

# Tuolumne County Transit Agency Triennial Performance Audit FY 2019-20 - 2021-22

## FINAL REPORT



Prepared for the

**Tuolumne County Transportation Council**



July 13, 2023



**Triennial Performance Audit**  
of the  
**Tuolumne County Transit Agency**

*Fiscal Years 2019-20 through 2021-22*

*Prepared for*

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# EXECUTIVE SUMMARY

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The California Public Utilities Code requires that all transit operators that receive funding under Article 4 of the Transportation Development Act (TDA) be subject to a performance audit every three years. This document presents the findings from the performance audit of transit operations managed by the Tuolumne County Transit Agency (TCTA). As the Regional Transportation Planning Agency (RTPA) responsible for TDA funding in Tuolumne County, these audits were performed under the authority of the Tuolumne County Transportation Council (TCTC).

This audit report covers Fiscal Years (FY) 2019-20 through FY 2021-22, and was conducted by LSC Transportation Consultants, Inc. Data collection, initial review, and on-site interviews were conducted in early 2023. The audit process follows guidelines outlined in the Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities developed by Caltrans (2008).

## BACKGROUND

The Tuolumne County Transit Agency (TCTA) was formed through a Joint Powers Agreement between Tuolumne County and the City of Sonoma. TCTA is an independent entity with its own staff and is governed by a Board of Directors composed of representatives from both the County and the cities. TCTA shares a staff with Tuolumne County Transportation Council (TCTC). TCTA provides fixed route and demand response services.

## VERIFICATION AND USE OF PERFORMANCE INDICATORS

Tables 1-3 in Chapter 1 of the audit report present operating and financial statistics for TCTA for the current audit period as well as for the prior audit period. Figures 1-7 graphically present performance indicators for all TCTA services. During this audit period, TCTA systemwide ridership decreased by roughly 21.6 percent. Ridership has decreased by 50.3 percent over the past six years. Operating cost per vehicle service hour increased from \$118.05 in FY 2019-20 to \$137.26 in FY 2021-22) while productivity decreased 20.7 percent from 4.59 trips per hour to 3.64 trips per hour. While this seems like a dismal performance review, it is important to remember how the public transit environment has changed over the past six years. Low interest rate auto loans and low gas prices enabled more families to purchase and maintain one or more vehicles and therefore may no longer be transit dependent. The COVID-19 pandemic then had the immediate impact of very few people travelling and a long-term impact of shifts to telecommuting or changes to different jobs. Most recently operating costs have increased with inflation. With the exception of some resort areas, most California transit agencies have seen similar trends in performance. The good news is that TCTA ridership has rebounded by nearly 60 percent since the heart of the pandemic in FY 2020-21. Along with this both productivity and operating cost per trip have improved by around 30 percent the last year of the audit period.

TCTA systemwide fare revenues increased during the audit period when taking local funds into account. The farebox recovery ratio met the 10 percent minimum for all years of the audit period. In FY 21-22, TCTA was able to far exceed the 10 percent minimum due to the inclusion of federal grant funds as revenue, per AB 149 (2021).

Given the rural nature of the county, small population increase (according to the US Census), and challenging conditions for transit operators during the current audit period, TCTA is performing at a level that is typical of similar rural transit systems.

TCTA compiled operating statistics in accordance with TDA definitions, as presented in Appendix B of the Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities. As for the overall data collection and recording process, TCTA manually enters driver recorded data into spreadsheets which are summarized for monthly and annual reports. This process is subject to human error.

## **REVIEW OF COMPLIANCE REQUIREMENTS**

The Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities recommends reviewing transit operator compliance with certain TDA regulations that relate to transit performance. Table 4 presents TCTA's compliance with these requirements. During the audit period, TCTA was found to be compliance in all areas except for the following:

- The filing of State Controller Reports within the required time period for all fiscal years.
- The submission of Fiscal and Compliance Audits within the specified time period.
- Status of prior audit recommendations
- The previous audit was completed by LSC Transportation Consultants, Inc. in 2020. All recommendations were still in progress at time of writing.
- Detailed review of Transit operator functions

An important step in the performance audit process is to evaluate standard transit operator functions in terms of efficiency and effectiveness. This is done through interviews with transit staff. The review of transit operator functions is divided into the following categories:

1. General Management and Organization
2. Service Planning
3. Administration
4. Scheduling, Dispatch and Operations
5. Marketing and Public Information
6. Maintenance

TCTA has a well-defined program of administrative oversight. Transit service changes are appropriately evaluated before and after implementation. Overall, transit operations and dispatch go smoothly. TCTA has in place safety, operations and training procedures which comply with applicable regulations. TCTA responded in a timely and appropriate manner to restrictions and challenges resulting from the COVID-19 pandemic.



Sufficient marketing and public outreach efforts are conducted by TCTA. Contractor staff has a productive relationship with TCTA staff. Vehicle replacement is on-going so as to maintain a safe and operable fleet and TCTA has begun the transition to Zero Emission Vehicles (ZEVs).

## **FINDINGS**

- Ridership decreased 21.6 percent over the course of this audit period (FY 2019-20 to FY 2021-22), however it increased by 54.4 percent between FY 2020-21 and FY 2021-22. This decrease is likely due to a nationwide downward trend in ridership, exacerbated by COVID-19 and the associated decrease in fixed route service.
- Reliability of transit service, as measured in terms of on-time performance, continued to not meet the TCTA target, particularly on the fixed routes. Some of this may be attributed to inaccuracy in the GPS software.
- The auditor was unable to obtain copies of State Controller Reports for FY 2019-20 and FY 2020-21. TCTA staff find it extremely challenging to obtain copies of the reports from the County Auditor.
- Per the State Controller Office website, the State Controller Reports for all three fiscal years were submitted well past the deadline.
- On-time submittal of the Fiscal and Compliance Audits remains an issue of significant concern. The auditor was not able to obtain a copy of the Fiscal and Compliance Audit for any fiscal year and the repeated tardiness of submittal has resulted in withholding of STA funds from TCTA by Caltrans.
- Two of the prior audit recommendations (timely submittal of State Controller Reports and Fiscal Audits) remain in progress while one has been completed (recording of on-demand stops).
- TCTA maintained the required systemwide farebox ratio of 10 percent or better for all years of the audit period. In FY 2021-22, this is achieved through the inclusion of federal grant funds as revenue for the purposes of calculating farebox recovery ratio. This is allowed under AB 149 (2021).
- TCTA implemented free fares during the audit period, utilizing LCTOP funds as an equivalent revenue source, calculated at the full value of fares for each service.
- TCTA and the contractor continue to have an effective working relationship.
- Productivity on the combined fixed routes ranged from 6 to 4.7 one-way passenger trips per hour during the audit period. This is below the industry standard of 10 passenger-trips per hour for a rural fixed route service. DAR saw a drop in productivity from the previous audit period to between 2.2 and 3.2 passenger-trips per hour.
- Systemwide operating cost per trip of \$26 to \$52 during the audit period is on par with similar transit agencies as this cost has increased significantly for many small transit agencies. Performance reports show that Calaveras Transit Agency saw operating costs per trip range from \$31 to \$63 during this audit period. Plumas Transit Systems saw an increase from \$30 to \$47 per trip from FY 2019-20 to FY 2020-21, according to their most recent TPA.

- TCTA and Storer implemented appropriate and timely service changes in response to COVID restrictions, worked to keep the public notified through different messaging, and aimed to support employees by providing hazard pay.

## **RECOMMENDATIONS**

The auditor has the following recommendations which relate to the TDA. Recommendations are outlined in greater detail in Section 2.

**Recommendation 1:** Procure separate accounting services outside the County Auditor in order to have greater knowledge of and control over TCTA/TCTC accounting data.

**Recommendation 2:** If farebox recovery ratio falls below the 10 percent TDA requirement, consider allowances made by AB 149 (2021).

**Recommendation 3:** Review and update marketing of Dial-A-Ride services on TCTA website.

**Recommendation 4:** Continue to monitor on-time performance systemwide with the goal of meeting on-time performance standards.

## TRIENNIAL PERFORMANCE AUDIT RESULTS

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### BACKGROUND

The TDA, also known as the “Mills-Alquist Deddeh Act,” provides two major sources of funding for public transportation providers in California: the Local Transportation Fund (LTF) and the State Transit Assistance (STA). The LTF is derived from 0.25 percent of the 7.25 percent retail sales tax collected statewide and can be used for a variety of transportation purposes, according to a set of priorities detailed in the Act. The State Board of Equalization returns the LTF to each county in accordance with the amount of tax collected in that county. STA funds are derived from statewide sales tax on diesel fuel and the funds are allocated to each county based on the following formula: 50 percent according to population and 50 percent according to operator revenues from the prior fiscal year. STA funds can only be used to pay for transit planning, capital projects, and operations.

The California Public Utilities Commission (PUC) requires that a Triennial Performance Audit (TPA) be conducted for all transit operators and Regional Transportation Planning Agencies (RTPAs). A performance audit is a systematic process of evaluating an organization’s effectiveness, efficiency, and economy of operations under management control. The objectives of the audit are to provide a means for evaluating an organization’s performance and to enhance the performance by making recommendations for improvements. In addition, the audit evaluates the adequacy of an organization’s systems and the degree of compliance with established policies and procedures. This TPA covers FY 2019-20 through FY 2021-22.

### PERFORMANCE AUDIT AND REPORT ORGANIZATION

The performance audit consists of the following elements:

- Initial review of transit operator functions
- Review of compliance requirements
- Follow-up review of prior performance audit recommendations
- Verification and use of performance indicators
- Detailed review of various transit operator functions
- Preparation of the Draft Audit report
- Preparation of the Final Audit report
- Transit program description

TCTA is the regional transit operator for Tuolumne County. Public transit in Tuolumne County originally began as independent social service agencies providing transportation for their respective clients. In 1967, public transportation was consolidated under the umbrella of the County, through a Joint Powers Agreement between the City and the County. In 2010, operation of public transit service was transferred from the County to the RTPA, the Tuolumne County Transportation Council (TCTC), through a Joint Powers Agreement between Tuolumne County and the City of Sonora. In 2011, TCTA was formed as a separate agency with the specific purpose of operating public transit. However, the RTPA (TCTC) and

transit operator (TCTA) share the same board members and staff. A private transportation company, currently Storer Transit Systems, is contracted to provide all the drivers, dispatchers, mechanics, and other staff necessary for the operation and management of Tuolumne County Transit.

## **TCTA FIXED ROUTE CHARACTERISTICS**

At the start of the audit period, TCTA operated five fixed routes serving the communities of Sonora, Tuolumne, Jamestown, Columbia, and Twain Harte. Buses generally run from 6:30 AM to 8:00 PM Monday through Friday. In March 2020 after the COVID-19 shelter-in-place order, demand for public transit drastically reduced. At this time fixed route service was discontinued and fare free General Public Dial-A-Ride service was implemented for essential trips only. The majority of rides were same day service requests. As demand for DAR trips grew, Route 1 was reinstated in July of 2020. Route 2 was reinstated in August of 2021. The current fixed routes evaluated under this TPA are described below.

### ***Route 1 Sonora Loop***

This route makes a loop through downtown Sonora and East Sonora beginning and ending at the Transit Center on hourly headways. The route serves major shopping centers, apartment complexes and social services. Route 1 service was suspended between March 2020 and July 2020.

### ***Route 2 Sierra Village to Sonora Loop***

This route travels from the courthouse park as far east on State Route (SR) 108 as the small community of Sierra Village every two hours. Transfers to other routes are possible at the Transit Center and the Junction Shopping Center. Route 2 service was suspended between March 2020 and August 2021.

Each route has established “On-Demand” stops which can be arranged by calling at least 15 minutes in advance. Passengers may also “flag” the bus if the bus can stop in a safe location. Approximately 5-10 on-demand passenger boardings are recorded per day. This figure is slightly lower than the estimate for the previous audit period. Storer staff indicated that this decrease is mainly a result of the reduction in fixed route service during this audit period.

During the previous audit period, TCTA/TCTC completed a new transit center as part of a County Law and Justice Center, located off of Old Wards Ferry Road. Along with the Transit Center, Courthouse Park and the Junction Shopping Center are transfer points for fixed route passengers.

### ***Groveland Columbia Connect***

This new route provides service between Mary Laveroni Park in Groveland and Columbia College in Columbia, including stops at Courthouse Square in Sonora, Post Office in Jamestown, and on-demand stops at Convenience Store in Chinese Camp, Switchback Rd in Moccasin, and Big Oak Flat. This route began in August 2022 specifically to serve student transit needs and is the result of the unmet transit needs process.

### ***Dial-A-Ride Services***

Dial-A-Ride (DAR) is available to the general public from 6:25 AM to 7:25 PM Monday through Friday and on Saturdays between 11:00 AM and 4:00 PM. DAR serves Columbia, Sonora, Jamestown, Soulsbyville,

Twain Harte, and Sierra Village. TCTA recommends that passengers make a reservation at least one day in advance, however same day service can be accommodated if space is available. Priority is given to ADA passengers and passengers age 60 or older.

### ***Other Transit Services***

TCTA operates a seasonal Dodge Ridge Ski Bus (SkiBUS) along SR 108 on winter weekends and holidays from the beginning of the winter season through March. In the morning, the SkiBUS picks up its first passengers around 7:00 AM in Sonora and makes several fixed and on-demand stops along the way before arriving at Dodge Ridge around 8:45 AM. The afternoon westbound departure is timed with the closing of the ski lifts. Round trip fares are available for \$10 for each individual or \$25 for a family of four with \$5 for each additional child. Dodge Ridge Ski Resort guarantees the fare for a minimum number of rides for this service. The SkiBUS did not run during FY 20-21 due to concern around COVID-19 and was terminated early in FY 21-22 due to staffing shortages.

Special Event Transit Services—TCTA recognizes the importance of supporting community events such as parades or fairs through assistance with transportation and circulation. TCTA allocates roughly \$16,000 of the annual operating budget to providing transportation for attendees of these events to/from a temporary park and ride lot. This in turn mitigates parking and traffic impacts caused by the events. No fare is charged in an effort to encourage use. The organization sponsoring the event must apply for special event transit service. As Special Event Transit Services are open to the public and the charitable organization sponsoring the event is not contracting with TCTA to provide the service, the service is not considered to be Charter Service. Special Event Services were cancelled during FY 20-21 but returned in FY 2021-22. Special events served during this audit period included the fair, parades, the 49er festival, and the rodeo. These services expose the “choice” rider to public transit and can be a good marketing tool, as long as they are not too costly.

Tuolumne County has partnered with local non-profit organizations to provide a reimbursement program called the Tuolumne Trip Program. The program is designed to serve residents who require extra assistance and therefore are unable to use the fixed route or DAR services. Eligible users are responsible for finding and paying their own volunteer driver. TCTA only provides reimbursement for the trip and, therefore, the program requires little in the way of administrative costs. The Tuolumne Trip Program is advertised through social service agencies and the TCTA Executive Director approves each user’s eligibility. The Trip Program provided 129 trips in FY 2019-20, 75 in FY 2020-21, and 21 in FY 2021-22. TCTA provided \$3,405, \$2,531, and \$674 in reimbursement funding for FY 2019-20, FY 2020-21, and FY 2021-22 respectively.

Sonora to Pinecrest Summer Service—In 2017, TCTA began offering summer services from Sonora to Pinecrest Lake on weekends and holidays from Memorial Day weekend to Labor Day. The Pinecrest Service picked up passengers in Jamestown at the Preston Lane Apartments at 8:00 AM then traveled east through Sonora, Twain Harte, and Cold Springs before ending at Pinecrest Lake at around 9:30 AM. The service also provided on-demand stops in the communities of Sugar Pine, Mi-Wuk, Sierra Village, and Long Barn. Due to low ridership, this service was cancelled after 2019.

TCTA also partners with Yosemite National Park, Yosemite Area Regional Transportation System (YARTS) to provide the Sonora to Yosemite YARTS bus route. TCTA does not operate the service. Rather, TCTA

provides administrative staff time to market the service in the Sonora region. Tuolumne County became a voting member of YARTS in FY 20-21, a significant change from previous audit periods. As a voting member, the TCTC/TCTA transportation planner participates in advisory committee meetings and two Board of Supervisor members are voting members of the YARTS board. As a voting member, TCTC/TCTA also pays \$68,400 annually in dues.

The Wheels and Village Express (WAVE) is a new program that provides seniors and those with disabilities with transportation from Mary Laveroni Park in Groveland to Sonora and Modesto. Services are available Monday – Friday, going to Sonora four days a week and Modesto one day a week. This pilot program is FTA 5310 grant funded and is operated by Southside Senior Services with administrative help from TCTC/TCTA.

The Tuolumne Adventure Trolley was a new service that began in FY 2018-19 and was a visitor oriented historic trolley service between Jamestown, Sonora, and Colombia. The service ran from 8:30 AM to 8:30 PM on Saturdays during the summer season every 1.5 hours. The service was cancelled in FY 2020-21 due to COVID and low ridership and has not returned to service.

## **Fares**

During previous audit periods and in FY 2019-20, passengers had the option to purchase single ride, day or month passes, or ticket books of 15 tickets for both fixed routes and DAR services. Discounted fares were available for veterans, seniors, Medicare, ADA, and students. Passes were available for purchase on-board with exact change or at the TCTA office at 13033 Sanguinetti Road in Sonora. For FY 2020-21 and FY 21-22, TCTA offered free fares for all services.

Low Carbon Transit Operations Program (LCTOP) funds were used to subsidize fares. LCTOP is a Caltrans funding program established in 2014 by SB 862 for transit agencies. LCTOP funds can be used for operating and capital expenditures to reduce greenhouse gas emissions and increase mobility and has a focus on serving disadvantaged communities.

## **TCTA OPERATING AND FINANCIAL STATISTICS**

The following section quantitatively analyzes the efficiency and effectiveness of public transit services in Tuolumne County. Operating data and financial statistics are presented in Tables 1-3 and Figures 1-7. Operating data and financial data were obtained from annual internal performance reports due to the absence of available Fiscal and Compliance Audits. TCTA operating data for this audit period and the previous audit period is presented in Table 1 for TCTA services systemwide. Table 2 presents operating and financial statistics for fixed route services and special event services and Table 3 presents operating and financial statistics for demand response services.

Due to the COVID-19 pandemic, year to year comparisons of performance statistics during this audit period should be viewed with caution. During FY 2019-20, FY 2020-21, and FY 2021-22, COVID-19 had tremendous impacts on performance indicators of TCTA, including ridership, revenue, farebox ratio and costs per passenger and may not accurately represent a route's long-term utility or success.

**TABLE 1: Tuolumne County Transit Agency Systemwide Performance Measures**

Performance Measures	Prior Audit Period			Current Audit Period		
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
<b>One-Way Passenger-Trips</b>	128,883	118,031	112,322	81,668	40,428	64,029
<i>% Change from Previous Year</i>	6.8%	-8.4%	-4.8%	-27.3%	-50.5%	58.4%
<b>Vehicle Service Hours</b>	21,142	20,374	20,521	17,775	14,637	17,582
<i>% Change from Previous Year</i>	0.0%	-3.6%	0.7%	-13.4%	-17.7%	20.1%
<b>Vehicle Service Miles</b>	354,534	316,999	318,195	273,952	217,171	253,983
<i>% Change from Previous Year</i>	4.2%	-10.6%	0.4%	-13.9%	-20.7%	17.0%
<b>Operating Costs</b>	\$1,949,089	\$2,246,004	\$2,111,260	\$2,098,300	\$2,137,184	\$2,413,242
<i>% Change from Previous Year</i>	-3.4%	15.2%	-6.0%	-0.6%	1.9%	12.9%
<b>Full-Time Equivalent Employees (FTE)</b>	22	23	23	21	17	20
<i>% Change from Previous Year</i>	-8.3%	4.5%	0.0%	-8.7%	-19.0%	17.6%
<b>Farebox Revenues</b>	\$203,087	\$222,203	\$203,171	\$147,520	\$0	\$4,027
<i>% Change from Previous Year</i>	-12.1%	9.4%	-8.6%	-27.4%	-100.0%	0.0%
<b>Other Qualifying Revenue <sup>(1)</sup></b>	--	\$36,112	\$39,071	\$84,074	\$232,817	\$1,818,093
	--	--	8.2%	115.2%	176.9%	680.9%
<b>Operating Cost per One-Way Passenger-Trip</b>	\$15.12	\$19.03	\$18.80	\$25.69	\$52.86	\$37.69
<i>% Change from Previous Year</i>	-19.3%	25.8%	-1.2%	36.7%	105.8%	-28.7%
<b>Operating Cost per Vehicle Service Hour</b>	\$92.19	\$110.24	\$102.88	\$118.05	\$146.01	\$137.26
<i>% Change from Previous Year</i>	-9.3%	19.6%	-6.7%	14.7%	23.7%	-6.0%
<b>Passengers per Vehicle Service Hour</b>	6.10	5.79	5.47	4.59	2.76	3.64
<i>% Change from Previous Year</i>	12.4%	-5.0%	-5.5%	-16.1%	-39.9%	31.8%
<b>Passengers per Vehicle Service Mile</b>	0.36	0.37	0.35	0.30	0.19	0.25
<i>% Change from Previous Year</i>	0.1%	2.4%	-5.2%	-15.5%	-37.6%	35.4%
<b>Vehicle Service Hours per FTE</b>	961.01	885.83	892.23	846.43	861.00	879.10
<i>% Change from Previous Year</i>	0.9%	-7.8%	0.7%	-5.1%	1.7%	2.1%
<b>Farebox Recovery Ratio (including qualifying revenue)</b>	10.42%	11.50%	11.47%	11.04%	10.89%	75.51%
<i>% Change from Previous Year</i>	11.4%	10.4%	-0.2%	-3.8%	-1.3%	593.1%

Note: Previous audit period data obtained from prior performance audit.

Note 1: Includes LCTOP funds, advertising revenue, and federal operating funds for FY 2021-22 (5311, 5311-CARES ACT, 5311-CRRSAA) per AB 149.

**TABLE 2: Tuolumne County Transit Agency Fixed Route Services Performance Measures**

Performance Measures	Combined Fixed Routes			SkiBUS, Pinecrest, Adventure Trolley and Special Events		
	2019-20	2020-21	2021-22	2019-20	2020-21	2021-22
<b>One-Way Passenger-Trips</b>	47,791	15,319	30,108	3,916	145	1,732
<i>% Change from Previous Year</i>	-34.4%	-67.9%	96.5%	-27.9%	-96.3%	1094.5%
<b>Vehicle Service Hours</b>	7,993	3,256	5,938	470	67	208
<i>% Change from Previous Year</i>	-27.7%	-59.3%	82.4%	-17.1%	-85.7%	210.4%
<b>Vehicle Service Miles</b>	129,564	37,740	81,314	8,766	979	3,223
<i>% Change from Previous Year</i>	-27.6%	-70.9%	115.5%	3.6%	-88.8%	229.2%
<b>Operating Costs</b>	\$879,770	\$441,082	\$782,442	\$69,103	\$12,386	\$30,267
<i>% Change from Previous Year</i>	-22.5%	-49.9%	77.4%	1.2%	-82.1%	144.4%
<b>Farebox Revenues</b>	\$61,359	\$0	\$0	\$6,143	\$0	\$4,027
<i>% Change from Previous Year</i>	-31.8%	-100.0%	0.0%	-32.4%	-100.0%	0.0%
<b>Local Funds</b>	--	\$30,782	\$60,338	--	\$435	\$54
<i>% Change from Previous Year</i>	--	--	96.0%	--	--	-87.6%
<b>Operating Cost per One-Way Passenger-Trip</b>	\$18.41	\$28.79	\$25.99	\$17.65	\$85.42	\$17.48
<i>% Change from Previous Year</i>	18.2%	56.4%	-9.7%	40.4%	384.1%	-79.5%
<b>Operating Cost per Vehicle Service Hour</b>	\$110.07	\$135.47	\$131.77	\$147.03	\$184.87	\$145.51
<i>% Change from Previous Year</i>	7.2%	23.1%	-2.7%	22.1%	25.7%	-21.3%
<b>Passengers per Vehicle Service Hour</b>	5.98	4.70	5.07	8.33	2.16	8.33
<i>% Change from Previous Year</i>	-9.3%	-21.3%	7.8%	-13.1%	-74.0%	284.8%
<b>Passengers per Vehicle Service Mile</b>	0.37	0.41	0.37	0.45	0.15	0.54
<i>% Change from Previous Year</i>	-9.4%	10.0%	-8.8%	-30.4%	-66.8%	262.8%
<b>Farebox Recovery Ratio</b>	6.97%	6.98%	7.71%	8.89%	3.51%	13.48%
<i>% Change from Previous Year</i>	-12.06%	0.1%	10.5%	-33.23%	-60.5%	283.9%



**TABLE 3: Tuolumne County Transit Agency Demand Response Services Performance Measures**

Performance Measures	Dial-A-Ride (Weekday)			Weekend Dial-A-Ride			Total Dial-A-Ride		
	2019-20	2020-21	2021-22	2019-20	2020-21	2021-22	2019-20	2020-21	2021-22
<b>One-Way Passenger-Trips</b>	28,756	24,040	31,233	1,205	924	956	29,961	24,964	32,189
<i>% Change from Previous Year</i>	-11.8%	-16.4%	29.9%	-17.6%	-23.3%	3.5%	-12.0%	-16.7%	28.9%
<b>Vehicle Service Hours</b>	8,925	10,970	11,091	387	344	345	9,312	11,314	11,436
<i>% Change from Previous Year</i>	5.1%	22.9%	1.1%	-5.8%	-11.1%	0.3%	4.6%	21.5%	1.1%
<b>Vehicle Service Miles</b>	129,778	173,162	164,305	5,844	5,290	5,141	135,622	178,452	169,446
<i>% Change from Previous Year</i>	4.1%	33.4%	-5.1%	-5.8%	-9.5%	-2.8%	3.6%	31.6%	-5.0%
<b>Operating Costs</b>	\$1,101,245	\$1,629,394	\$1,548,854	\$48,182	\$54,322	\$51,679	\$1,149,427	\$1,683,716	\$1,600,533
<i>% Change from Previous Year</i>	22.4%	48.0%	-4.9%	6.7%	12.7%	-4.9%	21.7%	46.5%	-4.9%
<b>Farebox Revenues</b>	\$77,621	\$0	\$0	\$2,397	\$0	\$0	\$80,018	\$0	\$0
<i>% Change from Previous Year</i>	-9.0%	-100.0%	0.0%	-39.1%	-100.0%	0.0%	-10.3%	-100.0%	0.0%
<b>Local Funds(1)</b>	--	\$72,598	\$92,700	--	\$2,772	\$2,868	--	\$165,490	\$108,576
<i>% Change from Previous Year</i>	--	--	27.7%	--	--	3.5%	--	--	-34.4%
<b>Operating Cost per One-Way Passenger Trip</b>	\$38.30	\$67.78	\$49.59	\$39.99	\$58.79	\$54.06	\$38.36	\$67.45	\$49.72
<i>% Change from Previous Year</i>	138.7%	77.0%	-26.8%	29.4%	47.0%	-8.0%	38.2%	75.8%	-26.3%
<b>Operating Cost per Vehicle Service Hour</b>	\$123.39	\$148.53	\$139.65	\$124.50	\$157.91	\$149.79	\$123.44	\$148.82	\$139.96
<i>% Change from Previous Year</i>	16.5%	20.4%	-6.0%	13.2%	26.8%	-5.1%	16.3%	20.6%	-6.0%
<b>Passengers per Vehicle Service Hour</b>	3.22	2.19	2.82	3.11	2.69	2.77	3.22	2.21	2.81
<i>% Change from Previous Year</i>	-16.0%	-32.0%	28.5%	-12.5%	-13.7%	3.2%	-15.9%	-31.4%	27.6%
<b>Passengers per Vehicle Service Mile</b>	0.22	0.14	0.19	0.21	0.17	0.19	0.22	0.14	0.19
<i>% Change from Previous Year</i>	-15.2%	-37.3%	36.9%	-12.5%	-15.3%	6.5%	-15.1%	-36.7%	35.8%
<b>Farebox Recovery Ratio</b>	7.05%	4.46%	5.99%	4.97%	5.10%	5.55%	6.96%	9.83%	6.78%
<i>% Change from Previous Year</i>	-2.6%	-36.8%	34.3%	-42.92%	2.6%	8.8%	-26.27%	41.2%	-31.0%

Note 1: Local funds includes LCTOP funds.

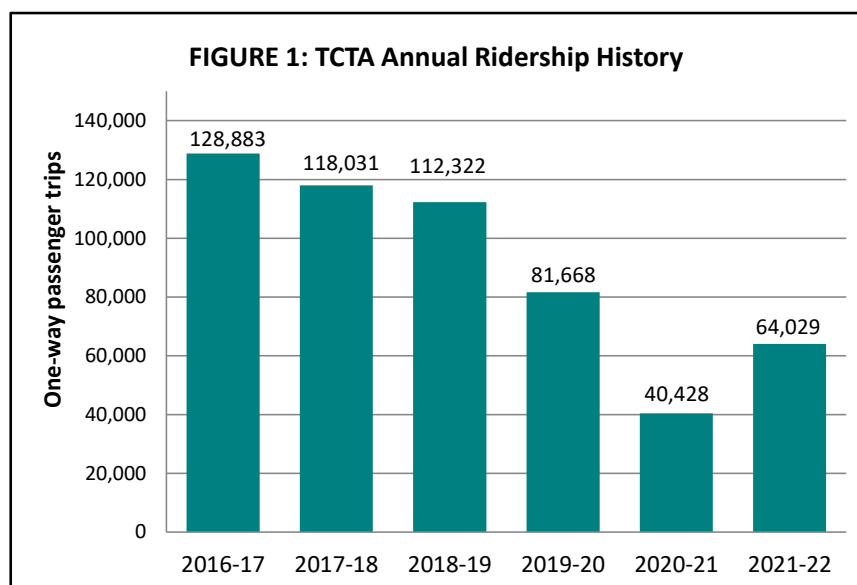
## DATA COLLECTION METHODS

As part of the TPA process, the auditor must collect and verify the following transit operator statistics:

- Annual Passenger Count
- Annual Vehicle Service Hours
- Annual Vehicle Service Miles
- Annual Operating Cost
- Annual Employee Hours
- Annual Fare Revenues

**Passenger Count** represents one-way passenger trips. TCTA’s counting of passengers is consistent with this definition. For both fixed route and demand response services, passenger count data is recorded manually by drivers as unlinked one-way passenger-trips (single boarding and alighting).

Table 1 and Figure 1 present annual ridership data for all TCTA services during the audit period, as well as data from the previous three-year period (for purposes of comparison). During this current audit period, overall ridership decreased by 21.6 percent. Over the past six years, systemwide ridership has decreased by 50.3 percent with the lowest ridership occurring during the FY 2020-21 and the highest ridership occurring in FY 2016 – 17.



As shown in Table 2, fixed route service ridership declined by 37 percent over the past three fiscal years while seasonal services which include the Ski Bus, Special Events, Adventure Trolley, and Pincrest Service decreased by 55.8 percent. This decrease is predominantly due to the temporary suspension of services during FY 2020-21 and the continued reduced service through FY 2021-22.

Ridership on the DAR service (Table 3) increased by 7.4 percent over the audit period, with an 8.6 percent increase in weekday ridership and a 20.7 percent decrease in weekend ridership. This overall increase may, in part, have resulted from the continuation of DAR services when fixed route service was reduced.

**Operating Cost** data (Table 1-3) for TCTA services systemwide were obtained from annual performance reports for all fiscal years. Only unaudited data is available for the audit period. Per TDA, operating costs include the annual cost of running a transit operation exclusive of depreciation, capital expenditures, vehicle lease costs, and direct costs of providing charter service. Extension of service can be excluded per Section 6633.8, as well as a variety of other costs, when calculating farebox ratio per AB 149. As there are no fiscal audits available for this period, how TCTA calculates operating costs could not be officially verified. However, discussions with staff suggest that TCTA follows the TDA definition.

Systemwide operating costs increased by 15 percent between FY 2019-20 and FY 2021-22. Combined fixed route operating costs decreased during the audit period, mainly due to a significant reduction in service. Operating costs for DAR service increased significantly during the audit period (39 percent from FY 20-19-20 to FY 21-22) without a corresponding increase in service levels. The wild swings in operating costs for fixed route and DAR services reflect the significant service changes implemented during COVID to address low demand for public transit.

The significant increase in operating costs can mainly be attributed to high inflation rates during this audit period. According to the US Bureau of Labor Statistics, average inflation between July 2019 and June 2022 was 4.7 percent and was 9 percent during the last year of the audit period alone. Therefore, TCTA does not have full responsibility for the rise in costs experienced between FY 2019-20 and FY 2021-22.

**Vehicle Service Hour** data (Tables 1 – 3) was obtained from internal performance reports. Appendix B of the Performance Audit Guidebook defines vehicle service hours as the time during which a revenue vehicle is available to carry fare-paying passengers. In other words, the time between the scheduled time of the first passenger pickup and the last passenger drop off. Vehicle service hours were recorded and reported in accordance with TDA Performance Audit Guidebook definitions.

As shown in Table 1, over the three-year audit period, TCTA systemwide service levels only decreased by 1.1 percent, or by 193 annual vehicle-hours, although there were fluctuations during the audit period. During the past six-year period, vehicle hours have decreased by 16.8 percent. As seen in Tables 2 and 3, this decrease in hours can be attributed to a reduction in specialized services and fixed route service. During this audit period, vehicle service hours for DAR services increased by 22.8 percent.

**Vehicle Service Mile** data is displayed in Tables 1 – 3. Vehicle service miles are defined in Appendix B of the Performance Audit Guidebook as those miles travelled during vehicle service hours. TCTA records deadhead miles separately, therefore, the vehicle service miles reported to the State Controller are consistent with the TDA definition.

As shown in Table 1, during this audit period, systemwide annual vehicle service miles decreased by 7.3 percent. This is mainly due to the annual vehicle service miles for both the fixed routes and specialized services decreasing by 37.2 and 63.2 percent, respectively. Weekday DAR annual service miles increased by 26.6 percent while weekend DAR service miles decreased by 12 percent.

The **Full-Time Equivalent (FTE) Employee** data (Table 1) was obtained from the internal performance reports. Appendix B of the Performance Audit Guidebook defines full-time equivalent employee hours as dividing the number of person-hours worked by transit related employees by 2,000. As TCTA staff also serve as staff for the TCTC, the agency employs a timesheet tracking tool in an effort to accurately track hours spent on transit and other functions. The contractor provides TCTA a monthly report of all staff hours worked that month. Both these reports are sent to the County Auditor to complete the FTE count for the State Controller Reports. TCTA calculates FTE Employees in accordance with the Performance Audit Guidebook. FTE numbers decreased slightly during the audit period from 21 to 20.

**Fare Revenue** data (Table 1, 2, and 3) was obtained from internal performance reports. It should be noted that PUC Section 99205.7 states that fare revenues are defined as revenue object classes 401, 402, and 403, as specified in Section 630.12 of Title 49 of the Code of Federal Regulations:

- Object class 401 revenues include full adult, senior, student, child, handicapped, Park-and-Ride lot revenues (must be operated by transit operator), special and reduced fares collected from passengers.
- Object class 402 revenues include guaranteed revenues collected from an organization rather than a rider for rides given along special routes.
- Object class 403 revenues include revenues collected from schools for providing service to children to and from school.

Fare revenue also includes the amount of revenue received by an entity under contract for transit services not yet transferred to the claimant. Additionally, the definition of fare revenues includes fares collected (1) for a specified group of employees, members, or clients, or (2) to guarantee a minimum

revenue on a line operated especially for the benefit of the paying entity (e.g., an employer, shopping center, university, etc.), or (3) cash donations made by individual passengers in lieu of a prescribed fare.

Fare revenue differs from and does not include local support or local funds, which have been recently redefined as any nonstate grants or other revenues generated by, or distributed to, the operator, per AB 149. Local funds can be used to supplement fare revenues for farebox ratio calculation purposes if fare revenues alone are not sufficient. Charter revenue cannot be included in the fare revenue category.

It should be noted that Low Carbon Transit Operations Program (LCTOP) funds acquired for the purpose of having fare-free transit service can be categorized as fare revenue for the purpose of calculating fare recovery ratios, calculated as the current full retail value of the fare. In Table 1, LCTOP funds are included with other qualifying revenue sources. In Table 2 and 3, LCTOP funds are categorized as local funds at the full retail value of passes sold, per the number of passenger trips.

Systemwide Fare Revenue data is presented in Table 1-3. TCTA implemented free fares across all services during FY 2019-20 and maintained free fares for the duration of the audit period. The one exception is the SkiBUS, which produced \$4,027 in fare revenue in FY 21-22 (shown in Table 1 and 2). LCTOP funds and other local funding sources were used in place of farebox revenues to create revenue.

## **CALCULATION AND EVALUATION OF PERFORMANCE INDICATORS**

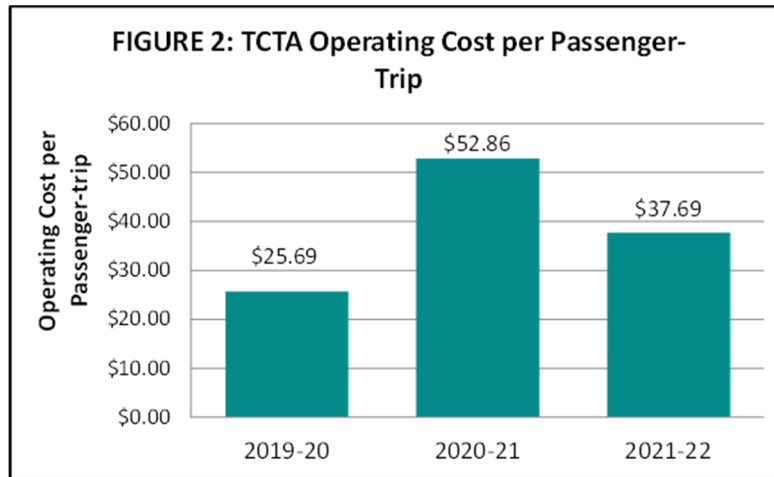
Performance indicators are frequently used to quantify and review the efficiency and effectiveness of a transit operator's activities. Such indicators can provide insight on current operations as well as on the operator's performance over a period of time. Using the data described above, the following performance indicators are calculated as required in Section 99246(d) of the Public Utilities Code:

- Operating Cost per Passenger
- Operating Cost per Vehicle Service Hour
- Passengers per Vehicle Service Hour
- Passengers per Vehicle Service Mile
- Vehicle Revenue Hours per Employee

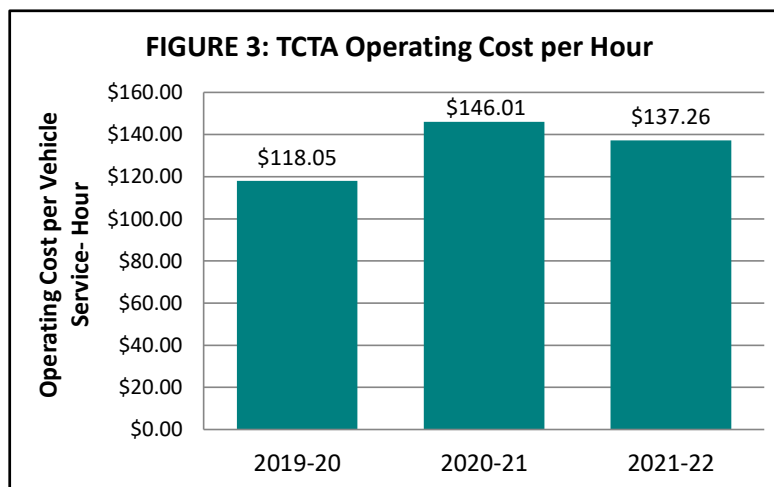
In addition, the Farebox Recovery Ratio is calculated and evaluated herein, as required in Section 99268 et seq. of the Public Utilities Code. The following are performance indicators that are specifically included in the current contract with the contractor: DAR passengers per vehicle service hour and farebox recovery ratio. On-time performance requirements are included in the contract with the contractor, however calculation of this performance indicator is not required per PUC 99246(d) and is evaluated within the Detailed Review of Transit Operator Functions.

The **Operating Cost per (One-way) Passenger-Trip** data is presented in Tables 1 – 3 and Figure 2. This performance measure is a key indicator of a transit system's cost effectiveness. Systemwide operating cost per trip increased by 46.7 percent overall over the audit period (from \$25.69 in FY 2019-20 to \$37.69 in FY 2021-22) much of this is due to the decrease in ridership. However cost effectiveness improved in the last year of the audit period as fixed route services were reinstated. The Combined Fixed Route operating cost per trip increased by 41.2 percent (from \$18.41 in FY 2019-20 to \$25.99 in FY 2021-22) while the Specialized Services Category (Ski Bus, Pinecrest, Adventure Trolley and Special Event services) operating cost per trip decreased by 1 percent from FY 2019-20 to FY 2021-22. Demand response

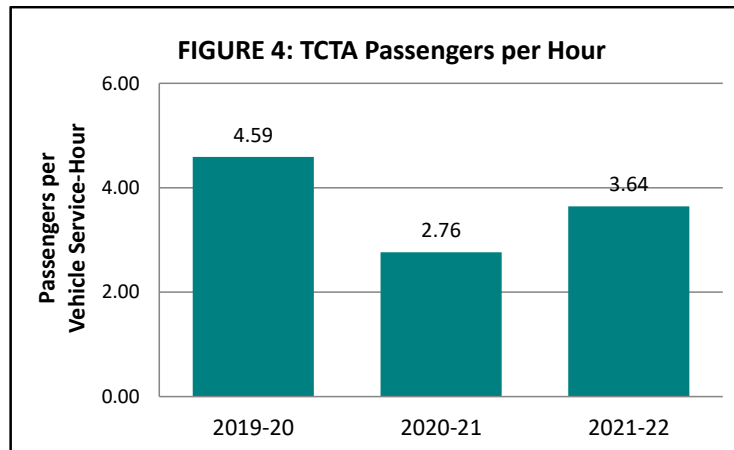
services, such as DAR services, are the least cost-effective type of service. Operating cost per trip for total DAR services ranged from \$38.36 in FY 2019-20 to \$49.72.



The **Operating Cost per Vehicle Service Hour** data is presented in Tables 1 – 3 and Figure 3. This performance measure is a key indicator of a transit system’s cost efficiency. Systemwide operating cost per vehicle service hour increased by 16.3 percent during the audit period from \$118.05 in FY 2019-20 to \$137.26 in FY 2021-22. Operating cost per hour on the combined fixed route services was \$110.07 in FY 2019-20 and increased to \$131.77 in FY 2021-22. DAR operating cost per vehicle hour was slightly higher, ranging from \$123.44 in FY 2019-20 to \$139.96 in FY 2021-22. Operating cost per hour on the SkiBus, Pinecrest Service, Adventure Trolley and Special Events was the highest and increased from \$147.03 in FY 2019-20 to \$145.51 in FY 2021-22.



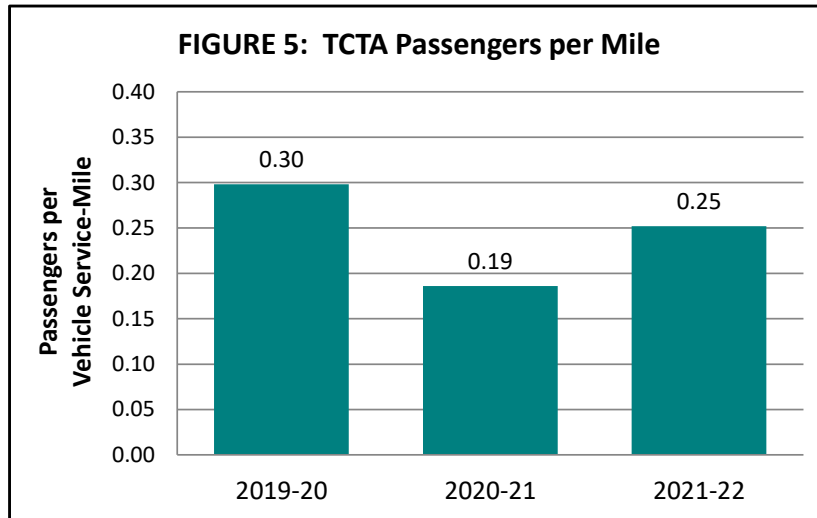
The **Passengers per Vehicle Service Hour** (commonly referred to as “productivity”) data is presented in Tables 1 – 3 and Figure 4. Systemwide productivity over the audit period decreased from 4.59 to 3.64 passenger trips per service hour (a 20.7 percent decrease over the audit period). The productivity did increase between FY 2020-21 and 2021-22 by 32 percent. This represents a dip in productivity during COVID with a gradual improvement in the last year of the audit period.



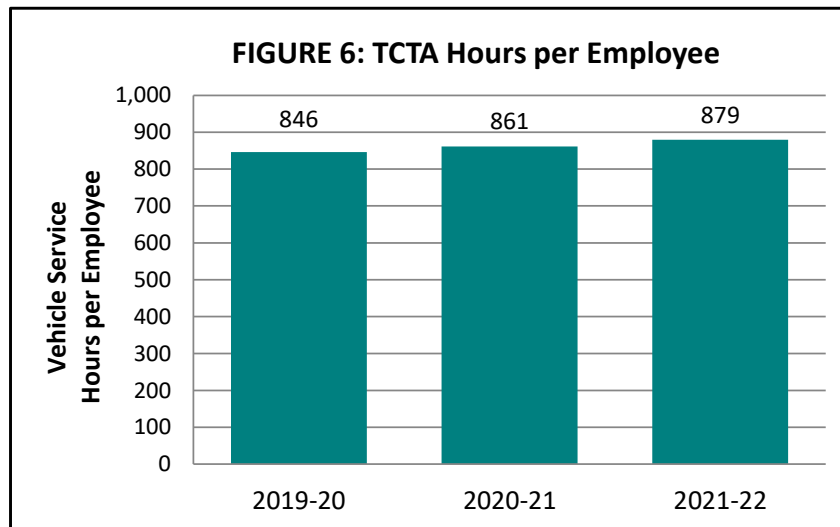
Looking at productivity by type of service (Tables 2 and 3), TCTA fixed route passenger-trips per vehicle service hour remained relatively steady overall over this audit period (from 5.98 to 5.07 trips per hour), despite a sharp decline in productivity for FY 2020-21 (down to 2.16). Specialized Event services saw an even more pronounced drop and rebound in productivity over the course of the audit period (8.33 in FY 2019-20 and FY 2021-22 and 2.16 in between).

Total DAR services saw a 13 percent decrease in passenger trips per service hour over the audit period, with weekday DAR and weekend DAR passenger trips per hour exhibiting similar trends. Passengers per vehicle service hour decreased from 3.22 to 2.81 over all DAR services. The current contract with Storer identifies that an average DAR productivity above 4.0 passengers per service hour is expected to be maintained. The contractor did not meet this standard during the current audit period. It should be noted that 4.0 passenger-trips per hour is a high bar for a demand response service and is usually only achieved if a high number of group trips are provided. Recommendations to revise this standard are included in the report.

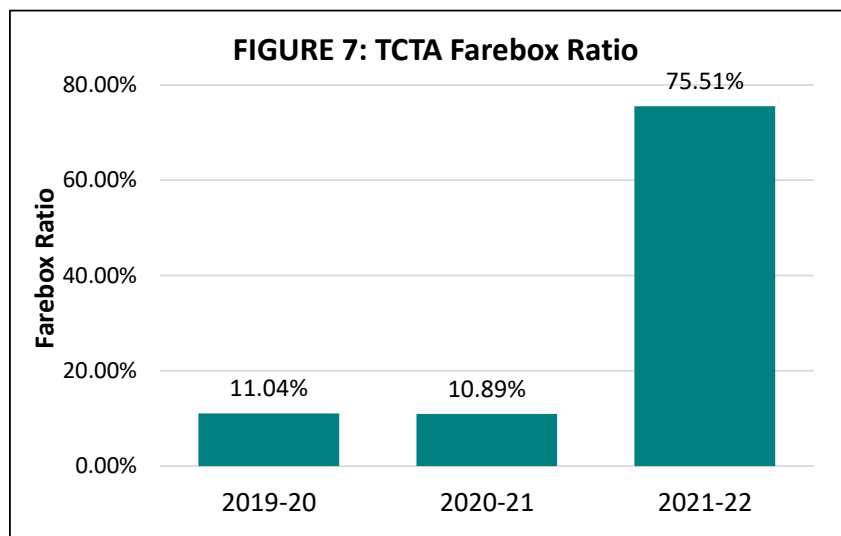
**Passengers per Vehicle Service Mile** data is presented in Tables 1-3 and Figure 5. This performance indicator, previously staying relatively constant during past audit periods systemwide, decreased from .30 in FY 2019-20 to .25 in FY 2021-22. This represents a 29 percent decrease since FY 2018-19. The combined fixed routes carried more passengers per service mile (0.37 in FY 2021-22) than total DAR (0.19 in FY 2021-22). Again, the Specialized events services carried the most passengers per service mile (0.54 in FY 2021-22).



The **Vehicle Service Hours per Full-Time Equivalent (FTE) Employee** data is presented in Table 1 and Figure 6. As presented, the number of vehicle revenue hours per Full Time Equivalent (FTE) increased slightly during the audit period (from 846 in FY 2019-20 to 879 in FY 2021-22) as a result of fewer FTEs.



The **Farebox Recovery Ratio** data is presented in Tables 1 – 3 and Figure 7. The farebox ratio represents the proportion of operating costs paid for by fare revenues. Prior to the COVID-19 pandemic, the California Transportation Development Act (TDA) required rural transit agencies (such as TCTA in Tuolumne County) to have a farebox ratio of at least 10 percent (or to make up the difference using local funds). If the 10 percent farebox ratio were not attained, the difference between the amount of actual fare revenue collected and the required amount of fare revenue needed to meet the 10 percent ratio would be assessed as a penalty. One grace year is allowed per TDA.



During COVID in FY 2019-20, transit operators who do not meet the required minimum farebox recovery ratio requirement could not be penalized (per Assembly Bill 90). This temporary relief was extended through FY 2022-23, per Assembly Bill 149.

Farebox recovery ratio for the TCTA system as a whole was calculated using data obtained from unaudited internal performance reports and TCTA budgets for all fiscal years. TDA law does not require a performance auditor to calculate farebox recovery ratio and determine compliance with TDA farebox ratio minimums, as this is the job of the Fiscal and Compliance Auditor. However, as farebox ratio has historically determined TDA funding eligibility, it is worthwhile to review this performance indicator.

Like many other rural transit agencies, TCTA has found it increasingly difficult in recent years to maintain the 10 percent farebox ratio. Population decreases, inexpensive gas, cheaper auto ownership and general inflation contribute to the challenge. During this audit period, a significant drop in ridership due to COVID-19 and service disruptions exacerbated this trend.

Per TDA, if fare revenue alone is insufficient to meet the 10 percent requirement, transit operators can use “local funds” to supplement fare revenue. Local funds are defined most recently in Assembly Bill (AB) 149 passed in July 2021 as, “any nonstate grant funds or other revenues generated by, earned by, or distributed to an operator.” Examples include advertising revenue, lease revenue or funds provided by a local agency. Note that federal grant funds can now be classified as local funds. For FY 2021-22, therefore, federal grant funds allocated for operating expenditures, such as 5311, 5311-CARES ACT, and 5311-CRRSSA, are included in the calculation of the farebox recovery ratio along with advertising revenue.

On the expense side, operating cost increases beyond the change in the Consumer Price Index for the following categories can be excluded from farebox ratio calculation:

- Complementary paratransit service,
- Fuel,
- Alternative fuel programs,
- Power, including electricity,
- Insurance premiums and payments,



- State and federal mandates, and
- Startup costs for new services for a period of not more than two years.

Beginning in FY 2021-22, operating cost increases for additional categories can also be excluded per AB 149 such as costs and revenue vehicle hours required to operate demand response and microtransit services that expand access to transit service beyond fixed route corridors, costs of funding or improving payment and ticketing systems and services, costs of security services and public safety contracts, any expense greater than the actuarially determined contribution associated with pensions and other post-employment benefits as required by Government Accounting Standards, costs of planning improvements in transit operations, integration with other operators and agencies, transitioning to zero-emission operations.

Table 1 and Figure 7 present systemwide farebox ratio including local funds. In Tuolumne County, local funds include advertising revenue and LCTOP funds. Farebox ratio needs only be calculated at the systemwide level for TDA eligibility purposes.

As shown in Figure 7, TCTA met the minimum TDA farebox ratio requirements for all three years of the audit period. For FY 2021-22, the inclusion of federal grant funds as local support per AB 149 enabled TCTA to exceed 10 percent and caused the astronomical increase in the ratio shown between FY 2020-21 and FY 2021-22.

TCTA has made a concerted effort in the past to decrease costs and increase fare revenues. During this audit period, unprecedented service interruptions and changes in calculation requirements make it nearly impossible to rely on the farebox recovery ratio as an indicator of performance. TCTA staff, however, continue to evaluate route efficiency and have eliminated multiple routes and services that were deemed inefficient. TCTA implemented fare free services within the first half of the audit period to encourage an increase in ridership, and LCTOP funds have been utilized to produce fare revenue for the purpose of calculating farebox ratio.

The TCTA Operating Contract with Storer Transportation stipulates the following standards with respect to farebox ratio:

- The farebox recovery ratio shall not fall below 10% for any single month and shall not fall below 12 percent for two consecutive months for either Fixed Route or Dial-A-Ride services. The Contractor is expected to maintain at least 15 percent combined farebox recovery ratio and anything above a 25 percent combined farebox ratio is considered exceptional.

Given recent ridership trends, high inflation rates and an industry trend for some to have fare-free transit systems, the farebox standards in the contract are not reasonable. This audit report includes a recommendation on revisions to performance standards for TCTA.

## **RECOMMENDATIONS ON DATA COLLECTION AND REPORTING**

Some discrepancies exist between operating data maintained in internal TCTA reports and the data reported in the annual State Controller Report. For FY 2020-21, it is apparent that the operating data attributed to the combined fixed routes by the State Controller Office is being attributed to specialized event services in internal performance reports and visa versa. As the signed State Controller Report is not available for FY 2020-21, the auditor is unable to further investigate this discrepancy. Smaller variances

exist between financial data reported by the State Controller and data presented in the internal reports. The County Auditor prepares the State Controller Reports. During this audit period, TCTA never actually received a copy of FY 2019-20 and FY 2020-21 reports and confirmation of the date on which reports were sent to the State Controller was based off the State Controller Office website.

As for the overall data collection and recording process, TCTA employs a straightforward manual data entry process. Drivers record passenger-trips by type for each run manually into the daily driver worksheets. Contractor staff enters data from the driver worksheets into Microsoft Excel spreadsheets. At the end of the month, operational data is summarized by route, day of week, passenger type, etc. in a comprehensive monthly report. Manually entered data is still subject to human error. The use of electronic fareboxes, if fares are reinstated, could improve the data collection process by reducing the required staff time as well as the potential for error.

### **Overall Performance**

In recent years, the US has been experiencing an overall downward trend in public transit ridership for a variety of reasons including decreasing gas prices and low cost of auto ownership. TCTA ridership followed this trend during the previous audit period with a 12.8 percent decrease from FY 2016 – 17 to FY 2018 – 19. Even though this decrease in ridership was magnified during the current audit period, the auditor feels that conclusions cannot be drawn as to the status of this trend due to the upheaval of the past three years. Systemwide operating costs did not increase more than 15 percent in one year (unaudited numbers). Productivity is the highest on the Special Event, SkiBus and Pinecrest services. Productivity on the fixed routes is around five trips per hour. Route 1 carried around 7.7 passenger-trips per hour in FY 2021-22 while Route 2 only carried 1.6 passenger trips per vehicle service hour. Route 2 covers a much greater distance than Route 1 as it travels between Columbia and Sierra Village. Route 1 serves the more compact parts of Sonora making it easier to carry more people at one time. Given the rural nature of the county, small population increase (according to the US Census), and challenging conditions for transit operators during the current audit period, TCTA is performing at a level that is typical of similar rural transit systems in the Sierra foothills.

### **ASSESSMENT OF INTERNAL CONTROLS**

To ensure that the information gathered as part of this audit is dependable and valid, a review of internal controls is necessary. A transit operator's internal controls are intended to do the following:

- Provide reasonable assurance that program goals and objectives are met.
- Ensure that resources are adequately safeguarded and efficiently used.
- Ensure that reliable data are obtained, maintained, and fairly disclosed in reports.
- Ensure that the transit operator complies with laws and regulations.

TCTA appears to have a reasonably well-developed system of internal controls appropriate to the size of the transit system. This statement is echoed in interviews with TCTC and contractor staff.

## REVIEW OF COMPLIANCE REQUIREMENTS

As an entity receiving TDA funds for transit purposes, TCTA is required to comply with laws and statutes set forth in the Act. Below is a discussion of TCTA's compliance with sections of the Public Utilities Code which relate to transit performance, as recommended in the Performance Audit Guidebook. Table 4 displays the results of the compliance analysis:

TABLE 4: Transit Operator Compliance Requirements - Tuolumne County Transit Agency					
Requirement	PUC Reference	In Compliance?		Notes	
		Yes	No		
(1) The transit operator submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller within the specified time period.	99243		<b>X</b>	FY 2019-20 - 3/02/2021 FY 2020-21 - 5/09/2022 FY 2021-22 - 4/19/23	
(2) The operator has submitted annual fiscal and compliance audits to its RTPE and to the State Controller within 180 days following the end of the fiscal year, or has received the 90-day extension allowed by law.	99245		<b>X</b>	FY 2019-20 - Unavailable FY 2020-21 - Unavailable FY 2021-22 - Unavailable	
(3) 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 CHP inspection of the operator's terminal.	99251 b	<b>X</b>			
(4) The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.	99261	<b>X</b>			
(5) 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.	99270.1	<b>NA</b>			
(6) The operator's operating budget has not increased by more than 15 percent 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.	99266	<b>X</b>			
(7) The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247.	99247	<b>X</b>			
(8) If the operator serves an urbanized area, it has maintained a ratio of fare revenue to operating cost 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 at least three-twentieths (15 percent).	99268.2, 99268.3, and 99268.1	<b>NA</b>			
(9) If the operator serves a rural area, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	99268.2, 99268.4, and 99268.5	<b>X</b>			
(10) The current cost of 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 for 40 years.	99271	<b>X</b>			
(11) If the operator receives state transit assistance funds, the operator makes full use of funds if available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	California Code of Regulations, Section 6754 (a) (3)	<b>X</b>			

Note 1: Per Assembly Bill 90 (2020), any penalty on transit operators for non-compliance of farebox recovery ratio requirements is prohibited in FY 2019-20 and FY 2020-21. AB 149 (2021) extended this relief through FY 2022-23.

1. According to Public Utilities Code Section 99243, TCTA must submit annual reports to the TCTC based on the Uniform System of Accounts and Records established by the State Controller. These reports must be filed with TCTC and the State Controller seven months after the end of the fiscal year. The County Auditor prepares the reports for TCTA. During this audit period, TCTA did not receive a copy of the State Controller Reports for two of the three fiscal years, nor did TCTA receive confirmation that the reports were sent to the State Controller within the required time period. As TCTA data is available on the State Controller website for FY 2019-20 and FY 2020-21, the auditor can confirm that reports were submitted for those years; however, the submittal date was well past the deadline in both years. Therefore, TCTA is not in compliance with PUC 99243. Given the repeated delays in submitting these reports, it is recommended in this performance audit that TCTA hire a private accountant to maintain fiscal and operating records and submit them to the State.
2. Regarding Public Utilities Code Section 99245, timely completion and submittal of the annual Fiscal and Compliance Audits has been another recurring issue of non-compliance in Tuolumne County. For this audit period, the Fiscal and Compliance Audits for all three years have not been completed. As mentioned earlier in this report, the County Auditor is responsible for coordinating with the Fiscal Auditor and providing the necessary data to complete the report. Although TCTA staff have been diligent about following up with the County Auditor, the problem has not been resolved. TCTA staff indicate that TCTA is not the only county department whose fiscal audits are being submitted late by the County Auditor. Allocated TDA STA funding is currently being withheld from the TCTA due to repeated non-compliance with this requirement.
3. In accordance with Public Utilities Code Section 99251, TCTA has submitted evidence that the California Highway Patrol (CHP) has certified compliance with Vehicle Code Section 1808.1 within the 13 months prior to each TDA claim submitted. The Storer Transportation Service Terminal received a “Satisfactory” carrier rating for each of the three years.
4. In accordance with Public Utilities Code Section 99261, TCTA’s claims for TDA funds are submitted in compliance with rules and regulations adopted by the TCTC for such claims. As TCTA and TCTC share the same staff, the TDA claims process is relatively simple and goes smoothly.
5. There are no urbanized areas in Tuolumne County as designated by the US Census. Therefore, PUC 99270.1 does not apply to TCTA services.
6. Public Utilities Code Section 99266 requires that TCTA’s operating budget not increase by more than 15 percent over the preceding year, and no substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities be realized unless the operator has reasonably supported and substantiated the change(s). See Table 1 for actual operating costs between Fiscal Years 2019-20 and 2021-22. During the Audit period, annual operating costs for all TCTA services did not increase by more than 15 percent over the preceding year and significant service changes were substantiated.
7. TCTA’s definition of performance measures is consistent with Public Utilities Code Section 99247.
8. As the TCTA service area is located within a rural area, TCTA is not subject to a 20 percent farebox ratio requirement.

9. TCTA met the minimum 10 percent farebox ratio requirement for rural transit services for all fiscal years.
10. In reference to PUC Section 99271, TCTA offers a retirement plan to its transportation employees through the California Public Employees Retirement System (PERS). As of June 2018, reports show that the CalPERS responsibilities were only around 70 percent funded. CalPERS is taking steps to increase the funded status such as shortening the amortization period and adopting new strategic asset allocation. Additionally, as referenced above, GASB 68 and 75 now requires that employers show the pension and OPEB liabilities on their balance sheets instead of in the footnotes. This is a way of forcing employers (including cities, counties and joint powers authorities) to recognize their share of the state's unfunded liability in hopes that the employers take more interest in having these liabilities paid off.

Despite the changes to the balance sheets, actuarial valuations performed by CalPERS assume that the amortization period for the unfunded liability for CalPERS is 30 years or less. Therefore, the retirement system will be funded within 40 years, per PUC 99271.

11. In accordance with California Code of Regulations Section 6754(a)(3), TCTA makes full use of funds available to it under the Urban Mass Transportation Act of 1964 and its successors (in particular, FTA Section 5311 Non-Urbanized Area Formula Program funds) before TDA claims are granted. During the audit period, TCTA received funding from a variety of sources for planning and operating expenses in addition to TDA including Federal Transit Administration and Low Carbon Transit Operations Program.

## STATUS OF PRIOR AUDIT RECOMMENDATIONS

The previous audit was completed by LSC Transportation Consultants, Inc. in 2020. The recommendations from that effort are enumerated below.

**Recommendation 1:** TCTA staff should take the lead in preparation of the State Controller Reports so as to ensure accurate and timely submittal of the reports.

**Implementation In Progress:** During the audit period, TCTA attempted to ensure accurate and timely submittal of State Controller Reports by taking the lead in report preparation. The County Auditor retained control over fiscal recordkeeping and the report preparation process. Unfortunately, TCTA staff found that they were unable to have a measurable impact on the process and the lack of timely report submittal to the State Controller Office persisted. TCTA staff continue to be acutely aware of the issue and are actively seeking alternative solutions to this problem.

**Recommendation 2:** Continue to work with the County Auditor and Fiscal and Compliance Auditor to submit Fiscal and Compliance Audits to the State Controller and TCTC within 180 days of the end of the fiscal year. A 90-day extension can be requested if additional time is needed. TCTA should maintain the extension request in the files along with the reports.

**Implementation In Progress:** TCTA has made numerous efforts during the current audit period and the previous audit period to work with the County Auditor and Fiscal and Compliance Auditor to submit Fiscal and Compliance Audits to the State Controller and TCTC within the required timeframe. Despite this, none of the Fiscal and Compliance Audits for this audit period were available at time of writing. TCTA

proactively filed a 90-day extension in FY 2021-22, however this extended deadline was not met. TCTA staff continue to seek alternative solutions to this problem. This audit provides another recommendation to further address this issue.

**Recommendation 3:** Record on-demand and flag stops so as to get a better picture of travel patterns and to make service adjustments, if warranted.

**Implementation In Progress:** The contractor began recording on-demand stops during this audit period, including location of pick-up, route, time, and name of passenger.

## **DETAILED REVIEW OF TRANSIT OPERATOR FUNCTIONS**

This section presents a review of the various functions of TCTA. In general, transit operator functions can be divided into the following areas:

- General Management and Organization
- Service Planning
- Scheduling, Dispatch, and Operations
- Personnel Management and Training
- Administration
- Marketing and Public Information
- Maintenance

TCTA is a Joint Powers Authority formed between Tuolumne County and the City of Sonora and shares staff and board of directors' membership with the TCTC. TCTC/TCTA staff consists of an Executive Director, Assistant to the Executive Director, Senior Administrative Analyst, a Transportation Specialist, and one Transportation Planner I. As shown in the organizational chart presented as Figure 8, each staff member allocates various proportions of his/her time to RTPA or transit operator job duties. On the TCTA side, the Executive Director acts as the Transit Manager and is responsible for ensuring that public transit services are run efficiently and in accordance with TDA rules and TCTA goals and objectives. The Transportation Specialist oversees day-to-day transit activities. The Senior Administrative Analyst is responsible for the budget and other fiscal and legal matters. The Transportation Planner assists with certain capital purchases and vehicle replacement. Lastly, the Assistant to the Executive Director assists with ADA certification and other similar transit-related duties. The allocation of staff time to TCTA versus TCTC has increased slightly since last audit period due, mainly, to staff time spent on preparing for the transition to zero emission buses.

The transit contractor employs 24 full-time equivalent employees (per Storer calculations) including a General Manager, Assistant Manager, 2.5 FTE Dispatch, Operations, Scheduling, .5 FTE Customer Service Representative, 15.5 FTE Drivers, 3 Mechanics, and .5 FTE Safety & Training Manager. This level of staffing remains relatively similar to the last audit period. The General Manager is responsible for administration of all operations and personnel and reports to the TCTA Executive Director.

## **General Management and Organization**

### ***Administrative Oversight***

TCTA has an appropriately well-defined program of administrative oversight. It regularly receives, reviews, and acts upon performance and financial information. The Transportation Specialist prepares detailed operating reports which the Executive Director/Transit Manager reviews at least monthly and more frequently if warranted. Operating reports are presented to the board semi-annually.

The Executive Director/Transit Manager meets with transit administrative staff once a week. TCTA staff are in communication with contractor staff at least weekly, sometimes daily. Overall, TCTA and its contractor (Storer Transit Systems) have a well-developed set of operating standards and procedures to make the transit system effective and efficient. Given the size of the transit program, TCTA's internal organization structure is appropriate. Lines of reporting are clearly defined and appropriate.

### ***Recent Program Changes and Innovations***

Over the current audit period, TCTA made several adjustments to transit service to better meet passenger needs, attract choice riders, and respond to COVID-19:

Routes 3, 4, and 5 were suspended in March 2020 for the duration of the audit period.

The Pinecrest Shuttle and Adventure Trolley services were discontinued due to low ridership.

Sonora to Pinecrest Summer Service was eliminated due to low ridership.

The SkiBus was temporarily suspended during winter FY 20-21 due to concern around COVID-19 and was terminated early in winter FY 21-22 due to staffing shortages.

Groveland Columbia Connect service was added and began in August 2022. This DAR service is specifically designed to serve students and will only run during the school year.

Performance statistics for new services are tracked separately. Criteria for evaluating the feasibility of new services has been developed through the unmet transit needs process. Service changes, particularly new services, are often the result of community outreach and input. Public hearings are held before implementing major changes.

### ***Communication with Other Government Agencies***

The Executive Director/Transit Manager acts as the intergovernmental liaison within TCTA. TCTA has, in the past, jointly prepared grant applications with other nearby transit agencies such as Calaveras and Amador Counties. Other collaborating efforts with other government agencies include being a voting member of YARTS.

## **Service Planning**

### ***Strategic Planning***

The effectiveness of a transit system is highly dependent upon the continued development of short- and long-range transit plans. The TCTC updated the Short-Range Transit Development Plan (SRTDP) and Coordinated Public Transit Human Services Transportation Plan for Tuolumne County in 2020.

In terms of strategic planning, TCTA has set clear, reasonable goals and objectives in the SRTDP and the Strategic Plan. The long-term vision of TCTA is to continue to provide cost-effective transportation which meets residents' needs. TCTA staff indicates that it is always looking for potential changes to public transit service which support economic development in the community, reduce VMT or provide safety in addition to meeting transit dependent riders' needs. This is evident in the implementation of the new Groveland Columbia Connect service which provides needed transit services for college students in addition to the general public. These continued efforts by TCTA align with the goals of the 2020 Coordinated Public Transit Human Services Transportation Plan. The 2020 SRTDP recommended consideration of an intercity service from Sonora to Modesto, clockwise and counterclockwise Route 1 service, and improving connections at transfer locations. The new WAVE program provides once-a-week service to Modesto for seniors and those with disabilities, however outreach efforts have demonstrated that there is interest for intercity service for the general public as well.

Operations reports and ridership analysis are reported to the TCTA Board semi-annually. Operations reports are reviewed internally with more frequency. An annual performance report is prepared by the Transportation Specialist.

TCTA staff try to coordinate with City/County planners regarding transit issues and new project development. TCTA staff indicated that development is anticipated to predominantly occur on the western side of Tuolumne County in the future. One major development being planned within the County is Chicken Ranch Casino. TCTA has provided input on the development during early planning stages.

### ***Evaluation of Existing Fixed Routes***

Each month, the Executive Director/Transit Manager receives and reviews a comprehensive report from the contractor. The report includes daily ridership by day, by route and by fare revenue type, fuel usage, maintenance paperwork and on-time performance. TCTA staff inputs contractor data into spreadsheets which are linked to performance measure charts for each fiscal year. These reports are presented to the TCTA board semiannually. TCTA and the Storer General Manager speak daily and have a good working relationship. In an effort to keep abreast of any transit related issues, the Transportation Planner will occasionally listen to the transit radio during the day.

On-board and community surveys were most recently conducted as part of the 2020 SRTDP update and as part of the unmet transit needs process in late 2022. TCTA and contractor staff are continually reviewing on-demand stop patterns and amending permanent/on-demand stops as justified.

### ***Planning For and Serving Special Transportation Needs***

All of TCTA's active fleet of 22 revenue vehicles are wheelchair accessible. TCTA DAR serves as the ADA complementary paratransit service for the fixed routes. DAR is offered the same hours and days and within a three-quarter mile radius of the fixed routes, as required by ADA. Discounted fares for veterans, seniors, Medicare recipients, ADA eligible clients and students are part of the fare structure on the fixed routes although all services were fare free for most of the audit period.



## ***Public Participation***

All TCTA meetings are open to the public and are conducted in an accessible facility per the requirements of the Americans with Disabilities Act (ADA). TCTA conducts public meetings prior to making major service changes. Public meetings are held at the Board of Supervisors Chambers as well as outlying community locations and a virtual attendance option is provided. Meeting agendas and minutes are accessible on the TCTC website. In addition, TCTA staff are continually looking for and receiving input through the website, dispatchers and outreach to community groups, college, human service agencies and the local tribes. The TCTC Social Services Transportation Advisory Council (SSTAC), the TCTC Technical Advisory Committee (TAC) and the Citizens Advisory Committee (CAC) also act as an important conduit for soliciting public input. Efforts to update strategic documents, such as the SRTDP, also act periodically as ways to gather important public input.

## **Scheduling, Dispatch, and Operations**

This functional area concerns the short-term scheduling of routes, drivers, and vehicles, the daily coordination and assurance that each customer is served, and the specific function of providing transportation service.

On-time performance is evaluated herein as specific goals for this indicator are included in the current contract with Storer. Per the current contract, on-time performance is defined as a bus departing no more than 5 minutes late from any scheduled stop or dial-a-ride window time and not leaving any point prior to the scheduled departure time. On-time performance for the combined fixed routes for the audit period was 57.5 percent (FY 2019-20), 73.6 percent (FY 2020-21), and 61.7 percent (FY 2021-22). On-time performance for DAR was significantly higher at 92.4 percent, 88.4 percent, and 83.4 percent during the same time frame. These figures fall below the stated goal of 95 percent on-time performance. TCTA staff indicate, however, that the low on-time performance may be attributed to the use of the DoubleMap app as manual records of on-time performance show a significantly higher rate that is on par with that of the previous decade. TCTA is currently working to upgrade this software.

## ***Assignment of Drivers to Routes***

TCTA drivers are appropriately certified and trained for the types of vehicles operated. Most drivers can drive all routes. Drivers are assigned to routes and types of vehicles for which they are certified, most proficient, and most comfortable. There is no driver bid process, but seniority does play a role in driver route assignments. Generally, drivers keep the same shifts but if schedule adjustments are made, drivers are assigned routes based on their strengths, skills, and experience. This has not changed since the prior audit period.

## ***Assignment of Passengers to Demand Responsive Routes***

DAR scheduling is performed using StrataGen software. Reservations are recommended to be made at least one day in advance. Same-day ride requests (at least one hour in advance) are accommodated on a space-available basis only. Subscription service is available to passengers with recurring appointments so long as they do not present any capacity constraints for other qualified passengers.

The StrataGen computer-aided dispatch software allows schedulers to easily access a database of passenger information and sort passenger-trip requests geographically. DAR drivers are not provided with a paper manifest but rather call in after each pickup for further instructions. Storer staff indicate that this process allows for better communication as it reminds the drivers to check in periodically as is company policy and provides greater ability to adjust service over the course of the shift. Current Dial-A-Ride reservation and cancellation policies, including a clear “no show” policy, is available on the website or by contacting TCTA. TCTA has established an ADA eligibility certification process which complies with federal regulations. TCTA is currently in the process of upgrading the dispatch software.

### ***Part-time and Cover Drivers***

Most Storer drivers are full-time. One driver has other job responsibilities and drives part-time to cover shifts when needed. The Storer Employee Handbook details policies regarding benefits and leaves of absence and new employees are required to read and sign every Storer Transportation policy and procedure memo prior to beginning work. Operations staff are in constant communication with drivers.

## **Personnel Management and Training**

### ***Recruiting***

Storer Transportation recruits through a variety of means including the Union Democrat, Indeed, the Tuolumne County website and My Motherlode website. As Storer continuously advertises and accepts applications regardless of whether there is a position available, there is usually a pool of qualified applicants available for hire. After completing an extensive application, qualified recruits are contacted for interviews with the General Manager and Storer President. Storer is willing to hire individuals without experience and provide training. New drivers must pass a probation period of 90 days. There was some driver turnover during the audit period, but Storer was able to fill vacant positions without much delay. Unlike many transit operators during this audit period, Storer has not had significant issues finding and retaining drivers. Storer conducts driver performance evaluations annually.

### ***Motivation***

Storer Transit Systems developed a positive and negative point system to provide motivation for employees. The Project Manager will assess negative points for preventable accidents or policy violations, such as leaving a messy bus. Positive points can be assessed for various reasons at the discretion of the Project Manager. At the end of the year, drivers with no net negative points receive a bonus. Storer also has an employee of the month/year program that recognizes exemplary employees with a gift card and recognition at board meeting. Storer conducts quarterly employee appreciation BBQs.

All wages were increased when Storer renewed its contract with TCTA in 2021. The vacation, absences, and sick leave policies have not changed since the last audit period. During FY 2020-21, drivers received temporary hazard pay as part of the TCTA response to COVID-19.

### ***Training and Safety***

Both new and experienced TCTA drivers are trained at the Storer Modesto facility for a portion of the initial classroom and behind-the-wheel training. A certified trainer is newly available on-site at the transit

facility in Sonora, enabling a portion of driver training to occur on-site. Storer holds an annual mandatory transit workshop training day for all employees at the Modesto facility in addition to holding winter driving training in Sonora. Storer's Employee Handbook details its formalized employee discipline program. All safety-sensitive employees are covered by Storer Transportation's Drug and Alcohol Testing Policy, which appears to meet all applicable state and federal requirements. The Storer Employee Handbook was recently updated as was the Drug and Alcohol Policy. Storer Transit Systems has adopted an Equal Opportunity Employment Policy.

## **Administration**

### ***Budgeting and Management Information Systems***

TCTA has a reasonably well-developed budget and reporting system that is appropriate to the size and scope of the transit program. The Senior Administrative Analyst prepares the budget and the Executive Director reviews and approves it prior to presentation to the board. The TCTA Board must approve substantial changes in the budget and/or spending. During this audit period there were no substantial excesses in the budget.

### ***Financial and Grants Management***

Various staff prepare grant applications and handle grant administrative duties, depending on the type of grant. FTA grants are typically managed by the Transportation Planner. During the audit period, TCTA did not lose a grant due to negligence or improper procedure. In addition to recurring grants, TCTA has been successful over the years in obtaining LCTOPS funding as well as an FTA 5310 grant.

### ***Risk Management and Insurance***

Regarding insurance, the contractor must maintain liability insurance of at least \$10 million. TCTA has additional insurance through the County's California State Association of Counties (CSAC) Excessive Insurance Authority policy. Storer Transit Systems has established procedures for processing and investigating accident/injury claims with an emphasis on correcting the situation so that the accident will not occur again. Storer has high standards on what is considered a "preventable" accident. In terms of risk management, Storer has a sound Code of Safe Work Practices in place.

In 2012, TCTA developed the Transportation Emergency Operations Plan, a guide to all transportation providers in the region during an emergency. The plan compliments the 2012 County Emergency Operations Plan. The plan defines different types of emergencies, assigns responsibilities, and sets forth communication procedures for providing transportation. The plan has worked well during forest fire disasters but provides little guidance for a pandemic. TCTA would like to update this section going forward.

TCTC recently completed the Tuolumne County Evacuation Needs Assessment and Communication Strategies study which included the identification of specific strategies to improve roadway capacity in the event of an evacuation.

## ***Safety***

Accidents/incidents are summarized in the cover letter of the contractor monthly report as well as discussed in person. Storer Transit Systems has a strong accident response process in place. A company-wide panel annually reviews each accident and makes a group determination as to whether the accident was “preventable.” Drivers are invited to attend the meeting and learn from the experience.

TCTA has a designated full-time Safety Officer that is responsible for overseeing all safety practices. The Safety Officer periodically follows drivers while working to evaluate safety practices. After an accident, a driver must be retrained before being allowed on the road again.

## ***Contract Management***

TCTA employs a transit contractor, Storer Transit Systems, for the operation of both fixed route and DAR service. The current contract with Storer was renewed in 2021. Both TCTA staff and Storer staff indicated that there is a good working relationship between the two entities and that they were satisfied with the level of communication. TCTA has maintained a contract with DoubleMap to provide scheduling software services during the audit period, however TCTA plans to not renew the contract when it expires and is currently exploring other software providers.

## ***Facility Management***

The TCTA operations and maintenance facility is located at 13033 Sanguinetti Road in Sonora. The lease on the site was renewed during the audit period and was extended from a six to ten-year lease to comply with Caltrans requirements associated with the funding and installation of electric bus charging stations onsite. Two electric vehicle chargers have been installed at the facility and are currently in use. TCTA’s facility management as well as bus stop maintenance and repair are provided by the County Facilities Management Department. Although there is a good relationship with the landowner, not owning the operations and maintenance facility does represent a long-term risk for the transit operator, particularly if the landowner changes.

The new Law and Justice Transit Center was completed in the fall of 2017. The facility is located off of Old Wards Ferry Road in Sonora on the opposite side of SR 108 from the Crossroads Shopping Center. The Law and Justice Center will provide a central location for a new Courthouse, Juvenile Detention Center, Sherriff’s office, Probation office and Public Defenders office along with the Transit Center for Tuolumne County Transit. The development of many of those uses is still under construction.

The Transit Center includes both indoor and outdoor waiting areas, Wi-Fi, restrooms, bicycle racks, and real time bus arrival information. During the audit period, the indoor portion of the transit center closed to the public due to reduction in service and an increase in misuse. It is still maintained, and drivers have access and can open it for passengers if needed.

## ***Revenue Collection and Cash Management***

On-vehicle fare collection is appropriately secure on TCTA buses. All buses use a locked vault manual farebox system. TCTA has established specific procedures for fare revenue collection. Two TCTA staff members are present when fare revenue is counted and bagged for deposit. A system is in place to compare projected fare revenue based on recorded passenger-trips to actual fare revenue. The fare collection process was not in use for most of the audit period since switching to a fare-free service.

## ***Procurement***

TCTA follows a purchasing policy which is compliant with FTA rules and regulations. All large capital items are procured competitively according to the County procurement policy. All financial duties are performed by TCTA or County staff. TCTC/TCTA updated its procurement policy during the audit period.

TCTA competitively procures fuel and contracted with W.H. Breshears, Inc. in 2020 to supply fuel during most of the audit period.

## **Marketing and Public Information**

### ***Public Information***

The TCTA website is a good source of route and schedule information as well as being a portal to provide input. In addition to the website, Facebook, and Twitter, TCTA conducts targeted outreach to social service agencies, Columbia College, and tribal entities. During the audit period, TCTA updated the public on frequent service changes and COVID requirements through its website, Comcast commercials and through the DoubleMap app.

### ***Marketing***

TCTA has a robust marketing and outreach program. During the audit period, TCTA contracted with Comcast to air various commercials to promote TCTA services, increase ridership, and keep the public informed on service changes due to COVID-19 and safety precautions being taken. TCTA also expanded its social media presence, specifically with the goal of promoting ridership among a younger demographic. Paper schedules and flyers are distributed at local businesses, hotels, and social service agencies. The General Manager for the operations contractor participates at community events to promote public transit.

The majority of passenger complaints and compliments are received directly by TCTA staff through the website comment form. A summary of customer complaints received by the contractor is included in the cover letter of the monthly performance report to the TCTA staff. TCTA and contractor staff discuss major issues stemming from complaints in person on a regular basis. TCTA's Title VI Program is well defined and the document is available to the public on their website.

One important marketing aspect is the passenger's perception of the public transit system's reliability. This is often measured in terms of on-time performance. As discussed above, TCTA has developed an on-time performance standard for fixed route and Dial-A-Ride services and evaluates this standard monthly. The auditor has included a recommendation for TCTA to continue monitoring and seeking to improve on-time performance.

## ***Maintenance***

The operations contractor performs fleet maintenance at the TCTA maintenance facility. TCTA has a good preventive maintenance schedule in place that meets the requirements of the bus manufacturers. The maintenance facility includes two maintenance bays, a mobile lift, a wash bay, and a small office space for the mechanics. Parts inventory is organized and sufficient so as to limit downtime for vehicles. Safety procedures are in place to keep non-maintenance personnel away from vehicle maintenance areas. All vehicles are parked in a fenced lot at the operations and maintenance facility on Sanguinetti Road. CHP inspections for the audit period show a satisfactory rating for TCTA's terminal inspection.

Upon identifying a safety defect during a pre-trip inspection, any driver or dispatcher has the authorization to complete a maintenance order which is forwarded to the senior mechanic. Overall, TCTA has a good procedure in place for prioritizing and tracking repairs and during the audit period there was no backlog of repairs or preventative maintenance which disrupted service. There is good communication between mechanics and dispatchers with respect to maintenance.

## **Vehicle Condition**

TCTA has a fleet of 22 active revenue vehicles. The average age of the fleet is 9 years, and the average vehicle mileage is 137,883. During the audit period, TCTA was proactive with vehicle replacement to ensure the safety of the transit system and limit disruption in service due to vehicle repairs. Two vehicles were acquired during the audit period, one of which is an electric bus.

## CONCLUSIONS AND RECOMMENDATIONS

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The Auditor's analysis of TCTA indicates that, in terms of operations, the system was efficiently run and well managed during the audit period given the challenges presented by the COVID-19 pandemic. Demand for public transit significantly decreased during the pandemic, particularly for elderly, disabled and group social service trips. This has significantly impacted TCTA's performance. Overall, TCTA adheres to TDA laws and regulations in an efficient and effective manner and is in compliance with TDA rules and regulations with a few exceptions. TCTA has a well-rounded public transit system as it offers public transit services to both the transit dependent and choice riders through special event services. The following notes the auditor's findings and recommendations:

### FINDINGS

- Ridership decreased 21.6 percent over the course of this audit period (FY 2019-20 to FY 2021-22), however it increased by 54.4 percent between FY 2020-21 and FY 2021-22. This decrease is likely due to a nationwide downward trend in ridership, exacerbated by COVID-19 and the associated decrease in fixed route service.
- Reliability of transit service, as measured in terms of on-time performance, continued to not meet the TCTA target, particularly on the fixed routes. Some of this may be attributed to inaccuracy in the GPS software.
- The auditor was unable to obtain copies of State Controller Reports for FY 2019-20 and FY 2020-21. TCTA staff find it extremely challenging to obtain copies of the reports from the County Auditor.
- Per the State Controller Office website, the State Controller Reports for all three fiscal years were submitted well past the deadline.
- On-time submittal of the Fiscal and Compliance Audits remains an issue of significant concern. The auditor was not able to obtain a copy of the Fiscal and Compliance Audit for any fiscal year and the repeated tardiness of submittal has resulted in withholding of STA funds from TCTA by Caltrans.
- Two of the prior audit recommendations (timely submittal of State Controller Reports and Fiscal Audits) remain in progress while one has been completed (recording of on-demand stops).
- TCTA maintained the required systemwide farebox ratio of 10 percent or better for all years of the audit period. In FY 2021-22, this is achieved through the inclusion of federal grant funds as revenue for the purposes of calculating farebox recovery ratio. This is allowed under AB 149 (2021).
- TCTA implemented free fares during the audit period, utilizing LCTOP funds as an equivalent revenue source, calculated at the full value of fares for each service.
- TCTA and the contractor continue to have an effective working relationship.

- Productivity on the combined fixed routes ranged from 6 to 4.7 one-way passenger trips per hour during the audit period. This is below the industry standard of 10 passenger-trips per hour for a rural fixed route service. DAR saw a drop in productivity from the previous audit period to between 2.2 and 3.2 passenger-trips per hour.
- Systemwide operating cost per trip of \$26 to \$52 during the audit period is on par with similar transit agencies as this cost has increased significantly for many small transit agencies. Performance reports show that Calaveras Transit Agency saw operating costs per trip range from \$31 to \$63 during this audit period. Plumas Transit Systems saw an increase from \$30 to \$47 per trip from FY 2019-20 to FY 2020-21, according to their most recent TPA.
- TCTA and Storer implemented appropriate and timely service changes in response to COVID restrictions, worked to keep the public notified through different messaging, and aimed to support employees by providing hazard pay.

## RECOMMENDATIONS

The auditor has the following recommendations which relate to the TDA.

**Recommendation 1:** Procure separate accounting services outside the County Auditor in order to have greater knowledge of and control over TCTA/TCTC accounting data. This will help to ensure timely submittal of Fiscal and Compliance Audits (a requirement of TDA).

As noted throughout this report, Fiscal and Compliance Audits have not been completed at all during this audit period because the Fiscal Auditor is unable to obtain financial data from the County Auditor. TCTA staff are not the keepers of this information and can only act as the middleperson between the Auditor's office and the Fiscal Auditor. The Tuolumne County Auditor has many responsibilities as the position oversees financial books for all county departments in addition to providing accounting services for TCTA. In rural areas, county auditors are often understaffed, and public transit is not always the top concern. This may require that transit operator staff spend unnecessary staff time following up with the County Auditor to obtain data or information. Other transit agencies and RTPA's have found that contracting with a private accounting firm to provide accounting services is cost effective and reduces delays associated with reporting to the State Controller and for Fiscal and Compliance Audit purposes. This scenario could also allow TCTA to have greater access to financial information and therefore a better understanding of what funds are actually available for use.

Chronic failure to submit Fiscal and Compliance Audits in a timely manner has led to the withholding of STA funds from TCTA by Caltrans beginning in FY 2020-21. In the past, TCTA has been allocated anywhere from \$400,000 to \$650,000 STA funds each year. These funds can be used for both operating and capital purposes. With a smaller amount of revenue available in the transit budget going forward, TCTA will make up the difference by claiming a larger amount of LTF funds. This in turn leaves less LTF funds available for streets and roads purposes, assuming there are no unmet transit needs reasonable to meet. In FY 2021-21 Tuolumne County received \$620,000 in LTF funds for streets and roads purposes and the City of Sonora received \$60,000. At a time of rising costs, this reduction in funding is a concern.

Therefore, it is recommended that TCTA/TCTC prepare and circulate an RFP to procure separate accounting services outside the County Auditor. Per TDA statutes, the County Auditor is required to be the recipient of all of the transit funding. However, all other accounting and paperwork could be prepared



by a private CPA. Having a licensed CPA be the middleperson between TCTA and the County Auditor's office should allow for more smooth and timely transactions. This includes providing data to the Fiscal Auditor on time.

**Recommendation 2:** If farebox recovery ratio falls below the 10 percent TDA requirement, consider allowances made by AB 149 (2021). Consider the following for farebox ratio calculation purposes in the Fiscal and Compliance Audit:

- Account for any federal grants received as local funds, per AB 149 (2021).
- Exclusion of costs from the definition of "operating costs" per AB 149 (2021) which amended PUC Section 99268.17.

*(a) Notwithstanding subdivision (a) of Section 99247, all of the following costs shall be excluded from the definition of "operating cost" for the purposes of calculating any required ratios of fare revenues to operating cost specified in this article:*

*(1) The operating costs required to provide comparable complementary paratransit service as required by Section 37.121 of Title 49 of the Code of Federal Regulations, pursuant to the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.), as identified in the operator's paratransit plan pursuant to Section 37.139 of Title 49 of the Code of Federal Regulations.*

*(2) Cost increases beyond the change in the Consumer Price Index for all of the following:*

*(A) Fuel.*

*(B) Alternative fuel programs.*

*(C) Power, including electricity.*

*(D) Insurance premiums and payments in settlement of claims arising out of the operator's liability.*

*(E) State and federal mandates.*

*(3) Startup costs for new services for a period of not more than two years.*

*(4) Costs required to operate demand-response and microtransit services that expand access to transit service beyond fixed route corridors. For purposes of this paragraph, "microtransit" has the same meaning as in Section 99314.6.*

*(5) Costs of funding or improving payment and ticketing systems and services.*

*(6) Costs of security services and public safety contracts.*

*(7) Any expense greater than the actuarially determined contribution associated with pensions and other post-employment benefits as required by Governmental Accounting Board Statement Numbers 68 and 75.*

*(8) Costs of planning for improvements in transit operations, integration with other operators and agencies, transitioning to zero-emission operations, and for compliance with state and federal mandates.*

**Recommendation 3:** Review and update marketing of Dial-A-Ride services on TCTA website. Ensure that a uniform brand exists for the service and that the information available to the public is clear and concise as to rider eligibility, fare, hours of operation, and service area.

**Recommendation 4:** Continue to monitor on-time performance systemwide with the goal of meeting on-time performance standards.

During the current audit period, on-time performance dropped significantly below that of previous audit periods and well below the TCTA on-time performance standard. Discussion with TCTA staff and Storer indicated that this is likely a result of technological error as manual records of on-time performance were significantly higher than those produced by the software onboard. That being said, TCTA staff should continue to monitor on-time performance and seek ways to improve this percentage to meet the on-time performance standard as defined by the current contract with Storer. Efforts to evaluate and improve on-time performance will promote higher passenger satisfaction with the service.

**Other non-TDA Related Recommendations:** Revise Standards in Operating Contract to be better representative of transit performance for rural transit systems.

The current transit operating contract with Storer Transportation references multiple performance standards. The contract also identifies “liquidated damages” which could be assessed if standards are not met. Although holding the operating contractor to high standards is commendable, some of the performance standards referenced in the contract are not likely attainable for a rural transit operator such as TCTA. The auditor has the following recommendations with respect to changes to performance standards in the transit operating contract:

- **Productivity Standard:** Dial-A-Ride productivity shall not fall below 3.5 passenger trips per service hour for two consecutive months and shall not drop below 3.0 passengers in any single month. The contractor is expected to maintain overall average above 4.0 passengers per hour, and anything above 5 passengers per hour is considered a preferred level of productivity.

The industry productivity standard for rural Dial-A-Ride systems is around 2 passenger-trips per vehicle service hour. Some Dial-A-Ride systems which carry a high number of trips for social service programs can reach the 4.0 passengers per hour level of productivity. However, the number of programs in Tuolumne County needing transportation is out of the hands of the contractor. This standard was likely implemented to ensure that the contractor grouped regular DAR trips as frequently as possible. Discussions with staff indicate that efforts are made to do this using dispatch software. A more reasonable standard would be a minimum of 2.0 trips per hour.

- **Farebox Ratio Standard:** The farebox recovery ratio shall not fall below 10 percent for any single month and shall not fall below 12% for two consecutive months for either Fixed Route or DAR services. The Contractor is expected to maintain at least 15% combined farebox recovery ration and anything above a 25 combined farebox recovery ratio is considered exceptional.

Farebox ratio is generally defined as fare revenues divided by operating costs. The required minimum farebox ratio on a systemwide level per TDA is 10 percent for rural areas, making this standard above and beyond what is required for full TDA eligibility. Further TDA allows for a variety of operating cost exclusions and revenue additions when farebox ratio is officially calculated by the Fiscal Auditor. In recent

years, there has been a developing trend to offer fare-free service as a way of encouraging public transit ridership and help meet state greenhouse gas emission goals. Lastly, the recent trends which have contributed to a decline in ridership are out of the control of the transit contractor. For these reasons it is recommended that the farebox ratio standard is not included in the next operating contract.

These recommendations do not purport that productivity and farebox performance standards should not be considered in overall transit planning. Performance standards should still be used to evaluate the effectiveness of existing and proposed transit services and can be a good tool to determine if routes should continue or be discontinued. Holding a transit contractor accountable to unrealistic standards is not effective.