

FY 2019-2021
TRIENNIAL PERFORMANCE AUDIT OF
PARATRANSIT, INC.

SUBMITTED TO



SACRAMENTO AREA COUNCIL
OF GOVERNMENTS



SUBMITTED BY

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INTERNATIONAL

Final

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Executive Summary

The Sacramento Area Council of Governments (SACOG) engaged the Michael Baker International audit team (Michael Baker) to conduct the Transportation Development Act (TDA) triennial performance audit of the nine public transit operators under its jurisdiction. The performance audit serves to ensure accountability in the use of public transportation revenue. This performance audit is conducted for Paratransit, Inc. covering the most recent triennial period, fiscal years 2018–19 through 2020–21.

The audit includes a review of the following areas:

- Compliance with TDA requirements
- Status of prior audit recommendations
- Transit system performance trends
- Detailed functional review

From the review, recommendations were developed to improve the operational efficiency and effectiveness of Paratransit, Inc.

Compliance with TDA Requirements

Of the compliance requirements applicable to Paratransit, Inc., the operator fully complied with all eight requirements. Three additional compliance requirements did not apply to Paratransit, Inc. (i.e., urbanized and blended farebox recovery ratios, and receipt of State Transit Assistance funding).

Status of Prior Audit Recommendations

Paratransit, Inc. satisfactorily implemented all three of the prior audit recommendation involving the development of a long-term strategic plan, the upgrade of fleet maintenance software, and implementation of marketing strategies and rebranding efforts.

Transit System Performance Trends

1. Operating costs system-wide decreased by 65.5 percent using audited data from the FY 2018 base year to FY 2021, with the greatest decrease occurring between FYs 2020 and 2021. No demand-response operating costs were incurred in FY 2021 due primarily to the termination of the SacRT demand-response contract, creating a 100 percent decline with this particular cost. From FY 2018 to FY 2020, prior to the termination of the SacRT contract, Paratransit, Inc.'s demand-response operating costs increased 2.1 percent. The COVID-19 pandemic was also a significant factor impacting performance. Contracted services operating costs decreased 69.4

percent from FY 2018 to FY 2021 while operating costs for CTSA services decreased by 86.6 percent over the same period. Food delivery services commenced by Paratransit, Inc. in FY 2021 accounted for \$6.5 million in operating costs. On an average annual basis, system-wide costs decreased 21.6 percent from FY 2018 to FY 2021, with the greatest decrease of 65.6 percent occurring in FY 2021.

2. Ridership decreased 94.2 percent system-wide from 829,431 trips in FY 2018 to 48,476 trips in FY 2021. From FY 2018 to FY 2020, prior to the termination of the SacRT contract, demand-response ridership decreased by 23.4 percent. Contracted services ridership decreased by 85.9 percent from FY 2018 to FY 2021 while ridership for CTSA services decreased by 89.3 percent over the same period. There were 274,351 food deliveries made in FY 2021, the first year of this service in response to needs for the community driven by the pandemic.
3. The provision of vehicle service hours and miles system-wide decreased by 83.2 percent and 74.4 percent, respectively, from FY 2018 to FY 2021. From FY 2018 to FY 2020, prior to the termination of the SacRT service contract, demand-response vehicle service hour and miles decreased by 21.7 percent and 20.9 percent, respectively. From FY 2018 to FY 2021, contracted services exhibited a decrease of 67.2 percent in vehicle service hours and a decrease of 57.5 percent in vehicle service miles. CTSA service hours decreased by 82.8 percent while service miles increased by 66.0 percent from FY 2018 to FY 2021. Food delivery services accounted for 36,925 vehicle service hours and 726,873 vehicle service miles in FY 2021.
4. Operating cost per passenger/food delivery, an indicator of cost effectiveness, decreased 11.4 percent system-wide from \$24.78 in FY 2018 to \$21.96 in FY 2021. Prior to the termination of the SacRT contract, the indicator increased by 33.3 percent for demand-response service from FY 2018 to FY 2020. Operating cost per passenger increased by 116.7 percent for contracted services from FY 2018 to FY 2021 and increased by 24.6 percent for CTSA services over the same period. Operating cost per food delivery was \$23.78 in FY 2021.
5. Operating cost per hour, an indicator of cost efficiency, increased 105.7 percent system-wide from \$63.68 in FY 2018 to \$130.99 in FY 2021, as revenue hours declined more quickly than costs in FY 2021. Prior to the termination of the SacRT contract, operating cost per hour increased by 30.3 percent for demand-response service from FY 2018 to FY 2020. From FY 2018 to FY 2021, operating cost per hour decreased by 6.8 percent for contracted services and 22.3 percent for CTSA services. In FY 2021, food delivery services incurred an operating cost per hour of \$176.71.
6. Passengers/food deliveries per hour, which measures the effectiveness of the service delivered, increased by 132.1 percent system-wide from 2.57 passengers in FY 2018 to 5.97 passengers/food deliveries per hour in FY 2021. Prior to the termination of the SacRT contract, passengers per hour on the demand-response service decreased by 2.2 percent from FY 2018 to FY 2020. From FY 2018 to FY 2021, passengers per hour on contracted services decreased

57.0 percent and decreased 37.7 percent for CTSA services. In FY 2021, there were 7.43 food deliveries per hour.

7. Vehicle hours per full-time equivalent (FTE) employee, which measures labor productivity, decreased by 45.9 percent system-wide from FY 2018 to FY 2021. This measure is based on the number of employee FTEs using employee pay hours from the State Controller Report and dividing by 2,000 hours per employee. The agency-wide employee count decreased from 239 FTEs in FY 2018 to 74 FTEs in FY 2021, while vehicle hours declined by over 80 percent.
8. There was a 76.1 percentage increase in the system-wide farebox recovery ratio from 11.77 percent in FY 2018 to 20.73 percent in FY 2021 based on audited data. SACOG has adopted a farebox recovery ratio of 5 percent for Paratransit, Inc. as a designated CTSA for Sacramento County. Farebox recovery for ADA/non-ADA demand response decreased by 28.8 percentage from 10.50 percent in FY 2018 to 7.48 percent in FY 2020 before the contract terminated. The farebox recovery ratio for contracted services increased substantially from additional contracted services provided the last several years such as with Alta California Regional Center. During the same period, the farebox recovery ratio for CTSA services increased by 153.0 percent, from 39.52 in FY 2018 to 100 percent in FY 2021. In FY 2021, food delivery services, a new offering to meet community needs during the pandemic, exhibited a 7.46 percent farebox recovery.

Detailed Functional Review

1. Prior to 2020, Paratransit, Inc. provided ADA and non-ADA demand-response services for SacRT through a service contract between the two agencies. In June 2020, the service contract between Paratransit, Inc. and SacRT expired. Philosophical differences emerged between the two agencies on the continuation of ADA services as the contract expiration neared, with a best and final offer presented to Paratransit, Inc. Paratransit, Inc. decided not to enter into a new service agreement with SacRT, and instead, SacRT transitioned ADA paratransit and non-ADA demand-response service operations in-house.
2. The resulting split from SacRT offered opportunity and flexibility for Paratransit, Inc. to strategically plan for and deliver new and additional programs and services including contract transportation, travel training, coordinated services and resources for social service agencies, and other mobility solutions completely under the discretion of the Paratransit, Inc. Board of Directors. SacRT and Paratransit, Inc. came to the agreement that all assets owned by SacRT would return to SacRT and CTSA funding for Sacramento County would be divided using a 70/30 split, with 70 percent of funding going to SacRT and 30 percent of funding going to Paratransit, Inc. This split also applied to Measure A funds for specialized transportation.
3. Following the transition of Paratransit, Inc.'s ADA transit services for the Sacramento area to SacRT in June 2020, Paratransit, Inc. was contracted to continue to provide vehicle maintenance service for the SacRT ADA services fleet. The contract includes vehicle maintenance, cleaning, and fueling for all SacRT GO vehicles.

4. In June 2019, Paratransit, Inc. entered a contract with Alta California Regional Center (Alta) for Adult Day Program Transportation for the transportation of individuals with developmental disabilities to adult day programs and jobs. The initial contract term ran through May 2021 with three optional one-year extensions.
5. Since June 2020, fare payments are largely paid by organizations via service contracts agreements rather than directly by passengers. Service contracts are customized to uniquely address organization and client needs, and services are invoiced either by trip, passenger, service hour or mile, or on a monthly basis.
6. As impacts from the novel coronavirus (COVID-19) started to be realized in California, Paratransit, Inc. enacted many new procedures including mask and vaccine mandates as well as vehicle sanitation procedures. Nearly all departments within the agency were affected in some way by the impacts of COVID-19; service operations were impacted most directly. Paratransit, Inc. experienced a sudden and drastic drop in ridership resulting from the stay-at-home orders, as the populations the agency serves were considered high risk and the day programs the majority of riders were traveling to using Paratransit, Inc. services were cancelled.
7. In an effort to serve the community in a time of great need, Paratransit, Inc. shifted focus to food delivery services. Paratransit, Inc. drivers pivoted from the transportation of riders to the transportation and delivery of meal kits and groceries. Food was picked up from partner social services agencies and restaurants and delivered directly to individuals in need.
8. Paratransit, Inc.'s flexibility and adaptability both among its personnel and services during this turbulent time illustrates the agency's dedication and loyalty to its mission and communities served. The agency was able to maintain its vitality and continue to collect revenue through creative use of its resources while providing critically needed services to the community.
9. A collective bargaining agreement was in place from December 2018 through December 2021, encompassing the majority of the audit period. A new agreement was negotiated in just three sessions, demonstrating the strong relationship between Paratransit, Inc. and Amalgamated Transit Union Local 256. The new agreement covers 2021 through 2025 and is the longest contract term the two parties have entered together to date. While many terms of the contract remained unchanged, some key changes included the inclusion of a 40-hour guarantee, updated safety protocols, and policy changes allowing for more flexible-use floating holidays.
10. Paratransit, Inc.'s agency-wide FTEs reduced by 60.8 percent from FY 2020 to FY 2021 as a result of the transition away from ADA and non-ADA demand response operations. Through the transition period many staff members did leave Paratransit, Inc. to work for SacRT. While this period was difficult on Paratransit, Inc. morale, in the long term, the impacts appeared to be quite positive. Those employees who chose to stay with Paratransit, Inc. indicated their

personal desire to help support the mission of the agency, ultimately contributing to high employee morale.

11. During the audit period Paratransit, Inc. hired RSE, a full services advertising and marketing firm, to deploy a comprehensive marketing and branding campaign that highlights the agency's CTSA activities. In addition, new marketing materials were developed for travel training, the youth program, and other key projects. The campaign was implemented by Paratransit, Inc. in summer 2019.

Recommendations

| Performance Audit Recommendation | Background | Timeline |
|---|--|----------------------|
| <p>1. Consider development and updating of performance metrics for mobility solutions services.</p> | <p>Prior to 2020, Paratransit, Inc.'s agency-wide performance and service efficiency and effectiveness was largely monitored through the lens of demand-response tracking of various performance metrics including total passengers, passenger fares, fare recovery ratio, missed pickups, no-shows, cancellations, reservation hold times, and on-time performance. In 2020, Paratransit, Inc. transitioned away from ADA and non-ADA demand-response services, providing transportation to adult day programs and jobs, CTSA functions, mobility solutions, and maintenance outsourcing. Once the COVID-19 pandemic struck, Paratransit, Inc. also incorporated food delivery into its service offerings which ultimately became the predominant service offered during the stay-at-home directives by the State. With this shift away from traditional passenger transportation, the metrics once used to assess agency performance may no longer comprehensively measure the agency's effective and efficient service to the community as well as use of TDA funds.</p> <p>Paratransit, Inc. should consider reviewing, making revisions, and monitoring service metrics that capture the agency's performance from its new and additional services such as contract transportation, mobility innovation, and contract maintenance. While current TDA performance measures and others such as on-time performance and ride-time still apply for operational efficiency and contractual requirements, some example potential measures</p> | <p>High Priority</p> |

| Performance Audit Recommendation | Background | Timeline |
|---|---|------------------------|
| | <p>include modifications to the farebox recovery ratio method that is not based on passenger fares; tracking of governmental and private grants capture percentage and amounts; and annual change in number of agencies involved in mobility management activities. Some of the customer-facing performance indicators would show progress with the emerging changes occurring at Paratransit Inc. and its differentiation from past services.</p> | |
| <p>2. Consider growing vehicle maintenance services as a means of increasing agency revenue and furthering CTSA objectives.</p> | <p>Following the transition of Paratransit, Inc.'s ADA transit services for the Sacramento area to SacRT in June 2020, Paratransit, Inc. was contracted to continue to provide vehicle maintenance service to the vehicles in the SacRT ADA services fleet. The contract includes vehicle maintenance, cleaning, and fueling for all SacRT GO vehicles.</p> <p>This service contract provides a relatively stable and reliable revenue source for Paratransit, Inc., in addition to contract services and government funding, and was particularly beneficial during the COVID-19 pandemic when passenger transport was halted. Paratransit, Inc. may benefit from an expansion of this contracted service as one of its core CTSA services as the agency pushes to further diversity its revenue generation.</p> | <p>Medium Priority</p> |

Section I

Introduction

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

The Sacramento Area Council of Governments (SACOG) engaged the Michael Baker International audit team (Michael Baker) to conduct the TDA triennial performance audit of the nine public transit operators under its jurisdiction. The performance audit serves to ensure accountability in the use of public transportation revenue. This performance audit is conducted for Paratransit, Inc. covering the most recent triennial period, fiscal years 2018–19 through 2020–21.

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

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

Overview of Services

Paratransit, Inc. was founded in 1978 as a 501(c)(3) private nonprofit dedicated to providing transportation services to individuals with disabilities, the elderly, and related agencies throughout the Sacramento County region. In 1979, the California State legislature enacted legislation that provided for the creation of Consolidated Transportation Service Agencies (CTSA), which were designated to foster coordination among social service transportation providers in order to utilize existing transportation efficiently. Paratransit, Inc. was the first such designated agency in California in 1981 and has implemented a variety of programs to

assist local agencies in delivering cost-efficient, client-focused transportation. From 1981 to December 2020, Paratransit, Inc. served as the sole CTSA for the Sacramento area comprising a 273-square-mile service area with a current estimated population of about 1,167,000 residents. Paratransit, Inc. is recognized as a national leader in coordinated transportation programs.

The services provided by Paratransit, Inc. as a Sacramento area CTSA include non-Americans with Disabilities Act (ADA) demand-response service, mobility training, interagency resource management, vehicle maintenance, travel training, one-stop call center, technical support, record-keeping, loaner vehicles, scheduling, fueling, grant writing, and insurance. As a designated CTSA, Paratransit, Inc. has partnered with social service agencies such as United Cerebral Palsy, Easter Seals, Health for All, Developmental Disabilities Service Organization, Elk Grove Adult Community Training, Saint John's, ACC Senior Services, Eskaton, and Sutter Senior Care to increase transportation options for seniors, individuals with disabilities, and persons with low incomes. With its Youth to Jobs program, Paratransit, Inc. partners with other local public and private agencies to help ensure that students participating in local internship programs have reliable transportation to and from job sites.

When the ADA of 1990 was enacted, Paratransit, Inc. and the Sacramento Regional Transit District (SacRT) entered into a collaborative agreement for Paratransit, Inc. to provide all complementary transit services for ADA-certified passengers within SacRT's service area. In June 2020, the service contract between Paratransit, Inc. and SacRT expired while a new service agreement was not executed. Instead, SacRT transitioned ADA paratransit and non-ADA demand-response service operations in-house. The resulting split from SacRT offered opportunity and flexibility for Paratransit, Inc. to deliver new and additional programs and services including contract transportation, travel training, coordinated services and resources for social service agencies, and other mobility solutions completely under the discretion of the Paratransit, Inc. Board of Directors.

Following the transition of Paratransit, Inc.'s ADA and non-ADA transit services for the Sacramento area to SacRT in June 2020, Paratransit, Inc. was contracted to continue to provide vehicle maintenance service to the vehicles in the SacRT ADA services fleet. The contract includes vehicle maintenance, cleaning, and fueling for all SacRT GO vehicles.

Paratransit, Inc. Service Offerings Prior to June 2020:

- *ADA Complementary Paratransit Service:* The ADA requires agencies providing fixed-route transit service to provide complementary ADA paratransit service for people who cannot use the fixed-route system. Until 2020, SacRT had a collaborative agreement with Paratransit, Inc. to provide this service within a .75-mile radius of its fixed bus routes and light rail stations. ADA eligibility was required for this service. SacRT determined eligibility for the ADA service. Limited purchased demand taxi service supplemented Paratransit, Inc. service as necessary.

ADA paratransit service was available during the same days and hours that SacRT's fixed-route and light rail service operated. Paratransit, Inc. trips were available seven days a week, including holidays, from approximately 5:00 a.m. through 12:30 a.m. Limited trips were available prior to 5:00 a.m. and until approximately 1:00 a.m. within .75 miles of SacRT bus and light rail service in operation.

- *Non-ADA Service:* This service mode encompassed trips for which the rider was age 75 or older but not ADA-certified; the rider was ADA-certified but the origin or destination lay outside the .75-mile boundary; the rider was ADA-certified and the trip lay within the .75-mile boundary but SacRT service was not operational; the trip was to or from Raley Field in West Sacramento or Sacramento International Airport; or the trip went outside of the SacRT service area. Non-ADA trips were provided on the same vehicles as ADA trips to increase efficiency and were subject to space availability. Paratransit, Inc. had a policy of no denials for this service. This service was transitioned to SacRT in 2020.
- *CTSA Service:* Paratransit, Inc. coordinates transportation needs for neighborhood and social service agencies throughout Sacramento County. It also provides centralized maintenance and administration for various social services programs and consolidates funding for more efficient use of resources. Presently, CTSA partners provide shared-ride transportation services, many for clients to reach ongoing programs, such as adult day programs, and some for individual medical, shopping, and other trips. CTSA partner trips are not considered ADA trips, though some riders do have ADA eligibility, and others might qualify for ADA service.

Paratransit, Inc. Service Offerings After June 2020:

Following the transition away from ADA and non-ADA transit services in 2020, Paratransit, Inc. began expanding its CTSA service offerings to the community including meal delivery, contract transportation services, and mobility solutions with a branding emphasis on empathy for the community and its workers. These services are detailed in the *Review of Operator Functions* sections of this report.

Fares:

Prior to June 2020, fares within the service area were \$5.00 each way. Airport trips, which are outside of the service area, were \$10.00 each way. One-way in-service area trips and airport trips were both payable by either cash or coupon. Paratransit, Inc. also offered two types of monthly passes:

- Option 1 offered 60 ADA paratransit trips per calendar month. Full fare was required for additional ADA paratransit trips in excess of 60.

- Option 2 offered a combination of 44 ADA paratransit trips and unlimited fixed-route trips on SacRT buses and trains for the calendar month.

The combination monthly pass provided coupons for the 44 ADA paratransit trips and a SacRT fixed-routes senior/disabled monthly pass/stickers which must be affixed to a SacRT Disabled photo ID card and presented when redeeming a coupon for an ADA paratransit trip. The fares for Paratransit, Inc. at the time the services were transitioned to SacRT in June 2020 are shown in Table I-1 below.

**Table I-1
Paratransit, Inc. Fare Schedule**

| Fare Category | Fare |
|---|----------|
| One-way Trip | \$5.00 |
| Airport Trips | \$10.00 |
| ADA Paratransit Monthly Pass – Option 1 | \$137.50 |
| ADA Paratransit Monthly Pass – Option 2 | \$137.50 |

Source: Paratransit, Inc.

Paratransit, Inc. collected and reported ADA paratransit fares collected. Fare revenue collected was retained by Paratransit, Inc. and was used to offset the costs to provide ADA paratransit service.

Since June 2020, fare payments are largely paid by organizations via service contract agreements rather than directly by passengers. Service contracts are customized to uniquely address organization and client needs, and services are invoiced either by trip, passenger, service hour or mile, or on a monthly basis.

Fleet

The Paratransit, Inc. fleet is composed of 123 vehicles. Operated vehicles are a mix of gasoline and compressed natural gas (CNG) cutaways. The table below shows the fleet. Many vehicles are due for replacement.

**Table I-2
Paratransit, Inc. Fleet**

| Year | Make & Model | Quantity | Seating Capacity |
|------|---------------|----------|------------------|
| 1997 | Ford E350 | 1 | 8 (4 W/C) |
| 2001 | Dodge Ram | 1 | 3 |
| 2006 | Dodge Magnum | 1 | 3 |
| 2007 | Chevy C5500 | 5 | 20 (6 W/C) |
| 2007 | Ford E450 | 16 | 4-8 (5 W/C) |
| 2008 | Ford E450 | 9 | 5-8 (5 W/C) |
| 2009 | Ford E450 | 6 | 6-8 (5-6 W/C) |
| 2010 | Dodge Caravan | 14 | 3 (1 W/C) |
| 2010 | Honda Odyssey | 1 | 4 (1 W/C) |

| Year | Make & Model | Quantity | Seating Capacity |
|--------------|-------------------------|------------|------------------|
| 2011 | Ford E450 | 9 | 16 (6 W/C) |
| 2013 | Chrysler Town & Country | 1 | 4 (1 W/C) |
| 2015 | Dodge Caravan | 1 | 4 (1 W/C) |
| 2016 | Chrysler Town & Country | 1 | 4 (1 W/C) |
| 2016 | Dodge Caravan | 1 | 4 (1 W/C) |
| 2016 | Toyota Sienna | 1 | 4 (1 W/C) |
| 2017 | Ford E450 | 26 | 6 (5 W/C) |
| 2017 | Ford E450 | 10 | 8 (2 W/C) |
| 2017 | Ford E450 | 1 | 14 (2 W/C) |
| 2017 | Ford E450 | 17 | 16 (5 W/C) |
| 2018 | Dodge Caravan | 1 | 4 (1 W/C) |
| Total | | 123 | |

Source: Paratransit, Inc Vehicle Inventory 6.30.21.

Fleet Facilities

Paratransit, Inc. operates out of a single facility on Florin Road in the City of Sacramento. All Paratransit, Inc. vehicles are parked on-site. All administrative functions, including reservations, scheduling, dispatch, and training, are conducted from an administrative building on-site.

Section II

Operator Compliance Requirements

This section of the audit report contains the analysis of Paratransit, Inc.’s ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses Caltrans’ *Performance Audit Guidebook* to assess transit operators. The guidebook contains a checklist of 11 measures taken from relevant sections of the PUC and the California Code of Regulations. Each requirement is discussed in the table below, including a description of the system’s efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

| Table II-1 Operator Compliance Requirements Matrix | | |
|--|--------------------------------------|--|
| Operator Compliance Requirements | Reference | Compliance Efforts |
| The transit operator submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller. Report is due within seven (7) months after the end of the fiscal year (on or before January 31). The report shall contain underlying data from audited financial statements prepared in accordance with generally accepted accounting principles, if this data is available. | Public Utilities Code, Section 99243 | Completion/submittal dates: <i>For CTSA/Specialized Service:</i> FY 2019: January 28, 2020 FY 2020: January 28, 2021 FY 2021: January 25, 2022 Conclusion: Complied. |
| The operator has submitted annual fiscal and compliance audits to the RTPA and to the State Controller within 180 days following the end of the fiscal year (Dec. 27) or has received the appropriate 90-day extension by the | Public Utilities Code, Section 99245 | Completion/submittal dates: FY 2019: December 30, 2019 FY 2020: January 15, 2021 FY 2021: December 30, 2021 Conclusion: Complied. The FY 2020 annual fiscal and |

| Table II-1 Operator Compliance Requirements Matrix | | |
|---|--|--|
| Operator Compliance Requirements | Reference | Compliance Efforts |
| RTPA allowed by law. | | compliance audit was submitted within the 90-day extension period by SACOG as allowed by law. |
| The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator’s compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator’s terminal. | Public Utilities Code, Section 99251 B | <p>Paratransit, Inc. participates in the California Highway Patrol (CHP) Transit Operator Compliance Program, in which the CHP conducted inspections within the 13 months prior to each TDA claim. Inspections took place at Paratransit, Inc.’s facility located at 2501 Folsom Road in Sacramento.</p> <p>Inspection dates applicable to the audit period were February 19-20, 2019; March 9-10, 2020; and March 23, 2021.</p> <p>Inspections were found to be satisfactory.</p> <p>Conclusion: Complied.</p> |
| The operator’s claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims. | Public Utilities Code, Section 99261 | <p>It is SACOG policy that 5 percent of the available Local Transportation Fund (LTF) funds in the area covered by the activated boundaries of SacRT be allocated for the purpose of providing service to the elderly and disabled under Article 4.5.</p> <p>In January 2020, SacRT and Paratransit, Inc. formalized an agreement for the split of County funding used for the delivery of transit services for</p> |

| Table II-1 Operator Compliance Requirements Matrix | | |
|--|---|---|
| Operator Compliance Requirements | Reference | Compliance Efforts |
| | | <p>seniors and individuals with disabilities, with 70 percent of Measure A specialized service and Article 4.5 LTF funding allocated to SacRT and 30 percent allocated to Paratransit, Inc.</p> <p>As a condition of approval, Paratransit, Inc.’s annual claims for LTF are submitted in compliance with the rules and regulations adopted by SACOG. Paratransit, Inc. does not claim State Transit Assistance funds and is not eligible for regional STA funds.</p> <p>Conclusion: Complied.</p> |
| <p>If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.</p> | <p>Public Utilities Code, Section 99270.1</p> | <p>This requirement is not applicable, as Paratransit, Inc. is subject to a farebox ratio set by SACOG.</p> <p>Conclusion: Not Applicable.</p> |
| <p>The operator’s operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably</p> | <p>Public Utilities Code, Section 99266</p> | <p>Percentage change in Paratransit’s annual operating budget:</p> <p>FY 2019: -3.4% FY 2020: +0.2% FY 2021: -52.1%</p> <p>The change in the FY 2021 operating budget is attributed to termination of the SacRT</p> |

| Table II-1 Operator Compliance Requirements Matrix | | |
|---|---|---|
| Operator Compliance Requirements | Reference | Compliance Efforts |
| supported and substantiated the change(s). | | <p>ADA and non-ADA service contract in addition to service decline resulting from the COVID-19 stay-at-home orders.</p> <p><i>Source: Paratransit, Inc. Budgets for FYs 2018-2021</i></p> <p>Conclusion: Complied.</p> |
| The operator’s definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee. | Public Utilities Code, Section 99247 | <p>A review of internal performance standards and measures and State Controller Reports indicate overall compliance.</p> <p>Conclusion: Complied.</p> |
| If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating costs at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of | Public Utilities Code, Sections 99268.2, 99268.3, 99268.12, 99270.1 | <p>This requirement is not applicable, as Paratransit, Inc. is subject to a farebox ratio set by SACOG.</p> <p>Conclusion: Not Applicable.</p> |

| Table II-1 Operator Compliance Requirements Matrix | | |
|---|---|--|
| Operator Compliance Requirements | Reference | Compliance Efforts |
| fare revenues to operating costs of at least equal to three-twentieths (15 percent), if so determined by the RTPA. | | |
| If the operator serves a rural area, or provides exclusive services to elderly and disabled persons, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (5 percent). | Public Utilities Code, Sections 99268.2, 99268.4, 99268.5 | <p>Through PUC Section 99275.5, which applies to CTSAs, SACOG has adopted a farebox recovery ratio of 5 percent for Paratransit, Inc.</p> <p>Paratransit, Inc.'s operating ratios inclusive of the CTSA and demand-response services using audited data were as follows:</p> <p>FY 2019: 10.80% FY 2020: 14.51% FY 2021: 20.85%</p> <p><i>Source: Audited Financial Statements</i></p> <p>Conclusion: Complied.</p> |
| The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA which will fully fund the retirement system within 40 years. | Public Utilities Code, Section 99271 | <p>Paratransit, Inc. offers employees a 403(b) Tax Deferred Annuity Plan administered by American United Life Insurance Company (OneAmerica). Employees are permitted to make contributions to the plan up to applicable Internal Revenue Code limits. Under the plan, Paratransit, Inc. contributes 9–15 percent of wages of eligible employees</p> |

| Table II-1 Operator Compliance Requirements Matrix | | |
|--|--|--|
| Operator Compliance Requirements | Reference | Compliance Efforts |
| | | depending on years of service. Conclusion: Complied. |
| If the operator receives state transit assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted. | California Code of Regulations, Section 6754(a)(3) | Paratransit, Inc. does not receive State Transit Assistance funds but receives pass-through federal transit funding from agencies that contract for services operated by Paratransit, Inc. Conclusion: Not Applicable. |

Findings and Observations from Operator Compliance Requirements Matrix

1. Of the compliance requirements applicable to Paratransit, Inc., the operator fully complied with all eight requirements. Three additional compliance requirements did not apply to Paratransit, Inc. (i.e., urbanized and blended farebox recovery ratios, receipt of State Transit Assistance funding).
2. For the three-year audit period, the farebox recovery ratio inclusive of CTSA and demand-response services was 10.80 percent in FY 2019; 14.51 percent in FY 2020; and 20.85 percent in FY 2021. The average system-wide farebox recovery ratio was about 15.34 percent during the audit period which met the SACOG adopted farebox recovery ratio of 5 percent.
3. Paratransit, Inc. participates in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period.
4. The operating budget fluctuated modestly for the first two years of the audit period. There was a decrease of 3.4 percent in FY 2019 followed by a 0.2 percent increase in FY 2020. For FY 2021, there was a 52.1 percent decrease attributed to the termination of the SacRT ADA and non-ADA service contract in addition to service decline resulting from the COVID-19 stay-at-home orders.

Section III

Prior Triennial Performance Recommendations

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

Prior Recommendation 1

Consider development of a long-term strategic plan. (High priority)

Background: During the previous audit period, Paratransit, Inc. underwent a significant reorganization in response to the renegotiation of its contract with SacRT, which resulted in a \$3.5 million financial impact to its operations and the elimination of Destination Mobility and 30 administrative positions. Paratransit, Inc.'s executive leadership took decisive measures to protect core services and its driver pool remained unaffected. A visioning process was initiated that involved the creation of a reserve and investment policies and efforts to grow the CTSA function.

While executive leadership is commended for taking proactive measures to protect the core, future strategic direction and guidance agency-wide with implementation measures were recommended to be considered and memorialized in a strategic visioning effort and plan. A 5- or 10-year strategic plan would establish guiding principles of how Paratransit, Inc. could build upon its 40-year legacy as a CTSA and mobility facilitator by setting goals, objectives, and strategies for attaining its vision. A strategic plan would also build on its efforts to be more financially sustainable and offer direction on potential funding opportunities such as private sector funds. As part of this effort, Paratransit, Inc. should assess its strengths, weaknesses, opportunities, and challenges for providing service in a dynamic transit market and capitalize on its position as a regional mobility provider. Furthermore, the agency should consider emerging trends and innovative strategies being implemented or considered within the industry.

Actions taken by Paratransit, Inc.

In September 2020, Paratransit, Inc.'s Board of Directors unanimously adopted a five-year strategic Business Development Plan, including operations and strategic plan elements. In June 2021, the approved budget was included and incorporated into the plan. Each year the board will create organizational goals that align with the direction established by the strategic plan.

Students at USC Price School of Public Policy, in partnership with Paratransit, Inc. staff, have reviewed the plan and determined that it is supportive of industry trends nationwide.

Conclusion:

This recommendation has been fully implemented.

Prior Recommendation 2

Upgrade the fleet maintenance software program. (High priority)

Background: Paratransit, Inc. operates and maintains a fleet of over 200 vehicles, which undergo regular maintenance that exceeds the CHP’s inspection guidelines. Paratransit, Inc. is also subject to regular maintenance audits by SacRT. The agency’s maintenance division has been utilizing fleet maintenance software provided by Ron Turley Associates (RTA). Although RTA has the ability to interface with the Zonar pre- and post-trip inspection utility, the maintenance manager cited that the RTA software was antiquated. Paratransit, Inc. has been considering other fleet maintenance products including the Trapeze EAM software program. New software would offer more features that would allow the tracking of assets, vehicle mileage, and parts inventory. As the agency looks more to technology to further operational efficiencies, it was suggested that Paratransit, Inc. pursue an upgrade to its fleet maintenance software and procedures.

Actions taken by Paratransit, Inc.

Since the last TDA audit, Paratransit, Inc. has implemented and deployed the Trapeze EAM software, converting all maintenance tracking to this program, and adding asset management modules and lifecycle evaluators that tie to the financial module. This was implemented by Paratransit, Inc. in spring 2019.

Conclusion:

This recommendation has been fully implemented.

Prior Recommendation 3

Consider new marketing strategies and rebranding efforts. (Medium priority)

Background: Paratransit, Inc.’s approach to marketing has been more educational than promotional in nature. As the CTSA for Sacramento County and other jurisdictions, Paratransit, Inc.’s community profile has remained discreet, although the agency has served a vital function in expanding mobility in the communities it serves. The agency is commended for the update of its website and the expansion of its CTSA role. Given the rapid transformation of the transportation industry as well as demographic changes (e.g., Baby Boomer retirements;

Millennials deferring driver’s licenses), it would be opportune to refresh and refocus marketing efforts and travel training for any transit mode as a mobility provider. Such an effort could be conducted as part of a long-range strategic plan effort. Partnerships with transportation network companies such as Lyft and Uber and local colleges could also provide opportunities to raise Paratransit, Inc.’s profile in the community.

Actions taken by Paratransit, Inc.

Paratransit, Inc. has hired RSE to deploy a comprehensive marketing and branding campaign that highlights the CTSA activities. In addition, new marketing materials have been developed for travel training, the youth program, and other key projects. This was implemented by Paratransit, Inc. in summer 2019.

Conclusion

This recommendation has been fully implemented.

Section IV

TDA Performance Indicators

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

Tables IV-1 through IV-5 provide the performance indicators for Paratransit, Inc. system-wide, demand response, CTSA, Alta contracted services, and the new food delivery services. Graphs are also provided to depict the trends in the indicators.

**Table IV-1
Paratransit, Inc. TDA Performance Indicators
System-wide**

| Performance Data and Indicators | FY 2018 | Audit Period | | | % Change FY 2018-2020 | % Change FY 2018-2021 |
|--|--------------|--------------|--------------|----------------------|-----------------------|-----------------------|
| | | FY 2019 | FY 2020 | FY 2021 ² | | |
| Total Operating Cost | \$26,692,169 | \$26,670,239 | \$25,235,624 | \$12,983,879 | -5.5% | -51.4% |
| Operating Cost Adjusted ¹ | \$20,551,087 | \$21,903,551 | \$20,627,688 | \$7,087,955 | 0.4% | -65.5% |
| Total Passengers | 829,431 | 813,189 | 634,903 | 48,476 | -23.5% | -94.2% |
| Total Deliveries | N/A | N/A | N/A | 274,351 | | |
| Vehicle Service Hours | 322,748 | 312,500 | 255,036 | 54,112 | -21.0% | -83.2% |
| Vehicle Service Miles | 5,135,688 | 5,048,065 | 4,162,562 | 1,316,512 | -18.9% | -74.4% |
| Employee FTEs | 239 | 205 | 189 | 74 | -20.9% | -69.0% |
| Passenger Fares | \$2,419,214 | \$2,328,445 | \$2,985,295 | \$1,469,497 | 23.4% | -39.3% |
| Delivery Revenue | N/A | N/A | N/A | \$486,884 | | |
| Local Funds | N/A | \$36,399 | \$8,283 | \$8,554 | | |
| Operating Cost per Passenger/Delivery | \$24.78 | \$26.94 | \$32.49 | \$21.96 | 31.1% | -11.4% |
| Operating Cost per Vehicle Service Hour | \$63.68 | \$70.09 | \$80.88 | \$130.99* | 27.0% | 105.7% |
| Operating Cost per Vehicle Service Mile | \$4.00 | \$4.34 | \$4.96 | \$5.38 | 23.8% | 34.5% |
| Passengers/Deliveries per Vehicle Service Hour | 2.57 | 2.60 | 2.49 | 5.97 | -3.1% | 132.1% |
| Passengers/Deliveries per Vehicle Service Mile | 0.16 | 0.16 | 0.15 | 0.25 | -5.6% | 51.8% |
| Vehicle Service Hours per Employee | 1,350.4 | 1,524.4 | 1,349.4 | 731.2 | -0.1% | -45.9% |
| Average Fare per Passenger/Delivery | \$2.92 | \$2.86 | \$4.70 | \$6.06 | 61.2% | 107.8% |
| Fare Recovery Ratio | 11.77% | 10.63% | 14.47% | 20.73% | 22.9% | 76.1% |
| Fare Recovery Ratio w/ Local Funds | | 10.80% | 14.51% | 20.85% | | |
| Consumer Price Index - (CPI-CA) | | 3.0% | 1.7% | 4.2% | | 9.1% |

Source: Annual Fiscal & Compliance Audits, National Transit Database, Transit Operator Financial Transactions Report, Internal Performance Data

¹ System-wide audited operating costs exclude depreciation, Mobility Services, Diversified Services & Outside Maintenance and Destinations Mobility; includes Delivery Services.

²FY 2021 is the first year without SacRT demand response; data includes Alta contracted services, CTSA services, and food delivery services.

*Operating Cost per VSH calculation in FY 2021 includes CTSA expenses but does not include total CTSA VSH, per Paratransit Inc. staff.

**Table IV-2
Paratransit, Inc. TDA Performance Indicators
Demand Response (SacRT - Contracted Service)**

| Performance Data and Indicators | FY 2018 | Audit Period | | | % Change FY 2018- 2020 | % Change FY 2018- 2021 |
|---|--------------|--------------|--------------|----------------------|------------------------------|------------------------------|
| | | FY 2019 | FY 2020 | FY 2021 ¹ | | |
| Operating Cost | \$17,840,323 | \$19,771,085 | \$18,211,511 | | 2.1% | -100.0% |
| Total Passengers | 385,919 | 377,086 | 295,597 | | -23.4% | -100.0% |
| Vehicle Service Hours | 230,398 | 222,115 | 180,457 | | -21.7% | -100.0% |
| Vehicle Service Miles | 3,427,446 | 3,357,369 | 2,710,600 | | -20.9% | -100.0% |
| Passenger Fares | \$1,873,995 | \$1,667,650 | \$1,361,749 | | -27.3% | -100.0% |
| Operating Cost per Passenger | \$46.23 | \$52.43 | \$61.61 | | 33.3% | |
| Operating Cost per Vehicle Service Hour | \$77.43 | \$89.01 | \$100.92 | | 30.3% | |
| Operating Cost per Vehicle Service Mile | \$5.21 | \$5.89 | \$6.72 | | 29.1% | |
| Passengers per Vehicle Service Hour | 1.675 | 1.698 | 1.638 | | -2.2% | |
| Passengers per Vehicle Service Mile | 0.113 | 0.112 | 0.109 | | -3.1% | |
| Average Fare per Passenger | \$4.86 | \$4.42 | \$4.61 | | -5.1% | |
| Fare Recovery Ratio | 10.50% | 8.43% | 7.48% | | -28.8% | |
| Consumer Price Index - (CPI-CA) | | 3.0% | 1.7% | 4.2% | 9.1% | 9.1% |

Source: Performance Standards/Measures for FY18 through FY21, Transit Operators' Financial Transactions Report

¹FY 2021 is the first year in which SacRT demand-response service not provided.

Table IV-3
Paratransit, Inc. TDA Performance Indicators
CTSA

| Performance Data and Indicators | FY 2018 | Audit Period | | | % Change FY 2018-2021 |
|---|-------------|--------------|-------------|-----------|-----------------------|
| | | FY 2019 | FY 2020 | FY 2021 | |
| Operating Cost | \$1,644,087 | \$1,095,178 | \$1,031,384 | \$219,660 | -86.6% |
| Total Passengers | 416,045 | 408,010 | 301,341 | 44,603 | -89.3% |
| Vehicle Service Hours | 83,979 | 82,374 | 63,512 | 14,442 | -82.8% |
| Vehicle Service Miles | 1,598,358 | 1,586,298 | 1,309,903 | 542,943 | -66.0% |
| Passenger Fares | \$649,723 | \$660,795 | \$1,575,244 | \$219,660 | -66.2% |
| Operating Cost per Passenger | \$3.95 | \$2.68 | \$3.42 | \$4.92 | 24.6% |
| Operating Cost per Vehicle Service Hour | \$19.58 | \$13.30 | \$16.24 | \$15.21 | -22.3% |
| Operating Cost per Vehicle Service Mile | \$1.03 | \$0.69 | \$0.79 | \$0.40 | -60.7% |
| Passengers per Vehicle Service Hour | 4.95 | 4.95 | 4.74 | 3.09 | -37.7% |
| Passengers per Vehicle Service Mile | 0.26 | 0.26 | 0.23 | 0.08 | -68.4% |
| Average Fare per Passenger | \$1.56 | \$1.62 | \$5.23 | \$4.92 | 215.4% |
| Fare Recovery Ratio | 39.52% | 60.34% | 152.73% | 100.00% | 153.0% |
| Consumer Price Index - (CPI-CA) | | 3.0% | 1.7% | 4.2% | 9.1% |

Source: Internal Cost Allocation Data FY18 through FY21, Transit Operators' Financial Transactions Report

Table IV-4
Paratransit, Inc. TDA Performance Indicators
Contracted Services (Alta)

| Performance Data and Indicators | FY 2018 | Audit Period | | | % Change FY 2018-2021 |
|---|-------------|--------------|-------------|-----------|-----------------------|
| | | FY 2019 | FY 2020 | FY 2021 | |
| Operating Cost | \$1,066,677 | \$1,037,289 | \$1,384,792 | \$325,922 | -69.4% |
| Total Passengers | 27,467 | 28,093 | 37,965 | 3,873 | -85.9% |
| Vehicle Service Hours | 8,371 | 8,011 | 11,067 | 2,745 | -67.2% |
| Vehicle Service Miles | 109,884 | 104,398 | 142,059 | 46,697 | -57.5% |
| Passenger Fares ¹ | \$115,809 | \$114,452 | \$136,964 | 1,469,497 | 1168.9% |
| Operating Cost per Passenger/Delivery | \$38.83 | \$36.92 | \$36.48 | \$84.15 | 116.7% |
| Operating Cost per Vehicle Service Hour | \$127.43 | \$129.48 | \$125.13 | \$118.72 | -6.8% |
| Operating Cost per Vehicle Service Mile | \$9.71 | \$9.94 | \$9.75 | \$6.98 | -28.1% |
| Passengers per Vehicle Service Hour | 3.28 | 3.51 | 3.43 | 1.41 | -57.0% |
| Passengers per Vehicle Service Mile | 0.25 | 0.27 | 0.27 | 0.08 | -66.8% |
| Average Fare per Passenger | \$4.22 | \$4.07 | \$3.61 | \$379.42 | 8898.9% |
| Fare Recovery Ratio | 10.86% | 11.03% | 9.89% | 450.87% | 4052.8% |
| Consumer Price Index - (CPI-CA) | | 3.0% | 1.7% | 4.2% | 9.1% |

¹ FY 2021 fares provided by Paratransit Inc. include \$824,901 for alternative services (deliveries) and \$645,001 for traditional services (client transporting). FY 2019 and FY 2020 figures are from the “passenger fares” category in the NTD.

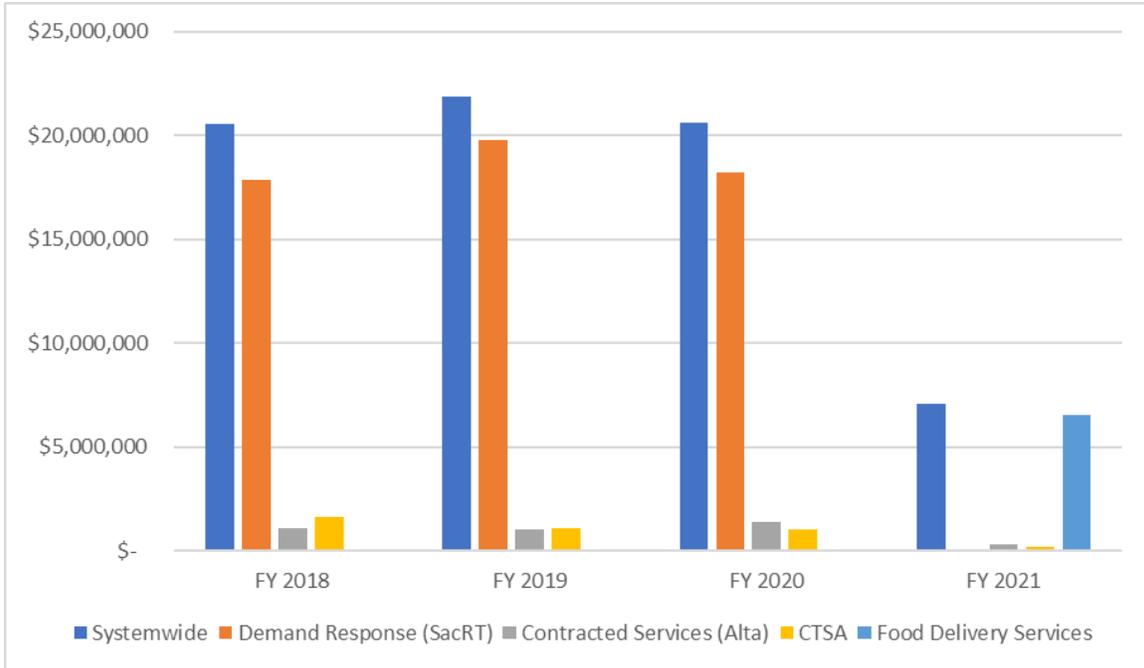
Source: Internal Alta Regional Center Performance Tables for FY18 through FY21, National Transit Database; Paratransit Inc.

**Table IV-5
Paratransit, Inc. TDA Performance Indicators
Food Delivery Services**

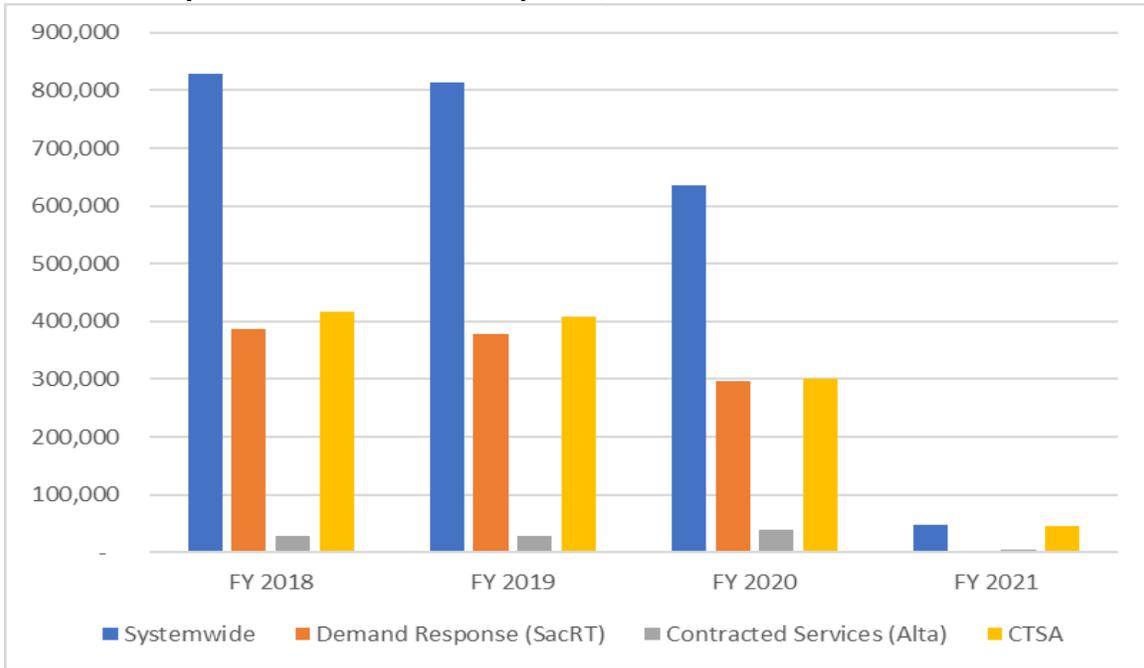
| Performance Data and Indicators | FY 2021 |
|---|----------------|
| Operating Cost | \$6,524,989 |
| Total Deliveries | 274,351 |
| Vehicle Service Hours | 36,925 |
| Vehicle Service Miles | 726,873 |
| Delivery Revenue | \$486,884 |
| | |
| Operating Cost per Delivery | \$23.78 |
| Operating Cost per Vehicle Service Hour | \$176.71 |
| Operating Cost per Vehicle Service Mile | \$8.98 |
| Deliveries per Vehicle Service Hour | 7.43 |
| Deliveries per Vehicle Service Mile | 0.38 |
| Average Revenue per Delivery | \$1.77 |
| Fare Recovery Ratio | 7.46% |
| | |
| Consumer Price Index - (CPI-CA) | 4.2% |

Source: Paratransit Inc.

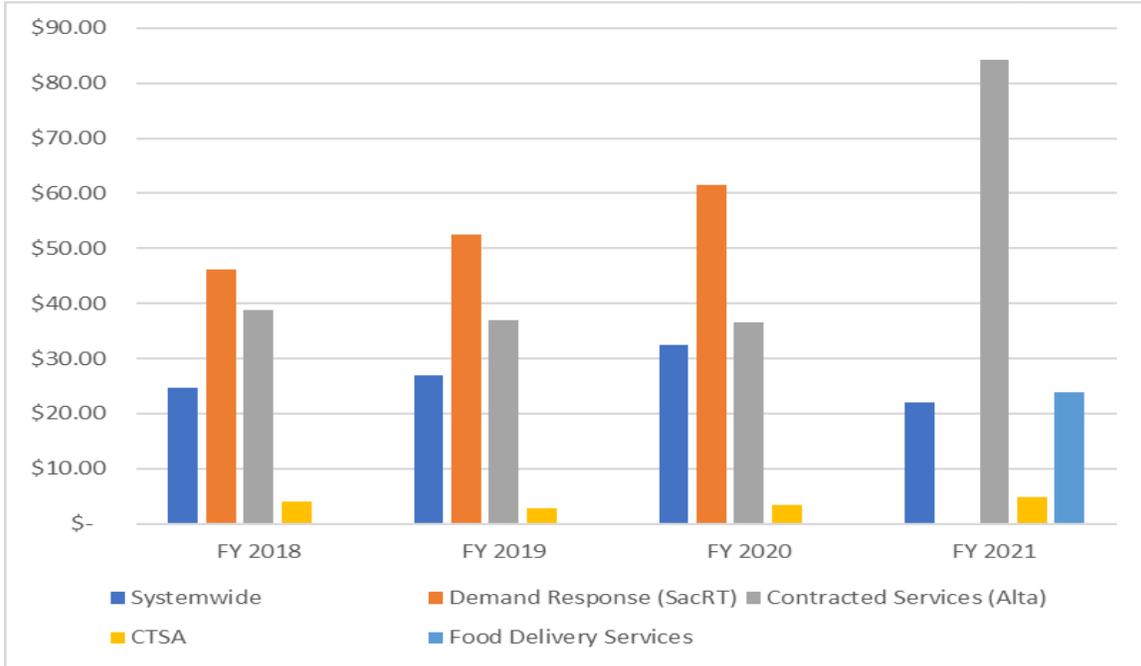
**Graph IV-1
Operating Costs
System-wide (Adjusted), Demand Response, Contracted Services, CTSA, & Food Delivery Services**



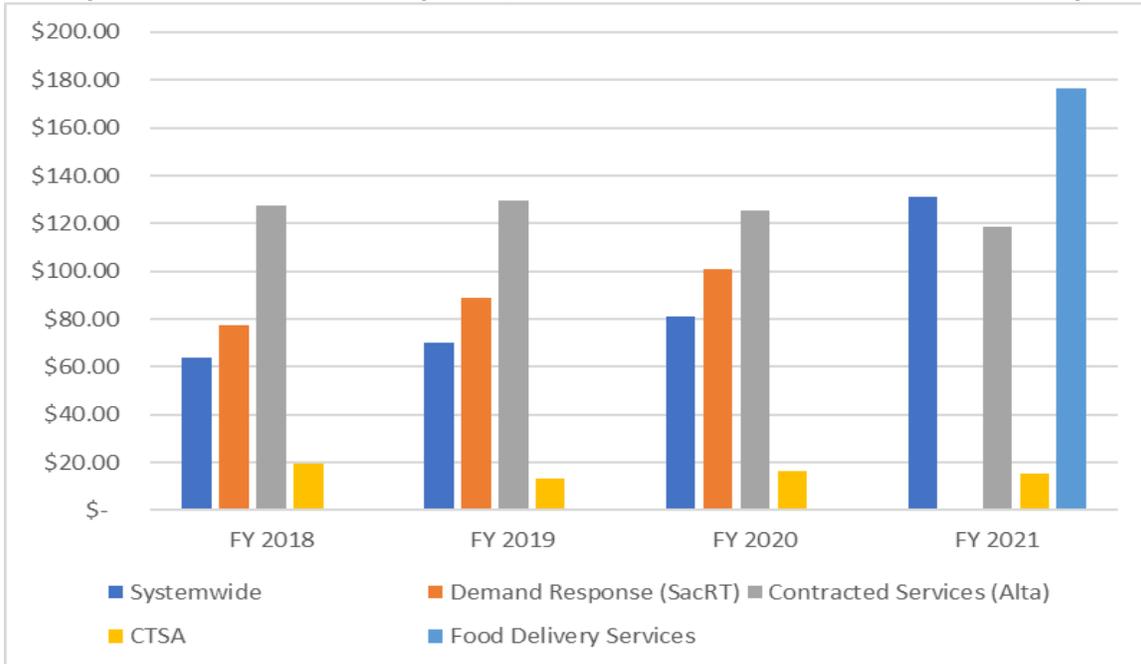
**Graph IV-2
Ridership
System-wide, Demand Response, Contracted Services, & CTSA**



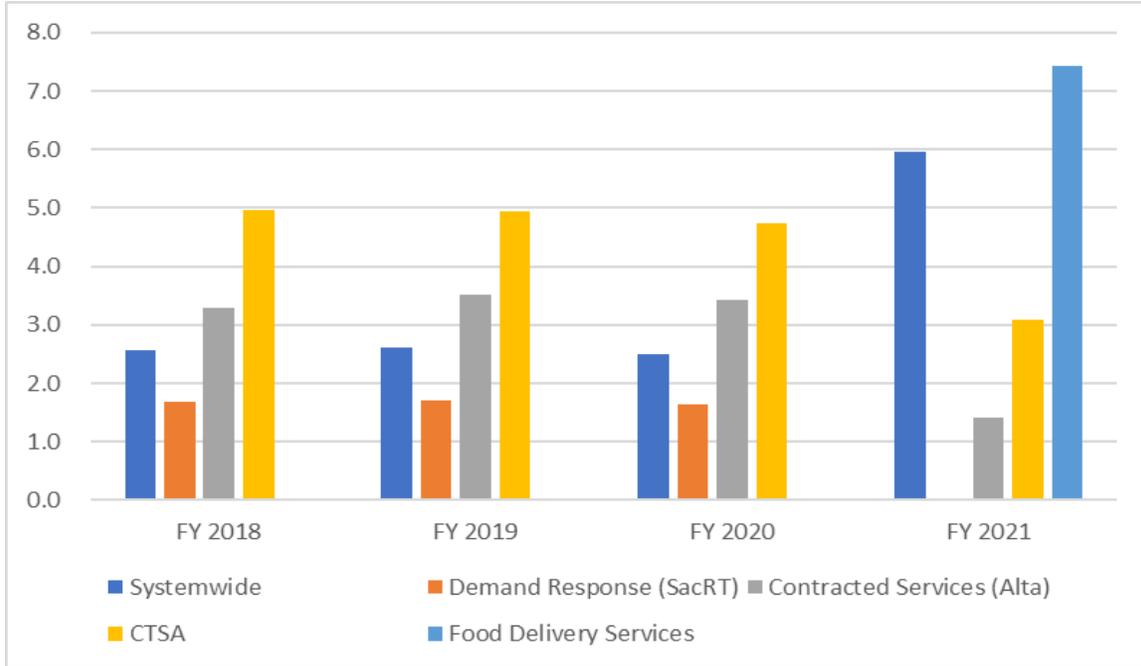
Graph IV-3
Operating Cost per Passenger/Delivery
System-wide, Demand Response, Contracted Services, CTSA, & Food Delivery Services



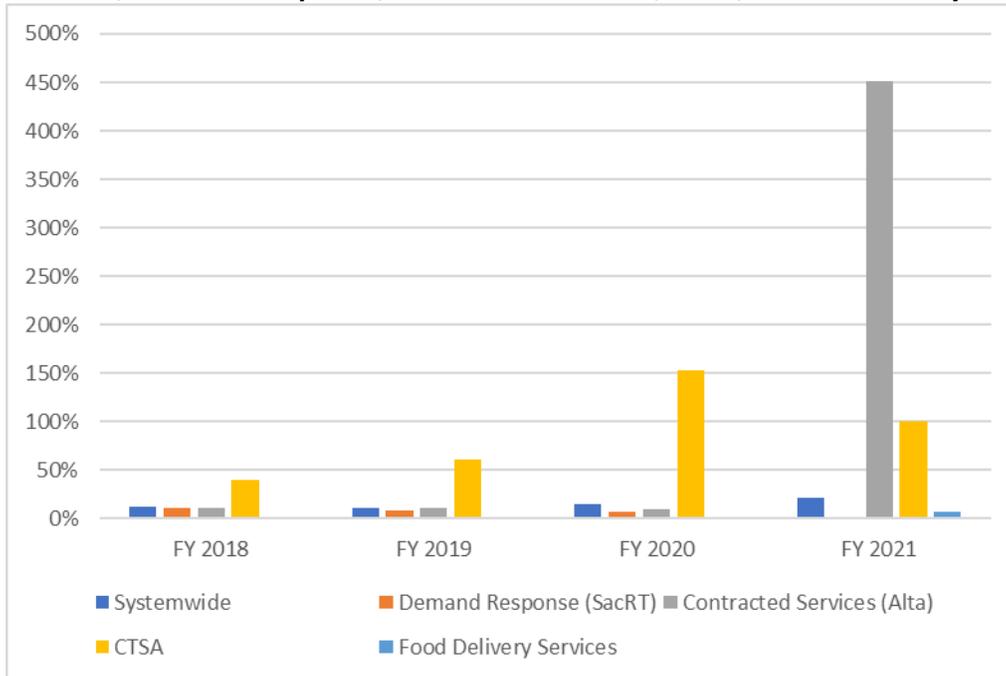
Graph IV-4
Operating Cost per Vehicle Service Hour
System-wide, Demand Response, Contracted Services, CTSA, & Food Delivery



Graph IV-5
Passengers/Deliveries per Vehicle Service Hour
System-wide, Demand Response, Contracted Services, CTSA, & Food Delivery Services



Graph IV-6
Fare Recovery Ratio
System-wide, Demand Response, Contracted Services, CTSA, & Food Delivery Services



Note: System-wide cost and fare revenue are audited data; modal cost and fares are unaudited.

Findings from Verification of TDA Performance Indicators

1. Operating costs system-wide decreased by 65.5 percent using audited data from the FY 2018 base year to FY 2021, with the greatest decrease occurring between FYs 2020 and 2021. No demand-response operating costs were incurred in FY 2021 due primarily to the termination of the SacRT demand-response contract, creating a 100 percent decline with this particular cost. From FY 2018 to FY 2020, prior to the termination of the SacRT contract, Paratransit, Inc.'s demand-response operating costs increased 2.1 percent. Contracted services operating costs decreased 69.4 percent from FY 2018 to FY 2021 while operating costs for CTSA services decreased by 86.6 percent over the same period. Food delivery services commenced by Paratransit, Inc. in FY 2021 accounted for \$6.5 million in operating costs. On an average annual basis, system-wide costs decreased 21.6 percent from FY 2018 to FY 2021, with the greatest decrease of 65.6 percent occurring in FY 2021.
2. Ridership decreased 94.2 percent system-wide from 829,431 trips in FY 2018 to 48,476 trips in FY 2021. From FY 2018 to FY 2020, prior to the termination of the SacRT contract, demand-response ridership decreased by 23.4 percent. Contracted services ridership decreased by 85.9 percent from FY 2018 to FY 2021 while ridership for CTSA services decreased by 89.3 percent over the same period. There were 274,351 food deliveries made in FY 2021, the first year of this service in response to needs for the community driven by the pandemic.
3. The provision of vehicle service hours and miles system-wide decreased by 83.2 percent and 74.4 percent, respectively, from FY 2018 to FY 2021. From FY 2018 to FY 2020, prior to the termination of the SacRT service contract, demand-response vehicle service hour and miles decreased by 21.7 percent and 20.9 percent, respectively. From FY 2018 to FY 2021, contracted services exhibited a decrease of 67.2 percent in vehicle service hours and a decrease of 57.5 percent in vehicle service miles. CTSA service hours decreased by 82.8 percent while service miles increased by 66.0 percent from FY 2018 to FY 2021. Food delivery services accounted for 36,925 vehicle service hours and 726,873 vehicle service miles in FY 2021.
4. Operating cost per passenger/food delivery, an indicator of cost effectiveness, decreased 11.4 percent system-wide from \$24.78 in FY 2018 to \$21.96 in FY 2021. Prior to the termination of the SacRT contract, the indicator increased by 33.3 percent for demand-response service from FY 2018 to FY 2020. Operating cost per passenger increased by 116.7 percent for contracted services from FY 2018 to FY 2021 and increased by 24.6 percent for CTSA services over the same period. Operating cost per food delivery was \$23.78 in FY 2021.
5. Operating cost per hour, an indicator of cost efficiency, increased 105.7 percent system-wide from \$63.68 in FY 2018 to \$130.99 in FY 2021, as revenue hours declined more quickly than costs in FY 2021. Prior to the termination of the SacRT contract,

operating cost per hour increased by 30.3 percent for demand-response service from FY 2018 to FY 2020. From FY 2018 to FY 2021, operating cost per hour decreased by 6.8 percent for contracted services and 22.3 percent for CTSA services. In FY 2021, food delivery services incurred an operating cost per hour of \$176.71.

6. Passengers/food deliveries per hour, which measures the effectiveness of the service delivered, increased by 132.1 percent system-wide from 2.57 passengers in FY 2018 to 5.97 passengers/food deliveries per hour in FY 2021. From FY 2018 to FY 2020, prior to the termination of the SacRT contract, passengers per hour decreased 3.1 percent. From FY 2018 to FY 2020, passengers per hour on the demand-response service decreased by 2.2 percent. From FY 2018 to FY 2021, passengers per hour on contracted services decreased 57.0 percent and decreased 37.7 percent for CTSA services. In FY 2021, there were 7.43 food deliveries per hour.
7. Vehicle hours per full-time equivalent (FTE) employee, which measures labor productivity, decreased by 45.9 percent system-wide from FY 2018 to FY 2021. This measure is based on the number of employee FTEs using employee pay hours from the State Controller Report and dividing by 2,000 hours per employee. The agency-wide employee count decreased from 239 FTEs in FY 2018 to 74 FTEs in FY 2021, while vehicle hours declined by over 80 percent.
8. Pursuant to the TDA, SACOG has adopted a farebox recovery ratio of 5 percent for Paratransit, Inc. as a designated CTSA for Sacramento County. Paratransit, Inc.'s operating ratios are inclusive of all services including CTSA, demand response, contracted, and food delivery services. There was a 76.1 percentage increase in the system-wide farebox recovery ratio from 11.77 percent in FY 2018 to 20.73 percent in FY 2021 based on audited data. Farebox recovery for ADA/non-ADA demand response decreased by 28.8 percentage from 10.50 percent in FY 2018 to 7.48 percent in FY 2020 before the contract terminated. The farebox recovery ratio for contracted services increased substantially from additional contracted services provided the last several years such as with Alta California Regional Center. During the same period, the farebox recovery ratio for CTSA services increased by 153.0 percent, from 39.52 in FY 2018 to 100 percent in FY 2021. In FY 2021, food delivery services exhibited a 7.46 percent farebox recovery.

Section V

Review of Operator Functions

This section provides an in-depth review of various functions within Paratransit, Inc. The review highlights accomplishments, issues, and/or challenges that were determined during the audit period. The following functions were reviewed at Paratransit, Inc.'s administrative offices in Sacramento:

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

Within some departments are sub-functions that require review as well, such as Grants Administration that falls under General Administration.

Operations

Until December 2020, Paratransit, Inc. had a collaborative agreement with SacRT to provide door-to-door complementary ADA paratransit service (in accordance with responsibilities under the ADA) for eligible individuals within SacRT's service area who are unable to use fixed-route service. During this time, Paratransit, Inc. provided ADA paratransit service during the same days and hours that SacRT's fixed-route and light rail service operates. Paratransit, Inc. trips were available seven days a week, including holidays, from approximately 5:00 a.m. through 12:30 a.m. Limited trips were available prior to 5:00 a.m. and until approximately 1:00 a.m. within .75 miles of SacRT bus and light rail service in operation.

Fares within the service area were five dollars each way and were capped at twice the SacRT fixed-route service fare. Airport trips, which extended beyond the service area, were ten dollars each way. In July 2016, fares increased from \$5.00 to \$5.50 for a one-way trip in keeping with SacRT fixed-route fare increases from \$2.50 to \$2.75 for a single ride. In October 2018, SacRT reversed the fixed-route fare increase, which also reduced the Paratransit, Inc. fare back to \$5.00 one-way. Fare media during this time was composed of vouchers and passes.

In FY 2017, SacRT analyzed the growth of Paratransit, Inc.'s costs compared to the increase in demand and evaluated whether to bring ADA paratransit service in-house. Costs were increasing by approximately 10 percent per year while demand for the service grew 4.8

percent per year, on average, for the previous five years. SacRT and Paratransit, Inc. renegotiated their contract for FY 2018, resulting in \$3.5 million in cost savings from the contract. As a result of these cuts, Paratransit, Inc. and SacRT implemented several cost containment measures. Paratransit, Inc. laid off close to 30 administrative employees while the agency resized and reclassified other positions. Wages and benefits were also frozen for Paratransit, Inc. employees.

While the significant loss of revenue presented a major challenge for Paratransit, Inc., the organization also used the financial pressure to strengthen the overall organization. Staff across all departments were challenged to improve processes and performance and to identify areas where technology could provide efficiency benefits. The negotiation process required increased communications between Paratransit, Inc.'s executive management team and the Paratransit, Inc. board, resulting in a closer relationship moving forward.

In June 2020, the service contract between Paratransit, Inc. and SacRT expired. Philosophical differences emerged between the two agencies on the continuation of ADA services as the contract expiration neared, with a best and final offer presented to Paratransit, Inc. Paratransit, Inc. decided not to enter into a new service agreement with SacRT, and instead, SacRT transitioned ADA paratransit and non-ADA demand-response service operations in-house. As one of the consequences of the transition, Paratransit, Inc.'s agency-wide FTEs were reduced by 60.8 percent from FY 2020 to FY 2021. The transition of services and discussions with SACOG also resulted in SacRT becoming a second designated CTSA for Sacramento County and eligible for CTSA funding.

Through negotiations that included local officials, CTSA funding in Sacramento County is divided using a 70/30 split, with 70 percent allocated to SacRT and 30 percent allocated to Paratransit, Inc. This split applies to both Article 4.5 LTF and Measure A funds for specialized transportation. Upon applying for LTF funds, SacRT was awarded CTSA funds for demand response in December 2020.

Paratransit, Inc. came to the agreement that all assets owned by SacRT including vehicles would return to SacRT. However, following the demand response transition, Paratransit, Inc. was contracted to continue to provide vehicle maintenance service for the SacRT ADA services fleet. The contract includes vehicle maintenance, cleaning, and fueling for all SacRT GO vehicles.

In light of this significant change, the resulting split from SacRT offered opportunity and flexibility for Paratransit, Inc. to strategically plan for and deliver new and additional programs and services including contract transportation, travel training, coordinated services and resources for social service agencies, and other mobility solutions completely under the discretion of the Paratransit, Inc. Board of Directors. Current services are provided weekdays only with no nighttime, weekend, or holiday service offerings.

Since June 2020, fare payments are largely paid by organizations via service contracts agreements rather than directly by passengers. Service contracts are customized to uniquely address organization and client needs and services are invoiced either by trip, passenger, service hour or mile, or on a monthly basis.

Paratransit, Inc. Service Offerings After June 2020:

Following the transition away from ADA and non-ADA transit services in 2020, Paratransit, Inc. began expanding its CTSA services offerings to the community. These services include the following:

- Sacramento Food Bank & Family Services food delivery—In March 2020, Paratransit, Inc. began delivering food boxes to seniors on behalf of the Sacramento Food Bank’s Commodity Supplemental Food Program. Paratransit, Inc. operators pick up food boxes at the food bank and deliver them directly to client homes.
- River City Food Bank Transportation Services—In March 2020, Paratransit, Inc. began providing food bank clients with transportation to jobs and other needs related to community services.
- Great Plates Delivered Program, Sacramento and Elk Grove—Program formed by City of Sacramento to deliver restaurant-prepared meals to seniors sheltering in place; took place from May 2020 to June 2021.
- Canon Restaurant/Sierra Foundation—Delivering meals to persons quarantining with COVID-19 or COVID-19 exposure; commenced November 2020.
- Meals on Wheels (MOW) food delivery—In February 2021, Paratransit, Inc. entered a contract with MOW to provide food delivery services, picking kits up at the food bank and delivering to client homes, when MOW experiences driver shortages.
- Alta California Regional Center Adult Day Program Transportation—In June 2019, Paratransit, Inc. entered into a contract with Alta for the transportation of individuals with developmental disabilities to adult day programs and jobs. The initial contract term ran through May 2021 with three optional one-year extensions.
- Del Paso Boulevard Foundation Meal Kit Delivery—Paratransit, Inc. picked up and delivered meal kits prepared by participating local restaurants to client homes. The program ran from November to December of 2020.

In addition to these new services, Paratransit, Inc. continues to provide the following services:

- Mobility Training—Whether one-on-one or in small groups, Paratransit, Inc.’s expertly trained travel instructors work with individuals to teach them how to understand and navigate the fixed-route bus and light rail systems. Mobility trainers are skilled in all aspects of the use of public transportation and community travel and utilize a “person centered” approach to customize instruction to focus on the unique needs of each

trainee. Mobility training is subsidized by Paratransit, Inc., a federal community service block grant, and other funding sources and is provided to qualified individuals at no cost. Customized programs are available to agencies on a fee basis.

- Contract Transportation—Customized contract transportation solutions to assist agencies in getting their clients to their programs or special outings one time or on an ongoing basis.
- Driver Training—Paratransit, Inc. provides expert driver training and safety instruction to organizations that operate their own vehicles. Training offerings range from topic-focused seminars to full license and certification and include needed skills from behind the wheel to customer care.
- Vehicle Maintenance—Paratransit, Inc. offers preventative maintenance, repairs, and safety inspection services to nonprofit organizations operating their own vehicles. Paratransit’s Automotive Service Excellence-certified mechanics utilize a state-of-the-art facility to repair all types of vehicles: sedans; vans; and small, medium, large, and heavy-duty buses (both body-on-chassis and purpose built) including gasoline, diesel, and alternative fueled engine types. Paratransit, Inc. is also the official inspection site for taxis operating in the City of Sacramento.
- Accessible Vehicle Rental—Through its Destination Mobility Program, Paratransit, Inc. offers families and organizations ramp equipped minivans and hand-controlled vehicles for rent.
- Special CTSA partnerships—As a CTSA, Paratransit, Inc. offers a variety of programs and services to assist nonprofit agencies in meeting their mobility needs. Paratransit, Inc. offers unique contractual arrangements with its program partners to help their programs thrive while reducing demand for ADA paratransit service.
- Mobility Management & Consulting Services—From helping agencies select vehicles to developing community transportation plans, Paratransit, Inc.’s Mobility Management Services division has assisted organizations across the country with client eligibility, travel training, and planning services.

COVID-19 Pandemic Response:

As impacts from the novel coronavirus (COVID-19) started to be realized in California, a state of emergency was declared on March 4, 2020. Subsequently, a mandatory statewide shelter-in-place order was implemented on March 19. In response to the order and pursuant to Centers for Disease Control and Prevention protocols, Paratransit, Inc. enacted many new procedures. Nearly all departments within the agency were affected in some way by the impacts of COVID-19; service operations were impacted most directly.

Paratransit, Inc. experienced a sudden and drastic drop in ridership resulting from the stay-at-home orders, as the populations the agency serves were considered high risk and the day programs the majority of riders were traveling to using Paratransit, Inc. services were

cancelled. In an effort to serve the community and partners in a time of great need, Paratransit, Inc. shifted focus to food delivery services. Paratransit, Inc. drivers pivoted from the transportation of riders to the transportation and delivery of meal kits and groceries. Food was picked up from partner social services agencies and restaurants and delivered directly to individuals in need.

Operators were required to wear masks and follow new vehicle sanitation procedures to help prevent the spread of the virus. Additionally, Paratransit, Inc. issued a vaccine mandate for all employees, which they achieved full compliance with.

Paratransit, Inc.’s flexibility and adaptability both among its personnel and services during this turbulent time illustrates the agency’s dedication and loyalty to its mission and communities served. The agency was able to maintain its vitality and continue to collect revenue through creative use of its resources while providing critically needed services to the community.

Scheduling, Dispatch, and Operations

Prior to the termination of this service offering, Paratransit, Inc.’s demand-response reservations had to be made one to two days in advance. ADA paratransit subscription service was available for passengers with recurring weekly trips to the same place at the same time on a space-available basis. When Paratransit, Inc. customers called to reserve a ride, they were given a 30-minute pickup window for vehicle arrival. Paratransit, Inc. had a low rate of missed pickups, which are summarized in Table V-1.

**Table V-1
Missed Pickups**

| | FY 2018 | FY 2019 | FY 2020 |
|-----------------------------|----------------|----------------|----------------|
| Total Missed Pickups | 237 | 410 | 668 |
| Percentage of Trips | 0.1% | 0.1% | 0.2% |

Source: Paratransit Inc. Service Statistics Reports

Customers were expected to be ready to board at the beginning of the pickup window. If they were not ready within five minutes, the vehicle would leave without them and they were considered a “no-show.” No-shows were limited and stable relative to annual total trips. Paratransit, Inc.’s no-shows are presented in Table V-2 below.

**Table V-2
No-Shows**

| | FY 2018 | FY 2019 | FY 2020 |
|----------------------------|----------------|----------------|----------------|
| Total No-Shows | 9,017 | 10,951 | 8,371 |
| Percentage of Trips | 2.1% | 2.2% | 2.2% |

Source: Paratransit Inc. Service Statistics Reports

Cancellations were required at least two hours before the scheduled pickup in order to not be considered a no-show. A summary of cancellations incurred is presented in Table V-3 below and shows a range of between 18 percent and 21 percent.

**Table V-3
Cancellations**

| | FY 2018 | FY 2019 | FY 2020 |
|-----------------------------|----------------|----------------|----------------|
| Total Cancellations* | 89,900 | 104,283 | 72,972 |
| Percentage of Trips | 18.5% | 21.2% | 19.3% |

Source: Paratransit Inc. Service Statistics Reports, *includes timely and late cancellations

An automated telephone system allowed for self-service scheduling of new rides 24 hours per day. Reservations could also be made by calling a reservationist 8:00 a.m. to 5:00 p.m. daily, including holidays. Metrics of reservation telephone hold times are summarized in Table V-4 below and have held stable.

**Table V-4
Reservation Telephone Hold Time**

| | FY 2018 | FY 2019 | FY 2020 |
|---------------------------------|----------------|----------------|----------------|
| % answered within three minutes | 71% | 74% | 74% |
| % answered within five minutes | 81% | 84% | 83% |

Source: Paratransit Inc. Service Statistics Reports

Route bids were assigned based on seniority and were published the day before service. Customers were grouped geographically to reduce deadhead time. Dispatchers made adjustments if customers cancelled or drivers called in sick. Dispatchers were responsible for checking in drivers at the beginning of shifts. A policy requiring all rides to be scheduled one to two days in advance helped to improve the efficiency of scheduled rides.

On-time performance measures the percentage of stops occurring on time. For Paratransit, Inc., on-time was defined as occurring zero minutes before to 30 minutes after the scheduled stop time for demand response. Stops occurring 31 minutes or more after the scheduled stop time were considered late. A summary of Paratransit, Inc.'s on-time performance is presented in Table V-5 below showing a slight decline in this measure for ADA and non-ADA demand response. Paratransit, Inc. continues to track on-time performance as a service metric for its contract with Alta, which stipulates on-time performance to be within 30 minutes (15 minutes on each side of the pick-up time).

**Table V-5
On-Time Performance**

| | FY 2018 | FY 2019 | FY 2020 |
|------------------------------|----------------|----------------|----------------|
| On-Time | 265,290 | 235,378 | 170,140 |
| % 0 to 30 minutes | 93.80% | 93.28% | 91.52% |
| Late | 17,619 | 16,951 | 15,763 |
| % 31 minutes or later | 6.20% | 6.72% | 8.48% |

Source: Paratransit Inc. Service Statistics Reports

Fares were collected by drivers, who at the end of their run placed the cash fares into a smart safe and input their identification. The following morning, two to five staff members sorted fare revenues and used the trip sheet to reconcile and balance the count. Variances were negligible. GardaWorld security services picked up the fare revenues twice weekly for deposit. ADA passes were tracked by the Trapeze scheduling and dispatching software program. Paratransit, Inc. had seen an overall increase in pass usage.

Personnel

Paratransit, Inc.’s agency-wide FTEs reduced by 60.8 percent from FY 2020 to FY 2021 largely as a result of the transition away from ADA and non-ADA demand-response operations. Through the transition period, many staff members did leave Paratransit, Inc. to work for SacRT. While this period was difficult on Paratransit, Inc. morale, in the long term, the impacts appeared to be quite positive. Staff were presented with the opportunity to select which agency they wanted to work for. Those employees who chose to stay with Paratransit, Inc. indicated their personal desire to help support the mission of the agency, ultimately contributing to high employee morale. The elimination of night, weekend, and holiday service associated with the transition away from ADA and non-ADA demand-response services also provided operators greater work-life balance and further benefits employee morale.

Paratransit, Inc. operators are members of the Amalgamated Transit Union Local 256. A collective bargaining agreement (CBA) was in place from December 2018 through December 2021, encompassing the majority of the audit period. A new agreement was negotiated in just three sessions, demonstrating the strong relationship between Paratransit, Inc. and Amalgamated Transit Union. The new agreement covers 2021 through 2025 and is the longest contract term the two parties have entered together to date. While many terms of the contract remained unchanged, some key changes included the inclusion of a 40-hour guarantee if a driver wants to work this weekly amount, updated safety protocols, and policy changes allowing for more flexible-use floating holidays. ATU also accepted the pay model of State rates. Meetings between ATU and Paratransit Inc. must occur regarding health and safety requirements.

For personnel recruitment, Paratransit, Inc. relies heavily on word of mouth and a sign outside its building to advertise job vacancies. Bumper stickers on vehicles and Craigslist are also used

for recruitment. Paratransit, Inc. also uses ZipRecruiter or similar services for IT or other more technical positions. During this audit period, Paratransit, Inc. adjusted its hiring practices to conduct more frequent but smaller groups of driver hires to compete with other employers.

In addition, Paratransit, Inc. streamlined its hiring process to lower the barrier to entry for candidates. Candidates can now take their driving test on the same day as their interview rather than returning on a different date. The exam for candidates with an existing Class C license has also been simplified.

Management has worked to create an environment where employees motivate themselves based on opportunities to be promoted. When possible, Paratransit, Inc. prefers to promote employees from within the organization. In addition, management makes an effort to foster an open communication environment that allows for routine contact between employees and their supervisor, as well as ensuring that employees have the tools to do their jobs. Commendations are hand-delivered and vehicle operators who receive commendations are recognized in staff meetings.

New hires with more experience can receive reduced training. New employees are given a half-day ride-along before the end of probation, as well as spot checks and other follow-up evaluations including a one-year evaluation. Performance evaluations are conducted annually as well as by request from an employee or management.

All drivers, dispatchers, and maintenance personnel undergo safety training whether they are covered by a CBA or not. Training includes emergency evacuations, CPR, and PASS training, as well as training for equipment on vehicles such as fire extinguishers. Drivers participate in bus rodeos every year, and many place highly in the state and nationally.

Bargaining unit employees are disciplined under a defined point system based on violations of rules and expectations. Points are determined by specific infractions; points remain on records for defined periods of time. Employees are terminated after 12 active points. Supervisors have some flexibility and discretion within the point structure. All union employees are provided information about the disciplinary point structure upon hiring.

Drivers can be disciplined for excessive absenteeism after exhausting accrued paid sick leave or if a pattern arises. Non-CBA employees receive verbal counseling and written warnings with the goal being to give people the opportunity to improve. The amount of vacation and sick leave absences for each driver is stipulated in the CBA contract, as is the role of covered drivers. Drivers can be disciplined if they miss too many shifts. A small number of part-time drivers are utilized under the CBA. The role of all drivers is stipulated in the contract and is based on seniority.

Benefits include medical, dental, vision, life insurance, holidays, sick leave, and voluntary benefits such as flexible spending accounts and retirement plans. Benefits differ for CBA

employees and non-union employees as well as for full- and part-time employees. Part-time drivers are eligible for vacation under rules outlined in CBAs.

Random drug testing is conducted based on selection by a computer program. A spreadsheet ensures that the test is spread throughout operating hours, including weekend, evening, early morning, and holiday tests. Drivers are notified the day of the test and proceed immediately to the testing location.

Maintenance

Paratransit, Inc. utilizes a preventive maintenance schedule wherein work is prioritized to keep revenue vehicles on the road. Preventive maintenance follows manufacturer requirements. Easy maintenance requests get done first to maximize the in-service fleet. Vehicles are assigned on a rotational basis, with lowest-mileage vehicles assigned first. All vehicles are active; there are no dedicated spares or emergency vehicles. Paratransit, Inc. currently operates a mix of CNG and gasoline cutaways.

Longer maintenance tasks require that the bus be pulled out of service. Vehicles are inspected every 60 days or 5,000 miles, whichever comes first. The morning shift supervisor schedules repairs to prioritize buses that can return soon to the road. Scheduling includes buses that are due for servicing and buses that are out of service.

Local dealers are occasionally used to replace engines as needed. Vehicles still under warranty are sent to the manufacturer for repair. Paratransit, Inc. also must outsource bodywork and glass work. As a cost control measure, three estimates are required before bodywork is conducted. Vehicle washing is outsourced to a firm that washes the vehicles every two weeks on Saturdays. Fuelers are responsible for cleaning the inside of buses.

In addition to maintaining its vehicles, Paratransit, Inc. performs maintenance for other agencies' vehicles. In June 2020, Paratransit, Inc. started a contract with SacRT for the maintenance of SacRT's ADA and non-ADA demand-response paratransit fleet. The contract includes vehicle maintenance, cleaning, and fueling for all SacRT GO vehicles. Observing a maintenance schedule prevents work done for other organizations from interfering with the operation of Paratransit, Inc.'s own services.

The maintenance facility contains 10 service bays, 2 in-ground lifts, and 5 portable lifts. Paratransit Inc. indicated the maintenance facility is sufficient for current and near-term needs.

Paratransit, Inc. received a grant to build a CNG facility on adjacent property. Kappe Architects with Raymundo Engineering, Stanton Engineering, and ZFA Engineering were contracted to design and build the facility. Construction of the facility was completed during the prior audit period and Paratransit, Inc. took acceptance of the new facility in January 2019.

Discussions have been held about building a second administrative building that would separate administrative functions from the maintenance yard. All public-facing activities could then be moved to the second administrative building.

Parts inventories are sufficient to minimize vehicle downtime during maintenance. Only supervisors, managers, and a parts specialist have access to the inventory. The parts specialist is notified of stock levels and shops around for deals. Cycle counts of parts occur once per month. Paratransit, Inc.'s inventory system alerts the parts specialist when a reorder is necessary. Staff performs a full manual inventory annually.

The agency's maintenance division had been previously utilizing fleet maintenance software provided by Ron Turley Associates (RTA). Per the prior audit recommendation, Paratransit, Inc. began using Trapeze EAM software in Spring 2019. This new software offers more features that allow the tracking of assets, vehicle mileage and parts inventory.

Mean distance between failures (MDBF) is the average miles a transit vehicle travels before being removed from service due to a mechanical failure reportable to the National Transit Database (NTD). The data is summarized in Table V-6 below and shows a positive trend in increased miles between failures.

Table V-6
Mean Distance Between Failures (MDBF)

| Fiscal Year | MDBF (miles) |
|--------------------|---------------------|
| FY 2018 | 12,769 |
| FY 2019 | 11,987 |
| FY 2020 | 14,214 |

Source: Paratransit Inc. Service Statistics Reports

Due to its unique structure and differences in NTD and State Controller reporting requirements, the spare ratio is difficult to calculate. The table below provides the NTD reported spare ratios for FY 2018, FY 2019, FY 2020, and FY 2021 for demand-response (including Alta) services. Paratransit, Inc. CTSA service is reported to the NTD separately and is not included in the spare ratio data presented in Table V-7 below. Since its transition away from ADA and non-ADA services, Paratransit, Inc. only tracks vehicle spare ratio for their Alta contracted services on the NTD.

**Table V-7
Vehicle Spare Ratio**

| | Vehicles Operated in Maximum Service | Vehicles Available for Maximum Service | Percent Spare Vehicles |
|----------------|---|---|-------------------------------|
| FY 2018 | 119 | 148 | 19.6% |
| FY 2019 | 120 | 165 | 27.3% |
| FY 2020 | 121 | 159 | 23.9% |
| FY 2021 | 11 | 36 | 69.4% |

Source: NTD

Note: Spare ratio is the result of vehicles available for maximum service, less vehicles operating in maximum service, divided by vehicles available for maximum service. Spare ratio calculations are aggregates of all service modes reported to NTD. In FY 2018–FY 2020, reported modes include purchased transit demand response, purchase transit taxi, and directly operated demand response. In FY 2021, only Alta contracted service was reported.

Planning

Although dedicated service planning is not essential for a social service transportation organization, Paratransit, Inc. administrators evaluate performance to identify measures that could improve efficiency. A monthly leadership meeting includes all department managers and some secondary managers. Monthly staff meetings and quarterly all-staff meetings also enable operations evaluation. The agency has continued work to stay ahead of new ADA guidance to update its processes before the changes go into effect.

In September 2020, Paratransit, Inc.’s Board of Directors unanimously adopted a five-year strategic Business Development Plan, including operations and strategic plan elements in light of the significant change in business operations. In June 2021, the approved budget was included and incorporated into the plan. Each year the board plans to create organizational goals that align with the direction established by the strategic plan. Students at USC Price School of Public Policy, in partnership with Paratransit, Inc. staff, reviewed the 2020 plan and determined that it is supportive of industry trends nationwide. The plan is updated and reviewed annually with budget documentation and reported to the board.

Marketing

During the audit period Paratransit, Inc. hired RSE, a full services advertising and marketing firm, to deploy a comprehensive marketing and branding campaign that highlights the agency’s CTSA activities. In addition, new marketing materials were developed for travel training, the youth program, and other key projects. The campaign was implemented by Paratransit, Inc. in summer 2019.

Prior to the campaign launch in 2019, Paratransit, Inc. historically took more of an educational and reactionary approach to marketing its services. The organization relied primarily on word of mouth, or physician or partnership referrals with other organizations (such as SacRT, which determines eligibility for ADA services). Some outreach was conducted at local events and

housing for seniors and low-income persons, including board and care homes, housing sites, and other places where people are likely to need paratransit services. Instead of marketing, Paratransit, Inc. focused most of its efforts on the dissemination of information through its website (<http://paratransit.org/>), on vehicles, and through formal presentations to the Board. However, Paratransit, Inc. does actively market its travel training program, in addition to its Youth to Jobs program. The new campaign has made Paratransit, Inc. more visible to the community, bringing attention to the services Paratransit, Inc. provides and the agency’s value to the community.

Of the over 377,000 trips booked in 2020, Paratransit, Inc. received 315 complaints (less than 1 percent of trips provided) and averaged 1.1 compliments per complaint received. A summary of complaints and commendations is presented in Table V-8 below. Paratransit, Inc. tracks this measure to support customer survey responses and overall performance. Copies of commendations and complaints are shared with drivers and supervisors to assist with professional growth, recognition, and agency improvement and enhancement.

Table V-8
Complaints and Commendations

| | FY 2018 | FY 2019 | FY 2020 |
|-------------------------------|----------------|----------------|----------------|
| Complaints Received | 344 | 402 | 315 |
| Commendations Received | 313 | 699 | 350 |

Source: Paratransit Inc. Service Statistics Reports

Pursuant to the federal Civil Rights Act of 1964, Paratransit, Inc. adopted a Title VI Program. Title VI of the Civil Rights Act of 1964 requires that no person in the United States, on the grounds of race, color, or national origin, be excluded from, be denied the benefits of, or be subjected to discrimination, under any program or activity receiving federal financial assistance. Program compliance includes Title VI notices posted on the website, in all transit vehicles, and at Paratransit, Inc.’s office in Sacramento. Complaint forms are available on the website in English and Spanish.

General Administration and Management

In January 2021, Paratransit, Inc. debuted an entirely new board of seven directly selected members. The new board was selected based on each member’s ability to guide the agency toward fulfillment of its mission on the basis of member experience in relevant disciplines and backgrounds. The board meets every other month. The meeting calendar is posted online. Board meetings are subject to the Brown Act.

This new board composition and selection process was necessary once Paratransit, Inc. transitioned away from providing ADA and non-ADA demand-response services to SacRT in June 2020. The end of the SacRT service contract allowed Paratransit, Inc. greater flexibility in the delivery of programs and services completely under the discretion of its own Board of

Directors, where beforehand nearly a quarter of Paratransit, Inc.'s Board was appointed by SacRT.

Prior to January 2021, Paratransit, Inc. was governed by a nine-member Board of Directors through a four-party agreement composed of two members appointed by the Sacramento City Council, two members appointed by the Sacramento County Board of Supervisors, two members appointed by the Board of Directors of SacRT, one member appointed by SACOG, and one member appointed each by the Sacramento City Council and the Sacramento County Board of Supervisors to represent persons eligible to use Paratransit's services. Directors were appointed for a term of three years.

The executive management team is headed by the chief executive officer and chief financial officer/deputy director along with a chief administrative officer and chief operating officer to run daily operations. Department managers are involved in the budget process and a published document is accessible by the general public.

Paratransit, Inc. strives to maintain good relationships with government agencies. Its leadership actively participates in SACOG's Transit Coordinating Committee, which meets monthly to share information and assist in federal planning and oversight of transit activities in the region. As a subrecipient for federal funding, it has less communication with FTA.

Pursuant to the TDA, Paratransit, Inc. receives Local Transportation Fund (LTF) proceeds under Article 4.5. TDA funding is used primarily for operating expenditures for the demand response/ADA service with the remaining funds used for the CTSA and grant matching funds. Based on annual financial audit data, LTF revenues received through SACOG during the audit period were \$2,364,108 in FY 2019; \$2,864,884 in FY 2020; and \$804,052 in FY 2021 with the lower amount resulting from the funding split with SacRT. The Transit Operators' Financial Transactions Reports sent to the State Controller are generally prepared by the chief financial officer.

Grants Administration

The executive director oversees the grants management process, assisted by two staffers. Grants are often coordinated with SACOG and other subrecipients. Each grant received is monitored to ensure compliance with its terms. During the audit period, Paratransit, Inc. was focused on delivering a number of capital grants, and the pursuit of additional grants slowed during this time. Grant pursuit is typically focused first on obtaining funds for travel training programs, then capital expenditures.

Paratransit, Inc. tracks and manages its grants on a master spreadsheet. Each grant is categorized according to agency funding source, section code, name, contract number, recipient, amount, local match percentage and whether grant is to be used for capital or operations. Other information includes important dates and milestones, such as the grant award and closeout dates. Color coding is also used to denote the status of grants.

Federal grant funding received by Paratransit, Inc. during the audit period was passed through SacRT under the FTA Section 5307, 5309 and 5339 programs. FTA Section 5310 program funds are generally passed through from Caltrans. Paratransit, Inc. also monitors grants on a Schedule of Expenditures of Federal Awards by Grant for each fiscal year. Paratransit, Inc. received \$4,000,000 in Coronavirus Aid, Relief, and Economic Security Act (CARES) Act funding in FY 2021. Paratransit, Inc. also received \$1,990,000 in the form of a Paycheck Protection Program (PPP) loan received in April 2020 and forgiven in March 2021. The agency is making effort to create new revenue streams including from innovative grant applications, an example being an award from a US Department of Agriculture farm to market grant that is matched with FTA funds.

Section VI

Findings

The following summarizes the findings obtained from this triennial audit covering fiscal years 2019 through 2021. A set of recommendations is then provided.

Triennial Audit Findings

1. As impacts from the novel coronavirus (COVID-19) started to be realized in California, Paratransit, Inc. enacted many new procedures including mask and vaccine mandates as well as vehicle sanitation procedures. Nearly all departments within the agency were affected in some way by the impacts of COVID-19; service operations were impacted most directly. Paratransit, Inc. experienced a sudden and drastic drop in ridership resulting from the stay-at-home orders, as the populations the agency serves were considered high risk and the day programs the majority of riders were traveling to using Paratransit, Inc. services were cancelled.
2. In an effort to serve the community in a time of great need, Paratransit, Inc. shifted focus to food delivery services. Paratransit, Inc. drivers pivoted from the transportation of riders to the transportation and delivery of meal kits and groceries. Food was picked up from partner social services agencies and restaurants and delivered directly to individuals in need.
3. Paratransit, Inc.'s flexibility and adaptability both among its personnel and services during this turbulent time illustrates the agency's dedication and loyalty to its mission and communities served. The agency was able to maintain its vitality and continue to collect revenue through creative use of its resources while providing critically needed services to the community.
4. Operating costs system-wide decreased by 65.5 percent using audited data from the FY 2018 base year to FY 2021, with the greatest decrease occurring between FYs 2020 and 2021. No demand-response operating costs were incurred in FY 2021 due primarily to the termination of the SacRT demand-response contract, creating a 100 percent decline with this particular cost. From FY 2018 to FY 2020, prior to the termination of the SacRT contract, Paratransit, Inc.'s demand-response operating costs increased 2.1 percent. Contracted services operating costs decreased 69.4 percent from FY 2018 to FY 2021 while operating costs for CTSA services decreased by 86.6 percent over the same period. Food delivery services commenced by Paratransit, Inc. in FY 2021 accounted for \$6.5 million in operating costs. On an average annual basis, system-wide costs decreased 21.6 percent from FY 2018 to FY 2021, with the greatest decrease of 65.6 percent occurring in FY 2021.

5. Ridership decreased 94.2 percent system-wide from 829,431 trips in FY 2018 to 48,476 trips in FY 2021. From FY 2018 to FY 2020, prior to the termination of the SacRT contract, demand-response ridership decreased by 23.4 percent. Contracted services ridership decreased by 85.9 percent from FY 2018 to FY 2021 while ridership for CTSA services decreased by 89.3 percent over the same period. There were 274,351 food deliveries made in FY 2021, the first year of this service in response to needs for the community driven by the COVID-19 pandemic.
6. The provision of vehicle service hours and miles system-wide decreased by 83.2 percent and 74.4 percent, respectively, from FY 2018 to FY 2021. From FY 2018 to FY 2020, prior to the termination of the SacRT service contract, demand-response vehicle service hour and miles decreased by 21.7 percent and 20.9 percent, respectively. From FY 2018 to FY 2021, contracted services exhibited a decrease of 67.2 percent in vehicle service hours and a decrease of 57.5 percent in vehicle service miles. CTSA service hours decreased by 82.8 percent while service miles increased by 66.0 percent from FY 2018 to FY 2021. Food delivery services accounted for 36,925 vehicle service hours and 726,873 vehicle service miles in FY 2021.
7. Operating cost per passenger/food delivery, an indicator of cost effectiveness, decreased 11.4 percent system-wide from \$24.78 in FY 2018 to \$21.96 in FY 2021. Prior to the termination of the SacRT contract, the indicator increased by 33.3 percent for demand response service from FY 2018 to FY 2020. Operating cost per passenger increased by 116.7 percent for contracted services from FY 2018 to FY 2021 and increased by 24.6 percent for CTSA services over the same period. Operating cost per food delivery was \$23.78 in FY 2021.
8. Operating cost per hour, an indicator of cost efficiency, increased 105.7 percent system-wide from \$63.68 in FY 2018 to \$130.99 in FY 2021, as revenue hours declined more quickly than costs in FY 2021. Prior to the termination of the SacRT contract, operating cost per hour increased by 30.3 percent for demand-response service from FY 2018 to FY 2020. From FY 2018 to FY 2021, operating cost per hour decreased by 6.8 percent for contracted services and 22.3 percent for CTSA services. In FY 2021, food delivery services incurred an operating cost per hour of \$176.71.
9. Passengers/food deliveries per hour, which measures the effectiveness of the service delivered, increased by 132.1 percent system-wide from 2.57 passengers in FY 2018 to 5.97 passengers/food deliveries per hour in FY 2021. From FY 2018 to FY 2020, prior to the termination of the SacRT contract, passengers per hour decreased 3.1 percent. From FY 2018 to FY 2020, passengers per hour on the demand-response service decreased by 2.2 percent. From FY 2018 to FY 2021, passengers per hour on contracted services decreased 57.0 percent and decreased 37.7 percent for CTSA services. In FY 2021, there were 7.43 food deliveries per hour.

10. Vehicle hours per full-time equivalent (FTE) employee, which measures labor productivity, decreased by 45.9 percent system-wide from FY 2018 to FY 2021. This measure is based on the number of employee FTEs using employee pay hours from the State Controller Report and dividing by 2,000 hours per employee. The agency-wide employee count decreased from 239 FTEs in FY 2018 to 74 FTEs in FY 2021, while vehicle hours declined by over 80 percent.
11. There was a 76.1 percentage increase in the system-wide farebox recovery ratio from 11.77 percent in FY 2018 to 20.73 percent in FY 2021 based on audited data. SACOG has adopted a farebox recovery ratio of 5 percent for Paratransit, Inc. as a designated CTSA for Sacramento County. Farebox recovery for ADA/non-ADA demand response decreased by 28.8 percentage from 10.50 percent in FY 2018 to 7.48 percent in FY 2020 before the contract terminated. The farebox recovery ratio for contracted services increased substantially from additional contracted services provided the last several years such as with Alta California Regional Center. During the same period, the farebox recovery ratio for CTSA services increased by 153.0 percent, from 39.52 in FY 2018 to 100 percent in FY 2021. In FY 2021, food delivery services, a new offering to meet community needs during the pandemic, exhibited a 7.46 percent farebox recovery.
12. The split from SacRT offered opportunity and flexibility for Paratransit, Inc. to strategically plan for and deliver new and additional programs and services including contract transportation, travel training, coordinated services and resources for social service agencies, and other mobility solutions completely under the discretion of the Paratransit, Inc. Board of Directors. SacRT and Paratransit, Inc. came to the agreement that all assets owned by SacRT would return to SacRT and CTSA funding for Sacramento County would be divided using a 70/30 split, with 70 percent of funding going to SacRT and 30 percent of funding going to Paratransit, Inc. This split also applied to Measure A funds for specialized transportation.
13. Following the transition of Paratransit, Inc.'s ADA transit services for the Sacramento area to SacRT in June 2020, Paratransit, Inc. was contracted to continue to provide vehicle maintenance service for the SacRT ADA services fleet. The contract includes vehicle maintenance, cleaning, and fueling for all SacRT GO vehicles.
14. In June 2019, Paratransit, Inc. entered a contract with Alta California Regional Center for Adult Day Program Transportation for the transportation of individuals with developmental disabilities to adult day programs and jobs. The initial contract term ran through May 2021 with three optional one-year extensions.
15. Since June 2020, fare payments are largely paid by organizations via service contracts agreements rather than directly by passengers. Service contracts are customized to uniquely address organization and client needs and services are invoiced either by trip, passenger, service hour or mile, or on a monthly basis.

16. A collective bargaining agreement was in place from December 2018 through December 2021, encompassing the majority of the audit period. A new agreement was negotiated in just three sessions, demonstrating the strong relationship between Paratransit, Inc. and Amalgamated Transit Union Local 256. The new agreement covers 2021 through 2025 and is the longest contract term the two parties have entered together to date. While many terms of the contract remained unchanged, some key changes included the inclusion of a 40-hour guarantee, updated safety protocols, and policy changes allowing for more flexible-use floating holidays.

17. Paratransit, Inc.'s agency-wide FTEs reduced by 60.8 percent from FY 2020 to FY 2021 as a result of the transition away from ADA and non-ADA demand response operations. Through the transition period many staff members did leave Paratransit, Inc. to work for SacRT. While this period was difficult on Paratransit, Inc. morale, in the long term, the impacts appeared to be quite positive. Those employees who chose to stay with Paratransit, Inc. indicated their personal desire to help support the mission of the agency, ultimately contributing to high employee morale.

18. During the audit period, Paratransit, Inc. hired RSE, a full services advertising and marketing firm, to deploy a comprehensive marketing and branding campaign that highlights the agency's CTSA activities. In addition, new marketing materials were developed for travel training, the youth program, and other key projects. The campaign was implemented by Paratransit, Inc. in summer 2019.

Recommendations

1. Consider development and updating of performance metrics for mobility solutions services. (High Priority)

Prior to 2020, Paratransit, Inc.'s agency-wide performance and service efficiency and effectiveness was largely monitored through the lens of demand-response tracking of operational performance metrics including total passengers, passenger fares, fare recovery ratio, missed pickups, no-shows, cancellations, reservation hold times, and on-time performance. In 2020, Paratransit, Inc. transitioned away from ADA and non-ADA demand-response services, providing transportation to adult day programs and jobs, CTSA functions, mobility solutions, and maintenance outsourcing. Once the COVID-19 pandemic struck, Paratransit, Inc. also incorporated food delivery into its service offerings which ultimately became the predominant service offered during the stay-at-home directives by the State. With this shift away from traditional passenger transportation, the metrics once used to assess agency performance may no longer comprehensively measure the agency's effective and efficient service to the community as well as use of TDA funds.

Paratransit, Inc. should consider reviewing, making revisions, and monitoring service metrics that capture the agency's performance from its new and additional services such as contract transportation, mobility innovation, and contract maintenance. While current TDA performance measures and others such as on-time performance and ride-time still apply for operational efficiency and contractual requirements, some example potential measures include modifications to the farebox recovery ratio method that is not based on passenger fares; tracking of governmental and private grants capture percentage and amounts; and annual change in number of agencies involved in mobility management activities. Some of the customer-facing performance indicators would show progress with the emerging changes occurring at Paratransit Inc. and its differentiation from past services.

2. Consider growing vehicle maintenance services offering as a means of increasing agency revenue and furthering CTSA objectives. (Medium Priority)

Following the transition of Paratransit, Inc.'s ADA transit services for the Sacramento area to SacRT in June 2020, Paratransit, Inc. was contracted to continue to provide vehicle maintenance service to the vehicles in the SacRT ADA services fleet. The contract includes vehicle maintenance, cleaning, and fueling for all SacRT GO vehicles.

This service contract provides a relatively stable and reliable revenue source for Paratransit, Inc., in addition to contract services and government funding, and was particularly beneficial during the COVID-19 pandemic when passenger transport was halted. Paratransit, Inc. may benefit from an expansion of this contracted service as one of its core CTSA services as the agency pushes to further diversity its revenue generation.