



FY 2014–2016 Triennial Performance Audit of the Tahoe Truckee Area Regional Transit (TART)



Submitted to:

**TAHOE REGIONAL
PLANNING AGENCY**

June 2017



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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) 2013–14 through 2015–16.

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 (blended and urbanized farebox recovery ratios).

Status of Prior Audit Recommendations

TART satisfactorily implemented two of the three prior audit recommendations. The recommendations concerned the reporting of operating data: short-range transit plan development and fiscal audit verification. One recommendation not implemented pertained to the quarterly reporting of operating data, which has been carried forward for full implementation in this audit.

Transit System Performance Trends

1. Operating cost per vehicle service hour, an indicator of cost efficiency, increased 12.2 percent system-wide from \$130.74 in the FY 2013 base year to \$146.68 in FY 2016. Operating costs increased 39.0 percent system-wide, while operating hours were expanded by 23.9 percent during the audit period. Fixed-route costs per hour increased 12.0 percent from \$129.89 in FY 2013 to \$145.54 in FY 2016, whereas costs per hour for ADA paratransit increased 25.7 percent from \$256.97 in FY 2013 to \$322.90 in FY 2016 based on unaudited data.

2. Operating cost per passenger, an indicator of cost effectiveness, increased 44.1 percent system-wide from \$9.58 in FY 2013 to \$13.81 in FY 2016. At the modal level, fixed-route operating cost per passenger increased 44.1 percent from \$9.47 in FY 2013 to \$13.64 in FY 2016, whereas costs per hour for ADA paratransit decreased 5.8 percent from \$124.79 in FY 2013 to \$117.58 in FY 2016 based on unaudited data. Ridership systemwide decreased by 3.6 percent, from 344,741 passengers in FY 2013 to 332,442 passengers in FY 2016, while operating costs increased 34.1 percent.
3. Passengers per vehicle service hour, which measures the effectiveness of the service delivered, decreased 22.2 percent system-wide between FY 2013 and FY 2016 from 13.6 to 10.6 passengers per hour. Fixed-route operations mirrored the system-wide trend with a decrease of 22.2 percent over the same period from 13.7 to 10.7 passengers per hour. In contrast, ADA paratransit exhibited an increase of 33.4 percent from 2.1 to 2.7 passengers per hour. The trend in this indicator is reflective of the 23.9 percent increase in vehicle service hours as compared to the 3.6 percent decrease in passenger trips system-wide.
4. Passengers per vehicle service mile, another indicator of service effectiveness, decreased 21 percent system-wide, from 0.64 in FY 2013 to 0.50 in FY 2016. For fixed-route operations, the number of passengers per service mile mirrored the system-wide decrease of 21 percent from 0.64 to 0.51 between FY 2013 and FY 2016. For ADA paratransit, passengers per service mile increased 31.2 percent for the triennial period. The trend in this indicator reflects the system-wide increase in vehicle service miles of 22 percent.

Detailed Functional Review

1. TART implemented year-round service on the Highway (State Route) 267 route in 2016. For a number of years, Placer County had been seeking to operate the Highway 267 route on a year-round basis. By expanding service, TART was able to provide year-round transit connections for the “resort triangle” and provide an important link between communities in Placer County and Truckee.
2. Despite the expanded services, ridership on TART declined slightly due to the prolonged statewide drought and reduced snow accumulation, which have reduced the amount of visitors to the area. Another factor has been the local rental and vacation housing market and the effect on the longer-term rental market, resulting in an increase in auto commutes from outside the TART service area.
3. 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.
4. The County commissioned the Systems Plan Update for the Tahoe Truckee Area Regional Transit in Eastern Placer County, which was adopted in April 2016. A systems plan approach was taken rather than a traditional short-range transit plan (SRTP) because of the three

years of work that preceded this systems plan related to the Transit Vision Plan that commenced in 2012.

5. 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. The marketing efforts include printed collateral and web-based content. The County entered into a marketing contract with the TMA that involved an increase in the County’s transient occupancy tax (TOT) payments from \$50,000 to \$100,000.
6. The County’s most recent FTA triennial review was conducted in March 2015. Of the 17 review areas addressed, Placer County was found deficient in eight review areas. The County submitted its corrective responses to the FTA addressing seven of the eight deficient areas in June 2015 and its corrective response addressing the ADA deficiency finding in October 2015.
7. 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. To this end, while slightly outside the audit period, the County, TRPA, and the Tahoe Transportation District (TTD) signed a Memorandum of Understanding (MOU) in September 2016 regarding the coordination of transit planning and programming of federal funds.

Recommendations

Performance Audit Recommendation	Background
1. Report TART operating statistics and performance indicators to the County Board of Supervisors and/or TRPA at least quarterly.	This recommendation is carried forward from the prior audit. The Public Works Manager for Transit indicated that TART operating performance data are reported infrequently to the County Board of Supervisors and TRPA. Monthly reports are compiled and provided to 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 should be able to provide quarterly performance data summaries to the Board of Supervisors and TRPA.
2. Work closely with TRPA to determine an updated farebox recovery ratio for TART’s transit service based on the region’s urbanized status.	The Tahoe region received urbanized designation from the federal transportation act. 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

Performance Audit Recommendation	Background
	<p>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. The County of Placer and TRPA should discuss the options and establish an updated farebox ratio to meet compliance as an urbanized operator.</p>
<p>3. Include additional locally generated revenue in the farebox recovery pursuant to Senate Bill (SB) 508.</p>	<p>In addition to the urbanized area designation for the Tahoe region, TART is also subject to the revised state TDA farebox standard under state SB 508 passed 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.</p> <p>SB 508 allows for other locally generated revenues in the farebox ratio. 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. The County should work with the fiscal auditor to accurately reflect the changes to the farebox ratio criteria.</p>
<p>4. Prepare and submit separate annual State Controller Reports for fixed route and specialized ADA complementary taxi service.</p>	<p>TART operates fixed-route service and ADA complementary taxi service. ADA complementary taxi 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 Operator Financial Transactions Report require that separate reports be prepared for general public</p>

Performance Audit Recommendation	Background
	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’s Report provides specific instructions to prepare separate reports for these different services. The County should prepare separate reports starting in the next reporting period.

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) 2013–14 through 2015–16.

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, collection and review of agency documents, data analysis, and on-site observations. 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. Tahoe Truckee Area Regional Transit (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 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

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.

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 2017 population for Truckee is estimated to be 15,904 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. California and Nevada 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 of 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 p.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 TART fixed-route service is presented in Table I-1.

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

Route	Key Time Points
<p>Mainline Bus Tahoma - Incline Village</p>	<ul style="list-style-type: none"> ▪ Sugar Pine Point ▪ Tahoma ▪ Homewood ▪ Tahoe City Transit Center ▪ Tahoe City “Y” Swigard’s Hardware ▪ Carnelian Bay ▪ Tahoe Vista ▪ Kings Beach ▪ Crystal Bay ▪ Crystal Bay Club ▪ Hyatt/Lakeshore Drive
<p>Highway 89 Tahoe City - Truckee</p>	<ul style="list-style-type: none"> ▪ Tahoe Biltmore (Crystal Bay) ▪ Kings Beach ▪ Tahoe City Transit Center ▪ Alpine Transport Center ▪ Squaw Valley Clock Tower ▪ Resort at Squaw Creek ▪ Tahoe Forest Hospital ▪ Truckee Depot
<p>Highway 267 Crystal Bay - Truckee</p>	<ul style="list-style-type: none"> ▪ Truckee Depot ▪ Larkspur ▪ Hampton Inn ▪ Truckee Airport ▪ Northstar Village ▪ Sawmill Heights ▪ Stewart Way/Hwy 267 ▪ Secline Street - Kings Beach ▪ Crystal Bay Club
<p>North Shore Night Service:</p> <ul style="list-style-type: none"> • Squaw Valley - Tahoe City Transit Center - Kings Beach - Crystal Bay • Tahoe City Transit Center - Granlibakken to Sunnyside - Tahoma • Northstar - Kings Beach - Crystal Bay 	<p>Time points vary based on route</p>

Source: TART

ADA Paratransit Service

TART provides ADA complementary taxi service comparable to the level of fixed-route bus service operated. The service operates 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.

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
Discount Passes – Adult	
10-Ride	\$14.00
14-Day	\$30.00
30-Day	\$53.00
Discount Passes – Senior/Youth/Disabled/Medicare Card	
10-Ride	\$7.00
14-Day	\$15.00
30-Day	\$26.50

Source: TART

Fleet

There were 15 vehicles in the TART fleet during the audit period. The vehicles are powered by compressed natural gas (CNG) or diesel. All TART vehicles are wheelchair accessible in compliance with the Americans with Disabilities Act. Table I-3 shows the vehicle fleet information.

**Table I-3
TART Fleet**

Year	Make & Model	Quantity	Fuel type	Seating Capacity
2004	Orion V	3	CNG	35 (2 W/C)
2006	Orion V	4	CNG	38 (2 W/C)
2009	NABI	3	CNG	35 (2 W/C)
2012	Ford F550	1	CNG	30 (2 W/C)
2015	Gillig	2	CNG	35 (2 W/C)
2015	Gillig	2	Diesel	35 (2 W/C)
Total		15		

Source: TART

Note: W/C = wheelchair

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 90 days after end of fiscal year (Sept. 28/29), or 110 days (Oct. 19/20) if filed electronically (Internet).	Public Utilities Code, Section 99243	<p>Completion/submittal dates: FY 2014: October 18, 2014 FY 2015: October 16, 2015 FY 2016: October 24, 2016</p> <p>The instructions for the Transit Operator 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. Separate reports should be prepared for the next reporting period.</p> <p>Conclusion: Complied</p>
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-	Public Utilities Code, Section 99245	<p>Completion/submittal dates: FY 2014: November 21, 2014 FY 2015: December 7, 2015 FY 2016: November 30, 2016</p> <p>Conclusion: Complied</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
day extension by the RTPA allowed by law.		
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 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 June 19, 2013; June 9, 2014, and August 5 and 6, 2015.</p> <p>All inspections conducted were rated satisfactory.</p> <p>Conclusion: Complied</p>
The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.	Public Utilities Code, Section 99261	<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>Conclusion: Complied</p>
If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to	Public Utilities Code, Section 99270.1	During the audit period, TART adhered to a rural fare recovery ratio.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.		<p>Given the Tahoe region’s new urbanized status, TRPA has not yet established urban fare revenue ratios for TART. During the audit period, the rural fare revenue ratio continued to apply. TRPA will need to establish a new fare ratio for TART to reflect the urbanized status.</p> <p>Conclusion: Not applicable</p>
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 2014: +5.3% FY 2015: +5.2% FY 2016: +22.5%</p> <p>The increase in the FY 2016 transit operating budget was attributed to higher salaries and wages, and higher maintenance, fuel, and contractor costs.</p> <p>Source: County of Placer Transit Fund Budgets – TART for FYs 2013–2016</p> <p>Conclusion: Complied</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	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>Conclusion: Complied</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
service hour, (e) passengers per vehicle service mile, (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 has not yet established urban fare revenue ratios for TART. During the audit period, the rural fare revenue ratio continued to apply. TRPA will need to establish a new fare ratio for TART to reflect the urbanized status.</p> <p>Conclusion: Not applicable</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).	Public Utilities Code, Sections 99268.2, 99268.4, 99268.5	<p>Operating ratios for the transit system using audited data were as follows:</p> <p>FY 2014: 10.4% FY 2015: 13.4% FY 2016: 10.8%</p> <p>Source: Annual Fiscal & Compliance Audits</p> <p>Conclusion: Complied</p>
The current cost of the operator’s retirement system is fully funded with respect to	Public Utilities Code, Section 99271	The County contributes to its employees’ retirement through the California Public Employees

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
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.		Retirement System (CalPERS) Miscellaneous Plan, while employees of private operators may be eligible for retirement benefits. Conclusion: Complied
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)	As an eligible recipient of STA funds, the County of Placer is making full use of Federal Transit Administration funds available to it. FY 2014: \$659,695 (Operations) FY 2015: \$681,521 (Operations) FY 2016: \$678,534 (Operations) Source: Annual Fiscal & Compliance Audits Conclusion: Complied

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 (blended and urbanized farebox recovery ratios).
2. The farebox recovery ratio was 10.4 percent in FY 2014, 13.4 percent in FY 2015, and 10.8 percent in FY 2016 based on audited data. The average system-wide farebox recovery ratio was 11.53 percent during the triennial review period. Given the Tahoe region's new urbanized status, TRPA has not yet established urban fare revenue ratios for TART. During the audit period, the rural fare revenue ratio continued to apply. TRPA will need to establish a new fare ratio for TART to reflect the urbanized status.
3. TART, through its contract operator, participates in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period.
4. The TART operating budget increased each year of the audit period, exceeding 15 percent in FY 2016. The budget increased 5.3 percent in FY 2014, 5.2 percent in FY 2015, and 22.5 percent in FY 2016. The FY 2016 budget increase was attributed to higher salaries and wages, and higher maintenance, fuel, and contractor costs.

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

The Placer County Department of Public Works Manager for Transit and the Director should report TART operating statistics and performance indicators to the County Board of Supervisors (BOS) and/or TRPA at least quarterly. Reports should include at a minimum: ridership, vehicle service hours, vehicle service miles, operating costs, fare revenue, passengers per vehicle hour, farebox ratio, and operating cost per trip. Reports should present current data as well as historical trends. The report should also include a brief discussion interpreting the data and identifying reasons for significant changes.

Background: The prior audit noted that there was minimal review of TART operating statistics at the board level. The Public Works Manager for Transit would provide monthly reports to the Public Works Director that included performance indicators and operating statistics. There was no process to place these reports on the BOS agenda. Quarterly operations reports for TART would be submitted to the Placer County Transportation Planning Agency but no report would be forwarded to TRPA. It was also noted that Placer County had been working on posting monthly operations reports on the TART website.

Actions taken by TART

The Public Works Manager for Transit indicated that TART operating performance data are reported infrequently to the County Board of Supervisors and TRPA. Monthly reports are compiled and provided to 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 should be able to provide quarterly performance data summaries to the Board and TRPA.

Conclusion

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

Prior Recommendation 2

Update the TART SRTP.

Background: At the time of the prior audit, it had been nearly 10 years since the last short-range transit plan (SRTP) update. As such, the existing conditions demographic/economic, transit needs, and transit performance analysis sections were outdated. Onboard passenger surveys or boarding and alighting surveys had not been conducted since 2005. Valuable passenger information regarding trip patterns and passenger transit needs can be obtained from survey efforts. It was suggested that if only limited funding was available for planning, TART could consider at least conducting an onboard survey on all routes.

Actions taken by TART

In response to this recommendation, the County commissioned the Systems Plan Update for the Tahoe Truckee Area Regional Transit in Eastern Placer County, which was adopted by the BOS in April 2016. A systems plan approach was taken rather than a traditional SRTP 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.

Subsequent to the systems plan, results from the TART 2016 onboard passenger surveys commissioned by TRPA were released in November 2016. Onboard surveys were conducted on all of the TART fixed routes to better understand passenger activity, ridership patterns, and overall perception of the system.

Conclusion

This recommendation has been implemented.

Prior Recommendation 3

Work with the Fiscal and Compliance Auditor to determine TART’s compliance with TDA requirements, particularly the verification of operating cost, fare revenue, and 50 percent expenditure limitation. The Fiscal and Compliance Auditor should refer to CCR 6667 for the list of tasks to perform in order to comply with TDA.

Background: The fiscal and compliance audits for the prior audit period covered most of the elements listed in CCR 6667 such as the verification of operating cost, fare revenue, and calculation of farebox ratios. However, the prior audit cited multiple elements listed in CCR 6667 that were not reviewed, such as verify compliance with Section 1808.1 of the Vehicle Code.

Actions taken by TART

A review of Note 5 contained in TART’s annual fiscal and compliance audit confirms the reference to CCR 6667. Based on the fiscal audit’s assessment, if TART does not comply with the 50 percent expenditure limitation in accordance with PUC 99268, TART would be required to maintain a minimum fare ratio of 25 percent as designated by TRPA based on the ratio achieved in FY 1978–79. However, because less than 50 percent of eligible operating expenses are funded by Local Transportation Funds, TART is not required to meet the 25 percent farebox recovery ratio, but instead must meet the farebox ratio of 10 percent for serving non-urbanized areas pursuant to PUC 99268. The Public Works Manager for Transit and the staff services analyst complete the spreadsheet for the 50 percent limitation.

However, given the Tahoe region’s new urbanized status, TRPA has not yet established urban fare revenue ratios for TART. During the audit period, the rural fare revenue ratio continued to apply. TRPA will need to establish a new fare ratio for TART to reflect the urbanized status.

Conclusion

This recommendation has been implemented.

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. 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-3 provide the performance indicators for TART. Charts 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.

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

Performance Data and Indicators	Audit Period				% Change FY 2013–2016
	FY 2013	FY 2014	FY 2015	FY 2016	
Operating Cost (Actual)	\$3,303,865	\$3,753,957	\$3,934,595	\$4,591,416	39.0%
Operating Cost*	\$1,913,168	\$2,279,720	\$2,404,833	\$2,565,684	34.1%
Total Passengers	344,741	345,158	338,096	332,442	-3.6%
Vehicle Service Hours	25,270	25,492	25,517	31,302	23.9%
Vehicle Service Miles	541,234	545,997	546,395	660,443	22.0%
Employee FTEs	28	26	25	28	0.5%
Passenger Fares (Actual)	\$413,654	\$398,780	\$392,408	\$398,158	-3.7%
Passenger Fares**	\$251,727	\$236,178	\$323,047	\$277,603	10.3%
Operating Cost per Passenger	\$9.58	\$10.88	\$11.64	\$13.81	44.1%
Operating Cost per Vehicle Service Hour	\$130.74	\$147.26	\$154.20	\$146.68	12.2%
Operating Cost per Vehicle Service Mile	\$6.10	\$6.88	\$7.20	\$6.95	13.9%
Passengers per Vehicle Service Hour	13.6	13.5	13.2	10.6	-22.2%
Passengers per Vehicle Service Mile	0.64	0.63	0.62	0.50	-21.0%
Vehicle Service Hours per Employee	897.7	999.3	1,020.7	1,106.9	23.3%
Average Fare per Passenger	\$0.73	\$0.68	\$0.96	\$0.84	14.4%
Actual Fare Recovery Ratio	12.52%	10.62%	9.97%	8.67%	-30.7%
Audited Fare Recovery Ratio	13.16%	10.36%	13.43%	10.82%	-17.8%

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 the Hwy 267 Route, and 80% of the Truckee-Tahoe City Route.

**Audited passenger fare revenues exclude exempted routes such as the Washoe County Bus, 84% of the Hwy 267 Route, and 80% of the Truckee-Tahoe City Route.

**Table IV-2
TART Fixed-Route TDA Performance Indicators**

Performance Data and Indicators	Audit Period				% Change FY 2013– 2016
	FY 2013	FY 2014	FY 2015	FY 2016	
Operating Cost	\$3,260,437	\$3,711,694	\$3,881,028	\$4,526,514	38.8%
Total Passengers	344,393	344,712	337,668	331,890	-3.6%
Vehicle Service Hours	25,101	25,318	25,345	31,101	23.9%
Vehicle Service Miles	534,907	539,687	540,127	652,794	22.0%
Employee FTEs	28	25	25	28	0.5%
Passenger Fares	\$412,460	\$397,222	\$390,910	\$396,660	-3.8%
Operating Cost per Passenger	\$9.47	\$10.77	\$11.49	\$13.64	44.1%
Operating Cost per Vehicle Service Hour	\$129.89	\$146.60	\$153.13	\$145.54	12.0%
Operating Cost per Vehicle Service Mile	\$6.10	\$6.88	\$7.19	\$6.93	13.8%
Passengers per Vehicle Service Hour	13.7	13.6	13.3	10.7	-22.2%
Passengers per Vehicle Service Mile	0.64	0.64	0.63	0.51	-21.0%
Vehicle Service Hours per Employee	896.46	998.34	1,019.92	1,105.62	23.3%
Average Fare per Passenger	\$1.20	\$1.15	\$1.16	\$1.20	-0.2%
Fare Recovery Ratio	12.65%	10.70%	10.07%	8.76%	-30.7%

Source: TART Internal Performance Data Statistics

**Table IV-3
TART ADA Paratransit TDA Performance Indicators**

Performance Data and Indicators	Audit Period				% Change FY 2013– 2016
	FY 2013	FY 2014	FY 2015	FY 2016	
Operating Cost	\$43,428	\$42,263	\$53,567	\$64,902	49.4%
Total Passengers	348	446	428	552	58.6%
Vehicle Service Hours	169	174	172	201	18.9%
Vehicle Service Miles	6,327	6,310	6,268	7,649	20.9%
Employee FTEs	0.15	0.15	0.15	0.15	<i>n/a</i>
Passenger Fares	\$1,194	\$1,558	\$1,498	\$1,498	25.5%
Operating Cost per Passenger	\$124.79	\$94.76	\$125.16	\$117.58	-5.8%
Operating Cost per Vehicle Service Hour	\$256.97	\$242.89	\$311.44	\$322.90	25.7%
Operating Cost per Vehicle Service Mile	\$6.86	\$6.70	\$8.55	\$8.49	23.6%
Passengers per Vehicle Service Hour	2.1	2.6	2.5	2.7	33.4%
Passengers per Vehicle Service Mile	0.06	0.07	0.07	0.07	31.2%
Vehicle Service Hours per Employee	1,126.67	1,160.00	1,146.67	1,340.00	18.9%
Average Fare per Passenger	\$3.43	\$3.49	\$3.50	\$2.71	-20.9%
Fare Recovery Ratio	2.75%	3.69%	2.80%	2.31%	-16.1%

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, State Transit Assistance funds and LTF applied to operations are derived from TART’s annual TDA claim financial plan.

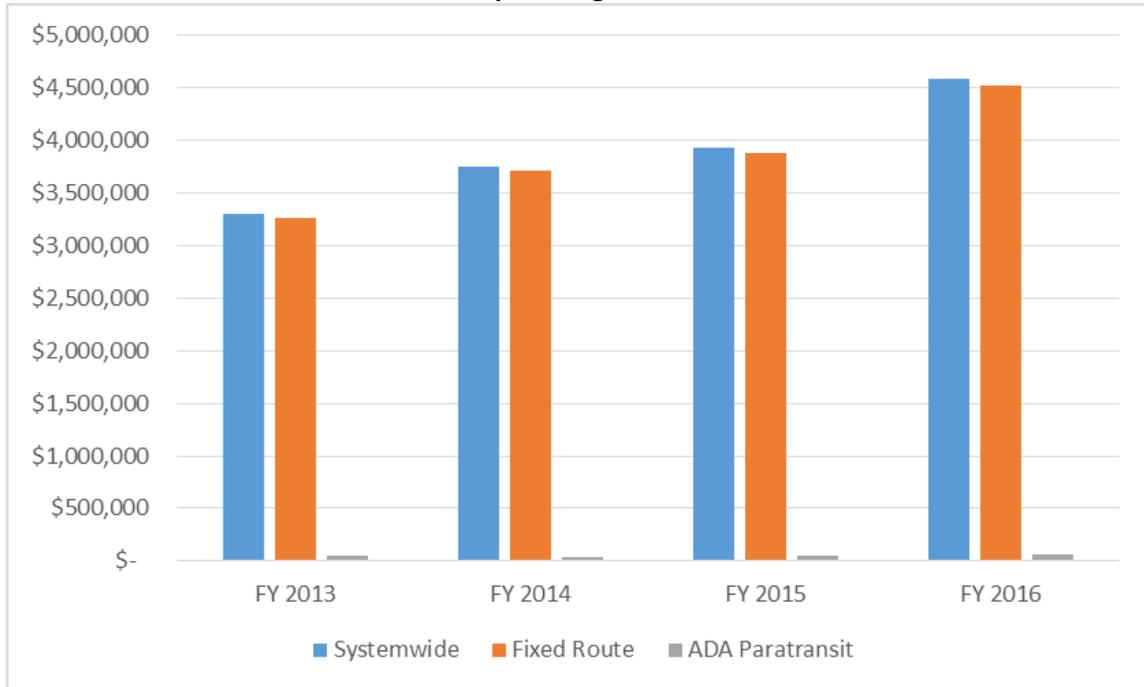
For purposes of determining compliance with the 50 percent expenditure limitation and the fare and local support ratios in the fiscal audit, the Washoe County route is subtracted because it is not in California and therefore is not subject to the TDA requirements; 80 percent of the Truckee-Tahoe City 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-6 shows the compliance.

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

Line #	Description	FY 2014		FY 2015		FY 2016	
		\$ Amount	\$ Subtotal	\$ Amount	\$ Subtotal	\$ Amount	\$ Subtotal
1	Total Operating Cost	\$2,279,720		\$2,404,833		\$2,565,684	
2	Total Depreciation	\$307,053		\$231,869		\$327,021	
3	Total Capital Outlay	\$170,186		\$833,441		\$697,464	
4	Total Lines 1, 2 & 3		\$2,756,959		\$3,470,143		\$3,590,169
5a	Less Federal Ops Grants Received	\$540,000		\$667,300		\$654,700	
5b	Less Federal Capital Grants Received	\$176,000		\$176,000		\$870,500	
6	Less LTF Capital Intensive	\$0		\$0		\$0	
7	Less STAF Received	\$172,186		\$157,626		\$164,878	
8	Total Lines 5, 6 & 7		\$888,186		\$1,000,926		\$1,690,078
9	Total Line 4 Less Line 8		\$1,868,773		\$2,469,217		\$1,900,091
10	50% of Line 9	\$934,387		\$1,234,609		\$950,046	
11	Add amount of LTF Claimed in Excess of Line 9 for Match to Federal Operating Grant	\$135,000		\$166,825		\$163,675	
12	Add LTF Capital Intensive	\$0		\$0		\$0	
13	Total Permissible LTF Expenditure		\$1,069,387		\$1,401,434		\$1,113,721
14	Total LTF applied to Operations		\$646,408		\$610,054		\$677,727

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

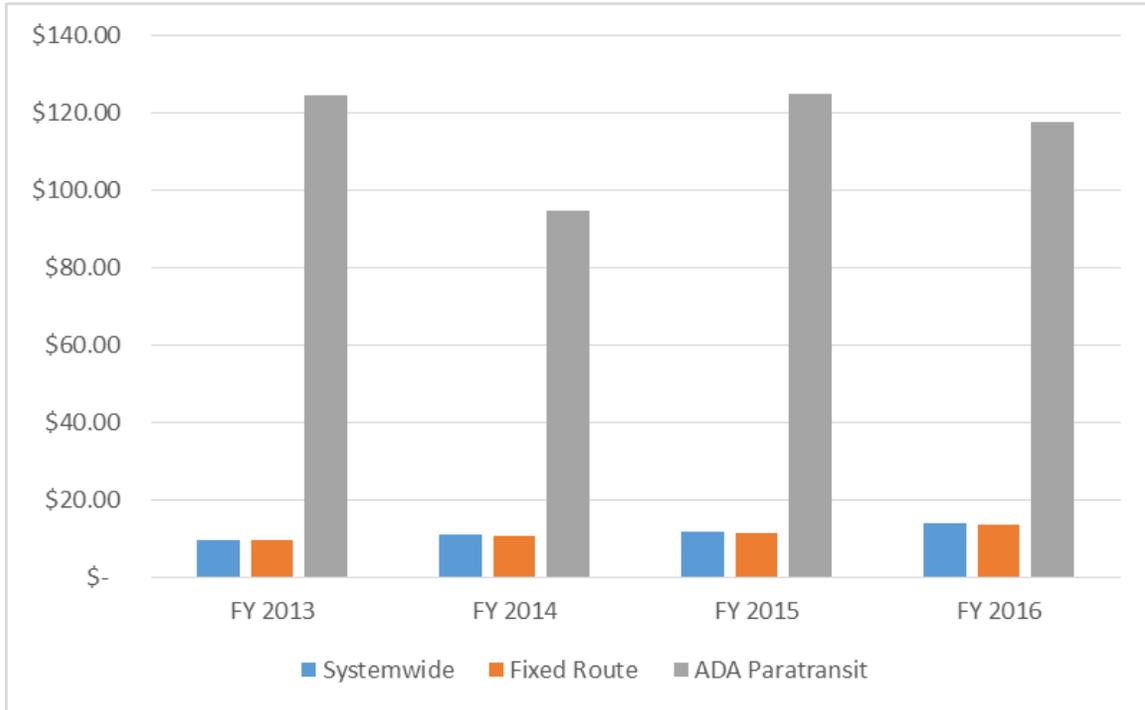
**Graph IV-1
Operating Costs**



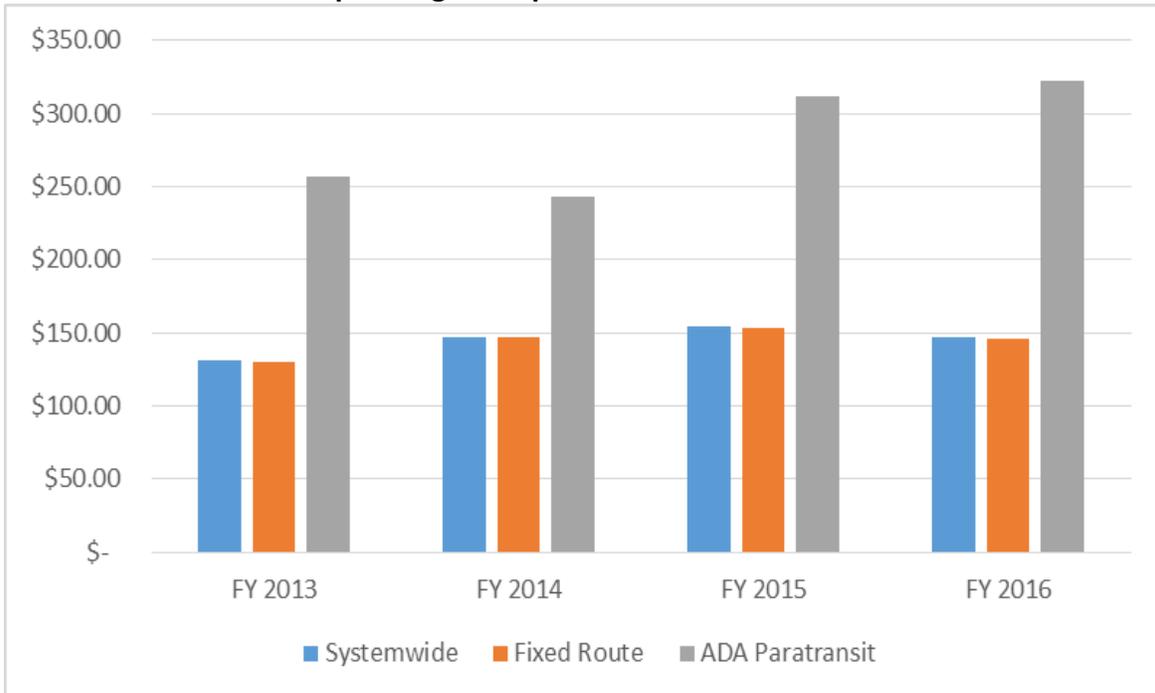
**Graph IV-2
Ridership**



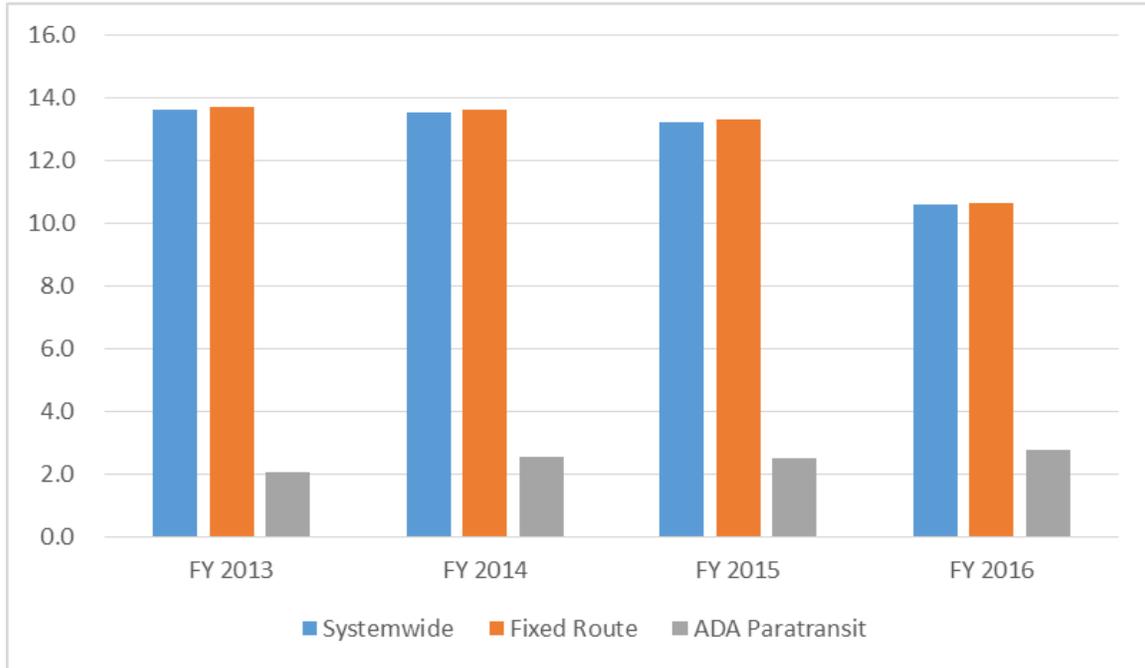
**Graph IV-3
Operating Costs per Passenger**



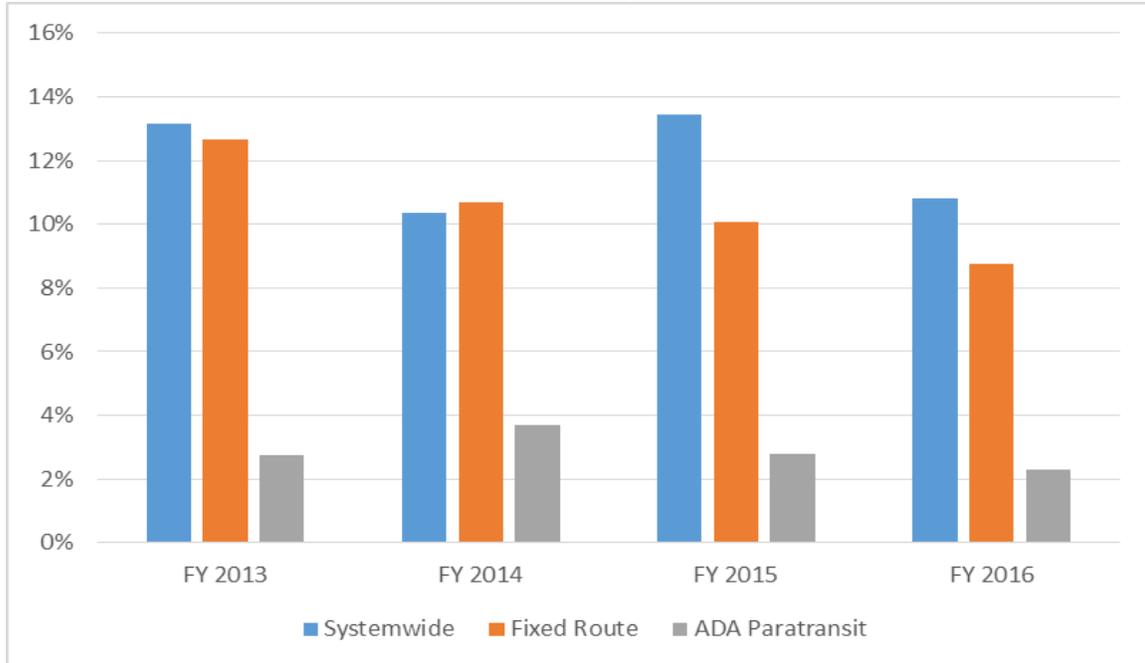
**Graph IV-4
Operating Costs per Vehicle Service Hour**



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



**Graph IV-6
Fare Recovery Ratio**



Audited systemwide farebox ratio exempts routes such as the Washoe County Bus; 84% of Hwy 267 Route & 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; therefore, not subject to TRPA farebox requirements.

Findings from Verification of TDA Performance Indicators

1. **Operating cost per vehicle service hour**, an indicator of cost efficiency, increased 12.2 percent system-wide from \$130.74 in the FY 2013 base year to \$146.68 in FY 2016. Operating costs increased 39.0 percent system-wide, while operating hours were expanded by 23.9 percent during the audit period. Fixed-route costs per hour increased 12.0 percent from \$129.89 in FY 2013 to \$145.54 in FY 2016, whereas costs per hour for ADA paratransit increased 25.7 percent from \$256.97 in FY 2013 to \$322.90 in FY 2016 based on unaudited data.
2. **Operating cost per passenger**, an indicator of cost effectiveness, increased 44.1 percent system-wide from \$9.58 in FY 2013 to \$13.81 in FY 2016. At the modal level, fixed-route operating cost per passenger increased 44.1 percent from \$9.47 in FY 2013 to \$13.64 in FY 2016, whereas costs per hour for ADA paratransit decreased 5.8 percent from \$124.79 in FY 2013 to \$117.58 in FY 2016 based on unaudited data. Ridership systemwide decreased by 3.6 percent, from 344,741 passengers in FY 2013 to 332,442 passengers in FY 2016, while operating costs increased 34.1 percent.
3. **Passengers per vehicle service hour**, which measures the effectiveness of the service delivered, decreased 22.2 percent system-wide between FY 2013 and FY 2016 from 13.6 to 10.6 passengers per hour. Fixed-route operations mirrored the system-wide trend with a decrease of 22.2 percent over the same period from 13.7 to 10.7 passengers per hour. In contrast, ADA paratransit exhibited an increase of 33.4 percent from 2.1 to 2.7 passengers per hour. The trend in this indicator is reflective of the 23.9 percent increase in vehicle service hours as compared to the 3.6 percent decrease in passenger trips system-wide.
4. **Passengers per vehicle service mile**, another indicator of service effectiveness, decreased 21 percent system-wide, from 0.64 in FY 2013 to 0.50 in FY 2016. For fixed-route operations, the number of passengers per service mile mirrored the system-wide decrease of 21 percent from 0.64 to 0.51 between FY 2013 and FY 2016. For ADA paratransit, passengers per service mile increased 31.2 percent for the triennial period. The trend in this indicator reflects the system-wide increase in vehicle service miles of 22 percent.
5. **Vehicle service hours per employee** increased 23.3 percent system-wide between FY 2013 and FY 2016. Vehicle service hours per employee for fixed-route service mirrored the system-wide increase from 896.46 hours in FY 2013 to 1,105.62 hours in FY 2016, as vehicle hours increased and the number of FTEs remained unchanged. For ADA paratransit, vehicle hours per employee increased by 18.9 percent, while the number of FTE employees increased 31.2 percent from 1,126.67 in FY 2013 to 1,340 in FY 2016. This measure is based on the number of employee full-time equivalents (FTE) 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 decrease of 17.8 percent system-wide between FY 2013 and 2016. System-wide, passenger fares increased by 10.3 percent. 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.

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, night service, and higher maintenance and personnel costs. Audited operating costs increased 34 percent, whereas actual operating costs increased 39 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.

Passenger trips decreased 2 percent in FY 2015 and 1.7 percent in FY 2016 attributed to the prolonged statewide drought and reduced snow accumulation, which have reduced the amount of visitors to the area. Another factor has been the local rental and vacation housing market. Due to the growth of the short-term rental market in the Tahoe region through such platforms as Airbnb and VRBO, the longer-term rental market has been constricted, resulting in more automotive commute traffic from outside the TART 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.

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 at the TART Operations Facility in Truckee:

- 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 Tahoe residents and visitors. We are committed to providing comprehensive and reliable transit service.

In keeping with its mission, TART has grown from operating two year-round routes to three year-round routes connecting north shore communities and the Truckee area. There has also been growth in its seasonal and evening services. In 2013, a new route called the Ski-Shuttle was added to the scheduled service along the same lines as other TART routes but with different timing and connections. Most routes operate with one-hour headways.

In 2013, TART ceased providing late-night summer service. This service was replaced by the Night Rider, which is operated through a consortium of interested parties separate from TART and Placer County. The Night Rider provides free transit service for north shore residents after TART service hours on summer and winter evenings. This service is now directly operated by TART.

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 of its expanded winter routes for the final three weeks of the winter schedule.

In addition to the winter ski and expanded evening service, TART implemented year-round service on the Highway 267 route in 2016. For a number of years, the County had been seeking to operate the Highway 267 route on a year-round basis. By expanding service, TART was 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.

Despite the expanded services, ridership on TART declined slightly due to the prolonged statewide drought and reduced snow accumulation, which have reduced the amount of visitors to the area. Another factor has been the local rental and vacation housing market. Due to the growth of the short-term rental market in the Tahoe region through such platforms as Airbnb and VRBO, the longer-term rental market has been constricted, resulting in more automotive commute traffic from outside the TART service area.

The transit dependent still constitute 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.

TART replaced buses and leased three CNG buses from the Tahoe Transportation District (TTD) that were placed into service. Security cameras were installed on the vehicles, but the County reports glitches with the camera systems.

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 is also equipped with a GPS feature and is used to monitor on-time performance.

Drivers use a trip sheet with fare and passenger categories. The first pick-up 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.

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 electronic GFI is used to reconcile the count.

Farebox count is also reviewed by the transportation supervisor. The County uses the GardaWorld armored security service to pick up the fares for deposit.

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. The long-term goal is for the County to enter into an interagency contract. ADA paratransit operations generally have fixed personnel costs, with 10 percent of the administrative dispatcher's time charged to paratransit. Most of the ADA-eligible riders are not wheelchair bound.

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 50 employees plus extra help in transit services. The County reports limited employee turnover. Any turnover that has occurred is attributed to retirements. The recruitment, hiring, and retention of drivers has been challenging for part-time seasonal positions. The County entered into a five-year contract with MV Transportation for part-time staffing, which has allowed for quicker hiring. In light of this arrangement, the County would prefer to hire more extra-help employees. But due to the employment constraints of the federal Affordable Care Act, such employees would be limited to 28 hours a week maximum.

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 (VTT) certificate. However, the County will train candidates with a Class C license. The training protocol consists of 15 hours of classroom instruction and 30 hours of behind-the-wheel instruction. Training is based on the California Transit Indemnity Pool (CalTIP) 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. The County sponsored a TSI training at the City of Auburn in March 2014.

Ongoing training includes bimonthly meetings that consist of a two-hour session on safety based on TSI materials and fulfills state requirements. In addition, drivers attend an annual eight-hour classroom training. Specific training subjects include new vehicles and wheelchair lifts. Drivers bid on selected routes annually based on seniority. Extra-help employees who are non-benefited fill in when full-time drivers are out on sick or vacation leave.

Maintenance

The Placer County Department of Public Works Fleet Services division maintains the TART vehicle fleet. Vehicles are maintained and stored at the TART operations facility located at 870 Cabin Creek Road in Truckee. The site includes several service buildings equipped with 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 fueling station on-site.

Preventive maintenance inspections are performed daily and at every 6,000 or 8,000 miles for diesel engines (depending on engine emission ratings) and 8,000 or 12,000 miles for CNG engines (based on engine manufacturer specifications). Warranty or any significant repair work is generally performed by an outside vendor. Technicians also attend trainings on the Gillig vehicles. The County has used Zonar since August 2011 to automate the daily vehicle inspection process.

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. TART took delivery of two diesel vehicles in 2015.

The California Highway Patrol is responsible for certifying the maintenance facility and for inspecting vehicles on an annual basis. Inspections conducted during the audit period were rated satisfactory. However, there was an issue concerning the duty status on one of the driver's records.

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 BOS in April 2016. A systems plan approach was taken rather than a traditional SRTP 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.

Subsequent to the systems plan, results from the TART 2016 onboard passenger surveys were released in November 2016. Onboard surveys were conducted on all of the TART fixed routes to better understand passenger activity, ridership patterns, and overall perception of the system. TART is interested in conducting additional surveys.

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 TMA that involved an increase in the County's transient occupancy tax (TOT) payments from \$50,000 to \$100,000.

Transit information is also accessible online on a dedicated page through the County's main web portal (<http://www.placer.ca.gov/departments/works/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.

TART worked with Truckee Transit to devise a unified regional brand. Commencing in June 2014, a stakeholder committee was formed to discuss the transit systems and plans for their future development. The committee comprises representatives from the TNT/TMA, North Lake Tahoe Resort Association, Truckee Donner Chamber of Commerce, Truckee Downtown Merchants Association, Placer County, Town of Truckee staff, and the Truckee Town Council. As part of this initiative, 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 will be reflected on bus stops, marketing materials, passes, and a new website (<http://www.TahoeTruckeeTransit.com>). The transit vehicles also reflect the new brand and logo.

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 BOS 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.

Transit Services staff receive and follow up on complaints. With no formal protocol in place, complaints are generally logged into an Access database. 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 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. The Transit Operators Financial Transactions Report submitted to the State Controller is prepared by the County Auditor-Controller.

Pursuant to TDA, the County receives Local Transportation Fund (LTF) proceeds and State Transportation Assistance (STA) funds. TDA revenues are used primarily toward operating expenditures. Based on the TART Annual TDA Claim Financial Plan, LTF revenues claimed during the audit period were \$646,408 in FY 2014; \$610,054 in FY 2015; and \$677,727 in FY 2016. STAF revenues received were \$172,186 in FY 2014; \$157,626 in FY 2015; and \$164,878 in FY 2016. 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.

The County's most recent FTA triennial review was conducted in March 2015. Of the 17 review areas addressed, Placer County was found deficient in eight review areas: Financial Management and Capacity, Technical Capacity, Maintenance, ADA, Procurement, Disadvantaged Business Enterprise (DBE) Program, Planning/Program of Projects, and Charter Bus. As part of this triennial review, FTA incorporated an Enhanced Review Module (ERM) in the DBE area. The purpose of an ERM is to conduct a more comprehensive review of underlying or contributing issues identified during the pre-assessment stage of the triennial review. The County submitted its corrective responses to seven of the eight deficient areas in June 2015 and its corrective response to the ADA deficiency finding in October 2015.

Grants Management

In addition to TDA funding, the County relies on several federal and state grant programs to support its operations and capital procurement needs. During the audit period, the County applied for and received funding through the State Proposition 1B Public Transportation Modernization, Improvement & Service Enhancement Account (PTMISEA) and the Transit

System Safety, Security & Disaster Response Account (TSSSDRA). PTMISEA funding has been applied toward the acquisition of two transit vehicles. TSSSDRA funds have been used toward the procurement of two-way radios.

As a transit service serving a non-urbanized area, the County has received federal funding from the FTA Section 5311 grant program for operations and capital allocations. In addition to the federal formula grants, the County receives discretionary grants. The County submits quarterly and semi-annual reports on the activity and progress of each grant. Interest accruals for each grant are tracked on a summary spreadsheet.

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. To this end, while slightly outside the audit period, the County, TRPA, and the Tahoe Transportation District (TTD) signed a Memorandum of Understanding (MOU) in September 2016 regarding the coordination of transit planning and programming of federal funds.

Placer County (TART) is now eligible to apply for and receive FTA and/or Federal Highway Administration transit funding, while TRPA works cooperatively with the public transit operators to develop the Regional Transportation Plan and the Federal Transportation Improvement Program (FTIP) 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 TTD 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 FTIP.

Section VI

Findings

The following summarizes the findings obtained from this triennial audit covering fiscal years 2014 through 2016. A set of recommendations is then provided.

Triennial Audit Findings

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 (blended and urbanized farebox recovery ratios).
2. The farebox recovery ratio was 10.4 percent in FY 2014, 13.4 percent in FY 2015, and 10.8 percent in FY 2016 based on audited data. The average system-wide farebox recovery ratio was 11.53 percent during the triennial review period. Given the Tahoe region's new urbanized status, TRPA has not yet established urban fare revenue ratios for TART. During the audit period, the rural fare revenue ratio continued to apply. TRPA will need to establish a new fare ratio for TART to reflect the urbanized status.
3. TART, through its contract operator, participates in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period.
4. The TART operating budget increased each year of the audit period, exceeding 15 percent in FY 2016. The budget increased 5.3 percent in FY 2014, 5.2 percent in FY 2015, and 22.5 percent in FY 2016. The FY 2016 budget increase was attributed to higher salaries and wages and higher maintenance, fuel, and contractor costs.
5. TART satisfactorily implemented two of the three prior audit recommendations. The recommendations concerned the reporting of operating data: short-range transit plan development and fiscal audit verification. One recommendation not implemented pertained to the quarterly reporting of operating data, which has been forwarded for full implementation in this audit.
6. Operating cost per vehicle service hour, an indicator of cost efficiency, increased 12.2 percent system-wide from \$130.74 in the FY 2013 base year to \$146.68 in FY 2016. Operating costs increased 39.0 percent system-wide, while operating hours were expanded by 23.9 percent during the audit period. Fixed-route costs per hour increased 12.0 percent from \$129.89 in FY 2013 to \$145.54 in FY 2016, whereas costs per hour for ADA paratransit increased 25.7 percent from \$256.97 in FY 2013 to \$322.90 in FY 2016 based on unaudited data.

7. Operating cost per passenger, an indicator of cost effectiveness, increased 44.1 percent system-wide from \$9.58 in FY 2013 to \$13.81 in FY 2016. At the modal level, fixed-route operating cost per passenger increased 44.1 percent from \$9.47 in FY 2013 to \$13.64 in FY 2016, whereas costs per hour for ADA paratransit decreased 5.8 percent from \$124.79 in FY 2013 to \$117.58 in FY 2016 based on unaudited data. Ridership systemwide decreased by 3.6 percent, from 344,741 passengers in FY 2013 to 332,442 passengers in FY 2016, while operating costs increased 34.1 percent.
8. Passengers per vehicle service hour, which measures the effectiveness of the service delivered, decreased 22.2 percent system-wide between FY 2013 and FY 2016 from 13.6 to 10.6 passengers per hour. Fixed-route operations mirrored the system-wide trend with a decrease of 22.2 percent over the same period from 13.7 to 10.7 passengers per hour. In contrast, ADA paratransit exhibited an increase of 33.4 percent from 2.1 to 2.7 passengers per hour. The trend in this indicator is reflective of the 23.9 percent increase in vehicle service hours as compared to the 3.6 percent decrease in passenger trips system-wide.
9. Passengers per vehicle service mile, another indicator of service effectiveness, decreased 21 percent system-wide, from 0.64 in FY 2013 to 0.50 in FY 2016. For fixed-route operations, the number of passengers per service mile mirrored the system-wide decrease of 21 percent from 0.64 to 0.51 between FY 2013 and FY 2016. For ADA paratransit, passengers per service mile increased 31.2 percent for the triennial period. The trend in this indicator reflects the system-wide increase in vehicle service miles of 22 percent.
10. TART implemented year-round service on the Highway 267 route in 2016. For a number of years, the County had been seeking to operate the Highway 267 route on a year-round basis. By expanding service, TART was able to provide year-round transit connections for the “resort triangle” and provide an important link between communities in Placer County and Truckee.
11. Despite the expanded services, ridership on TART declined slightly due to the prolonged statewide drought and reduced snow accumulation, which have reduced the amount of visitors to the area. Another factor has been the local rental and vacation housing market and the effect on the longer-term rental market, resulting in an increase in auto commutes from outside the TART service area.
12. 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.
13. The County commissioned the Systems Plan Update for the Tahoe Truckee Area Regional Transit in Eastern Placer County, which was adopted in April 2016. A systems plan approach was taken rather than a traditional SRTP because of the three years of work that preceded this systems plan related to the Transit Vision Plan that commenced in 2012.

14. 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. The County entered into a marketing contract with the TMA that involved an increase in the County's transient occupancy tax (TOT) payments from \$50,000 to \$100,000.

15. The County's most recent FTA triennial review was conducted in March 2015. Of the 17 review areas addressed, Placer County was found deficient in eight review areas. The County submitted its corrective responses to the FTA addressing seven of the eight deficient areas in June 2015 and its corrective response addressing the ADA deficiency finding in October 2015.

16. 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. To this end, while slightly outside the audit period, the County, TRPA, and TTD signed a Memorandum of Understanding in September 2016 regarding the coordination of transit planning and programming of federal funds.

Recommendations

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

This recommendation is carried forward from the prior audit. The Public Works Manager for Transit indicated that TART operating performance data are reported infrequently to the County Board of Supervisors and TRPA. Monthly reports are compiled and provided to 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 should be able to provide quarterly performance data summaries to the Board of Supervisors and TRPA.

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

The Tahoe region received urbanized designation from the federal transportation act. 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. The County of Placer and TRPA should discuss the options and establish an updated farebox ratio to meet compliance as an urbanized operator.

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

In addition to the urbanized area designation for the Tahoe region, TART is also subject to the revised state TDA farebox standard under state SB 508 passed 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 in the farebox ratio. 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. The County should work with the fiscal auditor to accurately reflect the changes to the farebox ratio criteria.

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

TART operates fixed-route service and ADA complementary taxi service. ADA complementary taxi 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 Operator 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. The County should prepare separate reports starting in the next reporting period.