

# FY 2017-2019 Triennial Performance Audit of Tahoe Truckee Area Regional Transit (TART)



Submitted to:

TAHOE REGIONAL  
PLANNING AGENCY

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INTERNATIONAL

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## Executive Summary

The Tahoe Regional Planning Agency (TRPA) engaged Michael Baker International to conduct the Transportation Development Act (TDA) triennial performance audit of the public transit operators under its jurisdiction in the Tahoe Basin. This performance audit is conducted for Tahoe Truckee Area Regional Transit (TART) covering the most recent triennial period, fiscal years (FY) 2016–17 through 2018–19.

The audit includes a review of the following areas:

- Compliance with TDA Requirements
- Status of Prior Audit Recommendations
- Transit System Performance Trends
- Detailed Functional Review

From the review, recommendations were developed to improve the operational efficiency and effectiveness of TART.

### Compliance with TDA Requirements

TART has satisfactorily complied with all nine applicable requirements. Two compliance requirements did not apply to TART during the audit period (blended and urbanized farebox recovery ratios<sup>1</sup>).

### Status of Prior Audit Recommendations

TART satisfactorily implemented two of the four prior audit recommendations. The recommendations implemented pertained to the adoption of an urbanized area farebox recovery ratio and the inclusion of locally generated revenues in the farebox recovery calculation. The recommendation partially implemented pertained to reporting of data to the oversight governing boards, while the recommendation not implemented pertained to the preparation of two separate modal reports to the State Controller, which have been forwarded for full implementation in this audit.

### Transit System Performance Trends

1. The farebox recovery ratio was 11.0 percent in FY 2017, 36.5 percent in FY 2018, and 56.3 percent in FY 2019 based on audited data. The average system-wide farebox recovery ratio was 34.6 percent during the triennial review period. TART has been applying locally

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<sup>1</sup> Although TRPA adopted an urban farebox ratio standard for TART in September 2017, the agency granted TART a five-year exemption allowable under TDA statute to meet the new urban ratio.

generated revenues in the farebox recovery calculation pursuant to SB 508. The transit system receives supplemental revenues from the Truckee North Tahoe TMA for winter and ski shuttle service. Additional local revenues have been received from the North Lake Tahoe Resort Association for contracted shuttle services. Revenue generated by the County as transient occupancy taxes is disbursed to TART as a contribution from County funds. Given the Tahoe region's new urbanized status, TRPA adopted an urbanized area farebox ratio on September 27, 2017, pursuant to Resolution 2017-14. During the audit period, the rural fare revenue ratio continued to apply.

2. Operating cost per vehicle service hour, an indicator of cost efficiency, decreased 4.0 percent system-wide from \$81.97 in the FY 2016 base year to \$78.67 in FY 2019 based on audited cost data. Audited operating costs increased 17.9 percent system-wide, while operating hours increased 22.8 percent during the audit period. Fixed-route costs per hour increased 14.6 percent from \$145.54 in FY 2016 to \$166.81 in FY 2019, whereas costs per hour for ADA paratransit decreased 15.4 percent from \$317.47 in FY 2016 to \$268.51 in FY 2019 based on unaudited data. The impacts from exclusion of OPEB from GASB 75 and PERS long term pension liability expenses were most profound in FY 2018 when these expenses were \$562,089 reflecting all liabilities in one year. As such, performance measures such as operating cost per vehicle service hour, cost per vehicle service mile, and farebox recovery all exhibited improvements compared to unadjusted numbers in that same year.
3. Operating cost per passenger, an indicator of cost effectiveness, increased 3.7 percent system-wide from \$7.72 in FY 2016 to \$8.00 in FY 2019 based on audited cost data. At the modal level, fixed-route operating cost per passenger increased 23.4 percent from \$13.64 in FY 2016 to \$16.84 in FY 2016, whereas costs per hour for ADA paratransit decreased 38.1 percent from \$115.60 in FY 2016 to \$71.59 in FY 2019 based on unaudited data. Ridership system-wide increased by 13.7 percent, from 332,442 passengers in FY 2016 to 378,048 passengers in FY 2019, while operating costs (audited) increased 17.9 percent.
4. Passengers per vehicle service hour, which measures the effectiveness of the service delivered, decreased 7.4 percent system-wide between FY 2016 and FY 2019 from 10.6 to 9.8 passengers per hour. Fixed-route operations mirrored the system-wide trend with a decrease of 7.1 percent over the same period from 10.7 to 9.9 passengers per hour. In contrast, ADA paratransit exhibited an increase of 36.6 percent from 2.7 to 3.8 passengers per hour. The trend in this indicator is reflective of the 22.8 percent increase in vehicle service hours as compared to the 13.7 percent increase in passenger trips system-wide.
5. Passengers per vehicle service mile, another indicator of service effectiveness, decreased 5.8 percent system-wide, from 0.50 in FY 2016 to 0.47 in FY 2019. For fixed-route operations, the number of passengers per service mile decreased by a comparable 5.7 percent from 0.51 to 0.48 between FY 2016 and FY 2019. For ADA paratransit, passengers per service mile increased 97 percent over the same period. The trend in this indicator reflects the system-wide increase in vehicle service miles of 20.7 percent.

## Detailed Functional Review

1. By expanding service, TART has been able to provide year-round transit connections for the “resort triangle” and provide an important link between communities in Placer County and Truckee. The Truckee Town Council and Truckee Tahoe Airport District Board of Directors each approved a three-year commitment of \$62,500 annually to help fund the service. Night service was also expanded during the spring and fall shoulder months. This has allowed TART to better utilize staffing resources more efficiently.
2. TART has been directly operating Americans with Disabilities (ADA) paratransit since October 2016. Most of the ADA-eligible riders are not wheelchair bound and 95 percent of the trips are for medical appointments. After averaging 12 rides a month, ridership increased exponentially to 225 a month in FY 2019. Much of this increase has been generated by the Choices Person Centered Services program in Truckee.
3. TART acquired newer vehicles during the audit period. In March 2017, the Tahoe Transportation District transferred eight CNG buses to TART. As a designated Federal Transit Administration (FTA) grant recipient, TART was eligible to receive the buses. TART also updated its on-board and operation facility camera systems.
4. During FY 2018, the County reported high employee turnover attributed to the tight local housing market, health issues, and retirements. In an effort to improve employee retention, the County reinstated the Tahoe Branch Assignment Premium, which is contained in the current memorandum of understanding (MOU). Effective July 2017, the premium was \$775 per month, and was increased to \$825 per month in July 2018 and to \$875 per month in July 2019.
5. TART and Truckee Transit developed a common brand and name: Tahoe Truckee Area Regional Transit. The rebranding effort included the adoption of a common logo and color scheme that is reflected on bus stops, marketing materials, passes, and a new website (<https://tahoetruckeetransit.com/>). The website was launched in the summer of 2019 and is mobile-friendly and ADA-accessible. Transit vehicles also reflect the new brand and logo.
6. The public works manager of Transit Services oversees TART administration. The manager is assisted by the transportation systems supervisor and a staff services analyst. The staff services analyst is tasked with National Transit Database reporting, grants monitoring and reporting, fiscal audit coordination, and TDA claims. The transportation systems supervisor visits the TART operations facility twice a week.

## Recommendations

Performance Audit Recommendation	Background
<p><b>1. Report TART operating statistics and performance indicators to the County Board of Supervisors quarterly or at least during budget adoption process.</b></p>	<p>This recommendation is carried forward from the prior audit. The public works manager for Transit Services indicated that TART operating performance data are reported infrequently to the County Board of Supervisors. Monthly reports are compiled and provided to TRPA and the Regional Transportation Commission of Washoe County. During the audit period, the County hired an assistant planner to assist with compiling the data. With additional staff resources, the County was able to provide quarterly performance data summaries to TRPA. The public works manager for Transit Services is encouraged to keep the Board of Supervisors apprised on the performance of the TART system, particularly during the budget adoption process.</p>
<p><b>2. Prepare and submit separate annual State Controller Reports for fixed route and specialized ADA paratransit service.</b></p>	<p>This recommendation is carried forward from the prior audit. The Transit Operators Financial Transactions Report submitted to the State Controller by the County still combines general public and specialized service reflecting the general public dial-a-ride service operated by Placer County Transit.</p> <p>The instructions for the Transit Operators Financial Transactions Report require that separate reports be prepared for general public service and specialized service, in this case for the fixed-route service and the specialized ADA paratransit. The General Information sheet in the front of the Controller Report provides specific instructions to prepare separate reports for these different services. It is recommended that the public works director for Transit Services work with the Auditor-Controller office to report the two services separately to the State Controller as well as report the TART ADA service as specialized service.</p> <p>Website link to the SCO instructions:  <a href="https://www.sco.ca.gov/Files-ARD-Local/LocRep/Transit%20Operators%20FTR%20Instructions%20-%20SCO%20website.pdf">https://www.sco.ca.gov/Files-ARD-Local/LocRep/Transit%20Operators%20FTR%20Instructions%20-%20SCO%20website.pdf</a></p>

## Section I

### Introduction

California’s Transportation Development Act (TDA) requires that a triennial performance audit be conducted of public transit entities that receive TDA revenues. The performance audit serves to ensure accountability in the use of public transportation revenue.

The Tahoe Regional Planning Agency (TRPA) engaged Michael Baker International to conduct the TDA triennial performance audit of the public transit operators under its jurisdiction in the Tahoe Basin. This performance audit is conducted for Tahoe Truckee Area Regional Transit (TART) covering the most recent triennial period, fiscal years (FY) 2016–17 through 2018–19.

The purpose of the performance audit is to evaluate TART’s effectiveness and efficiency in its use of TDA funds to provide public transportation in its service area. This evaluation is required as a condition for continued receipt of these funds for public transportation purposes. In addition, the audit evaluates TART’s compliance with the conditions specified in the California Public Utilities Code (PUC). This task involves ascertaining whether TART is meeting the PUC’s reporting requirements. Moreover, the audit includes calculations of transit service performance indicators and a detailed review of the transit administrative functions. From the analysis that has been undertaken, a recommendation was made which is intended to improve the performance of transit operations.

In summary, this TDA audit affords the opportunity for an independent, constructive, and objective evaluation of the organization and its operations that otherwise might not be available. The methodology for the audit included in-person interviews with TART transit management via videoconferencing, collection and review of agency documents, and data analysis<sup>2</sup>. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* published by the California Department of Transportation (Caltrans) was used to guide the development and conduct of the audit.

### Overview of the Transit System

Transit service in the northern Lake Tahoe region has been operating since 1975, encompassing eastern Placer County and parts of El Dorado and Nevada Counties as well as Washoe County in Nevada. TART is administered by the County of Placer (County) Public Works Department, which also administers Placer County Transit.

TART operates a fixed-route system open to the general public. The TART Mainline service runs from Tahoma (on Lake Tahoe’s west shore in El Dorado County) to Incline Village, Nevada. The Truckee Shuttle route operates between Tahoe City and Truckee via State Route (SR) 89. In the

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<sup>2</sup> Due to the 2020 COVID-19 Pandemic, videoconferencing was employed in lieu of on-site observations as part of this audit’s methodology.

winter of 2007–08, TART added service between Northstar and Crystal Bay along SR 267 during the summer months and from Truckee to Crystal Bay in the winter months. Supplemental Americans with Disabilities Act (ADA) compliant paratransit service had been contracted through a local taxi company. Because of compliance and reliability issues, the taxi contractor was not able to operate the service. TART has been directly operating ADA paratransit since October 2016.

Based on 2010 census tract data, the population of the TART service area, encompassing eastern Placer County, Incline Village/Crystal Bay, Truckee, and Tahoma/Rubicon Bay, is 36,245. Based on 2014 census estimates, the service area population grew to 37,676. The Town of Truckee is the only incorporated municipality in the service area. The 2020 population for Truckee is estimated to be 16,228 as reported by the California Department of Finance. The town covers a 32.32-square-mile area.

The main east–west highway is Interstate 80 (I-80), which connects Truckee and the northern Tahoe region with Reno, Nevada, to the east and the Sierra foothills and the Sacramento Valley to the west traversing the Donner Pass. The two north–south highways are SR 89 and SR 267 that connect Truckee with the northern shore of Lake Tahoe. SR 28 runs along the northern shore of Lake Tahoe from Tahoe City to Incline Village.

### System Characteristics

TART operates public bus transit service in the North Tahoe region. TART’s Mainline route runs year-round between Tahoma on the west shore of Lake Tahoe to the Hyatt in Incline Village. The route serves Tahoe City, Kings Beach, and all the other communities along this route. TART also operates service between Tahoe City, Squaw Valley, and Truckee. In the summertime, TART adds the Tahoe Trolley, which increases daytime service and adds nighttime service. The seasonal route along SR 267 between Truckee, Northstar, and Kings Beach was made year-round in 2016. Expanded ski area services to local resorts operate during the winter months.

TART operates seven days a week, including all holidays. Service hours vary based on seasonal schedules: winter, summer, and off-season (spring and fall). Night service operates during the winter season from 6:30 p.m. to 2:00 a.m. Frequencies range between 30 to 60 minutes depending on the route and the route segment.

The Tahoe City Transit Center, located just south of Fanny Bridge and the Tahoe City “Y,” serves as the transfer point between routes. The Tahoe City Transit Center has an interior waiting area, restrooms, parking, bike lockers, bus arrival information, and a TART pass/bike locker pass vending machine. TART also interlines with Truckee Transit at the Truckee Depot. A summary of the TART fixed-route service is presented in Table I-1.



**Table I-1  
TART Fixed-Route Services**

Route	Frequency	Key Time Points
<p><b>Mainline Bus Tahoma - Incline Village</b></p>	<p>Hours of operations from 6:00 a.m. to 7:00 p.m.</p> <p>Every 60 minutes between Sugar Pine Point State Park and Crystal Bay. Every 30 minutes between Tahoe City and Crystal Bay.</p>	<ul style="list-style-type: none"> <li>▪ Sugar Pine Point</li> <li>▪ Tahoma</li> <li>▪ Homewood</li> <li>▪ Tahoe City Transit Center</li> <li>▪ Tahoe City “Y” Swigard’s Hardware</li> <li>▪ Carnelian Bay</li> <li>▪ Tahoe Vista</li> <li>▪ Kings Beach</li> <li>▪ Crystal Bay</li> <li>▪ Crystal Bay Club</li> <li>▪ Hyatt/Lakeshore Drive</li> </ul>
<p><b>Highway 89 Tahoe City - Truckee</b></p>	<p>Hours of operations from 6:30 a.m. to 6:30 p.m.</p> <p>Every 60 minutes between Tahoe City and Truckee. Every 30 minutes during the winter season between Tahoe City and Squaw Valley and every 60 minutes between Squaw Valley and Truckee.</p>	<ul style="list-style-type: none"> <li>▪ Tahoe Biltmore (Crystal Bay)</li> <li>▪ Kings Beach</li> <li>▪ Tahoe City Transit Center</li> <li>▪ Alpine Transport Center</li> <li>▪ Squaw Valley Clock Tower</li> <li>▪ Resort at Squaw Creek</li> <li>▪ Tahoe Forest Hospital</li> <li>▪ Truckee Depot</li> </ul>
<p><b>Highway 267 Crystal Bay - Truckee</b></p>	<p>Hours of operations from 6:00 a.m. to 6:00 p.m.</p> <p>Every 60 minutes between Crystal Bay and Truckee. Every 30 minutes during the winter season between Crystal Bay and Northstar and every 60 minutes between Northstar and Truckee.</p>	<ul style="list-style-type: none"> <li>▪ Truckee Depot</li> <li>▪ Larkspur</li> <li>▪ Hampton Inn</li> <li>▪ Truckee Airport</li> <li>▪ Northstar Village</li> <li>▪ Sawmill Heights</li> <li>▪ Stewart Way/Hwy 267</li> <li>▪ Secline Street - Kings Beach</li> <li>▪ Crystal Bay Club</li> </ul>
<p><b>North Shore Night Service:</b></p> <ul style="list-style-type: none"> <li>• Squaw Valley - Tahoe City Transit Center - Kings Beach - Crystal Bay</li> <li>• Tahoe City Transit</li> </ul>	<p>Hours of operation until 2:00 a.m. during the winter and summer seasons and until 9:30 p.m. during the fall and spring seasons.</p>	<p>Time points vary based on route</p>

Route	Frequency	Key Time Points
Center - Granlibakken to Sunnyside - Tahoma <ul style="list-style-type: none"> <li>Northstar - Kings Beach - Crystal Bay</li> </ul>	Every 60 minutes between Squaw Valley and Crystal Bay, Tahoma and Tahoe City, and Northstar and Crystal Bay.	

Source: TART

### ADA Paratransit Service

TART operates ADA complementary paratransit service during the same hours as fixed route seven days a week within 0.75 miles of the TART fixed-route buses. Paratransit service is available only to those who go through the ADA certification process.

At a minimum, passengers must call the day before a ride is needed to request a trip. Trips can be requested up to 14 days in advance. Subscription service is available, but restrictions may apply. Fares can be no more than twice the TART fixed-route base fare for the same trip.

### Fares

TART’s fares are structured according to passenger category and media type. Discounted fares are available to seniors aged 60 and older, youth between the ages of 6 and 12, and persons with disabilities. Medicare card holders are eligible for the discounted fare. Children aged 5 and under ride free with an adult. Free transfers have been replaced with the 24-hour unlimited ride pass. The fare structure is shown in Table I-2.

**Table I-2  
TART Fare Schedule**

Fare Categories	Fare
General Public One Way	\$1.75
Senior/Youth/Disabled/Medicare Card	\$0.85
24-Hour Pass – General Public	\$3.50
24-Hour Pass – Senior/Youth/Disabled/Medicare Card	\$1.75
Night Rider Service (6:00 p.m. to 2:00 a.m.)	Free
<b>Discount Passes – Adult</b>	
10-Ride	\$14.00
14-Day	\$30.00
30-Day	\$53.00
<b>Discount Passes – Senior/Youth/Disabled/Medicare Card</b>	
10-Ride	\$7.00
14-Day	\$15.00
30-Day	\$26.50

Fare Categories	Fare
Youth Pass (Unlimited rides from June – August)	\$10.00

Source: TART

Taking place outside of the audit period, TART implemented free fares on its Mainline, Highway 89, and Highway 267 routes effective December 2019.

### Fleet

There are 19 vehicles in the TART fleet including four vehicles that were delivered after the audit period in late 2019. Most vehicles are powered by compressed natural gas (CNG) with the remainder powered by diesel or unleaded gas. All TART vehicles are wheelchair accessible in compliance with the ADA. Table I-3 shows the vehicle fleet information.

**Table I-3  
TART Fleet**

Year	Make & Model	Quantity	Fuel type	Seating Capacity	Service Mode
2004	Orion V	1	CNG	32 (2 W/C)	Fixed Route
2006	Orion V	3	CNG	38 (2 W/C)	Fixed Route
2008	Starcraft Allstar	2	Unleaded	18 (2 W/C)	Demand Response
2009	NABI	3	CNG	32 (2 W/C)	Fixed Route
2015	Gillig	2	CNG	32 (2 W/C)	Fixed Route
2015	Gillig	2	Diesel	32 (2 W/C)	Fixed Route
2017	Gillig	2	CNG	35 (2 W/C)	Fixed Route
2019	Gillig	4	CNG	32 (2 W/C)	Fixed Route
<b>Total</b>		<b>19</b>			

Source: TART

Note: W/C = wheelchair

Two of the 2006 Orion V vehicles were retired from service in September 2019. The four 2019 Gillig vehicles were placed into service in December 2019.

## Section II

### Operator Compliance Requirements

This section of the audit report contains the analysis of TART’s ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses the guidebook *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies* to assess transit operators. The guidebook contains a checklist of 11 measures taken from relevant sections of the PUC and the California Code of Regulations. Each requirement is discussed in the table below, including a description of the system’s efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator has submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller. Report is due within seven (7) months after the end of the fiscal year (on or before January 31). The report shall contain underlying data from audited financial statements prepared in accordance with generally accepted accounting principles, if this data is available.	Public Utilities Code, Section 99243	<p>Completion/submittal dates for both general public and specialized service reports:</p> <p>FY 2017: January 31, 2018                      FY 2018: January 31, 2019                      FY 2019: January 31, 2020</p> <p>The instructions for the Transit Operators Financial Transactions Report require that separate reports be prepared for general public service and specialized service, in this case for fixed-route and specialized ADA taxi service.</p> <p>The auditor recognizes that the Transit Operators Financial Transactions Report encompasses the two transit systems (Placer County Transit and TART) administered by the County. Separate reports should be prepared for the next reporting period.</p>

<b>Table II-1 Operator Compliance Requirements Matrix</b>		
<b>Operator Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
		<b>Conclusion: Complied</b>
The operator has submitted annual fiscal and compliance audits to the RTPA and to the State Controller within 180 days following the end of the fiscal year (Dec. 27), or has received the appropriate 90-day extension by the RTPA allowed by law.	Public Utilities Code, Section 99245	<p>Completion/submittal dates:</p> <p>FY 2017: November 30, 2017                      FY 2018: December 21, 2018                      FY 2019: February 21, 2020</p> <p>The County of Placer requested and was granted 90-day extensions by TRPA as allowed by law.</p> <p style="text-align: center;"><b>Conclusion: Complied</b></p>
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 a CHP inspection of the operator’s terminal.	Public Utilities Code, Section 99251 B	<p>The County participates in the California Highway Patrol (CHP) Transit Operator Compliance Program in which the CHP has conducted inspections within the 13 months prior to each TDA claim.</p> <p>Inspections were conducted at the TART operations facility located at 870 Cabin Creek Road in Truckee.</p> <p>Inspection dates applicable to the audit period were November 8-9, 2016; March 23, 2017; December 13-14, 2018; and December 10-11, 2019.</p> <p>The inspections conducted on November 8-9, 2016, were rated unsatisfactory due to noncompliance with the Department of Motor Vehicle’s</p>

<b>Table II-1 Operator Compliance Requirements Matrix</b>		
<b>Operator Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
		<p>Pull Notice Program. There was an issue concerning the duty status on one of the driver’s records. A reinspection was conducted on March 23, 2017, which was rated satisfactory. All subsequent inspections conducted were rated satisfactory.</p> <p><b>Conclusion: Complied</b></p>
<p>The operator’s claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.</p>	<p>Public Utilities Code, Section 99261</p>	<p>As a condition of approval, the annual claims for Local Transportation Funds (LTF) and State Transit Assistance (STA) submitted by the County are submitted in compliance with the rules and regulations adopted by TRPA.</p> <p>Once the funds have been apportioned to Placer County, the County is responsible for allocating its funds for the coming fiscal year. Given that TRPA chooses to use all TDA funds for transit services, Placer County must allocate 100 percent of their apportionment to transit operations, capital, and oversight.</p> <p><b>Conclusion: Complied</b></p>
<p>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</p>	<p>Public Utilities Code, Section 99270.1</p>	<p>During the audit period, TART adhered to a rural fare recovery ratio. TART is not subject to an intermediate ratio combining rural and urban fare ratios.</p>

<b>Table II-1 Operator Compliance Requirements Matrix</b>		
<b>Operator Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
determined by the rules and regulations adopted by the RTPA.		<b>Conclusion: Not applicable</b>
The operator’s operating budget has not increased by more than 15% 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 unless the operator has reasonably supported and substantiated the change(s).	Public Utilities Code, Section 99266	<p>Percentage change in the transit system’s operating budget:</p> <p>FY 2017: +10.4%</p> <p>FY 2018: +26.2%</p> <p>FY 2019: -0.7%</p> <p>The increases in the FY 2017 and FY 2018 transit operating budgets were attributed to higher salaries and employee insurance, maintenance, fuel, lubricants, and purchased transportation costs. The budgeted increases also include Other Postemployment Benefits (OPEB) and PERS long term pension liability expenses.</p> <p><i>Source: County of Placer Transit Fund Budgets – TART for FYs 2016–2019</i></p> <p><b>Conclusion: Complied</b></p>
The operator’s definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile,	Public Utilities Code, Section 99247	<p>The transit system’s definition of performance is consistent with PUC Section 99247. A review of performance data reports provided by the County confirms that correct performance data are being collected.</p> <p><b>Conclusion: Complied</b></p>

<b>Table II-1 Operator Compliance Requirements Matrix</b>		
<b>Operator Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
(f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.		
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating costs at least equal to one-fifth (20 percent), unless it is in a city with a population of less than 500,000, in which case it must maintain a ratio of fare revenues to operating costs of at least equal to three-twentieths (15 percent), if so determined by the RTPA.	Public Utilities Code, Sections 99268.2, 99268.3, 99268.12, 99270.1	<p>During the audit period, TART adhered to a rural fare recovery ratio.</p> <p>Given the Tahoe region’s new urbanized status, TRPA adopted an urbanized area farebox ratio on September 27, 2017, pursuant to Resolution 2017-14.</p> <p>PUC Section 99270.2 allows the TRPA to grant up to a five-year exemption to operators serving a newly designated urbanized area, in order to meet the updated ratio of fare revenues to operating costs.</p> <p>While the urban farebox standard is 20 percent, the TRPA Board set the required farebox recovery ratio of TART fixed-route services at 15 percent for purposes of the TDA and granted TART a period of five years (through September 27, 2022) to meet the required farebox recovery ratio. The required farebox recovery ratio for demand-response services will remain at 10 percent.</p> <p><b>Conclusion: Urban Farebox Ratio Not Applicable this Audit Period</b></p>



<b>Table II-1 Operator Compliance Requirements Matrix</b>		
<b>Operator Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
<p>If the operator serves a rural area, or provides exclusive services to elderly and disabled persons, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).</p>	<p>Public Utilities Code, Sections 99268.2, 99268.4, 99268.5</p>	<p>Operating ratios for the transit system using audited data were as follows:</p> <p>FY 2017: 11.0% FY 2018: 36.5% FY 2019: 56.3%</p> <p>Starting in FY 2018, the transit system applied supplemental local revenues toward farebox as allowed by TDA law. The revenues include from the Truckee North Tahoe TMA for winter and ski shuttle service, and North Lake Tahoe Resort Association for contracted shuttle services. Also, revenue generated by the County as transient occupancy taxes is disbursed to TART as a contribution from County funds.</p> <p><i>Source: County of Placer, Tahoe Area Regional Transit Fund – Independent Auditor’s Report</i></p> <p><b>Conclusion: Complied</b></p>
<p>The current cost of the 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 within 40 years.</p>	<p>Public Utilities Code, Section 99271</p>	<p>The County contributes to its employees’ retirement through the California Public Employees Retirement System (CalPERS) Miscellaneous Plan, while employees of private operators may be eligible for retirement benefits.</p> <p><b>Conclusion: Complied</b></p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
If the operator receives state transit assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	California Code of Regulations, Section 6754(a)(3)	<p>As an eligible recipient of STA funds, the County of Placer is making full use of Federal Transit Administration funds available to it.</p> <p>FY 2017: \$1,337,643 (Operations) \$1,262,570 (Capital)</p> <p>FY 2018: \$1,311,730 (Operations) \$28,197 (Capital)</p> <p>FY 2019: \$1,408,711 (Operations) \$405,194 (Capital)</p> <p><i>Source: County of Placer, Tahoe Area Regional Transit Fund – Independent Auditor’s Report</i></p> <p><b>Conclusion: Complied</b></p>

### **Findings and Observations from Operator Compliance Requirements Matrix**

1. Of the nine compliance requirements pertaining to the County, the operator fully complied with all nine requirements. Two compliance requirements did not apply to TART during the audit period (blended and urbanized farebox recovery ratios).
2. The farebox recovery ratio was 11.0 percent in FY 2017, 36.5 percent in FY 2018, and 56.3 percent in FY 2019 based on audited data. The average system-wide farebox recovery ratio was 34.6 percent during the triennial review period. TART has been applying locally generated revenues in the farebox recovery calculation pursuant to SB 508. The transit system receives supplemental revenues from the Truckee North Tahoe TMA for winter and ski shuttle service. Additional local revenues have been received from the North Lake Tahoe Resort Association for contracted shuttle services. Revenue generated by the County as transient occupancy taxes is disbursed to TART as a contribution from County funds. Given the Tahoe region's new urbanized status, TRPA adopted an urbanized area farebox ratio on September 27, 2017, pursuant to Resolution 2017-14. During the audit period, the rural fare revenue ratio continued to apply.
3. With urbanized status, the TRPA Board set the required farebox recovery ratio of TART fixed-route services at 15 percent for purposes of the TDA and granted TART a period of five years (through September 27, 2022) to meet the required farebox recovery ratio. The required farebox recovery ratio for demand-response services will remain at 10 percent.
4. TART participates in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Inspections conducted on November 8-9, 2016, were rated unsatisfactory due to noncompliance with the Department of Motor Vehicle's Pull Notice Program. A reinspection was conducted on March 23, 2017, which was rated satisfactory. Satisfactory ratings were made for all subsequent inspections conducted during the audit period.
5. The TART operating budget increased the first two years of the audit period, exceeding 15 percent in FY 2018. The budget increased 10.4 percent in FY 2017 and 26.2 percent in FY 2018. The increases in the FY 2017 and FY 2018 transit operating budgets were attributed to higher salaries and employee insurance, Other Postemployment Benefits (OPEB) and PERS long term liabilities, maintenance, fuel, lubricants, and purchased transportation costs. The FY 2019 operating budget decreased slightly by 0.7 percent.

## Section III

### Prior Triennial Performance Recommendations

The County's efforts to implement the recommendations made in the prior triennial audit are examined in this section of the report. For this purpose, each prior recommendation for the agency is described, followed by a discussion of the County's efforts to implement the recommendation. Conclusions concerning the extent to which the recommendations have been adopted by the agency are then presented.

#### Prior Recommendation 1

Report TART operating statistics and performance indicators to the County Board of Supervisors and/or TRPA at least quarterly.

*Background:* The public works manager for Transit Services indicated that TART's operating performance data are reported infrequently to the Placer County Board of Supervisors and TRPA. Monthly reports are compiled and provided to the Regional Transportation Commission of Washoe County. The County hired an assistant planner to assist with compiling the data. With additional staff resources, it was anticipated that the County would be able to provide quarterly performance data summaries to the Board of Supervisors and TRPA.

#### Actions taken by TART

TART performance data are reported on a monthly and annual basis. TART reports ridership data monthly to the TRPA Lake Tahoe Info online platform (<https://monitoring.laketahoeinfo.org/Transit>) and reports other performance data (operating costs, revenue miles, hours, etc.) annually on the online platform. Trends are tracked year over year. Monthly performance data are also reported to the Truckee North Tahoe Transportation Management Association (TMA) Board. Despite such efforts at reporting data to TRPA and the local TMA, the public works manager for Transit Services indicated that TART data are not being regularly presented to the Placer County Board of Supervisors.

#### Conclusion

This recommendation has been partially implemented; however, the public works manager is encouraged to keep the Board of Supervisors apprised on the performance of the TART system, particularly during the budget adoption process.

### Prior Recommendation 2

Work closely with TRPA to determine an updated farebox recovery ratio for TART’s transit service based on the region’s urbanized status.

*Background:* The Fixing America’s Surface Transportation Act (FAST Act) designated the Lake Tahoe Basin as an urbanized area. One impact from this designation is that the TDA farebox recovery standard increases from a 10 percent rural standard to a 20 percent urban standard. The farebox ratio is characterized as the ratio of passenger fares plus local funds to eligible operating costs. TART was subject to the rural farebox recovery ratio until the change to urban status. TRPA has a responsibility to update the farebox recovery standard. Several options are available for implementation of the updated standard, including resetting the ratio straight to 20 percent, allowing a certain number of years for TART to meet the new ratio (up to five years), setting the urban ratio at a minimum of 15 percent, and/or a combination of options. The lower standard of 15 percent is allowed by the TDA because the population of the region is less than 500,000. By law, TRPA must provide specific reasons prior to setting this lower farebox ratio. It was recommended that the County of Placer and TRPA discuss available options and establish an updated farebox ratio to meet compliance as an urbanized operator.

### Actions taken by TART

In response to this recommendation, the TRPA Board adopted Resolution 2017-14 at its September 27, 2017, meeting, which establishes an updated farebox recovery ratio for the transit operators under its purview. The TRPA Board set the required farebox recovery ratio of TART fixed-route services at 15 percent for purposes of the TDA and granted TART a period of five years (through September 27, 2022) to meet the required farebox recovery ratio. The required farebox recovery ratio for demand-response services will remain at 10 percent.

### Conclusion

This recommendation has been implemented.

### Prior Recommendation 3

Include additional locally generated revenue in the farebox recovery pursuant to Senate Bill (SB) 508.

*Background:* In addition to the urbanized area designation for the Tahoe region, TART is subject to the revised state TDA farebox standard under SB 508 passed by the California State legislature in October 2015. The farebox ratio is characterized as the ratio of passenger fares plus local funds to eligible operating costs. TART was subject to the rural farebox recovery ratio until the change to urban status.

SB 508 allows for other locally generated revenues to be included in the farebox ratio calculation. Examples of possible other local support revenues may include gains on the sale of capital assets, lease revenues generated by transit-owned property, and advertising revenues. Supplemental revenues would serve in providing a local match for state and federal grants to fund transit expansion. Both revenues and operating costs are modified under the new law in deriving the farebox ratio for TDA eligibility purposes. It was suggested that the County work with the TDA fiscal auditor to accurately reflect the changes to the farebox ratio criteria.

#### Actions taken by TART

A review of the TDA farebox recovery calculation contained in the *County of Placer – Tahoe Area Regional Transit Fund* annual audited financial statements for the audit period confirms the application of locally generated revenues in the farebox recovery calculation pursuant to SB 508. The transit system receives supplemental revenues from the Truckee North Tahoe TMA for winter and ski shuttle service. Additional local revenues have been received from the North Lake Tahoe Resort Association for contracted shuttle services. Revenue generated by the County as transient occupancy taxes is disbursed to TART as a contribution from County funds. With the implementation of free fares in December 2019 as well as the new urbanized farebox recovery ratio standard, local support revenues will be an essential piece in meeting farebox recovery.

#### Conclusion

This recommendation has been implemented.

#### Prior Recommendation 4

Prepare and submit separate annual State Controller Reports for fixed route and specialized ADA complementary taxi service.

*Background:* TART operates fixed-route service and ADA complementary paratransit service. ADA complementary service is provided during the hours of 6 a.m. to 6 p.m. seven days a week in the same areas served by the TART fixed-route buses. The instructions for the Transit Operators Financial Transactions Report require that separate reports be prepared for general public service and specialized service, in this case for the fixed-route service and the specialized ADA paratransit. The General Information sheet in the front of the Controller Report provides specific instructions to prepare separate reports for these different services. It was recommended that the County prepare separate reports starting in the next reporting period.

#### Actions taken by TART

The Transit Operators Financial Transactions Reports submitted to the State Controller are prepared by an accountant in the Placer County Auditor-Controller office. The financial and operating data contained in the report appear to encompass the two transit systems administered by the County: Placer County Transit and TART. In addition, the Transit Operators

Financial Transactions Report submitted to the State Controller still combines general public and specialized service reflecting the general public dial-a-ride service operated by Placer County Transit. It is recommended that the public works director for Transit Services work with the Auditor-Controller office to report the two services separately to the State Controller including a general public transit report and a specialized service report. Separate IDs should be obtained from the State Controller for each report.

Conclusion

This recommendation has not been implemented and is carried forward for full implementation.

## Section IV

### TDA Performance Indicators

This section reviews TART’s performance in providing transit service to the community in an efficient and effective manner. The TDA requires that at least five specific performance indicators be reported, which are shown in the following tables. Farebox recovery ratio is not one of the five specific indicators but is a requirement for continued TDA funding. Therefore, farebox calculation is also included. Pursuant to TDA, employee full-time equivalent (FTE) data are based on the total annual employee hours worked divided by 2,000. Two additional performance indicators—operating cost per mile and average fare per passenger—are also included. Findings from the analysis are contained in the section following the tables.

Tables IV-1 through IV-5 provide the performance indicators for TART. Graphs are also included to depict the trends in the indicators. It is noted that there are two system-wide operating costs and fare revenues. One is based on audited figures, which reflect the adjusted costs and revenues for farebox recovery ratio calculation purposes. The second is based on the sum of unaudited modal costs, which reflect total operating costs and revenues without adjustments. The annual fiscal audits do not provide a modal breakdown. Details of the adjustments are provided in the footnote to the system-wide performance table.

It is noted that implementation of GASB 75 per the fiscal audit is included in expenses that show all liabilities for OPEB, specifically in FY 2017-18 when the statement was implemented. To compare the impact of this accounting statement as well as from PERS long term pension liabilities on the agency’s performance measures, separate tables for fixed route and systemwide excluding the GASB statement are also provided (Tables IV-2 and IV-4). Only those operating factors and performance measures impacted from the statement are shown in these tables.



**Table IV-1  
TART System-Wide TDA Performance Indicators**

Performance Data and Indicators	Audit Period				% Change FY 2016- 2019
	FY 2016	FY 2017	FY 2018	FY 2019	
Actual Operating Cost (Unaudited)	\$4,590,326	\$5,557,196	\$6,717,698	\$6,460,105	<b>40.7%</b>
Operating Cost*	\$2,565,684	\$2,282,990	\$3,290,239	\$3,024,262	<b>17.9%</b>
Total Passengers	332,442	357,096	396,226	378,048	<b>13.7%</b>
Vehicle Service Hours	31,302	36,545	39,924	38,443	<b>22.8%</b>
Vehicle Service Miles	660,443	754,713	820,034	797,000	<b>20.7%</b>
Employee FTEs	28	38	52	49	<b>74.2%</b>
Actual Passenger Fares (Unaudited)	\$398,780	\$403,590	\$399,844	\$346,177	<b>-13.2%</b>
Passenger Fares**	\$277,603	\$251,292	\$1,202,416	\$1,703,887	<b>513.8%</b>
Operating Cost per Passenger	\$7.72	\$6.39	\$8.30	\$8.00	<b>3.7%</b>
Operating Cost per Vehicle Service Hour	\$81.97	\$62.47	\$82.41	\$78.67	<b>-4.0%</b>
Operating Cost per Vehicle Service Mile	\$3.88	\$3.02	\$4.01	\$3.79	<b>-2.3%</b>
Passengers per Vehicle Service Hour	10.6	9.8	9.9	9.8	<b>-7.4%</b>
Passengers per Vehicle Service Mile	0.50	0.47	0.48	0.47	<b>-5.8%</b>
Vehicle Service Hours per Employee	1,106.9	969.1	768.2	780.6	<b>-29.5%</b>
Average Fare per Passenger	\$0.84	\$0.70	\$3.03	\$4.51	<b>439.7%</b>
Actual Fare Recovery Ratio (Unaudited)	8.69%	7.26%	5.95%	5.36%	<b>-38.3%</b>
Audited Fare Recovery Ratio**	10.82%	11.01%	36.54%	56.34%	<b>420.7%</b>

Source: Annual Fiscal & Compliance Audits & TART Internal Performance Data Statistics

\*Audited system-wide operating costs exclude depreciation and exempted routes such as the Washoe County Bus, 84% of Hwy 267 Route, and 80% of Truckee-Tahoe City Route.

\*\*Audited passenger fare revenues excluded exempted routes such as the Washoe County Bus, 84% of Hwy 267 Route, and 80% of Truckee-Tahoe City Route. Commencing in FY 2018, the County began including local support revenue from Truckee North Tahoe TMA, North Lake Tahoe Resort Association, and the County in passenger fares allowed by TDA law.

**Table IV-2  
TART System-Wide TDA Performance Indicators (GASB Adjusted)**

Performance Data and Indicators	Audit Period				% Change FY 2016- 2019
	FY 2016	FY 2017	FY 2018	FY 2019	
Actual Operating Cost (Unaudited) *	\$4,590,326	\$5,531,554	\$6,155,609	\$6,659,105	<b>45.1%</b>
Operating Cost**	\$2,565,684	\$2,257,348	\$2,728,150	\$3,223,262	<b>25.6%</b>
Total Passengers	332,442	357,096	396,226	378,048	<b>13.7%</b>
Vehicle Service Hours	31,302	36,545	39,924	38,443	<b>22.8%</b>
Vehicle Service Miles	660,443	754,713	820,034	797,000	<b>20.7%</b>
Actual Passenger Fares (Unaudited)	\$398,780	\$403,590	\$399,844	\$346,177	<b>-13.2%</b>
Passenger Fares***	\$277,603	\$251,292	\$1,202,416	\$1,703,887	<b>513.8%</b>
Operating Cost per Passenger	\$7.72	\$6.32	\$6.89	\$8.53	<b>10.5%</b>
Operating Cost per Vehicle Service Hour	\$81.97	\$61.77	\$68.33	\$83.85	<b>2.3%</b>
Operating Cost per Vehicle Service Mile	\$3.88	\$2.99	\$3.33	\$4.04	<b>4.1%</b>
Actual Fare Recovery Ratio (Unaudited)	8.69%	7.30%	6.50%	5.20%	<b>-40.2%</b>
Audited Fare Recovery Ratio***	10.82%	11.13%	44.07%	52.86%	<b>388.6%</b>

Source: Annual Fiscal & Compliance Audits & TART Internal Performance Data Statistics

\* These costs are adjusted to exclude the addition of OPEB expenses for FYs 2017 (\$25,642), 2018 (\$562,089), and 2019 (-\$199,000). The OPEB expenses in FY 2019 were negative, meaning a slight increase in operating costs. Also, PERS long term pension liability costs were \$19,145 in FY2017, \$190,725 in FY2018 and \$203,958 in FY 2019.

\*\*Audited Systemwide operating costs exclude depreciation and exempted routes. These costs are adjusted to exclude OPEB expenses for FYs 2017, 2018, and 2019.

\*\*\*Audited passenger fare Revenues excluded exempted routes. Commencing in FY 2018, the County began including local support revenue from Truckee North Tahoe TMA, North Lake Tahoe Resort Association, and the County in passenger fares allowed by TDA law.

**Table IV-3  
TART Fixed-Route TDA Performance Indicators**

Performance Data and Indicators	Audit Period				% Change FY 2016- 2019
	FY 2016	FY 2017	FY 2018	FY 2019	
Operating Cost	\$4,526,514	\$5,482,762	\$6,696,584	\$6,335,248	<b>40.0%</b>
Total Passengers	331,890	356,744	396,002	376,304	<b>13.4%</b>
Vehicle Service Hours	31,101	36,337	39,826	37,978	<b>22.1%</b>
Vehicle Service Miles	652,794	750,131	817,172	784,730	<b>20.2%</b>
Employee FTEs	28	38	52	49	<b>74.4%</b>
Passenger Fares	\$396,660	\$402,358	\$399,060	\$340,115	<b>-14.3%</b>
Operating Cost per Passenger	\$13.64	\$15.37	\$16.91	\$16.84	<b>23.4%</b>
Operating Cost per Vehicle Service Hour	\$145.54	\$150.89	\$168.15	\$166.81	<b>14.6%</b>
Operating Cost per Vehicle Service Mile	\$6.93	\$7.31	\$8.19	\$8.07	<b>16.4%</b>
Passengers per Vehicle Service Hour	10.7	9.8	9.9	9.9	<b>-7.1%</b>
Passengers per Vehicle Service Mile	0.51	0.48	0.48	0.48	<b>-5.7%</b>
Vehicle Service Hours per Employee	1105.62	967.44	768.54	774.27	<b>-30.0%</b>
Average Fare per Passenger	\$1.20	\$1.13	\$1.01	\$0.90	<b>-24.4%</b>
Fare Recovery Ratio	8.76%	7.34%	5.96%	5.37%	<b>-38.7%</b>

Source: TART Internal Performance Data Statistics

**Table IV-4  
TART Fixed-Route TDA Performance Indicators (GASB Adjusted)**

Performance Data and Indicators	Audit Period				% Change FY 2016- 2019
	FY 2016	FY 2017	FY 2018	FY 2019	
Operating Cost *	\$4,526,514	\$5,457,120	\$6,134,495	\$6,534,248	<b>44.4%</b>
Total Passengers	331,890	356,744	396,002	376,304	<b>13.4%</b>
Vehicle Service Hours	31,101	36,337	39,826	37,978	<b>22.1%</b>
Vehicle Service Miles	652,794	750,131	817,172	784,730	<b>20.2%</b>
Employee FTE's	28	38	52	49	<b>74.4%</b>
Passenger Fares	\$396,660	\$402,358	\$399,060	\$340,115	<b>-14.3%</b>
Operating Cost per Passenger	\$13.64	\$15.30	\$15.49	\$17.36	<b>27.3%</b>
Operating Cost per Vehicle Service Hour	\$145.54	\$150.18	\$154.03	\$172.05	<b>18.2%</b>
Operating Cost per Vehicle Service Mile	\$6.93	\$7.27	\$7.51	\$8.33	<b>20.1%</b>
Passengers per Vehicle Service Hour	10.7	9.8	9.9	9.9	<b>-7.1%</b>
Passengers per Vehicle Service Mile	0.51	0.48	0.48	0.48	<b>-5.7%</b>
Vehicle Service Hours per Employee	1105.62	967.44	768.54	774.27	<b>-30.0%</b>
Average Fare per Passenger	\$1.20	\$1.13	\$1.01	\$0.90	<b>-24.4%</b>
Fare Recovery Ratio	8.76%	7.37%	6.51%	5.21%	<b>-40.6%</b>

\* These costs are adjusted to exclude the addition of OPEB expenses for FYs 2017 (\$25,642), 2018 (\$562,089), and 2019 (-\$199,000). The OPEB expenses in FY 2019 were negative, meaning a slight increase in operating costs. Also, PERS long term pension liability costs were \$19,145 in FY2017, \$190,725 in FY2018 and \$203,958 in FY 2019.

Source: TART Internal Performance Data Statistics

**Table IV-5  
TART ADA Paratransit TDA Performance Indicators**

Performance Data and Indicators	Audit Period				% Change FY 2016- 2019
	FY 2016	FY 2017	FY 2018	FY 2019	
Operating Cost	\$63,812	\$74,434	\$21,114	\$124,857	<b>95.7%</b>
Total Passengers	552	352	224	1,744	<b>215.9%</b>
Vehicle Service Hours	201	208	98	465	<b>131.3%</b>
Vehicle Service Miles	7,649	4,582	2,862	12,270	<b>60.4%</b>
Employee FTEs	0.15	0.15	0.15	0.20	<b>33.3%</b>
Passenger Fares	\$2,120	\$1,232	\$784	\$6,062	<b>185.9%</b>
Operating Cost per Passenger	\$115.60	\$211.46	\$94.26	\$71.59	<b>-38.1%</b>
Operating Cost per Vehicle Service Hour	\$317.47	\$357.86	\$215.45	\$268.51	<b>-15.4%</b>
Operating Cost per Vehicle Service Mile	\$8.34	\$16.24	\$7.38	\$10.18	<b>22.0%</b>
Passengers per Vehicle Service Hour	2.7	1.7	2.3	3.8	<b>36.6%</b>
Passengers per Vehicle Service Mile	0.07	0.08	0.08	0.14	<b>97.0%</b>
Vehicle Service Hours per Employee	1340.00	1386.67	653.33	2325.00	<b>73.5%</b>
Average Fare per Passenger	\$3.84	\$3.50	\$3.50	\$3.48	<b>-9.5%</b>
Fare Recovery Ratio	3.32%	1.66%	3.71%	4.86%	<b>46.1%</b>

Source: TART Internal Performance Data Statistics

As TART is considered an older operator, eligibility for LTF is determined through the 50 percent expenditure limitation (PUC Section 99268.1) or the farebox recovery ratio (PUC Section 99268.2). As described in TART’s financial compliance audit, the operator has met the 50 percent expenditure limitation in addition to the farebox ratios. Operating cost, depreciation and capital outlay figures are derived from the annual fiscal audits. The remaining data such as the federal grants, STA funds and LTF applied to operations are derived from TART’s annual TDA claim financial plan.

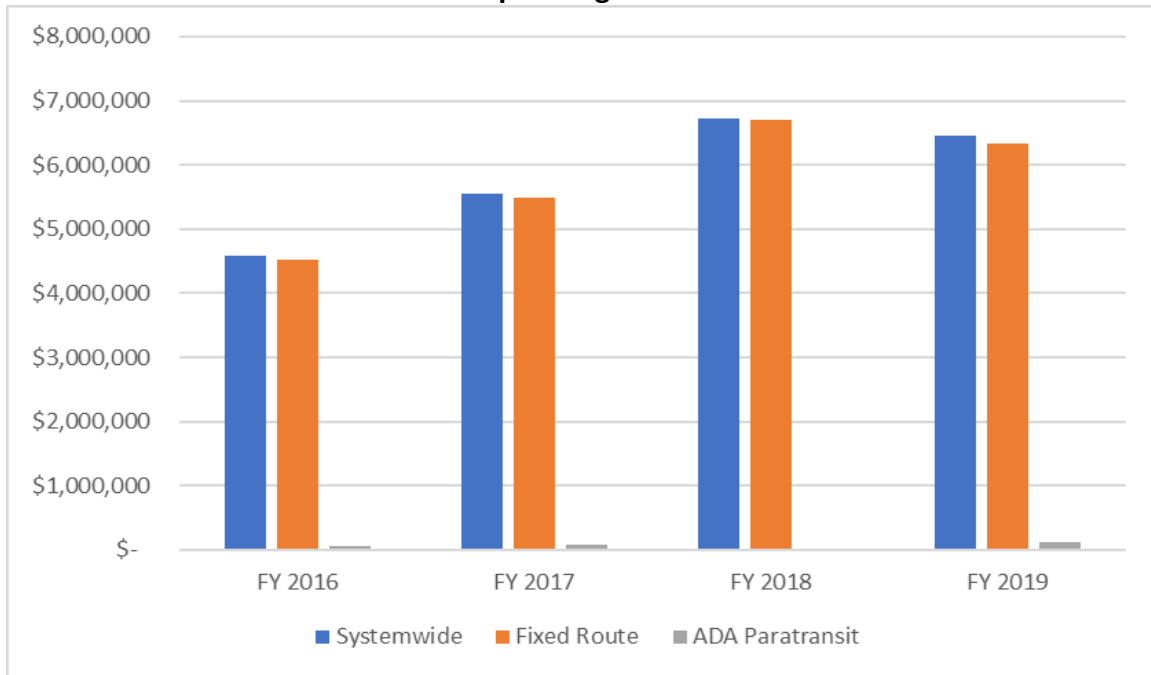
For purposes of determining compliance with the 50 percent expenditure limitation and the fare and local support ratios in the fiscal audit, the Washoe County route is subtracted because it is not in California and therefore is not subject to the TDA requirements; 80 percent of the Truckee-Tahoe City route and 84 percent of the Highway 267 route are outside of TRPA’s jurisdiction and are not subject to TRPA farebox requirements. The calculation below by the performance auditor in Table IV-4 shows the compliance.

**Table IV-4  
50 Percent Expenditure Limitation**

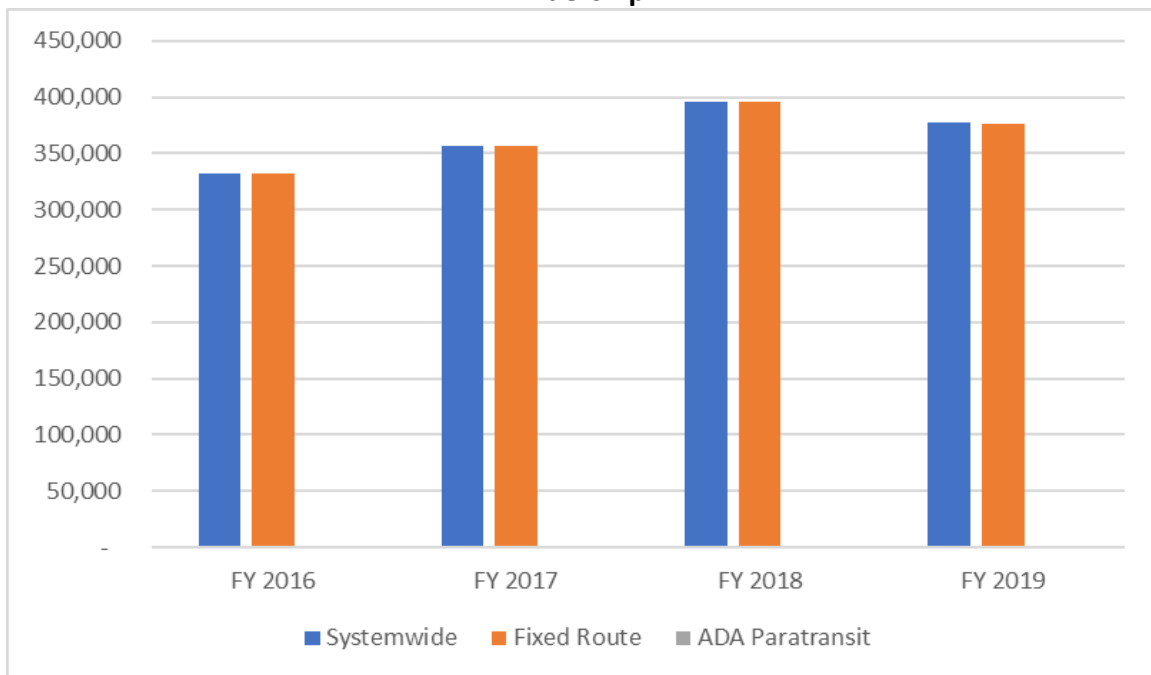
Line#	Description	FY 2017		FY 2018		FY 2019	
		\$ Amount	\$ Subtotal	\$ Amount	\$ Subtotal	\$ Amount	\$ Subtotal
1	Total Operating Cost	\$2,282,990		\$3,290,239		\$3,024,262	
2	Total Depreciation	\$355,263		\$558,418		\$527,505	
3	Total Capital Outlay	\$1,262,570		\$28,197		\$405,194	
4	Total Lines 1, 2 & 3		\$3,900,823		\$3,876,854		\$3,956,961
5a	Less Federal Ops Grants Received	\$660,000		\$1,070,000		\$1,004,000	
5b	Less Federal Capital Grants Rec'vd	\$630,870		\$0		\$0	
6	Less LTF Capital Intensive	\$0		\$0		\$0	
7	Less STAF Received	\$134,118		\$124,005		\$316,500	
8	Total Lines 5, 6 & 7		\$1,424,988		\$1,194,005		\$1,320,500
9	Total Line 4 Less Line 8		\$2,475,835		\$2,682,849		\$2,636,461
10	50% of Line 9	\$1,237,918		\$1,341,425		\$1,318,231	
11	Add amount of LTF Claimed in Excess of Line 9 for Match to Federal Operating Grant	\$165,000		\$267,500		\$251,000	
12	Add LTF Capital Intensive	\$0		\$0		\$0	
13	Total Permissible LTF Expenditure		\$1,402,918		\$1,608,925		\$1,569,231
14	Total LTF applied to Operations		\$596,128		\$616,156		\$680,050

Source: Annual Fiscal and Compliance Audits, TART Annual TDA Claim Financial Plan

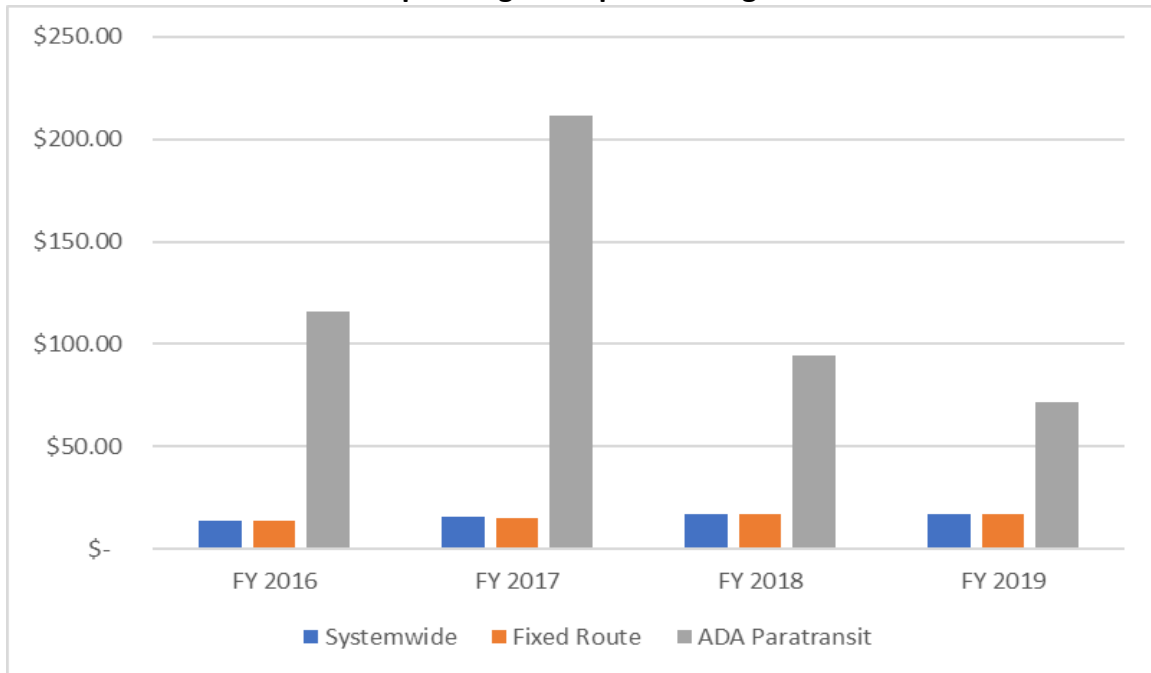
**Graph IV-1  
Operating Costs**



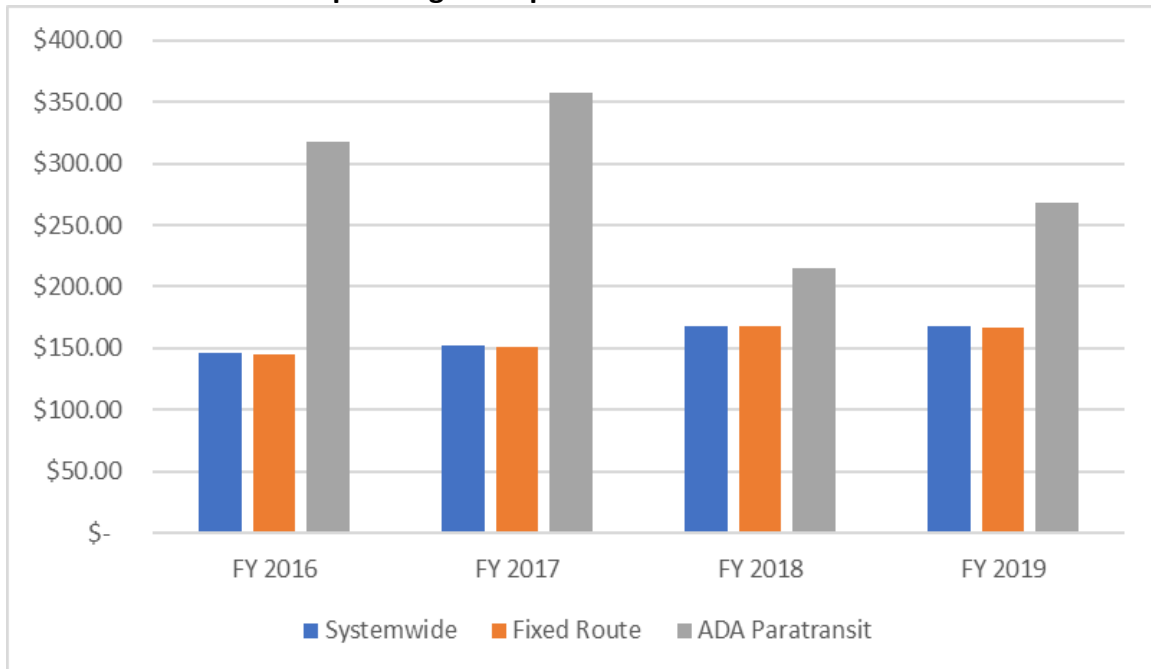
**Graph IV-2  
Ridership**



**Graph IV-3  
Operating Costs per Passenger**

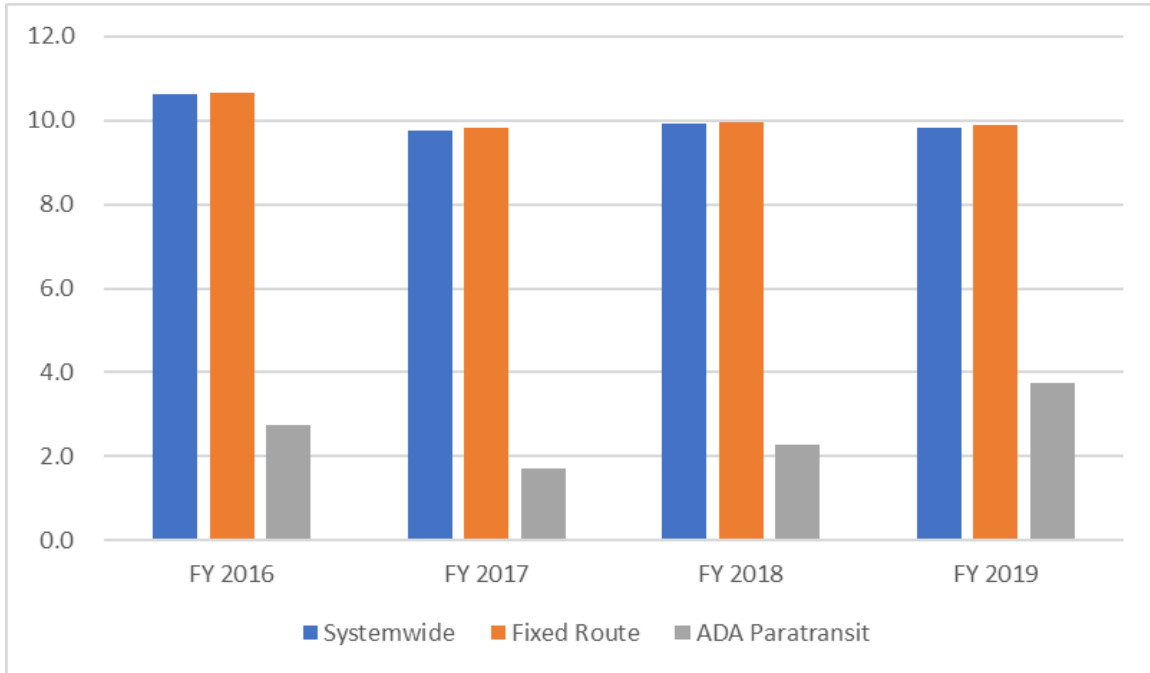


**Graph IV-4  
Operating Costs per Vehicle Service Hour**

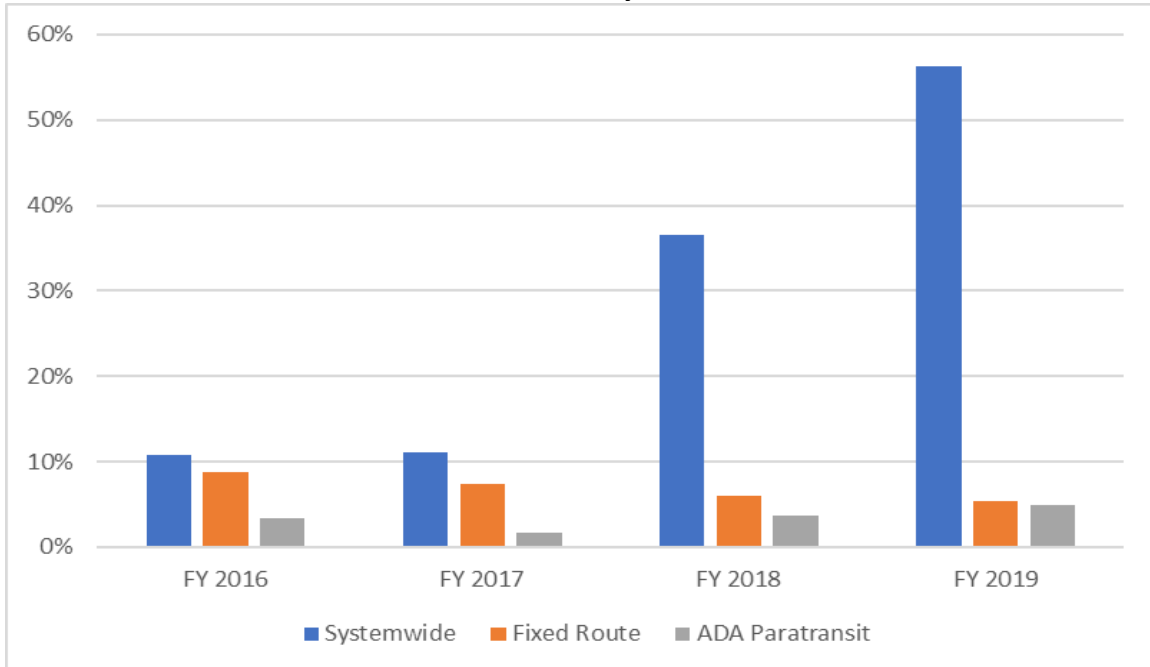




**Graph IV-6  
Passengers per Vehicle Service Hour**



**Graph IV-6  
Fare Recovery Ratio**



Audited system-wide farebox ratio exempts routes such as the Washoe County Bus, 84% of Hwy 267 Route, and 80% of Truckee-Tahoe City Route. The Washoe County Bus is not in California, while the percentages of bus routes are outside of TRPA’s jurisdiction and therefore are not subject to TRPA farebox requirements. Local support revenues allowed by TDA law are included in the systemwide ratios.

## Findings from Verification of TDA Performance Indicators

The findings are primarily made using operating costs inclusive of OPEB expenses and PERS long term pension liability costs during the audit period. For systemwide and fixed route performance, a comparison excluding OPEB and PERS long term pension liability expenses is also provided.

- 1. Operating cost per vehicle service hour**, an indicator of cost efficiency, decreased 4.0 percent system-wide from \$81.97 in the FY 2016 base year to \$78.67 in FY 2019 based on audited cost data. Audited operating costs increased 17.9 percent system-wide, while operating hours increased 22.8 percent during the audit period. Fixed-route costs per hour increased 14.6 percent from \$145.54 in FY 2016 to \$166.81 in FY 2019, whereas costs per hour for ADA paratransit decreased 15.4 percent from \$317.47 in FY 2016 to \$268.51 in FY 2019 based on unaudited data. From GASB adjustments, cost per hour increased slightly compared to the unadjusted figures over the three-year period due to the OPEB negative cost adjustment in FY 2019. However, on an annual basis, cost per hour was less compared to the unadjusted figures in FY 2018 from the exclusion of OPEB and PERS long term pension liability expenses that year.
- 2. Operating cost per passenger**, an indicator of cost effectiveness, increased 3.7 percent system-wide from \$7.72 in FY 2016 to \$8.00 in FY 2019 based on audited cost data. At the modal level, fixed-route operating cost per passenger increased 23.4 percent from \$13.64 in FY 2016 to \$16.84 in FY 2016, whereas costs per hour for ADA paratransit decreased 38.1 percent from \$115.60 in FY 2016 to \$71.59 in FY 2019 based on unaudited data. Ridership system-wide increased by 13.7 percent, from 332,442 passengers in FY 2016 to 378,048 passengers in FY 2019, while operating costs (audited) increased 17.9 percent. From GASB adjustments, cost per passenger increased slightly compared to the unadjusted figures over the three-year period due to the OPEB negative cost adjustment in FY 2019. However, on an annual basis, cost per passenger was less compared to the unadjusted figures in FY 2018 from the exclusion of OPEB and PERS long term pension liability expenses that year.
- 3. Passengers per vehicle service hour**, which measures the effectiveness of the service delivered, decreased 7.4 percent system-wide between FY 2016 and FY 2019 from 10.6 to 9.8 passengers per hour. Fixed-route operations mirrored the system-wide trend with a decrease of 7.1 percent over the same period from 10.7 to 9.9 passengers per hour. In contrast, ADA paratransit exhibited an increase of 36.6 percent from 2.7 to 3.8 passengers per hour. The trend in this indicator is reflective of the 22.8 percent increase in vehicle service hours as compared to the 13.7 percent increase in passenger trips system-wide.
- 4. Passengers per vehicle service mile**, another indicator of service effectiveness, decreased 5.8 percent system-wide, from 0.50 in FY 2016 to 0.47 in FY 2019. For fixed-route operations, the number of passengers per service mile decreased by a comparable 5.7 percent from 0.51 to 0.48 between FY 2016 and FY 2019. For ADA paratransit, passengers per service mile

increased 97 percent over the same period. The trend in this indicator reflects the system-wide increase in vehicle service miles of 20.7 percent.

5. **Vehicle service hours per employee** decreased 29.5 percent system-wide between FY 2016 and FY 2019. Vehicle service hours per employee for fixed-route service mirrored the system-wide decrease from 1,105.62 hours in FY 2016 to 774.27 hours in FY 2019, as vehicle service hours and the number of full-time equivalents (FTEs) increased. For ADA paratransit, vehicle hours per employee increased by 73.5 percent from 1,340 in FY 2016 to 2,325 in FY 2019. The number of system-wide FTEs increased from 28 in FY 2016 to 49 in FY 2019. This measure is based on the number of FTEs using employee pay hours from the State Controller’s Report and dividing by 2,000 hours per employee.
6. **Farebox recovery** based on audited data exhibited an overall increase of more than 420 percent system-wide between FY 2016 and 2019 due to the inclusion of local funds in the farebox calculation. System-wide, passenger fares increased by more than five-fold with the inclusion of local support revenues allowed by TDA law. Audited passenger fare revenues exclude exempted routes such as the Washoe County Bus, 84 percent of the Highway 267 Route, and 80 percent of the Truckee-Tahoe City Route, but include local support revenues from the Truckee North Tahoe TMA for winter and ski shuttle service. Additional local revenues have been received from the North Lake Tahoe Resort Association for contracted shuttle services. Further, revenue generated by the County as transient occupancy taxes is disbursed to TART as a contribution from County funds. Similar to the cost performance trends, when excluding the OPEB and PERS long term pension liability expenses, farebox recovery increased in FY 2018 compared to unadjusted figures (36.54 percent unadjusted versus 44.07 percent adjusted systemwide; 5.96 percent unadjusted versus 6.51 percent adjusted for fixed route).

### **Conclusion from the Verification of TDA Performance Indicators**

TART’s performance indicators reflect operating cost increases due to the implementation of year-round service on the Highway 267 route, the expansion of evening service during the shoulder season, and higher maintenance and personnel costs. Audited operating costs increased 17.9 percent, whereas actual operating costs increased 40.7 percent during the audit period. As was mentioned at the beginning of this section and footnoted under the system-wide performance table, audited figures reflect the adjusted costs for farebox recovery ratio calculation purposes. The unaudited modal costs reflect total operating costs without adjustments. The impacts from exclusion of OPEB from GASB 75 and PERS long term pension liability expenses were most profound in FY 2018 when these expenses were \$562,089 reflecting all liabilities in one year. As such, performance measures such as operating cost per vehicle service hour, cost per vehicle service mile, and farebox recovery all exhibited improvements compared to unadjusted numbers in that same year.

Passenger trips increased 7.4 percent in FY 2017 and 11 percent in FY 2018 followed by a decrease of 4.6 percent in FY 2019. The FY 2019 decrease in trips is attributed to reduced snow

accumulation, which reduced the number of visitors to the service area. Ridership affects metrics such as cost per passenger, passengers per hour, and passengers per mile. The growth in vehicle service hours and miles in FY 2016 reflects the increased services provided by TART. The increase in ADA paratransit ridership in FY 2019 is attributed to trips generated by an adult day care facility in Truckee.

## Section V

### Review of Operator Functions

This section provides an in-depth review of various functions of TART. The review highlights accomplishments, issues, and/or challenges that were determined during the audit period. The following functions were reviewed with the public works manager of Transit Services and staff at the TART operations facility in Truckee via video teleconferencing.

- Operations
- Maintenance
- Planning
- Marketing
- General Administration and Management

Within some departments are subfunctions that require review as well, such as Grants Administration that falls under General Administration.

#### Operations

The mission statement for TART, as posted on its website, is stated as follows:

*Our goal at TART is to provide a safe and direct means of transportation service for Truckee-Tahoe residents and visitors. We are committed to providing comprehensive, reliable transit service and want our passengers to enjoy a comfortable and pleasant ride.*

In keeping with its mission, TART has continued to expand and sustain its three year-round trunk routes connecting North Shore communities and the Truckee area. Most routes operate on one-hour headways. The growth in its seasonal and evening services is reflected in increased vehicle service hours. However, despite the growth in operations, TART has struggled with the retention of drivers due to a tight local housing market.

TART began operation in December 2013 of the Ski-Shuttle route, which is a seasonal bus route directly connecting lodging to ski areas. This service is funded primarily with local funds and contributions from the ski resorts and is open to the general public. TART implemented additional runs during the 2016–17 winter season with evening service until 9:30 p.m. Faced with a shortage of bus drivers, TART was not able to provide all its expanded winter routes for the final three weeks of the winter schedule. The two night routes operated by TART connect the Town of Truckee with the Northstar and Squaw Valley Ski Resorts with connections to TART's North Shore Night Service.

In addition to the winter ski and expanded evening service, TART has been operating year-round service on the Highway 267 route since 2016. By expanding service, TART has been able to provide year-round transit connections for the “resort triangle” and provide an important link between communities in Placer County and Truckee. The Truckee Town Council and Truckee Tahoe Airport District Board of Directors each approved a three-year commitment of \$62,500 annually to help fund the service.

Night service was also expanded during the spring and fall shoulder months. This has allowed TART to better utilize staffing resources more efficiently. TART also serves park and ride facilities along SR 89 and SR 267.

The transit-dependent population still makes up the core ridership of the TART system. A large portion of the trips are generated from the Kings Beach area as well as by ski resort employees who participate in the J-1 work-study visa program.

Supplemental ADA paratransit service had been contracted through a local taxi company. Because of compliance and reliability issues, the taxi contractor was not able to operate the service. TART has been directly operating ADA paratransit since October 2016. Most of the ADA-eligible riders are not wheelchair bound and 95 percent of the trips are for medical appointments. After averaging 12 rides a month, ridership increased exponentially to 225 a month in FY 2019. Much of this increase has been generated by the Choices Person Centered Services program in Truckee.

TART acquired newer vehicles during the audit period. In March 2017, the Tahoe Transportation District transferred eight CNG buses to TART. As a designated Federal Transit Administration (FTA) grant recipient, TART was eligible to receive the buses. TART also updated its on-board and operation facility camera systems. The County reported glitches with the former on-board camera system.

Dispatching and schedule monitoring procedures involve two-way radio communication. TART does not use dispatching and scheduling software. Drivers check in when they pull out of the yard, during breaks and shift changes, during road call incidents, and at each route endpoint. The GPS function that is included with the Zonar system emits an 18-second location ping. This technology has also been useful in accident and complaint investigations. The NextBus software program, which is used to provide real-time location information to passengers, is equipped with a GPS feature and is also used to monitor on-time performance.

TART also uses Zonar to record mileage and continues to utilize more of the system’s features and capabilities. Data are sampled every three years for federal National Transit Database reporting. Monthly reports include miles, hours, and ridership.

Drivers use a trip sheet with fare and passenger categories. The first pickup and last drop-off times are denoted on the trip sheet. Breaks and lunch times are also accounted for on the trip sheet. Dispatch uses an Excel spreadsheet to calculate service hours and miles. The route

schedule serves as a baseline, and a lettered outline of each driver’s shift is used for monitoring. Deadhead hours and miles are separated. Drivers call out to dispatch by radio their location and direction at key timepoints. TART is planning to upgrade to mobile tablets that would be linked to the software systems being utilized.

TART reports and monitors accidents and incidents, which are summarized in Table V-1 below.

**Table V-1**  
**Accidents and Incidents**

	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Accidents</b>	12	19	26
<b>Incidents</b>	0	4	7
<b>Total</b>	<b>12</b>	<b>23</b>	<b>33</b>

Source: TART – County of Placer

Based upon the data reported, there were increases in the number of accidents and incidents during the audit period. Many of these could be attributed to the increased service hours as well as local road and severe winter weather conditions in FY 2019.

Farebox handling and reconciliation procedures involve several checks and balances. Vehicles are equipped with GFI/Genfare electronic fareboxes. After each bus completes its run, the GFI is probed and unlocked, and the farebox vaults are exchanged. Two people perform the count the following day in a designated counting room. The counting room was outfitted with cameras in April 2017. The electronic GFI report is used to reconcile the count. Farebox count is also reviewed by the transportation supervisor, who signs off on reconciliation. The County uses the GardaWorld armored security service to pick up the fares for deposit Monday through Friday.

Local ski resorts generally order large batches of tickets for their employees to use on TART. In order to track revenue, TART would perform a billing query using a GFI template. TART has considered adopting the Token Transit mobile ticketing platform. TART implemented free fares on its Mainline, Highway 89, and Highway 267 Routes in November 2019 as a two-year pilot. Fares are still charged on the ADA paratransit service.

### Personnel

TART personnel for directly operated routes are employees of the County of Placer under the purview of the Civil Service Commission. The Service Employees International Union (SEIU), Local 39, provides representation of the employees plus extra help in transit services. The County and the SEIU entered into a five-year Memorandum of Understanding (MOU) effective July 1, 2017. There are 25 full-time drivers, 3 part-time drivers, and a few that are extraboard. There is one dispatcher and office personnel are cross trained on dispatch procedures. MV Transportation provides between 3 to 8 additional drivers during peak demand.

During FY 2018, the County reported high employee turnover attributed to the tight local housing market, health issues, and retirements. In an effort to improve employee retention, the County reinstated the Tahoe Branch Assignment Premium, which is contained in the current MOU. Effective July 2017, the premium was \$775 per month, and was increased to \$825 per month in July 2018 and to \$875 per month in July 2019.

The County maintains a five-year contract with MV Transportation for part-time staffing, which has allowed for quicker hiring. Despite this arrangement, the County would prefer to hire more extra-help employees. The County has reported training issues with MV Transportation employees and has started paying MV Transportation \$2,000 for each employee who is hired by TART as an incentive.

In addition to the County of Placer website and job announcements, TART has used Facebook, Craigslist, Indeed, and local Reno and Tahoe area newspapers as well as word-of-mouth to recruit new drivers. TART has also considered recruiting from local truck driving schools.

Drivers bid on selected routes based on seniority four times annually. Drivers have up to two weeks to submit their bid. Extra-help employees who are non-benefited fill in when full-time drivers are out on sick or vacation leave.

Driver candidates are required to have at the time of application a valid Class B California driver license with passenger endorsements and a Verification of Transit Training certificate. However, the County will train candidates with a Class C license. The training protocol consists of 20 hours of classroom instruction and 15 hours of behind-the-wheel instruction. Training is based on the California Transit Indemnity Pool and Transportation Safety Institute (TSI) curriculum, which involves a closed course and route familiarization exercise. The transit supervisor and the lead driver are certified trainers.

Ongoing training includes twice-monthly meetings that consist of a two-hour session on safety based on TSI materials and fulfills state DMV and federal Department of Transportation requirements. In addition, drivers attend an annual eight-hour classroom training. Specific training subjects include new vehicles and wheelchair lifts.

### **Maintenance**

The Placer County Department of Public Works Fleet Services division is tasked with TART vehicle maintenance. Vehicles are maintained and stored at the TART operations facility located at 870 Cabin Creek Road in Truckee. The site is composed of several service buildings that include a bus barn and vehicle maintenance facility. The bus barn is configured with three service bays and the maintenance facility is configured with seven service bays. There is also a CNG and diesel fueling station on-site.



The County reported issues with CNG fueling during the winter months due to the colder temperatures and the higher altitude. As a result, the CNG compressor was rebuilt. The County solicited bids for a third CNG compressor.

Preventive maintenance inspections (PMI) are performed daily and at 8,000 miles for both diesel engines (depending on engine emission ratings) and CNG engines (based on engine manufacturer specifications). Warranty or any significant repair work is generally performed by outside vendors in Reno or Sacramento. This would include large engine rebuilds and body work. Technicians also attend trainings on the Gillig vehicles. The County utilizes Zonar to conduct the pre- and post-trip inspection process. There are three dedicated mechanics including an equipment mechanic and a master mechanic. The master mechanic position requires various certifications such as Automotive Service Excellence.

The Fleet Services division uses the AssetWorks software program to track PMIs, parts, and work orders. TART operations receive a monthly summary of work orders and scheduled PMIs. Common maintenance issues on the older vehicles have involved transmission replacements, engine overhauls, and body damage. The service area’s weather and road conditions result in increased vehicle wear. In addition, the region’s high elevation impacts the performance of CNG vehicles, which make up most of the fleet.

The parts inventory is subject to annual cycle counts. TART is in the process of reducing its parts inventory by relying more on vendors, such as Napa Auto Parts for on-demand orders. TART still maintains an inventory of basic vehicle parts.

A road call is defined as all mechanical or other vehicle-related failures that affect the completion of a scheduled revenue trip or the start of the next scheduled revenue trip, including failures during deadheading and layover. A summary of road calls reported during the audit period is presented in Table V-2.

**Table V-2  
Road Calls**

	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Road calls</b>	8	9	17

Source: TART – County of Placer

The number of road calls doubled during the audit period. Contributing factors include grade issues and passenger loads on the Highway 267 route. The CHP is responsible for certifying the maintenance facility and for inspecting vehicles on an annual basis. Inspections conducted during the audit period were rated satisfactory, including a follow up to an unsatisfactory rating in November 2016.

## **Planning**

Transit planning and oversight are engaged through various approaches. Efforts to improve the productivity of transit services involve a collaborative effort between TART, TRPA, the Town of Truckee, and community stakeholders.

The County commissioned the *Systems Plan Update for the Tahoe Truckee Area Regional Transit in Eastern Placer County*, which was adopted by the Board of Supervisors in April 2016. The systems plan update was undertaken rather than a traditional short-range transit plan because of the three years of work that preceded this systems plan related to the Transit Vision Plan that commenced in 2012. The focused scope of the systems plan included three elements: a concise review of existing service area characteristics; a summary and evaluation of existing transit services (including the results of an onboard passenger survey); and a short-range (five-year) service, capital, management, and financial plan for the Placer County TART program.

Once the systems plan was adopted, results from the TART 2016 on-board passenger surveys were released in November 2016. On-board surveys were conducted on all the TART fixed routes to better understand passenger activity, ridership patterns, and overall perception of the system. TART is interested in conducting additional surveys. To that end, during 2018, a series of on-board surveys were conducted on TART. The surveys were offered in both English and Spanish.

## **Marketing**

The majority of marketing efforts for TART are conducted by the Truckee-North Tahoe Transportation Management Association (TNT/TMA), the County, and the Town of Truckee. Such marketing efforts include printed collateral and web-based content. Brochures and transit maps are published on a seasonal basis to correspond with changes in the schedule. Flyers are produced announcing service updates and route changes. The County entered into a marketing contract with the TNT/TMA that involved an increase in the County's transient occupancy tax payments from \$50,000 to \$100,000.

TART and Truckee Transit developed a common brand and name: Tahoe Truckee Area Regional Transit. The rebranding effort included the adoption of a common logo and color scheme that is reflected on bus stops, marketing materials, passes, and a new website (<https://tahoetruckeetransit.com/>). The website was launched in the summer of 2019 and is mobile-friendly and ADA-accessible. Transit vehicles also reflect the new brand and logo.

Transit information is accessible online on a dedicated page through the County's main web portal (<https://www.placer.ca.gov/1961/Tahoe-Truckee-Area-Regional-Transit-TART>). The website features general information and schedules (in PDF form) for each route, NextBus vehicle locator widget, Google Transit trip planner, fares and tickets, service announcements, ADA and Title VI policies, rider etiquette, links to other transit providers, and contact

information. The website is updated as needed. TART does not have a dedicated social media presence; however, the County maintains its own social media accounts for general information.

Pursuant to the federal Civil Rights Act of 1964, the County has an adopted Title VI Program for its Transit Services division. An update to the Title VI Civil Rights Program Policy was adopted by the Placer County Board of Supervisors in October 2016. Title VI requires that no person in the United States, on the grounds of race, color, or national origin, be excluded from, be denied the benefits of, or be subjected to discrimination, under any program or activity receiving federal financial assistance. Program compliance includes Title VI policies and procedures posted on the TART website with a link to a version in Spanish. Complaint forms are included in the links posted on the website. The Title VI Program Policy was subsequently updated and adopted in December 2019 after the audit period.

Transit Services staff receive and follow up on complaints, which are generally logged into an Access database. TART's complaints procedure involves a five-step process. Complaints logged into the database are categorized by date, location, nature of the complaint, employee involved, actions taken, supervisory action, documentation and video footage findings. A sampling of complaints reviewed from FY 2018-19 involved buses running hot or late, pass ups, speeding, and unsafe maneuvers. The County has taken steps to strengthen its ADA complaint process with an emphasis on addressing unmet needs and raising customer service standards.

### **General Administration and Management**

Placer County was incorporated on April 25, 1851, having been formed from portions of Sutter and Yuba Counties. From the county seat in Auburn, the County is governed by a five-member Board of Supervisors, which serves as the administrative and legislative body. Supervisors are elected by district to four-year terms. The Board meets the first and third Tuesdays of each month at 9:00 a.m. in the Board of Supervisors Chambers in the County Administrative Center located at 175 Fulweiler Road in Auburn. The Board approves the County's annual budget and allocates funds for County departments and agencies, including the Public Works Department, which oversees the transit system. During the audit period, the Public Works Department and Facilities Maintenance were merged.

The public works manager of Transit Services oversees TART administration. The manager is assisted by the transportation systems supervisor and a staff services analyst. The staff services analyst is tasked with National Transit Database reporting, grants monitoring and reporting, fiscal audit coordination, and TDA claims. The transportation systems supervisor visits the TART operations facility twice a week. An assistant planner was hired to manage the workflow and compile performance data. Approximately 80 percent of TART's annual budgeting process is the responsibility of the manager of Transit Services. The County utilizes the Workday cloud accounting software program. The Transit Operators Financial Transactions Report submitted to the State Controller is prepared by the County Auditor-Controller.

Pursuant to the TDA, the County receives LTF proceeds and STA funds. TDA revenues are used primarily toward operating expenditures. Based on the TART Annual TDA Claim Financial Plan, LTF revenues allocated during the audit period were \$609,513 in FY 2017; \$621,959 in FY 2018; and \$680,050 in FY 2019. STA revenues received were \$134,118 in FY 2017; \$124,005 in FY 2018; and \$316,500 in FY 2019. The County's SB-1 State of Good Repair allocation in FY 2019 for TART was \$50,088. A larger portion of the County's total LTF revenues is applied to Placer County Transit and coordinated with the Placer County Transportation Planning Agency.

### Grants Management

In addition to its annual TDA allocations, the County relies on several federal and state grant programs to support its operations and capital procurement needs. The staff services analyst manages the grant programs and proceeds for the transit system. During the audit period, Placer County became a direct recipient of FTA Section 5307 funds.

Prior to the urbanized area designation, the County received federal funding from the FTA Section 5311 non-urbanized grant program for operations and capital allocations. The County submitted quarterly and semi-annual reports on the activity and progress of each grant. Interest accruals for each grant are tracked on a summary spreadsheet. Based on audited financial data, federal operating assistance received by TART was \$1.34 million in FY 2017; \$1.31 million in FY 2018; and \$1.4 million in FY 2019. Capital contributions were \$1.26 million in FY 2017; \$28,197 in FY 2018; and \$405,194 in FY 2019.

The federal FAST Act designates the Lake Tahoe Basin as an urbanized area with a population of 210,000 (145,000 in California and 65,000 in Nevada) for applicable grant programs. The transit systems are eligible for FTA formula funding under the Urbanized Area Formula Program (Sections 5307 and 5339). Additional rules and coordination between TRPA, serving as the metropolitan planning organization, and the two transit systems are required for successful urbanized formula grant procurement. During the audit period, the County, TRPA, and the Tahoe Transportation District signed an MOU in September 2016 regarding the coordination of transit planning and programming of federal funds.

TRPA works cooperatively with the public transit operators to develop the Regional Transportation Plan and the Federal Transportation Improvement Program through performance-based planning and programming for urbanized areas. The MOU fosters a cooperative and mutually beneficial working relationship between the three agencies for the provision of coordinated transit planning, to identify the regional transit planning responsibilities for programming federal funds, and to codify the process and the criteria for selection of transit projects and sub-allocation of federal funds in the Lake Tahoe region. TRPA and the transit operators are currently working to develop and support implementation of a performance-based approach toward transportation decision-making in order to implement transit priorities identified in the Regional Transportation Plan and apply federal transit funds toward achieving the plan's goals in a coordinated manner.

The MOU places responsibility on each agency to ensure their annual certifications and assurances regarding FTA grant programs, meet certain public participation requirements, and submit annual reports to the National Transit Database. TRPA, TART, and Tahoe Transportation District developed a regionally acceptable methodology to sub-allocate FTA Urbanized Area Formula Grants (Section 5307) and Bus and Bus Facilities (Section 5339). TRPA will use the sub-allocation process to insert the funding into the Federal Transportation Improvement Program.

## Section VI

### Findings

The following summarizes the findings obtained from this triennial audit covering fiscal years 2017 through 2019. A set of recommendations is then provided.

#### Triennial Audit Findings

1. Of the nine compliance requirements pertaining to TART, the operator fully complied with all nine requirements. Two compliance requirements did not apply to TART during the audit period (blended and urbanized farebox recovery ratios).
2. The farebox recovery ratio was 11.0 percent in FY 2017, 36.5 percent in FY 2018, and 56.3 percent in FY 2019 based on audited data. The average system-wide farebox recovery ratio was 34.6 percent during the triennial review period. TART has been applying locally generated revenues in the farebox recovery calculation pursuant to SB 508. The transit system receives supplemental revenues from the Truckee North Tahoe TMA for winter and ski shuttle service. Additional local revenues have been received from the North Lake Tahoe Resort Association for contracted shuttle services. Revenue generated by the County as transient occupancy taxes is disbursed to TART as a contribution from County funds. Given the Tahoe region's new urbanized status, TRPA adopted an urbanized area farebox ratio on September 27, 2017, pursuant to Resolution 2017-14. During the audit period, the rural fare revenue ratio continued to apply.
3. The TRPA Board set the required farebox recovery ratio of TART fixed-route services at 15 percent for purposes of the TDA and granted TART a period of five years (through September 27, 2022) to meet the required farebox recovery ratio. The required farebox recovery ratio for demand-response services will remain at 10 percent.
4. TART participates in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Inspections conducted on November 8-9, 2016, were rated unsatisfactory due to noncompliance with the Department of Motor Vehicle's Pull Notice Program. A reinspection was conducted on March 23, 2017, which was rated satisfactory. Satisfactory ratings were made for all subsequent inspections conducted during the audit period.
5. The TART operating budget increased the first two years of the audit period, exceeding 15 percent in FY 2018. The budget increased 10.4 percent in FY 2017 and 26.2 percent in FY 2018. The increases in the FY 2017 and FY 2018 transit operating budgets were attributed to higher salaries and employee insurance, maintenance, fuel, lubricants, and purchased transportation costs. The FY 2019 operating budget decreased slightly by 0.7 percent.

6. TART satisfactorily implemented two of the four prior audit recommendations. The recommendations implemented pertained to the adoption of an urbanized area farebox recovery ratio and the inclusion of locally generated revenues in the farebox recovery calculation. The recommendation partially implemented pertained to reporting of data to the oversight governing boards, while the recommendation not implemented pertained to the preparation of two separate modal reports to the State Controller, which have been forwarded for full implementation in this audit.
7. Operating cost per vehicle service hour, an indicator of cost efficiency, decreased 4.0 percent system-wide from \$81.97 in the FY 2016 base year to \$78.67 in FY 2019 based on audited cost data. Audited operating costs increased 17.9 percent system-wide, while operating hours increased 22.8 percent during the audit period. Fixed-route costs per hour increased 14.6 percent from \$145.54 in FY 2016 to \$166.81 in FY 2019, whereas costs per hour for ADA paratransit decreased 15.4 percent from \$317.47 in FY 2016 to \$268.51 in FY 2019 based on unaudited data. The impacts from exclusion of OPEB from GASB 75 and PERS long term pension liability expenses were most profound in FY 2018 when these expenses were \$562,089 reflecting all liabilities in one year. As such, performance measures such as operating cost per vehicle service hour, cost per vehicle service mile, and farebox recovery all exhibited improvements compared to unadjusted numbers in that same year.
8. Operating cost per passenger, an indicator of cost effectiveness, increased 3.7 percent system-wide from \$7.72 in FY 2016 to \$8.00 in FY 2019 based on audited cost data. At the modal level, fixed-route operating cost per passenger increased 23.4 percent from \$13.64 in FY 2016 to \$16.84 in FY 2016, whereas costs per hour for ADA paratransit decreased 38.1 percent from \$115.60 in FY 2016 to \$71.59 in FY 2019 based on unaudited data. Ridership system-wide increased by 13.7 percent, from 332,442 passengers in FY 2016 to 378,048 passengers in FY 2019, while operating costs (audited) increased 17.9 percent.
9. Passengers per vehicle service hour, which measures the effectiveness of the service delivered, decreased 7.4 percent system-wide between FY 2016 and FY 2019 from 10.6 to 9.8 passengers per hour. Fixed-route operations mirrored the system-wide trend with a decrease of 7.1 percent over the same period from 10.7 to 9.9 passengers per hour. In contrast, ADA paratransit exhibited an increase of 36.6 percent from 2.7 to 3.8 passengers per hour. The trend in this indicator is reflective of the 22.8 percent increase in vehicle service hours as compared to the 13.7 percent increase in passenger trips system-wide.
10. Passengers per vehicle service mile, another indicator of service effectiveness, decreased 5.8 percent system-wide, from 0.50 in FY 2016 to 0.47 in FY 2019. For fixed-route operations, the number of passengers per service mile decreased by a comparable 5.7 percent from 0.51 to 0.48 between FY 2016 and FY 2019. For ADA paratransit, passengers per service mile increased 97 percent over the same period. The trend in this indicator reflects the system-wide increase in vehicle service miles of 20.7 percent.

11. By expanding service, TART has been able to provide year-round transit connections for the “resort triangle” and provide an important link between communities in Placer County and Truckee. The Truckee Town Council and Truckee Tahoe Airport District Board of Directors each approved a three-year commitment of \$62,500 annually to help fund the service. Night service was also expanded during the spring and fall shoulder months. This has allowed TART to better utilize staffing resources more efficiently.
12. TART has been directly operating ADA paratransit since October 2016. Most of the ADA-eligible riders are not wheelchair bound and 95 percent of the trips are for medical appointments. After averaging 12 rides a month, ridership increased exponentially to 225 a month in FY 2019. Much of this increase has been generated by the Choices Person Centered Services program in Truckee.
13. TART acquired newer vehicles during the audit period. In March 2017, the Tahoe Transportation District transferred eight CNG buses to TART. As a designated Federal Transit Administration grant recipient, TART was eligible to receive the buses. TART also updated its on-board and operation facility camera systems.
14. During FY 2018, the County reported high employee turnover attributed to the tight local housing market, health issues, and retirements. In an effort to improve employee retention, the County reinstated the Tahoe Branch Assignment Premium, which is contained in the current MOU. Effective July 2017, the premium was \$775 per month, and was increased to \$825 per month in July 2018 and to \$875 per month in July 2019.
15. TART and Truckee Transit developed a common brand and name: Tahoe Truckee Area Regional Transit. The rebranding effort included the adoption of a common logo and color scheme that is reflected on bus stops, marketing materials, passes, and a new website (<https://tahoetruckeetransit.com/>). The website was launched in the summer of 2019 and is mobile-friendly and ADA-accessible. Transit vehicles also reflect the new brand and logo.
16. The public works manager of Transit Services oversees TART administration. The manager is assisted by the transportation systems supervisor and a staff services analyst. The staff services analyst is tasked with National Transit Database reporting, grants monitoring and reporting, fiscal audit coordination, and TDA claims. The transportation systems supervisor visits the TART operations facility twice a week.



## Recommendations

**1. Report TART operating statistics and performance indicators to the County Board of Supervisors quarterly or at least during budget adoption process.**

This recommendation is carried forward from the prior audit. The public works manager for Transit Services indicated that TART operating performance data are reported infrequently to the County Board of Supervisors. Monthly reports are compiled and provided to TRPA and the Regional Transportation Commission of Washoe County. During the audit period, the County hired an assistant planner to assist with compiling the data. With additional staff resources, the County was able to provide quarterly performance data summaries to TRPA. The public works manager for Transit Services is encouraged to keep the Board of Supervisors apprised on the performance of the TART system, particularly during the budget adoption process.

**2. Prepare and submit separate annual State Controller Reports for fixed route and specialized ADA paratransit service.**

This recommendation is carried forward from the prior audit. The Transit Operators Financial Transactions Report submitted to the State Controller by the County still combines general public and specialized service reflecting the general public dial-a-ride service operated by Placer County Transit.

The instructions for the Transit Operators Financial Transactions Report require that separate reports be prepared for general public service and specialized service, in this case for the fixed-route service and the specialized ADA paratransit. The General Information sheet in the front of the Controller Report provides specific instructions to prepare separate reports for these different services. It is recommended that the public works director for Transit Services work with the auditor-controller to report the two services separately to the State Controller as well as report the TART ADA service as specialized service.

Website link to the SCO instructions: <https://www.sco.ca.gov/Files-ARD-Local/LocRep/Transit%20Operators%20FTR%20Instructions%20-%20SCO%20website.pdf>