
Tahoe Transportation District Triennial Performance Audit

Fiscal Year 2010-2011 through Fiscal Year 2012-2013



Final

Prepared for the
Tahoe Regional Planning Agency

Prepared by



LSC Transportation Consultants, Inc.

***Tahoe Transportation District
Triennial Performance Audit***

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Executive Summary

The California Public Utilities Code requires 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 Tahoe Transportation District (TTD), also referred to as South Tahoe transit services and known as BlueGO. As the Regional Transportation Planning Agency (RTPA) responsible for TDA funding in the Lake Tahoe Basin, these audits were performed under the authority of the Tahoe Regional Planning Agency (TRPA).

This audit report covers Fiscal Years (FY) 2010-11 through FY 2012-13, and was conducted by LSC Transportation Consultants, Inc. Data collection, initial review, and on-site interviews were conducted at the beginning of 2014. The audit process follows guidelines outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* developed by Caltrans (2008).

BACKGROUND

As of November 2010, public transit services in the southern portion of the Lake Tahoe Basin have been managed by the TTD District Manager, Transit Manager and support personnel and operated by a transit contractor. In November 1, 2010 - July 7, 2011, TTD entered into a short-term agreement with the contractor Blue Go Transit Management Inc. During this time, TTD developed and issued a Request For Proposal (RFP) for operation of transit services. Diversified Transportation LLC, aka Keolis Transit America, Inc. (Keolis) was the successful bidder and current contractor. South Tahoe transit service offers local fixed route services in the City of South Lake Tahoe, intercity and commuter routes between Kingsbury and the Carson Valley on the Nevada side of the lake as well as a Dial-A-Ride service called On-Call. TTD public transit services are overseen by the TTD Board of Directors. Prior to TTD management, public transit services in South Tahoe (BlueGO) were operated by the South Tahoe Area Transit Authority (STATA). During the prior audit period, STATA met with a large budget deficit as the result of financial mismanagement and a reduction in TDA revenues and filed for bankruptcy in 2010.

VERIFICATION AND USE OF PERFORMANCE INDICATORS

Tables 1 and 2 and Figures 1 - 10 in Chapter 2 present operating data and performance indicators for South Tahoe transit fixed route services, On-Call services and all services systemwide. During the audit period, overall service levels increased slightly (though at a lower level than in the previous audit period). Ridership increased by 2.4 percent systemwide during the audit period. Both cost efficiency (as measured in operating cost per vehicle service hour) and cost effectiveness (operating cost per passenger trip) declined during the audit period. Productivity on South Tahoe transit services systemwide decreased slightly during the audit period as passenger-trips per vehicle hour declined by 3.2 percent. South Tahoe transit services generated a farebox ratio (the ratio of passenger fares to operating costs) of 13.4 percent to 12.3 percent during this audit period, above the 10 percent minimum farebox ratio for rural transit services.

TTD compiled operating statistics in accordance with TDA definitions (as presented in Appendix B of the *Performance Audit Guidebook*) with the exception of Full-Time Equivalent Employee Hours. The operations contractor produces informative operating data monthly reports which also include road calls and some performance indicators.

REVIEW OF COMPLIANCE REQUIREMENTS

The *Performance Audit Guidebook* recommends reviewing transit operator compliance with certain TDA regulations that relate to a performance audit. Table 3 presents TTD's compliance with these requirements. TTD was found to be in compliance on all issues except for the timely submittal of the Fiscal and Compliance Audit in FY 2011-12 and FY 2012-13 and the definition of Full-Time Equivalent Employee Hours.

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The previous audit of STATA was completed by Majic Consultants in 2010. Of the eight recommendations, four were completed, three are considered "in progress" and one has not been implemented and therefore carried over to this audit period.

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:

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

In summary, organization and management of the transit operator appears to be appropriate for the size and scope of transit operations. TTD conducts effective service planning and regularly reviews operating statistics and some TDA performance measures. Transit services comply with pertinent federal Americans with Disabilities Act (ADA) requirements. Marketing for TTD public transit services has improved and adequate public outreach is conducted prior to making significant service changes. TTD and the operations contractor has in place safety, operations, and training procedures which comply with applicable regulations. There appears to have been no significant issues during the audit period with respect to vehicle maintenance which represents a marked improvement from fleet conditions in the prior audit period.

FINDINGS

- ◆ Service changes prior to and during the audit period had a positive effect on South Tahoe transit services ridership and particularly on fare revenue (35 percent increase). Operating costs increased by 48 percent during this audit period as sustainability plan elements were implemented. This increase is justified as total operating revenues also increased by around 50 percent.
- ◆ South Tahoe transit services met the 10 percent TDA minimum farebox ratio requirement for rural services each year of the audit period.
- ◆ Transit services provided by TTD meet most TDA-requirements, with the exception of timely submittal of Fiscal and Compliance Audits in FY 2011-12 and FY 2012-13 and the calculation of Full-Time Equivalent Employee Hours.
- ◆ TTD partially or completely implemented all of the prior audit recommendations with the exception of addressing all elements completing all Fiscal and Compliance Audits in accordance with TDA guidelines.

- ◆ The detailed functional review portion of the audit did not reveal any significant inefficiency with respect to transit operations and management, nor did it indicate any misuse of TDA funds.

RECOMMENDATIONS

Overall, the Auditors find the South Tahoe transit system to be a good example of a well-run urban/rural public transit program, which is making efficient use of public resources. Both TTD staff and Keolis staff appear to operate efficiently and effectively. Recommendations to ensure compliance with TDA requirements and to further increase effectiveness of public transit are as follows:

TDA Compliance Related Recommendations

Recommendation 1: *Report operations data by service type to the State Controller. Monitor discrepancies between operations data reported to the State Controller and that found in internal reports.*

Recommendation 2: *TTD and the operations contractor should calculate and report employee hours data as Full-Time Equivalents (FTE) according to the definition in Appendix B of the Performance Audit Guidebook.*

Recommendation 3: *Work with TRPA and the Fiscal Auditor to complete fiscal audits within the 180 day time period or request a 90 day extension from TRPA. The Fiscal and Compliance Audits should also determine compliance with the elements listed in CCR 6667 (Compliance Audit Tasks – Transit Claimants) including verification of passenger public transit operating costs and fare revenue.*

Other Performance Related Recommendations

Recommendation 4: *Consider long-term capital improvements to the South Tahoe transit operations and maintenance facility.*

Recommendation 5: *Conduct On-Board Passenger Survey*

Recommendation 6: *Consider improving telecommunications for South Tahoe transit services*

Recommendation 7: *Implement electronic fareboxes*

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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 1/4 cent of the 7.25 cent state sales tax collected per dollar of retail sales in Placer County 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 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 planning, capital projects, and operations.

The California PUC requires that a Triennial Performance Audit (TPA) be conducted for all transit operators and 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. Transit operators who make claims under Article 4 of the TDA must maintain a minimum farebox recovery ratio of 10 percent in rural areas and a ratio of 20 percent in urbanized areas, unless they achieved a higher ratio in the FY 1978-79 “base year.”

PERFORMANCE AUDIT AND REPORT ORGANIZATION

The performance audit consisted of the following elements:

1. Review of compliance requirements
2. Follow-up review of prior 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 Audit report
7. Preparation and presentation of the Final Audit report

TRANSIT PROGRAM DESCRIPTION

Public transit services in South Lake Tahoe have gone through several changes over the last 20 years. In the 1990’s, transportation consisted of multiple operating contracts for public and private entities. Toward the end of the decade a concerted effort was made to increase ridership by providing improved services for the many visitors to Lake Tahoe and developing a consolidated transit program. A coordinated partnership was formed between the applicable public entities in the southern Tahoe Basin and private companies, such as Heavenly Ski Resort and casino and lodging properties. The partnership resulted in the BlueGo transit program. A separate entity, South Tahoe Area Transit Authority (STATA), was formed too in an effort to operate BlueGo transit services most efficiently. In 2009, STATA suffered significant financial difficulties due to a reduction in overall revenues and fiscal mismanagement. After a lawsuit was filed against STATA by the operations contractor, STATA filed for bankruptcy in August of

2010. In an effort to keep the transit system running, large service cuts were implemented in 2010. In November of 2010, the Tahoe Transportation District (TTD) took over the administration and management of public transit services in the southern portion of the Tahoe Basin (and connecting services to the Carson Valley in Nevada). TTD is a separate entity from TRPA, designated by the same bi-state compact which created TRPA, with the purpose of implementing transportation plans, programs and projects. For purposes of this audit, public transit services provided by TTD will be referred to as TTD services or South Tahoe transit services.

South Tahoe transit services span a large area and extend beyond TRPA's jurisdiction in the Tahoe Basin. Services are also operated in both California and Nevada.

The South Tahoe transit routes are described below:

- ◆ Route 50 – Serves the core City of South Lake Tahoe area along US 50. The route begins at the South Y Transit Center and serves the Stateline Transit Center and the Kingsbury Transit Center. Hourly service is provided from around 5:00 AM to 10:00 PM, seven days a week.
- ◆ Route 53 – Similar to Route 50, Route 53 generally follows US 50 and serves the main commercial core area of South Lake Tahoe. The route differs in that it leaves US 50 to serve Lake Tahoe Community College, the Bijou area and Pioneer Trail, before returning to US 50 and terminating at the Stateline Transit Center. Hourly service is provided from around 7:00 AM to 10:00 PM. On Sundays, the College is not served. Route 53 also provides late night service until midnight between the “Y” and Kingsbury Transit Center.
- ◆ Route 23 – This route originates at the Stateline Transit Center and serves the Nevada portion of the South Tahoe Basin by stopping at the Kingsbury Transit Center and travelling up SR 207 to the Heavenly Stagecoach area. Hourly service is provided between 7:00 AM and 1:00 AM.
- ◆ Valley and Lake Express (Triangle Plan) – Route 19X, 20X, and 21X make up what is referred to as the “triangle plan,” which connects residents in the Nevada portion of the southern Tahoe Basin with goods and services in the Carson Valley to the east. Route 19X travels north/south along US 395 between Carson City and Gardnerville. Route 20X operates between Lampe Park in Gardnerville over Kingsbury Grade and to the Stateline Transit Center in Lake Tahoe. Route 21X begins at the Stateline Transit Center, travels north along US 50 around the East Shore of Lake Tahoe and over Spooner Summit to Carson City. At the beginning of the audit period (prior to triangle plan implementation), an additional Route 24X operated between Minden, Gardnerville, and the Kingsbury Transit Center. Ridership was low on this route. The primary goal of the triangle plan was to increase efficiency by reducing deadhead travel to/from the Carson Valley and increasing ridership. The Valley and Lake Express routes generally operate five round trips per day and offer transfers to other transit services in the Carson Valley area.
- ◆ Seasonal Services – TTD also operates a summer rubber-tired trolley service between the Tahoe Valley Campground, the South Y Transit Center, and Vikingsholm Parking Lot on the north side of Emerald Bay on weekends. During the winter months, several skier shuttle routes are operated between major lodging/casino properties and Heavenly basis in both California and Nevada.
- ◆ On-Call -- TTD operates a demand response service from Christmas Valley on the south to Cave Rock on the northeast (including the lower Kingsbury) and to Camp Richardson on the northwest. The services is available to the general public at a cost of \$10.00 per one-way trip and to qualified Americans with Disabilities Act (ADA) passengers and persons over age 60 for \$3.00 per one-way

trip. The On-Call services acts as the complementary paratransit service for South Tahoe transit services.

The base one-way fare on local routes is \$2.00 and \$4.00 for regional routes. Skier shuttle services are free to the rider.

TTD (SOUTH TAHOE TRANSIT SERVICES) OPERATING AND FINANCIAL STATISTICS

The operating statistics presented in Tables 1 and 2 are based on data provided by TTD and obtained from annual Fiscal and Compliance Audits. Table 1 displays operating data for South Tahoe transit services systemwide for this audit period and the prior audit period, while Table 2 presents South Tahoe transit data by type of service for this audit period.

TABLE 1: South Tahoe Transit Services Systemwide Operating Data Summary

Performance Measures	Previous Audit Period			Current Audit Period		
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
One-Way Passenger-Trips	399,847	412,557	769,246	756,678	747,934	764,301
% Change from Previous Year	--	3.2%	86.5%	-1.6%	-1.2%	2.2%
Vehicle Service Hours	29,678	49,289	74,765	51,981	53,818	60,638
% Change from Previous Year	--	66.1%	51.7%	-30.5%	3.5%	12.7%
Vehicle Service Miles	394,135	612,402	1,174,649	729,003	810,365	802,561
% Change from Previous Year	--	55.4%	91.8%	-37.9%	11.2%	-1.0%
Operating Costs (Actual \$)	\$1,662,534	\$6,107,440	\$4,974,806	\$3,091,480	\$4,564,887	\$4,583,953
% Change from Previous Year	--	267.4%	-18.5%	--	47.7%	0.4%
# Employees in Full-Time Equivalents (FTE)	34.00	--	--	67.00	67.00	67.00
% Change from Previous Year	--	--	--	--	0.0%	0.0%
Farebox Revenues	\$321,041	\$356,238	\$501,264	\$413,486	\$626,820	\$561,142
% Change from Previous Year	--	11.0%	40.7%	-17.5%	51.6%	-10.5%
Operating Cost per One-Way Passenger-Trip	\$4.16	\$14.80	\$6.47	\$4.09	\$6.10	\$6.00
% Change from Previous Year	--	256.0%	-56.3%	-36.8%	49.4%	-1.7%
Operating Cost per Vehicle Service Hour	\$56.02	\$123.91	\$66.54	\$59.47	\$84.82	\$75.60
% Change from Previous Year	--	121.2%	-46.3%	-10.6%	42.6%	-10.9%
Passengers per Vehicle Service Hour	13.47	8.37	10.29	14.56	13.90	12.60
% Change from Previous Year	--	-37.9%	22.9%	41.5%	-4.5%	-9.3%
Passengers per Vehicle Service Mile	1.01	0.67	0.65	1.04	0.92	0.95
% Change from Previous Year	--	-33.6%	-2.8%	58.5%	-11.1%	3.2%
Vehicle Service Hours per Employee (FTE)	872.9	--	--	775.8	803.3	905.0
% Change from Previous Year	--	--	--	--	3.5%	12.7%
Farebox Recovery Ratio	19.31%	5.83%	10.08%	13.38%	13.73%	12.24%
% Change from Previous Year	--	-69.8%	72.7%	--	2.7%	-10.9%

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

TABLE 2: South Shore Transit Performance Measures

By Type of Service

Performance Measures	Fixed Routes			Demand Response		
	2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
One-Way Passenger-Trips	731,486	728,012	744,998	25,192	19,922	19,303
% Change from Previous Year	--	-0.5%	2.3%	--	-20.9%	-3.1%
Vehicle Service Hours	43,822	46,276	53,287	8,158	7,542	7,351
% Change from Previous Year	--	5.6%	15.2%	--	-7.6%	-2.5%
Vehicle Service Miles	608,117	707,681	706,184	120,886	102,684	96,377
% Change from Previous Year	--	16.4%	-0.2%	--	-15.1%	-6.1%
Operating Costs	\$2,606,272	\$3,925,181	\$4,028,272	\$485,208	\$639,706	\$555,681
% Change from Previous Year	--	50.6%	2.6%	--	31.8%	-13.1%
Farebox Revenues	\$374,918	\$598,728	\$535,224	\$38,568	\$28,092	\$25,918
% Change from Previous Year	--	59.7%	-10.6%	--	-27.2%	-7.7%
Operating Cost per One-Way Passenger-Trip	\$3.56	\$5.39	\$5.41	\$19.26	\$32.11	\$28.79
% Change from Previous Year	--	51.3%	0.3%	--	66.7%	-10.3%
Operating Cost per Vehicle Service Hour	\$59.47	\$84.82	\$75.60	\$59.47	\$84.82	\$75.60
% Change from Previous Year	--	42.6%	-10.9%	--	42.6%	-10.9%
Passengers per Vehicle Service Hour	16.69	15.73	13.98	3.09	2.64	2.63
% Change from Previous Year	--	-5.8%	-11.1%	--	-14.5%	-0.6%
Passengers per Vehicle Service Mile	1.20	1.03	1.05	0.21	0.19	0.20
% Change from Previous Year	--	-14.5%	2.6%	--	-6.9%	3.2%
Farebox Recovery Ratio	14.39%	15.25%	13.29%	7.95%	4.39%	4.66%
% Change from Previous Year	--	6.0%	-12.9%	--	-44.8%	6.2%

Data Collection Methods

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

- Operating Cost
- Passenger Count
- Vehicle Service Hours
- Vehicle Service Miles
- Employee Hours in Full-Time Equivalents
- Fare Revenue

The **Operating Cost** data (Table 1 and 2) for South Tahoe transit services was obtained from the annual Fiscal and Compliance Audits and include total operating expenses for each object class, as presented in the Chart of Accounts for the Uniform System of Accounts and Records, minus depreciation costs. The

fiscal Auditor's tests of the TTD public transit services disclosed no instance of noncompliance that would be required to be reported under Government Auditing Standard.

According to Section 99247(a), operating costs include all costs except depreciation, direct costs for charter services and vehicle lease costs. Extension of service can be excluded per Section 6633.8. Operating cost data reported in the State Controller Reports and in internal spreadsheets differs from annual Fiscal and Compliance Audits. This is typical as financial data and internal reports are completed before fiscal audits are conducted and typically represent an estimate of annual operating costs.

The **Passenger Count** data is presented in Tables 1 and 2 and represents unlinked trips (including transfers). This data was obtained from internal operating reports and compared to data reported to the State Controller. There were discrepancies found in the data when comparing between internal data and the State Controller Reports, particularly for FY 2010-11. Systemwide, ridership increased by 1.0 percent over the audit period. Considering the full six-year period since 2007-08, total ridership increased substantially in the previous audit period (90 percent), followed by a modest increase over the current audit period. When reviewed by service type, ridership on the fixed routes increased by 1.8 percent, while ridership on the On-Call service decreased by 23 percent. One of the objectives of the service changes during this audit period was to reduce overuse of the On-Call service by the general public, so as to reserve this more expensive service for those who are unable to use the fixed route and to free funding to support the more effective fixed route service.

The **Vehicle Service Hour** data is reported in Tables 1 and 2. These data were obtained from internal operating reports. The definition of a Vehicle Revenue Hour as currently used by TTD and Keolis Transit is consistent with the definition presented in Appendix B of the *Performance Audit Guidebook*. There were discrepancies between the vehicle service hour data maintained in internal TTD reports and the data that was reported in the annual State Controller submittals during the audit period, particularly for FY 2010-11. Table 1 demonstrates that service levels were reduced by 30.5 percent in FY 2010-11 to meet budget shortfalls.

The **Vehicle Service Mile** data is also presented in Tables 1 and 2. As noted above, data was obtained from internal operating reports and does not match data reported to the State Controller. The definition of a vehicle service mile as currently used by MV Transportation is consistent with the definition presented in Appendix B of the *Performance Audit Guidebook*. Similar to vehicle service hours, vehicle service miles decreased by 37.9 percent from the previous audit period.

The **Employee Hours** data as Full-Time Equivalents (FTE), as reported in State Controller's Reports, is available for this audit period. The FTE definition currently used by TTD is not consistent with the definition presented in Appendix B of the *Performance Audit Guidebook*. The Auditor could not verify that the calculation included total number of person hour of work divided by 2,000, as required under this definition. As a new transit operator TTD was unaware of the correct calculation and will request appropriate data from the contractor in the future so as to calculate employee hours correctly.

The **Fare Revenue** data presented in Table 1 was obtained from Fiscal and Compliance Audits while fare revenue data by service type was estimated based on internal reports. It should be noted that PUC Section 99205.7 states that fare revenues are defined in 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 & 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 does not include other donations or general operating assistance, whether from public or private sources. However, neither charter nor advertising revenues can be included in the fare revenue category. During the audit period, fare revenue increased 35.1 percent as a result of a revised fare structure for South Tahoe transit services.

As for the overall data collection and recording process during the audit period, Keolis logged operations data daily from driver manifests into Microsoft Excel spreadsheets which are summarized monthly. By route data is linked to summary sheets for fixed route services and paratransit service. South Tahoe transit services are considering the use of electronic fareboxes for fare and data collection. There are several benefits to the fareboxes in terms of accuracy, security, and thorough data collection. The fareboxes have the ability to classify a variety of fare/boarding types (senior day pass, regular 20-day pass, etc.). Passenger boarding data is automatically downloaded at the end of each day and can be compiled into various reports.

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 PUC:

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

In addition, the Farebox Recovery Ratio is calculated and evaluated herein, as required in Section 99268 et seq. of the PUC.

Operating Cost per (One-way) Passenger-Trip data is presented in Tables 1 and 2 and Figures 1 and 2. This performance measure is a key indicator of a transit system's cost effectiveness. According to the available data, the operating cost per one-way passenger-trip increased from \$4.09 to \$6.00 during this audit period. It is important to note that TTD took over operation of transit service four months after the beginning of FY 2010-11. Therefore all data for this year could not be verified. However, cost effectiveness has improved dramatically since FY 2007-08 (at \$14.80 per trip). During this audit period, operating cost per trip increased fairly significantly for both fixed routes and demand response services.

Figure 1: South Tahoe Transit Systemwide Operating Cost per Passenger-Trip

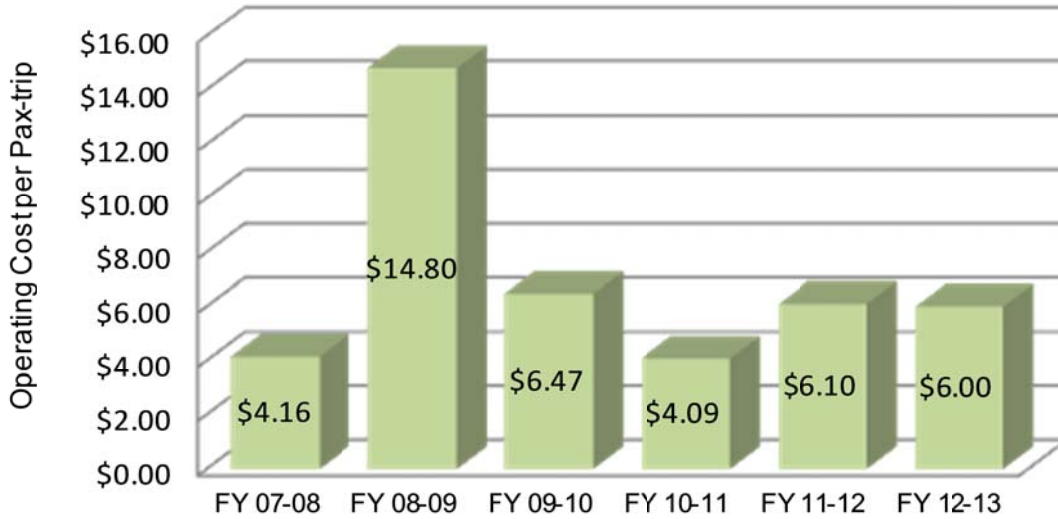
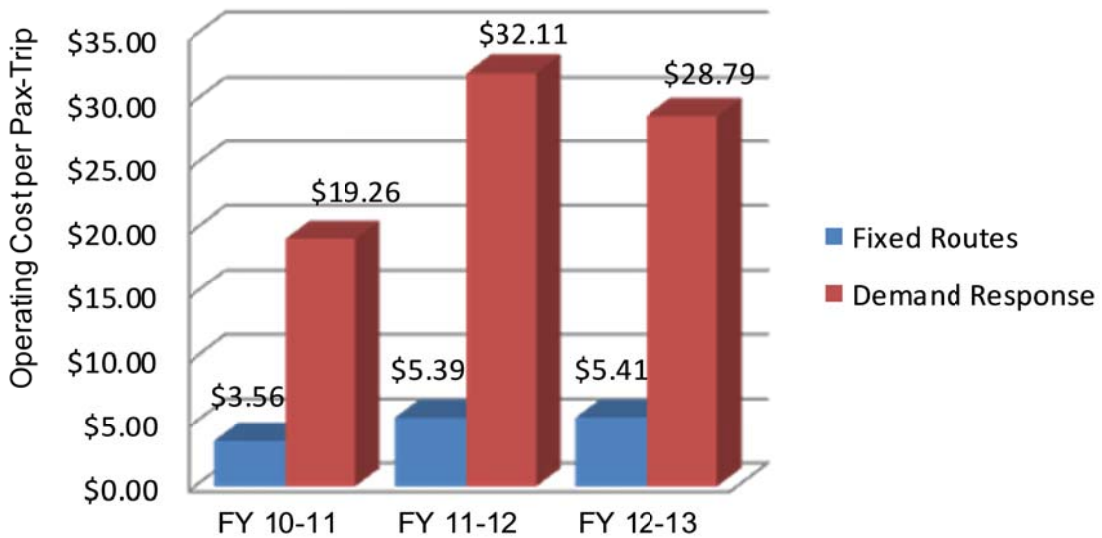
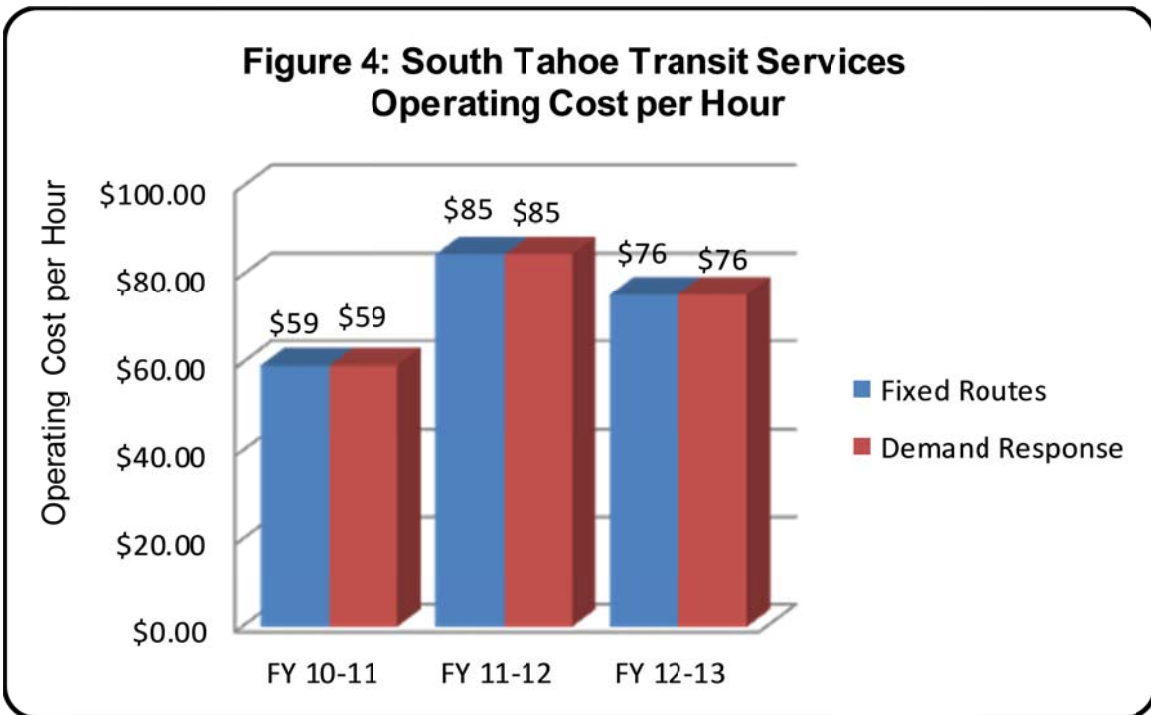
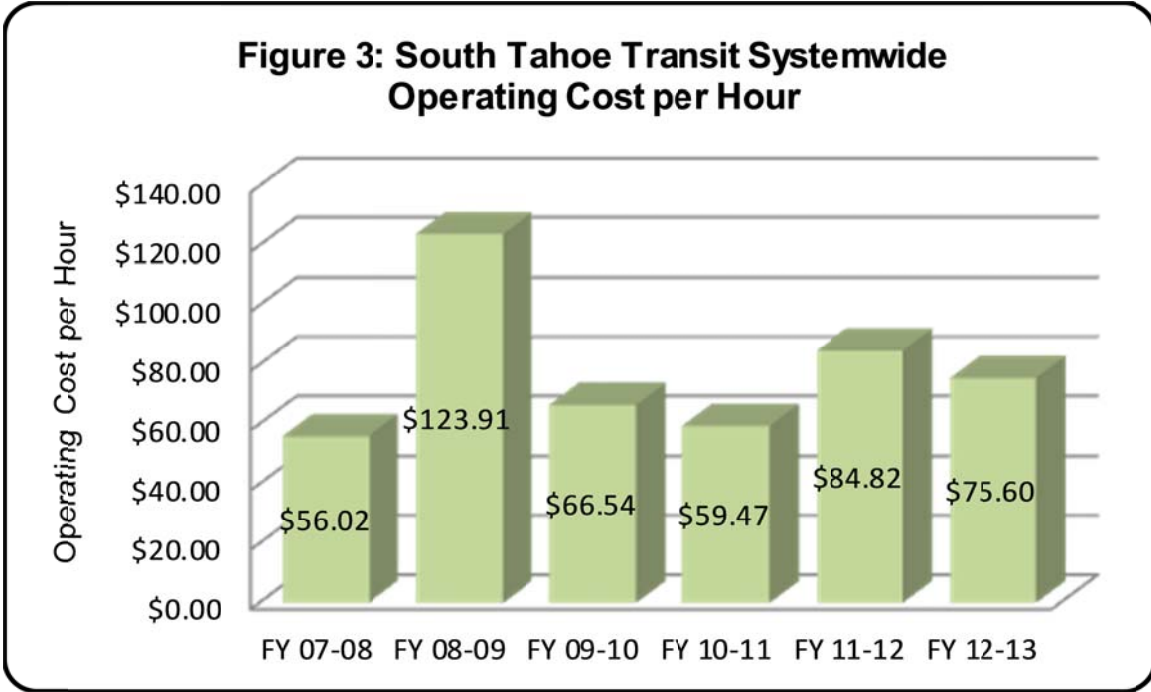


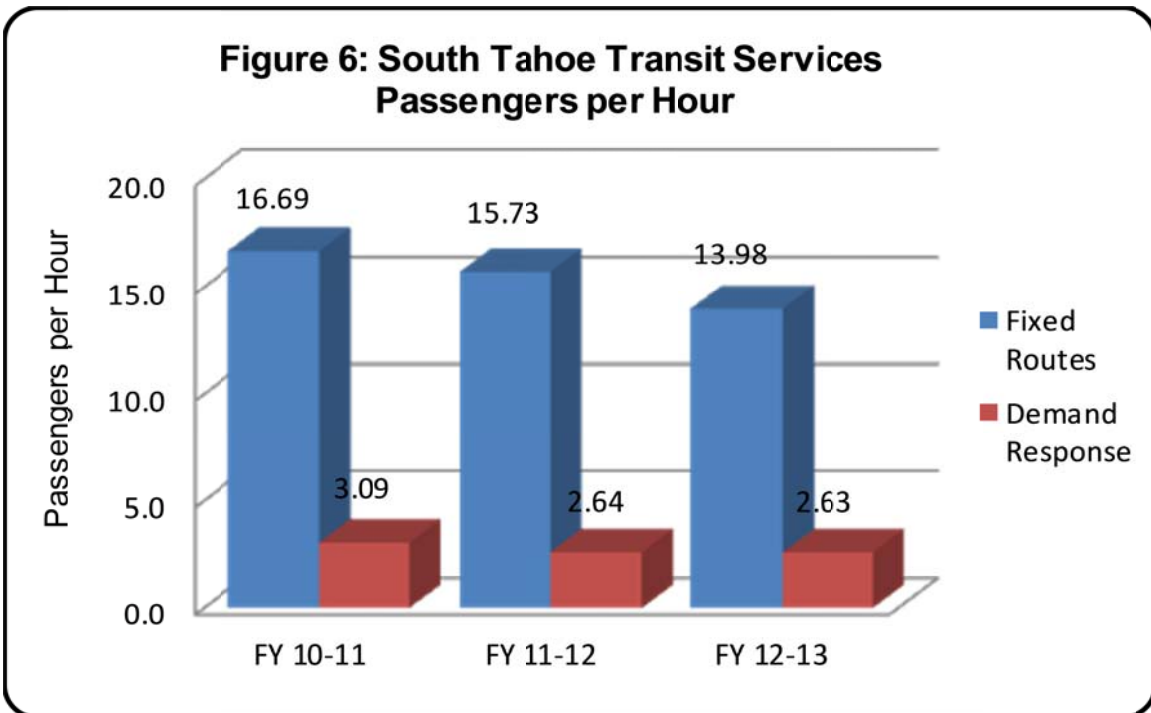
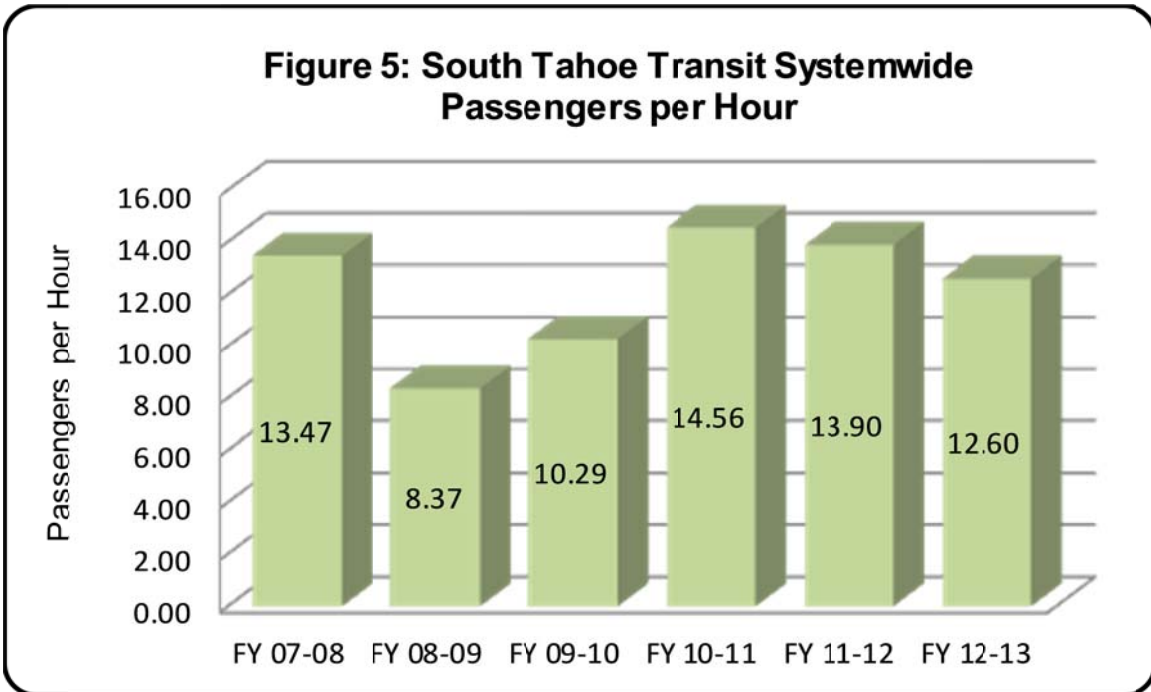
Figure 2: South Tahoe Transit Operating Cost per Passenger-Trip



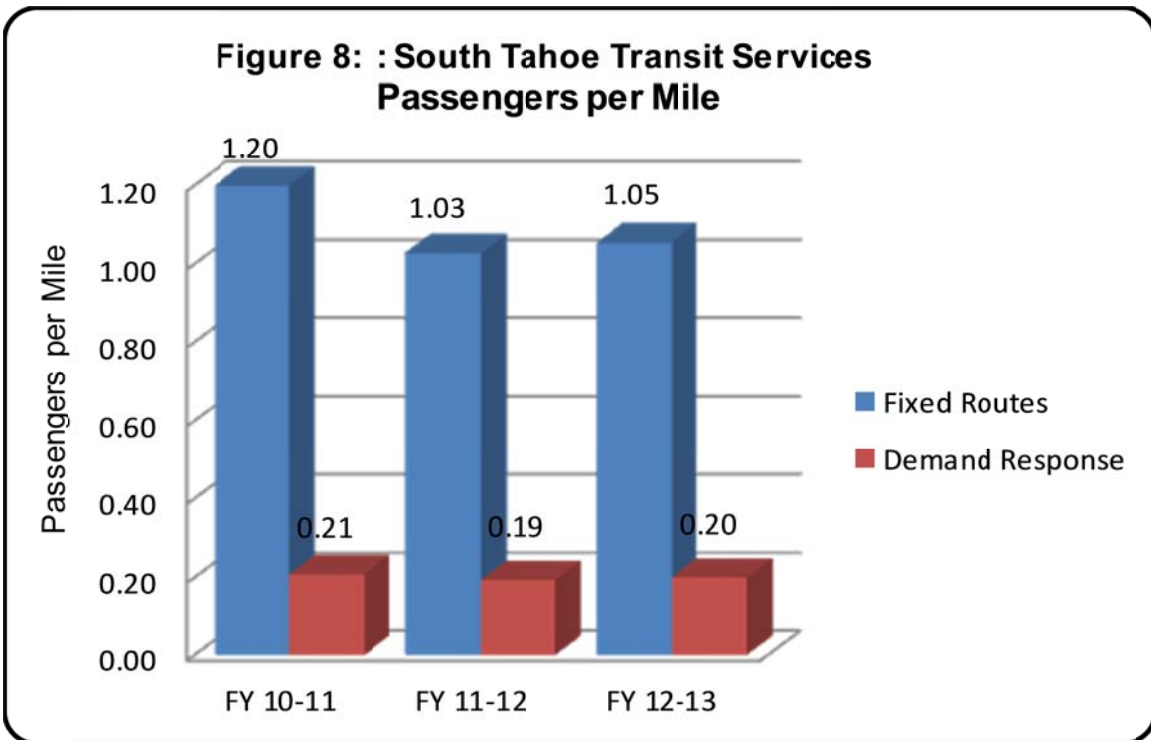
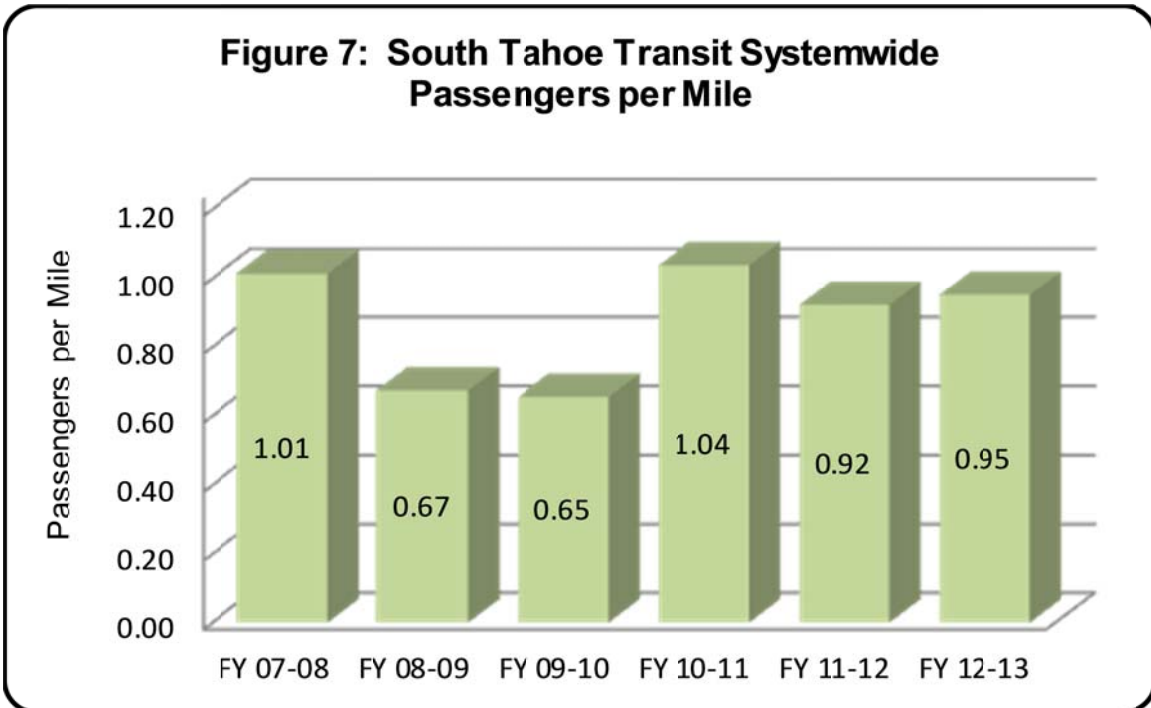
Operating Cost per Vehicle Revenue Hour data is presented in Tables 1 - 2 and Figures 3 and 4. This performance measure is a key indicator of a transit system's cost efficiency. The operating cost per vehicle revenue hour systemwide increased 27.1 percent over the audit period as both service levels and operating costs increased. As discussed in the compliance requirement section, transit operating revenues also increased significantly as the scope of transit operations changed.



The **Passengers per Vehicle Revenue Hour** (commonly referred to as “productivity”) is presented in Tables 1 and 2 and Figure 5 and 6. As presented, productivity decreased during this audit period by 13.1 percent but represents a significant improvement from FY 2007-08 levels.

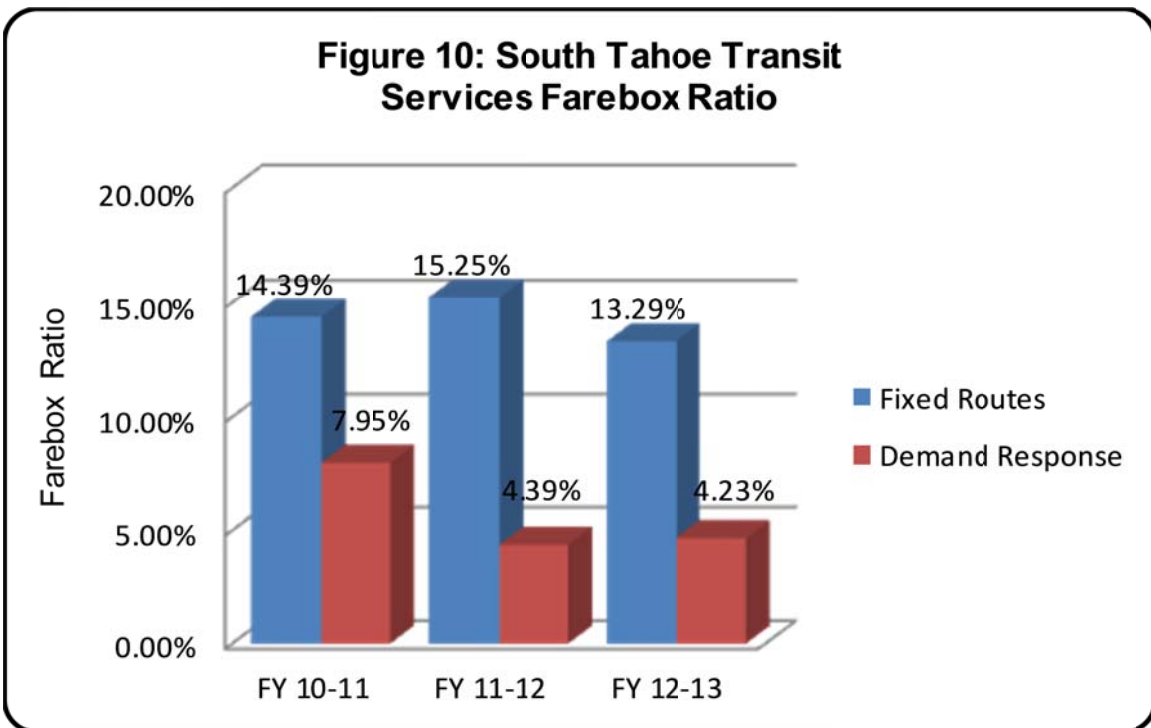
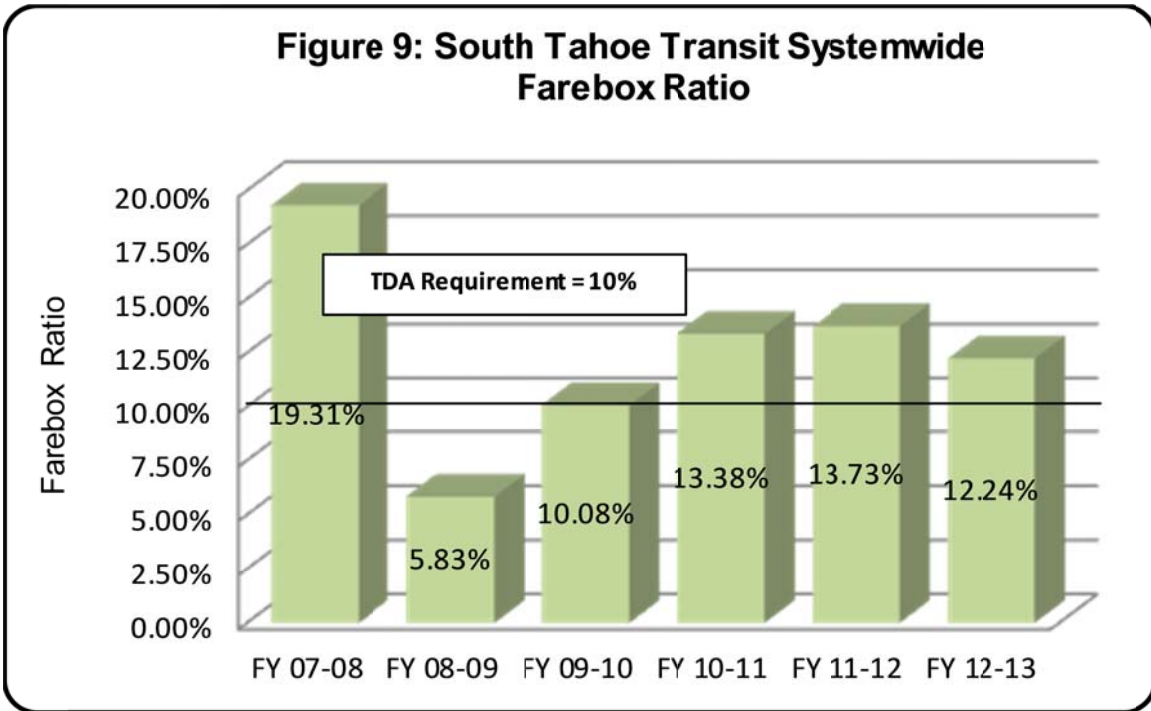


The **Passengers per Vehicle Revenue Mile** data is presented in Tables 1 and 2 and Figures 7 and 8. As presented, passengers per vehicle revenue mile decreased 8.3 percent during the audit period. This performance indicator decreased as a result of a larger increase in miles than in passenger-trips.



The **Vehicle Service Hours per Employee (FTE)** data is presented in Table 1. As presented, the number of vehicle revenue hours per FTE stayed constant during the audit period.

The **Farebox Recovery Ratio** data is presented in Tables 1 and 2 and Figures 9 and 10. The farebox recovery ratio decreased during the audit period from 13.38 percent to 12.24 percent, yet remains above the TDA farebox recovery ratio minimum of 10 percent for rural transit services.



Assessment of Internal Controls

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 resources are adequately safeguarded and efficiently used
- ◆ Ensure that reliable data is obtained, maintained, and fairly disclosed in reports
- ◆ Ensure that the transit operator complies with laws and regulations

TTD and its contractor appear to have a reasonably well-developed system of internal controls appropriate to the size of the transit system. This statement is echoed in each of the three annual Fiscal and Compliance Audits.

REVIEW OF COMPLIANCE REQUIREMENTS

As an entity receiving TDA funds for transit purposes, TTD is required to comply with laws and statutes set forth in the Act. Below is a discussion of TTD's compliance with sections of the Public Utilities Code which relate to transit performance, as recommended in the *Performance Audit Guidebook*. Table 3 displays the results of the compliance analysis:

1. In accordance with PUC Section 99243, TTD submits annual reports to the TRPA based upon the Uniform System of Accounts and Records established by the State Controller. These reports must be filed with the TRPA and the State Controller within 90 days from the end of the fiscal year (September 28th) for paper filing and 110 days from the end of the fiscal year (October 18th) for electronic filing. All reports were filed within the deadline during this audit period.
2. In violation of PUC Section 99245, TTD's Fiscal and Compliance Audits were submitted after the 180 period in FY 2011-12 and FY 2012-13. In addition to late Fiscal and Compliance Audits, the FY 2010-11 Fiscal Audit did not include a statement that TDA funds were allocated and expended in conformance with TDA. The FY 2011-12 and 2012-13 Fiscal Audit addressed TDA but did not calculate farebox ratio, although the ratio was calculated at a later date upon request. Although technically TRPA is responsible for calculating farebox ratio for transit operators within its jurisdiction in order to determine eligibility for TDA funds, the fiscal auditor is responsible for verifying operating cost and fare revenue. It is therefore appropriate for the fiscal auditor to also work with TRPA to calculate farebox ratio.
3. In accordance with PUC Section 99251, TTD has submitted evidence that the California Highway Patrol has certified compliance with Vehicle Code Section 1808.1 within the 13 months prior to each TDA claim submitted.
4. In accordance with PUC Section 99261, TTD's claims for TDA funds are submitted in compliance with rules and regulations adopted by the TRPA for such claims.
5. As the Tahoe Basin is not considered an urbanized area, PUC Section 99270.1 does not apply.
6. PUC Section 99266 requires that TTD's operating budgets 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

TABLE 3: South Tahoe Transit Service TDA Compliance

Requirement	PUC		In Compliance?
	Reference	Y/N	Comments
(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	Y	FY 2010-11 on Oct 11th FY 2011-12 on Oct 15th FY 2012-13 on Oct 15th
(2) The operator has submitted annual fiscal and compliance audits to its RTPA 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	N	FY 10-11 on Dec 1, FY 11-12 in March FY 12-13 on Jan 24
(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	Y	
(4) The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.	99261	Y	
(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	NA	
(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	Y	
(7) The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247.	99247	N	
(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	NA	
(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, 99268.5	Y	
(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 RTPE, which will fully fund the retirement system for 40 years.	99271	Y	
(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)	Y	

provisions for major new fixed facilities be realized unless the operator has reasonably supported and substantiated the change(s). As shown in Table 1, systemwide operating costs increased by 47 percent from FY 2010-11 to FY 2011-12. However, TTD was in charge of transit operations for only 8

months of that fiscal year. Therefore, there is not accurate data available for the entire year. Additionally, during the same period total revenues including passenger fares, grants, and local contributions, increased by nearly 50 percent. Between 2010 and 2012, TTD implemented a series of reductions to meet budget forecasts in FY 2010-11 and service changes intended to increase the overall efficiency of the system (such as the Triangle Plan) in FY 2011-12. The service changes increased overall costs but decreased overall subsidy. The increase in costs in FY 2011-12 includes an increase in personnel costs which accounts for an increase in TTD staff to ensure adequate management of the transit system. The largest cost increase occurred in the services and supplies category indicating an increase in the operating contract. Overall, however, even with these cost increases unit costs (such as operating cost per hour) are in line or below typical transit industry standards. Therefore the large increase in operating costs from FY 2010-11 – 2011-12 is more indicative of insufficient funding the first year of the audit period.

7. South Tahoe transit's definitions of performance measures are consistent with PUC, Section 99247 with the exception of the calculation of Full-Time Equivalent Employee hours.
8. As the Tahoe Basin is not considered an urbanized area, TTD services are not subject to a 20 percent farebox ratio.
9. As demonstrated in Table 1, TTD transit services achieved a farebox ratio of greater than 10 percent throughout the audit period.
10. TTD offers employees a 457 retirement savings plan which does not require funding by TTD.
11. In accordance with California Code of Regulations Section 6754(a)(3), TTD makes full use of funds if available to it under the Urban Mass Transportation Act of 1964 (in particular, FTA Section 5311 Non-Urbanized Area Formula Program funds administered by Caltrans) before TDA claims are granted.

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The previous audit of STATA was completed by Majic Consulting in 2010, and the recommendations from that effort are enumerated below.

Recommendation 1: *Verify the operations contractor is reporting performance measures including operating cost, revenues, vehicle service hours, vehicle service miles, passenger counts on full-time equivalent employees in accordance with both TDA definitions and contract specifications.*

Implementation in Progress: The current operations contractor, Keolis Transit, prepares a very detailed monthly operating report in Microsoft Excel format to TTD. The spreadsheet correctly reports operating cost, revenues, vehicle service hour, vehicle service miles, and one-way passenger trips. Data is separated by route, service type and systemwide. The contractor does not calculate full-time equivalent employees.

Recommendation 2: *Monitor expenses on a monthly basis including actual versus projections*

Implementation Complete: The TTD Transit Manager during this audit period closely monitored expenses for public transit operations. The financial situation of public transit services in South Lake Tahoe has improved substantially since 2010, and now appears to be on a sound financial footing. TTD public transit services operations and financial data is reviewed by the TTD Board Transit Operations Committee monthly.

Recommendation 3: *Manage contractor performance:*

- *Annual maintenance audits*
- *Statistical evaluation of route performance*
- *Ongoing review on on-time data and schedule adherence*
- *Bi-annual surveys of customer satisfaction*
- *Tracking and monthly review of complaints which have been categorized.*

Implementation Complete: The intention of this recommendation was to address the fact that much of BlueGo’s financial and operational troubles during the prior audit period were partially a result of multiple operations contractors with limited oversight. Overall, under TTD management, contractor oversight has improved. With respect to the specific recommendations:

- ◆ Annual maintenance audits – A full maintenance audit was performed around the time of the transition from STATA to TTD. It was an expensive audit but at the time much of the fleet was in disrepair and the audit was much needed. Vehicle maintenance practices have improved from previous contractors. If TTD switches contractors at the end of this contract period, TTD will conduct a study to determine the current state of vehicle maintenance. TTD management currently reviews road call reports monthly and has access to the contractor’s maintenance management software. TTD must submit maintenance information to NDOT for the vehicles purchased with NDOT funds.
- ◆ Statistical evaluation of route performance – On a monthly basis, the TTD Transit Manager reviews contractor reports of ridership, hours, mile, passenger trips, passengers per mile, and passengers per hour for variations and changes. TTD staff performs more detailed performance analysis periodically on an as needed basis.
- ◆ On-going review of on-time data and schedule adherence – The TTD Transit Manager receives on-time performance reports from the contractor. If issues arise with transit services not being on schedule, TTD will typically receive a flood of complaints.
- ◆ Bi-annual surveys of customer satisfaction – Heavenly Ski Resort performs weekly guest satisfaction surveys during the winter months. In general, the fixed routes on-board surveys are not performed regularly. While a bi-annual schedule of surveys is not an efficient use of resources given the cost and the scope of the transit program, the fact that a rider survey has not occurred for at least ten years (and prior to the major revisions to the program in recent years) indicates that an on-board survey is warranted.
- ◆ Tracking and monthly review of complaints which have been categorized. – This was performed during the audit period and reported to the TTD Board.

Recommendation 4: *Enhance rider communication, specifically during schedule changes*

Implementation Complete: During this audit period there were no significant schedule changes other than the implementation of the Triangle Plan. The service change was proposed in the Short Range Transit Plan which involved public meetings. TTD distributes press releases regarding significant transit events such service changes in the Carson Valley area. Transit passengers or prospective passengers can “join the conversation” on transit needs through the TTD website or sign up for email updates.

Recommendation 5: *Establish a robust schedule for cleaning (including standards) for both inside and outside of all vehicles.*

Implementation Complete: TTD has developed a schedule and a checklist for cleaning the buses. In fact additional employees are hired for this specific purpose.

Recommendation 6: *Ensure that State Controller Reports are prepared in a consistent manner and calculations used are documented with the backup retained for a minimum of four years.*

Implementation In Progress: The TTD accounting department prepares a detailed budget worksheet in Microsoft Excel which is provided to Auditor for completion of the State Controller reports. Overall, preparation of the State Controller reports is performed in a consistent and thorough manner from year to year. However, discrepancies exist between operational data reported to the State Controller and internal reports provided to the Performance Auditor. Specifically, vehicle service miles reported to the State Controller were 44 percent higher than the figure obtain from internal operating spreadsheets. This is also the year of the audit period that was operated by TTD for only 8 months.

Recommendation 7: *Consider rebranding BlueGo*

Implementation In Progress: TTD has considered rebrand public transit services in South Lake Tahoe. Currently, branding of the transit program is inconsistent. Although an internet search for “BlueGo” accesses TTD public transit services, the website does not identify services as “BlueGo”. However, Bus stop and transit center signs still remain as “BlueGo”. TTD staff would like to coordinate with transit services on the North Shore to develop a regional transit brand for Lake Tahoe, as TTD has basinwide authority. If this proves to be infeasible, TTD will consider rebranding South Shore services separately.

Recommendation 8: *Ensure that the fiscal and compliance audits are prepared in accordance with TDA requirements.*

Recommendation Not Implemented: As noted in the compliance requirements section, the Fiscal and Compliance Audits for this audit period for FY 2011-12 did not include a statement that TDA funds were expended in conformance with applicable statutes, rules and regulations and the allocation instructions of the RTPA. This recommendation is carried forward to the current audit period.

DETAILED REVIEW OF TRANSIT OPERATOR FUNCTIONS

This section presents a review of the various functions of TTD public transit services in the South Tahoe Area. Since functions of each transit operator in California will vary depending on the scope and breadth of its operations, not all parts of this section will apply to TTD. 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

General Management and Organization

Keolis Transit America is the current transit operations contractor for TTD public transit services. Keolis reports to the TTD Transit Manager, whose full time responsibilities include direct oversight of the transit

program. Other transit related TTD employees include: Mobility Manager and Transit Accountant. The TTD District Accountant spends only a portion of her time on transit related duties. The TTD is overseen by an eleven member Board of Directors, including representatives from each public entity in the Tahoe Basin, members of the Transportation Management Associations on the North and South Shores and Caltrans (ex officio). The Board meets monthly, as does a Transit Operations Committee which reviews monthly transit operations data.

Keolis local staff consists of the following: General Manager, Maintenance Manager, Operations Manager, Road Supervisors (3), Mechanics (4), Fuelers (2), Bus Washers (4), Dispatchers (5), utility worker (1.5) and customer service representative. The operations facility is located on Shop Street in the City of South Lake Tahoe near the South “Y” Transit Center. TTD offices are located at the other end of town on the Nevada side of the lake, roughly a 10 minute drive away. CNG fueling takes place at the City of South Lake Tahoe Airport, three miles south of the operations and maintenance facility.

During this audit period, transit services in South Lake Tahoe had an appropriately well-defined program of administrative oversight. The TTD Transit Manager regularly receives, reviews, and acts on performance and financial information compiled internally and by the contractor’s staff. The contractor submits monthly management reports to the Transit Manager. These reports provide detailed information on ridership, productivity, road calls, and on-time performance by type of service.

The TTD Transit Manager speaks via phone with the operations contractor general manager and maintenance manager at least twice a month. In person visits usually occur at least monthly. The operations contractor regularly compiles, reviews, and acts on performance data. Given the size of the TTD program, its internal organization structure is appropriate. The managerial authority is well defined within both TTD and the contractor’s organization. Lines of reporting are clearly defined and appropriate. Keolis’s internal structure is appropriate, effective, and efficient.

Recent Program Changes and Innovations

Prior to this audit period, drastic service cuts were made to meet budget shortfalls. At the very beginning of the audit period, additional service changes were implemented to further make the transit system sustainable and efficient during a time of revenue shortage. Changes to the fare structure and restrictions on the use of demand response service also occurred. In the second year of this audit, implementation of the Triangle Plan resulted in changes to services to/from the Carson Valley. The majority of these changes were made as a result of funding issues. While the TTD staff did not formally evaluate the effect of these changes, the Transit Manager reviews ridership monthly for unproductive trends. As shown in Table 1, passenger-trips per vehicle hour increased significantly after the service changes in FY 2009-10 and early FY 2010-11. Changes implemented mid FY 2011-12 appear to have had a relatively neutral effect on productivity thus far.

Communications with Other Government Agencies

The TTD Transit Manager is the primary point of contact for communications with other government agencies. In addition to coordinating with the various county and state governments which comprise the Lake Tahoe Basin, the Transit Manager must coordinate with the private funding partners such as the ski resorts, casinos and lodging properties.

Service Planning

Strategic Planning

In terms of strategic planning, the BlueGo Short Range Transit Plan sets forth clear, reasonable goals and objectives. TTD staff regularly reviews certain performance indicators, such as passenger-trips per hour, to determine if services are meeting established standards. Performance indicators are not generally compared to standards in governing board reports.

Short Range Planning

The effectiveness of a transit system is highly dependent on the continued development of short- and long-range transit plans. During this audit period, short-range planning was a crucial part of getting the public transit system on a sustainable footing. TTD worked with LSC Transportation Consultants to develop a Sustainability Plan and Short Range Plan to add back in transit service as funding becomes available. The primary element of the most recent plan update, the Triangle Plan, was intended to increase efficiency by eliminating dead-head travel, provide a more integrated regional service, and expand service for persons traveling for reasons other than work. The Triangle Plan was also intended to be able to take advantage of additional funding available through the Nevada Department of Transportation (NDOT) FTA grant program.

As TTD is the implementing entity for the TRPA's transportation plans, TTD has particularly good coordination with the TRPA and other government entities regarding planning and zoning matters.

Evaluation of Fixed Routes

All fixed route service changes are based on evaluation of route performance. On-board surveys to evaluate rider travel patterns and customer service issues were not conducted during this audit period.

Planning for Special Needs Transportation

While a full review is not within the scope of this audit, it appears that TTD's transit services meet the federal and state requirements (such as the ADA) to serve persons with disabilities. The On-Call service acts as complementary paratransit service for the southern portion of the Tahoe Basin. ADA qualified individuals can call for curb to curb service anywhere from Christmas Valley to Cave Rock to Camp Richardson. General public passengers may use the On Call service for a one-way trip fee of \$10.00 while the ADA qualified passengers fare is \$3.00 per trip. A general public passenger may only use the service if there is a scheduled qualified trip in the same area. On-call will not deviate more than one-half mile from the qualified trips point of origin for a general public trip. TTD's entire fleet of transit vehicles is wheelchair accessible.

TTD recently hired a Mobility Manager who acts as the liaison between human service agencies and the transit operator. The Mobility Manager prepares specific FTA grant applications, develops relationships with transit dependent groups and assists them with finding appropriate transportation. An entire section of the TTD website is dedicated to mobility management. The site identifies contact information for the mobility manager as well as includes links to minutes for the Regional Coordinating Council (RCC). The focus of the RCC is inter- and intra-regional collaboration with participation from medical groups, social service agencies, faith-based institutions, school districts, non-profit organizations, colleges, general improvement districts, local government, resort associations, transportation providers, and affiliated groups in the Tahoe Basin and Truckee area. The group meets bi-monthly and alternates between the south and north shores of the Tahoe Basin. Although the TTD main transit page identifies that ADA

complementary paratransit is available, there is little specific information regarding services on the TTD website or marketing materials.

Public Participation/Community Surveys

All TTD Board meetings are open to the public, and are conducted in an accessible facility per the requirements of the ADA. Public hearings are conducted before adopting route changes, service hour changes, fare increases or other important changes of public concern. Additionally, transit service revision notices are posted on transit vehicles and in passenger facilities and on the website. The public can also request to be notified of potential service changes through email updates. The Regional Coordinating Council acts as an important conduit for soliciting public input regarding transit needs specific to social services. In terms of community surveys, a specific survey with respect to TTD transit services was not conducted during this audit period.

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. Scheduling and dispatching for TTD services is provided by Keolis staff as identified in the operating contract. Keolis employs Simply Transport software for all dispatch and scheduling needs.

Keolis drivers are appropriately certified for the types of vehicles operated for TTD services. Driver bids are based on seniority and are conducted twice a year as outlined in the Collective Bargaining Agreement with the Teamsters Local Union 533. Vehicles are assigned to specific routes according to anticipated passenger loads. During the audit period, “no-shows” on the On Call system became an issue. In March of 2014, TTD developed and circulated for comment Demand Response Policies and Procedures including a detailed policy on “no-shows” and late cancellations with progressive levels of discipline for abuse of the On-Call reservation system.

Vacations, Absences and Sick Leave

Full-time employees are eligible for vacation, sick leave and other employer-paid benefits. Policies and benefits are clearly outlined in the Keolis Employee Handbook. Keolis Transit employs both part-time and full-time drivers which facilitate covering unscheduled absences.

Personnel Management and Training

In rural areas, recruitment is often most successful through word of mouth. Keolis has also employed Linked In to find new qualified employees. Most recruits have prior experience and appropriate certifications, as the turnover rate for new inexperienced recruits has been found to be quite high. Individual performance evaluations are conducted for drivers, along with weekly “spot checks”. Employee turnover at Keolis is very low for employees who have completed their introductory employment period. Keolis Transit’s Employee Handbook details its formalized employee discipline program and details drug and alcohol policies. On-going training is conducted by the Road Supervisor. In addition to driver training required by the state, Keolis conducts passenger assistance training for employees.

Administration

Budgeting and Information

TTD has a well-developed budget and reporting system that is appropriate for the size and scope of the transit program. During the audit period, the Transit Manager and the District Accountant collaborated to develop the budget. The TTD Board must approve any excess in the budget and/or spending, however this has not occurred since TTD took over public transit management.

During the audit period, monthly operations reports were provided to the TTD Board and Transit Operations Committee. The reports included a summary of ridership by route, hours, miles, road calls, and accidents. Farebox ratio is not routinely reported to the board, but would be available upon request. Financial reports for all TTD operations (including transit) are reported to the Board and the Committee on a monthly basis.

Payroll and Accounts Payable

For a portion of the audit period, TTD had an agreement with TRPA to provide administrative services such as payroll, accounting, human resources, and office space. As recommended in the Fiscal and Compliance Audit, TTD has decreased its reliance on TRPA for some administrative functions. Currently, the TTD District Accountant and Transit Accountant perform payroll and accounts payable functions.

Grants Management

During the audit period, the TTD Transit Manager prepared FTA grant applications for both California and Nevada services, while other non-transit TTD staff prepared applications for more general transportation grants, such as Transportation Investment Generating Economic Recovery (TIGER). TTD has been successful in securing a variety of discretionary and recurring grants for operating and capital purposes. During the audit period, TTD did not lose a grant due to negligence or improper procedure. Public transit in South Lake Tahoe is also dependent on contributions from private funding partners.

Risk Management and Insurance

TTD maintains an appropriate amount of liability and injury insurance for public transit services. The Keolis Road Supervisor is primarily responsible for reviewing the safety of operating practices and conducting specific safety training. The Keolis Corporate Office reviews monthly reports for safety concerns and unusual trends. During the audit period, specific safety training included periodic safety meetings as well as special seminars from a CalTIP representative. Established procedures for processing and investigating accident/injury claims are currently in place. The TTD fleet can be utilized in the event of a disaster or emergency situation and is incorporated in to the various emergency evacuation plans in the Tahoe Basin.

Contract Management

The TTD Transit Manager is responsible for contract management, most notably oversight of the operating contract with the transit operations contractor. Roughly half of the Transit Manager's time is spent on this function. The current transit operations contract has a limited term of three years, with the option of two one-year extensions.

Facility Management

The TTD operations facility is located on Shop Street and is leased from the City of South Lake Tahoe. There is sufficient fenced outdoor parking for vehicles, three bus bays with a lift, parts storage, bus wash (not drive through), driver break room, administrative and dispatching offices. In terms of location, the facility is centrally located, relatively close to the South “Y” Transit Center. The facility is sufficient to keep transit vehicles on the road; however it is quite old and in some disrepair. As the facility is not owned by the entity which operates the transit system, it is more difficult for TTD to justify funding long-term improvements.

Revenue Collection and Cash Management

Keolis Transit has implemented good fare revenue collection and cash handling procedures. Each driver is assigned a vault at the beginning of their shift. At the end of each driver shift, cash boxes can only be removed from the vehicles with a key kept by dispatch. Vaults are kept in the secure vault room until counted. The vault safe requires a key from a manager as well as combination known by the dispatchers. Two staff members must be in the vault room while money is being counted and picked up by the armored truck service. Actual fare revenue is compared to projected fare revenue based on passenger-trips recorded prior to deposit. Keolis Transit does not maintain a petty cash fund. TTD is considering implementing electronic fareboxes so as to assist with the security and accuracy of data tracking.

Procurement

TTD competitively procures vehicles, fuel, and other large capital purchases. Purchases above \$10,000 require prior approval by the TTD Board.

Marketing and Public Information

The rider’s guides and maps for South Tahoe transit services are informative and effective. Information is presented clearly and in both English and Spanish. Marketing materials are separated by season and location of service and available in the transit centers, on buses and on the website. The TTD website (which also has a “mobile friendly” version) includes links to information on Tahoe Basinwide transit services, the reduced fare application for elderly and passengers with disabilities and Title VI (Civil Rights Act) information. The mobility management page is a good resource for human service agencies and their clients. A contact email and phone number is clearly displayed for those requiring additional information. Passengers may also sign up for email alerts or view press releases. Although the TTD website identifies the availability of paratransit services, it does not include an overview of On-Call services. As On-Call services have been abused in the past, this omission is purposeful. Generally, individuals unable to use the fixed route are familiar with the term ADA paratransit service and know who to contact. Although the website provides sufficient information regarding specialized transit services, visiting paratransit users may benefit by more information available on the website.

Maintenance

All maintenance is performed by Keolis staff. A preventive maintenance schedule is in place that meets the requirements of the bus manufacturers. Maintenance staff provides operations staff with a list of vehicles requiring maintenance each week and the Keolis General Manager has access to maintenance reports.

Keolis drivers fill out a thorough vehicle inspection report before each shift. Any driver has the ability to pull a vehicle out of service if mechanical defects are found. Keolis has a good procedure in place for

prioritizing repairs and identifying which vehicles cannot be placed in service due to maintenance issues. There is good communication between mechanics and dispatchers with respect to maintenance. An adequate supply of parts is available to minimize vehicle downtime. The contractor works with two local auto parts stores to provide parts on a timely basis, reducing the need to stock parts in-house. No runs have been missed due to maintenance issues. TTD services operate at a low spare ratio, particularly for vehicles used for the on-call service. Keolis performs the majority of repairs in-house, with the exception of body work, paint, glass, and major transmission repairs.

Conclusions and Recommendations

The Auditor's analysis of TTD and its contractor indicates that, in terms of operations, the system was efficiently run and well managed during the audit period. The following notes the Auditor's findings and recommendations.

FINDINGS

- ◆ Service changes prior to and during the audit period had a positive effect on South Tahoe transit services ridership and particularly on fare revenue (35 percent increase). Operating costs increased by 48 percent during this audit period as sustainability plan elements were implemented. This increase is justified as total operating revenues also increased by around 50 percent.
- ◆ South Tahoe transit services met the 10 percent TDA minimum requirement for rural services each year of the audit period.
- ◆ Transit services provided by TTD meet most TDA-requirements with the exception of timely submittal of Fiscal and Compliance Audits in FY 2011-12 and FY 2012-13 and the calculation of Full-Time Equivalent Employee Hours.
- ◆ TTD partially or completely implemented all of the prior audit recommendations with the exception of addressing all elements identified in CCR 6667 in the Fiscal and Compliance Audits.
- ◆ The detailed functional review portion of the audit did not reveal any significant inefficiency with respect to transit operations and management, nor did it indicate any misuse of TDA funds.

RECOMMENDATIONS

Overall, the Auditors finds that TTD public transit services has improved overall performance since the prior audit period and is making efficient use of public resources. The following details the Auditor's recommendations to ensure compliance with TDA requirements and further improve effectiveness of public transit in the southern portion of the Tahoe Basin.

TDA Compliance Related Recommendations

Recommendation 1: *Report operations data by service type to the State Controller. Monitor discrepancies between operations data reported to the State Controller and those found in internal reports.*

For each year of the audit period, State Controller Reports for TTD listed systemwide operational data (ridership, hours, and miles) in the "Motor Bus" category. As the On-Call service is a demand response type service, it should be more appropriately listed in the "Demand Response" category.

During this audit period, there were some significant discrepancies between data reported to the State Controller and that obtained from internal reports, as much as a 44 percent difference in vehicle service miles in FY 2010-11. It is important to note that TTD did not officially take over operation of transit service until four months into FY 2010-11; therefore complete data cannot be verified. Although the discrepancies between internal reports and State Controller Reports narrowed as the audit period

continued, TTD staff should monitor the areas where there are large discrepancies for potential errors in reporting.

Recommendation 2: *TTD and the operations contractor should calculate and report annual employee hours data as Full-Time Equivalents (FTE) according to the definition in Appendix B of the Performance Audit Guidebook (presented below).*

“Employee Hours/Full-Time-Equivalency (For calculating vehicle service hours per employee). Transportation system-related hours worked by persons employed in connection with the public transportation system (whether or not the person is employed by the operator, for example, a city accounts payable person whose time is partly charged to transit operations). Such persons include contractor staff. A Full-Time Equivalent employee count can be calculated by dividing the total number of person-hours worked each year by 2,000.”

Recommendation 3: *Work with TRPA and the Fiscal Auditor to complete fiscal audits within the 180 day time period or request a 90 day extension from TRPA. The Fiscal and Compliance Audits should include a statement indicating that the auditor certifies that TDA funds were allocated to and received by the claimant pursuant to applicable statutes, rules, and regulations of the Act and the allocation instructions of the RTPA. In order to determine compliance with TDA, the fiscal auditor should perform the tasks listed in CCR 6667 (Compliance Audit Tasks – Transit Claimants). Attachment A displays CCR 6667. A summary of the code is listed below.*

Not all fiscal audits for TTD were submitted 180 days after the end of the fiscal year. TRPA has the ability to grant a 90 day extension to transit operators for completion of the Fiscal and Compliance Audits. There are few qualified firms in Northern California able to complete these TDA Fiscal and Compliance Audits; it is therefore common for Fiscal Audits to be late. If TTD feels that the Fiscal and Compliance Audit will not be complete on time, they should request an extension from TRPA and document the request.

TTD is not only responsible for operation of public transit services in the greater South Lake Tahoe area but also the implementation of all types of transportation projects in the Tahoe Basin such as bicycle paths and development of highway corridor management plans. The Fiscal Audits for this period included a comprehensive overview of all financial aspects of TTD but did not include a determination of compliance with TDA and the rules and regulations of the TRPA in FY 2010-11. Going forward TTD and TRPA should work with the Fiscal and Compliance Auditor to determine TTD’s compliance with TDA by performing the tasks listed in CCR 6667 (Attachment A). Compliance audit tasks are summarized as follows:

1. Determine if the claimant fits the definitions of an entity eligible to receive funds as outlined in Article 1 of TDA.
2. Determine if the claimant is conducting its accounting in accordance with the uniform system of accounts and records (PUC 99243),
3. Determine if the claimant used the TDA funds for purposes allowed in the TDA statutes.
4. Determine if the claimant used TDA funds as set forth in RTPA allocation instructions, resolutions, and procedures.
5. Determine whether any interest earned on TDA funds were spent on purposes for which funds were allocated.

6. Verify the annual operating cost of the transit operator as well as the amount of fare revenues and local support required to meet the 10 percent minimum farebox ratio.
7. Verify the **actual** amount of fare revenue for the transit operator. Refer to CCR 6611.2 for the definition of fare revenue.
8. Verify the amount of **actual** local support as defined in CCR 6611.3. Note that TTD does not currently include local support in farebox ratio calculation.
9. Verify that the transit operator did not receive more TDA funds than allowed during that fiscal year. See CCR 6634 and 6649 to determine the maximum amount of funding allowed.
10. Determine if the transit operator's employee retirement system or pension plan is "fully funded". See PUC 99271.
11. Determine that CHP certified the transit operator's compliance with the Driver Pull Notice System (Vehicle Code Section 1808.1)
12. Determine the operator's eligibility for STA funds. See PUC 99314.6 or 99214.7

The Fiscal and Compliance Audit Report does not need to show proof of compliance with each of the above listed tasks; however a statement must be made certifying that the auditor determined compliance with TDA by performing the tasks listed in 6667 (summarized above).(See CCR 6664 for more details). TTD and TRPA should ensure that the Fiscal and Compliance Auditor has a copy of the most recent TDA Statutes and California Code of Regulations.

Other Recommendations Relative to Performance of the Transit System

The following recommendations are not required to maintain compliance with the TDA statutes. Rather, these recommendations are suggestions to the transit operator on how to further improve effectiveness and efficiency of the transit system.

Recommendation 4: *Improve the South Tahoe transit operations and maintenance facility*

Although the South Tahoe transit service operations and maintenance facility is sufficient, it has a number of deficiencies, including the following:

- ◆ The facility is run down and cluttered, and does not provide a positive work environment.
- ◆ Pavement conditions in various areas create tripping hazards and drainage problems.
- ◆ The lack of a drive-through wash bay increases costs and results in less-thorough bus cleaning.
- ◆ Dimensions of some bus parking spaces and access lanes are less than industry standards, increasing the potential for minor accidents.

With the stabilization of the transit program's services and finances, it is recommended that a focus be placed on long-term improvements to the operations/maintenance facility.

Recommendation 5: *Conduct On-Board Passenger Survey*

A survey of passenger opinions, characteristics and trip patterns has not been conducted for at least ten years. This should be done as a basis for ongoing efforts to improve the transit program, and to provide

information for grant applications. At the same time, it would be cost-effective to also conduct boarding/alighting and on-time performance counts.

Recommendation 6: *Consider upgrading telecommunications for South Tahoe transit operations.*

South Tahoe transit services uses a combination of two-way radios and cell phones for communication between dispatch and drivers. The two-way radio system is about 15 years old and combined with the mountainous terrain of South Lake Tahoe communicating can be spotty at times. South Tahoe transit buses travel significant distances, particularly on the Triangle Route. Maintaining good communications with dispatch is an important part of public transit. As funding becomes available, TTD should consider upgrading South Tahoe transit services telecommunications.

Recommendation 7: *Implement electronic fareboxes to improve security and data collection accuracy*

There are several benefits to the fareboxes in terms of accuracy, security, and thorough data collection. The fareboxes have the ability to classify a variety of fare/boarding types (senior day pass, regular 20-day pass, etc.). Passenger boarding data is automatically downloaded at the end of each day and can be compiled into various reports. In terms of security, cash boxes cannot be removed from the main farebox module unless they are locked.

Attachment A

California Code of Regulations 6667 – Compliance Audit Tasks – Transit Claimants

- a) Determine whether the claimant was an entity eligible to receive the funds allocated to it. This determination should be made with reference to the section of the Act under which the funds were allocated and to the definitions in article 1 of the Act.
- b) Determine whether the claimant is maintaining its accounts and records on an enterprise fund basis and is otherwise in compliance with the uniform system of accounts and records adopted by the State Controller pursuant to Public Utilities Code section 99243.
- c) Determine whether the funds received by the claimant pursuant to the Act were expended in conformance with those sections of the Act specifying the qualifying purposes, including Public Utilities Code sections 99262 and 99263 for operators receiving funds under article 4, sections 99275, 99275.5 and 99277 for article 4.5 claimants, and section 99400(c), (d) and (e) for article 8 claimants for service provided under contract, and section 99405(d) for transportation services provided by cities and counties with populations of less than 5,000.
- d) Determine whether the funds received by the claimant pursuant to the Act were expended in conformance with the applicable rules, regulations, and procedures of the transportation planning agency and in compliance with the allocation instructions and resolutions.
- e) Determine whether interest earned on funds received by the claimant pursuant to the Act were expended only for those purposes for which the funds were allocated, in accordance with Public Utilities Code sections 99234.1, 99301, 99301.5 and 99301.6.
- f) Verify the amount of the claimant's operating cost (as defined by section 6611.1) for the fiscal year, the amount of fare revenues required to meet the ratios specified in sections 6633.2 and 6633.5 and the amount of the sum of fare revenues and local support required to meet the ratios specified in section 6633.2.

- g) Verify the amount of the claimant's actual fare revenues (as defined by section 6611.2 and by Public Utilities Code section 99205.7) for the fiscal year.
- h) Verify the amount of the claimant's actual local support (as defined by section 6611.3) for the fiscal year.
- i) Verify the maximum amount the claimant was eligible to receive under the Act during the fiscal year in accordance with sections 6634 and 6649 (maximum eligibility for LTF).
- j) Verify, if applicable, the amount of the operator's expenditure limitation in accordance with section 6633.1 (50% expenditure limitation/farebox ratio).
- k) In the case of an operator, determine whether the operator's employee retirement system or private pension plan is in conformance with the provisions of Public Utilities Code sections 99271, 99272, and 99273.
- l) In the case of an operator, determine whether the operator has had a certification by the Department of the California Highway Patrol verifying that the operator is in compliance with section 1808.1 of the Vehicle Code, as required in Public Utilities Code section 99251.
- m) In the case of an operator, verify, if applicable, its State Transit Assistance eligibility pursuant to Public Utilities Code section 99314.6 or 99314.7.
- n) In the case of a claimant for community transit services, determine whether it is in compliance with Public Utilities Code sections 99155 and 99155.5.