

Triennial Performance Audit of BlueGO Transit Services

*BlueGO City of South Lake Tahoe and
El Dorado County Transit Operations for
Fiscal Year 2003-04 through 2005-06*



Prepared for the

Tahoe Regional Planning Agency

Prepared by

LSC Transportation Consultants, Inc.

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Draft Report

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Chapter 1

Executive Summary

This Executive Summary highlights the findings and recommendations from the Triennial Performance Audit of BlueGO transit operators in the Tahoe Basin portion of El Dorado County and the City of South Lake Tahoe. Transportation Development Act (TDA) funds for these providers are distributed through the Tahoe Regional Planning Agency (TRPA), which has commissioned this audit as the Regional Transportation Planning Agency for the service areas. The California Public Utilities Code requires that all transit operators that receive funding under Article 4 of the TDA be the subject of a performance audit every three years. This Audit report conducted by LSC Transportation Consultants, Inc. covers Fiscal Years (FY) 2003-04, 2004-05, and 2005-06. The field reviews and data collection were conducted in August and September of 2008.

BACKGROUND

The TRPA is responsible for the oversight of the three public transit systems operating in California within the Tahoe Basin. The South Tahoe Area Transit Authority (STATA) administers transit services within the City of South Lake Tahoe and the Tahoe Basin portion of El Dorado County under the brand name “BlueGO.” BlueGO also includes transit services on the Nevada side of the Tahoe Basin, but these services are not part of this audit. The City of South Lake Tahoe and El Dorado County BlueGO services are contracted with Area Transit Management, Inc. (ATM) and El Camino Trailways. The programs being audited in this document are:

- BlueGO OnCall in El Dorado County; a demand response service operating both in the Tahoe Basin portion of El Dorado County and the City of South Lake Tahoe.
- BlueGO City of South Lake Tahoe fixed routes and demand response services (BlueGO OnCall) which operate within the city limits.

TRIENNIAL PERFORMANCE FINDINGS

The key findings of this audit are as follows:

- Annual vehicle service hours and miles data was not reported in accordance with the TDA definition for both City and County BlueGO services. Deadhead time and miles between the terminal and the first scheduled stop/passenger pick up was included, which is not consistent with TDA criteria. Although this deadhead travel time was relatively small, the BlueGO Transit Administrator should ensure that the transit contractor accounts for deadhead time and miles in the daily driver logs.
- The prior performance audit recommendations were not fully implemented during the audit period. However, STATA has begun implementation or has plans to implement the prior audit recommendations.

- Operating costs increased over 15 percent in FY 2004-05 as a result of fuel and contractor overhead cost increases.
- The FY 2004-05 State Controller Report for the City of South Lake Tahoe was submitted later than 110 days after the end of the fiscal year. The FY 2003-04 fiscal audit was not submit within the 180 day deadline.

RECOMMENDATIONS ON DATA COLLECTION

- The BlueGO operating data was commingled (as was observed in the previous performance audit as well). The system would operate more smoothly and more accurate data reporting would occur if the two systems were merged into one contract/one system as proposed by STATA staff earlier this year.
- The BlueGO Transit Administrator should work with the City, County, and transit contractor to improve reporting in the State Controller reports and reduce inconsistencies found between internal records and State Controller reports.
- Although the average fare paid figures calculated by the auditor reflect expected fare collection, there are inconsistencies between the transit contractors monthly management reports, the transit contractors annual profit and loss statement and the fiscal audits. Going forward, the BlueGO Transit Administrator should review fare revenue reports closely to determine the reason for inconsistencies. Additionally, STATA could perform a financial audit of the entire BlueGO system.
- Farebox ratio was not calculated by TRPA during the audit period. TRPA should begin tracking farebox recovery ratio on BlueGO services. TRPA staff have stated that this will become part of the TDA claim process.
- Management at the transit contractor (ATM) should be made aware of the TDA employee hours/full time equivalent definition. City staff should also track the number of hours worked on transit matter by City personnel and include that figure in the data reported to the State Controller.

OTHER RECOMMENDATIONS

- Stakeholders should implement (as currently proposed) the Memorandum of Understanding which allows STATA to operate one BlueGO OnCall system serving both the City of South Lake Tahoe and El Dorado County.
- STATA and TRPA should move forward with plans to conduct a Short Range Transit Plan for BlueGO services.
- The City of South Lake Tahoe and STATA should establish a competitive bidding process for procuring transit services.

- The auditor did not find documented evidence that the preventative maintenance schedule was followed during the audit period. The BlueGO Transit Administrator should periodically track maintenance records as part of contract oversight.

Chapter 2

Triennial Performance Audit Results

BACKGROUND

The Transportation Development Act (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 LTF is returned by the State Board of Equalization to each county according to the amount of tax collected in that county. STA funds are derived from statewide sales tax on gasoline and diesel fuel, and 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 purposes. If the operator does not meet the eligibility calculation, then the funds can only be used for transit capital.

The California Public Utilities Code requires that a Triennial Performance Audit be conducted for all transit operators and regional transportation planning entities. 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. Transit operators who make claims under Article 4 of the TDA in rural counties such as El Dorado County must maintain a minimum farebox recovery ratio of 10 percent, unless they achieved a higher ratio in the FY 1978-79 “base year.” In the case of the County and City transit operations in the South Lake Tahoe area, they must maintain a 10 percent farebox recovery ratio target.

PERFORMANCE AUDIT AND REPORT ORGANIZATION

The Triennial Performance Audit consisted of the following seven elements:

1. Review of compliance requirements;
2. Follow-up review of prior Triennial Performance Audit recommendations;
3. Initial review of transit operator functions;
4. Verification and use of performance indicators;
5. Detailed review of transit operator functions;
6. Preparation of the draft Triennial Performance Audit report; and
7. Preparation and presentation of the final Triennial Performance Audit report.

TRANSIT PROGRAM DESCRIPTION

Two transit systems are being evaluated under this audit: BlueGO City of South Lake Tahoe services and BlueGO OnCall services in unincorporated El Dorado County. Each of these services is described below.

BlueGO City of South Lake Tahoe Services

Fixed Routes

BlueGO operates four fixed routes (formerly known as STAGE) within the City of South Lake Tahoe using three buses at any one time. All routes operate on hourly headways and originate at the Transit Station located at the South “Y” intersection of Highway 50 (US 50) and State Route 89 (SR 89).

- **Route A** offers direct service eastbound from the South Y Transit Station to the Stateline Transit Center. The route begins at the South Y Transit Station and travels east on US 50 to the Nevada state line. On the westbound return trip, the bus travels via 15th St., Glorene Avenue, 10th Street, SR 89, US 50, D Street, and Julie Lane before returning to the transit station. During the week, Route A operates during the morning from 6:40 AM to 8:40 AM and then again in the evening between 5:40 PM and 12:40 AM. On weekends and holidays, Route A operates continuously between 6:40 AM and 12:40 AM.
- **Route B** serves the Bijou area and provides indirect service from the South Y Transit Station to the Stateline Transit Center by traveling via US 50, Fairway Avenue, Glenwood Way, Spruce Ave, Tamarack, Ski Run, and Pioneer Trail. The return trip travels via Pine Boulevard, Pioneer Trail, Ski Run, Tamarack, Spruce, and Glenwood Way. This route operates on an hourly basis seven days a week from 6:00 AM until midnight.
- **Route E** travels a similar route to Route B between the Transit Station and the Stateline Transit Center. The eastbound bus travels via US 50 and the westbound bus travels via Pioneer Trail and Ski Run. This route operates on weekdays only from 8:40 AM to 5:40 PM.
- **Route H** provides service to South Lake Recreation Area, Lake Tahoe Community College, and Barton Memorial Hospital. Route H travels to the college via US 50 and Al Tahoe Boulevard, then serves the recreation area via Lyons Boulevard and Rufus Allen Boulevard, and returns to the transit station via US 50, Third Street, Barton Hospital, D Street, and SR 89. This route operates on weekdays from 9:20 AM to 6:18 PM.

Together, these routes generally provide service two times per hour in each direction along the US 50 corridor between the Y and Stateline. The one-way general public fare on the BlueGO City of South Lake Tahoe fixed routes is \$1.75 and \$0.50 for special needs seniors, Medicare, and persons with disabilities passengers. Table 1 presents the BlueGO active fleet. As shown in the table, seven BlueBird 32-passenger buses are owned by the City of South Lake Tahoe and assigned to the fixed routes. During the audit period, the BlueGO fixed route buses would

TABLE 1: BlueGO Active Bus Fleet

Bus #	Service	Owner	Status	Make	Fuel	Year	Length	Capacity	Wheelchair Stations	Odometer Miles as of 6/28/08	Replacement Date	Funding Source
3237	City of SLT Fixed Route	City of SLT	Not Active	Bluebird	Diesel	1999	34 ft	32	2	295,120	FY 08-09	FTA 5311
3238	City of SLT Fixed Route	City of SLT	Active	Bluebird	Diesel	1999	34 ft	32	2	270,792	FY 08-09	FTA 5311
3239	City of SLT Fixed Route	City of SLT	Active	Bluebird	Diesel	1999	34 ft	32	2	321,623	FY 08-09	FTA 5311
3240	City of SLT Fixed Route	City of SLT	Active	Bluebird	CNG	1999	34 ft	32	2	336,442	FY 08-09	FTA 5311
3243	City of SLT Fixed Route	City of SLT	Not Active	Bluebird	Diesel	2000	34 ft	32	2	170,047	FY 08-09	TDA
3251	City of SLT Fixed Route	City of SLT	Active	Bluebird	CNG	2002	34 ft	32	2	308,401	FY 11-12	FTA 5311
3252	City of SLT Fixed Route	City of SLT	Active	Bluebird	CNG	2002	34 ft	32	2	191,562	FY 11-12	FTA 5311
3246	City of SLT On Call	City of SLT	Not Active	Chevy Astro	Gasoline	2000	18 ft	7	0	338,717	Not Replaced	TDA
3255	City of SLT On Call	City of SLT	Not Active	Ford Aerotech	CNG	2002	25 ft	15	2	258,411	FY 06-07	FTA 5311
3256	City of SLT On Call	City of SLT	Active	Ford Aerotech	CNG	2002	25 ft	15	2	254,947	FY 06-07	FTA 5311
3278	EI Dorado Co On Call	EI Dorado Co	Active	Ford Aerotech	CNG	2005	25 ft	15	2	236,425	FY 09-10	FTA 5310
3281	EI Dorado Co On Call	EI Dorado Co	Active	Ford Aerotech	CNG	2004	25 ft	16	2	180,440	FY 08-09	FTA 5310

deviate up to one-half mile to accommodate certified ADA mobility limited passengers. Demand response service was also available for ADA passengers through BlueGO OnCall (discussed below). The BlueGO Fixed Routes are operated under contract with ATM.

Demand Response (BlueGO OnCall)

BlueGO OnCall is a demand response program operated for both the City of South Lake Tahoe and El Dorado County through separate contracts with ATM.

BlueGO OnCall (City of South Lake Tahoe)

During the audit period, demand response service in the City of South Lake Tahoe was offered 12 hours per night from 7:00 PM to 7:00 AM, seven days per week, using one vehicle or 12 daily vehicle service hours. Until FY 2002-03 BlueGO City services operated 36 daily vehicle service hours using more than one vehicle. Fare for a BlueGO OnCall one-way trip in South Lake Tahoe is \$3.00, a 10-ride pass is available for \$25.00.

BlueGO OnCall El Dorado County

The El Dorado County portion of BlueGO OnCall operates in the unincorporated portion of El Dorado County in the Tahoe Basin including Meyers, Christmas Valley, and Camp Richardson. During the audit period, service was offered from 7:00 AM to 7:00 PM, seven days per week. Fare for a BlueGO OnCall one-way trip in El Dorado County is \$5.00. A reduced fare of \$1.00 per ride is available for special needs passengers that are 60 years of age or older and low income as well as persons with disabilities (including ADA certified individuals). The special needs program and certification is run by the El Dorado County Human Services Department during limited hours. A 10-ride pass is available for several public and special needs passengers.

The El Dorado County and City of South Lake Tahoe BlueGO OnCall program is part of a larger coordinated South Shore transit system called BlueGO currently administered by STATA. For this larger system, ATM staff performs dispatch, scheduling, training, clerical, human resource, and management functions for several public and private contracts. Operating expenses are allocated between the City and County contracts based on the proportion of vehicle service hours for each service.

Two 15-16 passenger vehicles were available to operate the El Dorado County portion of BlueGO OnCall during the audit period. Other Tahoe Transportation District (TTD) vehicles are available as backup for the County BlueGO OnCall service. As shown in Table 1, two 15-passenger Ford Aerotech vehicles and one 7-passenger van is owned by the City of South Lake Tahoe and available for City BlueGO OnCall services. During the audit period, there was overlap of driver shifts and vehicles between City and County BlueGO OnCall services. Combined City and County BlueGO OnCall services were offered 24 hours per day, consisting of County BlueGO OnCall services from 7:00 AM to 7:00 PM and City BlueGO OnCall services from 7:00 PM to 7:00 AM. There were three separate driver shifts for BlueGO OnCall: 4:45 AM to 1:30 PM (City and County), 1:30 PM to 9:00 PM (City and County), and 9:00 PM to 4:45 AM (City only). BlueGO OnCall passenger and fare counts were recorded by service span (before

7:00 AM for the City and after 7:00 AM for the County) on the combined City/County drivers shifts to determine the service the data falls under while vehicle miles are recorded by vehicle. As there is overlap in vehicle usage between City and County BlueGO OnCall services, exact vehicle service mile data by service cannot be determined. Additionally, passenger trip statistics are not recorded by boarding and alighting location. Therefore, a large portion of the trips made within the City of South Lake Tahoe occur during the hours of operation of the County BlueGO OnCall service and were counted as such.

OPERATIONAL STATISTICS

Tables 2 through 4 below present operational statistics for the BlueGO transit services under review during the Audit period and the three years prior to the current audit period. Data was obtained from the monthly operating reports produced by the transit contractor (ATM). As noted below, data reported in the ATM monthly reports vary from the data reported in the State Controller reports, in some cases quite significantly. ATM monthly report data is presented in the tables, based on the auditor's opinion that this data is overall more accurate.

BlueGO Fixed Route

As shown in Table 2, one-way passenger trips on the BlueGO Fixed Routes increased during the previous audit period to a peak of 580,203 in FY 2002-03, but had a steady decline during this audit period. In particular, ridership dropped by nearly 19 percent from FY 2003-04 to FY 2004-05. Modifications to the E and H routes along with the discontinuance of the C and D routes and a fare increase may have contributed to this significant drop in ridership. Other demographic and economic factors have had an impact on all transit services in the South Lake Tahoe Basin. During the audit period there was a substantial reduction in lodging activity, as well as a reduction in gaming revenues (adjusted for inflation).

Tables 3 and 4 show that vehicle service hours and miles for BlueGO Fixed Routes have decreased overall during this audit period. There appears to be significant fluctuations in vehicle service hours and miles during the audit period. For example vehicle service hours increased by 19.4 percent from FY 2002-03 to FY 2003-04 while miles decreased. Operating statistics for FYs 2000-01 to 2002-03 were obtained from the prior performance audit, so there may be differences in data collection techniques. In fact the *BlueGO Performance Review Study* (LSC Transportation Consultants Inc., 2005) presents vehicle service hour figures closer to 20,000 in FY 2002-03 as opposed to the 16,000 reported in the prior performance audit. If the 20,000 figure is correct, there has been a general decline in vehicle service hours during the audit period that corresponds with a general decline in vehicle service miles.

BlueGO OnCall (City of South Lake Tahoe)

Ridership on the BlueGO OnCall City of South Lake Tahoe service has decreased by nearly 67 percent from FY 2000-01 to FY 2005-06. The largest decrease in ridership on this service occurred between FY 2002-03 and FY 2003-04 (58.9 percent). Due to budget cuts, BlueGO OnCall City vehicle service hours were reduced by one-third in FY 2003-04. The service cuts had a direct impact on ridership during the audit period.

TABLE 2: BlueGO Annual Ridership

	BlueGO Fixed Routes		BlueGO OnCall (City)		BlueGO OnCall (County)	
	Ridership	% Change	Ridership	% Change	Ridership	% Change
Fiscal Year 2000 - 01	506,934	--	49,490	--	11,481	--
Fiscal Year 2001 - 02	529,281	4.4%	56,744	14.7%	20,835	81.5%
Fiscal Year 2002 - 03	580,203	9.6%	46,409	-18.2%	23,817	14.3%
Fiscal Year 2003 - 04*	572,221	-1.4%	19,072	-58.9%	23,069	-3.1%
Fiscal Year 2004 - 05	464,328	-18.9%	18,067	-5.3%	29,144	26.3%
Fiscal Year 2005 - 06	442,093	-4.8%	16,389	-9.3%	27,825	-4.5%

*BlueGO began service as a coordinated transit system.

Source: ATM, prior Triennial Performance Audit.

Tables 3 and 4 show a surprising 50 percent drop in vehicle service miles from FY 2004-05 to 2005-06 while vehicle service hours remained relatively steady. The reason for this decrease is not completely understood. As noted above, vehicle service miles for the BlueGO OnCall services were recorded by vehicle (rather than by service) and vehicle ownership did not always correspond with service span. For example, it appears from a sample of driver log sheets that a City vehicle was often used during the hours of operation of the County service. It is likely that in FY 2005-06, County owned vehicles were used more frequently instead of City owned vehicles while service hours remained the same. This could account for the large decrease in City vehicle service miles and a large increase in County vehicle service miles. ATM staff has also indicated that the BlueGO OnCall City service often sits idle during the evening. Reasons for this include poor marketing and passengers that were discouraged from using the service to the reduced service levels.

BlueGO OnCall El Dorado County

Ridership on the BlueGO OnCall El Dorado County service has fluctuated over the last six years. One-way passenger trips hit a peak of 29,144 in FY 2004-05, dropping only slightly (4.5 percent) in FY 2005-06. Vehicle service hours have remained relatively steady at under 8,000 hours throughout the audit period. Annual vehicle service miles saw a large increase of 103.2 percent from 64,526 to 131,149 from FY 2004-05 to FY 2005-06. The data collection procedures and vehicle assignment described above may account for this increase. Data reported in the ATM monthly management reports and the State Controller Reports both show this large increase in vehicle service miles.

Summary

As noted throughout this document, vehicle service hours, miles, and passenger trips data was not separated accurately between City and County BlueGO OnCall services during the audit period. Therefore it is difficult to obtain an accurate picture of operational statistics and performance of the OnCall system, particularly for the City and County elements separately.

TABLE 3: BlueGO Annual Vehicle Service Hours

	BlueGO Fixed Routes		BlueGO OnCall (City)		BlueGO OnCall (County)	
	Hours	% Change	Hours	% Change	Hours	% Change
Fiscal Year 2000 - 01	15,684	--	12,449	--	6,404	--
Fiscal Year 2001 - 02	16,006	2.1%	13,832	11.1%	7,295	13.9%
Fiscal Year 2002 - 03	16,006	0.0%	13,832	0.0%	7,822	7.2%
Fiscal Year 2003 - 04*	19,105	19.4%	4,392	-68.2%	7,844	0.3%
Fiscal Year 2004 - 05	17,961	-6.0%	4,392	0.0%	7,862	0.2%
Fiscal Year 2005 - 06	18,035	0.4%	4,380	-0.3%	7,786	-1.0%

*BlueGO began service as a coordinated transit system.

Source: ATM.

TABLE 4: BlueGO Annual Vehicle Service Miles

	BlueGO Fixed Routes		BlueGO OnCall (City)		BlueGO OnCall (County)	
	Miles	% Change	Miles	% Change	Miles	% Change
Fiscal Year 2000 - 01	195,075	--	214,434	--	71,392	--
Fiscal Year 2001 - 02	226,757	16.2%	229,537	7.0%	85,208	19.4%
Fiscal Year 2002 - 03	227,432	0.3%	226,539	-1.3%	82,384	-3.3%
Fiscal Year 2003 - 04*	217,839	-4.2%	140,719	-37.9%	87,799	6.6%
Fiscal Year 2004 - 05	206,263	-5.3%	140,759	0.0%	64,526	-26.5%
Fiscal Year 2005 - 06	209,297	1.5%	69,853	-50.4%	131,149	103.2%

*BlueGO began service as a coordinated transit system.

Source: ATM.

TDA REQUIREMENTS

As transit operators receiving TDA funds, BlueGO, the City, and the County must comply with the state's financial and reporting guidelines detailed in the *Performance Audit Guidebook for Transit Operators* pursuant to TDA requirements. The following is a compilation of the financial and reporting requirements applicable to the operating procedures of BlueGO for both City of South Lake Tahoe and El Dorado County services.

Review of Compliance Requirements

Section 99245 of the Public Utilities Code requires an annual certified fiscal audit of each claimant of TDA funds, and specifies that the report on the fiscal audit shall include a certification that the funds allocated to the claimant pursuant to the TDA were expended in conformance with applicable laws and rules and regulations. Though the compliance verification requirement is not a responsibility of the performance auditor, several specific requirements are made by the TDA and accompanying regulations which concern issues treated in Triennial Performance Audits.

Below is a discussion of each compliance section required as part of the Triennial Performance Audit:

- In accordance with Public Utilities Code Section 99243, both the City of South Lake Tahoe and El Dorado County submit annual reports to the Tahoe Regional Planning Agency and the State Controller based upon the Uniform System of Accounts and Records established by the State Controller for each fiscal year under review. However, the State Controller Report for the City of South Lake Tahoe for FY 2004-05 was submit later than 110 days after the end of the fiscal year, which ended September 30, 2005.
- In accordance with Public Utilities Code Section 99245, El Dorado County submitted fiscal audits for all three years under review within 180 days following the end of the fiscal year. The FY 2003-04 audit was performed by John F. Warden Jr. and included operating expenses for BlueGO as well as TART in El Dorado County. The FY 2004-05 and 2005-06 fiscal audits were prepared by Vaughn Johnson, CPA and only included operating expenses and revenue for the ATM operated BlueGO program. Neither auditor calculated farebox ratio.

For the City of South Lake Tahoe, the FY 2003-04 fiscal audit was not submitted within the 180 day deadline and farebox ratio was only calculated in the FY 2004-05 fiscal audit.

- In accordance with Public Utilities Code Section 99251, the California Highway Patrol has, within the 13 months prior to each TDA claim submitted by El Dorado County and the City of South Lake Tahoe, certified compliance with Vehicle Code Section 1808.1 following California Highway Patrol inspection of the operating terminals. The auditor reviewed CHP Terminal Inspection reports. ATM received a satisfactory rating each year.
- In accordance with Public Utilities Code Section 99261, BlueGO claims for TDA funds by the County and City are submitted in compliance with rules and regulations adopted by the TRPA for such claims. TRPA internal files including TDA claims were reviewed.
- In accordance with Public Utilities Code Section 99264, BlueGO's contractor does not routinely staff public transportation vehicles with two or more persons designed to be operated by one person.
- Public Utilities Code Section 99266 requires that BlueGO's operating budgets not increase by more that 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). As shown in Table 5, operating costs for total BlueGO City services increased no more than 3.0 percent within the Audit period. As the City does not differentiate between operating costs for fixed route and demand response services, the auditor allocated operating costs between the two services based on the proportion of vehicle service hours for each service. As noted above service levels were reduced significantly for demand response services provided by the City in FY 2003-04. Therefore when viewed individually, BlueGO City fixed route services operating

TABLE 5: BlueGO Operating Costs

	City of South Lake Tahoe Transit Services						El Dorado County Tahoe Basin Transit Services		
	BlueGO Fixed Routes		BlueGO OnCall (City)		BlueGO City Total		BlueGO OnCall (County)		% Change
	Op. Costs	% Change	Op. Costs	% Change	Op. Costs	% Change	Op. Costs	% Change	
Fiscal Year 2000 - 01	\$690,033	--	\$547,698	--	\$1,237,731	--	\$230,436	--	--
Fiscal Year 2001 - 02	\$714,872	3.6%	\$701,401	28.1%	\$1,416,273	14.4%	\$306,536	33.0%	33.0%
Fiscal Year 2002 - 03	\$835,245	16.8%	\$721,817	2.9%	\$1,557,062	9.9%	\$336,551	9.8%	9.8%
Fiscal Year 2003 - 04	\$1,294,108	54.9%	\$297,496	-58.8%	\$1,591,604	2.2%	\$252,606	-24.9%	-24.9%
Fiscal Year 2004 - 05	\$1,287,460	-0.5%	\$314,819	5.8%	\$1,602,279	0.7%	\$316,289	25.2%	25.2%
Fiscal Year 2005 - 06	\$1,327,625	3.1%	\$322,424	2.4%	\$1,650,049	3.0%	\$362,219	14.5%	14.5%

Source: Prior Triennial Performance Audit, Fiscal Audits.

costs increased by 54.9 percent from FY 2002-03 to 2003-04 and BlueGO OnCall services operating costs decreased by 58.8 percent. Total operating costs, however, only increased by 2.2 percent during the same period.

BlueGO OnCall County services experienced an increase in operating costs of 25.2 percent in FY 2004-05. The auditor reviewed ATM's profit and loss statements for the audit period which show a breakdown of income and expenses. As the profit and loss statements provided were based on the City's fiscal year of Oct 1 through September 30th; the statements are not directly comparable to the figures in Table 5 for El Dorado County (which has a fiscal year of July – June). However the profit and loss statements show a 24 percent increase in annual fuel costs and an 80 percent increase in overhead costs from October 1, 2004 - September 30, 2005 to October 1, 2005 - September 30, 2006.

- Since BlueGO serves a rural area, the service is required to maintain a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent) as detailed in Public Utilities Code Sections 99268.2, 99268.4, and 99268.5. During the Audit period, figures for both City and County BlueGO services were well above the 10 percent target ratio. Table 6 presents details.
- Area Transit Management (ATM) does not offer a retirement program for its employees and as BlueGO transit services are contracted they are not obligated to meet the requirement stipulated in Public Utilities Code, Section 99271).
- In accordance with Public Utilities Code, Section 99314.5(c), ATM is not precluded by contract from employing part-time drivers or from contracting with common carriers. ATM employs part-time drivers.
- In accordance with California Code of Regulations Section 6754(a)(3), El Dorado County and the City of South Lake Tahoe make full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted. El Dorado County uses Federal Transit Administration (FTA) funds for both operating and capital purposes. The City of South Lake Tahoe used FTA funds for capital purposes. As noted in this report, the City of South Lake Tahoe has never gone out to bid for transit services. For this reason Caltrans and FTA has informed the City that they can no longer use FTA funds towards operating expenses. The auditor reviewed TRPA Resolutions approving STA allocations, fiscal audits and state controller reports to confirm compliance.

STATUS OF PRIOR AUDIT RECOMMENDATIONS

A Triennial Performance Audit was conducted for El Dorado County's Bus Plus program and the City of South Lake Tahoe's STAGE fixed routes by Transit Resource Center for FYs 2000-01 through 2002-03. The recommendations made in the previous Audit, and any follow-up measures taken by the respective operator, are summarized in the ensuing pages.

- *The City of South Lake Tahoe and El Dorado County need to develop a methodology and process to accurately report door-to-door (formerly Bus Plus) performance statistics.*

TABLE 6: BlueGO Farebox Ratio

	City of South Lake Tahoe Transit Services						El Dorado County Tahoe Basin Transit Services	
	BlueGO Fixed Routes		BlueGO OnCall (City)		BlueGO City Total		BlueGO OnCall (County)	
	Fares	Difference	Fares	Difference	Fares	Difference	Farebox %	Difference
Fiscal Year 2000 - 01	NA	--	NA	--	NA	--	14.4%	--
Fiscal Year 2001 - 02	NA	--	NA	--	NA	--	16.4%	2.0%
Fiscal Year 2002 - 03	NA	--	NA	--	NA	--	15.4%	-1.0%
Fiscal Year 2003 - 04	38.9%	--	15.1%	--	34.5%	--	20.4%	5.0%
Fiscal Year 2004 - 05	41.9%	3.0%	14.5%	-0.6%	36.6%	2.1%	21.0%	0.5%
Fiscal Year 2005 - 06	37.9%	-4.0%	12.6%	-1.9%	33.0%	-3.6%	17.2%	-3.8%

Source: Prior Triennial Performance Audit, Fiscal Audits.

- Status: Implementation in Progress The prior TPA recommended adding categories in the driver log sheets for City – City, County – County, and City – County passenger trips to enable accurate reporting of ridership of BlueGO OnCall. It was also recommended that there be more accurate accounting of fare revenue and operating costs for these services. During this audit period, the City BlueGO OnCall service operated during the evening hours from 7:00 PM to 7:00 AM only and the El Dorado County service operated from 7:00 AM to 7:00 PM. A review of driver logs show that ridership and fare revenue statistics were recorded by official hours of service of the City and County operations. However, the majority of trips that occurred between the County’s service span (7:00 AM to 7:00 PM) were intra-city trips. Therefore On Call operating statistics were not reported accurately.

South Tahoe Area Transit Authority (STATA) has proposed combining the management of both services so that separate data collection will no longer be necessary.

- *The City of South Lake Tahoe and El Dorado County should determine if administrative expenses can be reduced by consolidating the door-to-door program and possibly other South Lake Tahoe programs consistent with BlueGO objectives.*

Status: Implementation In Progress As of June 2008, the staff from the TRPA, STATA, City of South Lake Tahoe, and El Dorado County has met and drafted a Memorandum of Understanding that is undergoing review by legal counsel related to the combination of the two BlueGO OnCall services to be managed by South Tahoe Area Transit Authority serving the entire BlueGO service area 24 hours per day. It is anticipated that this service will be implemented in November of 2008.

- *An annual survey should be undertaken to gauge on passenger satisfaction and validate origin-destination pairs.*

Status: Implementation In Progress Staff from STATA will be undertaking a passenger survey on all BlueGO routes this September for a period of one month. A consultant will tabulate the results of this survey.

- *ATM should correctly tabulate and compile vehicle service hours and miles according to TDA statistics.*

Status: Implementation Not Begun Discussions with ATM staff and a review of passenger statistics revealed that vehicle service hours and miles are still not being recorded according to TDA definitions. A vehicle service hour is defined as the time during which a revenue vehicle is available to carry fare-paying passengers. For demand service, this includes only those times between the time or scheduled time of the first passenger pickup and the time of the last passenger drop off. For fixed route operation, service hours exclude “deadhead” travel to the first scheduled stop and from the last scheduled stop back to the terminal. Although ATM drivers do not record as service hours and miles the time driven during lunch breaks, it appears that the distance and time from the terminal to the first scheduled stop is included in the calculation. In the case of BlueGO this is a small distance; however ATM should record vehicle service hours and miles in accordance with TDA definitions.

- *An updated Short Range Transit Plan should evaluate the needs and demand for door-to-door and fixed route service and provide a service plan that is consistent with BlueGO objectives.*

Status: Implementation in Progress An interim Community Short Range Transit Plan was completed in July 2007. A BlueGO Performance Study was completed in 2005 to evaluate the transit system and make recommendations for the future. Staff from the STATA and TRPA will be developing a five to ten year Short Range Transit Plan for BlueGO in FY 2008-09. It is anticipated that this document will have service standard recommendations and evaluate the present and future needs of transit on the south shore.

INITIAL REVIEW OF TRANSIT OPERATOR FUNCTIONS

This section discusses activities of BlueGO during the Audit period and provides a series of recommendations for improving operations.

Verification and Use 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. This section will assess the internal controls of each operator, test data collection methods, calculate performance indicators, and evaluate performance indicators.

To ensure that the information gathered as part of this Audit is reliable 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 reliable data are obtained, maintained, and fairly disclosed in reports
- Ensure that resources are adequately safeguarded and efficiently used
- Ensure that laws and regulations are complied with by the transit operator

To help assess internal controls and data collection techniques, the auditor reviewed a sample of driver logs for BlueGO Fixed Routes and BlueGO OnCall services from July 1-7, 2004.

Data Collection Methods

Six operating statistics must be reported in the Triennial Performance Audit report:

- | | |
|-------------------------|-------------------------|
| ♦ Operating Cost | ♦ Vehicle Service Miles |
| ♦ Passenger Count | ♦ Employee Hours |
| ♦ Vehicle Service Hours | ♦ Fare Revenue |

The **Operating Cost** data reported in Table 5 above include total expenses for each object class as presented in the Chart of Accounts for the Uniform System of Accounts and Records as presented in both of the fiscal audits, minus depreciation costs. The Auditor's tests of the El Dorado County and the City of South Lake Tahoe's financial statements disclosed no instance of noncompliance that are required to be reported under Government Auditing Standards. The data in Table 5 is consistent with that in the State Controller Reports and internal records for El Dorado County's BlueGO OnCall services. Operating costs in the State Controller reports include subsidies provided to the City of South Lake Tahoe for fixed route services, to ATM for BlueGO Nifty 50 Trolley services, and Placer County's TART for the operation of transit services in El Dorado County. Therefore, these figures were subtracted out of the totals in Table 5.

However, there are major inconsistencies in what the City of South Lake Tahoe reported to the State Controller and operating expenses in the fiscal audits for all three years of the audit period. During the audit period, the City's transit duties have been filled by various positions at the City whose primary job duties did not involve transit. This fact may have accounted for incorrect data reporting to the State Controller. Additionally the State Controller reports are required to be submitted before the fiscal audit is complete. Operating expenses presented in the City of South Lake Tahoe's Basic Financial Statements equal those listed in the fiscal audits. It is these figures that are reported in Table 5. Despite the inconsistencies, operating costs were calculated in the proper manner by excluding depreciation costs.

The **Passenger Count** data reported in Table 2 above are reported as unlinked trips (single boarding and alighting), and were obtained from internal data. Passenger counts are obtained through individual driver tally for both fixed route and demand response services. Passenger counts on the BlueGO OnCall system are conducted by hours of service, rather than by location of passenger boarding/alighting. Therefore many trips within the City of South Lake Tahoe were recorded as El Dorado County trips. Data from the driver logs did not completely match entries in the monthly management spreadsheets for the week reviewed in July 2004. The format of the passenger count sheets may allow for easy errors in data reporting. There are some inconsistencies between the State Controller's Reports and data obtained from ATM records for the BlueGO Fixed Route, City BlueGO OnCall, and County BlueGO OnCall services.

The **Vehicle Service Hour** data reported in Table 3 above was obtained from internal data. ATM did not record vehicle service hours in accordance with the definition presented in Appendix B of the Performance Audit Guidebook. Although ATM made strides in this direction since the last audit to no longer include hours driven during lunch breaks, "deadhead" hours (the time from the terminal to the first scheduled pick up) is still included in the vehicle service hours calculation. It should be noted that deadhead travel to and from the terminal is relatively short for all BlueGO services. The figures in the State Controller's Reports and data obtained from ATM's records are inconsistent. With the exception of vehicle service hours reported in the FY 2003-04 State Controller report for BlueGO OnCall City services, the data inconsistencies are relatively minor.

The **Vehicle Service Mile** data reported in Table 4 above was obtained from internal data. ATM did not record vehicle service miles in accordance with the definition presented in Appendix B of the Performance Audit Guidebook. Again, service miles were recorded from the time the vehicle left the terminal to the time the vehicle returned minus miles driven during lunch breaks. The method the transit contractor employed to operate the BlueGO OnCall City and County services did not allow for accurate calculation of vehicle service mile data by service. Vehicle service miles were recorded by vehicle and one vehicle provided two different services during several driver shifts. The figures in the State Controller’s Reports and data obtained from the transit operators show inconsistencies.

The **Employee Hours** data presented in Table 7 below was obtained from State Controller’s Reports. The definition of employee hours/full-time equivalency presented in Appendix B of the Performance Audit Guidebook states that all transportation system-related employee hours, including hours worked by persons not directly employed by the operator should be calculated and divided by 2,000 to determine full-time equivalent employees. During the audit period, management at ATM calculated employee hours and had been informed about the TDA definition. As management at ATM has changed since the end of the audit period, the current management is unsure about the accuracy of employee hour reporting. Records from El Dorado County staff show that the County has included all employee hours related to transit operations in the Tahoe Basin and correctly divided by 2,000. The City of South Lake Tahoe did not include hours worked by City staff on transit, but only included the figures provided by ATM.

The **Fare Revenue** data presented in Table 8 below was obtained from the annual fiscal audits. For the City of South Lake Tahoe, total revenue reported in the fiscal audits is consistent with City of South Lake Tahoe Financial Statements (although, the City’s Financial Statements do not separate fare revenues from other transit revenues). The data in Table 8 (from the fiscal audit) is not consistent with data reported to the State Controller. In fact, the difference in fare revenue between the two reports is on the order of \$200,000 to \$300,000. The data in listed in Table 8 for the City of South Lake Tahoe match numbers in ATM’s annual profit and loss report. However annual tallies of ATM’s monthly management reports are not consistent with the other reports.

TABLE 7: BlueGO Full-Time Equivalent Employees

	BlueGO Fixed Routes		BlueGO OnCall (City)		BlueGO OnCall (County)	
	FTEs	% Change	FTEs	% Change	FTEs	% Change
Fiscal Year 2000 - 01	12.0	--	12.0	--	3.0	--
Fiscal Year 2001 - 02	12.0	0.0%	10.0	-16.7%	6.0	100.0%
Fiscal Year 2002 - 03	12.0	0.0%	10.0	0.0%	6.0	0.0%
Fiscal Year 2003 - 04	14.0	16.7%	4.0	-60.0%	6.0	0.0%
Fiscal Year 2004 - 05	17.0	21.4%	5.0	25.0%	6.0	0.0%
Fiscal Year 2005 - 06	17.0	0.0%	5.0	0.0%	6.0	0.0%

Source: State Controller Reports.

TABLE 8: BlueGO Fare Revenue

	City of South Lake Tahoe Transit Services				El Dorado County Tahoe Basin Transit Services			
	BlueGO Fixed Routes		BlueGO OnCall (City)		BlueGO City Total		BlueGO OnCall (County)	
	Fares	% Change	Fares	% Change	Fares	% Change	Fares	% Change
Fiscal Year 2000 - 01	NA	--	NA	--	NA	--	\$33,293	--
Fiscal Year 2001 - 02	NA	--	NA	--	NA	--	\$50,270	51.0%
Fiscal Year 2002 - 03	NA	--	NA	--	NA	--	\$51,970	3.4%
Fiscal Year 2003 - 04	\$503,376	--	\$44,935	--	\$548,311	--	\$51,562	-0.8%
Fiscal Year 2004 - 05	\$540,049	7.3%	\$45,634	1.6%	\$585,683	6.8%	\$66,289	28.6%
Fiscal Year 2005 - 06	\$503,789	-6.7%	\$40,535	-11.2%	\$544,324	-7.1%	\$62,219	-6.1%

Source: Prior Triennial Performance Audit; Fiscal Audits.

Average fare paid per passenger was calculated for each year of the audit period for the fixed routes and are as follows:

- FY 2003-04 - \$0.88
- FY 2004-05 - \$1.16
- FY 2005-06 - \$1.14

A base fare increase from \$1.25 to \$1.75 occurred in March of 2004, resulting in an average fare in FY 2003-04 lower than the remainder of the audit period. About half of fixed route boardings represent reboards/child (day passes and non-paying children) and another ten percent or so are special needs passengers (seniors, persons with disabilities, Medicare card holders) which pay a significantly reduced fare of \$0.50. As these fare categories bring down the average fare, the resulting average fare per passenger appears to be adequately consistent with the reported fare revenues and passenger activity levels.

For El Dorado County, data appears to have been reported correctly to the State Controller as fare revenue in the State Controller reports are consistent with fare revenue in the fiscal audits. However, these numbers differ from the ATM monthly management reports.

Average fare paid per passenger for the County's BlueGO OnCall service by fiscal year is:

- FY 2003-04 - \$2.24
- FY 2004-05 - \$2.27
- FY 2005-06 - \$2.24

Average fare paid per passenger for the City's BlueGO OnCall service by fiscal year is:

- FY 2003-04 - \$2.36
- FY 2004-05 - \$2.53
- FY 2005-06 - \$2.47

A one-way trip in the County costs \$5.00 and a one-way trip in the City costs \$3.00. A County BlueGO OnCall 10 ride pass is available for \$45.00, which is equivalent to an average fare of \$4.50. A City 10 ride pass is available for \$25.00, which is equivalent to an average fare of \$2.50. A one-way trip for special needs passengers is \$1.00. Human service organizations in the area such as Alta California Regional Center provide their special needs clients with discounted passes on the County's BlueGO OnCall service for \$10.00. The average fare paid per general public passenger on the County's On Call service is around \$2.50 to \$2.70 and the average fare paid for special needs passengers is around \$0.60. This demonstrates that the majority of trips on BlueGO OnCall service are City to City trips and taken by pass holders.

In summary, fiscal audits have been used for the most part for statistics on fares and operating costs, and State Controller reports and internal reports were used for operating statistics such as passenger count, vehicle service hours and miles, and employee hours. All BlueGO services audited have some inconsistencies in their State Controller reports and internal data. There are

fewer consistencies in El Dorado County data for passenger, hours, and miles statistics. Fare revenue had the largest inconsistencies between ATM monthly management reports and the fiscal audit. The ATM monthly management reports stated lower levels of fare revenue. Some of this can be attributed to the fact that fare revenue from pass sales to Alta California Regional Center, El Dorado County Human Services, and Child Protective Services are not included in the monthly reports. As noted later in the document, during the audit period there were no fareboxes on board both fixed route and demand response vehicles and fare revenue was stored in zippered pouches available to the drivers. This type of cash management system is very susceptible to abuse.

Calculation and Evaluation of Performance Indicators

Using the data described above, the following performance indicators were 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 Service Hours per Employee

In addition, the Farebox Recovery Ratio is calculated and evaluated as required in Section 99268 et seq. of the Public Utilities Code. Note that data from the prior Triennial Performance Audit is included in the tables and figures below for comparative purposes. The data presented reflects actual costs in each year, and thus includes the effects of inflation.

The **Operating Cost per Passenger** data is presented in Table 9 and Figures 1 and 2. This performance measure is a key indicator of a transit system's cost effectiveness. As indicated, during the Audit period the operating cost per passenger has increased steadily for BlueGO City services (both fixed route and demand response). This trend is a result of both a drop in reported ridership and an increase in operating costs, in particular for City BlueGO OnCall services. El Dorado County BlueGO OnCall services saw a decrease in operating cost per passenger except for the final year of the audit period when ridership decreased. Ridership on the County BlueGO OnCall service may have benefited from the reduction in City BlueGO OnCall service hours.

The **Operating Cost per Vehicle Service Hour** data is presented in Table 10 and Figures 3 and 4. This performance measure is a key indicator of a transit system's cost efficiency. As indicated, the operating cost per vehicle service hour incurred by BlueGO City of South Lake Tahoe services increased significantly over the audit period, particularly in FY 2003-04. This was mainly due to the decrease in service levels. As operating costs for County BlueGO OnCall services decreased in FY 2003-04 and subsequently rose in the later years of the audit period, so did operating cost per vehicle service hour.

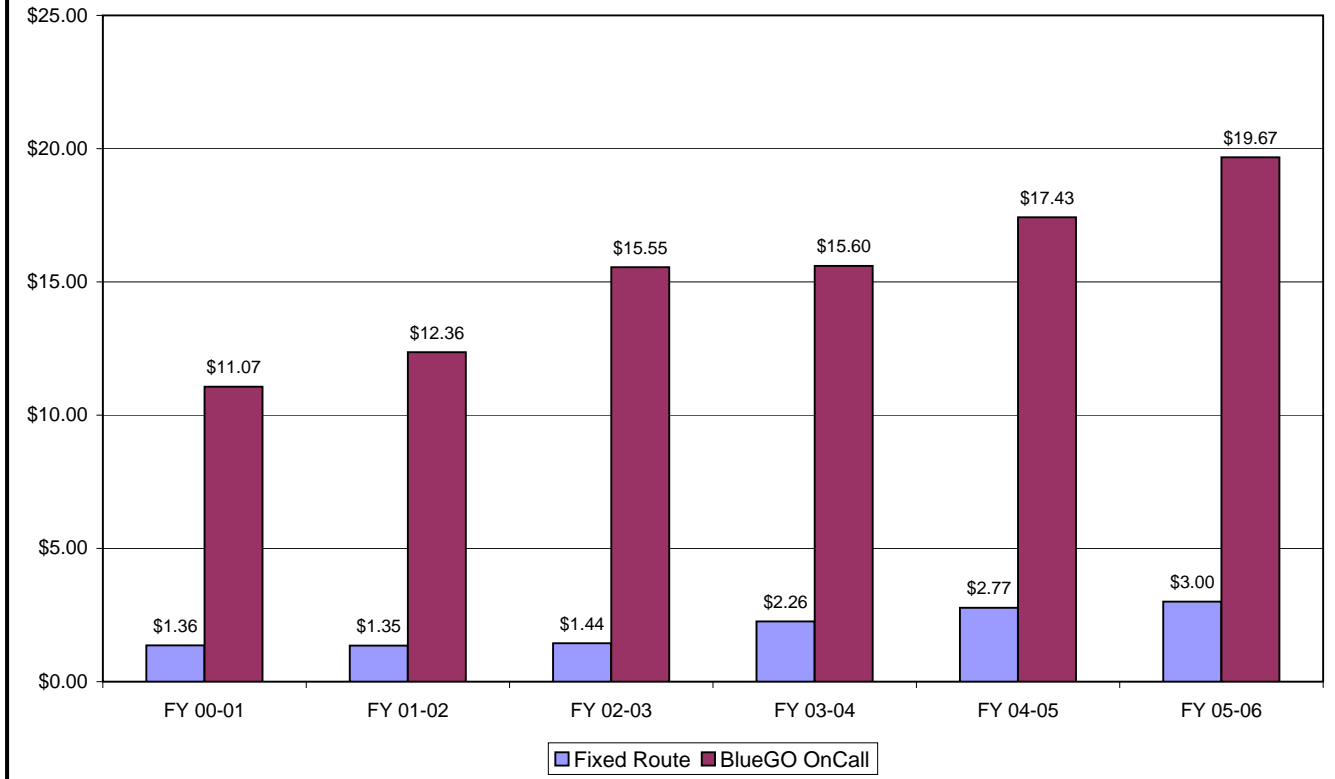
The **Passengers per Vehicle Service Hour** (commonly referred to as "productivity") is presented in Table 11 and Figures 5 and 6. As indicated, BlueGO Fixed Routes experienced steadily decreasing productivity during the audit period. As noted earlier in the document,

TABLE 9: BlueGO Operating Cost Per Passenger

	City of South Lake Tahoe Transit Services						El Dorado County Tahoe Basin Transit Services	
	BlueGO Fixed Routes		BlueGO OnCall (City)		BlueGO City Total		BlueGO OnCall (County)	
	Cost per Pax	% Change	Cost per Pax	% Change	Cost per Pax	% Change	Cost per Pax	% Change
Fiscal Year 2000 - 01	\$1.36	--	\$11.07	--	\$2.22	--	\$20.07	--
Fiscal Year 2001 - 02	\$1.35	-0.8%	\$12.36	11.7%	\$2.42	8.6%	\$14.71	-26.7%
Fiscal Year 2002 - 03	\$1.44	6.6%	\$15.55	25.8%	\$2.48	2.8%	\$14.13	-4.0%
Fiscal Year 2003 - 04	\$2.26	57.1%	\$15.60	0.3%	\$2.69	8.3%	\$10.95	-22.5%
Fiscal Year 2004 - 05	\$2.77	22.6%	\$17.43	11.7%	\$3.32	23.4%	\$10.85	-0.9%
Fiscal Year 2005 - 06	\$3.00	8.3%	\$19.67	12.9%	\$3.60	8.4%	\$13.02	20.0%

Source: Prior Triennial Performance Audit, Fiscal Audits, ATM.

FIGURE 1: City of South Lake Tahoe BlueGO Services Operating Cost Per Passenger



**FIGURE 2: El Dorado County BlueGO Services
Operating Cost Per Passenger**

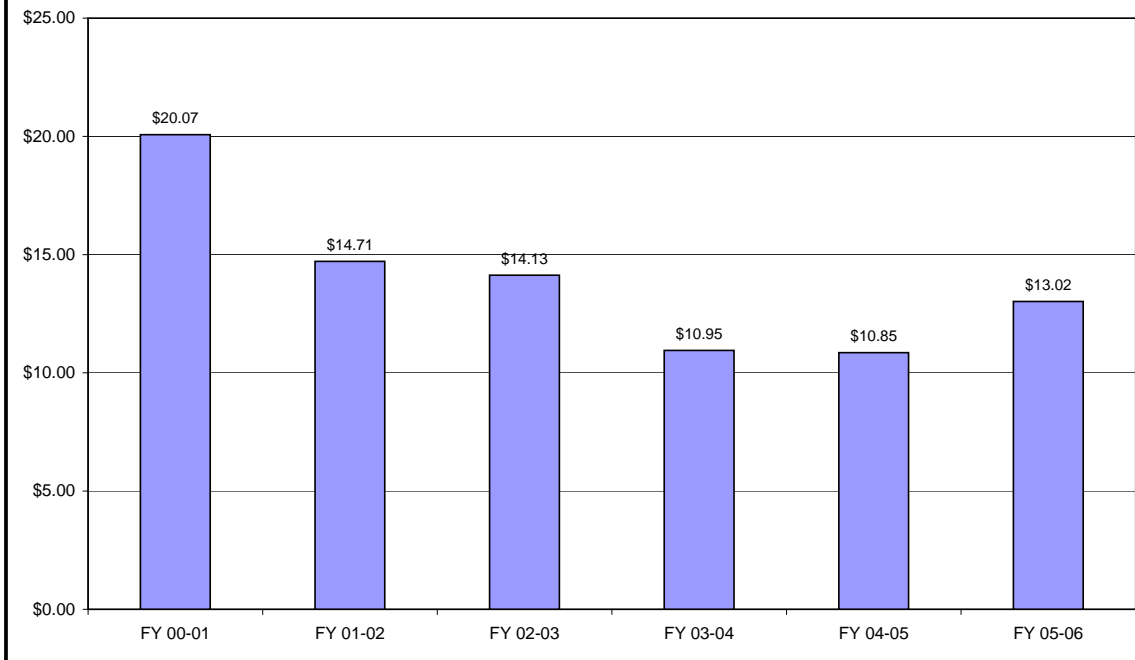
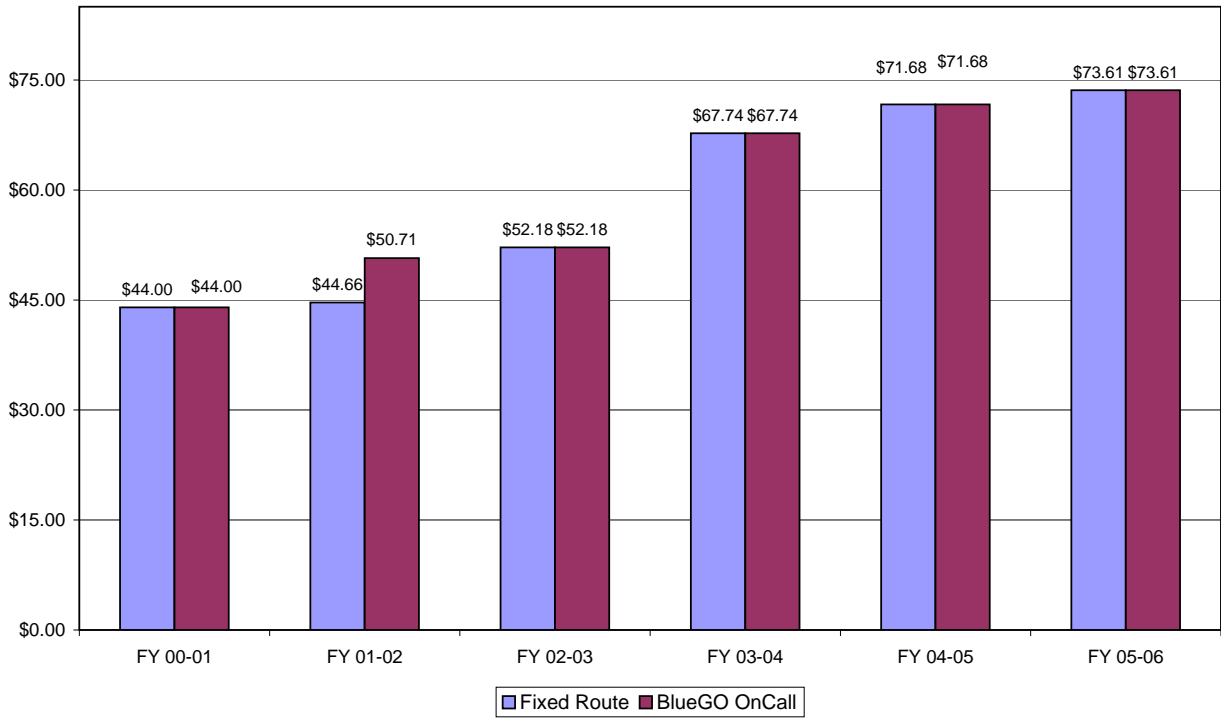


TABLE 10: BlueGO Operating Cost Per Vehicle Service Hour

	City of South Lake Tahoe Transit Services						El Dorado County Tahoe Basin Transit Services	
	BlueGO Fixed Routes		BlueGO OnCall (City)		BlueGO City Total		BlueGO OnCall (County)	
	Cost per VSH	% Change	Cost per VSH	% Change	Cost per VSH	% Change	Cost per VSH	% Change
Fiscal Year 2000 - 01	\$44.00	--	\$44.00	--	\$44.00	--	\$35.98	--
Fiscal Year 2001 - 02	\$44.66	1.5%	\$50.71	15.3%	\$47.47	7.9%	\$42.02	16.8%
Fiscal Year 2002 - 03	\$52.18	16.8%	\$52.18	2.9%	\$52.18	9.9%	\$43.03	2.4%
Fiscal Year 2003 - 04	\$67.74	29.8%	\$67.74	29.8%	\$67.74	29.8%	\$32.20	-25.2%
Fiscal Year 2004 - 05	\$71.68	5.8%	\$71.68	5.8%	\$71.68	5.8%	\$40.23	24.9%
Fiscal Year 2005 - 06	\$73.61	2.7%	\$73.61	2.7%	\$73.61	2.7%	\$46.52	15.6%

Source: Prior Triennial Performance Audit, Fiscal Audits, ATM.

**FIGURE 3: City of South Lake Tahoe BlueGO Services
Operating Cost Per Vehicle Service Hour**



**FIGURE 4: El Dorado County BlueGO Services
Operating Cost Per Vehicle Service Hour**

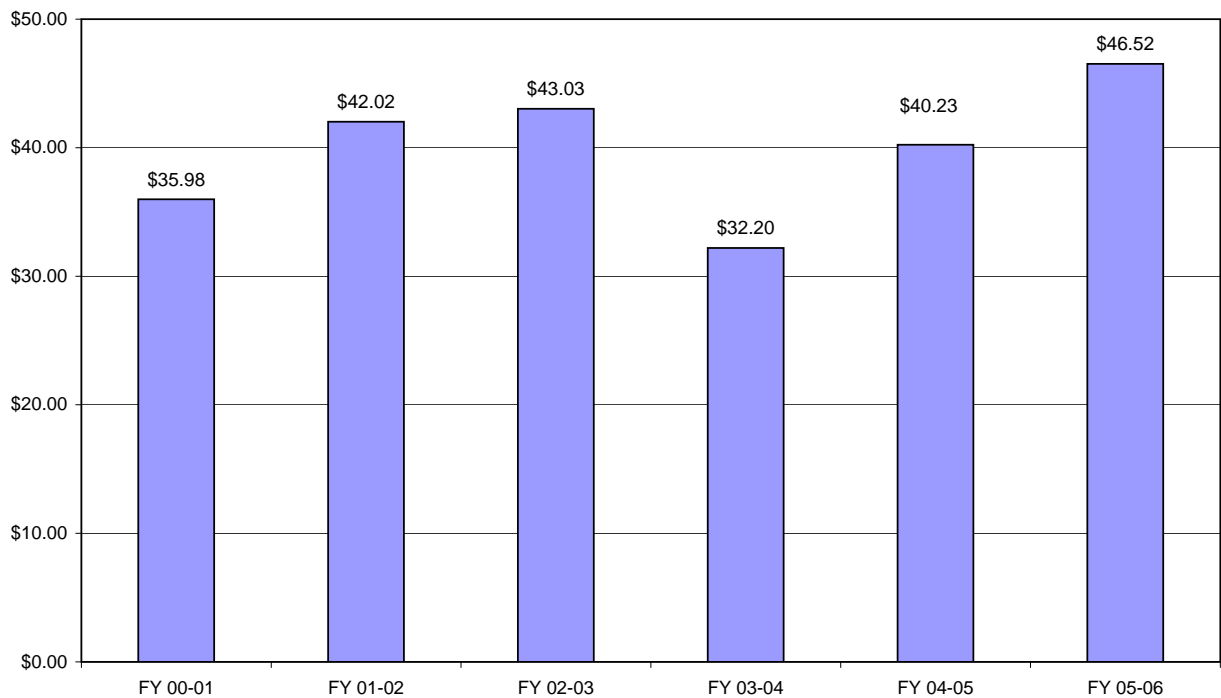
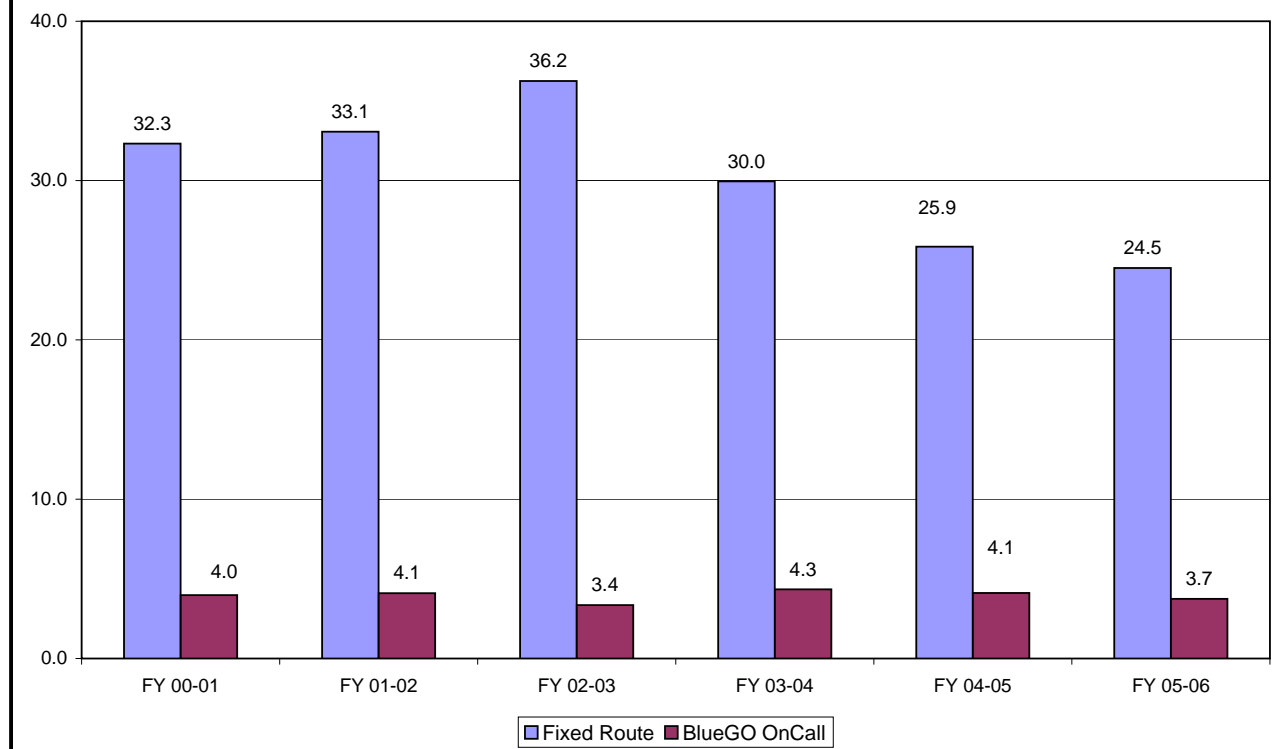


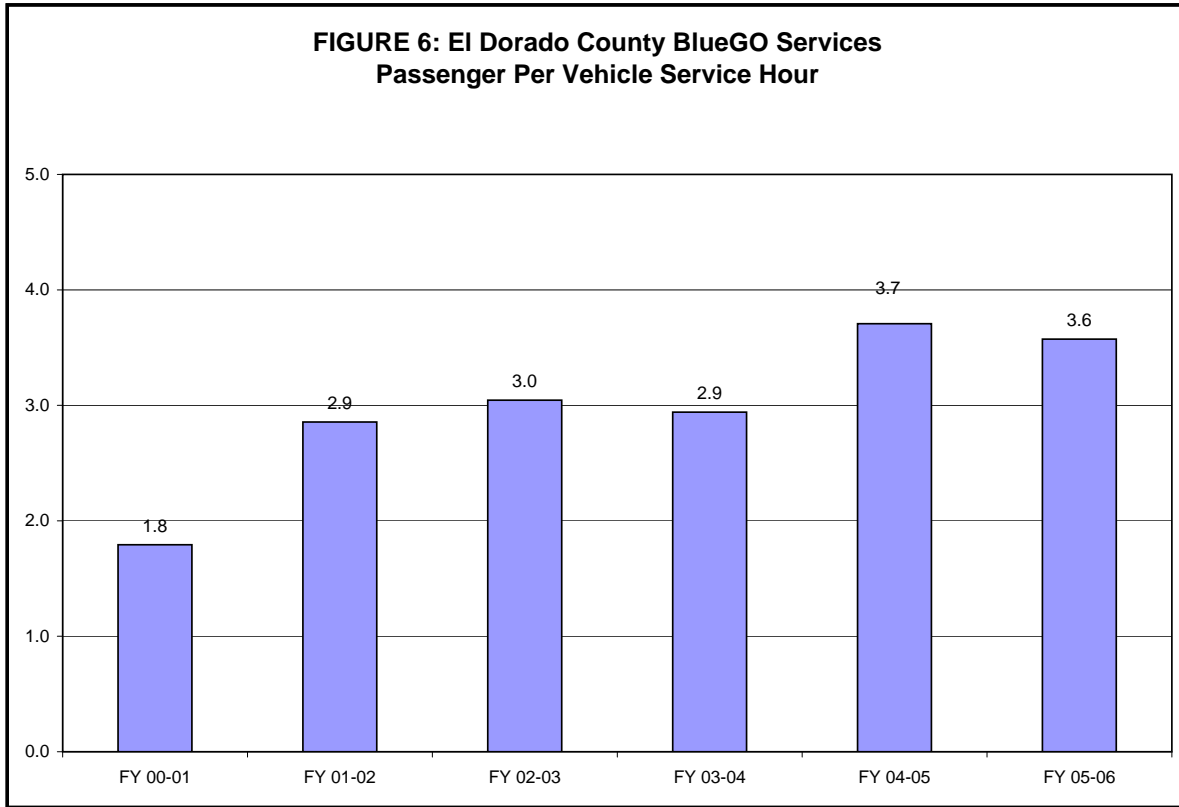
TABLE 11: BlueGO Passenger Per Vehicle Service Hour

	BlueGO Fixed Routes		BlueGO OnCall (City)		BlueGO OnCall (County)	
	Pax per VSH	% Change	Pax per VSH	% Change	Pax per VSH	% Change
Fiscal Year 2000 - 01	32.3	--	4.0	--	1.8	--
Fiscal Year 2001 - 02	33.1	2.3%	4.1	3.2%	2.9	59.3%
Fiscal Year 2002 - 03	36.2	9.6%	3.4	-18.2%	3.0	6.6%
Fiscal Year 2003 - 04	30.0	-17.4%	4.3	29.4%	2.9	-3.4%
Fiscal Year 2004 - 05	25.9	-13.7%	4.1	-5.3%	3.7	26.0%
Fiscal Year 2005 - 06	24.5	-5.2%	3.7	-9.0%	3.6	-3.6%

Source: Prior Triennial Performance Audit, Fiscal Audits, ATM.

**FIGURE 5: City of South Lake Tahoe BlueGO Services
Passengers Per Vehicle Service Hour**





ridership has decreased as a result of economic impacts in the region. Despite the decreasing productivity, BlueGO Fixed Routes carried 24.5 passengers per vehicle service hour in FY 2005-06, a relative high performance measure when compared with other rural fixed route services.

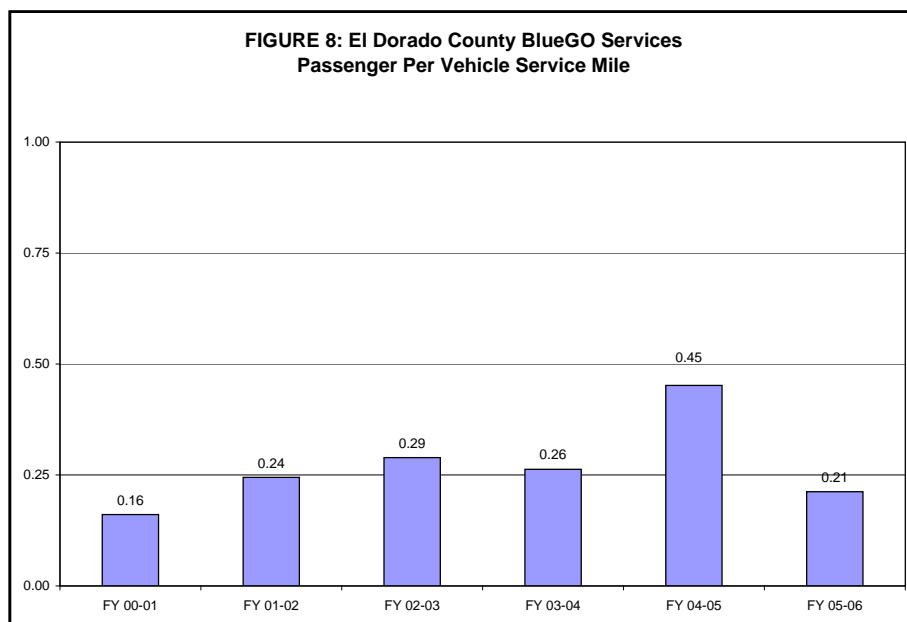
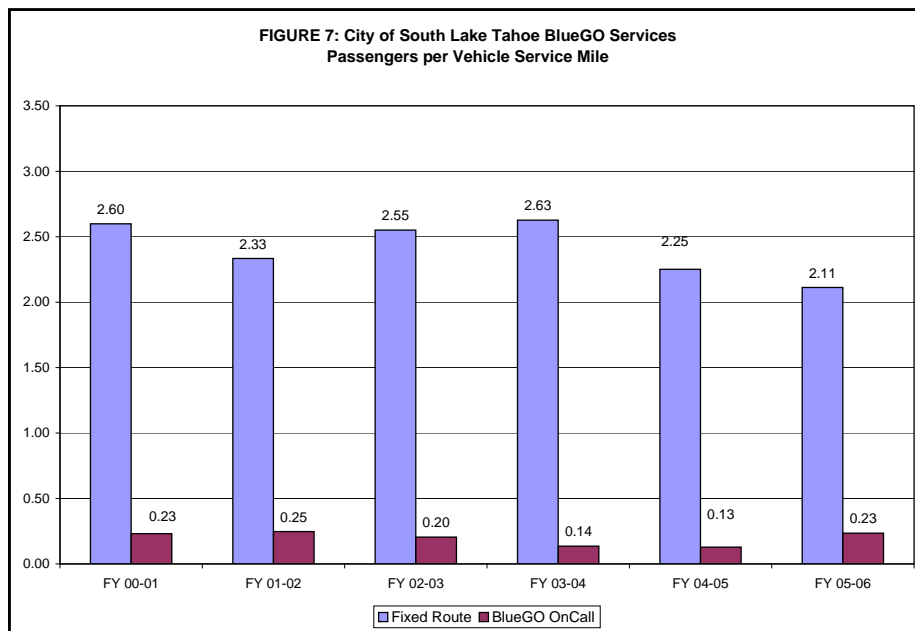
The BlueGO OnCall City services experienced a productivity growth spurt in FY 2003-04, but productivity declined after the initial service cuts. However productivity of 3.7 passengers per vehicle service hour is still high for a demand response type of service. Overall productivity of the County BlueGO OnCall service has also seen fluctuations during the audit period, particularly during FY 2004-05. As vehicle service hours have remained relatively steady over the last three years, the changes are a result of ridership patterns. It is unclear why ridership increased by 26.0 percent in FY 2004-05. Due to the commingling of City and County data, it is difficult to get an accurate picture of ridership patterns.

The **Passengers per Vehicle Service Mile** data is presented below in Table 12 and Figures 7 and 8. As indicated, the systems experienced mixed results, with the BlueGO Fixed Routes experiencing significant declining measures over the audit period. Passengers per vehicle service mile declined on BlueGO OnCall City services until FY 2005-06 when there was a significant reduction in vehicle service miles, thereby boosting passengers per vehicle service mile by 80 percent. Similar to the productivity performance measure for BlueGO OnCall County services, FY 2004-05 brought a significant increase in passengers per vehicle service mile in an otherwise downward trend.

TABLE 12: BlueGO Passenger Per Vehicle Service Mile

	BlueGO Fixed Routes		BlueGO OnCall (City)		BlueGO OnCall (County)	
	Pax per VSM	% Change	Pax per VSM	% Change	Pax per VSM	% Change
Fiscal Year 2000 - 01	2.60	--	0.23	--	0.16	--
Fiscal Year 2001 - 02	2.33	-10.2%	0.25	7.1%	0.24	52.0%
Fiscal Year 2002 - 03	2.55	9.3%	0.20	-17.1%	0.29	18.2%
Fiscal Year 2003 - 04	2.63	3.0%	0.14	-33.8%	0.26	-9.1%
Fiscal Year 2004 - 05	2.25	-14.3%	0.13	-5.3%	0.45	71.9%
Fiscal Year 2005 - 06	2.11	-6.2%	0.23	82.8%	0.21	-53.0%

Source: Prior Triennial Performance Audit, Fiscal Audits, ATM.



The **Vehicle Service Hours per Employee** data is presented below in Table 13 and Figures 9 and 10. As noted, it is unknown whether or not employee hours were calculated correctly by ATM. As such, all BlueGO services show a decrease in vehicle service hours per employee over the audit period.

The **Farebox Recovery Ratio** data is presented above in Table 6. As indicated, the farebox recovery ratio for all BlueGO services audited has declined in recent years but remains well above the 10 percent farebox ratio required for a these transit services. During the audit period

TRPA did not calculate farebox recovery ratio for the City of South Lake Tahoe or El Dorado County. The City of South Lake Tahoe State Controller reports presented the farebox ratio, but these were based on operating cost figures that do not match the fiscal audits. As the El Dorado County State Controller reports did not calculate farebox ratio, there are no valid reports which to compare the data in Table 6.

DETAILED REVIEW OF TRANSIT OPERATOR FUNCTIONS

This section presents a review of the various functions of the El Dorado County and City of South Lake Tahoe transit operations. Transit operator functions can be divided into the following areas:

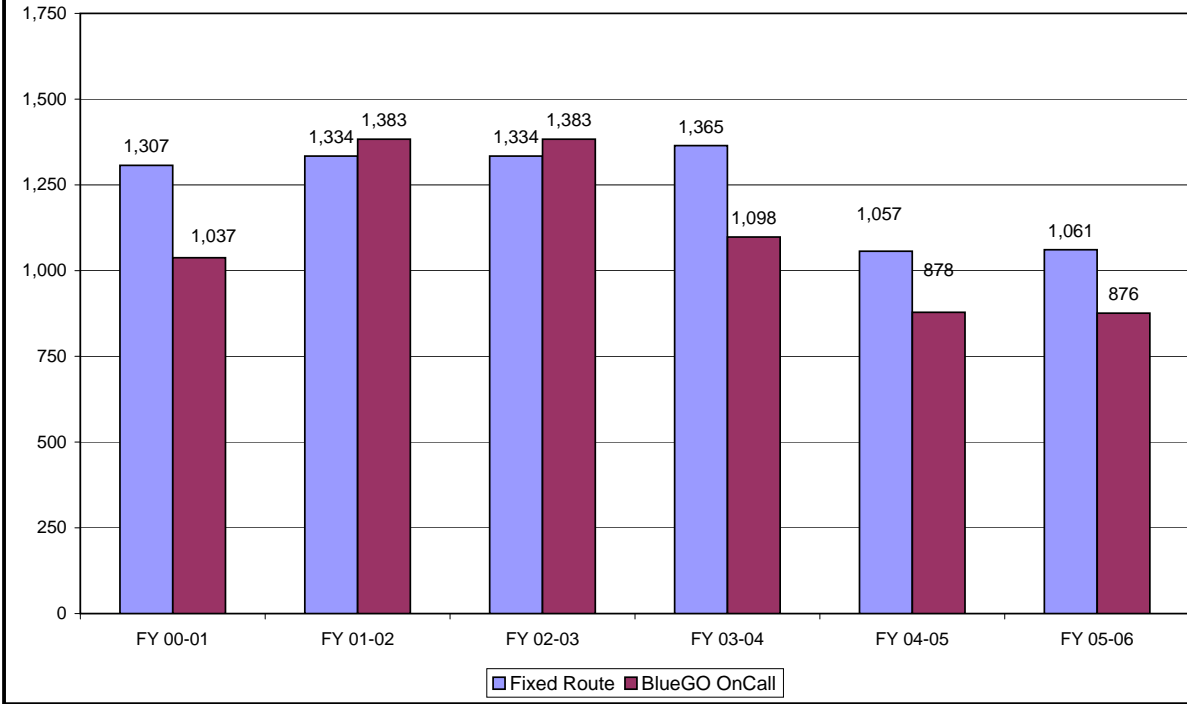
- ♦ General Management and Organization;
- ♦ Service Planning;
- ♦ Scheduling, Dispatch and Operations;
- ♦ Personnel Management and Training;
- ♦ Administration;
- ♦ Marketing and Public Information; and
- ♦ Maintenance.

TABLE 13: BlueGO Vehicle Service Hours Per Employee

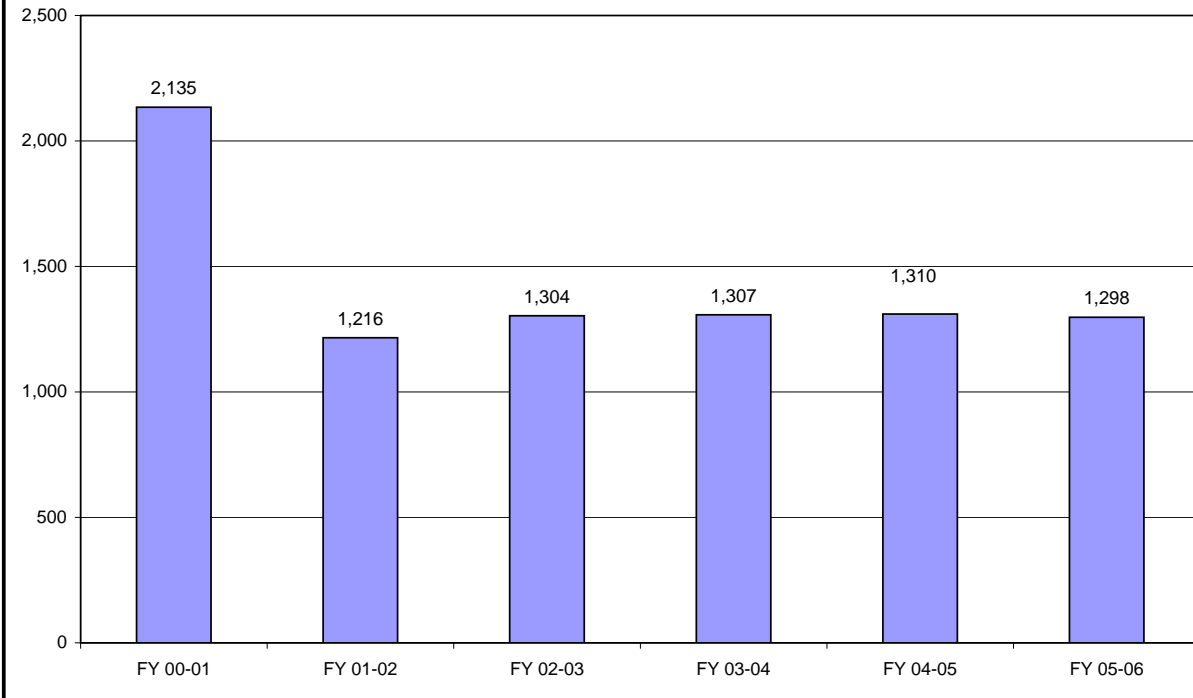
	BlueGO Fixed Routes		BlueGO OnCall (City)		BlueGO OnCall (County)	
	VSH per Emp.	% Change	VSH per Emp.	% Change	VSH per Emp.	% Change
Fiscal Year 2000 - 01	1,307	--	1,037	--	2,135	--
Fiscal Year 2001 - 02	1,334	2.1%	1,383	33.3%	1,216	-43.0%
Fiscal Year 2002 - 03	1,334	0.0%	1,383	0.0%	1,304	7.2%
Fiscal Year 2003 - 04	1,365	2.3%	1,098	-20.6%	1,307	0.3%
Fiscal Year 2004 - 05	1,057	-22.6%	878	-20.0%	1,310	0.2%
Fiscal Year 2005 - 06	1,061	0.4%	876	-0.3%	1,298	-1.0%

Source: Prior Triennial Performance Audit, Fiscal Audits, ATM.

**FIGURE 9: City of South Lake Tahoe BlueGO Services
Vehicle Service Hours Per Employee**



**FIGURE 10: El Dorado County BlueGO Services
Vehicle Service Hours Per Employee**



General Management and Organization

The *Participation Agreement to Implement a Coordinated Transit System at South Lake Tahoe*, was signed in 1998 to consolidate transit services in the City of South Lake Tahoe (STAGE), transit services in the Tahoe portion of El Dorado County (Bus Plus), the Nifty Fifty Trolley, Heavenly skier shuttles, transit services in the Tahoe portion of Douglas County, and Casino shuttles under one management company to provide convenient transit service for visitors and residents. This consolidated transit service is now referred to and marketed under the brand name “BlueGO.” The South Tahoe Area Transit Authority (STATA) is a public nonprofit benefit corporation which was formed during the audit period (November 2002) whose purpose is to implement, operate and manage the coordinated transit system, BlueGO. STATA has entered into a Memorandum of Understanding (MOU) with TRPA to provide a BlueGO Transit Administrator to administer BlueGO transit services. This position is also shared with TRPA’s Transit Planner/Administrator and with the Tahoe Transportation District (TTD). Policy direction for BlueGO services is provided by a board of directors which includes representatives from each of the participating entities in the *Participation Agreement to Implement a Coordinated Transit System at South Lake Tahoe*, 1998, as subsequently amended.

ATM, a private transportation management company, is the transit contractor which operates the majority of BlueGO services through separate contracts. The City of South Lake Tahoe has contracted with ATM to operate BlueGO transit services in the City of South Lake Tahoe for over twenty years and has extended the term of the contract until 2010 with the option to extend the contract until 2017 and 2024. ATM was also the contractor for the El Dorado County BlueGO OnCall service during the audit period. El Dorado County most recently entered into a contract with ATM for the provision of BlueGO transit services in July 2008. This contract will expire in July 2011. For City services, the Assistant City Manager is responsible for contract oversight. On the County side, the Principal Planner (with support from the Transportation Fiscal Manager & Contract Services Officer) is responsible for contract oversight. The El Dorado County Principal Planner reports to the Deputy Director of Tahoe Engineering, who in turn reports to the Director of Transportation.

Until recently there was no administrative position within the Coordinated Transit System/STATA dedicated to the oversight of BlueGO transit services. During the audit period, transit has been only a portion of the job duties for staff at the City and County who oversaw the transit contracts. This may have contributed to incorrect data reporting in the State Controller reports for the City of South Lake Tahoe. With the creation of STATA, there is a BlueGO Transit Administrator who works directly with City, County, Douglas County, and Heavenly Mountain Resort staff to manage all transit contracts and services for BlueGO, providing a higher degree of oversight.

ATM provides monthly management reports to the City and County. During the audit period, City and County staff reviewed these reports for significant changes in ridership. In the past, system performance was not analyzed in great detail; however the BlueGO Transit Administrator indicates that this will be given greater attention in the future.

ATM has approximately 24 full-time employees and 11 seasonal/part-time employees for all transit contracts. Some drivers are dedicated to City or County services; however the majority of employees are assigned to both City and County services. The organization has a straightforward structure: the ATM President and CEO oversee the ATM Operations Manager who then is in charge of the Operations Supervisor, who in turn directly oversees the dispatch and driver staffs. Administrative staff and operations supervisors meet weekly. Driver meetings occur annually. ATM allocates operating costs between El Dorado County and City of South Lake Tahoe services based on the proportion of vehicle service hours.

Service Planning

The effectiveness of a transit system is highly dependent upon the continued development of short- and long-range transit plans. An interim Community Short Range Transit Plan was completed in July 2007 by TRPA staff and adopted by the STATA Board of Directors. A BlueGO Performance Study was completed in 2005 to quantitatively evaluate the transit system, assess the effect of economic and demographic changes in the region and make recommendations for the future. STATA and TRPA intend to develop a five to ten year Short Range Transit Plan for BlueGO in FY 2008-09. It is anticipated that this document will have service standard recommendations and evaluate the present and future needs of transit on the South Shore of Lake Tahoe. STATA is currently in the process of performing on-board surveys of all BlueGO routes.

During the audit period, the City of South Lake Tahoe did not have any official goals, objectives and performance measures specific to transit. The County's transit goals are related to the TRPA's Regional Transportation Plan (RTP) Goals. The BlueGO transit system is an integral part of the RTP's Integrated Multi-Modal System Goal. The upcoming SRTP process should include goals, objectives and performance measure specific to each mode of BlueGO transit services. The *Participation Agreement to Implement a Coordinated Transit System at South Lake Tahoe*, allows for the creation of committees and subcommittees to evaluate transit performance.

In the past, ATM was fairly involved in route changes and the creation of the BlueGO coordinated transit system. ATM and the City and County worked together directly on service planning. Going forward, the BlueGO Transit Administrator will be responsible for service planning, although the transit contractor may provide suggestions. The BlueGO Transit Administrator is also the primary point of contact for suggestions and complaints from the passengers, City, County or STATA Board of Directors.

Scheduling, Dispatch, and Operations

This functional area concerns the short-term scheduling of routes, drivers, and vehicles, the daily coordination and assurance that each route or each demand response customer is served, and the specific function of providing transportation service. All are conducted by ATM staff. Driver shifts are assigned by ATM management based on seniority and experience. Recruiting and retaining drivers in South Lake Tahoe can be difficult. The majority of recruits are inexperienced. Each new recruit is required to undergo 15 hours of classroom training and 20 hours of behind the wheel training. All employees receive eight hours of annual re-training. The Operations

Supervisor acts as the safety and training manager and continually reviews the system for ways to improve safety. Drivers are trained on bus evacuation procedures as part of the initial training and CPR training is required by the Nevada Department of Transportation as BlueGO routes travel in both California and Nevada.

Full-time ATM employees (32 hours per week or more) receive vacation and health benefits. Part-time employees who consistently work 32 hours or more per week may become eligible for health benefits. The drivers' vacations are scheduled on a first-come, first-serve basis and depend on the availability of relief personnel. ATM has a clear drug and alcohol policy as well as a progressive discipline policy.

The scheduling, dispatch, and operations of BlueGO OnCall appear to be working effectively. Reservations for BlueGO OnCall services are typically made over the telephone. One dispatcher and one supervisor is sufficient to accommodate all calls except perhaps during the busy ski season. ATM has established a "no show" policy which discourages misuse of the BlueGO OnCall service. Additionally, the STATA Board of Directors will formally adopt Paratransit Policies in October. The maintenance status of each vehicle is communicated effectively between dispatch and the maintenance department.

Administration

Administration of BlueGO includes budget preparation, financial management and analysis, statistical data reporting, personnel management and marketing. All of these functions are conducted by STATA staff. It does complete an annual Fiscal Audit and participates in the Triennial Performance Audit.

The ATM employee handbook sets forth rules for processing accidents and injury claims. Additionally, the Operations Supervisor regularly reviews the safety of its operating practices. During the audit period, ATM staff has eliminated stops which are likely candidates for backing accidents. ATM works closely with the STATA, City, County, and Barton Memorial Hospital and has been established as a provider of emergency transportation should evacuations be required. In fact BlueGO vehicles were used during the Angora Fire in 2007.

Fare collection has improved since the audit period. In the past, van drivers collected fares in zippered money bags on the demand response vehicles. More recently, fareboxes have been placed on all vehicles. Current cash management practices are appropriate. Farebox vaults are pulled from each vehicle and counted in a secure audit room. The auditor compares driver paperwork to cash amounts and pass sales. There is only one ATM staff member performing the audit at one time and no cameras are present. This person is audited by ATM management and random inspections by STATA.

The prior performance audit included an in depth discussion of how the administrative structure of the various BlueGO services has hindered accurate data collection, data reporting, performance evaluation and overall management. The administrative structure has not changed. As demonstrated in earlier sections of this audit, there are multiple inconsistencies between internal reports and State Controller reports. Data on the City and County BlueGO OnCall

services are commingled and the City does not allocated operating costs between demand response and fixed route services. The fact that there are two contracts, two fiscal audits, and separate operating data for the operation of BlueGO City of South Lake Tahoe and El Dorado County transit services in South Lake Tahoe has resulted in inaccurate reporting, particularly of BlueGO OnCall services. It also appears that El Dorado County funding effectively was used to fund much of the City's BlueGO OnCall service, as the majority of trips during the El Dorado County hours of service were located entirely within the City limits. Separate operating data should be maintained by mode (demand response vs. fixed route), but it would improve the accuracy of data collection and performance evaluation if BlueGO OnCall City and County services were operated as one comprehensive service.

STATA, the City and the County continuously review ATM profit and loss statements and transit expenditures. Any excess expenditures are approved by City Council or the Board of Supervisors. El Dorado County has become concerned about the increase in operating costs of the BlueGO OnCall service.

Transit services in South Lake Tahoe have not gone out to competitive bid for transit service for 20 years. The Federal Transit Administration requires only that transit operators use "sound judgment" when establishing contract limits. In light of recent concerns with respect to maintenance of vehicles and the facilities (discussed below), it would be beneficial to BlueGO to establish a competitive bidding process.

Marketing and Public Information

Marketing for City of South Lake Tahoe and El Dorado County BlueGO transit services is conducted as part of the entire BlueGO system by STATA. One riders guide that includes all services is available for passengers. BlueGO also has a very informative website with descriptions of services, contact information and rider alerts. Discussions with stakeholders and staff have shown that the public opinion of BlueGO is not high. STATA is in the process of performing on-board surveys of all BlueGO routes. Suggestions from the survey process should be reviewed for possible service changes and improvements. STATA is also in the process of developing a marketing plan to promote BlueGO services.

Maintenance

ATM is responsible for the maintenance of the BlueGO vehicles. With the exception of warranty work, the majority of repairs are performed in house. Fleet maintenance consists of vehicle maintenance, vehicle parts inventory, and vehicle servicing (refueling and cleaning). Depending on the season, mechanics are available from 4:00 AM to 12:30 AM. All parts and labor are directly expensed to the BlueGO system as they are performed. There is good communication between dispatch and the maintenance department about the status of vehicles.

ATM has a preventative maintenance plan in place. "A" service (fluid changes, air filter, safety check and preventative maintenance inspection) is supposed to be performed every 90 days, according to ATM policy. The auditor reviewed Vehicle History Reports for one demand response vehicle and one fixed route vehicle in the BlueGO fleet. According the reports "A"

service was not listed in the vehicle history for over two years for the demand response vehicle. There was however one annual inspection and one service call during that period. Recorded scheduled inspections varied from every 5,000 miles to every 40,000 miles over a 4 year period. A similar pattern was found with the fixed route vehicle. Unfortunately, the ATM maintenance manager was not on staff during the audit period and therefore has no way of knowing if proper preventative maintenance schedules were actually followed but not recorded. Maintenance is analyzing the impacts of changing the timeline for A, B, and C service to be based on mileage.

The City of South Lake Tahoe has had several maintenance-related issues with the contractor during the audit period. City staff has reported that the transit contractor has not maintained a large enough supply of replacement parts for vehicles to minimize vehicle downtime. When a vehicle was in need of repair, staff reported that spare vehicles were “cannibalized” for parts before the useful life of the vehicle had ended. A specific maintenance audit is currently in progress.

BlueGO is operated out of a maintenance/administration facility located at 1679, 1669 and 1663 Shop Street in the western portion of South Lake Tahoe owned by the City of South Lake Tahoe. This site is conveniently located for the operation of BlueGO services. Part of the contract between ATM and the City of South Lake Tahoe stipulates that the transit contractor maintain the facility. City staff has reported that the facility was not properly maintained during the audit period and the capital improvements have not been made as committed by ATM when they received the contract extension in 2001.

Conclusions and Recommendations

The Auditor's analysis of El Dorado County's and the City of South Lake Tahoe's BlueGO transit operations within the Tahoe Basin leads to the following conclusions and recommendations.

RECOMMENDATIONS ON DATA COLLECTION

- It has proven difficult to accurately record operating statistics separately for City and County On Call services. Driver logs show that the majority of BlueGO OnCall passengers pay the \$3.00 fare which represents a trip within the City of South Lake Tahoe, even though many of these passengers are being recorded as El Dorado County service passengers. In fact El Dorado County passenger trips are greater than City passenger trips for the BlueGO OnCall service, according to monthly management reports and State Controller reports. The driver logs which designate the fare paid and origin and destination of each trip for one week in July show a different story. It is difficult to determine accurate operating statistics separately for the BlueGO OnCall County and City services from the available data. The commingling of BlueGO operating data was observed in the previous performance audit as well. The system would operate more smoothly and more accurate data reporting would occur if the two systems were merged into one contract/one system as currently proposed by STATA staff.
- The BlueGO Transit Administrator should work with the City, County, and transit contractor to improve reporting to the State Controller and reduce inconsistencies found between internal records and State Controller reports. The City of South Lake Tahoe vehicle service miles and hours reported to State Controller differ greatly from ATM internal reports, in particular for FY 2003-04. Data appears to be reported incorrectly. For example, BlueGO City On Call services were reduced to 12 vehicle hours per day during this fiscal year while the State Controller report shows annual vehicle service hours of over 17,000 which is equivalent to 47 vehicle hours per day.
- Although the average fare paid figures calculated by the auditor are consistent with the reported fare revenue and passenger activity figures, there are inconsistencies between the transit contractor's monthly management reports, the transit contractors annual profit and loss statement and the fiscal audits. Going forward, the BlueGO Transit Administrator should review fare revenue reports closely to determine the reason for inconsistencies. Additionally, STATA could perform a financial audit of the entire BlueGO system.
- Farebox ratio was not calculated by TRPA during the audit period. TRPA should begin tracking farebox recovery ratio on BlueGO services. TRPA staff has stated that this will become part of the TDA claim process.

- Management at ATM or the transit contractor should be made aware of the TDA employee hours/full time equivalent definition. City staff should also track the number of hours worked on transit matters by city personnel and include that figure in the data reported to the State Controller.

OTHER RECOMMENDATIONS

- Stakeholders should implement (as currently proposed) the Memorandum of Understanding which allows for STATA to operate one BlueGO OnCall system which serves both the City of South Lake Tahoe and El Dorado County. The arrangement should include collecting data as one service, reporting this data to the State Controller as one service, and have one budget. El Dorado County and the City of South Lake Tahoe would contribute an agreed-upon amount of funding towards transit operations but the actual service would be managed by STATA with input from the City and County through board meetings. This arrangement would also help to reduce the cost of reporting and auditing the service.

BlueGO Fixed Route services could also be combined in the same performance audit, fiscal audit, and State Controller report; however operating data should be maintained separately for fixed route and demand response services. It will also be important to accurately track and report services provided within California.

- STATA and TRPA should move forward with plans to conduct a Short Range Transit Plan for BlueGO services. This has been a recommendation for several audit periods. It is important to evaluate the changing needs of the South Lake Tahoe region and adjust BlueGO services accordingly. Additionally, BlueGO should establish a set of goals, objectives, and performance measures by mode of service.
- The City of South Lake Tahoe and STATA should establish a competitive bidding process for procuring transit services.
- ATM has established an appropriate preventative maintenance schedule; however there is little documentation of actual preventative maintenance work being performed and current maintenance staff was not around at the time of the audit. Stakeholders have also expressed concern about the proper execution of the preventative maintenance program during the audit period. The BlueGO Transit Administrator should periodically track maintenance records as part of contract oversight.

FINDINGS

- Annual vehicle service hours and miles data was not reported in accordance with the TDA definition for both City and County BlueGO services. Deadhead time and miles between the terminal and the first scheduled stop/passenger pick-up was included. Although this deadhead travel time was relatively small, the BlueGO Transit Administrator should ensure that the transit contractor accounts for deadhead time and miles in the daily driver logs.

- The prior performance audit recommendations were not fully implemented during the audit period. However, STATA has begun implementation or has plans to implement the prior audit recommendations.
- Operating costs increased over 15 percent in FY 2004-05 as a result of fuel and overhead contractor cost increases.
- The FY 2004-05 State Controller Report for the City of South Lake Tahoe was submitted later than 90 days after the end of the fiscal year. The FY 2003-04 fiscal audit was not submit within the 180 day deadline.