



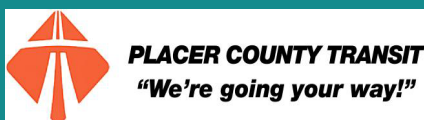
**Placer County Transit Triennial
Performance Audit
FY 2015-16 to FY 2017-18
*Final***

Prepared for the



**PLACER COUNTY
TRANSPORTATION
PLANNING AGENCY**

**Placer County Transportation
Planning Agency**





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

Final

Prepared for the

Placer County Transportation Planning Agency

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

BACKGROUND

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 and Colfax. The PCT service area extends from Alta and Rocklin in the north to Roseville and Granite Bay in the south. Local fixed route services are provided directly by Placer County DPW staff, while Dial-A-Ride (DAR) service as well as commuter routes to downtown Sacramento are contracted with private transportation companies. PCT also has an agreement with the City of Auburn to operate fixed route service within the airport portion of the Auburn City Limits and to provide Placer Commuter Express for Auburn residents.

VERIFICATION AND USE OF PERFORMANCE INDICATORS

Tables 1 - 4 and Figures 1 – 16 in Chapter 2 present operating data and performance indicators for PCT fixed route services, DAR services and all services systemwide. During the audit period, systemwide ridership decreased by 12 percent. Operating costs increased significantly from \$5.6 million to \$7.5 million. The required recognition of unfunded pension and Other Post Employment Benefits (OPEB) liabilities on the PCT balance sheet per Governmental Accounting Standards Board (GASB) Standard 68 and 75 increased salary and benefits costs by 40 percent alone in FY 2017-18. Other factors which contributed to high operating expenses in that year included a 34 percent increase in fuel costs, 18 percent increase in maintenance costs and a 14 percent increase in administration and overhead costs. This in turn had a negative effect on cost efficiency (as measured in operating cost per vehicle service hour) which increased from \$100.44 to \$135.88 and cost effectiveness (operating cost per passenger trip) which increased from \$12.71 to \$19.47. PCT transit services generated a farebox ratio (the ratio of passenger fares to operating costs) of 15.77 percent in FY 2015-16, 14.59 percent in FY 2016-17 and 12.66 percent in FY 2017-18. This meets the required farebox ratio in the first two years of the audit period and fall slightly below the 12.94 percent requirement in FY 2017-18.

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 of Chapter 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 each year of the audit period.

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 be in compliance on all issues except for the timely submittal of the State Controller Report in FY 2015-16 and a farebox ratio slightly below the requirement in FY 2017-18 (12.66 percent vs 12.94 percent).

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The previous audit was completed by Michael Baker in 2016. All recommendations were completed during this audit period.

DETAILED REVIEW OF TRANSIT OPERATOR FUNCTIONS

An important step in the performance audit process is to evaluate standard transit operator functions in terms of efficiency and effectiveness. This is done through interviews with transit staff. The review of transit operator functions is divided into the following categories:

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

In summary, organization and management of the transit operator appears to be appropriate for the size and scope of transit operations. 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

- Although PCT systemwide ridership has declined since its peak in 2009 (similar to many other transit agencies), ridership stabilized in FY 2017-18.
- The recognition of unfunded pension and OPEB liabilities per GASB 68 and 75 had a significant impact on PCT's operating expenses and farebox ratio. This caused FY 2017-18 costs to increase by

24 percent. Even with these pension related expenses excluded, operating costs increased by 11 percent between FY 2016-17 and FY 2017-18. According to the Fiscal and Compliance Audits, all expense categories except for insurance increased during this time period. In addition to a 40 percent increase in salaries and benefits (due to pension liabilities), PCT had a 34 percent increase in fuel and lubricants costs, an 18 percent increase in maintenance costs while administrative and overhead expenses increased by 14 percent. Maintenance costs are expected to decrease during the next audit period as PCT recently replaced several older vehicles. Unfortunately fuel costs are on the rise and will likely continue to increase during the next audit period.

- PCT implemented all the prior audit recommendations.
- PCT has a good data collection process in place.
- During the audit period, PCT met most of the TDA requirements. In FY 2015-16, the State Controller Report was submitted six days after the required deadline.
- PCT transit services met the adopted PCTPA farebox ratio of 13.2 percent the first two years of the audit period. In FY 2017-18, PCT just missed the required farebox ratio of 12.94 percent by 0.28 percent. When the unfunded pension and OPEB liabilities (GASB 68 and 75) are excluded, PCT's farebox ratio was 14.3 percent in FY 2017-18.
- The Auditor reviewed the existing methodology used to calculate the blended urban/rural farebox ratio for PCT services in 2015. The methodology is as follows. 2010 census tracts that encompass the PCT fixed-route and Dial-a-Ride service areas were identified. Next, the proportion of each census tract that lies within the Sacramento Urbanized Area 2010 designation was determined. This proportion was multiplied by the population of the census tract to determine the proportion of the "urbanized" population within PCT's service area. According to the calculations, 58.82 percent of PCT's service area is urbanized. Factoring the urbanized and rural proportions of the service area by their applicable minimum farebox recovery ratio (10 percent for rural and 15 percent for urban), the blended farebox recovery ratio of 12.94 percent was calculated. This represents the farebox ratio for PCT services as of 2015 (after the inclusion of Lincoln Transit services). The only service changes which occurred after the development of the farebox ratio were changes to the Taylor Road Shuttle and Lincoln Sierra College route which already lie within the Sacramento Urbanized area. Therefore, the proportion of urbanized population served by PCT has not changed.

The SRTP was recently updated and includes the following plan elements which will slightly expand PCT's service area:

- Expand DAR to Serve Industrial Boulevard Corridor and Combine Rocklin/Loomis DAR with Lincoln DAR
- Expand the Highway 49 Dial-A-Ride Area to Serve Bowman

Implementing these plan elements will change the urban/rural percentage slightly. Additionally, the upcoming US 2020 Census may again change the boundaries of the Sacramento Urbanized Area. After transit plan elements are implemented and the 2020 Census has been completed, the farebox ratio calculation should be revisited.

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 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.

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.

BACKGROUND

The TDA, also known as the “Mills-Alquist Deddeh Act,” provides two major sources of funding for public transportation providers in California: the Local Transportation Fund (LTF) and the State Transit Assistance (STA). The LTF is derived from 1/4 cent of the 7.25 cent state sales tax collected per dollar of retail sales in Placer County 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 PUC 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 established 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 contract for the operation the DAR services and commuter routes.

PCT Fixed-Route Service

PCT currently operates seven fixed-route services (including the commuter route to Sacramento), generally operating between 4:30 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 55 and older), and disabled persons. Instead of allowing free transfers between routes, PCT offers 24-hour pass for \$2.50 (general public) and \$1.25 for youth, elderly (age 55 and older), and disabled persons. Some of these 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.
- **Lincoln/Rocklin/Sierra College** – This fixed route offers hourly service between Lincoln and Sierra College, serving Rocklin local stops, with transfers to Lincoln Transit.
- **Highway 49** – This fixed route offers 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 weekdays only for this route, which travels between the Lincoln Walmart shopping center, the northern neighborhoods between 1st and 7th Street, and the southern end of Ferrari Ranch Road. This service began in July 2015 when Lincoln Transit service was absorbed by Placer County.
- **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.
- **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 Auburn/Light Rail Bus at the college. Route deviations are available through reservations only.

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 Gold Country Stage bus routes can be accessed at the Auburn Station.

Placer Commuter Express

Commuter service between the Colfax Depot and downtown Sacramento including stops in Auburn, Penryn, Loomis, Rocklin, and Roseville.

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 surrounding areas such as Sacramento and Davis.

Placer County Dial-A-Ride (DAR) Services

PCT also operates demand response transit service that is available to the general public and persons with disabilities. DAR Service is provided in Loomis, Rocklin, Granite Bay, and within three-fourths of a mile of the Highway 49 corridor, which includes the Penryn and Newcastle areas. Reservations are made through the South Placer Transportation Call Center.

PCT OPERATING AND FINANCIAL STATISTICS

The operating statistics presented in Tables 1, 2, and 3 present operating statistics and performance indicators for PCT fixed route services, demand response services, and all PCT services systemwide, respectively. This information is based on data taken from internal operating spreadsheets and annual Fiscal and Compliance Audits. 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:

- Operating Cost
- Passenger Count
- Vehicle Service Hours
- Vehicle Service Miles
- Employee Hours in Full-Time Equivalent (FTE)
- Fare Revenue

Operating Cost data (Tables 1, 2, and 3) for PCT transit services by type was obtained from internal operating spreadsheets. Systemwide financial data was obtained from the annual Fiscal and Compliance Audits and include total operating expenses for each object class, as presented in the Chart of Accounts for the Uniform System of Accounts and Records, minus depreciation costs.

TABLE 1 : Placer County Transit Fixed Route Services Performance Measures

Performance Measures	Local Fixed Routes			Commuter Route			Vanpool Program		
	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18
One-Way Passenger-Trips	294,381	253,267	250,823	78,722	72,812	76,700	29,189	24,541	22,520
<i>% Change from Previous Year</i>	-1.0%	-14.0%	-1.0%	-3.1%	-7.5%	5.3%	-8.4%	-15.9%	-8.2%
Vehicle Service Hours	28,181	28,346	27,992	3,156	3,163	3,120	5,380	4,982	4,761
<i>% Change from Previous Year</i>	17.1%	0.6%	-1.2%	0.9%	0.2%	-1.4%	-7.0%	-7.4%	-4.4%
Vehicle Service Miles	591,908	595,380	573,397	91,882	96,635	101,281	250,910	220,309	213,216
<i>% Change from Previous Year</i>	14.6%	0.6%	-3.7%	-10.0%	5.2%	4.8%	3.8%	-12.2%	-3.2%
Operating Costs	\$3,566,730	\$3,801,478	\$4,138,721	\$708,749	\$809,390	\$884,993	\$171,577	\$167,062	\$180,875
<i>% Change from Previous Year</i>	5.6%	6.6%	8.9%	7.2%	14.2%	9.3%	-9.1%	-2.6%	8.3%
Farebox Revenues	\$230,141	\$180,221	\$172,991	\$392,308	\$375,963	\$383,478	\$87,619	\$62,314	\$57,179
<i>% Change from Previous Year</i>	-6.2%	-21.7%	-4.0%	-3.9%	-4.2%	2.0%	23.1%	-28.9%	-8.2%
Operating Cost per One-Way Passenger-Trip	\$12.12	\$15.01	\$16.50	\$9.00	\$11.12	\$11.54	\$5.88	\$6.81	\$8.03
<i>% Change from Previous Year</i>	6.7%	23.9%	9.9%	10.7%	23.5%	3.8%	-0.8%	15.8%	18.0%
Operating Cost per Vehicle Service Hour	\$126.57	\$134.11	\$147.85	\$224.54	\$255.93	\$283.69	\$31.89	\$33.53	\$37.99
<i>% Change from Previous Year</i>	-9.8%	6.0%	10.2%	6.3%	14.0%	10.8%	-2.3%	5.1%	13.3%
Passengers per Vehicle Service Hour	10.45	8.93	8.96	24.94	23.02	24.59	5.43	4.93	4.73
<i>% Change from Previous Year</i>	-15.4%	-14.5%	0.3%	-4.0%	-7.7%	6.8%	-1.4%	-9.2%	-4.0%
Passengers per Vehicle Service Mile	0.50	0.43	0.44	0.86	0.75	0.76	0.12	0.11	0.11
<i>% Change from Previous Year</i>	-13.6%	-14.5%	2.8%	7.6%	-12.1%	0.5%	-11.7%	-4.2%	-5.2%
Farebox Recovery Ratio	6.45%	4.74%	4.18%	55.35%	46.45%	43.33%	51.07%	37.30%	31.61%
<i>% Change from Previous Year</i>	-11.2%	-26.5%	-11.8%	-10.3%	-16.1%	-6.7%	35.4%	-27.0%	-15.2%

Source: PCT Summary Reports, FY's 2015-16, 2016-16, and 2017-18

TABLE 2 : Placer County Transit Dial-A-Ride Services Performance Measures

Performance Measures	Current Audit Period		
	2015-16	2016-17	2017-18
One-Way Passenger-Trips	42,342	36,331	39,080
<i>% Change from Previous Year</i>	11.1%	-14.2%	7.6%
Vehicle Service Hours	19,536	19,454	19,928
<i>% Change from Previous Year</i>	30.5%	-0.4%	2.4%
Vehicle Service Miles	231,468	206,662	204,745
<i>% Change from Previous Year</i>	43.1%	-10.7%	-0.9%
Operating Costs	\$1,203,039	\$1,274,947	\$1,370,527
<i>% Change from Previous Year</i>	18.4%	6.0%	7.5%
Farebox Revenues	\$26,144	\$25,961	\$33,896
<i>% Change from Previous Year</i>	8.4%	-0.7%	30.6%
Operating Cost per One-Way Passenger-Trip	\$28.41	\$35.09	\$35.07
<i>% Change from Previous Year</i>	6.5%	23.5%	-0.1%
Operating Cost per Vehicle Service Hour	\$61.58	\$65.54	\$68.77
<i>% Change from Previous Year</i>	-9.3%	6.4%	4.9%
Passengers per Vehicle Service Hour	2.17	1.87	1.96
<i>% Change from Previous Year</i>	-14.9%	-13.8%	5.0%
Passengers per Vehicle Service Mile	0.18	0.18	0.19
<i>% Change from Previous Year</i>	-22.4%	-3.9%	8.6%
Farebox Recovery Ratio	2.17%	2.04%	2.47%
<i>% Change from Previous Year</i>	-8.5%	-6.3%	21.5%

Source: PCT Summary Reports, FY's 2015-16, 2016-16, and 2017-18

New provisions of the Governmental Accounting Standards Board (GASB) went into effect this audit period, which significantly impact 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 may 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 employers balance sheet instead of in the footnotes. In FY 2017/18, this resulted in an additional \$879,000 expense on the PCT books. Therefore, operating expenses for PCT

increased by 24 percent in FY 2017-18 from the previous year. As all expenses except for depreciation are included in operating costs for farebox ratio calculation, the new GASB rules also significantly impact farebox ratio.

TABLE 3 : Placer County Transit Services Systemwide Operating Data Summary

Performance Measures	Previous Audit Period			Current Audit Period		
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
One-Way Passenger-Trips	479,808	470,627	448,449	444,634	386,951	389,123
<i>% Change from Previous Year</i>	1.1%	-1.9%	-4.7%	-0.9%	-13.0%	0.6%
Vehicle Service Hours	48,551	48,695	47,947	56,253	55,945	55,800
<i>% Change from Previous Year</i>	-1.1%	0.3%	-1.5%	17.3%	-0.5%	-0.3%
Vehicle Service Miles	1,016,915	1,012,154	1,021,892	1,166,167	1,118,986	1,092,638
<i>% Change from Previous Year</i>	-0.2%	-0.5%	1.0%	14.1%	-4.0%	-2.4%
Operating Costs	\$4,969,825	\$5,189,777	\$5,242,333	\$5,650,096	\$6,079,710	\$7,577,874
<i>% Change from Previous Year</i>	-1.5%	4.4%	1.0%	7.8%	7.6%	24.6%
# Employees in FTEs	44.00	44.00	43.00	51.40	51.50	59.40
<i>% Change from Previous Year</i>	4.8%	0.0%	-2.3%	19.5%	0.2%	15.3%
Farebox Revenues	\$794,774	\$784,760	\$757,345	\$890,840	\$887,065	\$861,474
<i>% Change from Previous Year</i>	2.4%	-1.3%	-3.5%	17.6%	-0.4%	-2.9%
Operating Cost per One-Way Passenger-Trip	\$10.36	\$11.03	\$11.69	\$12.71	\$15.71	\$19.47
<i>% Change from Previous Year</i>	-2.7%	6.5%	6.0%	8.7%	23.6%	23.9%
Operating Cost per Vehicle Service Hour	\$102.36	\$106.58	\$109.34	\$100.44	\$108.67	\$135.80
<i>% Change from Previous Year</i>	-0.4%	4.1%	2.6%	-8.1%	8.2%	25.0%
Passengers per Vehicle Service Hour	9.88	9.66	9.35	7.90	6.92	6.97
<i>% Change from Previous Year</i>	1.9%	-2.2%	-3.2%	-15.5%	-12.5%	0.8%
Passengers per Vehicle Service Mile	0.47	0.46	0.44	0.38	0.35	0.36
<i>% Change from Previous Year</i>	0.4%	-1.5%	-5.6%	-13.1%	-9.3%	3.0%
Vehicle Service Hours per FTE	1,103.4	1,106.7	1,115.0	1,094.4	1,086.3	939.4
<i>% Change from Previous Year</i>	-6.6%	0.3%	0.8%	-1.8%	-0.7%	-13.5%
Farebox Recovery Ratio⁽¹⁾	15.99%	15.12%	14.45%	15.77%	14.59%	12.66%
<i>% Change from Previous Year</i>	4.0%	-5.4%	-4.5%	9.1%	-7.5%	-13.2%

Note 1: Includes local support.
Source: FY 2012-2015 TPA and PCT Summary Reports, FY's 2015-16, 2016-16, and 2017-18

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

Table 4: PCT Adjusted Financial Performance Indicators

GASB 75 and 68 OPEB and Pension Expenses Excluded

	FY 2015-16	FY 2016-17	FY 2017-18
Input Data			
Operating Costs	\$5,650,096	\$6,027,683	\$6,698,531
Fare Revenue and Local Support	\$890,840	\$887,065	\$959,254
One-way Passenger Trips	444,634	386,951	389,123
Vehicle Service Hours	56,253	55,945	55,800
Performance Indicators			
Operating Cost per Trip	\$12.71	\$15.58	\$17.21
Operating Cost per Hour	\$100.44	\$107.74	\$120.04
Farebox Ratio	15.8%	14.7%	14.3%
Source: Richardson and Co. Fiscal and Compliance Audits			

liabilities as calculated per GASB 68 and 75. It should be noted that legislation is being proposed to allow the exclusion of the portion of the unfunded pension liability expense related to the change in the balance sheet accounts (GASB 68 and 75) from the fare revenue ratio but leave the cash contributions and the cash health insurance premiums paid by the employer as expenses. The figures in Table 4 would be consistent with this methodology. As shown in Table 4, operating expenses (excluding pension and OPEB liabilities) only increased by 11 percent in FY 2017/18.

Operating expenses by service type in Tables 1 and 2 also do not include unfunded pension liabilities as these are unaudited figures.

Passenger Count – Passenger counts represent one-way passenger trips. Total systemwide PCT ridership in FY 2017-18 was 389,123. As shown in Table 3, systemwide ridership declined by 13 percent in FY 2016-17 but remained relatively steady during the rest of the audit period. By type of service, the local fixed routes followed a similar pattern with a decline in FY 2016-17 from 294,381 to 250,823. The commuter routes also saw a decline in FY 2016-17 (78,722 to 72,812) but rebounded by 5 percent in FY 2017-18. Dial-A-Ride ridership patterns are subject to greater swings as the loss of one regular passenger who rides daily can have a significant impact. In FY 2015-16, ridership on PCT DAR services increased by 11 percent to 42,342, followed by a 14 percent increase in FY 2016-17 and then a 7.6 percent increase in FY 2017-18 to 39,080.

Public transit nationwide is seeing a decline in ridership nationwide. This may be due to a variety of factors including (until recently) relatively stable gas prices, the popularity of Transportation Network Companies such as Uber and Lyft and an auto loan boom which has allowed formerly transit dependent residents to purchase a private vehicle. Recent data indicates that this downward trend is stabilizing for PCT. A comparison of ridership between March 2017 - February 2018 and March 2018 - February 2019 shows that local fixed route ridership is up 2 percent, commuter bus ridership is up 9 percent but DAR ridership is down 17 percent.

Vehicle Service Hour data (Tables 1, 2, and 3) 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 17 percent in FY 2015-16 to 56,253 from the previous audit period due to the absorption of Lincoln Transit services into the PCT service area. Service levels remained relatively steady for the remainder of the audit period.

By type of service, the local fixed routes and DAR saw the large increase in vehicle service hours in FY 2015-16 (as a result of now service Lincoln). Commuter service hours stayed relatively steady and Demand for vanpool services decreased over the audit period.

Vehicle Service Mile data (Table 1, 2, and 3) was obtained from internal reports. 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*. Similar to service hours, service miles increased in FY 2015-16 for local fixed route services and DAR because of the expansion of service to cover the City of Lincoln. Interestingly, commuter route vehicle service miles decreased by 10 percent to 91,882 in FY 2015-16 then increased in FY 2016-17 and FY 2017-18 to 101,281.

The **Employee Hours in Full-Time Equivalent** 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 increased by 19 percent the first year of the audit period when PCT assumed operation of Lincoln Transit services. Another 15 percent increase occurred in FY 2017-18. One reason for the increase could be the change in the commuter service operating contract as vehicles are now deadheaded back to Auburn after their morning runs.

Fare Revenue data (Table 1, 2, and 3) was obtained from annual Fiscal and Compliance Audit reports. It should be noted that PUC Section 99205.7 states that fare revenues are defined as revenue object classes 401, 402, and 403, as specified in Section 630.12 of Title 49 of the *Code of Federal Regulations*:

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

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 revenue for this audit period ranged from \$861,474 (FY 2017-18) to \$890,840 (FY 2015-16)

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.

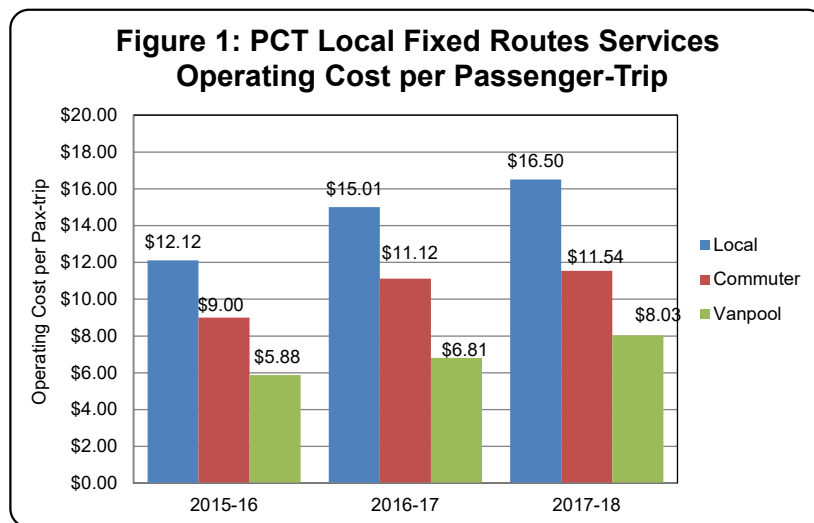
Calculation and Evaluation of Performance Indicators

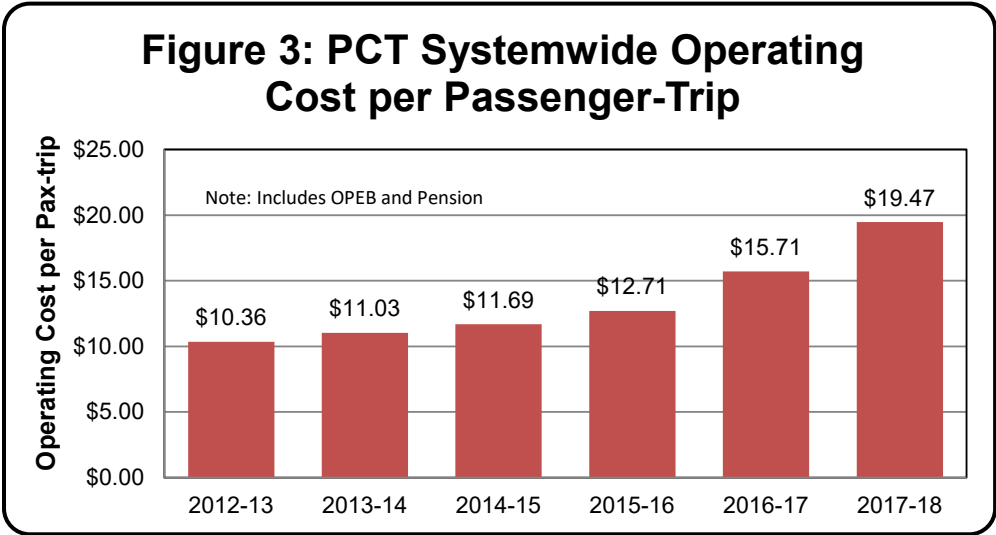
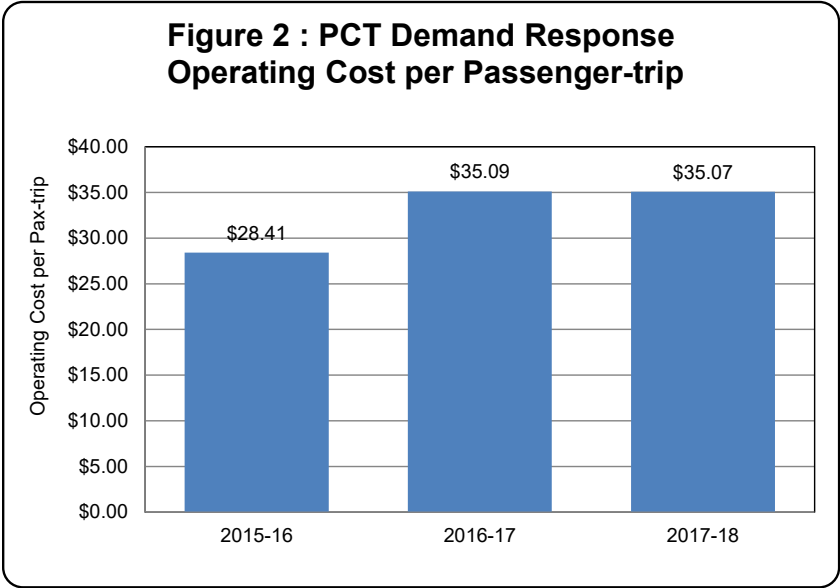
Performance indicators are frequently used to quantify and review the efficiency and effectiveness of a transit operator’s activities. Such indicators can provide insight on current operations as well as on the operator’s performance over a period of time. Using the data described above, the following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

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

In addition, the Farebox Recovery Ratio is calculated and evaluated herein, as required in Section 99268 et seq. of the Public Utilities Code. Note that performance indicators in Table 3 include OPEB and Pension costs. Table 4 excludes these costs, as pension costs are not a direct reflection of transit performance.

Operating Cost per (One-way) Passenger Trip data is presented in the Tables 1, 2, 3 and 4 and Figures 1, 2, and 3. This performance measure is a key indicator of a transit system’s cost effectiveness. As a result of increasing operating costs and declining ridership (as discussed above), operating cost per trip for all PCT services increased from \$12.71 in FY 2015-16 to \$19.47 in FY 2017-18 (Table 3). This decrease in cost effectiveness is less severe when pension and OPEB liabilities are excluded. As shown in Table 4, operating cost per trip increases from \$12.71 in FY 2015-16 to \$17.21 in FY 2017-18. Figure 3 demonstrates how the most significant increase in operating cost per trip occurred in FY 2017-18.

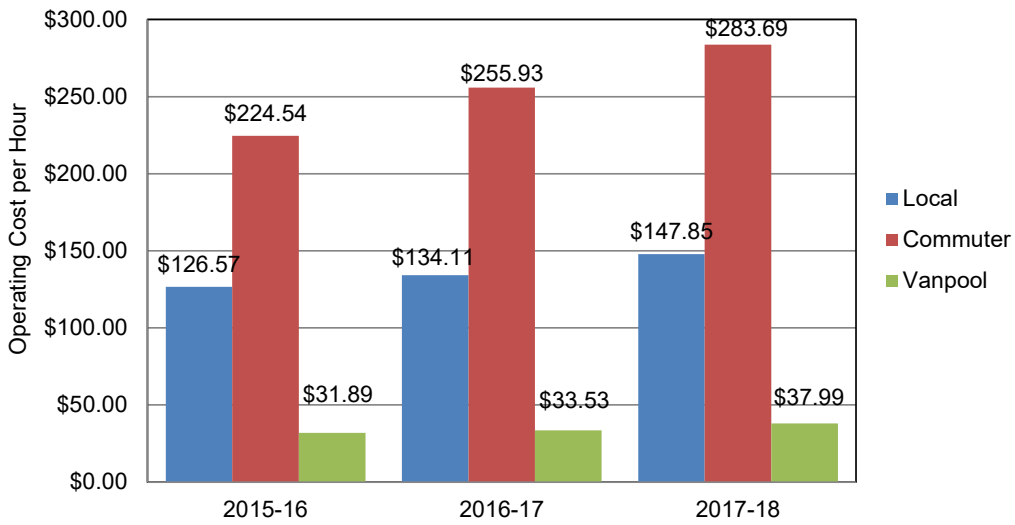




A review of Table 1 shows that local fixed routes operating cost per trip of \$16.50 in FY 2017-18 is much higher than commuter services (\$11.54) and the vanpool program (\$8.03). Cost efficiency declined for all fixed route services in Table 1. Dial-A-Ride services (Table 2) have the highest cost per trip of \$35.07.

Operating Cost per Vehicle Service Hour data is presented in Tables 1, 2, 3 and 4 and Figures 4, 5, and 6. This performance measure is a key indicator of a transit system’s cost efficiency. Systemwide operating cost per hour increased by 35 percent over the audit period from \$100.44 to \$135.80; however operating costs per hour decreased in FY 2015-16 from the prior audit period (Table 3 and Figure 6). Table 4 shows that operating costs per hour only increased by 19.5 percent when pension and OPEB liabilities are excluded. For fixed route services, local route commuter and vanpool operating cost per hour increased over the audit period (16 percent, 26 percent and 19 percent, respectively). Cost efficiency decreased for DAR services as well (11 percent).

**Figure 4 : PCT Fixed Route Services
Operating Cost per Hour**



**Figure 5 : PCT Demand Response
Operating Cost per Hour**

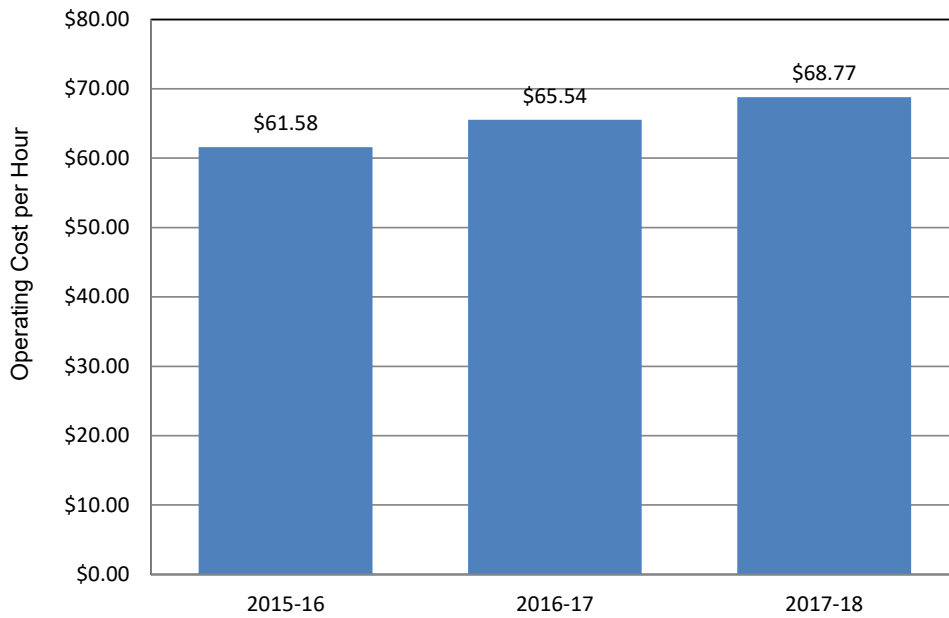
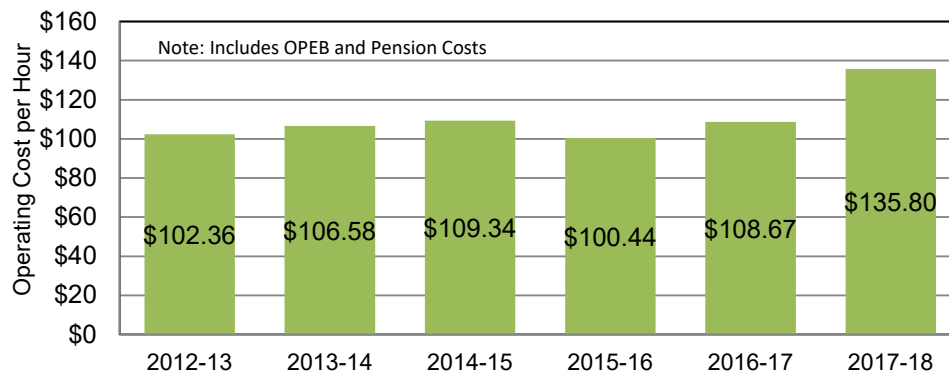


Figure 6: PCT Systemwide Operating Cost per Hour



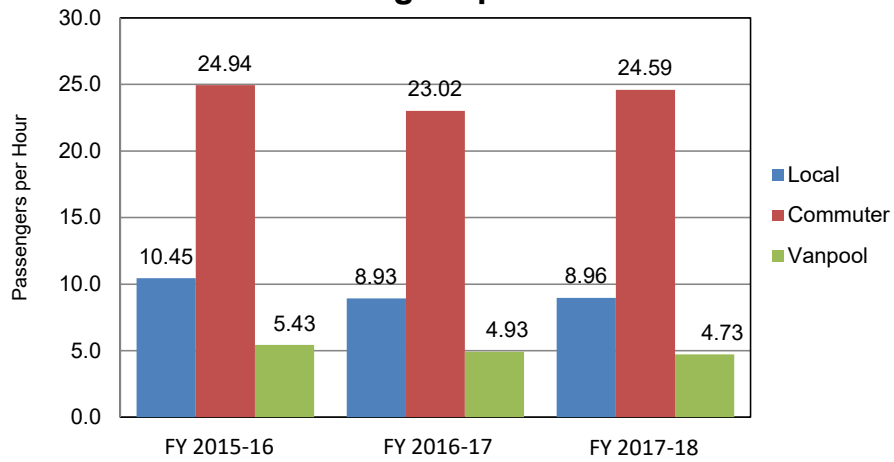
Operating cost per hour has varied significantly over the past six years for the commuter routes. In FY 2015-16, operating cost per hour decreased from \$211 to \$102, then increased to \$129 in FY 2016-17 and \$149 in FY 2017-18. There are multiple reasons for the high cost per hour of a commuter service as well as the variance in performance. The current service plan results in half of the vehicle hours associated with the commuter service are deadhead hours, as the vehicles must return to the operations facility in Auburn after making the morning commute runs to Sacramento. Deadhead time is not included in the performance indicator but costs associated with this time are. Previously, the buses were stored in downtown Sacramento during the day, thereby eliminating deadhead travel. However, this changed when a new contractor was procured. PCT has reviewed different solutions to this problem (leaving buses in Sacramento for the day or not) and have found the current method to be the most cost efficient under the current contract due to increased labor costs that would be associated with transporting bus drivers back to the reporting location if buses were stored in Sacramento mid-day.

Passengers per Vehicle Service Hour (commonly referred to as “productivity”) is presented in Tables 1, 2, and 3 and Figures 7, 8, and 9. As presented, systemwide productivity decreased slightly during the audit period from 7.90 passengers per hour to 6.97 passengers per hour. Overall, productivity has fallen about 3 percent since the six year high of 9.88 in FY 2012-13. All of the individual services showed slight decreases in productivity during the audit period. This is the result of the downward trend in ridership. Local fixed route productivity hovered around 9 – 10 passengers per hour which is the industry wide standard for this type of service.

Passengers per Vehicle Service Mile data is presented in Tables 1, 2, and 3 and Figures 10, 11, and 12. As presented, passengers per vehicle service mile decreased slightly during the audit period from 0.38 to 0.36, following a similar pattern to passengers per hour.

Vehicle Service Hours per Full-Time Equivalent (FTE) Employee data is presented in Tables 3 and Figure 13. As presented, the number of vehicle service hours per FTE equivalent decreased by slightly from 1,252 to 1,242 during the audit period but represents an increase from the prior audit period as a result of the changes with respect to Lincoln Transit.

**Figure 7 : PCT Fixed Route Services
Passengers per Hour**



**Figure 8 : PCT Demand Response
Passengers per Hour**

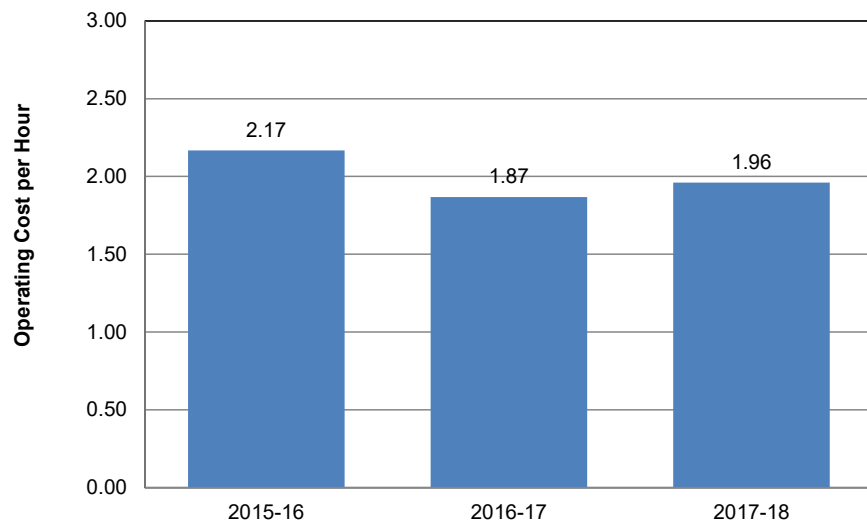


Figure 9: PCT Systemwide Passengers per Hour

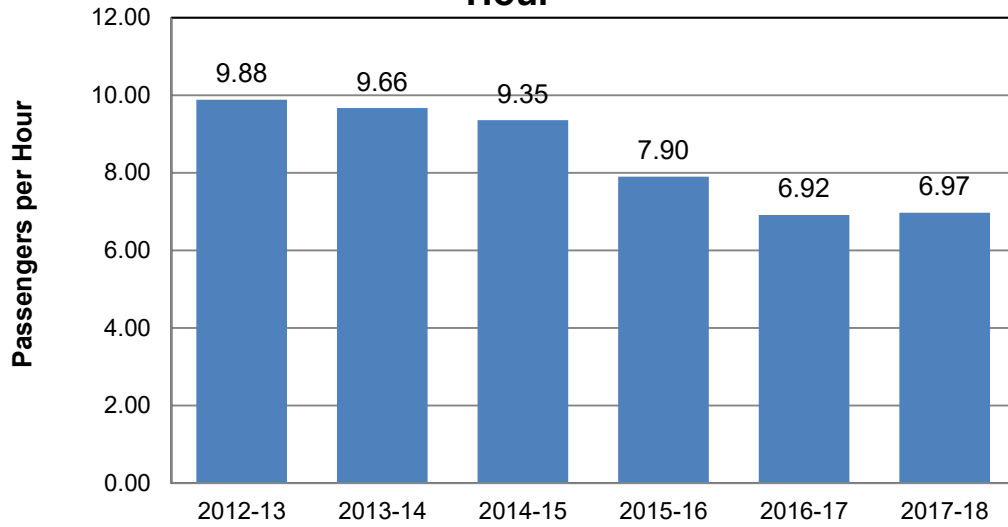
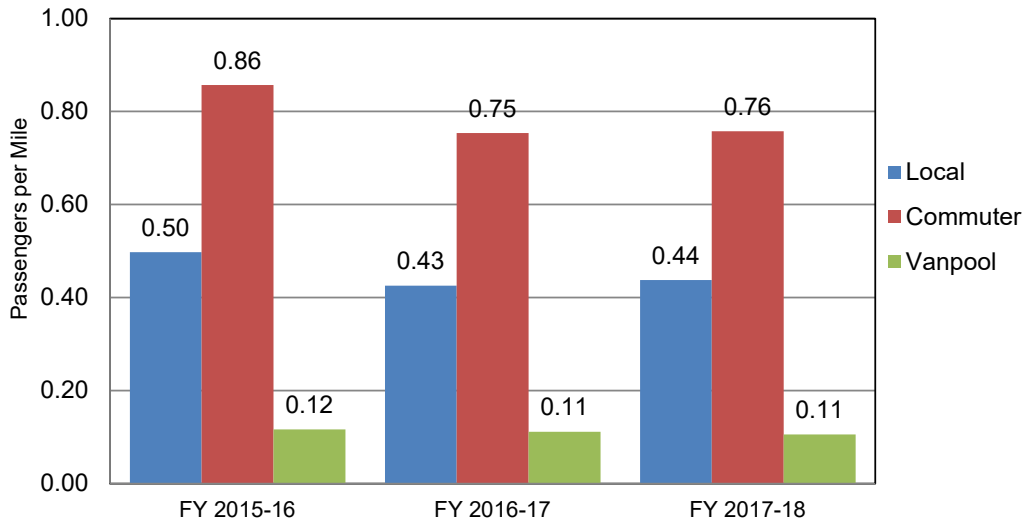
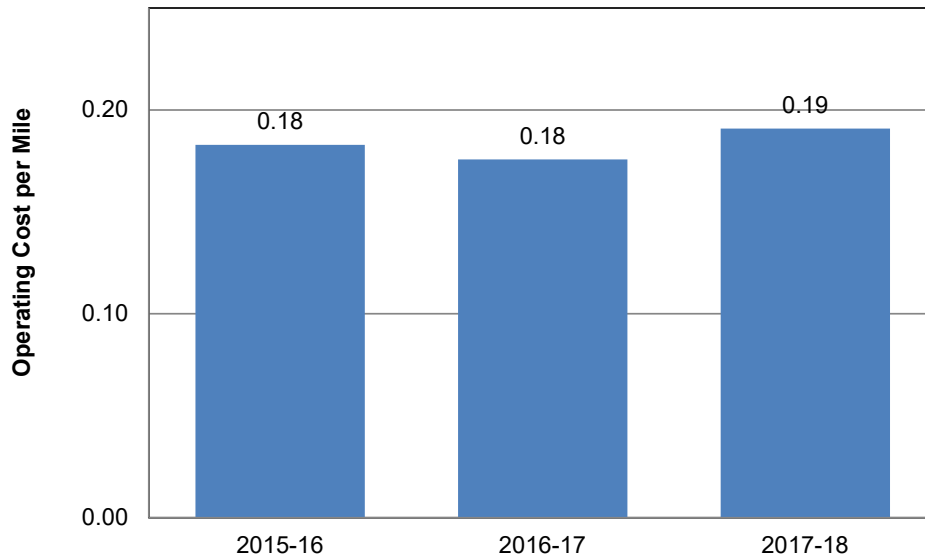


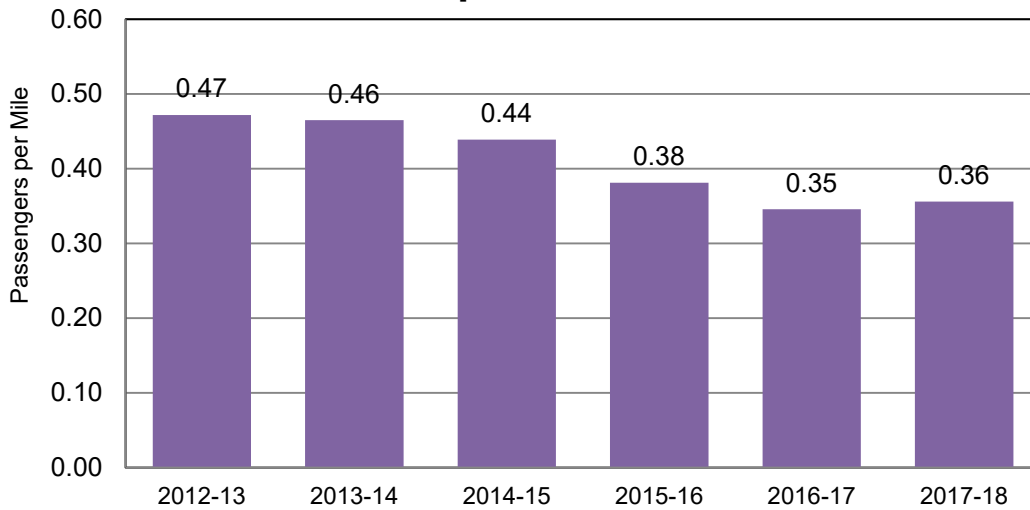
Figure 10 : PCT Fixed Route Services Passengers per Mile

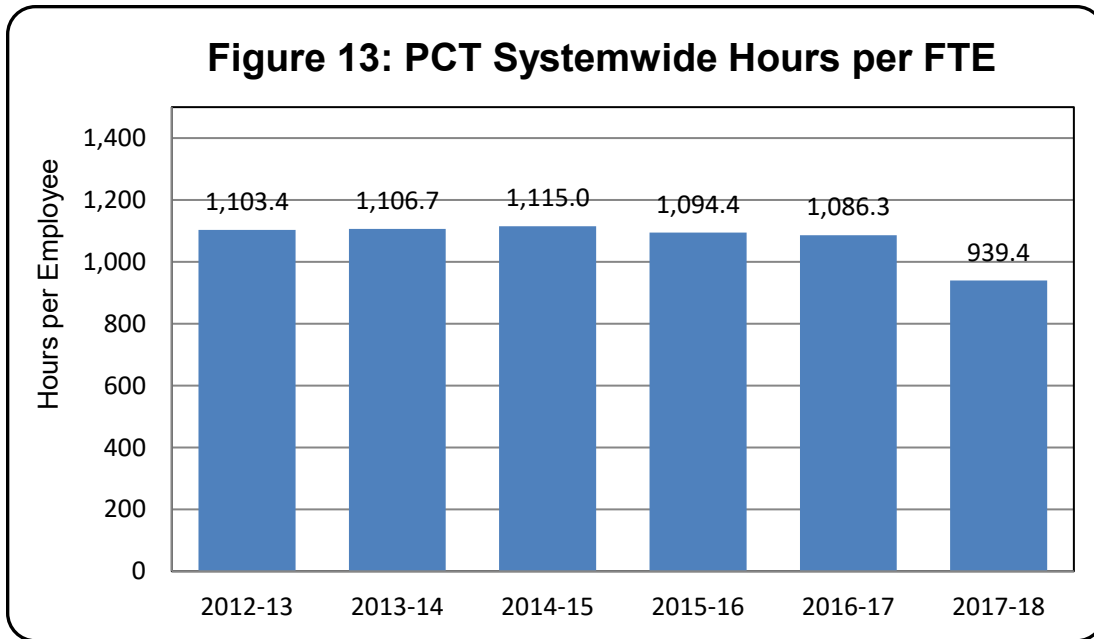


**Figure 11 : PCT Demand Response
Passengers per Mile**



**Figure 12: PCT Systemwide Passengers
per Mile**





The **Farebox Recovery Ratio** data is presented in Tables 1 - 4 and Figure 14, 15, and 16. As shown in Table 3, systemwide farebox recovery ratio increased in FY 2015-16 to 15.77 percent then decreased to 12.66 percent in FY 2017-18, as a result of both increasing costs and decreasing fare revenues. The 2017/18 farebox ratio is slightly below the 12.94 TDA required blended farebox ratio for PCT services. Table 4 demonstrates that although farebox ratio still declines during this audit period, it only decreases to 14.3 percent, if pension and OPEB liabilities are excluded.

Table 1 shows that PCT's commuter services have the highest farebox ratio when viewed by type of service (121 percent to 82 percent). DAR services have the lowest farebox ratio (2.17 percent to 2.47 percent). Local fixed route farebox ratio is also fairly low at 5.8 percent to 3.8 percent. The farebox ratio is representative of the type of service. Commuter routes have a higher fare and much greater productivity, while local fixed routes serve the transit dependent population over a longer span of service and charge a lower fare. By nature of the service, demand response services can't carry as many passengers.

Figure 14 : PCT Fixed Route Services Farebox Ratio

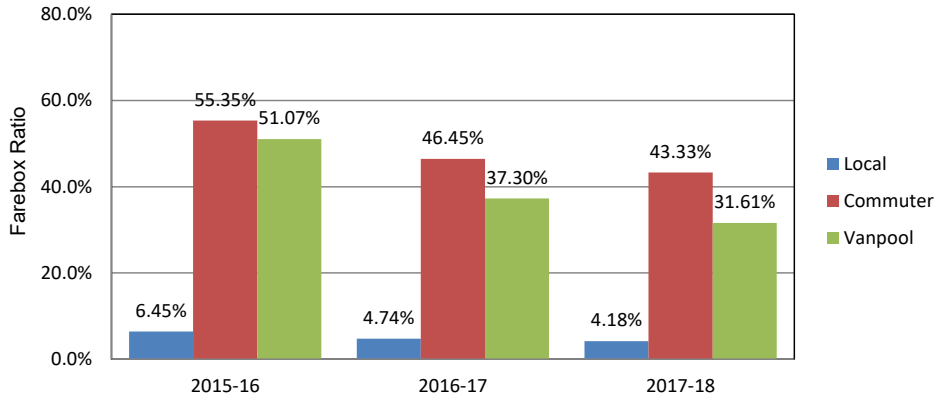


Figure 15 : PCT Demand Response Farebox Ratio

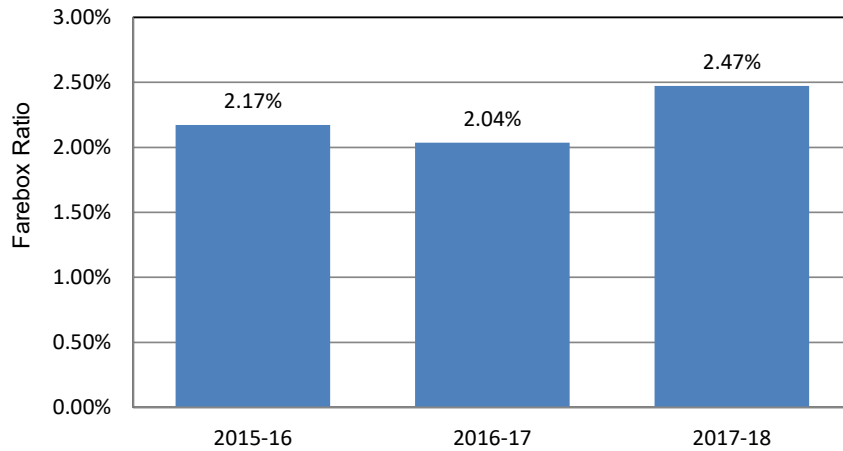
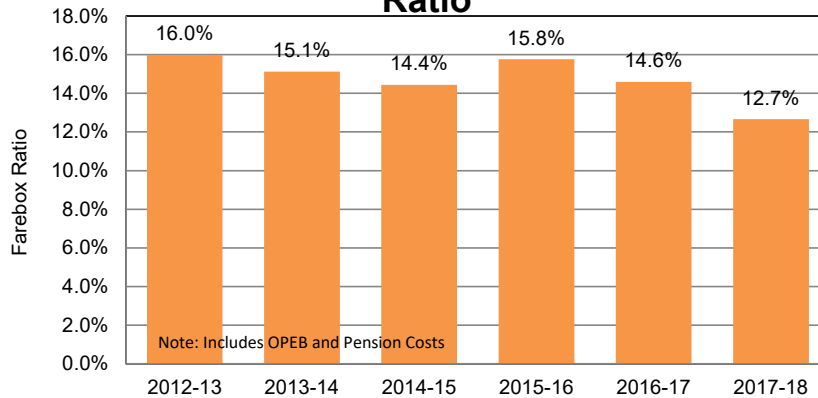


Figure 16: PCT Systemwide Farebox Ratio



The farebox ratio calculations in Tables 1 – 4 include local funds. According to TDA law, operators may supplement fare revenues with “local funds” if fare revenues alone are insufficient to meet farebox ratio requirements. In 2017, local funds was more broadly redefined in TDA as “any nonfederal or nonstate grant funds or other revenues generated by, earned by, or distributed to an operator.” In FY 2017-18 PCT began applying revenue provided by the Thunder Valley Casino as local funds.

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

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

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. In Fiscal Year 2015-16 these reports were required to be filed with PCTPA and the State Controller 110 days from the end of the fiscal year (September 28th) for paper filing and 110 days after the end of the fiscal year (October 18th) for electronic filing. In FY 2015-16, Placer County filed this report six days late. Beginning in FY 2016-17, State Controller reports were not due until seven months after the end of the fiscal year or January 31st. Placer County filed these reports on time for the second and third 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 requested 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.

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 changed during the audit period as a result of PCT absorbing Lincoln Transit services. In FY 2015-16 and FY 2016-17, the blended farebox ratio requirement for PCT was 13.2 percent. In FY 2017/18 the blended farebox ratio requirement was adjusted to 12.94 percent to reflect new service area and shift in the Sacramento Urbanized Area boundary. As shown in Table 3, PCT met the farebox ratio requirement of 13.2 percent the first two years of the audit period but was slightly short of the 12.94 percent requirement in FY 2017-18 at 12.66 percent. When pension and OPEB expenses (GASB 68 and 75) are excluded, PCT exceeds the farebox ratio requirement at 14.3 percent (Table 4).
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 3 for actual systemwide operating costs between FYs 2012 -13 and 2017-18. Annual operating costs for all PCT services increased by 24 percent in FY 2017-18. However, Table 4 demonstrates that without the new requirement of recognizing unfunded pension and OPEB benefit liabilities in the balance sheet (GASB 68 and 75), PCT systemwide operating costs would only have increased by 11.1 percent that year.
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. 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 (Bullet #5).
9. 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 (Bullet #5).
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 Non-Urbanized Area Formula Program funds administered by Caltrans) before TDA claims are granted.

TABLE 5: Transit Operator Compliance Requirements - Placer County Transit

Requirement	PUC Reference	In Compliance?		Comments
		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	For FY 2015-16
(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		
(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	For FY 2017-18 (If OPEB and pension costs are excluded farebox ratio is met)
(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		

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The previous audit was completed by Michael Baker International in September 2016. The recommendations from that effort are enumerated below.

Recommendation 1: *Consider counting casino subsidy as fare revenue.*

Implementation Complete: PCT has an agreement with United Auburn Indian Community to provide service to the Thunder Valley Casino. The Indian Community subsidizes the service in the amount of around \$100,000 annually. In the past this revenue was not included in farebox ratio calculations. According to the FY 2017-18 Fiscal and Compliance, revenue from the casino was included in farebox ratio calculations the last year of the audit period.

Recommendation 2: *Establish an on-time performance standard.*

Implementation Complete: PCT is installing the Nextbus AVL and passenger information system which will enable managers to track the bus's arrival at established time stops. The most recently adopted Short Range Transit Plan for PCT identifies the following on-time performance goals:

- Fixed Route – 90% no more than 5 minutes late
- Commuter – 80 % no more than 10 minutes late
- DAR – 90 % within 15 minute window

On-time performance data will be compared to these standards going forward.

Recommendation 3: *Implement the adjusted blended farebox ratio to account for urban and rural area changes served by PCT.*

Implementation Complete: The prior performance audit recalculated the blended farebox ratio to account for the inclusion of the City of Lincoln within the PCT service area and shifting of the Sacramento Urbanized Area to no longer include Auburn. The revised ratio is 12.94 percent. As of FY 2017-18, PCT services have been subject to this ratio. This auditor reviewed the methodology the prior auditor used to calculate the ratio and concurs with the methodology.

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 grant management, data reporting, and contract billing. The Assistant Planner is a relatively new position and has been helpful in ensuring accuracy of data collection and reporting. There are three senior bus drivers, two administrative dispatchers and 27.2 FTE bus drivers. PCT also contracts with private transportation companies 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. Management meets every other month with staff as part of safety meetings. 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.

Recent Program Changes and Innovations

At the beginning of the audit period, PCT began contracting with the City of Lincoln to operate transit services. Previously these services had been operated by the City but with limited staff available, it became challenging to provide effective service. The inclusion of Lincoln Transit services into PCT's service area provides a more seamless public transit network for the region as well as economies of scale for staffing. Ridership on the Lincoln Circulator which is tracked and reported to the City remains similar to previous levels. Other operational changes occurred on the Taylor Road Shuttle and the Lincoln Sierra College routes. The new Walmart and Target shopping centers were included as stops on these routes. In 2017 Connect Card, a smart card fare payment system, was implemented as part of a 9-agency consortium. In 2018 PCT implemented Nextbus and launched PCT's schedule on Google Maps.

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 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, reasonable goals and objectives in the Short Range Transit Plan and the Regional Transportation Plan. 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

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. Further, passenger surveys are 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. 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 and the process improved this audit period. A significant benefit of the Call Center is that all calls are recorded. This allows operators to more easily track trip requests. Same day requests made through PCT's DAR contractor and not recorded.

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

Part-Time and Cover Drivers

PCT currently employs both full-time and part-time drivers as well as extra help employees to help cover shifts, such as when other drivers are sick or on vacation.

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 an availability issue due to vehicle maintenance issues. Vehicles are assigned to specific routes according to anticipated passenger loads.

Personnel Management and Training

Recruiting

During this audit period, PCT generally did not have trouble recruiting new drivers or staff. There was not significant driver turnover and many of the open positions were filled by word of mouth. Otherwise, the county recruits through Craig's List, county website and Facebook. If needed, PCT will train drivers with no experience.

Motivation

The primary reason for turnover in PCT staff during the audit period was retirement. PCT has less than a 10 percent annual turnover rate. Staff have indicated that the driver pool is continuing to age. Many transit agencies have found it challenging to attract younger drivers. New transit supervisor and senior driver positions were added during the audit period. 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 Placer County personnel manual.

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 Public Works Manager - Transit had primary oversight of grants management duties, service planning, and public information during the audit period with assistance from the Staff Services Analyst. 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, PTMISEA, 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.

Contract Management

PCT employs two transit contractors to assist with the operation of transit services. MV Transportation operates the DAR, while Storer Transportation operates the commuter routes. PCT staff continually review the cost effectiveness of contracting for service verses providing the service in house. The transit contractors prepare detailed monthly operating statistics summaries which are reviewed by PCT staff. A good portion of PCT administrative staff time is spent verifying and correcting data received by the contractors. 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 was implemented in 2017, but 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 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 operator’s website, social service agencies and in other public forums, such as at Sierra College, PCTPA, City Hall

and libraries. Complaints and compliments are responded to (generally by email) but no formal log of complaints/compliments is kept and reported.

Marketing

PCT currently relies on the PCTPA for the majority of marketing efforts, such as the Transit Connections in South Placer County website and maps. The website includes a regional map as well as information for each operator and the various transfer points. The Placer County website includes an informative section on PCT routes, schedules, and fare information. PCT recently updated maps and flyers to reflect service changes. 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. Real-time bus arrival information is available through the NextBus application.

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.

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.

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. As some buses do not return to the yard until 9:00 PM, PCT must ensure that there are sufficient working vehicles for evening service when no mechanic is available. This forces PCT to have a higher spare ratio.

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 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 110,226 miles and an average age of 3.4 years. During the audit period, PCT replaced 11 fixed route buses and 11 cutaway vehicles that had reached the end of their useful life. This will help to reduce maintenance costs for the next audit period.

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

FINDINGS

- Although PCT systemwide ridership has declined since its peak in 2009 (similar to other transit agencies), ridership stabilized in FY 2017-18.
- The recognition of unfunded pension and OPEB liabilities per GASB 68 and 75 had a significant impact on PCT's operating expenses and farebox ratio. This caused FY 2017-18 costs to increase by 24 percent. Even with these pension related expenses excluded, operating costs increased by 11 percent between FY 2016-17 and FY 2017-18. According to the Fiscal and Compliance Audits, all expense categories except for insurance increased during this time period. In addition to a 40 percent increase in salaries and benefits (due to pension liabilities), PCT had a 34 percent increase in fuel and lubricants costs, an 18 percent increase in maintenance costs and administrative, while overhead expenses increased by 14 percent. Maintenance costs are expected to decrease during the next audit period as PCT recently replaced several older vehicles. Unfortunately, fuel costs are on the rise and will likely continue to increase during the next audit period.
- PCT implemented all the prior audit recommendations.
- PCT has a good data collection process in place.
- During the audit period, PCT met most of the TDA requirements. In FY 2015-16 the State Controller Report was submitted six days after the required deadline.
- PCT transit services met the adopted PCTPA farebox ratio of 13.2 percent the first two years of the audit period. In FY 2017-18, PCT just missed the required farebox ratio of 12.94 percent by 0.28 percent. When the unfunded pension and OPEB liabilities (GASB 68 and 75) are excluded, PCT's farebox ratio was 14.3 percent in FY 2017-18.
- The Auditor reviewed the existing methodology used to calculate the blended urban/rural farebox ratio for PCT services in 2015. The methodology is as follows. 2010 census tracts that encompass the PCT fixed-route and Dial-a-Ride service areas were identified. Next, the proportion of each census tract that lies within the Sacramento Urbanized Area 2010 designation was determined. This proportion was multiplied by the population of the census tract to determine the proportion of the "urbanized" population within PCT's service area. According to the calculations, 58.82 percent of PCT's service area is urbanized. Factoring the urbanized and rural proportions of the service area by their applicable minimum farebox recovery ratio (10 percent for rural and 15 percent for urban), the blended farebox recovery ratio of 12.94 percent was calculated. This represents the farebox ratio for PCT services as of 2015 (after the inclusion of Lincoln Transit services). The only service changes which occurred after the development of the farebox ratio were changes to the Taylor Road Shuttle

and Lincoln Sierra College route which already lie within the Sacramento Urbanized area. Therefore, the proportion of urbanized population served by PCT has not changed.

The SRTP was recently updated and includes the following plan elements which will slightly expand PCT's service area:

- Expand DAR to Serve Industrial Boulevard Corridor and Combine Rocklin/Loomis DAR with Lincoln DAR
- Expand the Highway 49 Dial-A-Ride Area to Serve Bowman

Implementing these plan elements will change the urban/rural percentage slightly. Additionally, the upcoming US 2020 Census may again change the boundaries of the Sacramento Urbanized Area. After transit plan elements are implemented and the 2020 Census has been completed, the farebox ratio calculation should be revisited.

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 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.

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.