

# Western Placer Consolidated Transportation Services Agency Triennial Performance Audit

FY 2018/19 through FY 2020/21

**FINAL**



*Prepared for the*

**PLACER COUNTY  
TRANSPORTATION PLANNING AGENCY**



Prepared by LSC Transportation Consultants



Western Placer Consolidated  
Transportation Services Agency  
*Triennial Performance Audit*

FY 2018/19 through FY 2020/21

**FINAL**

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*July 26, 2022*

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# TABLE OF CONTENTS

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<i>CHAPTER</i>	<i>PAGE</i>
<b>Chapter 1: Executive Summary</b> .....	<b>1</b>
Introduction .....	1
Background .....	1
Verification and Use of Performance Indicators.....	2
Review of Compliance Requirements.....	2
Status of Prior Audit Recommendations .....	2
Detailed Review of Transit Operator Functions.....	3
Findings .....	3
Recommendations .....	4
<b>Chapter 2: Triennial Performance Audit Results</b> .....	<b>7</b>
Background .....	7
Performance Audit and Report Organization .....	7
Transit Program Description.....	7
Health Express Operating and Financial Statistics .....	11
Assessment of Internal Controls.....	17
Review of Compliance Requirements.....	17
Status of Prior Audit Recommendations .....	19
Detailed Review of Transit Operator Functions.....	20
<b>Chapter 3: Findings and Recommendations</b> .....	<b>25</b>
Findings .....	25
Recommendations .....	26

## LIST OF TABLES

---

<i>TABLES</i>	<i>PAGE</i>
Table 1: WPCTSA Performance Measures (Health Express) .....	12
Table 2: Transit Operator Compliance Requirements WPCTSA.....	18

## LIST OF FIGURES

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<i>FIGURES</i>	<i>PAGE</i>
Figure 1: Health Express Operating Cost per Passenger-Trip .....	14
Figure 2: Health Express Operating Cost per Vehicle Revenue Hour .....	14
Figure 3: Health Express Passenger-Trips per Vehicle Revenue Hour .....	15
Figure 4: Health Express Passenger-Trips per Vehicle Revenue Mile .....	15
Figure 5: Health Express Vehicle Revenue Hours per Employee .....	16
Figure 6: Health Express Farebox Ratio .....	16

## **INTRODUCTION**

The California Public Utilities Code requires that all transit operators that receive funding under 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 funded through Article 4.5 of the TDA in western Placer County, for the Western Placer Consolidated Transportation Services Agency (WPCTSA). 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. The audit process follows guidelines outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* developed by Caltrans (2008).

## **BACKGROUND**

Per Public Utilities Code (P.U.C.) 99233.7 of the TDA, up to five percent of TDA funds may be made available for Consolidated Transportation Services Agencies (CTSAs) as defined by Government Section Code 15975 and community transit services as defined in Article 4.5, after allocations for administration, planning/programming, and bicycle/pedestrian facilities have been made. In western Placer County, WPCTSA is the designated CTSA and receives 4.5 percent of TDA funds as allocated through Article 4.5. WPCTSA offers a variety of transit programs primarily designed to link inter-community destinations and provide transportation of last resort for passengers unable to find another ride to medical appointments or other transit needs. During the audit period, WPCTSA primary transit programs included: Health Express non-emergency medical transportation, a Volunteer Driver program, and a Transportation Voucher program. WPCTSA programs are administered by PCTPA staff and the PCTPA Board Members serve as WPCTSA board members. WPCTSA partners with Seniors First, a private non-profit organization, to manage the Volunteer Driver Program and process applications for the Health Express program. Health Express was operated by a private contractor: MV Transportation. WPCTSA also partners with the City of Roseville to manage the Transit Ambassador Program, the Mobility Training Program, and the South Placer Transportation Call Center.

Those claimants receiving funding under Article 4.5 of TDA are not required by law to have a triennial performance audit conducted; however, it is recommended as a way to enable a comprehensive and objective review of those public transit services. This audit and previous performance audits for WPCTSA have focused mainly on the only “transit operator” for WPCTSA, the Health Express.

As can be seen in Table 1 of this audit report, operating costs for the Health Express service increased rather significantly during this audit period. For this reason, the WPCTSA board terminated the service as of July 1, 2021. Unless Health Express or another transit operation is reinstated over the next three years, a triennial performance audit will not be required in 2024.

## **VERIFICATION AND USE OF PERFORMANCE INDICATORS**

Table 1 and Figures 1 – 6 in Chapter 2 present operating data and performance indicators for WPCTSA Health Express service, as this is the single defined public transit operator under the WPCTSA umbrella. During the audit period, one-way passenger trips decreased from 5,000 trips to 2,700 trips per year. This decrease can be attributed to the COVID-19 pandemic as Health Express passengers tend to be “high risk.” Additionally, many non-essential medical services and programs were deferred during this time. Cost effectiveness (operating cost per passenger trip) for the Health Express service declined during the audit period, as this performance indicator increased from \$96.37 to \$283.31 over the three-year period. Productivity (passenger-trips per hour) decreased for Health Express from 1.2 trips per hour to 0.8 trips per hour. WPCTSA transit services met the PCTPA farebox requirement of 10 percent for the first year of the audit period, but the ratio dipped to 8.8 percent and 7.7 percent in FY 2019-20 and FY 2020-21.

During the audit period, WPCTSA did not collect and report full-time equivalent employees to the State Controller in accordance with definitions in Appendix B of the *Performance Audit Guidebook*. As for the overall data collection and recording process, Seniors First and MV Transportation prepare straightforward operating data reports in Microsoft Excel format on a monthly basis.

## **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 WPCTSA’s compliance with these requirements. WPCTSA was found to comply on all issues, except for the definition of full-time equivalent employees.

## **STATUS OF PRIOR AUDIT RECOMMENDATIONS**

The previous audit was completed by LSC Transportation Consultants Inc. All recommendations were related to the operation of Health Express which has since been discontinued. Therefore, the recommendations are no longer applicable.



## 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. WPCTSA has developed an effect partnership with Seniors First, MV Transportation and Roseville Transit for the operation of the various WPCTSA programs. WPCTSA conducts effective service planning and periodically reviews new and innovative transportation options for meeting the goals of the WPCTSA program. WPCTSA successfully provides a needed transit program within a defined budget. Health Express transit contractors had in place a good set of safety, operations, and training procedures. Sufficient marketing and public outreach efforts are conducted by WPCTSA and its partners, but marketing efforts should be increased with the new Placer Rides program. There appears to have been no significant issues during the audit period with respect to vehicle maintenance.

WPCTSA programs are designed to meet transportation needs that cannot be served by other forms of public transit. The Health Express service was the only transit operator under the WPCTSA umbrella during the audit period. The auditor found that Health Express operated within the TDA regulations during the time period and provided an important service for Placer County residents. Unfortunately, Health Express had a large increase in costs, as well as decrease in ridership (due to COVID). Two factors contributed to the drop in ridership during the pandemic: 1) Health Express passengers are typically the most likely to be susceptible to viruses and 2) Group social service programs and many non-emergency medical procedures were suspended; thereby eliminating the need for transportation. Operating costs increased by 60 percent during the audit period and operating cost per trip increased by 190 percent. As such, the WPCTSA board decided to terminate the program and implement a transportation reimbursement program with a last resort rides component, branded as Placer Rides. The auditor agrees that this change of service type is a better use of TDA funds at this time while still meeting WPCTSA goals and objectives. However, the Placer Rides program should be evaluated as part of the next SRTP update.

The following presents the auditor's findings and recommendations.

## FINDINGS

- WPCTSA (Health Express) did not meet the 10 percent farebox ratio set by PCTPA, for the last two years of the audit period.

- WPCTSA staff continues to have a good working relationship with all of its partners including Seniors First and the City of Roseville.
- All State Controller Reports and Fiscal and Compliance audits for WPCTSA services were submit in a timely manner.
- It could not be confirmed that WPCTSA records Full-time Employee Equivalents in accordance with the definition in Appendix B of the *Performance Audit Guidebook*; however, this is no longer relevant.
- Health Express was a specialized demand response service which often travelled long distances. This makes the service inherently unproductive. With COVID-19, ridership decreased by 45 percent during the audit period. This reduced productivity (passenger-trips per hour) below 1.0.
- Operating costs experienced a 40 percent spike in FY 2019 – 20 due to rising administrative and contract cost. This helped push operating costs per trip to \$283, which is 287 percent higher than the operating cost per trip for PCT Dial-A-Ride services.
- Although operating costs are very high, Health Express provided an important transportation service to Placer County residents and the program did not go over the allotted budget.
- The Call Center, Transit Ambassador, and Mobility Management Programs also saw a decline in use during the pandemic. These programs still provide a service to the community and a good use of Article 4.5 TDA funds.

## RECOMMENDATIONS

**Recommendation 1:** *Review the productivity of the new Placer Rides Program as part of the regional short-range transit plan updates and consider potential alternative transportation programs and/or services that would complement existing public transit services while providing transportation opportunities for those that have limited to no access other public and/or private transportation options.*

Much of the decline in ridership on Health Express was related to the COVID-19 pandemic. Many non-essential medical procedures and programs were postponed by both medical providers and patients concerned about the virus. As communities age in place, the need for specialized transportation services will continue to grow, particularly for medical appointments. Although a transportation reimbursement program is a very cost-effective method of providing mobility for the transit dependent, the reimbursement/ invoicing process may discourage some users, who may then postpone needed trips. In the past, Health Express was offered five days a week. Other Non-Emergency Transportation services nearby such as Sac-Med in El Dorado County only operate two days per week. Operating demand-response service for medical appointments out of regular service areas only two days per week would

reduce costs significantly while maintaining a similar level of ridership. The TDA Article 4.5 allocation is intended for the purpose of funding community transit services for those who are unable to use conventional transit services. WPCTSA receives around \$1 million in Article 4.5 funding (for all programs) and has budgeted around \$425,000 for the Placer Rides program in FY 2022 – 21.

The upcoming Short-Range Transit Plan update for WPCTSA should evaluate the continued effectiveness of the Placer Rides program and explore other options of providing community transit services, as long as the program stays within the allocated budget.

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## TRIENNIAL PERFORMANCE AUDIT RESULTS

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### BACKGROUND

The TDA, also known as the “Mills-Alquist Deddeh Act,” provides two major sources of funding for public transportation providers in California: the Local Transportation Fund (LTF) and the State Transit Assistance (STA) fund. 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 diesel fuel and are allocated to each county based on the following formula: 50 percent according to population, and 50 percent according to operator revenues from the prior fiscal year. STA funds can only be used to pay for capital projects, and operations.

The California PUC requires that a Triennial Performance Audit (TPA) be conducted for all transit operators and RTPAs. The objectives of the audit are to provide a means for evaluating an organization’s performance and to enhance performance by making recommendations for improvements. In addition, the audit evaluates the adequacy of an organization’s systems and their degree of compliance with established policies and procedures. As WPCTSA no longer has a “transit operator” as defined by TDA, this audit was performed to satisfy the requirements of PUC 99246 (Performance Audit of Operators), but it is anticipated that a performance audit will no longer be required, unless transit operations are reinstated.

### PERFORMANCE AUDIT AND REPORT ORGANIZATION

The performance audit consists of the following elements:

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

### TRANSIT PROGRAM DESCRIPTION

The Western Placer Consolidated Transportation Services Agency (WPCTSA) was developed through a Joint Powers Agreement (JPA) between Placer County, City of Roseville, City of Lincoln, City of Auburn, City of Colfax, and City of Rocklin specifically to provide transportation solutions for low income, elderly,

and disabled residents of western Placer County. From 2009 to 2022, WPCTSA provided alternative transportation services that the other transit operators in the region do not provide.

Per Public Utilities Code (P.U.C.) 99233.7 of the Transportation Development Act (TDA), up to five percent of TDA funds may be made available for Consolidated Transportation Services Agencies (CTSAs) as defined by Government Section Code 15975 and community transit services as defined in Article 4.5, after allocations for administration, planning/programming, and bicycle/pedestrian facilities have been made. In western Placer County, WPCTSA is the designated CTSA and receives 4.5 percent of TDA funds as allocated through Article 4.5. This represents a small increase in allocation from the prior audit period which was 4.0 percent. WPCTSA offers a variety of transit programs primarily designed to link intra-community destinations and to provide transportation of last resort for passengers unable to find another ride to medical appointments or other transit needs. During the audit period, WPCTSA's primary transit programs included the following:

**Health Express**—The WPCTSA contracted with Seniors First and MV Transportation to operate advanced reservation, shared ride, nonemergency medical transportation services for Placer County residents who are disabled or over the age of 60. For some rural residents, Health Express was the only form of public transportation available. Health Express served western Placer County from three-quarter mile east of Colfax to the Sacramento County line, including Auburn, Rocklin, Roseville, Colfax, Lincoln, Sheridan, Roseville, Foresthill, and other unincorporated areas. Health Express provided transportation to medical appointments outside of the county to Sacramento. Non-emergency medical trips which are entirely within one of the Placer County transit operators Dial-A-Ride (DAR) service areas are provided by the local DAR operator rather than by Health Express, unless there is a lack of capacity, or the passenger has special needs which cannot be served by the DAR.

Health Express operated Monday through Friday from 7:30 AM to 4:30 PM. Service to Sacramento medical facilities occurred only on Tuesdays and Thursdays from 10:00 AM to 2:00 PM and service to Foresthill and Sheridan were provided only on Wednesdays from 7:30 AM to 4:30 PM. Sacramento medical trips were provided on a first-come, first-served basis. Health Express followed the following passenger fare structure:

- Intercity trip within Placer County with advance reservation—\$2.50/\$1.25 (discount)
- Intercity trip within Placer County with same day reservation—\$5.00/\$2.50 (discount)
- Intra-city trip if DAR is unavailable—DAR fare
- Sacramento trip with advance reservation—\$5.00/\$2.50 (discount)
- Sacramento trip same day reservation—\$10.00/\$5.00 (discount)

Discount fares were available for passengers with Medicare, Medi-Cal, ADA eligibility card, Senior ID card. Reservations could be made up to two weeks in advance and at least 24 hours in advance if requested. Passengers were asked to cancel unwanted reservations by 3:30 PM the day before. Passengers who cancel within two hours of a scheduled pick up are considered no-shows.

Health Express was operated through a private contractor, MV Transportation. The contractor was responsible for provision of drivers, vehicles, maintenance, operations facility, and insurance. Separately, Seniors First is under contract with WPCTSA to process Health Express applications. Approximate annual budget for the Health Express service ranged from \$480,000 to \$700,000 during the audit period.

***My Rides Volunteer Driver and Transportation Voucher Program***—The My Rides Program was a volunteer driver program for Placer County residents who are over age 60, disabled or families with children aged 0 – 5 who are unable to use conventional public transit. Volunteer drivers are reimbursed for transporting eligible participants to and from medical appointments, public services, and essential needs destinations (grocery, banking, pharmacy, hair appointments). The My Rides Program also provided a voucher for individuals who cannot otherwise afford the costs associated with an occasional and necessary trip to medical related appointments. Seniors First administered the countywide program.

Approximate annual budget for the volunteer driver program is \$380,000. During the audit period, the amount paid in direct costs or for transportation reimbursements was around \$20,000 to \$40,000 annually. One-way passenger trips provided ranged from 2,200 to 5,500 annually. This is a significant decrease from the prior audit period where one-way trips ranged from 5,000 to 7,000 annually. This equates to a total program cost per trip of around \$26. This is more cost effective than providing a Dial-A-Ride service; however, service is limited by the number of available volunteers. There are also restrictions on passengers requiring wheelchairs or large oxygen tanks.

***Retired Dial-A-Ride (DAR) Vehicle Program***—The goal of the program is to share resources between public transit agencies and human service agencies. WPCTSA purchases older DAR vehicles from Placer County operators and sells the vehicles to human service agencies for \$100. The recipient agency must carry a minimum number of passenger trips (50 per month) and report ridership figures to WPCTSA for two years. The agency must also demonstrate their ability to pay vehicle registration, insurance, maintenance, and operating costs. This program was created in response to an unmet transit needs finding. To date, only one vehicle has been provided to a non-profit agency through this program.

***Transit Ambassador Program***—In partnership with the City of Roseville, WPCTSA runs a Transit Ambassador Program for Western Placer County services. The program includes conducting a variety of outreach efforts to existing and potential passengers, such as face-to-face assistance for passengers attending outreach events. The City of Roseville manages the program, recruits and trains volunteers and provides insurance for the volunteers. Volunteers undergo anywhere from 6 to 30 hours of training.

The budget for the Transit Ambassador Program was around \$30,000 annually. Currently, there are four current transit ambassadors. Covid-19 has drastically affected the Transit Ambassador Program. The program was on hold from March 2020 to October 2021. In addition, three volunteers have quit the program because of COVID 19 concerns. Two of the volunteers are actively riding the bus and volunteering. The other two do not feel comfortable until COVID-19 is no longer a factor.

***South Placer Transportation Call Center***—In 2011, the South Placer Transit Information Center was initiated. The South Placer Transit Information “Call Center” provides transit riders with one phone number for information and reservations for all demand response services in the South Placer area including Roseville Transit, Placer County Transit and Health Express. The program is intended to reduce call reservation staff time and costs for the various transit agencies, and to increase overall efficiency of the public transit process. When a call for a ride comes in, Call Center staff determine what operator (including Health Express) should receive the trip booking. WPCTSA contracts with the City of Roseville which in turn contracts with MV Transportation to provide this service. The Call Center is mostly funded through TDA Article 4.5 funds in the amount not to exceed \$300,000 annually. This does not cover indirect costs associated with the program such as administrative staff time incurred by City of Roseville staff. Therefore, the Fiscal Year 2022 – 23 budget identifies a cost of around \$400,000 annually.

Phones are staffed from 8:00 AM to 5:00 PM seven days per week. The budget allows for 4.5 FTE customer service agents working different shifts throughout the day, which are not included in the FTE count for Health Express or Roseville Transit. This equates to about 100 hours per week. South Placer Transit Information Call Center staff use Trapeze dispatch software to schedule trips with the appropriate transit agency. Same day ride requests are referred to the transit agency directly.

***Placer Rides Program Description***—In July 2021, the Placer Rides program replaced Health Express and My Rides. Placer Rides is a voucher-based transport transportation assistance program jointly administered by Western Placer Consolidated Transportation Services Agency (WPCTSA) and Seniors First. Eligible riders are reimbursed on a per-mile basis for eligible trips provided by volunteer drivers (usually friends or family) in private vehicles. The program is open to all residents of Placer County who can demonstrate they are seniors (60+), individuals with disabilities, or low-income individuals and do not have another means to take essential trips. The program also includes last-resort trips component, where designated private transportation providers transport the eligible riders at the scheduling of Seniors First staff, and the Placer Rides program covers the cost of the trips.

***Mobility Management Training Program***—The purpose of the Mobility Management Program is to increase transit ridership and increase cost efficiency, primarily on fixed route services, by training persons who typically use DAR services or no transit services at all how to use the fixed route system. The City of Roseville has been operating a mobility management program since 2016. In the past, the program was funded through an FTA 5310 grant, which provides financial support for public transit services for seniors and the disabled. Since the end of 2020, the program has been funded through WPCTSA TDA funds. With this shift, there is more flexibility in who can participate in the mobility management training, as it is not limited to seniors and disabled.



## HEALTH EXPRESS OPERATING AND FINANCIAL STATISTICS

A variety of operating statistics and TDA required performance indicators are presented in Table 1 and Figures 1 through 6 for the Health Express service only, as this is the single defined public transit operator under the WPCTSA umbrella. The performance indicators are based on data taken from internal reports and annual Fiscal and Compliance Audits.

### Data Collection Methods

Part of the TPA process for transit operators is to review the data collection process and determine if the operator calculates performance measures in accordance with TDA definitions.

The **Operating Cost** data was obtained from annual Fiscal and Compliance audits and include total operating expenses for each object class consistent with the Chart of Accounts for the Uniform System of Accounts and Records, as presented in each of the three fiscal audits. According to the fiscal audits operating costs for Health Express increased by 40 percent in Fiscal Year 2019 – 20 from \$482,031 to \$676,012. Administrative costs increased by 97 percent and the contract with MV Transportation for operating the service increased by 50 percent.

The **Passenger Count** data should be recorded as unlinked one-way passenger-trips (single boarding and alighting) per TDA definition. MV Transportation recorded one-way passenger trips in accordance with TDA definitions. As can be seen in Table 1, ridership on Health Express followed the downward trend as other Placer County transit operators during the COVID-19 pandemic with one-way passenger-trips decreasing to 2,726 from 5,002 in FY 2018 – 19. Health Express passengers are likely to be elderly and have some type of existing condition which makes them more susceptible to the virus. This combined with many medical facilities postponing some appointments or procedures during the worst of the pandemic. Additionally, demand response services such as Health Express typically have regular passengers who ride with some frequency. Therefore, ridership levels can be affected by one regular passenger leaving the area or no longer needing service.

The **Vehicle Revenue Hour** data was reported correctly by MV Transportation for Health Express operations. As defined by TDA, vehicle revenue hours for demand response transit services do not include time associated with travel before the first scheduled pick-up and after the last scheduled drop-off. Vehicle revenue hours also do not include time the vehicle is unavailable for service due to a lunch break. Annual vehicle revenue hours decreased by 16 percent between FY 2018 – 19 and FY 2020 – 21.

The **Vehicle Revenue Mile** data also does not include mileage associated with “deadhead travel” (travel prior to the first scheduled pick-up or after the last scheduled drop-off) or lunch breaks. MV Transportation recorded vehicle revenue miles correctly as well. Vehicle revenue miles decreased by a greater proportion (36 percent) than vehicle revenue hours during the audit period.

**TABLE 1: WPCTSA Performance Measures (Health Express)**

Performance Measures	Prior Audit Period			Current Audit Period		
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
One-Way Passenger-Trips	5,538	6,032	5,251	5,002	4,301	2,726
% Change from Previous Year	-22.8%	8.9%	-12.9%	-4.7%	-14.0%	-36.6%
Vehicle Revenue Hours	4,091	4,600	4,478	4,317	4,650	3,628
% Change from Previous Year	-24.1%	12.4%	-2.6%	-3.6%	7.7%	-22.0%
Vehicle Revenue Miles	70,700	74,770	67,116	60,313	69,653	38,101
% Change from Previous Year	-15.5%	5.8%	-10.2%	-10.1%	15.5%	-45.3%
Operating Costs	\$462,107	\$484,641	\$515,974	\$482,031	\$676,012	\$772,316
% Change from Previous Year	-14.1%	4.9%	6.5%	-6.6%	40.2%	14.2%
Number of Employees	4	4	4	4	4	4
% Change from Previous Year	-20.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Farebox Revenues	\$74,530	\$74,530	\$74,530	\$60,000	\$60,000	\$60,000
% Change from Previous Year	-25.5%	0.0%	0.0%	-19.5%	0.0%	0.0%
Operating Cost per One-Way Passenger-Trip	\$83.44	\$80.34	\$98.26	\$96.37	\$157.18	\$283.31
% Change from Previous Year	11.3%	-3.7%	22.3%	-1.9%	63.1%	80.3%
Operating Cost per Vehicle Revenue Hour	\$112.96	\$105.36	\$115.21	\$111.65	\$145.37	\$212.87
% Change from Previous Year	13.1%	-6.7%	9.4%	-3.1%	30.2%	46.4%
Passengers per Vehicle Revenue Hour	1.4	1.3	1.2	1.2	0.9	0.8
% Change from Previous Year	1.6%	-3.1%	-10.6%	-1.2%	-20.2%	-18.8%
Passengers per Vehicle Revenue Mile	0.08	0.08	0.08	0.08	0.06	0.07
% Change from Previous Year	-8.7%	3.0%	-3.0%	6.0%	-25.5%	15.9%
Vehicle Revenue Hours per Employee	1,022.7	1,149.9	1,119.6	1,079.3	1,162.6	907.0
% Change from Previous Year	-5.1%	12.4%	-2.6%	-3.6%	7.7%	-22.0%
Farebox Recovery Ratio	16.13%	15.38%	14.44%	12.45%	8.88%	7.77%
% Change from Previous Year	-13.3%	-4.6%	-6.1%	-13.8%	-28.7%	-12.5%

The **Employee Hours or Full-Time Equivalent Employees** data was not compiled correctly by WPCTSA for the previous audit period. The Full-Time Equivalent (FTE) definition states that all employee hours associated with the operation of WPCTSA transit services should be tallied and divided by 2,000. The figures reported to the State Controller during the previous audit period, represent FTE's for MV Transportation only and did not include WPCTSA/PCTPA administrative staff time managing the MV Contract. Additionally, MV's internal definition of a full-time employee is 35 hours per week or 1,820 per year, which differs from the State Controller definition. It could not be confirmed that the reporting process was corrected for this audit period. However, the Health Express was terminated as of July 1, 2021.

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

- Object class 401 revenues include full adult, senior, student, child, handicapped, park-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, (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, hospital etc.), or (3) cash donations made by individual passengers in lieu of a prescribed fare. The farebox revenue data presented in the WPCTSA fiscal audits are consistent with this definition.

WPCTSA’s policy has been to rely on local contributions from the hospitals to meet the 10 percent farebox ratio requirement for Health Express, rather than relying on passenger fare revenues. In fact, in previous audit periods, a passenger fare was not charged. For this audit period, fare revenues represent the partnership match provided by Seniors First through the hospitals, as these funds guarantee a minimum revenue on a service for the benefit of the agencies’ clients.

### **Calculation of Performance Indicators**

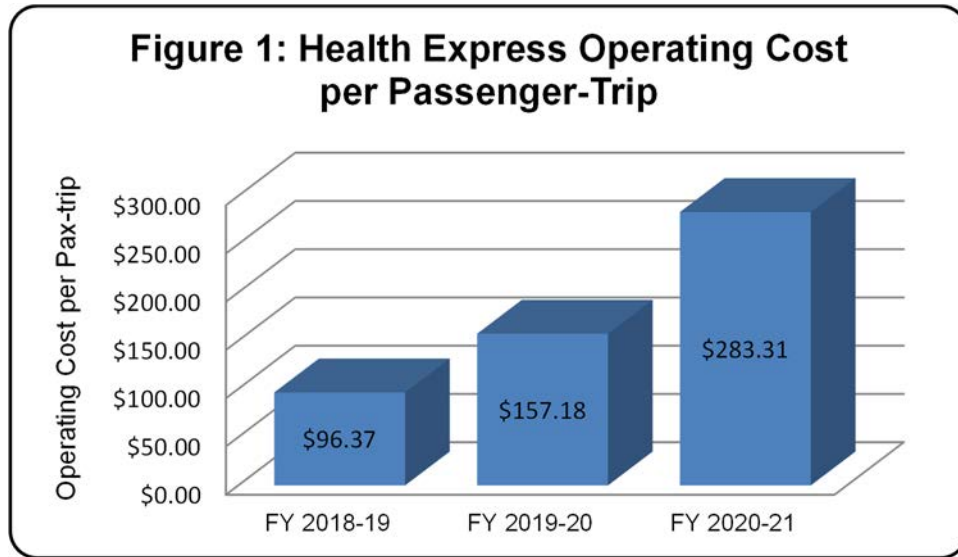
Performance indicators are frequently used to quantify and review the efficiency and effectiveness of a transit operator’s activities. Such indicators can provide insight on current operations as well as on the operator’s performance over a period of time. Using the data described above, the following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

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

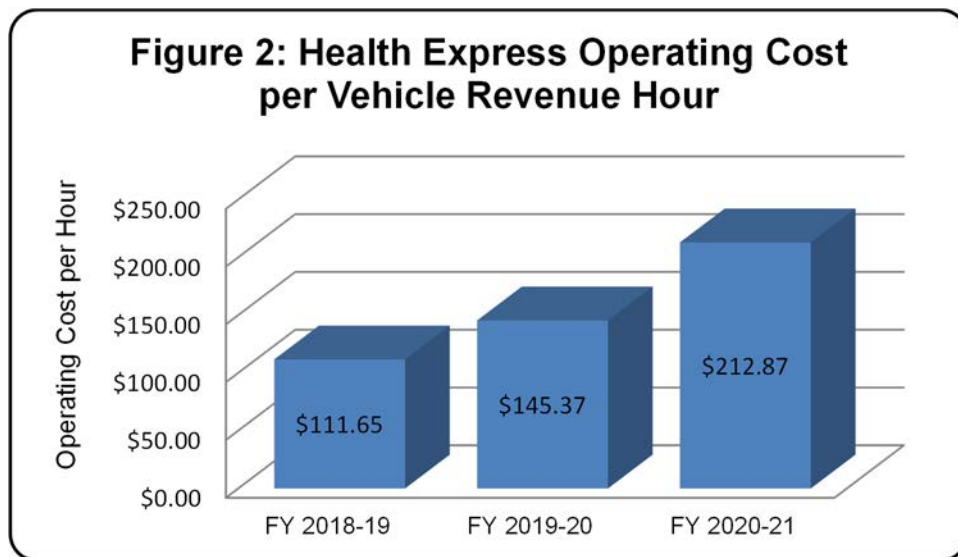
In addition, the Farebox Recovery Ratio is calculated and evaluated herein, per Section 99268 et seq. of the Public Utilities Code.

***Operating Cost per Passenger-Trip*** (Figure 1)—Operating cost per one-way passenger trip on Health Express increased from \$96.37 to \$238.31 during the audit period as a result of decreasing ridership and increasing costs. Both direct costs associated with the Health Express operations contract as well as

WPCTSA administrative costs increased rather significantly this audit period. This combined with a 45 percent decrease in ridership over the past three years has had a significant negative impact on this performance measure.

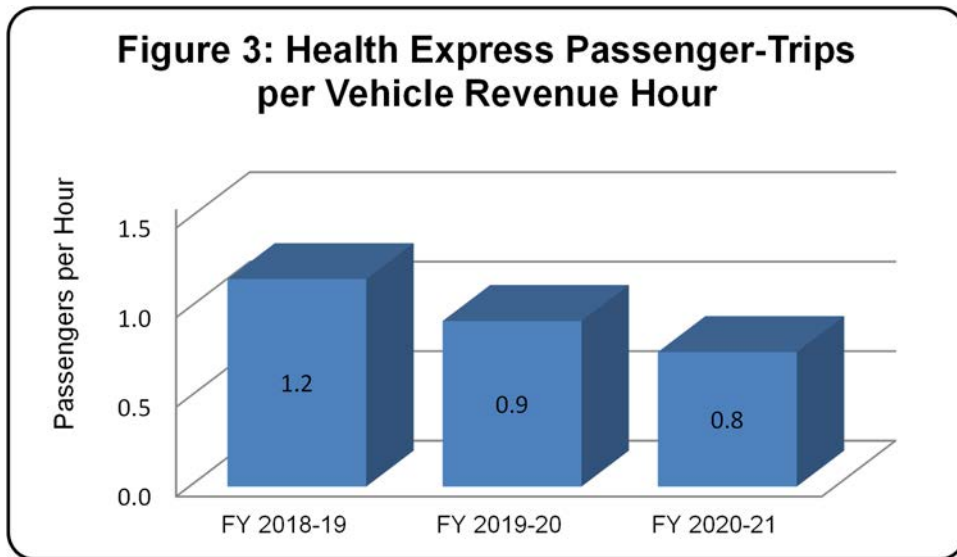


*Operating Cost per Vehicle Revenue Hour* (Figure 2)—Operating cost per vehicle revenue hour also increased rather significantly, 90 percent, from \$111.65 to \$212.87, primarily as a result of increasing operating costs.

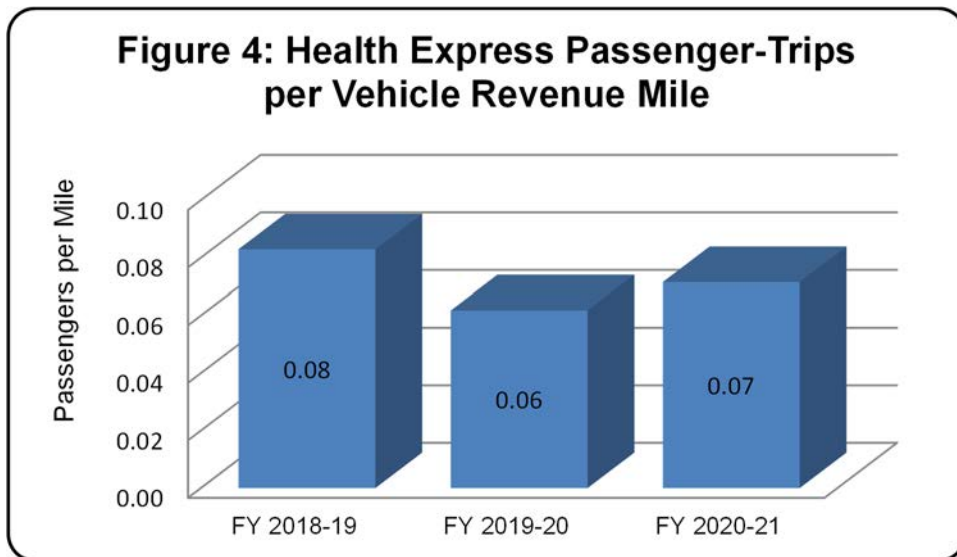


*Passenger-Trips per Vehicle Revenue Hour* (Figure 3)—One-way passenger-trips per vehicle revenue hour is a measure of transit “productivity.” By nature, demand response services have low productivity as it is not possible to carry that many passengers at once. Additionally, Health Express passengers are limited to seniors and disabled as well as specific trip purposes and often long-distance trips. Health Express

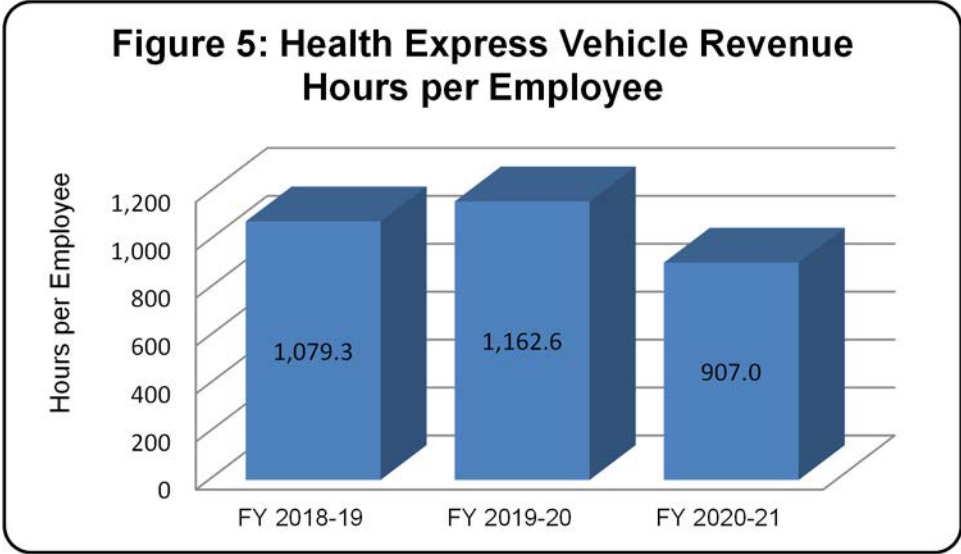
productivity ranged from 1.2 passenger trips per hour in FY 2018 – 19 to 0.8 passenger-trips per hour in FY 2020 – 21. The WPCTSA SRTP identified a productivity standard of 1.3 passenger-trips per hour.



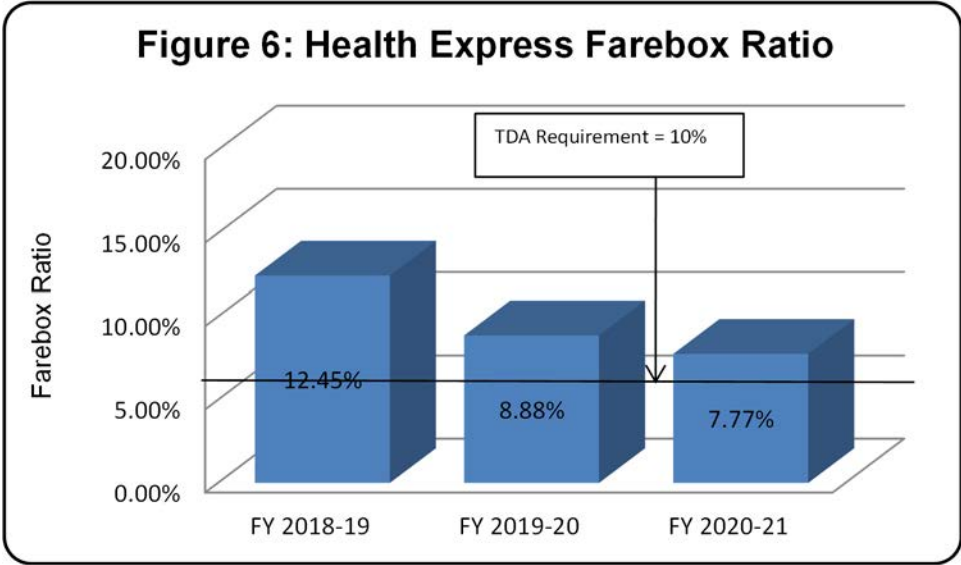
*Passenger-Trips per Vehicle Revenue Mile* (Figure 4)—Health Express passenger-trips per mile ranged from 0.06 to 0.08 throughout the audit period.



*Vehicle Revenue Hours per Employee* (Figure 5)—Vehicle Revenue Hours per Full-time Equivalent Employee ranged from 1,079 in FY 2018 – 19 to 907 in FY 2020 – 21 during the audit period. Fluctuations were the result of changes in vehicle service hours. Service levels for Health Express are dependent on demand from customers. If FTEs were reported correctly, this performance metric would not differ that significantly.



**Farebox Ratio** (Figure 6)—Article 4.5 of the TDA allows the RTPA to adopt by resolution farebox ratios for community transit services appropriate for that type of service. PCTPA applied the 10 percent rural farebox ratio requirement to WPCTSA services. 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. Seniors First provides a local match for Health Express service through hospitals in the region. This funding is considered fare revenue. However, even with local match associated with the Health Express service, farebox ratio was not met in FY 2019-20 and FY 2020-21.



## ASSESSMENT OF INTERNAL CONTROLS

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

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

WPCTSA appears to have a reasonably well-developed system of internal controls appropriate to the size of the transit program. This statement is echoed in each of the three annual Fiscal and Compliance Auditor's Reports.

## REVIEW OF COMPLIANCE REQUIREMENTS

As an entity receiving TDA funds for transit purposes, WPCTSA is required to comply with laws and statutes set forth in the Act. Below is a discussion of WPCTSA'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, WPCTSA has submitted annual reports to the PCTPA based on the Uniform System of Accounts and Records established by the State Controller within the stipulated timeline for each year of the audit period.
2. In accordance with PUC Section 99245, WPCTSA submit annual fiscal and compliance audits to the PCTPA and to the State Controller within 180 days following the end of the fiscal year or 270 days following the end of the fiscal year if an extension was granted by PCTPA. An independent auditor completed these Fiscal and Compliance audits, as required.
3. Health Express does not operate vehicles with a passenger capacity greater than 11 people and therefore not subject to CHP terminal inspections. However, the contractor, MV Transportation, does participate in the driver pull notice program per the Vehicle Code Section 1808.01.
4. In accordance with PUC Section 99261, WPCTSA's claims for TDA funds are submitted in compliance with rules and regulations adopted by the PCTPA for such claims.
5. RTPAs are allowed to adopt local performance criteria and farebox ratios for transit operators claiming funds under Article 4.5 of TDA. PCTPA adopted a 10 percent farebox ratio requirement for the WPCTSA's Health Express services. This requirement was not met the last two years of the audit period.

**TABLE 2: Transit Operator Compliance Requirements - WPCTSA**

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		FY 2018-19 on 1/23/2020 FY 2019-20 on 1/21/21 FY 2020-21 on 1/4/2022
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		FY 2018-19 on 12/17/2019 FY 2019-20 on 12/31/2020 FY 2020-21 on 12/31/2021
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		Per Article 4.5, PCTPA adopted a 10% farebox ratio requirement.
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	40% cost increase in FY 2019-20
7 The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247.	99247		X	FTE definition could not be verified
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		Per Article 4.5, PCTPA adopted a 10% farebox ratio requirement.
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		Per Article 4.5, PCTPA adopted a 10% farebox ratio requirement.
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		

6. PUC Section 99266 requires that WPCTSA's operating budgets do not increase by more than 15 percent over the preceding year. It also states that 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). The data in Table 1 represents Health Express, as this is the only real transit operator among WPCTSA services during this time period. According to the fiscal compliance audits, Health Express operating costs increased by 40 percent between FY 2018 – 19 and FY 2019 – 20. This was due to significant increases in both administrative and operating contract costs and were the large contributing factor in discontinuing the service in June 2021.
7. WPCTSA partners records vehicle revenue hours and miles in accordance with TDA definitions. However, the auditor could not verify how FTEs were calculated for this audit period. It is likely



that it was done the same way as the prior audit period, which is the calculation of full-time equivalent employees for Health Express only including MV Transportation staff and not any administrative hours associated with the management of the MV contract.

8. As noted above, WPCTSA is subject to farebox ratio requirements as specified by PCTPA and not farebox ratio requirements for urbanized areas (PUC 99268).
9. As noted above, WPCTSA is subject to farebox ratio requirements as specified by PCTPA and not farebox ratio requirements for rural areas (PUC 99268).
10. With regards to retirement benefits, WPCTSA partners, Seniors First, and MV Transportation are offered 401K plans instead of a pension plan.
11. In accordance with California Code of Regulations Section 6754(a)(3), Placer County makes full use of funds, if available to it, under the Urban Mass Transportation Act of 1964 before TDA claims are granted. Although WPCTSA services are not directly funded by FTA funds, Placer County's share of funds is used by other regional operators. WPCTSA also collects revenue from private sources.

## STATUS OF PRIOR AUDIT RECOMMENDATIONS

The previous audit was completed by LSC Transportation Consultants., and the recommendations from that effort are enumerated below.

**Recommendation 1:** Further study should be conducted to determine if the benefits of shifting management of the Health Express program to Placer County is a cost-effective option.

**Implementation No Longer Applicable**—As of July 1, 2022, Health Express was discontinued due to high operating costs. Therefore, this recommendation is no longer applicable.

**Recommendation 2:** Employee full-time equivalent hours for the Health Express Program should be recorded and reported to the State Controller in accordance with Appendix B of the *Performance Audit Guidebook*.

**Implementation No Longer Applicable**—The auditor could not confirm that FTEs are being calculated according to the TDA definition. However, this will no longer be applicable as Health Express was discontinued and was the only transit operator for WPCTSA.

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

This section presents a review of the various functions of WPCTSA and mainly pertains to the Health Express service. 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**

The WPCTSA was formed by a Joint Powers Agreement between Placer County and the local incorporated cities. The PCTPA Board serves as the governing board for WPCTSA. PCTPA staff serves as WPCTSA staff through a Memorandum of Understanding between WPCTSA and PCTPA. PCTPA staff provides administration and management services and acts as treasurer for WPCTSA. Regular meetings are held, and separate minutes are kept. Although PCTPA staff administers WPCTSA programs, the non-profit organization Seniors First and WPCTSA have a partnership agreement which stipulates that Seniors First managed the My Rides volunteer driver program and processes the Health Express applications. Now Seniors First manages the Placer Rides Program. One PCTPA planner is generally assigned to conduct WPCTSA duties.

***Program Changes***—In April of 2021, the WPCTSA Board decided that Health Express was no longer a cost-effective transit operation and that mobility needs should be met in a different manner. As of July 1, 2021, Health Express was terminated, and the My Rides program was shifted to Placer Rides. Under the new program there is no longer a transit operator or a list of volunteer drivers. Now, qualified Placer County residents recruit a driver on their own and request transportation reimbursement from WPCTSA for that driver. Given the significant increase in operating costs this audit period along with the reduction in ridership during the pandemic, this change represents a good use of Article 4.5 TDA funds.

In 2019, PCTPA hired a consultant to study the feasibility of implementing a transit pass subsidy program for Sierra College students. Under this program, transit operators in Placer County would partner with Sierra College to establish a student transportation fee which would allow students to ride the bus for free. The objective of the program is to increase transit ridership by making it “free” and convenient for college students to ride the bus. The study indicated this was a feasible program. However, COVID-19 quickly changed transit patterns and on-site college classes. Now that travel patterns are beginning to return to pre-pandemic times, WPCTSA plans to further pursue the college transit pass option.

During the audit period, operating data for Health Express and My Rides was tracked monthly and reported to the WPCTSA Board quarterly. Health Express reports include several performance indicators. WPCTSA staff reviews operating statistics monthly along with the invoice. There appears to be a good line of communication between Seniors First and PCTPA. Staff from the two entities meet on a monthly basis.

## **Service Planning**

New WPCTSA programs undergo a two-year pilot and evaluation period before becoming permanent. New services are also reviewed with the Placer County Transit Operators Working Group (TOWG). In the past, WPCTSA periodically reviewed the success of programs by conducting a comparison of Health Express and other DAR operator performance statistics. With an operating cost per trip of \$283 in FY 2020-21, WPCTSA made the decision to discontinue Health Express service and pursue last resort transit options with a lower cost (Placer Rides transportation reimbursement program).

The PCTPA commissioned the Placer County *WPCTSA Short Range Transit Plan*, which was completed by LSC Transportation Consultants in 2018. This document demonstrated a review of performance of existing and proposed programs, prepared a financial outlook, and recommended direction for community transit services. The plan recommended various strategies with significant cost impacts and minimal cost impacts ranging from: expanding the Health Express service to procuring software to assist with trip planning for Meals on Wheels programs.

In terms of strategic planning, WPCTSA staff has set reasonable goals and expectations in the partnership agreements, performance criteria, and associated staff reports. The SRTP sets forth clear goals and objectives for community transit services which are in line with the TDA's designed purpose for these funds. WPCTSA's first goal is to promote the use of conventional transit services with a secondary goal of promoting mobility for those who are unable to use conventional transit. WPCTSA's program policy of referring clients to other western Placer County transit operators first before providing them a ride on last resort WPCTSA services is in line with this goal.

All WPCTSA Board meetings are open to the public and are conducted in an accessible facility per the requirements of the Americans with Disabilities Act (ADA). Contact information for both the PCTPA and Seniors First are available through links on their respective websites. The PCTPA Social Services Transportation Advisory Council also acts as an important conduit for soliciting public input during the unmet transit needs process.

## **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. For the operation of the Health Express Service, Seniors First had a good

eligibility application process in place that required a disabled certification form. After Seniors First approved the application, passenger data is entered into an eligibility spreadsheet and emailed to Call Center staff.

For the new Placer Rides Program, there is a brief application process. Participants must be over the age of 60, low income or have disabilities. Only essential trips are eligible for reimbursement at the IRS rate. If the participant is enrolled in other support programs such as Medical or Cal Fresh, eligibility is already confirmed, and the application process is brief. Applications are sent out to potential participants via email, but Seniors First staff prefer to go through the process over the phone, as a more in-depth conversation about needed transportation can be had. Once registered, participants receive a letter providing instructions on how to receive transportation reimbursement. The reimbursement process requires signatures from both the rider and the driver. Through financial assistance from the WPCTSA, Seniors First uses the volunteer driver program application, TripTrak. The application tracks and records each trip and provides three route/mileage options between the origin and destination for the requested reimbursement. In this way, the TripTrak program provides a standard for reimbursement. Existing MyRides and Health Express passengers are being transitioned to the new Placer Rides program.

The South Placer Transportation Call Center was in charge of Health Express scheduling. Passengers were required to call 24 hours in advance, but may could make reservations up to two weeks in advance. Per WPCTSA policy, trip requests are screened to ensure that trips could not be made on other public transit services such as the local DAR's. MV Transportation has an established "no-show" policy but has never had to suspend any passengers.

***Vehicles and Fare Collection***—Vehicles used for the Health Express service were owned by the contractor, MV Transportation. Health Express vehicles had manual fareboxes. At the end of the day, the locking vault fareboxes were collected by a staff member and the mechanic. Fares were counted by both the operations manager and dispatcher and held in a safe until deposited into the bank.

## **Personnel Management and Training**

During the audit period, the Health Express contractor, MV Transportation, was responsible for driver training and establishing a drug and alcohol policy.

There is less need for Seniors First to provide training now that there is no longer a volunteer driver training program. Seniors First staff now focus on learning about all the various transportation options in Western Placer County such as GoGo Grandparent, Medicab and Transportation Network Companies so that this information can be passed along to residents needing a ride.

## **Administration**

WCTSA has a well-developed budget and reporting system that is appropriate to the size and scope of the transit program. The WPCTSA Board must approve substantial changes in the budget and/or spending, while the PCTPA must approve revenue allocations. WPCTSA operated within the projected budget during the audit period.

WPCTSA has not applied for any grants recently. The City of Roseville applied for the last FTA 5310 grant.

Day-to-day operations and maintenance management of the Health Express service was provided by the contractor's local managers. WPCTSA programs compose a small portion of all services available under the Seniors First umbrella.

An appropriate amount of liability insurance was provided for each service through the service partner as mandated in the partnership agreements. MV Transportation had established procedures for processing and investigating accident/injury claims.

WPCTSA, Seniors First and the City of Roseville maintain good lines of communication. Seniors First occasionally join the Transit Operators Working Group (TOWG) meeting.

The WPCTSA procurement policy mirrors that of PCTPA. WPCTSA competitively bids for contracts. WPCTSA maintains partnership agreements with Seniors First and the City of Roseville for the various programs/service which they administer on behalf of the WPCTSA.

## **Marketing and Public Information**

Seniors First is in the process of marketing the new Placer Rides program. The agency has developed a handbook/resource guide for all the services it provides and distributes the guide to medical facilities. Seniors First recently conducted surveys of previous MyRides users to determine how better to explain and promote the use of the Placer Rides program.

The WPCTSA page on the PCTPA website was recently updated to provide information regarding the Placer Rides Program.

## **Maintenance**

Health Express vehicles were stored and maintained at MV's facility in Sacramento and vehicles are parked in a fenced lot. MV Transportation had a good preventative and on-going maintenance plans in place.

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## FINDINGS AND RECOMMENDATIONS

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WPCTSA programs are designed to meet transportation needs that cannot be served by other forms of public transit. The Health Express service was the only transit operator under the WPCTSA umbrella during the audit period. The auditor found that Health Express operated within the TDA regulations during the time period and provided an important service for Placer County residents. Unfortunately, Health Express had a large increase in costs, as well as decrease in ridership (due to COVID). Two factors contributed to the drop in ridership during the pandemic: 1) Health Express passengers are typically the most likely to be susceptible to viruses and 2) Group social service programs and many non-emergency medical procedures were suspended; thereby eliminating the need for transportation. Operating costs increased by 60 percent during the audit period and operating cost per trip increased by 190 percent. As such, the WPCTSA board decided to terminate the program and implement a transportation reimbursement program, Placer Rides. The auditor agrees that this change of service type is a better use of TDA funds at this time while still meeting WPCTSA goals and objectives. However, the Placer Rides program should be evaluated as part of the next SRTTP update.

The following presents the auditor's findings and recommendations.

### FINDINGS

- WPCTSA (Health Express) did not meet the 10 percent farebox ratio set by PCTPA for the last two years of the audit period.
- WPCTSA staff continues to have a good working relationship with all of its partners including Seniors First and the City of Roseville.
- All State Controller Reports and Fiscal and Compliance audits for WPCTSA services were submitted in a timely manner.
- It could not be confirmed that WPCTSA records Full-time Employee Equivalents in accordance with the definition in Appendix B of the *Performance Audit Guidebook*; however, this is no longer relevant.
- Health Express was a specialized demand response service which often travelled long distances. This makes the service inherently unproductive. With COVID-19, ridership decreased by 45 percent during the audit period. This dragged productivity (passenger-trips per hour) below 1.

- Operating costs experienced a 40 percent spike in FY 2019-20 due to rising administrative and contract cost. This helped push operating costs per trip to \$283, which is 287 percent higher than the operating cost per trip for PCT Dial-A-Ride services.
- Although operating costs are very high, Health Express provided an important transportation service to Placer County residents and the program did not go over the allotted budget.
- The Call Center, Transit Ambassador and Mobility Management Programs also saw a decline in use during the pandemic. These programs still provide a service to the community and a good use of Article 4.5 TDA funds.

## RECOMMENDATIONS

**Recommendation 1:** *Review the productivity of the new Placer Rides Program as part of the regional short-range transit plan updates and consider potential alternative transportation programs and/or services that would complement existing public transit services while providing transportation opportunities for those that have limited to no access other public and/or private transportation options.*

Much of the decline in ridership on Health Express was related to the COVID-19 pandemic. Many non-essential medical procedures were postponed by both medical providers and patients concerned about the virus. As communities age in place, the need for specialized transportation services will continue to grow, particularly for medical appointments. Although a transportation reimbursement program is a very cost-effective method of providing mobility for the transit dependent, the reimbursement/ invoicing process may discourage some users, who may then postpone needed trips. In the past, Health Express was offered five days a week. Other Non-Emergency Transportation services nearby such as Sac-Med in El Dorado County only operate two days per week. Operating demand-response service for medical appointments out of regular service areas only two days per week would reduce costs significantly while maintaining a similar level of ridership. The TDA Article 4.5 allocation is intended for the purpose of funding community transit services for those who are unable to use conventional transit services. WPCTSA receives around \$1 million in Article 4.5 funding (for all programs) and has budgeted around \$425,000 for the Placer Rides program in FY 2022-21.

The upcoming Short-Range Transit Plan update for WPCTSA should evaluate the continued effectiveness of the Placer Rides program and explore other options of providing community transit services, as long as the program stays within the allocated budget.