

Governments  
**SANBAG**  
Working Together

**FY 2009-2011  
Triennial Performance Audit  
of Needles Transit Services**

**Submitted to San Bernardino  
Associated Governments**

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**PMC**<sup>®</sup>  


 **CH2MHILL**

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## Executive Summary

The San Bernardino Associated Governments (SANBAG) engaged the PMC consultant team to conduct the Transportation Development Act (TDA) triennial performance audit of the six public transit operators under its jurisdiction. The performance audit serves to ensure accountability in the use of public transportation revenue. This performance audit is conducted for Needles Transit Services covering the most recent triennial period, fiscal years 2008-09 through 2010-11.

The audit includes a review of the following areas:

- Compliance with TDA Requirements
- Status of Prior Audit Recommendations
- Transit System Performance Trends
- Detailed Functional Review

From the review, recommendations were developed to improve the operational efficiency and effectiveness of Needles Transit Services.

### Compliance with TDA Requirements

The City of Needles has complied with seven out of the nine applicable requirements. The City was found in partial compliance with the timely submittal of its annual fiscal and compliance audits, and meeting annual farebox recovery. Two additional compliance requirements did not apply to Needles (e.g., rural/urban farebox recovery ratios and serving an urbanized area).

### Status of Prior Audit Recommendations

Five of the six prior audit recommendations were implemented. The prior recommendation not implemented pertained to the City enforcing the liquidated damages clause in the operator's service contract. Due to the contract operator's good performance as cited by the City, there was no need to consider liquidated damages. This remaining recommendation should be considered for implementation in the future when warranted.

### System Performance Trends

1. Operating costs systemwide increased by just over 5 percent over the past three years. Deviated fixed route operating costs increased by 5.5 percent and DAR costs increased by 2.1 percent. The modest rates of growth in operating costs for the deviated fixed route are attributed to the set of fixed and variable costs factored into the operating contract with McDonald Transit. The increased cost for DAR was due to increases in labor, fuel and vehicle insurance during the audit period.

2. Ridership decreased by 12.5 percent systemwide, including a 14.7 percent decrease on deviated fixed route. However, DAR ridership has been slowly increasing over the last few years from earlier declines. There was an 8 percent increase in DAR ridership during the audit review period. The increase in DAR ridership could be attributed to the medical transportation service, which operates to Fort Mohave and Bullhead City two days a week. On the other hand, the decline in deviated fixed route ridership could be attributed to stagnant population growth and the lack of any significant economic development in the service area.
3. The provision of revenue hours and miles grew slightly more in relative proportion to the increase in cost during the audit period. Systemwide, vehicle miles grew nearly 10 percent and vehicle hours increased by nearly 7 percent. Most of the increase in service hours and miles can be attributed to the medical transportation service and increased DAR service. DAR revenue hours grew by 28 percent while revenue miles grew by nearly 25 percent. Deviated fixed route hours were essentially flat with only a 1 percent increase while miles increased by 6 percent. The route deviations contributed to the growth in miles although revenue hours remained stable.
4. Operating cost per passenger increased just over 20 percent systemwide. Cost per passenger increased 23.7 percent on deviated fixed route service but decreased by 5.5 percent on DAR. This is the result of a decline in ridership on the deviated fixed route coupled with the increased cost to provide the service.
5. Average fare per passenger rose by 15 percent systemwide, increasing 19.3 percent for deviated fixed route but declining by 11.4 percent for DAR. The DAR fare revenue includes the local subsidy required by the Senior Center to meet the 12 percent match in the contract. Without the subsidy, the DAR passenger fares show increases that are commensurate with the ridership gains.
6. The overall fare recovery ratio experienced a downward trend over the audit period, exhibiting a 4.2 percent decrease. The systemwide farebox ratio decreased from 11.12 percent in FY 2009 to 10.81 percent in FY 2011. This pattern was similar for deviated fixed route due primarily to fewer passenger trips. DAR exceeded its annual fare recovery ratio, while NAT met the farebox two of three audit years. The DAR farebox recovery comprising passenger fares and local support revenue averaged 18.15 percent during the audit period. Passenger fares without local support showed growth that is consistent with ridership increases.

### Functional Review

1. In October 2008, Needles Area Transit implemented a twice-weekly pre-scheduled medical transportation service from Needles to Fort Mohave and Bullhead City, Arizona. This new service was a result of action taken from public comments made at the annual

SANBAG unmet transit needs hearings, as well as findings from the Public Transit-Human Services Plan prepared for San Bernardino County.

2. NAT upgraded its fleet in recent years with the procurement of two 18-passenger vehicles in 2007 and 2012. In addition to bike racks, cameras have also been purchased and installed on the buses with the assistance of a public safety grant from the California Emergency Management Agency (Cal EMA). NAT vehicles are equipped with 4 cameras each.
3. The City developed and distributed multi-colored comment cards for customer feedback as a result of a prior audit recommendation. The card is available on all transit vehicles and at the City offices. Transit management indicated that the highest usage of the cards was right after they were initially introduced. As the cards serve as a medium for public input on transit service, the City may consider utilizing the cards as part of the annual unmet transit needs process where transit needs can be expressed and submitted to the City and SANBAG.
4. Needles Transit Services is administered by the Transit Services Manager who also serves as the Secretary to the City Manager. Other City staff including from the finance department provide support as needed. Due to heavy workloads placed on city staff, the Transit Services Manager/Secretary to the City Manager spends approximately 10 percent of her annual work hours on transit administration.
5. In prior times, Needles' TDA allocation was advanced by SANBAG. However, per revised SANBAG practice in administering the funds, this procedure is being changed so that the City receives payment on a reimbursement basis including submission of an invoice. This change in procedure adds to the administrative workload of city staff.

**Recommendations**

Performance Audit Recommendation	Background	Timeline
#1 Consider using customer comment cards to gather input toward the annual unmet transit needs process.	In complying with a prior audit recommendation, Needles has developed and distributed customer comment cards to receive feedback on its transit services. Not only do the comment cards serve as a tool to understand customers' current experiences with the system, they could also serve as a communication medium to receive feedback on how service delivery could be enhanced and extended. Together with unmet transit needs hearing notices posted in the transit vehicles, passengers could have an additional means in-lieu of attending the unmet needs hearings typically held outside of Needles to express their concerns and make suggestions on the comment cards. City	High Priority

Performance Audit Recommendation	Background	Timeline
	of Needles would then submit those cards to SANBAG for consideration.	
#2 Enter on-time performance data into TransTrack.	With the increased utilization of TransTrack as a central data collection source and monitoring tool, certain measures have yet to be input into the system. One such measure pertains to on-time performance. Although on-time performance is tracked by having drivers call-in to dispatch at the top of the hour, entering this information regularly into TransTrack would enhance the value of the database to ensure schedule adherence in light of route deviations and flag stops.	High Priority
#3 Enter dial-a-ride no-shows data into TransTrack.	Transit management acknowledged that several performance measures for dial-a-ride have not been entered into TransTrack in a timely manner or not at all, leaving gaps in information. A key productivity measure that is not entered is no-shows. No-shows are tracked by the Senior Citizens' Club but are not entered into TransTrack. No-shows adversely affect productivity and should be monitored on a regular basis by transit management as part of the dashboard offerings in TransTrack.	High Priority
#4 Review alternatives for increasing ridership, including building local partnerships.	In light of a relatively stagnant to decreasing ridership base, Needles should consider alternatives for increasing ridership. One such alternative could include a review of potential partnerships with local businesses and/or the Needles Unified School District. Local business partnerships might include working with specific trip attractors like shopping and grocery centers, government offices or medical facilities to provide more convenient bus stop accessibility or improved bus time arrivals or pickups. Regarding the school district, as it was indicated by Needles transit management that the school bus program may be in jeopardy due to funding declines, the City should consider holding discussions with the school district to fill potential transportation gaps for its students. Examples could include new services such as school tripper service, or a school subsidized student fare structure.	High Priority

Performance Audit Recommendation	Background	Timeline
<p>#5 Combine safety and training schedule for both fixed route and dial-a-ride operations.</p>	<p>Safety meetings and continuous training on important aspects of operating a transit vehicle should be provided in a consolidated effort and offered to both McDonald Transit and dial-a-ride bus drivers. The contract transit manager provides required training once a month and discusses safety topics that are applicable to both transit modes. By having both sets of drivers present at the safety training, a more uniform set of instructions for Needles transit services could be provided to all vehicle operators in a timely manner. As potential overtime pay may occur for the dial-a-ride driver to attend the trainings, the city should work with the McDonald transit manager to minimize this possible cost increase through efficient scheduling and delivery of the trainings. This is weighed against the benefits of updated training for all drivers.</p>	<p>Medium Priority</p>

## Section I

### Introduction

California's Transportation Development Act (TDA) requires that a triennial performance audit be conducted of public transit entities that receive TDA revenues. The performance audit serves to ensure accountability in the use of public transportation revenue.

The San Bernardino Associated Governments (SANBAG) engaged the PMC consultant team to conduct the Transportation Development Act (TDA) triennial performance audit of the six public transit operators under its jurisdiction in San Bernardino County. This performance audit is conducted for Needles Transit Services covering the most recent triennial period, fiscal years 2008-09 through 2010-11.

The purpose of the performance audit is to evaluate the effectiveness and efficiency Needles Area Transit (NAT) and Senior Citizens Club dial-a-ride in their use of TDA funds to provide public transportation in its service area. This evaluation is required as a condition for continued receipt of these funds for public transportation purposes. In addition, the audit evaluates NAT's compliance with the conditions specified in the California Public Utilities Code (PUC). This task involves ascertaining whether the city is meeting the PUC's reporting requirements. Moreover, the audit includes calculations of transit service performance indicators and a detailed review of the transit administrative functions. From the analysis that has been undertaken, a set of recommendations has been made which is intended to improve the performance of transit operations.

In summary, this TDA audit affords the opportunity for an independent, constructive and objective evaluation of the organization and its operations that otherwise might not be available. The methodology for the audit included in-person interviews with management, collection and review of agency documents, data analysis, and on-site observations. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* published by the California Department of Transportation (Caltrans) was used to guide in the development and conduct of the audit.

### Overview of the Transit System

Transit services in Needles have been in operation since the late 1970s when the City of Needles contracted dial-a-ride services with the Needles Senior Citizens Club, a nonprofit corporation. A transit needs study commissioned in 1994 paved the way for a fixed route transit service for general public use. As a result, Needles Area Transit (NAT) commenced service in 1995, consisting of a deviated fixed route. NAT is administered by the City of Needles and operated under a current contract with McDonald Transit Associates, Inc, based in Fort Worth, Texas. A separate dial-a-ride (DAR) service for seniors and persons with disabilities continues to be operated under contract by the Needles Senior Citizens Club. The DAR provides trips within or around the city. In addition to the DAR service, the City through the Needles Senior Citizens Club

launched a medical transportation service for non-emergency medical trips to Fort Mohave and Bullhead City, Arizona in October 2008. Together, both NAT and DAR form Needles Transit Services.

Needles is located at the east central edge of San Bernardino County along the western bank of the Colorado River opposite the State of Arizona. The city lies at the junction of Interstate 40 and U.S. Route 95. The City has a total land area of 30.81 square miles. Founded in 1883, Needles is a California charter city incorporated in 1913 and has a council-manager form of government. Based upon the 2010 U.S. Census, the city's population was 4,844, of which 15.8 percent was age 65 or older. The 2012 population was estimated to be 4,894 as reported by the State Department of Finance.

### System Characteristics

NAT provides a route deviation service that traverses through many parts of the city. The service is divided into two areas served by one bus which alternates every half hour between the two areas of town and intersects at Broadway and "G" Street. There are 36 time points on the route. Route deviations are offered on a same-day basis provided there is sufficient time built into the schedule. Most route deviations are accommodated since the drivers are familiar with repeat passengers who request a deviation and have developed routes to efficiently pick them up while keeping with the published bus schedule. Route deviation passengers are tracked separately from regular passengers in TransTrack.

The deviated fixed route system operates from 7:00 a.m. to 7:00 p.m., Monday through Friday, and Saturdays from 10:00 a.m. to 2:00 p.m. The service does not operate on Sundays and the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas.

The dial-a-ride service is provided to senior citizens (age 55 and older) and disabled persons on a pre-scheduled basis. The Senior Citizens Club, a nonprofit corporation, has operated demand response services for well over 20 years. The service is provided within the City of Needles from 9:00 a.m. to 1:30 p.m., Monday through Friday. Within this timeframe, a Lunch Bunch shuttle service is operated on weekdays from 11:00 a.m. to 1:00 p.m. The City obtains a Community Development Block Grant (CDBG) in the amount of \$7,800 per year to fund one part-time driver's position, limiting the level of service to a little over half a day. The driver is a City employee.

Areas within the city not served by deviated fixed route but served by DAR include a mobile home park near the Five Mile area (Landing) and U.S. 95 South on the eastern portions of the city and residential housing in the northern portions of Needles. Special runs sponsored by the Senior Citizens Club are provided outside the city limits. Reservations are accepted from 9:00 a.m. to 2:30 p.m. the day before or the day of the trip. Last call for same-day service is taken at 12:30 p.m. The window for a scheduled pickup is a half hour, 15 minutes before the scheduled time, and 15 minutes after. The service does not operate on weekends or the same holidays as deviated fixed route.

The medical transportation service operates between Needles, Fort Mohave and Bullhead City, Arizona two days a week, Tuesday and Thursday. The service is available on a pre-scheduled first-come, first-served basis and departs from the Needles Senior Center at 9:15 a.m. and returns at approximately 3:15 p.m. There is a two-tier fare structure based on distance traveled with no discounts to seniors, disabled persons, students or children.

**Fares**

The fare schedule for NAT and the Needles Senior Citizens Club dial-a-ride is shown in the following table. A fare increase for the deviated fixed route occurred on August 1, 2008, per Resolution No. 7-8-08.

**Table I-1  
NAT & Dial-a-Ride Fare Schedule**

<b>Deviated Fixed Route</b>	<b>Regular</b>	<b>Senior/ Disabled</b>
One Way	\$1.00	\$0.90
Route Deviation	\$1.50	\$1.40
30-Punch pass	\$28.50	\$28.50
<b>Dial-a-Ride</b>		
One Way	N/A	\$1.00
Senior Lunch Bunch (Round Trip)	N/A	\$1.00
<b>Medical Shuttle</b>		
Between Needles Bridge North & Fort Mohave Medical Complex	\$5.00	N/A
Between Fort Mohave & Bullhead City Medical Center up to Bullhead City/Laughlin Bridge	\$10.00	N/A

*Sources: NAT, Needles Senior Citizens Club*

Up to two children five years of age or younger may ride free on NAT when accompanied by an adult. The 30-Punch Pass is available for purchase through the City of Needles. Persons with Disabilities require a City-issued photo identification card in order to qualify for the Senior/Disabled fare on NAT.

**Fleet**

NAT has a fleet of four 18-passenger vehicles, two recently acquired in 2012. The dial-a-ride service operates three 7-passenger vehicles, including a recent acquisition in 2009. The transit fleet for both services is shown in the following table:

**Table I-2  
Vehicle Fleet**

<b>Year</b>	<b>Manufacturer</b>	<b>Quantity</b>	<b>Fuel type</b>	<b>Service Type</b>	<b>Seating Capacity</b>
2002	Ford	1	Gasoline	Dial-a-Ride	7
2007	Starcraft Type III Paratransit Bus	2	Gasoline	Fixed-Route	18
2008	El Dorado Aerolite 200	1	Gasoline	Dial-Ride	7
2009	Starcraft Starlite Type I Paratransit	1	Gasoline	Dial-a-Ride	7
2012	Elkhart Coach ECII	2	Gasoline	Fixed-Route	18
<b>Total</b>		<b>7</b>			

Source: TransTrack Manager

## Section II

### Operator Compliance Requirements

This section of the audit report contains the analysis of Needles' ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses the guidebook, *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies, September 2008 (third edition)*, which was developed by the Department of Transportation (Caltrans) to assess transit operators. The updated guidebook contains a checklist of eleven measures taken from relevant sections of the Public Utilities Code and the California Code of Regulations. Each of these requirements is discussed in the table below, including a description of the system's efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller. Report is due 90 days after end of fiscal year (Sept. 28/29), or 110 days (Oct. 19/20) if filed electronically (Internet).	Public Utilities Code, Section 99243	Completion/submittal dates:  FY 2009: October 16, 2009 FY 2010: October 7, 2010 FY 2011: October 3, 2011  <b>Conclusion: Compiled.</b>
The operator has submitted annual fiscal and compliance audits to the RTPA and to the State Controller within 180 days following the end of the fiscal year (Dec. 27), or has received the appropriate 90-day extension by the RTPA allowed by law.	Public Utilities Code, Section 99245	Completion/submittal dates:  FY 2009: November 18, 2009 FY 2010: February 17, 2011 FY 2011: (Completed, but lacked submittal date)  The annual fiscal and compliance audit for FY 2010 was submitted after the 180-day period following the end of the fiscal year, but within the 90-day extension period. The FY 2011 audit did not have a submittal date. All three audits

<b>Table II-1 Operator Compliance Requirements Matrix</b>		
<b>Operator Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
		<p>were conducted by Miers &amp; Miers, LLC.</p> <p><b>Conclusion: Partial Compliance.</b></p>
<p>The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator's terminal.</p>	<p>Public Utilities Code, Section 99251 B</p>	<p>NAT participates in the CHP Transit Operator Compliance Program in which the CHP has conducted inspections within the 13 months prior to each TDA claim.</p> <p>Inspection dates applicable to the audit period were May 27, 2008, April 9, 2009, March 12, 2010, &amp; March 14, 2011.</p> <p>The City's contract operator received a satisfactory rating for all inspections conducted on NAT vehicles during the audit period.</p> <p><b>Conclusion: Complied.</b></p>
<p>The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.</p>	<p>Public Utilities Code, Section 99261</p>	<p>As a condition of approval, Needles Transit Services' annual claims for Local Transportation Funds and State Transit Assistance are submitted in compliance with the rules and regulations adopted by SANBAG.</p> <p><b>Conclusion: Complied.</b></p>
<p>If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating</p>	<p>Public Utilities Code, Section 99270.1</p>	<p>This requirement is not applicable, as Needles Transit Services serves a non-urbanized area.</p>

<b>Table II-1 Operator Compliance Requirements Matrix</b>		
<b>Operator Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.		<b>Conclusion: Not Applicable.</b>
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).	Public Utilities Code, Section 99266	<p>Percentage increase in Needles Transit Services' operating budget:</p> <p>FY 2009: +6.5%</p> <p>FY 2010: -12.6%</p> <p>FY 2011: -2.3%</p> <p>The modest budget increase for FY 2009 and reductions in FYs 2010 &amp; 11 reflect the cost efficiencies of the new vehicles and lower maintenance costs.</p> <p>Source: FY 2008-2011 City of Needles' Budgets.</p> <p><b>Conclusion: Complied.</b></p>
The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.	Public Utilities Code, Section 99247	<p>Needles Transit Services' definition of performance is consistent with Public Utilities Code Section 99247. A review of trip sheets from the NAT contract provider as well as from DAR indicates that correct performance data are being collected.</p> <p><b>Conclusion: Complied.</b></p>

<b>Table II-1 Operator Compliance Requirements Matrix</b>										
<b>Operator Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>								
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating costs at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenues to operating costs of at least equal to three-twentieths (15 percent), if so determined by the RTPA.	Public Utilities Code, Sections 99268.2, 99268.3, 99268.12, 99270.1	This requirement is not applicable, as Needles Transit Services serves a non-urbanized area.  <b>Conclusion: Not Applicable</b>								
If the operator serves a rural area, or provides exclusive services to elderly and disabled persons, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	Public Utilities Code, Sections 99268.2, 99268.4, 99268.5	Needles Transit Services' operating ratios using audited data were as follows:  <table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><b>NAT:</b></td> <td style="text-align: center;"><b>DAR:</b></td> </tr> <tr> <td style="text-align: center;">FY 2009: 10.58%</td> <td style="text-align: center;">15.23%</td> </tr> <tr> <td style="text-align: center;">FY 2010: 9.72%</td> <td style="text-align: center;">23.70%</td> </tr> <tr> <td style="text-align: center;">FY 2011: 10.26%</td> <td style="text-align: center;">15.63%</td> </tr> </table> Transit services are funded by TDA Article 8(c). The SANBAG Board adopted performance criteria for Needles that set the farebox recovery ratio at 10 percent for NAT and 12 percent for DAR. NAT did not meet the farebox ratio in FY 2010.  Source: Annual Fiscal and Compliance Audits  <b>Conclusion: Partial Compliance.</b>	<b>NAT:</b>	<b>DAR:</b>	FY 2009: 10.58%	15.23%	FY 2010: 9.72%	23.70%	FY 2011: 10.26%	15.63%
<b>NAT:</b>	<b>DAR:</b>									
FY 2009: 10.58%	15.23%									
FY 2010: 9.72%	23.70%									
FY 2011: 10.26%	15.63%									
The current cost of the operator's retirement system is fully funded with respect to	Public Utilities Code, Section 99271	The City contracts with a private nonprofit provider for operations, while the cost of								

<b>Table II-1 Operator Compliance Requirements Matrix</b>		
<b>Operator Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
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 within 40 years.		<p>City staff's retirement is fully funded under the California Public Employees Retirement System (CalPERS).</p> <p><b>Conclusion: Complied.</b></p>
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.	California Code of Regulations, Section 6754(a)(3)	<p>NAT utilizes federal funds that are available to the agency, as reported in the annual fiscal and compliance audits.</p> <p>FY 2009: Operations (\$83,043) Capital (\$0)</p> <p>FY 2010: Operations (\$31,260) Capital (\$0)</p> <p>FY 2011: Operations (\$31,157) Capital (\$0)</p> <p><b>Conclusion: Complied.</b></p>

### Findings and Observations from Operator Compliance Requirements Matrix

1. Of the compliance requirements pertaining to Needles Transit Services, the operator fully complied with seven out of the nine requirements. The operator was in partial compliance with the timely submittal of its annual fiscal and compliance audits, and meeting annual farebox recovery. Two additional compliance requirements did not apply to Needles Transit Services (e.g., rural/urban farebox recovery ratios).
2. DAR exceeded its annual fare recovery ratio, while NAT met the farebox two of three audit years. The deviated fixed route farebox has been declining during the period, slightly dipping below 10 percent for FY 2009 before recovering the following year. In contrast, the DAR farebox remained well above its performance criteria. Transit services are funded by TDA Article 8(c). The SANBAG Board adopted performance criteria for Needles that set the farebox recovery ratio at 10 percent for NAT and 12 percent for DAR.
3. Through its contract operator, NAT participates in the CHP Transit Operator Compliance Program and received inspections of NAT vehicles within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period.
4. The operating budget exhibited a modest increase of 6.5 percent in FY 2009 before declining for the remainder of the period. The budget decreased 12.6 percent in FY 2010 and 2.3 percent in FY 2011.

## Section III

### Prior Triennial Performance Recommendations

Needles Transit Services' efforts to implement the recommendations made in the prior triennial audit are examined in this section of the report. For this purpose, each prior recommendation for the agency is described, followed by a discussion of Needles' efforts to implement the recommendation. Conclusions concerning the extent to which the recommendations have been adopted by the agency are then presented.

#### Prior Recommendation 1

Request that Public Works document maintenance activities of dial-a-ride vehicles.

#### Actions taken by Needles Transit Services

Needles Transit Services now has the City's Public Works Department document the maintenance activities of the dial-a-ride vehicles. Fueling records as well as routine maintenance have been documented and tracked. The City is also considering inputting DAR maintenance data into TransTrack. As the City's transit manager pays the maintenance invoices, the cost of maintenance of the vehicles is known.

#### Conclusion

This recommendation has been implemented.

#### Prior Recommendation 2

Consider implementing the liquidated damages provisions in the operations contract.

#### Actions taken by Needles Transit Services

The City's contract with McDonald Transit Associates contains liquidated damages provisions for missed service hours and on-time performance. The City contends that this is a non-issue since the contractor has been responsive and on-time performance standards met. In addition, customer complaints have been negligible.

#### Conclusion

This recommendation has not been implemented for the above reasons, but should be considered when warranted.

Prior Recommendation 3

Enter dial-a-ride performance data into TransTrack in a timely manner.

Actions taken by Needles Transit Services

City transit staff confirmed that a designated driver enters performance data for DAR on a daily basis.

Conclusion

This recommendation has been implemented.

Prior Recommendation 4

Present regular updates to the City Council about Needles Area Transit (NAT).

Actions taken by Needles Transit Services

The City's transit program generally does not warrant direct attention by the City Council on a regular basis except during the budget process. However, the transit manager does provide copies of the monthly reports to the Council but makes no formal presentation. Since General Fund resources are not used to support transit, and unless an issue requires Council attention, the transit program is not actively presented during Council meetings.

Conclusion

This recommendation has been implemented from the standpoint that monthly transit reports are included in the council reports for regular updates.

Prior Recommendation 5

Ensure that the number of full-time equivalent employees is being calculated in TransTrack.

Actions taken by Needles Transit Services

Needles Transit Services has been utilizing TransTrack to record the number of employee hours devoted toward transit. The transit manager and mechanic develop an estimate at the end of the fiscal year that calculates the number of full-time equivalent employees.

Conclusion

This recommendation has been implemented.

Prior Recommendation 6

Develop and implement customer comment card.

Actions taken by Needles Transit Services

The City has developed a multi-colored comment card for customer feedback. The card is preprinted as a postcard for mail back to the Transit Services Manager located at City Hall. The comment card provides customers a rating system in five areas including bus comfort, driver courtesy, dispatch professionalism, routing of the service, and service hours when the system is available. The card is available on all transit vehicles and at the City offices. In expanding the utility of the card, the City should consider utilizing the cards as part of the SANBAG unmet transit needs process as another method to solicit transit needs from the community.

Conclusion

This recommendation has been implemented.

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## Section IV

### TDA Performance Indicators

This section reviews NAT and DAR performance in providing transit services to the community in an efficient and effective manner. TDA requires that at least five specific performance indicators be reported, which are contained in the following tables. Farebox recovery ratio is not one of the five specific indicators but is a requirement for continued TDA funding. Therefore, farebox calculation is also included. Two additional performance indicators, operating cost per mile and average fare per passenger, are included as well. Findings from the analysis are contained in the section following the tables.

Tables IV-1 through IV-3 provide the performance indicators for Needles Transit Services, including systemwide, deviated fixed route and the Senior Citizens Club DAR. Charts are also provided to depict the trends in the indicators.

**Table IV-1  
TDA Performance Indicators  
Needles Transit Services, Systemwide**

Performance Data and Indicators	Audit Years				% Change FY 2008- 2011
	FY 2008	FY 2009	FY 2010	FY 2011	
Operating Cost <sup>(a)</sup>	\$290,187	\$302,197	\$298,785	\$305,121	5.1%
Total Passengers	39,512	33,603	33,219	34,582	-12.5%
Vehicle Service Hours	4,186	4,394	4,369	4,473	6.8%
Vehicle Service Miles	55,518	58,105	61,366	60,942	9.8%
Employee FTEs	5	6	6	6	20.0%
Passenger Fares	\$32,740	\$33,595	\$33,494	\$32,994	0.8%
Operating Cost per Passenger	\$7.34	\$8.99	\$8.99	\$8.82	20.1%
Operating Cost per Vehicle Service Hour	\$69.32	\$68.77	\$68.40	\$68.22	-1.6%
Operating Cost per Vehicle Service Mile	\$5.23	\$5.20	\$4.87	\$5.01	-4.2%
Passengers per Vehicle Service Hour	9.4	7.6	7.6	7.7	-18.1%
Passengers per Vehicle Service Mile	0.71	0.58	0.54	0.57	-20.3%
Vehicle Service Hours per Employee	837.3	732.3	728.1	745.5	-11.0%
Average Fare per Passenger	\$0.83	\$1.00	\$1.01	\$0.95	15.1%
Fare Recovery Ratio	11.28%	11.12%	11.21%	10.81%	-4.2%
Consumer Price Index (CPI-Los Angeles CSMA)	3.5%	1.1%	0.5%	1.8%	-48.6%
(a) Excludes depreciation and amortization costs.					

Source: NTD, State Controller Report, TransTrack, FYs 2008-11 Annual Fiscal Audits

**Table IV-2  
TDA Performance Indicators  
NAT Deviated Fixed Route**

Performance Data and Indicators	Audit Years				% Change FY 2008- 2011
	FY 2008	FY 2009	FY 2010	FY 2011	
Operating Cost <sup>(a)</sup>	\$259,195	\$266,578	\$266,959	\$273,488	5.5%
Total Passengers	35,637	29,700	29,543	30,397	-14.7%
Vehicle Service Hours	3,269	3,275	3,265	3,297	0.9%
Vehicle Service Miles	44,446	45,362	46,790	47,135	6.1%
Employee FTEs	4	4	4	4	0.0%
Passenger Fares	\$27,572	\$28,207	\$25,952	\$28,050	1.7%
Operating Cost per Passenger	\$7.27	\$8.98	\$9.04	\$9.00	23.7%
Operating Cost per Vehicle Service Hour	\$79.29	\$81.40	\$81.78	\$82.95	4.6%
Operating Cost per Vehicle Service Mile	\$5.83	\$5.88	\$5.71	\$5.80	-0.5%
Passengers per Vehicle Service Hour	10.9	9.1	9.0	9.2	-15.4%
Passengers per Vehicle Service Mile	0.80	0.65	0.63	0.64	-19.6%
Vehicle Service Hours per Employee	817.3	818.8	816.1	824.3	0.9%
Average Fare per Passenger	\$0.77	\$0.95	\$0.88	\$0.92	19.3%
Fare Recovery Ratio	10.64%	10.58%	9.72%	10.26%	-3.6%
Consumer Price Index (CPI-Los Angeles CSMA)	3.5%	1.1%	0.5%	1.8%	-48.6%
(a) Excludes depreciation and amortization costs.					

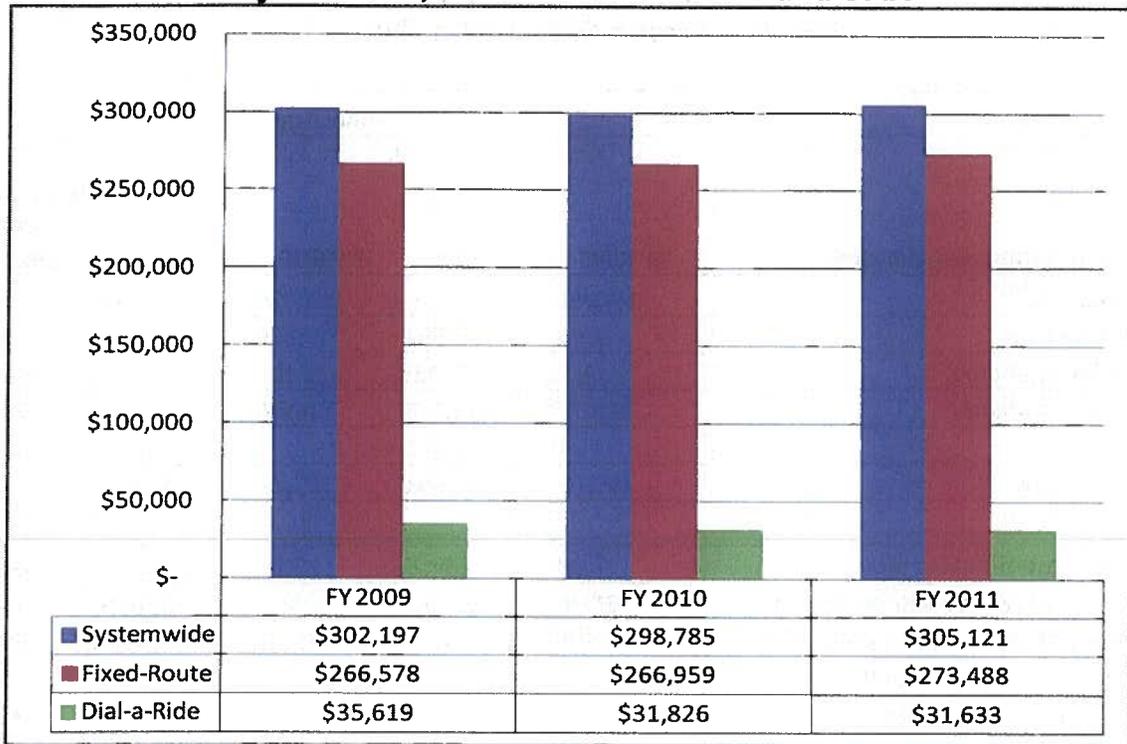
Source: NTD, State Controller Report, TransTrack, FY 2008-11 Fiscal Audits

**Table IV-3  
TDA Performance Indicators  
Senior Citizens Club Dial-a-Ride**

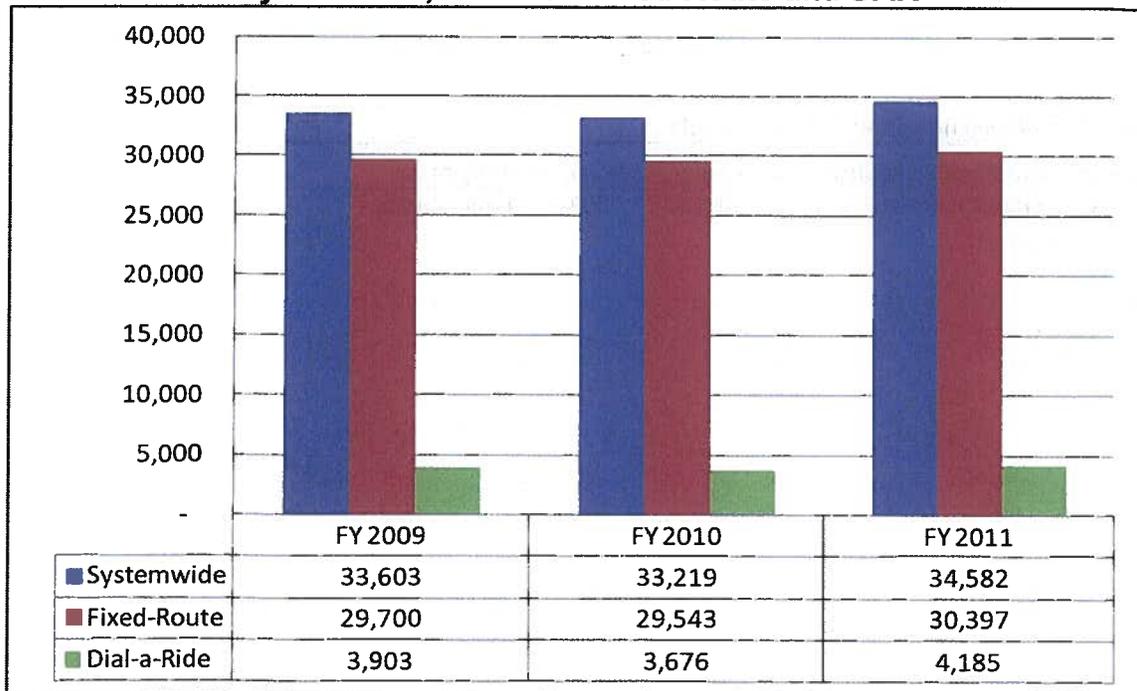
Performance Data and Indicators	Audit Years				% Change FY 2008- 2011
	FY 2008	FY 2009	FY 2010	FY 2011	
Operating Cost <sup>(a)</sup>	\$30,992	\$35,619	\$31,826	\$31,633	2.1%
Total Passengers	3,875	3,903	3,676	4,185	8.0%
Vehicle Service Hours	917	1,119	1,104	1,176	28.1%
Vehicle Service Miles	11,072	12,743	14,576	13,807	24.7%
Employee FTEs	1	2	2	2	100.0%
Passenger Fares <sup>(b)</sup>	\$5,168	\$5,388	\$7,542	\$4,944	-4.3%
Operating Cost per Passenger	\$8.00	\$9.13	\$8.66	\$7.56	-5.5%
Operating Cost per Vehicle Service Hour	\$33.78	\$31.83	\$28.83	\$26.91	-20.3%
Operating Cost per Vehicle Service Mile	\$2.80	\$2.80	\$2.18	\$2.29	-18.2%
Passengers per Vehicle Service Hour	4.2	3.5	3.3	3.6	-15.7%
Passengers per Vehicle Service Mile	0.35	0.31	0.25	0.30	-13.4%
Vehicle Service Hours per Employee	917.4	559.5	552.0	587.8	-35.9%
Average Fare per Passenger	\$1.33	\$1.38	\$2.05	\$1.18	-11.4%
Fare Recovery Ratio	16.68%	15.13%	23.70%	15.63%	-6.3%
Consumer Price Index (CPI-Los Angeles)	3.5%	1.1%	0.5%	1.8%	-48.6%
(a) Excludes depreciation and amortization costs.					
(b) Fare revenue shown includes both passenger fares and local support.					

Source: NTD, State Controller Report, TransTrack, FY 2008-11 Fiscal Audits

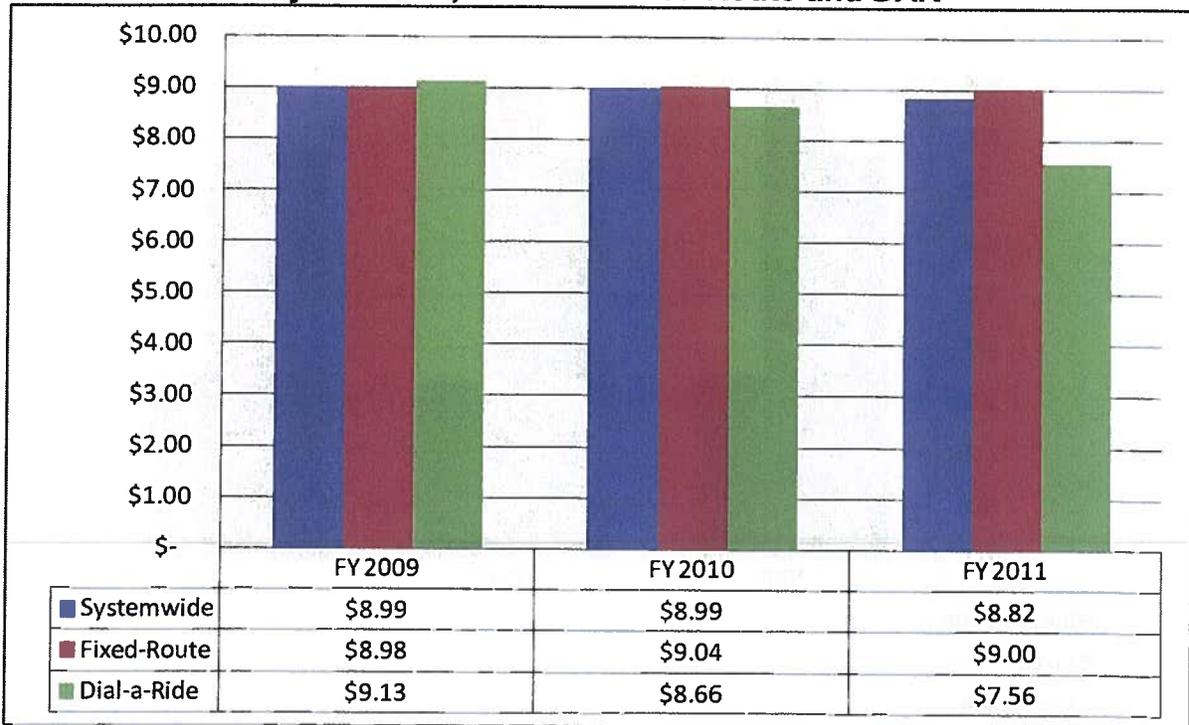
**Graph IV-1  
Operating Costs  
Systemwide, Deviated Fixed Route and DAR**



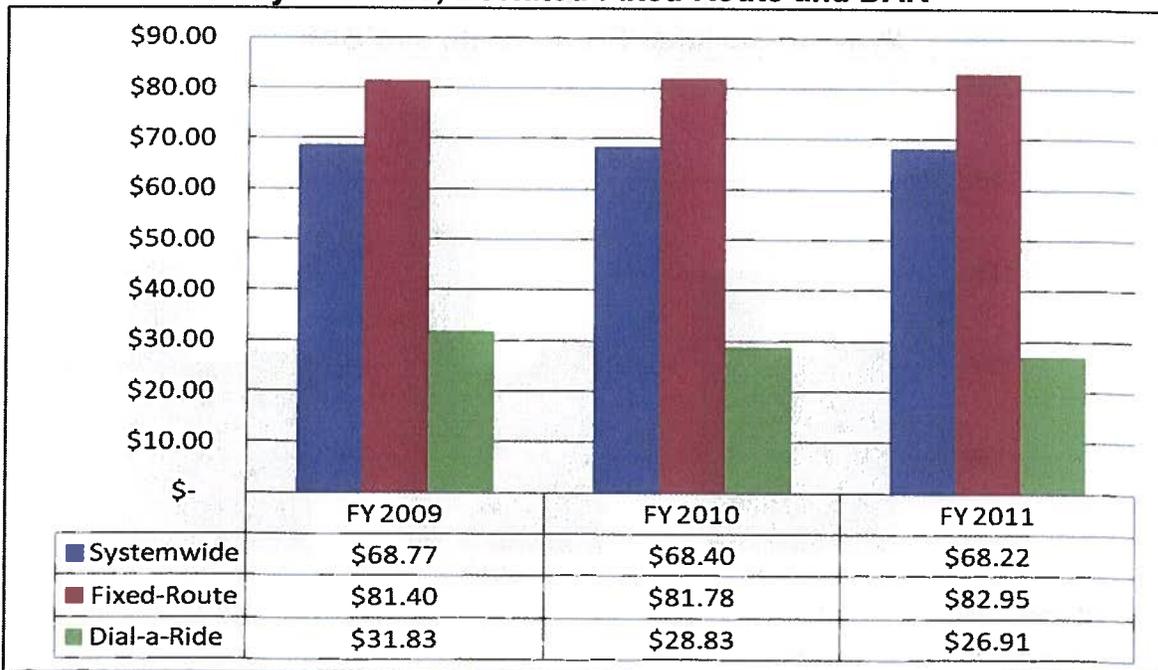
**Graph IV-2  
Ridership  
Systemwide, Deviated Fixed Route and DAR**



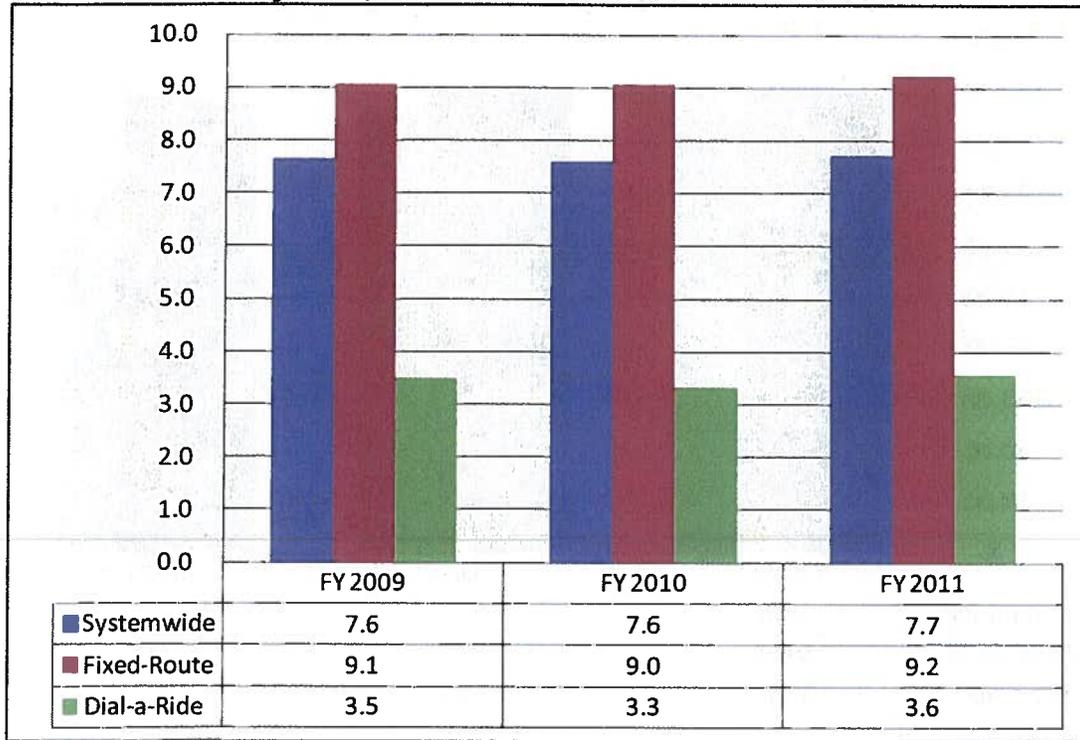
**Graph IV-3  
Operating Cost per Passenger  
Systemwide, Deviated Fixed Route and DAR**



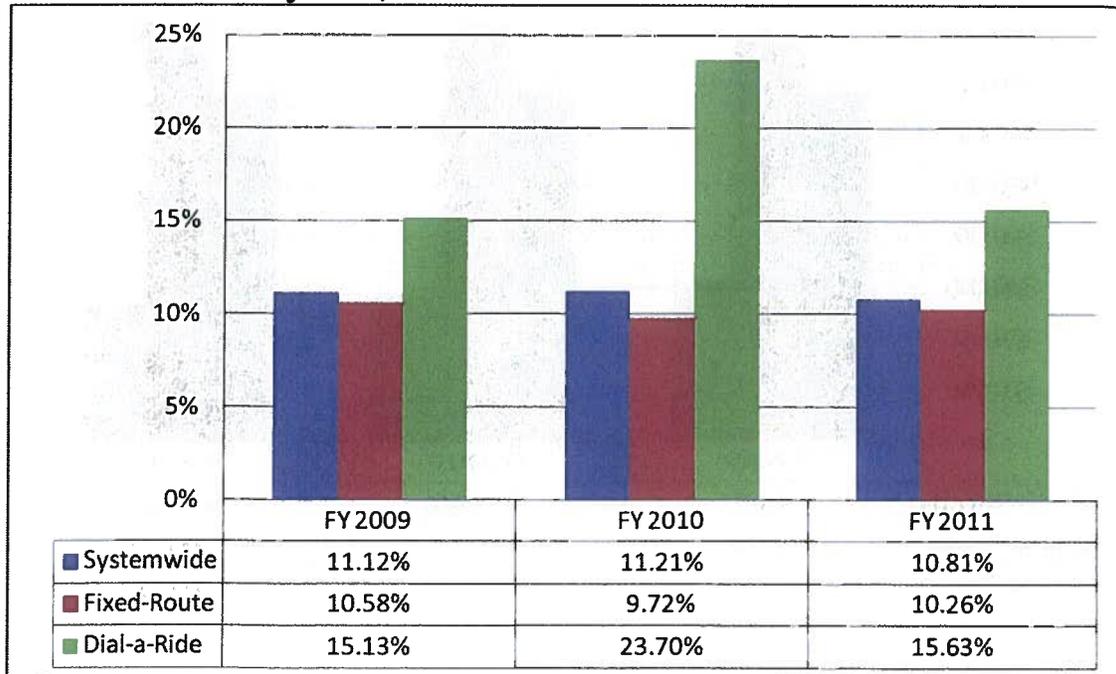
**Graph IV-4  
Operating Cost per Vehicle Service Hour  
Systemwide, Deviated Fixed Route and DAR**



**Graph IV-5  
Passengers per Vehicle Service Hour  
System, Deviated Fixed Route and DAR**



**Graph IV-6  
Fare Recovery Ratio  
System, Deviated Fixed Route and DAR**



## Findings from Verification of TDA Performance Indicators

1. Operating costs systemwide increased by just over 5 percent over the past three years. Deviated fixed route operating costs increased by 5.5 percent and DAR costs increased by 2.1 percent. The modest rates of growth in operating costs for the deviated fixed route are attributed to the set of fixed and variable costs factored into the operating contract with McDonald Transit. The increased cost for DAR was due to increases in labor, fuel and vehicle insurance during the audit period.
2. Ridership decreased by 12.5 percent systemwide, including a 14.7 percent decrease on deviated fixed route. However, DAR ridership has been slowly increasing over the last few years from earlier declines. There was an 8 percent increase in DAR ridership during the audit review period. The increase in DAR ridership could be attributed to the medical transportation service, which operates to Fort Mohave and Bullhead City two days a week. On the other hand, the decline in deviated fixed route ridership could be attributed to stagnant population growth, and the lack of any significant economic development in the service area.
3. The provision of revenue hours and miles grew slightly more in relative proportion to the increase in cost during the audit period. Systemwide, vehicle miles grew nearly 10 percent and vehicle hours increased by nearly 7 percent. Most of the increase in service hours and miles can be attributed to the medical transportation service and increased DAR service. DAR revenue hours grew by 28 percent while revenue miles grew by nearly 25 percent. Deviated fixed route hours were essentially flat with only a 1 percent increase while miles increased by 6 percent. The route deviations contributed to the growth in miles although revenue hours remained stable.
4. Operating cost per passenger increased just over 20 percent systemwide. Cost per passenger increased 23.7 percent on deviated fixed route service but decreased by 5.5 percent on DAR. This is the result of a decline in ridership on the deviated fixed route coupled with the increased cost to provide the service.
5. Operating cost per hour decreased by 1.6 percent systemwide, while on deviated fixed route this indicator increased by 4.6 percent. Based on the robust increase in vehicle service hours, cost per hour for DAR decreased 20.3 percent. The provision of revenue service hours increased at a faster rate than costs.
6. Passengers per hour decreased 18 percent systemwide. This indicator decreased by 15.4 percent for deviated fixed route and by 15.7 percent for DAR. Vehicle service hours for the deviated fixed route experienced relatively flat growth accompanied by reduced passenger trips.

7. Average fare per passenger rose by 15 percent systemwide, increasing 19.3 percent for deviated fixed route but declining by 11.4 percent for DAR. The DAR fare revenue includes the local subsidy required by the Senior Center to meet the 12 percent match in the contract. Without the subsidy, the DAR passenger fares show increases that are commensurate with the ridership gains.
8. Vehicle hours per full-time equivalent, which measures labor productivity, increased by 20 percent systemwide. This measure was flat for deviated fixed route but increased by 100 percent for DAR.
9. The overall fare recovery ratio experienced a downward trend over the audit period, exhibiting a 4.2 percent decrease. The systemwide farebox ratio decreased from 11.12 percent in FY 2009 to 10.81 percent in FY 2011. This pattern was similar for deviated fixed route due primarily to fewer passenger trips. DAR met its annual farebox recovery ratio, while deviated fixed route met its farebox in two of three audit years.

The DAR farebox recovery comprising passenger fares and local support revenue averaged 18.15 percent during the audit period. Passenger fares without local support showed growth that is consistent with ridership increases. Passenger fares for DAR were \$2,952 in FY 2009; \$4,498 in FY 2010; and \$3,074 in FY 2011. This trend is reflected in both the annual fiscal audits and internal city accounts. To meet the 12 percent farebox recovery threshold, annual local support funds fluctuated to fill the gap between passenger fares and the required amount. Local support funding for DAR was \$2,466 in FY 2009; \$2,810 in FY 2010; and \$1,870 in FY 2011.

## Section V

### Review of Operator Functions

This section provides an in-depth review of various functions within Needles Transit Services. The review highlights accomplishments, issues and/or challenges that were determined during the audit period. The following functions were reviewed at the agency:

- Operations
- Maintenance
- Planning
- Marketing
- General Administration and Management

Several notable activities at NAT occurred over the past three years, including the following:

- On October 21, 2008, Needles implemented a pre-scheduled medical transportation service from Needles to Fort Mohave and Bullhead City, Arizona. The offering of the new service was a result of action taken from public comments made at the annual SANBAG unmet transit needs hearings, as well as findings from the Public Transit-Human Services Plan prepared for San Bernardino County.
- Operations costs for NAT have stabilized under the service contract with McDonald Transit Associates. The deviated fixed route has only seen modest increases in costs during the period.
- Needles Transit Services procured new vehicles for both service modes. The new NAT vehicles are equipped with bicycle racks and security cameras.

### Operations

#### Contract NAT Operations

The NAT operates as a deviated fixed route system for the general public. The service has been operated under contract by McDonald Transit Associates since September 2006. The system is aligned along two routes which originate and terminate at the intersection of Broadway and "G" Streets. The two routes combined are approximately 15 miles in length with a total run time of one-hour. The one-hour time interval allows for route deviations for customized pick-ups and drop-offs on a space and time available basis. Flag stops are considered to be deviations.

The City continued to make gradual improvements to its deviated fixed route transit system. The new buses procured during the audit period feature bike racks, which have proven quite popular with riders. Nevertheless, the service has remained relatively unchanged.

The City has examined ways to increase ridership although the service area's demographics appear to limit the options available to attract new riders. Needles is considered to be a lower income community and the current NAT ridership tends to reflect that demographic. There have been few winter "snowbird" residents that use the system. The City has considered offering a free ride day to entice new riders and extending service to Jack Smith Park along the Colorado River as well as to a mobile home park just north of town along Needles Highway. Nevertheless, some of the more high frequency stops in the NAT system include the Needles Towne Center featuring Bashas' Market and Rite Aid, the Mesa Grande senior apartment complex and school campuses. A recommendation is made for the City to consider alternatives for increasing ridership including building local partnerships with businesses and the Needles Unified School District.

NAT upgraded its fleet with the procurement of two 18-passenger vehicles in 2012. In addition to bike racks, cameras have also been purchased and installed on the buses with the assistance of a public safety grant from the California Emergency Management Agency (Cal EMA). NAT vehicles are equipped with 4 cameras each.

Contract operations are administered by a General Manager, who also serves as a driver trainer. The current General Manager has held this position ever since McDonald Transit Associates was awarded the contract to operate NAT. The newer drivers were hired locally and trained by the General Manager when the service was still operated by Laidlaw. NAT's personnel consist of 4 employees comprised of 2 drivers, one dispatcher and the General Manager. Three of the four employees are certified as driver trainers. The night dispatcher also serves as a back-up driver.

Newly hired drivers undergo 8 hours of behind-the-wheel training; 4 hours of defensive driving training in accordance with the National Safety Council; and 4 hours of sensitivity training, which includes operation of wheelchair lifts and the proper securing of wheelchair-bound passengers. Drivers undergo 8 hours of refresher training annually as well as training if involved in a preventable accident. In addition, safety meetings are held once a month, which consist of topical and video presentations as well as driver feedback and suggestions. The General Manager rides with each driver once a month as part of their evaluation process.

The deviated fixed route utilizes manual fareboxes. Fareboxes are emptied and deposited daily. The contract operator drops off the fare receipts to the City, which are counted twice; first by the contract operator and secondly by City staff. The City gives the contract operator a receipt. Drivers complete a daily worksheet containing the passenger trip count, which can be used to reconcile the fare count.

**Dial-a-Ride**

Needles' demand-responsive transit has operated under contract by the Needles Senior Citizens Club since November 1984. The most significant change in the profile of the DAR service has been the implementation of a twice-weekly medical shuttle service to Fort Mohave and Bullhead City, Arizona. The medical shuttle operates Tuesday and Thursday starting at 9:15 a.m. and ending at 3:30 p.m. Trips originate and terminate at the Needles Senior Center. Most of the riders using the shuttle are seniors along with some younger riders. The medical shuttle also assists riders with picking up prescriptions at Safeway and CVS Pharmacy located just beyond Fort Mohave.

The service contract underwent 3 extensions during the audit period. Each extension contained an adjustment in the amount of compensation received by the operator from the City as well as the overall service parameters. Compensation for the DAR service was reduced from \$9,300 (Agreement Extension No. 24, July 2008) to \$7,050 (Agreement Extension No. 26, June 2010). DAR employs 2 drivers with no turnover reported during the audit period. DAR no-shows are generally not tracked, but are instead noted on the paperwork submitted by the Needles Senior Citizens Club.

**Operations Standards and Performance**

The contract with McDonald Transit contains a set of liquidated damages for failing to meet minimum performance standards. The City has the discretion to apply these standards if service conditions warrant. Payment to the City by McDonald can be made for failing to meet certain standards in the following performance areas: late start-up, missed revenue service hours, on-time performance, customer complaints, defective equipment, uncleaned vehicle, inoperable vehicles, and monthly reporting. During the audit period, the City has had no cause to enforce the liquidated damages in the contract.

Needles utilizes TransTrack to measure operational data such as ridership by line, mileage, riders per service hour, accidents, vehicle inspections and roadcalls. The summary report provides data on a monthly and year-to-date basis. One operational measure reported on the performance summary report is accidents. These measures are summarized in Table V-1.

**Table V-1  
NAT Accidents**

	FY 2009	FY 2010	FY 2011	Total
<b>Accidents</b>	0	3	1	4

*Source: TransTrack*

The number of accidents reported during the period has averaged 1.34 accidents annually. The most accidents reported (three) occurred in FY 2010. There was one accident reported in FY 2011 and none reported during FY 2009. However, based upon the federal National Transit Database (NTD) definition, Needles reported only one NTD reportable collision accident in FY 2010. On-time

performance is determined through spot checking by the contract transit manager and calls to dispatch on the top of the hour using the honor system. On-time performance data are not entered into TransTrack.

Customer service levels are measured by tracking complaints and compliments on the performance summary report. Customer feedback through the comment card are also accounted for. In addition to being tracked on the summary report, the contract operator maintains a narrative report summarizing the type of complaint or compliment received. Complaints per 10,000 passengers are summarized in Table V-2 below.

**Table V-2  
Needles Transit Complaints - Systemwide**

	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<b>Complaints per 10,000 passengers</b>	1.8	2.1	2.3

*Source: TransTrack. Figures adjusted from complaints per 100,000 passengers to complaints per 10,000 passengers.*

The number of complaints has been showing a slight upward trend. This is partly due to the implementation of customer comment cards. In general, complaints are generally made over the phone to either the contractor or the City. Phone numbers for both parties are provided on the NAT schedule. The City indicated it does not receive many complaints about NAT or DAR service. McDonald Transit completes a customer complaint form that identifies the customer, type of complaint, manager's response, and the driver's response. Actions taken are recorded on the form and it is signed by both the operations manager and the driver. A copy of the form is then stored in the employee's personnel file. Complaints about NAT are entered into TransTrack by both McDonald Transit and the City.

### **Maintenance**

NAT vehicles are outsourced by McDonald Transit for maintenance. Preventative maintenance is based on an A-B-C-D schedule comprised of every 3,000 miles or 45 days. A "C" inspection is performed every 16,000 miles and a "D" inspection is performed every 60,000 miles. Vehicles are serviced at Oil, Lube & Latte located at 1714 West Broadway next to McDonald Transit's operations facility. The contract requires McDonald to keep record of all maintenance conducted on the deviated fixed route vehicles and include a summary of maintenance activities in its monthly reports to the City. The General Manager also enters maintenance data into TransTrack.

DAR vehicles are maintained by the City of Needles Public Works Department for basic maintenance such as oil changes. For all other types of maintenance, DAR vehicles are serviced at Colorado River Ford - Wiley Auto Group located at 539 Broadway in Needles. The Public Works Department currently documents the maintenance activities of the DAR vehicles, which includes fueling records as well as routine maintenance. The City is also considering inputting DAR maintenance data into TransTrack.

In addition to routine maintenance, NAT vehicles are subject to the annual CHP Terminal Inspection. NAT vehicles received satisfactory ratings as a result of the CHP inspections during the audit period. DAR vehicles are not subject to CHP inspections per State law because their seating capacity does not exceed 10 passengers.

### **Planning**

No new significant planning efforts or studies were undertaken by the City during the audit period. The most recent effort was the Needles Short Range Transit Plan (SRTP), prepared by SANBAG and the City of Needles covering fiscal years 2008 through 2012 and approved in August 2007. The SRTP recommended the non-emergency medical shuttle service to Bullhead City and Fort Mohave, Arizona which was implemented. It also recommended the City consider reorienting DAR to provide medical-related transportation in the immediate tri-state area should performance of the existing DAR continue to decline. Existing DAR trips could be picked up by the deviated fixed route. Other than the SRTP, the City relies on the unmet transit needs process as part of its planning efforts. On a regional level, there has been discussion about including Needles as part of a transit consolidation study that would examine the merger of Barstow Area Transit (BAT) into the Victor Valley Transit Authority (VVTA) system. However, due to the City's far distance from the other two operators across the expanse of the Mojave Desert, the feasibility of consolidation would be limited and difficult.

### **Marketing**

Needles Transit Services are marketed through various media, which have been updated during the course of the audit period. The majority of transit marketing is the responsibility of the transit contractors. McDonald has developed a transit brochure for NAT that provides a route map, schedule and fare information. Similarly, the Senior Citizens' Club has developed a brochure about the DAR services, including information about the senior lunch shuttle as well as the medical transportation service to Fort Mohave and Bullhead City. Transit information was accessible on the City's former website and is available through the City's new rebuilt website ([www.cityofneedles.com](http://www.cityofneedles.com)), which is still in various stages of development. Nevertheless, information about transit services is accessed under the "Transportation" tab on the "About Needles" page of the website. There is a link to the NAT route map and schedule presented in a PDF document.

The fare media utilized consists primarily of cash fares. However, a 30-ride punch pass is sold directly by the City. In response to a prior audit recommendation, the City developed and placed on all transit vehicles multi-colored comment cards for customer feedback. Most of the comments collected by the City during the audit period were submitted shortly after the card was introduced. The majority of complaints pertain to buses departing time points too early and for driver rudeness. Many compliments about the service have also been submitted by riders.

## **General Administration and Management**

Needles Transit Services is administered by the Transit Services Manager who also serves as the Secretary to the City Manager. Other City staff including from the finance department provide support as needed. SANBAG also provides additional support for planning and grants funding for the City.

The transit system is charged an administration/general government cost that represents the allocation of time spent on transit by the Transit Services Manager who also serves as the Secretary to the City Manager. This charge represents approximately 10 percent of the manager's annual work hours.

As stipulated in the service contract, McDonald Transit is required to submit reports to the City detailing the operation of NAT. A listing of sample report types is contained in the contract. Most of the operations data is captured through TransTrack from data entry by the contractor. The City in turn enters the financial data into TransTrack and does year-end checks of all performance data entered into TransTrack. The financial data is based on information received from the City Finance Department and McDonald's invoice.

The City does receive hard copies of monthly data from the contractor including trip sheets, fare revenue counts and copies of deposit receipts. A management report accompanies the data and highlights the major performance measures for the month including total passengers, revenue miles, revenue hours, farebox revenue, roadcalls, collision accidents, on-time performance, and platform hour percentage (time the driver is operating the bus vehicle relative to total pay hours). The City indicated its satisfaction with McDonald Transit in its handling of the NAT service.

For DAR, a monthly mileage and passenger report is prepared by the Senior Center which is crosschecked by the Transit Services Manager. The monthly report provides the bus number, ridership, hours, miles and fare data per day. The City Transit Services Manager indicated that some DAR data such as accidents and complaints are not input into TransTrack, which is the City's responsibility.

The Needles City Council is presented annual budget numbers and approves the annual TDA claims. It also receives copies of the annual fiscal audit.

## Section VI

### Findings

The following summarizes the major findings obtained from this Triennial Audit covering fiscal years 2009 through 2011. A set of recommendations is then provided.

### Triennial Audit Findings

1. Of the compliance requirements pertaining to Needles, the City fully complied with seven out of the nine requirements. The operator was found in partial compliance with the timely submittal of its annual fiscal and compliance audits, and meeting annual farebox recovery. Two additional compliance requirements did not apply to Needles (e.g., rural/urban farebox recovery ratios and serving an urbanized area).
2. DAR exceeded its annual fare recovery ratio, while NAT met the farebox two of three audit years. The deviated fixed route farebox has been declining during the period, slightly dipping below 10 percent for FY 2009 before recovering the following year. In contrast, the DAR farebox remained well above its performance criteria. Transit services are funded by TDA Article 8(c). The SANBAG Board adopted performance criteria for Needles that set the farebox recovery ratio at 10 percent for NAT and 12 percent for DAR.
3. Through its contract operator, Needles Area Transit participates in the CHP Transit Operator Compliance Program and received inspections of NAT vehicles within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period.
4. Needles transit operating budget exhibited a modest increase of 6.5 percent in FY 2009 before declining for the remainder of the period. The budget decreased 12.6 percent in FY 2010 and 2.3 percent in FY 2011.
5. Five of the six prior audit recommendations were implemented. The prior recommendation not implemented pertained to the City enforcing the liquidated damages clause in the operator's service contract. Due to the contract operator's good performance as cited by the City, there was no need to consider liquidated damages. This remaining recommendation should be considered for implementation in the future when warranted.
6. Operating costs systemwide increased by just over 5 percent over the past three years. Deviated fixed route operating costs increased by 5.5 percent and DAR costs increased by 2.1 percent. The modest rates of growth in operating costs for the deviated fixed route are attributed to the set of fixed and variable costs factored into the operating contract with McDonald Transit. The increased cost for DAR was due to increases in labor, fuel and vehicle insurance during the audit period.

7. The number of passengers per hour decreased 18 percent systemwide. This indicator decreased by 15.4 percent for deviated fixed route and by 15.7 percent for DAR. Vehicle service hours for the deviated fixed route experienced relatively flat growth accompanied by reduced passenger trips.
8. In October 2008, the Needles implemented a twice-weekly pre-scheduled medical transportation service from Needles to Fort Mohave and Bullhead City, Arizona. This new service was a result of action taken from public comments made at the annual SANBAG unmet transit needs hearings, as well as findings from the Public Transit-Human Services Plan prepared for San Bernardino County.
9. NAT upgraded its fleet in recent years with the procurement of two 18-passenger vehicles in 2007 and 2012. In addition to bike racks, cameras have also been purchased and installed on the buses with the assistance of a public safety grant from the California Emergency Management Agency (Cal EMA). NAT vehicles are equipped with 4 cameras each.
10. The number of accidents reported during the period has averaged 1.34 accidents annually. The most accidents reported (three) occurred in FY 2010. There was one accident reported in FY 2011 and none reported during FY 2009. However, based upon the federal National Transit Database (NTD) definition, Needles reported only one NTD reportable collision accident in FY 2010.
11. NAT vehicles are outsourced by McDonald Transit for maintenance. Preventative maintenance is based on an A-B-C-D schedule comprised of every 3,000 miles or 45 days. A "C" inspection is performed every 16,000 miles and a "D" inspection is performed every 60,000 miles. DAR vehicles are maintained by the City of Needles Public Works Department for basic maintenance such as oil changes. All other types of maintenance is outsourced to a local vendor.
12. The City developed and distributed multi-colored comment cards for customer feedback as a result of a prior audit recommendation. The card is available on all transit vehicles and at the City offices. Transit management indicated that the highest usage of the cards was right after they were initially introduced. As the cards serve as a medium for public input on transit service, the City may consider utilizing the cards as part of the annual unmet transit needs process where transit needs can be expressed and submitted to the City and SANBAG.
13. Needles Transit Services is administered by the Transit Services Manager who also serves as the Secretary to the City Manager. Other City staff including from the finance department provide support as needed. Due to heavy workloads placed on city staff, the Transit Services Manager/Secretary to the City Manager spends approximately 10 percent of her annual work hours on transit administration.

14. In prior times, Needles' TDA allocation was advanced by SANBAG. However, per revised SANBAG practice in administering the funds, this procedure is being changed so that the City receives payment on a reimbursement basis including submission of an invoice. This change in procedure adds to the administrative workload of city staff.

## Recommendations

1. Consider using customer comment cards to gather input toward the annual unmet transit needs process.  
(High priority)

In complying with a prior audit recommendation, Needles has developed and distributed customer comment cards to receive feedback on its transit services. Not only do the comment cards serve as a tool to understand customers' current experiences with the system, they could also serve as a communication medium to receive feedback on how service delivery could be enhanced and extended. Together with unmet transit needs hearing notices posted in the transit vehicles, passengers could have an additional means in-lieu of attending the unmet needs hearings typically held outside of Needles to express their concerns and make suggestions on the comment cards. City of Needles would then submit those cards to SANBAG for consideration.

2. Enter on-time performance data into TransTrack.  
(High priority)

With the increased utilization of TransTrack as a central data collection source and monitoring tool, certain measures have yet to be tracked. One such measure pertains to on-time performance. Although on-time performance is tracked by having drivers call-in to dispatch at the top of the hour, entering this information regularly into TransTrack would enhance the value of the database to ensure schedule adherence in light of route deviations and flag stops.

3. Enter dial-a-ride no-shows data into TransTrack.  
(High Priority)

Transit management acknowledged that several performance measures for dial-a-ride have not been entered into TransTrack in a timely manner or not at all, leaving gaps in information. A key productivity measure that is not entered is no-shows. No-shows are tracked by the Senior Citizens' Club but are not entered into TransTrack. No-shows adversely affect productivity and should be monitored on a regular basis by transit management as part of the dashboard offerings in TransTrack.

4. Review alternatives for increasing ridership, including building local partnerships.  
(High Priority)

In light of a relatively stagnant to decreasing ridership base, Needles should consider alternatives for increasing ridership. One such alternative could include a review of potential partnerships with local businesses and/or the Needles Unified School District. Local business partnerships might include working with specific trip attractors like shopping and grocery centers, government offices or medical facilities to provide more convenient bus stop accessibility or improved bus time arrivals or pickups.

Regarding the school district, as it was indicated by Needles transit management that the school bus program may be in jeopardy due to funding declines, the City should consider holding discussions with the school district to fill potential transportation gaps for its students. Examples could include new services such as school tripper service, or a school subsidized student fare structure.

5. Combine safety and training schedule for both fixed route and dial-a-ride operations.  
(Medium Priority)

Safety meetings and continuous training on important aspects of operating a transit vehicle should be provided in a consolidated effort and offered to both McDonald Transit and Senior Citizens Club bus drivers. The contract transit manager provides required training once a month and discusses topics that are applicable to both transit modes. By having both sets of drivers present at the safety training, a more uniform set of instructions for Needles transit services could be provided to all vehicle operators in a timely manner. As potential overtime pay may occur for the dial-a-ride driver to attend the trainings, the city should work with the McDonald transit manager to minimize this possible cost increase through efficient scheduling and delivery of the trainings. This is weighed against the benefits of updated training for all drivers.