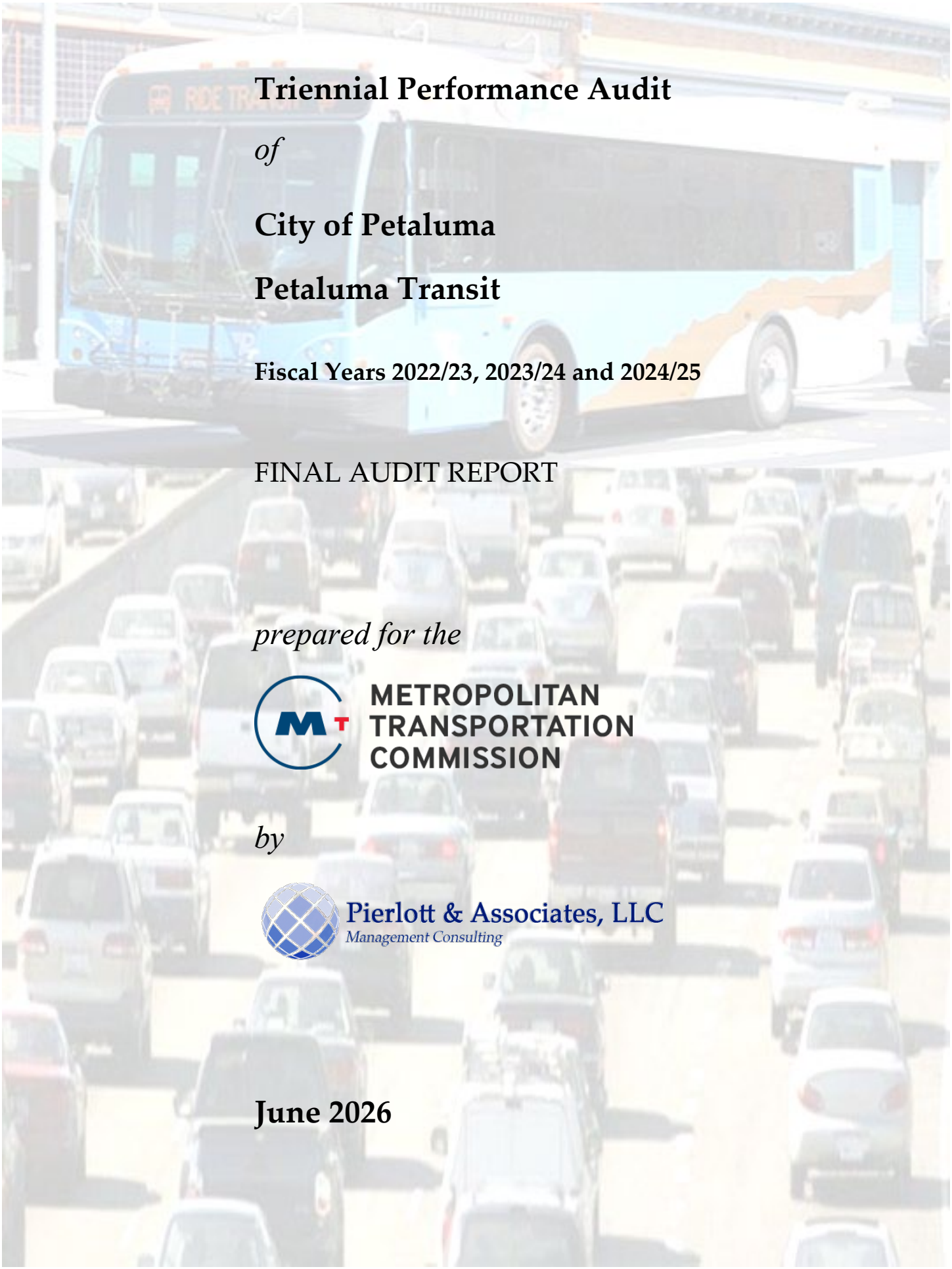


Triennial Performance Audit

of

City of Petaluma

Petaluma Transit

Fiscal Years 2022/23, 2023/24 and 2024/25

FINAL AUDIT REPORT

prepared for the

METROPOLITAN TRANSPORTATION COMMISSION

by

Pierlott & Associates, LLC
Management Consulting

June 2026

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 Petaluma/Petaluma Transit. 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 Petaluma, bus, and paratransit, are the prime focus of this performance audit. The audit period is Fiscal Years 2023 through 2025 (from July 1, 2022 through June 30, 2025).

Performance Audit and Report Organization

The performance audit was conducted for MTC in accordance with its established procedures for performance audits. The 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 Petaluma'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 Petaluma's performance based on the results of the previous sections.

Comments received from Petaluma 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 Petaluma 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 Petaluma is in compliance with the data collection and reporting requirements for these performance indicators. While there is general consistency in terms of the direction and magnitude of the year-to-year changes across the statistics, there are a few exceptions. For example, the bus service vehicle service hours in FY2024 shows an increase of 7.3 percent, whereas vehicle service miles in the same year exhibit almost no change. Also, paratransit vehicle service hours in FY2023 shows an increase of 9.2 percent, while vehicle service miles in the same year exhibits an 8.8 percent decrease. Otherwise, the trends in the statistics appear to be consistent in other years.

Performance Indicators and Trends – Petaluma'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 FY2020 through FY2025:
  - Cost per hour rose in both actual dollars and inflation-adjusted dollars between FY2020 and FY2025, increasing an average of 12.6 percent per year and 8.5 percent per year, respectively.
  - Passengers per hour increased an average of 1.6 percent per years over the analysis period, showing significant recovery from the downturns experienced during the pandemic in FY2020 and FY2021.

- Passengers per mile also showed improvement with an average annual increase in productivity of 2.9 percent per year from FY2020 through FY2025.

- Operating cost per passenger increased an average of 10.8 percent per year in actual dollars, and an average of 6.9 percent per year in constant (inflation-adjusted) dollars between FY2020 and FY2025.

- Bus Service Component Costs – The following is a brief summary of the component operating costs trend highlights for the bus service between FY2020 and FY2025:

  - Purchased transportation costs comprise the largest category of operating costs, approximately 58 percent of total operating costs. Purchased transportation increased an average of 13.3 percent per year between FY2020 and FY2025.

  - In-house labor and fringe costs together comprise just over 15 percent of total operating costs. Labor costs and fringe benefits costs increased an average of 17.5 percent and 21.1 percent per year, respectively over the analysis period.

  - Services costs exhibited the least change over the analysis period with an average increase of only 1.2 percent per year between FY2020 and FY2025.

  - Together casualty/liability costs and other expenses comprised between three and five percent of total operating costs during the analysis period. Despite overall increases the net impact of changes in these cost categories is marginal.

- Paratransit TDA Performance Indicators – The following is a brief summary of the TDA performance trend highlights over the six-year period of FY2020 through FY2025:

  - The overall increase in cost per hour was muted somewhat by the performance of the two input statistics with cost per hour increasing an average increase of 7.0 percent per year in actual dollars, and 3.1 percent per year in constant (inflation-adjusted) dollars.

  - Both measures of passenger productivity, passengers per hour and mile, exhibited significant improvements over the analysis period with average annual gains of 15.3 percent, and 16.2 percent, respectively.

- Due to the gains in passenger productivity experienced between FY2023 and FY2025, cost effectiveness also showed improvement with an average reduction in cost per passenger of 7.2 percent in actual dollars, and 10.6 percent in constant (inflation-adjusted) dollars.

- Paratransit Component Costs – The following is a brief summary of the component operating costs trend highlights for paratransit between FY2020 and FY2025:

  - Between FY2020 and FY2025, labor costs increased an average of 9.4 percent per year, while fringe benefit costs increased and average of 12.8 percent per year. In FY2025, these two categories combined represented approximately 16 percent of total operating costs.

  - Services costs increased an average of 5.1 percent per year between FY2020 and FY2025. Despite the increase in these costs the share of services decreased as a percentage of total operating costs during the same period, from 10.2 percent to 7.1 percent.

  - Purchased transportation costs are the largest category of operating costs, accounting for between 58 and 67 percent of total operating costs over the six-year period. Purchased transportation costs increased an average of 13.2 percent per year between FY2020 and FY2025.

  - The share of materials/supplies cost grew from 8.9 percent of total operating costs in FY2020 to 14.5 percent of total operating costs in FY2025, and exhibited an average increase of 24.7 percent per year.

  - Casualty/liability costs represented approximately three percent of total operating costs, while the other expenses between one and two percent during. throughout the analysis period.

Compliance with Statutory Requirements – Petaluma 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 – This section addresses responses to the recommendations made in the prior performance audit, and whether reasonable progress was made toward their implementation. There were no recommendations made in Petaluma's prior audit. As such, no review of implementation is needed.

Functional Performance Indicator Trends - To further assess Petaluma'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 FY2023 and FY2025:
  - Administrative costs as a percentage of total operating costs increased 8.5 percent over the audit period, while administrative costs rose from $64.84 to $77.80 per vehicle service hour
  - The total marketing costs for the audit period was little more than $1,000, which represents a very small percentage of total operating costs.
  - The systemwide farebox recovery ratio decreased significantly due to the elimination of fare collection on all Petaluma transit services in July 2024.
- Bus Service – The following is a brief summary of the bus service functional trend highlights between FY2023 and FY2025:
  - Service Planning results exhibited largely steady performance throughout the audit period with the percentage of service miles and hours to total miles and hours consistently between 93 and 95 percent. TDA recovery exhibited a 9.1 percent improvement, while passenger productivity in terms of both miles and hours also improved by 43.6 percent and 33.1 percent, respectively.
  - Operations results were mixed with an overall increase of 7.2 percent in vehicle operations cost per vehicle service hour, but improvements in customer complaints and commendations shown in the years for which data were available. On-time performance declined over the two years for which data were available with 64 percent of trips operated on-time in FY2024 and 56 percent of trips on-time in FY2025.

- Maintenance performance showed a decrease in total maintenance costs as a portion of total operating costs during the audit period. At the same time, vehicle maintenance costs per service mile increased about 32 percent. The vehicle spare ratio increased to 50 percent by the end of the audit period. Mean distance between major failures improved overall, while mean distance between all failures declined. However, the actual number of failures was relatively low.

- Safety performance improved with preventable accidents per 100,000 vehicle miles decreasing in each year of the audit period.

- Paratransit – The following is a brief summary of the paratransit functional trend highlights between FY2023 and FY2025:

  - Service Planning results showed improvements passenger productivity as a result of service and ridership increases occurring in FY2025. Overall productivity increased 66.6 percent in terms of passengers per vehicle service mile, and 126.4 percent in passengers per vehicle service hour. Farebox recovery declined due to the elimination of fare collection in July 2024, but the TDA recovery ratio increased substantially.

  - Operations performance improved in terms of cost efficiency with vehicle operations costs per vehicle service hour decreasing by eight percent over the audit period. On-time performance was consistent throughout the audit period at approximately 93 percent. Customer satisfaction in terms of complaints and commendations was consistently positive. Although the trip cancellation rate increased, this appears to be the result of increased ridership in FY2025. However, there were no ADA trip denials, and the rates of late trip cancellations and no-shows were very low throughout the audit period.

  - Maintenance costs compared as a percentage of total operating costs increased by 49 percent over the audit period while vehicle maintenance costs per service mile decreased by 2.5 percent. The spare ratio declined by 50 percent, reflecting the fleet requirements to meet demand. Mean distance between major failures increased significantly during the audit period, while mean distance between all failures remined fairly stable.

  - Safety performance was exemplary with only one preventable accident recorded during the entire audit period.

Recommendations

1. DEVELOP AND IMPLEMENT STRATEGIES TO IMPROVE ON-TIME PERFORMANCE FOR PETALUMA TRANSIT'S BUS SERVICE.
   [Reference Section: VI. Functional Performance Indicator Trends]

Data for on-time performance was only available for FY2024 and FY2025. Performance for these two years exhibited a 12.5 percent decline from 64.0 percent to 56.0 percent of trips operated on-time. In order to provide more reliable service, Petaluma Transit should investigate the reasons for the declining on-time performance, and develop a plan to improve the reliability on its bus service.

.

Table of Contents

List of Exhibits

Page No.

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 Petaluma/Petaluma Transit. The two service modes operated by Petaluma, bus, and paratransit, are the prime focus of this performance audit. The audit period is Fiscal Years 2023 through 2025 (from July 1, 2022 through June 30, 2025).

An overview of Petaluma 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 Petaluma 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.

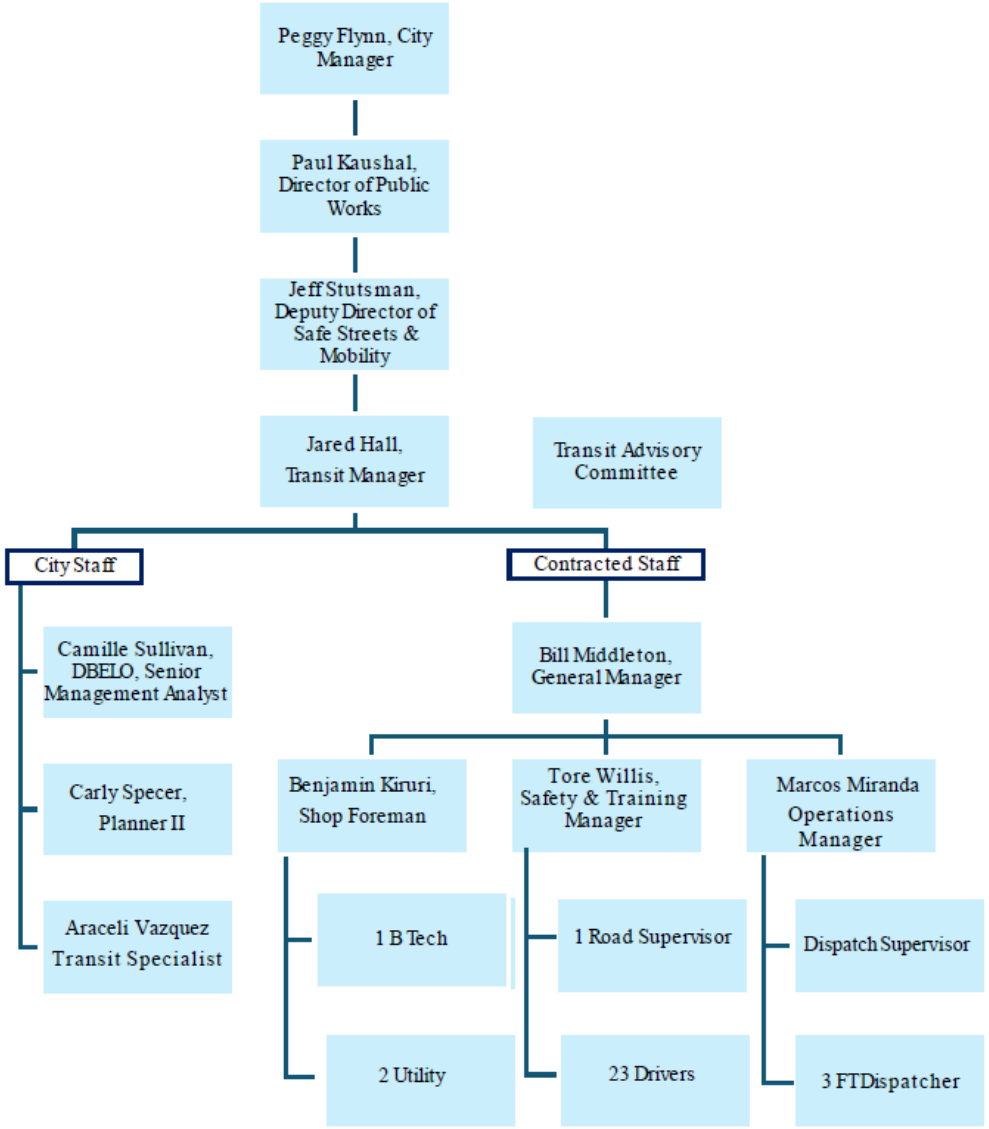
This final report presents the findings from the Phase 1 and Phase 2 of the audit. Comments received from Petaluma and MTC staff regarding the draft report have been incorporated into the final report.

Exhibit 1: System Overview

Location	Headquarters: 555 North McDowell Boulevard, Petaluma, CA 94954
Establishment	The City of Petaluma began providing fixed-route transit service in 1976. Paratransit service was added in 1982.
Board	The City is a City Council/Manager form of government. Petaluma Transit is a division within the Public Works & Utilities Department and is managed by the Transit Manager. The Transit Manager reports to the Public Works & Utilities Director, who in turn reports to the City Manager, who reports to the seven-member City Council.
Facilities	The City's transit facility on North McDowell Boulevard is the central base of operations for services. Transit vehicle maintenance and washing are performed on site. The facility also houses the City and contracted staff for both fixed-route and paratransit operations.
Service Data	The City contracts with MV Transportation, Inc. to operate and maintain both its fixed-route and paratransit services, operating as Petaluma Transit. The City operates six fixed-route alignments, operating on 20, 30 or 60-minute headways. These routes provide connections with Sonoma County Transit, Golden Gate Transit, and SMART at the downtown Petaluma Transit Mall. Three routes operate seven days a week and three operate on weekdays only. The City also operates four school tripper routes on weekdays only. Paratransit service is a call-ahead, door-to-door, shared ride service throughout the City limits. Days and hours of operation are the same as fixed-route service. Petaluma's current operating fleet consists of 14 active vehicles used for fixed-route service plus nine small transit vehicles used for paratransit services.
Recent Changes	As of July 1, 2024, Petaluma Transit eliminated fare collection on all Petaluma Transit fixed-route bus service and paratransit services. This one-year pilot program aims to increase ridership, promote Petaluma Transit's network of services, alleviate the financial burden of low-income riders, improve access, and meet the rigorous climate goals set forth by the City. During the audit period, Petaluma Transit procured its first wave of battery electric buses. This included four fixed-route buses (two 35' buses and two 40' buses) and electric paratransit vehicles, which replaced existing buses that have reached the end of their useful life. Concurrently, the agency worked on capital improvements to its Transit Yard to complete its first wave of facility charger installs and electrification infrastructure improvements needed to charge the electric

	vehicles. This project included purchase and installation of electric switchgear, Level 3 vehicle chargers, and associated hardware. Petaluma Transit began operation of a microtransit pilot that was launched by September 2024. The service, called LumaGo, is a free on-demand shuttle, and provides shared-ride trips within the Petaluma service area. The city reintroduced several school tripper routes that were suspended during the pandemic, adding buses/frequency on two fixed bus routes during the Fall 2024 service change, and converting to a fare-free system overall in FY2025.
Planned Changes	Capital improvements planned for the near future include a vehicle gate electrification project, a roof replacement and minor interior remodel of the Administrative Building, and a bus stop improvement project to approximately 20 locations in FY25-FY26.
Staff	The City's and MV Transportation's full-time are assigned to the following areas: <u>City of Petaluma: four (4) total</u> Transit Manager 1 Management Analyst 1 Planner II 1 Transit Specialist 1 <u>MV Transportation: 35 total</u> General Manager 1 Operations Manager 1 Safety & Training 1 Shop Foreman 1 Road Supervisors 1 Maintenance 3 Dispatch 4 Drivers 23

Exhibit 2: Audit Period 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 Petaluma 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 Petaluma covering the audit period has been reviewed.

Compliance with Requirements

To support this review, Petaluma 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, Petaluma is in compliance with the data collection and reporting requirements for the TDA statistics.

Consistency of the Reported Statistics

The resulting TDA statistics for Petaluma'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 Petaluma service is provided by a private contractor.

The available statistics collected over the period appear to be consistent with the TDA definitions. While there is general consistency in terms of the direction and magnitude of the year-to-year changes across the statistics, there are a few exceptions. For example, the bus service vehicle service hours in FY2024 shows an increase of 7.3 percent, whereas vehicle service miles in the same year exhibit almost no change. Also, paratransit vehicle service hours in FY2023 shows an increase of 9.2 percent, while vehicle service miles in the same year exhibits an 8.8 percent decrease. Otherwise, the trends in the statistics appear to be consistent in other years.

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	Costs for both modes are collected via the City's accounting system (Eden). Within this system transit is identified with its own fund; within that fund there are three cost centers: transit administration (used for expenses shared between modes), fixed route and paratransit/microtransit. General costs, including intergovernmental fees, are split between fixed route and paratransit in the 65100 cost center.
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 vehicle service hours are collected manually from driver run sheets on a daily basis by the contractor and summarized in a monthly report for City staff. Vehicle service hours are collected in conformance with NTD definitions. Paratransit and microtransit vehicle service hours are reported by the contractor monthly. Service hours are calculated from first pick up to last drop off. Daily detail is available on request. This information is currently prepared using Trapeze paratransit dispatching and scheduling software and VIA microtransit software.

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 vehicle service miles are collected manually from driver run sheets on a daily basis by the contractor and summarized in a monthly report for City staff. Vehicle service miles are collected in conformance with NTD definitions. Paratransit and microtransit vehicle service miles are reported by the contractor monthly. Service miles are calculated from first pick up to last drop off. Daily detail is available on request. This information is currently prepared using Trapeze paratransit dispatching and scheduling software, Via microtransit software, and verified using the driver reports.
Unlinked Passengers	"Unlinked passengers" means the number of boarding passengers, whether revenue producing or not, carried by the public transportation system.	In Compliance	Fixed Route – passengers are counted manually using passenger counters. The information is transferred at the end of each trip to the daily run sheet. Information from the daily run sheets is compiled into a monthly report. The contractor provides City staff with copies of all of the daily run sheets. Paratransit – passenger trips are counted manually and reported using the Trapeze paratransit dispatching and scheduling software. Microtransit – passenger trips are counted through the Via microtransit software and added to the paratransit ridership to get a combined total for demand response service

TDA Statistic	TDA Definition	Compliance Finding	Verification Information
Employee Full-Time Equivalents	2,000 person-hours of work in one year constitute one employee.	In Compliance	Contractors report total employee work hours at year end. City employees (4) are added to contractor employees based on budget split.

Exhibit 3.2: TDA Statistics – Bus Service

TDA Statistics	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	*Av. Ann. Chg.*
Operating Cost (Actual $)	$1,929,792	$2,064,153	$2,278,100	$2,950,955	$3,336,317	$3,671,402	- -
Annual Change	- -	*7.0%*	*10.4%*	*29.5%*	*13.1%*	*10.0%*	*13.7%*
Operating Cost (Constant $)	$1,929,792	$1,979,203	$2,030,134	$2,570,313	$2,821,391	$3,046,029	- -
Annual Change	- -	*2.6%*	*2.6%*	*26.6%*	*9.8%*	*8.0%*	*9.6%*
Vehicle Service Hours	19,417	18,866	17,819	18,570	19,925	20,424	- -
Annual Change	- -	*-2.8%*	*-5.5%*	*4.2%*	*7.3%*	*2.5%*	*1.0%*
Vehicle Service Miles	236,992	231,806	223,366	229,901	229,753	234,270	- -
Annual Change	- -	*-2.2%*	*-3.6%*	*2.9%*	*-0.1%*	*2.0%*	*-0.2%*
Unlinked Passengers	265,112	112,547	205,530	206,161	272,852	301,758	- -
Annual Change	- -	*-57.5%*	*82.6%*	*0.3%*	*32.3%*	*10.6%*	*2.6%*
Employee Full-Time Equivalents	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*	- -
Annual Change	- -	- -	- -	- -	- -	- -	- -
Bay Area CPI - Annual Change	- -	4.3%	7.6%	2.3%	3.0%	1.9%	- -
Cumulative Change	- -	4.3%	12.2%	14.8%	18.3%	20.5%	*3.8%*

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

Sources:
FY2020 through FY2022 - Prior Performance Audit Report
FY2023 through FY2025 - NTD Reports

Exhibit 3.3: TDA Statistics – Paratransit

TDA Statistic	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	*Av. Ann. Chg.*
Operating Cost (Actual $) *(a)*	$918,706	$835,731	$696,653	$877,730	$1,003,386	$1,685,208	- -
Annual Change	- -	*-9.0%*	*-16.6%*	*26.0%*	*14.3%*	*68.0%*	*12.9%*
Operating Cost (Constant $)	$918,706	$801,337	$620,824	$764,512	$848,524	$1,398,156	- -
Annual Change	- -	*-12.8%*	*-22.5%*	*23.1%*	*11.0%*	*64.8%*	*8.8%*
Vehicle Service Hours	7,240	5,299	4,643	5,070	5,602	9,472	- -
Annual Change	- -	*-26.8%*	*-12.4%*	*9.2%*	*10.5%*	*69.1%*	*5.5%*
Vehicle Service Miles	57,868	37,662	31,488	28,711	33,583	72,911	- -
Annual Change	- -	*-34.9%*	*-16.4%*	*-8.8%*	*17.0%*	*117.1%*	*4.7%*
Unlinked Passengers	11,802	9,395	6,863	7,446	9,149	31,495	- -
Annual Change	- -	*-20.4%*	*-27.0%*	*8.5%*	*22.9%*	*244.2%*	*21.7%*
Employee Full-Time Equivalents	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*	- -
Annual Change	- -	- -	- -	- -	- -	- -	- -
Bay Area CPI - Annual Change	- -	4.3%	7.6%	2.3%	3.0%	1.9%	- -
Cumulative Change	- -	4.3%	12.2%	14.8%	18.3%	20.5%	*3.8%*

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

Sources:
FY2020 through FY2022 - Prior Performance Audit Report
FY2023 through FY2025 - NTD Reports

III. TDA PERFORMANCE INDICATORS AND TRENDS

The performance trends for Petaluma'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 NTD reports for the three years of the audit period.

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

In addition to presenting performance for the three years of the audit period (FY2023 through FY2025), 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 Petaluma'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 FY2023 to FY2025 trend lines have been combined with those from the prior audit period (FY2020 through FY2022) 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 Petaluma'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 Petaluma'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)
  - Cost per hour, a measure of cost efficiency, exhibits an average change of 12.6 percent per year in terms of actual dollars with the largest single year increase (24.3 percent) occurring in FY2023.

- Costs rose from $99.39 per hour in FY2020 to $179.76 in FY2025. This was largely due to the increases in operating costs outpacing the increases in vehicle service hours.

- With the impacts of inflation removed (constant dollars), the cost per hour exhibited an average increase of 8.5 percent per year.

- Passengers per Vehicle Service Hour (Exhibit 4.2)

  - Despite a 56.3 percent drop in passengers per hour in FY2021 as a result of the pandemic, passenger productivity recovered in subsequent years increasing to 14.8 passengers per hour.

  - The net effect of changes in this performance measure was an average annual increase of 1.6 percent per year between FY2020 and FY2025.

  - The improvement in productivity was largely the result of gains made in ridership throughout the analysis period.

- Passengers per Vehicle Service Mile (Exhibit 4.2)

  - Passengers per mile also showed improvement over the analysis period, increasing from 1.12 passengers per mile in FY2020 to 1.29 passengers per mile in FY2025.

  - The net effect of changes in this performance measure was an average annual increase of 2.9 percent per year between FY2020 and FY2025.

  - As with passenger per hour, the improvement in the performance of this measure was the result of gains made in ridership throughout the analysis period.

- Operating Cost per Passenger (Exhibit 4.3)

  - Cos per passenger is a measure of cost effectiveness. Similarly to cost per hour, this indicator exhibited an average annual increase of 10.8 percent per year over the analysis period in actual dollars.

  - Cost per passenger rose from $7.28 in FY2020 to $12.17 in FY2025. This increase was due to the overall increase in operating costs outpacing the increase in ridership.

– In inflation-adjusted dollars, the average annual increase in cost per passenger was 6.8 percent per year.

* * * * *

The following is a brief summary of the TDA performance trend highlights over the six-year period of FY2020 through FY2025:

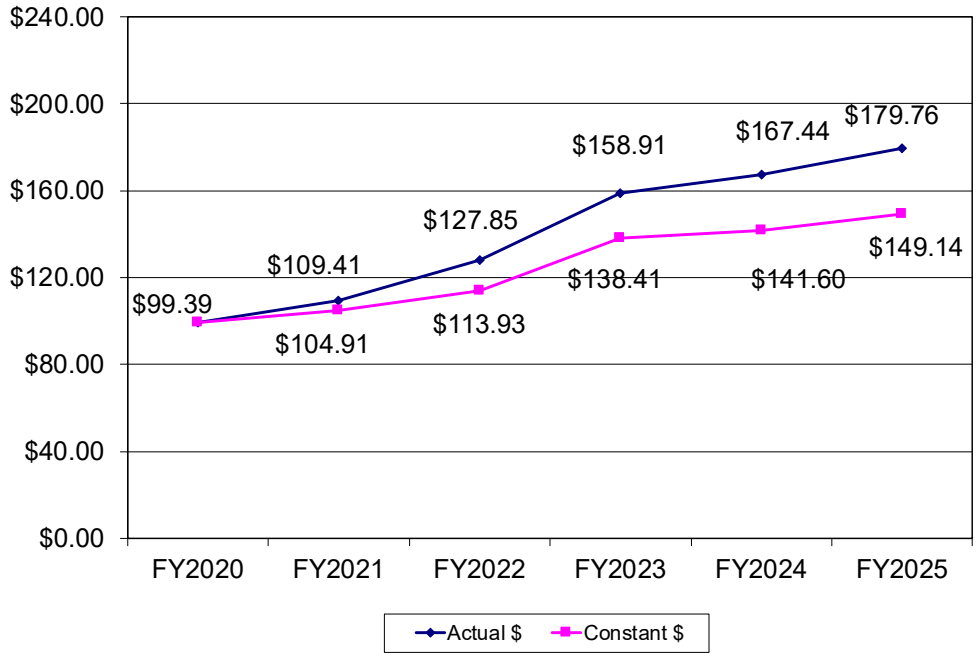
- Cost per hour rose in both actual dollars and inflation-adjusted dollars between FY2020 and FY2025, increasing an average of 12.6 percent per year and 8.5 percent per year, respectively.
- Passengers per hour increased an average of 1.6 percent per years over the analysis period, showing significant recovery from the downturns experienced during the pandemic in FY2020 and FY2021.
- Passengers per mile also showed improvement with an average annual increase in productivity of 2.9 percent per year from FY2020 through FY2025.
- Operating cost per passenger increased an average of 10.8 percent per year in actual dollars, and an average of 6.9 percent per year in constant (inflation-adjusted) dollars between FY2020 and FY2025.

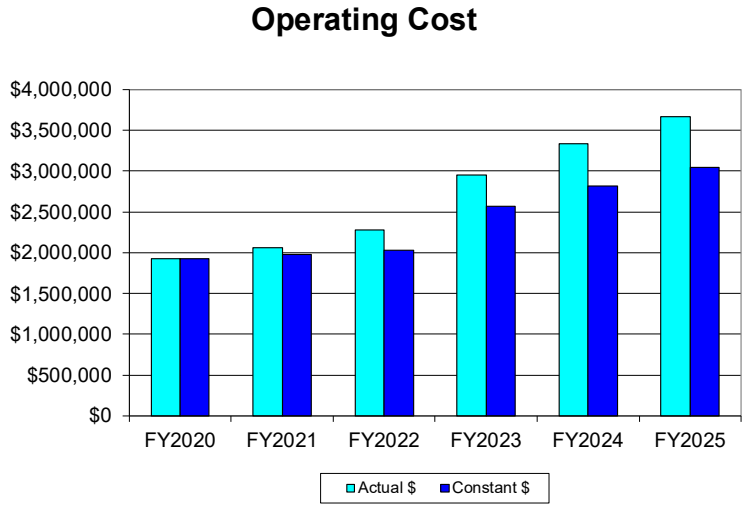
Exhibit 4: TDA Indicator Performance – Bus Service

TDA Performance Indicator	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	*Av. Ann. Chg.*
Op. Cost per Vehicle Svc. Hour (Actual $)	$99.39	$109.41	$127.85	$158.91	$167.44	$179.76	- -
Annual Change	- -	*10.1%*	*16.8%*	*24.3%*	*5.4%*	*7.4%*	*12.6%*
Op. Cost per Vehicle Svc. Hour (Constant $)	$99.39	$104.91	$113.93	$138.41	$141.60	$149.14	- -
Annual Change	- -	*5.6%*	*8.6%*	*21.5%*	*2.3%*	*5.3%*	*8.5%*
Passengers per Vehicle Service Hour	13.7	6.0	11.5	11.1	13.7	14.8	- -
Annual Change	- -	*-56.3%*	*93.3%*	*-3.7%*	*23.3%*	*7.9%*	*1.6%*
Passengers per Vehicle Service Mile	1.12	0.49	0.92	0.90	1.19	1.29	- -
Annual Change	- -	*-56.6%*	*89.5%*	*-2.5%*	*32.4%*	*8.5%*	*2.9%*
Op. Cost per Passenger (Actual $)	$7.28	$18.34	$11.08	$14.31	$12.23	$12.17	- -
Annual Change	- -	*152.0%*	*-39.6%*	*29.1%*	*-14.6%*	*-0.5%*	*10.8%*
Op. Cost per Passenger (Constant $)	$7.28	$17.59	$9.88	$12.47	$10.34	$10.09	- -
Annual Change	- -	*141.6%*	*-43.8%*	*26.2%*	*-17.1%*	*-2.4%*	*6.8%*
Vehicle Service Hours per FTE	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*	- -
Annual Change	- -	- -	- -	- -	- -	- -	- -
Bay Area CPI - Annual Change	- -	4.3%	7.6%	2.3%	3.0%	1.9%	- -
Cumulative Change	- -	4.3%	12.2%	14.8%	18.3%	20.5%	*3.8%*

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

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





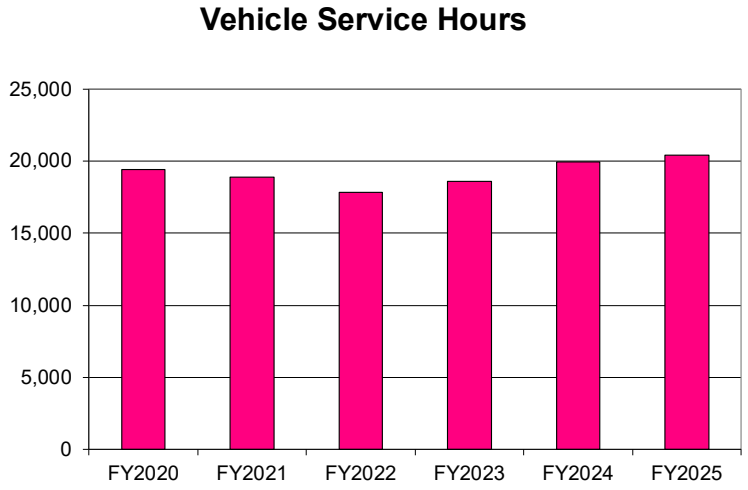
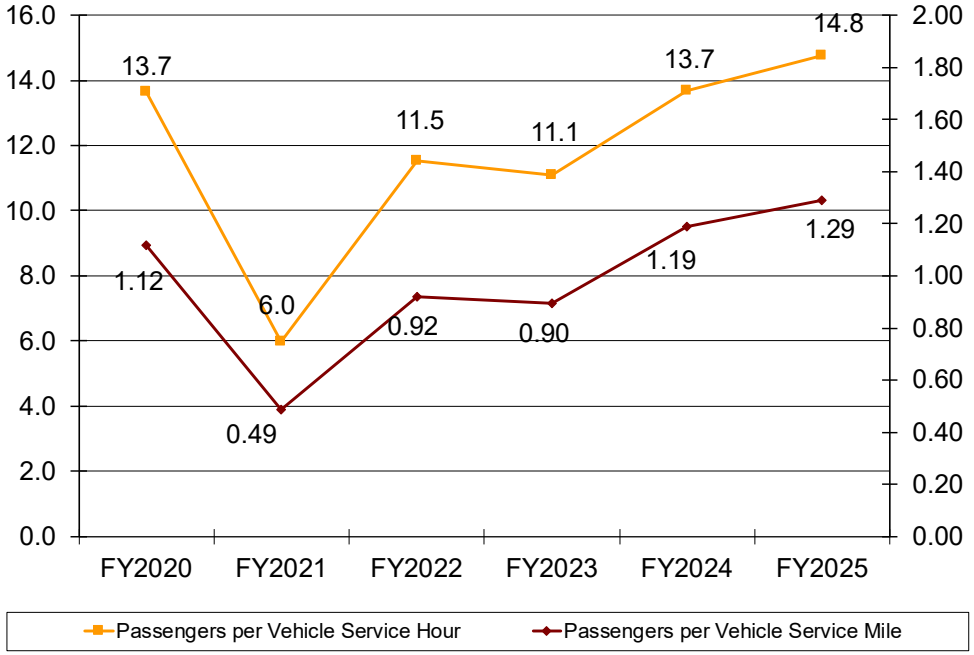
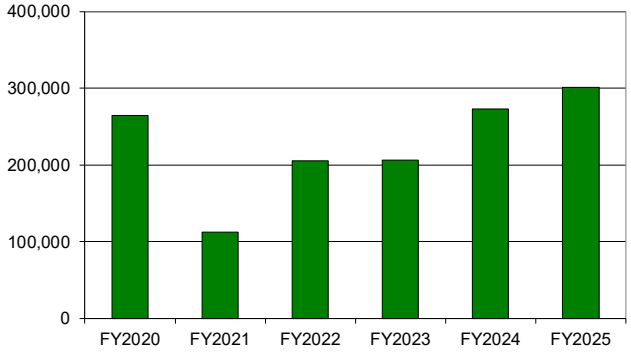


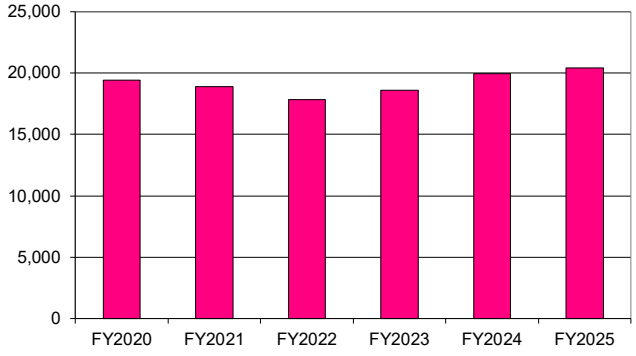
Exhibit 4.2: Passengers per Hour and per Mile – Bus Service



Unlinked Passengers



Vehicle Service Hours



Vehicle Service Miles

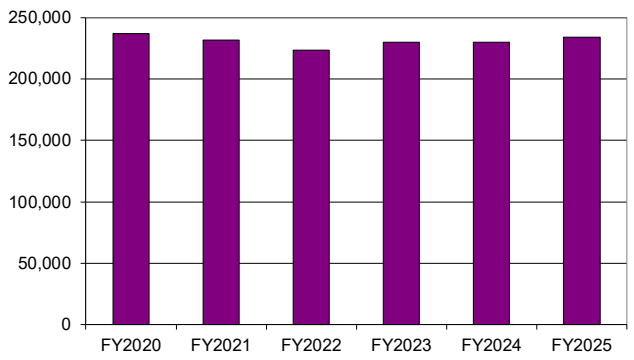
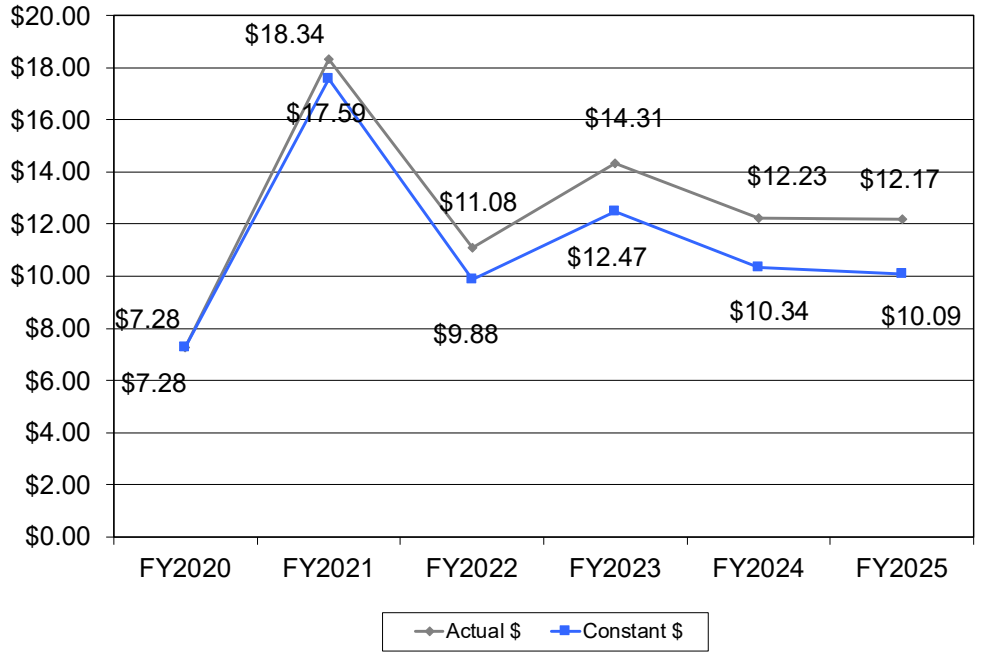
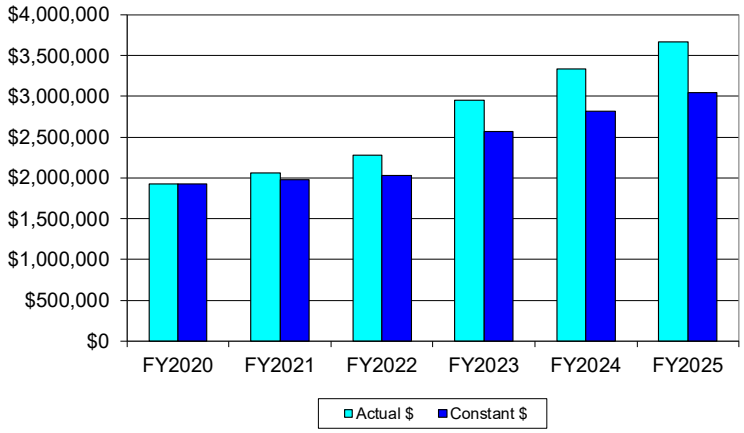


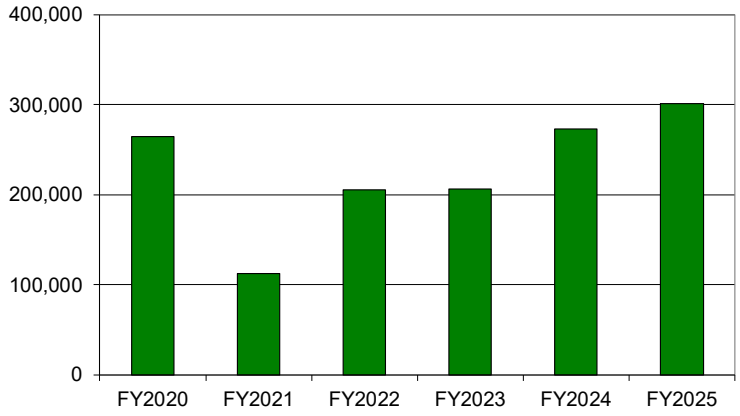
Exhibit 4.3: Operating Cost per Passenger – Bus Service



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.

- In-house labor expenses increased an average of 17.5 percent annually during the analysis period. In terms of percentage of costs, labor represents approximately 11.0 percent of total operating costs.
- Fringe benefits costs fluctuated from year to year, with the largest increase of 86 percent occurring in FY2022. On average, fringe benefits increased 21.1 percent per year between FY2020 and FY2025. Fringe benefits costs ranged from 2.4 to 4.6 percent of total costs during the analysis period.
- Services costs varied from year to year with the largest single year increase of 30.2 percent occurring in FY2022 and the largest single year increase of 143.1 percent occurring in FY2021, at the height of the pandemic. In FY2025, services represented 12.0 percent of total operating costs
- Purchased transportation costs are the largest category of costs representing 57.7 percent of total operating costs. Purchased transportation costs increased an average of 13.3 percent per year between FY2020 and FY2025.
- Materials/supplies costs rose an average of 3.4 percent per year between FY2020 and FY2025. This category comprised 10.9 percent of total operating costs in FY2025
- Casualty/liability costs vary significantly due to fluctuations in claims filed and claims settled. The net result of changes over the analysis period is an average annual increase of 11.5 percent per year.

- Other expenses also varied significantly, the net result of which was an average annual increase of 12.2 percent per year, but these costs represent less than two percent of total operating costs.

* * * * *

The following is a brief summary of the component operating costs trend highlights between FY2020 and FY2025:

- Purchased transportation costs comprise the largest category of operating costs, approximately 58 percent of total operating costs. Purchased transportation increased an average of 13.3 percent per year between FY2020 and FY2025.

- In-house labor and fringe costs together comprise just over 15 percent of total operating costs. Labor costs and fringe benefits costs increased an average of 17.5 percent and 21.1 percent per year, respectively over the analysis period.

- Services costs exhibited the least change over the analysis period with an average increase of only 1.2 percent per year between FY2020 and FY2025.

- Together casualty/liability costs and other expenses comprised between three and five percent of total operating costs during the analysis period. Despite overall increases the net impact of changes in these cost categories is marginal.

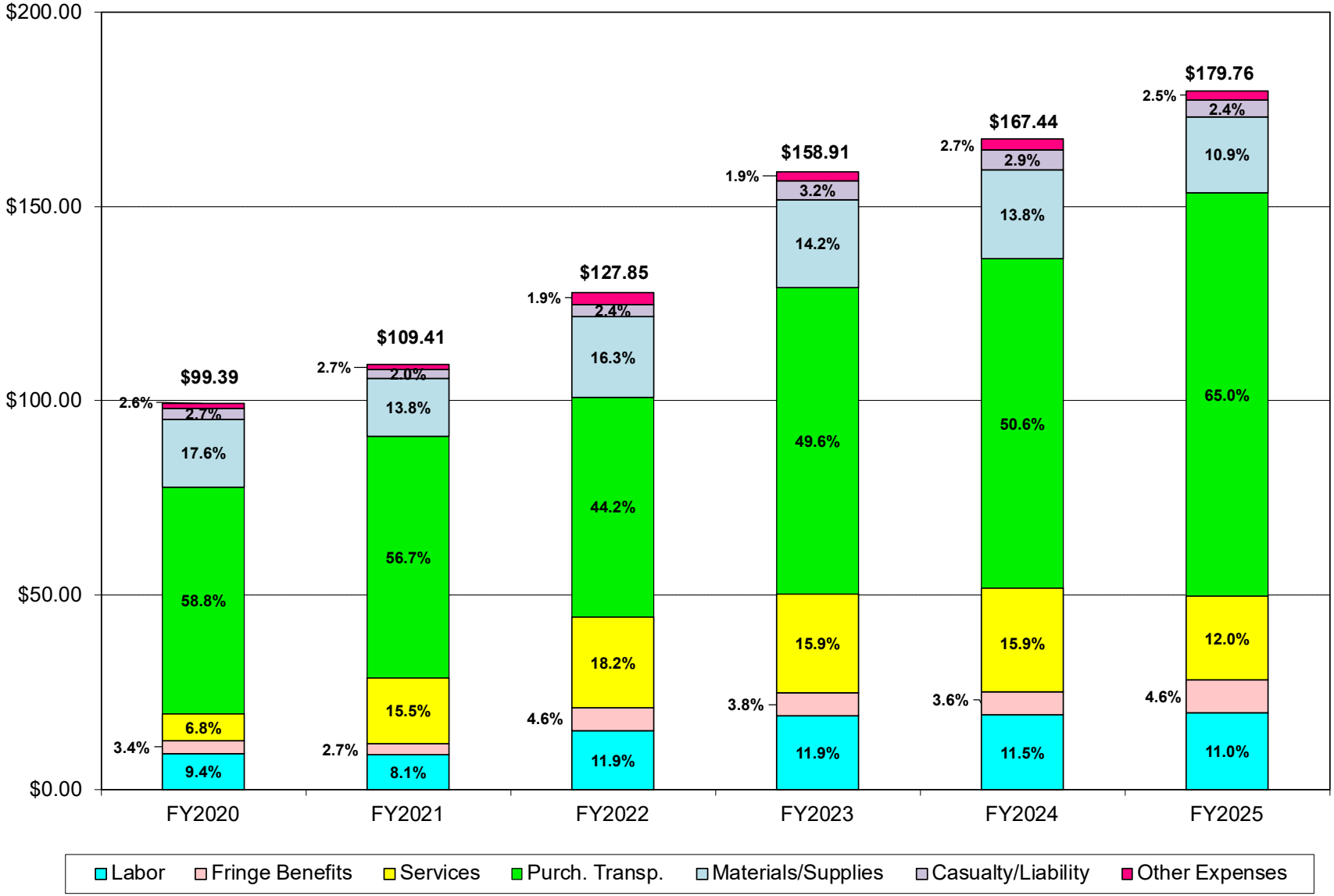
Exhibit 4.4: Component Cost Trends – Bus Service

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	*Av. Ann. Chg.*
COST CATEGORIES							
Labor (Salaries/Wages)	$180,611	$167,852	$272,148	$350,992	$382,318	$404,360	- -
Annual Change	- -	*-7.1%*	*62.1%*	*29.0%*	*8.9%*	*5.8%*	*17.5%*
Fringe Benefits *(a)*	$65,211	$55,777	$103,760	$112,346	$119,661	$169,936	- -
Annual Change	- -	*-14.5%*	*86.0%*	*8.3%*	*6.5%*	*42.0%*	*21.1%*
Services	$131,194	$318,943	$415,349	$470,042	$530,341	$441,516	
Annual Change	- -	*143.1%*	*30.2%*	*13.2%*	*12.8%*	*-16.7%*	*1.2%*
Purchased Transportation	$1,134,921	$1,169,483	$1,006,541	$1,464,475	$1,687,268	$2,118,347	- -
Annual Change	- -	*3.0%*	*-13.9%*	*45.5%*	*15.2%*	*25.5%*	*13.3%*
Materials/Supplies *(b)*	$338,812	$285,356	$370,354	$418,217	$459,338	$399,647	- -
Annual Change	- -	*-15.8%*	*29.8%*	*12.9%*	*9.8%*	*-13.0%*	*3.4%*
Casualty/Liability	$52,111	$40,270	$54,605	$94,189	$98,143	$89,813	- -
Annual Change	- -	*-22.7%*	*35.6%*	*72.5%*	*4.2%*	*-8.5%*	*11.5%*
Other Expenses (c)	$26,932	$26,472	$55,343	$40,694	$59,248	$47,783	- -
Annual Change	- -	*-1.7%*	*109.1%*	*-26.5%*	*45.6%*	*-19.4%*	*12.2%*
Total	$1,929,792	$2,064,153	$2,278,100	$2,950,955	$3,336,317	$3,671,402	- -
Annual Change	- -	*7.0%*	*10.4%*	*29.5%*	*13.1%*	*10.0%*	*13.7%*
OPERATING STATISTICS							
Vehicle Service Hours	19,417	18,866	17,819	18,570	19,925	20,424	- -
Annual Change	- -	*-2.8%*	*-5.5%*	*4.2%*	*7.3%*	*2.5%*	*1.0%*

(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 Petaluma's paratransit service over the five or six-year analysis period. The trends in the TDA indicators and input data are presented in Exhibit 5. The five or six-year trends are illustrated in Exhibits 5.1 through 5.3.

- Operating Cost per Vehicle Service Hour (Exhibit 5.1)
  - Cost per hour rose from $126.89 in FY2020 to $177.91 in FY2025 in terms of actual dollars, an average increase of 7.0 percent per year.
  - In constant (inflation-adjusted) dollars, cost per hour increase an average of 3.1 percent per year between FY2020 and FY2025.
  - Although operating costs increase substantially, an average of 12.9 percent per year, vehicle service hours increased as well, an average of 5.5 percent per year. As such, the overall increase in cost per hour was muted somewhat by the performance of the two input statistics.
- Passengers per Vehicle Service Hour (Exhibit 5.2)
  - Passengers per hour showed significant improvements between FY2020 and FY2025, with average annual productivity gains of 15.3 percent per year.
  - Passengers per hour rose from 1.6 in FY2020 to 3.3 in FY2025. The largest single year gain occurred in FY2025 when productivity increased 103.6 percent.
  - The rise in this performance measure was due to substantial ridership gains in FY2024 and FY2025.
- Passengers per Vehicle Service Mile (Exhibit 5.2)
  - Passengers per mile increased from 0.20 in FY2020 to 0.43 in FY2025, and average annual increase of 16.2 percent.

- Similarly to passenger per hour, the rise in this measure was the result of significant ridership gains in FY2024 (22.9 percent) and FY2025 (244.2 percent).

- Operating Cost per Passenger (Exhibit 5.3)

  - Operating cost per passenger showed significant improvement over the analysis period with an average annual drop in cost per passenger of 7.2 percent per year in actual dollars.

  - With the impacts of inflation removed (constant dollars), performance in this measure shows even larger improvement with an average annual decrease in cost per passenger of 10.6 percent per year.

  - The performance of this measure was influenced significantly by the increases in ridership experienced in FY2024 and FY2025.

* * * * *

The following is a brief summary of the TDA performance trend highlights over the six-year period of FY2020 through FY2025:

- The overall increase in cost per hour was muted somewhat by the performance of the two input statistics with cost per hour increasing an average increase of 7.0 percent per year in actual dollars, and 3.1 percent per year in constant (inflation-adjusted) dollars.

- Both measures of passenger productivity, passengers per hour and mile, exhibited significant improvements over the analysis period with average annual gains of 15.3 percent, and 16.2 percent, respectively.

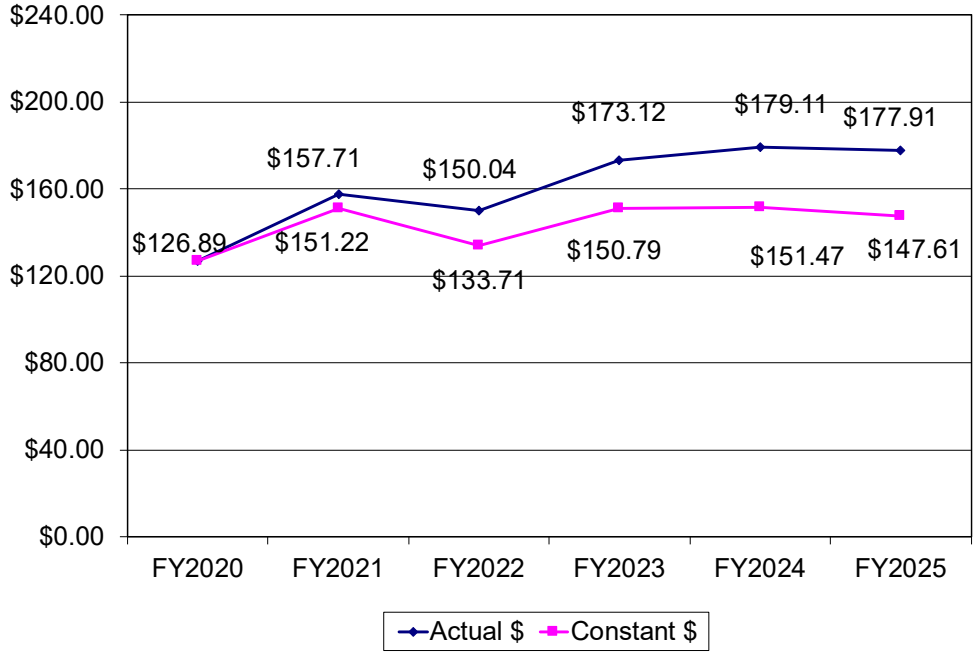
- Due to the gains in passenger productivity experienced between FY202 and FY2025, cost effectiveness also showed improvement with an average reduction in cost per passenger of 7.2 percent in actual dollars, and 10.6 percent in constant (inflation-adjusted) dollars.

Exhibit 5: TDA Indicator Performance – Paratransit

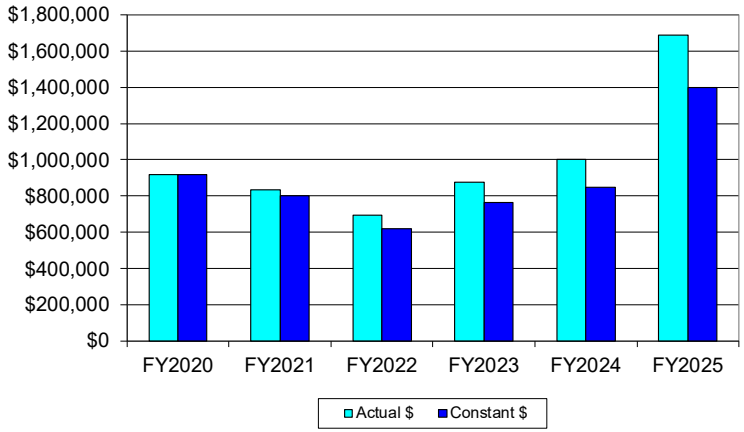
TDA Performance Indicator	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	*Av. Ann. Chg.*
Op. Cost per Vehicle Svc. Hour (Actual $)	$126.89	$157.71	$150.04	$173.12	$179.11	$177.91	- -
Annual Change	- -	*24.3%*	*-4.9%*	*15.4%*	*3.5%*	*-0.7%*	*7.0%*
Op. Cost per Vehicle Svc. Hour (Constant $)	$126.89	$151.22	$133.71	$150.79	$151.47	$147.61	- -
Annual Change	- -	*19.2%*	*-11.6%*	*12.8%*	*0.4%*	*-2.5%*	*3.1%*
Passengers per Vehicle Service Hour	1.6	1.8	1.5	1.5	1.6	3.3	- -
Annual Change	- -	*8.8%*	*-16.6%*	*-0.6%*	*11.2%*	*103.6%*	*15.3%*
Passengers per Vehicle Service Mile	0.20	0.25	0.22	0.26	0.27	0.43	- -
Annual Change	- -	*22.3%*	*-12.6%*	*19.0%*	*5.0%*	*58.6%*	*16.2%*
Op. Cost per Passenger (Actual $)	$77.84	$88.95	$101.51	$117.88	$109.67	$53.51	- -
Annual Change	- -	*14.3%*	*14.1%*	*16.1%*	*-7.0%*	*-51.2%*	*-7.2%*
Op. Cost per Passenger (Constant $)	$77.84	$85.29	$90.46	$102.67	$92.74	$44.39	- -
Annual Change	- -	*9.6%*	*6.1%*	*13.5%*	*-9.7%*	*-52.1%*	*-10.6%*
Vehicle Service Hours per FTE	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*	*(a)*	- -
Annual Change	- -	- -	- -	- -	- -	- -	- -
Bay Area CPI - Annual Change	- -	4.3%	7.6%	2.3%	3.0%	1.9%	- -
Cumulative Change	- -	4.3%	12.2%	14.8%	18.3%	20.5%	*3.8%*

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

Exhibit 5.1: Operating Cost per Vehicle Service Hour – Paratransit



Operating Cost



Vehicle Service Hours

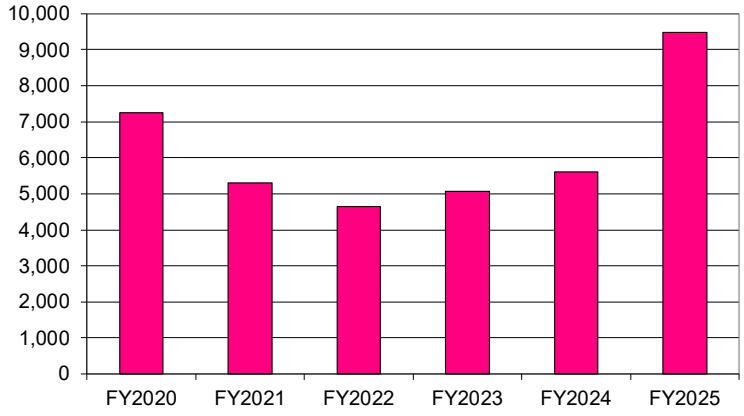
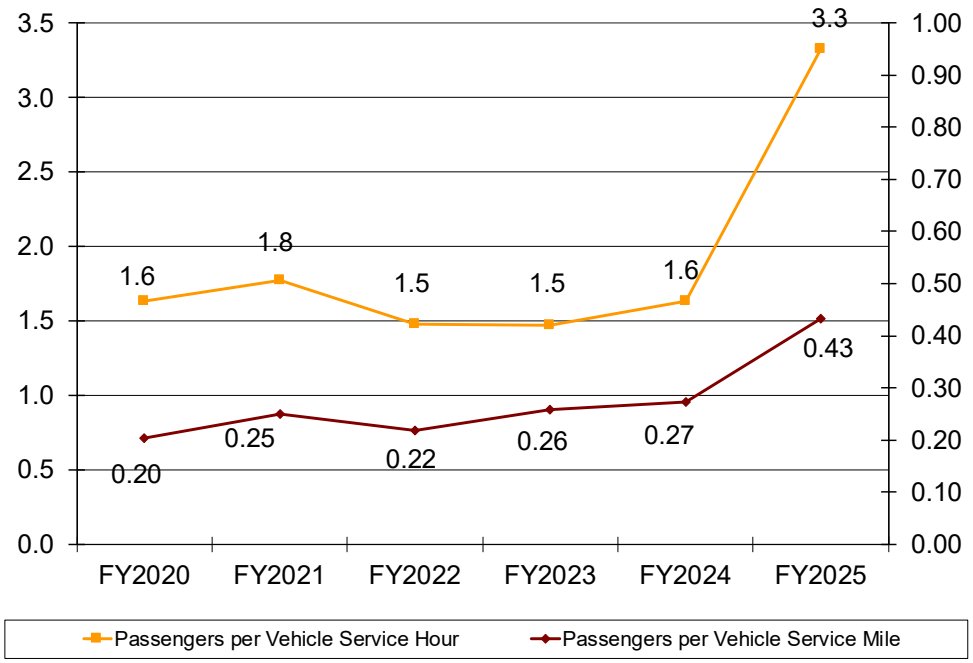
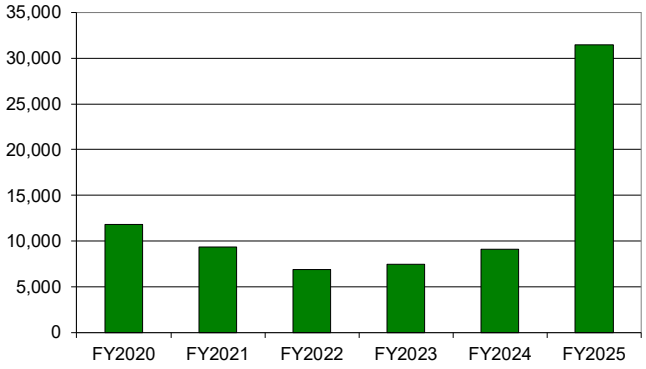


Exhibit 5.2: Passengers per Hour and per Mile – Paratransit



Unlinked Passengers



Vehicle Service Hours

Vehicle Service Miles

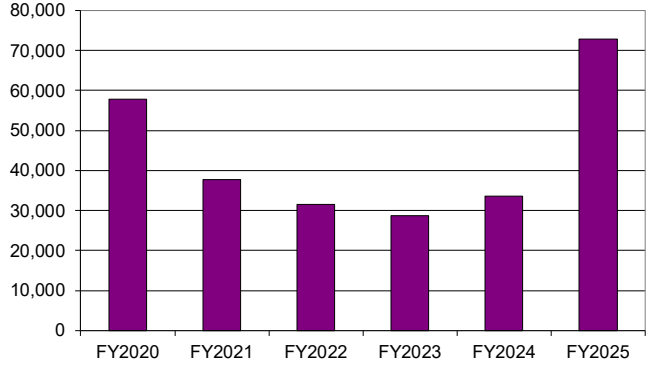
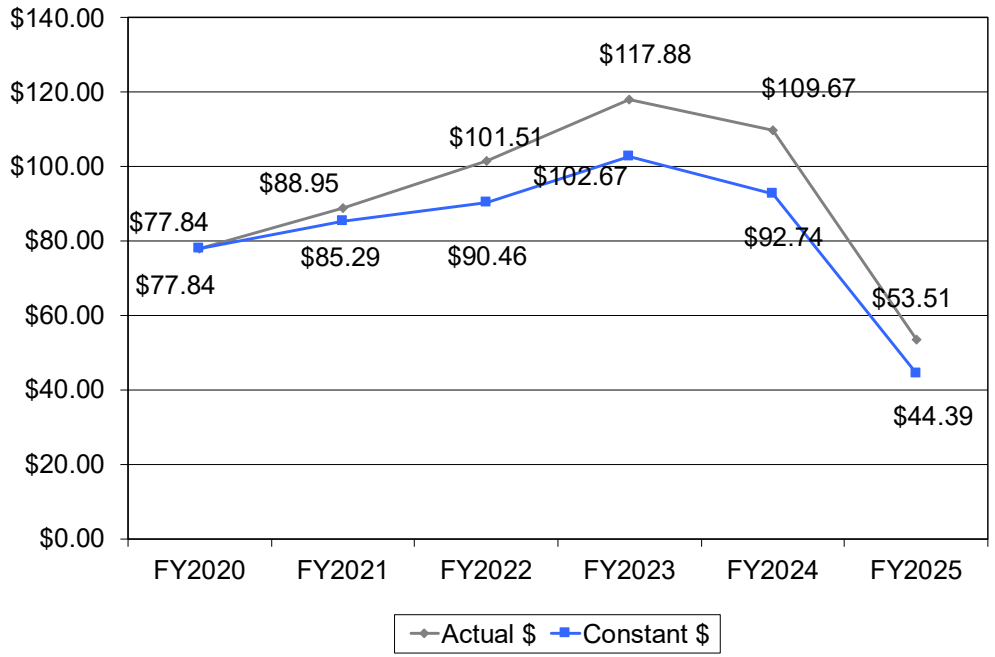
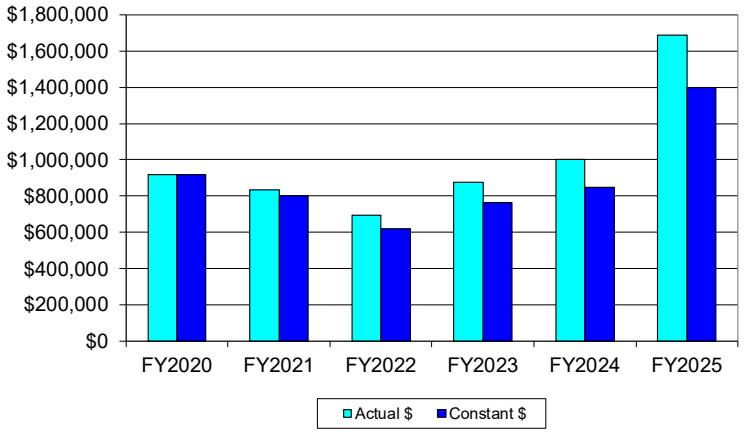


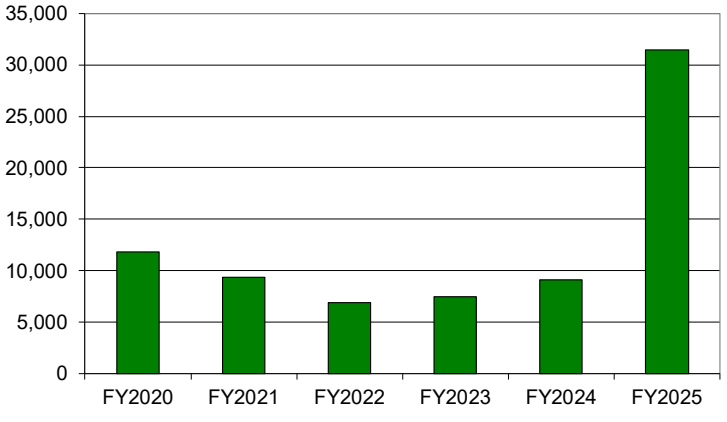
Exhibit 5.3: Operating Cost per Passenger – Paratransit



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 decreased during three years of the prior audit period (FY2020 to FY2022), but steadily increased during this audit period (FY2023 to FY2025). The net impact was an average increase of 9.4 percent per year during the six-year analysis period. Labor costs comprise about 11 percent of total operating costs.

- Fringe benefits costs exhibited a similar trend to that of labor costs with the net impact being an average increase of 12.8 percent per year between FY2020 and FY2025. Fringe benefits represent approximately four percent of total operating costs.

- The share of services costs decreased from 10.2 percent of total operating costs in FY2020 to 7.1 percent of total operating costs in FY2025. However, services costs increased an average of 5.1 percent per year in actual dollars.

- As with bus service, purchased transportation costs for paratransit service is the largest category of costs, comprising approximately 60 percent of total operating costs throughout the analysis period. Purchased transportation costs for paratransit increased an average of 13.2 percent per year between FY2020 and FY2025.

- Materials/supplies costs comprised 14.5 percent of total operating costs in FY2025, which is the highest proportion of these costs during the analysis period. These costs rose and average of 24.7 percent per year between FY2020 and FY2025.

- Casualty/liability costs comprise approximately three percent total operating costs throughout the six-year period. Year-to-year changes in these costs resulted in an average increase 3.9 percent per year.

- All other expenses comprise approximately one percent of total operating costs, and increased an average of 7.9 percent per year over the analysis period.

* * * * *

The following is a brief summary of the component operating costs trend highlights between FY2020 and FY2025:

- Between FY2020 and FY2025, labor costs increased an average of 9.4 percent per year, while fringe benefit costs increased and average of 12.8 percent per year. In FY2025, these two categories combined represented approximately 16 percent of total operating costs.

- Services costs increased an average of 5.1 percent per year between FY2020 and FY2025. Despite the increase in these costs the share of services decreased as a percentage of total operating costs during the same period, from 10.2 percent to 7.1 percent.

- Purchased transportation costs are the largest category of operating costs, accounting for between 58 and 67 percent of total operating costs over the six-year period. Purchased transportation costs increased an average of 13.2 percent per year between FY2020 and FY2025.

- The share of materials/supplies cost grew from 8.9 percent of total operating costs in FY2020 to 14.5 percent of total operating costs in FY2025, and exhibited an average increase of 24.7 percent per year.

- Casualty/liability costs represented approximately three percent of total operating costs, while the other expenses between one and two percent during. throughout the analysis period.

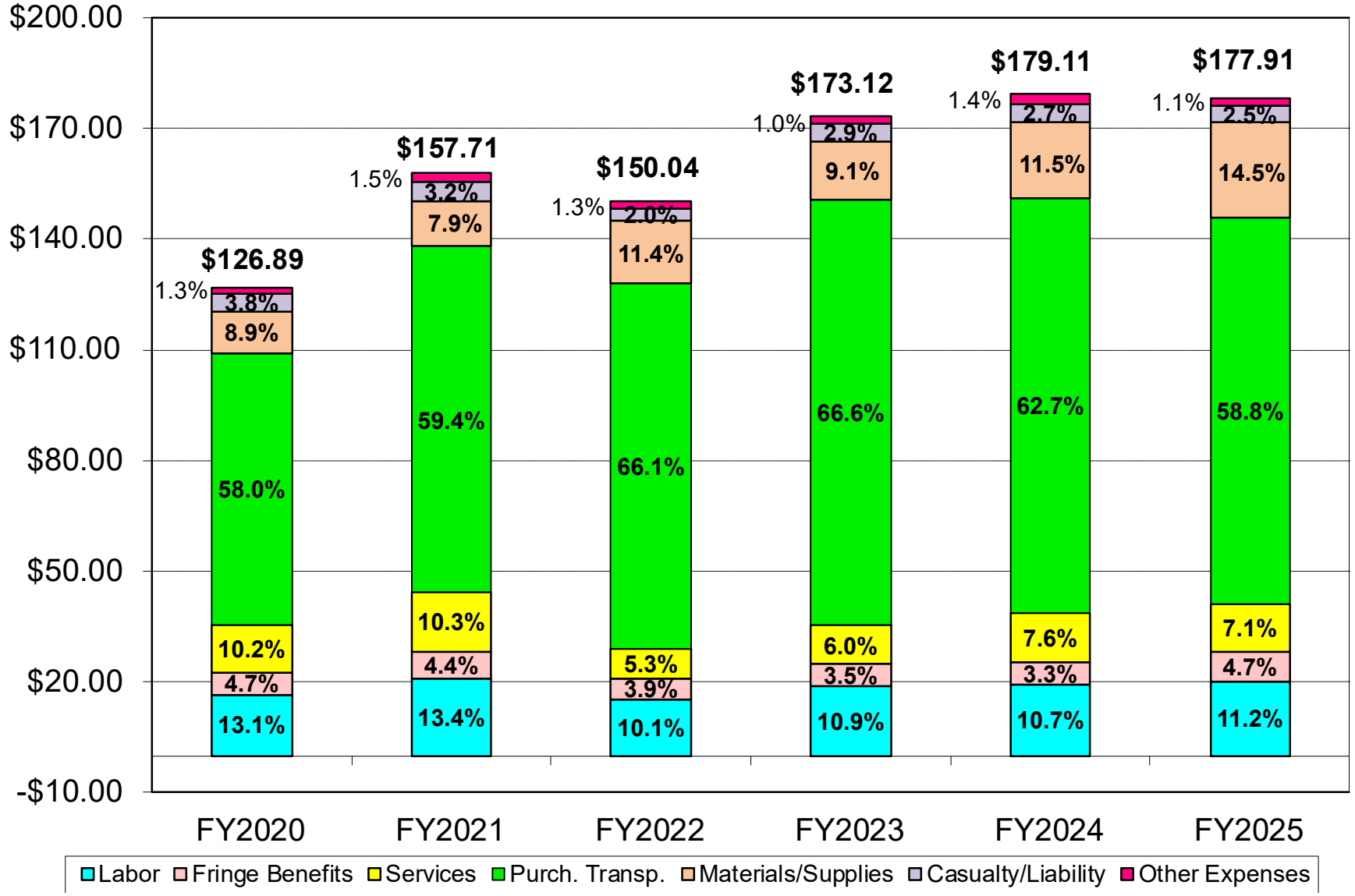
Exhibit 5.4: Component Costs Trends – Paratransit

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	*Av. Ann. Chg.*
COST CATEGORIES							
Labor (Salaries/Wages)	$120,450	$111,659	$70,514	$95,665	$107,270	$189,142	- -
Annual Change	- -	*-7.3%*	*-36.8%*	*35.7%*	*12.1%*	*76.3%*	*9.4%*
Fringe Benefits *(a)*	$43,475	$37,165	$27,035	$30,617	$33,578	$79,525	- -
Annual Change	- -	*-14.5%*	*-27.3%*	*13.2%*	*9.7%*	*136.8%*	*12.8%*
Services	$93,407	$85,822	$36,584	$52,603	$76,355	$120,029	- -
Annual Change	- -	*-8.1%*	*-57.4%*	*43.8%*	*45.2%*	*57.2%*	*5.1%*
Purchased Transportation	$532,949	$496,013	$460,297	$584,496	$628,662	$991,369	- -
Annual Change	- -	*-6.9%*	*-7.2%*	*27.0%*	*7.6%*	*57.7%*	*13.2%*
Materials/Supplies *(b)*	$81,394	$65,781	$79,163	$79,758	$115,891	$245,167	- -
Annual Change	- -	*-19.2%*	*20.3%*	*0.8%*	*45.3%*	*111.5%*	*24.7%*
Casualty/Liability	$34,741	$26,846	$14,227	$25,715	$27,593	$42,031	- -
Annual Change	- -	*-22.7%*	*-47.0%*	*80.7%*	*7.3%*	*52.3%*	*3.9%*
Other Expenses (c)	$12,290	$12,445	$8,833	$8,876	$14,037	$17,945	- -
Annual Change	- -	*1.3%*	*-29.0%*	*0.5%*	*58.1%*	*27.8%*	*7.9%*
Total	$918,706	$835,731	$696,653	$877,730	$1,003,386	$1,685,208	- -
Annual Change	- -	*-9.0%*	*-16.6%*	*26.0%*	*14.3%*	*68.0%*	*12.9%*
OPERATING STATISTICS							
Vehicle Service Hours	7,240	5,299	4,643	5,070	5,602	9,472	- -
Annual Change	- -	*-26.8%*	*-12.4%*	*9.2%*	*10.5%*	*69.1%*	*5.5%*

(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 Petaluma'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 Petaluma's TDA-STA claim application.

The results from this review are detailed by individual requirement in Exhibit 6. Petaluma 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 Terminal Inspections FY2023: 02/03/2023 FY2024: 05/22/2024 FY2025: 10/28/2025
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 Professional Services Agreement with MV Transportation, effective 07/01/18 through 6/30/2025.
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	Part Time Drivers – No prohibition of part-time employees in Professional Services Agreement with MV Transportation, effective 07/01/18 through 6/30/2025. Contracting – Petaluma contracts with MV Transportation to operate the Petaluma Transit fixed-route and Paratransit services.

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	Reduced fare information contained in Rider Guide prior to July 2024. Rider Guide August 2025 and agency website indicate that fares were eliminated as of July 1, 2024 as a one-year pilot program. https://transit.cityofpetaluma.net/fares/
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	Petaluma is a stakeholder in the MTC Coordinated Public Transit-Human Services Transportation Plan, directed by MTC as the RTAP and MPO for the Bay Area: https://mtc.ca.gov/sites/default/files/documents/2024-12/MTC-Coordinated-Plan-2024.pdf.pdf?cb=85943f94

Code Reference	Operator Compliance Requirements	Compliance Finding	Verification Information
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	Clipper Agreement (with AC Transit, BART, CCCTA, GGBHTD, SFMTA, SamTrans, Caltrain, FAST, ECCTA, LAVTA, MCTD, NVTA, Santa Rosa, SolTrans, SCT, SMART, Vacaville, VTA, WCCTA, WETA, Union City): https://www.clippercard.com/ClipperWeb/petaluma-transit.html Regional Transit Connection (RTC) Agreement (with AC Transit, BART, CCCTA, GGBHTD, SFMTA, SamTrans, Caltrain, ECCTA, LAVTA, Santa Rosa, SolTrans, SCT, STA, VTA): https://www.bart.gov/guide/accessibility/RTCAgencies Prior to July 1, 2024, SuperPass agreement with Sonoma County Transit, GGBHTD, and Cities of Cloverdale, Healdsburg, Santa Rosa and Sebastopol: https://sctransit.com/fares/passes/

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	Passengers needs are evaluated through ongoing outreach processes, including onboard customer surveys, responsiveness to customer comments and complaints, the SRTP process, and the Title VI public participation plan. Feedback is documented through an online collection of resources including a web site for tracking rider incidents and in saving/archiving input. Input is assembled and reviewed by staff regularly especially when updating the Short Range Transit Plan. Feedback is also received and documented from monthly meetings of the Petaluma Transit Advisory Committee which meets monthly.

V. STATUS OF PRIOR AUDIT RECOMMENDATIONS

Petaluma'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 section addresses responses to the recommendations made in the prior performance audit, and whether reasonable progress was made toward their implementation. There were no recommendations made in Petaluma's prior audit. As such, no review of implementation is needed.

VI. FUNCTIONAL PERFORMANCE INDICATOR TRENDS

To further assess Petaluma'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 Petaluma or for which input data were maintained by Petaluma 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, Petaluma'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 7.

- Administrative costs as a percentage of total operating costs increased over the audit period from 40.0 percent in FY2023 to 43.4 percent in FY2025. This represents an overall change of 8.5 percent.
- Administrative costs per vehicle service hour increased between FY2023 and FY2025 rising from $64.84 to $77.80, an increase of 20.0 percent.
- The portion of administrative costs attributed to marketing activities was very low throughput the audit period, and ranged from zero to 0.04 percent.
- Marketing costs per 1,000 passenger trips ranged from $0.13 in FY2023 to $2.92 in FY2025. While the change appears to be large, the total marketing costs for the audit period was little more than $1,000.
- The systemwide farebox recovery ratio decreased from 4.1 percent in FY2023 to 1.5 percent in FY2025. This drop reflects that Petaluma suspended fare collection on all transit services in July 2024.

* * * * *

The following is a brief summary of the systemwide functional trend highlights between FY2023 and FY2025

- Administrative costs as a percentage of total operating costs increased 8.5 percent over the audit period, while administrative costs rose from $64.84 to $77.80 per vehicle service hour
- The total marketing costs for the audit period was little more than $1,000, which represents a very small percentage of total operating costs.

- The systemwide farebox recovery ratio decreased significantly due to the elimination of fare collection on all Petaluma transit services in July 2024.

Exhibit 7: Functional Performance Trends – Systemwide (All Modes)

FUNCTION/Indicator	Actual Performance		
	FY2023	FY2024	FY2025
MANAGEMENT, ADMINISTRATION & MARKETING			
Administrative Cost/Total Operating Cost	40.0%	43.2%	43.4%
Annual Percent Change	- -	*7.9%*	*0.5%*
Three Year Percent Change	- -	- -	*8.5%*
Administrative Cost/Vehicle Service Hour	$64.84	$73.45	$77.80
Annual Percent Change	- -	*13.3%*	*5.9%*
Three Year Percent Change	- -	- -	*20.0%*
Marketing Cost/Total Administrative Cost	0.002%	0.000%	0.042%
Annual Percent Change	- -	*-100.0%*	- -
Three Year Percent Change	- -	- -	*2191.3%*
Marketing Cost/Unlinked Passenger Trip	$0.13	$0.00	$2.92
Annual Percent Change	- -	*-100.0%*	- -
Three Year Percent Change	- -	- -	*2128.6%*
Farebox Revenue/Operating Cost	4.1%	5.8%	1.5%
Annual Percent Change	- -	*42.1%*	*-74.5%*
Three Year Percent Change	- -	- -	*-63.7%*

Bus Service

Petaluma'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 8.

- Service Planning
  - Total operating costs per passenger mile decreased from $5.06 in FY2023 to $4.37 in FY2025, a 13.6 percent change over the audit period.
  - The farebox recovery ratio declined by 53 percent over the audit period falling from 4.6 percent in FY2023 to 2.2 percent in FY2025. The decline was the result of Petaluma's eliminating fare collection in July 2024.
  - The TDA recovery ratio, which accounts for local support and cost exclusions, rose from 14.1 percent to 15.3 percent over the audit period, an increase of 9.1 percent.
  - The percentage of vehicle miles and vehicle hours to total miles and hours was consistently between 93 to 95 percent during the audit period, reflecting a high proportion of revenue service being operated.
  - Passengers per vehicle service mile and vehicle service hour both increased significantly over the audit period, rising 43.6 percent and 14.8 percent, respectively.
- Operations
  - Vehicle operations costs as a percentage of total operating costs decreased from 41.0 percent to 38.8 percent between FY2023 and FY2025.
  - Vehicle operations costs per service hour increased overall by 7.2 percent from $65.08 in FY 2023 to $68.74 in FY2025.
  - On-time performance data for FY2023 was not available. Petaluma Transit transitioned CAD/AVL systems during this time, and as a result staff was unable to pull reports for trips on-time and total trips. However, for the two years for which data were available performance exhibited a 12.5 percent decline from 64.0 percent to 56.0 percent.

- Customer feedback data for calendar year FY2023 (including total complaints, valid complaints, and compliments) was not available. Petaluma reports that due to staffing changes customer feedback tracking resulted in variations in recording of information across service areas. However, for FY2024 and FY2025 customer feedback information showed improvements in both the complaint rate (68.1 percent reduction), and the commendation rate (28.1 percent increase).

- There were no missed trips reported throughout the audit period.

- Maintenance

  - Total maintenance costs as a percentage of total operating costs decreased from 19.4 percent in FY2023 to 17.1 percent in FY2025.

  - Vehicle maintenance costs per service mile rose during the audit period from $1.60 in FY2023 to $2.10 in FY2025, an overall increase of 31.7 percent.

  - The vehicle spare ratio increased from 35.7 percent in FY2023 to 50.0 percent in both FY2024 and FY2025.

  - The mean distance between major failures improved from 48,194 miles in FY2023 to 50,476 miles in FY2025, an overall increase of 4.7 percent.

  - Although the mean distance between all failures declined from 26,775 miles in FY2023 to 21.032 miles in FY2025, the actual number of failures was relatively low, between 9 and 12 failures over the audit period.

- Safety

  - The rate of preventable accidents decreased 4.5 percent overall during the audit period, from 0.41 to 0.40 per 100,000 vehicle miles. In terms of raw numbers Petaluma reported only one preventable accident in each year of the audit period.

* * * * *

The following is a brief summary of the bus service functional trend highlights between FY2023 and FY2025:

- Service Planning results exhibited largely steady performance throughout the audit period with the percentage of service miles and hours to total miles and hours consistently between 93 and 95 percent. TDA recovery exhibited a 9.1 percent improvement, while passenger productivity in terms of both miles and hours also improved by 43.6 percent and 33.1 percent, respectively.

- Operations results were mixed with an overall increase of 7.2 percent in vehicle operations cost per vehicle service hour, but improvements in customer complaints and commendations shown in the years for which data were available. On-time performance declined over the two years for which data were available with 64 percent of trips operated on-time in FY2024 and 56 percent of trips on-time in FY2025.

- Maintenance performance showed a decrease in total maintenance costs as a portion of total operating costs during the audit period. At the same time, vehicle maintenance costs per service mile increased about 32 percent. The vehicle spare ratio increased to 50 percent by the end of the audit period. Mean distance between major failures improved overall, while mean distance between all failures declined. However, the actual number of failures was relatively low.

- Safety performance improved with preventable accidents per 100,000 vehicle miles decreasing in each year of the audit period.

Exhibit 8: Functional Performance Trends – Bus Service

FUNCTION/Indicator	Actual Performance		
	FY2023	FY2024	FY2025
SERVICE PLANNING			
Total Operating Cost/Passenger Mile	$5.06	$4.31	$4.37
Annual Percent Change	- -	*-14.7%*	*1.3%*
Three Year Percent Change	- -	- -	*-13.6%*
Farebox Revenue/Operating Cost	4.6%	6.9%	2.2%
Annual Percent Change	- -	*49.6%*	*-68.6%*
Three Year Percent Change	- -	- -	*-53.0%*
TDA Recovery Ratio *(a)*	14.1%	16.7%	15.3%
Annual Percent Change	- -	*18.6%*	*-8.0%*
Three Year Percent Change	- -	- -	*9.1%*
Vehicle Service Miles/Total Miles	95.4%	93.6%	92.8%
Annual Percent Change	- -	*-1.9%*	*-0.8%*
Three Year Percent Change	- -	- -	*-2.7%*
Vehicle Service Hours/Total Hours	93.6%	93.3%	93.8%
Annual Percent Change	- -	*-0.3%*	*0.5%*
Three Year Percent Change	- -	- -	*0.2%*
Passengers/Vehicle Service Mile	0.9	1.2	1.3
Annual Percent Change	- -	*32.4%*	*8.5%*
Three Year Percent Change	- -	- -	*43.6%*
Passengers/Vehicle Service Hour	11.1	13.7	14.8
Annual Percent Change	- -	*23.3%*	*7.9%*
Three Year Percent Change	- -	- -	*33.1%*
OPERATIONS			
Vehicle Operations Cost/Total Operating Cost	41.0%	36.6%	38.8%
Annual Percent Change	- -	*-10.7%*	*6.0%*
Three Year Percent Change	- -	- -	*-5.3%*
Vehicle Operations Cost/Vehicle Service Hour	$65.08	$61.27	$69.74
Annual Percent Change	- -	*-5.9%*	*13.8%*
Three Year Percent Change	- -	- -	*7.2%*
Percentage of Trips On-Time	(b)	64.0%	56.0%
Annual Percent Change	- -	- -	*-12.5%*
Three Year Percent Change	- -	- -	- -
Complaints/100,000 Vehicle Service Miles	(b)	6.2	2.0
Annual Percent Change	- -	- -	*-68.1%*
Three Year Percent Change	- -	- -	- -
Missed Trips/Total Trips	(b)	4.4	5.6
Annual Percent Change	- -	- -	*28.1%*
Three Year Percent Change	- -	- -	- -

FUNCTION/Indicator	Actual Performance		
	FY2023	FY2024	FY2025
MAINTENANCE			
Vehicle + Non-Veh. Maint. Cost/Total Operating Cost	19.4%	20.0%	17.1%
Annual Percent Change	- -	*3.1%*	*-14.5%*
Three Year Percent Change	- -	- -	*-11.9%*
Vehicle Maintenance Cost/Vehicle Service Mile	$1.60	$2.10	$2.10
Annual Percent Change	- -	*31.7%*	*0.0%*
Three Year Percent Change	- -	- -	*31.7%*
Spare Vehicles/Total Vehicles	35.7%	50.0%	50.0%
Annual Percent Change	- -	*40.0%*	*0.0%*
Three Year Percent Change	- -	- -	*40.0%*
Mean Distance between Major Failures (Miles)	48,194	40,902	50,476
Annual Percent Change	- -	*-15.1%*	*23.4%*
Three Year Percent Change	- -	- -	*4.7%*
Mean Distance between All Failures (Miles)	26,775	20,451	21,032
Annual Percent Change	- -	*-23.6%*	*2.8%*
Three Year Percent Change	- -	- -	*-21.5%*
SAFETY			
Preventable Accidents/100,000 Vehicle Miles	0.41	0.41	0.40
Annual Percent Change	- -	*-1.8%*	*-2.8%*
Three Year Percent Change	- -	- -	*-4.5%*

(a) Farebox Revenue plus Local Support/Operating Cost less TDA Allowable Exclusions
(b) Data not available

Paratransit

Petaluma's paratransit functional area trends represent mostly similar areas to the bus service. Audit period performance is discussed below and presented in Exhibit 9.

- Service Planning
  - Total operating cost per passenger mile showed significant improvement over the audit period declining nearly 50 percent from $24.33 in FY2023 to $12.32 in FY2025.
  - The farebox recovery ratio decreased from 2.4 percent to 0.0 percent as a result of Petaluma's eliminating passenger fares during the audit period.
  - TDA fare recovery ratio (farebox revenue plus local support, less allowable exclusions) increased during the audit period from 10.8 percent in FY2023 to 20.6 percent in FY2025.
  - There was improvement in the ratio of vehicle service miles to total miles with performance increasing from 92 percent to 96 percent over the audit period.
  - The ratio of vehicle service hours to total hours declined 7.6 percent over the audit period from 95.4 percent in FY2023 to 88.2 percent in FY2024. Service expanded significantly in FY2025, which apparently resulted in the growth of total hours outpacing the growth in service hours.
  - Passengers per vehicle service mile increased 66.6 percent, from 0.26 in FY2023 to 0.43 in FY2025.
  - Similarly, passengers per vehicle service hour increased from 1.47 in FY2023 to 3.33 in FY2025, an increase of 126.4 percent.
- Operations
  - Vehicle operations costs as a percentage of total operating cost decreased overall from 49.5 percent in FY2023 to 44.3 percent by FY2025.
  - Vehicle operations costs per service hour decreased 8.0 percent overall, from $85.67 per hour to $78.83 per hour between FY2023 and FY2025, respectively.

- On-time performance remained steady between 92 and 93 percent of trips being operated on-time.

- Customer satisfaction improved during the two years for which data were available with complaints per 1,000 passenger trips falling by 88.4 percent.

- Although the rate of commendations per 1,000 passenger trips fell between FY2024 and FY2025, the number of commendations actually increased. The change in the rate reflects a substantial increase in the number of passenger trips in FY2025.

- There were no missed trips, and no ADA trip denials reported throughout the audit period.

- The rate of total trip cancellations increased significantly during the audit period, however, this performance was heavily influenced by the increase in service and ridership in FY2025.

- Late cancellations declined precipitously, while the percentage of no-shows to total trips increased from 1.2 percent to 2.1 percent.

- Maintenance

  - Total maintenance costs as a percentage of total operating costs increased by 49.4 percent, from 9.2 percent in FY2023 to 13.8 percent in FY2025.

  - Vehicle maintenance costs per service mile increased between FY2023 and FY2024, but decreased between FY2024 and FY2025. The net result was an overall decrease of 2.5 percent in this measure.

  - The vehicle spare ratio decreased from 66.7 percent in FY2023 to 33.3 percent in FY2025.

  - The mean distance between major failures improved during the audit period with a 21.6 percent increase from 31,211 miles in FY2023 to 37,940 miles in FY2025.

  - The mean distance between all failures increased modestly from 10,404 miles in FY2023 to 10,840 in FY2025, an overall improvement of 4.2 percent.

- Safety

  - The rate of preventable accidents per 100,000 vehicles miles was zero in FY2023 and FY2025, and only one accident reported in FY2024, or 2.80 preventable accidents per 100,000 vehicle miles in that year.

* * * * *

The following is a brief summary of the paratransit functional trend highlights between FY2023 and FY2025:

- Service Planning results showed improvements passenger productivity as a result of service and ridership increases occurring in FY2025. Overall productivity increased 66.6 percent in terms of passengers per vehicle service mile, and 126.4 percent in passengers per vehicle service hour. Farebox recovery declined due to the elimination of fare collection in July 2024, but the TDA recovery ratio increased substantially.

- Operations performance improved in terms of cost efficiency with vehicle operations costs per vehicle service hour decreasing by eight percent over the audit period. On-time performance was consistent throughout the audit period at approximately 93 percent. Customer satisfaction in terms of complaints and commendations was consistently positive. Although the trip cancellation rate increased, this appears to be the result of increased ridership in FY2025. However, there were no ADA trip denials, and the rates of late trip cancellations and no-shows were very low throughout the audit period.

- Maintenance costs compared as a percentage of total operating costs increased by 49 percent over the audit period while vehicle maintenance costs per service mile decreased by 2.5 percent. The spare ratio declined by 50 percent, reflecting the fleet requirements to meet demand. Mean distance between major failures increased significantly during the audit period, while mean distance between all failures remined fairly stable.

- Safety performance was exemplary with only one preventable accident recorded during the entire audit period.

Exhibit 9: Functional Performance Trends – Paratransit

FUNCTION/Indicator	Actual Performance		
	FY2023	FY2024	FY2025
SERVICE PLANNING			
Total Operating Cost/Passenger Mile	$24.33	$23.95	$12.32
Annual Percent Change	- -	*-1.6%*	*-48.6%*
Three Year Percent Change	- -	- -	*-49.4%*
Farebox Revenue/Operating Cost	2.4%	2.2%	0.0%
Annual Percent Change	- -	*-5.5%*	*-100.0%*
Three Year Percent Change	- -	- -	*-100.0%*
TDA Recovery Ratio *(a)*	10.8%	11.4%	20.6%
Annual Percent Change	- -	*5.5%*	*80.2%*
Three Year Percent Change	- -	- -	*90.2%*
Vehicle Service Miles/Total Miles	92.0%	93.9%	96.1%
Annual Percent Change	- -	*2.1%*	*2.3%*
Three Year Percent Change	- -	- -	*4.5%*
Vehicle Service Hours/Total Hours	95.4%	95.9%	88.2%
Annual Percent Change	- -	*0.5%*	*-8.0%*
Three Year Percent Change	- -	- -	*-7.6%*
Passengers/Vehicle Service Mile	0.26	0.27	0.43
Annual Percent Change	- -	*5.0%*	*58.6%*
Three Year Percent Change	- -	- -	*66.6%*
Passengers/Vehicle Service Hour	1.47	1.63	3.33
Annual Percent Change	- -	*11.2%*	*103.6%*
Three Year Percent Change	- -	- -	*126.4%*
OPERATIONS			
Vehicle Operations Cost/Total Operating Cost	49.5%	43.6%	44.3%
Annual Percent Change	- -	*-11.8%*	*1.5%*
Three Year Percent Change	- -	- -	*-10.5%*
Vehicle Operations Cost/Vehicle Service Hour	$85.67	$78.17	$78.83
Annual Percent Change	- -	*-8.8%*	*0.8%*
Three Year Percent Change	- -	- -	*-8.0%*
Percentage of Trips On-Time	92.0%	93.0%	92.0%
Annual Percent Change	- -	*1.1%*	*-1.1%*
Three Year Percent Change	- -	- -	*0.0%*
Complaints/10,000 Passenger Trips	(b)	0.55	0.06
Annual Percent Change	- -	- -	*-88.4%*
Three Year Percent Change	- -	- -	- -
Commendations/1,000 Unlinked Passenger Trips	(b)	0.55	0.19
Annual Percent Change	- -	- -	*-65.1%*
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		
	FY2023	FY2024	FY2025
OPERATIONS (Continued)			
ADA Trip Denials/Total ADA Trips	0.0%	0.0%	0.0%
Annual Percent Change	- -	- -	- -
Three Year Percent Change	- -	- -	- -
Trip Cancellations/Total ADA Trips	28.9%	21.5%	206.7%
Annual Percent Change	- -	*-25.7%*	*861.0%*
Three Year Percent Change	- -	- -	*614.0%*
Late Trip Cancellations/Total ADA Trips	0.00%	0.01%	0.00%
Annual Percent Change	- -	- -	*-100.0%*
Three Year Percent Change	- -	- -	- -
No-Shows/Total ADA Trips	1.2%	0.9%	2.1%
Annual Percent Change	- -	*-19.2%*	*125.5%*
Three Year Percent Change	- -	- -	*82.2%*
MAINTENANCE			
Vehicle + Non-Veh. Maint. Cost/Total Operating Cost	9.2%	13.9%	13.8%
Annual Percent Change	- -	*50.9%*	*-1.0%*
Three Year Percent Change	- -	- -	*49.4%*
Vehicle Maintenance Cost/Vehicle Service Mile	$2.52	$3.76	$2.45
Annual Percent Change	- -	*49.2%*	*-34.7%*
Three Year Percent Change	- -	- -	*-2.5%*
Spare Vehicles/Total Vehicles	66.7%	55.6%	33.3%
Annual Percent Change	- -	*-16.7%*	*-40.0%*
Three Year Percent Change	- -	- -	*-50.0%*
Mean Dist. betw. Major Failures (Miles)	31,211	35,746	37,940
Annual Percent Change	- -	*14.5%*	*6.1%*
Three Year Percent Change	- -	- -	*21.6%*
Mean Dist. betw. All Failures (Miles)	10,404	8,937	10,840
Annual Percent Change	- -	*-14.1%*	*21.3%*
Three Year Percent Change	- -	- -	*4.2%*
SAFETY			
Preventable Accidents/100,000 Vehicle Miles	0.00	2.80	0.00
Annual Percent Change	- -	- -	*-100.0%*
Three Year Percent Change	- -	- -	- -

(a) Farebox Revenue plus Local Support/Operating Cost less TDA Allowable Exclusions
(b) Data not available

VII. CONCLUSIONS AND RECOMMENDATIONS

The preceding sections presented a review of Petaluma's transit service performance during the three-year period of FY2023 through FY2025 (July 1, 2022 through June 30, 2025). 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 Petaluma'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 – Petaluma is in compliance with the data collection and reporting requirements for the TDA statistics. While there is general consistency in terms of the direction and magnitude of the year-to-year changes across the statistics, there are a few exceptions. For example, the bus service vehicle service hours in FY2024 shows an increase of 7.3 percent, whereas vehicle service miles in the same year exhibit almost no change. Also, paratransit vehicle service hours in FY2023 shows an increase of 9.2 percent, while vehicle service miles in the same year exhibits an 8.8 percent decrease. Otherwise, the trends in the statistics appear to be consistent in other years.

TDA Performance Trends – Petaluma'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 FY2020 through FY2025:

  - Cost per hour rose in both actual dollars and inflation-adjusted dollars between FY2020 and FY2025, increasing an average of 12.6 percent per year and 8.5 percent per year, respectively.

  - Passengers per hour increased an average of 1.6 percent per years over the analysis period, showing significant recovery from the downturns experienced during the pandemic in FY2020 and FY2021.

  - Passengers per mile also showed improvement with an average annual increase in productivity of 2.9 percent per year from FY2020 through FY2025.

  - Operating cost per passenger increased an average of 10.8 percent per year in actual dollars, and an average of 6.9 percent per year in constant (inflation-adjusted) dollars between FY2020 and FY2025.

- Bus Service Component Costs – The following is a brief summary of the component operating costs trend highlights for the bus service between FY2020 and FY2025:

  - Purchased transportation costs comprise the largest category of operating costs, approximately 58 percent of total operating costs. Purchased transportation increased an average of 13.3 percent per year between FY2020 and FY2025.

  - In-house labor and fringe costs together comprise just over 15 percent of total operating costs. Labor costs and fringe benefits costs increased an average of 17.5 percent and 21.1 percent per year, respectively over the analysis period.

  - Services costs exhibited the least change over the analysis period with an average increase of only 1.2 percent per year between FY2020 and FY2025.

  - Together casualty/liability costs and other expenses comprised between three and five percent of total operating costs during the analysis period. Despite overall increases the net impact of changes in these cost categories is marginal.

- Paratransit TDA Performance Indicators – The following is a brief summary of the TDA performance trend highlights over the six-year period of FY2020 through FY2025:

  - The overall increase in cost per hour was muted somewhat by the performance of the two input statistics with cost per hour increasing an average increase of 7.0 percent per year in actual dollars, and 3.1 percent per year in constant (inflation-adjusted) dollars.

  - Both measures of passenger productivity, passengers per hour and mile, exhibited significant improvements over the analysis period with average annual gains of 15.3 percent, and 16.2 percent, respectively.

  - Due to the gains in passenger productivity experienced between FY2023 and FY2025, cost effectiveness also showed improvement with an average reduction in cost per passenger of 7.2 percent in actual dollars, and 10.6 percent in constant (inflation-adjusted) dollars.

- Paratransit Component Costs – The following is a brief summary of the component operating costs trend highlights for paratransit between FY2020 and FY2025:

  - Between FY2020 and FY2025, labor costs increased an average of 9.4 percent per year, while fringe benefit costs increased and average of 12.8 percent per year. In FY2025, these two categories combined represented approximately 16 percent of total operating costs.

  - Services costs increased an average of 5.1 percent per year between FY2020 and FY2025. Despite the increase in these costs the share of services decreased as a percentage of total operating costs during the same period, from 10.2 percent to 7.1 percent.

  - Purchased transportation costs are the largest category of operating costs, accounting for between 58 and 67 percent of total operating costs over the six-year period. Purchased transportation costs increased an average of 13.2 percent per year between FY2020 and FY2025.

  - The share of materials/supplies cost grew from 8.9 percent of total operating costs in FY2020 to 14.5 percent of total operating costs in FY2025, and exhibited an average increase of 24.7 percent per year.

- Casualty/liability costs represented approximately three percent of total operating costs, while the other expenses between one and two percent during. throughout the analysis period.

Compliance with Statutory Requirements – Petaluma 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 – There were no recommendations made in Petaluma's prior audit. As such, no review of implementation is needed.

Functional Performance Indicator Trends – to further assess Petaluma'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 FY2023 and FY2025:
  - Administrative costs as a percentage of total operating costs increased 8.5 percent over the audit period, while administrative costs rose from $64.84 to $77.80 per vehicle service hour
  - The total marketing costs for the audit period was little more than $1,000, which represents a very small percentage of total operating costs.
  - The systemwide farebox recovery ratio decreased significantly due to the elimination of fare collection on all Petaluma transit services in July 2024.
- Bus Service – The following is a brief summary of the bus service functional trend highlights between FY2023 and FY2025:
  - Service Planning results exhibited largely steady performance throughout the audit period with the percentage of service miles and hours to total miles and hours consistently between 93 and 95 percent. TDA recovery

exhibited a 9.1 percent improvement, while passenger productivity in terms of both miles and hours also improved by 43.6 percent and 33.1 percent, respectively.

- Operations results were mixed with an overall increase of 7.2 percent in vehicle operations cost per vehicle service hour, but improvements in customer complaints and commendations shown in the years for which data were available. On-time performance declined over the two years for which data were available with 64 percent of trips operated on-time in FY2024 and 56 percent of trips on-time in FY2025.

- Maintenance performance showed a decrease in total maintenance costs as a portion of total operating costs during the audit period. At the same time, vehicle maintenance costs per service mile increased about 32 percent. The vehicle spare ratio increased to 50 percent by the end of the audit period. Mean distance between major failures improved overall, while mean distance between all failures declined. However, the actual number of failures was relatively low.

- Safety performance improved with preventable accidents per 100,000 vehicle miles decreasing in each year of the audit period.

- Paratransit – The following is a brief summary of the paratransit functional trend highlights between FY2023 and FY2025:

  - Service Planning results showed improvements passenger productivity as a result of service and ridership increases occurring in FY2025. Overall productivity increased 66.6 percent in terms of passengers per vehicle service mile, and 126.4 percent in passengers per vehicle service hour. Farebox recovery declined due to the elimination of fare collection in July 2024, but the TDA recovery ratio increased substantially.

  - Operations performance improved in terms of cost efficiency with vehicle operations costs per vehicle service hour decreasing by eight percent over the audit period. On-time performance was consistent throughout the audit period at approximately 93 percent. Customer satisfaction in terms of complaints and commendations was consistently positive. Although the trip cancellation rate increased, this appears to be the result of increased ridership in FY2025. However, there were no ADA trip denials, and the rates of late trip cancellations and no-shows were very low throughout the audit period.

- Maintenance costs compared as a percentage of total operating costs increased by 49 percent over the audit period while vehicle maintenance costs per service mile decreased by 2.5 percent. The spare ratio declined by 50 percent, reflecting the fleet requirements to meet demand. Mean distance between major failures increased significantly during the audit period, while mean distance between all failures remined fairly stable.

- Safety performance was exemplary with only one preventable accident recorded during the entire audit period.

Recommendations

1. DEVELOP AND IMPLEMENT STRATEGIES TO IMPROVE ON-TIME PERFORMANCE FOR PETALUMA TRANSIT'S BUS SERVICE.
   [Reference Section: VI. Functional Performance Indicator Trends]

Data for on-time performance was only available for FY2024 and FY2025. Performance for these two years exhibited a 12.5 percent decline from 64.0 percent to 56.0 percent of trips operated on-time. In order to provide more reliable service, Petaluma Transit should investigate the reasons for the declining on-time performance, and develop a plan to improve the reliability on its bus service.

APPENDIX A:
INPUT STATISTICS FOR
FUNCTIONAL PERFORMANCE MEASURES

Functional Performance Inputs - Systemwide (All Modes)

Data Item	FY2023	FY2024	FY2025	Source
Total Operating Costs	$3,828,685	$4,339,703	$5,356,610	NTD F-40
Administrative Costs	$1,532,879	$1,875,075	$2,326,034	NTD F-40
Vehicle Service Hours	23,640	25,527	29,896	NTD S-10
Marketing Costs	$28	$0	$973	Petaluma staff
Unlinked Passenger Trips	213,607	282,001	333,253	NTD S-10
Farebox Revenue (All Modes)	$156,793	$252,499	$79,607	NTD F-10

Functional Performance Inputs – Bus Service

Data Item	FY2023	FY2024	FY2025	Source
Vehicle Service Miles	229,901	229,753	234,270	NTD S-10 MB
Total Vehicle Miles	240,972	245,411	252,378	NTD S-10 MB
Vehicle Service Hours	18,570	19,925	20,424	NTD S-10 MB
Total Vehicle Hours	19,843	21,357	21,775	NTD S-10 MB
Unlinked Passenger Trips	206,161	272,852	301,758	NTD S-10 MB
Farebox Revenue	$136,030	$230,065	$79,607	NTD F-10
Total Operating Costs	$2,950,955	$3,336,317	$3,671,402	NTD F-30 MB
Passenger Miles	583,551	773,415	839,826	NTD S-10 MB
Vehicle Operations Costs	$1,208,458	$1,220,741	$1,424,309	NTD F-30 MB
Local Support *(a)*	$278,635	$326,110	$483,328	Petaluma staff
TDA Oper. Cost Exclusions - PUC 99247 *(b)*	$0	$0	$0	Petaluma staff
TDA Oper. Cost Exclusions - PUC 99268.17 *(c)*	$0	$0	$0	Petaluma staff
Trips On-Time (within +/- 5 minutes)	(d)	64.00%	56.00%	Year-end Report
Total Trips	(d)	28,376	33,845	Year-end Report
Total Complaints	(d)	63	34	Year-end Report
Valid Complaints	(d)	17	6	Year-end Report
Compliments	(d)	12	17	Year-end Report
Missed Trips	(d)	0	0	Year-end Report
Vehicle Maintenance Costs	$367,029	$483,197	$492,712	NTD F-30 MB
Non-Vehicle Maintenance Costs	$204,917	$183,540	$134,459	NTD F-30 MB
Spare Vehicles (Total less Maximum Service)	5	7	7	NTD S-10 MB
Total Vehicles	14	14	14	NTD S-10 MB
Revenue Vehicle Mechanical System Failures - Total	9	12	12	NTD R-20

Data Item	FY2023	FY2024	FY2025	Source
Revenue Vehicle Mechanical System Failures - Major	5	6	5	NTD R-20
Preventable Accidents	1	1	1	Year-end Report

(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) Data not available

Functional Performance Inputs – Paratransit

Data Item	FY2023	FY2024	FY2025	Source
Vehicle Service Miles	28,711	33,583	72,911	NTD S-10
Total Vehicle Miles	31,211	35,746	75,880	NTD S-10
Vehicle Service Hours	5,070	5,602	9,472	NTD S-10
Total Vehicle Hours	5,314	5,843	10,744	NTD S-10
Unlinked Passenger Trips	7,446	9,149	31,495	NTD S-10
Farebox Revenue	$20,763	$22,434	$0	NTD F-10
Total Operating Costs	$877,730	$1,003,386	$1,685,208	NTD F-30 DR
Passenger Miles	36,081	41,901	136,789	NTD S-10
Vehicle Operations Costs	$434,353	$437,934	$746,714	NTD F-30 DR
Local Support (a)	$74,068	$91,980	$227,450	Petaluma staff
TDA Oper. Cost Exclusions - PUC 99247 (b)	$0	$0	$0	Petaluma staff
TDA Oper. Cost Exclusions - PUC 99268.17 (c)	$0	$0	$578,526	Petaluma staff
Trips On-Time (within 30 minute window)	92.0%	93.0%	92.0%	Year-End Report
Total Trips (Vehicle)	7,593	9,187	11,274	Year-End Report
Total Complaints	(d)	5	2	Year-End Report
Valid Complaints	(d)	0	0	Year-End Report
Compliments	(d)	5	6	Year-End Report
Missed Trips	0	0	0	Year-End Report
Total ADA Trips	7,593	9,187	11,274	Year-End Report
ADA Trip Denials	0	0	0	Year-End Report
Trip Cancellations	2,198	1,976	23,303	Year-End Report
Late Trip Cancellations	0	1	0	Year-End Report
No Shows	88	86	238	Year-End Report

Data Item	FY2023	FY2024	FY2025	Source
Vehicle Maintenance Costs	$72,297	$126,133	$178,941	NTD F-30 DR
Non-Vehicle Maintenance Costs	$8,742	$13,620	$53,441	NTD F-30 DR
Spare Vehicles (Total less Maximum Service)	6	5	3	NTD S-10
Total Vehicles	9	9	9	NTD S-10
Revenue Vehicle Mechanical System Failures - Total	3	4	7	NTD R-20
Revenue Vehicle Mechanical System Failures - Major	1	1	2	NTD R-20
Preventable Accidents	0	1	0	Year-End Report

(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) Data not available