

April 16, 2014

The Honorable Mark A. Boessenecker
Superior Court of California
County of Napa
825 Brown Street
Napa, CA 94559

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Clerk of the Napa Superior Court
By: C. Brennan
Deputy

RE: Response to the Grand Jury 2013-14 Final Report titled VINE: Management and Ridership for the Future dated March 18, 2014

Dear Judge Boessenecker:

The Napa County Transportation and Planning Agency Board of Directors has reviewed the March 18, 2014 Grand Jury Report titled VINE: Management and Ridership for the Future, and its findings and recommendations contained therein. The Grand Jury is to be commended for its work on behalf of the citizens of Napa County. We acknowledge the arduous undertaking of the Grand Jury and its commitment to produce an earnest and comprehensive report requiring the review hundreds of documents and an immense amount of data.

This letter is intended to clarify some of the information included in the Background section of the report and to respond to the Findings and Recommendations.

Clarifications:

- 1) On page 1 of the report, it states, “[s]ince June 2006, there have been 22 personnel changes in an agency population of 12. This is almost a 200% turnover of personnel. . .”

During the 8-year period, only 10 staff members left the agency, and two of these employees retired.

- 2) On Page 3 of the report, it states “[i]n 2013, there were 25% more buses operating in Napa running 100% more frequently and many were still running nearly empty.”

NCTPA can confirm that service frequency was increased from mostly 1 hour frequencies to mostly 30 minute and 45 minute frequencies. At the same time, NCTPA did not introduce 25% more buses, however, the revenue hours went from 140.77 per day to 179.79 hours or 27.7% increase in service. The issue

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with empty buses is sometimes perceptual. As an example, if a bus is observed during morning peak hours driving away from the central business district it is because passengers have been dropped off and the bus is "deadheading" back to the beginning of the route to pick up more passengers. NCTPA will be able to understand how many riders are on each route at anytime of the day when the automatic passenger counters that the NCTPA board approved in March are installed.

- 3) On page 4 of the report, it states ". . .the agency expanded to non-transit missions that included road repairs, climate change, flood control and has become the transportation planning agency for Napa County."

The agency's mission has never included road repairs, climate change, or flood control. NCTPA's mission is to serve as Napa County's Congestion Management Agency (CMA) and Transit Provider. As the CMA, NCTPA develops transportation plans, prioritizes projects, and passes funds through to the jurisdictions for road repairs and other projects. NCTPA also partners with the County's jurisdictions and regional agencies on climate change but only as it relates to transportation planning efforts. Finally, NCTPA also served as the corridor for the 2012-2022 Sub-Regional Housing Needs Allocation (RHNA).

- 4) On page 5 of the report, it states: "In 2009, the total budget for NCTPA was \$17 million of which \$4.7 million went to transit."

The total agency budget was \$17.4 million. The Public Transit portion of the budget was \$7.6 million for operating and \$4.6 million for capital. (The VINE operating portion of that was \$4.7 million and the capital \$3.7 million). The CMA budget was \$5.1 million for operating and \$74,250 for capital.

- 5) On page 5 of the report, it states "The NCTPA budget for fiscal year 2012-2013 was approximately \$26 million of which \$8.9 million was capital expenses. . ."

These figures correspond to NCTPA's FY 2013-14 budget, not its 2012-2013 budget.

- 6) On Page 6 of the report, it states ". . . \$5.4 million was for the Congestion Management Authority, a state mandated entity. . .".

NCTPA is a Joint Powers Authority comprised of the jurisdictions in Napa County and performs the duties of a congestion management agency. It is not a state mandated entity.

- 7) On Page 6 of the report, it states ". . . Transportation Development Act (TDA) funds that are generated by a 0.25% sales tax that is controlled by the Metropolitan Transportation Commission (MTC)."

TDA is a statewide sales tax. NCTPA receives the revenues generated in the County of Napa. TDA is a state statute and therefore, controlled by the State not MTC. MTC administers the TDA revenues in the San Francisco Bay Area to ensure recipients of the funds meet the statutory requirements.

- 8) On Page 6 of the report, it states "The Federal Transportation Agency (FTA) Provides Section 403 Formula Grants to the NCTPA . . ."

NCTPA receives Federal *Transit* Administration (FTA) Section 5307 Formula Grant funds.

- 9) On Page 6 of the report, it states "The balance of the transit funds come from passenger fares and from the cities that support their services."

NCTPA does not receive revenues from the City/Town/County jurisdictions for VINE services. NCTPA does receive subsidies from its smaller jurisdictions and Calistoga Tourism Bureau for NCTPA ancillary services in American Canyon, Yountville, St. Helena, and Calistoga. These ancillary serves were not the subject of the Civil Grand Jury report.

- 10) On Page 7 of the report, it states ". . .buses were far beyond their useful lifespan of 12 years, as set by the Federal government."

The federal government sets a minimum useful life of 12 years or 500,000 miles for heavy duty buses unless a special exception is made due to inherent mechanical failure, or if a bus is inoperable because of accidents, etc.

- 11) On Page 7 of the report it states "Napa County accounting records [2001-2010] indicate that funds for new buses were accumulated but were not used."

Napa County Transportation and Planning Agency (NCTPA) is not part of the County; therefore, Napa County's accounting records should not be considered when assessing NCTPA. NCTPA purchased eight vehicles between 2001 and 2010 for its VINE services, as listed below. It also purchased 9 other vehicles for its ancillary transit services.

- (4) 35' New Flyer Gasoline-Hybrid Buses – purchased 8/30/09
- (4) 35' New Flyer Gasoline Hybrid Buses– purchased 9/14/10

- 12) On Page 8 of the report, it states "[i]n 2011 the bus service contractor Veolia was informed that it needed to improve its performance or its contract would not be renewed".

NCTPA has no recollection of issues with Veolia in 2011. NCTPA acknowledges that safety concerns were considered an issue by NCTPA staff at the time of the 2009 negotiations. The Transit contract went out to bid earlier in 2009. Staff did

not recommend awarding the contract to Veolia due to the aforementioned performance concerns. The Board rejected the staff recommendation because the Board had no previous knowledge of the performance concerns and instead formed a committee comprised of NCTPA board members, NCTPA staff and Veolia staff. The committee was named the Transit Efficiency Committee and was tasked by the Board to evaluate and report to the Board Veolia's performance over a two year period. NCTPA has been pleased with Veolia's performance under the current contract.

- 13) On Page 8 of the report, it states "[m]any Napa residents were concerned about the large number of bus purchases (as expressed by numerous letters to newspaper) in light of the perceived declining ridership."

NCTPA did not receive any negative letters, emails, or telephone calls about the purchase of new buses.

- 14) On Page 9 of the report, it states "The dashboard includes cleanliness, maintenance, on time running, and safety information."

At the time of the Grand Jury evaluation, the dashboard included unlinked passenger trips and on time performance. Previous versions of the dashboard (VINE Transit Services Ridership Report), reported only ridership. Another report that was created as a result of the performances concerns mentioned above during the 2009 contract negotiations, the Transit Efficiency Committee report, included data on accidents, road calls, complaints, and on time performance.

- 15) On Page 9 of the report, it states "This increased ridership encouraged management to project that the VINE can increase ridership throughout the system at a 20-30% growth rate per year over the next several years."

A 20-30% year over year growth rate would be extraordinary. The significant bump in transit ridership in 2013 was the result of some major restructuring and expansion services. NCTPA does not have the justification or the resources to continue to build out the system this way each year, and therefore does not anticipate this level of growth.

- 16) On Page 9 of the report, it states "NCTPA hired a software consultant to adjust routes based on upon traffic conditions to meet the ridership demand of on-time performance."

NCTPA hired a consultant that specializes in transit scheduling software to optimize the VINE's schedule in order improve stop time predictability, on-time performance, and to better align its schedule with actual running times.

- 17) On Page 10 of the report, it states, "The VINE intends to initiate, as part of its strategic plan, a new regional SmartCard system. When the SmartCard goes

into existence next year it will interface with all of the regional transit agencies and will provide one consolidated payment system for using transit systems throughout the San Francisco Bay Area.”

The card is called Clipper and it is being implemented by MTC. MTC administers Clipper and all transit operators in the Bay Area are required to use it. It should be noted that the NCTPA Board is supportive of MTC's Clipper program.

- 18) On page 10 of the report, it states “[t]he annual marketing budget during the period of 2009-2012 averaged \$145,864 whereas the 2013 SRTP calls for an annual marketing budget of \$222,327 . . . [t]he VINE had only spent approximately \$22,000 of the annual marketing budget for VINE promotion, approximately 10% over five months for a fiscal year that began July 1, 2013”

The annual marketing budget for the FY 2009-2012 was \$144,074. This is largely because a marketing budget was not identified for FY 2009, which reduced the overall average. Nevertheless \$28,410 in marketing expenditures was recorded in FY 2009. The marketing budget for FY 2013 was \$227,000, and by the end of December 2012, halfway through the FY 2013, \$114,900 in marketing expenses was encumbered and \$36,021 was expended.

- 19) On Page 11 of the report, it refers to a fund source titled “original Measure 2”.

NCTPA believes that Civil Grand Jury intended this to read Regional Measure 2. NCTPA does not receive a revenue source called Original Measure 2.

- 20) On Page 12 of the report, it states “The fueling for buses is done at a natural gas facility on Redwood Road and Solano Avenue. . .”

NCTPA only has 9 buses that run on compressed natural gas buses. All other vehicles run on diesel or gasoline, and therefore, fueling happens at various stations around the County.

Findings:

Finding 1 During 2003-2008 few new buses were purchased while NCTPA expanded its role from solely transit to planning, traffic congestion and other activities.

Response: The NCTPA Board agrees with the finding in part. During 2003-2008, NCTPA purchased 12 vehicles or roughly 15% of its current fleet. NCTPA has served as the county's congestion management agency since its inception in 1998. The agency at one time also served as the Napa Commission for Arts and Culture but that role was assumed by the County of Napa in July 2013. It also facilitated the sub-regional housing needs allocation (RHNA) and served as the County's Vehicle Abatement Authority.

Finding 2 According to data collected during the period of 2001 to 2012, VINE ridership declined by more than 50%

Response: The NCTPA Board agrees with the finding. There are a number of factors that led to this ridership drop. The agency was forced to increase fares due to revenue decline as a result of the recession. Second, traffic congestion was significantly lighter during the recession making it more convenient to drive. Fares and service have since been adjusted, new marketing programs implemented, fuel prices are up and traffic congestion is up to pre-recession levels all contributing to ridership gains.

Finding 3 NCTPA has had more than \$10 million rolled over annually in its reserve TDA fund since 2009 that can be used for transit related capital expenses with MTC approval.

Response: The NCTPA Board agrees with this finding. The funding has been held in reserve to replace buses and to build a new maintenance facility. The existing maintenance facility is no longer sufficient to service and park the number of buses that NCTPA currently operates, and constrained operations is impinging on operating funds. Also NCTPA holds 25% of its annual budget in reserve for transit operations to protect against economic downturns and fluctuations in revenues.

Finding 4 There was major restructuring of NCTPA management and of the Veolia contractor during 2009-2011 and between 2009 and 2013 31 new buses were purchased for the VINE Routes.

Response: The NCTPA Board disagrees with this finding. Veolia replaced its general manager around the time of the 2009 contract negotiations. The NCTPA transit manager retired in 2011 and was replaced by NCTPA's Finance Manager. NCTPA also hired a new finance manager in 2011. In 2011, the Veolia General Manager hired around the time of the contract negotiations resigned and a replacement was hired. The NCTPA and Veolia events are unrelated, and therefore, "major restructuring" is a mischaracterization of the events. Between 2009 and 2013 38 new buses were purchased. There is no correlation between the purchase of new buses and the employment changes.

Finding 5 A new Vine Transit Center and consolidated NCTPA office complex was completed in December 2012.

Response: The NCTPA Board agrees with this finding in part. NCTPA moved into the new Soscol Gateway Transit Center in December 2012, receiving a temporary occupancy permit from the City. The notice of completion was filed on September 20, 2013.

Finding 6 A redesigned VINE route system began service December 3, 2012 and had positive growth in ridership numbers over the first nine months of 2013.

Response: The NCTPA Board agrees with this finding.

Finding 7 A monthly VINE dashboard for the NCTPA Board of Directors (BOD) was implemented in 2012, reporting on ridership, maintenance, cleanliness, frequency of on-time running, and safety that showed in 2013, VINE buses were clean, running twice as often, and meeting on-time targets.

Response: The NCTPA Board disagrees with this finding. The monthly VINE dashboard was introduced in 2011. The report included unlinked passenger trips (“ridership”), on-time performance (“frequency of on time running”) and accidents. The report did not include information about cleanliness or maintenance. There was no information included in the report that indicated the buses were “running twice as often”. The report did show that on-time performance had improved.

Finding 8 There is a lack of community awareness of numerous route changes, additional routes and other significant improvement in VINE transit services as documented in the NCTPA consultant ILIUM Associate’s 2011 Marketing Plan

Response: The NCTPA Board disagrees with this finding. The ILIUM Associates study was completed in 2011. The new route changes were implemented in 2012. The report states that “[o]ne-in-four (26%) riders rated the service as Fair or Poor for the criteria System Easy to Understand. One would expect that current riders would have a better understanding of the service as 87% are riding the service at least once a week..” NCTPA has not surveyed the public on the question of ‘easy to understand’ since the route restructuring in December of 2012 but will include the question in its next survey.

Finding 9 Marketing of the VINE bus service is not perceived as a high priority for NCTPA management and thus the annual marketing budgets for the VINE are not being fully deployed consistently. Only 10% of the NCTPA marketing budget had been spent six months in the present (FY 14) fiscal year.

Response: The NCTPA Board disagrees with this finding. Marketing of the VINE bus service is a high priority for NCTPA management. At the time of the interviews, the Civil Grand Jury was informed that a more refined strategy for how the revenues would be spent was being considered to ensure the revenues were maximized to provide the *biggest bang for the buck*. The actual budget, expenditures and encumbrances from July 1 to December 31 in FY 2014 was: budgeted - \$ 227,000, encumbered - \$114,900, expended - \$36,021

Finding 10 Open since December 2012, the new NCTPA Office/Vine Transit Center does not have any visible street or building signage to help direct riders to the Transit Center and VINE buses and bus shelters lack consistent branding/signage, not optimizing potential advertising revenue and marketing opportunities.

Response: The NCTPA Board agrees with this finding. The signage for the Soscol Gateway Transit Center (SGTC) was part of the building contract with F&H Construction. F&H contracted with a sign maker but concerns about the company's technical capacity was put into question when signs produced by the company for other purposes on the property were substandard. NCTPA negotiated a reduction in the contract and elected to identify other sign makers for the main building signage. NCTPA is currently working on final bids for the building signage and anticipating awarding a contract within the next month. We are also working with the City to request wayfinding signage be installed at strategic locations directing visitors and members of the community to the transit center. NCTPA also released a RFP well over a year ago for advertising services and received no bids. Subsequent to that time, NCTPA staff solicited interest to partner on an advertising program from the five transit operators in Solano County who were also having trouble identifying suitable advertising firms. Of the five contacted, four indicated interest and a joint RFP was released. NCTPA and its partners are currently evaluating the proposal received.

Finding 11 In the spring of 2013 the Route 29 service received special grant funds to conduct an extensive advertising (billboard, television and radio) campaign that increased ridership, demonstrating the effectiveness of a marketing campaign.

Response: The NCTPA Board agrees with this finding in part. NCTPA received a grant but did not complete subsequent surveying to ascertain whether the increase in ridership was solely the result of the marketing campaign.

Finding 12 VINE services are not optimally promoted on website home pages of the incorporated jurisdictions. American Canyon, Yountville, and Calistoga websites have links that contain information about transportation services including the VINE. The home pages of Napa and St. Helena lack such links.

Response: The NCTPA Board agrees with this finding in part. The only jurisdiction that currently does not have a link to the VINE on their website is the City of St. Helena, which resulted when the site was updated. We are working with the jurisdictions to ensure that transit information is displayed more prominently.

Finding 13 The VINE currently does not employ sufficient financial, quantitative and qualitative metrics, indicators toward adaptive (learning-based) management in decision-making to constantly improve transit operations and ridership service.

Response: The NCTPA Board disagrees with this finding. NCTPA is implementing similar strategies as part of its countywide transportation plan which includes transit. NCTPA also adopted service policies that create standards of service with performance metrics that alert staff when service may need to be adjusted because of poor performance.

Finding 14 Planning for VINE proper (Napa inner-city) routes does not utilize Transit Oriented Development (TOD) methodologies for achieving the most sustainable transportation route designs.

Response: The NCTPA Board disagrees with this finding. TOD methodologies generally refer to the land use development of areas served by transit, rather than how transit service is designed. NCTPA's involvement in land use is limited to facilitating the sub-regional housing needs allocation and providing planning support for priority development areas in Napa County. There are currently no TODs within the service areas for which VINE provides service.

Finding 15 NCTPA lacks a coordinated logistics management system for its many different facilities including the transit center, maintenance area, bus parking, and fueling facility which results in an inefficient operation.

Response: The NCTPA Board disagrees with this finding. NCTPA coordinates with its transit contractor to provide computer aided dispatch and automatic vehicle location that can identify at any given time which operator is in which vehicle on which route in the system, including where the vehicle is located, including at which stop, at the maintenance facility, transit center, park and ride lot, or whether it's in route. NCTPA does not currently have any fueling facilities.

Finding 16 As demands increase upon its role in congestion management and transportation planning, particularly from the increased traffic in American Canyon and on Route 29 throughout the Valley, the NCTPA BOD's time allocated to the VINE may not be sufficient in light of the VINE's increasing directional needs regarding marketing, other ridership incentives, and long-term planning.

Response: The NCTPA Board disagrees with this finding. There is no specific time allocated for the various issues that the NCTPA Board of Directors has been tasked to address. The Board allocates its time based upon the urgency of the subject, the interest of the community, and/or to meet regulatory or legislative requirements.

Recommendations

Recommendation 1. The Grand Jury recommends that the BOD adopt and follow a capital budget that anticipates maintenance and equipment acquisitions, projects out costs and funding mechanisms, and monitors implementation with a consistent progress reporting method. If the recommendation is not implementable in the current fiscal year, then it should be implemented in FY 2014/15.

Response: This recommendation has been implemented. Each year as part of the annual budgeting process, the Board approves the capital expenditures for the year. The capital budget is developed from the Short Range Transit Plan (SRTP), a 10 year plan that also identifies capital needs. The costs to operate and maintain each capital

purchase items is included in the 5 year operating budget projections that are provided to the Board quarterly, and in the 10 year budget projections included in the SRTP.

Recommendation 2. The Grand Jury recommends that the BOD evaluate at least annually, with careful prior analysis by staff, any needed major acquisitions such as buses, maintenance yards, and fueling stations, with the goal of achieving the efficient integration of transit operations.

Response: This recommendation has been implemented. As previously stated under our response in Recommendation 1 above, the Board reviews needed major acquisitions as part of the SRTP and as part of each annual budget. On major capital improvements, plans are completed to understand specific needs, costs, and resources required to implement a project. As an example, the Board just received the Bus Maintenance Yard/Fueling Facility Feasibility Study to better understand the agency's needs. The facility is currently in the Short Range Plans and as the project is implemented, the capital needs and financing costs will be included in successive budgeting exercises.

Recommendation 3. The Grand Jury recommends the BOD to explore ways to improve NCTPA management retention such as merit pay or other incentives, and put in place for the coming fiscal year.

Response: This recommendation requires further analysis. The NCTPA Board appreciates the Grand Jury's suggestion and will take it under advisement. It should be noted, however, that the agency has been existence since 1998 and has only had four executive directors in its 16 year history; and two of them retired from NCTPA.

Recommendation 4. The Grand Jury recommends planning out the use of the \$10 million reserve fund to meet transit's existing needs over the next 10 year, including capital expenses and marketing cost by the beginning if the next fiscal year.

Response: This recommendation has been implemented. The agency has planned out its capital and operating needs over the next 10 years and it is included in its SRTP. The SRTP is updated every 4 to 5 years; however, every two years NCTPA produces a "mini" SRTP which includes updates to its capital and operating programs as mandated by the Metropolitan Transportation Commission.

Recommendation 5. NCTPA Should consistently utilize the Napa County Short Range Transit Plan FY 2013-2022 (June 2013) for guidance in the sustainable operation of the Napa transit system with timely progress reports to the Board of Directors (BOD) put in place by June 2014.

Response: This recommendation has been implemented. The SRTP is referred to frequently in both setting the groundwork for operations and for the annual development of the operating and capital budget. In conjunction with the budget process, NCTPA staff develops and the Board adopts an overall work plan (OWP) which establishes the

number of staff hours required to complete various tasks and projects over the course of the year. The Board receives quarterly updates on the budget, quarterly updates on transit operations and performance (and more frequently as needed), and semi-annually OWP updates.

Recommendation 6. NCTPA should develop financial, qualitative and quantitative reporting metrics that will identify problems in standards of system performance so operation corrections can be made through adaptive management actions, with those metrics in place by the end of the current fiscal year.

Response: This recommendation has been implemented. Service Policies and performance metrics are adopted by the Board and are summarized in NCTPA's SRTPs. The most recent Service Policies were adopted in March 2013. The Board also receives 5 year financial projections quarterly.

Recommendation 7. NCTPA should install at a minimum temporary signage as soon as possible for the new Transit Center that can be seen from Soscol Avenue and install a complete and consistent branding and marketing signage system for the center, buses, bus shelters, within ninety (90) days of this report.

Response: This recommendation will not be implemented because it is not warranted and is not reasonable. As previously discussed, the building signage was part of the original SGTC contract but other building signs produced by the subcontractor were substandard. Consequently NCTPA canceled the contract and solicited a sign contractor elsewhere. NCTPA is currently evaluating three quotes. Each of the quotes is deficient in some way and we are unable to proceed until the issues are resolved. Temporary signage would require that we work with the city planning staff on alternative signage design, release another RFP which would create unnecessary delay, inefficiencies and costs.

Recommendation 8. NCTPA should implement within the current fiscal year a coordinated VINE marketing strategy with each Napa County jurisdiction so that NCTPA's transit services are readily available and consistently communicated across all public, community and visitor websites.

Response: This recommendation will be implemented within 90 days. NCTPA will work with the jurisdictions and visitor sites and request that information about the VINE and its ancillary services are consistently communicated. It should be noted that NCTPA has no authority to demand that Napa's jurisdictions or its visitor sites comply with this request.

Recommendation 9. The Grand Jury recommends NCTPA contract with an agency with transit expertise to develop and implement appropriate marketing efforts to targeted ridership populations and major employers that will drive awareness of all VINE services and improve ridership within the current and for the future fiscal year.

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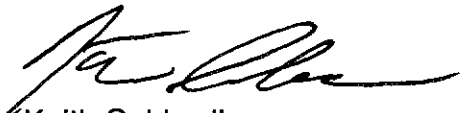
Response: This recommendation will not be implemented because it is not warranted and is not reasonable. Most transit operators spend approximately 1% of its budget on marketing. The NCTPA Board allocates roughly 2% of the VINE budget on marketing. The NCTPA board is pleased with the marketing effort and acknowledges that professional support could enhance the marketing materials but is concerned that an advertising professional would consume a significant share of the agency's annual budget for marketing.

Recommendation 10. NCTPA should explore, adopt and apply sustainability design tools such as TOD to determine ideal alterations to transit services within the 2014 calendar year.

Response: This recommendation will not be implemented because it is not warranted and is not reasonable. NCTPA staff take courses, and attend conferences regularly to learn about new trends and technologies in transit. Professionals in the field of transit in rural and suburban areas are often consulted in order to ensure that NCTPA transit services are utilizing the most up to date technologies and employing state of the art practices. TODs are neighborhoods that are designed by cities and towns. There are times that a transit partner may participate if development occurs on a property owned by that transit operator but transit operators rarely initiate such developments.

Once again, NCTPA appreciates the efforts undertaken by the Grand Jury, and invites any questions that you may have.

Sincerely,

A handwritten signature in black ink, appearing to read 'Keith Caldwell', written in a cursive style.

Keith Caldwell
NCTPA Chair