



Auburn Transit
Triennial Performance Audit
FY 2015-16 to FY 2017-18
Final

Prepared for the



PLACER COUNTY
TRANSPORTATION
PLANNING AGENCY

Placer County Transportation
Planning Agency





TRIENNIAL PERFORMANCE AUDIT
of the
Auburn Transit
for
Fiscal Years 2015-16 through 2017-18

Final

Prepared for the

Placer County Transportation Planning Agency

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Chapter 1

Executive Summary

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

This audit report covers Fiscal Years (FY) 2015-16 through FY 2017-18 and was conducted by LSC Transportation Consultants, Inc. Data collection, initial review, and on-site interviews were conducted in 2019. The audit process follows guidelines outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* developed by Caltrans (2008).

BACKGROUND

Auburn Transit is managed and operated by the City of Auburn Public Works Department. Auburn Transit offers two deviated fixed routes within the City of Auburn and some nearby portions of unincorporated Placer County.

VERIFICATION AND USE OF PERFORMANCE INDICATORS

Tables and figures in Chapter 2 present operating data and performance indicators for Auburn Transit. During the audit period, systemwide ridership decreased by nearly 28 percent from 52,101 to 37,459 per year. Over the past two audit periods (six years), ridership has decreased by 25 percent. Auburn Transit productivity (passenger-trips per hour) is in line with other rural fixed route services and ranged from 11.0 to 8.70 during the current audit period. In FY 2017-18, operating costs per hour (\$135.54) on Auburn Transit were similar to nearby Placer County Transit. Cost effectiveness (operating cost per passenger trip) declined during the audit period, as a result of the ridership decrease (\$9.88 to \$15.77). Auburn Transit services generated a farebox ratio (the ratio of passenger fares to operating costs) that declined from 10.10 percent to 8.26 percent over the three years. During the audit period, Auburn Transit was subject to a 10 percent farebox ratio requirement for rural areas and did not meet this requirement in FY 2017-18.

Auburn Transit compiled operating statistics in accordance with TDA definitions (as presented in Appendix B of the *Performance Audit Guidebook*) with the exception of employee hour full-time equivalents. As for the overall data collection and recording process, Auburn employs a manual data entry process, which is subject to human error.

REVIEW OF COMPLIANCE REQUIREMENTS

The *Performance Audit Guidebook* recommends reviewing transit operator compliance with certain TDA regulations that relate to a performance audit. Table 2 presents Auburn Transit's compliance with these requirements. Auburn Transit's public transit services were found to be in compliance on all issues except for the timely submittal of the State Controller Reports, calculation of employee hour full-time equivalents and meeting the minimum farebox ratio the last year of the audit period.

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The previous audit was completed by Michael Baker in 2016. One recommendation was completed, one is in progress and one has not yet begun.

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. Auburn Transit conducts effective service planning through the SRTP process. Auburn Transit has in place safety, operations and training procedures, which comply with applicable regulations. Sufficient marketing and public outreach efforts are conducted by Auburn Transit and PCTPA. There appears to have been no significant issues during the audit period with respect to vehicle maintenance. Vehicle replacement plans are in place to maintain a safe and operable fleet.

FINDINGS

- ◆ Auburn Transit submits the annual reports to the State Controller after the required deadline for each year of the audit period.
- ◆ Auburn Transit has implemented one of the previous TPA recommendations, one is in progress and the third has not yet begun.
- ◆ Over the current audit period (FY 2015-16 to FY 2017-18), ridership decreased by 28 percent with only a 9 percent decrease in service levels (vehicle service hours). This is a common trend for Northern California transit agencies.
- ◆ Productivity levels (passenger-trips per vehicle service hour) are in line with other rural fixed route services and ranged from 11.0 to 8.7 trips per hour during the current audit period.
- ◆ 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.
- ◆ During the final year of the audit period, Auburn Transit did not meet the 10 percent farebox ratio requirement.

RECOMMENDATIONS

Recommendation 1: *Although Auburn Transit productivity is still relatively strong, ridership has been in a downward trend over the last two audit periods. Auburn Transit also failed to meet the 10 percent farebox ratio in FY 2017-18. Auburn Transit should consider making service and/or fare adjustments to increase ridership and boost farebox ratio.*

Auburn Transit productivity (passenger-trips per hour) is close to the industry standard benchmark for fixed route services: 10 passenger-trips per hour. However, ridership levels decreased by 26 percent over the past six years. Farebox ratio has also decreased from a six-year high of 13.0 percent to 8.26 percent.

The Auburn Transit SRTP recommended several plan elements which may increase transit performance: 1) Restructure the Blue and Red Route into three routes operated with two buses at peak to improve convenience and reduce travel time, 2) Raise fares to \$1.50 and 3) Reduce costs by discontinuing their contract with Placer County to provide service to airport as this receives low ridership.

Auburn Transit should implement the SRTP plan elements that boost ridership, increase fare revenue and/or reduce operating costs. Implementing plan elements will help to maintain farebox ratio above the 10 percent minimum as well as improve overall performance of the transit system.

Recommendation 2: Review and track performance indicators beyond ridership figures on a quarterly basis.

Auburn Transit provides PCTPA with updated ridership figures each quarter. However, Auburn Transit does not compile performance indicators such as passengers per trip and operating cost per trip for internal review or reporting to PCTPA or the Auburn City Council. Auburn Transit should consider reporting annual operating data totals along with corresponding TDA performance indicators to the Auburn City Council at least annually. Relevant performance indicators include: passenger-trips per hour, operating subsidy per passenger trip and farebox ratio. The report should compare current year to previous year totals. Internal review of these performance indicators should occur quarterly and after any service changes have been implemented.

Recommendation 3: Calculate and report employee hour full-time equivalent employees consistently and in accordance with Appendix B of the Performance Audit Guidebook. The definition of Full-time Equivalent Employees per the Caltrans Triennial Performance Audit Guidebook is as follows:

“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 number of person-hours worked by 2,000.”

Below are guidelines for calculating full-time equivalent employees for purposes of reporting to the State Controller:

- ◆ All City of Auburn work hours spent operating or assisting with Auburn Transit functions should be included in the employee hour count. This consists of drivers, mechanics and administrative staff who charge time to the Transit Fund.
- ◆ The total number of hours is then divided by 2,000 to determine the full-time equivalent employee count for Auburn Transit for purposes of reporting to the state controller.

Chapter 2

Triennial Performance Audit Results

BACKGROUND

The TDA, also known as the “Mills-Alquist Deddeh Act,” provides two major sources of funding for public transportation providers in California: the Local Transportation Fund (LTF) and the State Transit Assistance (STA). The LTF is derived from 0.25 percent of the 7.25 percent retail sales tax collected statewide and can be used for a variety of transportation purposes, according to a set of priorities detailed in the Act. The State Board of Equalization returns the LTF to each county according to the amount of tax collected in that county. STA funds are derived from statewide excise tax on gasoline 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 Regional Transportation Planning Agencies (RTPA). 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 enhance the performance by making recommendations for improvements. In addition, the audit evaluates the adequacy of an organization’s systems and the degree of compliance with established policies and procedures. This TPA covers FY 2015-16 through FY 2017-18.

PERFORMANCE AUDIT AND REPORT ORGANIZATION

The performance audit consisted of the following elements, including:

- ◆ Review of compliance requirements
- ◆ Follow-up review of prior performance audit recommendations
- ◆ Initial review of transit operator functions
- ◆ Verification and use of performance indicators
- ◆ Detailed review of transit operator functions
- ◆ Preparation of the draft Audit Report

TRANSIT PROGRAM DESCRIPTION

Auburn Transit is operated by the City of Auburn Department of Public Works. Funds for Auburn Transit are allocated by the PCTPA, which was created as a local area planning agency to undertake regional transportation planning for Placer County, exclusive of the Lake Tahoe Basin.

Auburn Transit Fixed-Route Service

Auburn Transit operates three deviated fixed routes within the City of Auburn and nearby portions of unincorporated Placer County: “Red Route,” “Blue Route” and a combined Saturday version of the Blue/Red Routes. The Red and Blue Routes primarily cover the same area in opposite directions; however, the Blue Route has an extended service area in the northern and southern portions of Auburn.

The Blue Route provides service between the hours of 6:00 AM and 4:55 PM (a 6:00 PM run is offered for returns only), Monday through Friday. The Red Route provides service between 7:00 AM and 5:55 PM. Transfers are offered at the Auburn - Conheim Multimodal Station for both routes. The Saturday Route runs hourly between 9:00 AM and 4:50 PM (a 5:00 PM run is offered for returns only).

Auburn Transit fare structure is as follows:

- ◆ The one-way general public fare is \$1.00, with a discounted fare of \$0.50 available for youths, seniors and disabled persons.
- ◆ General public day pass fare is \$2.50, with a discounted fare of \$1.25 available for youths, seniors and disabled persons.
- ◆ General public 30-ride passes are available for \$24 and discounted 30-ride passes are available for \$12 for youths, seniors and disabled persons.
- ◆ General public monthly passes are available for \$40 and discounted monthly passes are available for \$20.

Passengers may transfer without additional charge to Placer County Transit, Capital Corridor train service and Gold Country Stage. Buses will deviate up to three-quarters of a mile from the regular bus routes with advanced reservations for no additional fare for all passengers. Reservations are required for deviations. Additionally, a number of call-in stops are available on both routes.

AUBURN TRANSIT OPERATING AND FINANCIAL STATISTICS

Operating statistics are presented in Table 1 and Figures 1 - 6 and were obtained from annual State Controller Reports, annual Fiscal and Compliance Audits and data provided by Auburn Transit. Table 1 presents data from the current audit period (FY 2015-16 through FY 2017-18) as well as the prior audit period (FY 2012-13 through 2014-15) for comparison purposes.

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 Equivalent

According to Section 99247(a), operating costs include all costs except depreciation, direct costs for charter services and vehicle lease costs.

Operating cost increased by 13 percent over the audit period with the majority of that cost increase occurring in FY 2016-17. According to the Fiscal and Compliance Audit, salary and benefit expenses increased by \$73,000 that year. Auburn Transit also experienced increases in insurance and fuel costs during this audit period.

TABLE 1: Auburn Transit Systemwide Performance Measures

Performance Measures	Previous Audit Period			Current Audit Period		
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
One-Way Passenger-Trips	50,598	52,410	51,397	52,101	46,237	37,459
<i>% Change from Previous Year</i>	-	3.6%	-1.9%	1.4%	-11.3%	-19.0%
Vehicle Service Hours	4,709	4,776	4,818	4,737	4,440	4,304
<i>% Change from Previous Year</i>	-	1.4%	0.9%	-1.7%	-6.3%	-3.1%
Vehicle Service Miles	63,545	64,338	64,513	63,380	60,823	60,872
<i>% Change from Previous Year</i>	-	1.2%	0.3%	-1.8%	-4.0%	0.1%
Operating Costs	\$463,106	\$410,916	\$493,231	\$514,883	\$584,908	\$583,288
<i>% Change from Previous Year</i>	-	-11.3%	20.0%	4.4%	13.6%	-0.3%
Number of Employees	6	6	8	7	7	7
<i>% Change from Previous Year</i>	-	0.0%	33.3%	-12.5%	0.0%	0.0%
Farebox Revenues	\$41,527	\$30,773	\$42,617	\$25,207	\$24,317	\$21,850
<i>% Change from Previous Year</i>	-	-25.9%	38.5%	-40.9%	-3.5%	-10.1%
Operating Cost per One-Way Passenger-Trip	\$9.15	\$7.84	\$9.60	\$9.88	\$12.65	\$15.57
<i>% Change from Previous Year</i>	-	-14.3%	22.4%	3.0%	28.0%	23.1%
Operating Cost per Vehicle Revenue Hour	\$98.34	\$86.04	\$102.37	\$108.69	\$131.75	\$135.54
<i>% Change from Previous Year</i>	-	-12.5%	19.0%	6.2%	21.2%	2.9%
Passengers per Vehicle Service Hour	10.74	10.97	10.67	11.00	10.41	8.70
<i>% Change from Previous Year</i>	-	2.1%	-2.8%	3.1%	-5.3%	-16.4%
Passengers per Vehicle Service Mile	0.80	0.81	0.80	0.82	0.76	0.62
<i>% Change from Previous Year</i>	-	2.3%	-2.2%	3.2%	-7.5%	-19.1%
Vehicle Service Hours per Employee (FTE)	784.83	796.00	602.25	676.73	634.23	614.79
<i>% Change from Previous Year</i>	-	1.4%	-24.3%	12.4%	-6.3%	-3.1%
Farebox Recovery Ratio ⁽¹⁾	8.97%	7.49%	8.64%	10.19%	11.10%	8.26%
<i>% Change from Previous Year</i>	-	-16.5%	15.4%	17.9%	8.9%	-25.6%

Note 1: Includes local support

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

Operating Cost data was obtained from annual Fiscal and Compliance Audits and include total operating expenses minus depreciation costs. The Fiscal Auditor's tests of the Auburn Transit disclosed no instance of noncompliance that would be required to be reported under Government Auditing Standards.

The **Passenger Count** data is presented in Table 1 and represents unlinked trips. This data was obtained from internal reports and compared to the State Controller Reports. There were no significant discrepancies found between the two sources. Auburn Transit ridership decreased by 13.1 percent over the audit period from 52,101 trips to 37,459 trips per year. The greatest decrease occurred in FY 2017-18 with no corresponding decrease in service levels. Over the six year period, FY 2013-14 and FY 2015-16 saw small increases in ridership from the prior year; otherwise ridership decreased each year. All western Placer County transit agencies as well as many transit agencies nationwide have seen a downward trend in ridership patterns over the past six years. This is due in part to the relatively low cost of gasoline as well in a boom in auto loans.

Vehicle Revenue Service Hours was obtained from internal records and matches data reported to the State Controller. The definition of a vehicle service hour as currently used by Auburn Transit is consistent with the definition presented in Appendix B of the *Performance Audit Guidebook*. Auburn Transit service levels decreased by nine percent during this audit period.

Vehicle Revenue Service Miles data was obtained from internal reports and are consistent with State Controller reports. The definition of a Vehicle Service Mile as currently used by Auburn Transit is consistent with the definition presented in Appendix B of the *Performance Audit Guidebook*. Vehicle service miles decreased by four percent during this audit period.

The Number of Employee Hours in Full-Time Equivalents (FTE) – In order to estimate full-time equivalent employee hours, data was reviewed from both State Controller reports and City of Auburn payroll data. The State Controller Reports identify five FTEs for each year of the audit period. Calculations performed by the auditor using payroll data results in seven FTEs for each year of the audit period (Table 1).

The Farebox Revenue data presented in Table 1 was obtained from annual Fiscal and Compliance Audit reports. It should be noted that PUC Section 99205.7 states that fare revenues are defined as revenue object classes 401, 402, and 403, as specified in Section 630.12 of Title 49 of the Code of Federal Regulations:

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

During this audit period, fare revenue decreased by 13 percent as a result of a decrease in ridership. Table 1 shows that fare revenue was much greater during the previous audit period. This is due to the fact that the prior performance auditor included local support in the fare revenue category. Average fare paid per passenger was \$0.58 in FY 2017-18.

As for the overall data collection and recording process, Auburn Transit employs a straightforward manual data entry process. Drivers keep track of passenger boardings by type and record total passenger-trips for each run manually onto the daily operations reports. These reports are entered weekly into a Microsoft Access database. Data from the data base can be exported to excel for PCTPA or

City Council reports. Although a system of checks is in place, manually entered data is still subject to human error.

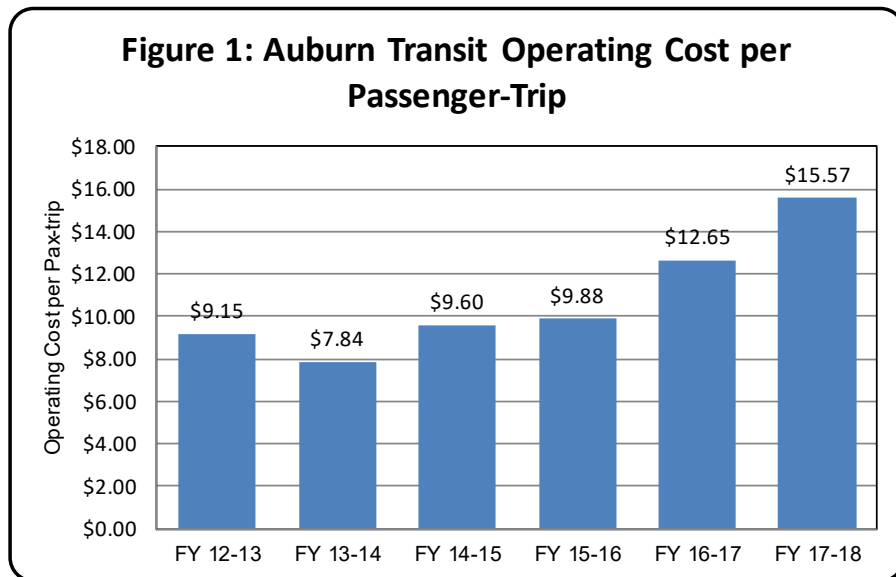
Calculation and Evaluation of Performance Indicators

Using the data described above, the following performance indicators were calculated as required in Section 99246(d) of the PUC:

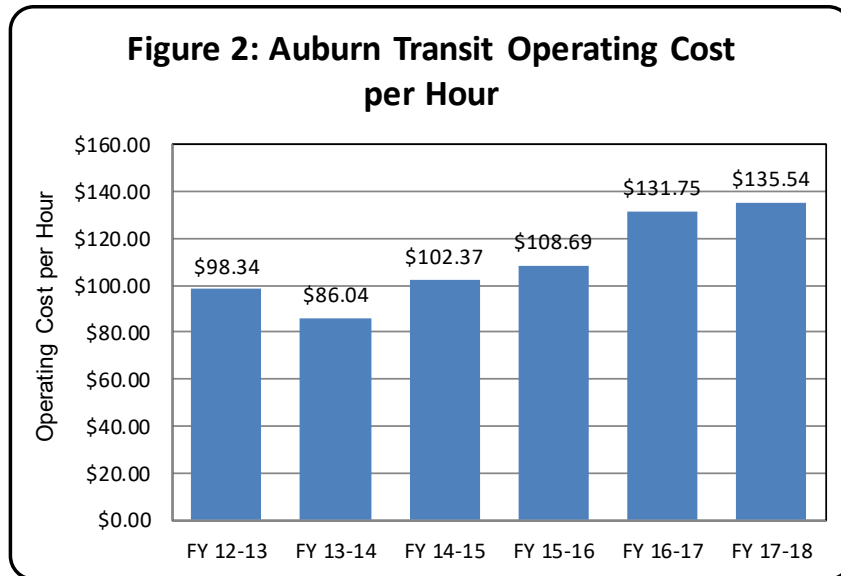
- ◆ Operating Cost per Passenger
- ◆ Operating Cost per Vehicle Revenue Hour
- ◆ Passengers per Vehicle Revenue Hour
- ◆ Passengers per Vehicle Revenue Mile
- ◆ Vehicle Revenue Hours per Employee

In addition, farebox recovery ratio is calculated and evaluated herein, as required in Section 99268 et seq. of the PUC.

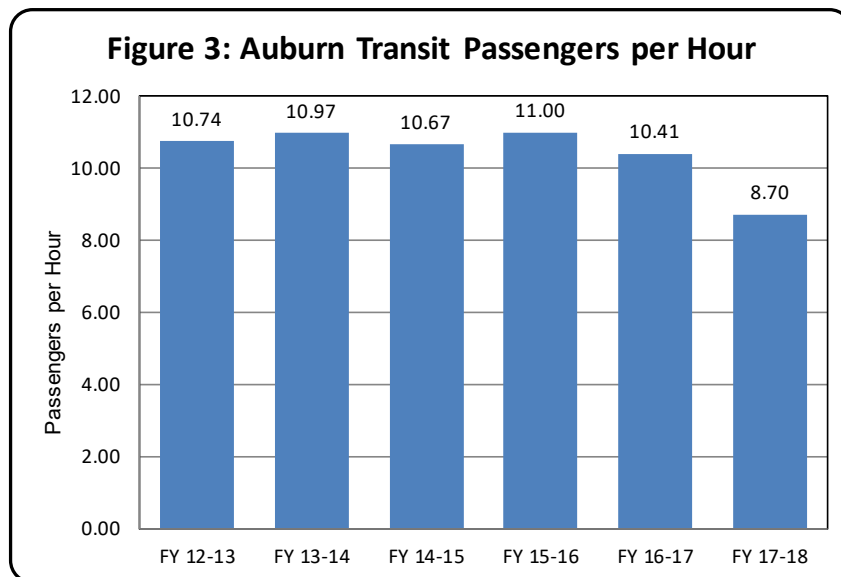
The **Operating Cost per (One-way) Passenger-Trip** data is presented in Table 1 and Figure 1. This performance measure is a key indicator of a transit system's cost effectiveness. According to the available data, operating cost per one-way passenger-trip increased by 57 percent, from \$9.88 in FY 2015-16 to \$15.77 in FY 2017-18, as a result of both lower ridership and higher operating costs.



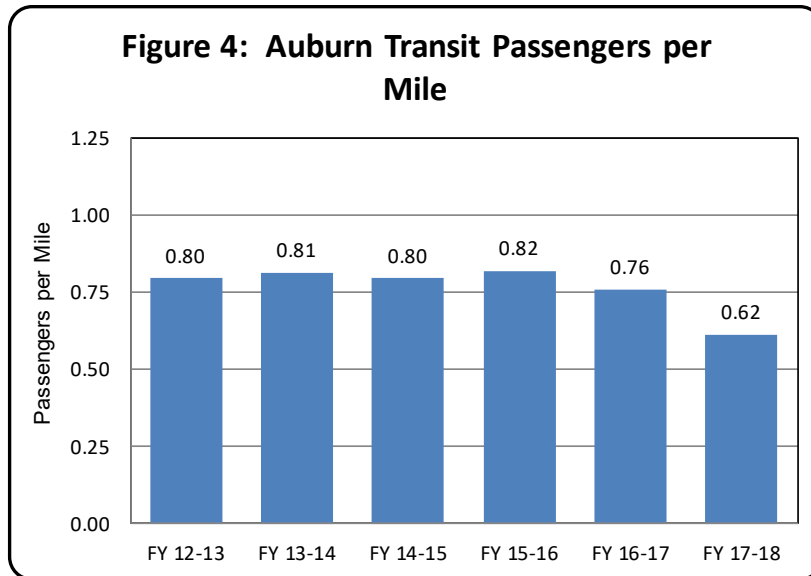
The **Operating Cost per Vehicle Service Hour** data is presented in Table 1 and Figure 2. This performance measure is another key indicator of a transit system's cost efficiency. Operating cost per vehicle service hour increased by 37.8 percent over the six year period from FY 2012-13 to FY 2017-18 from \$98.34 to \$135.54. During this audit period, operating costs per vehicle hour increased by 24 percent.



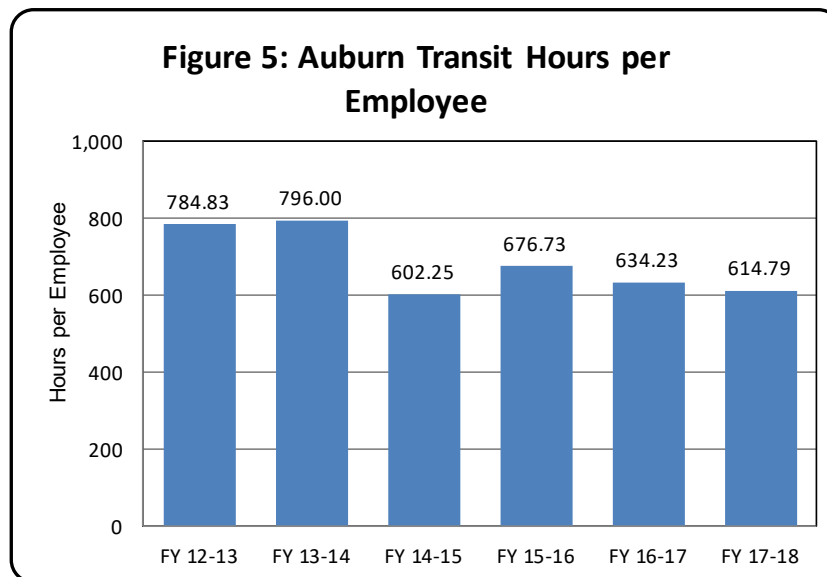
The **Passengers per Vehicle Service Hour** (commonly referred to as “productivity”) is presented in Table 1 and Figure 3. As presented, productivity decreased each year of the audit period from 10.25 passengers per hour in FY 2015-16 to 8.70 passengers per hour in FY 2017-18.



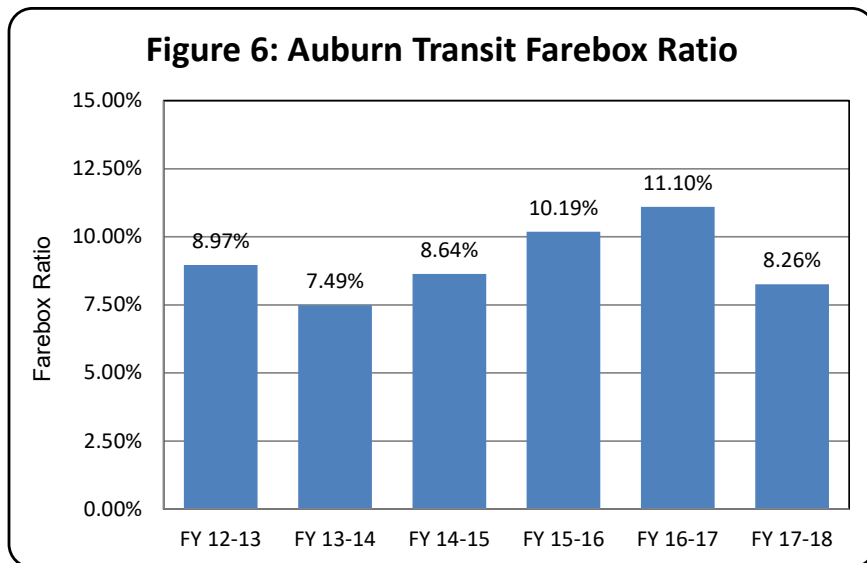
The **Passengers per Vehicle Service Mile** data is presented in Table 1 and Figure 4. As presented, passengers per vehicle service mile decreased steadily from 0.77 in FY 2015-16 to 0.62 in FY 2017-18 (19.7 percent decrease). Similar to passengers per hour, the decrease was a result of the drop in ridership over the same time period.



The **Vehicle Service Hours per FTE** data is presented in Table 1 and Figure 5. As presented, the number of vehicle service hours per full-time employee equivalent ranged from 676 in FY 2015-16 to 614 in FY 2017-18.



The **Farebox Recovery Ratio** data is presented in Table 1 and Figure 6. Farebox ratio is calculated in Table 1 as per the Fiscal and Compliance Audits and includes local funds/support. According to TDA law, operators may supplement fare revenues with “local funds” if fare revenues alone are insufficient to meet farebox ratio requirements. In 2017, local funds was more broadly redefined in TDA as “any nonfederal or nonstate grant funds or other revenues generated by, earned by, or distributed to an operator.” The City of Auburn Public Works Department performs all maintenance for Auburn Transit and does not charge the transit fund for the costs. Vehicle maintenance is considered part of transit operating costs, but in the case of Auburn, it is paid for using City of Auburn general funds. This in-kind contribution for maintenance costs is considered local funds/support for farebox ratio calculations.



On the expense side of the equation, the amount paid to Placer County for operating service to the Auburn Airport and for the City of Auburn’s portion of Placer County Transit (PCT)’s commuter service to Sacramento is excluded from the farebox ratio calculation. As these services are operated by PCT not Auburn Transit and fare revenue and passenger trips are recorded as PCT revenue and trips, these costs are correctly excluded from the Auburn Transit farebox ratio calculation.

The farebox recovery ratio decreased during the audit period from about 10.19 percent in FY 2015-16 to just above 8.26 percent in FY 2017-18. Despite the addition of local support, Auburn Transit did not meet the required 10 percent farebox ratio in FY 2017-18.

Recommendations on Data Collection

As noted above, no discrepancies exist between the operational data maintained in internal Auburn Transit reports and the data reported in the annual State Controller Report submittals. Auburn Transit maintains operating data in a Microsoft Access database. Other than exporting ridership figures to PCTPA and City Council, formal reports including performance indicators are not prepared regularly.

REVIEW OF COMPLIANCE REQUIREMENTS

As an entity receiving TDA funds for transit purposes, Auburn Transit is required to comply with laws and statutes set forth in the Act. Below is a discussion of Auburn Transit’s compliance with sections of the Public Utilities Code which relate to transit performance, as recommended in the Performance Audit Guidebook. Table 2 displays the results of the compliance analysis:

1. In accordance with PUC Section 99243, Auburn Transit has submitted annual reports to the PCTPA and the State Controller based upon the Uniform System of Accounts and Records established by the State Controller. However, each year of the audit period, the reports were submitted after the deadline:
 - ◆ FY 2015-16: Deadline on 10/18/2016, submitted on 11/16/2016
 - ◆ FY 2016-17: Deadline on 1/31/2018, submitted on 3/10/2018

- ◆ FY 2017-18: Deadline on 1/31/2019, submitted on 02/14/2019
2. In accordance with PUC Section 99245, Auburn Transit submitted annual fiscal and compliance audits to the PCTPA for each year of the audit period. A 90-day extension was granted for each year of the audit period. An independent auditor completed these reports as required.
 3. In accordance with PUC Section 99251, Auburn Transit 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. CHP Reports were signed with a “Satisfactory” rating on each year of the audit period.
 4. In accordance with PUC Section 99261, Auburn Transit’s claims for TDA funds are submitted in compliance with rules and regulations adopted by the PCTPA for such claims.
 5. Auburn Transit is not subject to farebox ratio requirements listed in PUC 99270.1.
 6. PUC Section 99266 requires that Auburn Transit’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 provisions for major new fixed facilities be realized unless the operator has reasonably supported and substantiated the change(s). As shown in Table 1, actual operating costs during the audit period increased by 4.4 percent this first year of the audit period, 13.6 percent the second year and decreased 0.3 percent the final year of the audit period. Therefore, Auburn transit is consistent with PUC Section 99266.
 7. Auburn Transit’s definitions of performance measures are consistent with PUC Section 99247 with the exception of employee hour full-time equivalents.
 8. During the last year of the audit period, Auburn Transit did not meet the required 10 percent TDA farebox ratio.
 9. See discussion for number 8.
 10. In compliance with PUC Code 99271, the City of Auburn participates in the State of California Public Employees Retirement System (PERS) for its employee retirement through the City of Auburn employee benefit program. As of June 2018, reports show that the CalPERS fund was only around 70 percent funded. CalPERS is taking steps to increase the funded status such as shortening the amortization period and adopting new strategic asset allocation. Additionally, GASB 68 and 75 now requires that employers show the pension and OPEB liabilities on their balance sheets instead of in the footnotes. This is a way of forcing employers (cities/counties) to recognize their share of the state's unfunded liability in hopes that the employers take more interest in having these liabilities paid off.

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

11. In accordance with California Code of Regulations Section 6754(a) (3), Auburn Transit makes full use of funds available to it under the FTA programs before TDA claims are granted.

TABLE 2: Transit Operator Compliance Requirements - Auburn Transit

Requirement	PUC Reference	In Compliance?		Comments
		Yes	No	
(1) The transit operator submitted annual reports to the RTPE based upon the Uniform System of Accounts and Records established by the State Controller within the specified time period.	99243		X	State Controllers Reports submitted: 2015/16 on 11/16/2016 2016/17 on 3/10/18 2017/18 on 2/14/19
(2) The operator has submitted annual fiscal and compliance audits to its RTPE and to the State Controller within 180 days following the end of the fiscal year, or has received the 90-day extension allowed by law.	99245	X		Audits submitted: 2015/16 on 3/27/2017 2016/17 on 3/28/2018 2017/18 on 3/29/2019
(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	X		
(4) The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.	99261	X		
(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	X		
(7) The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247.	99247		X	
(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, and 99268.5		X	FY 2017-18 farebox ratio = 8.26%
(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	X		
(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)	X		

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The previous audit was completed by Michael Baker International, and the recommendations from that effort are enumerated below.

Recommendation 1: *Document fare revenue reconciliation in the driver manifest.*

Status: Implementation Complete. The prior performance audit recommended that Auburn Transit develop a process for reconciling actual fare revenues collected with anticipated fare revenues based on passenger counts. The yellow driver sheets, which are used to manually record passenger-trips by type, now also include a section for “Expected Revenues” and “Actual Revenues”. Operations staff compare daily revenue to passenger counts as part of the fare revenue collection process.

Recommendation 2: *Review opportunities for increasing local revenue to boost farebox recovery.*

Status: Implementation in Progress. As shown in Table 1, farebox ratio was calculated by the Fiscal Auditor each year of the audit period:

- ◆ FY 2015-16 – 10.19 percent
- ◆ FY 2016-17 – 11.10 percent
- ◆ FY 2017-18 – 8.26 percent

In FY 2017-18, Auburn Transit did not meet the TDA 10 percent farebox ratio requirement for rural transit services. Each year of the audit period, the City of Auburn used general funds to pay for mechanics wages and salaries as a way of supplementing fare revenues with local funds. In FY 2016-17, additional local support was added to pay for the cost of administrative salaries. In FY 2017-18, the level of local support was not sufficient to push farebox ratio above the 10 percent minimum.

The recent SRTP recommends implementing a fare increase as a way to boost farebox recovery ratio. As Auburn Transit has a low general public fare of \$1.00 compared to the \$1.25 for PCT services and \$1.50 for Roseville Transit services, a fare increase would be reasonable. City Council will be considering a fare increase later this year.

Recommendation 3: *Review calculation of full-time equivalents in State Controller Transit Operator Report.*

Status: Implementation Incomplete. The prior auditor identified that there was a 33 percent increase in full-time equivalent employees (total 8 FTE) reported to the State Controller during the prior audit period. The prior auditor suspected that this figure represented a “head count” of employees and not total transit related hours worked divided by 2,000 as per TDA guidelines. For this audit period, FTE’s reported to the State Controller (5 FTE) differed from calculations performed by this performance auditor based on payroll records (7 FTE). A recommendation is provided at the end of this audit regarding the calculation and reporting of employee hour full-time equivalents.

DETAILED REVIEW OF TRANSIT OPERATOR FUNCTIONS

This section presents a review of the various functions of Auburn Transit. 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 Auburn Transit. 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

Day to day operations of Auburn Transit is overseen by the full-time Transportation Supervisor, who reports directly to the Transit Manager. The Transit Manager spends between 50 percent to 75 percent of his time on transit and the remainder on other Public Works functions. Although they work in separate buildings, the Transportation Supervisor and Transit Manager are in constant contact. The Transit Manager reports to the Public Works Director. The Transit Supervisor is responsible for data entry, tracking operational data, budget control and monthly/quarterly reporting. Auburn Transit is operated using two full-time drivers and three part-time bus drivers. There is no dispatcher. Another two part-time drivers are currently in training. All transit functions (administrative, dispatch, operations, and maintenance) are performed by City staff.

Auburn Transit has an appropriately well-defined program of administrative oversight. It reviews and acts upon monthly performance and financial information compiled internally. The transit manager reports ridership data quarterly to the PCTPA and reports financial data to the City Council twice a year. The Transit Manager meets with the Public Works director at least once a week.

Service Planning

The effectiveness of a transit system is highly dependent on the continued development of short- and long-range transit plans. The city's most recent Short Range Transit Plan (SRTP) was finalized in August 2018. The SRTP was subsequently adopted by the City Council. No significant transit service changes had been made since the last audit, and as of yet no changes have been made pursuant to the SRTP. As Auburn Transit is such a small transit agency, service planning and service changes generally only occur as the result of a Short Range or Long Range transit planning process.

In terms of strategic planning, Auburn Transit has set clear, reasonable goals and objectives in the SRTP. Auburn Transit regularly reviews performance and financial data monthly to determine progress toward meeting its goals and objectives.

As part of the SRTP process, schedule adherence and boarding and alighting counts were conducted. In addition, multiple community workshops were held in conjunction with PCTPA's "unmet transit needs" public process. The survey and workshop efforts reach out to both riders and non-riders in the Auburn community. Public hearings are conducted prior to implementing major service changes in accordance with federal regulations.

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. Driver scheduling for Auburn Transit is managed monthly by the Transportation Supervisor. The schedule generally rotates each month with some flexibility available for individual driver requests. Drivers are self-dispatched; therefore Auburn Transit requires a two hour advance notice for deviations. A request for deviation to a new location requires 24 hours advance notice so that the Transportation Supervisor can plot the distance on a map to ensure that the destination lies within the Auburn Transit service area. According to staff, passengers prefer the small and family like nature of Auburn Transit and therefore prefer to request deviations directly through the driver instead of the South Placer Transportation Call Center. Staff indicates that Auburn Transit has never experienced a “no-show” for a deviation request.

The Americans with Disabilities Act (ADA) requires agencies that provide general public fixed-route service to also offer complementary paratransit service for those individuals with transportation disabilities who cannot otherwise use the fixed-route service. The complementary paratransit service must be offered during the same hours and days as the fixed-route service. Because Auburn Transit operates a flex-route program that serves the required minimum ADA service area, it is currently in compliance with the ADA on this issue.

Auburn Transit drivers are appropriately certified for the types of vehicles operated. Full-time employees are eligible for vacation, sick leave, and any other employer-paid benefits and part-time employees are only eligible for sick time.

Personnel Management and Training

Auburn Transit has low driver turnover and is often able to hire drivers with previous experience (generally retired school bus drivers), limiting the need to actively recruit and minimizing the need for initial training. Initial and on-going driver training is conducted by the Transportation Supervisor and meets state requirements. Auburn Transit drivers are required to attend monthly safety meetings which cover a variety of topics. Performance evaluations are conducted annually.

Employee discipline is the responsibility of the Transportation Supervisor. Policies regarding absences, tardiness and paid time off are clearly outlined in the Memorandum of Understanding (MOU) between the City of Auburn and the Auburn Employees Association. Drug and alcohol policies are in place, which conform to applicable federal and state requirements.

Administration

Auburn Transit has a reasonably developed budget and reporting system that is appropriate to the size and scope of the transit program. Performance and financial data is monitored internally. Ridership statistics are reported to PCTPA on a quarterly basis and the City Council biannually.

The City Council must approve substantial changes in the budget and/or spending, while the PCTPA must approve revenue allocations. According to State Controller Reports, operating expenses were within budget in all three fiscal years.

The City's Transit Manager had primary oversight of grants management duties, service planning, and public information during the audit period. Day-to-day operations and maintenance management are provided by the Transportation Supervisor. Auburn Transit operates out of the City's corporation yard, located at 11500 Blocker Drive in Auburn, which is operated and maintained by City staff.

As for fare revenue collection, Auburn Transit uses manually locking fareboxes. Auburn Transit has an established and secure counting process in place. Two staff members are present for the fare counting process and fare revenues collected are reconciled with passenger counts.

Marketing and Public Information

Information regarding the city's transit service is accessible through the city's website. The "transit" page offers information on fares, schedule times, routes, and hours of operation. Also available is contact information for regional transit services including both public and private providers. The Auburn Transit service map and schedule can be downloaded from the website. Printed versions of the new map and schedule are available on buses, PCTPA and other local transit agencies. Auburn Transit staff conduct outreach to schools and human service agencies periodically. Auburn Transit currently relies on the PCTPA for the majority of regional marketing efforts, such as the Transit Connections in South Placer County website and maps.

Passenger complaints are directed to the Transit Manager and if a mutual resolution cannot be met, the Director of Planning and Public Works is involved. If a solution can still not be found, the issue is brought to the City Council.

Maintenance

A preventive maintenance schedule is in place that meets the requirements of the bus manufacturers. Drivers track the preventative maintenance schedule on the Daily Inspection Report. Mechanics' time spent repairing transit vehicles is tracked so that their time may be accounted for in the budget, as this can be counted toward the farebox ratio calculation.

The City of Auburn's consolidated operations/maintenance facility appears to be sufficient for the varied types of vehicles operated. The facility includes six service bays, a bus washing area, and adequate storage space for maintenance equipment. It also includes administrative space. Vehicles are parked outside in a fenced and paved lot. Security cameras have been installed at the yard.

Auburn Transit's current fleet of five buses is 100 percent wheelchair accessible. The average mileage on the fleet is about 87,600 miles and the average age is 6.4 years. Three of the cutaway vehicles are due for replacement.

Vehicles are inspected daily by the Auburn Transit drivers, and defects are noted on Daily Inspection Report. There is good communication between maintenance and operations staff. There is not typically a backlog of repairs and Auburn Transit has a sufficient fleet inventory to accommodate any unexpected maintenance issues. Regular maintenance items are kept in parts storage and the local automotive parts store has most items that maintenance staff would require.

Chapter 3

Conclusions and Recommendations

The Auditor's analysis of Auburn Transit indicates that, in terms of operations, the system was efficiently run and well managed during the audit period. The City of Auburn adheres to TDA laws and regulations in an efficient and effective manner, and is in compliance with TDA rules and regulations with a few exceptions. The following notes the auditor's findings and recommendations:

FINDINGS

- ◆ Auburn Transit submitted the annual reports to the State Controller after the required deadline for each year of the audit period.
- ◆ Auburn Transit has implemented one of the previous TPA recommendations, one is in progress and the third has not yet begun.
- ◆ Over the current audit period (FY 2015-16 to FY 2017-18) ridership decreased by 28 percent with only a 9 percent decrease in service levels (vehicle service hours). This is a common trend for Northern California transit agencies.
- ◆ Productivity levels (passenger-trips per vehicle service hour) are in line with other rural fixed route services and ranged from 11.0 to 8.7 trips per hour during the current audit period.
- ◆ 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.
- ◆ During the final year of the audit period, Auburn Transit did not meet the 10 percent farebox ratio requirement.

RECOMMENDATIONS

Recommendation 1: *Although Auburn Transit productivity is still relatively strong, ridership has been in a downward trend over the last two audit periods. Auburn Transit also failed to meet the 10 percent farebox ratio in FY 2017-18. Auburn Transit should consider making service and/or fare adjustments to increase ridership and boost farebox ratio.*

Auburn Transit productivity (passenger-trips per hour) is close to the industry standard benchmark for fixed route services: 10 passenger-trips per hour. However, ridership levels decreased by 26 percent over the past six years. Farebox ratio has also decreased from a six year high of 13.0 percent to 8.26 percent.

The Auburn Transit S RTP recommended several plan elements which may increase transit performance: 1) Restructure the Blue and Red Route into three routes operated with two buses at peak to improve convenience and reduce travel time. 2) Raise fares to \$1.50 and 3) Reduce costs by discontinuing contract with Placer County to provide service to the airport as this receives low ridership.

Auburn Transit should implement the SRTP plan elements that boost ridership, increase fare revenue and/or reduce operating costs. Implementing plan elements will help to maintain farebox ratio above the 10 percent minimum as well as improve overall performance of the transit system.

Recommendation 2: Review and track performance indicators beyond ridership figures on a quarterly basis.

Auburn Transit provides PCTPA with updated ridership figures each quarter. However, Auburn Transit does not compile performance indicators such as passengers per trip and operating cost per trip for internal review or reporting to PCTPA or the Auburn City Council. Auburn Transit should consider reporting annual operating data totals along with corresponding TDA performance indicators to the Auburn City Council at least annually. Relevant performance indicators include: Passenger-trips per hour, operating subsidy per passenger trip and farebox ratio. The report should compare current year to previous year totals. Internal review of these performance indicators should occur quarterly and after any service changes have been implemented.

Recommendation 3: Calculate and report employee hour full-time equivalent employees consistently and in accordance with Appendix B of the Performance Audit Guidebook. The definition of Full-time Equivalent Employees per the Caltrans Triennial Performance Audit Guidebook is as follows:

“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 number of person-hours worked by 2,000.”

Below are guidelines for calculating full-time equivalent employees for purposes of reporting to the State Controller:

- ◆ All City of Auburn work hours spent operating or assisting with Auburn Transit functions should be included in the employee hour count. This consists of drivers, mechanics and administrative staff who charge time to the Transit Fund.
- ◆ The total number of hours is then divided by 2,000 to determine the full-time equivalent employee count for Auburn Transit for purposes of reporting to the state controller.