

Performance Measure	Fixed-Route					
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
Operating Cost (Actual \$)	\$3,874,689	\$4,348,324	\$4,225,951	\$4,434,310	\$5,056,317	\$5,498,052
<i>Annual Change</i>		12.2%	-2.8%	4.9%	14.0%	8.7%
Fare Revenue (Actual \$)	\$88,738	\$73,404	\$38,211	\$47,798	\$92,011	\$51,796
<i>Annual Change</i>		-17.3%	-47.9%	25.1%	92.5%	-43.7%
Vehicle Service Hours (VSH)	25,885	23,622	21,678	22,845	23,736	24,116
<i>Annual Change</i>		-8.7%	-8.2%	5.4%	3.9%	1.6%
Vehicle Service Miles (VSM)	344,724	272,622	265,926	264,472	277,529	307,996
<i>Annual Change</i>		-20.9%	-2.5%	-0.5%	4.9%	11.0%
Passengers	150,129	114,001	53,320	83,759	100,139	126,944
<i>Annual Change</i>		-24.1%	-53.2%	57.1%	19.6%	26.8%
Employees	32	32	32	31	34	37
<i>Annual Change</i>		0.0%	0.0%	-3.1%	9.7%	8.8%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$149.69	\$184.08	\$194.94	\$194.10	\$213.02	\$227.98
<i>Annual Change</i>		0.229749206	5.9%	-0.4%	9.7%	7.0%
Operating Cost/Passenger (Actual \$)	\$25.81	\$38.14	\$79.26	\$52.94	\$50.49	\$43.31
<i>Annual Change</i>		47.8%	107.8%	-33.2%	-4.6%	-14.2%
Passengers/VSH	5.80	4.83	2.46	3.67	4.22	5.26
<i>Annual Change</i>		-16.8%	-49.0%	49.1%	15.1%	24.8%
Passengers/VSM	0.44	0.42	0.20	0.32	0.36	0.41
<i>Annual Change</i>		-4.0%	-52.1%	58.0%	13.9%	14.2%
Farebox Recovery	2.3%	1.7%	0.9%	1.1%	1.8%	0.9%
<i>Annual Change</i>		-26.3%	-46.4%	19.2%	68.8%	-48.2%
Hours/Employee	808.9	738.2	677.4	736.9	698.1	651.8
<i>Annual Change</i>		-8.7%	-8.2%	8.8%	-5.3%	-6.6%
TDA Non-Required Indicators						
Operating Cost/VSM	\$11.24	\$15.95	\$15.89	\$16.77	\$18.22	\$17.85
<i>Annual Change</i>		41.9%	-0.4%	5.5%	8.7%	-2.0%
VSM/VSH	13.32	11.54	12.27	11.58	11.69	12.77
<i>Annual Change</i>		-13.3%	6.3%	-5.6%	1.0%	9.2%
Fare/Passenger	\$0.59	\$0.64	\$0.72	\$0.57	\$0.92	\$0.41
<i>Annual Change</i>		8.9%	11.3%	-20.4%	61.0%	-55.6%

Sources: FY 2018/19 – FY 2020/21 data from prior Triennial Performance Audit. FY 2021/22 – FY 2022/23 data from State Controller Reports (with depreciation as reported in the TDA fiscal audit excluded from fixed-route operating cost in FY 2022/23). FTE data for FY 2021/22 – FY 2023/24 from City-provided calculations.



Exhibit 6.13 Fixed-Route Ridership

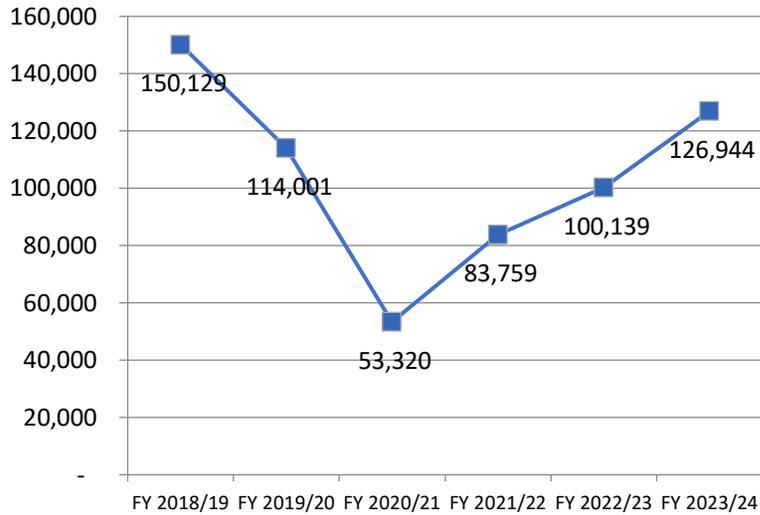


Exhibit 6.14 Fixed-Route Operating Cost/VSH

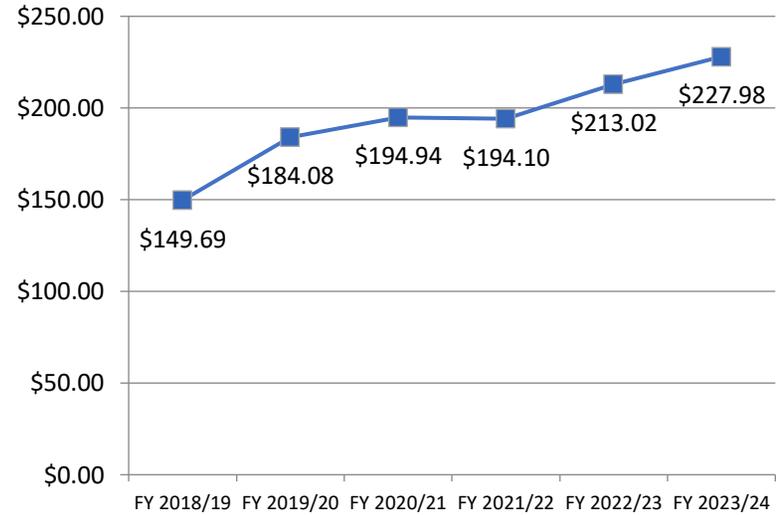


Exhibit 6.15 Fixed-Route Operating Cost/VSM

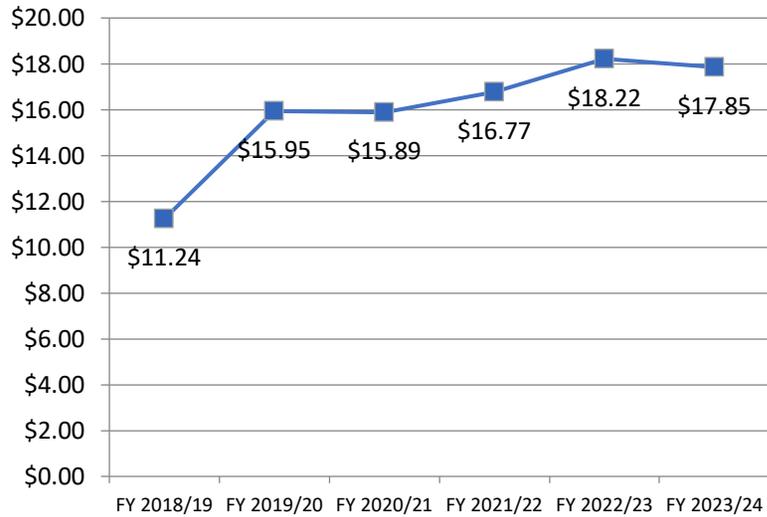


Exhibit 6.16 Fixed-Route VSM/VSH

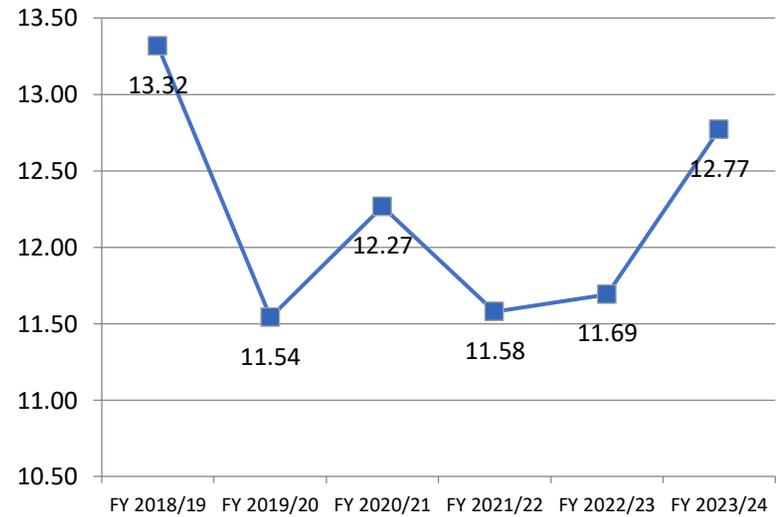




Exhibit 6.17 Fixed-Route Operating Cost/Passenger

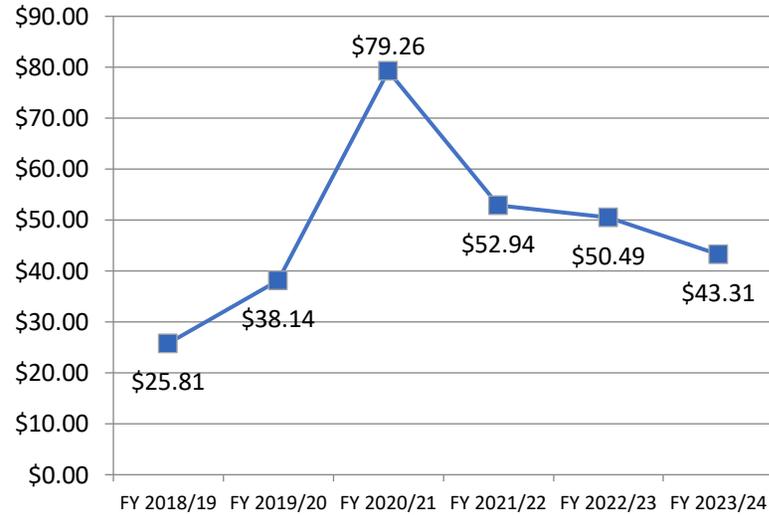


Exhibit 6.18 Fixed-Route Passengers/VSH

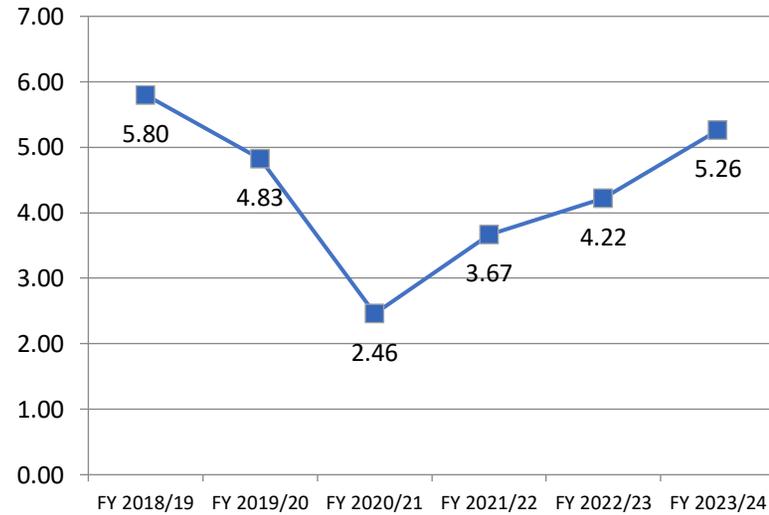


Exhibit 6.19 Fixed-Route Passengers/VSM

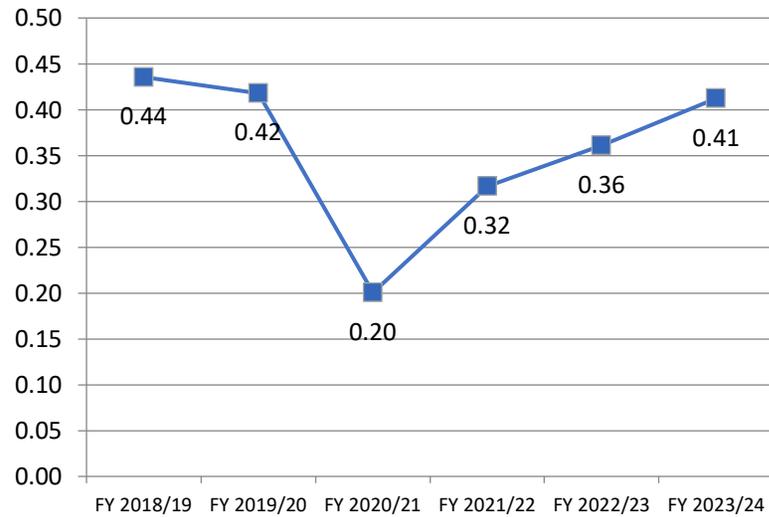


Exhibit 6.20 Fixed-Route VSH/FTE

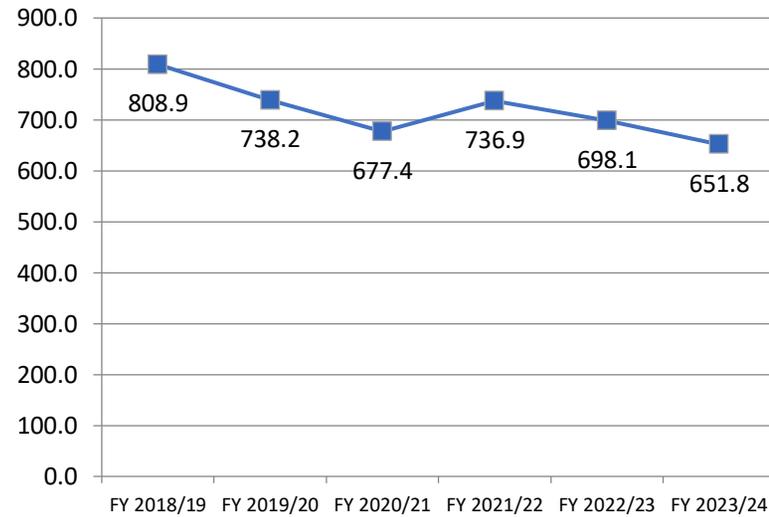




Exhibit 6.21 Fixed-Route Farebox Recovery

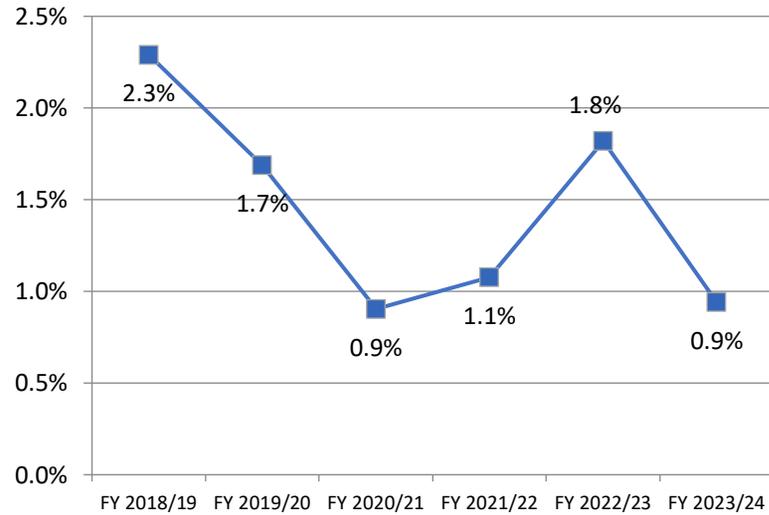
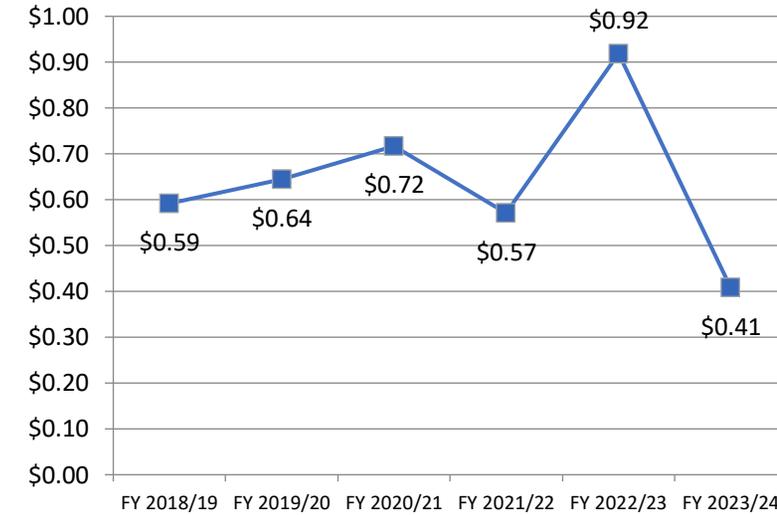


Exhibit 6.22 Fixed-Route Fare/Passenger





Demand-Response Performance Trends

Demand-response operating cost increased steadily between FY 2018/19 and FY 2023/24, except for a modest decrease in FY 2020/21, resulting in a net 208.5 percent increase over the six-year period. Fare revenues declined during the prior audit period but increased during the first two years of the current audit period. This resulted in a 16.4 percent net decrease across the six-year period and a 12.3 percent increase during the audit period.

Vehicle service hours (VSH) steadily increased during the audit period, ultimately ending 60.1 percent higher than in FY 2018/19. A 66.3 percent net increase during the audit period offset declines experienced during the COVID-19 pandemic. Vehicle service miles (VSM) experienced a similar pattern, ultimately ending 63.2 percent higher than in FY 2018/19. A 58.6 percent net increase during the audit period offset declines experienced during the COVID-19 pandemic.

Ridership declined during the prior audit period but increased every year of the current audit period. This is due in part to the introduction of the Tracer Plus service in FY 2020/21. Ridership in that program has seen significant year-over-year increases during the audit period. Overall, ridership increased by 97.8 percent during the audit period and a net 55.9 percent across the six-year period.

Operating cost per vehicle service hour and operating cost per passenger both decreased between the first two years of the audit period, while operating cost per vehicle service mile increased slightly. Passenger-related metrics both rose, with passengers per VSH and passengers per VSM increasing by 18.9 percent and 24.7 percent, respectively, during the audit period.



Exhibit 6.23 Demand-Response Performance Indicators

Performance Measure	Demand-Response					
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
Operating Cost (Actual \$)	\$219,918	\$224,244	\$213,129	\$531,716	\$636,797	\$678,408
<i>Annual Change</i>		2.0%	-5.0%	149.5%	19.8%	6.5%
Fare Revenue (Actual \$)	\$27,546	\$28,494	\$23,663	\$26,269	\$34,095	\$23,032
<i>Annual Change</i>		3.4%	-17.0%	11.0%	29.8%	-32.4%
Vehicle Service Hours (VSH)	9,293	8,564	7,050	8,946	11,116	14,878
<i>Annual Change</i>		-7.8%	-17.7%	26.9%	24.3%	33.8%
Vehicle Service Miles (VSM)	77,686	63,977	46,007	79,943	94,035	126,799
<i>Annual Change</i>		-17.6%	-28.1%	73.8%	17.6%	34.8%
Passengers	19,346	18,765	12,911	15,251	21,134	30,165
<i>Annual Change</i>		-3.0%	-31.2%	18.1%	38.6%	42.7%
Employees	32	32	32	12	16	23
<i>Annual Change</i>		0.0%	0.0%	-62.5%	33.3%	43.8%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$23.66	\$26.18	\$30.23	\$59.44	\$57.29	\$45.60
<i>Annual Change</i>		10.6%	15.5%	96.6%	-3.6%	-20.4%
Operating Cost/Passenger (Actual \$)	\$11.37	\$11.95	\$16.51	\$34.86	\$30.13	\$22.49
<i>Annual Change</i>		5.1%	38.1%	111.2%	-13.6%	-25.4%
Passengers/VSH	2.08	2.19	1.83	1.70	1.90	2.03
<i>Annual Change</i>		5.3%	-16.4%	-6.9%	11.5%	6.6%
Passengers/VSM	0.25	0.29	0.28	0.19	0.22	0.24
<i>Annual Change</i>		17.8%	-4.3%	-32.0%	17.8%	5.9%
Farebox Recovery	12.5%	12.7%	11.1%	4.9%	5.4%	3.4%
<i>Annual Change</i>		1.4%	-12.6%	-55.5%	8.4%	-36.6%
Hours/Employee	290.4	267.6	220.3	745.5	694.8	646.9
<i>Annual Change</i>		-7.8%	-17.7%	238.4%	-6.8%	-6.9%
TDA Non-Required Indicators						
Operating Cost/VSM	\$2.83	\$3.51	\$4.63	\$6.65	\$6.77	\$5.35
<i>Annual Change</i>		23.8%	32.2%	43.6%	1.8%	-21.0%
VSM/VSH	8.36	7.47	6.53	8.94	8.46	8.52
<i>Annual Change</i>		-10.6%	-12.6%	36.9%	-5.3%	0.7%
Fare/Passenger	\$1.42	\$1.52	\$1.83	\$1.72	\$1.61	\$0.76
<i>Annual Change</i>		6.6%	20.7%	-6.0%	-6.3%	-52.7%

Sources: FY 2018/19 – FY 2020/21 data from prior Triennial Performance Audit. FY 2021/22 – FY 2022/23 data from State Controller Reports. FTE data for FY 2021/22 – FY 2023/24 from City-provided calculations.

Exhibit 6.24 Demand-Response Ridership

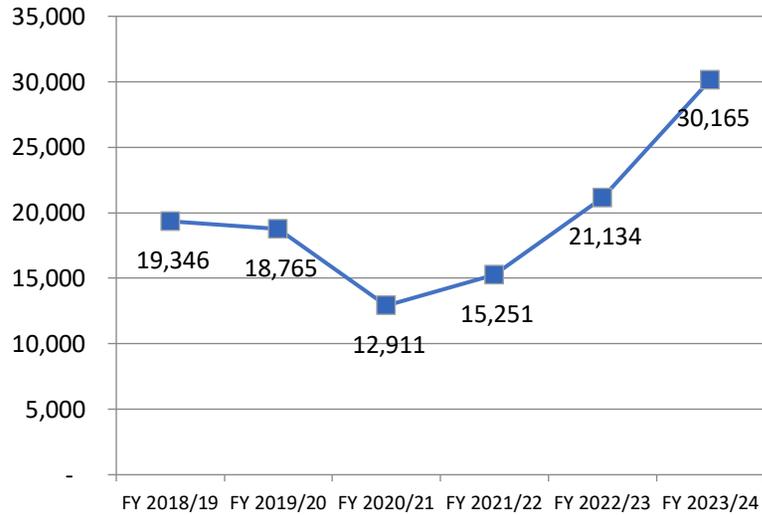


Exhibit 6.25 Demand-Response Operating Cost/VSH

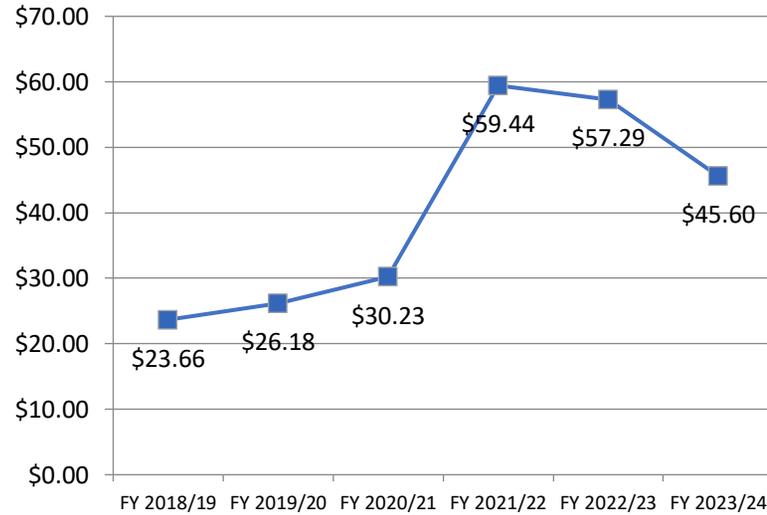


Exhibit 6.26 Demand-Response Operating Cost/VSM

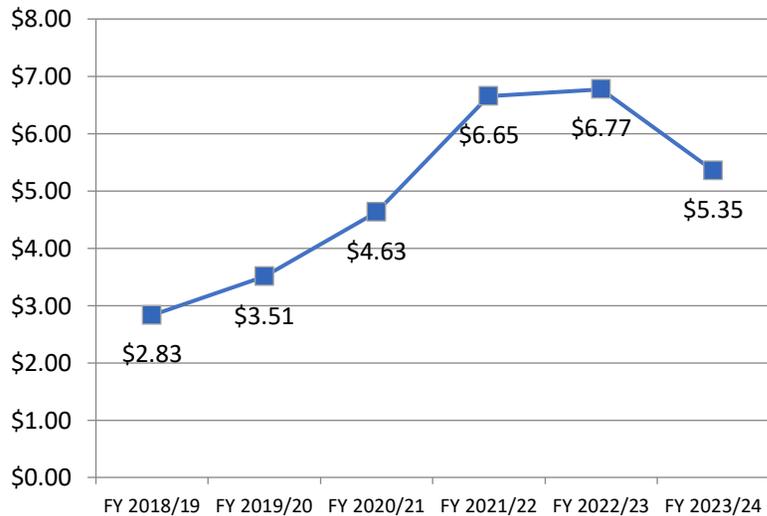


Exhibit 6.27 Demand-Response VSM/VSH

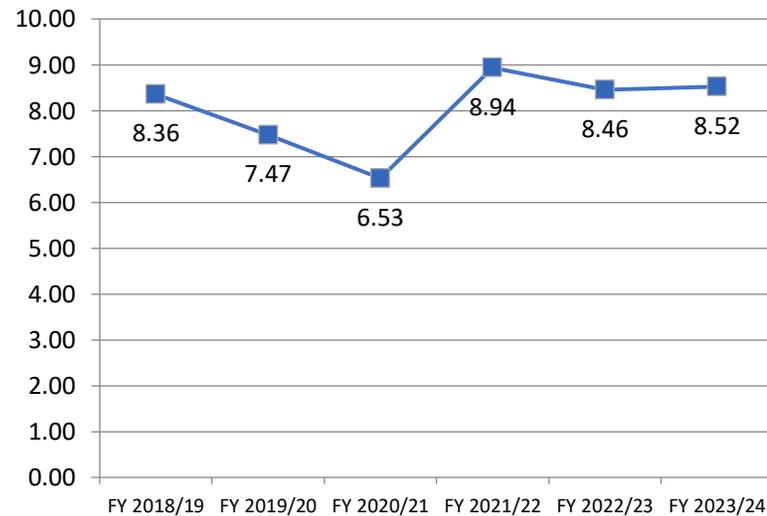


Exhibit 6.28 Demand-Response Operating Cost/Passenger

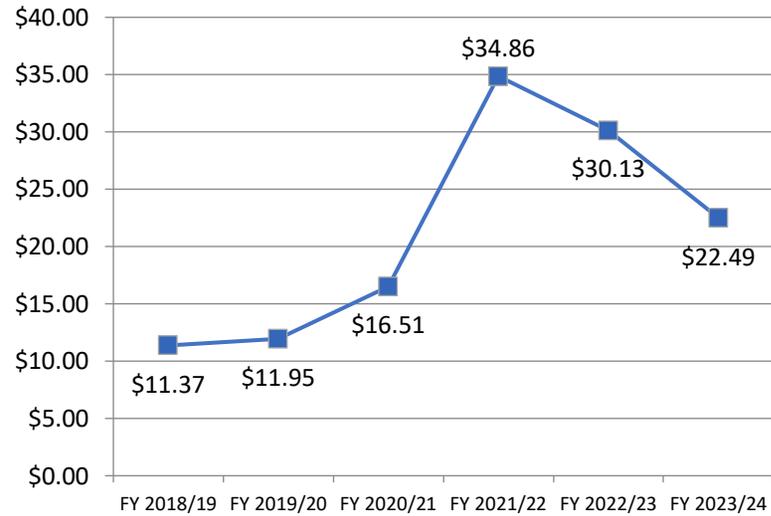


Exhibit 6.29 Demand-Response Passengers/VSH

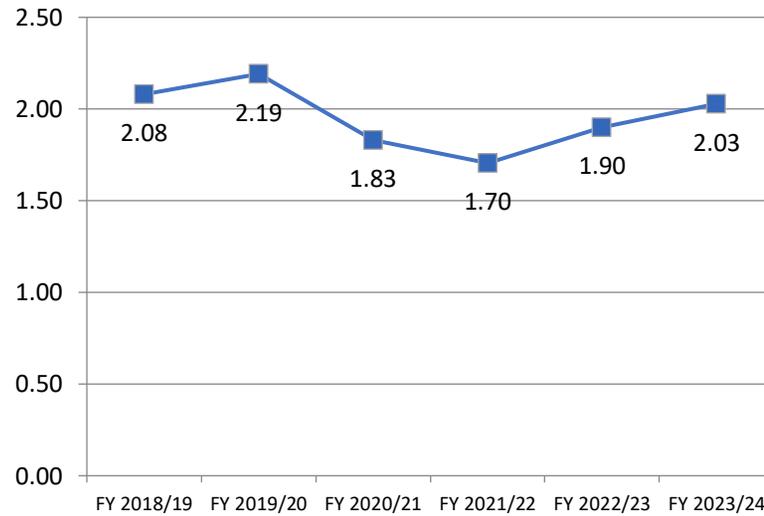


Exhibit 6.30 Demand-Response Passengers/VSM

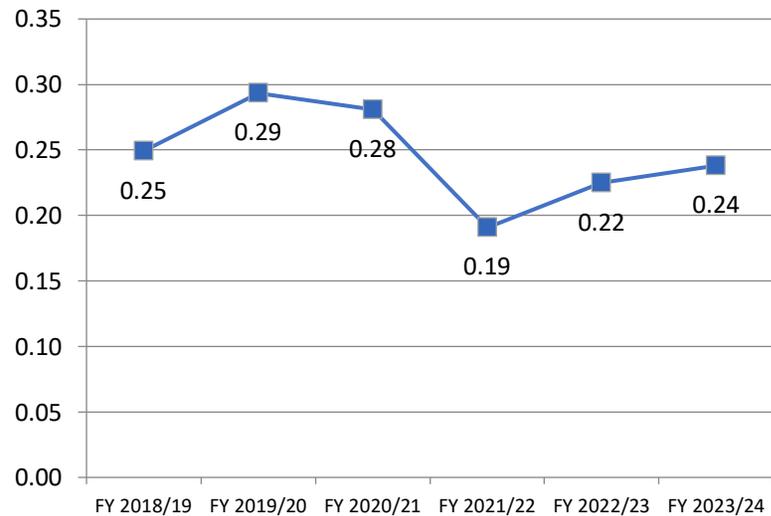


Exhibit 6.31 Demand-Response VSH/FTE

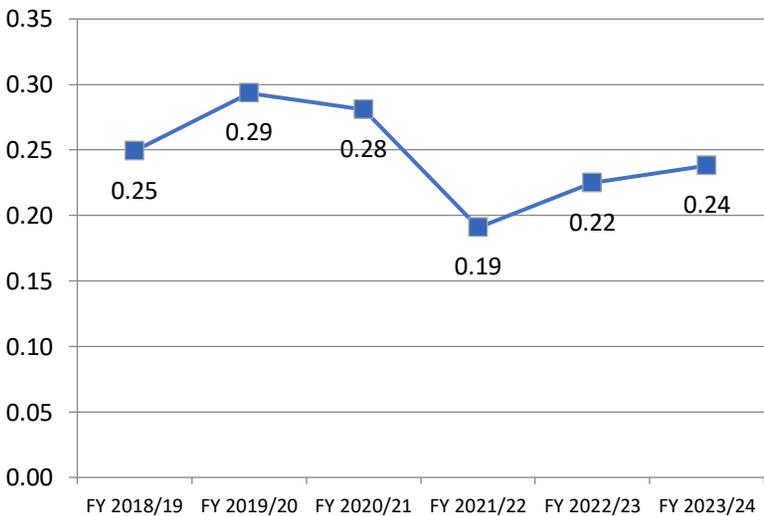




Exhibit 6.32 Demand-Response Farebox Recovery

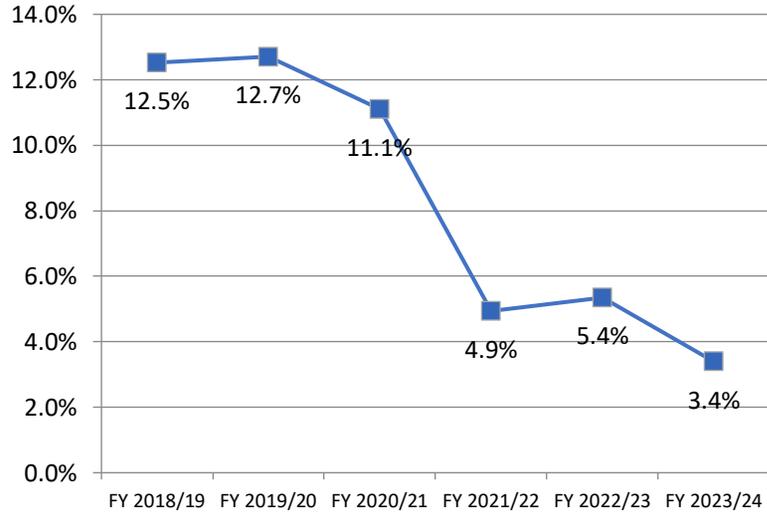
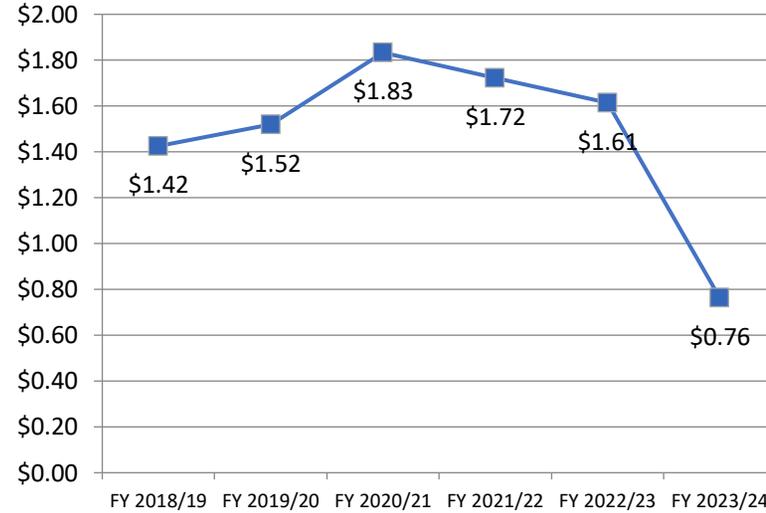


Exhibit 6.33 Demand-Response Fare/Passenger





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Chapter 7 | Functional Review

A functional review of the City’s public transit program is intended to assess the effectiveness and efficiency of the operator. Following a general summary of the City’s transit services, this chapter addresses seven functional areas. The list, taken from Section III of the *Performance Audit Guidebook* published by Caltrans, reflects those transit services provided by the City:

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

Service Overview

The City of Tracy provides fixed-route bus and paratransit services within city boundaries. The City operates four regular local fixed routes, four commuter routes, and three shuttle routes. Regular local routes generally operate between 7:00 a.m. and 7:00 p.m., Monday through Friday, and from 9:00 a.m. to 7:00 p.m. on Saturday. Commuter routes operate one or two morning trips and two or three afternoon trips Monday through Friday. Paratransit service, which provides door-to-door ADA complementary paratransit service to ADA-certified customers, Medicare cardholders, and seniors (65+), operates from 7:00 a.m. to 6:30 p.m., Monday through Friday, and from 9:00 a.m. to 6:30 p.m. on Saturday.



The City operates three shuttle services: ACE Shuttle, South Tracy Shuttle, and the Arbor Shuttle. The ACE Shuttle operates three morning trips and three afternoon trips, Monday through Friday. The South Tracy Shuttle operates one morning trip and two afternoon trips, Monday through Saturday. The Arbor Shuttle operates four outbound trips from the Transit Station to Arbor Avenue and four inbound trips in the opposite direction, Monday through Saturday. Fares for the shuttle services are the same as the fixed-route service.

Additionally, the City runs the Tracer Plus curb-to-curb on-demand/microtransit service. The service operates outside of fixed-route and paratransit service hours: on Monday through Thursday from 4:00 a.m. to 7:00 a.m. and 6:30 p.m. to 10:00 p.m.; on Friday from 4:00 a.m. to 7:00 a.m. and 6:30 p.m. to 11:00 p.m.; on Saturday from 6:00 a.m. to 9:00 a.m. and 6:30 p.m. to 11:00 p.m.; and on Sunday from 8:00 a.m. to 10:00 p.m. Rides are reserved on a first-come, first-served basis. Riders are able to make reservations up to two days in advance.



Exhibit 7.1 Fixed-Route Fare Structure

Fare category	Adult	Student (K-12)*	Reduced**	Child (6 and under)	ADA Access Pass
Fixed-route fares					
One-way cash fare	\$1.25	Free	\$0.50	Free	Free
Day Pass	\$3.00		\$1.25		
10-Ride Ticket	\$12.50		\$5.00		
31 Day Pass	\$35.00		\$17.50		

*Students (K-12) ride free as part of a pilot program funded through LCTOP. The normal student fare is \$1.00.

**Reduced fare available for seniors (65+), persons with disabilities, ADA, and Medicare cardholders. ADA attendants ride free.

Exhibit 7.2 Demand-Response Fare Structure

Fare category	Base fare	ADA Attendant with ADA-certified passenger	Guests/companions
Paratransit fares			
One-way fare	\$1.50	Free	\$1.75
Booklet of 10 tickets	\$15.00		
Same-day appointment surcharge	\$0.75		
Same-day reservation change surcharge	\$0.75		

Passes can be purchased on the bus, using exact cash, or at Tracy City Hall or Tracy Transit Station. Tickets and passes may also be purchased online through EZHub mobile ticketing using the Vamos Mobility app.

Exhibit 7.3 Microtransit Fare Structure

Rider category	
On-demand fares	
ADA/Seniors (65+), Medicare and Veterans	\$2.00 for up to 2 people
Regular Fare	\$4.00 for up to 3 people

General Management and Organization

The City’s transit program is operated by MTM Transit, LLC. MTM has operated the service since 2016. The City is currently on a one-year extension of the base contract and expects to go out to bid during FY 2024/25 for a new contract in FY 2025/26. MTM also provides maintenance for the City’s transit fleet.

Program performance is monitored through a combination of on-site observation and reviewing daily, weekly, and monthly reports prepared by the contractor. Performance is tracked using Passio software for fixed-route, Reveal for paratransit, and Transloc for on-demand service. The City is in the process of moving its fixed-route software to the ETA platform and will be putting out a Request For Proposals that would consolidate the paratransit and on-demand software into a single system. Staff would like to have this in place before the end of the current operations contract.

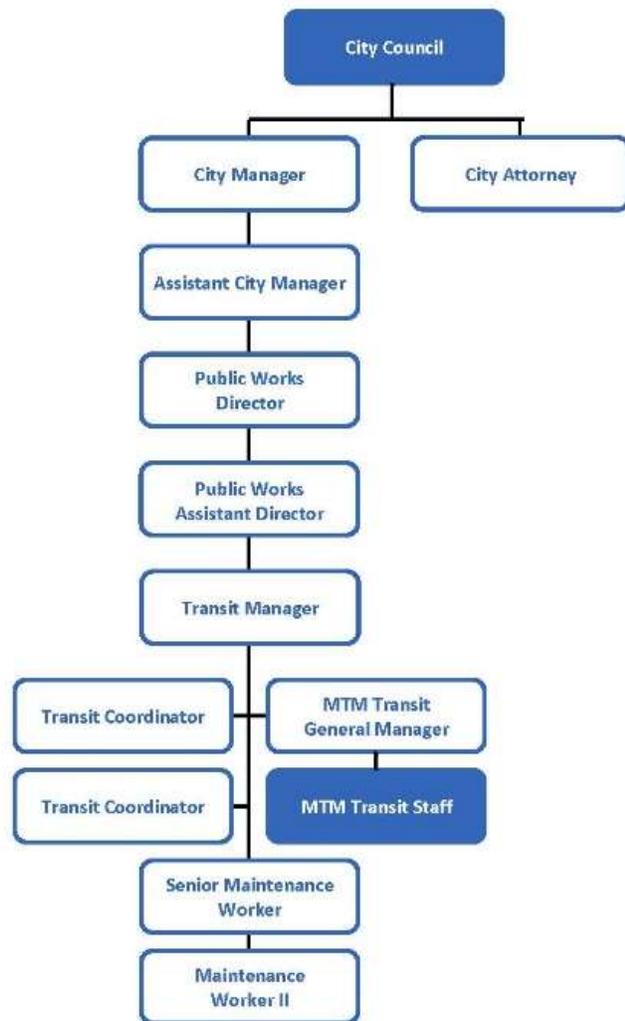
During the audit period, the City’s transportation program was absorbed into the Public Works Department; this has not affected transit operations. While the lines of reporting and managerial authority are clearly defined, the City could benefit from additional staff persons to assist with activities



the current team lacks the time to focus on at this time. It would be beneficial to have a Transit Analyst to assist with marketing, grants, and data analysis. The City hopes to include the request for this additional position in its FY 2025/26 budget. The addition of a Transit Coordinator after the prior audit has given the City the manpower it needed to actually implement a number of its plans. However, with the growth of the program (including a much higher percentage of student riders due to the free ride program), the City will definitely need additional staffing in the form of an analyst position.

Transit staff could also benefit from additional assistance to handle the technology previously managed by the contractor that the City is looking to bring back in house. Some of this may be able to be addressed by the City’s IT department, which was recently expanded and has more capacity, but may look to add its own staff in the future. The City also recently added a Maintenance Worker position that is dedicated to transit (rather than being split with the airport).

Exhibit 7.4 Organizational Chart



The Tracy City Council is the governing body for the City’s transit service. Council meetings are held at City Hall (333 Civic Center Plaza) on the first and third Tuesdays of each month at 7:00 p.m. This location is served by Tracer routes C and F, and is in fairly close proximity to most other routes (including RTD Hopper routes). While fixed-route and paratransit service stop operating around 6:30 p.m. and 7:00 p.m., attendees can utilize Tracer Plus to schedule rides to and from the meetings. The City Council is generally receptive to and supportive of changes to the transit program.

The City meets with other agencies in the region on a fairly regular basis to discuss transit issues, both as part of the SJCOG and independently. As needed, local operators get together to discuss issues separate from the RTPA. The City has a good relationship with SJCOG, participating on all transit-related committees, as well as effective relationships with Caltrans and the FTA. The Transit Manager acts as an intergovernmental liaison.

Service Planning

The City’s current Short Range Transit Plan was approved in August 2019. Due to COVID-19, the goals established as part of that plan were no longer relevant and most of the recommendations from that update were not implemented. The City is in the process of updating its SRTP, with the Transit Manager overseeing the progress. The plan is expected to be completed in FY 2024/25.

During the audit period, the City implemented a pilot ACE Shuttle and a pilot South Tracy Shuttle in response to the unmet transit needs process. The impact of these routes has been measured by ridership, which has been lower than anticipated. These will likely be discontinued or phased out when the City takes its updated SRTP to the City Council. It was unclear at the time of the site visit whether the routes would be eliminated at that time or at the end of the current contract period (June 2025). Tracer Plus service would be available to fill any gap caused by the elimination of the services. The City also purchased buses for both fixed-route and on-demand services, remodeled the Transit Station Lobby, and made repairs to bus shelters during the audit period.

The City actively works to identify residential, commercial, and industrial developments that may require transportation. Planning for special transportation needs is reflected in capital as well as service planning decisions. All vehicles are wheelchair accessible. Vehicles include annunciators as well as kneeling features, and are low-floor instead of requiring lifts. Special fares are offered to seniors, persons with disabilities, and youth.

Public participation activities occur any time there is a planning effort. Tracy also has a Transportation Advisory Commission (TAC), which is comprised of five members appointed by City Council. The Commission advises on transit as well as other transportation topics including the airport and active transportation. Commissioners serve for a four-year term. The TAC meets on the second Thursday of each month at the Tracy Transit Station (50 East 6th Street) and meetings are open to the public.

The most recent community and rider surveys were conducted in April 2024.

The City has completed a Zero-Emission Bus Rollout Plan but has yet to begin implementing it. The City is currently in the process of acquiring land to build a Transit Maintenance, Storage, and Fueling Facility. It

is looking at hydrogen as its primary fuel source. A hydrogen production facility is planned as part of the Valley Link project, which would provide a local source for hydrogen fuel.

Administration

The transit budget is developed by the Transit Manager with input from transit staff. The budget is prepared based on the previous year's expenses, contractual obligations, and upcoming operational needs. Because the budget must allow for the full cost of the operations contract, it typically results in a budget that is significantly higher than actual expenses for the current year. Expenses are reviewed monthly and financial data is monitored through Tyler Munis software. If actual expenses substantially exceed budgeted expectations, an explanation is prepared detailing why expenses are higher than expected and submitted to City Council for approval. Budget reports for the City as a whole are given to City Council on a quarterly basis.

The Transit Manager is responsible for submitting and reporting on grants. Grants are evaluated based on the time and resources needed to fulfill the grant and if it meets the needs and capacity of the organization. While the City is not yet ready to begin its transition to zero-emission vehicles, this will become more important in a few years. At that time, the City anticipates pursuing more competitive grants and will require more staff to do that. Other grants that fall under transit are bikeways; these are not typically applied for due to staffing. The Transit Analyst and technology position cited above could both be used to address some of this need.

The City's risk management procedures include a periodic assessment of safety issues or concerns, implementation of new safety procedures as needed, and following the guidance of the Public Transit Agency Safety Plan (PTASP) for feedback and assessment. The City is insured through the Central San Joaquin Valley Risk Management Authority (CSJVRMA). Accident and injury claims are processed through the contractor first. MTM Transit's Safety/Training Coordinator is responsible for proactive safety initiatives. Transit is also part of the City's overall disaster preparedness and response plan, primarily in an evacuation role.

The Transit Division manages the transit operations and maintenance contract as well as any transit-related capital construction or purchases. Contracts are monitored to ensure the scope of work and cost are being adhered to as submitted by the contractor. This may involve multiple departments, especially for capital contracts. Anything over \$50,000 must be approved by City Council. The City also contracts out cleaning of the Transit Station, though Transit Station maintenance is the responsibility of the Public Works' Building Maintenance staff. Other maintenance functions (such as bus stops) are the responsibility of Transit Division maintenance workers.

City staff complete electronic timesheets, which are routed to supervisors for approval. Nearly all City staffers use direct deposit. Good and services are verified by visual inspection or approval before an invoice is paid.

Depending on the size and type of purchase, the City solicits and receives bids or informal quotes, which are reviewed and approved according to guidance in the municipal code. All procurement practices conform to FTA and state/local requirements.



Marketing and Public Information

Brochures, posters, and flyers are the City's primary marketing tools. It does not use social media to promote transit services. The brochure is available in multiple locations: the library, City hall, the Senior Center, and transit station. Posters are hung at various bus shelters and flyers are distributed throughout the local school district. The City also includes mailer inserts in water bills, staffs booths at various public events (such as Earth Day, Farmer's Markets, and other City events), conducts outreach at back-to-school nights, and places advertisements in the local newspaper. The City does not have a current marketing plan, though it is working on developing one. The most successful promotion during the audit period was the Free Student Rides campaign, which was promoted through posters, mailers, and banners at outreach events. The Vamos app is used for route planning and mobile payments.

The City logs customer calls regarding reservations, cancellations, complaints, comments, and unmet transit needs. The City tries to resolve complaints and other customer issues in two business days, though this may take longer if video footage needs to be reviewed or additional follow up with the driver or customers is required. Complaints are documented on a complaint form, recording the complainant's name, details of the issue, the date, and other pertinent information. The City maintains a database of complaints.

The public's perception of the City's program is generally positive.

Scheduling, Dispatch, and Operations

Tracer bus service is provided under contract to MTM Transit, Inc. At the time of the site visit there were 38 full-time drivers and one part-time driver. This is considered fully staffed, though some are out on a leave of absence. Part-time drivers are typically used for weekend coverage. A part-time position is filled if there is a service need for it and the individual is interested in working part-time. MTM is always recruiting for new drivers.

Drivers are assigned to routes based on seniority via a bid process a minimum of twice per year and are represented by Teamsters Local 439. Drivers may be rotated between routes, but only as a result of the bid. All drivers are qualified to drive all modes. Standby drivers are built into the shift bid as required in the contract.

Vacation time is scheduled in advance with routes covered by providing extra work that results in the least amount of overtime. If a standby driver is not available, a Road Supervisor can fill in as needed. Absence and sick leave policies are clearly delineated in a driver handbook. Drivers must call out at least one hour before the start of their shift.

Vehicles are assigned to routes based on route needs and vehicle availability. All fixed routes are assigned Gillig buses to the extent possible. Arboc buses are used as backups for the fixed-route service, with the Glaval buses used as a last resort.

Dispatch effectively communicates with maintenance regarding which vehicles are in good repair. Gillig buses require an air brake certification and credentials are checked at the start of every shift.



Fares are collected by Road Supervisors every evening and stored in a safe at the Corporation Yard, for which only the General Manager has the code. After being transported to the Transit Station, they are stored in a locked cabinet in the General Manager's office. Fares are counted by the General Manager or Assistant General Manager in the General Manager's office. The MTM General Manager reconciles the amount against ticket deposit slips, ticket sales reports, and rider count sheets. Fares are transported to the Finance Department at City Hall using a Tracer support vehicle.

Drivers and front office staff sell passes and the money is processed the same as cash fares. Mobile ticketing is available and the money is sent from the vendor directly to the City's Finance Department.

Personnel Management and Training

MTM is currently recruiting enough drivers to meet its needs, though it is always hiring. MTM uses Indeed, word of mouth, job fairs, and its internal recruiting department to identify candidates. Indeed and the recruiting department tend to be the most successful methods. It will accept candidates that already have a commercial license as well as those who require full training through licensing depending on how many candidates are available and how well a candidate interviews. Existing employees can earn referral bonuses for recommending driver candidates.

Employees are motivated by the work environment as well as an incentive program. MTM offers awards, potlucks, gift cards, Safety Bingo, cook-outs, safety meetings, and other activities to motivate employees. Performance evaluations are completed on an as-needed basis. The City reports low turnover, with personnel leaving to pursue other job opportunities or as a result of poor attendance.

The MTM Safety Training Supervisor provides training for new and existing drivers. They hold TAPCO Trainer, Behind-the-Wheel Trainer, and Drug and Alcohol Reasonable Suspicion certifications. Testing for commercial licenses is provided through the DMV in Stockton. MTM's training program meets state requirements and is inclusive of 120 hours: 40 hours of classroom training, 40 hours of behind-the-wheel training, and 40 hours of cadetting (or more if needed). The MTM Director of Safety and Regional Vice President of Safety oversee safety activities. The contractor holds periodic safety blitzes.

Contractor employees receive benefits according to the collective bargaining agreement. Full-time employees are eligible for medical, dental, and vision insurance; short- and long-term disability; retirement plan; life insurance, legal and aid. Drivers are subject to an absentee/sick leave policy as well as a progressive discipline policy. Benefits and attendance and discipline policies are addressed during onboarding as well as in the CBA and company handbook. Benefits are also communicated through the WorkDay app.

Maintenance

MTM provides maintenance of the City-owned fleet. It uses Assetworks/Track-It to manage the maintenance program. Preventive maintenance (PM) is conducted every 45 days or 3,000 miles, and warranty work is identified. Compliance with this schedule can be easily judged through Assetworks, which creates work orders and identifies when the next PM service is needed. Maintenance does not typically conflict with regular vehicle use. If there is something MTM cannot repair, the work will be contracted out. This generally includes warranty repairs, body work, and graphics or wraps. MTM does not have the facility, equipment, or skill set to provide body work.



MTM provides maintenance services at a dedicated facility that is staffed by three mechanics and can accommodate multiple vehicles. The facility has a sufficient number of bays and one portable lift, as well as an administrative/office space. Records and replacement glass are stored above the office space. The City would like a larger facility with improved security (such as fencing and cameras) as well as a bus wash area.

Recent challenges in maintaining the transit fleet have been modest. Sometimes it can take a while for body work to be completed and some repairs are delayed by part availability. MTM owns its own parts inventory, and the stock is sufficient that there is no backlog for repairs with common parts. Inventory of some parts was increased to ensure availability. Parts are stored in a cage, but technicians pull their own parts. Parts are entered on a work order so they can be billed out. Parts are tracked through an inventory software system and physical inventory is checked quarterly.

Every morning, maintenance provides a down sheet with each vehicle’s expected date of return. Maintenance communicates directly with dispatch.

MTM also provides maintenance for the City of Escalon’s transit vehicles. Maintenance work orders are billed directly to Escalon, with period review by City staff.

Exhibit 7.5 City of Tracy Transit Fleet

Bus ID	Year	Make/Model	Length	PAX + WC	Fuel
2101	2021	Gillig G27E Lowfloor	29 ft	26 + 3	Diesel
2102	2021	Gillig G27E Lowfloor	29 ft	26 + 3	Diesel
2103	2021	Gillig G27E Lowfloor	29 ft	26 + 3	Diesel
2104	2021	Gillig G27E Lowfloor	29 ft	26 + 3	Diesel
2121	2020	Ford Glaval Cutaway	21 ft	7 + 2	Gasoline
2122	2020	Ford Glaval Cutaway	21 ft	7 + 2	Gasoline
2123	2020	Ford Glaval Cutaway	21 ft	7 + 2	Gasoline
2124	2020	Ford Glaval Cutaway	21 ft	7 + 2	Gasoline
2111	2020	Ford Transit 350 EL	21 ft	8 + 2	Gasoline
2112	2020	Ford Transit 350 EL	21 ft	8 + 2	Gasoline
1701	2017	Gillig G27B102N4 Lowfloor	35 ft	31 + 3	Diesel
1702	2017	Gillig G27B102N4 Lowfloor	35 ft	31 + 3	Diesel
1703	2017	Gillig G27B102N4 Lowfloor	35 ft	31 + 3	Diesel
1704	2017	Gillig G27B102N4 Lowfloor	35 ft	31 + 3	Diesel
1705	2017	Gillig G27B102N4 Lowfloor	35 ft	31 + 3	Diesel
2131	2020	Arboc Lowfloor Cutaway	26 ft	19 + 3	Gasoline
2132	2020	Arboc Lowfloor Cutaway	26 ft	19 + 3	Gasoline



Chapter 8 | Findings and Recommendations

Conclusions

The City of Tracy does not receive any TDA Article 4 funds for transit and has not traditionally been required to be in compliance with the requirements of the Transportation Development Act. Two findings that would normally be considered compliance findings during a Triennial Performance Audit have been identified, as well as one functional finding. Recommendations intended to improve the effectiveness and efficiency of the operator are detailed below.

Findings

Based on discussions with City staff, analysis of program performance, and an audit of program compliance and function, the audit team presents two compliance findings:

1. State Controller Reports were submitted after the January 31 deadline for all years of the audit period.
2. The TDA fiscal audit for FY 2021/22 was submitted after the March 31 extended deadline.

The audit team has identified one functional finding. While this finding is not a compliance finding, the audit team believes it warrants inclusion in this report:

1. The City would benefit from the addition of a Transit Analyst position to assist with marketing, grants, and data analysis.

Program Recommendations

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the City's public transit program. They are divided into two categories: TDA Program Compliance Recommendations and Functional Recommendations. TDA Program Compliance Recommendations are intended to assist in bringing the operator into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the audit that are not specific to TDA compliance. Each finding is presented with the elements identified within the 2011 *Government Auditing Standards* as well as one or more recommendations.

Compliance Finding 1: State Controller Reports were submitted after the January 31 deadline for all years of the audit period.

Criteria: PUC 99243 requires operators receiving funding under Article 4 to submit their Financial Transaction Report to the State Controller within seven months of the end of the fiscal year. While Article 8 recipients submit this form as well, compliance with the deadline is not stated as a condition of compliance with Article 8. However, since the deadline is established by the State Controller's Office, it should be treated as a hard deadline and complied with.

Condition: The FY 2021/22 State Controller Reports were submitted on February 6, 2023, six days after the January 31 deadline. The FY 2022/23 State Controller Reports were submitted on February 22, 2024,



more than three weeks after the deadline. For FY 2023/24, reports were submitted on February 3, 2025, the next business day after the deadline.

Cause: The State Controller Reports are prepared by the City’s auditor. In both years, the auditor submitted the reports late due to delays with completion of the citywide audit. This delay was largely caused by the Fire Joint Powers Agency (JPA), which is a component unit of the City.

Effect: As a result, the deadline was missed and the report was submitted late.

Recommendation: Work with the City and TDA auditors to ensure audits are completed sufficiently early to ensure on-time submittal of the State Controller Reports.

Recommended Action: The Fire JPA has since engaged a new auditor and completed the fieldwork for its audit in September 2024. This was expected to result in the citywide audit and transit TDA fiscal audit being completed in sufficient time for on-time submittal of the State Controller Reports for FY 2023/24. The City should continue to work on submitting its reports no later than January 31.

Timeline: FY 2024/25.

Anticipated Cost: Negligible.

Compliance Finding 2: The TDA fiscal audit for FY 2021/22 was submitted after the March 31 extended deadline.

Criteria: PUC 99245 requires all Article 4 recipients to submit an annual fiscal audit to the State Controller within 180 days of the end of the fiscal year. The RTPA has the authority to extend the deadline for another 90 days, typically to March 31. While Article 8 recipients submit TDA fiscal audits as well, compliance with the deadline is not a condition of compliance with TDA Article 8. However, since the RTPA cannot release Article 4 funds until the audit is submitted, it is helpful to have all transit operator audits submitted according to the same deadline.

Condition: The FY 2021/22 TDA fiscal audit was completed on May 11, 2023, nearly six weeks after the March 31 extended deadline. At the time of this draft report, completion of the FY 2023/24 TDA fiscal audit had not yet been confirmed.

Cause: There was a delay with the completion of the citywide audit. This delay was largely caused by the Fire Joint Powers Agency (JPA), which is a component unit of the City. The auditor conducting the audit of the Fire JPA passed away, which delayed completion of the citywide audit to February.

Effect: While the audit was submitted late, it was submitted before the end of the fiscal year.

Recommendation: Work with City and TDA auditors to ensure the TDA fiscal audit can be completed no later than March 31.



Recommended Action: The Fire JPA has since engaged a new auditor and completed the fieldwork for its audit in September 2024. This was expected to result in the citywide audit and transit TDA fiscal audit being completed prior to the deadline for FY 2023/24, though completion of this audit could not be confirmed at the time of this draft report. The City should continue to work on completing its TDA fiscal audits by March 31.

Timeline: FY 2024/25.

Anticipated Cost: Negligible.

Functional Finding 1: The City would benefit from the addition of a Transit Analyst position to assist with marketing, grants, and data analysis.

Criteria: One of the components evaluated under the General Management and Organization functional area is whether the operator’s internal organizational structure is effective given the operator’s size and functions performed. During the site visit and discussions with the operator, the audit team determined the organization could benefit from the addition of another full-time employee.

Condition: The City has expressed a need to expand transit staffing by one dedicated analyst-level position in order to be considered “effective” and “efficient.”

Cause: Growth of the transit program and a need to apply for and manage additional grants in the future have necessitated additional staffing.

Effect: Failure to staff this position would result in missed opportunities for funding and/or overloading existing staff.

Recommendation: Include a new Transit Analyst position in the budget for FY 2025/26.

Recommended Action: Staff should request the addition of a Transit Analyst position in the FY 2025/26 budget and begin recruitment.

Timeline: FY 2025/26.

Anticipated Cost: Equivalent to the City’s salary and benefits for the position, plus any costs related to recruitment.



Exhibit 8.1 Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Work with the City and TDA auditors to ensure audits are completed sufficiently early to ensure on-time submittal of the State Controller Reports.	Medium	FY 2024/25
2	Work with City and TDA auditors to ensure the TDA fiscal audit can be completed no later than March 31.	Medium	FY 2024/25
Functional Recommendations		Importance	Timeline
1	Include a new Transit Analyst position in the budget for FY 2025/26.	Medium	FY 2025/26