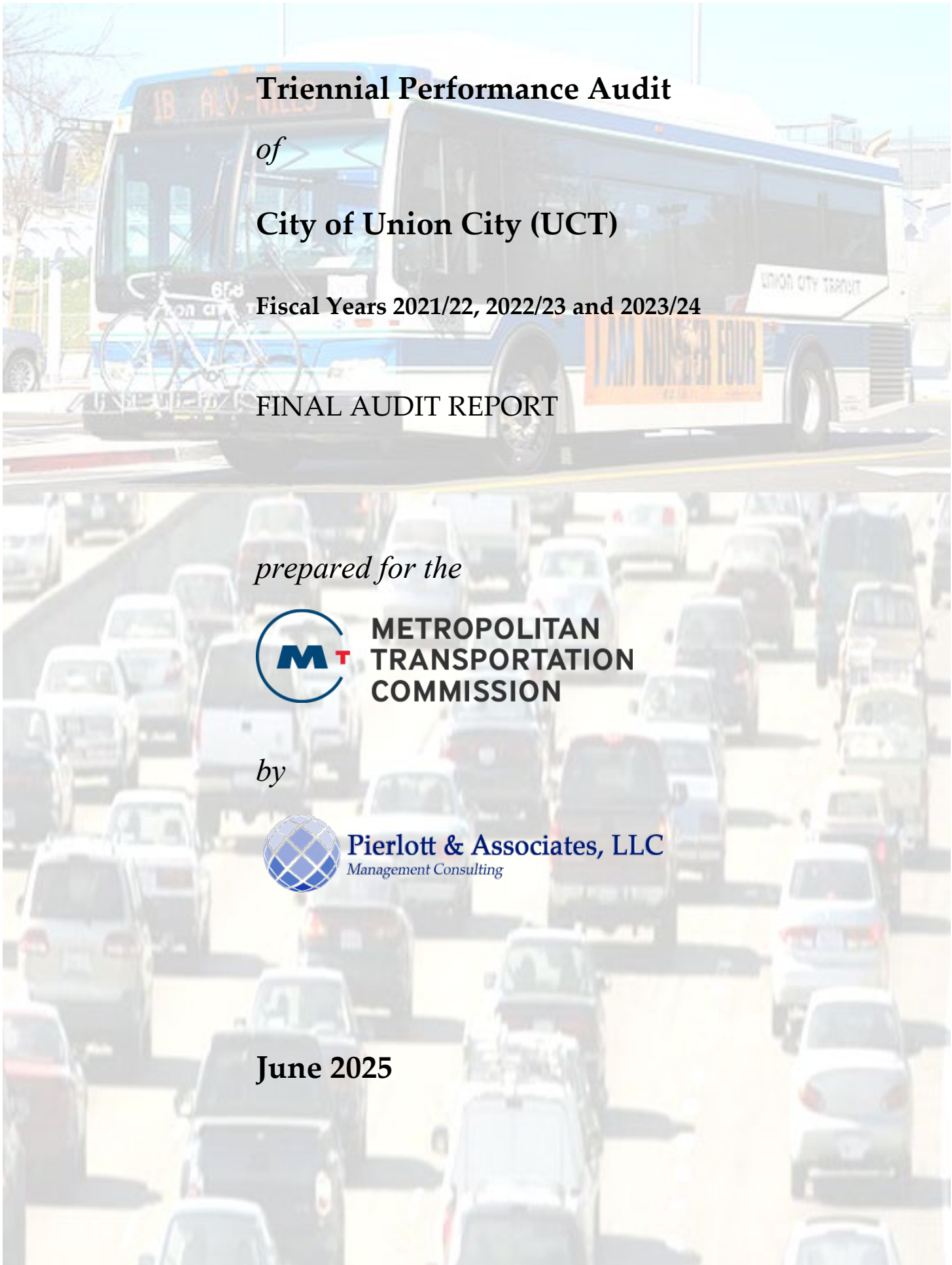

Triennial Performance Audit

of

City of Union City (UCT)

Fiscal Years 2021/22, 2022/23 and 2023/24

FINAL AUDIT REPORT

prepared for the

METROPOLITAN TRANSPORTATION COMMISSION

by

Pierlott & Associates, LLC
Management Consulting

June 2025

NOTE: All exhibits in this report are presented at the end of the associated discussion in each section.

EXECUTIVE SUMMARY

This executive summary highlights the findings from the performance audit of the City of Union City/Union City Transit (UCT). In California, a performance audit must be conducted every three years of any transit operator receiving Transportation Development Act (TDA) Article 4 funds, to determine whether the operator is in compliance with certain statutory and regulatory requirements, and to assess the efficiency and effectiveness of the operator's services. The two service modes operated by UCT, bus, and paratransit, are the prime focus of this performance audit. The audit period is Fiscal Years 2022 through 2024 (from July 1, 2021 through June 30, 2024).

Performance Audit and Report Organization

The performance audit was conducted for MTC in accordance with its established procedures for performance audits. The final audit report consists of these sections:

- An assessment of data collection and reporting procedures;
- A review of performance trends in TDA-mandated indicators and component costs;
- A review of compliance with selected PUC requirements;
- An evaluation of UCT's actions to implement the recommendations from the last performance audit;
- An evaluation of functional performance indicator trends; and
- Findings, conclusions, and recommendations to further improve UCT's performance based on the results of the previous sections.

Comments received from UCT and MTC staff regarding the draft report have been incorporated into the final report. Highlights of the key activities are presented in this executive summary.

Results and Conclusions

Review of TDA Data Collection and Reporting Methods - The purpose of this review is to determine if UCT is in compliance with the TDA requirements for data collection and reporting. The review is limited to the data items needed to calculate the TDA-mandated performance indicators. This review has determined that UCT is in compliance with the data collection and reporting requirements for these performance indicators. In addition, the statistics collected over the six-year review period appear to be consistent with the TDA definitions and indicate general consistency in terms of the direction and magnitude of the year-to-year changes across the statistics.

Performance Indicators and Trends – UCT's performance trends for the five TDA-mandated indicators were analyzed by mode. A six-year analysis period was used for all the indicators. In addition, component operating costs were analyzed.

- Bus Service TDA Performance Indicators – The following is a brief summary of the TDA performance trend highlights over the six-year period of FY2019 through FY2024:
  - The cost per hour (cost efficiency) of the bus service increased an average of 10.7 percent annually during the six-year period.
  - The cost per hour ranged from a low of $100.72 in FY2019 to a high of $167.37 in FY2024. There were increases in every year, with the largest of 31.6 percent occurring in FY2021.
  - Passenger productivity exhibited a modest downward trend, driven by small average annual increases in service hours and miles combined with almost unchanged ridership during the review period. Passengers per vehicle service hour and vehicle service mile declined by 1.3 percent and 4.7 percent per year on average during the period, respectively.
  - Operating costs increased 12.1 percent per year, which amounted to an average annual increase of 8.1 percent in constant FY2019 dollars. Operating costs increased 11.5 percent per year on average between FY2019

and FY2024, while ridership moved back toward pre-pandemic levels, finishing the six-year review period with a 0.5 percent annual average decrease.

- Bus Service Component Costs – The following is a brief summary of the component operating costs trend highlights for the bus service between FY2019 and FY2024:

  - Total operating costs increased by 11.5 percent annually during the six-year period. Purchased transportation costs represented the largest portion of the total costs, averaging around 75 percent throughout the period.

  - Purchased transportation increased an average of 13.4 percent annually, close to the 11.5 percent overall increase in operating costs over the analysis period

  - In total, labor and fringe benefit costs comprised about 10 percent of the total costs during the review period. Labor costs increased an annual average of 10.5 percent, while fringes decreased an average of 7.5 percent per year.

  - Materials/supplies increased an average of 3.8 percent per year. These costs ranged between 11 and 13 percent, or the second largest component, of the total costs.

  - Services costs contributed between three and eight percent of total costs throughout the analysis period and experienced an average 4.5 percent increase per year.

  - The remaining other expenses decreased an average of 2.4 percent over the analysis period and comprised less than one percent of the total operating costs each year.

- Paratransit TDA Performance Indicators – The following is a brief summary of the TDA performance trend highlights over the six-year period of FY2019 through FY2024:

  - Cost efficiency improved moderately over the review period, with an average annual decrease in the operating cost per hour of 4.5 percent. When adjusted for inflation, the decrease amounted to 7.9 percent annually.

- Passenger productivity was mixed, with passengers per hour declining by eight percent per year on average, while passengers per mile increased by 5.3 percent per year. This was caused by service hours increasing at a higher rate than ridership, while service miles increased at a lower rate than ridership during the six-year period.

- Cost effectiveness, as operating cost per passenger, showed an annual increase through the six-year period of 3.7 percent, or 0.1 percent when expressed in constant FY2019 dollars.

- Paratransit Component Costs – The following is a brief summary of the component operating costs trend highlights for paratransit between FY2019 and FY2024:

  - Labor costs increased an average seven percent per year, while fringes decreased an average of 13 percent annually. The combined labor and fringe benefit costs were the second largest component of total cost ranging between 20 percent in the first three years down to about ten percent in the latter half of the audit period.

  - Service costs increased at an annual average rate of 5.9 percent. The overall percentage of these costs decreased from approximately eight to four percent of the total operating costs during this period.

  - Purchased transportation costs represented the largest component of the total costs, increasing to over 80 percent of total costs by FY2024. These costs increased an average of 12.2 percent per year.

  - Costs for materials/supplies declined an average of 22 percent annually over the six-years, comprising about three percent of the annual total costs.

Compliance with Statutory Requirements – UCT is in compliance with the sections of the state PUC that were reviewed as part of this performance audit. The sections reviewed included requirements concerning CHP safety inspections, labor contracts, reduced fares, Welfare-to-Work, revenue sharing, and evaluating passenger needs.

Status of Prior Audit Recommendations – Performance in the mean distance between major and all failures for bus service fluctuated over the current audit period.

During the three years of this audit the mean distance between major and all failures for bus service improved by about 123 percent and 18 percent, respectively, between FY2022 and FY2023, but decreased by about 94 percent and 15 percent between FY2023 and FY2024. In terms of actual failure numbers, the number of total failures was 37 in 2022, 35 in 2023 and 42 in 2024. The number of major failures was a bit more pronounced, with two reported in 2022, one in 2023, and 17 reported in 2024. It is unclear why the number of major failures rose so dramatically in 2024, whether it was actual equipment failures or a change in reporting.

UCT is encouraged to continue examining reasons for the decline in miles between mechanical failure for buses and take appropriate steps to improve performance, and/or data collection accuracy, especially for major failures.

The implementation of this recommendation is in progress.

Functional Performance Indicator Trends - To further assess UCT's performance over the past three years, a detailed set of systemwide and modal functional area performance indicators was defined and reviewed.

- Systemwide (All Modes) – The following is a brief summary of the systemwide functional trend highlights between FY2022 and FY2024:
  - Administrative costs compared to total costs decreased by 31.9 percent and compared to vehicle service hours by 27.4 percent during this audit period.
  - Marketing costs decreased overall compared to total administrative costs and passenger trips.
  - The systemwide farebox recovery ratio increased almost 20 percent over the audit period from 2.9 percent to 3.4 percent.
- Bus Service – The following is a brief summary of the bus service functional trend highlights between FY2022 and FY2024:

- Service Planning results showed an average of about 94 percent vehicle miles and hours in service, and passengers per vehicle service mile and hour both increasing during the audit period.

- Operations results showed a decrease in both vehicle operations costs as a portion of total operating costs (63 percent), and in vehicle operations costs per hour (40 percent). The TDA recovery ratio down from 27.1 to 14.7 percent. On-time performance and complaint data were not available but there were no missed trips reported.

- Maintenance results showed a decrease in total maintenance costs as a portion of total operating costs. At the same time, vehicle maintenance costs per service mile increased about 20 percent during the audit period. The vehicle spare ratio decreased from 23.5 to 11.8 percent over the three years. Mean distance between major mechanical failures decreased by 86.6 percent overall, but mean distance between all failures remained almost unchanged.

- Safety results showed preventable accidents per 100,000 vehicle miles increasing overall by almost 93 percent, but the actual number of preventable accidents was never more than eleven.

- Paratransit – The following is a brief summary of the paratransit functional trend highlights between FY2022 and FY2024:

  - Service Planning results showed improvement in the percentage of vehicle miles and hours in service, a decreasing rate of passengers per vehicle service mile of about 22 percent but an increase of 13 percent in passengers per hour.

  - Operations results showed a 5.8 percent increase in vehicle operations costs as a portion of total operating costs and a similar increase of 3.5 percent in vehicle operations cost per hour. Both farebox revenue and TDA farebox recovery were down overall by 25.6 and 40.1 percent, respectively. There were no missed trips or ADA trip denials reported in any year. The rate of passenger no-shows and trip cancellations declined over 20 percent overall.

  - Maintenance results showed total maintenance costs compared to total operating costs declined by 45.7 percent over the three years. Similarly, vehicle maintenance costs per service mile decreased by 63.5 percent. The spare ratio ticked up slightly by five percent. Mean distance between all

mechanical failure increased almost 100 percent from FY2022 to FY2024, while there was just one major mechanical failure recorded over the three years.

- Safety results showed that preventable accidents increased 73.6 percent during this audit period but there were never more than two preventable accidents in any year.

Recommendations

1. CONTINUE TO EXAMINE THE CAUSES OF THE FLUCTUATIONS AND DECLINE IN MILES BETWEEN MECHANICAL FAILURES ON THE BUS SERVICES.
   [Reference Section: V. Status of Prior Audit Recommendations; VI. Functional Performance Indicator Trends].

   Performance in the mean distance between major and all failures for bus service fluctuated over the current audit period. During the three years of this audit the mean distance between major and all failures for bus service improved by about 123 percent and 18 percent, respectively, between FY2022 and FY2023, but decreased by about 94 percent and 15 percent between FY2023 and FY2024. In terms of actual failure numbers, the number of total failures was 37 in 2022, 35 in 2023 and 42 in 2024. The number of major failures was a bit more pronounced, with two reported in 2022, one in 2023, and 17 reported in 2024. It is unclear why the number of major failures rose so dramatically in 2024, whether it was actual equipment failures or a change in reporting.

   UCT is encouraged to continue examining reasons for the decline in miles between mechanical failure for buses and take appropriate steps to improve performance, and/or data collection accuracy, especially for major failures.

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I. INTRODUCTION

Public Utilities Code (PUC) Section 99246 requires that a performance audit be conducted every three years of each public transit operator in California. The audit requirement pertains to recipients of Transportation Development Act (TDA) funds and is intended to assure that the funds are being used efficiently. The substance and process of the performance audit is defined by the Regional Transportation Planning Agency (RTPA).

In the San Francisco Bay Area, the Metropolitan Transportation Commission (MTC) has been designated the RTPA and has this responsibility. By statute, the audit must be conducted in accordance with the U.S. Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions" (the "yellow book"). The performance audit is a systematic review to determine the extent to which a transit operator has complied with pertinent laws and regulations and conducted operations in an efficient and economical manner. Relative to system compliance testing, all findings are reported regardless of materiality.

This report has been prepared as part of the performance audit of the City of Union City/Union City Transit (UCT). The two service modes operated by UCT, bus, and paratransit, are the prime focus of this performance audit. The audit period is Fiscal Years 2022 through 2024 (from July 1, 2021 through June 30, 2024).

An overview of UCT is provided in Exhibit 1. This is followed by a current agency organization chart in Exhibit 2, which reflects the basic in-house organizational structure.

Performance Audit and Report Organization

This performance audit of UCT was conducted for MTC in accordance with its established procedures for performance audits. The audit consisted of two discrete phases:

- Compliance Audit – Activities in this phase included:
  - An overview of data collection and reporting procedures for the five TDA performance indicators;
  - Analysis of the TDA indicators; and
  - A review of compliance with selected state Public Utilities Code (PUC) requirements.
- Functional Review – Activities in this phase included:
  - A review of actions to implement the recommendations from the prior performance audit;
  - Calculation and evaluation of functional performance indicator trends; and
  - Findings, conclusions, and the formulation of recommendations.

This final report presents the findings from both phases, Compliance Audit and Functional Review. Comments received from UCT and MTC staff regarding the Compliance Audit Report were incorporated into this final report.

Exhibit 1: System Overview

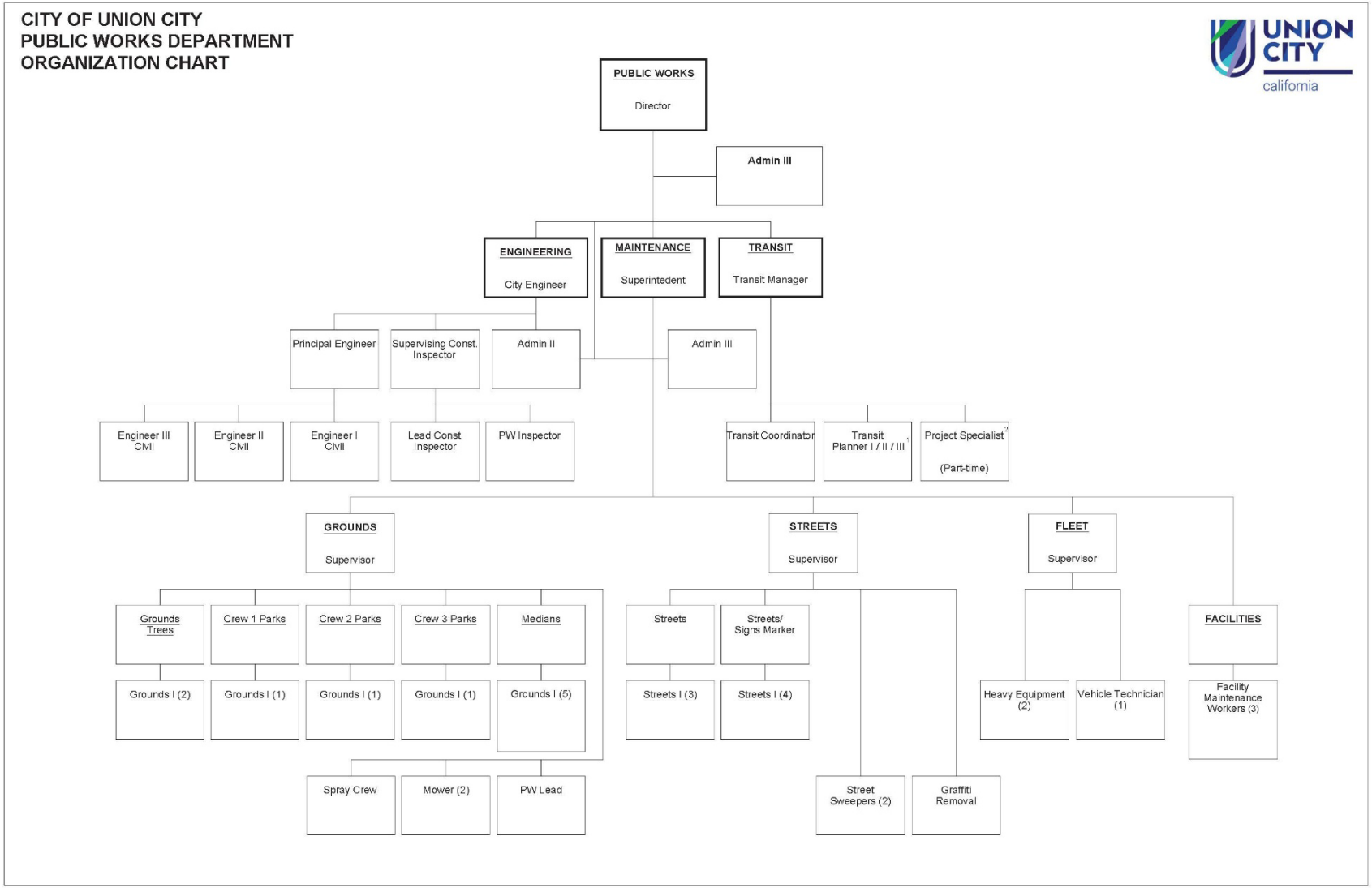
Location	City Hall: 34009 Alvarado-Niles Road, Union City, CA 94587 Public Works Maintenance Facility: 34650 7th Street, Union City, CA 94587
Establishment	Union City Transit (UCT) fixed-route service was established in 1974, in conjunction with the opening of the Bay Area Rapid Transit District (BART) station in Union City. The current paratransit service was introduced in 1997 and is operated in compliance with the Americans with Disabilities Act (ADA) requirements. The microtransit service known as the Flea (Flexible, Local, Easy, Access) started in 2021 as a pilot grant funded by the Bay Area Air Quality Management District (BAAQMD); the Union City Flea was the original marketing name of UCT in the 1970's.
Board	UCT is part of the municipal government. It is governed by Union City's City Council. The UCT Transit Manager is responsible for the daily administration of the system. The Transit Manager currently reports to the Union City Public Works Director, who reports to the City Manager.
Facilities	Administration is conducted at the Union City Public Works Maintenance Facility, known as the Corporation Yard (CorpYard). UCT vehicles are cleaned, fueled, and stored at the CorpYard. Operation and maintenance are handled by the UCT's contractor, currently MV Transportation, Inc. (MV) operations are based out of the CorpYard while vehicles are maintained at MV's own off-site facility, located at 1823 Atlantic Street in Union City.
Service Data	UCT operates fixed-route and paratransit on weekdays from 4:32 a.m. to 10:41 p.m. and on weekends from 6:51 a.m. to 7:41 p.m. UCT operates the Flea on weekdays only from 4:41 a.m. to 8:40 p.m. UCT does not operate on major holidays. Fixed-route and Flea cash fares are $2.00 for adults, $1.25 for youth aged six (6) to nineteen (19), and $1.00 for senior citizens and people with disabilities. A thirty-one (31)-day pass, available only on the Clipper card, is good for unlimited rides on UCT fixed-route and Flea services. Passes cost $55 for adults, $35 for youth aged six (6) to nineteen (19), and $26 for senior citizens and people with disabilities. UCT issues free intra-agency transfers, which are good on another UCT bus for 120 minutes starting in 2024. Transfers are also good for a discounted rates on inter-agency buses with Alameda-Contra Costa Transit District (AC Transit) and Dumbarton Express (DBX) in Union City. UCT also accepts inter-agency BART-to-Bus transfers for a reduced fare of $0.50 (only available on Clipper), while transfers from AC Transit and Dumbarton Express buses are $0.25. Clipper calculates all fares, passes, and transfer discounts automatically. UCT also participates in the region's Clipper START program, providing reduced cost adult one-way fare and

	transfers, and the Clipper BayPass program, providing enrolled employers and institutions to offer passes that work on all services in the region. Union City Paratransit (ADA and non-ADA) cash fare is $2.75 one-way. A ten (10)-ride ticket booklet is available for $27.50. No discounts are offered and Clipper is not available. UCT operates a network of five (5) fixed-routes, one (1) seasonal fixed-route, and the Flea service for the general public. UCT also operates ADA complementary paratransit service to the fixed-route service and non-ADA Paratransit Plus service both requiring eligibility certification to ride. UCT fixed-route service operates within the City of Union City, with some limited service crossing the city limits north into neighboring Hayward. The Union City BART Intermodal station and the Union Landing Transit Center act as transit center hubs for the fixed-route service. The Union Landing Transit Center also serves as a destination for interlining Routes 3 and 4. Routes are coordinated primarily with BART schedule and to a lesser extent with AC Transit and DBX to provide access to areas outside Union City. UCT ADA paratransit service operates within the Union City limits and into Hayward where fixed-route service goes. UCT's non-ADA Paratransit Plus service offers limited coverage to major retail, medical and cultural locations in surrounding Fremont, Hayward, and Newark. Paratransit Plus trip requests are available on a limited basis and subject to denial if an ADA trip is requested. UCT Flea service operates within a defined geographic area of Union City through a reservation system via a website or by calling the dispatch office. There are currently restrictions on youth riding independently due to car seat requirements and all vehicles can accommodate one (1) wheelchair. UCT's fixed-route fleet currently consists of sixteen (16) coaches, with fourteen (14) operating in maximum service with two (2) spare coaches. UCT's paratransit fleet consists of two (2) gasoline powered cutaway vans, five (5) gasoline powered unibody vans (two (2) with bus doors), and two (2) electric powered unibody vans (one (1) with bus doors). Seven (7) vehicles operate in maximum service with four (4) spare vehicles. UCT's Flea fleet consists of three (3) gasoline powered unibody vans. Two (2) vehicles operate in maximum service with one (1) spare vehicle. Paratransit and Flea vehicles are sometimes used for the other service when regular service vehicles are out of service. UCT has partnered with the Cities of Fremont and Newark on the Ride-On Tri-City! program services, which include taxi vouchers and transportation network company (TNC/Ride-hailing) discount codes. The program provides discounted taxi vouchers or TNC discount codes to

	certified clients in UCT's paratransit service as well as seniors seventy (70) years or older. The program helps clients with same-day travel needs (no advanced reservations required), which UCT's paratransit service cannot guarantee. Ride-On Tri-City! is also a non-ADA service, but it indirectly helps the paratransit service to be "more available" for those who need a higher level of paratransit service by easing trip scheduling for ADA rides. UCT awarded a contract to MV to operate and maintain the fixed-route, paratransit, and Flea services in 2023. UCT has a contract for MV to provide three (3) leased vehicles for fixed-route service to alleviate the strain on having a low spare ratio and no emergency contingency vehicles.
Recent Changes	UCT started replacing its paratransit vehicles in 2019 to replace the CNG vans from 2009 that had exceeded their useful lives. The new fleet of vans use either gasoline or electricity instead of CNG or diesel. The majority of the new vehicles are smaller to allow for greater maneuverability in facilities. UCT purchased three (3) Flea vans with a grant from BAAQMD to pilot a microtransit service beginning in 2021. The service continues with two (2) expansions of the service area from the initial pilot phase. In July 2020, UCT began making drastic changes in response to the Novel Coronavirus (COVID-19) by suspending three (3) routes that were underperforming in order to redirect resources and provide higher frequency on three (3) of the five (5) remaining routes to allow for social distancing. In March 2021, the changes were made permanent. Since then, UCT has been making several schedule changes to align with the BART schedules as part of a regional schedule coordination effort; the last service change took place in August 2024 and included the second expansion of the Flea service area. In August 2022, UCT was awarded a Federal Transit Administration (FTA) Low or No Emission discretionary grant to replace fourteen (14) of its CNG fixed-route buses that have either met or exceeded their useful lives with battery electric buses to comply with the California Air Resources Board (CARB) Innovative Clean Transit (ICT) regulation for zero-emission buses. The buses were ordered in January 2023 and are expected in Fall 2025. In October 2023, UCT was awarded a Clean California grant from Caltrans to expand and enhance bus stop amenities. The grant was a quick turnaround grant and UCT needed to have the new amenities installed by December 31, 2024. Some of the stop improvements include electronic real-time bus arrival times. UCT installed a Computer Aided Dispatch and Automatic Vehicle Location (CAD/AVL) system on all of its fixed-route buses in 2019 through its contract with MV. The current system has never fully

	delivered what it promised and UCT is currently exploring new options to implement prior to the delivery of the fourteen (14) new buses. UCT has installed a tablet-based CAD/AVL system on its paratransit and Flea services that is reducing the amount of paper needed and also provides a basic self-service portal for the customer. or client. UCT's Administrative Assistant position was changed to Transit Coordinator to reflect the different duties expected of the position compared to an administrative assistant. This position was recently filled due to retirement after twenty-seven (27) years with UCT.
Planned Changes	UCT has FTA funding for additional replacement paratransit vehicles. The funding allows for up to six (6) gasoline vehicles or three (3) electric vehicles depending on their energy source. The vehicles would be the first attempt to use them for either paratransit or Flea service or be able to combine the services on the same vehicle and reduce the need for dedicated fleets. UCT is currently working to support the upcoming electric vehicle fleet by procuring electric vehicle supply equipment (EVSE), modifying the bus parking area to accommodate charge dispensers between the vehicles, accommodate redundancy in the event another EVSE fails, and prepare for electric vehicle expansion as CNG and gasoline vehicles are replaced. The project is expected to be commissioned for service in December 2025 at around the same time the new buses are ready for service. UCT is working with all the different components of the Metropolitan Transportation Commission (MTC) Transit Transformational Action Plan (TTAP) to improve the customer experience and operability of the Bay Area network. As such UCT is working to integrate upcoming fare changes, wayfinding, branding, transit priority, and cost savings initiatives to the best of staff's ability. UCT is working to complete a Short Range Transit Plan (SRTP) in 2025. The COVID-19 pandemic, Blue Ribbon Transit Recovery Task Force, the impending fiscal cliff, supply chain issues, inflation, and staff shortages have all made it extremely difficult to initiate the process and yield a useful guiding document with so many uncertainties. UCT anticipates new guidelines for the SRTP will be issued in Spring 2025 that include Regional Network Management (RNM) requirements.
Staff	UCT has a budgeted staff of three (3) full-time (FT) and one (1) part-time (PT) positions to administer its transit program: Transit Manager (FT), Transit Planner (FT), Transit Coordinator (FT), and Transit Analyst (PT). Transit also contributes to the salaries of the Public Works Director and a member of the Finance Department (Senior Accountant). The transit staff is located at the City's CorpYard. MV provides all transit vehicle operators, dispatchers, supervisors, maintenance personnel, and management.

Exhibit 2: Current Organization Chart



II. REVIEW OF TDA DATA COLLECTION AND REPORTING METHODS

This section focuses on the five performance indicators required by TDA law. These indicators have been defined by the state PUC to evaluate the transit operator's efficiency, effectiveness, and economy. The purpose of this review is to determine if UCT is in compliance with the data collection and reporting requirements necessary to calculate the TDA performance indicators. The review is limited to the data items needed to calculate the indicators:

- Operating costs
- Vehicle service hours
- Vehicle service miles
- Unlinked passengers
- Employees (full-time equivalents)

The TDA indicator analysis is based on these operating and financial statistics in the National Transit Database (NTD) reports submitted annually to the Federal Transit Administration (FTA). The information reported by UCT covering the audit period has been reviewed. UCT has been granted a Small Systems Reporting Waiver by the NTD for the past several years, therefore UCT's NTD reports include only basic reporting information for its bus and paratransit services. To ensure consistency of the audit reports, it was decided to utilize UCT's State Controller Reports (Transit Operators Financial Transaction Reports filed with the California State Controller) as the principal source of the TDA data items for the current audit period.

Compliance with Requirements

To support this review, UCT confirmed its data collection and reporting procedures as described in the prior performance audit. The definitions and procedures used to derive the TDA statistics generally are consistent with those used for the NTD reporting system.

Based on the information provided, as shown in Exhibit 3.1, UCT is in compliance with the data collection and reporting requirements for the TDA statistics.

Consistency of the Reported Statistics

The resulting TDA statistics for UCT's transit services are shown in Exhibits 3.2 and 3.3, respectively. Included are statistics covering each fiscal year of the three-year audit period (less the FY2024 operating statistics), plus the preceding three fiscal years, resulting in a six-year trend. It should be noted that employee work hour/FTE data are not included since UCT service is provided by a private contractor.

The available statistics collected over the period appear to be consistent with the TDA definitions. Further, they indicate general consistency in terms of the direction and magnitude of the year-to-year changes across the statistics. For example, increases or decreases in annual operating costs are relatively proportional to increases or decreases in annual vehicle service hours and miles.

Exhibit 3.1: Compliance with TDA Data Collection and Reporting Requirements

TDA Statistic	TDA Definition	Compliance Finding	Verification Information
Operating Cost	"Operating cost" means all costs in the operating expense object classes exclusive of the costs in the depreciation and amortization expense object class of the uniform system of accounts and records adopted by the Controller pursuant to Section 99243, and exclusive of all subsidies for commuter rail services operated under the jurisdiction of the Interstate Commerce Commission and of all direct costs for providing charter services, and exclusive of all vehicle lease costs.	In Compliance	Operating costs are defined as the cost of labor, services, purchased transportation, depreciation, materials and supplies, and any other miscellaneous items. Capital project costs are not included.
Vehicle Service Hours	"Vehicle service hours" means the total number of hours that each transit vehicle is in revenue service, including layover time.	In Compliance	Fixed Route service hours are based on the fixed route schedule; hours are reported by route for weekdays, Saturdays and Sundays. Paratransit service hours are based on the amount of service hours that a passenger is onboard from pickup to drop-off. The contractor is required to report hours in its Monthly Management Reports for all service modes.

TDA Statistic	TDA Definition	Compliance Finding	Verification Information
Vehicle Service Miles	"Vehicle service miles" means the total number of miles that each transit vehicle is in revenue service.	In Compliance	Fixed Route service miles are based on scheduled service miles. Adjustments are made for any service interruptions. Paratransit service miles are defined as vehicle miles traveled with a passenger onboard. The contractor is required to report miles in its Monthly Management Reports for all service modes.
Unlinked Passengers	"Unlinked passengers" means the number of boarding passengers, whether revenue producing or not, carried by the public transportation system.	In Compliance	Actual boardings are counted by drivers. Boardings are recorded daily according to fare medium, including transfers and free boardings.
Employee Full-Time Equivalents	2,000 person-hours of work in one year constitute one employee.	In Compliance	Union City Transit defines a full-time equivalent employee as a person whose work hours are at least 2,000 hours/year.

Exhibit 3.2: TDA Statistics – Bus Service

TDA Statistics	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	*Av. Ann. Chg.*
Operating Cost (Actual $)	$4,047,784	$4,508,251	$4,827,390	$5,238,540	$6,473,284	$6,989,863	- -
Annual Change	- -	*11.4%*	*7.1%*	*8.5%*	*23.6%*	*8.0%*	*11.5%*
Operating Cost (Constant $)	$4,047,784	$4,449,065	$4,567,952	$4,607,049	$5,564,277	$5,834,217	- -
Annual Change	- -	*9.9%*	*2.7%*	*0.9%*	*20.8%*	*4.9%*	*7.6%*
Vehicle Service Hours	40,190	40,632	33,065	35,488	41,060	41,763	- -
Annual Change	- -	*1.1%*	*-18.6%*	*7.3%*	*15.7%*	*1.7%*	*0.8%*
Vehicle Service Miles	471,018	477,416	478,778	511,473	572,554	584,256	- -
Annual Change	- -	*1.4%*	*0.3%*	*6.8%*	*11.9%*	*2.0%*	*4.4%*
Unlinked Passengers	264,130	228,089	118,162	194,324	242,472	257,460	- -
Annual Change	- -	*-13.6%*	*-48.2%*	*64.5%*	*24.8%*	*6.2%*	*-0.5%*
Employee Full-Time Equivalents	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*	- -
Annual Change	- -	- -	- -	- -	- -	- -	- -
Bay Area CPI - Annual Change	- -	1.3%	4.3%	7.6%	2.3%	3.0%	- -
Cumulative Change	- -	1.3%	5.7%	13.7%	16.3%	19.8%	*3.7%*

(a) - Not applicable as UCT bus service is provided by a private contractor

Sources:
FY2019 through FY2021 - Prior Performance Audit Report
FY2022 through FY2024 – State Controller Reports

Exhibit 3.3: TDA Statistics – Paratransit

TDA Statistic	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	*Av. Ann. Chg.*
Operating Cost (Actual $)	$1,000,934	$1,048,187	$1,041,719	$1,126,401	$1,374,187	$1,578,302	- -
Annual Change	- -	*4.7%*	*-0.6%*	*8.1%*	*22.0%*	*14.9%*	*9.5%*
Operating Cost (Constant $)	$1,000,934	$1,034,426	$985,734	$990,617	$1,181,218	$1,317,359	- -
Annual Change	- -	*3.3%*	*-4.7%*	*0.5%*	*19.2%*	*11.5%*	*5.6%*
Vehicle Service Hours	8,977	9,822	8,605	12,892	15,168	17,827	- -
Annual Change	- -	*9.4%*	*-12.4%*	*49.8%*	*17.7%*	*17.5%*	*14.7%*
Vehicle Service Miles	63,411	48,518	16,973	31,903	60,340	64,278	- -
Annual Change	- -	*-23.5%*	*-65.0%*	*88.0%*	*89.1%*	*6.5%*	*0.3%*
Unlinked Passengers	15,382	14,638	7,462	12,892	16,624	20,187	- -
Annual Change	- -	*-4.8%*	*-49.0%*	*72.8%*	*28.9%*	*21.4%*	*5.6%*
Employee Full-Time Equivalents	*(b)*	*(b)*	*(b)*	*(b)*	*(b)*	*(b)*	- -
Annual Change	- -	- -	- -	- -	- -	- -	- -
Bay Area CPI - Annual Change	- -	1.3%	4.3%	7.6%	2.3%	3.0%	- -
Cumulative Change	- -	1.3%	5.7%	13.7%	16.3%	19.8%	*3.7%*

(a) - Not applicable as UCT bus service is provided by a private contractor

Sources:
FY2019 through FY2021 - Prior Performance Audit Report
FY2022 through FY2024 – State Controller Reports

III. TDA PERFORMANCE INDICATORS AND TRENDS

The performance trends for UCT's bus and paratransit service modes are presented in this section. Performance is discussed for four of the five TDA-mandated performance indicators:

- operating cost per vehicle service hour
- passengers per vehicle service hour
- passengers per vehicle service mile
- operating cost per passenger

The performance results in these indicators were developed from the information in the State Controller Reports for the three years of the audit period, with the exception, as explained in the previous section of this report, of operating cost data for FY2024 taken from UCT's NTD report.

Performance results for the fifth TDA-mandated indicator, vehicle service hours per full-time equivalent employee (FTE), were deemed not applicable since UCT's services are provided by a private contractor.

In addition to presenting performance for the three years of the audit period (FY2022 through FY2024), this analysis features two enhancements:

Six-Year Time Period – While the performance audit focuses on the three fiscal years of the audit period, six-year trend lines have been constructed for UCT's service to provide a longer perspective on performance and to clearly present the direction and magnitude of the performance trends. In this analysis, the FY2022 to FY2024 trend lines

have been combined with those from the prior audit period (FY2019 through FY2021) to define a six-year period of performance.

Normalized Cost Indicators for Inflation – Two financial performance indicators (cost per hour and cost per passenger) are presented in both constant and current dollars to illustrate the impact of inflation in the Bay Area. The inflation adjustment relies on the All-Urban Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the San Francisco Metropolitan Area. The average CPI-W percent change for each fiscal year has been calculated based on the bi-monthly results reported on the U.S. Department of Labor – Bureau of Labor Statistics website. The CPI-W is used since labor is the largest component of operating cost in transit. Since labor costs are typically controlled through labor contracts, changes in normalized costs largely reflect those factors that are within the day-to-day control of the transit system.

The following discussion is organized to present an overview of UCT's performance trends in the four TDA performance indicators included. The discussion is organized by service mode -- bus service is discussed first, followed by paratransit. The analysis is also expanded to include a breakdown of the various component costs that contributed to the total and hourly operating costs during the last six years.

Bus Service Performance Trends

This section provides an overview of the performance of UCT's bus service over the past six years. The trends in the TDA indicators and input statistics are presented in Exhibit 4. The six-year trends are illustrated in Exhibits 4.1 through 4.3.

- Operating Cost per Vehicle Service Hour (Exhibit 4.1)
  - A key indicator of cost efficiency, the cost per hour of bus service increased an average of 10.7 percent annually during the review period.
  - The cost per service hour increased in every year of the review period. Cost per hour increased from $100.72 in FY2019 to $167.37 in FY2024.
  - The largest increase, 31.6 percent, occurred in FY2021, as service hours declined with lower ridership during the COVID-19 pandemic, while operating costs continued to increase.
  - In FY2019 constant dollars, there was an average annual increase in this indicator of 6.8 percent in the six-year review period.
- Passengers per Vehicle Service Hour (Exhibit 4.2)
  - A key indicator of passenger productivity, passengers per hour decreased an average of 1.3 percent annually during the six-year period.
  - Passengers per hour decreased from 6.6 in FY2019 to 3.6 in FY2021, before rebounding to almost pre-COVID levels of 5.5 in FY2022 to 6.2 in FY2024.
  - The decrease reflects the significant decrease in both passengers and service hours in the prior three-year audit period due to COVID, followed by what appears to be a post-COVID recovery during the current three-year audit period.
- Passengers per Vehicle Service Mile (Exhibit 4.2)
  - The six-year trend in this indicator decreased by 4.7 percent annually on average.
  - There were 0.56 passengers per mile in FY2019, compared with 0.44 in FY2024, with the lowest measure, 0.25, occurring in FY2021.

- The pattern in this indicator was the same as passengers per hour, with annual decreases coinciding with the decline in ridership during COVID, followed by improving ridership and increasing service miles during the current three-year audit period.

- Operating Cost per Passenger (Exhibit 4.3)

  - A key measure of cost effectiveness, cost per passenger was $15.32 FY2019, increasing to $40.85 per passenger in FY2021, before ending the audit period at $27.15 per passenger in FY2024.

  - These results, including a 106.7 percent increase in FY2021, are in large part attributed to the above-noted ridership losses seen as a result of the response to the pandemic.

  - Overall, the average annual increase in the cost per passenger during the period was 12.1 percent. With the impact of inflation removed, the result was an average annual increase of 8.1 percent.

* * * * *

The following is a brief summary of the TDA performance trend highlights over the six-year period of FY2019 through FY2024:

- The cost per hour (cost efficiency) of bus service increased an average of 10.7 percent annually during the six-year period.

- The cost per hour ranged from a low of $100.72 in FY2019 to a high of $167.37 in FY2024. There were increases in every year, with the largest of 31.6 percent occurring in FY2021.

- Passenger productivity exhibited a modest downward trend, driven by small average annual increases in service hours and miles combined with almost unchanged ridership during the review period. Passengers per vehicle service hour and vehicle service mile declined by 1.3 percent and 4.7 percent per year on average during the period, respectively.

- The cost per passenger increased on average by 12.1 percent per year, which amounted to an average annual increase of 8.1 percent in constant FY2019 dollars. Operating costs increased 11.5 percent per year on average between

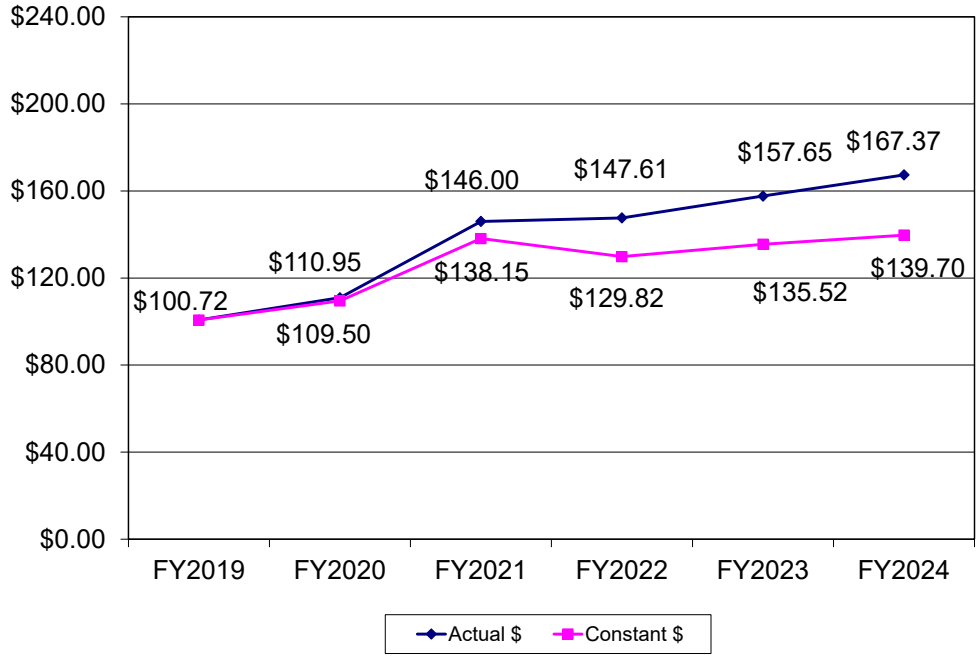
FY2019 and FY2024, while ridership moved back toward pre-pandemic levels, finishing the six-year review period with a 0.5 percent annual average decrease.

Exhibit 4: TDA Indicator Performance – Bus Service

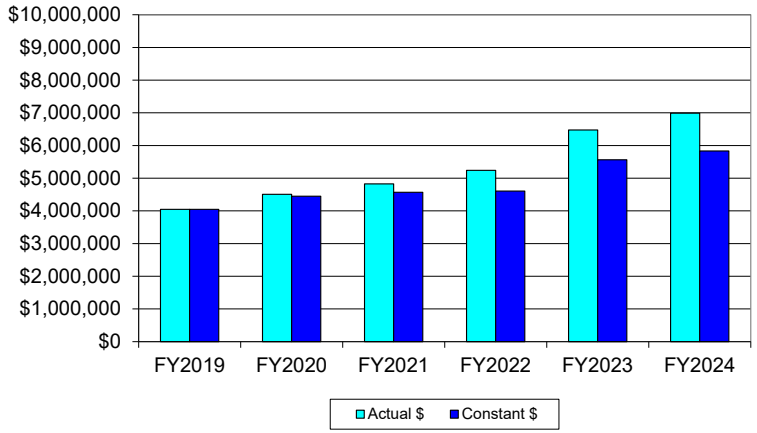
TDA Performance Indicator	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	*Av. Ann. Chg.*
Op. Cost per Vehicle Svc. Hour (Actual $)	$100.72	$110.95	$146.00	$147.61	$157.65	$167.37	- -
Annual Change	- -	*10.2%*	*31.6%*	*1.1%*	*6.8%*	*6.2%*	*10.7%*
Op. Cost per Vehicle Svc. Hour (Constant $)	$100.72	$109.50	$138.15	$129.82	$135.52	$139.70	- -
Annual Change	- -	*8.7%*	*26.2%*	*-6.0%*	*4.4%*	*3.1%*	*6.8%*
Passengers per Vehicle Service Hour	6.6	5.6	3.6	5.5	5.9	6.2	- -
Annual Change	- -	*-14.6%*	*-36.3%*	*53.2%*	*7.8%*	*4.4%*	*-1.3%*
Passengers per Vehicle Service Mile	0.56	0.48	0.25	0.38	0.42	0.44	- -
Annual Change	- -	*-14.8%*	*-48.3%*	*53.9%*	*11.5%*	*4.1%*	*-4.7%*
Op. Cost per Passenger (Actual $)	$15.32	$19.77	$40.85	$26.96	$26.70	$27.15	- -
Annual Change	- -	*29.0%*	*106.7%*	*-34.0%*	*-1.0%*	*1.7%*	*12.1%*
Op. Cost per Passenger (Constant $)	$15.32	$19.51	$38.66	$23.71	$22.95	$22.66	- -
Annual Change	- -	*27.3%*	*98.2%*	*-38.7%*	*-3.2%*	*-1.3%*	*8.1%*
Vehicle Service Hours per FTE	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*	- -
Annual Change	- -	- -	- -	- -	- -	- -	- -
Bay Area CPI - Annual Change	- -	1.3%	4.3%	7.6%	2.3%	3.0%	- -
Cumulative Change	- -	1.3%	5.7%	13.7%	16.3%	19.8%	*3.7%*

(a) Not applicable as UCT service is provided by a private contractor

Exhibit 4.1: Operating Cost per Vehicle Service Hour – Bus Service



Operating Cost



Vehicle Service Hours

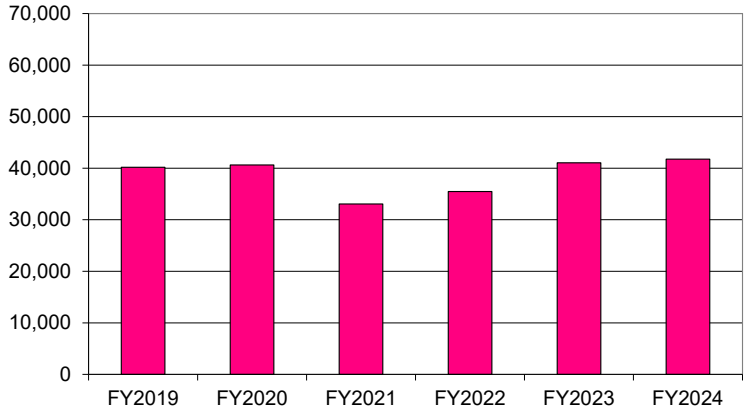
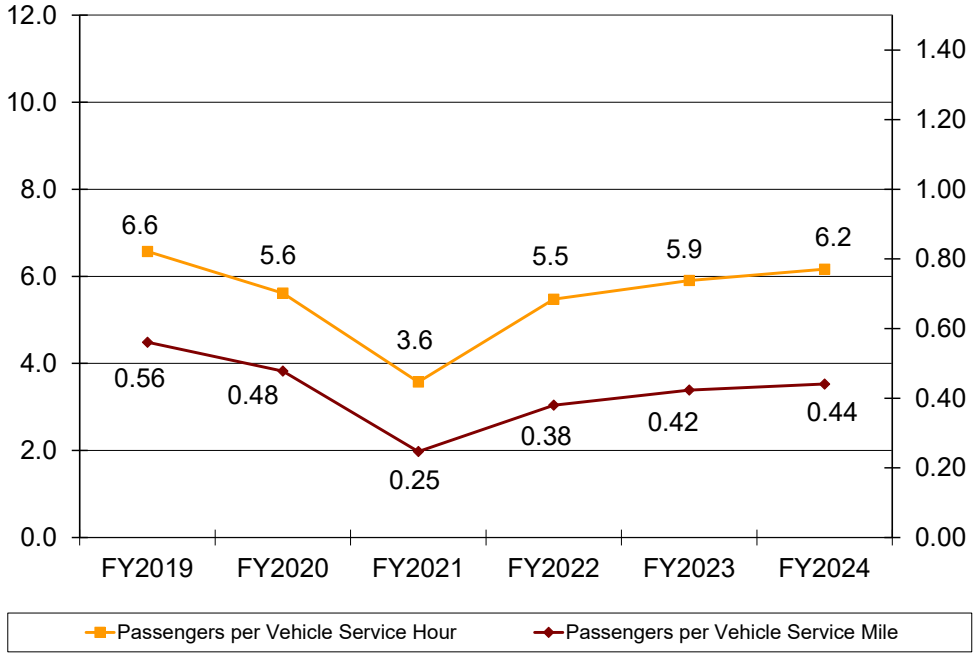
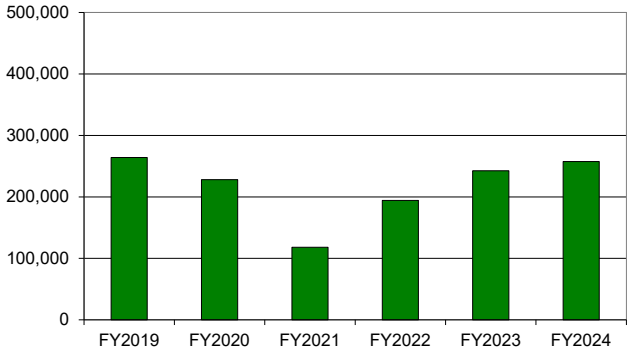


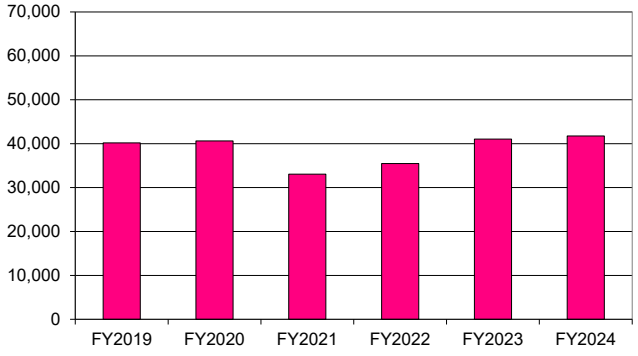
Exhibit 4.2: Passengers per Hour and per Mile – Bus Service



Unlinked Passengers



Vehicle Service Hours



Vehicle Service Miles

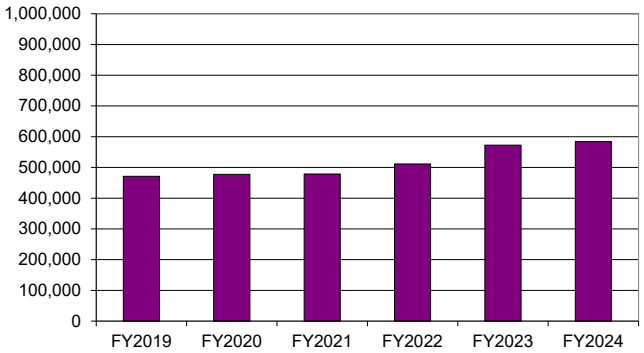
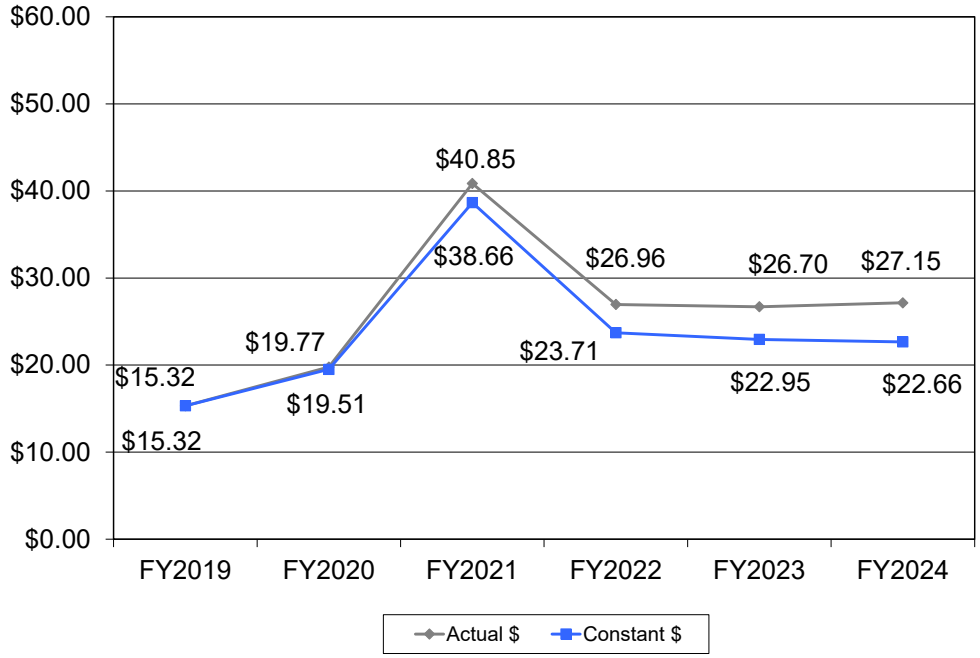
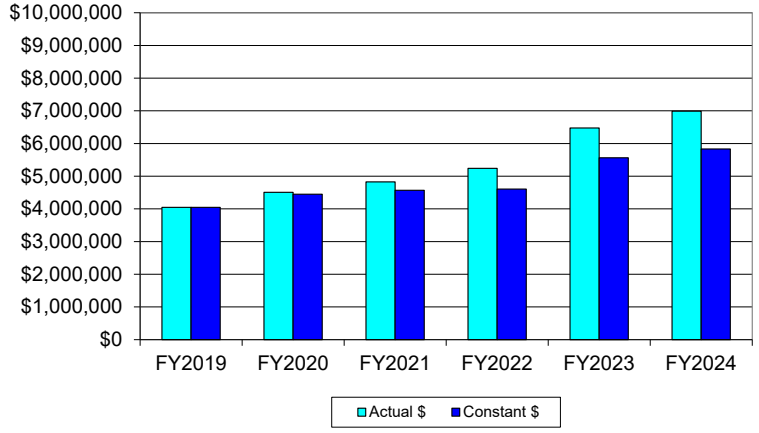


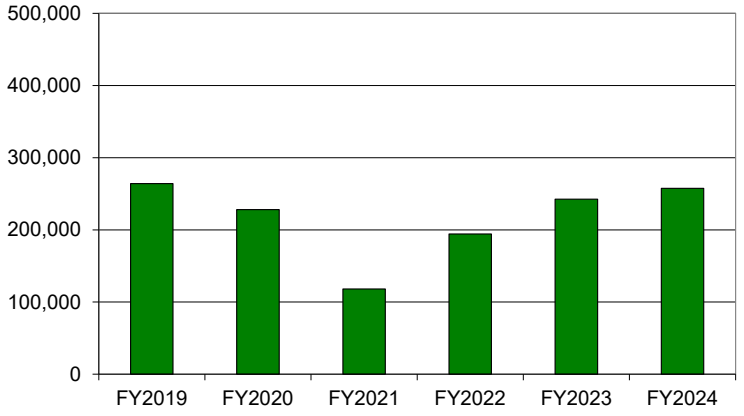
Exhibit 4.3: Operating Cost per Passenger – Bus Service



Operating Cost



Unlinked Passengers



Bus Service Component Costs

Year-to-year changes in selected operating cost categories over the past six years are presented in Exhibit 4.4. Examining components of operating costs (e.g., labor, fringes, fuel, and casualty/liability) may determine what particular components had the most significant impacts on the operating costs. Exhibit 4.4 also shows the concurrent changes in vehicle service hours and Exhibit 4.5 illustrates the portion of the cost per bus service hour that can be attributed to each included cost component.

- Labor costs increased by 10.5 percent per year, while fringe benefit costs decreased an average 7.5 percent per year over the six-year period. In total, labor and fringe benefit costs comprised about 10 percent or less of the total costs.
- Services increased an average of 4.5 percent per year over six years. Service costs have decreased as a component of total costs from about eight percent in FY2020 to about three percent during the current audit period.
- Purchased transportation was the largest component, ending the six year period at 83 percent of total costs in FY2024, up from about 75 percent over the earlier years. These costs increased an average of 13.4 percent per year.
- Materials/supplies increased an average of 3.8 percent per year. These costs comprised between 10 and 13 percent of total costs until FY2024, when they dropped to about seven percent. Materials/supplies were the second largest component of the total costs in each year.
- There were no casualty and liability costs incurred in any year, and other expenses for utilities, taxes and miscellaneous charges decreased an average 2.4 percent overall between FY2029 and FY2024.

* * * * *

The following is a brief summary of the component operating costs trend highlights between FY2019 and FY2024:

- Total operating costs increased by 11.5 percent annually during the six-year period. Purchased transportation costs represented the largest portion of the total costs, averaging around 75 percent throughout the period.

- Purchased transportation increased an average of 13.4 percent annually, close to the 11.5 percent overall increase in operating costs over the analysis period.

- In total, labor and fringe benefit costs comprised about 10 percent of the total costs during the review period. Labor costs increased an annual average of 10.5 percent, while fringes decreased an average of 7.5 percent per year.

- Materials/supplies increased an average of 3.8 percent per year. These costs ranged between 11 and 13 percent, or the second largest component, of the total costs.

- Services costs contributed between three and eight percent of total costs throughout the analysis period and experienced an average 4.5 percent increase per year.

- The remaining other expenses decreased an average of 2.4 percent over the analysis period and comprised less than one percent of the total operating costs each year.

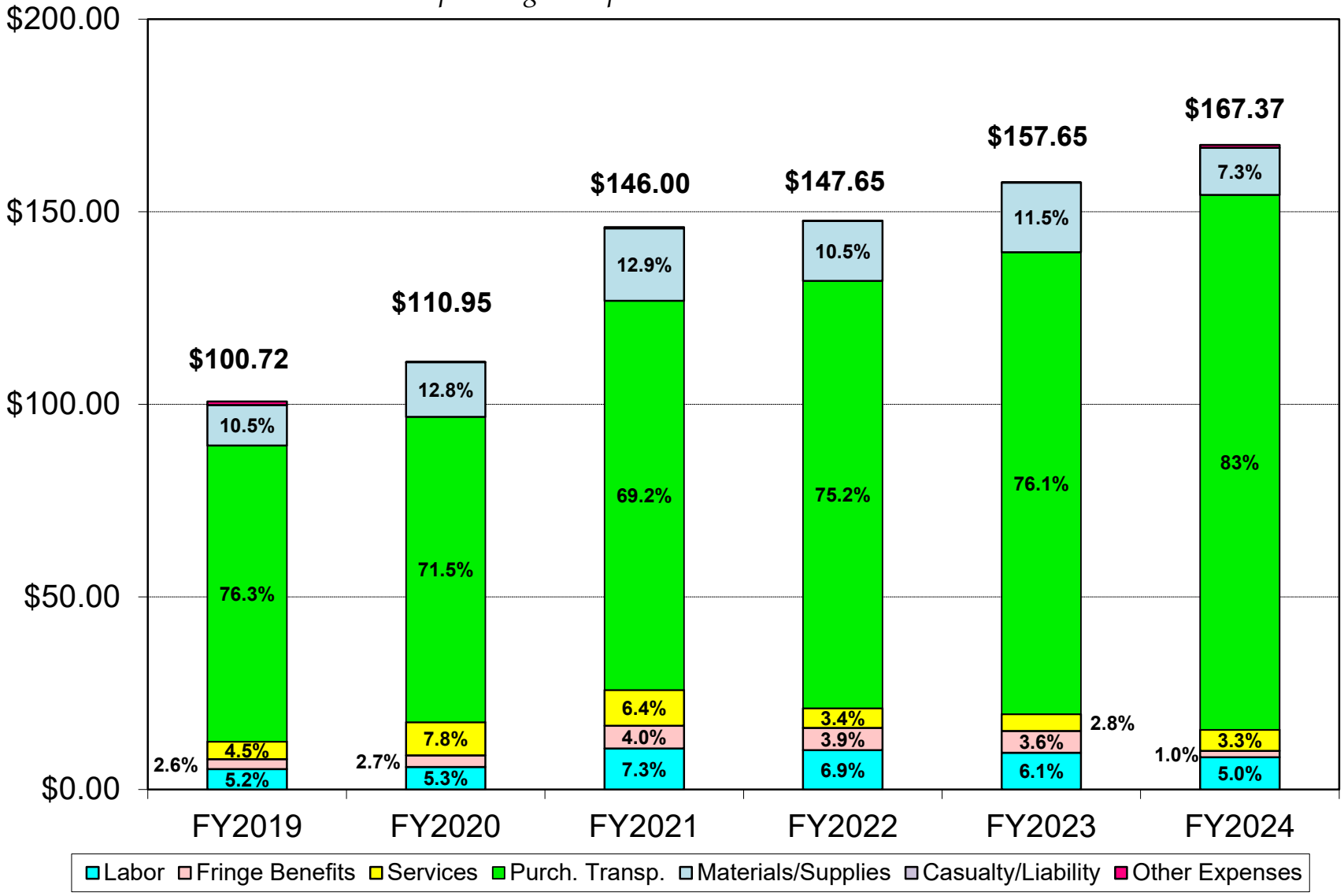
Exhibit 4.4: Component Cost Trends – Bus Service

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	*Av. Ann. Chg.*
COST CATEGORIES							
Labor (Salaries/Wages)	$212,026	$237,724	$351,953	$361,081	$392,106	$349,275	- -
Annual Change	- -	*12.1%*	*48.1%*	*2.6%*	*8.6%*	*-10.9%*	*10.5%*
Fringe Benefits *(a)*	$103,524	$121,768	$195,066	$206,727	$231,032	$70,159	- -
Annual Change	- -	*17.6%*	*60.2%*	*6.0%*	*11.8%*	*-69.6%*	*-7.5%*
Services	$183,332	$349,446	$307,717	$180,063	$179,222	$228,019	
Annual Change	- -	*90.6%*	*-11.9%*	*-41.5%*	*-0.5%*	*27.2%*	*4.5%*
Purchased Transportation	$3,089,169	$3,222,491	$3,341,522	$3,937,212	$4,924,763	$5,800,402	- -
Annual Change	- -	*4.3%*	*3.7%*	*17.8%*	*25.1%*	*17.8%*	*13.4%*
Materials/Supplies *(b)*	$424,831	$576,123	$622,115	$551,725	$743,131	$511,164	- -
Annual Change	- -	*35.6%*	*8.0%*	*-11.3%*	*34.7%*	*-31.2%*	*3.8%*
Casualty/Liability	$0	$0	$0	$0	$0	$0	- -
Annual Change	- -	- -	- -	- -	- -	- -	- -
Other Expenses (c)	$34,902	$699	$9,017	$1,732	$3,030	$30,844	- -
Annual Change	- -	*-98.0%*	*1190.0%*	*-80.8%*	*74.9%*	*918.0%*	*-2.4%*
Total	$4,047,784	$4,508,251	$4,827,390	$5,238,540	$6,473,284	$6,989,863	- -
Annual Change	- -	*11.4%*	*7.1%*	*8.5%*	*23.6%*	*8.0%*	*11.5%*
OPERATING STATISTICS							
Vehicle Service Hours	40,190	40,632	33,065	35,479	41,060	41,763	- -
Annual Change	- -	*1.1%*	*-18.6%*	*7.3%*	*15.7%*	*1.7%*	*0.8%*

(a) Includes paid absences
(b) Includes tires/tubes, fuels/lubricants, and other materials/supplies
(c) Includes utilities, taxes, and miscellaneous expenses

Exhibit 4.5: Distribution of Component Costs – Bus Service

Operating Cost per Vehicle Service Hour



Paratransit Performance Trends

This section provides an overview of the performance of UCT's paratransit service over the six-year analysis period. The trends in the TDA indicators and input data are presented in Exhibit 5. The six-year trends are illustrated in Exhibits 5.1 through 5.3.

- Operating Cost per Vehicle Service Hour (Exhibit 5.1)
  - UCT's paratransit cost per service hour decreased from $111.50 in FY2019 to $88.53 in FY2024, an average of 4.5 percent per year.
  - This indicator fluctuated between increases and decreases in every other year of the period.
  - With the effects of inflation removed, there was an average annual decrease of 7.9 percent in operating cost per hour.
- Passengers per Vehicle Service Hour (Exhibit 5.2)
  - Passengers per vehicle service hour declined during the review period, an average of eight percent per year overall, mostly due to larger decreases in the first three years of the period.
  - Passenger levels and service hours both increased overall, by 5.6 percent and 14.7 percent per year on average, respectively, with the greatest decreases occurring during the second half of the audit period.
- Passengers per Vehicle Service Mile (Exhibit 5.2)
  - Performance in passengers per vehicle service mile improved overall, by 5.3 percent per year, increasing from 0.24 in FY2019 to 0.31 passengers in FY2024. The largest increases came in FY2021 and FY2022 as service miles both decreased and increased at a higher rate than passengers.
  - Overall annual passenger levels increased by 5.6 percent on average while vehicle service miles increased by 0.3 percent.

- Operating Cost per Passenger (Exhibit 5.3)

  - Cost effectiveness declined by 3.7 percent per year on average, with cost per passenger increasing from $65.07 in FY2019 to $78.18 in FY2024.

  - With the impact of inflation removed, cost per passenger was almost unchanged, with an average annual increase in the cost per passenger of 0.1 percent.

* * * * *

The following is a brief summary of the TDA performance trend highlights over the six-year period of FY2019 through FY2024:

- Cost efficiency improved moderately over the review period, with an average annual decrease in the operating cost per hour of 4.5 percent. When adjusted for inflation, the decrease amounted to 7.9 percent annually.

- Passenger productivity was mixed, with passengers per hour declining by eight percent per year on average, while passengers per mile increased by 5.3 percent per year. This was caused by service hours increasing at a higher rate than ridership, while service miles increased at a lower rate than ridership during the six-year period.

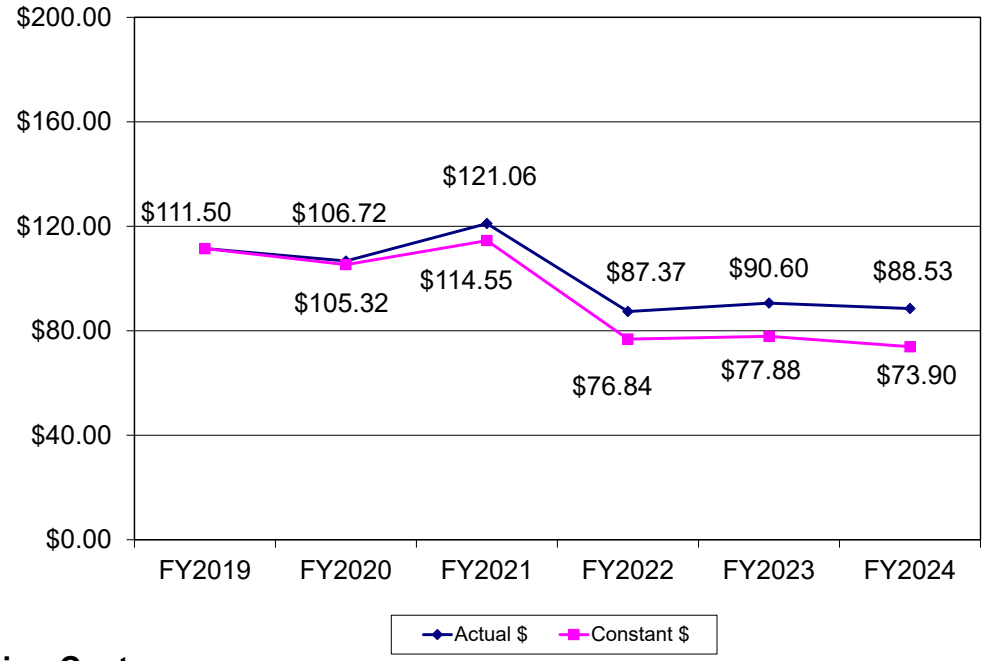
- Cost effectiveness, as operating cost per passenger, showed an annual increase through the six-year period of 3.7 percent, or 0.1 percent when expressed in constant FY2019 dollars.

Exhibit 5: TDA Indicator Performance – Paratransit

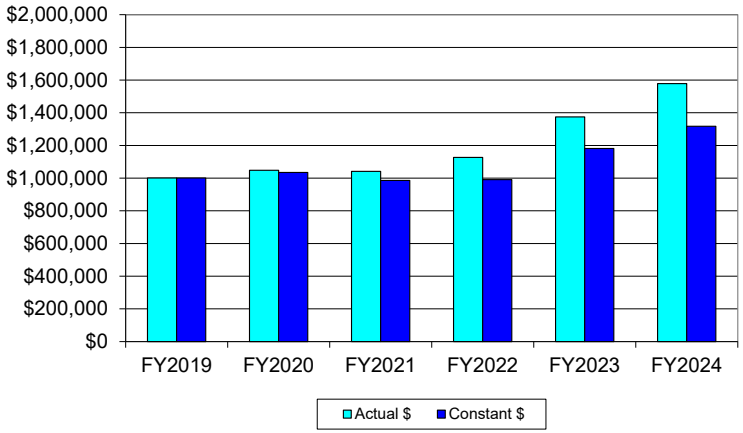
TDA Performance Indicator	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	*Av. Ann. Chg.*
Op. Cost per Vehicle Svc. Hour (Actual $)	$111.50	$106.72	$121.06	$87.37	$90.60	$88.53	- -
Annual Change	- -	*-4.3%*	*13.4%*	*-27.8%*	*3.7%*	*-2.3%*	*-4.5%*
Op. Cost per Vehicle Svc. Hour (Constant $)	$111.50	$105.32	$114.55	$76.84	$77.88	$73.90	- -
Annual Change	- -	*-5.5%*	*8.8%*	*-32.9%*	*1.3%*	*-5.1%*	*-7.9%*
Passengers per Vehicle Service Hour	1.7	1.5	0.9	1.0	1.1	1.1	- -
Annual Change	- -	*-13.0%*	*-41.8%*	*15.3%*	*9.6%*	*3.3%*	*-8.0%*
Passengers per Vehicle Service Mile	0.24	0.30	0.44	0.40	0.28	0.31	- -
Annual Change	- -	*24.4%*	*45.7%*	*-8.1%*	*-31.8%*	*14.0%*	*5.3%*
Op. Cost per Passenger (Actual $)	$65.07	$71.61	$139.60	$87.37	$82.66	$78.18	- -
Annual Change	- -	*10.0%*	*95.0%*	*-37.4%*	*-5.4%*	*-5.4%*	*3.7%*
Op. Cost per Passenger (Constant $)	$65.07	$70.67	$132.10	$76.84	$71.05	$65.26	- -
Annual Change	- -	*8.6%*	*86.9%*	*-41.8%*	*-7.5%*	*-8.2%*	*0.1%*
Vehicle Service Hours per FTE	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*	- -
Annual Change	- -	- -	- -	- -	- -	- -	- -
Bay Area CPI - Annual Change	- -	1.3%	4.3%	7.6%	2.3%	3.0%	- -
Cumulative Change	- -	1.3%	5.7%	13.7%	16.3%	19.8%	*3.7%*

(a) Not applicable as UCT service is provided by a private contractor

Exhibit 5.1: Operating Cost per Vehicle Service Hour – Paratransit



Operating Cost



Vehicle Service Hours

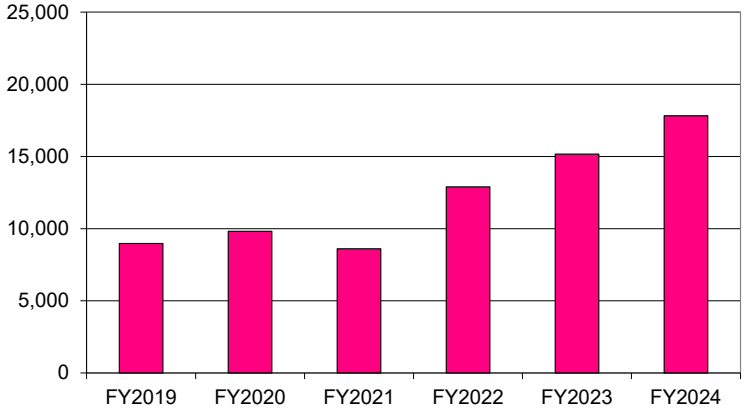
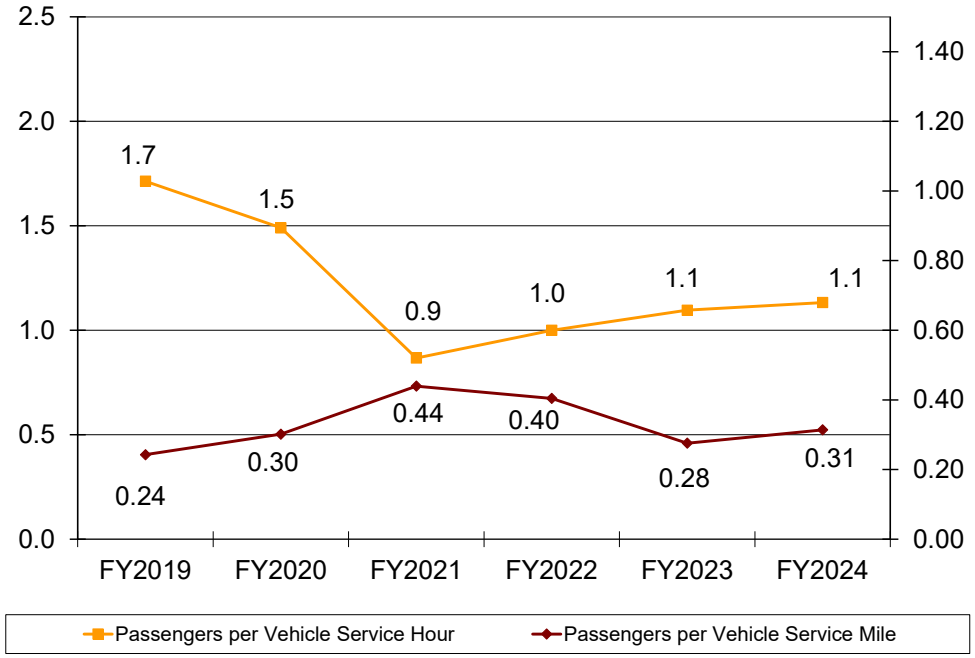
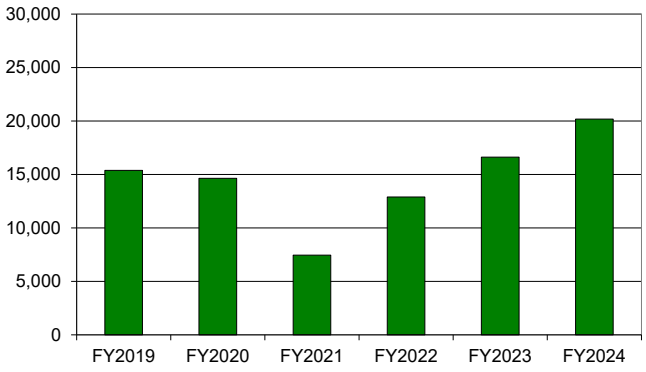


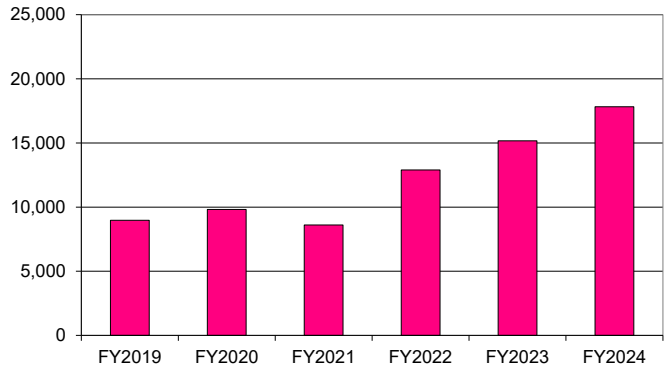
Exhibit 5.2: Passengers per Hour and per Mile – Paratransit



Unlinked Passengers



Vehicle Service Hours



Vehicle Service Miles

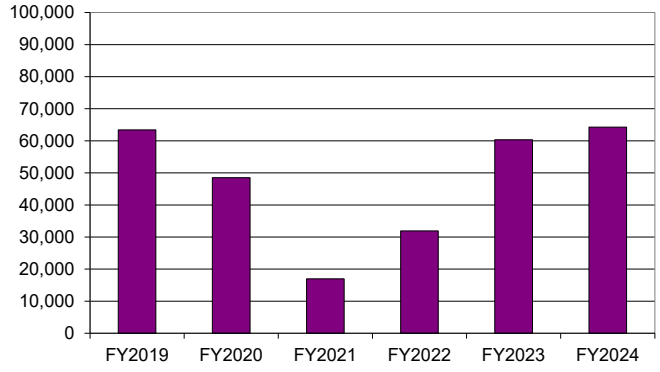
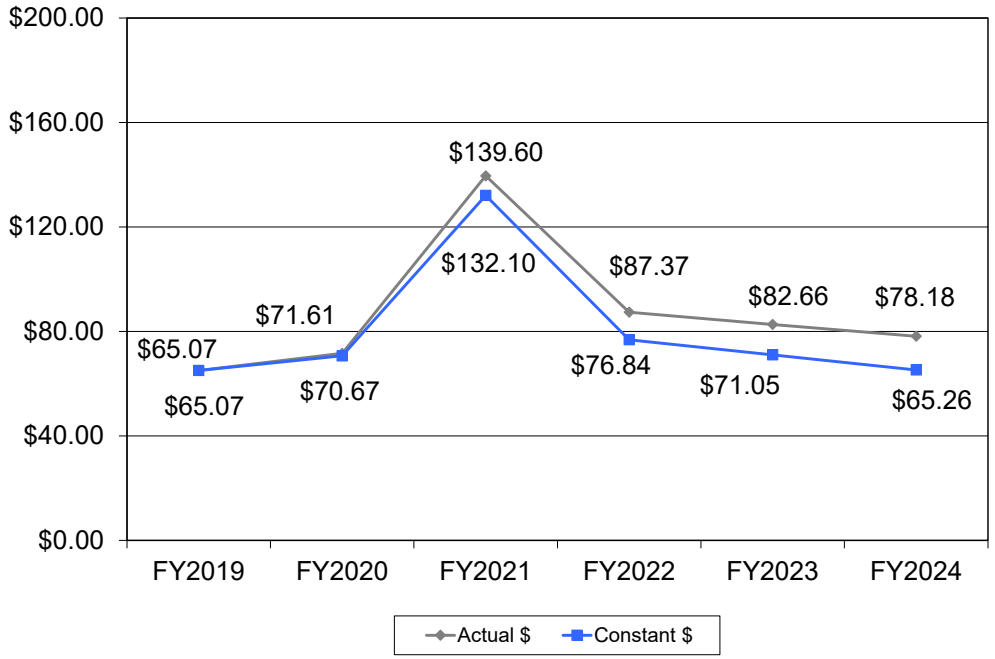
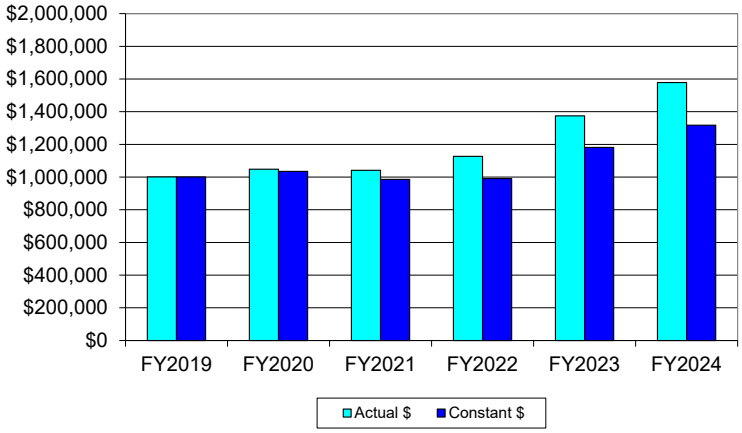


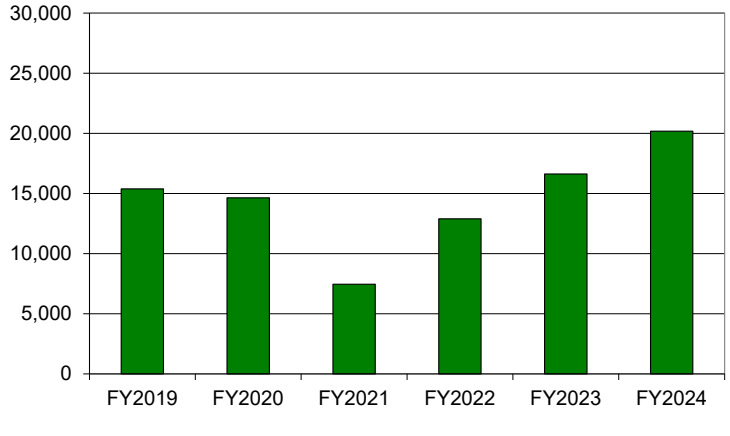
Exhibit 5.3: Operating Cost per Passenger – Paratransit



Operating Cost



Unlinked Passengers



Paratransit Component Costs

The year-to-year changes in selected operating cost categories are presented in Exhibit 5.4, along with the concurrent changes in vehicle service hours. The portions of the cost per vehicle service hour that can be attributed to each included cost component are shown in Exhibit 5.5.

- In-house labor costs increased an average of seven percent annually, while fringe benefit costs decreased 13 percent per year over the six-year review period. Labor and fringe benefits were the second largest component, decreasing from about 15 percent of total costs in FY2019, to about ten percent of total costs in FY2024.

- Service costs decreased at an annual average of 5.9 percent. These costs comprised between four and eight percent of total costs over the five years.

- Purchased transportation costs represented the largest component of the total costs, comprising over 80 percent in both FY2023 and FY2024. Purchased transportation costs increased an average of 12.2 percent per year.

- Materials/supplies costs declined by an average of 22 percent per year and comprised about three percent of the total operating cost each year with the exception of FY2024, when they dropped to less than one percent of total costs.

- UCT did not report any casualty/liability or miscellaneous category costs during this review period.

* * * * *

The following is a brief summary of the component operating costs trend highlights between FY2019 and FY2024:

- Labor costs increased an average seven percent per year, while fringes decreased an average of 13 percent annually. The combined labor and fringe benefit costs were the second largest component of total cost ranging between 20 percent in the first three years down to about ten percent in the latter half of the audit period.

- Service costs increased at an annual average rate of 5.9 percent. The overall percentage of these costs decreased from approximately eight to four percent of the total operating costs during this period.

- Purchased transportation costs represented the largest component of the total costs, increasing to over 80 percent of total costs by FY2024. These costs increased an average of 12.2 percent per year.

- Costs for materials/supplies declined an average of 22 percent annually over the six-years, comprising about three percent of the annual total costs.

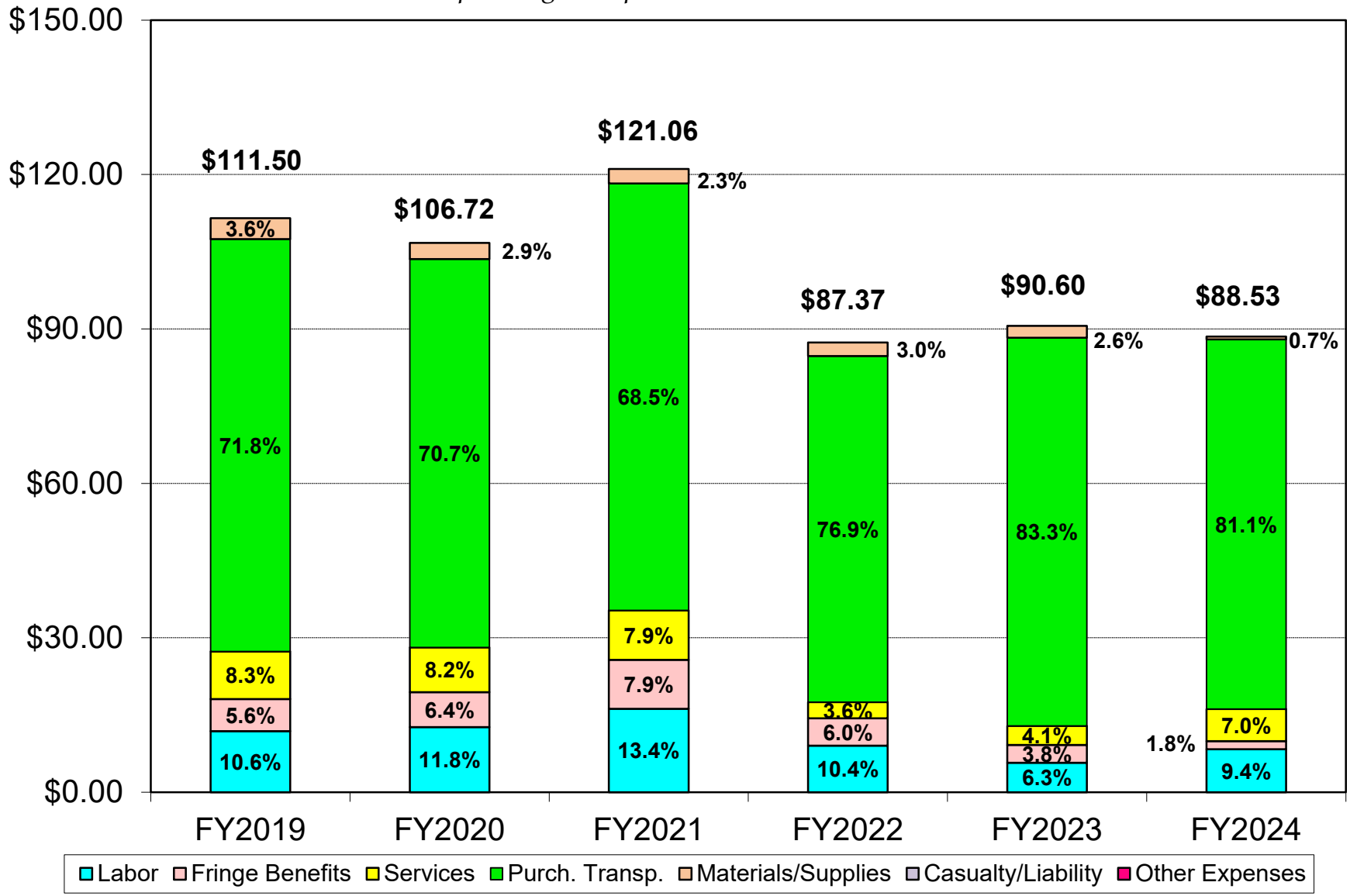
Exhibit 5.4: Component Costs Trends – Paratransit

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	*Av. Ann. Chg.*
COST CATEGORIES							
Labor (Salaries/Wages)	$106,288	$124,071	$139,430	$116,717	$86,786	$148,984	- -
Annual Change	- -	*16.7%*	*12.4%*	*-16.3%*	*-25.6%*	*71.7%*	*7.0%*
Fringe Benefits *(a)*	$56,025	$66,580	$81,902	$68,077	$52,382	$27,943	- -
Annual Change	- -	*18.8%*	*23.0%*	*-16.9%*	*-23.1%*	*-46.7%*	*-13.0%*
Services	$83,133	$85,547	$82,733	$40,933	$55,878	$110,959	- -
Annual Change	- -	*2.9%*	*-3.3%*	*-50.5%*	*36.5%*	*98.6%*	*5.9%*
Purchased Transportation	$719,166	$741,213	$713,561	$866,518	$1,144,099	$1,279,955	- -
Annual Change	- -	*3.1%*	*-3.7%*	*21.4%*	*32.0%*	*11.9%*	*12.2%*
Materials/Supplies *(b)*	$36,322	$30,776	$24,093	$34,156	$35,042	$10,461	- -
Annual Change	- -	*-15.3%*	*-21.7%*	*41.8%*	*2.6%*	*-70.1%*	*-22.0%*
Casualty/Liability	$0	$0	$0	$0	$0	$0	- -
Annual Change	- -	- -	- -	- -	- -	- -	- -
Other Expenses (c)	$0	$0	$0	$0	$0	$0	- -
Annual Change	- -	- -	- -	- -	- -	- -	- -
Total	$1,000,934	$1,048,187	$1,041,719	$1,126,401	$1,374,187	$1,578,302	- -
Annual Change	- -	*4.7%*	*-0.6%*	*8.1%*	*22.0%*	*14.9%*	*9.5%*
OPERATING STATISTICS							
Vehicle Service Hours	8,977	9,822	8,605	12,892	15,168	17,827	- -
Annual Change	- -	*9.4%*	*-12.4%*	*49.8%*	*17.7%*	*17.5%*	*14.7%*

(a) Includes paid absences
(b) Includes tires/tubes, fuels/lubricants, and other materials/supplies
(c) Includes utilities, taxes, and miscellaneous expenses

Exhibit 5.5: Distribution of Component Costs – Paratransit

Operating Cost per Vehicle Service Hour



IV. COMPLIANCE WITH PUC REQUIREMENTS

An assessment of UCT's compliance with selected sections of the state Public Utilities Code (PUC) has been performed. The compliance areas included in this review are those that MTC has identified for inclusion in the triennial performance audit. Other statutory and regulatory compliance requirements are reviewed by MTC in conjunction with its annual review of UCT's TDA-STA claim application.

The results from this review are detailed by individual requirement in Exhibit 6. UCT is in compliance with each of the seven sections of the state PUC that were reviewed as part of this performance audit. These sections included requirements concerning CHP terminal safety inspections, labor contracts, reduced fares, Welfare-to-Work, revenue sharing, and evaluating passenger needs.

Exhibit 6: Compliance with State PUC Requirements

Code Reference	Operator Compliance Requirements	Compliance Finding	Verification Information
PUC99251	CHP Certification - 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 following a CHP inspection of the operator's terminal	In Compliance	Satisfactory Inspections: FY2022: 07/16/2021 FY2023: 10/27/2022 FY2024: 12/06/2023
PUC99264	Operator-to-Vehicle Staffing - The operator does not routinely staff with two or more persons public transportation vehicles designed to be operated by one person	In Compliance	No provision for excess staffing in Agreement with MV Transportation, Inc. for Operation and Maintenance of Union City Transit – July 1, 2023 effective through December 32, 2024.
PUC99314.5(e)(1)(2)	Part-Time Drivers and Contracting - If the operator receives STA funds, the operator is not precluded by contract from employing part-time drivers or from contracting with common carriers.	In Compliance	UCT contracts with MV Transportation, Inc. for its fixed-route and paratransit service provision.

Code Reference	Operator Compliance Requirements	Compliance Finding	Verification Information
PUC99155	Reduced Fare Eligibility - For any operator who received TDA Article 4 funds, if the operator offers reduced fares to senior citizens and disabled persons, applicant will honor the federal Medicare identification card, the California Department of Motor Vehicles disability ID card, the Regional Transit Connection Discount Card, or any other current identification card issued by another transit operator that is valid for the type of transportation service or discount requested; and if the operator offers reduced fares to senior citizens, it also offers the same reduced fare to disabled patrons	In Compliance	Fare information on UCT website notes acceptable reduced fare eligibility media. Reduced fares for youth (ages 6-18), senior (aged 65 and over) and disabled, and children (age 5 and under). Can be verified with the following: RTC Discount Card, Medicare identification card, California DMV disability ID card, or disability identification card from another transit operator. https://www.unioncity.org/170/Union-City-Transit.
PUC99155.1(a) (1)(2)	Welfare-to-Work - The operator coordinates with county welfare departments in order to ensure that transportation moneys available for purposes of assisting recipients of aid are expended efficiently for the benefit of that population; if a recipient of CalWORKs program funds by the county, the operator shall give priority to the enhancement of public transportation services for welfare-to-work purposes and to the enhancement of transportation alternatives, such as, but not limited to, subsidies or vouchers, van pools, and contract paratransit operations, in order to promote welfare-to-work purposes.	In Compliance	UCT participates with the Alameda County Transportation Commission (Alameda CTC) for County Measure BB funds (Measure B sunset). UCT works closely with Alameda CTC in the provision of services and is rolled into the Countywide Transit Plan. https://www.alamedactc.org/about-us/partners UCT also works with the City of Fremont in the provision of services and participates in regional taxi-voucher and transit network company (TNC) programs.

Code Reference	Operator Compliance Requirements	Compliance Finding	Verification Information
			https://www.fremont.gov/government/departments/human-services/transportation-mobility/transportation-services#:~:text=Riders%20purchase%20taxi%20vouchers%20for,tip%20provided%20to%20the%20driver UCT accepts CalWorks payment vouchers for transit passes and paratransit tickets. https://www.cdss.ca.gov/calworks#:~:text=What%20is%20CalWORKs%3F,locally%20by%20county%20welfare%20departments
PUC99314.7, Govt Code 66516, MTC Res. Nos. 3837, 4073	Joint Revenue Sharing Agreement - The operator has current joint fare revenue sharing agreements in place with transit operators in the MTC region with which its service connects, and submitted copies of agreements to MTC	In Compliance	2022 Amended and Restated Clipper Memorandum, October 1, 2022 http://clipper.mtc.ca.gov/pdf/2022_Amended_and_Restated_Clipper_MoU-Final_Signed.pdf 2005 Dumbarton Bridge Express Service Cooperative Agreement, and 2006 Dumbarton Express Update 1991 Coordination Agreement between the City of Union City and AC Transit (Resolution 7701-91).

Code Reference	Operator Compliance Requirements	Compliance Finding	Verification Information
PUC99246(d)	Process for Evaluation of Passenger Needs - The operator has an established process in place for evaluating the needs and types of passengers being served	In Compliance	Periodic Short Range Transit Plans (SRTPs). The most recent full version was adopted in May 2013 and covers FY2013-2022. It includes evaluations of existing service and facility conditions, demographic analysis, service alternatives, marketing, and outreach plans, operating and capital plans and recommendations. https://www.unioncity.org/DocumentCenter/View/563/Short-Range-Transit-Plan-2013-2022-PDF?bidId=. Union City also participates in MTC's Regional Network Management (RNM) which looks at the entire transit system to identify ways to improve the network and rider experience. For paratransit services, Union City has an accessibility advisory committee that meets along with other paratransit providers in Southern Alameda County.

V. STATUS OF PRIOR AUDIT RECOMMENDATIONS

UCT's prior performance audit was completed in June 2024. Generally, MTC has used the audit recommendations as the basis for developing the Productivity Improvement Program (PIP) projects the operator is required to complete. MTC tracks PIP project implementation as part of its annual review of the operator's TDA-STA claim application. This section provides an assessment of actions taken by TDA-STA recipients toward implementing the recommendations advanced in the prior audit. This assessment provides continuity between the current and prior audits, which allows MTC to fulfill its obligations where the recommendations were advanced as PIP projects.

This review addresses UCT's responses to the recommendations made in the prior performance audit, and whether UCT made reasonable progress toward their implementation. There was one recommendation made in UCT's prior audit. A summary of the recommendation and the actions taken by UCT in response is presented in Exhibit 7. A determination of the status of the recommendation is also provided, using one of the following four evaluation categories:

- Implemented – appropriate actions have been taken, and the issue has been sufficiently addressed.
- Implementation in Progress – actions have been taken to address the issue, but the recommendation remains open until further actions are completed.
- Not Implemented – no actions have been taken to address the issue, and the recommendation remains open.
- Closed – no actions have been taken to address the issue, but changes in circumstances have impacted the need to implement the recommendation.

As described in Exhibit 7, performance in the mean distance between major and all failures for bus service fluctuated over the current audit period. During the three years

of this audit the mean distance between major and all failures for bus service improved by about 123 percent and 18 percent, respectively, between FY2022 and FY2023, but decreased by about 94 percent and 15 percent between FY2023 and FY2024. In terms of actual failure numbers, the number of total failures was 37 in 2022, 35 in 2023 and 42 in 2024. The number of major failures was a bit more pronounced, with two reported in 2022, one in 2023, and 17 reported in 2024. It is unclear why the number of major failures rose so dramatically in 2024, whether it was actual equipment failures or a change in reporting. UCT is encouraged to continue examining reasons for the decline in miles between mechanical failure for buses and take appropriate steps to improve performance, and/or data collection accuracy, especially for major failures.

The implementation of this recommendation is in progress.

Exhibit 7: Status of Prior Audit Recommendations

Recommendation	Actions Taken	Evaluation
Examine the causes of the decline in mile between mechanical failures on the bus service.	Prior audit period maintenance results for UCT's bus service showed a decrease in the mean distance between all failures, which declined overall by 42.4 percent, from 20,904 miles to 12,041 miles. The performance in mean distance between major failures also declined, by 59.1 percent, from 47,508 miles to 19,451 miles. In terms of actual incidents, total number of bus failures increased from 25 in FY2019 to 42 in both FY2020 and FY2021. Major failures also increased over the same period from 11 in FY2019 to 29 in FY2020 and 26 in FY2021. UCT noted its fleet at the conclusion of FY20/21 had an overall average fleet age of 9.1 years with fourteen (14) of the eighteen (18) buses having an average fleet age of 10.3 years. Several of the vehicle components that failed are those that would normally be replaced during a mid-life rehab of the vehicles when they reach six (6) years of service because those components may have a shorter useful life without additional maintenance or rebuilding to extend their useful lives, but Union City Transit does not perform mid-life rehabs. The first maintenance manager for the contractor during the period of performance left in March 2020 with a new maintenance manager starting in October 2020. The new maintenance manager took several months to correct the shop, including replacing staff that did not perform well under his efforts to reduce	Implementation in Progress

Recommendation	Actions Taken	Evaluation
	the number of issues. The new maintenance manager started relaying the daily maintenance reports by sending the transit manager automated reports to keep him updated. Current audit period maintenance results for UCT's bus service showed a 123 percent increase in the mean distance between all failures between FY2022 and FY2023, from 268,823 miles to 601,854 miles, before decreasing 94 percent to 36,074 miles in FY2024. The performance in mean distance between major failures was similar but not as dramatic, improving by 18 percent, from 14,531 miles to 17,196 miles from FY2022 to FY2023, before decreasing 15 Percent to 14,601 miles in FY2024. In terms of actual incidents, the overall total number of bus failures increased from 37 in FY2022 to 42 in FY2024. Major failures showed a higher increase over the same period from 2 in FY2022 to 17 in FY2024. While some improvement is shown in the maintenance performance between FY2022 and FY2023, the dip in performance in FY2024 indicates UCT should continue examining reasons for the decline in miles between mechanical failure for buses and take appropriate steps to improve performance, and/or data collection accuracy.	

VI. FUNCTIONAL PERFORMANCE INDICATOR TRENDS

To further assess UCT's performance over the past three years, a detailed set of functional area performance indicators was defined. This assessment consists of a three-year trend analysis of the functions in each of the following areas:

- Management, Administration and Marketing
- Service Planning
- Operations
- Maintenance
- Safety

The indicators selected for this analysis were primarily those that were tracked regularly by UCT or for which input data were maintained by UCT on an on-going basis, such as performance reports, contractor reports, annual financial reports, and NTD reports. As such, there may be some overlap with the TDA indicators examined earlier in the audit process, but most indicators will be different. Some indicators were selected from the California Department of Transportation's Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities as being appropriate for this evaluation. The input statistics for the indicators, along with their sources, are contained in Appendix A at the end of this report.

The trends in performance are presented over the three-year audit period to give an indication of which direction performance is moving for these indicators. The remainder of this section presents the findings from this review. The discussion presents the highlights of performance by mode (Systemwide, Bus Service and Paratransit), each followed by an exhibit illustrating the indicators by function as applicable.

Systemwide (All Modes)

For the purposes of this review, UCT's functional indicators relating to Management, Administration and Marketing have been included generally on a systemwide basis. Systemwide audit period performance is discussed below and presented in Exhibit 8.

- Administrative costs decreased from 16.3 percent of total operating costs in the first year to 11.1 percent in the last year of the audit. Overall, this was a 31.9 percent decrease in this indicator during the audit period.
- Administrative costs decreased significantly from $21.96 per vehicle service hour in the first year to $15.94 in 2024. Overall, this was a decrease of 27.4 percent over three years.
- The portion of administrative costs attributed to marketing activities decreased from 0.8 percent in the first year to 0.5 percent in the last year of the audit. In terms of passenger trips, marketing costs also show a similar pattern, from four cents per passenger trip in the first year to two cents in the third year.
- The systemwide farebox recovery ratio increased from 2.9 percent in the first year to 3.5 percent in the last year of the audit.

* * * * *

The following is a brief summary of the systemwide functional trend highlights between FY2022 and FY2024

- Administrative costs compared to total costs decreased by 31.9 percent and compared to vehicle service hours by 27.4 percent during this audit period.
- Marketing costs decreased overall compared to total administrative costs and passenger trips.
- The systemwide farebox recovery ratio increased almost 20 percent over the audit period from 2.9 percent to 3.4 percent.

Exhibit 8: Functional Performance Trends – Systemwide (All Modes)

FUNCTION/Indicator	Actual Performance		
	FY2022	FY2023	FY2024
MANAGEMENT, ADMINISTRATION & MARKETING			
Administrative Cost/Total Operating Cost	16.3%	15.7%	11.1%
Annual Percent Change	- -	*-3.6%*	*-29.4%*
Three Year Percent Change	- -	- -	*-31.9%*
Administrative Cost/Vehicle Service Hour	$21.96	$22.39	$15.94
Annual Percent Change	- -	*2.0%*	*-28.8%*
Three Year Percent Change	- -	- -	*-27.4%*
Marketing Cost/Total Administrative Cost	0.8%	1.0%	0.5%
Annual Percent Change	- -	*21.5%*	*-46.1%*
Three Year Percent Change	- -	- -	*-34.6%*
Marketing Cost/Unlinked Passenger Trip	$0.04	$0.05	$0.02
Annual Percent Change	- -	*15.1%*	*-62.1%*
Three Year Percent Change	- -	- -	*-56.3%*
Farebox Revenue/Operating Cost	2.9%	3.5%	3.4%
Annual Percent Change	- -	*21.1%*	*-1.2%*
Three Year Percent Change	- -	- -	*19.6%*

Bus Service

UCT's bus service functional area trends represent areas of cost efficiency, safety, productivity, and service reliability. Audit period performance is discussed below and presented in Exhibit 9.

- Service Planning
  - UCT's contractor does not track passenger miles for its service, so the indicator for operating cost per passenger mile could not be calculated.
  - The TDA fare recovery ratio (farebox revenue plus local support, less allowable exclusions) decreased during the audit period, from27.1 percent in 2022 to 14.7 percent in 2024.
  - On average about 94 to 95 percent of vehicle miles and vehicle hours traveled were in service in all three years.
  - Passengers per vehicle service mile and vehicle service hour both increased overall by 16 and 12.6 percent respectively during the audit period.
- Operations
  - Vehicle operations costs decreased from 84.6 percent of total operating costs in FY2022 to 72.9 percent by FY2024.
  - Vehicle operations costs per service hour increased overall by 20 percent, from $124.84 in FY 2022 to $149.89 in FY2024.
  - On-time performance and complaint data results for the audit period were not available.
  - The incidence of missed trips was calculated at zero percent throughout the period.
- Maintenance
  - Total maintenance costs decreased from 2.7 to one percent of total operating costs during the audit period.

  - Vehicle maintenance costs per service mile also decreased over the audit period from $0.24 to $0.14, or 40 percent.

  - The vehicle spare ratio decreased from 23.5 percent in FY2022 to 11.8 percent in FY2024.

  - The mean distance between major failures improved from 268,823 in FY2022 to 601,854 in FY2023 (123.9 percent), then declined to 36,074 in FY2024 (-94 percent). The actual number of reported major failures increased from one to 17 between FY2023 and FY2024. The mean distance between all failures remained steady, increasing just 0.5 percent over the audit period.

- Safety

  - The rate of preventable accidents decreased about 93 percent overall during the audit period, from 0.9 to 1.8 per 100,000 vehicle miles.

* * * * *

The following is a brief summary of the bus service functional trend highlights between FY2022 and FY2024:

- Service Planning results showed an average of about 94 percent vehicle miles and hours in service, and passengers per vehicle service mile and hour both increasing during the audit period.

- Operations results showed a decrease in both vehicle operations costs as a portion of total operating costs (63 percent), and in vehicle operations costs per hour (40 percent). The TDA recovery ratio down from 27.1 to 14.7 percent. On-time performance and complaint data were not available but there were no missed trips reported.

- Maintenance results showed a decrease in total maintenance costs as a portion of total operating costs. At the same time, vehicle maintenance costs per service mile increased about 20 percent during the audit period. The vehicle spare ratio decreased from 23.5 to 11.8 percent over the three years. Mean distance between major mechanical failures decreased by 86.6 percent overall, but mean distance between all failures remained almost unchanged.

- Safety results showed preventable accidents per 100,000 vehicle miles increasing overall by almost 93 percent, but the actual number of preventable accidents was never more than eleven.

Exhibit 9: Functional Performance Trends – Bus Service

FUNCTION/Indicator	Actual Performance		
	FY2022	FY2023	FY2024
SERVICE PLANNING			
Total Operating Cost/Passenger Mile	*(a)*	*(a)*	*(a)*
Annual Percent Change	- -	- -	- -
Three Year Percent Change	- -	- -	- -
Farebox Revenue/Operating Cost	3.0%	3.7%	3.0%
Annual Percent Change	- -	*25.3%*	*-17.9%*
Three Year Percent Change	- -	- -	*2.9%*
TDA Recovery Ratio *(b)*	27.1%	20.3%	14.7%
Annual Percent Change	- -	*-25.2%*	*-27.7%*
Three Year Percent Change	- -	- -	*-45.9%*
Vehicle Service Miles/Total Miles	95.1%	95.1%	95.3%
Annual Percent Change	- -	*0.0%*	*0.1%*
Three Year Percent Change	- -	- -	*0.1%*
Vehicle Service Hours/Total Hours	93.5%	93.5%	81.5%
Annual Percent Change	- -	*0.0%*	*-12.8%*
Three Year Percent Change	- -	- -	*-12.8%*
Passengers/Vehicle Service Mile	0.38	0.42	0.44
Annual Percent Change	- -	*11.5%*	*4.1%*
Three Year Percent Change	- -	- -	*16.0%*
Passengers/Vehicle Service Hour	5.48	5.91	6.16
Annual Percent Change	- -	*7.8%*	*4.4%*
Three Year Percent Change	- -	- -	*12.6%*
OPERATIONS			
Vehicle Operations Cost/Total Operating Cost	84.6%	83.3%	72.9%
Annual Percent Change	- -	*-1.5%*	*-12.4%*
Three Year Percent Change	- -	- -	*-13.8%*
Vehicle Operations Cost/Vehicle Service Hour	$124.84	$131.27	$149.89
Annual Percent Change	- -	*5.1%*	*14.2%*
Three Year Percent Change	- -	- -	*20.1%*
Percentage of Trips On-Time	*(b)*	*(b)*	*(b)*
Annual Percent Change	- -	- -	- -
Three Year Percent Change	- -	- -	- -
Complaints/100,000 Vehicle Service Miles	*(b)*	*(b)*	*(b)*
Annual Percent Change	- -	- -	- -
Three Year Percent Change	- -	- -	- -
Missed Trips/Total Trips	0.0%	0.0%	0.0%
Annual Percent Change	- -	- -	- -
Three Year Percent Change	- -	- -	- -

FUNCTION/Indicator	Actual Performance		
	FY2022	FY2023	FY2024
MAINTENANCE			
Vehicle + Non-Veh. Maint. Cost/Total Operating Cost	2.7%	3.1%	1.0%
Annual Percent Change	- -	*17.2%*	*-68.4%*
Three Year Percent Change	- -	- -	*-63.0%*
Vehicle Maintenance Cost/Vehicle Service Mile	$0.24	$0.34	$0.14
Annual Percent Change	- -	*40.9%*	*-57.4%*
Three Year Percent Change	- -	- -	*-40.0%*
Spare Vehicles/Total Vehicles	23.5%	17.6%	11.8%
Annual Percent Change	- -	*-25.0%*	*-33.3%*
Three Year Percent Change	- -	- -	*-50.0%*
Mean Distance between Major Failures (Miles)	268,823	601,854	36,074
Annual Percent Change	- -	*123.9%*	*-94.0%*
Three Year Percent Change	- -	- -	*-86.6%*
Mean Distance between All Failures (Miles)	14,531	17,196	14,601
Annual Percent Change	- -	*18.3%*	*-15.1%*
Three Year Percent Change	- -	- -	*0.5%*
SAFETY			
Preventable Accidents/100,000 Vehicle Miles	0.9	0.5	1.8
Annual Percent Change	- -	-46.4%	259.8%
Three Year Percent Change	- -	- -	92.9%

(a) Data unavailable as not collected by UCT
(b) Farebox Revenue plus Local Support/Operating Cost less TDA Allowable Exclusions

Paratransit

UCT's paratransit functional area trends represent mostly similar areas to the bus service. Audit period performance is discussed below and presented in Exhibit 10.

- Service Planning
  - UCT's contractor does not track passenger miles for its service, so the indicator for operating cost per passenger mile could not be calculated.
  - The farebox recovery ratio decreased from 2.7 to 2.0 percent overall and TDA fare recovery ratio (farebox revenue plus local support, less allowable exclusions) decreased during the audit period, from 67.3 percent in 2022 to 40.3 percent in 2024.
  - There was improvement in both vehicle service miles and hours in service compared to total miles and hours. About 88 percent of all vehicle hours traveled were in service in FY2022, increasing to 96.3 percent in FY2024. About 32 percent of the vehicle miles were in service in FY2022, increasing to 55 percent in FY2024.
  - Passengers per vehicle service mile decreased 22 percent, from 0.40 in 2022 to 0.31 in 2024. Passengers per vehicle service hour increased 13.2 percent over the same period.
- Operations
  - Vehicle operations costs increased overall from 75.9 percent of total operating costs in FY2022 to 81.3 percent by FY2024.
  - Vehicle operations costs per service hour increased slightly overall, from $69.84 in FY2022 to $72.28 in FY2024, a 3.5 percent increase.
  - On-time performance and complaint data results for the audit period were not available.
  - There were no missed trips, and no ADA trip denials reported throughout the audit period.
  - The rate of trip cancellations and no shows both declined overall during the audit period.

- Maintenance
  - Total maintenance costs compared to total operating costs declined by 45.7 percent, from 0.2 percent in FY2022 to 0.1 percent in FY2024.
  - Vehicle maintenance costs per service mile also decreased overall during the audit period from $0.07 to $0.03, an increase of 63.5 percent.
  - The vehicle spare ratio increased slightly from 28.6 percent in FY2022 to 30 percent in FY2024.
  - The mean distance between all failures increased overall from 8,354 in FY2022 to 16,703 in FY2024. No major failures were reported in the first two years, and only one in FY2024.
- Safety
  - The rate of preventable accidents per 100,000 vehicles miles increased almost 75 percent during this audit period but in actual numbers, never exceeded two accidents per year.

* * * * *

The following is a brief summary of the paratransit functional trend highlights between FY2022 and FY2024:

- Service Planning results showed improvement in the percentage of vehicle miles and hours in service, a decreasing rate of passengers per vehicle service mile of about 22 percent but an increase of 13 percent in passengers per hour.
- Operations results showed a 5.8 percent increase in vehicle operations costs as a portion of total operating costs and a similar increase of 3.5 percent in vehicle operations cost per hour. Both farebox revenue and TDA farebox recovery were down overall by 25.6 and 40.1 percent, respectively. There were no missed trips or ADA trip denials reported in any year. The rate of passenger no-shows and trip cancellations declined over 20 percent overall.
- Maintenance results showed total maintenance costs compared to total operating costs declined by 45.7 percent over the three years. Similarly, vehicle maintenance costs per service mile decreased by 63.5 percent. The spare ratio

ticked up slightly by five percent. Mean distance between all mechanical failure increased almost 100 percent from FY2022 to FY2024, while there was just one major mechanical failure recorded over the three years.

- Safety results showed that preventable accidents increased 73.6 percent during this audit period but there were never more than two preventable accidents in any year.

Exhibit 10: Functional Performance Trends – Paratransit

FUNCTION/Indicator	Actual Performance		
	FY2022	FY2023	FY2024
SERVICE PLANNING			
Total Operating Cost/Passenger Mile	*(a)*	*(a)*	*(a)*
Annual Percent Change	- -	- -	- -
Three Year Percent Change	- -	- -	- -
Farebox Revenue/Operating Cost	2.7%	2.6%	2.0%
Annual Percent Change	- -	*-1.0%*	*-25.6%*
Three Year Percent Change	- -		*-26.3%*
TDA Recovery Ratio *(b)*	67.3%	48.9%	40.3%
Annual Percent Change	- -	*-27.3%*	*-17.5%*
Three Year Percent Change	- -		*-40.1%*
Vehicle Service Miles/Total Miles	31.8%	59.4%	55.0%
Annual Percent Change	- -	*86.8%*	*-7.5%*
Three Year Percent Change	- -	- -	*72.7%*
Vehicle Service Hours/Total Hours	88.2%	96.2%	96.3%
Annual Percent Change	- -	*9.0%*	*0.1%*
Three Year Percent Change	- -	- -	*9.2%*
Passengers/Vehicle Service Mile	0.40	0.28	0.31
Annual Percent Change	- -	*-31.8%*	*14.0%*
Three Year Percent Change	- -	- -	*-22.3%*
Passengers/Vehicle Service Hour	1.00	1.10	1.13
Annual Percent Change	- -	*9.6%*	*3.3%*
Three Year Percent Change	- -	- -	*13.2%*
OPERATIONS			
Vehicle Operations Cost/Total Operating Cost	76.9%	83.7%	81.3%
Annual Percent Change	- -	*8.9%*	*-2.9%*
Three Year Percent Change	- -	- -	*5.8%*
Vehicle Operations Cost/Vehicle Service Hour	$69.84	$77.63	$72.28
Annual Percent Change	- -	*11.2%*	*-6.9%*
Three Year Percent Change	- -	- -	*3.5%*
Percentage of Trips On-Time	*(a)*	*(a)*	*(a)*
Annual Percent Change	- -	- -	- -
Three Year Percent Change	- -		- -
Complaints/10,000 Passenger Trips	*(a)*	*(a)*	*(a)*
Annual Percent Change	- -	- -	- -
Three Year Percent Change	- -		- -
Missed Trips/Total Trips	0.0%	0.0%	0.0%
Annual Percent Change	- -	- -	- -
Three Year Percent Change	- -	- -	- -

FUNCTION/Indicator	Actual Performance		
	FY2022	FY2023	FY2024
OPERATIONS (Continued)			
ADA Trip Denials/Total ADA Trips	0.0%	0.0%	0.0%
Annual Percent Change	- -	- -	- -
Three Year Percent Change	- -	- -	*-100%*
Trip Cancellations/Total ADA Trips	9.6%	7.6%	6.9%
Annual Percent Change	- -	*-20.7%*	*-9.5%*
Three Year Percent Change	- -	- -	*-28.3%*
Late Trip Cancellations/Total ADA Trips	*(c)*	*(c)*	*(c)*
Annual Percent Change	- -	- -	- -
Three Year Percent Change	- -	- -	- -
No-Shows/Total ADA Trips	1.0%	1.1%	0.7%
Annual Percent Change	- -	*5.4%*	*-30.8%*
Three Year Percent Change	- -	- -	*-27.1%*
MAINTENANCE			
Vehicle + Non-Veh. Maint. Cost/Total Operating Cost	0.2%	0.1%	0.1%
Annual Percent Change	- -	*-44.1%*	*-2.7%*
Three Year Percent Change	- -	- -	*-45.7%*
Vehicle Maintenance Cost/Vehicle Service Mile	$0.07	$0.03	$0.03
Annual Percent Change	- -	*-64.5%*	*2.9%*
Three Year Percent Change	- -	- -	*-63.5%*
Spare Vehicles/Total Vehicles	28.6%	40.0%	30.0%
Annual Percent Change	- -	*40.0%*	*-25.0%*
Three Year Percent Change	- -	- -	*5.0%*
Mean Dist. betw. Major Failures (Miles)	*(d)*	*(d)*	116,918
Annual Percent Change	- -	- -	- -
Three Year Percent Change	- -	- -	- -
Mean Dist. betw. All Failures (Miles)	8,354	3,625	16,703
Annual Percent Change	- -	*-56.6%*	*360.7%*
Three Year Percent Change	- -	- -	99.9%
SAFETY			
Preventable Accidents/100,000 Vehicle Miles	0.0	1.0	1.7
Annual Percent Change	- -	- -	*73.6%*
Three Year Percent Change	- -	- -	*0.0%*

(a) Data unavailable as not collected by UCT
(b) Farebox Revenue plus Local Support/Operating Cost less TDA Allowable Exclusions
(c) Late trip cancellations included within data for no-shows and are not collected separately
(d) No major failures reported this year

VII. CONCLUSIONS AND RECOMMENDATIONS

The preceding sections presented a review of UCT's transit service performance during the three-year period of FY2022 through FY2024 (July 1, 2021 through June 30, 2024). They focused on TDA compliance issues including trends in TDA-mandated performance indicators and compliance with selected sections of the state Public Utilities Code (PUC). They also provided the findings from an overview of UCT's data collection activities to support the TDA indicators, actions taken to implement recommendations from the prior performance audit, and a review of selected key functional performance results.

Conclusions

The key findings and conclusions from the individual sections of this performance audit are summarized below:

Data Collection – UCT is in compliance with the data collection and reporting requirements for the TDA statistics. In addition, the statistics collected over the six-year review period appear to be consistent with the TDA definitions and indicate general consistency in terms of the direction and magnitude of the year-to-year changes across the statistics.

TDA Performance Trends – UCT's performance trends for the five TDA-mandated indicators were analyzed by mode. A six-year analysis period was used for all the indicators. In addition, component operating costs were analyzed.

- Bus Service TDA Performance Indicators – The following is a brief summary of the TDA performance trend highlights over the six-year period of FY2019 through FY2024:

  - The cost per hour (cost efficiency) of the bus service increased an average of 10.7 percent annually during the six-year period.

  - The cost per hour ranged from a low of $100.72 in FY2019 to a high of $167.37 in FY2024. There were increases in every year, with the largest of 31.6 percent occurring in FY2021.

  - Passenger productivity exhibited a modest downward trend, driven by small average annual increases in service hours and miles combined with almost unchanged ridership during the review period. Passengers per vehicle service hour and vehicle service mile declined by 1.3 percent and 4.7 percent per year on average during the period, respectively.

  - The cost per passenger increased on average by 12.1 percent per year, which amounted to an average annual increase of 8.1 percent in constant FY2019 dollars. Operating costs increased 11.5 percent per year on average between FY2019 and FY2024, while ridership moved back toward pre-pandemic levels, finishing the six-year review period with a 0.5 percent annual average decrease.

- Bus Service Component Costs – The following is a brief summary of the component operating costs trend highlights for the bus service between FY2019 and FY2024:

  - Total operating costs increased by 11.5 percent annually during the six-year period. Purchased transportation costs represented the largest portion of the total costs, averaging around 75 percent throughout the period.

  - Purchased transportation increased an average of 13.4 percent annually, close to the 11.5 percent overall increase in operating costs over the analysis period.

  - In total, labor and fringe benefit costs comprised about 10 percent of the total costs during the review period. Labor costs increased an annual average of 10.5 percent, while fringes decreased an average of 7.5 percent per year.

- Materials/supplies increased an average of 3.8 percent per year. These costs ranged between 11 and 13 percent, or the second largest component, of the total costs.

- Services costs contributed between three and eight percent of total costs throughout the analysis period and experienced an average 4.5 percent increase per year.

- The remaining other expenses decreased an average of 2.4 percent over the analysis period and comprised less than one percent of the total operating costs each year.

- Paratransit TDA Performance Indicators – The following is a brief summary of the TDA performance trend highlights over the six-year period of FY2019 through FY2024:

  - Cost efficiency improved moderately over the review period, with an average annual decrease in the operating cost per hour of 4.5 percent. When adjusted for inflation, the decrease amounted to 7.9 percent annually.

  - Passenger productivity was mixed, with passengers per hour declining by eight percent per year on average, while passengers per mile increased by 5.3 percent per year. This was caused by service hours increasing at a higher rate than ridership, while service miles increased at a lower rate than ridership during the six-year period.

  - Cost effectiveness, as operating cost per passenger, showed an annual increase through the six-year period of 3.7 percent, or 0.1 percent when expressed in constant FY2019 dollars.

- Paratransit Component Costs – The following is a brief summary of the component operating costs trend highlights for paratransit between FY2019 and FY2024:

  - Labor costs increased an average seven percent per year, while fringes decreased an average of 13 percent annually. The combined labor and fringe benefit costs were the second largest component of total cost ranging between 20 percent in the first three years down to about ten percent in the latter half of the audit period.

- Service costs increased at an annual average rate of 5.9 percent. The overall percentage of these costs decreased from approximately eight to four percent of the total operating costs during this period.
- Purchased transportation costs represented the largest component of the total costs, increasing to over 80 percent of total costs by FY2024. These costs increased an average of 12.2 percent per year.
- Costs for materials/supplies declined an average of 22 percent annually over the six-years, comprising about three percent of the annual total costs.

Compliance with Statutory Requirements – UCT is in compliance with the sections of the state PUC that were reviewed as part of this performance audit. These sections included requirements concerning CHP terminal safety inspections, labor contracts, reduced fares, Welfare-to-Work, revenue sharing, and evaluating passenger needs.

Status of Prior Audit Recommendations – Performance in the mean distance between major and all failures for bus service fluctuated over the current audit period. During the three years of this audit the mean distance between major and all failures for bus service improved by about 123 percent and 18 percent, respectively, between FY2022 and FY2023, but decreased by about 94 percent and 15 percent between FY2023 and FY2024. In terms of actual failure numbers, the number of total failures was 37 in 2022, 35 in 2023 and 42 in 2024. The number of major failures was a bit more pronounced, with two reported in 2022, one in 2023, and 17 reported in 2024. It is unclear why the number of major failures rose so dramatically in 2024, whether it was actual equipment failures or a change in reporting.

UCT is encouraged to continue examining reasons for the decline in miles between mechanical failure for buses and take appropriate steps to improve performance, and/or data collection accuracy, especially for major failures.

The implementation of this recommendation is in progress.

Functional Performance Indicator Trends – to further assess UCT's performance over the past three years, a detailed set of systemwide and modal functional area performance indicators was defined and reviewed.

- Systemwide (All Modes) – The following is a brief summary of the systemwide functional trend highlights between FY2022 and FY2024:
  - Administrative costs compared to total costs decreased by 31.9 percent and compared to vehicle service hours by 27.4 percent during this audit period.
  - Marketing costs decreased overall compared to total administrative costs and passenger trips.
  - The systemwide farebox recovery ratio increased almost 20 percent over the audit period from 2.9 percent to 3.4 percent.
- Bus Service – The following is a brief summary of the bus service functional trend highlights between FY2022 and FY2024:
  - Service Planning results showed an average of about 94 percent vehicle miles and hours in service, and passengers per vehicle service mile and hour both increasing during the audit period.
  - Operations results showed a decrease in both vehicle operations costs as a portion of total operating costs (63 percent), and in vehicle operations costs per hour (40 percent). The TDA recovery ratio down from 27.1 to 14.7 percent. On-time performance and complaint data were not available but there were no missed trips reported.
  - Maintenance results showed a decrease in total maintenance costs as a portion of total operating costs. At the same time, vehicle maintenance costs per service mile increased about 20 percent during the audit period. The vehicle spare ratio decreased from 23.5 to 11.8 percent over the three years. Mean distance between major mechanical failures decreased by 86.6 percent overall, but mean distance between all failures remained almost unchanged.

- Safety results showed preventable accidents per 100,000 vehicle miles increasing overall by almost 93 percent, but the actual number of preventable accidents was never more than eleven.

- Paratransit – The following is a brief summary of the paratransit functional trend highlights between FY2022 and FY2024:

  - Service Planning results showed improvement in the percentage of vehicle miles and hours in service, a decreasing rate of passengers per vehicle service mile of about 22 percent but an increase of 13 percent in passengers per hour.

  - Operations results showed a 5.8 percent increase in vehicle operations costs as a portion of total operating costs and a similar increase of 3.5 percent in vehicle operations cost per hour. Both farebox revenue and TDA farebox recovery were down overall by 25.6 and 40.1 percent, respectively. There were no missed trips or ADA trip denials reported in any year. The rate of passenger no-shows and trip cancellations declined over 20 percent overall.

  - Maintenance results showed total maintenance costs compared to total operating costs declined by 45.7 percent over the three years. Similarly, vehicle maintenance costs per service mile decreased by 63.5 percent. The spare ratio ticked up slightly by five percent. Mean distance between all mechanical failure increased almost 100 percent from FY2022 to FY2024, while there was just one major mechanical failure recorded over the three years.

  - Safety results showed that preventable accidents increased 73.6 percent during this audit period but there were never more than two preventable accidents in any year.

Recommendations

1. CONTINUE TO EXAMINE THE CAUSES OF THE FLUCTUATIONS AND DECLINE IN MILES BETWEEN MECHANICAL FAILURES ON THE BUS SERVICES.
   [Reference Section: V. Status of Prior Audit Recommendations; VI. Functional Performance Indicator Trends]

   Performance in the mean distance between major and all failures for bus service fluctuated over the current audit period. During the three years of this audit the

mean distance between major and all failures for bus service improved by about 123 percent and 18 percent, respectively, between FY2022 and FY2023, but decreased by about 94 percent and 15 percent between FY2023 and FY2024. In terms of actual failure numbers, the number of total failures was 37 in 2022, 35 in 2023 and 42 in 2024. The number of major failures was a bit more pronounced, with two reported in 2022, one in 2023, and 17 reported in 2024. It is unclear why the number of major failures rose so dramatically in 2024, whether it was actual equipment failures or a change in reporting.

UCT is encouraged to continue examining reasons for the decline in miles between mechanical failure for buses and take appropriate steps to improve performance, and/or data collection accuracy, especially for major failures.

APPENDIX A:
INPUT STATISTICS FOR
FUNCTIONAL PERFORMANCE MEASURES

Functional Performance Inputs - Systemwide (All Modes)

Data Item	FY2022	FY2023	FY2024	Source
Total Operating Costs	$6,536,030	$8,031,558	$8,585,463	TDA Claims FYs 22-24
Administrative Costs	$1,062,380	$1,259,014	$950,161	TDA Claims FYs 22-24
Vehicle Service Hours	48,380	56,228	59,590	State Controller Reports
Marketing Costs	$8,841	$12,726	$5,175	Financial System (10Q Reports - Ads, Promo, Printing)
Unlinked Passenger Trips	207,216	259,096	277,647	State Controller Reports
Farebox Revenue (All Modes)	$186,355	$277,250	$292,708	TDA Claims FYs 22-24

Functional Performance Inputs – Bus Service

Data Item	FY2022	FY2023	FY2024	Source
Vehicle Service Miles	511,473	572,554	584,256	State Controller Reports
Total Vehicle Miles	537,646	601,854	613,262	TDA Claims FY22 - 24
Vehicle Service Hours	35,488	41,060	41,814	State Controller Reports
Total Vehicle Hours	37,963	43,934	51,236	TDA Claims FY22 - 24
Unlinked Passenger Trips	194,324	242,472	257,460	State Controller Reports
Farebox Revenue	$155,083	$240,064	$261,537	TDA Claims FY22 - 24
Total Operating Costs	$5,238,540	$6,473,284	$8,585,463	State Controller Reports
Passenger Miles	- -	- -	- -	Not reported
Vehicle Operations Costs	$4,430,349	$5,389,882	$6,259,741	TDA Claims FY22 - 24
Local Support *(a)*	1,030,655	949,094	909,385	TDA Claims FY22 - 24
TDA Oper. Cost Exclusions - PUC 99247 *(b)*	867,409	615,836	610,411	TDA Claims FY22 - 24
TDA Oper. Cost Exclusions - PUC 99268.17 *(c)*	0	0	0	TDA Claims FY22 - 24
Trips On-Time (within +/- 5 minutes)	- -	- -	- -	Not reported
Total Trips	46,115	48,450	48,406	Staff Reporting
Complaints	- -	- -	- -	Not collected until FY25
Missed Trips	0	0	0	Monthly Management Reports
Vehicle Maintenance Costs	$122,619	$193,365	$84,054	TDA Claims FY22 - 24
Non-Vehicle Maintenance Costs	$17,977	$10,240	$1,260	TDA Claims FY22 - 24
Spare Vehicles (Total less Maximum Service)	4	3	2	State Controller Reports
Total Vehicles	17	17	17	State Controller Reports
Revenue Vehicle Mechanical System Failures - Total	37	35	42	Monthly Management Reports
Revenue Vehicle Mechanical System Failures - Major	2	1	17	Monthly Management Reports
Preventable Accidents	5	3	11	Monthly Management Reports

(a) Local Support includes the following (USOA revenue class in parentheses):

- *Auxiliary transportation revenue (406)*
- *Taxes directly levied (408)*
- *Local cash grants and reimbursements (409)*
- *Local special fare assistance (410)*
- *Subsidy from other sectors of operation (440)*
- *Other non-federal/non-state grant funds or other revenues*

(b) Operating expense object classes exclusive of the following pursuant to PUC Section 99247:

- *depreciation and amortization expenses*
- *subsidies for commuter rail services operated on railroad lines under the jurisdiction of the Federal Railroad Administration*
- *costs for providing charter services*
- *vehicle lease costs*
- *principal and interest payments on capital projects funded with certificates of participation*

(c) Operating expense object class exclusions pursuant to PUC Section 99268.17:

- *additional operating costs for federally required ADA paratransit service that exceed prior year costs (CPI adjusted)*
- *cost increases beyond the CPI change for: fuel; alternative fuel programs; power (including electricity);*
- *insurance premiums/liability claims payouts; state and federal mandates*
- *start-up costs for new services (not more than two years)*

Functional Performance Inputs – Paratransit

Data Item	FY2022	FY2023	FY2024	Source
Vehicle Service Miles	31,903	60,340	64,278	State Controller Reports
Total Vehicle Miles	100,246	101,511	116,918	TDA Claims FY22 - 24
Vehicle Service Hours	12,892	15,168	17,827	State Controller Reports
Total Vehicle Hours	14,620	15,774	18,518	TDA Claims FY22 - 24
Unlinked Passenger Trips	12,892	16,624	20,187	State Controller Reports
Farebox Revenue	$31,272	$37,186	$31,171	TDA Claims FY22 - 24
Total Operating Costs	$1,171,193	$1,406,461	$1,584,357	State Controller Reports
Passenger Miles	- -	- -	- -	Not reported
Vehicle Operations Costs	$900,321	$1,177,458	$1,288,495	TDA Claims FY22 - 24
Local Support (a)	$674,055	$572,587	$538,952	TDA Claims FY22 - 24
TDA Oper. Cost Exclusions - PUC 99247 (b)	$122,721	$158,810	$169,659	TDA Claims FY22 - 24
TDA Oper. Cost Exclusions - PUC 99268.17 (c)	$0	$0	$0	TDA Claims FY22 - 24
Trips On-Time (within 30 minute window)	- -	- -	- -	Not reported
Total Trips (Vehicle)	11,913	15,102	15,027	MV Monthly Management Reports
Complaints	- -	- -	- -	Not recorded until FY25
Missed Trips	0	0	0	MV Monthly Management Reports
Total ADA Trips (Completed)	11,913	15,102	7,411	MV Monthly Management Reports
ADA Trip Denials	0	0	0	MV Monthly Management Reports
Trip Cancellations	1,145	1,151	511	MV Monthly Management Reports
Late Trip Cancellations	*(d)*	*(d)*	*(d)*	Counted as no/shows
No Shows	119	159	54	MV Monthly Management Reports
Vehicle Maintenance Costs	$2,384	$1,599	$1,752	TDA Claims FY22 - 24
Non-Vehicle Maintenance Costs	$0	$0	$0	TDA Claims FY22 - 24

Data Item	FY2022	FY2023	FY2024	Source
Spare Vehicles (Total less Maximum Service)	2	4	3	State Controller Reports
Total Vehicles	7	10	10	State Controller Reports
Revenue Vehicle Mechanical System Failures - Total	12	28	7	MV Monthly Management Reports
Revenue Vehicle Mechanical System Failures - Major	0	0	1	MV Monthly Management Reports
Preventable (Chargeable) Accidents	0	1	2	MV Monthly Management Reports

(a) Local Support includes the following (USOA revenue class in parentheses):

- *Auxiliary transportation revenue (406)*
- *Taxes directly levied (408)*
- *Local cash grants and reimbursements (409)*
- *Local special fare assistance (410)*
- *Subsidy from other sectors of operation (440)*
- *Other non-federal/non-state grant funds or other revenues*

(b) Operating expense object classes exclusive of the following pursuant to PUC Section 99247:

- *depreciation and amortization expenses*
- *subsidies for commuter rail services operated on railroad lines under the jurisdiction of the Federal Railroad Administration*
- *costs for providing charter services*
- *vehicle lease costs*
- *principal and interest payments on capital projects funded with certificates of participation*

(c) Operating expense object class exclusions pursuant to PUC Section 99268.17:

- *additional operating costs for federally required ADA paratransit service that exceed prior year costs (CPI adjusted)*
- *cost increases beyond the CPI change for: fuel; alternative fuel programs; power (including electricity);*
- *insurance premiums/liability claims payouts; state and federal mandate*
- *start-up costs for new services (not more than two years)*

(d) Late trip cancellations included within data for no-shows and are not collected separately