

Placer County Transit Triennial Performance Audit

FY 2018/19 through FY 2020/21

FINAL



Prepared for



Placer County Transit
Triennial Performance Audit
FY 2018/19 through FY 2020/21

FINAL

Prepared for the

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Section 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 Placer County in the western portion of the county, Placer County Transit (PCT). 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) 2018 – 19 through FY 2020 – 21, and was conducted by LSC Transportation Consultants, Inc. Data collection, initial review, and on-site interviews were conducted in early 2022. The audit process follows guidelines outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* developed by Caltrans (2008).

BACKGROUND

PCT is managed by Placer County Department of Public Works (DPW) and operates some services under a Memorandum of Understanding with the Cities of Rocklin, Loomis, Colfax, and Lincoln. The PCT service area extends from Alta and Lincoln in the north to Roseville and Granite Bay in the south, as well as commuter service to downtown Sacramento. Local fixed route services are provided directly by Placer County DPW staff, while Dial-A-Ride (DAR) service as well as the commuter service are contracted with private transportation companies.

VERIFICATION AND USE OF PERFORMANCE INDICATORS

Tables 1 – 4 and Figures 1 – 16 in Section 2 present operating data and performance indicators for PCT fixed route services, DAR services and all services systemwide. PCT performance was directly impacted by the COVID-19 pandemic. A good portion of PCT ridership is generated by commuters working in downtown Sacramento. With stay-at-home orders in place for state workers, this source of ridership nearly disappeared. Additionally, many group social service programs were suspended and their clients no longer required transportation. This is evident in the decrease in DAR ridership. Local fixed route services were also affected by the change in transportation patterns and fear of being in public during the pandemic. Although PCT adjusted service levels in an attempt to meet new demand, the tables and figures in Section 2 demonstrate that the pandemic negatively affected PCT performance. Additionally, transit operators must face rising wage rates and fuel prices.

During the audit period, systemwide ridership decreased by 61 percent. Annual operating costs increased from \$7.4 million to \$8.1 million. This in turn had a negative effect on cost efficiency (as measured in operating cost per vehicle service hour including long – term Other Post-Employment Benefits (OPEB) and Public Employee’s Retirement System (PERS) liability costs) which increased from \$131.38 to \$179.56 and cost effectiveness (operating cost per passenger trip) which increased from \$19.19 to \$54.98. PCT transit services generated a farebox ratio (the ratio of passenger fares to operating costs) of 12.68 percent in FY 2018 – 19, 9.87 percent in FY 2019 – 20 and 15.34 percent in FY 2020 – 21. This meets the required minimum farebox ratio of 12.94 percent in the last year of the audit period only. PCT was assessed a penalty for not meeting farebox ratio in FY 2018 – 19; however, farebox ratio requirements have been

suspended for fiscal years 2019 – 20 through 2022 – 23 by the State in response to the COVID-19 pandemic. As pension liabilities are not a direct reflection of the performance of a public transit service, expenses associated with pension and Other Post-Employment Benefits (OPEB) liabilities (GASB 68 and 75) are excluded from performance indicators in Table 4 of Section 2. Although performance is shown to still decline in Table 4, it is not as severe as when pension expenses are included in the equations. When pension and OPEB liabilities are excluded, PCT meets the required farebox ratio in FY 2018 – 19.

PCT compiled operating statistics in accordance with TDA definitions (as presented in Appendix B of the *Performance Audit Guidebook*). As for the overall data collection and recording process, PCT employs electronic fareboxes which allow for accurate collection of detailed operating statistics. PCT produces easy to read and informative operating data reports.

REVIEW OF COMPLIANCE REQUIREMENTS

The *Performance Audit Guidebook* recommends reviewing transit operator compliance with certain TDA regulations that relate to a performance audit. Table 5 presents PCT’s compliance with these requirements. PCT public transit services were found to comply on all issues except for farebox ratio slightly below the requirement in FY 2018 – 19 (12.14 percent vs 12.94 percent).

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The previous audit was completed by LSC Transportation Consultants in 2019. One recommendation has been implemented and the other is in progress.

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. PCT conducts effective service planning and regularly reviews operating statistics and TDA performance measures. Transit services comply with pertinent federal Americans with Disabilities Act (ADA) requirements. PCT conducts sufficient public outreach prior to making significant service changes. PCT has in place safety, operations, and training procedures which comply with applicable regulations. Sufficient marketing and public outreach efforts are conducted by PCT 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

- The COVID-19 pandemic has had a lasting and significant impact on public transit service nationwide. Although PCT systemwide ridership has declined by 61 percent between FY 2018 – 19 and FY 2020 – 21, this level of decrease is on par with other peer transit agencies.
- PCT adjusted transit service appropriately to meet changed levels of transit demand during the COVID-19 pandemic and is considering alternative forms of public transit, such as microtransit, as a way to increase efficiency and attract new riders.
- Systemwide operating costs did not increase more than 15 percent in one year as required by TDA. Increases in maintenance costs, MV contract costs and administration and overhead contributed to an overall 10 percent increase in operating costs during the audit period from \$7.4 million to \$8.1 million. OPEB and pension expenses increased by 57 percent during the audit period.
- Productivity, as measured by one-way passenger-trips per vehicle service hour, remained steady at just under 7 trips per hour from FY 2016 – 17 to FY 2018 – 19 but dropped to as low as 3.27 during the pandemic.
- In FY 2020 – 21, Placer County classified contract revenue from the cities of Lincoln, Rocklin, and Loomis as local support as per SB 508. This increased local support substantially boosted farebox ratio above the 12.94 percent minimum requirement during that year.
- PCT transit services met the adopted PCTPA farebox ratio of 12.94 percent the last year of the audit period (FY 2020 – 21) but not in the prior two years. If OPEB and pension costs are excluded, PCT also met the farebox ratio requirement in FY 2018 – 19. Farebox ratio requirements have been suspended by the state for Fiscal Years 2019 – 20 through FY 2022 – 23. It is also possible that contract revenue for transit services provided to the cities of Lincoln, Rocklin and Loomis was not included as local support in FY 2018 – 19. If this had been done, it is possible that farebox ratio could have been met that year. As per TDA, PCTPA assessed a penalty in FY 2020 – 21 for not meeting the farebox ratio in FY 2018 – 19.
- PCT implemented one of the prior audit recommendations and the other one is in progress.
- PCT has a good data collection process in place.
- During the audit period, PCT met most of the TDA requirements with the exception of meeting farebox ratio in FY 2018 – 19.

RECOMMENDATIONS

Overall, the Auditors find the PCT system to be a good example of a well-run rural and small urbanized transit program, which is making efficient use of public resources. The auditor has the following recommendations.

Recommendation 1: Report transit performance data to the Placer County Board of Supervisors annually.

The Placer County Board of Supervisors is the oversight board for PCT; however, operating statistics and performance are not regularly reported to the board, only PCTPA. As TDA funds are spent on both public transit as well as streets and roads in Placer County, board members should have a good understanding of where all TDA funds are being spent. In an effort to provide better background information and a better understanding of public transit for the Board, operating statistics reported to PCTPA should also be reported to the Board of Supervisors at least annually, but preferably on a quarterly basis. This recommendation has been carried over from the previous performance audit.

Recommendation 2: Reevaluate existing service plans and adjust PCT performance standards to be more representative of current transit needs.

Prior to the pandemic, the commuter service was a highly productive service with a high farebox ratio. Even as the pandemic fades, most state workers will likely only be required to travel to the office a few days a week. Society has become accustomed to working from home and it is not likely that all commuters will need transit service five days a week, thereby substantially reducing the ridership demand for commuter services. The local fixed routes may be affected by this new trend as well, although not to the same degree. DAR services were impacted during the pandemic mostly because group social service activities were suspended. This is more likely to return in the near term. On a nationwide level, public transit ridership was already on a downward trend prior to the pandemic due to the low cost of owning a vehicle and the availability of Transportation Network Companies. The pandemic exacerbated this trend. Going forward, however, high gasoline prices may attract more passengers back to transit. In summary, demand for public transit ridership has changed, and transit agencies should adjust their expectations accordingly. After a period of adjustment to post pandemic life, Placer County should reevaluate existing service plans, including consideration of changes in the type of service (fixed route versus microtransit), service frequency and the span of service. In addition, appropriate performance standards for Placer County services should be reviewed. This process should also consider any permanent changes in TDA requirements, such as minimum farebox return ratios.

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) program. The LTF is derived from 0.25 cent of the 7.25 cent state sales tax collected per dollar of retail sales in Placer County during the audit period and can be used for a variety of transportation purposes according to a set of priorities detailed in the Act. The State Board of Equalization returns the LTF to each county in accordance with the amount of tax collected in that county. STA funds are derived from statewide sales tax on diesel fuel. The funds are allocated to each county based on the following formula: 50 percent according to population and 50 percent according to operator revenues from the prior fiscal year. STA funds can only be used to pay for transit planning, capital projects, and operations.

The Public Utilities Code requires that a Triennial Performance Audit 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 policies and procedures.

PERFORMANCE AUDIT AND REPORT ORGANIZATION

The performance audit consists of the following elements:

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

TRANSIT PROGRAM DESCRIPTION

Funds for PCT are allocated by PCTPA, which is the designated RTPA for Placer County (excluding the Tahoe Basin). TDA funds from unincorporated Placer County and the cities of Rocklin, Lincoln, Loomis, and Colfax are pooled to operate PCT. Services initially began in 1974 and are currently operated by Placer County Department of Public Works (DPW). Placer County DPW operates two transit systems: PCT in the western portion of the county and Tahoe Truckee Area Regional Transit (TART) in the Tahoe Basin (not included in this audit). Placer County DPW staff provides local fixed route service in western Placer County and contracts with MV Transportation for the operation the DAR services and commuter routes.

PCT Fixed Route Service

PCT currently operates seven fixed route services, generally operating between 5:00 AM and 9:00 PM Monday through Friday and between 8:00 AM and 7:00 PM on Saturdays. The one-way general public fare is \$1.25, and discounted fares are \$0.60 for youth, elderly (age 60 and older) as well as disabled persons. Instead of allowing free transfers between routes, PCT offers a 24-hour pass for \$2.50 (general public) and \$1.25 for youth, elderly (age 60 and older) as well as disabled persons. Children aged five and under ride free. Medicare card holders are eligible for half-fare. Some services are provided as part of a Memorandum of Understanding with the City of Colfax, Lincoln, Rocklin, and Loomis. PCT service is not offered on Sundays.

The current PCT local fixed routes are described below:

- ***Auburn to Light Rail***—Originates at Auburn Station and provides hourly fixed route service to the Sacramento Light Rail station at Watt Boulevard and Interstate 80. This service operates on both weekdays and Saturdays.
- ***Lincoln/Rocklin/Sierra College***—This fixed route offers hourly service between Lincoln and Sierra College, serving Rocklin local stops, with transfers to the Lincoln Circulator. This service is available on both weekdays and Saturdays.
- ***Highway 49***—This fixed route offers hourly weekday and Saturday service along State Route (SR) 49 corridor north of Auburn between Auburn Station and Dry Creek Road.
- ***Lincoln Circulator***—Service is provided on both weekdays and Saturdays for this route, which travels between the Lincoln Walmart shopping center, the northern neighborhoods between 1st and 7th Street, the southern end of Ferrari Ranch Road and the Twelve Bridges Library, where one can transfer to the Lincoln/Rocklin/Sierra College Route. This service began in July 2015 when Lincoln Transit service was absorbed by Placer County. Due to the COVID-19 pandemic, this service was temporarily suspended between April and October of 2020.
- ***Lincoln School Tripper***—Additional service is provided in Lincoln between 7:00 AM and 8:00 AM and again between 1:00 PM and 4:00 PM to bus stops near Lincoln schools. This service began in August 2018. This service was discontinued during the COVID-19 pandemic when students were doing remote learning and resumed in August 2021.
- ***Alta/Colfax***—Service is provided on weekdays only for this route, which travels between Auburn Station and the Alta Store. Scheduled stops are available at Auburn Station, Colfax Amtrak, and the Alta Store, while service is offered in other locations (Bowman, Meadow Vista, Applegate, Weimar, Gold Run, and Dutch Flat) by reservation only.
- ***Taylor Road Shuttle***—This route provides deviated fixed route service between Auburn Station and Sierra College, offering connecting service to the Auburn/Light Rail bus at the college. Route deviations are available through reservations only. This service is available on both weekdays and Saturdays. As this route provides deviations, operating data for the Taylor Road Shuttle is included in the demand response/Dial-A-Ride tables.

PCT also provides connections with Roseville Transit routes at the Galleria Mall and Louis/Orlando, as well as connections with Sacramento Regional Transit at the Louis Lane/Orlando stop. Auburn Transit and Nevada County Connect bus routes can be accessed at the Auburn Station.

Placer Commuter Express

Commuter service between the Colfax Depot and downtown Sacramento is offered, and along the way there are stops in Auburn, Penryn, Loomis, Rocklin, and Roseville. This service was downsized on March 24, 2020, from four commuter bus schedules to two due to the COVID-19 pandemic. A one-way trip from Colfax to Sacramento costs \$5.75. This service is operated by a private contractor, MV Transportation.

Placer County Vanpool

A vanpool program is available to the general public and is administered by Placer County. Vehicles are leased from a private party and rather than paid staff drivers, each vanpool relies on participants to serve as drivers. Service is available within Placer County and to other nearby destinations; in general, many of the participants use the service for commuting purposes to employment areas such as Sacramento and Davis. Since the pandemic, the number of vanpools operated has been reduced from ten to one.

Placer County Dial-A-Ride (DAR) Services

PCT also operates demand response service that is available to the public, including disabled persons. DAR Service is provided in Lincoln, Loomis, Rocklin, Granite Bay, and within three-fourths of a mile of the Highway 49 corridor that includes Penryn and Newcastle areas. Reservations are made through the South Placer Transportation Call Center. MV Transportation provides DAR services as a private contractor.

OPERATING AND FINANCIAL STATISTICS

The following section presents a quantitative analysis of operating statistics and performance indicators for PCT services systemwide, fixed route services, and DAR, respectively. The statistics presented in Tables 1 – 3 and Figures 1 – 6 were obtained from data in internal operating spreadsheets and annual Fiscal and Compliance Audits. Table 1 presents data from the current audit period (FY 2018 – 19 through 2020 – 21) and the previous audit period (FY 2015 – 16 through 2017 – 18) for comparison purposes. At the request of the State, Placer County reports transit services operated for both the eastern and western portion of the county (TART and PCT) in one State Controller Report. Therefore, internal spreadsheets were not compared to State Controller Report data.

Data Collection Methods

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

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

The TDA defines **Passenger Counts** as one-way unlinked trips. PCT counts passenger trips using GFI electronic fareboxes. PCT's method of tracking passenger-trips is consistent with the TDA definition.

Total systemwide PCT ridership in FY 2018 – 19 was 385,832, which represented a less than one percent decline from the previous year. As shown in Table 1, systemwide ridership then declined by 21.4 percent in FY 2019 – 20 and another 51.1 percent in FY 2020 – 21 down to 148,313. Across the nation and state, public transit had been experiencing a decline in ridership nationwide for multiple years prior to the pandemic. This was due to a variety of factors including relatively stable gas prices, the popularity of Transportation Network Companies such as Uber and Lyft and an auto loan boom which allowed formerly transit dependent residents to purchase a private vehicle. In recent years, this decrease in ridership was

TABLE 1: Placer County Transit Services Systemwide Operating Data Summary

Performance Measures	Prior Audit Period			Current Audit Period		
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
One-Way Passenger-Trips	444,634	386,951	389,123	385,832	303,095	148,313
<i>% Change from Previous Year</i>	-0.9%	-13.0%	0.6%	-0.8%	-21.4%	-51.1%
Vehicle Service Hours	56,253	55,945	55,800	56,367	52,571	45,415
<i>% Change from Previous Year</i>	17.3%	-0.5%	-0.3%	1.0%	-6.7%	-13.6%
Vehicle Service Miles	1,166,167	1,118,986	1,092,638	1,095,222	991,277	820,916
<i>% Change from Previous Year</i>	14.1%	-4.0%	-2.4%	0.2%	-9.5%	-17.2%
Operating Costs - Including OPEB and Pension Costs⁽¹⁾	\$5,650,096	\$6,079,710	\$7,577,874	\$7,405,666	\$7,696,235	\$8,154,705
<i>% Change from Previous Year</i>	7.8%	7.6%	24.6%	-2.3%	3.9%	6.0%
# Employees in FTEs	51.40	51.50	59.40	53.07	52.52	51.76
<i>% Change from Previous Year</i>	19.5%	0.2%	15.3%	-10.7%	-1.0%	-1.4%
Farebox Revenues	\$890,840	\$887,065	\$861,474	\$835,130	\$726,848	\$309,661
<i>% Change from Previous Year</i>	17.6%	-0.4%	-2.9%	-3.1%	-13.0%	-57.4%
Operating Cost per One-Way Passenger-Trip	\$12.71	\$15.71	\$19.47	\$19.19	\$25.39	\$54.98
<i>% Change from Previous Year</i>	8.7%	23.6%	23.9%	-1.4%	32.3%	116.5%
Operating Cost per Vehicle Service Hour	\$100.44	\$108.67	\$135.80	\$131.38	\$146.40	\$179.56
<i>% Change from Previous Year</i>	-8.1%	8.2%	25.0%	-3.3%	11.4%	22.7%
Passengers per Vehicle Service Hour	7.90	6.92	6.97	6.84	5.77	3.27
<i>% Change from Previous Year</i>	-15.5%	-12.5%	0.8%	-1.8%	-15.8%	-43.4%
Passengers per Vehicle Service Mile	0.38	0.35	0.36	0.35	0.31	0.18
<i>% Change from Previous Year</i>	-13.1%	-9.3%	3.0%	-1.1%	-13.2%	-40.9%
Vehicle Service Hours per FTE	1,094.4	1,086.3	939.4	1,062.1	1,001.0	877.4
<i>% Change from Previous Year</i>	-1.8%	-0.7%	-13.5%	13.1%	-5.8%	-12.3%
Farebox Recovery Ratio⁽²⁾	15.77%	14.59%	12.66%	12.68%	9.87%	15.34%
<i>% Change from Previous Year</i>	9.1%	-7.5%	-13.2%	0.2%	-22.2%	55.4%

Note 1: Includes OPEB and Pension Costs, but excludes TART costs and contribution to Nevada County.

Note 2: Includes local support.

Source: PCT Annual Reports, FY's 2018-19, 2019-20 and 2020-21, Revised PerfAudit2021 Financials

TABLE 2: Placer County Transit Fixed Route and Commuter Services Performance Measures

Performance Measures	Local Fixed Routes			Commuter Route			Vanpool Program		
	2018-19	2019-20	2020-21	2018-19	2019-20	2020-21	2018-19	2019-20	2020-21
One-Way Passenger-Trips	247,647	191,483	118,534	79,095	63,750	5,203	23,930	18,082	5,253
% Change from Previous Year	-1.3%	-22.7%	-38.1%	3.1%	-19.4%	-91.8%	6.3%	-24.4%	-70.9%
Vehicle Service Hours	28,249	27,897	26,404	3,036	2,527	1,513	5,139	4,090	1,805
% Change from Previous Year	0.9%	-1.2%	-5.4%	-2.7%	-16.8%	-40.1%	7.9%	-20.4%	-55.9%
Vehicle Service Miles	578,714	548,090	546,127	101,684	82,031	50,437	229,098	177,051	75,972
% Change from Previous Year	0.9%	-5.3%	-0.4%	0.4%	-19.3%	-38.5%	7.4%	-22.7%	-57.1%
Operating Costs ⁽¹⁾	\$3,998,903	\$4,153,970	\$4,165,213	\$699,678	\$585,659	\$474,677	\$417,484	\$342,833	\$183,621
% Change from Previous Year	-3.4%	3.9%	0.3%	-20.9%	-16.3%	-18.9%	130.8%	-17.9%	-46.4%
Farebox Revenues	\$154,905	\$108,492	\$66,833	\$397,082	\$323,278	\$61,686	\$65,525	\$65,853	\$26,800
% Change from Previous Year	-10.5%	-30.0%	-38.4%	3.5%	-18.6%	-80.9%	14.6%	0.5%	-59.3%
Operating Cost per One-Way Passenger-Trip	\$16.15	\$21.69	\$35.14	\$8.85	\$9.19	\$91.23	\$17.45	\$18.96	\$34.96
% Change from Previous Year	-2.1%	34.3%	62.0%	-23.3%	3.9%	893.1%	117.2%	8.7%	84.4%
Operating Cost per Vehicle Service Hour	\$141.56	\$148.90	\$157.75	\$230.46	\$231.76	\$313.73	\$81.24	\$83.82	\$101.73
% Change from Previous Year	-4.3%	5.2%	5.9%	-18.8%	0.6%	35.4%	113.8%	3.2%	21.4%
Passengers per Vehicle Service Hour	8.77	6.86	4.49	26.05	25.23	3.44	4.66	4.42	2.91
% Change from Previous Year	-2.2%	-21.7%	-34.6%	6.0%	-3.2%	-86.4%	-1.6%	-5.1%	-34.2%
Passengers per Vehicle Service Mile	0.43	0.35	0.22	0.78	0.78	0.10	0.10	0.10	0.07
% Change from Previous Year	-2.2%	-18.4%	-37.9%	2.7%	-0.1%	-86.7%	-1.1%	-2.2%	-32.3%
Farebox Recovery Ratio	3.87%	2.61%	1.60%	56.75%	55.20%	13.00%	15.70%	19.21%	14.60%
% Change from Previous Year	-7.3%	-32.6%	-38.6%	31.0%	-2.7%	-76.5%	-50.4%	22.4%	-24.0%

Source: PCT Annual Reports, FY's 2018-19, 2019-20 and 2020-21

Note 1: Excludes OPEB and Pension Costs

TABLE 3: Placer County Transit Dial-A-Ride Services Performance Measures

Performance Measures	Current Audit Period		
	2018-19	2019-20	2020-21
One-Way Passenger-Trips	35,160	29,780	19,323
<i>% Change from Previous Year</i>	-10.0%	-15.3%	-35.1%
Vehicle Service Hours	19,943	18,057	15,693
<i>% Change from Previous Year</i>	0.1%	-9.5%	-13.1%
Vehicle Service Miles	185,726	184,105	148,380
<i>% Change from Previous Year</i>	-9.3%	-0.9%	-19.4%
Operating Costs	\$1,543,753	\$1,667,630	\$1,905,358
<i>% Change from Previous Year</i>	12.6%	8.0%	14.3%
Farebox Revenues	\$26,172	\$12,472	\$11,733
<i>% Change from Previous Year</i>	-22.8%	-52.3%	-5.9%
Operating Cost per One-Way Passenger-Trip	\$43.91	\$56.00	\$98.61
<i>% Change from Previous Year</i>	25.2%	27.5%	76.1%
Operating Cost per Vehicle Service Hour	\$77.41	\$92.35	\$121.41
<i>% Change from Previous Year</i>	12.6%	19.3%	31.5%
Passengers per Vehicle Service Hour	1.76	1.65	1.23
<i>% Change from Previous Year</i>	823.7%	-6.5%	-25.3%
Passengers per Vehicle Service Mile	0.19	0.16	0.13
<i>% Change from Previous Year</i>	-100.0%	-14.6%	-19.5%
Farebox Recovery Ratio	1.70%	0.75%	0.62%
<i>% Change from Previous Year</i>	-31.5%	-55.9%	-17.7%

Source: PCT Annual Reports, FY's 2018-19, 2019-20, 2020-21

Figure 1: PCT Systemwide Operating Cost per Passenger-Trip

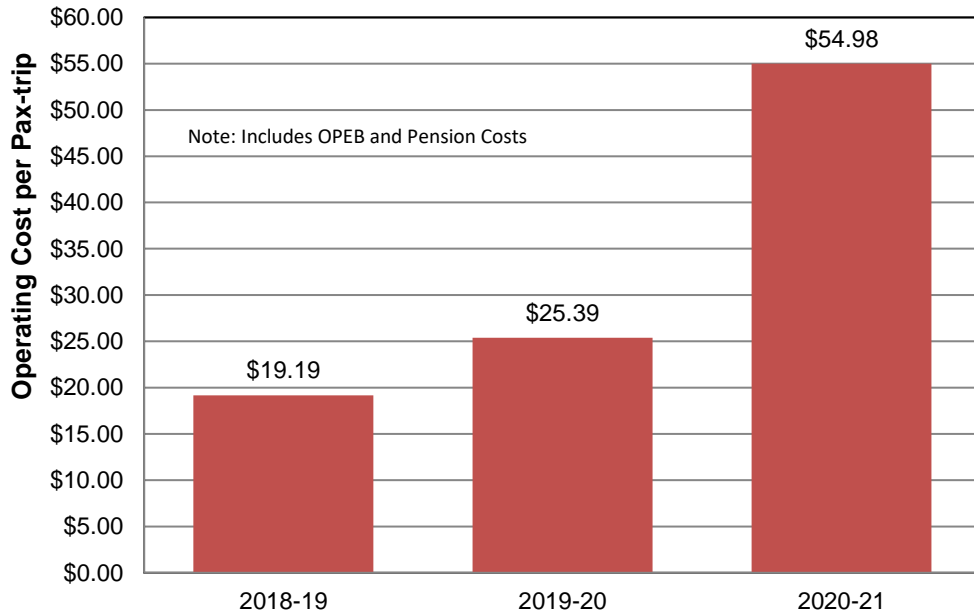


Figure 2: PCT Local Fixed Routes Services Operating Cost per Passenger-Trip

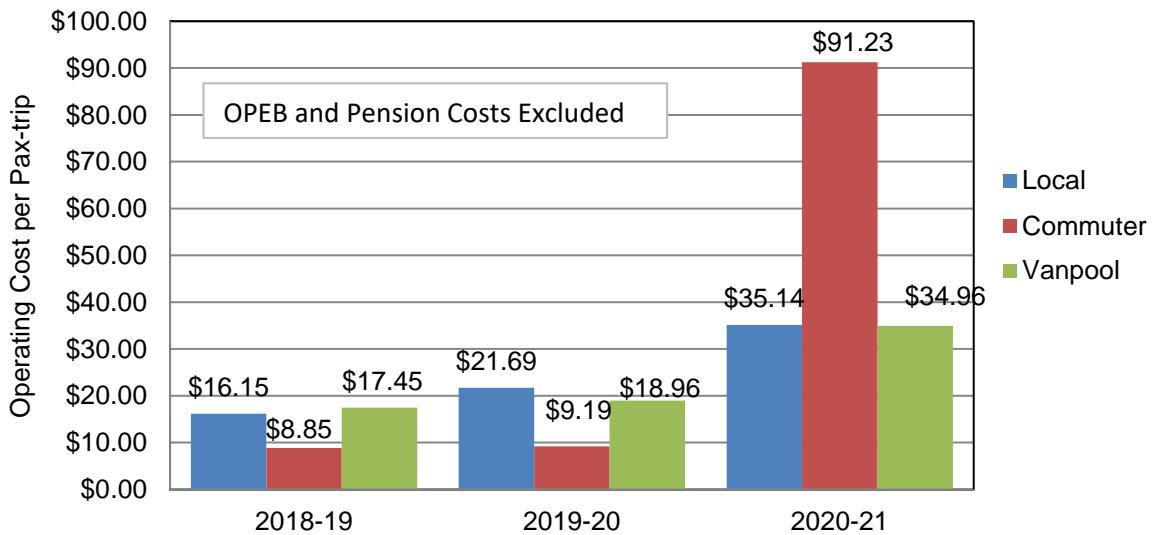


Figure 3: PCT Demand Response Operating Cost per Passenger-trip

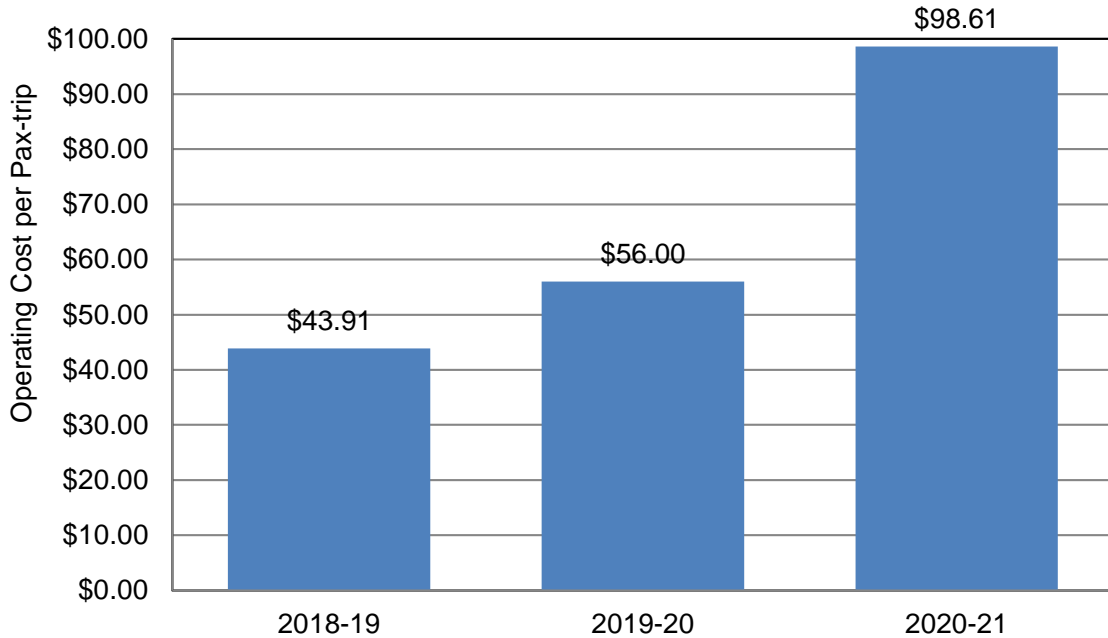
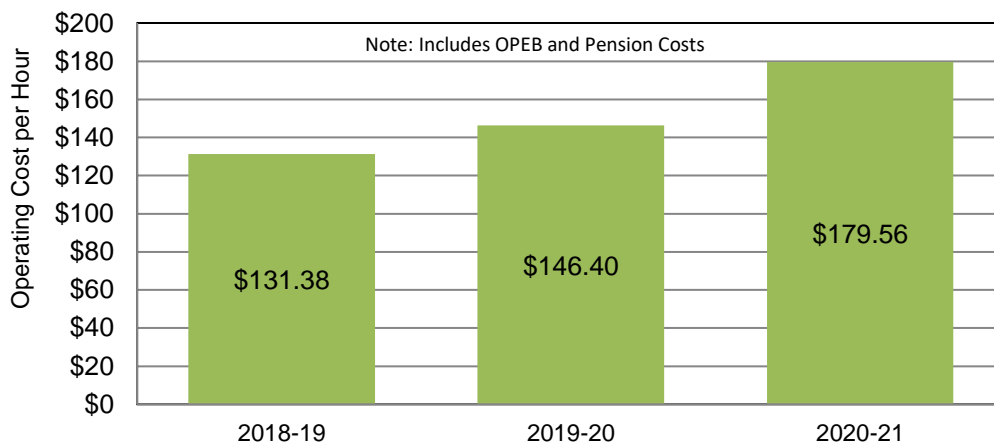
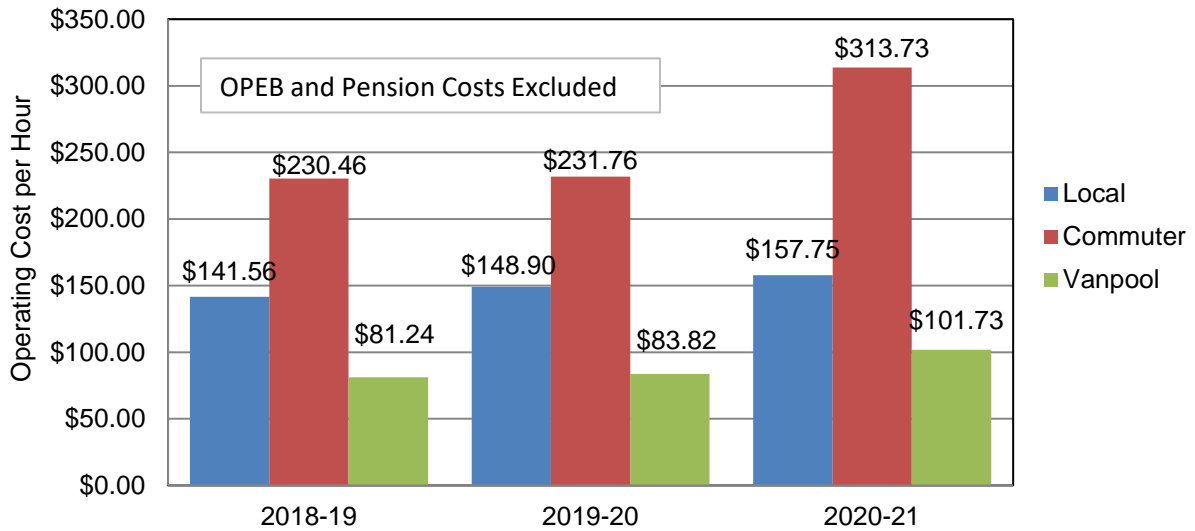


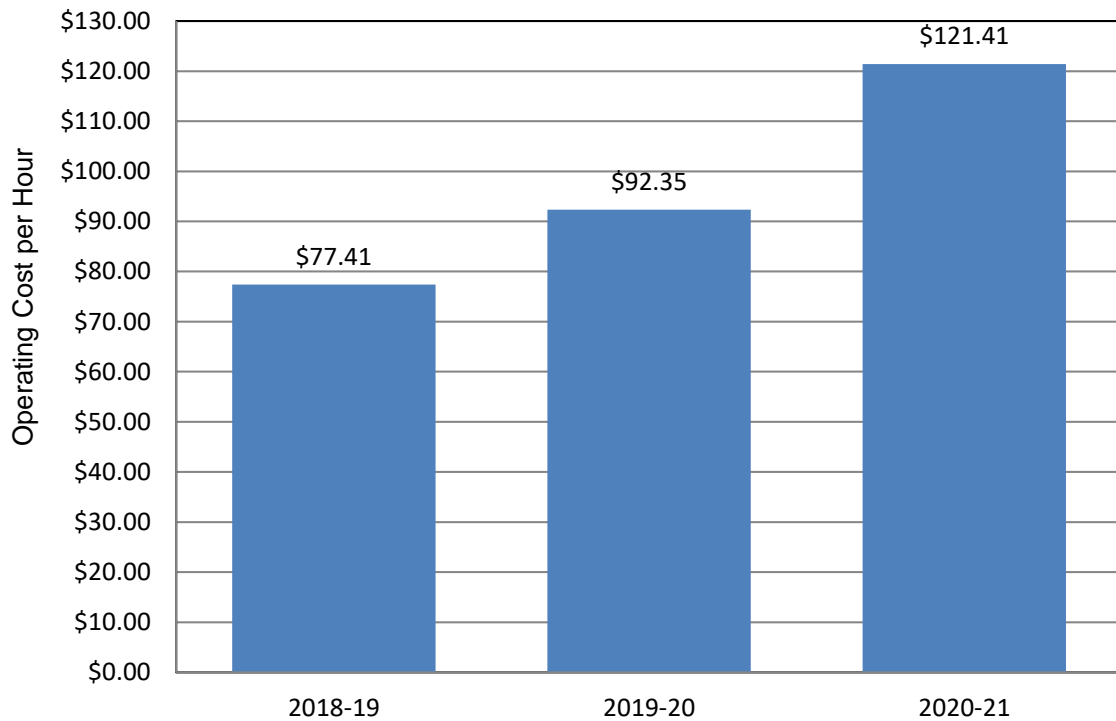
Figure 4: PCT Systemwide Operating Cost per Vehicle-Hour



**Figure 5: PCT Fixed Route Services
Operating Cost per Vehicle-Hour**



**Figure 6: PCT Demand Response
Operating Cost per Vehicle-Hour**



exacerbated by the COVID-19 pandemic. The Commuter Routes were particularly affected as they cater to state workers who were mandated to work from home during the pandemic. As pandemic restrictions lift and gas prices rise, it remains to be seen how transit ridership will change in upcoming years.

By type of service, local fixed routes ridership decreased by 52.1 percent throughout the audit period (Table 2). The commuter route experienced a 93.4 decrease in ridership once COVID-19 rules were in place. The vanpool program ridership declined by 78 percent and DAR ridership decreased by 45 percent during the audit period (Tables 2 and 3).

It should be noted that almost all public transit operators in California and the US have seen drastic declines in ridership during this three-year period from reduced public transit demand during the pandemic. As an example, nearby El Dorado Transit, which also operates commuter services into downtown Sacramento, saw a 70 percent drop in systemwide ridership between FY 2018 – 19 and FY 2020 – 21. Similar to PCT, El Dorado Transit Commuter services decreased by 92 percent over these three years. Demand response service also had a 75 percent decrease in ridership during this time period, primarily due to some group social services suspending programs which require transportation. The local fixed routes for El Dorado Transit decreased by 48 percent during this audit period, similar to PCT services.

Vehicle Service Hour data is presented in Tables 1 – 3 and was obtained from internal reports. The definition of a vehicle service hour as currently used by PCT is consistent with the definition presented in Appendix B of the *Performance Audit Guidebook*. Systemwide vehicle service hours increased by 1 percent in FY 2018 – 19 to 56,637 from the previous audit period, but then service levels decreased the next two years resulting in a net systemwide decrease of 19.4 percent throughout the audit period. More specifically in response to reduced demand for public transit from the COVID-19 pandemic, fixed route and DAR service was reduced to Saturday service levels but have since been reinstated. Commuter services were reduced from four buses to two and remain at this level.

The local fixed routes experienced the smallest decrease in service levels during the audit period, with vehicle service hours only decreasing by 6.5 percent. Vehicle service hours for the commuter route decreased by 50.2 percent, the vanpool program saw a 64.9 percent decrease, and DAR saw a 23.5 percent decrease (Tables 2 and 3). The significant decrease in service levels was due to service reductions to meet lower transit demand during the pandemic. With workers no longer required to be in the office full-time, the number of vanpools has decreased from ten to one.

Vehicle Service Mile data was also obtained from internal reports and is presented in Tables 1 – 3. The definition of a vehicle service mile as currently used by PCT is consistent with the definition presented in Appendix B of the *Performance Audit Guidebook*. As shown in Table 1, much like for vehicle service hours, the systemwide vehicle service miles slightly increased from the prior audit period in FY 2018 – 19 to 1,095,222, but then decreased by 25 percent during the remainder of the audit period to 820,916.

Vehicle service miles for the local fixed routes decreased by only 5.6 percent throughout the audit period, while the commuter route saw a 50.4 percent decrease and the vanpool program saw a 66.8 percent decrease in service miles. DAR vehicle service miles decreased by 26.5 percent in FY 2018 – 19 from the previous audit period, and then continued to decrease another 34.5 percent during the rest of the audit

period. Again, these large changes in service miles can be attributed to an appropriate reduction in service in response to the COVID-19 pandemic.

Operating Cost data for PCT services systemwide was obtained from 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. Operating cost data by service type was obtained from unaudited, internal spreadsheets. Operating costs in Table 1 include OPEB and PERS liability costs, as these are the figures included in the Fiscal and Compliance Audits. Table 2, which provides detailed operating cost information by type of service, excludes OPEB and PERS costs, as this provides a more accurate picture of performance by service type.

As shown in in Table 1, systemwide operating costs decreased by 2.3 percent between FY 2017-18 and FY 2018 – 19, and then increased by 3.9 percent between FY 2018 – 19 and FY 2019 – 20 and increased by 6.0 percent the last year of the audit period. Specifically, “maintenance” costs increased in FY 2019 – 20 by 17.7 percent, while “salaries and benefits” and professional services increased by 6.4 and 5.1 percent, respectively. PCT replaced several vehicles in its fleet during the last audit period. As these vehicles age, maintenance costs will increase.

During the audit period the rates in the operating contract with MV Transportation increased. This is evident in Table 3 as DAR (operated by MV) costs increased 23 percent during the audit period. Local fixed route, commuter services and vanpool operating costs decreased as service levels decreased but operating costs for local fixed routes had a significant increase (59 percent) in FY 2018 – 19. Operating costs for each type of service were obtained from internal spreadsheets.

Salaries and benefits are a significant proportion of operating costs and represent around 42 percent of total annual PCT operating costs. Some of this is due to pension costs as discussed below. As a point of comparison, neighboring Nevada County operates fixed route transit service in-house and contracts for demand response services (similar to Placer County). Much like PCT, roughly 40 percent of Nevada County Connects operating costs can be attributed to salaries and benefits.

Recent requirements of the Governmental Accounting Standards Board (GASB) went into effect in the prior audit period, which significantly impacted PCT’s balance sheet. In recent years, there has been greater concern about the fact the California Public Employees’ Retirement System (CalPERS) is not “fully funded” and has not been since the recession in 2008. “Fully funded” means when a pension plan has sufficient assets to provide for all benefits which it must pay out to retirees. Placer County provides pension benefits to employees through CalPERS. GASB Standards 68 and 75 now require employers, such as Placer County, to recognize their share of the state’s unfunded pension and Other Post Employee Benefits (OPEB) liabilities on the employer’s balance sheet instead of in the footnotes. During this audit period, OPEB and pension related expenses amounted to anywhere from \$745,848 to \$1,167,766 annually. As all expenses except for depreciation are included in operating costs for farebox ratio calculation, the new GASB rules also significantly impact farebox ratio.

A performance audit is a review of efficiency and cost effectiveness of the transit operator. Pension liabilities incurred by the state are not a real reflection of the cost efficiency of PCT bus service. Therefore, it is reasonable to look at operating expenses for PCT in two ways. Table 3 presents systemwide operating costs for PCT as identified in the Fiscal and Compliance Audits including expenses related to unfunded pension and OPEB liabilities. Table 4 excludes the unfunded pension and OPEB

liabilities as calculated per GASB 68 and 75. As shown in Table 4, operating expenses (excluding pension and OPEB liabilities) only increased by 4.9 percent during this audit period.

	Prior Audit Period			Current Audit Period		
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Input Data						
Operating Costs	\$5,650,096	\$6,027,683	\$6,698,531	\$6,659,818	\$6,750,093	\$6,986,939
Fare Revenue and Local Support	\$890,840	\$887,065	\$959,254	\$939,328	\$759,466	\$1,250,915
One-way Passenger Trips	444,634	386,951	389,123	385,832	303,095	148,313
Vehicle Service Hours	56,253	55,945	55,800	56,367	52,571	45,415
Performance Indicators						
Operating Cost per Trip	\$12.71	\$15.58	\$17.21	\$17.26	\$22.27	\$47.11
Operating Cost per Hour	\$100.44	\$107.74	\$120.04	\$118.15	\$128.40	\$153.85
Farebox Ratio	15.8%	14.7%	14.3%	14.1%	11.3%	17.9%
Source: Richardson and Co. Fiscal and Compliance Audits and PCT						

The **Employee Hours in Full-Time Equivalents** data (Table 1) was obtained from internal reports. The Full-Time Equivalent (FTE) definition currently used by PCT is consistent with the definition presented in Appendix B of the *Performance Audit Guidebook*. Employee hours decreased slightly throughout the audit period and services were reduced in response to COVID.

Fare Revenue data, presented in Tables 1 – 3, was obtained from annual Fiscal and Compliance Audits. The fare revenue data by service type was obtained from unaudited internal reports. It should be noted that PUC Section 99205.7 states that fare revenues are defined as revenue object classes 401, 402, and 403, as specified in Section 630.12 of Title 49 of the *Code of Federal Regulations*:

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

Fare revenue also includes the amount of revenue received by an entity under contract for transit services not yet transferred to the claimant. Additionally, the definition of fare revenues includes fares collected (1) for a specified group of employees, members, or clients, or (2) to guarantee a minimum revenue on a line operated especially for the benefit of the paying entity (e.g. an employer, shopping center, university, etc.), or (3) cash donations made by individual passengers in lieu of a prescribed fare.

PCT calculates and reports fare revenue correctly to the State Controller. PCT does not operate charter services; therefore charter revenue is not included in fare revenue. Fare revenues ranged from \$835,130 in FY 2018 – 19 to \$309,661 in FY 2020 – 21, representing a net decrease of 62 percent during the audit

period. Fares decreased across all service types due to decreased ridership throughout the audit period. In the past, fare revenues from the commuter routes have bolstered PCT systemwide revenues at the farebox. With 90 percent of commuter ridership disappearing during COVID with stay-at-home orders, passenger fare revenues are significantly lower.

For the overall data collection and recording process, PCT employs GFI electronic fareboxes. With these fareboxes, PCT has the ability to accurately record each boarding by type (pass, senior, etc.). At the end of the day, the fareboxes are “probed” and boarding data is electronically transferred into a main database. PCT staff transfer operating data into Excel spreadsheets which track performance indicators by type of service and systemwide total. PCT is part of a regionwide Connect Card fare media system which was implemented in July 2017. Boardings made with Connect Card must be tracked separately. Overall, PCT has developed a good data collection process and maintains a thorough ongoing database of operating data.

Calculation and Evaluation of Performance Indicators

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

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

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

Operating Cost per One-way Passenger Trip data is presented in the Tables 1 – 3 and Figures 1 – 3. This performance measure is a key indicator of a transit system’s cost effectiveness. As a result of declining ridership (as discussed above), operating cost per trip for all PCT services increased from \$19.19 in FY 2018 – 19 to \$54.98 in FY 2020 – 21 (Table 1). Figure 1 demonstrates how the most significant increase in operating cost per trip occurred in FY 2020 – 21. This performance measure exceeds the Short-Range Transit Plan’s adopted operating cost per trip standard of \$15.

Operating cost per passenger trip increased for every service type primarily due to large decreases in ridership. A review of Table 2 shows that the commuter routes had an operating cost per trip of \$91.23 in FY 2020 – 21, (\$35.14) for the local fixed routes and \$34.96 for the vanpool program. Cost efficiency significantly declined for all fixed route services in Table 2. Dial-A-Ride services (Table 3) have the highest cost per trip in FY 2020 – 21 of \$98.61. After stay-at-home orders were put in place, the operating cost for the commuter services increased from \$8.85 in FY 2018 – 19 to \$91.23 in FY 2020 – 21.

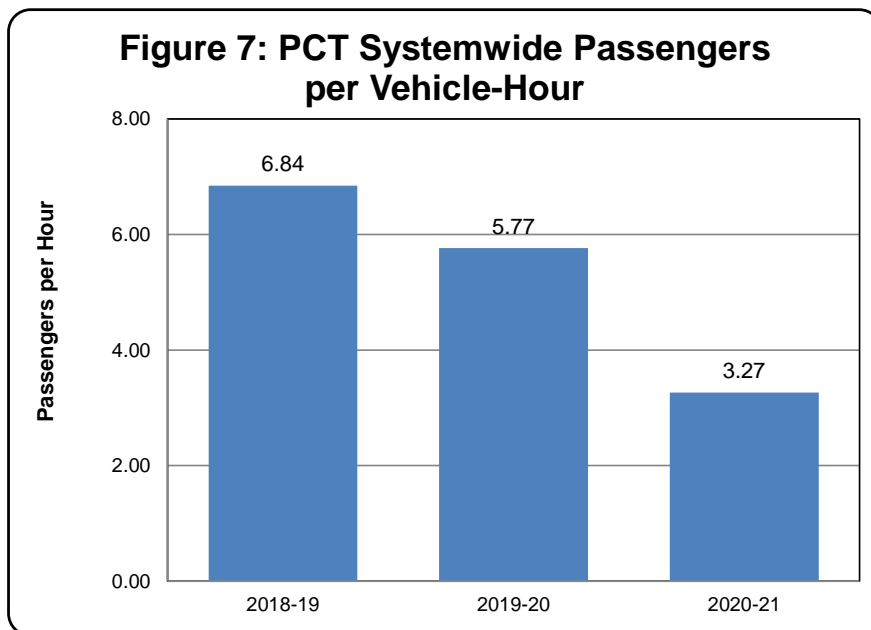
The **Operating Cost per Vehicle Service Hour** data is presented in the Tables 1 – 3 and Figures 4 – 6. This performance measure is a key indicator of a transit system’s cost efficiency. Systemwide operating cost per hour increased by 36.7 percent over the audit period from \$131.38 to \$179.56. The adopted Short-Range Transit Plan operating cost per hour standard for PCT services systemwide is \$100.

The local fixed routes operating cost per hour at the beginning of the audit period was \$141.56 and increased to \$157.75 by the end of the audit period. The local fixed route standard is \$115. The vanpool program saw an 25 percent increase in operating cost per hour, while the commuter route cost efficiency decreased significantly as operating cost per hour rose from \$230.46 to \$313.73 during the audit period. The operating cost per hour standard is \$225. Cost efficiency decreased for DAR services as well with operating cost per hour increasing from \$77.41 to \$121.41 during the audit period. The DAR operating cost per hour standard is \$70 per vehicle service hour.

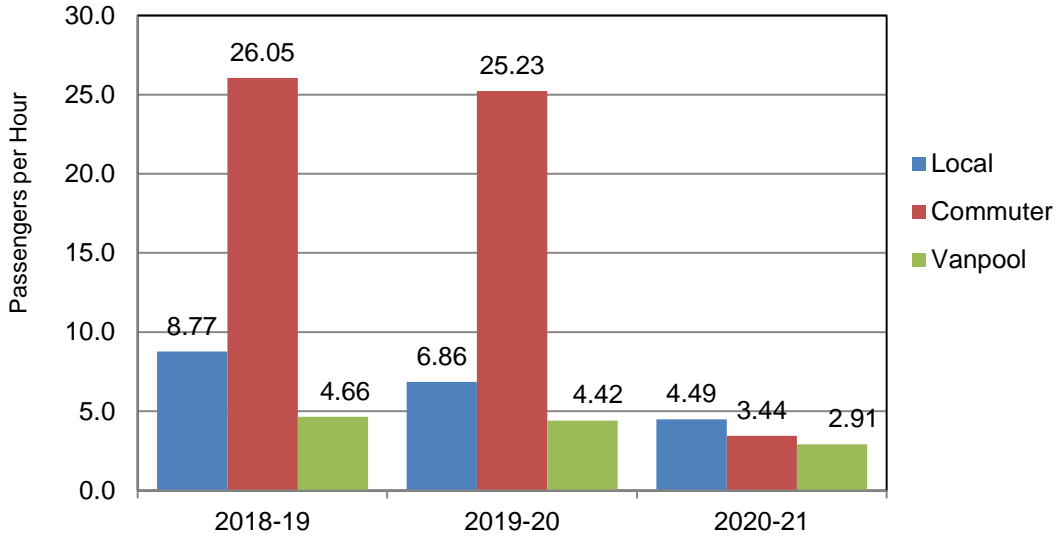
Passengers per Vehicle Service Hour (commonly referred to as “productivity”) is presented in Tables 1 – 3 and Figures 7 – 9. As presented, systemwide productivity decreased significantly during the audit period due to ridership declining more than vehicle service hours. Systemwide productivity declined by 52.3 percent from 6.84 passengers per hour to 3.27 passengers per hour. In the last six years, the greatest productivity was in FY 2015 – 16 (7.9). As the commuter routes experienced the greatest decline in ridership, they also experienced the greatest decrease in productivity (86.8 percent drop from 26.05 to 3.44 trips per hour). Local fixed routes productivity ranged from 8.7 to 4.9 trips per hour, vanpool productivity ranged from 4.6 to 2.9, and DAR productivity ranged from 1.76 to 1.23 trips per hour. Systemwide, PCT has a productivity standard of 10 one-way passenger-trips per vehicle service hour with a higher commuter route standard of 20 passengers per hour and lower standards for rural inter-community fixed routes (5.0), rural DAR such as the Taylor Road Shuttle (0.5) and urbanized DAR (3.0).

Passengers per Vehicle Service Mile data is presented in Tables 1 – 3 and Figures 10 – 12. As presented, passengers per vehicle service mile decreased by 48.7 percent during the audit period from 0.35 to 0.18, following a similar pattern to passengers per hour. This data also followed a similar pattern as productivity for each individual service type.

Vehicle Service Hours per Full-Time Equivalent (FTE) Employee data is presented in Table 1 and Figure 13. As presented, the number of vehicle service hours per FTE equivalent decreased from 1,094 to 939 during the audit period.



**Figure 8: PCT Fixed Route Services
Passengers per Vehicle-Hour**



**Figure 9: PCT Demand Response
Passengers per Vehicle-Hour**

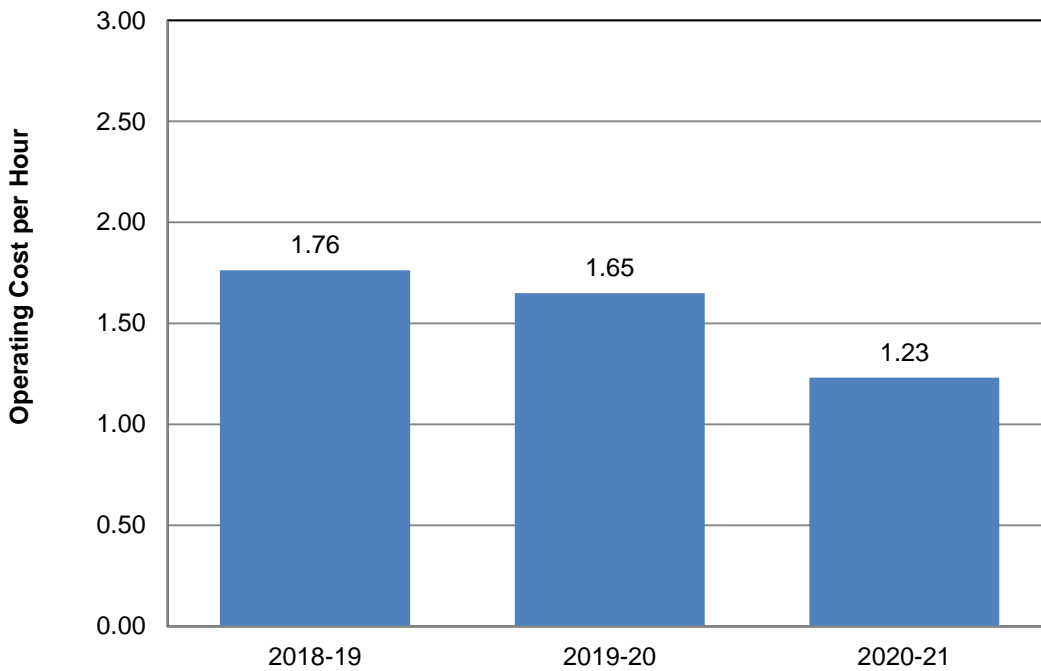


Figure 10: PCT Systemwide Passengers per Vehicle-Mile

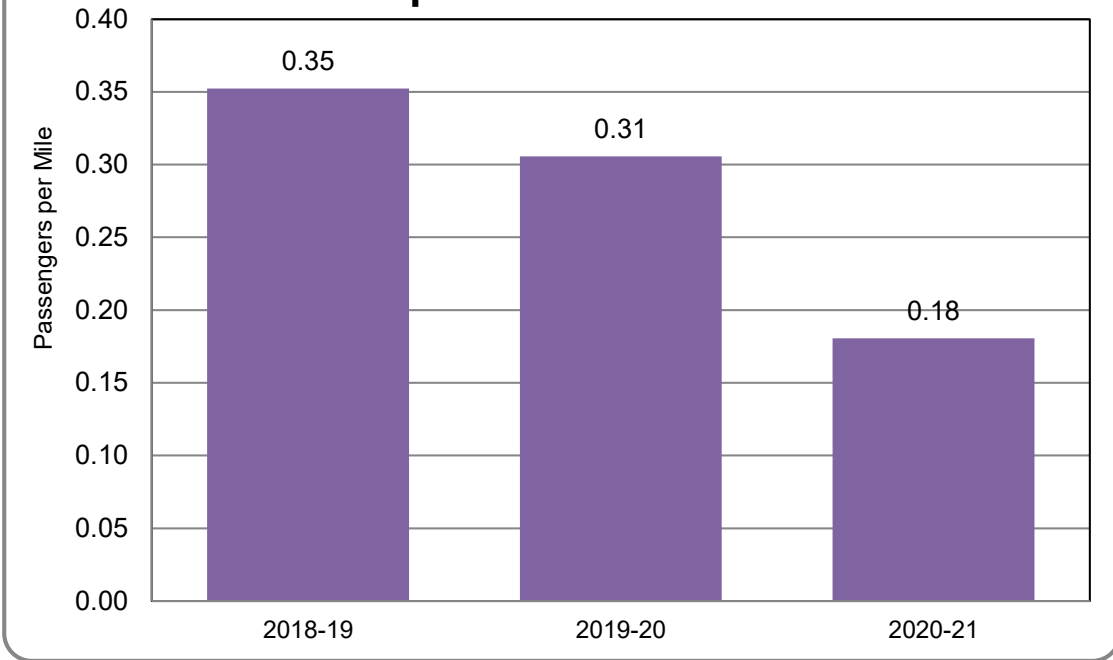
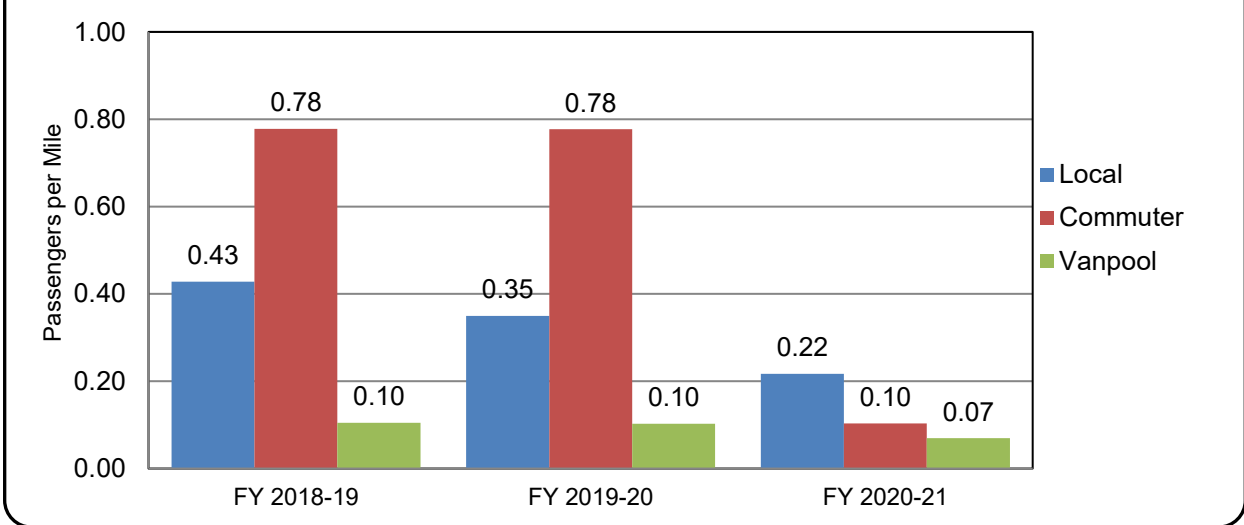


Figure 11: PCT Fixed Route Services Passengers per Vehicle-Mile



**Figure 12: PCT Demand Response
Passengers per Vehicle-Mile**

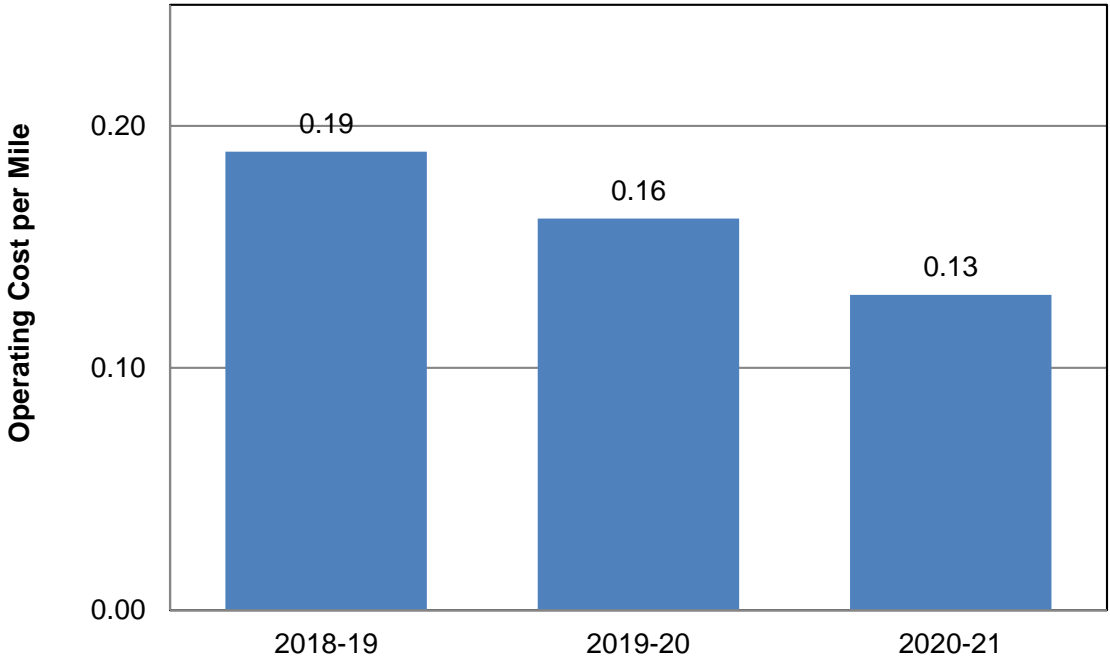
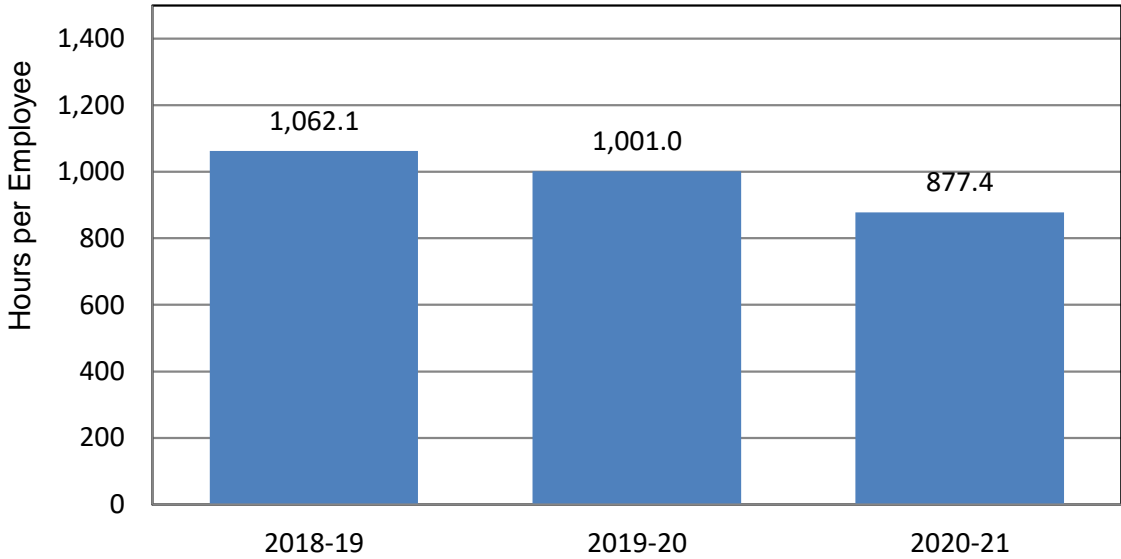


Figure 13: PCT Systemwide Hours per FTE



The **Farebox Recovery Ratio** data is presented in Tables 1 – 3 and Figures 14 – 16. As PCT services both rural and urbanized areas, PCTPA has adopted a farebox ratio requirement of 12.94 percent for PCT services systemwide per PUC 99270.1. Per TDA, if fare revenue alone is insufficient to meet the farebox

requirement, transit operators can use “local funds” to supplement fare revenue. Local funds are defined as “any nonfederal or nonstate grant funds or other revenues generated by, earned by, or distributed to an operator.” Examples include advertising revenue, lease revenue or funds provided by a local agency. Table 1 farebox ratio calculations include local support revenue, but this revenue source is not allocated to each service type for farebox ratio calculations in Tables 2 and 3.

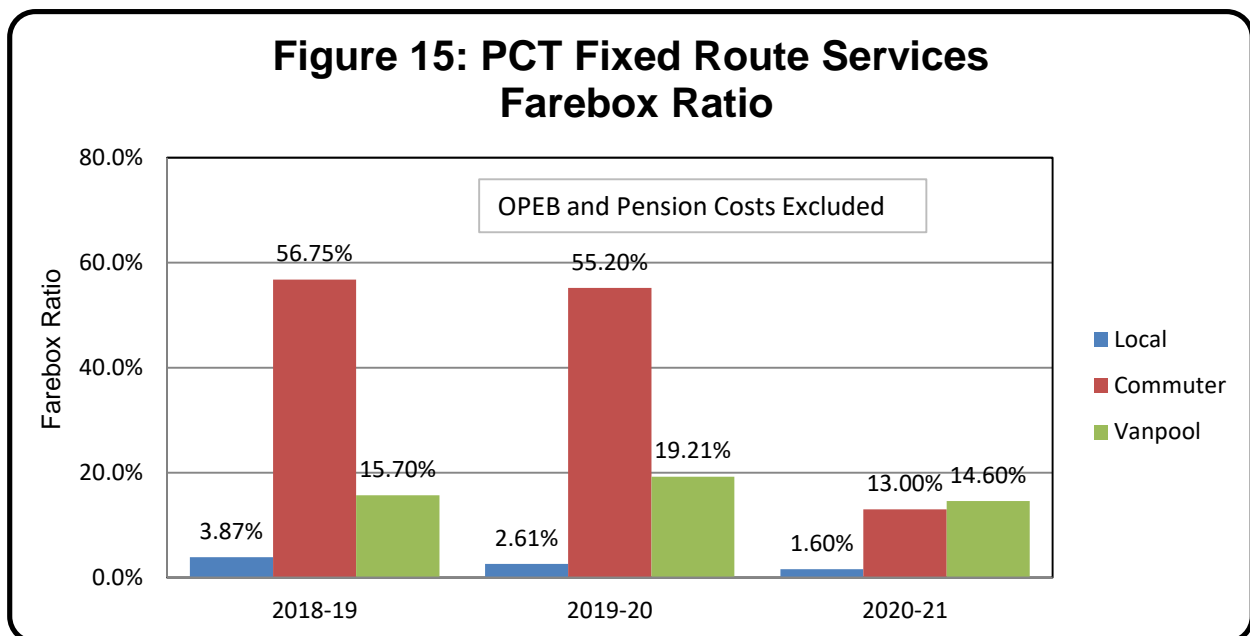
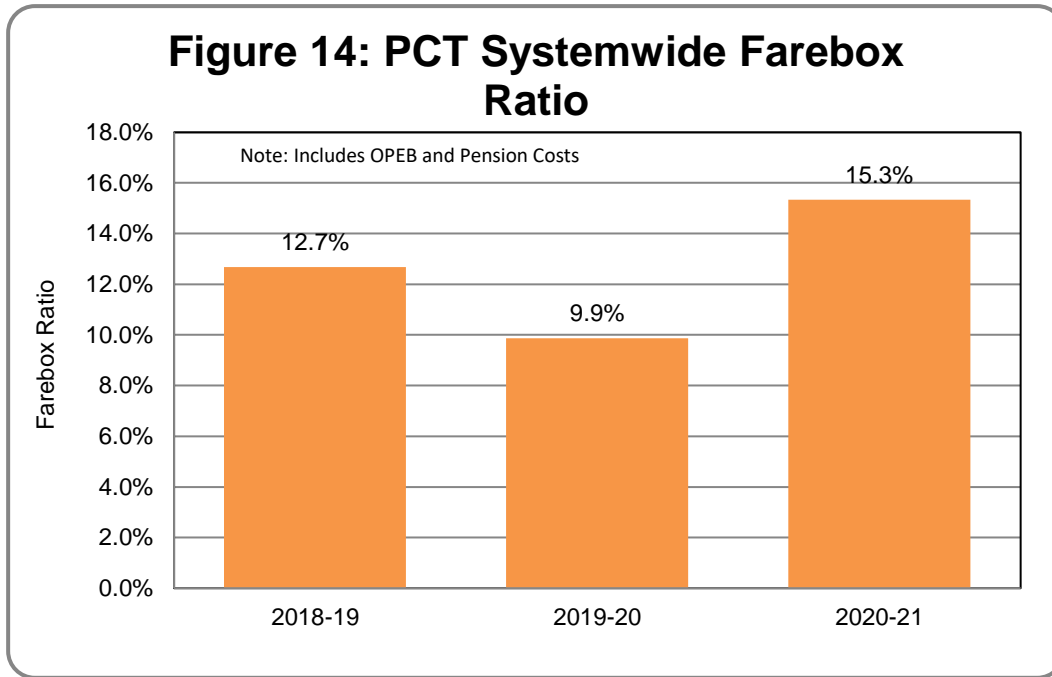
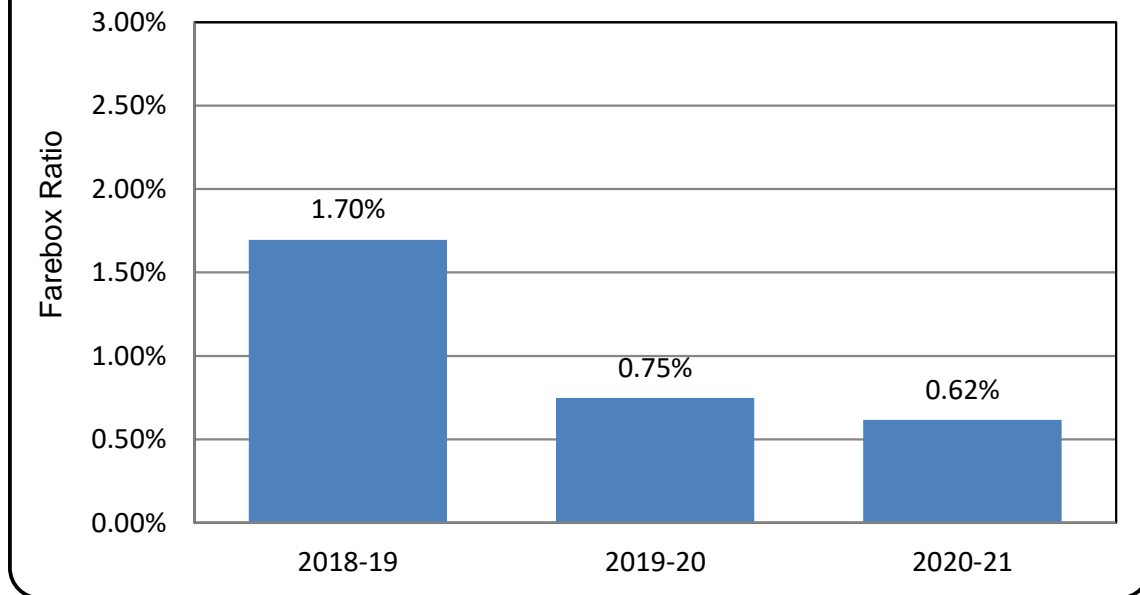


Figure 16: PCT Demand Response Farebox Ratio



As shown in Table 1, systemwide farebox recovery ratio decreased from 12.68 percent in FY 2018 – 19 to 9.9 percent in FY 2019 – 20, then rose to above the farebox ratio requirement of 15.34 percent in FY 2020 – 21. This is due to a greater level of local support revenue. Per the Fiscal and Compliance auditor, prior to FY 2020 – 21 operating expenses resulting from transit service contracts with the cities of Lincoln, Rocklin and Loomis were included in farebox ratio calculation, but the contract revenues were not. In FY 2020 – 21 this was changed and contract revenue from Lincoln, Rocklin and Loomis was included in farebox ratio calculation as local support. This is consistent with the definition of local support per SB 508.

Table 1 shows that PCT’s commuter services had the highest farebox ratio when viewed by type of service in FY 2018 – 19 (56.7 percent). However, farebox ratio decreased dramatically to 13 percent in FY 2020 – 21 when stay and home orders were in place. Commuter services have a higher fare and, prior to COVID, had fairly consistent riders. DAR services have the lowest farebox ratio (1.70 to 0.65 percent). By nature of the service, demand response services cannot carry as many passengers. Local fixed route farebox ratio dropped to only 1.60 percent in FY 2020 – 21 from 3.87 percent in FY 2018 – 19. Local fixed routes serve the transit dependent population over a longer span of service and charge a lower fare. The vanpool farebox ratio actually increased during the audit period from 19.21 to 14.6 percent, because operating costs decreased so significantly due to a reduction of vans in use.

As pension liabilities are not a direct reflection of the performance of a public transit service, expenses associated with pension and OPEB liabilities (GASB 68 and 75) are excluded from performance indicators in Table 4. Although performance is shown to still decline in Table 4, it is not as severe as when pension expenses are included in the equations. When pension and OPEB liabilities are excluded, PCT meets the required farebox ratio in FY 2018 – 19 and FY 2020 – 21. In fact, now with the additional local support, the farebox ratio calculation in Table 4 shows that PCT has a farebox ratio of 17.3 percent in FY 2020 – 21.

One final important discussion point for farebox ratio is that the state suspended farebox ratio requirements for Fiscal Years 2019 – 20 through FY 2022 – 23 as a way of providing relief for public transit agencies dealing with reduced ridership demand during the COVID-19 pandemic. Therefore, even though PCT did not meet the required 12.94 percent farebox ratio requirement in FY 2019 – 20, no penalty will be assessed for non-compliance during that year.

ASSESSMENT OF INTERNAL CONTROLS

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

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

PCT appears to have a reasonably well-developed system of internal controls appropriate to the size of the transit system. However, the Fiscal Auditor made a finding in the FY 2019 – 20 and FY 2020 – 21 audits that greater internal controls should be in place over the financial reporting process to prevent, or detect and correct, misstatements in the financial statements. The Fiscal Auditor recommended that the County implement additional review procedures.

REVIEW OF COMPLIANCE REQUIREMENTS

As an entity receiving TDA funds for transit purposes, PCT is required to comply with laws and statutes set forth in the Act. Below is a discussion of PCT's compliance with sections of the Public Utilities Code which relate to transit performance, as recommended in the *Performance Audit Guidebook*. Table 5 displays the results of the compliance analysis:

1. In accordance with Public Utilities Code Section 99243, PCT has submitted annual reports to the State Controller based on the Uniform System of Accounts and Records established by the State Controller. Placer County filed these reports on time for each year of the audit period.
2. Per the requirements set forth in PUC Section 99245, PCT submitted annual Fiscal and Compliance audits to the PCTPA and to the State Controller within the required time period. 90-day extensions were granted for all operators by PCTPA.
3. In accordance with PUC Section 99251, PCT 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, PCT's claims for TDA funds were submitted in compliance with rules and regulations adopted by the PCTPA for such claims.

TABLE 5: Transit Operator Compliance Requirements - Placer County Transit

Requirement	PUC Reference	In Compliance?		
		Yes	No	
(1) The transit operator submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller within the specified time period.	99243	X		FY 2018-19 on 1/31/20 FY 2019-20 on 1/28/21 FY 2020-21 on 1/27/22
(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	X		FY 2018-19 on 03/30/20 FY 2019-20 on 03/19/21 FY 2020-21 on 03/29/21
(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 RTPE 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		X	12.14% in FY 2018-19
(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		NA	
(10) The current cost of operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA, which will fully fund the retirement system for 40 years.	99271	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		

5. Per PUC Section 99270.1, PCTPA adopted TDA fare revenue ratios for public transit operators serving both urbanized and non-urbanized areas. Placer County Transit serves both the Sacramento urbanized area and the non-urbanized area of western Placer County. The blended farebox ratio requirement for PCT systemwide services is 12.94 percent. As shown in Table 1, PCT did not meet the farebox ratio requirement in FY 2017 – 18 through FY 2019 – 20. TDA allows for a “Grace Year” when farebox ratio is not initially met. This is FY 2017 – 18 for PCT. After farebox ratio was not met again in FY 2018 – 19 a penalty should be assessed two years later in FY 2020 – 21. According to the Fiscal and Compliance Audits, this penalty was \$20,362 which represents the difference between actual fares and the fares necessary to meet the 12.94 percent farebox ratio in FY 2018 – 19. PCTPA assessed this penalty in FY 2020 – 21. When pension and OPEB expenses (GASB 68 and 75) are excluded, PCT exceeds the farebox ratio requirement at 13.4 percent in FY 2018 – 19 (Table 4).

Understanding that transit operators have been severely affected by the COVID-19 pandemic, the state legislature suspended farebox ratio requirements for FY 2019 – 20 through FY 2022 – 23. Therefore, PCT will not be assessed a penalty for non-compliance with farebox ratio in FY 2019 – 20. In FY 2020 – 21, farebox ratio returned to a level above the 12.94 percent.

6. PUC Section 99266 requires that PCT’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). See Table 1 for actual systemwide operating costs between FYs 2015 – 16 and 2020 – 21. During this audit period, operating costs did not increase more than six percent in one year. Therefore, PCT complies with this regulation.
7. PCT’s definitions of performance measures must be consistent with PUC Section 99247. A review of Placer County’s definitions shows that they are consistent with the requirements of the above code section.
8. PUC 99268 (urbanized farebox ratio) is not applicable—As the PCT service area includes both urbanized and rural areas, PCT services are subject to fare revenue ratio requirements as defined in PUC 99270.1
9. PUC 99268 (rural farebox ratio) is not applicable—As the PCT service area includes both urbanized and rural areas, PCT services are subject to fare revenue ratio requirements as defined in PUC 99270.1.
10. In reference to PUC Section 99271, PCT offers a retirement plan to its transportation employees through the California Public Employees Retirement System (PERS). As of June 2018, reports show that the CalPERS 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, as referenced above, GASB 68 and 75 now requires that employers show the pension and OPEB liabilities on their balance sheets instead of in the footnotes. This is a way of forcing employers (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), PCT makes full use of funds available to it under the Urban Mass Transportation Act of 1964 (in particular, FTA Section 5311 and 5307 funds administered by Caltrans) before TDA claims are granted.

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The previous audit was completed by LSC Transportation Consultants Inc in June 2019. The recommendations from that effort are enumerated below.

Recommendation 1: *Report transit performance data to the Placer County Board of Supervisors quarterly.*

The Placer County Board of Supervisors is the oversight board for PCT; however, operating statistics and performance are not regularly reported to the board, only PCTPA. As TDA funds are spent on both public transit as well as streets and roads in Placer County, board members should have a good understanding of where all TDA funds are being spent. In an effort to provide better background information and a better understanding of public transit for the Board, operating statistics reported to PCTPA should also be reported to the Board of Supervisors at least annually and preferably quarterly.

Implementation In Progress: PCT staff is in the process of implementing this recommendation. Currently, operating and performance statistics are shared with the County CEO's office periodically but not reported to the Placer County Board of Supervisors. PCT staff plan to implement this recommendation this year.

Recommendation 2: *Maintain a log of complaints and compliments to report to PCTPA and keep for later reference.*

PCT responds to complaints and compliments by email, but no formal log is maintained. Responding to complaints is key for passenger retention and marketing. While this is something that PCT staff do, PCT operations staff should also track complaints and compliments made each month for later reference. The log could consist of a simple spreadsheet which lists the date, name, and comment, along with the steps taken to resolve the complaint. The log would be a good resource for long-term evaluation of service quality issues and assessment of potential unmet transit needs or improvements as part of a transit plan update.

Implementation Complete: PCT staff now maintain a log of complaints and compliments.

DETAILED REVIEW OF TRANSIT OPERATOR FUNCTIONS

This section presents a review of the various functions of PCT. 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

Organizational Structure

PCT transit services are managed by Placer County DPW with oversight from the County CEO's Office and Placer County Board of Supervisors. Day to day general management of both TART and PCT, such as budgeting, personnel, system planning and interagency/board coordination, is provided by the Public Works Manager – Transit. The Senior Transportation Systems Supervisor provides oversight of operational matters for both systems and reports to the Public Works Manager – Transit. The Staff Services Analyst and Assistant Planner also report to the Public Works Manager – Transit and assist with, data reporting, GIS projects and contract billing. For PCT, there is one Transportation Supervisor, two Senior Bus Drivers, two Administrative Dispatchers and 20 Bus Drivers. PCT also contracts with MV Transportation for the provision of DAR and commuter services. Given the size of the PCT program, its internal organization structure is appropriate. The managerial authority is well defined within PCT. Lines of reporting are clearly defined and appropriate.

Administrative Oversight

The Transit Manager regularly receives reviews and acts on performance and financial information compiled internally on a monthly basis. PCT holds six safety meetings a year with drivers and some administrative staff. Administrative staff, who are located in a separate building from operations staff, are always in contact with each other, as well as with operations staff. The Senior Transportation Systems Supervisor receives daily updates from other PCT staff. The Public Works Manager – Transit reports operational data to PCTPA quarterly and provides the cities of Loomis, Rocklin, and Colfax with regular operations reports. Operating data is generally not reported to the Placer County Board of Supervisors; however, data is shared with the County Executive Office.

With respect to TDA funds, Placer County has developed Internal Control Guidelines to assist the Placer County Public Works Department with making informed judgements about the effectiveness and proper use of public funds.

Recent Program Changes and Innovations

PCT adjusted transit service to meet lower ridership demand during the COVID-19 pandemic. The Placer Commuter Express was designed to transport state workers to the Capital area in Downtown Sacramento. With stay-at-home orders in place, commuter service was reduced to two buses from four. Fixed route and DAR service were reduced to levels similar to Saturday service during the pandemic but have since returned to prior levels. In the past, PCT has provided service to the Auburn Airport as part of a contract with the City of Auburn. The social service agencies who were located in that area and were the primary reason for running service to the Airport have since moved. Therefore, the City of Auburn discontinued the contract with PCT to provide the service. During the audit period, PCT also made changes to the Lincoln School Tripper service to adjust to new bell times.

Communications with Other Government Agencies

PCT has an active and positive relationship with the applicable RTPA, PCTPA, as reflected in participation in the Transit Operator’s Working Group (TOWG). The Public Works Deputy Director and Public Works Manager – Transit serve as an intergovernmental liaison with the Board of Supervisors and other regional entities including the cities who contract with PCT for service.

Service Planning

Strategic Planning

The effectiveness of a transit system is highly dependent on the continued development of short- and long-range transit plans. These plans also help the agency meet established goals and objectives that have been implemented. In terms of strategic planning, PCT has set clear goals and objectives in the Short-Range Transit Plan and the Regional Transportation Plan. However, performance standards listed in the SRTP which were originally developed prior to COVID may need to be adjusted to better reflect post pandemic conditions. This is particularly applicable to Placer Commuter Express. PCT monthly reports include a review of non-financial performance indicators.

Short Range Planning

The PCTPA commissioned the PCT Short Range Transit Plan (SRTP), which was completed by LSC Transportation Consultants in 2018. This document provides financially constrained and unconstrained alternative scenarios for improving mobility in western Placer County and was adopted by the Board of Supervisors on December 18, 2018. Plan elements include:

- Revise the Highway 49 Route into Two Hourly Routes
- Reduce Evening Hours of Highway 49 Service
- Modify the Lincoln Circulator Route
- Contract with Roseville to Serve the Public Defender’s Office or Provide a Transportation Network Company (TNC) Discount
- Shift the Last Auburn-Light Rail Run One Hour Later
- Provide a Demonstration Mid-Day Colfax/Alta Service One Day a Week
- Eliminate the Last Weekday Taylor Road Shuttle Run
- Provide Demonstration Lifeline Services to Foresthill and Sheridan One Day a Week
- Convert the Granite Bay Dial-A-Ride to a TNC Subsidy Program with City of Roseville Paratransit Service
- Expand the Highway 49 Dial-A-Ride Area to Serve Bowman

- Expand DAR to Serve Industrial Boulevard Corridor and Combine Rocklin/Loomis DAR with Lincoln DAR
- Eliminate Placer Commuter Express Service East of Auburn

As stay and home orders went into effect shortly after the adoption of the SRTP, plan elements have not been implemented. PCT is considering integrating microtransit into transit services to meet the changing demand and preferences of transit riders.

PCT routes are reviewed periodically by staff to determine if they could be serving new developments. PCT staff is also provided the opportunity to comment on proposed major developments.

Evaluation of Existing Fixed Routes

The operator regularly reviews ridership data in order to evaluate existing fixed-route services. The SRTP effort included boarding and alighting, on-time performance, on-board passenger surveys of PCT routes as well as a community survey targeting non-riders. In the past, passenger surveys were periodically conducted by PCT staff on the commuter routes. PCT will generally give a new route/service a three-year trial period before being evaluated for continuation or elimination.

Planning For and Serving Special Transportation Needs

PCT's services meet the federal and state requirements, such as ADA policies, to serve persons with disabilities. The operator's current fleet of 29 vehicles is wheelchair accessible and able to meet the needs of persons with disabilities. Special fares are offered for the elderly, disabled and youth riders. To further accommodate special needs passengers, demand response service is offered to supplement the fixed-route services.

Public Participation

All Placer County Board of Supervisor meetings are open to the public and are conducted in an accessible facility per the requirements of the ADA. At a minimum PCT adheres to federal rules for determining when a public meeting is required. Generally, if the service change will result in at least a 25 percent change in hours, in miles, or a fare change is proposed, public outreach will be conducted.

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.

Assignment of Drivers to Routes

PCT drivers are appropriately certified for the types of vehicles operated for PCT. Driver bids are done annually, and route assignments are based on seniority. The rules for driver assignment are well-defined and the policy has been in effect since May 2006.

Assignment of Passengers to Demand Responsive Routes

All requests for DAR reservations are initially routed through the South Placer Transportation Call Center; however, recently PCT operations staff have been given oversight of DAR reservations, so as to capture more bookings by prioritizing trips differently. Same-day requests for PCT DAR services are transferred directly to the contractor, MV Transportation. The DAR contractor utilizes Trapeze software to schedule trips. The program allows passenger trip requests to be sorted geographically; thereby minimizing deadhead travel. PCT reports that reservations taken through the Call Center go smoothly.

PCT follows a discipline policy for no-show passengers. The DAR contractor includes a list of cancellations and no-shows in their monthly report.

Part-Time and Cover Drivers

PCT currently employs both 13 full-time and 7 part-time drivers as well as extra help employees to help cover shifts, such as when other drivers are sick or on vacation. However, PCT could use additional extra help drivers to cover shifts. The challenge with extra help staff is that they are limited to 1,000 hours before county policy requires them to be provided benefits, so PCT management must track this closely.

Assignment of Vehicles to Routes

The operator maintains good working relationships between dispatch and maintenance staff in the Fleet Services Division through constant communication that ensures all routes have been assigned vehicles that are in good repair. PCT has rarely had a vehicle availability issue due to maintenance issues. Vehicles are assigned to specific routes according to anticipated passenger loads.

Personnel Management and Training

Recruiting

During this audit period, PCT was fully staffed for full-time and part-time drivers, although there is a need for additional extra help drivers. Senior drivers fill the gaps in shifts. During the audit period, there was higher driver turnover than normal. Most transit agencies report this to be the case. One reason for this trend is that other service industry jobs, which required little to no training, often pay more than bus driver wages. On the administrative side there was also turnover. The Public Works -Transit Manager was promoted to Deputy Public Works Director and a new Public Works Transit Manager was hired. PCT uses the county Human Resources Department to assist with recruiting which uses employment websites such as Indeed and Career Builder. Job postings are also placed on the buses. If needed, PCT will train drivers with no experience.

Motivation

While no monetary incentive programs are in place, salaries are based on designated step increases. Job performance evaluations are performed annually for all employees; drivers also are evaluated through ride checks and ride-alongs.

Training and Safety

Senior Bus Drivers provide initial and on-going training for drivers. Safety meetings are also held every other month and are used to discuss a wide variety of general and specialized topics. The Senior Transportation Systems Supervisor and two Senior Bus Drivers are responsible for reviewing the safety of operating practices.

Administration

Personnel policies regarding vacation, sick leave, benefits, and discipline are well defined in the PCT/TART Employee Procedures Guide and the Memorandum of Understanding with the Local 39 Union.

Budgeting and Management Information Systems

PCT has a well-developed budget and reporting system that is appropriate to the size and scope of the transit program. If substantial excesses over the approved budget were to occur, they would require approval by the Board of Supervisors. Quarterly ridership reports are generated for review by PCTPA, as well as spreadsheets that summarize contracts, operating, and financial data. The Public Works Manager – Transit closely monitors financial information and costs.

Financial and Grants Management

The Staff Services Analyst is primarily in charge of preparing and managing Federal Transit Administration (FTA) grants. The Assistant Planner prepares the Low Carbon Transit Operations Program (LCTOP) grants. During the audit period, the operator had not lost any grants or neglected grant opportunities. The County has applied for and received grant funding, including, LCTOP, Congestion Mitigation Air Quality (CMAQ), Coronavirus Aid and Economic Security Act (CARES), FTA 5307 and FTA 5311.

Risk Management and Insurance

Placer County is self-insured for public liability and property damage up to \$250,000 per occurrence, as well as carries additional insurance in the amount of \$25,000,000 per occurrence through California Transit Systems Joint Powers Insurance Authority (CalTIP) insurance pool. As part of the emergency response team for Placer County, PCT buses are available for use in an emergency. This practice was put into place during the recent Colfax fire.

Contract Management

MV Transportation is the contractor for both DAR and commuter services. This represents a change from the prior audit period, where Storer Transportation operated the commuter services. PCT staff continually review the cost effectiveness of contracting for service versus providing the service in-house. The transit contractors prepare detailed monthly operating statistics summaries which are reviewed by PCT staff. All contracts were competitively bid.

Revenue Collection and Cash Management

On-vehicle fare collection mechanisms are appropriately secure on PCT buses. All buses use electronic fareboxes. Cash boxes can only be removed when locked. After each shift, the farebox is “probed” which opens the door to the farebox and allows for removal of the cash box. PCT staff is able to track the length of time the door is open. Cash boxes are brought into the cash room and fare revenue is counted the following day by two staff people. After actual revenue is compared to projected revenue, the cash is brought to the Treasurer at the Placer County main offices for deposit. The Connect Card system, implemented in 2017, does not involve on-board cash payment.

Procurement

PCT’s policies and practices ensure competitive procurement and follow the County Procurement Policy. PCT competitively procures vehicles and other capital items. Roughly 80 percent of fuel for transit vehicles is Compressed Natural Gas (CNG) and obtained from the county-owned fill station through PG&E. Diesel fuel, which is primarily used by the commuter buses, is competitively procured. Purchases over \$50,000 require Board of Supervisors approval.

Marketing and Public Information

Public Information

Schedules and service information are available to current and potential riders through the PCT’s website, social service agencies, schools and in other public forums, such as at Sierra College, PCTPA, City Hall and libraries. A log of complaints and compliments is maintained.

Marketing

The Placer County website includes an informative section on PCT routes, schedules, and fare information. The Route Map available on the website is a good one-page reference for all PCT services as well as includes detail for bus stops near Sierra College and the Galleria. Individual maps for each route are also easily found on the PCT website. These maps and schedules are clear and easy to read with directional arrows on the routes where applicable. The website also provides google maps links to each bus stop. During the audit period, real-time bus arrival information was available through the NextBus application. NextBus recently upgraded technologies, which would require a significant capital outlay by PCT to continue using the service. Therefore, PCT is currently reviewing other options. PCTPA also posts transit information on their website.

As a South Placer Transit service, PCT is part of the Transit Ambassador Program administered by Roseville Transit. The program seeks to encourage fixed route ridership by utilizing trained volunteers to assist potential transit passengers with trip planning and riding buses. The Transit Ambassador distributes PCT route and schedule information.

Maintenance

Maintenance services are provided by the Placer County DPW Fleet Services Division. A preventive maintenance schedule is in place that meets the requirements of the bus manufacturers and FTA

guidelines. Daily vehicle inspections are conducted by drivers using Zonar technology, which allows for fast and accurate reporting of vehicle defects to maintenance staff, as well as the ability of transportation supervisors to ensure that inspections have been performed. Placer County now contracts with NAPA Auto parts for procurement of spare parts. With recent supply chain issues, some important parts are on back order; however, this has not affected vehicle availability for transit operations.

Sufficiency of Facility

The PCT maintenance facility is capable of completing most normal service items to the vehicles, including regular transmission service, brake work and engine cleaning, to name a few. The facility, located in Auburn, has two bus bays dedicated to transit maintenance, which are able to store up to four buses if needed. The facility includes a small break room and office space for operational personnel. All maintenance for the PCT fleet vehicles is performed at this location, which is in operation Monday through Saturday, but not in the evenings.

The facility is old but sufficient for PCT purposes at this time. In 2016 several upgrades were installed to make the facility compliant with CNG leak detection, ventilation, and electrical requirements. This work was funded with a Federal Transit Administration grant. The Transportation Supervisor, drivers and dispatchers operate out of this facility. The Transit Manager, Senior Transportation Systems Supervisor and Assistant Planner's offices are located in the main county office complex off of Bell Road in Auburn, a few minutes' drive from the yard.

Vehicle Condition

PCT has a fleet of 29 active buses that are currently in service. PCT has a good vehicle replacement schedule in place. On average, PCT fleet vehicles have a mileage of 239,000 miles and an average age of 7.5 years. During the audit period, PCT did not replace any vehicles, but two commuter vehicles are currently on order. Additional vehicles will be replaced over the next few years.

FINDINGS AND RECOMMENDATIONS

The Auditor's analysis of PCT services indicates that, in terms of operations, the system was efficiently run and professionally managed during the audit period.

FINDINGS

- The COVID-19 pandemic has had a lasting and significant impact on public transit service nationwide. Although PCT systemwide ridership has declined by 61 percent between FY 2018 – 19 and FY 2020 – 21, this level of decrease is on par with other peer transit agencies.
- PCT adjusted transit service appropriately to meet changed levels of transit demand during the COVID-19 pandemic and is considering alternative forms of public transit, such as microtransit, as a way to increase efficiency and attract new riders.
- Systemwide operating costs did not increase more than 15 percent in one year as required by TDA. Increases in maintenance costs, MV contract costs and administration and overhead contributed to an overall 8 percent increase in operating costs during the audit period from \$7.4 million to \$8.1 million. OPEB and pension expenses increased by 57 percent during the audit period.
- Productivity, as measured by one-way passenger-trips per vehicle service hour, remained steady at just under 7 trips per hour from FY 2016 – 17 to FY 2018 – 19 but dropped to as low as 3.27 during the pandemic.
- In FY 2020 – 21, Placer County classified contract revenue from the cities of Lincoln, Rocklin, and Loomis as local support as per SB 508. This increased local support substantially boosted farebox ratio above the 12.94 percent minimum requirement during that year.
- PCT transit services met the adopted PCTPA farebox ratio of 12.94 percent the last year of the audit period (FY 2020 – 21) but not in the prior two years. If OPEB and pension costs are excluded, PCT also met the farebox ratio requirement in FY 2018 – 19. Farebox ratio requirements have been suspended by the state for Fiscal Years 2019 – 20 and FY 2020 – 21. It is also possible that contract revenue for transit services provided to the cities of Lincoln, Rocklin and Loomis was not included as local support in FY 2018 – 19. If this had been done, it is possible that farebox ratio could have been met that year. As per TDA, PCTPA assessed a penalty in FY 2020 – 21 for not meeting the farebox ratio in FY 2018 – 19.
- PCT implemented one of the prior audit recommendations and the other one is in progress.
- PCT has a good data collection process in place.
- During the audit period, PCT met most of the TDA requirements with the exception of meeting farebox ratio in FY 2018 – 19.

RECOMMENDATIONS

Overall, the Auditors find the PCT system to be a good example of a well-run rural and small urbanized transit program, which is making efficient use of public resources. The auditor has the following recommendations.

Recommendation 1: Report transit performance data to the Placer County Board of Supervisors annually.

The Placer County Board of Supervisors is the oversight board for PCT; however, operating statistics and performance are not regularly reported to the board, only PCTPA. As TDA funds are spent on both public transit as well as streets and roads in Placer County, board members should have a good understanding of where all TDA funds are being spent. In an effort to provide better background information and a better understanding of public transit for the Board, operating statistics reported to PCTPA should also be reported to the Board of Supervisors at least annually, but preferably on a quarterly basis. This recommendation has been carried over from the previous performance audit.

Recommendation 2: Reevaluate existing service plans and adjust PCT performance standards to be more representative of current transit needs.

Prior to the pandemic, the commuter service was a highly productive service with a high farebox ratio. Even as the pandemic fades, most state workers will likely only be required to travel to the office a few days a week. Society has become accustomed to working from home and it is not likely that all commuters will need transit service five days a week, thereby substantially reducing the ridership demand for commuter services. The local fixed routes may be affected by this new trend as well, although not to the same degree. DAR services were impacted during the pandemic mostly because group social service activities were suspended. This is more likely to return in the near term. On a nationwide level, public transit ridership was already on a downward trend prior to the pandemic due to the low cost of owning a vehicle and the availability of Transportation Network Companies. The pandemic exacerbated this trend. Going forward, however, high gasoline prices may attract more passengers back to transit. In summary, demand for public transit ridership has changed, and transit agencies should adjust their expectations accordingly. After a period of adjustment to post pandemic life, Placer County should reevaluate existing service plans, including consideration of changes in the type of service (fixed route versus microtransit), service frequency and the span of service. In addition, appropriate performance standards for Placer County services should be reviewed. This process should also consider any permanent changes in TDA requirements, such as minimum farebox return ratios.