

EXECUTIVE SUMMARY

This section summarizes key findings and recommendations developed during the Transportation Development Act (TDA) Performance Audit of the City of San Luis Obispo, the transit operator of SLO Transit. The (Triennial) Performance Audit (TPA) covers a four (4)-year period for the fiscal years:

- June 30, 2014 (FY 13/14);
- June 30, 2015 (FY 14/15);
- June 30, 2016 (FY 15/16); and
- June 30, 2017 (FY 16/17).

The TPA was conducted in accordance with the processes established by the California Department of Transportation, as outlined in the **PERFORMANCE AUDIT GUIDEBOOK FOR TRANSIT OPERATORS AND REGIONAL TRANSPORTATION PLANNING ENTITIES**, as well as the **GOVERNMENT AUDIT STANDARDS**, published by the U.S. Comptroller General.

The TPA has six (6) sections:

1. INTRODUCTION;
2. COMPLIANCE WITH TDA;
3. STATUS OF PRIOR AUDIT RECOMMENDATIONS;
4. PERFORMANCE MEASURES AND INDICATORS;
5. FUNCTIONAL REVIEW; and
6. FINDINGS AND RECOMMENDATIONS.

Overview

SLO Transit, a fixed route bus service, is operated by the City of San Luis Obispo's Transit Services division, which is responsible for administration of services, including marketing, management, and planning. The transit operations are performed under contract, currently with First Transit, Inc.

SLO Transit operates a fixed route network throughout the city of San Luis Obispo and the campus of Cal Poly SLO. During the Audit period, SLO Transit operated seven (7) main routes, two (2) tripper services and a trolley service. An implementation of recommendations from the **2016 SLO TRANSIT SHORT RANGE TRANSIT PLAN (SRTP)**, included route changes that retain the core service areas, but added more frequency by introducing bi-directional loops, running concurrently.

SLO Transit realized several major accomplishments during the Audit period, including—

- Introduction of Tripper service;

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- New operations and maintenance contract;
- Three (3) new replacement buses;
- Adoption of a new **SHORT RANGE TRANSIT PLAN (SRTP)**;
- Modification of fare structure; and
- Major reconfiguration and renumbering of routes.

COMPLIANCE

The City administers TDA laws and regulations in an efficient and effective manner. SLO Transit is in compliance with the TDA rules except for receiving an unsatisfactory rating for its CHP terminal inspection in FY 14/15, which was immediately corrected to obtain a satisfactory rating.

PRIOR TRIENNIAL PERFORMANCE AUDIT RECOMMENDATIONS

The City has demonstrated a commitment to improving its efficiency and effectiveness by partially or is in process of implementing three (3) of the four (4) recommendations from the prior Audit.

Table E-1: Summary of Status of Prior Audit Recommendations

NUMBER	SUBJECT	STATUS	EXPLANATION
1	Reporting FTEs	Not Implemented	A review indicates that the allocated FTEs would not be significant. While currently insignificant, the City should review the City's COST ALLOCATION PLAN annually to determine if additional FTEs for non-transit City employees should be added to the report in the future. FTEs from SLO Transit's contractor; however, are inappropriately calculated.
2	Subsidized Taxi Program	In Process	The City is currently negotiating with Cal Poly on a new contract.
3	Performance Standards / RTA Coordination	Partially Implemented	The 2016 SRTP reviewed but did not update or refine performance standards and they are not analyzed or reported regularly. The SRTP provided options for coordination with RTA. The City is working with RTA to implement the recommendations.
4	Complaints / Accidents Standards	Not Implemented	The City has made substantial progress on developing standards and procedures for complaints and is continuing to make improvements.

PERFORMANCE MEASURES AND INDICATORS

Performance measures (operating cost, fare revenue, VSH, VSM, and passengers) are correctly calculated and tracked. FTEs are not correctly calculated. Reporting of all measures were inconsistent across reporting platforms.

TDA requires the calculation of five (5) performance indicators, which demonstrate productivity and cost efficiency and effectiveness of SLO Transit operations.

- **Cost Efficiency:** During this Audit period, the SLO Transit averaged \$87.98 per VSH in actual dollars, a favorable decrease of 4.3% when compared to the three (3)-year average cost of the previous TPA (\$91.91). This may be related to inconsistent recording of operating costs.
- **Cost Effectiveness:** Operating cost per passenger fluctuated during the Audit period; however, the average operating cost per passenger decreased favorably by 7.1% from \$2.79 during the previous triennial reporting period to \$2.59 during the current four (4) year reporting period, which may be related to the inconsistencies in the reporting of operating costs.
- **Productivity:** During the reporting period, the City reported an average of 34.0 passengers per VSH, an increase of 3.1% when compared to the three (3)-year average of the previous triennial reporting period. Passengers per VSM increased slightly by 1.1% from an average of 2.76 during the last TPA to an average of 2.79 during this reporting period.
- **Labor Productivity:** For the current reporting period, the average for this performance indicator was 701 VSH per FTE, a decrease of 40.8% when compared to the three (3)-year average from the previous TPA of 1,183 VSH per FTE. This may be related to the incorrect reporting of FTE by the contractor.
- **Farebox Recovery Ratio:** During the current reporting period, the average farebox recovery ratio for the agency is 22.2%, an increase of 7.9% when compared to the average of the previous triennial reporting period. However, this again may be due to the inconsistent reporting of operating costs.

FUNCTIONAL REVIEW

General Management and Organization

The Transit Services section of the City of San Luis Obispo Department of Public Works is responsible for the management of SLO Transit and the operations and maintenance contract. Three (3) positions (Transit Manager, Transit Coordinator, and Transit Assistant), comprise the section, which also oversees taxicabs in the City.

SLO Transit receives advisory input on public transit from the City's Mass Transportation Committee (MTC), whose members are City residents plus one representative from Cal Poly. The San Luis Obispo City Council is responsible for policy.

Transit Services budget is developed as part of the City's two (2)-year financial planning process. This process includes extensive public outreach to assist the City Council in

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establishing Major City Goals. SLO Transit provides adequate justification for changes in the budget.

SLO Transit uses SLO City procedures and staff for most administrative functions, including accounts payable, payroll, and general procurement.

Appropriate contract management protocols are in place. During the Audit period, the City entered into a new contract with First Transit Inc. for the operations and maintenance of SLO Transit after an extensive RFP process. Proposals were evaluated on “best-in-value” as defined by the FTA. City Staff monitors the contractor operations and regularly reviews performance and financial data.

Service Planning

During the Audit period, the Transit Services participated in the development of a **STRATEGIC PLAN**, as part of the City’s Department of Public Works. A new **SRTP** was completed in coordination with RTA.

A high-level analysis of system ridership is conducted on a quarterly basis that can lead to minor adjustments in service, in an attempt to improve ridership, maintain acceptable performance standards, or better meet service demand.

SLO Transit public outreach methodology is documented in the City’s **PUBLIC ENGAGEMENT MANUAL**. A new **TITLE VI PLAN** was adopted during the Audit period. A specific policy for fare increases and/or service reductions was also developed and adopted during the Audit period.

As part of the **SRTP** process, community and rider surveys were conducted. A city-wide survey was also conducted by the City as part of its Land Use and Circulation elements, which included questions that are of consideration to transit.

Scheduling, Dispatching, and Operations

Scheduling, dispatching, and bus operations are consistent with industry norms.

Personnel Management and Training

SLO Transit operators are covered by the **LABOR AGREEMENT BETWEEN FIRST TRANSIT AND THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS LOCAL UNION NO. 986 (EFFECTIVE JANUARY 1, 2015 THROUGH DECEMBER 31, 2017)**, which is currently being renegotiated.

Although the contractor maintains several incentive and recognition programs, over the Audit period, the turnover rate averaged approximately 46%, which is on the higher side of the expected turnover rate.

Operator training appears consistent with industry norms.

Although several safety programs are in place during each year, the number of accidents increased substantially during the four (4)-year Audit period; the average VSM between

accidents declined to 31,102 in FY 16/17, an average decrease of 38% per year. The revision of routes in June 2017 is believed to have addressed many of the safety issues, and management has indicated the number of accidents has declined.

Marketing and Public Information

During the Audit period, SLO Transit adopted a new bus design to be consistent with City standards and SLO Transit's traditional blue and yellow branding. The bus stop signs and passes support the blue and yellow branding but tend to be more linear in design with a decidedly "art deco" feel. SLO Transit schedules and maps are color-coded by route. Schedules list all stops with the timed-stops clearly defined. Both the schedules and maps are well-designed and easy to read.

SLO Transit's website could be organized to be more user friendly; SLO Transit makes extensive use of Facebook and Twitter.

SLO Transit updated its Marketing Plan in December 2017 (after the Audit period).

The Incident/Complaint database indicates the number of reported and confirmed incidents increased an average of 48% per year over the Audit period; however, data was only available in a limited number of formats that were difficult to analyze for trends or to determine commonality and causes for changes in the numbers.

Maintenance and Facilities

Facilities appear to be sufficient but are in need of repair and refurbishment.

DVIs and PMIs are performed consistently. SLO Transit received one (1) unsatisfactory CHP terminal rating during the Audit period due to a non-maintenance issue that was immediately corrected. On average SLO Transit had an average of 3.3 maintenance related violations per year. In FY 16/17, five (5) violations were noted.

The number of road calls increased an average of three percent (3%) per year. SLO Transit received three (3) new replacement buses in 2001, which should reduce the number of road calls.

Recommendations

Overall, the City's management and contractor staff have managed the SLO Transit operations effectively and efficiently with limited resources. The following recommendations address suggestions for progress in a few limited areas of concern, which were identified through interviews with staff, management, and contractor staff, analysis of performance measures and indicators, and a high-level functional review.

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Table E-2: Summary of Audit Recommendations

RECOMMENDATION	SITUATION ANALYSIS SUMMARY	ACTION SUMMARY	TIMELINE	RESPONSIBLE PARTY
1 Revise revenue and cash handling practices to be compliant with industry best practices for an operation the size and scope of SLO Transit.	The cash handling process that was observed prompted some security concerns. The vault was opened and cash was removed in a public area. The process of counting the cash was conducted in a non-secure location. It was not double counted.	A comprehensive cash handling procedure will enhance the security of personnel and assets. At a minimum the procedure should include— - Securing the vault, including the management of the keys. -Securing the count room, including management of keys and personnel involved in the count. -Counting methodology and preparation of the bank deposit; and -Reconciliation between actual and expected amounts.	FY 17/18	Transit Coordinator, Contractor Management
2 Provide consistent and accurate performance measure on all transit reporting, including State Controllers Reports, National Transit Database, and SLOCOG.	A number of variances for SLO Transit performance measures were noted among the different reporting mechanisms during the Audit period. In addition, FTEs, as reported on the SCRs, does not appear to be consistent with the TDA definition of the number of hours worked on transit related activities.	The City should initiate a procedure to ensure accurate data recording and be consistently transmitted to all agencies to which SLO Transit is required to report. SLO Transit also needs to work with its contractor to ensure FTEs are accurately reported.	FY 18/19	Transit Manager, Transit Coordinator, Finance
3 Take positive steps, in cooperation with the new operations manager, to develop an <i>esprit de corps</i> among SLO Transit operators and contractor staff.	Two (2) evident signs of poor morale were observed: a high turnover rate among operators (an average of 46% during the Audit period); and an increased number of complaints regarding operator conduct and driving.	<ol style="list-style-type: none"> 1. Survey Employees; 2. Enhance Individual Recognition; 3. Augment Group Recognition; 4. Improve Workplace Environment; 5. Enhance Ongoing Training; and 6. Expand Communication. 	FY 17/18	Transit Coordinator, Transit Manager, Contractor Management



Table E-3: Summary of Audit Recommendations (Continued)

	RECOMMENDATION	SITUATION ANALYSIS SUMMARY	ACTION SUMMARY	TIMELINE	RESPONSIBLE PARTY
4	Complete a full outside maintenance audit.	While the current maintenance program appears to be consistent with industry standards, a review of maintenance records included unfavorable trends, including a relatively high number of CHP inspection violations for the size of the fleet and a high number of road calls. SLO Transit has not had an outside maintenance audit in a number of years.	A full maintenance audit of SLO Transit's vehicles will help management ensure the vehicles are being maintained according to industry standards of care and will help pinpoint areas where enhanced training may be beneficial. The maintenance audit should encompass vehicle inspections by trained inspection technicians that include inspection of vehicle components, safety, ADA, maintenance records, deferred maintenance, PMI procedures, and training.	FY 18/19	Transit Coordinator, Transit Manager
5	Enhance SLO Transit's website to improve usability.	The site is difficult to read and navigate. Information does not appear to be organized in a systematic way.	Although SLO Transit may be constrained by the City's web standards, the information could be reorganized to allow the viewer to find key information more quickly.	FY 18/19	Transit Manager, Transit Assistant, City Web Master
6	Add Grants and Reporting Coordinator position and reallocate duties among four (4) Transit Service positions.	Insufficient segregation of duties; Cumbersome analysis of data; and Competitive funding.	The first step is to develop a job description that clarifies the qualifications and responsibilities of the position. A determination should be made on how the new position will impact other positions.	FY 17/18	Transit Manager, Deputy Director

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